9M19 Results

Venice, November 18th 2019
Kepler Italian Financials Conference
Key messages

Healthy and sustainable growth with no shortcuts

No increase in risk profile
- Investment and lending policies unchanged
- Safe, robust and diversified Balance Sheet

Fairness towards customers
- Recurring fees 98% on total investing fees and no performance fees
- No compromises on transparency towards clients: ADUC(1) ranks Fineco first in terms of transparency in MiFid2 reports

Organic growth as main engine
- Not joining aggressive market approach on recruiting

Net Profit adjusted (net of DGS)(2), mln

<table>
<thead>
<tr>
<th>CAGR</th>
<th>37.3</th>
<th>40.1</th>
<th>36.4</th>
<th>40.8</th>
<th>47.8</th>
<th>45.9</th>
<th>55.1</th>
<th>47.7</th>
<th>51.2</th>
<th>49.8</th>
<th>52.0</th>
<th>54.8</th>
<th>51.7</th>
<th>52.6</th>
<th>61.0</th>
<th>60.4</th>
<th>59.0</th>
<th>66.2</th>
<th>63.2</th>
<th>65.6</th>
<th>62.6</th>
<th>74.7</th>
<th>72.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q114</td>
<td>1Q14</td>
<td>2Q14</td>
<td>3Q14</td>
<td>4Q14</td>
<td>1Q15</td>
<td>2Q15</td>
<td>3Q15</td>
<td>4Q15</td>
<td>1Q16</td>
<td>2Q16</td>
<td>3Q16</td>
<td>4Q16</td>
<td>1Q17</td>
<td>2Q17</td>
<td>3Q17</td>
<td>4Q17</td>
<td>1Q18</td>
<td>2Q18</td>
<td>3Q18</td>
<td>4Q18</td>
<td>1Q19</td>
<td>2Q19</td>
<td>3Q19</td>
</tr>
</tbody>
</table>

(1) Italian Consumer Association
FinecoBank

9M19 Results
Results

Net profit\(^{(1)}\): Best 9M ever, +11% y/y in a more complex environment

Net Profit \(^{(1)}\)

- **Cost / Income\(^{(1)}\)**: 38% \(-1.4\) p.p. y/y
- **RoE\(^{(1)}\)**: 27%

\(+10.8\)% y/y

198.1 mln

9M19

excluding non recurring items \(^{(1)}\)

\(^{(1)}\) Figures adjusted net of non recurring items. 9M19 non recurring items: Voluntary Scheme: -4.4mln gross, -2.9mln net. 9M18 non recurring items: Staff expenses -1.1mln net (-1.6mln gross)
**Costs**

Cost efficiency and operating leverage in our DNA

---

**Operating Costs (1)**

- **9M19**
  - 185.2 mln
  - +1.3% y/y
  - excluding non recurring items

---

**Operating Leverage**

- **y/y growth**
  - +10.9% TFA (bn)
  - +6.4% clients
  - -1.4 p.p. Cost / Income

---

**Cost/Income (2) (%)**

- 2014: 47%
- 2015: 43%
- 2016: 42%
- 2017: 40%
- 2018: 39%
- 9M19: 38%

---

**2020 Guidance**

Increasing low single digit vs 2019

---

(1) Figures adjusted net of non recurring items. **9M19 non recurring items**: Voluntary Scheme: -4.4mln gross, -2.9mln net. **9M18 non recurring items**: Staff expenses -1.1mln net (-1.6mln gross)

(2) Net of gain on Visa sale (2016: +15.3 mln gross)
A resilient, low risk Net interest Income

### NII so far

<table>
<thead>
<tr>
<th>Component</th>
<th>Mln</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Investments</td>
<td>178.6</td>
</tr>
<tr>
<td>Lending</td>
<td>32.4</td>
</tr>
<tr>
<td>Other</td>
<td>8.2</td>
</tr>
<tr>
<td>Cost of funding</td>
<td>-7.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>211.6</strong></td>
</tr>
</tbody>
</table>

+1.9% y/y

### NII going forward

- Run-off smooth and gentle, with no cliffs
- Positive effects from volumes and lending
- Benefit from tiering
- No increase in the risk profile of the Bank

### Guidance

#### 2019 vs 2018

- Low single digit increase

#### 2020 and 2021

- Resilient NII at worst decreasing by few millions
Revamped Brokerage

3Q19 best quarter over the last year

- New options allowing customers to exploit volatility also when it is low
- Enlargement of our multicurrency basket up to 13 currencies
- Optimization of our systematic internalizer with new products
- Repricing of our Forex and 24h brokerage platform
- Coming soon: Asian markets

