



THE NEW BANK

Fineco: 2Q14 Results

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Milan, 1 August 2014



THE NEW BANK

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Executive Summary

- **2Q14 Net profit at 37mIn (+26% y/y); 40mIn (+37.1% y/y, +7.4% q/q) excluding IPO-related costs**
- **1H14 Net profit at 74mIn (+31% y/y); 77mIn (+37.6% y/y) excluding IPO-related costs. Adjusted RoE at 38%**
- **Strong and sustainable improvement compared to 2Q13:**
 - ✓ Revenues up 19% thanks to a growing and loyal client base, new investment policy already reflected in 1Q revenues and positive results in Fees and Commissions
 - ✓ Costs: non recurring IPO-related costs at -5.2mIn in the first half (-0.6mIn 1Q and -4.6mIn 2Q). Net of these non recurring items, C/I at 44% in 2Q14, -7p.p. y/y confirming our high operating excellence
- **Positive business trends:**
 - ✓ TFA reached 47.2bn as of June (+15.2% vs June 2013, +8.2% vs December 2013)
 - ✓ Net sales in the first six months of 2.0bn, the best result to date of Fineco
 - ✓ Around 931,000 clients as of June, 54,000 new clients in 1H14 (+17% versus 1H13)
 - ✓ A network of 2,500 Personal Financial Advisors characterized by a strong organic growth attitude, 77 new PFA recruited in 1H14
- **Simple, highly liquid and low risk balance sheet coupled with a strong capital base: CET1 ratio at 19.5% on a transitional basis**

Fineco Results

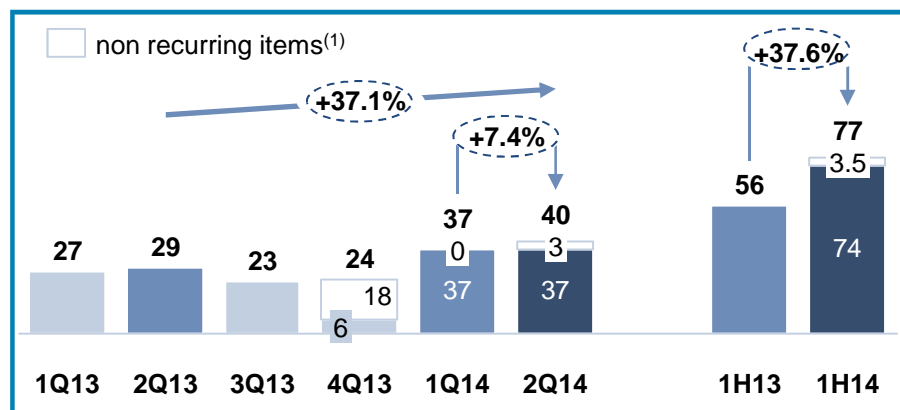
-  Focus on products

-  Future strategy

Results

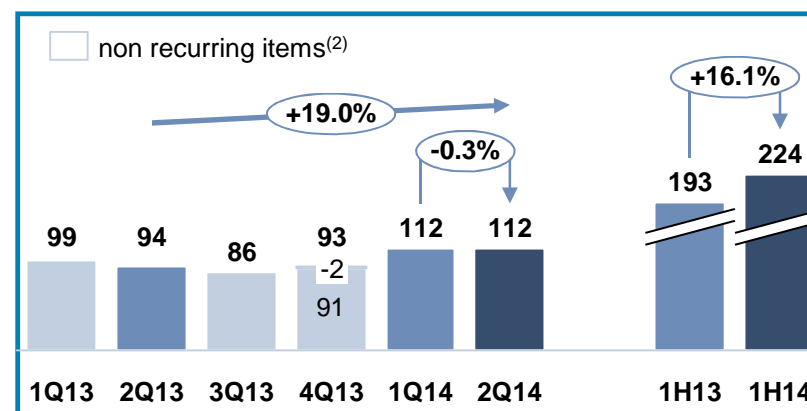
Solid Net Profit growth with high quality earnings and strong operating excellence

Net Profit, mln

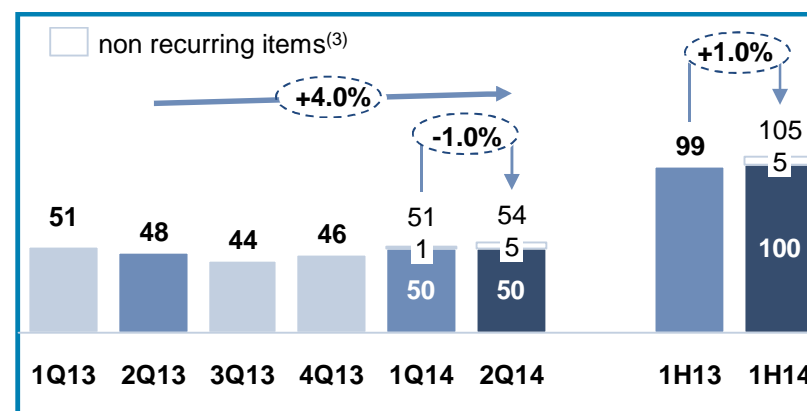


RoE	33%	35%	28%	26%	37%	39%	34%	38%
Cost/Income	52%	51%	50%	50%	45%	44%	51%	45%
Tax Rate	39%	39%	39%	36%	36%	35%	39%	36%

Revenues, mln



Operating Costs, mln



P&L and financial ratios adjusted for non-recurring items

(1) 4Q13: 18.2mln net (13.9mln additional IRES, the balance related to exceptional contribution to the Deposit Guarantee Fund); 1Q14 0.4mln net and 2Q14 3.2mln net, both IPO-related costs

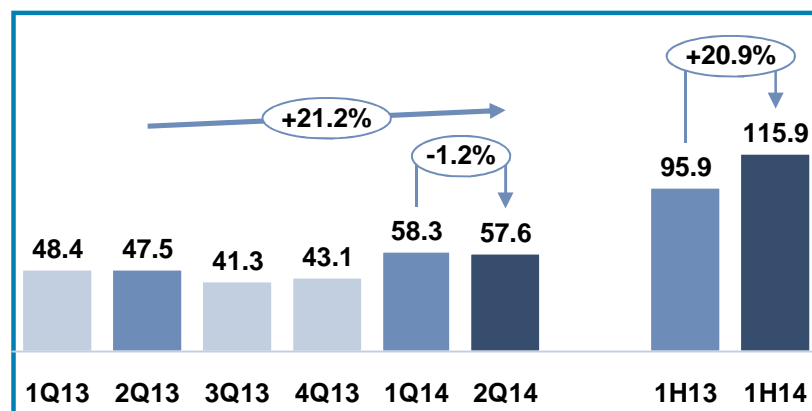
(2) 4Q13: 2.0 mln exceptional contribution to the Deposit Guarantee Fund booked in Other Income/Expenses

(3) Operating costs adjusted for the IPO-related costs in 1Q14 (0.6 mln) and 2Q14 (4.6 mln)

