



B A N K

3Q19 Results

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November 2019

FINECO. SIMPLIFYING BANKING.

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Fineco - a fully independent public company

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, currently at around €7.5bn⁽¹⁾, 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 decided to exercise by the end of 2019 the option for the purchase** - at the **price of €22.5mln plus VAT** - of its brand, currently owned by UniCredit

Benefits from being a fully independent public company

- **More liquid stock** with more than doubled average volumes
- **Increased efficiency** as we now are **more flexible and agile** to adapt to a fast changing environment in terms of:



More freedom in terms of marketing strategy, **tone of voice** and **communication on social media** (very important for Brokerage)






Possibility to fully exploit our **operational efficiency** to offer **a better customer experience** with more flexibility (e.g. Strong Customer Authentication)



Improved efficiency and flexibility in our decision making, with **no need to increase risk profile**

Fineco Results

-  Next steps and developing opportunities
-  Key messages
-  Focus on product areas

Executive Summary

Net Profit ⁽¹⁾: Best 9M ever

- **Net profit⁽¹⁾ above 198mln, +11% y/y** confirming the **sustainability of a business model able to deliver consistent results in every market condition**
- **Growing revenues⁽¹⁾ at 489mln, +5% y/y** supported by all business areas: Investing, +14% y/y, with management fees up +12% y/y and Banking area (+3% y/y) thanks to high quality volume growth in deposits and lending. Revamped Brokerage (+10% q/q) thanks to an in-depth review of our product offer after the change in the market structure due to lower volatility and increased regulation
- **Operating Costs well under control at 185mln, +1% y/y** due to different distribution of marketing costs among the quarters. **C/I ratio at 37.9%, -1.4 p.p. y/y**, confirming **operating leverage as a key strength of the Bank**

Robust commercial activity

- **9M19 Net sales at 4.3bn**, with penetration of **Guided products on Assets under Management at 70%**
- **Fineco Asset Management recorded its best month ever in terms of retail total net sales**

Innovation key in our next industrial measures

- **Banking:** room for Smart repricing of banking services and continuous improvement of banking services
- **Investing:** further push to move customers' liquidity in Asset under Management, leveraging on product innovation, FAM and the new platform
- **Brokerage:** completely redesigned product offer with new option products and more to come

⁽¹⁾ Figures adjusted net of non recurring items: 9M19 Voluntary Scheme: -4.4mln gross, -2.9mln net (1Q19: -0.4mln gross, -0.3mln net; 2Q19: -4.3mln gross, -2.9mln net; 3Q19: +0.4mln gross, +0.3mln net). 9M18 non recurring items: Staff expenses -1.1mln net (-1.6mln gross)

Results

Best 9M ever, with 198mln adj. Net Profit, +10.8% y/y, boosted by diversified revenues growth. C/I ratio at 37.9%, down ~1.4 p.p. y/y confirming our strong operating leverage

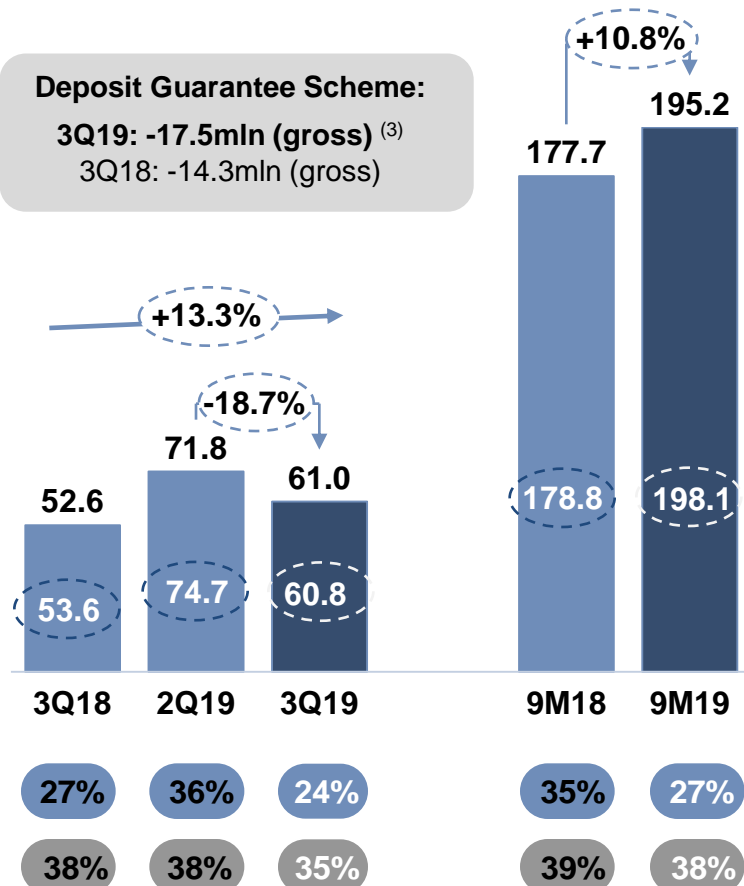
Net Profit, mln

○ excluding non recurring items ⁽¹⁾
 ● Adj. RoE ⁽²⁾ ● Adj. Cost/Income ⁽²⁾

Deposit Guarantee Scheme:

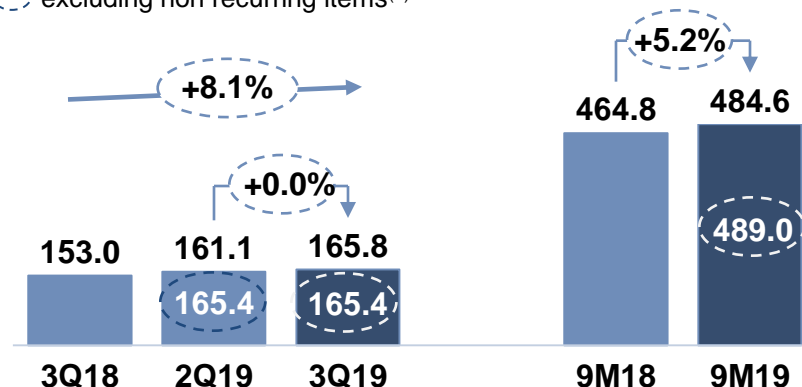
3Q19: -17.5mln (gross) ⁽³⁾

3Q18: -14.3mln (gross)



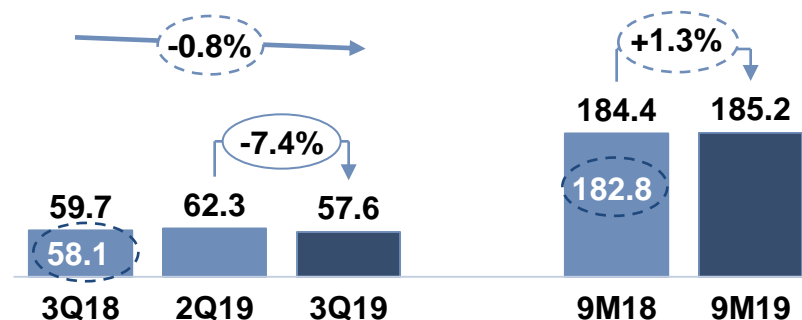
Revenues, mln

○ excluding non recurring items ⁽¹⁾



Operating Costs, mln

○ excluding non recurring items ⁽¹⁾



⁽¹⁾ 9M19 non recurring items: Voluntary Scheme: -4.4mln gross, -2.9mln net (1Q19: -0.4mln gross, -0.3mln net; 2Q19: -4.3mln gross, -2.9mln net; 3Q19: +0.4mln gross, +0.3mln net). 9M18 non recurring items: Staff expenses -1.1mln net (-1.6mln gross)

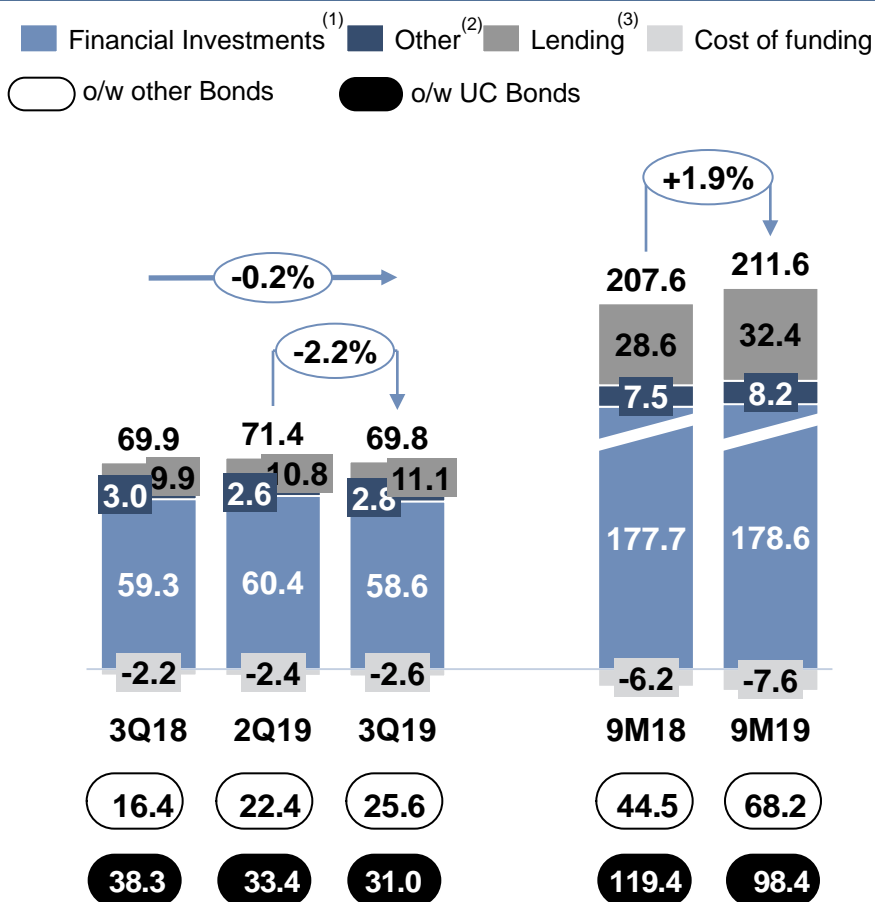
⁽²⁾ Adj. Cost/Income and Adj. RoE calculated net of non recurring items

⁽³⁾ estimated

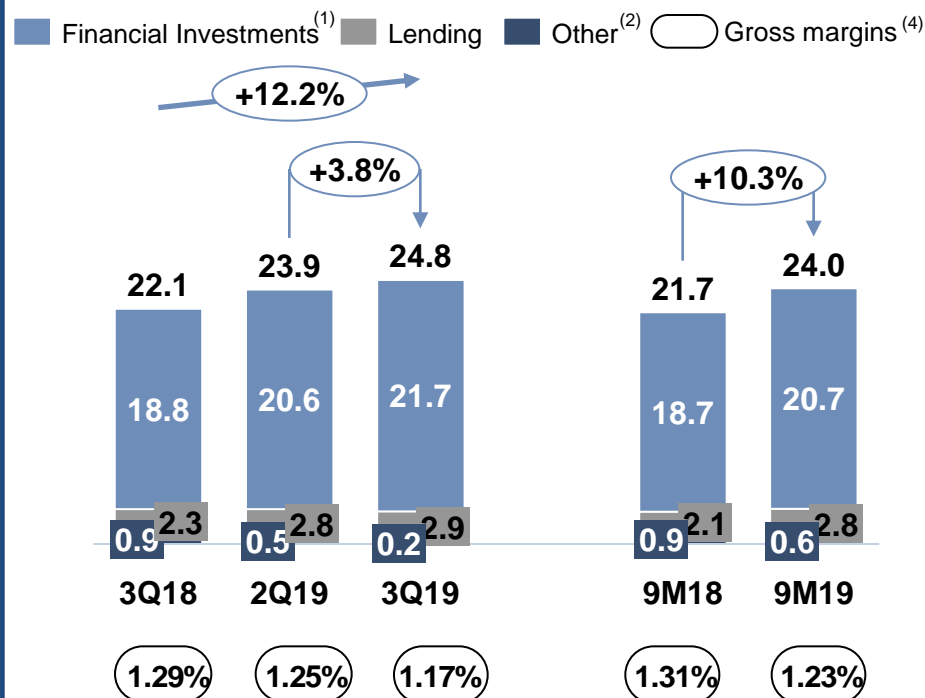
Net interest income (1/2)

Solid NII, +1.9% y/y thanks to valuable and sticky sight deposits coupled with high-quality lending portfolio. Increasing diversification in financial investments

Net Interest Income, mln



Interest-earning assets, avg bn



3Q19 Eur1M -0.42% vs -0.37% of previous quarters
Cost of deposits -0.04%, flat

(1) Financial investments include interest income coming from the reinvestments of deposits (both sight and term) in: Government bonds, UC bonds 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 45 for details

(3) Lending: only interest income

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

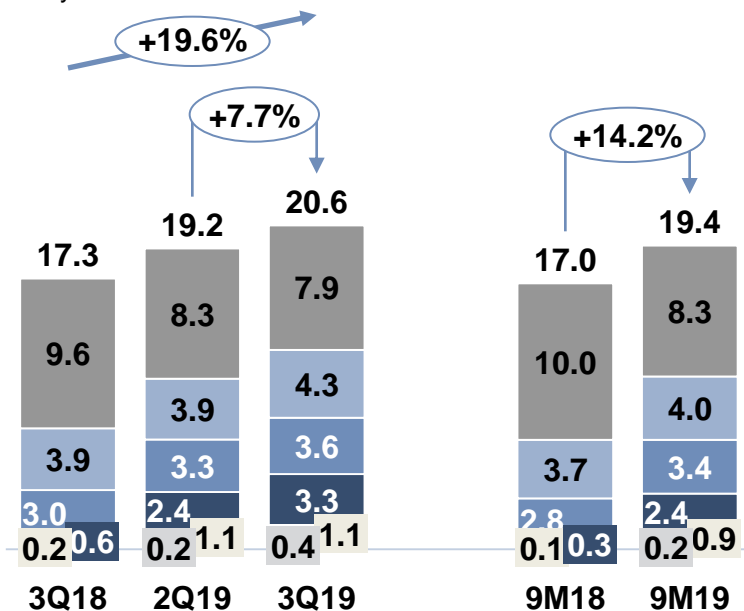
Net interest income (2/2)

Further improvements for a diversified asset side.

Sensitivity analysis +100bps / -100bps parallel shift: +125mln NII / -114mln NII

Bond Portfolio, avg bn

UC bonds Spain Supranational & Agencies
Italy Other Govies⁽¹⁾ Covered Bonds



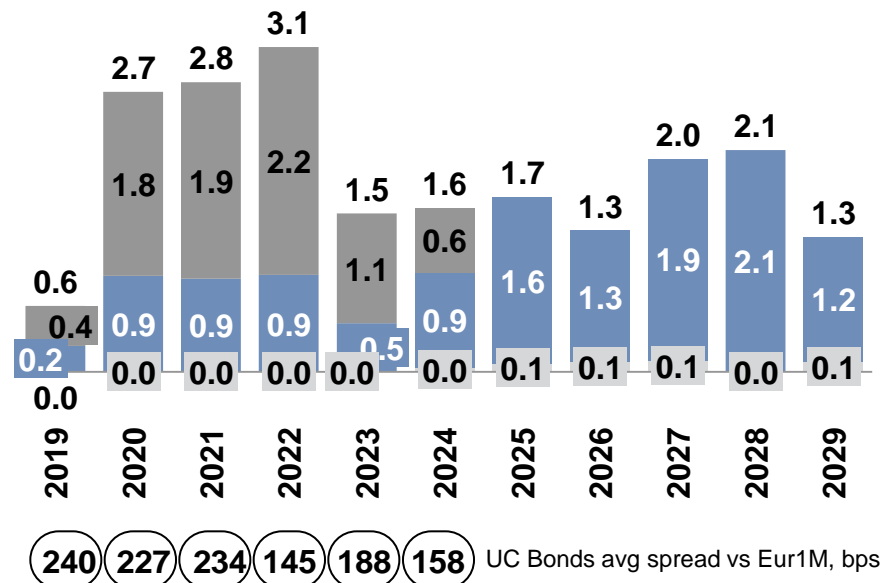
Avg Bond portfolio 9M19 (excl. UC Bonds):

