



# SPAFID CONNECT

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*Testo del comunicato*

Vedi allegato.

## Results at March 31<sup>st</sup>, 2018 approved

- Strong growth in net profits: **€59.0 million (+14.1% y/y)**
- Gross operating profit: **€91.8 million (+13.0% y/y)**
  - Cost/income ratio: **41.0% (-1.8 p.p. y/y)**
  - Revenues: **€155.4 million (+9.5% y/y)**
  - Operating costs: **€63.6 million (+4.8% y/y)**

## FIGURES AT APRIL 30<sup>th</sup>, 2018

### Net sales very solid. Growing assets and customers

- Net sales since the beginning of year:  
**€2,236 million (+13% y/y)**, o/w € 577 million in April
- Guided Products on AuM stock rising to **65% (+5 p.p. y/y)**
  - Total financial assets: **€69.3 billion (+10% y/y)**
  - **Around 1,225,000** total customers (+7% y/y)

*Figures included in this Interim Financial Report at March 31st, 2018 – Press Release are shown on a consolidated base, with the exception of CET1 ratio, Total Capital Ratio and Leverage Ratio. FinecoBank is not required to prepare a report on own funds and on the regulatory ratios on a consolidated basis, being part of UniCredit Group, therefore these indicators have been determined on an individual basis.*

FINECOBANK	
1TRIM18 HIGHLIGHTS	<ul style="list-style-type: none"> <li>■ <b>Revenues at €155.4 million, +9.5% y/y supported by all business areas: Banking (+11.5% y/y)</b> driven by the increase in transactional liquidity and the greater impact of the lending business; <b>Investing (+8.7% y/y)</b> with management fees up 10.7% y/y sustained by the continuous improvement in the asset mix and by the network’s productivity; <b>Brokerage (+3.8% y/y)</b> which benefited from the renewed market volatility and was supported by continuous product innovation</li> <li>■ <b>Operating costs well under control at €63.6 million, +4.8% y/y. Cost/Income ratio at 41.0%, -1.8 p.p.</b> confirming the Bank’s operational leverage</li> <li>■ <b>Net profit at €59.0 million, +14.1% y/y</b></li> </ul>
UPDATE ON INITIATIVES	<ul style="list-style-type: none"> <li>■ <b>Boost in lending offer continues</b>, with a strong focus on credit quality. Mortgages up +20.1% q/q, personal loans +8.0% q/q. Strong growth also in Lombard loans +15.6% y/y, also thanks to the contribution of the new Credit Lombard</li> <li>■ The new <b>Asset Management Company</b> project is in its final phase, and the company is expected to run at full steam ahead of expectations</li> <li>■ The offer of Guided Products &amp; Services was expanded in April with two new services: <b>Plus</b> and <b>Core Multiramo Target</b>. Plus is an evolution of the cyborg advisory model, a global, fully-integrated advisory platform allowing to build and monitor asset allocation with a wider set of products. Core Multiramo Target is a new multi-line insurance policy that combines the security of traditional insurance with the opportunities of potential market upsides. This solution is particularly suitable to manage market volatility and customers’ behaviours in phases of market turmoil</li> </ul>

**Milan, 08 May 2018**

The Board of Directors of FinecoBank S.p.A. has approved the results at 31 December 2018. Alessandro Foti, CEO and General Manager of FinecoBank, stated:

*“The first quarter of 2018 ended once again with very solid results, thanks to a well-diversified and sustainable business model, able to face every market phase. The results show a very positive contribution from all business areas, which is a further confirmation of customers’ appreciation for Fineco’s ‘one-stop-solution’.*

*April’s positive net sales results again confirm that the Bank is correctly positioned leveraging on the structural trends that are shaping Italian society, digitalization and increasingly advisory request. The monthly asset mix reflects a wait-and-see mood by both our customers and financial advisors, in light of the launch of new, advanced advisory services.”*

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

Total Financial Assets at 31 March 2018 totalled €68.1 billion, up 9.4% compared to March 2017 with a constant improvement of the asset mix and of the quality of total net sales. In this regard, the growth of "Guided Products & Services" continued to increase as a percentage of total AUM, reaching 65% compared to 59% in March 2017 and 64% in December 2017.

Total net sales amounted to €1.7 billion, (+20% y/y), of which €0.7 billion Assets under Management, €0.2 billion of Assets under Custody, while direct deposits came to €0.7 billion.

On 31 March 2018, the stock of Assets under Management was €33.1 billion, up 11.2% y/y. Assets under Custody totalled €14.4 billion (+3.4% y/y) and direct deposits came to €20.6 billion, an increase of 11.1% compared to the end of March 2017, thanks to the continuous growth in new customers and "transactional" deposits.

