Informazione Regolamentata n. 1615-62-2020	Data/Ora Ricezione 11 Maggio 2020 11:40:56	MTA

Societa'	:	FINECOBANK
Identificativo Informazione Regolamentata	:	132122
Nome utilizzatore	:	FINECOBANKN11 - Spolini
Tipologia	:	3.1
Data/Ora Ricezione	:	11 Maggio 2020 11:40:56
Data/Ora Inizio Diffusione presunta	:	11 Maggio 2020 11:40:57
Oggetto	:	PR - Consolidated Interim Financial Report 1Q2020

Testo del comunicato

Vedi allegato.

Results at 31 March 2020, approved

OUTSTANDING RESULTS WITH STRONG GROWTH OF NET PROFIT AND REVENUES. THE COMPLEX MARKET ENVIRONMENT IS REWARDING OUR BUSINESS MODEL

FINECO FINTECH DNA ALLOWS US TO CATCH THE FURTHER ACCELERATION IN THE TREND OF DIGITALIZATION

- Strong growth in net profit adjusted[1] thanks to the diversified business model: **€92.2 million** (+45.4% y/y)
- Revenues adjusted[1]: **€201.3 million** (+27.2% y/y)
- Operating costs: **€66.5 million** (+1.9% y/y)
- Cost/income ratio[1]: **33.0%** (-8.2 p.p. y/y)
- Strong and solid capital position: CET1 pro-forma[2] at **19.28%**

Milan, 11 May 2020

The Board of Directors of FinecoBank S.p.A. has approved the results at March 31, 2020.
Alessandro Foti, CEO and General Manager of FinecoBank, stated:

"The very positive results delivered in the first quarter show the effectiveness of Fineco business model, highlighting its strength thanks to its diversified revenues. Robust net sales confirm our clients' appreciation for our customer experience, while brokerage took full advantage of a market phase characterized by an exceptional volatility also thanks to the reliability of our technological infrastructure. Digitalization quickly affirming in our society is generating a great opportunity to speed up the Bank's growth: Fineco has not became digital but was born already digital, and today is in the sweet spot for capturing this trend."

[1] Non-recurring items recorded in the first quarter of 2020: -€1.2 million gross (-€0.8 million net) valuation according to the Voluntary Scheme fair value.
Non-recurring items recorded in the first quarter of 2019: -€0.4 million gross (-€0.3 million net) Voluntary Scheme fair value measurement; -€0.9 million Patent Box.
Non-recurring items recorded in the fourth quarter of 2019: +€1.4 million gross (+€0.9 million net) Voluntary Scheme fair value measurement; +€20.7 million Patent Box.
[2] Pro-forma CET1 includes 2019 dividend payment of 32.0 €/cents per share

FINECOBANK	
1Q20 HIGHLIGHTS	■ **Revenues[1] at €201.3 million,** +27.2% y/y **led by the Brokerage area (+110.1% y/y)** thanks to the combined effect of high market volatility and of the reshape of the offer to customers, and the **Investing area (+12.4% y/y)** thanks to Fineco Asset Management's contribution and to the higher impact of Guided Products and Services. **The Banking area again performed positively (+3.5% y/y)**, supported by an increase in transactional liquidity, lending activity and by the smart repricing from February 2020. ■ **Operating costs at €66.5 million, +1.9% y/y. Cost/Income ratio[1] at 33.0%, down by 8.2 percentage points y/y** confirming the Bank's operational efficiency. ■ **Net profit[1] at €92.2 million,** +45.4% y/y
UPDATE ON INITIATIVES	■ Fineco is continuously developing its **UK offer**. **Fineco will launch a marketing campaign in the UK** over the coming weeks, focusing initially on the brokerage offering. ■ **Fineco is also reviewing its banking and payment services in depth**, for an even better customer experience (a new, fully digital dashboard for credit and debit cards; a new look & feel for current account and card home pages; a simpler on-boarding process). ■ The Bank has also **reviewed its brokerage offer** with the launch of new products (options) and an expansion of its multicurrency offering. ■ Activities continued to develop **Fineco Asset Management** which, also thanks to the recent launch of FAM Target Boost decumulation funds and the FAM Global Defence fund, has confirmed its increasing capacity to promptly and effectively respond to customer needs.