11.0bn, +57.8% y/y, +16.8% q/q

73% ⁽²⁾ at fixed rate, avg yield: 86bps

UC bonds and Govies run-offs, eop bn

UC Bonds Govies Covered Bonds



Residual maturity total portfolio: 4.5 yrs

o/w UC Bonds: 2.2 yrs

o/w Govies: 6.0 yrs

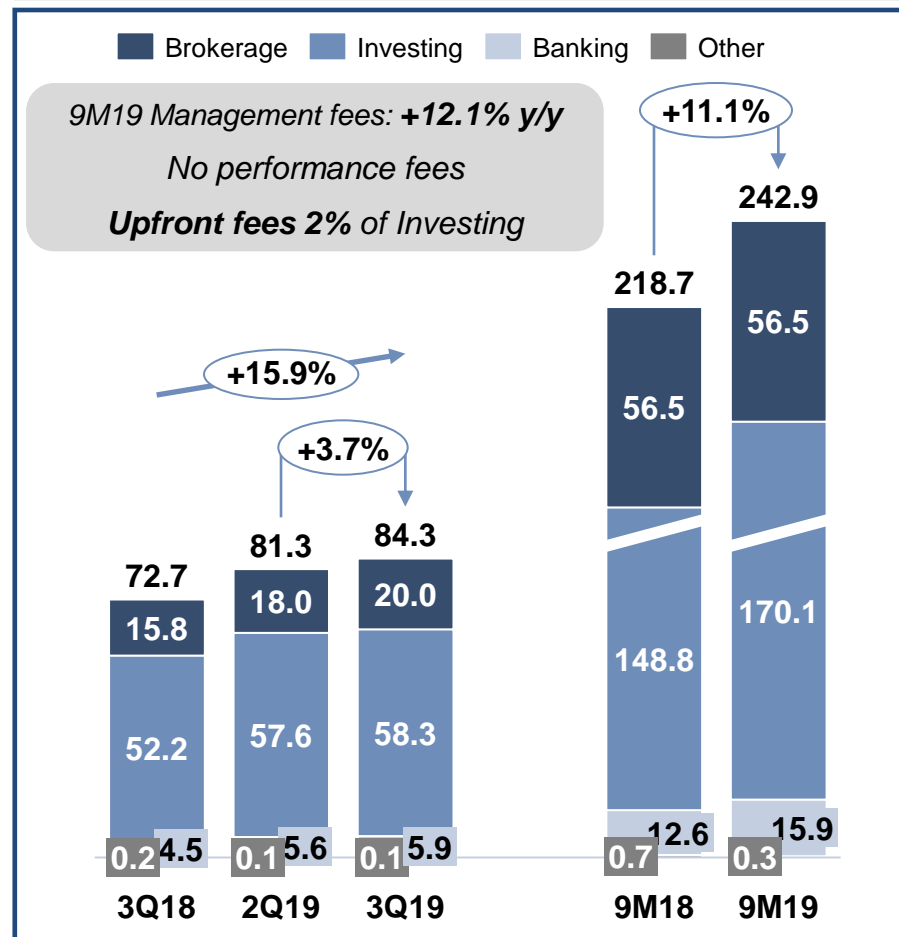
⁽¹⁾ Other includes: 0.5bn France, 0.5bn Ireland, 0.4bn Austria, 0.3bn Belgium, 0.3bn Germany, 0.2bn USA, 0.1bn Portugal, 0.1bn Poland in 9M19

⁽²⁾ Calculated on nominal value as of Sept.30th, 2019

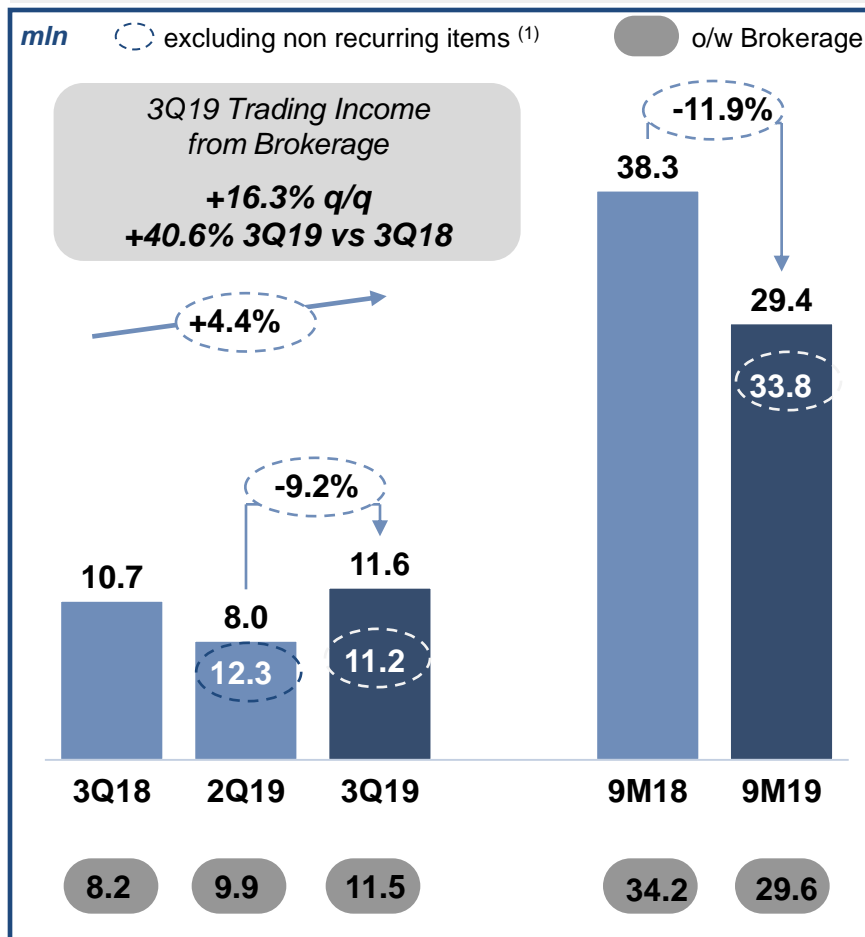
Commissions and Trading Income

Fees and commissions grew +11.1% y/y. Sustainable growth generating recurring revenues, with Management fees up +12.1% y/y. Revamped Brokerage

Fees and Commissions, mln



Trading Income, mln



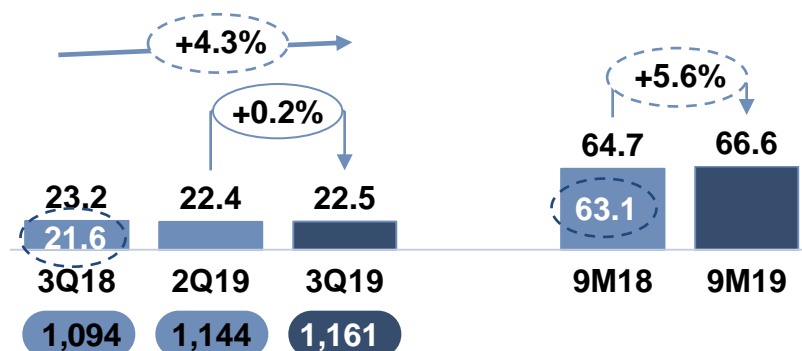
⁽¹⁾ Adj. Trading Income excluding non recurring items: Voluntary Scheme: 9M19 -4.4mln gross, -2.9mln net (1Q19: -0.4mln gross, -0.3mln net; 2Q19: -4.3mln gross, -2.9mln net, 3Q19: +0.4mln gross, +0.3mln net)

Costs

Cost efficiency and operating leverage confirmed in our DNA. 3Q19 affected by seasonality and different distribution of marketing costs among quarters

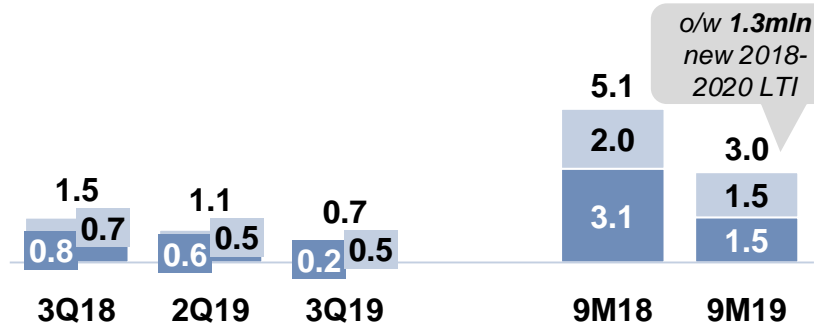
Staff expenses and FTE, mln

● FTE # ○ excluding non recurring items ⁽¹⁾



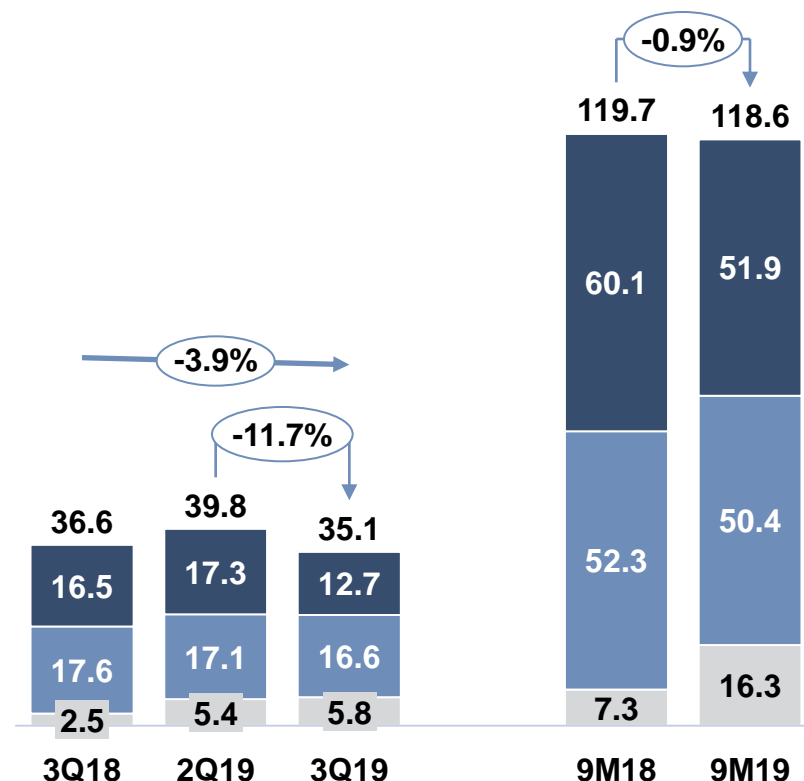
Long Term Incentive Plans, mln

■ Staff expenses, related to top managers and key employees
■ Other administrative expenses, related to PFAs



Non HR Costs ⁽²⁾, mln

■ Development Costs ■ Write-downs/back & depreciation ⁽³⁾
■ Running Costs



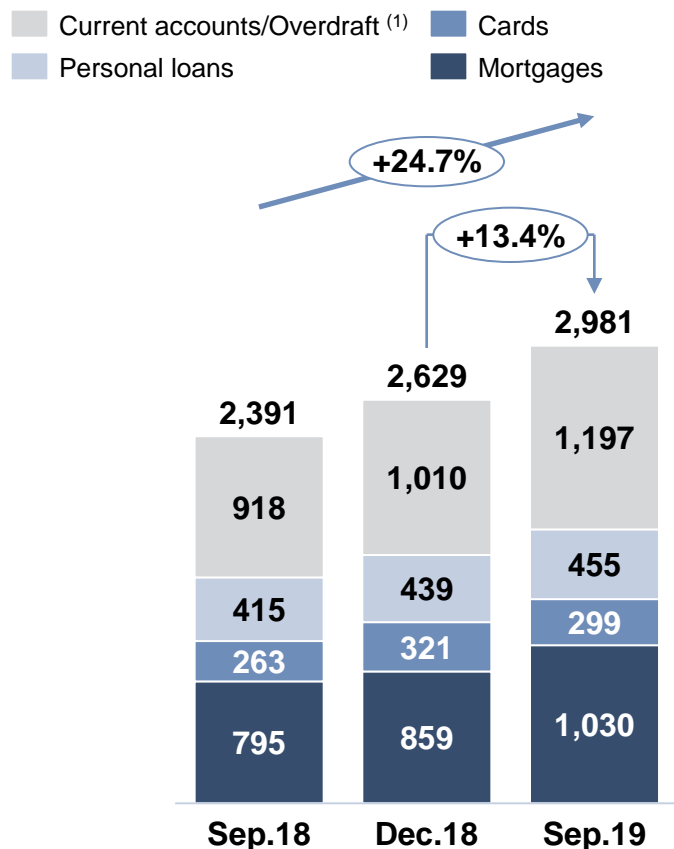
⁽¹⁾ Non recurring items : severance (staff expenses) -1.6mln gross in 3Q18

⁽²⁾ Other administrative expenses with breakdown between development and running costs: managerial data

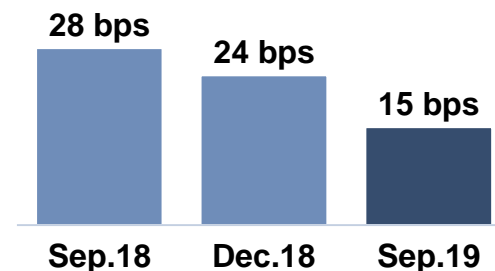
⁽³⁾ Following IFRS16, leasing costs previously accounted in other administrative expenses are now booked in write-down/back and depreciation. For more details on IFRS16 please refer to slide 50

Boost in 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 ⁽²⁾



- **Decreasing Cost of Risk 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
- **More details on the quality of our portfolio in the following slide**, with a deep dive on the main products offered

⁽¹⁾ Current accounts/overdraft Include Lombard loans

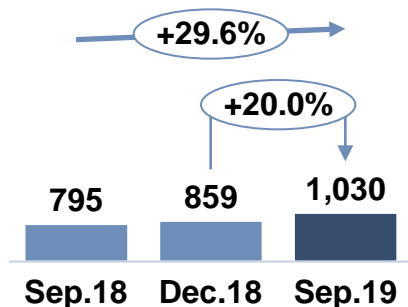
⁽²⁾ New methodology for calculating Cost of Risk to have a better representation of the ratio: commercial LLP of the last 12 months on average last 12 months commercial Loans instead of annualized LLP

Lending

Boost in high quality lending volume through mortgages, personal loans and lombard loans

Eop, mln

Mortgages

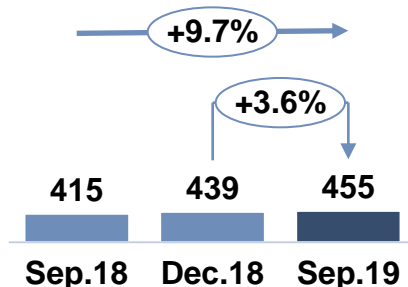


- **10,875 mortgages** granted since December 2016
- Average customer rate: **179bps. 9M19 Yield⁽¹⁾ at 80bps**
- Average Loan to Value **53%** and average maturity **19 yrs**
- Very **low expected loss** (~23 bps)

2019 Guidance

- yearly new production: **~330-380mln**
- Expected yield: **~ 70-80 bps**

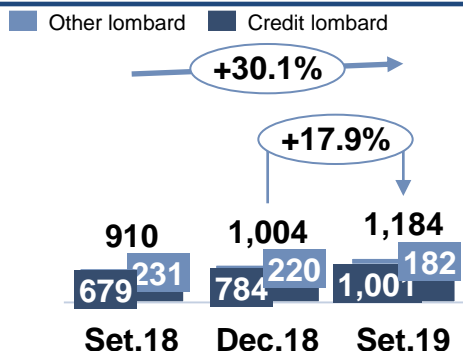
Personal Loans



- Average ticket €9.100 and average maturity 4.5 years
- **9M19 Yield at 409bps**
- **Efficient and real time process**, instant approval platform for eligible clients' requests thanks to a deep knowledge of clients.
- **Low expected loss** (~60 bps)

- yearly new production: **~200-250mln**
- Expected yield: **~ 380-410 bps**

Lombard Loans



o/w Credit Lombard⁽²⁾:

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

o/w Credit Lombard⁽²⁾:

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

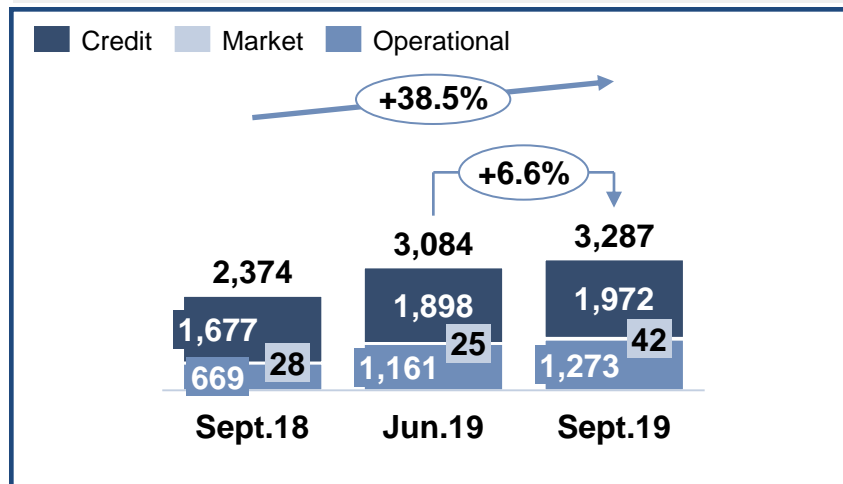
⁽¹⁾ Yield on mortgages net of amortized and hedging costs

