



B A N K

Italian Sustainability Day

Borsa Italiana

Milan, July 2nd 2018

FINECO. THE BANK THAT SIMPLIFIES BANKING.

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

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

FINECO

B A N K

Sustainability at the heart of Fineco's business model



Stakeholder engagement: our main stakeholders and dialogue tools

Customers

Customer satisfaction
Instant feedback
Brand reputation
Customer care
Social media

Employees

People Survey
Performance management
Intranet Portal
Orientation sessions with managers, HR and trade union organizations
Ad-hoc surveys on specific topics

PFAs

Dedicated platform
Specific meetings at different levels (AM, GM, Team, one-to-one)
Calls and web conferences
Workshops and dedicated working groups
Committees

Shareholders

General Shareholders' Meeting
Meetings with analysts, investors and proxy advisors
Investor Relations activities

Regulators

Meetings
Conference calls

Our goal is to simplify our customers' lives

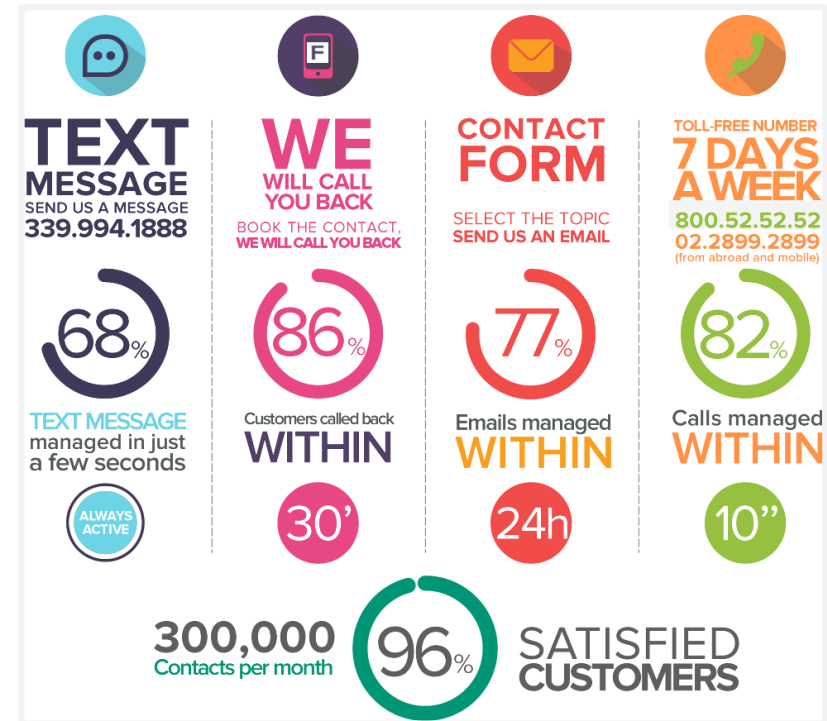
Internal Customer Care: 16% of total FTEs

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

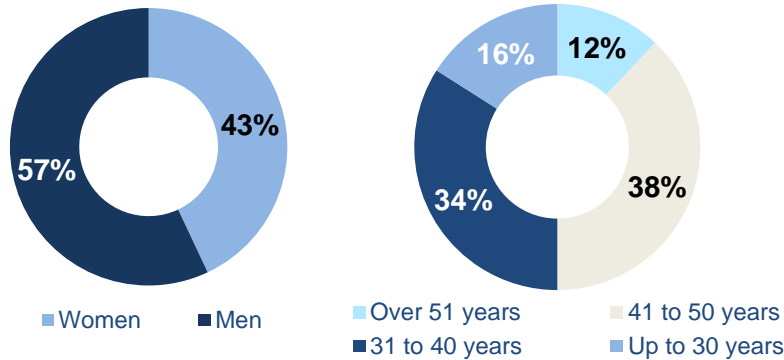
Constant dialogue with customers through our internal Customer Care and the network of financial advisors



The key of our success and lifeblood of our business

Engagement index: 81%

Our people



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

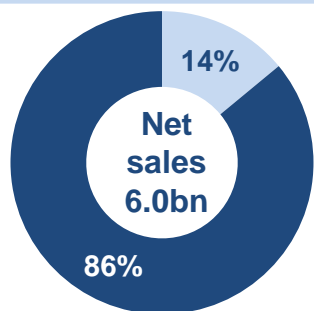
BikeMe station outside our headquarters in Milan

The physical touch: a strategic asset to take care of the relationship with customers

Growth and quality lead to efficiency

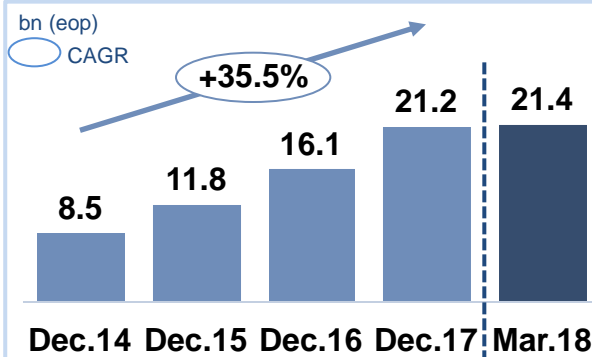
- ✓ Sustainable strategy based on **organic growth**
- ✓ **Cyborg advisory** approach for a better relationship with clients and higher quality of services

