



FINECO. SIMPLIFYING BANKING.

Carnegie Digital Savings Platforms Seminar

Paolo Di Grazia
Deputy General Manager

June 9th 2023

Introducing Fineco, a leading FinTech Bank in Europe

Integrated offer of Banking, Brokerage and Investing via multi-channel approach, for sustainable growth

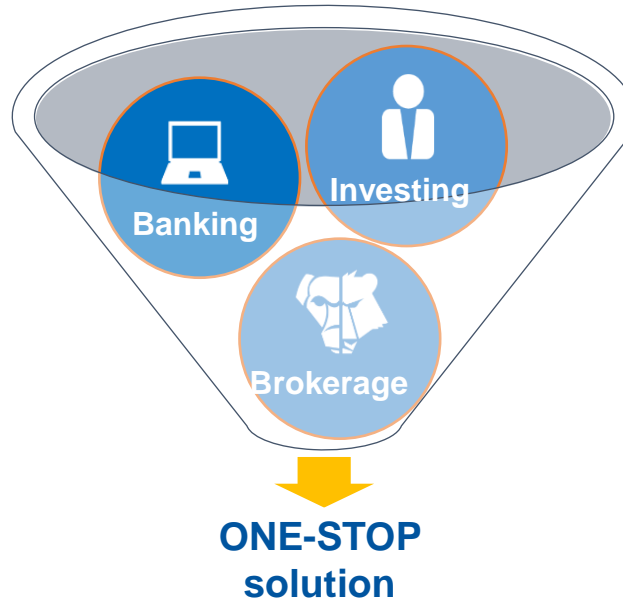
Corporate purpose: offer customers excellent services and products through a multi-channel system at a fair price

1Q23 weight on total revenues for each product area

Banking

56%

- **100%** of operations can be performed online or from apps
- Lending offered only to existing base of **retail clients (no corporates)**
- Strong focus in building a low-risk and high-quality portfolio thanks to internal IT culture and Big Data analytics



Investing

25%

- **FAM** (Fineco Asset Management, with 28.6bn⁽¹⁾ TFA) key in delivering quality investment solutions for our clients
- More than **6,350** mutual funds by more than **70** Asset Managers worldwide
- Physical distribution network: **2,935**⁽²⁾ PFAs and **428**⁽²⁾ Fineco Center

Brokerage

18%

Direct access to **25**⁽²⁾ global markets, bonds, ETFs, futures and **21**⁽²⁾ currencies both online and mobile

Our Key figures

TFA (May 2023)

€113.9 bn

with 1.5 mln clients

Net Sales (May23 YTD)

€4.4 bn

€10.3 bn in FY22

adj. Net Income 1Q23

€147.3 mln

€428.8 mln in FY22

+19.1%
y/y

adj. Cost/Income 1Q23

25.0%

CET1 Ratio 1Q23

21.8%

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

...and strengthening our long term growth opportunities

Fintech DNA:
we were born already digital

Strengths of our business model:
quality, efficiency, innovation

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

- ✓ **Robust Net sales**
- ✓ **Boost in Investing** supported by FAM growth
- ✓ **Structurally higher Brokerage**
- ✓ **Acceleration in high-end clients' acquisition**
- ✓ **Decreasing Cost/Income**

Deep dive on our transactional liquidity

Our business model has fully fledged banking platform used by all our clients for their daily activities

Granular and retail deposit base, very sticky thanks to the quality of our customer experience

97% Retail clients

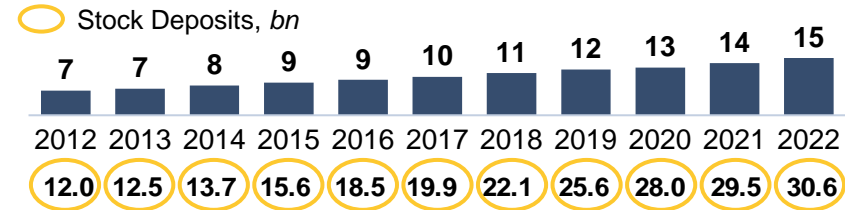
€ 19k Avg deposit ticket
(€ 140k for private and € 15k for non private clients)

€ 4.8k Median deposit ticket
(€ 47.3k for private banking and € 4.5k for non private clients)

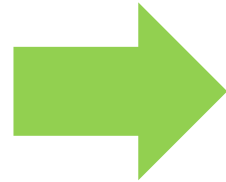
75% Guaranteed deposits by DGS (<€100k)

50% Salary credited in current accounts

Salary credit total inflows, € bn



Salary credit more than doubled over the last 10 years

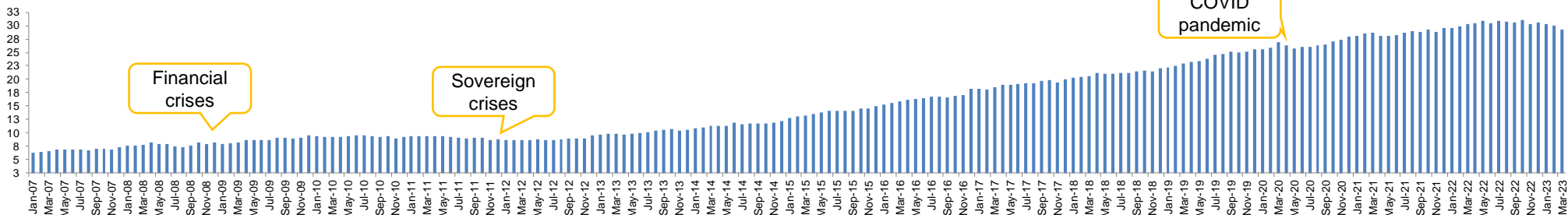


TRANSACTIONAL LIQUIDITY

89% (vs 85% in Dec.22)

