

# BANCA GENERALI INVESTOR DAY 2018

DECEMBER 3, 2018

LONDON



BANCA  
GENERALI

# 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.*

# AGENDA



**GIAN MARIA MOSSA**  
CEO & General Manager  
*BG ambitions*



**KIM FOURNAIS**  
Saxo Bank Founder and CEO  
*The value of BG/Saxo Partnership*



**RICCARDO RENNA**  
COO & Head of Innovation  
*Building a digital ecosystem for Clients*



**ANDREA RAGAINI**  
Deputy General Manager, Wealth Management,  
Marketing & Products  
*Well placed to capture sizable growth opportunities*



**COFFEE BREAK**



**MARCO BERNARDI**  
Deputy General Manager, Commercial Networks,  
Alternative Channels and Support  
*Diversified and unique FAs Network*

The value of our  
profession: FAs



**BARBARA NOVA**



**PIETRO TURRINELLI**



**TOMMASO DI RUSSO**  
CFO & Head of Strategy  
*P&L and balance sheet sustainability*



**GIAN MARIA MOSSA**  
CEO & General Manager  
*Internationalization and projections*



**Q&A**

# BG AMBITIONS



To **consolidate** our leading position in empowering **the best Financial Advisors (FAs) in the Italian market**

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

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

# 2021 MAIN TARGETS

READY TO ACHIEVE SUSTAINABLE AND PROFITABLE GROWTH



- Cumulated Net Inflows: **>14.5 bn/€**

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- Total Assets: **76-80 bn/€**

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- Core Net Banking Income<sup>1</sup>: **≥63 bps**

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- Core Operating Costs: **3%-5% CAGR<sup>2</sup>**

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- Dividend: **70%-80%** pay-out ratio; **2017 DPS (1.25€)** set as a floor; committed to preserve strong capital ratios

NOTE: 1) Based on Group perimeter including the impact of recent acquisitions and international expansion; core net banking income computed as net banking income excluding performance fees and trading gains; 2) Based on current business perimeter, excluding the impact of recent acquisitions and international expansion; core operating costs computed as total operating costs excluding sales personnel expenses

# BANCA GENERALI TODAY

AMONG THE TOP PLAYERS IN THE ITALIAN MARKET IN GROWTH AND SUSTAINABILITY

Data as of 9M18



## Commercial Excellence

**58.5 bn/€** of Total Assets

More than **220k Clients**<sup>1</sup>

**~2,000** FAs

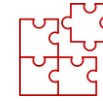


## Bank Solidity

Among the **best capital ratios** in the market (TCR at 19.6%)

**Best-in-class** liquidity (LCR at 441%)

**Great balance sheet flexibility:** >25% of banking book expiring by the end of 2019



## Financial Health

**574.3 m/€** of gross core banking income<sup>2</sup>

**Ordinary payout ratio** stable at **~36%**

Best-in-class in **operating costs** (Cost/Assets at **0.33%**)



## Brand Strength

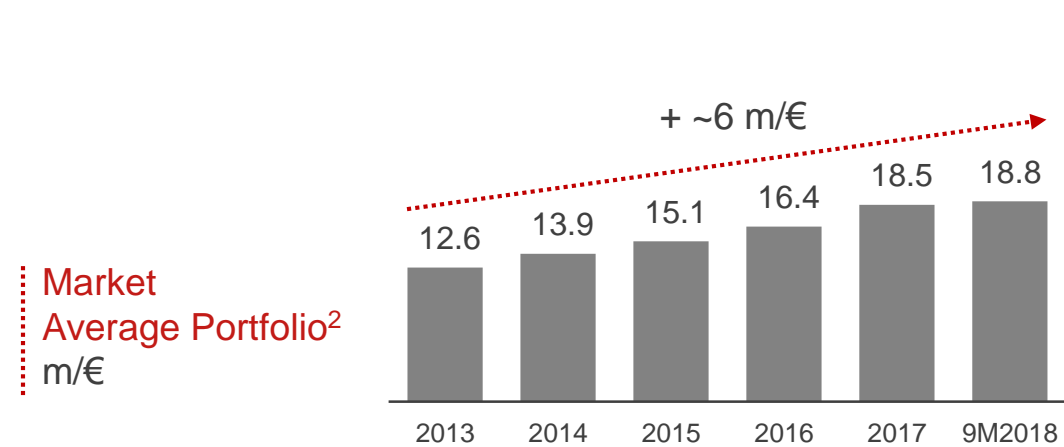
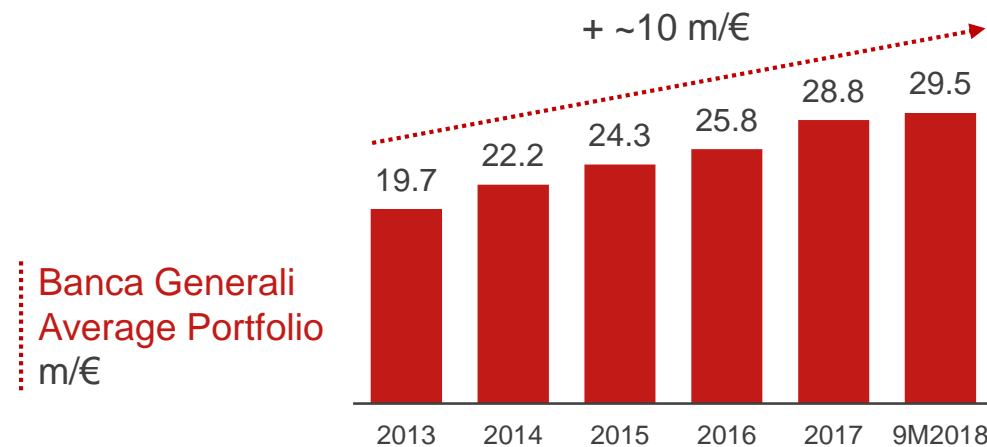
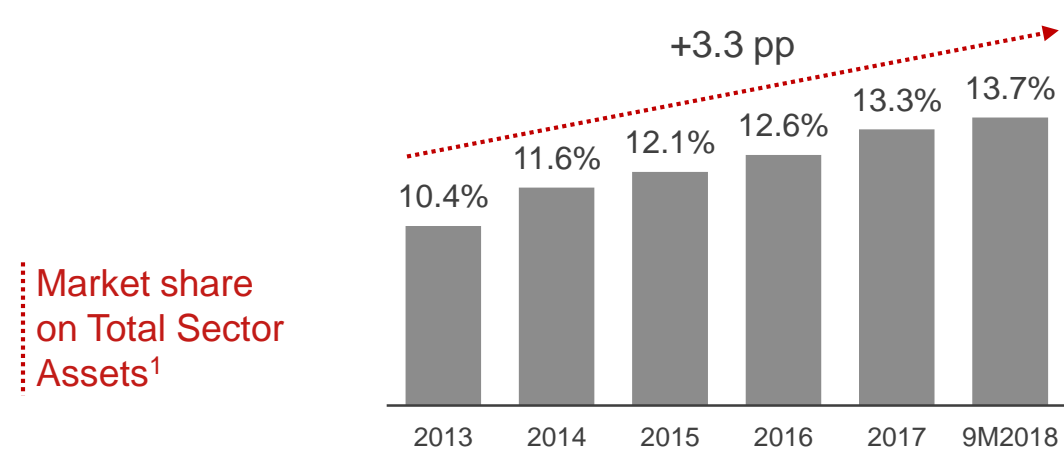
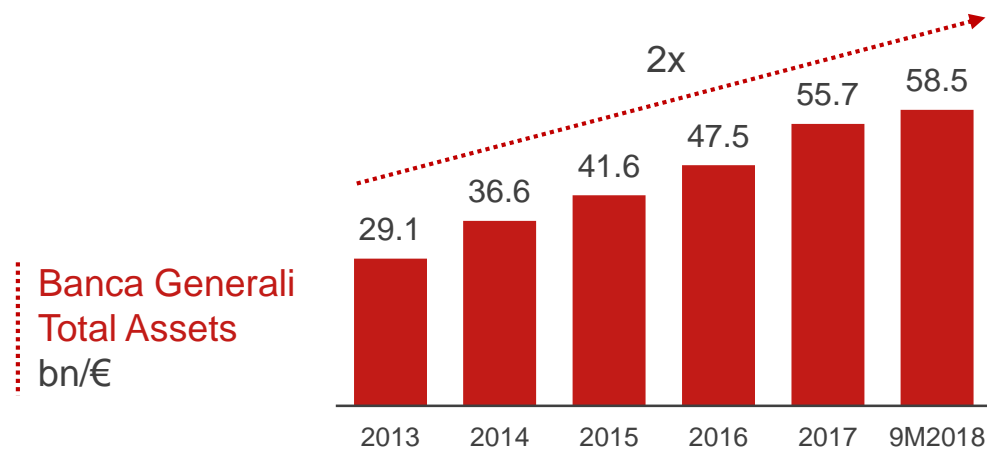
Best FAs network by **FAs satisfaction**<sup>3</sup>

Best FAs network by **Client satisfaction**<sup>4</sup>

**Best Private Banking Brand** in Italy<sup>5</sup>

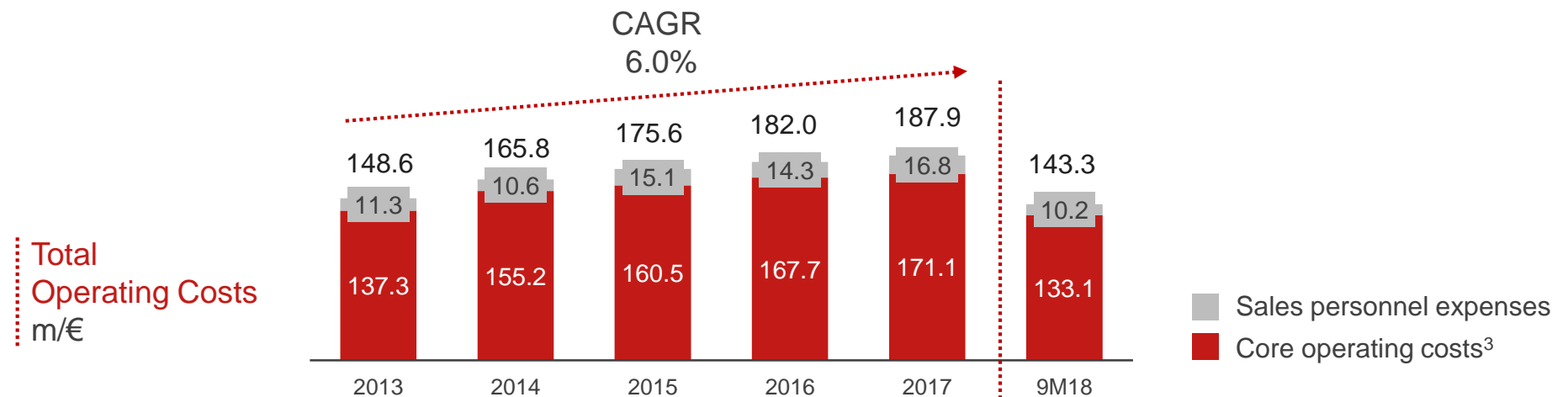
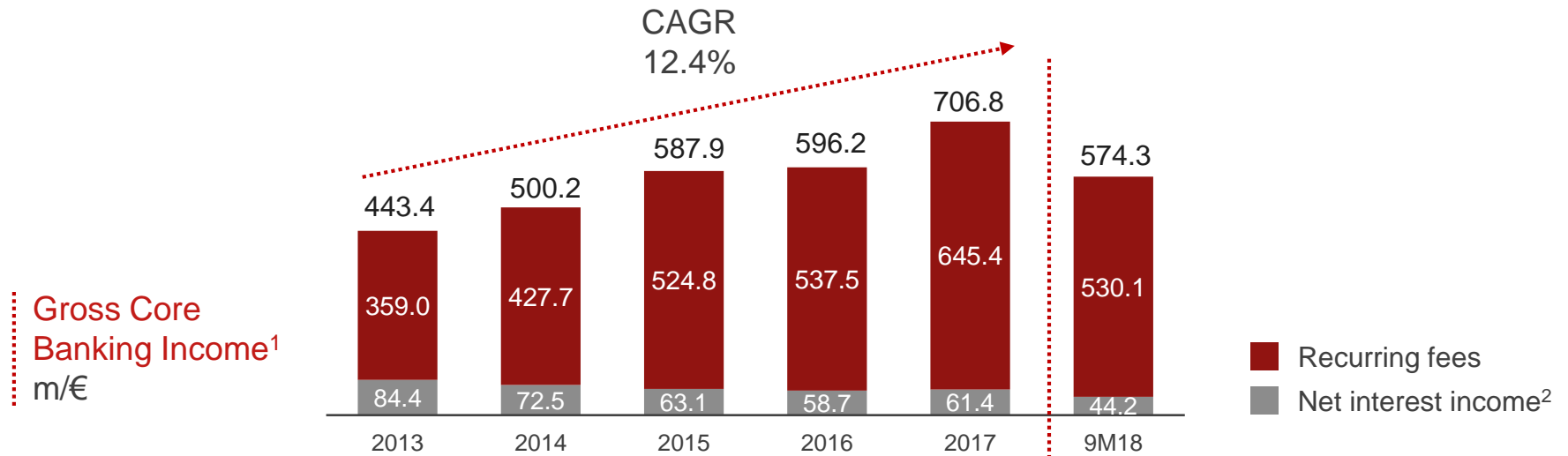
# A TRANSFORMATIONAL JOURNEY (1/3)

## COMMERCIAL EXCELLENCE



# A TRANSFORMATIONAL JOURNEY (2/3)

## OPERATING LEVERAGE AMONG BEST IN THE MARKET



NOTE: 1) Computed as recurring gross fees and net interest income; 2) Excluding LTRO; 3) Computed as total operating costs ex-sales personnel expenses



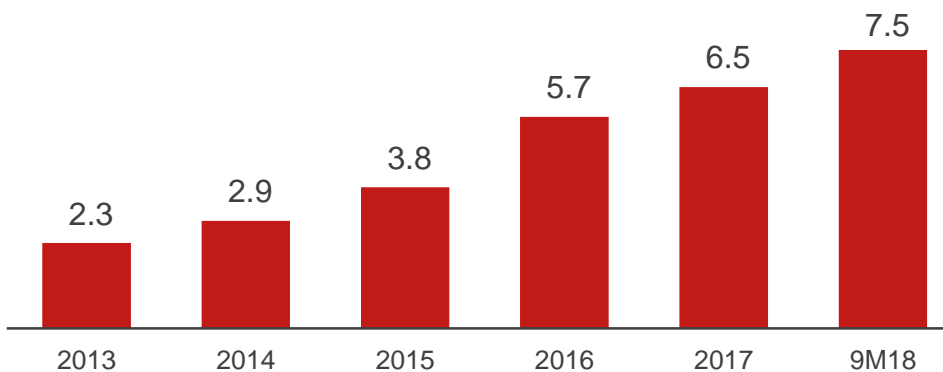
# A TRANSFORMATIONAL JOURNEY (3/3)

## GREAT FLEXIBILITY IN THE BALANCE SHEET

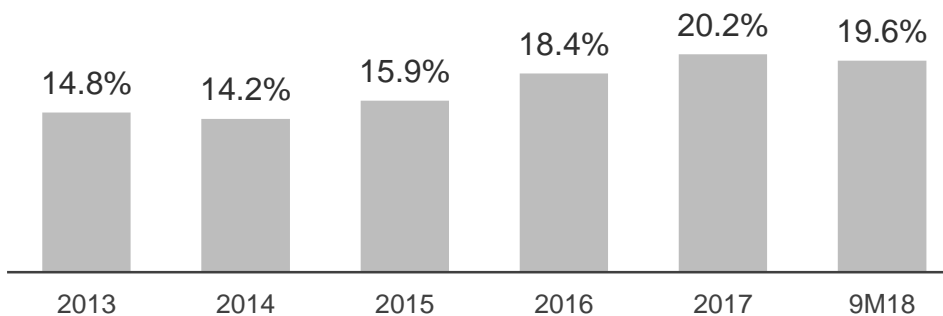
Clients' deposits/total balance sheet



Clients' deposits<sup>1</sup> bn/€



Total Capital Ratio



NOTE: 1) Excluding institutional Clients

# CLEAR STRATEGIC DRIVERS SET IN 2013

## STRATEGIC STEPS TAKEN TO BEAT EXPECTATIONS

### 2013 STRATEGIC PRIORITIES



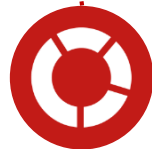
#### PEOPLE & ORGANIZATION

- Strengthen the **management team**
- Promote a clear and coordinated **organization**



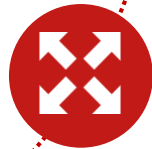
#### DIGITAL MINDSET

- Change the **approach to technology**
- Introduce **open platform / ecosystem approach**



#### WM APPROACH

- Evolve from **financial advisory** to **WM approach**
- Leverage on **insurance capabilities & product innovation**



#### EXCELLENCE OF FAs

- Create a new FAs **network organization**
- Offer a clear **value proposition** – *Quality first*



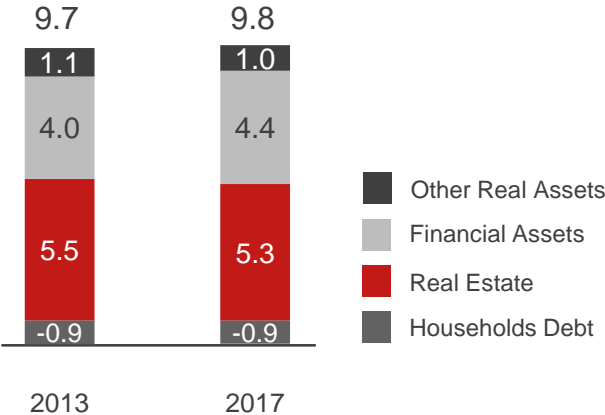
#### BRAND

- Become the **first choice** of top professionals
- Shift to **premium positioning**

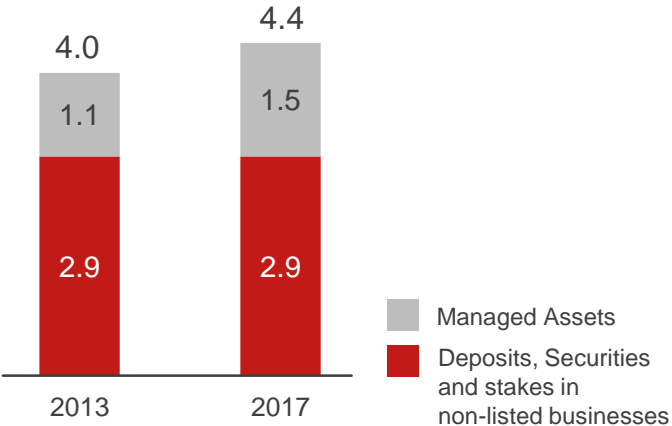
# ITALIAN HOUSEHOLD WEALTH

A PLACE TO INVEST

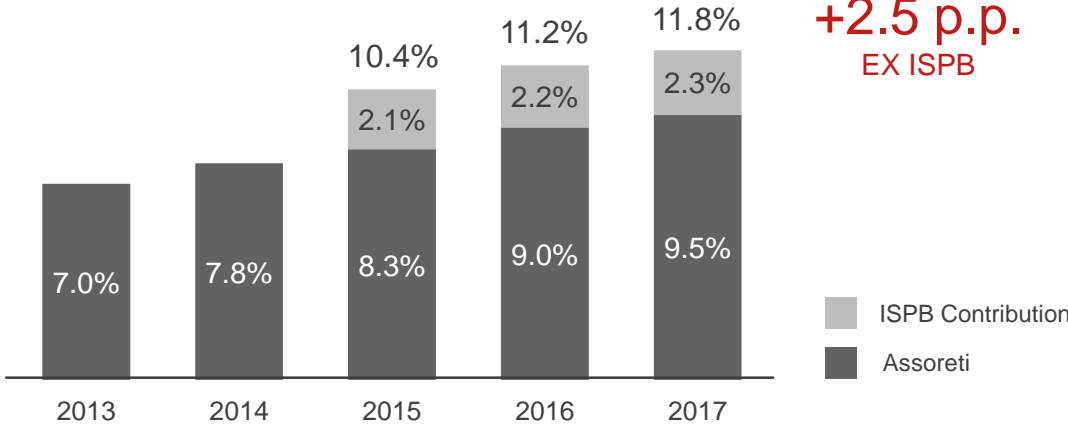
Italian Household Wealth<sup>1</sup> 2017  
tn/€



Financial Assets Breakdown<sup>1</sup>  
tn/€



Market Share of Assoreti on Italian Financial Assets<sup>2</sup>



NOTE: 1) Bank of Italy 2) Internal elaboration on Bank of Italy and Assoreti data

# 2019/2021 BUSINESS PLAN GUIDELINES

CLEAR STRATEGIC AMBITIONS TO BEAT EXPECTATIONS

**DISCONTINUITY  
IN THE  
CONTINUITY**



**PEOPLE & ORGANIZATION**



**DIGITAL MINDSET**



**WM APPROACH**



**EXCELLENCE OF FAs**



**BRAND**



**INTERNATIONAL ASPIRATION**

- Foster a **culture of talent, sustainability** and **diversity & inclusion**

- Strengthen **open banking approach** and **international partnerships**

- Focus on **protection, lending** and **services to entrepreneurs**

- Accelerate on **cross-fertilization** and **teams**

- Strengthen direct **Client touchpoints**

- Serving the Italian Client through an **international approach** while **selectively expanding abroad**



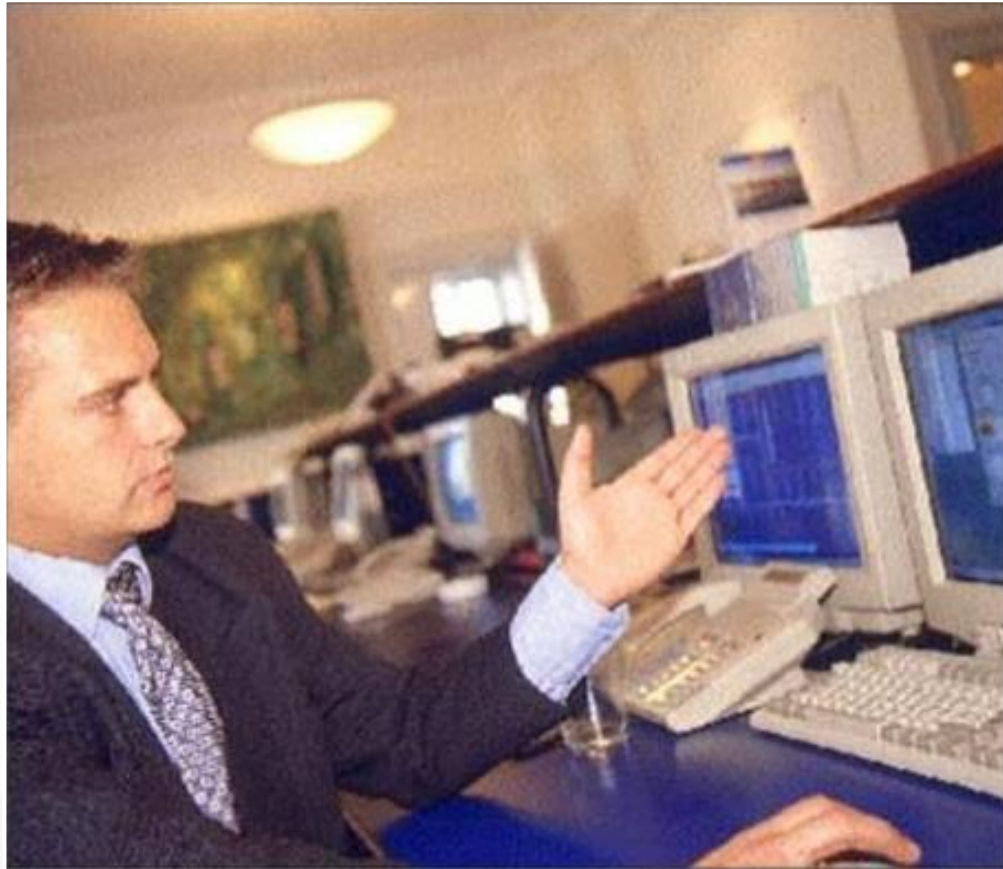
**KIM FOURNAIS**

Saxo Bank Founder and CEO

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The value of BG/Saxo Partnership

# Saxo Bank was a fintech before the term was even created



**1998**



**2018**



# Saxo Bank in short



## FINANCIALS 2017

- Operating income: **EUR 406.5 million**
- Net profit: **EUR 53.9 million**
- AUM: **EUR 13,915.9 million**  
(as of Oct. 2018: **EUR 15,613.5 million**)

## FACILITATION

- **+35,000** tradable products
- **43.3 million** trades executed in 2017
- **EUR 16 billion** daily average turnover
- **+120** White Label partnerships

## AWARDS

- **100+** industry awards for trading platforms past few years



# Saxo Bank is a global multi-asset facilitator

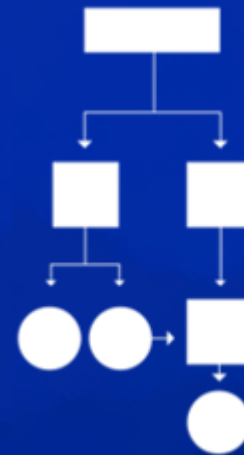
Our business model is unique and democratises trading and investment



## FINANCIAL MARKETS PRODUCT, SERVICES AND LIQUIDITY

## SAXO BANK FACILITATION

## DISTRIBUTION TO CLIENTS TRADERS, INVESTORS, WHOLESALE



### For traders



**SaxoTraderPRO** and **SaxoTraderGO** are targeted towards traders and self-directed investors

### For investors



**SaxoInvestor** is targeted towards the self-directed and delegating investor

### For wholesale partners



**SaxoSolutions** offers the full value chain including customisable platforms to our partners

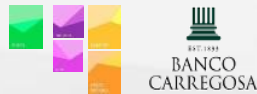
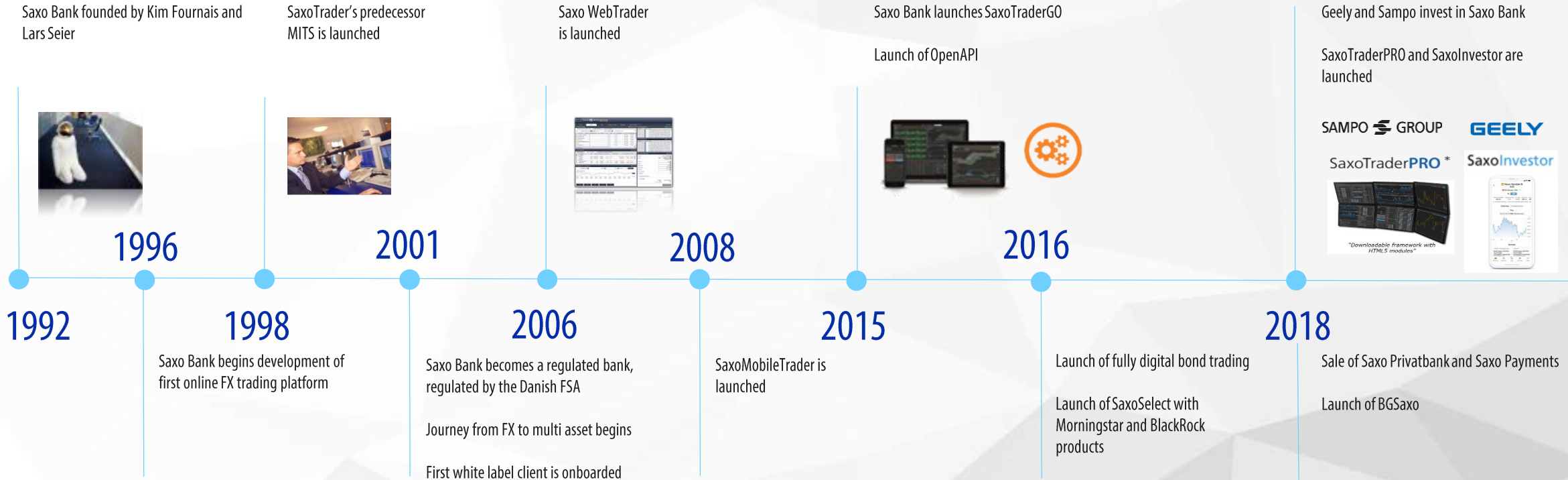
Our model is unique as we unbundle the value chain through our open architecture, where we source the best ideas, products, liquidity and services from the best providers in the market

By running one technology stack and one, global set of business processes, we ensure scalability of our core engine

We distribute the products and services to our clients (traders, investors and wholesale partners) through our platforms and channels (SaxoTraderPRO and GO, SaxoInvestor, OpenAPI and FixAPI, Saxo Portfolio Manager)



# Brief history of Saxo Bank



# Strong ownership structure and board

## The right foundation to deliver long term win-win



**Daniel Donghui Li**  
Chairman

CFO of Zhejiang Geely Holding Group



**Henrik Normann**  
Vice-chairman

President and CEO of NIB, Nordic Investment Bank



**Ian Zhang**  
Board Member

Deputy CFO of Zhejiang Geely Holding Group



**Patrick Lapveteläinen**  
Board Member

Group Chief Investment Officer Sampo Plc



**Preben Damgaard**  
Board Member

CEO Damgaard Company and Danish IT entrepreneur

**GEELY**

**SAMPO GROUP**

**Fournais Holding**

**Minority shareholders**

52.0%

19.9%

25.7%

2.4%

**SAXO  
BANK**



*Chairman Li, founder of Geely, at his visit to Saxo Bank in July 2017*

# The principles of Saxo Bank's technology

Half of our more than 1650 employees work with technology and business development and we invest more than EUR 100 million every year in technology and innovation



## Single Global Platform

Adopted for local markets and regulations and multi-device compatible. One efficient HTML5-based client front-end catering for multiple client experiences



## Cloud Native

Key to scalability, agility and enables Saxo to leverage innovation to full extent and deliver a cutting-edge cloud-based experience for retail, institutional and white-label partners



## AI Everywhere

Leveraging Big Data and AI throughout the digital value chain to deliver a world-class experience to clients and internally for the Saxo Bank staff



## Open Banking First

Enables flexible integration with clients and partners via Open API and external provision of data and applications



## Risk

Manage operational and cyber risk and ensure compliance across jurisdictions

All technology solutions are available to Banca Generali and other partners

# Why ?



Banca Generali and Saxo Bank share values and culture



*At Saxo Bank it is our conviction that every great relationship is based on **win-win**. Whether with clients, partners or employees, we only win when they win.*

*In the end, the value of money and accomplishments depends on how it's earned.*

*Our Saxo Foundation is built on this.*



The Saxo Bank Foundation

**Saxo Bank** exists to demonstrate trading and investment. Unlike it is a business to generate income for trading, education and general market purposes. It is our wish to educate and empower every trader who wants to improve their own financial stability, being aware of the risks involved in trading. We do not want to be a company that only exists to make money for its shareholders, but we do want to be a company that gives back to the community and the world. We do this through the Saxo Bank Foundation, which is a non-profit organization that supports and empowers traders and investors. We do this through the Saxo Bank Foundation, which is a non-profit organization that supports and empowers traders and investors.

