

# COMPANY PRESENTATION

17 NOVEMBER 2021



**BANCA  
GENERALI**

# 2019-21 BUSINESS PLAN FOCUSED ON GROWTH AND SUSTAINABILITY

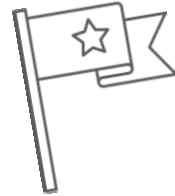
## THREE STRATEGIC GUIDELINES AND FIVE KPIs FOR 2021

### Strategic guidelines

1

#### Empowering FAs

To Consolidate our leadership in Italy empowering the **best Financial Advisors**



2

#### Clients' first choice

To be the Clients' first choice for **quality of professionals, protection and value of service** and **state-of the-art digital** presence



3

#### Internazionale aspiration

To **create a new long-term growth engine** by selectively expanding our geographical footprint



### 2021 KPIs and Targets



1

Total Assets: **76-80 bn/€**

2

Cumulated Net Inflows: **>14.5 bn/€**

3

Core Net Banking Income: **≥63 bps**

4

Core operating costs: **3%-5% CAGR**

5

Dividends: **70%-80%** pay-out ratio; Floor DPS of **1,25€**; commitment to sound capital ratios

# APPROACHING THE END OF THE 2019-21 PLAN

## DELIVERY ON TARGETS AND MORE

Objective	KPIs	2021 Targets	9M 21 YTD Results	Score
Asset growth	Total Assets (bn/€)	76-80 bn/€	82.1 bn/€	<input checked="" type="checkbox"/>
	Cumulative Net Inflows (bn/€)	>14.5 bn/€	16.5 bn/€	<input checked="" type="checkbox"/>
Sustainable profitability	Core Net Banking Income <sup>1</sup>	≥63 bps	67 bps	<input checked="" type="checkbox"/>
	'Core' Operating Costs <sup>1</sup> :	3%- 5% CAGR	4.6% <sup>2</sup>	<input checked="" type="checkbox"/>
Shareholders' remuneration	Dividend pay-out	70%-80% pay-out ratio	<b>€1.25 DPS floor on 2021</b> already allocated	<input checked="" type="checkbox"/>
	Dividend per share	DPS (1.25€) set as a floor	<b>€3.3 DPS on 2019/20</b> already approved by AGM	<input checked="" type="checkbox"/>

Legenda:  On track to 2021 target

# KEY INVESTMENT HIGHLIGHTS

## ACHIEVEMENTS AND OUTLOOK



**Strong track record in asset growth**, market share gain and private banking positioning



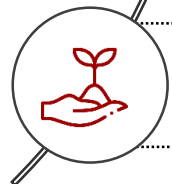
**Positive net inflows in any market condition**, size and **quality of the FAs network** winning factor



Expanded value proposition and ongoing improvement in **our clients' asset quality**



**Growing and sustainable earnings generation**, recurring profitability and operating leverage

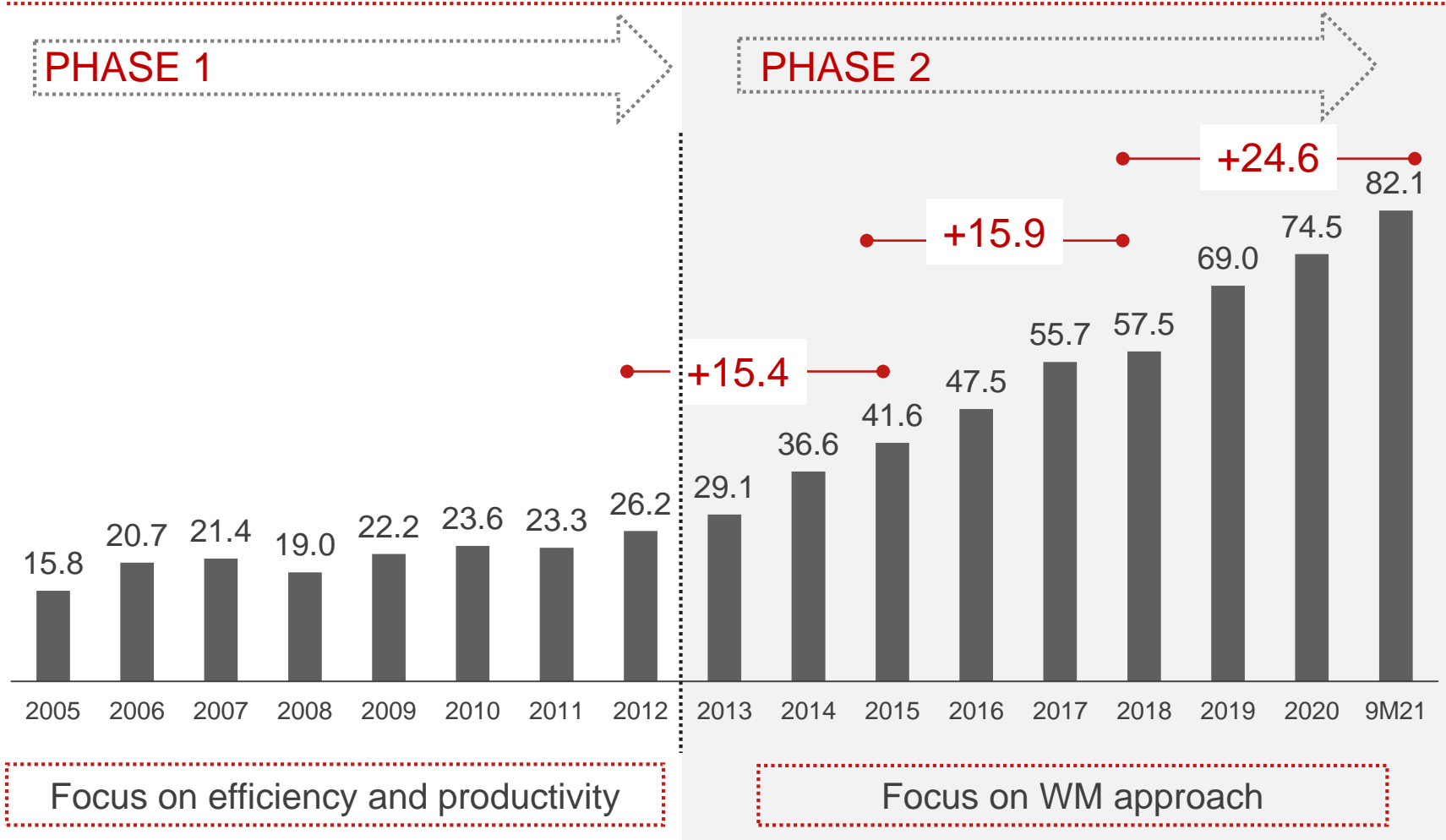


Solid capital ratios, capital-light business model and **Shareholders' remuneration**

# ASSET GROWTH, MARKET SHARE GAIN, PRIVATE POSITIONING

ASSETS MORE THAN TRIPLED IN THE LAST NINE YEARS

Total Assets, bn/€







**Accelerated pace of growth** across 2019-21 business plan (+€24.6bn as of 9M21) outpacing growth in the previous cycles (3Y avg. €15.7bn)

3Y growth driven by **organic drivers** while M&A accounted for less than 10% of total asset expansion YTD

# ASSET GROWTH, MARKET SHARE GAIN, PRIVATE POSITIONING

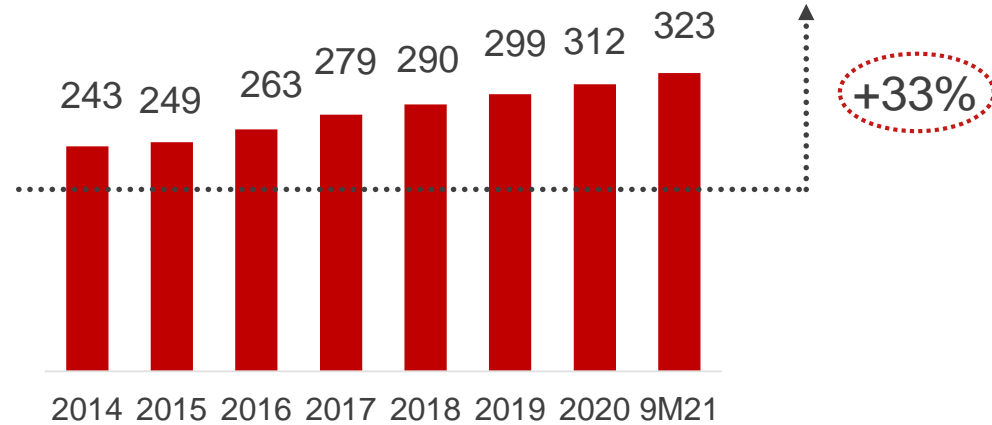
GROWING MARKET SHARE IN ANY REFERENCE MARKET

