



FINECO. SIMPLIFYING BANKING.

FINECOBANK

Italian Sustainability Week 2021
Borsa Italiana

Milan, 29th June 2021

Diversified business model for a sustainable growth

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

Corporate purpose: offer customers excellent services and products through a multi-channel system at a fair price



Physical distribution network

2,675⁽¹⁾ PFAs
410⁽¹⁾ Fineco Center

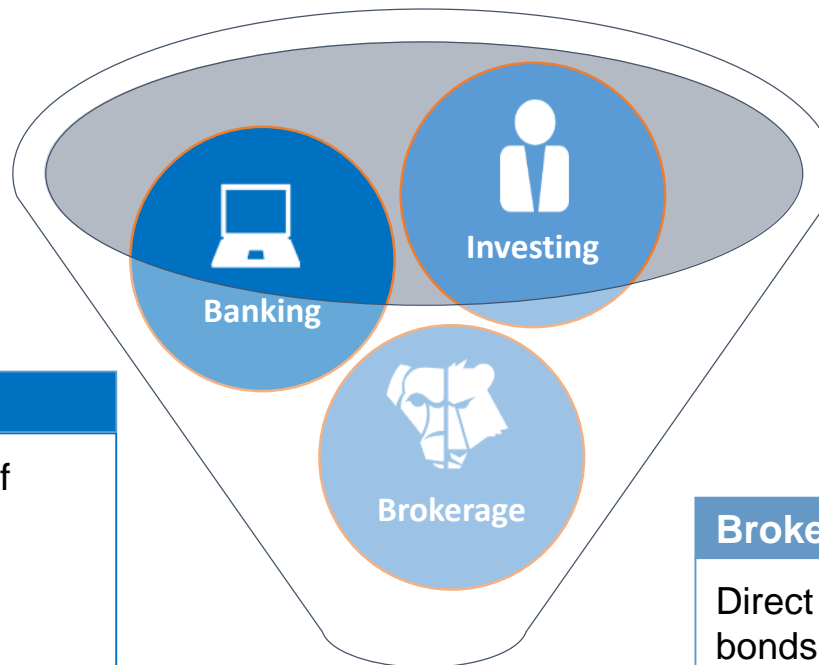


Online e Mobile banking

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 data-warehouse system and Big Data analytics



Guided open architecture platform

- More than **6,350** mutual funds by more than **70** Asset Managers worldwide
- **3,610⁽²⁾** funds have an ESG rating provided by Morningstar

Brokerage platform

Direct access to **26⁽²⁾** global markets, bonds, ETFs, futures and **21⁽²⁾** currencies both online and mobile



