



INVEST WITH

**FINECO**

THE NEW BANK

FINECO. LA BANCA CHE SEMPLIFICA LA BANCA.

J.P. Morgan Italian Conference – Milan, September 29<sup>th</sup> 2014

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- **Fineco highlights**

- Focus on Results

- Future strategy

# Introducing Fineco

*Leading multichannel direct bank in Italy, focusing on "smart affluent" clients*

- **Leading multichannel direct bank** in Italy, pioneer in anticipating sector trends since 1999
- **One single account with multiple service access**
  - Online traditional banking services
  - Trading platform of choice in Italy
  - Investment services with multibrand product offer and guided open architecture approach
- **Fully Integrated “products – distribution”** approach mainly through Personal Financial Advisers (PFAs) (#3 in Italy) and online / mobile banking
- **Highly loyal and growing base of 931k<sup>1</sup> clients**
- **Simplicity, transparency and innovation** at heart of our business model

TFA  
**47.2**  
bn Euro  
June 14

**+15%**  
TFA y/y

**~224**  
mn Euro  
revenues  
1Half 2014

**+16%**  
Revenue y/y

**2,500**  
PFA June 14

**~97%**  
Client  
satisfaction

**~77**  
mn € adjusted  
1Half 2014  
net income<sup>2</sup>

**~38%**  
Adjusted  
1Half 2014  
RoE<sup>2</sup>

Notes:

1 Figure as of June14, which corresponds to a number of current accounts of c.747K at the same date

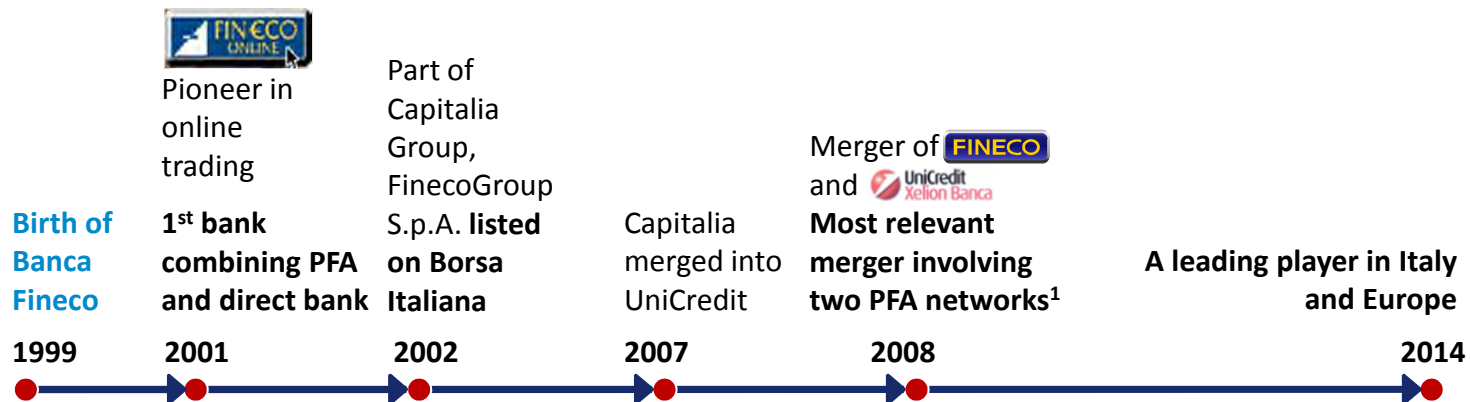
2 See page 13 for reconciliation with reported net income of €73.9m



# Growth and Innovation History

*The bank for the future ... dating back to 1999*

**Business innovation**



**Product innovation**



Pioneer in launching an online trading platform in Europe

**Multicurrency**



Launched trading on forex, the global currency exchange

**Security disposable Pin**



Personal balance sheet service (MoneyMap)

**Digital signature**



**Fineco Advice**

Advanced financial consulting services (Core Series)



**Logos**

**Innovation continues ...**



Note:  
1 In terms of size of PFA networks involved

# Fineco Highlights

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*Unique business model, leading position in core segments, recurring profitability and attractive growth*

Attractive market	In the "sweet spot" to capture healthy long term sector dynamics
	Leading position in core markets, difficult to replicate
Successful business model	Unique, fully integrated business model (a "One Stop Solution")
	Complete, innovative and high quality product offering, providing "transactional" liquidity
	Demonstrated ability to attract and retain retail customers
	Operating platform excellence, simple to access
Solid financials	Well diversified, highly recurrent profitability over the cycle with strong operating leverage
	Solid balance sheet and liquidity

# Italian Savings Structurally Attractive

*High household wealth per capita, with above average net wealth/disposable income, but still mainly invested in real estate assets and assets under custody*

Italian wealth aligned with richest countries ...

... but with under-penetration of “managed assets”

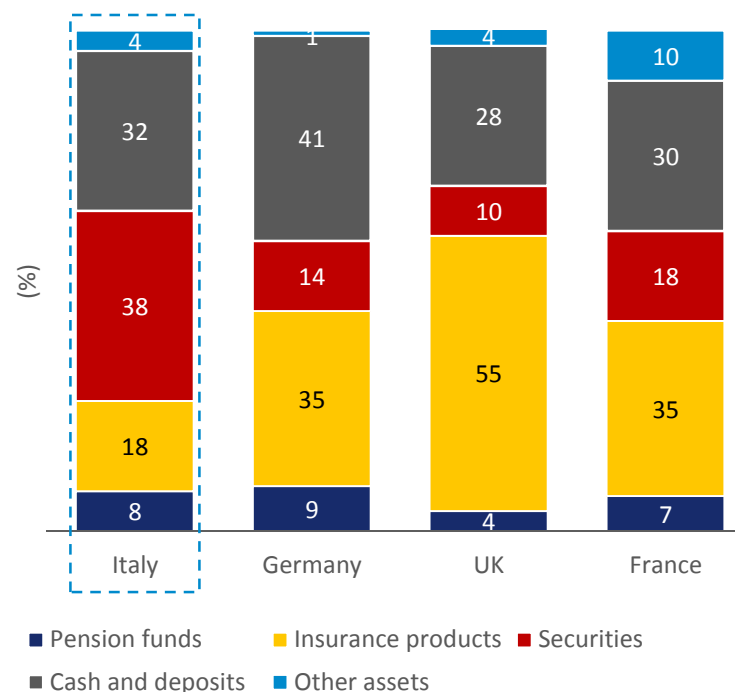
**€9.4tr<sup>1</sup>** Italian household wealth

**C.40%<sup>2</sup> (€3.7tr)** Of total Italian household wealth invested in financial assets vs. avg. c.60% of other major economies<sup>3</sup>

**7.9x** Net wealth / disposable income vs. avg. 7.0x of other major economies<sup>3</sup>

**12.0%** Italians’ savings rate<sup>4</sup>, stable across the crisis and slightly above European average (11.3%)

Composition of financial assets as of March 31, 2013



Source: Analysis based on OECD data, national statistics institutes and central banks, Inverco, FEF, Assogestioni, GfK Eurisko

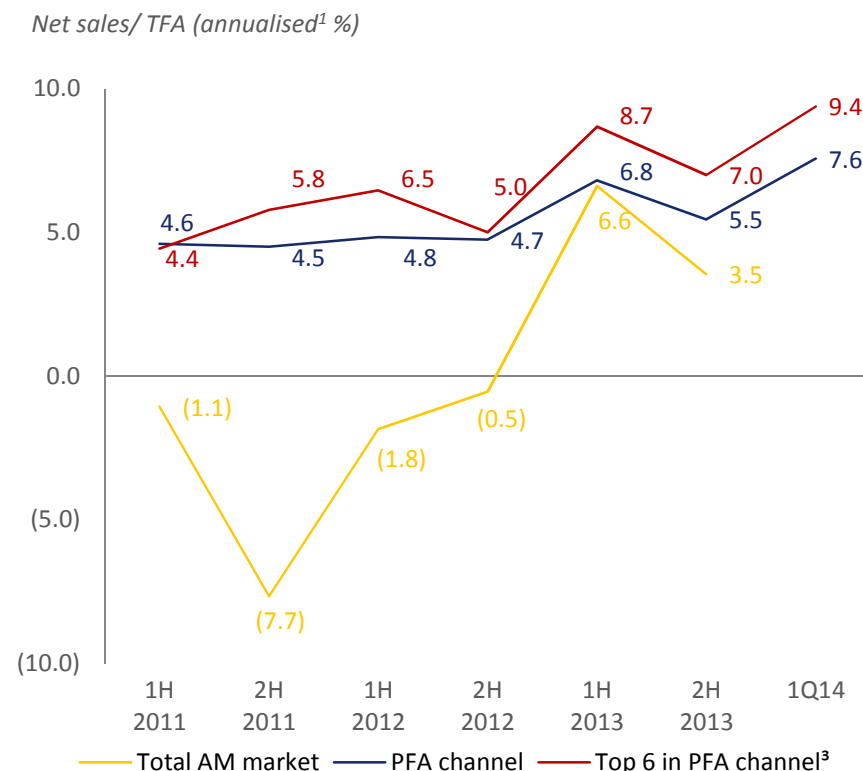
Notes:

- 1 Source: Bank of Italy; data as of 2012YE
- 2 Source: Credit Suisse Global Wealth Databook 2013; data as of 2013YE
- 3 Source: Credit Suisse Global Wealth Databook 2013; average of France, Germany, UK and USA as of 2013YE
- 4 Source: Eurostat. Savings rate is computed as gross savings divided by gross disposable income. Average during the period 2011-2013

# Distribution Moving Towards Advisory

**PFA representing the distribution channel with highest historical and future asset growth, driven by increasing trend to invest through professional advisors**

PFA consistently delivered higher asset growth ...

