



B A N K

# 3Q20 Results

UniCredit Italian Financials Debt Conference

**Lorena Pellicciari, CFO**






**Milan, 25<sup>th</sup> November 2020**

FINECO. SIMPLIFYING BANKING.

# Disclaimer

- This Presentation may contain written and oral “forward-looking statements”, which includes all statements that do not relate solely to historical or current facts and which are therefore inherently uncertain. All forward-looking statements rely on a number of assumptions, expectations, projections and provisional data concerning future events and are subject to a number of uncertainties and other factors, many of which are outside the control of FinecoBank S.p.A. (the “Company”). There are a variety of factors that may cause actual results and performance to be materially different from the explicit or implicit contents of any forward-looking statements and thus, such forward-looking statements are not a reliable indicator of future performance. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law. The information and opinions contained in this Presentation are provided as at the date hereof and are subject to change without notice. Neither this Presentation nor any part of it nor the fact of its distribution may form the basis of, or be relied on or in connection with, any contract or investment decision.
- The information, statements and opinions contained in this Presentation are for information purposes only and do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to purchase or subscribe for securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments. None of the securities referred to herein have been, or will be, registered under the U.S. Securities Act of 1933, as amended, or the securities laws of any state or other jurisdiction of the United States or in Australia, Canada or Japan or any other jurisdiction where such an offer or solicitation would be unlawful (the “Other Countries”), and there will be no public offer of any such securities in the United States. This Presentation does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States or the Other Countries.
- Pursuant the consolidated law on financial intermediation of 24 February 1998 (article 154-bis, paragraph 2) Lorena Pellicciari, in her capacity as manager responsible for the preparation of the Company’s financial reports declares that the accounting information contained in this Presentation reflects FinecoBank’s documented results, financial accounts and accounting records.
- This Presentation has been prepared on a voluntary basis since the financial disclosure additional to the half-year and annual ones is no longer compulsory pursuant to law 25/2016 in application of Directive 2013/50/EU, in order to grant continuity with the previous quarterly presentations. FinecoBank is therefore not bound to prepare similar presentations in the future, unless where provided by law. Neither the Company nor any of its representatives, directors or employees shall be liable at any time in connection with this Presentation or any of its contents for any indirect or incidental damages including, but not limited to, loss of profits or loss of opportunity, or any other liability whatsoever which may arise in connection of any use and/or reliance placed on it.

## **Fineco overview**

-  Fineco 3Q20 Results
-  Capital, risks and liquidity
-  Next steps
-  Key messages
-  Focus on product areas

# “One stop solution” business model for a Sustainable growth

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

## Physical distribution network

**2,577<sup>(1)</sup>** PFAs and **403<sup>(1)</sup>** Fineco Center

## Guided open architecture platform

Over **6,360<sup>(1)</sup>** mutual funds  
by more than **78<sup>(1)</sup>** Asset Managers worldwide.  
**3,637<sup>(1)</sup>** funds have an ESG rating provided by  
Morningstar of which **75%** have an ESG above or  
equal average.

## Online and Mobile banking

**100%** of operations can be  
performed online or from apps

## 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



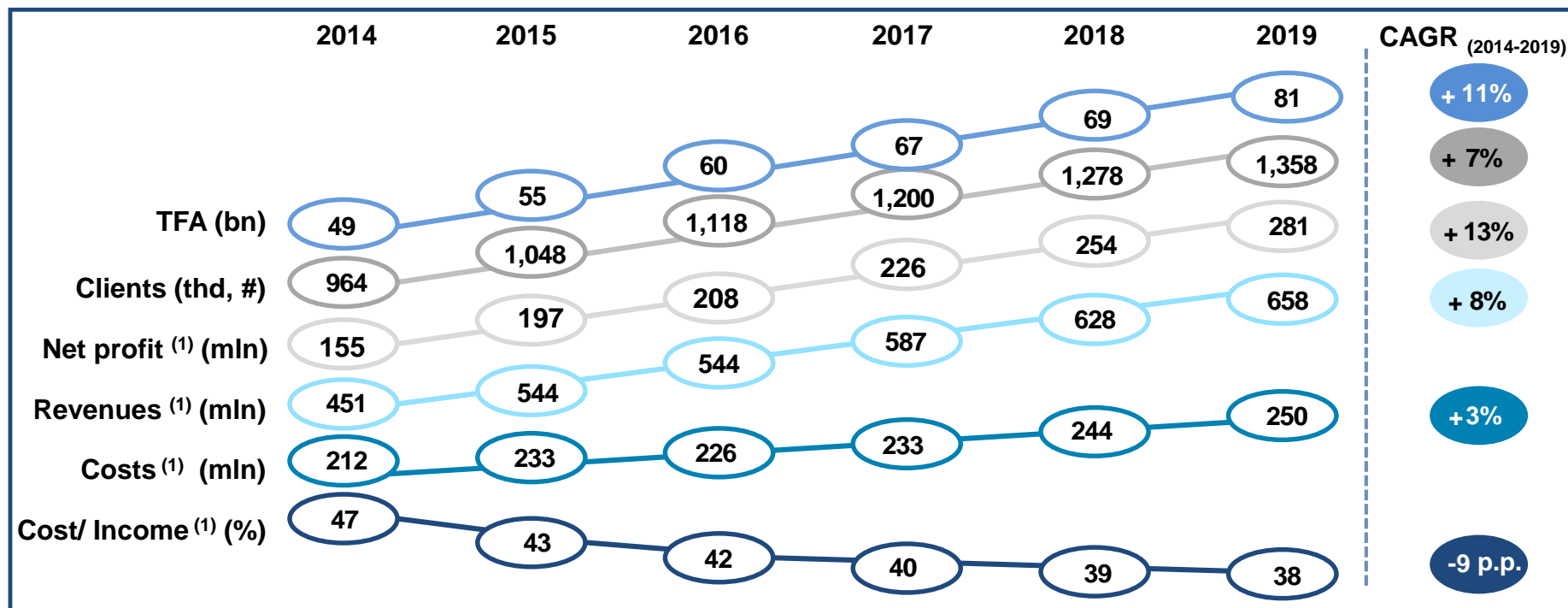
## Brokerage platform

Direct access to **26<sup>(1)</sup>** global markets,  
bonds, ETFs, futures and **21<sup>(1)</sup>** currencies  
both online and mobile

<sup>(1)</sup> Figures as of September 2020

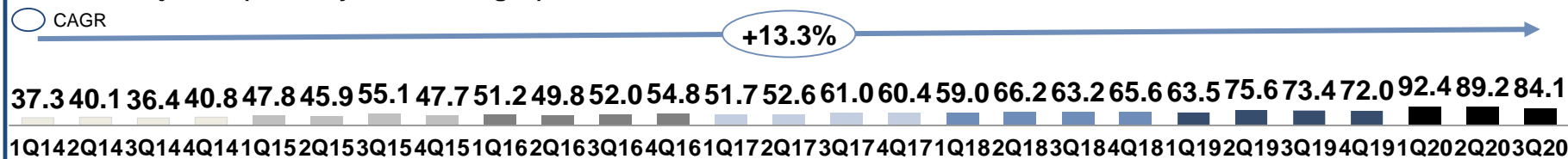
# Healthy and sustainable growth with a long term horizon

## Highly scalable operating platform...



## ...with a diversified revenues mix leading consistent results in every market conditions

Net Profit adjusted (net of systemic charges) <sup>(1)</sup>, mln



<sup>(1)</sup> Figures adjusted by non recurring items and Net Profit adjusted net of Deposit Guarantee Scheme, Single Resolution Fund and additional contribution to a member of Interbank Deposit Protection 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, 2Q20: -0.7mln gross, -0.4mln net; 3Q20: -28.0mln gross, -18.7mln net)

# Our Pillars as key drivers for long term 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**<sup>(1)</sup> 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

### Our ESG RATINGS recently UPGRADED



**“EE+”**  
(very strong)<sup>(2)</sup>



**“A”**

### Our ESG INDEX



FTSE4Good

**Fineco is a constituent company in the FTSE4Good Index**, measuring the performance of companies with strong ESG practices

### Our SIGNATORY

- ✓ Since 2020 Fineco has been committed to the **UN Global Compact** corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption.
- ✓ Since 2020 Fineco Asset Management is signatory of **UN PRI** (UN Principles for Responsible Investing)

<sup>(1)</sup> In 2019 we were ranked as the most transparent player in Mifid2 reports by ADUC, an Italian consumer association

<sup>(2)</sup> 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.

# Agenda

- Fineco overview

- **Fineco 3Q20 Results**

- Capital, risks and liquidity

- Next steps

- Key messages

- Focus on product areas

# Executive Summary

## Outstanding net profit in challenging market scenario

- **9M20 Gross operating profit<sup>(1)</sup> at 397mIn, +31% y/y**, showing the **soundness of our industrial growth**. In particular, 3Q20 at 123mIn, +14% y/y
- **9M20 Net profit<sup>(1)</sup> at 246mIn, +23% y/y**, confirming the **sustainability of a business model able to deliver consistent results in every market condition and to accelerate growth in the current situation**
- **9M20 Revenues<sup>(1)</sup> at 594mIn, +22% y/y** supported by all product areas:
  - ✓ **Brokerage** (+84% y/y) showing a structural growth thanks to the in-depth review of our product offer, the enlargement of both our clients' base and market share, and finally to higher volatility compared to 2019
  - ✓ **Investing** (+6% y/y) thanks to volume effect and sound AUM flows
  - ✓ **Banking** (+3.5% y/y) thanks to high quality volume growth in deposits and lending
- **Operating Costs well under control at -197mIn, +3.8% y/y** excluding -4.5mIn of marketing costs in UK
- **C/I ratio at 33.1%, -4.8 p.p. y/y**, confirming **operating leverage as a key strength of the Bank**

## Strong and safe capital position

- **9M20 CET1 ratio at 23.28% and TCR at 37.41%**

## Accelerating commercial activity

- **Net sales** in the first nine months of the year **at 6.4bn (+46% y/y)**, **TFA at 85.0bn** with penetration of **Guided products on Assets under Management at 73%**
- **Fineco Asset Management** retail net sales at **1.5bn** in the first nine months of the year and TFA at **14.8bn**
- **Strong October net sales at 739mIn, +91% y/y. Solid Brokerage revenues, estimated at around 14 mIn**

(1) Figures net of non recurring items: Voluntary Scheme: 3Q20: -0.2mIn gross, -0.2mIn net, 1Q20: -1.2mIn gross, -0.8mIn net. 9M19 non recurring items: Voluntary Scheme: 3Q19: 0.4mIn gross, 0.3mIn net, 2Q19: -4.3mIn gross, -2.9mIn net; 1Q19: -0.4mIn gross, -0.3mIn net; Patent Box: -0.9mIn in 3Q19, -0.9mIn in 2Q19, -0.9mIn in 1Q19.

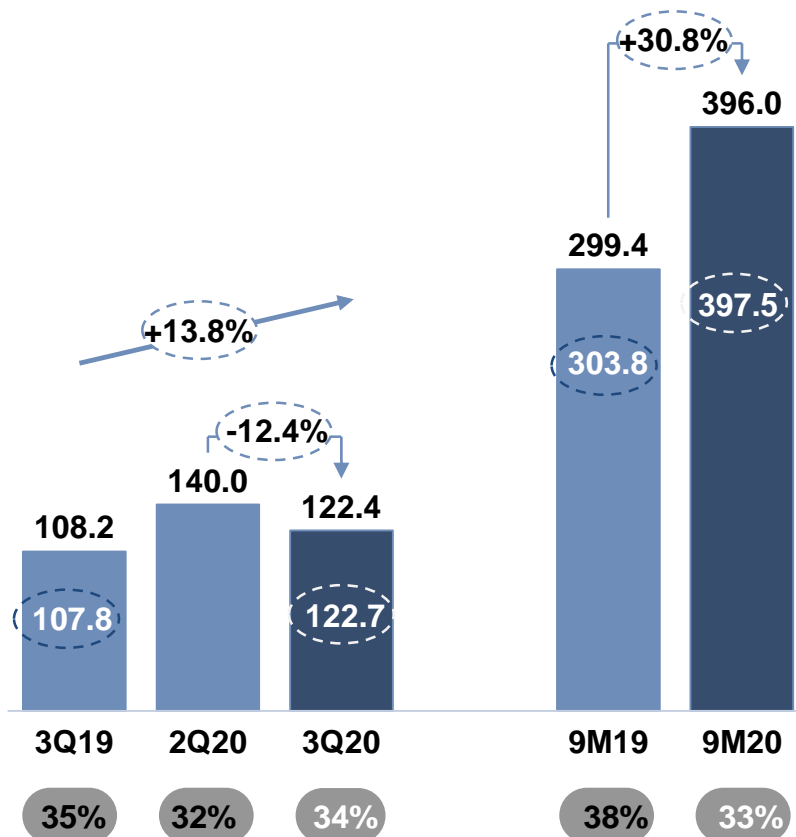


## Results (1/2)

Strong Operating Profit, at 397mIn in 9M20 and 123mIn in the quarter, +14% y/y boosted by diversified revenues growth in a complex market environment. Net Profit at 246mIn, +23% y/y despite higher systemic charges. C/I ratio at 33%, down -4.8 p.p. y/y confirming our strong operating leverage

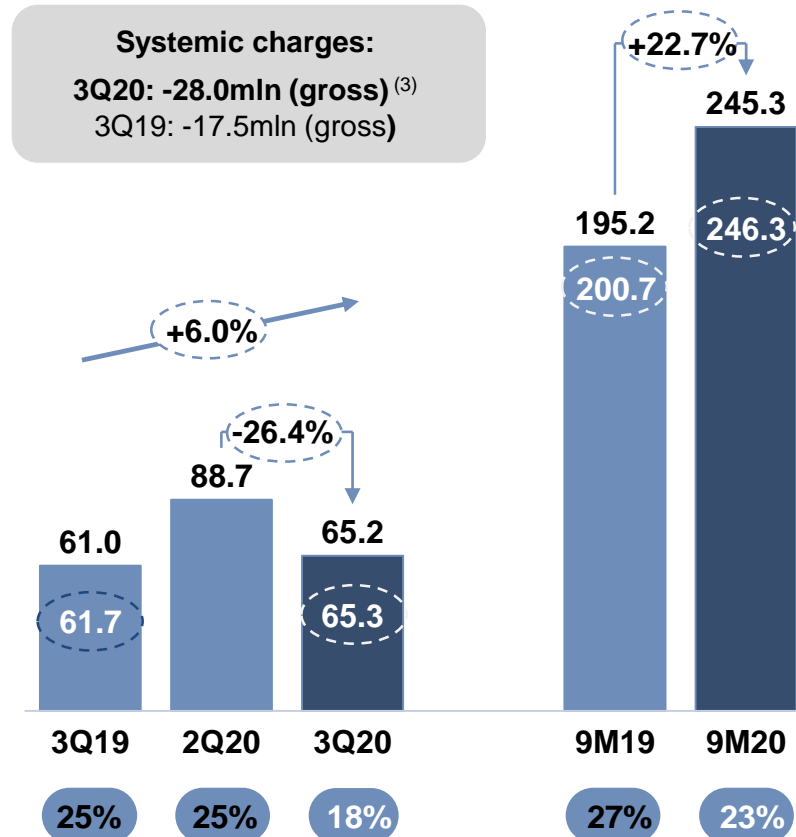
### Gross Operating Profit, mIn

○ excluding non recurring items <sup>(1)</sup> ● Adj. Cost/Income <sup>(2)</sup>



### Net Profit, mIn

○ excluding non recurring items <sup>(1)</sup> ● Adj. RoE <sup>(2)</sup>



<sup>(1)</sup> 9M20 non recurring items: Voluntary Scheme: 3Q20: -0.2mIn gross, -0.2mIn net, 1Q20: -1.2mIn gross, -0.8mIn net. 9M19 non recurring items: Voluntary Scheme: 3Q19: 0.4mIn gross, 0.3mIn net, 2Q19: -4.3mIn gross, -2.9mIn net; 1Q19: -0.4mIn gross, -0.3mIn net; Patent Box: -0.9mIn in 3Q19, -0.9mIn in 2Q19, -0.9mIn in 1Q19.

<sup>(2)</sup> 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)

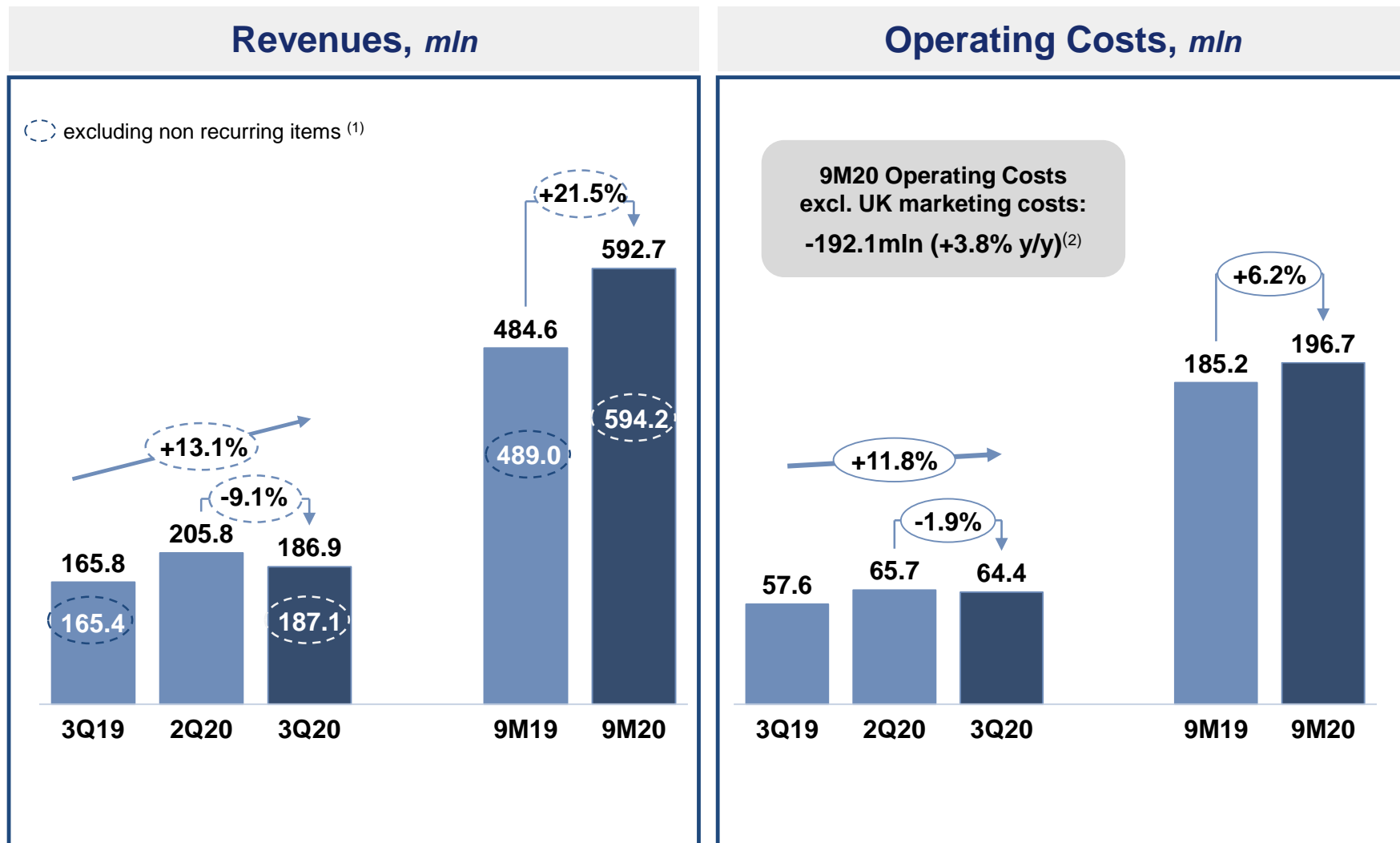
<sup>(3)</sup> Estimate (3Q20 includes: -20.9mIn contribution to DGS and -7.1mIn additional contribution to a member of Interbank Deposit Protection Fund)

**FINECO**

B A N K

## Results (2/2)

Revenues at 594.2mln, +21.5% y/y supported by all product areas. Operating costs at 196.7mln, +3.8% excluding marketing costs in UK



<sup>(1)</sup> 9M20 non recurring items: Voluntary Scheme: 3Q20: -0.2mln gross, 1Q20: -1.2mln gross. 9M19 non recurring items: Voluntary Scheme: 3Q19: 0.4mln gross, 2Q19: -4.3mln gross, 1Q19: -0.4mln gross

<sup>(2)</sup> Marketing costs related to UK: -4.5mln in 9M20

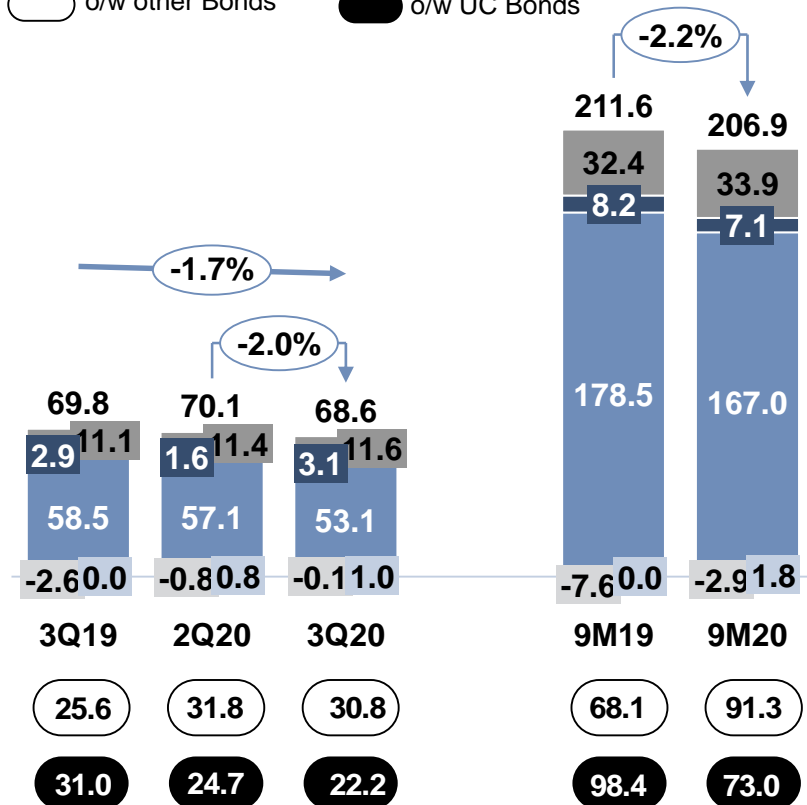
# Net interest income

Solid NII thanks to valuable and sticky sight deposits coupled with high-quality lending portfolio and a more dynamic treasury activity despite low interest rate environment.