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

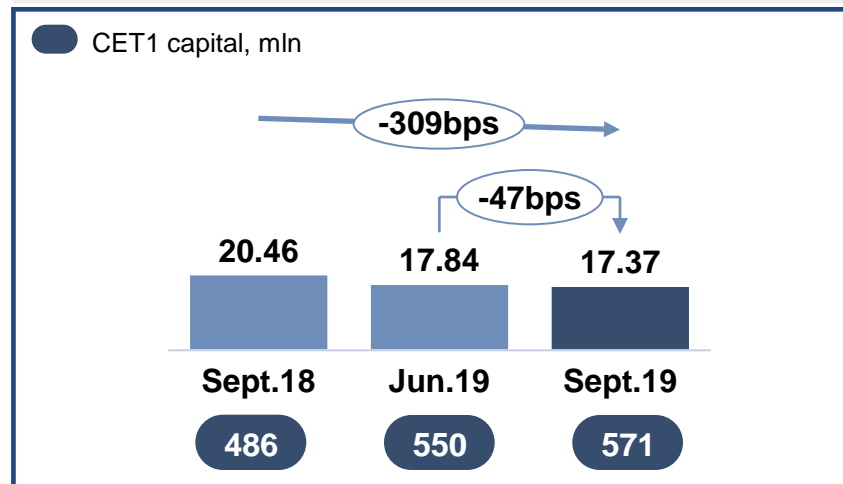
Capital Ratios⁽¹⁾

Best in class capital position and low risk balance sheet

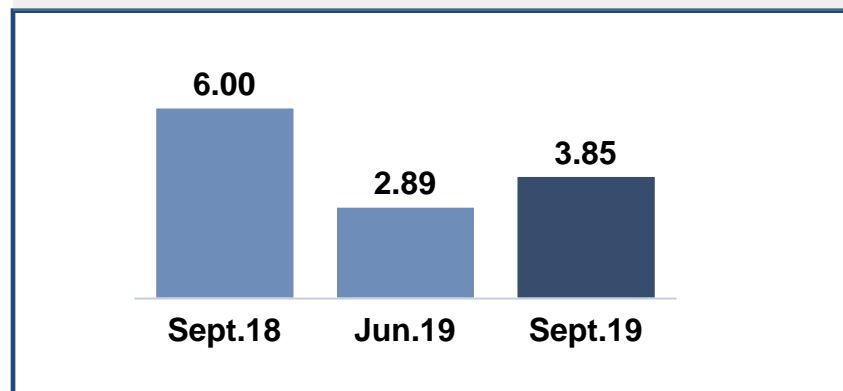
RWA⁽²⁾, mln



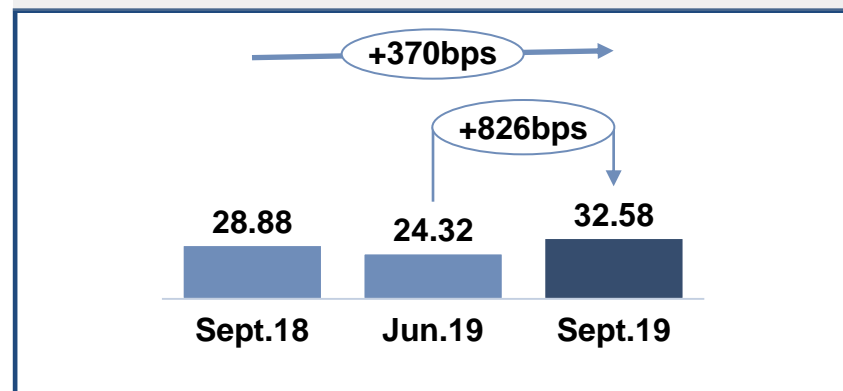
CET1 Ratio, %



Leverage Ratio, %



Total Capital Ratio, %



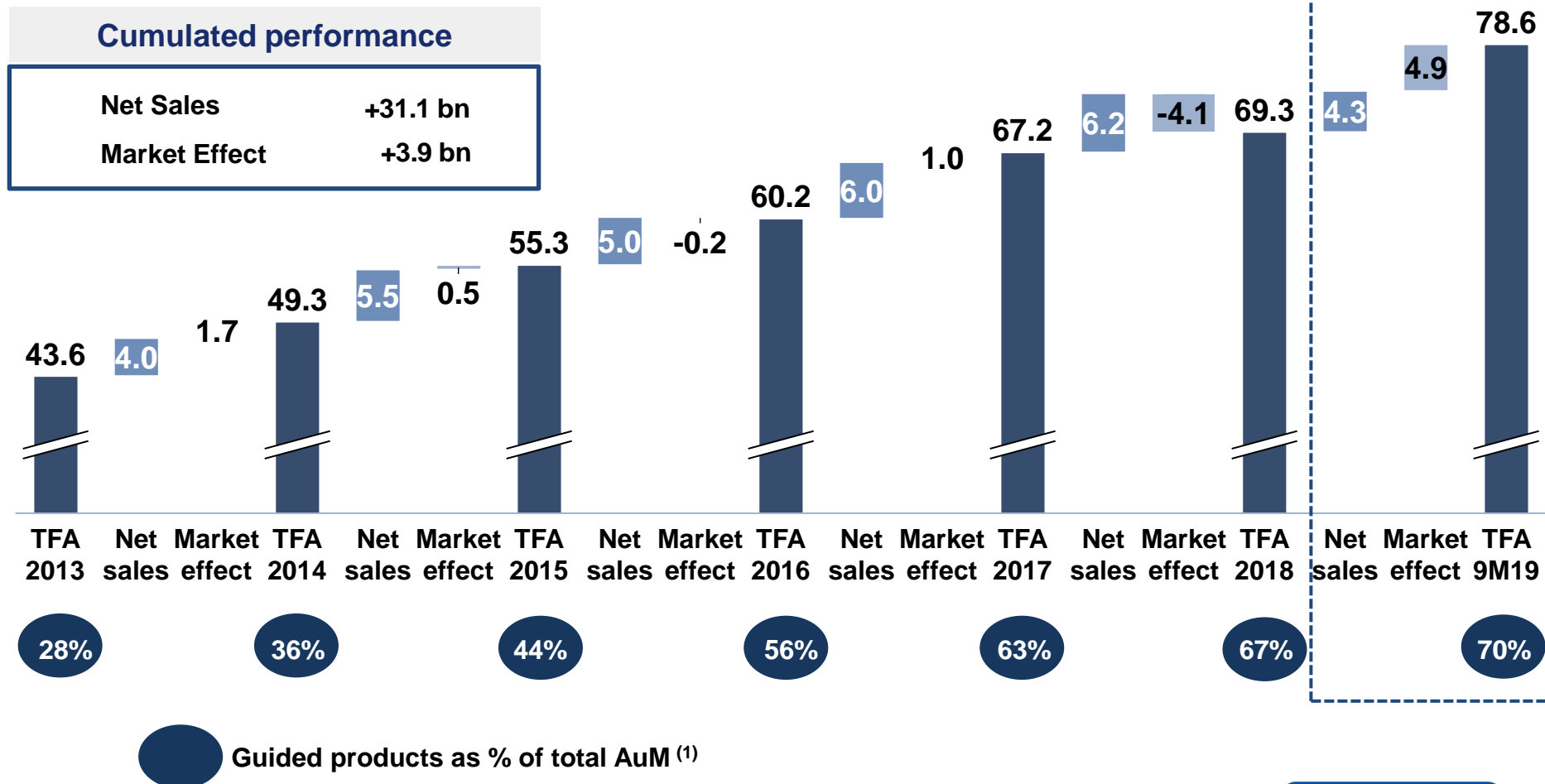
⁽¹⁾ Data as of September 2018 were determined on individual basis

⁽²⁾ Following the exit from UniCredit Group, the Bank started a process to ask the Supervisory Authority to use a less sophisticated method for determining the regulatory requirement and, prudentially, the requirement as of September 30th, 2019 was calculated by adopting a Margin of Conservatism (MoC)

TFA

Relentless TFA growth thanks to a healthy expansion in net sales.
Guided products & Services increased at 70% of total AuM

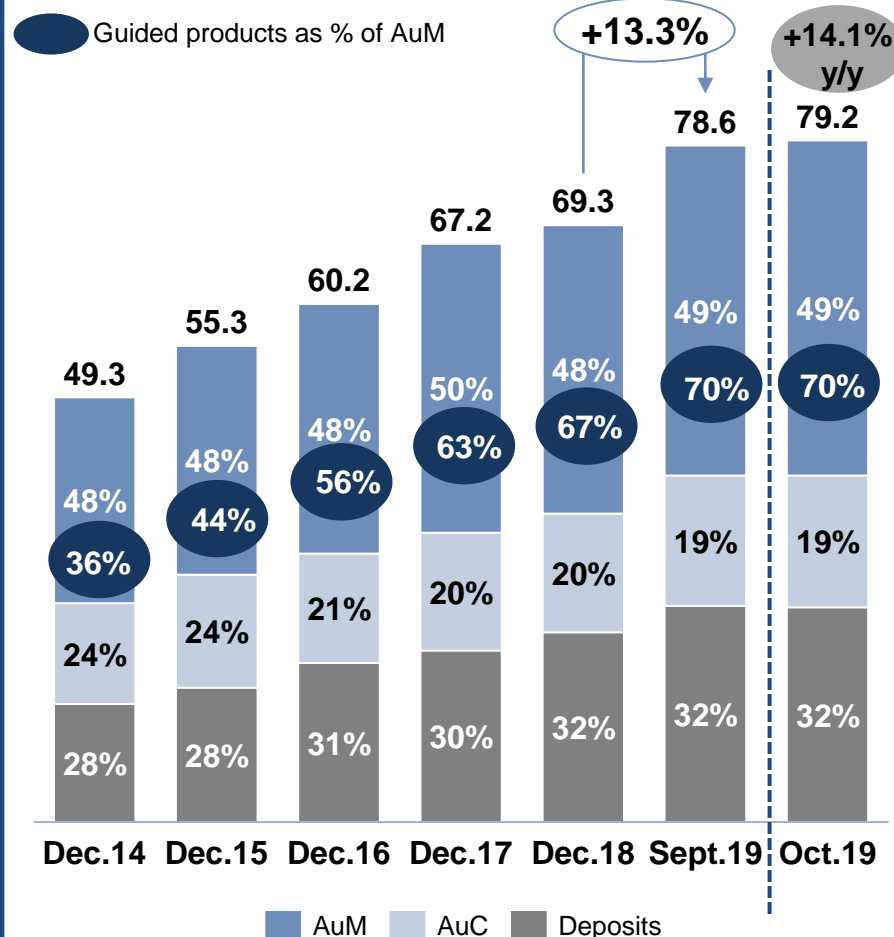
TFA evolution (Dec.13 – Sept. 19), bn



TFA breakdown

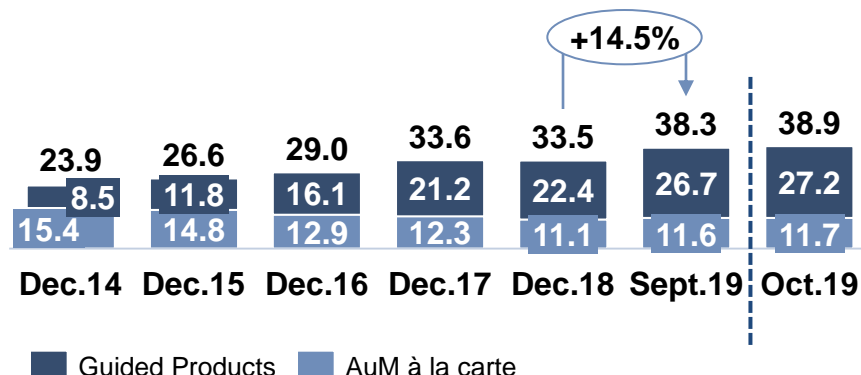
Successful shift towards high added value products thanks to strong productivity of the network

Breakdown of total TFA, bn

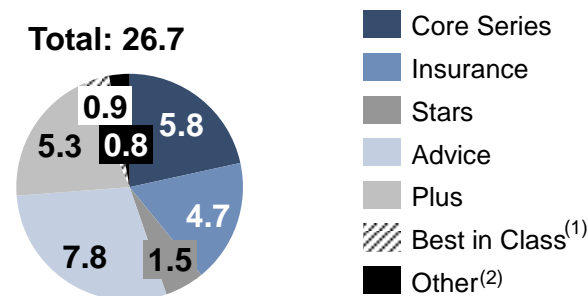


Focus on AUM, bn

+14.4 bn AUM since the end of 2014, o/w:
Guided Products & Services +18.2 bn
 AuM à la carte -3.9 bn



Guided Products breakdown, bn

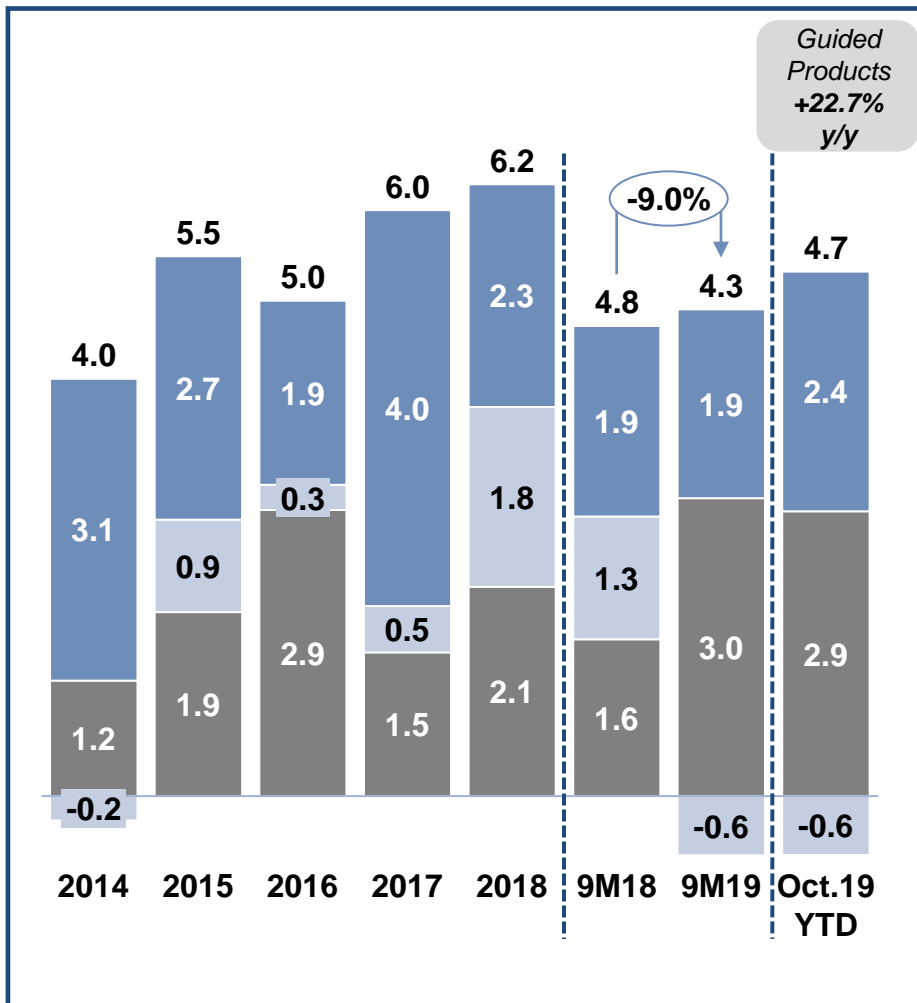


AuC and Deposits under advisory have been reclassified within AuM in order to have a better representation of the advisory nature of Advice and Plus services

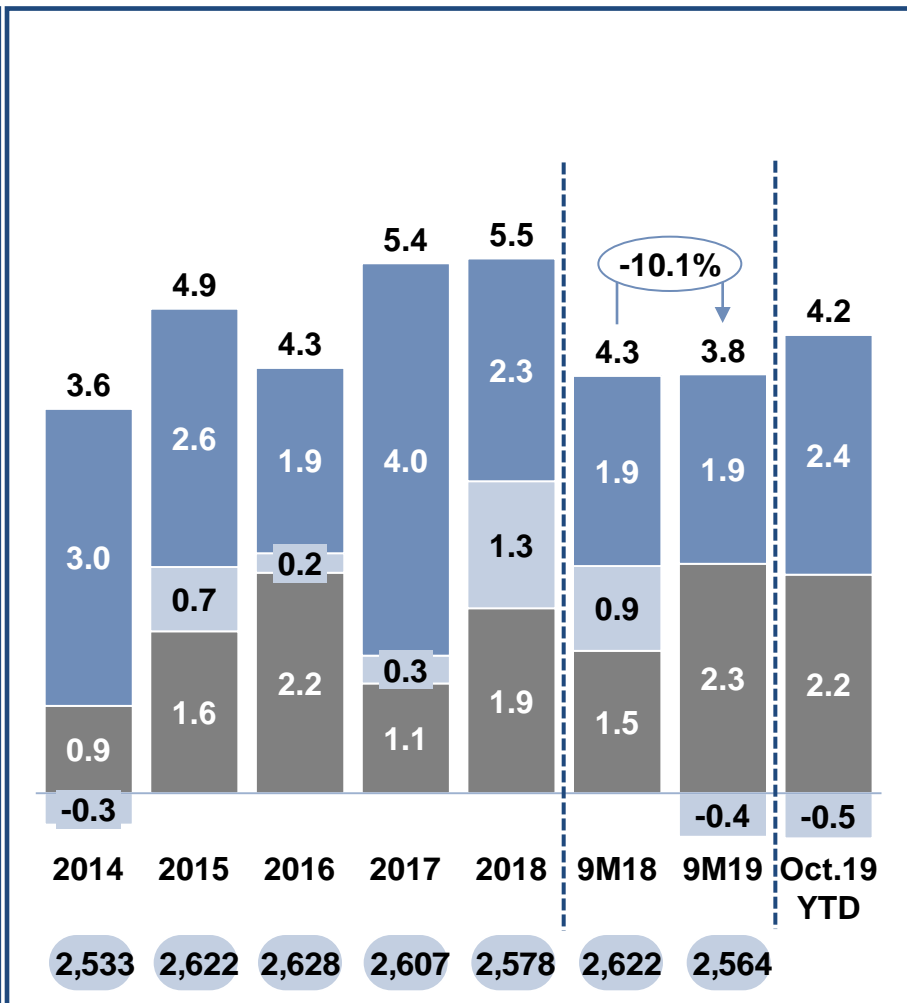
Net sales breakdown

Solid high quality 9M19 net sales growth on the wave of structural trends in place despite a complex environment. Asset mix returning into AuM with more conservative solutions

