

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 € 2,124 million in total, up € 273 million or 14.74% on the year.

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

Item	2020	2019	Change	
			Absolute	%
Savings deposits	127,127,501	150,577,593	-23,450,092	-15.57
Current accounts	1,963,526,510	1,655,282,142	308,244,368	18.62
Bonds	12,873,671	24,419,227	-11,545,556	-47.28
Other technical types	3,214,323	2,595,224	619,099	23.86
Customer deposits	2,106,742,005	1,832,874,186	273,867,819	14.94
IFRS 16 financial liabilities	17,106,556	18,214,555	-1,107,999	-6.08
Grand total	2,123,848,561	1,851,088,741	272,759,820	14.74

Following the introduction of the 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 2020 was € 17.1 million, down by € 1.1 million or 6.08%.

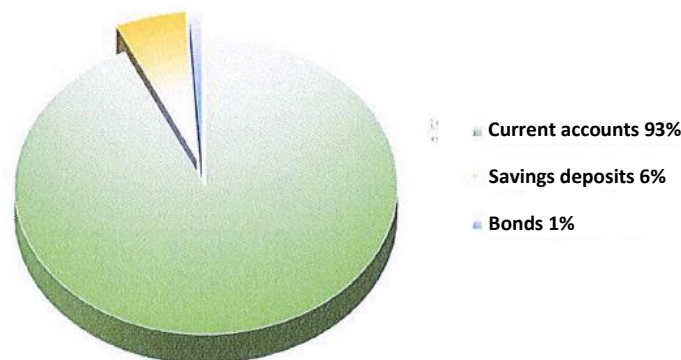
The following analysis refers to customer deposits, which total € 2,107 million, a significant increase of € 274 million or 14.94%. This pleasing result demonstrates the high level of trust that investors place in the Bank, rewarding its efficiency and solidity. The details indicate the following trends:

- savings deposits amount to € 127 million, a decrease of € 23.4 million or 15.57%, confirming the decline seen in previous years, demonstrating that this form is now limited in use. Specifically, ordinary deposits amount to € 120.3 million, a decrease of € 22.9 million (-15.98%), while time deposits fell by 7.61%, coming to € 6.8 million;
- current accounts amount to € 1,963.5 million, showing growth of € 308.2 million or 18.62%. These represent the largest part of customer deposits and include term deposit accounts, totalling € 52.2 million (-11.42%), while other technical types amount € 1,911.3 million, showing an increase of € 314.9 million or 19.73%, generated by the increase in the number of relationships and customer preference for technical forms offering short-term liquidity profiles;

- similarly to what was recorded by the system, the bond component fell further by € 11.5 million, or 47.28%, reaching € 12.9 million;
- “other technical types” refers to deposits made using cards with IBANs and prepaid cards, which amount to € 3.2 million and increased by 23.86%.

Customer deposits represented 66.12% of balance sheet liabilities (2019: 69.96%). Only 0.61% consists of securities (2019: 1.33%), represented by bonds issued.

**Breakdown of direct deposits from customers
2020 Balance**



The average rate of remuneration of total deposits was 0.16%, down 3 basis points compared with the end of 2019.

The breakdown by investor category shows that consumer households remain predominant, contributing 45.79% of total funding (2019: 50.50%), an increase of € 39 million with respect to the previous period. The trend for deposits from non-financial companies was positive, with the aggregate increasing by over € 210 million, accounting for 38.48% of total deposits (2019: 32.74%). The producer household deposits component rose by € 29 million, contributing 8.86% to the aggregate. An increase was also seen for non-profit institutions (€ +3.8 million) and financial companies (€ +5.2 million), while a decrease was seen for public administrations (€ -13 million) and residual categories (€ -780 million).

The geographical distribution confirms the predominance of the province of Rome with 69.01% of the total, followed by the province of Latina with 27.14%, the province of Frosinone with 2.60% and the province of Viterbo with 1.25%. Geographical data is substantially in line with the previous year.

Customer deposits were distributed over 85,246 accounts, with an average unit amount of € 24,714. 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 relative to the average number of employees came out at € 4.8 million, with a significant increase in productivity of 18.39%.

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

Type	Amounts 2020	Proportion % 2020	Amounts 2019	Proportion % 2019
Consumer households	964,653	45.79%	925,702	50.50%
Non-financial companies	810,668	38.48%	600,004	32.74%
Producer households	186,662	8.86%	157,415	8.59%
Public administrations	88,316	4.19%	101,587	5.54%
Non-profit institutions	34,403	1.63%	30,551	1.67%
Financial companies	19,380	0.92%	14,176	0.77%
Other	2,660	0.13%	3,439	0.19%
Total	2,106,742	100.00%	1832874	100.00%

Indirect deposits

Indirect deposits in financial instruments amounted to € 1,077 million at the end of the year, recording a significant increase of € 184.1 million compared with the previous year, or 20.61%. The same aggregate inclusive of insurance deposits came out at € 1,220 million, confirming an increase of € 197.4 million, or +19.30%, compared with the end of 2019.