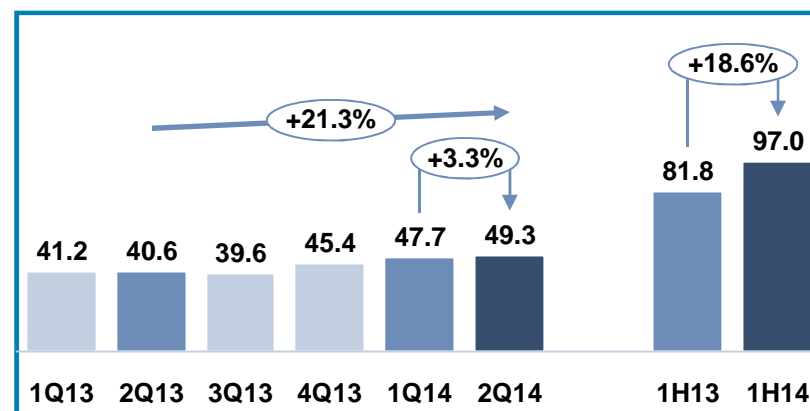
Revenues by P&L Items

Sound revenue growth mainly driven by Net Interest and Fees and Commission

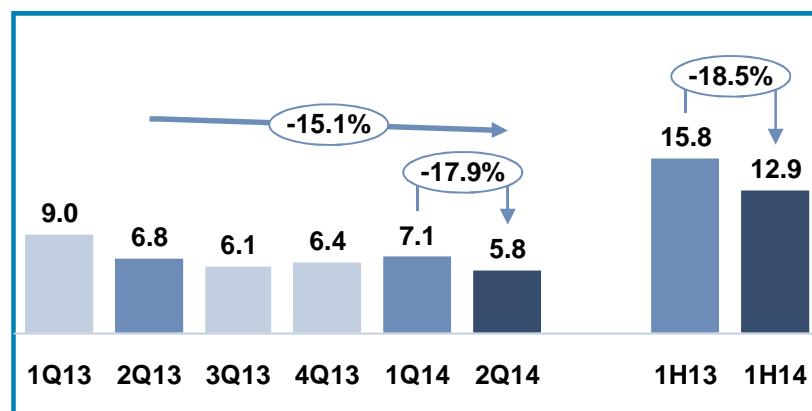
Net interest, mln



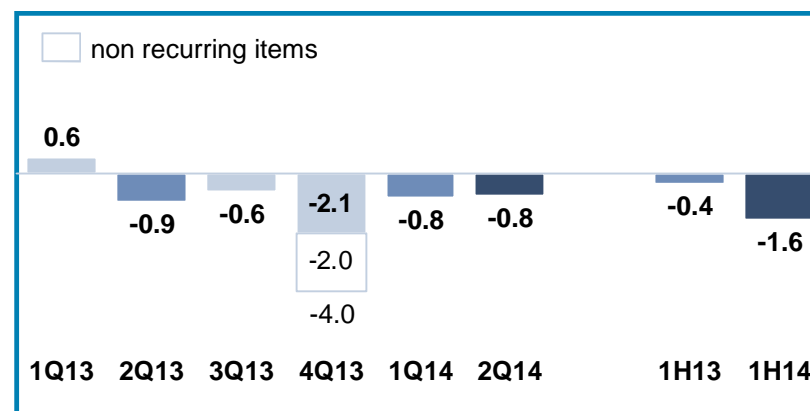
Fees and Commissions, mln



Trading income, mln



Other Revenues⁽¹⁾, mln

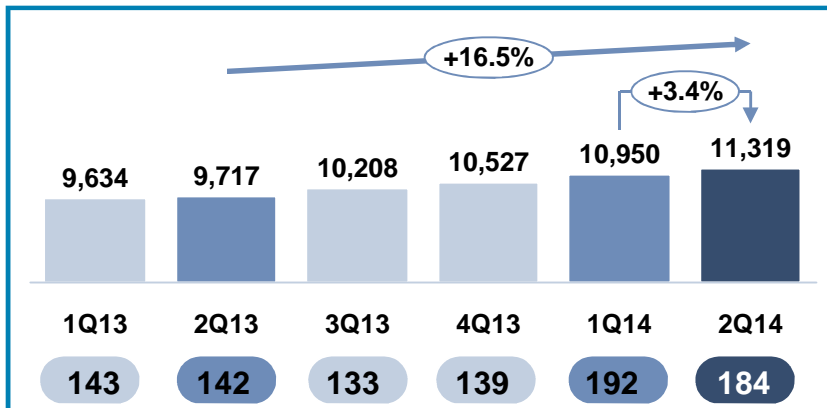


⁽¹⁾ 4Q13 Revenues adjusted for 2.0 mln exceptional contribution to the Deposit Guarantee Fund

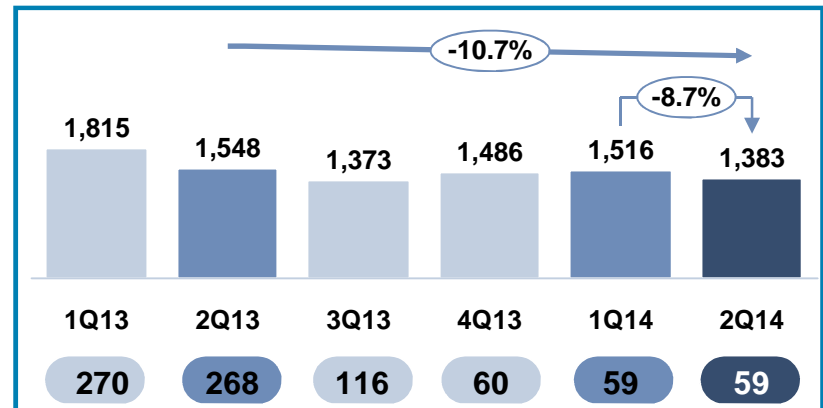
Net interest

High quality of our banking platform continues to draw transactional liquidity.
Upside coming from the investment policy already reflected in the first quarter

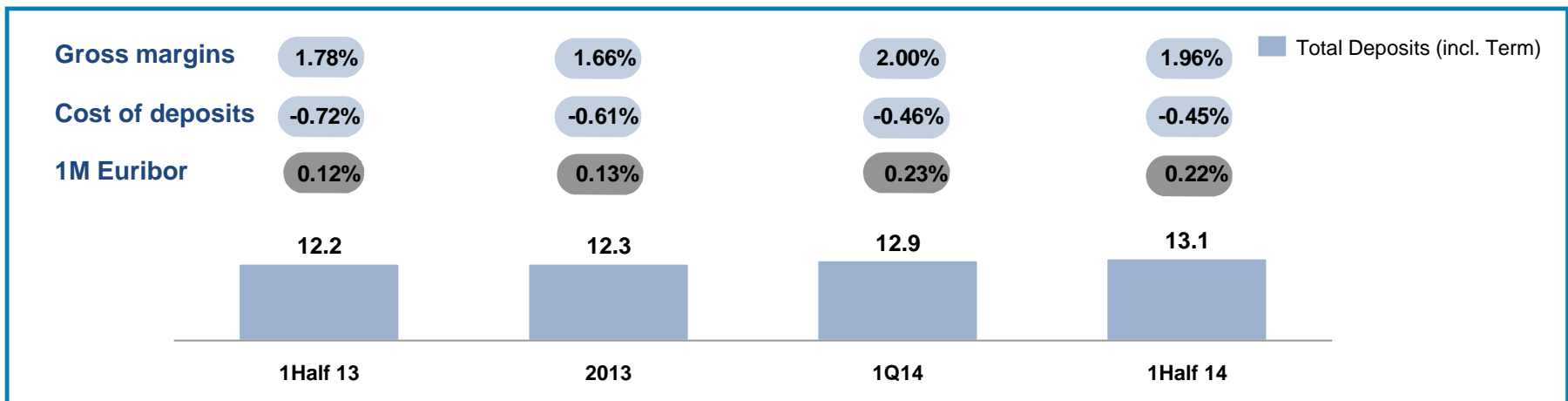
Sight Deposits (mln) and net margins (bps)



Securities lending (mln) and net margins (bps)



Investment policy⁽¹⁾



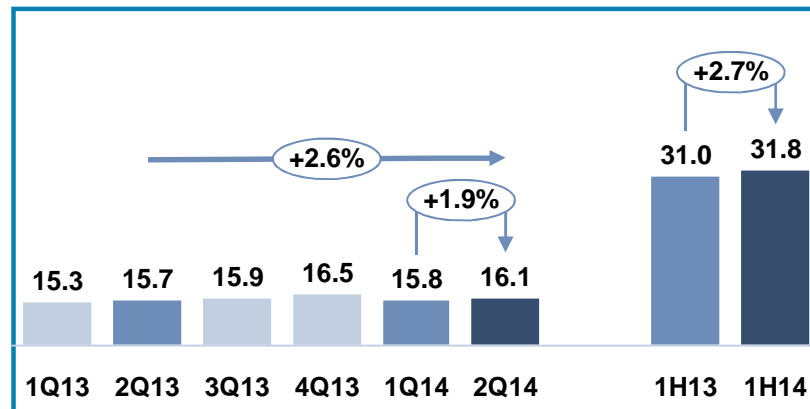
⁽¹⁾ After Dec13 new model redefined stickier deposits ("core"). Since Apr14 core liquidity invested in UC bonds / non core mainly in Italian Government Bonds

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

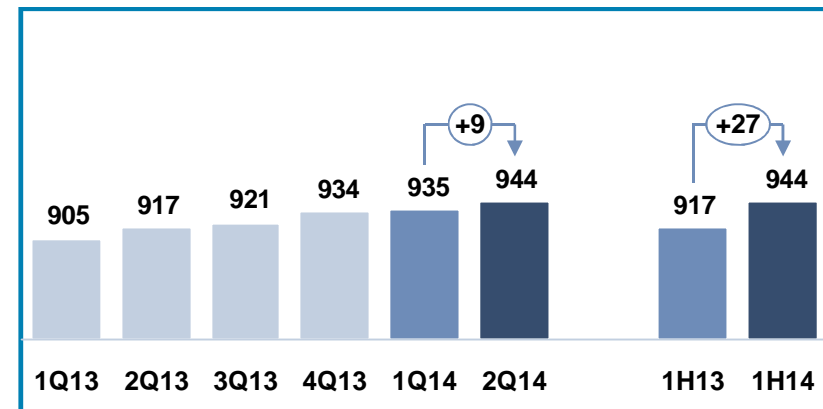
Costs

Cost discipline and operating excellence providing for increasing efficiency.
C/I down at 44% in 2Q14 net of IPO-related costs

