



B A N K

9M19 Results

Venice, November 18th 2019
Kepler Italian Financials Conference

FinecoBank

Key messages

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Healthy and sustainable growth with no shortcuts

No increase in risk profile

- ✓ Investment and lending policies unchanged
- ✓ Safe, robust and diversified Balance Sheet

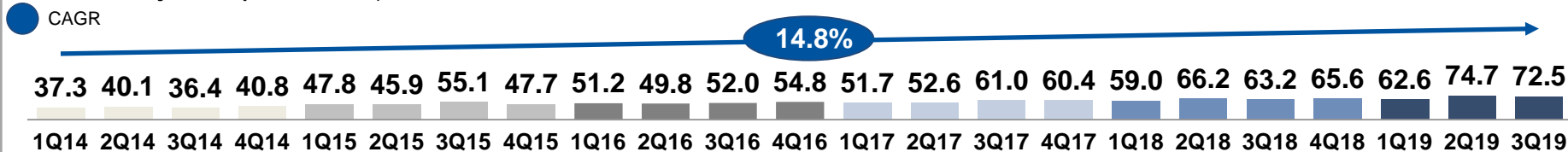
Organic growth as main engine

- ✓ Not joining aggressive market approach on recruiting

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

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



⁽¹⁾ Italian Consumer Association

⁽²⁾ Net Profit adjusted net of Deposit Guarantee Scheme (2015 DGS: -3.1mln net, 2016 DGS: -7.1mln net, 2017 DGS: -7.1mln net, 2018: -9.6mln net, 9M19: -11.7mln net)

