



B A N K

9M17 Results

Verona, November 28th 2017
Kepler Italian Financials Conference

9M17 key messages

Healthy growth and sustainability

at the heart of Fineco's business model

Clients acquisition

Organic growth

High quality lending

Delivery of consistent results
in every market condition

Growing revenues
Diversified business model

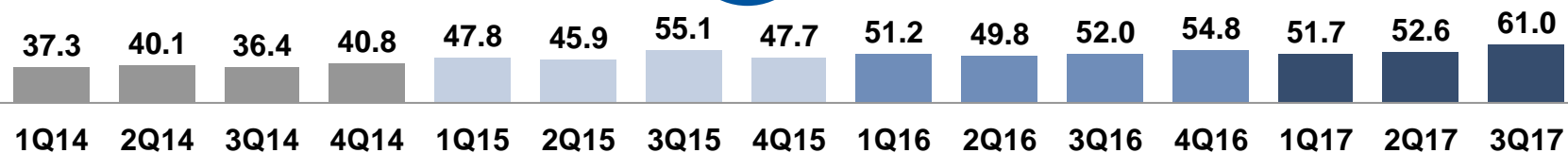
Sound Brokerage

Huge Operating Leverage

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

● CAGR

+15.1%



⁽¹⁾ Net Profit adjusted net of Deposit Guarantee Scheme (2015 DGS: -3.1mln net, 2016 DGS : -7.1mln net, 2017 DGS: -8.3 mln net)

Highly scalable operating platform

Platform excellence and cost discipline providing strong operating leverage

Costs vs Growth	TFA (€ bn)	Clients (thd)	Revenues (€ mn)	Operating costs (€ mn)	Cost Income Ratio (%)	Dividend (€ cent)
2013-2016 CAGR	+11%	+8%	+14%	+6%	-8%	+18%⁽¹⁾

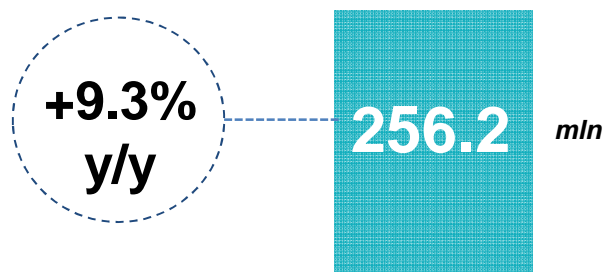
⁽¹⁾ CAGR 2014-2016

Stated Revenues, Operating Costs, Cost/Income Ratio as of December 2016 Financial Income Statement.

Results

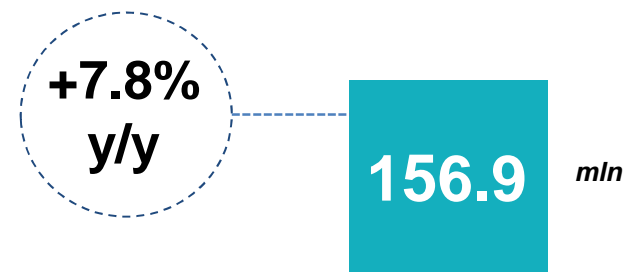
Strong growth in Operating profit both q/q and y/y.
Net profit affected by systemic charges, but up +7.8% y/y
net of voluntary scheme one-off