Breakdown of total Net Sales, bn



PFA Network – total Net Sales, bn



AuM AuC Deposits

PFA Network - headcount

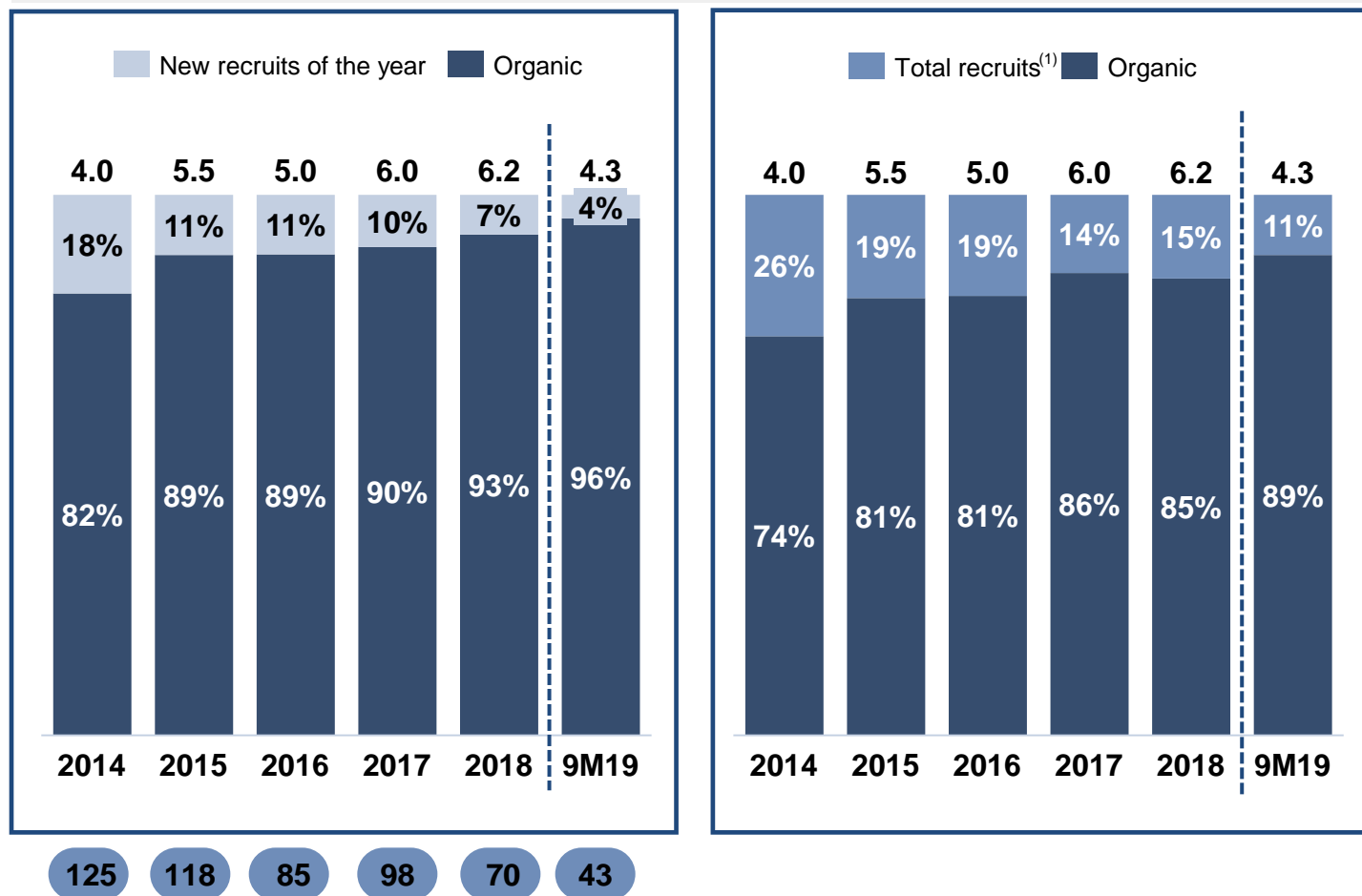


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Organic growth

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

Net Sales, bn – Organic / Recruit, %



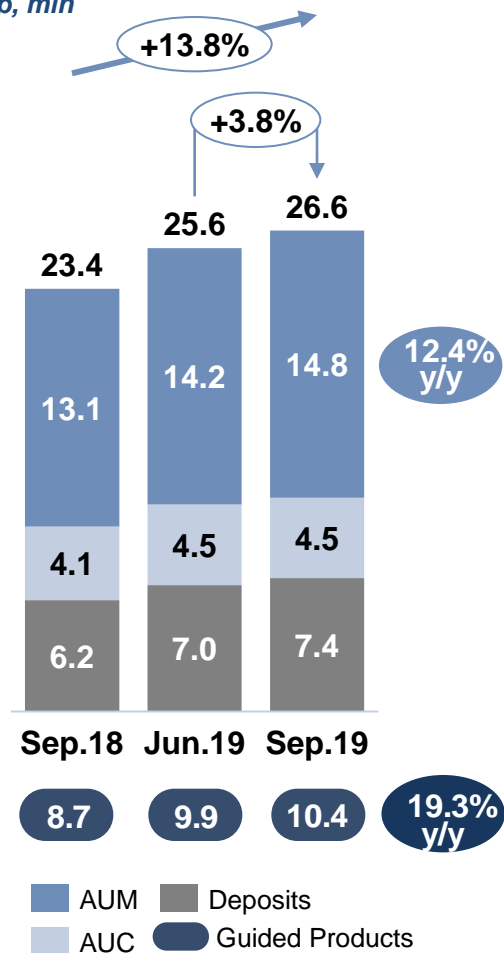
Recruitment costs
(to be amortized)
stock 26.3mln
as of Sept.'19

of PFAs recruited in the period

Continuously increase of quality and productivity of the network

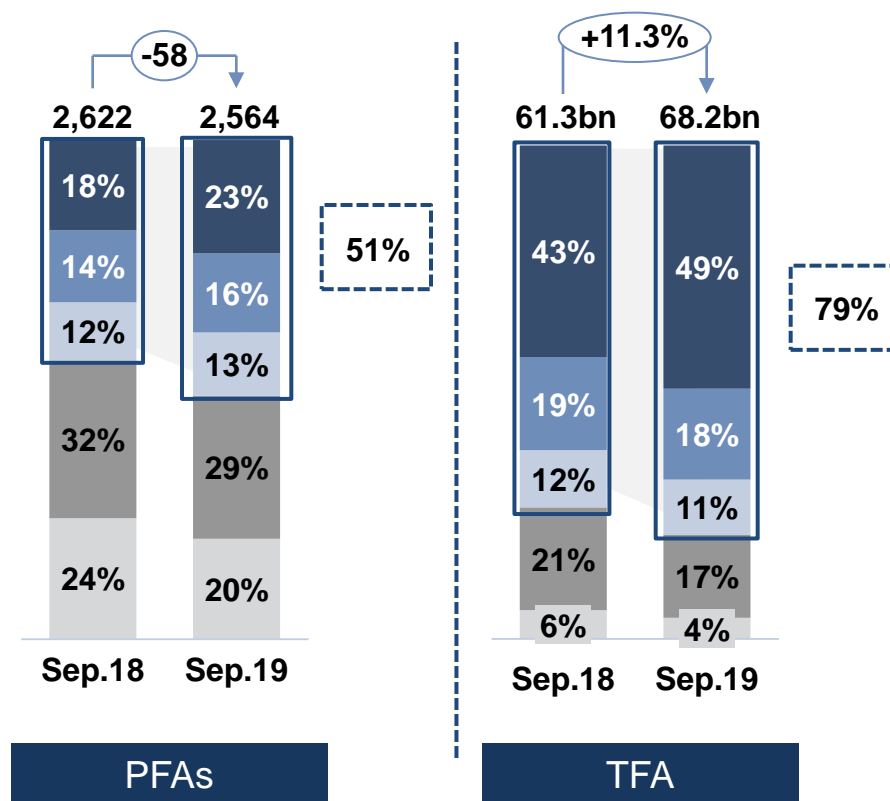
Total Assets per PFA

Eop, mln



TFA concentration per PFA

PFAs with TFA >20mln are 51% (+16%y/y)
and hold 79% of TFA (+8% y/y)

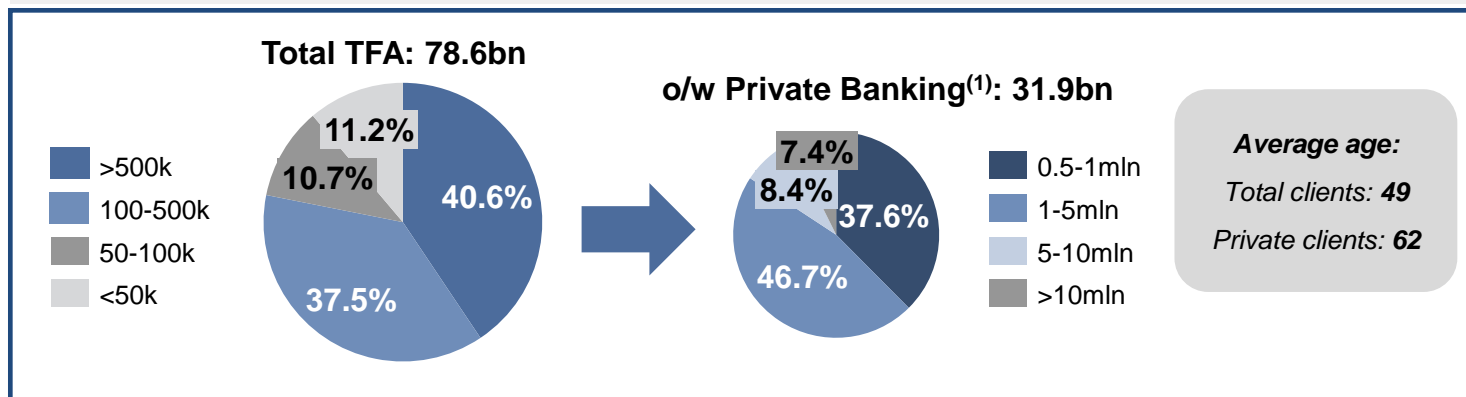


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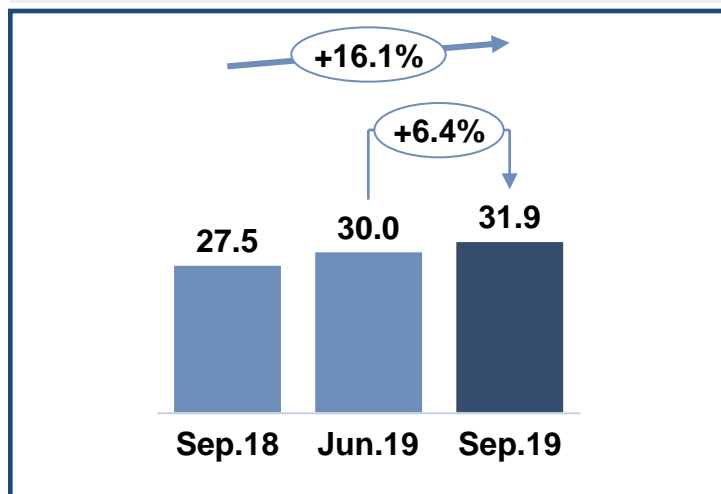
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Clients' profile and focus on Private Banking

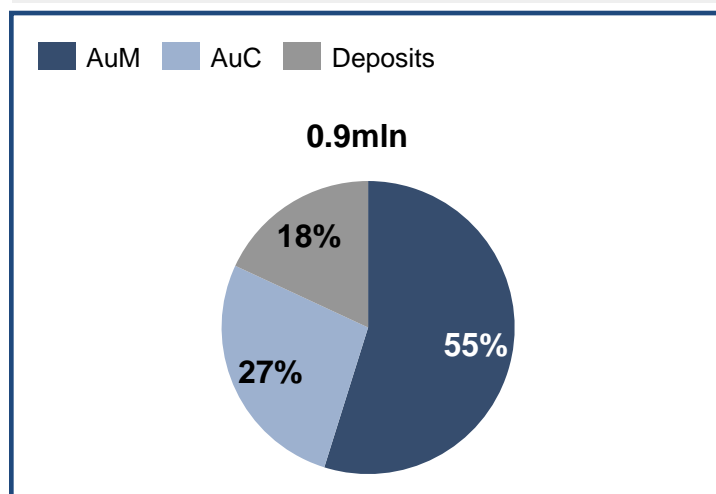
Total Financial Assets per client



TFA Private Banking, eop bn



Avg TFA per Private client



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

Agenda

- Fineco Results

- **Next steps and developing opportunities**

- Key messages

- Focus on product areas

What's next – It's not just about Net Interest Income

A resilient, low risk Net Interest Income

Given current outlook⁽¹⁾, our assumptions for 2020 are:

- **Run-off** of our bond portfolio is **smooth and gentle** as it has been built in a very conservative way, **with no major cliffs**
- **Positive effect coming** from continuous building up of **volumes** (~2.5bn expected growth of deposits per year) and **lending book** (~0.8-1bn new production per year)
- **Benefit from tiering** on our liquidity deposited at Bank of Italy with up to 6x our mandatory deposits (~250mln as of Sept.19) at zero rate
- **No change in our investment policy**: we will continue to invest in a blend of diversified European Govies and Covered Bonds and **no increase in the risk profile of the Bank**
- **NII sensitivity** for +100bps/-100bps parallel shift: **+125mln additional NII / -114mln less NII**

Industrial measures going forward

The Bank is undertaking industrial measures to reduce the exposure to Net Interest Income through:

- 1 **Acceleration** in the conversion of **customers' deposits towards Asset under Management**
- 2 **Possible smart repricing** coupled with an **continuous improvement of our banking services**, preserving our positioning as **best price/quality offer** in the market

This measures will change our revenues' mix - with a higher contribution from Investing and Banking fees - and will **further lighten our Balance Sheet**

Accelerating the conversion rate of customers' deposits towards AuM

Assisted Selling platform to further boost productivity for the Bank and PFAs

NEW GENERATION OF PRODUCTS

New products with fully digital subscription will be offered through our Assisted Selling platform:

- **Decumulation products (FAM Target):** for customers who want to progressively invest in multi-thematic/profile funds
- **Insurance capital guarantee product:** remunerated solution with a more flexible exit-window vs a traditional insurance product, suitable for customers with short-term horizon
- **New multi-thematic funds (FAM Megatrends)** to catch secular trends
- **Pension funds** will be offered directly to customers in the coming months

NEW SOFTWARE DEVELOPMENT

Fineco will take more directly the driving seat in helping PFAs to develop their customers more efficiently by further **extracting value from Big Data Analytics**:

- **X-Net:** continuous improvements of our **PFAs' cyborg advisory** platform, that will be further enhanced with tailor-made solutions to solve customers' financial gaps
- **Co-Working:** it will enable our PFAs to **share customers** (and related fees) with other colleagues and manage more actively a higher number of customers
- **Fineco X.0:** to further improve the effectiveness of our commercial strategy leveraging on our one single database, allowing the Bank to **better target customers** with direct campaigns and to **fully exploit the growth potential of low-touch clients**.