TOTAL FINANCIAL ASSETS AND NET SALES

Total Financial Assets (TFA) at 31 March 2020 amounted to €75.9 billion, up 2.4% compared to March 2019. Stock of Assets under Management was €35.5 billion, down by 1.3% y/y, assets under custody amounted to €13.5 billion (-11.2% y/y), while the stock of direct deposits amounted to €26.9 billion (+17.4% y/y) thanks to the continuous growth in new customers and "transactional" deposits.

In particular, the TFA related to Private Banking customers, i.e. with assets above €500,000, totalled €28.8 billion, essentially flat compared to 31 March 2019 (-0.7% y/y).

In the first quarter 2020, inflows totalled €2,115 million (+23.6% y/y), confirming Fineco's growth trend despite the very complex market environment and without short-term commercial incentives. The asset mix reflects both the flexible and transparent approach of Fineco's open multichannel platform and the high volatility on the market: inflows in asset under management stood at -€234 million in the quarter, inflows in assets under custody stood at €1,013 million, while direct deposits flows totalled €1,335 million.

Since the start of the year, inflows into "*Guided products & services*" reached €253 million, confirming customer appreciation.
The ratio of Guided Products compared to total AuM rose to 72% compared to 68% in March 2019.

On 31 March 2020, the network was composed of 2,557 personal financial advisors operating across the country through 397 Fineco Centers. Inflows in the first three months of the year through the PFA network were €1,919 million (+25.2%).

As at 31 March 2020, Fineco Asset Management managed €12.4 billion of assets, of which €7.6 billion were retail class and around €4.7 billion institutional class.

In the first quarter of 2020, 22,311 new customers were acquired. The total number of customers as at 31 March 2020 was approximately 1,364,000, up 5% compared to the same period in the previous year.

MAIN INCOME STATEMENT RESULTS AT 31.03.2020

Figures and variations in this section are shown net of non-recurring items[1].

mln	1Q19 Adj. (1)	4Q19 Adj. (1)	1Q20 Adj. (1)	*1Q20/ 1Q19*	*1Q20/ 4Q19*
Net interest income	70.4	69.7	68.1	*-3.2%*	*-2.3%*
Net commissions	77.4	82.3	105.0	*35.8%*	*27.7%*
Trading profit	10.3	13.9	27.6	*168.9%*	*98.4%*
Other expenses/income	0.2	2.9	0.6	*191.0%*	*-80.5%*
Total revenues	**158.2**	**168.8**	**201.3**	***27.2%***	***19.2%***
Staff expenses	-21.7	-23.6	-24.0	*10.9%*	*1.9%*
Other admin.expenses	-38.5	-34.3	-36.5	*-5.3%*	*6.3%*
Impairment/write-backs on intangible and tangible assets	-5.1	-6.6	-6.1	*17.8%*	*-7.8%*
Operating expenses	***-65.3***	***-64.4***	***-66.5***	***1.9%***	***3.2%***
Gross operating profit	**92.9**	**104.4**	**134.8**	***45.1%***	***29.1%***
Other charges and provisions	-1.0	-3.5	-1.1	*14.6%*	*-68.2%*
LLP	-1.3	-0.6	-1.0	*-24.1%*	*61.3%*
Profit from investments	-0.7	1.1	-0.1	*-86.5%*	*-107.9%*
Profit before taxes	**90.0**	**101.4**	**132.6**	***47.3%***	***30.8%***
Income taxes	-26.5	-29.8	-40.4	*52.1%*	*35.4%*
Net profit adjusted	**63.5**	**71.6**	**92.2**	***45.4%***	***28.9%***

Revenues for the first quarter of 2020 totalled €201.3 million, up 27.2% compared to €158.2 million in the same period of the previous year and 19.2% compared to €168.8 million in the fourth quarter of 2019, thanks mainly to the positive contribution of net commission and trading profit.

Net interest income stood at €68.1 million, down 3.2% from €70.4 million at 31 March 2019 and 2.3% from €69.7 million in the fourth quarter of 2019, mainly due to the fall in market interest rates. The average gross margin on interest-earning assets in the fourth quarter of 2020 was 1.08% compared to 1.26% in the first quarter of 2019 and 1.11% in the fourth quarter of 2019.

Net commissions at 31 March 2020 stood at €105.0 million, up 35.8% from €77.4 million at 31 March 2019 and 27.7% from €82.3 million in the fourth quarter of 2019.
This increase is mainly due to the rise in net commissions in the Brokerage area (+90.8% y/y and +69.9% q/q) thanks to the higher volatility in the first three months of 2020 and to the reshape of the offer, and the Investing area (+12.1% y/y and +8.5% q/q) thanks to Fineco Asset Management contribution and the higher impact of Guided Products and Services.

