

**PRESS
RELEASE**

2022-2024 Strategic Plan:

Banca Generali is preparing a new growth phase, focussing on its distinctive elements: the professionalism of its Financial Advisors, innovation and sustainability

Growth, Profitability and Shareholder Remuneration underpin the new three-year plan

Advanced data management for a bespoke offering and an enriched service model for HNW, Private and Affluent Clients

Strategic pillars:

- **Value of service** – Strong drive towards the personalisation of our offering and extension of the service model. Evolution of the network management.
- **Innovation – Data-driven, digital and Open Bank**, with technological platforms and data as a new source of development
- **Sustainability** – A reference point for all our Stakeholders, people-centric approach. Net zero emissions by 2040.

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Main Financial targets:

- **Total net inflows:** €18-22 billion cumulated in 2022-2024
- **Recurring net profit growth¹:** 2022-2024 CAGR at +10-15%
- **Dividend distribution:** cumulative €7.5-€8.5 per share in the 2022-2025 period (cash view)

¹ Net profit adjusted for non-recurring items (variable fees, non-recurring trading income and extraordinary provisions).

Milan, 14 February 2022 – The Board of Directors of Banca Generali today approved the guidelines of its 2022-2024 Strategic and Financial Plan that the Bank's top managers will present today to the financial community at a dedicated event.

Chief Executive Officer and General Manager Gian Maria Mossa stated: *"We are now preparing for a new phase of sharp growth for our Bank, leveraging our strengths: the quality of our professionals, an innovation-oriented culture and a commitment to sustainability. The strategy aimed at achieving ambitious targets is based on three pillars: the first one aims at bringing the Bank closer to our professionals and our Clients, thanks to the evolution of our offering and service model and a growing support to the network. The second one is based on the creation of a data-driven, digital and open Bank. The third pillar aims at strengthening the Bank's positioning in sustainability, becoming the point of reference on ESG themes for all our stakeholders. This plan is centred on our people, the core of our company and a differentiating element in the market. Banca Generali's extraordinary success story has been written by all its people: the same people who, with renewed enthusiasm, passion and motivation, will participate in these new challenges oriented towards sustainable growth."*

The 2022-2024 Plan's strategic vision

In 2021, Banca Generali exceeded the main targets set in its three-year 2019-2021 Plan, further improving on its track record, outstanding in terms of growth, profitability and shareholder remuneration.

Building on these premises, the **Company is presenting a new Plan to mark out a new phase of development** in all aspects of its business and stakeholder relations.

Its strategic ambition is to be the qualified choice of a constantly increasing number of households, drawing on the strength the unique expertise of its Financial Advisors, powered by an innovative approach to digital, and of a scalable business model. Banca Generali thus enjoys new growth prospects owing to **an expanded potential Client base, which may be reached through more personalised offerings and solutions and a service made even more effective and efficient by the Financial Advisor-Technology combination.**

The Plan is strongly based on Three Strategic Pillars, which are pivots to the Bank's vision: *'To be the No. 1 Private Bank, Unique by Value of Service, Innovation and Sustainability.'*

In detail, the targets are:

- *Increased potential target market.* Attracting and introducing new Client segments to the world of advisory and to the Company's range of solutions with increasingly personalised offerings and service models that may be scaled by its Financial Advisors;
- *Data-driven bank.* Leveraging our 'Open Banking' model to expand the ecosystem of platform and digital tools to create a range of solutions even more tailored to the needs of our Financial Advisors and our Clients. The enhancement of the data and its processing

methods become crucial to generating new opportunities for growth in terms of service quality, trust, and geographical expansion.

- *Sustainability for all stakeholders.* Starting from transparency, efficiency and service quality, the aim is to increase the sustainable approach by setting new, ambitious targets, respecting the environment and the individuals and pursuing the objective of creating value for all our stakeholders.