ALREADY DELIVERING

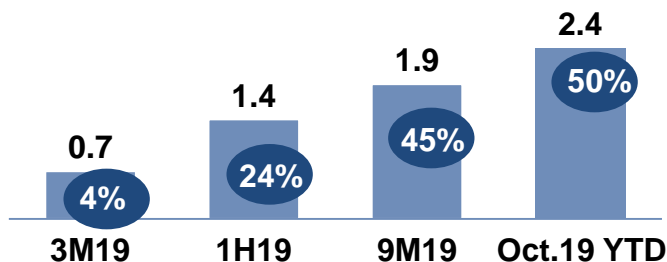
Our **very first initiatives** confirm the strategy is **paying off as shown by strong net sales** results of the recently launched **FAM Target** and **FAM Megatrends**

Accelerating the conversion rate of customers' deposits towards AuM

Fineco Asset Management gaining commercial momentum

FAM contribution to Fineco's AuM Net Sales

bn

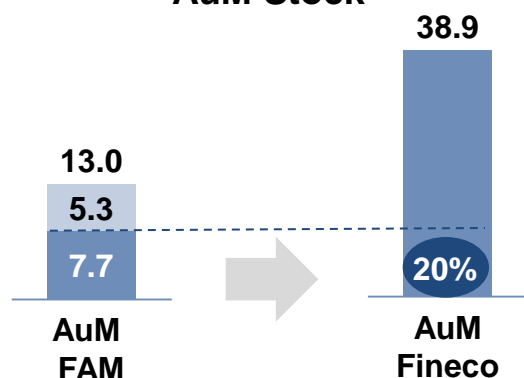


■ Fineco AUM net sales ● FAM retail net sales / Fineco AUM

FAM Growth potential

bn

AuM Stock⁽¹⁾



■ Institutional Classes ■ Retail Classes
● % FAM retail classes / Fineco's AuM

- **FAM retail class October 2019 Net Sales: 359mln**
- **September and October 2019 best months ever** in terms of retail net sales
- **FAM Evolution is the best seller product cluster**, with net sales structurally towards retail classes
- **Increasing penetration in Fineco's AuM net sales** thanks to FAM ability to create modern and innovative multimanager solutions

□ FAM MegaTrends

□ FAM EVOLUTION
Target

- **Room to increase FAM's penetration on Fineco Asset under Management stock enhancing the Bank's open architecture platform**

Smart repricing preserving our best price/quality ratio

Improving an already best-in-class Customer Experience

97%

**CUSTOMER
SATISFACTION** ⁽¹⁾

n.1
BANK

**IN TERMS OF
REPUTATION** ⁽²⁾

Continuous upgrade of our banking platform



Brand new dashboard for credit and debit cards, which will also be **fully digitalized**, and **upgrade of mobile payment services**



Renewal of our banking homepage



Simplification of our onboarding process via mobile

Two pillars for a smart repricing

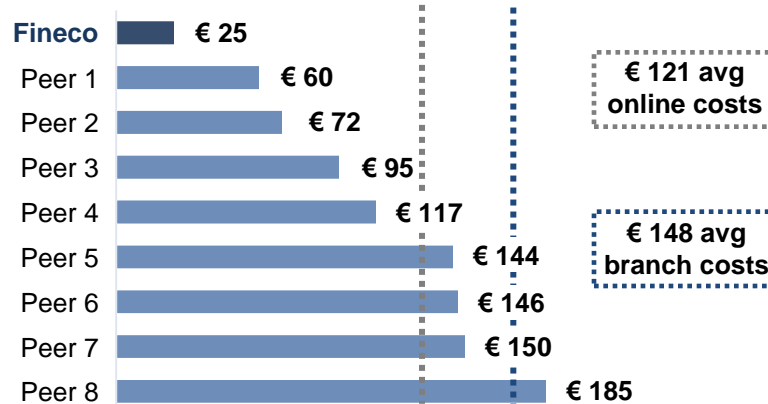
■ Strong internal IT culture as key competitive advantage:

thanks to our **full control of data management** we can opt for a **repricing which clusters customers** according to their relationship with the Bank

■ Best Price/quality ratio:

plenty room to manoeuvre, still preserving convenience

Average cost of current accounts ⁽³⁾



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

⁽²⁾ Source: Reputation Institute, May 2019

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

Brokerage: an effective and timely reshape of our offer

In 1H19 our Brokerage business suffered effects coming from the **persistently low market volatility** and the **introduction of ESMA regulation** in place starting from July 2018. The **business has been completely reshaped**.

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



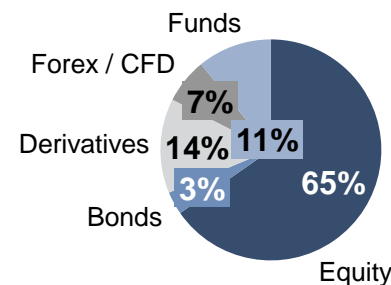
- **3Q19 Brokerage best quarter of the last year**
- **9M19 almost flat compared to 9M18**

No.1 Brokerage Platform, multichannel and fully integrated

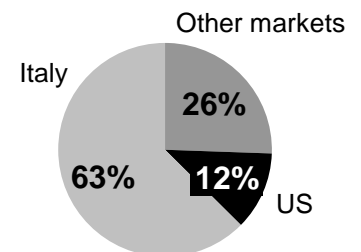
- **Well advanced in-house know-how**, optimizing time-to-market and cost efficiency
- **In-house back-office and customer care**. Business continuity always guaranteed
- **Order internalization supporting Brokerage performance**: equity, bonds and forex
- **Robust risk management**, mostly intra-day positions with low risk light traders

Well-diversified

among products...



...and geographies

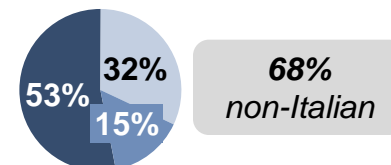


Developing opportunities

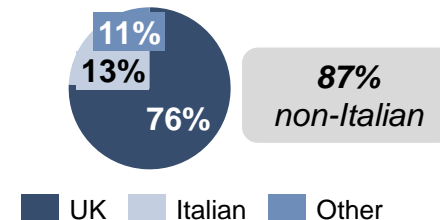
Fineco UK

- ✓ **Unique positioning** in a highly fragmented market, leveraging on our **one-stop solution**. Among the **most competitive players on Multicurrency account, securities and CFDs**
- ✓ **Investing platform** under implementation with M&G Investments already launched, full offer of our open platform expected in the next few months
- ✓ **Annual cost of the platform: 25bps**
- ✓ Second phase already started, with **more focus on marketing activities on the territory** (value proposition / selling points and education on brokerage) **and commercial activities**
- ✓ **We are evaluating to open a permanent presence in the UK**

Almost 6,000 clients ⁽¹⁾



New clients acquired ⁽²⁾



Patent Box

- ✓ We applied in 2015 for **intellectual properties** (our platforms internally created and developed) and trademark. **Fiscal benefits are for 5 years**: 2015, 2016, 2017, 2018 and 2019 as the regime is characterized by a 5-year lock-in period. **Intellectual properties are renewable** according to international guidelines
- ✓ **We expect to close the agreement with Italian Fiscal Authority for the first 5 years by the end of 2019.** Otherwise, we can't exclude the possibility to opt for self-calculation as set by the Decree "Decreto Crescita", definitively approved in law n. 58 of 28 June 2019

⁽¹⁾ Number of clients as of Sept 30th, 2019

⁽²⁾ New clients acquired from July 1st, 2019 until Sept 30th, 2019

Agenda

- Fineco Results
- Next steps and developing opportunities
- **Key messages**
- Focus on product areas

3 Pillars: Efficiency, Innovation and Transparency

The keys of our strategy, still leading our sustainable growth



EFFICIENCY

Strong focus on IT & Operations,
more flexibility, less costs



INNOVATION

Anticipate new needs
simplifying customers' life



TRANSPARENCY

Fairness and Respect
for all our stakeholders



We built everything from scratch

Freedom: Freedom to start over «from scratch», build a new bank, **the best you can imagine**

Proprietary back-end: In-house development and automated processes allow an efficient cost structure and fast time to market

Excellent offer: Unique customer user experience, top quality in all services



We were true pioneers

Fineco anticipated a main market trend: digitalization

Moving customer's focus from proximity to service and quality



We believe in a “Quality” One Stop Solution

Providing all services in a single account is a distinctive feature but it's not enough.

Gaining a competitive edge requires high quality on each single service and product

Sustainability as main pillar of growth



CUSTOMER SATISFACTION at 97%⁽¹⁾, of which 63%
“Apostles” clients⁽²⁾ vs 42% of banking system
No.1 Bank in terms of REPUTATION⁽³⁾



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

Low UPFRONT FEES representing only

2%

of Investing fees



BENEFITS from FAM **SHARED WITH CLIENTS**
(lowering TER)



Total **ABSENCE OF**
PERFORMANCE FEES



FOCUS ON ORGANIC GROWTH
Low incidence of net sales from recruiting (~10/15%)

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

⁽²⁾ Apostles clients are very or extremely satisfied and loyal clients, according to Kantar Tri*M Index

⁽³⁾ Source: Reputation Institute, May 2019

Committed to maximize Shareholders' value

Strategy based on healthy growth and sustainability with a long term horizon

A coherent approach in the whole strategy of growth

HIGH QUALITY

- ✓ Clients' acquisition driven by **high quality services**, transparency and fair pricing
- ✓ **Organic growth** key in our strategy **without short-term aggressive commercial offers and with zero remuneration on current accounts**.
- ✓ **Sustainable investing revenues**, almost entirely recurring with only ~2% upfront on total investing fees and no performance fees

LOW RISK

- ✓ **Safe, robust and low risk Balance Sheet**: diversified, highly liquid and low risk asset side combined with valuable and sticky sight deposits
- ✓ Very **low Cost of Risk**
- ✓ **Solid capital position**

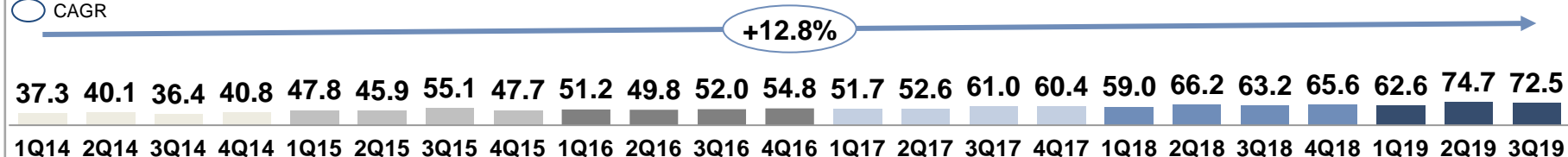
FINTECH BANK

- ✓ **Operating leverage** as distinctive **competitive advantage** for Fineco
- ✓ Strong internal IT culture allows us to have a **highly scalable business**
- ✓ **Internal Big Data Analytics** allows us to run a **low risk business model** and to **exploit growth opportunities**

... leading consistent results in every market conditions

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

○ CAGR



⁽¹⁾ Net Profit adjusted net of Deposit Guarantee Scheme (FY15: -3.1mln net, FY16: -7.1mln net, FY17: -7.1mln net, FY18: -9.6mln net, 9M19: -11.7 mln net)

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

Diversified investment portfolio

- **Investment strategy announced during FY17 results:** UC bonds run-offs, blend of European government bonds diversified across countries
- **99% 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 15bps, cautious approach on mortgages (LTV 53%, avg maturity 19 yrs)
- **Strong competitive advantage leveraging on Big Data Analytics and continuous innovation** (i.e. look-through implementation with significant benefits on CET1 ratio)

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

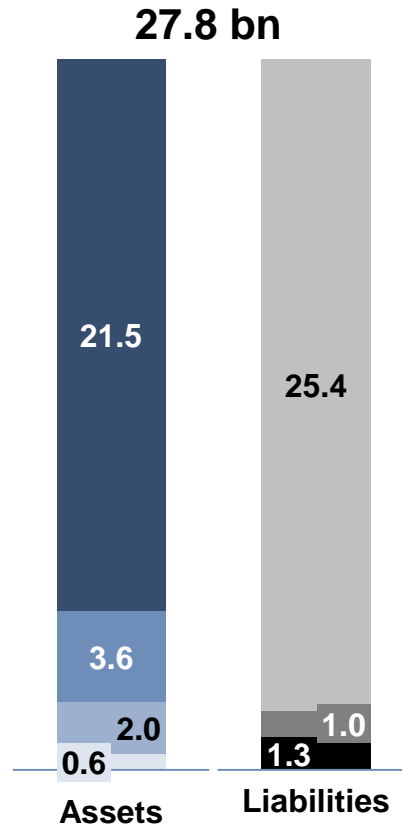
CET1 17.4%

LCR ~1000%

TCR 32.6%

NSFR⁽²⁾ 232%

LEVERAGE RATIO 3.85%



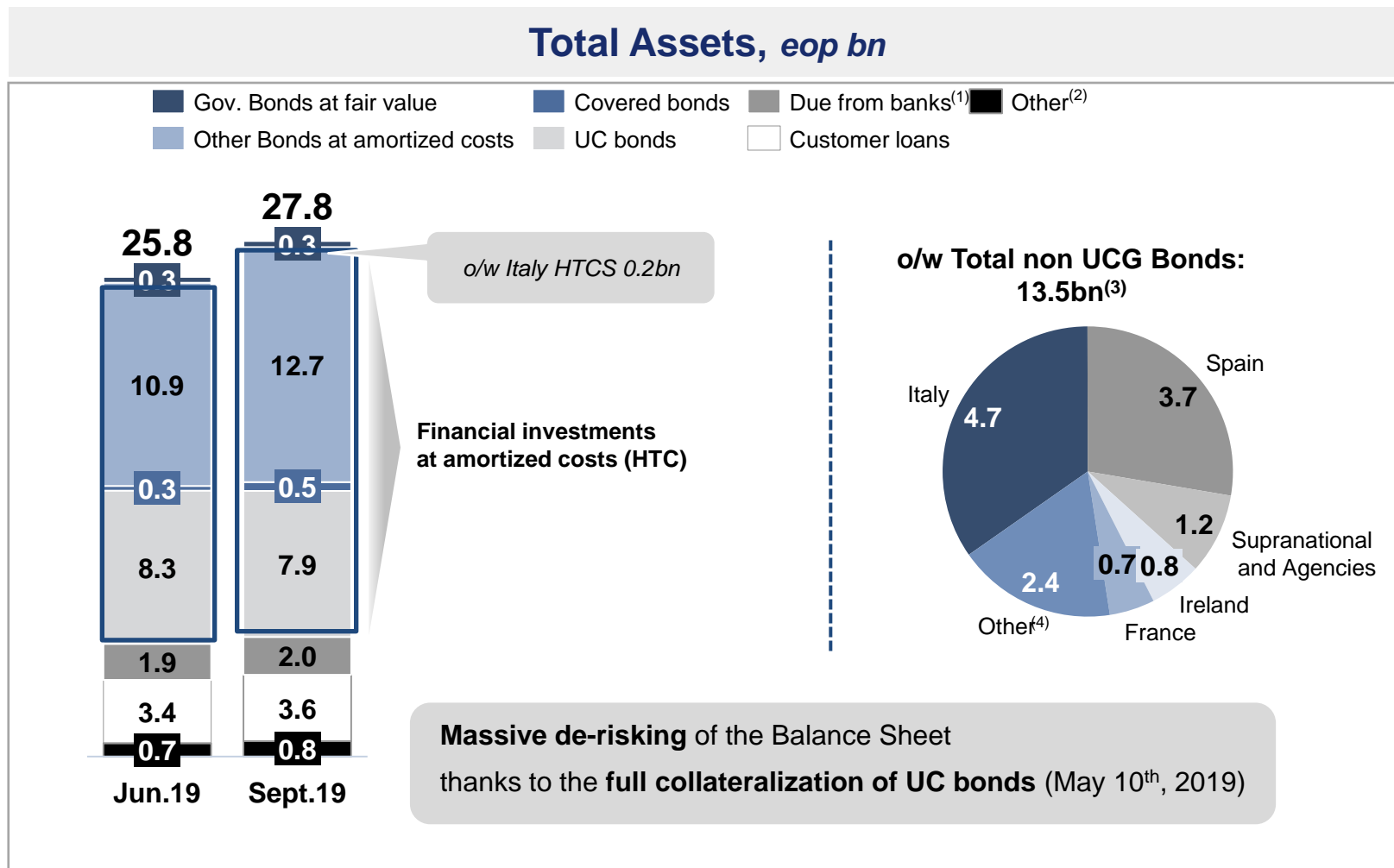
Financial Assets
 Customer loans
 Due from Banks⁽¹⁾
 Other
 Customer deposits
 Other liabilities
 Equity

FINECO

B A N K

Total assets: 99% not exposed to volatility

Out of 27.8bn, only 0.3bn of Assets valued at fair value with limited impacts on Equity reserve



⁽¹⁾ Due from banks includes 1.2bn cash deposited at Bank of Italy as of June 2019 and 1.2bn cash and 0.2 bn compulsory reserves deposited at Bank of Italy as of Sept. 2019