**Whether it is regarding financial markets or in general, we do not want to be a company that only exists to make money for its shareholders, but we do want to be a company that gives back to the community and the world. We do this through the Saxo Bank Foundation, which is a non-profit organization that supports and empowers traders and investors.**

**Our company** was founded in 1992 on a vision to transform an industry that was dominated by banks and traditional services. From the start, we focused on building our relationship with our clients and partners, not on maximizing our financial results. Our vision was to create a company that was focused on providing the best possible trading and investment experience for our clients and partners, not on maximizing our financial results.

**What started as an idea** inside the mind of an entrepreneur, it today a global trading and investment company, operating through a network of offices around the world. Through the years, we have built a strong trading and investment community, and we have built a strong trading and investment community. We do this through the Saxo Bank Foundation, which is a non-profit organization that supports and empowers traders and investors.

**At Saxo Bank**, our conviction that every great relationship is based on win-win. We do not want to be a company that only exists to make money for its shareholders, but we do want to be a company that gives back to the community and the world. We do this through the Saxo Bank Foundation, which is a non-profit organization that supports and empowers traders and investors.

**By recognizing the** outstanding opportunities of technology, we continue to improve the experience of trading. We do this through the Saxo Bank Foundation, which is a non-profit organization that supports and empowers traders and investors.

**Saxo Bank** will always be a company that gives back to the community and the world. We do this through the Saxo Bank Foundation, which is a non-profit organization that supports and empowers traders and investors.

2023 & Future  
Saxo Bank

# Saxo Bank and Banca Generali

The aim is to become #1 in Italy



Leading player in Financial and Wealth Management Services, through a Network of Financial Advisors



Leading multi-asset trading and investment specialist

The future is ours



**RICCARDO RENNA**  
COO & Head of Innovation

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Building a digital ecosystem  
for Clients



Innovation  
in Clients' journey  
thanks to **BG**  
**digital hub**

## DIGITAL MINDSET



Digital mindset in Banca Generali



Client-driven and digital-focused approach




What next?




# DIGITAL MINDSET WAVES

## THREE PRIMARY AREAS OF FOCUS

 From 2014  
**ADVISOR**


Empower **Client-Advisor relationship**  
by enhancing FAs efficiency and effectiveness



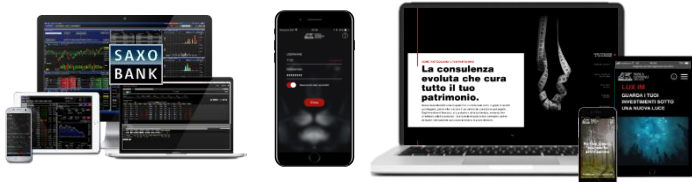
 From 2016  
**BANK**

**Streamline the Bank** to offer best-in-class services to FAs and Clients while managing strong growth



 From 2017  
**CLIENT**

Be the first choice also in **B2C world**





# DIGITAL MINDSET WAVES

A CLEAR TARGET: FOCUS ON CLIENTS

 From 2014  
**ADVISOR**

Empower Client-Advisor relationship by enhancing FA efficiency and productivity

Build an **ECOSYSTEM**

BG Personal ADVISORY

 From 2016  
**BANK**

Streamline the Bank to offer best-in-class service to advisors and clients through digital channels

Accelerate the **TRANSFORMATION**

BG ALLways — link to value — Pega

 From 2017  
**CLIENT**

Be the first choice in B2C world

Enhance direct connection with **CLIENTS**





Innovation  
in Clients' journey  
thanks to **BG**  
**digital hub**

## DIGITAL MINDSET



Digital mindset in Banca Generali



Client-driven and digital-focused approach



What next?

# DIGITAL STRATEGY AND KEY PROJECTS

## REASONS WHY AND PRIORITIES

### BEING DIGITAL FOR



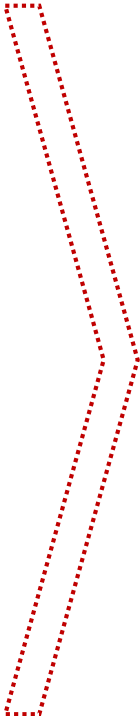
QUALITY



BRAND



GROWTH



### KEY AREAS OF FOCUS



Digital Collaboration



Digital Touchpoints



Digital Onboarding Process



Mobile Banking



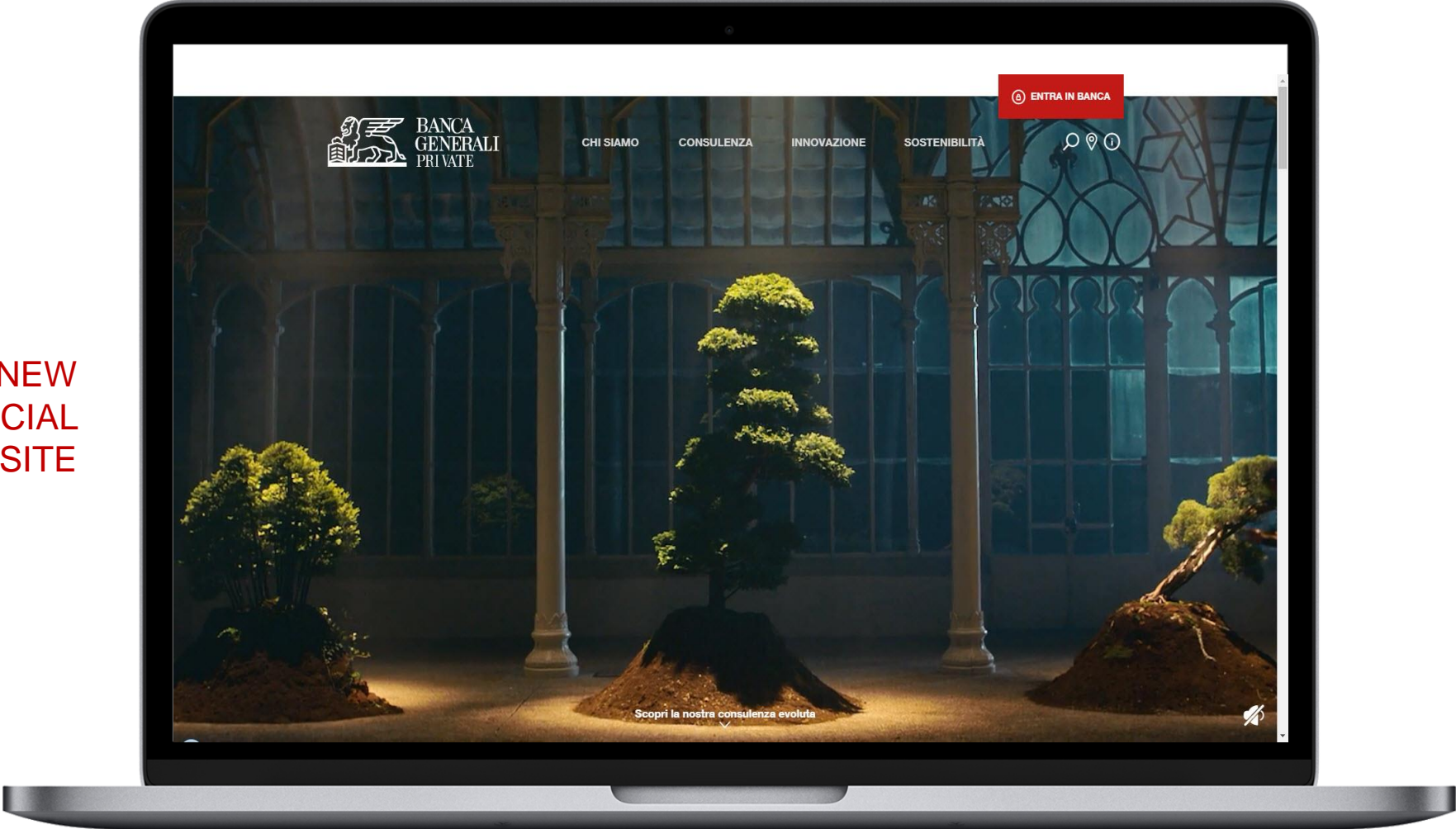
Trading

# DIGITAL TOUCHPOINTS

PRESENTING A PREMIUM BRAND TO CLIENTS

BANCAGENERALIPRIVATE.IT

NEW  
COMMERCIAL  
WEBSITE



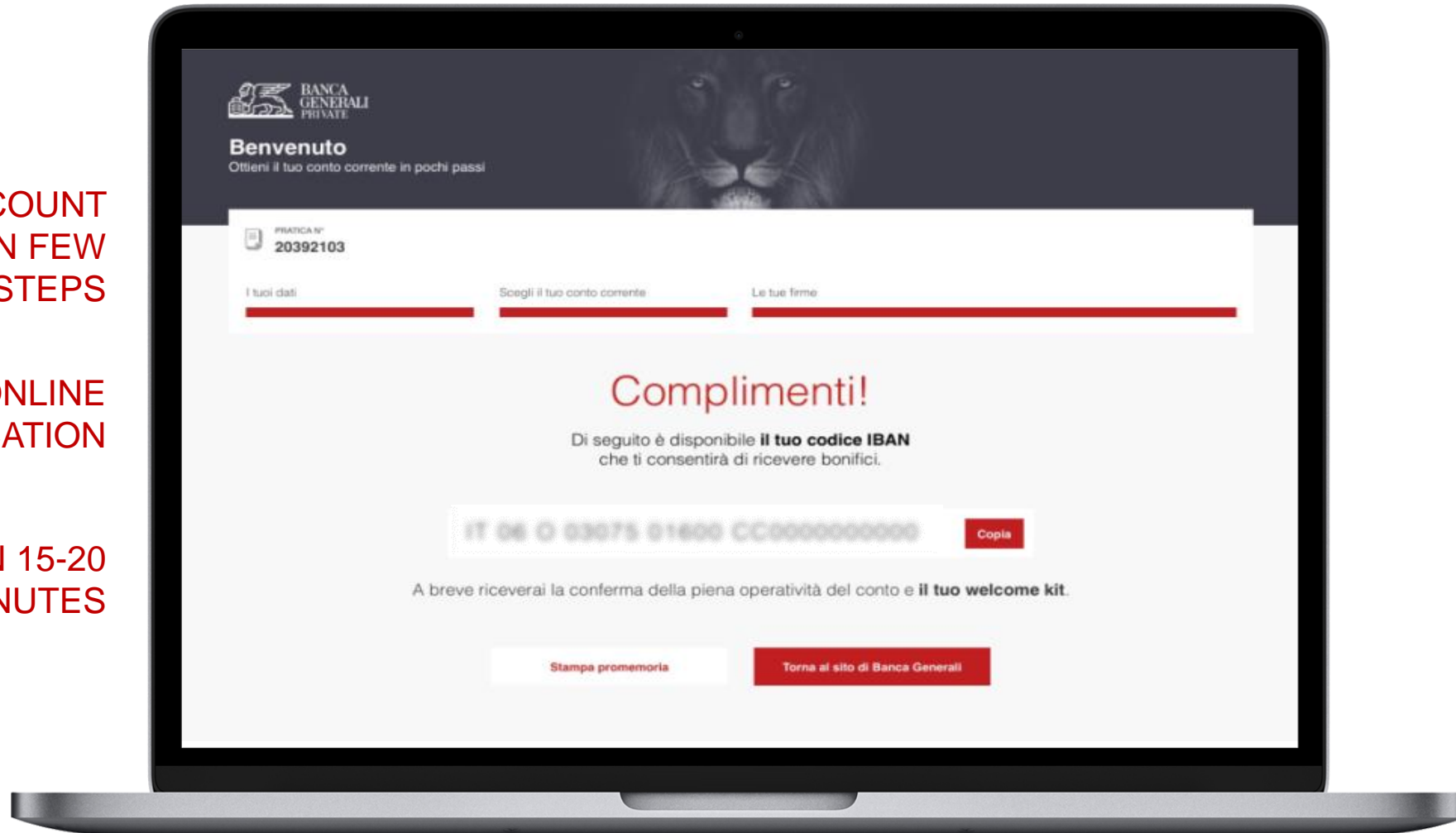
# ONBOARDING PROCESS

## BEING DISRUPTIVE IN RELATION TO THE CLIENTS

ACCOUNT  
OPENED IN FEW  
STEPS

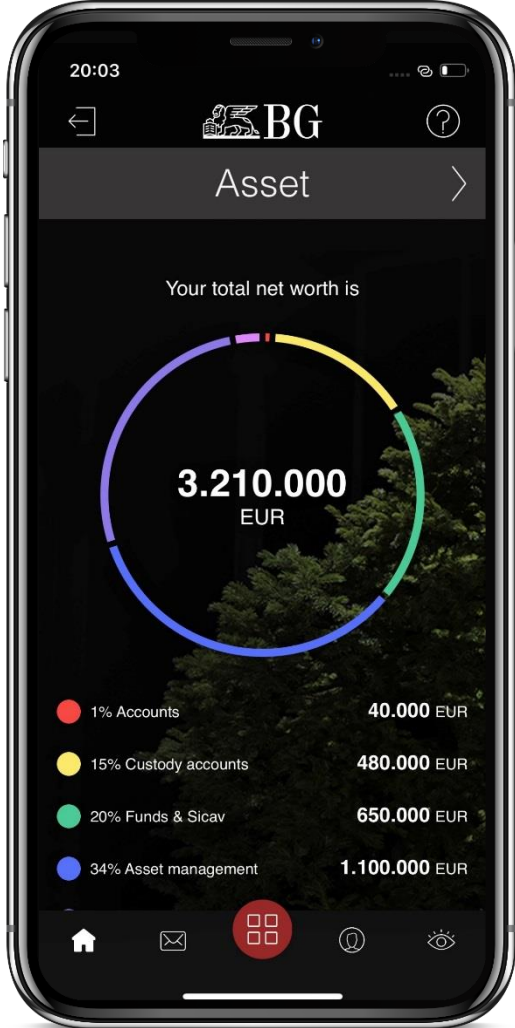
ID ONLINE  
VERIFICATION

LIVE IN 15-20  
MINUTES



# NEW MOBILE BANKING APP

## PRIVATE STYLE AND FLUID USER EXPERIENCE



Innovative Customer Experience



User Friendly Interface



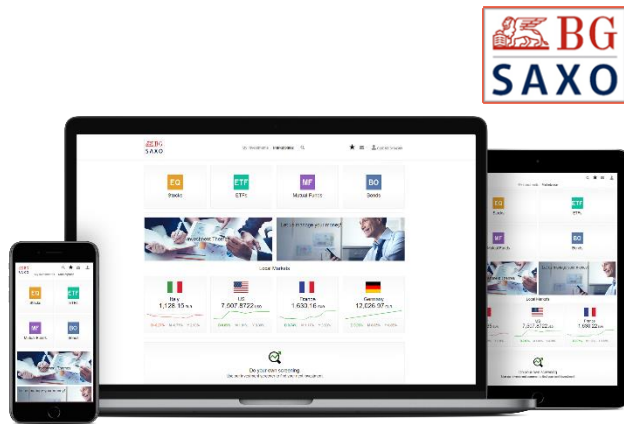
Vocal Interaction



...+ New Features

# SAXO TRADING

## SEGMENTED PLATFORM OFFER



### INVESTOR

.....  
**SIMPLE FUNCTIONALITY**  
FOR CLIENTS WHO WANT AN  
**EASY TRADING EXPERIENCE**



### TRADER GO

.....  
**ADVANCED FUNCTIONALITY**  
FOR CLIENTS WHO WANT A  
**STANDARD TRADING EXPERIENCE**



### TRADER PRO

.....  
**RICH FUNCTIONALITY**  
FOR CLIENTS WHO WANT A  
**TOP TRADING EXPERIENCE**





**Innovation  
in Clients' journey  
thanks to **BG**  
digital hub**

## **DIGITAL MINDSET**



**Digital mindset in Banca Generali**



**Client-driven and digital-focused approach**

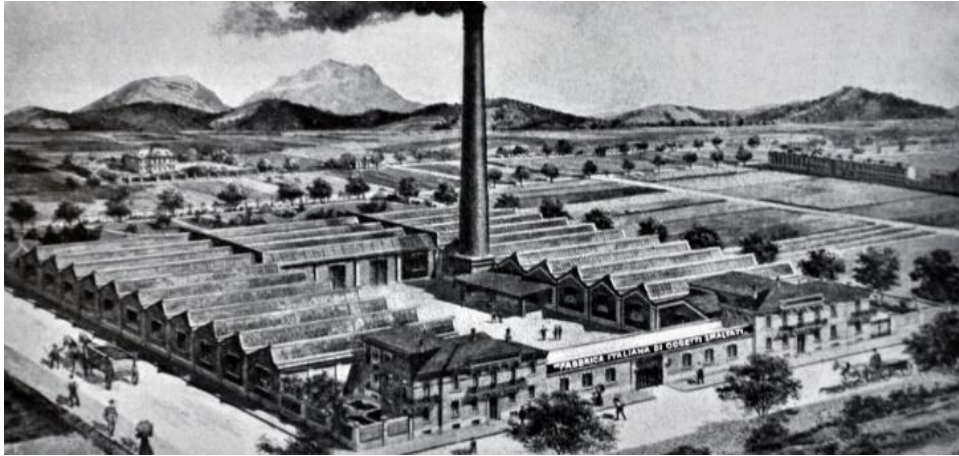


**What next?**



# WHAT'S NEXT?

## FROM IN-HOUSE DEVELOPMENT



Leverage mostly on internal culture and resources  
**COMPETE WITH TECH SPECIALISTS**

Risk of slow execution and loss of focus on Client's overall experience **DEFOCUS**

Impact on fixed cost (investment and running)  
**HIGH RISK**



## TO ECOSYSTEM APPROACH



Access to wider know-how  
**ALWAYS UPDATED**

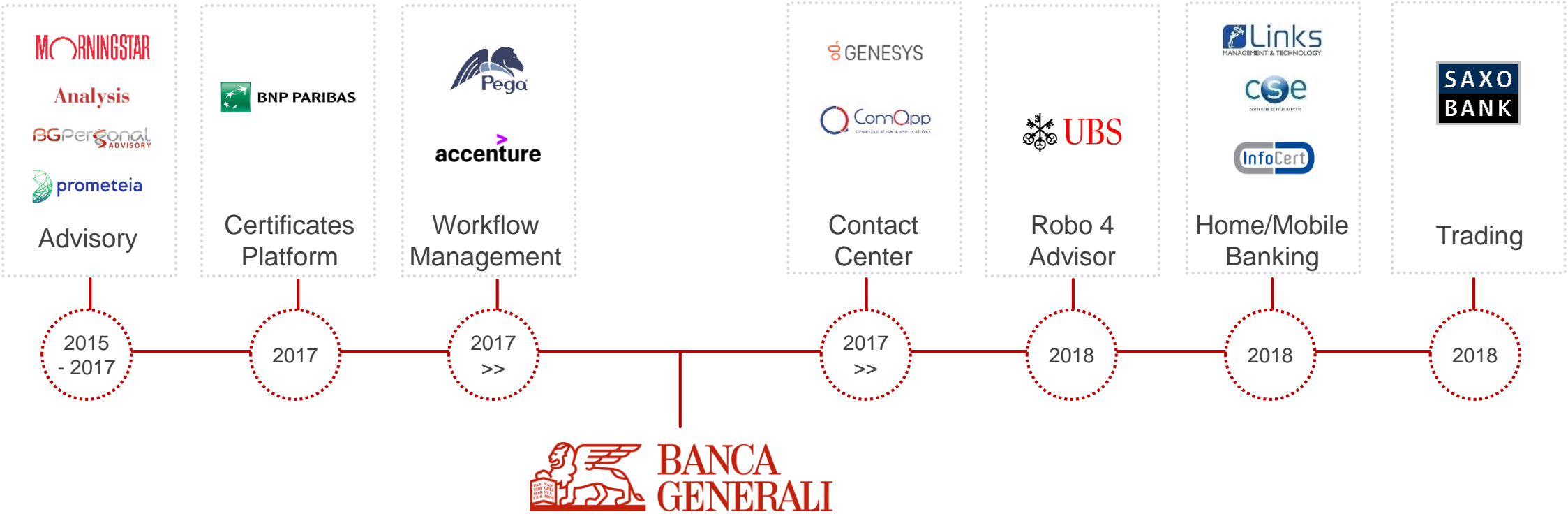
Speed of execution and more time dedicated to Client's overall experience **SAVE TIME**

Substitute fixed costs with revenue-sharing  
**SHARE RISK**

# BG INTEGRATION MODEL

EXPLOITING THE BEST TECHNOLOGIES...

We know how to **integrate the best technologies** in a short period of time by leveraging on our strong partners to establish «win-win» solutions



# BG INTEGRATION MODEL

...GLOBALLY



# TO SUM UP

Strong **capabilities**  
to **integrate** different solutions in the **BG-Ecosystem**

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Open approach bringing **efficiency** and **effectiveness**

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Best in **B2B2C** and closing the gap in **B2C world**



**READY FOR THE FUTURE**



**ANDREA RAGAINI**

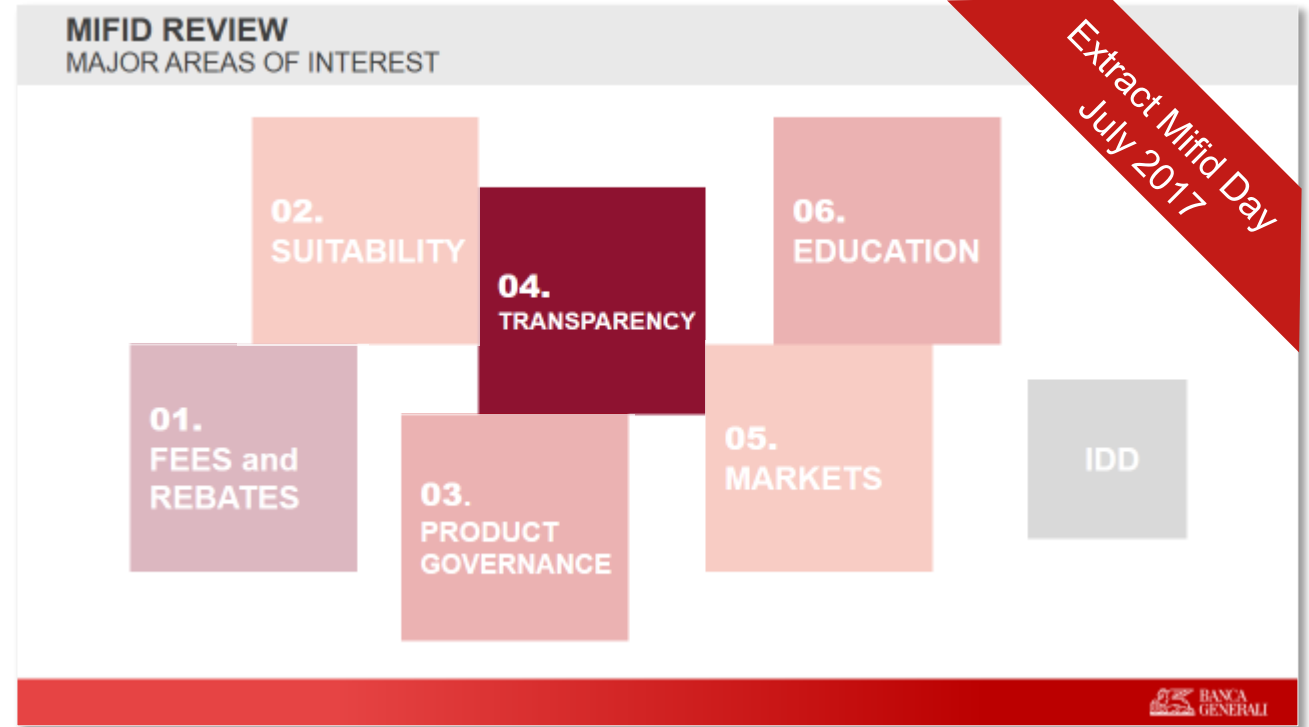
Deputy General Manager, Wealth Management,  
Marketing & Products

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Well placed to capture sizable  
growth opportunities