Reference market	Size of the reference market	Banca Generali's market share (%)		
		2010	2016	2020
Total Italian financial Household assets	  €4,807 billion <sup>3</sup> 2010-20 CAGR +2.4%	0.6%	1.1%	1.5%
Italian Private Banking (AIPB)	 €1,180 billion 2010-20 CAGR +7.4% <sup>1</sup>	1.1%	2.8%	4.2% <sup>2</sup>
Italian FAs sector (Assoreti)	 €667 billion 2010-20 CAGR +8.2% <sup>3</sup>	10.0%	12.6%	14.1% <sup>3</sup>

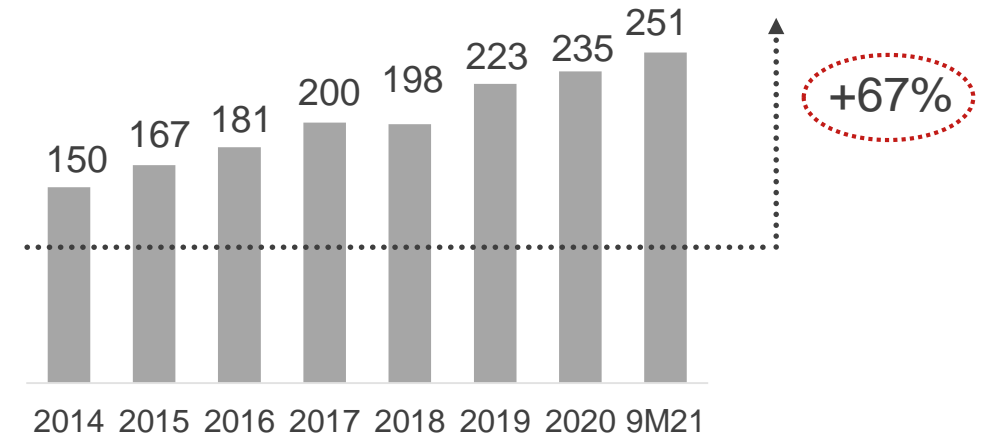
# ASSET GROWTH, MARKET SHARE GAIN, PRIVATE POSITIONING

## GROWTH DRIVEN BY PRIVATE CLIENTS

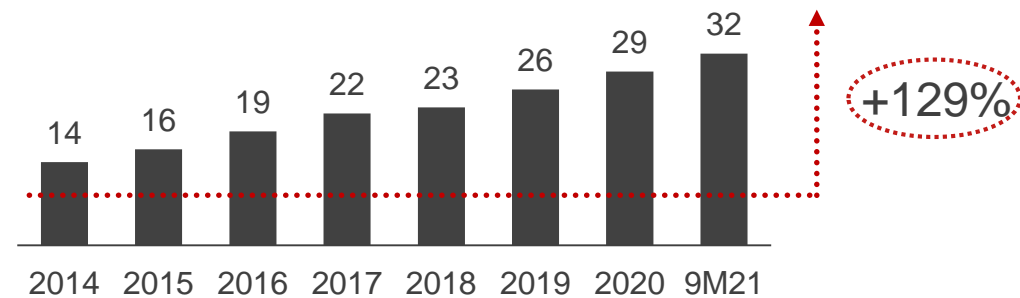
Tot. No. of Clients '000



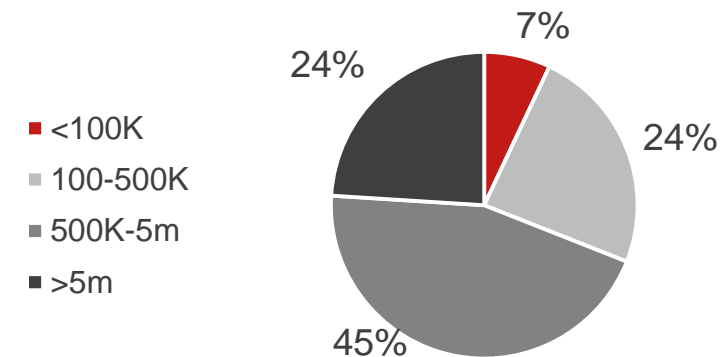
Asset/Clients '000/€



Tot. No. of Private Clients (Assets >€500K) '000



9M21 Asset breakdown by cluster of Clients



% of tot. Assets



# KEY INVESTMENT HIGHLIGHTS

## ACHIEVEMENTS AND OUTLOOK



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**Positive net inflows in any market condition**, size and **quality of the FAs network** winning factor



Expanded value proposition and ongoing improvement in **client asset quality**



**Growing and sustainable earnings generation**, recurring profitability and operating leverage



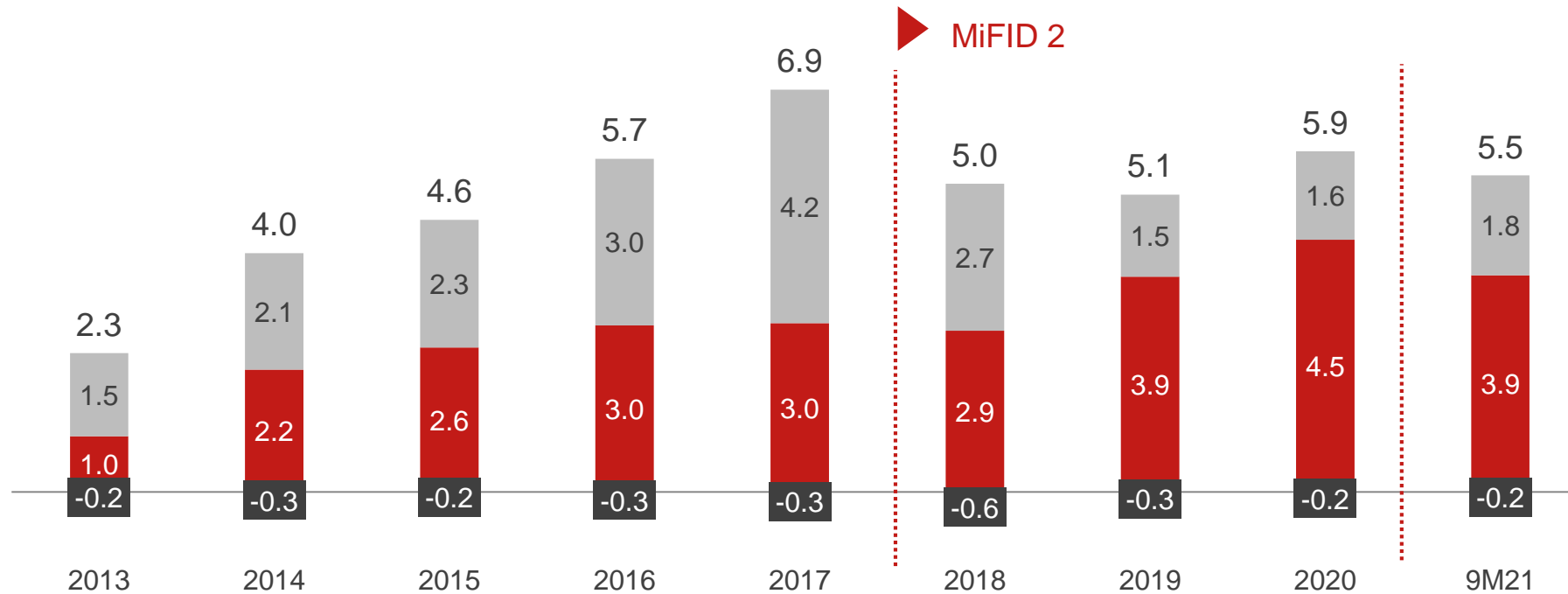
Solid capital ratios, capital-light business model and **Shareholders' remuneration**



