

# INVESTOR PRESENTATION

8 APRIL 2019



**BANCA  
GENERALI**

- 1 BANCA GENERALI AT A GLANCE**
- 2 BG KEY FINANCIALS**
- 3 BG STRATEGIC AMBITION**
- 4 CLOSING REMARKS**

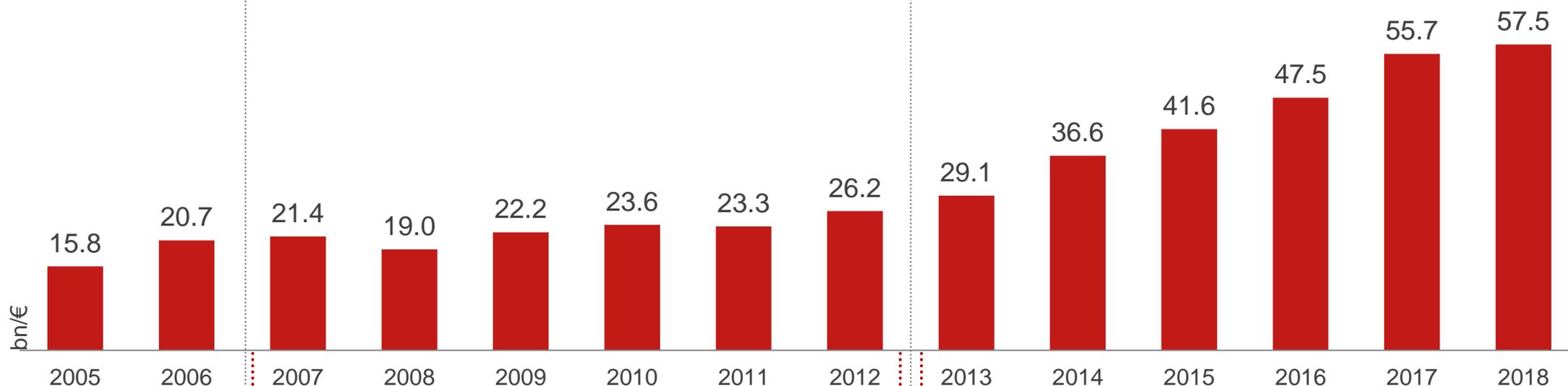
# BANCA GENERALI: A SUCCESS STORY

ONE OF THE FASTEST GROWING COMPANIES IN THE ASSET GATHERING BUSINESS

New management team and listing on the Italian Stock Exchange

**PHASE 1**  
Multi-year strategic network repositioning

**PHASE 2**  
New service model: implementation of WM approach and new digital mindset



BG growth ~ Assoreti growth

BG growth = 2.3x Assoreti growth<sup>1</sup>

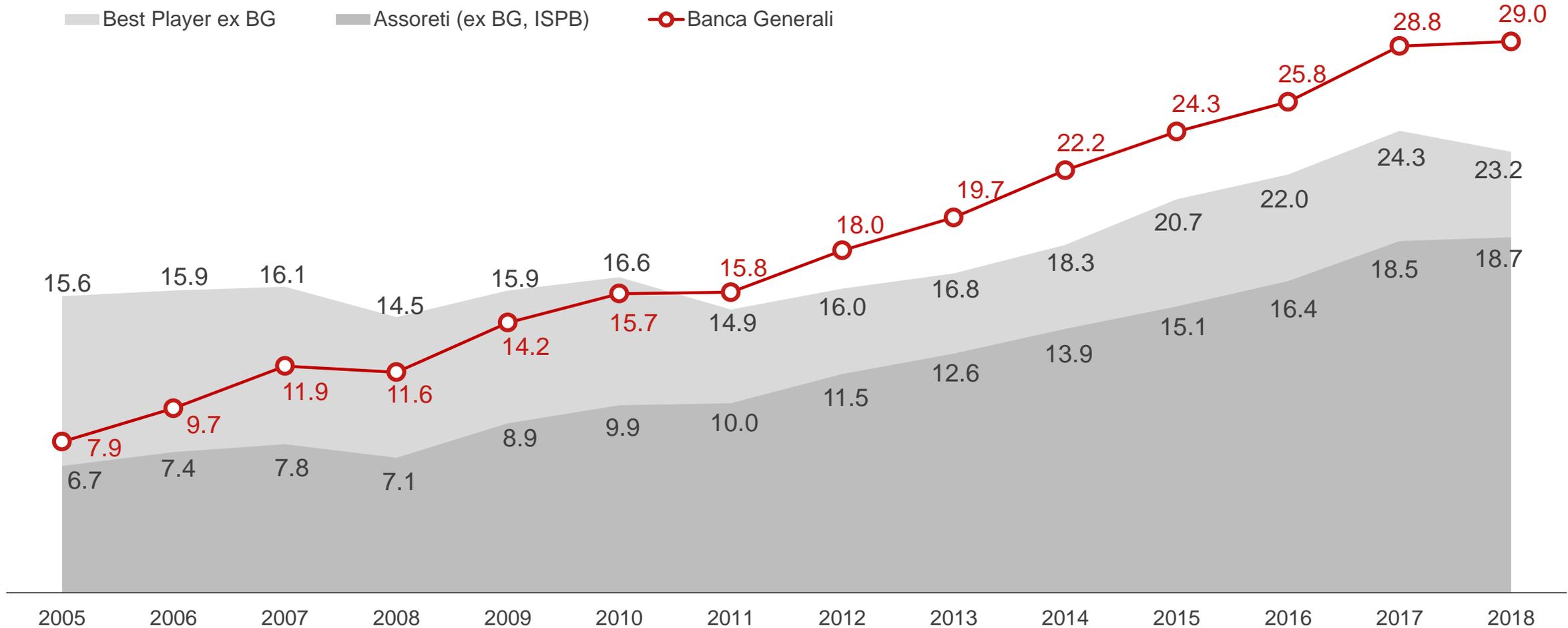
Market share<sup>2</sup>



# BEST FAS QUALITY IN THE INDUSTRY

## CONSTANT GROWTH IN FAS PORTFOLIO

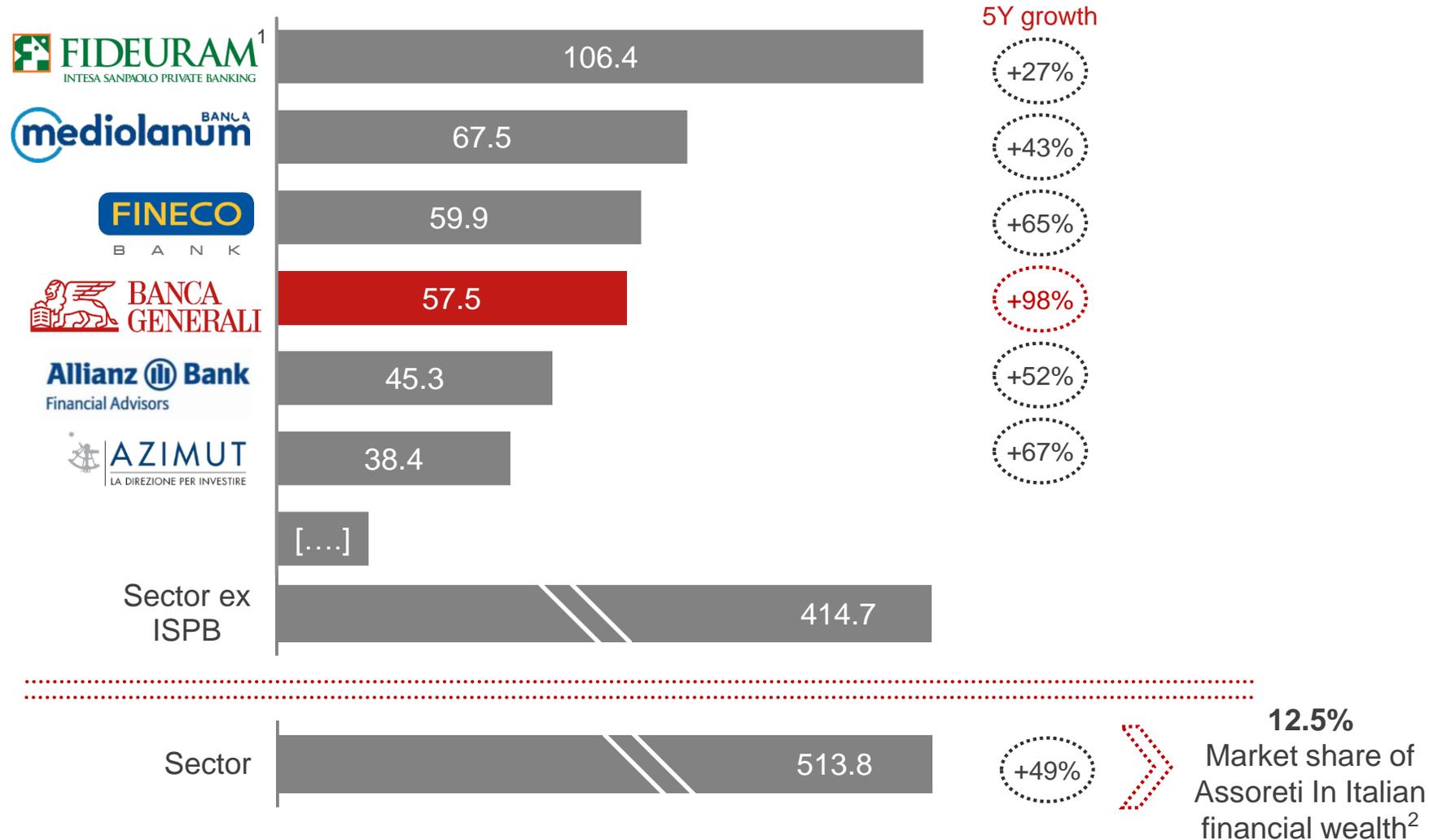
Average FAs portfolio (Asset per Financial Advisor) m/€



# BG: THE FASTEST GROWING COMPANY AMONG TOP PLAYERS

## GROWING MARKET SHARE

### Assoreti – Financial networks in Italy bn/€

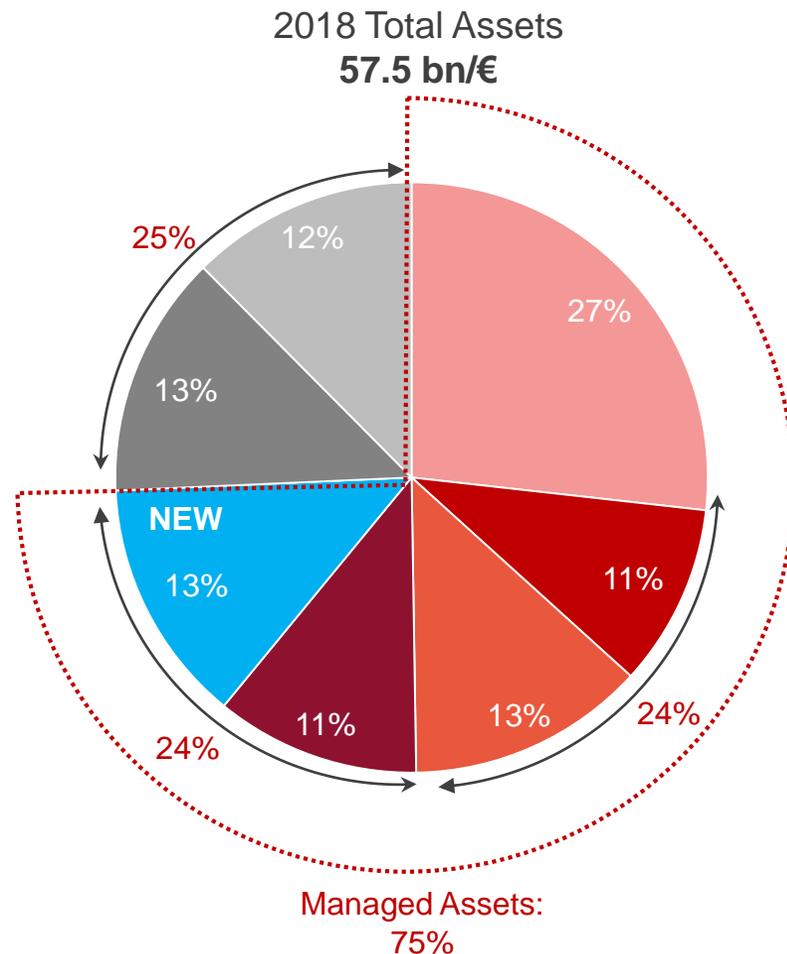


- Assoreti sector is a highly **concentrated industry**: top 6 players in market share with over 90%
- Market share of Assoreti In Italian financial wealth is **12.5%**. Sector grew by 49% in the last 5 years (+43% ex BG)
