



B A N K

# FY19 Results

**Alessandro Foti, CEO and General Manager**




**Milan, February 11<sup>th</sup> 2019**

FINECO. SIMPLIFYING BANKING.

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## **Fineco Results**

-  Next steps and developing opportunities
-  Key messages
-  Focus on product areas

# Executive Summary

## Double digit net profit growth

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- **2019 Net profit at 288.4mln, +20% y/y.** This result benefits from the fiscal benefit coming from the **Patent box** (estimated at around 22mln). **Adj. Net profit<sup>(1)</sup> at 268.8mln, +10% y/y** confirming the **sustainability of a business model able to deliver consistent results in every market condition**
- **Growing revenues<sup>(1)</sup> at 658mln, +5% y/y** supported by all business areas: Investing, +10% y/y, with management fees up +12% y/y, and Banking area (+2% y/y) thanks to high quality volume growth in deposits and lending. Revamped Brokerage (+15% 2H19/1H19) thanks to an in-depth review of our product offer after the change in the market structure due to lower volatility and increased regulation
- **Operating Costs well under control at -250mln, +2% y/y. C/I ratio at 37.9%, -0.9 p.p. y/y,** confirming **operating leverage as a key strength of the Bank**

## Strong and safe capital position

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- **CET1 ratio at 18.12%** and TCR at 33.67%, with a proposal of 32.0 €/cents dividend per share (+5.6% y/y)

## Robust commercial activity

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- **2019 Net sales at 5.8bn, TFA at 81.4bn** with penetration of **Guided products on Assets under Management at 71%**
- **Fineco Asset Management recorded its best quarter in terms of retail total net sales**

## Delivering on our industrial measures

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- **Banking:** initiatives to further improving our client base and slowing down the growth of our Balance Sheet
- **Investing:** further push to move customers' liquidity in Asset under Management, leveraging on product innovation, FAM and the new platform
- **Brokerage:** revamped results after a completely redesigned product offer

The logo for FINECO, consisting of the word "FINECO" in a bold, blue, sans-serif font, enclosed within a rounded rectangular border.

<sup>4</sup>(<sup>1</sup>) FY19 non recurring items: Voluntary Scheme: -3.0mln gross, -2.0mln net. Patent Box estimate: 21.6mln in 4Q19. FY18 non recurring items: Voluntary Scheme: -3.0mln gross, -2.0mln net in 4Q19; Staff expenses -1.6mln gross, -1.1mln net in 3Q19; Integration costs release: -0.1mln gross, -0.1mln net.

# Results

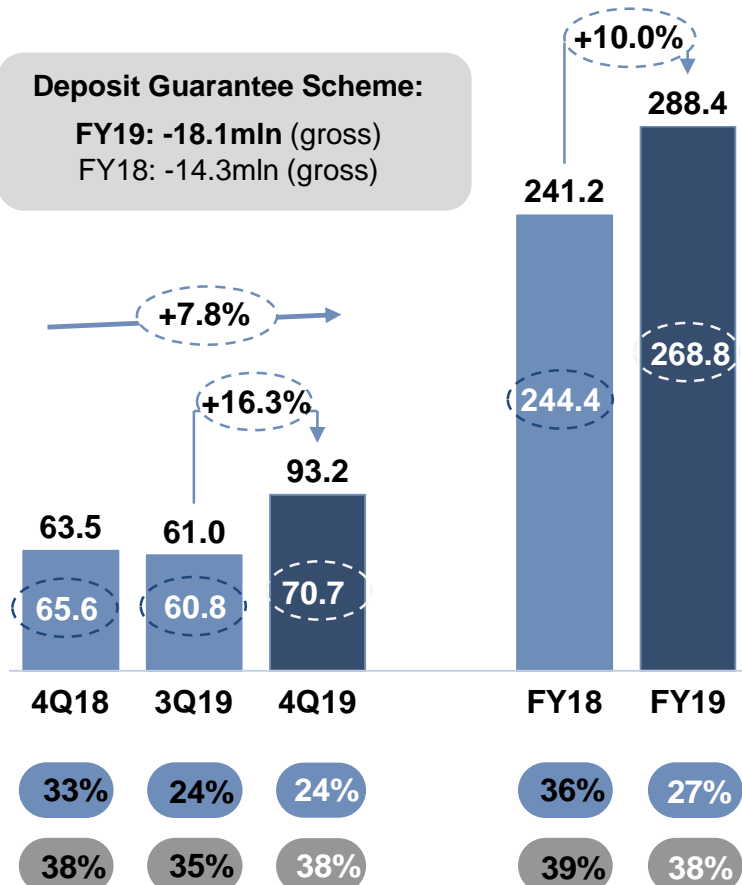
Adj. Net Profit at 268.8mln, +10.0% y/y, boosted by diversified revenues growth. C/I ratio at 37.9%, down ~0.9 p.p. y/y confirming our strong operating leverage

## Net Profit, mln

○ excluding non recurring items <sup>(1)</sup>  
 ● Adj. RoE <sup>(2)</sup> ● Adj. Cost/Income <sup>(2)</sup>

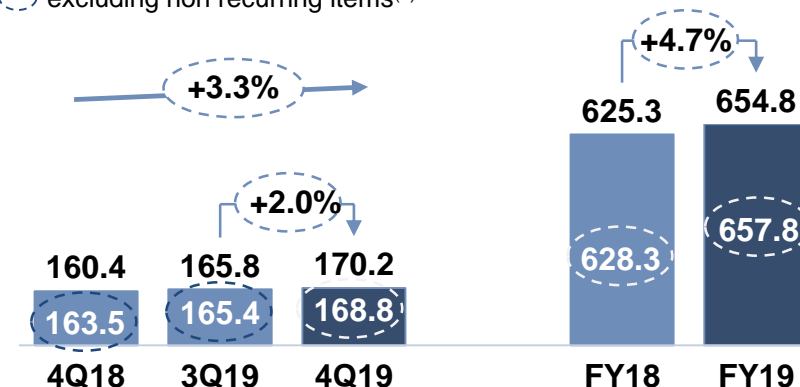
### Deposit Guarantee Scheme:

FY19: -18.1mln (gross)  
 FY18: -14.3mln (gross)



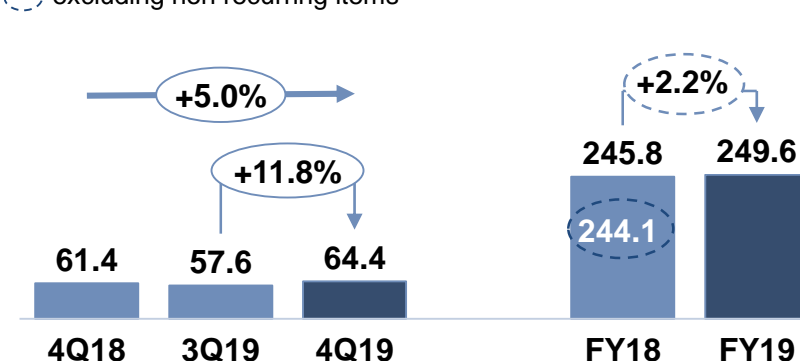
## Revenues, mln

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



## Operating Costs, mln

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



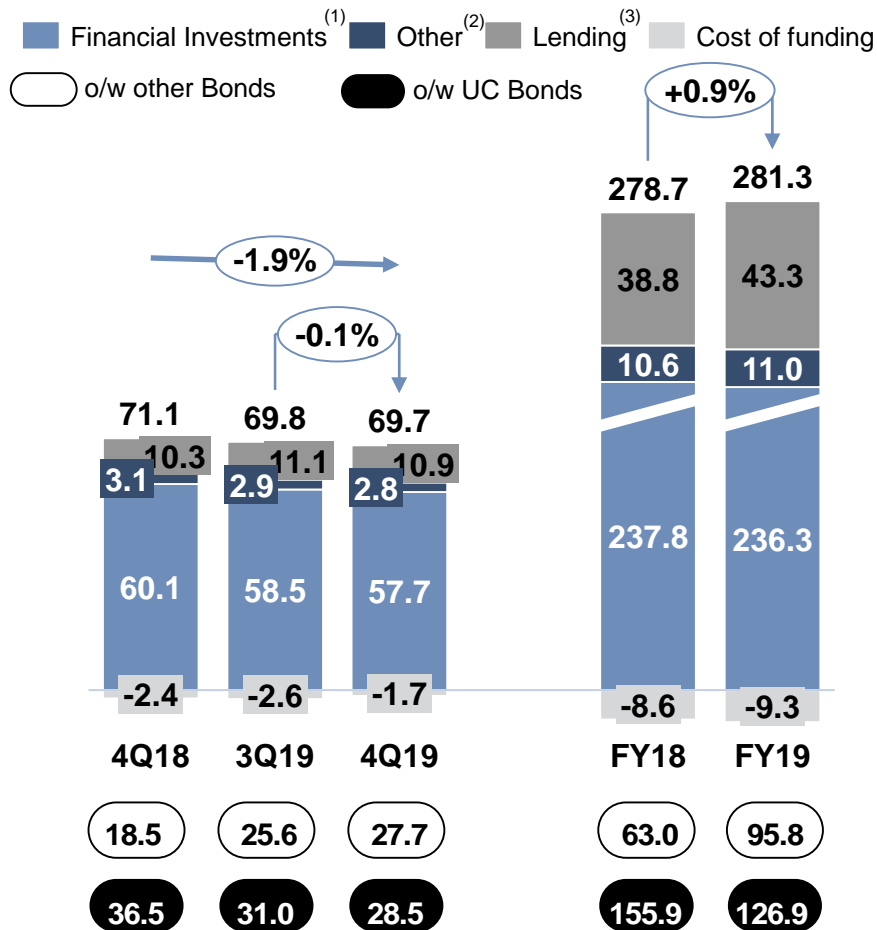
<sup>(1)</sup> FY19 non recurring items: Voluntary Scheme: -3.0mln gross, -2.0mln net (1Q19: -0.4mln gross, -0.3mln net; 2Q19: -4.3mln gross, -2.9mln net; 3Q19: +0.4mln gross, +0.3mln net; 4Q19: +1.4mln gross, +0.9mln net); Patent Box estimate: 21.6mln in 4Q19. FY18 non recurring items: Voluntary Scheme: -3.0mln gross, -2.0mln net in 4Q19; Staff expenses -1.6mln gross, -1.1mln net in 3Q19; Integration costs release: -0.1mln gross, -0.1mln net.

<sup>(2)</sup> Adj. Cost/Income and Adj. RoE calculated net of non recurring items

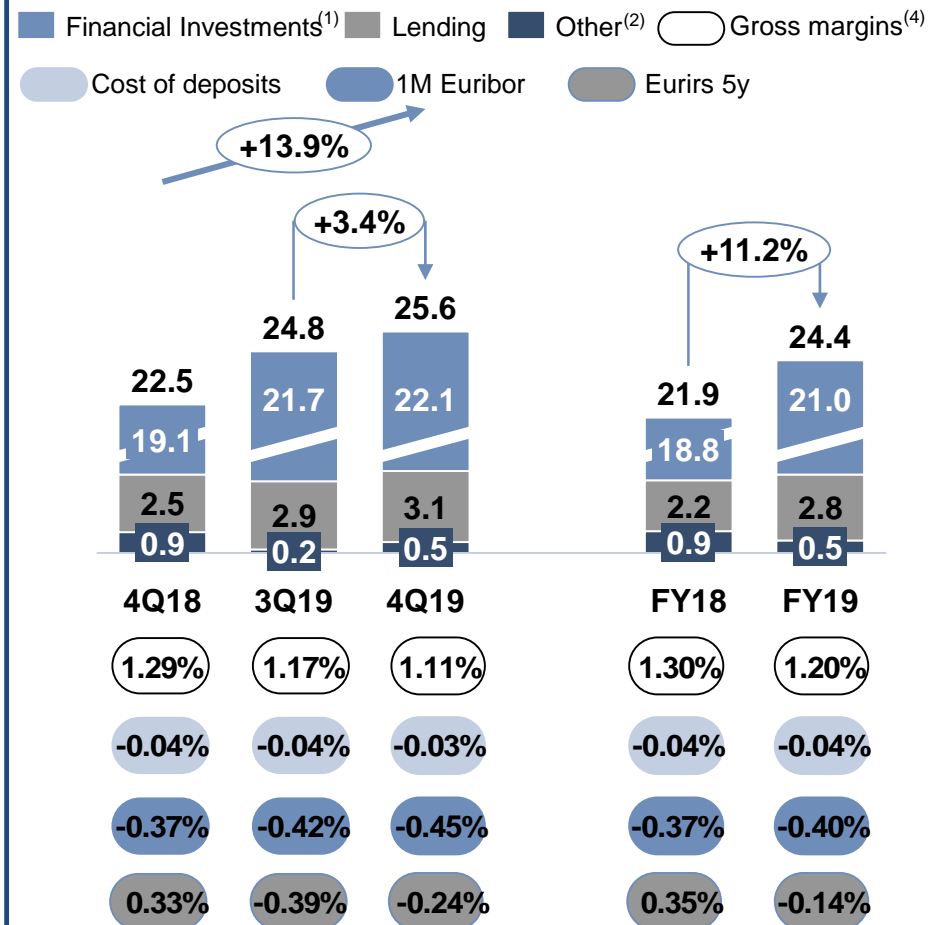
# Net interest income (1/2)

Solid NII, +0.9% y/y thanks to valuable and sticky sight deposits coupled with high-quality lending portfolio. Increasing diversification in financial investments

## Net Interest Income, mln



## Interest-earning assets, avg bn



(1) Financial investments include interest income coming from the reinvestments of deposits (both sight and term) in: Government bonds, UC bonds, Covered bonds, Supranational and Agencies 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

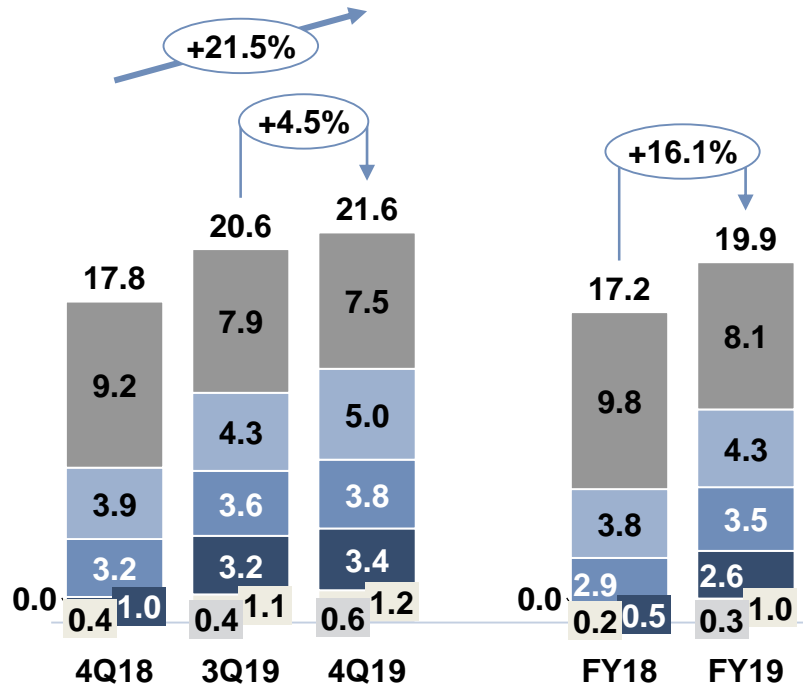
# Net interest income (2/2)

Further improvements for a diversified asset side.

Sensitivity analysis +100bps / -100bps parallel shift: +129mln NII / -119mln NII

## Bond Portfolio, avg bn

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



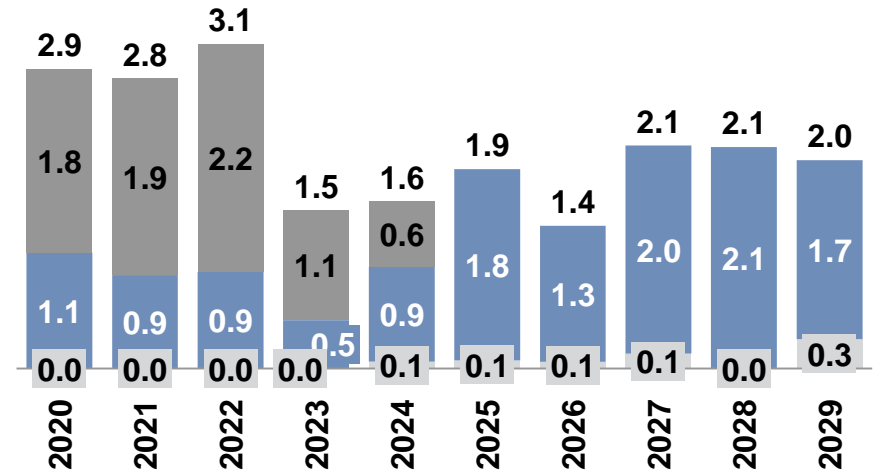
**Avg Bond portfolio FY19 (excl. UC Bonds):**

**11.8bn, +59.7% y/y, +10.4% q/q**

**70% <sup>(3)</sup> at fixed rate, avg yield: 86bps**

## UC bonds and Govies run-offs, eop bn

■ UC Bonds    ■ Govies & SSA    ■ Covered Bonds



227    234    145    188    157    UC Bonds avg spread vs Eur1M, bps

**Residual maturity total portfolio: 4.6 yrs**

*o/w UC Bonds: 2.0 yrs*

*o/w Govies: 6.0 yrs*

<sup>(1)</sup> Sovereign Supranational & Agencies

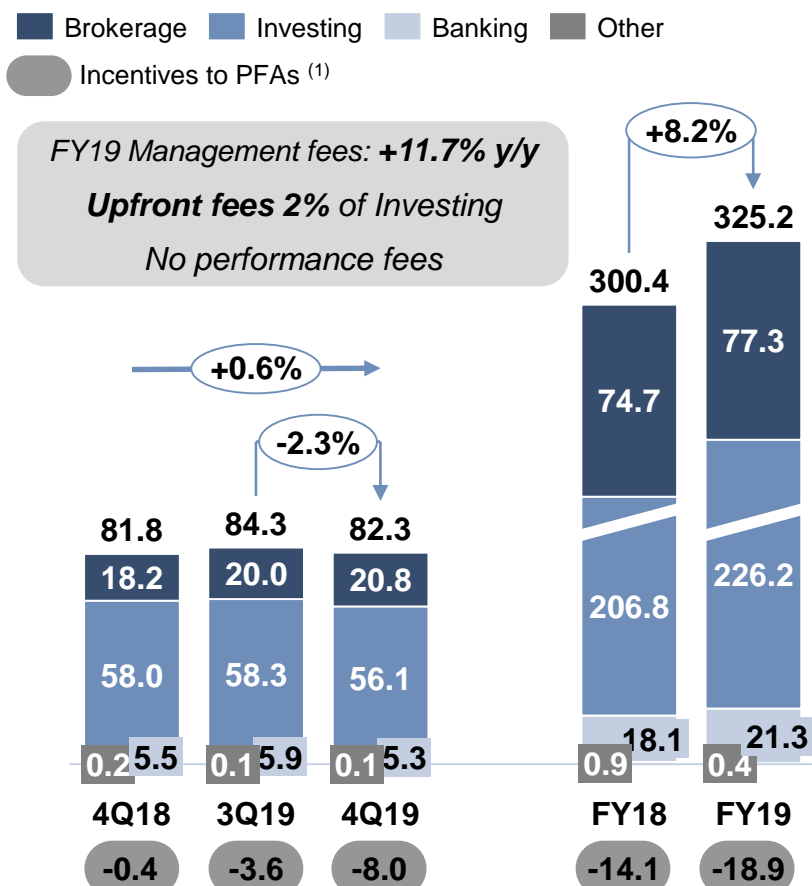
<sup>(2)</sup> Other includes: 0.6bn France, 0.6bn Ireland, 0.4bn Austria, 0.4bn Belgium, 0.3bn Germany, 0.3bn USA, 0.1bn Portugal, 0.1bn Poland in avg FY19

