

PRELIMINARY 2021 RESULTS

10 FEBRUARY 2022



**BANCA
GENERALI**

Our Vision:
To Be the
No.1 Private Bank
unique by Value of
Service, Innovation
and Sustainability



Preliminary remarks



2021 Financial Results



Net Inflows, Assets and recruiting

2021 RESULTS: EXECUTIVE SUMMARY



Best ever commercial results for both product mix and volumes

- **Total assets at €85.7bn (+15%)** with a strong trend for managed solutions (€44.3bn, +18%) and growing ESG component
- **Net inflows at €7.7bn (+31%)**, with managed solutions accounting for 69% of total (€5.3bn, +67%)
- **FA network** growing by size (2,162 FAs, +4% YoY) and quality (Assets/FA €39.2m, +12%)



Net profit at new highs despite non-recurring headwinds

- **Net profit at €323.1m (+18%)** boosted by a strong operating trend (+38%) more than offsetting €81m of non-recurring charge
- **Recurring net profit¹ at €176.6m (+15%)** supported by strong recurring fees and including conservative provisioning for other risk and charges
- **Strong net recurring fees at €446.8m (+22%)** with both management fees (+19%) and 'new revenue streams' (+32%) delivering above expectations



2021 dividend proposal push total distribution to €600m over the 3Y business cycle

- **BoD's proposal to AGM of €1.95 per share in two separate dividends:** 1st dividend of €1.15/share in 2Q22 and 2^o dividend of €0.8/share in 1Q23
- BoD also authorized the **final payment of the €0.60 DPS** on 2019/20 cumulated earnings, with ex-dividend date 21 February 2022
- **Sound capital position with CET1 at 16.3%, TCR ratio at 17.4% and leverage ratio at 4.6%**

RESULTS AT A GLANCE

KEY TAKEAWAYS

(€ mil)	12M 20	12M 21	% Chg
Net Interest Income	89.6	83.3	-7.0%
Net income (loss) from trading activities and Dividends	19.9	28.7	43.8%
Net Financial Income	109.6	112.0	2.2%
Gross recurring fees	782.4	942.7	20.5%
Fee expenses	-416.1	-495.9	19.2%
Net recurring fees	366.3	446.8	22.0%
Variable fees	141.8	220.5	55.6%
Total Net Fees	508.0	667.3	31.4%
Total Banking Income	617.6	779.3	26.2%
Staff expenses	-104.3	-107.8	3.4%
Other general and administrative expense	-94.6	-103.7	9.6%
Depreciation and amortisation	-33.0	-35.7	8.2%
Other net operating income (expense)	4.6	4.9	6.0%
Total operating costs	-227.2	-242.3	6.6%
<i>Cost /Income Ratio</i>	<i>31.5%</i>	<i>26.5%</i>	<i>-5 p.p.</i>
Operating Profit	390.4	537.0	37.6%
Net adjustments for impair.loans and other assets	-0.7	-2.5	n.m.
Net provisions for liabilities and contingencies	-30.8	-45.4	47.2%
Extraordinary charges	0.0	-80.6	n.m.
Contributions to banking funds	-11.3	-15.5	37.2%
Gain (loss) from disposal of equity investments	-0.3	-0.3	-12.7%
Profit Before Taxation	347.3	392.7	13.1%
Direct income taxes	-72.4	-69.6	-3.8%
<i>Tax rate</i>	<i>20.8%</i>	<i>17.7%</i>	<i>-3.1 p.p.</i>
Net Profit	274.9	323.1	17.5%

Comments

Sound Banking Income (+26%)

Total revenues increased double-digit driven by:

- Higher Net Financial Income (+2.2%) mostly on higher trading income (+43.8%)
- Strong contribution from net recurring Fees (+22%) thanks to higher assets, better product mix and new pricing scheme
- Record contribution from variable fees on positive performance to clients and higher assets

Strong operating profit (+38%)

- Limited increase in operating costs - both headline (+7%) and 'core' (+4.9%) - confirming the scalability of the business model as cost/income falls to 26.5%

Higher non-operating charges

- Higher charges mostly linked to conservative provisions for other risks and charges (+€9.2m), contribution to banking funds (+€4.2m) and higher unrealized charges for IFRS9 portfolio valuation (+€1.9m)
- Extraordinary charges¹ of €80.6 million for the purchase of NHS securitizations from clients in 4Q21

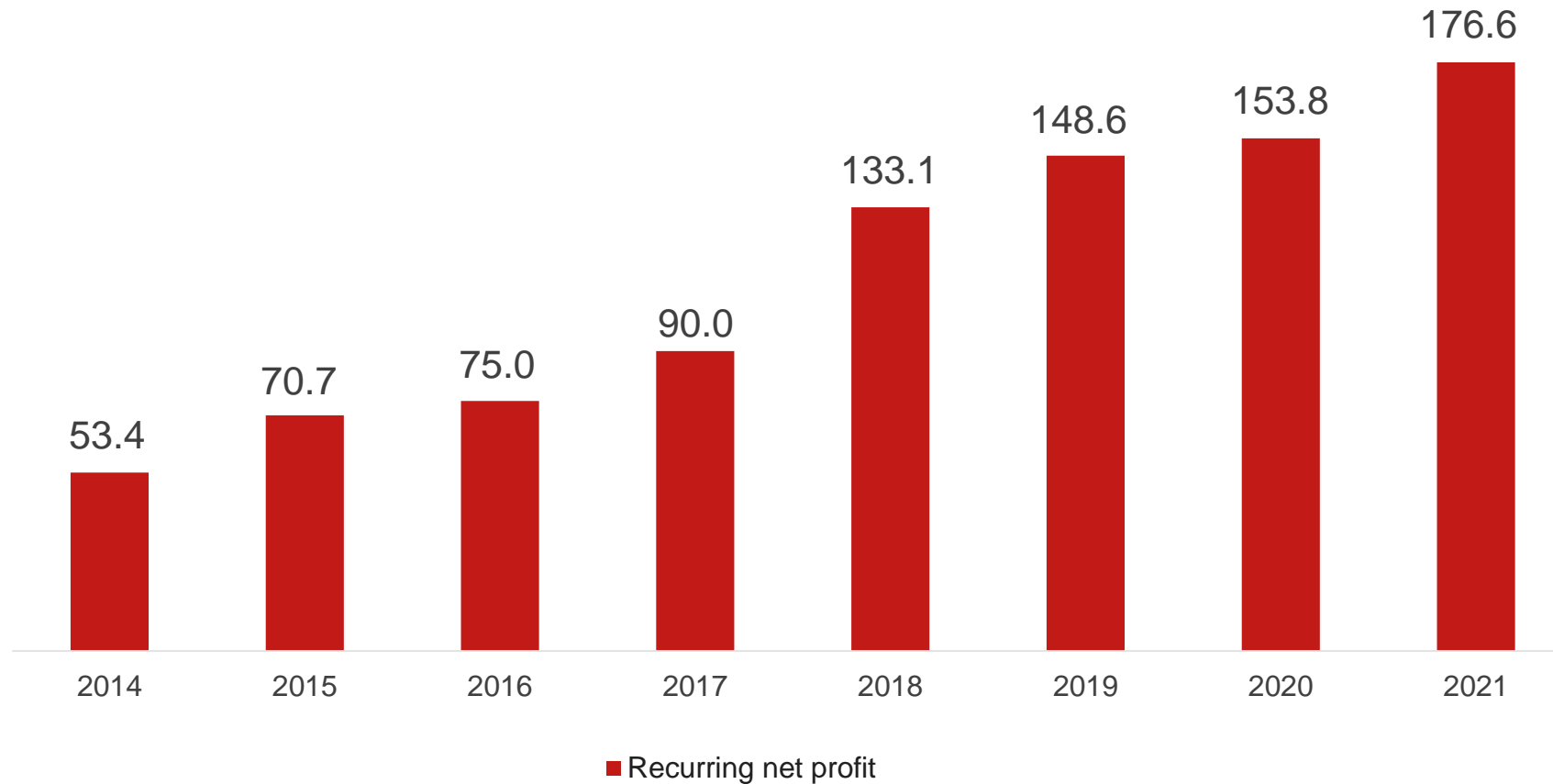
Solid net profit (+18%)

- Lower than expected 'tax benefit' on the alignment of goodwill/other intangibles (€8.6 million vs. 1H21 projection of €13.1 million)

RECURRING NET PROFIT (1/2)

EARNINGS' QUALITY AND SUSTAINABILITY STEADILY GROWING

Recurring Net Profit m/€



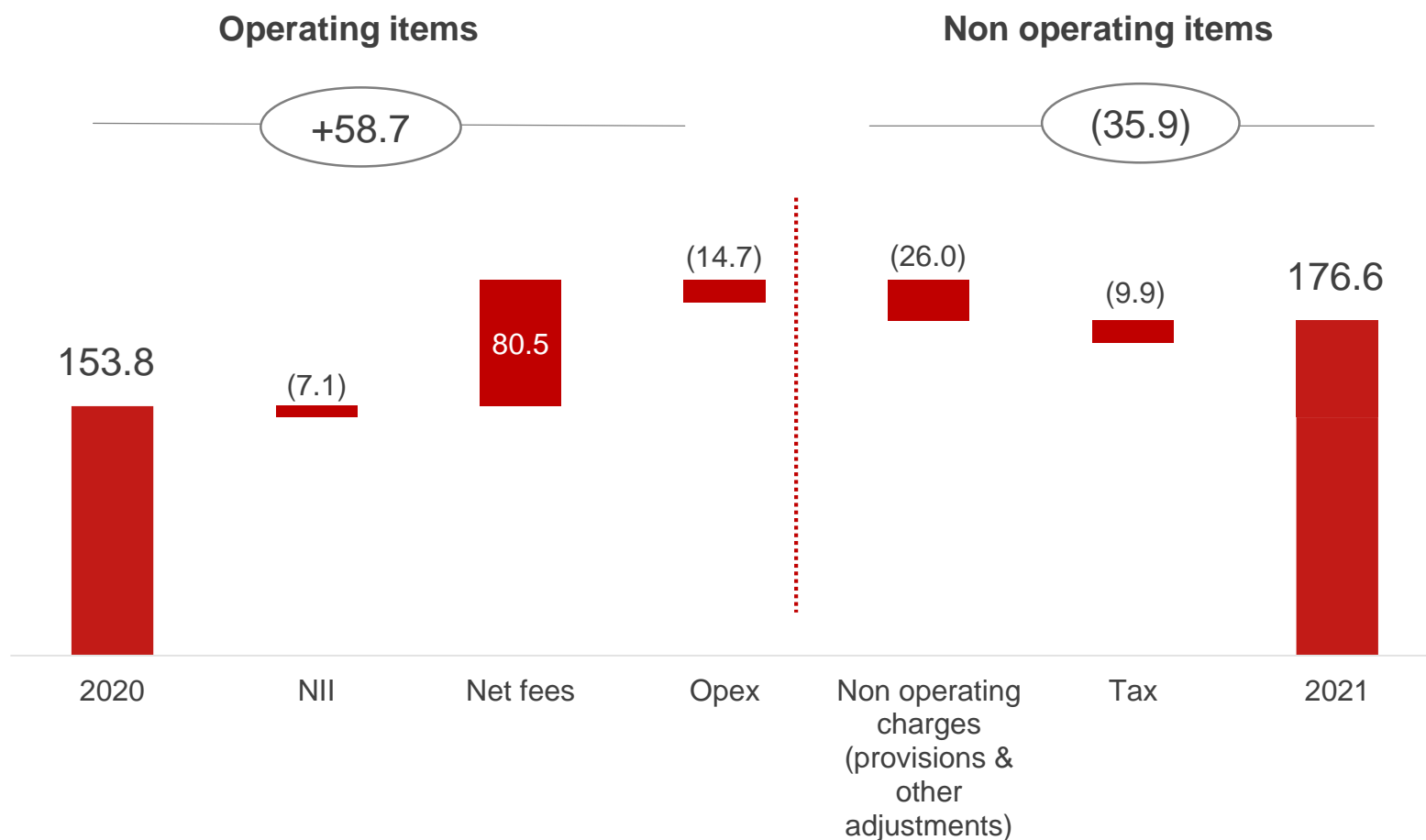
Recurring net profit increased by 3x since 2014 and Almost 2.0x since 2017

