Italian Sustainability Day
Borsa Italiana

Milan, July 2\textsuperscript{nd} 2020
“One stop solution” business model for a Sustainable growth

Fully integrated offer of Banking, Brokerage and Investing via multi-channel approach

Physical distribution network
2,557\(^{(1)}\) PFAs and 397\(^{(1)}\) Fineco Center

Guided open architecture platform
Over 6,200\(^{(1)}\) mutual funds by more than 70\(^{(1)}\) Asset Managers worldwide

Online and Mobile banking
100% of operations can be performed online or from apps

Brokerage platform
Direct access to 26\(^{(1)}\) global markets, bonds, ETFs, futures and 21\(^{(1)}\) currencies both online and mobile

High quality Lending
Lending offered only to existing base of retail clients (no corporate)

Strong focus in building a low-risk and high-quality portfolio

Safe lending portfolio thanks to internal IT culture, powerful datawarehouse system and Big Data analytics

\(^{(1)}\) 1Q 2020
Healthy and sustainable growth with a long term horizon

Highly scalable operating platform…

…with a diversified revenues mix leading strong results in every market conditions

Net Profit adjusted (net of DGS and SRF) (1), mln

CAGR (2014-2019)

+ 11%

+ 7%

+ 13%

+ 8%


(1) Figures adjusted by non recurring items and Net Profit adjusted net of Deposit Guarantee Scheme and Single Resolution Fund (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)
Our Pillars as key drivers for Sustainability

The keys of our strategy leads path of sustainable growth committed to maximize Stakeholders’ value

**EFFICIENCY**

- Proprietary back-end: in-house development and automated processes allow an efficient cost structure and fast time to market
- Strong focus on IT & Operations and more flexibility
- Strong operating leverage thanks to best in class operating platform and internal IT culture

**INNOVATION**

- Digitization as a main market trend and a key driver for Sustainability
- Anticipate customers need by simplifying their life
- Lending: strong competitive advantage leveraging on Big Data analytics

**TRANSPARENCY**

- Fairness and respect for all our stakeholders
- High quality products and services for our clients
- Fair pricing\(^{(2)}\) and no performance fees
- Cost of funding close to zero
- High quality lending portfolio, offered only to existing base of clients and low cost of risk

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### Our ESG ratings

- **Standard Ethics\(^{(1)}\)** has upgraded FinecoBank’s rating at “EE+” *(very strong)* from “EE”, thus placing the Bank among the only three credit institutions that achieved the most solid level currently assigned. In 2019 Standard Ethics also assigned us an ESG Award

- **MSCI** has upgraded FinecoBank’s rating at “A” from “BBB”

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\(^{(1)}\) Standard Ethics is an independent agency which assigns Solicited Sustainability Ratings to companies and sovereign issuers. Fineco is included in the Standard Ethics Italian Banks Index® and in the Standard Ethics Italian Index, among the major environmental, social and governance performance indices and benchmarks. The Standard Ethics Rating is an assessment of sustainability and governance based on the principles and voluntary directions of the United Nations, the Organization for Economic Cooperation and Development (OECD) and the European Union.

\(^{(2)}\) In 2019 we were ranked as the most transparent player in MiFid2 reports by ADUC, an Italian consumer association.
Sustainability as main pillar of growth

Total alignment with clients’ interest in the way we grow the business

CUSTOMER SATISFACTION at 97%\(^{(1)}\)
No.1 Bank in terms of REPUTATION\(^{(2)}\)

NO short-term aggressive COMMERCIAL OFFERS
and ZERO REMUNERATION on current accounts

Total ABSENCE OF PERFORMANCE FEES

BENEFITS from FAM SHARED WITH CLIENTS:
better quality and timely products with lower TER

Low UPFRONT FEES representing only 3% of Investing fees\(^{(3)}\)

FOCUS ON ORGANIC GROWTH
Low incidence of net sales from recruiting (~10%)\(^{(3)}\)