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

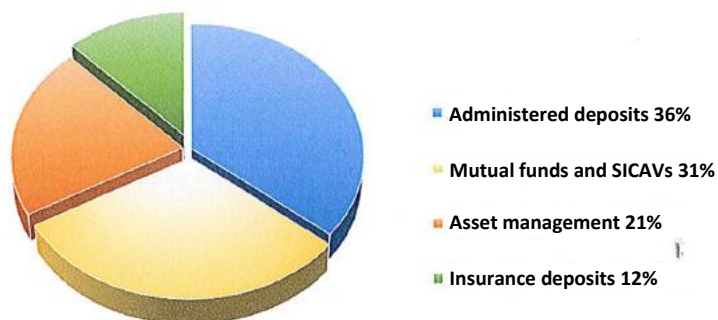
Item	2020	2019	Change	
			Absolute	%
Administered deposits	437,534	326,513	111,021	34.00
Mutual funds and SICAVs	379,633	317,932	61,701	19.41
Asset management	260,170	248,775	11,395	4.58
Total indirect deposits in financial instruments	1,077,337	893,220	184,117	20.61
Insurance deposits	142,897	129,614	13,283	10.25
Grand total	1,220,234	1,022,834	197,400	19.30

The uncertainty generated by the pandemic and low interest rate levels continued to favour reallocation of savings to traditional forms of direct deposits, characterised by high liquidity and low risk. However, an increase in managed funds was also seen, as investors looked for better returns.

The ratio between managed and administered funds at the end of 2020 stands at 146% with the administered portion growing more with respect to the managed portion (2019: 174%). Administered deposits increased by € 111 million, or 34%, whereas the managed component, comprising mutual funds, SICAVs and asset management showed an increase of € 73 million, or +12.90%, over the end of 2019. Asset management totalled € 260.2 million, showing growth of € 11.4 million or 4.58%.

Life insurance deposits, reached € 142.9 million at the end of 2020, recording an increase of € 13.3 million over the previous year, or 10.25%.

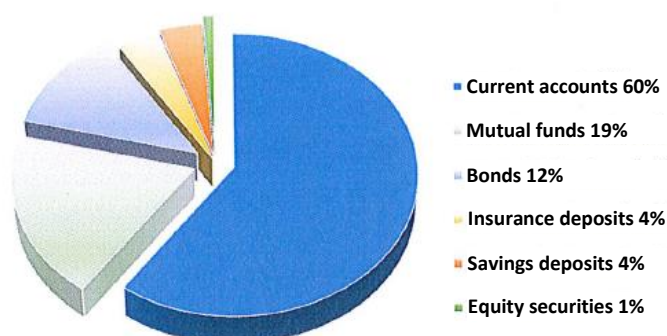
**Breakdown of indirect and insurance deposits from customers
2020 Balance**



Total customer deposits therefore amounted to € 3,327 million, an increase of € 471.3 million (+16.50%), and consisted of 63% direct deposits and the remaining 37% indirect deposits, as can be seen from the table below (in Euro thousands).

Item	2020	2019	Change	
			Absolute	%
Direct deposits	2,106,742	1,832,874	273,868	14.94
Indirect deposits in finan. instrum.	1,077,337	893,220	184,117	20.61
Insurance deposits	142,897	129,614	13,283	10.25
Grand total	3,326,976	2,855,708	471,268	16.50

**Breakdown of direct, indirect and insurance deposits from customers
2020 Balance**



Administered assets

Total administered assets (direct deposits, deposits by banks, other liabilities, share capital, reserves and profits) reached € 3,148 million, an increase of € 568 million, or 22.03%.

Adding indirect and insurance deposits to the above aggregate gives the Bank's total intermediation capacity, which came out at € 4,368 million, an increase of more than € 766 million, or +21.25%, as illustrated in detail in the table below.

Potential intermediation (in thousands of euro)

Item	2020	2019	Change	
			Absolute	%
Direct customer deposits	2,106,742	1,832,874	273,868	14.94
Bank deposits	670,823	388,688	282,135	72.59
Other liabilities	82,403	77,295	5,108	6.61
Share capital, reserves and profit for the period	287,572	280,493	7,079	2.52
Indirect customer deposits	1,077,337	893,220	184,117	20.61
Insurance deposits	142,897	129,614	13,283	10.25
Grand total	4,367,774	3,602,184	765,590	21.25

Due from customers

Loans to customers, in nominal terms, amounted to € 1,694.9 million, a significant increase of € 141.4 million (+9.11%).

