Italian Sustainability Day
Borsa Italiana

Milan, July 2nd 2018
We founded Fineco on 3 main pillars: Efficiency, Innovation and Transparency. The keys of our strategy, still leading our path of sustainable growth

**EFFICIENCY**
Strong focus on IT & Operations, more flexibility, lower costs

**INNOVATION**
Anticipate new needs by simplifying customers’ life

**TRANSPARENCY**
Fairness and respect for all our stakeholders

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**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
### Sustainability at the heart of Fineco’s business model

<table>
<thead>
<tr>
<th>Clauses</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Clients</strong></td>
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</tr>
<tr>
<td>1.</td>
<td>Acquisition of clients based on high quality services</td>
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<tr>
<td>2.</td>
<td>Cost of funding close to zero</td>
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<td><strong>Inflows</strong></td>
<td></td>
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<tr>
<td>3.</td>
<td>Organic growth as main engine of growth</td>
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<td>4.</td>
<td>Selected recruits to improve the quality of the network, related costs well under control</td>
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<tr>
<td><strong>Pricing</strong></td>
<td></td>
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<td>5.</td>
<td>Fairness and transparency towards clients</td>
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<td>6.</td>
<td>Strategy aimed to offer the best ratio between quality and pricing</td>
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<tr>
<td><strong>Financials</strong></td>
<td></td>
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<tr>
<td>7.</td>
<td>Very well diversified stream of revenues among different product areas</td>
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<tr>
<td>8.</td>
<td>Strong operating leverage thanks to best in class operating platform and internal IT culture</td>
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<tr>
<td><strong>Lending</strong></td>
<td></td>
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<tr>
<td>9.</td>
<td>High quality lending portfolio and low cost of risk</td>
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<tr>
<td>10.</td>
<td>Strong competitive advantage leveraging on Big Data analytics</td>
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</table>
Stakeholder engagement: our main stakeholders and dialogue tools

**Customers**
- Customer satisfaction
- Instant feedback
- Brand reputation
- Customer care
- Social media
- People Survey
- Performance management
- Intranet Portal
- Orientation sessions with managers, HR and trade union organizations
- Ad-hoc surveys on specific topics

**Employees**
- Dedicated platform
- Specific meetings at different levels (AM, GM, Team, one-to-one)
- Calls and web conferences
- Workshops and dedicated working groups
- Committees
- General Shareholders’ Meeting
- Meetings with analysts, investors and proxy advisors
- Investor Relations activities

**PFAs**
- Meetings
- Conference calls

**Shareholders**
Our goal is to simplify our customers’ lives
Internal Customer Care: 16% of total FTEs

**One-Stop Solution:** our customers can access banking, brokerage and investment services through a single current account

**Excellence at all times**
We constantly develop high-quality products and services easy-to-use, able to satisfy the full range of customers’ financial needs

**Constant dialogue with customers** through our internal Customer Care and the network of financial advisors
The key of our success and lifeblood of our business

*Engagement index: 81%*

### Our people

- **Women:** 57%
- **Men:** 43%

### Performance management

- **Culture of feedback** at all levels
- **Transparency, training and professional development** to improve motivation and commitment
- **Annual review** to plan, manage and develop initiatives to meet colleagues’ professional growing needs

### Diversity and inclusion

Policy on **gender equality** since 2013

We promote **gender balance**, bridging generation gaps in the workplace and supporting people with disabilities (Diversity Day)

### Work-life balance

- **Integrated welfare system**
- **Flexible working**
- **Renovation of workspaces** to improve employees’ daily working lives
- **BikeMe station** outside our headquarters in Milan

*The Engagement Index is the main indicator of a work environment and is based on six questions related to the level of satisfaction / commitment, pride, loyalty and desire to support the company*

*Figures refer to 2017*
The physical touch: a strategic asset to take care of the relationship with customers

*Growth and quality lead to efficiency*

- Sustainable strategy based on **organic growth**
- **Cyborg advisory** approach for a better relationship with clients and higher quality of services

### 2017 Net Sales

- Net sales: 6.0bn
  - 14% from recruiting (last 24 months)
  - 86% organically generated

