

9M 2021 RESULTS

4 NOVEMBER 2021



**BANCA
GENERALI**

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To be the
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Sustainability



Preliminary remarks



9M 2021 Results



Net Inflows, Assets and Recruitment



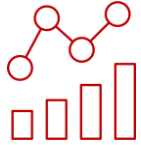
Business update



Appendix

9M 2021 RESULTS: EXECUTIVE SUMMARY

NEW HIGHS IN TERMS OF QUALITY AND SUSTAINABILITY



Sound business momentum - exploiting structural sector tailwinds for managed savings

- **Total Assets at €82.1bn (+17% YoY)** with positive trend for wrapper solutions and in-house fund business (+€5.1bn YoY, +€3.2bn YTD)
- **Net inflows totaled €5.5bn (+34%)** as managed solutions doubled to €3.7bn (+106%)
- **Growing FAs network** by size (2,154 FAs, +3% YoY) and quality (Assets/FA at €38.1m, +14%)



Record high net profit - reflecting diversified fee based revenues and operating leverage

- **9M net profit at €270.9m (+38%)** with a strong 3Q21 net profit at €80.8m (+27%) despite seasonality
- **9M recurring component at €132m (+18%)** driven by buoyant recurring fees and tight cost discipline
- **Strong contribution from recurring fee based revenues** driven by higher assets, expanded offer and pricing transition



Sound Capital position – well ahead capital requirements stated by the Authorities (SREP, MREL)

- **CET 1 ratio at 15.2%, TCR at 16.4% and leverage ratio at 4.4%** - with implied dividend assumptions above €1.25 DPS floor
- **Capital ratios confirmed above SREP requirements** of 7.75% at CET1 ratio level and 11.84%% at TCR ratio level
- **No incremental capital requirements requested under MREL regulation**, thus reflecting benefits of a capital-light business model

RESULTS AT A GLANCE

KEY TAKEAWAYS

m/€	9M 20	9M 21	% Chg
Net Interest Income	67.1	65.2	-2.8%
Net income (loss) from trading activities and Dividends	10.1	24.7	n.m.
Net Financial Income	77.1	89.9	16.5%
Gross recurring fees	575.2	688.4	19.7%
Fee expenses	-305.4	-361.9	18.5%
Net recurring fees	269.8	326.4	20.9%
Variable fees	100.4	196.6	95.9%
Total Net Fees	370.3	523.0	41.3%
Total Banking Income	447.4	612.9	37.0%
Staff expenses	-76.5	-80.0	4.7%
Other general and administrative expense	-67.0	-70.8	5.6%
Depreciation and amortisation	-23.5	-25.8	9.9%
Other net operating income (expense)	3.0	5.5	83.9%
Total operating costs	-163.9	-171.1	4.4%
<i>Cost /Income Ratio</i>	<i>31.4%</i>	<i>23.7%</i>	<i>-7.7 p.p.</i>
Operating Profit	283.5	441.8	55.9%
Net adjustments for impair.loans and other assets	-2.3	-4.3	84.8%
Net provisions for liabilities and contingencies	-18.9	-106.1	n.m.
Contributions to banking funds	-11.1	-14.5	30.2%
Gain (loss) from disposal of equity investments	-0.1	-0.2	39.4%
Profit Before Taxation	251.0	316.7	26.2%
Direct income taxes	-55.2	-45.9	-16.9%
<i>Tax rate</i>	<i>22.0%</i>	<i>14.5%</i>	<i>-7.5 p.p.</i>
Net Profit	195.8	270.9	38.4%

Comments

Healthy total banking Income (+37%)

- Net Financial Income (+17%) boosted by trading income while NII proved flattish (-3%)
- Net Recurring Fees (+21%) benefitted from higher assets in managed solutions and higher profitability
- Record variable fees thanks to positive clients' performance and higher asset size

Strong operating profit (+56%)

- Operating costs (+4.4%) in line with guidance despite the sharp increase in assets
- Cost/Income ratio (net of performance fees) decreased to record low levels of 34% (from 40%)

Non operating charges (+38% excl. 2Q 21 one off provision¹)

- Higher non-operating charges primarily linked to FA loyalty plan and higher contributions to banking funds