Trading profit amounted to €27.6 million, (+168.9% y/y and +98.4% q/q), mainly due to the contribution from the Brokerage area (€25.1 million, +205.6% y/y and +113.6% y/y). Trading profit also includes the income components from financial instruments accounted under “Other financial instruments measured at fair value” which include the Visa INC class “C” preferred shares, whose fair-value measurements led to a negative result of €1.1 million in the first quarter of 2020 (+€1.2 million in 1Q19 and +€0.4 million in 4Q19). It also includes profits coming from the sale of government bonds held in “Financial assets designated at fair value through other comprehensive income” and in “Financial assets at amortized cost” for a total value of €3.8 million (€0.8 million in 1Q19 and €0.9 million in 4Q19).

Operating costs in the first three months of 2020 were well under control at €66.5 million, up 1.9% y/y mainly due to higher staff expenses. The cost/income ratio net of non-recurring items[1] was equal to 33.0%, stable y/y.
The comparison with the fourth quarter of 2019 (+3.2% q/q) is affected by seasonality and it is mainly attributable to contributions paid for the activity of Financial Advisors. Contributions to the Enasarco association have a fixed annual limit that is mainly filled in the early months of the year, while contributions to the FIRR termination compensation fund call for decreasing rates as specific thresholds are reached.

Staff expenses totalled €24.0 million (+10.9% y/y and +1.9% q/q) mainly due to the increase in the number of employees, which rose to 1,237 as of 31 March 2020 from 1,168 as of 31 March 2019 and 1,225 as of 31 December 2019, also due to the gradual internalisation of some services following the exit from the UniCredit Group.

Gross operating profit came to €134.8 million, up by 45.1% y/y and 29.1% q/q.

Other charges and provisions in the first quarter 2020 totalled €1.1 million, up by 14.6% y/y and down 68.2% q/q.

Loan loss provisions amounted to €1.0 million. The cost of risk is 14 basis points.

Profit before taxes amounted to €132.6 million, up by 47.3% compared to €90.0 million in the first quarter of 2019 and 30.8% compared to the €101.4 million in the fourth quarter of 2019.

Net profit for the period was equal to €92.2 million, up by 45.4% y/y and 28.9% q/q.

SHAREHOLDERS’ EQUITY AND CAPITAL RATIOS

Consolidated shareholders’ equity came to €1,477 million and includes the profit for 2019 which was €288.4 million; it was up €94 million mainly due to the net profit of the first quarter of 2020.
In accordance with the reference regulations, guidance from the regulators and established best practice, the Board of Directors' meeting of 6 April 2020 decided to suspend the proposal for a dividend distribution of €0.32 per share, totalling €195,052,000, as approved by the Board of Directors on 11 February 2020. Instead the Board resolved to propose to the Ordinary Shareholders' Meeting called for 28 April 2020 that the profit for the 2019 financial year be allocated to the reserves. The Ordinary Shareholders' Meeting held on 28 April 2020 approved the above proposal.
Thanks to its resilient and diversified business model, the Bank continues to maintain high levels profitability, robust capitalisation, low credit-risk exposure and a positive track record in operational risk management. Based on this, Fineco believes that it is in a position to proceed with the distribution of the dividend and it will therefore call an Ordinary Shareholders' Meeting after 1 October 2020 to resubmit the

proposal for distribution, in the same amount previously approved by the Board and communicated to the market in a note dated 11 February 2020. The above is subject to any further action and/or recommendations by the regulators prohibiting or effectively inhibiting the payment of the dividend.

The Bank confirms its solid capital position with a CET1 ratio of 25.39% as of 31 March 2020 (including the amount of the 2019 dividend suspended by the Board of Directors on 6 April 2020), compared to 24.19% as of 31 December 2019 pro-forma. The pro-forma figure as of 31 March 2020 is 19.28% (calculated excluding the amount of the aforementioned 2019 dividend from CET1 Capital) compared to 18.12% reported in the 2019 Financial Statements approved by the Board of Directors on 11 February 2020.
The Tier 1 ratio and the Total Capital Ratio pro-forma were equal to 34.94% as of 31 March 2020, compared to 33.67% as of 31 December 2019.
The leverage ratio was 4.39% in March 2020 compared to 4.54% pro-forma in December 2019. The pro-forma figure was 3.73% in March 2020 compared to 3.85% reported in the 2019 Financial Statements approved by the Board of Directors on 11 February 2020.