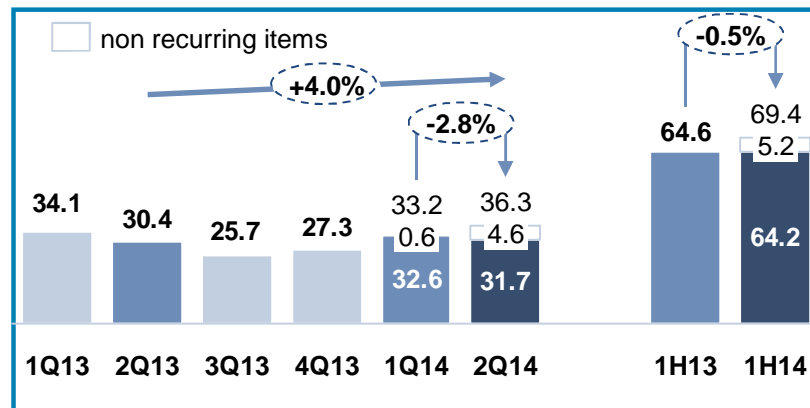
Staff Expenses, mln



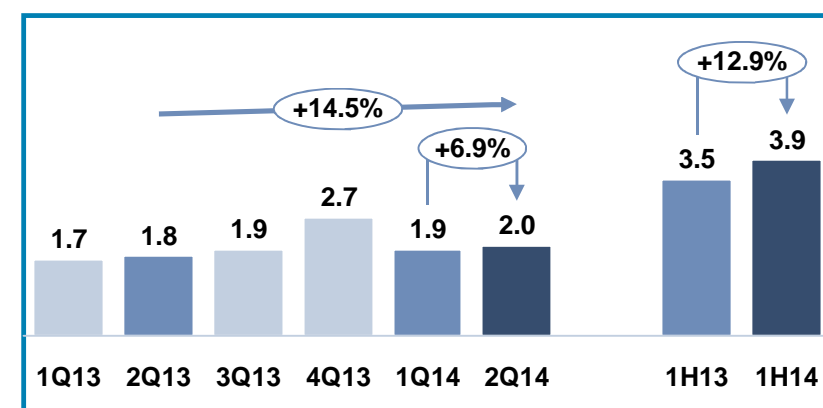
FTE,



Other Administrative Expenses⁽¹⁾, mln



Depreciation & Amortization, mln

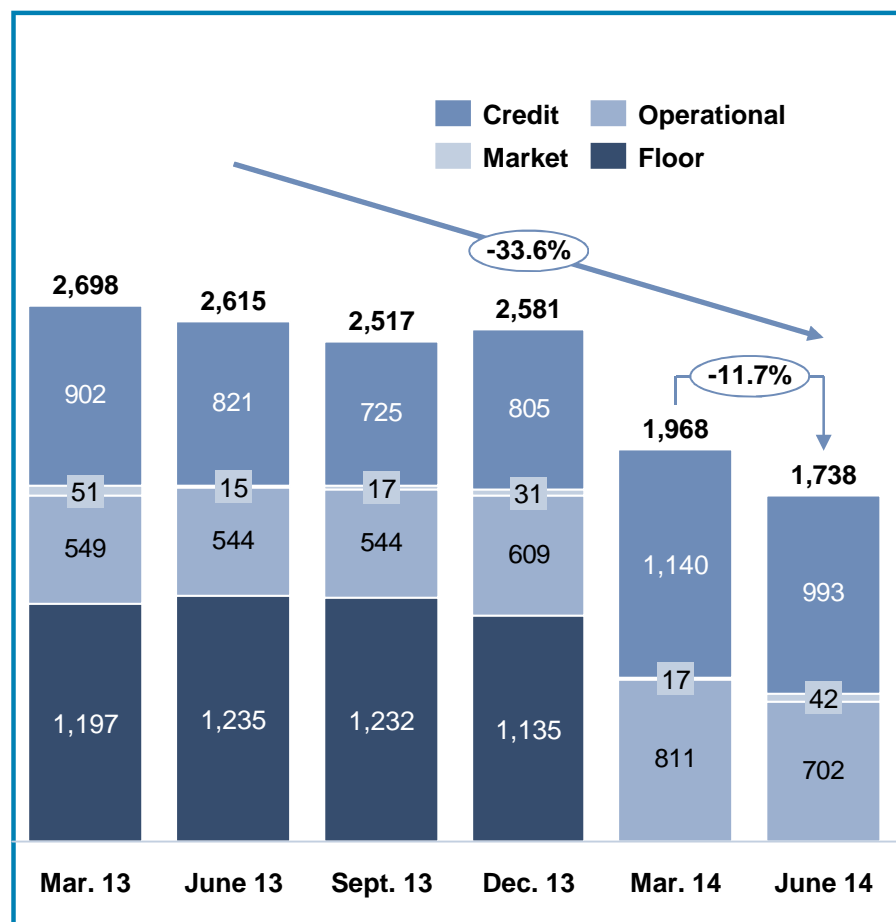


⁽¹⁾ Other administrative expenses adjusted for the IPO-related costs in 1Q14 (0.6 mln) and 2Q14 (4.6 mln)

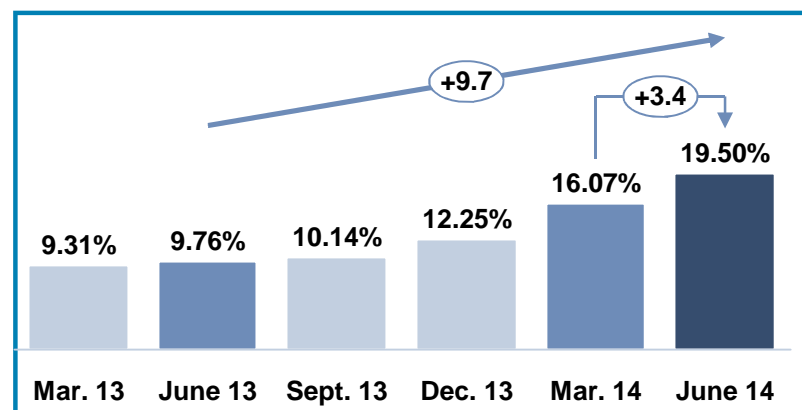
Capital Ratios

Strong capital position with CET1 transitional at 19.5%

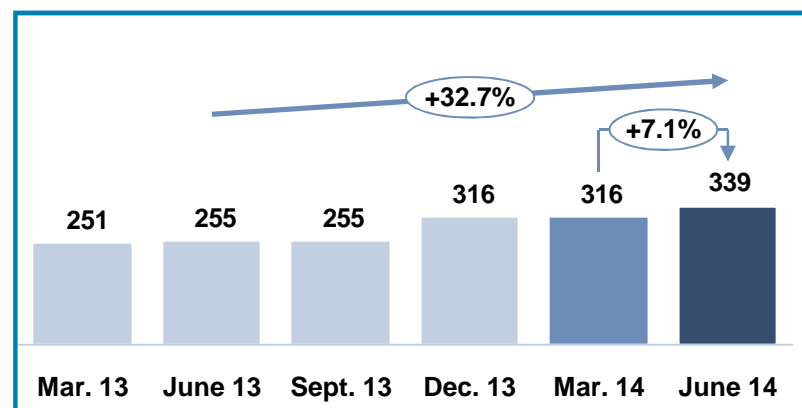
RWA, mln



CET1 Ratio, %



CET1 Capital, mln



In 2013 the Capital, RWA, and ratios are calculated according to Basel 2 rules. In 2014 ratios are reported according to Basel 3 phase in rules

