



B A N K

Fineco: 3Q16 Results

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Milan, November 8th 2016

FINECO. THE BANK THAT SIMPLIFIES BANKING.

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Executive Summary



- **3Q16 net profit at 44.6mln including -11mln gross related to Deposit Guarantee Scheme (DGS). Net of this, net profit at 52.0mln (+4.4% q/q), the best quarter of the year**, confirming the effectiveness of a unique business model able to generate strong performance in every market condition
- **9M16 net profit at 162.4mln**, 145.6mln net of 2Q positive non recurring items¹ (-2.2% y/y). Excluding DGS, net profit at 152.9 mln **(+2.8% y/y on a comparable basis)**
- **Cost/income down at 42%** as of Sept16, **-0.4p.p. y/y**, thanks to positive dynamics on net interest income (+4.1% y/y), trading income (+2.6% y/y net of 2Q positive non recurring items²) and investing fees (+2.6% y/y) coupled with lower costs (-1.4% y/y) confirming operating leverage as a key strength of the bank
- Strong capital position: **CET1 ratio transitional at 23.1%**
- **Sustainable and high-quality commercial performance:** over 1.1mln customers in the first ten months (+7% y/y) and net sales at 3.9bn (4.1bn one year ago). **Guided products and services took the lion share in the growth:** 3.3bn net sales as of October 2016 out of 1.4bn AuM, strong acceleration in the penetration rate (55% on total AuM, +12 p.p. y/y)
- Announced key initiatives well on track: X-Net fully operative, mortgages starting from November, personal loans +54.9% y/y and +12.4% q/q, UK project coming soon in December and go live on Jan 2017

(1) gain on Visa sale (revenues): +15.3mln gross, +10.3mln net; positive closing of tax dispute: +6.5mln tax release

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

Agenda

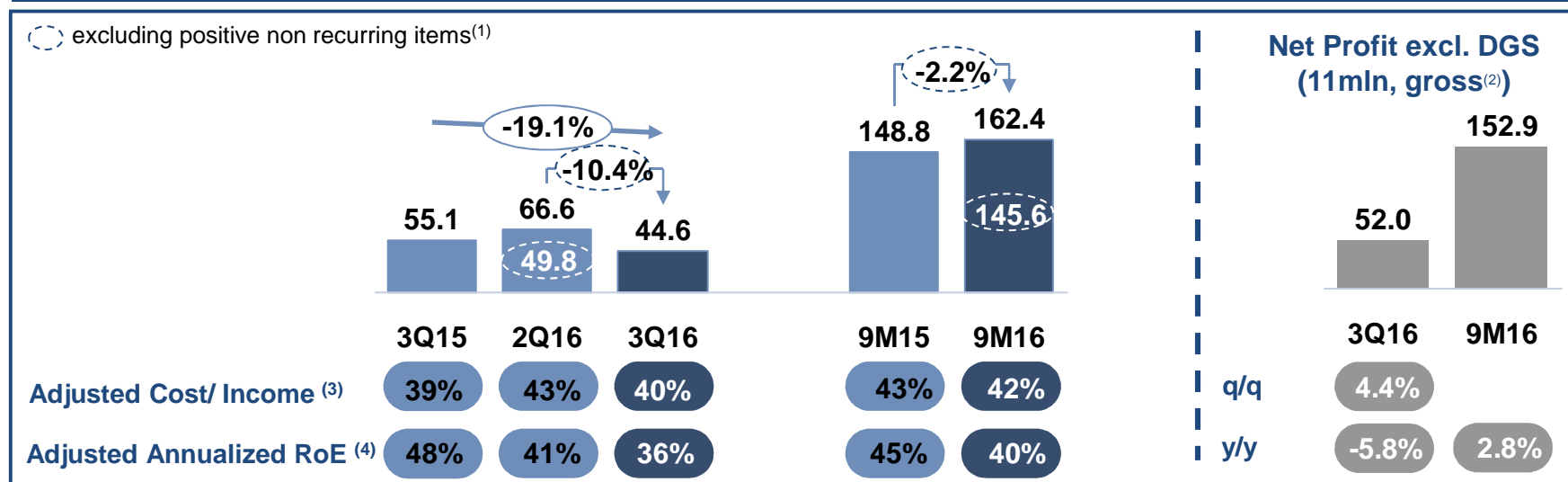
Fineco Results

-  Focus on product areas
-  Next steps: update

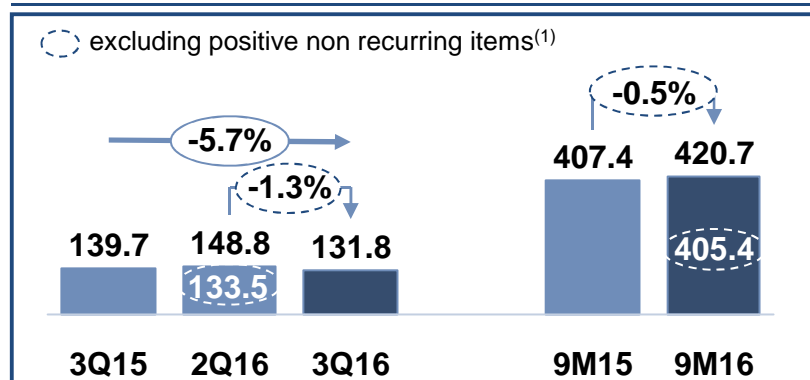
Results

3Q impacted by systemic charges, net of this net profit at 52m, best quarter of the year. 9M16 +2.8% y/y on a comparable basis, boosted by strong operating leverage

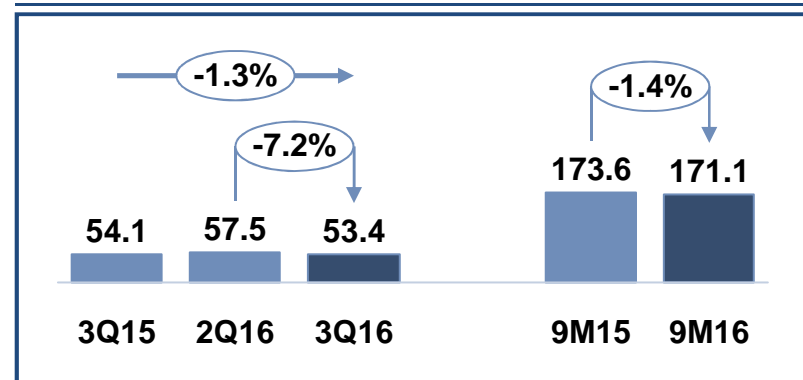
Net Profit, mln



Revenues, mln



Operating Costs, mln

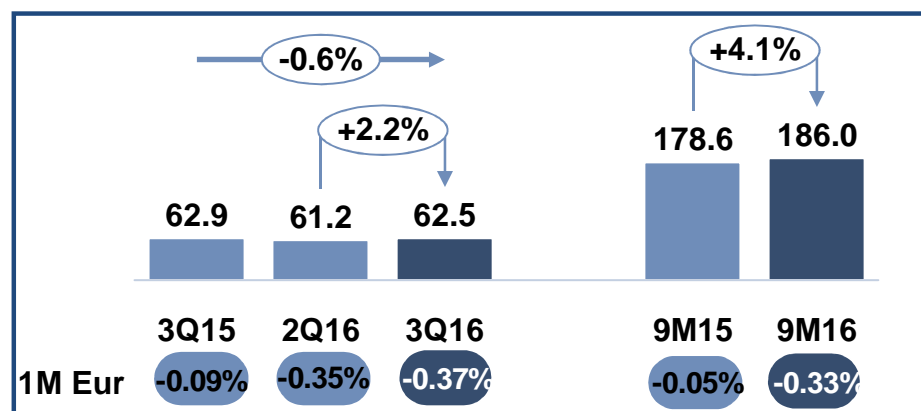


- (1) Excluding positive non recurring items (2Q16): gain on Visa sale (revenues): +15.3mln gross, +10.3mln net; positive closing of tax dispute: +6.5mln tax release
- (2) Deposit Guarantee Scheme: -11.0mln gross, -7.4mln net
- (3) Adjusted C/I ratio calculated: Operating Cost divided by Revenues net of non recurring items (see page 24)
- (4) Adjusted annualized RoE: annualized Net Profit, net of non recurring items (see page 24) divided by the average book shareholders' equity for the period (excluding dividends and donations expected to be distributed and the revaluation reserves)

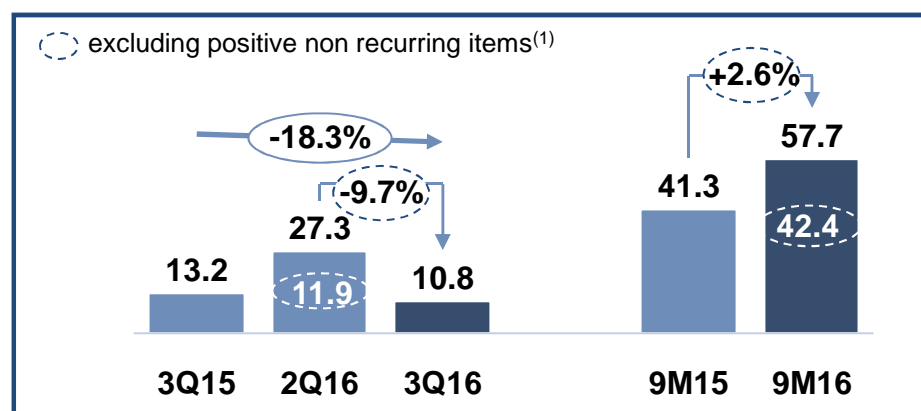
Revenues by P&L Items

Resilient y/y revenue generation, despite the complex environment, mainly supported by net interest, trading income and investing fees (up to 118.6mln in 9M16)