The TFA related to Private Banking clients, i.e. with assets above €500,000, totalled €26.1 billion, up 12% y/y.

On 31 March 2018, the network was made up of 2,613 personal financial advisers (2,607 at the end of 2017) operating countrywide through 378 Fineco Centers. Total net sales through the PFA network in the first three months of the year totalled €1.5 billion, up 23% on the same period of 2017.

Since the start of the year, 29,922 new customers were acquired, bringing the total number of customers to 1,220,000, up 6.8% compared to March 2017.

**MAIN INCOME STATEMENT RESULTS AS AT 31/03/2018**

<i>mln</i>	1Q17	4Q17 Adj.	1Q18	1Q18/ 1Q17	1Q18/ 4Q17
Net interest income	63.0	70.1	68.9	9.4%	-1.7%
Dividends	0.0	0.0	0.0	7.1%	-41.2%
Net commissions	64.7	70.7	71.5	10.5%	1.1%
Trading profit	13.7	11.1	14.5	6.0%	31.0%
Other expenses/income	0.5	3.9	0.5	-8.3%	-87.6%
<b>Total revenues</b>	<b>141.9</b>	<b>155.8</b>	<b>155.4</b>	<b>9.5%</b>	<b>-0.3%</b>
Staff expenses	-19.2	-20.6	-20.5	6.9%	-0.3%
Other admin.expenses	-39.2	-35.0	-40.8	4.1%	16.3%
D&A	-2.3	-2.9	-2.3	0.4%	-19.6%
<b>Operating expenses</b>	<b>-60.7</b>	<b>-58.6</b>	<b>-63.6</b>	<b>4.8%</b>	<b>8.7%</b>
<b>Gross operating profit</b>	<b>81.2</b>	<b>97.3</b>	<b>91.8</b>	<b>13.0%</b>	<b>-5.6%</b>
Provisions	-2.4	-2.2	-1.8	-25.4%	-20.6%
LLP	-0.6	-2.1	-1.3	119.7%	-38.3%
Integration costs	0.0	0.0	0.0	<i>n.m.</i>	<i>n.m.</i>
Profit from investments	0.0	-0.1	0.0	<i>n.m.</i>	<i>n.m.</i>
<b>Profit before taxes</b>	<b>78.2</b>	<b>92.8</b>	<b>88.7</b>	<b>13.4%</b>	<b>-4.4%</b>
Income taxes	-26.5	-31.2	-29.7	12.1%	-4.7%
<b>Net profit adjusted <sup>1</sup></b>	<b>51.7</b>	<b>61.6</b>	<b>59.0</b>	<b>14.1%</b>	<b>-4.3%</b>

The changes compared to Q4 2017 are shown net of non-recurring items: -€4.1 million gross (-€2.3 million net) commitment to the Voluntary Scheme, +€0.4 million gross (+€0.3 million net) release of integration costs, +€3.9 million tax release due to participation exemption on the Visa sale, which was recognised in 2016.

**Revenues** for Q1 2018 totalled €155.4 million, up by 9.5% compared to the €141.9 million for the same period in the previous period, thanks to the positive contribution of all the main components.

Compared to Q4 2017, revenues are aligned (-0.3% q/q), mainly due to higher net commission (+1.1%) and growing Trading profit (+31%) compensated by a reduction in other expenses/income (€0.5 million in Q1 2018 compared to €3.9 million in Q4 2017), which included a gain of €4 million from the sale of UniCredit bond (due to the introduction of IFRS 9) with a nominal value of \$100 million).

**Net interest income** was €68.9 million, up 9.4% compared to the €63.0 million on Q1 2017, supported by an increase in transactional liquidity and therefore in financial investments, and higher lending volumes, which more than offset the reduction in interest income linked to the fall in market rates.

The change compared to Q4 2017 was related to the classification as per First Time Adoption of IFRS 9 (FTA) among “Financial assets at fair value through profit or loss c) other financial assets at fair value” of a

UniCredit bond with a nominal value of €382.5 million and to the subsequent restructuring on 2 January 2018 (for more details see the document “Report on the transition to IFRS 9 Financial Instruments”)<sup>1</sup>. The fair-value valuation as per FTA generated a positive impact of €9.4 million (gross) which was recognised in Equity. The subsequent restructuring (the related derivative, used to hedge interest rate risk, has been incorporated into the bond) allowed to pass the SPPI test (Solely Payments of Principal and Interest) and the inclusion of the bond into financial assets at amortised cost, at fair value until the restructuring date. This led to a reduction of approximately €1.8 million in net interest income in Q1 2018.