\(^{(1)}\) Source: Kantar Tri*M Index, Dec. 2019
\(^{(2)}\) Source: Reputation Institute, Dec. 2019
\(^{(3)}\) Figures as of March 31st, 2020
Fineco Asset Management, adding value to our sustainable strategy

FAM sustainable approach is fully aligned to our long-term sustainable strategy

✓ FAIR PRICING to our customers, NO PERFORMANCE FEES as a strategic choice

✓ BETTER TIME-TO-MARKET, LOWER FEES TO CLIENTS AND HIGHER MARGINS thanks to OPERATIONAL EFFICIENCY shared with both PFAs and clients (operational efficiency comes from internalization of the value chain of the investing business coupled with a vertically integrated business model)

✓ INNOVATION AND FLEXIBILITY to deliver the right products for customers’ risk appetite in every market condition (latest solutions: decumulation products to take advantage of bear market, capital preservation fund)

✓ STRONG RISK MANAGEMENT thanks to the look-through on daily basis on funds’ underlying assets
Stakeholder engagement

EMPLOYEES
- People survey
- Performance Management
- Intranet Portal
- Onboarding new hires
- Ad-hoc surveys on specific topics

FINANCIAL ADVISORS
- Dedicated Platform
- Specific meetings at different levels (AM, GM, Team, one-to-one)
- Calls and web conferences
- Workshops and training activities
- Committees

CUSTOMERS
- Customer satisfaction
- Instant feedback
- Brand Reputation
- Customer Care
- Social Media

SHAREHOLDERS
- Shareholders’ Meetings
- Meetings with analysts, investors and proxy advisors
- Investor Relations activities

REGULATORS
- Meetings
- Conference Calls
- Cooperative Compliance Scheme
Our Corporate Governance as a fully independent public company

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

- SHAREHOLDERS’ MEETING
- BOARD OF DIRECTORS
- CEO
- BOARD COMMITTEES
  - Risk and Related Parties Committee
  - Remuneration Committee
  - Appointments Committee
  - Corporate Governance and Environmental and Social Sustainability Committee
- BOARD OF STATUTORY AUDITORS

Board of Directors

A new Board of Directors was appointed by the Ordinary Shareholders' Meeting on April 28th 2020, this year based on lists of candidates submitted by the Board of Directors and the Shareholders(1). Specifically, two Directors were assigned to the list that came second in terms of number of votes. The composition is consistent with the current regulations(2) and Fineco’s Statute.

- 11 members (+ 2 vs 2019)
- 10 Independent directors
- 1 Executive director (CEO and GM)
- 5 / 11 Female members (45%)(3)
- 58.4 avg age
- 97% avg Board meeting attendance (FY19)

(1) It will remain in office until December 31st 2022.
(2) Supervisory Authorities (e.g. Banca d’Italia, CONSOB) and the Corporate Governance Code for listed companies (Borsa Italiana S.p.A.)
(3) Following the amendments made by law no. 160/2019 to Article 147-ter, paragraph 1-ter of the Consolidated Finance Act, at least 2/5 of the directors should belong to the least represented gender (40%).
Governance of Sustainability

Board of Directors

Corporate Governance and Environmental and Social Sustainability Committee
- overseeing evolution of sustainability strategy, sustainability issues and interaction with all stakeholders
- supporting sustainability related risk evaluation and management

Management Sustainability Committee
- defining Fineco sustainability strategy and goals to be achieved
- monitoring processes and results
- analyzing related legislation

Corporate Departments and Functions

Sustainability Office (within CFO Department)

On January 2020, the Board of Directors and its Sustainability Committee approved a ESG Plan included in the Multi-Year Plan 2020-2023 of the Company (see next slides for further details)
Compliance and responsible business

We are committed to promoting a shared compliance culture throughout the Company. This is the reason why we are reviewing and updating all Company’s compliance related policies, in order to make them suitable to for the new Fineco reality.

