



B A N K

# 1Q19 Results

**Alessandro Foti, CEO and General Manager**

**Milan, May 7<sup>th</sup> 2019**

FINECO. THE BANK THAT SIMPLIFIES BANKING.

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# UniCredit and Fineco lay the foundations for Fineco's full independence

## Fineco as a fully independent entity

- Fineco and UniCredit have approved **certain actions and procedures in order to allow Fineco to operate as a fully independent entity, also potentially outside the Group in the future in the future**
- **No implications on Fineco strategy and business model:** Fineco enjoys limited synergies with UniCredit and, as a fully independent company, **it will continue to focus on maximizing shareholders' value** via healthy, sustainable and organic growth
- Fineco and UniCredit have agreed to enter into certain **transitional arrangements to ensure full continuity and an orderly and smooth transition from a regulatory, liquidity and operational standpoint** (see next slide)

## Full operational continuity and no material economic impacts

- Fineco's full independence will have **no implications for its customers and no material impacts on its capital and liquidity strength, nor on its profitability**
- In particular, the **transitional arrangements will allow Fineco to confirm** its:
  - **current liquidity investment strategy, with no impact** on the related net interest income
  - **solid capital and liquidity position**, comfortably above regulatory requirements, **by neutralizing – through a financial collateral granted by UniCredit – any potential RWA / risk concentration increase** which may have occurred otherwise
  - **existing cost efficiency and profitability profile**

## Potential AT1 issuance

- Leverage Ratio will be close to 3% on a pro forma basis following a potential full independence of Fineco from UniCredit
- With a view to proactively maintaining the ratio comfortably above 3%, and well ahead of the regulatory deadline of 2021, **Fineco is evaluating the issuance of up to €200m in AT1 in the next months**

# Fineco and UniCredit transitional agreements – key pillars

**The transitional arrangements** entered by Fineco and UniCredit cover the liquidity investment strategy, the trademark and existing intragroup services. Such arrangements will be activated **only in case Fineco was to fall outside UniCredit Group**.

## Liquidity investment strategy

- **No change in the investment policy** previously communicated to the market, envisaging an increasing diversification of financial investments as the existing stock of UniCredit bonds, currently at €8.3bn<sup>(1)</sup>, progressively runs off by 2024
- **UniCredit will grant a financial collateral** in favour of Fineco in order to secure the existing credit risk exposures towards UniCredit and **neutralize the capital impacts and risk concentration limits** in case of a possible future exit of Fineco from the UniCredit Group

## Trademark




- UniCredit and Fineco have also undertaken to maintain in force the existing trademark license agreement, which envisages **Fineco's right to use such trademark at the current conditions**
- Fineco will have the option to buy the brand in the future at **fixed strike prices in a number of given call option windows up to 2032**
- In particular, assuming Fineco was to repurchase the trademark at the pre-agreed strike price for that specific period, **the exercise of the call option would not be expected to have a material impact on its capital position**

## Intragroup services

- **UniCredit will continue to provide, on an interim basis, certain services to Fineco** in line with the current operations and terms in order to allow the Fineco to act in full operational continuity, including, for example, ATMs and other administrative services
- In particular, **the current contract for customers' access to banking services through ATMs and physical branches will be extended for 20 years** at market conditions agreed time by time

<sup>(1)</sup> Nominal value as at May 6<sup>th</sup>, 2019

## **Fineco Results**

-  Key messages
-  Developing opportunities and next step
-  Focus on product areas

## Executive Summary

- **1Q19 adjusted net profit<sup>(1)</sup> at 62.6mln, up y/y (+6.1% y/y)** confirming the sustainability of a business model able to deliver consistent results in every market condition
- **1Q19 growing adjusted revenues<sup>(1)</sup> (+1.8% y/y)** supported by Investing area (+15.2% y/y) with management fees up +13.7% y/y and Banking area (+4.9% y/y) thanks to high quality volume growth in deposits and lending despite lower contribution from Brokerage (-20% y/y) due to lower volatility and increased regulation.
- **1Q19 Operating Costs well under control at 65.3mln**, increasing by 2.6% y/y due different distribution of marketing costs among quarters (net of this, flat y/y). **C/I ratio at 41%, flat y/y**, confirming operating leverage as a key strength of the bank
- Strong and safe capital position: **CET1 ratio transitional at 21.0%** and **TCR transitional at 29.1%**
- **1Q19 commercial activity confirms its robustness with strong y/y increase in net sales, assets and clients. Asset mix coherent with a more complex environment**
  - ✓ Net sales at 1.7bn (+3.1% y/y)
  - ✓ Total Financial Assets at 74.1bn (+8.9% y/y)
  - ✓ Guided Products & Services penetration rate on AuM stock up to 68% (+3.6 p.p. y/y)
  - ✓ Almost 1,300mln clients (+6.5% y/y)

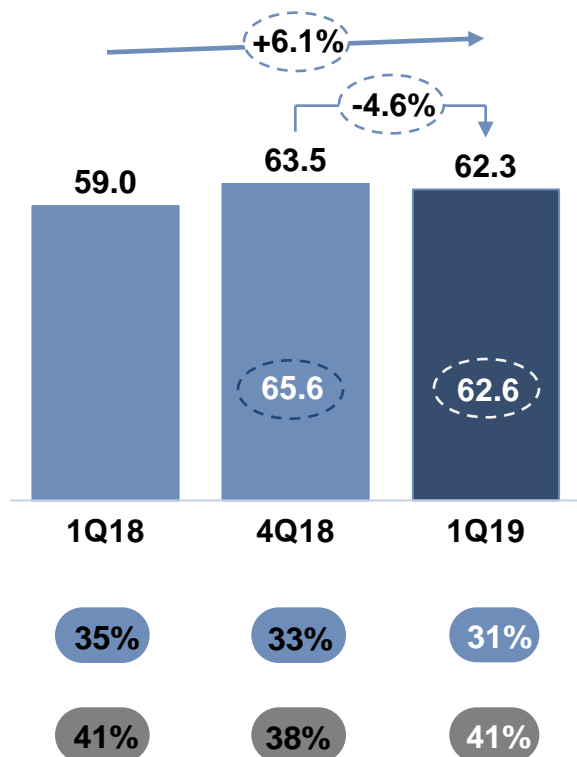
<sup>(1)</sup> 1Q19 non recurring items: Voluntary Scheme -0.4 mln gross, -0.3mln net. See page 43 for details

# Results

1Q19 Net Profit up +6.1% y/y boosted by diversified revenues growth. C/I ratio at 41%. Q/Q comparison impacted by usual 1Q seasonality on costs and low market volatility

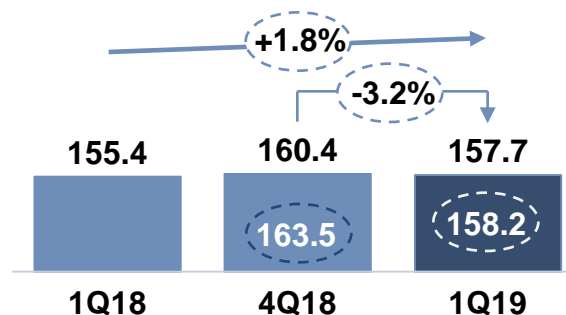
## Net Profit

mln   
 ○ excluding non recurring items<sup>(1)</sup> ● Adj. RoE   
 ● Adj. Cost/Income



## Revenues

mln   
 ○ excluding non recurring items<sup>(1)</sup>

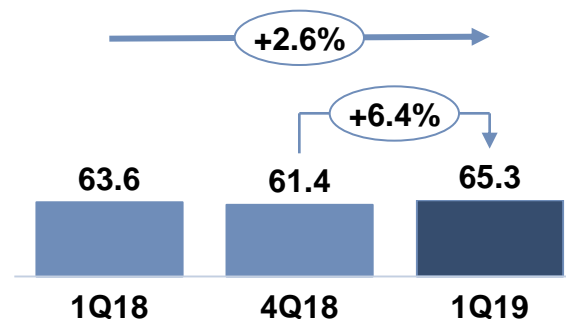


q/q affected by:

- **Nil:** days effect (-1.4mln) and IFRS16 (-0.2mln)
- **Commissions:** in 4Q18 write-backs on PFAs incentives (-3.6mln), days effect (-0.6 mln) and lower market volatility in 1Q19

## Operating Costs

mln



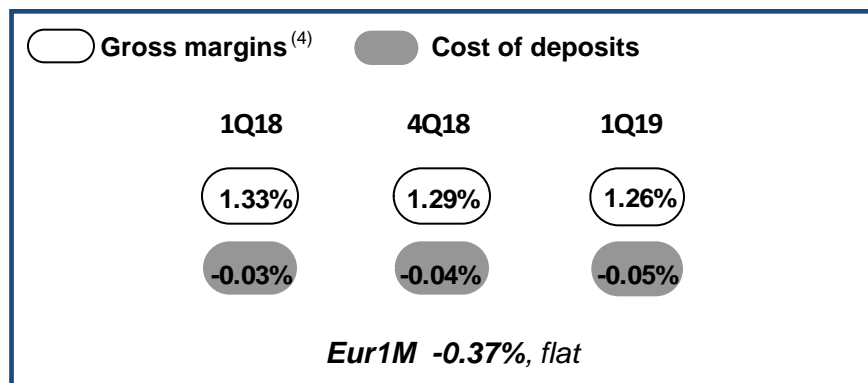
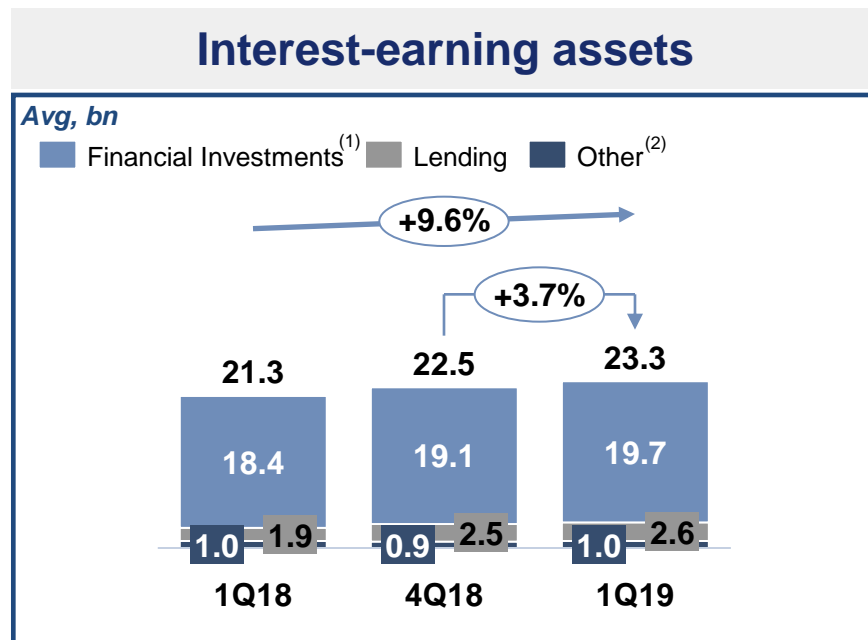
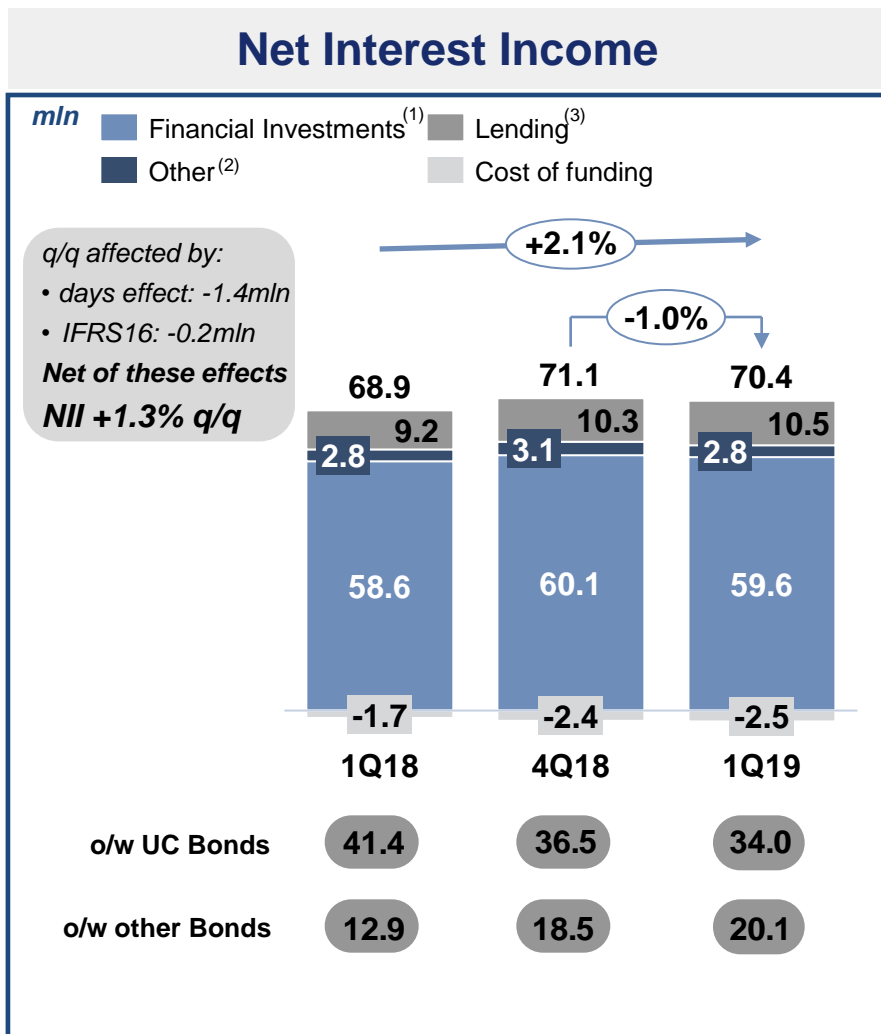
1Q19 affected by different distribution of marketing costs (-2mln q/q, -1.8mln y/y) and usual 1Q seasonality on costs related to PF.

Net of these effects: flat y/y and -2.7% q/q

<sup>(1)</sup> 1Q19 non recurring items: Voluntary Scheme: -0.4mln gross, -0.3mln net  
 4Q18 non recurring items: Voluntary Scheme: -3.0mln gross, -2.0mln net; integration costs -0.1mln gross, -0.1mln net  
<sup>(2)</sup> Adj. Cost/Income and adj. RoE calculated net of non recurring items. See page 43 for details.

# Net interest income (1/2)

Increasing NII (+2.1% y/y) thanks to valuable and sticky sight deposits coupled with high-quality lending portfolio. Increasing diversification in financial investments



(1) Financial investments include interest income coming from the reinvestments of deposits (both sight and term) in: Government bonds, UC bonds and Other Financial Investments (repos and immediate available liquidity)

(2) Other net interest income includes Security Lending, Leverage and other (mainly marketing costs), other interest-earning assets include Security Lending and Leverage. See page 46 for details

(3) Lending: only interest income

(4) Gross margins: interest income related to financial investments, lending, leverage, security lending on interest-earning assets



# Net interest income (2/2)

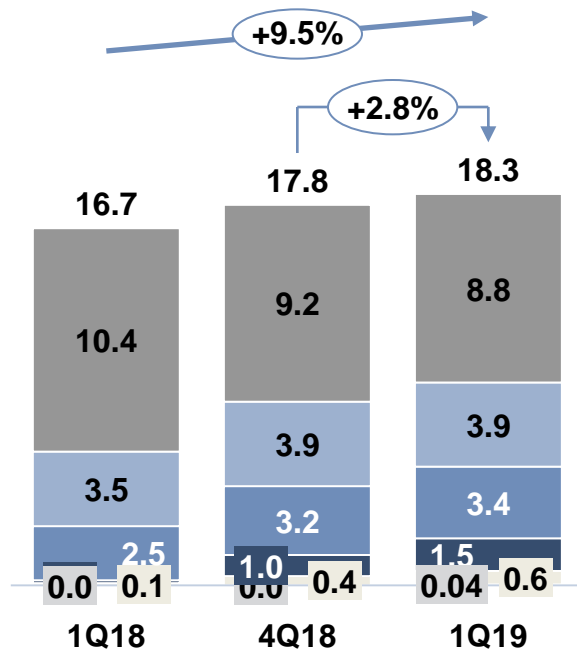
Further improvements for a diversified asset side.

