



B A N K

# 9M18 Results

Firenze, November 20<sup>th</sup> 2018  
Kepler Italian Financials Conference

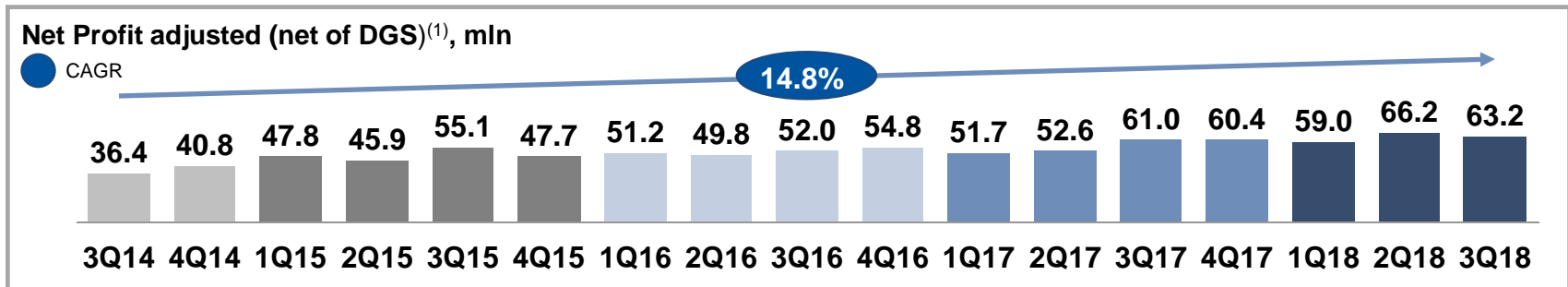
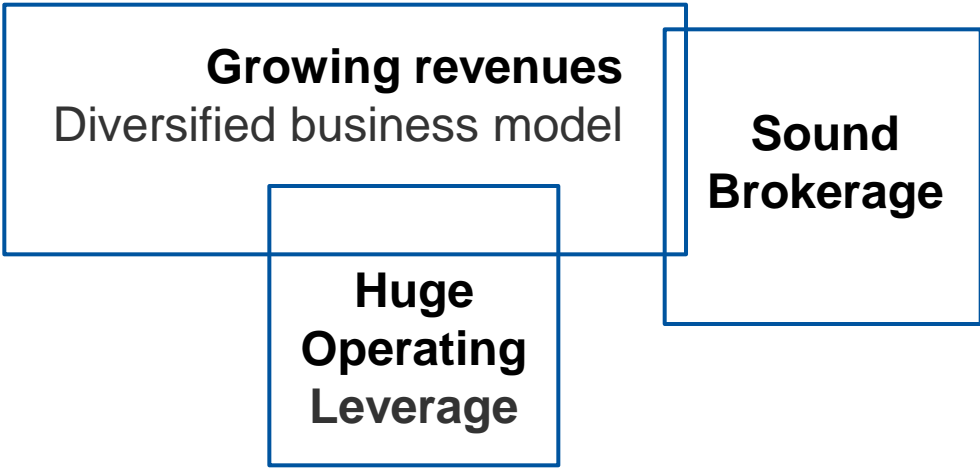
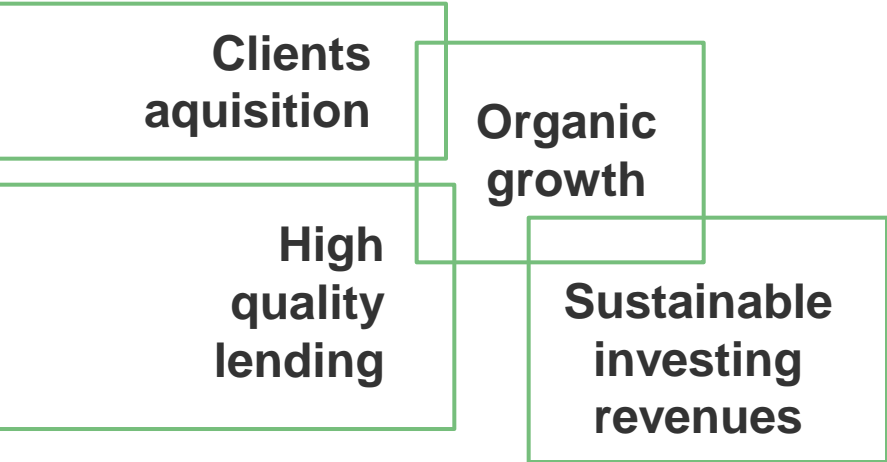
**FinecoBank**

**Key messages**

# 9M18 key messages

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

**Delivery of consistent results**  
in every market condition



<sup>(1)</sup> Net Profit adjusted net of Deposit Guarantee Scheme (2015 DGS: -3.1mln net, 2016 DGS : -7.1mln net, 2017 DGS: -7.1 mln net, 9M18 : -9.6mln net)