Net interest, mln

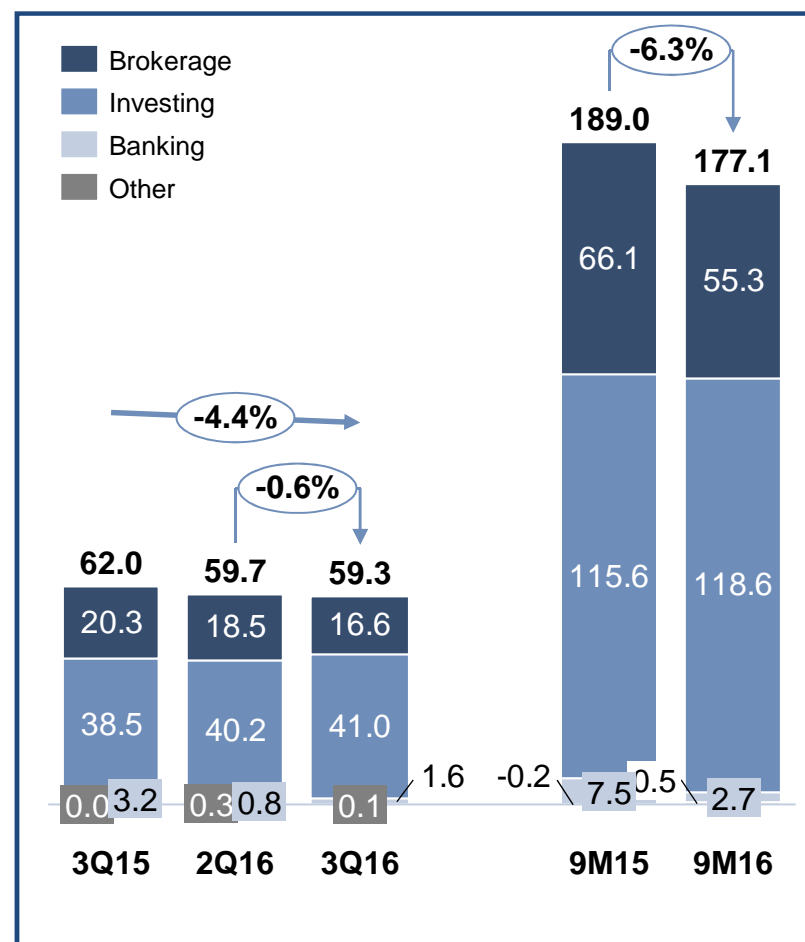


Trading income, mln



(1) 2Q16: gain on Visa sale: +15.3mln gross

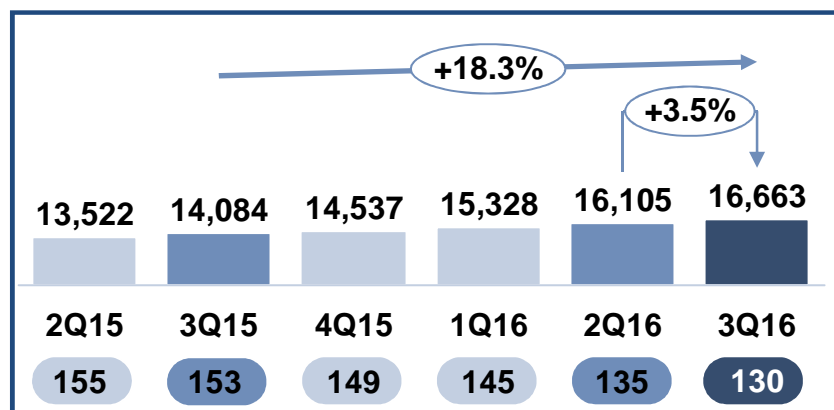
Fees and Commissions, mln



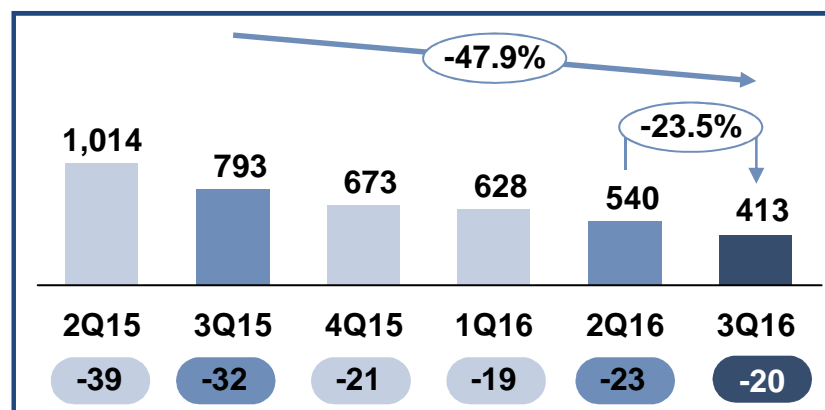
Net interest

Sustainable and high quality volume dynamics more than offset lower margins and declining interest rates

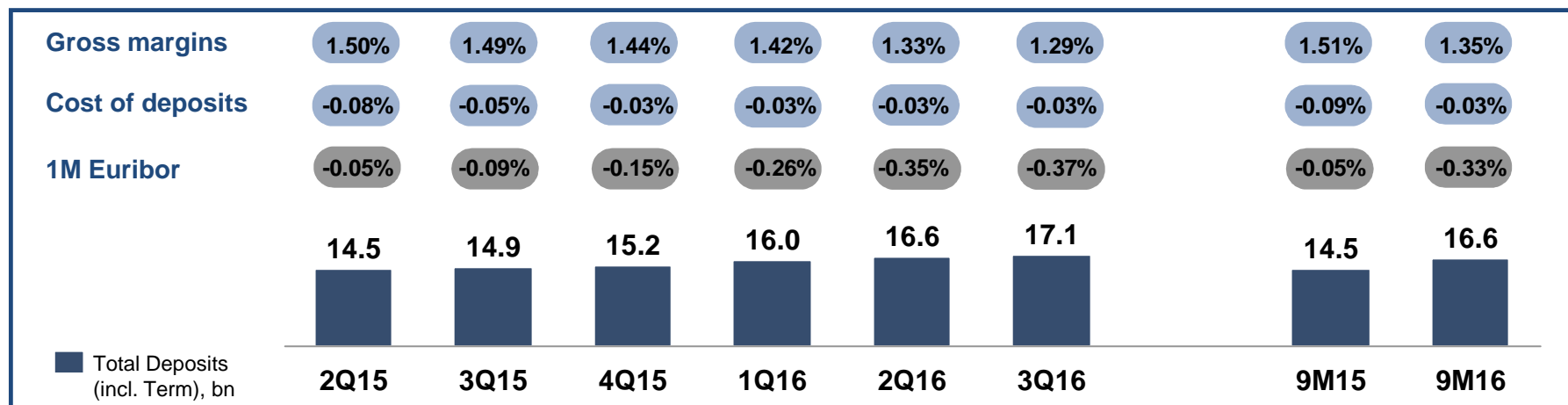
Sight Deposits (mln) and net margins (bps)



Term Deposits (mln) and net margins (bps)



Investment policy

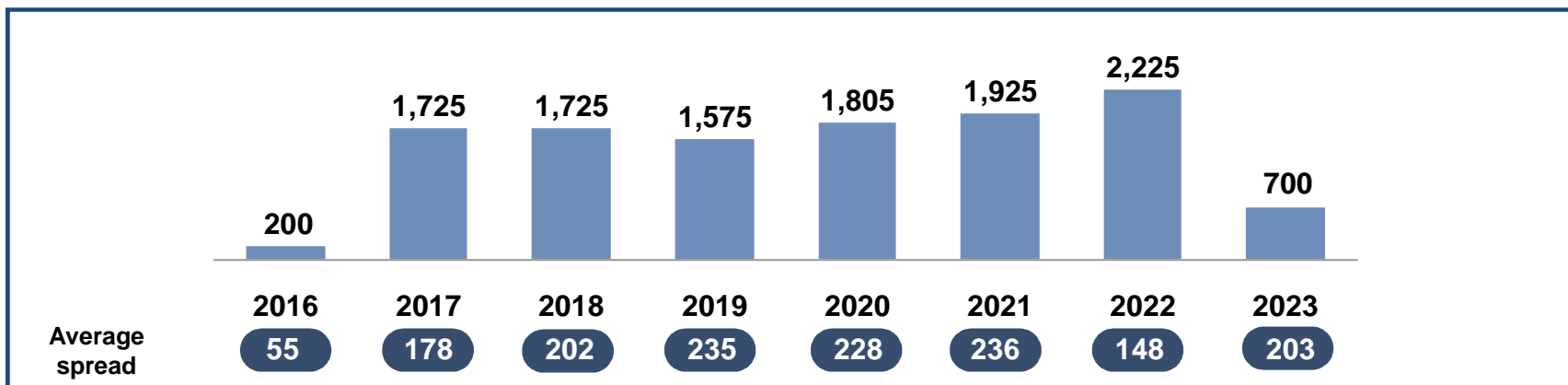


Volumes, margins and 1M Euribor: average of the period

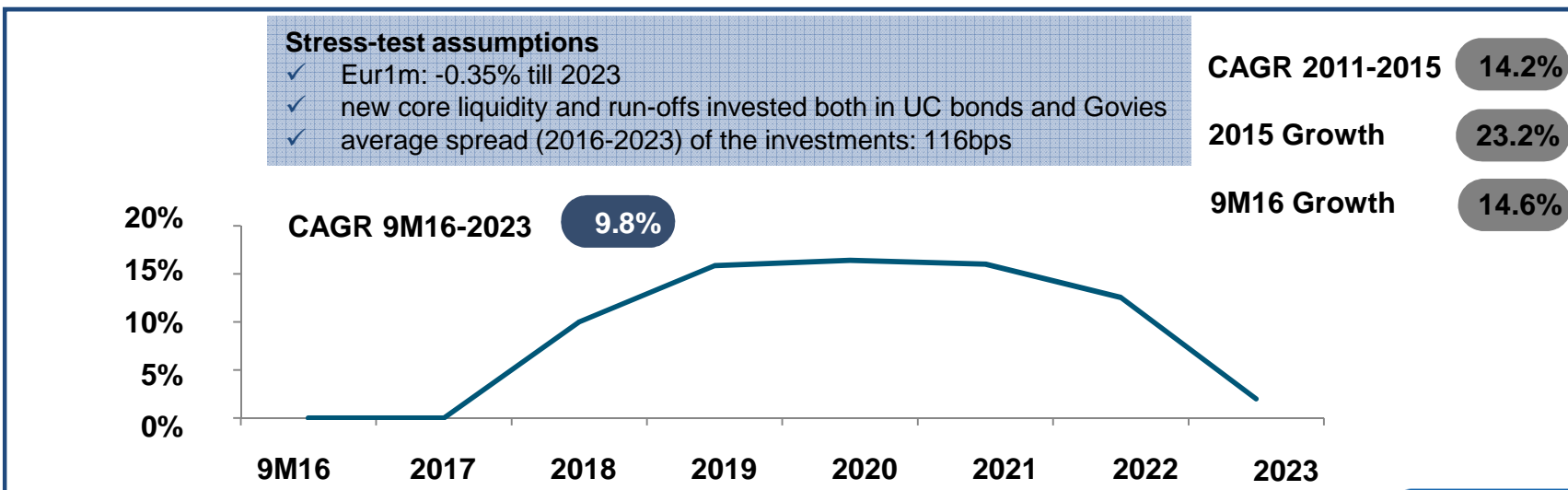
Net interest: focus on UniCredit bonds portfolio

9.8% sight deposits growth to offset lower rates and bond portfolio run off

Run-off UniCredit bonds portfolio (mln) and spread (bps)



Minimum sight deposits growth to maintain interest income from UC bonds ptf at 2015 level

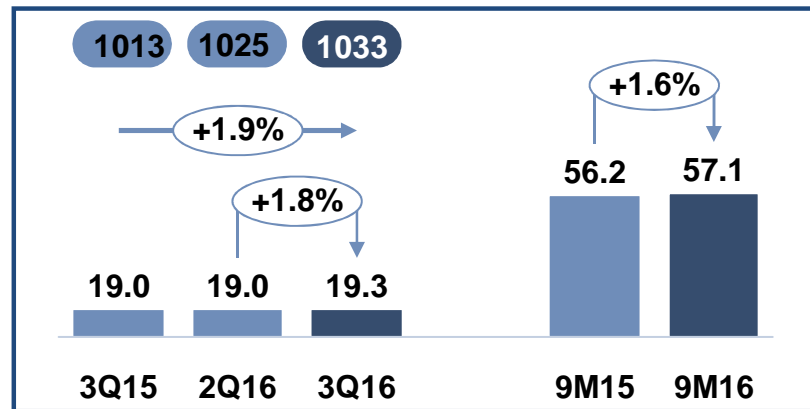


Costs

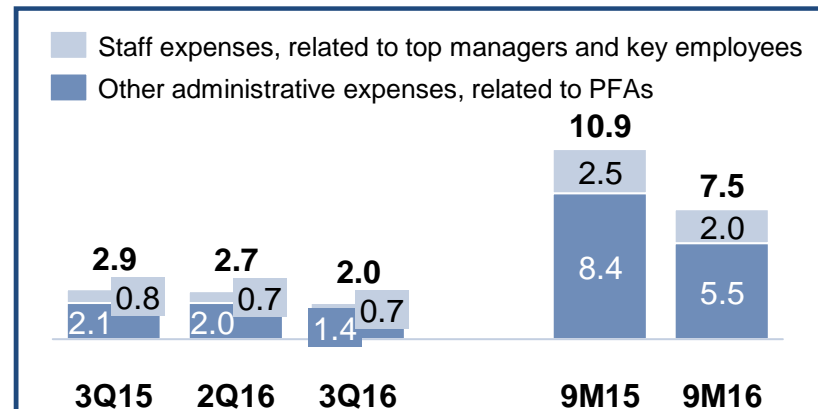
Cost efficiency and operating leverage confirmed in our DNA.