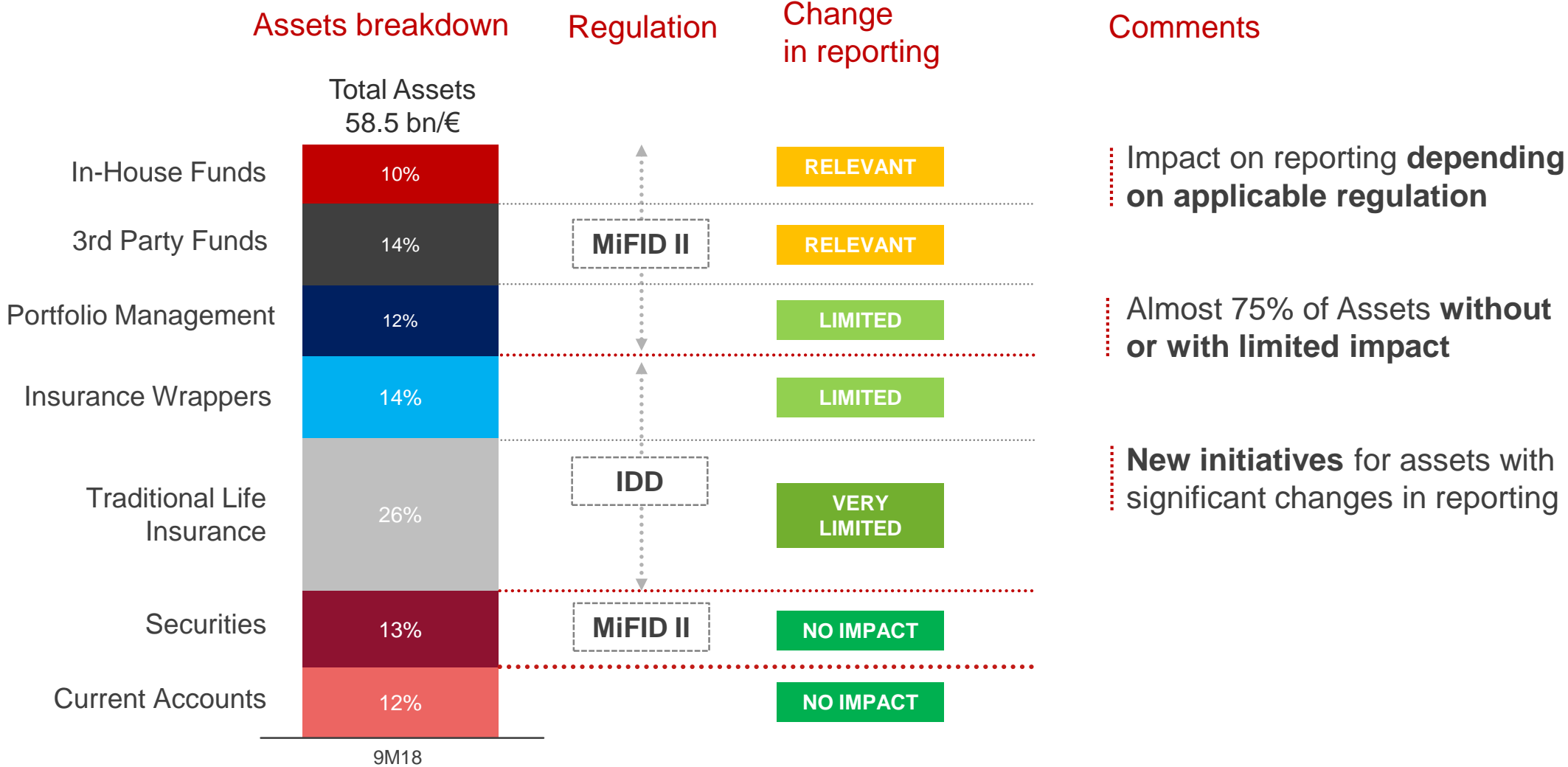


# MiFID II update



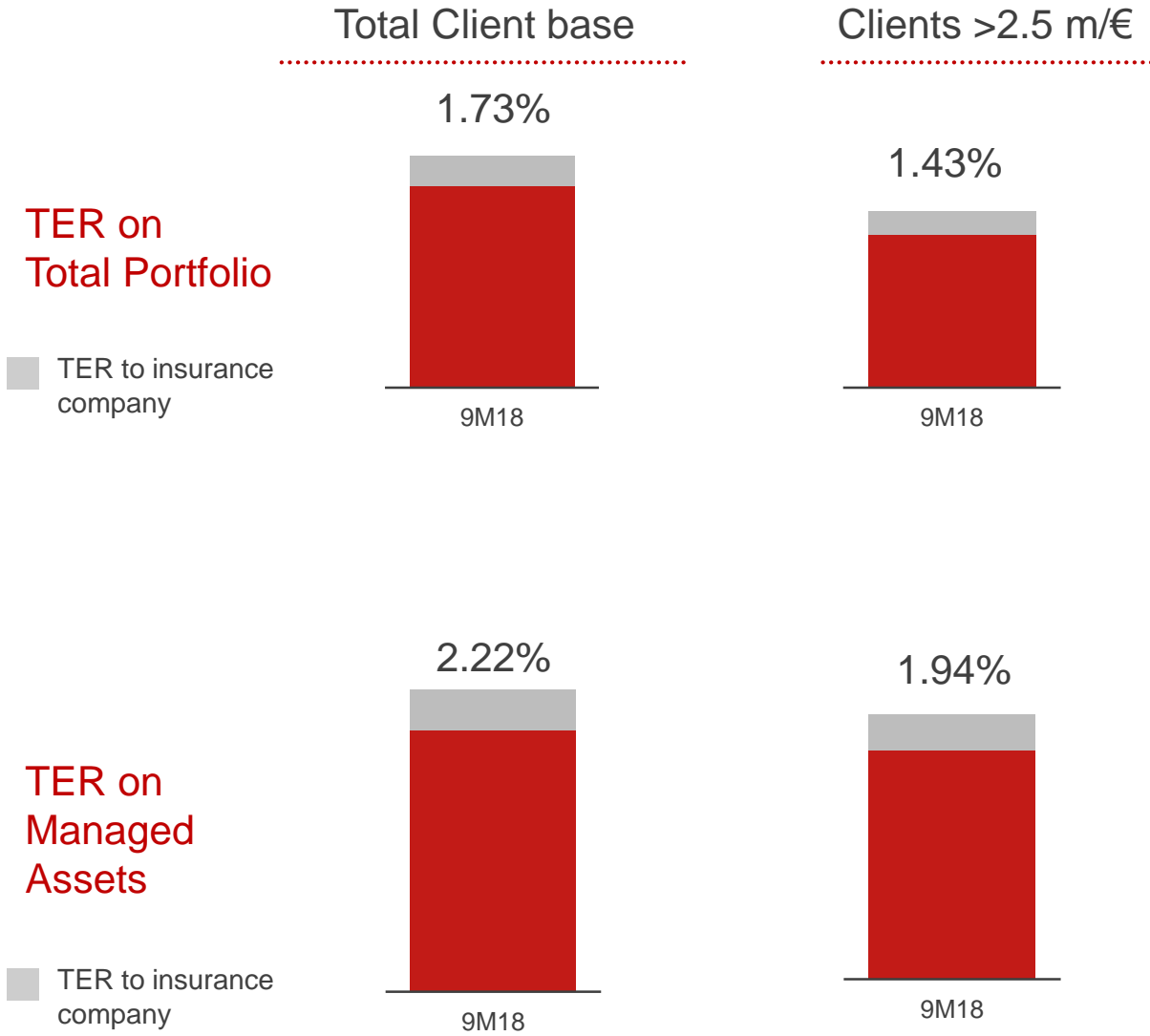
# UPDATE ON MIFID II (1/2)

## OUR EXPECTATIONS ON CHANGES IN REPORTING



# UPDATE ON MIFID II (2/2)

## TER BREAKDOWN



### Comments

- TER to insurance company: 12%-13% of the total
- Insurance wrappers: increasing the weight of ETFs vs 3<sup>rd</sup> party funds
- Portfolio management: increasing the weight of securities vs 3<sup>rd</sup> party funds
- In-house funds: introducing a cap on ongoing charges from 3<sup>rd</sup> party underlying share classes
- 3<sup>rd</sup> party funds: renegotiation

NOTE: TER not including entry fees and performance fees





## WM APPROACH

Pursuing **growth** and **profitability** through three drivers for the future



### Overview on Clients and Assets



#### Assets

under Management  
under Advisory  
under Custody



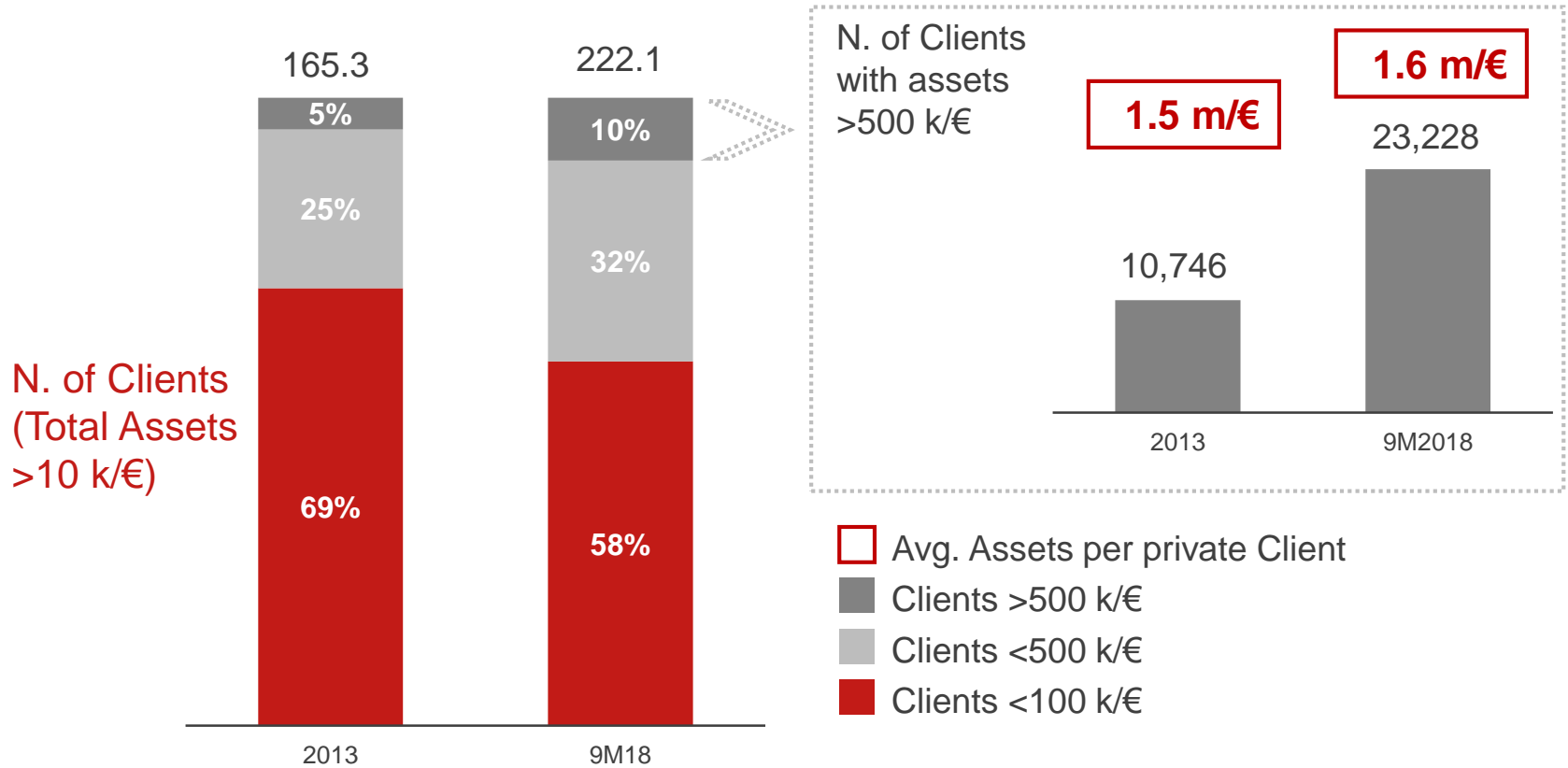
#### Corporate Advisory



#### Lending

# FOCUS ON OUR CLIENTS

## STRONG GROWTH IN THE PRIVATE SEGMENT



**Comments**

- Growth in all Client segments with strong hike in **Affluent and Private Clients**
- ~30% of our Private Clients are **entrepreneurs**
- ~130k **Clients** with less than 100 k/€ in assets

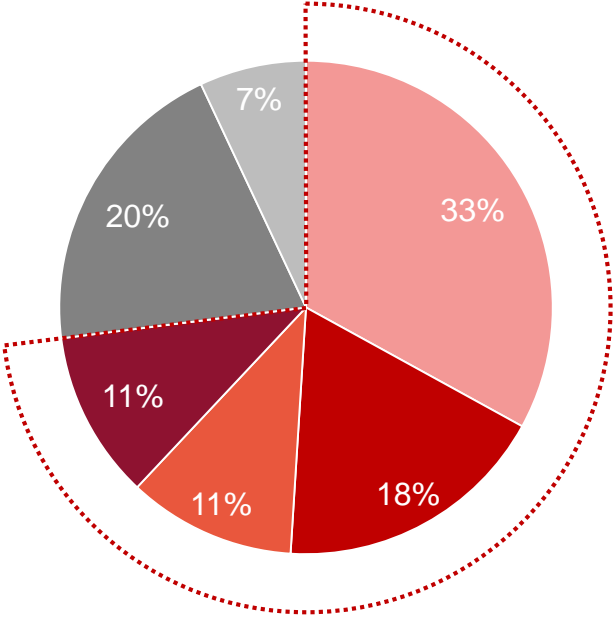
# OVERVIEW OF OUR BUSINESS

## GREATER DIVERSIFICATION OF ASSET MIX

### Asset mix

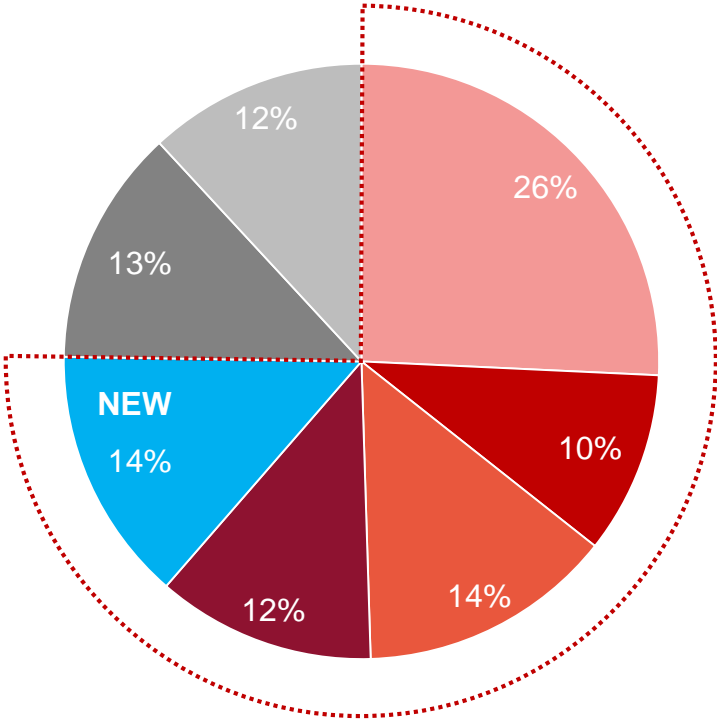
- Traditional Life Insurance
- In-House Funds
- 3rd Party Funds
- Portfolio Management
- Insurance Wrappers
- Securities
- Current Accounts

2013 Total Assets  
**29.1 bn/€**



Managed Assets  
**73%**

9M18 Total Assets  
**58.5 bn/€**



Managed Assets  
**75%**



## WM APPROACH

Pursuing **growth** and **profitability** through three drivers for the future



**Overview on Clients and Assets**



**Assets**

under Management  
under Advisory  
under Custody



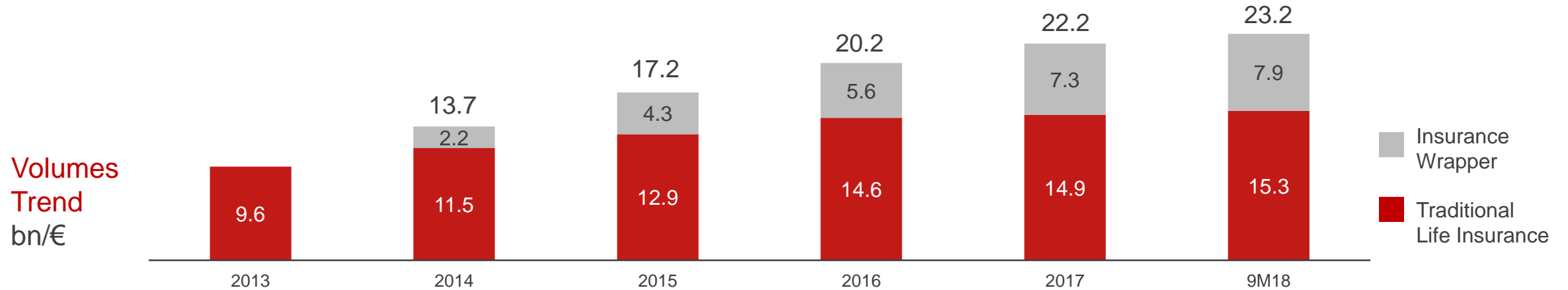
**Corporate Advisory**



**Lending**

# ASSETS UNDER MANAGEMENT (1/3)

## FOCUS ON INSURANCE



### NEW INITIATIVES

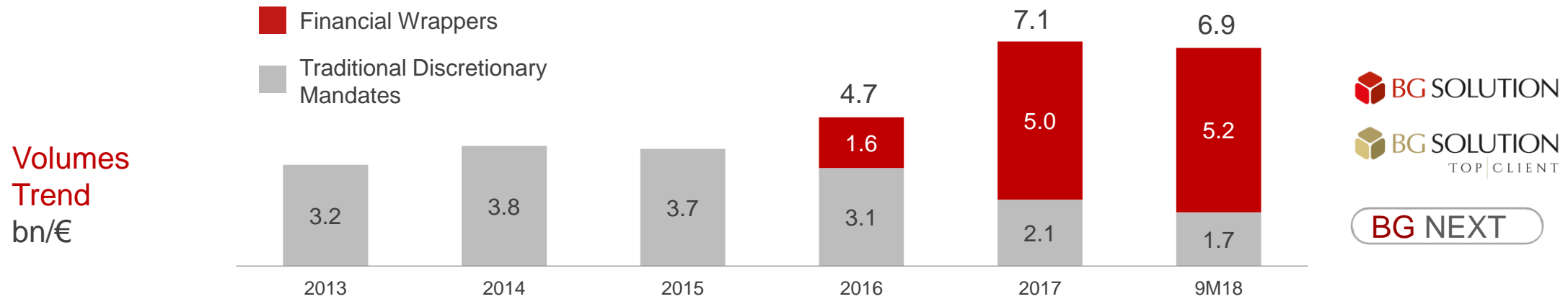
- Entering in **recurring payment** business
- Focusing on **protection and health coverage**
- Strengthening private insurance offer for **HNWI Clients**

### GOALS

- Leveraging on existing **Client base**
- Providing solutions on **protection needs, retirement and health**
- Delivering solutions to cover **wealth planning and succession planning**

# ASSETS UNDER MANAGEMENT (2/3)

## FOCUS ON PORTFOLIO MANAGEMENT



### NEW INITIATIVES

• New **hedging strategies**

• **Nextam Partners<sup>1</sup>**

• **Alternative solutions for Professional Clients**

### GOALS

• Individual **hedging solutions, leveraging Saxo expertise**

• Improvement in **bottom-up strategy**, providing solutions to Private Clients and **reducing total cost**

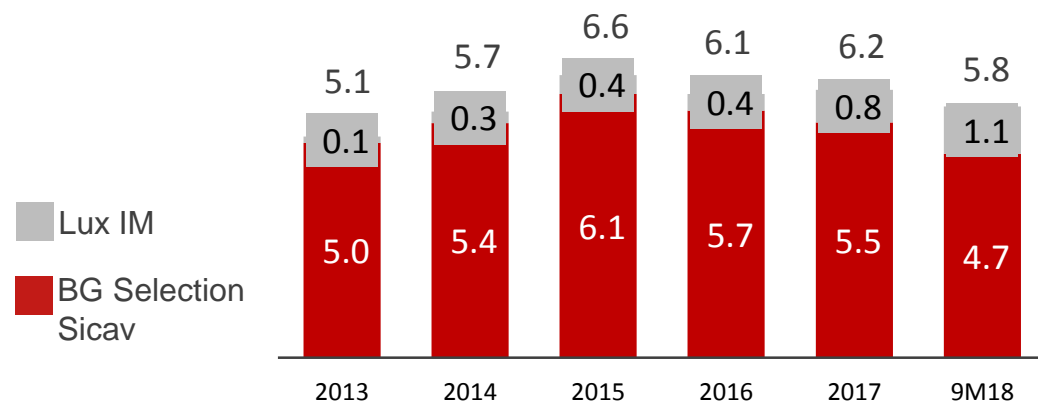
• Focus on **Private Clients**

# ASSETS UNDER MANAGEMENT (3/3)

## FOCUS ON IN-HOUSE FUNDS (RETAIL)

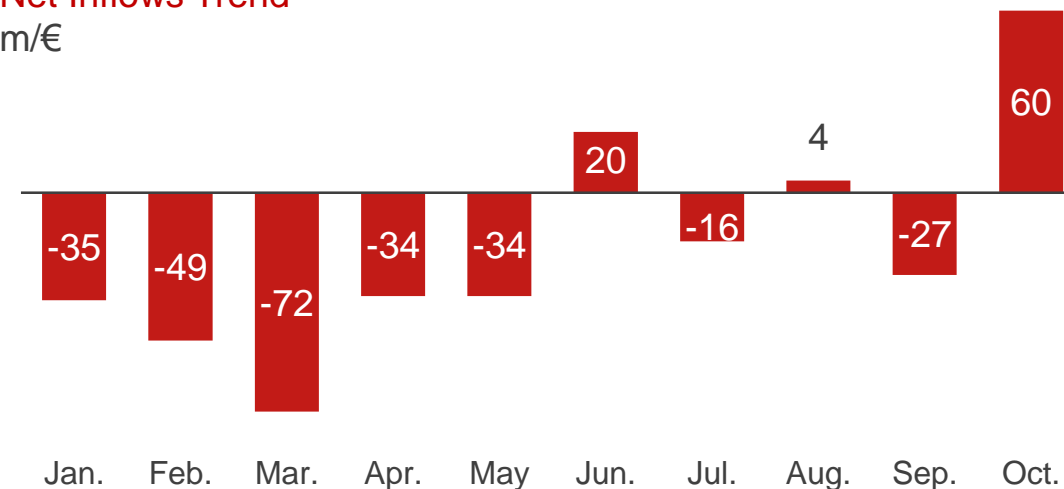
### Volumes Trend

bn/€



### Net Inflows Trend

m/€



# LUX IM

### I WAVE Apr. 2018

New Sicav for our wrappers in **Institutional classes**

**Launched  
20 funds**

### II WAVE Oct.2018

New products for **Retail offer**

**Launched  
15 funds**

### III WAVE 1Q2019

New solutions both for **Wrappers and Retail**

**Will launch  
10 funds**





## WM APPROACH

Pursuing **growth** and **profitability** through three drivers for the future



**Overview on Clients and Assets**



**Assets**

under Management  
under Advisory  
under Custody



**Corporate Advisory**

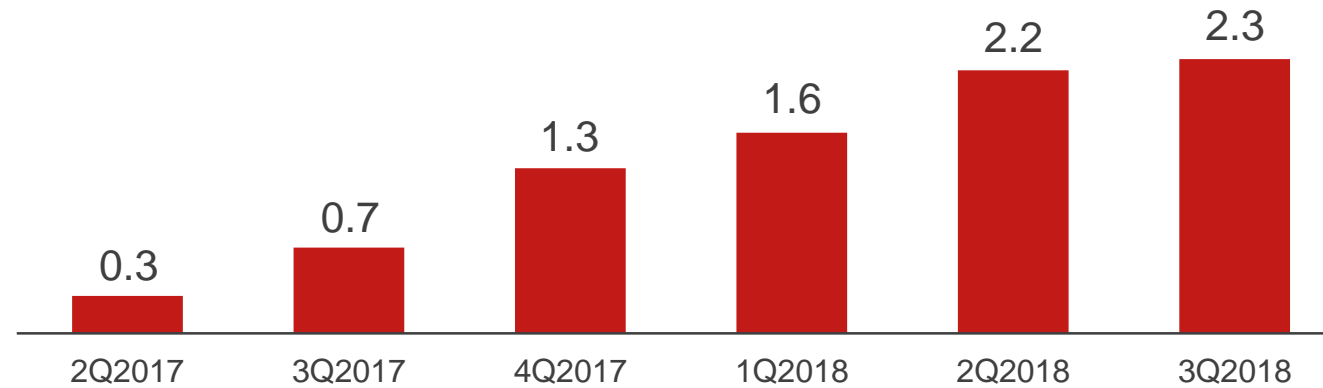


**Lending**

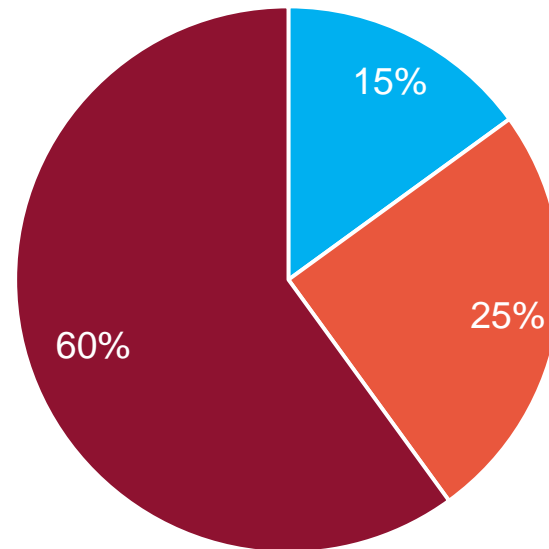
# ASSETS UNDER ADVISORY

## A MULTIFACETED APPROACH

Volumes  
Trend  
bn/€



Advisory  
Services  
% AUA



- Pure financial** advisory (*both fee only and fee on top*)  
**Classic model**
- Family Office** approach (*Assets with 3<sup>rd</sup> parties*)  
**Holistic & Innovative**
- Illiquid** Accessibility to Illiquid solutions (*fee only*)  
**First mover**



## WM APPROACH

Pursuing **growth** and **profitability** through three drivers for the future



**Overview on Clients and Assets**



**Assets**

under Management  
under Advisory  
under Custody



**Corporate Advisory**



**Lending**

# ASSETS UNDER CUSTODY (1/5)

## GROWTH AND PROFITABILITY

### N° Clients

~55k Clients<sup>1</sup>  
(19% on the Total Clients)

### Tot AUC

7.4 bn/€  
(13% on the Total Assets)



### Focus on GROWTH

Increase:

- New Clients
- **Share of wallet**

### AUC turnover ratio

~1.0x<sup>2</sup>

### Primary Market

Front fees  
6.3 m/€<sup>3</sup>

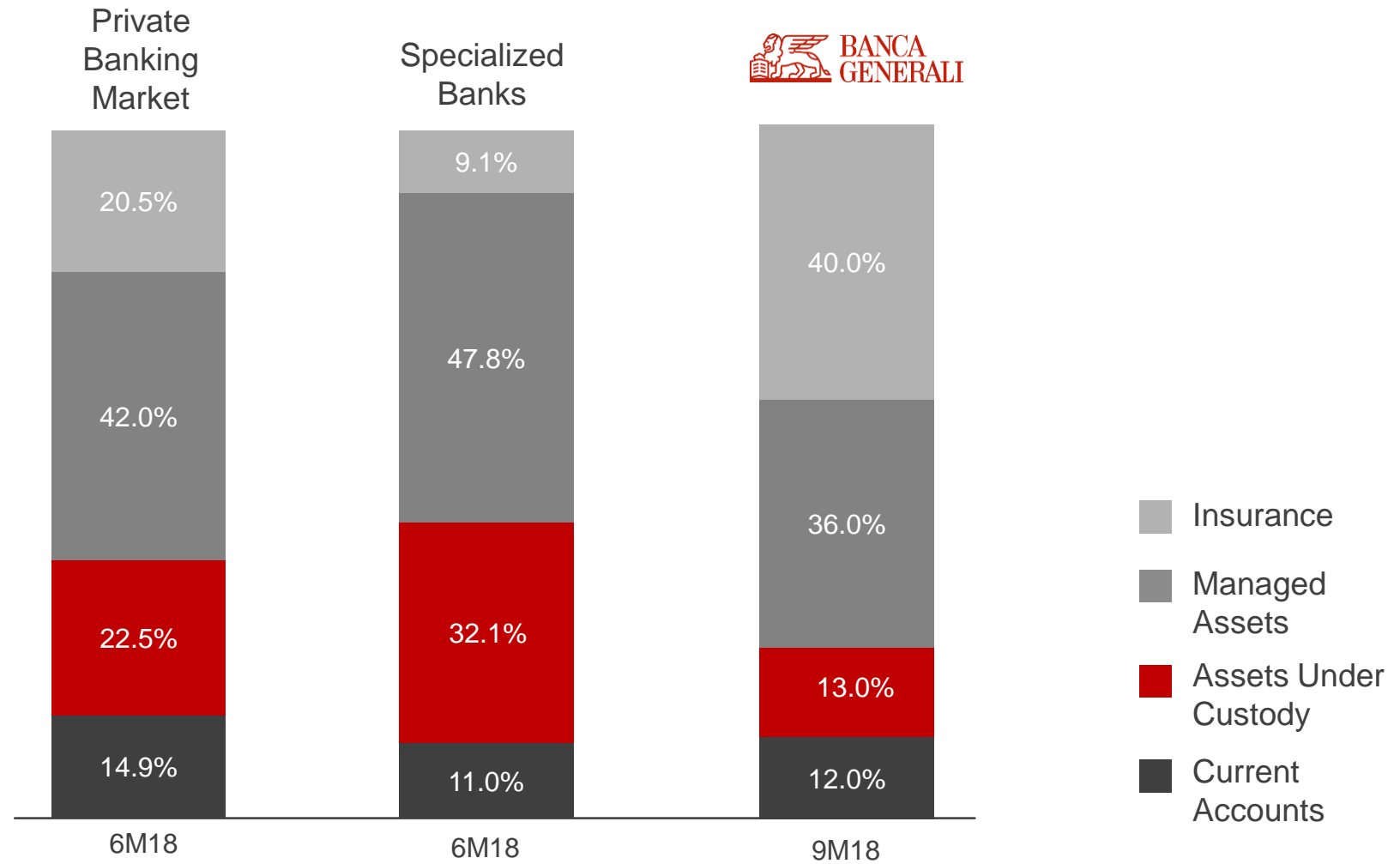


### Focus on PROFITABILITY

- Increase **turnover ratio**
- New opportunities in **primary market**
- Open to **B2C business**