LOANS TO CUSTOMERS

Loans to customers at 31 March 2020 totalled €3,741 million, up by 23.5% compared to 31 March 2019 and by 1.7% compared to 31 December 2019.

The amount of non-performing loans (loans with insolvent borrowers, unlikely to pay and non-performing loans/past due) net of impairment totalled €3.6 million (€3.6 million at 31 December 2019), with an 85.6% coverage ratio. The ratio between the amount of non-performing loans and total loans to ordinary customers came to 0.11% (0.11% at 31 December 2019).

SIGNIFICANT EVENTS IN Q1 2020 AND SUBSEQUENT EVENTS

The recent health emergency caused by the spread of the COVID-19 virus and the uncertainty over the duration of the pandemic are expected to have severe consequences on the banking and financial system, the scale of which remain difficult to estimate. Despite this backdrop, FinecoBank business model appears diversified and well balanced: the Group can rely on a business model with a well diversified revenues stream, enabling it to deal with complex situations of stress like the current one. FinecoBank revenues are the sum of three main components (banking, brokerage and investing), which tend to perform in different ways in times of crisis.
In the first quarter of 2020, the indirect effects of the health crisis caused a reduction in the value of customer assets under management, corresponding to lower commissions. Compared to competitors, this impact is mitigated for Fineco by the absence of performance fees, which are structurally variable and disadvantageous in times of market crisis. Conversely – and confirming the de-correlation of revenue sources – revenues from brokerage activities increase markedly in times of high volatility, like the present one.
The direct effects of the crisis are partially expected on loans and receivable with ordinary customers, although mitigated by the types of products offered by the Bank (loans backed where possible by financial and real-estate collateral) and the Bank's prudent lending policies. In the case of mortgages, the average loan to value is 54% and the loans granted have collateral with conservative margins. This approach is further validated by the Bank’s targeted retail clients.
With regard to FinecoBank's financial investments, consisting mainly of government bonds, the emergency shown its effects with the reduction in the fair value of these instruments; moreover, the government

bonds held by the Bank for long-term investment purposes and accounted in “Held to Collect” portfolio without, impact on the consolidated income statement and on the consolidated shareholders' equity.
In terms of cash, in the first quarter of 2020 an indirect consequence of the health crisis has been an increase in the Group's liquidity position, caused by the sale of assets by customers.
From a structural point of view, the crisis is expected to mark an acceleration towards a more modern and digitalized world. Customers will increasingly manage banking services through digital platforms, which plays into FinecoBank's business model.
Last but not least, since its business model is not based on a branch network, Fineco is less exposed to the risk of pandemics: customers can carry out transactions by themselves through the website, the APP or with the help of financial advisors through web collaboration, with no interruption in the services offered. The Bank has also taken steps to ensure operational continuity and remote working for all employees, ensuring that service levels are maintained in full and that the framework of controls is seamless.
Looking ahead, there is no substantial impact on the Group's business model, which is in fact strengthened, nor overall economic impacts have been estimated as a result of the aforementioned diversification of revenues stream.

No other significant events occurred after 31 March 2020 that would make it necessary to change any of the information given in this report.

NEW INITIATIVES MONITORING

Fineco is also continuously developing its **UK** offer, with the aim to position itself leveraging on its one-stop-solution. The Bank is already offering an outstanding Multicurrency service, also used for trading, and is constantly updating its investing platform. Fineco will also launch a marketing campaign in the UK over the coming weeks, focusing initially on the brokerage offering.

Fineco is also reviewing its banking and payment services in depth, for an even better customer experience (a new, fully digital dashboard for credit and debit cards; a new look for account and card home pages; a simpler on-boarding process).

The brokerage offering has been reviewed with the launch of new options and an expansion of its multicurrency offering.

Lastly, activities continued to develop **Fineco Asset Management** which, also thanks to the recent launch of FAM Target Boost decumulation funds and the FAM Global Defence fund, has confirmed its increasing capacity to promptly and effectively respond to customer needs.

