



FINECO. SIMPLIFYING BANKING.

Fintech Conference

Alessandro Foti
CEO and General Manager

December 5th 2024

Agenda

- ✓ **Business model and Fintech edge**
- ☐ Growth opportunities and latest commercial results

Fineco, a leading FinTech Bank in Europe

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

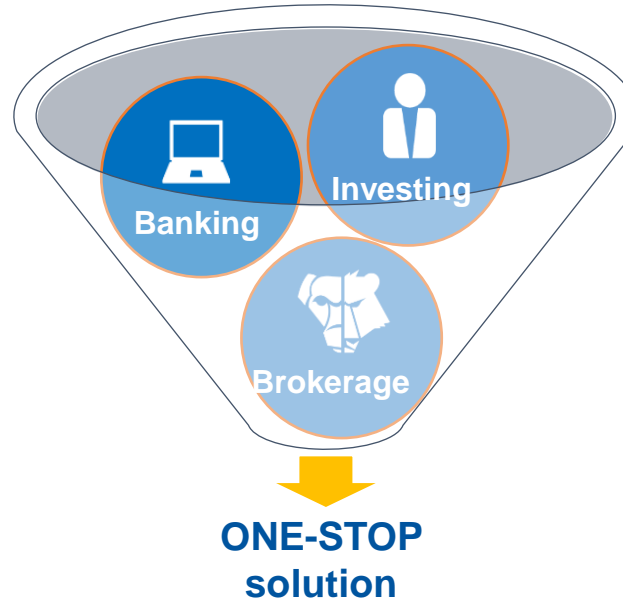
Corporate purpose: support clients in the responsible management of their savings in order to create the conditions for a more prosperous and fairer society

9M24 weight on total revenues for each product area

Banking

56%

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



Investing

27%

- **FAM** (Fineco Asset Management, with 35.2bn⁽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: **3,009**⁽²⁾ PFAs and **433**⁽²⁾ Fineco Center

Brokerage

16%

Best-in-class brokerage platform giving access to wide set of global markets, bonds, ETFs, futures, derivatives and multicurrency with 20+ currencies both online and mobile

Our Key figures

TFA (Oct.2024)

€136.3 bn

with > 1.6 mln clients

Net Sales (Oct.24 YTD)

€7.9 bn

€8.8 bn in FY23

adj. Net Income 9M24

€490.0 mln 

€609.1 mln in FY23

adj. Cost/Income 9M24

24.3%

CET1 Ratio 9M24

27.3%

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



HYPERAUTOMATION

Blending RPA, AI, and DevOps for enhanced efficiency and innovation.



COST EFFICIENCY

Our strong emphasis on automation paves the way for greater economies of scale with rising volumes.



DATA DRIVEN

Ensuring our vast data layer is not only extensive, but also seamlessly accessible.



OMNICHANNEL

Through comprehensive integration across all channels, our Technology ensures a smooth and seamless user experience.



SOURCING AND TALENT

By retaining our IT Infra/Dev and expertise in-house, we streamline lead times and craft services with our proprietary technology.



LEAD TIME

By retaining our IT Infra/Dev and expertise in-house, we streamline lead times and craft services with our proprietary technology.



RELIABILITY

With a track record close to 100% uptime, our IT systems are a beacon of reliability for our platforms.



CYBER SECURITY & FRAUD MANAGEMENT

Around the clock, our expert internal security team combats both cyber threats and fraud.

Fineco, Megatrends the roots of future growth

Current environment is intensifying the structural trends that are reshaping our society

Structural trends deeply reshaping our society...

1 DEMAND FOR ADVANCED ADVISORY

The growing participation of Italians in financial markets is building a bridge between investing and brokerage

2 DIGITALISATION

Society structurally moving towards a more digitalized world: a path of no return

3 RESTRUCTURING OF TRADITIONAL BANKS

Traditional banks are not ready for the new paradigm: flight-to-quality is accelerating

...and further strengthened by recent developments...