Relentless growth throughout the years

Deposits growth since 2007



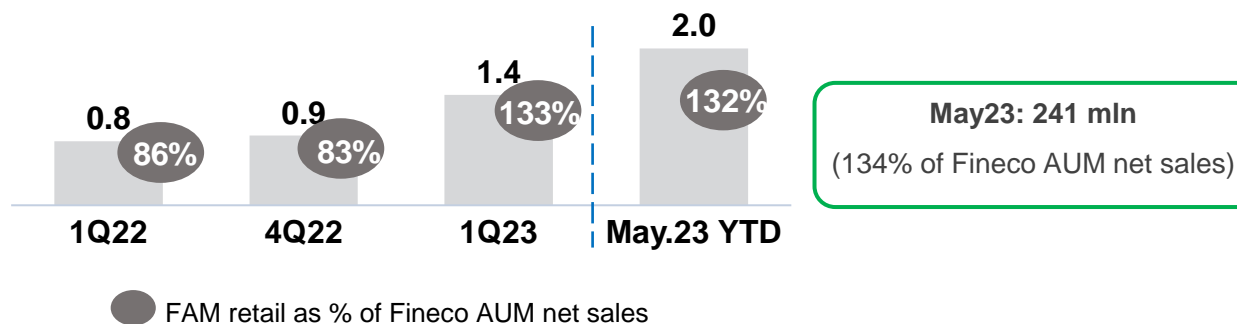
Focus on FAM: delivering on the strategic discontinuity

Key to sustain AUM margins thanks to its strong operating leverage and to a more efficient value chain

FAM progressively taking control of the value chain...

bn

FAM RETAIL NET SALES

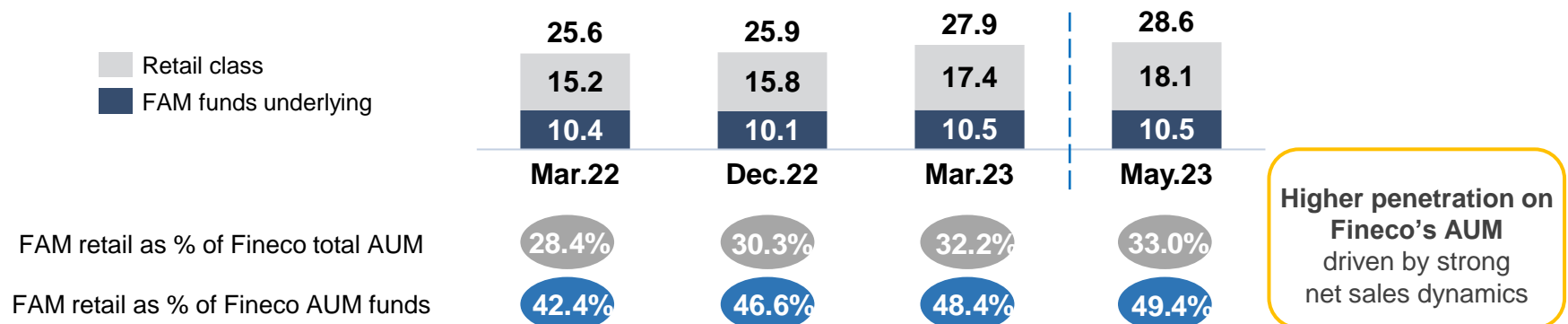


- ✓ Strong commercial traction in any market environment
- ✓ Increasing contribution to Fineco's AUM net sales

...and becoming the cornerstone of our Investing business

bn

FAM AUM STOCK



FAM priorities

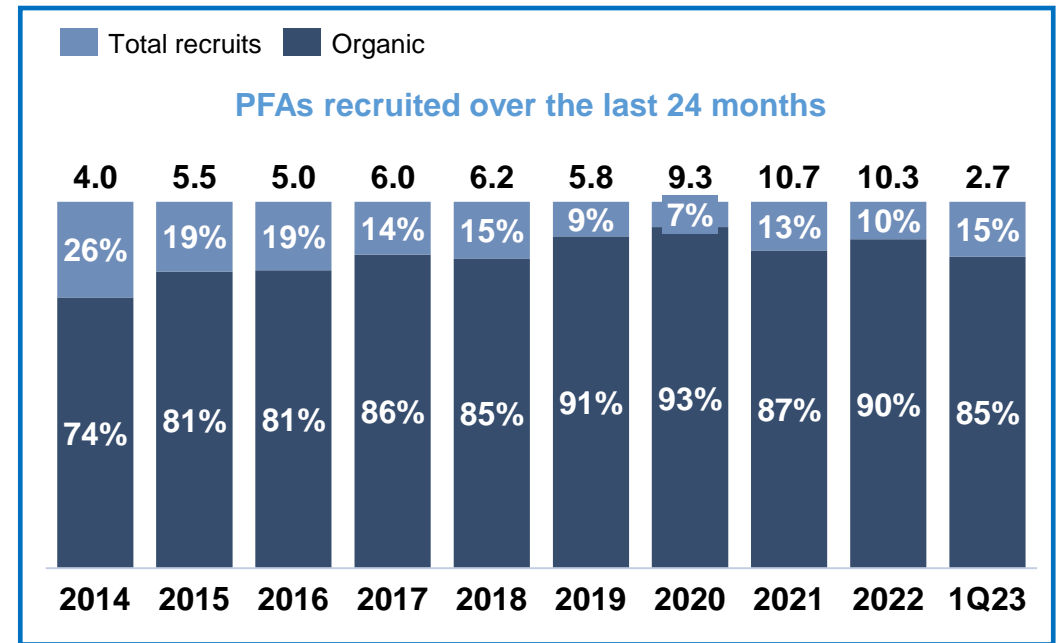
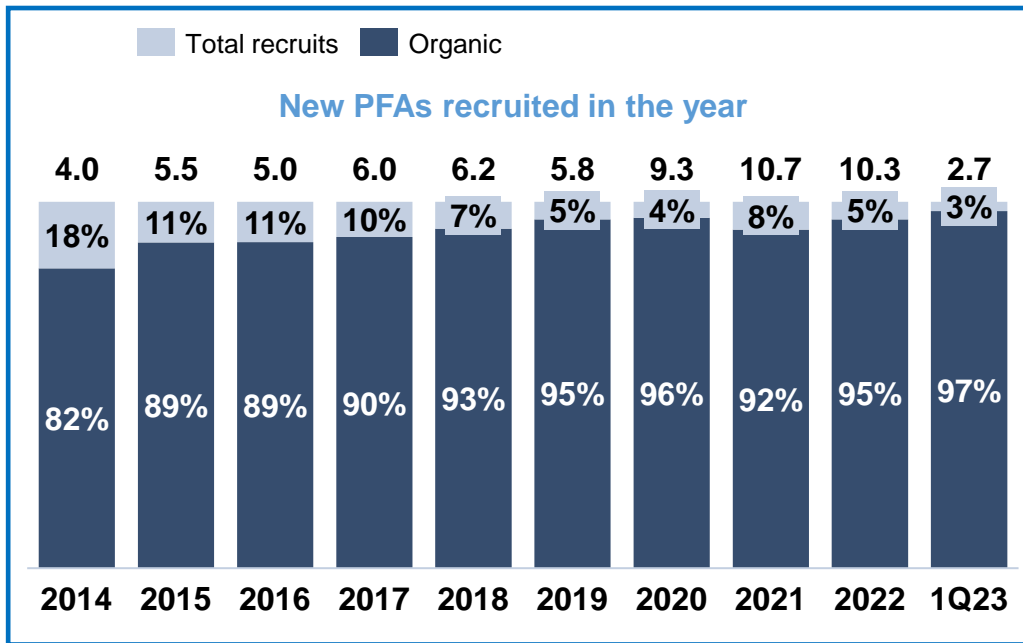
- ✓ Thanks to the **full control of the value chain**, FAM can offer at the same time both an efficient pricing for clients and retain higher margins
- ✓ Further evolution in the **Global Defence solutions** after the strong success of the previous waves **with a new product innovation**: launch of the **Global Defence Multistrategy**, a fully in-house developed solution allowing clients to build a **protected exposure towards equity**
- ✓ FAM has launched its investment solutions based on passive funds and ETF with diversified solutions and different risk profiles