<sup>(3)</sup> Calculated on nominal value as of Dec.31st, 2019

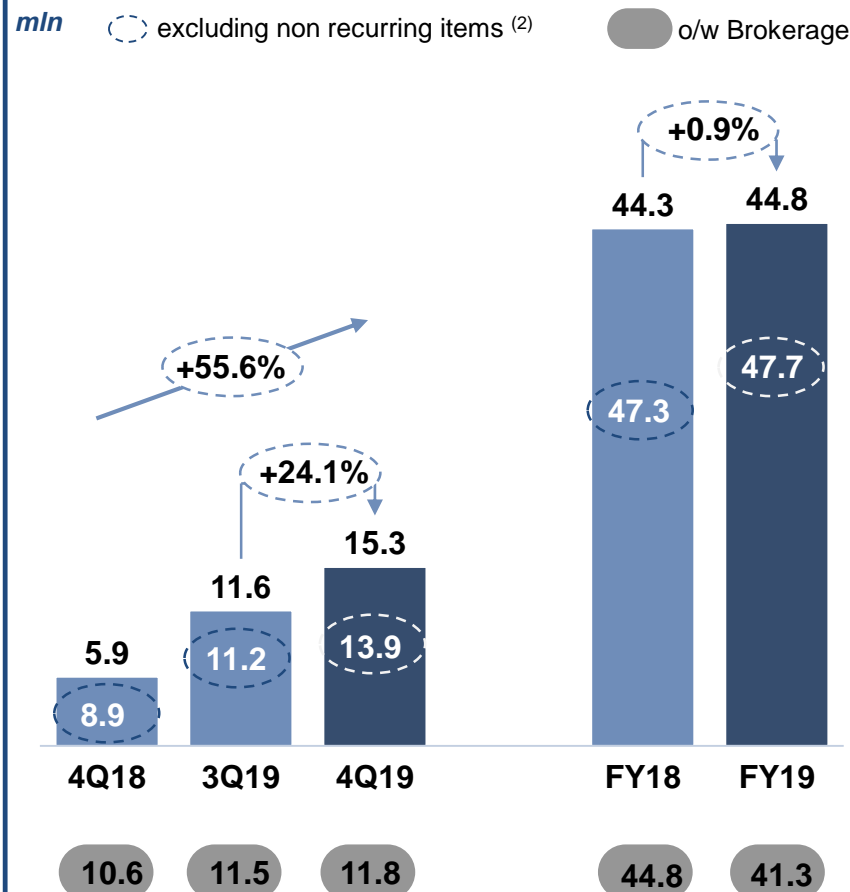
# Commissions and Trading Income

Fees and commissions grew +8.2% y/y. Sustainable growth generating recurring revenues, with Management fees up +11.7% y/y. Revamped Brokerage

## Fees and Commissions, mln



## Trading Income, mln



(1) Mainly PFAs annual bonus

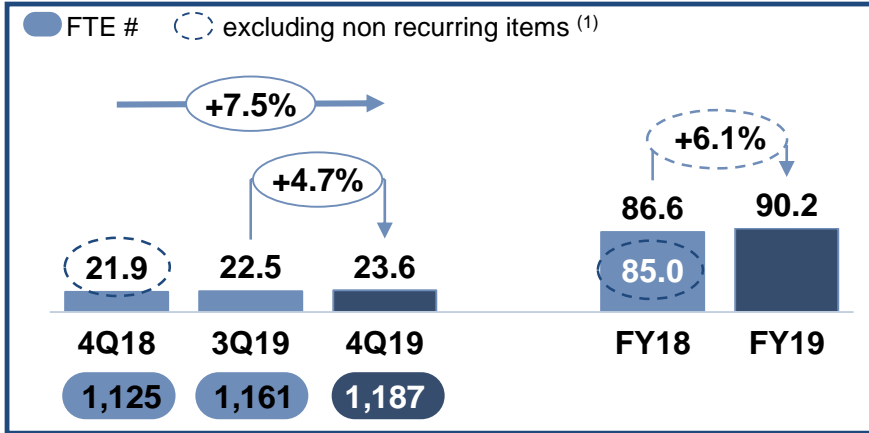
(2) Adj. Trading Income excluding non recurring items: Voluntary Scheme: -3.0mln gross, -2.0mln net (1Q19: -0.4mln gross, -0.3mln net; 2Q19: -4.3mln gross, -2.9mln net; 3Q19: +0.4mln gross, +0.3mln net; 4Q19: +1.4mln gross, +0.9mln net)



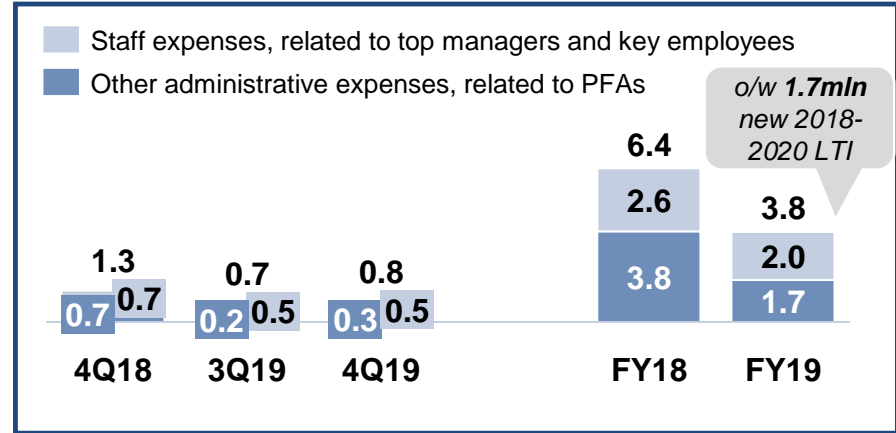
# Costs

Cost efficiency and operating leverage confirmed in our DNA

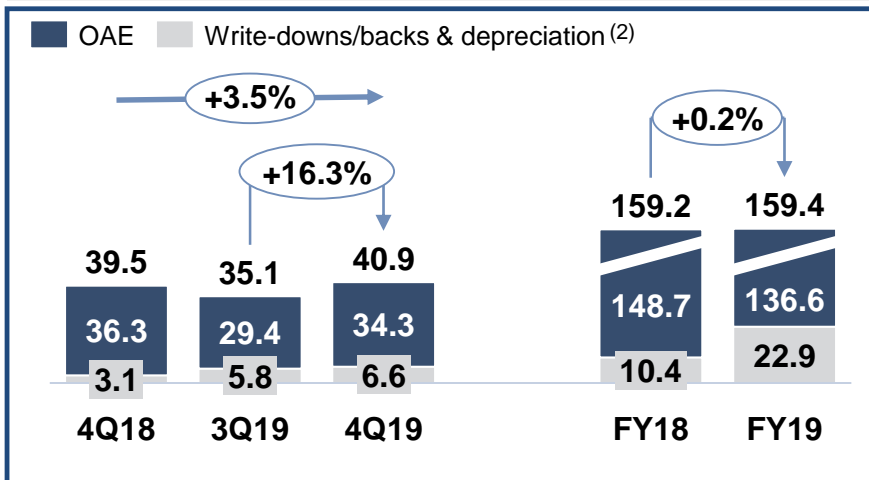
## Staff expenses and FTE, mln



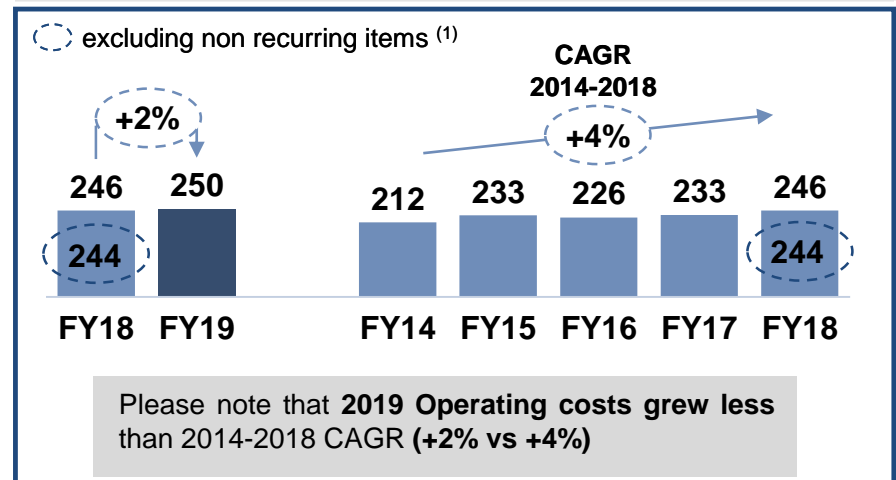
## Long Term Incentive Plans, mln



## Non HR Costs, mln



## Total Operating costs, mln



<sup>(1)</sup> Non recurring items: severance (staff expenses) -1.6mln gross in 3Q18

<sup>(2)</sup> Following IFRS16, leasing costs previously accounted in other administrative expenses are now booked in write-down/back and depreciation.

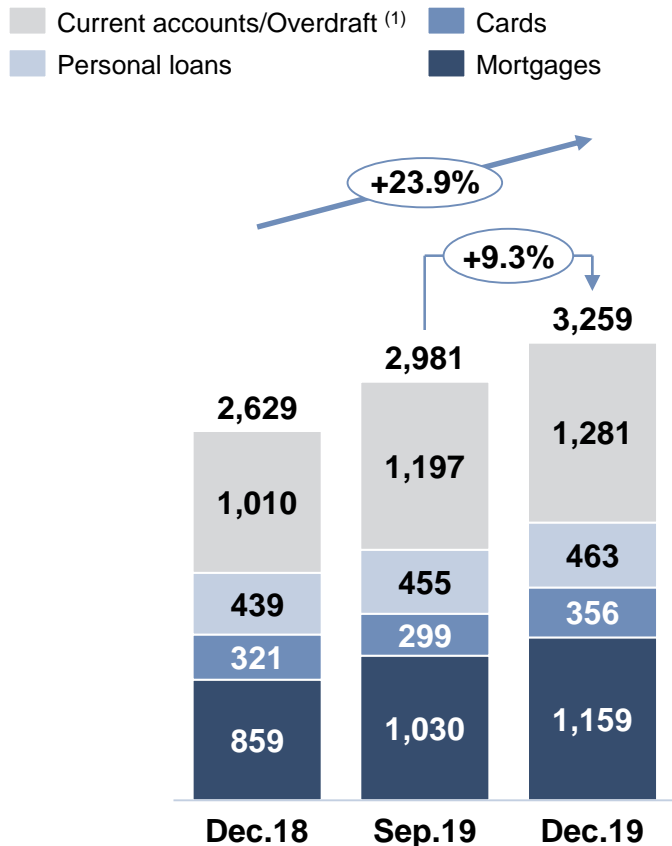
## Patent Box

### Fineco is the first Bank finalizing the agreement

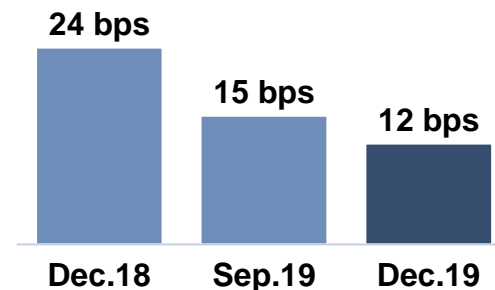
- We have **finalized the agreement** with the Italian Fiscal Authority on the Patent Box **for years 2015/2019**
- Fineco is the **first Bank** to sign the agreement, which relates to both intellectual properties (our platform internally created and developed) and trademark
- **Fiscal benefit for the 5 years** is estimated at around **22mln** (recorded in our 2019 Financial Statement), of which around 5 million related to trademark. The estimated benefit is not going to be distributed.
- For **2019**, the fiscal benefit related to intellectual properties **was estimated in a range between € 3.5 and 4 mln.**
- **The Bank will apply in order to renew the fiscal benefit on intellectual properties for the next 5 years.** The renewal of the trademark is excluded due to regulation.
- The Patent Box is a tax relief regime for companies generating income through the use of intangible assets. The fiscal benefit for 2015 is determined by excluding from the taxable income the 30% of the income attributable to the use of intangible assets; for 2016 the percentage is equal to 40% and for the remaining years it is equal to 50%.

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

## Commercial Loans portfolio, eop mln



## Cost of Risk on commercial loans (2)



- **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

(1) Current accounts/overdraft Include Lombard loans

(2) New methodology for calculating Cost of Risk to have a better representation of the ratio: commercial LLP of the last 12 months on average last 12 months commercial Loans instead of annualized LLP

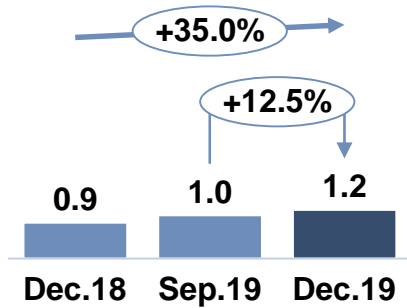
# Lending

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

## 2020 Guidance

### Mortgages

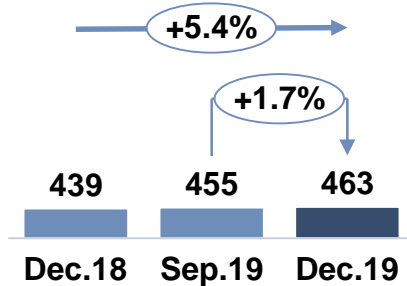
Eop, mln



- **12,193 mortgages** granted since December 2016
- Average customer rate: **168bps. FY19 Yield<sup>(1)</sup> at 76bps**
- Average Loan to Value **53%** and average maturity **19 yrs**
- **Low expected loss** (~23 bps)

- yearly new production: **~350-500mln**
- Expected yield: **~ 70-80 bps**

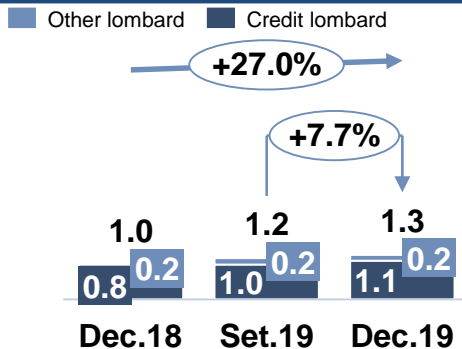
### Personal Loans



- Average ticket €9.100 and average maturity 4.5 years
- **FY19 Yield at 405bps**
- **Efficient and real time process**, instant approval platform for eligible clients' requests thanks to a deep knowledge of clients.
- **Low expected loss** (~53 bps)

- yearly new production: **~200-250mln** (~20mln net)
- Expected yield: **~ 380-410 bps**

### Lombard Loans



- o/w Credit Lombard<sup>(2)</sup>:**
- **Attractive pricing:** retail clients 100bps and private clients 75bps (on 3M Eur<sup>(3)</sup>)
  - **Differentiated margins** according to the riskiness of the pledged assets
  - **Very low expected loss** (~10 bps)

- o/w Credit Lombard<sup>(2)</sup>:**
- Expected growth: **~300-400mln** per year
  - Expected yield: **~75-85bps**

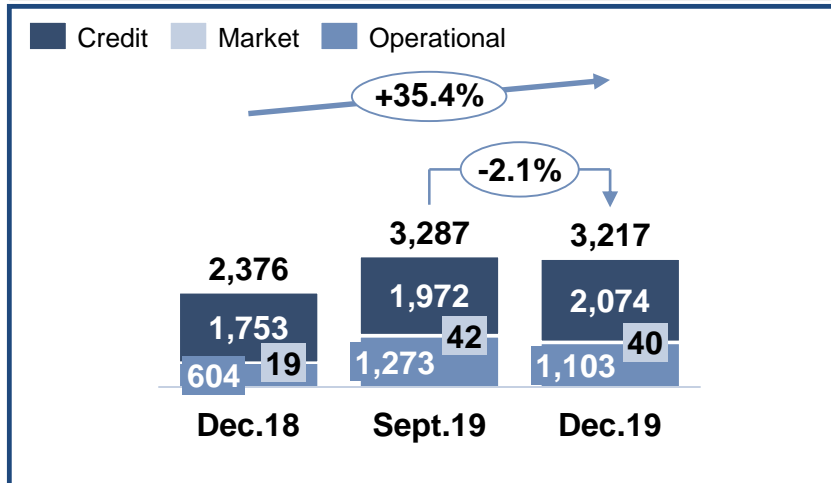
<sup>(1)</sup> Yield on mortgages net of amortized and hedging costs

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

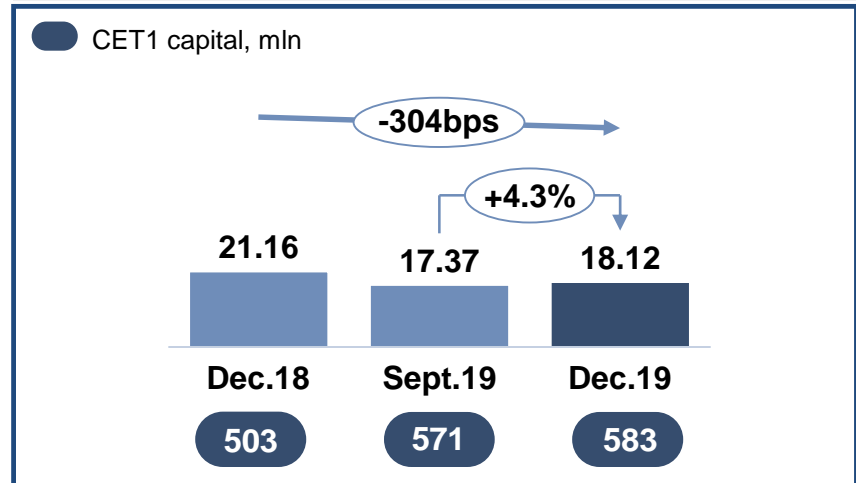
# Capital Ratios<sup>(1)</sup>

Best in class capital position and low risk balance sheet

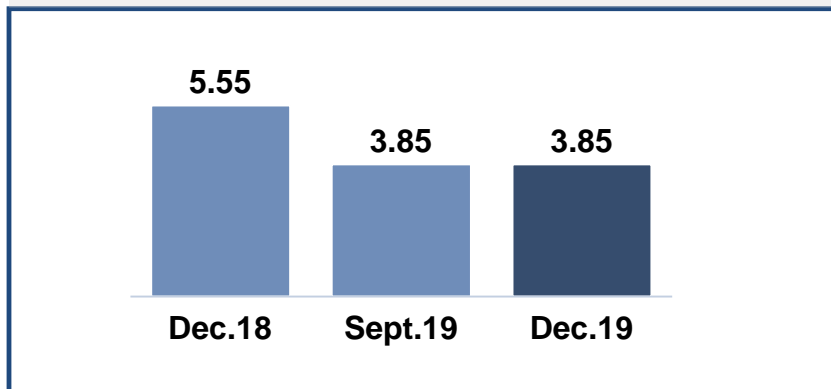
## RWA<sup>(2)</sup>, mln



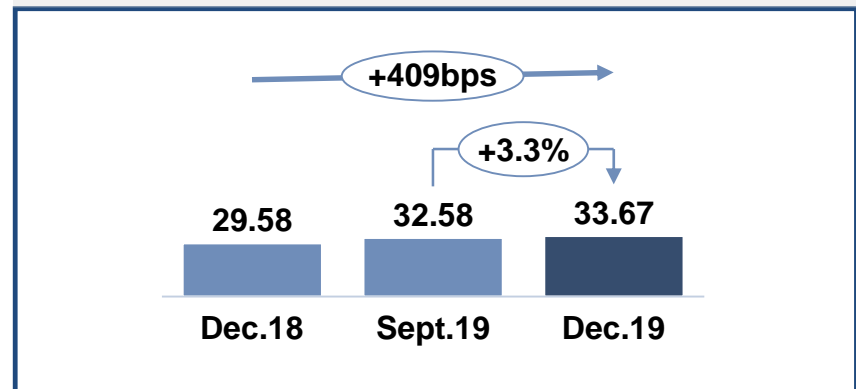
## CET1 Ratio<sup>(3)</sup>, %



## Leverage Ratio, %



## Total Capital Ratio, %



<sup>(1)</sup> Data as of December 2018 were determined on individual basis

<sup>(2)</sup> "Starting from 31 December 2019, FinecoBank applied the Standardised Method for determining the regulatory requirement related to operational risk, replacing the Advanced Measurement Method ("AMA") adopted previously."

