

## Results at September 30<sup>th</sup>, 2020 approved

### OUTSTANDING INDUSTRIAL RESULTS WITH REVENUES AND NET PROFIT GROWING STRONGLY

#### THE COMPLEX CONTEXT IS REWARDING OUR DIVERSIFIED BUSINESS MODEL

- Strong growth in net profit<sup>1</sup> thanks to the diversified business model: **€246.3 million** (+22.7% y/y)
- Gross operating profits<sup>1</sup>: **€397.5 million** (+30.8% a/a)
  - Revenues<sup>1</sup>: **€594.2 million** (+21.5% y/y)
  - Operating costs: **196.7 million** (+3.8%<sup>2</sup> y/y)
- Cost/income ratio<sup>1</sup> declining to **33.1%** (-4.8 p.p. y/y)
  - Solid capital position: **CET1 at 23.28%**

### FIGURES AT OCTOBER 31<sup>st</sup>, 2020

**Net sales in the month of October at €739 million, +91% y/y**

**Estimated brokerage revenues at €14 million, +12% y/y**

*Milan, November 9<sup>th</sup>, 2020*

The Board of Directors of FinecoBank S.p.A. has approved the results at September 30th, 2020. Alessandro Foti, CEO and General Manager of FinecoBank, stated:

<sup>1</sup> Figures net of non-recurring items recorded in the first nine months of 2020: €-1.4 million gross (€-1.0 million net) related to Voluntary Scheme fair value, of which: €-0.2 million gross (€-0.2 million net) in the third quarter of 2020; €-1.2 million gross (€-0.8 million net) in the first quarter of 2020.

Non-recurring items recorded in the first nine months of 2019: €-4.4 million gross (€-2.9 million net) related to Voluntary Scheme fair value, of which: €0.4 million gross (€0.3 million net) in the third quarter of 2019; €-4.3 million gross (€-2.9 million net) in the second quarter of 2019; €-0.4 million gross (€-0.3 million net) in the first quarter of 2019. Patent Box: €-0.9 million in the third quarter of 2019; €-0.9 million in the second quarter of 2019; €-0.9 million in the first quarter of 2019

<sup>2</sup> Net of marketing expenses in UK in the first 9 months of 2020

*“Figures recorded in the first nine months highlight the excellent response of Fineco to an uncertain and complex phase we are facing. We are very satisfied about these results as they confirm the solidity of the bank and the strength of our diversified and sustainable business model. Our distinctive digital DNA supported us in reaching a strong growth in all business areas, confirming a great interest by many clients in interacting with markets and investing through our integrated platform.*

*October net sales maintained the very robust growth trend started at the beginning of the year, with clients appreciating new investment products launched by FAM in the second half of the month, which fully meet the customers’ needs in a complex market phase. In addition, we confirm brokerage structural growth on a yearly basis, thanks to both the reshaping of our offer and the enlargement of the base of active clients”.*

FINECOBANK	
9M20 HIGHLIGHTS	<ul style="list-style-type: none"> <li>■ <b>Revenues<sup>1</sup> at €594.2 million, +21.5% y/y mainly led by Brokerage area (+83.8% y/y)</b>, thanks to the combined effect of the reshape of our product offer, the enlargement of the clients base, the increase of Fineco market share and the higher market volatility, and by <b>Investing area (+5.7% a/a)</b>, thanks to the contribution of Fineco Asset Management and to the higher impact of <i>Guided Products and Services</i>.</li> <li>■ <b>Operating costs at €196.7 million, +6.2% y/y; operating costs net of marketing expenses in UK at €192.2 million, +3.8% y/y. Cost/Income ratio<sup>1</sup> at 33.1%, down by 4.8 percentage points y/y</b> confirming the Bank’s operational efficiency</li> <li>■ <b>Gross operating profit at €397.5 million, +30.7%</b></li> <li>■ <b>Net profit<sup>1</sup> at €246.3 million, +22.7% y/y</b>, despite the higher contribution related to Systemic charges<sup>3</sup></li> </ul>
UPDATE ON INITIATIVES	<ul style="list-style-type: none"> <li>■ Fineco is keeping on developing its <b>UK offer</b>, with the broadening of the investing offer that will continue in the coming months. The success of the first marketing campaign confirms how <b>the one-stop-solution offered by the Bank is very well welcomed</b>.</li> <li>■ The process of <b>reshape of the brokerage offer is continuing</b> with the launch of new products and services (Asian markets, CFD, new release of the platform <i>PowerDesk</i>, we are in the process of vertically integrating certificates, becoming issuer, market maker and distributor through our platform)</li> <li>■ Activities continued to develop <b>Fineco Asset Management</b> which, also thanks to the recent launch of a new edition of the FAM Global Defence fund, has confirmed its increasing capacity to promptly and effectively respond to customer needs</li> </ul>

<sup>3</sup> Systemic charges in the first 9 months of 2020: Deposit Guarantee Scheme estimated in €28.0 million, including an estimated additional contribution of €-7.1 million to a member of Interbank Deposit Protection Fund; Single Resolution Fund: €-0.9 million

## TOTAL FINANCIAL ASSETS AND NET SALES

Total Financial Assets (TFA) at September 30<sup>th</sup>, 2020 amounted to €85.0 billion, up 8.2% compared to September 2019. Stock of Assets under Management was €41.7 billion, up 8.9% y/y, assets under custody amounted to €16.8 billion (+11.0% y/y), while the stock of direct deposits amounted to €26.4 billion (+5.3% y/y) thanks to the continuous growth in new customers and “transactional” deposits.

In particular, the TFA related to Private Banking customers<sup>4</sup> totaled €34.4 billion, up by 8.0% y/y.

