



B A N K

1Q18 Results



London, May 18th 2018

FINECO. THE BANK THAT SIMPLIFIES BANKING.

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Fineco Results

-  Focus on product areas
-  Key messages and Initiatives monitoring

Executive Summary

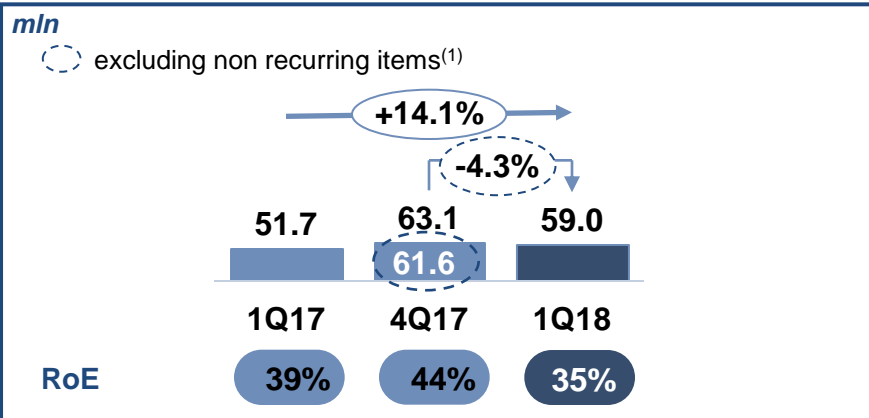
- **1Q18 net profit at 59mln, strongly up y/y (+14.1%)** confirming the sustainability of a business model able to delivery consistent results in every market condition. Quarterly comparison (-4.3%⁽¹⁾) affected by the usual seasonality on costs
- **Sound and well diversified revenue growth (+9.5% y/y)** with a positive contribution by all the business areas: Investing +8.7% y/y (management fees up 10.7% y/y), Banking +11.5% y/y and Brokerage +3.8% y/y
- **1Q18 Operating Costs well under control at 63.6mln (+4.8% y/y) and C/I ratio down 1.8p.p. y/y**, confirming operating leverage as a key strength of the bank
- **Strong capital position: CET1 ratio transitional at 20.15% and TCR transitional at 28.49%**
- **April 2018 confirms a solid and sustainable commercial activity with strong net sales, assets and clients:**
 - ✓ Net sales at 2.2bn (+13.4% y/y)
 - ✓ Total Financial Assets at 69.3bn (+10.1% y/y)
 - ✓ Guided Products & Services penetration rate on AuM stock up to 65% (+5.3 p.p. y/y)
 - ✓ Almost 1,225 mln clients (+7% y/y)

⁽¹⁾ Net of 4Q17 non recurring items: FITD/ Voluntary Scheme -4.1mln gross, -2.7mln net, Integration costs release: +0.4mln gross, +0.3mln net, tax savings for the application of the Pex regime (participation exemption) to the capital gains from VISA Europe, realized in 2016: +3.9mln.

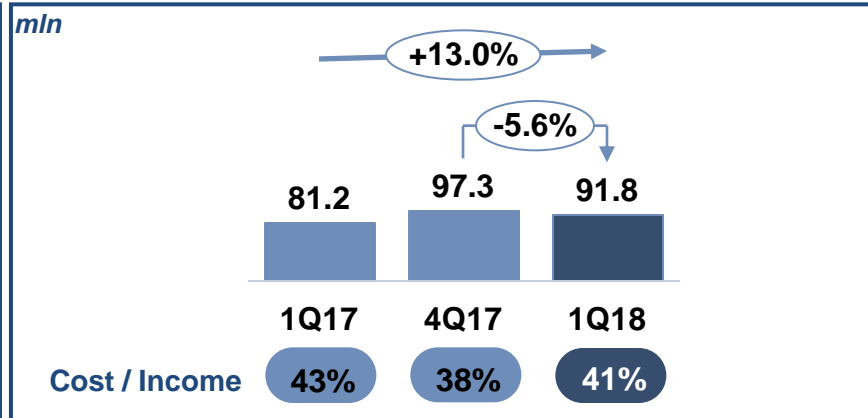
Results

1Q18 net profit up 14.1% y/y boosted by strong and well diversified revenue growth. C/I ratio down -1.8pp y/y, q/q comparison impacted by usual 1Q seasonality on costs

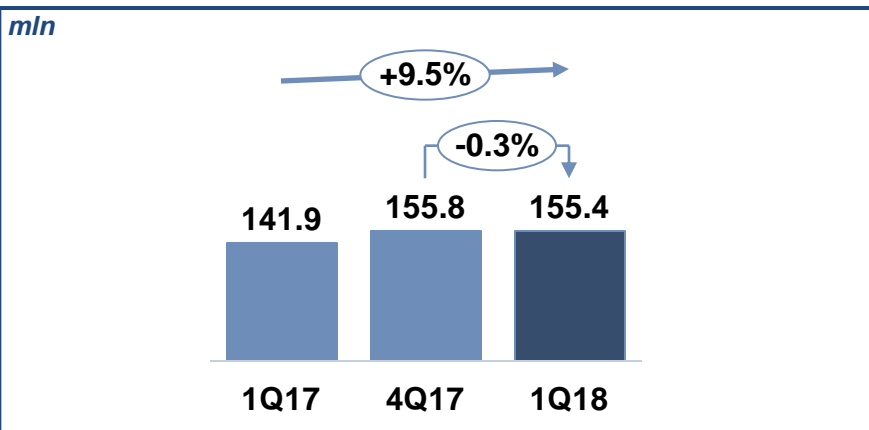
Net Profit



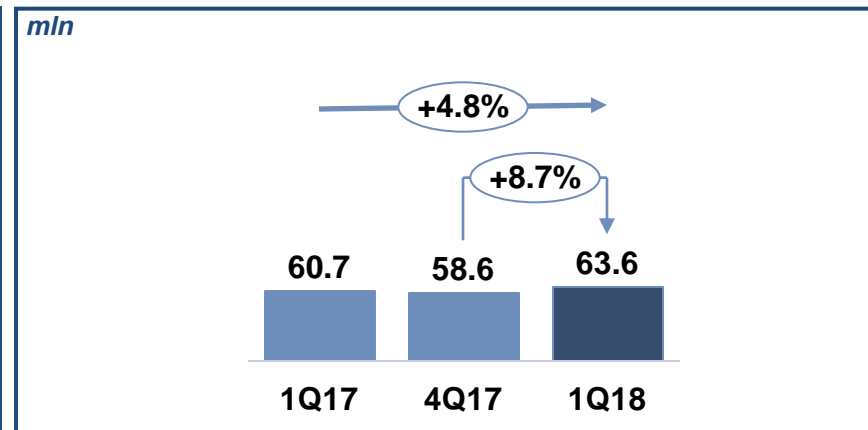
Gross Operating Profit



Revenues



Operating Costs



⁽¹⁾ 4Q17 non recurring items: FITD (Voluntary Scheme): -2.7mln net, Integration costs release: +0.3mln net, tax savings for the application of participation exemption regime to the 2016 capital gain on VISA transaction: +3.9mln

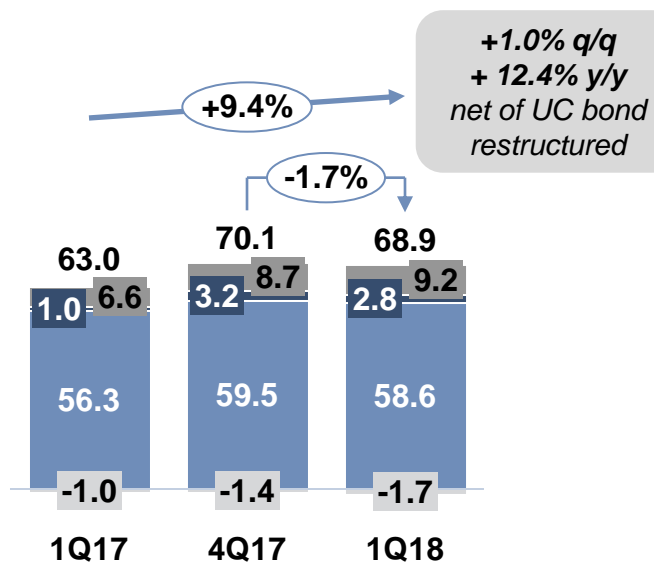
Net interest income (1/2)

Remarkable net interest income dynamic (+9.4% y/y) in a negative rate environment.
Relentless increase in the lending activity contribution

Net Interest Income

mln

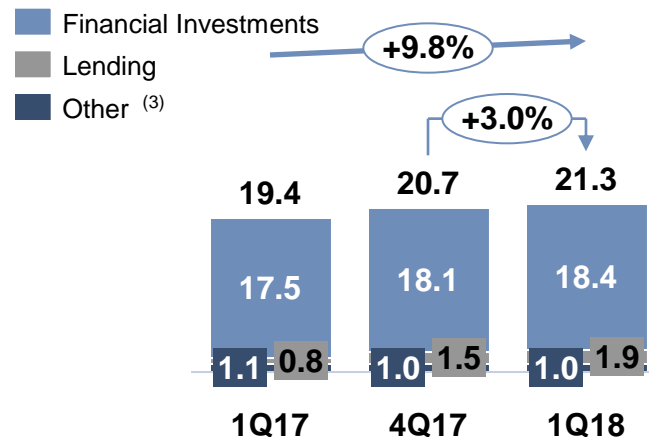
Financial Investments ⁽¹⁾ Lending ⁽²⁾
Other ⁽³⁾ Cost of funding



Gross margins ⁽⁴⁾	1.35%	1.36%	1.33%
Cost of deposits	-0.02%	-0.03%	-0.03%
1M Euribor	-0.37%	-0.37%	-0.37%

Interest-earning assets

Avg, bn



Sight depo 18.2 19.7 20.3 +11.5% y/y

In 1Q18 we restructured a UC bond in arrears, nominal value 382.5mln and maturity 1st April 2019 which wouldn't have passed SPPI test (IFRS9).

As per First Time Adoption (FTA) the valuation at fair value of this bond generated +9.4mln positive impact in Balance Sheet (FTA reserve).

The restructuring process generated a reduction on NII by -1.8mln in 1Q18 (-9.4mln cumulated until maturity).

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

⁽²⁾ Lending: only interest income

⁽³⁾ Other net interest income includes Security Lending, Leverage and other (mainly marketing costs), other interest-earning assets include Security Lending and Leverage. See page 35 for details.

⁽⁴⁾ Gross margins: interest income related to financial investments, lending, leverage, security lending on interest-earning assets. We refined the calculation of gross margins with managerial data for a better representation

Net interest income (2/2)

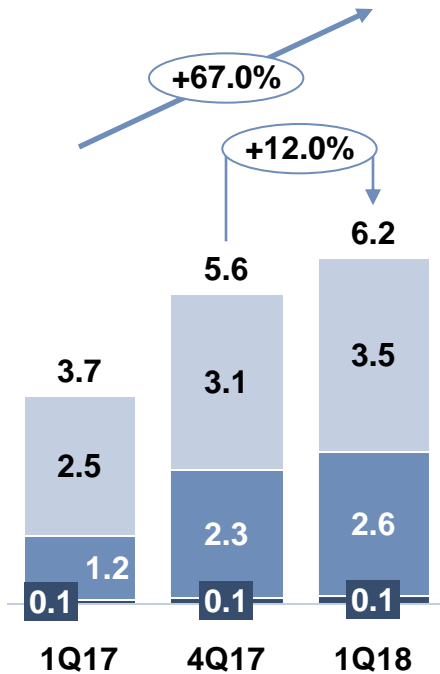
New investment policy with higher diversification confirmed.

Sensitivity analysis +100bps parallel shift: +119 mln

Focus on Government Bonds

Avg, bn

Italy Spain⁽²⁾ Other⁽³⁾

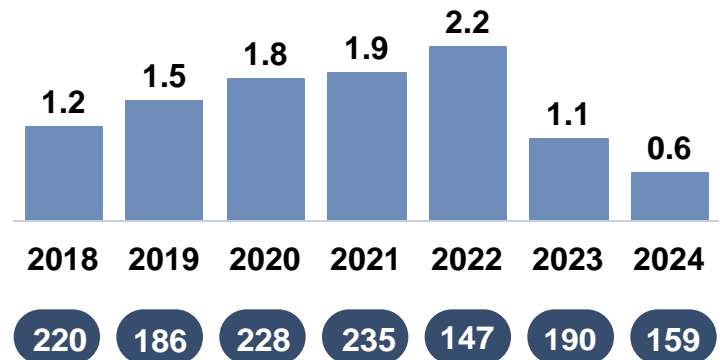


Residual maturity:
5 yrs
100% at fixed rate
Avg. Yield: 88bps

UC bonds run-offs and spread

bn

Average spread (bps)



Interest Rate Sensitivity

+100bps parallel shift (1M Eur):
+119 mln additional Net Interest Income

(1) applicable as of Jan.1st, 2018, consequently requiring them to be classified as "financial instruments at FVTPL" as they were securities in arrears

(2) includes 99.9mln Instituto de Credito Oficial (ICO)

(3) Other includes 62.4mln USA, 66.1mln Poland

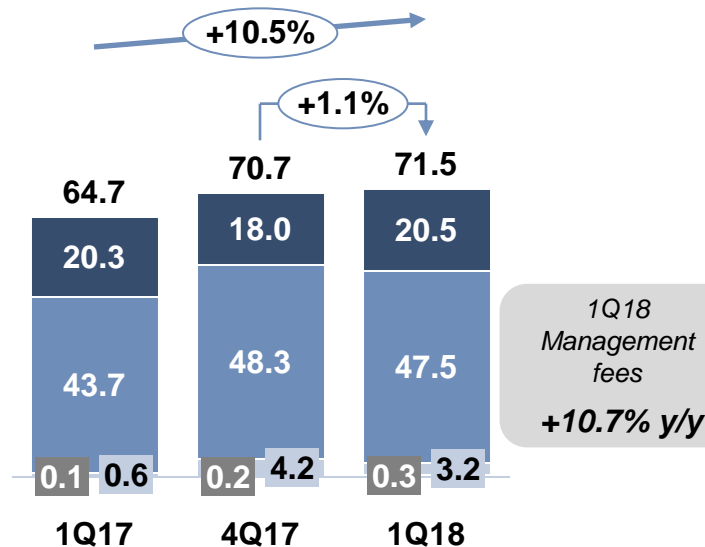
Commissions and Trading Income

Sound and diversified stream of revenues delivers sustainable growth in any market condition. Management fees up 10.7% y/y

