



IT DAY 2021

Milan, September 9th, 2021

ICT: A KEY BUSINESS DRIVER



1

SIMPLICITY

Client front-ends are built in-house and designed for simple and intuitive interactions



2

OMNICHANNEL

IT provides a seamless user experience through a full integration across all channels



3

BIG-DATA

Data management unified data archive is directly accessible to all functions and processes



4

TIME TO MARKET & CUSTOMIZATION

Internal IT infrastructure and know-how accelerate lead times. Proprietary technology for tailor made services.



5

COST EFFICIENCY

Low technology costs and automation allow economies of scale as volumes increase



6

TECHNOLOGY

IT systems are end-to-end connected to business processes, bypassing vertical silos



7

RELIABILITY

Highly reliable IT systems provide platforms and services uptime close to 100%



8

CYBER SECURITY FRAUD MANAGEMENT

A highly experienced internal security team fights cybersecurity and fraud 24/7

1. SIMPLICITY



AN OVERVIEW OF

UNUSUAL FINTECH, COMPETITIVE ADVANTAGE

1

PROPRIETARY PLATFORM

2

**STRONG OPERATING LEVERAGE
KEY TO DEVELOP FOREIGN
MARKETS**

3

PLATFORM EFFICIENCY

4

**SMOOTHER DELIVERY AND
REDUCED TIME-TO-MARKET**

5

TOP-TIER PERFORMANCE

OUR TECHNOLOGY

215

FTEs in IT Dept.

> 2,500

Servers managed

11,000

Changes
per year

2+1

Data Centers
(2 OnPrem, 1 Virt.)