The 2022-2024 Plan calls for a significant development of the Bank, in continuity with its history and track record, focusing on the following objectives:

- Consistent Growth – Cumulated net inflows of €18-22 billion;
- Profitable Growth – Recurring profit growth with a +10-15% CAGR in 2022-2024;
- Remunerative Growth – Cumulative dividends equal to €7.5-8.5 per share in the period 2022-2025 (cash view).

While ambitious, the goals are within the Bank's reach in light of the opportunities afforded by the sector, which has succeeded in brilliantly navigating the difficulties imposed by the pandemic and now faces a scenario of gradual normalisation. The new strategy enables an evolution of the business model, which, while still starting from the central, priority role of the Financial Advisor, is able to incorporate further service offerings that harness technology and can benefit from greater integration of ESG principles at all levels of the Bank, from governance to management, investments and products.

Banca Generali has embarked on a unique journey over the past decade, with a solid, exemplary track record in terms of growth. Its success reflects its overall strategic choices, such as repositioning in the private segment and reorganising the network towards the high end of the market. This is in addition to distinctive elements such as the brand's strength and the synergies of being a part of the Generali Group, the cohesiveness of the team that shares the same values and the same determination to achieve their goals. When combined, these ingredients renew the Bank's confidence in the new milestones to be reached in the 2022-2024 Plan, which calls for a new phase of strong expansion.

A summary of the main initiatives defined for the three pillars of the 2022-2024 strategy is given here below.

1. Value of service – A Bank ever closer to the FA network and Clients

The key goal is to introduce a composite range of products, services and digital tools that enable fully bespoke offerings and service models, with dedicated platforms that exploit data analytics to analyse potential more effectively.

Within this context, Banca Generali has identified an opportunity to serve a **broader market segment** than the Private Clients it has served up to now. After the successful strategic repositioning into the private banking sector, the Company now aims to expand its presence in the High-Net-Worth (HNW) segment, on the one hand, and in the Affluent segment, on the other. In both these segments — where Banca Generali is already partly present — there is estimated to be a considerable opportunity for share-of-wallet expansion and to attract new Clients.

To achieve these goals, the Company has drawn up a range of solutions, which will be further adapted to the target market. These include:

- for HNW and Private Clients, the new fee-based advanced advisory contract, the expansion of the range of insurance cover, the new platform on private markets, the new Family Office module and the multi booking center in Switzerland;
- for Affluent Clients, the new asset management solutions and the new BG Oltre wrapper to reinforce asset-management solutions for this market segment, the new advanced and customisable platform for accumulation plans, the new range of accounts, and the financing solutions via digital devices.

The expansion of the range will be accompanied by a reinforcement of the service model centred on Financial Advisors. Specifically, this process will strengthen the Financial Advisors' actions by preparing **three specific service models, differentiated in terms of content, assistance and digital accessibility**:

- **'Enhanced' Model** - a double-touch model for HNW Clients that combines a sophisticated data-driven platform, the ability of our Financial Advisors and the competence of specialised in-house and external teams, thus guaranteeing a wide selection of content, analysis, services and partnerships to meet any needs;
- **'Guided' Model** - a hybrid model aimed mainly at Affluent Clients and combining the technological component with the 'human touch', with Financial Advisors in charge of relations while delegating to the technological platforms the creation of investment portfolios and their maintenance over time, as well as their administrative management. The Guided Model envisages a strong contribution from the Bank in mapping the risk profiles, and generating and managing investment proposals;
- **'Self' Model** - a digital model for Clients who prefer to manage their assets on their own. Within the new Home Banking, the model envisages the presence of a wide ecosystem of digital services that integrates the best fintech solutions available, such as digital investing, digital assets, sustainability, instant lending, and other platforms developed over time for our Financial Advisors.