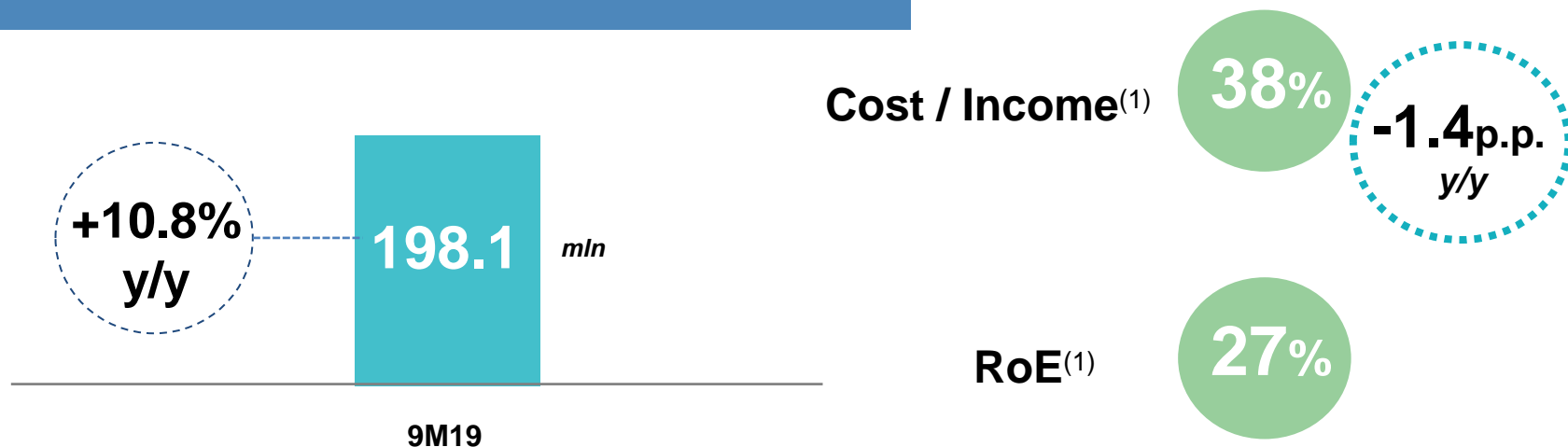
FinecoBank


9M19 Results

Results

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

Net Profit ⁽¹⁾



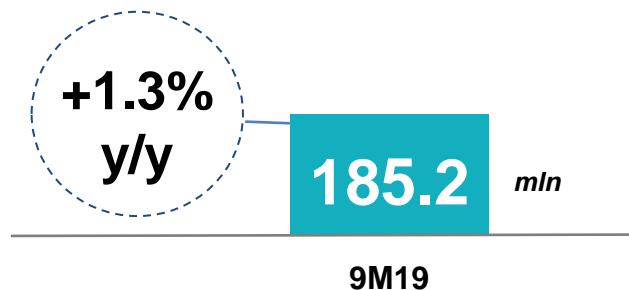
 excluding non recurring items ⁽¹⁾

⁽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⁾



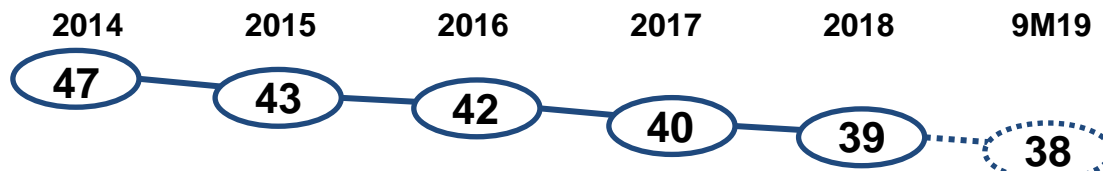
⊖ excluding non recurring items ⁽¹⁾

Operating Leverage

y/y growth



Cost/Income ⁽²⁾ (%)



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)

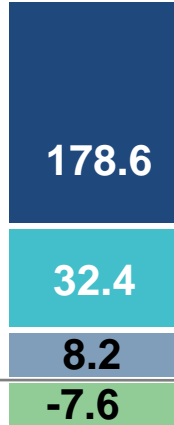
⁽²⁾ Net of gain on Visa sale (2016: +15.3 mln gross)