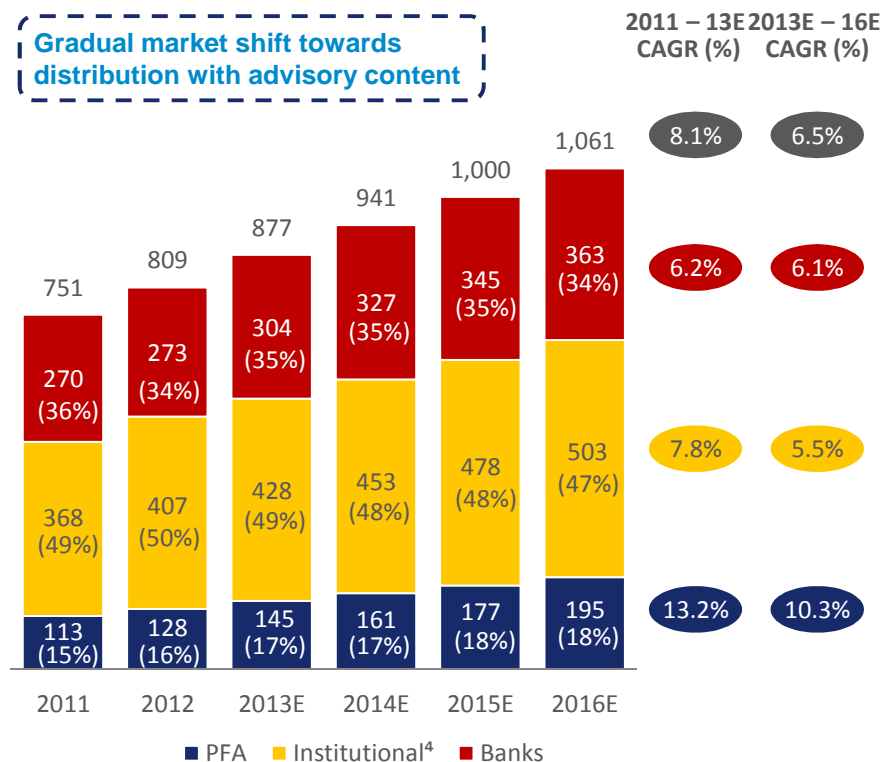


Source: Assoreti and Assogestioni

Notes:

- 1 Calculated multiplying the net sales generated during each period by two and dividing this amount by EoP TFA
- 2 Data net of duplications
- 3 Average data for top 6 players in PFA channel market including Allianz, Azimut, Fideuram, Banca Generali, Banca Mediolanum and Fineco
- 4 Institutional channel represented by wealth management services related to insurance and pension products

... with trend expected to continue (AuM, €bn)<sup>2</sup>



Source: Prometeia – "Osservatorio Risparmi delle Famiglie 2013"- November 2013 edition

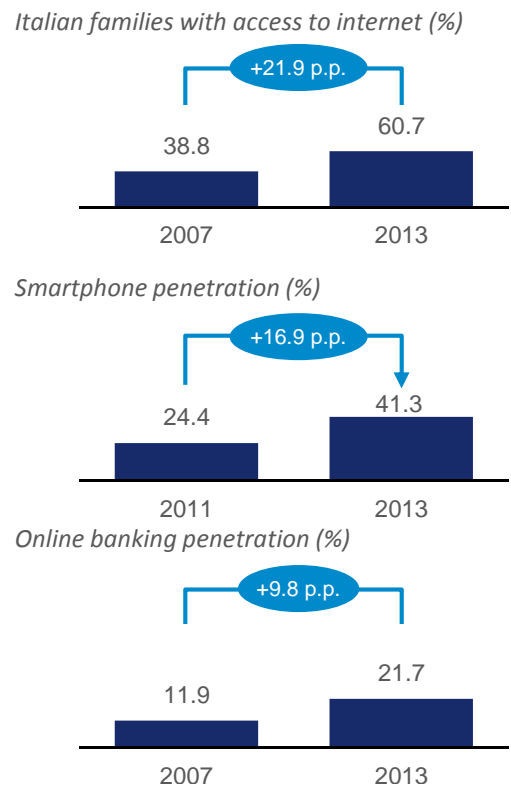




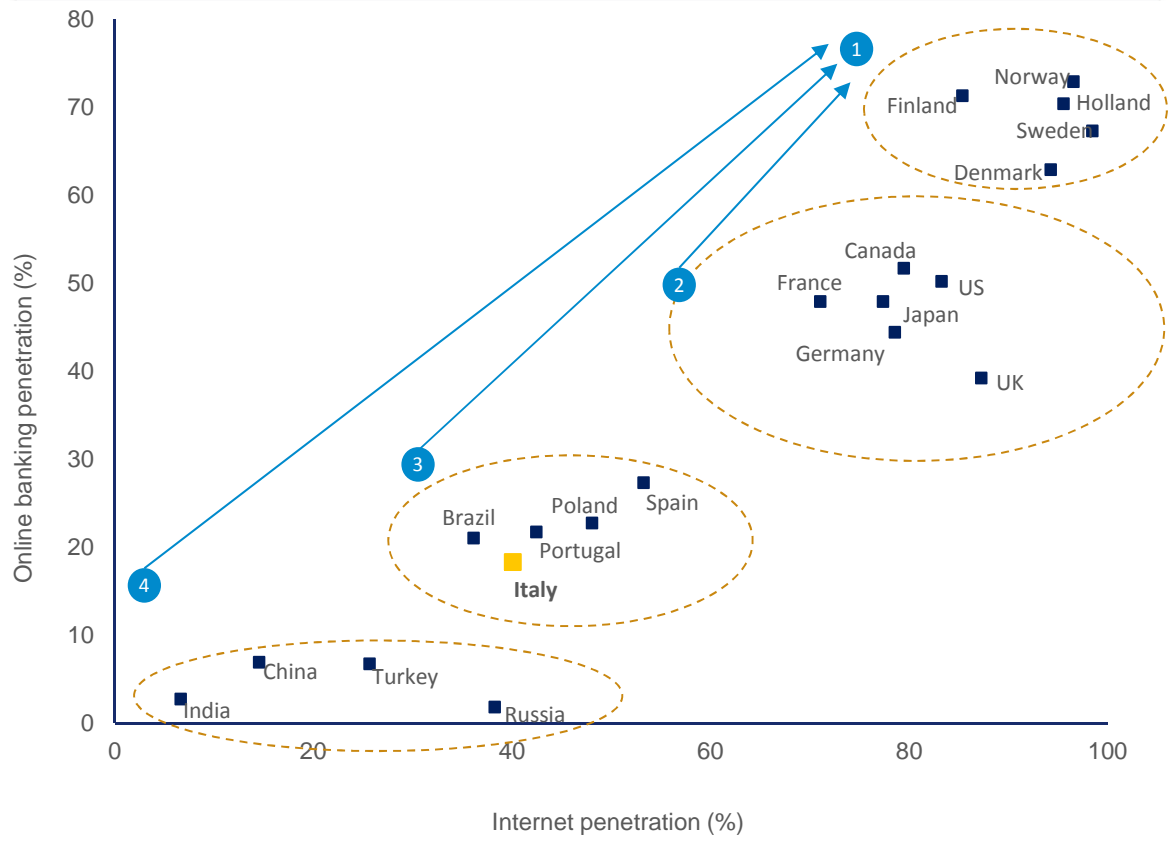
# Increasing Digitalisation

*Digitalisation significantly changing clients' needs and business approaches, triggering a thorough transformation of the financial industry*

## Increasing digitalisation in Italy ...



## ... expected to accelerate in the next years



Source: Istat, "Google Our Mobile Planet Italia 2013", European Commission, Digital Agenda Scoreboard, KPMG report "Sportelli Bancari e nuovi modelli distributivi" - 2013



# Integrated Business Model

*Fully integrated offer of banking, investing and brokerage services via a truly direct multi-channel approach, already at the forefront of banking distribution evolution*



## Online banking

**99%** of total number of executed orders initiated online<sup>1</sup>

## Mobile banking

**150k** monthly logins and  
**10%** of total orders executed

## Physical distribution network

**2,500** PFAs and **320** offices as of 2Q14

## Call center

**C.16%** of total Fineco headcount<sup>2</sup>

Notes:

- 1 Including a wide range of executed orders, among others RID, MAV, payments, checks, Telepass and utility bills
- 2 June 2014 data

