FINECO BANK

Consolidated Interim Financial Report
as at September 30th, 2018 – Press Release

Results at September 30th, 2018 approved

- Net profit adjusted for non-recurrent items[1]: **€178.8 million (+13.9% y/y[2])**
- Operating profit growing strongly: **€280.5 million (+9.4% y/y)**[2]
- Operating income: **€464.8 million** (+7.8% y/y)
- Operating costs adjusted for non-recurrent items[1]: **€182.8 million (+4.6% y/y)**
- Cost/income ratio[1] down: **39.3% (-1.2 p.p.**)

Milan, November 6th, 2018

The Board of Directors of FinecoBank S.p.A. has approved the results as at September 30th, 2018.
Alessandro Foti, CEO and General Manager of FinecoBank, stated:

"We're satisfied to close the first nine months of 2018 with a strong increase in net profit, thanks to a diversified business model and to a strategy focused on long-term sustainable growth. These results were achieved in a very complex environment, that Fineco is facing through a strengthening of its operating efficiency and an improvement in the productivity of its network with a focus on quality, transparency and innovation which have always characterized the Bank".

[1] Non-recurring items in the first 9 months 2018: €-1.1 million net (€-1.6 million gross) severance
[2] Variation y/y adjusted for non-recurrent items recorded in the first 9 months of 2017 €-5.9 million net (€-8.8 million gross) related to the write-down of the exposure in equities and commitment to the Voluntary Scheme for the bailout of Carim and Carismi

FINECOBANK	
9M18 HIGHLIGHTS	■ **Revenues at €464.8 million,** +7.8% y/y **driven by Investing (+9.9% y/y)** with management fees up by 12.6% y/y thanks to the improvement in the asset mix and network productivity and **by Banking (+8.8% y/y)** sustained by the increase in transactional liquidity and lending volumes ■ **Operating costs net of non-recurrent items[1] well under control at €182.8 million, +4.6% y/y. Cost/Income ratio down to 39.3%, -1.2 p.p.** ■ **Adjusted Net profit[1] at €178.8 million, +13.9% y/y[2], including an estimated contribution of €-9.6 million net (€-14.3 million gross) to the Deposit Guarantee Scheme (DGS)**
UPDATE ON INITIATIVES	■ **The boost in Lending continues**, with the usual strong focus on credit quality. Mortgages +123% y/y, personal loans +27% y/y, lombard loans +98% y/y thanks to the contribution of Credit Lombard ■ **Continuous improvement in PFAs productivity:** Total Financial Assets per PFA grew by 9.4% y/y, of which assets under management +10% y/y and Guided Products and Services +20% y/y ■ **Strong positioning in the Private continues**, with TFA growing to €27.5 billion (+9.7% y/y) ■ **The development of the newly established Irish Asset Management Company** continues. The company is **focusing on building up funds of funds and enlarging the offer of sub-adviced single funds** to offer more efficient, flexible and guided solutions accordingly with investment objectives and risk/return profile

TOTAL FINANCIAL ASSETS AND NET SALES

I Total Financial Assets at September 30th, 2018 amounted to €70.9 billion, up by 8% compared to the same period in 2017. Stock of Assets under Management up recording an increase of 10% y/y, amounted to €34.9 billion, assets under custody amounted to €14.4 billion (+4% y/y), the balance of direct deposits amounted to €21.5 billion (+9% y/y) thanks to the continuous growth in new customers and "transactional" deposits.

In particular, the TFA related to Private Banking customers, i.e. with assets above €500,000, totalled €27.5 billion, up 10% y/y.

Net sales since the beginning of the year totalled €4,780 million (+15% y/y) with a mix consistent with the greater markets volatility compared to last year: assets under management reached €1,934 million, assets under custody totalled €1,251 million whereas direct deposits were €1,595 million. Since the beginning of the year, sales in "Guided products & services" reached €2,061 million and the new Plus service remains highly appreciated by customers reaching €2,891 million since the recent launch. Penetration of Guided Products on total AuM rose to 66% compared to 60% in September 2017 and 63% in December 2017.

At September 30th, 2018 the network of personal financial advisors included 2,622 units distributed throughout the country with 383 Fineco shops. Net sales through the personal financial advisors' network amounted to €4,255 million, up by 12% compared to the same period of 2017.

In terms of customer acquisition, 82,376 new customers were acquired in the first nine months of 2018, taking total customers at September 30th, 2018 to almost 1,260,000 up by 7% compared to the previous year.

