

Bit Market Services

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September 30, 2016

Testo del comunicato

Vedi allegato.

Starting from the first quarter of 2016, FinecoBank publishes a voluntary “Interim Financial Report – Press Release” for Q1 and Q3 each year, to ensure consistency with the information on previous quarters.

Results at September 30th, 2016 approved

- Net profit: **€162.4 million¹ (+9.1% y/y) which includes DGS contributions of €7.4 mln net**
- Operating income: **€420.7 million (+3.3% y/y)**
- Cost/Income ratio at **40.66%**
- CET1 ratio at **23.14%** (transitional)

- Total financial assets: **€57,562 million (+9.6% y/y)**
- Total financial assets Private: **€20.9 billion (+12.6% y/y)**

FIGURES AS AT OCTOBER 31st, 2016

- Total Net sales: **€3,938 million (-4% y/y, o/w €353 million during the month of October)**
- Guided Products Net sales: **€3,280 million, +20% y/y (o/w €416 million during the month of October)**. Guided Products at **55%** of AuM stock (**+12 p.p. y/y**)
- **1,107,300** total clients, **+7% y/y (o/w 91,300 new clients in 2016)**

Milan, November 8th, 2016

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

Alessandro Foti, CEO and General Manager of FinecoBank, stated:

“First nine months close with record results and with the best quarter of the year, excluding systemic charges. These figures still confirm a well-balanced and diversified business model, able to produce solid and sustainable results and at the same time to completely satisfy clients’ financial necessities. Also the month of October shows very positive results, confirming the increasing interest of our clients towards guided solutions and the efficiency of our cyborg advisory model, which leveraging on cutting-edge technology, provides the highest support to our professional when managing the relationship with the client”.

¹ The figure includes the annual ex-ante contribution to the Deposit Guarantee Schemes (DGS) equal to €11 million gross (€7.4 million net) and several non-recurring items of income booked in the second quarter 2016: sale of the equity investment in Visa Europe Limited (€15.3 million gross) for a profit after tax of €10.3 million; positive change in current taxes as a result of the closure of a number of tax disputes, equal to €6.5 million.

TOTAL FINANCIAL ASSETS AND NET SALES

Total Financial Assets at September 30, 2016 totalled €57.6 billion, up 4% compared to the end of 2015 due to net sales of €3.6 billion and despite the negative market effect of €-1.3 billion, totally related to asset under custody.

In confirmation of the continued improvement in the quality of sales, we note the growth of “Guided products & services” which continue to increase as a percentage on TFA, rising from 21% as of December 31st, 2015 to 26% as of September 30th, 2016 and as a percentage on Assets under Management, from 45% of TFA at December 31st, 2015 to 54% at September 30th, 2016.

Direct deposits increased to €17 billion, up 8.7% compared to €15.6 billion as of December 31st, 2015, thanks to the steady growth in new customers and in “transactional deposits”.

Assets under management also increased by 4.7% compared to the end of 2015, amounting to €27.5 billion as at 30 September 2016; there was a slight fall in assets under administration, which came to at €13.1 billion (-2.7% compared to the end of 2015).

In particular, TFA related to Private Banking clients, i.e. with assets above €500,000, totalled €20.9 billion, increased by 3.2% since the beginning of the year and by 12.3% y/y. More in detail, the stock of direct deposits rose to €3.4 billion (+6.9% compared to the end of 2015). Asset under management increased by 5.2% compared to the end of 2015 and amounted to €10.9 billion.

As at September 30, 2016, the network was made up of 2,626 personal financial advisors (2,622 at the end of 2015) operating countrywide through 353 Fineco Centers.

In the first nine months of 2016 around 81,900 new customers were acquired, bringing the total number of customers to 1,101,500, up 7% compared to September 2015.

INCOME STATEMENT RESULTS FOR Q3 2016 AND FIRST NINE MONTHS OF 2016

Operating income in the first nine months of 2016 stood at €420.7 million, up compared to €407.4 million in the same period of the previous year (+3.3% y/y). Operating income in Q3 2016 stood at €131.8 million, down compared to €148.8 million in Q2 2016 (-11.4% q/q), mainly due to the extraordinary profit of €15.3 million from the sale of the equity investment in Visa Europe Limited during Q2 and lower market volatility (also connected to seasonality) and consequently lower trading activity by customers. The operating profit was also down 5.7% on the €139.7 million in Q3 2015.