- **Banca Generali is the fastest growing player** in the industry: + 98% vs 2013

# EXTENSIVE PRODUCT OFFER

## GREATER DIVERSIFICATION OF ASSET MIX

### Asset mix

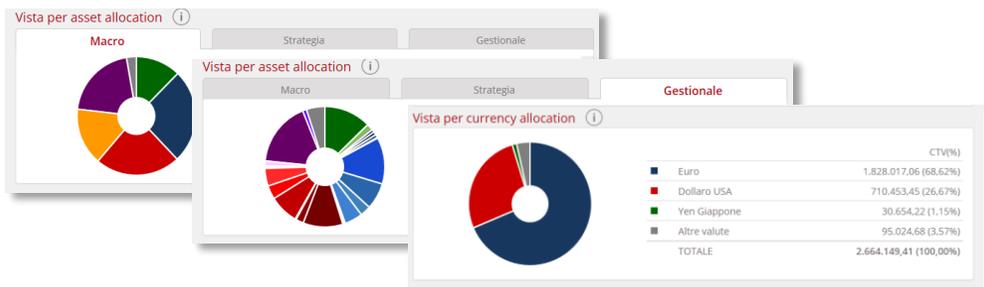
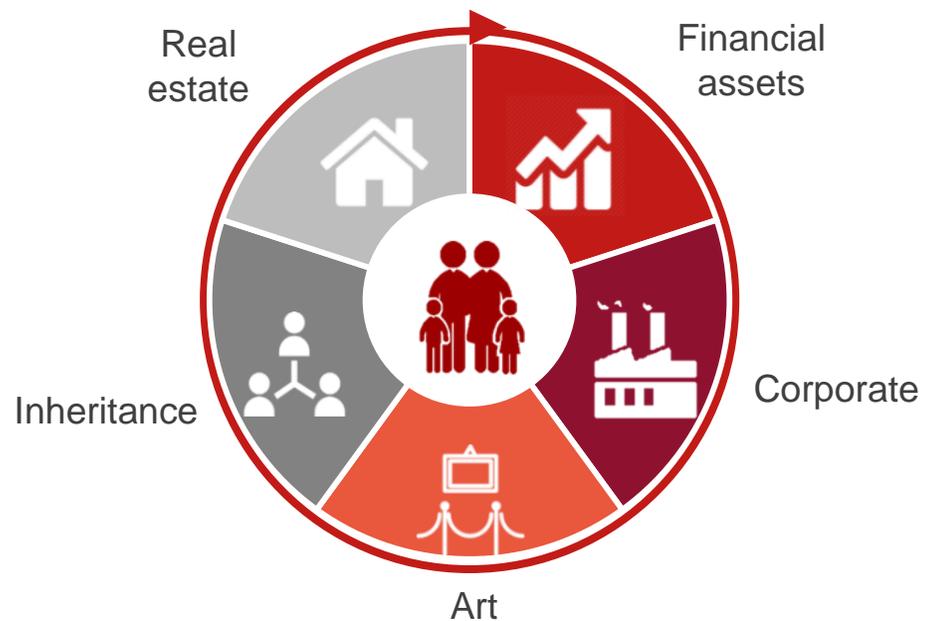


- **Fully open architecture** (Over 5,400 different retail funds and 50 asset managers offering Clients a wide array of choice)
- **Retail funds distribution** accounts for 23% of which **90% managed by external AMs**
- **New wrapper solutions** – starting from 2013 – with an **increasing level of personalization**, linked to Clients assets:
  - **Insurance Wrappers:** bespoke hybrid insurance policy combining traditional life, unit-linked component and insurance riders
  - **Financial Wrappers:** portfolio management lines maximizing advisors' freedom to customize asset allocation

# FULLY INTEGRATED WEALTH MANAGEMENT APPROACH

## EXPANSION OF ADVISORY PERIMETER TO FINANCIAL AND NON FINANCIAL WEALTH

### Advanced Advisory Model (financial + non financial)



### Focus on Real estate

- **Advisory:**
  - Strategic analysis of real estate wealth
  - Valuations
  - ...
- **Agency**
  - Disposals and purchases
  - ...