# Agenda

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

## Executive Summary

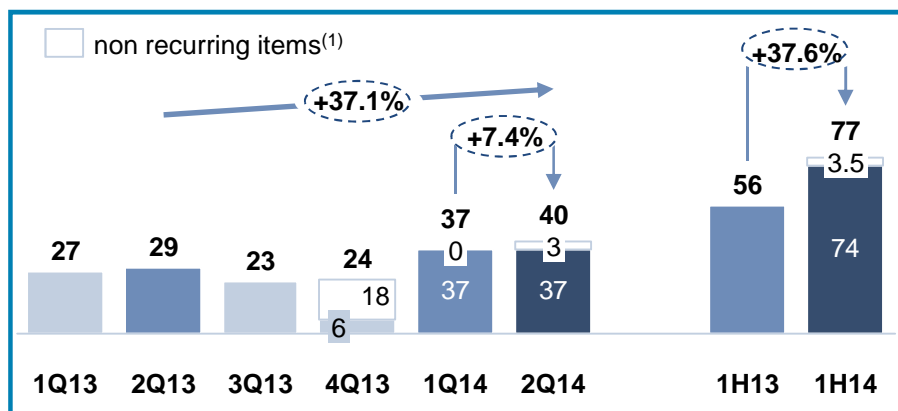
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- **2Q14 Net profit at 37mIn (+26% y/y); 40mIn (+37.1% y/y, +7.4% q/q) excluding IPO-related costs**
- **1H14 Net profit at 74mIn (+31% y/y); 77mIn (+37.6% y/y) excluding IPO-related costs. Adjusted RoE at 38%**
- **Strong and sustainable improvement 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**

# Results

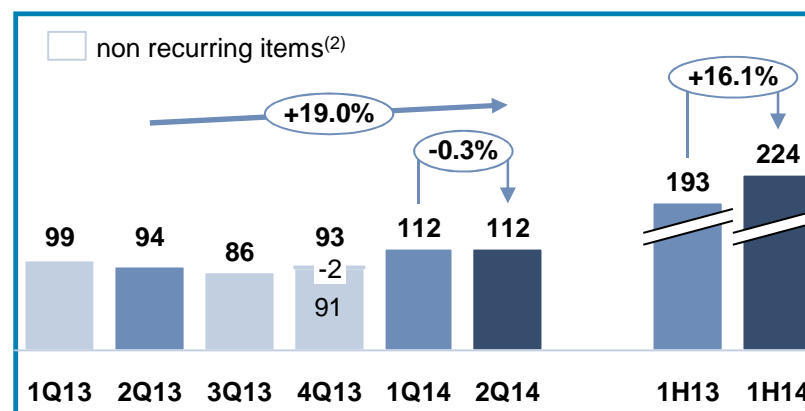
Solid Net Profit growth with high quality earnings and strong operating excellence

## Net Profit, mln

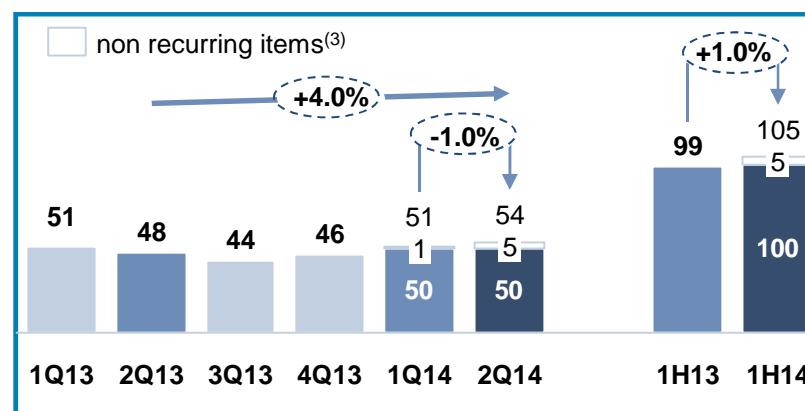


RoE	33%	35%	28%	26%	37%	39%	34%	38%
Cost/Income	52%	51%	50%	50%	45%	44%	51%	45%
Tax Rate	39%	39%	39%	36%	36%	35%	39%	36%

## 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

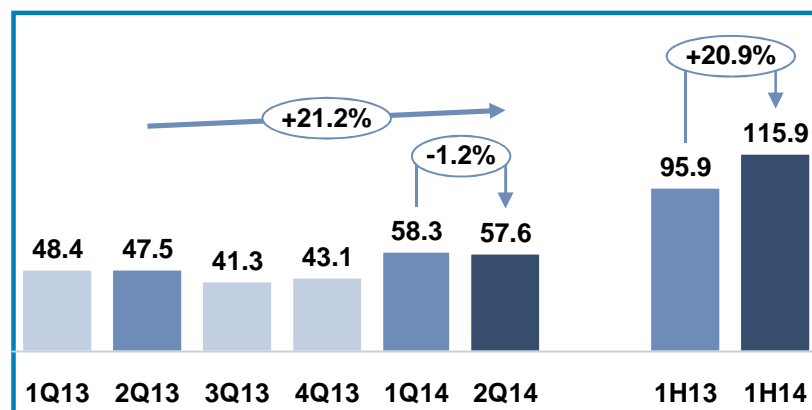
(2) 4Q13: 2.0 mln exceptional contribution to the Deposit Guarantee Fund booked in Other Income/Expenses

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

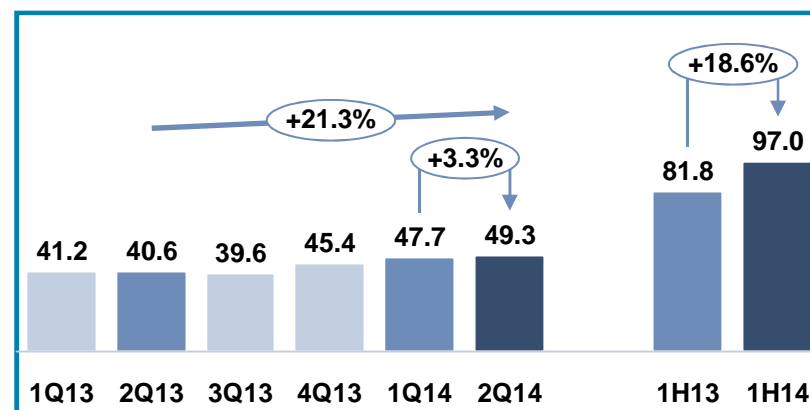
# Revenues by P&L Items

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

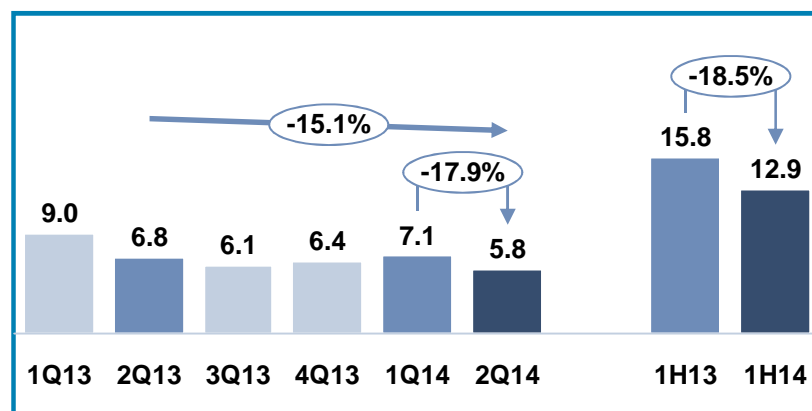
## Net interest, mln



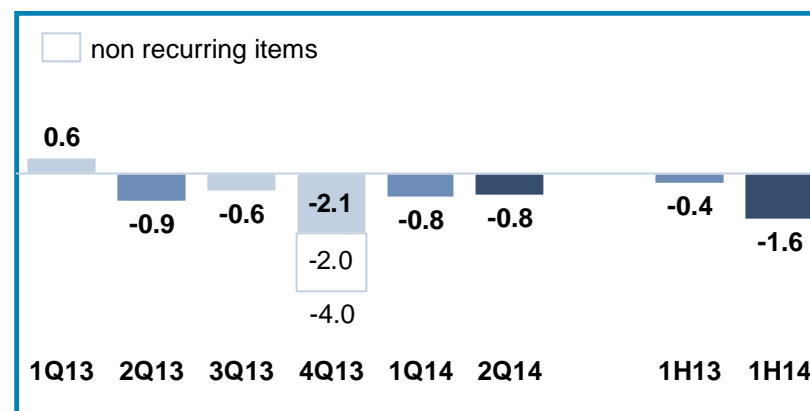
## Fees and Commissions, mln



## Trading income, mln



## Other Revenues<sup>(1)</sup>, mln

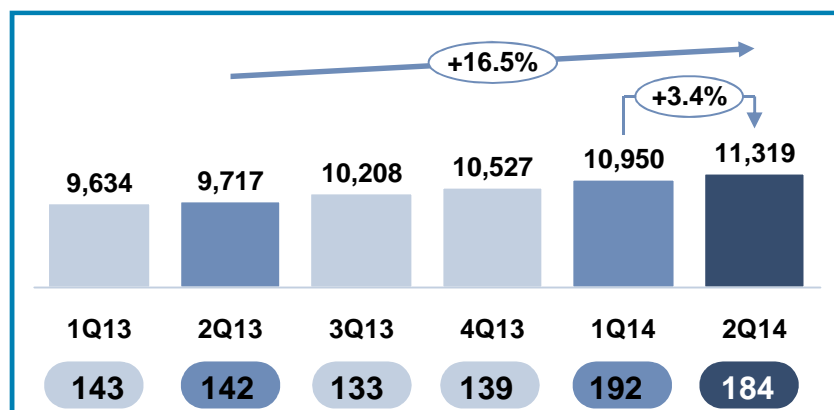


<sup>(1)</sup> 4Q13 Revenues adjusted for 2.0 mln exceptional contribution to the Deposit Guarantee Fund