Sensitivity analysis +100bps parallel shift: +113 mln

## Bond Portfolio

*Avg, bn*

- UC bonds
- Spain
- ICO + SSA<sup>(2)</sup>
- Italy
- Other Govies<sup>(1)</sup>
- Covered Bonds

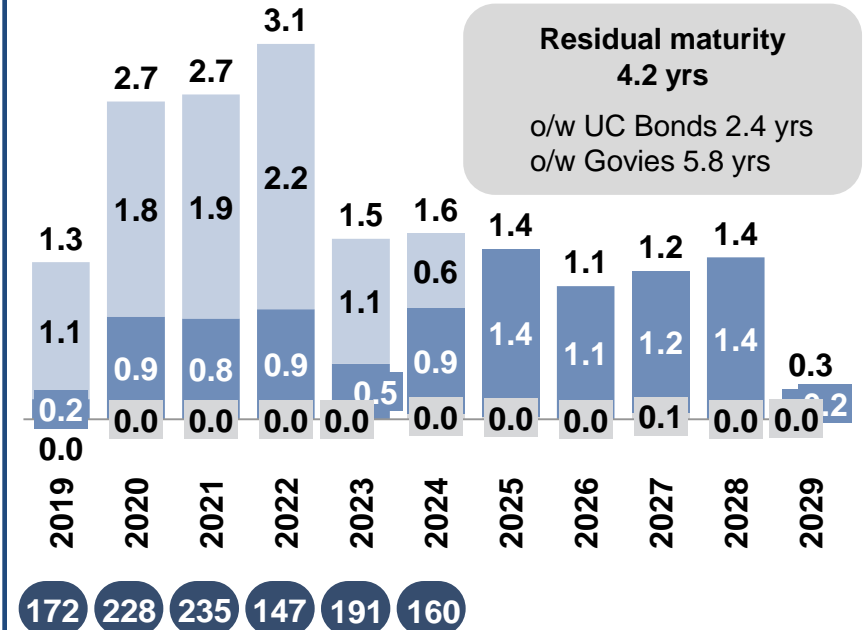


*Bond portfolio (excl. UC Bonds)*  
**+51.6% y/y, +10.3% q/q**  
**90% at fixed rate**  
**Avg. Yield: 86bps**

## UC bonds and Govies run-offs

*Eop, bn*

- UC Bonds
- Govies
- Covered Bonds
- UC Bond avg spread (bps)



## Interest Rate Sensitivity

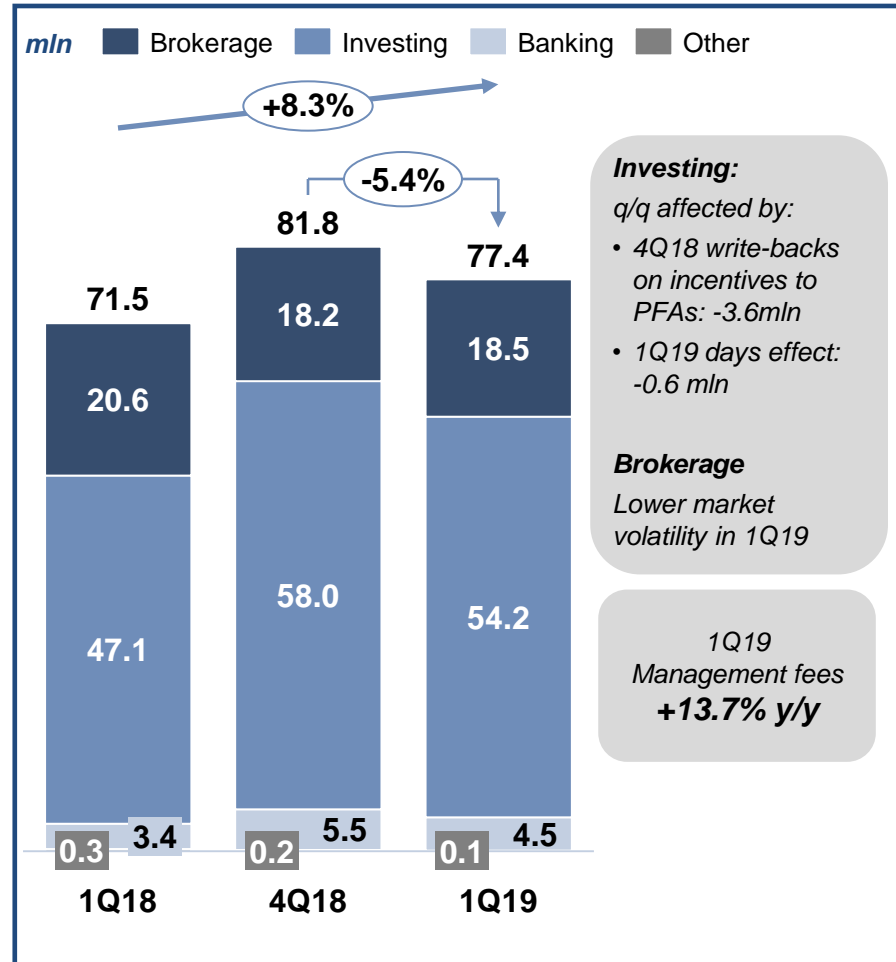
+100 bps parallel shift (1M Eur):  
**+113 mln additional Net Interest Income**

<sup>(1)</sup> Other includes 420.4mln France, 305.0mln Austria, 305.3mln Belgium, 339.0mln Ireland, 258.0mln Germany, 118.0mln Poland, 69.3mln USA  
<sup>(2)</sup> ICO (Instituto de Credito Oficial) and SSA (Supranational Agencies)

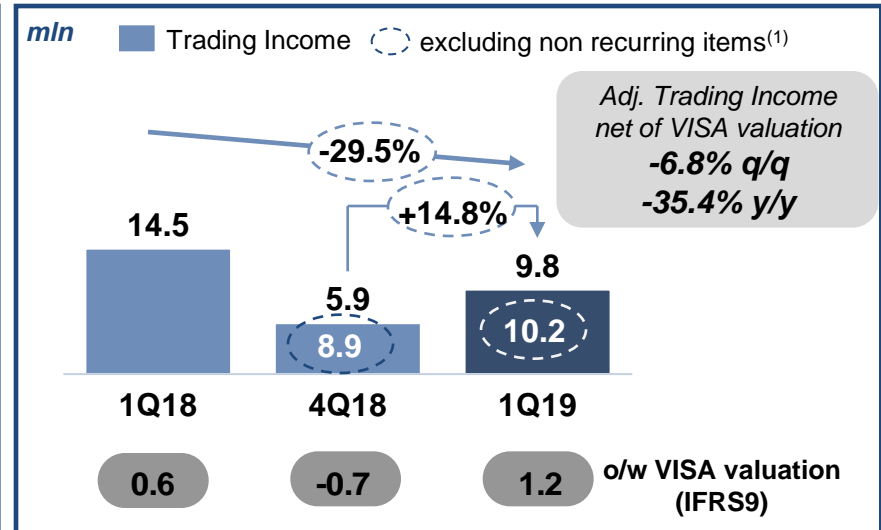
# Commissions and Trading Income

Fees and commissions grew +8.3% y/y. Sustainable growth generating recurring revenues and very limited upfront fees. Brokerage affected by low volatility in 1Q19

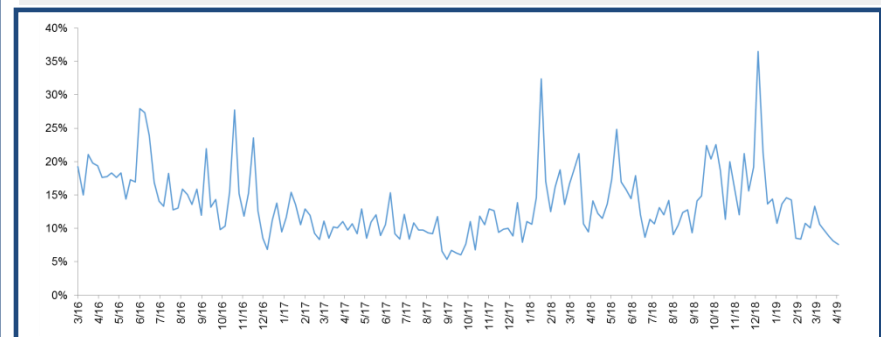
## Fees and Commissions



## Trading Income



## Average Volatility (2)



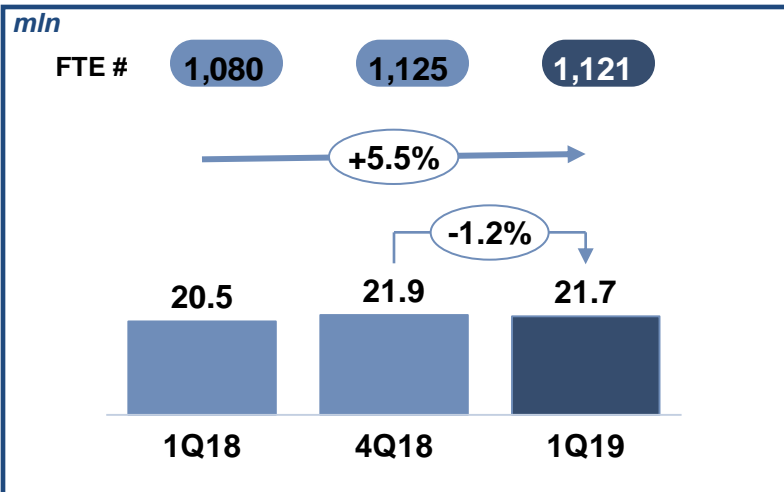
(1) 2019 non recurring items: systemic charges (trading profit) -0.4mln gross;  
2018 non recurring items: Voluntary Scheme (trading profit): -3.0mln gross, -2.0mln net in 4Q18

10 (2) Volatility calculated as average volatility of BUND, BTP, SP, EUROSTOXX, MINIDAX, DAX, FIB, MINIFIB, NASDAQ, DOW weighted on volumes related to futures traded by our clients

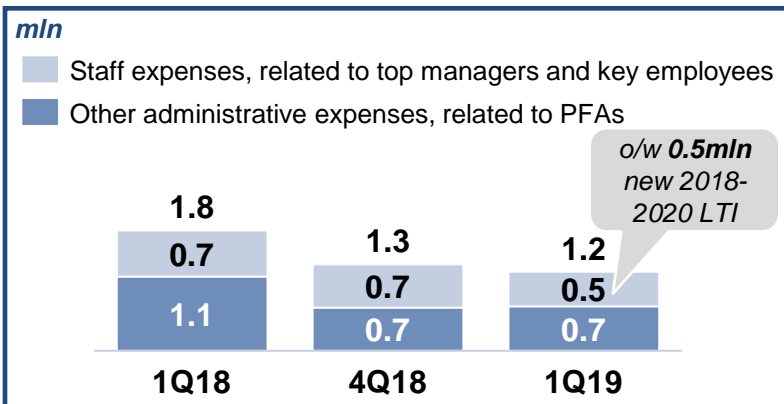
# Costs

Cost efficiency and operating leverage confirmed in our DNA. Quarterly comparison affected by seasonality (mainly PFAs costs) and different marketing costs distribution

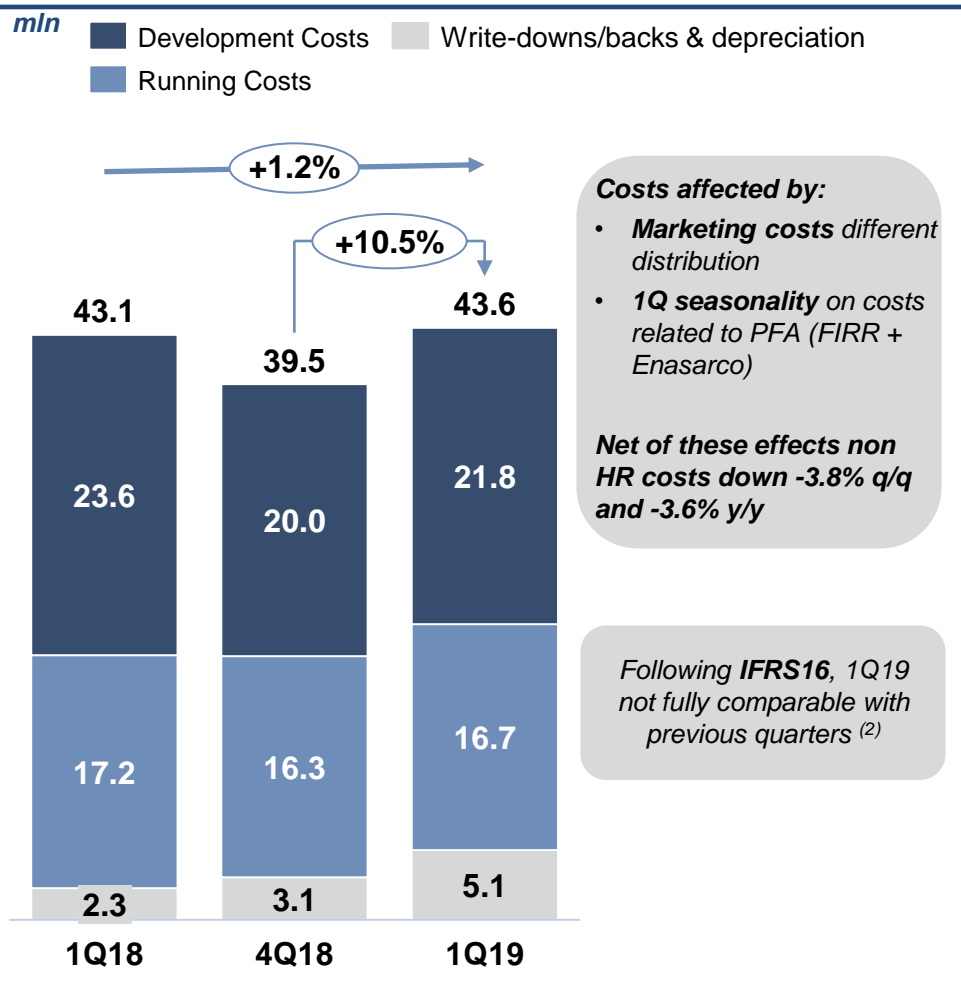
## Staff expenses and FTE



## Long Term Incentive Plans



## Non HR Costs <sup>(1)</sup>



<sup>(1)</sup> Other administrative expenses with breakdown between development and running costs: managerial data

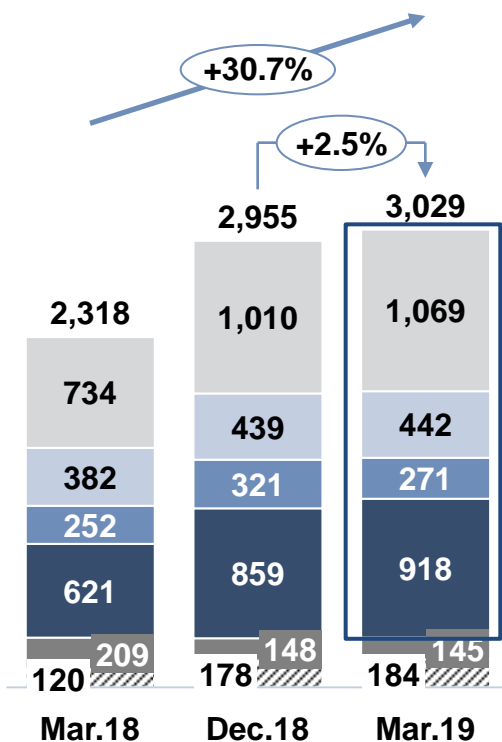
<sup>(2)</sup> following IFRS16, leasing costs previously accounted in other administrative expenses are now booked in write-down/back and depreciation. For more details on IFRS16 please refer to page 51

# Boost in high quality lending volume offered exclusively to the existing base of clients, leveraging on our internal Big Data analytics

## Overall Lending portfolio

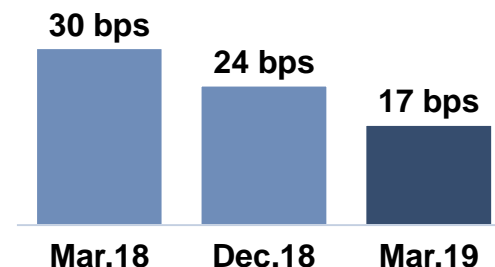
Eop, mln

Current accounts/Overdraft <sup>(1)</sup>
 Cards
  Reverse repos  
 Personal loans
  Mortgages
  Other <sup>(2)</sup>



**Commercial loans**  
 2,700 mln  
 as of Mar.19  
**+36% y/y**

## Cost of Risk on commercial loans<sup>(3)</sup>



- **Decreasing Cost of Risk thanks** to the constant improvement in the quality of the credit which is mainly secured and low risk
- **We confirm our strategy aims to build a safe lending portfolio**, offering these products exclusively to our very well known base of clients, leveraging on a deep internal IT culture, powerful data warehouse system and Big Data analytics
- **More details on the quality of our portfolio in the following slide**, with a deep dive on the main products offered

<sup>(1)</sup> Current accounts/overdraft Include Lombard loans

<sup>(2)</sup> Other loans include current receivables associated with the provisions of financial services (87mln in Mar.19 vs 89mln in Dec.18 vs 85mln in Mar.18), collateral deposits and initial and variation margins (99mln in Mar.19 vs 85mln in Dec.18 vs 36mln in Mar.18), bad loans (1.6mln in Mar.19 vs. 1.6 mln in Dec.18 vs 1.7mln in Mar.18), other (-3.3mln in Mar.18 vs 2.0mln in Dec.18 vs -3.0mln in Mar.18)

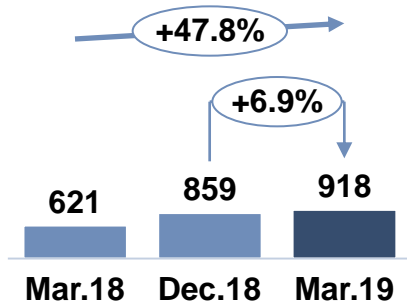
<sup>(3)</sup> New methodology for calculating Cost of Risk to have a better representation of the ratio: commercial LLP of the last 12 months on avg commercial Loans instead of annualized LLP

# Lending

Boost in high quality lending volume through mortgages, personal loans and lombard loans

Eop, mln

Mortgages

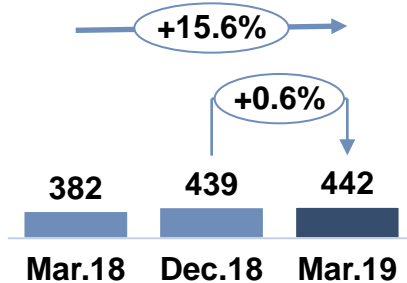


- **9,306 mortgages** granted since December 2016
- Average customer rate: **184bps. 1Q19 Yield<sup>(1)</sup> at 80bps**
- Average Loan to Value **52%** and average maturity **19 yrs**
- **Very low expected loss** (~23 bps)

## 2019 Guidance

- yearly new production: **~350mln**
- current market conditions will lead to increasing rates on new production

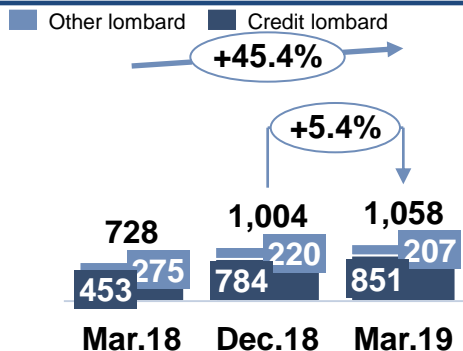
Personal Loans



- Average ticket €9.000 and average maturity 4.4 years
- **1Q19 Yield at 420bps**
- **Efficient and real time process**, instant approval platform for eligible clients' requests thanks to a deep knowledge of clients.
- **Low expected loss** (<~60 bps)

- yearly new production: **~250mln**
- current market conditions will lead to increasing rates on new production

Lombard Loans



**o/w Credit Lombard<sup>(2)</sup>:**

- **Attractive pricing:** retail clients 155-125bps and private clients up to 105-75bps (on 3M Eur<sup>(3)</sup>)
- **Differentiated margins** according to the riskiness of the pledged assets
- **Very low expected loss** (~10 bps)
- ~over 12,600 clients subscribed Credit Lombard

**o/w Credit Lombard<sup>(2)</sup>:**

- Expected growth: **~500mln** per year
- Expected yield: **~80-85bps**

<sup>(1)</sup> Yield on mortgages net of amortized and hedging costs

<sup>(2)</sup> Credit Lombard allows to change pledged assets without closing and re-opening the credit line, allowing more flexibility and efficiency