The diversification of the offering and service models is enhanced by a data driven approach that will further increase the efficacy of commercial actions by analysing potential at the level of Clients, Financial Advisors and geographical areas. The combination of these models will allow Financial Advisors to allocate their time more effectively by focusing on high-potential Clients, increasing



opportunities to acquire a greater share of wallet from existing Clients and freeing up time previously dedicated to low value-added and low potential activities.

2. Innovation – Building a data driven, digital and open bank

Innovation is placed even more at the centre of the Bank's strategy. Last year, the Bank successfully launched a composite path towards digitalisation, open banking and process automation, and in the next three years it will leverage the expertise and competencies gained to further progress along three lines of action:

- **integrated use of data:** over the past two years, the Bank has launched its **new Data Management unit**, working on data governance and competencies, exploring first the business intelligence and data analytics aspects, while at the same time setting up the new Data Lake in Cloud architecture. This path has allowed to build a single view of data within the organisation. These efforts underlie the systematic use of the data assets of our Clients, our Financial Advisors and the territory where they operate. The action of Financial Advisors and managers is thus strengthened (also including a push approach) supported by a Data-Platform that will enable a greater service personalisation and support in identifying development potential;
- the second line of activity is the **evolution of the range of digital assets** in three areas: i) bespoke platforms for Financial Advisor to support the different service models; ii) further development of Business Process Automation and robotic approaches, also thanks to the data support, for a comprehensive digitalization of all the operating processes; iii) the integration of new digital services in Client channels;
- finally, the Bank will continue to monitor and identify the technological innovations that will enable it to remain always abreast of industry trends and grasp the best opportunities to be integrated in its open ecosystem.

3. Sustainability – A reference point for all our stakeholders

Sustainability has always played an important role in Banca Generali's strategy in line with the Generali Group's excellence in this area. The context of the past two years has driven lifestyle changes (pandemic, remote working and D&I) that raised awareness around social and environmental issues (ESG-driven investment approach), in addition to the contribution of international organisations in terms of regulations (SFRD, taxonomy).

Banca Generali has made sustainability principles an integral part of its business since 2019, but over the past 18 months it has made a significant effort to increase the profile of its commitment. In

addition to the Bank's use of sustainability issues in its marketing approach — which is unique in the sector — all of its corporate policies, particularly those regarding governance, investments, finance and credit, have been thoroughly revised to bring them in line with international best practices.

These initiatives did not go unobserved. In fact, in December 2021 the Company received a score of 9.2 (negligible risk) from Sustainalytics, ranking first of 449 international asset managers and in the top 100 of the over 15,000 companies monitored. In the same month, Standard Ethics also rated Banca Generali EE (Strong), improving its outlook to Positive (from Stable). Banca Generali was also included in the FTSE MIB ESG index.

As a result, it can clearly be seen that sustainability permeates the Bank's actions at all levels, involving all stakeholders with multiple commitments and goals, including:

- **Clients and Financial Advisors** – Banca Generali intends to further strengthen its sustainability-related commercial approach, which led to €6.5 billion assets invested in ESG products tied to UN SDGs (14.6% of managed solutions) at the end of 2021. In detail, the 2024 target aims to bring ESG products (funds and wrappers) to account for 40% of total managed solutions. The Bank has also launched specific sustainability-related training courses for its Financial Advisors;
- **Employees** – The Bank has structurally carried out actions aimed to promote work-life balance and has long adopted active Diversity & Inclusion policies. Specifically, the goal has been set that over the Plan period at least 50% of employees to be hired be under 35 years of age, and that initiatives aimed at ensuring an environment inclusive of all diversities continue to be taken. 70% of personnel will be involved in specific digital and sustainability initiatives. 100% of personnel will be able to benefit from a 'hybrid' work model.
- **Shareholders and Authorities** – the commitment to transparency and engagement for all initiatives underway is confirmed. The purpose of the three-year commitment is to endorse the requirements of the Principle of Responsible Investment (PRI) and of the Task Force on Climate-Related Financial Disclosures (TCFD);
- **Communities and Future Generations** – The Company has set several challenging climate-related goals, such as the 25% reduction of its carbon footprint by 2025 compared to the 2019 baseline in relation to corporate securities in managed solutions, and achieving net zero emissions by 2040 (with a phase-out of companies that use coal by 2030). It also undertakes to contribute concretely through social impact initiatives in the areas where it operates.