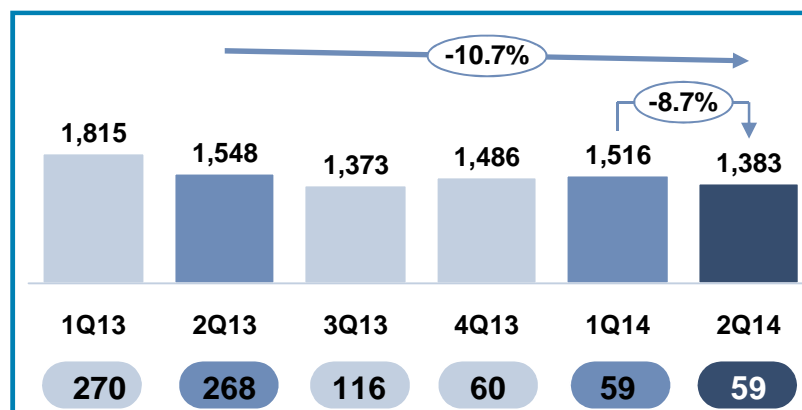
## Net interest

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

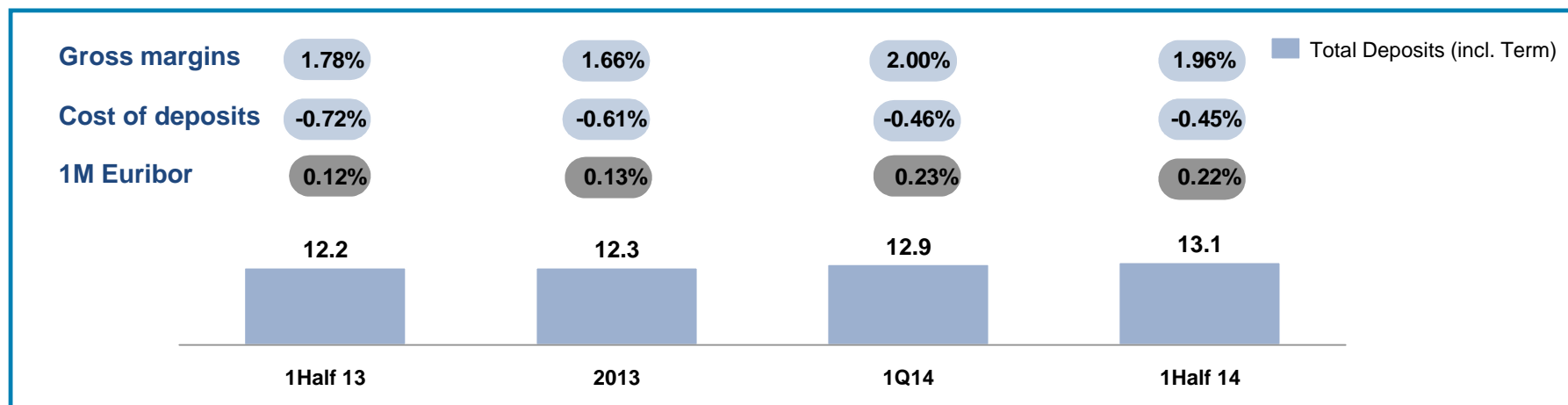
### Sight Deposits (mln) and net margins (bps)



### Securities lending (mln) and net margins (bps)



### Investment policy<sup>(1)</sup>



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

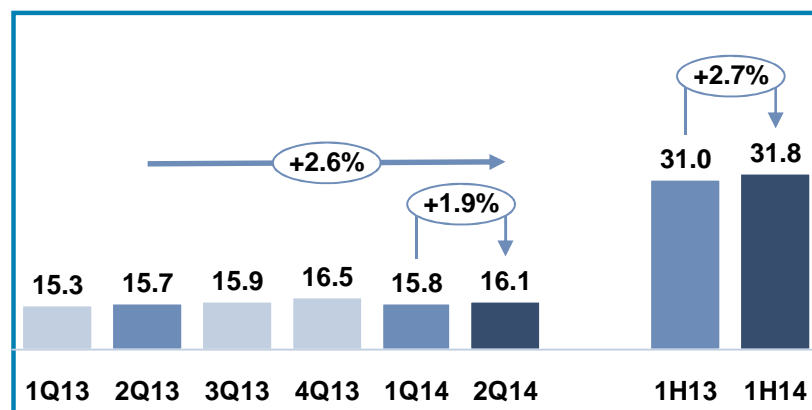
Volumes, margins and 1M Euribor: average of the period

## Costs

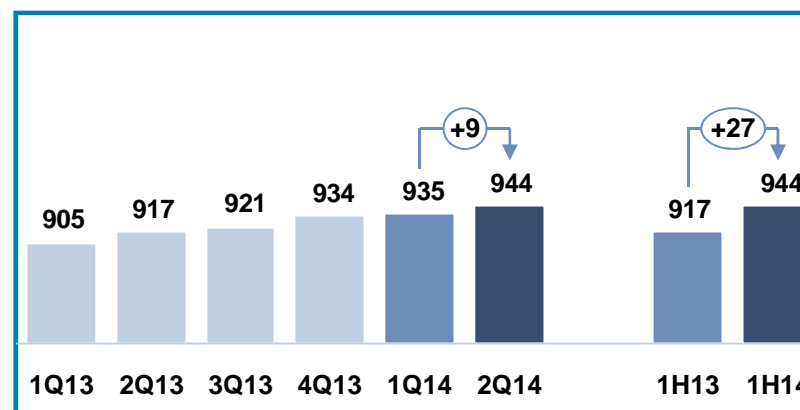
Cost discipline and operating excellence providing for increasing efficiency.