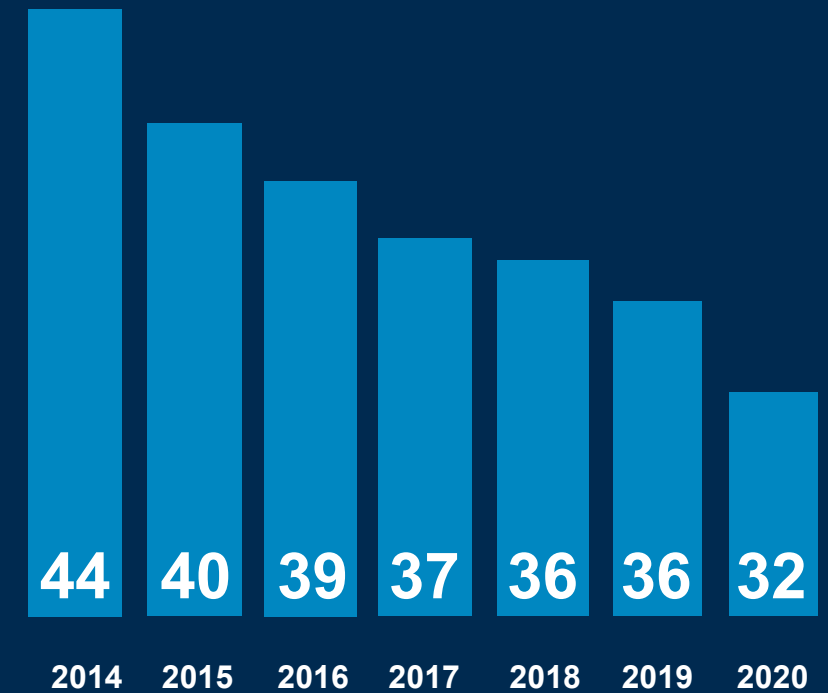
> 200

Applications

>3,650

TB under
management

cost/income⁽¹⁾

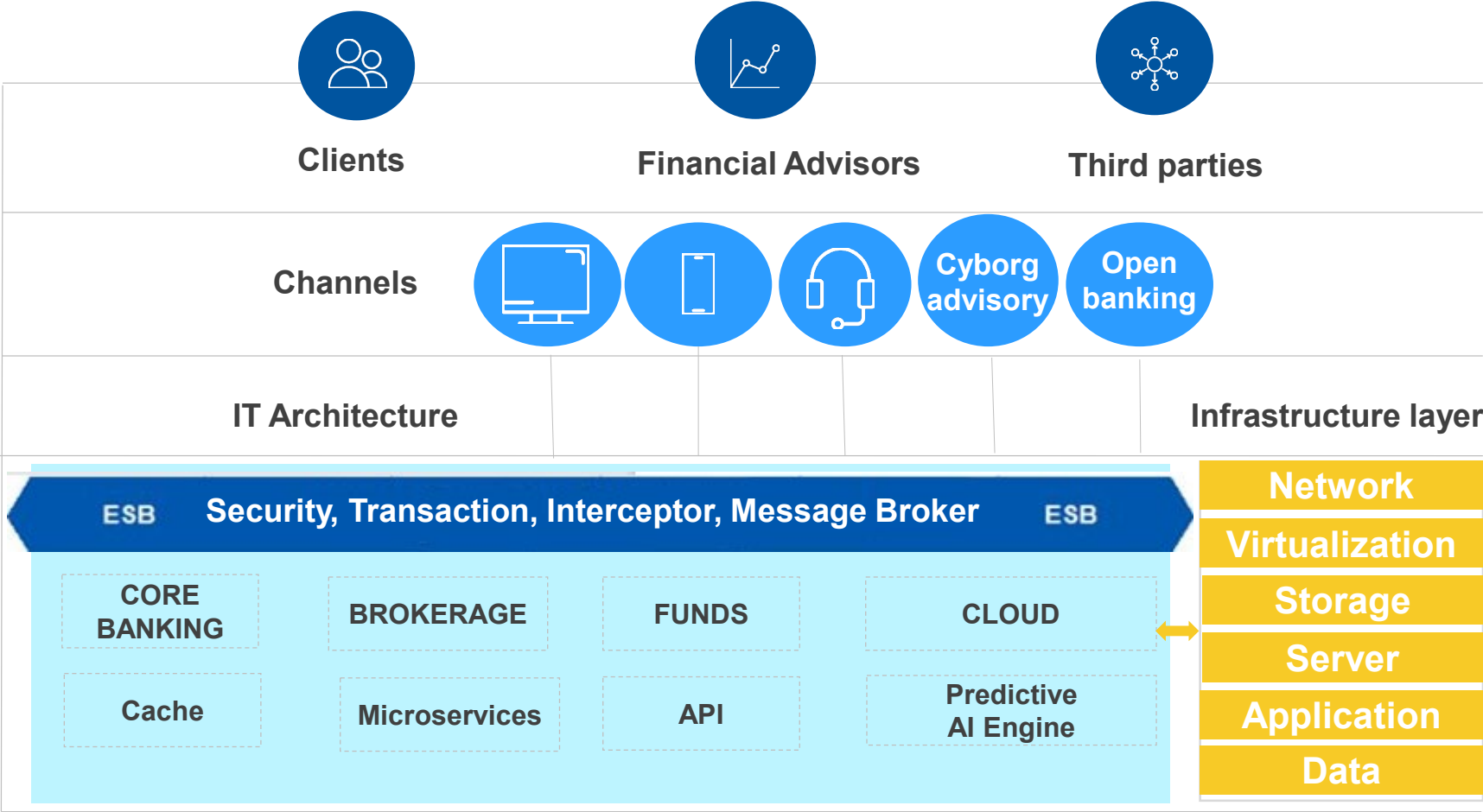