⁽²⁾ Other refers to tangible and intangible assets, derivatives and other assets

⁽³⁾ 13.5bn equal to 12.8bn nominal value, o/w Italy 4.4 bn nominal value

⁽⁴⁾ Other : US, Austria, Belgium, Germany, Poland, Portugal; Covered Bonds

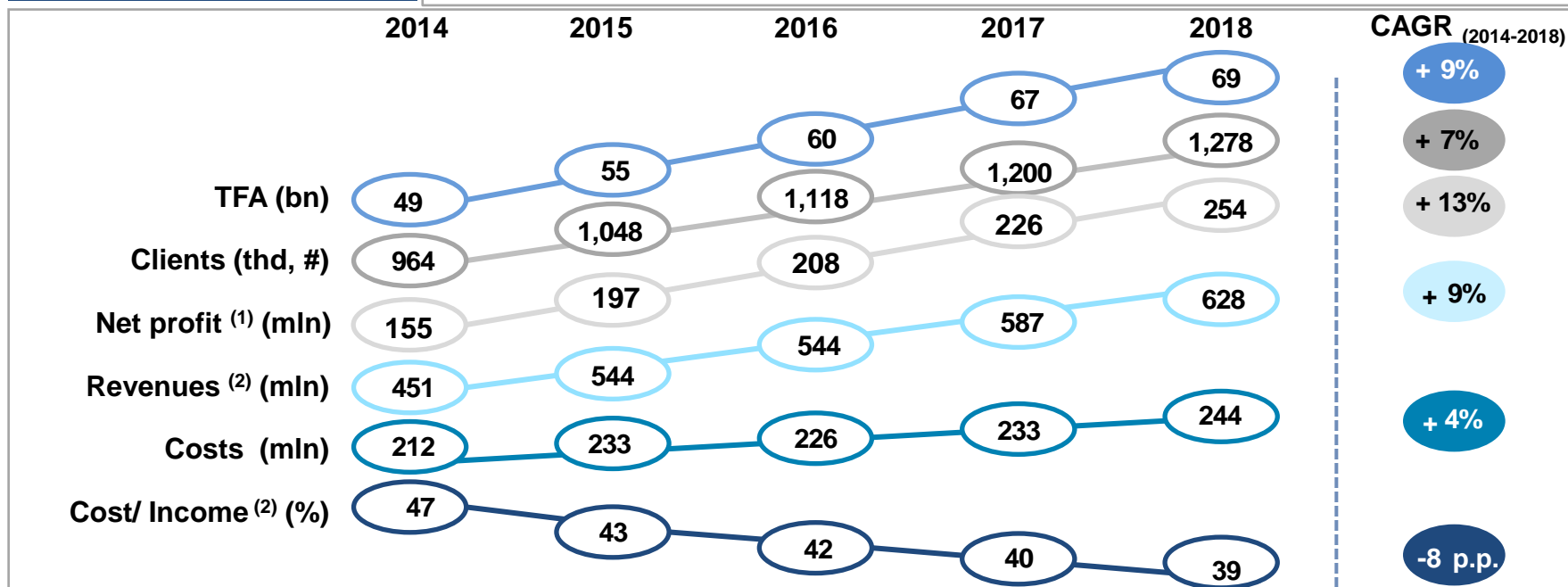
Operating Leverage

A distinctive competitive advantage of Fineco

Platform scalability
and
Operating gearing

IT and back office internally managed, deep internal know-how

- ✓ 17% FTEs in IT department, 24% in Back-Office
- ✓ Core system internally managed
- ✓ Internal DWH to fully leverage on Big Data Analytics
- ✓ Very low IT CAPEX (~10-12 mln per year)
- ✓ Continuous innovation (new apps /features, products/services, initiatives) fully in-house developed: higher flexibility, better time to market and lower costs
- ✓ Internal development and implementation of regulatory processes and systems (i.e. Mifid 2) to maintain costs well under control



⁽¹⁾ Net Profit adjusted (see page 38) net of Deposit Guarantee Scheme (2015: -3.1mln net, 2016: -7.1mln net, 2017: -7.1mln net, 2018: -9.6mln net)

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

Sustainability at the heart of Fineco's business model

Embedding ESG in our Bank's Governance



Our sustainable **growth strategy** is inspired by principles of the most relevant international **organisations**, consistent with the achievements of the **17 Sustainable Development Goals** (SDGs) of the UN 2030 Agenda.



✓ **Appointments and Sustainability Committee** established to supervise the Bank's sustainable growth strategy and ESG plans, together with a Sustainability Management Committee

✓ **Materiality Matrix** defined, to determine the relevant topics for Fineco and its Stakeholders



✓ Our **Standard Ethics Rating⁽²⁾** at **“EE”** was confirmed in 2019, a grade given to sustainable companies with low reputational risk profile and strong prospects for long-term growth

✓ In 2019 Standard Ethics also assigned us an **ESG Award**

Continuously updating our ESG offer

✓ **21% of our clients' assets in funds are already ESG⁽³⁾** (5.3bn in Dec18). More than 2,000 funds in our open architecture platform are ESG⁽²⁾



✓ **Multi-thematic fund launched by FAM**



✓ **ESG model portfolios launched** within our Advice Platform

✓ **Green mortgages** for the purchase of real estate with energy rating between A and B

⁽¹⁾ Standard Ethics is an independent agency which assigns Solicited Sustainability Ratings to companies and sovereign issuers. Fineco is included in the Standard Ethics Italian Banks Index© and in the Standard Ethics Italian Index, among the major environmental, social and governance performance indices and benchmarks.

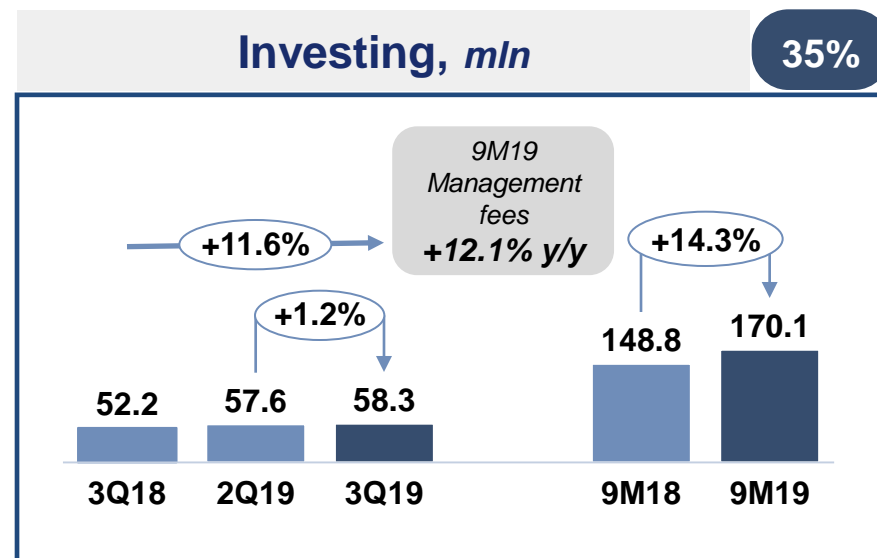
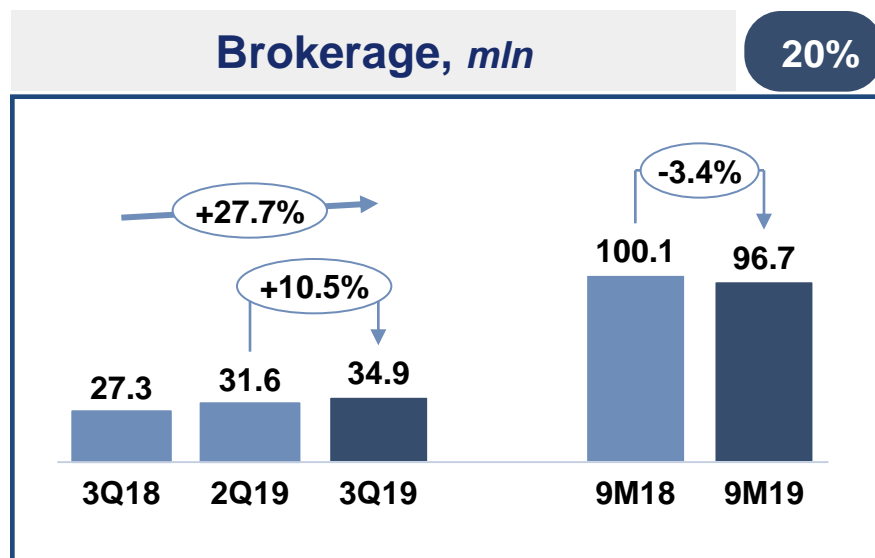
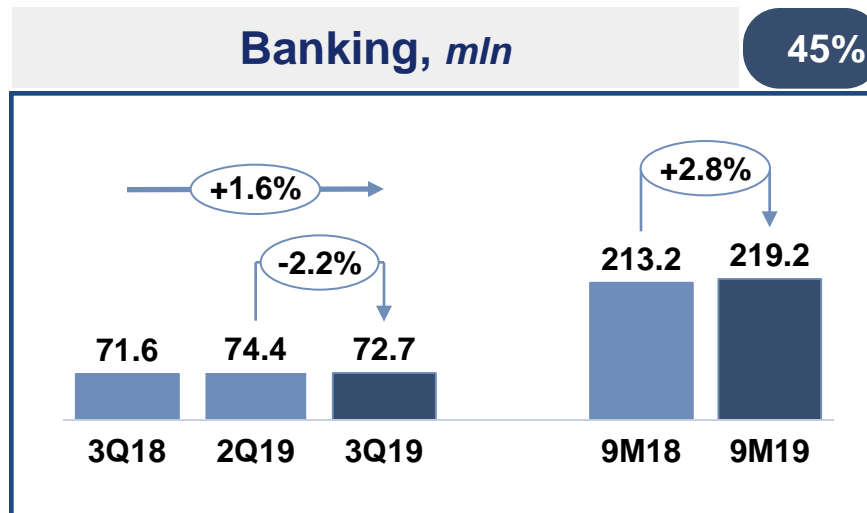
The Standard Ethics Rating is an assessment of sustainability and governance based on the principles and voluntary directions of the United Nations, the Organization for Economic Cooperation and Development (OECD) and the European Union.

Agenda

- Fineco Results
- Next steps and developing opportunities
- Key messages
- **Focus on product areas**

Revenues by Product Area

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



9M19 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. 2018 Revenues recasted for trading profit related to Multicurrency (moved from Banking to Brokerage).

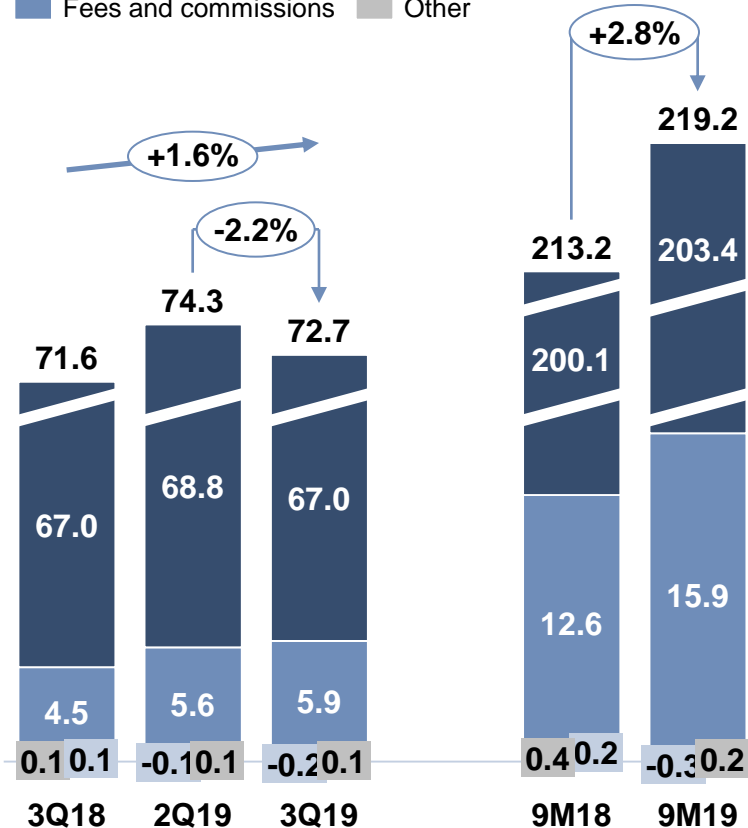
Banking

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

Revenues

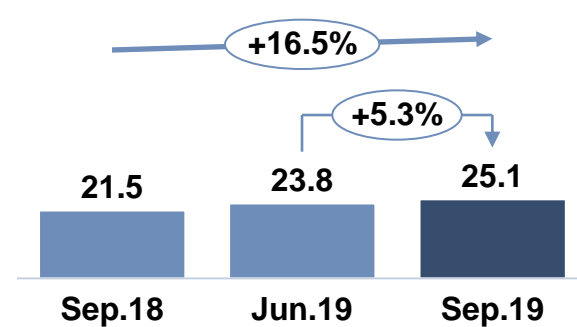
mln

Net Interest
Fees and commissions
Trading income
Other



Sight deposits

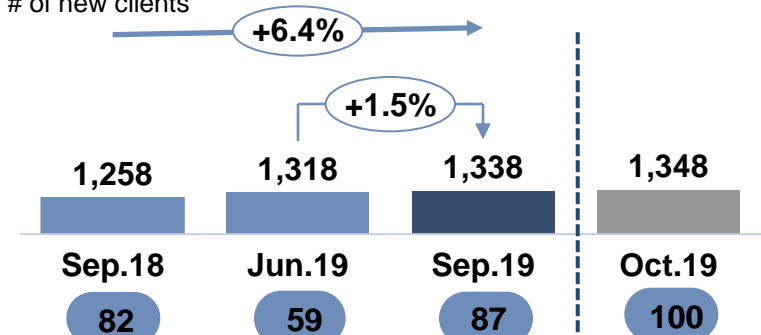
Eop, bn



Clients and new clients

thd, #

of new clients



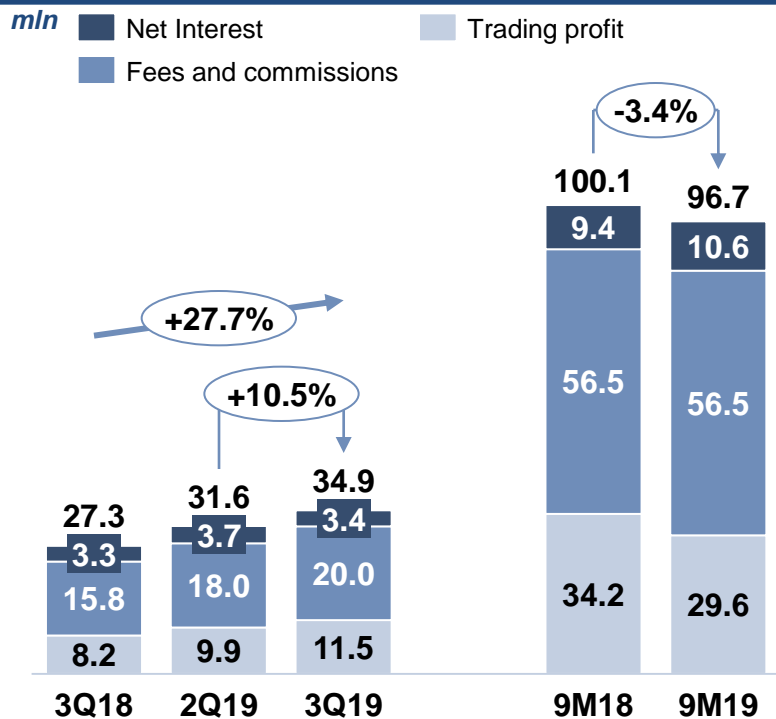
Managerial Data

2018 Revenues recasted for trading profit related to Multicurrency (moved from Banking to Brokerage).

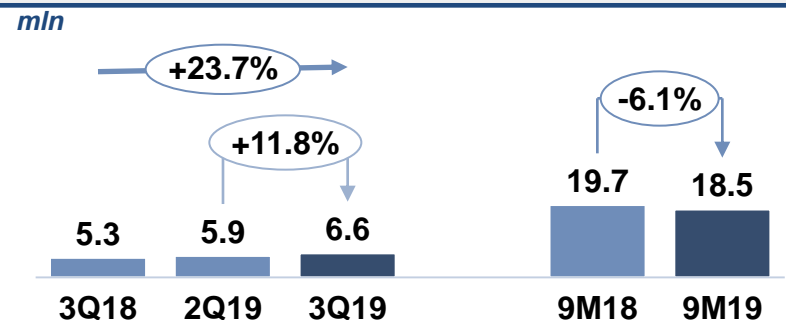
Brokerage

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

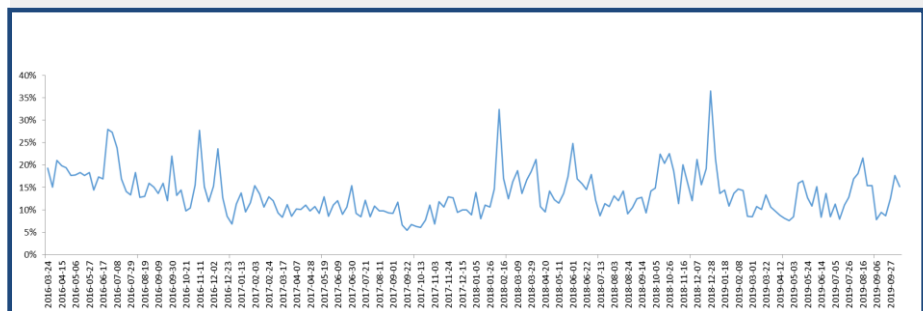
Revenues



Executed orders



Volatility ⁽¹⁾



- **9M19 affected by low volatility.** We are further diversifying our offer and continuously enlarging our products offer to well-balance the effect coming from new ESMA regulation, in place since July 2018
- **Structural improvement** thanks to larger base of clients/higher market share and the enlargement of the products offer
- **Continuously increasing market share** (i.e. market share on equity traded volumes in Italy at 26.6% in Jun.19⁽¹⁾, +2.6p.p. vs Jun.18) confirming Fineco as leader in brokerage