MAIN INCOME STATEMENT RESULTS AT 30.09.18

Figures and variations in this Consolidated Interim Financial Report as at September 30th, 2018 – Press Release are entered net of the below indicated non-recurrent items

mln	3Q17 Adj. (1)	9M17 Adj. (1)	2Q18	3Q18	9M18 Adj. (2)	9M18/ 9M17	3Q18/ 3Q17	3Q18/ 2Q18
Net interest income	67.4	194.7	68.7	69.9	207.6	6.6%	3.7%	1.7%
Net commissions	69.7	199.4	74.5	72.7	218.7	9.7%	4.3%	-2.5%
Trading profit	11.1	37.1	13.1	10.7	38.3	3.3%	-3.6%	-18.0%
Other expenses/income	0.1	-0.2	0.1	-0.4	0.2	n.m.	n.m.	n.m.
Total revenues	**148.3**	**431.1**	**156.4**	**153.0**	**464.8**	**7.8%**	**3.2%**	**-2.2%**
Staff expenses	-19.8	-58.7	-21.0	-21.6	-63.1	7.5%	9.2%	2.9%
Other admin.expenses	-31.1	-108.5	-37.5	-34.1	-112.4	3.6%	9.5%	-9.2%
D&A	-2.6	-7.5	-2.5	-2.5	-7.3	-2.3%	-6.6%	-1.6%
Operating costs	***-53.5***	***-174.7***	***-61.0***	***-58.1***	***-182.8***	4.6%	8.6%	-4.7%
Gross operating profit	**94.8**	**256.4**	**95.4**	**94.9**	**282.1**	**10.0%**	**0.1%**	**-0.6%**
Provisions for risk and charges	-13.6	-16.8	-1.9	-15.9	-19.6	16.7%	16.5%	n.m.
LLP	-1.6	-3.2	0.2	-0.9	-2.1	-36.4%	-43.2%	n.m.
Profit from investments	0.0	-0.4	5.2	-0.9	4.3	n.m.	n.m.	n.m.
Profit before taxes	**79.5**	**236.0**	**98.8**	**77.2**	**264.7**	**12.2%**	**-2.9%**	**-21.9%**
Income taxes	-26.8	-79.0	-32.6	-23.5	-85.9	8.7%	-12.3%	-27.8%
Net profit	**52.7**	**156.9**	**66.2**	**53.6**	**178.8**	**13.9%**	**1.8%**	**-19.0%**

[1] Net of the non-recurrent items recorded in the first nine months of 2017: €-5.9 million net (€-8.8 million gross) related to the impairment of the exposure in equity instruments and commitment to allocate funds to the Voluntary Layout referred to the bailout of Carim and Carismi).

[2] Net of the non-recurrent items recorded in the first nine months of 2018: €-1.1 million net (€-1.6 million gross) related to severance

Total Revenues in the first nine months of 2018 came to €464.8 million, up 7.8% compared to €431.1 million in the same period of the previous year thanks to the positive contribution of all the main components.

Net interest income at September 30th, 2018 came to €207.6 million recording a growth of 6.6% compared to €194.7 million in the same period of the previous year, thanks to the increase in transactional liquidity and the greater penetration of the lending business which offset the reduction in interest income connected to the drop in rates. The average gross margin on interest-earning assets was 1.31% in the first nine months of 2018 compared to 1.35% in the same period of 2017.

Net commissions for the first nine months of 2018 came to €218.7 million and showed a 9.7% increase compared to the same period of the previous year. The increase of €19.3 million is mainly due to the increase in fee and commission income for management, brokerage and consulting services (€+17.6 million), collection and payment services (€+2.3 million), other services (€+1.8 million), mainly related to introduction of the annual fee on credit cards (€+1.6 million), partially offset by higher commission expenses to personal financial advisors for commercial incentives. We need to point out that in the third quarter 2018 the subsidiary Fineco AM began operations, so net commissions income benefited from the positive contribution provided by latter.

Trading Profit came to €38.3 million, up compared to €37.1 million for the same period in the previous year (+3.3% y/y). That result was mainly due to profits made from internationalisation of securities and CFDs, financial instruments used for operational hedging of the CFDs and from the exchange differences on assets and liabilities denominated in currency dropped by 7.9% partially offset by income generated by the financial instruments recorded in "Other assets mandatorily valued at fair value", including the preferred shares of Visa INC class "C", whose fair value measurement led to a positive result of €2.3 million in the first nine months of 2018, and profit made from the sale of financial instruments entered under "Financial assets designated at fair value through profit and loss with an impact on comprehensive income", for an amount of €1.7 million.

Other expenses/income was positive for €0.2 million showing an increase of €0.4 million compared to the same period in the previous year thanks, mainly, to lower costs for settlement agreements and claims net of insurance reimbursements.

Operating costs at September 30th, 2018 were confirmed as well under control at €182.8 million. Growth of 4.6% y/y was limited compared to the expansion of business, assets and customers, thanks to the Bank's strong operational efficiency. The cost/income ratio came to 39.3% in the first nine months of 2018, down by 1.2 p.p. compared to 40.5% in the first nine months of 2017.

