FINECO

3Q21 Results

Alessandro Foti
CEO and General Manager

Milan, November 18th 2021

FINECO. SIMPLIFYING BANKING.

Agenda

- ✓ **Key messages**
- ❑ Results
- ❑ Next steps
- ❑ Fineco UK

Key messages

Becoming more a Platform than a Bank

- ✓ **FinTech DNA powering a top quality one-stop-solution**
- ✓ Offering solutions at 360° to **fulfill all clients' financial needs**
- ✓ **Capital light business model**

Entered in a new dimension of growth

- ✓ Current situation **has accelerated the structural trends** underlying our growth
- ✓ **Stronger long-term growth opportunities**

Strategic discontinuities to further accelerate our long term growth

1. **Deleveraging the Balance Sheet to keep its growth under control** and to **increase revenues with a better mix**
2. **FAM taking more control of the value chain** to further boost Investing revenues and margins

OUTCOME

- ➢ Making **Fineco more and more a fast growing and capital light business model**
- ➢ **Structurally higher profitability and capital light business model**, allowing us to distribute **increasing DPS** and to **invest more in our growth abroad**

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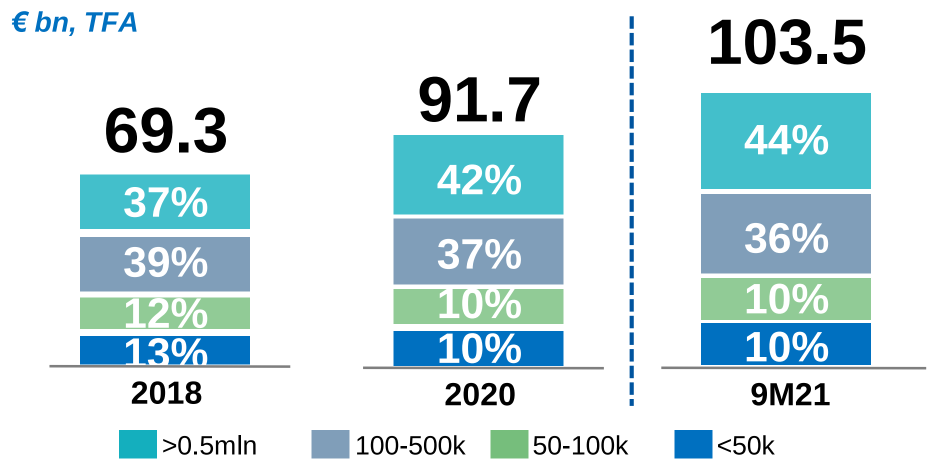
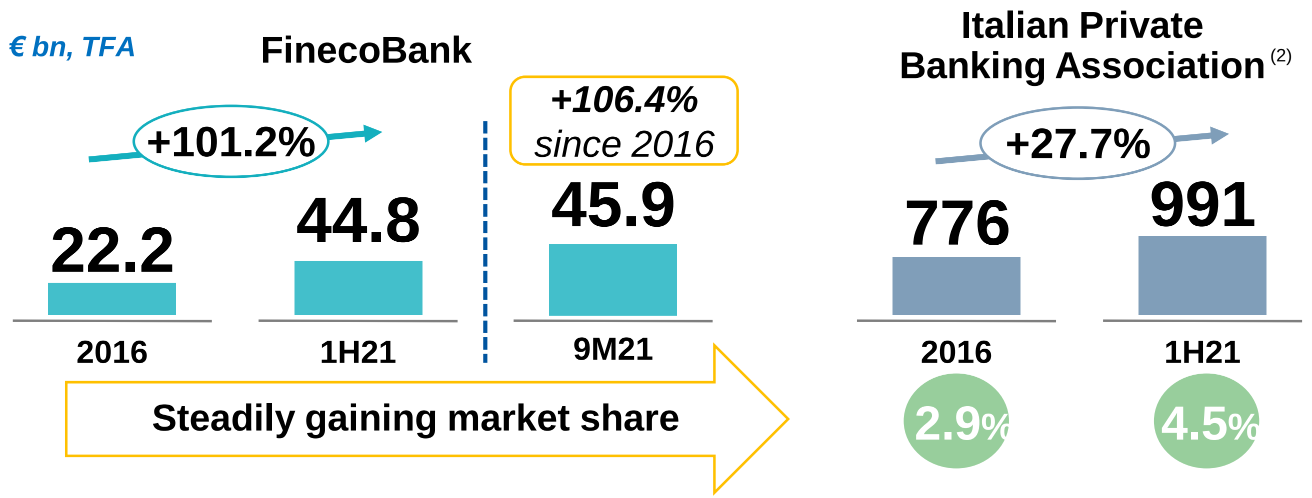
Consistently growing in our target market

Improving the quality of our client base



Outperforming the system in Private Banking[1] growth



Brokerage: enlargement of the client base of sticky active investors

Active investors[3]

>35% higher

vs avg 2018/2019

after recent events created a bridge between brokerage and investing

PROFILE:

- Avg **executed orders** per month: **4**
- Avg age: **40-50 years old**
- Mostly **linked to a PFA to manage their savings**, and with **Avg TFA > €200k**

Developing our Next Generation of active investors

Brand new offer for under 30 years old clients, which will have:

- **a very aggressive pricing for our investing and brokerage platform** to gain full access to global markets through shares, bonds, ETFs, mutual funds also through accumulation plans
- **current account for free**

[1] Private Banking clients are clients with more than € 0.5mln TFA with the Bank
[2] AIPB (Associazione Italiana Private Banking) as of 1H21
[5] Active investors: less than 20 trades per month; Traders: more than 20 trades per month

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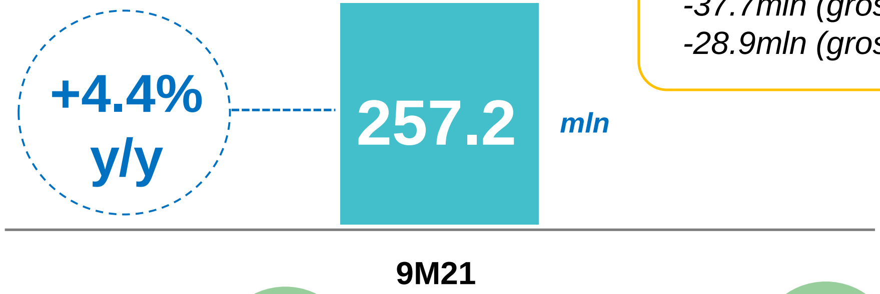
- ❑ Fineco UK

Facing a "new normal world": record high 9M Net Profit vs previous record high in 9M20

Net Profit (1)

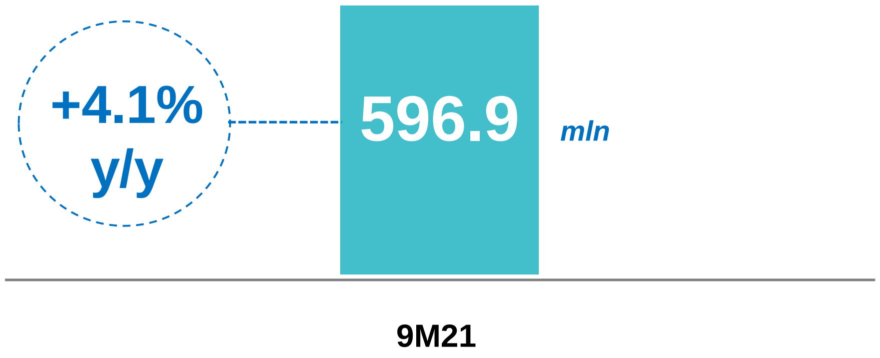


***Systemic charges**:*
-37.7mln (gross) in 9M21 (3)
-28.9mln (gross) in 9M20

Cost / Income (1) **31%**

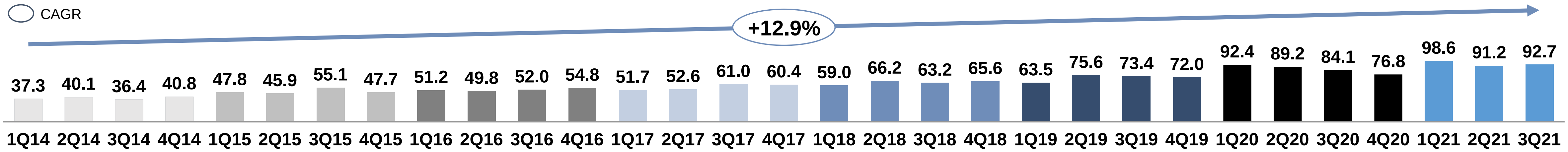
RoE (1) **22%**

Revenues



Diversified revenues mix leading to consistent results in every market conditions

Net Profit adjusted (net of systemic charges) (4)**, mln**



(1) 2Q21 non recurring items: realignment of the intangible assets: 32 mln net; 9M20 non recurring items: Voluntary Scheme: 3Q20: -0.2 mln gross, -0.2 mln net; 1Q20 -1.2mln gross, -0.8mln net
(2) Adj. Cost/Income and Adj. RoE calculated net of non recurring items. ROE calculated as: annualized adj.net profit divided by average book equity for the period (excl. dividends for which distribution is expected and valuation reserves)
(3) Estimate (3Q21 includes -30.0 mln contribution to DGS)
(4) Figures adjusted by non recurring items and Net Profit adjusted net of systemic charges: (FY15: -3.1mln net, FY16: -7.1mln net, FY17: -7.1mln net, FY18: -9.6mln net, FY19: -12.1 mln net, 1Q20: -0.3mln gross, -0.2mln net, 2Q20: -0.7mln gross, -0.4mln net; 3Q20: -28.0mln gross, -18.7mln net; 4Q20: +2.1mln gross, +1.4mln net; 1Q21: -5.8 mln gross, -3.9mln net; 2Q21: -1.9mln gross, -1.3mln net; 3Q21: -30.0 mln gross, -20.1mln net)