Gross Operating Profit




9M17

Net Profit



9M17
Adj. Net
Profit⁽¹⁾

 excluding non recurring items⁽¹⁾

Adj. Cost / Income⁽¹⁾

41%

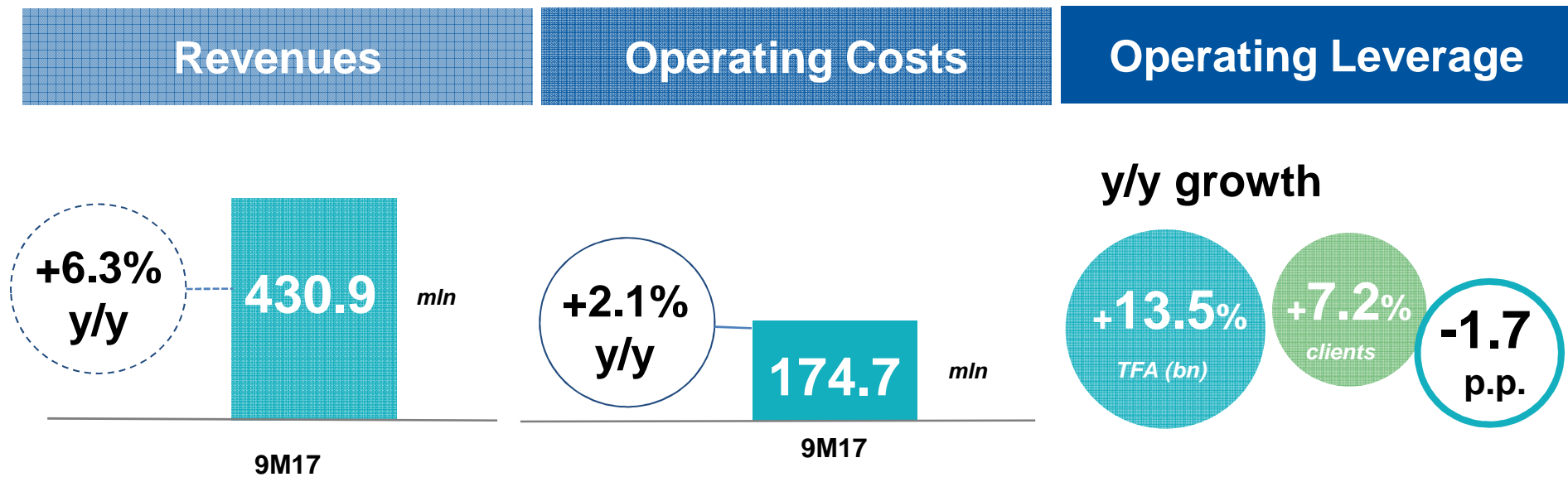
Adj. RoE⁽¹⁾

39%

⁽¹⁾ 9M16 non recurring items: Visa sale(revenues) +15.3mln gross, +10.3mln net in 2Q16; positive closing of tax dispute +6.5mln tax release.
Adj. Cost/Income and adj. RoE calculated net of non recurring items.
Voluntary Scheme: -8.8mln gross (-5.9mln net) in 3Q17.

Revenues and operating Costs

Operating leverage constantly delivered thanks to a relentless revenue growth and operating costs well under control



○ excluding non recurring items⁽¹⁾

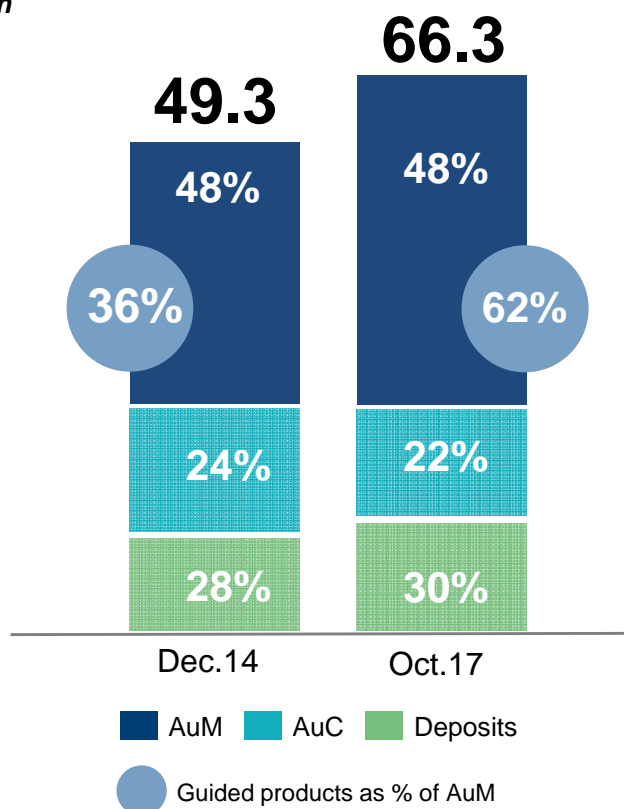
⁽¹⁾ gain on Visa sale in 2Q16: +15.3mln gross . Adj. Cost/Income calculated net of non recurring items.