**Net commissions** as of March 31<sup>st</sup>, 2018 amounted to € 71.5 million, with an increase of 10.5% compared to the same period in the previous year, mainly due to the continued growth in assets under management and the relentless increase of “guided products & services” on the total AuM (+10.7% y/y management fees). Starting from the first quarter of this year, the impact of the new 2018-2020 Long Term Incentive (LTI) for financial advisors are recognised in this item. Finally, Banking commissions increased, mainly thanks to the gradual introduction of the fee on new credit card issues/re-issues. Compared to Q4 2017, net commissions increased by 1.1%, mainly thanks to higher brokerage.

**Trading profit** included profits generated by the internalisation activity and CFD . At March 31<sup>st</sup>, 2018, the result was €14.5 million, up 6.0% y/y and 31% q/q.

**Operating costs** for Q1 2018 were under control, at €63.6 million (+4.8% y/y). Cost/income ratio was 41.0%, down by 1.8 p.p. y/y despite the continuous expansion of assets, volumes and clients thanks to the bank’s strong operational leverage. Comparison with Q4 2017 (+8.7% q/q) reflects the typical seasonal factor and it is mainly attributable to contributions paid for the activity of Financial Advisors. Contributions to the ENASARCO association have a fixed annual limit that is mainly filled in the early months of the year, while contributions to the FIRR termination compensation fund call for decreasing rates as specific thresholds are reached.

**Staff expenses** amounted to €20.5 million (+6.9% y/y), mainly due to the increase in the number of employees up from 1,080 at 31 March 2017 to 1,115 at 31 March 2018. The quarter-to-quarter figure was essentially stable (-0.3%).

**Other administrative expenses** net of **Recovery of expenses** totalled €40.8 million (+4.1% y/y, +16.3% q/q).

**Gross operating profit** amounted to €91.8 million, up 13.0% y/y and a reduction of 5.6% q/q.

**Provisions for risks and charges** in Q1 2018 were €1.8 million.

**Loan loss provisions** stood at €1.3 million. Cost of risk was at 24 bps.

**Profit before taxes** was €88.7 million, up 13.4% compared to the €78.2 million in Q1 2017 and down 4.4% compared to Q4 2017.

**Net profit** was €59.0 million, showing an increase of 14.1% y/y and a reduction compared to the result recorded in Q4 2017, of €61.6 million.

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<sup>1</sup> The document “Report on the transition to IFRS 9 Financial Instruments” is available on [www.finecobank.com](http://www.finecobank.com), section Corporate / Investors / Results

**LOANS AND RECEIVABLES WITH CUSTOMERS**

On March 31<sup>st</sup>, 2018 this item amounted to €2,318 million, up 9% compared to December 31<sup>st</sup>, 2017 and by 99% compared to March 31<sup>st</sup>, 2017, thanks to the revamp in Lending activity led by mortgages, personal loans and Lombard loans. Total impaired loans (non-performing, unlikely to pay and past due) amounted to €2.5 million net of impairment, equal to 0.11% of customer loans (0.13% on December 31<sup>st</sup>, 2017 and 0.32% on March 31<sup>st</sup>, 2017).

**SHAREHOLDERS' EQUITY AND CAPITAL RATIOS**

Shareholders' equity amounted to €992 million and includes the net profit for the year 2017 distributed to shareholders in April 2018, which totalled €214.1 million.

Equity also includes the Additional Tier 1 Perp Non Call June 2023 bond (5.5 years) issued on 31 January 2018. The financial instrument is a perpetual private placement, issued for a total of €200 million and entirely subscribed by UniCredit S.p.A. The coupon for the first 5.5 years has been fixed at 4.82%.

The Bank confirms its capital strength with a CET1 ratio (transitional) at 20.15% (20.77% at year-end 2017). The total transitional capital ratio was 28.49% (20.77% at the end of 2017).

The leverage ratio was 7.15% (5.67% at year-end 2017) and was calculated in accordance with EU Delegated Regulation 2015/62 of October 10, 2014. As provided for in the Bank of Italy Circular 285, Part Two, Chapter 12, Section III Exercise of national discretion, the exposures to UniCredit Group companies based in Italy and weighted at 0% (Art. 113(6) CRR) were excluded from the calculation of the overall exposure, in accordance with Article 429(7) CRR as amended by Delegated Regulation (EU) 2015/62.

The increase in the transitional total capital ratio and the financial leverage indicator is determined essentially by the issue of the Additional Tier 1, included in the Bank's Tier 1.

**SIGNIFICANT EVENTS IN Q1 2018 AND SUBSEQUENT EVENTS**

No significant events were recorded during Q1 2018 or after period end.

**NEW INITIATIVES MONITORING**

In the Banking area, the Bank added a lot of fuel to Lending, with a strong focus on credit quality. Mortgages, which were first offered at the end of 2016, have risen by 740.2% y/y, while personal loans grew by +35.5% y/y. Lombard loans also increased by 132.5% y/y. The offer was also expanded to include highly sophisticated products such as the equity loan mortgage, to meet customers' needs.