Development costs down q/q mainly due to lower marketing and PFAs related costs

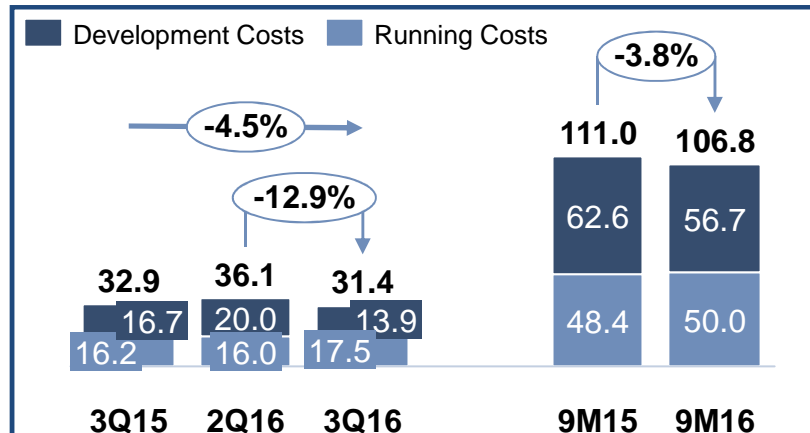
Staff expenses, mln and FTE, #



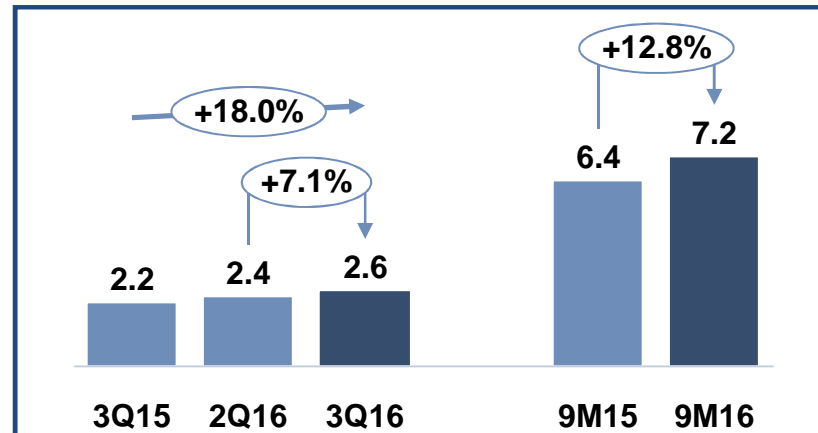
Stock granting post IPO



Other administrative expenses, mln (1)



Write-down/backups and depreciation, mln

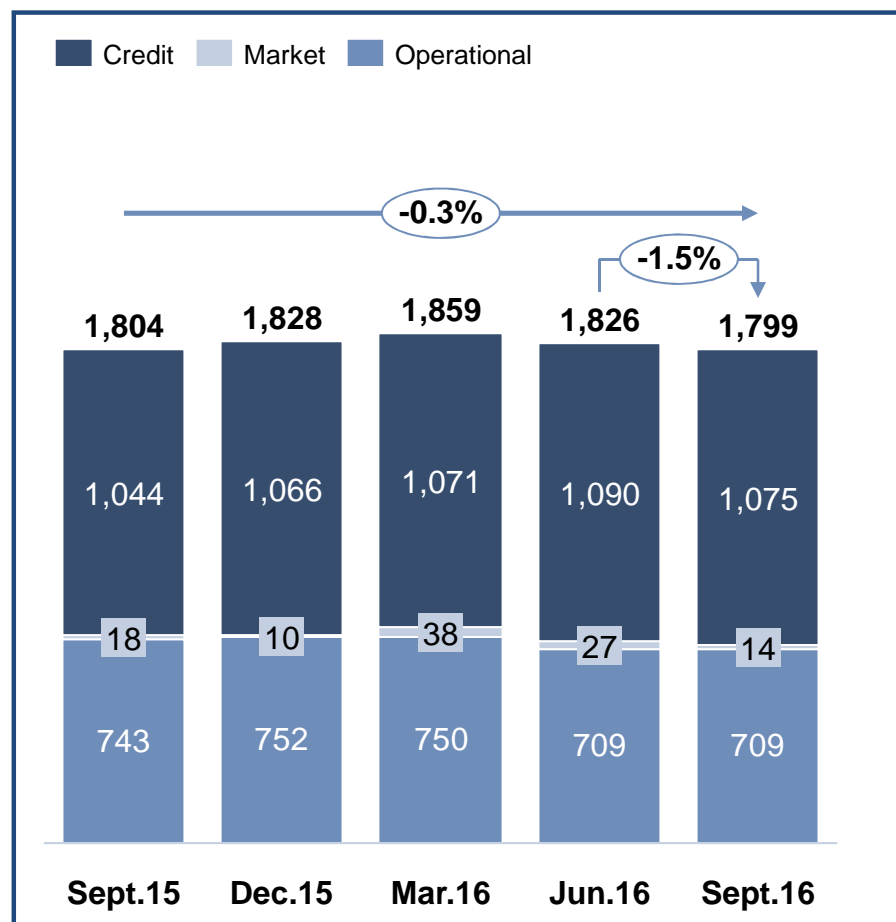


(1) Breakdown between development and running costs: managerial data

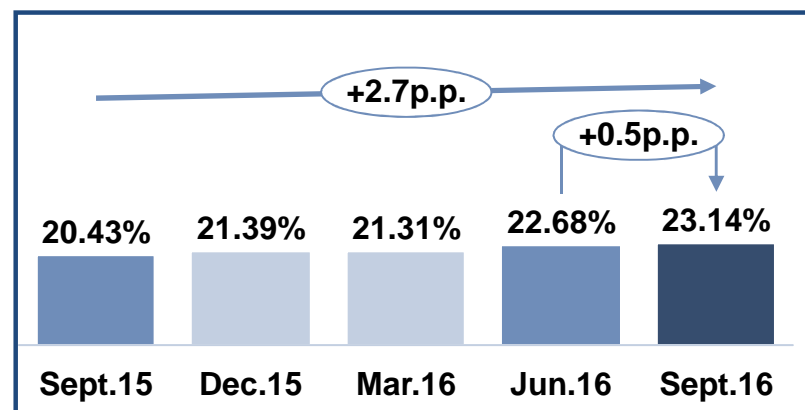
Capital Ratios

Best in class capital position and low risk balance sheet

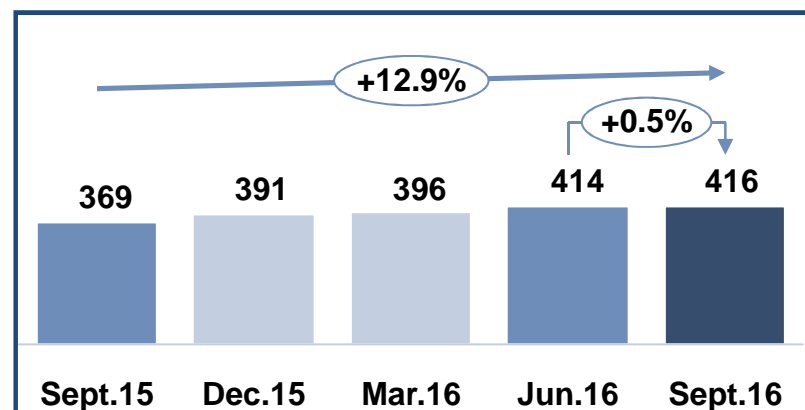
RWA, mln



CET1 Ratio transitional, %



CET1 Capital, mln



TFA

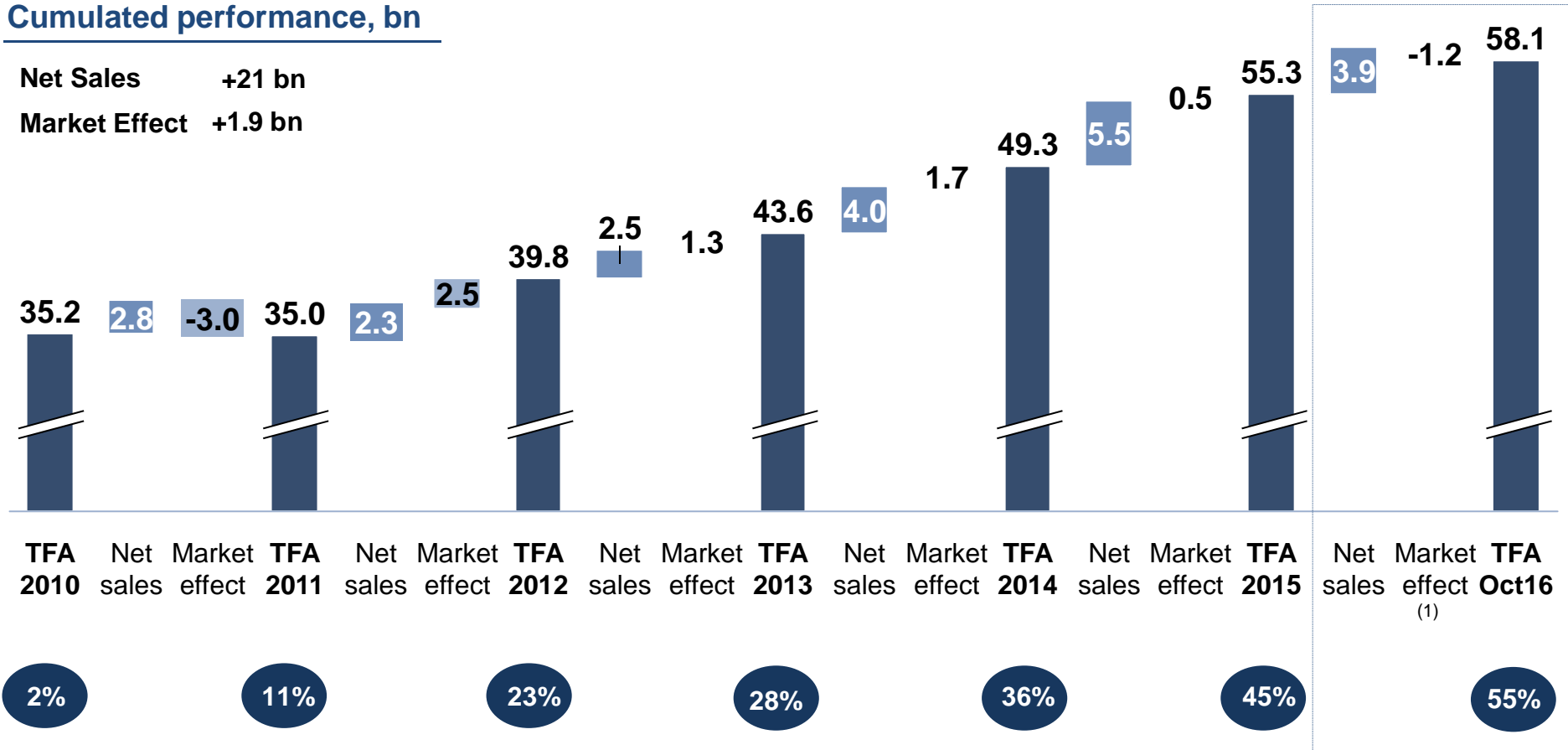
Relentless TFA growth thanks to a healthy expansion in net sales
 Guided products and services increased at 55% of total AuM

