



# SPAFID CONNECT

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FINANCIAL REPORT

*Testo del comunicato*

Vedi allegato.

## Results at 31 March 2019, approved

- Solid growth in net profit adjusted for non-recurring items<sup>1</sup>: **€62.6 million (+6.1% y/y)**
- Operating income adjusted for non-recurring items<sup>1</sup>: **€158.2 million (+1.8% y/y)**
  - Cost/income ratio<sup>1</sup>: **41.3%** (in line y/y)
- Operating costs adjusted for non-recurrent items<sup>1</sup>: **€92.9 million (+1.2% y/y)**

### Milan, 7 May 2019

The Board of Directors of FinecoBank S.p.A. approved on 6 May 2019 the results as at 31 March 2019. Alessandro Foti, CEO and General Manager of FinecoBank, stated:

*“The very positive results achieved in the first quarter confirm the quality of a business model able to face any market phase and to create value for shareholders in the long term, thanks to a healthy, solid and sustainable growth strategy. A model able to create a well-diversified revenue stream quarter-on-quarter and a steady growth of new customers, attracted by the quality of our services and customer experience, without relying on short-term offers”.*

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<sup>1</sup> Non-recurring items recorded in Q1 2019: -€0.4 million gross (-€0.3 million net) valuation related to Voluntary Scheme fair value.

FINECOBANK	
Q1 19 HIGHLIGHTS	<ul style="list-style-type: none"> <li>■ <b>Revenues<sup>1</sup> at €158.2 million, +1.8% y/y led by the Investing area (+15.2% y/y)</b> with management fees rising by 13.7% y/y thanks to greater impact of <i>Guided Products and Services</i> and Fineco Asset Management’s contribution, plus the continued improvement in network productivity. <b>The Banking area again performed positively (+4.9% y/y)</b>, supported by an increase in transactional liquidity and the greater impact of lending activity. The Brokerage contribution was down (-20% y/y) due to lower market volatility and the new regulations in force.</li> <li>■ <b>Operating costs under control at €65.3 million, +2.6% y/y due to different distribution of marketing costs flat in the year.</b> Net of those costs, the operating costs would be flat year on year. <b>Cost/Income ratio<sup>1</sup> at 41.3%, flat y/y</b> confirming the Bank's operational leverage.</li> <li>■ <b>Net profit<sup>1</sup> at €62.6 million, +6.1% y/y</b></li> </ul>
UPDATE ON INITIATIVES	<ul style="list-style-type: none"> <li>■ <b>The growth of the lending business continues</b>, with a continuing focus on credit quality. Mortgages +47.8% y/y, personal loans +15.6% y/y, Lombard loans +45.4% y/y</li> <li>■ <b>Continuous improvement in PFAs productivity:</b> Total Financial Assets per PFA at 31 March 2019 were €25 million (+11.1% y/y) and Guided Products and Services grew by +13.4% y/y</li> <li>■ <b>Steady growth</b> in Guided Products and Services <b>compared to total AuM: 68% in March 2019 compared to 64% in March 2018.</b></li> <li>■ The development of the newly established Irish <b>Asset Management Company</b> continues. The company <b>continues to expand its offer</b> in order to provide a more efficient and flexible range of solutions, more closely tailored to the investment objectives and risk/return profiles. The new ESG multithematic funds are expected to be launched in the first half of 2019.</li> <li>■ Fineco is getting ready to launch <b>new platforms to further strengthen the Bank's productivity</b>, by combining the cyborg-advisory model with Big Data Analytics.</li> </ul>

#### TOTAL FINANCIAL ASSETS AND NET SALES

Total Financial Assets on 31 March 2019 amounted to €74.1 billion, up 8.9% compared to March 2018. Stock of Assets under Management was €36.0 billion, up by 7.3% y/y, Assets under Custody amounted to €15.2 billion (+9.3% y/y) and direct deposits amounted to €22.9 billion (+11.2% y/y) thanks to the continuous growth in new customers and “transactional” deposits.

The TFA related to Private Banking customers, i.e. with assets above €500,000, totalled €29.0 billion, up 11.2% y/y.

In the first quarter of 2019, total net sales amounted to €1.711 million (+3% y/y), again proving to be solid, of high quality, and gathered without short-term commercial incentives. The asset mix was more skewed towards Asset under Management, equal to €682 million in the quarter, highlighting a more cautious approach by clients who are favouring more conservative products. Assets under Custody came to €157 million, while direct deposits totalled €872 million.