Staff expenses at September 30th, 2018 amounted to €63.1 million, of which €1.5 million related to the subsidiary Fineco AM not present at September 2017, and recorded an increase of €4.4 million due to higher costs related to 2018-2020 long term incentive plan and to the increase in the number of employees up from 1,105 at September 30th, 2017 to 1,138 at September 30th, 2018.

In the first nine months of 2018, the **Other administrative expenses** net of **Recovery of expenses** came to €112.4 million slightly increasing compared to €108.5 million for the same period in the previous year (+3.6% y/y).

Gross operating profit came to €282.1 million at September 30th, 2018 up by €25.7 million compared to the same period in the previous year (+10% y/y).

Provisions for risks and charges at September 30th, 2018 came to €19.6 million, up by 16.7% y/y mainly due to the higher costs for the ordinary annual contribution to the Deposit Guarantee Schemes (DGS), estimated at € 14.3 million (compared to €12.4 million estimated in the same period of the previous year).

Loan loss provisions amounted to € 2.1 million down by 36.4% compared to €3.2 million at September 30th, 2017. It should be noted that the accounting standard IFRS 9, which came into force on January 1st, 2018, introduced a new impairment accounting model for credit exposures and resulted in an extension of the Bank's scope of recognition, so comparison with the first nine months of 2017 is not significant. On the one hand, the figure at September 30th, 2018 showed a slight increase in write-downs on retail commercial loans compared to the third quarter 2017, caused by the significant increase in performing exposures (NPLs – non-performing loans - have dropped compared to the previous year) and, on the other, benefited from the write-backs with the Parent Company UniCredit for €1.6 million related to the improvement in the risk profile of the segment.

Profit from investments came to €4.3 million. As described above, the accounting standard IFRS 9 has introduced significant changes, so the comparison with the previous year is not significant. Net profits in the first nine months of 2018 included net write-backs on exposures on debt securities issued by the Parent Company UniCredit and recorded in “Financial assets at amortised cost” for €4.9 million.

Profit before taxes came to €264.7 million, up by 12.2% compared to €236 million in the first 9 months of 2017.

Net profit at September 30th, 2018 totalled €178.8 million showing an increase of 13.9% compared to €156.9 million for the same period in the previous year.

SHAREHOLDERS’ EQUITY AND CAPITAL RATIOS

Shareholders' equity amounted to €904 million and included the Additional Tier 1 Perp (5.5 years) issued on January 31st, 2018. The financial instrument is a private placement, perpetual, issued for an amount of €200 million, entirely subscribed to by UniCredit S.p.A. The coupon for the first 5.5 years was set at 4.82%.

The Bank confirms its capital strength with a CET1 ratio (transitional) at 20.46% (20.77% at year-end 2017). The total transitional capital ratio was 28.88% (20.77% at the end of 2017).

The leverage ratio was 6.00% (5.67% in late 2017) and was calculated in accordance with EU Delegated Regulation 2015/62 of October 10th, 2014. As required by Circular No. 285 of the Bank of Italy, Part Two, Chapter 12, Section III Exercise of national discretion, exposures to the UniCredit Group companies based in Italy and weighted at 0% pursuant to Article 113, par. 6 of the CRR have not been included in the calculation of total exposure, in accordance with Article 429 (7) of the CRR amended by the Delegated Regulation (EU) 2015/62.

The increase of Total capital ratio transitional and leverage ratio is essentially driven by the issue of the Additional Tier 1, calculable in the Tier 1 of the Bank.

MAIN INCOME STATEMENT RESULTS OF THE THIRD QUARTER 2018

Revenues totalled €153.0 million, down by 2.2% compared to the previous quarter but up by 3.2% compared to the third quarter 2017.

Net interest income in the third quarter came to €69.9 million, up by 1.7% compared to the previous quarter and 3.7% compared to the third quarter 2017, mainly driven by increasing transactional liquidity and greater penetration of lending activity.
The average gross margin on interest-earning assets in the third quarter 2018 is not very different to the previous quarter and totalled 1.29%, whereas it totalled 1.35% in the third quarter 2017.

Net fee and commission income for the third quarter 2018 totalled €72.7 million down by 2.5% compared to the previous quarter, due to the reduction in brokerage commissions partially offset by lower commission expenses to personal financial advisors for incentives, but up 4.3% compared to the third quarter 2017.

Trading Profit totalled €10.7 million down by 18.0% compared to the second quarter 2018 and 3.6% compared to the third quarter 2017, due to lower profits from equities internationalisation and CFDs.

Operating costs in the third quarter came to €58.1 million, down by 4.7% compared to the previous quarter and up compared to the €53.5 million of the third quarter 2017.