TFA breakdown

Successful shift towards high added value products

Breakdown of total TFA

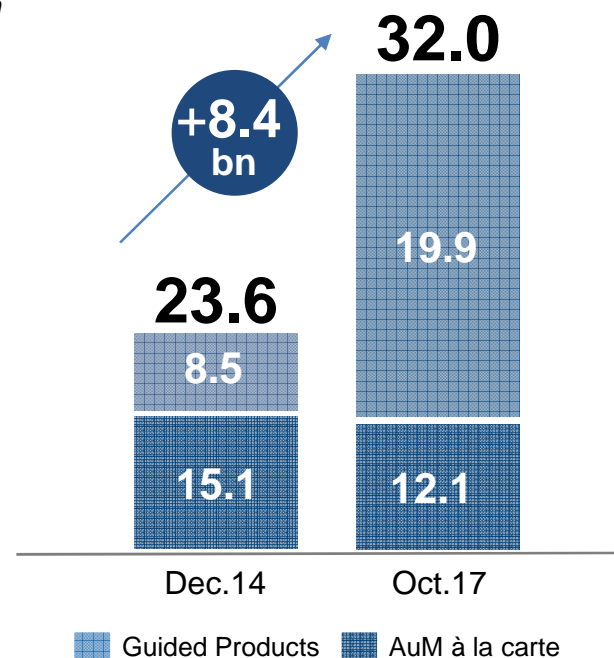
Eop, bn



Focus on AUM

+8.4 bn AUM since the end of 2014, o/w:
Guided Products & Services +11.4bn
 AuM à la carte -3.0 bn

Eop, bn



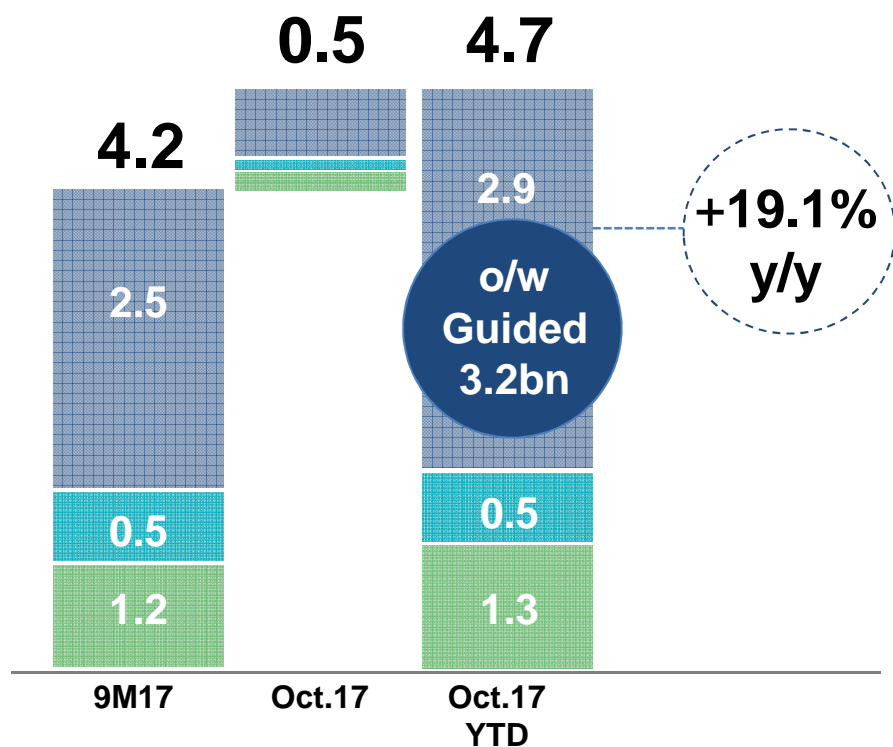
Guided Products includes Advice service which comprises a small component of AuC and Deposits (0.5bn in Sep.17, 0.4bn in Jun.17, 0.4bn in Dec.16, 0.3bn in Dec.15 and 0.3bn in Dec.14)

Net sales breakdown

Net sales highlights the continuous improvement in the asset mix thanks to the increasing productivity of the network