# NET INFLOWS, SIZE AND QUALITY OF THE NETWORK

QUALITY OF NET INFLOWS DRAMATICALLY IMPROVING FROM THE START OF MIFID 2

Net Inflows split by acquisition channel (Existing FA, new Recruits, FA Out)



**Organic net inflows accelerated post Mifid 2** representing 70% of total (avg. 2018-2020) vs. 50% pre-Mifid 2 (2013-2017)

% Net inflows from new recruits on total

65%

53%

49%

53%

61%

53%

29%

27%

33%

New Recruits, #

81

102

126

161

153

105

86

72

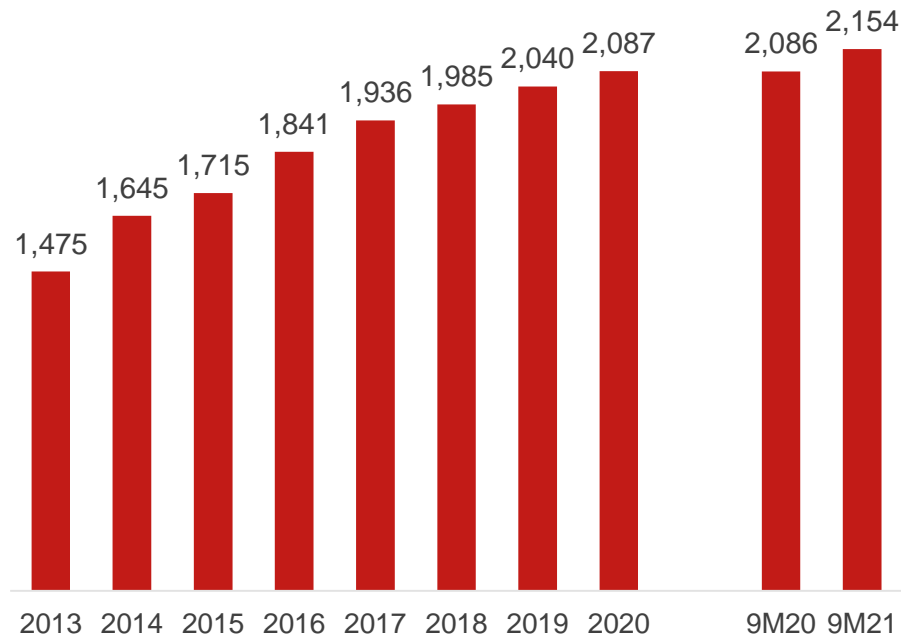
96

- Existing FA
- New Recruits
- FA Out

# NET INFLOWS, SIZE AND QUALITY OF THE NETWORK

## STEADY GROWTH BY SIZE AND QUALITY

### Financial Advisor Network, No. of FAs



Headline FA retention at 97.7% - Core FA retention at 99.3%

### FA Network, by portfolio size and skills

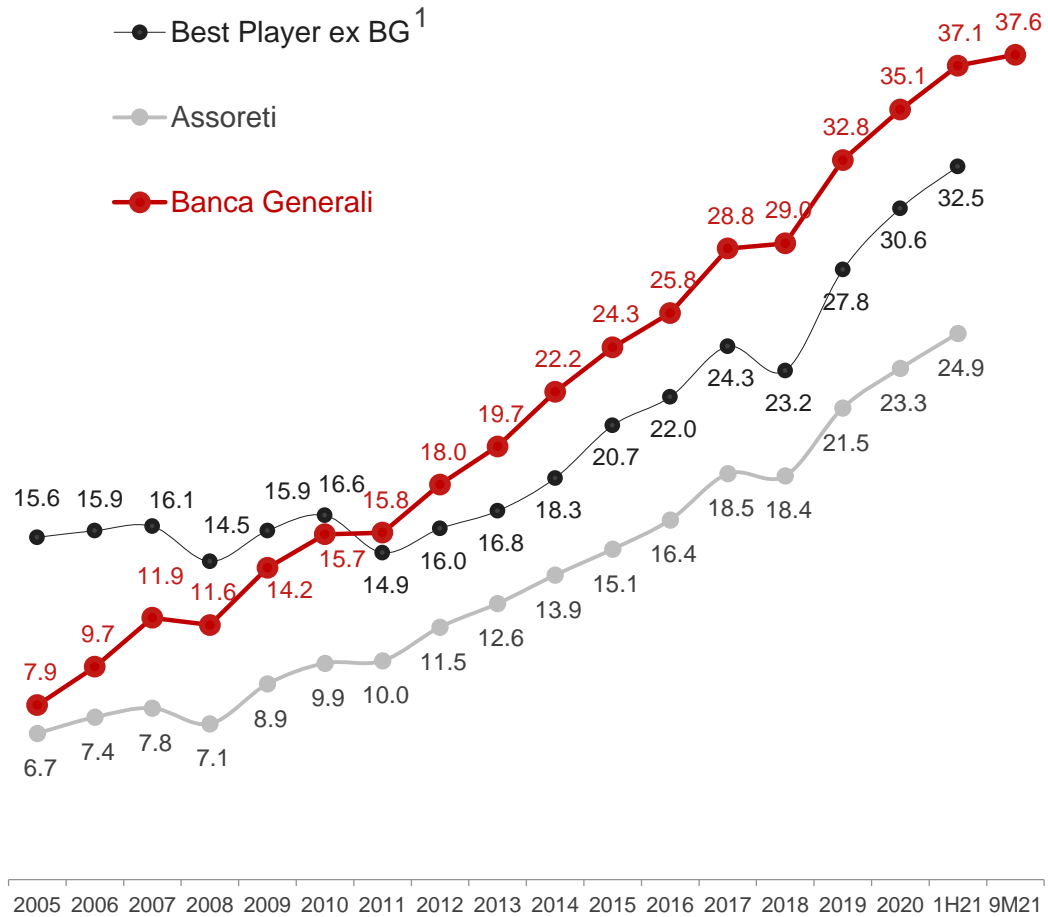
	Clusters	(% of Assets)	No. of FAs	Assets per FA m/€ <sup>2</sup>
Financial Advisors	Wealth Managers (PTF > €50m)	35%	349 <sup>1</sup>	91.6
	Private Bankers (PTF €15-50m)	53%	1,327 <sup>1</sup>	34.2
	Financial Planners (PTF < €15m)	5%	333 <sup>1</sup>	13.8
Employees	Relationship Managers	7%	72 <sup>1</sup>	78.8