C/I down at 44% in 2Q14 net of IPO-related costs

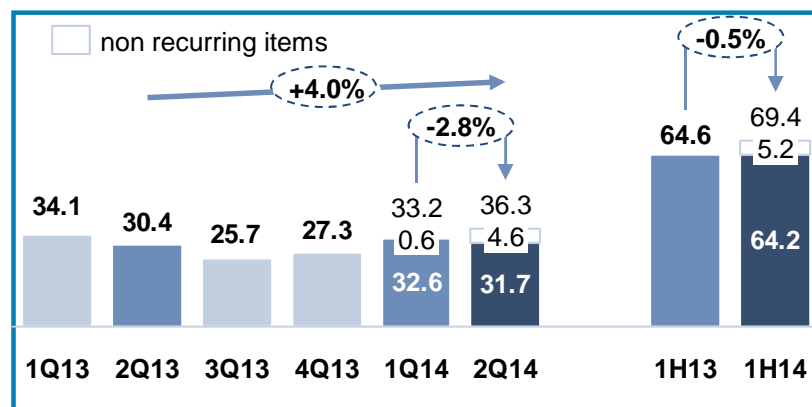
### Staff Expenses, mln



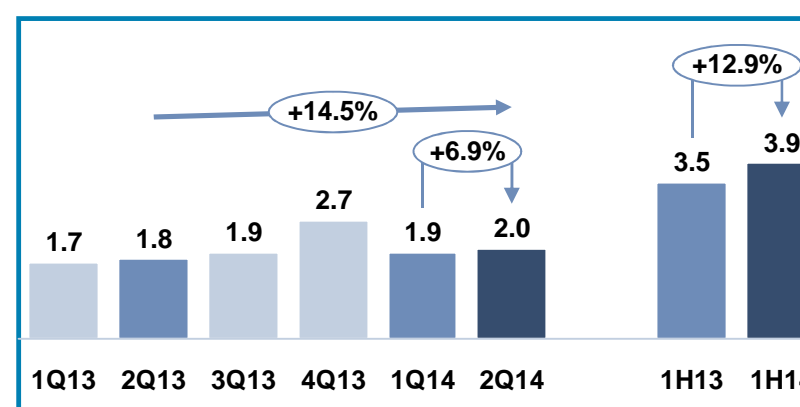
### FTE, #



### Other Administrative Expenses<sup>(1)</sup>, mln



### Depreciation & Amortization, mln



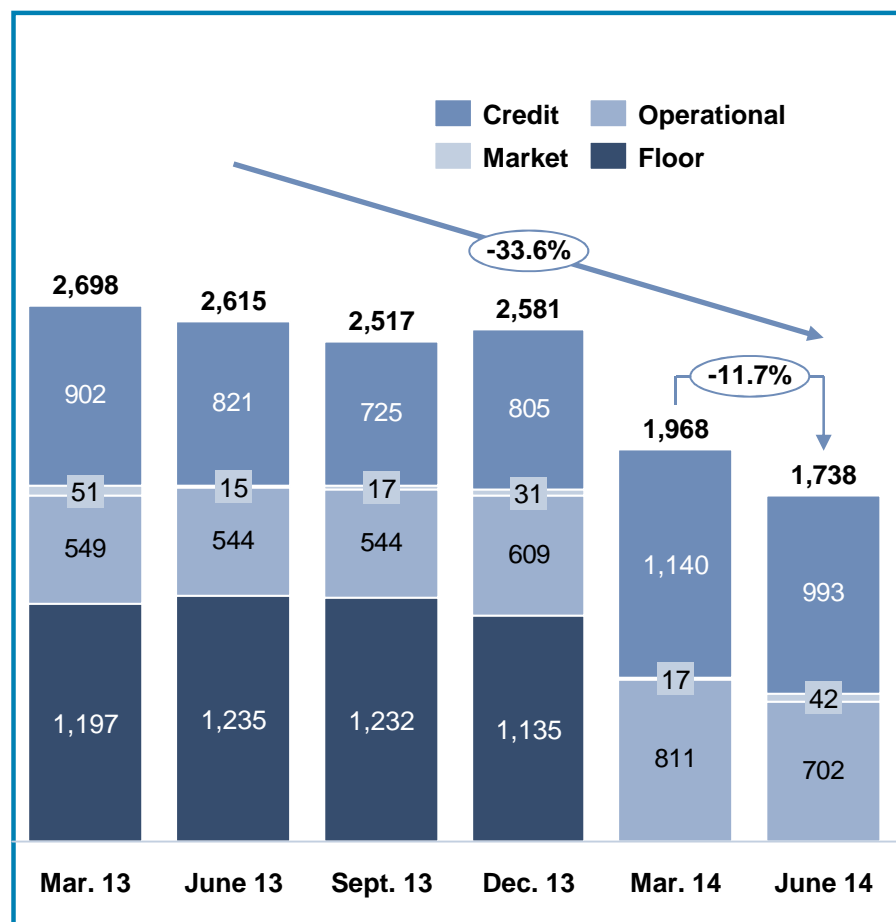
<sup>(1)</sup> Other administrative expenses adjusted for the IPO-related costs in 1Q14 (0.6 mln) and 2Q14 (4.6 mln)



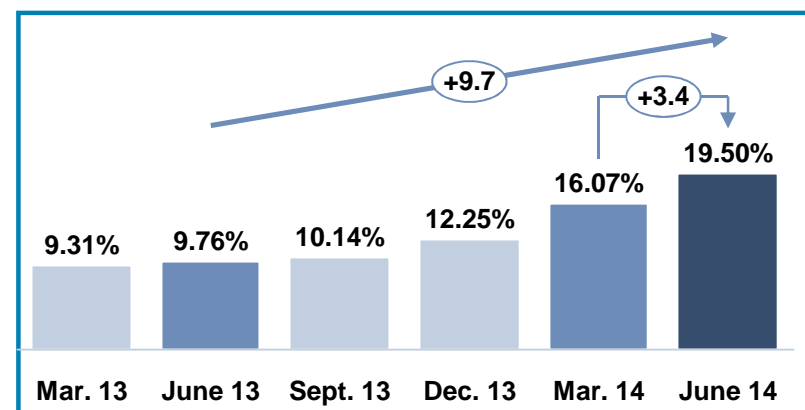
# Capital Ratios

Strong capital position with CET1 transitional at 19.5%

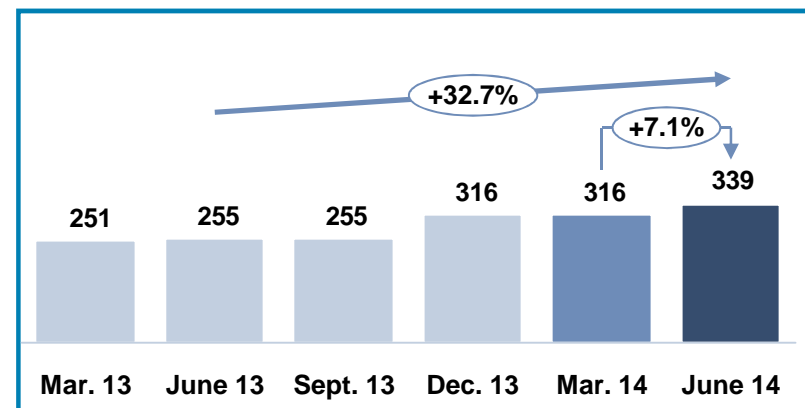
RWA, mln



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

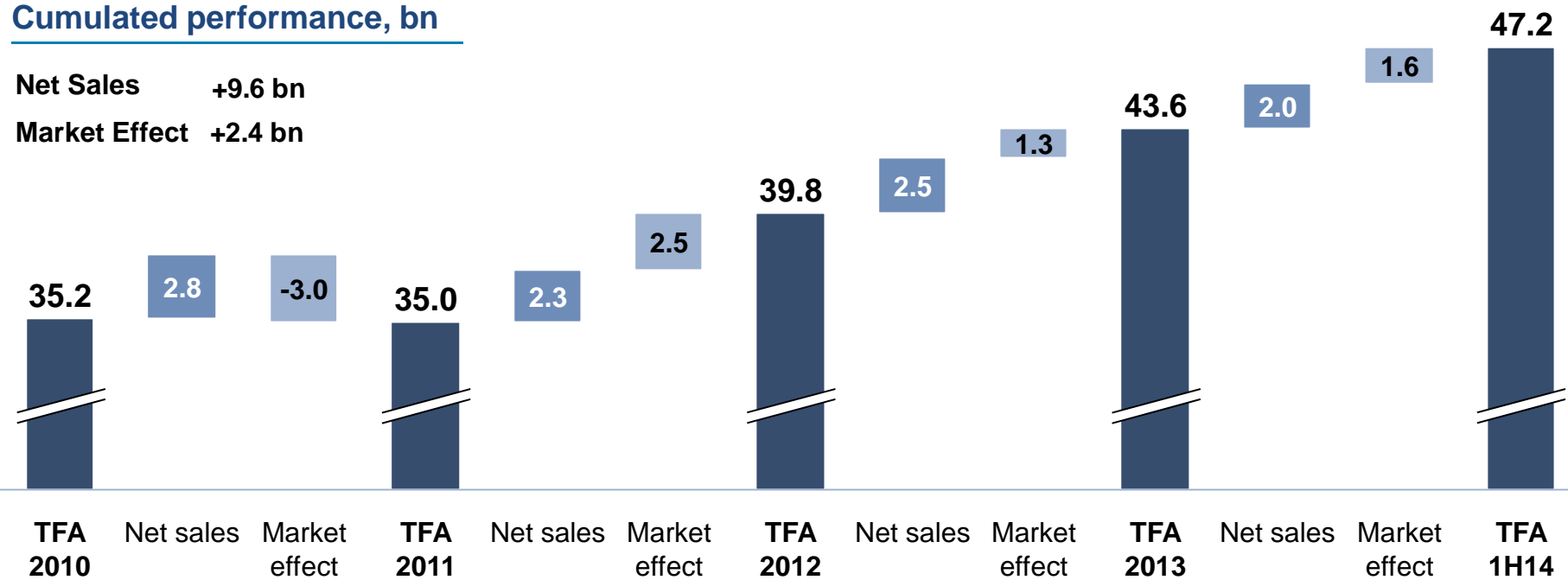
Strong TFA growth with healthy net sales expansion