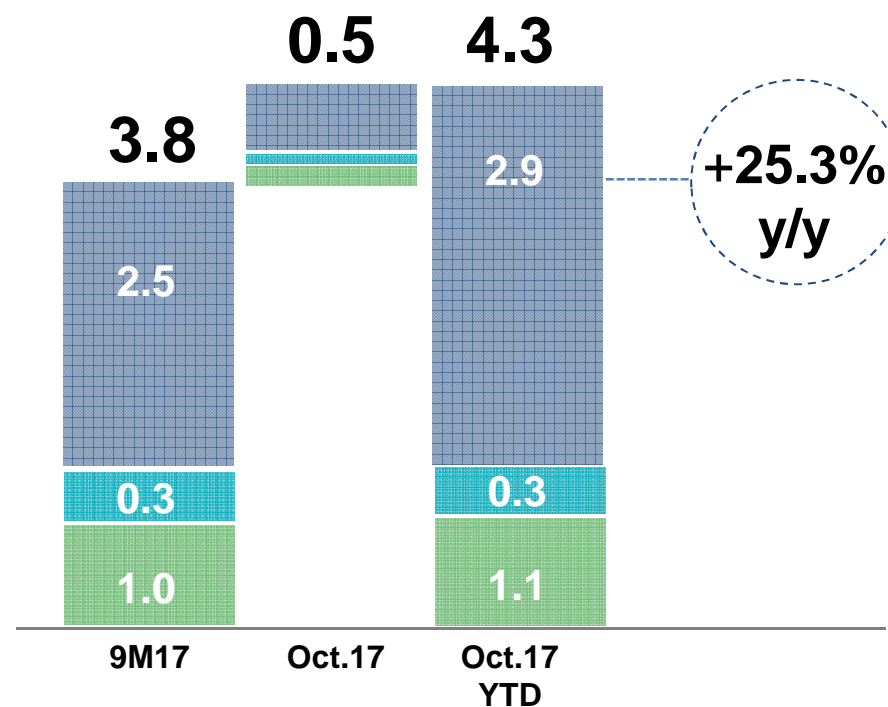
Breakdown of total Net Sales

bn



PFA Network – total Net Sales

bn

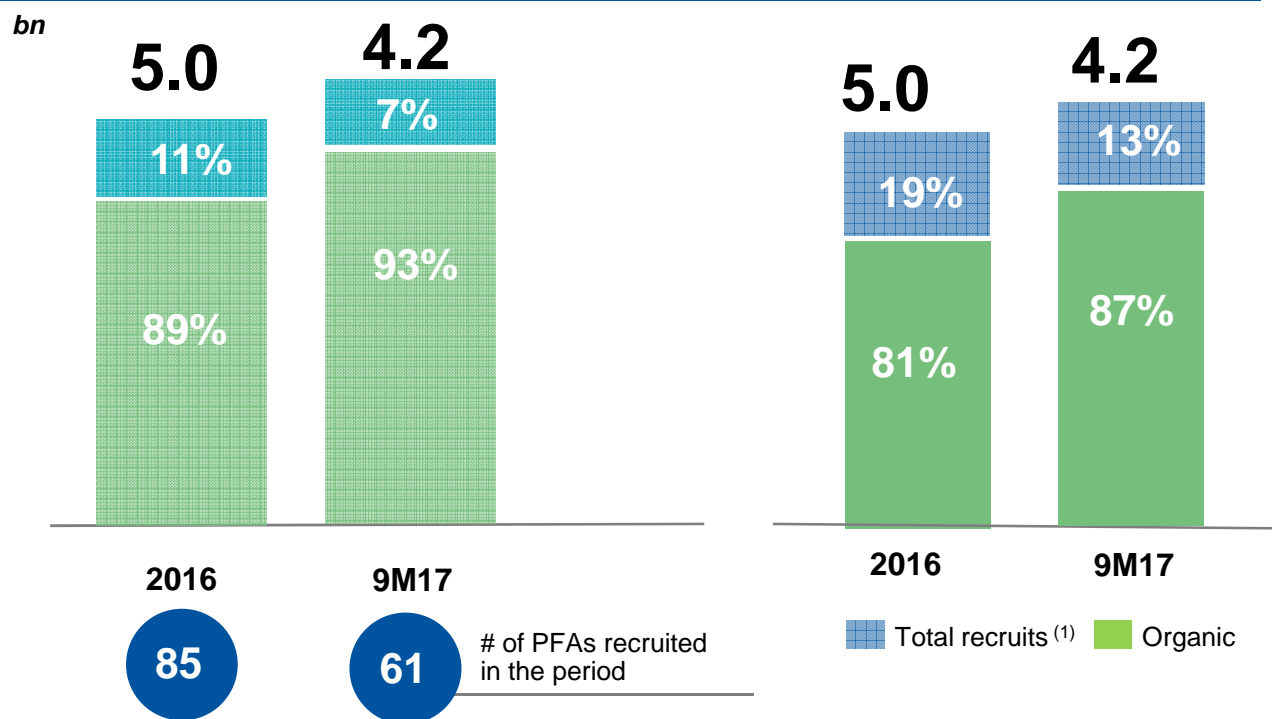


AuM AuC Deposits

Organic growth

Net sales organically generated confirmed as key in our strategy of growth

Net Sales – Organic / Recruit (%)



■ New recruits of the year ■ Organic

(1) Total recruits include net inflows related to PFAs recruited over the last 24 months (avg)

Recruitment costs
(to be amortized)

stock 23mln

as of Sept.'17
stable vs Dec.'16

FinecoBank

Initiatives

Repricing on current account rates

New opportunities are coming

Starting from Jan. 2018, **current accounts under the old pricing structure⁽¹⁾** (variable rate, client's remuneration at 75% of 1month Euribor with floor at zero) **will be transformed from variable to fixed rate equal to zero.**

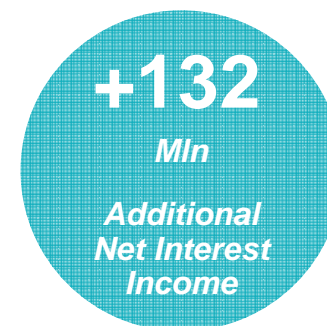
As of Sep. 30th 2017, 59% of sight deposits (~11.6 bn), is linked to the Euribor.