In the first nine months of 2020, inflows totalled €6.4 billion (+46.1% y/y), again proving to be solid, of high quality and gathered without short-term commercial incentives. The asset mix shifted positively towards asset under management, standing at €2.6 billion in the period (+35.6% y/y), highlighting a more cautious approach by clients who are favouring more conservative products. Inflows in asset under custody stood at €2.8 billion in the period, confirming clients’ increased interest towards financial markets through Fineco brokerage platform, while direct deposits flows totalled €0.9 billion.

Since the start of the year, inflows into “*Guided products & services*” reached €2.6 billion (+16.3% y/y), confirming customer appreciation.

The ratio of Guided Products compared to total AuM rose to 73% compared to 70% in September 2019.

On September 30<sup>th</sup>, 2020 the network was composed of 2,577 Personal Financial Advisors operating across the country through 403 Fineco Centers. Inflows in the first nine months of the year through the PFA network were €5.5 billion.

As at September 30<sup>th</sup>, 2020, Fineco Asset Management managed €14.8 billion of assets, of which €9.5 billion were retail class (+28.4% y/y) and around €5.4 billion institutional class (+2.4% y/y).

In the first nine months of 2020, about 66,500 new customers were acquired. The total number of customers as at September 30<sup>th</sup>, 2020 was 1,362,262.

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<sup>4</sup> Private Banking clients have assets above €500,000.

## MAIN INCOME STATEMENT RESULTS AT 30.09.2020

Figures and variations in this paragraph and in the next one on quarterly results are shown net of non-recurring items<sup>1</sup>

<i>m/ln</i>	1Q19 Adj. <sup>(1)</sup>	2Q19 Adj. <sup>(1)</sup>	3Q19 Adj. <sup>(1)</sup>	9M19 Adj. <sup>(1)</sup>	1Q20 Adj. <sup>(1)</sup>	2Q20 Adj. <sup>(1)</sup>	3Q20 Adj. <sup>(1)</sup>	9M20 Adj. <sup>(1)</sup>	9M20/ 9M19	3Q20/ 3Q19	3Q20/ 2Q20
Net interest income	70.4	71.4	69.8	211.6	68.2	70.1	68.6	206.9	-2.2%	-1.7%	-2.0%
Net commissions	77.4	81.3	84.3	242.9	105.0	104.8	97.9	307.6	26.6%	16.2%	-6.6%
Trading profit	10.3	12.3	11.2	33.8	27.6	30.1	20.4	78.1	131.0%	82.3%	-32.1%
Other expenses/income	0.2	0.3	0.1	0.7	0.6	0.8	0.2	1.6	n.s.	12.5%	-79.7%
<b>Total revenues</b>	<b>158.2</b>	<b>165.4</b>	<b>165.4</b>	<b>489.0</b>	<b>201.3</b>	<b>205.8</b>	<b>187.1</b>	<b>594.2</b>	<b>21.5%</b>	<b>13.1%</b>	<b>-9.1%</b>
Staff expenses	-21.7	-22.4	-22.5	-66.6	-24.0	-24.9	-24.6	-73.5	10.4%	9.6%	-1.0%
Other admin.expenses	-38.5	-34.4	-29.4	-102.3	-36.5	-34.6	-33.4	-104.5	2.2%	13.9%	-3.5%
Impairment/write-backs on intangible and tangible assets	-5.1	-5.4	-5.8	-16.3	-6.1	-6.2	-6.4	-18.6	14.4%	10.2%	2.6%
<b>Operating expenses</b>	<b>-65.3</b>	<b>-62.3</b>	<b>-57.6</b>	<b>-185.2</b>	<b>-66.5</b>	<b>-65.7</b>	<b>-64.4</b>	<b>-196.7</b>	<b>6.2%</b>	<b>11.8%</b>	<b>-1.9%</b>
<b>Gross operating profit</b>	<b>92.9</b>	<b>103.1</b>	<b>107.8</b>	<b>303.8</b>	<b>134.8</b>	<b>140.0</b>	<b>122.7</b>	<b>397.5</b>	<b>30.8%</b>	<b>13.8%</b>	<b>-12.4%</b>
Other charges and provisions	-1.0	-2.9	-19.8	-23.6	-1.1	-6.5	-32.0	-39.6	67.7%	61.6%	390.9%
LLP	-1.3	1.1	-1.2	-1.4	-1.0	-2.7	0.1	-3.5	157.2%	-112.1%	-105.5%
Profit from investments	-0.7	6.5	0.4	6.3	-0.1	-3.7	-0.2	-4.0	-163.9%	-140.3%	-95.1%
<b>Profit before taxes</b>	<b>90.0</b>	<b>107.8</b>	<b>87.2</b>	<b>285.1</b>	<b>132.6</b>	<b>127.1</b>	<b>90.7</b>	<b>350.3</b>	<b>22.9%</b>	<b>3.9%</b>	<b>-28.7%</b>
Income taxes	-26.5	-32.2	-25.6	-84.3	-40.4	-38.3	-25.3	-104.0	23.4%	-0.9%	-33.9%
<b>Net profit adjusted</b>	<b>63.5</b>	<b>75.6</b>	<b>61.7</b>	<b>200.7</b>	<b>92.2</b>	<b>88.7</b>	<b>65.3</b>	<b>246.3</b>	<b>22.7%</b>	<b>6.0%</b>	<b>-26.4%</b>

**Revenues** for the first nine months of 2020 totaled €594.2 million, up 21.5% compared to €489.0 million in the same period of the previous year, mainly thanks to the positive contribution of net commission and trading profit.

**Net interest income** stood at €206.9 million, down 2.2% from €211.6 million at September 30<sup>th</sup>, 2019, mainly due to the fall in market interest rates, partly offset by the positive contribution from volume effect, higher lending activity and a more dynamic Treasury management (revenues generated by Other Treasury activities have been recasted in the line).

The average gross margin on interest-earning assets in the first nine months of 2020 was 1.03% compared to 1.23% in the same period of 2019.