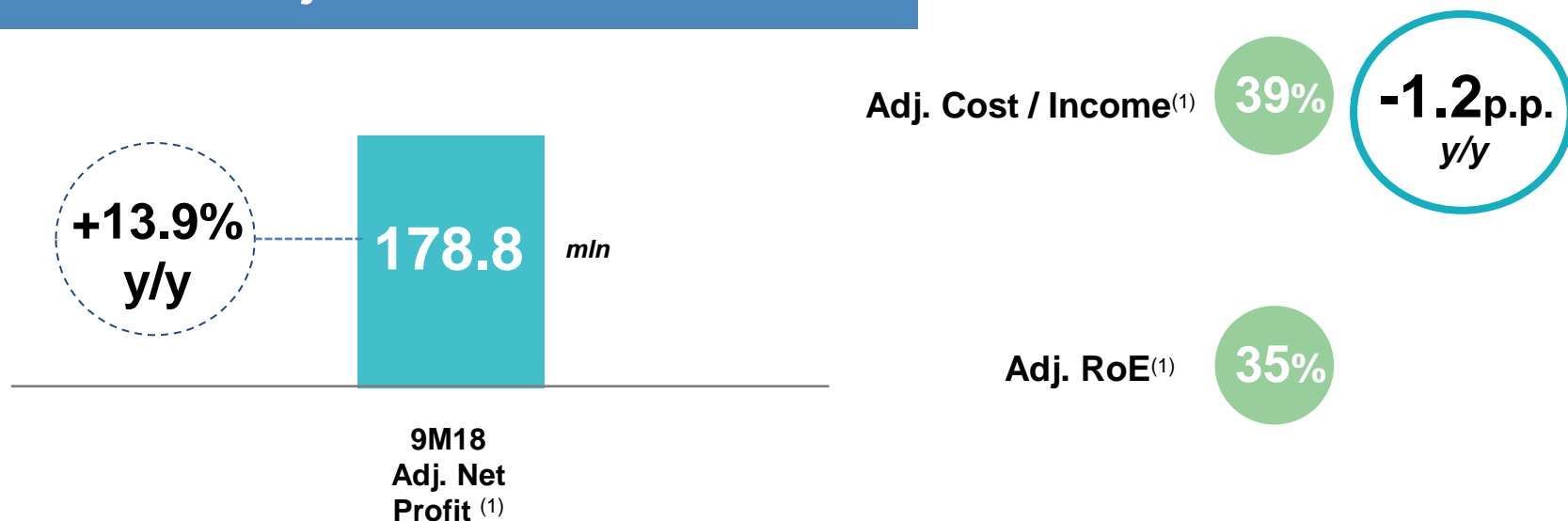
**FinecoBank**

# 9M18 Results

# Results

9M18 adjusted net profit +14% y/y in a more complex environment

## Adj. Net Profit



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

<sup>(1)</sup> **9M18 non recurring items:** severance (staff expenses): -1.6mln gross (-1.1mln net) in 3Q18. **9M17 non recurring items:** FITD / Voluntary Scheme -8.8mln gross (-5.9mln net)

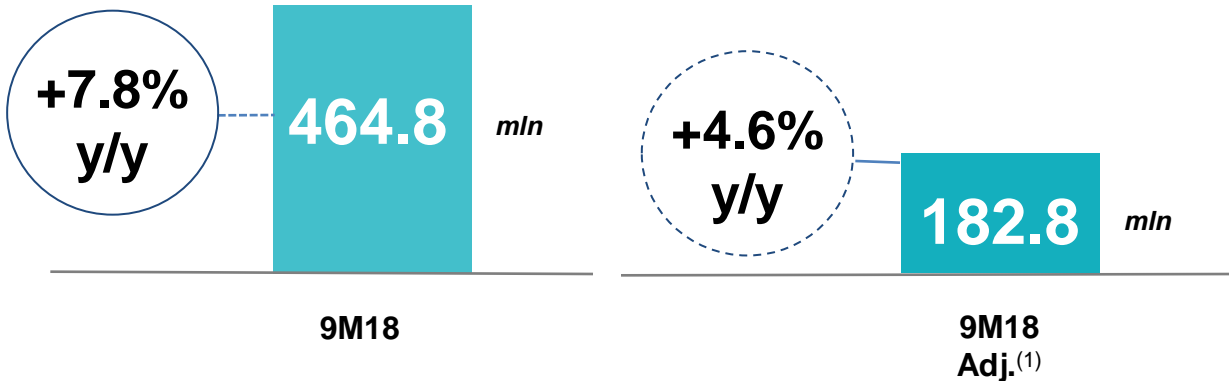
# Revenues and operating Costs

Operating leverage constantly delivered thanks to a relentless revenue growth and operating costs well under control