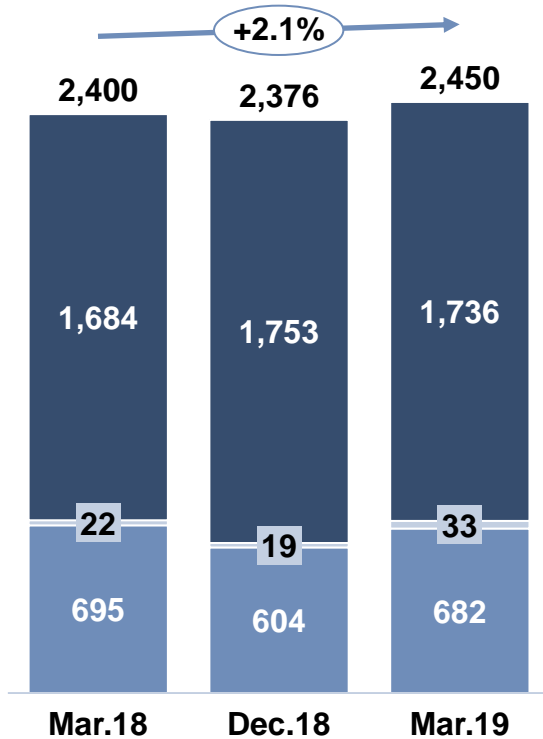
<sup>(3)</sup> with floor at zero

# Capital Ratios

Best in class capital position and low risk balance sheet

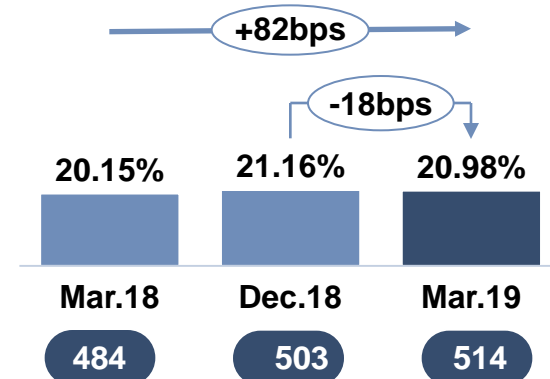
## RWA

*mln* ■ Credit ■ Market ■ Operational



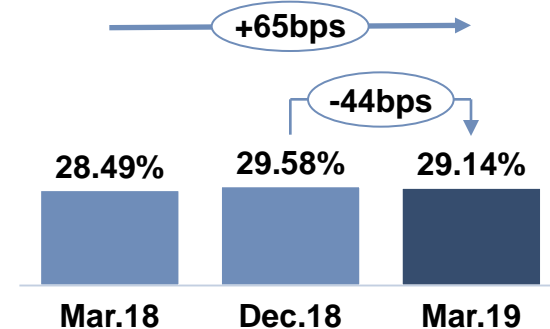
## CET1 Ratio

● % CET1 capital, mln



## Total Capital Ratio

*mln*



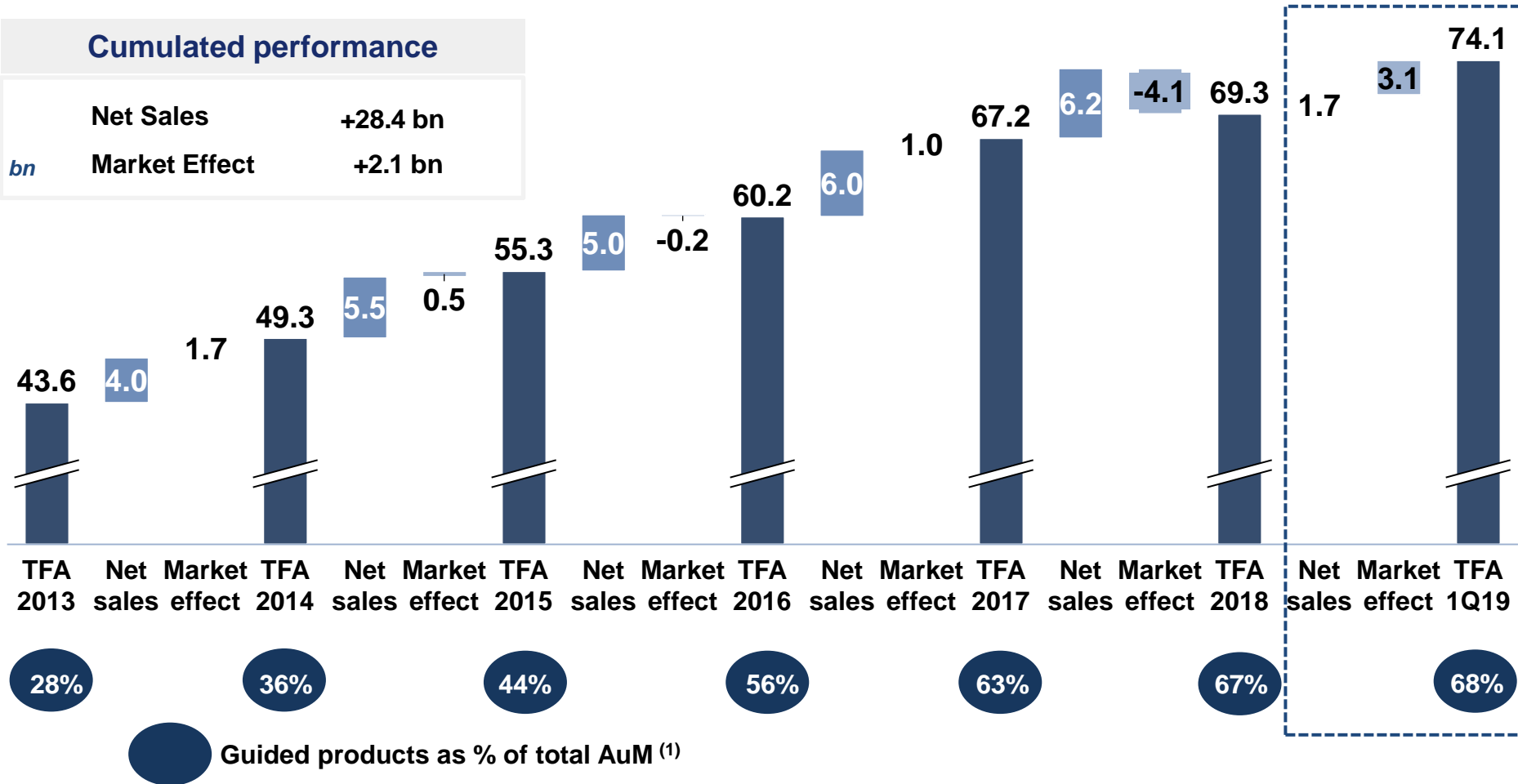
# TFA

Relentless TFA growth thanks to a healthy expansion in net sales.  
Guided products & Services increased at 68% of total AuM

## TFA evolution (Dec.13 – Mar.19)

### Cumulated performance

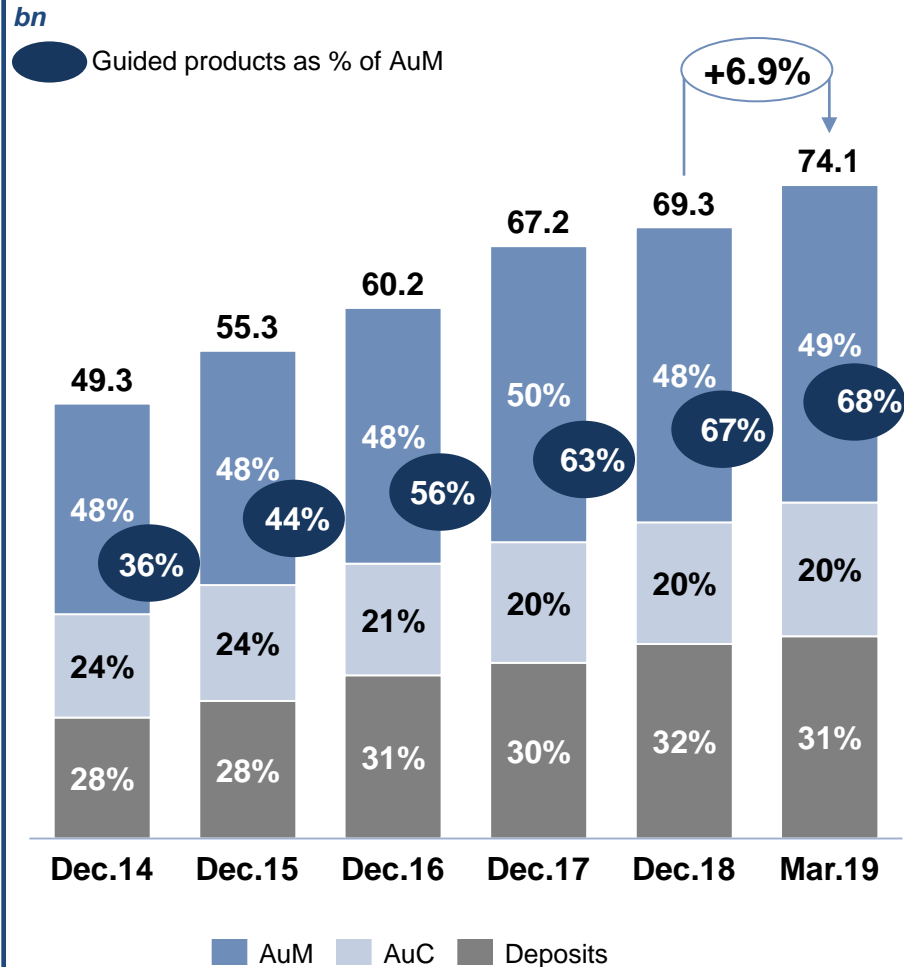
Net Sales	+28.4 bn
Market Effect	+2.1 bn



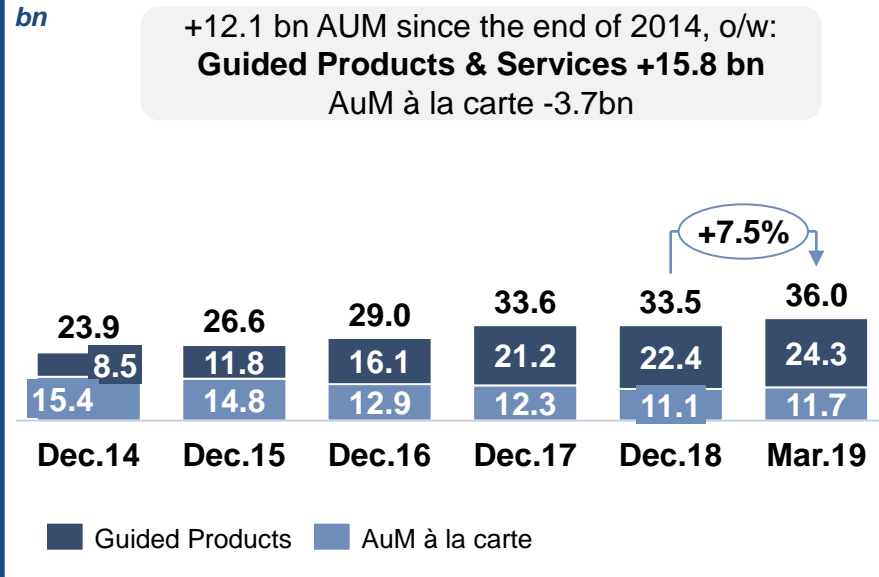
# TFA breakdown

Successful shift towards high added value products thanks to strong productivity of the network

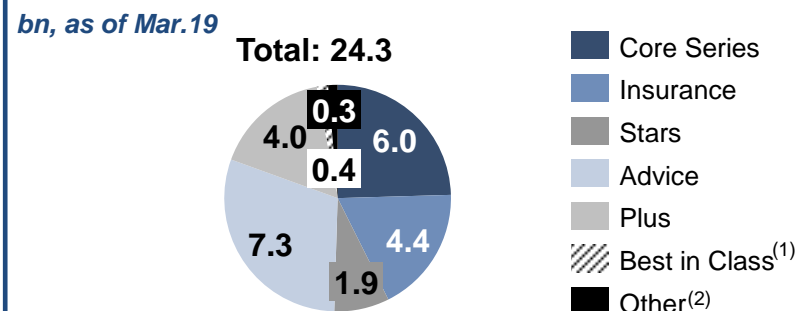
## Breakdown of total TFA



## Focus on AUM



## Guided Products breakdown



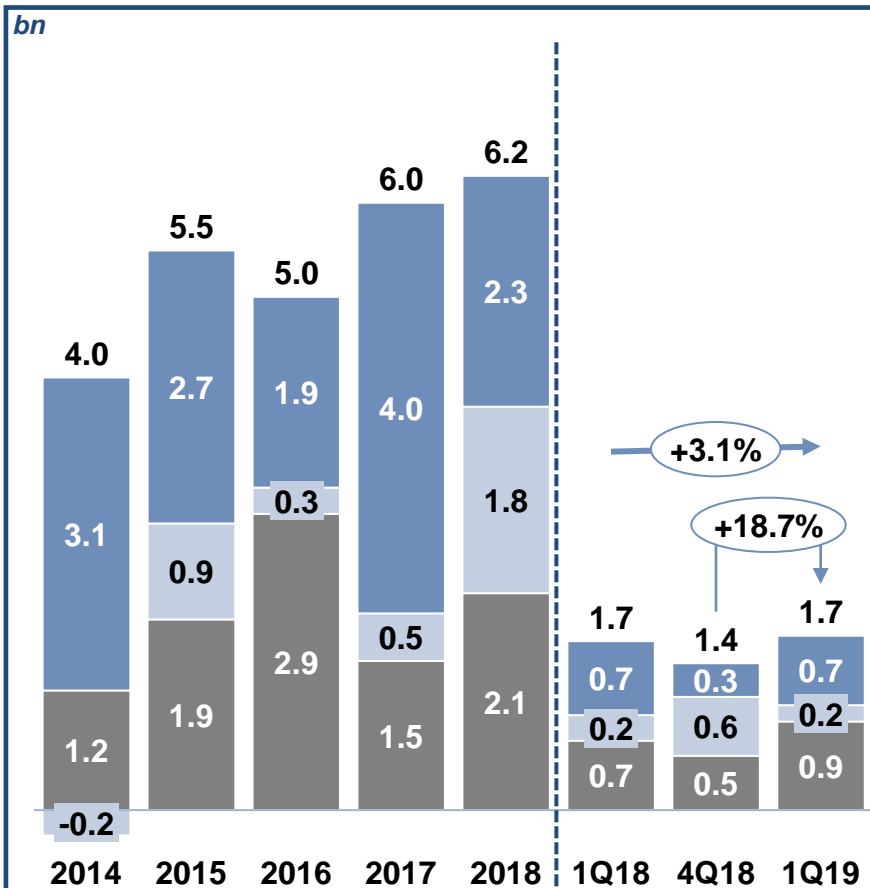
AuC and Deposits under advisory have been reclassified within AuM in order to have a better representation of the advisory nature of Advice and Plus services



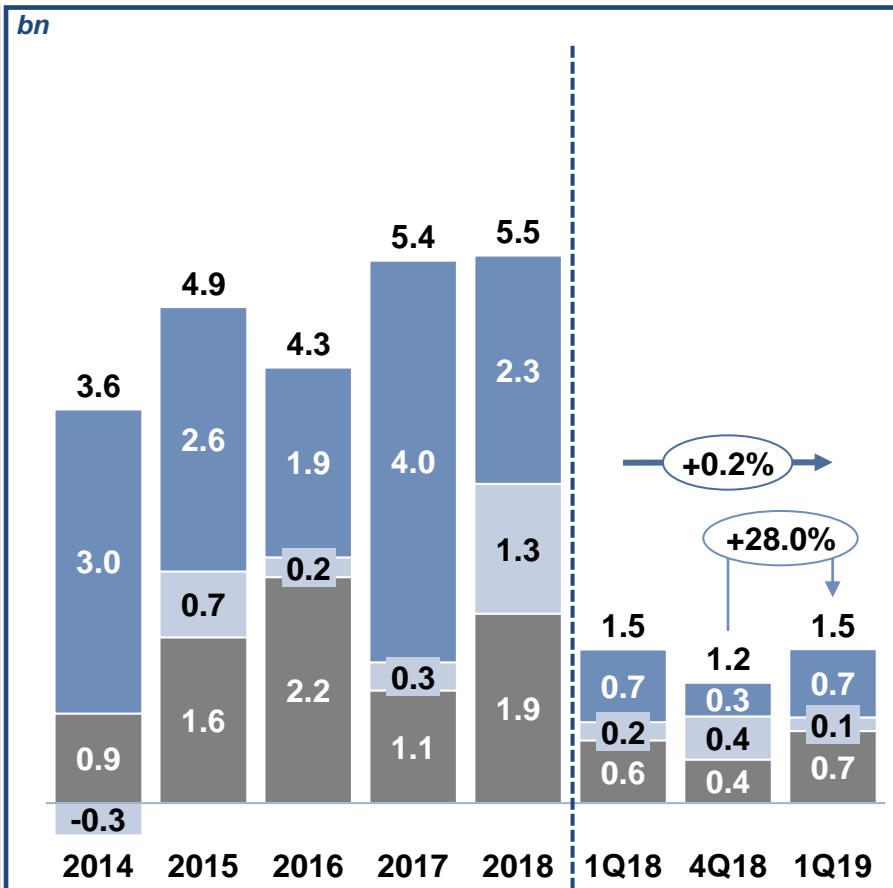
# Net sales breakdown

Solid high quality 1Q19 net sales growth on the wave of structural trends in place despite a complex environment. Asset mix returning into AuM with more conservative solutions

## Breakdown of total Net Sales



## PFA Network – total Net Sales



2,533

2,622

2,628

2,607

2,578

2,571

■ AuM ■ AuC ■ Deposits

● PFA Network - headcount

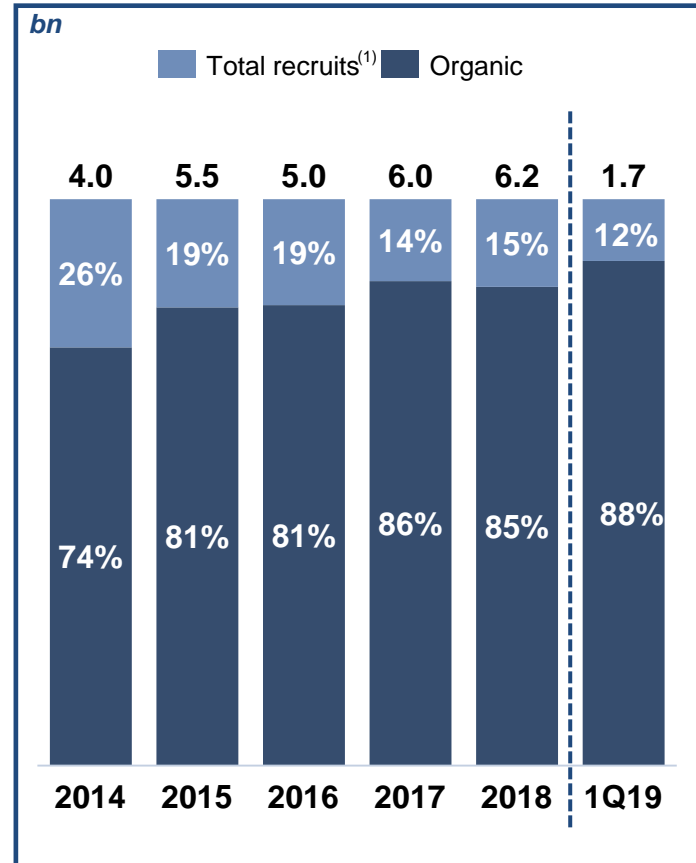
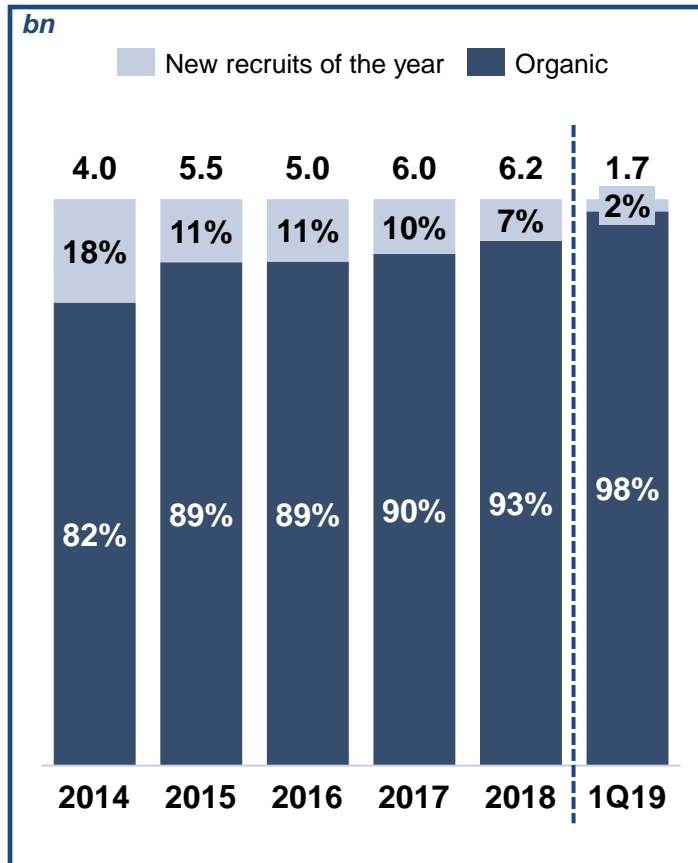


B A N K

# Organic growth

Net sales organically generated confirmed as key in our strategy of growth

## Net Sales – Organic / Recruit (%)



**Recruitment costs**  
(to be amortized)  
**stock 26.3mln**  
as of Mar.'19

125 118 85 98 70 16

● # of PFAs recruited in the period

<sup>(1)</sup> Total recruits include net inflows related to PFAs recruited over the last 24 months (avg)

# Agenda

- Fineco Results

- **Key messages**

- Developing opportunities and next step

- Focus on product areas

## 3 Pillars: Efficiency, Innovation and Transparency

The keys of our strategy, still leading our sustainable growth



### EFFICIENCY

Strong focus on IT & Operations,  
more flexibility, less costs



### INNOVATION

Anticipate new needs  
simplifying customers' life



### TRANSPARENCY

Fairness and Respect  
for all our stakeholders



#### We built everything from scratch

**Freedom:** Freedom to start over «from scratch», build a new bank, **the best you can imagine**

**Proprietary back-end:** In-house development and automated processes allow an efficient cost structure and fast time to market

**Excellent offer:** Unique customer user experience, top quality in all services



#### We were true pioneers

Fineco anticipated a main market trend: digitalization

Moving customer's focus from proximity to service and quality



#### We believe in a "Quality" One Stop Solution

Providing all services in a single account is a distinctive feature but it's not enough.