Since the beginning of the year net sales in “Guided Products and Services” amounted to €648 million, and the inflows towards the new advanced advisory services Plus and Core Multi-Line Target amounted to €1.196 million, confirming the favourable reception by clients.

The ratio of Guided Products compared to total AuM rose to 68% compared to 64% in March 2018.

As at 31<sup>st</sup> March 2019, the PFA network included 2,571 advisors operating through 391 Fineco Centers. Assets in the first three months of the year through the PFA network were €1.533 million (flat y/y).

As at 31<sup>st</sup> March 2019, Fineco Asset Management managed €11.4 billion of assets, of which €6.4 billion were retail class and around €5.0 billion institutional class.

In the first quarter of 2019, 30,602 new clients were acquired (+2% y/y). The total number of customers as at 31<sup>st</sup> March 2019 was approximately 1,299,000, up 6.5% compared to the same period in the previous year.

## MAIN INCOME STATEMENT RESULTS AT 31.03.2019

<i>mIn</i>	1Q18	4Q18 Adj. <sup>(1)</sup>	1Q19 Adj. <sup>(2)</sup>	1Q19/ 1Q18	1Q19/ 4Q18
Net interest income	68,9	71,1	70,4	2,1%	-1,0%
Dividends	0,0	0,0	0,0	n.s.	n.s.
Net commissions	71,5	81,8	77,4	8,3%	-5,4%
Trading profit	14,5	8,9	10,2	-29,5%	14,8%
Other expenses/income	0,5	1,7	0,2	-60,0%	-88,4%
<b>Total revenues</b>	<b>155,4</b>	<b>163,5</b>	<b>158,2</b>	<b>1,8%</b>	<b>-3,2%</b>
Staff expenses	-20,5	-21,9	-21,7	5,5%	-1,2%
Other admin.expenses	-40,8	-36,3	-38,5	-5,6%	5,9%
Impairment/write-backs on intangible and tangible assets	-2,3	-3,1	-5,1	119,9%	64,2%
<b>Operating expenses</b>	<b>-63,6</b>	<b>-61,4</b>	<b>-65,3</b>	<b>2,6%</b>	<b>6,4%</b>
<b>Gross operating profit</b>	<b>91,8</b>	<b>102,1</b>	<b>92,9</b>	<b>1,2%</b>	<b>-9,0%</b>
Other charges and provisions	-1,8	-1,8	-1,0	-44,7%	-44,9%
LLP	-1,3	-2,3	-1,3	-3,3%	-45,7%
Integration costs	0,0	0,0	0,0	25,9%	25,9%
Profit from investments	0,0	-3,2	-0,7	n.s.	n.s.
<b>Profit before taxes</b>	<b>88,7</b>	<b>94,8</b>	<b>90,0</b>	<b>1,5%</b>	<b>-5,1%</b>
Income taxes	-29,7	-29,2	-27,4	-7,7%	-6,2%
<b>Net profit adjusted <sup>1</sup></b>	<b>59,0</b>	<b>65,6</b>	<b>62,6</b>	<b>6,1%</b>	<b>-4,6%</b>

- 1) Non-recurring items recorded in 4Q18:
  - Trading profit: -€2.0 million net (-€3.0 million gross) valuation related to Voluntary Scheme fair value
  - Integration costs: -€0.1 million net (-€0.1 million gross)
- 2) Non-recurring items recorded in 1Q19:
  - Trading profit: -€0.3 million net (-€0.4 million gross) valuation related to the Voluntary Scheme fair value.

Total **Revenues** in the first quarter 2019 amounted to €158.2 million, up by 1.8% compared to the €155.4 million in the same period of last year. The contraction compared to the fourth quarter of 2018 (-3.2% y/y) is due to different elements that impacted the net interest income (in the first quarter of 2019: days effect for €-1.4 million and the introduction of IFRS16 for €-0.2 million) and on net commissions (positive effect recorded in the fourth quarter of 2018 thanks to the write-backs on PFA incentives for €-3.6 million q/q, the days effect in the first quarter of 2019 for €-0.6 million, and the lower market volatility in the first quarter of 2019).

**Net interest income** stood at €70.4 million, recording growth of 2.1% compared to the €68.9 million as at 31<sup>st</sup> March 2018, thanks to the increase in transactional liquidity and the higher impact of lending activity. The average gross margin on interest-earning assets amounted to 1.26% in the first quarter of 2019 compared to 1.33% in the first quarter of 2018.

The change in the interest margin compared to the previous quarter is related to the days effect (€-1.4 million) and to the introduction of IFRS16 (€-0.2 million): net of these, the net interest income would have risen by 1.3% q/q.