**Net commissions** stood at €307.6 million, up 26.6% from €242.9 million at September 30<sup>th</sup> 2020.

This increase is mainly due to the rise in net commissions in the Brokerage area (+76.4% y/y) thanks to the combined effect of the reshape of our product offer, the enlargement of the clients base, the increase of Fineco market share (Assosim market share on equity traded volumes increased by 1.4 percentage points at 28.0% as of June 30<sup>th</sup>, 2020, last available data) and the higher market volatility in the period. Investing area grew by 5.6% y/y thanks to Fineco Asset Management contribution and the higher impact of Guided Products and Services, while banking fees grew by 81.0% y/y.

**Trading profit** amounted to €78.1 million in the first nine months of 2020 (+131.0% y/y), mainly thanks to the contribution from the Brokerage area (€69.3 million, +134.5% y/y). Trading profit also includes the income components from financial instruments accounted under “Other financial instruments measured at fair value” which include the Visa INC shares, convertible *preferred*, whose fair-value measurements led to a positive result of €0.2 million in the first nine months of 2020<sup>5</sup> (+€2.2 million in the first nine months of 2019).

<sup>5</sup> €-1.1 million in 1Q20, €+1.2 million in 2Q20 and €+0.2 million in 3Q20

It also includes profits coming from the sale of government bonds held in “Financial assets designated at fair value through other comprehensive income” and in “Financial assets at amortized cost” for a total value of €8.7 million<sup>6</sup> (€2.7 million in the first nine months of 2019 ).

**Operating costs** in the first nine months of 2020 were well under control at €196.7 million, up 6.2% y/y mainly due to higher staff expenses and for the launch of the marketing campaign in UK. Net of the latter, operating costs were equal to €192.2 million (+3.8% y/y). The cost/income ratio was equal to 33.1%, down by 4.8 percentage points y/y.

**Staff expenses** totaled €73.5 million (+10.4% y/y) mainly due to the increase in the number of employees, which rose to 1,251 as of September 30<sup>th</sup>, 2020 from 1,191 as of September 30<sup>th</sup>, 2019 also due to the gradual internalisation of some services following the exit from the UniCredit Group.

**Gross operating profit** came to €397.5 million, up by 30.8% y/y.

**Other charges and provisions** in the first nine months of 2020 totaled €-39.6 million, increasing mainly due to ordinary annual contribution to the Deposit Guarantee Schemes (DGS), estimated in €28.0 million (compared to €17.5 million in the same period of 2019), including an additional contribution related to a member of Interbank Deposit Protection Fund, estimated in €7.1 million. Moreover, €-6.3 million of higher provisions are recorded in the period following the decision to refund to a cluster of clients the fees related to the smart repricing charged between February and September 2020, following the communication received by the Guarantor for Competition and the Market Authority (A.G.C.M.). Therefore, based on the discussions had with the Authority, the Bank, although fully confirming the correctness of its decisions, has considered appropriate to refund the cluster of customers related to the commercial practice in question

**Loan loss provisions** amounted to €-3.5 million, increasing compared to the €-1.4 million recorded in the first nine months of 2019. The increase is mainly due to the update in the second quarter of 2020 of the macroeconomic scenario after the health emergency caused by the spread of COVID-19 virus, as requested by IFRS9. In the third quarter €0.3 million of writebacks have been accounted. The cost of risk is down to 11 basis points from 14 basis points as of June 30<sup>th</sup>, 2020, confirming the quality of the loan book of the Bank.

**Profit on Investments** amounted to €-4.0 million, of which €-3.8 million due to the Bank’s government institutional exposures, mainly after the aforementioned update of the macroeconomic scenario under IFRS9 in the second quarter of 2020, which led to €-3.5 million higher provisions.

Please note that the €6.3 million recorded in the first nine months of 2019 benefitted from a write-back of approximately €7.0 million thanks to the collateralization of the exposure towards the UniCredit bonds due to the Pledge Agreement agreed between FinecoBank and the UniCredit Group.

**Profit before taxes** stood at €350.3 million, up by 22.9% y/y.

**Net profit for the period** was equal to €246.3 million, increasing by 22.7% y/y.

<sup>6</sup> €3.8 million in 1Q20, €5.0 million in 2Q20 and €-0.1 million in 3Q20

## MAIN INCOME STATEMENT RESULTS OF THE THIRD QUARTER 2020

**Revenues** were equal to €187.1 million, decreasing compared to the previous quarter due to the lower contribution of the Brokerage business due to the different seasonality, and increasing by 13.1% y/y mainly thanks to the positive contribution of Brokerage and Investing.

**Net interest income** in the third quarter was €68.6 million, down compared to the previous quarter and to the same quarter of 2019 mainly due to the fall in base rates.

The average lending rate for the investment of all deposits amounted to 0.98%, down compared to 1.04% in the previous quarter and 1.17% in the third quarter of 2019.

**Net commissions** amounted to €97.9 million, decreasing by 6.6% compared to the previous quarter, as the positive contribution of Investing (+8.3%) has not counterbalanced the lower contribution by brokerage (-29.4%) also due to seasonality. Net commissions are increasing by 16.2% compared to the previous year thanks to the contribution of all the business areas.

**Trading profit** was equal to €20.4 million, down by €9.7 million compared to the previous quarter, and up by €9.2 million compared to the third quarter of 2019.

Total **operating costs** in the third quarter of 2020 came to €64.4 million, down by 1.9% compared to the previous quarter and increasing 11.8% compared to the same quarter of 2019, due to higher staff expenses and to a different distribution of marketing expenses.

**Operating profit** was equal to €122.7 million, down by 12.4% compared to the previous quarter and increasing by 13.8% compared to the third quarter of 2019.