### Focus on Corporate

- **Merger & Acquisition**
- **Dynamic hedging**
- **Easy finance** (finanza agevolata)
- ...



### Focus on Family protection, wealth planning

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



# BEST IN CLASS PROPRIETARY DIGITAL TOOLS FOR THE FA NETWORK

## OPEN BANKING APPROACH

### BG Store



Simplicity and completeness of the tool for FAs' needs

### Wealth Advisory Portal



Deep-dive analysis

### Digital Collaboration



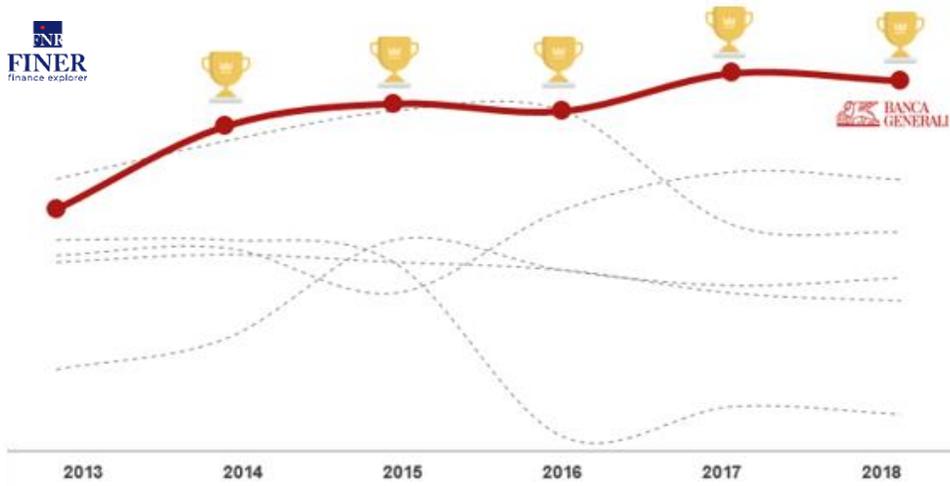
Paperless Approach

- The **advisor digital desk** with a **multi-device approach**
- **A wide range of services to support the FAs:** training, sales monitoring, marketing support, press release & market analysis, risk analysis and other tools
- A **proprietary platform** with different level of analysis on Clients' total wealth and fully integrated with the best **international know - how**
- The **most appreciated support service from the new colleagues**

# GROWING RECOGNITION IN THE PRIVATE BANKING SPACE

KEY AWARDS CONFIRMING QUALITY AND PERSISTENCY

## First for FAs' Satisfaction<sup>1</sup>



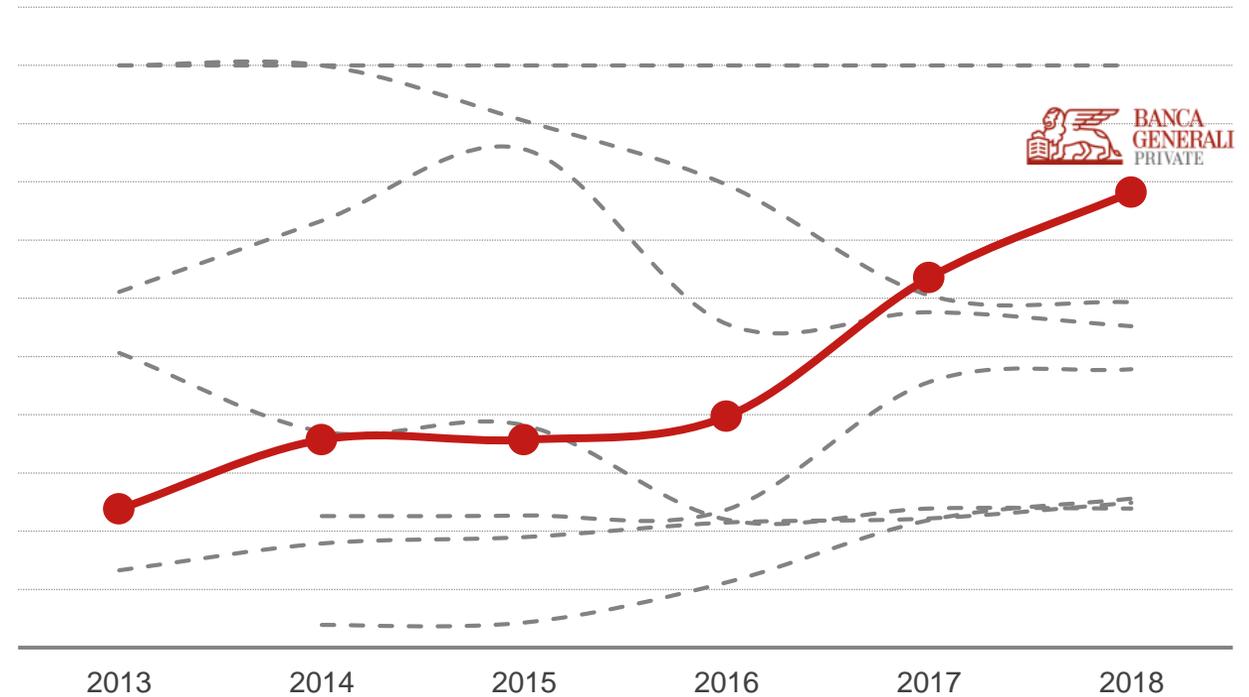
"Best Financial Advisory network in Italy five years in a row"



1<sup>st</sup>

in the ranking for FAs' sense of belonging with 3.71 (maximum 4.0)

## Second private bank in Italy by brand equity, according to PB Monitor<sup>2</sup>



And others...