Inflection point in clients' financial behaviours

Led by renewed interest in govies and passive solutions

A.I. as an accelerator of the digital world

A key to further simplify customer experience

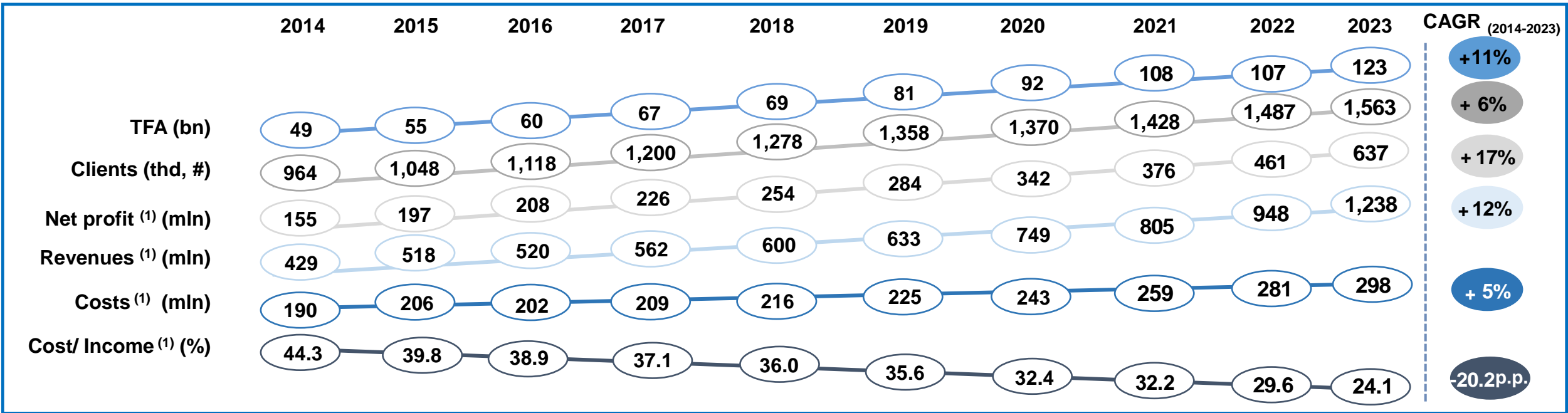
M&A frenzy

Further derailing traditional banks focus away from clients

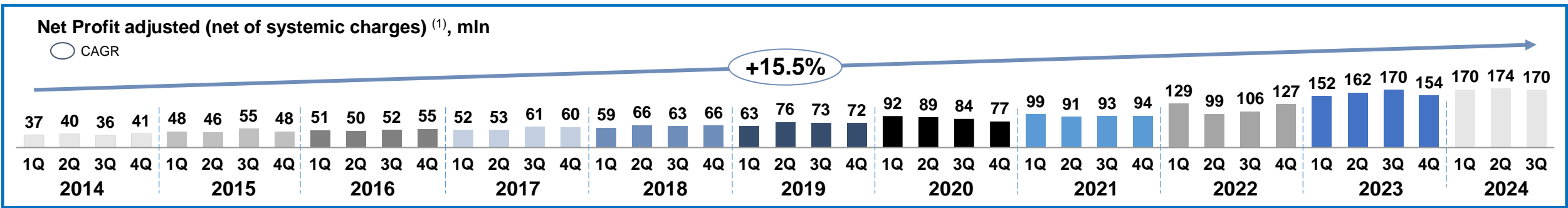
...leading to stronger long-term growth opportunities for Fineco

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



⁽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; 2Q22: -39.0 mln gross, -26.1 mln net, 4Q22: -1.0mln gross, -0.7mln net); 1Q23: -6.6mln gross, -4.4 mln net; 3Q23: -37.0mln gross, -24.8mln net; 4Q23: 2.0mln gross, 1.3mln net; 1Q24: -35mln gross, -23.4 mln net; 2Q24: -0.3mln gross, -0.2 mln net).

Agenda

❑ Business model and Fintech edge

✓ **Growth opportunities and latest commercial results**

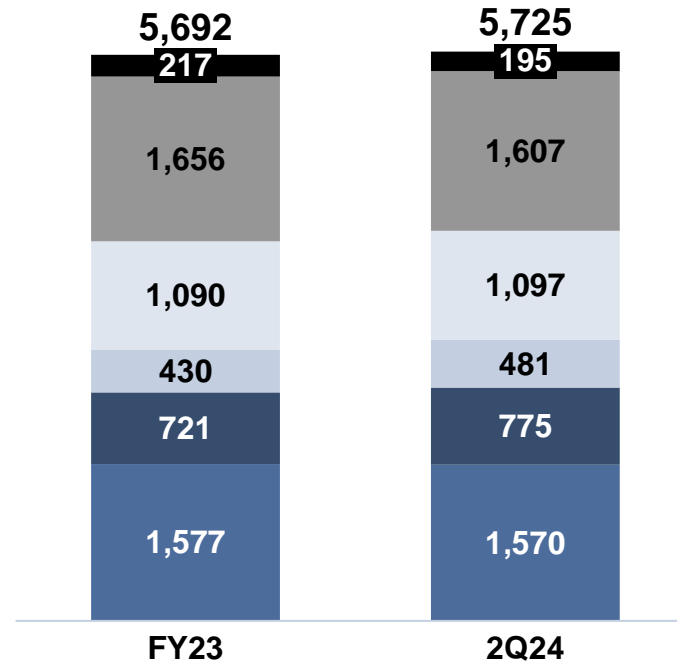
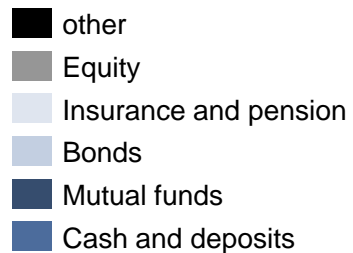
A unique positioning for a long-term growth story