117 FA Teams (11% of total assets) - Avg. Portfolio: €79.0m assets per Team

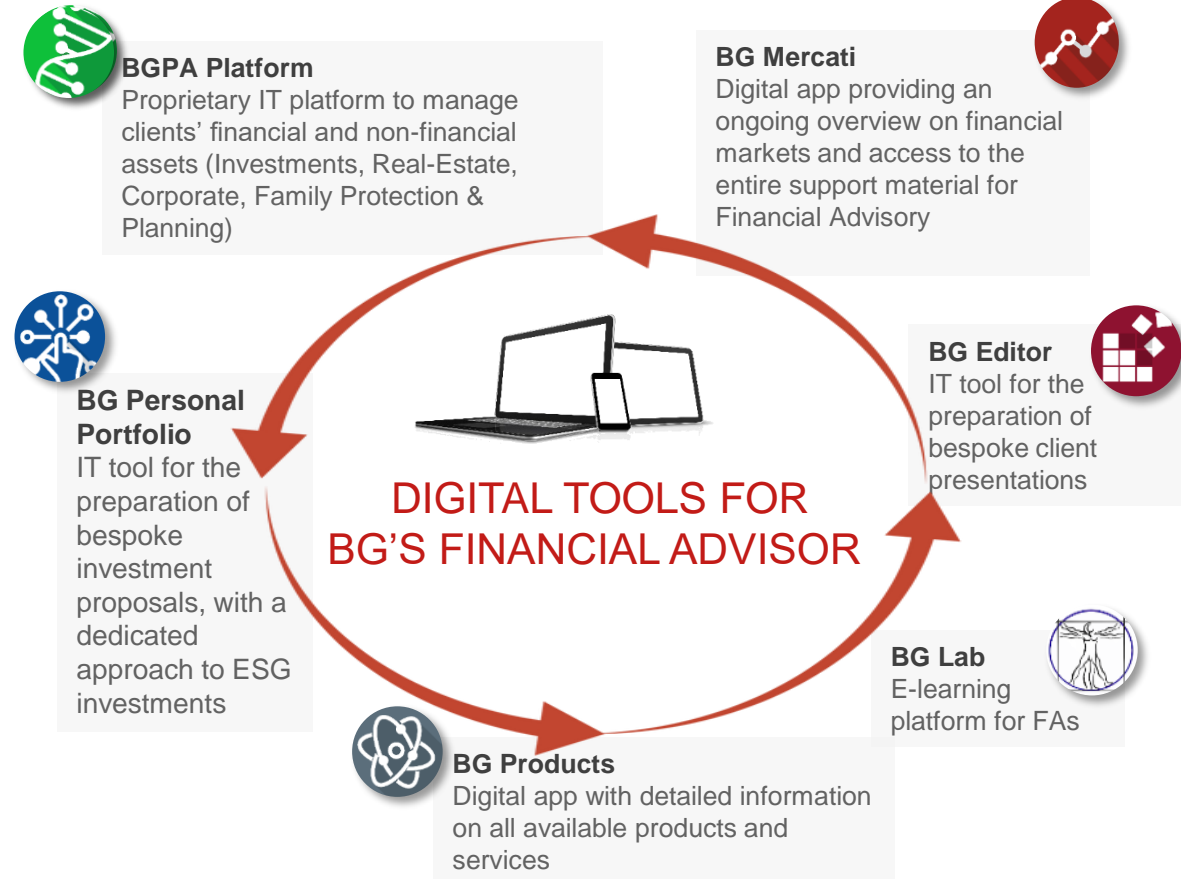
# NET INFLOWS, SIZE AND QUALITY OF THE NETWORK

BEST FA QUALITY IN THE INDUSTRY THANKS TO EXPERIENCE AND DIGITAL TOOLS

## Average FA portfolio (Asset per Financial Advisor) m/€



## Digital Desk for FAs' daily activity



**DIGITAL COLLABORATION**

**DIGITAL COLLABORATION**

allowing a fully digital process for orders' collection and executions

# KEY INVESTMENT HIGHLIGHTS

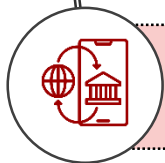
## ACHIEVEMENTS AND OUTLOOK



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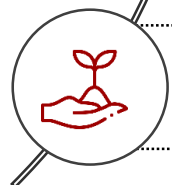
**Positive net inflows in any market condition**, size and **quality of the FAs network** winning factor



Expanded value proposition and ongoing improvement in **our clients' asset quality**



**Growing and sustainable earnings generation**, recurring profitability and operating leverage

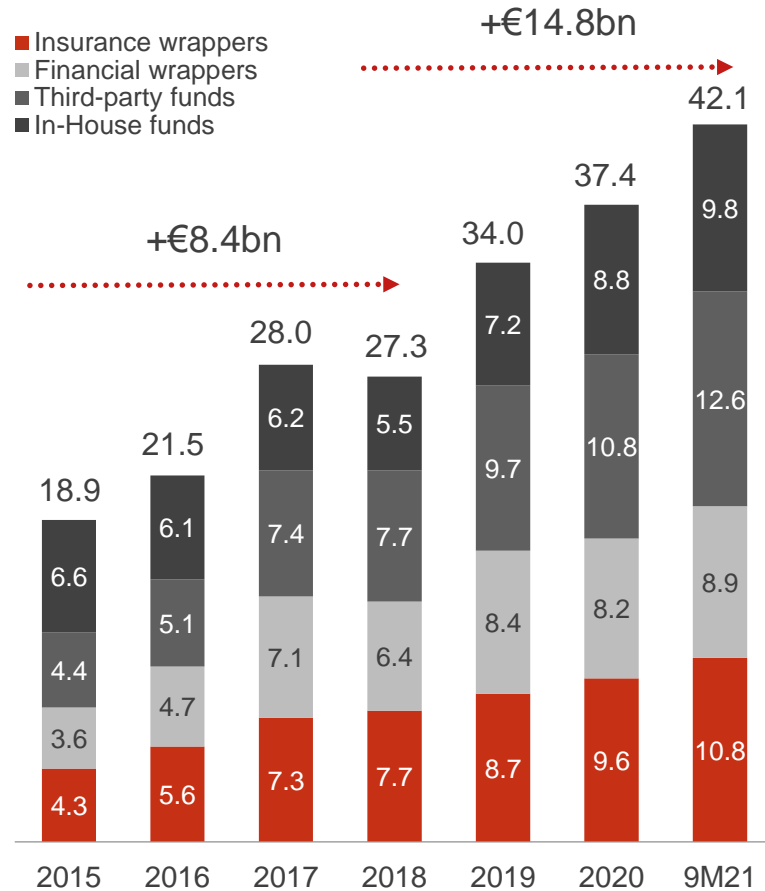


Solid capital ratios, capital-light business model and **Shareholders' remuneration**

# ASSET QUALITY, SUSTAINABLE PROFITABILITY, VALUE PROPOSITION

## MANAGED SOLUTIONS DRIVING ASSET GROWTH

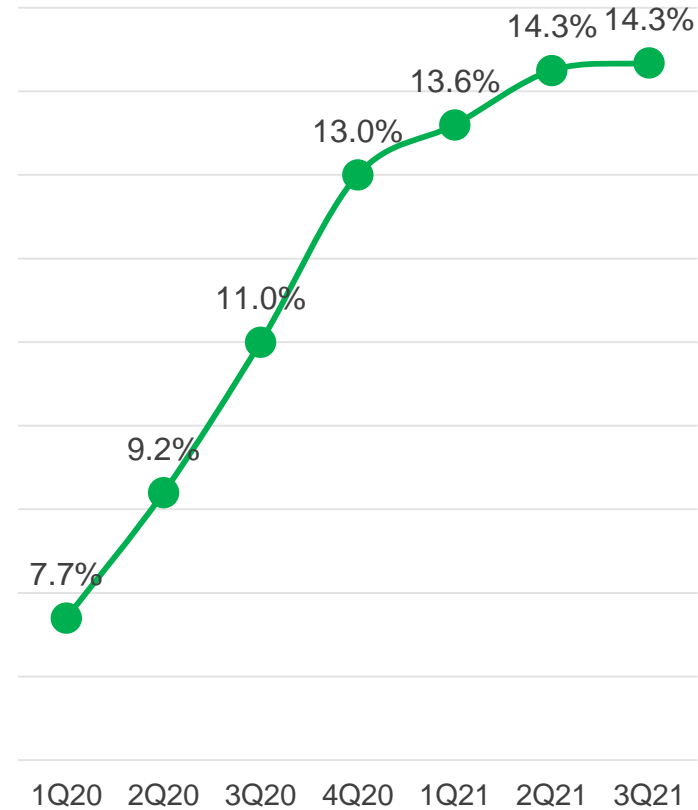
### Managed solutions m/€



Managed solutions/  
Total assets  
(%)



### ESG products as % of Managed Solutions



**Managed solutions** increased by €14.8bn YTD (+54%) since the start of the 3Y plan

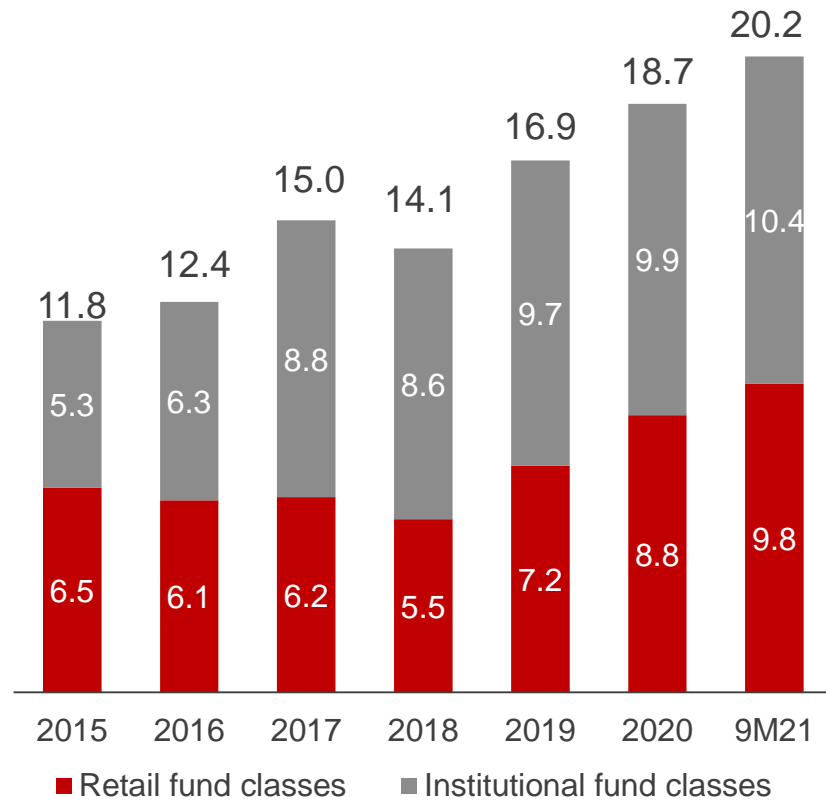
Major success for **Banca Generali's distinctive ESG commercial approach** based on a dedicated IT proprietary platform and products' link to the UN's 17 SDGs.