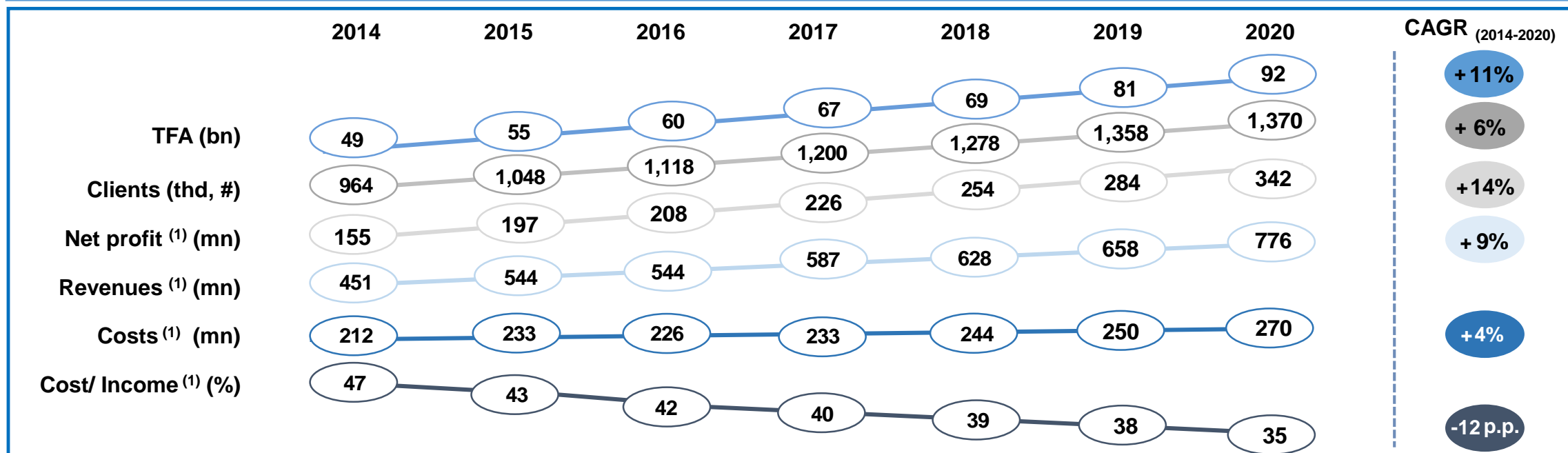
**ONE-STOP
solution**

⁽¹⁾ Figures as of March 31st, 2021

⁽²⁾ Figures as of December 31st, 2020

Healthy and sustainable growth with a long term horizon

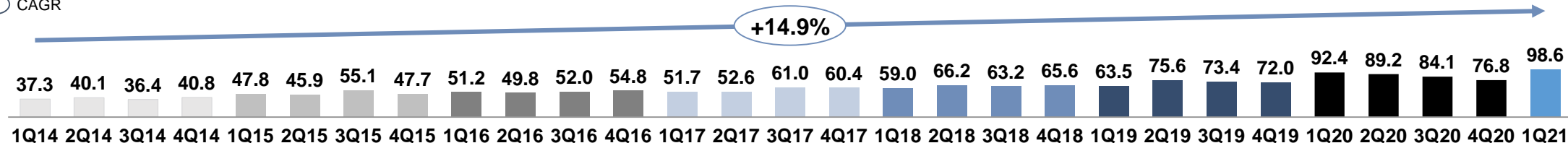
Highly scalable operating platform...



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

Net Profit adjusted (net of systemic charges) ⁽¹⁾, mn

○ CAGR



⁽¹⁾ Figures adjusted by non recurring items and Net Profit adjusted net of systemic charges: (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; 4Q20: +2.1mln gross, +1.4mln net; 1Q21: -5.8mln gross, -3.9mln net)

Current environment is further enlarging 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

INCREASING DEMAND FOR ESG SUSTAINABILITY

Climate and sustainability, responsible capitalism, and economic inequality are **playing a larger role in conversations** among nations, regulators, companies and clients

...and strengthening our long term sustainable growth opportunities

Fintech DNA:

we were born already digital

Strengths of our business model:

quality, efficiency, innovation

Transparency and fair prices:

pursued to achieve lasting returns and satisfied stakeholders

Cyborg advisory:

our PFAs already used to assist clients in a digital world

- ✓ **Robust Net sales** with **good asset mix**
- ✓ **Boost in Investing** supported by FAM growth
- ✓ **Structurally higher Brokerage**
- ✓ Acceleration in **high-end clients' acquisition**
- ✓ **Decreasing Cost/Income**
- ✓ **Increased focus on ESG** (enlargement of product offer and definition of multi-year plan on ESG objectives to be achieved by 2023)

Our pillars as key drivers for sustainability

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

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**⁽¹⁾ 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

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

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



CUSTOMER SATISFACTION at 94%⁽¹⁾



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



Total **ABSENCE OF PERFORMANCE FEES**



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

Low UPFRONT FEES representing only

3%

of Investing fees ⁽²⁾



FOCUS ON ORGANIC GROWTH
Low incidence of net sales from recruiting (~14%) ⁽²⁾

⁽¹⁾ Source: Kantar Tri*M Index, Dec. 2020

⁽²⁾ Figures as of March 31st, 2021

Fineco Asset Management, adding value to our sustainable strategy

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



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



BETTER TIME-TO-MARKET, LOWER FEES TO CLIENTS AND HIGHER MARGINS thanks to **OPERATIONAL EFFICIENCY** shared with both PFAs and clients



INNOVATION AND FLEXIBILITY to deliver the right products for customers' risk appetite in every market condition



STRONG RISK MANAGEMENT thanks to the look-through on daily basis on funds' underlying assets



SIGNATORY of the **UN PRINCIPLES FOR RESPONSIBLE INVESTMENT** since October 2020



FIRST RESPONSIBLE INVESTMENT POLICY approved by the Board of Directors and published in March 2021