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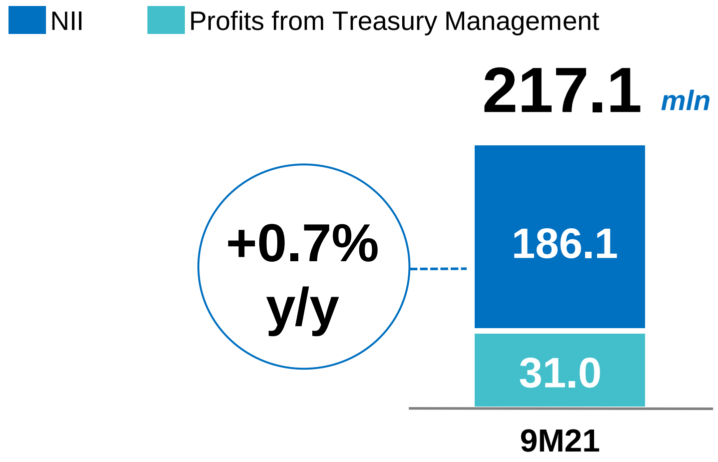
Stable Net Financial Income and increasing Banking fees

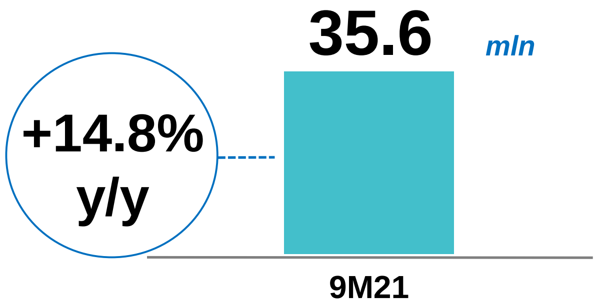
Net Financial Income



NII Gross Margins[1] **0.81%**

Total yield[2] **0.93%**

Banking fees



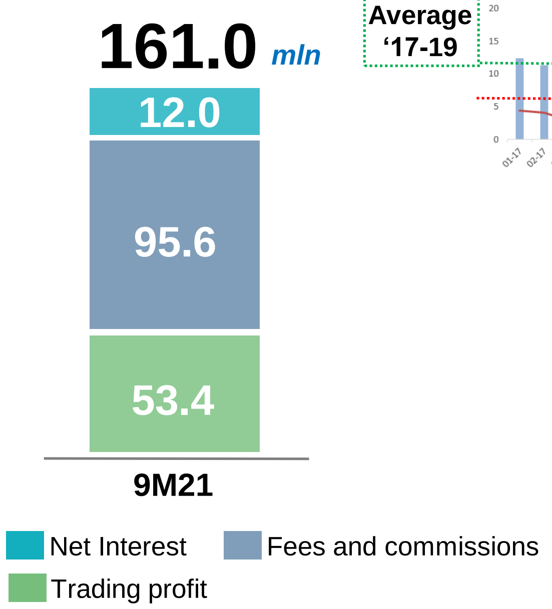
Guidance

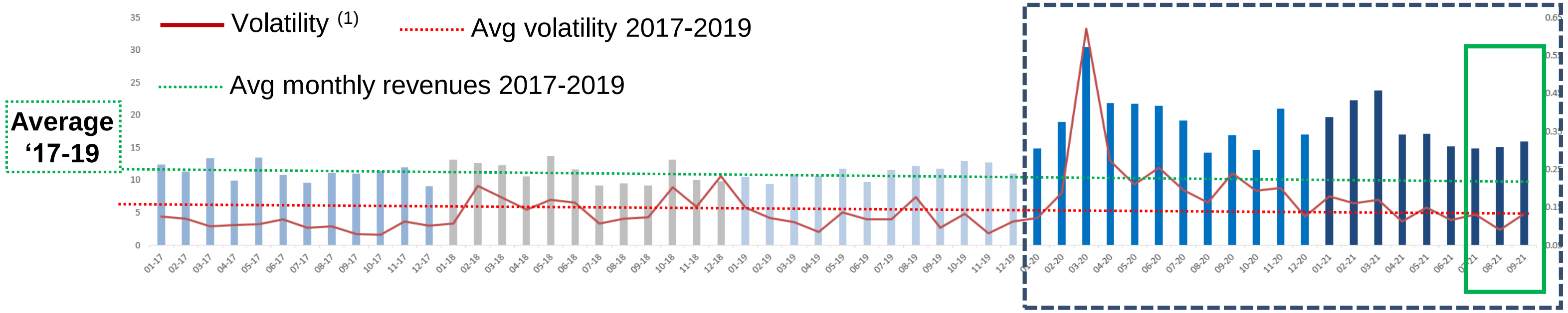
- **Net Financial Income:** we expect it to **stabilize in FY21 and FY22 at the levels of 2020** thanks to the combination of the deleveraging of the Balance Sheet and the new initiatives in place
- **Banking fees:** for **FY21 above 45mln.** Going forward: expected to grow thanks to the increase of the client base and to repricing actions