Net interest income for Q3 2016 amounted to €62.5 million (+2.2% q/q and -0.6% y/y). Net interest income for the first nine months of 2016 amounted to €186 million (+4.1% y/y). Despite the macro environment characterized by continuously falling interest rates, this result was possible thanks to the increased volumes and lower cost of term deposits, which more than offset the reduction in interest income linked to the fall in market rates. The average yield for the investment of all deposits (both sight and term) was 1.35% in the first nine months 2016, compared to 1.51% in the same period of 2015 (1.29% in Q3 2016 compared to 1.49% for the same period of 2015).

Net fee and commission income in Q3 2016 was €59.3 million, in line with the previous quarter (-0.6% q/q) and down by 4.4% y/y compared to the third quarter of 2015. Net fee and commission income for the first nine months of 2016 amounted to €177 million, a decrease compared to the same period of the previous year (-6.3% y/y), attributable mainly to:

- lower market volatility compared to 2015, which sustained the brokerage business;
- a reduction in fees for collection and payment services, mainly relating to credit and debit card transactions, due to the entry into force of EU Regulation 2015/751, which set a maximum ceiling on interbank commissions for transactions via debit and credit cards, effective from December 9, 2015.

Fees relative to asset management products and advisory services increased in Q3 2016 by 5% q/q (5.7% y/y), thanks in particular to the continual increase in “Guided products & services” as a proportion of AuM, which amounted to 54% compared to 51% in the previous quarter and 43% in the same period of last year. In the first nine months of the year the figure was unchanged compared to the same period of 2015.

Net trading, hedging and fair value income amounted to €10.8 million in Q3 2016 (-9.7% q/q net of the €15.3 million profit from the sale of the investment in Visa in Q2 and -18.3% y/y). The item includes the income generated by the internalisation of securities and CFDs, financial instruments used to hedge CFDs, changes of value of assets and liabilities in foreign currencies. Net trading, hedging and fair value income for the first nine months of 2016 amounted to €57.7 million (+39.8% y/y thanks to the income from the sale of the equity investment in Visa Europe Limited in Q2 (+2.6% y/y net of the non-recurring item).

Operating costs in the first nine months 2016 were €171.1 million, down compared to €173.6 million in the same period of last year (-1.4% y/y). The cost/income ratio amounted to 40.66% for the first nine months 2016 and to 42% net of non-recurring items lower compared to 43% of the first nine months 2015.

Payroll costs in Q3 2016 amounted to €19.3 million (+1.8% q/q, +1.9% y/y). In the first nine months of 2016, payroll costs amounted to €57 million (+1.6% y/y).

Other administrative expenses net of **Recovery of expenses**, came to €31.4 million in Q3 2016 (-12.9% q/q, -4.5% y/y), down on the previous quarter due to lower expenses for financial advisors and lower advertising, marketing and communications expenses. Other administrative expenses net of Recovery of expenses came to €106.8 million in the first nine months of 2016 (-3.8% y/y) confirming the continuous increase in efficiency of the bank.

Operating profit was €78.4 million in Q3 2016 (-14.1% q/q, -8.4% y/y) and €249.7 million in the first nine months of 2016 (+6.8% y/y).

Net write-downs of loans and provisions for guarantees and commitments in Q3 2016 stood at €0.72 million (-47.1% q/q, -49.9% y/y) and are equal to 3.5 million in the first nine months of 2016 (-14.7% y/y). The cost of risk² at September 30, 2016 was 50 bp (70 bp at September 30, 2015).

Provisions for risks and charges in Q3 2016 were €11.3 million bringing the first nine months 2016 to €13.9 million, up compared to €1.1 million in Q2 2016 and €5.2 million in the first nine months 2015 due to the contribution to the Deposit Guarantee Schemes (DGS) of €11 million.

Net profit (loss) before tax from continuing operations was €66.4 million in Q3 2016 (-25.3% q/q, -19.9% y/y) and stood at €232.3 million in the first nine months of 2016 (+3.5% y/y).

