

## 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 € 1,752 million in total, down € 69 million or 3.77% on the year. This aggregate represented in average values comes to € 1,788 million, an increase of € 69.2 million (+4.02%).

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

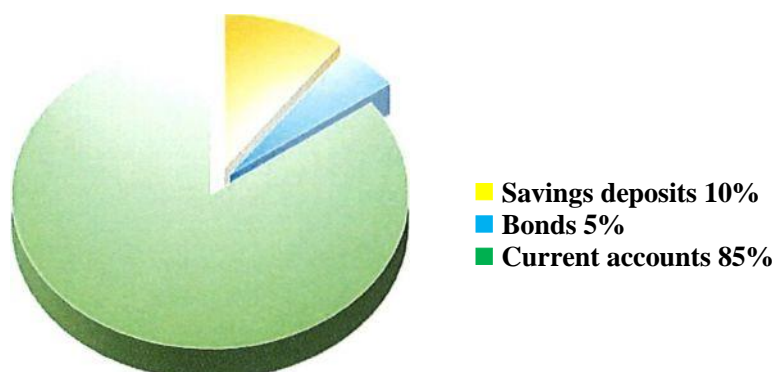
Item	2018	2017	Change	
			Absolute	%
Savings deposits	179,510,224	190,272,852	- 10,762,628	-5.66
Current accounts	1,481,361,657	1,484,312,802	-2,951,145	-0.20
Bonds	88,196,950	143,170,698	- 54,973,748	- 38.40
Other technical types	2,432,185	2,343,196	88,989	3.80
<b>Grand total</b>	<b>1,751,501,016</b>	<b>1,820,099,548</b>	<b>-68,598,532</b>	<b>-3.77</b>

Analysis indicates the following:

- a decrease in savings deposits of € 10.8 million, or 5.66%. Specifically, ordinary deposits amount to € 171.6 million, a decrease of 5.80%, while time deposits fell by 2.44%, coming to € 7.9 million;
- current accounts decreased by € 3 million, or 0.20%. Within this figure, the deposit account component continued to grow to € 27.6 million (+22.40%), while other types amounted to € 1,453.8 million and showed a drop of € 8 million, or 0.55%;
- similarly to what was recorded by the system, the bond component fell further by € 55 million, or 38.40%;
- “other technical types” refers to deposits made using cards with IBANs and prepaid cards.

Customer deposits represented 73.87% of balance sheet liabilities (2017: 74.85%) and for 5.04% comprises the securities component, represented by bonds issued (2017: 7.87%).

## Breakdown of direct deposits from customers 2018 Balance



The average rate of remuneration of total deposits was 0.25%, down 6 basis points compared with the end of 2017.

The breakdown by investor category shows that the consumer households remains predominant, with a proportion of 53.71% of total funding (2017: 52.99%), despite the fact that this has come down on the previous period by € 23.7 million. The trend in deposits from non-financial companies was positive, with the aggregate increasing by € 21.6 million or 28.65% over total funding, similarly to Public administrations with a contribution that went up by about € 13 million on the year. The producer households deposits component fell by € 78.4 million, contributing 9.22% to the aggregate. A positive shift was also seen for financial companies (+ € 2 million), whereas non-profit institutions recorded a drop of approximately € 3.8 million on the year.

The geographical distribution confirms the predominance of the province of Rome with 67.70% of the total, followed by the province of Latina with 28.98%, the province of Frosinone with 2.34% and the province of Viterbo with 0.98%. Compared with the previous year, the figures point to growth in the provinces of Latina, Frosinone and Viterbo, while the province of Rome saw a slight decrease.

Customer deposits were distributed over 83,223 accounts, with an average unit amount of € 21,046. These figures show an increase in the number of accounts, whereas average deposits per position have come down. The volume of deposits per employee came out at € 3.8 million, with a decrease in productivity of 1.74%.

### Direct deposits by investor category

Type	Amounts 2018	Proportion % 2018	Amounts 2017	Proportion % 2017
Consumer households	940,764,605	53.71%	964,460,501	52.99%
Non-financial companies	501,856,814	28.65%	480,244,828	26.39%
Producer households	161,538,073	9.22%	239,965,337	13.18%
Public administrations	91,402,228	5.22%	78,435,988	4.31%
Non-profit institutions	40,265,956	2.30%	44,025,738	2.42%
Financial companies	12,944,846	0.74%	10,948,462	0.60%
Other	2,728,494	0.16%	2,018,694	0.11%
<b>Total</b>	<b>1,751,501,016</b>	<b>100.00%</b>	<b>1,820,099,548</b>	<b>100.00%</b>

### Indirect deposits

Indirect deposits in financial instruments amounted to € 766.4 million at the end of the year, recording an increase of € 19.8 million compared with the previous year, or 2.66%. The same aggregate inclusive of insurance deposits came out at € 880.3 million, confirming an increase of € 22.9 million compared with the end of 2017 (+2.66%).