Asset growth and new revenue streams more than offset **2018-2020 product rebalancing** to enhance overall pricing sustainability

RECURRING NET PROFIT (2/2)

STRONG BUSINESS MOMENTUM DRIVING RECURRING RESULTS HIGHER

Build up of recurring net profit m/€



Strong operating items reflecting **positive business momentum** for asset growth and product mix supported by a tight cost discipline in line with company's track record

Non-operating items also posted a sizeable increase, primarily on more conservative provisions for other risks and charges. Higher contribution to banking funds and IFRS9 portfolio valuation also weighted in the period

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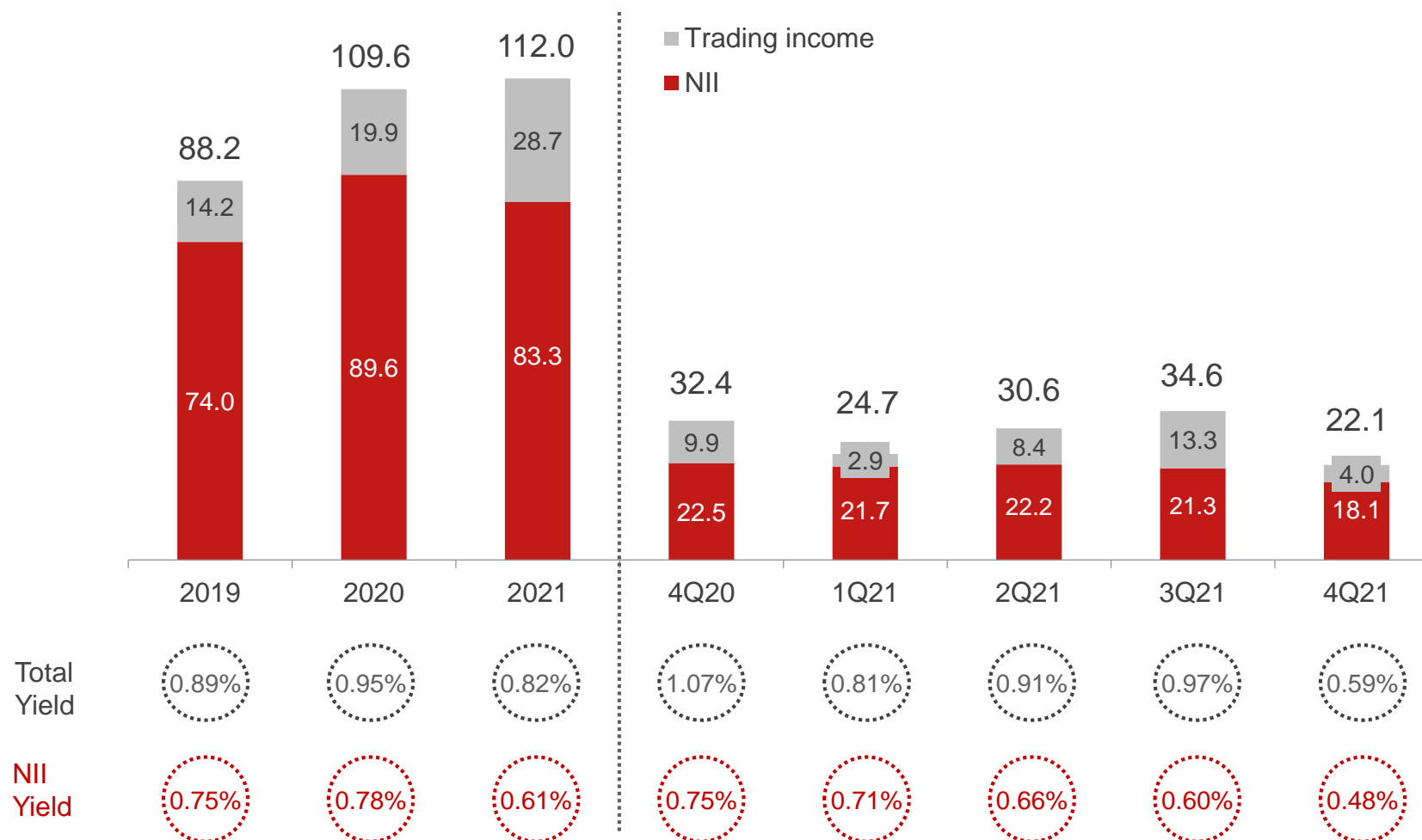


Net Inflows, Assets and recruiting

NET FINANCIAL INCOME (1/3)

VOLATILITY AT QUARTERLY LEVEL

Net financial income m/€



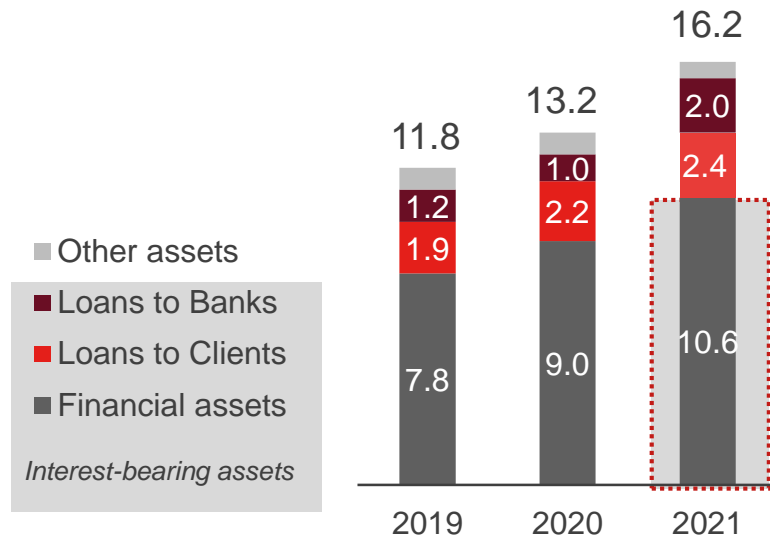
Net Financial Income increased by +2.2% YoY. The result benefitted from €11.0m of one-off trading gains from the disposal of fixed income securities related to the portfolio rebalancing in 3Q21

NII posted a reduction in line with guidance (-5%/-7%) linked to higher liquidity in the period and declining investment yield of financial assets amid low duration of bond portfolio (1.4 years) and high share of floating rate bonds (54% of total). These features may turn as an advantage as soon as interest rates' increase materialize

NET FINANCIAL INCOME (2/3)

INVESTMENT PORTFOLIO WELL-PLACED FOR AN INCREASE IN RATES

Total Assets and Interest-bearing Assets bn/€



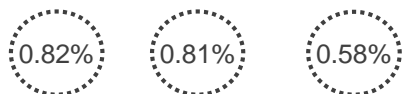
Total Yield¹ – On Interest-bearing assets



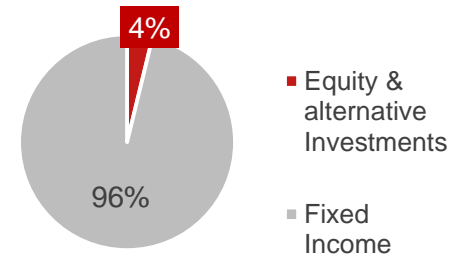
o/w Yield – Loans to Banks



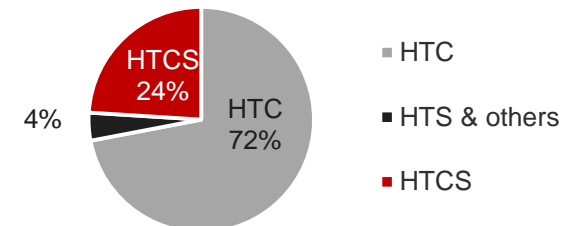
o/w Yield – Financial Assets



Portfolio Classification

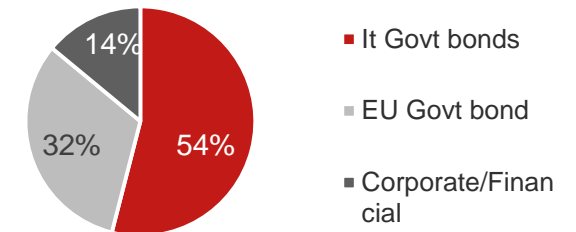


IFRS Classification (bond)

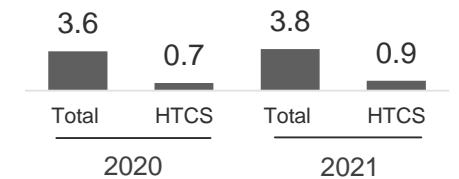


Floating rate bond 54%, Fixed rate bonds and zero coupon 46%

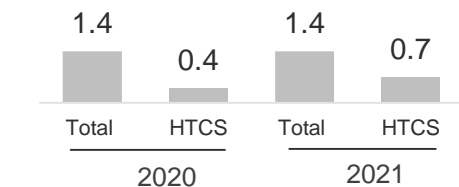
Bond Classification



Maturity



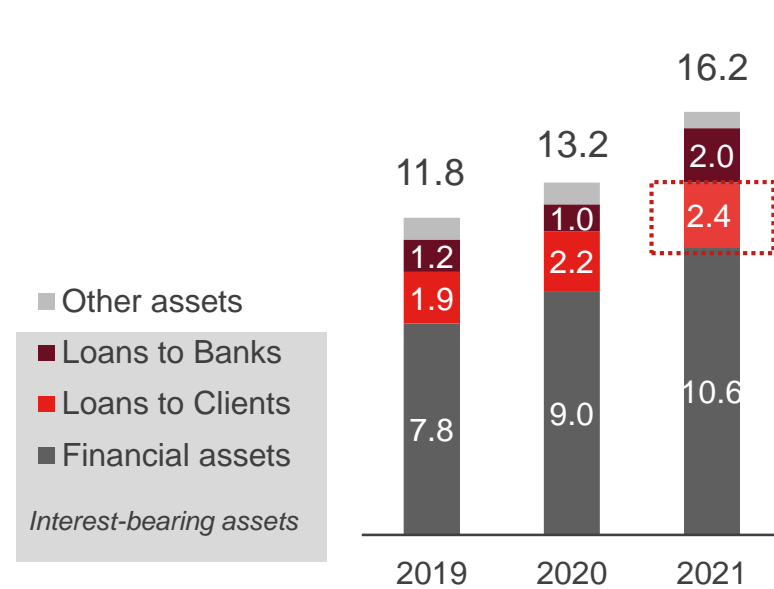
Duration



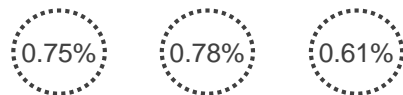
NET FINANCIAL INCOME (3/3)