Sensitivity analysis +100bps / -100bps parallel shift: +116mln NII / -101mln NII

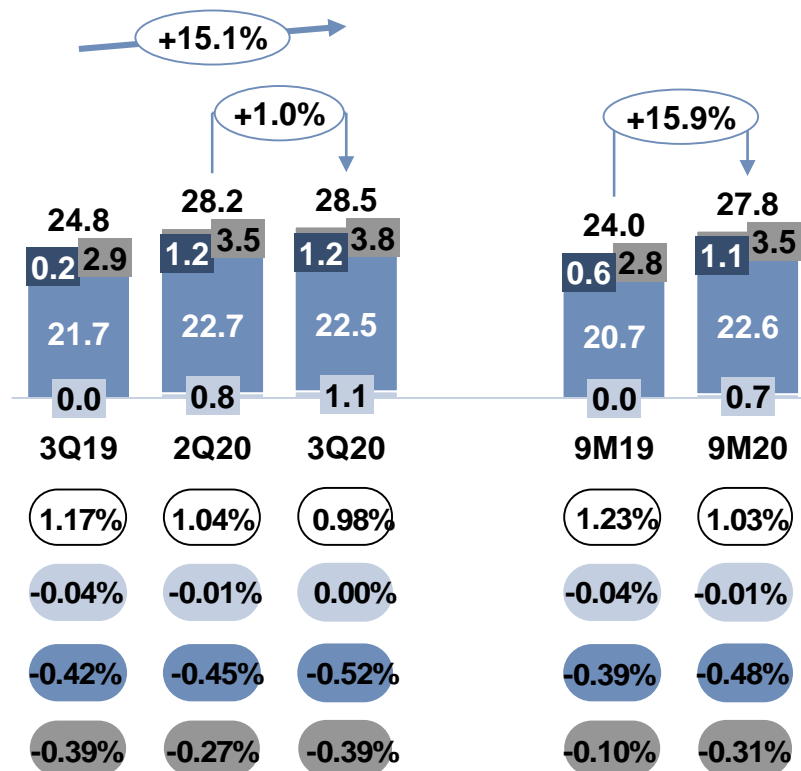
## Net Interest Income, mln

Other Treasury activities   Other<sup>(2)</sup>   Cost of funding  
Financial Investments<sup>(1)</sup>   Lending<sup>(3)</sup>  
o/w other Bonds   o/w UC Bonds



## Interest-earning assets, avg bn

Other Treasury activities   Other<sup>(2)</sup>   Gross margins<sup>(4)</sup>  
Financial Investments<sup>(1)</sup>   Lending   Cost of deposits  
1M Euribor   Eurirs 5y



(1) Financial investments include interest income coming from the reinvestments of deposits in: Government bonds, UC bonds, Covered bonds, Supranational and Agencies and other financial investments (repos and immediate available liquidity)

(2) Other net interest income includes Security Lending, Leverage and other (mainly marketing costs). Other interest-earning assets include Security Lending and Leverage. See page 57 for details

(3) Lending: only interest income

(4) Gross margins: interest income related to financial investments, lending, leverage, security lending, other trading activities on interest-earning assets

# Managing liquidity in a more dynamic way to sustain NII

Our high quality balance sheet allow us to undertake industrial actions to manage current interest rate environment while maintaining our low-risk investment policy

High quality balance sheet	No change in our low-risk investment policy
<ul style="list-style-type: none"><li>✓ <b>VALUABLE AND STICKY DEPOSITS:</b> 'transactional liquidity' gathered without short-term aggressive commercial offers and only driven by high quality services, transparency and fair pricing</li><li>✓ <b>SAFE, ROBUST, LOW RISK:</b> diversified and highly liquid Balance Sheet</li></ul>	<ul style="list-style-type: none"><li>✓ <b>DIVERSIFIED AND LOW RISK INVESTMENT PORTFOLIO:</b> run-off of UniCredit bonds invested in a blend of diversified govies, covered bonds, supranational and agencies</li><li>✓ <b>AVG MATURITY UNCHANGED</b> at ~5 years</li><li>✓ <b>EXPOSURE TO ITALY UNCHANGED</b> at ~ 5-5.5bn <sup>(1)</sup></li><li>✓ <b>~100% OF OUR FINANCIAL INVESTMENTS IN HTC:</b> no impact in our P&amp;L and BS by the widening of spreads</li></ul>

## OUR INDUSTRIAL ACTIONS

- ✓ **MORE DYNAMIC TREASURY MANAGEMENT:** yield enhancement strategies like unsecured lending or collateral switch with primary counterparties to extract **extra-yield on our quality-paper thanks to our industrially-driven strong liquidity position** (LCR >1000%)<sup>(2)</sup> and **quality investment portfolio**
- ✓ **ENLARGE THE SCOPE OF OUR INVESTMENTS** to **investment grade non-EU govies** and financial corp. senior bonds
- ✓ **FULL ADVANTAGE OF ECB's TIERING AND TLTRO**
- ✓ **INCREASED DEMAND FOR LENDING IS EXPECTED** without changing our cautious and conservative approach as low interest rate environment increases the appetite for lending products by our existing good clients

<sup>(1)</sup> Nominal value

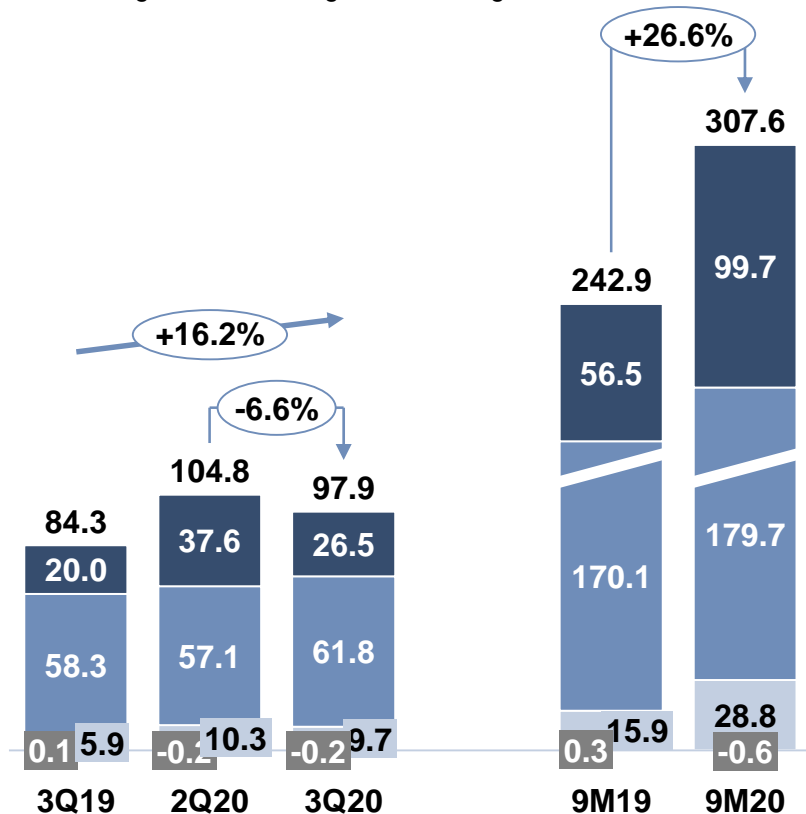
<sup>(2)</sup> Minimum requirement at 100% (EU Regulation 2015/61)

## Non Interest Income

Fees and commissions +27% y/y thanks to the positive contribution by all business areas and Trading Income +131% y/y thanks to structurally higher Brokerage

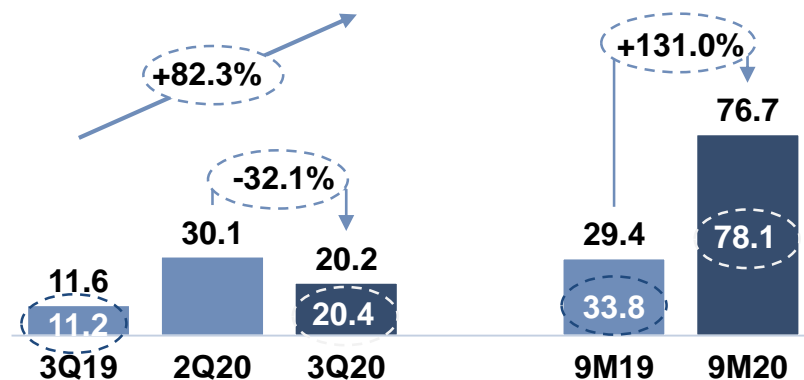
### Fees and Commissions, *mln*

■ Brokerage ■ Investing ■ Banking ■ Other

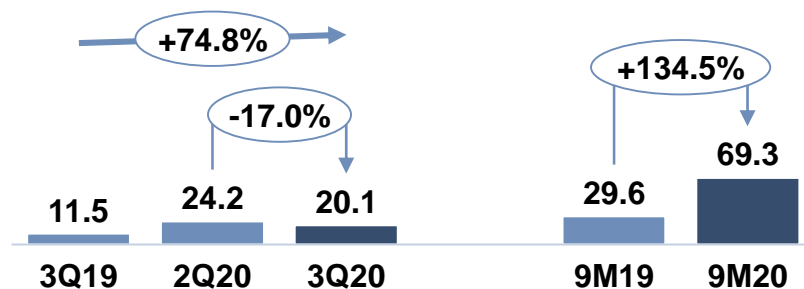


### Trading Income, *mln*

*mln* ○ excluding non recurring items <sup>(1)</sup>



### o/w Trading Income from Brokerage

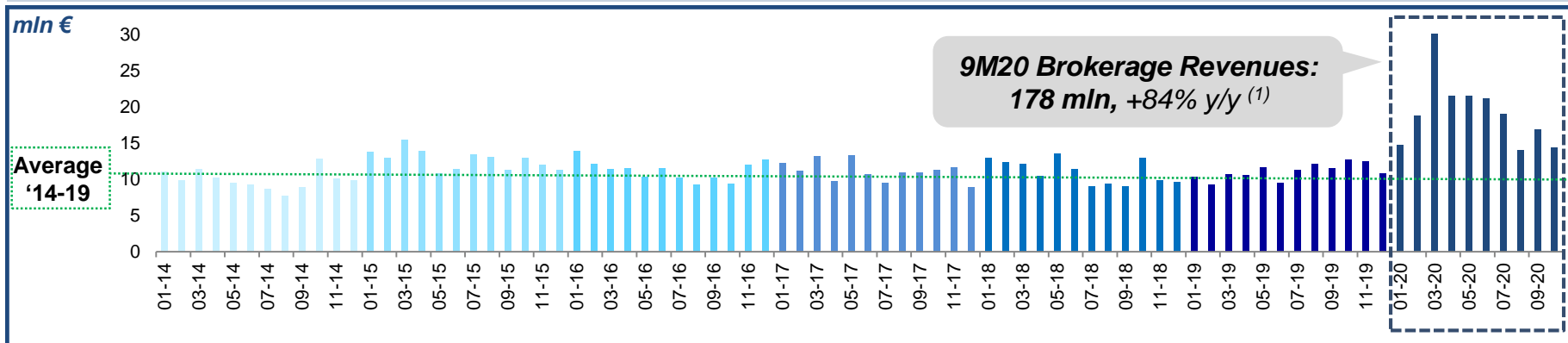


<sup>(1)</sup> Adj. Trading Income excluding non recurring items: Voluntary Scheme (1Q20: -1.2mln gross; 3Q20: -0.2mln gross; 1Q19: -0.4mln gross; 2Q19: -4.3mln gross; 3Q19: 0.4mln gross)

# Brokerage proved itself as a perfect counter-cyclical business

The structure of the market is changing: increased interest in financial markets and big jump into a more digitalized society

## Structural growth in brokerage revenues: the floor has gone up in a clear way



## Continuous reshape of brokerage offer. Next step: certificates

- ✓ New options allowing to exploit volatility when it is low (new US options platform), optimization of our systematic internalizer, Multicurrency available 24/7, wider currencies basket, repricing of futures, wider OTC product offer

### COMING SOON:

- ✓ **Leveraged certificates: we are vertically integrating the business, becoming issuer, market maker and distributor.** Market size: 13bn<sup>(2)</sup> volumes and €100mln revenues<sup>(3)</sup>. Until now we are only distributors, through the vertical integration we can gain market share and further boost revenues
- ✓ **Asian markets, CFD on cryptocurrencies, new release and re-design of active traders' platform (PowerDesk)**

## Enlargement of client base and increasing market share

- **>85% of new active clients investing on plain vanilla instruments** (i.e. listed equity, ETFs) and not leveraged products
- **Increasing market share** in Italy on equity traded volumes at 28% in June 2020 (+1.4 p.p. y/y) (Assosim)
- **See next slide for more details**

<sup>(1)</sup> Estimated Brokerage revenues in the first ten months of 2020 are equal to €191.9 mln (+75% y/y)

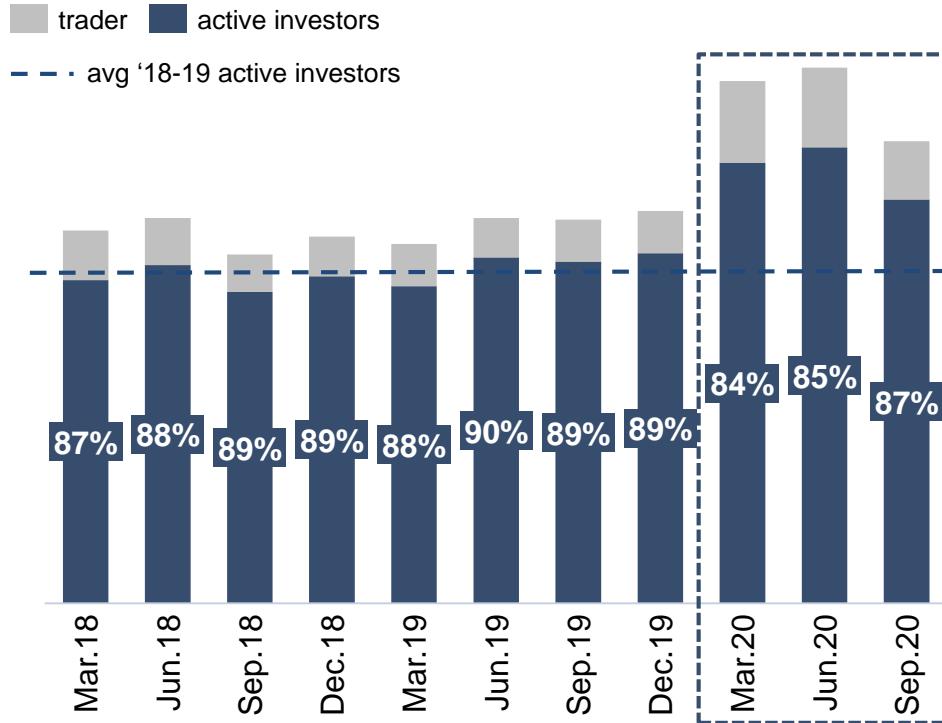
<sup>(2)</sup> ACEPI (Italian Association of Certificates and Investment Products)

<sup>(3)</sup> Internal estimates

# Brokerage: focus on enlargement of client base and increasing market share

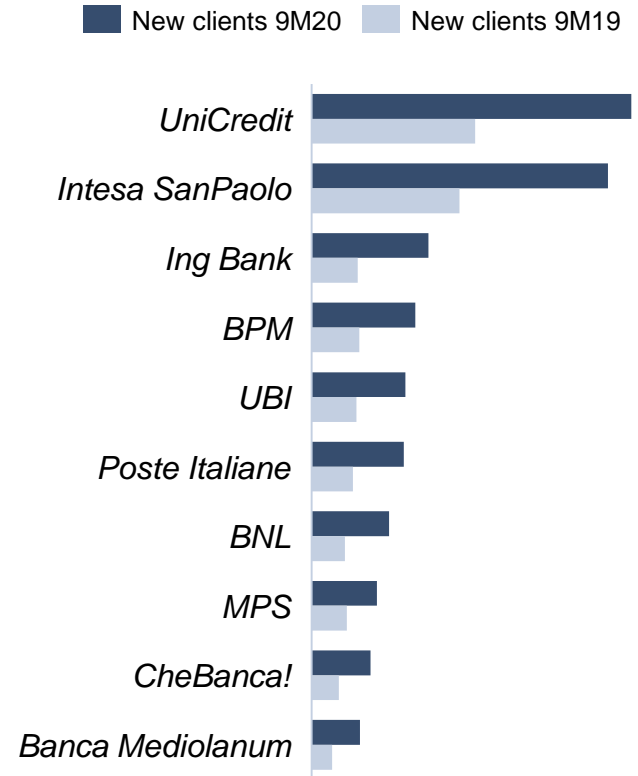
Clients' base growth mainly driven by "Active investors" starting to use brokerage platform and "sleeping" clients back on the market. New clients are coming from traditional banks

## Brokerage clients evolution



**Active investors** have an average of **4 executed orders** per month

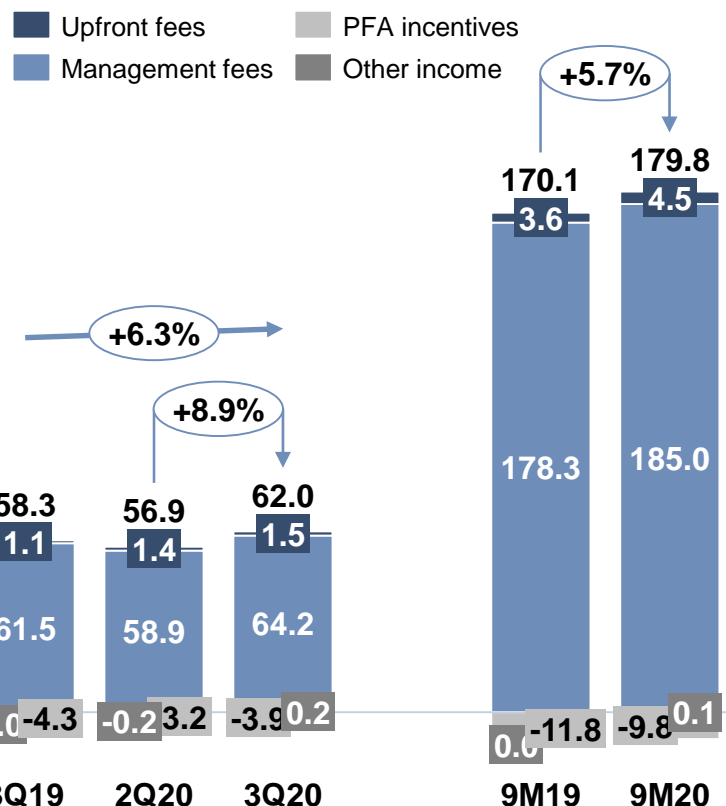
## New brokerage clients from Top 10 banks of origin



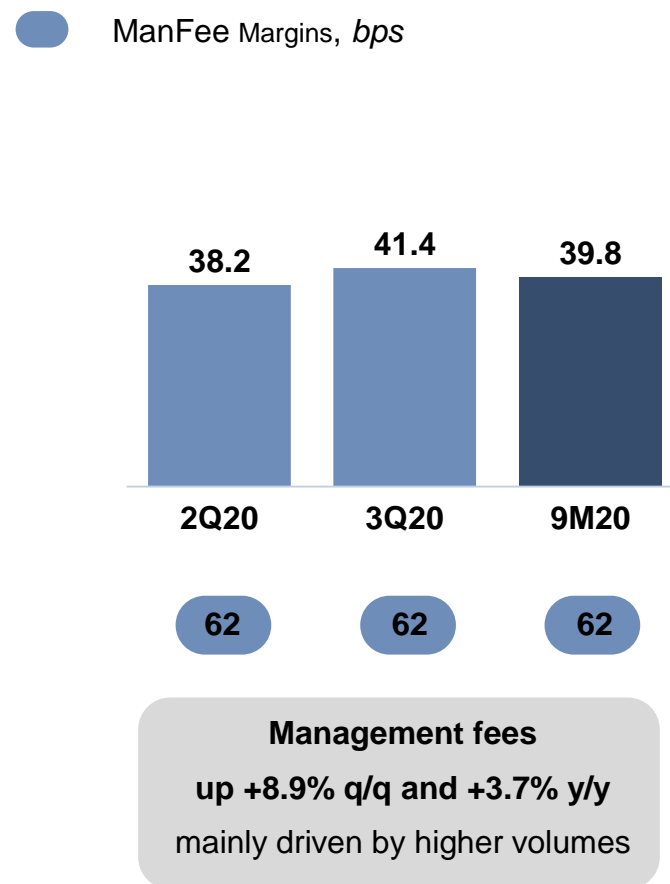
# Focus on Investing

9M20 increasing y/y thanks to volume effect and strong AUM net sales. Margins supported by operational efficiency given by Fineco Asset Management

## Investing Revenues, *mln*



## Average AuM on daily basis, *bn*





## Focus on Investing: going forward

Investing revenues expected to keep on growing mainly driven by volumes effect and resilient margins, sustained by further boost in FAM operational efficiency

We expect **increasing revenues** with **resilient margins**, despite clients remaining cautious and conservative, thanks to:

### STRONG VOLUME EFFECT

- **Robust AUM net sales** as we are in the sweet spot to capture the acceleration of structural trends already in place (increasing demand for advice by Italian families, increasing digitalization, consolidation of banking system)
- **New project with the aim to offer better quality solutions** to our clients with a **strong focus on RISK MANAGEMENT**. Since our Irish management company already allows us to have a **daily look-through** on its solutions, we expect a strong **acceleration in direction of FAM products**
- **Increasing PFA productivity** thanks to our cyborg-advisory approach

### FAM OPERATIONAL EFFICIENCY

- **FAM is core for extracting additional operational efficiency** (on fund administration costs, custodian, etc)
- **FAM margins contribution expected to grow in a geometrical way** with the increase of FAM volumes as **institutional products** can be used as underlying of Investing solutions
- **New FAM product range based on advisory service by third parties**: this will give FAM even more flexibility and will make the value chain even more efficient

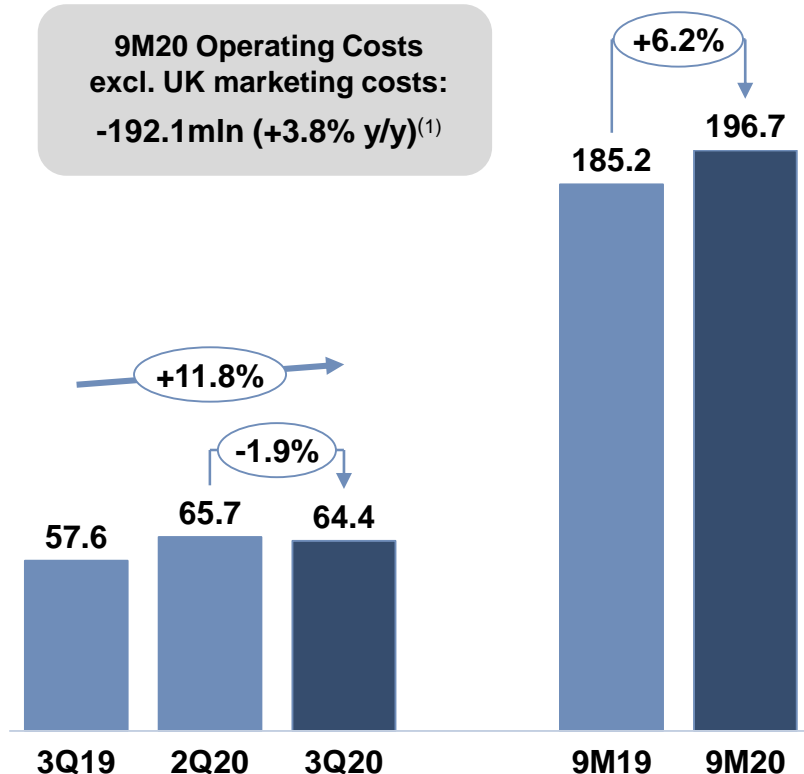
# Costs

Cost efficiency and operating leverage confirmed in our DNA.