TFA

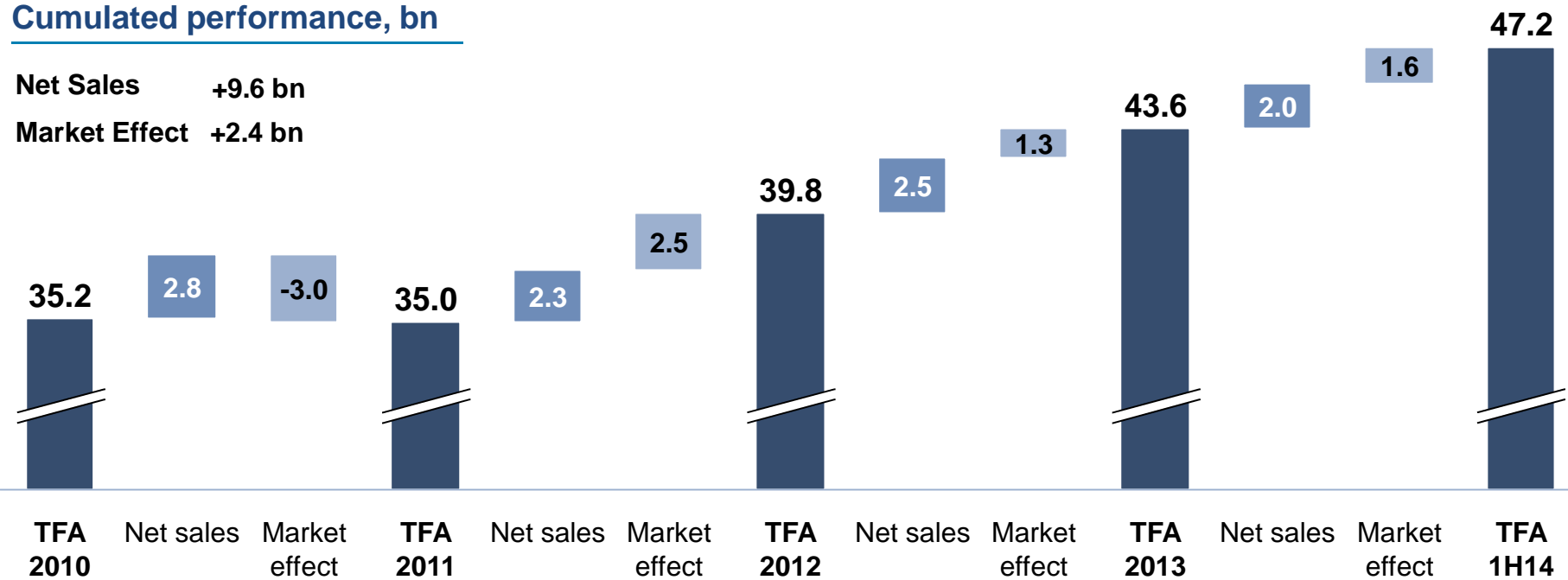
Strong TFA growth with healthy net sales expansion