Huge potential to gain additional market share of Italian households' wealth

Fineco, a long term growth journey just at the beginning

€, bn

Italian households TFA (Bankit)



Market share on overall TFA

2.15%



2.29%

**GROWING STRUCTURAL TAILWINDS
IN OUR FAVOUR**

FINECO, PLAYING BIG GOING FORWARD

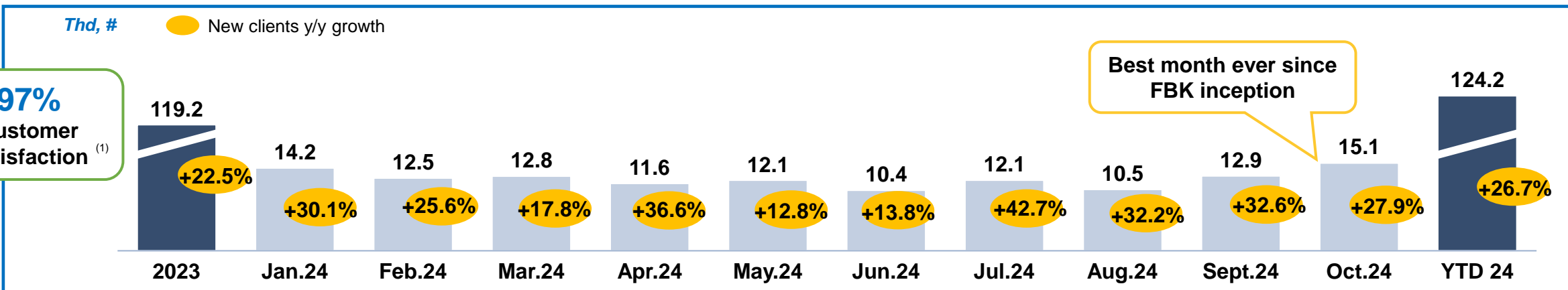
THANKS TO OUR UNIQUE MARKET POSITIONING:

- **Transparency, Efficiency & Fair Pricing:** in line with the most recent emerging trends with Italian households quickly changing their financial behaviours
- **Customer centricity:** Fintech DNA as key lever for a **superior customer experience**

Looking back 2023/2024: the roots of the step-up in our current growth

Solid improvement in the quality our new clients, coupled with a sizable opportunity for our Investing

Strong acceleration in our organic new clients' acquisition metrics: on track for 2nd record year in a row



New clients: growing fast, growing quality

New clients' segmentation (9M24 vs 9M23)

- **Private Banking:** a sizable **+42% y/y** as we are catching the fast growing trend of generational handover
- **Brokerage-only clients:** a brand new cluster of clients, with a **relevant contribution to first trades (~35%)**
- **Smart Affluent & Affluent:** an healthy **+27% y/y**

AUM: a sizable mix shift opportunity

Govies in AUC (stock)