Non HR costs flat excluding marketing in UK

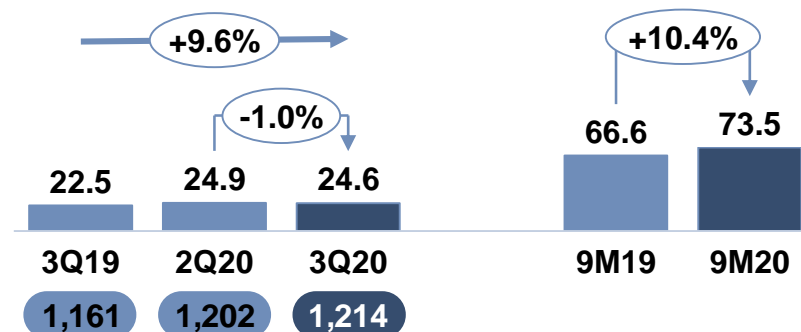
## Operating Costs, *mln*

9M20 Operating Costs  
excl. UK marketing costs:  
-192.1mln (+3.8% y/y)<sup>(1)</sup>



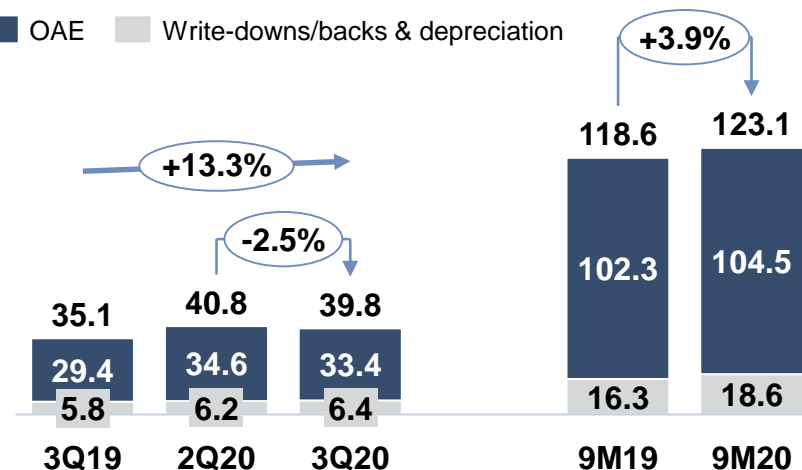
## Staff expenses and FTE, *mln*

FTE #



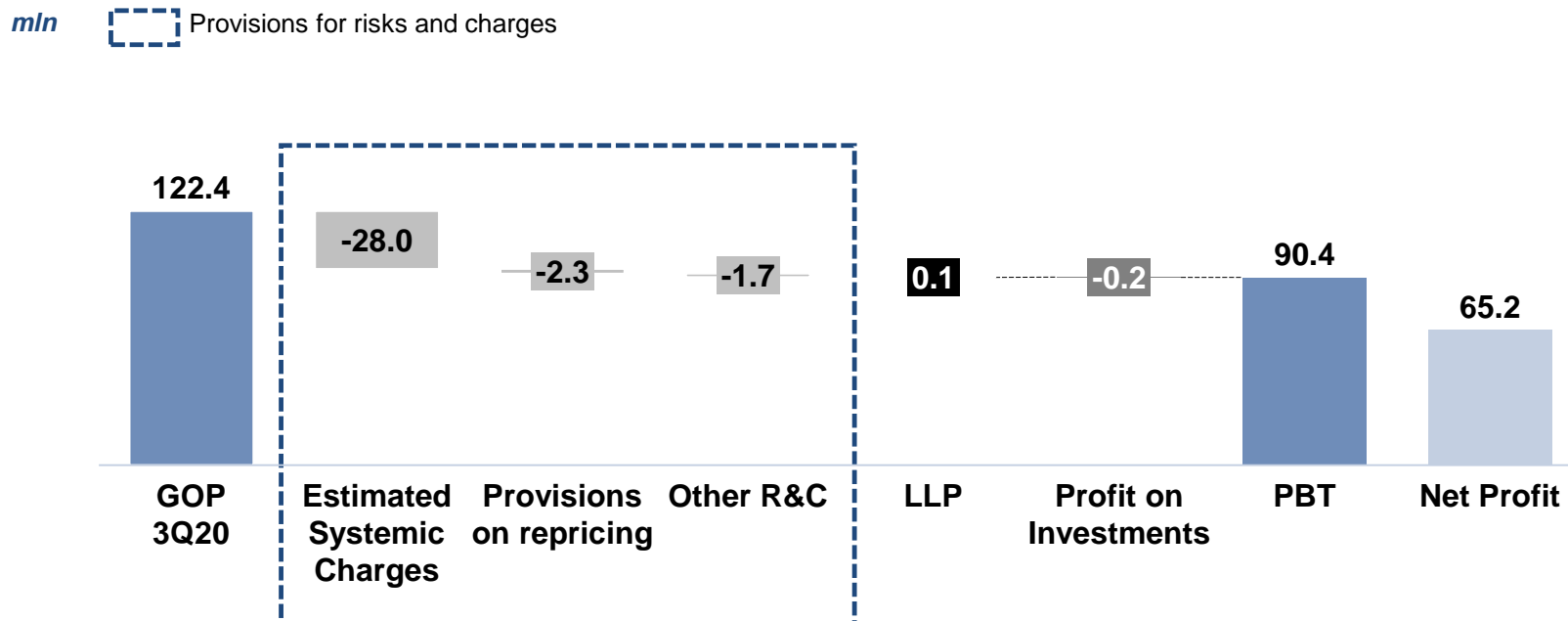
## Non HR Costs<sup>(1)</sup>, *mln*

OAE Write-downs/backlogs & depreciation



<sup>(1)</sup> Marketing costs related to UK: -4.5mln in 9M20

## Focus on 3Q20 bottom line



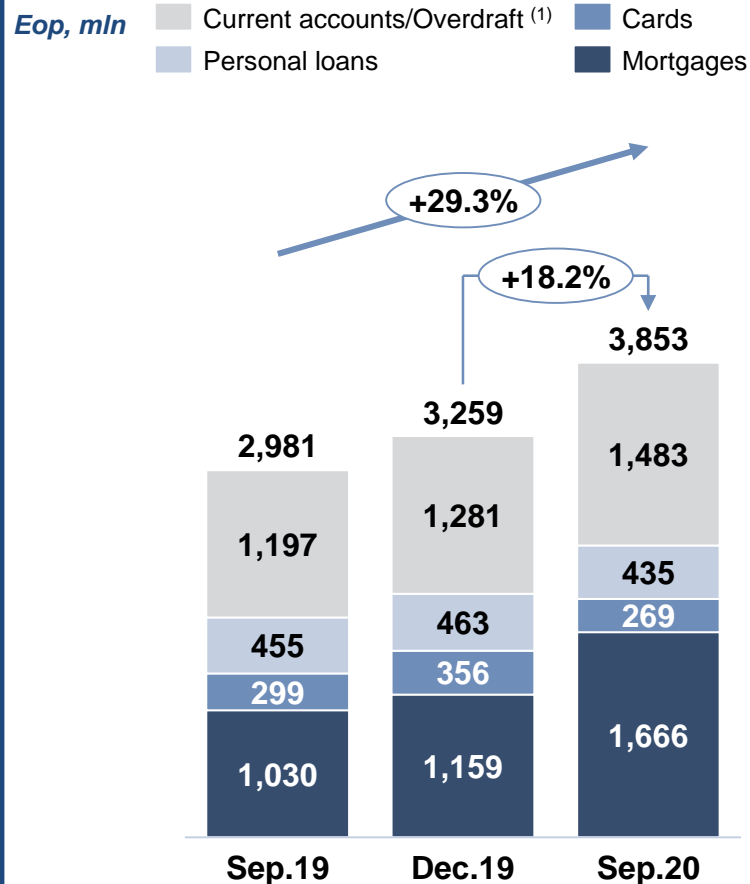
- ❑ **Systemic charges:** contribution to DGS for -20.9mln (estimate) and additional contribution to a member of Interbank Deposit Protection Fund for -7.1mln (estimate)
- ❑ **Provisions on repricing:** in 2Q20 we received a request by the A.G.C.M<sup>(1)</sup> to delay to the end of the year the application of the repricing for 2020 to a cluster of clients acquired in the past through an online commercial initiative. Although we are **fully convinced that our decisions were correct**, we maintained a **prudential approach** under which we do not challenge regulators. This led to **-4mln of provisions** for risk and charges in 2Q20 and **-2.3mln** in 3Q20 related to banking fees paid by clients that will be refund in 4Q20<sup>(2)</sup>. The **full effect of the repricing will be in place starting from Jan. 2021** on our whole customer base.

<sup>(1)</sup> Guarantor for Competition and Market Authority

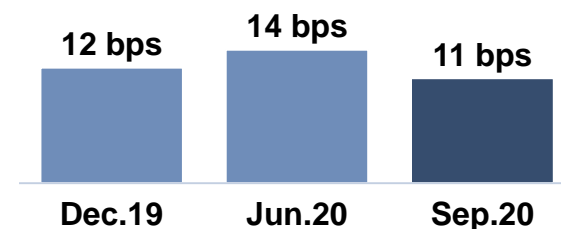
<sup>(2)</sup> As a result of reimbursement, in 4Q20 we will release the provisions accounted so far and we will account lower banking fees

# High quality lending volume, offered exclusively to the existing base of clients, leveraging on our internal Big Data analytics

## Commercial Loans portfolio, eop mln



## Cost of Risk on commercial loans <sup>(2)</sup>



- **Cost of Risk well under control** thanks to the constant improvement in the quality of the credit which is mainly secured and low risk
- **We confirm our strategy aims to build a safe lending portfolio**, offering these products exclusively to our very well known base of clients, leveraging on a deep internal IT culture, powerful data warehouse system and Big Data analytics
- **No change in our FY20 CoR expectations (10-15bps)** thanks to the high quality of our portfolio, even in a difficult context following Covid-19 outbreak
- Only 263 mortgages moratories have been granted until now. **More details on the quality of our portfolio in the following slide**, with a deep dive on the main products offered

<sup>(1)</sup> Current accounts/overdraft Include Lombard loans

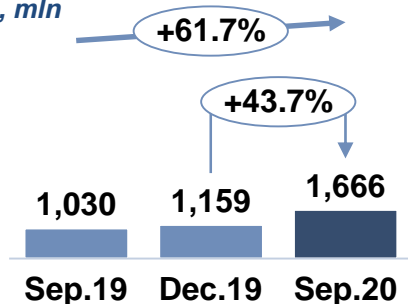
<sup>(2)</sup> Cost of Risk: commercial LLP of the last 12 months on average last 12 months commercial Loans; CoR as of Sept.20 is a pro-forma figure excluding a non recurring write-back

# Lending: solid growth for all our lending products thanks to the quality of our portfolio and to our cautious approach

## 2020 Guidance

### Mortgages

Eop, mln

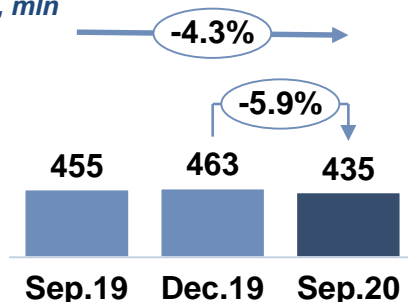


- **17,261 mortgages** granted since December 2016
- Average customer rate: **154bps. 9M20 Yield<sup>(1)</sup> at 60bps**
- Average Loan to Value **~51%**, average maturity **18 yrs**
- **Low expected credit loss** (~19 bps). Only 3 clients accounted in NPL after 45 months from the launch

- yearly new production: **~ 600-700mln**
- Expected yield: **~ 55-70bps**

### Personal Loans

Eop, mln

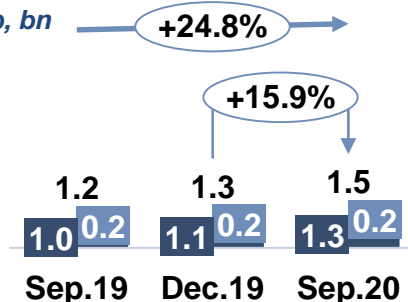


- Average ticket €9,200 and average maturity 4.6 years
- **9M20 Yield at 390bps**
- **Efficient and real time process**, instant approval platform for eligible clients' requests thanks to a deep knowledge of clients.
- **Low expected credit loss** (~55 bps)

- yearly new production: **~ 150-200mln**  
~ (-20/-60mln net)
- Expected yield: **~ 380-410bps**

### Lombard Loans

■ Other lombard ■ Credit lombard  
Eop, bn



**o/w Credit Lombard<sup>(2)</sup>:**

- **Attractive pricing:** retail clients 100bps and private clients 50/65/75bps (on 3M Eur<sup>(3)</sup>)
- **Differentiated margins** according to the riskiness of the pledged assets
- **Very low expected loss** (~10 bps)

**o/w Credit Lombard<sup>(2)</sup>:**

- Expected growth: **~ 300-350mln** per year
- Expected yield: **~ 75-85bps**

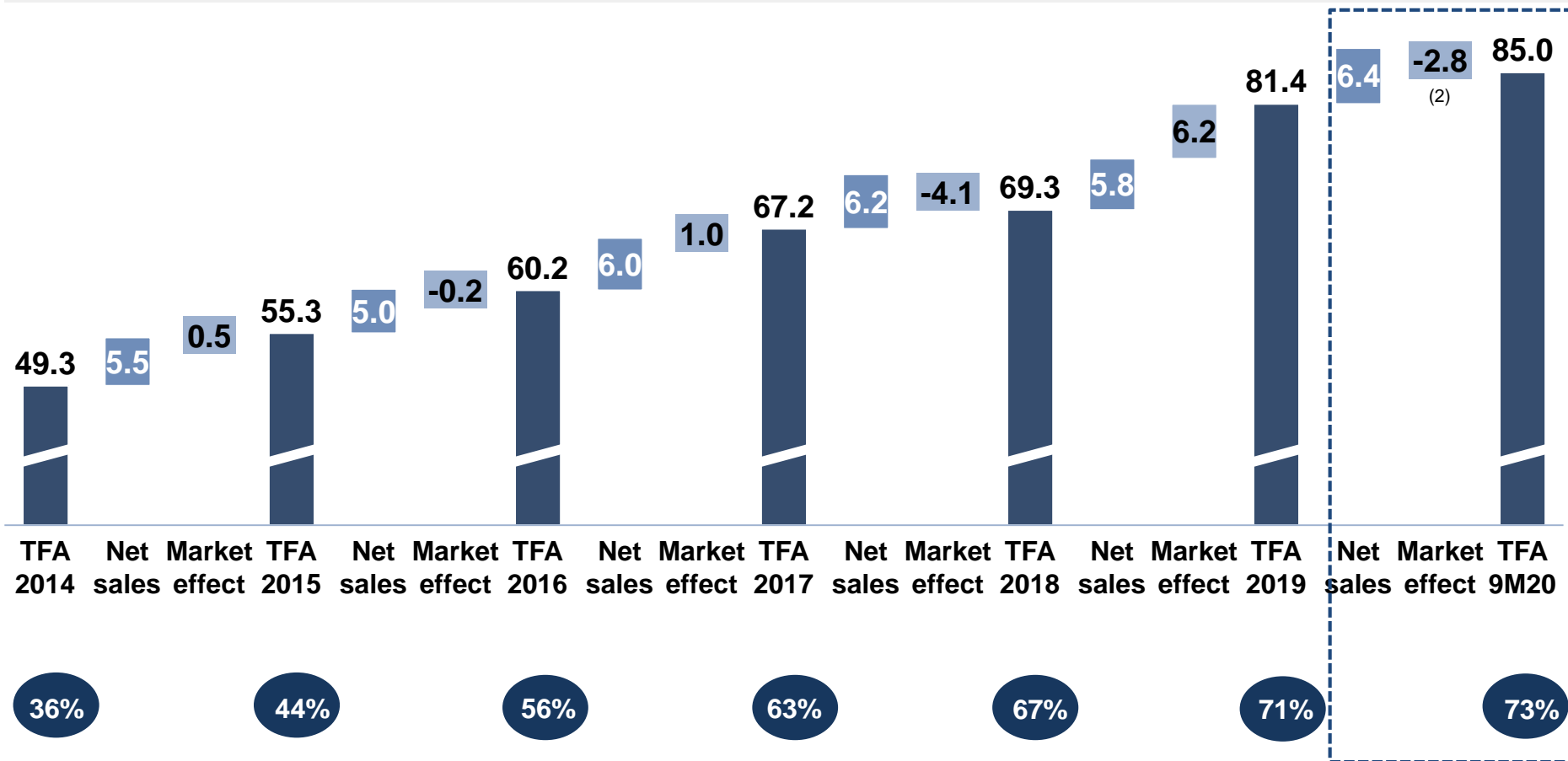
<sup>(1)</sup> Yield on mortgages net of amortized and hedging costs

<sup>(2)</sup> Credit Lombard allows to change pledged assets without closing and re-opening the credit line, allowing more flexibility and efficiency with floor at zero

# TFA

Relentless TFA growth thanks to a healthy expansion in net sales.  
Guided products & Services increased at 73% of total AuM

## TFA evolution (Dec.14 – Sep. 20), *bn*



● Guided products as % of total AuM <sup>(1)</sup>

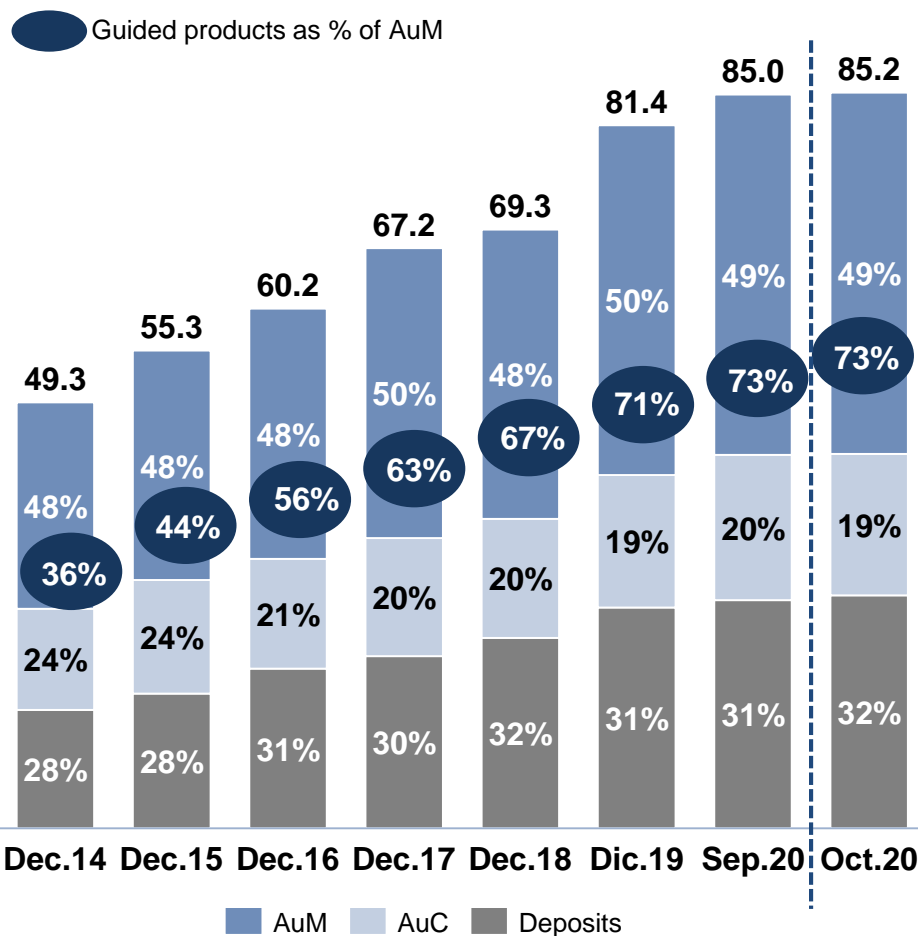


B A N K

# TFA breakdown

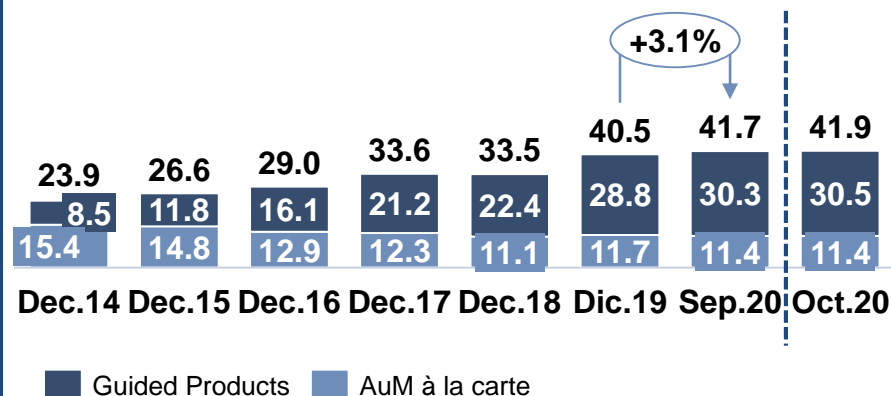
Successful shift towards high added value products thanks to strong productivity of the network. 9M20 affected by negative market effect in the first months of the year

## Breakdown of total TFA, bn

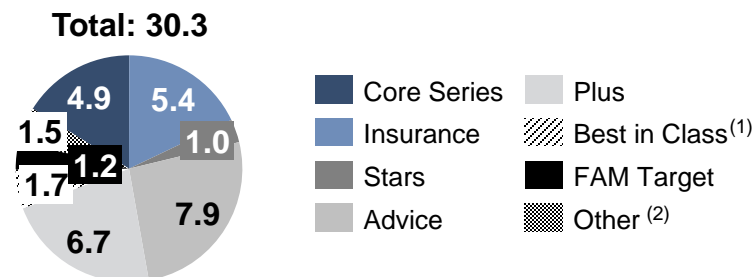


## Focus on AUM, bn

+17.9bn AUM since the end of 2014, o/w:  
**Guided Products & Services +21.9bn**  
 AuM à la carte -4.0bn



## Guided Products breakdown, bn

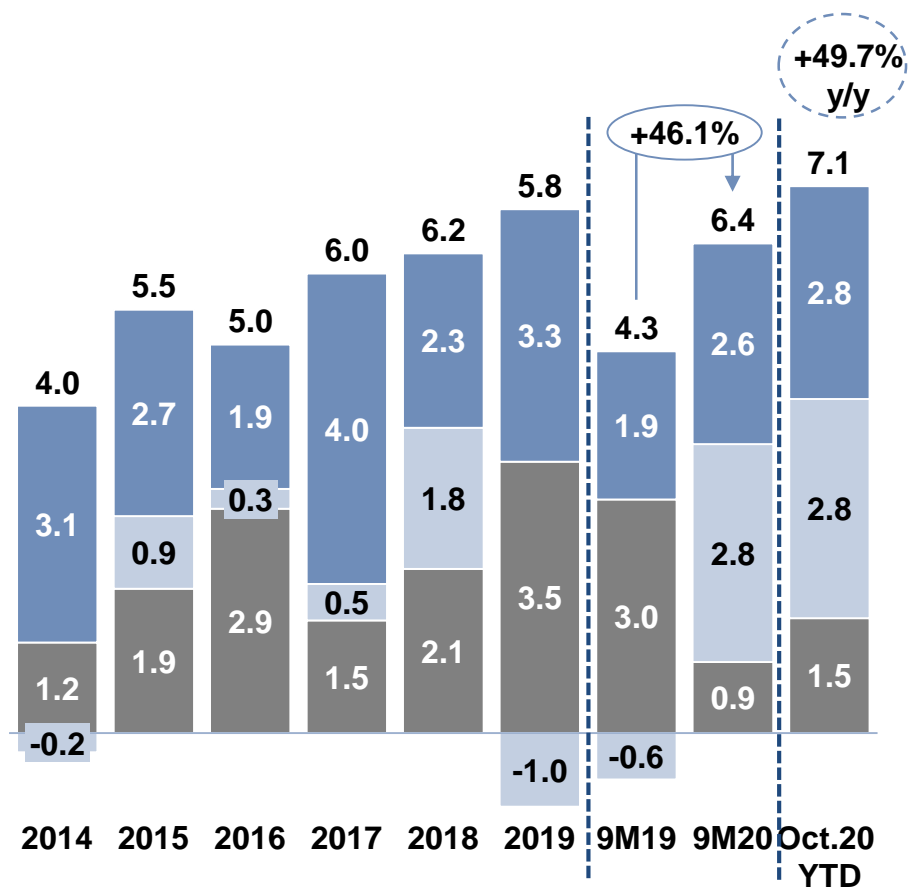


AuC and Deposits under advisory have been reclassified within AuM in order to have a better representation of the advisory nature of Advice and Plus services

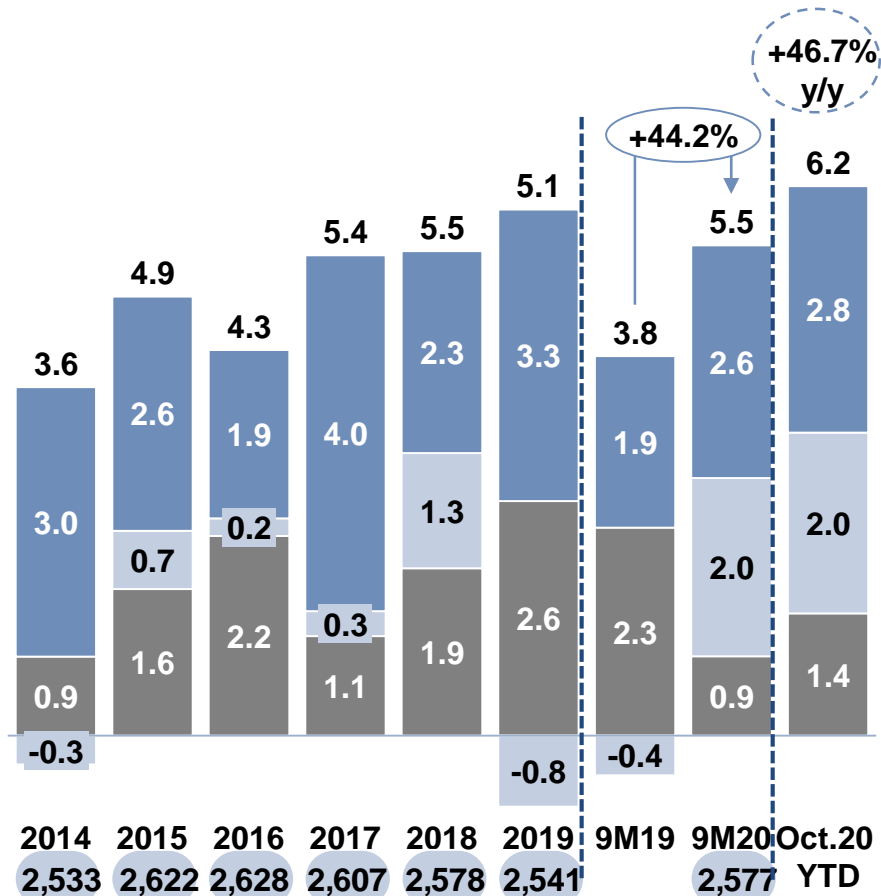
# Net sales breakdown

Solid high quality net sales growth on the wave of structural trends thanks to our diversified business model and with an improving mix