TFA evolution (Dec.10-June14), bn

Cumulated performance, bn

Net Sales +9.6 bn

Market Effect +2.4 bn



2%

11%

23%

28%

30%

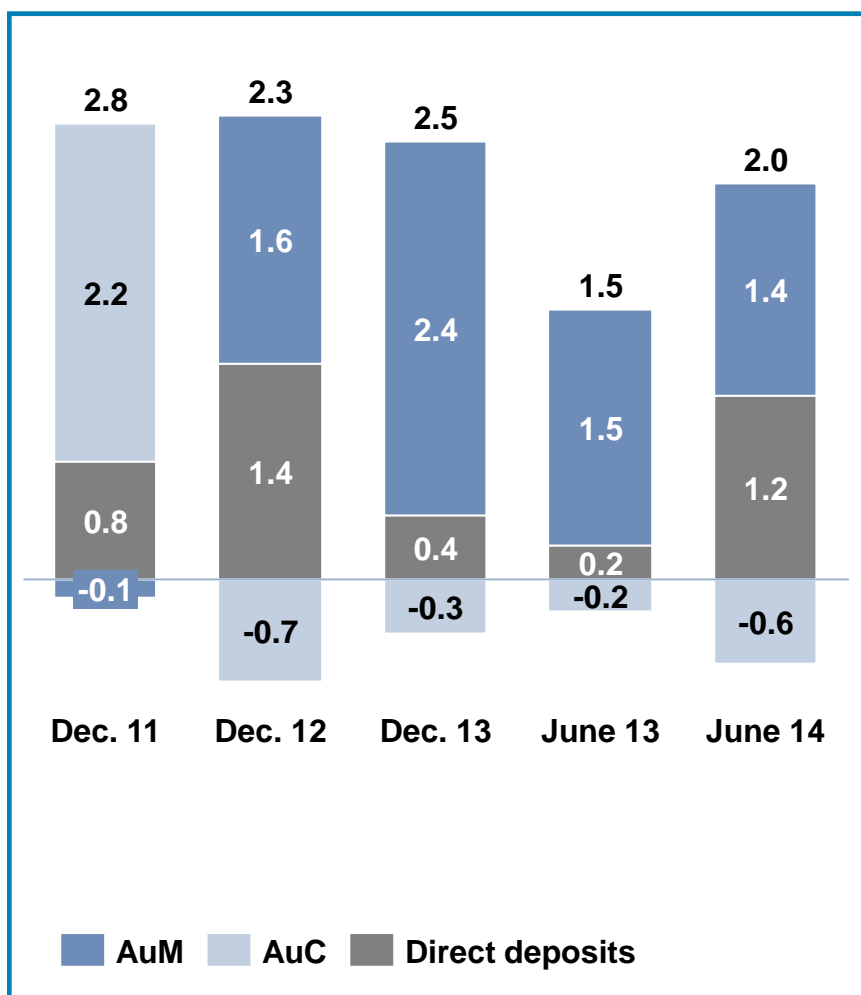


Guided products as % of total AuM

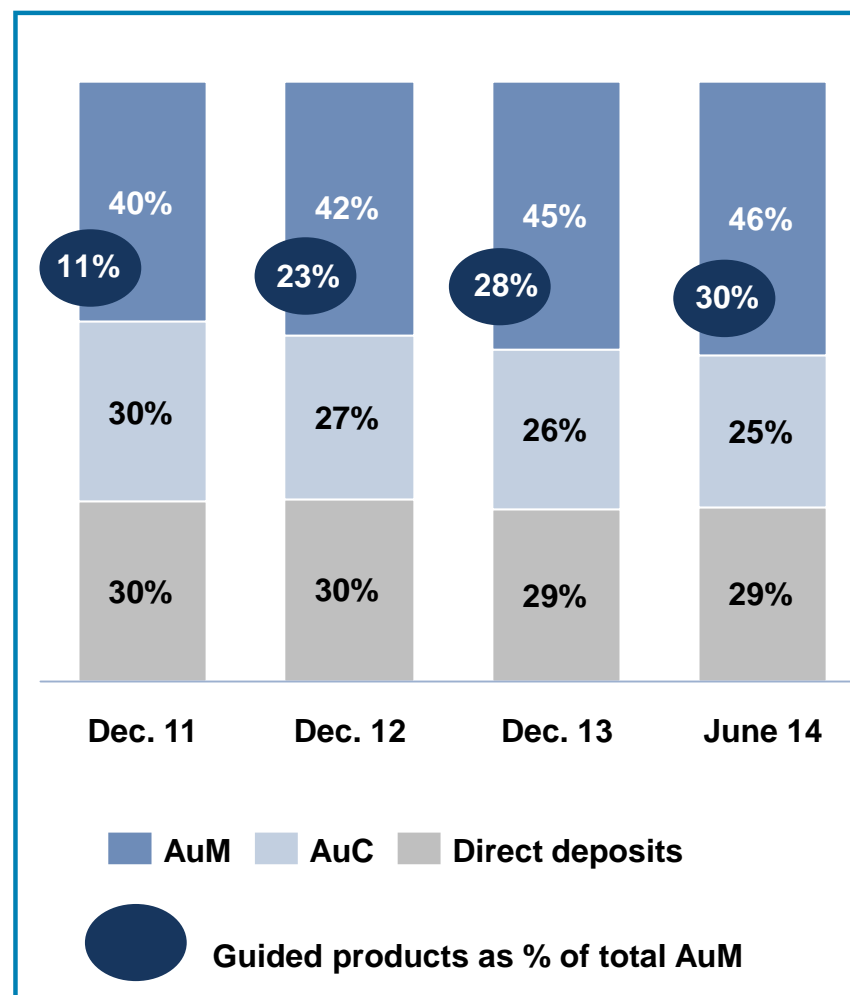
TFA

Rebalancing towards higher value products

Breakdown of TFA net sales, bn



Breakdown of total TFA, %



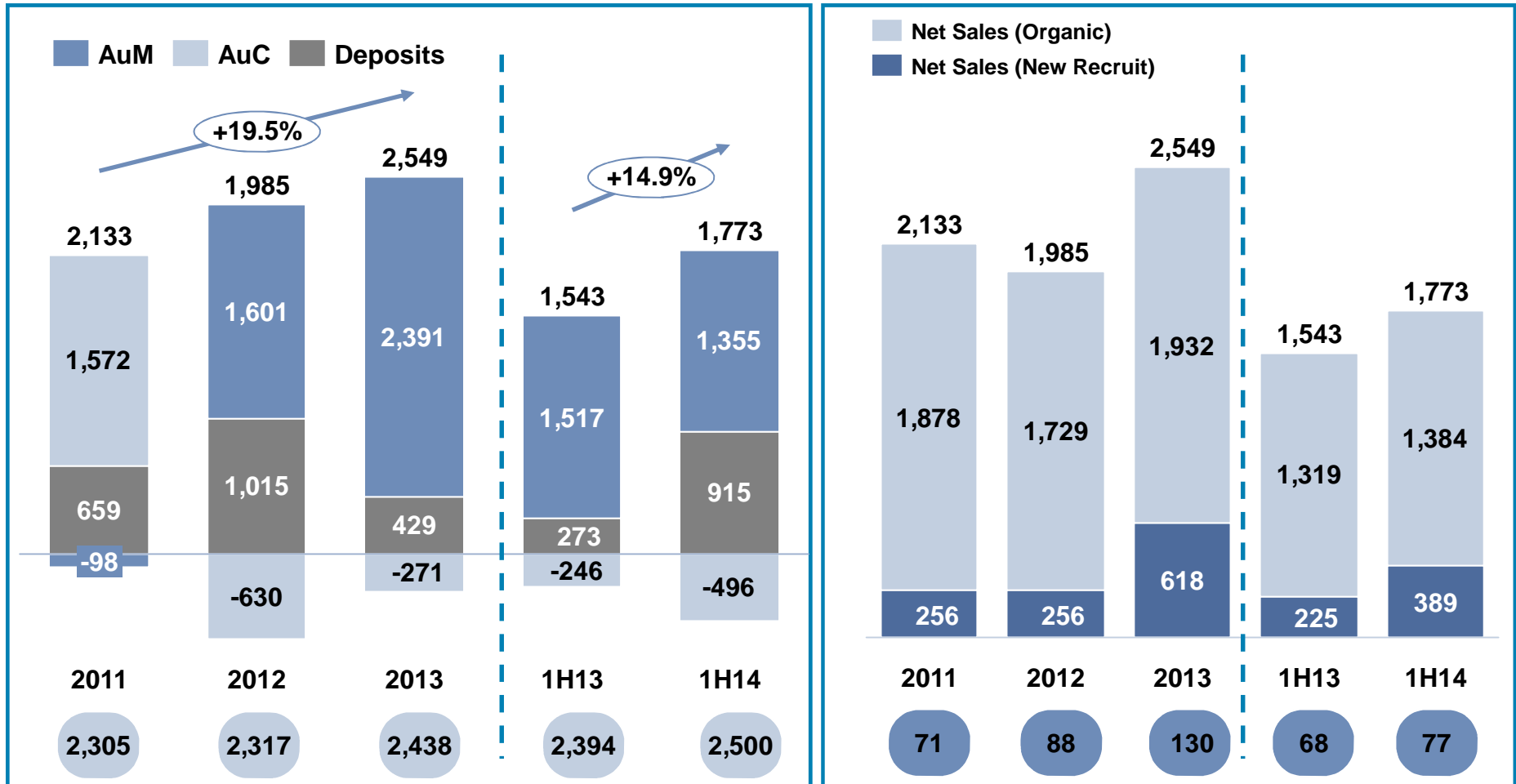
Personal Financial Advisers (PFA) network – TFA Net sales

PFA network confirmed its strength showing a sustainable growth of net sales.

Positive trend of new recruitment confirmed as well

PFA Network - TFA net sales, mln

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



○ PFA Network - headcount

● PFA Network – new recruit

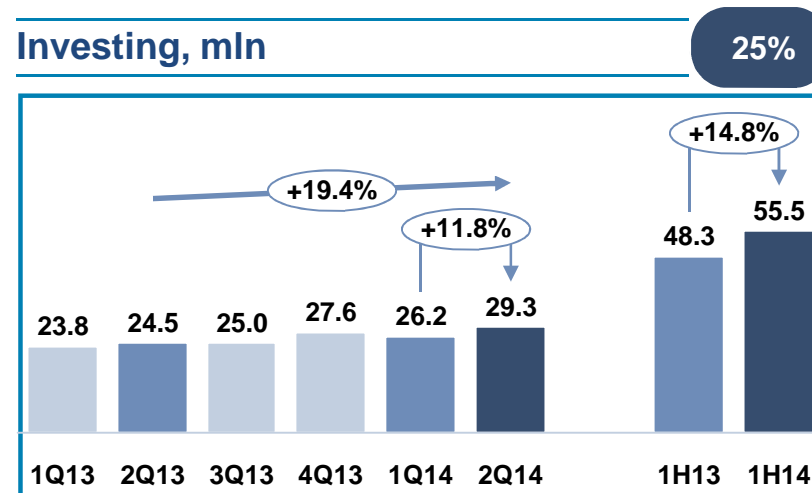
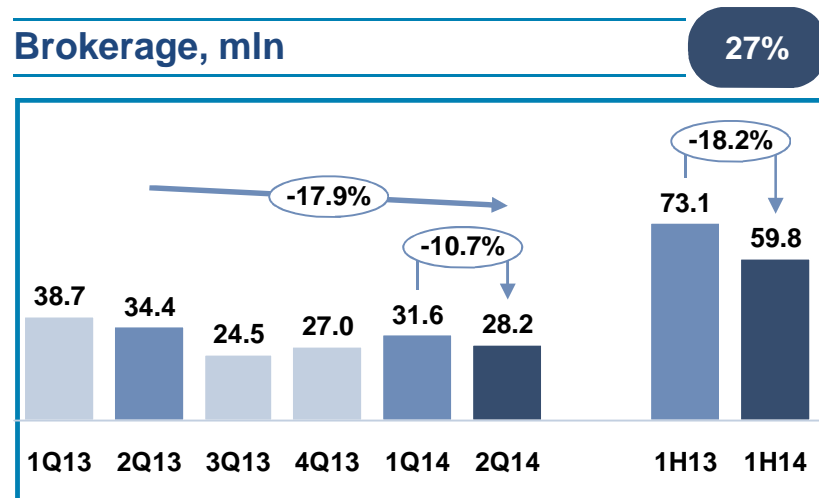
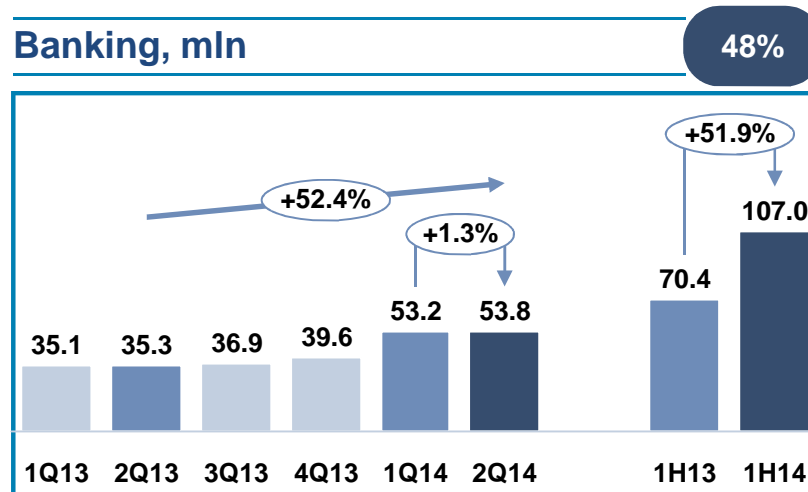


