

Customer deposits

Direct deposits

The item financial liabilities measured at amortised cost under Balance Sheet liabilities, Due to customers and Securities in issue represent the aggregate of direct deposits from customers, which came to € 1,833 million in total, up € 81 million or 4.65% on the year.

The table below shows the details of the trends recorded by technical type (in Euro units).

Item	2019	2018	Change	
			Absolute	%
Savings deposits	150,577,593	179,510,224	- 28,932,631	-16.12
Current accounts	1,655,282,142	1,481,361,657	173,920,485	11.74
Bonds	24,419,227	88,196,950	- 63,777,723	-72.31
Other technical types	2,595,224	2,432,185	163,039	6.70
Customer deposits	1,832,874,186	1,751,501,016	81,373,170	4.65
IFRS 16 Financial liabilities	18,214,555		18,214,555	n.a.
Grand total	1,851,088,741	1,751,501,016	99,587,725	5.69

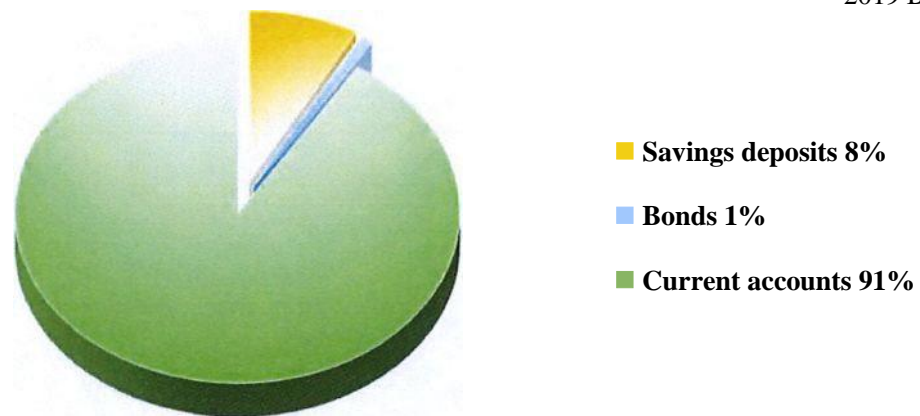
Analysis indicates the following:

- a decrease in savings deposits of € 28.9 million, or 16.12%. Specifically, ordinary deposits amount to € 143.2 million, a decrease of 16.55%, while time deposits fell by 6.85%, coming to € 7.4 million;
- a significant increase in current accounts of € 174 million (11.74%). Within this figure, the deposit account component saw a significant increase, reaching € 58.9 million (+113.28%), while other types amounted to € 1,596.4 million, with an increase of € 142.6 million or 9.81%;
- similarly to what was recorded by the system, the bond component fell further by € 63.8 million, or 72.31%;
- “other technical types” refers to deposits made using cards with IBANs and prepaid cards.
- following the introduction of the new IFRS 16 accounting standard, due to customers also includes discounted debt for future rent against leasing contracts signed for instrumental goods. The amount of the relative liability at the end of 2019 was € 18.2 million.

Customer deposits represented 69.96% of balance sheet liabilities (2018: 73.87%) and were made up for 1.33% (2018: 5.04%) of the securities component, represented by the bonds issued.

Breakdown of direct deposits from customers

2019 Balance



The average rate of remuneration of total deposits was 0.19%, down 6 basis points compared with the end of 2018.

The breakdown by investor category shows that the consumer households remains predominant, contributing 50.50% of total funding (2018: 53.71%), even if it fell by € 15.1 million with respect to the previous period. The trend in deposits from non-financial companies was positive, with the aggregate increasing by € 98.1 million or 32.74% over total funding, similarly to Public administrations with a contribution that went up by over € 10 million on the year. The producer households deposits component fell slightly by € 4.1 million, contributing 8.59% to the aggregate. A positive shift was also seen for financial companies (€ 1.2 million), whereas non-profit institutions recorded a drop of approximately € 9.7 million on the year.

The geographical distribution confirms the predominance of the province of Rome with 69.31% of the total, followed by the province of Latina with 27.26%, the province of Frosinone with 2.31% and the province of Viterbo with 1.12%. The figures expressed, compared with the previous year, indicate growth in the provinces of Rome and Viterbo, while Latina and Frosinone saw a slight decrease.