Quarter	Govies in AUC (bn, €)
3Q22	6.3
3Q24	20.5

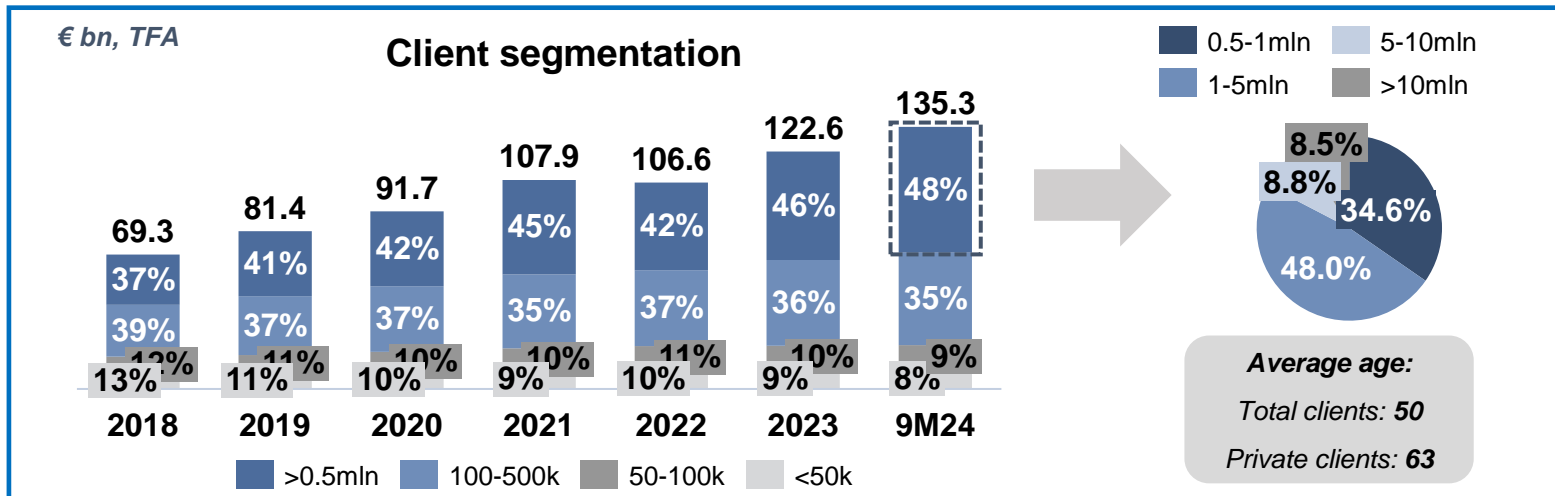
+14.2 bn

o/w a large % is short term maturity
providing an **unprecedented opportunity** for our PFAs to improve clients' mix into AUM

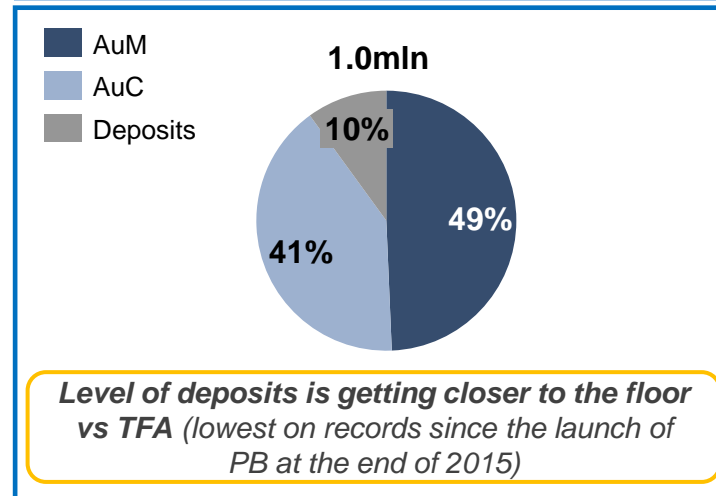
(1) Source: Kantar, May 2024

Clients' profile and focus on Private Banking

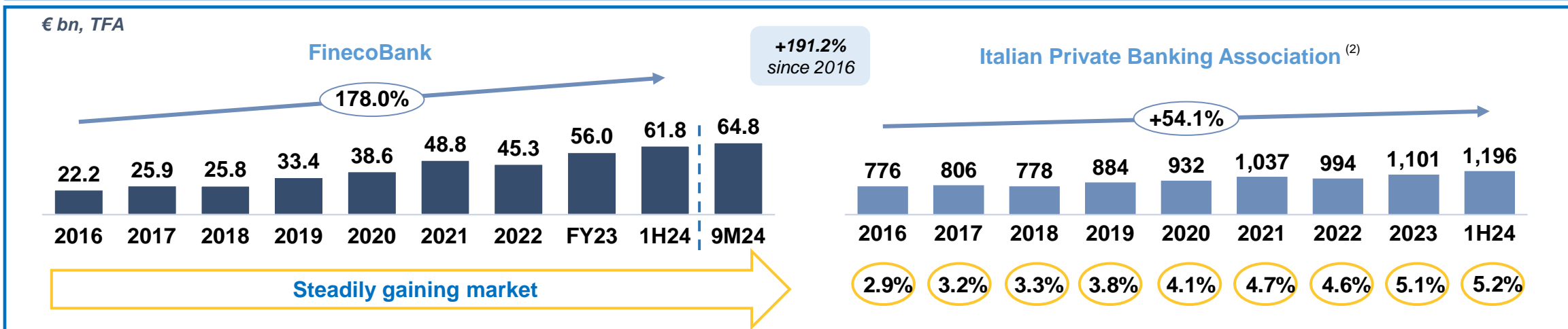
Improving the quality of our client base