STEADILY GROWING LOAN PORTFOLIO

Total Assets and Interest-bearing Assets bn/€



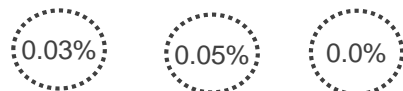
Total Yield¹ – On Interest-bearing assets



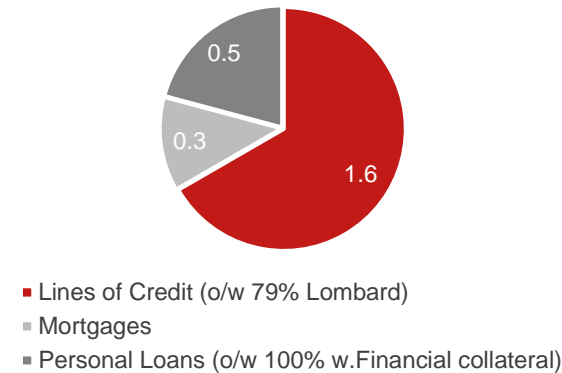
o/w Yield – Loans to Clients



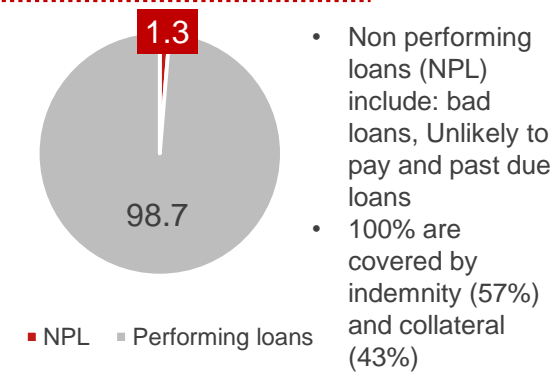
Cost of risk²



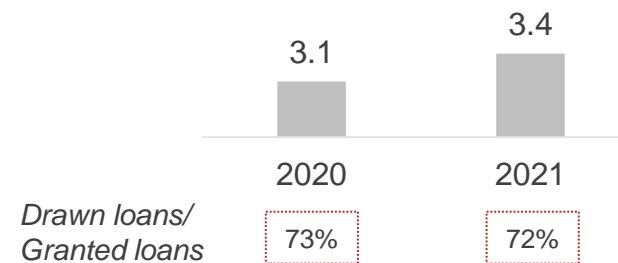
2021 Credit Book bn/€



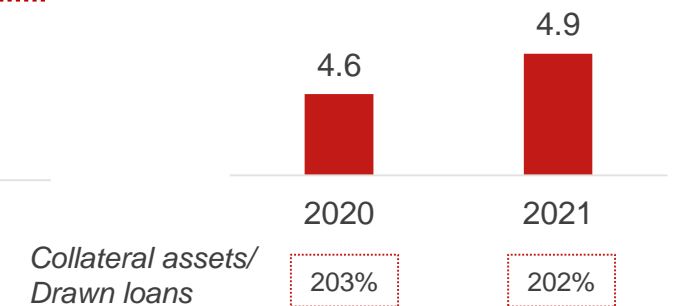
Lending Quality %



Granted loans, bn/€



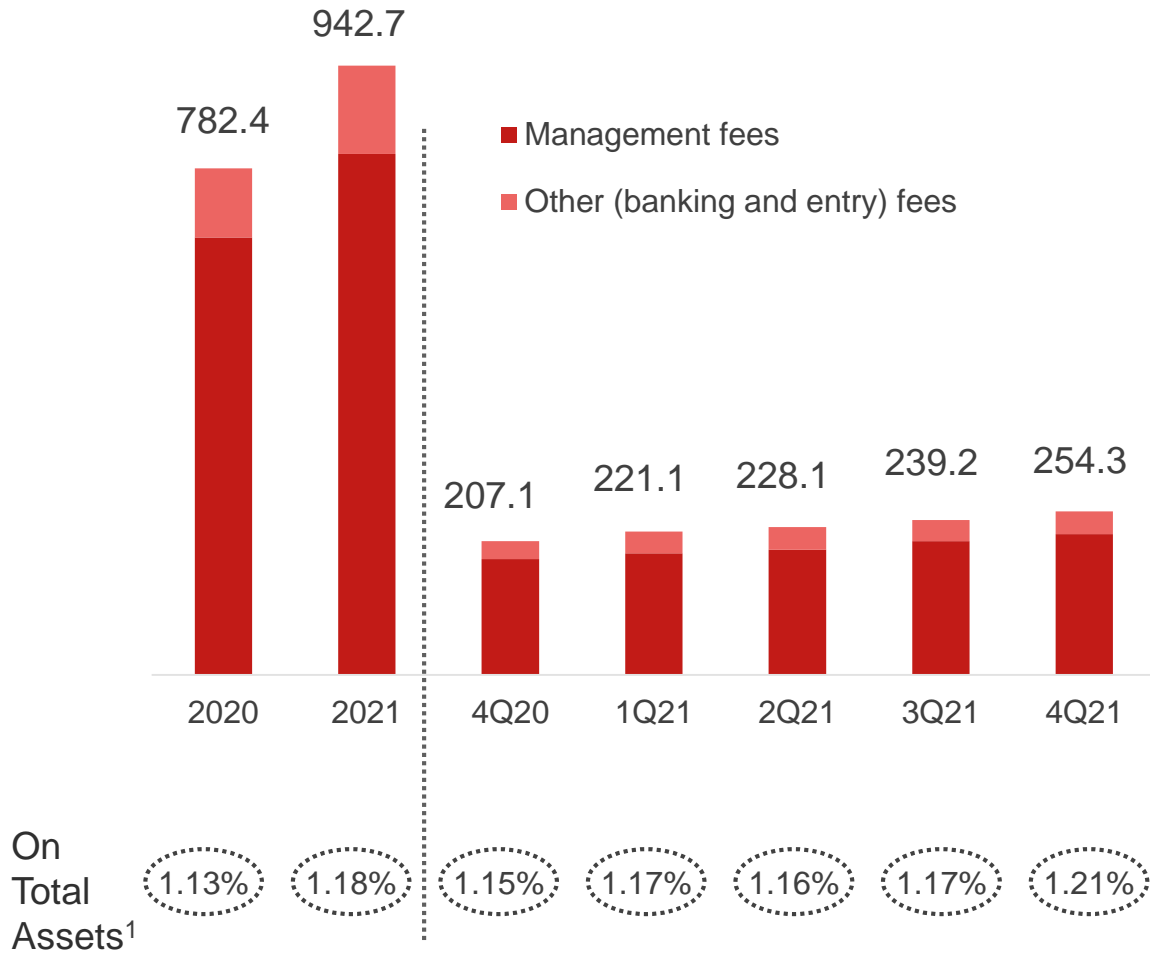
Collateral assets, bn/€



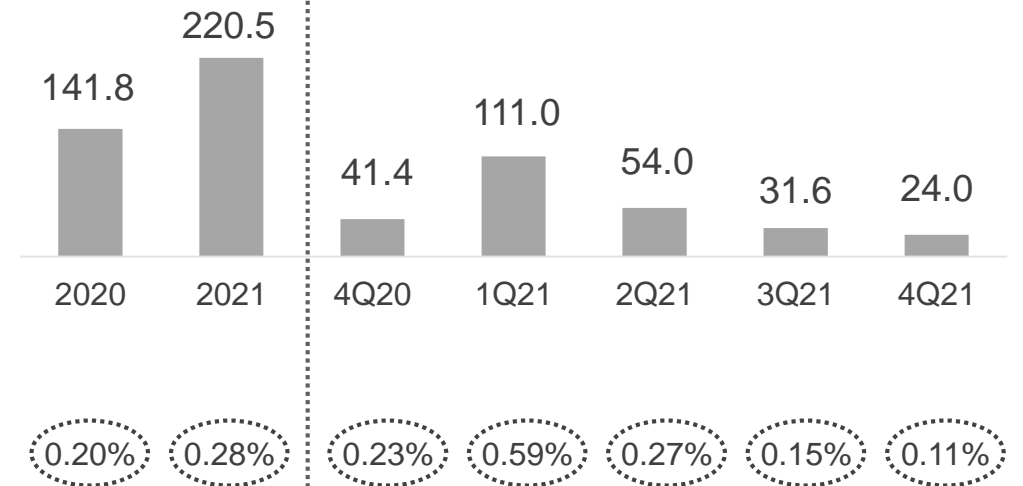
GROSS FEES (1/3)