Net sales organically driven key in our strategy of growth

The structure of recruiting is changing: more interest in the quality of the business model by PFAs

Total Net Sales, bn – Organic / Recruit, %



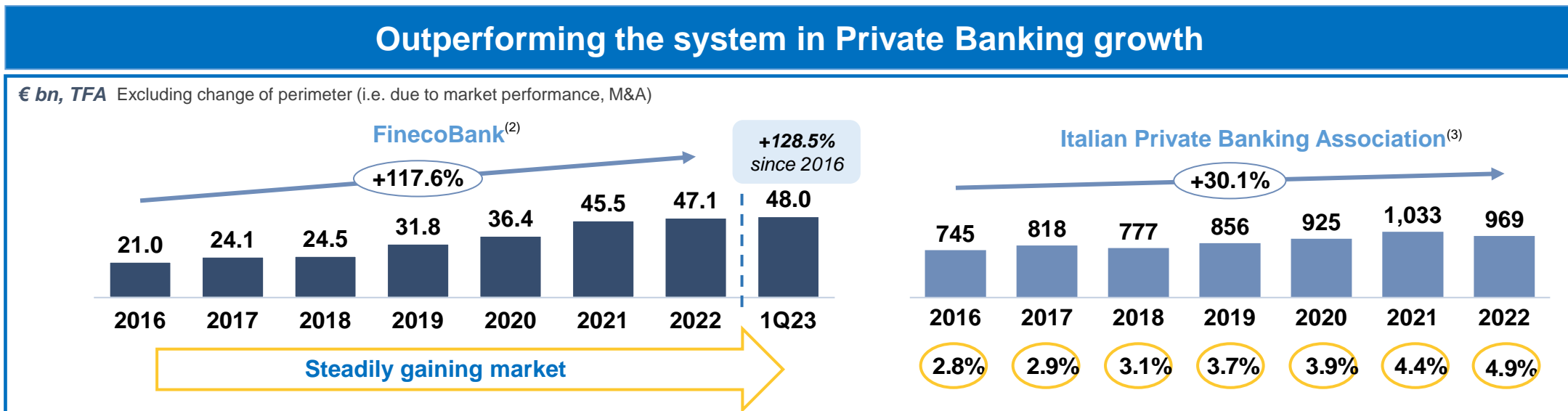
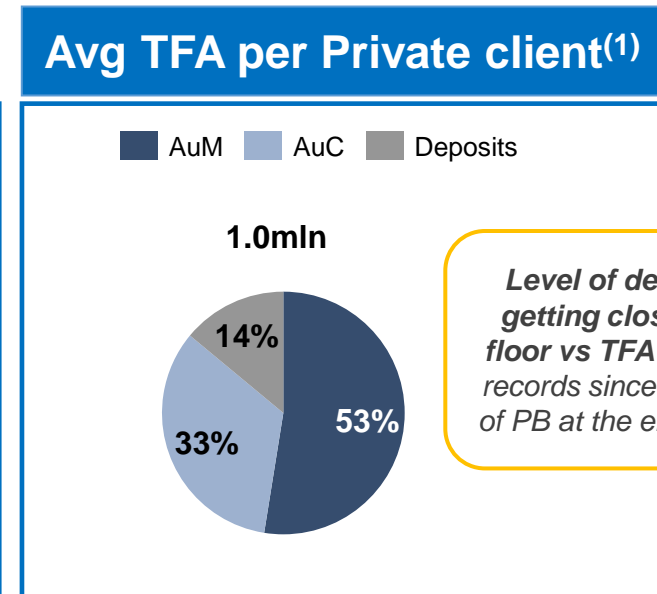
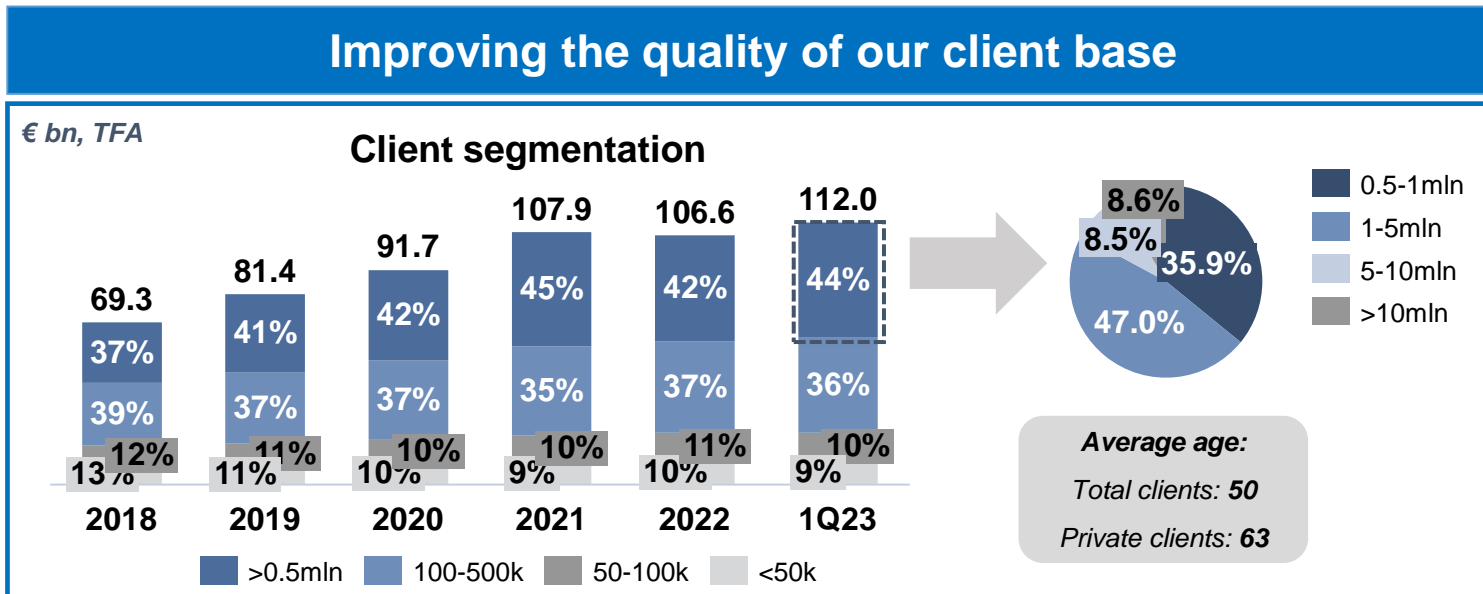
2,533 2,622 2,628 2,607 2,578 2,541 2,606 2,790 2,918 2,935