Avg TFA per Private client⁽¹⁾



Outperforming the system in Private Banking growth

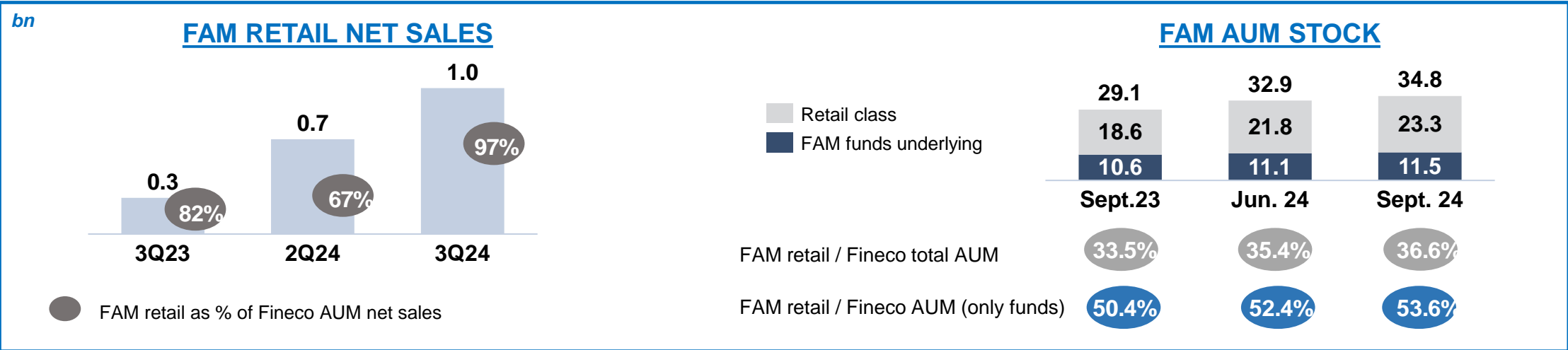


(1) Private Banking clients are clients with more than € 0.5mln TFA with the Bank
 (2) AIPB (Associazione Italiana Private Banking) figures as of 1H24

Combining growth potential from FAM and emerging advisory trend

FAM key to sustain AUM margins thanks to more efficient value chain, Fineco best placed to catch clients demand for efficient and fair solutions

FAM consistently contributing to FBK net sales, with strong room to grow as a % of our Investing



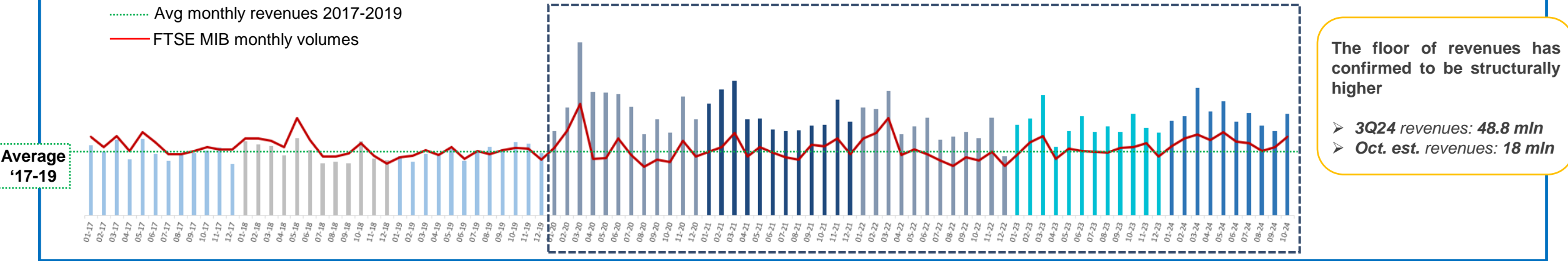
Fineco best placed to catch the fast growing, clients-driven trend of advanced financial advisory