GROWING RECURRING COMPONENT DRIVEN BY BOTH MANAGED ASSETS AND OTHER FEES

Gross recurring fees m/€



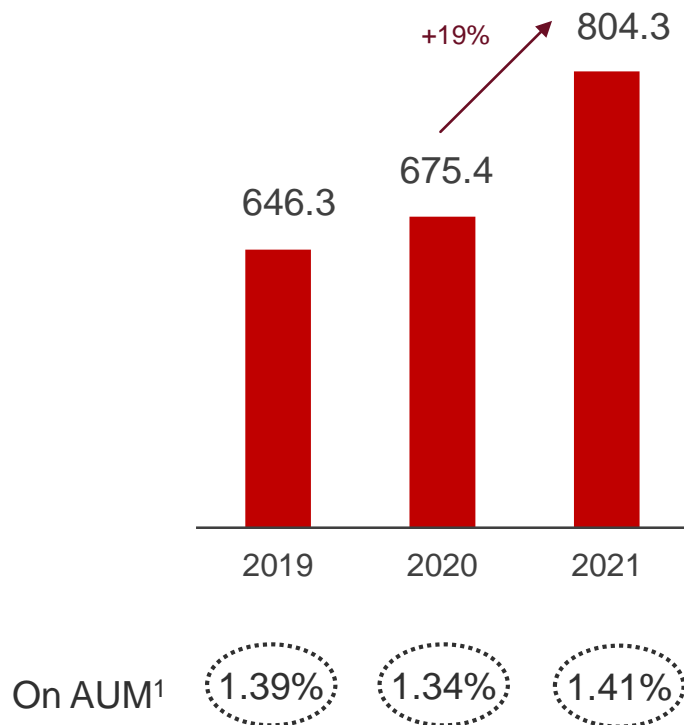
Variable fees m/€



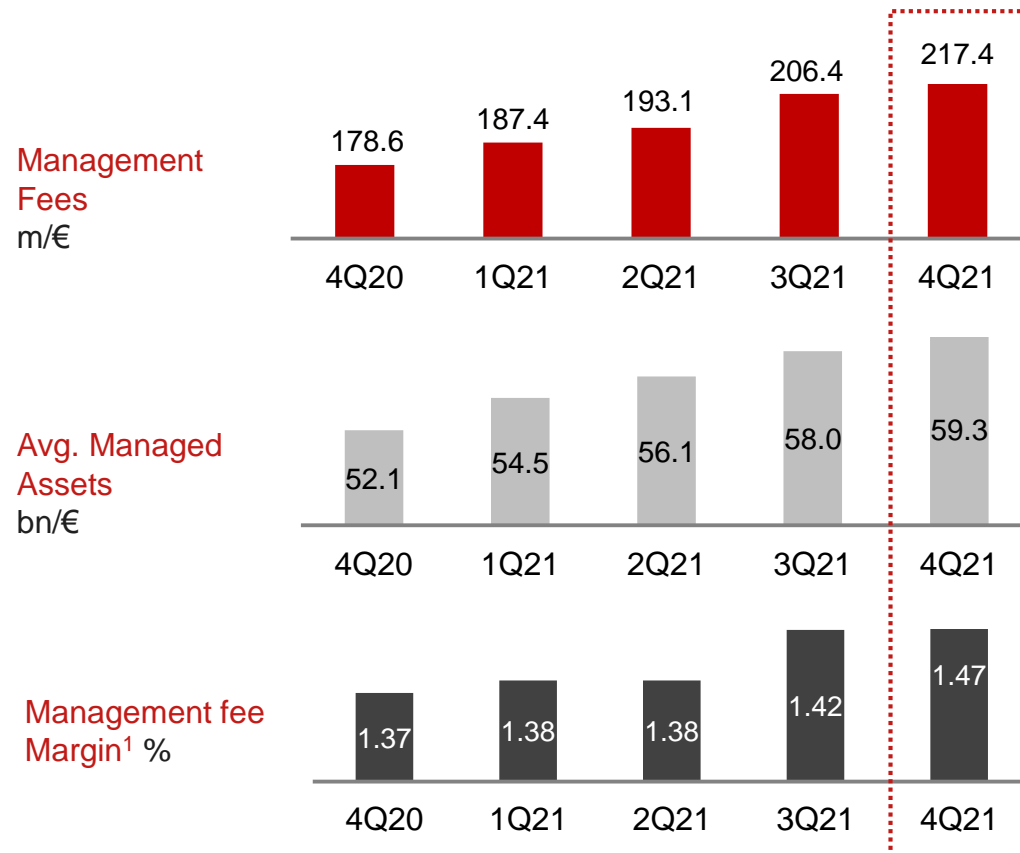
MANAGEMENT FEES (2/3)

SIZEABLE SPIKE IN MANAGEMENT FEE MARGIN DRIVEN BY PRODUCT MIX

Management Fees m/€



Quarterly trend m/€



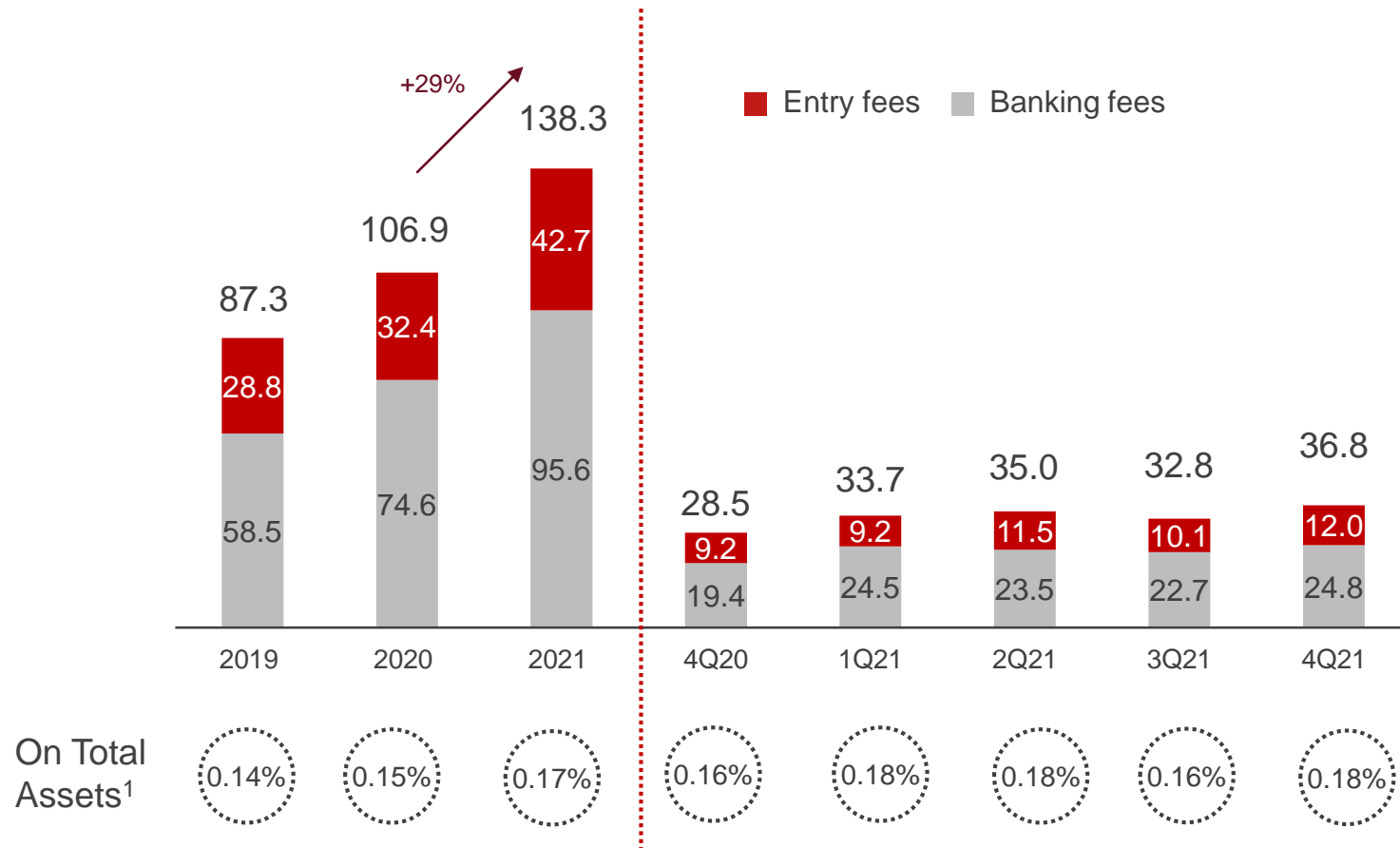
Management fee acceleration driven by asset growth, improvement in asset mix and margin expansion linked to pricing transition

Pricing transition completed and benefits fully accounted in 4Q21 in line with the projections

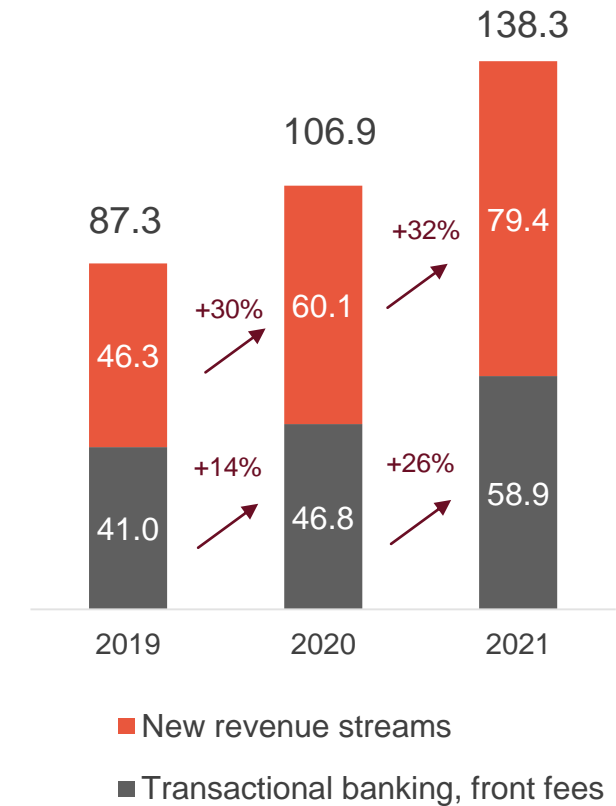
BANKING AND ENTRY FEES (3/3)

NEW REVENUE STREAMS STEADILY TRENDING HIGHER

Banking and Entry Fees m/€



Breakdown by product mix



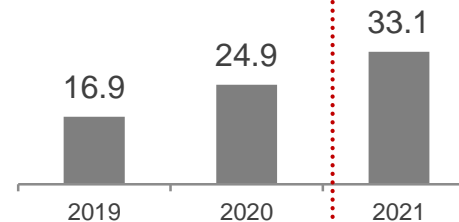
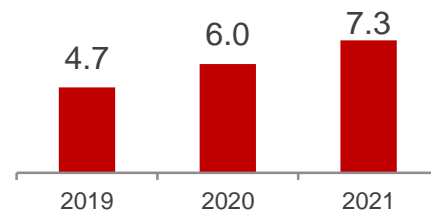
NEW REVENUE STREAMS

REVENUE DIVERSIFICATION ACCOMPLISHED

ADVANCED ADVISORY

BGPA  ROAD

Assets under advisory (AuA) bn/€

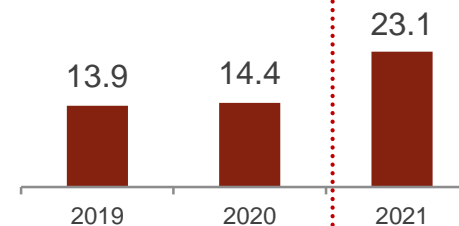
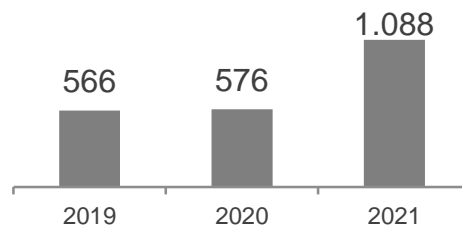


Combined **new revenue streams at €79m (+32% YoY)** were 3x higher since the start of the plan

STRUCTURED PRODUCTS

BG | CERTIFICATEhub:

Notional new issues m/€

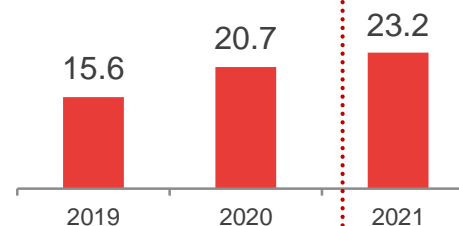
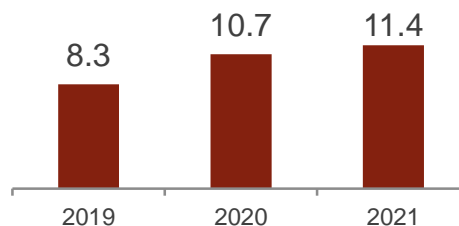