Fees and Commissions

mln

■ Brokerage ■ Investing ■ Banking ■ Other

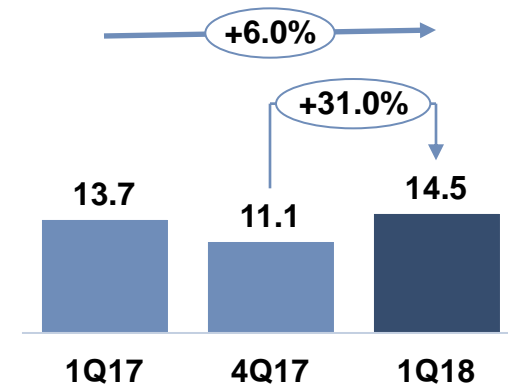


Investing fees:

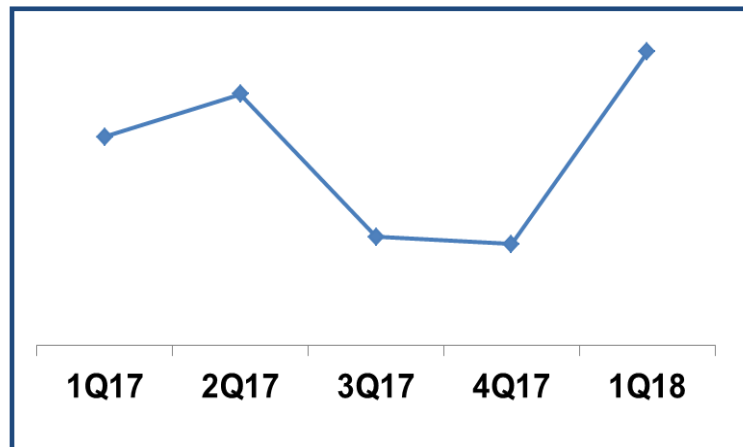
o/w Management fees	45.3	50.7	50.2
o/w PFAs incentives	-4.7	-5.7	-4.5
o/w PFAs '18-20 LTI ⁽¹⁾	n.a.	n.a.	-0.8

Trading Income

mln



Average market volatility ⁽²⁾



⁽¹⁾ 2018-2020 long term incentives (LTI) for financial planners approved in 2018 Annual General Meeting. Starting from 1Q18 the related impacts are accounted in Commissions expenses

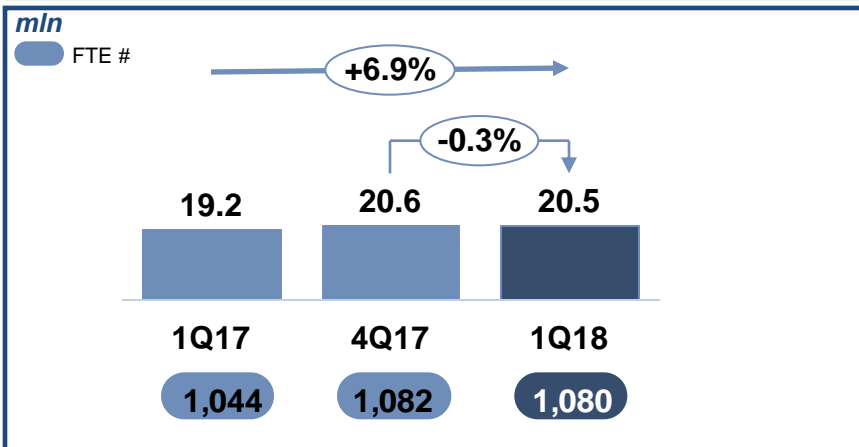
⁽²⁾ Volatility calculated as average volatility of FTSEMIB, DAX, SP500, weighted on related executed orders by our clients

Costs

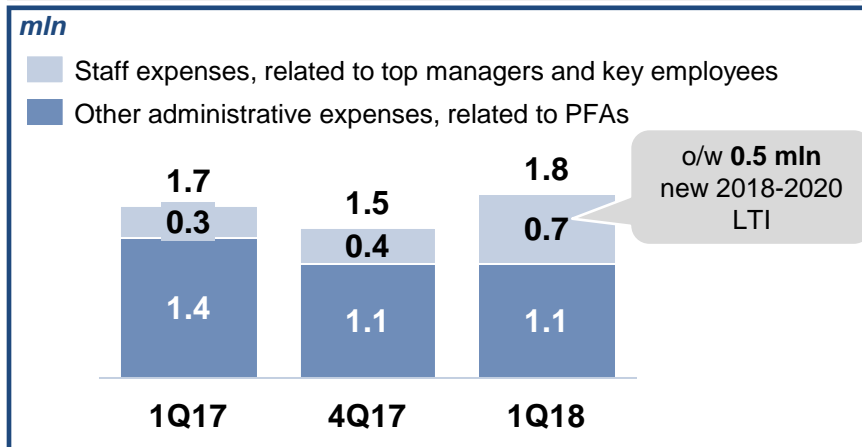
Cost efficiency and operating leverage confirmed in our DNA.

Quarterly comparison affected by seasonality (mainly PFAs related costs)

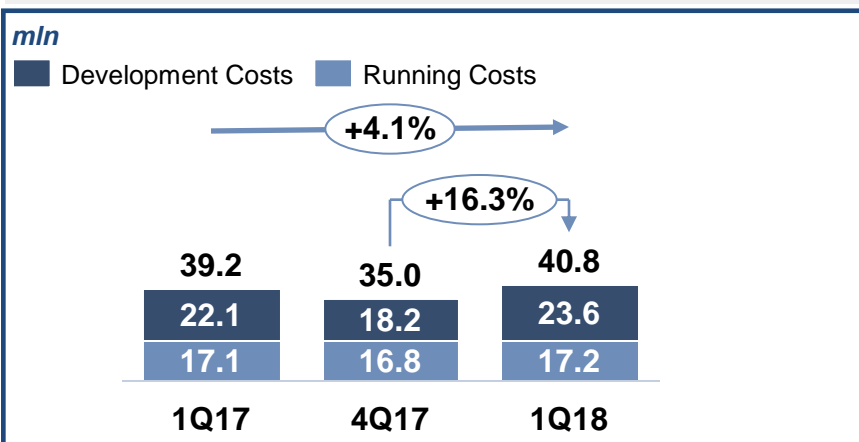
Staff expenses and FTE



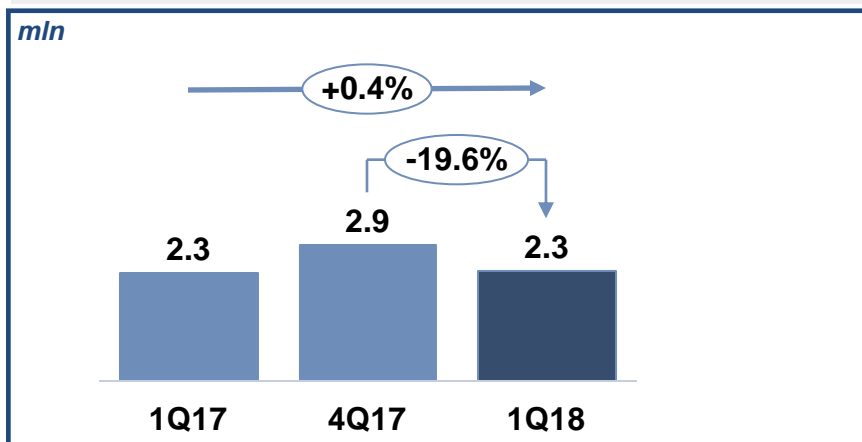
Long Term Incentive Plans



Other administrative expenses⁽¹⁾



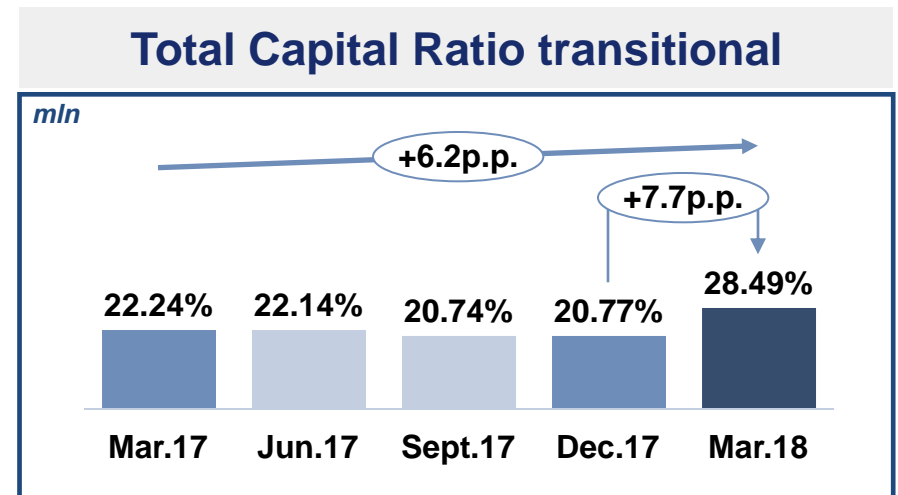
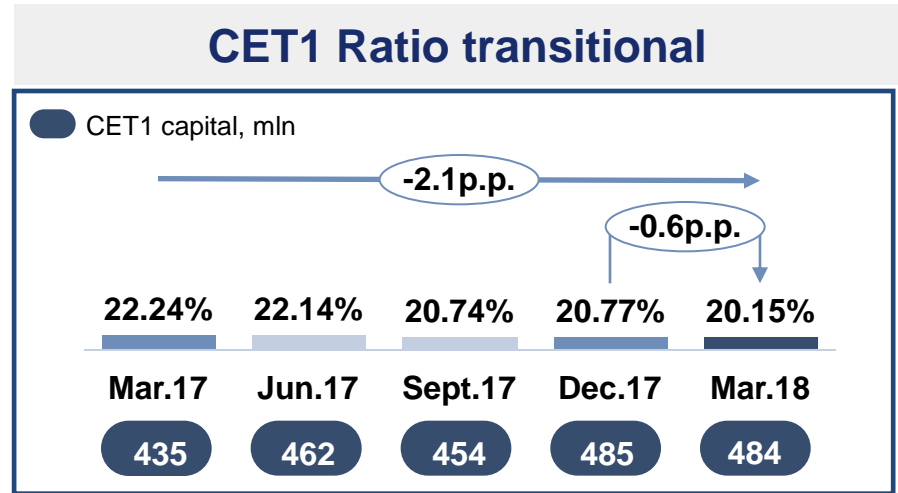
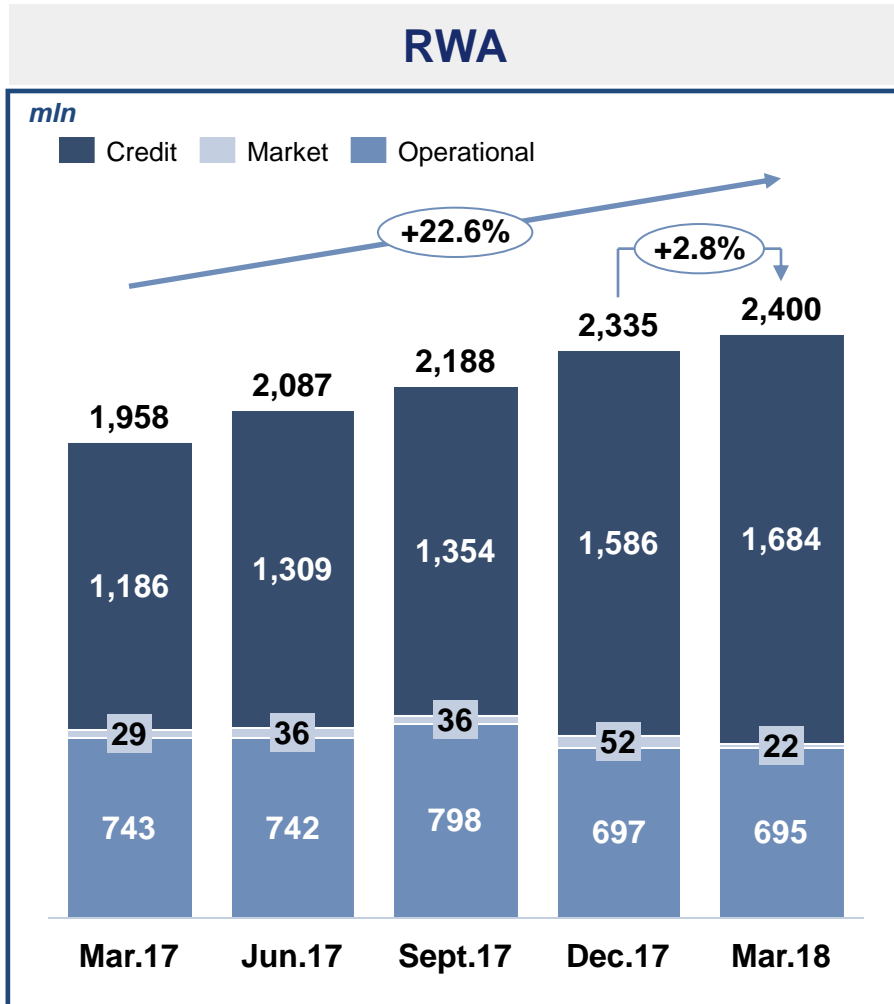
Write-down/backups and depreciation