² The cost of risk is the ratio of net write-downs of loans and provisions for guarantees and commitments to loans to customers (average at period end and balance at previous period end). For the purpose of purposes of like-for-like comparison, the indicators for the previous periods have also been recalculated for comparative purposes.

Profit (loss) for the period was €44.6 million in Q3 2016 (-33% q/q, -19.1% y/y). Profit (loss) for the period related to the ordinary business activity amounted to €52.0 million, the best quarter of the year (excluding DGS and non-recurring items of Q2). Profit (loss) for the period was €162.4 million in the first nine months of 2016 (+9.1% y/y and +2.8% y/y excluding DGS and non-recurring items of Q2).

SHAREHOLDERS' EQUITY AND CAPITAL RATIOS

Shareholders' equity stood at €656 million, up €23 million compared to December 31, 2015.

The Bank retained its capital strength with a transitional CET1 ratio that rose to 23.14% (21.39% at the end of 2015). The total transitional capital ratio was 23.15% (21.55% at the end of 2015).

The leverage ratio was 8.23% (10.52% at the end of 2015) and was calculated in accordance with EU Delegated Regulation 2015/62 of October 10, 2014. As required by Circular No. 285 of the Bank of Italy, Part Two, Chapter 12, Section III Exercise of national discretion, exposures to the UniCredit Group companies based in Italy and weighted at 0% pursuant to Article 113, par. 6 of the CRR have not been included in the calculation of total exposure, in accordance with Article 429 (7) of the CRR amended by the Delegated Regulation (EU) 2015/62.

SIGNIFICANT EVENTS IN Q3 2016 AND SUBSEQUENT EVENTS

No significant events were recorded during Q3 2016 or after period end.

CONDENSED BALANCE SHEET

ASSETS	Amounts as at		Changes	
	31-Dec-15	30-Sep-16	absolute	%
Cash and cash balances	6	8	2	33.3%
Financial assets held for trading	3,983	5,547	1,564	39.3%
Loans and receivables with banks	14,648,904	14,441,864	(207,040)	-1.4%
Loans and receivables with customers	922,774	971,888	49,114	5.3%
Financial investments flow	2,245,982	3,586,682	1,340,700	59.7%
Hedging instruments	10,573	7,559	(3,014)	-28.5%
Property, plant and equipment	12,419	14,366	1,947	15.7%
Goodwill	89,602	89,602	-	-
Other intangible assets	8,212	7,557	(655)	-8.0%
Tax assets	15,424	5,578	(9,846)	-63.8%
Other assets	370,070	321,867	(48,203)	-13.0%
Total assets	18,327,949	19,452,518	1,124,569	6.1%

(Amounts in € thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY	Amounts as at		Changes	
	31-Dec-15	30-Sep-16	absolute	%
Deposits from banks	1,423,459	1,139,241	(284,218)	-20.0%
Deposits from customers	15,822,459	17,249,625	1,427,166	9.0%
Financial liabilities held for trading	4,100	4,822	722	17.6%
Hedging instruments	31,319	15,304	(16,015)	-51.1%
Provisions for risks and charges	120,534	117,360	(3,174)	-2.6%
Tax liabilities	37,445	47,409	9,964	26.6%
Other liabilities	255,835	222,813	(33,022)	-12.9%
Shareholders' Equity	632,798	655,944	23,146	3.7%
- capital and reserves	430,119	474,255	44,136	10.3%
- revaluation reserves (available-for-sale financial assets - actuarial gains (losses) for defined benefits plans)	11,626	19,316	7,690	66.1%
- net profit (loss)	191,053	162,373	(28,680)	-15.0%
Total liabilities and Shareholders' equity	18,327,949	19,452,518	1,124,569	6.1%

(Amounts in € thousand)

CONDENSED BALANCE SHEET – QUARTERLY FIGURES

ASSETS	30-Sep-15	31-Dec-15	31-Mar-16	30-Jun-16	30-Sep-16
Cash and cash balances	7	6	7	11	8
Financial assets held for trading	8,613	3,983	6,996	6,879	5,547
Loans and receivables with banks	13,966,287	14,648,904	15,404,458	15,299,291	14,441,864
Loans and receivables with customers	884,508	922,774	827,395	880,232	971,888
Financial investments flow	2,232,479	2,245,982	2,622,251	2,926,175	3,586,682
Hedging instruments	6,541	10,573	6,682	9,018	7,559
Property, plant and equipment	11,043	12,419	13,471	13,896	14,366
Goodwill	89,602	89,602	89,602	89,602	89,602
Other intangible assets	7,862	8,212	7,691	7,608	7,557
Tax assets	11,569	15,424	11,775	5,880	5,578
Other assets	232,297	370,070	274,182	322,264	321,867
Total assets	17,450,808	18,327,949	19,264,510	19,560,856	19,452,518