Already updated

- Organisation and Management Model and Code of Ethics (Leg. Dec. 231/2001) containing rules aimed at ensuring that everyone’s conduct is always guided by criteria of fairness, cooperation, loyalty, transparency and mutual respect
- Global Policy Antimoney laundering and counter terrorism financing
- Global Policy - Anti-trust and Unfair Commercial Practices
- Global Policy – Group Tax Strategy
- Global policy for the management of transactions with persons in potential conflict of interest
- Global Policy Whistleblowing, employees and personal financial advisors can report anonymously any conduct in violation of the law or the Bank’s internal rules

To be updated

- Code of Conduct and Charter of Integrity, defining the general principles of ethics and conduct we recognize as our own, with the aim of promoting our culture of compliance and our commitment to sustainability among our employees, financial advisors as well as suppliers
- Global Anticorruption Policy setting minimum standards for anti-corruption compliance and applies to officers and members of strategic, supervisory and executive bodies, employees and financial advisors
- Human Rights Commitment

Training initiatives
Risk and compliance culture to ensure long-term sustainable profitability (1/2)

Fineco 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.

OPERATIONAL RISKS

- Fineco monitor on a monthly basis about 70 Key Risk Indicators, aiming at providing an overview of the Group's performance, assessing the effectiveness of the processes and strategies adopted for risk mitigation and safeguarding the interests of customers (for example, KRIIs relating to complaints). We also make scenario analysis in order to examine extreme but possible situations, we collect and categorize all operational losses > € 500 (10 years history) and we subscribe insurance policies in order to mitigate the residual risk (i.e: unloyal financial advisors)

- Moreover, we use a remote monitoring system on financial advisors activities: System for Fraud Identification and Analysis (SoFIA)

- As of 2019, we formalized the risk assessment process as well as the validation of the internalization activities

Goal ‘20-’23: fully integrating ESG risk into the Risk Management system of the Bank
Risk and compliance culture to ensure long-term sustainable profitability (2/2)

CYBER SECURITY

- Security strategy follows a multi-tiered approach based on deep customer knowledge, behavioral analysis and risk assessment; **vulnerability analysis** and management capabilities well defined; strong monitoring of ICT Risk at 1 and 2 levels
- Formal and comprehensive **Security Incident Response Plan**. A detailed plan with a number of different levels (governance, organization, operation and reporting) tested at least annually
- **2 specific indicators monitored in RAF**, related to **losses for system failure** and **ICT incidents**; the system collects also ICT incidents data, which did not cause any losses
- Core system and security services **internally managed: ICT&Security Office Department** (CIO – 20% of total FTEs) with a dedicated **Anti-Fraud Team**

<table>
<thead>
<tr>
<th>No security breaches involving customers’ information$^{(1)}$</th>
<th>No information security/cybersecurity related fines/penalties$^{(1)}$</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 99.9% uptime of homebanking during first months of 2020</td>
<td>No significant losses registered for system failure (27k) $^{(1)}$</td>
</tr>
</tbody>
</table>

ANTI MONEY LAUNDERING

- **+ 20 procedures**, guiding AML processes related to Know Your Customer and Customer Due Diligence considering many factors, among which: type of customers, their operating sector, geographical areas, type of products and services provided
- **3 levels of controls**: **Offices** responsible for detecting and controlling AML risk $(1^{st})$; **Risk Assessment & Controls Team** for controls on AML processes in place and for the AML risk self-assessment $(2^{nd})$; **Internal Audit** carrying out independent assessments, periodically ensuring the effectiveness of the risk management, governance, and internal control processes $(3^{rd})$.

| No AML related fines or penalties | $^{(1)}$ 4Q 2019 |

Training initiatives
Our People

1,225 employees
98% permanent

60% new hires < 30 years old
42.4% women

2,541 Financial Advisors
50% of new PFAs beginners

Main ESG strategic goals 2020-2023

- Specific Monitoring of employees returning from maternity leave
- Gender Pay Gap monitoring
- **ABI Women in Bank: Enhancing Gender Diversity Charter**
- Association Agreement with Valore D and participation to specific training courses