Gross operating profit of the third quarter came to €94.9 million down by 0.6% compared to the previous quarter and in line with the €94.8 million of the third quarter 2017.

Provisions for risks and charges in the third quarter came to €15.9 million, up compared to €1.9 million in the previous quarter and compared to €13.6 million in the third quarter 2017, due to the annual ordinary contribution to the Deposits Guarantee Schemes (DGS), estimated as €14.3 million (€12.4 million estimated at September 30th, 2017).

Profit before taxes for the third quarter totalled €77.2 million, down by 2.9% compared to the same period in the previous year. The comparison with the second quarter is not meaningful due to DGS contribution accounted in the third quarter.

Net profit totalled €53.6 million, up by 1.8% compared to the third quarter 2017.

LOANS TO CUSTOMERS

Loans to customers at September 30th, 2018 totalled €2,736 million, up by 28.5% compared to December 31st, 2017 and by 59.5% compared to September 30th, 2017, thanks to a revamp in lending activities, especially mortgages, personal loans and Lombard loans. The amount of non-performing loans (bad debts, unlikely to pay and past due) net of impairment totalled €3 million (slightly up compared to December 31st, 2017) with an 87.7% coverage ratio. The ratio between the amount of non-performing loans and total loans to ordinary customers came to 0.13% (0.16% at December 31st, 2017).

NEW INITIATIVES MONITORED

In the Banking area, the Bank added a lot of fuel to lending, with a strong focus on credit quality. Mortgages, launched at the end of 2016, totalled €795 million at September 30th, 2018, +122.6% y/y. Personal loans amounted to €415 million, +27.2% y/y. Lombard loans also increased, with drawn amounts at September 30th amounted to €910 million (+98.2% y/y), of which €679 million relating to the recent Credit Lombard.

The productivity of the network is constantly growing. The average portfolio per financial advisor amounted to €23.4 million, up 9.4% y/y of which €13.1 million AuM (+10% y/y) and €8.7 million Guided Products and Services (+20% y/y).

As for Investing area, the expansion of Private Banking continues to further strengthening the Bank's positioning in this segment, with growing TFAs up to €27.5 billion (+9.7% y/y), equal to 39% of the Bank’s total financial assets.

The development of the newly established Irish Asset Management Company continues. The company is focusing on building up funds of funds and enlarging the offer of sub-advice single funds to offer more efficient, flexible and guided solutions accordingly with investment objectives and risk/return profile. As at September 30th, 2018 FAM managed €8.9 billion of assets of which €6.4 billion retail class and around €2.5 billion institutional class.

SIGNIFICANT EVENTS IN Q3 2018 AND SUBSEQUENT EVENTS

No events took place that would require the results in this economic report at September 30th, 2018 to be adjusted.

CONDENSED BALANCE SHEET

ASSETS	DECEMBER 31 2017	SEPTEMBER 30 2018	Absolute changes	% changes	JANUARY 1 2018
Cash and cash balances	613	532	(81)	-13.2%	613
Financial assets held for trading	8,827	12,253	3,426	38.8%	8,827
Loans and receivables with banks	3,039,207	3,397,576	358,369	11.8%	3,036,333
Loans and receivables with customers	2,129,219	2,735,885	606,666	28.5%	2,128,528
Financial investments	16,715,041	17,665,380	950,339	5.7%	16,724,188
Hedging instruments	10,048	313	(9,735)	-96.9%	119
Property, plant and equipment	15,205	14,545	(660)	-4.3%	15,205
Goodwill	89,602	89,602	-	-	89,602
Other intangible assets	7,909	7,898	(11)	-0.1%	7,909
Tax assets	9,249	17,758	8,509	92.0%	8,639
Other assets	315,415	240,922	(74,493)	-23.6%	315,415
TOTAL ASSETS	**22,340,335**	**24,182,664**	**1,842,329**	**8.2%**	**22,335,378**

(Amounts in € thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY	DECEMBER 31 2017	SEPTEMBER 30 2018	Absolute changes	% changes	JANUARY 1 2018
Deposits from banks	926,001	999,543	73,542	7.9%	926,001
Deposits from customers	20,205,036	21,827,286	1,622,250	8.0%	20,205,036
Financial liabilities held for trading	11,936	5,512	(6,424)	-53.8%	11,936
Hedging instruments	(397)	(285)	112	-28.2%	(397)
Tax liabilities	10,234	48,674	38,440	375.6%	7,718
Other liabilities	455,699	397,621	(58,078)	-12.7%	456,150
Shareholders' Equity	731,826	904,313	172,487	23.6%	728,934
- capital and reserves	*526,046*	*746,340*	*220,294*	*41.9%*	*521,178*
- revaluation reserves (available-for-sale financial assets and actuarial gains (losses) for defined benefits plans)	*(8,340)*	*(19,760)*	*(11,420)*	*136.9%*	*(6,364)*
- net profit (loss)	*214,120*	*177,733*	*(36,387)*	*-17.0%*	*214,120*
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**22,340,335**	**24,182,664**	**1,842,329**	**8.2%**	**22,335,378**