**ESG assets represent 14.3% of managed solutions YTD**

# ASSET QUALITY, SUSTAINABLE PROFITABILITY, VALUE PROPOSITION

## LUX IM LEADING GROWTH THANKS TO ONGOING INNOVATION

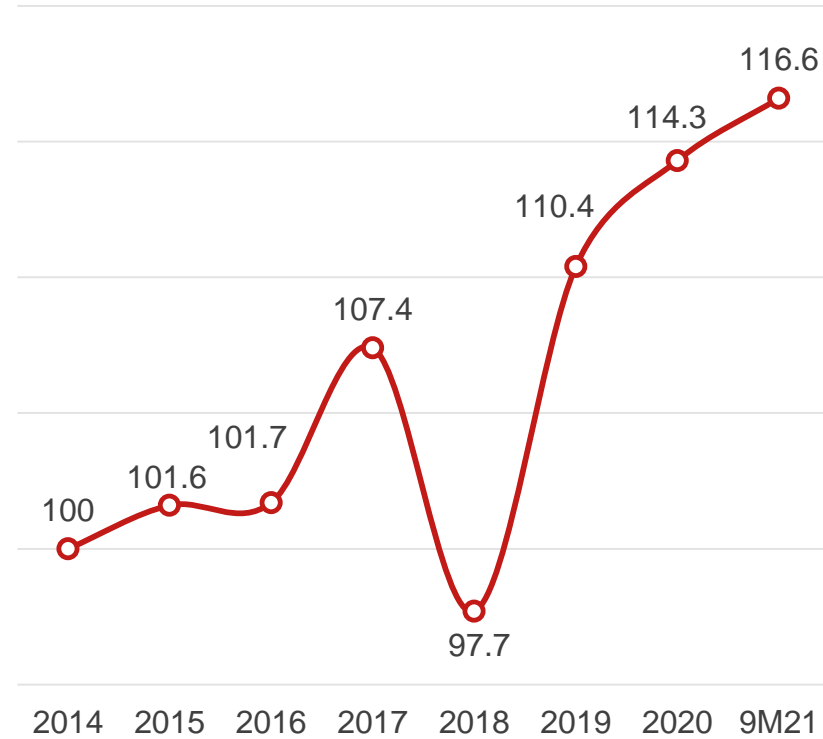
### In-house assets (BG FML)



In-house retail fund/Total retail funds



### WAP<sup>1</sup> of BG FML



Sound asset growth supported by **positive performance delivery** to clients net of any fees

Growth driven by the launch of **LUX IM** in 2018 to enhance innovation and pricing sustainability

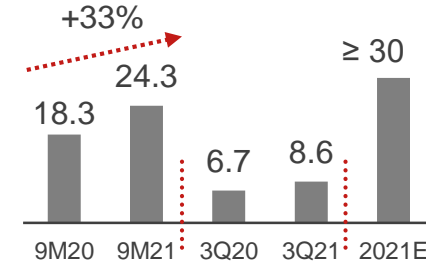
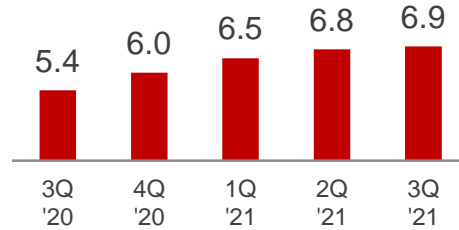
# ASSET QUALITY, SUSTAINABLE PROFITABILITY, VALUE PROPOSITION

## GROWING DELIVERY ACROSS ALL PRODUCT LINES

### ADVANCED ADVISORY



Assets under advisory (AuA) bn/€

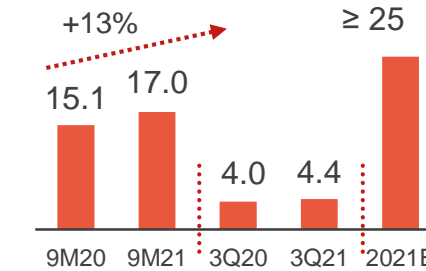
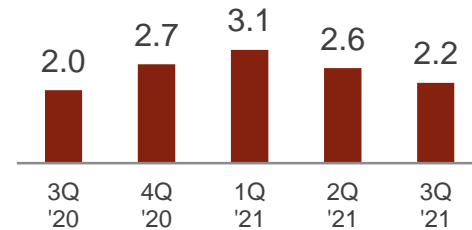


**Advanced Advisory fees (+33%)** growing steadily on higher volumes (+33%) and stable gross margin (49bps)

### RETAIL BROKERAGE



Trading volumes bn/€

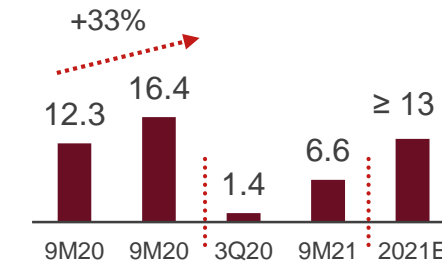
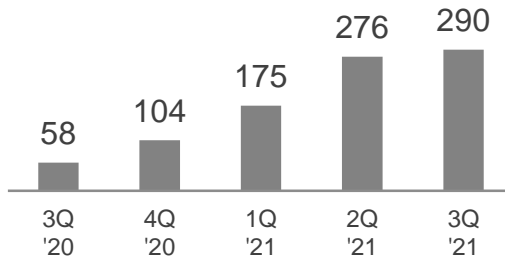


**Retail Brokerage revenues (+13%)** posted a steady improvement in volumes and trading mix (more equities and foreign markets) despite seasonality