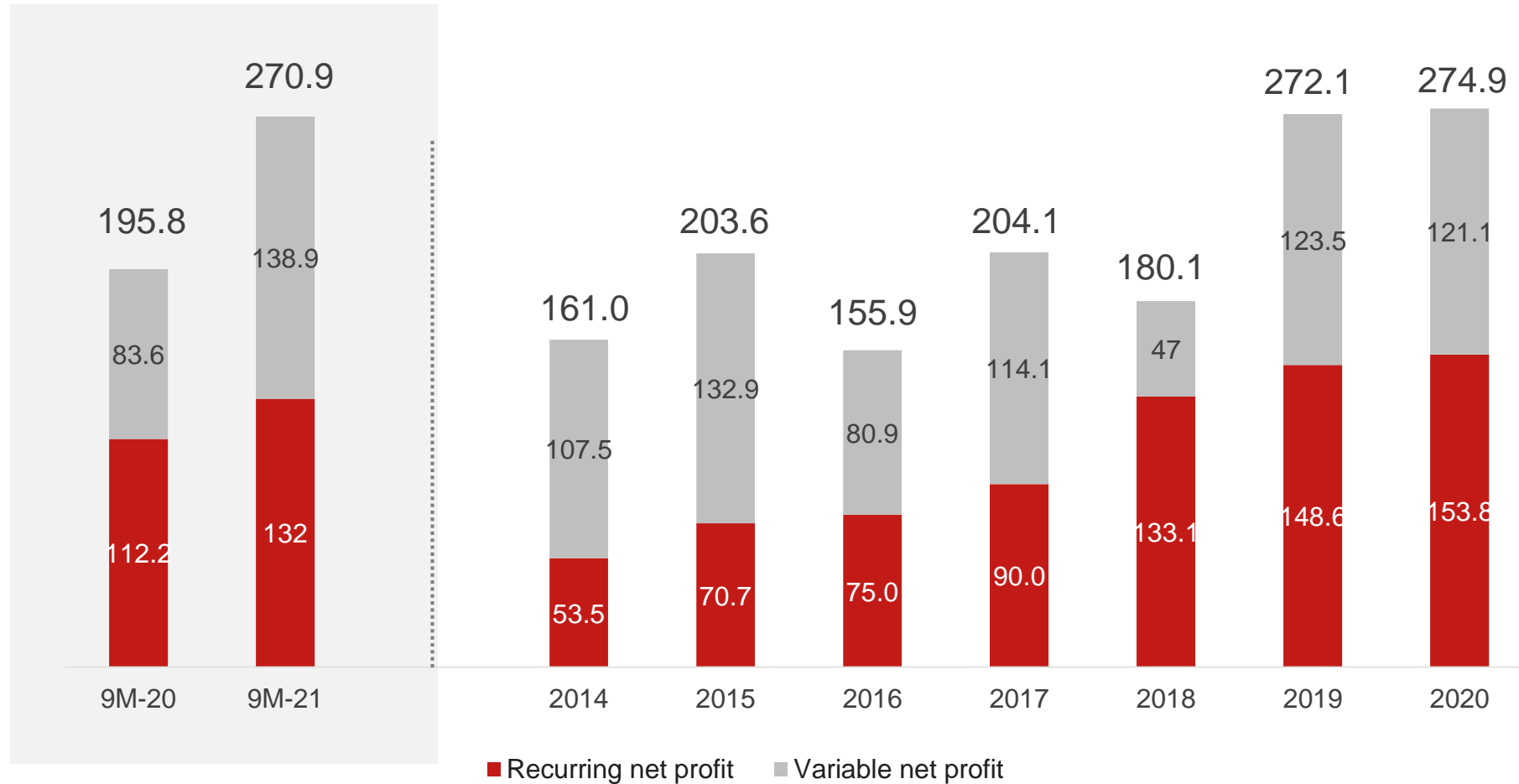
Record high net profit (+38%)

- Adj. tax-rate at 21.4% net of 2Q one-offs (tax alignment on goodwill/intangibles and extraordinary provision)

RECURRING NET PROFIT (1/2)