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

Item	2018	2017	Change	
			Absolute	%
Administered deposits	316,045	297,910	18,135	6.09
Mutual funds and SICAVs	230,366	221,155	9,211	4.16
Asset management	219,944	227,444	- 7,500	-3.30
<b>Total indirect deposits in financial instruments</b>	<b>766,355</b>	<b>746,509</b>	<b>19,846</b>	<b>2.66</b>
Insurance deposits	113,930	110,926	3,004	2.71
Total generated	880,285	857,435	22,850	2.66

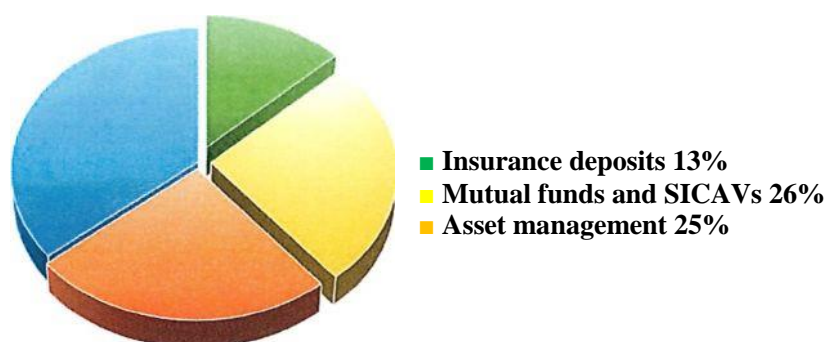
The drop in share-based securities listings resulting from growing uncertainties around the current economic situation channelled savings towards the bond sector, characterised by high liquidity and low-risk instruments.

The ratio between managed and administered funds at the end of 2018 stands at 142% with the managed portion contracting slightly on the year (2017: 151%).

Administered deposits increased by € 18.1 million, or 6.10%, whereas the managed component, comprising mutual funds, SICAVs and asset management went up by € 1.7 million (0.38%). Asset management, compared with the same period last year, dropped by € 7.5 million, equivalent to 3.30%.

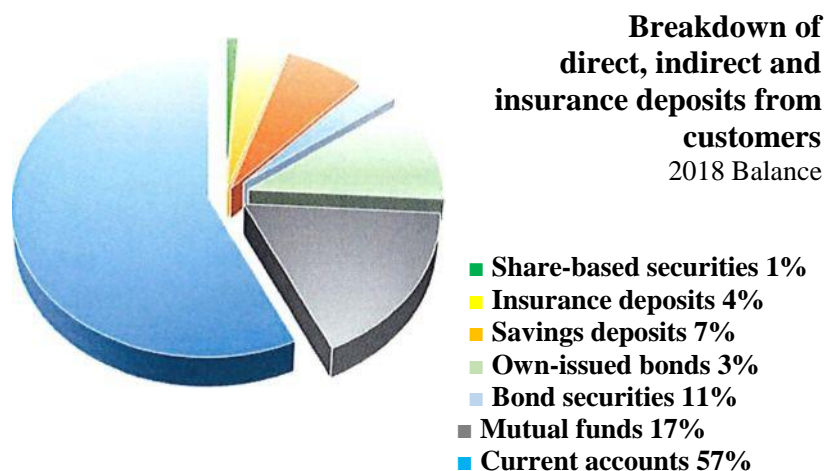
Life assurance deposits, which at the end of 2018 amounted to € 113.9 million, recorded an increase of over € 3 million on the previous year, or 2.71%.

**Breakdown of indirect and insurance deposits from customers**  
2018 Balance



Total customer deposits therefore amounted to € 2,631 million, a decrease of € 45.7 million (-1.71%), and consisted of 67% direct deposits and the remaining 33% indirect deposits, as can be seen from the table below (in Euro thousands).

Item	2018	2017	Change	
			Absolute	%
Direct deposits	1,751,501	1,820,100	- 68,599	-3.77
Indirect deposits in finan. instrum.	766,355	746,509	19,846	2.66
Insurance deposits	113,930	110,926	3,004	2.71
<b>Total generated</b>	<b>2,631,786</b>	<b>2,677,535</b>	<b>- 45,749</b>	<b>-1.71</b>



#### Administered assets

Total administered assets (direct deposits, deposits by banks, other liabilities, share capital, reserves and profits) reached € 2,350 million, a decrease of € 56.7 million, or 2.36%.