(Amounts in € thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY	30-Sep-15	31-Dec-15	31-Mar-16	30-Jun-16	30-Sep-16
Deposits from banks	1,396,068	1,423,459	1,503,755	1,361,666	1,139,241
Deposits from customers	15,043,178	15,822,459	16,693,126	17,133,049	17,249,625
Financial liabilities held for trading	6,254	4,100	4,218	6,300	4,822
Hedging instruments	26,810	31,319	20,441	17,657	15,304
Provisions for risks and charges	104,800	120,534	120,515	119,258	117,360
Tax liabilities	57,803	37,445	62,222	23,046	47,409
Other liabilities	233,407	255,835	167,984	296,926	222,813
Shareholders' Equity	582,488	632,798	692,249	602,954	655,944
- capital and reserves	427,673	430,119	624,119	471,789	474,255
- revaluation reserves (available-for-sale financial assets - actuarial gains (losses) for defined benefits plans)	5,983	11,626	16,908	13,383	19,316
- net profit (loss)	148,832	191,053	51,222	117,782	162,373
Total liabilities and Shareholders' equity	17,450,808	18,327,949	19,264,510	19,560,856	19,452,518

(Amounts in € thousand)

CONDENSED INCOME STATEMENT

	First 9 months		Changes	
	2015	2016	absolute	%
Net interest	178,620	185,976	7,356	4.1%
Net fee and commission income	189,019	177,095	(11,924)	-6.3%
Net trading, hedging and fair value income	41,280	57,711	16,431	39.8%
Net other expenses/income	(1,488)	(35)	1,453	-97.6%
OPERATING INCOME	407,431	420,747	13,316	3.3%
Payroll costs	(56,166)	(57,065)	(899)	1.6%
Other administrative expenses	(173,632)	(170,865)	2,767	-1.6%
Recovery of expenses	62,619	64,084	1,465	2.3%
Value adjustments to property, plant and equipment and intangible	(6,401)	(7,219)	(818)	12.8%
Operating costs	(173,580)	(171,065)	2,515	-1.4%
OPERATING PROFIT (LOSS)	233,851	249,682	15,831	6.8%
Net impairment losses on loans and provisions for guarantees and commitments	(4,130)	(3,521)	609	-14.7%
NET OPERATING PROFIT (LOSS)	229,721	246,161	16,440	7.2%
Provisions for risks and charges	(5,240)	(13,895)	(8,655)	165.2%
Integration costs	-	(10)	(10)	n.c.
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	224,481	232,256	7,775	3.5%
Income tax for the period	(75,649)	(69,883)	5,766	-7.6%
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATION	148,832	162,373	13,541	9.1%
NET PROFIT (LOSS) FOR THE PERIOD	148,832	162,373	13,541	9.1%

(Amounts in € thousand)

As of January 1, 2016, net fee and commission income 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. For the purposes of like-for-like comparison, the corresponding figures relating to the previous year have been restated, equal to €4.4 million (of which €1.1 million in Q1 2015, €1.2 million in Q2 2015, €1 million in Q3 2015 and €1.1 million in Q4 2015).