The new Asset Management Company project entered the final phase, and the company is expected to run at full steam ahead of expectations. The new Management Company will be able to generate several efficiencies, both on the revenues side and on the operational side, leveraging on a vertically integrated business model combined with a strong operating efficiency which is in Fineco's DNA.

In April the Bank launched Plus, the first global, integrated advisory platform enabling the Bank's financial advisors to manage the asset allocation with a wider range of products, AuM, AuC and liquidity. It is an evolution of the cyborg advisory model, maximising the use of technology available for financial advisors, to better manage the relationship with the customer.

Guide products were enriched by a new solution, Core Multiramo Target, at the end of April. It combines the safety from traditional insurance policy with investment opportunities coming from market volatility. This solution is particularly suitable to better manage markets' volatility and customers' behaviour during phases of market turmoil.

**CONDENSED BALANCE SHEET**

ASSETS	DECEMBER 31 2017	JANUARY 1 2018	MARCH 31 2018	Absolute changes	%
Cash and cash balances	613	613	745	132	21.5%
Financial assets held for trading	8,827	8,827	10,368	1,541	17.5%
Loans and receivables with banks	3,039,207	3,036,333	3,487,848	451,515	14.9%
Loans and receivables with customers	2,129,219	2,128,528	2,318,096	189,568	8.9%
Financial investments	16,715,041	16,724,188	17,095,494	371,306	2.2%
Hedging instruments	10,048	119	356	237	199.2%
Property, plant and equipment	15,205	15,205	14,839	(366)	-2.4%
Goodwill	89,602	89,602	89,602	-	-
Other intangible assets	7,909	7,909	7,584	(325)	-4.1%
Tax assets	9,249	8,639	6,428	(2,211)	-25.6%
Other assets	315,415	315,415	203,695	(111,720)	-35.4%
<b>TOTAL ASSETS</b>	<b>22,340,335</b>	<b>22,335,378</b>	<b>23,235,055</b>	<b>899,677</b>	<b>4.0%</b>

(Amounts in € thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY	DECEMBER 31 2017	JANUARY 1 2018	MARCH 31 2018	Absolute changes	%
Deposits from banks	926,001	926,001	960,046	34,045	3.7%
Deposits from customers	20,205,036	20,205,036	20,916,380	711,344	3.5%
Financial liabilities held for trading	11,936	11,936	4,892	(7,044)	-59.0%
Hedging instruments	(397)	(397)	(460)	(63)	15.9%
Tax liabilities	10,234	7,718	36,307	28,589	370.4%
Other liabilities	455,699	456,150	325,843	(130,307)	-28.6%
Shareholders' Equity	731,826	728,934	992,047	263,113	36.1%
- capital and reserves	526,046	521,178	937,076	415,898	79.8%
- revaluation reserves (available-for-sale financial assets and actuarial gains (losses) for defined benefits plans)	(8,340)	(6,364)	(3,994)	2,370	-37.2%
- net profit (loss)	214,120	214,120	58,965	(155,155)	-72.5%
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>22,340,335</b>	<b>22,335,378</b>	<b>23,235,055</b>	<b>899,677</b>	<b>4.0%</b>

(Amounts in € thousand)

The Bank, in accordance with UniCredit Group, decided to avail itself of the possibility provided by the accounting standard not to disclose the comparative figures of previous years. The Balance Sheet figures for 2017 have been restated, at equal balance, based on the reclassified financial statement format that incorporates the changes introduced by IFRS 9 (as reflected in the 5th update of 22 December 2017 of the Bank of Italy Circular 262 "Bank financial statements: models and rules on compilation". For more details, see the document "Report on the transition to IFRS 9 Financial Instruments").



## CONDENSED BALANCE SHEET – QUARTERLY FIGURES

	MARCH 31 2017	JUNE 30 2017	SEPTEMBER 30 2017	DECEMBER 31 2017	JANUARY 1 2018	MARCH 31 2018
<b>ASSETS</b>						
Cash and cash balances	615	2,902	1,671	613	613	745
Financial assets held for trading	5,708	7,834	8,572	8,827	8,827	10,368
Loans and receivables with banks	3,169,883	2,979,553	2,834,849	3,039,207	3,036,333	3,487,848
Loans and receivables with customers	1,166,180	1,503,866	1,715,683	2,129,219	2,128,528	2,318,096
Financial investments	16,198,420	16,609,762	16,878,524	16,715,041	16,724,188	17,095,494
Hedging instruments	12,410	15,417	16,172	10,048	119	356
Property, plant and equipment	14,379	15,396	15,197	15,205	15,205	14,839
Goodwill	89,602	89,602	89,602	89,602	89,602	89,602
Other intangible assets	7,702	8,025	7,712	7,909	7,909	7,584
Tax assets	14,486	9,277	14,279	9,249	8,639	6,428
Non-current assets and disposal groups classified as held for sale	-	-	-	-	-	-
Other assets	247,202	271,613	233,188	315,415	315,415	203,695
<b>TOTAL ASSETS</b>	<b>20,926,587</b>	<b>21,513,247</b>	<b>21,815,449</b>	<b>22,340,335</b>	<b>22,335,378</b>	<b>23,235,055</b>