## Breakdown of total Net Sales, bn



## PFA Network – total Net Sales, bn



■ AuM ■ AuC ■ Deposits

● PFA Network - headcount

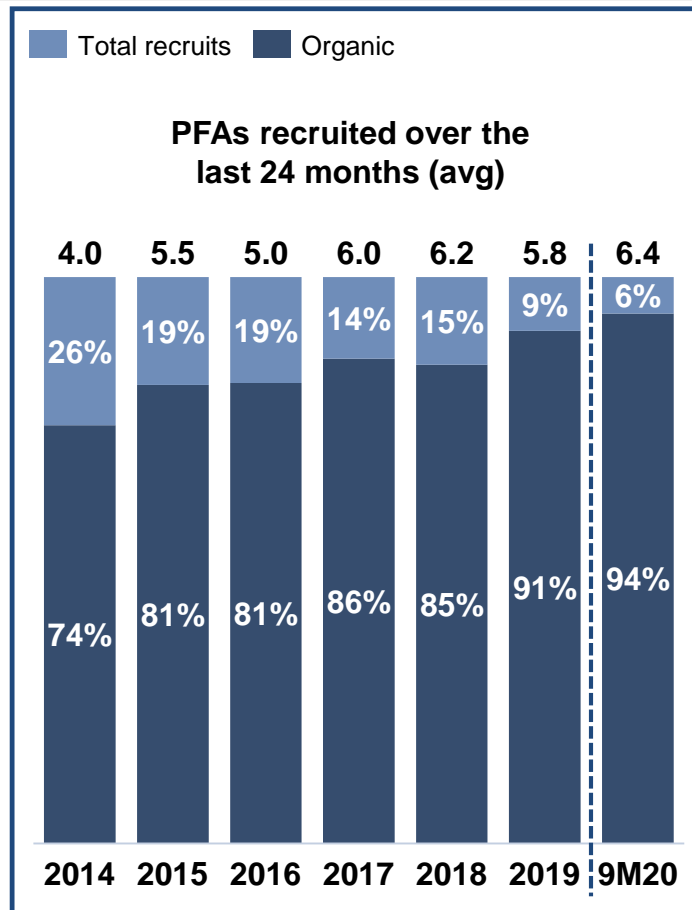
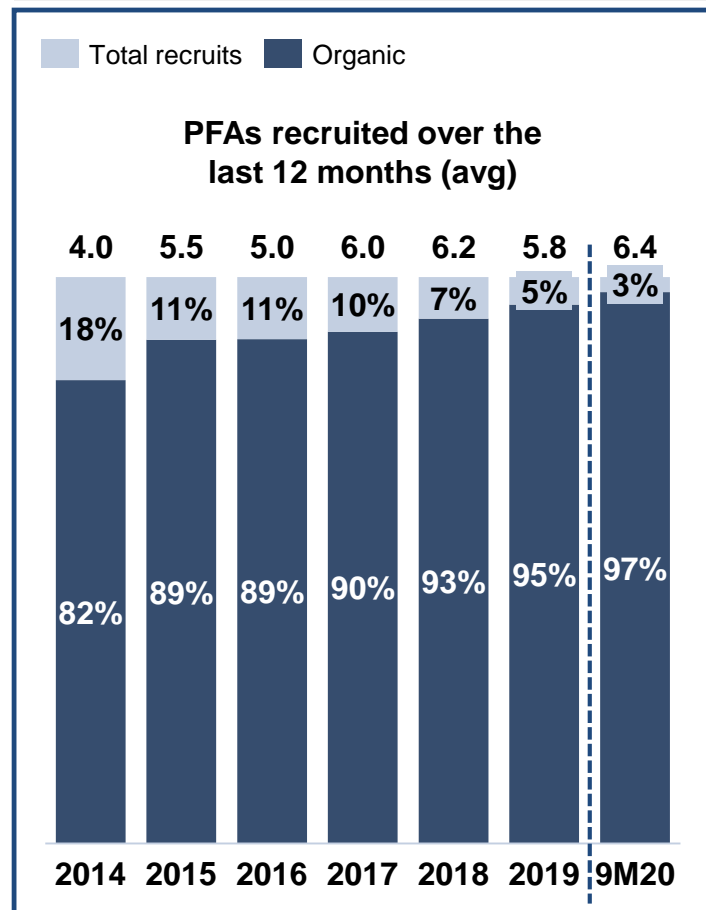




# Organic growth

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

## Net Sales, bn – Organic / Recruit, %



**Recruitment costs**  
(to be amortized)  
**stock 25.2mln**  
as of Sept '20

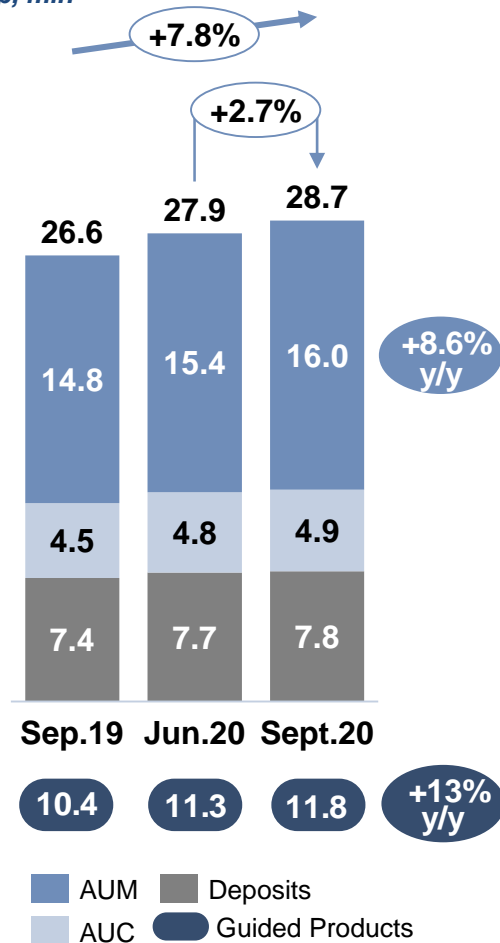
125 118 85 98 70 58 49

# of PFAs recruited in the period

# Continuously increase of quality and productivity of the network

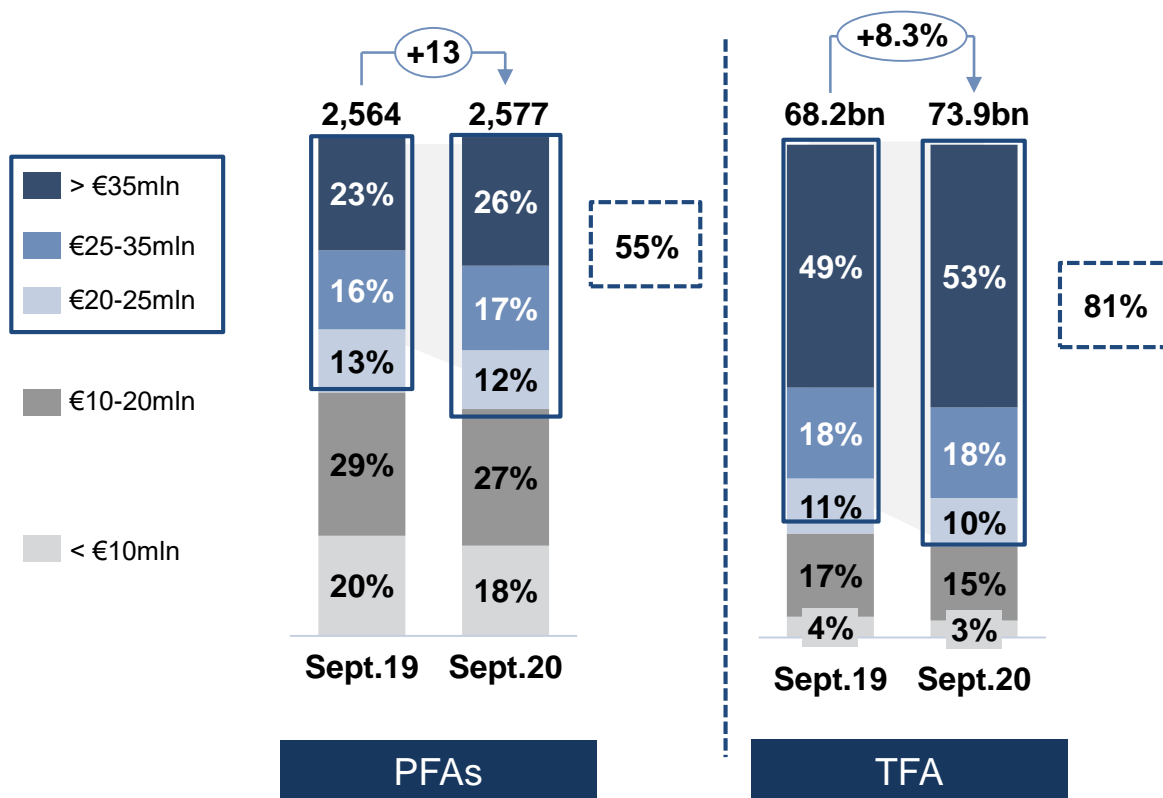
## Total Assets per PFA

Eop, mln



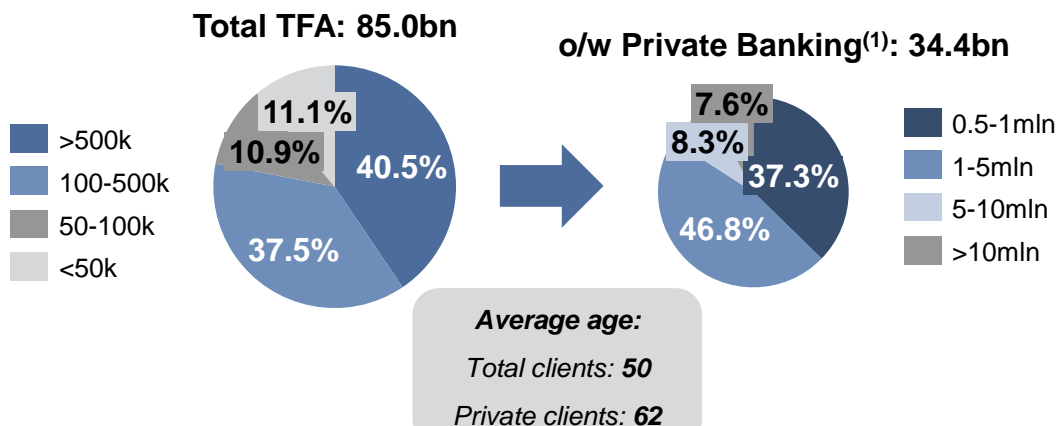
## TFA concentration per PFA

PFAs with TFA >20mln are 55% (+6% y/y)  
and hold 81% of TFA (+3% y/y)

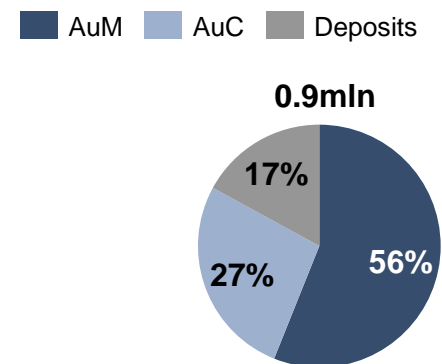


# Clients' profile and focus on Private Banking

## Total Financial Assets per client



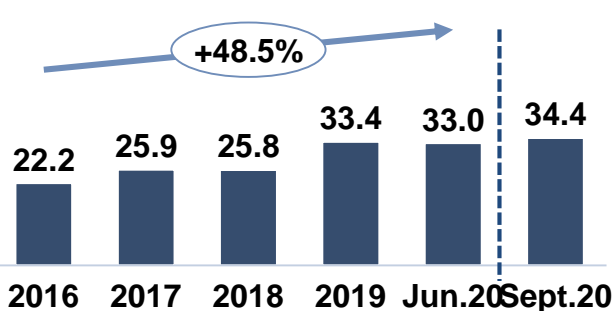
## Avg TFA per Private client <sup>(1)</sup>



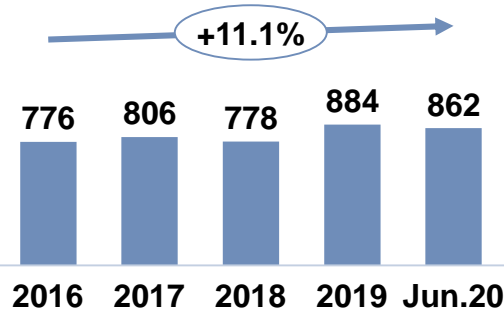
## Outperforming the system in Private Banking growth

€ bn, TFA

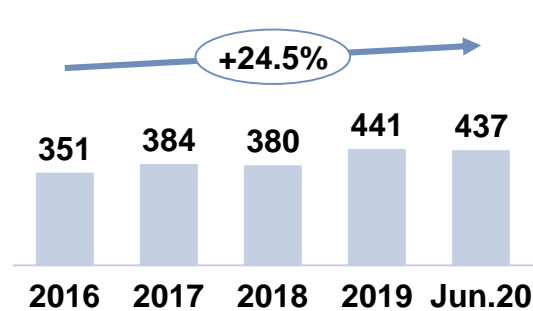
### FinecoBank



### AIPB <sup>(2)</sup>



### AIPB "Modelli Misti" <sup>(3)</sup>



<sup>(1)</sup> Private Banking clients are clients with more than € 0.5mln TFA with the Bank

<sup>(2)</sup> AIPB (Associazione Italiana Private Banking) figures as of 1H20

<sup>(3)</sup> "Modelli Misti" include the following players: Allianz Financial Advisors, Banca Euromobiliare, Banca Generali PB, Banca Mediolanum, Banca Patrimoni Sella, CheBanca!, Deutsche Bank, Fideuram ISPB, Fineco

**FINECO**

B A N K

# Agenda

- Fineco overview

- Fineco Results

- Capital, risks and liquidity**

- Next steps

- Key messages

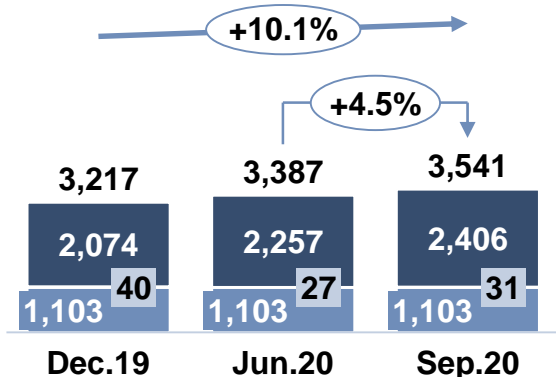
- Focus on product areas

# Capital Ratios:

Best in class capital position and low risk balance sheet

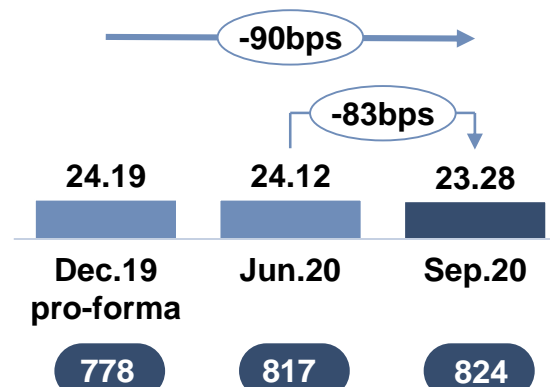
## RWA<sup>(1)</sup>, mln

■ Credit ■ Market ■ Operational

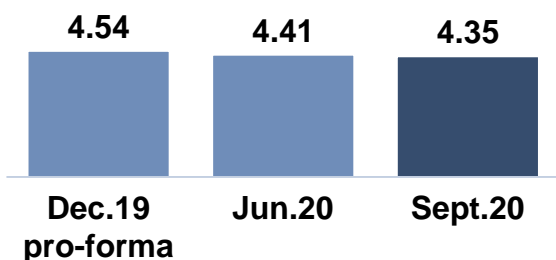


## CET1 Ratio, %

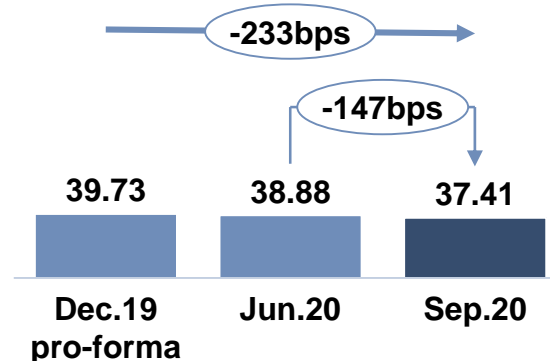
● CET1 capital, mln



## Leverage Ratio, %



## Total Capital Ratio, %



<sup>(1)</sup> Starting from 31 December 2019, FinecoBank applied the Standardised Method for determining the regulatory requirement related to operational risk, replacing the Advanced Measurement Method ("AMA") adopted previously.

# Safe Balance Sheet: simple, highly liquid and low risk asset side, valuable and sticky deposits

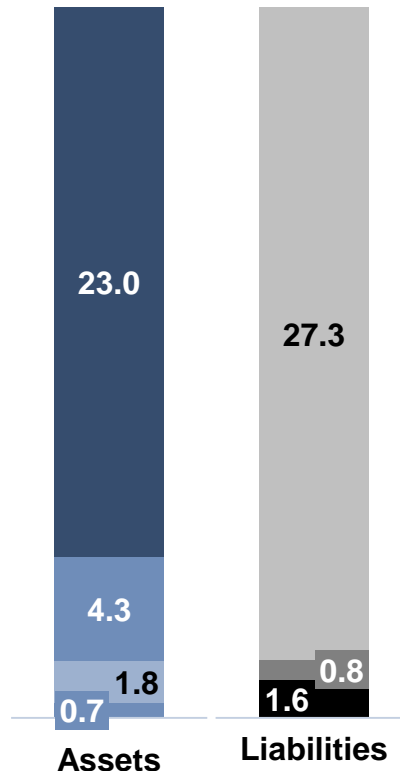
## Diversified investment portfolio

- **Investment strategy announced during FY17 results unchanged:** UC bonds run-offs, blend of government bonds diversified across countries, covered bonds, supranational and agencies
- **99.5% not exposed to volatility:** HTC classification since November 2016

## High-quality lending growth

- Lending offered exclusively to our **well-known base of clients**
- **Low-risk:** CoR at 11bps, cautious approach on mortgages (LTV ~51%, avg maturity 18 yrs)
- **Strong competitive advantage leveraging on Big Data Analytics and continuous innovation** (i.e. look-through implementation with significant benefits on CET1 ratio)

29.7 bn



Financial Assets   Customer loans   Due from Banks<sup>(1)</sup>   Other  
 Customer deposits   Other liabilities   Equity

## High-value deposit base

- **Sticky deposits:** mostly 'transactional liquidity' gathered without aggressive commercial offers
- **Growth based on quality of services.** Cost of funding close to zero
- **+11% CAGR** sight deposits growth in the last 10 years, **strong resilience during periods of stress/crisis**

## Rock - solid capital position

**CET1** 23.3%      **LCR** >1000%

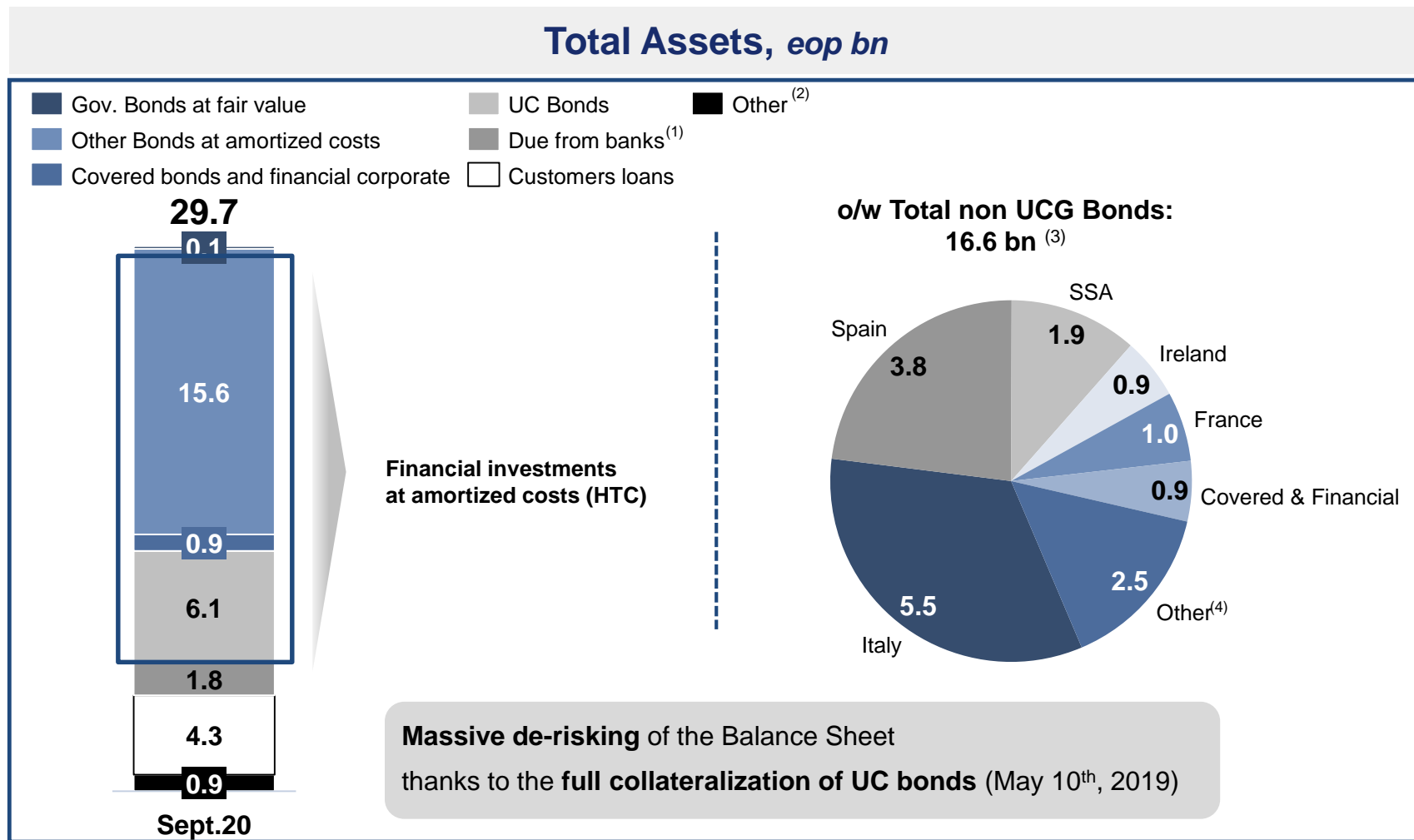
**TCR** 37.4%      **NSFR** 309%

**LEVERAGE RATIO** 4.35%

<sup>(1)</sup> Due from banks includes 1.0bn cash deposited at Bank of Italy as of Sep. 2020

# Total assets: 99.5% not exposed to volatility

Out of 29.7bn, only 0.15bn of Assets valued at fair value with very limited impacts on Equity reserve



<sup>(1)</sup> Due from banks includes 1.0bn cash deposited at Bank of Italy as of Sep.20

<sup>(2)</sup> Other refers to tangible and intangible assets, derivatives and other assets

<sup>(3)</sup> 16.6bn equal to 15.7bn nominal value, o/w Italy 5.1bn nominal value

<sup>(4)</sup> Other : US, Austria, Belgium, Germany, Poland, Portugal, United Kingdom, Switzerland, Chile, Israel, Saudi Arabia

# Solid risk management framework, embedded in Fineco's DNA

Sustainability and prudent risk approach at the heart of Fineco's model

Solid business model and low risk propensity as fundamental factors to create sustainable profits and returns above cost of capital, ensuring continuity in revenue generation

Key risks	Approach	Track record
<b>Credit Risk</b>	<ul style="list-style-type: none"> <li>■ Maintain a low credit risk appetite through adequate commercial policies and prudent lending activities assisted, when possible, by collaterals (financial assets or real estate)</li> <li>■ Keep on diversifying our portfolio of investment grade financial investments</li> <li>■ Pledge agreement collateralizing exposures towards UniCredit, thus reducing risk level</li> <li>■ Careful credit analysis and valuation of the earning generating capacity of the client, irrespectively of the guarantee provided</li> </ul>	<ul style="list-style-type: none"> <li>■ NPE ratio (%)<sup>(1)</sup> <b>0.63%</b></li> <li>■ Coverage ratio (%)<sup>(2)</sup> <b>86%</b></li> <li>■ CoR Sept.20 (bps)<sup>(3)</sup> <b>11</b></li> </ul>
<b>Market Risk</b>	<ul style="list-style-type: none"> <li>■ Limited market risk, in absolute and relative terms vs. other risk types, consistently with the Bank's operations</li> <li>■ No directional trading</li> <li>■ Complete hedging of interest rate risk</li> </ul>	<ul style="list-style-type: none"> <li>■ Daily TB VaR limit<sup>(4)</sup> <b>€700k</b></li> <li>■ Average TB VaR in 9M20 <b>€198k</b></li> </ul>
<b>Operational Risk</b>	<ul style="list-style-type: none"> <li>■ Limited operational risk through prevention, high monitoring and mitigation activities</li> <li>■ Insurance policies to hedge operational risk by PFAs</li> <li>■ New ICT parameters within RAF</li> <li>■ Zero risk appetite as support to business</li> <li>■ Advanced control framework (KRI, collection and filing of all operational risk losses &gt;€500)</li> </ul>	<ul style="list-style-type: none"> <li>■ Avg. risk loss 9M20<sup>(5)</sup> <b>€12k</b></li> <li>■ Total Operating Losses 9M20 <b>€5.2m</b></li> </ul>