Mean values for interest-bearing loans also showed a significant increase of € 79.7 million with respect to 2019 (+5.22%), amounting to € 1,607 million.

The following schedule (in euro units) provides a breakdown by technical type and the changes seen during the year.

Item	2020	2019	Change	
			Absolute	%
Portfolios	11,252,095	12,588,061	-1,335,966	-10.61
Current accounts	163,223,995	243,820,602	-80,596,607	-33.06
Salary-backed loans	125,321,290	52,833,820	72,487,470	137.20
Advances	126,301,265	156,526,806	-30,225,541	-19.31
Sundry loans	35,032,293	62,825,962	-27,793,669	-44.24
Loans and other financing	1,132,198,901	915,769,294	216,429,607	23.63
Bad loans	96,222,420	103,840,245	-7,617,825	-7.34
Other loans	645,280	410,241	235,039	57.29
Gross lending	1,690,197,539	1,548,615,031	141,582,508	9.14
Operating loans	2,653,472	2,893,360	-239,888	-8.29
Other receivables	2,065,512	1,959,192	106,320	5.43
Total gross loans	1,694,916,523	1,553,467,583	141,448,940	9.11
Write-downs	112,057,666	110,397,700	1,659,966	1.50
Total net loans	1,582,858,857	1,443,069,883	139,788,974	9.69
Proprietary securities	448,438,974	293,809,199	154,629,775	52.63
Net book value	2,031,297,831	1,736,879,082	294,418,749	16.95

In terms of total volumes, gross economic loans confirmed a predominance in relation to medium/long-term operations (73.7%), consisting in particular of the technical types of mortgages and financing, with a lower impact for shorter-term exposures (20.6%). The remaining portion (5.7%) is represented by loans without fixed maturity dates, mainly relative to bad loans.

The trend by technical type shows a decrease in short-term lending (-27.68%), resulting from the decline in current accounts (-33.06%), in portfolios (-10.61%), in advances (-19.31%) and in other loans (-44.24%). The component with longer maturities instead saw a significant increase (+29.39%), caused by the € 216.4 million increase in loans and other funding (+23.63%) and the € 72.4 million increase in salary-backed loans (+137.20%).

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 2020	Proportion 2019
Non-financial companies	63.71%	64.96%
Households	32.05%	29.10%
Financial companies	3.39%	5.00%
State and other entities	0.26%	0.31%
Other	0.59%	0.63%
Total	100.00%	100.00%

The trend in the individual components shows a decrease in the non-financial company sector (-1.25%) and in financial companies (-1.61%), while the household sector increased (+2.95%). The government and other entities sector and other residual sector were both substantially stable.

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	50.56%	Businesses with turnover of > € 2.5 million, or with credit agreed/used of > € 1 million
Small Business	29.53%	Businesses with turnover of < € 2.5 million, or with credit agreed/used of < € 1 million
Retail	19.91%	Private consumers

The portfolio continues to be granular, with the top ten clients representing 7.98% 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.

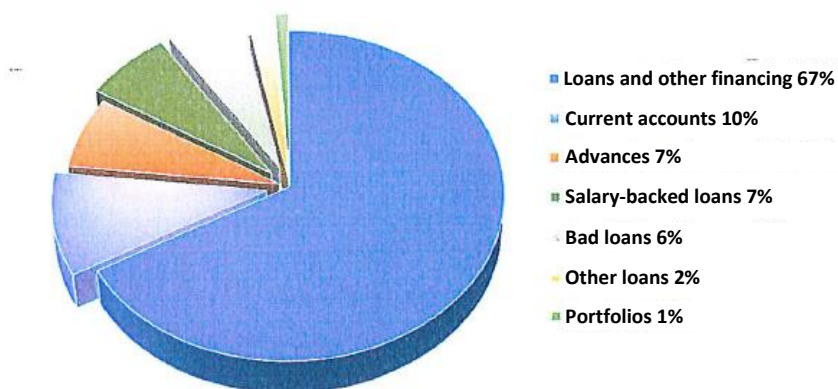
The unit amount of cash per loan was € 54,558, while the productivity per individual employee was € 3.87 million, an increase of 12.39% compared with the previous year. The ratio between loans and direct deposits declined, down from 84.49% in the previous year to 80.23% (-426 basis points); at average figures this ratio was 82.12%, down by -510 basis points.

Solutions offered in cooperation with commercial partners continued to demonstrate their importance, aimed at enriching the array of products available.

In the personal loans area, products created with the partners Compass, Italcredi, Cofidis and Pitagora were associated with around € 13.4 million in amounts disbursed, and salary-backed loans for around € 7.1 million. In terms of long term loans for the purchase and remodelling of residential real estate, the year saw loans totalling approximately € 1 million were disbursed through the partner CheBanca!