Agenda

- Fineco Results
- **Focus on products**
- Future strategy

Revenues by Product Area

Well diversified profitability thanks to our integrated business model

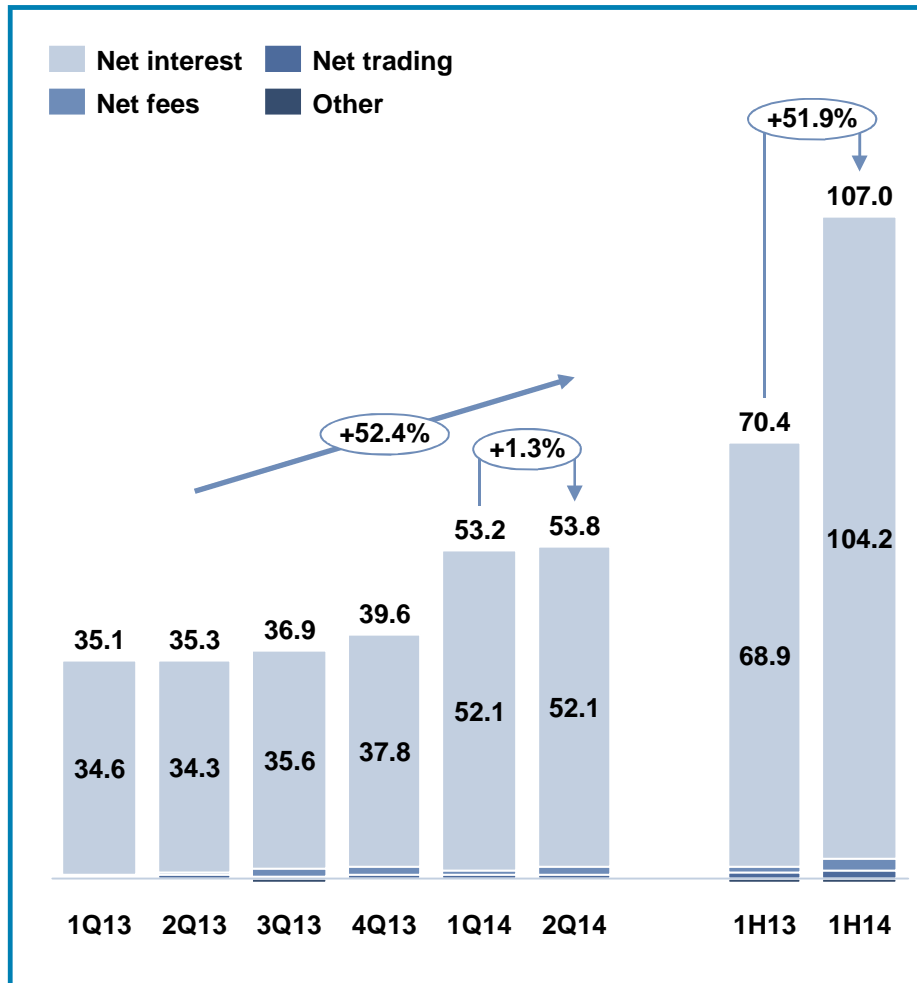


1H14 weight on total revenues for each product area

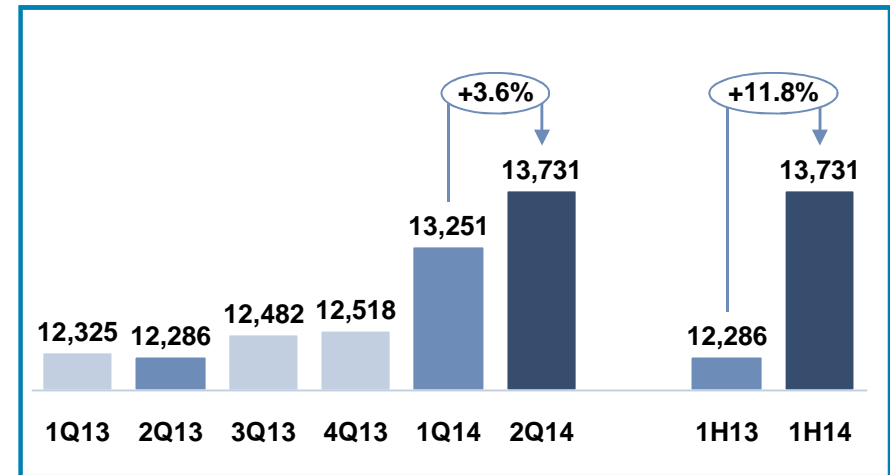
Banking

Extremely strong performance y/y driven by good deposits growth, new investment policy and solid clients acquisition

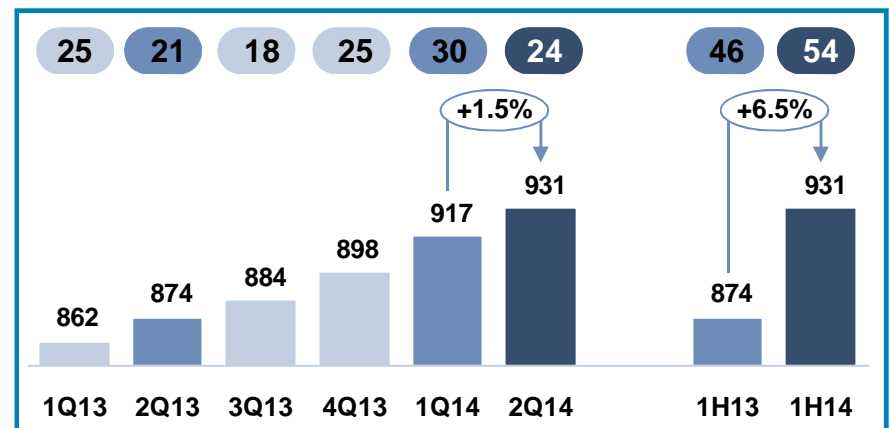
Revenues, mln



Direct deposits eop (mln)



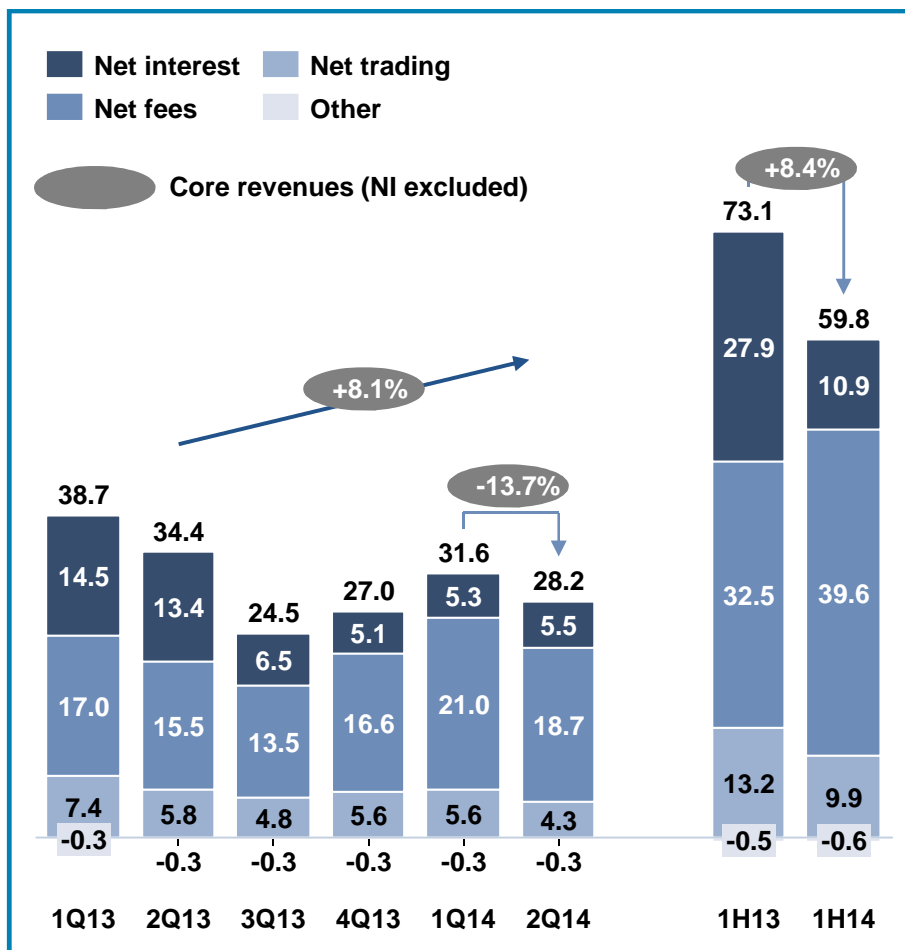
Clients and new clients, thousands #



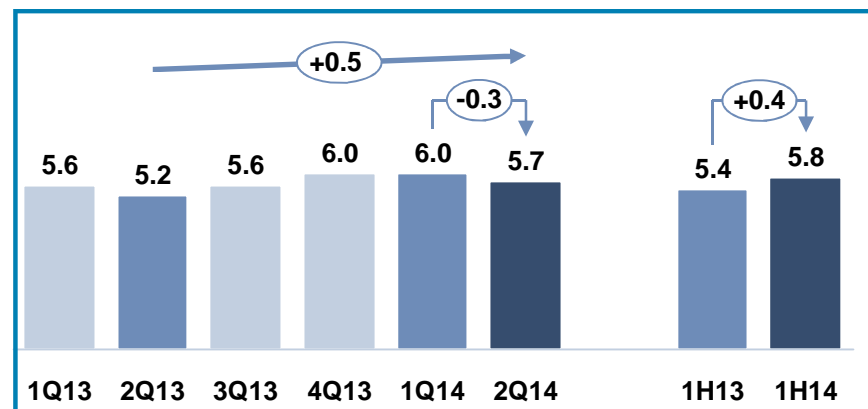
Brokerage

Core Revenues up y/y excluding NI (mainly security lending). Low volatility in the market in 2Q14. Fineco #1 online broker in Europe by executed orders