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



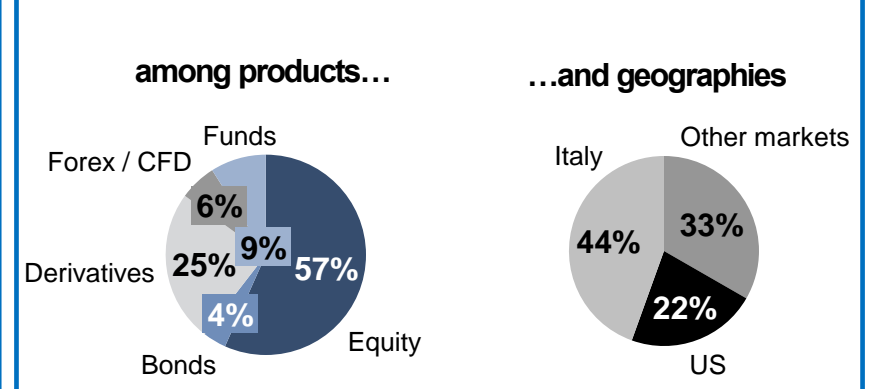
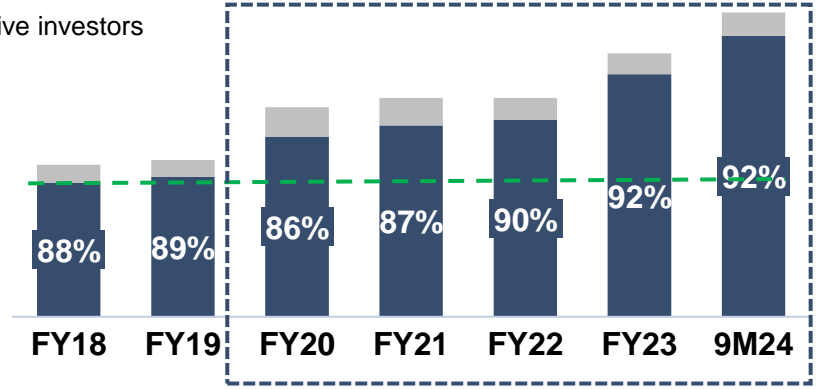
Further enlargement “Active investors” with a big jump vs Covid era

Well-diversified brokerage offer

Active investors more than doubled

vs avg 2018/2019 after Covid pandemic created a bridge between brokerage and investing

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

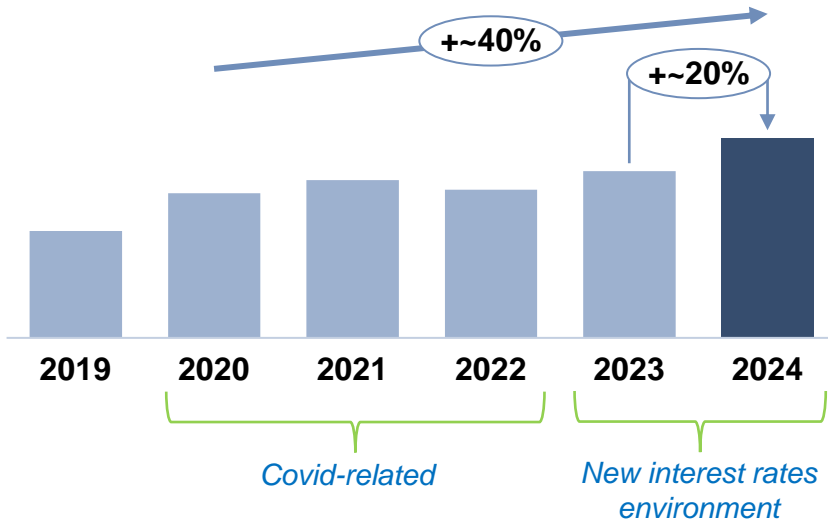


Brokerage: new initiatives building a potential to be unlocked

Superior price/quality offer, new initiatives and new market trends are the key drivers of our strong brokerage performance

A relentless growth of our brokerage active client base

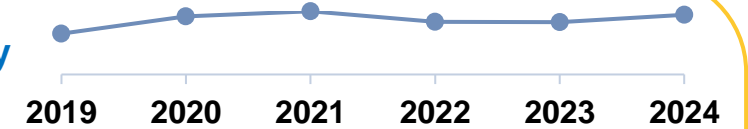
Base of active clients (on monthly basis)



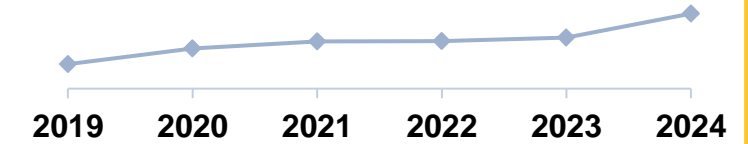
Drivers of wider active client base:

- **Delivering on new initiatives** (marketing and brokerage current account, new platform Fineco X)
- **New market structure** (bridge between brokerage and investing)
- **Renewed interest in govies**, with Fineco being platform of choice