(Amounts in € thousand)

	MARCH 31 2017	JUNE 30 2017	SEPTEMBER 30 2017	DECEMBER 31 2017	JANUARY 1 2018	MARCH 31 2018
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
Deposits from banks	980,245	929,859	696,554	926,001	926,001	960,046
Deposits from customers	18,883,826	19,440,617	20,007,773	20,205,036	20,205,036	20,916,380
Financial liabilities held for trading	13,796	18,716	18,656	11,936	11,936	4,892
Hedging instruments	5,170	1,481	3,349	(397)	(397)	(460)
Tax liabilities	36,073	19,525	49,310	10,234	7,718	36,307
Other liabilities	275,790	482,182	368,307	455,699	456,150	325,843
<i>Shareholders' Equity</i>	731,687	620,867	671,500	731,826	728,934	992,047
- capital and reserves	690,077	522,475	524,273	526,046	521,178	937,076
- revaluation reserves (available-for-sale financial assets and actuarial)	(10,084)	(5,875)	(3,811)	(8,340)	(6,364)	(3,994)
- net profit (loss)	51,694	104,267	151,038	214,120	214,120	58,965
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>20,926,587</b>	<b>21,513,247</b>	<b>21,815,449</b>	<b>22,340,335</b>	<b>22,335,378</b>	<b>23,235,055</b>

(Amounts in € thousand)

The Bank, in accordance with UniCredit Group, decided to avail itself of the possibility provided by the accounting standard not to disclose the comparative figures of previous years. The Balance Sheet figures for 2017 have been restated, at equal balance, based on the reclassified financial statement format that incorporates the changes introduced by IFRS 9 (as reflected in the 5th update of 22 December 2017 of the Bank of Italy Circular 262 "Bank financial statements: models and rules on compilation". For more details, see the document "Report on the transition to IFRS 9 Financial Instruments").

## CONDENSED INCOME STATEMENT

	1 QUARTER 2017	1 QUARTER 2018	Absolute changes	%
Net interest	62,963	68,904	5,941	9.4%
Dividends and other income from equity investments	6	7	1	16.7%
Net fee and commission income	64,681	71,462	6,781	10.5%
Net trading, hedging and fair value income	13,710	14,538	828	6.0%
Net other expenses/income	531	487	(44)	-8.3%
<b>OPERATING INCOME</b>	<b>141,891</b>	<b>155,398</b>	<b>13,507</b>	<b>9.5%</b>
Payroll costs	(19,216)	(20,533)	(1,317)	6.9%
Other administrative expenses	(62,442)	(65,467)	(3,025)	4.8%
Recovery of expenses	23,277	24,701	1,424	6.1%
Impairment/write-backs on intangible and tangible assets	(2,330)	(2,339)	(9)	0.4%
<b>Operating costs</b>	<b>(60,711)</b>	<b>(63,638)</b>	<b>(2,927)</b>	<b>4.8%</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>81,180</b>	<b>91,760</b>	<b>10,580</b>	<b>13.0%</b>
Net write-downs of loans and provisions for guarantees and commitments	0 (597)	0 (1,311)	(714)	119.6%
<b>NET OPERATING PROFIT (LOSS)</b>	<b>80,583</b>	<b>90,449</b>	<b>9,866</b>	<b>12.2%</b>
Provisions for risks and charges	(2,377)	(1,774)	603	-25.4%
Integration costs	(14)	(2)	12	-85.7%
Net income from investments	8	1	(7)	-87.5%
<b>PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>78,200</b>	<b>88,674</b>	<b>10,474</b>	<b>13.4%</b>
Income tax for the period	(26,506)	(29,709)	(3,203)	12.1%
<b>PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATION!</b>	<b>51,694</b>	<b>58,965</b>	<b>7,271</b>	<b>14.1%</b>
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>51,694</b>	<b>58,965</b>	<b>7,271</b>	<b>14.1%</b>

(Amounts in € thousand)

The Bank, in accordance with UniCredit Group, decided to avail itself of the possibility provided by the accounting standard not to disclose the comparative figures of previous years. The Balance Sheet figures for 2017 have been restated, at equal balance, based on the reclassified financial statement format that incorporates the changes introduced by IFRS 9 (as reflected in the 5th update of 22 December 2017 of the Bank of Italy Circular 262 “Bank financial statements: models and rules on compilation”. For more details, see the document “Report on the transition to IFRS 9 Financial Instruments”).