2022-2024 financial targets

The Bank fully confirms its growth-oriented approach in terms of business expansion, profitability and shareholder remuneration. The three macro-targets are:

- **Consistent Growth** – For the next three-year period 2022-2024 it expects **total cumulated net inflows** in the range of **€18.0-22.0 billion**, most of which — approximately two thirds of the total (€13-16 billion) — will be generated organically by the existing network through the increase of the share of wallet and the acquisition of new Clients. Accordingly, **assets under management and assets under custody are estimated to be in the range of €105-€110 billion at the end of 2024**. The figure does not take into account possible external growth transactions and assumes a prudential market performance of about 1% per year over the 2022-2024 Plan period. It estimates the **ratio of managed solutions to total assets**, at 52% at year-end 2021, **in a range of 52%-56% by 2024**, mainly driven by in-house funds and insurance wrappers. **Assets under Advisory**, which accounted for 8.5% of total assets at the end of 2021, are expected to grow in a range of **8.5%-10.5% by 2024**.

The business expansion plan includes **Switzerland**, where in 2019 the first presence was established with the acquisition of BG Valeur. The project unavoidably slowed due to the outbreak of the pandemic, but has now fully resumed with the setting up of the new company BG Suisse, the core of the future bank in the country, following the previous year's submission of formal applications to obtain a banking licence. It is expected that the Swiss market operations could generate €5.0-€7.0 billion assets over the next five years through both an organic growth process and recruiting initiatives.

- **Profitable Growth** – the Bank aims to generate a compound annual growth rate (CAGR) of **recurring profit** equal to 10-15% over the 2022-2024 Plan period. This forecast is based on a 7-10% compound growth rate of **recurring fees** over the 2022-2024 Plan period, in the context of margins not below the average margins for 2021. Growth is driven by the expected higher weight of managed solutions, among which in-house funds and insurance wrappers, thanks to the strengthened range of products and services dedicated to both HNW and Affluent Clients.

Net interest income is expected to achieve a CAGR of 5-10% over the 2022-2024 Plan period, linked particularly to the development of interest-bearing assets and the normalisation of interest rates. In fact, estimates call for at least €600 million growth of the credit portfolio and at least €1.9 billion growth of the banking book for the period, thanks to the diversification of the portfolio of investments and the expected moderate rate increase.

The focus on costs through a careful cost discipline is confirmed, albeit in a context of strong investments. The Bank estimates a CAGR of 5-6% in terms of **core operating**



costs² in light of the significant investments in innovation and development of the Swiss operations.

- **Remunerative Growth** - Banca Generali intends to distribute steadily growing dividends (cash view) over the Plan period, aiming to reduce profit volatility through a greater payout flexibility.

For this purpose, the future Dividend Policy has been set according to the following methods:

Dividend payout set according to the following criteria:

- **70-80% on the portion of recurring net profit;**
- **50-100% on the portion of variable net profit.**

Two-tranche mechanism for dividend payment:

- 1st Tranche - Year T / Q2
- 2nd Tranche - Year (T+1) / Q1

Based on the above and in light of profit forecasts, the Bank expects to be able to distribute **cumulative dividends of €7.5-8.5 per share in the 2022-2025** period, of which €2.55 DPS already announced.

The Manager responsible for preparing the company's financial reports (Tommaso Di Russo) declares, pursuant to Paragraph 2 of Article 154-bis, of the Italian Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documentary results, books and accounting records. Tommaso Di Russo (CFO of Banca Generali)

² Core operating costs are net of the cost of sales personnel and include Swiss operations (BG Valeur and BG Suisse)