[1] NII gross margins: interest income related to financial investments, lending, leverage, security lending, other trading activities on interest-earning assets
[2] Total yield: net financial income related to interest-earning assets

Brokerage revenues: a structurally higher floor

Structural growth in brokerage revenues: the floor has gone up in a clear way regardless of volatility





3Q21 Brokerage Revenues:

***45.9** mln* **+36% y/y**

monthly avg of 3Q21 vs avg 2017-2019 (period with similar volatility)

- **Continuous reshape of the offer**
  - ✓ Live with **Leveraged certificates platform**. Other recent releases: **Nasdaq after market, US options platform, repricing of futures and derivatives**
  - ✓ **Coming soon:** brand new trading platform in 1H22, new "markets and trading" page
- **Growing market share**
  - ✓ **Leader in Italy** on equity traded volumes (25.5% market share in 1H21 – Assosim)
  - ✓ **Avg client profile**: avg age 40-50 year old, avg TFA > € 200k, mostly linked to a PFA
  - ✓ **Next generation of active investors:** from January 2022 **most competitive offer in Italy for under 30 years old** to gain access to our investing and brokerage platform

Guidance

Countercyclical business, it is **expected to remain strong with a floor** - in relative terms with respect to volatility - **definitely higher than in the past**

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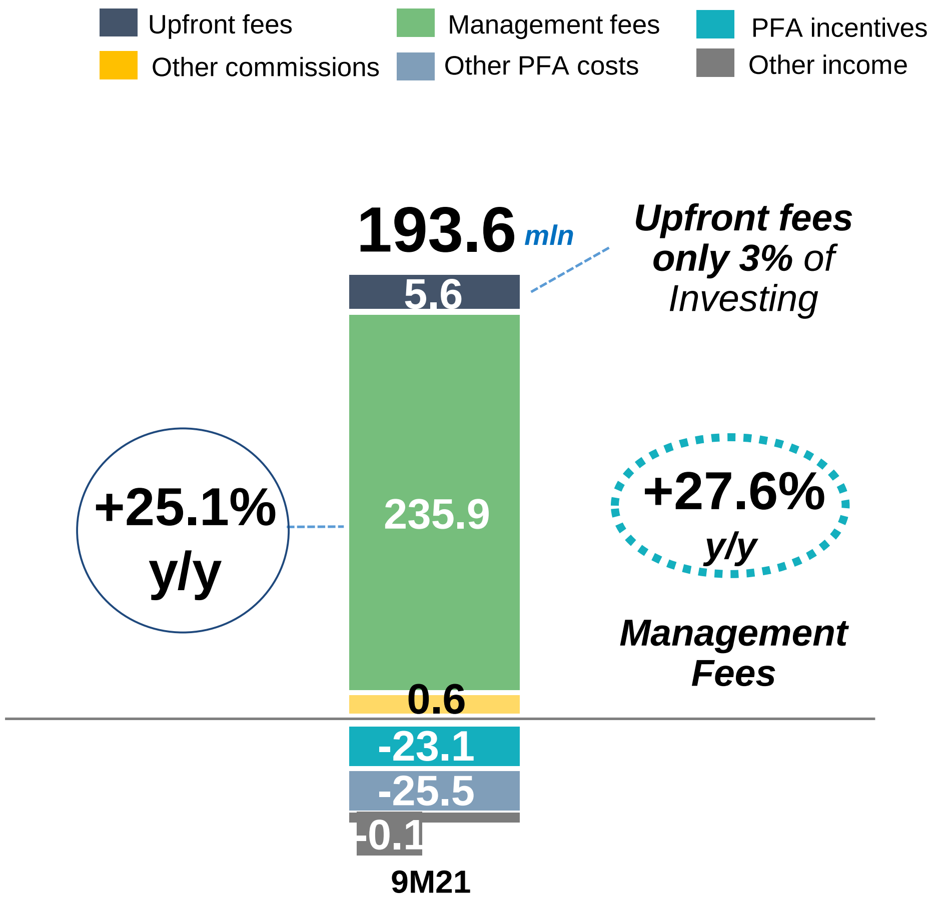
Our priority: accelerating on Investing

Investing revenues



Improving our margins

- Increasing operating efficiency by Fineco Asset management
- Slow but steady increase in clients' risk appetite
- No increase in prices

	2Q21	3Q21
after-tax	46bps	47bps
pre-tax	63bps	64bps

Guidance

- **For 2021** revenues are expected to **increase around 25% y/y with higher margins**
- **Going forward we expect a strong acceleration in revenues and margins** thanks to:
  1) A further increase in our network productivity leading to higher volumes (**AUM net sales expected at around ~6bn per year**)
  2) The implementation of the strategic discontinuity in **Fineco Asset Management**, which is going to **increase its penetration in Fineco AUM**, with **retail net sales** expected at **around ~6bn per year**

This is expected to generate a progressive increase of **management fees margins after-tax up to ~55bps in 2024 (margins pre-tax ~75bps)**