1

**BANCA GENERALI AT A GLANCE**

2

**BG KEY FINANCIALS**

3

**BG STRATEGIC AMBITION**

4

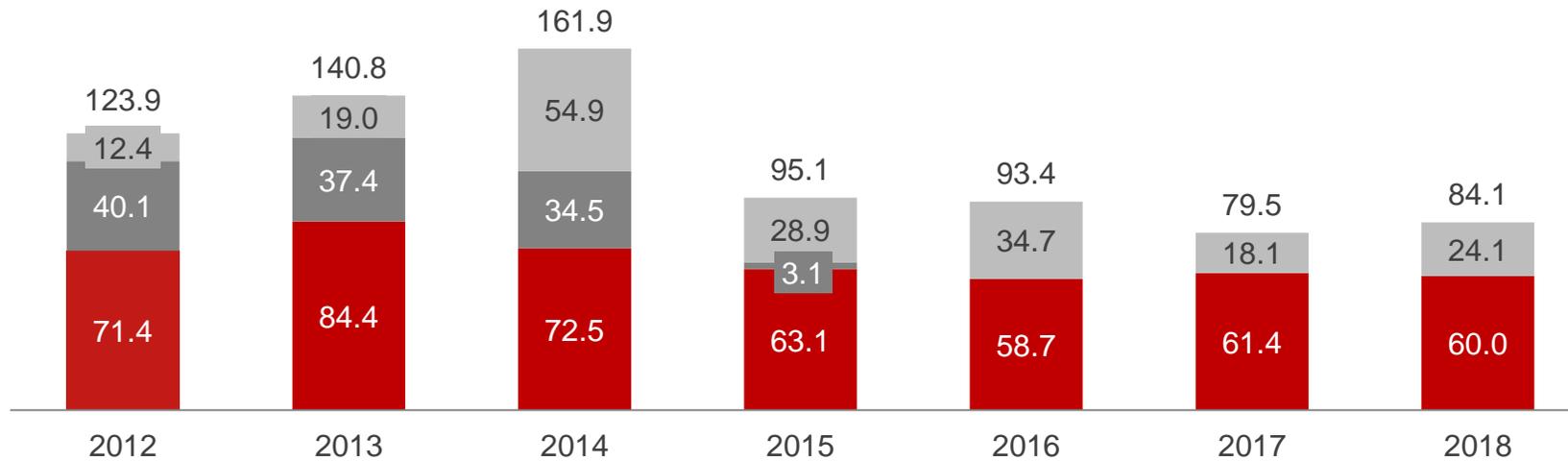
**CLOSING REMARKS**

# NET FINANCIAL INCOME

NET FINANCIAL INCOME HALVED SINCE LAST PEAK

## Net financial income m/€

■ Net Interest Income ■ LTRO ■ Trading gains



- **Material headwinds to earnings growth from net financial margin** over the past few years
- **Net interest income** driven by Clients' deposits expansion
- 2018 expected to be a **trough for net interest income**

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

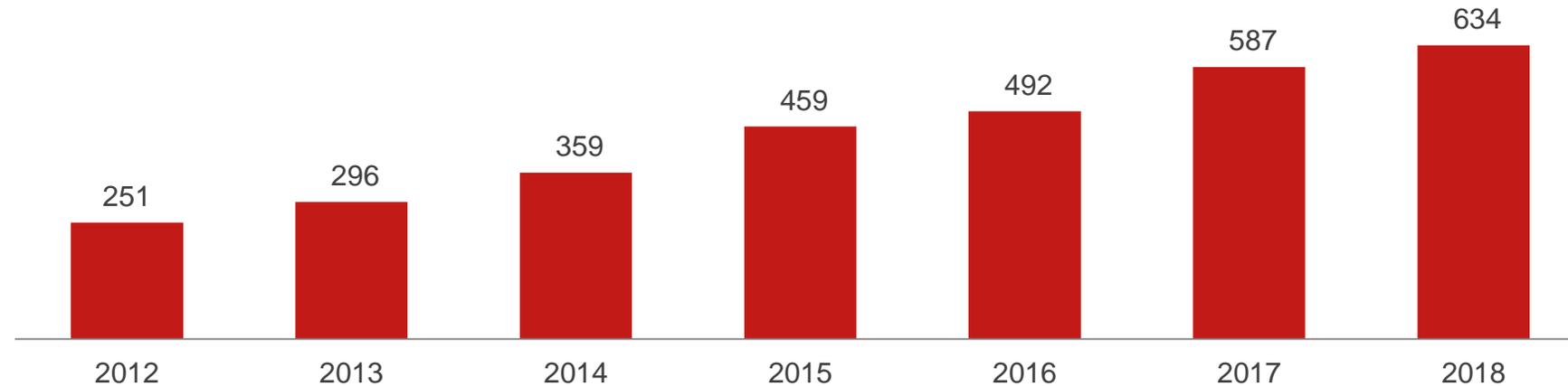
o/w NII



# RECURRING MANAGEMENT FEES AND BANKING AND ENTRY FEES

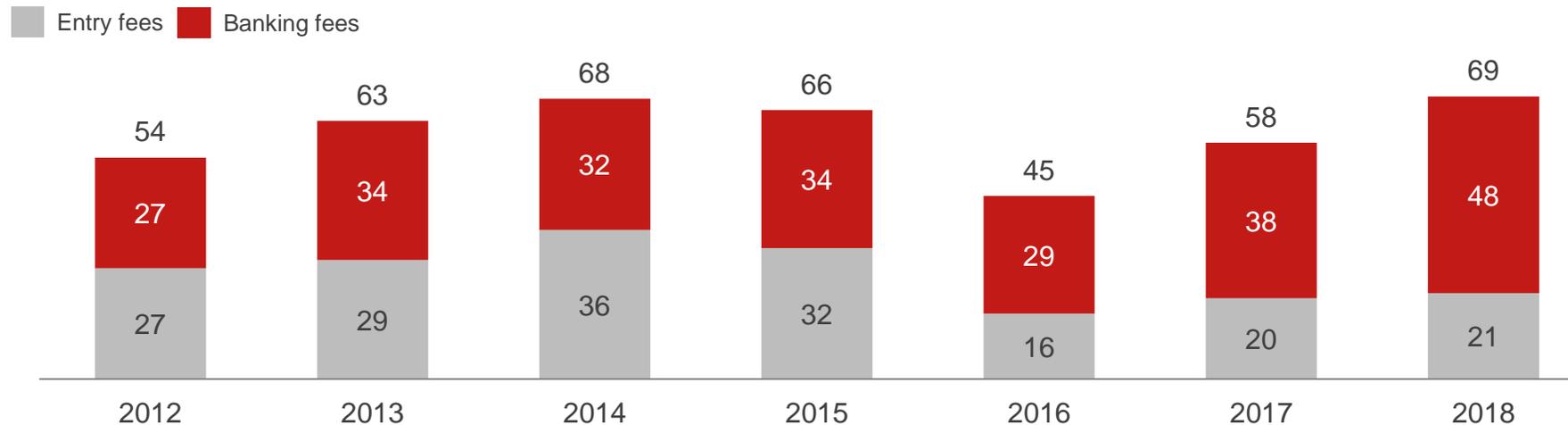
## HEALTHY GROWTH AND RESILIENT MARGINS

### Management Fees m/€



- Management fees up by **2.5x** in **2012-18**, broadly in line with **growth in managed assets**
- **Slight margin erosion in 2018** linked to tough market conditions
- Going forward, **mild margin pressure expected** due to MiFID II introduction

### Banking and Entry Fees m/€



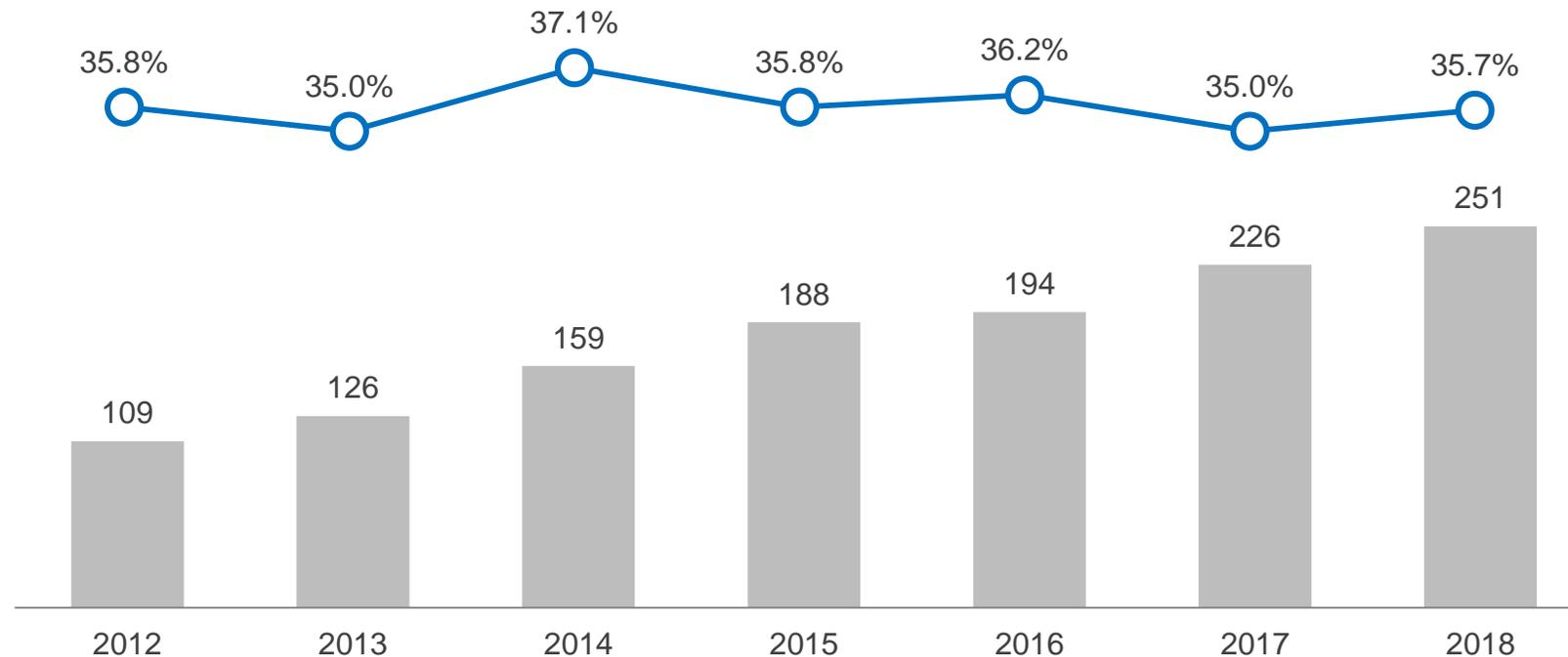
- **Traditional banking and entry fees** already discounting significant reduction vs. past years, especially considering **strong growth** in **deposits** and **assets under custody**
- **New revenue streams** from **Assets under Custody** and **Assets under Advisory** expected to grow Banca Generali **recurrent revenue base**