<sup>(1)</sup> Ratio between gross non-performing loans and gross total retail loans

<sup>(2)</sup> Ratio between Provisions for risks and charges and total non-performing loans

<sup>(3)</sup> Commercial LLP of the last 12 months on average last 12 months commercial Loans; CoR as of Sept.20 is a pro-forma figure excluding a non recurring write-back

<sup>(4)</sup> Maximum daily loss considering the financial instruments held in the trading book at the end of the day. Calculated through the historical simulation method with a 99% confidence interval and a 1-day time horizon (with an underlying historical series of 250 days)

<sup>(5)</sup> Ratio between net operating losses and number of loss events in the period



## Additional Tier 1

First public placement successfully issued with strong demand (9x the offer)

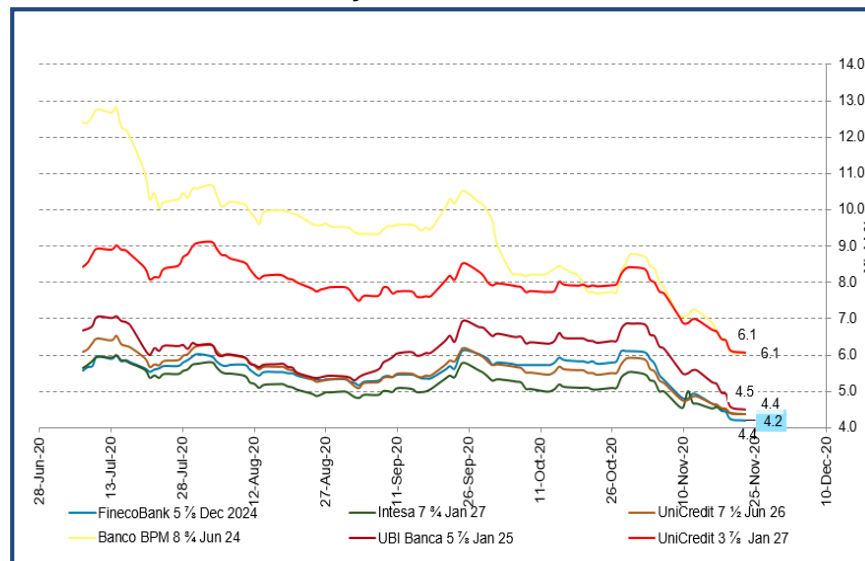
### €200 mln AT1 issued in January 2018

- On January 23<sup>rd</sup>, 2018 the Bank issued a **€200mln** perpetual AT1
- Coupon fixed at **4.82%** for the initial **5.5 years**
- **Private placement**, fully subscribed by UniCredit SpA
- **Semi-annual coupon**
- Coupon (net of taxes) will impact directly Equity reserves

### €300 mln AT1 issued in July 2019

- On July 11<sup>th</sup>, 2019 Fineco issued a **€300mln** perpetual AT1 in order to maintain the Leverage Ratio above 3.5% after the exit from the UniCredit Group
- Coupon fixed at **5.875%** (initial guidance at 6.5%) for the initial **5.5 years**
- **Public placement**, with strong demand (9x, €2.7bn), listed in Euronext Dublin
- **Semi-annual coupon**
- Coupon (net of taxes) will impact directly Equity reserves
- The instrument was assigned a **BB-** rating by S&P

Italian AT1 yield at first call date



On Oct. 29<sup>th</sup>, 2020

**S&P Global Ratings**  
upgraded Fineco's outlook  
to Stable and affirmed  
ratings at BBB/A-2

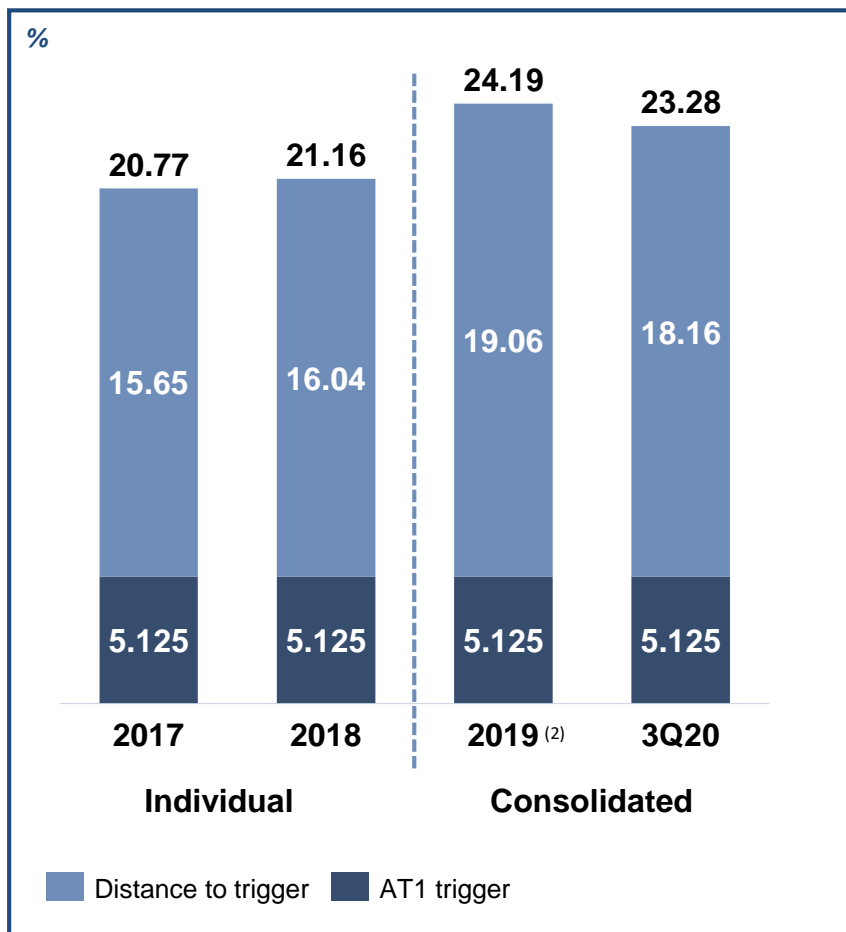


B A N K

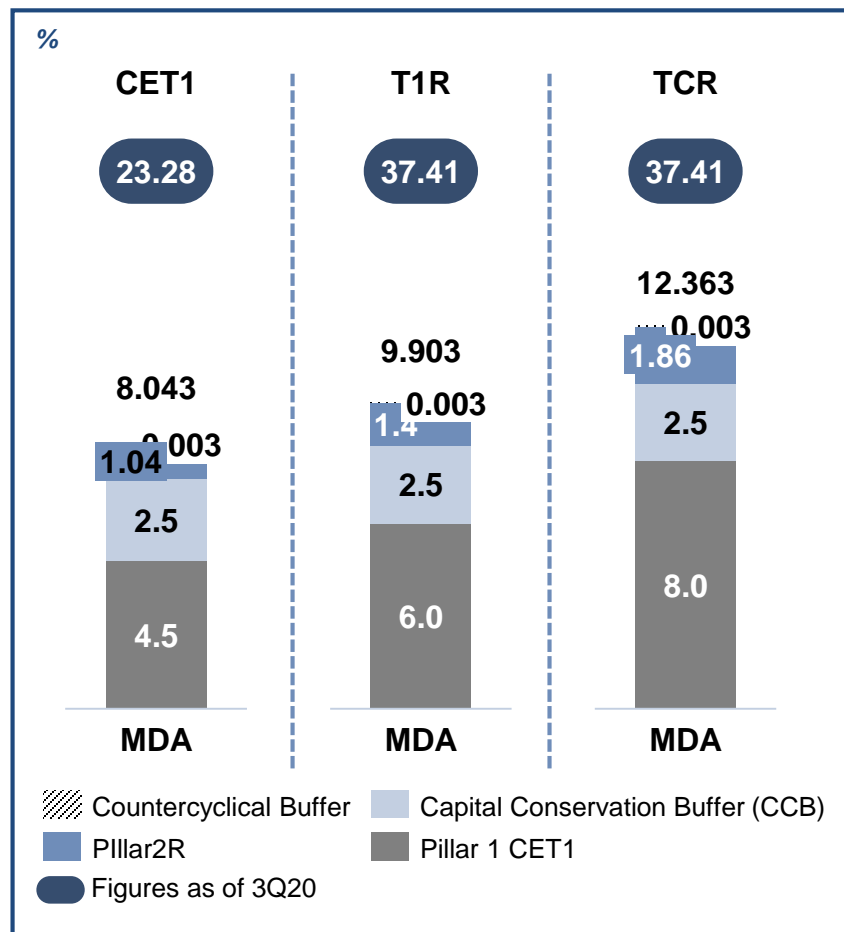
# Excellent Capitalization

FinecoBank has strong capital ratios, leading to a high distance to the loss absorption trigger and to CET1 Capital Requirements

Distance from CET1<sup>(1)</sup> to AT1 trigger



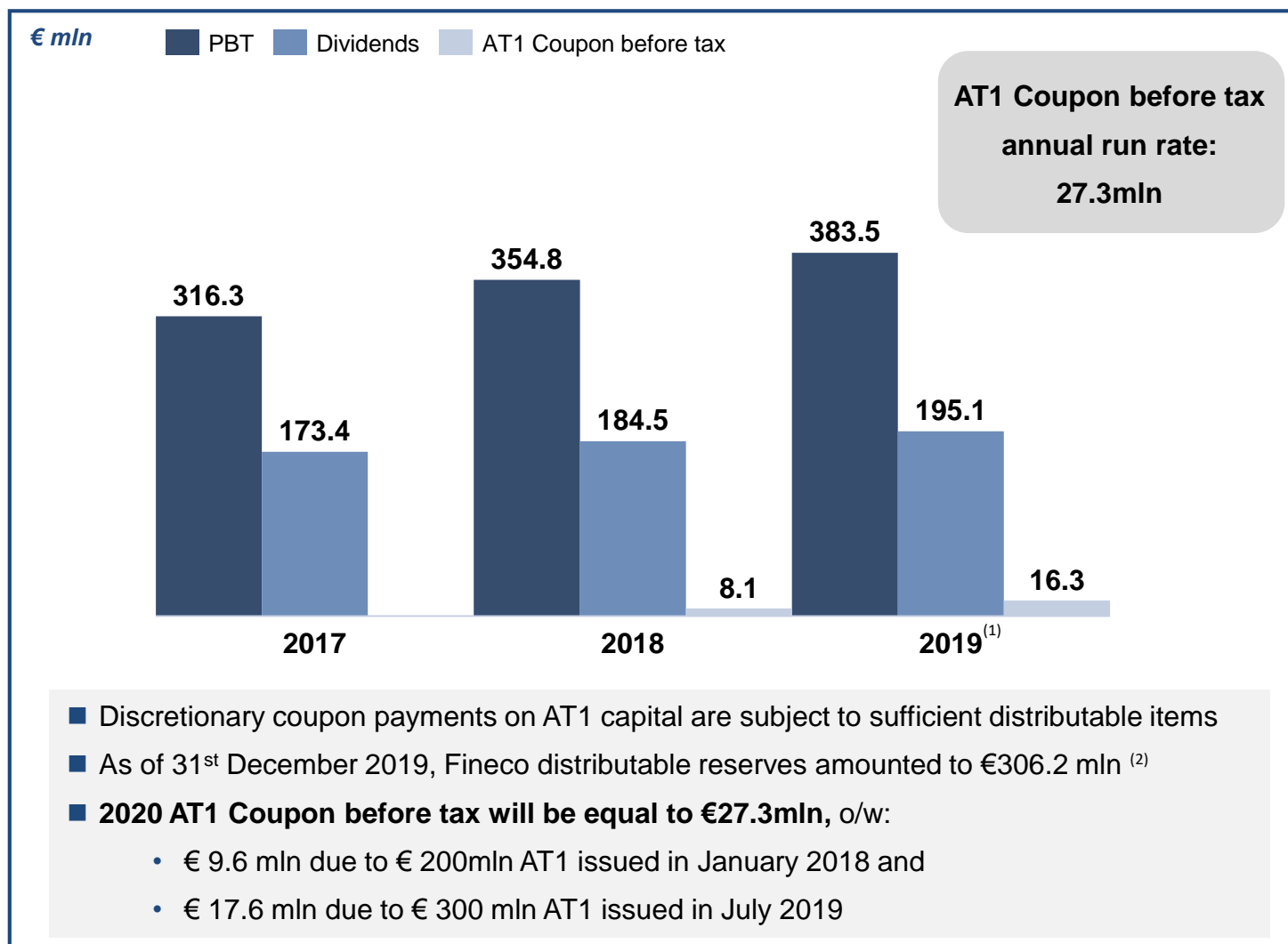
Distance to Capital Requirements



<sup>(1)</sup> Starting from 31 December 2019, FinecoBank applied the Standardised Method for determining the regulatory requirement related to operational risk, replacing the Advanced Measurement Method ("AMA") adopted previously.

<sup>(2)</sup> Pro-forma figure, not including the 2019 dividend payment of 32.0 €/cents

## AT1 Coupon payments underpin by solid profitability



<sup>(1)</sup> On July 28th, 2020 the European Central Bank and Bank of Italy have renewed until January 1st, 2021 the recommendation not to pay the dividends for the financial years 2019 and 2020 (including the distribution of reserves), to not undertake any irrevocable commitment to pay dividends for the same periods and to refrain from share buy-backs aimed at remunerating shareholders. FinecoBank is complying with the abovementioned recommendation.

2019 net profit has been approved by the Ordinary Shareholders' Meeting convened on April 28<sup>th</sup>, 2020, and allocated to reserves following the recommendation by Regulators

<sup>(2)</sup> The figure doesn't include 2019 net profit

# Agenda

- Fineco overview
- Fineco Results
- Capital, risks and liquidity

## ■ **Next steps**

- Key messages
- Focus on product areas

## 2020 Guidance

Given current outlook<sup>(1)</sup>, our assumptions for **2020**, excluding revenues and costs related to UK business development, are:

- **Net interest income:** confirmed resilient and low risk thanks to the smooth run-off of our bond portfolio, positive effect from volumes (~2.0-2.5bn expected growth of deposits) and lending book (~1.0-1.2bn new production per year), benefit from ECB's tiering, no change in our investment policy with no increase in Fineco risk profile and benefit of yield enhancement strategies from a more dynamic management of our Treasury. No contribution from TLTRO in 2020
- **Investing:** revenues growing mid-single-digit and stabilization of margins
- **Brokerage:** acting as countercyclical business. It is expected to remain strong thanks to: 1) the deep reshape of the product offer, 2) the enlargement of the market (more Italians are interested in financial markets) and 3) the levels of volatility which we expect to be higher than the extremely low levels registered in the past years
- **Banking:** banking fees from smart repricing expected to be ~11mln for 2020
- **Costs:** we confirm our guidance<sup>(2)</sup> to around 4% yearly growth thanks to our strong operating gearing. This guidance doesn't include up to ~7.5mln of marketing costs in UK. Cost/Income continuously declining in the long run
- **CET1:** we expect to stay comfortably above 17%
- **Leverage Ratio:** very well under control and above 3.5% (for details, see slide 64 in Annex)
- **Cost of Risk:** confirmed in the range between 10 and 15 basis points thanks to the quality of our portfolio
- **Net sales:** robust, high quality net sales

## 2021 Guidance: strong results expected also going forward

Given current outlook<sup>(1)</sup>, our assumptions for **2021** are:

- **Net interest income:** confirmed resilient and low risk. We are containing the effect of the worsening interest rates environment thanks to the smooth run-off of our bond portfolio, positive effect from volumes and lending book, benefit from ECB's tiering and TLTRO, enlargement of the scope of our investments to non-EU govies with no change in our investment policy nor increase in our risk profile and benefit of yield enhancement strategies. On top of this, we expect a contribution of structural revenues from the regular activity of maintenance of our investment portfolio in the present context of decreasing interest rates environment<sup>(2)</sup>
- **Investing:** we expect revenues increasing double digit vs 2020 with resilient margins
- **Brokerage:** countercyclical business, it is expected to remain strong with a floor definitely higher than in the past
- **Banking:** banking fees from smart repricing expected to be ~20-22mln in 2021
- **Costs:** expected to grow by around 4.5% also due to the increase in the workforce
- **CET1:** floor at 17%
- **Leverage Ratio:** very well under control and above 3.5%
- **Cost of Risk:** confirmed in the range between 10 and 15 basis points thanks to the quality of our portfolio
- **Net sales:** robust, high quality net sales

<sup>(1)</sup> Forward rate curve as of October 26th, 2020

<sup>(2)</sup> Although this contribution is accounted in the trading profit line, this activity is not driven by market timing but only by the continuous process of maintenance to have an efficient portfolio

# Current environment is creating the conditions to further enlarge our growth opportunities

Current situation is accelerating the structural trends reshaping our society...

## DEMAND FOR ADVICE

Increasing participation in financial markets by Italians is building up a **bridge among investing and brokerage**

## DIGITALIZATION

Society **structurally moving** towards a **more digitalized world**: a way of non-return

## DISRUPTION IN TRADITIONAL BANKS

Traditional banks not ready for the new paradigm: **flight-to-quality** is gaining momentum

...and strengthening our long term growth opportunities

**Fintech DNA:**  
we were born already digital

**Strengths of our business model:**  
quality, efficiency, innovation

**Cyborg advisory:**  
our PFAs already used to assist clients in a digital world

- ✓ **Robust Net sales** with **good asset mix**
- ✓ **Structurally higher Brokerage**
- ✓ Acceleration in **high-end clients' acquisition**
- ✓ **Decreasing Cost/Income**

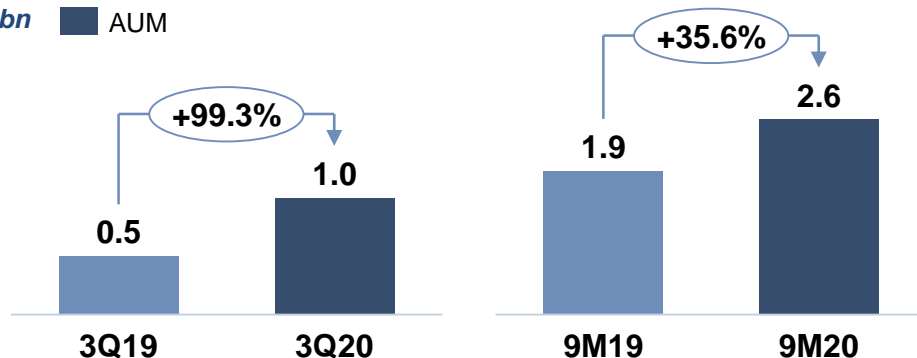
# Accelerating net sales dynamics: robust AUM flows and increased productivity

Focus on improving revenues mix and slowing down Balance Sheet growth for a better quality business going forward

## Acceleration in direction of AUM

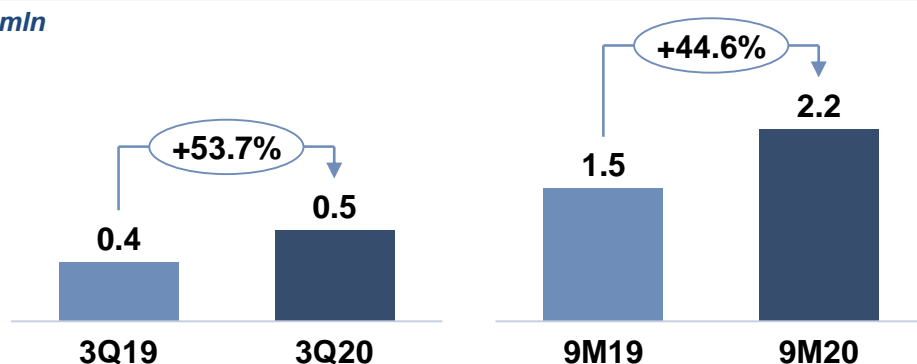
€, bn

■ AUM



## Increasing network productivity: net sales per PFA

€, mln



## Industrial measures

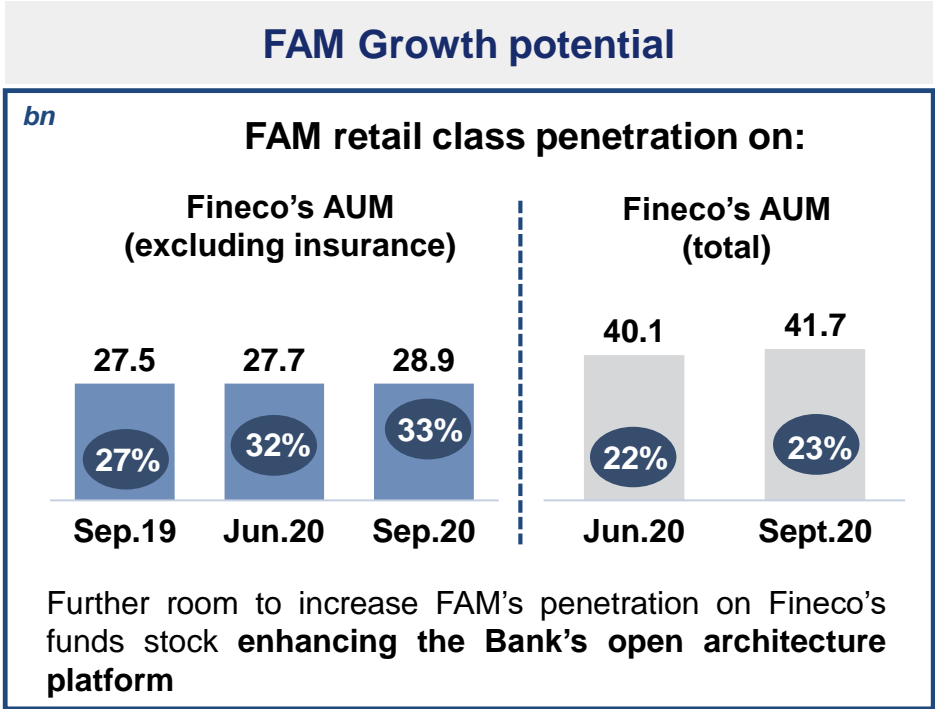
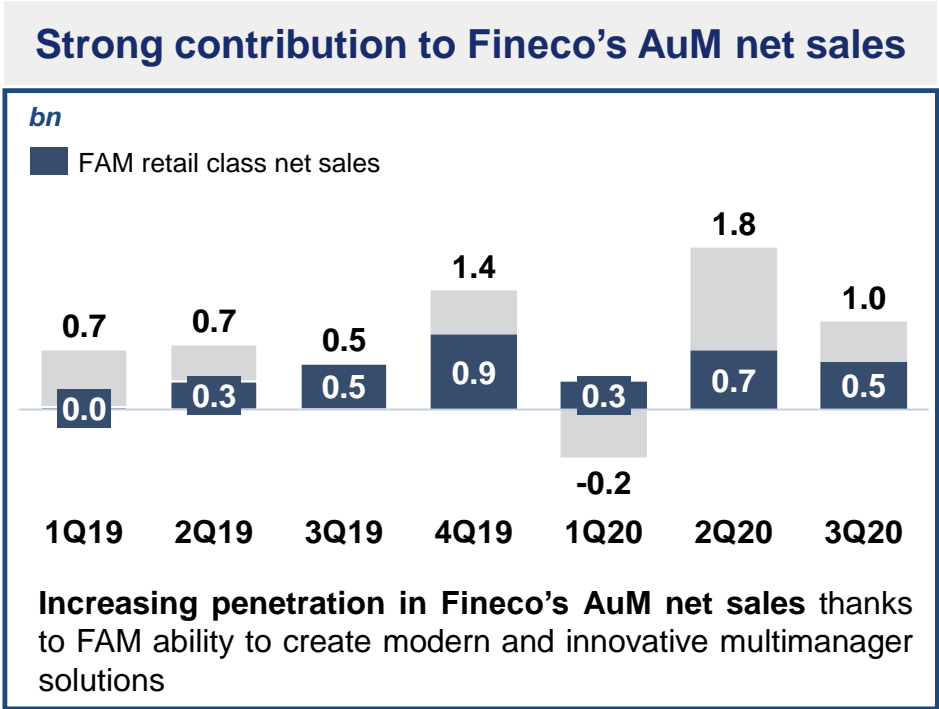
The strong acceleration in Total Net Sales and asset mix is driven by **our industrial measures**, further strengthening our sustainable growth potential:

- ✓ **New generation of products:** FAM contributing in terms of **product innovation, operating efficiency and time-to-market**
- ✓ **New software developments:** to improve PFAs productivity also leveraging on Big Data Analytics capabilities (X-Net, Co-Working platform)



# FAM: strong commercial momentum with a sustainable approach

Key to sustain AUM margins thanks to its strong operating leverage



### FAM is catching a new trend for a further evolution of its business model

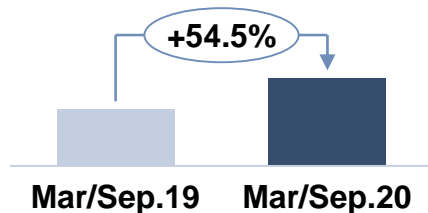
**FAM is catching a new trend** arising from US, where asset managers are starting to give advisory in portfolio management.