Customer deposits were distributed over 84,157 accounts, with an average unit amount of € 21,779. With respect to the previous year, these amounts show an increase in both the number of accounts and in average deposits per position. The volume of deposits per employee came out at € 4.1 million, with an increase in productivity of 6.91%.

Direct deposits broken down by investor category (in thousands of euro)

Type	Amounts 2019	Proportion % 2019	Amounts 2018	Proportion % 2018
Consumer households	925,701	50.50%	940,765	53.71%
Non-financial companies	600,004	32.74%	501,857	28.65%
Producer households	157,415	8.59%	161,538	9.22%
Public administrations	101,587	5.54%	91,402	5.22%
Non-profit institutions	30,551	1.67%	40,266	2.30%
financial companies	14,176	0.77%	12,945	0.74%
Other	3,440	0.19%	2,728	0.16%
Total	1,832,874	100.00%	1,751,501	100.00%

Indirect deposits

Indirect deposits in financial instruments amounted to € 893.2 million at the end of the year, recording an increase of € 126.9 million compared with the previous year, or 16.55%. The same aggregate inclusive of insurance deposits came out at € 1,022.8 million, confirming an increase of € 142.5 million, or 16.19%, compared with the end of 2018.

The table below (in thousands of euro) details the changes recorded in the segment.

Item	2019	2018	Change	
			Absolute	%
Administered deposits	326,513	316,045	10,468	3.31
Mutual funds and SICAVs	317,932	230,366	87,566	38.01
Asset management	248,775	219,944	28,831	13.11
Total indirect deposits in financial instruments	893,220	766,355	126,865	16.55
Insurance deposits	129,614	113,930	15,684	13.77
Grand total	1,022,834	880,285	142,549	16.19

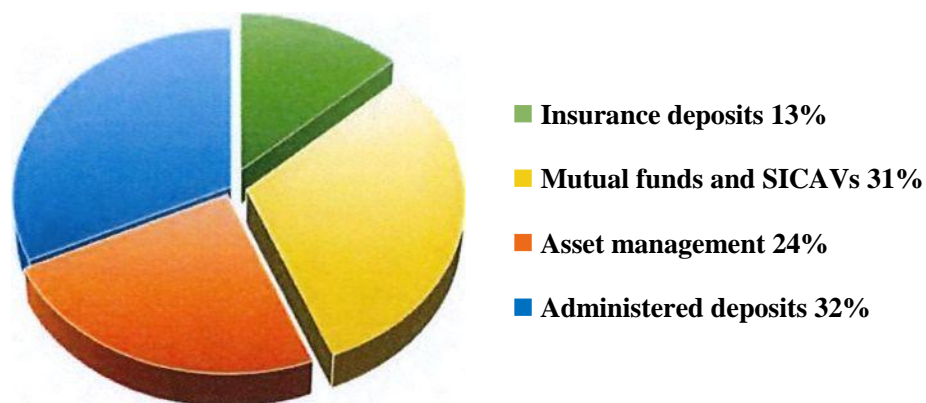
The low interest rate levels continued to favour reallocation of savings to traditional forms of direct deposits, with high liquidity and low risk, accompanied by a significant increase in managed funds, seeking higher returns, although the administered component was not penalised and also increased.

The ratio between managed and administered funds at the end of 2019 stands at 174% with the managed portion showing a significant increase with respect to the previous period (2018: 142%).

Administered deposits increased by € 10.5 million, or 3.31%, whereas the managed component, comprising mutual funds, SICAVs and asset management showed a significant increase of € 116.4 million, or 25.85%, over the end of 2018. Asset management, compared with the same period last year, increased by € 28.8 million or 13.11%.

Life insurance deposits, reached € 129.6 million at the end of 2019, recording an increase of € 15.7 million over the previous year, or 13.77%.