Revenues

Operating Costs

Operating Leverage



y/y growth



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

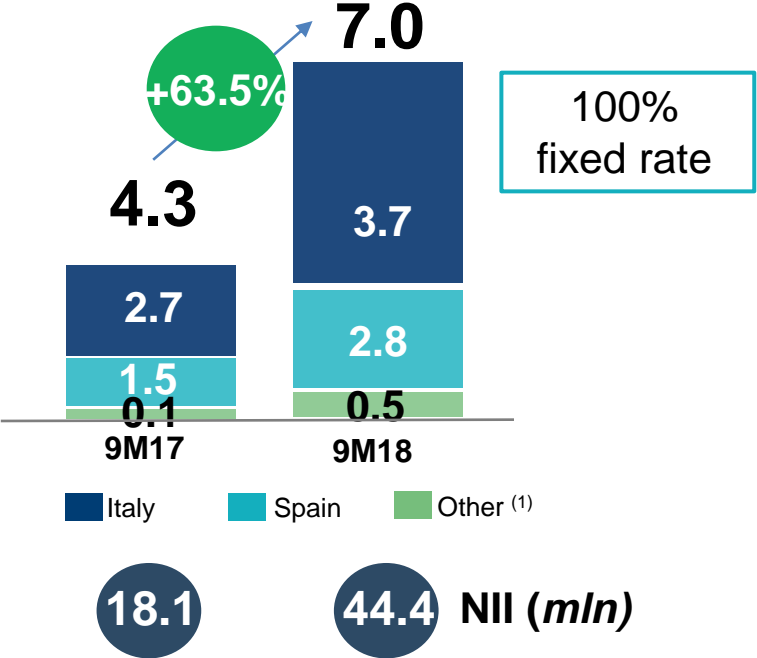
<sup>(1)</sup> Non recurring items: severance (staff expenses): -1.6mln gross in 3Q18

# Net interest Income

A progressive increase in a more diversified asset side continues

## Focus on Govies

Avg, bn



**Residual maturity**  
**3.9 yrs**

o/w UC Bonds 2.7 yrs  
o/w Govies 5.4 yrs

## Interest Rate Sensitivity

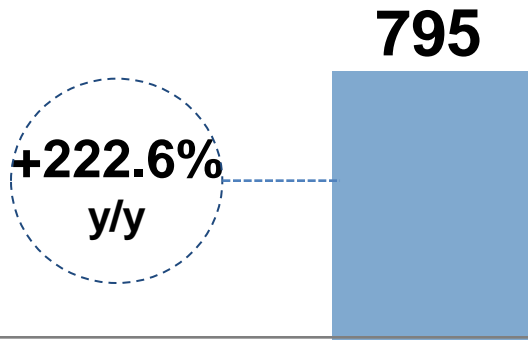
+100bps parallel shift (1M Eur): +113mln additional NII

(1) Other includes 85.5mln France, 73.9mln Ireland, 63.9mln USA, 74.6mln Poland, 18.7mln Austria, 11.8mln Germany, 99.9mln ICO, 40.5mln Supranational Agencies