### STRUCTURED PRODUCTS



Notional new issues m/€



**Structured products (+33%)** well above guidance in view of growing liquidity

# KEY INVESTMENT HIGHLIGHTS

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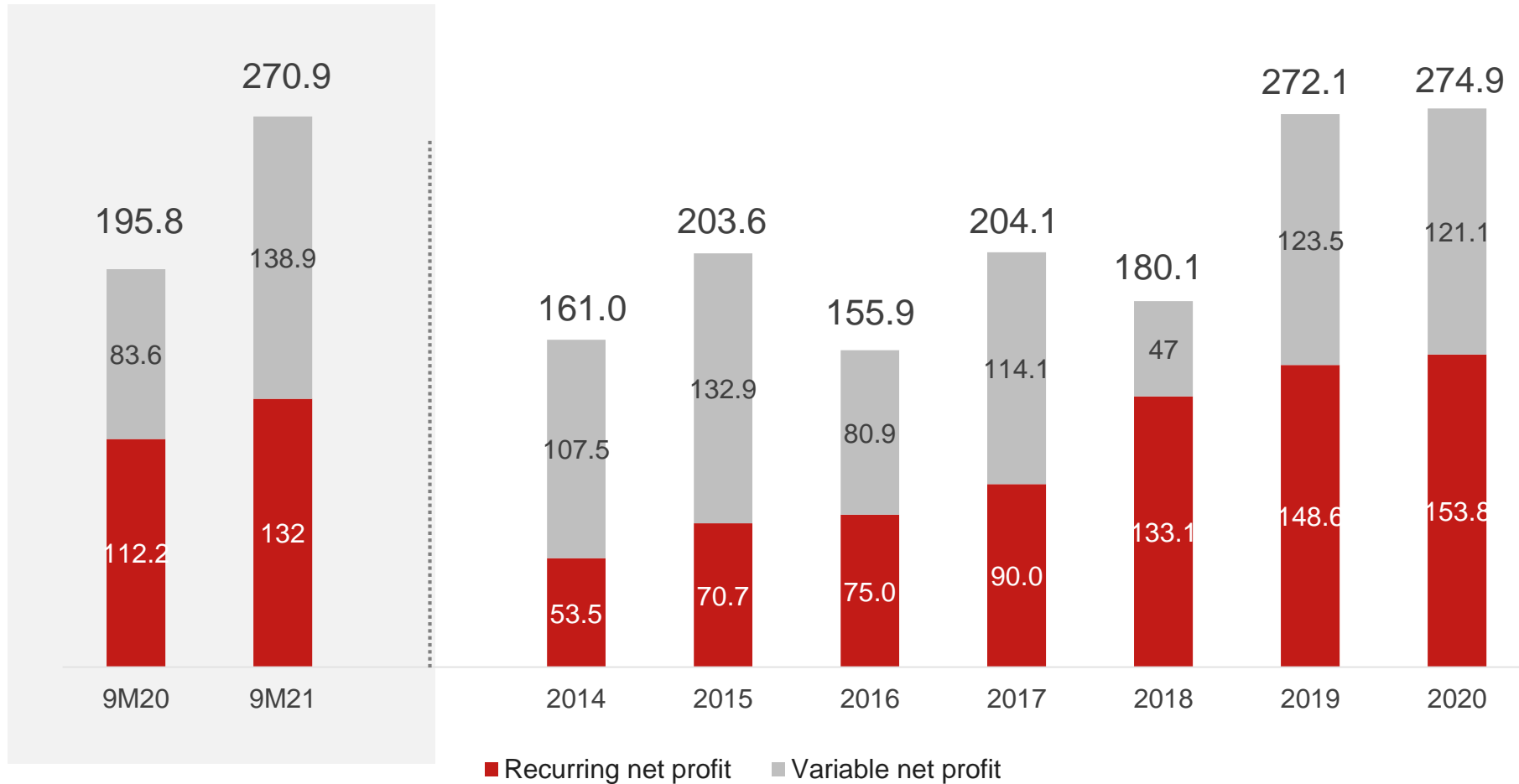
Solid capital ratios, capital-light business model and **Shareholders' remuneration**



# GROWING AND SUSTAINABLE EARNINGS' GENERATION

DRIVEN BY ASSET EXPANSION, MIX ENHANCEMENT AND OPERATING LEVERAGE

## Net Profit: Recurring vs. Variable m/€



**9M 2021 already at 2019 and 2020 full year level** even after large one-off provisions in 2Q

9M recurring profit at €132m (+18% YoY) with a **3Q uplift to €49m (+9.6% QoQ)**

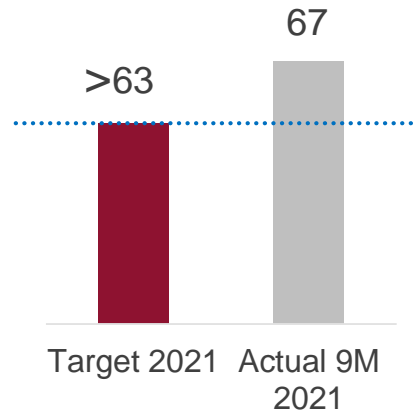
# GROWING AND SUSTAINABLE EARNINGS' GENERATION

## CLEAR PATH TOWARDS SUSTAINABLE HIGHER RESULTS

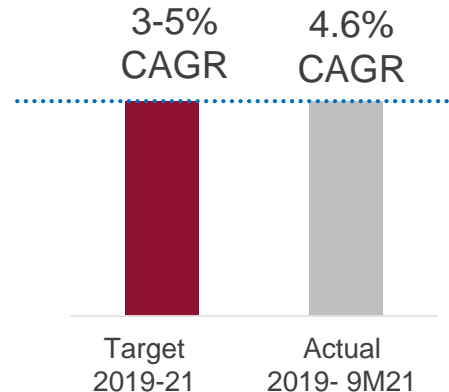
### Objective

### Sustainable Profitability

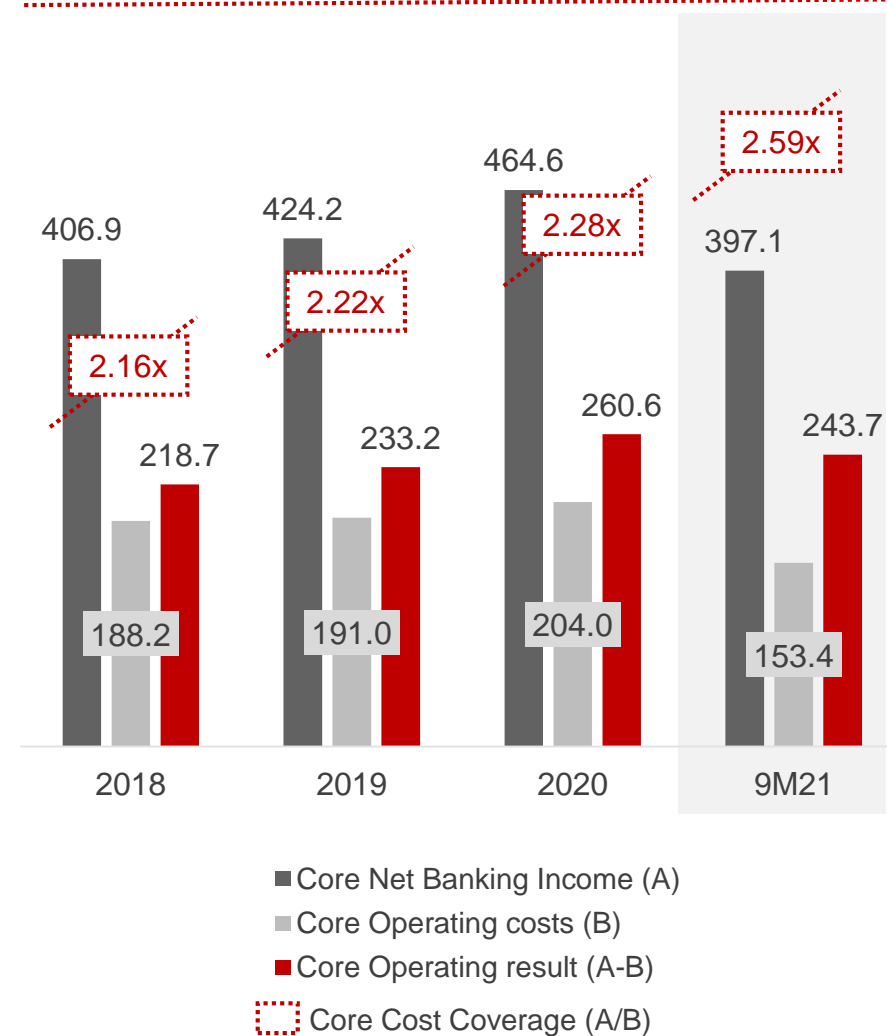
### Core Net Banking Income bps



### Core Operating costs, % CAGR



### Core Operating Result m/€



**Core Net Banking Income** above guidance thanks to better product mix, diversification and pricing transition

**Core Operating costs** in line with guidance even after inclusion of M&A activities within 'core' perimeter (originally excluded)

**Core Cost coverage** increased from 2.16x in 2018 to 2.59x in 9M21 thanks to scalability of the business model

# KEY INVESTMENT HIGHLIGHTS

## ACHIEVEMENTS AND OUTLOOK



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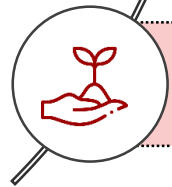
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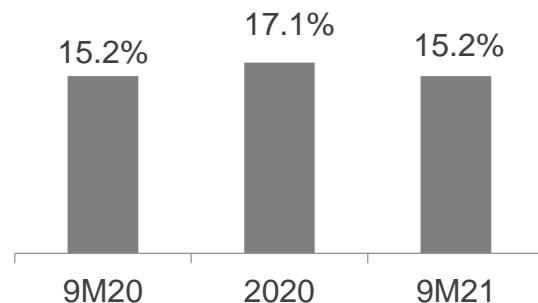
**Growing and sustainable earnings generation**, recurring profitability and operating leverage