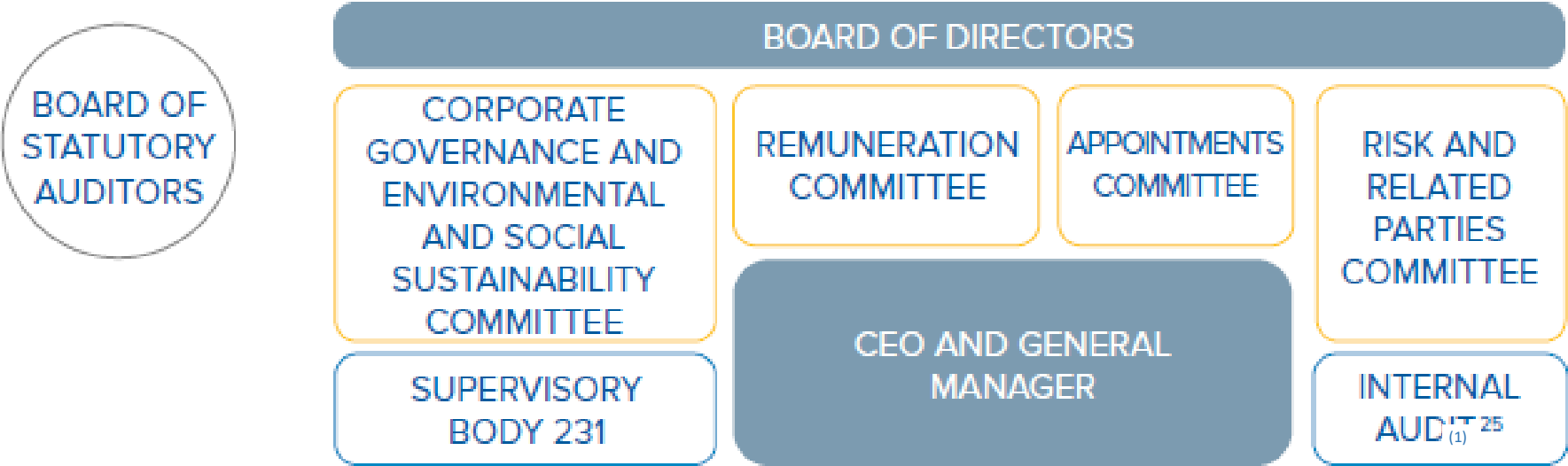


Publication of the **LIST OF ESG PRODUCTS** falling under Article 8 of the Sustainable Finance Disclosure Regulation - Reg. (EU) n. 2088/2019

Our market-friendly governance system

Fineco has adopted a traditional management and control system based on two bodies appointed by the Shareholders' Meeting: the **Board of Directors** (BoD) and the **Board of Statutory Auditors**.

The governance structure of FinecoBank as at 31 December 2020



4 committees are established within the Board of Directors with investigative, proposal, advisory and coordination functions

⁽¹⁾ In accordance with the Supervisory Regulations for Banks, the Internal Audit function operates independently from other company functions and reports its activities and results quarterly to the Board of Directors (also via the Risk and Related Parties Committee) and the Board of Statutory Auditors.

Board of Directors

A new Board of Directors was appointed by the Ordinary Shareholders' Meeting on **April 28th 2020**, based on lists of candidates submitted by the Board of Directors and the Shareholders. Specifically, two Directors were assigned to the list that came second in terms of number of votes. The Bank's Articles of Association also envisages the possibility of 1 Director to the list receiving the third highest number of votes, provided it receives at least 2%. The composition is consistent with the current regulations⁽¹⁾ and Fineco's Articles of Association.



11 members⁽²⁾
(+ 2 vs 2019)