CONDENSED INCOME STATEMENT – QUARTERLY DATA

	2015	2016		% Change	
	3rd Quarter	2nd Quarter	3rd Quarter	Y/Y %	Q/Q %
Net interest	62,876	61,200	62,527	-0.6%	2.2%
Net fee and commission income	62,030	59,660	59,274	-4.4%	-0.6%
Net trading, hedging and fair value income	13,207	27,281	10,785	-18.3%	-60.5%
Net other expenses/income	1,601	669	(793)	-149.5%	-218.5%
OPERATING INCOME	139,714	148,810	131,793	-5.7%	-11.4%
Payroll costs	(18,984)	(19,003)	(19,349)	1.9%	1.8%
Other administrative expenses	(53,097)	(57,169)	(53,141)	0.1%	-7.0%
Recovery of expenses	20,231	21,107	21,747	7.5%	3.0%
Value adjustments to property, plant and equipment and intangible assets	(2,211)	(2,436)	(2,610)	18.0%	7.1%
Operating costs	(54,061)	(57,501)	(53,353)	-1.3%	-7.2%
OPERATING PROFIT (LOSS)	85,653	91,309	78,440	-8.4%	-14.1%
Net impairment losses on loans and provisions for guarantees and commitments	(1,436)	(1,361)	(720)	-49.9%	-47.1%
NET OPERATING PROFIT (LOSS)	84,217	89,948	77,720	-7.7%	-13.6%
Provisions for risks and charges	(1,311)	(1,114)	(11,342)	765.1%	918.1%
Integration costs	-	(4)	(3)	n.c.	-25.0%
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	82,906	88,830	66,375	-19.9%	-25.3%
Income tax for the period	(27,778)	(22,270)	(21,784)	-21.6%	-2.2%
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	55,128	66,560	44,591	-19.1%	-33.0%
NET PROFIT (LOSS) FOR THE PERIOD	55,128	66,560	44,591	-19.1%	-33.0%

(Amounts in € thousand)

CONDENSED INCOME STATEMENT – QUARTERLY DATA 2016

	2016		
	1st Quarter	2nd Quarter	3rd Quarter
Net interest	62,249	61,200	62,527
Net fee and commission income	58,161	59,660	59,274
Net trading, hedging and fair value income	19,645	27,281	10,785
Net other expenses/income	89	669	(793)
OPERATING INCOME	140,144	148,810	131,793
Payroll costs	(18,713)	(19,003)	(19,349)
Other administrative expenses	(60,555)	(57,169)	(53,141)
Recovery of expenses	21,230	21,107	21,747
Value adjustments to property, plant and equipment and intangible assets	(2,173)	(2,436)	(2,610)
Operating costs	(60,211)	(57,501)	(53,353)
OPERATING PROFIT (LOSS)	79,933	91,309	78,440
Net impairment losses on loans and provisions for guarantees and commitments	(1,440)	(1,361)	(720)
NET OPERATING PROFIT (LOSS)	78,493	89,948	77,720
Provisions for risks and charges	(1,439)	(1,114)	(11,342)
Integration costs	(3)	(4)	(3)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	77,051	88,830	66,375
Income tax for the period	(25,829)	(22,270)	(21,784)
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	51,222	66,560	44,591
NET PROFIT (LOSS) FOR THE PERIOD	51,222	66,560	44,591

(Amounts in € thousand)

CONDENSED INCOME STATEMENT – QUARTERLY DATA 2015

	2015			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Net interest	56,490	59,254	62,876	62,142
Net fee and commission income	62,777	64,212	62,030	63,591
Net trading, hedging and fair value income	17,059	11,014	13,207	12,587
Net other expenses/income	358	(3,447)	1,601	(1,486)
OPERATING INCOME	136,684	131,033	139,714	136,834
Payroll costs	(18,385)	(18,797)	(18,984)	(18,883)
Other administrative expenses	(60,401)	(60,134)	(53,097)	(59,238)
Recovery of expenses	21,012	21,376	20,231	21,728
Value adjustments to property, plant and equipment and intangible assets	(2,027)	(2,163)	(2,211)	(2,550)
Operating costs	(59,801)	(59,718)	(54,061)	(58,943)
OPERATING PROFIT (LOSS)	76,883	71,315	85,653	77,891
Net impairment losses on loans and provisions for guarantees and commitments	(1,583)	(1,111)	(1,436)	(2,576)
NET OPERATING PROFIT (LOSS)	75,300	70,204	84,217	75,315
Provisions for risks and charges	(3,115)	(814)	(1,311)	(10,474)
Integration costs	-	-	-	(1,246)
Net income from investments	-	-	-	(1)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	72,185	69,390	82,906	63,594
Income tax for the period	(24,403)	(23,468)	(27,778)	(21,373)
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	47,782	45,922	55,128	42,221
NET PROFIT (LOSS) FOR THE PERIOD	47,782	45,922	55,128	42,221

(Amounts in € thousand)

As of January 1, 2016, net fee and commission income 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. For the purposes of like-for-like comparison, the corresponding figures relating to the previous year have been restated, equal to €4.4 million (of which €1.1 million in Q1 2015, €1.2 million in Q2 2015, €1 million in Q3 2015 and €1.1 million in Q4 2015).