## TFA evolution (Dec.10-June14), bn

### Cumulated performance, bn

Net Sales +9.6 bn

Market Effect +2.4 bn



2%

11%

23%

28%

30%

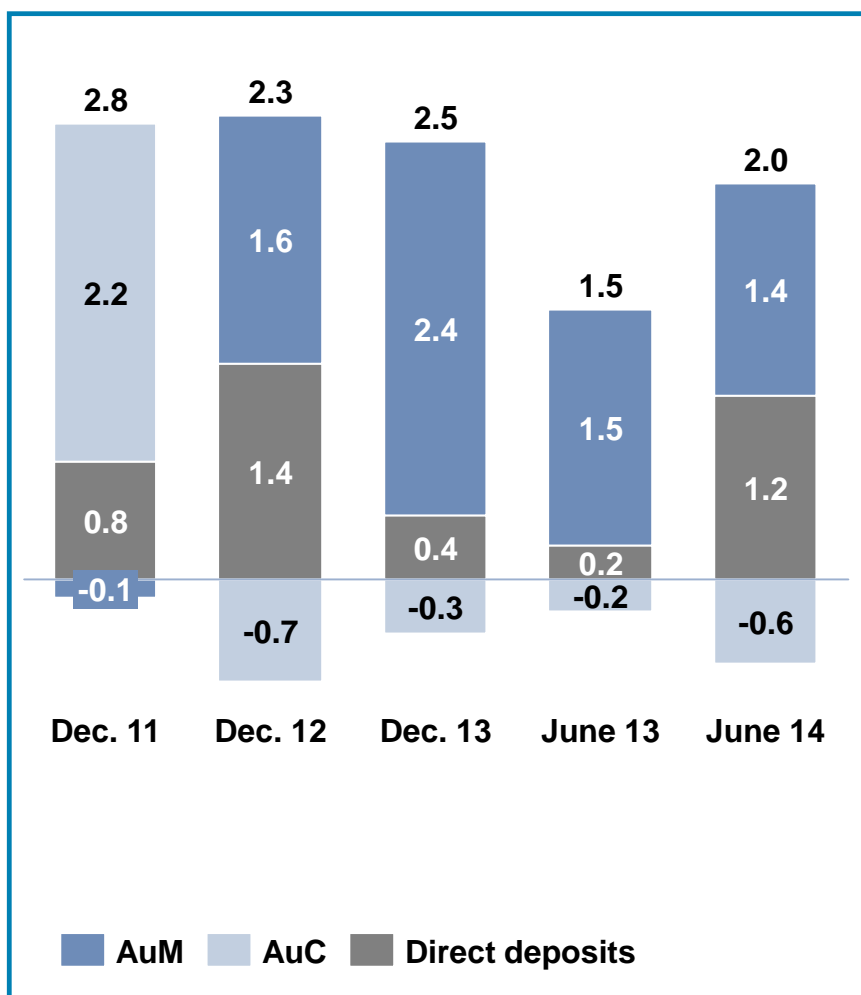


Guided products as % of total AuM

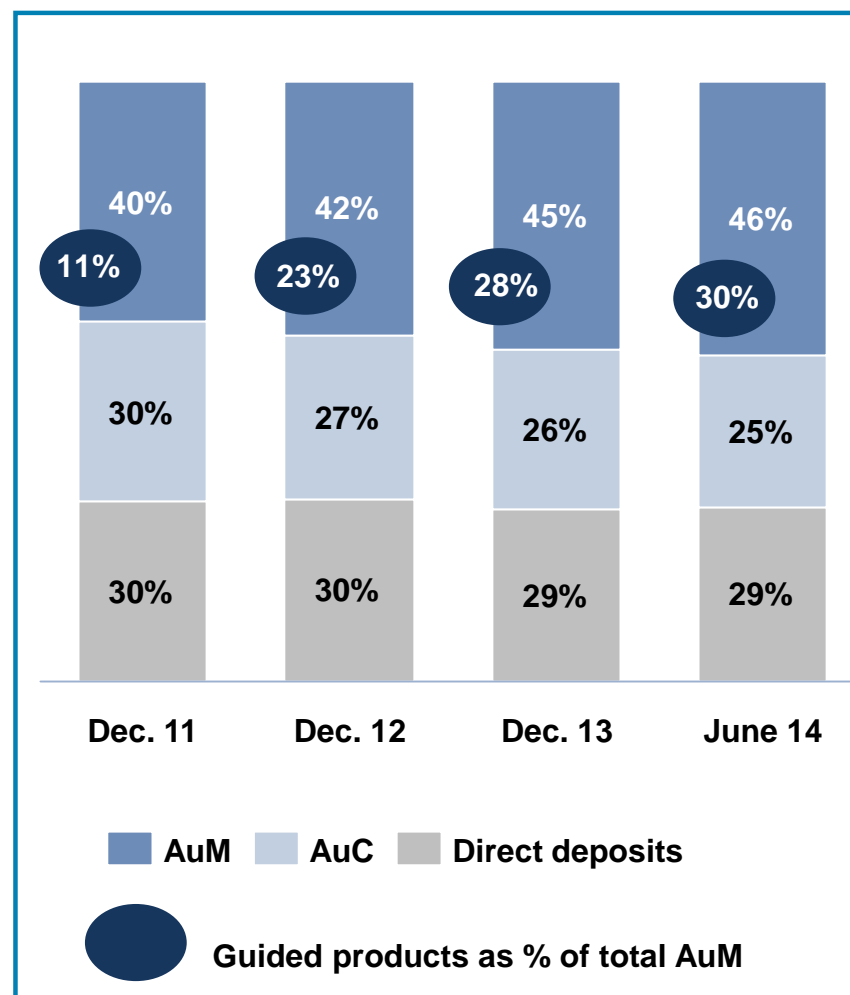
# TFA

Rebalancing towards higher value products

Breakdown of TFA net sales, bn



Breakdown of total TFA, %

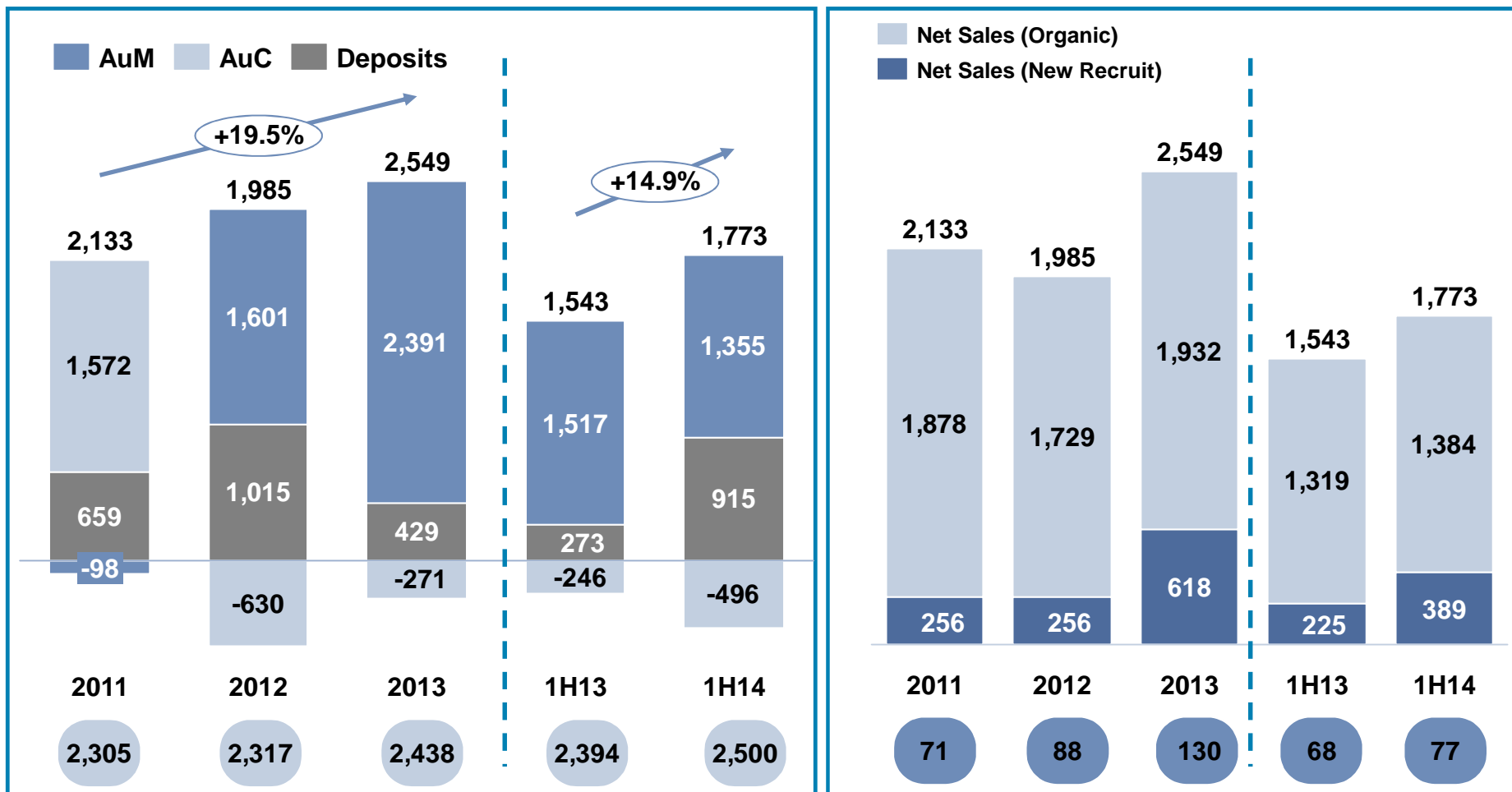


# Personal Financial Advisers (PFA) network – TFA Net sales

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