125 118 85 98 70 58 74 116 86 26
 155 128 23

➤ No change in our recruiting policy (recruiting costs to be amortized: 43.6 mln as of Mar.23)
 ➤ Structural increase in the spontaneous interest to join Fineco, which emerged as the perfect partner for professionals looking to grow in a sustainable way

○ PFA Network - headcount ● # of senior PFAs recruited in the period ○ # of junior PFAs recruited in the period

Clients' profile and focus on Private Banking



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

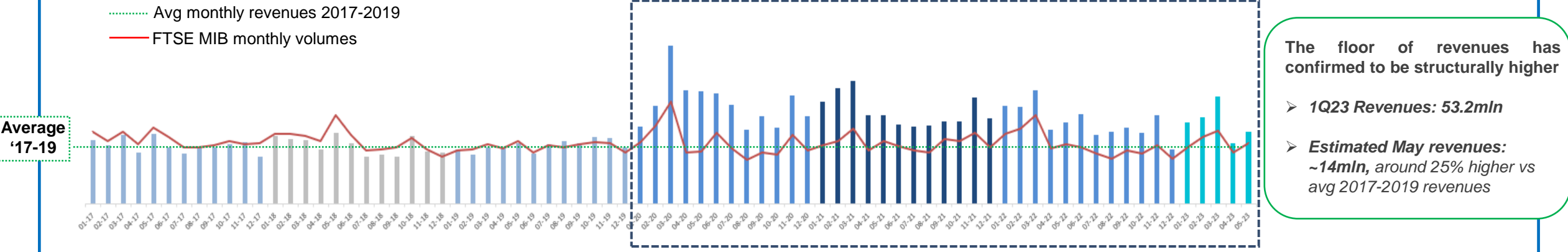
⁽²⁾ FinecoBank stated figures: € 22.2 bn in 2016, € 25.9 bn in 2017, € 25.8 bn in 2018, € 33.4 bn in 2019, € 38.6 bn in 2020, € 48.8 bn in 2021, € 43.2 bn in 9M22 and € 48.9 bn in 1Q23

⁽³⁾ AIPB (Associazione Italiana Private Banking) figures as of FY22. AIPB stated figures: € 776 bn in 2016, € 806 bn in 2017, € 778 bn in 2018, € 884 bn in 2019, € 932 bn in 2020, € 1,037 bn in 2021, € 994 bn in FY22

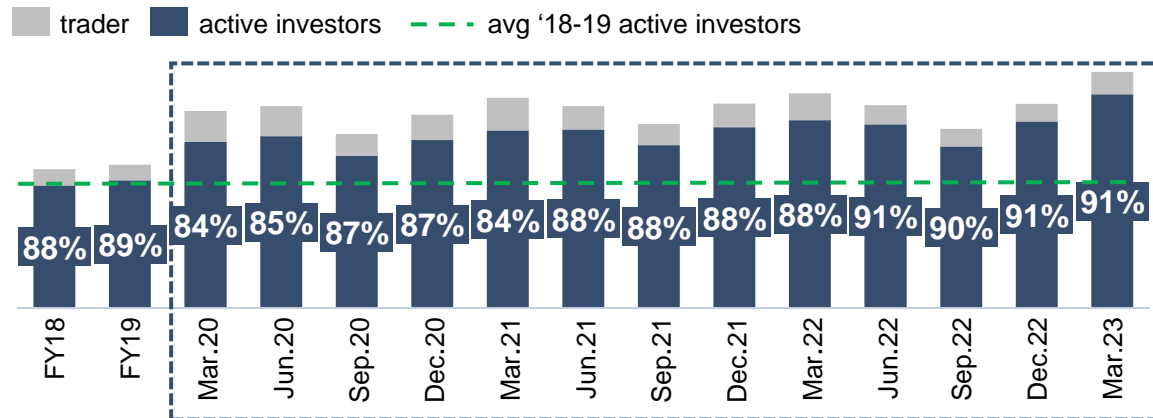
Brokerage: higher floor as the structure of the market is changing

Increased interest in financial markets by clients and big jump into a more digitalized society