**Net commissions** amounted to €77.4 million as at 31<sup>st</sup> March 2019, with an increase of 8.3% compared to the €71.5 million as at 31<sup>st</sup> March 2018.

This increase is mainly due to the growth in net commissions in the Investing area (+15.2% y/y), with management fees growing by 13.7% y/y thanks to the higher impact of Guided Products and Services and the contribution of Fineco Asset Management.

Compared to the fourth quarter of 2018, net commission fell by 5.4% mainly due to the positive effect accounted in the last quarter of 2018 of the write-backs on commercial incentives to the network of PFA (€-3.6 million q/q), the days effect in the first quarter of 2019 (€-0.6 million) and the lower market volatility.

**Trading profit** stood at €10.2 million in the first quarter of 2019 (-29.5% y/y and +14.8% q/q). Profits from the internalisation of securities and CFD contracts, financial instruments used for the operational hedging of CFDs, and the exchange differences on foreign currency assets and liabilities, fell by €6.2 million y/y and €1.9 million q/q due to the lower market volatility in the first quarter of 2019, and the regulatory changes introduced in the third quarter of 2018. This result also includes the income generated from the financial instruments held as “Other assets with mandatory fair value valuation”, which include the Visa INC class “C” preferred shares, whose fair value valuation led to a positive result of €1.2 million in the first quarter of 2019.

**Operating costs** in the first quarter of 2019 were under control at €65.3 million, up by 2.6% y/y mainly as a result of a different and more effective quarterly distribution of marketing costs, which will remain flat during the year. The adjusted cost/income ratio<sup>2</sup> was equal to 41.3%, flat y/y. Net of the marketing costs effect, operating costs would have been flat y/y.

Comparison with the fourth quarter of 2018 (+6.4% q/q) reflects the typical seasonal factor and it is mainly attributable to contributions paid for the activity of Financial Advisors. Contributions to the ENSARCO 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** totalled €21.7 million (+5.5% y/y) mainly due to the increase in the number of employees, which rose from 1,115 on 31<sup>st</sup> March 2018 to 1,168 on 31<sup>st</sup> March 2019. Staff costs for the subsidiary Fineco Asset Management, which was not yet fully operational in the first quarter of 2018, were €0.9 million in the first quarter of 2019.

This figure is flat q/q.

**Other administrative expenses, net of Recovery of expenses**, amounted to €38.5 million (-5.6% y/y, +5.9% q/q). Different factors have impacted this item, including the different distribution of marketing costs and the introduction of IFRS 16 in the first quarter of 2019. This means that the figure is not fully comparable with the previous quarters due to the changes in the accounting of certain costs. Furthermore, it is worth mentioning that the quarterly comparison is also affected by seasonality linked to the contributions paid for the financial advisors’ activity.

The **Gross operating result** was €92.9 million, up by 1.2% y/y and down by 9.0% q/q.

**Other charges and provisions** of the first quarter of 2019 were €1.0 million.

**Loan loss provisions** amounted to €1.3 million. The cost of risk was 17 bps.

**Profit before taxes** was €90.0 million, up by 1.5% on the €88.7 million in the first quarter of 2018 and down by 5.1% compared to the fourth quarter of 2018.

**Net profit** was equal to €62.6 million, an increase of 6.1% y/y and a decrease of 4.6% compared to the last quarter of 2018, equal to €65.6 million.

## LOANS TO CUSTOMERS

Loans to customers at 31 March 2019 totalled €3.029 million, up by 2.5% compared to 31 December 2018 and by 30.7% compared to 31 March 2018, thanks to the relaunched lending activity, particularly in relation to mortgages, personal loans and Lombard loans. The total impaired accounts (bad debts, unlikely to pay and past due) net of value adjustments were equal to €3 million (€2.7 million on 31 March 2018) with a coverage ratio of 86.4%; the ratio between total impaired accounts and total loans to ordinary customers was equal to 0.11% (0.11% on 31 December 2018).

## SHAREHOLDERS' EQUITY AND CAPITAL RATIOS

Consolidated shareholders' equity was equal to €1.040 million and included the net profit for 2018, which was €241.2 million. The distribution of dividends for 2018, totalling €184.5 million, was authorised by the Shareholders' Meeting on 10 April 2019.

The Bank has confirmed its solid capital position with a CET1 ratio of 20.98% (21.16% at year-end 2018). The total capital ratio was 29.14% (29.58% at the end of 2018).