Advanced advisory and structured products posted a combined strong growth in terms of fees (€56.2m, +43% YoY)

RETAIL BROKERAGE

 BG SAXO

Trading volumes bn/€

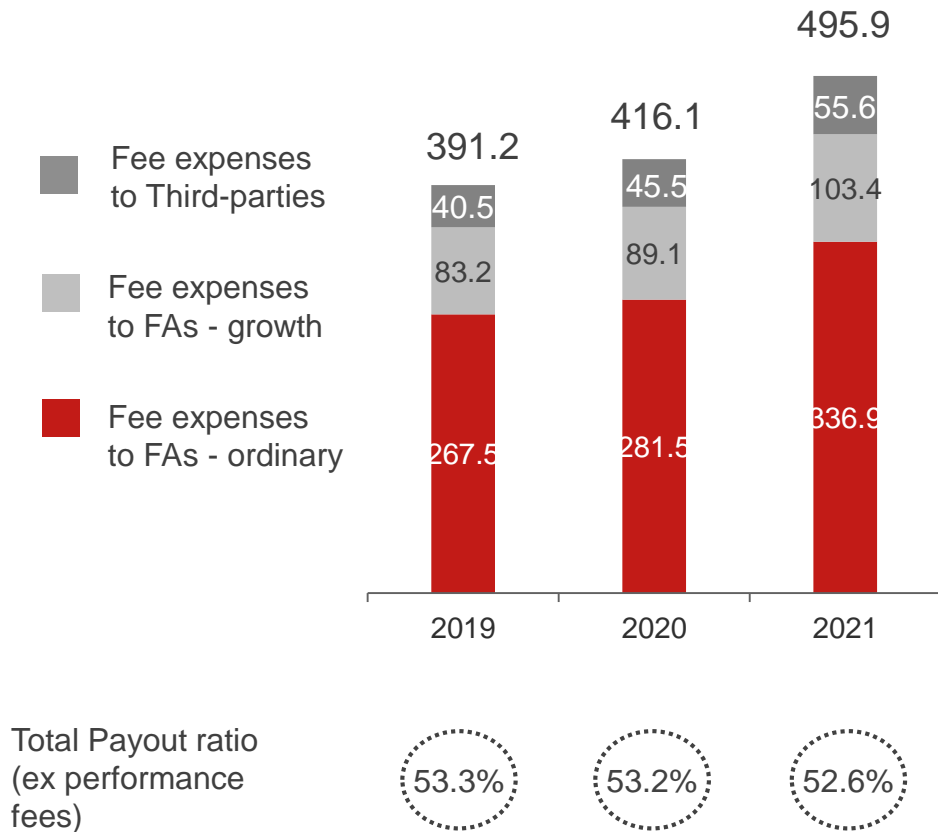


Retail brokerage posted a sound increase (+12%) and its potential is yet to be exploited

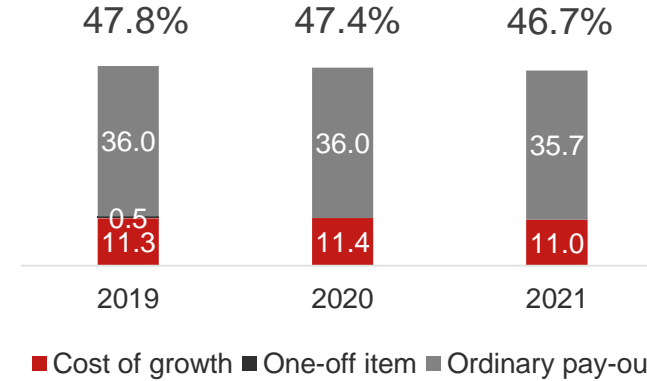
FEE EXPENSES

PAY-OUT RATIO REMAINS IN A TIGHT RANGE

Total Fee Expenses m/€

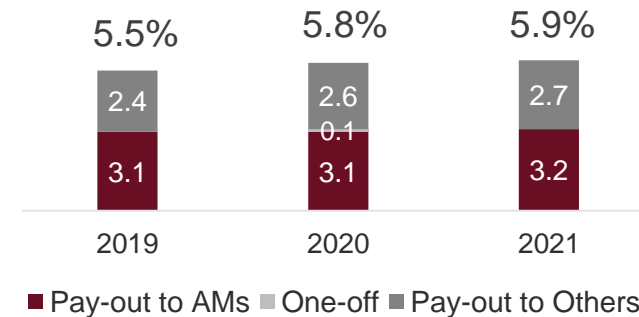


Pay-out to the network %



Pay out to the network decreased benefitting from business scalability and improved business mix

Pay-out to Third-parties %

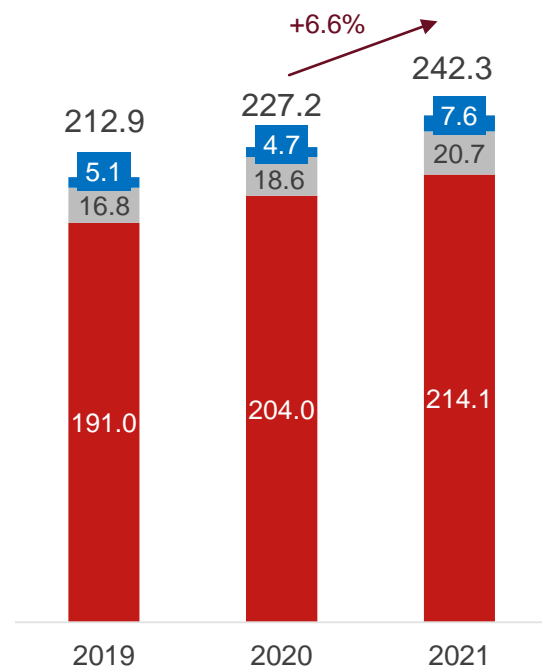


Pay out to others increased modestly reflecting growth in volumes and product mix

OPERATING COSTS (1/2)

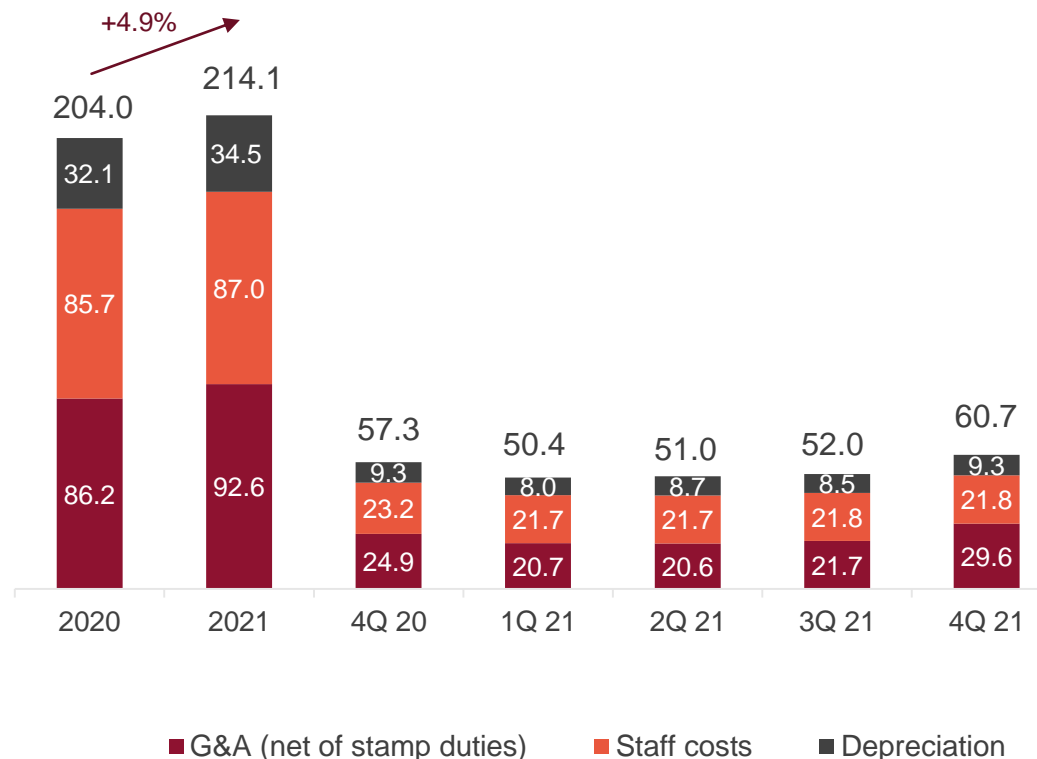
COST DISCIPLINE CONFIRMED EVEN INCLUDING RECENT M&A

Total operating costs m/€



- Others (perimeter inclusion/one-offs/covid donations)
- Sales personnel
- Core operating costs

Breakdown of 'Core' operating costs m/€



- G&A (net of stamp duties)
- Staff costs
- Depreciation

Cost discipline confirmed (both headline and 'core') paving the way for strong operating trend

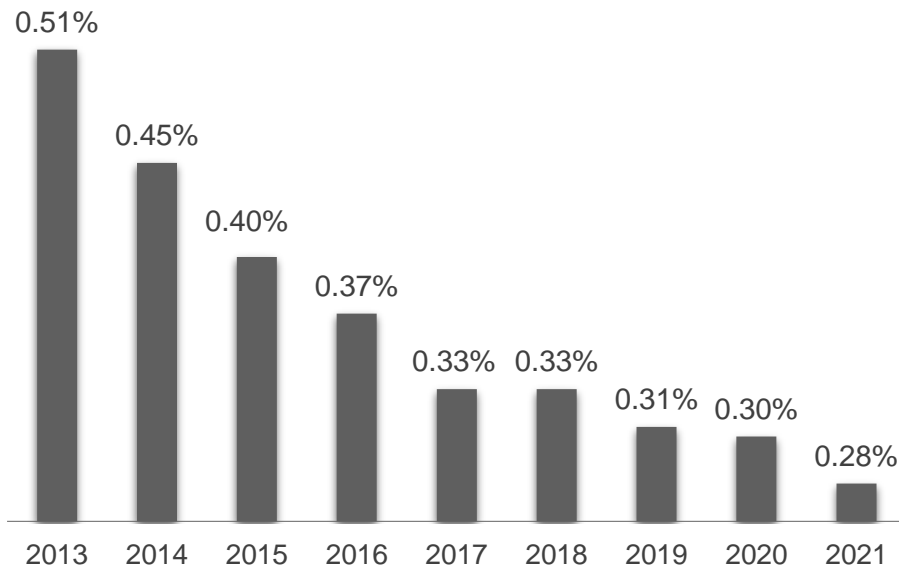
4Q increase in G&A costs including an acceleration in all key projects (mostly on data and digital)

'Others' costs posted a spike in 4Q due to the launch of BG Suisse (banking licence)