CONDENSED BALANCE SHEET

(Amounts in € thousand)

ASSETS	Amounts as at March 31, 2020	Amounts as at December 31, 2019	Changes Amounts	Changes %
Cash and cash balances	1,177,380	754,386	422,994	56.1%
Financial assets held for trading	12,888	7,933	4,955	62.5%
Loans and receivables with banks	625,247	566,033	59,214	10.5%
Loans and receivables with customers	3,741,000	3,679,829	61,171	1.7%
Financial investments	23,400,694	22,304,892	1,095,802	4.9%
Hedging instruments	76,454	64,939	11,515	17.7%
Property, plant and equipment	152,973	152,048	925	0.6%
Goodwill	89,602	89,602	-	-
Other intangible assets	37,053	37,492	(439)	-1.2%
Tax assets	3,300	23,444	(20,144)	-85.9%
Other assets	202,426	342,309	(139,883)	-40.9%
Total assets	**29,519,017**	**28,022,907**	**1,496,110**	**5.3%**

(Amounts in € thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY	Amounts as at March 31, 2020	Amounts as at December 31, 2019	Changes Amounts	Changes %
Deposits from banks	330,927	154,653	176,274	114.0%
Deposits from customers	27,202,155	25,919,858	1,282,297	4.9%
Financial liabilities held for trading	11,039	3,777	7,262	192.3%
Hedging instruments	143,500	94,950	48,550	51.1%
Tax liabilities	32,254	11,437	20,817	182.0%
Other liabilities	322,068	455,748	(133,680)	-29.3%
Shareholders' equity	1,477,074	1,382,484	94,590	6.8%
- capital and reserves	*1,382,491*	*1,093,117*	*289,374*	26.5%
- revaluation reserves	*3,152*	*1,002*	*2,150*	214.6%
- net profit	*91,431*	*288,365*	*(196,934)*	-68.3%
Total liabilities and Shareholders' equity	**29,519,017**	**28,022,907**	**1,496,110**	**5.3%**

CONDENSED BALANCE SHEET- QUARTERLY FIGURES

(Amounts in € thousand)

ASSETS	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020
Cash and cash balances	755	1,230,599	1,208,686	754,386	1,177,380
Financial assets held for trading	9,286	7,475	10,592	7,933	12,888
Loans and receivables with banks	3,807,150	710,347	824,635	566,033	625,247
Loans and receivables with customers	3,029,073	3,408,661	3,567,804	3,679,829	3,741,000
Financial investments	19,003,089	19,912,177	21,521,272	22,304,892	23,400,694
Hedging instruments	29,166	49,365	71,941	64,939	76,454
Property, plant and equipment	144,851	143,801	148,644	152,048	152,973
Goodwill	89,602	89,602	89,602	89,602	89,602
Other intangible assets	8,799	8,760	8,760	37,492	37,053
Other assets	253,270	270,368	300,341	342,309	202,426
Total assets	**26,380,250**	**25,834,653**	**27,759,965**	**28,022,907**	**29,519,017**

(Amounts in € thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020
Deposits from banks	1,605,018	206,643	188,171	154,653	330,927
Deposits from customers	23,310,871	24,139,699	25,428,742	25,919,858	27,202,155
Financial liabilities held for trading	2,831	2,413	4,734	3,777	11,039
Hedging instruments	31,741	84,086	156,435	94,950	143,500
Tax liabilities	38,308	64,779	50,929	11,437	32,254
Other liabilities	351,542	409,355	642,227	455,748	322,068
Shareholders' equity	1,039,939	927,678	1,288,727	1,382,484	1,477,074
- capital and reserves	*986,928*	*800,766*	*1,100,134*	*1,093,117*	*1,382,491*
- revaluation reserves	*(9,261)*	*(7,202)*	*(6,566)*	*1,002*	*3,152*
- net profit	*62,272*	*134,114*	*195,159*	*288,365*	*91,431*
Total liabilities and Shareholders' equity	**26,380,250**	**25,834,653**	**27,759,965**	**28,022,907**	**29,519,017**

CONDENSED INCOME STATEMENT

(Amounts in € thousand)