# Boost in high quality lending volume

## Mortgages

Eop, mln

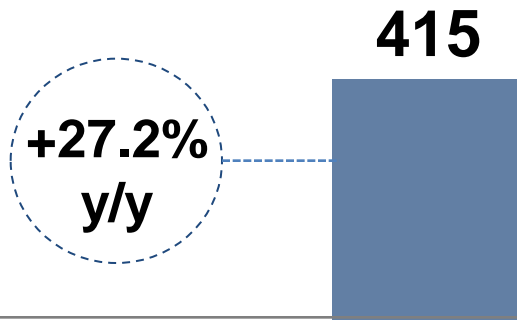


Sep.18

186  
Yield bps

## Personal loans

Eop, mln

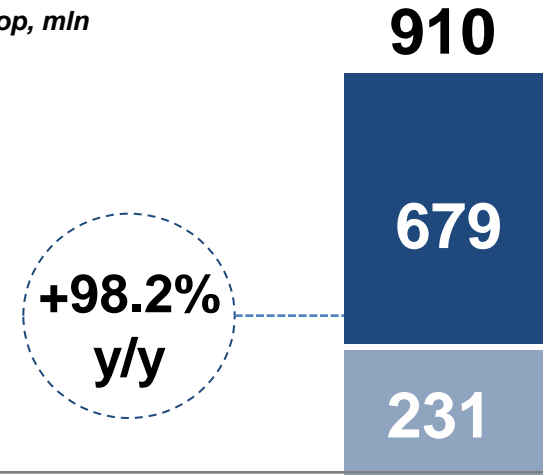


Sep.18

446  
Yield bps

## Lombard loans

Eop, mln



Sep.18

127  
Yield bps

Other Lombard Credit Lombard

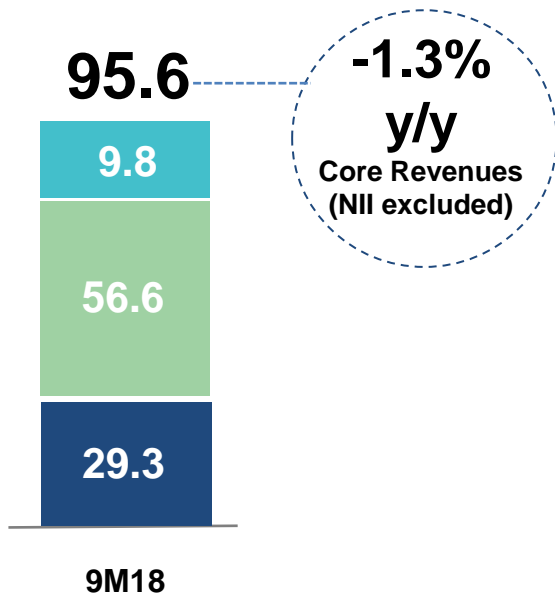


# Brokerage

Brokerage performance coherent with low markets' volatility in the period

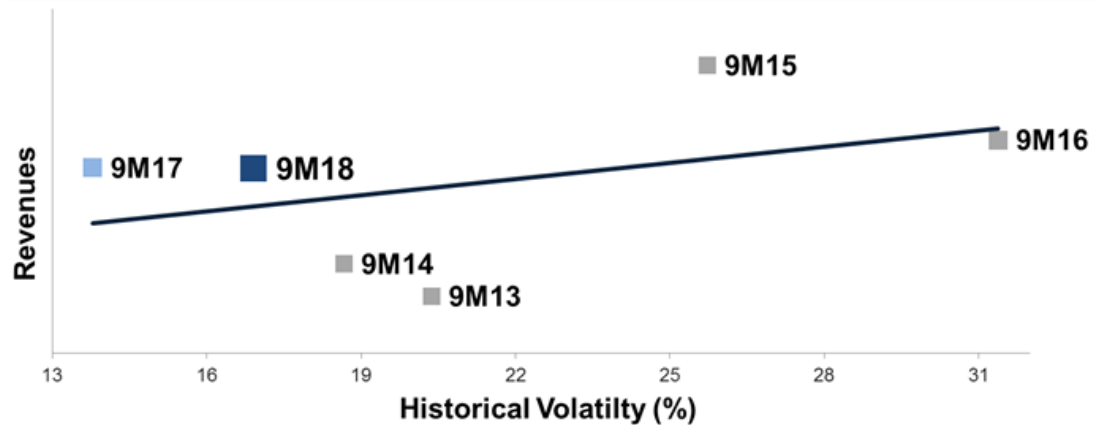
## Revenues

mln



Net Interest    Fees and commissions  
Trading profit

## Revenues vs Volatility

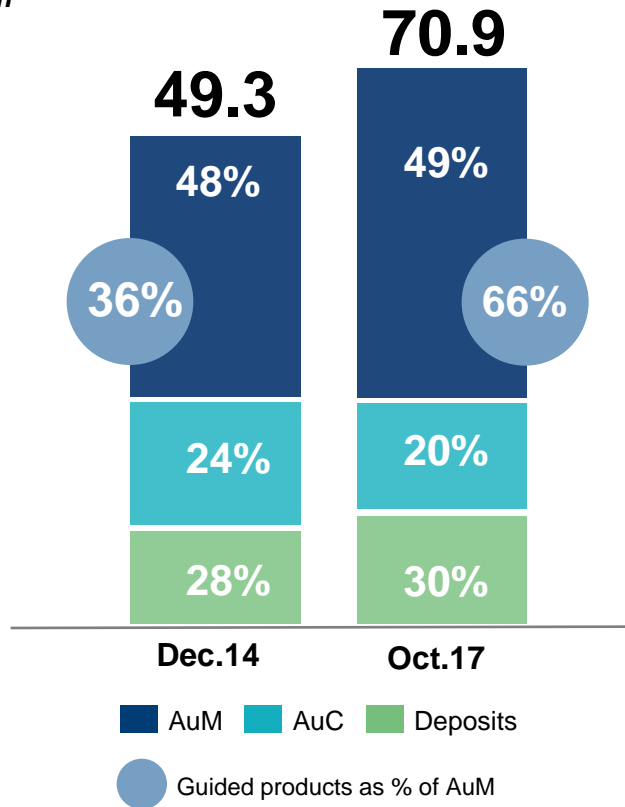


# TFA breakdown

Successful shift towards high added value products

## Breakdown of total TFA

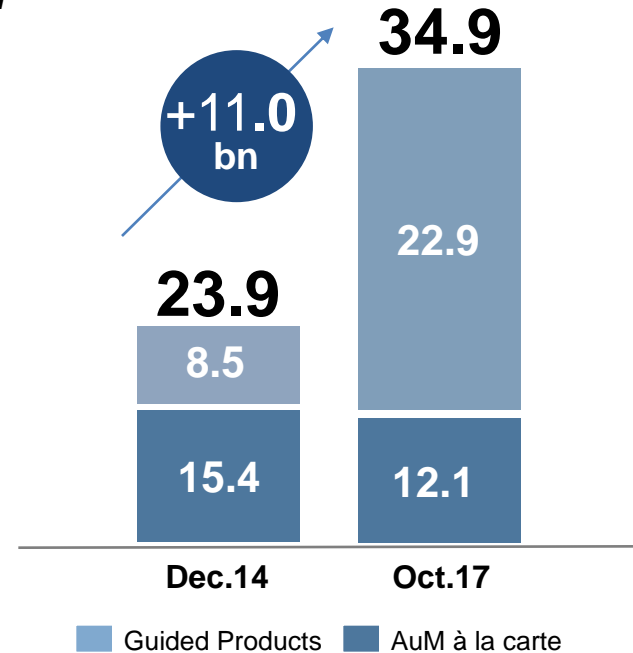
Eop, bn



## Focus on AUM

+11.0 bn AUM since the end of 2014, o/w:  
**Guided Products & Services +14.3bn**  
 AuM à la carte -3.3 bn