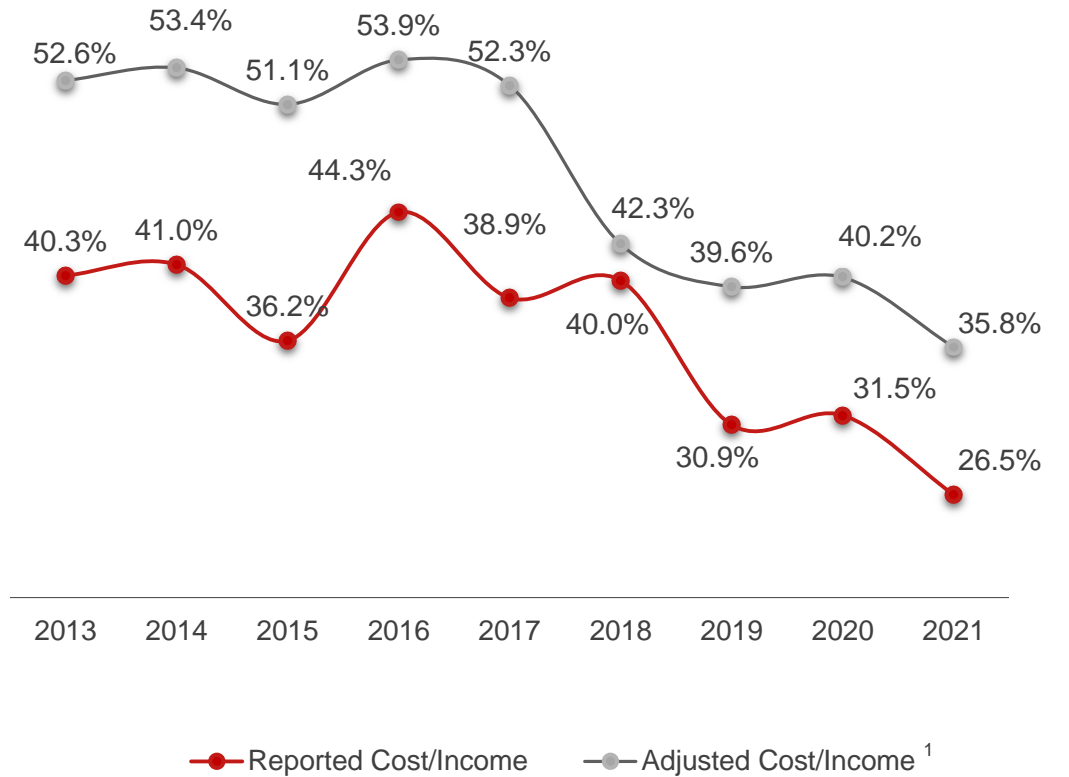
OPERATING COSTS (2/2)

COST RATIOS

Operating costs/Total assets



Cost/Income ratio

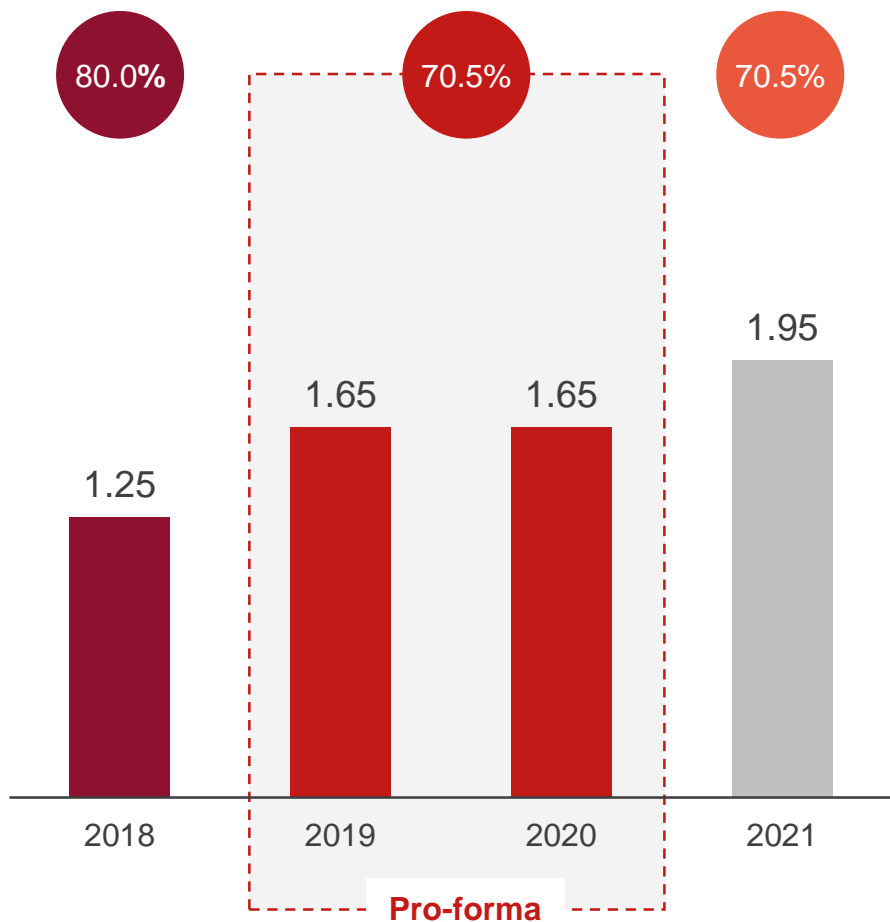


2021 DIVIDEND PROPOSAL

KEEPING THE BAR STEADY WITH DIVIDENDS

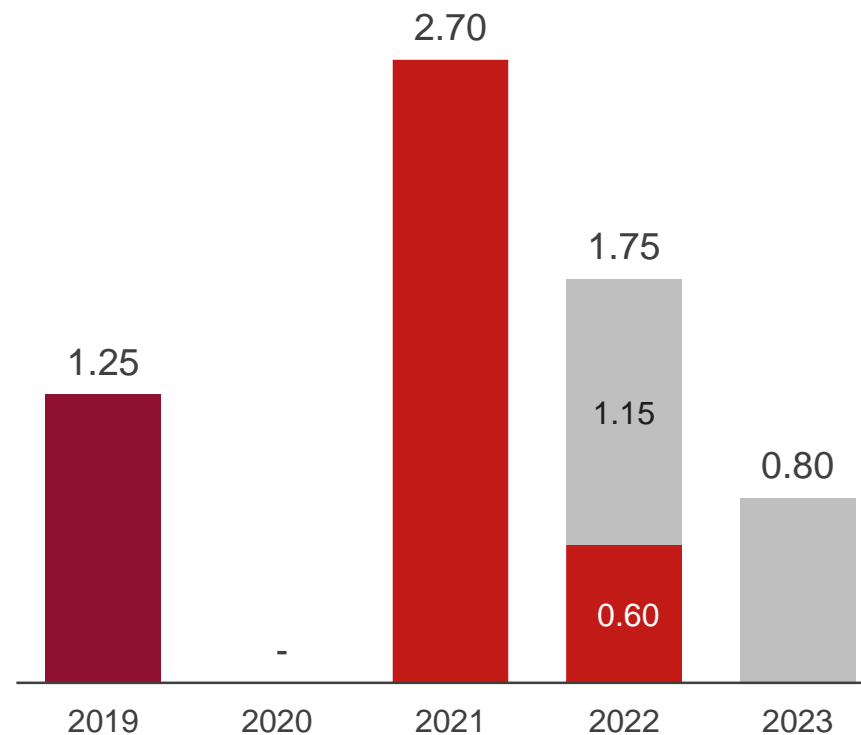
Payout ratio and DPS (accounting view) €

Pro-forma for the €3.30 cumulative 2019-20 DPS



DPS (cash-view) €

2018 2019-20 2021

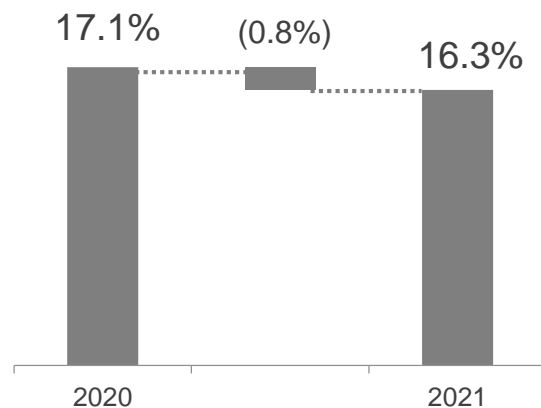


70.5% pay-out on 2021 earnings, resulting in €1.95 DPS proposal to AGM to be paid in two tranches: €1.15 p.s. in May 2022 and €0.8 p.s. in February 2023

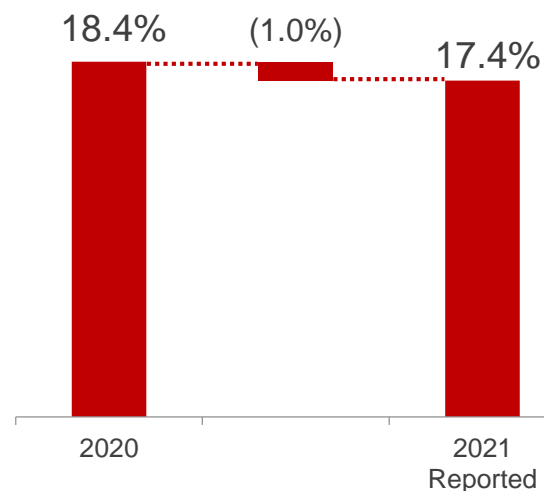
CAPITAL POSITION

STRONG CAPITAL POSITION INCLUDING DIVIDEND DISTRIBUTION

CET1 ratio

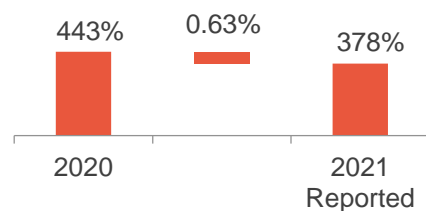


TCR ratio

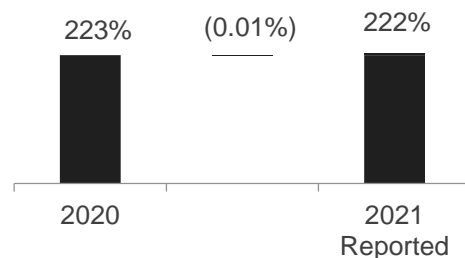


Capital ratios confirmed at solid levels despite higher capital absorption with reference to: i) higher volumes at both financial assets (banking book) and loan portfolio and ii) increased operational risk requirements on business growth

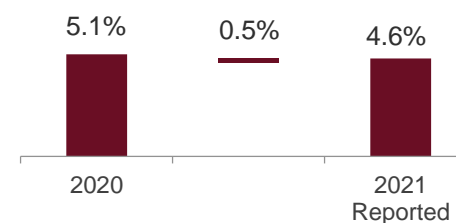
LCR ratio



NSFR ratio



Leverage



Liquidity ratio well above regulatory requirements. LCR slightly decreased due to a temporary increase in captive deposits