<sup>(3)</sup> Assuming 2019 dividend of 32.0 €/cent per share

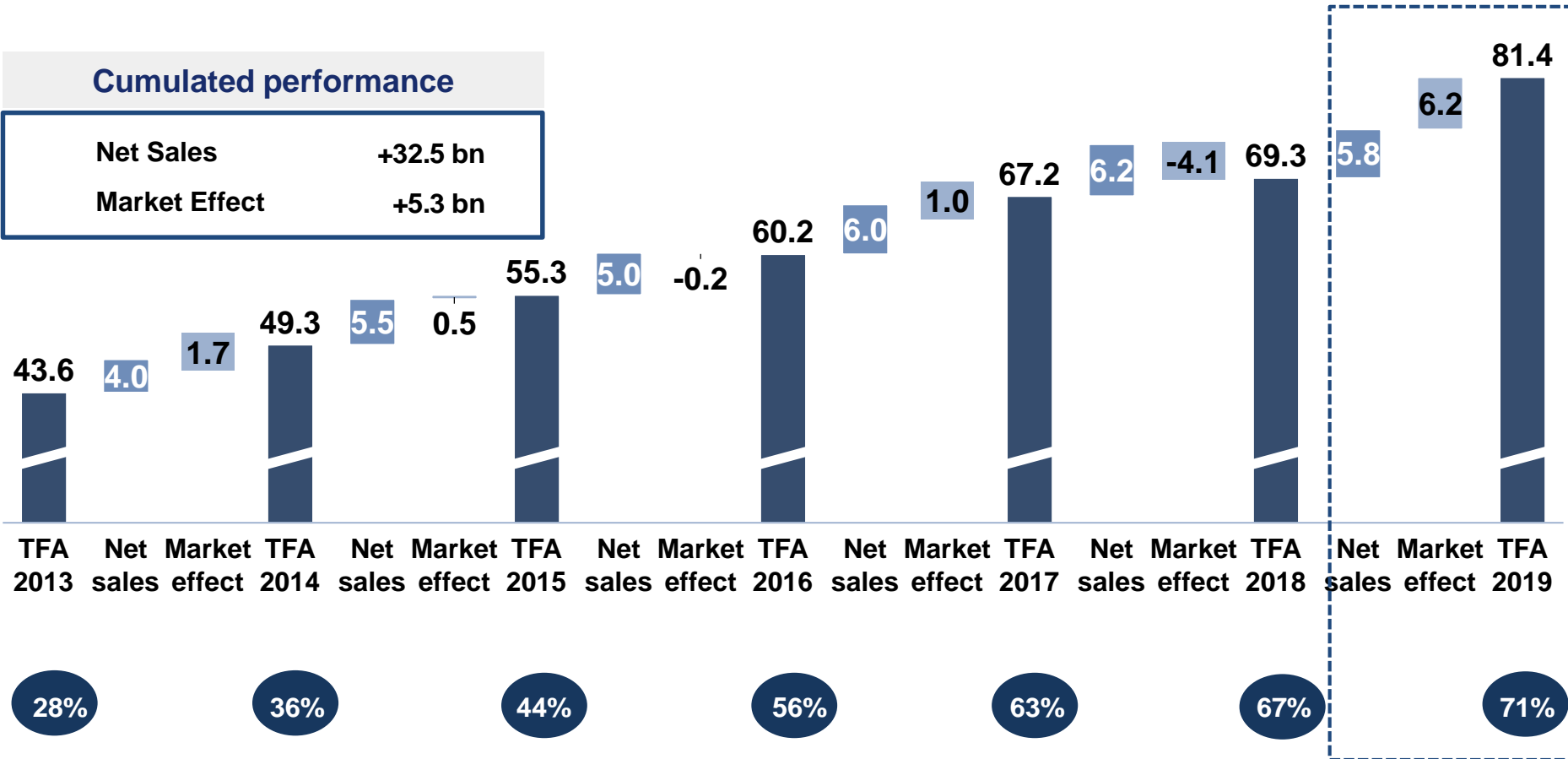
# TFA

Relentless TFA growth thanks to a healthy expansion in net sales.  
 Guided products & Services increased at 71% of total AuM

## TFA evolution (Dec.13 – Dec. 19), *bn*

### Cumulated performance

Net Sales	+32.5 bn
Market Effect	+5.3 bn



28%

36%

44%

56%

63%

67%

71%

Guided products as % of total AuM <sup>(1)</sup>

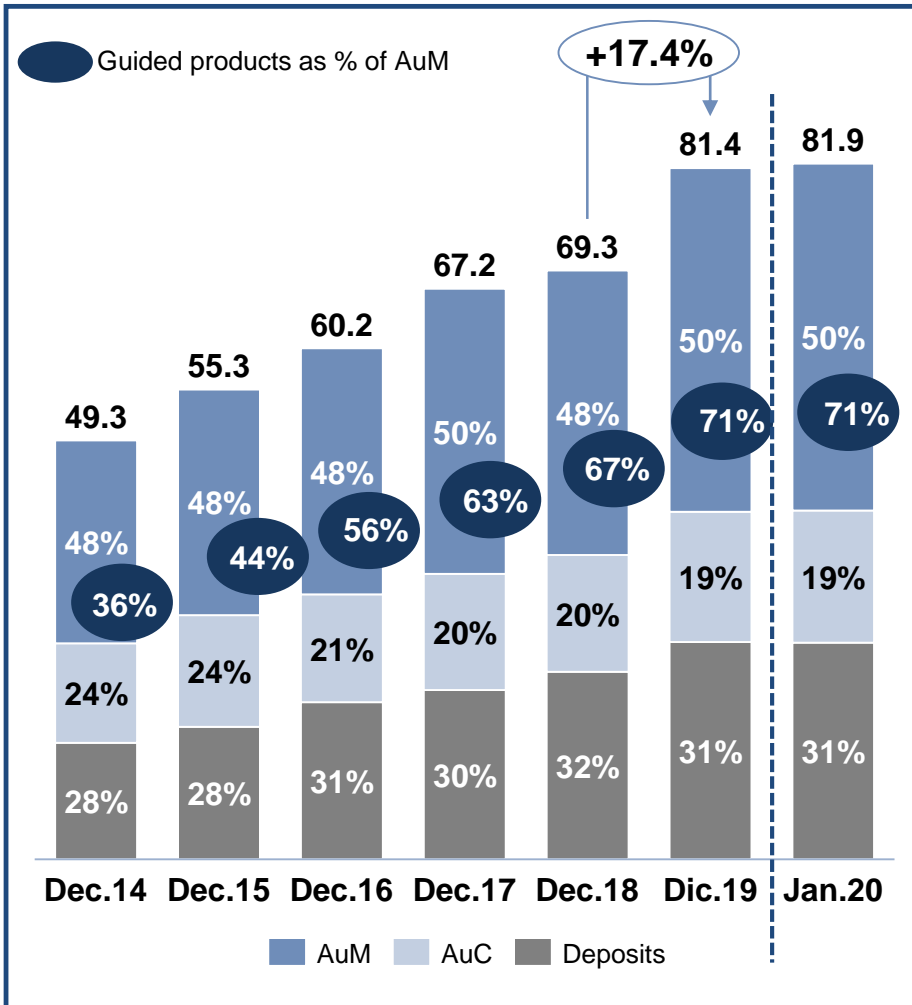
**FINECO**

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# TFA breakdown

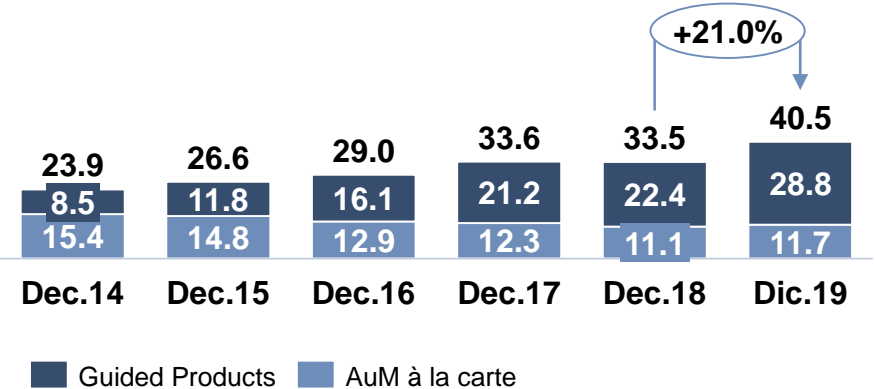
Successful shift towards high added value products thanks to strong productivity of the network

## Breakdown of total TFA, bn

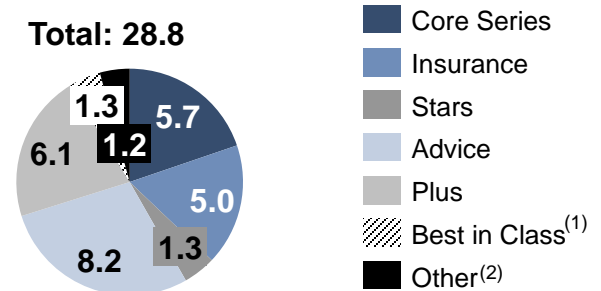


## Focus on AUM, bn

+16.6 bn AUM since the end of 2014, o/w:  
**Guided Products & Services +20.3 bn**  
 AuM à la carte -3.7bn



## Guided Products breakdown, bn



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

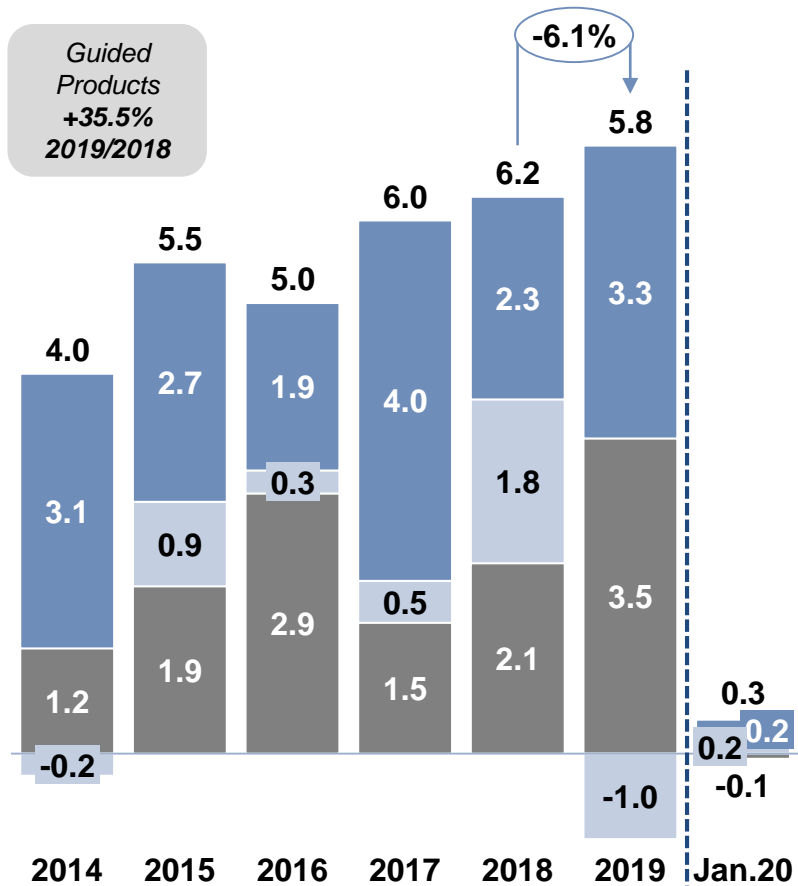
<sup>(1)</sup> "Best in class" are a selection of advisory products and services based on: cost optimization, quality, sustainability and risk

<sup>(2)</sup> Other includes: Core Funds, PIR and Core Pension, GP Private, FAM Evolution stand-alone

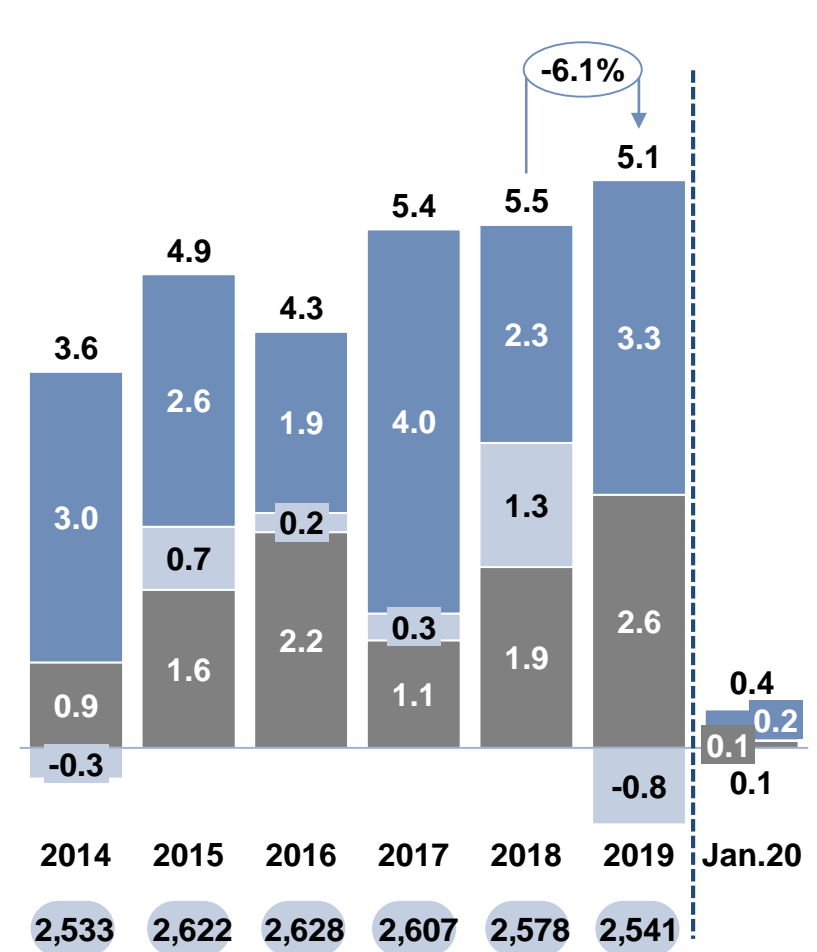
# Net sales breakdown

Solid high quality FY19 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, bn



## PFA Network – total Net Sales, bn



■ AuM ■ AuC ■ Deposits

● PFA Network - headcount



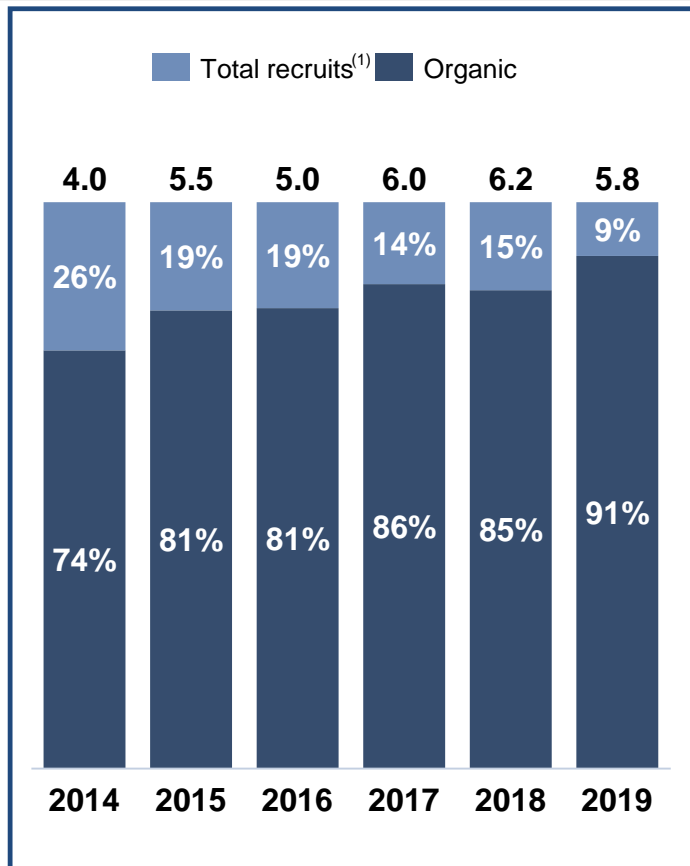
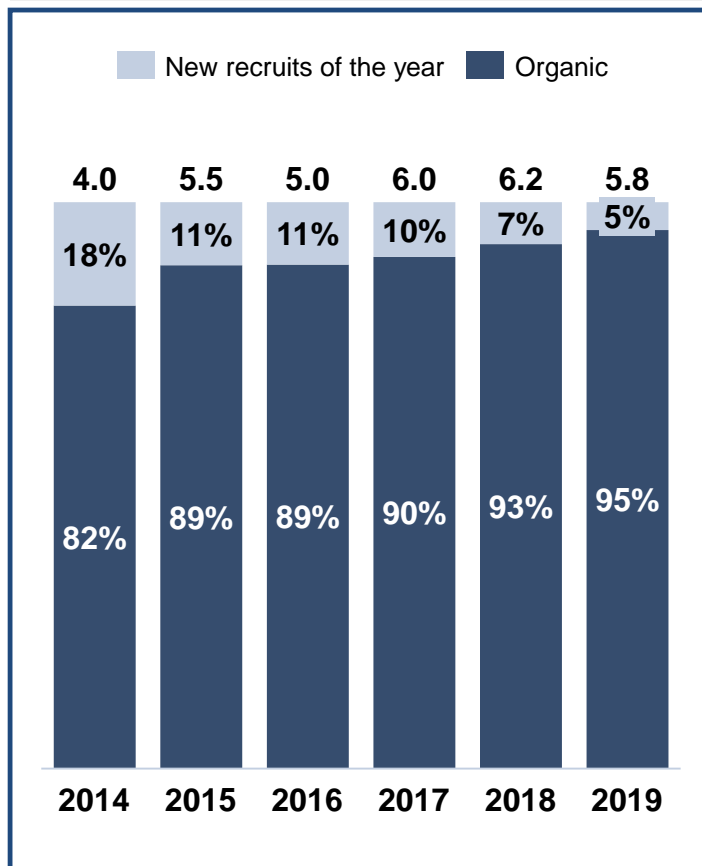
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# Organic growth