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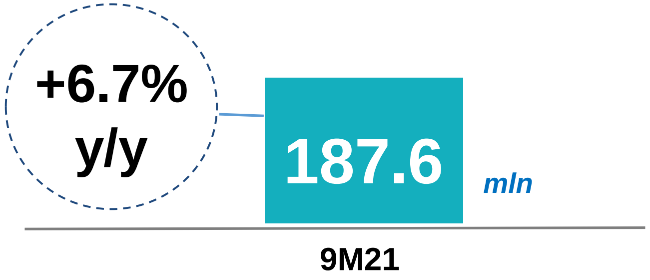
Costs

Operating costs

*The yearly increase is mainly linked **to the strict lockdown in place in Italy in 9M20 and to costs related to the growth of the business, mainly related to:***

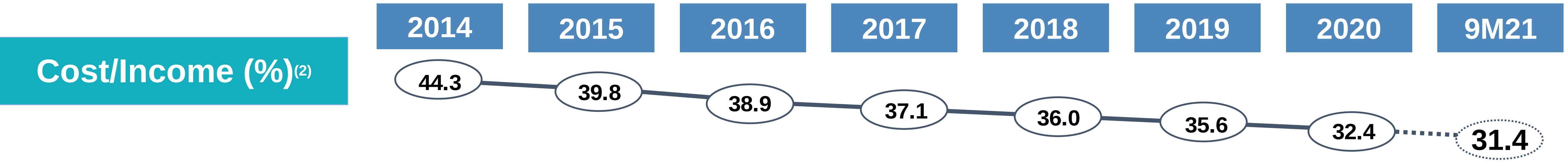
- ***FAM** as it is preparing to further increase the efficiency of the value chain*
- ***Marketing expenses** (mainly related to UK, not fully in place in 9M20)*

Net of this items, 9M21[(1)]: +5.2% y/y



Guidance

- **2021:** expected to grow **around 5% y/y**. We expect about 5 mln of additional costs y/y (o/w +2/2.5 mln in 4Q) related to FAM as we are introducing the strategic discontinuity to improve the efficiency of the Investing value chain
- **Going forward:** we expect the growth of running costs to **stabilize around 5%**, not including the additional costs related to the expansion abroad and to FAM. On FAM, in 2022 we expect around 6 mln additional costs related to the strategic discontinuity
- **Cost/Income: we confirm our guidance on a continuously declining cost/income in the long-run** (excluding expansion abroad)



(1) Excluding costs strictly related to the growth of the business in 9M21, mainly:

- **Operating costs,** FAM (-2.7mln y/y, o/w -2.4mln y/y related to Staff Expenses and -0,3mln y/y related to Non HR Cost) and marketing related to UK (-0.6 mln y/y).

(2) Figures adjusted by non recurring items and Net Profit adjusted net of systemic charges: (FY15: -3.1mln net, FY16: -7.1mln net, FY17: -7.1mln net, FY18: -9.6mln net, FY19: -12.1 mln net, 1Q20: -0.3mln gross, -0.2mln net, 2Q20: -0.7mln gross, -0.4mln net; 3Q20: -28.0mln gross, -18.7mln net; 4Q20: +2.1mln gross, +1.4mln net; 1Q21: -5.8 mln gross, -3.9mln net; 2Q21: -1.9mln gross, -1.3mln net; 3Q21: -30.0 mln gross, -20.1mln net)

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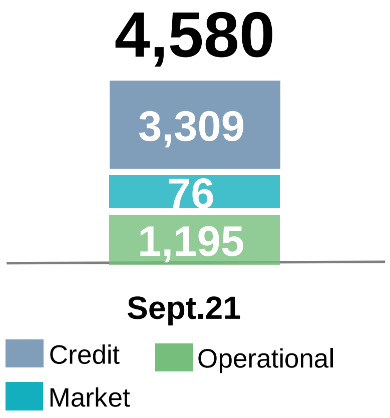
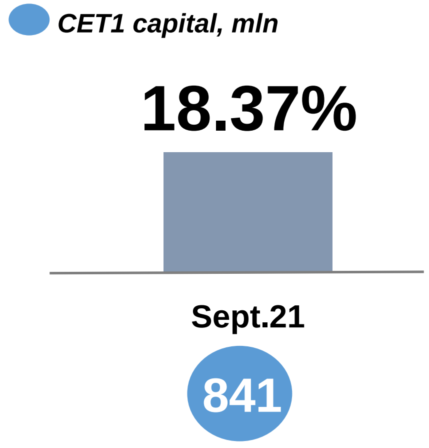
A best in class capital position