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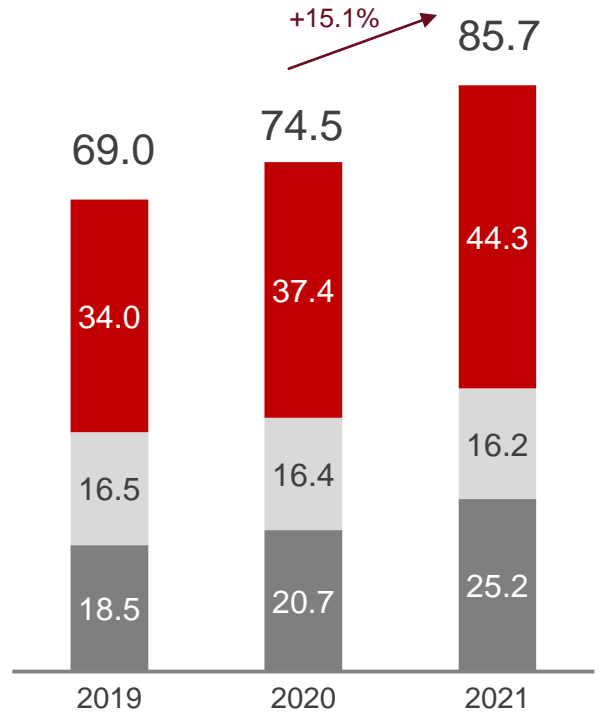


Net Inflows, Assets and recruiting

TOTAL ASSETS

EXPLOITING ALL TAILWINDS FOR VOLUMES AND MIX

Total Assets bn/€



% Managed solutions/
total assets

49.3%

50.2%

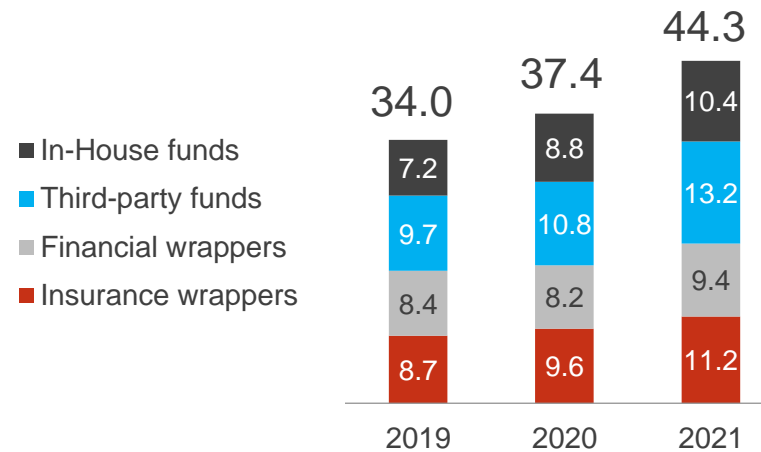
51.6%

■ Banking products

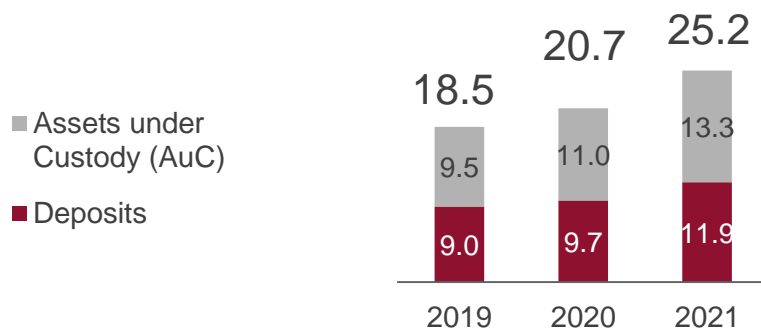
■ Traditional life policies

■ Managed solutions

Managed Solutions bn/€



Banking products bn/€



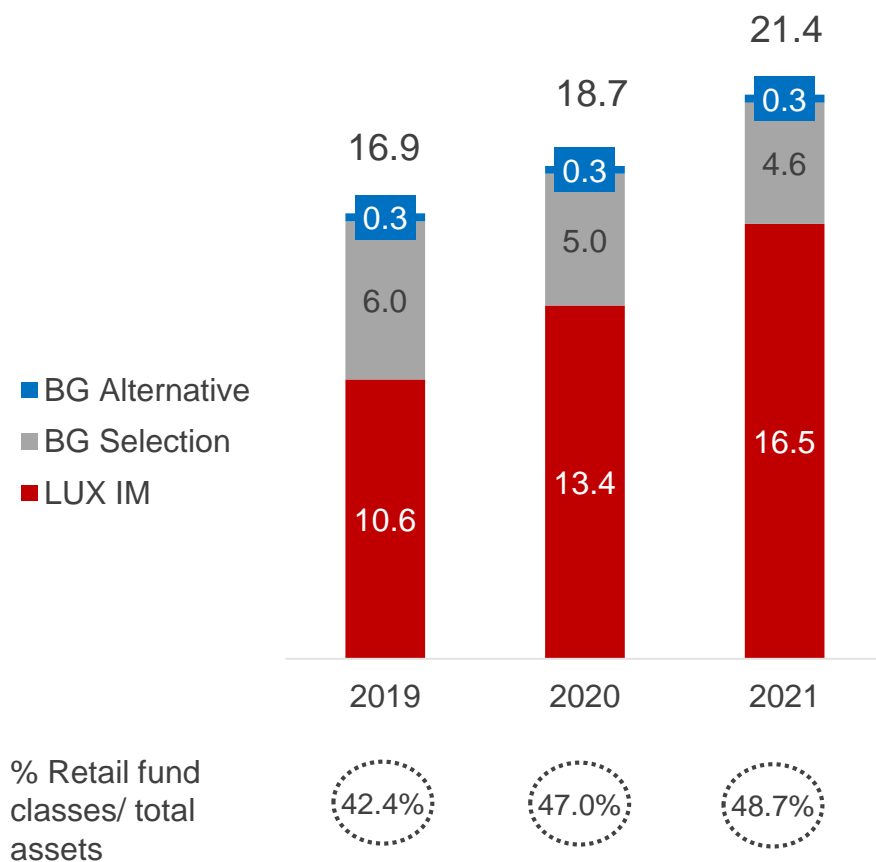
Managed solutions (funds and wrapper solutions) increased to 51.6% of total assets (+1.4ppts YoY)

Strong increase in AuC solutions driven advisory (BG4AD) and expanded product offer and acquisition of new clients

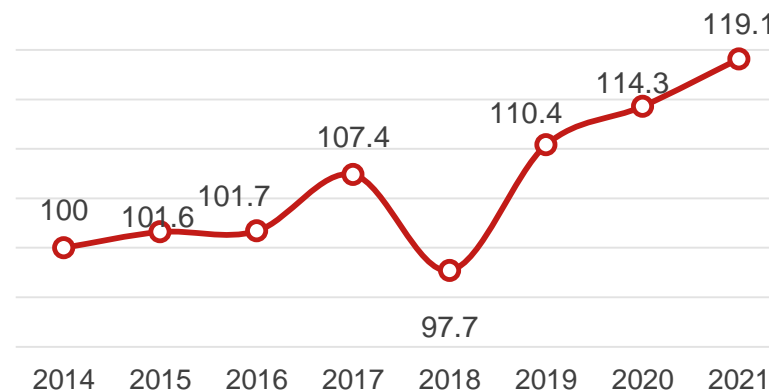
BG FML – LUX ASSETS

STEADY GROWTH DRIVEN BY THE RETAIL COMPONENT

BG FML - Assets by SICAV bn/€

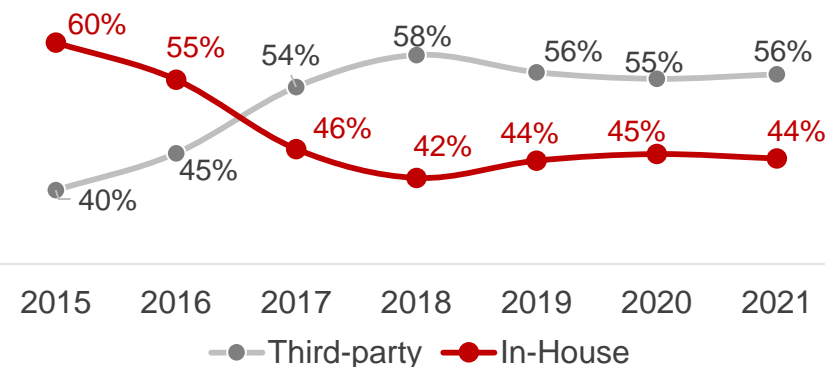


WAP¹ of BG FML



LUX IM stands at 77% of total LUX based assets (+5.9bn over last three years)

Retail funds: In-house vs. Third-party funds

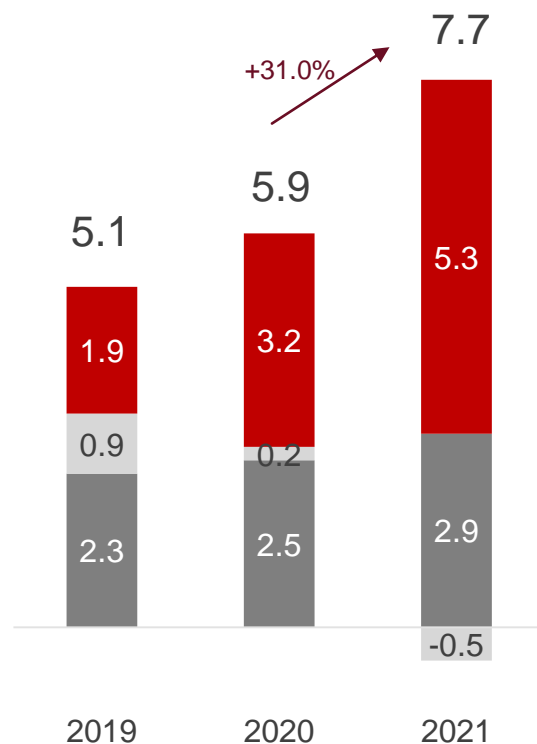


Net inflows in LUX IM benefitted from the roll out of new investment lines at the end of July 2021 and from growing contribution from savings and switch plans