# ASSETS UNDER CUSTODY (2/5)

## COMPETITIVE LANDSCAPE – ITALIAN PRIVATE BANKING MARKET



# ASSETS UNDER CUSTODY (3/5)

## KEY PILLARS FOR EXECUTION

### PEOPLE & ORGANIZATION

#### NEW HIRING

Cherry picking of the **best talents**  
in the market

*(Head of Financial Advisory  
& Head of Assets Under Custody)*



#### NEW ORGANIZATION

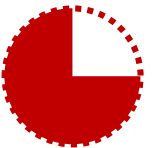
New teams dedicated on both **primary**  
and **secondary** markets in **financial**  
**department, wealth management** area  
and **commercial** area



### TECHNOLOGY



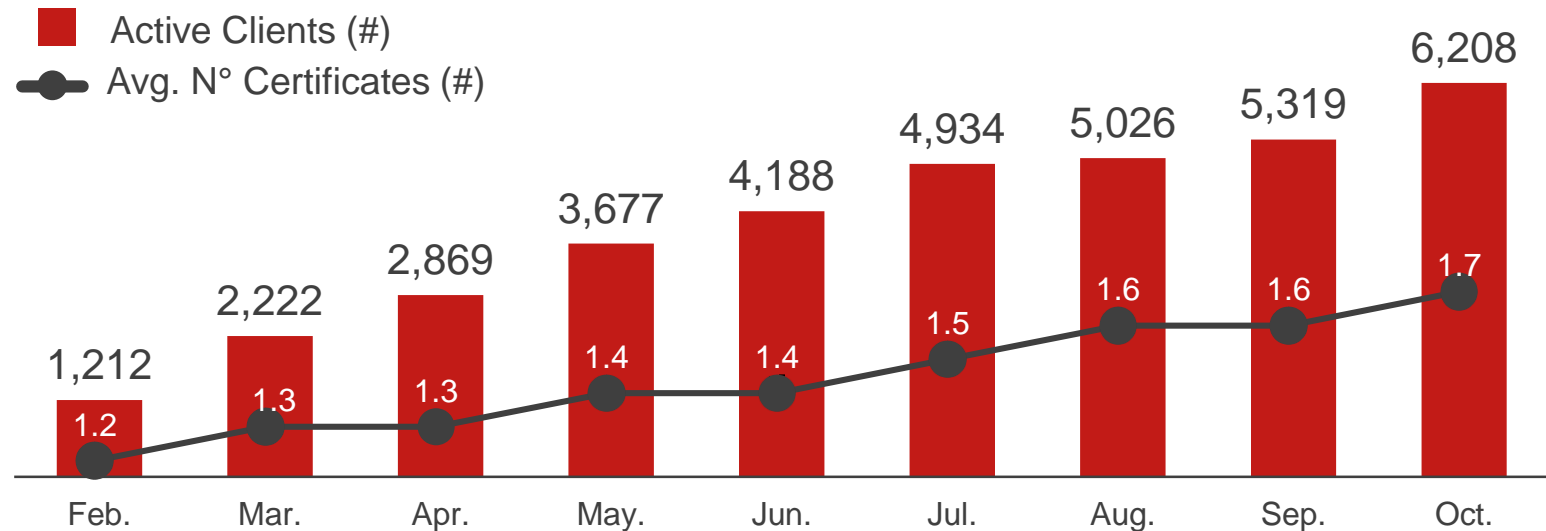
**BNP PARIBAS**  
Smart derivatives platform



# ASSETS UNDER CUSTODY (4/5)

## STRUCTURED CERTIFICATES

### Activity Trend in Certificates



More than **180** m/€ issued<sup>1</sup>

- Further possibility to **increase the penetration** in our Client base (~2%)
- Important **opportunity to increase the avg. number of certificates** in Client's portfolio

### NEW INITIATIVES

Full digitalization  
of the process

New portfolio  
of certificates


Dedicated sales  
support and new  
dashboard

Training and  
marketing



# ASSETS UNDER CUSTODY (5/5)

## ROBO 4 ADVISORY

From **PULL** approach...  ...to **PUSH** approach

### MODEL



Fully integrated  
BG risk approach  
Multi-advisory sources

**NON REPLICABLE MODEL**

### GOALS

- Increase the **quality of the service** for our Clients and our FAs (increasing their productivity)
- Increase the **number of trades** and the **turnover ratio**, boosting revenues
- Continuous monitoring of portfolio **quality** and **suitability in line with MiFID2** requirements



## WM APPROACH

Pursuing **growth** and **profitability** through three drivers for the future



**Overview on Clients and Assets**



**Assets**

under Management  
under Advisory  
under Custody



**Corporate Advisory**



**Lending**

### PEOPLE & ORGANIZATION

#### NEW HIRING

Cherry picking of the **best talents**  
in the market  
*(Head of Corporate Advisory & New  
Venture Capital Team)*



#### NEW ORGANIZATION

A new **Corporate  
Advisory management team** in Wealth  
Management division



### TECHNOLOGY



New **Corporate module** inside  
BG proprietary platform



Providing **Dynamic Hedging**

**QUALIFIED RANGE OF PARTNERS**

# CORPORATE ADVISORY (2/2)

## HIGH EXPOSURE TO CURRENCY AND VOLATILITY

### IMPORT/EXPORT VOLUMES

**44%**  
Total export  
extra EMU countries

**39%**  
Total import  
extra EMU countries

### COMPANIES PRACTICES

**<20%**  
of import/export  
flows are hedged

**2.6 bn/€**  
Cumulated loss  
on FX<sup>1</sup>



Best prime-of-prime provider



*“SaxoTraderGO named Best Retail FX Platform at FX Week e-FX Awards”*

NOTE: 1) Data as of 2015  
SOURCE: Istat; European Commission; Fintastico; Data as of December 2016



## WM APPROACH

Pursuing **growth** and **profitability** through three drivers for the future



**Overview on Clients and Assets**



**Assets**

under Management  
under Advisory  
under Custody



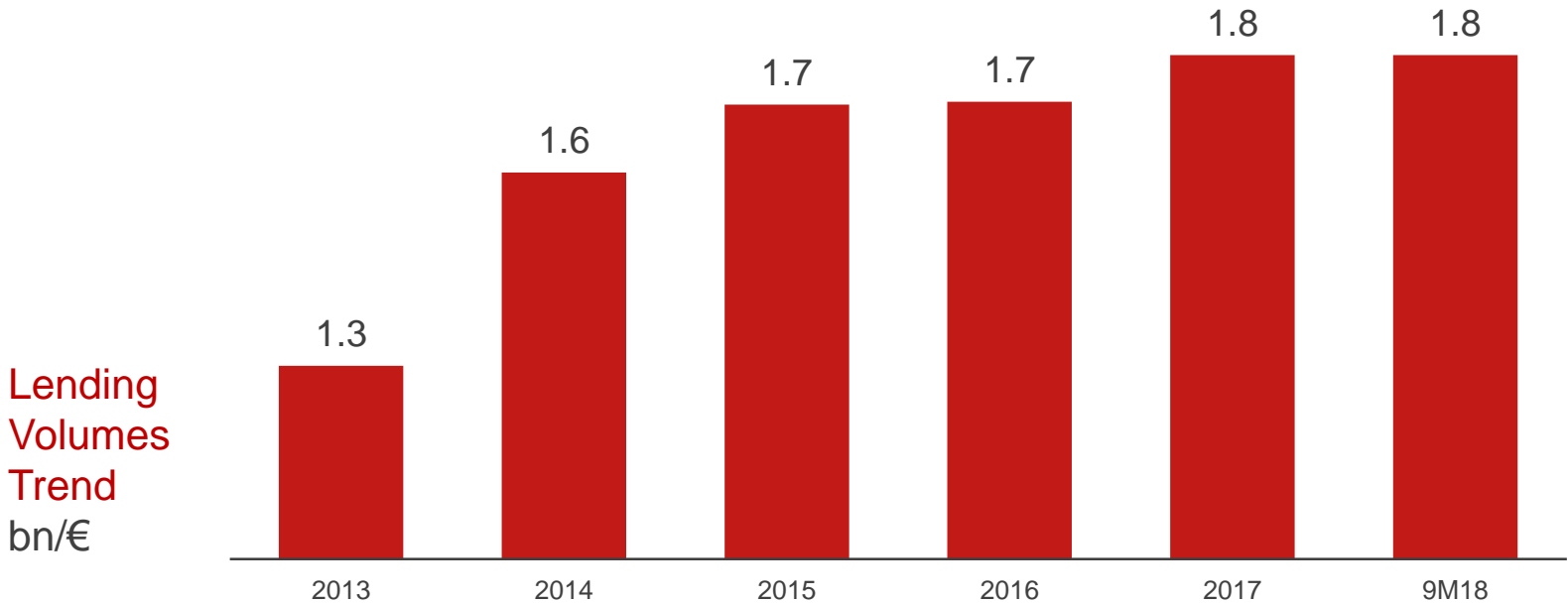
**Corporate Advisory**



**Lending**

# LENDING (1/2)

STABLE AND HIGH QUALITY VOLUMES



### Comments

**High quality** and over-collateralized (2.8 bn/€ of liquid assets as collateral)

**Still limited** lending portfolio (ancillary to WM business)

### BUSINESS APPROACH

#### COLLATERAL

From **static** to **dynamic** pledge



#### STRATEGIC FOCUS

Network **pay-out**



#### RANGE OF PRODUCTS

**Traditional Lending offer**

**Lombard**<sup>1</sup> (Volumes issued 422 m/€ from Oct.2017)

**Mini Lombard**<sup>1</sup>

**Export Credit** with guarantee



### TECHNOLOGY



From **manual** to **automated**  
process



**Expanding volumes**  
**Same risk and collateral profile**



# TO SUM UP



## Assets

- under Management
  - Protection & health
  - Recurring payments
  - Alternative solutions
  - Wider in-house retail offer
- under Advisory
  - Family office approach
  - Advisory on illiquid investments
- under Custody
  - Increase turnover ratio by leveraging technologies



BNP PARIBAS



## Corporate Advisory

- Dynamic hedging
- Services for entrepreneurs



## Lending

- New role for credit
- New products – Lombard Credit
- Focus on guarantees

## Key takeaway

- ✓ Ongoing **innovation in investment solutions**
- ✓ Increase **quality** and range of **wealth management services**
- ✓ Boost **volumes** and **profitability in AUC**
- ✓ Work on entire Client base via **digital banking, savings and lending**
- ✓ Enter **B2C business**



**COFFEE  
BREAK**



**BANCA  
GENERALI**

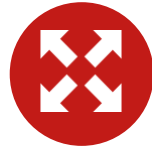


**MARCO BERNARDI**

Deputy General Manager, Commercial  
Networks, Alternative Channels and Support

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Diversified and unique FAs  
Network



FAs' skills, new organization model and blend of approaches to **drive growth**

## EXCELLENCE OF FAs



**Banca Generali DNA and high quality of FAs**



Network organization and Team working model

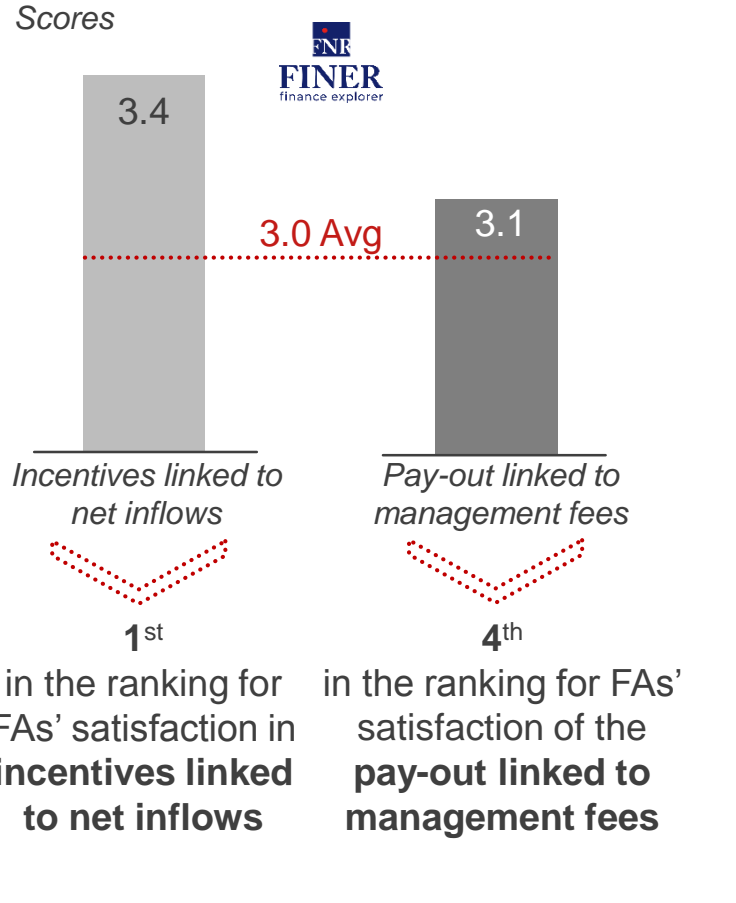


Diversity and cross fertilization

# BANCA GENERALI DNA AND HIGH QUALITY OF FAS

## THREE KEY AREAS TO SHOW BG CULTURE

### Meritocracy<sup>1</sup>



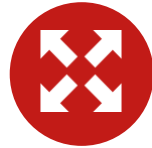
### FAs' Satisfaction<sup>2</sup>



### Client Satisfaction<sup>3</sup>



SOURCE: 1) CF Explorer 2018 – FINER; 2) CF Explorer 2018 – FINER; GfK Eurisko – PF Monitor 2014, 2015, 2016, 2017; 3) Istituto Tedesco Qualità e Finanza, 2015, 2016, 2017, 2018



FAs' skills, new organization model and blend of approaches to **drive growth**

## EXCELLENCE OF FAs



Banca Generali DNA and high quality of FAs



Network organization and Team working model



Diversity and cross fertilization

# NETWORK ARCHITECTURE

## NETWORK ORGANIZATION DRIVEN BY PORTFOLIO SIZE AND SKILLS

Launched in January

	Clusters	(% of Assets)	Numbers of FAs	Assets per capita
Financial Advisors	Wealth Managers	28%	247 <sup>1</sup>	73.1 m/€ <sup>2</sup>
	Private Bankers	57%	1,186 <sup>1</sup>	27.4 m/€ <sup>2</sup>
	Financial Planners	8%	424 <sup>1</sup>	10.7 m/€ <sup>2</sup>
Employees	Relationship Managers	7%	62 <sup>1</sup>	68.4 m/€ <sup>2</sup>

Advisors organized in **three main networks by portfolio size and needs**, with bespoke supports to each cluster

The most radical **reorganization completed in the Italian FAs industry** in years

**Perfect alignment of interests** between FAs and BG

NOTE: Data as of 30.09.2018 - 1) Headcount excluding 66 managerial and support roles; 2) Average portfolios excluding managers (1.18 bn/€), direct Clients (1.1bn/€) and last twelve months recruits; 24 teams are counted as single headcount; FPA aggregated with financial planners

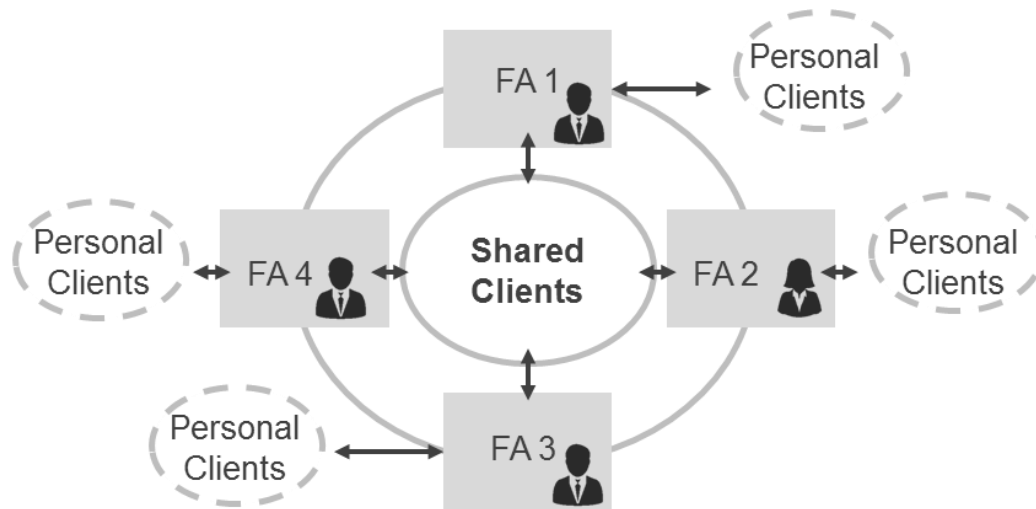


# FINANCIAL ADVISORS TEAMS

DEVELOPING A NEW WORKING MODEL TAILORED TO CLIENTS' NEEDS

Pilot phase

## HORIZONTAL TEAM



- **Sharing skills**
- Team members focused on specific **area of expertise**
- **Tailor-made** services

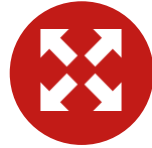
## VERTICAL TEAM



- **Succession planning** for FA Leader
- **New generation** of FAs
- Management and **development of the entire Client base**

**Pilot phase launched 10 teams** with better than expected results

**BG is ready to roll out the team model**



**FAs' skills, new  
organization model and  
blend of approaches to  
drive growth**

## **EXCELLENCE OF FAs**



**Banca Generali DNA and high quality of FAs**



**Network organization and Team working model**



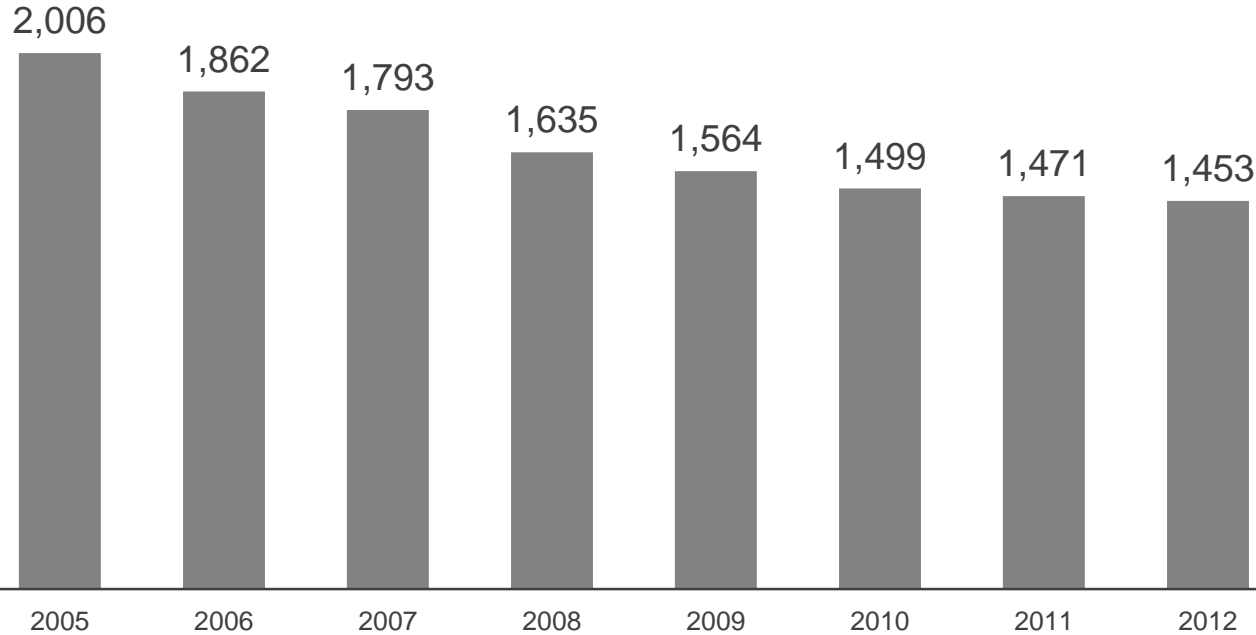
**Diversity and cross fertilization**

# BANCA GENERALI FINANCIAL ADVISORY NETWORK

A MULTI-YEAR NETWORK REPOSITIONING EFFORT

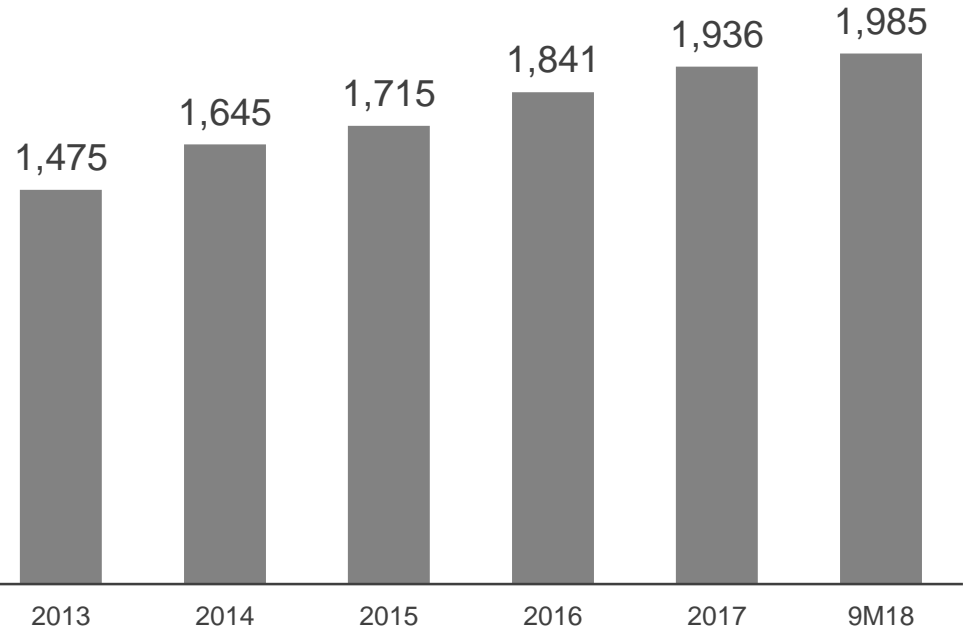
## Banca Generali FAs Network (# of Advisors)

### PHASE 1



Focus on **efficiency** and **productivity**

### PHASE 2

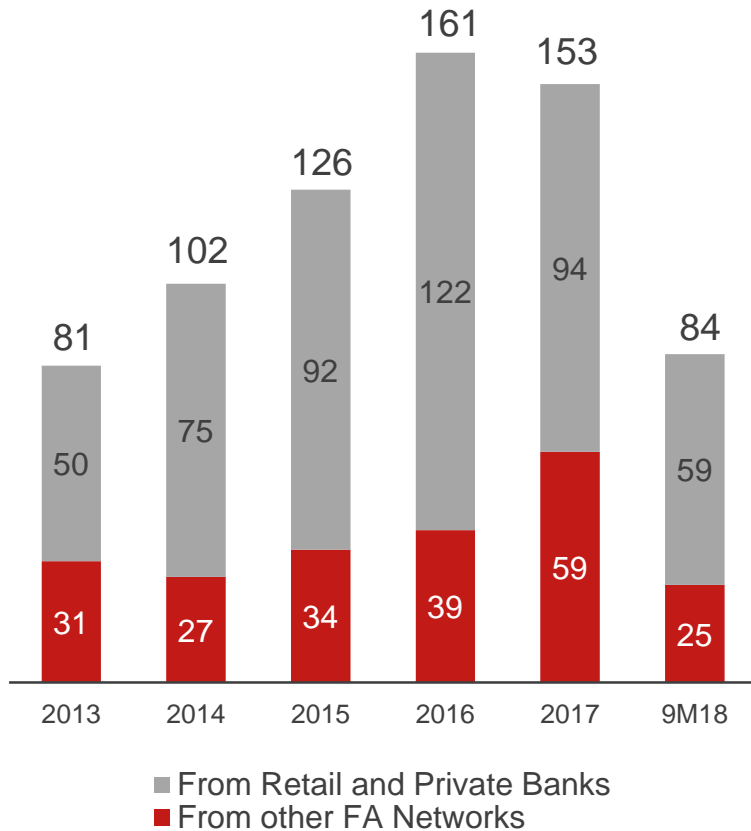


Focus on **WM** approach

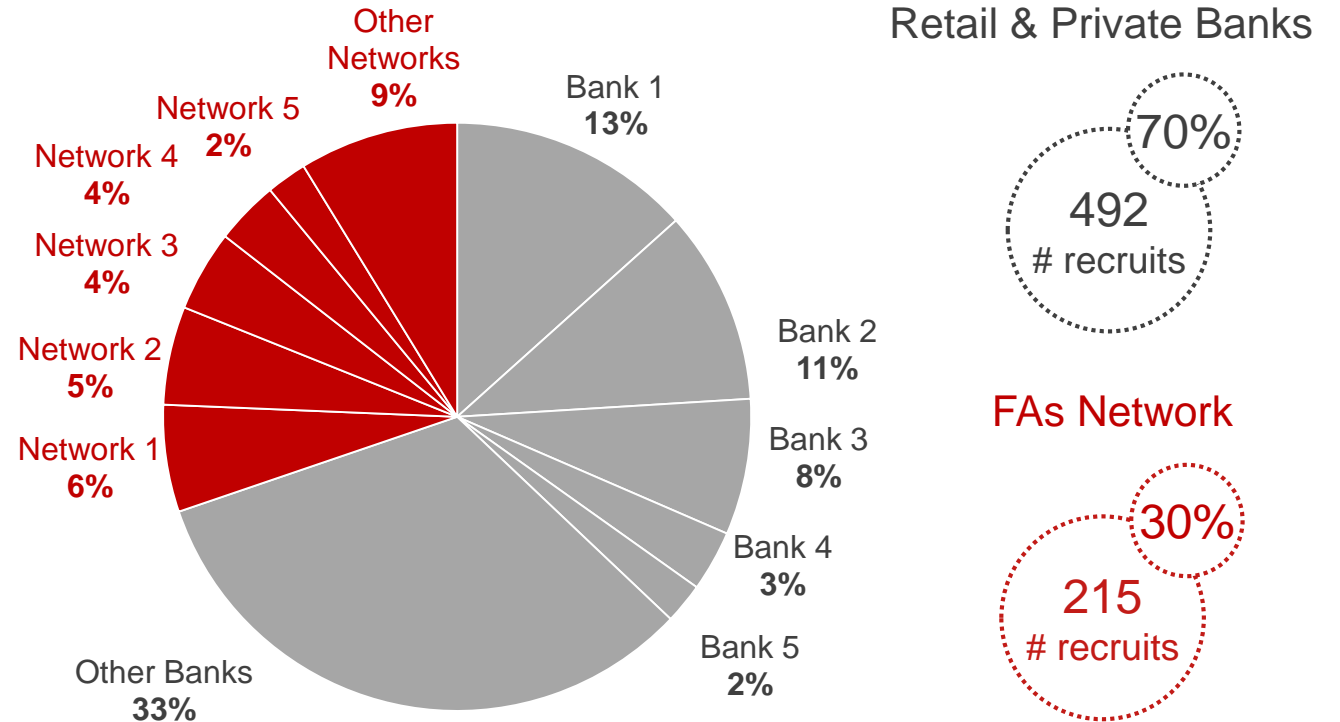
# GROWTH

## RECRUITMENT: ATTRACTING THE BEST TALENTS ACROSS THE ENTIRE INDUSTRY

Recruitment trend  
(# of Recruits)