The leverage ratio was 5.11% (5.55% at the end of 2018) and was calculated in accordance with EU Delegated Regulation 2015/62 of October 10th, 2014. As required by Part Two, Chapter 12 Section 3 of the Bank of Italy Circular 285, Exercise of national discretion, the UniCredit Group's exposures to companies based in Italy weighted at 0% in accordance with Article 113 (6) CRR were excluded from the calculation of overall exposure in accordance with Article 429(7) of the CRR as amended by Delegated Regulation (EU) 2015/62.

These indicators were determined on the basis of the individual capital position, as the Bank is not required to prepare the disclosure relating to own funds and regulatory ratios on consolidated basis as it is part of the UniCredit banking group.

## SIGNIFICANT EVENTS IN Q1 2019 AND SUBSEQUENT EVENTS

On 31 January 2019, FinecoBank acquired from Immobiliare Stampa S.C.p.A. (part of the Banca Popolare di Vicenza Group) the bank's headquarters building in Piazza Durante 11, Milan. The building, part of which was leased up until that date, is used as office space. The transaction was completed at a price of €62 million, and the property is accounted on the financial statements also considering taxes and initial direct costs.

No significant events were recorded 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 totalled €918 million at 31 March 2019, +47.8% y/y. Personal loans amounted to €442 million, +15.6% y/y.

Lombard loans also rose: drawn amounts at 31 March 2019 totalled €1,058 million,+45.4% y/y, of which €851 million related to the Credit Lombard.

The productivity of the network is constantly growing. The average portfolio per financial advisor was €25 million, up by 11.1% y/y, of which €9.4 million consisted of Guided Products and Services (+15.3% y/y).

The development of the newly established Irish Asset Management Company continues. The company is continuing to widen the offer of sub-advised funds and to build up funds of funds in order to offer more efficient, flexible and guided solutions to match customers' investment objectives and risk/return profiles. In particular, the new multithematic ESG funds are expected to be launched in the first half of 2019. On 31 March 2019, FAM managed €11.4 billion of assets, of which €6.4 billion retail class and around €5.0 billion institutional class.

Fineco is getting ready to launch new platforms to further reinforce the Bank's productivity, by combining the cyborg-advisory model with Big Data Analytics. Via the Assisted Selling Platform, Fineco will bring up customers' financial needs on X-Net, the Bank's platform at disposal of its PFAs, and will provide the advisors with solutions to meet these requirements. The project will start in the second half of 2019 and the new platform is expected early in 2020. The Co-Working Platform, expected by the end of 2019, will allow for a further increase in productivity, as it will enable advisors to share clients with other colleagues, with the result that more customers can be managed more actively.



## CONDENSED BALANCE SHEET

ASSETS	DECEMBER 31 2018	MARCH 31 2019	Absolute changes	%	JANUARY 1 2019
Cash and cash balances	6	755	749	12483,3%	6
Financial assets held for trading	6.876	9.286	2.410	35,0%	6.876
Loans and receivables with banks	3.058.882	3.807.150	748.268	24,5%	3.058.882
Loans and receivables with customers	2.955.074	3.029.073	73.999	2,5%	2.955.074
Financial investments	18.231.182	19.003.089	771.907	4,2%	18.231.182
Hedging instruments	8.187	29.166	20.979	256,2%	8.187
Property, plant and equipment	16.632	144.851	128.219	770,9%	81.208
Goodwill	89.602	89.602	-	-	89.602
Other intangible assets	8.705	8.799	94	1,1%	8.705
Tax assets	6.714	5.209	(1.505)	-22,4%	6.714
Other assets	350.770	253.270	(97.500)	-27,8%	350.346
<b>TOTAL ASSETS</b>	<b>24.732.630</b>	<b>26.380.250</b>	<b>1.647.620</b>	<b>6,7%</b>	<b>24.796.782</b>

(Amounts in € thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY	DECEMBER 31 2018	MARCH 31 2019	Absolute changes	%	JANUARY 1 2019
Deposits from banks	1.009.774	1.605.018	595.244	58,9%	1.013.791
Deposits from customers	22.273.188	23.310.871	1.037.683	4,7%	22.333.323
Financial liabilities held for trading	2.221	2.831	610	27,5%	2.221
Hedging instruments	7.941	31.741	23.800	299,7%	7.941
Tax liabilities	12.390	38.308	25.918	209,2%	12.390
Other liabilities	451.435	351.542	(99.893)	-22,1%	451.435
Shareholders' Equity	975.681	1.039.939	64.258	6,6%	975.681
- capital and reserves	744.256	986.928	242.672	32,6%	744.256
- revaluation reserves	(9.794)	(9.261)	533	-5,4%	(9.794)
- net profit (loss)	241.219	62.272	(178.947)	-74,2%	241.219
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>24.732.630</b>	<b>26.380.250</b>	<b>1.647.620</b>	<b>6,7%</b>	<b>24.796.782</b>