Structural growth in revenues: the floor has gone up in a clear way in any market environment



Client base growth mainly driven by “Active investors”



Active investors

PROFILE:

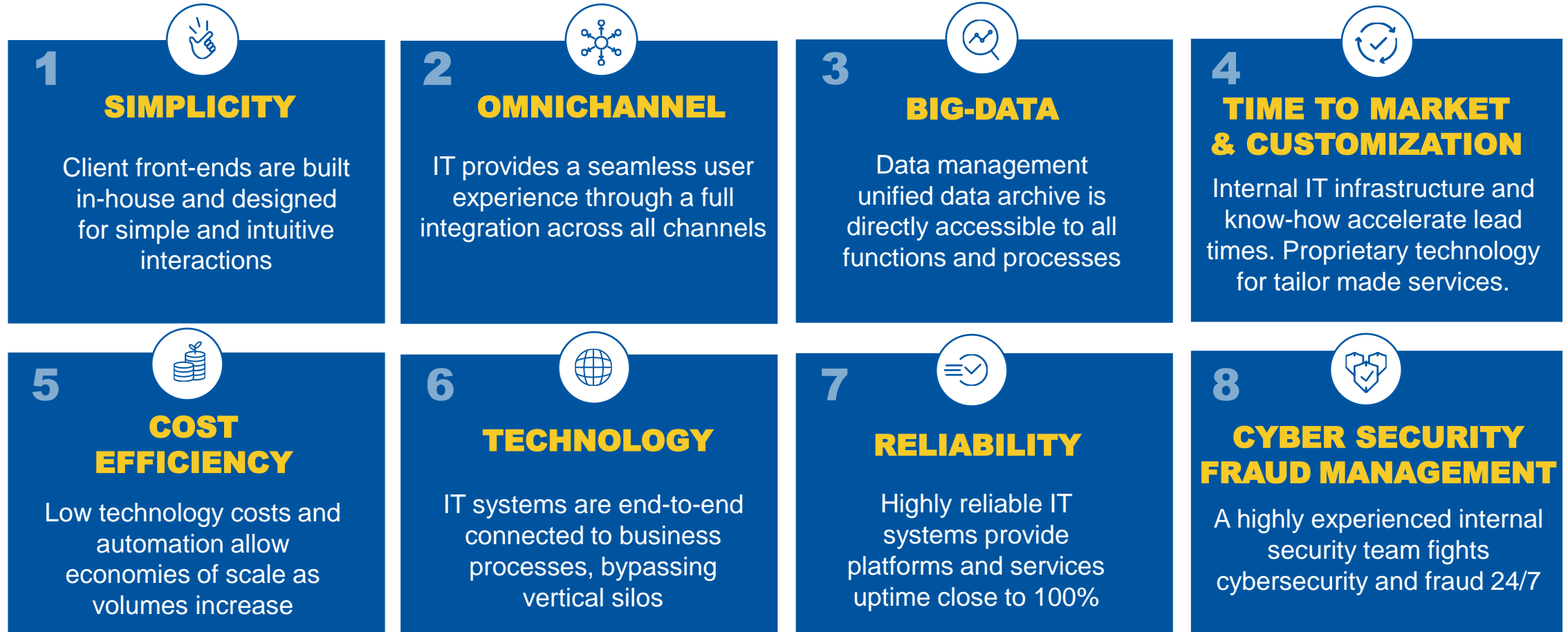
- Avg executed orders per month: 4
- Avg age: 50 years old
- Mostly linked to a PFA to manage their savings, and with Avg TFA > €200k

>35% higher vs avg 2018/2019 after recent events created a bridge between brokerage and investing

- 85% of new active clients investing on plain vanilla instruments (i.e. listed equity, ETFs) and not leveraged products
- Leadership in Italy on equity traded volumes: market share at 26.4% in FY22 (Assosim)

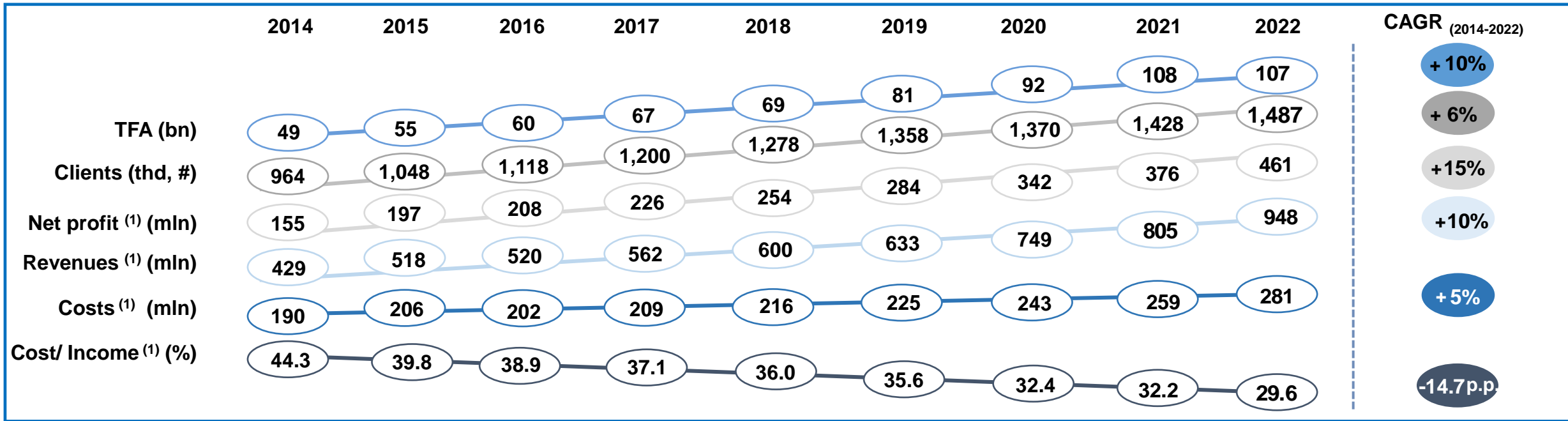
Fineco as a profitable FinTech Bank: ICT a key business driver