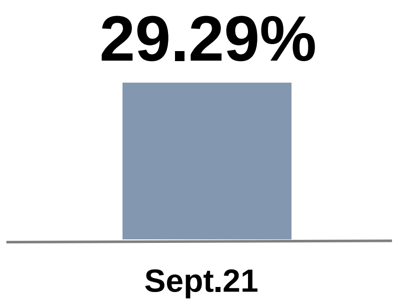
RWA



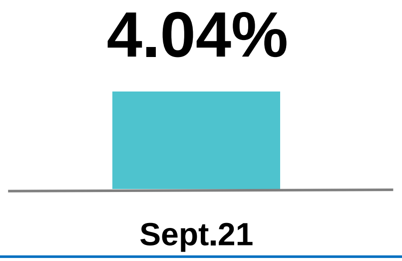
CET1 Ratio



Total Capital Ratio

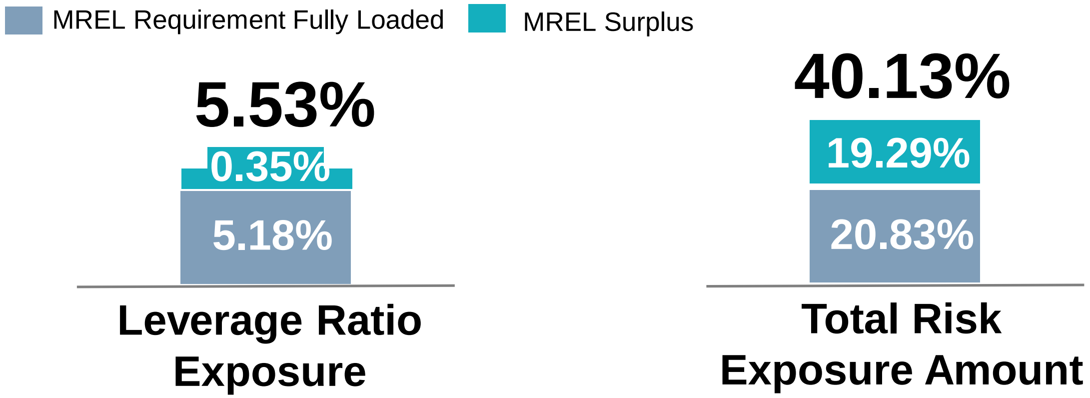


Leverage Ratio



3.80% *w/o temporarily excluding exposures towards Central Banks from the total LR exposures (according to art. 429a – CRR)* [1]

Already compliant with Fully-Loaded MREL Requirement



Guidance

- **CET1 Ratio: floor at 17%**
- **Leverage Ratio:** very well under control and in **a range 3.5%-4.0%**

[1] Following declarations by ECB (18th June 2021) and Bank of Italy (30th June 2021) to temporarily allow banks until March 2022 to exclude central bank exposures from their leverage ratio in exceptional macroeconomic circumstances

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Leverage Ratio Sensitivity

OUR PRIORITY

Focus on **deleveraging our Balance Sheet** to keep under control the growth of deposits and improve our quality revenues mix. Thanks to our new initiatives, which are not yet at full speed, **at the same time we can:**

1) **sustain our growth**
2) **distribute a growing dividend per share**
3) **keep our Leverage Ratio comfortably above the regulatory requirements and within our guidance (in a range 3.5%-4.0%)**

Leverage ratio comfortably under control

Tier 1 Capital (mln) / **Total Exposures (mln)**

Total Exposures (mln)	70	80	90	100	110	120	130	140	150	160	170	180	190	200
-500	4.05%	4.08%	4.11%	4.13%	4.16%	4.19%	4.22%	4.24%	4.27%	4.30%	4.32%	4.35%	4.38%	4.41%
0	3.99%	4.02%	4.05%	4.07%	4.10%	4.13%	4.16%	4.18%	4.21%	4.24%	4.26%	4.29%	4.32%	4.34%
500	3.94%	3.96%	3.99%	4.02%	4.04%	4.07%	4.10%	4.12%	4.15%	4.18%	4.20%	4.23%	4.26%	4.28%
1,000	3.88%	3.91%	3.94%	3.96%	3.99%	4.01%	4.04%	4.07%	4.09%	4.12%	4.15%	4.17%	4.20%	4.23%
1,500	3.83%	3.86%	3.88%	3.91%	3.93%	3.96%	3.99%	4.01%	4.04%	4.06%	4.09%	4.12%	4.14%	4.17%
2,000	3.78%	3.80%	3.83%	3.86%	3.88%	3.91%	3.93%	3.96%	3.98%	4.01%	4.04%	4.06%	4.09%	4.11%
2,500	3.73%	3.75%	3.78%	3.81%	3.83%	3.86%	3.88%	3.91%	3.93%	3.96%	3.98%	4.01%	4.03%	4.06%
3,000	3.68%	3.71%	3.73%	3.76%	3.78%	3.81%	3.83%	3.86%	3.88%	3.91%	3.93%	3.96%	3.98%	4.01%
4,000	3.59%	3.61%	3.64%	3.66%	3.68%	3.71%	3.73%	3.76%	3.78%	3.81%	3.83%	3.86%	3.88%	3.90%
5,000	3.50%	3.52%	3.55%	3.57%	3.59%	3.62%	3.64%	3.67%	3.69%	3.71%	3.74%	3.76%	3.78%	3.81%
6,000	3.41%	3.44%	3.46%	3.48%	3.51%	3.53%	3.55%	3.58%	3.60%	3.62%	3.65%	3.67%	3.69%	3.72%
7,000	3.33%	3.36%	3.38%	3.40%	3.42%	3.45%	3.47%	3.49%	3.52%	3.54%	3.56%	3.58%	3.61%	3.63%
8,000	3.26%	3.28%	3.30%	3.32%	3.35%	3.37%	3.39%	3.41%	3.43%	3.46%	3.48%	3.50%	3.52%	3.55%
9,000	3.18%	3.20%	3.23%	3.25%	3.27%	3.29%	3.31%	3.34%	3.36%	3.38%	3.40%	3.42%	3.44%	3.47%
10,000	3.11%	3.13%	3.15%	3.18%	3.20%	3.22%	3.24%	3.26%	3.28%	3.30%	3.33%	3.35%	3.37%	3.39%