### Guided products

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (bn)</th>
<th>CAGR</th>
<th>Year</th>
<th>Sales (mn)</th>
<th>CAGR</th>
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<tbody>
<tr>
<td>Dec.14</td>
<td>8.5</td>
<td></td>
<td>Dec.14</td>
<td>16.4</td>
<td></td>
</tr>
<tr>
<td>Dec.15</td>
<td>11.8</td>
<td>+35.5%</td>
<td>Dec.15</td>
<td>17.9</td>
<td>+10.6%</td>
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<tr>
<td>Dec.16</td>
<td>16.1</td>
<td></td>
<td>Dec.16</td>
<td>19.6</td>
<td></td>
</tr>
<tr>
<td>Dec.17</td>
<td>21.2</td>
<td></td>
<td>Dec.17</td>
<td>22.2</td>
<td></td>
</tr>
<tr>
<td>Mar.18</td>
<td>21.4</td>
<td></td>
<td>Mar.18</td>
<td>22.5</td>
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</tr>
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### PFAs productivity

- Net sales from recruiting relates to PFAs recruited over the last 24 months (avg)
Training is central for the Bank

Strong commitment to increase knowledge and financial awareness

**Employees**

- Dedicated learning platform
- Seminars

Main topics:

- Anti-money laundering
- Anti-corruption
- Operational risk
- Privacy and data security
- Conflicts of interest

Training hours: 27,300

- 9,627 training for new hires in Customer Care

**PFAs**

**Awareness of PFA’s role**

2-years training course for young PFAs to improve technical and soft-skills (total over 1,000 training days)

- Seminars and online training (including webinar)

Training hours: 112,000

- 30,000 mandatory training
- 82,000 business training

**Customers**

Main topics:

- Financial markets
- Market movers
- Financial products and services

Particular attention to **behavioral finance**

In 2017 **16,000 people joint Fineco courses** through various channels:

- 127 seminars
- 123 webinars
- 163 short videos

Figures refer to 2017
We promote a constant and effective communication

Proactive dialogue with investors and the global financial community to emphasize our commitment to transparency

✓ Periodic meetings and conference calls with institutional shareholders and analysts

✓ Engagement with the financial community in 2017 (+14% dedicated hours y/y, +10% investors contacted):
  ▪ 116 days spent attending international conferences
  ▪ 11 days of roadshows around the world
  ▪ One-on-one meetings / group meeting / conference calls
  ▪ 4 official conference calls to present quarterly financial results to the market

✓ Proactive dialogue with Socially Responsible Investors (SRI) starting from 2017

✓ In June 2018 Standard Ethics – an independent agency that assigns sustainability ratings – confirmed our Standard Ethics Rating to “EE”, a full investment grade assigned to sustainable companies with a low reputational risk profile and strong long-term growth prospects

✓ We join the UniCredit Integrated Report. Starting from 2017, a dedicated chapter on sustainability was included in our Annual Report on a voluntary basis

For more details please refer to:
A continuous dialogue to foster a competitive and sustainable financial market

*Relationship based on principles of integrity, transparency, fairness and cooperation*

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

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\(^1\) pursuant to articles 3-7 of Legislative Decree 128/2015 in July 2017
Local communities and environmental impact

Commitment to minimize our environmental impact mainly focused on dematerialization

✓ Digital signature for contracts, orders and services, creation of automated processes end-to-end services and digital document flows

✓ Commitment to sustainable mobility in the delivery of Milan’s bike-sharing service (Bike-Mi) through the installation of a bike docking station at the main entrance of the Bank, with the aim to reduce traffic and pollution and promote physical well-being

✓ Fineco is in constant dialogue with the city of Milan, where it has its headquarters (for example we have provided the municipal and local authorities with access to a large advertising screen for marketing, public communication and local emergencies)

✓ Our buildings in Milan and Reggio Emilia renovated in 2017, with up to -20% reduced energy consumption
Promote clear and responsible banking business, contributing to the creation of sustainable long-term value

Traditional management and control system based on two bodies appointed by the Shareholders’ Meeting: the Board of Directors (BoD) and the Board of Statutory Auditors