	1Q 20	1Q 19	Changes	
			Amounts	%
Net interest	68,090	70,366	(2,276)	-3.2%
Net fee and commission income	105,028	77,361	27,667	35.8%
Net trading, hedging and fair value income	26,394	9,811	16,583	169.0%
Net other expenses/income	570	196	374	190.8%
OPERATING INCOME	**200,082**	**157,734**	**42,348**	26.8%
Staff expenses	(24,007)	(21,653)	(2,354)	10.9%
Other administrative expenses	(60,257)	(65,073)	4,816	-7.4%
Recovery of expenses	23,807	26,590	(2,783)	-10.5%
Impairment/write-backs on intangible and tangible assets	(6,058)	(5,144)	(914)	17.8%
Operating costs	**(66,515)**	**(65,280)**	**(1,235)**	1.9%
OPERATING PROFIT (LOSS)	**133,567**	**92,454**	**41,113**	44.5%
Net impairment losses on loans and provisions for guarantees and commitments	(963)	(1,270)	307	-24.2%
NET OPERATING PROFIT (LOSS)	**132,604**	**91,184**	**41,420**	45.4%
Other charges and provisions	(1,124)	(980)	(144)	14.7%
Integration costs	-	(2)	2	-100.0%
Net income from investments	(89)	(658)	569	-86.5%
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**131,391**	**89,544**	**41,847**	46.7%
Income tax for the period	(39,960)	(27,272)	(12,688)	46.5%
NET PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**91,431**	**62,272**	**29,159**	46.8%
PROFIT (LOSS) FOR THE PERIOD	**91,431**	**62,272**	**29,159**	46.8%

CONDENSED INCOME STATEMENT – QUARTERLY FIGURES

(Amounts in € thousand)

	Year 2019	1st Quarter 2019	2nd Quarter 2019	3rd Quarter 2019	4th Quarter 2019	1st Quarter 2020
Net interest	281,277	70,366	71,401	69,806	69,704	68,090
Net fee and commission income	325,171	77,361	81,282	84,253	82,275	105,028
Net trading, hedging and fair value income	44,761	9,811	8,026	11,601	15,323	26,394
Net other expenses/income	3,608	196	341	147	170,226	570
OPERATING INCOME	**654,817**	**157,734**	**161,050**	**165,807**	**(23,558)**	**200,082**
Staff expenses	(90,152)	(21,653)	(22,444)	(22,497)	(23,558)	(24,007)
Other administrative expenses	(240,638)	(65,073)	(58,669)	(56,019)	(60,877)	(60,257)
Recovery of expenses	104,068	26,590	24,227	26,669	26,582	23,807
Impairment/write-backs on intangible and tangible assets	(22,864)	(5,144)	(5,366)	(5,783)	(6,571)	(6,058)
Operating costs	**(249,586)**	**(65,280)**	**(62,252)**	**(57,630)**	**(64,424)**	**(66,515)**
OPERATING PROFIT (LOSS)	**405,231**	**92,454**	**98,798**	**108,177**	**105,205**	**133,567**
Net impairment losses on loans and provisions for guarantees and commitments	(1,970)	(1,270)	1,124	(1,227)	(597)	(963)
NET OPERATING PROFIT (LOSS)	**403,261**	**91,184**	**99,922**	**106,950**	**107,262**	**132,604**
Other charges and provisions	(27,152)	(980)	(2,856)	(19,780)	(3,536)	(1,124)
Integration costs	-	(2)	2	-	-	-
Net income from investments	7,377	(658)	6,463	450	1,122	(89)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**383,486**	**89,544**	**103,531**	**87,620**	**102,791**	**131,391**
Income tax for the period	(95,121)	(27,272)	(31,689)	(26,575)	(9,585)	(39,960)
NET PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**288,365**	**62,272**	**71,842**	**61,045**	**93,206**	**91,431**
PROFIT (LOSS) FOR THE PERIOD	**288,365**	**62,272**	**75,595**	**61,045**	**93,206**	**91,431**

SOVEREIGN, SUPRANATIONAL, AGENCY AND LOCAL AUTHORITY EXPOSURES

The following table indicates the book value of Sovereign, Supranational, Agency and local Authority exposures in debt securities at 31 March 2020 classified in the portfolio "Financial assets designated at fair value through other comprehensive income" and "Financial assets at amortised cost"; penetration on the Group's total assets totalled 52.42%.