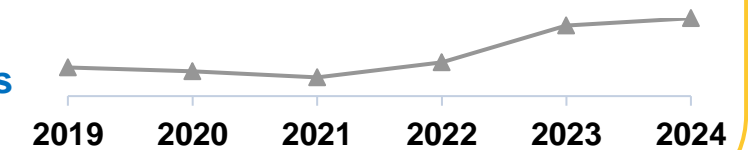
Equity



ETFs

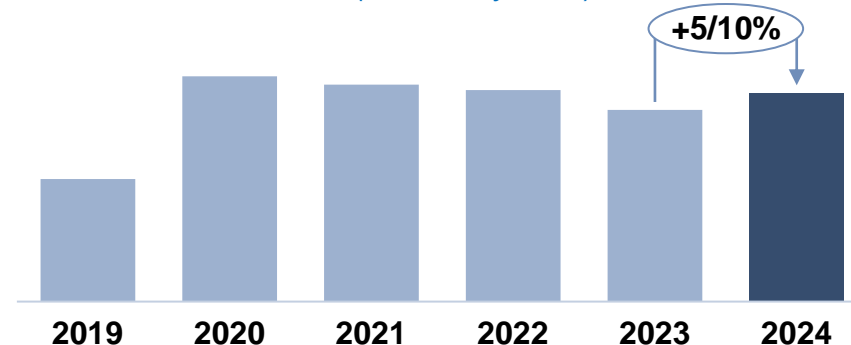


Bonds



Executed orders resilient despite poor market environment for brokerage

(on monthly basis)



Executed orders: a potential to be unlocked as soon as market environment improves

- **Resilient executed orders** despite poor market environment for brokerage, thanks to the increase of the client base
- **Wider client base** will act as a multiplier for revenues as soon as the market environment improves

Annex

2024 Guidance: improved outlook, record Net Profit expected

Our diversified business model key to successfully deal with the current volatile environment

Revenues

- **REVENUES** expected in FY24 at a record level, with an improvement of the mix in favour of commissions thanks to:



- **o/w INVESTING REVENUES:** expected to increase low double digit in FY24 vs FY23 (with neutral market effect going forward). For FY25 expected to increase low double digit vs FY24 (with neutral market effect going forward)
- **o/w BANKING FEES:** expected stable in FY24 and with a slight decrease in FY25 due to the new regulation on instant payments
- **o/w BROKERAGE REVENUES:** expected to remain strong with a continuously growing floor thanks to the enlargement of our active investors

Costs and provisions

- **OPERATING COSTS:** expected growth of around 6% in FY24 vs FY23, not including additional costs mainly for: FAM and marketing expenses. For FY25 expected growth of around 6% y/y, not including additional costs for growth initiatives
- **COST / INCOME:** in FY24 and FY25 comfortably below 30% thanks to the scalability of our platform and strong operating gearing
- **COST OF RISK:** in a range 5-10 bps in FY24 thanks to the quality of our portfolio

Capital

- **CAPITAL RATIOS:** in FY24 growing CET1 and Leverage Ratio. On Leverage Ratio our goal is to remain above 4.5%
- **DPS:** for FY24 we expect a higher dividend per share. On excess capital distribution, we are going to take more time as the probability of a higher-than-expected business growth is increasing

Commercial performance

- **NET SALES:** robust, high quality with increasing AUM and deposits net sales
- **CLIENTS ACQUISITION:** continued strong growth expected

Solvency, liquidity ratios

Capital position well above requirements

		Sept.23	Jun.24	Sept.24	Current Requirements	(€/bn)	Sept.23	Jun.24	Sept.24
SOLVENCY	CET1 Ratio	24.73%	25.78%	27.29%	8.27%	CET1 Capital	1.11	1.23	1.28
	Total Capital Ratio	35.90%	36.24%	37.96%	12.64%	Tier1 Capital	1.61	1.73	1.78
	Leverage Ratio	4.96%	5.35%	5.35%	3.00%	Total Capital	1.61	1.73	1.78
LIQUIDITY	LCR ⁽¹⁾	808%	882%	897%	100%	RWA	4.48	4.78	4.69
	NSFR	389%	369%	369%	100%	o/w credit	3.04	3.10	3.03
	HQLA/Deposits	66%	73%	75%		o/w market	0.06	0.07	0.05
						o/w operational	1.38	1.61	1.61
						HQLA	19.38	20.24	20.83

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

98% Retail clients

€ 17.0k Avg deposit ticket
(€ 98k for private and € 14k for non private clients)

€ 4.3k Median deposit ticket
(€ 33.5k for private banking and € 4.0k for non private clients)