Eop, 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 service

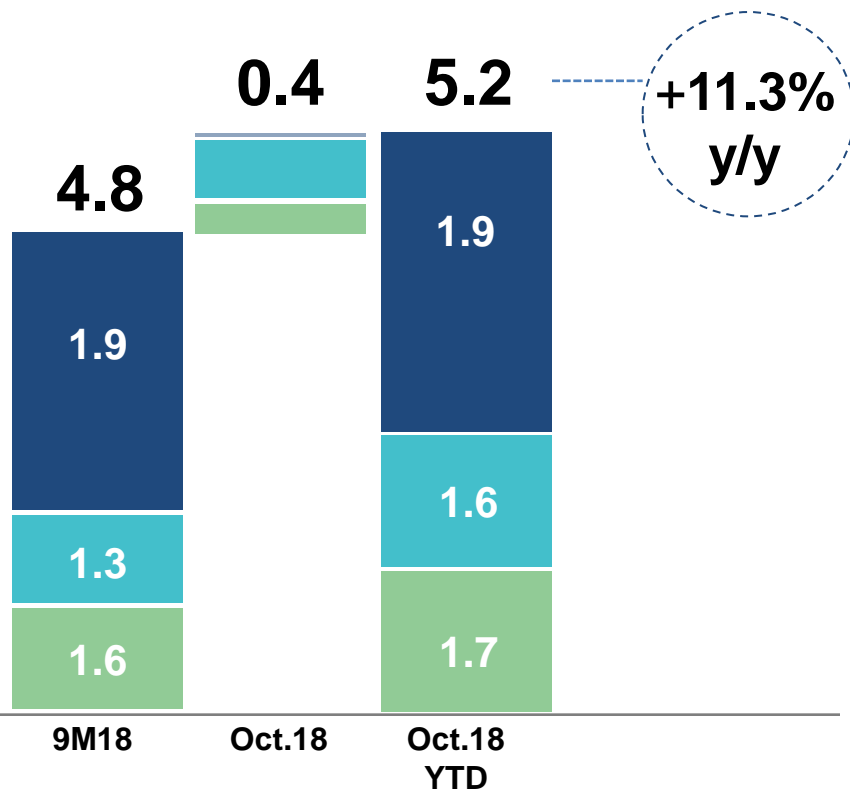
# Net sales breakdown

Solid 2018 net sales growth on the wave of structural trends in place despite a complex environment