(Amounts in € thousand)

CONDENSED BALANCE SHEET – QUARTERLY FIGURES

ASSETS	SEPTEMBER 30 2017	DECEMBER 31 2017	JANUARY 1 2018	MARCH 31 2018	JUNE 30 2018	SEPTEMBER 30 2018
Cash and cash balances	1,671	613	613	745	1,733	532
Financial assets held for trading	8,572	8,827	8,827	10,368	10,871	12,253
Loans and receivables with banks	2,834,849	3,039,207	3,036,333	3,487,848	3,224,477	3,397,576
Loans and receivables with customers	1,715,683	2,129,219	2,128,528	2,318,096	2,632,749	2,735,885
Financial investments	16,878,524	16,715,041	16,724,188	17,095,494	17,188,339	17,665,380
Hedging instruments	16,172	10,048	119	356	2,667	313
Property, plant and equipment	15,197	15,205	15,205	14,839	15,036	14,545
Goodwill	89,602	89,602	89,602	89,602	89,602	89,602
Other intangible assets	7,712	7,909	7,909	7,584	7,827	7,898
Tax assets	14,279	9,249	8,639	6,428	10,914	17,758
Non-current assets and disposal groups classified as held for sale	-	-	-	-	91	-
Other assets	233,188	315,415	315,415	203,695	241,054	240,922
TOTAL ASSETS	**21,815,449**	**22,340,335**	**22,335,378**	**23,235,055**	**23,425,360**	**24,182,664**

(Amounts in € thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY	SEPTEMBER 30 2017	DECEMBER 31 2017	JANUARY 1 2018	MARCH 31 2018	JUNE 30 2018	SEPTEMBER 30 2018
Deposits from banks	696,554	926,001	926,001	960,046	907,794	999,543
Deposits from customers	20,007,773	20,205,036	20,205,036	20,916,380	21,196,653	21,827,286
Financial liabilities held for trading	18,656	11,936	11,936	4,892	4,568	5,512
Hedging instruments	3,349	(397)	(397)	(460)	2,374	(285)
Tax liabilities	49,310	10,234	7,718	36,307	22,038	48,674
Other liabilities	368,307	455,699	456,150	325,843	417,933	397,621
Shareholders' Equity	671,500	731,826	728,934	992,047	874,000	904,313
- capital and reserves	*524,273*	*526,046*	*521,178*	*937,076*	*763,818*	*746,340*
- revaluation reserves (available-for-sale financial assets and actuarial gains (losses) for defined benefits plans)	*(3,811)*	*(8,340)*	*(6,364)*	*(3,994)*	*(14,997)*	*(19,760)*
- net profit (loss)	*151,038*	*214,120*	*214,120*	*58,965*	*125,179*	*177,733*
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**21,815,449**	**22,340,335**	**22,335,378**	**23,235,055**	**23,425,360**	**24,182,664**

(Amounts in € thousand)

CONDENSED INCOME STATEMENT

	FIRST 9 MONTHS 2017	FIRST 9 MONTHS 2018	Absolute changes	% changes
Net interest	194,712	207,586	12,874	6.6%
Dividends and other income from equity investments	18	30	12	66.7%
Net fee and commission income	199,387	218,658	19,271	9.7%
Net trading, hedging and fair value income	37,119	38,339	1,220	3.3%
Net other expenses/income	(170)	233	403	n.c.
OPERATING INCOME	**431,066**	**464,846**	**33,780**	**7.8%**
Payroll costs	(58,693)	(64,701)	(6,008)	10.2%
Other administrative expenses	(176,914)	(186,178)	(9,264)	5.2%
Recovery of expenses	68,380	73,785	5,405	7.9%
Impairment/write-backs on intangible and tangible assets	(7,461)	(7,292)	169	-2.3%
Operating costs	**(174,688)**	**(184,386)**	**(9,698)**	**5.6%**
OPERATING PROFIT (LOSS)	**256,378**	**280,460**	**24,082**	**9.4%**
Net write-downs of loans and provisions for guarantees and commitments	(3,227)	(2,051)	1,176	-36.4%
NET OPERATING PROFIT (LOSS)	**253,151**	**278,409**	**25,258**	**10.0%**
Provisions for risks and charges	(24,179)	(19,598)	4,581	-18.9%
Integration costs	(20)	(6)	14	-70.0%
Net income from investments	(1,801)	4,255	6,056	n.c.
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**227,151**	**263,060**	**35,909**	**15.8%**
Income tax for the period	(76,113)	(85,327)	(9,214)	12.1%
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**151,038**	**177,733**	**26,695**	**17.7%**
NET PROFIT (LOSS) FOR THE PERIOD	**151,038**	**177,733**	**26,695**	**17.7%**