**10 Independent
directors**



**1 Executive
director**
(CEO and GM)



**6 / 11 Female
members (55%)⁽³⁾**



**57.7
average age**

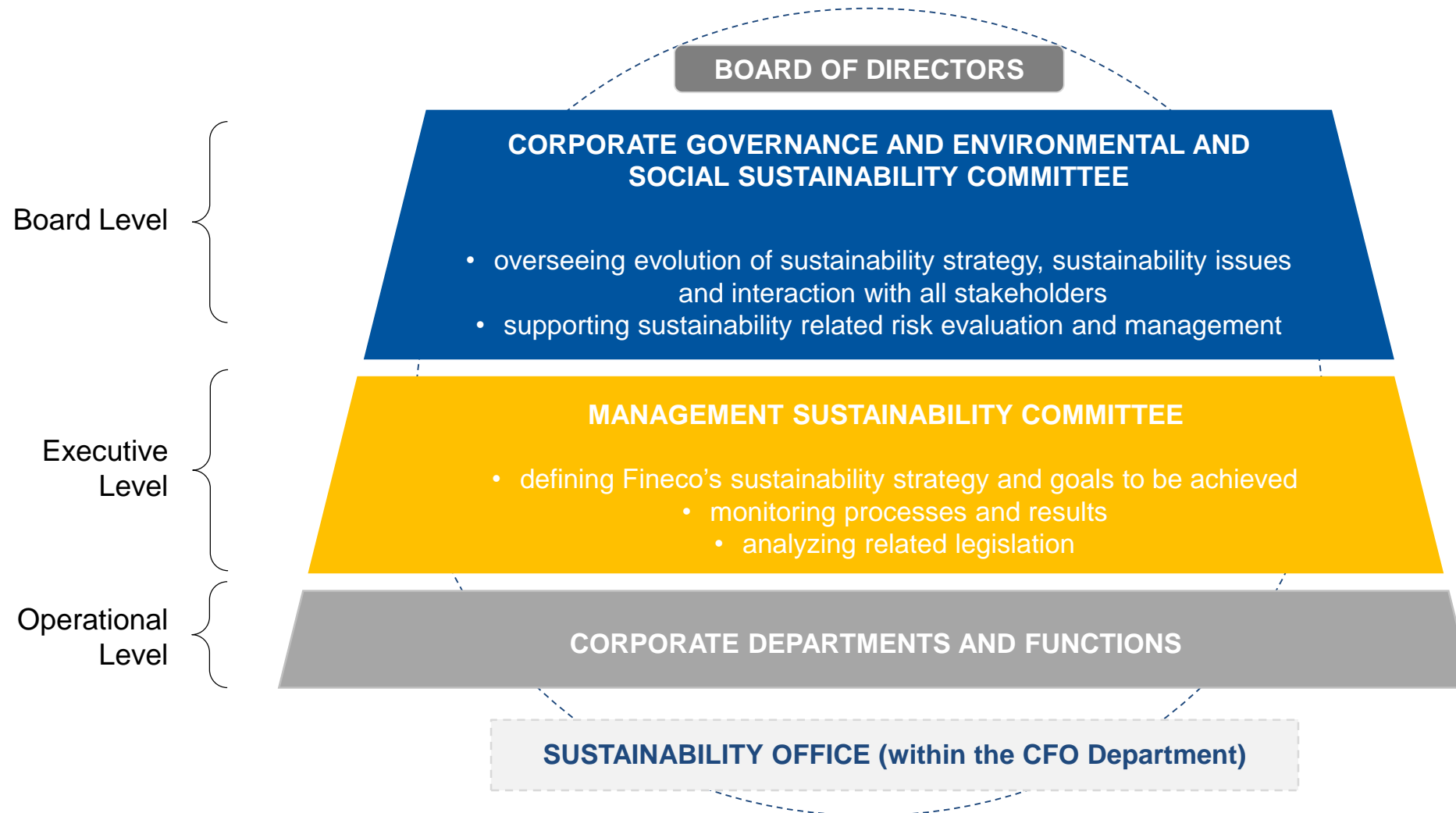
The Board of Directors thus composed (6 female members and 5 male members) fully enhances compliance with and application of the regulations on gender balance, representing the **first example** among the companies listed on the FTSE MIB with a **prevalence of female members**.

⁽¹⁾ Supervisory Authorities (e.g. Banca d'Italia, CONSOB) and the Corporate Governance Code for listed companies (Borsa Italiana S.p.A.)