2017 Net Sales

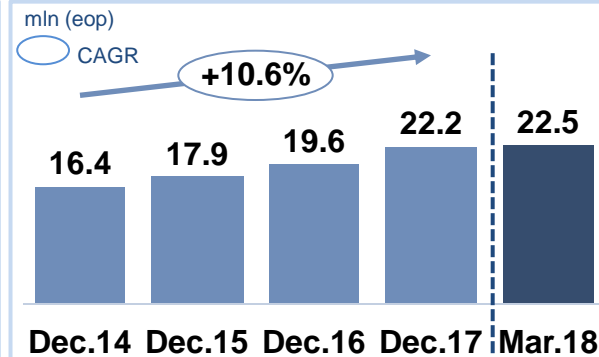


- from recruiting (last 24 months)
- organically generated

Guided products



PFAs productivity



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 for new hires in Customer Care

PFA's

Awareness of PFA's role

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

Seminars and online training (including webinar)



■ mandatory training
■ business training

Customers

Main topics:

- ✓ Financial markets
- ✓ Market movers
- ✓ financial products and services

Particular attention to **behavioral finance**

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

- ✓ 127 seminars
- ✓ 123 webinars
- ✓ 163 short videos

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:

<https://finecobank.com/en/public/corporate/sostenibilita/rating>

https://images.finecobank.com/common/pub/pdf/corporate/reports_accounts_2017.pdf

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**

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**

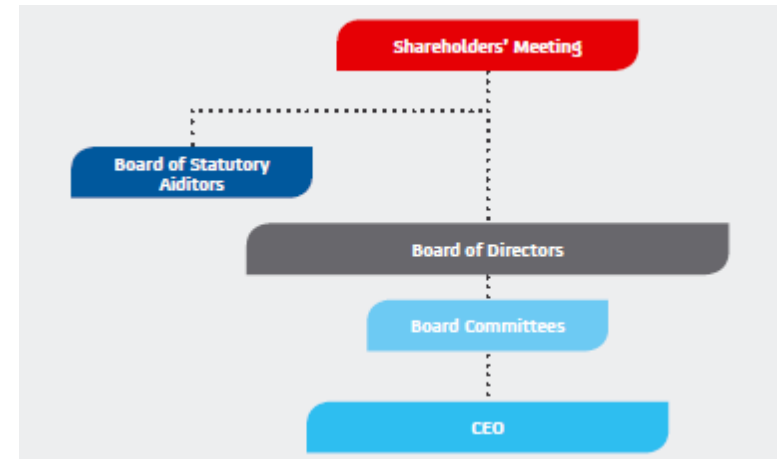


Promote clear and responsible banking business, contributing to the creation of sustainable long-term value

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 ⁽¹⁾



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

The Board of Directors in figures

Executive and non-executive directors

1 chief executive officer

8 non-executive directors

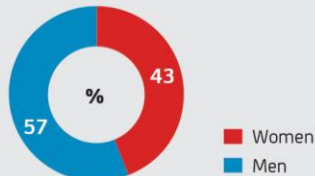
Independent Directors

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

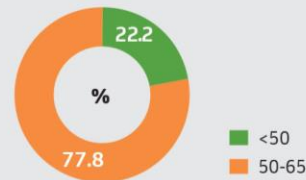
1 director is classed as independent according to the Consolidated Finance Act (the Chairman)

2 Directors are not independent (the Chief Executive Officer & General Manager and a Non-Executive Director)

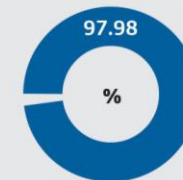
Breakdown by gender



Average age of the Board of Directors

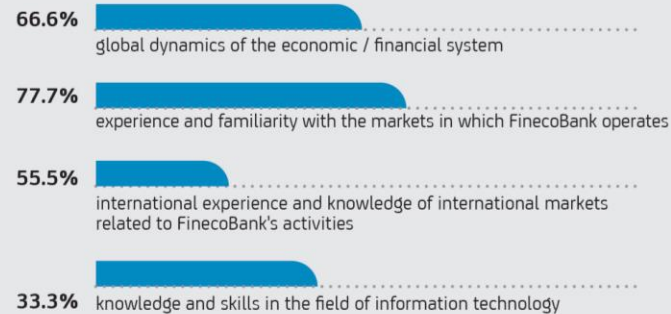


Average attendance rate at BoD meetings - 2017



Areas of competency of the Board of Directors

Each director satisfies at least 2 of the required areas of competence:



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)