Benefits

Rebalancing the Balance Sheet structure (ALM) through a new balance between funding costs and investment rates structure

No impacts for clients as 1M Eur is still negative

New Sensitivity analysis:
+100bps parallel shift (1M Eur)

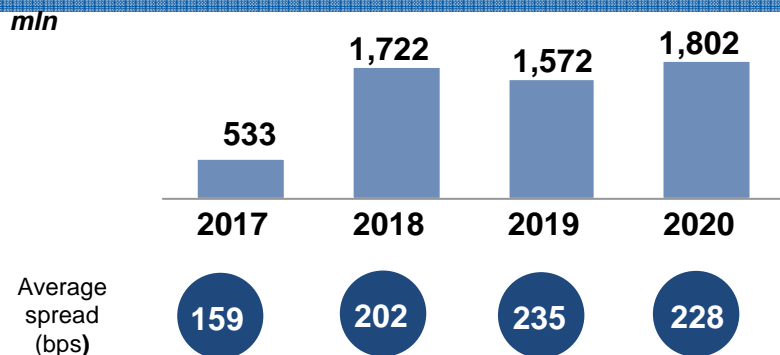


⁽¹⁾ Current accounts opened before 2012. Starting from March 19th 2012, Fineco has been offering to its banking clients only "zero costs and zero interest" accounts

Sustainability analysis

Deposits growth to offset lower rates and bond portfolio run-off

UC bonds run-offs and spread



7Y Spread UniCredit vs Govies



Minimum sight deposits growth to maintain interest income from UC bonds ptf quite aligned to 2016

Assumptions:

Forward 1MEuribor curve: -0.37% in 2017, -0.33% in 2018, -0.13% in 2019 and +0.14% in 2020

New core liquidity and run-offs invested in:

Case 1: 5 yrs Italian Govies (avg spread 81 bps⁽¹⁾)

4.0%

Case 2: blend of 7 yrs European Govies⁽²⁾, **50% fixed rate** (avg yield 64.2 bps), **50% variable rate** (avg spread 41.5 bps⁽¹⁾), resulting in 2020 overall portfolio with residual average maturity 3.2 years (vs current 3.2 years)