(Amounts in € thousand)

In alignment with the UniCredit Group, the Bank has applied the provisions of paragraph C5 b) of IFRS 16, by retrospectively applying the provisions of the new standard, recognising the cumulative effect of first application as at 1 January 2019 without redetermining the comparative information (transition with the modified retrospective method). No effect was recorded in net equity on the date of first application. This is because for the purposes of first-time adoption, the financial liabilities for leasing were valued and recorded at the current value of the residual future payments on the transition date, and the corresponding assets consisting of the right of use were valued at the amount of the financial liability plus the advanced leasing payments recorded in the financial situation immediately prior to the date of initial application (financial statements to 31 December 2018).

**CONDENSED BALANCE SHEET – QUARTERLY FIGURES**

	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31	JANUARY 1	MARCH 31
ASSETS	2018	2018	2018	2018	2019	2019
Cash and cash balances	745	1.733	532	6	6	755
Financial assets held for trading	10.368	10.871	12.253	6.876	6.876	9.286
Loans and receivables with banks	3.487.848	3.224.477	3.397.576	3.058.882	3.058.882	3.807.150
Loans and receivables with customers	2.318.096	2.632.749	2.735.885	2.955.074	2.955.074	3.029.073
Financial investments	17.095.494	17.188.339	17.665.380	18.231.182	18.231.182	19.003.089
Hedging instruments	356	2.667	313	8.187	8.187	29.166
Property, plant and equipment	14.839	15.036	14.545	16.632	81.208	144.851
Goodwill	89.602	89.602	89.602	89.602	89.602	89.602
Other intangible assets	7.584	7.827	7.898	8.705	8.705	8.799
Tax assets	6.428	10.914	17.758	6.714	6.714	5.209
Non-current assets and disposal groups classified as held for sale	-	91	-	-	-	-
Other assets	203.695	241.054	240.922	350.770	350.346	253.270
<b>TOTAL ASSETS</b>	<b>23.235.055</b>	<b>23.425.360</b>	<b>24.182.664</b>	<b>24.732.630</b>	<b>24.796.782</b>	<b>26.380.250</b>

(Amounts in € thousand)

	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31	JANUARY 1	MARCH 31
LIABILITIES AND SHAREHOLDERS' EQUITY	2018	2018	2018	2018	2019	2019
Deposits from banks	960.046	907.794	999.543	1.009.774	1.013.791	1.605.018
Deposits from customers	20.916.380	21.196.653	21.827.286	22.273.188	22.333.323	23.310.871
Financial liabilities held for trading	4.892	4.568	5.512	2.221	2.221	2.831
Hedging instruments	(460)	2.374	(285)	7.941	7.941	31.741
Tax liabilities	36.307	22.038	48.674	12.390	12.390	38.308
Other liabilities	325.843	417.933	397.621	451.435	451.435	351.542
Shareholders' Equity	992.047	874.000	904.313	975.681	975.681	1.039.939
- capital and reserves	937.076	763.818	746.340	744.256	744.256	986.928
- revaluation reserves	(3.994)	(14.997)	(19.760)	(9.794)	(9.794)	(9.261)
- net profit (loss)	58.965	125.179	177.733	241.219	241.219	62.272
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>23.235.055</b>	<b>23.425.360</b>	<b>24.182.664</b>	<b>24.732.630</b>	<b>24.796.782</b>	<b>26.380.250</b>

(Amounts in € thousand)

In alignment with the UniCredit Group, the Bank has applied the provisions of paragraph C5 b) of IFRS 16, by retrospectively applying the provisions of the new standard, recognising the cumulative effect of first application as at 1 January 2019 without redetermining the comparative information (transition with the modified retrospective method). No effect was recorded in net equity on the date of first application. This is because for the purposes of first-time adoption, the financial liabilities for leasing were valued and recorded at the current value of the residual future payments on the transition date, and the corresponding assets consisting of the right of use were valued at the amount of the financial liability plus the advanced leasing payments recorded in the financial situation immediately prior to the date of initial application (financial statements to 31 December 2018).