Managerial Data

2018 Revenues recasted for trading profit related to Multicurrency (moved from Banking to Brokerage).

⁽¹⁾ 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

⁽²⁾ Assosim

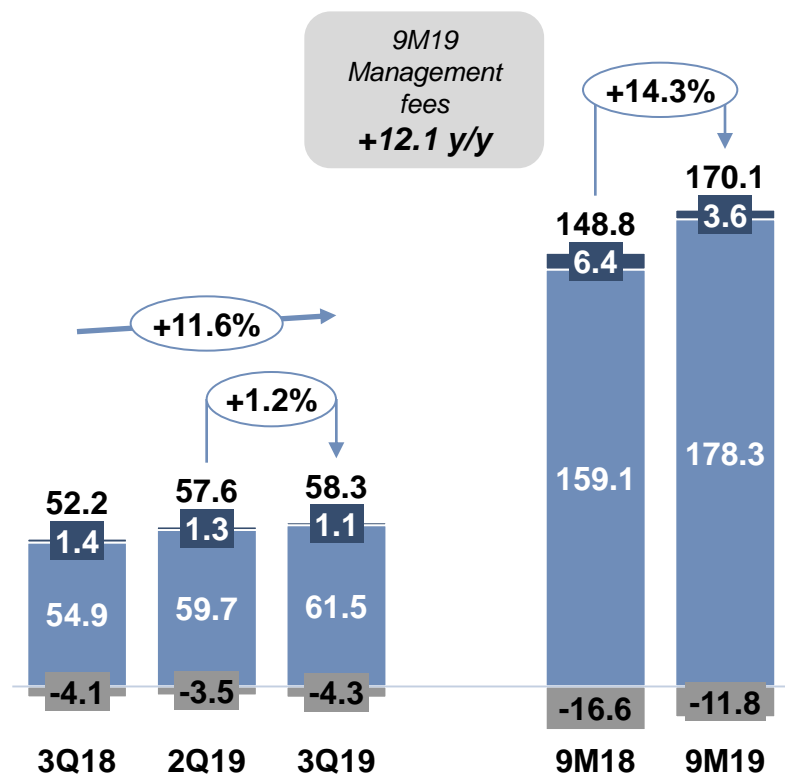
Investing

Successful strategy based on our cyborg advisory approach drove a better asset mix and increasing fees y/y. Very limited upfront fees representing only 2% of investing fees

Revenues (Net fees)

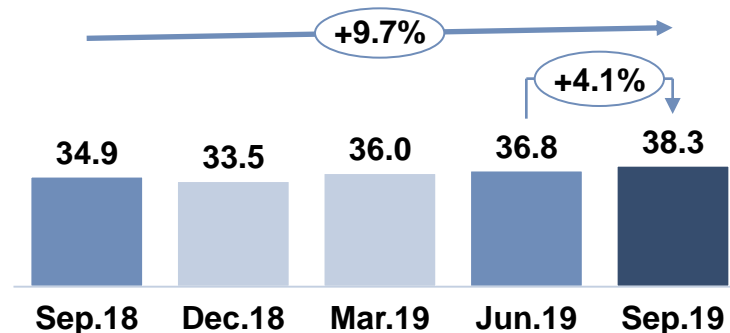
mln

■ Upfront fees ■ Management fees ■ Other⁽¹⁾



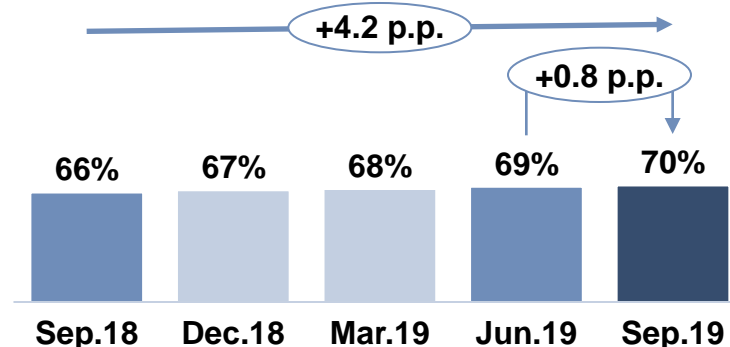
Assets under Management

eop, bn



Guided products on total AuM

%



Managerial Data

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

mln	1Q18	2Q18	3Q18	4Q18	FY18	1Q19	2Q19	3Q19	9M18	9M19
Net interest income	68.9	68.7	69.9	71.1	278.7	70.4	71.4	69.8	207.6	211.6
Net commissions	71.5	74.5	72.7	81.8	300.4	77.4	81.3	84.3	218.7	242.9
Trading profit	14.5	13.1	10.7	5.9	44.2	9.8	8.0	11.6	38.3	29.4
Other expenses/income	0.5	0.1	-0.4	1.7	1.9	0.2	0.3	0.1	0.2	0.7
Total revenues	155.4	156.4	153.0	160.4	625.3	157.7	161.1	165.8	464.8	484.6
Staff expenses	-20.5	-21.0	-23.2	-21.9	-86.6	-21.7	-22.4	-22.5	-64.7	-66.6
Other admin.exp. net of recoveries	-40.8	-37.5	-34.1	-36.3	-148.7	-38.5	-34.4	-29.4	-112.4	-102.3
D&A	-2.3	-2.5	-2.5	-3.1	-10.4	-5.1	-5.4	-5.8	-7.3	-16.3
Operating expenses	-63.6	-61.0	-59.7	-61.4	-245.8	-65.3	-62.3	-57.6	-184.4	-185.2
Gross operating profit	91.8	95.4	93.3	99.1	379.5	92.5	98.8	108.2	280.4	299.4
Provisions	-1.8	-1.9	-15.9	-1.8	-21.4	-1.0	-2.9	-19.8	-19.6	-23.6
LLP	-1.3	0.2	-0.9	-2.3	-4.4	-1.3	1.1	-1.2	-2.1	-1.4
Integration costs	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Profit from investments	0.0	5.2	-0.9	-3.2	1.1	-0.7	6.5	0.4	4.3	6.3
Profit before taxes	88.7	98.8	75.6	91.7	354.7	89.5	103.5	87.6	263.0	280.7
Income taxes	-29.7	-32.6	-23.0	-28.2	-113.5	-27.3	-31.7	-26.6	-85.3	-85.5
Net profit for the period	59.0	66.2	52.6	63.5	241.2	62.3	71.8	61.0	177.7	195.2
Normalised Net Income⁽¹⁾	59.0	66.2	53.6	65.6	244.4	62.6	74.7	60.8	178.8	198.1

Non recurring items (mln, gross)	1Q18	2Q18	3Q18	4Q18	FY18	1Q19	2Q19	3Q19	9M18	9M19
Extraord systemic charges (Trading Profit) ⁽²⁾				-3.0	-3.0	-0.4	-4.3	0.4		-4.4
Integration costs				-0.1	-0.1					
Severance			-1.6		-1.6				-1.6	
Total	0.0	0.0	-1.6	-3.1	-4.8	-0.4	-4.3	0.4	-1.6	-4.4

⁽¹⁾ Net of non recurring items
⁽²⁾ Voluntary Scheme valuation

P&L net of non recurring items

<i>mln</i>	1Q18	2Q18	3Q18 Adj. ⁽¹⁾	4Q18 Adj. ⁽¹⁾	FY18 Adj. ⁽¹⁾	1Q19 Adj. ⁽¹⁾	2Q19 Adj. ⁽¹⁾	3Q19 Adj. ⁽¹⁾	9M18 Adj. ⁽¹⁾	9M19 Adj. ⁽¹⁾
Net interest income	68.9	68.7	69.9	71.1	278.7	70.4	71.4	69.8	207.6	211.6
Net commissions	71.5	74.5	72.7	81.8	300.4	77.4	81.3	84.3	218.7	242.9
Trading profit	14.5	13.1	10.7	8.9	47.3	10.2	12.3	11.2	38.3	33.8
Other expenses/income	0.5	0.1	-0.4	1.7	1.9	0.2	0.3	0.1	0.2	0.7
Total revenues	155.4	156.4	153.0	163.5	628.3	158.2	165.4	165.4	464.8	489.0
Staff expenses	-20.5	-21.0	-21.6	-21.9	-85.0	-21.7	-22.4	-22.5	-63.1	-66.6
Other admin.expenses	-40.8	-37.5	-34.1	-36.3	-148.7	-38.5	-34.4	-29.4	-112.4	-102.3
D&A	-2.3	-2.5	-2.5	-3.1	-10.4	-5.1	-5.4	-5.8	-7.3	-16.3
Operating expenses	-63.6	-61.0	-58.1	-61.4	-244.1	-65.3	-62.3	-57.6	-182.8	-185.2
Gross operating profit	91.8	95.4	94.9	102.1	384.2	92.9	103.1	107.8	282.1	303.8
Provisions	-1.8	-1.9	-15.9	-1.8	-21.4	-1.0	-2.9	-19.8	-19.6	-23.6
LLP	-1.3	0.2	-0.9	-2.3	-4.4	-1.3	1.1	-1.2	-2.1	-1.4
Profit from investments	0.0	5.2	-0.9	-3.2	1.1	-0.7	6.5	0.4	4.3	6.3
Profit before taxes	88.7	98.8	77.2	94.8	359.5	90.0	107.8	87.2	264.7	285.1
Income taxes	-29.7	-32.6	-23.5	-29.2	-115.1	-27.4	-33.1	-26.4	-85.9	-87.0
Net profit adjusted ¹	59.0	66.2	53.6	65.6	244.4	62.6	74.7	60.8	178.8	198.1

⁽¹⁾ Net of non recurring items (see page 42 for details)

9M19 P&L FinecoBank and Fineco Asset Management

<i>mln</i>	Fineco Asset Management	FinecoBank Individual	FinecoBank Consolidated
Net interest income	-0.1	211.7	211.6
Dividends		13.1	0.0
Net commissions	46.1	196.8	242.9
Trading profit	0.1	29.3	29.4
Other expenses/income		0.7	0.7
Total revenues	46.1	451.6	484.6
Staff expenses	-3.1	-63.5	-66.6
Other admin.exp. net of recoveries	-2.3	-100.0	-102.3
D&A	-0.2	-16.1	-16.3
Operating expenses	-5.6	-179.6	-185.2
Gross operating profit	40.5	272.0	299.4
Provisions		-23.6	-23.6
LLP		-1.4	-1.4
Profit on Investments		6.3	6.3
Profit before taxes	40.5	253.3	280.7
Income taxes	-5.1	-80.5	-85.5
Net profit for the period	35.4	172.8	195.2

Details on Net Interest Income

<i>mln</i>	1Q18	Volumes & Margins	2Q18	Volumes & Margins	3Q18	Volumes & Margins	4Q18	Volumes & Margins	FY18	Volumes & Margins	1Q19	Volumes & Margins	2Q19	Volumes & Margins	3Q19	Volumes & Margins	9M18	Volumes & Margins	9M19	Volumes & Margins
Financial Investments	56.9	18,449	57.5	18,887	57.1	18,817	57.7	19,133	229.2	18,822	57.1	19,748	58.0	20,582	55.9	21,714	171.5	18,718	171.0	20,681
<i>Net Margin</i>		1.25%		1.22%		1.20%		1.20%		1.22%		1.17%		1.13%		1.02%		1.23%		1.11%
<i>Gross margin</i>	58.6	1.29%	59.8	1.27%	59.3	1.25%	60.1	1.25%	237.8	1.26%	59.7	1.23%	60.4	1.18%	58.6	1.07%	177.7	1.27%	178.6	1.15%
Security Lending	0.2	804	0.2	726	0.2	753	0.4	743	1.1	756	0.6	836	0.4	386	0.0	0	0.6	761	1.1	407
<i>Net Margin</i>		0.11%		0.10%		0.12%		0.24%		0.14%		0.31%		0.44%		0.00%		0.11%		0.35%
Leverage - Long	2.7	182	2.7	181	3.0	196	3.0	150	11.5	178	2.7	129	3.2	153	3.3	157	8.5	187	9.2	146
<i>Net Margin</i>		6.06%		6.03%		6.11%		7.95%		6.47%		8.45%		8.35%		8.38%		6.07%		8.40%
Lending	9.2	1,854	9.5	2,080	9.9	2,316	10.3	2,472	38.8	2,180	10.5	2,611	10.8	2,754	11.1	2,912	28.6	2,083	32.4	2,759
<i>Net Margin</i>		2.01%		1.84%		1.69%		1.65%		1.78%		1.62%		1.58%		1.51%		1.83%		1.57%
o/w Current accounts	2.4	684	2.6	788	2.8	891	3.0	970	10.8	833	2.9	1,040	3.2	1,112	3.2	1,169	7.8	788	9.3	1,107
<i>Net Margin</i>		1.43%		1.33%		1.23%		1.21%		1.29%		1.14%		1.14%		1.10%		1.32%		1.13%
o/w Cards	1.2	240	1.2	232	1.2	252	1.2	251	4.8	244	1.2	245	1.2	252	1.2	282	3.6	241	3.6	259
<i>Net Margin</i>		2.00%		2.05%		1.93%		1.97%		1.99%		2.00%		1.92%		1.74%		1.99%		1.88%
o/w Personal loans	4.3	370	4.4	394	4.4	411	4.5	427	17.6	400	4.6	441	4.6	448	4.6	457	13.1	391	13.7	449
<i>Net Margin</i>		4.67%		4.45%		4.29%		4.18%		4.39%		4.20%		4.09%		3.98%		4.46%		4.09%
o/w Mortgages	1.3	560	1.4	666	1.4	763	1.6	824	5.7	703	1.8	886	1.9	942	2.0	1,005	4.1	663	5.7	944
<i>Net Margin</i>		0.96%		0.81%		0.75%		0.75%		0.81%		0.80%		0.82%		0.79%		0.83%		0.80%
Other ⁽¹⁾	-0.1		-1.2		-0.3		-0.3		-1.9		-0.6		-1.0		-0.5		-1.6		-2.1	
Total	68.9		68.7		69.9		71.1		278.7		70.4		71.4		69.8		207.6		211.6	
Gross Margin		1.33%		1.31%		1.29%		1.29%		1.30%		1.26%		1.25%		1.17%		1.31%		1.23%
Cost of Deposits		-0.03%		-0.04%		-0.04%		-0.04%		-0.04%		-0.05%		-0.04%		-0.04%		-0.04%		-0.04%

Volumes and margins: average of the period
Net margin calculated on real interest income and expenses

⁽¹⁾ Other includes mainly marketing costs

UniCredit bonds underwritten

	ISIN	Currency	Amount (€ m)	Maturity	Indexation	Spread
1	IT0005010399	Euro	382.5	14-Oct-19	Euribor 1m	2.40%
2	IT0005010324	Euro	382.5	13-Jan-20	Euribor 1m	2.44%
3	IT0005010365	Euro	382.5	10-Apr-20	Euribor 1m	2.47%
4	IT0005010308	Euro	382.5	9-Jul-20	Euribor 1m	2.49%
5	IT0005010381	Euro	382.5	7-Oct-20	Euribor 1m	2.52%
6	IT0005010332	Euro	382.5	6-Jan-21	Euribor 1m	2.54%
7	IT0005010316	Euro	382.5	6-Apr-21	Euribor 1m	2.56%
8	IT0005010340	Euro	382.5	5-Jul-21	Euribor 1m	2.58%
9	IT0005010225	Euro	382.5	18-Oct-21	Euribor 1m	2.60%
10	IT0005040099	Euro	100.0	24-Jan-22	Euribor 1m	1.46%
11	IT0005057994	Euro	200.0	11-Apr-22	Euribor 1m	1.43%
12	IT0005083743	Euro	300.0	28-Jan-22	Euribor 1m	1.25%
13	IT0005106189	Euro	230.0	20-Apr-20	Euribor 1m	0.90%
14	IT0005114688	Euro	180.0	19-May-22	Euribor 1m	1.19%
15	IT0005120347	Euro	700.0	27-Jun-22	Euribor 1m	1.58%
16	IT0005144065	Euro	450.0	14-Nov-22	Euribor 3m ¹	1.40%
17	IT0005144073	Euro	350.0	15-Nov-21	Euribor 3m ¹	1.29%
18	IT0005158412	Euro	250.0	23-Dec-22	Euribor 3m ¹	1.47%
19	IT0005163180	Euro	600.0	11-Feb-23	Euribor 3m ¹	1.97%
20	IT0005175135	Euro	100.0	24-Mar-23	Euribor 3m ¹	1.58%
21	IT0005217606	Euro	350.0	11-Oct-23	Euribor 3m ¹	1.65%
22	IT0005241317	Euro	622.5	2-Feb-24	Euribor 3m ¹	1.52%
Total		Euro	7,875.0		Euribor 1m	1.96%

⁽¹⁾ In order to calculate an average spread on Eur1m, a basis swap of 0.06% is considered