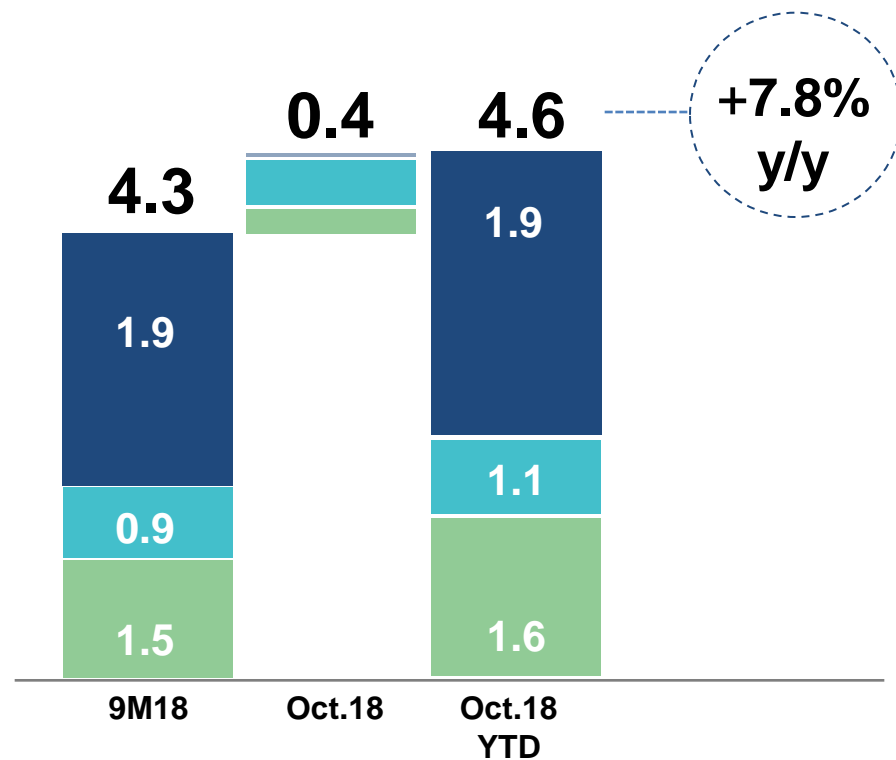
## Breakdown of total Net Sales

## PFA Network – total Net Sales

bn



bn



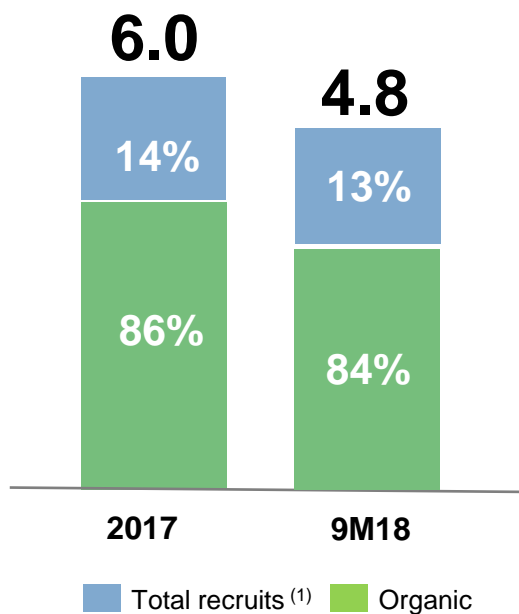
AuM AuC Deposits

# Organic growth

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

## Net Sales – Organic / Recruit (%)

bn



**Recruitment costs** (to be amortized)

**stock 25.9mln**

as of Sept.'18

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

**FinecoBank**

**Dealing with  
pressure on margins  
in a proactive way**

# Dealing proactively with pressure on margins

Our strategy has always focused on 3 main concepts

1

Improve  
**QUALITY OF  
SERVICES**

**Continuous innovation** leveraging on best-in-class internal IT culture and Big Data analytics **to be recognized by clients as a premium brand**

2

Increase  
**PFAs  
PRODUCTIVITY**

**Strong opportunities in enlarging the actively managed clients** thanks to Cyborg Advisory approach and advisory platforms

3

Increase  
**OPERATIONAL  
EFFICIENCY**

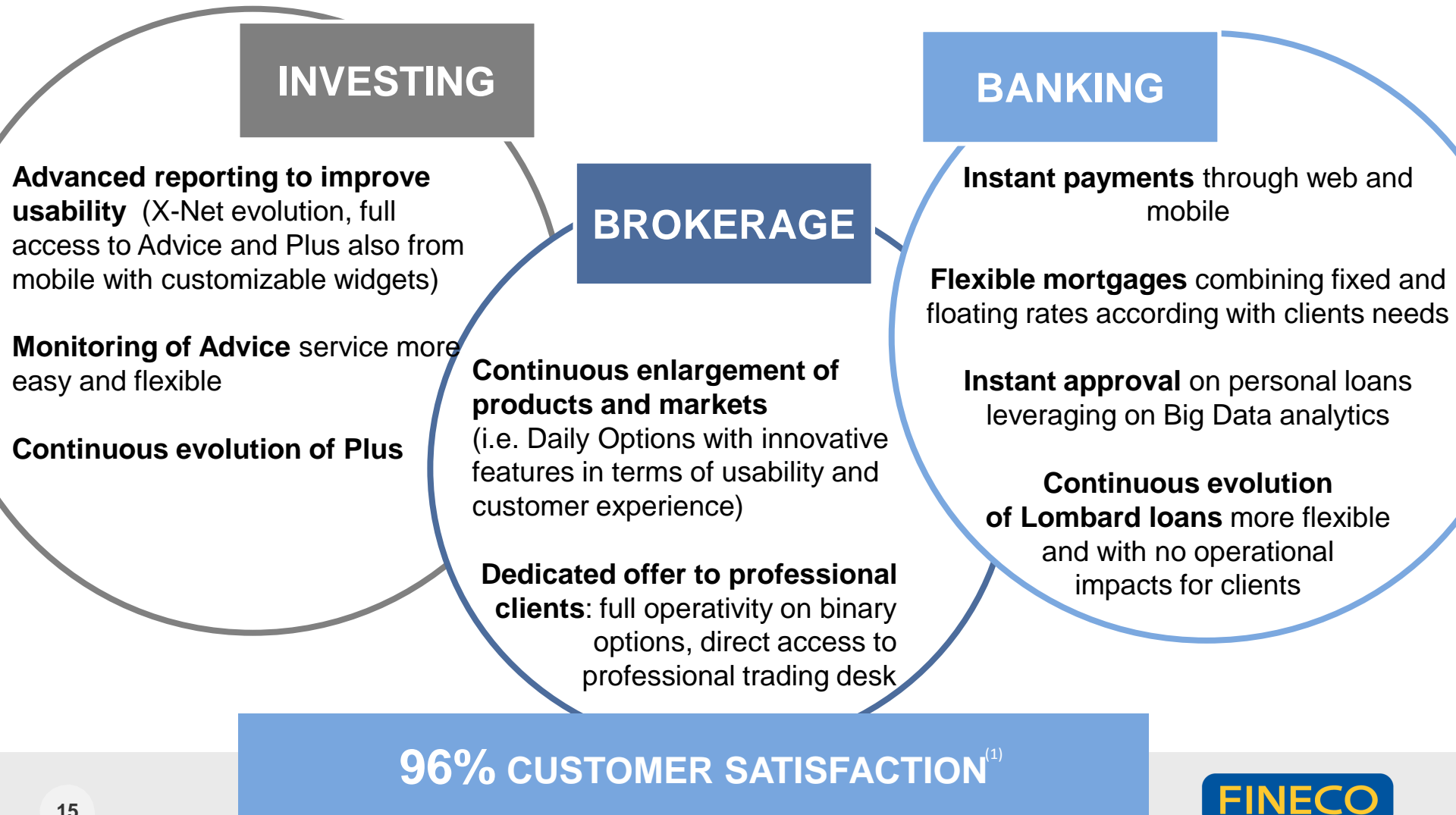
**Further increase of our operational efficiency through Fineco Asset Management**, being in control of the full AuM value chain for excellent quality and efficiency