Gaining a competitive edge requires high quality on each single service and product

# Committed to maximize Shareholders' value

Strategy based on healthy growth and sustainability with a long term horizon

## A coherent approach in the whole strategy of growth

### HIGH QUALITY

- ✓ Clients' acquisition driven by **high quality services, transparency and fair pricing**
- ✓ **Organic growth** key in our strategy **without short-term aggressive commercial offers and with zero remuneration on current accounts.**
- ✓ **Sustainable investing revenues**, almost entirely recurring with only ~2% upfront on total investing fees and no performance fees

### LOW RISK

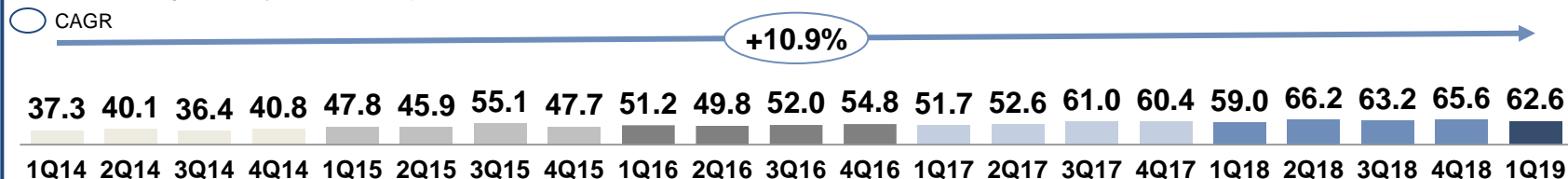
- ✓ **Safe, robust and low risk Balance Sheet:** diversified, highly liquid and low risk asset side combined with valuable and sticky sight deposits
- ✓ Very **low Cost of Risk**
- ✓ **Solid capital position**

### FINTECH BANK

- ✓ **Operating leverage** as distinctive **competitive advantage** for Fineco
- ✓ Strong internal IT culture allows us to have a **highly scalable business**
- ✓ **Internal Big Data Analytics** allows us to run a **low risk business model** and to **exploit growth opportunities**

## ... leading consistent results in every market conditions

Net Profit adjusted (net of DGS)<sup>(1)</sup>, mln



<sup>(1)</sup> Net Profit adjusted net of Deposit Guarantee Scheme (FY15: -3.1mln net, FY16: -7.1mln net, FY17: -7.1mln net, FY18: -9.6mln net)

# Safe Balance Sheet: simple, highly liquid and low risk asset side, valuable and sticky deposits

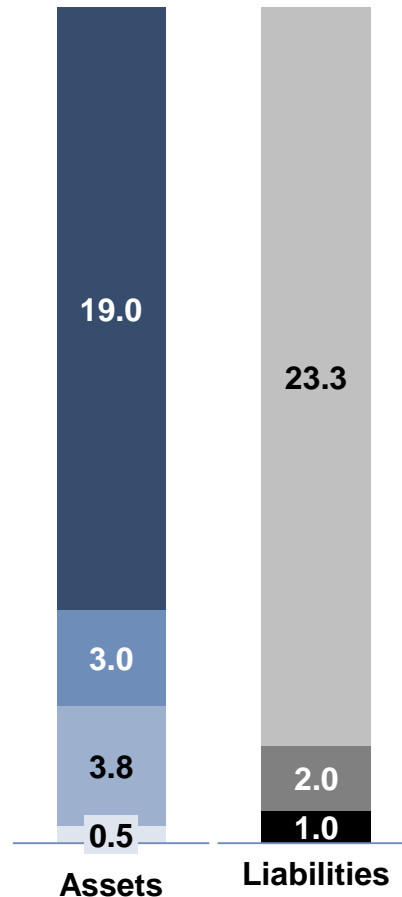
## Diversified investment portfolio

- Investment strategy announced during FY17 results: UC bonds run-offs, blend of European government bonds diversified across countries
- 98% not exposed to volatility: HTC classification since November 2016

## High-quality lending growth

- Lending offer to our well-known base of clients
- Low-risk: CoR at 17bps, cautious approach on mortgages (LTV 52%, avg maturity 19 yrs)
- Strong competitive advantage leveraging on Big Data Analytics and continuous innovation (i.e. look-through implementation with significant benefits on CET1 ratio)

26.4 bn



■ Financial Assets  
 ■ Customer loans  
 ■ Due from Banks<sup>(1)</sup>  
 ■ Other  
■ Customer deposits  
 ■ Other liabilities  
 ■ Equity

## High-value deposit base

- Sticky deposits: mostly 'transactional liquidity' gathered without aggressive commercial offers
- Growth based on quality of services. Cost of funding close to zero
- +11% CAGR sight deposits growth in the last 10 years, strong resilience during periods of stress/crisis

## Rock - solid capital position

CET1 **21.0%**      LCR **>1000%**  
 TCR **29.1%**      NSFR<sup>(2)</sup> **206%**  
 LEVERAGE RATIO **5.1%**

<sup>(1)</sup> Due from banks includes 2.1bn current accounts (immediate available liquidity), 1.7bn term deposits

<sup>(2)</sup> NSFR as of Dec.18

# Fairness and transparency core in our strategy.

## Sustainable and highly recurring Investing revenues

### Structural trends to support growth

At sweet spot to capture two **structural trends** in place in Italy:

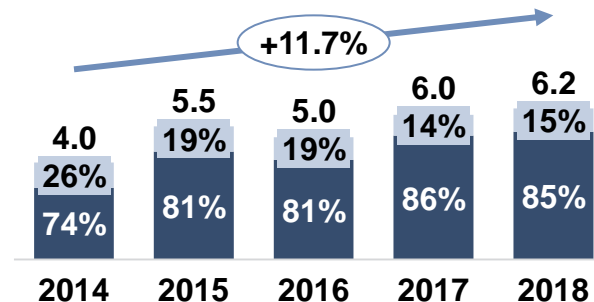
- **digitalization** (from proximity to quality of services)
- **increasing need for advice** by clients

### Organic growth key in our strategy

#### Total net sales, bn

○ CAGR

■ Total recruits  
■ Organic

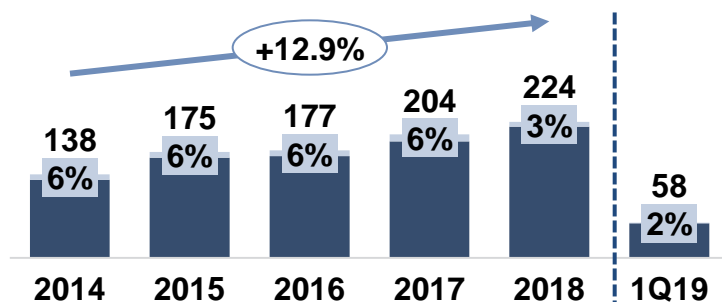


### High quality revenues growth with limited upfront

#### Investing fees, mln

○ CAGR

■ Upfront  
■ Management



### Continuous innovation to meet evolving clients' needs and evolving environment



**Insurance wrapper** very welcomed by cautious clients looking for a gradual access into equity market



**Integrated advisory platform** to manage assets in a holistic way, including Asset under Custody

#### NEXT STEP

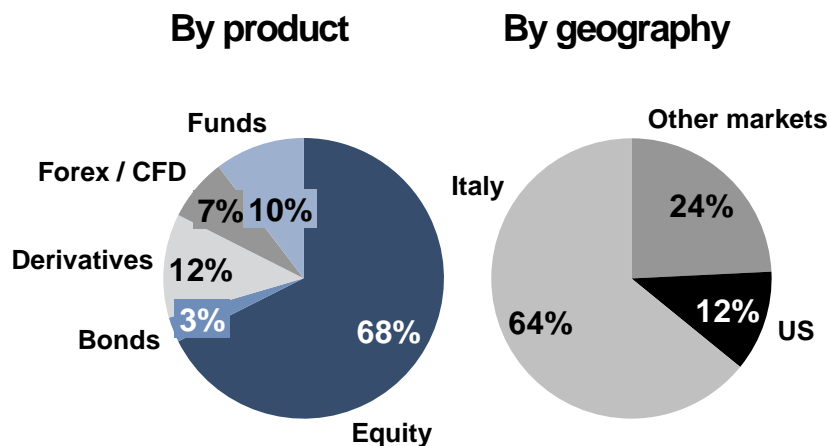
**New platform** to better serve our existing clients not actively managed yet

# Brokerage: the perfect countercyclical business

## Leading position in Brokerage

- **Operating Platform Excellence:** multichannel and fully integrated
- **Well advanced in-house know-how,** optimizing time-to-market and cost efficiency
- **In-house back-office and customer care.** Business continuity always guaranteed
- Order internalization supporting Brokerage performance: equity, bonds and forex
- Robust risk management, mostly intra-day positions
- Stable and differentiated client base: focus on low risk light traders

## Well-diversified among products and geographies



## Unrivalled offer in a changing environment

- Our **diversified offer** allows us to deal with the effects of increasing regulation and low market volatility
- **Return of interest by customers towards listed products,** matched by our best-in-class offer
- **Enlargement of our multicurrency basket** with the launch of new currencies (JPY, CAD and TRY) and more in pipeline
- Continuous **widening of OTC product offer**



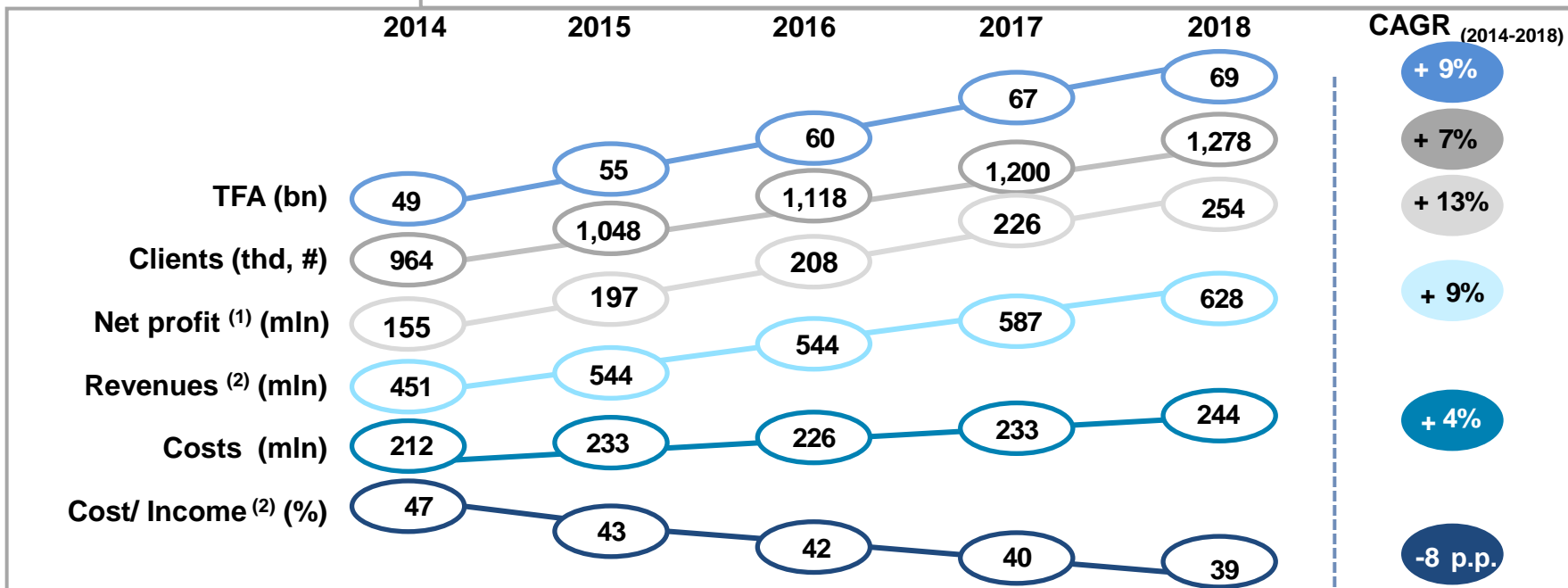
# Operating Leverage

A distinctive competitive advantage of Fineco

**Platform scalability**  
and  
**Operating gearing**

## IT and back office internally managed, deep internal know-how

- ✓ 17% FTEs in IT department, 24% in Back-Office
- ✓ Core system internally managed
- ✓ Internal DWH to fully leverage on Big Data Analytics
- ✓ Very low IT CAPEX (~10-12 mln per year)
- ✓ Continuous innovation (new apps /features, products/services, initiatives) fully in-house developed: higher flexibility, better time to market and lower costs
- ✓ Internal development and implementation of regulatory processes and systems (i.e. Mifid 2) to maintain costs well under control



<sup>(1)</sup> Net Profit adjusted (see page 38) net of Deposit Guarantee Scheme (2015: -3.1mln net, 2016: -7.1mln net, 2017: -7.1mln net, 2018: -9.6mln net)

<sup>(2)</sup> Net of gain on Visa sale (2016: +15.3mln gross)

## Dealing with pressure on margins in a pro-active way

1

### Improve QUALITY OF SERVICES

**Continuous innovation** leveraging on our best-in-class internal IT culture and Big Data Analytics **to be recognized by clients as a premium brand.**  
(Cyborg-advisory approach, X-Net platform, Plus advisory etc).

2

### Increase PRODUCTIVITY

**Strong opportunities in enlarging the actively managed clients** thanks to our Cyborg Advisory approach and advisory platforms.  
+11.1% y/y total assets per PFA of which +9.2% y/y AuM and 15.3% y/y guided products and services.  
Net sales from existing clients almost doubled in the last 2 years.  
**New platform to further boost productivity** of the Bank

3

### Increase OPERATIONAL EFFICIENCY

**Further increase of our operational efficiency through Fineco Asset Management**, being in control of the full AuM value chain for excellent quality and efficiency.  
Brand new portfolio solutions and **new generation of passive strategies** with attractive margins completely developed in house by FAM.