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

## Net Sales, bn – Organic / Recruit, %



**Recruitment costs**  
(to be amortized)  
**stock 25.6mln**  
as of Dec.'19

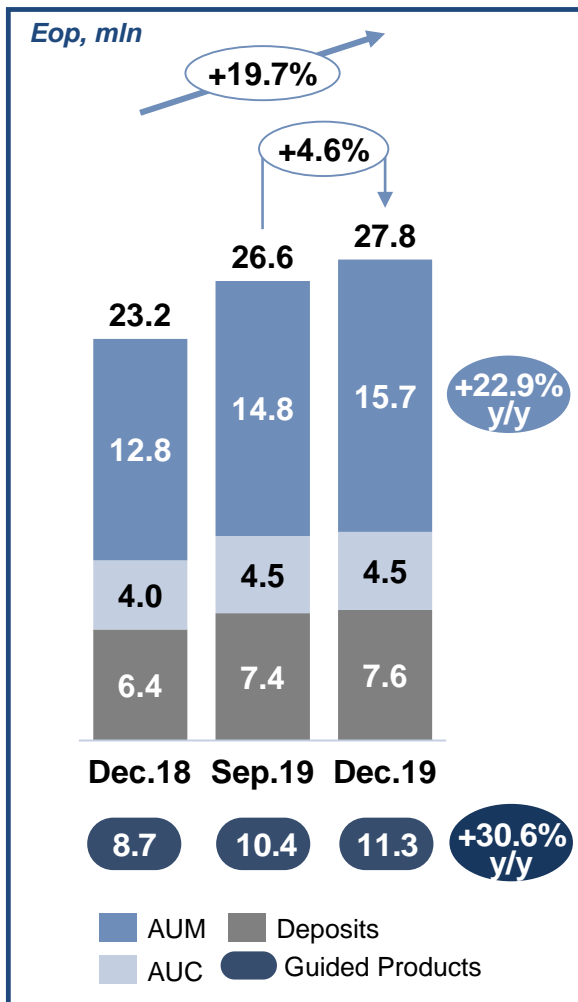
125   118   85   98   70   58

# of PFAs recruited in the period

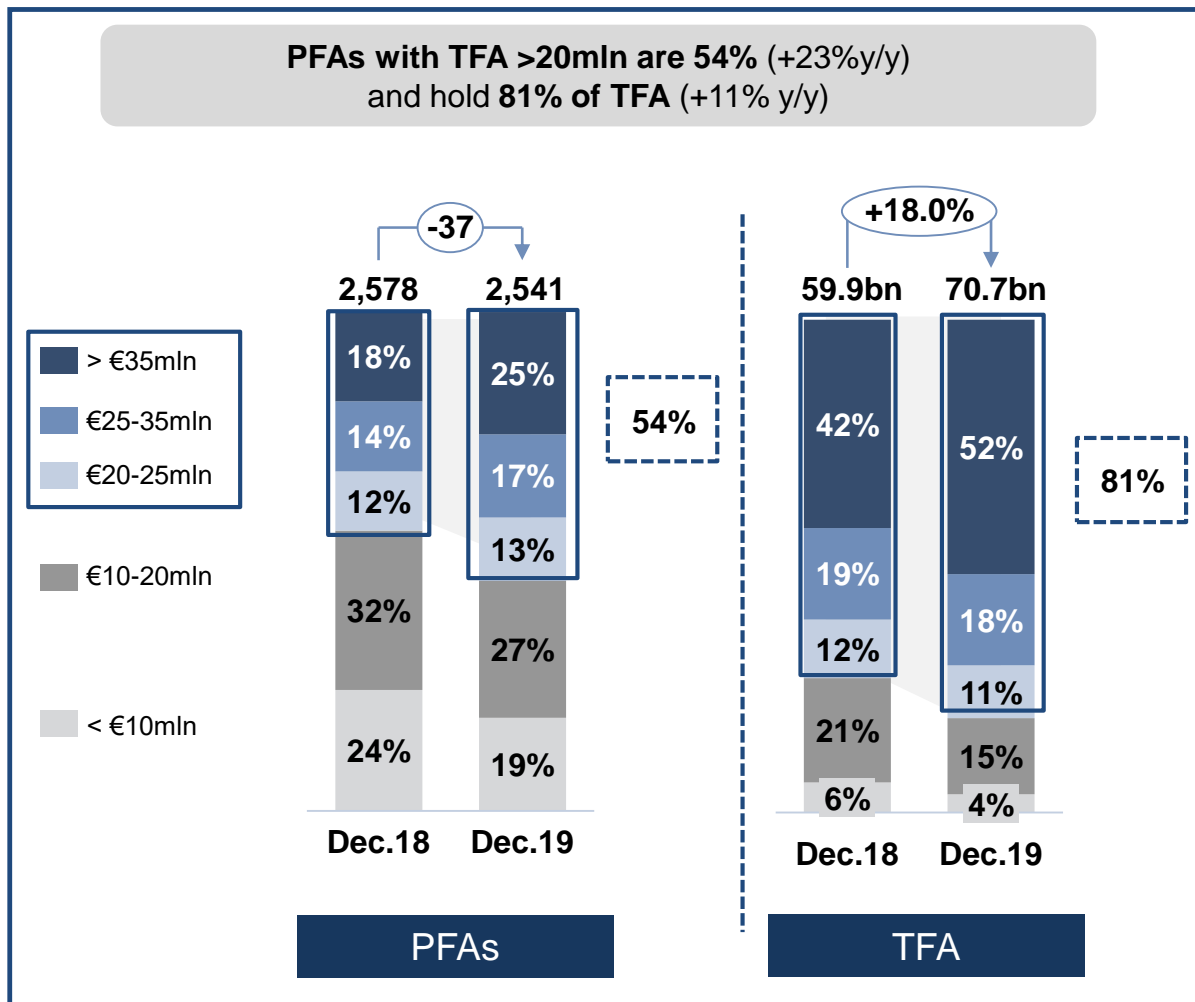
<sup>(1)</sup> Total recruits include net inflows related to PFAs recruited over the last 24 months (avg)

# Continuously increase of quality and productivity of the network

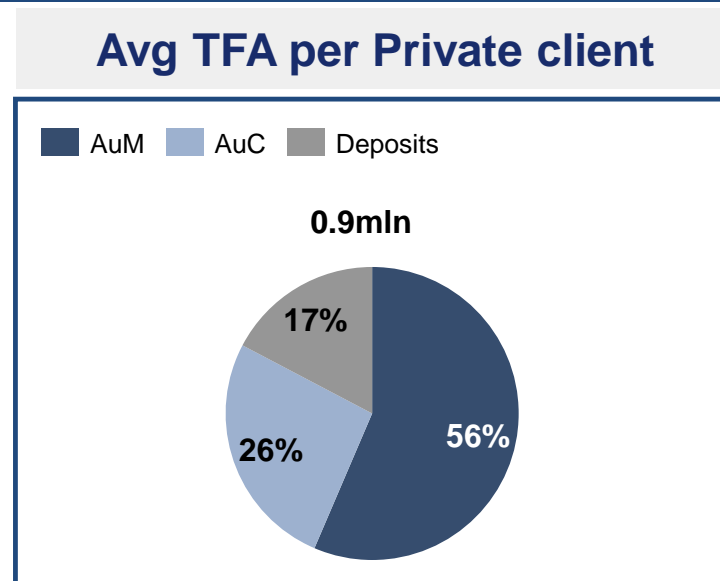
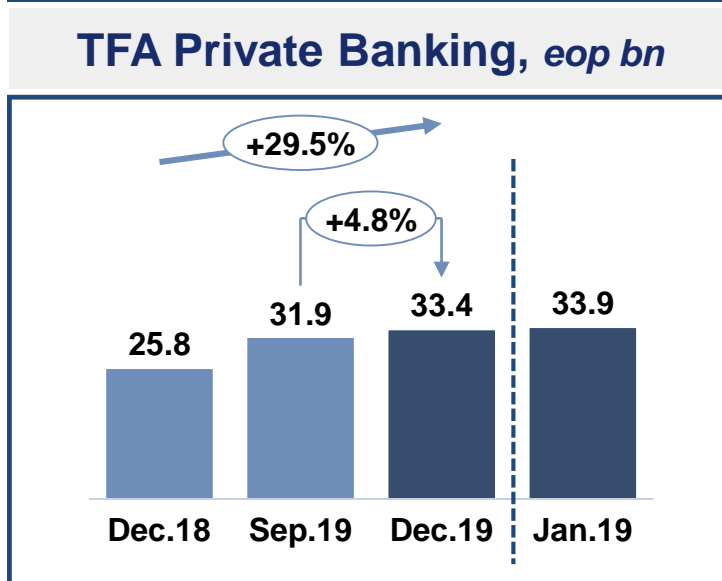
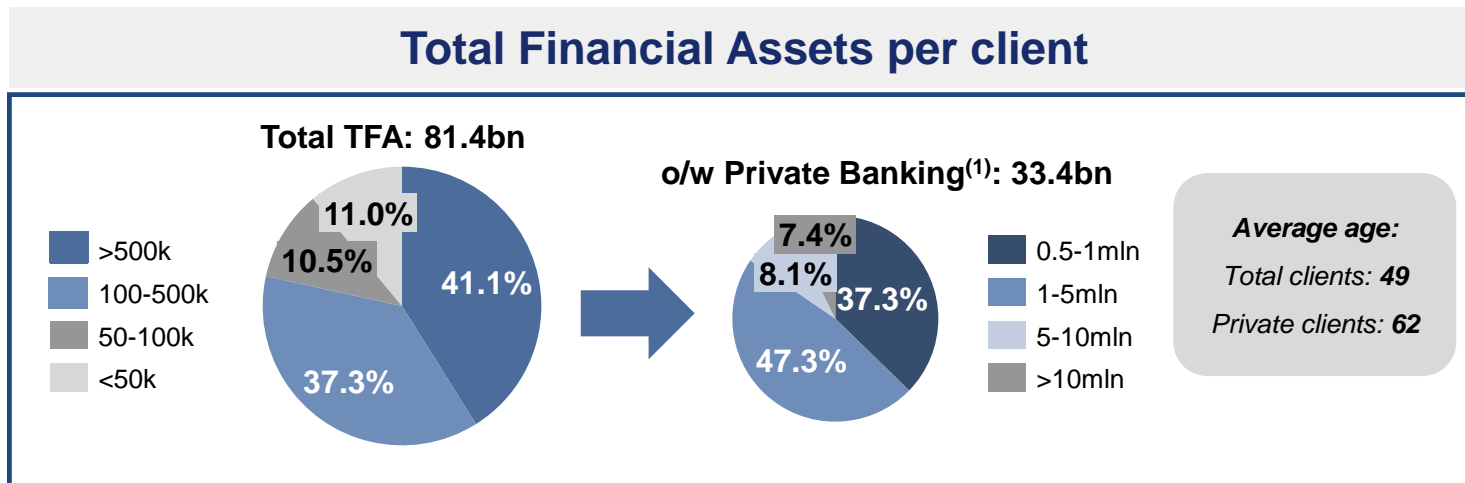
## Total Assets per PFA



## TFA concentration per PFA



# Clients' profile and focus on Private Banking



<sup>(1)</sup> Private Banking clients are clients with more than € 0.5mln TFA with the Bank

# Agenda

- Fineco Results
- **Next steps and developing opportunities**
- Key messages
- Focus on product areas

## 2020 Guidance

Given current outlook<sup>(1)</sup>, our assumptions for **2020**, excluding revenues and costs related to UK business development, are:

- **Net interest income:** resilient and low risk thanks to the smooth run-off of our bond portfolio, positive effect from volumes (~2-2.5bn expected growth of deposits per year) and lending book (~1bn new production per year), benefit from ECB's tiering, no change in our investment policy with no increase in Fineco risk profile and a more dynamic management of our Treasury
- **Investing:** fees increasing low double digit with margins flat
- **Brokerage:** increasing by ~+15% y/y
- **Banking:** banking fees expected to increase by 10-20 mln
- **Costs:** around 5% yearly growth, slightly above the trend registered in the period between 2014 and 2018, due to temporary overlapping of costs following the internalization of some activities after the exit from UniCredit Group, extraordinary AGM for the Governance, increased number of Board members. Cost/Income continuously declining in the long run
- **CET1: floor 17%**
- **Leverage Ratio:** above 3.5%
- **Cost of Risk:** in the range between 10 and 15 basis points
- **Net sales:** robust, high quality net sales with a better asset mix

## Focus for a better quality business going forward

Our goal is to structurally improve the quality of our net sales and client base to:

- ✓ **Increase, better quality recurring revenues:** greater contribution from fees and trading profit from all business areas and a lower exposure to NII
- ✓ Keep **Balance sheet growth under control**

This is possible thanks to the industrial measures we are undertaking

- 1 **Strong focus** in the conversion of **customers' deposits towards AuM**
- 2 **Repositioning the brand** to increase the quality of our client base and further accelerate the growth of high-end customers

# Accelerating the conversion rate of customers' deposits towards AuM

## Assisted Selling platform to further boost productivity for the Bank and PFAs

### NEW GENERATION OF PRODUCTS

New products with fully digital subscription will be offered through our Assisted Selling platform:

- **Decumulation products (FAM Target):** for customers who want to progressively invest in multi-thematic/profile funds
- **Insurance capital guarantee product:** remunerated solution with a more flexible exit-window vs a traditional insurance product, suitable for customers with short-term horizon
- **New multi-thematic funds (FAM Megatrends)** to catch secular trends
- **Pension funds** will be offered directly to customers in the coming months
- **Coming soon new FAM solutions for volatile market:** protection funds and income strategies

### NEW SOFTWARE DEVELOPMENT

Fineco will take more directly the driving seat in helping PFAs to develop their customers more efficiently by further **extracting value from Big Data Analytics**:

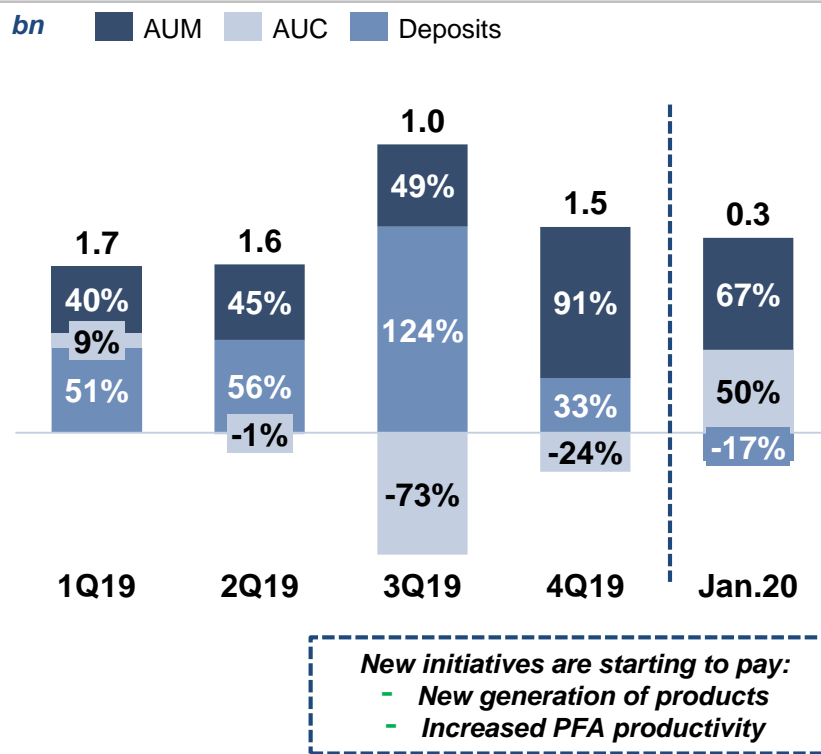
- **X-Net:** continuous improvements of our PFAs' **cyborg advisory** platform, that will be further enhanced with tailor-made solutions to solve customers' financial gaps
- **Co-Working:** it will enable our PFAs to **share customers** (and related fees) with other colleagues and manage more actively a higher number of customers
- **Fineco X.0: to further improve the effectiveness of our commercial strategy** leveraging on our one single database, allowing the Bank to **better target customers** with direct campaigns and to **fully exploit the growth potential of low-touch clients.**



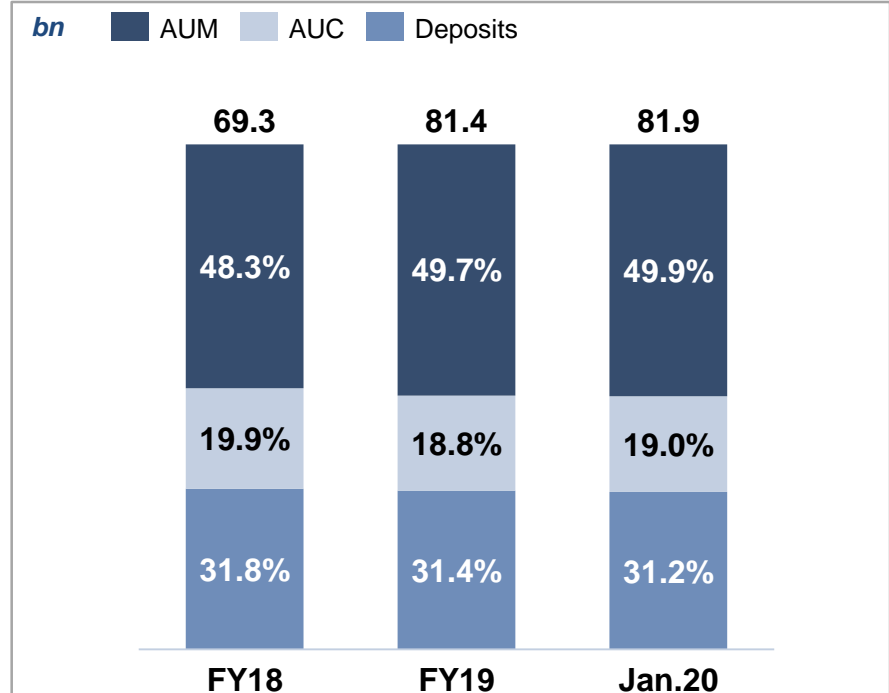
## Delivering on industrial measures:

Strong acceleration in the conversion of customers' deposits into AUM

### Better quality net sales



### Improving mix of TFA

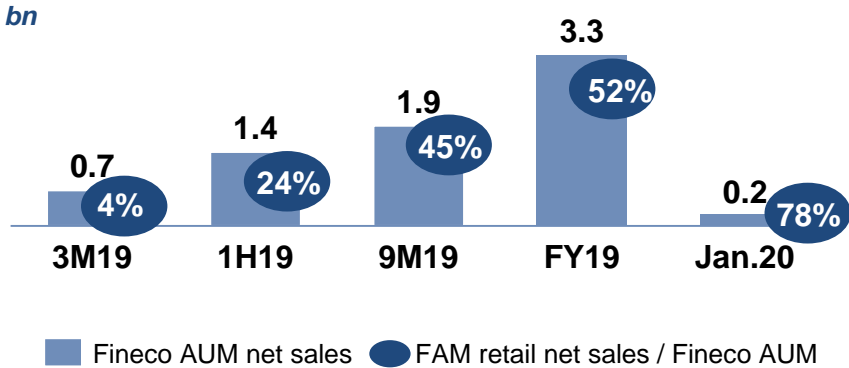


Focus on quality to improve revenues mix and slow down the growth of our Balance Sheet

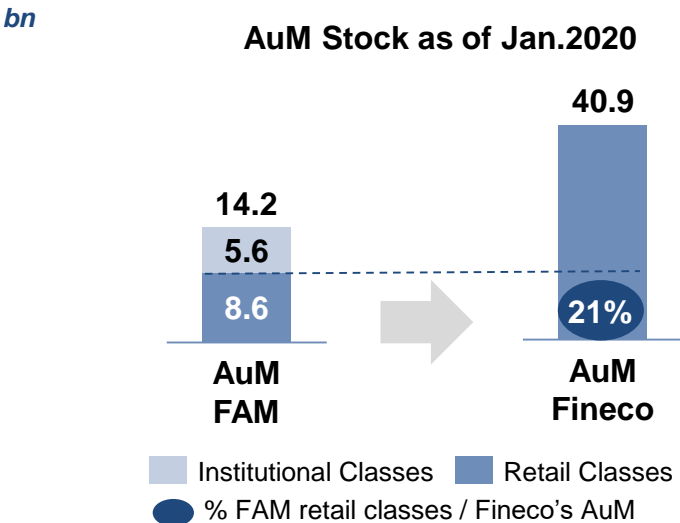


# Delivering on industrial measures: Fineco Asset Management gaining commercial momentum

## FAM contribution to Fineco's AuM Net Sales



## FAM Growth potential



FAM total assets as of Dec31st, 2019 were equal to 13.8 bn, of which 8.4 bn retail