## CONDENSED INCOME STATEMENT

	1 QUARTER 2018	1 QUARTER 2019	Absolute changes	%
Net interest	68.904	70.366	1.462	2,1%
Dividends and other income from equity investments	7	12	5	71,4%
Net fee and commission income	71.462	77.361	5.899	8,3%
Net trading, hedging and fair value income	14.538	9.799	(4.739)	-32,6%
Net other expenses/income	487	196	(291)	-59,8%
<b>OPERATING INCOME</b>	<b>155.398</b>	<b>157.734</b>	<b>2.336</b>	<b>1,5%</b>
Payroll costs	(20.533)	(21.653)	(1.120)	5,5%
Other administrative expenses	(65.467)	(65.073)	394	-0,6%
Recovery of expenses	24.701	26.590	1.889	7,6%
Impairment/write-backs on intangible and tangible assets	(2.339)	(5.144)	(2.805)	119,9%
<b>Operating costs</b>	<b>(63.638)</b>	<b>(65.280)</b>	<b>(1.642)</b>	<b>2,6%</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>91.760</b>	<b>92.454</b>	<b>694</b>	<b>0,8%</b>
Net write-downs of loans and provisions for guarantees and commitments	(1.311)	(1.270)	41	-3,1%
<b>NET OPERATING PROFIT (LOSS)</b>	<b>90.449</b>	<b>91.184</b>	<b>735</b>	<b>0,8%</b>
Other charges and provisions	(1.774)	(980)	794	-44,8%
Integration costs	(2)	(2)	-	-
Net income from investments	1	(658)	(659)	n.c.
<b>PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>88.674</b>	<b>89.544</b>	<b>870</b>	<b>1,0%</b>
Income tax for the period	(29.709)	(27.272)	2.437	-8,2%
<b>PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS</b>	<b>58.965</b>	<b>62.272</b>	<b>3.307</b>	<b>5,6%</b>
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>58.965</b>	<b>62.272</b>	<b>3.307</b>	<b>5,6%</b>
<b>NET PROFIT (LOSS) FOR THE PERIOD PERTAINING TO THE PARENT COMPANY</b>	<b>58.965</b>	<b>62.272</b>	<b>3.307</b>	<b>5,6%</b>

(Amounts in € thousand)

In alignment with the UniCredit Group, the Bank has applied the provisions of paragraph C5 b) of IFRS 16, by retrospectively applying the provisions of the new standard, recognising the cumulative effect of first application as at 1 January 2019 without redetermining the comparative information (transition with the modified retrospective method).

### CONDENSED INCOME STATEMENT – QUARTERLY FIGURES

	EXERCISE 2018	1 QUARTER 2018	2 QUARTER 2018	3 QUARTER 2018	4 QUARTER 2018	1 QUARTER 2019
Net interest	278.659	68.904	68.742	69.940	71.073	70.366
Dividends and other income from equity invest	42	7	13	10	12	12
Net fee and commission income	300.443	71.462	74.516	72.680	81.785	77.361
Net trading, hedging and fair value income	44.239	14.538	13.080	10.721	5.900	9.799
Net other expenses/income	1.913	487	96	(350)	1.680	196
<b>OPERATING INCOME</b>	<b>625.296</b>	<b>155.398</b>	<b>156.447</b>	<b>153.001</b>	<b>160.450</b>	<b>157.734</b>
Payroll costs	(86.606)	(20.533)	(20.966)	(23.202)	(21.905)	(21.653)
Other administrative expenses	(245.501)	(65.467)	(61.464)	(59.247)	(59.323)	(65.073)
Recovery of expenses	96.767	24.701	23.922	25.162	22.982	26.590
Impairment/write-backs on intangible and tangible assets	(10.424)	(2.339)	(2.497)	(2.456)	(3.132)	(5.144)
<b>Operating costs</b>	<b>(245.764)</b>	<b>(63.638)</b>	<b>(61.005)</b>	<b>(59.743)</b>	<b>(61.378)</b>	<b>(65.280)</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>379.532</b>	<b>91.760</b>	<b>95.442</b>	<b>93.258</b>	<b>99.072</b>	<b>92.454</b>
Net write-downs of loans and provisions for guarantees and commitments	(4.384)	(1.311)	155	(895)	(2.333)	(1.270)
<b>NET OPERATING PROFIT (LOSS)</b>	<b>375.148</b>	<b>90.449</b>	<b>95.597</b>	<b>92.363</b>	<b>96.739</b>	<b>91.184</b>
Other charges and provisions	(21.380)	(1.774)	(1.925)	(15.899)	(1.782)	(980)
Integration costs	(121)	(2)	(2)	(2)	(115)	(2)
Net income from investments	1.105	1	5.157	(903)	(3.150)	(658)
<b>PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>354.752</b>	<b>88.674</b>	<b>98.827</b>	<b>75.559</b>	<b>91.692</b>	<b>89.544</b>
Income tax for the period	(113.533)	(29.709)	(32.613)	(23.005)	(28.206)	(27.272)
<b>PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS</b>	<b>241.219</b>	<b>58.965</b>	<b>66.214</b>	<b>52.554</b>	<b>63.486</b>	<b>62.272</b>
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>241.219</b>	<b>58.965</b>	<b>66.214</b>	<b>52.554</b>	<b>63.486</b>	<b>62.272</b>
<b>NET PROFIT (LOSS) FOR THE PERIOD PERTAINING TO THE PARENT COMPANY</b>	<b>241.219</b>	<b>58.965</b>	<b>66.214</b>	<b>52.554</b>	<b>63.486</b>	<b>62.272</b>