Breakdown of indirect and insurance deposits from customers 2019 Balance

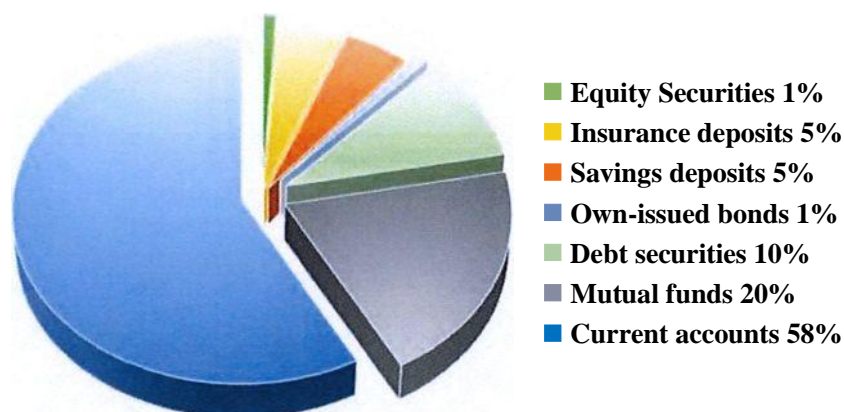


Total customer deposits, therefore, amounted to € 2,856 million, an increase of € 223.9 million (8.51%), and consisted of 64% direct deposits and the remaining 36% indirect deposits, as can be seen from the table below (in thousands of euro).

Item	2019	2018	Change	
			Absolute	%
Direct deposits	1,832,874	1,751,501	81,373	4.65
Indirect deposits in finan. instrum.	893,220	766,355	126,865	16.55
Insurance deposits	129,614	113,930	15,684	13.77
Grand total	2,855,708	2,631,786	223,922	8.51

Breakdown of direct, indirect and insurance deposits from customers

2019 Balance



Administered assets

Total administered assets (direct deposits, deposits by banks, other liabilities, share capital, reserves and profits) reached € 2,579 million, an increase of € 229.5 million, or 9.77%.

Adding indirect and insurance deposits to the above aggregate gives the Bank's total intermediation capacity, which came out at € 3,602 million, as illustrated in detail in the table below.

Potential intermediation (in thousands of euro)

Item	2019	2018	Change	
			Absolute	%
Direct customer deposits	1,832,874	1,751,501	81,373	4.65
Bank deposits	388,688	254,741	133,947	52.58
Other liabilities	77,295	76,414	881	1.15
Share capital, reserves and profit for the period	280,493	267,199	13,294	4.98
Indirect customer deposits	893,220	766,355	126,865	16.55
Insurance deposits	129,614	113,930	15,684	13.77
Grand total	3,602,184	3,230,140	372,044	11.52

Due from customers

Loans to customers, in nominal terms, amounted to € 1,553.5 million, falling by € 7.6 million (0.49%).

Interest bearing loans at mean values showed a decrease of € 115.3 million (7.02%) with respect to 2018, totalling € 1,528 million.

The table below (in euro) shows the breakdown by technical type and the changes recorded in the year for the entire segment of amounts due from customers.

Item	2019	2018	Change	
			Absolute	%
Portfolios	12,588,061	13,531,669	-943,608	-6.97
Current accounts	243,820,602	295,934,526	-52,113,924	-17.61
Salary-backed loans	52,833,820	0	52,833,820	n.c.
Advances	156,526,806	165,642,881	-9,116,075	-5.50
Sundry loans	62,825,962	41,435,833	21,390,129	51.62
Loans and other financing	915,769,294	944,164,149	-28,394,855	-3.01
Bad loans	103,840,245	96,757,471	7,082,774	7.32
Other loans	410,241	553,673	-143,432	-25.91
Gross lending	1,548,615,031	1,558,020,202	-9,405,171	-0.60
Operating loans	2,893,360	2,357,201	536,159	22.75
Other receivables	1,959,192	671,594	1,287,598	191.72
Total gross loans	1,553,467,583	1,561,048,997	-7,581,414	-0.49
Write-downs	110,397,700	112,860,959	-2,463,259	-2.18
Total net loans	1,443,069,883	1,448,188,038	-5,118,155	-0.35
Proprietary securities	293,809,199	227,857,237	65,951,962	28.94
Net book value	1,736,879,082	1,676,045,275	60,833,807	3.63

In terms of total volumes, gross economic loans confirmed its predominance in relation to medium/long-term operations (61.6%), consisting in particular of the technical types of loans and financing, with a lower impact for shorter-term exposures (30.9%).