# RECURRING FEE EXPENSES

## DISCIPLINE ON REMUNERATION OF FAS

### Recurring passive fees to FAs m/€

○ as % of gross recurring fees<sup>1</sup> ■ Passive fees to FAs - ordinary pay-out



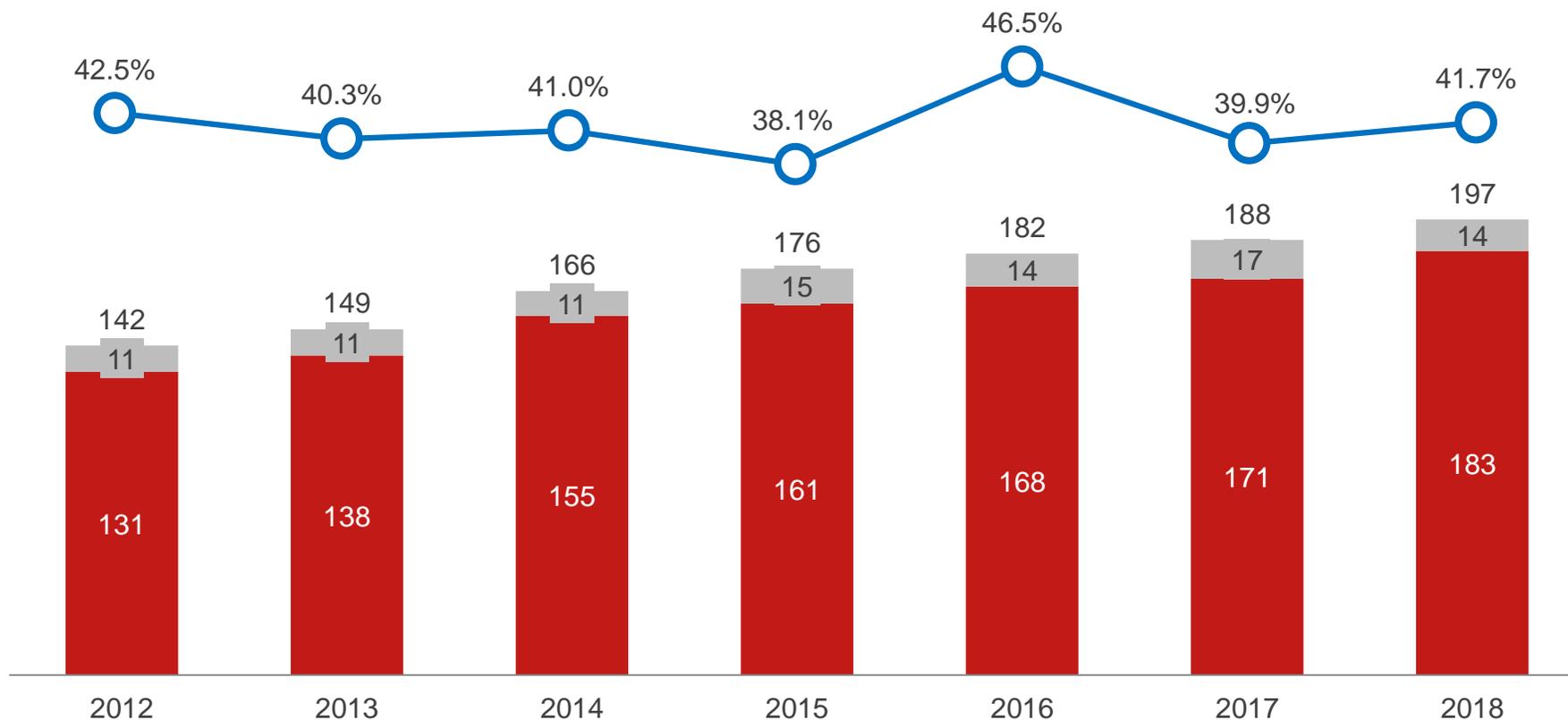
- The bulk of Banca Generali FAs costs is **variable in nature and linked to AUM profitability**
- Ordinary FA remuneration has remained **stable as % of gross recurring fees**

# OPERATING COSTS

## DISCIPLINED GROWTH IN OPERATING COSTS

### Operating costs m/€

■ Core Operating Costs<sup>1</sup> ■ Sales Personnel Expenses ● Cost/Income ratio

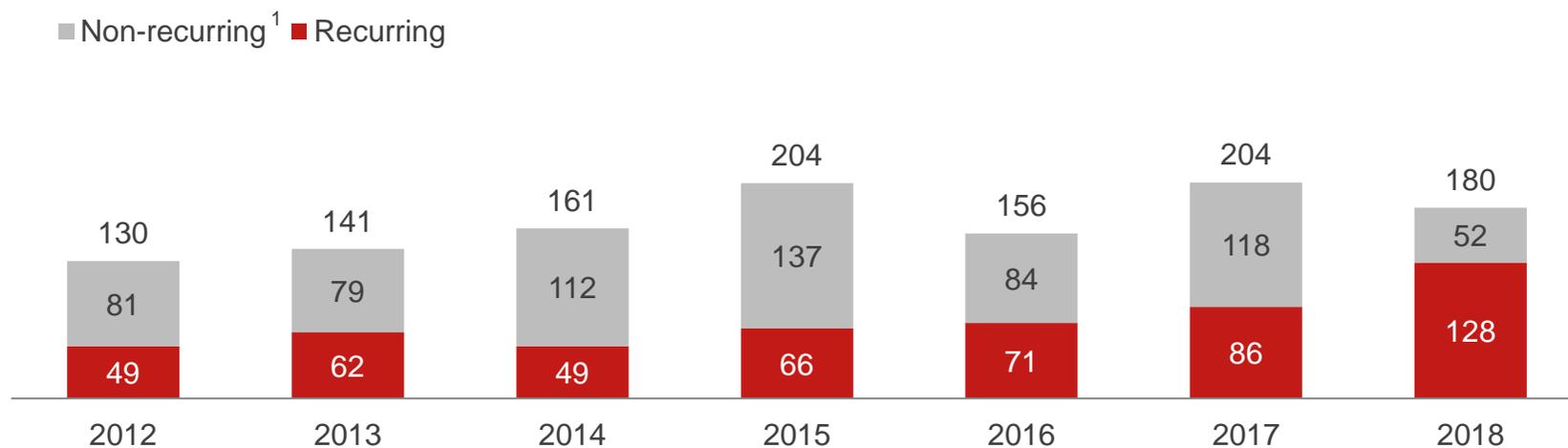


- **Growth in core-operating costs under control** despite the significant commercial expansion
- **Significant operating leverage** brought **Cost-assets ratio to best-in-class** levels in the industry