Update **Global Gender Equality Policy**

Monitoring the Y/Y delta on **Gender Pay Gap**

Promotion of women in managerial roles

Employee training awareness on these topics

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Diversity & Inclusion

- **Joint Commission** for work-life balance, innovation and welfare
- **New Health Plan** for all employees, with new features (i.e: 'Maternity package', reimbursement of psychotherapy)
- Reimbursement of bike-sharing annual fee for all employees

Extention of the range of welfare solutions
(activity enhanced during Covid 19 outbreak)

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Welfare

- **25 average training hours for employees and 72 for PFAs**
- Increased “Behavioral training” for employees (+1,508 vs ‘18)
- **Multidisciplinary courses** for PFAs including social dynamics, technological developments and relational skills

Training initiatives on ESG issues for financial advisors

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Training

Figures as of FY 2019

**(1)** This sustainable goal is a part of 2020 CEO Scorecard
Our Customers

**EASE OF USE**

| > 1,300,000 customers
| 97% satisfied clients (96% in ‘18)

**QUALITY**

Adviser Platform with ESG Funds research

**FAIR PRICING**

2.396 claims 2019 (vs 3.308 in ‘18)

+90% processed

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**ESG Offer**

- **FINECO ASSET MANAGEMENT:** strong contribution to our focus on sustainability and full alignment with customers’ interests through its product innovation, time-to-market, fair pricing and total absence of performance fees.

  Latest ESG oriented products:
  - **FAM Megatrends** allocating 25% of asset in sustainable investments in 8 themes (1)
  - **FAM Sustainable Target Boost,** defining equity portfolio in funds exposed to global companies with ESG criteria in their business.

- 41% funds with **ESG Rating** above «Average» (more than 2,500 funds in open architecture platform or € 6.7 bn AUM) (2)

- **Wealth Management - Private Value Lines** based on sustainable strategy (2)

- **New ESG Funds available on our Platform from April 2020,** following specific ESG strategies (i.e.: Climate Action, Emerging Market)

- **Green Mortgages:** 22% of total amount granted (for purchase of energy class A or B properties)

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**Main ESG strategic goals 2020-2023**

- Increasing offer of funds with ESG rating
- Designing new funds based on ESG criteria
- Increasing our offer with social&environmental benefits (lending)

Figures as of FY 2019

(1) Water, climate change, automation and electric transports, smart cities, fintech, drones and oncology

(2) At March 31st, 2020
Environmental Impacts

We are starting a 3-years project on the implementation of an Environmental Management System (EMS – in compliance with EMAS Regulation) aiming at analyzing, monitoring and setting cross-functional targets about both direct and indirect environmental impacts of the Bank.

**Direct Impacts**

Responsible use of resources
- 2.2 tons of paper saved vs 2018 thanks to dematerialisation and process automation

Energy Consumption and GHG emissions
- 83% of total energy consumption (42 TJ) due to indirect energy consumption*
- 81% of electric energy purchased from renewable sources
- 430 tCO₂e direct emission (Scope 1)

**Indirect Impacts**

Implementation of EMS (EMAS Regulation) aiming at analyze the “as is” situation in terms of integration of environmental criteria in core business (investing, credit and lending products&services), assessing environmental indirect risks and set targets

**Main ESG strategic goals 2020-2023**

- Implementation of EMS aiming at analyzing the “as is” situation and setting targets to be pursued regarding use of resources and waste management as well as energy consumption and GHG emissions (reduction targets)

- Environmental Policy
Focus: Covid 19 emergency

PROTECTING OUR PEOPLE

- SMART WORKING extended to all employees – 5 days a week since the emergency broke out and PAID TIME OFF for particular family matters
- ENHANCED WELFARE SYSTEM with new solutions that can be used from home free of charge, including wellness and online nutrition advices, sports on demand and language training
- PHONE MEDICAL CONSULTATION for sanitary emergency and PSYCHOLOGICAL SUPPORT in phase 2 available for 3 months
- REFUND OF BIKE SHARING ANNUAL FEE available for all employees from Milan and Reggio Emilia (phase 2)