**CONDENSED INCOME STATEMENT – QUARTERLY FIGURES**

	EXERCISE 2017	1 QUARTER 2017	2 QUARTER 2017	3 QUARTER 2017	4 QUARTER 2017	1 QUARTER 2018
Net interest	264,781	62,963	64,334	67,415	70,069	68,904
Dividends and other income from equity invest	29	6	6	6	11	7
Net fee and commission income	270,083	64,681	65,026	69,680	70,696	71,462
Net trading, hedging and fair value income	48,219	13,710	12,282	11,127	11,100	14,538
Net other expenses/income	3,760	531	(764)	63	3,930	487
<b>OPERATING INCOME</b>	<b>586,872</b>	<b>141,891</b>	<b>140,884</b>	<b>148,291</b>	<b>155,806</b>	<b>155,398</b>
Payroll costs	(79,294)	(19,216)	(19,708)	(19,769)	(20,601)	(20,533)
Other administrative expenses	(236,945)	(62,442)	(61,451)	(53,021)	(60,031)	(65,467)
Recovery of expenses	93,367	23,277	23,215	21,888	24,987	24,701
Impairment/write-backs on intangible and tangible assets	(10,369)	(2,330)	(2,503)	(2,628)	(2,908)	(2,339)
<b>Operating costs</b>	<b>(233,241)</b>	<b>(60,711)</b>	<b>(60,447)</b>	<b>(53,530)</b>	<b>(58,553)</b>	<b>(63,638)</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>353,631</b>	<b>81,180</b>	<b>80,437</b>	<b>94,761</b>	<b>97,253</b>	<b>91,760</b>
Net write-downs of loans and provisions for guarantees and commi	(5,351)	(597)	(1,053)	(1,577)	(2,124)	(1,311)
<b>NET OPERATING PROFIT (LOSS)</b>	<b>348,280</b>	<b>80,583</b>	<b>79,384</b>	<b>93,184</b>	<b>95,129</b>	<b>90,449</b>
Provisions for risks and charges	(19,025)	(2,377)	(773)	(21,029)	5,154	(1,774)
Integration costs	408	(14)	1	(7)	428	(2)
Net income from investments	(13,399)	8	(361)	(1,448)	(11,598)	1
<b>PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>316,264</b>	<b>78,200</b>	<b>78,251</b>	<b>70,700</b>	<b>89,113</b>	<b>88,674</b>
Income tax for the period	(102,144)	(26,506)	(25,678)	(23,929)	(26,031)	(29,709)
<b>PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS</b>	<b>214,120</b>	<b>51,694</b>	<b>52,573</b>	<b>46,771</b>	<b>63,082</b>	<b>58,965</b>
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>214,120</b>	<b>51,694</b>	<b>52,573</b>	<b>46,771</b>	<b>63,082</b>	<b>58,965</b>

(Amounts in € thousand)

The Bank, in accordance with UniCredit Group, decided to avail itself of the possibility provided by the accounting standard not to disclose the comparative figures of previous years. The Balance Sheet figures for 2017 have been restated, at equal balance, based on the reclassified financial statement format that incorporates the changes introduced by IFRS 9 (as reflected in the 5th update of 22 December 2017 of the Bank of Italy Circular 262 “Bank financial statements: models and rules on compilation”. For more details, see the document “Report on the transition to IFRS 9 Financial Instruments”).

## SOVEREIGN EXPOSURES

The table below indicates the balance sheet value of sovereign debt exposures on March 31<sup>st</sup>, 2018 classified in the portfolio “Financial assets at fair value through other comprehensive income” and “Financial assets at amortised cost”; the impact on the bank’s total assets is 28.79%.

	BOOK VALUE AS AT MARCH 31, 2018	% OF FINANCIAL STATEMENT ITEM
<b>Italy</b>	<b>3,775,980</b>	
Financial assets at fair value through other comprehensive income	727,481	69.81%
Financial assets at amortised cost	3,048,499	13.95%
<b>France</b>	<b>10,107</b>	
Financial assets at fair value through other comprehensive income	10,107	0.97%
<b>Spain</b>	<b>2,760,684</b>	
Financial assets at fair value through other comprehensive income	242,311	23.25%
Financial assets at amortised cost	2,518,373	11.52%
<b>Poland</b>	<b>79,535</b>	
Financial assets at amortised cost	79,535	0.36%
<b>USA</b>	<b>62,135</b>	
Financial assets at fair value through other comprehensive income	62,135	5.96%
<b>Total Sovereign exposures</b>	<b>6,688,441</b>	<b>28.79%</b>

(Amounts in € thousand)

The percentages have been calculated on each balance sheet item, while the percentage on total sovereign exposures has been calculated on Bank’s total assets.