WELL ON TRACK TO DOUBLE DIGIT GROWTH

Net Profit: Recurring vs. Variable m/€



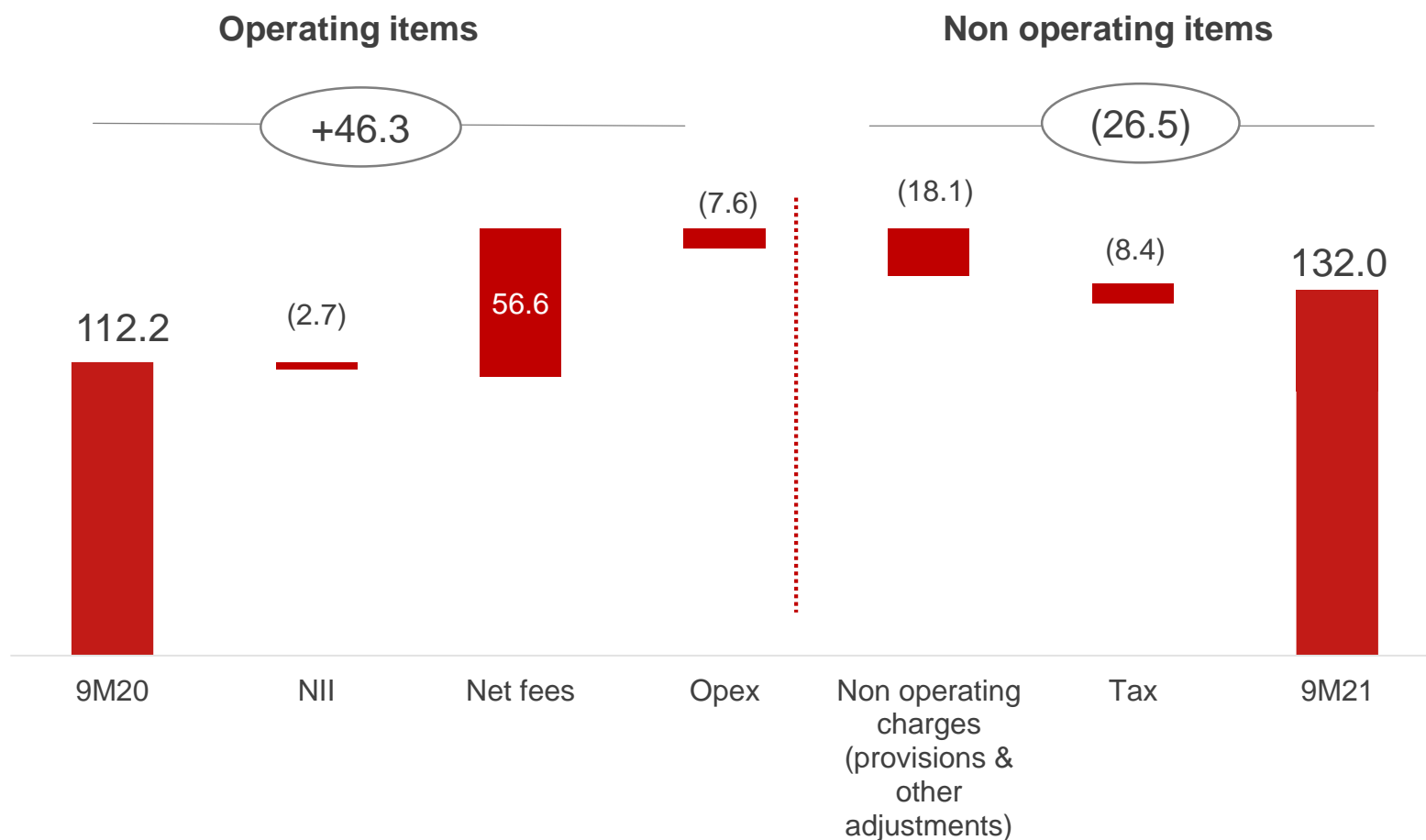
9M 2021 already at 2019 and 2020 full year level even after large one-off provisions in 2Q

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

RECURRING NET PROFIT (2/2)

SUSTAINABLE OPERATING TREND GATHERS PACE

Build up of recurring net profit m/€



Strong increase in recurring net fees (+€56.6m) driven by **increased exposure to in house solutions** (LUX IM , insurance and financial wrappers)

Cost discipline (-€7.6m) as reflected in record low C/I ratios

Non-operating charges (-€18.1), mainly for contribution to banking funds and FAs' loyalty plan linked to the robust commercial results