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



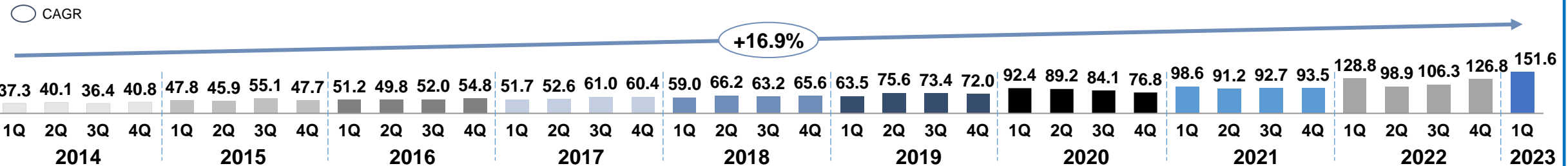
Healthy and sustainable growth with a long term horizon

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⁾, mln



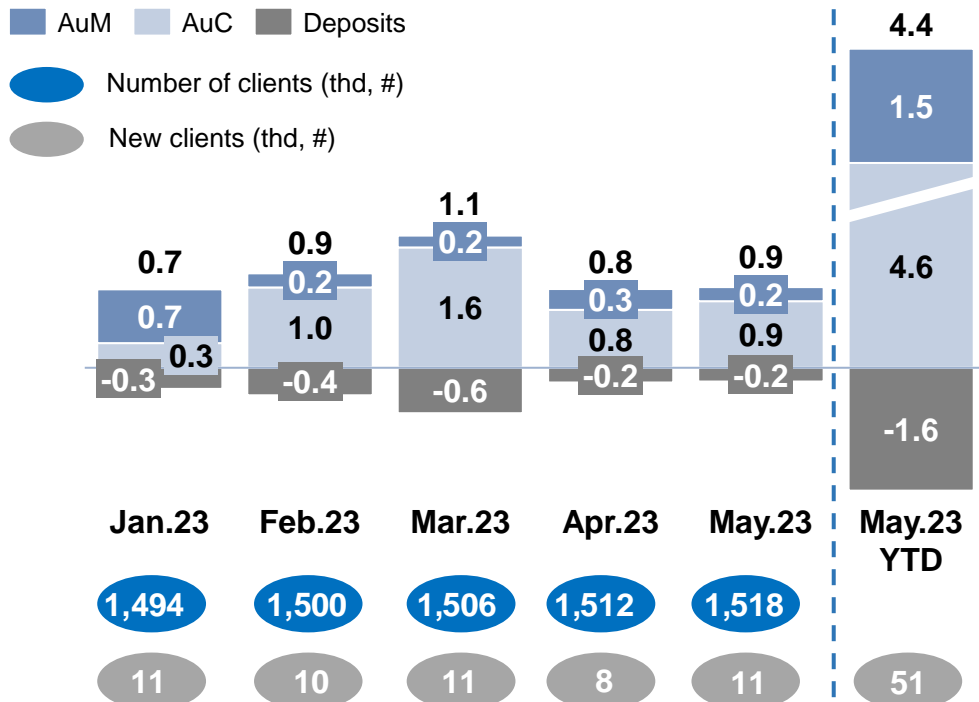
⁽¹⁾ Figures adjusted by non recurring items and Net Profit adjusted net of systemic charges (FY15: -3.1mln net, FY16: -7.1mln net, FY17: -7.1mln net, FY18: -9.6mln net, FY19: -12.1 mln net, 1Q20: -0.3mln gross, -0.2mln net, 2Q20: -0.7mln gross, -0.4mln net; 3Q20: -28.0mln gross, -18.7mln net; 4Q20: +2.1mln gross, +1.4mln net; 1Q21: -5.8mln gross, -3.9mln net; 2Q21: -1.9mln gross, -1.3 mln net; 3Q21: -30.0mln gross, -20.1mln net; 4Q21: -2.3mln gross, -1.6mln net; 1Q22: -7.7mln gross, -5.2mln net; 3Q22: -39.0 mln gross, -26.1 mln net, 4Q22: -1.0mln gross, -0.7mln net).

Annex

Focus on net inflows and stickiness of deposits

Deep diving on liquidity transformation

Breakdown of Total Net Sales, € bn



Strong improvement in clients' acquisition monthly trend:

+25% in 1Q23 vs avg 2020/2022

Trend confirmed also in April (**+24%** y/y) and May (**+49%** y/y)

Balance of bank transfers firmly positive



YTD Deposits net sales per cluster of clients (by TFA) ⁽¹⁾

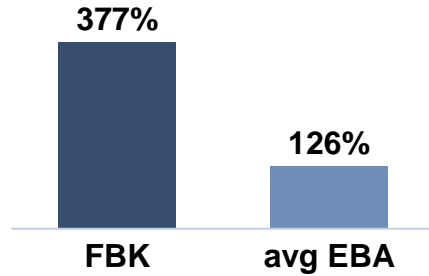


➤ Positive deposits inflows for clients with TFA <€100k

➤ Clients with TFA >€100k are investing the liquidity in excess

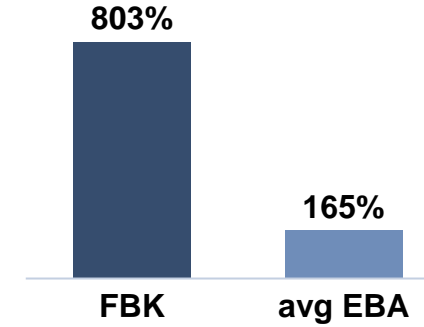
Very strong liquidity ratios

NSFR



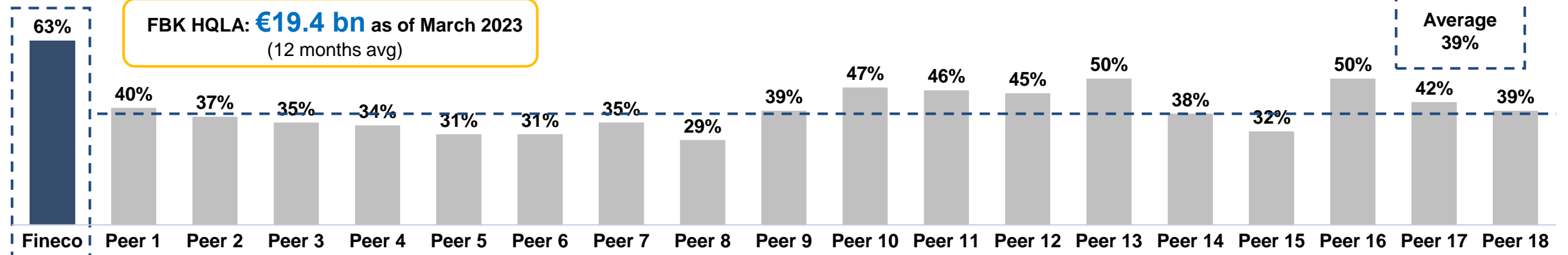
Fineco as of 31.03.2023; avg EBA as of Dec.22