TFA evolution (Dec.10-Oct.16), bn

Cumulated performance, bn

Net Sales +21 bn

Market Effect +1.9 bn



Guided products as % of total AuM ⁽²⁾

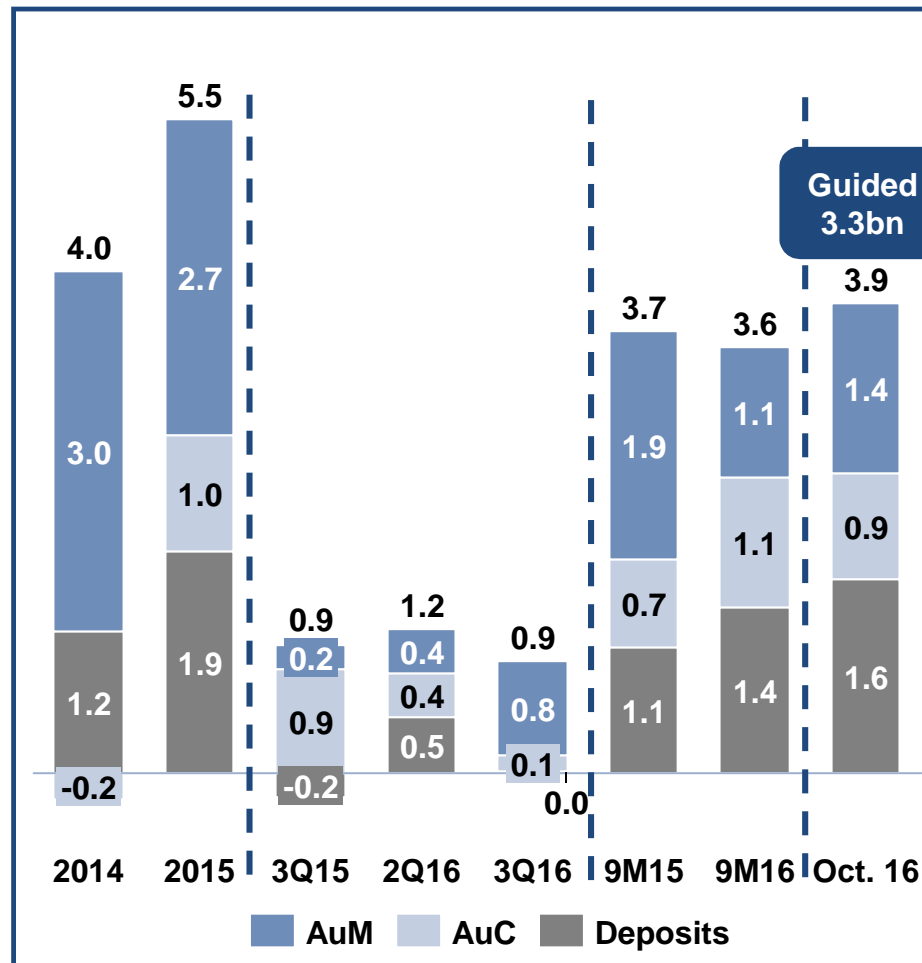
⁽¹⁾ -1.2bn related to AuC

⁽²⁾ Guided Products end of period divided by Asset under Management end of period

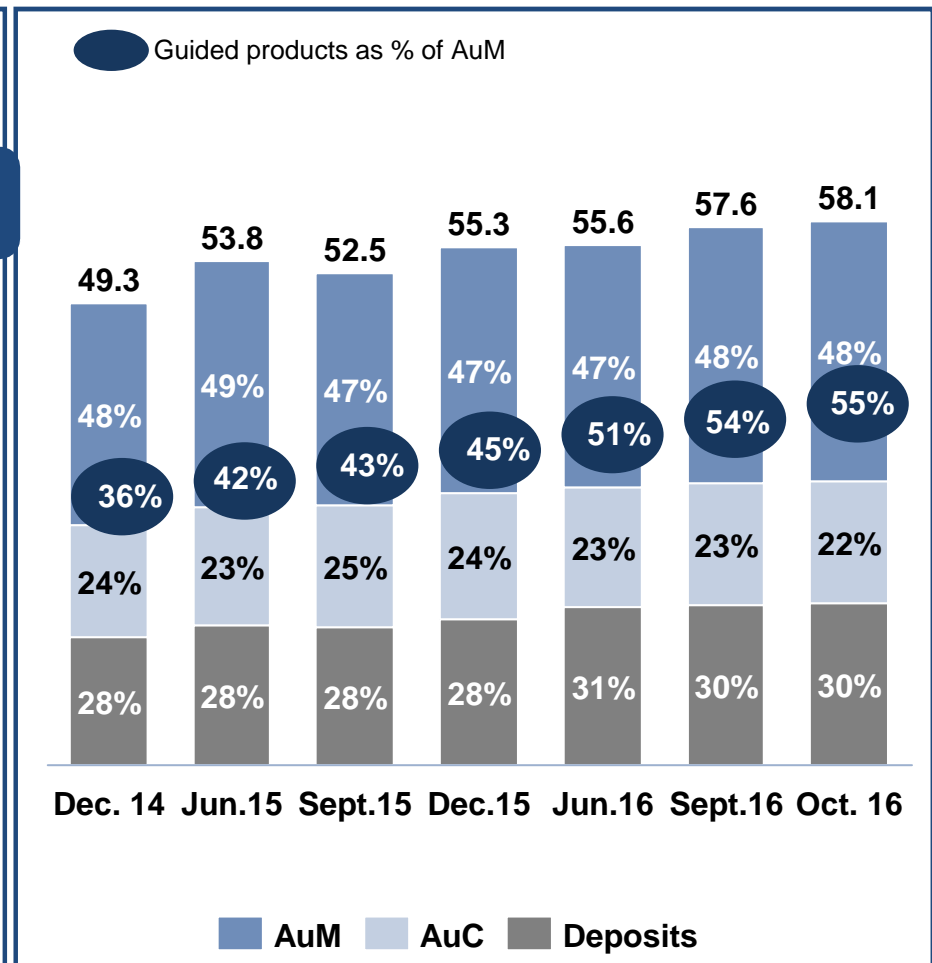
TFA and Net sales - breakdown

Successful shift towards high added value products resulting in 3.3bn net sales in Guided products (+20% y/y) out of 1.4bn net sales in AuM as of October

Breakdown of total net sales, bn



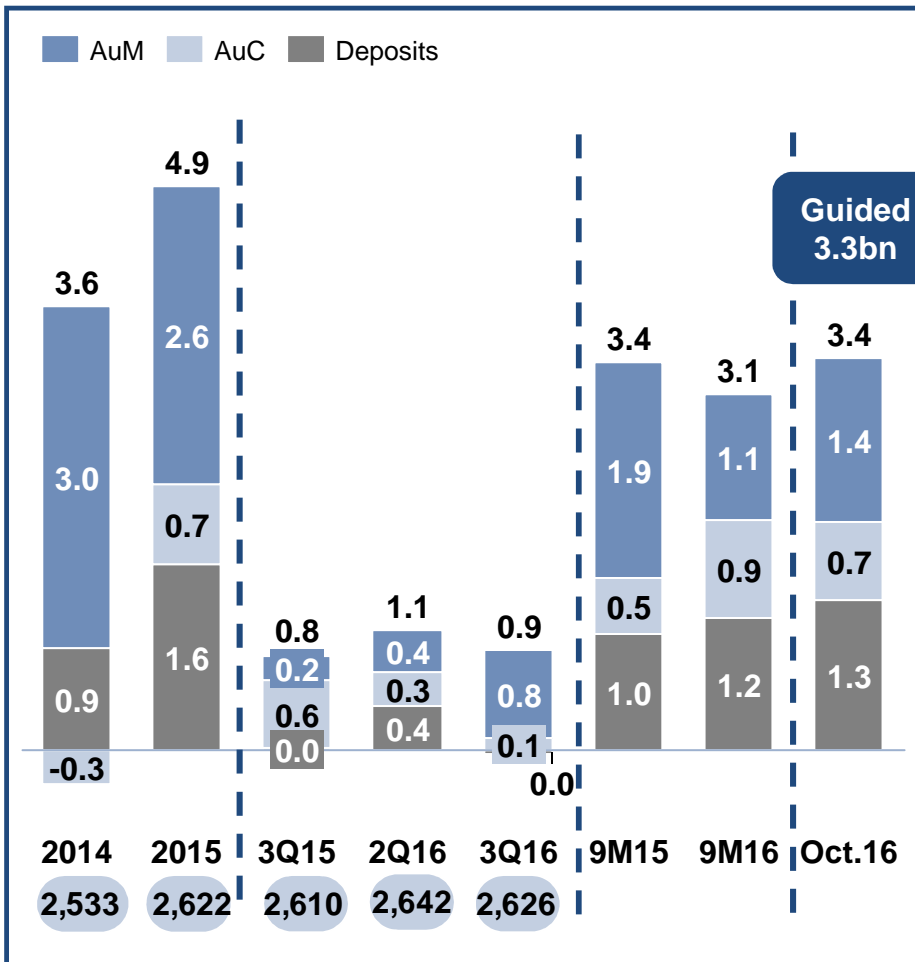
Breakdown of total TFA, bn



Personal Financial Advisors (PFA) network – Total Net sales

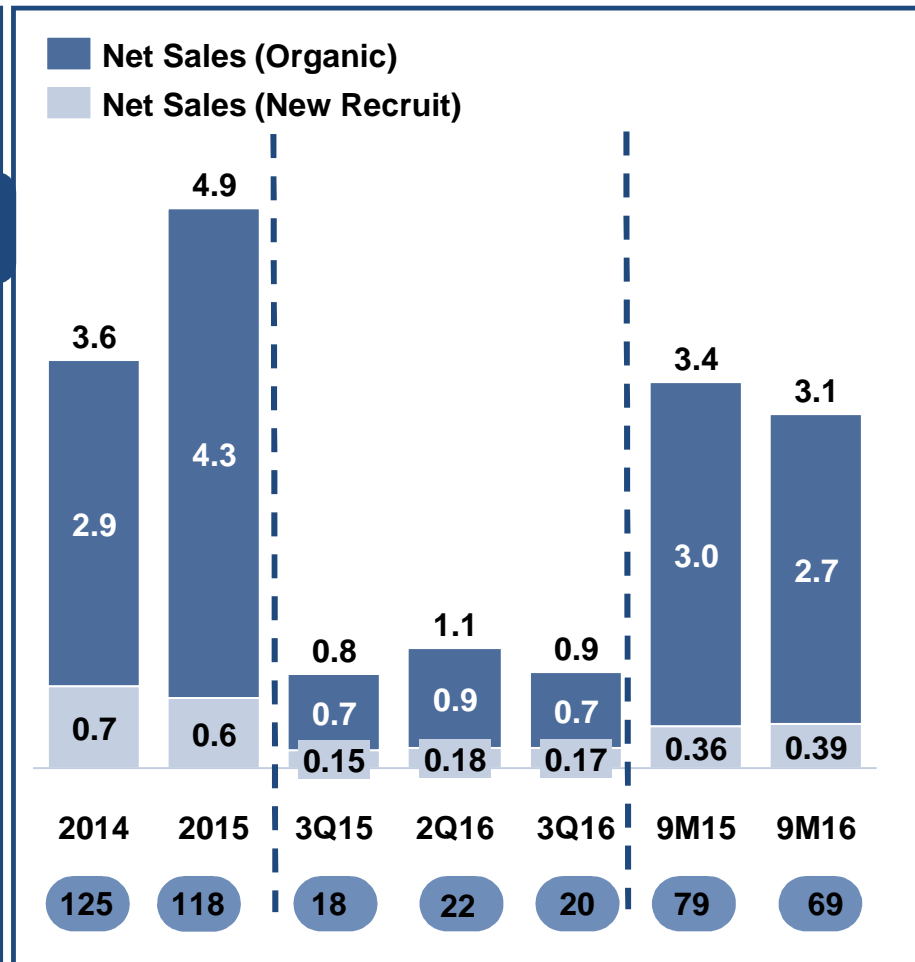
Net sales organically generated confirmed as a key pillar in our growing strategy