## OPERATING STRUCTURE

	DECEMBER 31 2017	MARCH 31 2018
No. of Employees	1,119	1,115
No. Personal financial advisors	2,607	2,613
No. Financial shops	375	378

(1) Number of financial shops managed by the Bank and financial shops managed by personal financial advisors (Fineco Centers).

**BASIS OF PREPARATION**

This Interim Financial Report as at March 31<sup>st</sup>, 2018 – Press Release has been prepared on a voluntary basis to ensure consistency with previous quarterly reports. Under Legislative Decree 25/2016, implementing Directive 2013/50/EU, it is no longer obligatory to provide financial reporting more frequently than the half-year and annual reports. This Interim Financial Report at March 31<sup>st</sup>, 2018 - Press Release as well as the press releases on the significant events of the period, presentation to the market of the results of the first quarter of 2018 and the database are all available on FinecoBank's website.

The items in the reclassified models of the balance sheet and income statement were prepared starting from the formats provided in the instructions in the 5th update to Circular 262/2005 issued by the Bank of Italy "Bank financial statements: models and rules on compilation", to which the reconciliations explained under the section "Reconciliation of condensed accounts to mandatory reporting" of the "Report on the transition to IFRS 9 Financial Instruments" document were introduced.

In order to provide additional information on the Bank's performance, several alternative performance indicators have been used - APM (such as Cost/income ratio, Cost of Risk, Guided products & services/AUM and Guided products & services/TFA), whose description is found in Attachment 2 "Glossary of technical terminology and acronyms used" of the 2017 Financial Statements, in line with the guidelines published by the European Securities and Markets Authority (ESMA/2015/1415) on October 5th, 2015.

The information contained in this Interim Financial Report as at 31 March 2018 – Press Release is not prepared in accordance with the international accounting standard applicable to interim financial reports (IAS 34).

The Interim Financial Report at March 31<sup>st</sup>, 2018 - Press Release, shown in reclassified format, was prepared on the basis of the IAS/IFRS international accounting standards currently in force, as explained in the "accounting policies" found in the Notes to the Accounts - Part A - Accounting Policies of the 2017 Financial Statements, except for the elements pointed out below:

- from January 1<sup>st</sup>, 2018, IFRS 9 was introduced to replace IAS 39. The main changes are:
  - o a classification and measurement model for financial instruments based on the way in which they are managed by the entity (the "Business Model") and on the characteristics of the contractual cash flows (the "SPPI – Solely Payments of Principal and Interests" principle), the application of which leads to a different method of classifying and measuring financial instruments compared to the criteria of IAS 39 as applied to the preparation of the Bank's financial reports for the period ending December 31<sup>st</sup>, 2017;
  - o a standard for measuring expected impairment based on the "expected" approach rather than "incurred" as was the case for IAS 39, and on the concept of the expected lifetime loss;
  - o different hedge accounting rules compared to the rules previously applied to the designation of a hedging account and the verification of its effectiveness, in order to improve the alignment between the accounting representation of the hedging operations and the underlying operational logic.

For more details, see the document "Report on the transition to IFRS 9 Financial Instruments"

- on 1 January 2018, IFRS 15 was introduced in substitution of IAS 18 and IAS 11, and the interpretations IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31, but no impact on the Bank's economic, financial and capital situation was detected;
- there was no re-measurement of the recoverable amount of tangible and intangible assets, including goodwill and assets valued on the basis of the same estimates. If necessary, the update of these valuations will be adopted in the First Half Financial Report at June 30<sup>th</sup>, 2018.

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 the ordinary contributions due to the Single Resolution Fund for the year 2018, this cost was zero.

This Interim Financial Report as at 31 March 2018 – Press Release is not audited by the External Auditors.