6.5%

Historical sight deposits growth

15.0%

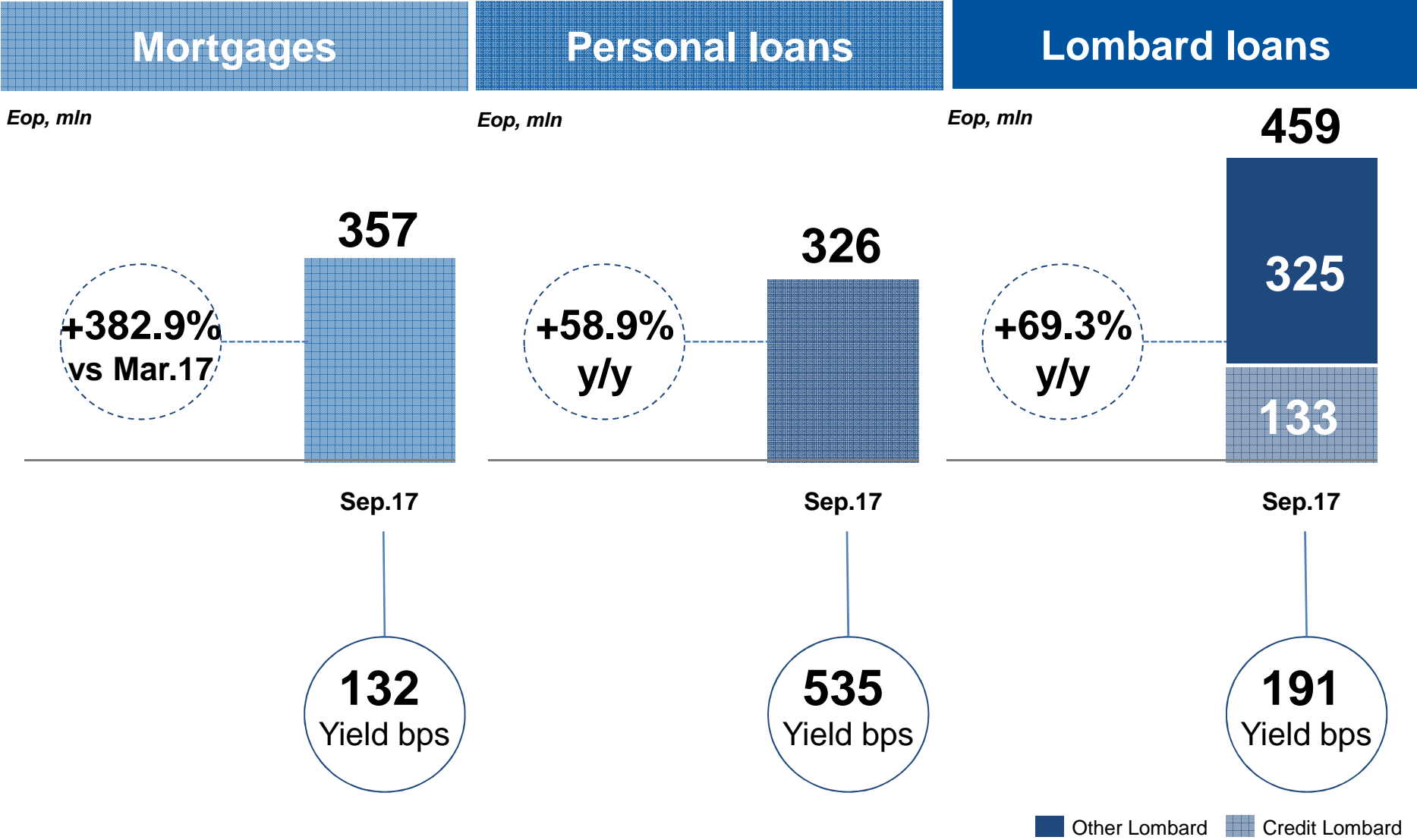
CAGR 2011-9M17

CAGR Oct.17-2020

⁽¹⁾ as of October 18th, spread on 1M Euribor

⁽²⁾ Geographical split: 30% Italy, 20% Spain, 10% France, 10% Ireland, 10% Germany, 10% Austria and 10% Belgium