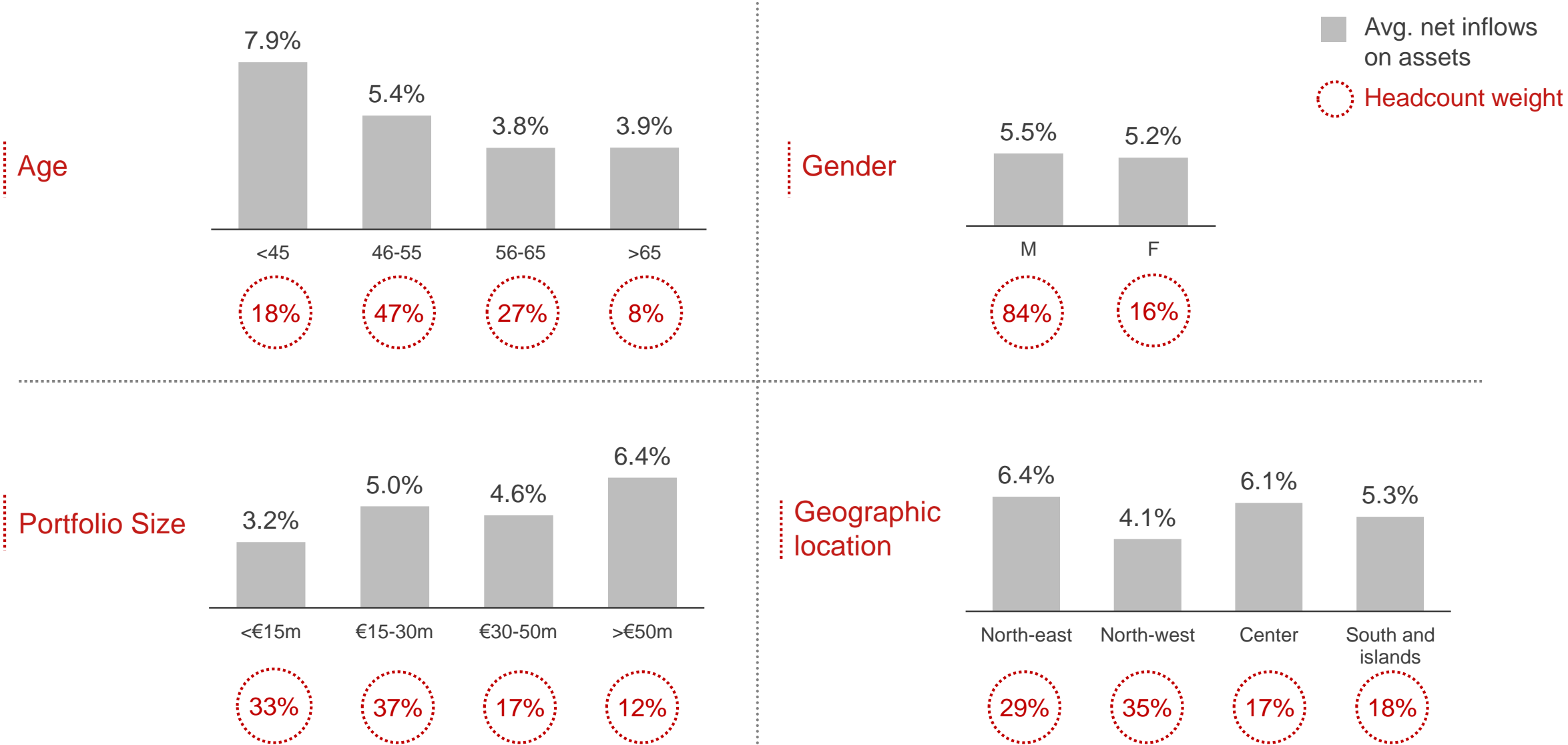


Cumulated recruitment from banks and FA Networks,  
2013-9M18



# FINANCIAL ADVISORS (1/2)

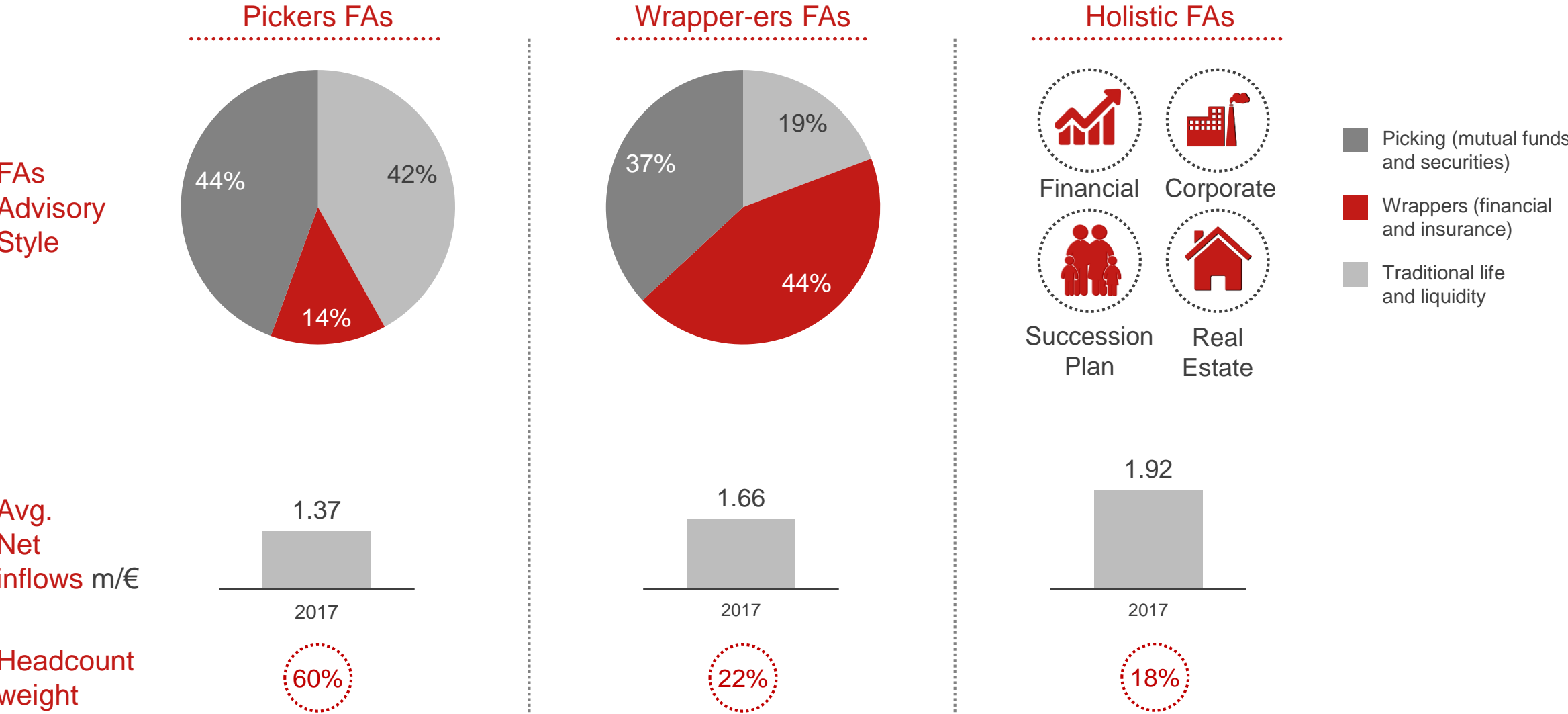
## HIGH PRODUCTIVITY ACROSS KEY DIVERSITY DIMENSIONS



NOTE: Internal analysis on 2017 data based on FAs with over 2 years seniority with BG

# FINANCIAL ADVISORS (2/2)

## PRODUCTIVITY RISING WITH WRAPPERS AND WM APPROACH



NOTE: Internal analysis on 2017 data based on FAs with over 2 years seniority with BG

# BG WEALTH ADVISORS



**BARBARA  
NOVA**



**PIETRO  
TURRINELLI**

Portfolio size

~60 m/€

~90 m/€

Background

FA in BG from the start

Santander Private Banking

Seniority in BG

Since 2003

Since 2016



**TOMMASO DI RUSSO**  
CFO & Head of Strategy

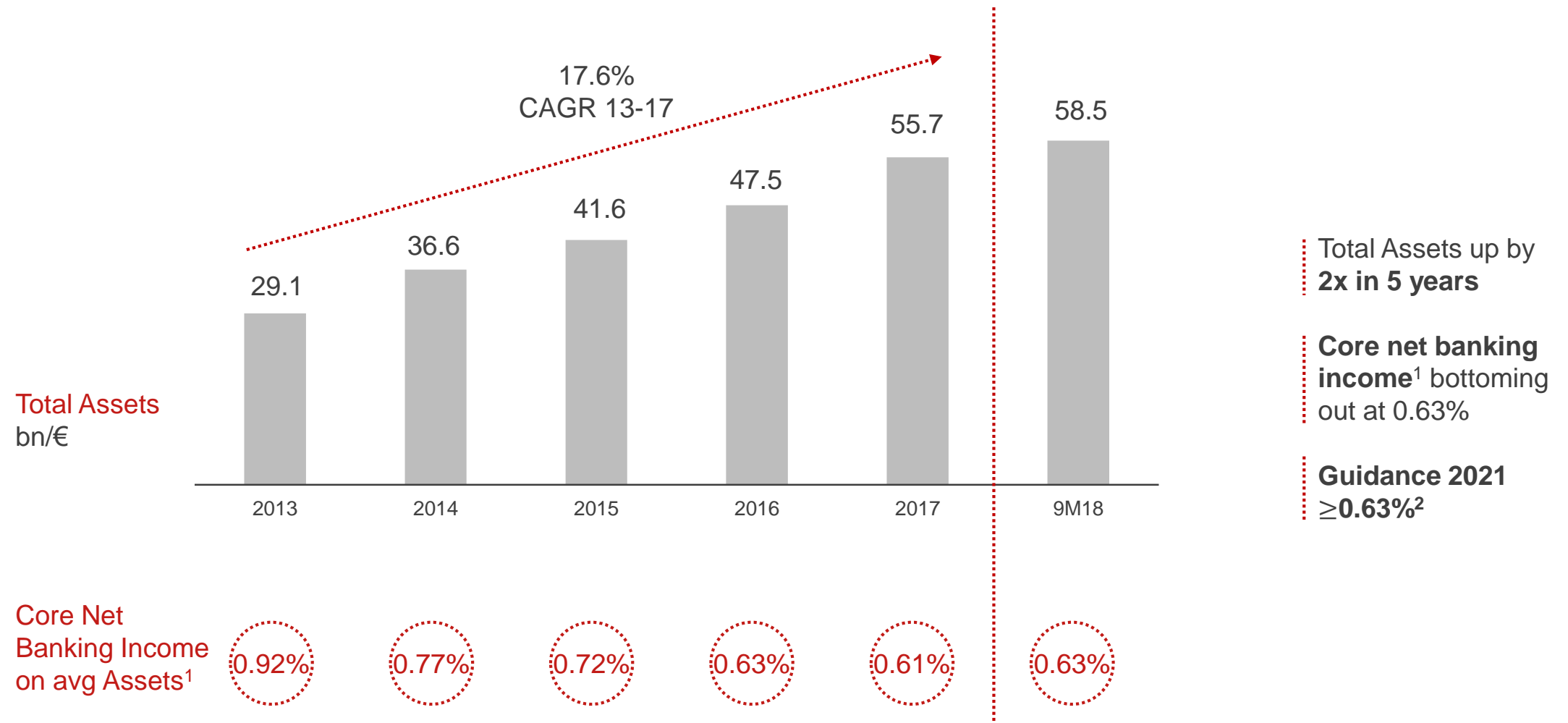
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P&L and balance sheet  
sustainability



# TOTAL ASSETS GROWING RAPIDLY

## CORE NET BANKING INCOME BOTTOMING OUT



NOTE: 1) Core net banking income computed as net banking income excluding LTRO/TLTRO, performance fees and trading gains; margins based on average assets on an annualized basis; 2) Based on Group perimeter including recent acquisitions and international expansion

Risks,  
mitigations  
and  
**opportunities**



**Gross fees**

Management fees

Performance fees

Other revenues



Pay-out to the network



Net financial margin



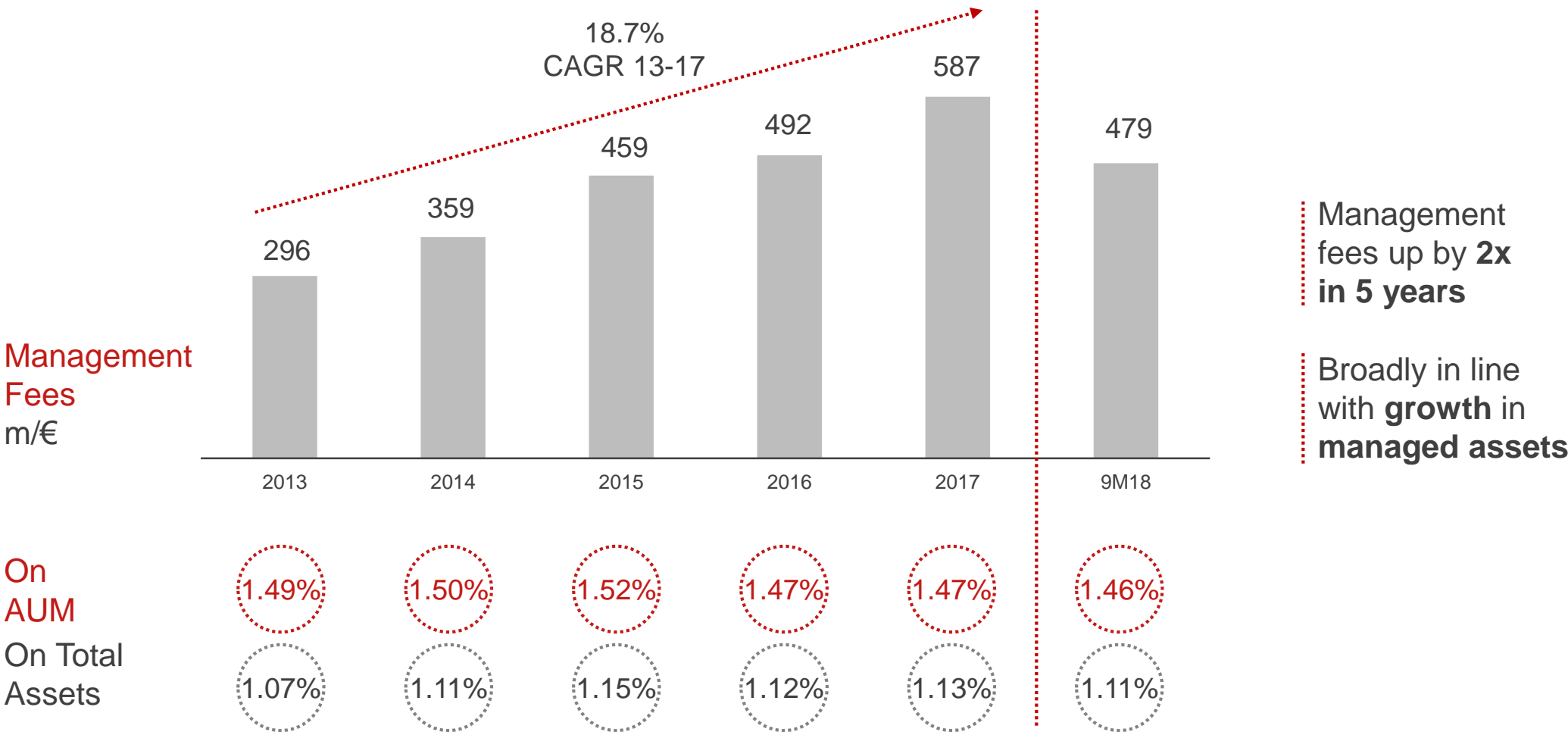
Operating costs



Key messages

# GROSS FEES: MANAGEMENT FEES (1/3)

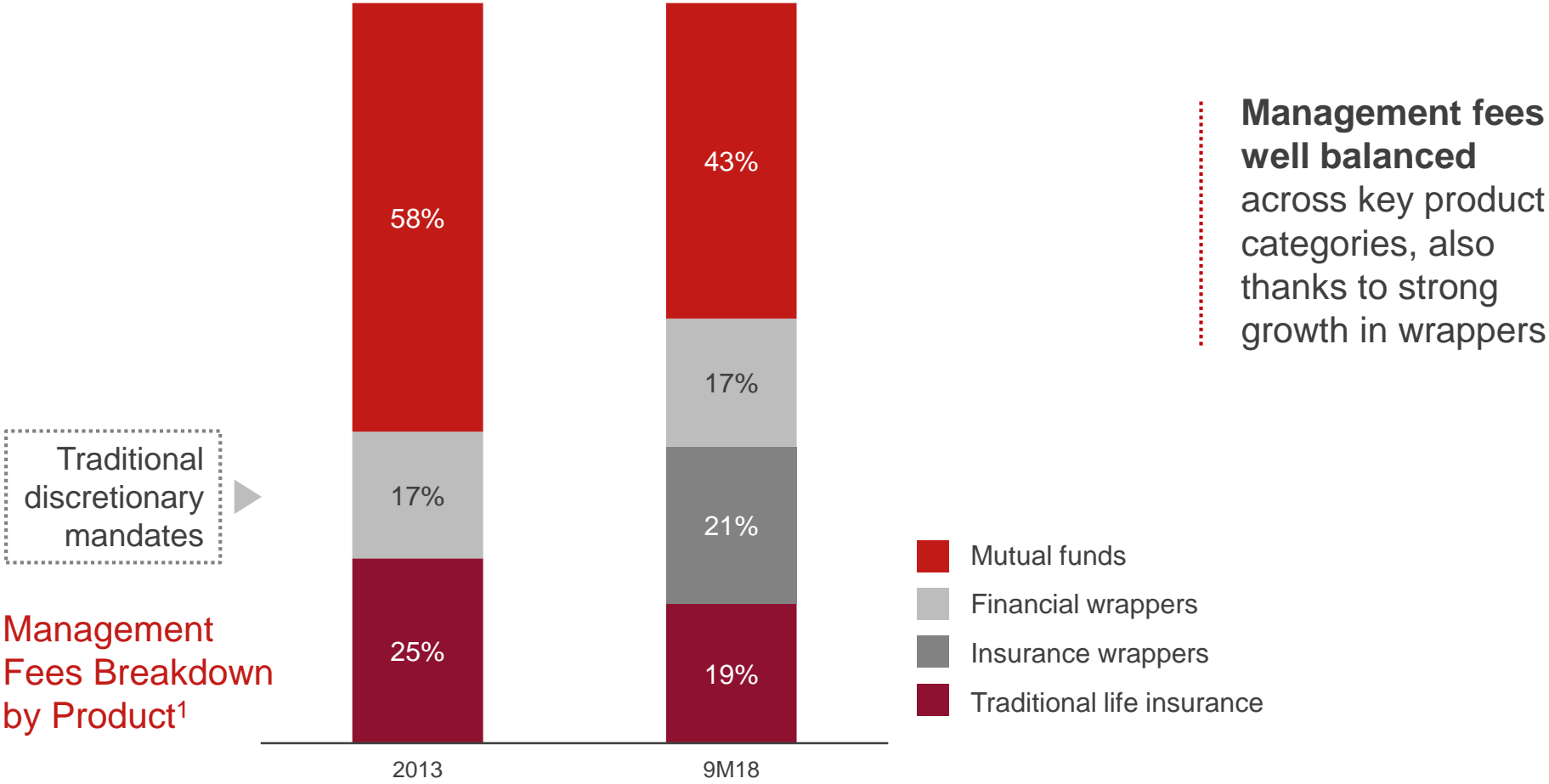
HEALTHY GROWTH AND STEADY MARGINS



NOTE: Fee margins based on average assets on an annualized basis

# GROSS FEES: MANAGEMENT FEES (2/3)

BALANCED CONTRIBUTION ACROSS PRODUCTS

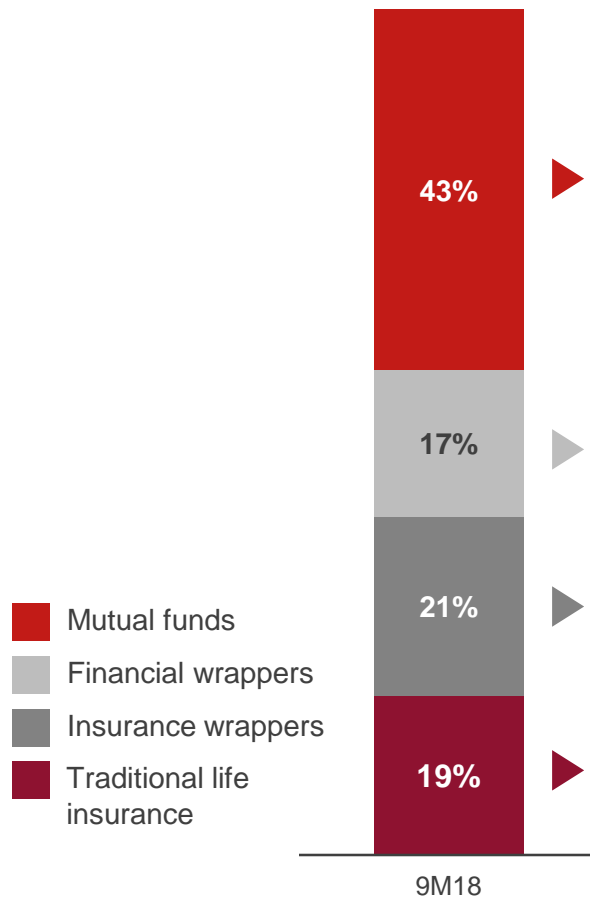


NOTE: 1) Management fees from Assoreti AUM

# GROSS FEES: MANAGEMENT FEES (3/3)

MILD PRESSURE EXPECTED

## Management fees breakdown<sup>1</sup>



## Expected price pressure vs. 2018

**HIGH SINGLE-DIGIT TO LOW DOUBLE-DIGIT**

**LOW SINGLE-DIGIT**

**LOW SINGLE-DIGIT**

**NEGLIGIBLE PRESSURE**

## Rationale

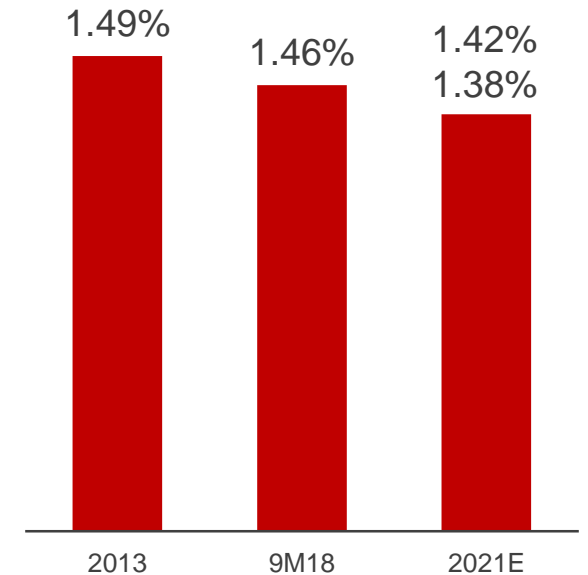
Expected potential pressure mostly focused on **mutual funds** (MiFID II domain)

Expected limited pressure on **financial wrappers** (limited change in reporting)

Expected limited pressure on **insurance wrappers** (high value-added product / IDD domain)

No pressure expected on **traditional life insurance**

## Illustrative evolution of management fee margin<sup>2</sup>



Expected **low-to-mid single-digit pressure** on aggregate management fee margin<sup>2</sup>

NOTE: 1) Management fees from Assoreti AUM; 2) based on current business perimeter, excluding the impact of recent acquisitions and international expansion

Risks,  
mitigations  
and  
**opportunities**



**Gross fees**

Management fees

Performance fees

Other revenues



Pay-out to the network



Net financial margin



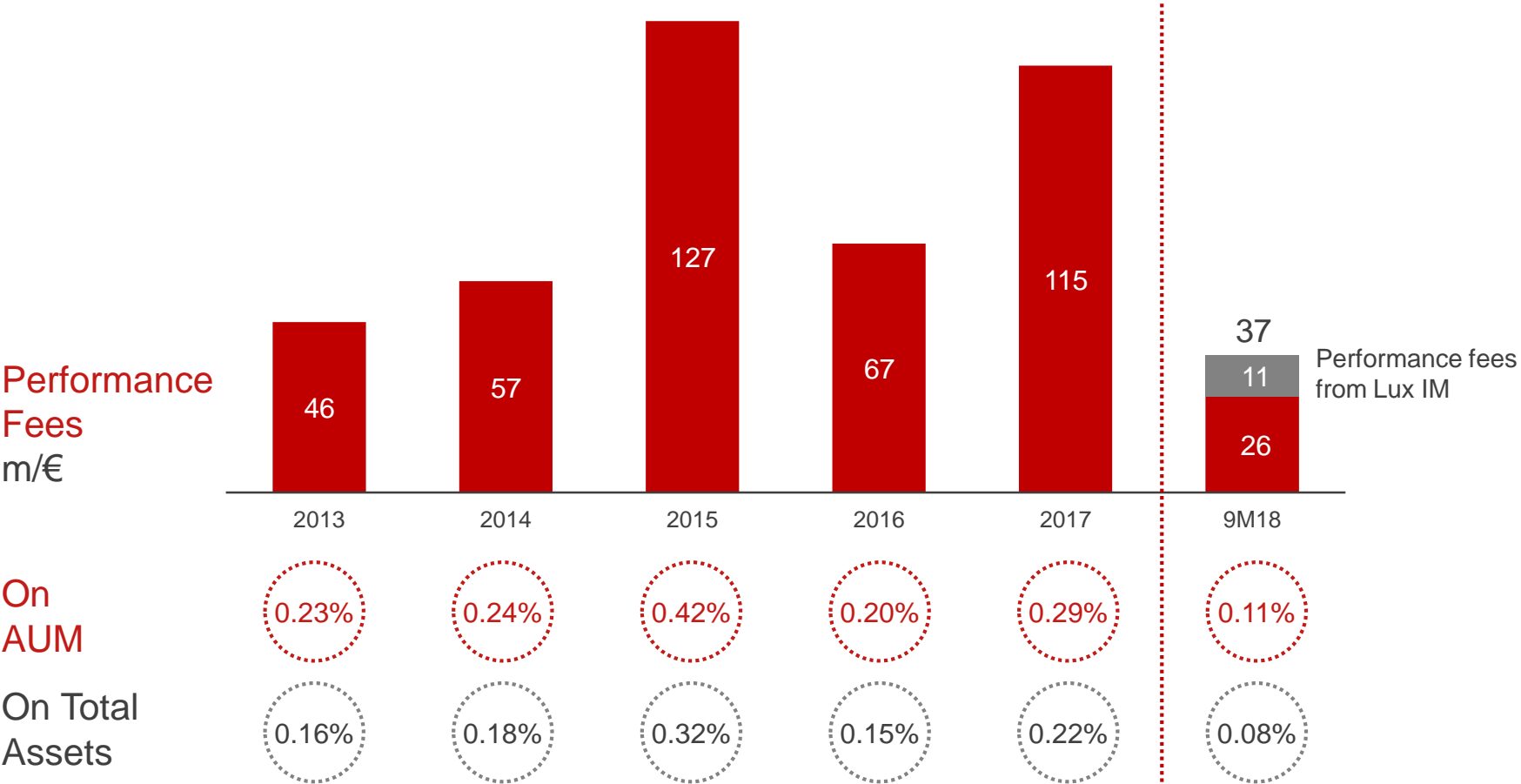
Operating costs



Key messages

# GROSS FEES: PERFORMANCE FEES (1/2)

## INTRODUCING THE NEW CALCULATION MODEL



New performance fee methodology based on **12-month rolling high-watermark**

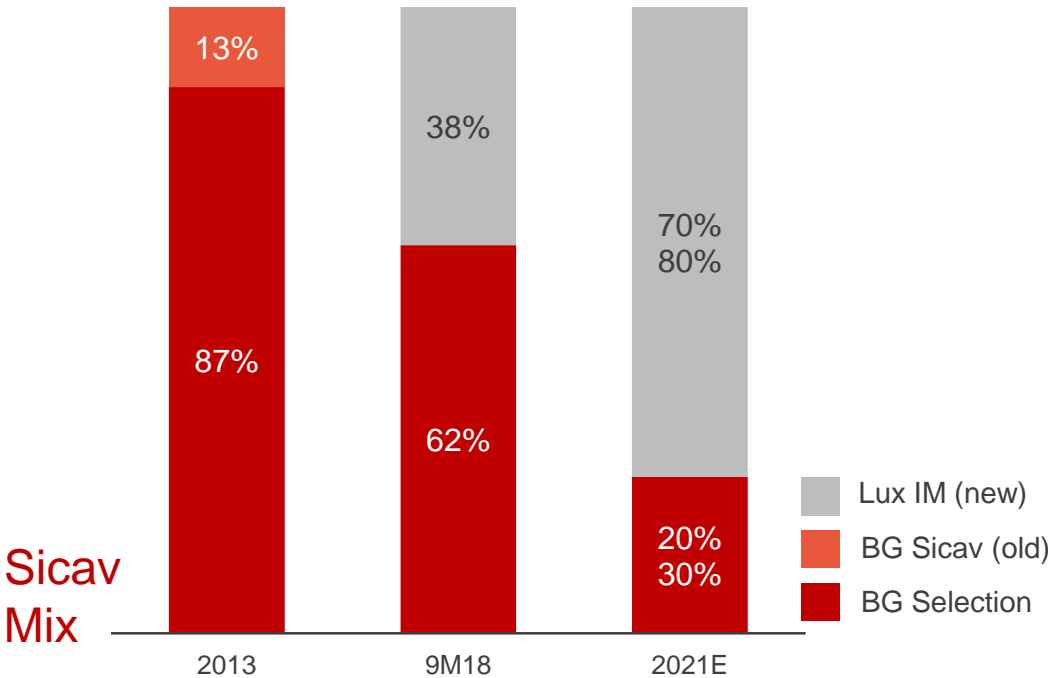
Methodology designed to grant similar amount of fees over a market cycle, while ensuring **alignment between charge and actual Client performance**