# Continuous innovation on usability and front-end efficiency to deliver distinctive products and services

1

Improve  
**QUALITY OF  
SERVICES**

## INVESTING

**Advanced reporting to improve usability** (X-Net evolution, full access to Advice and Plus also from mobile with customizable widgets)

**Monitoring of Advice** service more easy and flexible

**Continuous evolution of Plus**

## BROKERAGE

**Continuous enlargement of products and markets** (i.e. widening of multicurrency offer)

Dedicated offer to professional clients: full operative on binary options, direct access to professional trading desk

## BANKING

**Instant payments** through web and mobile

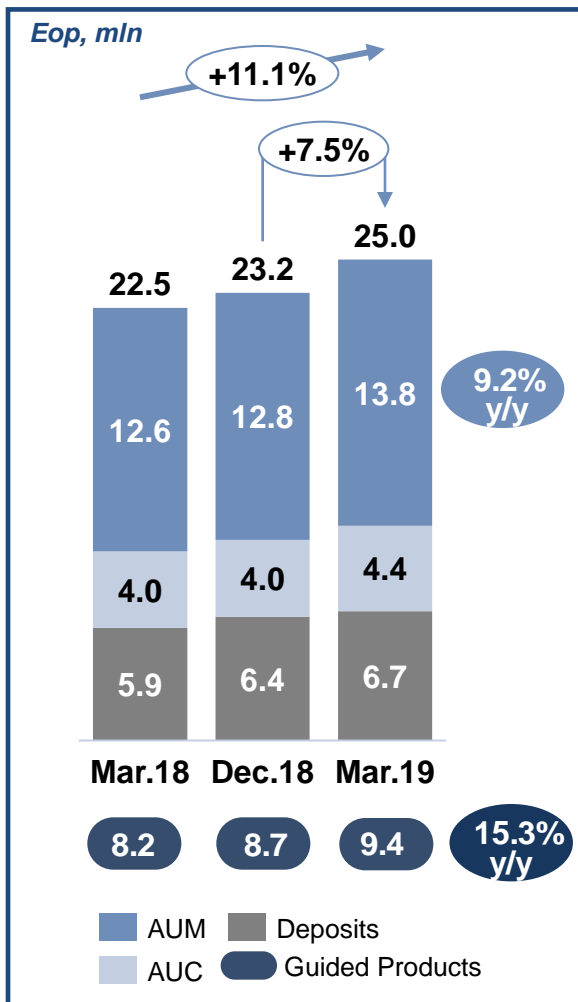
**Flexible mortgages** combining fixed and floating rates according with clients needs

**Instant approval** on personal loans leveraging on Big Data Analytics

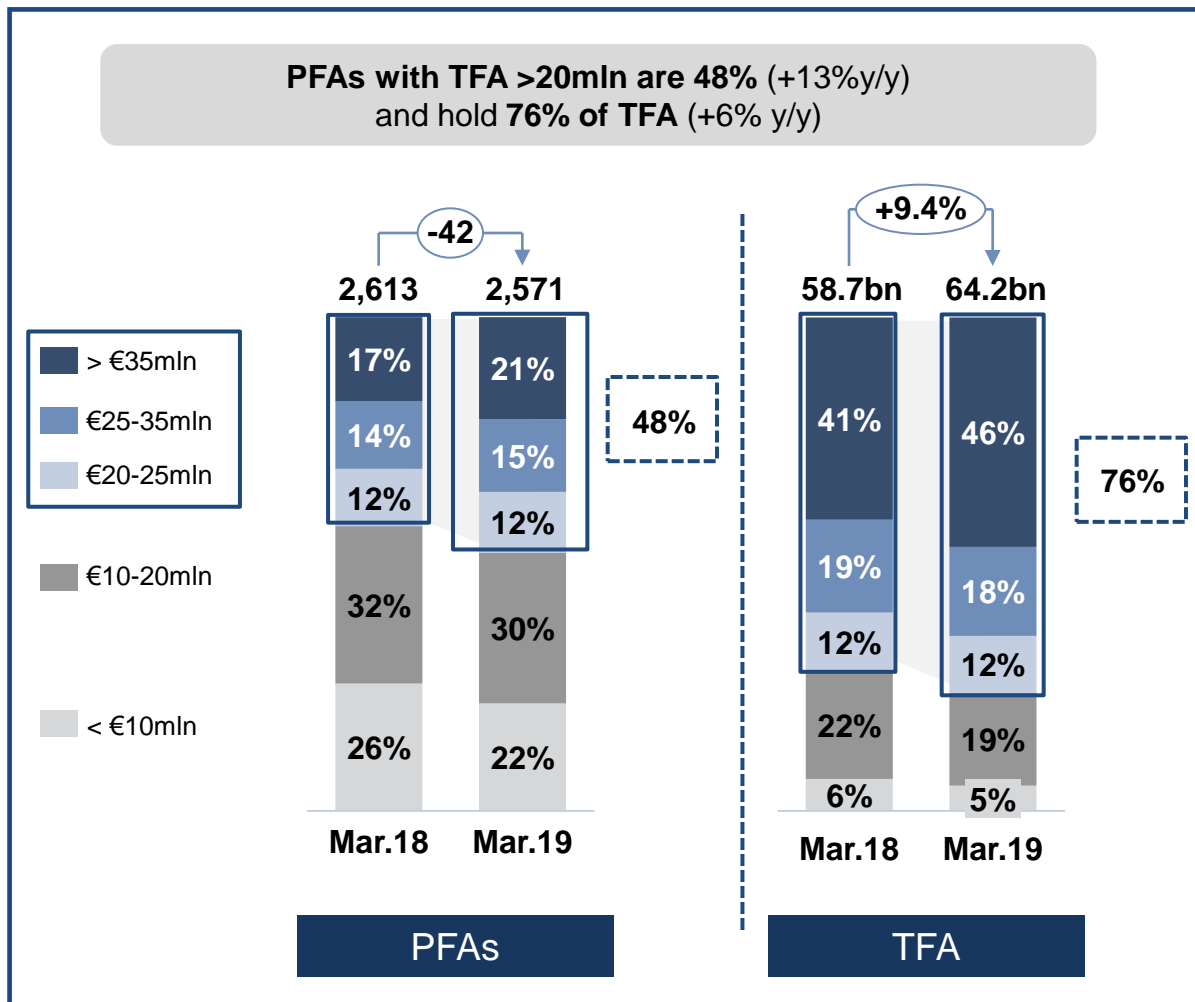
**Continuous evolution of Lombard loans** more flexible and with no operational impacts for clients

**96% CUSTOMER SATISFACTION<sup>(1)</sup>**

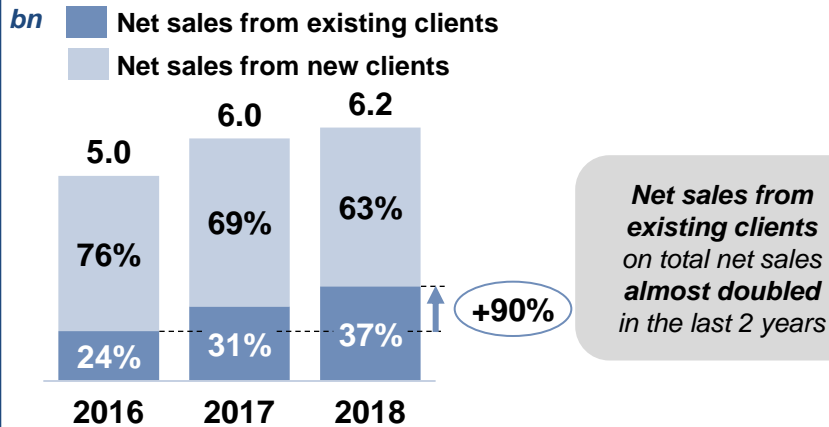
## Total Assets per PFA



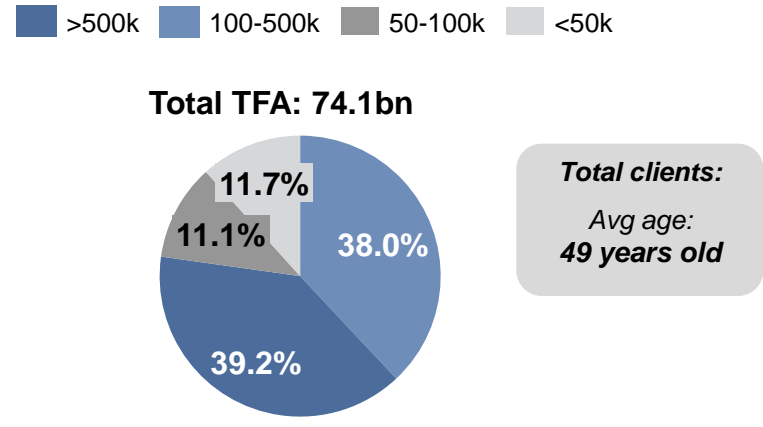
## TFA concentration per PFA



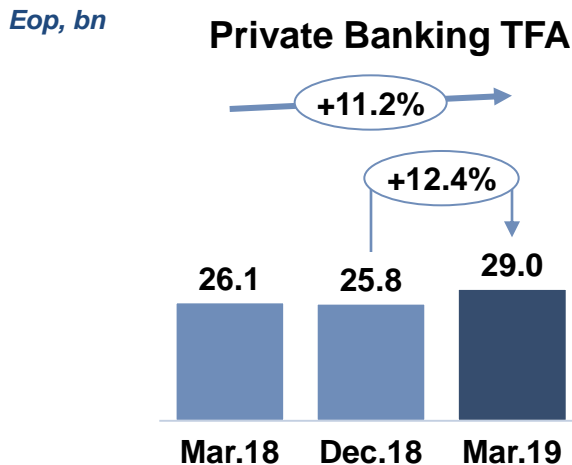
## Net sales: new vs existing clients



## Total Financial Assets per client

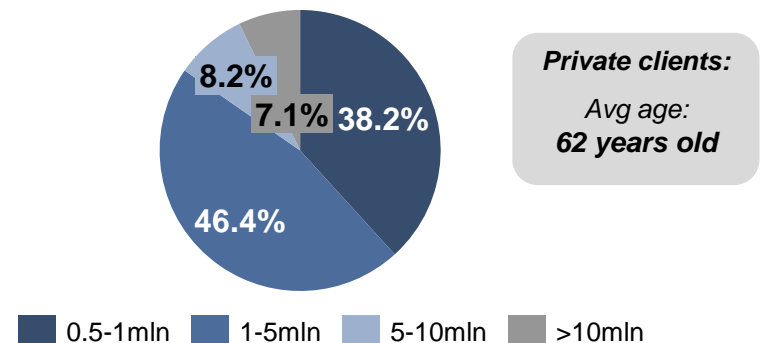


## Private Banking



### TFA per private clients

(clients with more than € 0.5mln TFA with the Bank)



# Fineco Asset Management in a nutshell

AUM at €11.4bn, of which €6.4bn retail classes

3

Increase  
**OPERATIONAL  
EFFICIENCY**

	STRATEGY	ACHIEVEMENTS	2019 FOCUS
CORE SERIES	Innovative and modern approach to build portfolios, thus improving the relationship with clients. Maximum level of diversification and efficiency - global oriented - daily monitoring of strategies and constant dialogue with portfolio manager	<ul style="list-style-type: none"> <li>✓ Product efficiency</li> <li>✓ Rationalization strategies</li> <li>✓ Optimisation through FAM Series underlying</li> </ul>	<ul style="list-style-type: none"> <li>✓ Further improvements in operational efficiency along all the value chain</li> </ul>
SUB-ADVISED FUNDS	Best global investments managers with their flagship strategies at the better conditions for customers - full visibility of underlying assets - improved risk monitoring	<ul style="list-style-type: none"> <li>✓ 31 strategies released (78 ISIN)</li> <li>✓ Transformation of Guided Products underlying assets (Insurance wrappers)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Further offer enlargement through an exclusivity agreement for Fineco clients only</li> </ul>
FAM EVOLUTION	New building blocks based on customer risk/returns profile for the evolution of FinecoBank advisory platforms.	<ul style="list-style-type: none"> <li>✓ 9 FAM Evolution advisory products released</li> <li>✓ Passive strategies fully developed in-house by FAM</li> </ul>	<ul style="list-style-type: none"> <li>✓ Modern multi-thematic funds, continuously monitored and updated, fully ESG (expected launch in 1H19)</li> <li>✓ Further evolution of advisory products</li> </ul>

**BENEFITS**

**Quality improvement and time to market for customers and distribution needs**

**Several efficiencies** leveraging on a vertically integrated business model combined with the strong operating efficiency which is in Fineco's DNA

**Win-win solution:** lower price for clients, higher margins



B A N K

# Sustainability at the heart of Fineco's business model

Our sustainable **growing strategy is inspired by principles and voluntary directions of the most relevant international organisations**. Our initiatives are consistent with the achievements of the **17 Sustainable Development Goals (SDGs)** of the UN 2030 Agenda.

In 2018 Standard Ethics<sup>(1)</sup> confirmed our **Standard Ethics Rating<sup>(2)</sup> at “EE”**, a grade given to sustainable companies with low reputational risk profile and strong prospects for long-term growth.

In 2018 we established an **Appointments and Sustainability Committee**, in charge of supervising the Bank's sustainable growth strategy and ESG plans, with the support of a Sustainability Management Committee. Moreover, during the same year we defined the **Materiality Matrix** for the Bank, to define the relevant topics for Fineco and its Stakeholders.



**21% of our clients' assets in funds are already ESG<sup>(3)</sup> (5.3bn in Dec18).**

**More than 2,000 funds in our open architecture platform are ESG<sup>(3)</sup>.**

We are continuously updating our ESG offer: **FAM is expected to launch multi-thematic funds in 1H19** and we will further enrich our **Advice platform with ESG model portfolios**. In addition, a **“Search ESG”** will be added in our platform.

<sup>(1)</sup> Standard Ethics is an independent agency which assigns Solicited Sustainability Ratings to companies and sovereign issuers. Fineco is included in the Standard Ethics Italian Banks Index© and in the Standard Ethics Italian Index, among the major environmental, social and governance performance indices and benchmarks.

<sup>(2)</sup> The Standard Ethics Rating is an assessment of sustainability and governance based on the principles and voluntary directions of the United Nations, the Organization for Economic Cooperation and Development (OECD) and the European Union.

<sup>(3)</sup> Morningstar ESG rating above «Average»

# Agenda

- Fineco Results

- Key messages

- Developing opportunities and next step**

- Focus on product areas

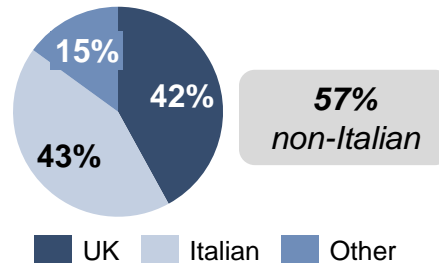


# Developing opportunities

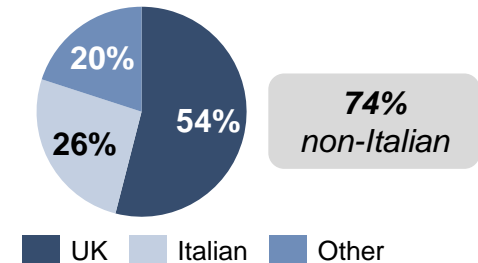
## Fineco UK

### Clients: geographical split

About 3,400 clients <sup>(1)</sup>



New clients acquired <sup>(2)</sup>



- ✓ **Unique positioning** in a highly fragmented market, leveraging on our **one-stop solution**. Among the **most competitive players on Multicurrency account, securities and CFDs**
- ✓ **ISA and multi-brand funds** under implementation: expected launch in 1H19
- ✓ Second phase already started, with **more focus on marketing activities on the territory** (value proposition / selling points and education on brokerage) **and commercial activities**

## Patent Box

- ✓ We applied in 2015 for **intellectual properties** (our platforms internally created and developed) and trademark. **Fiscal benefits are for 5 years**: 2015, 2016, 2017, 2018 and 2019 as the regime is characterized by a 5-year lock-in period. **Intellectual properties are renewable** according to international guidelines
- ✓ **We expect to close the agreement with Italian Fiscal Authority** for the first 5 years **by the end of 2019**

<sup>(1)</sup> Number of clients as of March 31<sup>st</sup>, 2019

<sup>(2)</sup> New clients acquired in the first three months of 2019

# Next step: New platforms to further boost productivity of the Bank (1/3)

Third evolutionary step in Fineco's disruptive growth story

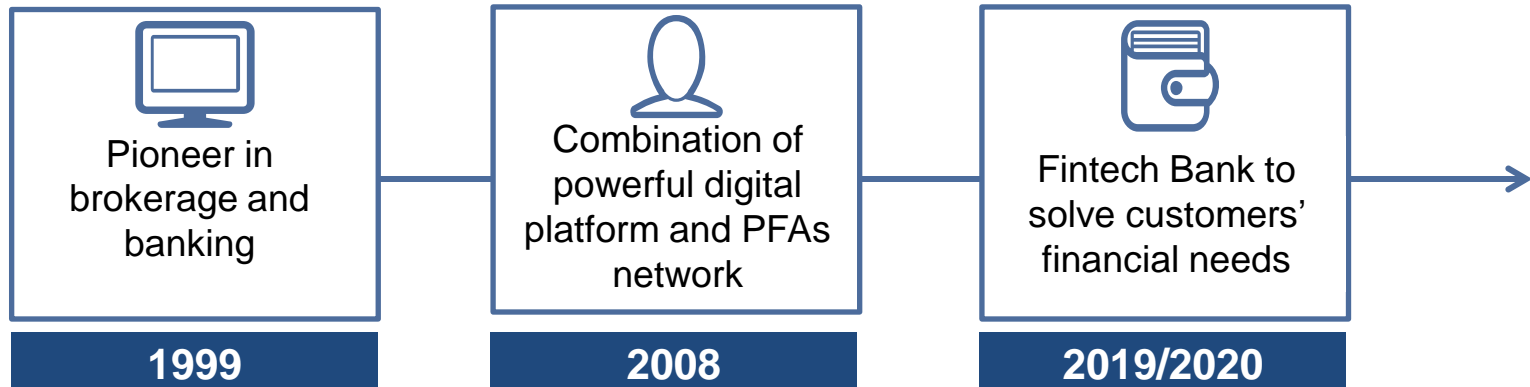
## Our unique competitive advantage

- **Best-in-class technology resulting from strong internal IT culture:** one single database containing all data, allowing us to have an accurate idea of clients' needs
- PFAs used to technology with a **cyborg advisory** approach

## Why disruptive?

- We are the only one player able to **combine cyborg advisory approach with Big Data analytics**
- The new platforms allow to **better exploit the potential of growth of assets and clients** and at the same time to better serve them

PFAs' productivity further strengthened through the Assisted Selling Platform and Co-working Platform



## Next step: New platforms to further boost productivity of the Bank (2/3)

### Boosting our PFAs' efficiency and productivity through Big Data Analytics

#### Assisted Selling Platform

- **X-Net**, Fineco's cyborg advisory platform for our PFAs, will be **further empowered with customers' financial gaps**
- **The Bank will provide its PFAs with tailor-made solutions** to solve customers' financial gaps (e.g. Credit Lombard, pension funds, building blocks based on risk-profile)
- **Efficiency and time-saving for PFAs**: it will be easier to approach new customers and to manage them (e.g. automatic rebalancing of funds of funds to keep them on the efficient frontier)
- **The project will start in 2H19** and the **new platform is expected to be launched by the beginning of 2020**
- We will start **testing** the new platform with Credit Lombard in the coming months

#### Co-Working Platform

- The platform will be integrated in X-Net and will further improve productivity by **enabling our PFAs to share customers** (and related fees) **with other colleagues**
- **Accelerator for our Assisted Selling Platform** as it will allow our PFAs to manage more actively a higher number of customers
- It will represent a **further boost to develop Private Banking customers**, as they could be covered by more PFAs with a wider set of competences
- **Expected launch: end of 2019**

# Next step: New platforms to further boost productivity of the Bank (3/3)

## The Assisted Selling Platform - details

### PFA X-Net Platform

Define goal

Define investment details

Send to customer

The screenshot shows the 'Define goal' and 'Define investment details' steps of the PFA X-Net platform. In the 'Define goal' section, a retirement goal of 167,420 € is set to maintain lifestyle. Below this, several investment objectives are listed: 'Maximizes yield 3.8%', 'Protect my capital 80,000€', 'Just invest 30,000 €', 'Upbringing of children 30,000 €', and 'Recurring income 50,000 €'. The 'Define investment details' section shows a starting investment of 20,000 €, a monthly contribution of 1,000 €, and a retirement date of 2040. It displays a bar chart for 'Income before retirement' at 59,380 € and 'Retired income' at 42,638 €. A 'Difference to be filled' of 16,742 € (28% for the first year) is highlighted. An 'Asset allocation' pie chart shows 95% Equity, 5% Bond, 0% Money, 0% Alternatives, and 0% Other. Performance and back-test charts are also visible.

### INVESTMENT PROPOSAL

The graphic features a couple sitting on a beach chair with the text '167.420 €' prominently displayed. Below the amount, it says 'To maintain the same income as today also in retirement. Start thinking about it.' A small note at the bottom states: 'In this example, we have estimated the year 2034 as the date of retirement. For comparison purposes only, it is not a forecast of the actual date of retirement.'

Income before retirement: €59.380

Retired income: €42.638

INPS 38,176 € | fund 4,462 €

Difference to be filled: €16.742

For the first year:

Are you ready to invest in your future?