**Provisions for risks and charges** amounted to -€32.0 million, compared to -€6.5 million in the previous quarter and -€19.8 million in the third quarter of 2019, increasing mainly due to the annual contribution to the Deposit Guarantee Schemes (DGS) and to the contribution to a member of the Interbank Deposit Protection Fund. Also, in the third quarter of 2020 have been accounted €-2.3 million of provisions following the communication received by the Guarantor for Competition and the Market Authority (A.G.C.M.)

**Loan loss provisions** amounted to €0.1 million thanks to €0.3 million writebacks in the quarter, compared to €-2.7 million provisions in the previous quarter and to €-1.2 million in the third quarter of 2019.

**Profit from investments** amounted to €-0.2 million, increasing compared to €-3.5 million in the previous quarter and decreasing compared to €0.4 million in the same period of 2019.

**Profit before taxes** in the quarter was equal to €90.7 million, down by 28.7% q/q and up by 3.9% y/y.

**Net profit** in the quarter was equal to €65.3 million, down by 26.4% q/q and up by 6.0% y/y.

## SHAREHOLDERS' EQUITY AND CAPITAL RATIOS

Consolidated shareholders' equity came to €1,620.4 million and is up by €64.7 million compared to June 30<sup>th</sup>, 2020 and by €237.9 million compared to December 31<sup>st</sup>, 2019, mainly due to the profit respectively in the third quarter 2020 and first nine months of 2020, net of the coupon payment of Fineco AT1 instruments in the second quarter 2020 (€-9.9 million, net of tax).

The Bank confirms its solid capital position with a CET1 ratio of 23.28% as of September 30<sup>th</sup>, 2020 (including the amount of the 2019 dividend suspended by the Board of Directors on April 6<sup>th</sup>, 2020), compared to 24.19% as of 31 December 2019 pro-forma (18.12% the figure reported in the 2019 Financial Statements approved by the Board of Directors on February 11<sup>th</sup>, 2020).

The Tier 1 ratio and the Total Capital Ratio were equal to 37.41% as of September 30<sup>th</sup>, 2020 compared to 39.73% as of December 31<sup>st</sup>, 2019 pro-forma (33,67 % reported in the 2019 Financial Statements approved by the Board of Directors on February 11<sup>th</sup>, 2020).

The leverage ratio was 4.35% in September 2020 compared to 4.54% pro-forma in December 2019<sup>7</sup>.

## LOANS TO CUSTOMERS

Loans to customers at September 30<sup>th</sup>, 2020 totalled €4,320 million, up by 17.4% compared to December 31<sup>st</sup>, 2019 and by 2.8% compared to June 30<sup>th</sup>, 2020.

The amount of non-performing loans (loans with insolvent borrowers, unlikely to pay and non-performing loans/past due) net of impairment totalled €3.7 million (€4.7 million at June 30<sup>th</sup>, 2020 and €3.6 million as of December 31<sup>st</sup>, 2019), with an 85.6% coverage ratio. The ratio between the amount of non-performing loans and total loans to ordinary customers came to 0.10% (0.12% at June 30<sup>th</sup>, 2020 and 0.11% December 31<sup>st</sup>, 2019).

## SIGNIFICANT EVENTS IN THE THIRD QUARTER OF 2020 AND SUBSEQUENT EVENTS

No significant events occurred after September 30, 2020 that would make it necessary to change any of the information given in this report.

With reference to the main events that occurred during 3Q20, refer to section "Subsequent events" in the Consolidated interim report on operations, which is an integral part of Consolidated first half financial report as at 30 June 2020 as well as the press releases published on FinecoBank website.

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<sup>7</sup> 3.85% reported in the 2019 Financial Statements approved by the Board of Directors on February 11th, 2020

## NEW INITIATIVES MONITORING

Activities continued to develop **Fineco Asset Management** which, also thanks to the recent launch of a new edition of the FAM Global Defence fund, has confirmed its increasing capacity to promptly and effectively respond to customer needs.

**The reshape of the brokerage offering** is continuing, after the recent launch of CFD and the enlargement of its multicurrency offering. Furthermore, Fineco is in the process of vertically integrating certificates, allowing the Bank to become issuer, market maker and distributor through our platform.

Fineco is keeping on developing its **UK offer**, with the broadening of the investing offer that will continue in the coming months. The success of the first marketing campaign confirms how **the one-stop-solution offered by the Bank is very well welcomed**.



## CONSOLIDATED BALANCE SHEET

(Amounts in €thousand)

ASSETS	Amounts as at		Changes	
	September 30, 2020	December 31, 2019	Amounts	%
Cash and cash balances	987,533	754,386	233,147	30.9%
Financial assets held for trading	13,146	7,933	5,213	65.7%
Loans and receivables with banks	773,653	566,033	207,620	36.7%
Loans and receivables with customers	4,320,340	3,679,829	640,511	17.4%
Financial investments	22,974,599	22,304,892	669,707	3.0%
Hedging instruments	76,119	64,939	11,180	17.2%
Property, plant and equipment	150,459	152,048	(1,589)	-1.0%
Goodwill	89,602	89,602	-	-
Other intangible assets	37,812	37,492	320	0.9%
Tax assets	14,405	23,444	(9,039)	-38.6%
Other assets	282,998	342,309	(59,311)	-17.3%
<b>Total assets</b>	<b>29,720,666</b>	<b>28,022,907</b>	<b>1,697,759</b>	<b>6.1%</b>