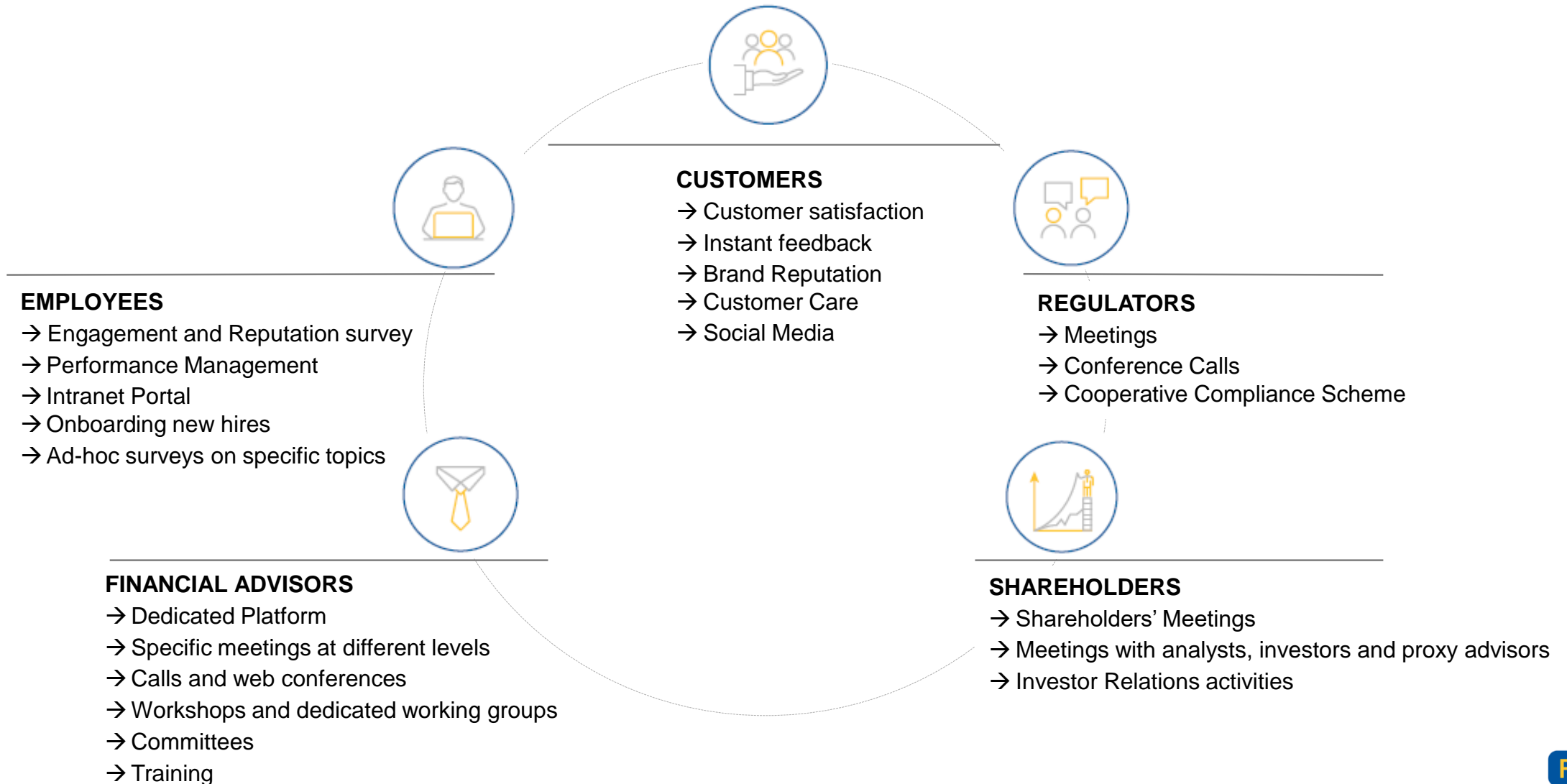
⁽²⁾ The Board of Directors co-opted Ms. Alessandra Pasini as a new non-executive Director of the Company, to replace Mr. Andrea Zappia, who resigned with effect from March 1st 2021.

⁽³⁾ Update to 1Q21. Following the amendments made by law no. 160/2019 to Article 147-ter, paragraph 1-ter of the Consolidated Finance Act, at least 2/5 of the directors should belong to the least represented gender (40%).

Governance of Sustainability



Stakeholder engagement



Sustainability strategy: improving our accountability

In order to ensure an increasing integration of environmental, social and governance aspects within our strategy, in January 2020 the Board of Directors approved a first set of **sustainability goals to be pursued in the years 2020-2023**, regarding **6 areas**:



Human Resources



Responsible Finance



**Financial Education and
Community Support**



Supply Chain



Relations with Shareholders



Environment

Later in 2020, for each of these areas Fineco aligned the specific objectives with the most relevant 17 **UN Sustainable Development Goals** on the basis of the common elements between the total 169 global targets and the Group's goals:



Sustainability strategy – our goals

HUMAN RESOURCES

- Monitoring and ongoing attention to the **Gender Pay Gap** issue; focus on issues such as the **promotion of women in managerial roles**, equal **gender representation** and the **monitoring** of how the **return from maternity leave** is managed
- Implementation of an **employee training and awareness plan on Diversity & Inclusion** and sustainability
- **Performance management programme**, aimed at all employees
- Implementation of **initiatives related to flexible work** (greater use), creation of **employee areas** (such as break areas), **preventive health and healthcare**
- Initiatives for **consultations and turnover monitoring**

RESPONSIBLE FINANCE

- **Increased supply of products with social and environmental value** within the mortgages and loans sector
- Introduction of **ESG criteria in product evaluation**. ESG evaluation extended to **100% of new FinecoBank Group funds⁽¹⁾**
- **Promotion and design of new funds** based on ESG criteria
- Increased **coverage of green and social bonds** in FinecoBank's portfolio

SUPPLY CHAIN

- **Suppliers assessment** on the basis of ESG criteria, through an initial self-assessment questionnaire

SHAREHOLDERS

- Strengthening **dialogue with socially responsible investors** and **sustainability rating agencies**
- **Participation in external initiatives** that support the company's commitment to ESG themes