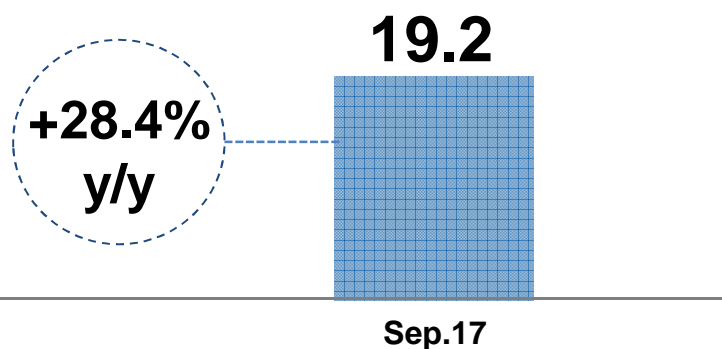
Boost in high quality lending volume



Network's productivity and Private Banking

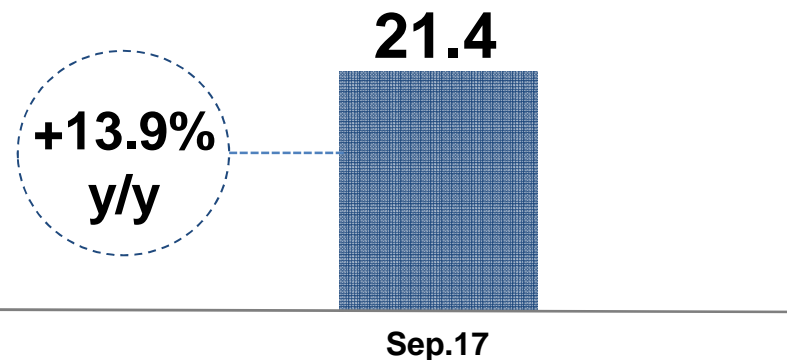
Guided Products

Eop, mln



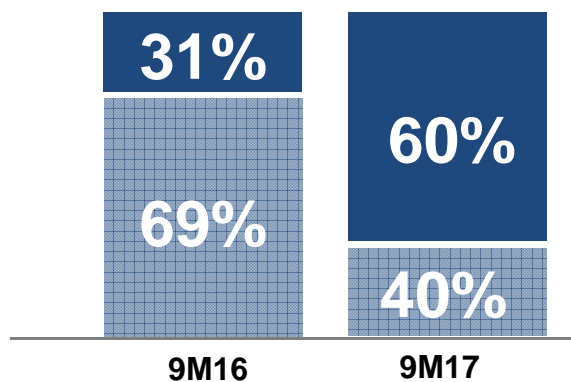
Average PFAs' portfolio

Eop, mln



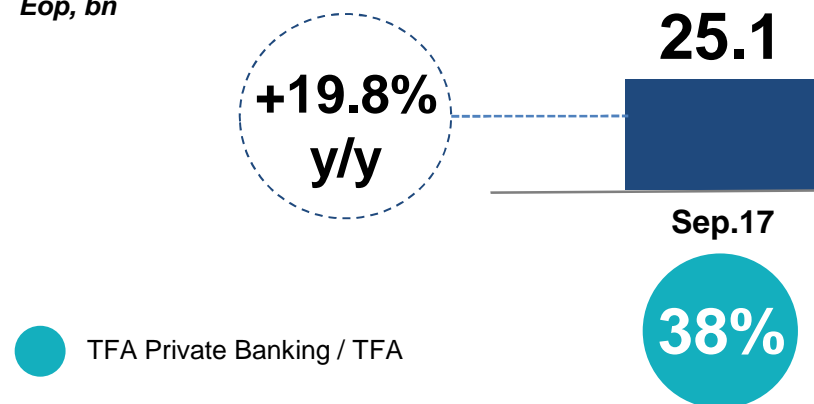
Net Sales Mix

■ AUM
■ AuC+Deposits



Private Banking TFA

Eop, bn



Fineco Asset Management (1/3)

Process update

The project is on track as expected (go live by the end of 2Q 2018):

Implementation phase started
registration obtained

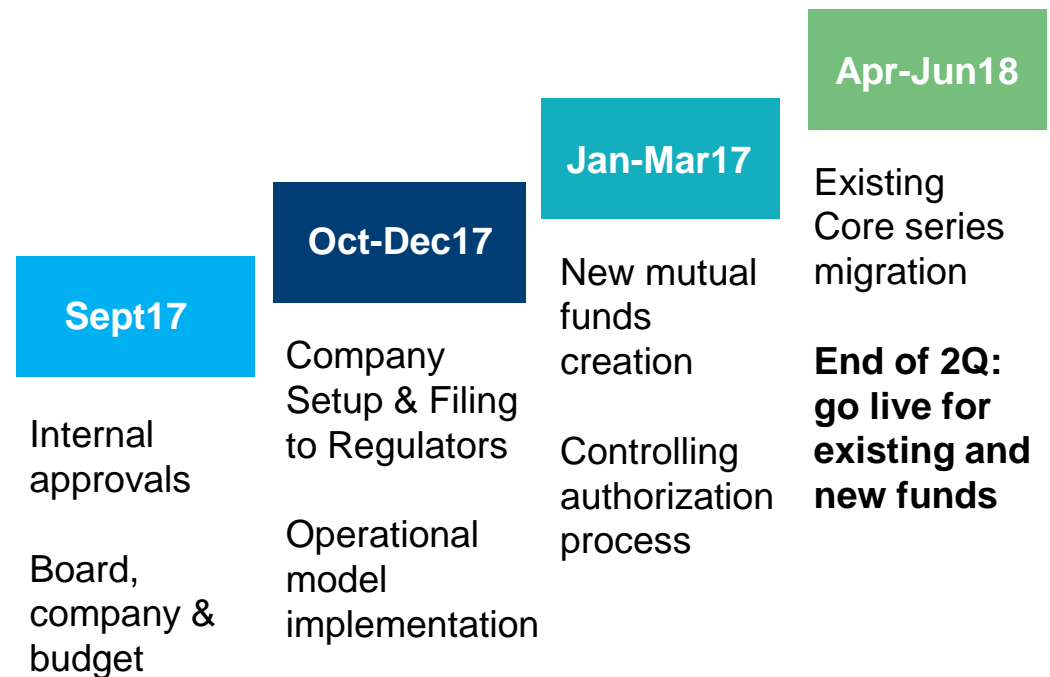
Authorization process
with Central Bank of Ireland started.
expected closing in 4-6 months

Official tax ruling
expected to start within the end
of the year

The asset migration agreement related
to 'old' Core Series is ongoing



ASSET
MANAGEMENT



Fineco Asset Management (2/3)

Focus on products and services

RETAIL CLASS

FAM Single Funds

Description: sub-advised single funds, with best brands and best portfolio managers

Destination: all retail's offer range: à la carte, Advice and Stars (portfolio solutions)

FAM Building Blocks

Description: FAM Funds of Funds. Solutions with internal rebalancing. No cost of mandate