⁽¹⁾ Breakdown between development and running costs: managerial data

Capital Ratios

Best in class capital position and low risk balance sheet.
Look-through implementation in progress



TFA

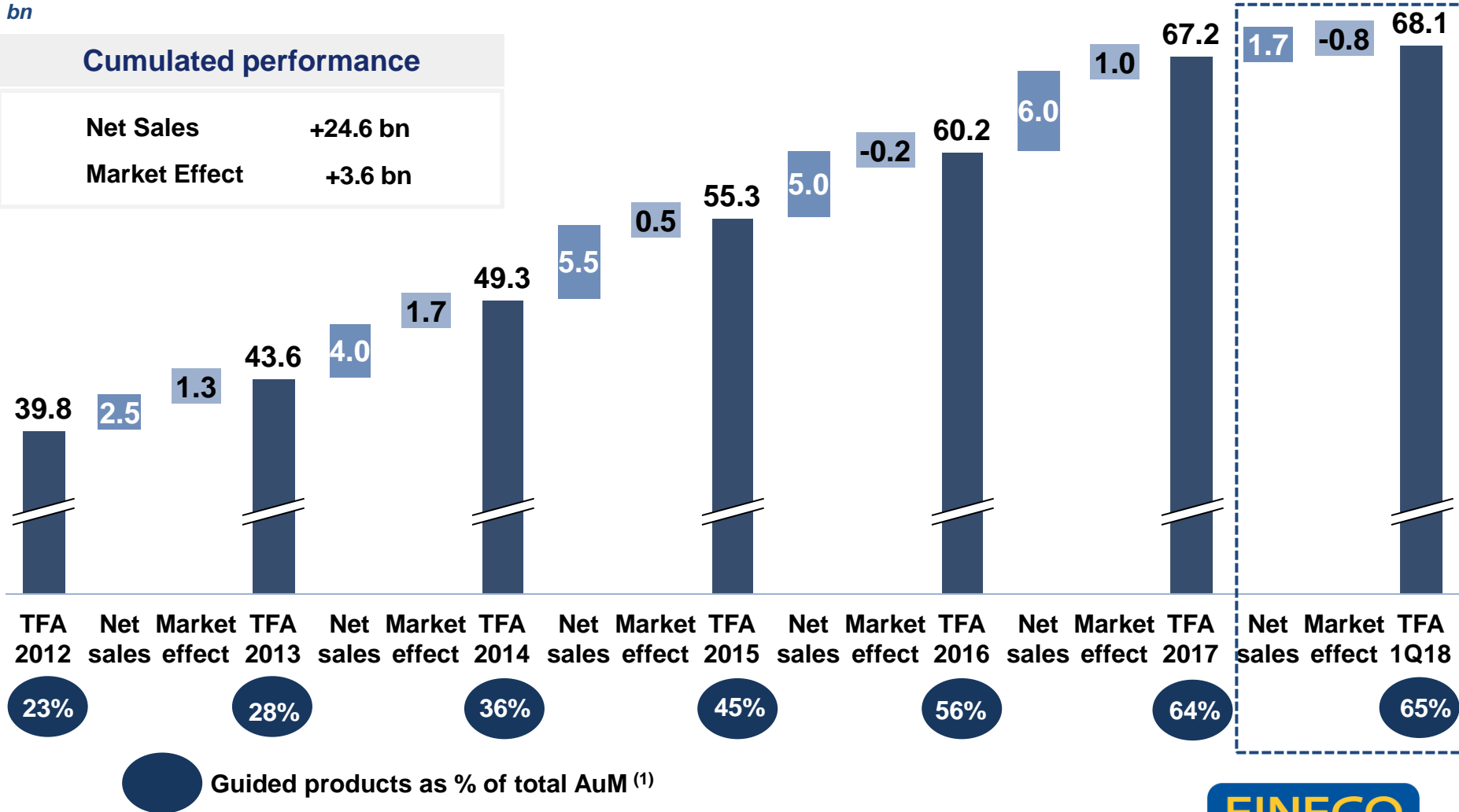
Relentless TFA growth thanks to a healthy expansion in net sales.
 Guided products & Services increased at 65% of total AuM

TFA evolution (Dec.12 – Mar.18)

bn

Cumulated performance

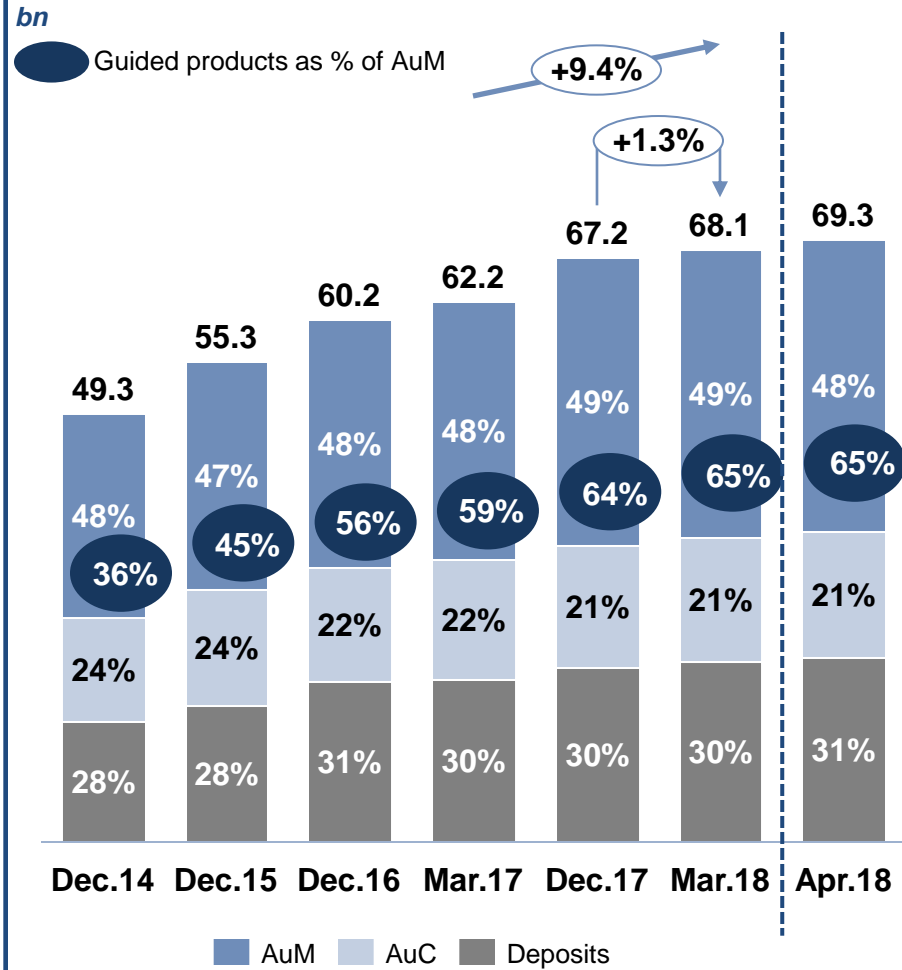
Net Sales	+24.6 bn
Market Effect	+3.6 bn



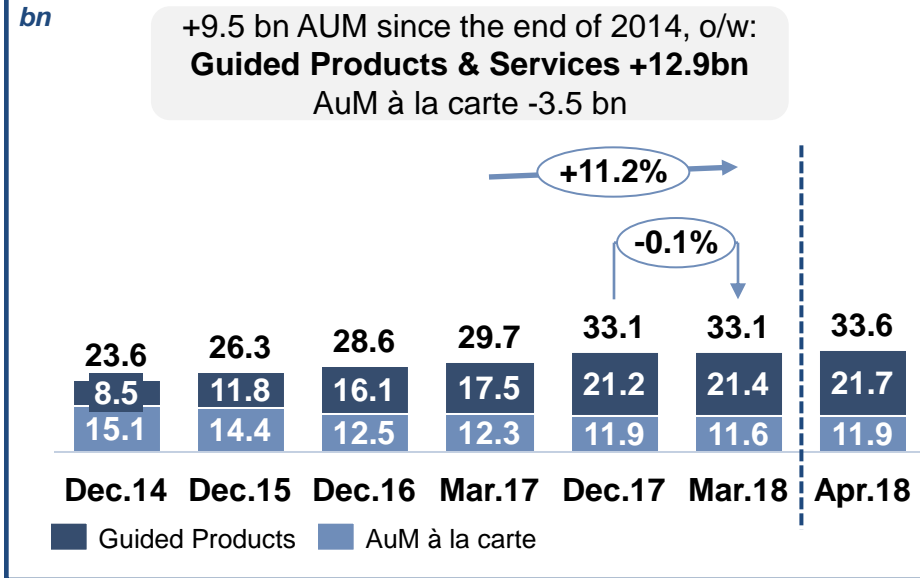
TFA breakdown

Successful shift towards high added value products.
Market performance impacted AuM in 1Q18

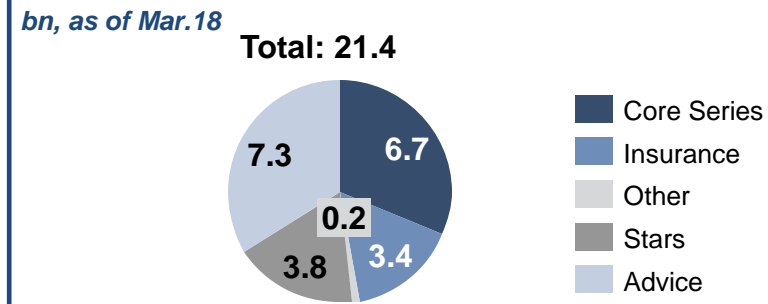
Breakdown of total TFA



Focus on AUM



Guided Products breakdown

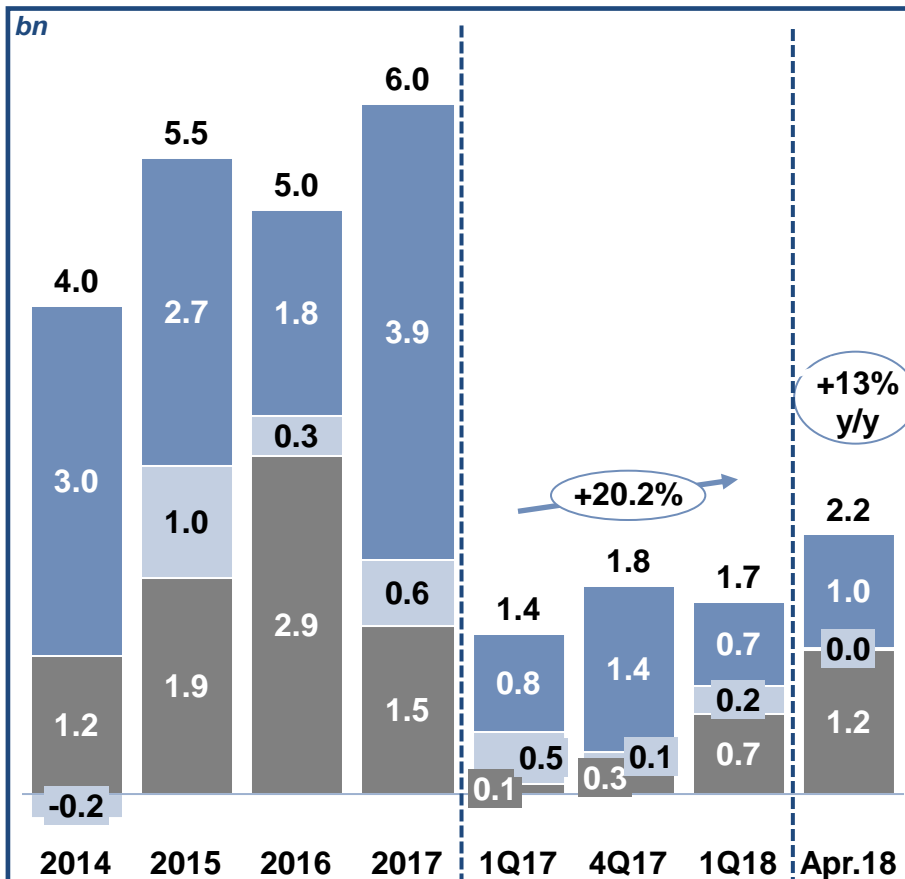


Guided Products includes Advice service which comprises a small component of AuC and Deposits (0.5bn in Mar.18, 0.5bn in Dec.17, 0.4bn in Dec.16, 0.3bn in Dec.15 and 0.3bn in Dec.14)

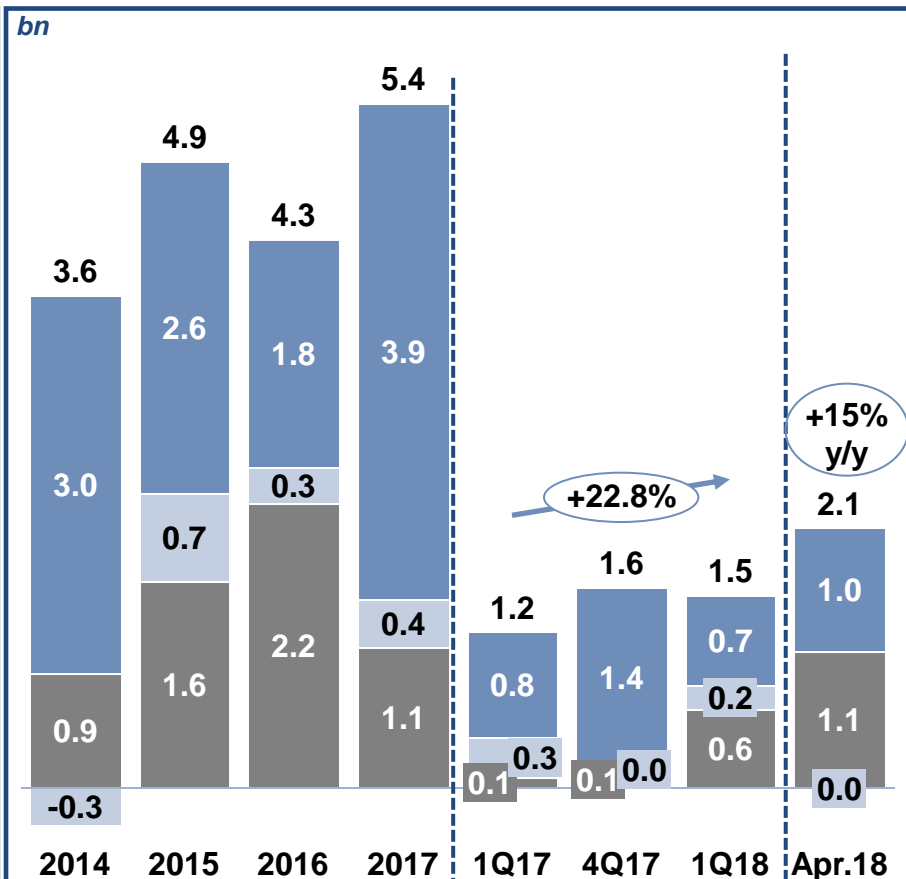
Net sales breakdown

Solid Net sales growth in 2018. In April wait-and-see mood by clients and PFAs for the launch of new Plus service and Core Multiramo Target to offset market volatility