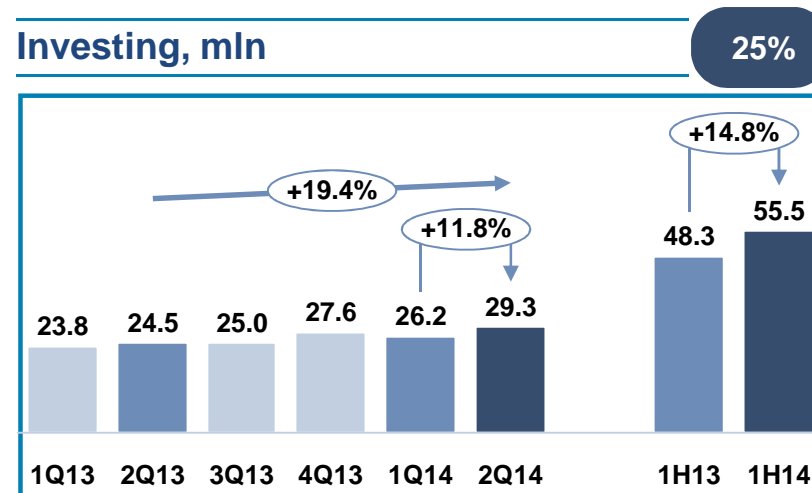
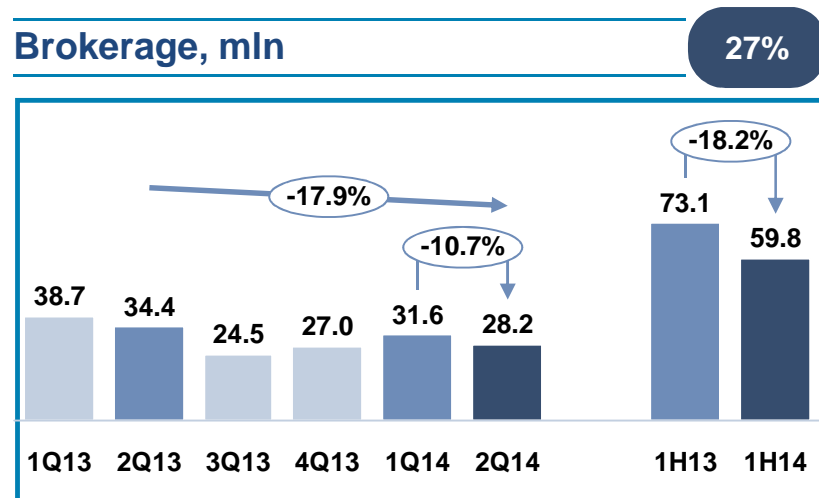
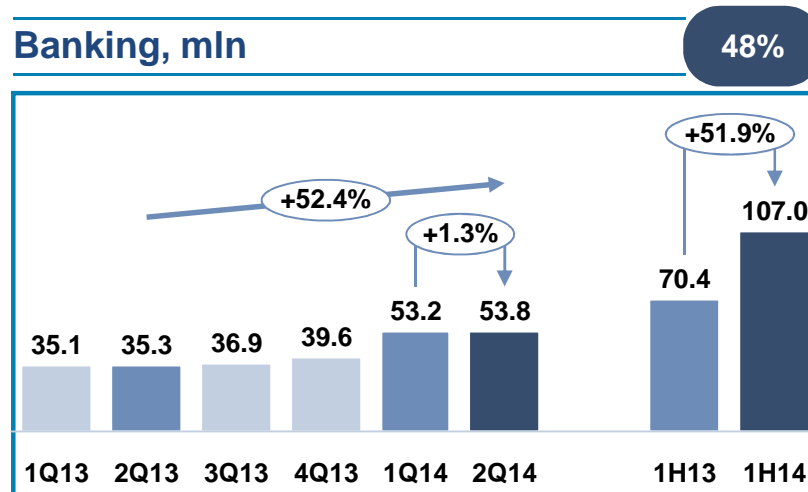
PFA Network - headcount



PFA Network – new recruit

# Revenues by Product Area

Well diversified profitability thanks to our integrated business model

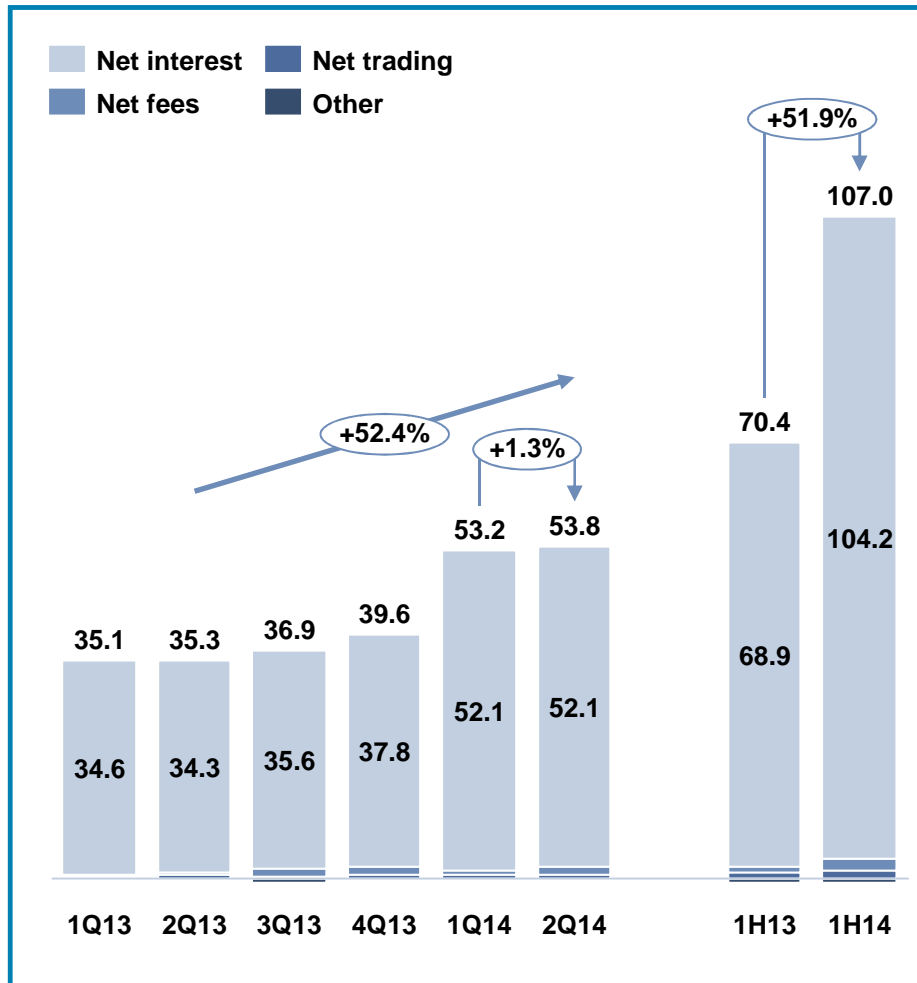


1H14 weight on total revenues for each product area

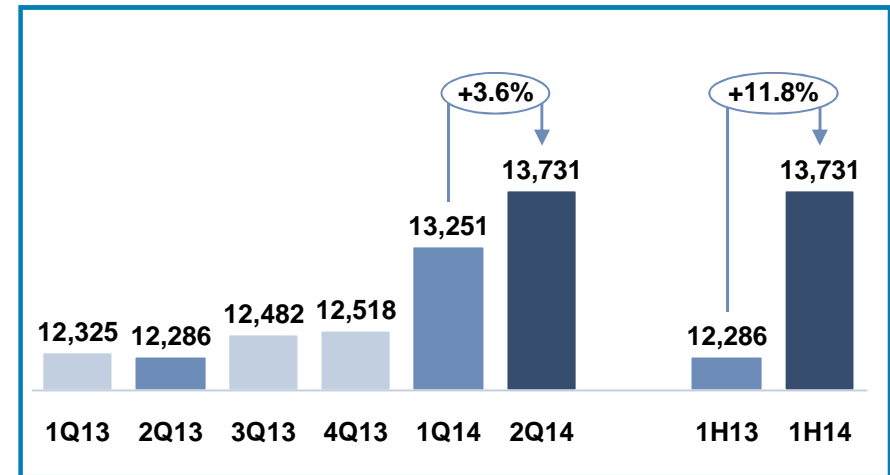
# Banking

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

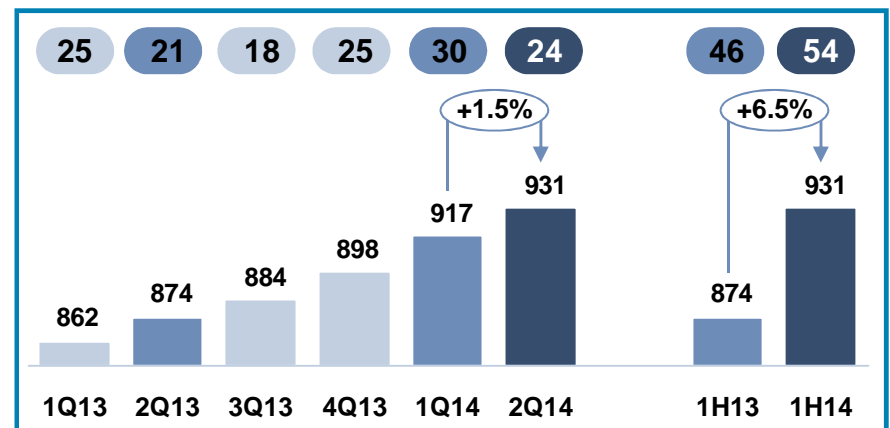
Revenues, mln



Direct deposits eop (mln)