(Amounts in €thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY	Amounts as at		Changes	
	September 30, 2020	December 31, 2019	Amounts	%
Deposits from banks	104,977	154,653	(49,676)	-32.1%
Deposits from customers	27,296,509	25,919,858	1,376,651	5.3%
Financial liabilities held for trading	5,737	3,777	1,960	51.9%
Hedging instruments	211,970	94,950	117,020	123.2%
Tax liabilities	51,118	11,437	39,681	347.0%
Other liabilities	429,953	455,748	(25,795)	-5.7%
Shareholders' equity	1,620,402	1,382,484	237,918	17.2%
- capital and reserves	1,375,138	1,093,117	282,021	25.8%
- revaluation reserves	(84)	1,002	(1,086)	-108.4%
- net profit	245,348	288,365	(43,017)	-14.9%
<b>Total liabilities and Shareholders' equity</b>	<b>29,720,666</b>	<b>28,022,907</b>	<b>1,697,759</b>	<b>6.1%</b>

## CONSOLIDATED BALANCE SHEET – QUARTERLY FIGURES

(Amounts in @thousand)

	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020
<b>ASSETS</b>					
Cash and cash balances	1,208,686	754,386	1,177,380	909,802	987,533
Financial assets held for trading	10,592	7,933	12,888	14,591	13,146
Loans and receivables with banks	824,635	566,033	625,247	723,189	773,653
Loans and receivables with customers	3,567,804	3,679,829	3,741,000	4,204,291	4,320,340
Financial investments	21,521,272	22,304,892	23,400,694	22,946,524	22,974,599
Hedging instruments	71,941	64,939	76,454	75,577	76,119
Property, plant and equipment	148,644	152,048	152,973	153,685	150,459
Goodwill	89,602	89,602	89,602	89,602	89,602
Other intangible assets	8,760	37,492	37,053	36,592	37,812
Tax assets	7,688	23,444	3,300	4,186	14,405
Other assets	300,341	342,309	202,426	254,169	282,998
<b>Total assets</b>	<b>27,759,965</b>	<b>28,022,907</b>	<b>29,519,017</b>	<b>29,412,208</b>	<b>29,720,666</b>

(Amounts in @thousand)

	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Deposits from banks	188,171	154,653	330,927	113,137	104,977
Deposits from customers	25,428,742	25,919,858	27,202,155	27,021,199	27,296,509
Financial liabilities held for trading	4,734	3,777	11,039	8,209	5,737
Hedging instruments	156,435	94,950	143,500	207,116	211,970
Tax liabilities	50,929	11,437	32,254	62,928	51,118
Other liabilities	642,227	455,748	322,068	443,965	429,953
Shareholders' equity	1,288,727	1,382,484	1,477,074	1,555,654	1,620,402
- capital and reserves	1,100,134	1,093,117	1,382,491	1,373,995	1,375,138
- revaluation reserves	(6,566)	1,002	3,152	1,485	(84)
- net profit	195,159	288,365	91,431	180,174	245,348
<b>Total liabilities and Shareholders' equity</b>	<b>27,759,965</b>	<b>28,022,907</b>	<b>29,519,017</b>	<b>29,412,208</b>	<b>29,720,666</b>

## INCOME STATEMENT

(Amounts in €thousand)

	3Q 20	3Q 19	Changes	
			Amounts	%
Net interest	206,874	211,573	(4,699)	-2.2%
Net fee and commission income	307,613	242,896	64,717	26.6%
Net trading, hedging and fair value income	76,670	29,438	47,232	160.4%
Net other expenses/income	1,561	684	877	128.2%
<b>OPERATING INCOME</b>	<b>592,718</b>	<b>484,591</b>	<b>108,127</b>	<b>22.3%</b>
Staff expenses	(73,540)	(66,594)	(6,946)	10.4%
Other administrative expenses	(185,199)	(179,761)	(5,438)	3.0%
Recovery of expenses	80,701	77,486	3,215	4.1%
Impairment/write-backs on intangible and tangible assets	(18,641)	(16,293)	(2,348)	14.4%
<b>Operating costs</b>	<b>(196,679)</b>	<b>(185,162)</b>	<b>(11,517)</b>	<b>6.2%</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>396,039</b>	<b>299,429</b>	<b>96,610</b>	<b>32.3%</b>
commitments	(3,522)	(1,373)	(2,149)	156.5%
<b>NET OPERATING PROFIT (LOSS)</b>	<b>392,517</b>	<b>298,056</b>	<b>94,461</b>	<b>31.7%</b>
Other charges and provisions	(39,606)	(23,616)	(15,990)	67.7%
Net income from investments	(3,999)	6,255	(10,254)	-163.9%
<b>PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>348,912</b>	<b>280,695</b>	<b>68,217</b>	<b>24.3%</b>
Income tax for the period	(103,564)	(85,536)	(18,028)	21.1%
<b>OPERATIONS</b>	<b>245,348</b>	<b>195,159</b>	<b>50,189</b>	<b>25.7%</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>245,348</b>	<b>195,159</b>	<b>50,189</b>	<b>25.7%</b>

## CONDENSED INCOME STATEMENT – QUARTERLY FIGURES

(Amounts in thousands)