Breakdown of total Net Sales



PFA Network – total Net Sales



2,533 2,622 2,628 2,607 2,639 2,607 2,613

AuM AuC Deposits

PFA Network - headcount

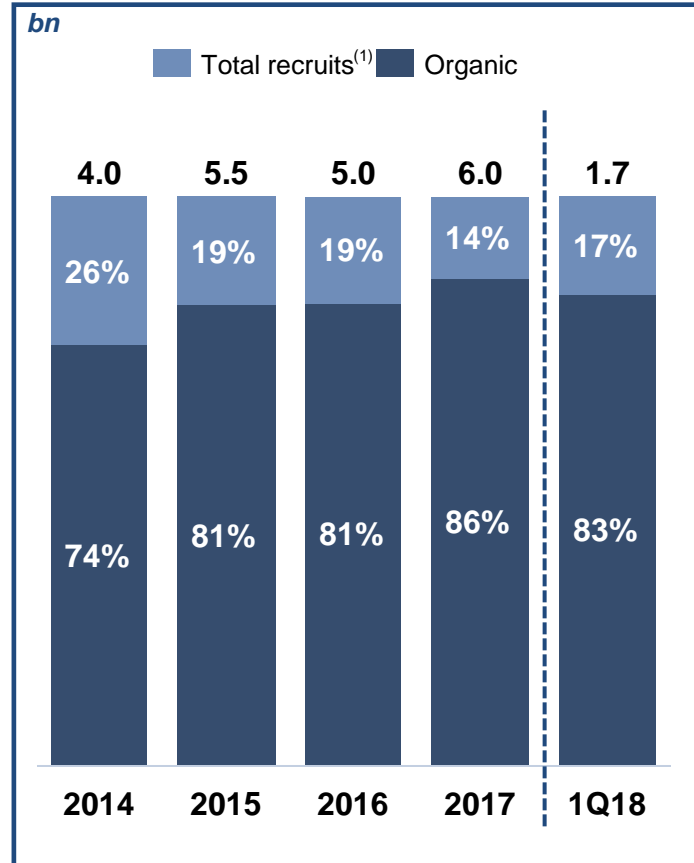
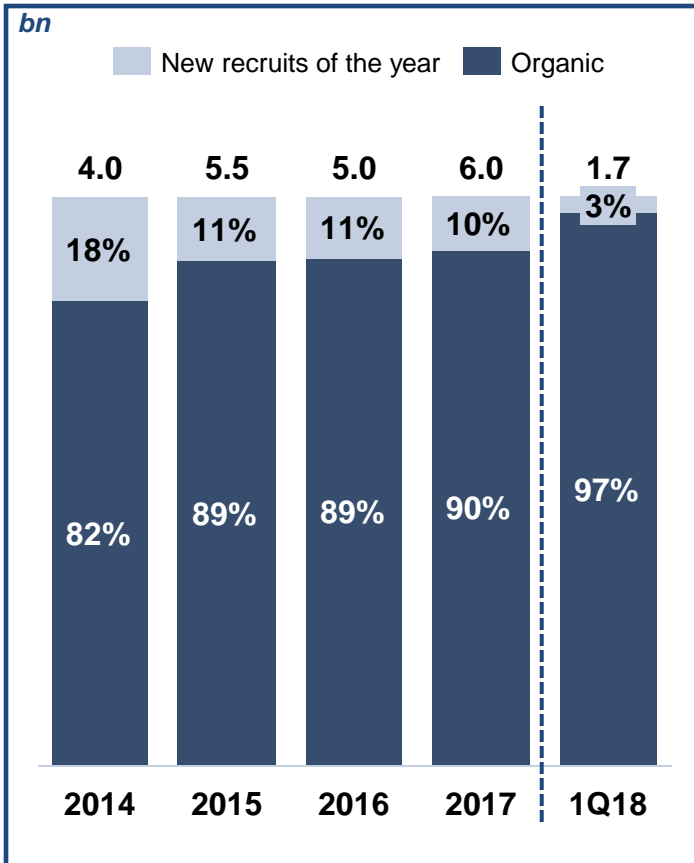


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Organic growth

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

Net Sales – Organic / Recruit (%)



Recruitment costs
(to be amortized)
stock 24mln
as of Mar.'18
stable y/y

125 118 85 98 15

● # of PFAs recruited in the period

Agenda

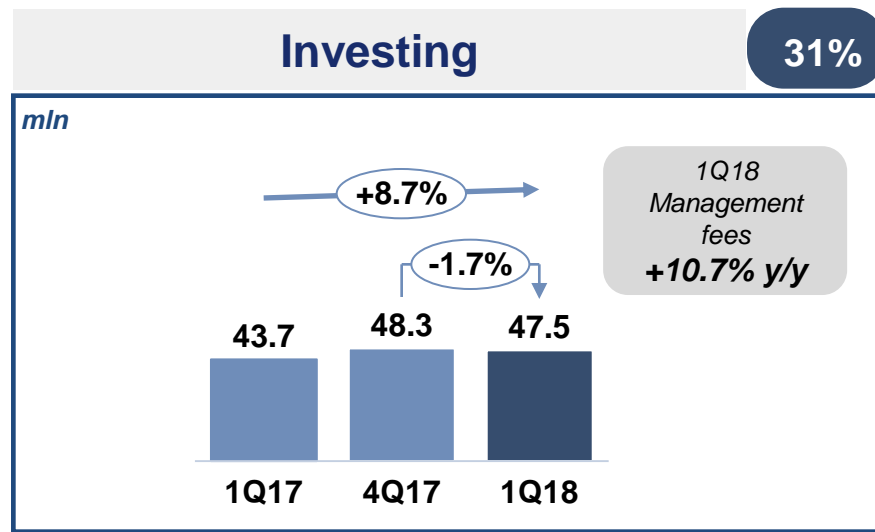
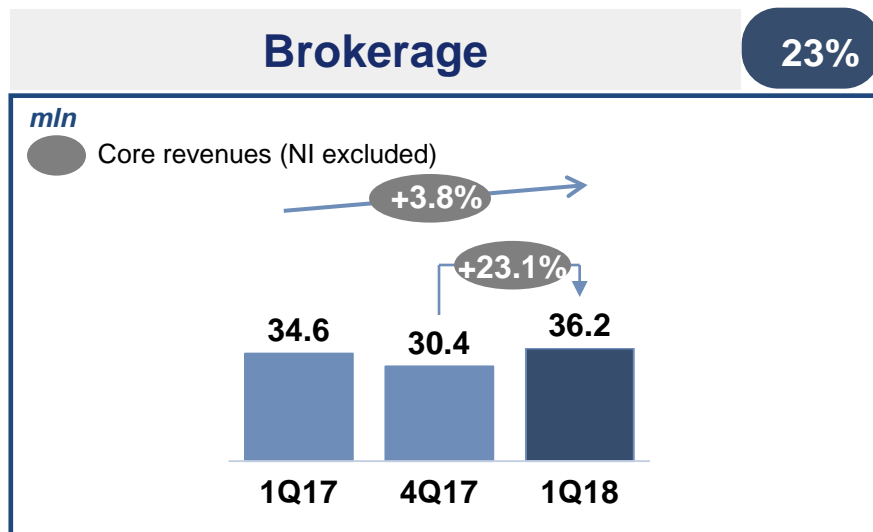
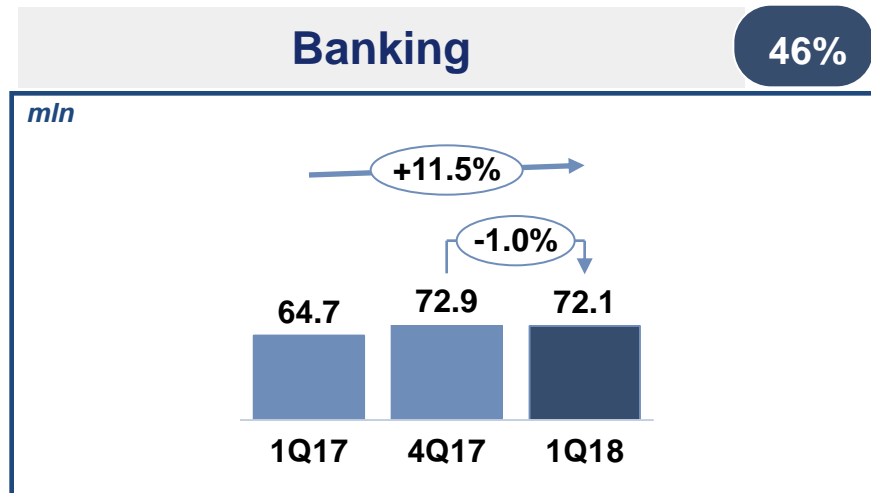
- Fineco Results

- **Focus on product areas**

- Key messages and Initiatives monitoring

Revenues by Product Area

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



1Q18 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.

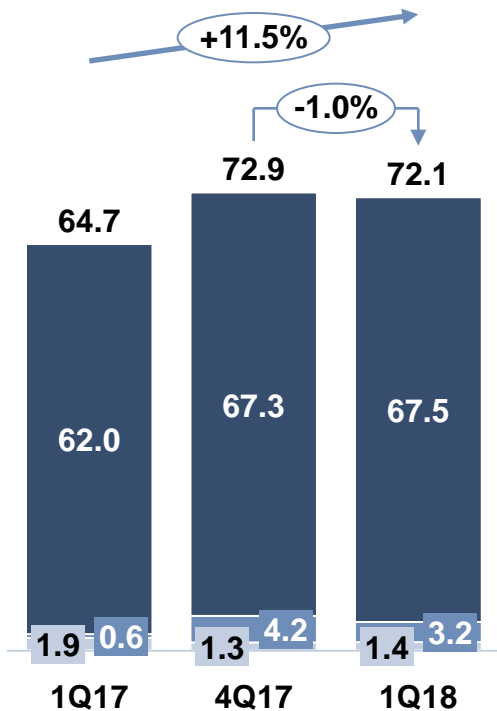
Banking

Sound performance driven by strong volume growth and relentless customer acquisition, thanks to high quality services and customer satisfaction

Revenues

mln

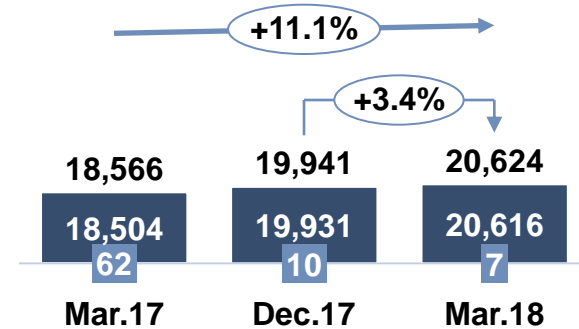
- Net Interest
- Trading income
- Fees and commissions
- Other



Direct deposits

Eop, mln

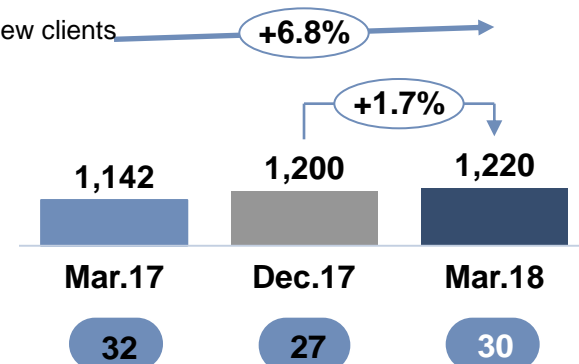
- Sight Deposits eop
- Term Deposits eop



