

# Bit Market Services

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*Testo del comunicato*

Vedi allegato.

**PRESS RELEASE****Results at June 30, 2016 approved  
best half year ever**

- Net profit: **€117.8 million (+25.7% y/y)**
- Net profit adjusted for non-recurring items<sup>1</sup>: **€101 million (+7.8% y/y)**
- Operating income: **€289 million (+7.9% y/y)**
- Operating income adjusted for non-recurring items: **€273.6 million (+2.2% y/y)**
- Cost/Income ratio at **40.74%**
- Cost/Income ratio adjusted for non-recurring items at **43%**
- CET1 ratio at **22.68%** (transitional)
  
- Total financial assets: **€55,564 million (+3.3% y/y)**
- Net sales of guided products: **€1,675 million, representing 51% of total AUM (+9 pp y/y).**
- **Over 1,089,000 total customers, +8% y/y (around 59,700 new customers in 2016)**
- Strengthening of the Credit offer, with a focus on mortgages and personal loans

**Milan, August 1, 2016**

The Board of Directors of FinecoBank S.p.A. has approved the results at June 30, 2016.

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<sup>1</sup> Non-recurring items: sale of share in Visa Europe Limited for a net profit after tax of €10.3 million; increase in current tax following the settlement of several tax disputes, of €6.5 million.

*Alessandro Foti, CEO and General Manager of FinecoBank, stated: “In a market environment that was still volatile and complex, the results for the first half 2016 confirm the Bank’s very strong performance, with record figures in various key indicators and maintenance of the robust growth already registered in the first quarter of the year. In particular, these results reflect the Bank’s solidity and the strength of its business model. In terms of customer needs, Fineco’s strategy and approach are fully capturing the structural trends in Italian society, the growing request for advisory services and the digitisation of financial services.”*

### **TOTAL FINANCIAL ASSETS AND NET SALES**

Total financial assets stood at €55.6 billion at June 30, 2016, an increase of 0.4% compared to the end of 2015, thanks to net sales of €2,650 million in 2016 (-6.4% on the first half 2015), with the net sales through the financial advisors network at €2,270 million (-12.1% compared to the first half of 2015).

The steady growth and continued improvement in the quality of sales was reflected in the growth of guided products & services, which continued to increase as a percentage of the Assets under Management, up from 42% as at June 30, 2015 to 51.3% as at June 30, 2016.

Assets under Management totalled €25.9 billion, down 1.4% on December 31, 2015.

Direct deposits increased by 8.5% compared to the end of the previous year, up to €17 billion thanks to the continued growth in the customer base and “transactional deposits”. These figures reflect the high and increasing degree of customer loyalty and high level of appreciation of the quality of the services.

Assets under custody totalled €12.7 billion, down 5.4% compared to the end of 2015.

In the first six months of 2016, around 59,700 thousand new customers were acquired, essentially in line with the approximately 59,970 customers acquired in the first half of 2015 (-1%). As of June 30th, 2016, Fineco had over 1,089,000 customers, an increase of 8% on June 2015.

The number of Personal Financial Advisors of the Fineco network at June 30, 2016 rose to 2,593, compared to 2,642 as at June 30, 2015.

## MAIN INCOME STATEMENT RESULTS AT JUNE 30, 2016

**Operating income** rose to €289 million, an improvement of 7.9% thanks to the increase in net interest income and net trading, hedging and fair value income, which more than offset the fall in net fee and commission income. The figure net of non-recurring items was €273.6 million (+2.2% y/y).

The **net interest margin** came to €123.4 million, up 6.7% on the first half 2015, due to the increase in volumes and the decreasing cost of funding, which more than offset the reduction in interest income linked to the fall in market rates.

**Net fee and commission income** amounted to €117.8 million, down 7.2% compared to the same period of 2015, mainly due to:

- lower securities trading and order collection commissions, as a result of the decrease in executed orders generating fees following the progressive shift by customers towards over-the-counter products and the higher proportion of internalisation activity. It should be noted that the first quarter 2015 was characterised by very high volatility, which favoured brokerage activity, resulting in March 2015 recording the best result for the last five years in the brokerage business. You are reminded that on June 24, 2016, following the high level of volatility due to the result of the Brexit referendum, Fineco posted a record number of 216,560 orders in a single day;
- lower commissions for collection and payment services, mainly relating to credit and debit card transactions, as a result of the entry into force, on December 9, 2015, of Regulation (EU) 2015/751 of the European Parliament and of the Council, which set a cap on interbank commissions for transactions via debit and credit cards;
- lower commissions from the placement and management of securities and units in investment funds due to the adverse performance of the markets.