⁽¹⁾ Figures adjusted for non recurring items

2. OMNICHANNEL



OMNICHANNEL INTEGRATION

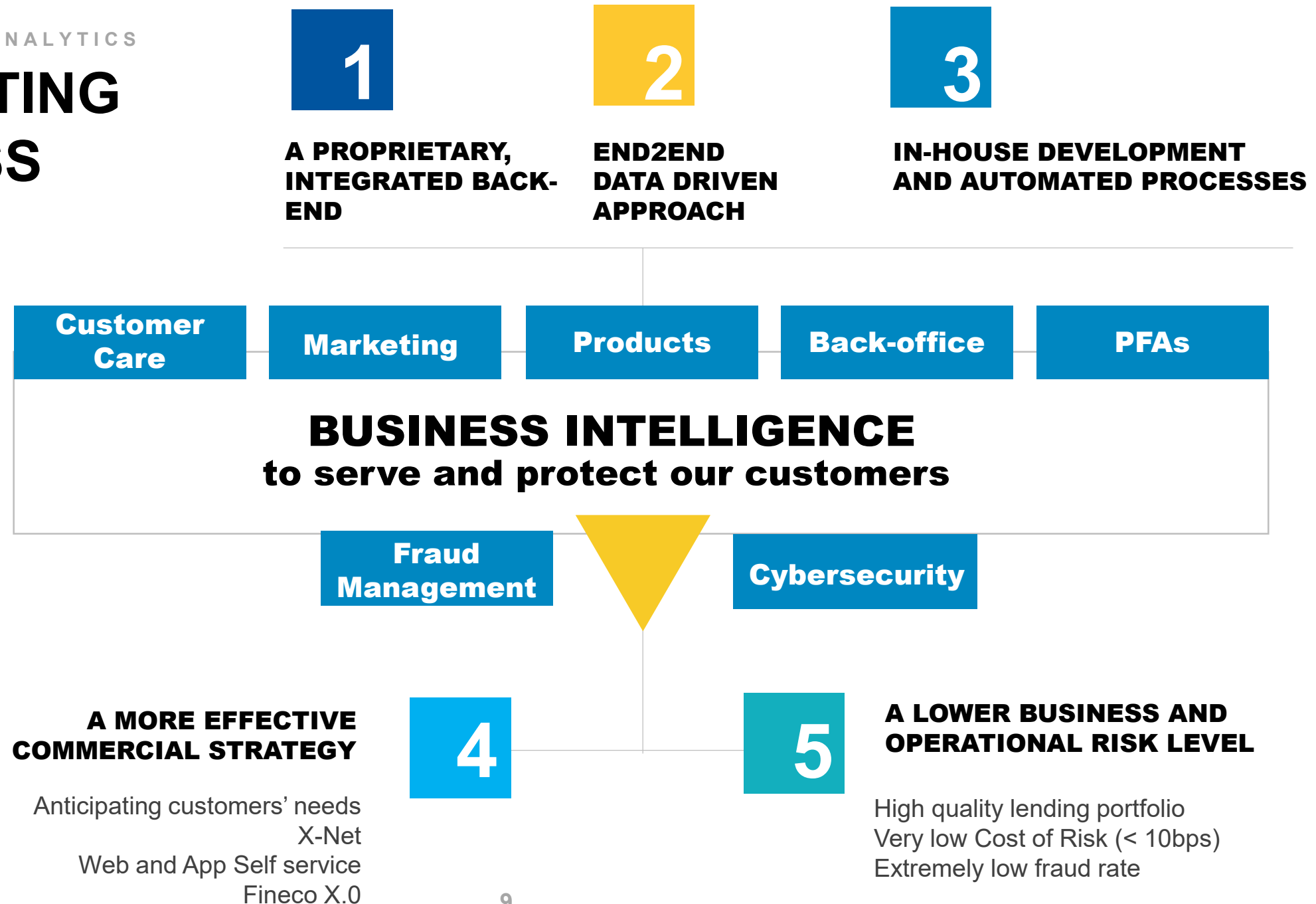


3. **BIG-DATA**



FROM BIG DATA ANALYTICS