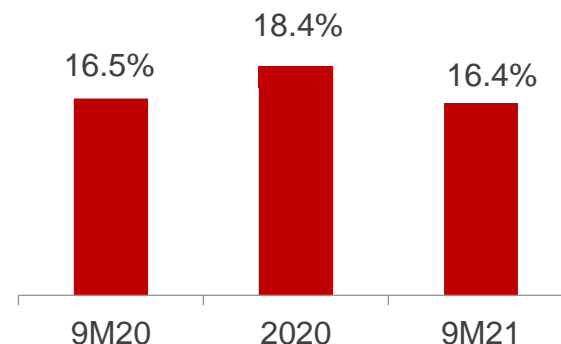
Solid capital ratios, capital-light business model and **Shareholders' remuneration**

# SOUND CAPITAL RATIOS, SHAREHOLDER REMUNERATION AFTER ACCOUNTING FOR INVESTMENT DIVERSIFICATION AND DIVIDENDS

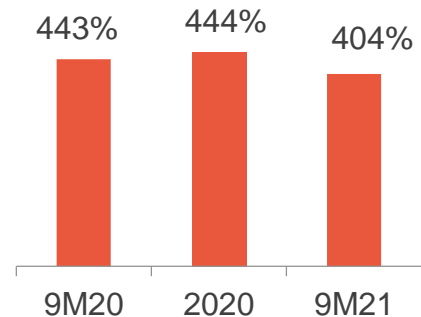
## CET1 ratio



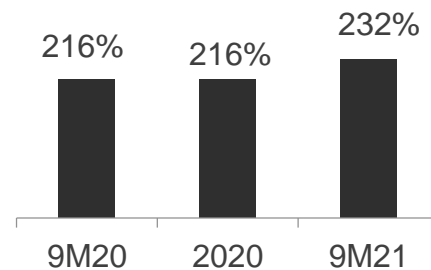
## TCR ratio



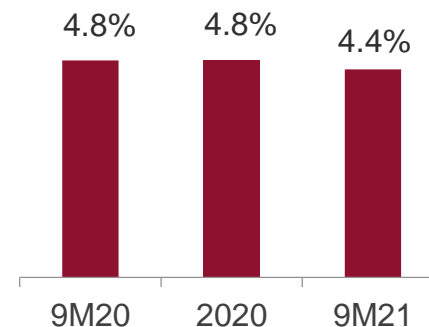
## LCR ratio



## NSFR ratio



## Leverage



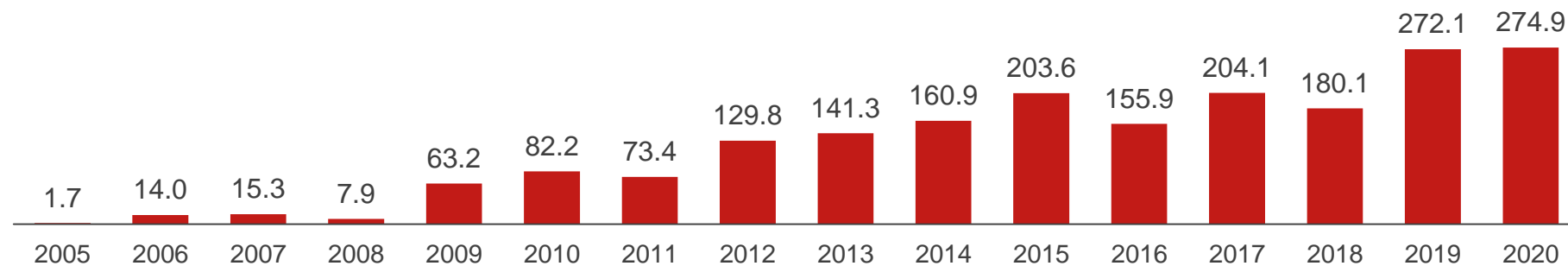
**9M21 capital ratios based on** 2021 dividend provision<sup>1</sup> temporary set in the higher side of the earnings' payout range foreseen by the in-force dividend policy. Capital ratios are also net of 2019/20 dividends whose payment dates<sup>2</sup> are set in November 2021 (€2.7 p.s.) and February 2022 (€0.60 p.s.)

Given its capital-light business model, **2022 MREL requirements** proved in line with the SREP requirements (7.75% CET1 ratio and 11.84% TCR ratio) by the Bank of Italy.

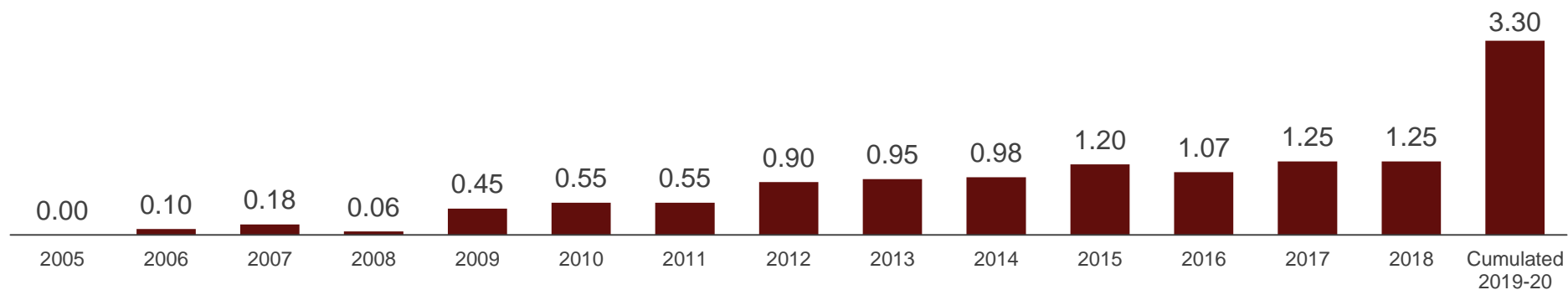
# SOUND CAPITAL RATIOS, SHAREHOLDER REMUNERATION

## SOLID TRACK RECORD IN SHAREHOLDERS' REMUNERATION

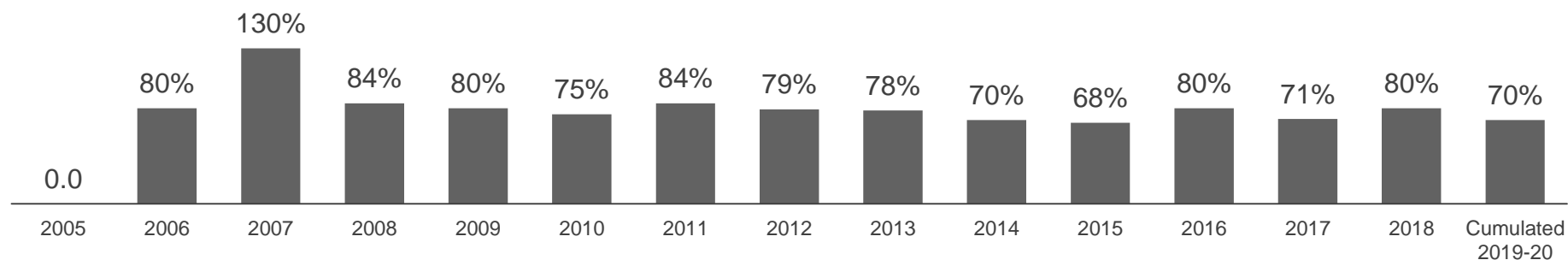
Net Profit €m



Dividend P.S.



Pay-Out Ratio



# ANNEX

# VALUE PROPOSITION, SUSTAINABILITY AND ASSET MIX UPTICK

## DISTINCTIVE APPROACH TO ESG DELIVERING ABOVE EXPECTATION

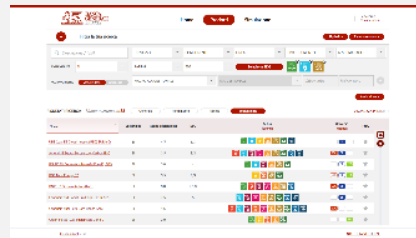
### Distinctive commercial approach

#### UN SDGs



Distinctive ESG value proposition linking investment decisions to SDGs on a tailor-made basis

#### ESG dedicated platform



IT platform allowing a bespoke selection of ESG funds based on risk profile and SDGs

#### Fund selection and ranking



Advanced fund analysis by ESG thematic area for sustainability ratings and for alignment with the SDGs

#### ESG reporting



Reported impact of funds and portfolios according to objective SDG-linked metrics

### ESG Integration

**100%**  
of assets  
undergoing a  
negative  
screening

- Company exclusions:
- Violation of the UN Global Compact Ten Principles
  - Controversial activities based on revenue thresholds for weapons, tobacco and coal production.