PFA Network – total net sales, bn



● PFA Network - headcount

Net sales, bn - Organic/New Recruit of the year



● PFA Network – new recruits of the year



Agenda

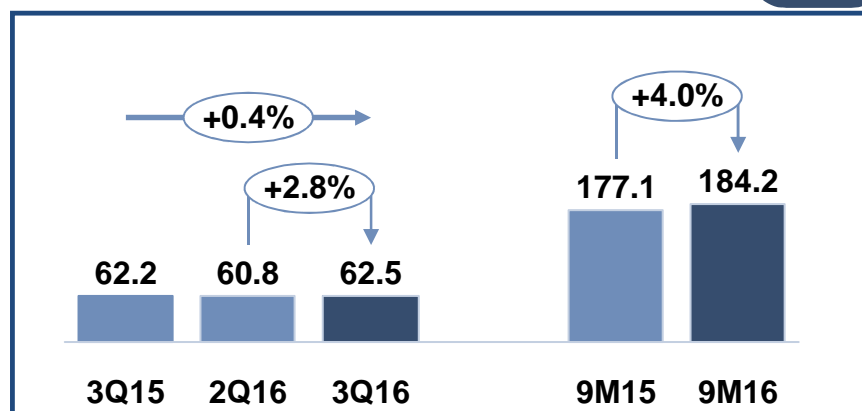
- Fineco Results
- **Focus on product areas**
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Revenues by Product Area

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

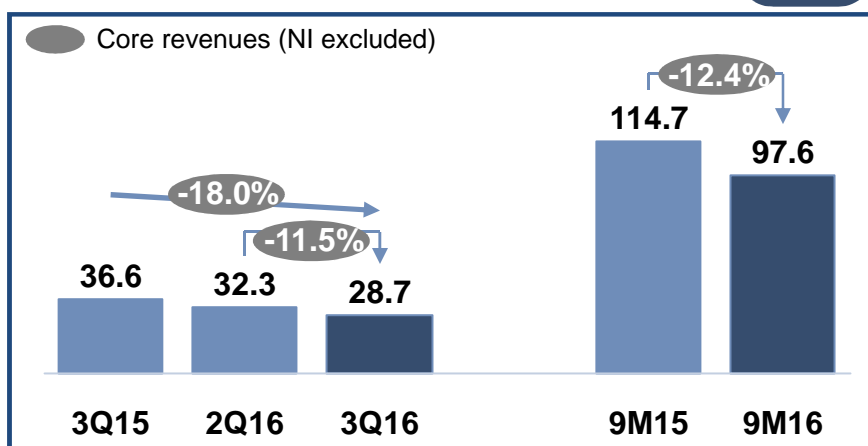
Banking, mln

46%



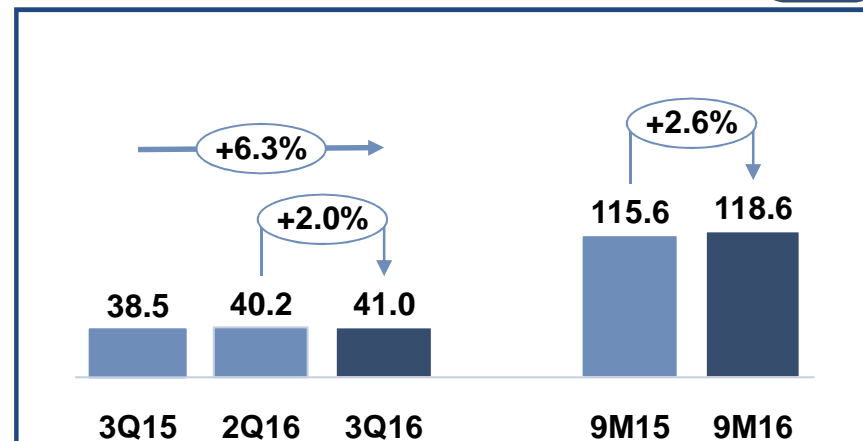
Brokerage, mln

24%



Investing, mln

30%

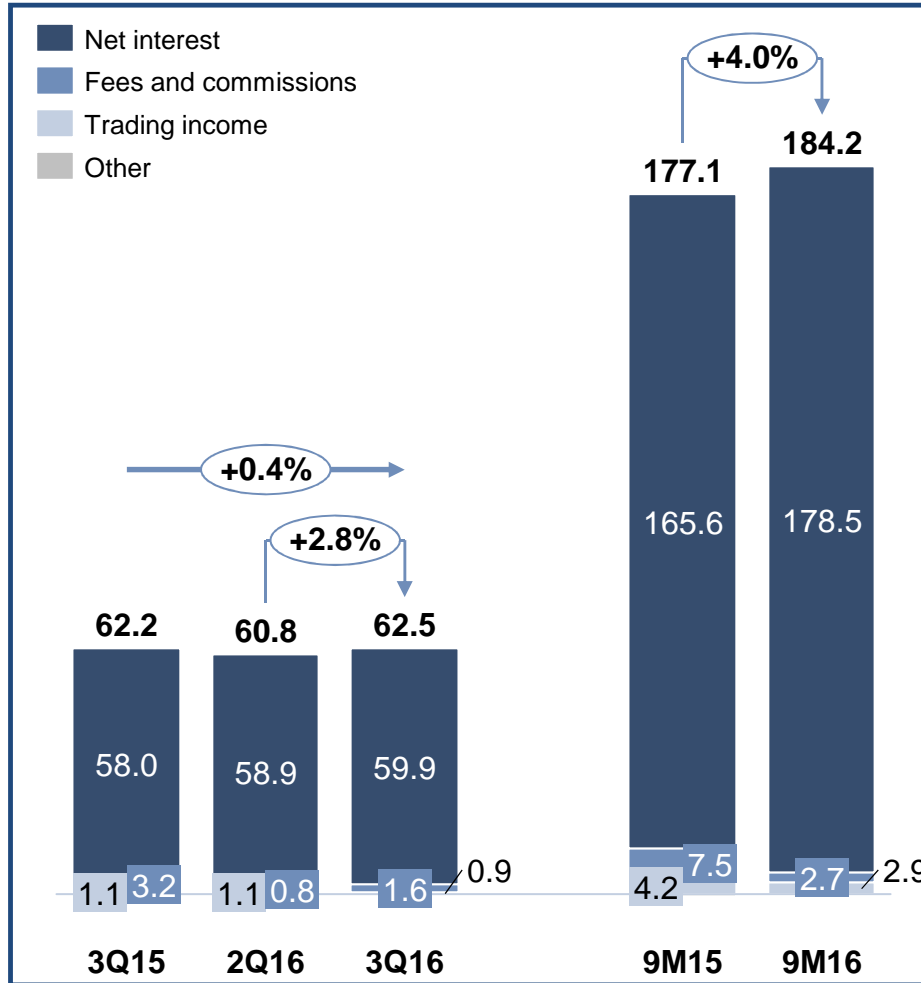


9M16 weight on total revenues for each product area

Banking

Outstanding y/y results driven by strong volume growth and new clients. 9M16 fees affected by new regulation on interchange fees⁽¹⁾

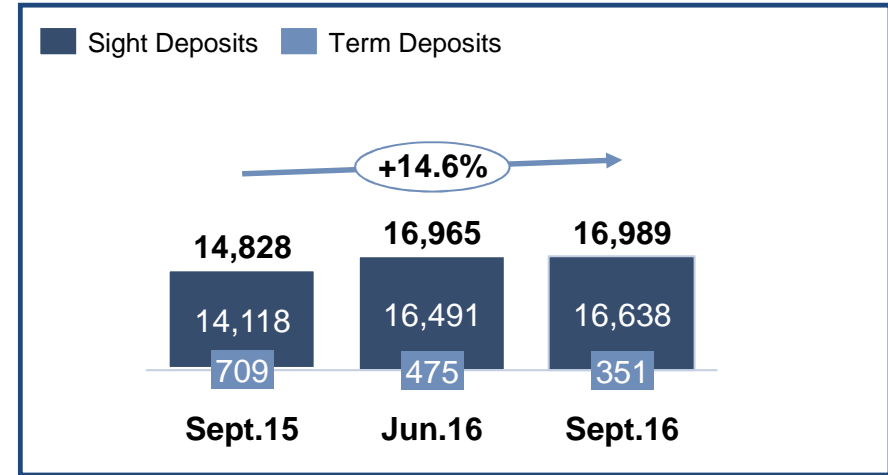
Revenues, mln



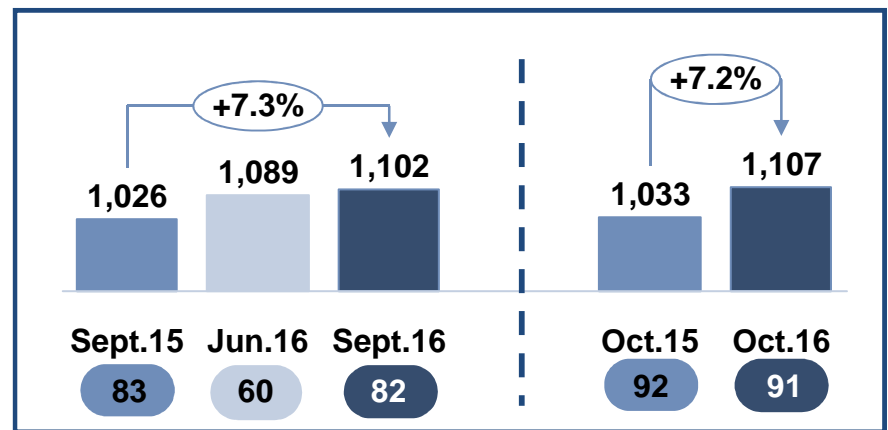
Managerial Data

(1) Regulation (EU) 2015/751 on Credit and Debt cards fees

Direct deposits eop (mln)