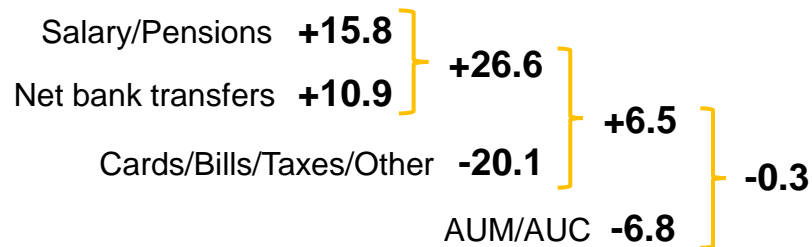
78% Guaranteed deposits by DGS (<€100k)

~50% Salary credited in current accounts

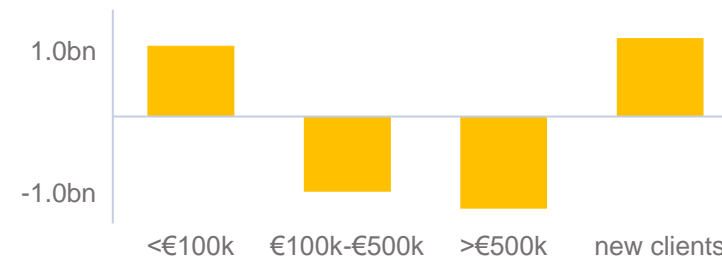
€ 18bn Salary/pensions credited in FY23

Focus on liquidity transformation

Deposits Net Sales breakdown Oct. YTD, € bn



Oct. 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: PB clients liquidity at 10% of TFA as of Oct.24

Leverage Ratio comfortably under control

Leverage Ratio Sensitivity: multi-year view

Delta Retained earnings = Tier 1 Capital (mln)

	0	150	300	400	450	500	550	600	650
-2,000		5.72%	6.16%	6.46%	6.61%	6.75%	6.90%	7.05%	7.19%
-1,500		5.63%	6.07%	6.36%	6.50%	6.65%	6.79%	6.94%	7.08%
-1,000		5.54%	5.98%	6.26%	6.41%	6.55%	6.69%	6.83%	6.97%
-500		5.46%	5.89%	6.17%	6.31%	6.45%	6.59%	6.73%	6.87%
0	4.95%	5.38%	5.80%	6.08%	6.22%	6.35%	6.49%	6.63%	6.77%
1,000		5.22%	5.63%	5.90%	6.04%	6.17%	6.31%	6.44%	6.57%
2,000		5.07%	5.47%	5.74%	5.87%	6.00%	6.13%	6.26%	6.39%
3,000		4.93%	5.32%	5.58%	5.71%	5.84%	5.97%	6.09%	6.22%
4,000		4.80%	5.18%	5.43%	5.56%	5.68%	5.81%	5.93%	6.06%
5,000		4.68%	5.05%	5.29%	5.42%	5.54%	5.66%	5.78%	5.90%
6,000		4.56%	4.92%	5.16%	5.28%	5.40%	5.52%	5.63%	5.75%
7,000		4.45%	4.80%	5.03%	5.15%	5.27%	5.38%	5.50%	5.61%
8,000		4.34%	4.68%	4.91%	5.03%	5.14%	5.25%	5.37%	5.48%
9,000		4.24%	4.57%	4.80%	4.91%	5.02%	5.13%	5.24%	5.35%
10,000		4.14%	4.47%	4.69%	4.80%	4.91%	5.01%	5.12%	5.23%
11,000		4.05%	4.37%	4.58%	4.69%	4.80%	4.90%	5.01%	5.11%
12,000		3.96%	4.27%	4.48%	4.59%	4.69%	4.80%	4.90%	5.00%
13,000		3.87%	4.18%	4.39%	4.49%	4.59%	4.69%	4.79%	4.90%
14,000		3.79%	4.09%	4.30%	4.40%	4.50%	4.60%	4.69%	4.79%
15,000		3.71%	4.01%	4.21%	4.31%	4.40%	4.50%	4.60%	4.70%

OUR PRIORITIES

Thanks to the structural trends that are in place in Italy (demand for advanced advisory, digitalization, inflection point in clients' financial behaviors) and to our new initiatives **we can sustain our growth** by focusing on the following priorities:

- 1) Maintaining an appropriate level of regulatory capital and **Leverage Ratio**
- 2) Targeting investments to drive **long-term business growth**, whilst maintaining **good cost discipline**
- 3) Distributing a regular, **generous ordinary dividend**
- 4) Considering annually potential return of surplus capital not required for other priorities

■ LR >4.75%
 ■ 4.5% <LR< 4.75%
 ■ LR <4.5%