NOTE: Fee margins based on average assets on an annualized basis

# GROSS FEES: PERFORMANCE FEES (2/2)

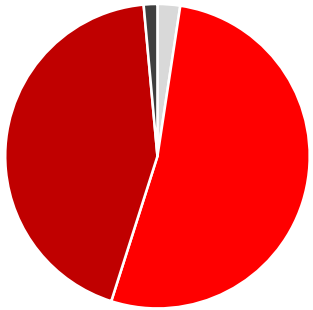
NEW MODEL BUILT ON DIVERSIFIED AUM BASE

## Lux-based AUM (BGFML retail + institutional)



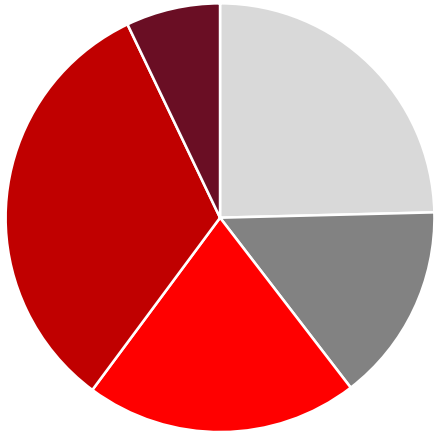
## Lux-based AUM – Asset Mix

BG selection / Sicav asset mix  
Retail & Institutional (2013)



**Avg. correlation** between funds 2013-9M18: ~60%

Lux IM asset mix  
Retail & Institutional (9M2018)



**Avg. correlation** between funds 2013-9M18: ~30%<sup>1</sup>

- Fixed income
- Credit
- Flexible
- Equity
- Alternative
- Other

Potentially greater volatility from new scheme mitigated by **greater diversification** by asset class / fund type / management style

NOTE: 1) For newly launched strategies historical correlations estimated through back-testing



**Risks,  
mitigations  
and  
opportunities**



**Gross fees**

Management fees

Performance fees

Other revenues



Pay-out to the network



Net financial margin



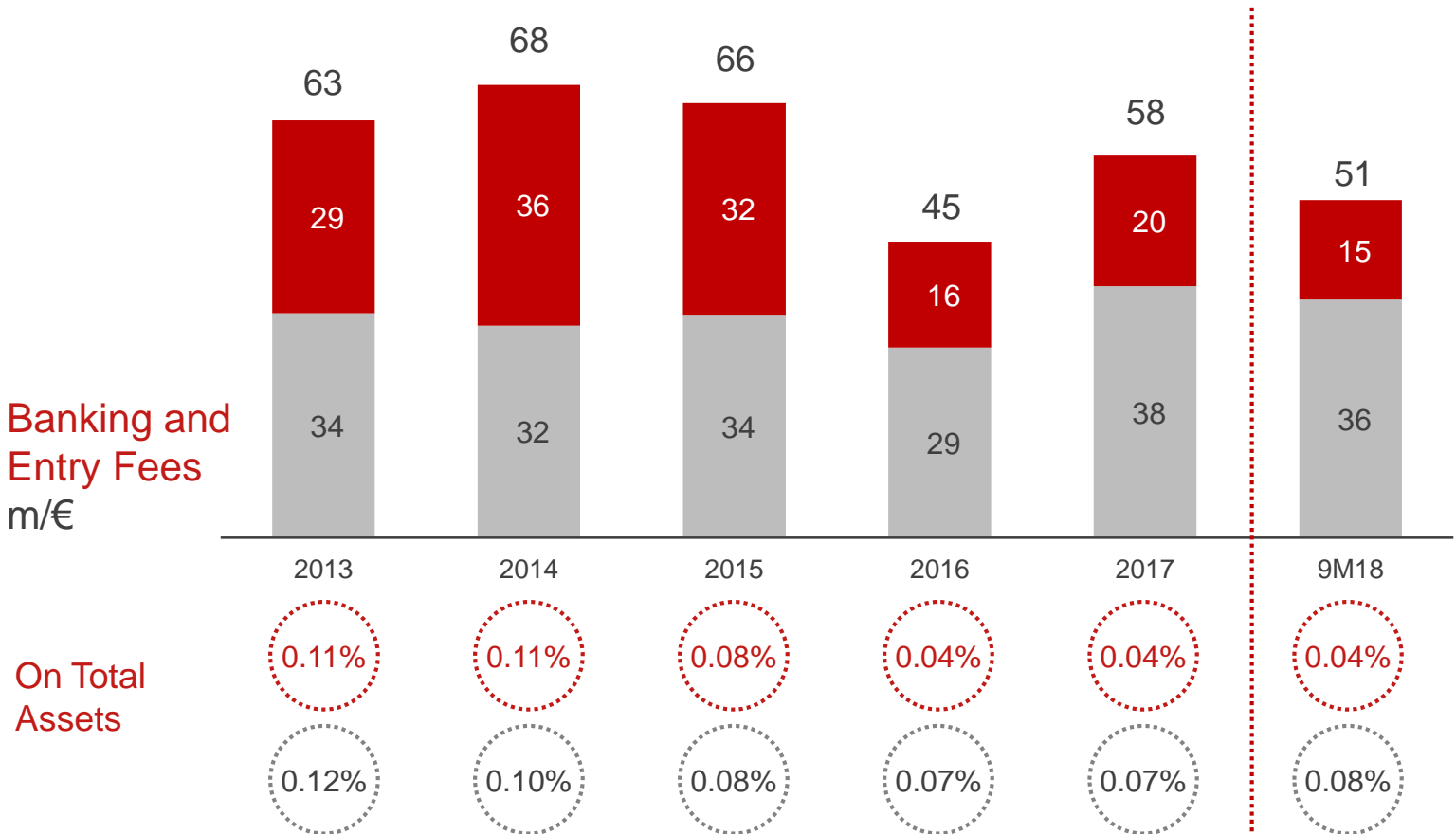
Operating costs



Key messages

# GROSS FEES: OTHER REVENUES (1/4)

PAST INFLECTION POINT



**Traditional banking and entry fees** already discounting significant reduction vs. past years

**New revenue streams** from **Assets under Custody** and **Assets under Advisory** expected to grow BG's recurrent revenue base

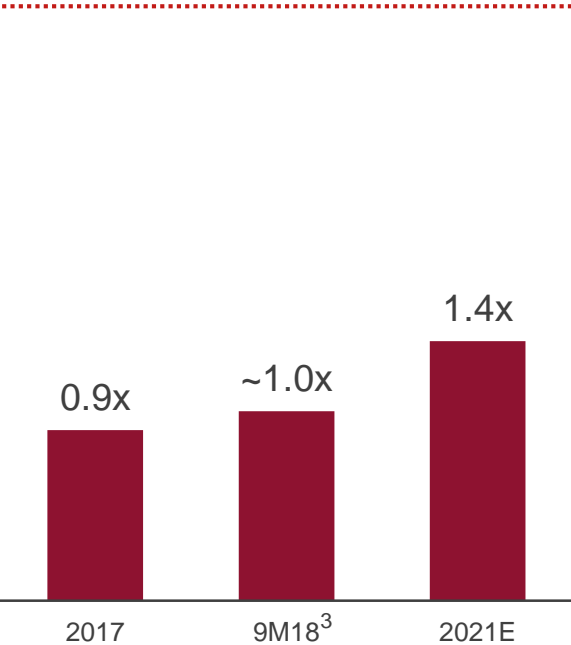
○ Entry fees  
○ Banking fees

NOTE: Fee margins based on average assets on an annualized basis

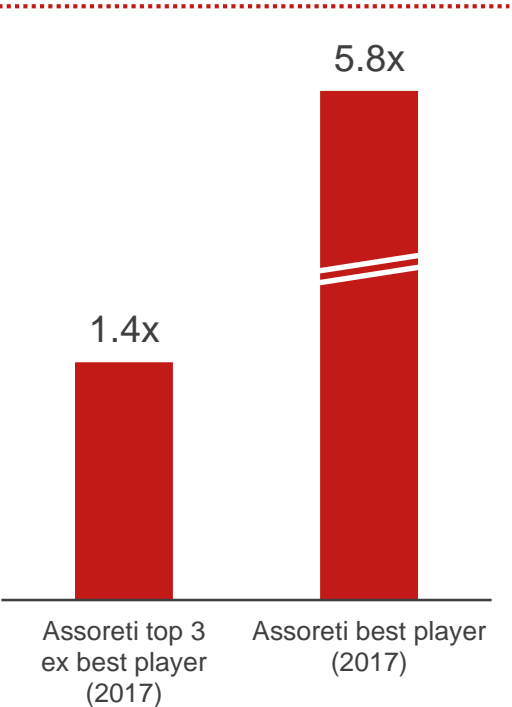
# GROSS FEES: OTHER REVENUES (2/4)

## ASSETS UNDER CUSTODY: BROKERAGE

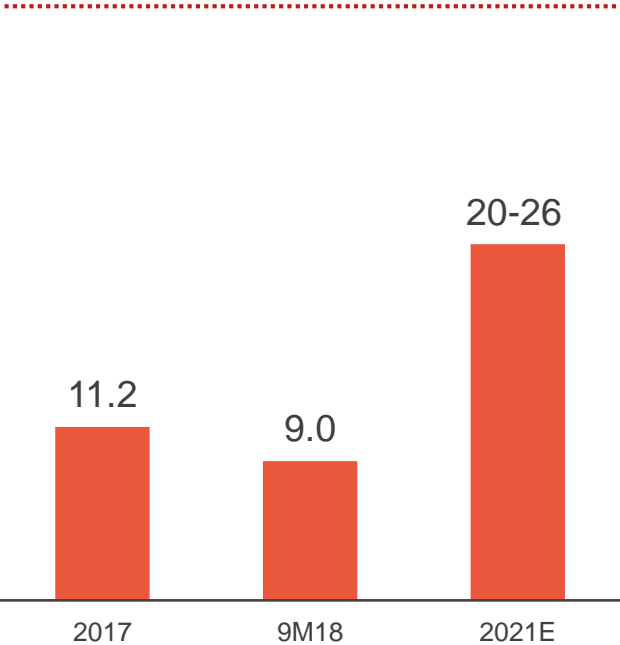
BG - Turnover Ratio (cash only)<sup>1</sup>



Benchmark - Turnover Ratio (cash only)<sup>2</sup>



Guidance: Brokerage fees (cash + derivatives)<sup>1</sup> m/€

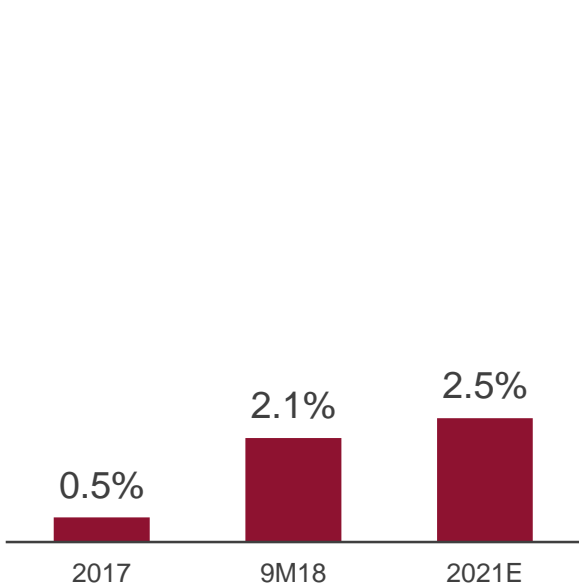


NOTE: 1) Retail and corporate Clients, ex-institutionals; no corporate Clients served as of 2018, development expected in the forecasting horizon; 2) based on Assoreti peer group, excluding ISPB; 3) annualized; SOURCE: Internal elaboration on BG and Assoreti data

# GROSS FEES: OTHER REVENUES (3/4)

## ASSETS UNDER CUSTODY: CERTIFICATES AND PRIVATE PLACEMENTS

BG - % Certificates & private placements stock on AUC



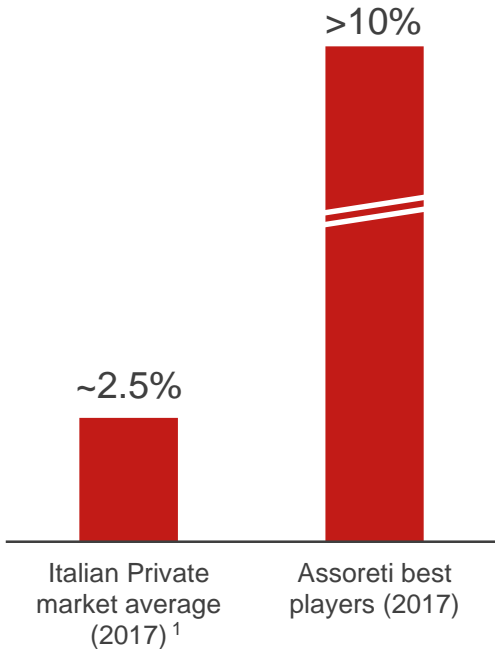
New issues  
m/€



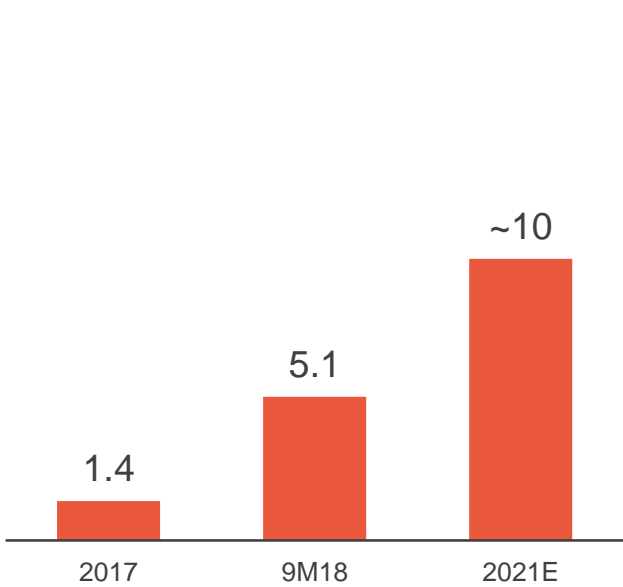
Stock  
m/€



Benchmark - % Certificates stock on AUC



Guidance: Entry fees on certificates & private placements m/€

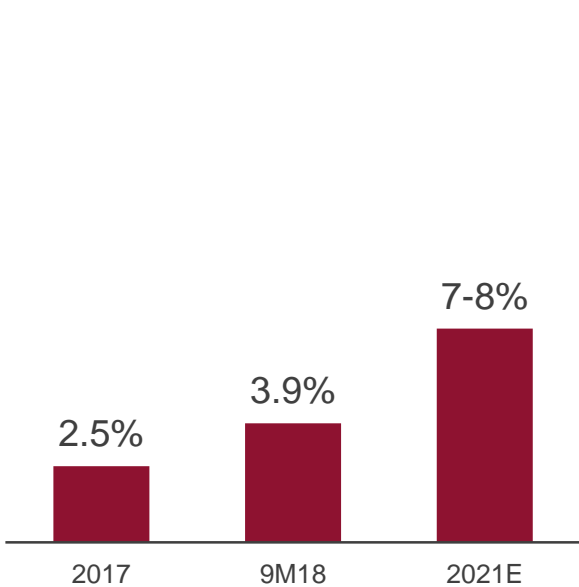


NOTE: 1) Cluster bank-networks AIPB  
SOURCE: Internal elaboration on BG, Assoreti and AIPB data

# GROSS FEES: OTHER REVENUES (4/4)

ASSETS UNDER ADVISORY: ADVANCED ADVISORY CONTRACT

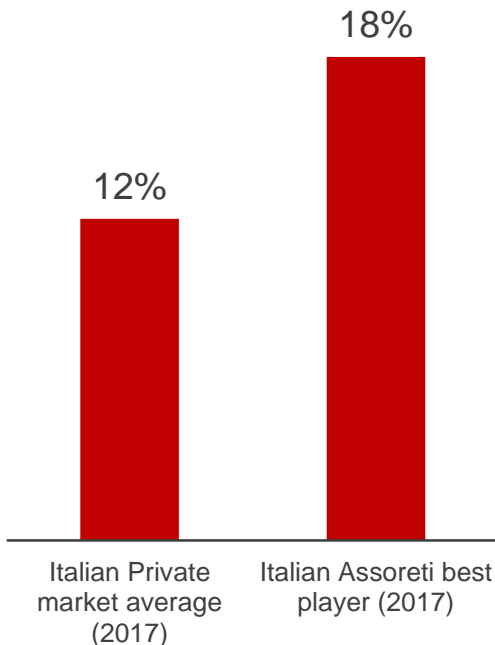
BG - % AUA on Total Assets



AUA  
bn/€  
period end



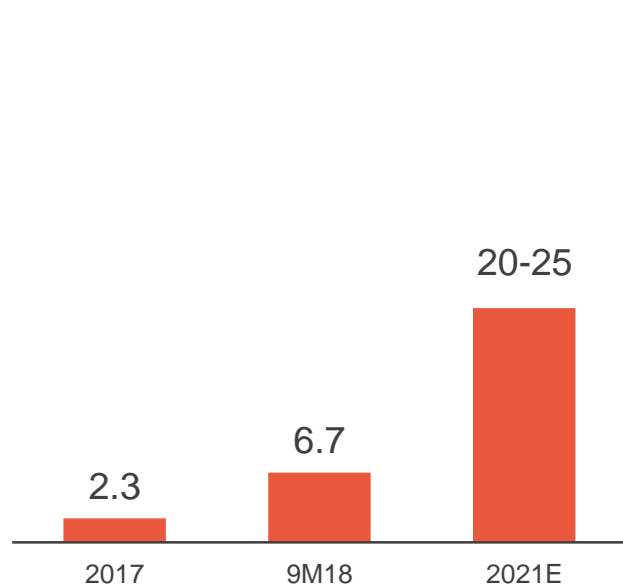
Benchmark  
% AUA on Total Assets<sup>1</sup>



Advisory Fees / Avg. AUA bps



Guidance: Advisory Fees<sup>2</sup>  
m/€



Advisory Fees / Avg. AUA bps



NOTE: 1) Assets under advanced advisory contract, based on BCG analysis; 2) on advanced advisory contract, excluding other advisory activities; 3) excluding Total Assets from recent acquisitions and international expansion; SOURCE: internal elaboration on BG, Assoreti and AIPB data; BCG analysis

Greater  
attention on  
costs of  
**growth**



**Gross fees**

Management fees

Performance fees

Other revenues



**Pay-out to the network**



Net financial margin



Operating costs



Key messages

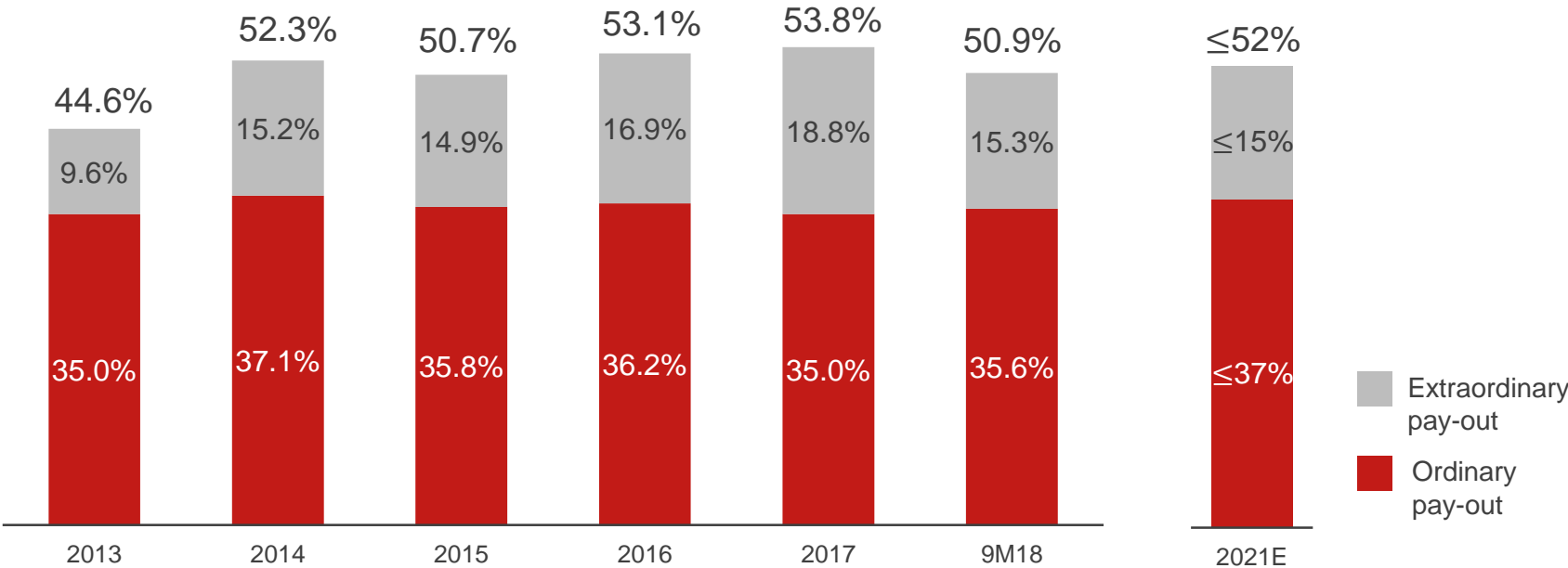
# PAY-OUT TO THE NETWORK (1/2)

## UNDER CONTROL

### Pay-out to the network as % of recurring gross fees

### Guidance<sup>1</sup>

### Comments



#### Ordinary pay-out: ≤37%

Slight increase vs. past driven by lending and penetration of products with higher-than-average pay-out (i.e. advisory fees, brokerage fees and certificates)

#### Extraordinary pay-out: ≤15%

Expected to benefit from ongoing effort in reducing cost of growth

Detailed next

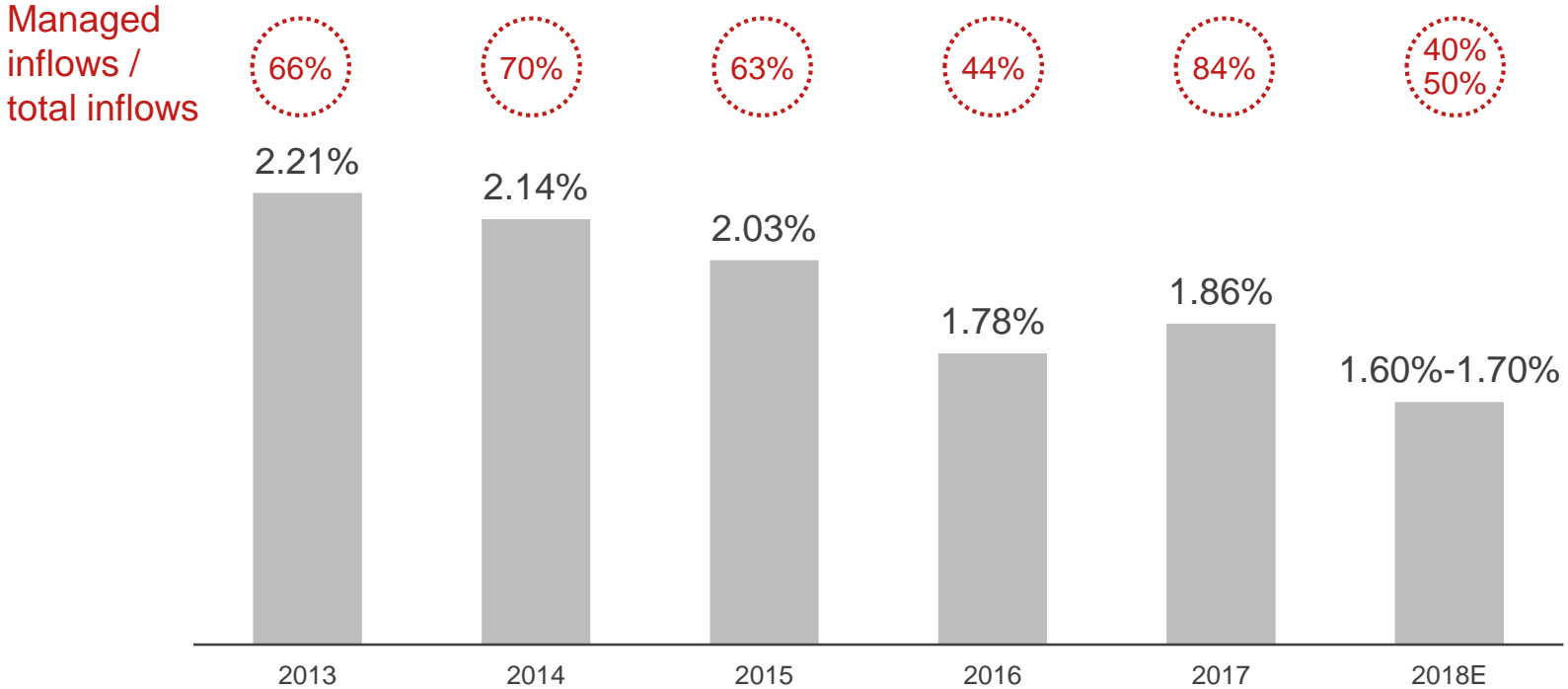
NOTE: 1) Based on guided net inflows and on current business perimeter, excluding the impact of recent acquisitions and foreign expansion

# EXTRAORDINARY PAY-OUT (2/2)

## GREATER ATTENTION TO COST OF GROWTH

Analysis of  
recruitment  
IRR in back-up

### Cash cost of growth<sup>1</sup>



### Comments

**Cost of growth** on a structural decline thanks to:  
1) increase in the weight of the **organic component**;  
2) progressive reduction in **recruitment packages**

Cost of growth **linked to inflows mix**, as shown by 2018 forecasts

NOTE: 1) Including recruitment and organic growth, independent of accounting policies; 2018 forecast based on 5.0-5.5 bn/€ net inflows



A new approach to navigate the **new rates regime**



**Gross fees**

Management fees

Performance fees

Other revenues



**Pay-out to the network**



**Net financial margin**



Operating costs

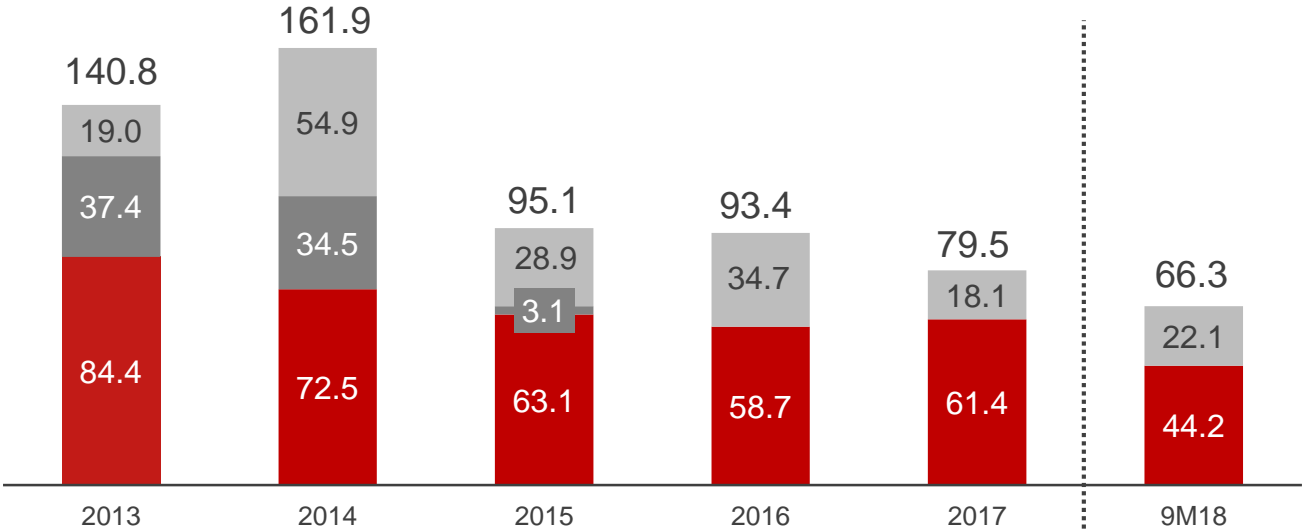


Key messages

# NET FINANCIAL MARGIN (1/5)

## NET INTEREST INCOME BOTTOMING-OUT

### Net financial income m/€

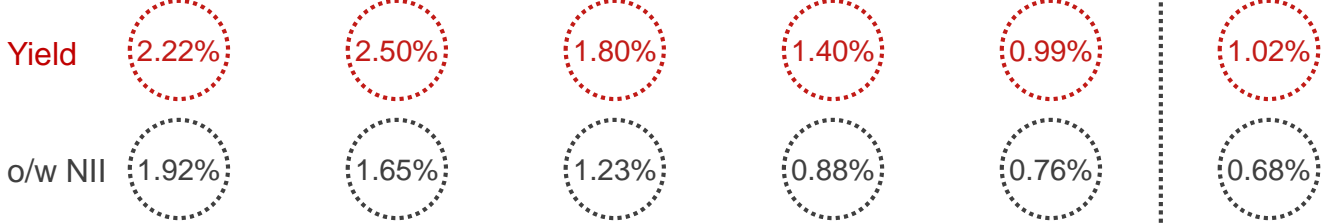


Material headwinds to earnings growth from net financial margin over the past few years