Guidance
- 2H19 up 15-20% vs 1H19
- 2020 up 15% vs 2019
Accelerating Investing…
Boosting conversion rate of customers' deposits towards AuM

### Revenues

- **Upfront fees**
- **Management fees**
- **Other (1)**

<table>
<thead>
<tr>
<th>mln</th>
<th>Upfront fees</th>
<th>Management fees</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>170.1</td>
<td></td>
<td></td>
<td>1.3</td>
</tr>
<tr>
<td>178.3</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**+14.3% y/y**

9M19

### 2020 Guidance
- Revenues up low double digit y/y
- After tax margins flat

(1) Mainly PFAs annual bonus and new 2018-2020 LTI to PFAs starting from 1Q18
…with Fineco Asset Management gaining commercial momentum

FAM contribution to Fineco AuM Net Sales

<table>
<thead>
<tr>
<th></th>
<th>3M19</th>
<th>1H19</th>
<th>9M19</th>
<th>Oct.19 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>bn</td>
<td>0.7</td>
<td>1.4</td>
<td>1.9</td>
<td>2.4</td>
</tr>
<tr>
<td>Fineco AuM Net Sales</td>
<td>4%</td>
<td>24%</td>
<td>45%</td>
<td>50%</td>
</tr>
</tbody>
</table>

FAM growth potential

<table>
<thead>
<tr>
<th></th>
<th>AuM FAM</th>
<th>AuM Fineco</th>
</tr>
</thead>
<tbody>
<tr>
<td>bn</td>
<td>13.0</td>
<td>38.9</td>
</tr>
<tr>
<td>% FAM Retail Classes</td>
<td>5.3</td>
<td>20%</td>
</tr>
<tr>
<td>Retail Classes</td>
<td>7.7</td>
<td></td>
</tr>
<tr>
<td>Institutional Classes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A solid capital position

**RWA (1), mln**
- 3,287
  - Credit: 1,972
  - Market: 42
  - Operational: 1,273

**CET1 Ratio**
- Sept.19: 17.37%

**Total Capital Ratio**
- Sept.19: 32.58%

**Leverage Ratio**
- Sept.19: 3.85%

**Guidance**
- CET1 Ratio expected **above 17%**
- Leverage Ratio at **3.5% by 2021**

---

(1) Following the exit from UniCredit Group, the Bank started a process to ask the Supervisory Authority to use a less sophisticated method for determining the regulatory requirement and, prudentially, the requirement as of September 30th, 2019 was calculated by adopting a Margin of Conservatism (MoC)
What’s next: Developing opportunities
Industrial initiative: a smart repricing
Preserving our best price/quality ratio

Improving a best-in-class Customer Experience

CUSTOMER SATISFACTION (1)

97%

n.1 Bank

IN TERMS OF REPUTATION (2)

Average cost of current accounts (3)

<table>
<thead>
<tr>
<th></th>
<th>€ 25</th>
<th>€ 60</th>
<th>€ 72</th>
<th>€ 95</th>
<th>€ 117</th>
<th>€ 144</th>
<th>€ 146</th>
<th>€ 150</th>
<th>€ 185</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fineco</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peer 1</td>
<td>€ 60</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peer 2</td>
<td>€ 72</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peer 3</td>
<td>€ 95</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peer 4</td>
<td>€ 117</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peer 5</td>
<td>€ 144</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peer 6</td>
<td>€ 146</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peer 7</td>
<td>€ 150</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peer 8</td>
<td>€ 185</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Source: Kantar Tri*M Index, May 2019
(2) Source: Reputation Institute, May 2019
(3) Source: Figures based on publicly available costs for families with average online operations of the main Italian banks (ISC – Indicatore Sintetico di Costo)

Full control of data management: we can opt for a repricing clustering clients according to their relationship with the Bank

Best price/quality ratio: plenty of room to manoeuvre
Further opportunities

Fineco UK

Clients: geographical split

Almost 6,000 clients

New clients acquired

Increased positioning in a highly fragmented market, leveraging on our one-stop solution. Among the most competitive players on Multicurrency account, securities and CFDs

Investing platform under implementation with M&G Investments already launched, full offer of our open platform expected in the next few months

Annual cost of the platform: 25 bps

We are evaluating to open a permanent presence in the UK

PATENT BOX

We applied in 2015 for intellectual properties (our platforms internally created and developed) and trademark

We expect to close the agreement with Italian Fiscal Authority. Otherwise, we can’t exclude the possibility to opt for self-calculation as set by the Decree “Decreto Crescita”, definitively approved in law n.58 of June 28th, 2019

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 properties are renewable according to international guidelines
Thank you