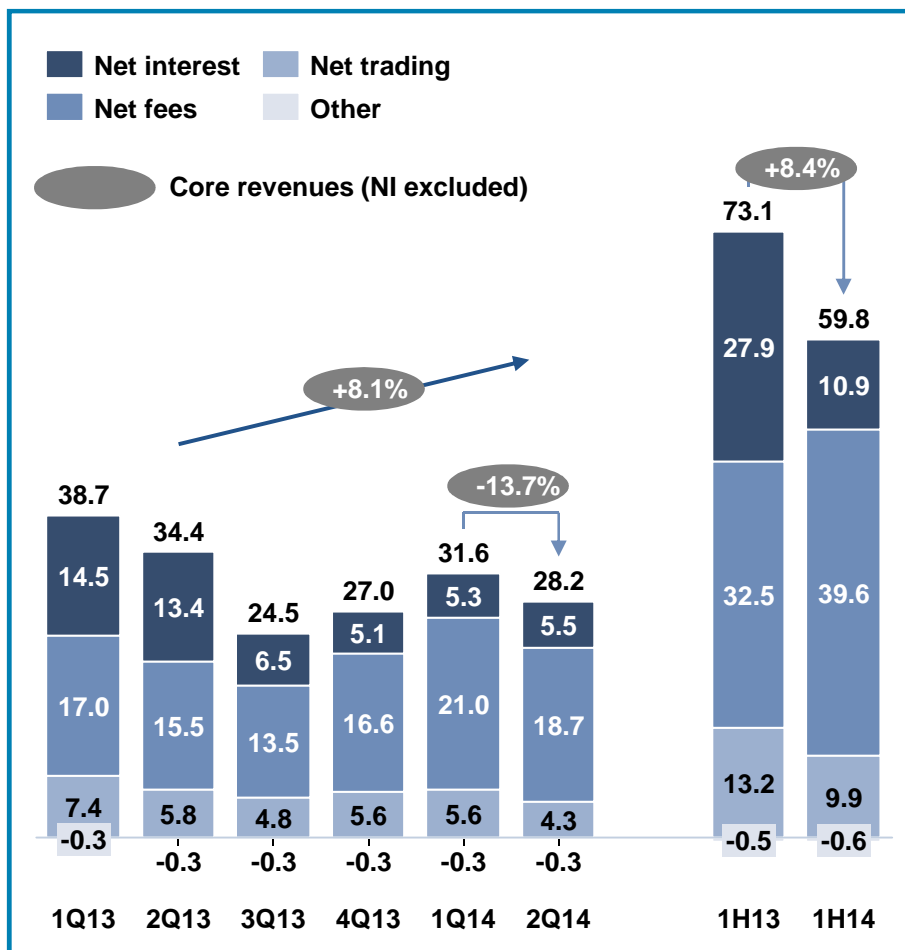
Clients and new clients, thousands #



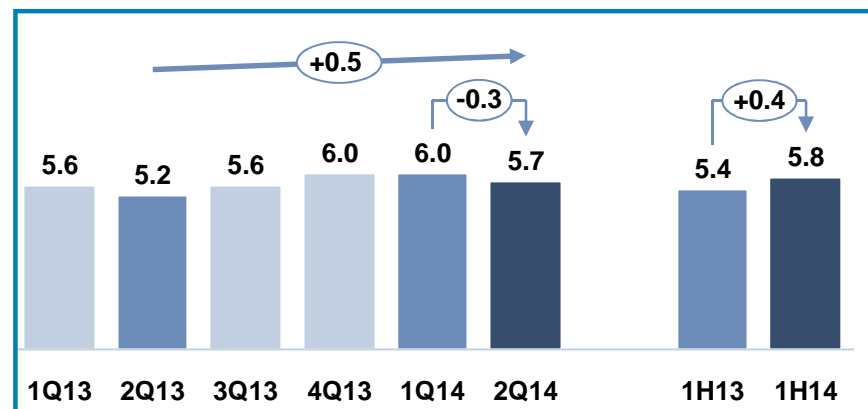
# Brokerage

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

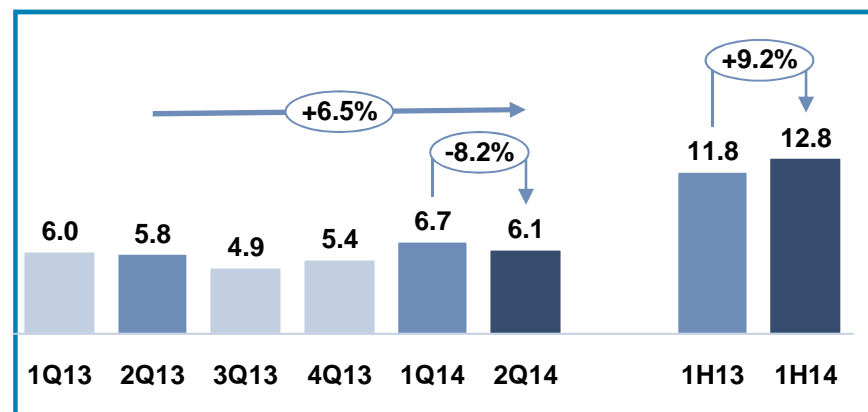
## Revenues, mln



## Margins (fees on customer orders<sup>(1)</sup>), euro



## Executed orders<sup>(2)</sup>, mln



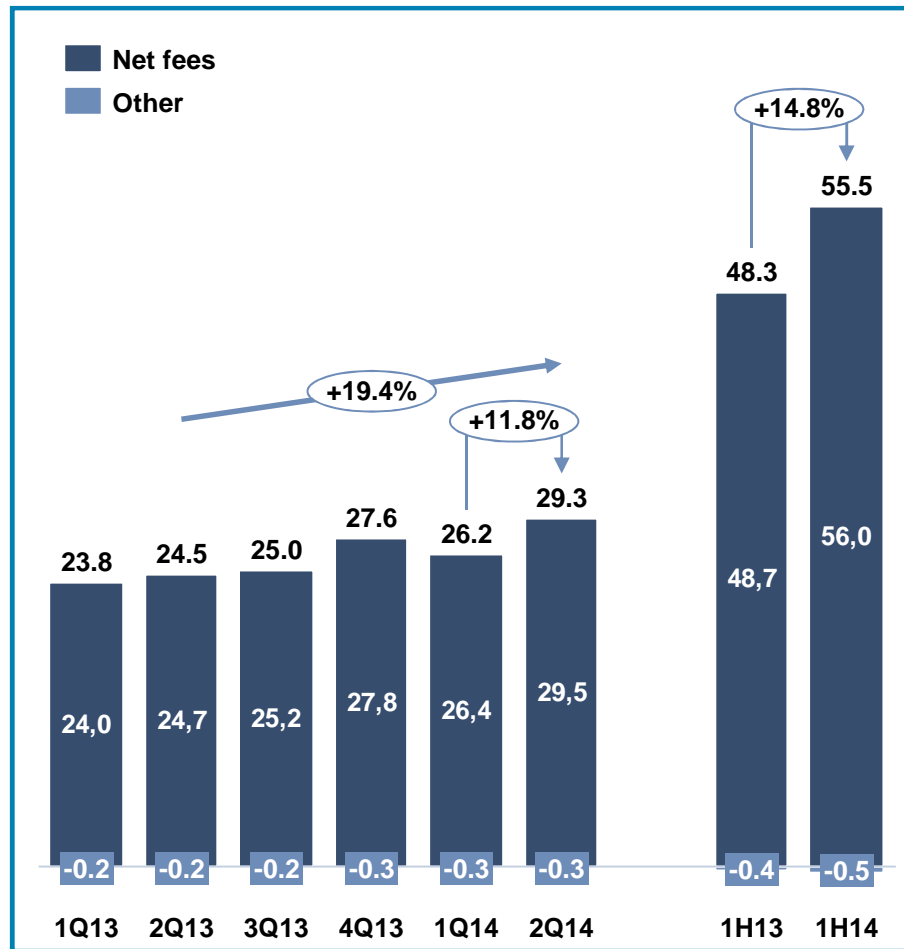
(1) Customer orders on registered securities only (equity, bond and derivatives)

(2) Executed orders includes all products

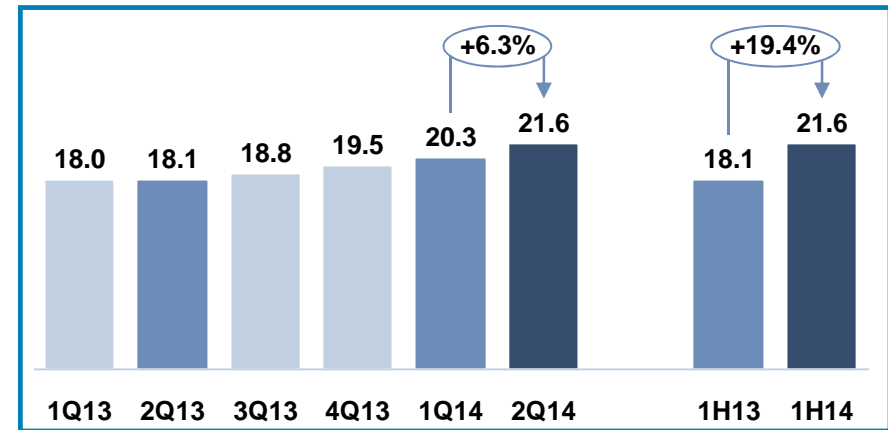
# Investing

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

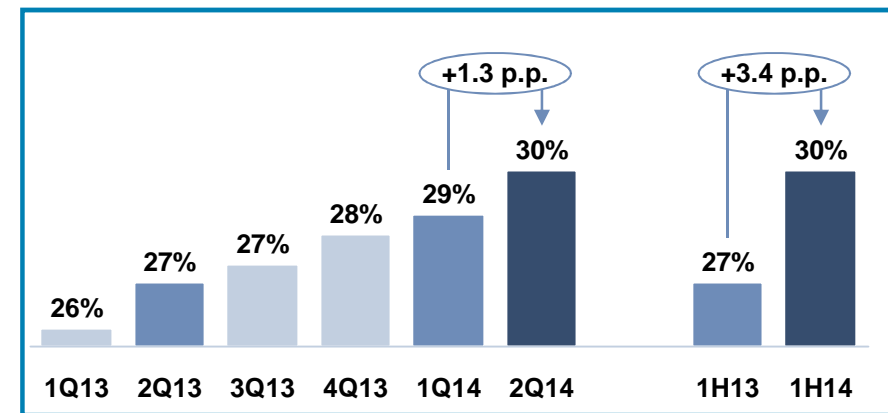
Revenues, mln



AuM eop (bn)



Guided products on total AuM, %





# Agenda

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

## A Five Pillar Strategy

In continuity with our track record, minimising execution risk

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- 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*