(Amounts in € thousand)

CONDENSED INCOME STATEMENT – QUARTERLY FIGURES

	1 QUARTER 2017	2 QUARTER 2017	3 QUARTER 2017	4 QUARTER 2017	1 QUARTER 2018	2 QUARTER 2018	3 QUARTER 2018
Net interest	62,963	64,334	67,415	70,069	68,904	68,742	69,940
Dividends and other income from equity invest	6	6	6	11	7	13	10
Net fee and commission income	64,681	65,026	69,680	70,696	71,462	74,516	72,680
Net trading, hedging and fair value income	13,710	12,282	11,127	11,100	14,538	13,080	10,721
Net other expenses/income	531	(764)	63	3,930	487	96	(350)
OPERATING INCOME	**141,891**	**140,884**	**148,291**	**155,806**	**155,398**	**156,447**	**153,001**
Payroll costs	(19,216)	(19,708)	(19,769)	(20,601)	(20,533)	(20,966)	(23,202)
Other administrative expenses	(62,442)	(61,451)	(53,021)	(60,031)	(65,467)	(61,464)	(59,247)
Recovery of expenses	23,277	23,215	21,888	24,987	24,701	23,922	25,162
Impairment/write-backs on intangible and tangible assets	(2,330)	(2,503)	(2,628)	(2,908)	(2,339)	(2,497)	(2,456)
Operating costs	**(60,711)**	**(60,447)**	**(53,530)**	**(58,553)**	**(63,638)**	**(61,005)**	**(59,743)**
OPERATING PROFIT (LOSS)	**81,180**	**80,437**	**94,761**	**97,253**	**91,760**	**95,442**	**93,258**
Net write-downs of loans and provisions for guarantees and commitments	(597)	(1,053)	(1,577)	(2,124)	(1,311)	155	(895)
NET OPERATING PROFIT (LOSS)	**80,583**	**79,384**	**93,184**	**95,129**	**90,449**	**95,597**	**92,363**
Provisions for risks and charges	(2,377)	(773)	(21,029)	5,154	(1,774)	(1,925)	(15,899)
Integration costs	(14)	1	(7)	428	(2)	(2)	(2)
Net income from investments	8	(361)	(1,448)	(11,598)	1	5,157	(903)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**78,200**	**78,251**	**70,700**	**89,113**	**88,674**	**98,827**	**75,559**
Income tax for the period	(26,506)	(25,678)	(23,929)	(26,031)	(29,709)	(32,613)	(23,005)
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**51,694**	**52,573**	**46,771**	**63,082**	**58,965**	**66,214**	**52,554**
NET PROFIT (LOSS) FOR THE PERIOD	**51,694**	**52,573**	**46,771**	**63,082**	**58,965**	**66,214**	**52,554**

(Amounts in € thousand)

SOVEREIGN, SUPRANATIONAL AND AGENCY EXPOSURES

The following table indicates the balance sheet value of Sovereign, Supranational and Agency exposures in debt securities at September 30th, 2018 classified in the portfolio "Financial assets designated at fair value with impact on comprehensive income" and "Financial assets at amortised cost"; penetration on the Bank's total assets totalled 33.73%.

	BOOK VALUE AS AT SEPTEMBER 30, 2018	% OF FINANCIAL STATEMENT ITEM
Italy	**3,971,539**	
Financial assets at fair value through other comprehensive income	810,693	85.05%
Financial assets at amortised cost	3,160,846	13.84%
France	**233,352**	
Financial assets at fair value through other comprehensive income	35,156	3.69%
Financial assets at amortised cost	198,196	0.87%
Spain	**3,130,304**	
Financial assets at amortised cost	3,130,304	13.71%
Ireland	**159,685**	
Financial assets at fair value through other comprehensive income	41,539	4.36%
Financial assets at amortised cost	118,146	0.52%
Poland	**79,801**	
Financial assets at amortised cost	79,801	0.35%
Austria	**86,908**	
Financial assets at amortised cost	86,908	0.38%
Germany	**71,301**	
Financial assets at amortised cost	71,301	0.31%
USA	**65,799**	
Financial assets at fair value through other comprehensive income	65,799	6.90%
Total Sovereign exposures	**7,798,689**	**32.25%**
Financial assets at amortised cost - Supranational	**258,611**	
EFSF (European Financial Stability Facility)	70,791	0.31%
ESM (European Stability Mechanism)	86,663	0.38%
EIB (European Investment Bank)	101,157	0.44%
Financial assets at amortised cost - Agency	**99,981**	
ICO (Instituto de Credito Oficial)	99,981	0.44%
Total Supranational and Agency exposures	**358,592**	**1.48%**
Total exposures	**8,157,281**	**33.73%**

(Amounts in € thousand)

The percentages have been calculated on each balance sheet item, while the percentage on total Sovereign exposures/ total Supranational and Agency exposures / total exposures were calculated on Bank's total assets.