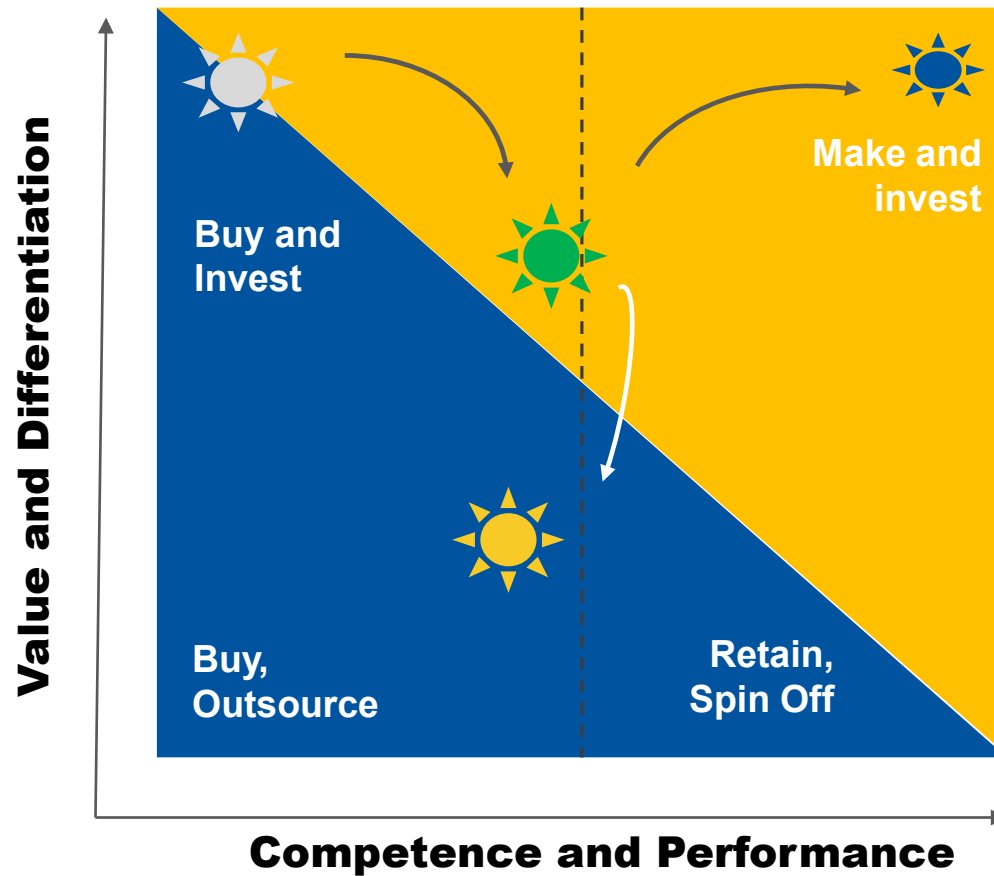
EXTRACTING BUSINESS VALUE



4. TIME TO MARKET & CUSTOMIZATION



TECH SOURCING STRATEGY



Focus on core business

Speed of change (Agility)