Clients and new clients

thd, #

- # of new clients

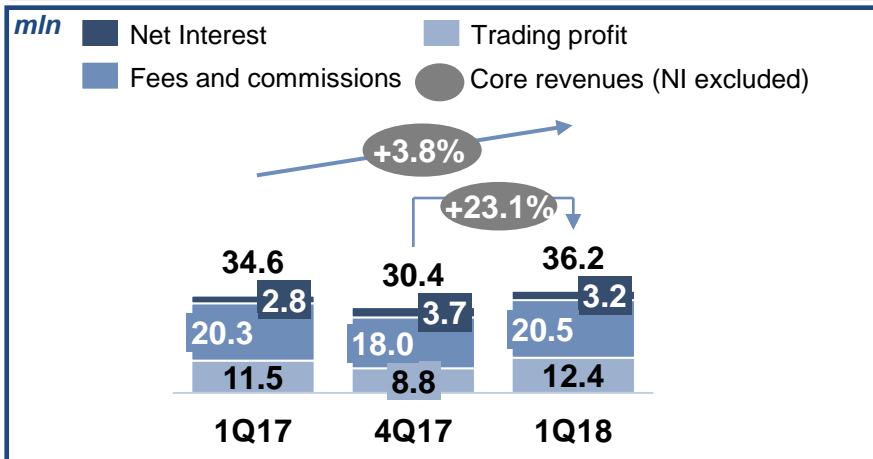


Managerial Data

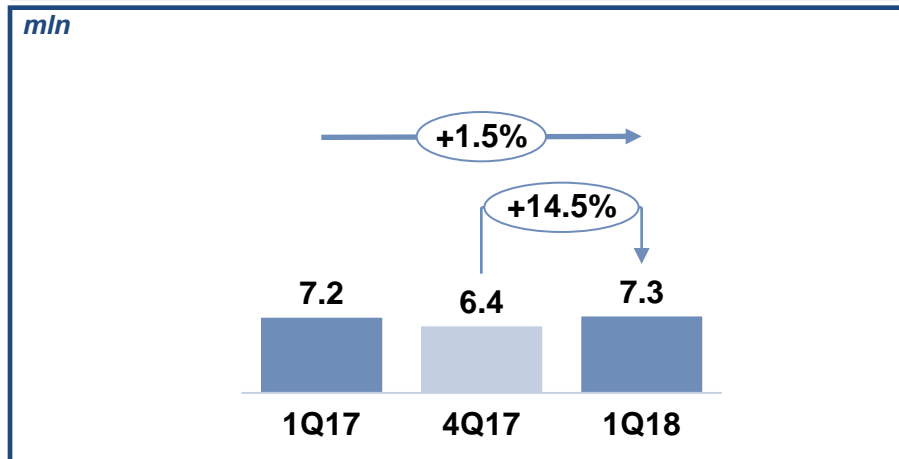
Brokerage

Outstanding brokerage results confirming the strong potential of this business

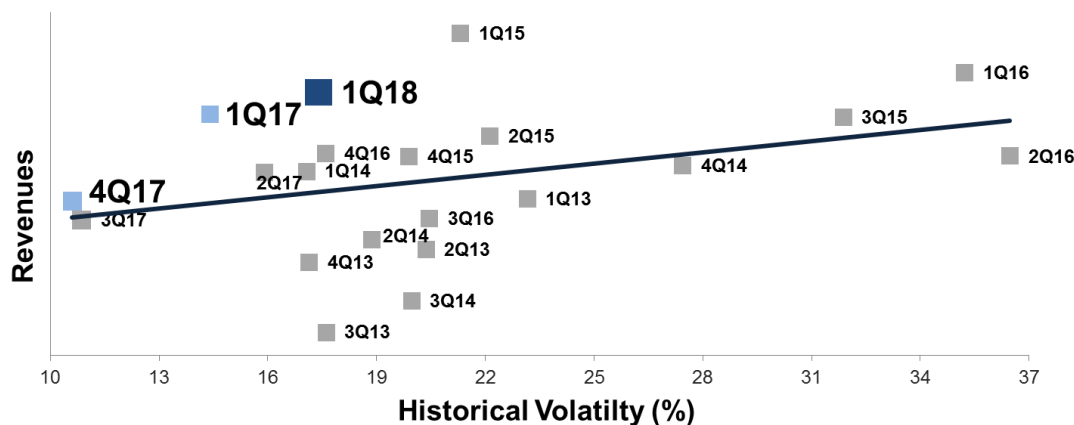
Revenues



Executed orders



Revenues vs volatility⁽¹⁾



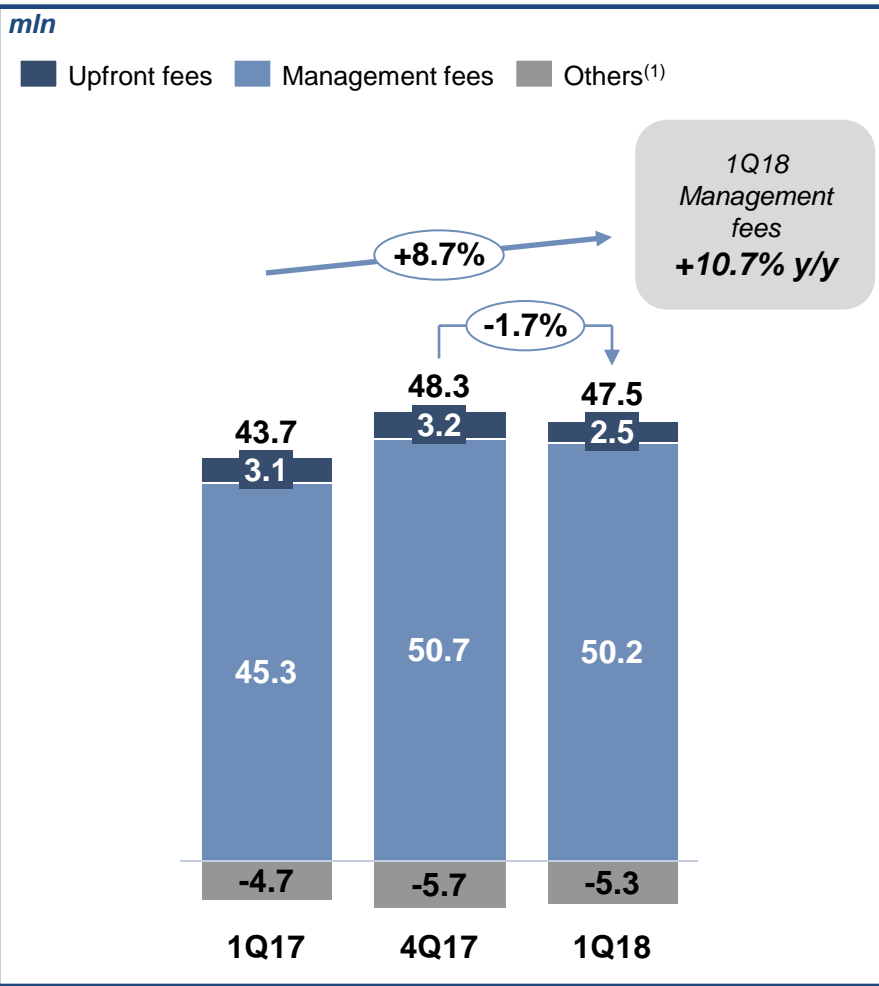
- Revenues ranked as **third best quarter since 2013**, the highest considering this level of volatility
- Structural improvement of the business** thanks to larger base of clients/higher market share and the enlargement of the products offer

Managerial Data

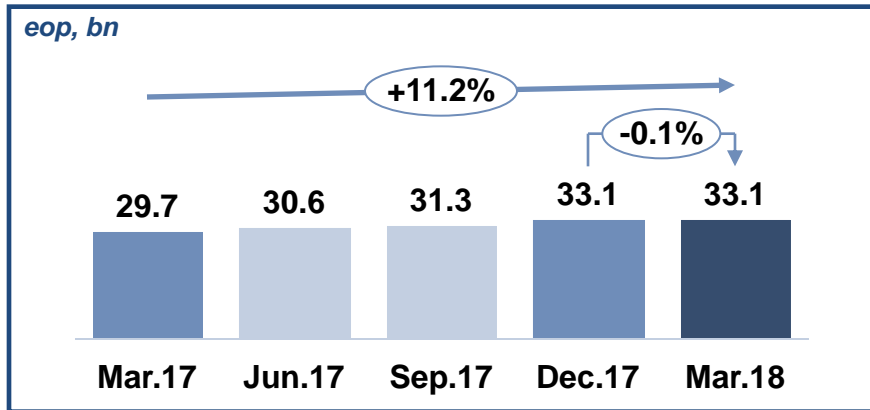
Investing

Successful strategy on cyborg advisory approach drove a better asset mix and increasing fees y/y. Market performance impacted AuM in 1Q18

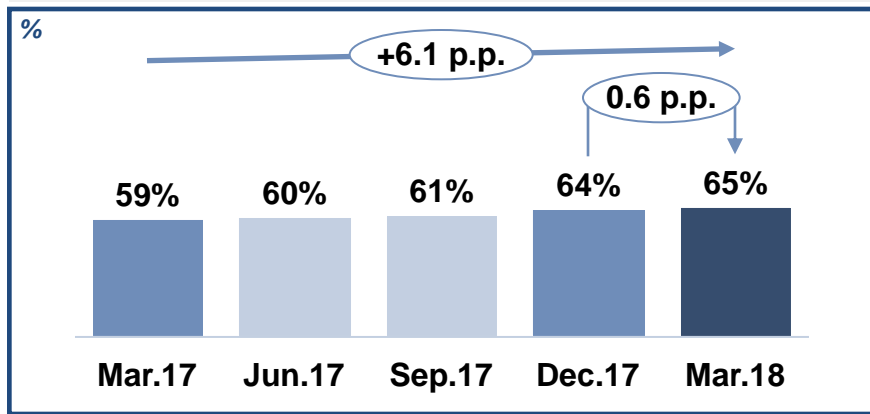
Revenues (Net Fees)



Assets under Management



Guided products on total AuM



Managerial Data

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

Agenda

- Fineco Results

- Focus on product areas

- **Key messages and Initiatives monitoring**

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

In 2017 Standard Ethics⁽¹⁾ **upgraded our Standard Ethics Rating⁽²⁾ to "EE", a "full investment grade"** given to sustainable companies with low reputational risk profile and strong prospects for long-term growth

⁽¹⁾ 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.

⁽²⁾ 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.

Key messages

Healthy growth and sustainability at the heart of Fineco's business model

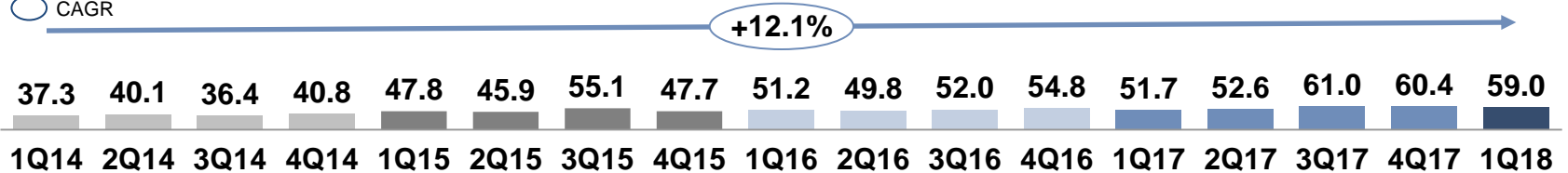
- ✓ **Clients' acquisition leveraging on high quality services.** Cost of funding close to zero
- ✓ **Organic growth** as main engine of growth. Selected recruits to improve the quality and related costs well under control
- ✓ **High quality Lending** with low cost of risk, strong competitive advantage leveraging on **Big Data analytics**

Delivery of consistent results in every market condition

- ✓ Growing revenues thanks to a **very well diversified business model with smooth quarterly path**
- ✓ **Sound Brokerage results** confirming the potential of this business
- ✓ Costs under control on the wave of a **huge operating leverage, strong IT internal culture**
- ✓ **In case of prolonged market volatility** we expect: a **solid net sales growth** (supported also by structural trends in Italy), a possible **slowdown in the asset mix transformation** (with clients more skewed into liquidity and AuC or into more conservative products) and a **strong Brokerage performance**

Net Profit adjusted (net of DGS)⁽¹⁾, mln

○ CAGR



⁽¹⁾ Net Profit adjusted net of Deposit Guarantee Scheme (2015 DGS: -3.1mln net, 2016 DGS : -7.1mln net, 2017 DGS: -7.1 mln net)

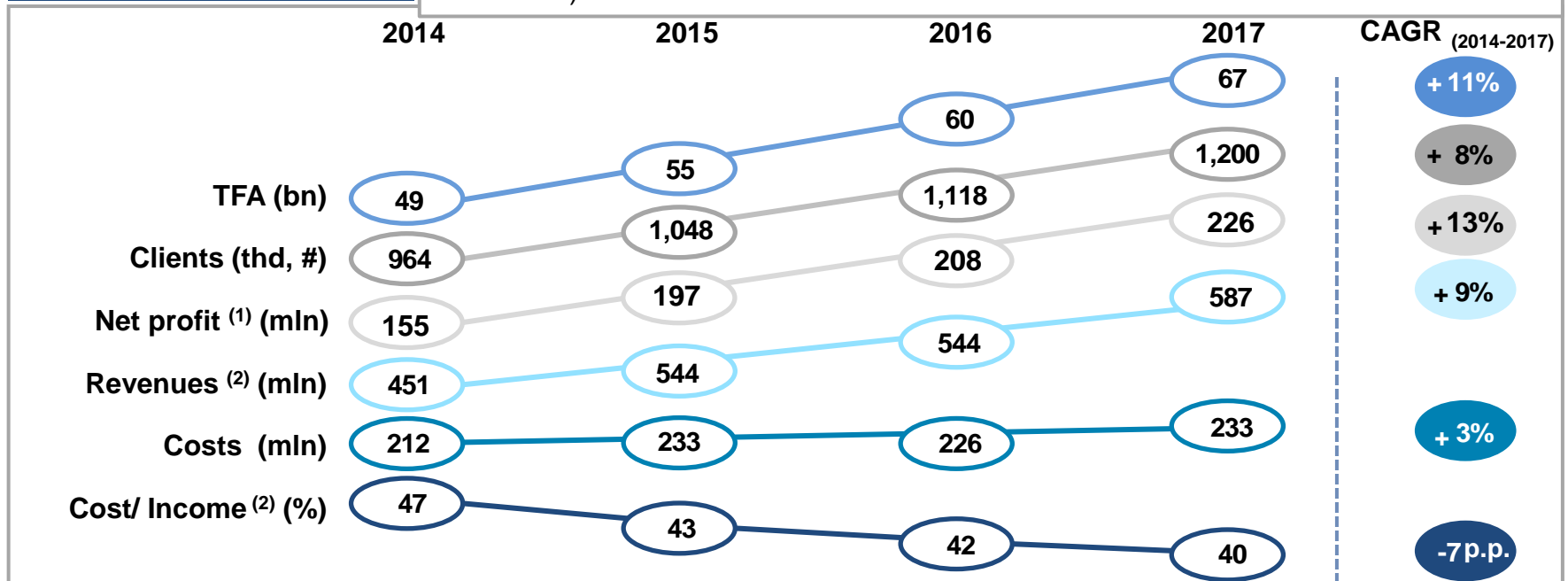
Operating Leverage

A distinctive competitive advantage of Fineco

Platform scalability
and
Operating gearing

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

- ✓ 18% FTEs in IT department, 25% in Back-Office
- ✓ Core system internally managed
- ✓ Internal DWH to fully leverage on Big Data Analytics
- ✓ Very low CAPEX (~10-12mln per year)
- ✓ Continuous innovation (new apps /features, products/services, initiatives) fully in-house developed: higher flexibility, better time to market and lower costs
- ✓ Internal development and implementation of regulatory processes and systems (i.e. Mifid 2) to maintain costs well under control