# QUALITY OF EARNINGS

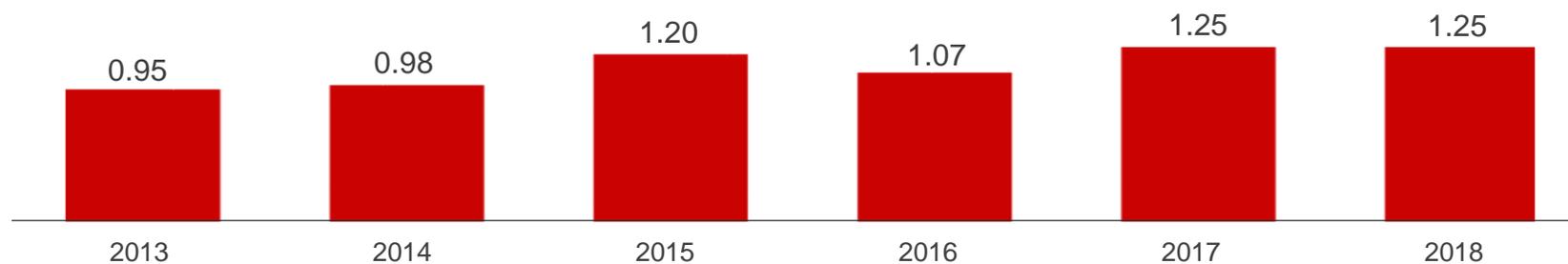
## RECURRING NET INCOME AND ROE ON THE RISE

### Net income m/€



➤ **Growth in recurring net income well into double digit territory**

### Dividend €

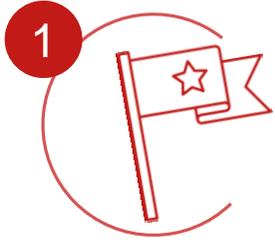


➤ **Significant remuneration for shareholders**

- 1 **BANCA GENERALI AT A GLANCE**
- 2 **BG KEY FINANCIALS**
- 3 **BG STRATEGIC AMBITION**
- 4 **CLOSING REMARKS**

# BG AMBITIONS

FROM 2019-21 BUSINESS PLAN



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



**Empowering FAs**



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



**Clients' first choice**



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



**International aspiration**



### DISCONTINUITY...

#### Implementing Advisory Fee Approach

- Robot for Advisory solutions
- WM Approach
- Vehicle for illiquid assets

#### Increasing the Assets under Custody

- Saxo Partnership
- Primary Market & Certificates

Focusing on Corporate Advisory

Expanding Credit Lombard Offer

### ...in the CONTINUITY

#### Excellence in the Banking Platform

#### Continuing innovation in AM solutions

- LUX IM
- Multi Discretionary Mandate
- Illiquid Solution

#### Leveraging on our insurance leadership

- Recurrent Premium
- Health & Protection
- Private Insurance

# 1<sup>ST</sup> AMBITION: EMPOWERING FAS (2/4)

## ASSET UNDER MANAGEMENT

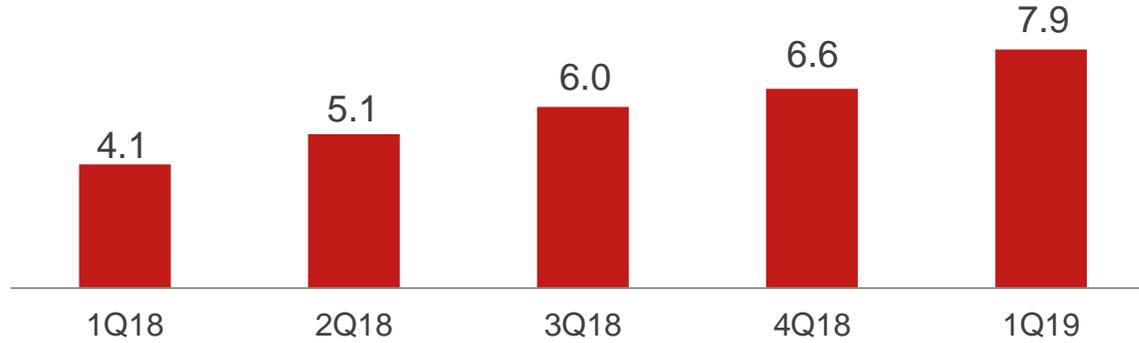
To consolidate our leading position in empowering the best Financial Advisors (FAs) in the Italian market

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

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

New  
Lux-based  
Sicav bn/€

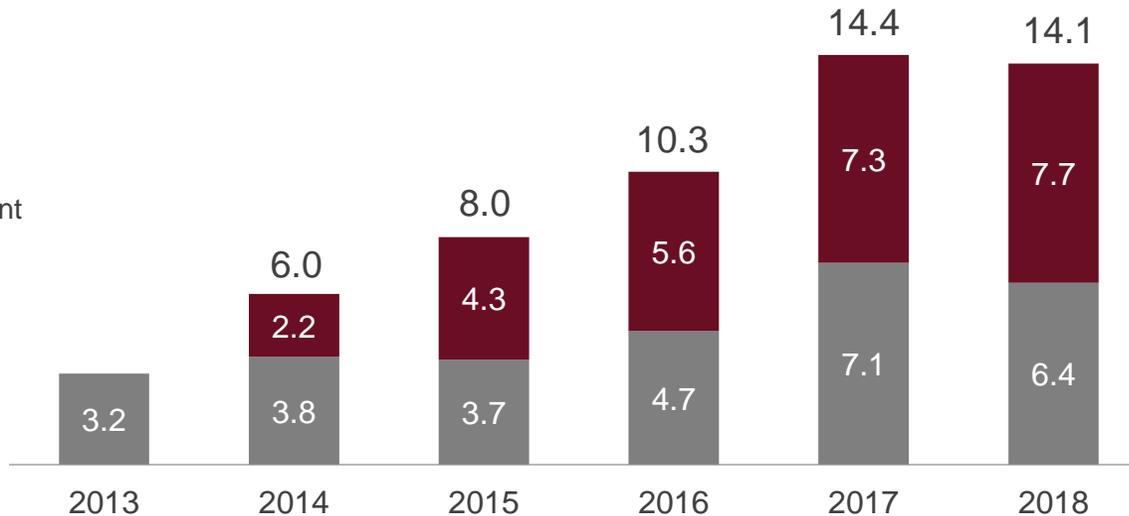
LUX IM<sup>1</sup>



- **Solid growth** amid financial markets volatility
- **Mifid II-friendly pricing schemes**
  - Cap on OCG
  - New performance fee mechanism
- Innovative investment strategies with a **new release in the second half of the year**

Wrappers  
bn/€

Insurance  
Portfolio management



- New **bottom-up strategy** leveraging on Nextam Partners
- Individual **hedging solutions, leveraging Saxo expertise**
- Focusing on **protection and health**