LR > 4.0% | 3.5% < LR < 4.0% | 3.0% < LR < 3.5%

Considering our organic capital generation after dividend distribution and payment of AT1 coupon, also in case of extremely adverse market scenario, our **Leverage ratio would comfortably remain in a range 3.5%-4.0%**

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Focus on deleveraging

Initiatives to keep under control our Balance Sheet and improve our revenues mix

1 STRONG COMMERCIAL FOCUS ON AUM:

- targeting **only AUM net sales and solutions** with a **strong RISK MANAGEMENT**. **FAM** already best-positioned thanks to the high-transparency and **daily look-through** on its solutions

2 ROBUST ACCELERATION IN PFAs PRODUCTIVITY through:

- **New software developments** to improve PFAs productivity in **transforming deposits in AUM** leveraging on Big Data Analytics capabilities.
- Coming soon: sophisticated **marketing campaigning** tool

3 WIDER PRODUCT RANGE TO FULLY CATCH THE WHOLE SPECTRUM OF CLIENTS' NEEDS ALSO THANKS TO FAM

- **Decumulation products key to move clients from liquidity towards AUM: our wide gamma of FAM Target** (~40 decumulation vehicles ranging from thematic funds, sustainability, emerging markets…) **fits virtually all investment needs**
- **Pension funds** for risk-adverse clients
- **Distribution of third-parties savings accounts already live** to lower the amount of liquidity held by clients with no intention to invest and generate revenues without increasing the Balance Sheet. We are **progressively giving access to our client base**, and this platform can be considered a perfect example of open banking

4 IMPROVE THE QUALITY OF OUR CLIENT BASE:

- More selective client acquisition through a **new pricing on new current accounts** that are priced € 6.95 per month with the possibility of a full bonus on the fee according to their activity with the Bank
- We will **increase our efforts to reduce liquidity** leveraging on Big Data Analytics

Banking: Further combining Treasury and Business to boost growth

Industrial actions to manage liquidity

MORE DYNAMIC TREASURY MANAGEMENT:

- ✓ **yield enhancement strategies** (unsecured lending, collateral switch)
- ✓ full **ADVANTAGE OF ECB's TIERING AND TLTRO**

PROFIT FROM TREASURY MANAGEMENT: related to the rebalance of the Asset Liability Management within the deleveraging of the Balance Sheets. The more the Bank will move in that direction, and the more we will slow down the growth of financial investments.

NEW

INCREASING LENDING without changing our cautious and conservative approach, as low interest rate environment increases the appetite for lending products

NEW PLATFORM TO DISTRIBUTE THIRD PARTIES SAVINGS ACCOUNTS leveraging on our **FinTech DNA**

SMART REPRICING ON CURRENT ACCOUNTS AND NEW PRICING ON NEW CURRENT ACCOUNTS: given the acceleration of flight to quality towards our Bank, we can afford to be more selective in our base of clients

NEW PLATFORM FOR TAX CREDIT (Ecobonus and Superbonus): we are very active within the framework of the Law Decree no.34/2020, allowing homeowners to have a tax credit up to 110% for a list of interventions on their houses (i.e. increasing energy efficiency of buildings, reducing seismic risk, etc.): **we have a volume potential in a range between 1.5-2bn**

Discontinuity on our Investing business

Strong volume effect

- **INCREASING PFAs PRODUCTIVITY** thanks to our **cyborg-advisory approach** and to **our technology**
- **ROBUST AUM NET SALES** as we are in the sweet spot to capture the acceleration of structural trends already in place
- **NEW PFA INCENTIVE SCHEME based on inflows in:**
  - **Asset Under Management**
  - **quality solutions** with a **strong focus on RISK MANAGEMENT**
- **Clients starting to increase their RISK APPETITE**