Keep control on architecture

Excellent customer experience

Day-by-Day Innovation

Once effective, focus on efficiency

☼ Invention – Pilot Phase

☀ Large-Scale Build

☀ Lead – New Core Capabilities

☀ Optimize – External Leverage

TECH INFRASTRUCTURE

**100%
IN**

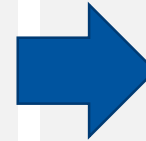
**0%
OUT**

**NETWORK
CONNECTIVITY**

BARE METAL SERVERS

**MIDDLEWARE &
DATABASES**

**HYPERVISORS,
VM & CONTAINERS**



**Full control, ownership,
responsibility**


**Flexibility and v-low dependency
on 3° party providers**

Cost savings & Efficiency

Security and Expertise

**V-low Total Cost of Ownership
(TCO)**

BROKERAGE, INVESTING, FUNDS, X-NET

| | OUT | 100% IN  |
|--------------------------|---|--|
| COSTS | Typically based on customers headcount or total AUM | Platforms designed and built in-house. Very low TCO compared to external solutions and very scalable |
| LEAD TIME | Depending on contractor SDLC (Software Development Life Cycle), but usually much longer | Frequent updates and new features Lower operating risk, and easier crisis management |
| USER EXPERIENCE | Standard + trade-offs for better user experience | Rich and wide customization, user-friendly interfaces Effective and timely support |
| INTEGRATION | Complex and expensive Strong external dependencies | Proprietary trading platform, with no external dependencies Reliable platform, transparent & fast order execution |
| INTERNAL KNOW-HOW | Very low and limited to product design | Full tech and business internal know-how. Access to Italian Patent Box regime (tax relief) |

Customer satisfaction starts here



SMS

77%
of SMS
Managed in
few seconds
always
active

(85% in 2019)



CONTACT
FORM

90%
of emails
managed
within
24h

(78% in 2019)



TOOL-FREE NUMBER
7/7

85%
of calls
managed
within
20''

(67% in 2019)

354,107
contacts per month



TECH BOOSTS CUSTOMER SATISFACTION THROUGH CRM & BO EFFICIENCY

CRM and Back-office managed in-house and fully integrated with IT systems and data warehouse, enabling the highest level customer experience.

That's why we have **94%** of satisfied customers.

Information Source: KANTAR TNS - December 2020

5. COST EFFICIENCY



COMPARATIVE ANALYSIS: FINECO VS BENCHMARK CIPA-ABI

Below is a comparison between Fineco's IT cost values and the indicators reported in the "Survey on IT in the Italian banking system", edited by CIPA (Interbank Convention on Automation, chaired by Bank of Italy) and ABI (Italian Banking Association) for the year 2019. Fineco indicators are in line with the results of the survey of the "Medium" category despite comparing 2020 data with those of 2019.

| KPI | MEDIUM | FINECO |
|--|-------------------|--------|
| IT Spending / Total assets | 4.38‰ (+131%) | 1.90‰ |
| IT Spending / Revenue | 20.57% (+163%) | 7.80% |
| IT Spending / Number of employees (included PFA) | 38.5k€ (+147%) | 15.6k€ |
| IT Cashout / Revenue | 21.2% (+159%) | 8.20% |

FINECO VS COMPETITORS

| KPI | COMPETITOR 1 | COMPETITOR 2 | COMPETITOR 3 | FINECO |
|--|--------------------|------------------|------------------|--------|
| IT Operating spending/ Revenue | 6.5% (+51%) | 6.8% (+58%) | 16.8% (+290%) | 4.3% |
| IT Operating spending / Gross operating result | 6.5% (+51%) | 7.9% (+84%) | 18.9% (+340%) | 4.3% |
| IT Operating spending / No. Customers | 132.40€ (+453%) | 44.20€ (+85%) | 29.20€ (+22%) | 23.94€ |

The comparison was made on current IT costs (OPEX) of 2020, taking into account that the cost of IT investments and the cost of IT-related personnel cannot be accurately identified from the documentation available in the financial statements. Competitors 1,2,3 chosen between comparable financial companies operating in Italy/Europe.

FINECOBANK IT SPENDING ANALYSIS

The Gartner cost value matrix is designed to understand the relationship between IT costs and the value IT investments bring to the business

BENCHMARK

Industry:

Banking & Financial Services

Number of Observations:

232

Fineco Revenue Cluster:

\$500mln - \$1bn

20% of observations

THE GARTNER COST VALUE MATRIX (CVM)

is a 2x2 table that evaluates the relationship between IT costs and the implied value of IT investments.

RATIOS CALCULATED

are based on the comparison between the organization's data on IT spend as a percentage of revenue, IT spend as a percentage of opex, revenue per employee and operating income per employee.