A resilient, low risk Net interest Income

NII so far

mln

211.6



+1.9%
y/y

Gross margins 1.23%

Financial Investments Lending
Other Cost of funding

9M19

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

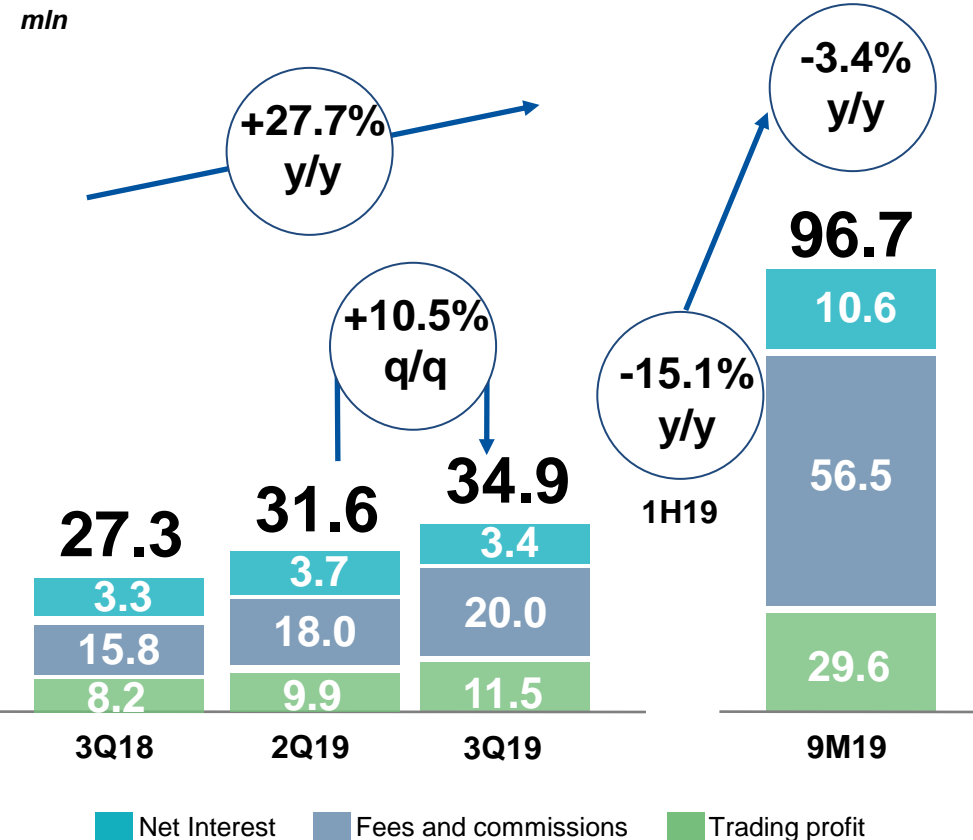
Guidance

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**

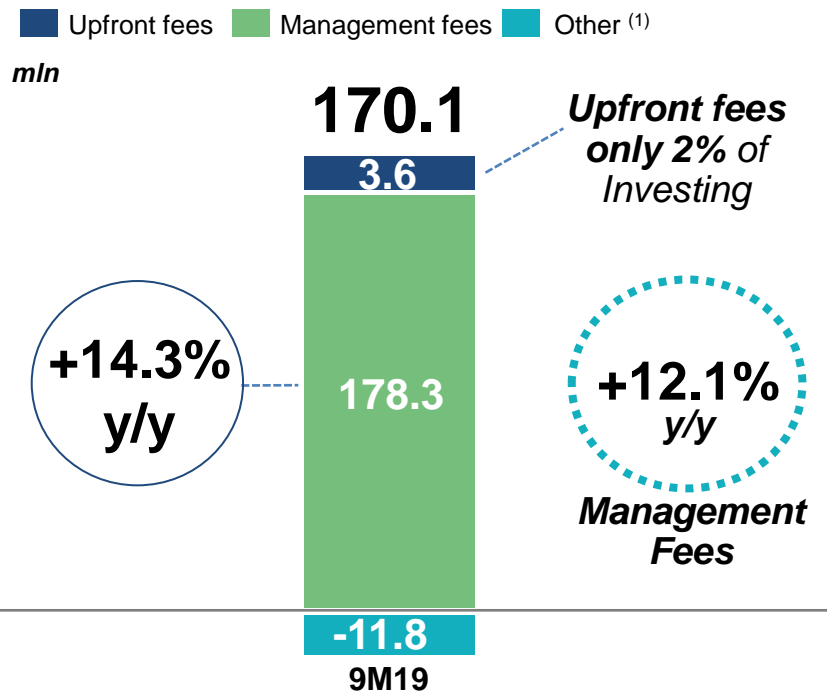
Guidance

- 2H19 up 15-20% vs 1H19
- 2020 up 15% vs 2019

Accelerating Investing...

Boosting conversion rate of customers' deposits towards AuM

Revenues



1

New GENERATION OF PRODUCTS

- ✓ Decumulation products (FAM Target)
- ✓ Insurance capital guarantee products
- ✓ Multi-thematic fund (FAM Megatrends)

2

New SOFTWARE DEVELOPMENT

Fineco will more directly help PFAs to **develop customers through Big Data Analytics:**

- ✓ X-Net
- ✓ Co-Working
- ✓ Fineco X.0

2020 Guidance

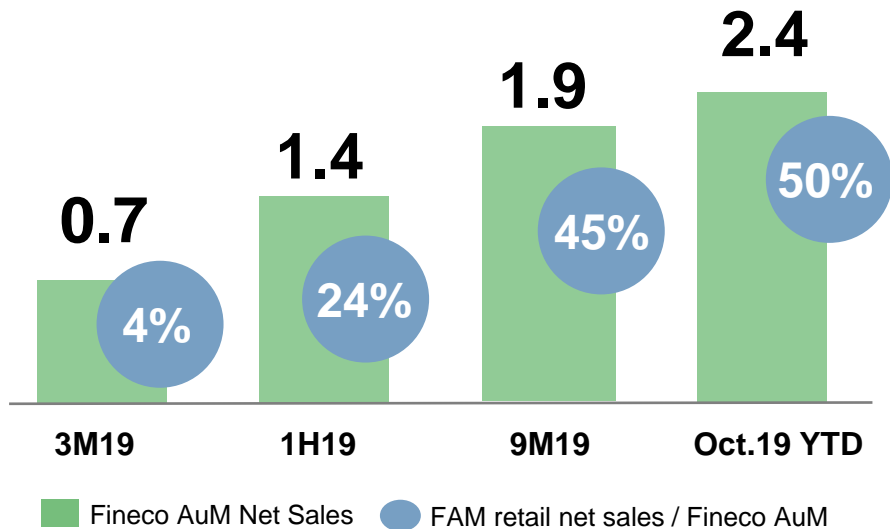
- Revenues up low double digit y/y
- After tax margins flat

⁽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

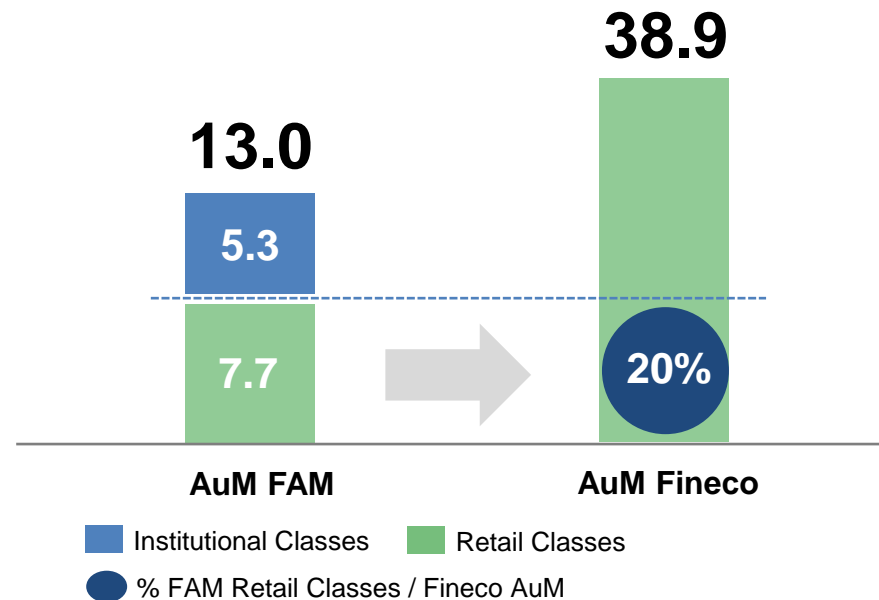
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FAM growth potential

bn

AuM Stock (31st Oct.2019)