# 1<sup>ST</sup> AMBITION: EMPOWERING FAS (3/4)

## ASSETS UNDER ADVISORY

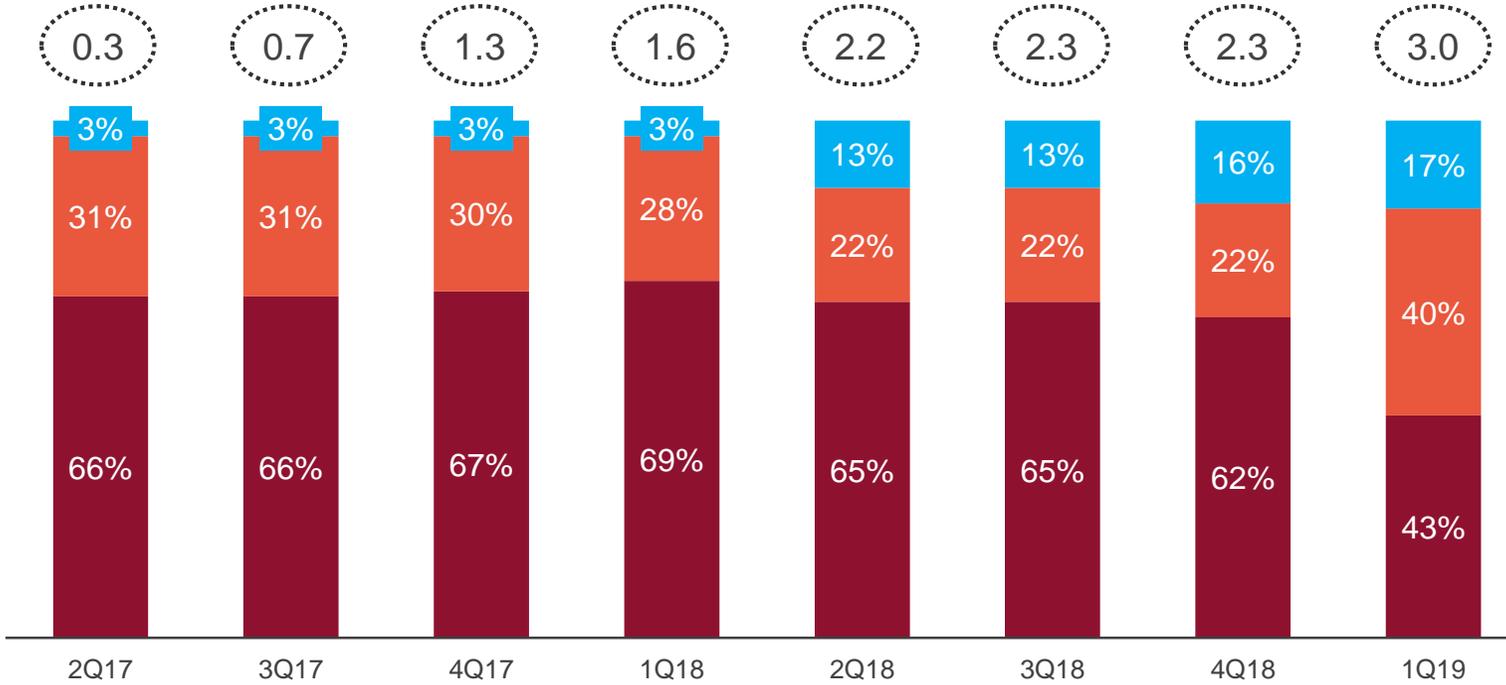
To consolidate our leading position in empowering the best Financial Advisors (FAs) in the Italian market

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

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

### Advisory Services % AuA

Volumes trend bn/€



- 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**

- A **multifaceted approach**, with a focus on illiquid investments
- Starting from 2019, pure financial advisory will be supported by **BG Robo-4-Advisory platform** developed in partnership with UBS



- Growing interest in **Family Office Approach** (non financial)

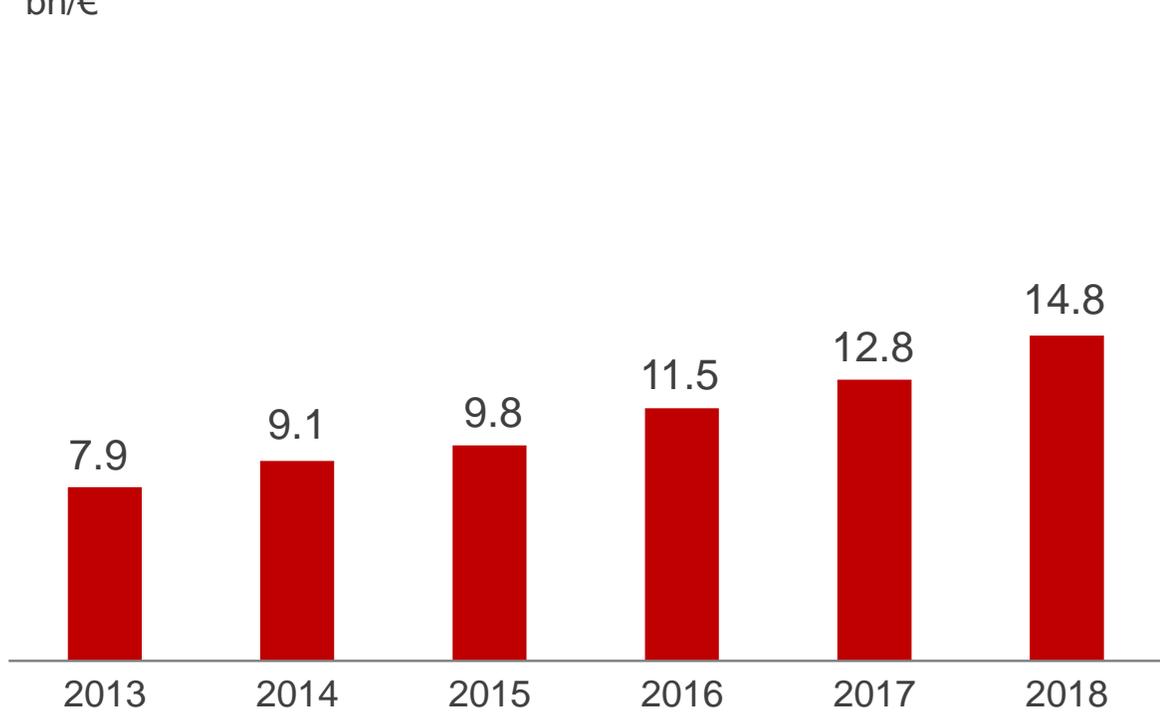
# 1<sup>ST</sup> AMBITION: EMPOWERING FAS (4/4)

## ASSET UNDER CUSTODY

	To consolidate our leading position in empowering the best Financial Advisors (FAs) in the Italian market
	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
	To create a new long term growth engine by selectively expanding our geographical footprint

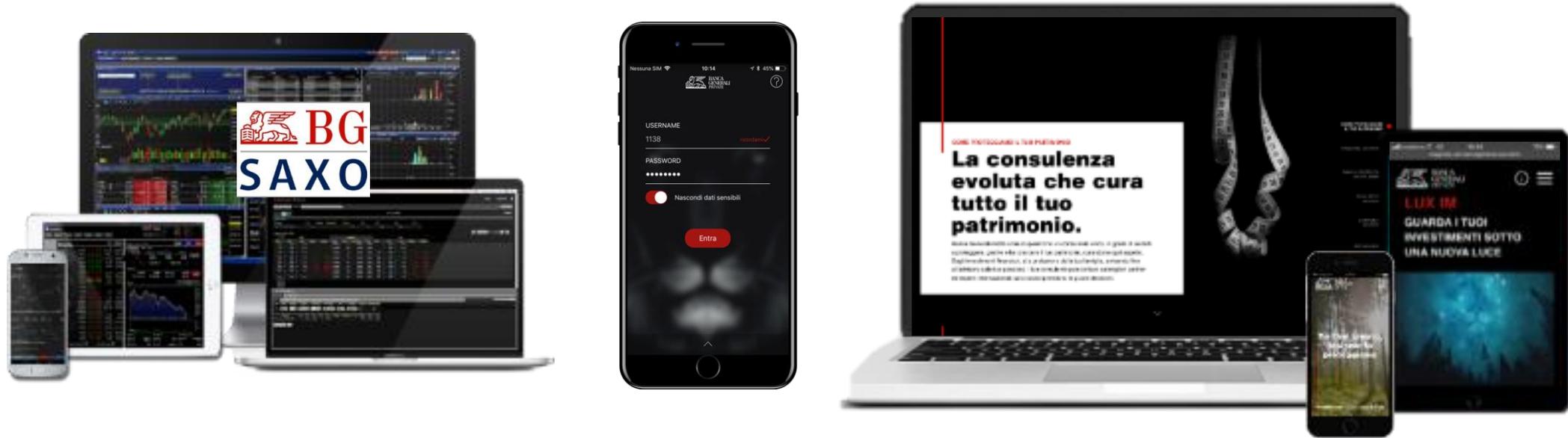
### Assets under Custody

bn/€



- **New organization and new teams** to strengthen the quality of the service for both FAs and Clients
- **BG Saxo partnership** – the expertise of a multi-asset trading and investment specialist with the aim of
  - Increasing the share of wallet of existing clients
  - Improving AuC profitability by an higher AuC turnover ratio
  - Acquiring new clients (B2C)
- **BG Smart Derivatives** - increase penetration of certificates and other private placements:
  - Align with market practice in the private banking space
  - Increase asset diversification