Analysis by technical type shows a 7.81% decrease in short-term lending, resulting from the 17.61% decrease in current accounts, the 6.97% decrease in portfolios and the 5.50% decrease in advances, with a simultaneous 51.62% increase in other loans.

The component with longer maturities, mainly represented by mortgages and other financing, shows a reduction of € 24.3 million (2.6%) compensated for the new form of lending represented by salary-backed loans, totalling 52.8 million.

Operating loans can be attributed to loans deriving from provision of financial services and refer to commissions earned due to accruals that have not yet been collected by our partners.

The item Other receivables refers primarily to the loans provided to the subsidiary Real Estate Banca Popolare del Lazio Srl. These provided the liquidity needed to partake in auction sales based on court orders, in order to be awarded the relevant properties.

The following table illustrates the breakdown of the portfolio by category of borrower:

Borrower category	Proportion 2019	Proportion 2018
Non-financial companies	64.96%	69.44%
Households	29.10%	25.70%
Financial companies	5.00%	3.80%
State and other entities	0.31%	0.43%
Other	0.63%	0.63%
Total	100.00%	100.00%

The trend in the individual components shows a decrease in the non-financial company sector of 4.48%, while the households sector increased 3.40%, as did financial companies, for 1.20%. The government and other entities sector was substantially stable (-0.12%), while that of other residual sectors saw no change.

The table below shows the classification of customers on the basis of segmentation for the purposes of attributing the *Internal Counterparty Rating*:

Borrower category	Proportion	Definition
Corporate	53.51%	Businesses with turnover of > € 2.5 million, or with credit agreed/used for cash of > € 1 million
Small Business	29.97%	Businesses with turnover of < € 2.5 million, or with credit agreed/used for cash of < € 1 million
Retail	17.52%	Private consumers

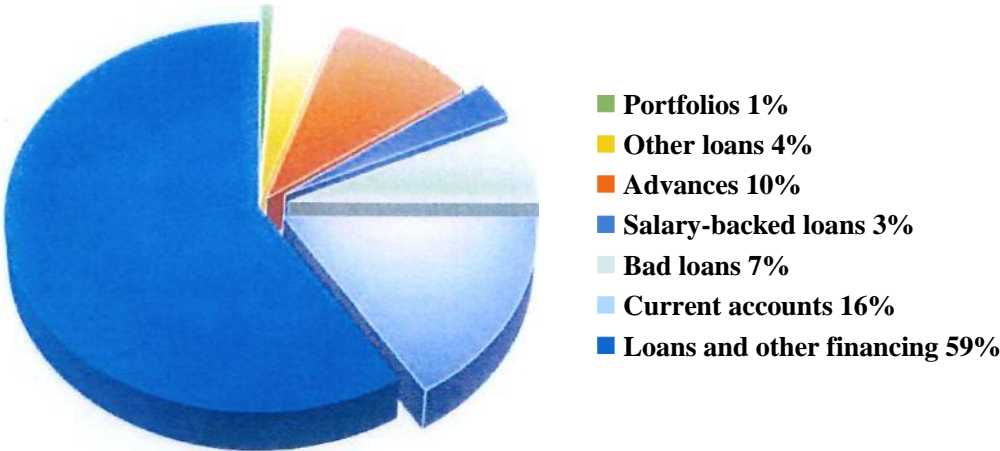
The portfolio continues to be sufficiently granular, with the top ten clients representing 8.71% of the total.

The distribution of lending among the various classes of borrower was substantially similar to that of the previous year, with small and medium-sized enterprises, self-employed professionals and private consumers prevailing.

The unit amount of cash per loan was € 59,427, while the productivity per individual employee was € 3.44 million, an increase of 1.66% compared with the previous year.

Breakdown of customer loans

2019 Balance



Financial assets

Securities portfolio

The securities portfolio for the Bank amounted to € 784.5 million, with an increase of € 152.1 million, or 24.05%, over the previous year. This aggregate represents 29.96% of assets (2018: 26.67%) and consists for 65.29% of government bonds (€ 512 million), 20.16% of securities issued by banks (€ 158 million), with the remaining 14.55% spread among financial issuers and other issuers (€ 114 million).