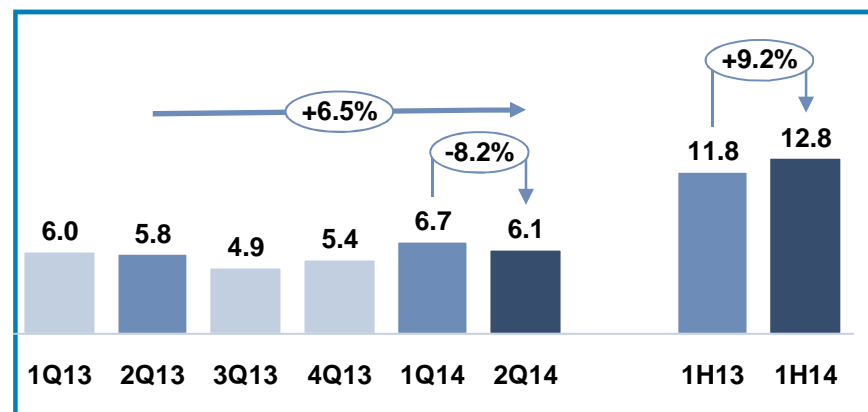
Revenues, mln



Margins (fees on customer orders⁽¹⁾), euro



Executed orders⁽²⁾, mln



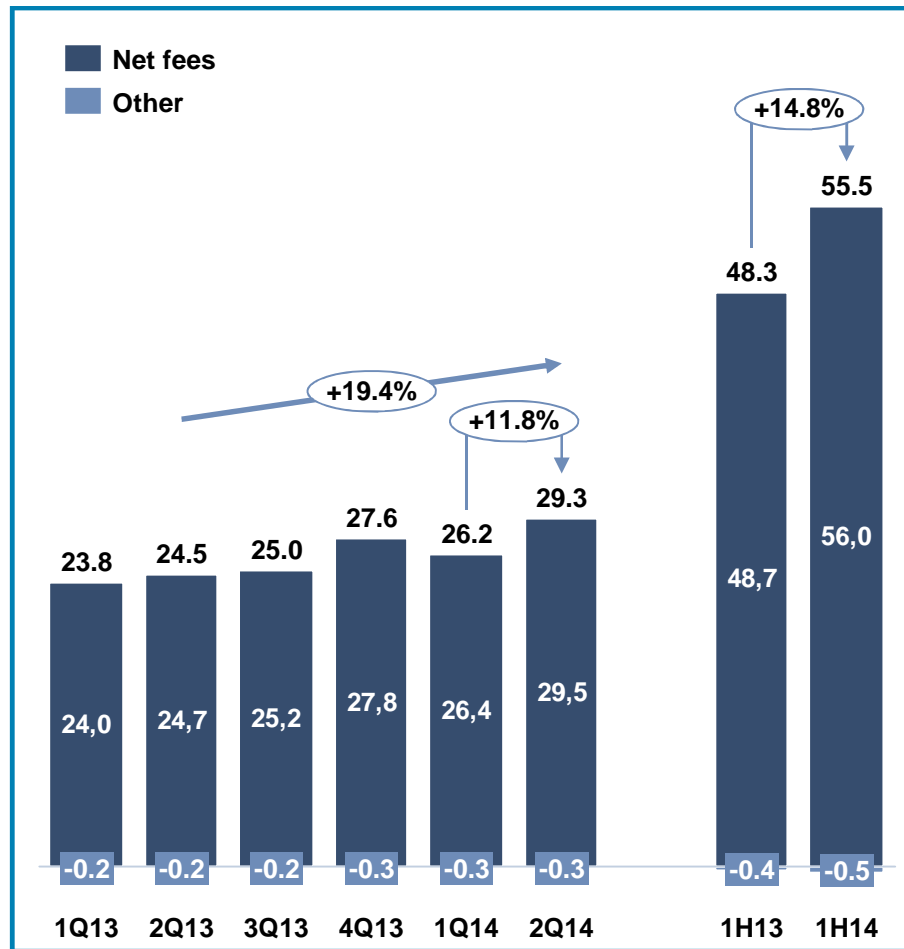
⁽¹⁾ Customer orders on registered securities only (equity, bond and derivatives)

⁽²⁾ Executed orders includes all products

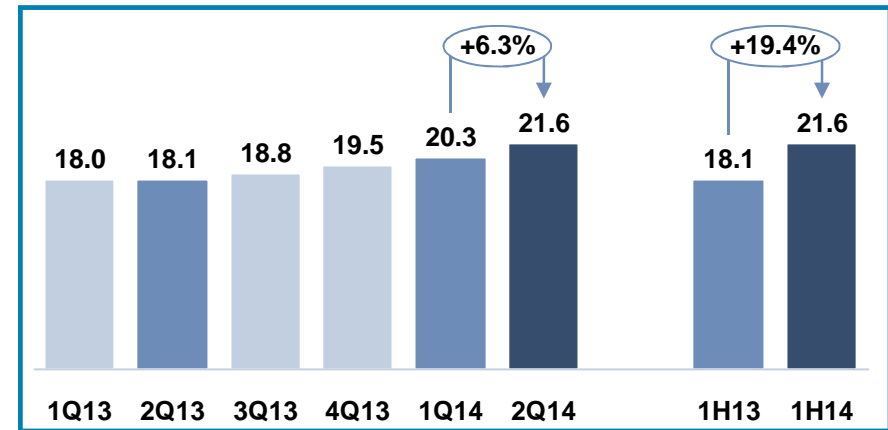
Investing

Strong revenue growth supported by further increase in AuM both q/q and y/y.
 Increased share of wallet of more profitable Guided products

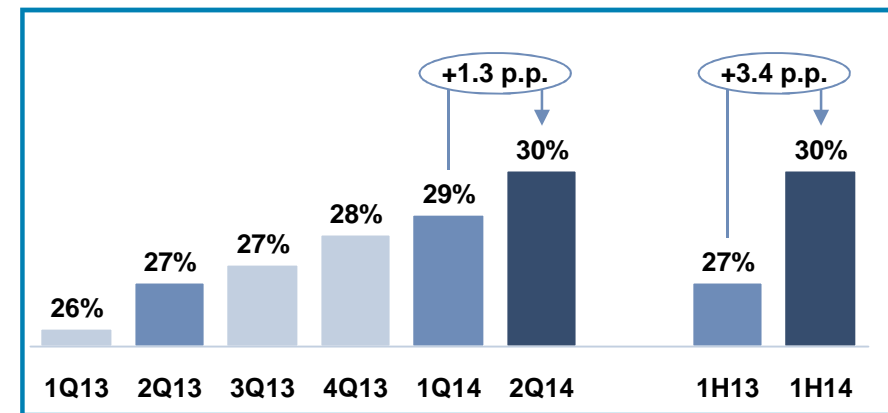
Revenues, mln



AuM eop (bn)



Guided products on total AuM, %



Agenda

- Fineco Results
- Focus on products
- **Future strategy**

A Five Pillar Strategy

In continuity with our track record, minimising execution risk

- 1 Further develop, expand and train our **PFA NETWORK**
- 2 Continue to **REPOSITION TFA** towards higher value added products and services
- 3 Widen our brokerage **PRODUCT OFFER** and strengthen the **OPERATING PLATFORMS**
- 4 Continue to improve our integrated offer, functional to maintaining high level of **"TRANSACTIONAL" LIQUIDITY**
- 5 Further exploit our **OPERATING LEVERAGE** and **INTERNAL KNOW-HOW**

Favouring Fineco advantageous position to capture ongoing market trends

Expanding the existing client base, TFA and revenues, while maintaining a stable operating cost base