In contrast, commissions on investment advisory services increased by 19.6% over the same period of 2015, thanks to the continued growth in guided products & services, while commissions from the distribution of insurance products rose by 24.8%.

**Net trading, hedging and fair value income** came to €46.9 million (+67.2% y/y), driven by the revenues realised from the internalisation of securities and CFDs. Revenues were also recognised from the sale of securities in the “Available-for-sale financial assets” portfolio totalling €5 million, realised as part of the measures to mitigate the exposure

to interest rate risk and optimise profitability, in addition to a gain of €15.3 million realised from the sale of the share in Visa Europe Limited. Net trading, hedging and fair value income came to €31.6 million, up 12.5% on the first half 2015.

**Operating costs** came to €117.7 million, down 1.5% on €119.5 million as at June 30, 2015, mainly due to lower costs arising from the incentive plans and the ongoing improvement in the efficiency of the operating structure as the Bank continues to expand in all the sectors of activity. In the half year, the cost/income ratio came to 40.74%, with a cost/income ratio adjusted for non-recurring items of 43%.

**Operating profit came** to €171.2 million, up 15.5% on €148.2 million as at June 30, 2015. Operating profit adjusted for non-recurring items came to €155.9 million, up 5.2% on the first half 2015.

**Profit before tax** amounted to €165.9 million, representing an increase of 17.2% compared to the same period of the previous year. The figure adjusted for non-recurring items was €150.5 million, up 6.3% compared to the first half 2015.

**Net profit** came to €117.8 million, up 25.7% on the first half of the previous year. Net profit adjusted for non-recurring items came to €101 million (+7.8% y/y).

During the half year, Fineco maintained its solid capital position with a CET1 ratio (transitional) at 22.68%.

In the same period, shareholders' equity amounted to €603 million.

## **SIGNIFICANT EVENTS DURING THE PERIOD**

In order to catch the main trends that are reshaping Italian society, Fineco is continuing to focus on the digitalization of its offer and on advanced financial advisory services. This includes the cyborg advisory model, aimed at improving the productivity of the Financial Advisory Network and increasing the quality of the service provided to customers. To this end, Fineco has developed X-Net, an innovative platform dedicated to its Personal Financial Advisors, which will allow them to rationalise their work, to better understand their customers' financial needs and to develop customized proposals.

In order to strengthen its Credit area, Fineco will start to offer mortgages on first and second home and will continue to focus on the development of personal loans.

## RECLASSIFIED BALANCE SHEET

ASSETS	Amounts as at		Changes	
	12/31/15	06/30/16	Amount	%
Cash and cash balances	6	11	5	83.3%
Financial assets held for trading	3,983	6,879	2,896	72.7%
Loans and receivables with banks	14,648,904	15,299,291	650,387	4.4%
Loans and receivables with customers	922,774	880,232	(42,542)	-4.6%
Financial investments	2,245,982	2,926,175	680,193	30.3%
Hedging instruments	10,573	9,018	(1,555)	-14.7%
Property, plant and equipment	12,419	13,896	1,477	11.9%
Goodwill	89,602	89,602	-	-
Other intangible assets	8,212	7,608	(604)	-7.4%
Tax assets	15,424	5,880	(9,544)	-61.9%
Other assets	370,070	322,264	(47,806)	-12.9%
<b>Total assets</b>	<b>18,327,949</b>	<b>19,560,856</b>	<b>1,232,907</b>	<b>6.7%</b>

(Amounts in € thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY	Amounts as at		Changes	
	12/31/15	06/30/16	amount	%
Deposits from banks	1,423,459	1,361,666	(61,793)	-4.3%
Deposits from customers	15,822,459	17,133,049	1,310,590	8.3%
Financial liabilities held for trading	4,100	6,300	2,200	53.7%
Hedging instruments	31,319	17,657	(13,662)	-43.6%
Provisions for risks and charges	120,534	119,258	(1,276)	-1.1%
Tax liabilities	37,445	23,046	(14,399)	-38.5%
Other liabilities	255,835	296,926	41,091	16.1%
Shareholders' Equity	632,798	602,954	(29,844)	-4.7%
- capital and reserves	430,119	471,789	41,670	9.7%
- revaluation reserves available-for-sale financial assets and actuarial gains (losses) for defined benefits plans	11,626	13,383	1,757	15.1%
- net profit (loss)	191,053	117,782	(73,271)	-38.4%
<b>Total liabilities and Shareholders' equity</b>	<b>18,327,949</b>	<b>19,560,856</b>	<b>1,232,907</b>	<b>6.7%</b>

(Amounts in € thousand)