FINANCIAL EDUCATION/COMMUNITY SUPPORT PROJECTS

- Promotion of specific **training and awareness-raising courses** on topics such as savings' management, which in the future will particularly involve targeted groups such as young people
- Provision of **specific training on ESG issues for Financial Advisors** in order to meet the demands of clients more attentive to these issues and, at the same time, to promote sustainability among less interested clients
- Allocation of annual investments in **projects that benefit the community**, according to different local needs and allocation of natural disaster funds (to postpone mortgage and loans payments, and suspend debt collection actions for insolvent customers)

ENVIRONMENT

- Implementation of the **Environmental Declaration**
- **Energy consumption/emissions**: monitoring of internal company consumption with the aim of reducing consumption and emissions
- **Company fleet**: modernisation of the car fleet with hybrid / electric cars (with the possibility of recharging in the parking lot of company offices)
- **Sustainable Mobility**: refund of employees' annual bike-sharing subscriptions, upon request (both in Milan and Reggio Emilia)
- **Material/waste management**: reduction of plastic consumption by creating digital credit cards; replacement of plastic bottles by installing water dispensers and providing all employees with water bottles; purchase of recycled or certified paper and provision of separate collection facilities to all offices

⁽¹⁾ Excluding UK representing for Fineco a new opening market.

2020 Highlights (1/2)

Our People



1,262 Employees (+37 vs 2019)

2,606 Personal Financial Advisors (+65 vs 2019)



100% Home working⁽¹⁾



33 h average training per employee



42.2% women employees (42,4% in 2019)

57.8% men employees (57,6% in 2019)



99% employed on permanent contracts



17.1% women PFA (17,2% in 2019)

82.9% men PFA (82,8% in 2019)



82% Engagement Index

82.9 points of internal reputation

66 h average training per Personal Financial Advisor

Our Customers



1,341,893 Customers

354,107 contacts per month



3,473 complaints received (2,396 in 2019)

Approximately **92% processed** in the year



98 points TRI*M new index



Financial Education: 102,000 participations⁽¹⁾; 22 classroom-based seminars⁽¹⁾; 350 webinar⁽¹⁾; 261 bite-size videos. Participation in **Financial Education Month**⁽²⁾



410 Fineco Center

distributed throughout Italy

⁽¹⁾ Data influenced by increased digitalization of activities due to health emergency caused by COVID-19 pandemic.

⁽²⁾ Initiative proposed by the Committee for the planning and coordination of financial education activities. This Committee was set up by Decree of the Minister for Economic Affairs and Finance, in agreement with the Minister for Education, University and Research and the Minister for Economic Development, in implementation of Italian Legislative Decree no. 237/2016, converted into Law no. 15/2017, containing "Urgent provisions for the protection of savings in the credit sector" with the aim of promoting and coordinating initiatives that help increase financial, insurance and social security-related knowledge and skills among the population.

2020 Highlights (2/2)

ESG offer



57% funds have Morningstar ESG Rating of which 75% have a rating «High», «Above Average» and «Average»



208.1 mn € AUM ESG Private Value Lines



Consolidation of:

- **FAM Sustainable** - AUM equal to 151 mn €
- **FAM MegaTrends** - AUM equal to 329 mn €



301 mn € AUM Core Pension ESG lines



21% of the capital disbursed for loans falls under the category **Green Mortgage** for the purchase of A or B energy class buildings (15% in 2019)



741.8 mn € in portfolio of **green, social and sustainable bonds** (+446% vs 2019)

Reducing environmental impacts



53.6 TJ total **energy consumption**



3,062 tCO2e total **GHG emissions** - scope 1, 2 (market-based) and 3



20,5 tons of paper saved vs 2019⁽¹⁾



55% electricity purchased from **renewable sources**⁽²⁾

⁽¹⁾ Data influenced by increased digitalization of activities due to health emergency caused by COVID-19 pandemic.

⁽²⁾ The percentage of electricity from renewable sources in 2020 is significantly lower than in 2019 due to the extension of the energy consumption reporting perimeter to all Fineco Centers in Italy. 2020 figures calculated on a like-for-like basis for the 2019 Non-Financial Statement would be 80%, in line with the 2019 figures.

Compliance and responsible business

We are committed to promoting a **shared compliance culture** throughout the Company. This is the reason why **reviewed and updated the main Company's compliance related policies**, in order to make them suitable to for the **new Fineco reality**.