Adding indirect and insurance deposits to the above aggregate gives the Bank's total intermediation capacity, which came out at € 3,230 million, as illustrated in detail in the table below.

Potential intermediation (in Euro thousands)

Item	2018	2017	Change	
			Absolute	%
Direct customer deposits	1,751,501	1,820,100	- 68,599	-3.77
Bank deposits	254,741	251,458	3,283	1.31
Other liabilities	76,414	51,277	25,137	49.02
Share capital, reserves and profit for the period	267,199	285,013	-17,814	-6.25
Indirect customer deposits	766,355	746,509	19,846	2.66
Insurance deposits	113,930	110,926	3,004	2.71
<b>Grand total</b>	<b>3,230,140</b>	<b>3,265,283</b>	<b>- 35,143</b>	<b>-1.08</b>

## Customer loans

The book value for gross lending amounted to € 1,445 million, coming down by € 16 million on the previous year (-1.1%). This change was impacted by the higher write-downs referring to the first-time application of IFRS 9 (First Time Adoption: *FTA*), amounting to € 23.7 million; less this component, the change would therefore have been positive for € 7.7 million.

Lending, in nominal terms, amounted to € 1,558 million, falling by € 49.5 million (-3.08%). Consideration also needs to be given to another aspect involving this sector in 2018, namely the bad loans sales transaction realised for a nominal amount of € 122 million. Net of this component, the change in nominal terms would once again have been positive for € 72.5 million.

The aggregate in question with mean values showed an increase of € 82.1 million from 2017 (+5.26%), amounting to € 1,643 million.

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

Item	2018	2017	Change	
			Absolute	%
Portfolios	13,531,669	20,649,814	-7,118,145	- 34.47
Current accounts	295,934,526	285,905,774	10,028,752	3.51
Advances	165,642,881	170,684,654	-5,041,773	-2.95
Sundry loans	41,435,833	40,781,550	654,283	1.60
Loans and other financing	944,164,149	890,627,289	53,536,860	6.01
Bad loans	96,757,471	198,638,429	-101,880,958	-51.29
Other lending	553,673	278,626	275,047	98.72
<b>Gross lending</b>	<b>1,558,020,202</b>	<b>1,607,566,136</b>	<b>- 49,545,934</b>	<b>-3.08</b>
Write-downs	112,860,959	146,377,446	-33,516,487	- 22.90
<b>Net lending</b>	<b>1,445,159,243</b>	<b>1,461,188,690</b>	<b>-16,029,447</b>	<b>-1.10</b>
Operating loans	2,357,201	2,060,112	297,089	14.42
Proprietary securities	227,857,237	84,988,697	142,868,540	168.10
Other receivables	671,594	564,828	106,768	18.90
<b>Net book value</b>	<b>1,676,045,275</b>	<b>1,548,802,327</b>	<b>127,242,950</b>	<b>8.22</b>

In terms of total volumes, gross lending confirmed its predominance in relation to medium/long-term operations (60%), consisting in particular of the technical types of loans and financing, with a lower preponderance for shorter-term loans (34%).

Analysis by technical type shows a decrease in short-term lending (-0.78%), produced by the increase in Current accounts (+3.51%) and Sundry loans (+1.60%) and by the reduction in Portfolios (-34.47%) and Advances (-2.95%).

The longer-term component, consisting mainly of loans and other financing, reveals growth of over € 53.5 million (+6%).

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 analyses below of the trends and breakdown of the portfolio refer to the aggregates of gross and net lending.

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

Borrower category	Proportion 2018	Proportion 2017
Non-financial companies	69.44%	71.04%
Households	25.70%	25.53%
Financial companies	3.80%	2.08%
State and other entities	0.43%	0.42%
Other	0.63%	0.93%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

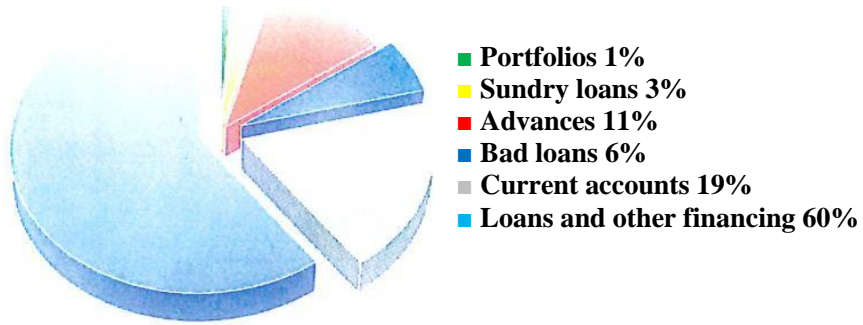
The distribution of lending among the various classes of borrower confirmed that private consumers, self-employed professionals, and small and medium-sized enterprises prevail, representing around 95% of loans.