⁽¹⁾ Net Profit adjusted (see page 33) net of Deposit Guarantee Scheme (2015: -3.1mln net, 2016: -7.1mln net, 2017: -7.1 mln net)

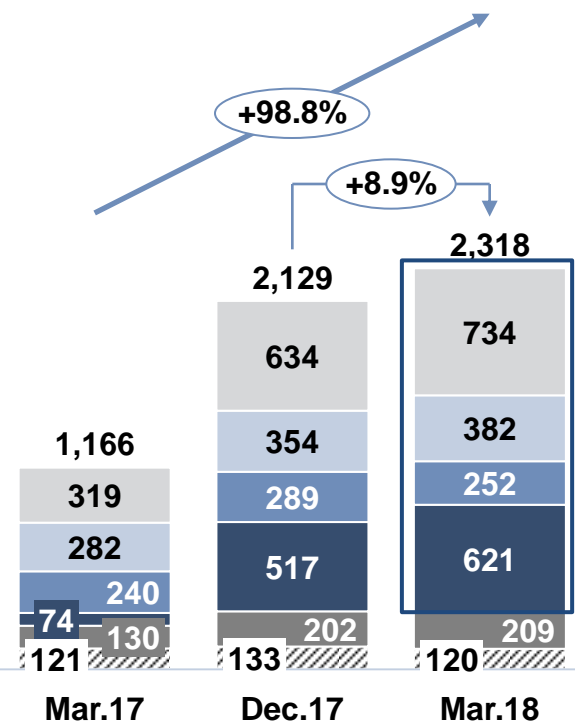
⁽²⁾ Net of gain on Visa sale (2016: +15.3mln gross)

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

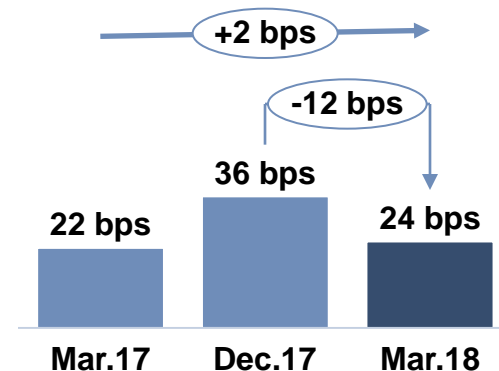
Overall Lending portfolio

Eop, mln

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



Cost of Risk ⁽³⁾



- **1Q18 Cost of Risk** not fully comparable with previous periods, due to the introduction of new accounting standards (IFRS9)
- **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⁾ Other loans include current receivables associated with the provisions of financial services (85mln in Mar.18 vs 85mln in Dec.17), collateral deposits and initial and variation margins (36mln in Mar.18 vs 43mln in Dec.17), bad loans (1.7mln in Mar.18 vs 1.6mln in Dec.17), other (-3,0mln in Mar.18 vs +3.2mln in Dec.17)

⁽³⁾ Cost of risk: LLP annualised on avg Loans. 1Q18 figures includes loans and receivables with banks on LLP

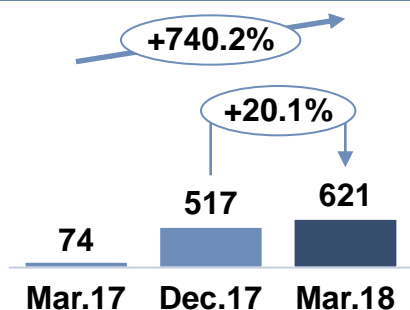
Initiatives monitoring - Banking Area

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

Guidance

Mortgages

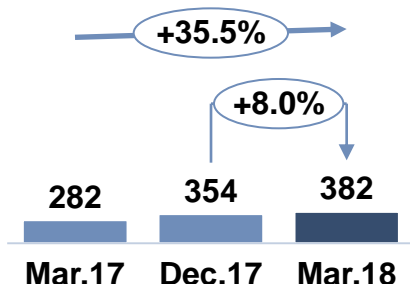
Eop, mln



- **5,800 mortgages** granted
- Average customer rate: **188bps. 1Q18 Yield⁽¹⁾ at 96bps**
- Average Loan to Value **52%** and average maturity **19 yrs**
- **Best ratio quality/price.** Strong focus in offering **products highly sophisticated** to meet clients' needs (i.e. Equity Loan)
- **Very low expected loss** (~23bps)

- yearly new production: **~500mln**
- Expected stabilization of yield in 2018: **~90/95bps**

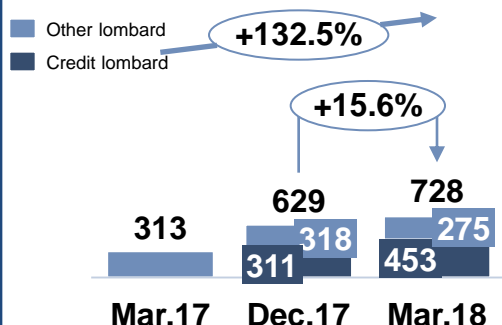
Personal Loans



- Average ticket €8,800 and average maturity 4.4 years
- **1Q18 Yield at 467bps**
- **Efficient and real time process**, instant approval platform for eligible clients' requests thanks to a deep knowledge of clients.
- **Low expected loss** (<~70 bps)

- yearly new production: **~200mln (~100mln net)**
- Expected yield in 2018: **~400-450bps**

Lombard Loans



Lombard Loans: 1Q18 Yield at 137bps

o/w Credit Lombard⁽²⁾:

- **Attractive pricing:** retail clients 125bps and private clients up to 75bps (on 3M Eur ⁽³⁾)
- **Differentiated margins** according to the riskiness of the pledged assets
- **Very low expected loss** (~10 bps)

- Expected growth: **~500mln** per year
- Expected yield in 2018 **~110/120bps**

⁽¹⁾ Yield on mortgages net of amortized and hedging costs

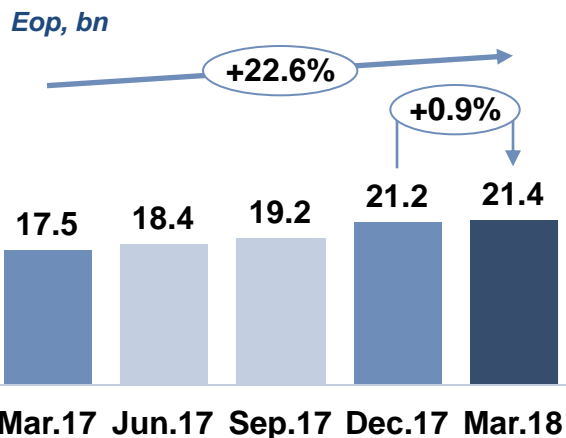
⁽²⁾ Credit Lombard allows to change pledged assets without closing and re-opening the credit line, allowing more flexibility and efficiency

⁽³⁾ with floor at zero

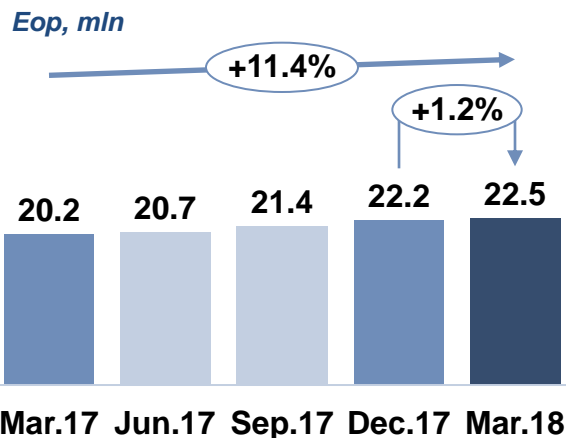
Initiatives monitoring - Investing Area

Increase network's productivity and Private Banking

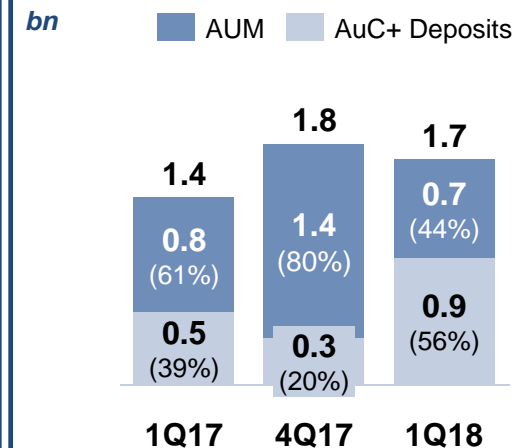
Guided Products



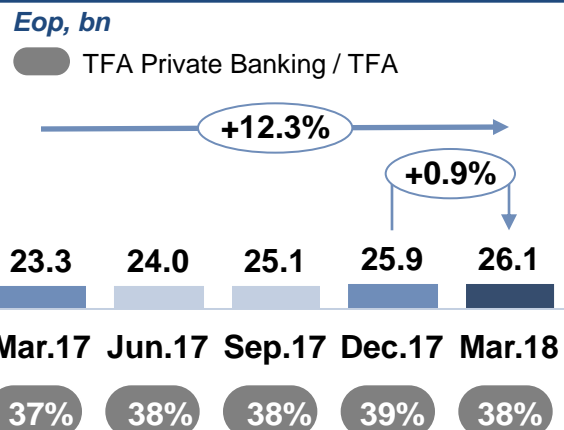
Average PFAs' portfolio



Net Sales Mix



Private Banking Total Financial Assets



- Private Banking area is experiencing a huge growth both in terms of assets and clients. Through Private Banking we want to create a **deeper relationship with the client, combining advanced technology with the unique professional skills of our advisors** to achieve client's life goals
- **Tailor-made solutions, portfolio analysis and monitoring, investment advisory, fund research and selection**



Fineco Asset Management - FAM

Process update

Anticipation of project delivery: expected go live ahead of expectations

- ✓ Both licence and passporting processes completed: formal approval by Central Bank of Ireland expected in the coming weeks
- ✓ Core series migration expected ahead of schedule
- ✓ Formal filing for the constitution of the new ICAV (Irish Collective Asset Management Vehicle) to simplify, speed up and make more efficient the process of new sub-advised funds
- ✓ Commercial agreements with best investment houses through medium-term partnerships
- ✓ First 17 sub-advised funds prospectus already submitted to Central Bank of Ireland
- ✓ Organizational structure and operating model implemented

2Q18

Go live

Existing **Core series migration**

2H18

New sub-advised funds

Brand new building blocks delivery

2019/2020

Transformation at full steam

New complementary products

Our cyborg advisory model evolves..

Plus is a **new integrated advisory platform**, launched at the end of April

Holistic, multi-asset and multi-purpose: PFAs can include all the products available (not only AuM but also AuC and even liquidity), enjoying maximum flexibility in building different portfolios for each client with high customization

... at zero cost for the bank..

In-house development leveraging on deep internal IT know-how

The platform is perfectly integrated with clients' current account, through which they can plan and monitor their investments

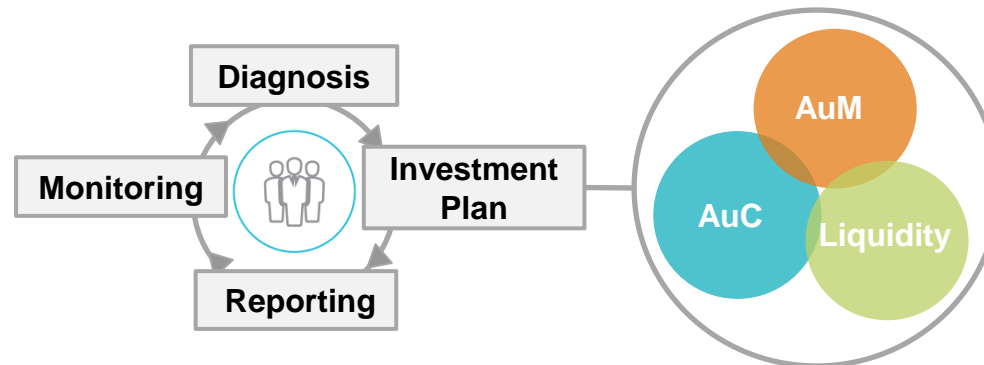
...and a lot of advantages for clients

Advanced financial education tool to drive clients in a process of financial awareness (analysis of needs/objectives, monitoring, customized and multi-channel reporting, (risk/returns, concentration risk, back-test of portfolio performance, etc.)