**Starting from 2021**, FAM will add to sub-advisory mandates a **new product range based on an advisory service by third parties**. This is going to make **FAM even more flexible**, with a more efficient value chain and a further alignment with clients and investors' interests

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

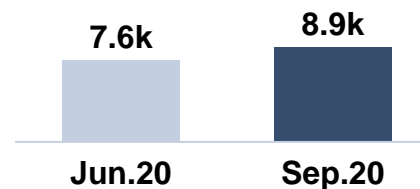
## Effective marketing campaign increases the number of active clients

### Increasing active current accounts<sup>(1)</sup>



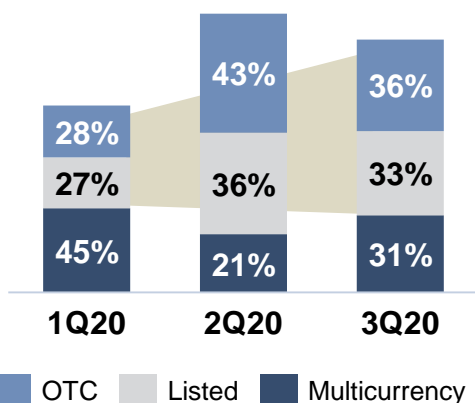
**Active** current accounts on trading increasing >3x y/y

### Total current accounts



First target: **30-35k** good clients in 2/3 years horizon  
critical number for a "word of mouth strategy"

## Revenues mix improved since our first marketing campaign

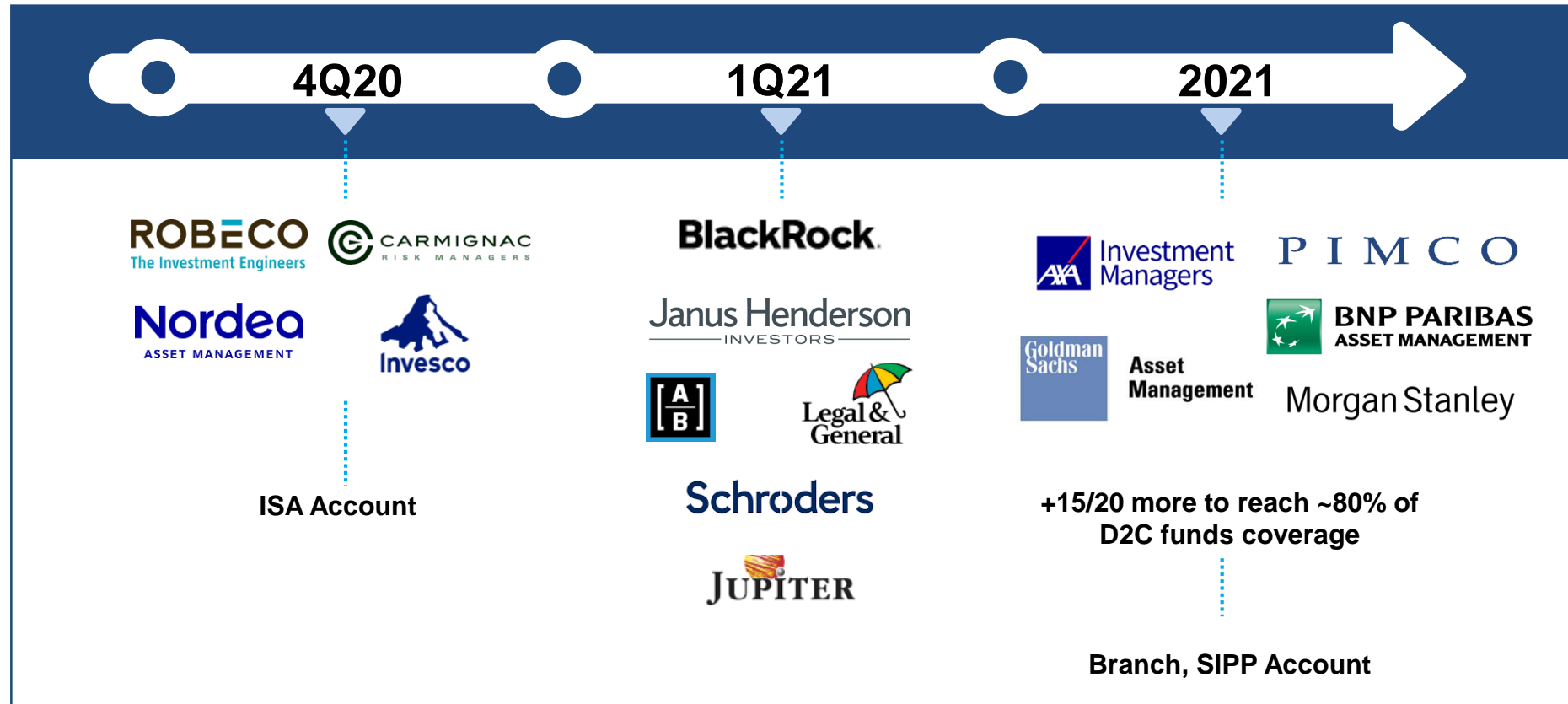


- ✓ **Cross selling and revenues mix improved** since our very first marketing campaign at the end of 1Q20. **Coupled with our huge operating leverage, this is allowing us to be at operating breakeven within the 1H21**
- ✓ **OTC and Listed** products confirmed to be the **lion share of revenues** in 3Q20 despite seasonality and lower volatility in the quarter
- ✓ Next steps: we are **progressively enlarging our fund offer**, and **ISAs and SIPPs are coming soon** (see slide 43)

<sup>(1)</sup> Active current accounts have done at least one operation among Listed, OTC or multicurrency services  
Source: internal elaboration GB Department

# Fineco UK: next steps

Our UK funds offer counts now on 8 Asset Managers



# Agenda

- Fineco overview
- Fineco Results
- Capital, risks and liquidity
- Next steps
- **Key messages**
  - Focus on product areas

# Sustainability at the heart of Fineco's business model (1/2)

We are a looking-forward organization playing in the long-run and able to generate a positive impact for all our stakeholders and the overall society

*Our **sustainable strategy** lays on 2 different levels: a **macro level** and a **micro level***

1

## MACRO level: related to our business model, from the beginning based on sustainability long-term view



### TRANSPARENCY

**Fairness** and respect  
for all our stakeholders

- ✓ FAM as a champion of ESG: **PERFORMANCE FEES FREE** trademark
- ✓ **FAIR PRICING**
- ✓ **LOW UPFRONT FEES** (only ~**3%** of Investing fees)



### EFFICIENCY

**Fintech DNA:** strong focus  
on IT & Operations, more  
flexibility, less costs

- ✓ Delivering **BEST-IN-CLASS CUSTOMER EXPERIENCE**
- ✓ **SHARING FAM BENEFITS WITH CLIENTS:**  
better quality and timely products with lower TER



### INNOVATION

Quality offer for highly  
**SATISFIED CLIENTS**

- ✓ **NO short-term AGGRESSIVE COMMERCIAL OFFERS** and  
**ZERO REMUNERATION** on current accounts
- ✓ Focus on **ORGANIC GROWTH**

## Sustainability at the heart of Fineco's business model (2/2)

We are a looking-forward organization playing in the long-run and able to generate a positive impact for all our stakeholders and the overall society

Our **sustainable strategy** lays on 2 different levels: a **macro level** and a **micro level**

2

### MICRO level: related to the single details contributing to the ESG world



#### ✓ MARKET FRIENDLY CORPORATE GOVERNANCE:

- Up to 3 lists for Board renewal
- 10 independent Board members out of 11



2020 AGM, % of represented shares voting in favour:

- ✓ 86.2% for outgoing Board list proposal
- ✓ 97.5% for 2020 remuneration policy



#### ✓ Ramping up the GOVERNANCE OF SUSTAINABILITY:

- Sustainability Committee at Board and Managerial level
- Sustainability Team within CFO Department



#### ✓ FOCUS on Cyber-Security and ESG risks leveraging on FINTECH DNA



#### ✓ Broad ESG product offer, both on Investing (i.e. ~40% of funds have ESG rating Morningstar above "Average") and Lending ("Green mortgages")



#### ✓ First Non-Financial Statement published on our website

#### ✓ Fineco is signatory of UN Global Compact

#### ✓ Fineco AM is signatory of UN PRI (UN Principles for Responsible Investing)

#### ✓ Our ESG RATINGS



"EE+"  
(very strong)



"A"

#### ✓ Our ESG INDEX



FTSE4Good

**FINECO**

B A N K

# Fineco as a profitable Fintech Bank

Leveraging on a deep-rooted internal know-how to expand platform scalability and operating gearing



## A PROPRIETARY, INTEGRATED BACK-END

Senior management experienced in IT

No external consultants nor system integrator

**18%** FTEs in IT Department

**24%** FTEs in Back-Office

## OUR INTERNAL IT KNOW-HOW

A STRATEGIC CHOICE

resulting in unmatched  
user experience for  
both our clients and  
PFAs

### FOCUS ON IT OPERATIONS

- ✓ Extreme **process automation**
- ✓ Critical processes always **in-house**
- ✓ **Time to market** and **cost reduction**
- ✓ Continuous innovation fully **in-house developed**

### FULLY INTEGRATED BUSINESS STRUCTURE

- ✓ **Core system** internally managed
- ✓ **Internal DWH** to exploit our **Big Data Analytics**
- ✓ **CRM** dedicated team for **all clients needs**

### ITSECURITY

- ✓ Governance, implementation and operations for **cybersecurity & anti-fraud** internally managed
- ✓ **Ownership and control of critical infrastructure**, relying on cloud for massive, scale-out workload needs only



## A SINGLE DATABASE POWERING A STRONG DATA MANAGEMENT

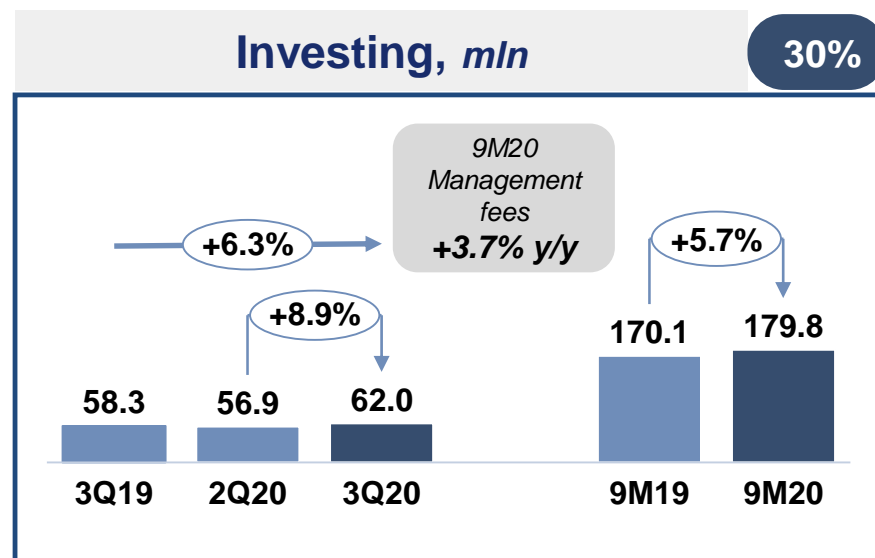
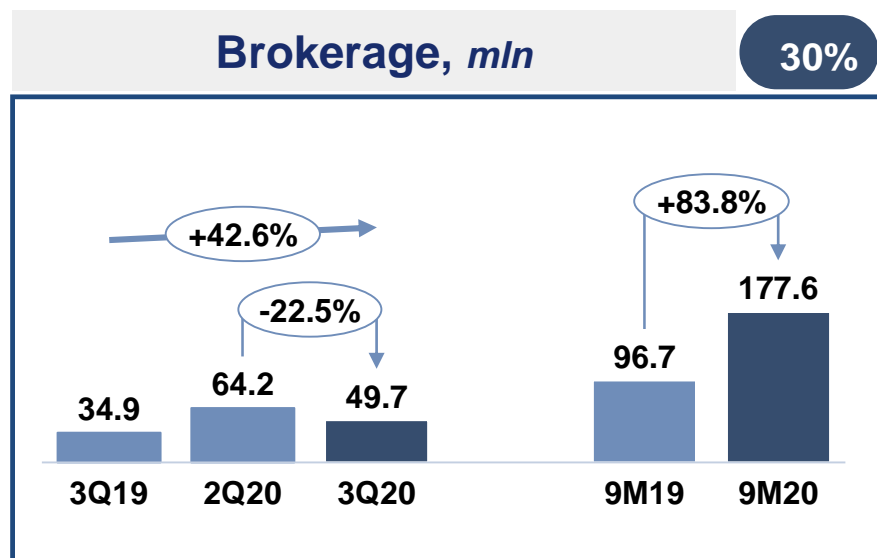
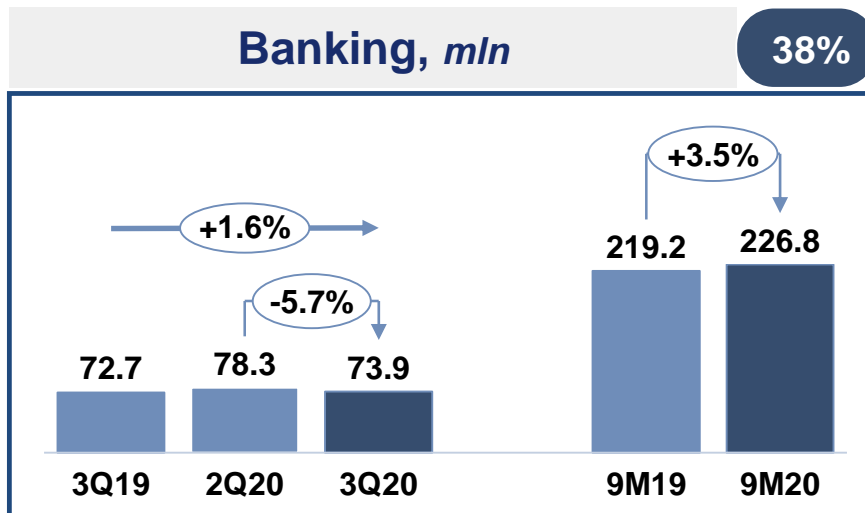
# Agenda

- Fineco overview
- Fineco Results
- Capital, risks and liquidity
- Next steps
- Key messages
- **Focus on product areas**



# Revenues by Product Area

Well diversified stream of revenues allow the bank to successfully face any market environment



9M20 weight on total revenues for each product area

Managerial Data. Revenues attributable to single each product area, generated by products / services offered to customers according to the link between products and product area. Banking includes revenues generated by direct deposits and credit products. Investing includes revenues generated by asset under management products; Brokerage includes revenues from trading activity.

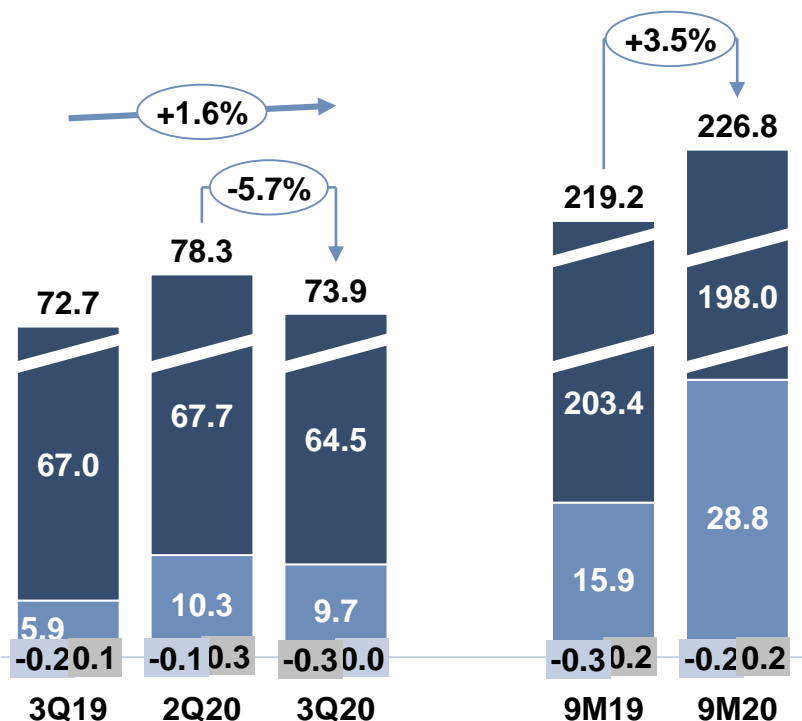
# Banking

Sound performance driven by strong volume growth and relentless clients' acquisition, thanks to high quality services and best-in-class customer satisfaction

## Revenues

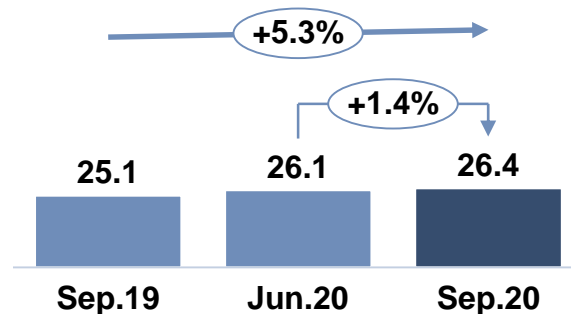
mln

Net Interest    Trading income  
Fees and commissions    Other



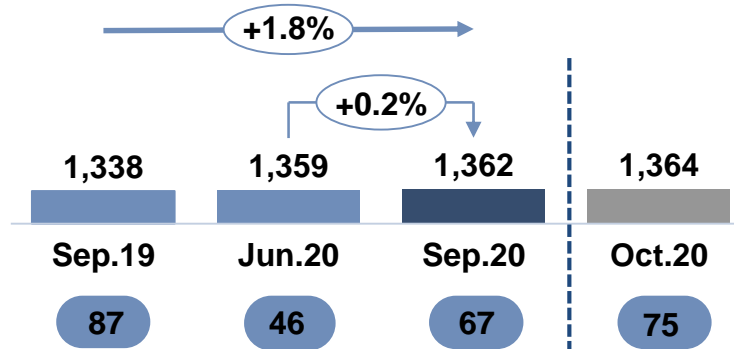
## Deposits

Eop, bn



## Clients and new clients

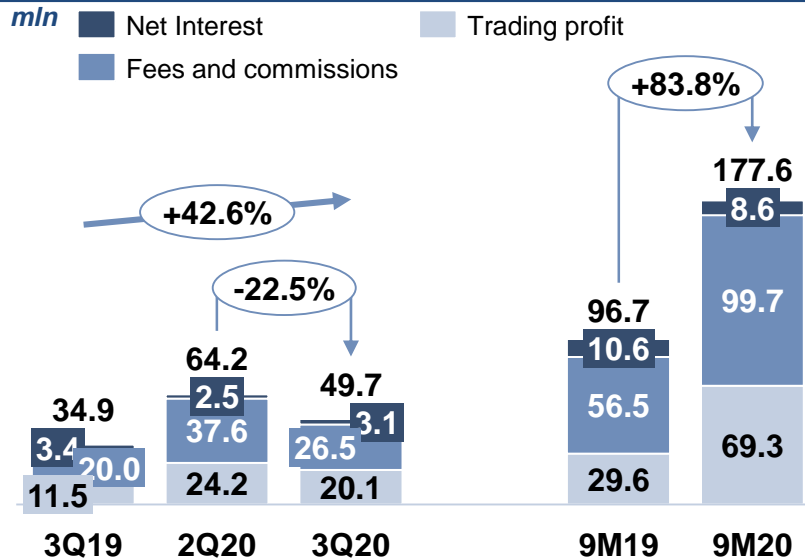
thd, #    # of new clients



# Brokerage

Revamped Brokerage thanks to skyrocketing volatility combined with the review of the offer. Growing market share in Italy and continuous enlargement of product offer

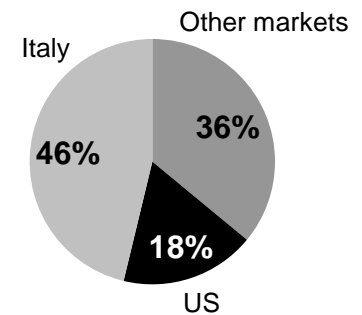
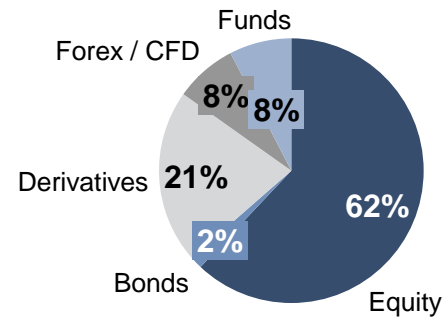
## Revenues



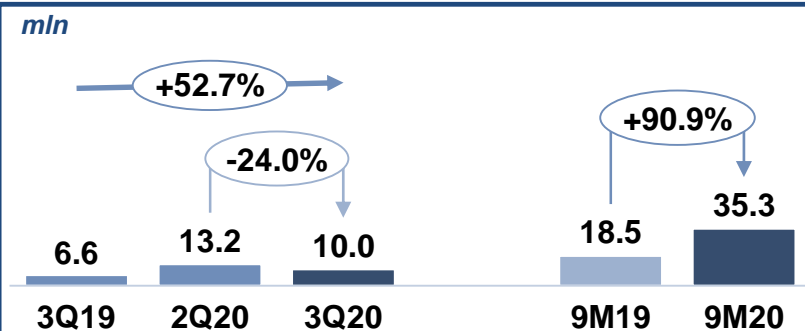
## Well-diversified brokerage offer

### among products...

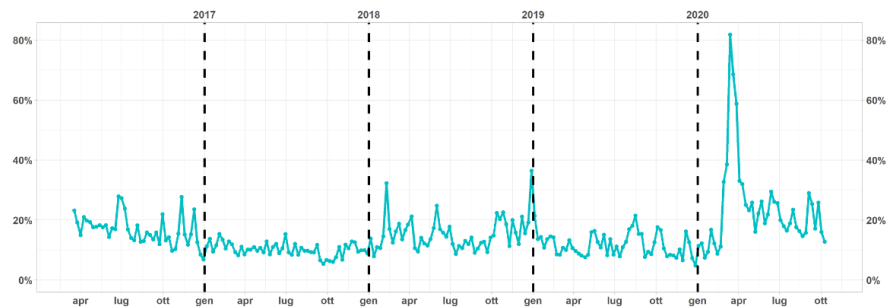
### ...and geographies



## Executed orders



## Volatility <sup>(1)</sup>



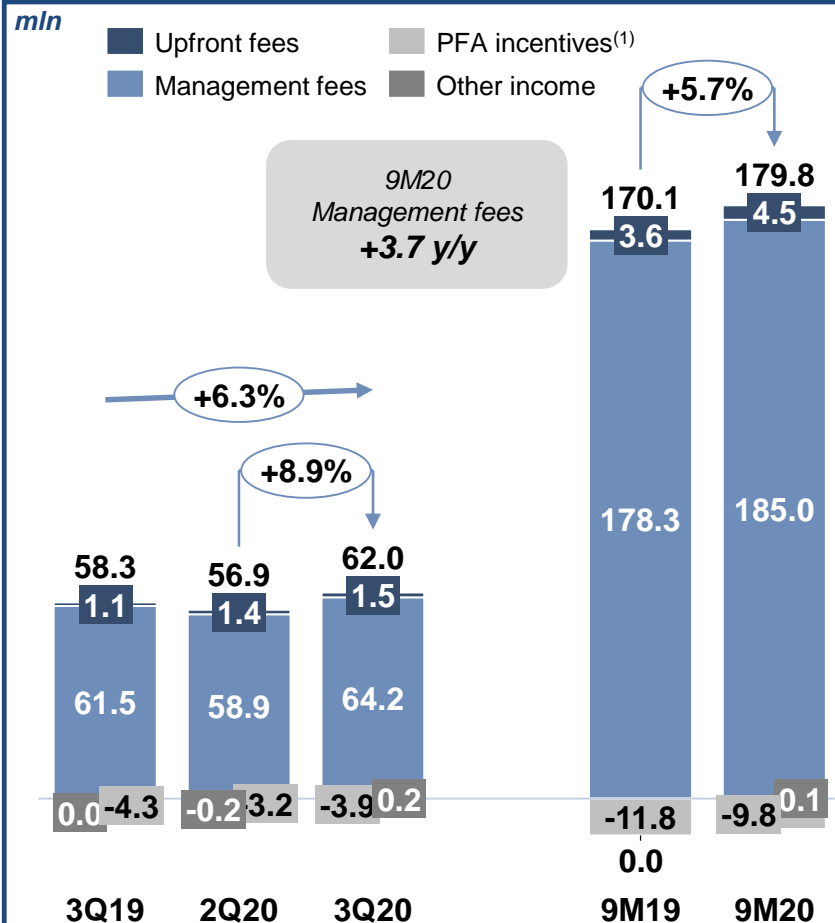
Managerial Data

<sup>(1)</sup> Volatility calculated as avg weekly volatility of BUND, BTP, SP, EUROSTOXX, MINIDAX, DAX, FIB, MINIFIB, NASDAQ, DOW weighted on volumes related to futures traded by our clients