**RECLASSIFIED BALANCE SHEET – QUARTERLY DATA**

ASSETS	Amounts as at				
	06/30/15	09/30/15	12/31/15	03/31/16	06/30/16
Cash and cash balances	6	7	6	7	11
Financial assets held for trading	5,463	8,613	3,983	6,996	6,879
Loans and receivables with banks	14,582,941	13,966,287	14,648,904	15,404,458	15,299,291
Loans and receivables with customers	835,823	884,508	922,774	827,395	880,232
Financial investments	2,238,746	2,232,479	2,245,982	2,622,251	2,926,175
Hedging instruments	39,579	6,541	10,573	6,682	9,018
Property, plant and equipment	11,163	11,043	12,419	13,471	13,896
Goodwill	89,602	89,602	89,602	89,602	89,602
Other intangible assets	8,030	7,862	8,212	7,691	7,608
Tax assets	14,629	11,569	15,424	11,775	5,880
Other assets	225,475	232,297	370,070	274,182	322,264
<b>Total assets</b>	<b>18,051,457</b>	<b>17,450,808</b>	<b>18,327,949</b>	<b>19,264,510</b>	<b>19,560,856</b>

(Amounts in € thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY	Amounts as at				
	06/30/15	09/30/15	12/31/15	03/31/16	06/30/16
Deposits from banks	1,436,173	1,396,068	1,423,459	1,503,755	1,361,666
Deposits from customers	15,256,498	15,043,178	15,822,459	16,693,126	17,133,049
Debt securities in issue	400,000	-	-	-	-
Financial liabilities held for trading	5,386	6,254	4,100	4,218	6,300
Hedging instruments	59,668	26,810	31,319	20,441	17,657
Provisions for risks and charges	104,947	104,800	120,534	120,515	119,258
Tax liabilities	30,288	57,803	37,445	62,222	23,046
Other liabilities	227,285	233,407	255,835	167,984	296,926
Shareholders' Equity	531,212	582,488	632,798	692,249	602,954
- capital and reserves	437,198	427,673	430,119	624,119	471,789
- revaluation reserves available-for-sale financial assets and actuarial gains (losses) for defined benefits plans	310	5,983	11,626	16,908	13,383
- net profit	93,704	148,832	191,053	51,222	117,782
<b>Total liabilities and Shareholders' equity</b>	<b>18,051,457</b>	<b>17,450,808</b>	<b>18,327,949</b>	<b>19,264,510</b>	<b>19,560,856</b>

(Amounts in € thousand)

**RECLASSIFIED INCOME STATEMENT**

	1H		Changes	
	2015	2016	Amount	%
Net interest income	115,744	123,449	7,705	6.7%
Net fee and commission income	126,989	117,821	(9,168)	-7.2%
Net trading, hedging and fair value income	28,073	46,926	18,853	67.2%
Net other expenses/income	(3,089)	758	3,847	n.c.
<b>OPERATING INCOME</b>	<b>267,717</b>	<b>288,954</b>	<b>21,237</b>	<b>7.9%</b>
Payroll costs	(37,182)	(37,716)	(534)	1.4%
Other administrative expenses	(120,535)	(117,724)	2,811	-2.3%
Recovery of expenses	42,388	42,337	(51)	-0.1%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(4,190)	(4,609)	(419)	10.0%
<b>Operating costs</b>	<b>(119,519)</b>	<b>(117,712)</b>	<b>1,807</b>	<b>-1.5%</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>148,198</b>	<b>171,242</b>	<b>23,044</b>	<b>15.5%</b>
Net impairment losses on loans and provisions for guarantees and commitments	(2,694)	(2,801)	(107)	4.0%
<b>NET OPERATING PROFIT (LOSS)</b>	<b>145,504</b>	<b>168,441</b>	<b>22,937</b>	<b>15.8%</b>
Provisions for risks and charges	(3,929)	(2,553)	1,376	-35.0%
Integration costs	-	(7)	(7)	n.c.
<b>NET PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>141,575</b>	<b>165,881</b>	<b>24,306</b>	<b>17.2%</b>
Income tax for the period	(47,871)	(48,099)	(228)	0.5%
<b>NET PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS</b>	<b>93,704</b>	<b>117,782</b>	<b>24,078</b>	<b>25.7%</b>
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>93,704</b>	<b>117,782</b>	<b>24,078</b>	<b>25.7%</b>

(Amounts in € thousand)

As of January 1, 2016, net fees and commissions include the income component connected to the service provided (received) for the provision of securities relative to securities lending transactions collateralised by cash, previously recorded in interest expense (income). In the first quarter of 2016 net fee and commission income was equal to €58,2 million, and equal to €59,7 million in the second quarter of 2016. As a consequence, the corresponding figures for the previous year have been restated to enable like-for-like comparison, by an amount of €4.4 million (of which €1.1 million in 1Q15, €1.2 million in 2Q15, €1 million in 3Q15 and €1.1 million in 4Q15).