Already updated

- ✓ **Organisation and Management Model and Code of Ethics (Leg. Dec. 231/2001)** containing rules aimed at ensuring that everyone's conduct is always guided by criteria of fairness, cooperation, loyalty, transparency and mutual respect
- ✓ **Global Policy - Anti-money laundering and counter terrorism financing**
- ✓ **Global Policy - Anti-trust and Unfair Commercial Practices**
- ✓ **Global Policy - Group Tax Strategy**
- ✓ **Global policy for the management of transactions with persons in potential conflict of interest**
- ✓ **Global Policy Whistleblowing**, employees and personal financial advisors can report anonymously any conduct in violation of the law or the Bank's internal rules
- **Code of Conduct and Charter of Integrity**, defining the general principles of ethics and conduct we recognize as our own, with the aim of promoting our culture of compliance and our commitment to sustainability among our employees, financial advisors as well as suppliers
- **Human Rights Commitment**

To be updated

- **Global Anticorruption Policy** setting minimum standards for anti-corruption compliance and applies to officers and members of strategic, supervisory and executive bodies, employees and financial advisors

Training initiatives

ESG Risks

Fineco continues its examination of the main **ESG risk factors** related to the main non-financial issues relevant to the Group. Among the risks with potential ESG implications, operational risks and reputational risks are particularly important.

2021 RAF	New ESG elements added, regularly monitored and reported: <ul style="list-style-type: none">• ESG investments within the Group's own portfolio• concentration of the real estate guarantees in areas with high seismic/hydrogeological risk
Operational risk indicators	The system of operational risk indicators includes around 70 Key Risk Indicators , developed and maintained by the Risk Management function and divided into different control areas
Initial Environmental Analysis ⁽¹⁾	The Initial Environmental Analysis maps the needs and expectations of stakeholders in relation to environmental aspects, identifying the respective risks for FinecoBank and using the company activities as the basis for developing a classification of the risks generated and suffered by the organisation associated with the most significant environmental aspects
ESG risk factors from Legislative Decree 254/2016	Main ESG risk factors to which the FinecoBank Group may be exposed, as well as the related management and mitigation approach in the areas: Social; Human Rights; Personnel; Environmental; Corruption

⁽¹⁾ Environmental Management System in accordance with the requirements of the EMAS regulation n. 1221/2009/EC.

Cyber security

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



No security breaches involving customers' information in 2020



> 99.9%
Uptime on main services⁽¹⁾



No information security / cybersecurity related fines / penalties



No significant losses registered for system failure

Progress on environmental management



Approval of **Global Policy - Environmental Policy** of FinecoBank Group



Start of the process of designing and implementing the **Environmental Management System (EMS)**, in compliance with the requirements of EMAS Regulation no. 1221/2009/EC



For the preparation of the Environmental Statement, in accordance with the voluntary EMAS Regulation no. 1221/2009/EC, the scope of **the energy consumption data was extended** to all the Bank's operating sites in Italy



Appointment of the **Energy Manager**

In 2020, the Board of Directors approved the **FinecoBank Group Environmental Policy**, which formalises the following commitments:



Responsible Finance

- **Lending products with environmental value**
- **ESG rating of funds** on the platform
- Coverage of **green and social bonds** within FinecoBank's portfolio



Supply Chain

- **Evaluation of suppliers** also on the basis of ESG criteria



Relations with Shareholders

- Strengthening **dialogue** with **Socially Responsible Investors (SRI)** and **Sustainability Rating Agencies**



Environment

- Reducing **energy consumption** and **emissions**
- Sustainable mobility initiatives for employees
- Responsible consumption of **paper** and **plastic**

2020 Non-Financial Statement

On April 6th 2021, Fineco published the **second Consolidated Non-Financial Statement**, in accordance with the Directive 2014/95/EU, that also represent the **first Communication on Progress** regarding the implementation of the Ten Principles promoted by the UN Global Compact. This document presents several **new elements** compared to the 2019 Sustainability Report, such as:

Sustainability Strategy and the SDGs

- ✓ **Alignment** of our **sustainability goals** 2020-2023 with the **Sustainable Development Goals** and presentation of the **state of progress** towards them by reporting Key Performance Indicators over the two-year period 2020-2019

Enhanced content on Environmental topics

- ✓ **Extension** of the **energy consumption data scope** to all the Bank's **sites in Italy**, as well as data restructuring, to prepare the Environmental Declaration in accordance with the **EMAS** (Eco-Management and Audit Scheme) voluntary **Regulation**.

1

Updated Materiality Analysis

- ✓ which resulted in the formal streamlining of some material topics and the **introduction of two new topics**: tax compliance and identification and management of IT security risks.