The **entire advisory life cycle is digital and paperless**

Objective: make AuC profitable and speed up the transformation into AuM

Fee «on top» (from ~0.20% to 1.0%) with differentiated pricing for AuM, AuC and ETFs



- ✓ In mid April, Guided products have been enriched with a new multi-line policy, which combines safety from traditional insurance policy with the investment opportunity coming from market volatility
- ✓ This solution is **particularly suitable in periods with high market volatility** and is **very effective in overcoming emotional reaction by clients during bear markets**
- ✓ Characteristics: initial allocation 90% segregated insurance funds (guaranteed capital) and 10% financial market exposure. Progressive disinvestment (on a regular basis) from segregated insurance funds into financial markets according to the logic of Saving Plans (up to max 70% market exposure)
- ✓ 5 different price segments, of which 3 dedicated to Private Banking clients



Capital protection

Initial allocation with 90% guaranteed capital



Solidity

Segregated insurance fund mechanism



Diversification

Investment mix with different risk levels



Opportunity

To better manage markets volatility

Further opportunities

Fineco UK

- ✓ # new clients: **over 1,800: (51% Italian and 49% non-Italian, o/w 36% native British)**
- ✓ **Unique positioning** in a highly fragmented market, leveraging on our **one-stop solution**. Among the most competitive players on securities and CFDs
- ✓ In 1Q18 **dedicated marketing activities** on the territory (value proposition / selling points and education on brokerage)
- ✓ The **London Forex Show awarded Fineco** as:



- Best Forex Provider of the Year 2018
- Best Forex Trading Platform
- Best Forex New Entrant 2018
- Best Forex Trading Tools

Patent Box

- ✓ We applied in 2015 for **intellectual properties** (our platforms internally created and developed) and trademark
- ✓ We are currently **in talks with Italian Fiscal Authority**, which is quantifying the relevant income from intellectual properties
- ✓ **Fiscal benefits are for 5 years**: 2015, 2016, 2017, 2018 and 2019 as the regime is characterized by a five year lock-in period. **Intellectual proprieties are renewable** according to international guidelines
- ✓ The mandatory ruling procedure **expected to be closed in 2018**

<i>mln</i>	1Q17	2Q17	3Q17	4Q17	FY17	1Q18
Net interest income	63.0	64.3	67.4	70.1	264.8	68.9
Net commissions	64.7	65.0	69.7	70.7	270.1	71.5
Trading profit	13.7	12.3	11.1	11.1	48.2	14.5
Other expenses/income	0.5	-0.8	0.1	3.9	3.8	0.5
Total revenues	141.9	140.9	148.3	155.8	586.9	155.4
Staff expenses	-19.2	-19.7	-19.8	-20.6	-79.3	-20.5
Other admin.exp. net of recoveries	-39.2	-38.2	-31.1	-35.0	-143.6	-40.8
D&A	-2.3	-2.5	-2.6	-2.9	-10.4	-2.3
Operating expenses	-60.7	-60.4	-53.5	-58.6	-233.2	-63.6
Gross operating profit	81.2	80.4	94.8	97.3	353.6	91.8
Provisions	-2.4	-0.8	-21.0	5.2	-19.0	-1.8
LLP	-0.6	-1.1	-1.6	-2.1	-5.4	-1.3
Integration costs	0.0	0.0	0.0	0.4	0.4	0.0
Profit from investments	0.0	-0.4	-1.4	-11.6	-13.4	0.0
Profit before taxes	78.2	78.3	70.7	89.1	316.3	88.7
Income taxes	-26.5	-25.7	-23.9	-26.0	-102.1	-29.7
Net profit for the period	51.7	52.6	46.8	63.1	214.1	59.0
Normalised Net Income⁽¹⁾	51.7	52.6	52.7	61.6	218.5	59.0
Non recurring items (mln, gross)						
<i>VISA sale (Trading Profit)</i>						
<i>Extraord systemic charges (Provisions)⁽²⁾</i>			-7.4	7.4	0.0	
<i>Extraord systemic charges (Profit from investm)⁽³⁾</i>			-1.4	-11.5	-12.9	
<i>Integration costs</i>				0.4	0.4	
<i>Release of taxes</i>				3.9	3.9	
Total	0.0	0.0	-8.8	0.3	-8.5	0.0

IFRS9: the Bank decided to not disclose comparative data from previous periods, as allowed by new accounting standards. For more details please refer to page 34

⁽¹⁾ Net of non recurring items

⁽²⁾ 3Q17 write-down related to the residual commitment to the Voluntary Scheme moved to Profit from Investment in 4Q17 following the payment.

⁽³⁾ 2017: Voluntary Scheme contribution.

P&L net of non recurring items

<i>mln</i>	1Q17	2Q17	3Q17 Adj.	4Q17 Adj.	FY17 Adj. ⁽¹⁾	1Q18
Net interest income	63.0	64.3	67.4	70.1	264.8	68.9
Net commissions	64.7	65.0	69.7	70.7	270.1	71.5
Trading profit	13.7	12.3	11.1	11.1	48.2	14.5
Other expenses/income	0.5	-0.8	0.1	3.9	3.8	0.5
Total revenues	141.9	140.9	148.3	155.8	586.9	155.4
Staff expenses	-19.2	-19.7	-19.8	-20.6	-79.3	-20.5
Other admin.expenses	-39.2	-38.2	-31.1	-35.0	-143.6	-40.8
D&A	-2.3	-2.5	-2.6	-2.9	-10.4	-2.3
Operating expenses	-60.7	-60.4	-53.5	-58.6	-233.2	-63.6
Gross operating profit	81.2	80.4	94.8	97.3	353.6	91.8
Provisions	-2.4	-0.8	-13.6	-2.2	-19.0	-1.8
LLP	-0.6	-1.1	-1.6	-2.1	-5.4	-1.3
Integration costs	0.0	0.0	0.0	0.0	0.0	0.0
Profit from investments	0.0	-0.4	0.0	-0.1	-0.5	0.0
Profit before taxes	78.2	78.3	79.5	92.8	328.7	88.7
Income taxes	-26.5	-25.7	-26.8	-31.2	-110.2	-29.7
Net profit adjusted ¹	51.7	52.6	52.7	61.6	218.5	59.0

IFRS9: the Bank decided to not disclose comparative data from previous periods, as allowed by new accounting standards.
For more details please refer to page 34

P&L and Balance Sheet: impacts from IFRS9

<i>mln</i>	FY17 (stated)	FY17 (recasted)	delta
Net interest income	264.6	264.8	0.20
Net commissions	270.1	270.1	
Trading profit	48.2	48.2	
Other expenses/income	3.8	3.8	
Total revenues	586.7	586.9	0.20
Staff expenses	-79.3	-79.3	
Other admin.exp. net of recoveries	-143.6	-143.6	
D&A	-10.4	-10.4	
Operating expenses	-233.2	-233.2	
Gross operating profit	353.4	353.6	0.20
Provisions	-19.0	-19.0	
LLP	-5.2	-5.4	-0.20
Integration costs	0.4	0.4	
Profit from investments	-13.4	-13.4	
Profit before taxes	316.3	316.3	0.00
Income taxes	-102.1	-102.1	
Net profit for the period	214.1	214.1	0.00
Normalised Net Income⁽¹⁾	218.5	218.5	0.00

P&L:

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

Net Interest Income – LLP: time-value interests on non performing exposures were reclassified from LLP to Net interest income (0.2mln)

FIRST TIME ADOPTION (FTA):

Balance sheet items reclassified and measured according with the new accounting standards (financial assets to be classified on the basis of the business model within which they are held - SPPI criteria); new impairment methodology based on expected losses instead of occurred losses.

<i>mln</i>	Dec.17 (stated)	Reclassification ⁽¹⁾	FTA	1st Jan.18
Due from Banks	13,878	-10,839	-3	3,036
Customer Loans	2,129		-1	2,129
Financial Assets	5,885	10,839	9	16,733
Tangible and Intangible Assets	113			113
Derivatives	10		-10	0
Other Assets	326		-1	325
Total Assets	22,340	0	-5	22,335
Customer Deposits	20,205			20,205
Due to Banks	926			926
Derivatives	9		-9	0
Funds and other Liabilities	468		7	476
Equity	732		-3	729
Total Liabilities and Equity	22,340	0	-5	22,335

ASSETS:

- Due from Banks – Financial Assets: application of impairment based on expected credit loss (-3mln), positive valuation at fair value of restructured UC bond in arrears (+9mln)
- Customer loans: application of impairment based on expected credit loss (-1mln)
- Derivatives: following the FV valuation of above mentioned UC bond, the previous related FV has been canceled from this item
- Other Assets: deferred taxes on IFRS9 impacts on FTA reserve

LIABILITIES:

- Derivatives - Funds and other Liabilities: reclassification of derivative hedging restructured UC bond (9mln from derivatives to funds and other liabilities) and tax on IFRS9 impacts on FTA reserve (-2mln)
- Equity: application of impairments based on PD (-10mln), reclassification and valuation of financial assets (+7mln) recognized in reserves

Details on Net Interest Income

<i>mIn</i>	1Q17	Volumes & Margins	2Q17	Volumes & Margins	3Q17	Volumes & Margins	4Q17	Volumes & Margins	FY17	Volumes & Margins	1Q18	Volumes & Margins
Financial Investments	55.3	17,530	55.5	17,864	57.2	18,086	58.2	18,127	226.3	17,902	56.9	18,449
<i>Net Margin</i>		1.28%		1.25%		1.26%		1.27%		1.26%		1.25%
<i>Gross margin</i>	56.3	1.30%	56.6	1.27%	58.5	1.28%	59.5	1.30%	230.9	1.29%	58.6	1.29%
Security Lending	0.7	938	0.6	831	0.5	764	0.3	804	2.0	834	0.2	804
<i>Net Margin</i>		0.30%		0.30%		0.24%		0.13%		0.25%		0.11%
Leverage - Long	1.9	130	2.2	152	2.6	173	3.0	201	9.6	164	2.7	182
<i>Net Margin</i>		5.79%		5.76%		5.91%		5.94%		5.87%		6.06%
Lendings	6.6	794	7.5	1,010	8.1	1,261	8.7	1,546	30.9	1,153	9.2	1,854
<i>Net Margin</i>		3.36%		2.99%		2.54%		2.24%		2.68%		2.01%
o/w Current accounts	1.7	312	1.8	340	1.9	410	2.2	546	7.7	402	2.4	684
<i>Net Margin</i>		2.20%		2.13%		1.89%		1.63%		1.92%		1.43%
o/w Cards	1.1	207	1.1	216	1.2	232	1.2	227	4.7	221	1.2	240
<i>Net Margin</i>		2.22%		2.12%		2.04%		2.13%		2.13%		2.00%
o/w Personal loans	3.7	257	3.9	297	4.0	317	4.1	340	15.8	303	4.3	370
<i>Net Margin</i>		5.81%		5.34%		5.05%		4.81%		5.22%		4.67%
o/w Mortgages	0.1	18	0.6	158	0.9	301	1.1	432	2.7	227	1.3	560
<i>Net Margin</i>		1.61%		1.59%		1.15%		1.04%		1.19%		0.96%
Other ⁽¹⁾	-1.5		-1.5		-0.9		-0.1		-4.0		-0.1	
Total	63.0		64.3		67.4		70.1		264.8		68.9	
Gross Margin		1.35%		1.34%		1.35%		1.36%		1.35%		1.33%
Cost of Deposits		-0.02%		-0.02%		-0.03%		-0.03%		-0.02%		-0.03%

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

(1) Other includes mainly marketing costs

UniCredit bonds underwritten

	ISIN	Currency	Amount (€ m)	Maturity	Indexation	Spread
1	IT0005010274	Euro	382.5	23-Apr-18	Euribor 1m	2.14%
2	IT0005010290	Euro	382.5	23-Jul-18	Euribor 1m	2.19%
3	IT0005010357	Euro	382.5	19-Oct-18	Euribor 1m	2.24%
4	IT0005010373	Euro	382.5	18-Jan-19	Euribor 1m	2.29%
5	IT0005010613	Euro	382.5	1-Apr-19	Euribor 1m	0.38%
6	IT0005010282	Euro	382.5	15-Jul-19	Euribor 1m	2.37%
7	IT0005010399	Euro	382.5	14-Oct-19	Euribor 1m	2.40%
8	IT0005010324	Euro	382.5	13-Jan-20	Euribor 1m	2.44%
9	IT0005010365	Euro	382.5	10-Apr-20	Euribor 1m	2.47%
10	IT0005010308	Euro	382.5	9-Jul-20	Euribor 1m	2.49%
11	IT0005010381	Euro	382.5	7-Oct-20	Euribor 1m	2.52%
12	IT0005010332	Euro	382.5	6-Jan-21	Euribor 1m	2.54%
13	IT0005010316	Euro	382.5	6-Apr-21	Euribor 1m	2.56%
14	IT0005010340	Euro	382.5	5-Jul-21	Euribor 1m	2.58%
15	IT0005010225	Euro	382.5	18-Oct-21	Euribor 1m	2.60%
16	IT0005010142	USD ¹	40.6	19-Apr-18	USD Libor 1m	2.34%
17	IT0005010860	USD ¹	40.6	7-Apr-20	USD Libor 1m	2.66%
18	IT0005158503	USD ¹	40.6	23-Dec-22	USD Libor 1m	1.93%
19	IT0005040099	Euro	100.0	24-Jan-22	Euribor 1m	1.46%
20	IT0005057994	Euro	200.0	11-Apr-22	Euribor 1m	1.43%
21	IT0005083743	Euro	300.0	28-Jan-22	Euribor 1m	1.25%
22	IT0005106189	Euro	230.0	20-Apr-20	Euribor 1m	0.90%
23	IT0005114688	Euro	180.0	19-May-22	Euribor 1m	1.19%
24	IT0005120347	Euro	700.0	27-Jun-22	Euribor 1m	1.58%
25	IT0005144065	Euro	450.0	14-Nov-22	Euribor 3m ²	1.40%
26	IT0005144073	Euro	350.0	15-Nov-21	Euribor 3m ²	1.29%
27	IT0005158412	Euro	250.0	23-Dec-22	Euribor 3m ²	1.47%
28	IT0005163180	Euro	600.0	11-Feb-23	Euribor 3m ²	1.97%
29	IT0005175135	Euro	100.0	24-Mar-23	Euribor 3m ²	1.58%
30	IT0005217606	Euro	350.0	11-Oct-23	Euribor 3m ²	1.65%
31	IT0005241317	Euro	622.5	2-Feb-24	Euribor 3m ²	1.52%
	Total	Euro	10,170.0		Euribor 1m	1.96%
		USD¹	121.7		USD Libor 1m	2.31%
	Totale Eur e USD		10,291.7			1.96%