**Brand new portfolio solutions and new generation of passive strategies** with attractive margins completely developed in-house by FAM

# Continuous innovation

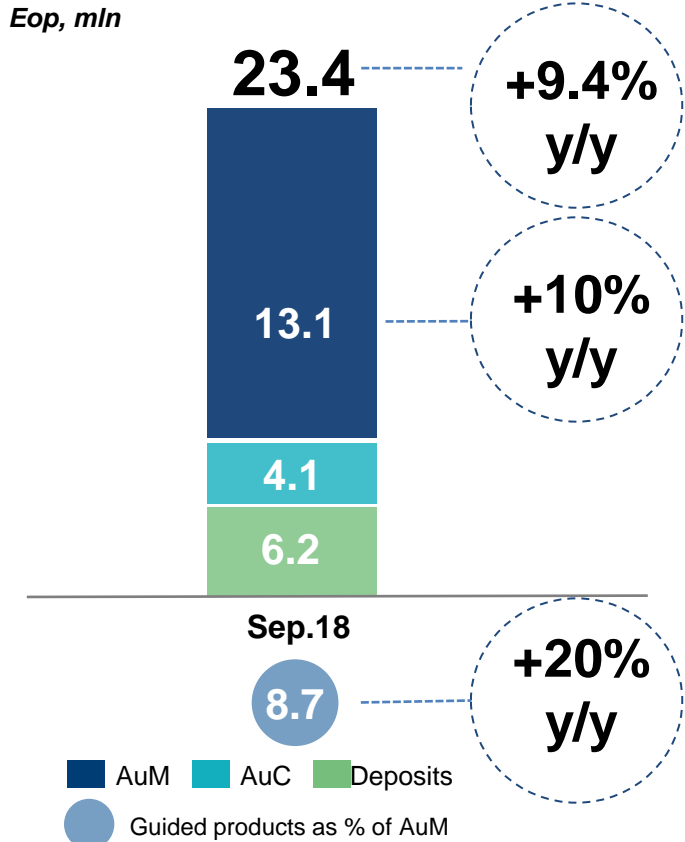
on usability and front-end efficiency to deliver distinctive products and services