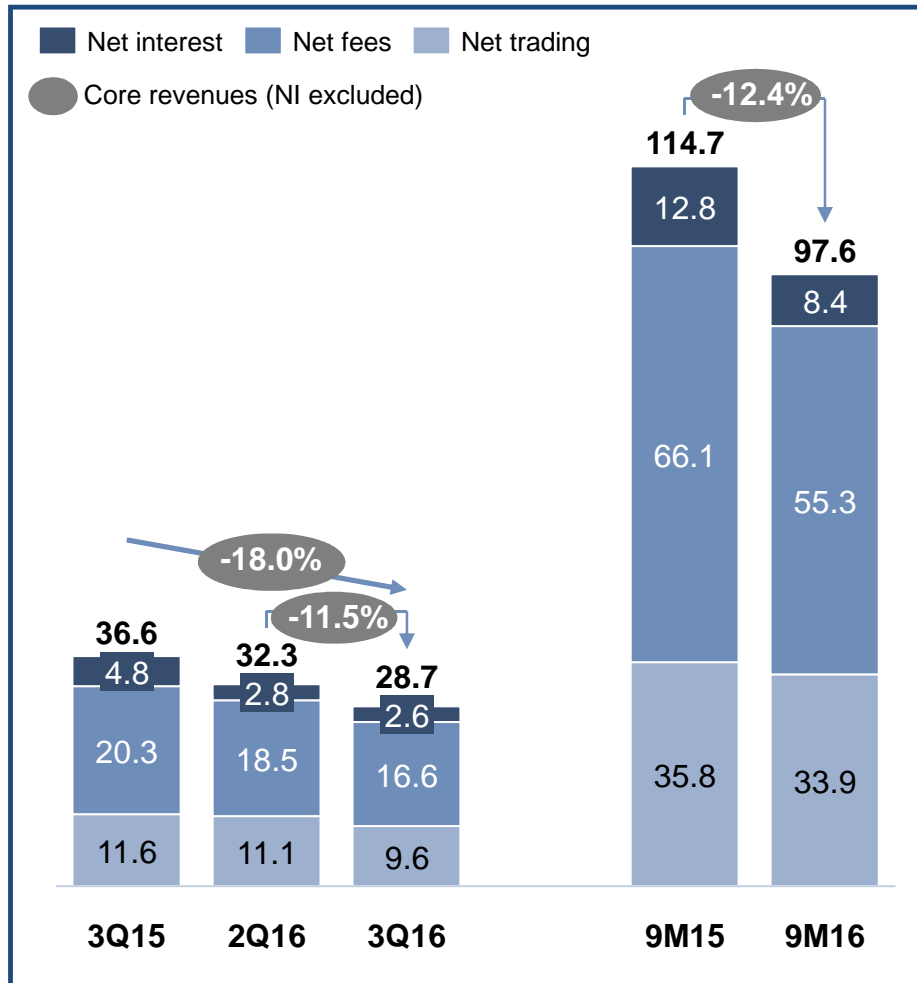
Clients and new clients, thousands



Brokerage

3Q characterized by lower volatility compared to previous quarters

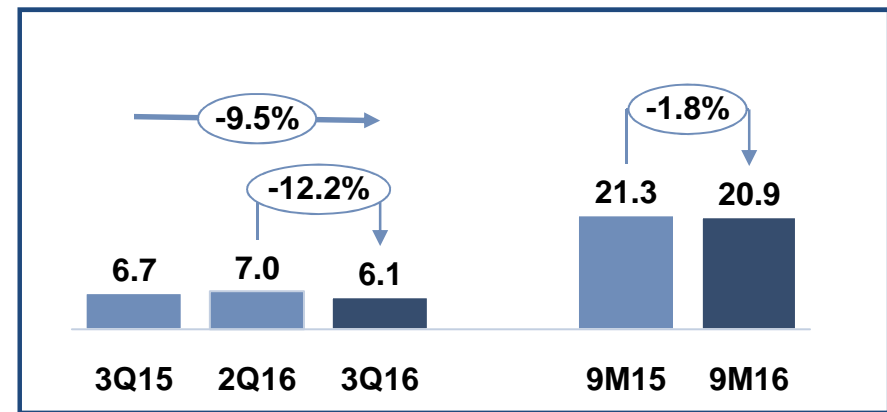
Revenues, mln



Volatility Index - Ftse Mib



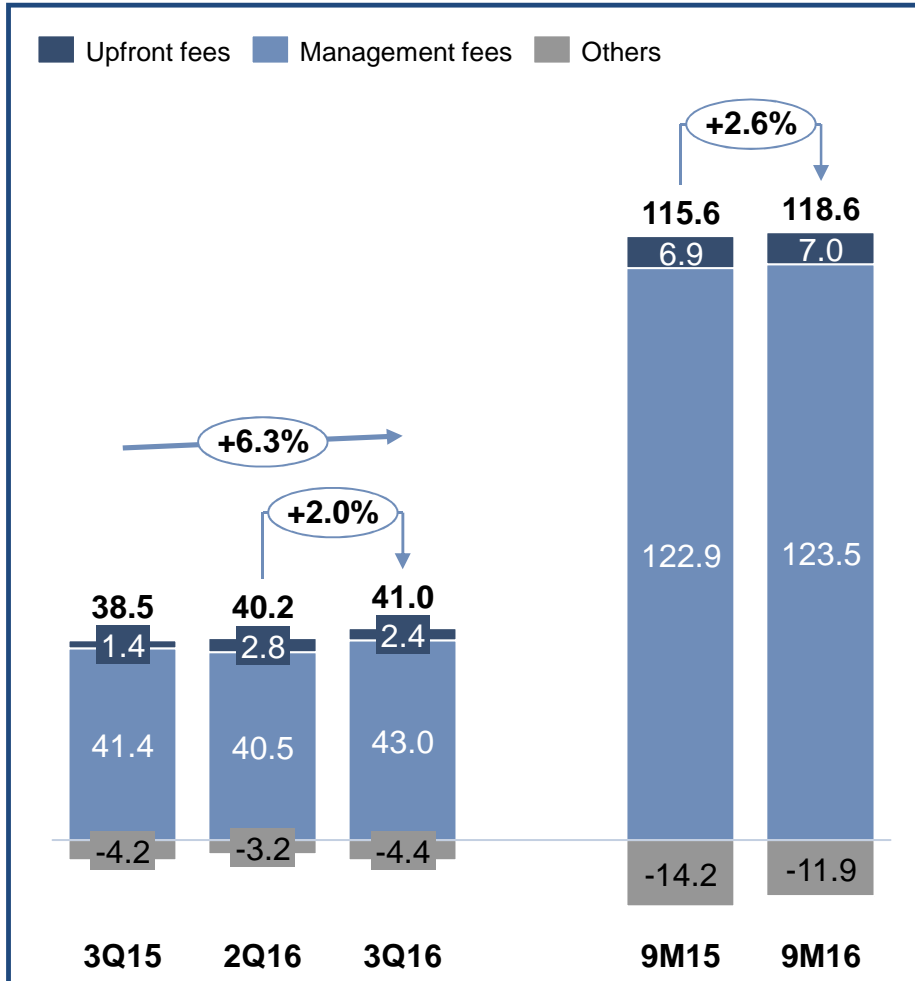
Executed orders, mln



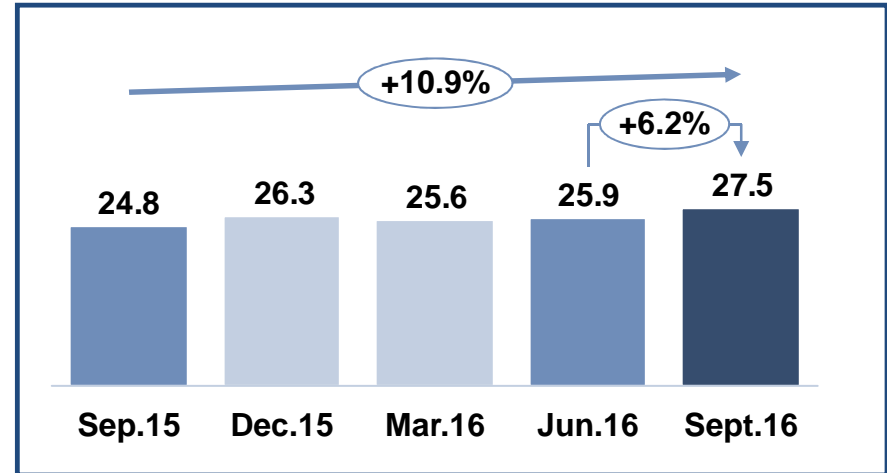
Investing

3Q management fees strongly up on the wave of a successful strategy based on cyborg advisory approach

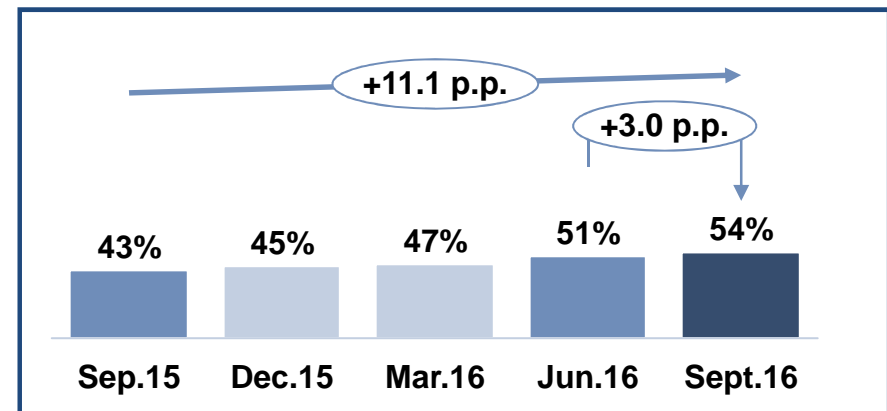
Revenues (Net Commissions), mln



AuM eop (bn)