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Business update

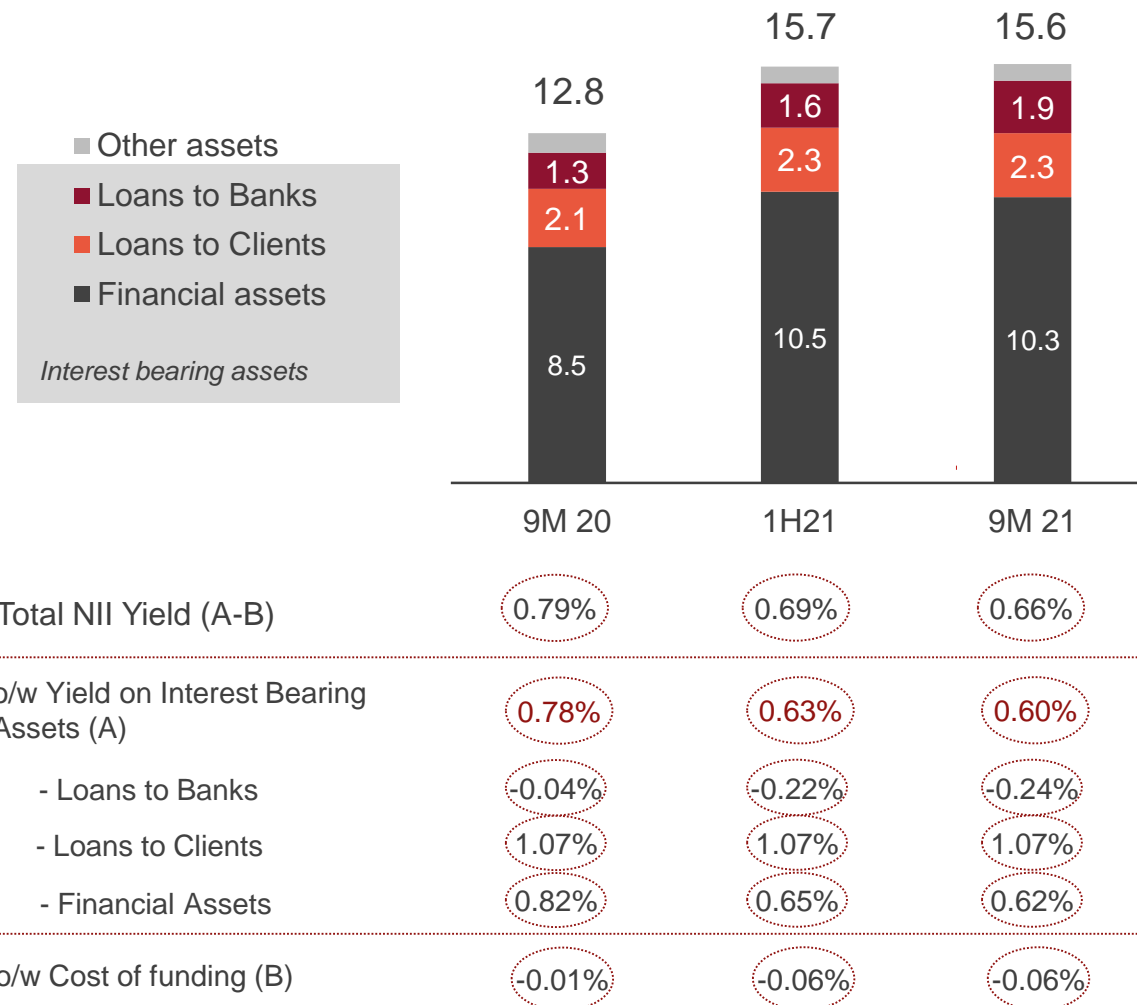


Appendix

NET FINANCIAL INCOME (1/2)

PREPARING FOR THE LAUNCH OF A PORTFOLIO OF ALTERNATIVE INVESTMENTS

Interest bearing Assets bn/€



Temporary increase in liquidity in 3Q21 pending the set up of a **Portfolio of Alternative Investments**.

The launch of the new Portfolio implied the disposal of selected fixed income securities with high RWA absorption

The new portfolio will include €380 million referring to **the senior notes of the NHS securitisations¹** that Banca Generali purchased from clients (settlement on 7 October 2021)

The **size of the new portfolio** will reach up to maximum €550 million (i.e. 4% of total Interest bearing assets).