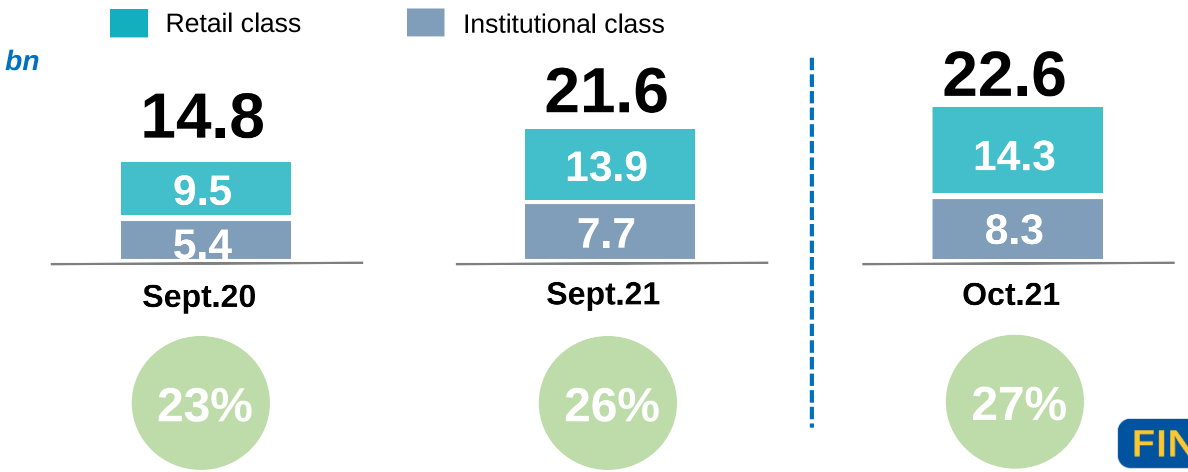
FAM operational efficiency

- The **internalization of the value chain** will allow FAM to **progressively and structurally lower the costs of third parties**, creating more value (i.e. lower costs of mandate, new advisory services, new flagship product range fully managed in-house)
- FAM is core for **extracting additional value** (on fund administration costs, custodian, etc)
- FAM **margins contribution** expected to grow with the increase of FAM volumes as institutional products can be used as underlying of Investing solutions
- **Widening equity strategies offer** due to the increasing demand by customers

FAM delivering on the strategic discontinuity

1. Strong **room to increase FAM's penetration** on Fineco's funds stock
2. Increase in institutional classes thanks to the **acceleration in the internalization of the value chain**

FAM AUM stock



FAM retail as % of Fineco total AUM

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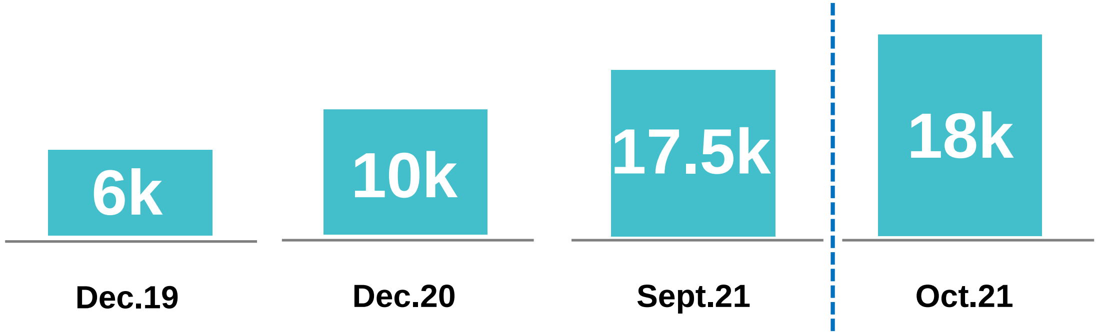
Fineco UK: our quality one-stop-solution proves to work

Strategy

- Thanks to our **FinTech DNA** we can leverage **100% on our local infrastructure** and **deliver UK clients the same superior customer experience we offer in Italy**
- Strategy focused on **building up a quality, sticky and loyal client base** in order **to power the word-of-mouth effect**
- Extremely **low level of operational costs** thanks to our huge efficiency

Current accounts keeps accelerating

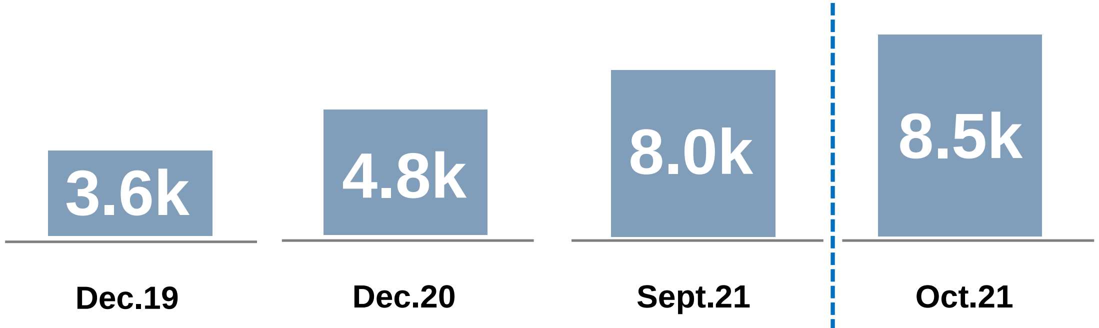
Total current accounts



STICKINESS RATE
on active clients in 9M21

~90%

New current accounts



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