In terms of the trends in individual segments, the non-financial companies sector came down (-1.6%), as did the other residual sectors (-0.30%), whereas an increase was recorded in households (+0.17%) and financial companies (+1.72%). The government and other Entities remained constant (+0.01%).

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
<b>Corporate</b>	<b>54.68%</b>	Businesses with turnover of > € 2.5 million, or with credit agreed/used of > € 1 million
<b>Small Business</b>	<b>30.68%</b>	Businesses with turnover of < € 2.5 million, or with credit agreed/used of < € 1 million
<b>Retail</b>	<b>14.64%</b>	Private consumers

**Breakdown of customer loans**  
2018 Balance





## Financial assets

### Securities portfolio

At the end of the year the Bank's total securities portfolio amounted to € 632.4 million, remaining essentially unchanged compared with the previous year (+ 0.07%). The total securities portfolio represents 26.67% of assets (2017: 25.99%) and is made up of 61.20% from government bonds (387 million), 22.84% from securities issued by banks (144.5 million), while the remaining 15.96% is spread among financial issuers and other issuers (100.9 million).

The breakdown by security type is as follows: 39.82% (251.8 million) is represented by BTPs and BOTs; 21.38% (135.2 million) is represented by other government securities; 34.74% (219.7 million) is represented by other bonds; and finally, 4.06% is represented by shares and UCITS units (25.7 million).

In particular:

- the portfolio measured at fair value impacting overall profitability (HTC&S) amounted to € 360.1 million, a decrease of € 102.9 million (-22.22%) compared with the previous year and represented 56.94% of the total amount (2017: 73.26%);
- the portfolio measured at fair value impacting the income statement totalled € 10.2 million, showing a decrease of € 39.5 million (-79.55%), representing 1.61% of the total amount (2017: 7.80%);
- the portfolio measured at amortised cost amounted to € 262.2 million, up by € 142.5 million compared with the previous year (+119.02%), representing 41.45% of the total amount (2017: 18,94%).

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).

In particular, we note the decrease in the portfolio of financial assets measured at fair value in favour of the financial assets valued at amortised cost.

This results from the business model adopted by the Bank, which focuses more importance on the component providing support to medium-long term profitability rather than the shorter term results, as well as from a higher degree of stabilisation in the asset component.

## Share capital and reserves

Capital and reserves amount to € 259 million, a decrease of € 17.1 million (-6.20%) from the figure for the previous year. The negative shift refers to the first time application of the new IFRS 9 accounting standard, which requires that € 19.1 million be recognised at equity, mainly due to the increased write-downs required by the new standard in respect of receivables.

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 impacting overall profitability, 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 impacting overall profitability showed a positive balance of € 11.2 million (+51.32%), while reserves for defined benefit plans show a negative balance of € 1.2 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	2018	2017	Change	
			Absolute	%
<b>Share Capital (7,396,876 shares with a nominal value of € 3.00)</b>	<b>22,190,628</b>	<b>22,190,628</b>	-	-
<b>Treasury shares (-)</b>	<b>- 3,437,356</b>	<b>- 3,437,356</b>	-	-
<b>Reserves:</b>	<b>113,714,361</b>	<b>134,677,581</b>	<b>-20,963,220</b>	<b>- 15.57</b>
- Legal Reserve	29,523,666	28,596,855	926,811	3.24
- Statutory Reserve	73,012,028	71,952,834	1,059,194	1.47
- Merger Reserve (pursuant to art.7 Law 218/90)	3,658,173	3,658,173	-	-
- Treasury share purchase reserve - available -	3,662,644	2,262,644	1,400,000	61.87
- Treasury share purchase reserve - unavailable -	3,437,356	3,437,356	-	-
- Other reserves	420,494	24,769,719	- 24,349,225	- 98.30
<b>Share premium reserve</b>	<b>99,871,317</b>	<b>99,871,317</b>	-	-
<b>Valuation reserves:</b>	<b>26,297,471</b>	<b>22,443,060</b>	<b>3,854,411</b>	<b>17.17</b>
- Special revaluation law reserves	13,328,838	13,328,838	-	-
- Property, plant and equipment (deemed cost) reserve	3,007,306	3,007,306	-	-
- Available-for-sale financial assets reserve	11,165,207	7,378,730	3,786,477	51.32
- Defined-benefit plans (actuarial gains/losses) reserve	- 1,203,880	- 1,271,814	67,934	5.34
<b>Grand total</b>	<b>258,636,421</b>	<b>275,745,230</b>	<b>-17,108,809</b>	<b>- 6.20</b>