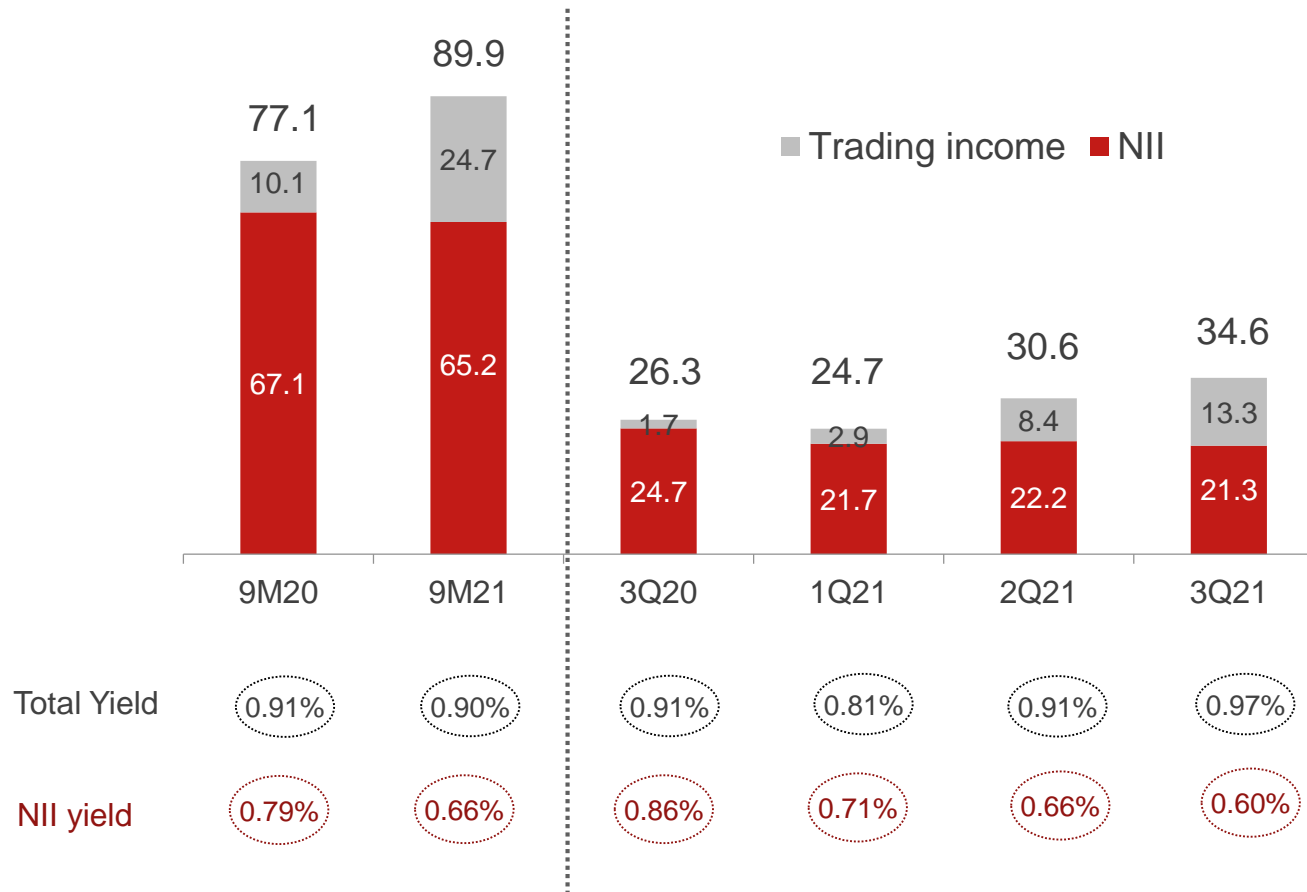
The portfolio will be managed by a sector specialist and it will include **additional strategies** (infrastructure, SMID loans)

The **impact on capital ratios is negligible**

NET FINANCIAL INCOME (2/2)

HIGH QUARTERLY RESULT DRIVEN BY THE TRADING COMPONENT

Net financial income m/€



The rebalancing of the portfolio had two main impacts:

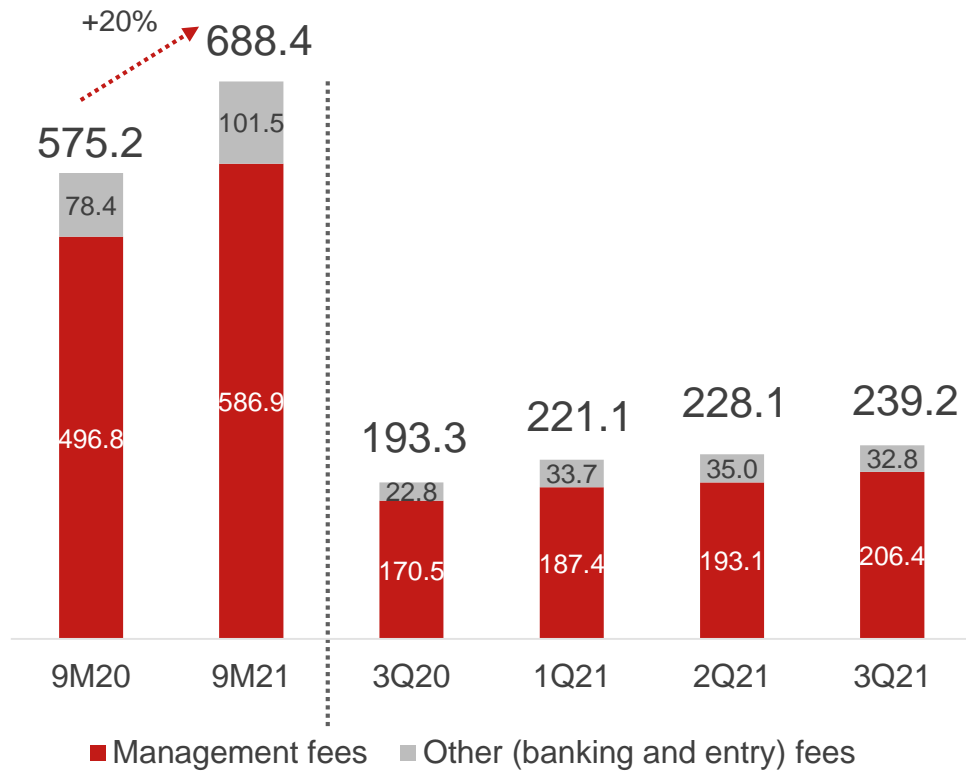
1. the **trading income** benefitted from the disposal of the fixed income securities with realised capital gains for €11m in 3Q21 (out of total €13.3m)
2. The **NII** posted a small reduction linked to the lower investment yield of the investment portfolio and higher liquidity in the period

Current low duration of the investment portfolio (1.3 years) and high share of floating rate bonds (53% of total) represent an opportunity in case of interest rate increase

GROSS FEES (1/3)