¹ Amounts expressed at EUR/USD 1.2321 exchange rate (as of Mar. 31st, 2018)

² In order to calculate an average spread on Eur1m, a basis swap of 0.07% is considered

Details on Net Commissions

<i>mIn</i>	1Q17	2Q17	3Q17	4Q17	FY17	1Q18
Brokerage	20.3	18.3	16.8	18.0	73.3	20.5
<i>o/w</i>						
Equity	16.7	15.2	13.5	15.2	60.6	17.5
Bond	1.0	0.9	0.7	0.9	3.6	0.8
Derivatives	2.4	2.0	1.9	1.9	8.2	2.5
Other commissions ⁽¹⁾	0.1	0.2	0.6	0.0	0.9	-0.3
Investing	43.7	44.6	47.1	48.3	183.7	47.5
<i>o/w</i>						
Placement fees	3.1	2.9	2.3	3.2	11.5	2.5
Management fees	45.3	47.4	48.5	50.7	192.0	50.2
to PFA's: incentives	-4.7	-5.7	-3.7	-5.7	-19.9	-4.5
to PFA's: LTI	0.0	0.0	0.0	0.0	0.0	-0.8
Banking	0.6	1.9	5.7	4.2	12.4	3.2
Other	0.1	0.2	0.2	0.2	0.7	0.3
Total	64.7	65.0	69.7	70.7	270.1	71.5

⁽¹⁾ Other commissions include security lending and other PFA commissions related to AuC

Revenue breakdown by Product Area

<i>mln</i>	1Q17	2Q17	3Q17	4Q17	FY17	1Q18
Net interest income	62.0	63.1	65.5	67.3	258.0	67.5
Net commissions	0.6	1.9	5.7	4.2	12.4	3.2
Trading profit	1.9	1.7	1.2	1.3	6.2	1.4
Other	0.1	0.1	0.1	0.0	0.3	0.1
Total Banking	64.7	66.9	72.5	72.9	277.0	72.1
Net interest income	0.0	0.0	0.0	0.0	0.0	0.0
Net commissions	43.7	44.6	47.1	48.3	183.7	47.5
Trading profit	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
Total Investing	43.7	44.6	47.1	48.3	183.7	47.5
Net interest income	2.8	3.2	3.4	3.7	13.1	3.2
Net commissions	20.3	18.3	16.8	18.0	73.3	20.5
Trading profit	11.5	10.4	9.7	8.8	40.4	12.4
Other	0.0	0.0	0.0	0.0	0.0	0.0
Total Brokerage	34.6	31.9	29.9	30.4	126.8	36.2

Breakdown Total Financial Assets

<i>mln</i>	Mar.17	Jun.17	Sep.17	Dec.17	Mar.18
AUM	29,742	30,614	31,339	33,080	33,062
o/w Funds and Sicav	24,984	25,461	25,901	26,999	26,666
o/w Insurance	4,749	5,145	5,431	6,075	6,395
o/w GPM	9	9	7	7	1
AUC	13,895	13,870	14,341	14,164	14,365
o/w Equity	7,969	8,110	8,531	8,718	8,911
o/w Bond	5,858	5,700	5,763	5,426	5,434
o/w Other	68	60	47	20	20
Direct Deposits	18,566	19,142	19,674	19,941	20,624
o/w Sight	18,504	19,105	19,659	19,931	20,616
o/w Term	62	38	15	10	7
Total	62,202	63,627	65,355	67,185	68,050

<i>o/w Guided Products & Services</i>	17,470	18,399	19,190	21,227	21,425
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Balance Sheet

<i>mln</i>	Mar.17	Jun.17	Sep.17	Dec.17	1st Jan.18	Mar.18
Due from Banks	15,462	14,827	14,293	13,878	3,036	3,488
Customer Loans	1,166	1,504	1,716	2,129	2,129	2,318
Financial Assets	3,912	4,770	5,429	5,885	16,733	17,106
Tangible and Intangible Assets	112	113	113	113	113	112
Derivatives	12	15	16	10	0	0
Other Assets	262	284	249	326	325	211
Total Assets	20,927	21,513	21,815	22,340	22,335	23,235
Customer Deposits	18,884	19,441	20,008	20,205	20,205	20,916
Due to Banks	980	930	697	926	926	960
Derivatives	17	16	19	9	0	0
Funds and other Liabilities	314	506	421	468	476	367
Equity	732	621	672	732	729	992
Total Liabilities and Equity	20,927	21,513	21,815	22,340	22,335	23,235

IFRS9: the Bank decided to not disclose comparative data from previous periods, as allowed by new accounting standards. For more details please refer to page 34

Main Financial Ratios

	Mar.17	Jun.17	Sep.17	Dec.17	Mar.18
PFA TFA/ PFA (mln) ⁽¹⁾	20.2	20.7	21.4	22.2	22.5
Guided Products / TFA ⁽²⁾	28%	29%	29%	32%	31%
Cost / income Ratio ⁽³⁾	42.8%	42.8%	40.5%	39.7%	41.0%
CET 1 Ratio	22.2%	22.1%	20.7%	20.8%	20.2%
Adjusted RoE ⁽⁴⁾	39.5%	39.3%	39.0%	40.3%	35.1%
Leverage Ratio ⁽⁵⁾	7.89%	6.79%	5.95%	5.67%	7.15%

⁽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 32) calculated as Operating Costs divided by Revenues net of non recurring items

⁽⁴⁾ Adjusted RoE: annualized Net Profit, net of non recurring items (see page 32) divided by the average book shareholders' equity for the period (excluding dividends expected to be distributed and the revaluation reserves)

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

Additional Tier 1

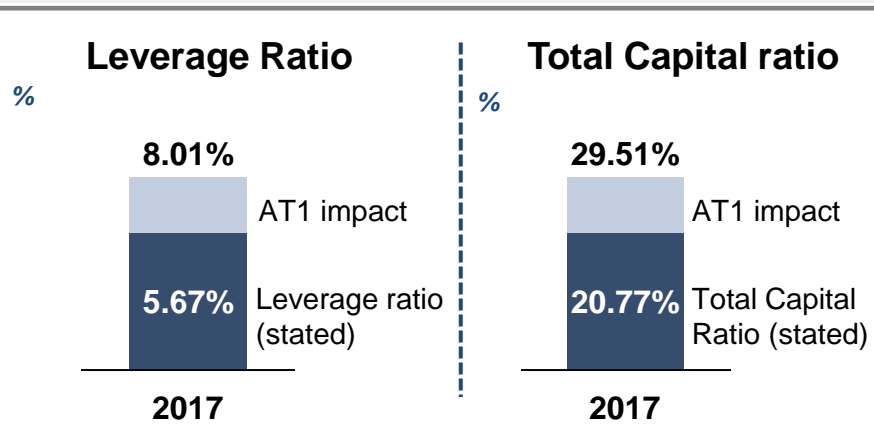
Details

- Given current favorable market conditions and spread levels, on 23rd January, 2018 the Bank issued a **€200mIn** perpetual AT1
- Coupon fixed at **4.82%** for the initial **5.5 years**
- **Intra-group private placement**, fully subscribed by UniCredit SpA
- **Semi-annual coupon**. First Interest Payment Date: 3 June 2018 (short first coupon)
- Net coupon will impact directly Equity reserves (~6.5mIn net of taxes)

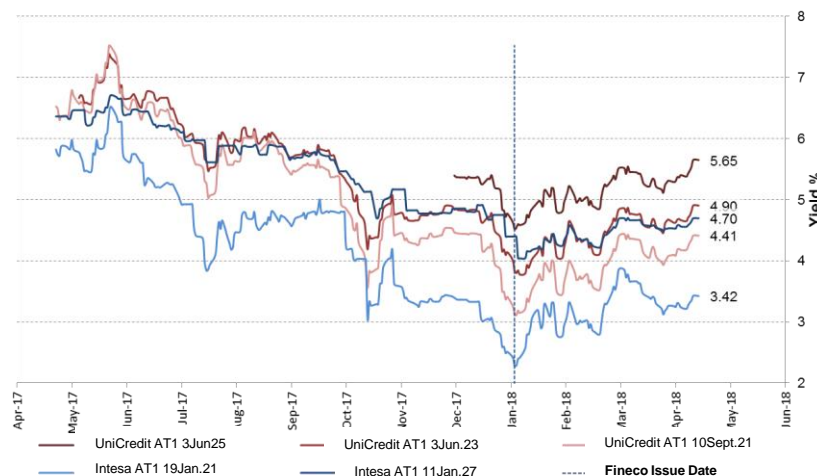
Benefits

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

Key ratios pro-forma⁽¹⁾ with AT1 issue



⁽¹⁾ Ratios transitional. Total Capital ratio assuming 2017 dividend of 28.5 € cents per share.



Fineco Asset Management - FAM (1/2)

FAM products and expected efficiencies

Products	Destination
1 NEW FAM FUNDS OF FUNDS:	
BUILDING BLOCKS (Institutional class)	insurance wrappers (Core Unit, Advice Unit, etc.)
BUILDING BLOCKS (Retail class)	à la carte or in portfolio solutions (Advice, Stars)
2 SUB-ADVISED FUNDS WITH PREFERRED PARTNERS:	
SINGLE FUNDS (Institutional class)	New FAM funds of funds + Core Series
SINGLE FUNDS (Retail class)	à la carte, portfolio solutions (Advice, Stars)
3 CORE SERIES	

Efficiency on margins

- **Savings** coming from Core Series internalization
- **Lower cost of mandate** (sub-advised funds) compared with current distribution fees

Operational efficiency

- Ireland main hub for asset management allowing us to **outsource some operational activities** in a very efficient way
- **Additional efficiencies** (establishment costs, marketing costs, fund administration costs)
- Expected **annual Operating Costs: ~5mIn**

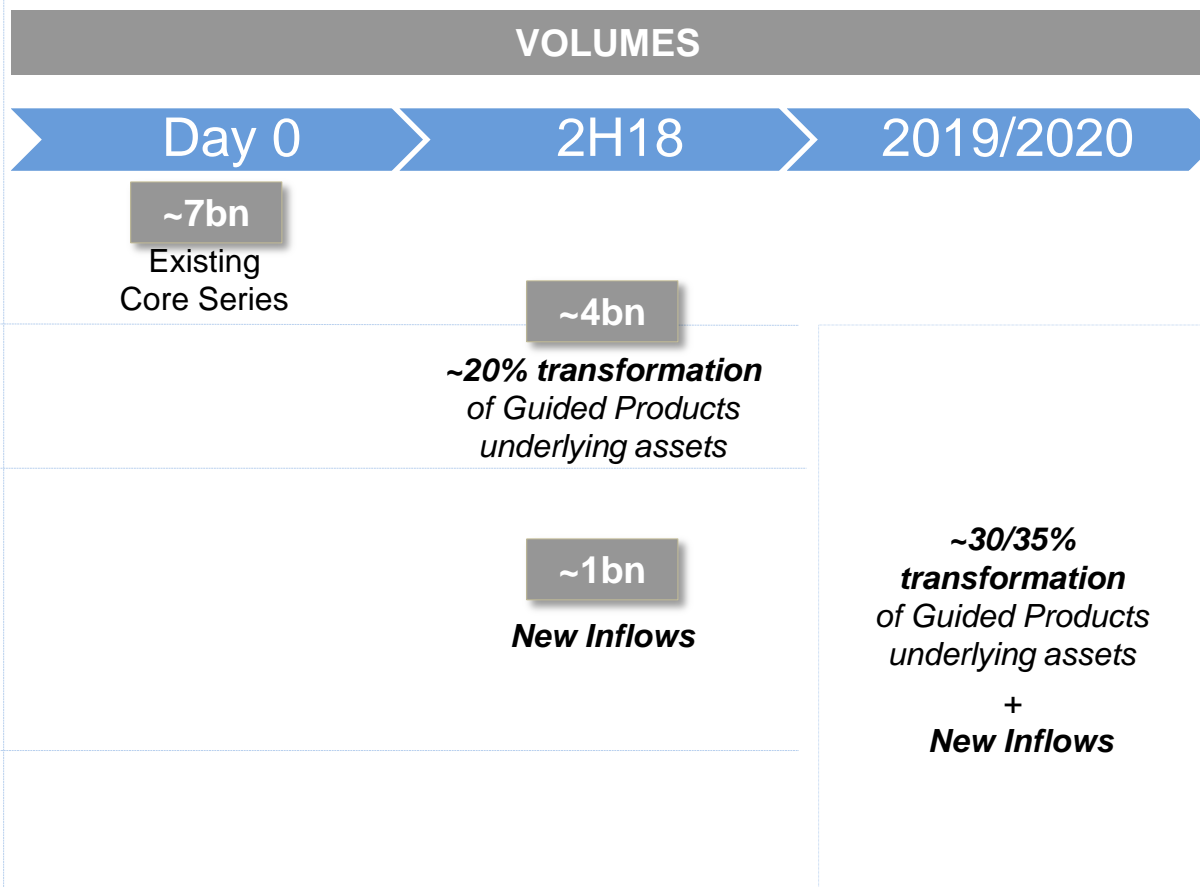
Fineco Asset Management - FAM (2/2)

Potential Upside: relevant and recurring improvement in our profitability

GROUP MARGINS UPSIDE (bps)

- Pre-tax
- After-tax

CORE SERIES	~+13
	~+20
SINGLE FUNDS (Institutional class)	~+40
	~+34
SINGLE FUNDS (Retail class)	~+2/3
	~+5/7
BUILDING BLOCKS (Retail class)	~+21
	~+25
BUILDING BLOCKS (Institutional class)	~+50
	~+42



UNDERLYING ASSUMPTIONS:

- **Revenue split:** 60% Italy, 40% FAM (Ireland) only Retail class. Institutional Class 100% Ireland
- **Dividend** payout FAM to Fineco SpA: 100%

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⁽¹⁾**, 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 5 companies** have been admitted in Italy: Fineco, UniCredit, Leonardo, Ferrero and Prada

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**