Subscribe now to the investment proposal

### Customer Platform

Select goal

Define investment details

Ask your PFA

The screen titled 'What is your goal?' offers four options: 'JUST INVEST' (I want to achieve capital growth over the medium / long term, tolerating market fluctuations), 'PROTECT MY CAPITAL' (I want to protect my savings from inflation and maintain the real value of my capital over time), 'RECURRING INCOME' (I want to receive a regular revenue stream all year round with the opportunity to grow my investments), and 'SAVE FOR RETIREMENT' (I want to maintain my quality of life when I will retire, aiming for a long-term goal, even with periodic investments). A 'CONTINUE' button is at the bottom.

The screen asks 'How many years do you plan to invest for?' with a slider set to 1 YEAR. A note says 'The longer the better. You can exit your investment at anytime with no extra costs.' There is a 'CONTINUE' button.

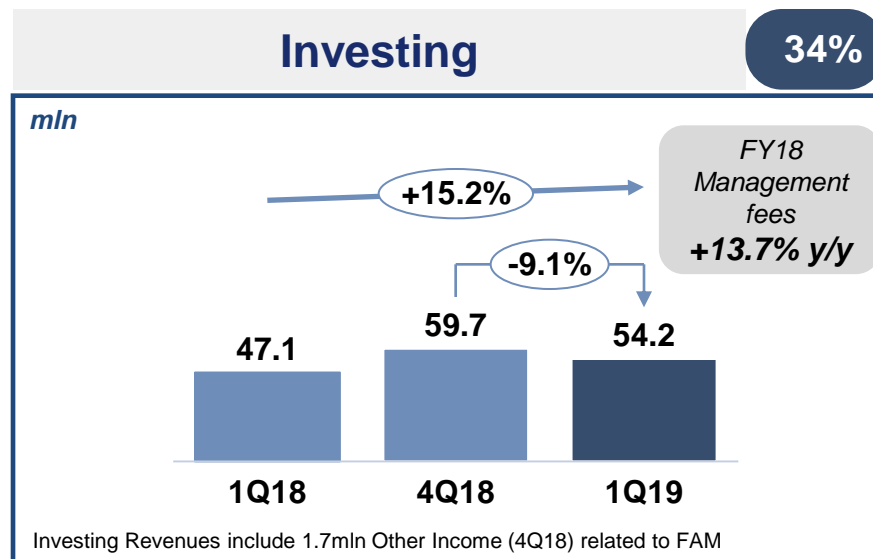
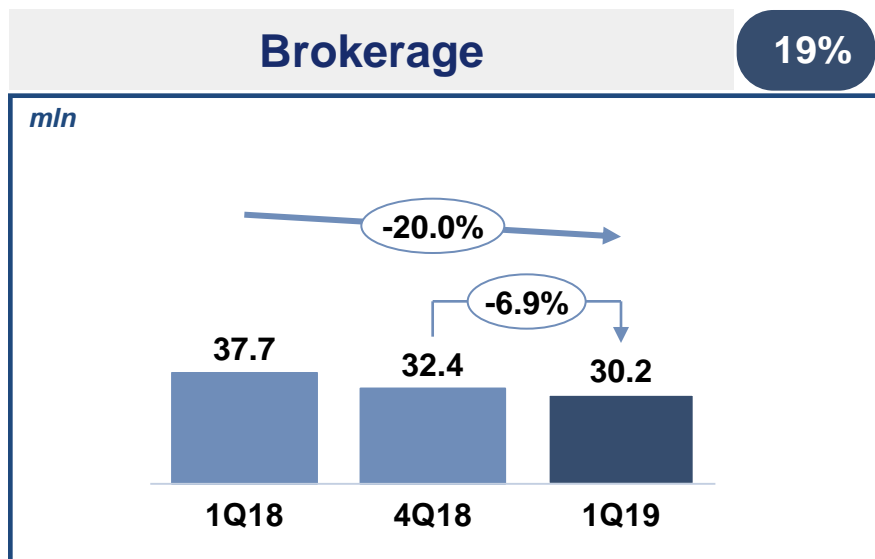
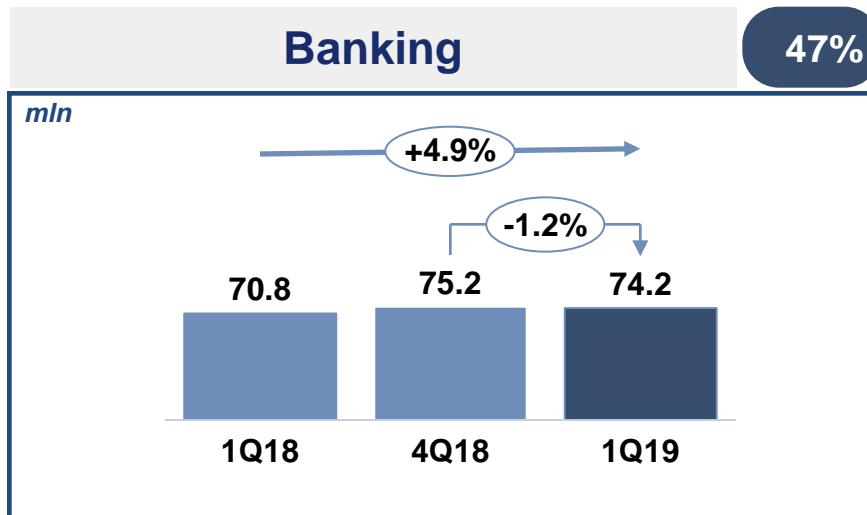
The screen asks 'Set your Risk / Reward balance' with a slider set to 1 'A LITTLE RISK IS ACCEPTABLE' (Moderately conservative). A note says 'You can come back and adjust your setting at anytime.' There is a 'CONTINUE' button.

# Agenda

- Fineco Results
- Key messages
- Developing opportunities and next step
- **Focus on product areas**

# Revenues by Product Area

Well diversified stream of revenues allow the bank to successfully face any market environment



1Q19 weight on total revenues for each product area

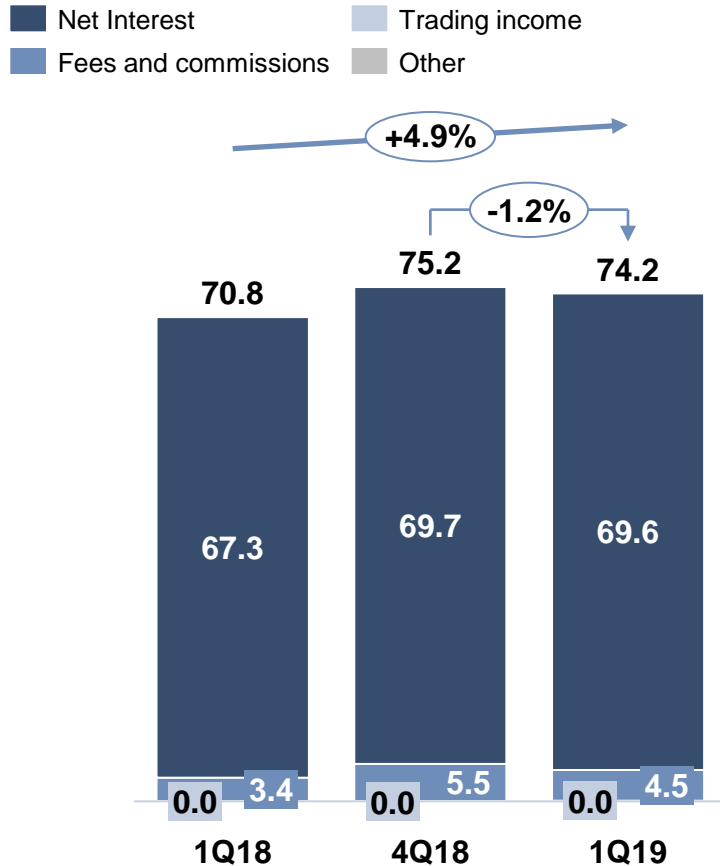
Managerial Data. Revenues attributable to single each product area, generated by products / services offered to customers according to the link between products and product area. Banking includes revenues generated by direct deposits and credit products. Investing includes revenues generated by asset under management products; Brokerage includes revenues from trading activity. 2018 Revenues recasted for trading profit related to Multicurrency (moved from Banking to Brokerage).

# Banking

Sound performance driven by strong volume growth and relentless clients' acquisition, thanks to high quality services and best-in-class customer satisfaction

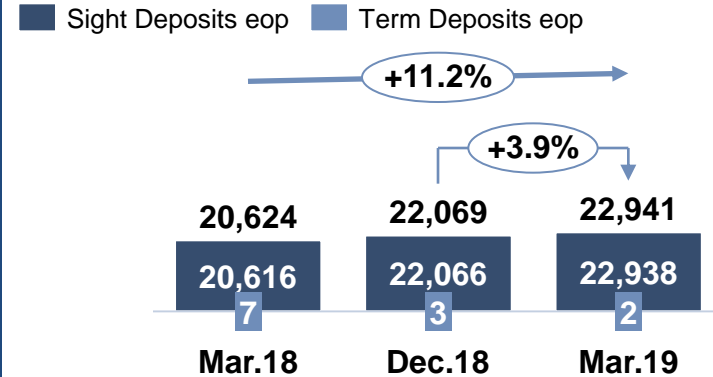
## Revenues

mln



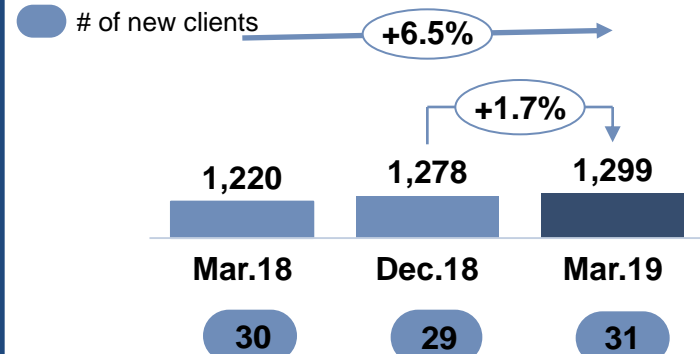
## Direct deposits

Eop, mln



## Clients and new clients

thd, #



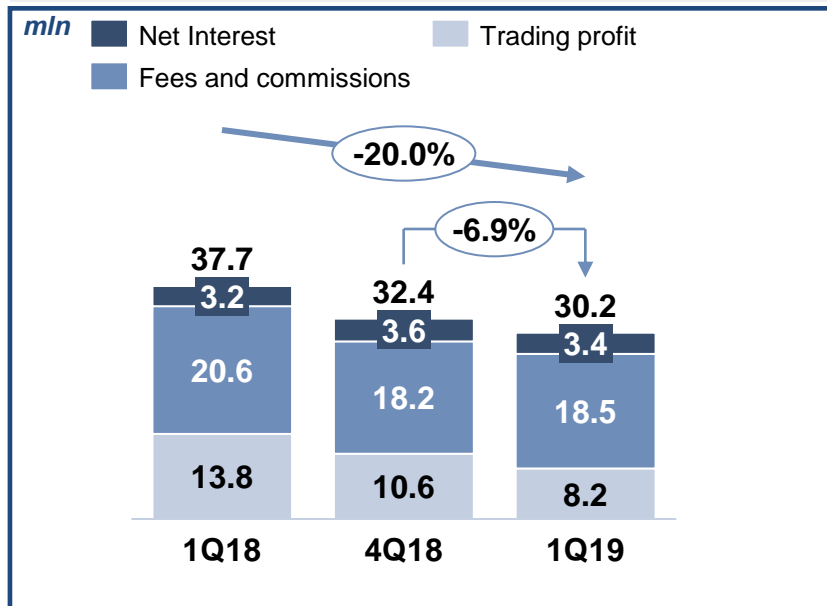
Managerial Data

2018 Revenues recasted for trading profit related to Multicurrency (moved from Banking to Brokerage).

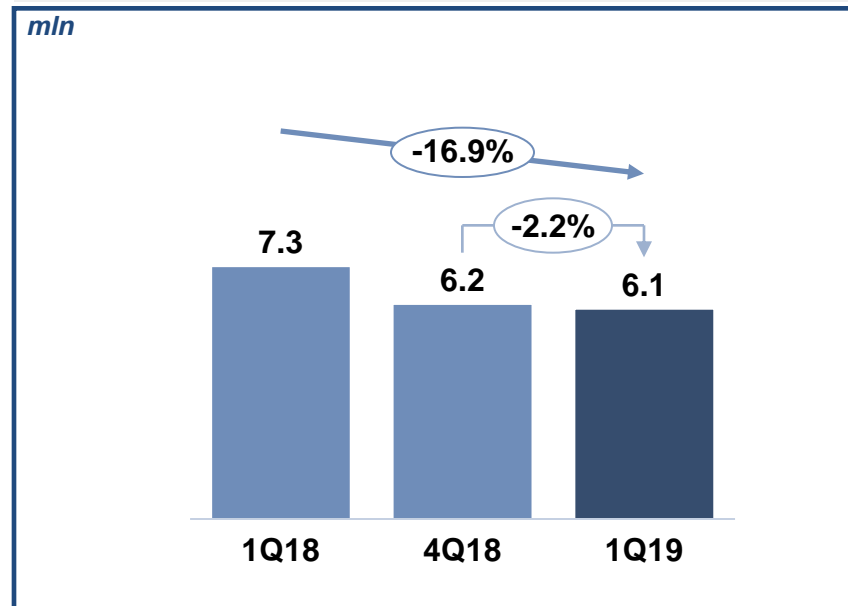
# Brokerage

1Q19 Brokerage performance affected by low volatility in the period.  
Continuous enlargement of product offer

## Revenues



## Executed orders



- **1Q19 affected by low volatility.** We are further diversifying our offer and continuously enlarging our products offer to well-balance the effect coming from new ESMA regulation, in place since July 2018
- **Structural improvement** thanks to larger base of clients/higher market share and the enlargement of the products offer
- **Continuously increasing market share** (i.e. market share on equity traded volumes in Italy at 24.75% in Dec.18<sup>(1)</sup>, +5.10p.p. vs Dec.17) confirming Fineco as leader in brokerage

Managerial Data

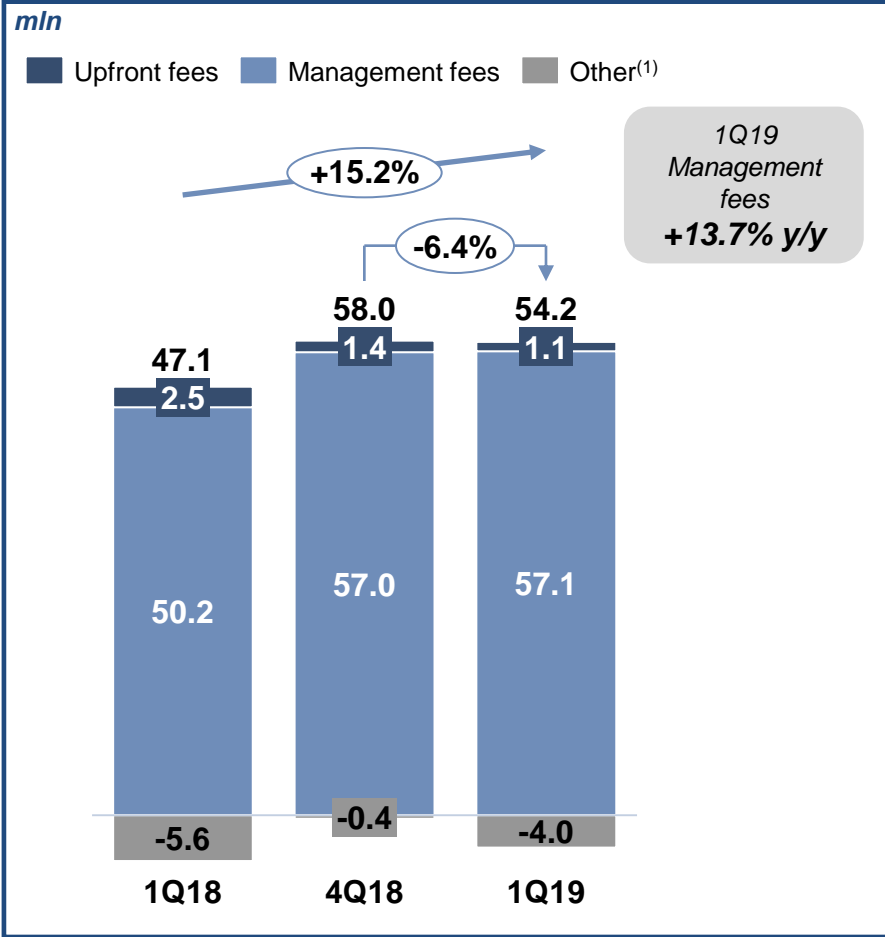
2018 Revenues recasted for trading profit related to Multicurrency (moved from Banking to Brokerage).