(Amounts in € thousand)

	Carrying amount as at March 31 2020	% Financial statements item
Italy	**5,792,015**	
Financial assets at fair value through other comprensive income	10,363	6.43%
Financial assets at amortised cost	5,781,652	20.95%
Spain	**4,101,560**	
Financial assets at amortised cost	4,101,560	14.86%
Germany	**127,002**	
Financial assets at amortised cost	127,002	0.46%
Poland	**117,684**	
Financial assets at amortised cost	117,684	0.43%
France	**777,507**	
Financial assets at fair value through other comprensive income	36,780	22.81%
Financial assets at amortised cost	740,727	2.68%
U.S.A.	**450,276**	
Financial assets at fair value through other comprensive income	73,959	45.88%
Financial assets at amortised cost	376,317	1.36%
Austria	**469,773**	
Financial assets at amortised cost	469,773	1.70%
Ireland	**797,538**	
Financial assets at fair value through other comprensive income	40,105	24.88%
Financial assets at amortised cost	757,433	2.74%
United Kingdom	**56,375**	
Financial assets at amortised cost	56,375	0.20%
Belgium	**481,988**	
Financial assets at amortised cost	481,988	1.75%
Portugal	**399,878**	
Financial assets at amortised cost	399,878	1.45%
Total sovereign exposures	**13,571,596**	**45.98%**
Financial assets at amortised cost - Supranational	**1,435,120**	**4.86%**
Financial assets at amortised cost - Agencies and Local Authority exposures	**465,903**	**1.58%**
Total Supranational, Agencies and Local Authority exposures	**1,901,023**	**6.44%**
Total	**15,472,619**	**52.42%**

The percentages have been calculated on each item, while the percentage on total exposures were calculated on the Group's total assets.

OPERATING STRUCTURE

	Data as at	
	December 31, 2019	March 31, 2020
No. Employees	1,225	1,237
No. Personal financial advisors	2,541	2,557
No. Financial shops [1]	396	397

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

FINECOBANK RATING

	Long-term debt	Short-term debt	Outlook
S&P GLOBAL RATING	BBB	A-2	Negative

BASIS OF PREPARATION

This Consolidated Interim Financial Report as at 31 March 2020 - Press Release was prepared on a voluntary basis, to guarantee continuity with previous quarterly reports, as Legislative Decree 25/2016 implementing Directive 2013/50/EU eliminated the obligation for additional periodical financial reports other than the half year and annual ones.

This Consolidated Interim Financial Report as at 31 March 2020 – Press Release, as well as the press releases on significant events during the period, the market presentation on Q1 2020 results and the Database are also available on FinecoBank's website.

Items in the condensed tables of the balance sheet and income statement were prepared according to the models contained in Bank of Italy Circular 262 "Bank financial report: models and rules of compilation" issued by the Bank of Italy, to which were applied the reconciliations illustrated in the "Reconciliation models for the preparation of condensed consolidated financial report" annexed to the financial statements for the year ending 31 December 2019.

In order to provide additional information on the Bank's performance, several alternative performance indicators have been used - APM (such as Cost/income ratio, Cost of Risk, Guided products & services/AUM and Guided products & services/TFA), whose description is found in "Glossary of technical terminology and acronyms used" of the 2019 Financial Statements, in line with the guidelines published by the European Securities and Markets Authority (ESMA/2015/1415) on 5 October 2015.

The information contained in this Consolidated Interim Financial Report as at 31 March 2020 – Press Release was not prepared in accordance with the international accounting standard applicable to interim financial reports (IAS 34).

The Interim Financial Report at 31 March 2020 - Press Release, shown in reclassified format, was prepared on the basis of the IAS/IFRS in force today, as explained in the “accounting policies” found in the Notes to the Accounts - Part A - Accounting Policies of the 2019 Financial Statements.

For the purposes of the Consolidated Interim Financial Report as at 31 March 2020 – Press Release, there was no re-measurement of the recoverable value of tangible and intangible assets, including goodwill, trademarks and domains Fineco, and assets whose value depends on these estimates. If necessary, those values will be updated in the Consolidated First Half Financial Report as at June 30, 2020. With reference to impairment testing of goodwill, trademarks and domains Fineco, the Bank has assessed that the reasonably estimated changes in the projected figures used at 31 December 2019 do not have a significant impact on the positive outcome of the impairment test carried out at that date.

In the application of the accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of certain assets and liabilities as well as the information regarding contingent assets and liabilities. Estimates and related assumptions take into account all information available at the reporting date and are based on previous experience and other factors considered reasonable under the circumstances and have been used to estimate the carrying values of assets and liabilities not readily available from other sources. At this regard, in the first quarter of 2020 the valuation of some items has been particularly complex due to the uncertainties linked to the evolution of the Covid-19 pandemic and to the measurement of the expected economic recovery, and as a consequence these valuations could change in unforeseeable way in the next periods.