(Amounts in € thousand)

In alignment with the UniCredit Group, the Bank has applied the provisions of paragraph C5 b) of IFRS 16, by retrospectively applying the provisions of the new standard, recognising the cumulative effect of first application as at 1 January 2019 without redetermining the comparative information (transition with the modified retrospective method).

## SOVEREIGN, SUPRANATIONAL AND AGENCY EXPOSURES

The following table indicates the balance sheet value of Sovereign, Supranational and Agency exposures in debt securities at 31 March 2019, classified in the portfolio “Financial assets designated at fair value with impact on comprehensive income” and “Financial assets at amortised cost”; the impact on the Bank’s total assets was 37.84%.

	BOOK VALUE AS AT MARCH 31, 2019	% OF FINANCIAL STATEMENT ITEM
<b>Italy</b>	<b>3,932,938</b>	
Financial assets at fair value through other comprehensive income	390,160	72.63%
Financial assets at amortised cost	3,542,778	14.01%
<b>France</b>	<b>422,730</b>	
Financial assets at fair value through other comprehensive income	36,498	6.79%
Financial assets at amortised cost	386,232	71.90%
<b>Spain</b>	<b>3,400,121</b>	
Financial assets at amortised cost	3,400,121	13.45%
<b>Ireland</b>	<b>381,235</b>	
Financial assets at fair value through other comprehensive income	41,148	7.66%
Financial assets at amortised cost	340,087	1.34%
<b>Poland</b>	<b>118,520</b>	
Financial assets at amortised cost	118,520	0.47%
<b>Austria</b>	<b>305,494</b>	
Financial assets at amortised cost	305,494	1.21%
<b>Belgium</b>	<b>307,176</b>	
Financial assets at amortised cost	307,176	1.21%
<b>Germany</b>	<b>127,229</b>	
Financial assets at amortised cost	127,229	0.50%
<b>USA</b>	<b>69,388</b>	
Financial assets at fair value through other comprehensive income	69,388	12.92%
<b>Total Sovereign exposures</b>	<b>9,064,831</b>	<b>34.36%</b>
<b>Financial assets at amortised cost - Supranational</b>	<b>803,370</b>	
EFSF (European Financial Stability Facility)	263,269	1.04%
ESM (European Stability Mechanism)	302,964	1.20%
EIB (European Investment Bank)	237,137	0.94%
<b>Financial assets at amortised cost - Agency</b>	<b>114,621</b>	
ICO (Instituto de Credito Oficial)	114,621	0.45%
<b>Total Supranational and Agency exposures</b>	<b>917,991</b>	<b>3.48%</b>
<b>Total exposures</b>	<b>9,982,822</b>	<b>37.84%</b>

(Amounts in € thousand)

% were calculated on the single balance sheet item whereas the % of total exposures was calculated on the Bank's total assets.

## OPERATING STRUCTURE

	DECEMBER 31 2018	MARCH 31 2019
No. of Employees	1.170	1.168
No. Personal financial advisors	2.578	2.571
No. Financial shops	390	391

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

## BASIS OF PREPARATION

This Consolidated Interim Financial Report as at 31 March 2019 - Press Release was prepared on a voluntary basis, to guarantee continuity with previous quarterly reports, as Legislative Decree 25/2016 implementing Directive 2013/50/EU eliminated the obligation for additional periodical financial reports other than the half year and annual ones.

This Consolidated Interim Financial Report as at 31 March 2019 – Press Release, as well as the press releases on significant events during the period, the market presentation on Q3 2018 results and the Database are also available on FinecoBank’s website.

Items in the condensed tables of the balance sheet and income statement were prepared according to the models contained in the 6th Update of Circular 262 of 30 November 2018 “Bank financial report: models and rules the compilation” issued by the Bank of Italy, to which were applied the reconciliations illustrated in the “Reconciliation models for the preparation of condensed Consolidated financial report” annexed to the financial statements for the year ending 31 December 2018.