2018E expected to be a trough for net interest income

- Trading gains
- LTRO
- Net interest income

Net financial income on interest-bearing assets<sup>1</sup>

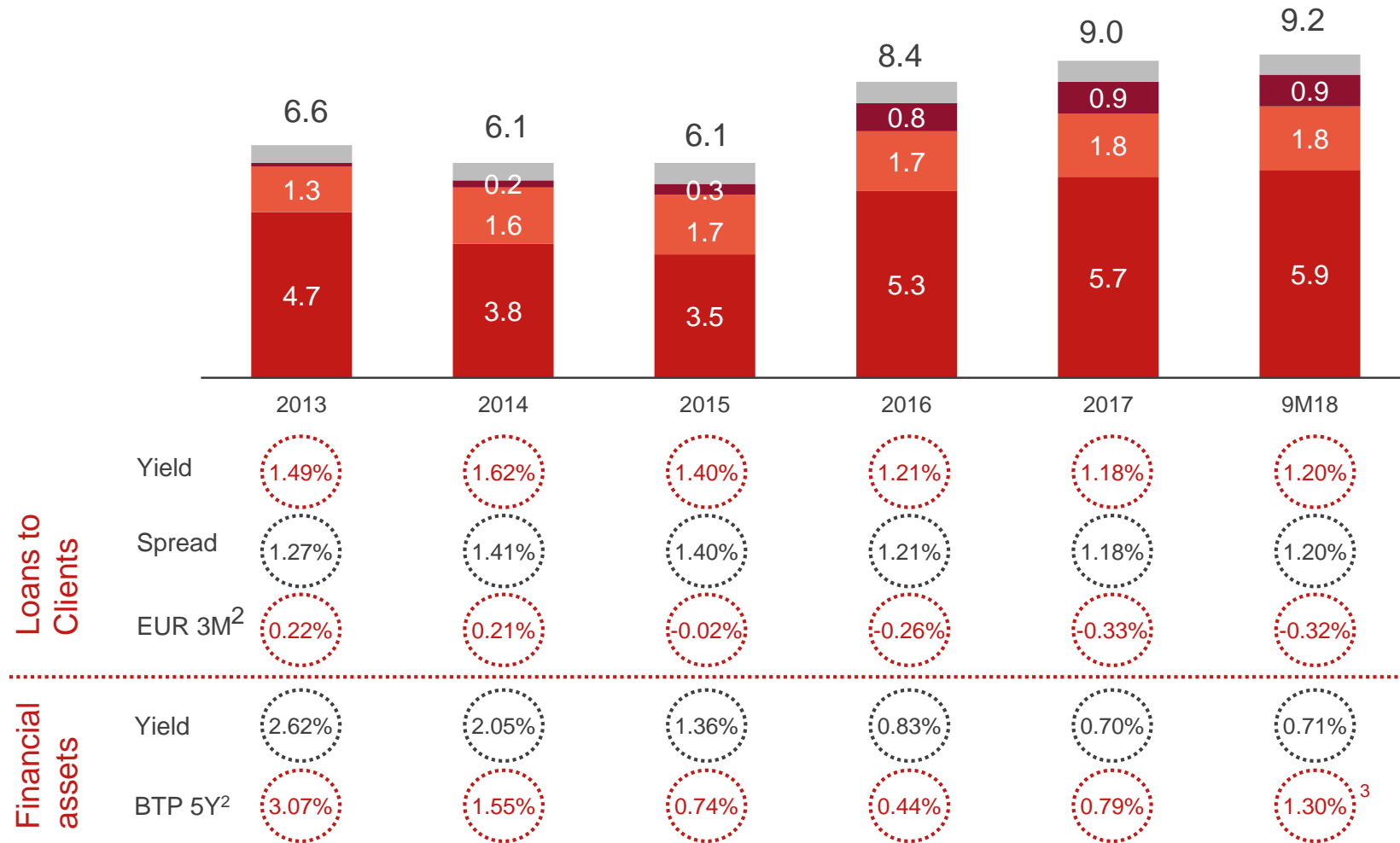


NOTE: 1) Interest-bearing assets including banking book, loans to Clients and loans to banks

# NET FINANCIAL MARGIN (2/5)

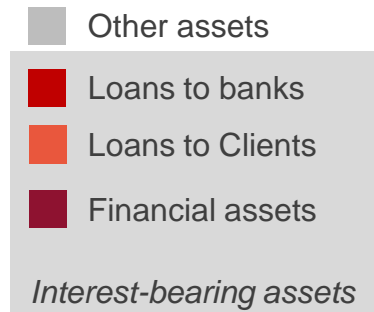
READY TO TAKE ADVANTAGE OF NEW INTEREST RATES ENVIRONMENT

Total assets and interest-bearing assets<sup>1</sup> (year-end) bn/€



~8.6 bn/€ of interest-bearing asset-base, ready to capture changes in interest rates environment

Current accounts remuneration changed from variable rate linked to Euribor to fixed rate, with cap at zero

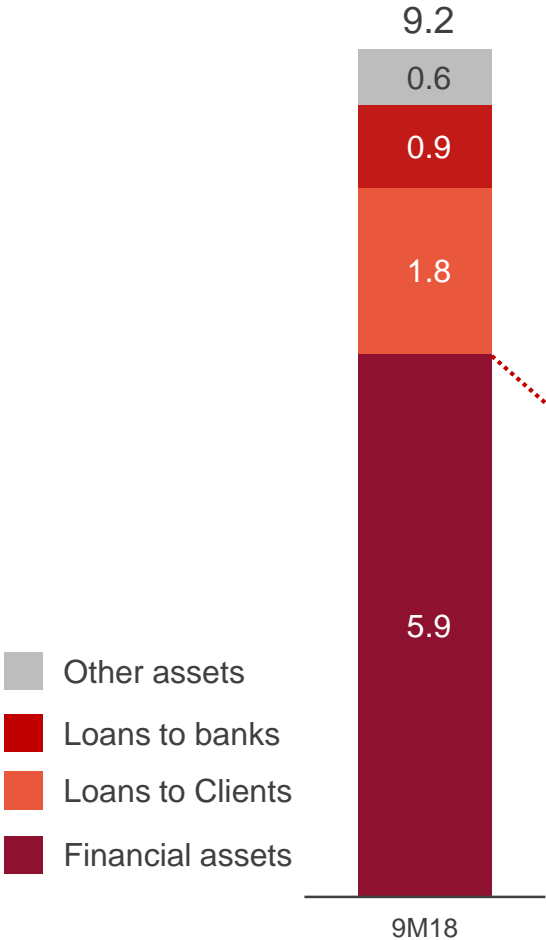


NOTE: 1) Including banking book, loans to Clients and loans to banks; 2) Average; 3) BTP 5Y yield at 2.4% as of November 2018

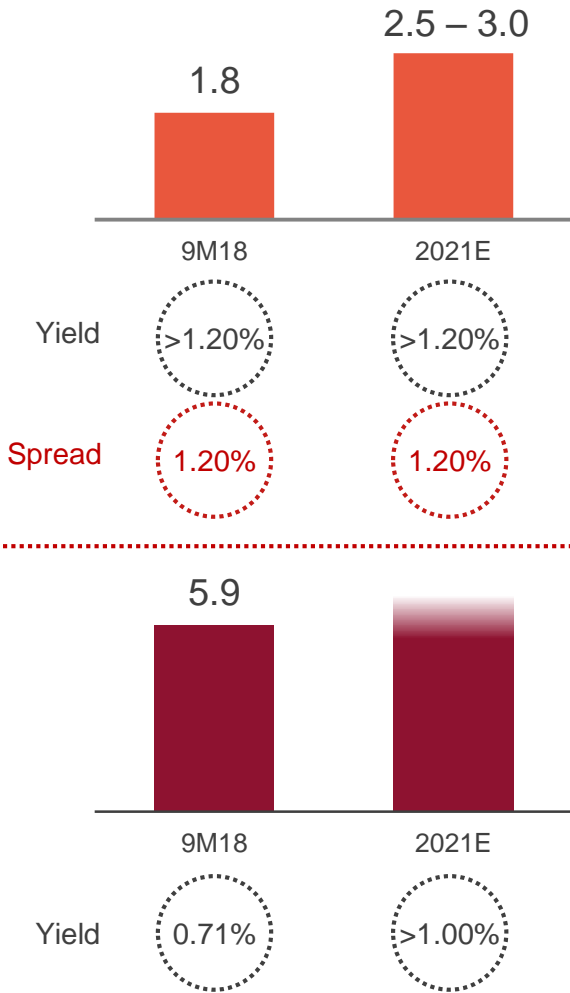
# NET FINANCIAL MARGIN (3/5)

READY TO TAKE ADVANTAGE OF NEW INTEREST RATES ENVIRONMENT

## Total assets breakdown bn/€



## Guidance: Loans to Clients and Financial Assets bn/€



## Comments

- Lending expansion aimed at **diversifying Bank's balance sheet**
- Targeting **0.7-1.2 bn/€ volume expansion in three years**, mostly through Lombard lending
- Stock profitability at **3M Euribor + 120bps**

**Size of the banking book** a function of **growth in deposits**

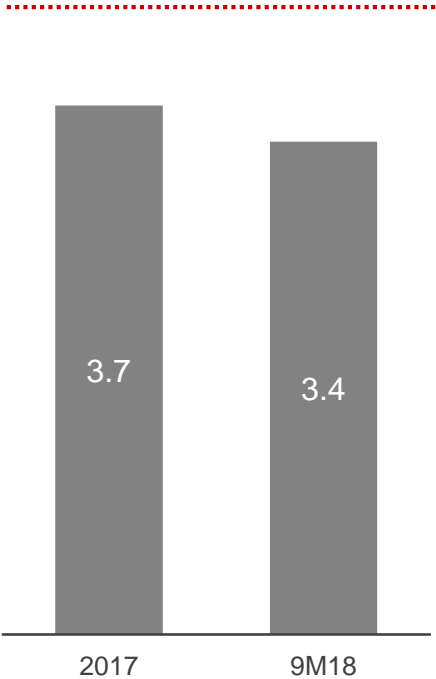
Banking book **flexible enough** to capture interest rates repricing / diversify risk exposures



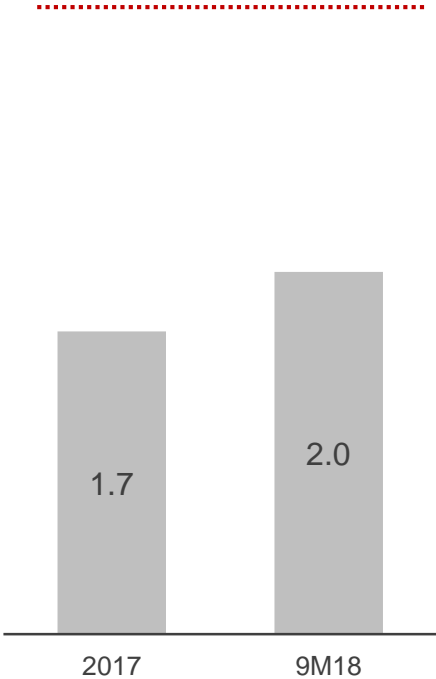
# NET FINANCIAL MARGIN (4/5)

BANKING BOOK: FLEXIBLE TO CAPTURE INTEREST RATES REPRICING

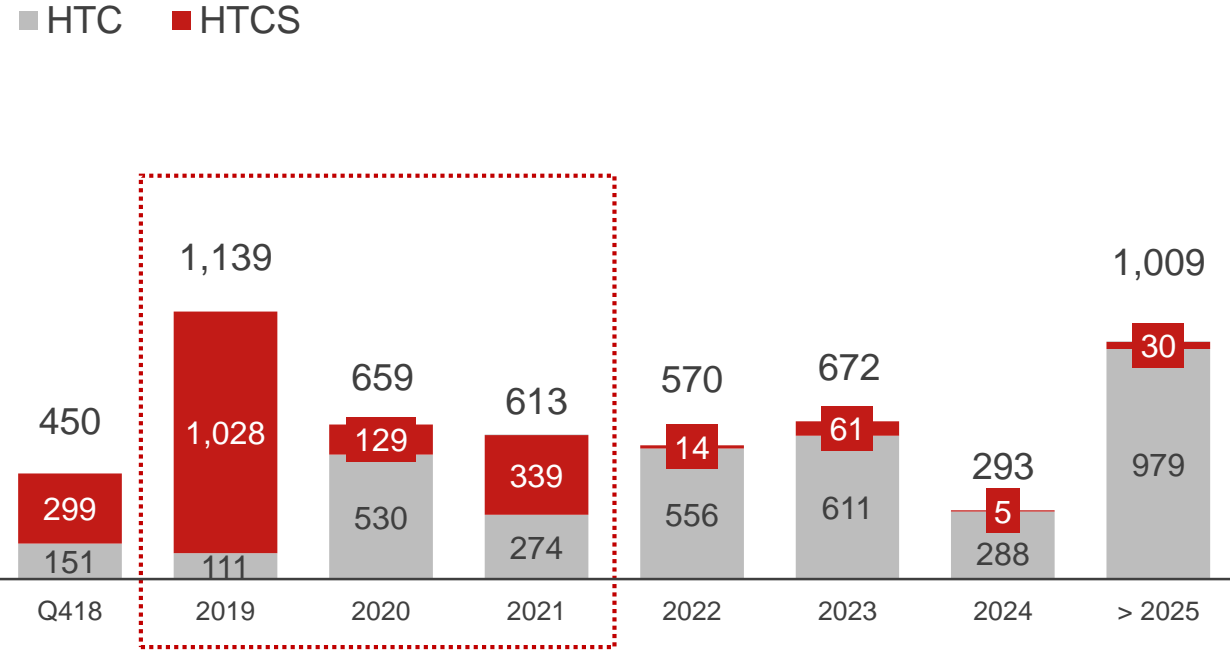
## Maturity



## Duration



## Italian Government bond portfolio maturities by IFRS9 classification m/€

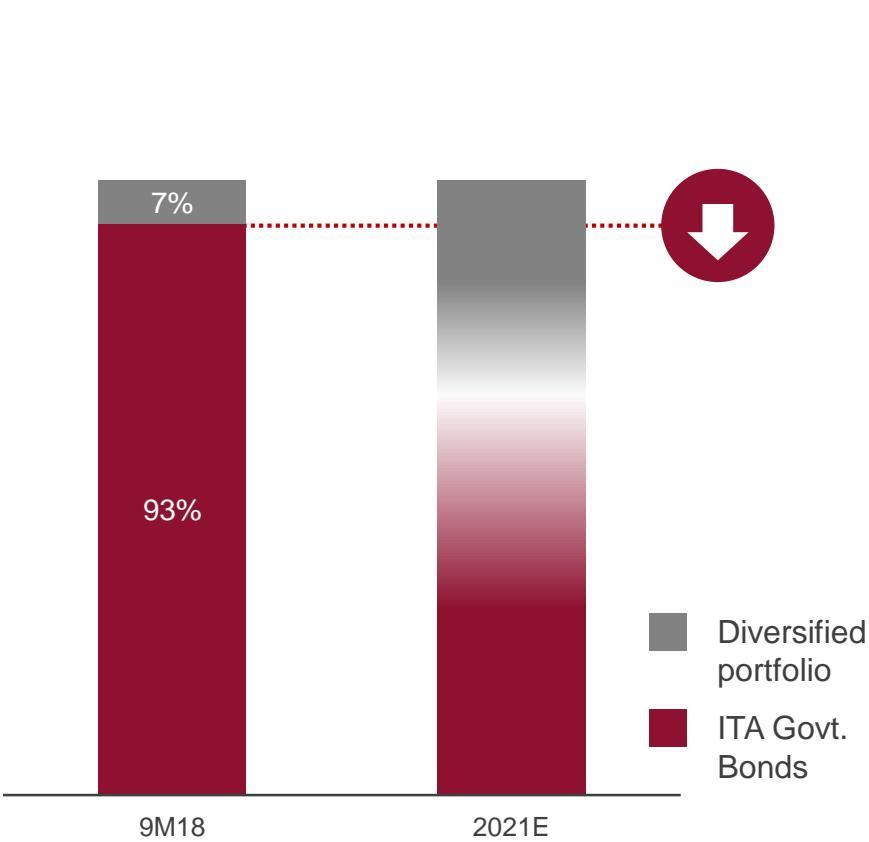
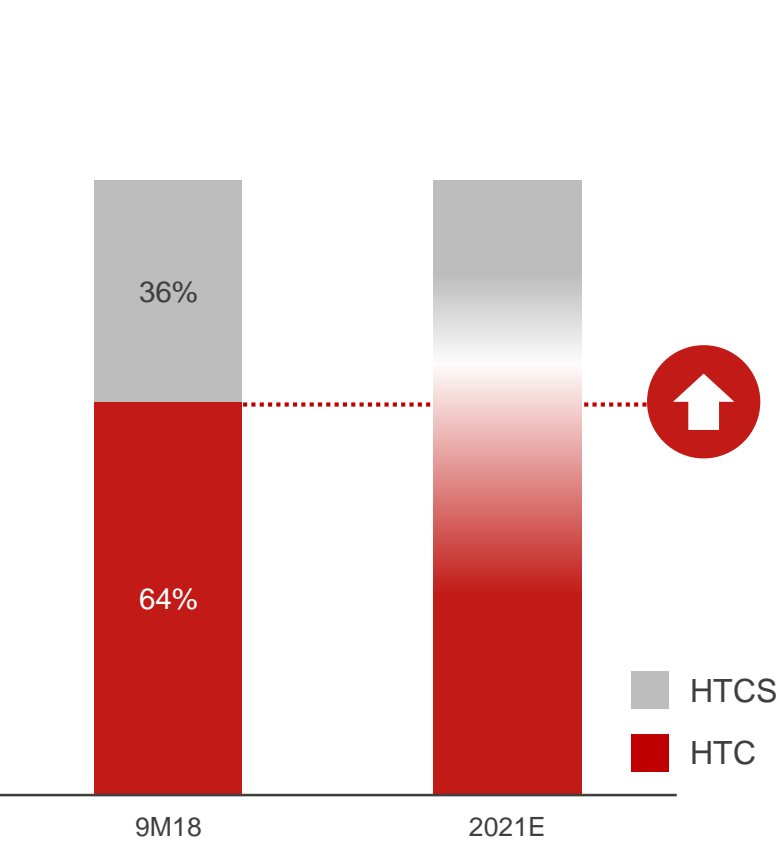


**2.4 bn/€** Italian Government bonds maturing over **2019E-2021E**

# NET FINANCIAL MARGIN (5/5)

## BANKING BOOK: FLEXIBLE TO PURSUE DIVERSIFICATION

### Banking book



Depending on interest rates environment, **Banking Book may potentially be diversified** by re-investing over 2019-2021 up to 2.4 bn/€ expiring Italian Government bonds

As a result, BG could easily **diversify up to 30%-40% of the Banking Book**

Among **potential asset classes**: Euro Government and Supranational bonds, non-Euro Government bonds with FX hedge, European corporate or financial bonds etc.

Continuous  
operating leverage  
despite intense  
**growth and  
innovation**



**Gross fees**

Management fees

Performance fees

Other revenues



**Pay-out to the network**



**Net financial margin**



**Operating costs**

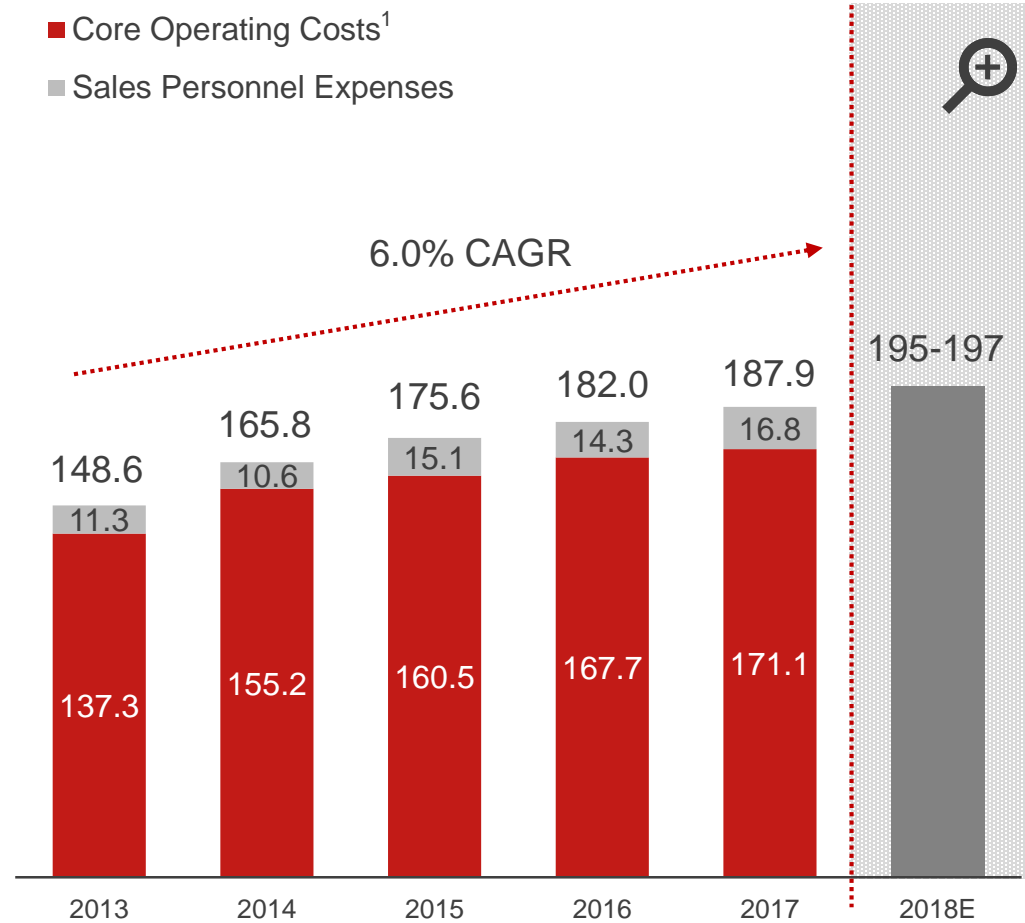


**Key messages**

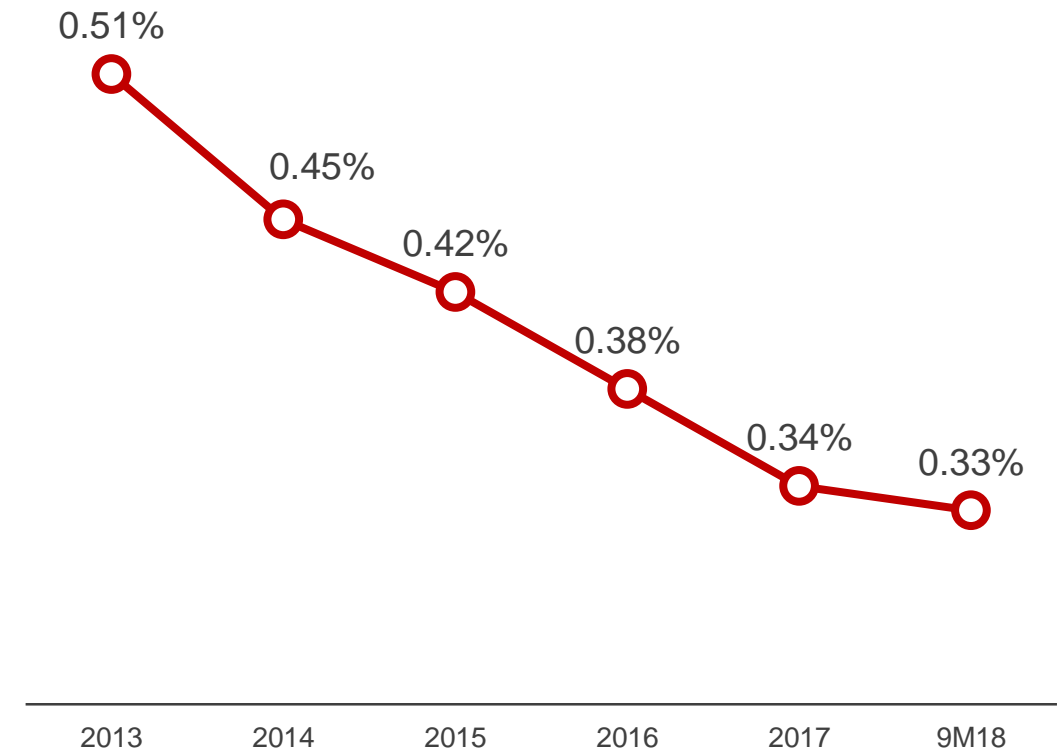
# OPERATING COSTS (1/3)

## CONTINUOUS OPERATING LEVERAGE

### Operating costs m/€



### Operating costs/total assets



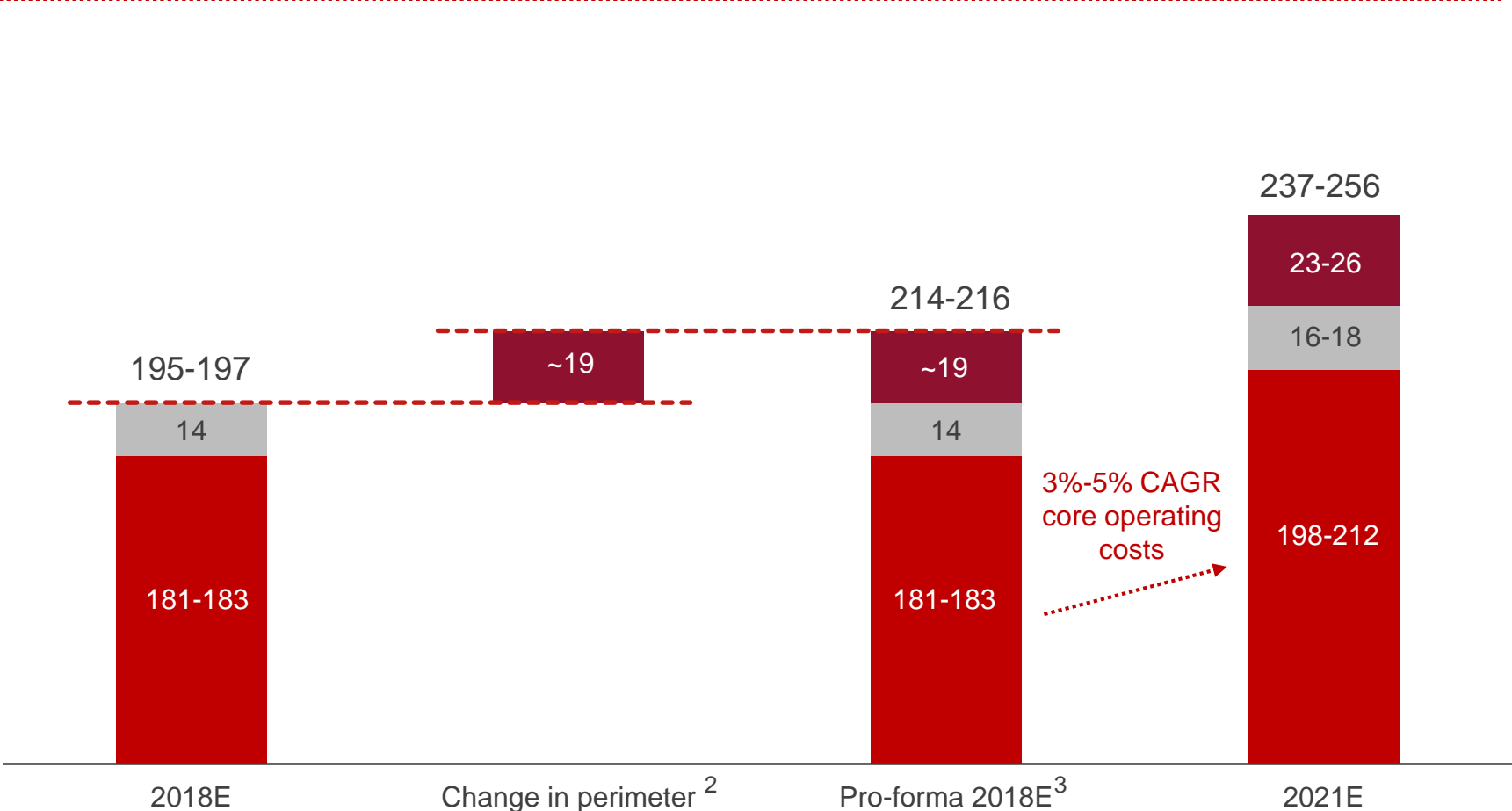
NOTE: 1) Core operating costs computed as total operating costs ex-sales personnel expenses