STRONG NET INFLOWS

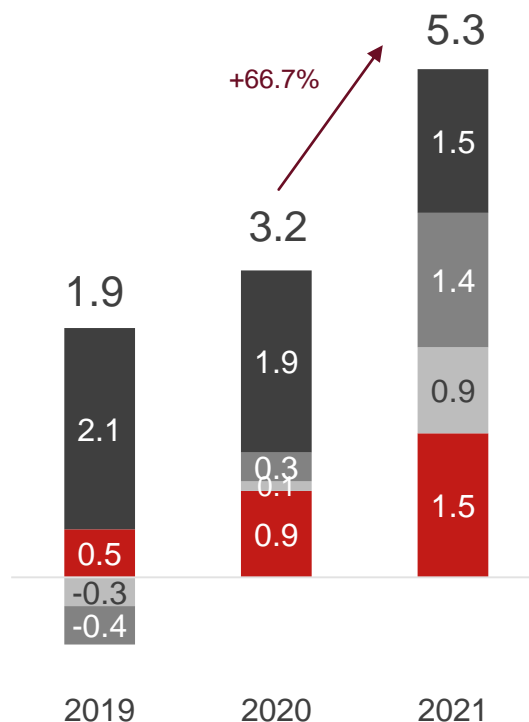
RECORD HIGH NET INFLOWS WITH HIGH QUALITY PRODUCT MIX

Total Net Inflows bn/€



- Managed solutions
- Traditional life policies
- Current accounts & AuC

Managed solutions bn/€



- Insurance Wrappers
- Financial Wrappers
- Other funds/SICAVs
- LUX IM

Managed solutions
growing as fast as total
net inflows representing
69% of total

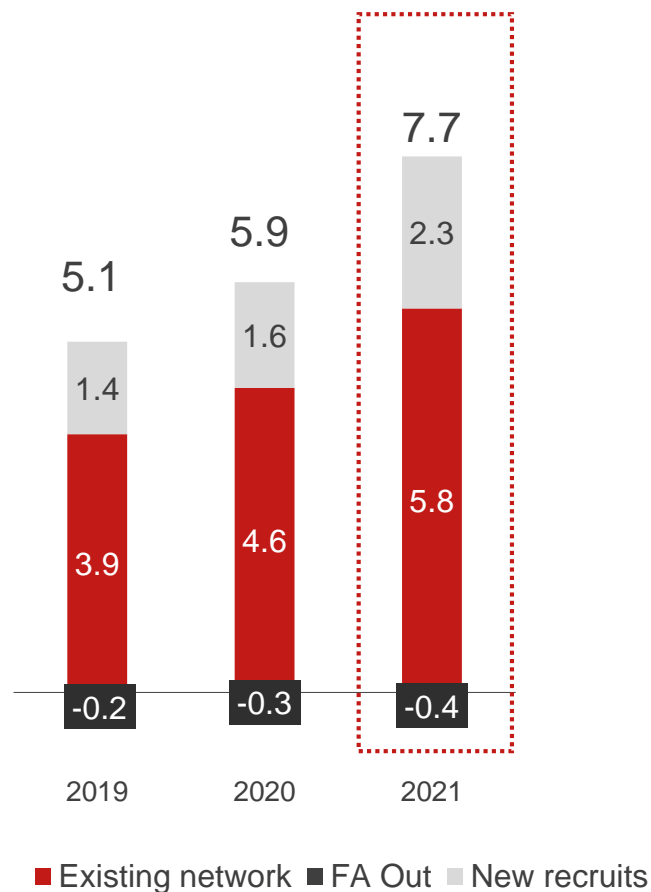
Wrapper solutions (€2.4bn, +135%) emerged with the strongest growth path thanks to their bespoke features

Open architecture model at work with €1.4bn net inflows in other funds/SICAVs (vs. €0.3bn in 2020)

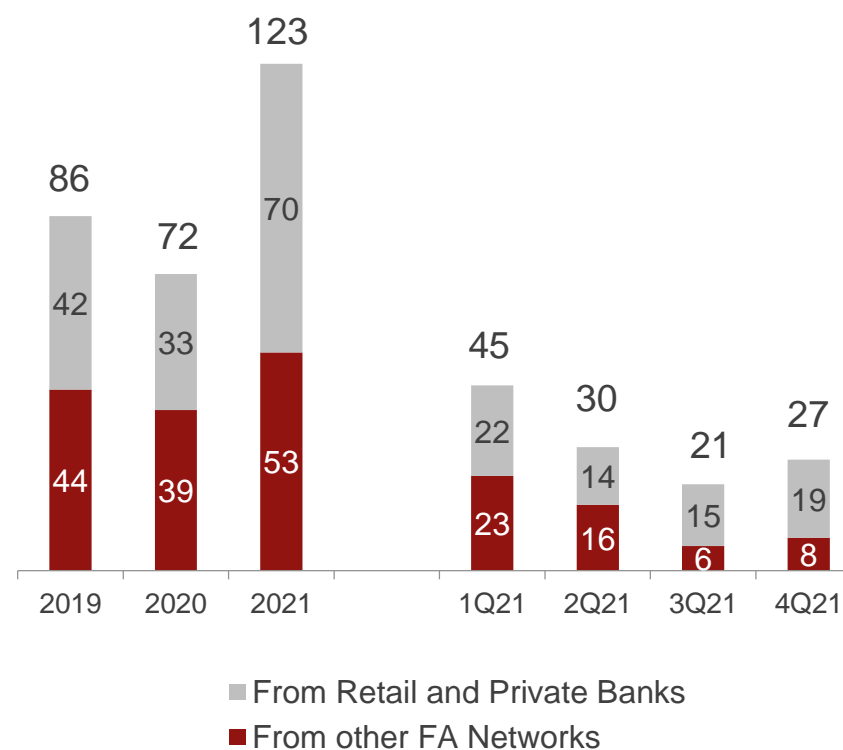
NET INFLOWS DRIVEN BY EXISTING FAs

2021 SPIKE IN CONTRIBUTION FROM ORGANIC GROWTH

Net inflows by acquisition channel, bn/€



Recruiting trend, # of new recruits



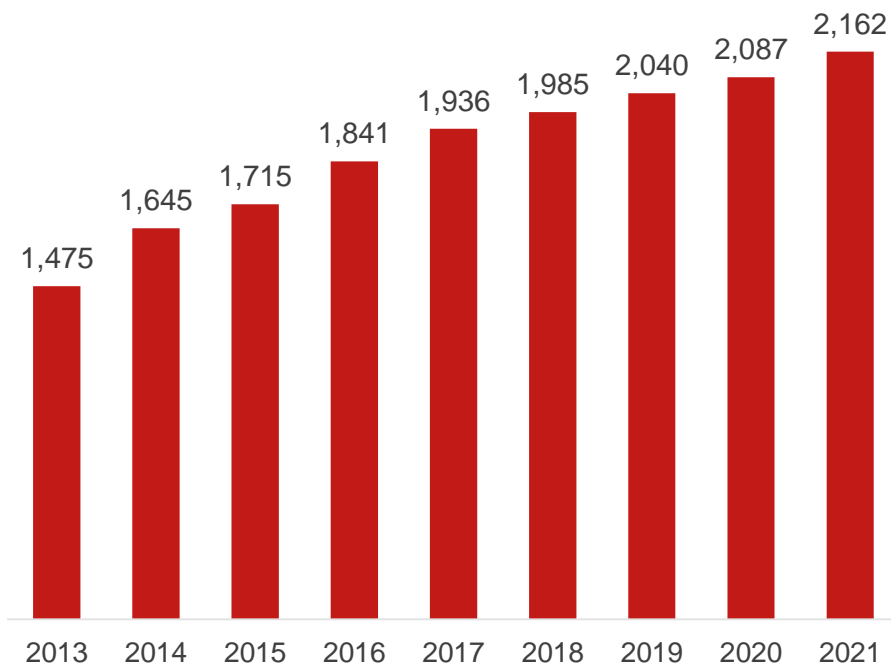
Existing network generated 75% of total net inflows with an implied volume of €5.8bn (+27%).

Recruiting (net of Fas OUT) delivered 25% of total net inflows with a sizeable recovery - both in terms of people and inflows - from 2020 low levels due to Covid restrictions

FINANCIAL ADVISOR NETWORK

STEADY GROWTH BY SIZE AND QUALITY

Financial Advisor Network, No. of FAs



Headline FA retention at 96.5% - Core FA retention at 99.0%

FA Network, by portfolio size and skills

	Clusters	(% of Assets)	No. of FAs	Assets per FA m/€ ²
Financial Advisors	Wealth Managers (PTF>€50m)	35%	352 ¹	95.8
	Private Bankers (PTF€15-50m)	52%	1,323 ¹	35.5
	Financial Planners (PTF <€15m)	6%	340 ¹	14.4
Employees	Relationship Managers	7%	74 ¹	81.6

118 FA Teams (12% of total assets) - Avg. Portfolio: €83.7m assets per Team

JANUARY 2022 COMMERCIAL RESULTS

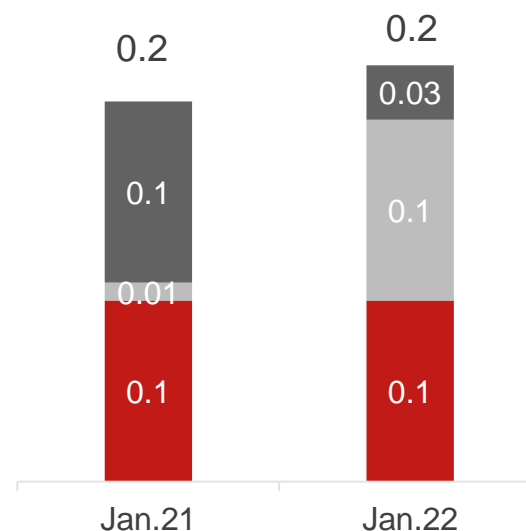
SOLID TREND DESPITE A SHARP INCREASE IN VOLATILITY OF FINANCIAL MARKETS

Total net inflows m/€



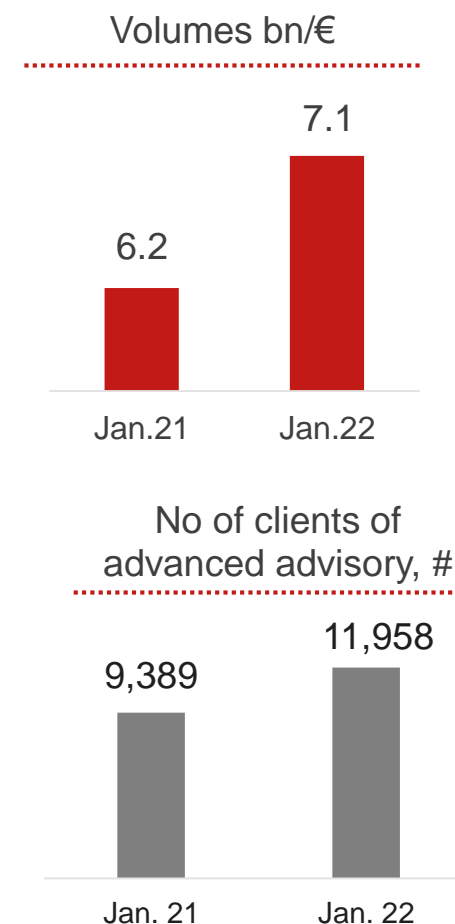
- Managed products
- Traditional insurance policies
- Banking products

Managed solutions, m/€



- Funds/Sicavs
- Financial wrappers
- Insurance wrappers

Assets under Advisory bn/€



DISCLAIMER

Certain 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 responsible for preparing the company's financial reports (Tommaso Di Russo) declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law of Finance, that the accounting information contained in this presentation corresponds to the document results, books and accounting records.