SOVEREIGN EXPOSURES

The table below shows the carrying value of sovereign exposures in debt securities as at September 30, 2016, classified in the portfolio “Available-for-sale financial assets”; it represents 18.39% of the Bank’s total assets.

The Bank also holds sovereign exposures in debt securities classified in the portfolio “Financial assets held for trading”, totalling €9 thousand.

	<i>Book value as at 30-Sep-16</i>	<i>% of financial statement item</i>
Italy	2,283,700	
Available-for-sale financial assets	2,283,700	63.67%
France	10,306	
Available-for-sale financial assets	10,306	0.29%
Spain	1,210,738	
Available-for-sale financial assets	1,210,738	33.76%
United States	71,678	
Available-for-sale financial assets	71,678	2.00%
Total sovereign exposures – AFS	3,576,422	18.39%

(Amounts in € thousand)

OPERATING STRUCTURE

	<i>Data as at</i>		
	<i>30-Sep-15</i>	<i>31-Dec-15</i>	<i>30-Sep-16</i>
No. of Employees	1,051	1,059	1,066
No. of Human Resources ⁽¹⁾	1,057	1,067	1,075
No. of PFAs	2,610	2,622	2,626
No. of operating financial outlets ⁽²⁾	338	343	353

- (1) Number of human resources: includes permanent employees, atypical employees, Directors and Group employees seconded to FinecoBank, net of FinecoBank employees seconded to the Group.
- (2) Number of financial outlets: financial outlets managed by the Bank and financial outlets managed by personal financial advisors (Fineco Center).

BASIS OF PREPARATION

This Interim Financial Report as at September 30, 2016 - Press Release has been prepared on a voluntary basis to ensure consistency with previous quarterly reports³, as under Legislative Decree 25/2016 implementing Directive (EU) 2013/50, it is no longer obligatory to provide financial reporting more frequently than the half-year and annual reports. This Interim Financial Report as at September 30, 2016 – Press Release, as well as the press releases on significant events during the period, the market presentation on third quarter 2016 results and the Database are also available on FinecoBank’s website.

The line items of the condensed balance sheet and income statement were prepared based on the tables set out in the instructions in Bank of Italy Circular 262/2005, reclassified in accordance with the information provided under the paragraph “Reconciliation of condensed accounts to mandatory reporting schedule” of the Financial Statements as at June 30, 2016.

³ In this regard, it is noted that this decision does not mean the Bank will be required to continue publishing the same documents in future.

In order to provide further information about Group's performance, a number of alternative performance measures (APM) has been used (such as Cost/income ratio, Adjusted Cost/income ratio, Cost of Risk, Guided products and services / AUM, Guided Products / TFA), whose description is included under the chapter "Glossary Alternative Performance Measures" of this Interim Financial Report as at September 30, 2016 (in accordance with European Securities and Markets Authority Guidelines (ESMA/2015/1415) of October 5, 2015).

The information contained in this Interim Financial Report as at September 30, 2016 – Press Release is not prepared in accordance with the international accounting standard applicable to interim financial reports (IAS 34).

The Interim Financial Report as at September 30, 2016 – Press Release, which is presented in reclassified or condensed form, was prepared on the basis of current international accounting standards (IAS/IFRS), as set out in the "accounting policies" in the Notes to the Accounts – Part A – Accounting Policies of the Financial Statements as at June 30, 2016, except for the aspects noted below.

For the purposes of the Interim Financial Report as at September 30, 2016 – Press Release, FinecoBank has not re-measured the recoverable value of intangible and tangible assets, including goodwill and assets whose value depends on these estimates.

In those cases in which the accounts did not fully reflect the reporting of items on an accruals basis, such as certain administrative expenses, the accounting figure was supplemented by estimates based on the budget.

With reference to 2016 DGS, the impact was accounted in the item "Provision for Risks and Charges" and was the best estimate according with available information as at September 30, 2016. With reference to the cost related to Single Resolution Fund, the 2016 amount communicated by Single Resolution Board is equal to zero.