- **FAM retail class 2019 Net Sales: 1.7bn**
- **FAM Evolution is the best seller product cluster**, with net sales structurally towards retail classes
- **Increasing penetration in Fineco's AuM net sales** thanks to FAM ability to create modern and innovative multimanager solutions

## □ FAM MegaTrends



- **Room to increase FAM's penetration on Fineco Asset under Management stock enhancing the Bank's open architecture platform**
- **Coming soon new solutions suitable for volatile market: FAM will deliver new protection funds and income strategies**

# Delivering on industrial measures

Innovation key for our best-in-class Customer Experience

## Improving an already best-in-class Customer Experience

97%

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

n.1  
BANK

**IN TERMS OF  
REPUTATION** <sup>(2)</sup>



4.6 ★★★★★  
+ 210,000 ratings

## Continuous upgrade of our banking platform



**Brand new dashboard for credit and debit cards**, which will also be **fully digitalized**



**Payments:**

- ✓ **upgrade of mobile payment services**
- ✓ **Fineco Pay peer-to-peer**: to send and receive money with no need of IBAN code (both on website and on app)



**Renewal of our banking homepage** both on the website and on APP with real-time debit/credit data



**Simplification of our onboarding process** via mobile by sending the PIN codes by real-time



Our Family Budget Planner, **MoneyMap**, **further enhanced and for free** for all our clients



Further enlargement of our **multicurrency** basket (CZK, DKK, HKD, HUF, NOK, NZD, PLN, SGD), which will be active 24/7

<sup>(1)</sup> Source: Kantar Tri\*M Index, December 2019

<sup>(2)</sup> Source: Reputation Institute, December 2019

# Preserving our best price/quality ratio

## Where we stand after the Smart Repricing

### Reasons behind our Smart Repricing

Cost/revenue imbalance of the current account service due to:

- **further reduction in interest rates** which are estimated to remain negative for longer than originally expected
- **increased contribution for systemic charges**

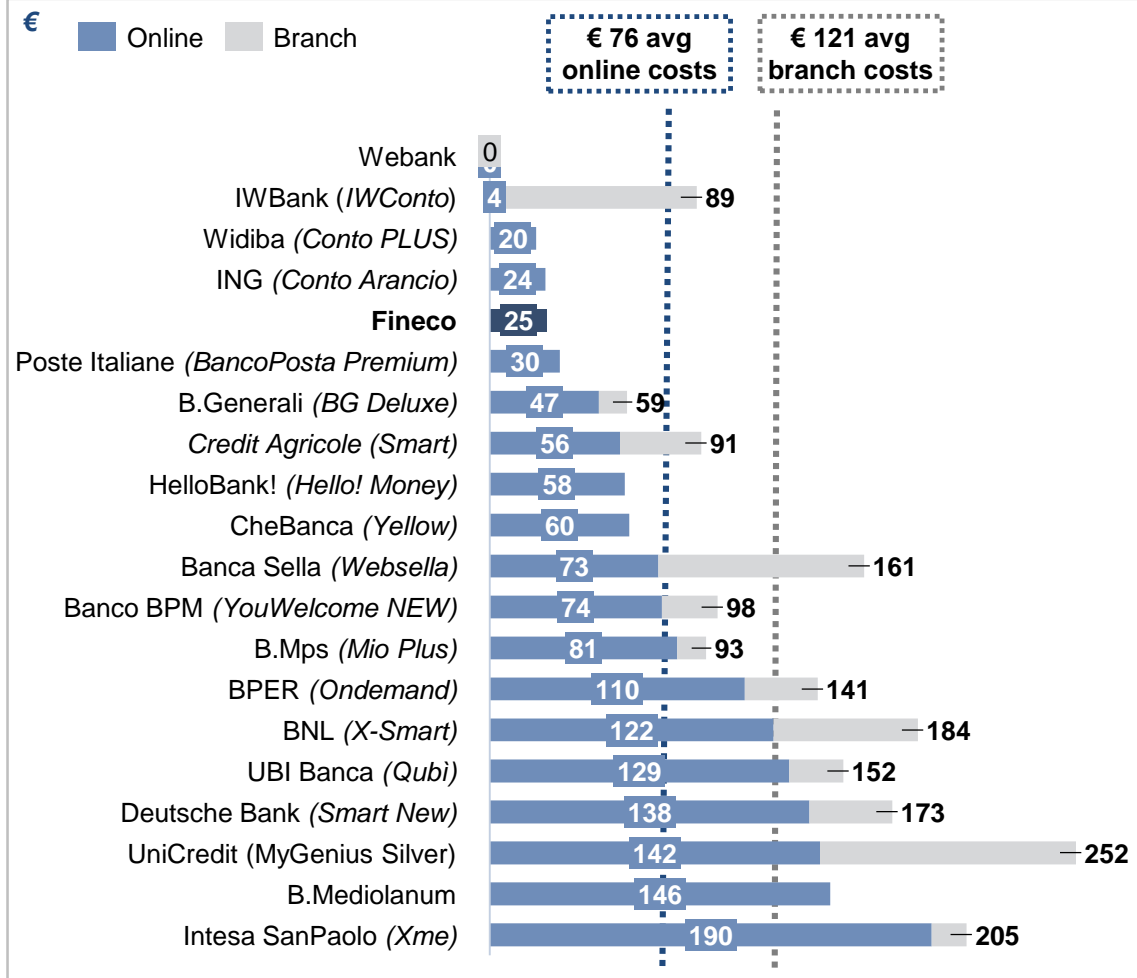
### Other evidences

- **Improve the asset mix** and further **slow down the growth of our Balance Sheet**
- **Rebalance our revenues mix**

### An overview on clients reaction

- **2020 expected current accounts closures due to repricing: 50-60k**
- **Clients** closing their current accounts were **low value and with few TFAs**
- Going forward **we expect a lower number of new clients but with higher quality**

### Competitive landscape<sup>(1)</sup>

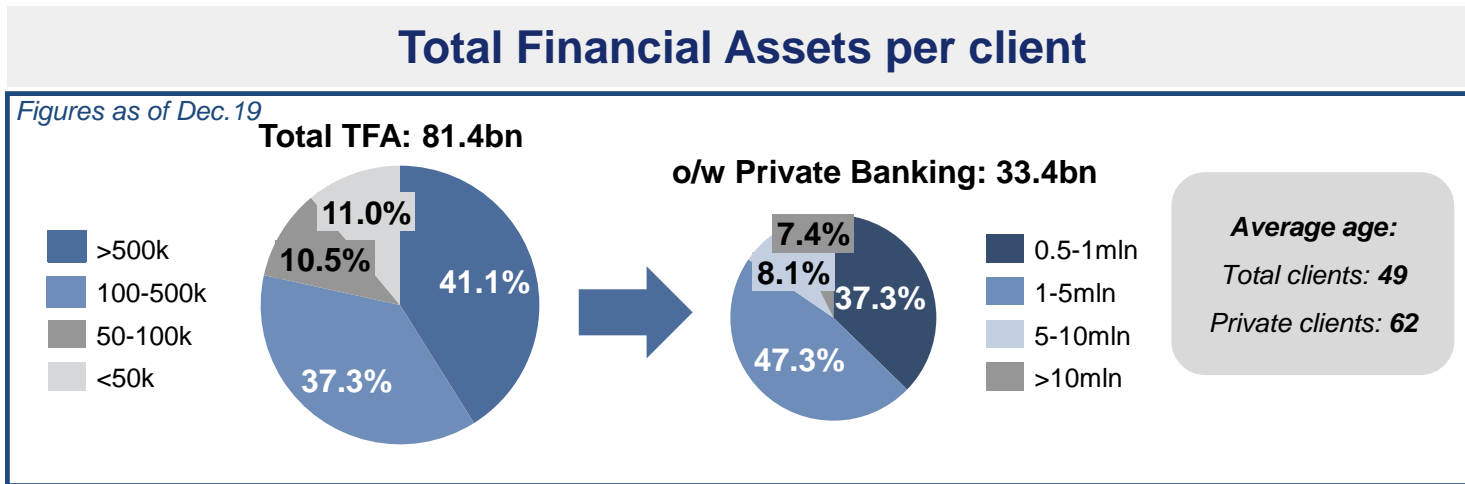


**FINECO**

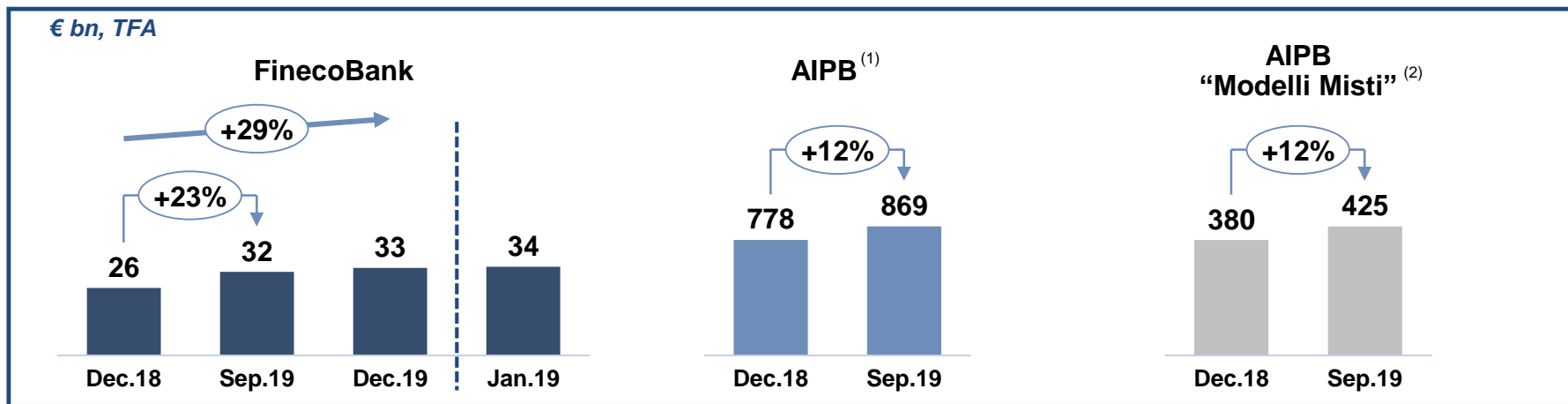
B A N K

# Delivering on industrial measures

Improving quality of our clients



## Outperforming in Private Banking growth



<sup>(1)</sup> AIPB (Associazione Italiana Private Banking) figures as of Sept19

<sup>(2)</sup> "Modelli Misti" include the following players: Allianz Financial Advisors, Banca Euromobiliare, Banca Generali PB, Banca Mediolanum, Banca Patrimoni Sella, CheBanca!, Deutsche Bank, Fideuram ISPB, Fineco



B A N K

# Brokerage: an effective and timely reshape of our offer

In 1H19 our Brokerage business suffered effects coming from the **persistently low market volatility** and the **introduction of ESMA regulation** in place starting from July 2018. The **business has been completely reshaped**.

- ✓ **New options** allowing customers to exploit volatility also when it is low
- ✓ **Optimization of our systematic internalizer** with new products
- ✓ **Repricing of our Forex and 24h brokerage platform**
- ✓ **Coming soon:** Asian markets, CFD on cryptocurrencies, further enlargement of our multicurrency basket, in depth review of our professional platform

■ **4Q19 Brokerage best quarter since 2Q18**

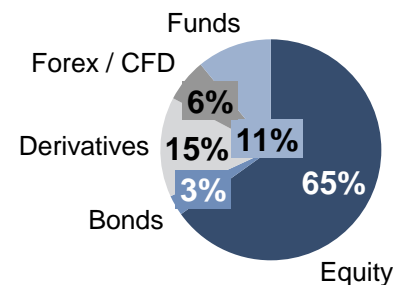
■ **2019 revenues fully recovered and are flat y/y** (+15% 2H19 vs 1H19 and +19% 2H19 vs 2H18)

## No.1 Brokerage Platform, multichannel and fully integrated

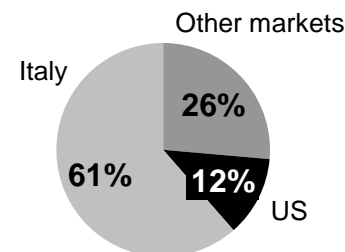
- **Well advanced in-house know-how**, optimizing time-to-market and cost efficiency
- **In-house back-office and customer care.** Business continuity always guaranteed
- **Order internalization supporting Brokerage performance:** equity, bonds and forex
- **Robust risk management**, mostly intra-day positions with low risk light traders

## Well-diversified

among products...

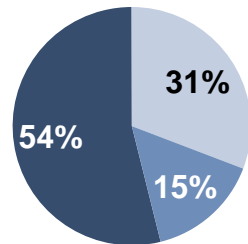


...and geographies



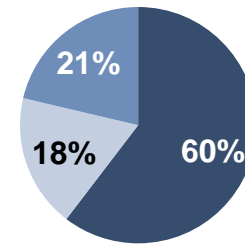
■ UK ■ Italian ■ Other

## Almost 6,500 clients <sup>(1)</sup>



**69%**  
*non-Italian*

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



**82%**  
*non-Italian*

- ✓ **Unique positioning** in a highly fragmented market, leveraging on our **one-stop solution platform**
- ✓ **Outstanding Multicurrency offer**, also used for trading
- ✓ **Investing platform constantly updated**, with M&G Investments and Columbia Threadneedle already live. We also launched Fineco Asset Management funds, giving access to sub-advised funds of 8 different asset managers through FAM Series
- ✓ **Annual cost of the investing platform: 25 bps**
- ✓ **Branch:** We notified UK Regulators our intention to open a **commercial branch in UK**. This has no requirements of capital and no costs attached. It will allow us to offer ISA, SIPP and Faster Payments
- ✓ In the coming weeks **we will start our marketing campaign**. The first move will leverage on our best-in-class brokerage offer
- ✓ We will give **more details on our UK plans by the end of 1Q20**

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

<sup>(2)</sup> New clients acquired from October 1<sup>st</sup>, 2019 until December 31<sup>st</sup>, 2019

# Agenda

- Fineco Results
- Next steps and developing opportunities
- **Key messages**
- 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

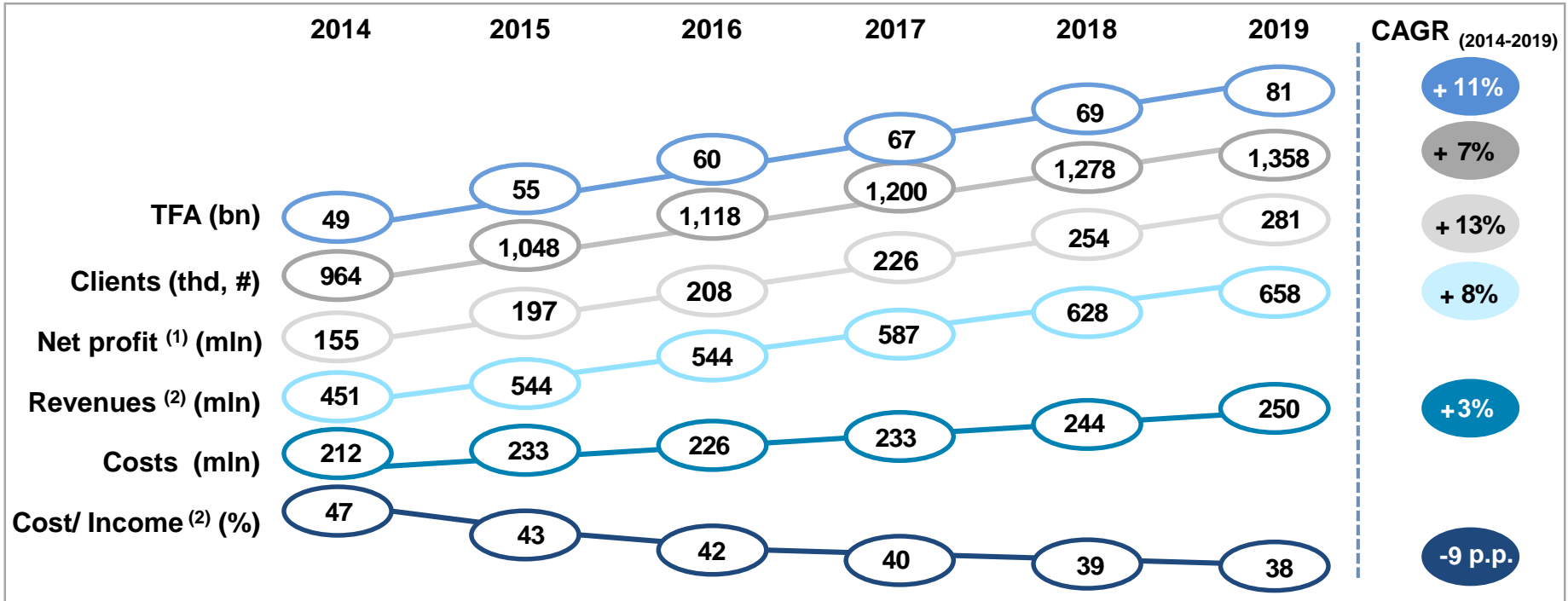
Providing all services in a single account is a distinctive feature but it's not enough.