# OPERATING COSTS (2/3)

## CONTINUOUS OPERATING LEVERAGE

Evolution of operating costs m/€



**Growth of core operating costs<sup>1</sup> expected in the 3%-5% CAGR range**

Growth of sales personnel expenses depending on **RM recruitment opportunities**, thus linked to additional revenue



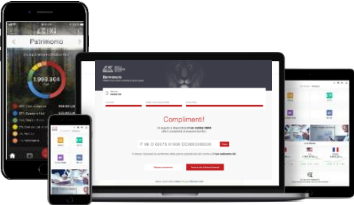
**Perimeter effect** from recent acquisitions and international expansion: expected trajectory driven by **foreign business development**

- Costs from acquisitions and international expansion<sup>3</sup>
- Sales personnel expenses
- Core operating costs<sup>1</sup>

NOTE: 1) Core operating costs computed as total operating costs ex-sales personnel expenses; based on current perimeter, excluding recent acquisitions and international expansion; 2) Pro-forma consolidation of costs from recent acquisitions and setup of international expansion (before cost synergies, one-off integration costs and growth of costs linked to business development); 3) Basis for projections, excluding integration costs

# OPERATING COSTS (3/3)

## STRIKING A BALANCE BETWEEN INNOVATION AND COST-CONTROL

	Partner	Platform scale	Investments 2017-2019E <sup>1</sup>	Increase in recurring opex	Variable-costs associated <sup>2</sup>
BG Saxo		<ul style="list-style-type: none"> <li>43.3mln executed orders p.a.</li> <li>&gt;150 developers dedicated to continuous innovation of the platform</li> <li>&gt;100 m/€ p.a. invested in technology and innovation</li> </ul>	5.8 m/€	0.2 m/€	Revenue sharing agreement with Saxo-Bank based on brokerage volumes and Client ownership
BG RO4AD		<ul style="list-style-type: none"> <li>Over 8k users on a global basis with daily monitoring of ~1.7mln portfolios</li> <li>Capability to monitor &gt;30mln portfolios on a daily basis</li> <li>Developed in-house through multi-year investment</li> </ul>	0.4 m/€	-	Low single-digit bps on AuA supported by BG RO4AD; fees shared by Bank, FAs and Clients
Mobile banking	<p>Perimeter<sup>3</sup></p> 	<p>Approach</p> <ul style="list-style-type: none"> <li>Developed at consortium level with BG leading the project as pilot bank, thus optimizing the trade-off between personalization and cost-sharing</li> </ul>	4.4 m/€	0.7 m/€	Through "system-integrator" approach, BG is able to access innovation and start new businesses while substituting fixed costs with revenue-sharing agreements, thus reducing risk

NOTE: 1) Including one-off capex and opex; 2) Passive fees or revenue-sharing; 3) Including digital onboarding, new home banking and new mobile banking

**P&L and  
balance sheet  
sustainability**



**Gross fees**

Management fees

Performance fees

Other revenues



**Pay-out to the network**



**Net financial margin**



**Operating costs**



**Key messages**

# KEY MESSAGES

## TO SUM UP

### Current perimeter<sup>1</sup>

#### Management fees

- **Modest pressure** on Group management fee margin, with the bulk of impact from mutual funds

### Guidance 2021<sup>1</sup>

**Management fee margin:**  
1.38%-1.42%

#### New revenue streams

- **New recurring revenue from Assets under Custody** (brokerage and certificates) and **Assets under Advisory** (advanced advisory contract)

**Gross fees from new streams:**  
50-60 m/€ in 2021E

#### Network pay-out

- **Recurring pay-out** slightly increasing vs. past
- **Extraordinary pay-out** benefitting from effort to contain cost of growth

**Recurring pay-out:** ≤37%  
**Extraordinary pay-out:** ≤15%

#### Net financial margin

- **Increased focus on lending**, chiefly high-quality Lombard
- **Banking book flexible** to capture rates repricing and pursue diversification

**Lending volumes:** +0.7-1.2bn/€ vs.18  
**Loan book yield:** 3M EUR + 1.20%  
**Banking book yield:** > 1%

#### Operating costs

- **Continued cost control** despite growth and innovation-effort

**Core operating costs<sup>3</sup>:** 3%-5% CAGR

Consistent with  
**Group core net banking income**  
≥63 bps<sup>2</sup>

**Guidance referring to current business perimeter:** excluding the impact of recent acquisitions and international expansion

NOTE: 1) Guidance based on current business perimeter, excluding the impact of recent acquisitions and foreign expansion; 2) Guidance based on Group perimeter including recent acquisitions and foreign expansion; core net banking income computed as net banking income excluding performance fees and trading gains; 3) Core operating costs computed as total operating costs ex-sales personnel expenses



**GIAN MARIA MOSSA**  
CEO & General Manager

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Internationalization and projections

**Closing remarks &  
strategic ambitions**



**International aspiration**



**Projections**

# INTERNATIONAL ASPIRATION (1/4)

## THE REASONS WHY

### WHY INTERNATIONALIZATION



After years of strong growth in Italy, BG has built **solid foundations** supporting the launch of a new **long term growth engine**



**Increasing demand** from Italian Clients to diversify custody of financial wealth across **booking centers**



Perfect alignment with **Generali Group strategy**

### WHY SWITZERLAND



**Key financial center in the world**  
(~7.3 SFr/bn of financial wealth in Switzerland as of 2017<sup>1</sup>)



**Geographical, cultural proximity** and **familiarity** with the country



**Growth opportunities for the Bank** created by **recent regulatory changes**

# INTERNATIONAL ASPIRATION (2/4)

## ENTRY INTO THE SWISS MARKET

The project aims at building a new **long term growth engine**, that will achieve profitability in the short term. The Bank will adopt a **two-pronged approach**: Clients managed from **Italy** and Clients managed from **Switzerland**.

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### CLIENTS MANAGED FROM **ITALY**



- **BG Clients** seeking for diversification of booking centers
- **BG Clients** with Swiss AUM held with 3<sup>rd</sup> parties
- **New Clients**



- Advice offered by the **Italian network**
- Custody and Administration services offered through **commercial agreement with a Swiss depository bank**

### CLIENTS MANAGED FROM **SWITZERLAND**



- Italian Clients **served in Switzerland**
- **Swiss-born Clients**
- **International Clients** with Swiss AUM



- Acquisition of Valeur Fiduciaria,  *Valeur*  
a **Swiss Boutique** (*private banking and investment services*)



### COMPANY PROFILE

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**Valeur Fiduciaria**, based in Lugano, is a **wealth management boutique founded in 2009** by highly qualified professionals with a **significant private banking experience**; Valeur is recognized on the Swiss market for its **portfolio management skills while operating through proprietary network of relationship managers**

#### Key information<sup>1</sup>

- Total Assets: ~1.3 SFr/bn
- Adjusted net income<sup>2</sup>: ~1.0 SFr/m
- FTEs: #24



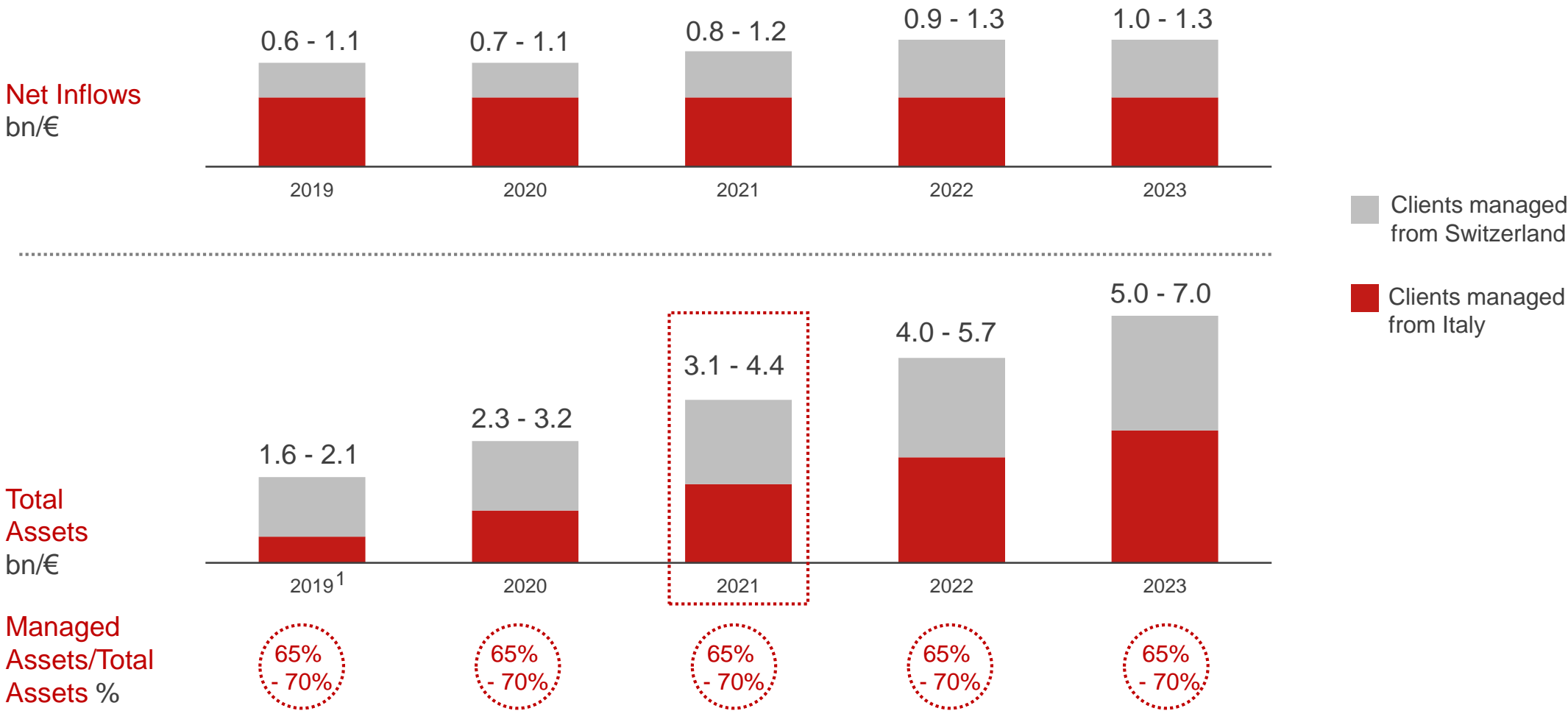
### TERMS OF THE DEAL

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- **Acquisition of 90.1% of Valeur Fiduciaria** with the possibility to acquire the remaining 9.9% in 5 years
- Total max purchase price **10.8 SFr/m** for 90.1% of the Company
- Implied multiple **Goodwill/AuM** at <1%
- **40% of the maximum purchase price** subject to **claw-back clause** linked to assets maintenance and “key people” retention
- Deal subject to **regulatory approval**

# INTERNATIONAL ASPIRATION (4/4)

## PROJECTION ON SWISS EXPANSION



NOTE: 1) Including consolidation of Valeur

**Closing remarks &  
strategic ambitions**



**International aspiration**

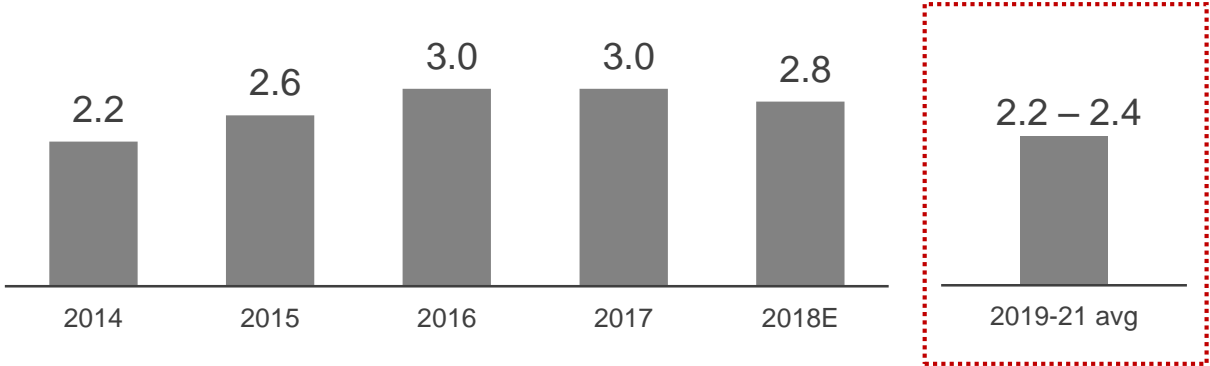


**Projections**

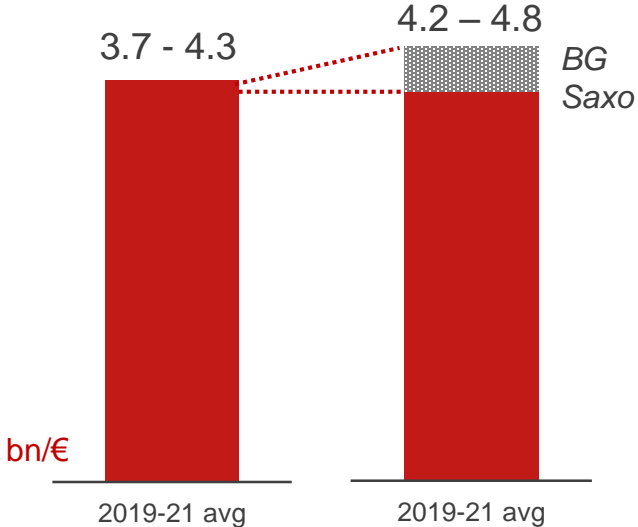
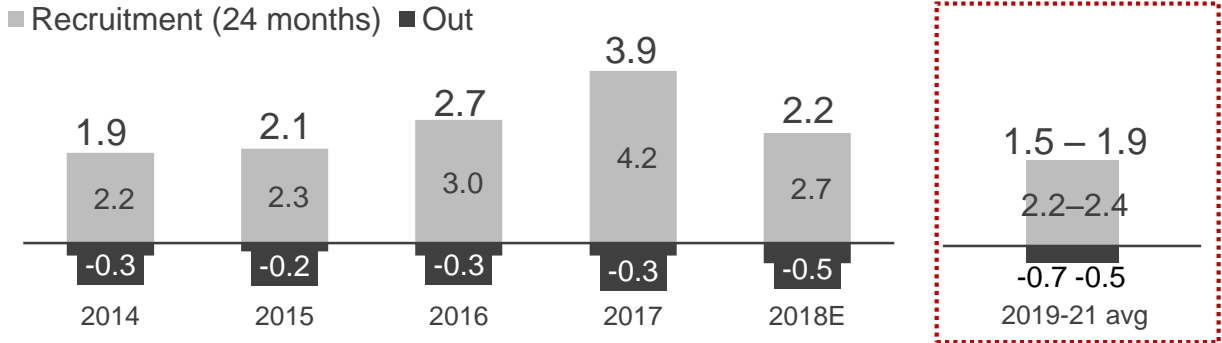
# PROJECTIONS (1/2)

## EXPECTED CURRENT PERIMETER NET INFLOWS

Organic net inflows  
bn/€



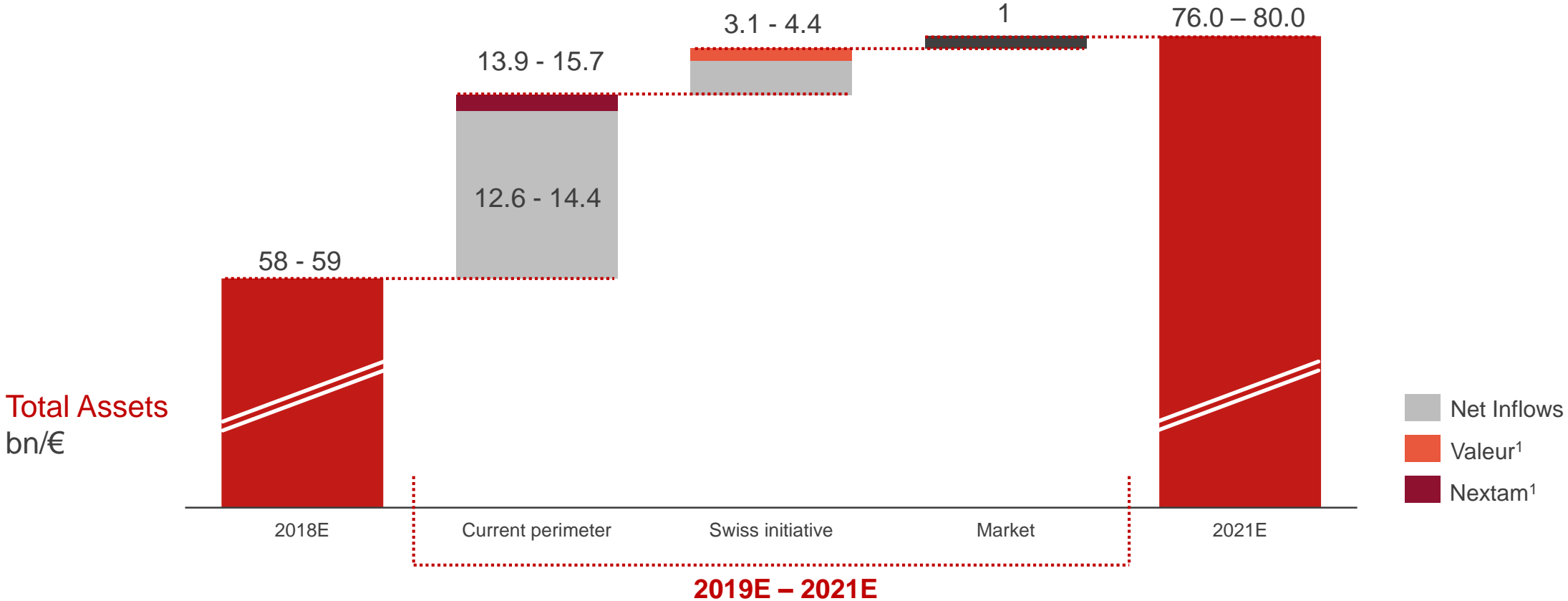
Net inflows from FA recruitment & out  
bn/€



12.6 bn/€ – 14.4 bn/€  
cumulated net inflows  
2019-2021

# PROJECTIONS (2/2)

GROWTH PROFILE 2019 - 2021



NOTE: Not including potential M&A; 1) Consolidation of acquired Assets

# TO SUM UP

## 2021 COMMERCIAL TARGETS

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Cumulated Net Inflows: **>14.5 bn/€**

Total Assets: **76-80 bn/€**

## 2021 FINANCIAL TARGETS

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Core Net Banking Income<sup>1</sup>: **≥63 bps**

Core Operating Costs: **3%-5% CAGR<sup>2</sup>**

Dividend: **70%-80%** pay-out ratio; **2017 DPS (1.25€)** set as a floor; committed to preserve strong capital ratios

## CLOSING REMARKS

We have a track record of success in **multi-projects management**



We have the **best talents in the market** and they are the true added value in our field



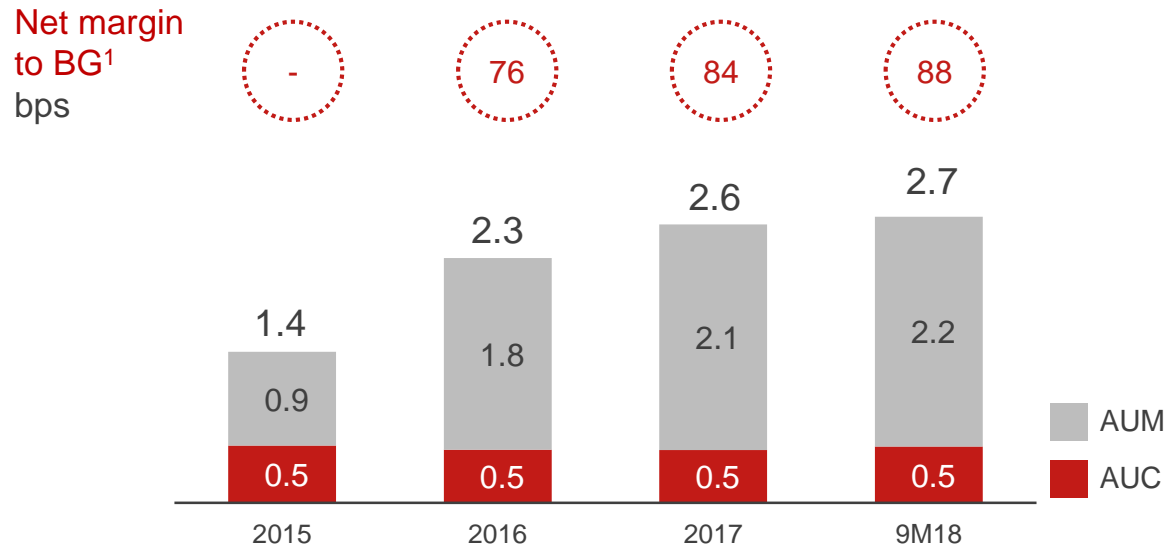
We are strongly committed to continuing our **profitable and sustainable growth path**



# EXTRAORDINARY PAY-OUT

## THE SUSTAINABILITY OF RECRUITMENT: A REAL-LIFE CASE

### Total Assets from recruited FAs, 2015 cohort bn/€

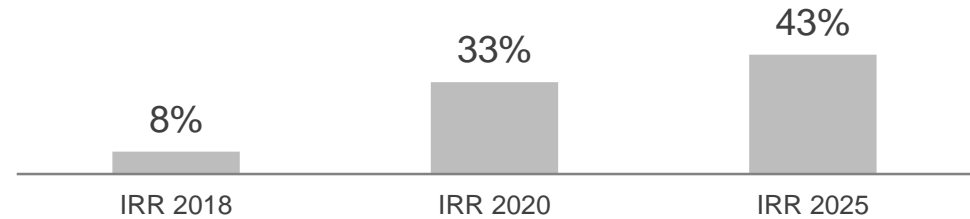


Analysis based on ~100 among the advisors recruited in 2015<sup>2</sup>, with 2.7 bn/€ assets as of 9M18 and 88bps average net revenue margin on their portfolio

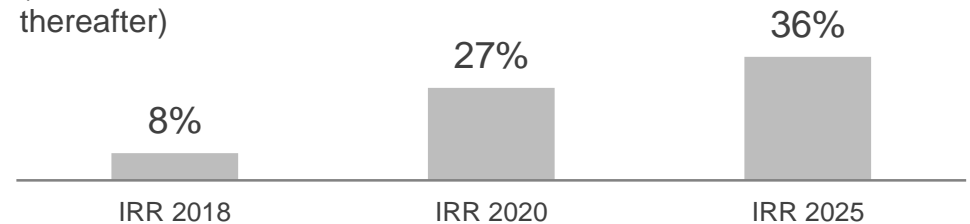
Around 75% of the cohort joined from banks, while 25% from FA networks; average age of FAs at time of recruitment: 47 years

### IRR simulation on 2015 cohort

**Base case:** assuming no growth in Total Assets and mid-single digit pressure in net commission margin



**Stress scenario:** 25% reduction in net commission margin on Total Assets over 5 years due to severe price pressure; market shock causing 20% structural contraction in portfolios and worsening mix (AUC at 50% in 2019-2021, with current mix re-established thereafter)



Analysis based on **actual costs and revenues from recruitment**

**Limited sensitivity of IRR to stress scenario: cohort already close to break-even vs. cost of capital**

NOTE: 1) Net margin of the FA portfolios including net fees on Total Assets, brokerage commissions on securities and net financial margin on deposits; performance fees not included; 2) 126 entries in 2015; excluding 10 RMs with no incentive plan, 12 FAs who have not reached targets (i.e. no incentives earned), 2 natural churns for which the Bank has retained the portfolio and 1 exit to competition

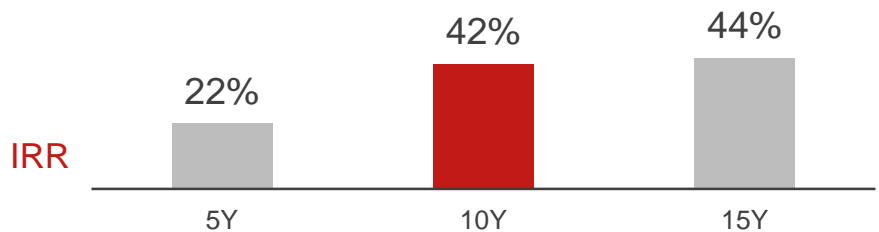


# EXTRAORDINARY PAY-OUT

## THE SUSTAINABILITY OF RECRUITMENT: A FORWARD SIMULATION

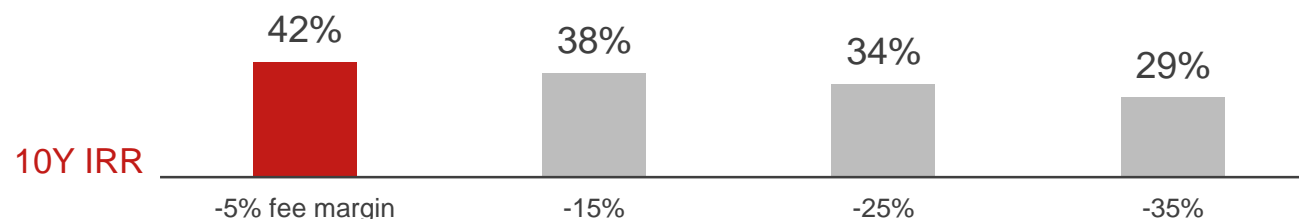
### Main hypotheses

- **Volumes:** the FA portfolio reaches **run-rate in three years** (70% in year one, 20% in year two, 10% in year three); as a conservative assumption, **after three years the FA stops growing** and portfolio performance is zero
- **Recruitment cost:** **2.2% paid on year one net inflows**; following years' net inflows remunerated as organic incentives at ~1%
- **Profitability:** asset mix **75% managed** and 25% administered; 5% pressure on fee margins is assumed over a 5-year horizon; **recurring margin for BG on the portfolio at ~ 65bps<sup>1</sup>**

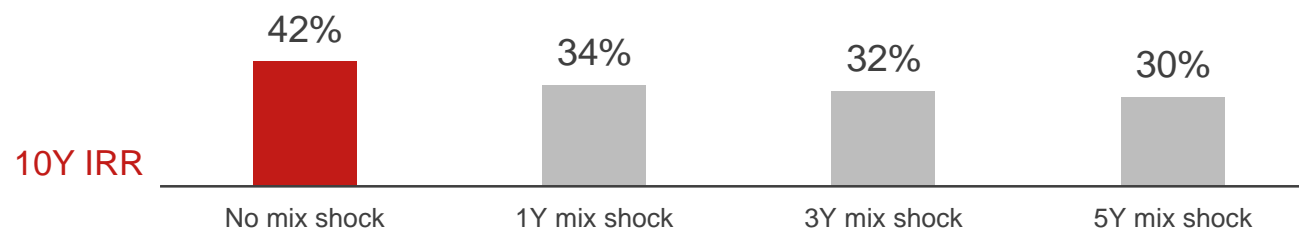


### Stress scenarios

**Pricing pressure:** -5% to -35% reduction in recurring fee margins over 5 years



**Market downturn:** market assumed to crash after entry bonus is paid; 20% structural contraction in FA portfolio and one-to-five-year severe deterioration in asset mix (50% administered assets, 25% traditional life policies and 25% other managed assets); ~50bps recurring margin on the portfolio over shock period



NOTE: 1) Net margin of the FA portfolios to BG including net fees on Total Assets, brokerage commissions on securities and net financial margin on deposits; performance fees not included;