RATIOS INTERSECT

at a point plotted on the 2x2 table and fall in one of the four quadrants "cost-inefficient," "cost-efficient," "revenue-efficient," or "value for money."

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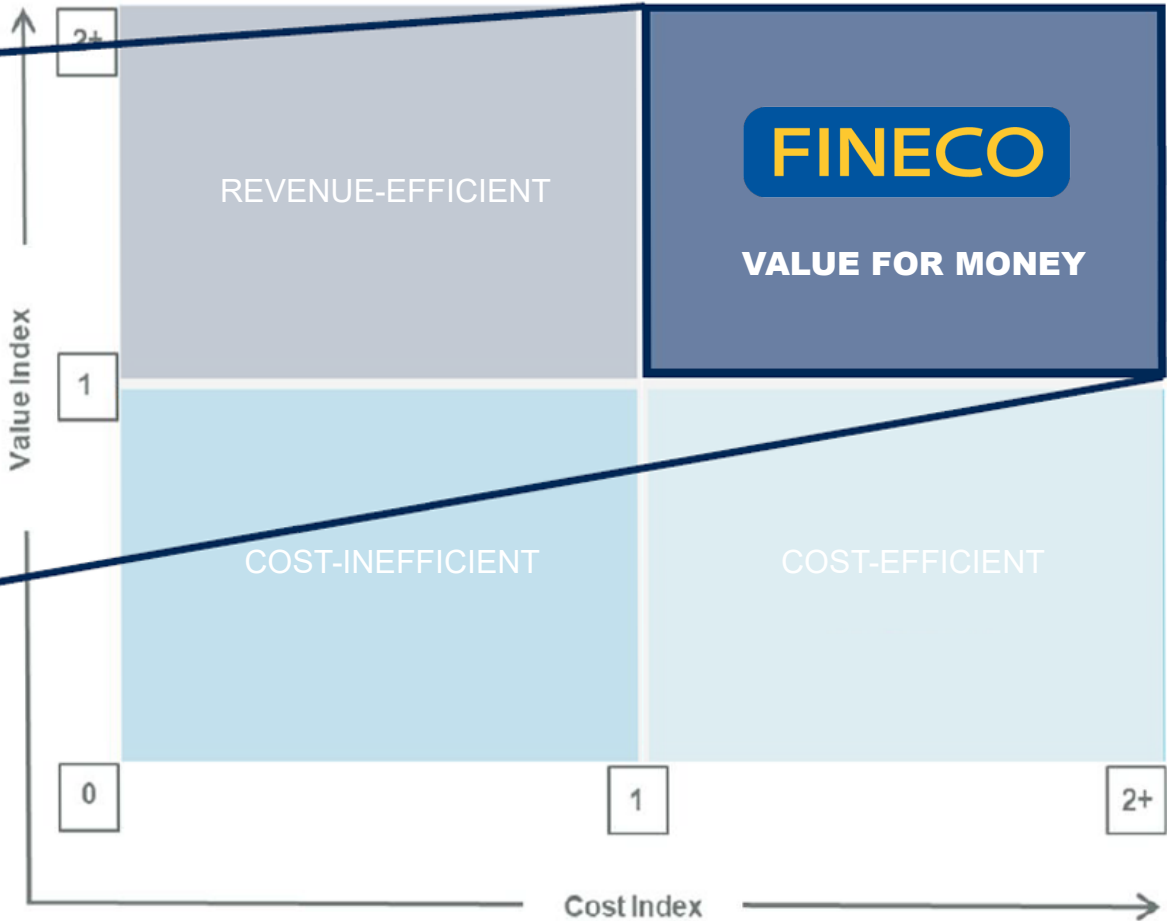
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COST VALUE MATRIX (2020 BANKING AND FINANCIAL SERVICES)

Value for Money

Both the cost and value scores are greater than 1. Organizations in this quadrant not only are generating a higher operating margin (income per employee) and “revenue per employee”, but also they are able to achieve this above-average business value at a reasonable cost compared with peers in our data set. This should be the long term target for any IT organizations, and CIOs should create a roadmap to achieve or sustain the VFM status over the long term.