DIGITIZATION AS DRIVER FOR A BEST-IN-CLASS CUSTOMER EXPERIENCE

- PROMPT SUPPORT to clients thanks to integrated platforms available for Financial Advisors, (such as X-Net) providing a complete and immediate analysis of clients' individual needs as well as clients' platforms always available
- TRAINING ACTIVITIES both for financial advisors and clients aiming at guiding them to better cope the emergency (more than 700 events, involving about 40,000 customers and prospects in the 1H2020)
- CREDIT LINE aimed at anticipating the compensation fund directly to the clients in lay-off
- SUSPENSION OF MORTGAGE INSTALLMENTS according to Italian legislation in place
Our People

COMPOSITION

39 years
Average age of employees

60%
of new hires were under 30

72%

11%

17%

Over 50 years
31 to 50 years
Up to 30 years

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

EMPLOYEES BY EMPLOYEE CATEGORY AND GENDER

<table>
<thead>
<tr>
<th>Category</th>
<th>2019</th>
<th>2019</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executives</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>30</td>
<td>5</td>
<td>35</td>
</tr>
<tr>
<td>Women</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managers</td>
<td>285</td>
<td>109</td>
<td>394</td>
</tr>
<tr>
<td>Professional employees</td>
<td>391</td>
<td>405</td>
<td>796</td>
</tr>
<tr>
<td>Total</td>
<td>706</td>
<td>519</td>
<td>1,225</td>
</tr>
</tbody>
</table>

Feedback discussion

during which an individual development plan will be drawn up to give the individual a pathway of growth to follow.

Assessment
Customers

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
Training is central for the Bank

### EMPLOYEES

#### Average hours of training, by gender and employee category

<table>
<thead>
<tr>
<th>Average hours of training</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>by employee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executives</td>
<td>18.9</td>
<td>31.3</td>
</tr>
<tr>
<td>Managers</td>
<td>54.7</td>
<td>24.7</td>
</tr>
<tr>
<td>Professional employees</td>
<td>10.7</td>
<td>29.7</td>
</tr>
</tbody>
</table>

#### Hours of training by training field

<table>
<thead>
<tr>
<th>Hours of training</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical</td>
<td>11,677</td>
<td>14,183</td>
</tr>
<tr>
<td>Linguistic</td>
<td>8,712</td>
<td>9,918</td>
</tr>
<tr>
<td>Mandatory</td>
<td>8,422</td>
<td>8,414</td>
</tr>
<tr>
<td>Behavioural</td>
<td>1,937</td>
<td>429</td>
</tr>
</tbody>
</table>

### FINANCIAL ADVISORS

- **2-years training course** for young Financial Advisors to improve technical and soft-skills (total over 1,000 training days)
- **184,000** total training hours provided in 2019 (+25,000 hours vs 2018)
- **117,221** training hours in mandatory fields
- **59,273** training hours in business-related fields
- **1,605** training hours private sector training
- **6,398** training hours for new financial advisors

Training courses designed periodically with the management team and differentiated by field based on the current needs of the network.

### CUSTOMERS

In 2019, about **17,000 people joined Fineco courses** (+124 courses vs 2018):
- 135 seminars
- 142 webinars
- 282 short videos

Increase awareness about the proper use of financial instruments and the way to better manage own resources
- Financial markets
- Market movers
- Financial products and services
- Particular attention to **behavioral finance**

Figures as of FY 2019
Relationship with Regulators

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

**July 2017:** 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 Fineco.

**In From 2016:** Fineco has adopted a public Tax Strategy that describes the guidelines and principles of Fineco for the management of tax issues and specifically of the associated risks (both financial and reputational) – Published on corporate website

**In 2020,** Fineco was the first bank in Italy to which the Italian tax Authorities has recognized a tax benefit “Patent Box” (around 22 mln €) thanks to the income deriving from the use of intangible assets such as the Trademark and some internally developed softwares (Advice, Website, PowerDesk, Internalization)

\(^{(1)}\) pursuant to articles 3-7 of Legislative Decree 128/2015 in July 2017