1

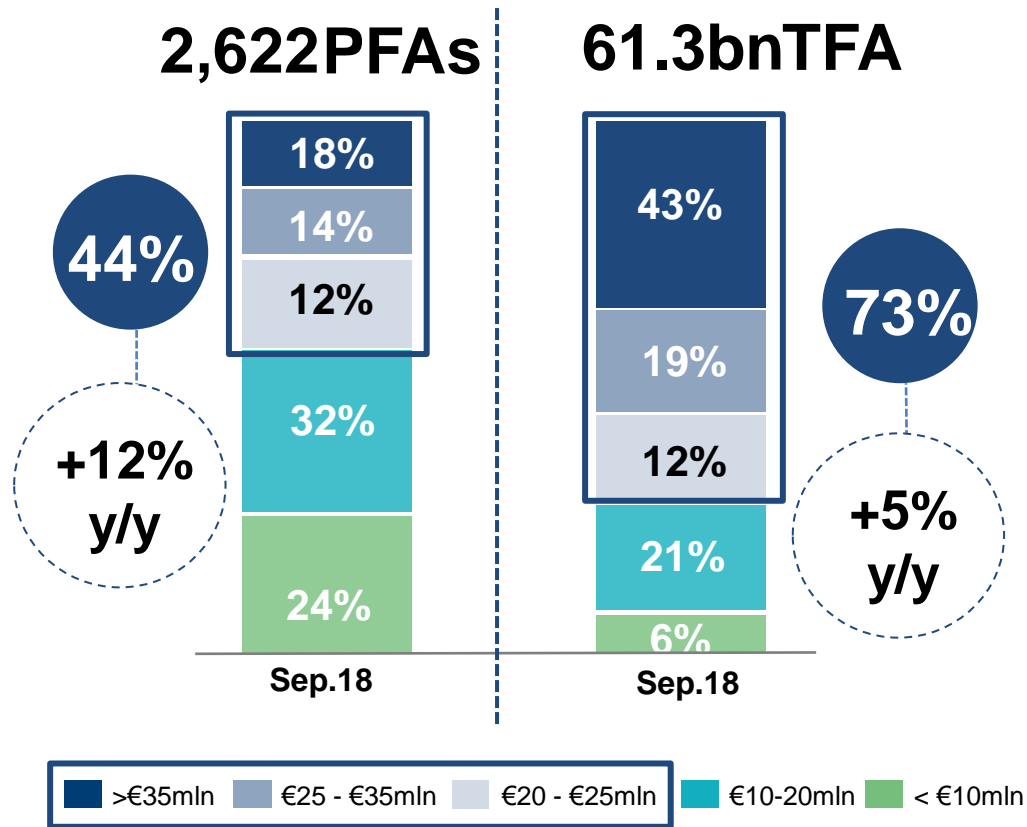


# Continuous PFAs quality and productivity improvement

## Average PFAs' portfolio



## TFA concentration per PFA



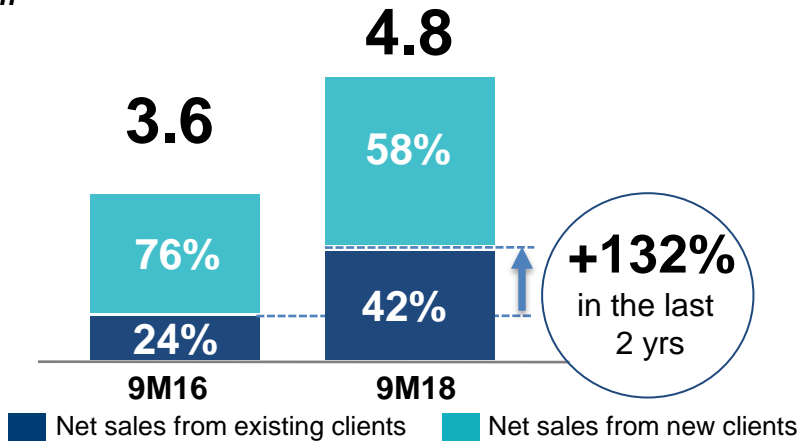


# Cross selling and clients' profile

2

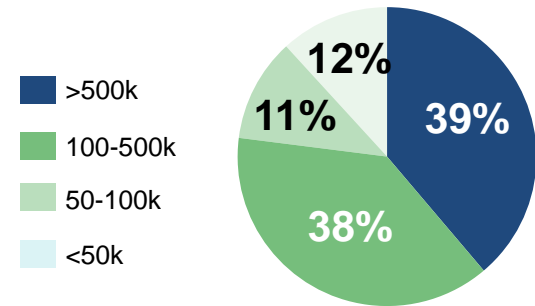
## Net sales: new vs existing clients

mln



## TFA per client

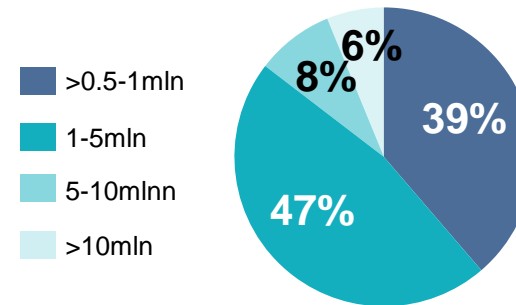
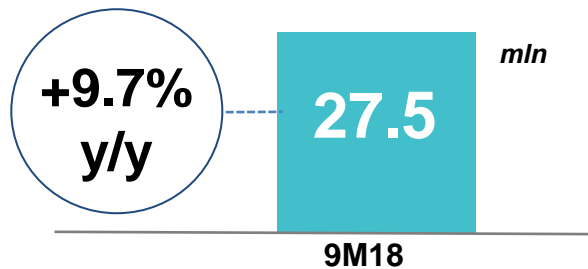
Total TFA: 70.9bn



Total clients:

Avg age:  
48 years old

## Private Banking and TFA per Private clients



Private clients:

Avg age:  
60 years old

## CORE SERIES

**Innovative and modern approach to build portfolios**, thus improving the relationship with clients. Maximum level of diversification and efficiency - global oriented - daily monitoring of strategies and constant dialogue with portfolio manager

First **31 strategies by year-end: 17 strategies already released (44 share classes)**.

Second wave expected before year-end: additional 14 strategies (35 share classes)

Best global investments managers with their flagship strategies at the better conditions for customers - full visibility of underlying assets - improved risk monitoring

## SUB-ADVISED FUNDS

## FAM EVOLUTION

New building blocks based on customer risk/returns profile for the evolution of FinecoBank advisory platforms. **The first funds of funds will be released by year-end**

**Brand new passive strategies** fully developed in-house by FAM with attractive margins and lower price for clients

## BENEFITS

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

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

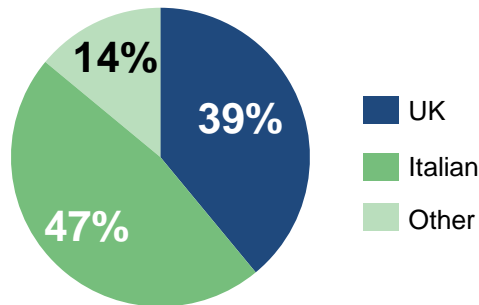
**Win-win solution:** lower price for clients, higher margins

# Further opportunities

## Fineco UK

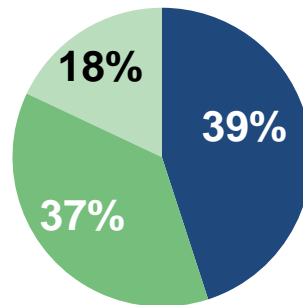
### Clients: geographical split

Over 2,700 clients



53% non-Italian

New clients acquired



63% non-Italian

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

## 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
- ✓ **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

Thank you