LCR – 12months average



Fineco as of 31.03.2023; avg EBA as of Dec.22

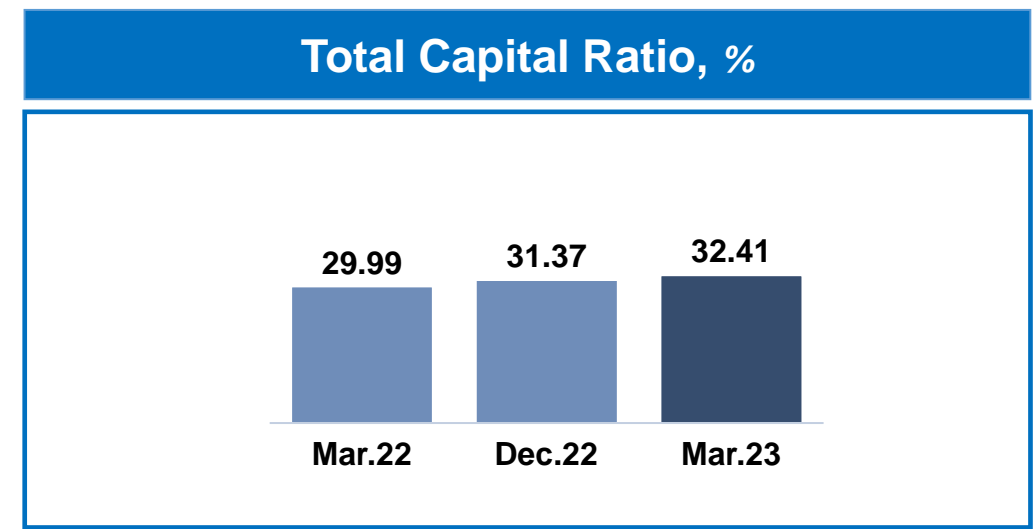
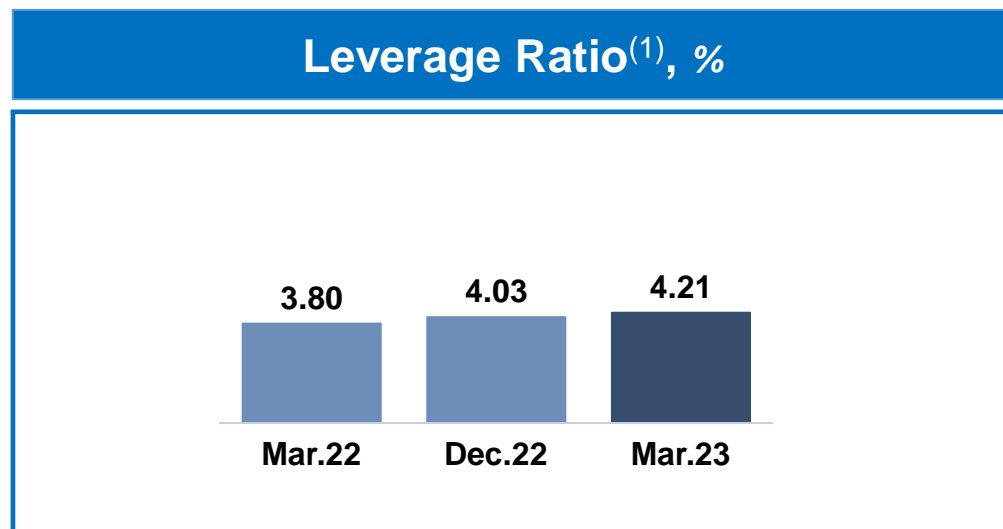
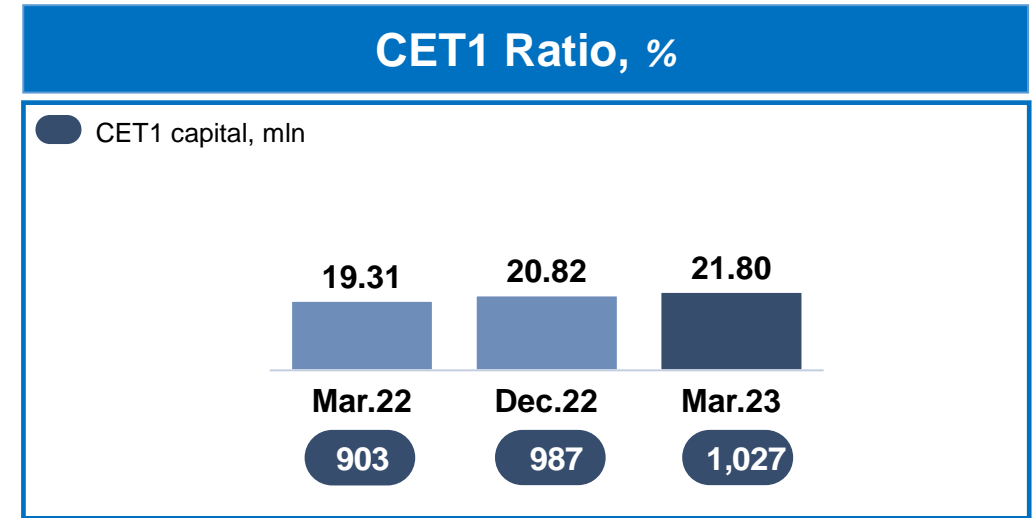
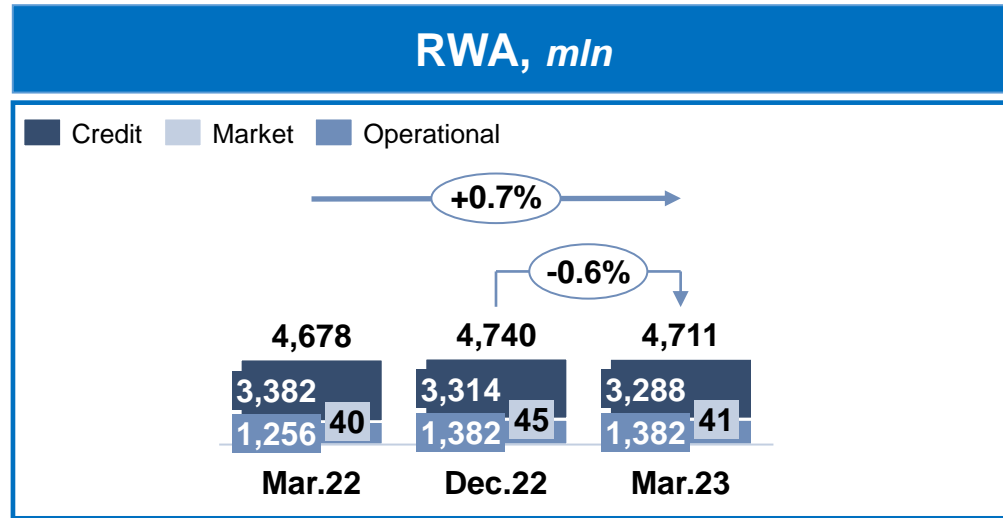
HQLA/Deposits