STRONG REVENUE BOOSTED BY FAVORABLE MARKET CONDITIONS

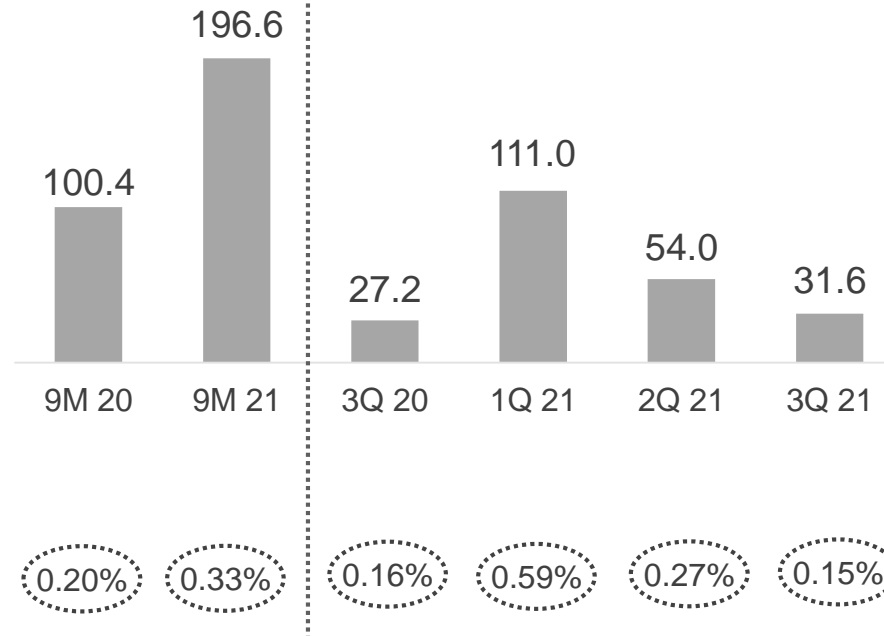
Gross recurring fees m/€



On
Total
Assets¹



Variable fees m/€



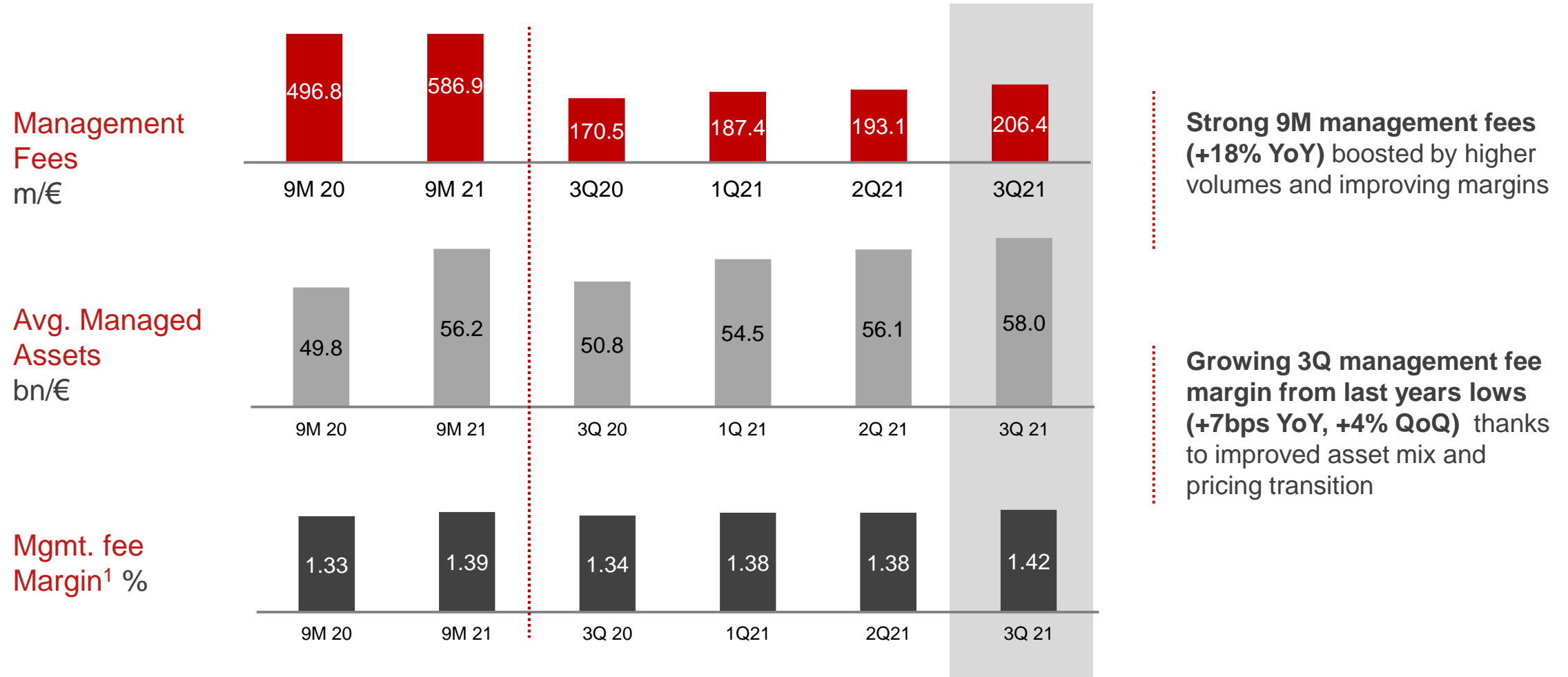
Strong increase in 9M /3Q recurring fees (+20%, +24% YoY, respectively) driven by higher quality mix, diversification and pricing transition