Guided products on total AuM, %



Agenda

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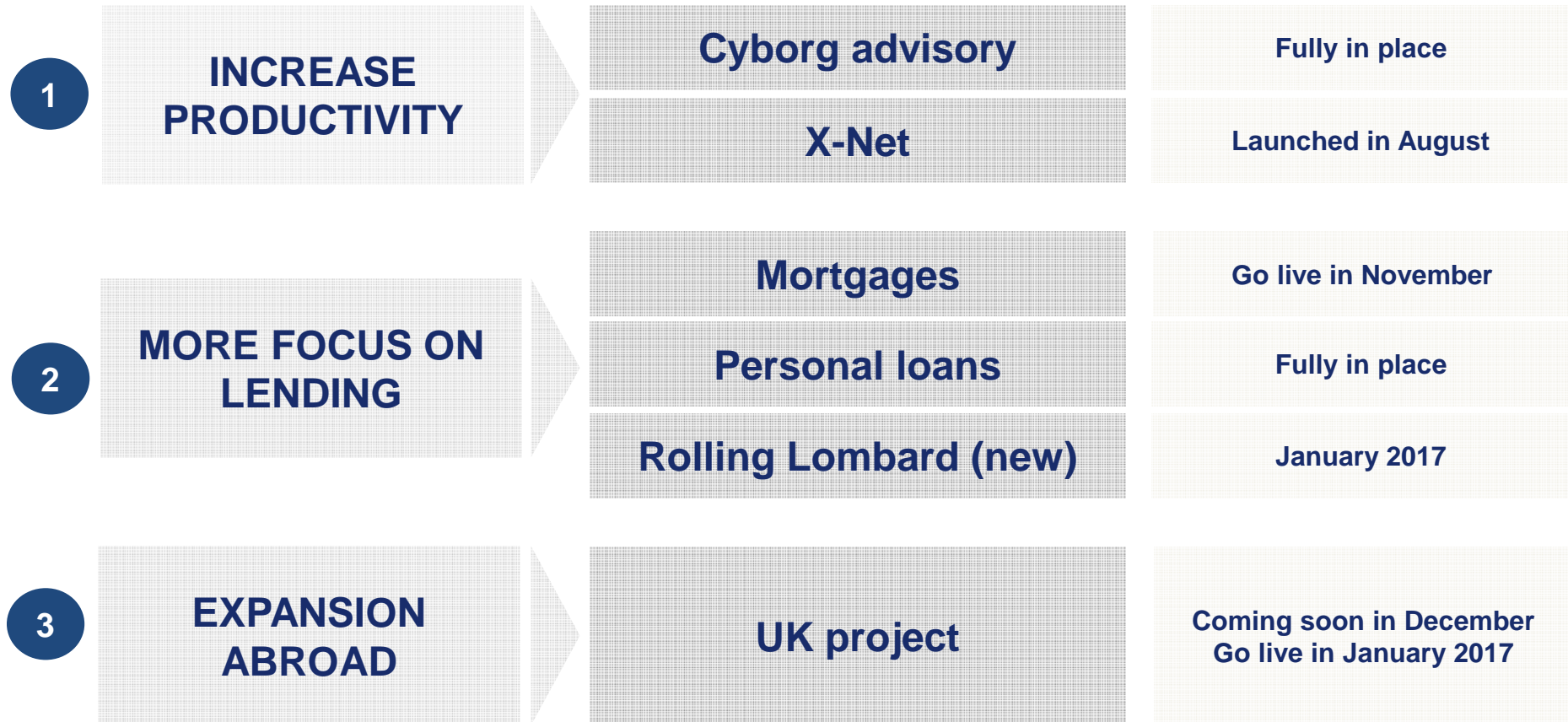
Sustainability at the heart of Fineco's business model



⁽¹⁾ Organic Net Sales calculated as total Net Sales minus Net Sales coming from Recruiting

Delivery on announced industrial discontinuity

Timing



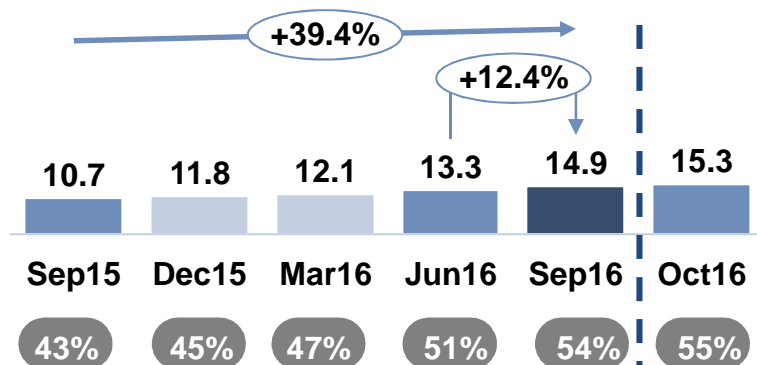
Results at a glance and new Lombard highlights

1

CYBORG ADVISORY

Guided Products eop (bn)

● % of tot AuM

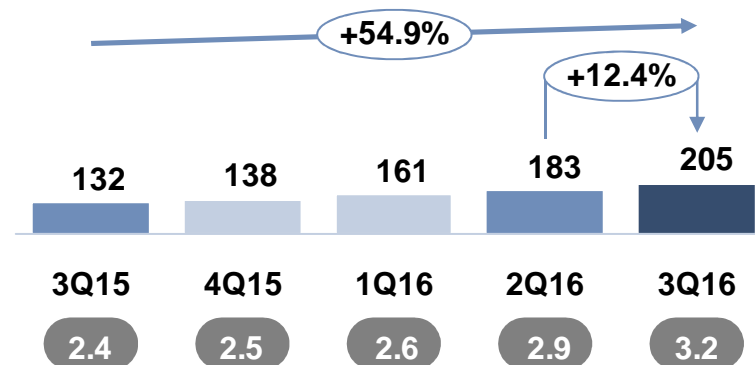


2

PERSONAL LOANS

Personal loans eop (mln)

● Net interest income (mln)



2

ROLLING LOMBARD – new initiative

“Rolling Lombard” is a revised Lombard loan with floating pledge allowing clients to change pledged assets without closing the credit line.

Several benefits to clients, PFAs and the bank:

- increased flexibility and efficiency: possibility to rebalance clients’ portfolios without closing the credit line
- increased maximum lending limit: 1.5mln (3x compared to traditional Lombard as of today)
- increased margins that will be partially rebated to clients through more attractive rates
- low cost of risk

Expected huge opportunities in terms of increasing penetration and volumes

Annex

P&L

<i>mln</i>	1Q15	2Q15	3Q15	9M15	4Q15	FY15	1Q16	2Q16	3Q16	9M16
Net interest income	56.5	59.3	62.9	178.6	62.1	240.8	62.2	61.2	62.5	186.0
Net commissions	62.8	64.2	62.0	189.0	63.6	252.6	58.2	59.7	59.3	177.1
Trading profit	17.1	11.0	13.2	41.3	12.6	53.9	19.6	27.3	10.8	57.7
Other expenses/income	0.4	-3.4	1.6	-1.5	-1.5	-3.0	0.1	0.7	-0.8	0.0
Total revenues	136.7	131.0	139.7	407.4	136.8	544.3	140.1	148.8	131.8	420.7
Staff expenses	-18.4	-18.8	-19.0	-56.2	-18.9	-75.0	-18.7	-19.0	-19.3	-57.1
Other admin.exp. net of recoveries	-39.4	-38.8	-32.9	-111.0	-37.5	-148.5	-39.3	-36.1	-31.4	-106.8
D&A	-2.0	-2.2	-2.2	-6.4	-2.5	-9.0	-2.2	-2.4	-2.6	-7.2
Operating expenses	-59.8	-59.7	-54.1	-173.6	-58.9	-232.5	-60.2	-57.5	-53.4	-171.1
Gross operating profit	76.9	71.3	85.7	233.9	77.9	311.7	79.9	91.3	78.4	249.7
Provisions	-3.1	-0.8	-1.3	-5.2	-10.5	-15.7	-1.4	-1.1	-11.3	-13.9
LLP	-1.6	-1.1	-1.4	-4.1	-2.6	-6.7	-1.4	-1.4	-0.7	-3.5
Integration costs	0.0	0.0	0.0	0.0	-1.2	-1.2	0.0	0.0	0.0	0.0
Profit from investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit before taxes	72.2	69.4	82.9	224.5	63.6	288.1	77.1	88.8	66.4	232.3
Income taxes	-24.4	-23.5	-27.8	-75.6	-21.4	-97.0	-25.8	-22.3	-21.8	-69.9
Net profit for the period	47.8	45.9	55.1	148.8	42.2	191.1	51.2	66.6	44.6	162.4
Normalised Net Income⁽¹⁾	47.8	45.9	55.1	148.8	44.6	193.4	51.2	49.8	44.6	145.6

Non recurring items (mln, gross)	1Q15	2Q15	3Q15	9M15	4Q15	FY15	1Q16	2Q16	3Q16	9M16
<i>VISA sale (Trading Profit)</i>								15.3		15.3
<i>Extraord systemic charges (Provisions)⁽²⁾</i>					-2.3	-2.3				0.0
<i>Integration costs</i>					-1.2	-1.2				0.0
<i>Release of taxes</i>								6.5		6.5
Total	0.0	0.0	0.0	0.0	-3.5	-3.5	0.0	21.8	0.0	21.8

⁽¹⁾ Net of non recurring items

⁽²⁾ Solidarity fund for retail clients invested in subordinated bonds issued by 4 Italian banks rescued

Details on Net Interest Income

<i>mln</i>	1Q15	Volumes & Margins	2Q15	Volumes & Margins	3Q15	Volumes & Margins	1Q16	Volumes & Margins	2Q16	Volumes & Margins	3Q16	Volumes & Margins	9M15	Volumes & Margins	9M16	Volumes & Margins
Sight Deposits	51.6	12,729	52.2	13,522	54.5	14,084	55.4	15,328	54.2	16,105	54.6	16,663	158.3	13,445	164.2	16,032
<i>Net Margin</i>		1.65%		1.55%		1.53%		1.45%		1.35%		1.30%		1.57%		1.37%
Term Deposits	-2.3	1,358	-1.0	1,014	-0.6	793	-0.3	628	-0.3	540	-0.2	413	-3.9	1,055	-0.8	527
<i>Net Margin</i>		-0.68%		-0.39%		-0.32%		-0.19%		-0.22%		-0.20%		-0.50%		-0.21%
Security Lending	1.2	1,221	1.3	1,283	1.4	1,261	1.0	1,094	1.0	1,217	0.8	1,037	3.8	1,255	2.8	1,116
<i>Net Margin</i>		0.39%		0.40%		0.44%		0.37%		0.33%		0.31%		0.41%		0.34%
Leverage - Long	2.0	137	2.9	195	2.9	193	1.8	118	1.6	106	1.6	103	7.9	175	5.0	109
<i>Net Margin</i>		5.98%		5.99%		6.05%		6.19%		6.19%		6.10%		6.01%		6.16%
Lendings	4.1	380	4.4	422	4.6	460	4.7	511	4.9	555	5.2	674	13.0	421	14.9	580
<i>Net Margin</i>		4.38%		4.16%		3.94%		3.71%		3.58%		3.08%		4.15%		3.43%
Other	-0.2		-0.5		0.1		-0.4		-0.3		0.5		-0.5		-0.2	
Total	56.5		59.3		62.9		62.2		61.2		62.5		178.6		186.0	