**RECLASSIFIED INCOME STATEMENT – QUARTERLY DATA**

	2015				2016		% Change Q/Q
	1Q	2Q	3Q	4Q	1Q	2Q	
Net interest income	56,490	59,254	62,876	62,142	62,249	61,200	-1.7%
Net fee and commission income	62,777	64,212	62,030	63,591	58,161	59,660	2.6%
Net trading, hedging and fair value income	17,059	11,014	13,207	12,587	19,645	27,281	38.9%
Net other expenses/income	358	(3,447)	1,601	(1,486)	89	669	651.7%
<b>OPERATING INCOME</b>	<b>136,684</b>	<b>131,033</b>	<b>139,714</b>	<b>136,834</b>	<b>140,144</b>	<b>148,810</b>	<b>6.2%</b>
Payroll costs	(18,385)	(18,797)	(18,984)	(18,883)	(18,713)	(19,003)	1.5%
Other administrative expenses	(60,401)	(60,134)	(53,097)	(59,238)	(60,555)	(57,169)	-5.6%
Recovery of expenses	21,012	21,376	20,231	21,728	21,230	21,107	-0.6%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(2,027)	(2,163)	(2,211)	(2,550)	(2,173)	(2,436)	12.1%
<b>Operating costs</b>	<b>(59,801)</b>	<b>(59,718)</b>	<b>(54,061)</b>	<b>(58,943)</b>	<b>(60,211)</b>	<b>(57,501)</b>	<b>-4.5%</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>76,883</b>	<b>71,315</b>	<b>85,653</b>	<b>77,891</b>	<b>79,933</b>	<b>91,309</b>	<b>14.2%</b>
Net impairment losses on loans and provisions for guarantees and commitments	(1,583)	(1,111)	(1,436)	(2,576)	(1,440)	(1,361)	-5.5%
<b>NET OPERATING PROFIT (LOSS)</b>	<b>75,300</b>	<b>70,204</b>	<b>84,217</b>	<b>75,315</b>	<b>78,493</b>	<b>89,948</b>	<b>14.6%</b>
Provisions for risks and charges	(3,115)	(814)	(1,311)	(10,474)	(1,439)	(1,114)	-22.6%
Integration costs	-	-	-	(1,246)	(3)	(4)	33.3%
Net income from investments	-	-	-	(1)	-	-	n.c.
<b>NET PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>72,185</b>	<b>69,390</b>	<b>82,906</b>	<b>63,594</b>	<b>77,051</b>	<b>88,830</b>	<b>15.3%</b>
Income tax for the period	(24,403)	(23,468)	(27,778)	(21,373)	(25,829)	(22,270)	-13.8%
<b>NET PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS</b>	<b>47,782</b>	<b>45,922</b>	<b>55,128</b>	<b>42,221</b>	<b>51,222</b>	<b>66,560</b>	<b>29.9%</b>
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>47,782</b>	<b>45,922</b>	<b>55,128</b>	<b>42,221</b>	<b>51,222</b>	<b>66,560</b>	<b>29.9%</b>

*(Amounts in € thousand)*

As of January 1, 2016, net fees and commissions includes the income component connected to the service provided (received) for the provision of securities relative to securities lending transactions collateralised by cash, previously recorded in interest expense (income). As a consequence, the corresponding figures for the previous year have been restated to enable like-for-like comparison, by an amount of €4.4 million (of which €1.1 million in 1Q15, €1.2 million in 2Q15, €1 million in 3Q15 and €1.1 million in 4Q15).

### **FinecoBank**

FinecoBank is the direct, multi-channel bank of the UniCredit Group, with one of the largest advisory networks in Italy. It is the leading bank in Italy for equity trades in terms of volume of orders and number one online broker in Europe for number of orders executed. FinecoBank offers an integrated business model combining direct banking and financial advice, with a single free-of-charge account including a full range of banking, credit, trading and investment services, which are also available through applications for smartphone and tablet. With its fully integrated platform, FinecoBank is the benchmark for modern investors.

*The Financial Reporting Officer, Lorena Pellicciari, declares, pursuant to Article 154.2 bis of the Consolidated Finance Act, that the accounting information contained in this press release corresponds to the documentary records, ledgers and accounting data.*

Attached are the Balance Sheet, Income Statement and the half-yearly changes in the Income Statement and Balance Sheet.

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Numero di Pagine: 11