9M18 Results

Firenze, November 20\textsuperscript{th} 2018
Kepler Italian Financials Conference
FinecoBank

Key messages
9M18 key messages

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

Clients acquisition

Organic growth

High quality lending

Sustainable investing revenues

Growing revenues
Diversified business model

Huge Operating Leverage

Sound Brokerage

Delivery of consistent results
in every market condition

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

CAGR 14.8%

36.4 40.8 47.8 45.9 55.1 47.7 51.2 49.8 52.0 54.8 51.7 52.6 61.0 60.4 59.0 66.2 63.2

3Q14 4Q14 1Q15 2Q15 3Q15 4Q15 1Q16 2Q16 3Q16 4Q16 1Q17 2Q17 3Q17 4Q17 1Q18 2Q18 3Q18

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

Adj. Net Profit

178.8 mln

+13.9% y/y

9M18 Adj. Net Profit (1)

excluding non recurring items (1)

Adj. Cost / Income (1)
39%
-1.2 p.p. y/y

Adj. RoE (1)
35%

(1) 9M18 non recurring items: severance (staff expenses): -1.6 mln gross (-1.1 mln net) in 3Q18. 9M17 non recurring items: FITD / Voluntary Scheme -8.8 mln gross (-5.9 mln net)
Revenues and operating Costs

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

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Operating Costs</th>
<th>Operating Leverage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>464.8 mln</strong></td>
<td><strong>182.8 mln</strong></td>
<td><strong>TFA (bn)</strong></td>
</tr>
<tr>
<td><em>+7.8% y/y</em></td>
<td><em>+4.6% y/y</em></td>
<td><em>+8.4% y/y</em></td>
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Excluding non recurring items

(1) 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

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Eop, mln</th>
<th>Yield bps</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mortgages</strong></td>
<td><strong>795</strong></td>
<td><strong>186</strong></td>
</tr>
<tr>
<td><strong>Personal loans</strong></td>
<td><strong>415</strong></td>
<td><strong>446</strong></td>
</tr>
<tr>
<td><strong>Lombard loans</strong></td>
<td><strong>910</strong></td>
<td><strong>127</strong></td>
</tr>
</tbody>
</table>

- **Mortgages**:
  - Change: +222.6% y/y
  - Sep.18: 795 mln
  - Yield: 186 bps

- **Personal loans**:
  - Change: +27.2% y/y
  - Sep.18: 415 mln
  - Yield: 446 bps

- **Lombard loans**:
  - Change: +98.2% y/y
  - Sep.18: 910 mln
  - Yield: 127 bps

Legend:
- **Other Lombard**
- **Credit Lombard**
Brokerage

Brokerage performance coherent with low markets’ volatility in the period

Revenues

mln

95.6

9.8

56.6

29.3

9M18

-1.3%

y/y

Core Revenues (NII excluded)

Revenues vs Volatility

Trading profit

Net Interest

Fees and commissions

Revenues

Historical Volatility (%)
TFA breakdown

Successful shift towards high added value products

Breakdown of total TFA

<table>
<thead>
<tr>
<th></th>
<th>Dec.14</th>
<th>Oct.17</th>
</tr>
</thead>
<tbody>
<tr>
<td>AuM</td>
<td>49.3bn</td>
<td>70.9bn</td>
</tr>
<tr>
<td>%</td>
<td>48%</td>
<td>49%</td>
</tr>
<tr>
<td>AuC</td>
<td>48%</td>
<td>36%</td>
</tr>
<tr>
<td>Dep</td>
<td>24%</td>
<td>20%</td>
</tr>
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</table>

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

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<tr>
<td>Guided Products</td>
<td>23.9bn</td>
<td>34.9bn</td>
</tr>
<tr>
<td>AuM à la carte</td>
<td>8.5bn</td>
<td>12.1bn</td>
</tr>
</tbody>
</table>

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

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<tr>
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<th>Oct.18</th>
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<td>AuM</td>
<td>4.8</td>
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<td>1.3</td>
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<td>Deposits</td>
<td>1.6</td>
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+11.3% y/y

PFA Network – total Net Sales

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+7.8% y/y

Legend:
- AuM
- AuC
- Deposits

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

Net Sales – Organic / Recruit (%)

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<thead>
<tr>
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<th>9M18</th>
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<tr>
<td>Total recruits (1)</td>
<td>6.0</td>
<td>4.8</td>
</tr>
<tr>
<td>Organic</td>
<td>86%</td>
<td>84%</td>
</tr>
<tr>
<td>14%</td>
<td></td>
<td>13%</td>
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Recruitment costs (to be amortized)
stock 25.9mln
as of Sept.’18

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

**INVESTING**

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

- Monitoring of Advice service more easy and flexible

- Continuous evolution of Plus

**BROKERAGE**

- Continuous enlargement of products and markets (i.e. Daily Options with innovative features in terms of usability and customer experience)

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

**BANKING**

- Instant payments through web and mobile

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

- Instant approval on personal loans leveraging on Big Data analytics

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

96% CUSTOMER SATISFACTION

*(1) Source: TNS Infratest 2017 survey*
Countinuous PFAs quality and productivity improvement

**Average PFAs’ portfolio**

- **Eop, mln**
  - 23.4
  - **+9.4% y/y**
  - 13.1
  - **+10% y/y**
  - 4.1
  - **+20% y/y**
  - 6.2

**TFA concentration per PFA**

- **2,622PFAs**
  - 18%
  - 14%
  - 12%
  - **44%**
  - **+12% y/y**
  - Sep.18
  - 32%
  - 24%

- **61.3bnTFA**
  - 43%
  - 19%
  - 12%
  - **73%**
  - **+5% y/y**
  - Sep.18
  - 6%

Guided products as % of AuM:
- >€35mln
- €25 - €35mln
- €20 - €25mln
- €10-20mln
- < €10mln
Cross selling and clients’ profile

**Net sales: new vs existing clients**

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**TFA per client**

- Total TFA: 70.9bn
- Total clients: 22.5 mln
- Avg age: 48 years old

**Private Banking and TFA per Private clients**

- Private clients: 1-5mln
- Avg age: 60 years old

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in a nutshell

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-ADVICED FUNDS

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

FAM EVOLUTION

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

BENEFITS
Further opportunities

Fineco UK

Clients: geographical split

Over 2,700 clients

New clients acquired

- 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