Fineco Bank 2020 Cost Value Matrix
Value Index = 1,41 / 1,01 = 1,40
Cost Index = 3,38 / 1,84 = 1,84



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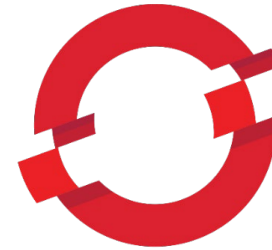
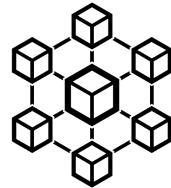
6. TECHNOLOGY



FINECO INNOVATION TECHNOLOGICAL STACK



Microservices



OPENSIFT



ANSIBLE

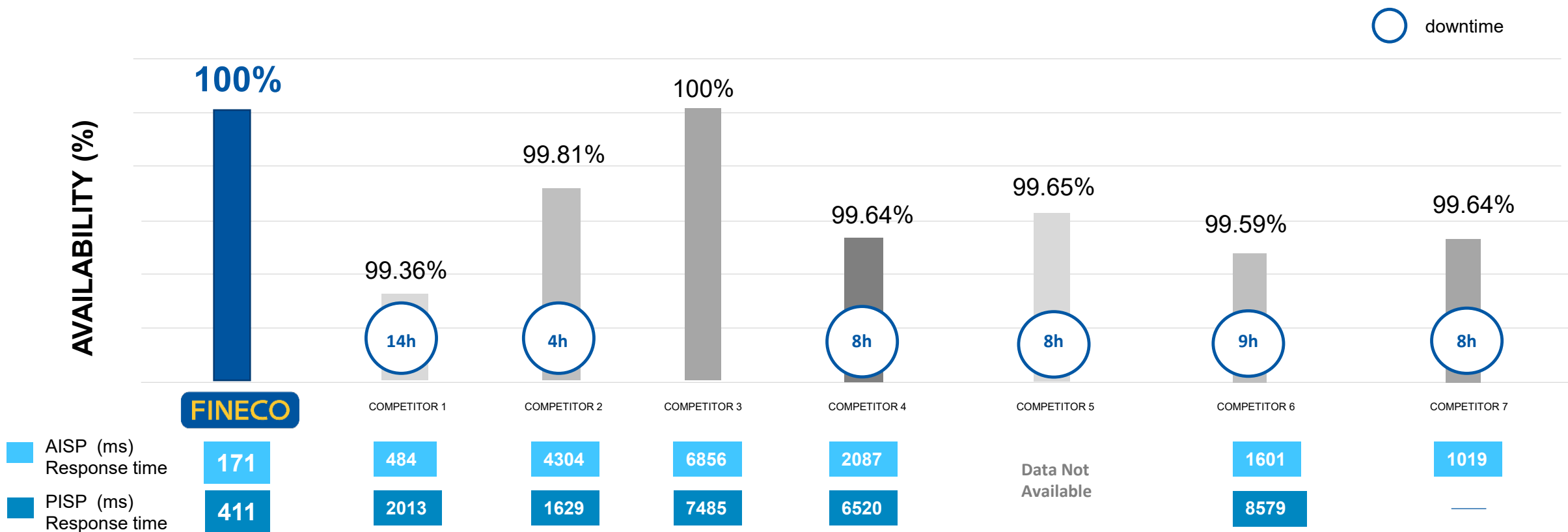


7. RELIABILITY



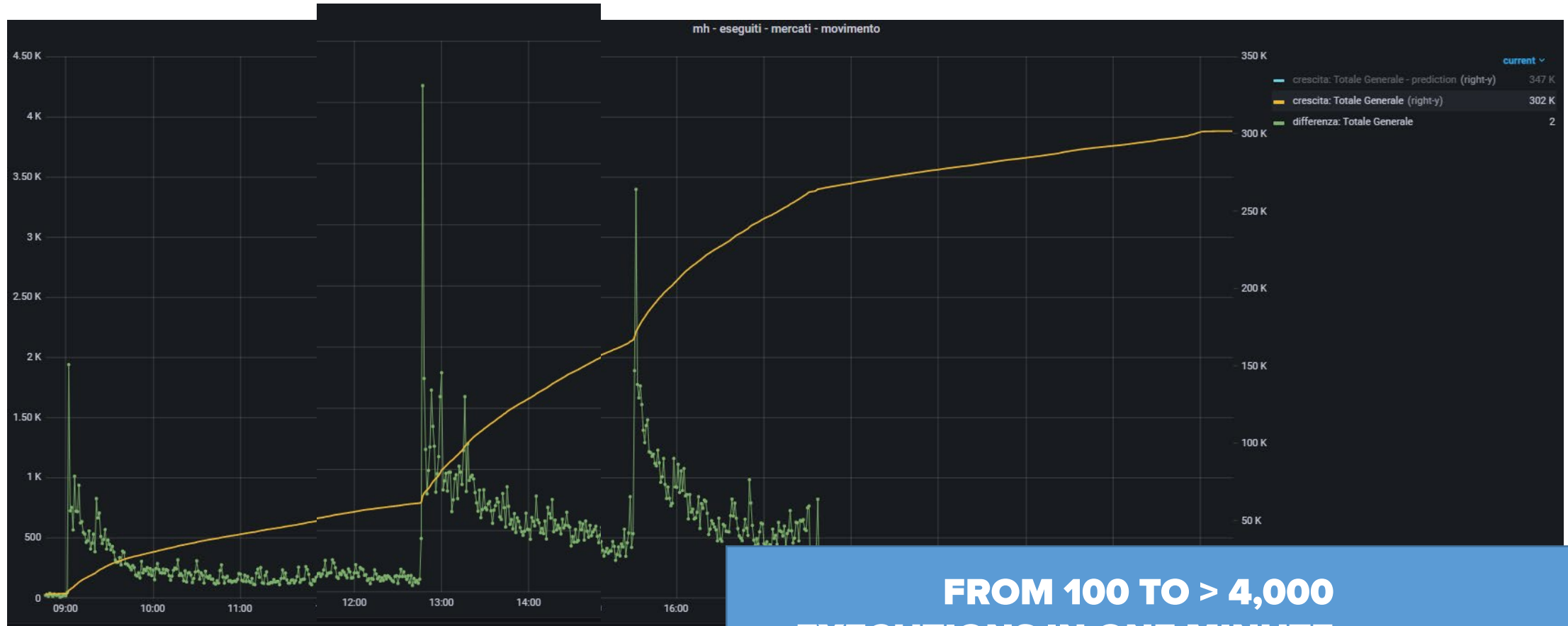
Way more reliable and faster than competitors!

0.1% = 2.1h downtime on a Quarterly basis.



UNEXPECTED EVENT

PFIZER VACCINE - Nov 9th, 2020



PFIZER VACCINE - Nov 9th, 2020



8. CYBER SECURITY & FRAUD MANAGEMENT



STRONG RISK CONTROL

Able to manage very high volumes last year



313Mln

Accesses to
digital channels



32Mln

Banks
transfers/year



30Mln

Logins/Month



8K/Sec

Requests/sec by
clients

1,355,000

Logins/Day

NO MAJOR CYBER SECURITY INCIDENT IN 10 YEARS

STRONG RISK CONTROL

TX volume > 20 bn €



0.000005 bps

Net Fraud loss rate
on banks transfers

TX volume > 6 bn €



0.015 bps

Net Fraud loss rate
on cards

WITH A STATE-OF-THE-ART TRACK RECORD ON RISK CONTROL

THANK YOU