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 2018 Financial Statements, in line with the guidelines published by the European Securities and Markets Authority (ESMA/2015/1415) on 5 October 2015.

The information contained in this Consolidated Interim Financial Report as at 31 March 2019 – Press Release was not prepared in accordance with the international accounting standard applicable to interim financial reports (IAS 34).

The Interim Financial Report at 31 March 2019 - Press Release, shown in reclassified format, was prepared on the basis of the IAS/IFRS in force today, as explained in the “accounting policies” found in the Notes to the Accounts - Part A - Accounting Policies of the 2018 Financial Statements, except for some of the standards which have been modified. These changes derived from the entry into force of IFRS 16 “Leasing” approved with Regulation (EU) 2017/1986 of the Commission, of 31 October 2017, and which applies from 1 January 2019 in substitution of the previous set of international accounting standards and interpretations on leasing, specifically IAS17. The new accounting standard introduces a new definition of leasing based on the right of use and control of an asset, to distinguish leasing contracts from service contracts. The discriminating factors are: identification of the asset, the right to replace it, the right to the material economic benefits from use of the asset and the right to direct (control) its use. At the time of first recognition, the asset is valued on the basis of the cash flows associated with the leasing contract, corresponding to the current value of the leasing payments not paid on that date (“leasing liabilities”)

including payments made on or before the effective date, and the initial direct costs incurred by the lessee. The leasing payments are discounted using the Company's marginal financing rate. After first recognition, the asset is valued according to the requirements for tangible assets, as per IAS 16 or IAS 40 and therefore at cost net of depreciation and value impairments, at the "redetermined value" or at fair value, as applicable.

For the purposes of the Consolidated Interim Financial Report as at 31 March 2019 – Press Release, there was no re-measurement of the recoverable value of tangible and intangible assets, including goodwill and assets whose value depends on these estimates. If necessary, the update of these valuations will be adopted in the six-monthly consolidated report to 30 June 2019.

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

With regard to the contribution obligations referred to in the Deposit Guarantee Schemes Directive 2014/49/EU, contributions will be due and recognised in the third quarter of the year, in application of IFRIC 21.

As of the reporting date, no contribution had been requested from the Bank by the Single Resolution Board, for 2019, with regard to contribution obligations pursuant to Directive 2014/59/EU (Single Resolution Fund).

This Consolidated Interim Financial Report as at 31 March 2019 – Press Release was not audited by the External Auditors.

## **CERTIFICATIONS AND OTHER COMMUNICATIONS**

### **Related-Party Transactions**

With reference to paragraph 8 of Art. 5 - "Public information on transactions with related parties" of the applicable Consob Regulation (adopted by Consob with Resolution No. 17221 of 12 March, 2010, as subsequently amended by Resolution No. 17389 of 23 June, 2010), on 5 February 2019 the Board of Directors, after receiving the favourable opinion of the Risks and Related Parties Committee, decided to renew the "Framework Resolution on the stipulation of hedging derivative contracts with the Parent Company or companies in the UniCredit Group". This is an operation of Major Significance, ordinary, and conducted at market conditions. It allows the bank, until 5 February 2020, to agree 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 transaction, 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 2019, 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 other Italian and foreign related parties, were conducted within the ordinary course of the Bank's business and related financial activities, and were carried out under conditions similar to those applied to transactions with unrelated third parties.

### **Declaration of Financial Reporting Officer**

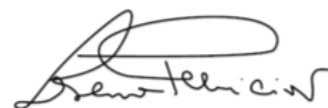
The undersigned Lorena Pellicciari, as the designated Financial Reporting Officer of FinecoBank S.p.A.,

DECLARES

as prescribed by Article 154(a), paragraph 2 of the "Testo Unico della Finanza" (the "Single Financial Services Act") that this Consolidated Interim Report to 31 March 2019 corresponds to the documentary records, ledgers and accounting data.

Milan, 6 May 2019

The Financial Reporting  
Officer



### **FinecoBank**

FinecoBank, multi-channel bank of the UniCredit Group, is one of the most important FinTech banks in Europe. From a single account, it offers banking, credit, trading and investment services through transnational platforms and consultancy developed with proprietary technologies and integrated with one of the biggest networks of Personal Financial Advisors in Italy. Fineco is also leader bank in brokerage in Europe, and one of the most important Private Banking players in Italy, with highly personalised advisory services. FinecoBank has been active in the United Kingdom since 2017, with an offer focussed on brokerage and banking services.





B A N K

Consolidated Interim Financial Report  
as at 31 March 2019 – Press Release

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