This Interim Financial Report as at September 30, 2016 – Press Release is not audited by the External Auditors.

GLOSSARY ALTERNATIVE PERFORMANCE MEASURES (APM)

Cost/Income Ratio: Operating Costs divided by Operating Income

Adjusted Cost/Income Ratio: Operating Costs divided by Operating Income, net of non- recurring items related to the sale of the equity investment in Visa Europe Limited (€15.3 million gross)

Cost of Risk: is the ratio of net write-downs of loans and provisions for guarantees and commitments to loans to customers (average at period end and balance at previous period end). For the purpose of purposes of like-for-like comparison, the indicators for the previous periods have also been recalculated for comparative purposes.

Guided Products & Services / AUM: is the ratio between Guided Products and services and Asset under Management

Guided Products & Services / TFA: is the ratio between Guided Products and services and Total Financial Asset (Asset Under Management + Asset Under Custody + Deposits)

CERTIFICATIONS AND OTHER COMMUNICATIONS

Related-Party Transactions

With reference to paragraph 8 of Art. 5 - “Public information on transactions with related parties” of Consob Regulation containing provisions relating to transactions with related parties (adopted by Consob with Resolution No. 17221 of March 12, 2010, as subsequently amended by Resolution No. 17389 of June 23, 2010), it should be noted that the following transactions were approved in the first nine months of 2016:

1. on February 8, 2016, the Board of Directors, upon the favourable opinion of the Audit and Related Parties Committee approved an ordinary Significant Transaction at market conditions, consisting of the renewal of the *"Framework Resolution related to the entering into of hedging derivative contracts with the Parent Company or companies in the UniCredit Group"* (which expired on April 20, 2016) to be valid until February 8, 2017, which enables the Bank to enter into hedging derivatives with the Parent Company or UniCredit Bank AG for commercial assets or liabilities that, for ALM purposes, require interest rate hedging for a maximum amount of €500 million with the Parent Company and €2,500 million with UniCredit Bank AG; it was approved by the Parent Company's Related Parties and Equity Investments Committee with the issue of a favourable, non-binding opinion on the matter.
2. the Board of Directors' meeting of May 9, 2016, with the favourable opinion of the Audit and Related Parties Committee, approved an ordinary Significant Transaction at market conditions with UniCredit S.p.A., consisting of the renewal of the *"Framework Agreement - Reverse Repos and Term Deposits with the Parent Company"*, (expiring May 11, 2017) to be valid until May 9, 2016, concerning (i) Reverse Repos with the Parent Company for an amount of €7.2 billion, calculated as the sum of the individual transactions in absolute value (whether repos or reverse repos) and (ii) Term deposits with the Parent Company for an amount of €8.7 billion, calculated as the sum of the individual transactions in absolute value.
3. the Board of Directors' meeting of July 6, 2016, with the favourable opinion of the Audit and Related Parties Committee approved:
 - an ordinary Significant Transaction at market conditions with related parties UniCredit Bank AG and Mediobanca S.p.A., consisting of the renewal of the *"Framework Resolution - Securities Trading with Related-Party Institutional Counterparties"* (expiring June 18, 2016), regarding the trading of financial instruments with related-party institutional counterparties, by virtue of which FinecoBank may implement said transactions until July 5, 2017, whose maximum amount is allowed to be: (i) €1 billion with UniCredit Bank AG and (ii) €500 million with Mediobanca S.p.A.;
 - an ordinary Significant Transaction at market conditions with the related party UniCredit S.p.A., consisting of the renewal of the *"Framework Agreement for the transactions on current accounts held with UniCredit"* (expiring July 30, 2016) valid until July 6, 2017, which will enable the Bank to manage its liquidity in euro and in foreign currencies through specific current accounts already held with UniCredit S.p.A. within an amount of less than €1,000 million understood as a single transaction (single payment and single withdrawal);
4. the Board of Directors' meeting of September 20, 2016, by way of the favourable opinion of the Audit and Related Parties Committee, approved an ordinary Significant Transaction at market conditions with the related parties UniCredit Bank AG and Mediobanca S.p.A., consisting of the renewal of the *"Framework resolution for Stock Lending with institutional customers"*, (expiring September 21, 2016) effective up to September 19, 2017, regarding stock lending transactions with institutional counterparties, by virtue of which the Bank may carry out those transactions, up to a maximum amount of: (i) €500 million with UniCredit Bank AG and (ii) €200 million with Mediobanca S.p.A.;

In relation to the above transactions, the Bank provided a simplified disclosure to Consob pursuant to Art. 13, paragraph 3, letter c) of CONSOB Regulation 17221/2010.