Annex

P&L

<i>mln</i>	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	1H13	1H14
Net interest income	48.4	47.5	41.3	43.1	58.3	57.6	95.9	115.9
Net commissions	41.2	40.6	39.6	45.4	47.7	49.3	81.8	97.0
Trading profit	9.0	6.8	6.1	6.4	7.1	5.8	15.8	12.9
Other	0.6	-0.9	-0.6	-4.0	-0.8	-0.8	-0.4	-1.6
Total revenues	99.1	94.1	86.3	90.9	112.3	112.0	193.2	224.3
Staff expenses	-15.3	-15.7	-15.9	-16.5	-15.8	-16.1	-31.0	-31.8
Other admin. exp. net of recoveries	-34.1	-30.4	-25.7	-27.3	-33.2	-36.3	-64.6	-69.4
D&A	-1.7	-1.8	-1.9	-2.7	-1.9	-2.0	-3.5	-3.9
Operating expenses	-51.2	-47.9	-43.6	-46.5	-50.8	-54.4	-99.0	-105.2
Gross operating profit	47.9	46.2	42.7	44.4	61.5	57.6	94.1	119.1
Provisions	-2.7	2.3	-4.1	-11.6	-3.4	0.4	-0.4	-3.0
Loans write-downs	-0.8	-0.6	-0.6	-1.3	-0.5	-0.8	-1.4	-1.3
Profits from investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit before taxes	44.4	48.0	38.0	31.5	57.6	57.2	92.4	114.8
Income taxes	-17.4	-18.8	-14.9	-25.7	-20.7	-20.2	-36.1	-41.0
Net profit for the period	27.0	29.2	23.2	5.8	36.9	36.9	56.3	73.9
Normalised Net Income*	27.0	29.2	23.2	24.0	37.3	40.1	56.3	77.4

* Net profit plus non-recurring items. 4Q13: 18.2mln net (5.9mln gross, exceptional contribution to the Deposit Guarantee Fund and 13.9mln additional IRES); 1Q14 0.4mln net and 2Q14 3.2mln net, both IPO-related costs

Details on Net Interest Income

<i>mln</i>	1Q13	Volumes & Margins	2Q13	Volumes & Margins	3Q13	Volumes & Margins	4Q13	Volumes & Margins	1Q14	Volumes & Margins	2Q14	Volumes & Margins
Sight Deposits	34.0	9,634	34.3	9,717	34.2	10,208	36.9	10,527	51.8	10,950	52.1	11,319
<i>Net Margin</i>		1.43%		1.42%		1.33%		1.39%		1.92%		1.84%
Term Deposits	-1.5	2,515	-2.9	2,479	-3.4	2,058	-3.1	1,876	-2.8	1,916	-3.2	1,942
<i>Net Margin</i>		-0.23%		-0.47%		-0.66%		-0.65%		-0.59%		-0.67%
Security Lending	12.4	1,815	10.7	1,548	4.2	1,373	2.3	1,486	2.2	1,516	2.1	1,383
<i>Net Margin</i>		2.70%		2.68%		1.16%		0.60%		0.59%		0.59%
Leverage - Long	1.5	103	1.5	103	1.3	88	1.7	112	1.8	122	2.2	151
<i>Net Margin</i>		6.06%		5.84%		5.99%		5.96%		5.99%		5.95%
Leverage - Short	0.9	97	0.7	77	0.7	79	0.8	82	0.8	90	0.7	78
<i>Net Margin</i>		3.79%		3.60%		3.60%		3.64%		3.55%		3.57%
Lendings	3.1	282	3.2	302	3.3	313	3.4	324	3.6	322	3.7	332
<i>Net Margin</i>		4.44%		4.26%		4.21%		4.25%		4.41%		4.44%
Other	-2.2	0	0.0	0	1.0	0	1.2	0	0.9	0	0.1	0
Total	48.4	14,447	47.5	14,227	41.3	14,119	43.1	14,407	58.3	14,917	57.6	15,204

Volumes and margins: average of the period

Details on Net Commissions

<i>mln</i>	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14
Brokerage	17.0	15.5	13.5	16.6	21.0	18.7
<i>o/w</i>						
Equity	15.0	12.7	11.0	13.4	18.1	15.0
Bond	2.3	2.6	1.3	2.4	2.2	2.8
Derivatives	2.3	2.3	2.0	2.0	2.3	1.9
Other commissions*	-2.5	-2.1	-0.8	-1.2	-1.7	-1.0
Investing	24.0	24.7	25.2	27.8	26.4	29.5
<i>o/w</i>						
Placement fees	2.6	2.8	1.7	2.3	2.1	2.2
Management fees	24.9	27.5	27.6	28.6	29.0	31.2
to PFA's	-3.5	-5.5	-4.1	-3.0	-4.6	-3.8
Banking	0.2	0.6	1.1	1.3	0.6	1.3
Other	-0.1	-0.1	-0.1	-0.4	-0.2	-0.2
Total	41.2	40.6	39.6	45.4	47.7	49.3

* Other commissions include security lending and other PFA commissions related to AuC

Revenue breakdown by Product Area

<i>mln</i>	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	1H13	1H14	Var. 2Q14/2Q13	Var. 2Q14/1Q14	Var. 1H14/1H13
Net interest income	34.6	34.3	35.6	37.8	52.1	52.1	68.9	104.2	52%	0%	51%
Net commissions	0.2	0.6	1.1	1.3	0.6	1.3	0.8	1.9	122%	134%	129%
Trading profit	0.6	0.6	0.6	0.7	0.8	0.7	1.2	1.5	10%	-13%	20%
Other	-0.3	-0.2	-0.4	-0.3	-0.3	-0.2	-0.5	-0.5	43%	-24%	6%
Total Banking	35.1	35.3	36.9	39.6	53.2	53.8	70.4	107.0	52%	1%	52%
Net interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Net commissions	24.0	24.7	25.2	27.8	26.4	29.5	48.7	56.0	19%	12%	15%
Trading profit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Other	-0.2	-0.2	-0.2	-0.3	-0.3	-0.3	-0.4	-0.5	22%	5%	21%
Total Investing	23.8	24.5	25.0	27.6	26.2	29.3	48.3	55.5	19%	12%	15%
Net interest income	14.5	13.4	6.5	5.1	5.3	5.5	27.9	10.8	-59%	4%	-61%
Net commissions	17.0	15.5	13.5	16.6	21.0	18.7	32.5	39.6	21%	-11%	22%
Trading profit	7.4	5.8	4.8	5.6	5.6	4.3	13.2	9.9	-26%	-24%	-25%
Other	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.5	-0.6	11%	3%	12%
Total Brokerage	38.7	34.4	24.5	27.0	31.6	28.2	73.1	59.8	-18%	-11%	-18%

Breakdown TFA

<i>mln</i>	March 13	June 13	Sept. 13	Dec. 13	March 14	June 14
AUM	18,044	18,053	18,772	19,538	20,281	21,563
o/w Funds and Sicav	16,171	16,243	16,945	17,691	18,413	19,579
o/w Insurance	1,725	1,688	1,737	1,805	1,854	1,968
o/w GPM	148	122	90	42	15	15
AUC	10,496	10,616	10,890	11,550	12,074	11,903
o/w Equity	4,199	4,237	4,452	4,923	5,442	5,396
o/w Bond	6,176	6,280	6,347	6,546	6,558	6,429
o/w Other	121	99	92	81	75	77
Direct Deposits	12,325	12,286	12,482	12,518	13,251	13,731
o/w Sight	9,773	9,924	10,599	10,648	11,281	11,835
o/w Term	2,552	2,362	1,883	1,871	1,970	1,896
Total	40,865	40,955	42,144	43,607	45,607	47,196
<i>o/w Guided Products & Services</i>	4,608	4,865	5,156	5,546	5,875	6,533

Balance Sheet

<i>mln</i>	March 13	June 13	Sept. 13	Dec. 13	March 14	June 14
Due from Banks	17,230	17,008	16,305	16,331	17,085	13,476
Customer Loans	551	561	550	641	669	696
Financial Assets	108	108	98	98	102	1,726
Tangible and Intangible Assets	106	106	107	108	108	109
Derivatives	96	158	160	179	131	36
Other Assets	239	223	245	325	219	271
Total Assets	18,330	18,164	17,465	17,682	18,314	16,313
Customer Deposits	12,529	12,497	12,744	12,732	13,474	13,911
Due to Banks	1,754	1,674	1,460	1,649	1,590	1,027
Securities in Issue	3,078	3,076	2,324	2,323	2,323	422
Derivatives	95	157	160	179	130	49
Funds and other Liabilities	400	371	366	381	341	433
Equity	474	390	413	419	456	472
Total Liabilities and Equity	18,330	18,164	17,465	17,682	18,314	16,313

Main Financial Ratios

	March 13	June 13	Sept. 13	Dec. 13	March 14	June 14
PFA TFA/ PFA (mln)	14.3	14.1	14.4	14.8	15.3	15.7
AuM / TFA	44%	44%	45%	45%	44%	46%
CT1 / CET 1 Ratio	9.3%	9.8%	10.1%	12.2%	16.1%	19.5%
Leverage Ratio					1.6%	1.97%

	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14
Revenues per TFA (bps)	98.2	92.0	83.1	84.8	100.7	96.5
Adjusted Cost / income Ratio	51.7%	50.9%	50.5%	50.1%	44.7%	44.4%
Adjusted RoE	32.7%	35.2%	27.8%	26.4%	37.3%	39.0%