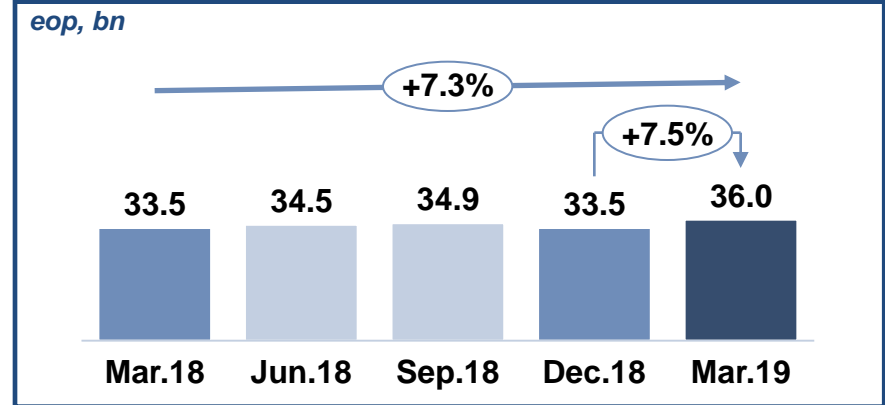
# Investing

Successful strategy based on our cyborg advisory approach drove a better asset mix and increasing fees y/y. Very limited upfront fees representing only 2% of investing fees

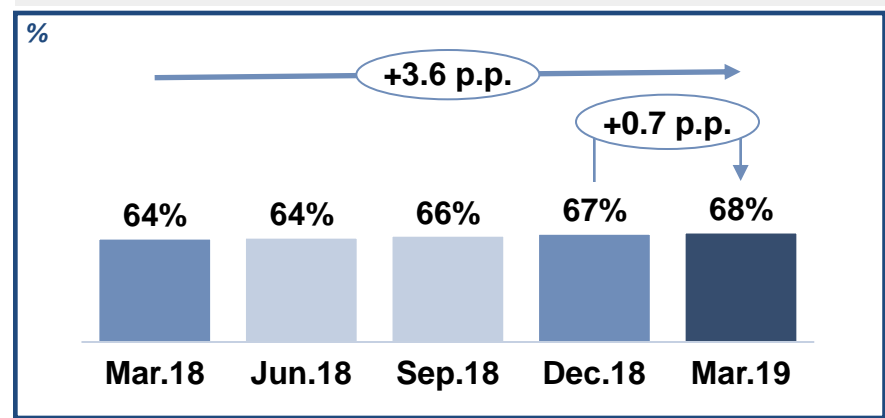
## Revenues (Net fees)



## Assets under Management



## Guided products on total AuM



Managerial Data

AuC and Deposits under advisory have been reclassified within AuM in order to have a better representation of the advisory nature of Advice and Plus services

<sup>(1)</sup> Mainly PFAs annual bonus and new 2018-2020 LTI to PFAs starting from 1Q18



<i>mln</i>	1Q18	2Q18	3Q18	4Q18	FY18	1Q19
Net interest income	68.9	68.7	69.9	71.1	278.7	70.4
Net commissions	71.5	74.5	72.7	81.8	300.4	77.4
Trading profit	14.5	13.1	10.7	5.9	44.2	9.8
Other expenses/income	0.5	0.1	-0.4	1.7	1.9	0.2
<b>Total revenues</b>	<b>155.4</b>	<b>156.4</b>	<b>153.0</b>	<b>160.4</b>	<b>625.3</b>	<b>157.7</b>
Staff expenses	-20.5	-21.0	-23.2	-21.9	-86.6	-21.7
Other admin.exp. net of recoveries	-40.8	-37.5	-34.1	-36.3	-148.7	-38.5
D&A	-2.3	-2.5	-2.5	-3.1	-10.4	-5.1
<b>Operating expenses</b>	<b>-63.6</b>	<b>-61.0</b>	<b>-59.7</b>	<b>-61.4</b>	<b>-245.8</b>	<b>-65.3</b>
<b>Gross operating profit</b>	<b>91.8</b>	<b>95.4</b>	<b>93.3</b>	<b>99.1</b>	<b>379.5</b>	<b>92.5</b>
Provisions	-1.8	-1.9	-15.9	-1.8	-21.4	-1.0
LLP	-1.3	0.2	-0.9	-2.3	-4.4	-1.3
Integration costs	0.0	0.0	0.0	-0.1	-0.1	0.0
Profit from investments	0.0	5.2	-0.9	-3.2	1.1	-0.7
<b>Profit before taxes</b>	<b>88.7</b>	<b>98.8</b>	<b>75.6</b>	<b>91.7</b>	<b>354.7</b>	<b>89.5</b>
Income taxes	-29.7	-32.6	-23.0	-28.2	-113.5	-27.3
<b>Net profit for the period</b>	<b>59.0</b>	<b>66.2</b>	<b>52.6</b>	<b>63.5</b>	<b>241.2</b>	<b>62.3</b>
<b>Normalised Net Income<sup>(1)</sup></b>	<b>59.0</b>	<b>66.2</b>	<b>53.6</b>	<b>65.6</b>	<b>244.4</b>	<b>62.6</b>

<b>Non recurring items (mln, gross)</b>	1Q18	2Q18	3Q18	4Q18	FY18	1Q19
<i>Extraord systemic charges (Trading Profit)<sup>(2)</sup></i>				-3.0	-3.0	-0.4
<i>Integration costs</i>				-0.1	-0.1	
<i>Severance</i>			-1.6		-1.6	
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>-1.6</b>	<b>-3.1</b>	<b>-4.8</b>	<b>-0.4</b>

<sup>(1)</sup> Net of non recurring items

<sup>(2)</sup> Voluntary Scheme valuation

## P&L net of non recurring items

<i>mln</i>	1Q18	2Q18	3Q18 Adj. <sup>(1)</sup>	4Q18 Adj. <sup>(1)</sup>	FY18 Adj. <sup>(1)</sup>	1Q19 Adj. <sup>(1)</sup>	1Q19/ 1Q18	1Q19/ 4Q18
Net interest income	68.9	68.7	69.9	71.1	278.7	70.4	2.1%	-1.0%
Net commissions	71.5	74.5	72.7	81.8	300.4	77.4	8.3%	-5.4%
Trading profit	14.5	13.1	10.7	8.9	47.3	10.2	-29.5%	14.8%
Other expenses/income	0.5	0.1	-0.4	1.7	1.9	0.2	-60.0%	n.s.
<b>Total revenues</b>	<b>155.4</b>	<b>156.4</b>	<b>153.0</b>	<b>163.5</b>	<b>628.3</b>	<b>158.2</b>	<b>1.8%</b>	<b>-3.2%</b>
Staff expenses	-20.5	-21.0	-21.6	-21.9	-85.0	-21.7	5.5%	-1.2%
Other admin.expenses	-40.8	-37.5	-34.1	-36.3	-148.7	-38.5	-5.6%	5.9%
D&A	-2.3	-2.5	-2.5	-3.1	-10.4	-5.1	119.9%	64.2%
<b>Operating expenses</b>	<b>-63.6</b>	<b>-61.0</b>	<b>-58.1</b>	<b>-61.4</b>	<b>-244.1</b>	<b>-65.3</b>	<b>2.6%</b>	<b>6.4%</b>
<b>Gross operating profit</b>	<b>91.8</b>	<b>95.4</b>	<b>94.9</b>	<b>102.1</b>	<b>384.2</b>	<b>92.9</b>	<b>1.2%</b>	<b>-9.0%</b>
Provisions	-1.8	-1.9	-15.9	-1.8	-21.4	-1.0	-44.7%	-44.9%
LLP	-1.3	0.2	-0.9	-2.3	-4.4	-1.3	-3.3%	-45.7%
Integration costs	0.0	0.0	0.0	0.0	0.0	0.0	25.9%	25.9%
Profit from investments	0.0	5.2	-0.9	-3.2	1.1	-0.7	n.s.	n.s.
<b>Profit before taxes</b>	<b>88.7</b>	<b>98.8</b>	<b>77.2</b>	<b>94.8</b>	<b>359.5</b>	<b>90.0</b>	<b>1.5%</b>	<b>-5.1%</b>
Income taxes	-29.7	-32.6	-23.5	-29.2	-115.1	-27.4	-7.7%	-6.2%
<b>Net profit adjusted <sup>1</sup></b>	<b>59.0</b>	<b>66.2</b>	<b>53.6</b>	<b>65.6</b>	<b>244.4</b>	<b>62.6</b>	<b>6.1%</b>	<b>-4.6%</b>

<sup>(1)</sup> Net of non recurring items (see page 43 for details)

# 1Q19 P&L FinecoBank and Fineco Asset Management

<i>mln</i>	Fineco Asset Management	FinecoBank Individual	FinecoBank Consolidated
Net interest income		70.4	70.4
Dividends		0.0	0.0
Net commissions	14.3	63.0	77.4
Trading profit	0.1	9.7	9.8
Other expenses/income	0.0	0.2	0.2
<b>Total revenues</b>	<b>14.4</b>	<b>143.3</b>	<b>157.7</b>
Staff expenses	-0.9	-20.8	-21.7
Other admin.exp. net of recoveries	-0.8	-37.7	-38.5
D&A	-0.1	-5.1	-5.1
<b>Operating expenses</b>	<b>-1.7</b>	<b>-63.6</b>	<b>-65.3</b>
<b>Gross operating profit</b>	<b>12.7</b>	<b>79.7</b>	<b>92.5</b>
Provisions		-1.0	-1.0
LLP		-1.3	-1.3
Integration costs		0.0	0.0
Profit on Investments		-0.7	-0.7
<b>Profit before taxes</b>	<b>12.7</b>	<b>76.8</b>	<b>89.5</b>
Income taxes	-1.6	-25.7	-27.3
<b>Net profit for the period</b>	<b>11.1</b>	<b>51.2</b>	<b>62.3</b>

## Details on Net Interest Income

<i>m/n</i>	1Q18	Volumes & Margins	2Q18	Volumes & Margins	3Q18	Volumes & Margins	4Q18	Volumes & Margins	FY18	Volumes & Margins	1Q19	Volumes & Margins
Financial Investments	56.9	18,449	57.5	18,887	57.1	18,817	57.7	19,133	229.2	18,822	57.1	19,748
<i>Net Margin</i>		1.25%		1.22%		1.20%		1.20%		1.22%		1.17%
<i>Gross margin</i>	58.6	1.29%	59.8	1.27%	59.3	1.25%	60.1	1.25%	237.8	1.26%	59.6	1.22%
Security Lending	0.2	804	0.2	726	0.2	753	0.4	743	1.1	756	0.6	836
<i>Net Margin</i>		0.11%		0.10%		0.12%		0.24%		0.14%		0.31%
Leverage - Long	2.7	182	2.7	181	3.0	196	3.0	150	11.5	178	2.7	129
<i>Net Margin</i>		6.06%		6.03%		6.11%		7.95%		6.47%		8.45%
Lending	9.2	1,854	9.5	2,080	9.9	2,316	10.3	2,472	38.8	2,180	10.5	2,611
<i>Net Margin</i>		2.01%		1.84%		1.69%		1.65%		1.78%		1.62%
o/w Current accounts	2.4	684	2.6	788	2.8	891	3.0	970	10.8	833	2.9	1,040
<i>Net Margin</i>		1.43%		1.33%		1.23%		1.21%		1.29%		1.14%
o/w Cards	1.2	240	1.2	232	1.2	252	1.2	251	4.8	244	1.2	245
<i>Net Margin</i>		2.00%		2.05%		1.93%		1.97%		1.99%		2.00%
o/w Personal loans	4.3	370	4.4	394	4.4	411	4.5	427	17.6	400	4.6	441
<i>Net Margin</i>		4.67%		4.45%		4.29%		4.18%		4.39%		4.20%
o/w Mortgages	1.3	560	1.4	666	1.4	763	1.6	824	5.7	703	1.8	886
<i>Net Margin</i>		0.96%		0.81%		0.75%		0.75%		0.81%		0.80%
Other <sup>(1)</sup>	-0.1		-1.2		-0.3		-0.3		-1.9		-0.5	
<b>Total</b>	<b>68.9</b>		<b>68.7</b>		<b>69.9</b>		<b>71.1</b>		<b>278.7</b>		<b>70.4</b>	
<i>Gross Margin</i>		<b>1.33%</b>		<b>1.31%</b>		<b>1.29%</b>		<b>1.29%</b>		<b>1.30%</b>		<b>1.26%</b>
<i>Cost of Deposits</i>		<b>-0.03%</b>		<b>-0.04%</b>		<b>-0.04%</b>		<b>-0.04%</b>		<b>-0.04%</b>		<b>-0.05%</b>

Volumes and margins: average of the period  
 Net margin calculated on real interest income and expenses

<sup>(1)</sup> Other includes mainly marketing costs

# UniCredit bonds underwritten

	ISIN	Currency	Amount (€ m)	Maturity	Indexation	Spread
1	IT0005010613	Euro	382.5	1-Apr-19	Euribor 1m	0.38%
2	IT0005010282	Euro	382.5	15-Jul-19	Euribor 1m	2.37%
3	IT0005010399	Euro	382.5	14-Oct-19	Euribor 1m	2.40%
4	IT0005010324	Euro	382.5	13-Jan-20	Euribor 1m	2.44%
5	IT0005010365	Euro	382.5	10-Apr-20	Euribor 1m	2.47%
6	IT0005010308	Euro	382.5	9-Jul-20	Euribor 1m	2.49%
7	IT0005010381	Euro	382.5	7-Oct-20	Euribor 1m	2.52%
8	IT0005010332	Euro	382.5	6-Jan-21	Euribor 1m	2.54%
9	IT0005010316	Euro	382.5	6-Apr-21	Euribor 1m	2.56%
10	IT0005010340	Euro	382.5	5-Jul-21	Euribor 1m	2.58%
11	IT0005010225	Euro	382.5	18-Oct-21	Euribor 1m	2.60%
12	IT0005010860	USD <sup>1</sup>	44.6	7-Apr-20	USD Libor 1m	2.66%
13	IT0005158503	USD <sup>1</sup>	44.6	23-Dec-22	USD Libor 1m	1.93%
14	IT0005040099	Euro	100.0	24-Jan-22	Euribor 1m	1.46%
15	IT0005057994	Euro	200.0	11-Apr-22	Euribor 1m	1.43%
16	IT0005083743	Euro	300.0	28-Jan-22	Euribor 1m	1.25%
17	IT0005106189	Euro	230.0	20-Apr-20	Euribor 1m	0.90%
18	IT0005114688	Euro	180.0	19-May-22	Euribor 1m	1.19%
19	IT0005120347	Euro	700.0	27-Jun-22	Euribor 1m	1.58%
20	IT0005144065	Euro	450.0	14-Nov-22	Euribor 3m <sup>2</sup>	1.40%
21	IT0005144073	Euro	350.0	15-Nov-21	Euribor 3m <sup>2</sup>	1.29%
22	IT0005158412	Euro	250.0	23-Dec-22	Euribor 3m <sup>2</sup>	1.47%
23	IT0005163180	Euro	600.0	11-Feb-23	Euribor 3m <sup>2</sup>	1.97%
24	IT0005175135	Euro	100.0	24-Mar-23	Euribor 3m <sup>2</sup>	1.58%
25	IT0005217606	Euro	350.0	11-Oct-23	Euribor 3m <sup>2</sup>	1.65%
26	IT0005241317	Euro	622.5	2-Feb-24	Euribor 3m <sup>2</sup>	1.52%
	<b>Total</b>	<b>Euro</b>	<b>8,640.0</b>		<b>Euribor 1m</b>	<b>1.92%</b>
		<b>USD<sup>1</sup></b>	<b>89.1</b>		<b>USD Libor 1m</b>	<b>2.30%</b>
	<b>Totale Eur e USD</b>		<b>8,729.1</b>			<b>1.92%</b>

<sup>1</sup> Amounts expressed at EUR/USD 1.1218 exchange rate (as of March 30<sup>th</sup>, 2019)

<sup>2</sup> In order to calculate an average spread on Eur1m, a basis swap of 0.08% is considered

## Details on Net Commissions

<i>mIn</i>	1Q18	2Q18	3Q18	4Q18	FY18	1Q19
<b>Brokerage</b>	<b>20.6</b>	<b>20.1</b>	<b>15.8</b>	<b>18.2</b>	<b>74.7</b>	<b>18.5</b>
o/w						
Equity	17.5	16.4	13.1	14.9	61.8	15.6
Bond	0.8	1.2	0.6	0.9	3.6	0.9
Derivatives	2.5	2.7	2.2	2.9	10.2	2.3
Other commissions <sup>(1)</sup>	-0.1	-0.2	-0.1	-0.5	-0.9	-0.2
<b>Investing</b>	<b>47.1</b>	<b>49.5</b>	<b>52.2</b>	<b>58.0</b>	<b>206.8</b>	<b>54.2</b>
o/w						
Placement fees	2.5	2.4	1.4	1.4	7.8	1.1
Management fees	50.2	53.9	54.9	57.0	216.0	57.1
to PFA's: incentives	-4.8	-5.8	-3.1	-0.4	-14.1	-3.0
to PFA's: LTI	-0.9	-1.1	-1.0	0.0	-2.9	-1.0
<b>Banking</b>	<b>3.4</b>	<b>4.7</b>	<b>4.5</b>	<b>5.5</b>	<b>18.1</b>	<b>4.5</b>
<b>Other</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>	<b>0.9</b>	<b>0.1</b>
<b>Total</b>	<b>71.5</b>	<b>74.5</b>	<b>72.7</b>	<b>81.8</b>	<b>300.4</b>	<b>77.4</b>

<sup>(1)</sup> Other commissions include security lending and other PFA commissions related to AuC



## Revenues breakdown by Product Area

<i>mln</i>	1Q18	2Q18	3Q18	4Q18	FY18	1Q19
Net interest income	67.3	68.4	68.5	69.7	273.8	69.6
Net commissions	3.4	4.7	4.5	5.5	18.1	4.5
Trading profit	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.2	0.1	0.0	0.4	0.1
<b>Total Banking</b>	<b>70.8</b>	<b>73.3</b>	<b>73.0</b>	<b>75.2</b>	<b>292.3</b>	<b>74.2</b>
Net interest income	0.0	0.0	0.0	0.0	0.0	0.0
Net commissions	47.1	49.5	52.2	58.0	206.8	54.2
Trading profit	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	1.7	1.7	0.0
<b>Total Investing</b>	<b>47.1</b>	<b>49.5</b>	<b>52.2</b>	<b>59.7</b>	<b>208.5</b>	<b>54.2</b>
Net interest income	3.2	3.2	3.4	3.6	13.4	3.4
Net commissions	20.6	20.1	15.8	18.2	74.7	18.5
Trading profit	13.8	12.2	8.2	10.6	44.8	8.2
Other	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Brokerage</b>	<b>37.7</b>	<b>35.4</b>	<b>27.4</b>	<b>32.4</b>	<b>132.9</b>	<b>30.2</b>

## IFRS 9 P&L impacts

<i>mln</i>	1Q18	2Q18	3Q18	4Q18	FY18	1Q19
Trading Profit	0.6	0.9	0.9	-3.8	-1.4	0.8
<i>Visa</i>	0.6	0.9	0.9	-0.7	1.6	1.2
<i>Voluntary Scheme</i>	0.0	0.0	0.0	-3.0	-3.0	-0.4
Loan Loss Provisions	-0.4	2.4	-0.4	-0.6	1.0	-1.0
Profit on Investments	0.0	5.3	-0.9	-3.1	1.3	-0.7
<i>Govies</i>	-0.2	-0.2	-0.1	-0.8	-1.3	0.2
<i>UC Bonds</i>	0.2	5.5	-0.8	-2.3	2.6	-0.8
<b>Total impacts from IFRS 9</b>	<b>0.2</b>	<b>8.6</b>	<b>-0.4</b>	<b>-7.5</b>	<b>0.8</b>	<b>-0.9</b>

Accounting standard IFRS 9, starting from January 1<sup>st</sup>, 2018, introduced a new impairment accounting model for credit exposures and resulted in an extension of the Bank's scope of recognition.

In detail, P&L IFRS 9 impacted:

- Trading Profit: impacts from VISA and Voluntary Scheme valuation
- Loan Loss Provisions: impacts from deposits with UniCredit
- Profit on Investments: valuation on UniCredit Bonds and Government Bonds

## IFRS 16 impacts

<i>mln</i>	1Q18	2Q18	3Q18	4Q18	FY18	1Q19
Net interest Income						-0.2
Other Administrative Expenses	-3.1	-3.1	-3.1	-3.4	-12.7	
<i>Leasing Reggio Emilia offices and financial shops</i>	-2.3	-2.3	-2.3	-2.4	-9.4	
<i>Leasing Milano headquarter</i>	-0.8	-0.8	-0.8	-0.9	-3.3	
Write-down/backes and depreciation						-2.2
<i>Leasing Reggio Emilia offices and financial shops</i>						-2.2

Accounting standard IFRS 16, starting from January 1st, 2019, replaced the previous set of international accounting principles and interpretations on leasing and in particular IAS17, so comparison with 2018 is not significant.