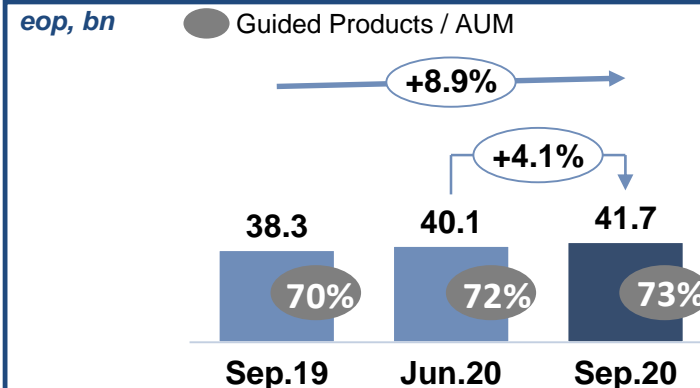
# Investing

Increasing revenues y/y thanks to a successful strategy based on our cyborg advisory approach. Very limited upfront fees, representing only ~3% of investing fees

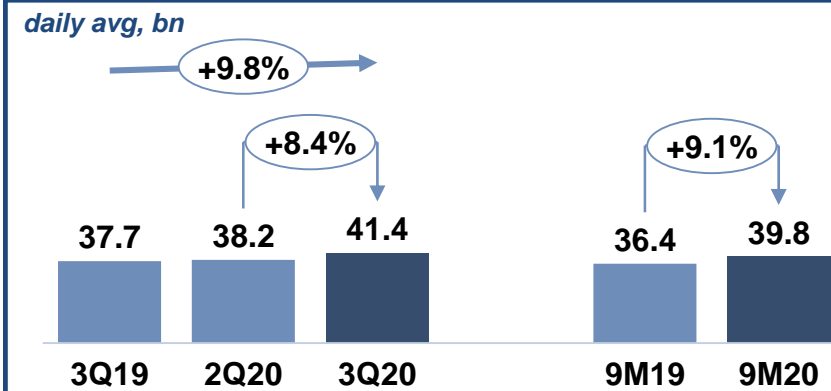
## Revenues



## Assets under Management



## Average Asset under Management



Managerial Data



# P&L

<i>mln</i>	1Q19	2Q19	3Q19	4Q19	FY19	1Q20	2Q20	3Q20	9M19	9M20
Net interest income	70.4	71.4	69.8	69.7	281.3	68.2	70.1	68.6	211.6	206.9
Net commissions	77.4	81.3	84.3	82.3	325.2	105.0	104.8	97.9	242.9	307.6
Trading profit	9.8	8.0	11.6	15.3	44.8	26.4	30.1	20.2	29.4	76.7
Other expenses/income	0.2	0.3	0.1	2.9	3.6	0.6	0.8	0.2	0.7	1.6
<b>Total revenues</b>	<b>157.7</b>	<b>161.1</b>	<b>165.8</b>	<b>170.2</b>	<b>654.8</b>	<b>200.1</b>	<b>205.8</b>	<b>186.9</b>	<b>484.6</b>	<b>592.7</b>
Staff expenses	-21.7	-22.4	-22.5	-23.6	-90.2	-24.0	-24.9	-24.6	-66.6	-73.5
Other admin.exp. net of recoveries	-38.5	-34.4	-29.4	-34.3	-136.6	-36.5	-34.6	-33.4	-102.3	-104.5
D&A	-5.1	-5.4	-5.8	-6.6	-22.9	-6.1	-6.2	-6.4	-16.3	-18.6
<b>Operating expenses</b>	<b>-65.3</b>	<b>-62.3</b>	<b>-57.6</b>	<b>-64.4</b>	<b>-249.6</b>	<b>-66.5</b>	<b>-65.7</b>	<b>-64.4</b>	<b>-185.2</b>	<b>-196.7</b>
<b>Gross operating profit</b>	<b>92.5</b>	<b>98.8</b>	<b>108.2</b>	<b>105.8</b>	<b>405.2</b>	<b>133.6</b>	<b>140.0</b>	<b>122.4</b>	<b>299.4</b>	<b>396.0</b>
Provisions	-1.0	-2.9	-19.8	-3.5	-27.2	-1.1	-6.5	-32.0	-23.6	-39.6
LLP	-1.3	1.1	-1.2	-0.6	-2.0	-1.0	-2.7	0.1	-1.4	-3.5
Profit from investments	-0.7	6.5	0.4	1.1	7.4	-0.1	-3.7	-0.2	6.3	-4.0
<b>Profit before taxes</b>	<b>89.5</b>	<b>103.5</b>	<b>87.6</b>	<b>102.8</b>	<b>383.5</b>	<b>131.4</b>	<b>127.1</b>	<b>90.4</b>	<b>280.7</b>	<b>348.9</b>
Income taxes	-27.3	-31.7	-26.6	-9.6	-95.1	-40.0	-38.3	-25.3	-85.5	-103.6
<b>Net profit for the period</b>	<b>62.3</b>	<b>71.8</b>	<b>61.0</b>	<b>93.2</b>	<b>288.4</b>	<b>91.4</b>	<b>88.7</b>	<b>65.2</b>	<b>195.2</b>	<b>245.3</b>
<b>Net profit adjusted <sup>(1)</sup></b>	<b>63.5</b>	<b>75.6</b>	<b>61.7</b>	<b>71.6</b>	<b>272.3</b>	<b>92.2</b>	<b>88.7</b>	<b>65.3</b>	<b>200.7</b>	<b>246.3</b>

<b>Non recurring items (mln, gross)</b>	1Q19	2Q19	3Q19	4Q19	FY19	1Q20	2Q20	3Q20	9M19	9M20
<i>Extraord systemic charges (Trading Profit) <sup>(2)</sup></i>	-0.4	-4.3	0.4	1.4	-3.0	-1.2	0.0	-0.2	-4.4	-1.4
<i>Patent Box</i>	-0.9	-0.9	-0.9	20.7	18.1	0.0	0.0	0.0	-2.6	0.0
<b>Total</b>	<b>-1.3</b>	<b>-5.2</b>	<b>-0.5</b>	<b>22.1</b>	<b>15.1</b>	<b>-1.2</b>	<b>0.0</b>	<b>-0.2</b>	<b>-7.0</b>	<b>-1.4</b>

<sup>(1)</sup> Net of non recurring items

<sup>(2)</sup> Voluntary Scheme valuation

## P&L net of non recurring items

<i>mln</i>	1Q19 Adj. <sup>(1)</sup>	2Q19 Adj. <sup>(1)</sup>	3Q19 Adj. <sup>(1)</sup>	4Q19 Adj. <sup>(1)</sup>	FY19 Adj. <sup>(1)</sup>	1Q20 Adj. <sup>(1)</sup>	2Q20 Adj. <sup>(1)</sup>	3Q20 Adj. <sup>(1)</sup>	9M19 Adj. <sup>(1)</sup>	9M20 Adj. <sup>(1)</sup>
Net interest income	70.4	71.4	69.8	69.7	281.3	68.2	70.1	68.6	211.6	206.9
Net commissions	77.4	81.3	84.3	82.3	325.2	105.0	104.8	97.9	242.9	307.6
Trading profit	10.3	12.3	11.2	13.9	47.7	27.6	30.1	20.4	33.8	78.1
Other expenses/income	0.2	0.3	0.1	2.9	3.6	0.6	0.8	0.2	0.7	1.6
<b>Total revenues</b>	<b>158.2</b>	<b>165.4</b>	<b>165.4</b>	<b>168.8</b>	<b>657.8</b>	<b>201.3</b>	<b>205.8</b>	<b>187.1</b>	<b>489.0</b>	<b>594.2</b>
Staff expenses	-21.7	-22.4	-22.5	-23.6	-90.2	-24.0	-24.9	-24.6	-66.6	-73.5
Other admin.expenses	-38.5	-34.4	-29.4	-34.3	-136.6	-36.5	-34.6	-33.4	-102.3	-104.5
D&A	-5.1	-5.4	-5.8	-6.6	-22.9	-6.1	-6.2	-6.4	-16.3	-18.6
<b>Operating expenses</b>	<b>-65.3</b>	<b>-62.3</b>	<b>-57.6</b>	<b>-64.4</b>	<b>-249.6</b>	<b>-66.5</b>	<b>-65.7</b>	<b>-64.4</b>	<b>-185.2</b>	<b>-196.7</b>
<b>Gross operating profit</b>	<b>92.9</b>	<b>103.1</b>	<b>107.8</b>	<b>104.4</b>	<b>408.2</b>	<b>134.8</b>	<b>140.0</b>	<b>122.7</b>	<b>303.8</b>	<b>397.5</b>
Provisions	-1.0	-2.9	-19.8	-3.5	-27.2	-1.1	-6.5	-32.0	-23.6	-39.6
LLP	-1.3	1.1	-1.2	-0.6	-2.0	-1.0	-2.7	0.1	-1.4	-3.5
Profit from investments	-0.7	6.5	0.4	1.1	7.4	-0.1	-3.7	-0.2	6.3	-4.0
<b>Profit before taxes</b>	<b>90.0</b>	<b>107.8</b>	<b>87.2</b>	<b>101.4</b>	<b>386.4</b>	<b>132.6</b>	<b>127.1</b>	<b>90.7</b>	<b>285.1</b>	<b>350.3</b>
Income taxes	-26.5	-32.2	-25.6	-29.8	-114.2	-40.4	-38.3	-25.3	-84.3	-104.0
<b>Net profit adjusted <sup>(1)</sup></b>	<b>63.5</b>	<b>75.6</b>	<b>61.7</b>	<b>71.6</b>	<b>272.3</b>	<b>92.2</b>	<b>88.7</b>	<b>65.3</b>	<b>200.7</b>	<b>246.3</b>

<sup>(1)</sup> Net of non recurring items (see page 54 for details)

## 9M20 P&L FinecoBank and Fineco Asset Management

<i>mln</i>	Fineco Asset Management	FinecoBank Individual	FinecoBank Consolidated
Net interest income	-0.2	207.1	206.9
Dividends		14.2	0.0
Net commissions	49.7	257.9	307.6
Trading profit	0.1	76.6	76.7
Other expenses/income	0.1	1.6	1.6
<b>Total revenues</b>	<b>49.7</b>	<b>557.4</b>	<b>592.7</b>
Staff expenses	-3.1	-70.4	-73.5
Other admin.exp. net of recoveries	-2.9	-101.7	-104.5
D&A	-0.2	-18.5	-18.6
<b>Operating expenses</b>	<b>-6.3</b>	<b>-190.5</b>	<b>-196.7</b>
<b>Gross operating profit</b>	<b>43.4</b>	<b>366.9</b>	<b>396.0</b>
Provisions		-39.6	-39.6
LLP	-0.1	-3.4	-3.5
Profit on Investments		-4.0	-4.0
<b>Profit before taxes</b>	<b>43.3</b>	<b>319.8</b>	<b>348.9</b>
Income taxes	-5.5	-98.1	-103.6
<b>Net profit for the period</b>	<b>37.8</b>	<b>221.7</b>	<b>245.3</b>



# Details on Net Interest Income

<i>mIn</i>	1Q19	Volumes & Margins	2Q19	Volumes & Margins	3Q19	Volumes & Margins	4Q19	Volumes & Margins	FY19	Volumes & Margins	1Q20	Volumes & Margins	2Q20	Volumes & Margins	3Q20	Volumes & Margins	9M19	Volumes & Margins	9M20	Volumes & Margins
Financial Investments	57.1	19,748	58.0	20,582	55.9	21,714	56.0	22,114	227.0	21,040	54.8	22,543	56.3	22,676	53.0	22,491	171.0	20,681	164.1	22,570
<i>Net Margin</i>		1.17%		1.13%		1.02%		1.01%		1.08%		0.98%		1.00%		0.94%		1.11%		0.97%
<i>Gross margin</i>	59.7	1.23%	60.4	1.18%	58.5	1.07%	57.7	1.04%	236.3	1.12%	56.8	1.01%	57.1	1.01%	53.1	0.94%	178.5	1.15%	167.0	0.99%
Other Treasury activities (unsecured lending and collateral switch)	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.1	69	0.8	784	1.0	1,101	n.a.	n.a.	1.8	651
<i>Net Margin</i>		0.00%		0.00%		0.00%		0.00%		0.00%		0.44%		0.39%		0.36%		n.a.		0.37%
Security Lending	0.6	836	0.4	386	0.0	0	0.3	307	1.4	382	0.7	634	1.3	1,132	1.3	1,013	1.1	407	3.3	926
<i>Net Margin</i>		0.32%		0.44%		0.00%		0.44%		0.37%		0.44%		0.46%		0.52%		0.35%		0.48%
Leverage - Long	2.7	129	3.2	153	3.3	157	3.3	154	12.4	148	2.9	137	2.4	117	3.1	150	9.2	146	8.3	135
<i>Net Margin</i>		8.45%		8.35%		8.38%		8.38%		8.39%		8.42%		8.13%		8.13%		8.40%		8.23%
Lending	10.5	2,410	10.8	2,544	11.1	2,674	10.9	2,828	43.3	2,614	11.0	3,094	11.4	3,393	11.6	3,582	32.4	2,543	33.9	3,356
<i>Net Margin</i>		1.76%		1.71%		1.64%		1.53%		1.66%		1.42%		1.35%		1.28%		1.70%		1.35%
o/w Current accounts	2.9	1,040	3.2	1,112	3.2	1,169	3.4	1,241	12.7	1,141	3.4	1,316	3.6	1,375	3.6	1,453	9.3	1,107	10.6	1,381
<i>Net Margin</i>		1.14%		1.14%		1.10%		1.07%		1.11%		1.05%		1.04%		0.99%		1.13%		1.03%
o/w Cards	1.2	43	1.2	42	1.2	43	1.2	43	4.9	43	1.2	43	1.1	40	1.1	39	3.6	43	3.4	40
<i>Net Margin</i> <sup>(1)</sup>		11.43%		11.42%		11.40%		11.40%		11.41%		11.41%		11.40%		11.43%		11.41%		11.41%
o/w Personal loans	4.6	441	4.6	448	4.6	457	4.5	459	18.3	451	4.5	462	4.4	448	4.2	437	13.7	449	13.1	449
<i>Net Margin</i>		4.20%		4.09%		3.98%		3.92%		4.05%		3.93%		3.93%		3.86%		4.09%		3.90%
o/w Mortgages	1.8	886	1.9	942	2.0	1,005	1.8	1,084	7.4	979	1.8	1,273	2.3	1,530	2.6	1,653	5.7	944	6.7	1,485
<i>Net Margin</i>		0.80%		0.82%		0.79%		0.64%		0.76%		0.57%		0.61%		0.63%		0.80%		0.60%
Other <sup>(2)</sup>	-0.5		-1.0		-0.4		-0.8		-2.8		-1.3		-2.1		-1.3		-2.0		-4.6	
<b>Total</b>	<b>70.4</b>		<b>71.4</b>		<b>69.8</b>		<b>69.7</b>		<b>281.3</b>		<b>68.2</b>		<b>70.1</b>		<b>68.6</b>		<b>211.6</b>		<b>206.9</b>	
<i>Gross Margin</i>		1.26%		1.25%		1.17%		1.11%		1.20%		1.08%		1.04%		0.98%		1.23%		1.03%
<i>Cost of Deposits</i>		-0.05%		-0.04%		-0.04%		-0.03%		-0.04%		-0.03%		-0.01%		0.00%		-0.04%		-0.01%

Volumes and margins: average of the period

Net margin calculated on real interest income and expenses

2019 quarterly figures have been reclassified due to a managerial recast

<sup>(1)</sup> Net margins and volumes on cards recasted for the previous quarters: now they include only revolving cards, while they were previously calculated on total cards, both spending and revolving.

<sup>(2)</sup> Other includes mainly marketing costs

## UniCredit bonds underwritten

	ISIN	Currency	Amount (€ m)	Maturity	Indexation	Spread
1	IT0005010381	Euro	382.5	7-Oct-20	Euribor 1m	2.52%
2	IT0005010332	Euro	382.5	6-Jan-21	Euribor 1m	2.54%
3	IT0005010316	Euro	382.5	6-Apr-21	Euribor 1m	2.56%
4	IT0005010340	Euro	382.5	5-Jul-21	Euribor 1m	2.58%
5	IT0005010225	Euro	382.5	18-Oct-21	Euribor 1m	2.60%
6	IT0005040099	Euro	100.0	24-Jan-22	Euribor 1m	1.46%
7	IT0005057994	Euro	200.0	11-Apr-22	Euribor 1m	1.43%
8	IT0005083743	Euro	300.0	28-Jan-22	Euribor 1m	1.25%
9	IT0005114688	Euro	180.0	19-May-22	Euribor 1m	1.19%
10	IT0005120347	Euro	700.0	27-Jun-22	Euribor 1m	1.58%
11	IT0005144065	Euro	450.0	14-Nov-22	Euribor 3m	1.40%
12	IT0005144073	Euro	350.0	15-Nov-21	Euribor 3m	1.29%
13	IT0005158412	Euro	250.0	23-Dec-22	Euribor 3m	1.47%
14	IT0005163180	Euro	600.0	11-Feb-23	Euribor 3m	1.97%
15	IT0005175135	Euro	100.0	24-Mar-23	Euribor 3m	1.58%
16	IT0005217606	Euro	350.0	11-Oct-23	Euribor 3m	1.65%
17	IT0005241317	Euro	622.5	2-Feb-24	Euribor 3m	1.52%
<b>Total</b>		<b>Euro</b>	<b>6,115.0</b>		<b>Euribor 1m</b>	<b>1.87%</b>

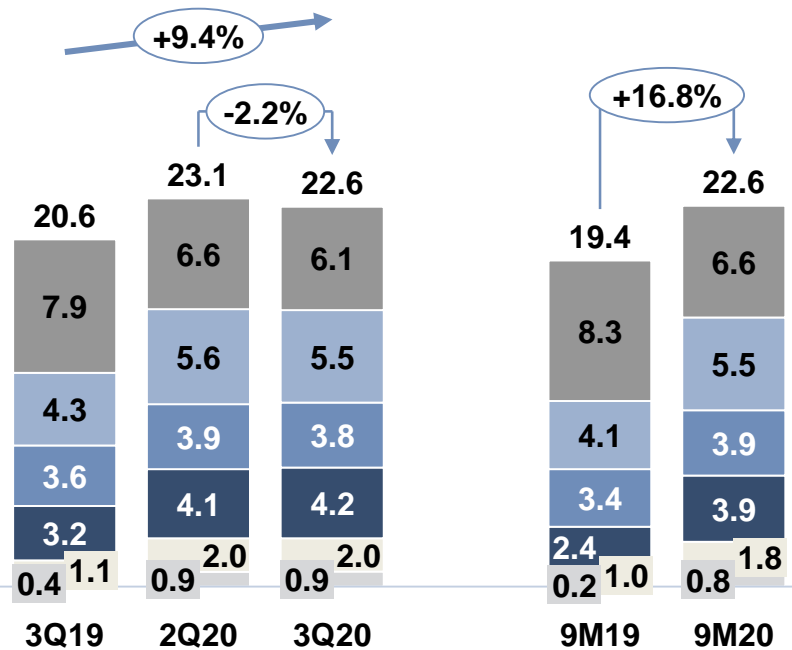
In order to calculate an average spread on Eur1m, an average basis swap of 0.03% is considered

# Financial Investments

Further improvements for a diversified asset side.

## Bond Portfolio, avg bn

UC bonds Spain SSA <sup>(1)</sup>  
Italy Other Govies <sup>(2)</sup> Covered & Corporate



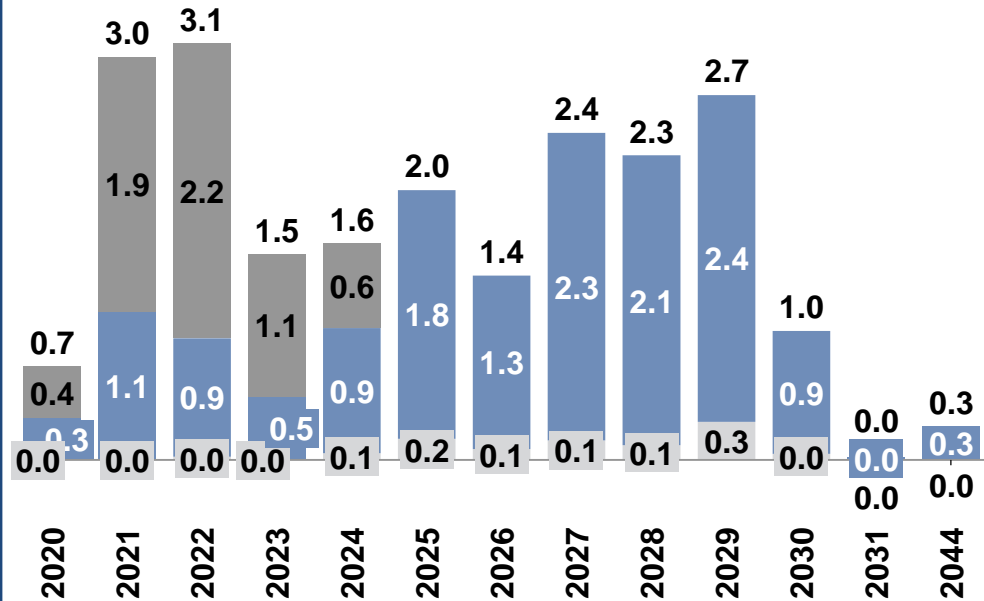
**Avg Bond portfolio 9M20 (excl. UC Bonds):**

**16.0bn, +45% y/y**

**65% at fixed rate, avg yield: 68bps <sup>(3)</sup>**

## Bond portfolio run-offs, eop bn

UC Bonds Govies & SSA Covered & Corporate



**UC Bonds avg spread vs Eur1M, bps**

**252 234 144 186 155**

**Residual maturity total portfolio: 4.9 yrs**

*o/w UC Bonds: 1.6 yrs*

*o/w bonds (excl. UC bonds): 6.2 yrs*

<sup>(1)</sup> Sovereign Supranational and Agencies

<sup>(2)</sup> Avg 3Q20 "Other" includes: 1.0bn France, 0.9bn Ireland, 0.6bn Belgium, 0.5bn USA, 0.5bn Austria, 0.4bn Portugal, 0.1bn Germany, 0.2bn other (UK, Poland, Switzerland, Saudi Arabia, Israel, Chile)

<sup>(3)</sup> Calculated on nominal value as of Sept 30<sup>th</sup> 2020

## Details on Net Commissions

<i>mln</i>	1Q19	2Q19	3Q19	4Q19	FY19	1Q20	2Q20	3Q20	9M19	9M20
<b>Banking</b>	<b>4.5</b>	<b>5.6</b>	<b>5.9</b>	<b>5.3</b>	<b>21.3</b>	<b>8.8</b>	<b>10.3</b>	<b>9.7</b>	<b>15.9</b>	<b>28.8</b>
<b>Brokerage</b>	<b>18.5</b>	<b>18.0</b>	<b>20.0</b>	<b>20.8</b>	<b>77.3</b>	<b>35.6</b>	<b>37.6</b>	<b>26.5</b>	<b>56.5</b>	<b>99.7</b>
o/w										
Equity	15.6	14.7	15.9	17.0	63.2	30.0	31.0	21.7	46.2	82.7
Bond	0.9	0.9	1.4	0.7	3.9	1.0	3.8	2.2	3.2	7.0
Derivatives	2.3	2.2	2.7	2.6	9.7	4.5	3.7	2.6	7.2	10.8
Other commissions <sup>(1)</sup>	-0.2	0.2	0.0	0.6	0.5	0.0	-0.9	0.1	-0.1	-0.8
<b>Investing</b>	<b>54.2</b>	<b>57.6</b>	<b>58.3</b>	<b>56.1</b>	<b>226.2</b>	<b>60.8</b>	<b>57.1</b>	<b>61.8</b>	<b>170.1</b>	<b>179.7</b>
o/w										
Placement fees	1.1	1.3	1.1	1.8	5.4	1.7	1.4	1.5	3.6	4.5
Management fees	57.1	59.7	61.5	63.0	241.3	61.9	58.9	64.2	178.3	185.0
to PFA's: incentives	-3.0	-4.3	-3.6	-8.0	-18.9	-2.5	-2.6	-3.1	-10.9	-8.2
to PFA's: LTI	-1.0	0.8	-0.7	-0.7	-1.6	-0.2	-0.7	-0.7	-0.9	-1.6
<b>Other</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.4</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>0.3</b>	<b>-0.6</b>
<b>Total</b>	<b>77.4</b>	<b>81.3</b>	<b>84.3</b>	<b>82.3</b>	<b>325.2</b>	<b>105.0</b>	<b>104.8</b>	<b>97.9</b>	<b>242.9</b>	<b>307.6</b>

<sup>(1)</sup> Other commissions include security lending and other PFA commissions related to AuC

# Revenues breakdown by Product Area

<i>mln</i>	1Q19	2Q19	3Q19	4Q19	FY19	1Q20	2Q20	3Q20	9M19	9M20
Net interest income	67.6	68.8	67.0	66.9	270.3	65.8	67.7	64.5	203.4	198.0
Net commissions	4.5	5.6	5.9	5.3	21.3	8.8	10.3	9.7	15.9	28.8
Trading profit	-0.1	-0.1	-0.2	0.2	-0.2	-0.1	-0.1	0.0	-0.3	-0.2
Other	0.1	0.1	0.1	0.1	0.4	0.2	0.3	-0.3	0.2	0.2
<b>Total Banking</b>	<b>72.1</b>	<b>74.3</b>	<b>72.7</b>	<b>72.5</b>	<b>291.7</b>	<b>74.6</b>	<b>78.3</b>	<b>73.9</b>	<b>219.2</b>	<b>226.8</b>
Net interest income	3.4	3.7	3.4	3.4	14.0	3.0	2.5	3.1	10.6	8.6
Net commissions	18.5	18.0	20.0	20.8	77.3	35.6	37.6	26.5	56.5	99.7
Trading profit	8.2	9.9	11.5	11.7	41.3	25.1	24.2	20.1	29.6	69.3
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Brokerage</b>	<b>30.2</b>	<b>31.6</b>	<b>34.9</b>	<b>35.9</b>	<b>132.6</b>	<b>63.6</b>	<b>64.2</b>	<b>49.7</b>	<b>96.7</b>	<b>177.6</b>
Net interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net commissions	54.2	57.6	58.3	56.1	226.2	60.8	57.1	61.8	170.1	179.7
Trading profit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	2.7	2.7	0.1	-0.2	0.2	0.0	0.1
<b>Total Investing</b>	<b>54.2</b>	<b>57.6</b>	<b>58.3</b>	<b>58.8</b>	<b>228.9</b>	<b>60.9</b>	<b>56.9</b>	<b>62.0</b>	<b>170.1</b>	<b>179.8</b>

## Managerial Data

Please note that, starting from December 31st, 2019, "Trading profit" also includes dividends and similar revenues on equity investments held at fair value in the item "Dividend income and similar revenue", previously included in the item "Dividends and other income from equity investments" in the reclassified income statement.