2

New content

- ✓ Dedicated sections on how Fineco managed the impacts of **COVID-19**
- ✓ Chapter on **Tax Compliance**, in line with the GRI Specific Standard 207: Taxes
- ✓ Paragraph dedicated to **Capital Management**, within the chapter "Economic Performance and Capital Strength"

3

4

External Initiatives

- ✓ **Correlation** of the **NFS contents** with the UN **Global Compact** principles and with the UN **Principles for Responsible Banking**, both deriving from FinecoBank's subscription to the principles of the respective initiatives.

5

Sustainability culture and our spontaneous initiatives

We are experiencing an **increased spread of sustainability culture** within the bank's functions, which are adopting several **spontaneous sustainability initiatives**, that are beyond of the scope of the ESG Goals for the period 2020-2023.



Fineco installed **six Sea-bin devices** with the aim of removing floating plastic waste from the sea.



Fineco confirmed to be the **main sponsor of the Spring Days** of the **Italian Environmental Fund**, the biggest event dedicated to Italy's cultural heritage and landscape.



Fineco organised **3 webinars** dedicated to the theme of "investments and sustainability", on the occasion of the **UN International Days** for the protection of the planet.



Fineco is providing **zero commission on government bond purchases** to contribute and sustain Italy's recovery.



Fineco has also started to contribute to the enhancement of Milan's spaces through **street art creation** "The Herald" and "Towards the future".

Long term sustainability at the heart of Fineco business model

ESG RATINGS



One of the 2 banks in the world with rating **"EE+"** (very strong) (range from "F" to "EEE")



"A" (range from "CCC" to "AAA")



Among the best banks internationally
17.7 (Low risk)



Better than direct peers
83/110

ESG INDICES

Fineco included in:



FTSE4Good



Nasdaq CRD Global Sustainability Index

RECENT AWARDS



MF Innovation Awards 2019 with the Remix Mortgage



Best ESG Rating 2021 assigned by Standard Ethics



Excellence in Customer Experience 2020



Top Employer Italy 2021



Private Banking Awards 2020 «Innovation in customer Experience»



Sustainability Leader 2021

Participation to external initiatives



UN Global Compact is a voluntary initiative of the United Nations that promotes corporate social responsibility through respect for and adherence to **Ten Principles** concerning **human and labour rights, environmental protection and anti-corruption**



United Nations Principles for Responsible Banking are the set of measures developed by the innovative collaboration between the world's banks and the UN Environment Finance Initiative (UNEP FI) to design a **sustainable future for the banking sector**



Fineco Asset Management DAC has joined the **United Nations Principles for Responsible Investment (PRI)** initiative. The membership reinforces the commitment to the development of a sustainable financial system through **the integration of social, environmental and good governance criteria into investment practices**

Focus: Covid-19 emergency

Fineco set up a **Crisis Committee** with the aim of assessing the actions to be taken following the measures adopted at government level, and analysing future developments and the consequences at company level.

PROTECTING OUR PEOPLE

- **SMART WORKING** extended to all employees - 5 days a week since the emergency started, **PAID TIME OFF** for particular family matters and **HOME WORKING KIT** (24" monitor, mouse, keyboard and ergonomic chair) for free available for all employees.
- **ENHANCED WELFARE SYSTEM** with new solutions including wellness and online nutrition advices, sports on demand and language training, as well as **REFUND OF BIKE SHARING ANNUAL FEE** available for all employees
- **PHONE MEDICAL CONSULTATION** for sanitary emergency and **HOME SWABS** for employees and cohabiting family members. **PSYCHOLOGICAL SUPPORT** in phase 2 available for 3 months.

SAFETY

- All **ROOMS** are **SANITISED** daily, **THERMOSCANNER** system installed to detect the temperature at the entrance, extraordinary **cleaning and sanitization of all the air ducts**

RELATIONSHIPS WITH CLIENTS

- **PROMPT SUPPORT** to clients thanks to integrated platforms available for Financial Advisors, (such as X-Net) providing a complete and immediate analysis of clients individual needs as well as clients platforms always available
- **TRAINING ACTIVITIES** both for financial advisors and clients aiming at guiding them to better cope the emergency
- **CREDIT LINE** aimed at anticipating the compensation fund directly to the clients in lay-off and **SUSPENSION OF MORTGAGE INSTALLMENTS** according to Italian legislation in place

COMMUNITY SUPPORT

- **CAMPAIGN** to **GATHER CONTRIBUTION** for **HOSPITALS: € 1.8 mil**

ICT SECURITY

- Increased use of **STRONG AUTHENTICATION** for users and reviewing and **STRENGTHENING** the **TECHNICAL ARCHITECTURE** that allows remote access



THANK YOU