Fineco as of 31.03.2023. HQLA/Deposits based on the Pillar III EU LIQ1 Template as of 31.12.2022: - HQLA total weighted value, 12-month average; - Deposits calculated as retail deposits and deposits from small business customers plus operational and non operational deposits, total unweighted value, 12-month average. Peers are: BBVA, B.BPM, BNP Paribas, BPER, CABK, Commerzbank, Credem, Credit Agricole, Danske, Deutsche Bank, HSBC, ISP, Lloyds, Mediobanca, Santander, SocGen, UBS, UCG,

Capital Ratios

Best in class capital position and low risk balance sheet

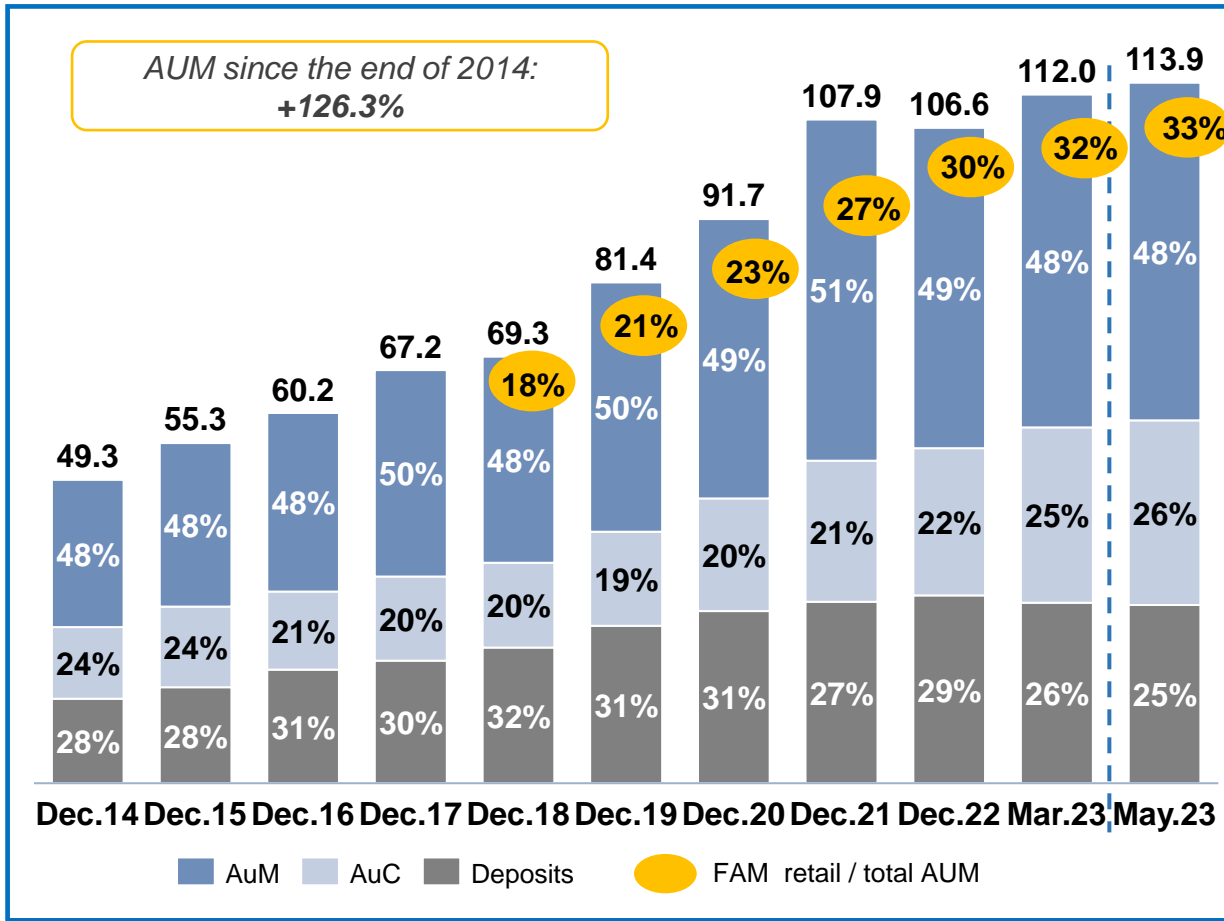


⁽¹⁾ Leverage Ratio excluding exposures towards Central Banks from the total LR exposures (according to art. 429a - CRR) was equal to 3.99% in March 2022.

TFA and Net Sales evolution

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

Breakdown of total TFA, bn



Breakdown of total Net Sales, bn