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As at September 30, 2016, no other transactions were undertaken with related parties that could significantly affect the Bank's asset situation and results.

Intercompany transactions and transactions with related parties in general, both Italian and foreign, were conducted within the ordinary course of business and related financial activities of the Bank, and were carried out under conditions similar to those applied to transactions with unrelated third parties.

Declaration of the Nominated Official in charge of drawing up Company Accounts

The undersigned Lorena Pellicciari, as Nominated Official in charge of drawing up the Company Accounts of FinecoBank S.p.A.,

DECLARES

in compliance with the provisions of the second paragraph of Article 154-bis of the "Consolidated Finance Act", that the accounting information contained in this Interim Financial Report as at September 30, 2016 corresponds to results in the Company's accounts, books and records.

Milan, November 8th, 2016

drawing up

The Nominated Official in charge of

the Company's Accounts
Lorena Pellicciari

FIGURES AT OCTOBER 31, 2016

In October net sales were €353 million bringing the year-to-date figure to €3,938 million (-4% compared to the same period of last year).

The strong growth of "Guided products & services" continues: net sales year-to-date amounted at €3,281 million, +20% y/y (of which €416 million in October, +155% y/y. The penetration rate increased at 55% on total AuM compared to 43% in October 2015 and 45% in December 2015.

In October, Assets under Management totalled €325 million, Assets under Custody were €-221 million and direct deposits €250 million.

Since the beginning of the year net sales through the network of personal financial advisors totalled € 3,442 million, -8% compared to last year.

In terms of customers' acquisition, since the beginning of the year almost 91,300 new clients have been acquired (of which more than 9,000 in October), down 1% compared to 2015. Total number of customers was almost 1,107,300 as of October 31st 2016, up 7% compared to October 2015.

Total Financial Assets were at € 58,108 million (respectively +5% and +7% compared to December and October 2015).

Tables showing the figures for October 2016 are provided below.

figures in € million

TOTAL NET SALES	October 2016	Jan-October 2016	Jan-October 2015
Assets under management	324.79	1,424.04	2,109.21
Assets under custody	-221.45	876.24	549.80
Direct deposits	250.05	1,637.74	1,429.42
TOTAL NET SALES	353.39	3,938.02	4,088.43

figures in € million

PFA NETWORK NET SALES	October 2016	Jan-October 2016	Jan-October 2015
Assets under management	324.27	1,436.82	2,072.76
Assets under custody	-166.07	689.50	372.23
Direct deposits	158.95	1,315.66	1,277.66
TOTAL NET SALES PFA NETWORK	317.15	3,441.98	3,722.65

figures in € million

TOTAL FINANCIAL ASSETS	October 2016	December 2015	October 2015
Assets under management	27,796.32	26,277.42	25,951.77
Assets under custody	13,072.04	13,418.60	13,359.36
Direct deposits	17,239.30	15,630.64	15,200.40
TOTAL FINANCIAL ASSETS	58,107.66	55,326.67	54,511.53

figures in € million

PFA NETWORK TFA	October 2016	December 2015	October 2015
Assets under management	27,302.27	25,747.69	25,422.90
Assets under custody	9,742.31	9,866.17	9,787.95
Direct deposits	12,659.15	11,337.51	10,976.51
PFA NETWORK TFA	49,703.73	46,951.37	46,187.37

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.



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Contact info:

Fineco - Media Relations

Tel.: +39 02 2887 2256

ufficiostampa@finecobank.com

Fineco - Investor Relations

Tel. +39 02 8862 3820

investors@finecobank.com

Barabino & Partners

Tel. +39 02 72023535

Emma Ascani

e.ascani@barabino.it

+39 335 390 334

Tommaso Filippi

t.filippi@barabino.it

+39 366 644 4093

Fine Comunicato n.1615-45

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