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

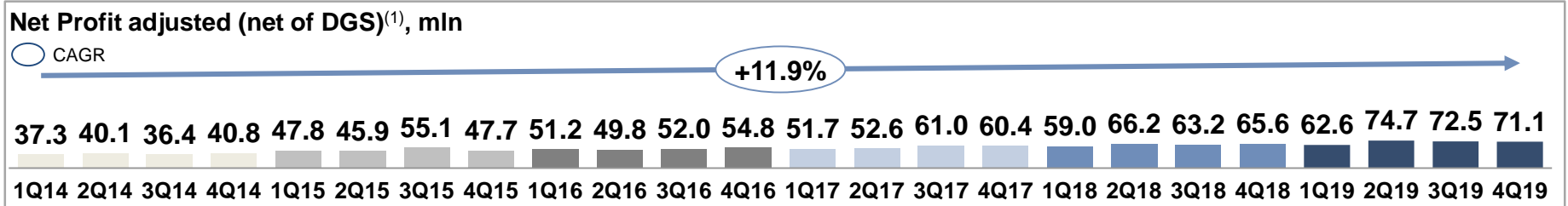


# Healthy and sustainable growth with a long term horizon

## Highly scalable operating platform...



## ...with a diversified revenues mix leading consistent results in every market conditions



<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, FY19: -12.1 mln net)

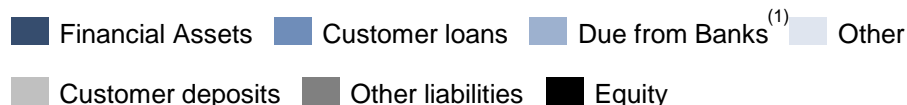
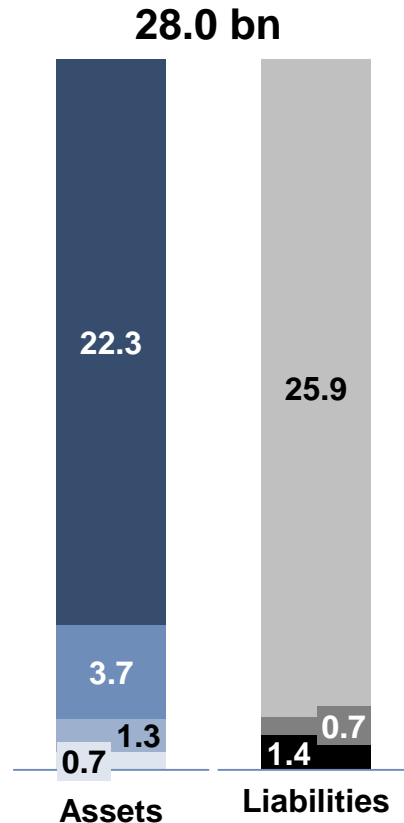
# Safe Balance Sheet: simple, highly liquid and low risk asset side, valuable and sticky deposits

## Diversified investment portfolio

- **Investment strategy announced during FY17 results:** UC bonds run-offs, blend of European government bonds diversified across countries
- **99% not exposed to volatility:** HTC classification since November 2016

## High-quality lending growth

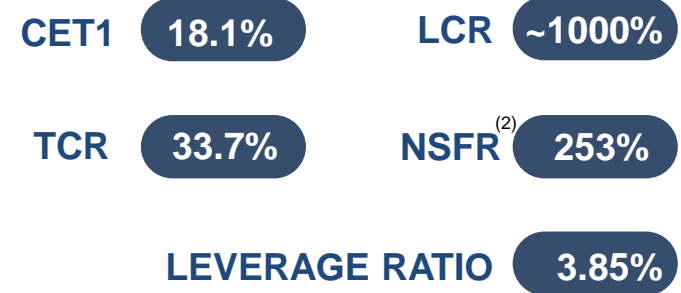
- Lending offered exclusively to our **well-known base of clients**
- **Low-risk:** CoR at 12bps, cautious approach on mortgages (LTV 53%, avg maturity 19 yrs)
- **Strong competitive advantage leveraging on Big Data Analytics and continuous innovation** (i.e. look-through implementation with significant benefits on CET1 ratio)



## 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
- +10% CAGR sight deposits growth in the last 10 years, **strong resilience during periods of stress/crisis**

## Rock - solid capital position

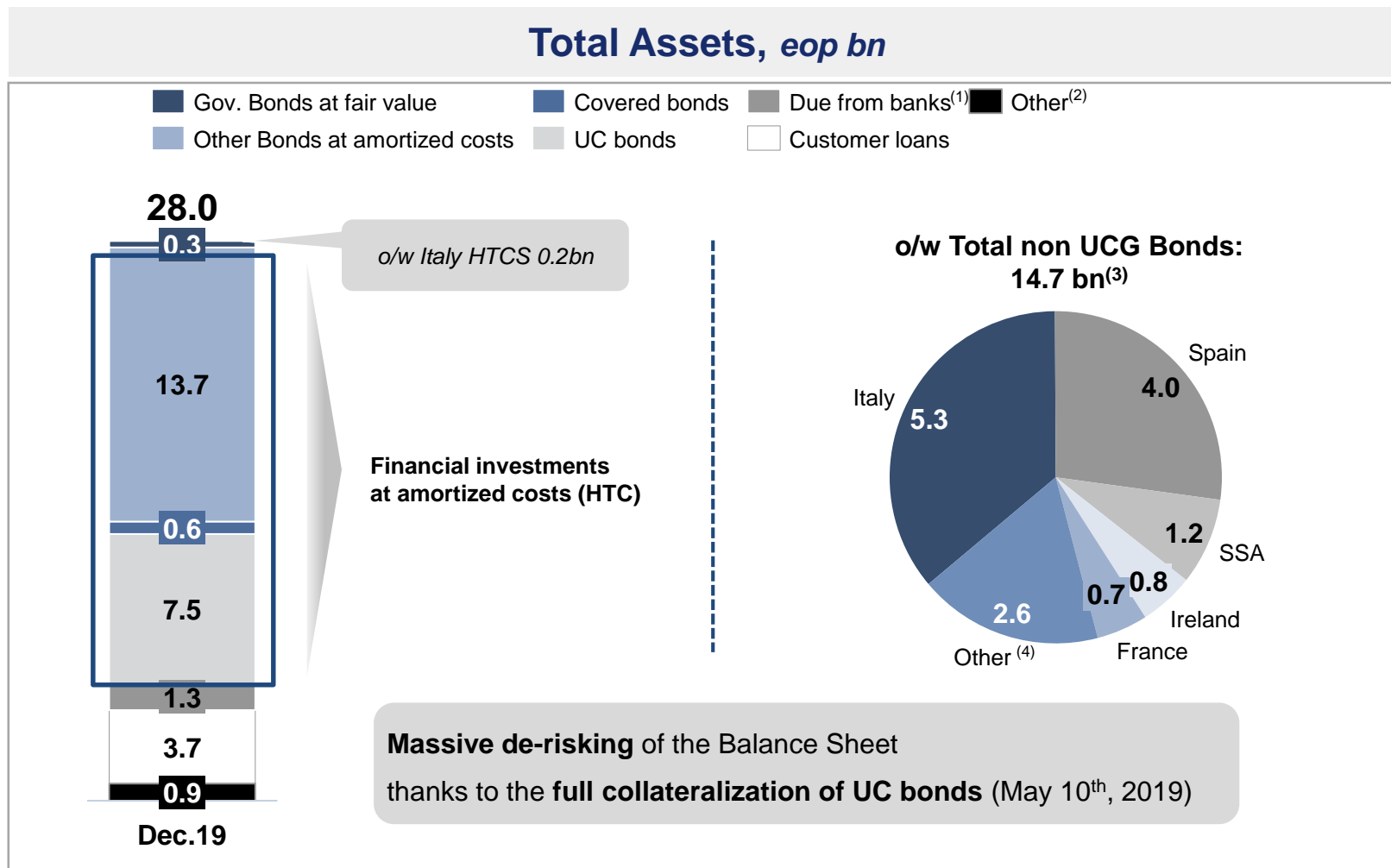


<sup>(1)</sup> Due from banks includes 0.8bn cash deposited at Bank of Italy as of Dec.19

<sup>(2)</sup> NSFR as of Sept.19

# Total assets: 99% not exposed to volatility

Out of 28.0bn, only 0.3bn of Assets valued at fair value with limited impacts on Equity reserve



<sup>(1)</sup> Due from banks includes 0.8bn cash and 0.3 bn compulsory reserves deposited at Bank of Italy as of Dec. 2019

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

<sup>(3)</sup> 14.7bn equal to 13.9bn nominal value, o/w Italy 5.0 bn nominal value

<sup>(4)</sup> Other : US, Austria, Belgium, Germany, Poland, Portugal, United Kingdom; Covered Bonds

# Sustainability at the heart of Fineco's business model

## Embedding ESG in our Bank's Governance



Our sustainable **growth strategy** is inspired by principles of the most relevant international **organisations**, consistent with the achievements of the **17 Sustainable Development Goals (SDGs)** of the UN 2030 Agenda.

- ✓ **Appointments and Sustainability Committee** established to supervise the Bank's sustainable growth strategy and ESG plans, together with a Sustainability Management Committee
- ✓ **Materiality Matrix** defined, to determine the relevant topics for Fineco and its Stakeholders on which Fineco has based its **first Non Financial Statement**



- ✓ Our **Standard Ethics Rating<sup>(1)</sup>** at **“EE”** was confirmed in 2019, a grade given to sustainable companies with low reputational risk profile and strong prospects for long-term growth. In 2019 Standard Ethics also assigned us an **ESG Award**
- ✓ **MSCI** has upgraded FinecoBank's rating at **“A”** from **“BBB”**

## Continuously updating our ESG offer

- ✓ **Around 40% of funds with a rating Morningstar equal to “high”, “above average” and “average”**
- ✓ **FAM Megatrends** launched in July 2019



- ✓ **ESG model portfolios** launched within our Advice Platform
- ✓ **Green mortgages** for the purchase of real estate with energy rating between A and B
- ✓ **Green and Social Bonds** are included in our **covered bonds portfolio**

<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.

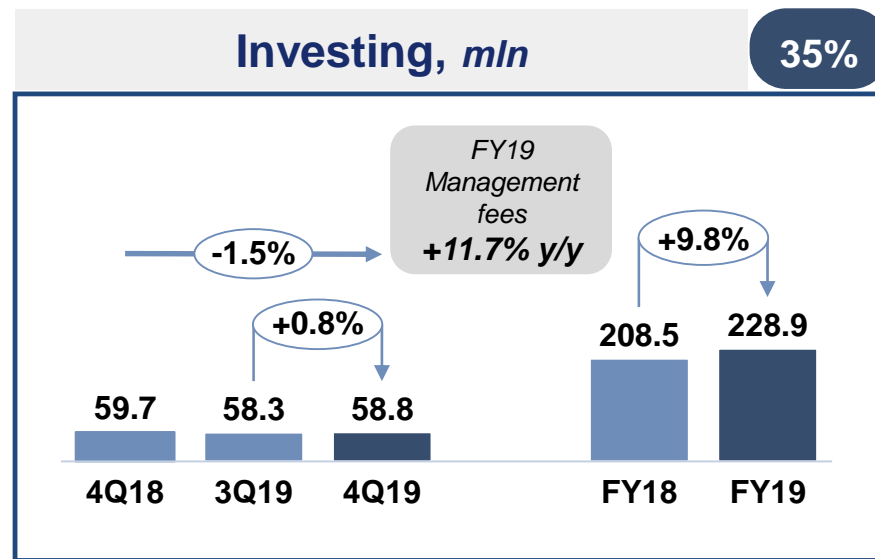
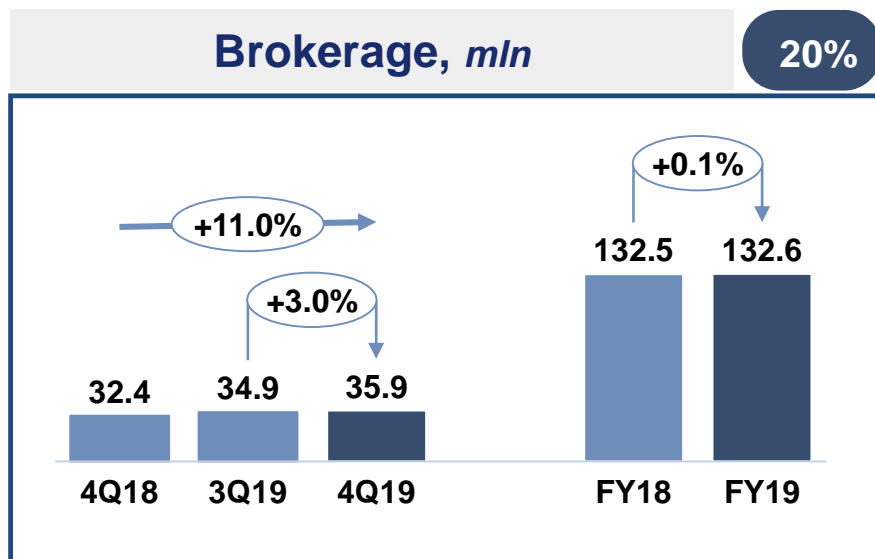
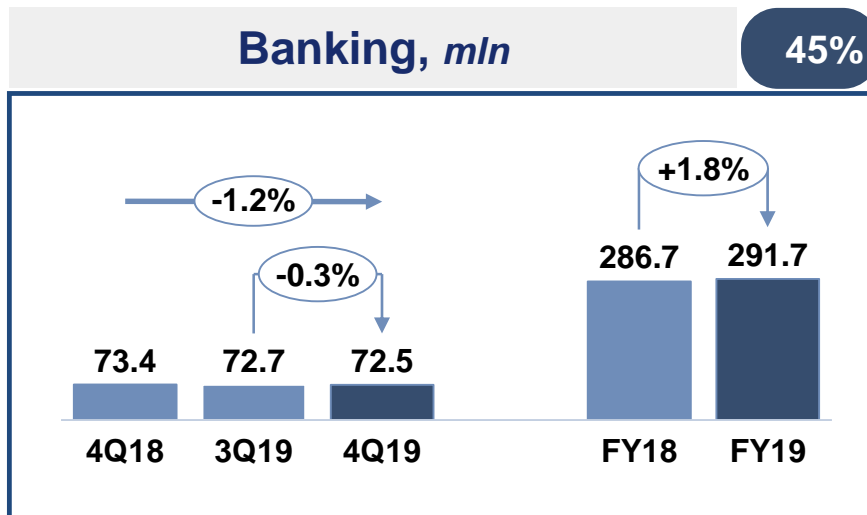
The Standard Ethics Rating is an assessment of sustainability and governance based on the principles and voluntary directions of the United Nations, the Organization for Economic Cooperation and Development (OECD) and the European Union.

# Agenda

- Fineco Results
- Next steps and developing opportunities
- Key messages
- **Focus on product areas**

# Revenues by Product Area

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



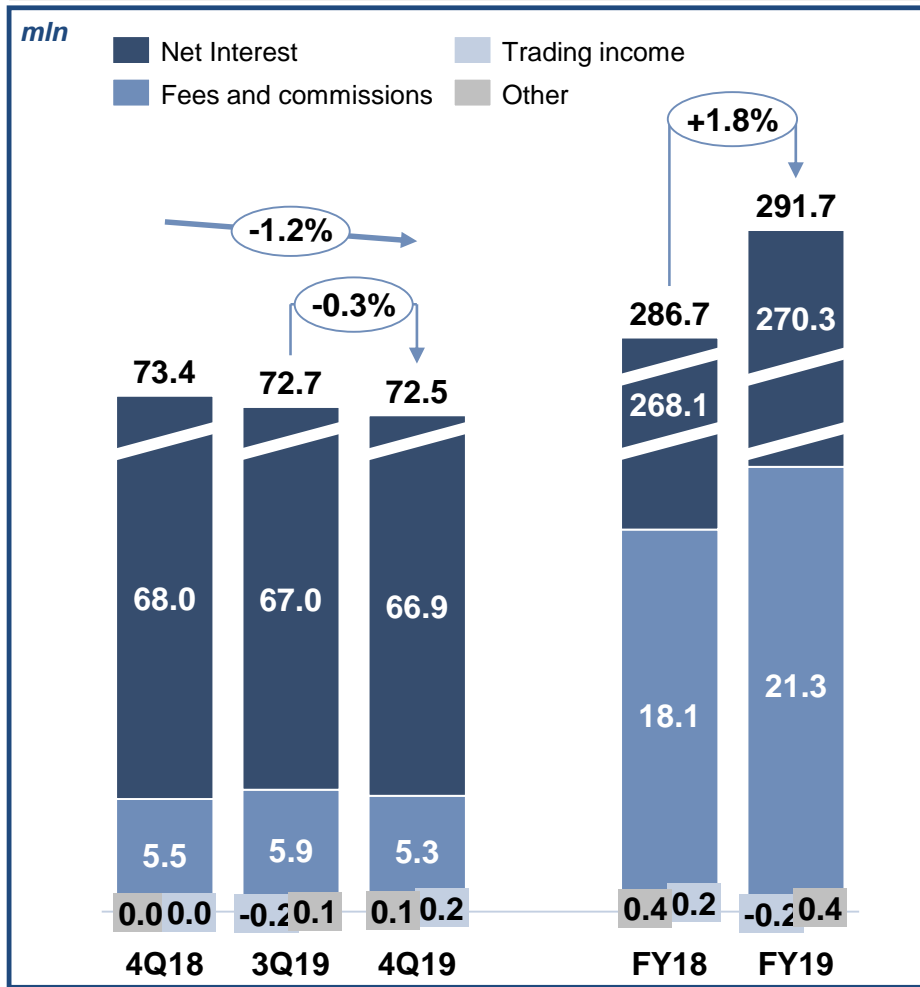
FY9 weight on total revenues for each product area

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).

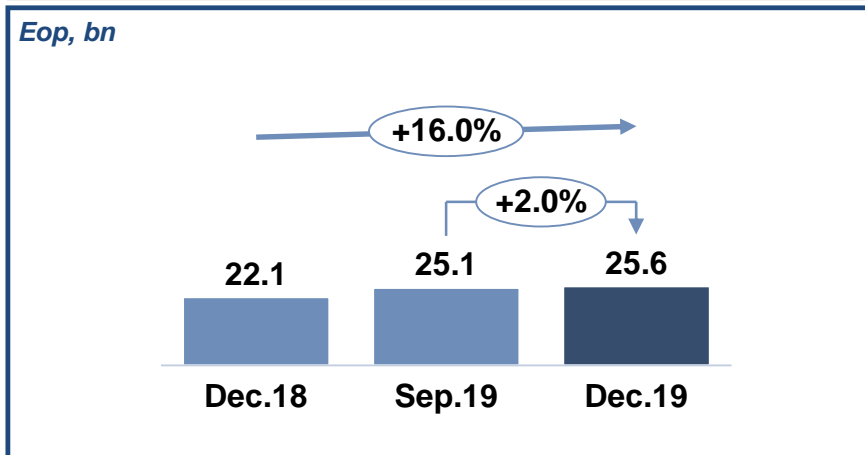
# Banking

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

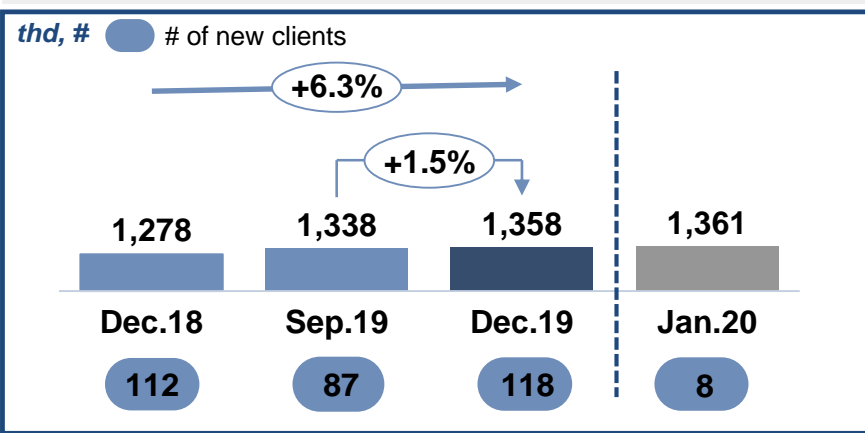
## Revenues



## Sight deposits



## Clients and new clients



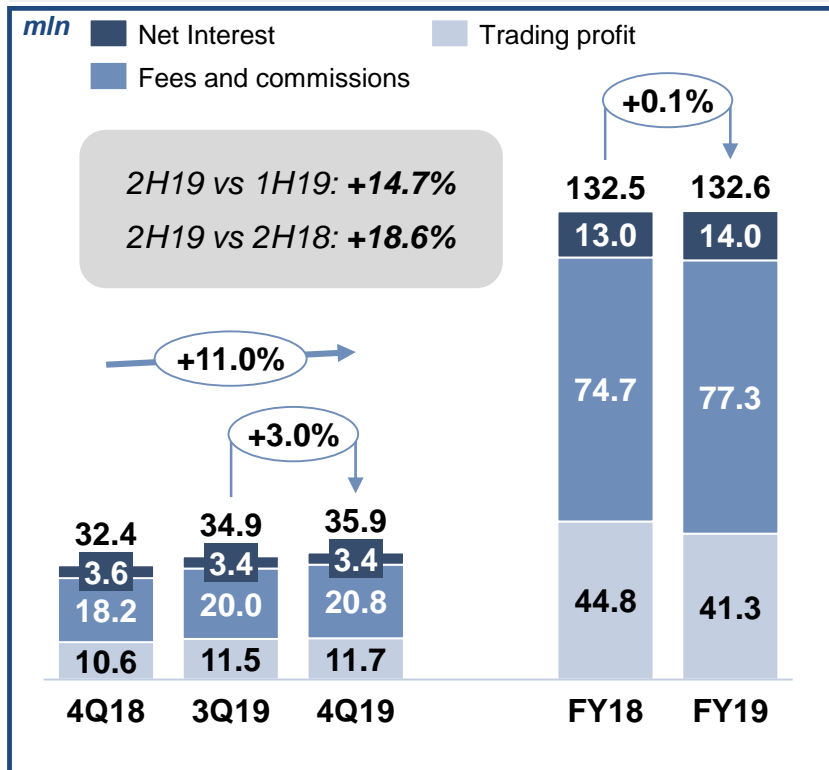
Managerial Data

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

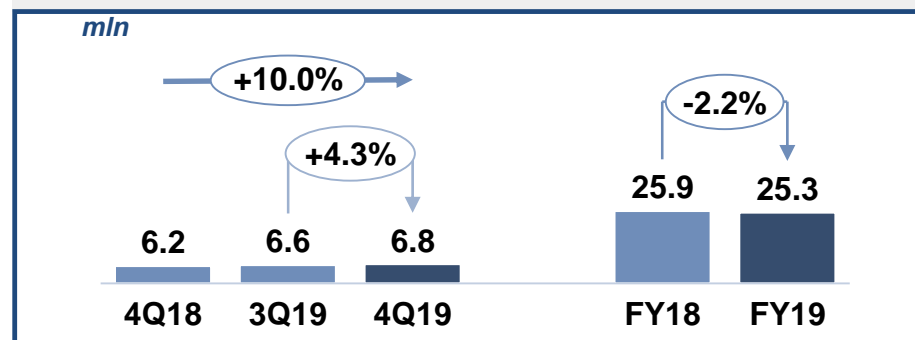
# Brokerage

Revamped Brokerage thanks to review of the offer. Growing market share in Italy and continuous enlargement of product offer