With specific reference to the measurement of credit exposures, it should be noted that, with the entry into force of IFRS 9, the measurement of credit exposures is based on projected information and, in particular, on the evolution of the macroeconomic scenarios used in the calculation of value adjustments. To this end, it should be noted that the scenarios used as at 31 March 2020 to determine the expected credit loss did not incorporate the scenario relating to COVID-19, therefore the credit parameters of institutional counterparties and forward-looking indicators showed no changes compared to 31 December 2019.

Finally, in line with European guidelines on the assessment of a significant increase in credit risk ("SICR"), the COVID-19 health emergency has not resulted in any change to the policies adopted by the Bank for the assessment of the creditworthiness of credit exposures and their classification in Stages 1, 2 and 3. The same applies to measures taken in the context of the epidemic (such as suspension of loan instalment payments or late payments), which are not considered to be an automatic trigger for an SICR, nor an automatic trigger for classification as forborne exposures.

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

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

With regard to the contribution obligations under Directive 2014/59/EU (Single Resolution Fund), in relation to which no contribution has been requested from the Bank until the year ended December 31, 2019, the Bank recognised the amount of the annual ordinary contribution into the item “Other charges and provisions” estimated for 2020 based on the information available at 31 March 2020.

This Consolidated Interim Financial Report as at 31 March 2020 – Press Release was not audited by the External Auditors.

CERTIFICATIONS AND OTHER COMMUNICATIONS

Related-Party Transactions

With reference to paragraph 8 of Article 5 "Disclosure of related-party transactions" of the Consob Regulation on related-party transactions (adopted by Consob with resolution no. 17221 of 12 March 2010 and subsequently amended with Resolution no. 17389 of 23 June 2010), please note that in the first quarter of 2020 minor intercompany transactions and/or transactions with related parties in general, both Italian and foreign, were conducted within the ordinary course of business and related financial activities of the Bank, and were carried out under arm's length conditions, i.e. conditions similar to those applied to transactions with unrelated third parties.

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

DISCLAIMER

This Presentation may contain written and oral “forward-looking statements”, which includes all statements that do not relate solely to historical or current facts and which are therefore inherently uncertain. All forward-looking statements rely on a number of assumptions, expectations, projections and provisional data concerning future events and are subject to a number of uncertainties and other factors, many of which are outside the control of FinecoBank S.p.A. (the “Company”). There are a variety of factors that may cause actual results and performance to be materially different from the explicit or implicit contents of any forward-looking statements and thus, such forward-looking statements are not a reliable indicator of future performance. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law. The information and opinions contained in this Presentation are provided as at the present date and are subject to change without notice. Neither this Presentation nor any part of it nor the fact of its distribution may form the basis of, or be relied on or in connection with, any contract or investment decision.

The information, statements and opinions contained in this Presentation are for information purposes only and do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to purchase or subscribe for securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments. None of the securities referred to herein have been, or will be, registered under the U.S. Securities Act of 1933, as amended, or the securities laws of any state or other jurisdiction of the United States or in Australia, Canada or Japan or any other jurisdiction where such an offer or solicitation would be unlawful (the “Other Countries”), and there will be no public offer of any such securities in the United States. This Presentation does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States or the Other Countries.

Declaration of Financial Reporting Officer

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

DECLARES

as prescribed by Article 154(a), second paragraph of the "Testo Unico della Finanza" (the "Single Financial Services Act") that this Consolidated Interim Report as at 31 March 2020 corresponds to the documentary records, ledgers and accounting data.

Milan, 11 May 2020

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

FinecoBank

FinecoBank is one of the most important FinTech banks in Europe. Listed on the FTSE MIB, Fineco offers a business model that is unique in Europe, combining the best platforms with a large network of financial advisors. It offers a single account with banking, trading and investment services, on transactional and advisory platforms developed with proprietary technologies. Fineco is a leading bank in brokerage in Europe, and one of the most important players in Private Banking in Italy, offering advanced and tailor-made advisory services. Since 2017, FinecoBank has also been in the UK with an offer focused on brokerage, banking and investment services. Fineco Asset Management was founded in Dublin in 2018, with a mission to develop investment solutions in partnership with top international asset managers

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