Among offers for companies in the leasing segment, contracts totalling around € 3.9 million were signed through the partners Selmabipiemme Leasing Spa and Alba Leasing Spa. Additionally, factoring agreements were signed for a total of around € 104 million through our partners Banca IFIS Spa, Banca Farmafactoring Spa and Factorit Spa.

**Breakdown of customer loans
2020 Balance**



Financial assets

Securities portfolio

The securities portfolio for the Bank amounted to € 1,178.9 million, with an increase of € 394.3 million, or +50.26%, over the previous year. This represents 37% of assets, showing a significant increase with respect to the past year (2019: 29.96%). More specifically, 64.04% consists of government bonds (€ 754.9 million), 20.41% of securities issued by banks (€ 240.6 million), while the remaining 15.55% is spread among financial issuers and other issuers (€ 183.3 million).

The breakdown by security type is as follows: 57.97% (€ 683.5 million) is represented by BTPs and BOTs; 6.06% (€ 71.4 million) is represented by other government securities; 32.52% (€ 383.3 million) is represented by other bonds; and 3.45% is represented by shares and UCITS units (€ 40.6 million).

Below is a breakdown of portfolio securities by business model, based on their economic, equity and financial function:

- the portfolio measured at fair value through profit and loss totalled € 15.8 million, showing an increase of € 3 million (+16.12%), representing 1.34% of the total amount (2019: 2,4%). The item also contains € 192 thousand in foreign exchange forward contracts;
- the portfolio measured at fair value through other comprehensive income (HTC&S) amounted to € 664.5 million, an increase of € 230.8 million (+53.21%) compared with the previous year and represented 56.37% of the total amount (2019: 55.29%);
- the portfolio measured at amortised cost amounted to € 498.5 million, up by € 166.6 million compared with the previous year (+50.19%), representing 42.29% 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).

As indicated in the introduction, the overall securities portfolio saw a total increase of 394.3 million with respect to the previous year.

This can be traced to various factors, of which we note the following two:

- trends in assets and liabilities, to an extent affected by the development of the Covid-19 pandemic, the effects of which were not limited solely to the economy (as described in previous notes) but also impacted social behaviour;
- support implemented by Central Banks to combat negative effects on the economy. This was done through “unconventional” monetary policy, referenced in more detail in previous notes, especially in the form of TLTRO III.

In 2020, the Bank participated in the June operation (in addition to a bridge operation), requesting the amount of € 517.94 million, which when added to the already existing operation from 2019 of € 129.4 determines a total of € 647.34 million for these operations (initial values, not including interest accrued).

Share Capital and Reserves

Shareholders' Equity amounted to € 276.9 million, an increase of € 7.1 million (+2.63%) 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 € 22.7 million (+37.01%), while reserves for defined benefit plans show a negative balance of € 1.4 million (+4.30%).

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

Items	2020	2019	Change	
			Absolute	%
Share Capital (7,224,753 shares with a nominal value of € 3.00)	21,674,259	22,190,628	- 516,369	- 2.33
Treasury shares (-)	- 4,134,720	- 4,245,166	110,446	- 2.60
Reserves:	127,154,091	120,797,561	6,356,530	5.26
- Legal Reserve	31,450,436	30,379,923	1,070,513	3.52
- Statutory Reserve	85,915,437	79,268,229	6,647,208	8.39
- Merger Reserve (pursuant to art.7 Law 218/90)	3,658,173	3,658,173	-	-
- Treasury share purchase reserve - available -	1,514,565	2,854,834	- 1,340,269	- 46.95
- Treasury share purchase reserve - unavailable -	4,134,720	4,245,166	- 110,446	- 2.60
- Other reserves	480,760	391,236	89,524	22.88
Share premium reserve	94,546,500	99,480,842	- 4,934,342	- 4.96
Valuation reserves:	37,633,582	31,563,843	6,069,739	19.23
- Special revaluation law reserves	13,328,838	13,328,838	-	-
- Property, plant and equipment (deemed cost) reserve	3,007,306	3,007,306	-	-
- Reserve, financial assets measured at fair value through other comprehensive income	22,682,392	16,555,539	61,26,853	37.01
- Defined-benefit plans (actuarial gains/losses) reserve	- 1,384,954	- 1,327,840	- 57,114	4.30
Grand total	276,873,712	269,787,708	7,086,004	2.63

The Equity, as well as being an expression of the Bank's book value, performs the fundamental function of providing support for corporate expansion and serves as a primary guarantee against the various operating risks intrinsic to the business.

The portion of profits destined for the reserves, based on the proposed division of profits for 2020, amounts to € 7.1 million. Therefore, after approval of the division, net worth will amount to € 284 million, an increase of € 7.9 million (+2.86%) with respect to the amount the previous year.