Composition: FAM single funds (Institutional Class), third parties Institutional funds, ETFs

Destination: all retail's offer range: à la carte, Advice and Stars (portfolio solutions)

«Old» Core Series

Description: existing multi-segment and multi-class Funds of Funds (~7bn)

INSTITUTIONAL CLASS

FAM Single Funds

Description: sub-advised single funds, with best brands and best portfolio managers

Destination: wrappers (insurance wrappers, «old» Core Series, Building Blocks)

FAM Building Blocks

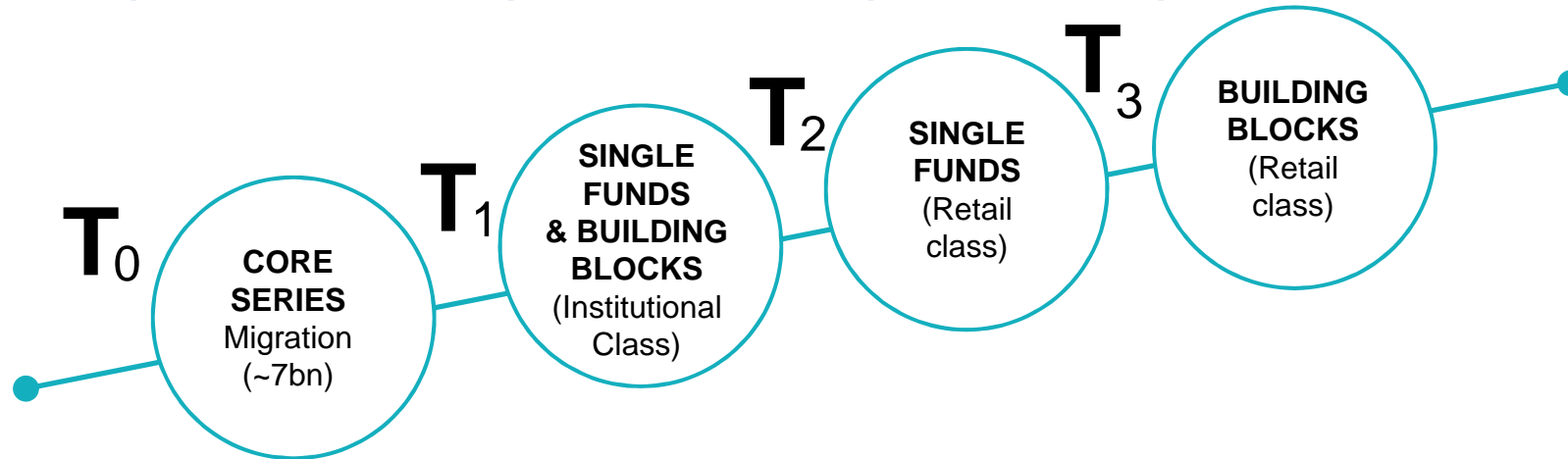
Description: FAM Funds of Funds. Solutions for insurance wrappers. No cost of mandate

Composition: FAM single funds (Institutional Class), third parties Institutional funds, ETFs

Destination: Insurance offer: Core Unit, Advice Unit, etc.

Fineco Asset Management (3/3)

Implementation process and potential upside

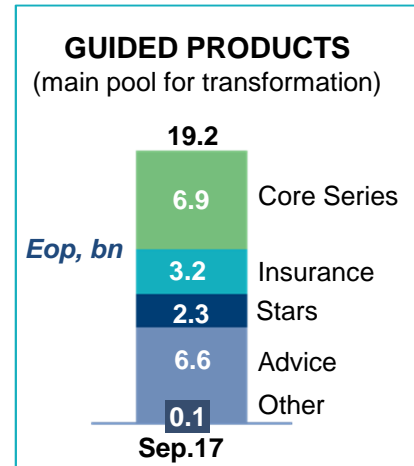


Potential Upside: relevant and recurring improvement in the profitability of the Bank

	CORE SERIES	SINGLE FUNDS & BUILDING BLOCKS (Institutional Class)	SINGLE FUNDS (Retail class)	BUILDING BLOCKS (Retail class)
DELTA MARGINS ⁽¹⁾	~ +20 bps	~ +34/42 bps	~ +5/7 bps	~ +25 bps
VOLUMES	New Inflows + Stock transformation			

⁽¹⁾ Consolidated margins, net of taxes

Underlying assumptions: Retail class -> hp revenue split: 60% Italy - 40% remains in FAM (Ireland); Institutional class -> 100% revenues remains in FAM (Ireland), no PFAs involvement



Thank you