OPERATING STRUCTURE

	DECEMBER 31 2017	SEPTEMBER 30 2018
No. of Employees	1,119	1,138
No. Personal financial advisors	2,607	2,622
No. Financial shops	375	383

Number of Fineco shops: Fineco shops managed by the Bank and Fineco shops managed by personal financial advisors (Fineco Center).

BASIS OF PREPARATION

This Consolidated Interim Financial Report as at September 30th, 2018 - Press Release was prepared on a voluntary basis, to guarantee continuity with previous quarterly reports, as Legislative Decree 25/2016 implementing Directive 2013/50/EU eliminated the obligation for additional periodical financial reports other than the half year and annual ones. This Consolidated Interim Financial Report as at September 30, 2018 – Press Release, as well as the press releases on significant events during the period, the market presentation on third quarter 2018 results and the Database are also available on FinecoBank’s website.
Items in the condensed layouts of the balance sheet and income statement were prepared based on layouts in instructions contained in the 5th Update of Circular 262 of December 22nd, 2017 “The bank balance sheet: layouts and rules for compilation” issued by the Bank of Italy, to which the reconciliations illustrated in the “Reconciliation layouts for preparation of the condensed balance sheet tables” annexed to the consolidated half year Report at June 30th, 2018 were made.
In order to provide further indications on the Bank's performances, some alternative performance indicators were used – IAP (such as Cost/income ratio, Cost of Risk, Guided products & services/AuM and Guided products & services/TFA). Their description can be found in the “Glossary of technical terminology and acronyms used” of the consolidated half year financial Report as at June 30th, 2018, in line with guidelines published on October 5th, 2015 by the European Securities and Markets Authority (ESMA/2015/1415).
The information contained in this Consolidated Interim Financial Report as at September 30th, 2018 – Press Release was not prepared in accordance with the international accounting standard applicable to interim financial reports (IAS 34).
The Consolidated Interim Financial Report as at September 30th, 2018 – Press Release, prepared in a condensed form, was prepared based on the international accounting standards IAS/IFRS currently in force, as established in the "accounting policies" in the Illustrative Notes – Part A – Accounting policies of the condensed half-year financial Report as at June 30th, 2018.
Please note that for the purposes of the Consolidated Interim Financial Report as at September 30th, 2018 – Press Release, there was no re-measurement of the recoverable value of tangible and intangible assets, including goodwill and assets whose value depends on these estimates. If necessary, those values will be updated in the Financial Statements for 2018.
In those cases in which the accounts did not fully reflect the reporting of items on an accruals “pro rata temporis” basis such as, in particular, administrative expenses, the accounting figure was supplemented by estimates based on the budget.
With reference to ordinary contributions due to the Deposit Guarantee Schemes (DGS) for 2018, costs were accounted in the item “Provisions for Risks and Charges” and include an estimate of the annual contribution to be paid to the Italian Interbank Deposit Protection Fund based on information available as at September 30th, 2018.
With reference to the ordinary contributions owed to the Single Resolution Fund for 2018, the relative cost totalled zero.
This Consolidated Interim Financial Report as at September 30th, 2018 – Press Release was not audited by the External Auditors.

CERTIFICATIONS AND OTHER COMMUNICATIONS

Related-Party Transactions

With reference to paragraph 8 of Article 5 - "Public information on transactions with related parties" of the Consob Regulation containing provisions relating to transactions with related parties (adopted by Consob through Resolution No. 17221 of March 12th, 2010, as subsequently amended by Resolution No. 17389 of June 23rd, 2010), it is noted that the following transactions were approved in the first nine months of 2018:

1. on January 23, 2018, the Board of Directors, with the favourable opinion of the Risks and Related Parties Committee, approved the issue of an Additional Tier 1 debenture bond for €200 million, fully subscribed to through private placement by the Parent Company UniCredit S.p.A.; loan duration is perpetual, linked to the Bank's statutory duration and the coupon for the first 5.5 years has been set at 4.82%. The transaction was qualified as an "Ordinary Significant Transactions, at market conditions";
2. on February 6th, 2018, the Board of Directors, with the favourable opinion of the Risks and Related Parties Committee, approved the renewal of the "Framework resolution to stipulate hedging derivative contracts with the Parent Company of companies in the UniCredit Group", an ordinary Significant Transaction at market conditions, which enables the Bank, up to February 6th, 2019, to enter into derivative contracts hedging commercial assets or liabilities with the Parent Company and with UniCredit Bank AG which, for ALM purposes, require interest rate hedging up to maximum ceiling of €1,000 million and Parent Company UniCredit and €1,300 million with UniCredit Bank AG;
3. on May 8th, 2018, the Board of Directors, with the favourable opinion of the Risks and Related Parties Committee, approved the renewal:
   a) of the "Framework resolution - Transactions of Reverse repos and Term Deposits with the Parent company", ordinary Significant Transaction and at market conditions effective until May 9th, 2019, for transactions of (i) Reverse repos with the Parent Company with a maximum ceiling of €7.1 billion, calculated as a sum of the single transactions in absolute value (whether assets or liabilities) and (ii) Term deposits with the Parent Company with a maximum ceiling of €6.3 billion, calculated as a sum of single transactions in absolute value;
   b) of the "Framework resolution related to current account transactions with UniCredit", ordinary Significant Transaction at market conditions enabling the Bank to implement - until May 8th, 2019 - current account transactions with UniCredit, with the limit of €1,000 million intended as single transaction (single deposit and single withdrawal);

4. on June 12th, 2018, the Board of Directors, with the favourable opinion of the Risks and Related Parties Committee, approved the renewal of the "Framework resolution - Securities trading with institutional counterparts and with UniCredit, for itself and third parties, by respectively the Treasury and Markets functions", ordinary Significant Transactions at market conditions, effective until June 11th, 2019, enabling the Bank to trade securities with institutional counterparts related parties, with a maximum ceiling totalling: (i) € 2.70 billion with UniCredit Bank AG, (ii) €250 million with Mediobanca S.p.A. and (iii) about €1 billion with UniCredit S.p.A.;

5. on September 18th, 2018, the Board of Directors, with the favourable opinion of the Risks and Related Parties Committee, approved the renewal of the "Framework resolution Stock Lending Activities with institutional customers", ordinary Significant Transaction at market conditions effective until September 17th, 2019, related to share securities lending transactions, through which FinecoBank may implement, until the above expiry date, those transactions with a ceiling of

€700 million for transactions with UniCredit Bank AG and €200 million for transactions with Mediobanca S.p.A..

As already reported in the information provided in the 2017 Financial Statements, on December 5th, 2017, the Board of Directors - with the favourable opinion of the Risk and Related Parties Committee - approved the signature of a new life insurance contract between FinecoBank S.p.A. and Aviva S.p.A. (related party), to replace the one originally signed in 2002 by UniCredit Xelion Banca SpA, which - following merger by incorporation - took over FinecoBank SpA. The projected figures as at December 31, 2017 (€13.4 million net to be recognised to the Bank) meant that the transaction was categorised as a “Significant Transaction and at market conditions”. The contract was finalized on April 5th, 2018. Medio tempore, in the context of the same agreement, in March 2018 the placement of Aviva "Multiramo Extra" product was introduced, which completes the range of other products "Multiramo" already in the catalogue.

In relation to the above transactions, the Bank has provided simplified disclosure to CONSOB pursuant to Article 13, paragraph 3, letter c) of CONSOB Regulation 17221/2010.

In the first nine months 2018, no other transactions had been undertaken with related parties that could significantly affect the Bank’s financial position or earnings, no atypical and / or unusual transactions, including intragroup or with related parties.

In addition, minority transactions were carried out with the Parent Company, other Group companies and / or with related parties in general, both Italian and foreign, which are part of the Bank's ordinary operating activities and the related financial activity, which were defined at market and / or standard conditions.

Declaration of the nominated official in charge of drawing up Company's accounts

The undersigned Lorena Pelliciari, as Nominated Official in charge of drawing up Company's Accounts of FinecoBank S.p.A.,

DECLARES

in compliance with the provisions of the second paragraph of Article 154-bis of the "Consolidated Finance Act", that the accounting information contained in this Consolidated Interim Financial Report as at September 30th, 2018 corresponds to results in the Company's accounts, books and records.

Milan, November 6th, 2018

The Nominated Official in charge of drawing up
the Company's Accounts

FINECO BANK
FinecoBank, multi-channel bank of the UniCredit Group, is one of the most important FinTech banks in Europe. From a single account, it offers banking, credit, trading and investment services through transnational platforms and consultancy developed with proprietary technologies and integrated with one of the biggest networks of Personal Financial Advisors in Italy. Fineco is also leader bank in brokerage in Europe, and one of the most important Private Banking players in Italy, with highly personalised advisory services. FinecoBank has been active in the United Kingdom since 2017, with an offer focussed on brokerage and banking services.

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