	Year 2019	1st Quarter 2019	2nd Quarter 2019	3rd Quarter 2019	4th Quarter 2019	1st Quarter 2020	2nd Quarter 2020	3rd Quarter 2020
Net interest	281,277	70,366	71,401	69,806	69,704	68,164	70,065	68,645
Net fee and commission income	325,171	77,361	81,282	84,253	82,275	104,954	104,785	97,874
Net trading, hedging and fair value income	44,761	9,811	8,026	11,601	15,323	26,394	30,088	20,188
Net other expenses/income	3,608	196	341	147	2,924	570	822	169
<b>OPERATING INCOME</b>	<b>654,817</b>	<b>157,734</b>	<b>161,050</b>	<b>165,807</b>	<b>170,226</b>	<b>200,082</b>	<b>205,760</b>	<b>186,876</b>
Staff expenses	(90,152)	(21,653)	(22,444)	(22,497)	(23,558)	(24,007)	(24,886)	(24,647)
Other administrative expenses	(240,638)	(65,073)	(58,669)	(56,019)	(60,877)	(60,257)	(63,081)	(61,861)
Recovery of expenses	104,068	26,590	24,227	26,669	26,582	23,807	28,456	28,438
Impairment/write-backs on intangible and tangible assets	(22,864)	(5,144)	(5,366)	(5,783)	(6,571)	(6,058)	(6,210)	(6,373)
<b>Operating costs</b>	<b>(249,586)</b>	<b>(65,280)</b>	<b>(62,252)</b>	<b>(57,630)</b>	<b>(64,424)</b>	<b>(66,515)</b>	<b>(65,721)</b>	<b>(64,443)</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>405,231</b>	<b>92,454</b>	<b>98,798</b>	<b>108,177</b>	<b>105,802</b>	<b>133,567</b>	<b>140,039</b>	<b>122,433</b>
commitments	(1,970)	(1,270)	1,124	(1,227)	(597)	(963)	(2,707)	148
<b>NET OPERATING PROFIT (LOSS)</b>	<b>403,261</b>	<b>91,184</b>	<b>99,922</b>	<b>106,950</b>	<b>105,205</b>	<b>132,604</b>	<b>137,332</b>	<b>122,581</b>
Other charges and provisions	(27,152)	(980)	(2,856)	(19,780)	(3,536)	(1,124)	(6,512)	(31,970)
Integration costs	-	(2)	2	-	-	-	-	-
Net income from investments	7,377	(658)	6,463	450	1,122	(89)	(3,729)	(181)
<b>PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>383,486</b>	<b>89,544</b>	<b>103,531</b>	<b>87,620</b>	<b>102,791</b>	<b>131,391</b>	<b>127,091</b>	<b>90,430</b>
Income tax for the period	(95,121)	(27,272)	(31,689)	(26,575)	(9,585)	(39,960)	(38,348)	(25,256)
<b>OPERATIONS</b>	<b>288,365</b>	<b>62,272</b>	<b>71,842</b>	<b>61,045</b>	<b>93,206</b>	<b>91,431</b>	<b>88,743</b>	<b>65,174</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>288,365</b>	<b>62,272</b>	<b>71,842</b>	<b>61,045</b>	<b>93,206</b>	<b>91,431</b>	<b>88,743</b>	<b>65,174</b>

Starting from June 30th, 2020, revenues resulting from the Other Treasury activities are now accounted within the line “Net Interest” of the reclassified income statement. The activity, which started in 2020, generated €74,000 of revenues in the first quarter, which have been reclassified. Revenues related to this activity have been equal to €756,000 in the second quarter of 2020 and to €984,000 in the third quarter of 2020.

## SOVEREIGN, SUPRANATIONAL AND AGENCY EXPOSURES

The following table indicates the book value of Sovereign, Supranational, Agency and local Authority exposures in debt securities at 31 March 2020 classified in the portfolio “Financial assets designated at fair value through other comprehensive income” and “Financial assets at amortised cost”; penetration on the Group's total assets totalled 53.55%.

(Amounts in € thousand)

	Carrying value as at September 30, 2020	% on total asset
<b>Italy</b>	<b>5,613,136</b>	
Financial assets at amortised cost	5,613,136	18.89%
<b>Spain</b>	<b>4,081,593</b>	
Financial assets at amortised cost	4,081,593	13.73%
<b>Germany</b>	<b>126,848</b>	
Financial assets at amortised cost	126,848	0.43%
<b>Poland</b>	<b>27,360</b>	
Financial assets at amortised cost	27,360	0.09%
<b>France</b>	<b>1,043,781</b>	
Financial assets at fair value through other comprehensive income	37,162	0.13%
Financial assets at amortised cost	1,006,619	3.39%
<b>U.S.A.</b>	<b>494,971</b>	
Financial assets at fair value through other comprehensive income	69,010	0.23%
Financial assets at amortised cost	425,961	1.43%
<b>Austria</b>	<b>520,060</b>	
Financial assets at amortised cost	520,060	1.75%
<b>Ireland</b>	<b>915,097</b>	
Financial assets at fair value through other comprehensive income	40,510	0.14%
Financial assets at amortised cost	874,587	2.94%
<b>United Kingdom</b>	<b>21,920</b>	
Financial assets at amortised cost	21,920	0.07%
<b>Belgium</b>	<b>559,651</b>	
Financial assets at amortised cost	559,651	1.88%
<b>Portugal</b>	<b>396,342</b>	
Financial assets at amortised cost	396,342	1.33%
<b>Switzerland</b>	<b>46,679</b>	
Financial assets at amortised cost	46,679	0.16%
<b>Saudi Arabia</b>	<b>78,254</b>	
Financial assets at amortised cost	78,254	0.26%
<b>Chile</b>	<b>20,133</b>	
Financial assets at amortised cost	20,133	0.07%
<b>Israel</b>	<b>87,265</b>	
Financial assets at amortised cost	87,265	0.29%
<b>Total sovereign exposures</b>	<b>14,033,090</b>	<b>47.22%</b>
<b>Financial assets at amortised cost - Supranational</b>	<b>1,335,907</b>	<b>4.49%</b>
<b>Financial assets at amortised cost - Agencies and Local Authority exposures</b>	<b>547,221</b>	<b>1.84%</b>
<b>Total Supranational, Agencies and Local Authority exposures</b>	<b>1,883,128</b>	<b>6.34%</b>
<b>Total</b>	<b>15,916,218</b>	<b>53.55%</b>

## OPERATING STRUCTURE

	Data as at	
	December 31, 2019	September 30, 2020
No. Employees	1,225	1,251
No. Personal financial advisors	2,541	2,577
No. Financial shops <sup>1</sup>	396	403

<sup>1</sup> Number of Fineco Centers operational: Fineco Centers managed by the Bank and Fineco Centers managed by personal financial advisors (Fineco Centers).