Details on Net Commissions

<i>mln</i>	1Q18	2Q18	3Q18	4Q18	FY18	1Q19	2Q19	3Q19	9M18	9M19
Brokerage	20.6	20.1	15.8	18.2	74.7	18.5	18.0	20.0	56.5	56.5
o/w										
Equity	17.5	16.4	13.1	14.9	61.8	15.6	14.7	15.9	47.0	46.2
Bond	0.8	1.2	0.6	0.9	3.6	0.9	0.9	1.4	2.7	3.2
Derivatives	2.5	2.7	2.2	2.9	10.2	2.3	2.2	2.7	7.3	7.2
Other commissions ⁽¹⁾	-0.1	-0.2	-0.1	-0.5	-0.9	-0.2	0.2	0.0	-0.5	-0.1
Investing	47.1	49.5	52.2	58.0	206.8	54.2	57.6	58.3	148.8	170.1
o/w										
Placement fees	2.5	2.4	1.4	1.4	7.8	1.1	1.3	1.1	6.4	3.6
Management fees	50.2	53.9	54.9	57.0	216.0	57.1	59.7	61.5	159.1	178.3
to PFA's: incentives	-4.8	-5.8	-3.1	-0.4	-14.1	-3.0	-4.3	-3.6	-13.7	-10.9
to PFA's: LTI	-0.9	-1.1	-1.0	0.0	-2.9	-1.0	0.8	-0.7	-2.9	-0.9
Banking	3.4	4.7	4.5	5.5	18.1	4.5	5.6	5.9	12.6	15.9
Other	0.3	0.3	0.2	0.2	0.9	0.1	0.1	0.1	0.7	0.3
Total	71.5	74.5	72.7	81.8	300.4	77.4	81.3	84.3	218.7	242.9

⁽¹⁾ Other commissions include security lending and other PFA commissions related to AuC

Revenues breakdown by Product Area

<i>mIn</i>	1Q18	2Q18	3Q18	4Q18	FY18	1Q19	2Q19	3Q19	9M18	9M19
Net interest income	66.1	67.1	67.0	68.0	268.1	67.6	68.8	67.0	200.1	203.4
Net commissions	3.4	4.7	4.5	5.5	18.1	4.5	5.6	5.9	12.6	15.9
Trading profit	0.0	0.1	0.1	0.0	0.2	-0.1	-0.1	-0.2	0.2	-0.3
Other	0.1	0.2	0.1	0.0	0.4	0.1	0.1	0.1	0.4	0.2
Total Banking	69.6	72.0	71.6	73.4	286.7	72.1	74.3	72.7	213.2	219.2
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	47.1	49.5	52.2	58.0	206.8	54.2	57.6	58.3	148.8	170.1
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	1.7	1.7	0.0	0.0	0.0	0.0	0.0
Total Investing	47.1	49.5	52.2	59.7	208.5	54.2	57.6	58.3	148.8	170.1
Net interest income	3.0	3.0	3.3	3.6	13.0	3.4	3.7	3.4	9.4	10.6
Net commissions	20.6	20.1	15.8	18.2	74.7	18.5	18.0	20.0	56.5	56.5
Trading profit	13.8	12.2	8.2	10.6	44.8	8.2	9.9	11.5	34.2	29.6
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Brokerage	37.5	35.3	27.3	32.4	132.5	30.2	31.6	34.9	100.1	96.7

IFRS 9 P&L impacts

<i>mln</i>	1Q18	2Q18	3Q18	4Q18	FY18	1Q19	2Q19	3Q19	9M18	9M19
Trading Profit	0.6	0.9	0.9	-3.8	-1.4	0.8	-3.6	0.6	2.3	-2.2
<i>Visa</i>	0.6	0.9	0.9	-0.7	1.6	1.2	0.7	0.2	2.3	2.2
<i>Voluntary Scheme</i>	0.0	0.0	0.0	-3.0	-3.0	-0.4	-4.3	0.4	0.0	-4.4
Loan Loss Provisions	-0.4	2.4	-0.4	-0.6	1.0	-1.0	3.1	-0.0	1.6	2.1
Profit on Investments	0.0	5.3	-0.9	-3.1	1.3	-0.7	6.5	0.4	4.4	6.3
<i>Govies</i>	-0.2	-0.2	-0.1	-0.8	-1.3	0.2	-0.8	-0.1	-0.5	-0.8
<i>UC Bonds</i>	0.2	5.5	-0.8	-2.3	2.6	-0.8	7.3	0.5	4.9	7.0
Total impacts from IFRS 9	0.2	8.6	-0.4	-7.5	0.8	-0.9	5.9	1.1	8.3	6.1

Accounting standard IFRS 9, starting from January 1st, 2018, introduced a new impairment accounting model for credit exposures and resulted in an extension of the Bank's scope of recognition.

In detail, P&L IFRS 9 impacted:

- Trading Profit: impacts from VISA and Voluntary Scheme valuation
- Loan Loss Provisions: impacts from deposits with UniCredit
- Profit on Investments: valuation on UniCredit Bonds and Government Bonds

IFRS 16 impacts

<i>mln</i>	1Q18	2Q18	3Q18	4Q18	FY18	1Q19	2Q19	3Q19	9M18	9M19
Net interest Income						-0.2	-0.2	-0.2		-0.7
Other Administrative Expenses	-3.1	-3.1	-3.1	-3.4	-12.7				-9.3	
<i>Leasing Reggio Emilia offices and financial shops</i>	-2.3	-2.3	-2.3	-2.4	-9.4				-7.0	
<i>Leasing Milano headquarter</i>	-0.8	-0.8	-0.8	-0.9	-3.3				-2.3	
Write-down/backes and depreciation						-2.2	-2.3	-2.3		-6.8
<i>Leasing Reggio Emilia offices and financial shops</i>						-2.2	-2.3	-2.3		-6.8

Accounting standard IFRS 16, starting from January 1st, 2019, replaced the previous set of international accounting principles and interpretations on leasing and in particular IAS17, so comparison with 2018 is not significant.

In detail, P&L IFRS 16 impacted:

- **Net Interest Income:** the application of the new accounting standard envisages an impact on NII of -0.7mln following the discounting of the liabilities linked to leasing
- **Write-down/backes and depreciation:** rents previously accounted in Other Administrative Expenses, following the application of the new accounting standards are now booked in Write-down/backes and Depreciation

Breakdown Total Financial Assets

<i>mln</i>	Mar.18	Jun.18	Sep.18	Dec.18	Mar.19	Jun.19	Sep.19
AUM	33,536	34,496	34,930	33,485	35,988	36,819	38,325
o/w Funds and Sicav	26,666	26,809	26,795	24,853	26,361	26,426	27,477
o/w Insurance	6,395	7,043	7,355	7,618	8,401	9,002	9,369
o/w GPM	1	1	1	1	1	26	55
o/w AuC + deposits under advisory	475	643	779	1,012	1,225	1,365	1,425
<i>o/win Advice</i>	<i>475</i>	<i>477</i>	<i>494</i>	<i>535</i>	<i>572</i>	<i>600</i>	<i>603</i>
<i>o/win Plus</i>	<i>0</i>	<i>166</i>	<i>285</i>	<i>477</i>	<i>653</i>	<i>765</i>	<i>822</i>
AUC	13,890	14,366	14,395	13,779	15,187	15,229	15,158
o/w Equity	8,573	8,736	8,846	8,007	9,137	9,207	9,573
o/w Bond	5,298	5,613	5,534	5,759	6,037	6,011	5,575
o/w Other	20	18	15	13	13	12	11
Direct Deposits	20,624	20,968	21,536	22,069	22,941	23,844	25,099
o/w Sight	20,616	20,962	21,532	22,066	22,938	23,842	25,098
o/w Term	7	6	4	3	2	2	2
Total	68,050	69,830	70,861	69,333	74,116	75,892	78,583

<i>o/w Guided Products & Services</i>	21,425	22,199	22,879	22,370	24,301	25,354	26,697
<i>o/w TFA Private Banking</i>	26,109	26,992	27,474	25,830	29,041	29,970	31,891

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>m/n</i>	Mar.18	Jun.18	Sep.18	Dec.18	1st Jan.19	Mar.19	Jun.19	Sep.19
Due from Banks ⁽¹⁾	3,488	3,224	3,398	3,059	3,059	3,807	1,941	2,033
Customer Loans	2,318	2,633	2,736	2,955	2,955	3,029	3,409	3,568
Financial Assets	17,106	17,199	17,678	18,238	18,238	19,012	19,920	21,532
Tangible and Intangible Assets	112	112	112	115	180	243	242	247
Derivatives	0	3	0	8	8	29	49	72
Other Assets	211	254	259	357	357	259	274	308
Total Assets	23,235	23,425	24,183	24,733	24,797	26,380	25,835	27,760
Customer Deposits	20,916	21,197	21,827	22,273	22,333	23,311	24,140	25,429
Due to Banks	960	908	1,000	1,010	1,014	1,605	207	188
Derivatives	0	2	0	8	8	32	84	156
Funds and other Liabilities	367	445	452	466	466	393	477	698
Equity	992	874	904	976	976	1,040	928	1,289
Total Liabilities and Equity	23,235	23,425	24,183	24,733	24,797	26,380	25,835	27,760

IFRS16: the Bank decided to not disclose comparative data from previous periods, as allowed by new accounting standards.

No effect was recorded in net equity on the date of first application. This is because for the purposes of FTA, the financial liabilities for leasing were valued and recorded at the current value of the residual future payments on the transition date, and the corresponding assets consisting of the right of use were valued at the amount of the financial liability plus the advanced leasing payments recorded in the financial situation immediately prior to the date of initial application (31st December, 2018).

⁽¹⁾ Due from banks includes 1.2bn cash deposited at Bank of Italy as of June 2019 and 1.2bn cash and 0.2 bn compulsory reserves deposited at Bank of Italy as of Sept. 2019

Main Financial Ratios

	Mar.18	Jun.18	Sep.18	Dec.18	Mar.19	Jun.19	Sep.19
PFA TFA/ PFA (mln) ⁽¹⁾	22.5	23.0	23.4	23.2	25.0	25.6	26.6
Guided Products / TFA ⁽²⁾	31%	32%	32%	32%	33%	33%	34%
Cost / income Ratio ⁽³⁾	41.0%	40.0%	39.3%	38.9%	41.3%	39.4%	37.9%
CET 1 Ratio	20.2%	20.7%	20.5%	21.2%	21.0%	17.8%	17.4%
Adjusted RoE ⁽⁴⁾	35.1%	37.0%	35.2%	35.7%	30.8%	33.6%	27.0%
Leverage Ratio ⁽⁵⁾	7.15%	6.51%	6.00%	5.55%	5.11%	2.89%	3.85%

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

⁽²⁾ Calculated as Guided Products eop divided by Total Financial Assets eop

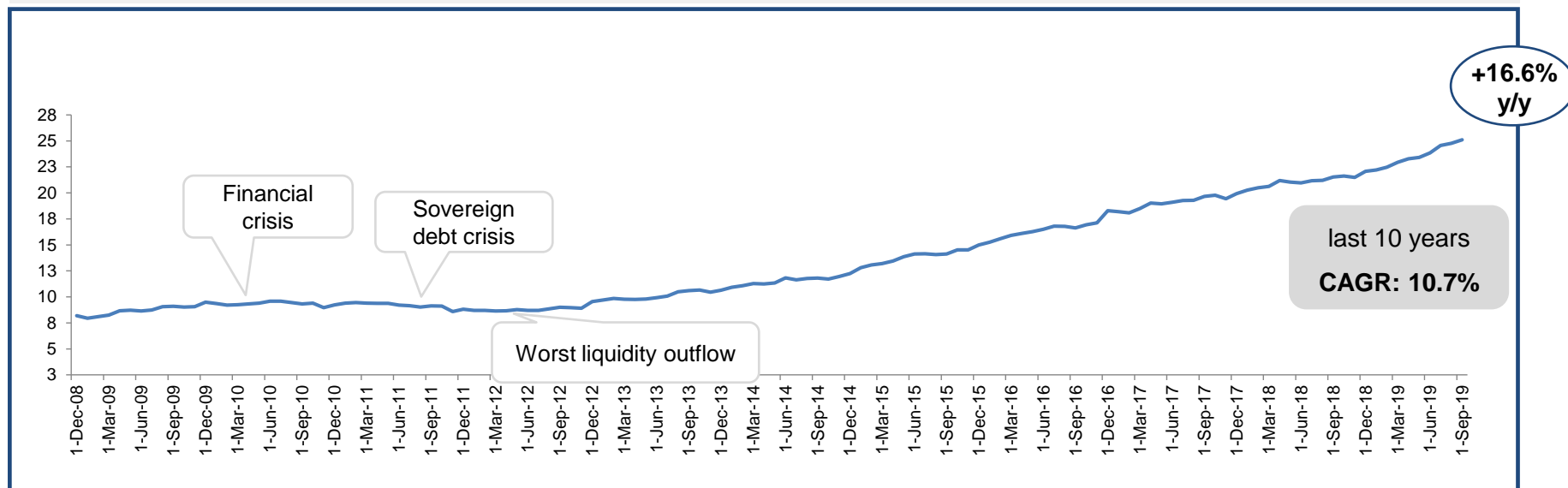
⁽³⁾ C/I ratio net of non recurring items (see page 40) calculated as Operating Costs divided by Revenues net of non recurring items

⁽⁴⁾ RoE: Net Profit, net of non recurring items (see page 40) divided by the average book shareholders' equity for the period (excluding dividends expected to be distributed and the revaluation reserves)

⁽⁵⁾ 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

High-value deposit base confirms strong resilience over time

Sight deposits growth, Eop bn



- ✓ **Double-digit deposit growth** throughout the last 10 years (+10.7% CAGR), with no impacts from 2008 financial crisis and 2011 sovereign debt crisis
- ✓ **Strong resilience during periods of stress/crisis:** 912mln worst liquidity outflow on April 10th, 2012
- ✓ **High-value deposit base:** most of our deposits is transactional liquidity. Customer rate: zero; cost of funding: 4bps
- ✓ **83% of total sight deposits: core liquidity⁽¹⁾ in a stressed scenario** according to clients' behavioral model
- ✓ **Structural trends** in place in Italy combined with **best in class banking platform and high-quality services** will continue to support our deposit growth

Headquarters acquisition - details

Deal

- January 31st 2019: **completed the headquarters acquisition** in Milan from Immobiliare Stampa S.C.p.A. (controlled by Banca Popolare di Vicenza S.p.A. in compulsory winding up)
- Price of the deal: **€62mln**
- **Rationales:** favourable conditions of the deal, expected running cost savings and limited additional impacts on capital ratios, given the introduction of new IFRS 16 accounting standard (leasing) in place since January 2019

Main P&L impacts

Annual rent savings

+

Amortizing costs on acquisition (in 33 yrs)

=

Yearly saving costs equal to **~€2.5mln**

Capital ratios impacts

- With the **new IFRS 16**, leasing value impacts RWA and capital ratios
- Additional expected impact (building acquisition versus recognition of leasing value): **-34bps on CET1 ratio**, absolutely manageable considering our rock-solid capital position

Fineco Asset Management in a nutshell

AUM at €12.6bn, of which €7.4bn retail classes

FUNDS OF FUNDS

FAM EVOLUTION (16 strategies)

- ✓ **FAM Target:** new decumulation product to progressively invest in multi-thematic/profile funds
- ✓ **FAM Megatrend:** new multi-thematic fund investing in secular trends
- ✓ **New building blocks** both vertical and based on risk profile

CORE SERIES (30 strategies)

- ✓ Release of **Premium Share Classes**

FAM SERIES (sub-advised funds)

- ✓ **Additional sub-advisory mandates in pipeline by year end** to further enlarge the offer through **quality and exclusivity agreements** for Fineco clients only

- ✓ 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**

- ✓ 36 strategies, including also Passive. New Smart Beta funds will be delivered in November

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

Cooperative Compliance Scheme:

FinecoBank admitted in the Cooperative Compliance Scheme with the Revenue Agency



In July 2017, **FinecoBank** has been admitted to the **Cooperative Compliance Scheme⁽¹⁾**, which allows the Bank to take part to a register of taxpayers (published on the Revenue Agency's official website) **operating in full transparency with the Italian tax Authorities**. This is a fundamental milestone for our Bank

Until now, **only few companies** have been admitted in Italy, of which among Banks: Fineco, UniCredit, Intesa and BPER

Key requirements to be admitted:

- ✓ **subjective and objective requirements** (resident legal entities with specific sizing thresholds)
- ✓ **effective system in place for identifying, measuring, managing and controlling tax risk** in line with the "essential" requirements of the *Tax Control Framework* envisaged by law, Revenue Agency ordinances and by the OECD documents published on the subject

Several advantages:

- ✓ closer relationship of **trust and cooperation** with the Revenue Agency
- ✓ **Increase of the level of certainty on significant tax issues** under conditions of full transparency
- ✓ **agreed and preventive risk assessment** of situations likely to generate tax risks
- ✓ **fast track ruling**

FINECO

B A N K

Additional Tier 1

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

€200 mln AT1 issued in January 2018

- On January 23rd, 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 11th, 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

UniCredit and Intesa AT1 yield at first call date