In detail, P&L IFRS 16 impacted:

- **Net Interest Income:** the application of the new accounting standard envisages an impact on NII of -0.2mln following the discounting of the liabilities linked to leasing
- **Write-down/backes and depreciation:** rents previously accounted in Other Administrative Expenses, following the application of the new accounting standards are now booked in Write-down/backes and Depreciation

## Breakdown Total Financial Assets

<i>mIn</i>	Mar.18	Jun.18	Sep.18	Dec.18	Mar.19
<b>AUM</b>	<b>33,536</b>	<b>34,496</b>	<b>34,930</b>	<b>33,485</b>	<b>35,988</b>
o/w Funds and Sicav	26,666	26,809	26,795	24,853	26,361
o/w Insurance	6,395	7,043	7,355	7,618	8,401
o/w GPM	1	1	1	1	1
o/w AuC + deposits under advisory	475	643	779	1,012	1,225
<i>o/w in Advice</i>	475	477	494	535	572
<i>o/w in Plus</i>	0	166	285	477	653
<b>AUC</b>	<b>13,890</b>	<b>14,366</b>	<b>14,395</b>	<b>13,779</b>	<b>15,187</b>
o/w Equity	8,573	8,736	8,846	8,007	9,137
o/w Bond	5,298	5,613	5,534	5,759	6,037
o/w Other	20	18	15	13	13
<b>Direct Deposits</b>	<b>20,624</b>	<b>20,968</b>	<b>21,536</b>	<b>22,069</b>	<b>22,941</b>
o/w Sight	20,616	20,962	21,532	22,066	22,938
o/w Term	7	6	4	3	2
<b>Total</b>	<b>68,050</b>	<b>69,830</b>	<b>70,861</b>	<b>69,333</b>	<b>74,116</b>
<i>o/w Guided Products &amp; Services</i>	<b>21,425</b>	<b>22,199</b>	<b>22,879</b>	<b>22,370</b>	<b>24,301</b>
<i>o/w TFA Private Banking</i>	<b>26,109</b>	<b>26,992</b>	<b>27,474</b>	<b>25,830</b>	<b>29,041</b>

AuC and Deposits under advisory have been reclassified within AuM in order to have a better representation of the advisory nature of Advice and Plus services

## Balance Sheet

<i>mln</i>	Mar.18	Jun.18	Sep.18	Dec.18	1st Jan.19	Mar.19
Due from Banks	3,488	3,224	3,398	3,059	3,059	3,807
Customer Loans	2,318	2,633	2,736	2,955	2,955	3,029
Financial Assets	17,106	17,199	17,678	18,238	18,238	19,012
Tangible and Intangible Assets	112	112	112	115	180	243
Derivatives	0	3	0	8	8	29
Other Assets	211	254	259	357	357	259
<b>Total Assets</b>	<b>23,235</b>	<b>23,425</b>	<b>24,183</b>	<b>24,733</b>	<b>24,797</b>	<b>26,380</b>
Customer Deposits	20,916	21,197	21,827	22,273	22,333	23,311
Due to Banks	960	908	1,000	1,010	1,014	1,605
Derivatives	0	2	0	8	8	32
Funds and other Liabilities	367	445	452	466	466	393
Equity	992	874	904	976	976	1,040
<b>Total Liabilities and Equity</b>	<b>23,235</b>	<b>23,425</b>	<b>24,183</b>	<b>24,733</b>	<b>24,797</b>	<b>26,380</b>

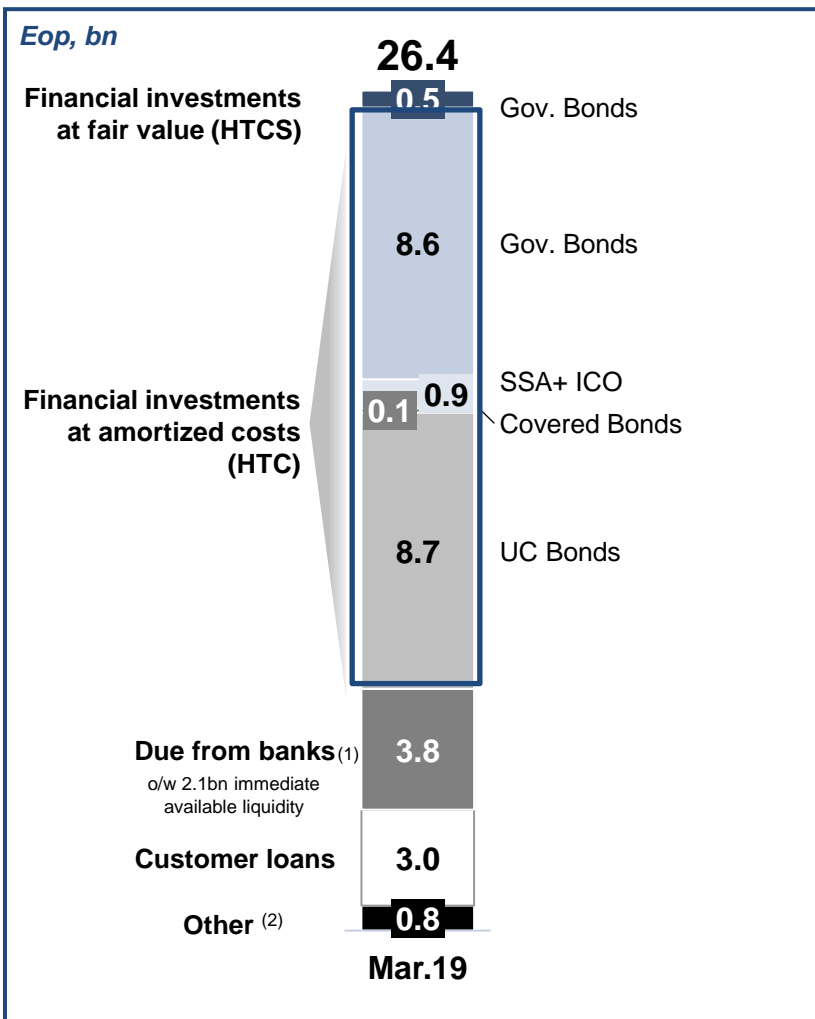
IFRS16: the Bank decided to not disclose comparative data from previous periods, as allowed by new accounting standards.

No effect was recorded in net equity on the date of first application. This is because for the purposes of FTA, 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 (31st December, 2018).

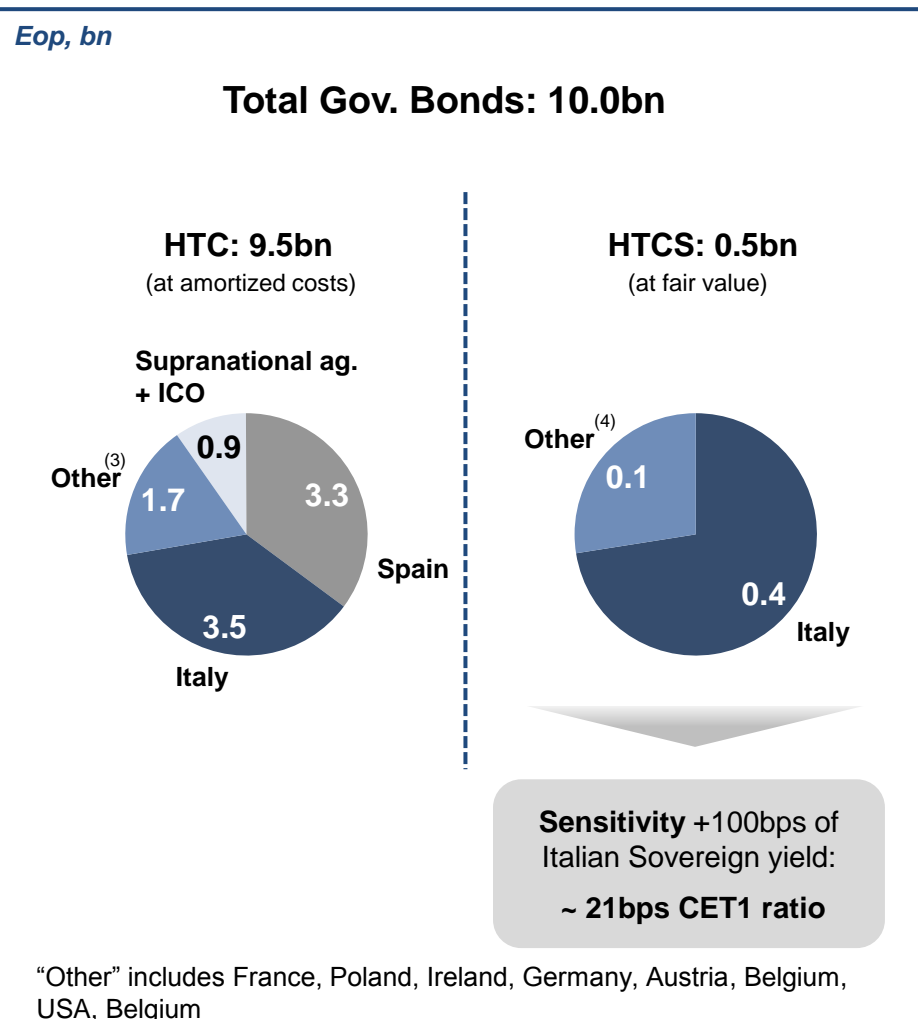
# Total assets: 98% not exposed to volatility

Out of 26.4bn, only 0.5bn of Assets valued at fair value with limited impacts on Equity reserve

## Total Assets



## o/w Government bonds by geography



<sup>(1)</sup> Due from banks includes 2.1bn current accounts (immediate available liquidity), 1.7bn term deposits

<sup>(2)</sup> Other refers to tangible and intangible assets, derivatives and other assets

<sup>(3)</sup> Other HTC: 384.0mln France, 337.9mln Ireland, 305.3mln Belgium, 305.0mln Austria, 258.0mln Germany, 118.0mln Poland

<sup>(4)</sup> Other HTCS: 69.3mln US, 41.1mln Ireland, 36.3mln France

# Main Financial Ratios

	Mar.18	Jun.18	Sep.18	Dec.18	Mar.19
<b>PFA TFA/ PFA (mln) <sup>(1)</sup></b>	<b>22.5</b>	<b>23.0</b>	<b>23.4</b>	<b>23.2</b>	<b>25.0</b>
<b>Guided Products / TFA <sup>(2)</sup></b>	<b>31%</b>	<b>32%</b>	<b>32%</b>	<b>32%</b>	<b>33%</b>
<b>Cost / income Ratio <sup>(3)</sup></b>	<b>41.0%</b>	<b>40.0%</b>	<b>39.3%</b>	<b>38.9%</b>	<b>41.3%</b>
<b>CET 1 Ratio</b>	<b>20.2%</b>	<b>20.7%</b>	<b>20.5%</b>	<b>21.2%</b>	<b>21.0%</b>
<b>Adjusted RoE <sup>(4)</sup></b>	<b>35.1%</b>	<b>37.0%</b>	<b>35.2%</b>	<b>35.7%</b>	<b>30.8%</b>
<b>Leverage Ratio <sup>(5)</sup></b>	<b>7.15%</b>	<b>6.51%</b>	<b>6.00%</b>	<b>5.55%</b>	<b>5.11%</b>

<sup>(1)</sup> PFA TFA/PFA: calculated as end of period Total Financial Assets related to the network divided by number of PFAs eop

<sup>(2)</sup> Calculated as Guided Products eop divided by Total Financial Assets eop

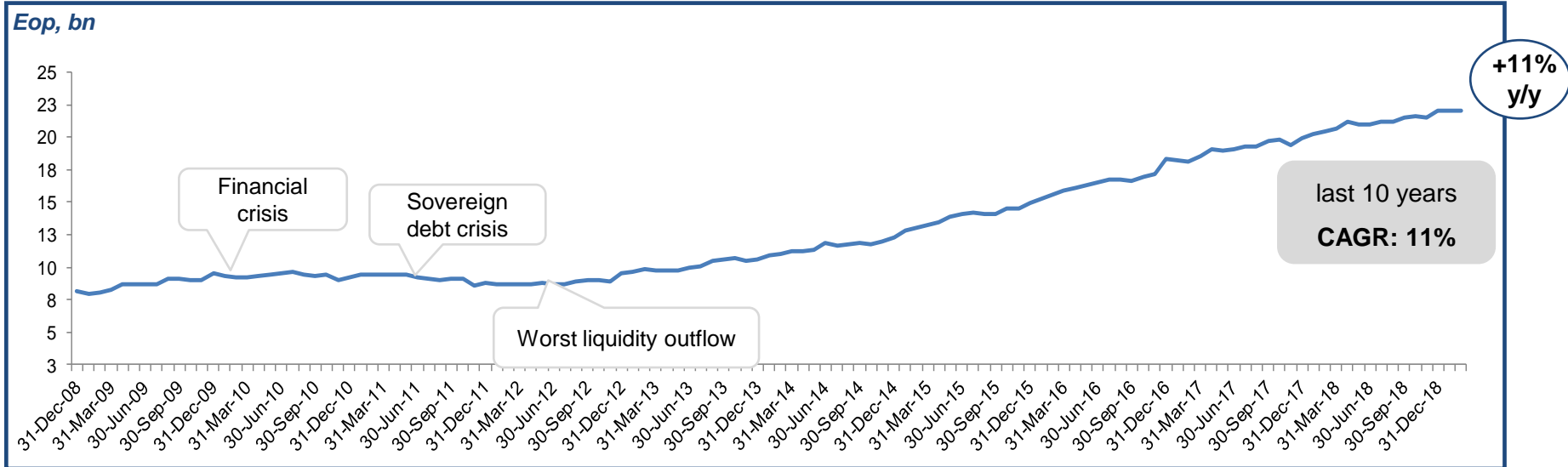
<sup>(3)</sup> C/I ratio net of non recurring items (see page 43) calculated as Operating Costs divided by Revenues net of non recurring items

<sup>(4)</sup> RoE: Net Profit, net of non recurring items (see page 43) divided by the average book shareholders' equity for the period (excluding dividends expected to be distributed and the revaluation reserves)

<sup>(5)</sup> Leverage ratio based on CRR definition, according to the EC Delegated Act 2015/62 regarding the exclusion of intra-group exposure

# High-value deposit base confirms strong resilience over time

## Sight deposits growth



- ✓ **Double-digit deposit growth** throughout the last 10 years (+11% CAGR), with no impacts from 2008 financial crisis and 2011 sovereign debt crisis
- ✓ **Strong resilience during periods of stress/crisis:** 912mln worst liquidity outflow on April 10<sup>th</sup>, 2012
- ✓ **High-value deposit base:** most of our deposits is transactional liquidity. Customer rate: zero; cost of funding: 4bps
- ✓ **83% of total sight deposits: core liquidity<sup>(1)</sup> in a stressed scenario** according to clients' behavioral model
- ✓ **Structural trends** in place in Italy combined with **best in class banking platform and high-quality services** will continue to support our deposit growth



# Headquarters acquisition - details

## Deal

- January 31<sup>st</sup> 2019: **completed the headquarters acquisition** in Milan from Immobiliare Stampa S.C.p.A. (controlled by Banca Popolare di Vicenza S.p.A. in compulsory winding up)
- Price of the deal: **€62mln**
- **Rationales:** favourable conditions of the deal, expected running cost savings and limited additional impacts on capital ratios, given the introduction of new IFRS 16 accounting standard (leasing) in place since January 2019

## Main P&L impacts

Annual rent savings

+

Amortizing costs on acquisition (in 33 yrs)

=

Yearly saving costs equal to **~€2.5mln**

## Capital ratios impacts

- With the **new IFRS 16**, leasing value impacts RWA and capital ratios
- Additional expected impact (building acquisition versus recognition of leasing value): **-34bps on CET1 ratio**, absolutely manageable considering our rock-solid capital position

# Additional Tier 1

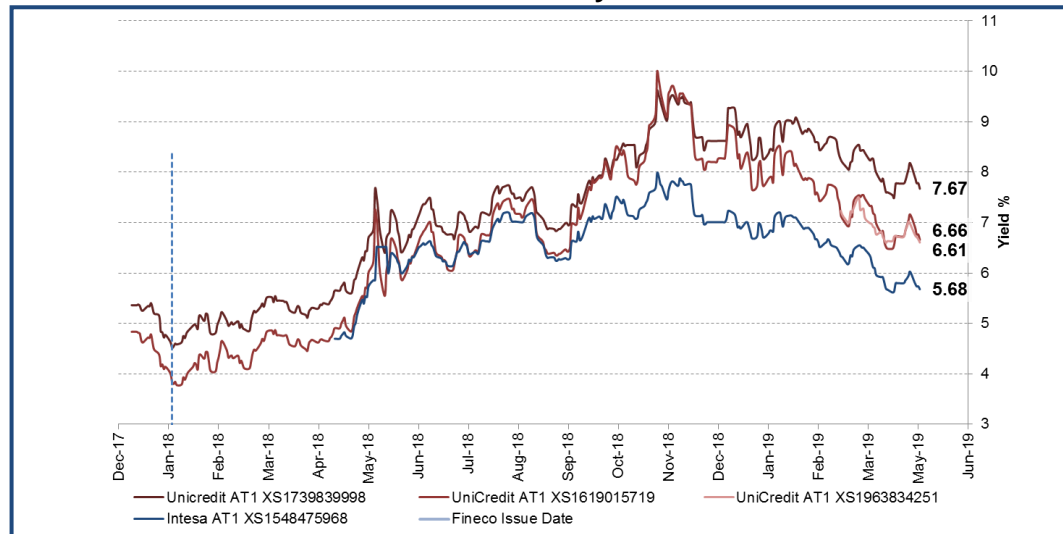
## Details

- Given current favorable market conditions and spread levels, on 23rd January, 2018 the Bank issued a **€200mIn** perpetual AT1
- Coupon fixed at **4.82%** for the initial **5.5 years**
- **Intra-group private placement**, fully subscribed by UniCredit SpA
- **Semi-annual coupon**: 5.9mIn net of taxes in 2018
- Net coupon will impact directly Equity reserves (~6.5mIn net of taxes per year)

## Benefits

- **Sustain a more diversified investment strategy** through the non-renewal of UC Bonds run-offs and the progressive increase of European Govies
- **Leverage Ratio evolution in a comfortable zone**, even by further diversifying the investment portfolio
- **Several benefits** came from intra-group private placement, both in terms of effective costs savings and faster issuance process, allowing the Bank to maximize the benefits of the deal

UniCredit and Intesa AT1 yield at first call date



# Cooperative Compliance Scheme:

FinecoBank admitted in the Cooperative Compliance Scheme with the Revenue Agency



In July 2017, **FinecoBank** has been admitted to the **Cooperative Compliance Scheme**<sup>(1)</sup>, which allows the Bank to take part to a register of taxpayers (published on the Revenue Agency's official website) **operating in full transparency with the Italian tax Authorities**. This is a fundamental milestone for our Bank

Until now, **only few companies** have been admitted in Italy, of which among Banks: Fineco, UniCredit, and BPER

## Key requirements to be admitted:

- ✓ **subjective and objective requirements** (resident legal entities with specific sizing thresholds)
- ✓ **effective system in place for identifying, measuring, managing and controlling tax risk** in line with the "essential" requirements of the *Tax Control Framework* envisaged by law, Revenue Agency ordinances and by the OECD documents published on the subject

## Several advantages:

- ✓ closer relationship of **trust and cooperation** with the Revenue Agency
- ✓ **Increase of the level of certainty on significant tax issues** under conditions of full transparency
- ✓ **agreed and preventive risk assessment** of situations likely to generate tax risks
- ✓ **fast track ruling**