**BASIS OF PREPARATION**

This Consolidated Interim Financial Report as at 30 September 2020 - 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 30 September 2020 – Press Release, as well as the press releases on significant events during the period, the market presentation on Q3 2020 results and the Database are also available on FinecoBank's website.

Items in the condensed tables of the balance sheet and income statement were prepared according to the models contained in Bank of Italy Circular 262 "Bank financial report: models and rules of compilation" issued by the Bank of Italy, to which were applied the reconciliations illustrated in the "Reconciliation models for the preparation of condensed consolidated financial report" annexed to the consolidated half year report at June 30<sup>th</sup> 2020.

In order to provide additional information on the Bank's performance, several alternative performance indicators have been used - APM (such as Cost/income ratio, Cost of Risk, Guided products & services/AUM and Guided products & services/TFA), whose description is found in "Glossary of technical terminology and acronyms used" of the 2019 Financial Statements, in line with the guidelines published by the European Securities and Markets Authority (ESMA/2015/1415) on 5 October 2015.

The information contained in this Consolidated Interim Financial Report as at 30 September 2020 – Press Release was not prepared in accordance with the international accounting standard applicable to interim financial reports (IAS 34).

The Consolidated Interim Financial Report at 30 September 2020 - Press Release, shown in reclassified format, was prepared on the basis of the IAS/IFRS in force today.

It should be noted that, in the application of the accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of certain assets and liabilities as well as the information regarding contingent assets and liabilities. Estimates and related assumptions take into account all information available at the reporting date of this document and are based on previous experience and other factors considered reasonable under the circumstances and have been used to estimate the carrying values of assets and liabilities not readily available from other sources. At this regard, the valuation of some items has been particularly complex due to the uncertainties linked to the evolution of the Covid-19 pandemic and to the measurement of the expected economic recovery, and as a consequence these valuations could change in unforeseeable way in the next periods.

With specific reference to the assessment of credit exposures, it should be noted that, with the entry into force of the IFRS9 accounting standard, the assessment of the same is based on prospective information and, in particular, on the evolution of the macroeconomic scenarios used in the calculation of the write-downs. In valuing its performing loans as at 30 September 2020, the Group considered an updated macroeconomic scenario to take into account the effects of the COVID19 crisis. Appropriate adjustments have been made to account for the mitigating effects of the support measures granted to customers. As regards the remaining counterparties, including the bond issuers, the write-downs have been calculated according to IFRS9 impairment models and their and their post-model overlay and adjustment rules ("post-model overlay and adjustment").

Finally, in line with European guidelines on the assessment of a significant increase in credit risk ("SICR"), the COVID-19 health emergency has not resulted in any change to the policies adopted by the Group for the assessment of the creditworthiness of credit exposures and their classification in Stages 1, 2 and 3. The same applies to measures taken in the context of the epidemic (such as suspension of loan instalment payments or late payments), which are not considered to be an automatic trigger for an SICR, nor an automatic trigger for classification as forborne exposures.

With regard to the assessment of the goodwill, Fineco brands and domains recorded in the financial statements, it should be noted that on 30 June 2020 the Bank carried out an analysis on the COVID-19 effects on the main parameters used in the valuation model (net profit and RWA relating to the years 2020 and 2021 as from baseline and stressed COVID-19 scenarios approved by the Board of Directors on 7 July 2020). The results did not highlight significant impacts on the value in use, confirming the positive outcome of the impairment test performed at 31 December 2019.

In cases in which the accounts did not fully reflect the reporting of items on an accruals “pro rata temporis” basis, such as administrative expenses, the accounting figure was supplemented by estimates based on the budget.

With regard to the contribution obligations referred to in the Deposit Guarantee Schemes Directive 2014/49/EU, contributions will be due and recognised in the third quarter of the year, in application of IFRIC 21.

With reference to contribution obligations pursuant to Directive 2014/49/EU (Deposit Guarantee Schemes - DGS) for 2020, costs were accounted in the item “Other charges and provisions” and include an estimate of the annual contribution to be paid to the Italian Interbank Deposit Protection Fund based on information available at September 30th, 2020.

With regard to the contribution obligations under Directive 2014/59/EU (Single Resolution Fund), in relation to which no contribution has been requested from the Bank until the year ended December 31, 2019, the amount of the annual ordinary contribution and the additional contribution requested to FinecoBank for 2020 have been booked into the item “Other charges and provisions” .

This Consolidated Interim Financial Report as at 30 September 2020 – Press Release was not audited by the External Auditors.

## **CERTIFICATIONS AND OTHER COMMUNICATIONS**

### **Related-Party Transactions**

With reference to paragraph 8 of Article 5 "Disclosure of related-party transactions" of the Consob Regulation on related-party transactions (adopted by Consob with resolution no. 17221 of 12 March 2010 and subsequently amended with Resolution no. 17389 of 23 June 2010), please note that in the third quarter of 2020 minor intercompany transactions and/or transactions with related parties in general, both Italian and foreign, were conducted within the ordinary course of business and related financial activities of the Bank, and were carried out under arm's length conditions, i.e. conditions similar to those applied to transactions with unrelated third parties.

During the same period, no other transactions were undertaken with related parties that could significantly affect the Bank's asset situation and results, or atypical and/or unusual transactions, including intercompany and related party transactions.