## Breakdown Total Financial Assets

<i>mln</i>	Mar.19	Jun.19	Sep.19	Dec.19	Mar.20	Jun.20	Sep.20
<b>AUM</b>	<b>35,988</b>	<b>36,819</b>	<b>38,325</b>	<b>40,505</b>	<b>35,516</b>	<b>40,083</b>	<b>41,744</b>
o/w Funds and Sicav	26,361	26,426	27,477	28,786	24,122	27,657	28,929
o/w Insurance	8,401	9,002	9,369	10,115	9,961	10,676	11,020
o/w GPM	1	26	55	93	127	169	185
o/w AuC + deposits under advis	1,225	1,365	1,425	1,512	1,307	1,580	1,610
<i>o/win Advice</i>	572	600	603	598	516	550	554
<i>o/win Plus</i>	653	765	822	914	792	1,030	1,056
<b>AUC</b>	<b>15,187</b>	<b>15,229</b>	<b>15,158</b>	<b>15,324</b>	<b>13,485</b>	<b>16,486</b>	<b>16,821</b>
o/w Equity	9,137	9,207	9,573	9,841	8,308	10,565	11,006
o/w Bond	6,037	6,011	5,575	5,448	5,147	5,878	5,766
o/w Other	13	12	11	35	30	43	49
<b>Direct Deposits</b>	<b>22,941</b>	<b>23,844</b>	<b>25,099</b>	<b>25,590</b>	<b>26,925</b>	<b>26,077</b>	<b>26,432</b>
o/w Sight	22,938	23,842	25,098	25,588	26,924	26,077	26,432
o/w Term	2	2	2	1	1	1	0
<b>Total</b>	<b>74,116</b>	<b>75,892</b>	<b>78,583</b>	<b>81,419</b>	<b>75,927</b>	<b>82,646</b>	<b>84,997</b>

<i>o/w Guided Products &amp; Services</i>	<b>24,301</b>	<b>25,354</b>	<b>26,697</b>	<b>28,788</b>	<b>25,486</b>	<b>28,984</b>	<b>30,331</b>
---	---------------	---------------	---------------	---------------	---------------	---------------	---------------

<i>o/w TFA Private Banking</i>	<b>29,041</b>	<b>29,970</b>	<b>31,891</b>	<b>33,437</b>	<b>28,844</b>	<b>33,024</b>	<b>34,438</b>
--------------------------------	---------------	---------------	---------------	---------------	---------------	---------------	---------------

AuC and Deposits under advisory have been reclassified within AuM in order to have a better representation of the advisory nature of Advice and Plus services

# Balance Sheet

<i>mln</i>	Mar.19	Jun.19	Sep.19	Dec.19	Mar.20	Jun.20	Sep.20
Due from Banks <sup>(1)</sup>	3,807	1,941	2,033	1,320	1,801	1,633	1,761
Customer Loans	3,029	3,409	3,568	3,680	3,741	4,204	4,320
Financial Assets	19,012	19,920	21,532	22,313	23,414	22,961	22,988
Tangible and Intangible Assets	243	242	247	279	280	280	278
Derivatives	29	49	72	65	76	76	76
Other Assets	259	274	308	366	207	259	298
<b>Total Assets</b>	<b>26,380</b>	<b>25,835</b>	<b>27,760</b>	<b>28,023</b>	<b>29,519</b>	<b>29,412</b>	<b>29,721</b>
Customer Deposits	23,311	24,140	25,429	25,920	27,202	27,021	27,297
Due to Banks	1,605	207	188	155	331	113	105
Derivatives	32	84	156	95	144	207	212
Funds and other Liabilities	393	477	698	471	365	515	487
Equity	1,040	928	1,289	1,382	1,477	1,556	1,620
<b>Total Liabilities and Equity</b>	<b>26,380</b>	<b>25,835</b>	<b>27,760</b>	<b>28,023</b>	<b>29,519</b>	<b>29,412</b>	<b>29,721</b>

<sup>(1)</sup> Due from banks includes cash deposited at Bank of Italy: 1.0 bn as of Sep.2020, 0.9bn as of June 2020, 1.2bn as of Mar.2020, 1.2bn as of June 2019, 1.2bn as of Sept. 2019, and 0.8bn as of Dec. 2019

# Leverage Ratio Sensitivity

- ✓ **OUR PRIORITY:** to slow down the growth of our Balance Sheet through the conversion of deposits into Asset under Management and through the repricing of our Banking services
- ✓ **OUR 2020 GUIDANCE:** Leverage Ratio comfortably above 3.5% considering 2-2.5bn growth of deposits

## STRESS TEST SCENARIO

T1 Capital (mln)		0	30	40	50	60	70	80	90	100	110	120	130	140	150
Total Exposures (mln)	-	3.85%	3.95%	3.99%	4.02%	4.06%	4.10%	4.13%	4.17%	4.20%	4.24%	4.27%	4.31%	4.34%	4.38%
	500	3.78%	3.88%	3.92%	3.95%	3.99%	4.02%	4.06%	4.09%	4.13%	4.16%	4.20%	4.23%	4.27%	4.30%
	1,000	3.72%	3.82%	3.85%	3.89%	3.92%	3.96%	3.99%	4.02%	4.06%	4.09%	4.13%	4.16%	4.20%	4.23%
	1,500	3.65%	3.75%	3.79%	3.82%	3.85%	3.89%	3.92%	3.96%	3.99%	4.02%	4.06%	4.09%	4.12%	4.16%
	2,000	3.59%	3.69%	3.72%	3.76%	3.79%	3.82%	3.86%	3.89%	3.92%	3.96%	3.99%	4.02%	4.06%	4.09%
	2,500	3.53%	3.63%	3.66%	3.70%	3.73%	3.76%	3.79%	3.83%	3.86%	3.89%	3.92%	3.96%	3.99%	4.02%
	3,000	3.48%	3.57%	3.61%	3.64%	3.67%	3.70%	3.73%	3.77%	3.80%	3.83%	3.86%	3.89%	3.93%	3.96%
	3,500	3.42%	3.52%	3.55%	3.58%	3.61%	3.64%	3.67%	3.71%	3.74%	3.77%	3.80%	3.83%	3.86%	3.90%
	4,000	3.37%	3.46%	3.49%	3.52%	3.56%	3.59%	3.62%	3.65%	3.68%	3.71%	3.74%	3.77%	3.80%	3.84%
	4,500	3.32%	3.41%	3.44%	3.47%	3.50%	3.53%	3.56%	3.59%	3.62%	3.65%	3.68%	3.72%	3.75%	3.78%
	5,000	3.27%	3.36%	3.39%	3.42%	3.45%	3.48%	3.51%	3.54%	3.57%	3.60%	3.63%	3.66%	3.69%	3.72%
	5,500	3.22%	3.31%	3.34%	3.37%	3.40%	3.43%	3.46%	3.49%	3.52%	3.55%	3.57%	3.60%	3.63%	3.66%
	6,000	3.17%	3.26%	3.29%	3.32%	3.35%	3.38%	3.41%	3.43%	3.46%	3.49%	3.52%	3.55%	3.58%	3.61%
	6,500	3.13%	3.21%	3.24%	3.27%	3.30%	3.33%	3.36%	3.39%	3.41%	3.44%	3.47%	3.50%	3.53%	3.56%
	7,000	3.08%	3.17%	3.19%	3.22%	3.25%	3.28%	3.31%	3.34%	3.37%	3.39%	3.42%	3.45%	3.48%	3.51%
	7,500	3.04%	3.12%	3.15%	3.18%	3.21%	3.23%	3.26%	3.29%	3.32%	3.35%	3.37%	3.40%	3.43%	3.46%
	8,000	3.00%	3.08%	3.11%	3.13%	3.16%	3.19%	3.22%	3.24%	3.27%	3.30%	3.33%	3.36%	3.38%	3.41%
	8,500	2.95%	3.04%	3.06%	3.09%	3.12%	3.15%	3.17%	3.20%	3.23%	3.26%	3.28%	3.31%	3.34%	3.36%
	9,000	2.92%	3.00%	3.02%	3.05%	3.08%	3.10%	3.13%	3.16%	3.18%	3.21%	3.24%	3.27%	3.29%	3.32%
	9,500	2.88%	2.96%	2.98%	3.01%	3.04%	3.06%	3.09%	3.12%	3.14%	3.17%	3.20%	3.22%	3.25%	3.27%
	10,000	2.84%	2.92%	2.94%	2.97%	3.00%	3.02%	3.05%	3.07%	3.10%	3.13%	3.15%	3.18%	3.21%	3.23%

LR > 3.5%
  3.0% < LR < 3.5%
  LR < 3.0%

Considering our organic capital generation<sup>(1)</sup> after dividend distribution and payment of AT1 coupon, also in case of extremely adverse market scenario and **assuming 5 billion of deposit growth in 2020** (vs 2.4bn on average in the period 2015-'19), **our Leverage ratio would remain around 3.5%**

<sup>(1)</sup> In 2019 we generated 58mln of organic capital after the payment of AT1 coupon and assuming the distribution of €0.32 DPS



# Main Financial Ratios

	Mar.19	Jun.19	Sep.19	Dec.19	Mar.20	Jun.20	Sep.20
<b>PFA TFA/ PFA (mln) <sup>(1)</sup></b>	<b>25.0</b>	<b>25.6</b>	<b>26.6</b>	<b>27.8</b>	<b>25.7</b>	<b>27.9</b>	<b>28.7</b>
<b>Guided Products / TFA <sup>(2)</sup></b>	<b>33%</b>	<b>33%</b>	<b>34%</b>	<b>35%</b>	<b>34%</b>	<b>35%</b>	<b>36%</b>
<b>Cost / income Ratio <sup>(3)</sup></b>	<b>41.3%</b>	<b>39.4%</b>	<b>37.9%</b>	<b>37.9%</b>	<b>33.0%</b>	<b>32.5%</b>	<b>33.1%</b>
<b>CET 1 Ratio <sup>(4)</sup></b>	<b>21.0%</b>	<b>17.8%</b>	<b>17.4%</b>	<b>pro-forma 24.2%</b>	<b>25.4%</b>	<b>24.1%</b>	<b>23.3%</b>
<b>Adjusted RoE <sup>(5)</sup></b>	<b>31.2%</b>	<b>34.0%</b>	<b>27.3%</b>	<b>pro-forma 25.1%</b>	<b>26.5%</b>	<b>26.0%</b>	<b>23.4%</b>
<b>Leverage Ratio <sup>(6)</sup></b>	<b>5.11%</b>	<b>2.89%</b>	<b>3.85%</b>	<b>pro-forma 4.54%</b>	<b>4.39%</b>	<b>4.41%</b>	<b>4.35%</b>

<sup>(1)</sup> PFA TFA/PFA: calculated as end of period Total Financial Assets related to the network divided by number of PFAs eop

<sup>(2)</sup> Calculated as Guided Products eop divided by Total Financial Assets eop

<sup>(3)</sup> C/I ratio net of non recurring items (see page 54 for details) calculated as Operating Costs divided by Revenues net of non recurring items

<sup>(4)</sup> Dec.19 CET1 ratio pro-forma

<sup>(5)</sup> RoE: Net Profit, net of non recurring items (see page 54 for details) divided by the average book shareholders' equity for the period (excluding dividends expected to be distributed and the revaluation reserves) . Dec.19 ROE is pro-forma

<sup>(6)</sup> Leverage ratios until Mar.19 are calculated on Individual basis, according to the EC Delegated Act 2015/62 regarding the exclusion of intra-group exposure. Dec.19 Leverage ratio pro-forma

# Fineco - a fully independent public company starting from May 2019

## Strategy and Business model

**Fineco exit from the UniCredit Group has no implications on its strategy and business model:** Fineco enjoyed limited synergies with UniCredit and, as a fully independent company, continues to **focus on maximizing shareholders' value via healthy, sustainable and organic growth**

## Transitional Arrangements with UniCredit Group

**Fineco and UniCredit have agreed to enter into certain transitional arrangements to ensure full continuity and an orderly and smooth transition from a regulatory, liquidity and operational standpoint**

### INVESTMENT STRATEGY

- **No change in the investment policy** envisaging an increasing diversification of financial investments as the existing stock of UniCredit bonds progressively runs off by 2024

### INFRAGROUP SERVICES

- **UniCredit has granted a financial collateral** in favor of Fineco to secure the credit risk exposures towards UniCredit and **neutralize the capital impacts and risk concentration limits**

### TRADEMARK

- **UniCredit will continue to provide, on an interim basis, certain services** in order to allow Fineco to act in full operational continuity. **The contract for customers' access to banking services through smart ATMs and physical branches has been extended for 20 years**
- **Fineco has exercised at the end of 2019 the option for the purchase of its brand at the price of €22.5mln plus VAT**

# Fineco Asset Management in a nutshell

AUM at €14.9bn, of which €9.6bn retail classes <sup>(1)</sup>

## FUNDS OF FUNDS

### FAM EVOLUTION (30 strategies)

- ✓ **FAM Target:** decumulation product to progressively invest in multi-thematic/profile funds
- ✓ **FAM Megatrend:** multi-thematic fund investing in secular trends
- ✓ **New building blocks** both vertical and based on risk profile
- ✓ **FAM Target:** decumulation products for customers who want to take advantage of bear market phases

### CORE SERIES (30 strategies)

- ✓ Release of **Premium Share Classes**

## FAM SERIES (sub-advised funds)

- ✓ **Additional sub-advisory mandates in pipeline** to further enlarge the offer through **quality and exclusivity agreements** for Fineco clients only
- ✓ **FAM Global Defence:** new capital preservation solution
- ✓ 32 strategies

## INSTITUTIONAL BUSINESS

- ✓ Underlying funds for advisory solutions (both funds of funds and Insurance wrappers) allowing a better control of the value chain **to retain more margins and lower customers' TER**
- ✓ 40 strategies, including also Passive and new Smart Beta funds

## BENEFITS

### Quality improvement and time to market for customers and distribution needs

**Several efficiencies** leveraging on a vertically integrated business model combined with the strong operating efficiency which is in Fineco's DNA






**Better risk management** thanks to the look-through on daily basis on funds' underlying assets

**Win-win solution:** lower price for clients, higher margins

**FINECO**

B A N K

## Fineco UK vs Competitors: products and services

						
BANKING	Bank Account	✓	X	X	✓	✓
	Multi Currency	✓	X	X	✓	✓
	Debit Cards	✓	X	X	✓	✓
TRADING	Shares	✓	✓	✓	✓	✓
	Bonds	✓	X	✓	X	✓
	Futures & Options	✓	X	X	X	X
	CFDs	✓	✓	X	X	X
	FX	✓	✓	X	X	X
	Analytic tools	✓	X	X	X	X
	Funds	✓	X	✓	X	✓
INVESTING	ISA	✓ ●	✓	✓	X	✓
	SIPP	✓ ●	X	✓	X	X

● Coming Soon - see slide 43

## Fineco UK vs Competitors: features

Fineco platform: usability, reliability and advanced tools

					
Free Basic Market Data	✓	✓	✓	✓	✓
Free Real time DMA	✓	X	X	X	X
Advanced Charting tool	✓	X	X	X	X
Recurring investments	✓	X	✓	X	✓
Trading order strategies	✓	✓	X	X	X
Stock screener	✓	X	X	X	X
Payments	✓	X	X	✓	✓
Budget track	✓	X	X	✓	X
Open banking	✓	X	X	✓	✓

# Fineco UK: Premium service without premium price (1/2)

Disruptive pricing 100% sustainable thanks to our strong operating leverage

## OTC: zero commission, no added spreads

Share CFD/Broker Buy 100 units	<b>FINECO</b> BANK	IG	CMC markets	SAXO BANK	Plus500
HSBC * 498.20 GBp	0	£10	£9	£8	£0.67
APPLE * 225.64 USD	0	£15	\$10	\$10	\$9.5
BMW * 42.61 EUR	0	€10	€9	€10	€10.75

	<b>FINECO</b> BANK	IG	CMC markets	SAXO BANK
CFD on UK INDEX	PIPS	PIPS	PIPS	PIPS
Ftse100	0.6	1	1	0.8

## Platform fees: the most competitive

Portfolio size	<b>FINECO</b> BANK	HARGREAVES LANDSDOWN	AJBell	BARCLAYS	Fidelity	HSBC
£10,000.00	0.25%	0.45%	0.25%	0.20%	0.35%	0.25%
£50,000.00	0.25%	0.45%	0.25%	0.20%	0.35%	0.25%
£100,000.00	0.25%	0.45%	0.25%	0.20%	0.35%	0.25%
£250,000.00	0.25%	0.45%	0.25%	0.20%	0.35%	0.25%

## Stock broking: flat fees

	<b>FINECO</b> BANK	HARGREAVES LANDSDOWN	interactive investor	AJBell Yourvest	IG	SAXO BANK	Interactive Brokers
London Stock Exchange							
Stock for £5,000	£2.95	£11.95	£7.99 <sup>(1)</sup>	£9.95 <sup>(1)</sup>	£8	£8	£6
Stock for £20,000	£2.95	£11.95	£7.99 <sup>(1)</sup>	£9.95 <sup>(1)</sup>	£8	£20	£6

## Transaction fees

	<b>FINECO</b> BANK	HARGREAVES LANDSDOWN	AJBell	BARCLAYS	Fidelity	HSBC
	£0.00	£0.00	£1.50	£3.00	£10.00	No online Phone dealing only

(1) Plus Custody fees

## Fineco UK: Premium service without premium price (2/2)

Disruptive pricing 100% sustainable thanks to our strong operating leverage

### Multicurrency: best spreads, no commissions

£ → €	<b>FINECO</b> BANK	Revolut	TransferWise	STARLING BANK	HSBC	HARGREAVES LANSDOWN	interactive investor
£2,000	£4.46	£4.99 <u>Saving: -12%</u>	£7.49 <u>Saving: -68%</u>	£8.02 <u>Saving: -80%</u>	£14.98 <u>Saving: -236%</u>	£16.94 <u>Saving: -280%</u>	£29.95 <u>Saving: -572%</u>
£10,000	£22.3	£44.93 <u>Saving: -101%</u>	£37.44 <u>Saving: -68%</u>	£40.7 <u>Saving: -83%</u>	£74.88 <u>Saving: -236%</u>	£84.7 <u>Saving: -280%</u>	£150 <u>Saving: -573%</u>
£500,000	£668.63	£2,491.22 <u>Saving: -273%</u>	£1,872.16 <u>Saving: -180%</u>	£2,005.88 <u>Saving: -200%</u>	£3,744.32 <u>Saving: -460%</u>	£4,234.64 <u>Saving: -533%</u>	£2,496.21 <u>Saving: -273%</u>
£1,000,000	£1,114.4	£4,987.43 <u>Saving: -348%</u>	£2,852.8 <u>Saving: -156%</u>	£4,011.77 <u>Saving: -260%</u>	£7,488.6 <u>Saving: -572%</u>	£8,470 <u>Saving: -660%</u>	£2,496.21 <u>Saving: -124%</u>

<sup>(1)</sup> Equivalent for each transaction – Exchange rate GBP/EUR: 1,1217

# AT1 T&Cs – Key Structural Considerations

## Temporary write down structure, with 5.125% trigger

Issuer	▪ FinecoBank S.p.A.
Issuer Ratings	▪ BBB (Stable Outlook) by S&P
Instrument Rating	▪ [BB-] by S&P
Tenor	▪ PerpNC[5]
Status	▪ Direct, unsecured, subordinated obligations intended to qualify for regulatory purposes as Additional Tier 1 Capital of the Issuer and the FinecoBank Group, ranking senior only to the share capital of the Issuer (or any present or future securities and any guarantee or similar instrument that rank pari-passu with share capital or are expressed to rank junior to the Notes)
Coupon	<ul style="list-style-type: none"> <li>▪ Fixed until the First Call Date</li> <li>▪ Reset on the First Call Date and every 5 years thereafter based on the sum of the applicable 5-year Mid-Swap Rate and the initial credit spread (no step-up)</li> <li>▪ Payable semi-annually in arrears on interest payment dates falling in [Jun] and [Dec] in each year</li> </ul>
Coupon Cancellation	<ul style="list-style-type: none"> <li>▪ Non-cumulative, fully discretionary</li> <li>▪ Payment subject to Distributable Items, the Maximum Distributable Amount and the Competent Authority order</li> </ul>
Optional Early Redemption	▪ Subject to regulatory approval and conditions to redemption, at year 5 and <b>on every interest payment date thereafter, at the Prevailing Principal Amount</b> with interest accrued (if any)
Special Event Redemption	▪ Subject to regulatory approval and conditions to redemption, at <b>Prevailing Principal Amount</b> with interest accrued (if any) in case of a Capital Event (De-recognition from AT1 capital of Issuer/Group in whole or in part) or Tax event (loss of tax deductibility or gross up of withholding tax)
Principal Loss Absorption upon Contingency Event	<ul style="list-style-type: none"> <li>▪ Temporary write-down upon breach of <b>5.125% Issuer / Group CET1 Ratio</b></li> <li>▪ Write down pro-rata with other AT1 instruments</li> </ul>
Reinstatement upon CET1 Loss Absorption	▪ Discretionary reinstatement of the Prevailing Principal Amount of the Notes, subject to Maximum Distributable Amount
Contractual Recognition of Bail-in Power	▪ Each Noteholder acknowledges and agrees to be bound by the exercise of any Bail-In Power by the Competent Authority and consents to variations of the terms as deemed necessary give effect to the exercise by the Competent Authority of such Bail-in Power
Governing Law	▪ Italian Law
Listing	▪ Euronext Dublin
Denominations	▪ EUR 200k and integral multiples of EUR 1k in excess thereof