Volumes and margins: average of the period

UniCredit bonds underwritten

ISIN	Currency	Amount (€ m)	Maturity	Indexation	Spread
1 IT0004307861 Amortizing	Euro	150.0	2-Oct-17	Euribor 1m	0.51%
IT0004307861 Amortizing	Euro	150.0	2-Jan-18	Euribor 1m	0.51%
2 IT0005010233	Euro	382.5	30-Jan-17	Euribor 1m	1.78%
3 IT0005010241	Euro	382.5	28-Apr-17	Euribor 1m	1.87%
4 IT0005010258	Euro	382.5	27-Jul-17	Euribor 1m	1.94%
5 IT0005010738	Euro	382.5	25-Oct-17	Euribor 1m	2.01%
6 IT0005010266	Euro	382.5	24-Jan-18	Euribor 1m	2.08%
7 IT0005010274	Euro	382.5	23-Apr-18	Euribor 1m	2.14%
8 IT0005010290	Euro	382.5	23-Jul-18	Euribor 1m	2.19%
9 IT0005010357	Euro	382.5	19-Oct-18	Euribor 1m	2.24%
10 IT0005010373	Euro	382.5	18-Jan-19	Euribor 1m	2.29%
11 IT0005010613	Euro	382.5	1-Apr-19	Euribor 1m	2.33%
12 IT0005010282	Euro	382.5	15-Jul-19	Euribor 1m	2.37%
13 IT0005010399	Euro	382.5	14-Oct-19	Euribor 1m	2.40%
14 IT0005010324	Euro	382.5	13-Jan-20	Euribor 1m	2.44%
15 IT0005010365	Euro	382.5	10-Apr-20	Euribor 1m	2.47%
16 IT0005010308	Euro	382.5	9-Jul-20	Euribor 1m	2.49%
17 IT0005010381	Euro	382.5	7-Oct-20	Euribor 1m	2.52%
18 IT0005010332	Euro	382.5	6-Jan-21	Euribor 1m	2.54%
19 IT0005010316	Euro	382.5	6-Apr-21	Euribor 1m	2.56%
20 IT0005010340	Euro	382.5	5-Jul-21	Euribor 1m	2.58%
21 IT0005010225	Euro	382.5	18-Oct-21	Euribor 1m	2.60%
22 IT0005009490	USD ¹	44.8	25-Apr-17	USD Libor 1m	2.06%
23 IT0005010142	USD ¹	44.8	19-Apr-18	USD Libor 1m	2.34%
24 IT0005010134	USD ¹	44.8	1-Apr-19	USD Libor 1m	2.53%
25 IT0005010860	USD ¹	44.8	7-Apr-20	USD Libor 1m	2.66%
26 IT0005010217	USD ¹	44.8	1-Apr-21	USD Libor 1m	2.75%
27 IT0005040099	Euro	100.0	24-Jan-22	Euribor 1m	1.46%
28 IT0005057986	Euro	200.0	10-Oct-16	Euribor 1m	0.55%
29 IT0005057994	Euro	200.0	11-Apr-22	Euribor 1m	1.43%
30 IT0005083743	Euro	300.0	28-Jan-22	Euribor 1m	1.25%
31 IT0005106189	Euro	230.0	20-Apr-20	Euribor 1m	0.90%
32 IT0005114688	Euro	180.0	19-May-22	Euribor 1m	1.19%
33 IT0005120347	Euro	700.0	27-Jun-22	Euribor 1m	1.58%
34 IT0005144065	Euro	450.0	14-Nov-22	Euribor 3m2	1.40%
35 IT0005144073	Euro	350.0	15-Nov-21	Euribor 3m2	1.29%
36 IT0005158412	Euro	250.0	23-Dec-22	Euribor 3m2	1.47%
37 IT0005163180	Euro	600.0	11-Feb-23	Euribor 3m2	1.97%
38 IT0005175135	Euro	100.0	24-Mar-23	Euribor 3m2	1.58%
39 IT0005158503	USD ¹	44.8	23-Dec-22	USD Libor 1m	1.93%
Total	Euro	11,610.0		Euribor 1m	1.99%
	USD¹	268.8		USD Libor 1m	2.378%

9M16

26 (1) Amounts expressed at EUR/USD 1.1161 exchange rate (as of Sep30th)



Details on Net Commissions

<i>mln</i>	1Q15	2Q15	3Q15	1Q16	2Q16	3Q16	9M15	9M16
Brokerage	25.0	20.8	20.3	20.3	18.5	16.6	66.1	55.3
o/w								
Equity	19.9	17.3	16.4	16.5	15.2	12.9	53.6	44.6
Bond	2.5	1.2	1.1	1.1	1.1	0.9	4.7	3.2
Derivatives	2.5	2.3	2.6	3.2	2.6	2.4	7.5	8.1
Other commissions ⁽¹⁾	0.1	0.0	0.2	-0.5	-0.5	0.4	0.3	-0.6
Investing	36.5	40.6	38.5	37.5	40.2	41.0	115.6	118.6
o/w								
Placement fees	3.0	2.5	1.4	1.8	2.8	2.4	6.9	7.0
Management fees to PFA's	38.5	43.0	41.4	40.0	40.5	43.0	122.9	123.5
	-5.0	-4.9	-4.2	-4.3	-3.2	-4.4	-14.2	-11.9
Banking	1.5	2.8	3.2	0.3	0.8	1.6	7.5	2.7
Other	-0.2	0.0	0.0	0.1	0.3	0.1	-0.2	0.5
Total	62.8	64.2	62.0	58.2	59.7	59.3	189.0	177.1

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

Revenue breakdown by Product Area

<i>mln</i>	1Q15	2Q15	3Q15	1Q16	2Q16	3Q16	9M15	9M16
Net interest income	52.8	54.8	58.0	59.7	58.9	59.9	165.6	178.5
Net commissions	1.5	2.8	3.2	0.3	0.8	1.6	7.5	2.7
Trading profit	1.9	1.3	1.1	0.9	1.1	0.9	4.2	2.9
Other	-0.1	-0.1	-0.1	0.0	0.1	0.1	-0.3	0.1
Total Banking	56.1	58.8	62.2	61.0	60.8	62.5	177.1	184.2
Net interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net commissions	36.5	40.6	38.5	37.5	40.2	41.0	115.6	118.6
Trading profit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Investing	36.5	40.6	38.5	37.5	40.2	41.0	115.6	118.6
Net interest income	3.5	4.5	4.8	3.0	2.8	2.6	12.8	8.4
Net commissions	25.0	20.8	20.3	20.3	18.5	16.6	66.1	55.3
Trading profit	14.6	9.6	11.6	13.3	11.1	9.6	35.8	33.9
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Brokerage	43.1	34.9	36.6	36.6	32.3	28.7	114.7	97.6

Breakdown TFA

<i>mln</i>	March 15	June 15	Sept. 15	Dec. 15	March 16	June 16	Sept 16
AUM	26,121	26,169	24,825	26,277	25,565	25,911	27,522
o/w Funds and Sicav	23,313	23,221	21,949	23,100	22,332	22,395	23,645
o/w Insurance	2,793	2,933	2,862	3,163	3,219	3,505	3,865
o/w GPM	15	15	14	14	14	12	12
AUC	13,219	12,613	12,868	13,419	12,889	12,688	13,051
o/w Equity	6,826	6,513	6,619	7,085	6,718	6,526	6,877
o/w Bond	6,309	6,011	6,162	6,233	6,086	6,081	6,091
o/w Other	84	89	87	101	85	82	83
Direct Deposits	14,371	15,016	14,828	15,631	16,527	16,965	16,989
o/w Sight	13,195	14,127	14,118	14,985	15,915	16,491	16,638
o/w Term	1,177	889	709	645	612	475	351
Total	53,711	53,798	52,521	55,327	54,980	55,564	57,562
<i>o/w Guided Products & Services</i>	10,250	11,008	10,727	11,828	12,082	13,298	14,949

Balance Sheet

<i>mln</i>	March 15	June 15	Sept. 15	Dec. 15	March 16	June 16	Sept 16
Due from Banks	14,070	14,583	13,966	14,649	15,404	15,299	14,442
Customer Loans	797	836	885	923	827	880	972
Financial Assets	2,270	2,244	2,241	2,250	2,629	2,933	3,592
Tangible and Intangible Assets	109	109	109	110	111	111	112
Derivatives	25	40	7	11	7	9	8
Other Assets	229	240	244	385	286	328	327
Total Assets	17,499	18,051	17,451	18,328	19,265	19,561	19,453
Customer Deposits	14,603	15,256	15,043	15,822	16,693	17,133	17,250
Due to Banks	1,466	1,436	1,396	1,423	1,504	1,362	1,139
Securities in Issue	428	400	0	0	0	0	0
Derivatives	47	60	27	31	20	18	15
Funds and other Liabilities	344	368	402	418	355	446	392
Equity	610	531	582	633	692	603	656
Total Liabilities and Equity	17,499	18,051	17,451	18,328	19,265	19,561	19,453

Main Financial Ratios

	March 15	June 15	Sept. 15	Dec. 15	March 16	June 16	Sept 16
PFA TFA/ PFA (mln) ⁽¹⁾	17.6	17.6	17.0	17.9	17.8	17.9	18.8
Guided Products / TFA ⁽²⁾	19%	20%	20%	21%	22%	24%	26%
Cost / income Ratio ⁽³⁾	43.8%	44.6%	42.6%	42.7%	43.0%	43.0%	42.2%
CET 1 Ratio	19.4%	20.8%	20.4%	21.4%	21.3%	22.7%	23.1%
Adjusted RoE ⁽⁴⁾	43.9%	42.6%	44.9%	43.2%	43.4%	42.1%	40.0%
Leverage Ratio ⁽⁵⁾	> 6%	9.34%	9.11%	10.52%	10.14%	9.46%	8.23%

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

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

⁽³⁾ Adjusted C/I ratio net of non recurring items (see page 24)

⁽⁴⁾ Adjusted RoE: annualized Net Profit, net of non recurring items (see page 24) divided by the average book shareholders' equity for the period (excluding dividends and donations expected to be distributed and the revaluation reserves)

⁽⁵⁾ Leverage ratio based on CRR definition, according to the EC Delegated Act 2015/62 regarding the exclusion of intra-group exposure

Next steps: underlying rationale and potential (1/3)



1

INCREASE PRODUCTIVITY

Cyborg-advisory and X-Net

- To remain on the market successfully, the increase of PFAs network productivity is mandatory for the industry to cope with expected pressure on margins
- Fineco can leverage on the concept of **Cyborg-advisory** thanks to its best-in-class internal IT culture: the bank takes care of more structured asset allocation based on algorithmic /quantitative approach while PFAs are fully dedicated to manage the relationship with clients, understanding their needs/goals, how they evolve over time
- **X-Net**: a new revolutionary platform dedicated to PFAs leveraging on the best in class Fineco's technology. Through a **new 'tool Needs'** we are able to estimate clients' financial gaps (retirement, children school, second home..) and build up personalized proposal: a perfect hook for PFAs to develop clients not yet approached or not fully developed

increase
productivity

increase quality
of the service

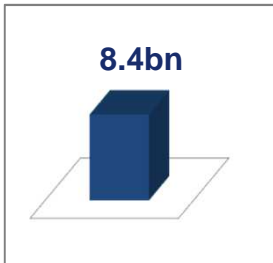
increase AuM
(Guided products)

Next steps: underlying rationale and potential (2/3)

2 LENDING

Mortgages

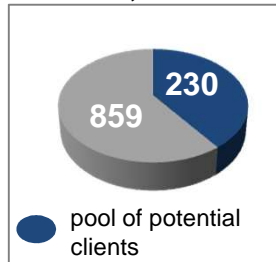
Mortgages owned by clients outside Fineco



- New law 119/2016 for repossession of new residential mortgage collateral (**Decreto banche/Patto Marciano**)¹ makes mortgages business more appealing reducing CoR
- The current interest rate environment reduces **prepayment risk close to zero**
- **Proven and positive track record**: almost 7bn portfolio of mortgages between 2000 and 2008
- Fineco's clients own 8.4bn of mortgages in other banks

Personal loans

N. clients, thousand



- **Limited portfolio so far with very high margins** (one of the most profitable businesses): 205mln with 526 bps as of September16
- Identified pool of potential clients: 230 thousands
- Efficient and real time process, **new instant approval platform for eligible clients' requests** thanks to a deep knowledge of clients

¹ New rules approved on July 3rd 2016 applicable (by choice) only to new contracts when 18 monthly installments are not paid the borrower's home can be directly sold at an auction without passing through the involvement of the Italian courts

Next steps: underlying rationale and potential (3/3)

3

EXPANSION ABROAD



UK project

- UK: large but inefficient market in terms of value proposition
- Focus on retail UK residents
- **One stop shop** (banking/ brokerage/ investing) leveraging on Fineco's existing platform
- **Light cost approach and strong operational efficiency**, very low Capex for the project
- **UK confirmed as a very interesting market also post "Brexit"**: we are going to test the market leveraging on EU pass-porting laws, Brexit is not affecting the current operational framework at least for the next 2 years. Going forward UK may be a bridge to reach other not-EU countries