**DISCLAIMER**

*This Press Release may contain written and oral “forward-looking statements”, which includes all statements that do not relate solely to historical or current facts and which are therefore inherently uncertain. All forward-looking statements rely on a number of assumptions, expectations, projections and provisional data concerning future events and are subject to a number of uncertainties and other factors, many of which are outside the control of FinecoBank S.p.A. (the “Company”). There are a variety of factors that may cause actual results and performance to be materially different from the explicit or implicit contents of any forward-looking statements and thus, such forward-looking statements are not a reliable indicator of future performance. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law. The information and opinions contained in this Press Release are provided as at the present date and are subject to change without notice. Neither this Press Release nor any part of it nor the fact of its distribution may form the basis of, or be relied on or in connection with, any contract or investment decision.*

*The information, statements and opinions contained in this Press Release are for information purposes only and do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to purchase or subscribe for securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments. None of the securities referred to herein have been, or will be, registered under the U.S. Securities Act of 1933, as amended, or the securities laws of any state or other jurisdiction of the United States or in Australia, Canada or Japan or any other jurisdiction where such an offer or solicitation would be unlawful (the “Other Countries”), and there will be no public offer of any such securities in the United States. This Press Release does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States or the Other Countries.*

**Declaration of the Nominated Official in charge of drawing up company accounts**

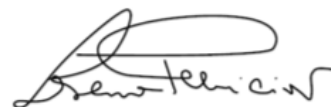
The undersigned Lorena Pellicieri, as Nominated Official in charge of drawing up Company Accounts of FinecoBank S.p.A.,

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 at September 30<sup>th</sup>, 2020 corresponds to results in the Company's accounts, books and records.

Milan, November 9<sup>th</sup>, 2020

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



## TOTAL NET SALES - OCTOBER 2020

In October Fineco recorded strong and robust net sales, almost doubled on a yearly basis at € 739 million (+91% compared to € 387 million in October 2019), gathered without short-term commercial incentives. Asset mix reflects the postponement to the second half of the month of the availability of new investment products by FAM, due to the increase of the time needed by the Irish regulator for the approval during this complex market phase: Asset under Management stood at € 151 million, Asset under Custody at € 23 million while deposits were € 565 million.

Brokerage growth confirms its structural trend, thanks to both the reshaping of our offer and the enlargement of the base of clients, despite a lower volatility for most of the month. In October revenues were estimated at € 14 million, increasing by 12% comparing to October 2019, which recorded the best result last year. Estimated revenues since the beginning of the year reached around € 192 million, +75% y/y.

figures in € million

TOTAL NET SALES	OCT 2020	OCT 2019	JAN-OCT '20	JAN-OCT '19
Assets under management	151.4	516.7	2,755.4	2,436.5
Assets under custody	22.8	3.9	2,846.0	-598.2
Direct deposits	564.7	-133.6	1,488.5	2,896.7
<b>TOTAL NET SALES</b>	<b>738.9</b>	<b>386.9</b>	<b>7,089.8</b>	<b>4,735.0</b>
TOTAL FINANCIAL ASSETS	OCT 2020	DEC 2019	OCT 2019	
Assets under management	41,855.8	40,505.4	38,900.7	
Assets under custody	16,346.9	15,323.8	15,312.5	
Direct deposits	26,996.8	25,589.7	24,965.7	
<b>TOTAL FINANCIAL ASSETS</b>	<b>85,199.5</b>	<b>81,418.8</b>	<b>79,178.9</b>	

### **Total financial assets over € 85 billion, net sales since the beginning of the year over € 7 billion**

Total financial assets were at € 85,2 billion, +8% compared to October 2019.

Since the beginning of the year, total net sales stood at € 7.1 billion (+50% y/y), of which € 2.8 billion in AuM, € 2.8 billion in AuC and € 1.5 billion in deposits.

### **FAM, retail net sales since the beginning of the year at € 1.6 billion**

Fineco Asset Management retail net sales amounted in October to € 114 million. As of October 31<sup>st</sup>, 2020 FAM managed € 14.9 billion of assets, of which € 9.6 billion retail class (+24% y/y) and € 5.3 billion institutional class (+1% y/y).

### **Guided Products & Services 2020 net sales above € 2.8 billion**

Net sales in “Guided products & services” in October amounted at € 160 million. Since the beginning of the year net sales totaled € 2.8 billion (+1% y/y). The penetration rate of Guided Products reached 73% on total AuM compared to 70% a year ago.

### Over 8,000 new clients in the month

In October 8,010 new clients have been acquired, confirming the trend highlighted after the announcement of the Smart Repricing on our banking services with a better quality of new customers, and an increase in average TFA of new current accounts. Total number of customers reached 1,363,578 as of October 31<sup>st</sup>, 2020.

figures in € million

PFA NETWORK NET SALES	OCT 2020	OCT 2019	JAN-OCT '20	JAN-OCT '19
Assets under management	154.1	515.1	2,770.0	2,445.7
Assets under custody	30.1	-16.5	2,036.2	-460.3
Direct deposits	480.9	-111.1	1,375.2	2,228.8
<b>TOTAL NET SALES</b>	<b>665.2</b>	<b>387.4</b>	<b>6,181.5</b>	<b>4,214.2</b>
PFA NETWORK TFA	OCT 2020	DEC 2019	OCT 2019	
Assets under management	41,409.4	40,012.3	38,419.7	
Assets under custody	12,193.2	11,467.4	11,523.1	
Direct deposits	20,501.6	19,207.7	18,796.4	
<b>TOTAL FINANCIAL ASSETS</b>	<b>74,104.2</b>	<b>70,687.3</b>	<b>68,739.1</b>	

### FinecoBank

*FinecoBank is one of the most important FinTech banks in Europe. Listed on the FTSE MIB, Fineco offers a business model that is unique in Europe, combining the best platforms with a large network of financial advisors. It offers a single account with banking, trading and investment services, on transactional and advisory platforms developed with proprietary technologies. Fineco is a leading bank in brokerage in Europe, and one of the most important players in Private Banking in Italy, offering advanced and tailor-made advisory services. Since 2017, FinecoBank has also been in the UK with an offer focused on brokerage, banking and investment services. Fineco Asset Management was founded in Dublin in 2018, with a mission to develop investment solutions in partnership with top international asset managers*

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