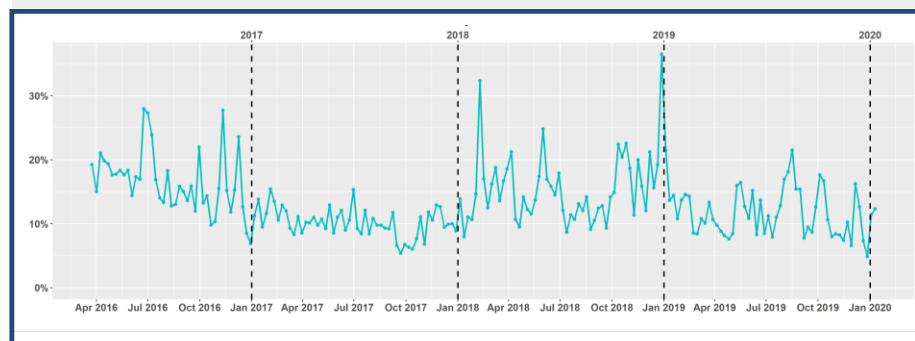
## Revenues



## Executed orders



## Volatility (1)



- **FY19 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 27.0% in Dec.19<sup>(2)</sup>, +2.3p.p. vs Dec.18) confirming Fineco as leader in brokerage

Managerial Data

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

<sup>(1)</sup> Volatility calculated as avg weekly volatility of BUND, BTP, SP, EUROSTOXX, MINIDAX, DAX, FIB, MINIFIB, NASDAQ, DOW weighted on volumes related to futures traded by our clients

<sup>(2)</sup> Assosim



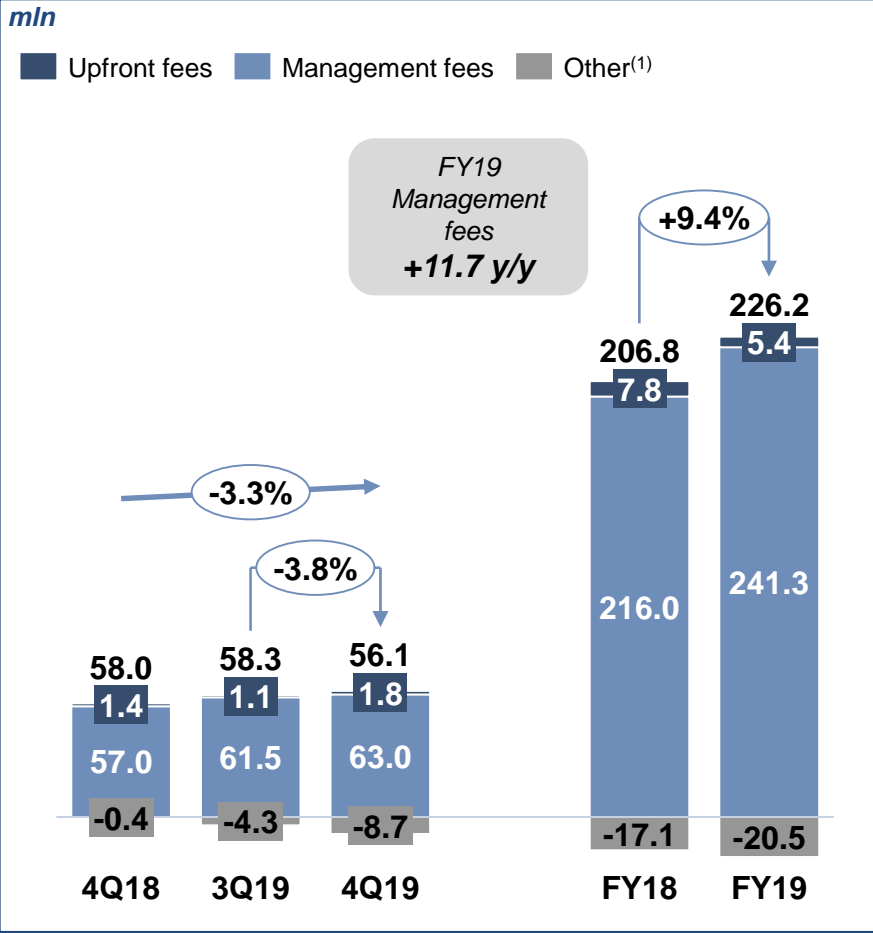
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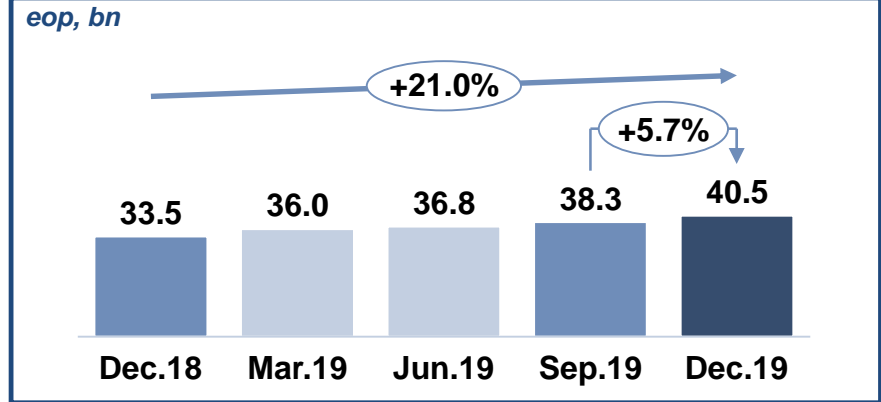
# Investing

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

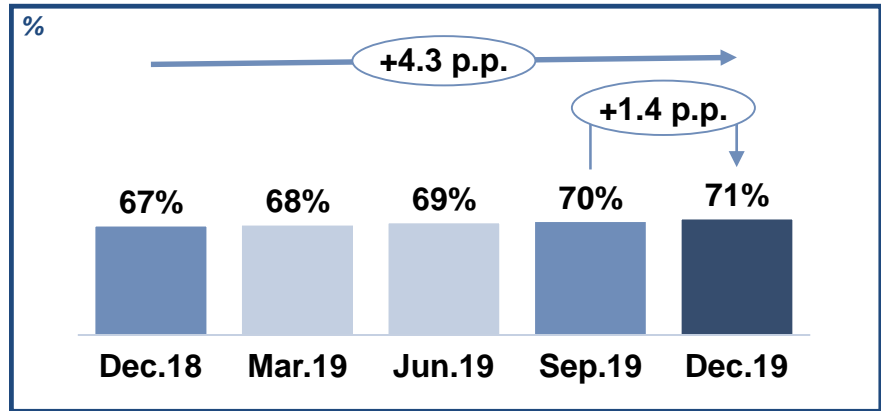
## Revenues (Net fees)



## 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



# P&L

<i>mln</i>	1Q18	2Q18	3Q18	4Q18	FY18	1Q19	2Q19	3Q19	4Q19	FY19
Net interest income	68.9	68.7	69.9	71.1	278.7	70.4	71.4	69.8	69.7	281.3
Net commissions	71.5	74.5	72.7	81.8	300.4	77.4	81.3	84.3	82.3	325.2
Trading profit	14.5	13.1	10.7	5.9	44.3	9.8	8.0	11.6	15.3	44.8
Other expenses/income	0.5	0.1	-0.4	1.7	1.9	0.2	0.3	0.1	2.9	3.6
<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>	<b>161.1</b>	<b>165.8</b>	<b>170.2</b>	<b>654.8</b>
Staff expenses	-20.5	-21.0	-23.2	-21.9	-86.6	-21.7	-22.4	-22.5	-23.6	-90.2
Other admin.exp. net of recoveries	-40.8	-37.5	-34.1	-36.3	-148.7	-38.5	-34.4	-29.4	-34.3	-136.6
D&A	-2.3	-2.5	-2.5	-3.1	-10.4	-5.1	-5.4	-5.8	-6.6	-22.9
<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>-62.3</b>	<b>-57.6</b>	<b>-64.4</b>	<b>-249.6</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>	<b>98.8</b>	<b>108.2</b>	<b>105.8</b>	<b>405.2</b>
Provisions	-1.8	-1.9	-15.9	-1.8	-21.4	-1.0	-2.9	-19.8	-3.5	-27.2
LLP	-1.3	0.2	-0.9	-2.3	-4.4	-1.3	1.1	-1.2	-0.6	-2.0
Integration costs	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Profit from investments	0.0	5.2	-0.9	-3.2	1.1	-0.7	6.5	0.4	1.1	7.4
<b>Profit before taxes</b>	<b>88.7</b>	<b>98.8</b>	<b>75.6</b>	<b>91.7</b>	<b>354.8</b>	<b>89.5</b>	<b>103.5</b>	<b>87.6</b>	<b>102.8</b>	<b>383.5</b>
Income taxes	-29.7	-32.6	-23.0	-28.2	-113.5	-27.3	-31.7	-26.6	-9.6	-95.1
<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>71.8</b>	<b>61.0</b>	<b>93.2</b>	<b>288.4</b>
<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>74.7</b>	<b>60.8</b>	<b>70.7</b>	<b>268.8</b>

<b>Non recurring items (mln, gross)</b>	1Q18	2Q18	3Q18	4Q18	FY18	1Q19	2Q19	3Q19	4Q19	FY19
<i>Extraord systemic charges (Trading Profit) <sup>(2)</sup></i>				-3.0	-3.0	-0.4	-4.3	0.4	1.4	-3.0
<i>Integration costs</i>				-0.1	-0.1				0.0	0.0
<i>Severance</i>			-1.6		-1.6					
<i>Patent Box</i>									21.6	21.6
<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>	<b>-4.3</b>	<b>0.4</b>	<b>23.0</b>	<b>18.6</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>	2Q19 Adj. <sup>(1)</sup>	3Q19 Adj. <sup>(1)</sup>	4Q19 Adj. <sup>(1)</sup>	FY19 Adj. <sup>(1)</sup>
Net interest income	68.9	68.7	69.9	71.1	278.7	70.4	71.4	69.8	69.7	281.3
Net commissions	71.5	74.5	72.7	81.8	300.4	77.4	81.3	84.3	82.3	325.2
Trading profit	14.5	13.1	10.7	8.9	47.3	10.3	12.3	11.2	13.9	47.7
Other expenses/income	0.5	0.1	-0.4	1.7	1.9	0.2	0.3	0.1	2.9	3.6
<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>165.4</b>	<b>165.4</b>	<b>168.8</b>	<b>657.8</b>
Staff expenses	-20.5	-21.0	-21.6	-21.9	-85.0	-21.7	-22.4	-22.5	-23.6	-90.2
Other admin.expenses	-40.8	-37.5	-34.1	-36.3	-148.7	-38.5	-34.4	-29.4	-34.3	-136.6
D&A	-2.3	-2.5	-2.5	-3.1	-10.4	-5.1	-5.4	-5.8	-6.6	-22.9
<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>-62.3</b>	<b>-57.6</b>	<b>-64.4</b>	<b>-249.6</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>103.1</b>	<b>107.8</b>	<b>104.4</b>	<b>408.2</b>
Provisions	-1.8	-1.9	-15.9	-1.8	-21.4	-1.0	-2.9	-19.8	-3.5	-27.2
LLP	-1.3	0.2	-0.9	-2.3	-4.4	-1.3	1.1	-1.2	-0.6	-2.0
Profit from investments	0.0	5.2	-0.9	-3.2	1.1	-0.7	6.5	0.4	1.1	7.4
<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>107.8</b>	<b>87.2</b>	<b>101.4</b>	<b>386.4</b>
Income taxes	-29.7	-32.6	-23.5	-29.2	-115.1	-27.4	-33.1	-26.4	-30.7	-117.7
<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>74.7</b>	<b>60.8</b>	<b>70.7</b>	<b>268.8</b>

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

## FY19 P&L FinecoBank and Fineco Asset Management

<i>mln</i>	Fineco Asset Management	FinecoBank Individual	FinecoBank Consolidated
Net interest income	-0.1	281.4	281.3
Dividends		48.3	0.0
Net commissions	62.5	262.7	325.2
Trading profit	0.2	44.6	44.8
Other expenses/income	2.7	1.0	3.6
<b>Total revenues</b>	<b>65.2</b>	<b>638.0</b>	<b>654.8</b>
Staff expenses	-4.1	-86.1	-90.2
Other admin.exp. net of recoveries	-2.9	-133.8	-136.6
D&A	-0.2	-22.6	-22.9
<b>Operating expenses</b>	<b>-7.2</b>	<b>-242.5</b>	<b>-249.6</b>
<b>Gross operating profit</b>	<b>58.1</b>	<b>395.5</b>	<b>405.2</b>
Provisions		-27.2	-27.2
LLP		-2.0	-2.0
Profit on Investments		7.4	7.4
<b>Profit before taxes</b>	<b>58.1</b>	<b>373.7</b>	<b>383.5</b>
Income taxes	-7.3	-87.8	-95.1
<b>Net profit for the period</b>	<b>50.8</b>	<b>285.9</b>	<b>288.4</b>

# Details on Net Interest Income

<i>mln</i>	1Q18	Volumes & Margins	2Q18	Volumes & Margins	3Q18	Volumes & Margins	4Q18	Volumes & Margins	1Q19	Volumes & Margins	2Q19	Volumes & Margins	3Q19	Volumes & Margins	4Q19	Volumes & Margins	FY18	Volumes & Margins	FY19	Volumes & Margins
Financial Investments	56.9	18,449	57.5	18,887	57.1	18,817	57.7	19,133	57.1	19,748	58.0	20,582	55.9	21,714	56.0	22,114	229.2	18,822	227.0	21,040
<i>Net Margin</i>		1.25%		1.22%		1.20%		1.20%		1.17%		1.13%		1.02%		1.01%		1.22%		1.08%
<i>Gross margin</i>	58.6	1.29%	59.8	1.27%	59.3	1.25%	60.1	1.25%	59.7	1.23%	60.4	1.18%	58.5	1.07%	57.7	1.04%	237.8	1.26%	236.3	1.12%
Security Lending	0.2	804	0.2	726	0.2	753	0.4	743	0.6	836	0.4	386	0.0	0	0.3	307	1.1	756	1.4	382
<i>Net Margin</i>		0.11%		0.10%		0.12%		0.24%		0.32%		0.44%		0.00%		0.44%		0.14%		0.37%
Leverage - Long	2.7	182	2.7	181	3.0	196	3.0	150	2.7	129	3.2	153	3.3	157	3.3	154	11.5	178	12.4	148
<i>Net Margin</i>		6.06%		6.03%		6.11%		7.95%		8.45%		8.35%		8.38%		8.38%		6.47%		8.39%
Lending	9.2	1,854	9.5	2,080	9.9	2,316	10.3	2,472	10.5	2,611	10.8	2,754	11.1	2,912	10.9	3,050	38.8	2,180	43.3	2,832
<i>Net Margin</i>		2.01%		1.84%		1.69%		1.65%		1.62%		1.58%		1.51%		1.42%		1.78%		1.53%
o/w Current accounts	2.4	684	2.6	788	2.8	891	3.0	970	2.9	1,040	3.2	1,112	3.2	1,169	3.4	1,241	10.8	833	12.7	1,141
<i>Net Margin</i>		1.43%		1.33%		1.23%		1.21%		1.14%		1.14%		1.10%		1.07%		1.29%		1.11%
o/w Cards	1.2	240	1.2	232	1.2	252	1.2	251	1.2	245	1.2	252	1.2	282	1.2	265	4.8	244	4.9	261
<i>Net Margin</i>		2.00%		2.05%		1.93%		1.97%		2.00%		1.92%		1.74%		1.87%		1.99%		1.88%
o/w Personal loans	4.3	370	4.4	394	4.4	411	4.5	427	4.6	441	4.6	448	4.6	457	4.5	459	17.6	400	18.3	451
<i>Net Margin</i>		4.67%		4.45%		4.29%		4.18%		4.20%		4.09%		3.98%		3.92%		4.39%		4.05%
o/w Mortgages	1.3	560	1.4	666	1.4	763	1.6	824	1.8	886	1.9	942	2.0	1,005	1.8	1,084	5.7	703	7.4	979
<i>Net Margin</i>		0.96%		0.81%		0.75%		0.75%		0.80%		0.82%		0.79%		0.64%		0.81%		0.76%
Other <sup>(1)</sup>	-0.1		-1.2		-0.3		-0.3		-0.5		-1.0		-0.4		-0.8		-1.9		-2.8	
<b>Total</b>	<b>68.9</b>		<b>68.7</b>		<b>69.9</b>		<b>71.1</b>		<b>70.4</b>		<b>71.4</b>		<b>69.8</b>		<b>69.7</b>		<b>278.7</b>		<b>281.3</b>	
<b>Gross Margin</b>		<b>1.33%</b>		<b>1.31%</b>		<b>1.29%</b>		<b>1.29%</b>		<b>1.26%</b>		<b>1.25%</b>		<b>1.17%</b>		<b>1.11%</b>		<b>1.30%</b>		<b>1.20%</b>
<b>Cost of Deposits</b>		<b>-0.03%</b>		<b>-0.04%</b>		<b>-0.04%</b>		<b>-0.04%</b>		<b>-0.05%</b>		<b>-0.04%</b>		<b>-0.04%</b>		<b>-0.03%</b>		<b>-0.04%</b>		<b>-0.04%</b>

Volumes and margins: average of the period  
 Net margin calculated on real interest income and expenses  
 2019 quarterly figures have been reclassified due to a managerial recast