#### Alignment to the SFDR<sup>1</sup> and EU Taxonomy

Banca Generali is in the process of labelling its financial products according to SFDR's Article 8 and 9

Additionally, Banca Generali is also placing a major focus on the EU Taxonomy and will be creating a structured system for identifying and managing the inherent risks

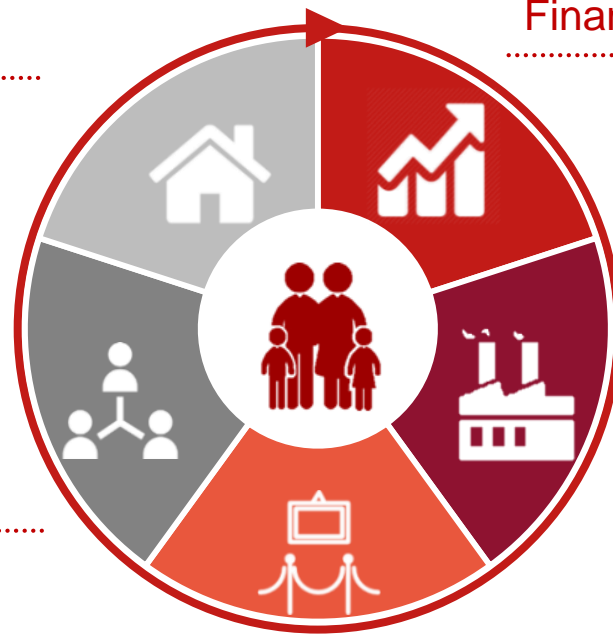
# VALUE PROPOSITION, SUSTAINABLE PROFITABILITY AND ASSET UPTICK FORERUNNER IN INTRODUCING WEALTH MANAGEMENT APPROACH

## Real estate

- Advisory
- Valuation
- Agency

## Family protection, wealth planning

- Succession planning
- Legal and fiscal support
- Wealth protection
- Trust services



## Financial assets

- Open architecture
- In-house funds
- Bespoke financial & insurance solutions
- Banking platform

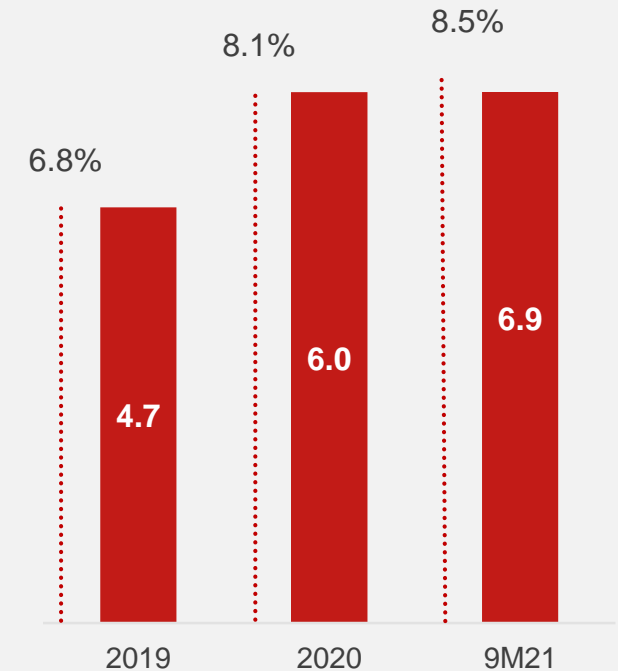
## Corporate

- Merger & Acquisitions
- Dynamic hedging
- Subsidised finance

## Art advisory

- Evaluation of artistic heritage
- Delivery of exhibitions and publication
- Custody, conservation & restoration
- Purchasing & sale of art works

## Assets under Advanced Advisory\* (€bn) and % of total assets



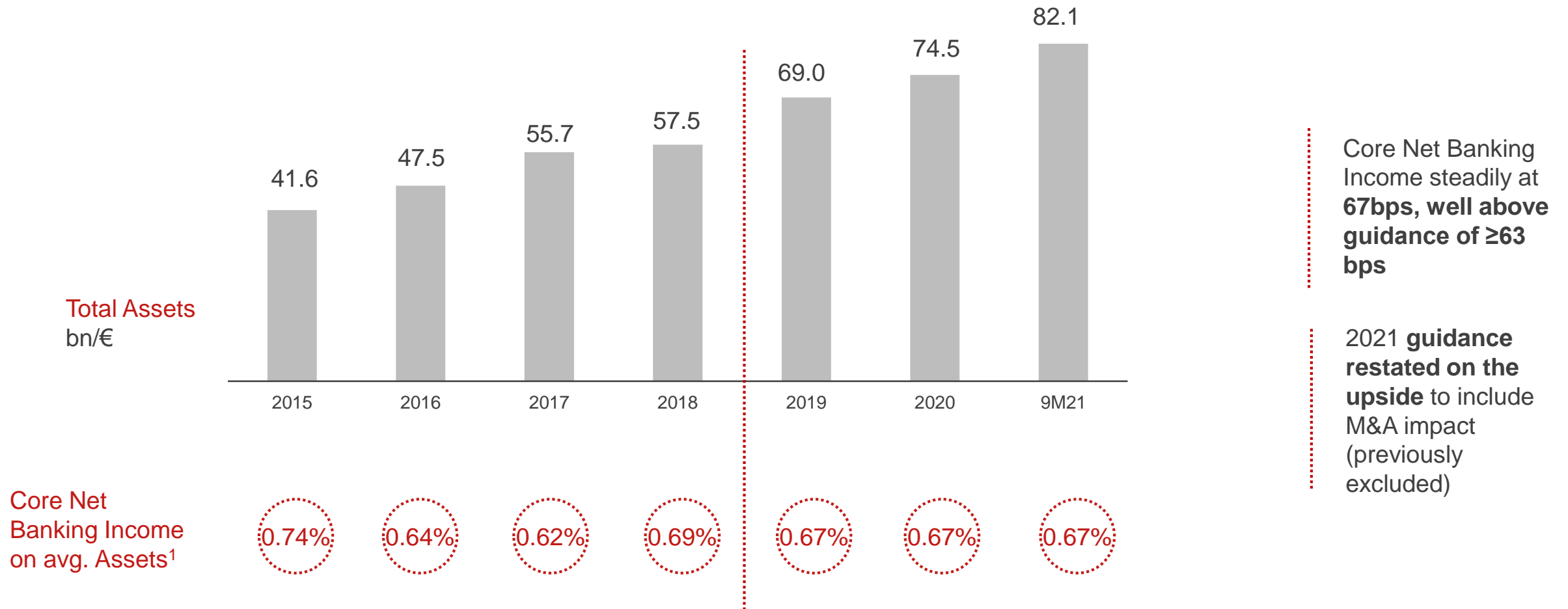
\*The advanced advisory service offers a holistic view of the overall client and their family wealth including both financial and non-financial components (real estate, corporate, family protection & art advisory)



# VALUE PROPOSITION, SUSTAINABLE PROFITABILITY AND ASSET UPTICK

## NEW INITIATIVES BEARING FRUITS WELL ABOVE GUIDANCE

### Core Net Banking Income, %



# DISCLAIMER

*Certain of the statements contained herein are statements of future expectations and other forward-looking statements.*

*These expectations are based on management's current views and assumptions and involve known and unknown risks and uncertainties.*

*The user of such information should recognize that actual results, performance or events may differ materially from such expectations because they relate to future events and circumstances which are beyond our control including, among other things, general economic and sector conditions.*

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*The manager charged with preparing the company's financial reports, Tommaso di Russo, declares, pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Financial Intermediation, that the accounting information contained in this presentation corresponds to document results, books and accounts records.*