The BoD is supported by the following internal committees:

- Risk and Related Parties Committee
- Remuneration Committee
- Nomination and Sustainability Committee

Composition of the Board

- 9 Directors, the majority are independent
- The composition is quantitatively and qualitatively consistent with the theoretical profile approved by the BoD, also with regards to the limits on the number of offices held
- The BoD meets the requirements of integrity, experience and independence (including suitability) set forth in the articles of association and current regulations

(1) In March 1st, 2018 the Board assigned sustainability tasks to the Nomination Committee
The Board of Directors in figures

### Executive and non-executive directors
- **1** chief executive officer
- **8** non-executive directors

### Independent Directors
- **6** non-executive directors are classed as independent according to Legislative Decree no. 58 of February 24, 1998 ("Consolidated Finance Act") and the Corporate Governance Code for Listed Companies.
- **1** director is classed as independent according to the Consolidated Finance Act (the Chairman)
- **2** Directors are not independent (the Chief Executive Officer & General Manager and a Non-Executive Director)

### Breakdown by gender
- Women: 43%
- Men: 57%

### Average age of the Board of Directors
- <50: 22.2%
- 50-65: 77.8%

### Average attendance rate at BoD meetings - 2017
- 97.98%

### Areas of competency of the Board of Directors
Each director satisfies at least 2 of the required areas of competence:

- **88.8%** banking sector and techniques for the assessment and management of banking-sector risks
- **55.5%** corporate management and organisation
- **77.7%** reading and understanding the accounts of a financial institution
- **66.6%** corporate affairs
- **88.8%** financial regulation

- **66.6%** global dynamics of the economic / financial system
- **77.7%** experience and familiarity with the markets in which FinecoBank operates
- **55.5%** international experience and knowledge of international markets related to FinecoBank’s activities
- **33.3%** knowledge and skills in the field of information technology
Risk culture to ensure long-term sustainable profitability

Cultivate and improve risk culture at all levels

Risk Management function is responsible for identifying, quantifying and mitigating the Bank’s risks

The Bank adopts a Risk Appetite Framework (RAF) that establishes the level of risk acceptable to the Bank, in line with business objectives. The RAF is geared towards achieving sustainable profitability and steady business growth.

The Bank follows the fundamental values contained in the Charter of Integrity and the Code of Conduct for the Lending business.

In the expansion of lending business, strong focus in building a low-risk and high-quality portfolio

Training to improve the risk culture within the Bank. Moreover, the Bank participates in the Group’s Risk Academy initiatives.
Essential for the legitimacy and sustainability of our business

We are committed to promote compliance in every employee and aim to build and implement a shared compliance culture that involves all levels of our organization.

Whistleblowing

Reporting any irregularities helps to protect the company and its reputation as well as all our colleagues. We adopted a system through which employees and personal financial advisors can report anonymously any conduct in violation of the law or the Bank’s internal rules.

Anti-corruption

Global Anti-Corruption Compliance Policy and related Operating Instructions adopted by the Bank. The Policy sets minimum standards for anti-corruption compliance and applies to officers and members of strategic, supervisory and executive bodies, employees and PFAs.

Code of Ethics, Code of Conduct and Charter of Integrity

- **Code of Ethics** contains rules aimed at ensuring that everyone’s conduct is always guided by criteria of fairness, cooperation, loyalty, transparency and mutual respect.
- **Charter of Integrity** affirms the principles of ethics and conduct that we recognize as our own.
- **Code of Conduct** defines the general principles of conduct, with the aim of promoting our culture of compliance and our commitment to sustainability.
IT and back-office internally managed, deep internal know-how

*IT department: 18% of total FTEs. Back-Office: 25% of total FTEs*

As a multi-channel bank, **managing Cyber Risk is essential for us**

Our goal is to **protect our customers and our business by** ensuring data security

Core system and security services **internally managed**

Our security strategy follows a multi-tiered approach based on **deep customer knowledge, behavioral analysis and risk assessment**

Formal and comprehensive **Security Incident Response Plan**. A detailed plan with a number of different levels (governance, organization, operation and reporting)