### Being disruptive in relation to the Clients



- **BG Saxo** – multi-level platform to offer an easy, standard or top trading experience
- **Onboarding process 100% digital**, account opened in 15-20 minutes
- Mobile banking App with an **innovative customer experience** and new features: vocal interaction, Apple pay and Samsung pay integrated, BG Saxo directly embedded in the App and more..

# 2<sup>ND</sup> AMBITION: CLIENTS' FIRST CHOICE (2/2)

## SUSTAINABILITY AS AN ALTERNATIVE APPROACH TO CLIENTS

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

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

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



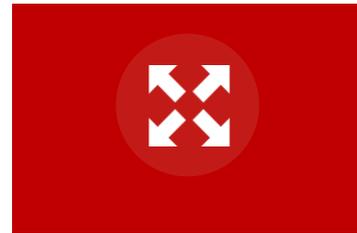
### New proposition for Clients

- UN sustainable development goals (SDGs)
- New commercial approach starting from Clients' need



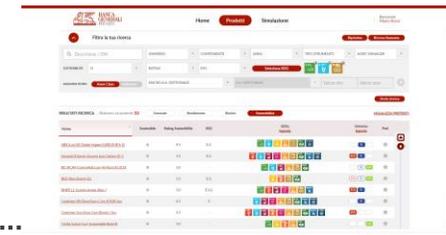
### ESG Fund Selection

- Wide and growing offer: 161 ESG funds with 25 AMs
- Wide range of investment strategies (Best in Class, Best effort, Engagement, thematic Investing)



### ESG Portfolio platform

- Fund due-diligence and monitoring of SDGs goals with the support a specialist partner
- Investment advisory dedicated to SRI/ESG portfolio lines



### ESG Reporting

- Link and valuation of the contribution of each fund to the SDG target
- Effective and clear reporting of ESG targets



# 3<sup>RD</sup> AMBITION: INTERNATIONAL ASPIRATION

## NEW GROWTH ENGINE

	To consolidate our leading position in empowering the best Financial Advisors (FAs) in the Italian market
	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
	To create a new long term growth engine by selectively expanding our geographical footprint

The project aims at building a new **long term growth engine**, that will achieve profitability in the short term.

### 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 depositary bank**

### CLIENTS MANAGED FROM SWITZERLAND



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



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

**TARGET: €5.0 – 7.0bn Assets by 2023**

- 1 **BANCA GENERALI AT A GLANCE**
- 2 **BG KEY FINANCIALS**
- 3 **BG STRATEGIC AMBITION**
- 4 **CLOSING REMARKS**

# 2021 MAIN TARGETS

READY TO ACHIEVE SUSTAINABLE AND PROFITABLE GROWTH



## 2021 FINANCIAL TARGETS

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

## 2021 COMMERCIAL TARGETS

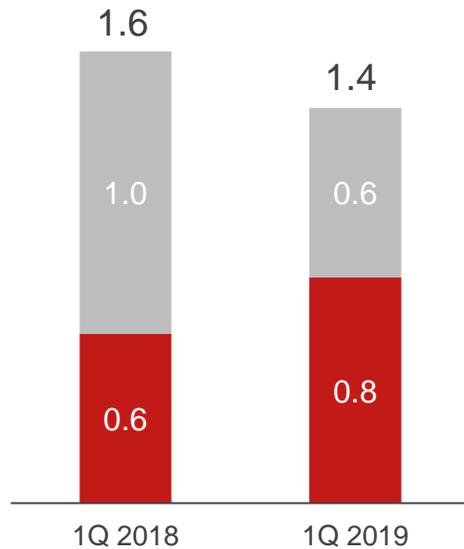
Cumulated Net Inflows: **>14.5 bn/€**

Total Assets: **76-80 bn/€**

# STRONG START TO 2019

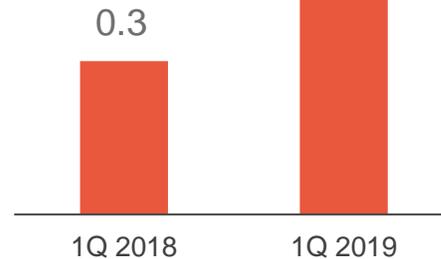
## 1Q 2019 NET INFLOWS

Total net inflows,  
product mix m/€

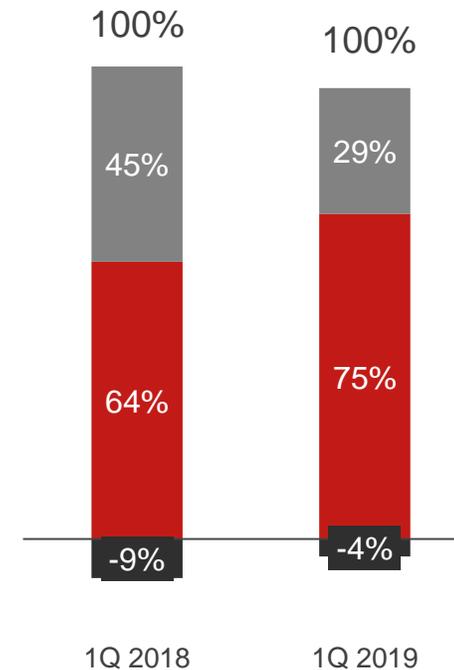


- Banking products
- Managed & insurance products

Net new assets  
under advisory bn/€

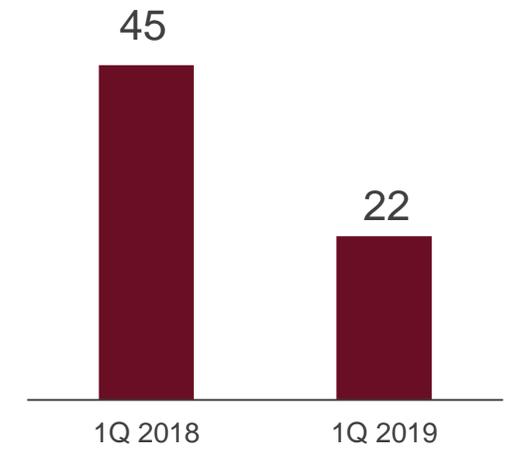


Total net inflows by  
acquisition channel m/€



- New recruits
- FA Out
- Existing network

Recruiting trend (# of new  
recruits)



# 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.*

*Neither Banca Generali SpA nor any of its affiliates, directors, officers, employees or agents owe any duty of care towards any user of the information provided herein nor any obligation to update any forward-looking information contained in this document.*

*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.*

# UPCOMING EVENTS

APRIL						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

**Annual General Meeting**  
1<sup>st</sup> Call

MAY						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

**1Q 2019 results**  
& Investor Conference Call

## Investor Relations

**Giuliana Pagliari**

*Investor Relations Manager*

Phone +39 02 408 26548

Mobile +39 331 65 30 620

E-mail: [giuliana.pagliari@bancagenerali.it](mailto:giuliana.pagliari@bancagenerali.it)

E-mail: [investor.relations@bancagenerali.it](mailto:investor.relations@bancagenerali.it)

Corporate Website

[www.bancagenerali.com](http://www.bancagenerali.com)

## Investor App