## **CERTIFICATIONS AND OTHER COMMUNICATIONS**

### **Related-Party Transactions**

With reference to paragraph 8 of Article 5 "Disclosure of related-party transactions" of the Consob Regulation on related-party transactions (adopted by Consob with resolution no. 17221 of March 12th, 2010 and subsequently amended with Resolution no. 17389 of June 23rd, 2010), please note that the following operations were authorised in the first quarter of 2018:

- On 23 January 2018, the Board of Directors, having obtained approval from the Risks & Related Parties Committee authorised the issue of an Additional Tier 1 bond totalling €200 million, fully subscribed by means of private placement by the Group Parent UniCredit S.p.A.; the duration of the loan is perpetual, linked to the statutory duration of the Bank, and the coupon for the first 5.5 years was set at 4.82%. The transaction is an "Ordinary Significant Transaction at market conditions";
- on 6 February 2018 the Board of Directors, upon recommendation by the Audit and Related Parties Committee, approved 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", an ordinary Significant Transaction at market conditions with validity up until February 6th, 2019, which enables the Bank to enter into hedging derivatives with the Parent Company and with UniCredit Bank AG for commercial assets or liabilities that, for ALM purposes, require interest rate hedging for a maximum amount of €1,000 million with the Parent Company and €1,300 million with UniCredit Bank AG.

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.

During the first quarter of 2018, no other transactions were undertaken with related parties that could significantly affect the Bank's asset situation and results, or atypical and/or unusual transactions, including intercompany and related party transactions.

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**

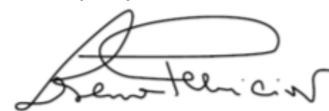
The undersigned Lorena Pelliciarì, as Nominated Official in charge of drawing up Company Accounts of FinecoBank S.p.A.,

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 31 March 2018 corresponds to the results in the Company's accounts, books and records.

Milan, May 8<sup>th</sup>, 2018

The Nominated Official in charge of drawing up  
the Company's Accounts

**FIGURES AS AT APRIL 30<sup>th</sup>, 2018**

Total net sales came to €2,236 million (+13% y/y), of which €986 million Assets under Management, €4 million Assets under Custody, direct deposits amounted to €1,245 million.

Solid net sales in the month of April at €577 million. The mix of April net sales was characterized by a strong component of liquidity (€ 562 million) and a temporary slow-down in the Guided product net sales (€ 117 million). This is a physiological result as clients and financial advisors were in a wait-and-see mood for the launch of two brand new advanced advisory solutions: Plus and Core Multiramato Target.

The percentage of "Guided Products & Services" on total AUM rose to 65% compared to 59% in April 2017 and to 64% compared to December 2017.

Since the beginning of the year net sales through the network of personal financial advisors reached € 2,052 million, +15% compared to last year.

New clients acquired since the beginning of the year were almost 38,000, bringing the total number of clients at April 30<sup>th</sup>, 2018 at around 1,225,000, up 7% on April 2017.

Total assets were €69,303 million (+10% y/y, +3% compared to December 2017).

Tables showing the figures for April 2018 are provided below.

*figures in € million*

<b>TOTAL NET SALES</b>	<b>APR 2018</b>	<b>JAN - APR 2018</b>	<b>JAN - APR 2017</b>
Assets under management	258.7	986.5	1,154.5
Assets under custody	-244.1	4.3	228.5
Direct deposits	562.4	1,245.3	589.0
<b>TOTAL NET SALES</b>	<b>577.0</b>	<b>2,236.1</b>	<b>1,972.1</b>

*figures in € million*

<b>PFA NETWORK NET SALES</b>	<b>APR 2018</b>	<b>JAN - APR 2018</b>	<b>JAN - APR 2017</b>
Assets under management	256.7	981.8	1,144.6
Assets under custody	-187.8	-5.6	159.7
Direct deposits	453.4	1,075.7	476.1
<b>TOTAL NET SALES PFA NETWORK</b>	<b>522.3</b>	<b>2,052.0</b>	<b>1,780.4</b>

*figures in € million*

<b>TOTAL FINANCIAL ASSETS</b>	<b>APR 2018</b>	<b>DEC 2017</b>	<b>APR 2017</b>
Assets under management	33,590.9	33,080.2	30,143.5
Assets under custody	14,525.8	14,163.6	13,743.3
Direct deposits	21,186.0	19,940.7	19,078.4
<b>TOTAL FINANCIAL ASSETS</b>	<b>69,302.8</b>	<b>67,184.6</b>	<b>62,965.3</b>

*figures in € million*

<b>PFA NETWORK TFA</b>	<b>APR 2018</b>	<b>DEC 2017</b>	<b>APR 2017</b>
Assets under management	33,086.3	32,564.7	29,627.5
Assets under custody	10,961.1	10,639.7	10,244.9
Direct deposits	15,758.3	14,682.5	14,049.4
<b>PFA NETWORK TFA</b>	<b>59,805.7</b>	<b>57,886.9</b>	<b>53,921.9</b>





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Interim Financial Report  
at March 31<sup>st</sup>, 2018 – Press Release

### **FinecoBank**

FinecoBank is the direct, multi-channel bank of the UniCredit Group. It has one of the largest advisory networks in Italy\* and is the leading bank in Italy for equity trades\*\*. 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.

\* Source: Assoreti

\*\* Source: Assosim

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