A solid capital position

RWA ⁽¹⁾, mln

CET1 Ratio

Total Capital Ratio

Leverage Ratio

● CET1 capital, mln

3,287

1,972

42

1,273

Sept.19

17.37%

Sept.19

32.58%

Sept.19

3.85%

Sept.19

■ Credit
■ Market
■ Operational

571

Guidance

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

FinecoBank

**What's next:
Developing
opportunities**

Industrial initiative: a smart repricing

Preserving our best price/quality ratio

Improving a best-in-class
Customer Experience

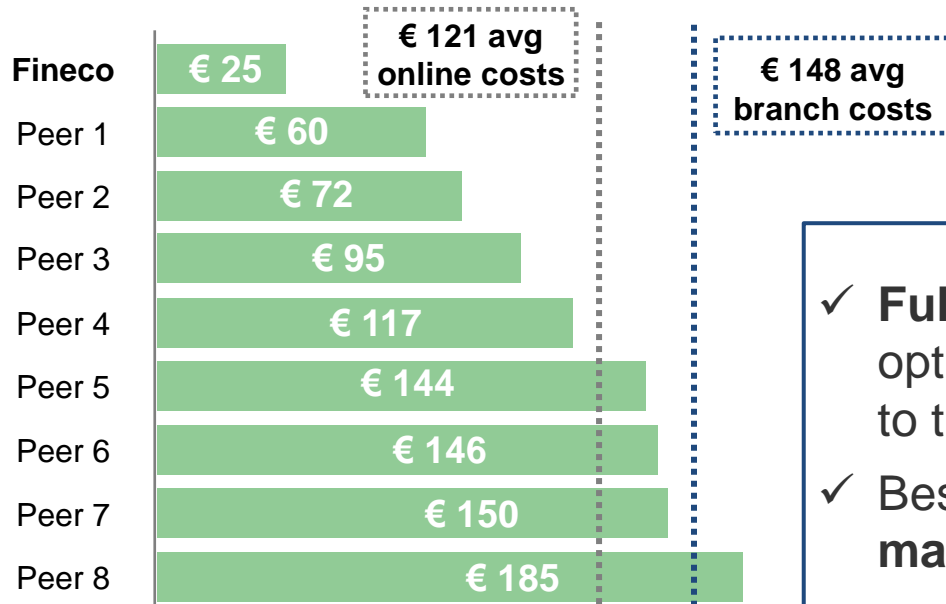
97%

**CUSTOMER
SATISFACTION⁽¹⁾**

n.1
Bank

**IN TERMS OF
REPUTATION⁽²⁾**

Average cost of current accounts ⁽³⁾



PILLARS FOR A SMART REPRICING

- ✓ **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 manoeuver**

⁽¹⁾ Source: Kantar Tri*M Index, May 2019

⁽²⁾ Source: Reputation Institute, May 2019

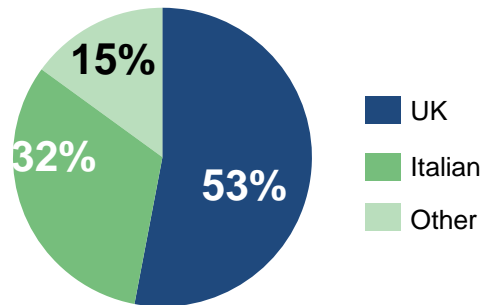
⁽³⁾ Source: Figures based on publicly available costs for families with average online operations of the main Italian banks (ISC – Indicatore Sintetico di Costo)

Further opportunities

Fineco UK

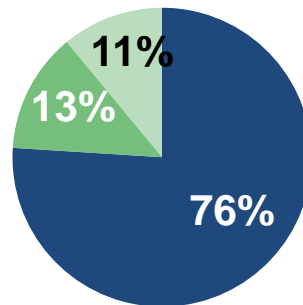
Clients: geographical split

Almost 6,000 clients



68% non-Italian

New clients acquired



87% non-Italian

- ✓ **Unique 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