(1) Other includes mainly marketing costs

## UniCredit bonds underwritten

	ISIN	Currency	Amount (€ m)	Maturity	Indexation	Spread
1	IT0005010324	Euro	382.5	13-Jan-20	Euribor 1m	2.44%
2	IT0005010365	Euro	382.5	10-Apr-20	Euribor 1m	2.47%
3	IT0005010308	Euro	382.5	9-Jul-20	Euribor 1m	2.49%
4	IT0005010381	Euro	382.5	7-Oct-20	Euribor 1m	2.52%
5	IT0005010332	Euro	382.5	6-Jan-21	Euribor 1m	2.54%
6	IT0005010316	Euro	382.5	6-Apr-21	Euribor 1m	2.56%
7	IT0005010340	Euro	382.5	5-Jul-21	Euribor 1m	2.58%
8	IT0005010225	Euro	382.5	18-Oct-21	Euribor 1m	2.60%
9	IT0005040099	Euro	100.0	24-Jan-22	Euribor 1m	1.46%
10	IT0005057994	Euro	200.0	11-Apr-22	Euribor 1m	1.43%
11	IT0005083743	Euro	300.0	28-Jan-22	Euribor 1m	1.25%
12	IT0005106189	Euro	230.0	20-Apr-20	Euribor 1m	0.90%
13	IT0005114688	Euro	180.0	19-May-22	Euribor 1m	1.19%
14	IT0005120347	Euro	700.0	27-Jun-22	Euribor 1m	1.58%
15	IT0005144065	Euro	450.0	14-Nov-22	Euribor 3m	1.40%
16	IT0005144073	Euro	350.0	15-Nov-21	Euribor 3m	1.29%
17	IT0005158412	Euro	250.0	23-Dec-22	Euribor 3m	1.47%
18	IT0005163180	Euro	600.0	11-Feb-23	Euribor 3m	1.97%
19	IT0005175135	Euro	100.0	24-Mar-23	Euribor 3m	1.58%
20	IT0005217606	Euro	350.0	11-Oct-23	Euribor 3m	1.65%
21	IT0005241317	Euro	622.5	2-Feb-24	Euribor 3m	1.52%
	<b>Total</b>	<b>Euro</b>	<b>7,492.5</b>		<b>Euribor 1m</b>	<b>1.94%</b>

<sup>(1)</sup> In order to calculate an average spread on Eur1m, a basis swap of 0.05% is considered

## Details on Net Commissions

<i>mln</i>	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	FY18	FY19
<b>Brokerage</b>	<b>20.6</b>	<b>20.1</b>	<b>15.8</b>	<b>18.2</b>	<b>18.5</b>	<b>18.0</b>	<b>20.0</b>	<b>20.8</b>	<b>74.7</b>	<b>77.3</b>
<i>o/w</i>										
Equity	17.5	16.4	13.1	14.9	15.6	14.7	15.9	17.0	61.8	63.2
Bond	0.8	1.2	0.6	0.9	0.9	0.9	1.4	0.7	3.6	3.9
Derivatives	2.5	2.7	2.2	2.9	2.3	2.2	2.7	2.6	10.2	9.7
Other commissions <sup>(1)</sup>	-0.1	-0.2	-0.1	-0.5	-0.2	0.2	0.0	0.6	-0.9	0.5
<b>Investing</b>	<b>47.1</b>	<b>49.5</b>	<b>52.2</b>	<b>58.0</b>	<b>54.2</b>	<b>57.6</b>	<b>58.3</b>	<b>56.1</b>	<b>206.8</b>	<b>226.2</b>
<i>o/w</i>										
Placement fees	2.5	2.4	1.4	1.4	1.1	1.3	1.1	1.8	7.8	5.4
Management fees	50.2	53.9	54.9	57.0	57.1	59.7	61.5	63.0	216.0	241.3
to PFA's: incentives	-4.8	-5.8	-3.1	-0.4	-3.0	-4.3	-3.6	-8.0	-14.1	-18.9
to PFA's: LTI	-0.9	-1.1	-1.0	0.0	-1.0	0.8	-0.7	-0.7	-2.9	-1.6
<b>Banking</b>	<b>3.4</b>	<b>4.7</b>	<b>4.5</b>	<b>5.5</b>	<b>4.5</b>	<b>5.6</b>	<b>5.9</b>	<b>5.3</b>	<b>18.1</b>	<b>21.3</b>
<b>Other</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.9</b>	<b>0.4</b>
<b>Total</b>	<b>71.5</b>	<b>74.5</b>	<b>72.7</b>	<b>81.8</b>	<b>77.4</b>	<b>81.3</b>	<b>84.3</b>	<b>82.3</b>	<b>300.4</b>	<b>325.2</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	1Q19	2Q19	3Q19	4Q19	FY18	FY19
Net interest income	66.1	67.1	67.0	68.0	67.6	68.8	67.0	66.9	268.1	270.3
Net commissions	3.4	4.7	4.5	5.5	4.5	5.6	5.9	5.3	18.1	21.3
Trading profit	0.0	0.1	0.1	0.0	-0.1	-0.1	-0.2	0.2	0.2	-0.2
Other	0.1	0.2	0.1	0.0	0.1	0.1	0.1	0.1	0.4	0.4
<b>Total Banking</b>	<b>69.6</b>	<b>72.0</b>	<b>71.6</b>	<b>73.4</b>	<b>72.1</b>	<b>74.3</b>	<b>72.7</b>	<b>72.5</b>	<b>286.7</b>	<b>291.7</b>
Net interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net commissions	47.1	49.5	52.2	58.0	54.2	57.6	58.3	56.1	206.8	226.2
Trading profit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	1.7	0.0	0.0	0.0	2.7	1.7	2.7
<b>Total Investing</b>	<b>47.1</b>	<b>49.5</b>	<b>52.2</b>	<b>59.7</b>	<b>54.2</b>	<b>57.6</b>	<b>58.3</b>	<b>58.8</b>	<b>208.5</b>	<b>228.9</b>
Net interest income	3.0	3.0	3.3	3.6	3.4	3.7	3.4	3.4	13.0	14.0
Net commissions	20.6	20.1	15.8	18.2	18.5	18.0	20.0	20.8	74.7	77.3
Trading profit	13.8	12.2	8.2	10.6	8.2	9.9	11.5	11.7	44.8	41.3
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Brokerage</b>	<b>37.5</b>	<b>35.3</b>	<b>27.3</b>	<b>32.4</b>	<b>30.2</b>	<b>31.6</b>	<b>34.9</b>	<b>35.9</b>	<b>132.5</b>	<b>132.6</b>

### Managerial Data

Please note that, starting from December 31st, 2019, "Trading profit" also includes dividends and similar revenues on equity investments held at fair value in the item "Dividend income and similar revenue", previously included in the item "Dividends and other income from equity investments" in the reclassified income statement. 2018 figures were also reclassified.

## IFRS 9 P&L impacts

<i>mln</i>	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	FY18	FY19
Trading Profit	0.6	0.9	0.9	-3.8	0.8	-3.6	0.6	1.9	-1.4	-0.4
<i>Visa</i>	0.6	0.9	0.9	-0.7	1.2	0.7	0.2	0.4	1.6	2.6
<i>Voluntary Scheme</i>	0.0	0.0	0.0	-3.0	-0.4	-4.3	0.4	1.4	-3.0	-3.0
Loan Loss Provisions	-0.4	2.4	-0.4	-0.6	-1.0	3.1	-0.0	0.0	1.0	2.1
Profit on Investments	0.0	5.3	-0.9	-3.1	-0.7	6.5	0.4	1.1	1.3	7.4
<i>Govies</i>	-0.2	-0.2	-0.1	-0.8	0.2	-0.8	-0.1	1.1	-1.3	0.4
<i>UC Bonds</i>	0.2	5.5	-0.8	-2.3	-0.8	7.3	0.5	-0.0	2.6	7.0
<b>Total impacts from IFRS 9</b>	<b>0.2</b>	<b>8.6</b>	<b>-0.4</b>	<b>-7.5</b>	<b>-0.9</b>	<b>5.9</b>	<b>1.1</b>	<b>3.0</b>	<b>0.8</b>	<b>9.2</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	1Q19	2Q19	3Q19	4Q19	FY18	FY19
Net interest Income					-0.2	-0.2	-0.2	-0.3		-1.0
Other Administrative Expenses	-3.3	-3.2	-3.3	-3.5					-13.3	
<i>Leasing Reggio Emilia offices and financial shops</i> <sup>(1)</sup>	-2.5	-2.5	-2.5	-2.6					-10.0	
<i>Leasing Milano headquarter</i>	-0.8	-0.8	-0.8	-0.9					-3.3	
Write-down/backes and depreciation					-2.2	-2.3	-2.3	-2.6		-9.5
<i>Leasing Reggio Emilia offices and financial shops</i>					-2.2	-2.3	-2.3	-2.6		-9.5

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 -1.0mln 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

<sup>(1)</sup> 2018 figures relating to Leasing of Reggio Emilia offices and financial shops have been reclassified due to a managerial recast

## Breakdown Total Financial Assets

<i>mln</i>	Mar.18	Jun.18	Sep.18	Dec.18	Mar.19	Jun.19	Sep.19	Dec.19
<b>AUM</b>	<b>33,536</b>	<b>34,496</b>	<b>34,930</b>	<b>33,485</b>	<b>35,988</b>	<b>36,819</b>	<b>38,325</b>	<b>40,505</b>
o/w Funds and Sicav	26,666	26,809	26,795	24,853	26,361	26,426	27,477	28,786
o/w Insurance	6,395	7,043	7,355	7,618	8,401	9,002	9,369	10,115
o/w GPM	1	1	1	1	1	26	55	93
o/w AuC + deposits under advisory	475	643	779	1,012	1,225	1,365	1,425	1,512
<i>o/win Advice</i>	475	477	494	535	572	600	603	598
<i>o/win Plus</i>	0	166	285	477	653	765	822	914
<b>AUC</b>	<b>13,890</b>	<b>14,366</b>	<b>14,395</b>	<b>13,779</b>	<b>15,187</b>	<b>15,229</b>	<b>15,158</b>	<b>15,324</b>
o/w Equity	8,573	8,736	8,846	8,007	9,137	9,207	9,573	9,841
o/w Bond	5,298	5,613	5,534	5,759	6,037	6,011	5,575	5,448
o/w Other	20	18	15	13	13	12	11	35
<b>Direct Deposits</b>	<b>20,624</b>	<b>20,968</b>	<b>21,536</b>	<b>22,069</b>	<b>22,941</b>	<b>23,844</b>	<b>25,099</b>	<b>25,590</b>
o/w Sight	20,616	20,962	21,532	22,066	22,938	23,842	25,098	25,588
o/w Term	7	6	4	3	2	2	2	1
<b>Total</b>	<b>68,050</b>	<b>69,830</b>	<b>70,861</b>	<b>69,333</b>	<b>74,116</b>	<b>75,892</b>	<b>78,583</b>	<b>81,419</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>	<b>25,354</b>	<b>26,697</b>	<b>28,788</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>	<b>29,970</b>	<b>31,891</b>	<b>33,437</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	Jun.19	Sep.19	Dec.19
Due from Banks <sup>(1)</sup>	3,488	3,224	3,398	3,059	3,059	3,807	1,941	2,033	1,320
Customer Loans	2,318	2,633	2,736	2,955	2,955	3,029	3,409	3,568	3,680
Financial Assets	17,106	17,199	17,678	18,238	18,238	19,012	19,920	21,532	22,313
Tangible and Intangible Assets	112	112	112	115	180	243	242	247	279
Derivatives	0	3	0	8	8	29	49	72	65
Other Assets	211	254	259	357	357	259	274	308	366
<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>	<b>25,835</b>	<b>27,760</b>	<b>28,023</b>
Customer Deposits	20,916	21,197	21,827	22,273	22,333	23,311	24,140	25,429	25,920
Due to Banks	960	908	1,000	1,010	1,014	1,605	207	188	155
Derivatives	0	2	0	8	8	32	84	156	95
Funds and other Liabilities	367	445	452	466	466	393	477	698	471
Equity	992	874	904	976	976	1,040	928	1,289	1,382
<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>	<b>25,835</b>	<b>27,760</b>	<b>28,023</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).

<sup>(1)</sup> Due from banks includes: 1.2bn cash deposited at Bank of Italy as of June 2019, 1.2bn cash and 0.2 bn compulsory reserves deposited at Bank of Italy as of Sept. 2019, and 0.8bn cash and 0.3 bn compulsory reserves deposited at Bank of Italy as of Dec. 2019

# Main Financial Ratios

	Mar.18	Jun.18	Sep.18	Dec.18	Mar.19	Jun.19	Sep.19	Dec.19
<b>PFA TFA/ PFA (mln) <sup>(1)</sup></b>	22.5	23.0	23.4	23.2	25.0	25.6	26.6	27.8
<b>Guided Products / TFA <sup>(2)</sup></b>	31%	32%	32%	32%	33%	33%	34%	35%
<b>Cost / income Ratio <sup>(3)</sup></b>	41.0%	40.0%	39.3%	38.9%	41.3%	39.4%	37.9%	37.9%
<b>CET 1 Ratio</b>	20.2%	20.7%	20.5%	21.2%	21.0%	17.8%	17.4%	18.1%
<b>Adjusted RoE <sup>(4)</sup></b>	35.1%	37.0%	35.2%	35.7%	30.8%	33.6%	27.0%	27.1%
<b>Leverage Ratio <sup>(5)</sup></b>	7.15%	6.51%	6.00%	5.55%	5.11%	2.89%	3.85%	3.85%

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

(2) Calculated as Guided Products eop divided by Total Financial Assets eop

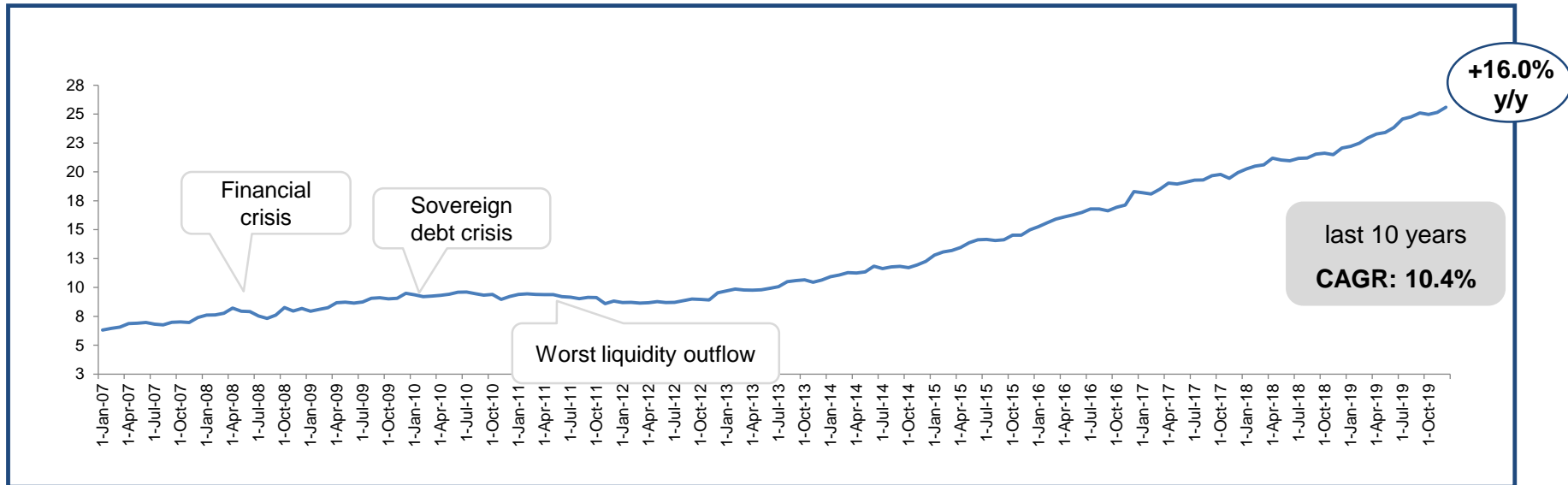
(3) C/I ratio net of non recurring items (see page 43) calculated as Operating Costs divided by Revenues net of non recurring items

(4) 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)

(5) Leverage ratios until Mar.19 are calculated on Individual basis, 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, Eop bn



- ✓ **Double-digit deposit growth** throughout the last 10 years (+10.4% 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

## Strategy and Business model

**Fineco exit from the UniCredit Group has no implications on its strategy and business model:** Fineco enjoyed limited synergies with UniCredit and, as a fully independent company, continues to **focus on maximizing shareholders' value via healthy, sustainable and organic growth**

## Transitional Arrangements with UniCredit Group

**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**

### INVESTMENT STRATEGY

- **No change in the investment policy** envisaging an increasing diversification of financial investments as the existing stock of UniCredit bonds, currently at around €7.1bn<sup>(1)</sup>, progressively runs off by 2024

### INFRAGROUP SERVICES

- **UniCredit has granted a financial collateral** in favor of Fineco to secure the credit risk exposures towards UniCredit and **neutralize the capital impacts and risk concentration limits**

### TRADEMARK

- **UniCredit will continue to provide, on an interim basis, certain services** in order to allow Fineco to act in full operational continuity. **The contract for customers' access to banking services through smart ATMs and physical branches has been extended for 20 years**

- **Fineco has exercised at the end of 2019 the option for the purchase of its brand at the price of €22.5mln plus VAT**



## Benefits from being a fully independent public company

- **More liquid stock** with more than doubled average volumes
- **Increased efficiency** as we now are **more flexible and agile** to adapt to a fast changing environment in terms of:

 **MARKETING AND COMMUNICATION**

**More freedom** in terms of marketing strategy, **tone of voice** and **communication on social media** (very important for Brokerage)

 **TECHNOLOGY**

Possibility to fully exploit our **operational efficiency to offer a better customer experience** with more flexibility (e.g. Strong Customer Authentication)

 **TREASURY**

**Improved efficiency and flexibility** in our decision making, with **no need to increase risk profile**

# 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

# Fineco Asset Management in a nutshell

AUM at €14.2bn, of which €8.6bn retail classes <sup>(1)</sup>

## FUNDS OF FUNDS

### FAM EVOLUTION (22 strategies)

- ✓ **FAM Target:** new decumulation product to progressively invest in multi-thematic/profile funds
- ✓ **FAM Megatrend:** new multi-thematic fund investing in secular trends
- ✓ **New building blocks** both vertical and based on risk profile

### CORE SERIES (30 strategies)

- ✓ Release of **Premium Share Classes**

## FAM SERIES (sub-advised funds)

- ✓ **Additional sub-advisory mandates in pipeline** to further enlarge the offer through **quality and exclusivity agreements** for Fineco clients only

- ✓ 32 strategies

## INSTITUTIONAL BUSINESS

- ✓ Underlying funds for advisory solutions (both funds of funds and Insurance wrappers) allowing a better control of the value chain **to retain more margins and lower customers' TER**

- ✓ 40 strategies, including also Passive and new Smart Beta funds

## 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

**Better risk management** thanks to the look-through on daily basis on funds' underlying assets

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

**FINECO**

B A N K

# 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, Intesa 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**

## Additional Tier 1

First public placement successfully issued with strong demand (9x the offer)

### €200 mln AT1 issued in January 2018

- On January 23<sup>rd</sup>, 2018 the Bank issued a **€200mln** perpetual AT1
- Coupon fixed at **4.82%** for the initial **5.5 years**
- **Private placement**, fully subscribed by UniCredit SpA
- **Semi-annual coupon**
- Coupon (net of taxes) will impact directly Equity reserves

### €300 mln AT1 issued in July 2019

- On July 11<sup>th</sup>, 2019 Fineco issued a **€300mln** perpetual AT1 in order to maintain the Leverage Ratio above 3.5% after the exit from the UniCredit Group
- Coupon fixed at **5.875%** (initial guidance at 6.5%) for the initial **5.5 years**
- **Public placement**, with strong demand (9x, €2.7bn), listed in Euronext Dublin
- **Semi-annual coupon**
- Coupon (net of taxes) will impact directly Equity reserves
- The instrument was assigned a **BB-** rating by S&P

Italian AT1 yield at first call date