The breakdown by security type is as follows: 53.04% (€ 416.1 million) is represented by BTPs and BOTs; 12.25% (€ 96.1 million) is represented by other government securities; 30.45% (€ 238.9 million) is represented by other bonds; and 4.26% is represented by shares and UCITS units (€ 33.4 million).

In particular:

- the portfolio measured at fair value through profit and loss totalled € 18.9 million, showing an increase of € 8.7 million, or 85.75%, representing 2.4% of the total amount (2018: 1.61%);
- the portfolio measured at fair value through other comprehensive income (HTC&S-OCI) amounted to € 433.7 million, an increase of € 73.6 million (20.44%) compared with the previous year and represented 55.29% of the total amount (2018: 56.94%);
- the portfolio measured at amortised cost amounted to € 331.9 million, up by € 69.8 million, or 26.61%, compared with the previous year, representing 42.31% of the total amount (2018:41.45%).

Further quantitative information on financial assets and on the specific portfolios in which they are classified is provided in the relevant sections of the Notes to the Statements.

The composition strategies of the aforementioned portfolios aimed at achieving the natural objectives of prudence in terms of risk (credit, interest rate and liquidity).

The year began with the confirmation of a generalised economic slowdown.

A slowdown in the global economy in the 2019-2020 period was already expected, but the decline at the beginning of the year was more rapid than expected, due to specific factors:

- the negative effect of higher tariffs on exports to the US;
- political developments in Italy and France, with economic activity affected in these countries;
- spending on investments, which began to be influenced by uncertainties regarding trade policies.

Share Capital and Reserves

Shareholders' Equity amounted to € 269.8 million, an increase of € 11.1 million (4.31%) from the figure for the previous year. The trend is mainly due to the contribution of shareholders, the allocation of a portion of the profit for the year to reserves, changes in the valuation reserves for financial assets measured at fair value through other comprehensive income, and profit or loss deriving from actuarial hypotheses associated with provisions for employee severance indemnities and the additional pension fund. Allocation to reserves of part of the profit forms a significant source of self-funding and provides an illustration of our intention to reinvest part of the income generated in corporate operations, having positive effects on the capital value of the company's shares.

The valuation reserves from financial assets measured at fair value through other comprehensive income showed a positive balance of € 16.6 million (+48.28%), while reserves for defined benefit plans show a negative balance of € 1.3 million (+5.34%).

The table below provides an analysis of the balances of the individual components (in euro units) and the respective changes that occurred.

Items	2019	2018	Change	
			Absolute	%
Share Capital (7,396,876 shares with a nominal value of €3.00)	22,190,628	22,190,628	-	-
Treasury shares (-)	-4,245,166	- 3,437,356	- 807,810	- 23.50
Reserves:	120,797,561	113,714,361	7,083,200	6.23
- Legal Reserve	30,379,923	29,523,666	856,257	2.90
- Statutory Reserve	79,268,229	73,012,028	6,256,201	8.57
- Merger Reserve (pursuant to art.7 Law 218/90)	3,658,173	3,658,173	-	-
- Treasury share purchase reserve - available -	2,854,834	3,662,644	- 807,810	- 22.06
- Treasury share purchase reserve - unavailable -	4,245,166	3,437,356	807,810	23.50
- Other reserves	391,236	420,494	- 29,258	-6.96
Share premium reserve	99,480,842	99,871,317	- 390,475	-0.39
Valuation reserves:	31,563,843	26,297,471	5,266,372	20.03
- Special revaluation law reserves	13,328,838	13,328,838	-	-
- Property, plant and equipment reserve (deemed cost)	3,007,306	3,007,306	-	-
- Financial assets measured at fair value through other comprehensive income	16,555,539	11,165,207	5,390,332	48.28
- Defined-benefit plans (actuarial gains/losses) reserve	- 1,327,840	- 1,203,880	-123,960	10.30
Grand total	269,787,708	258,636,421	11,151,287	4.31