3Q gross recurring margin (+5bps YoY to 1.17%) lifted by management fees

GROSS FEES (2/3): MANAGEMENT FEES

ACCELERATION AT QUARTERLY LEVEL ON BETTER ASSET MIX AND PRICING TRANSITION

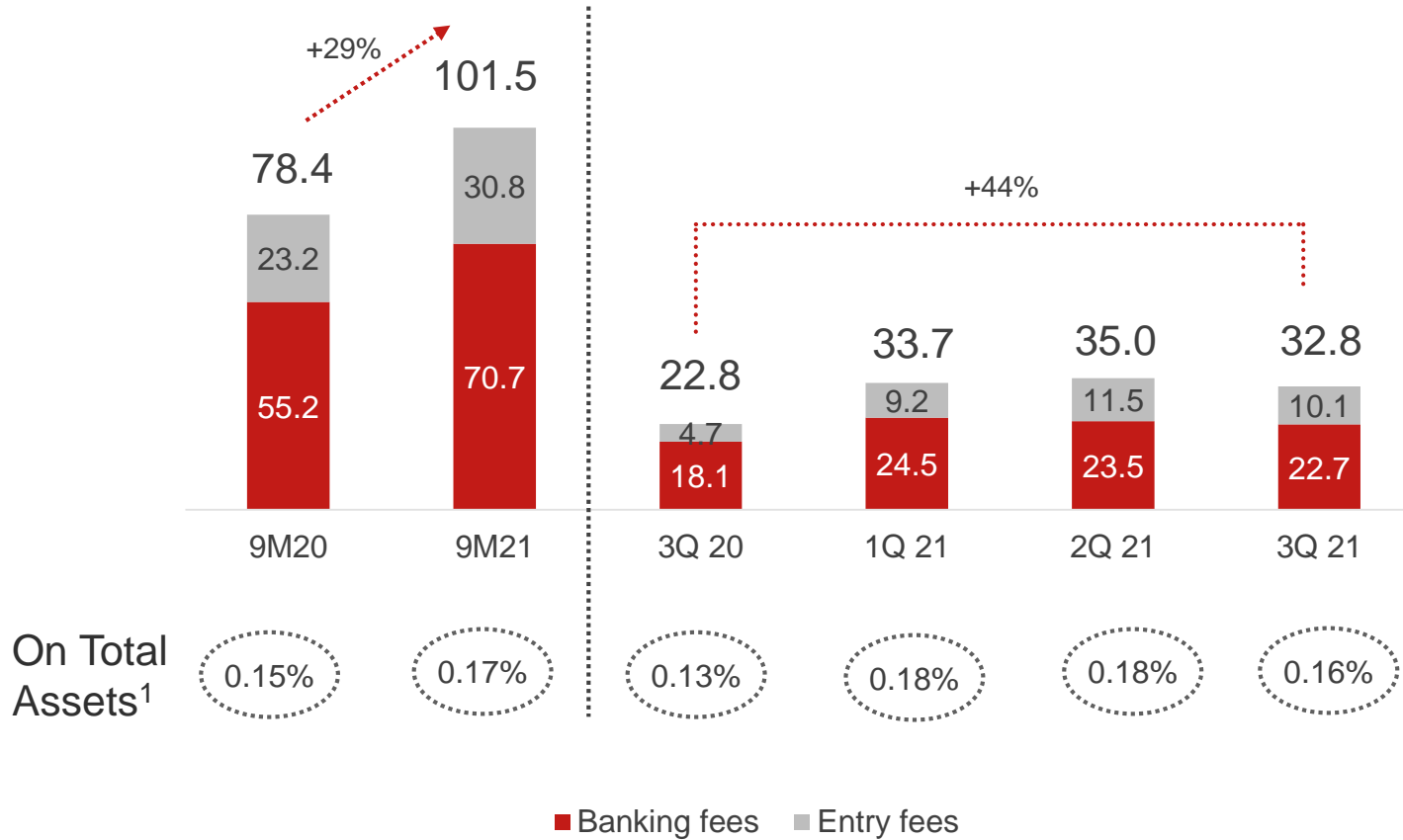
Quarterly trend m/€



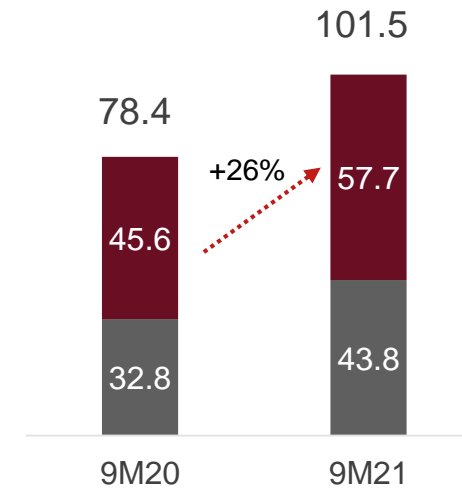
GROSS FEES (3/3): OTHER FEES

GROWING CONTRIBUTION ACROSS THE BOARD

Banking and Entry Fees m/€



New Revenue Streams m/€



■ New revenue streams
■ Transactional banking, front fees

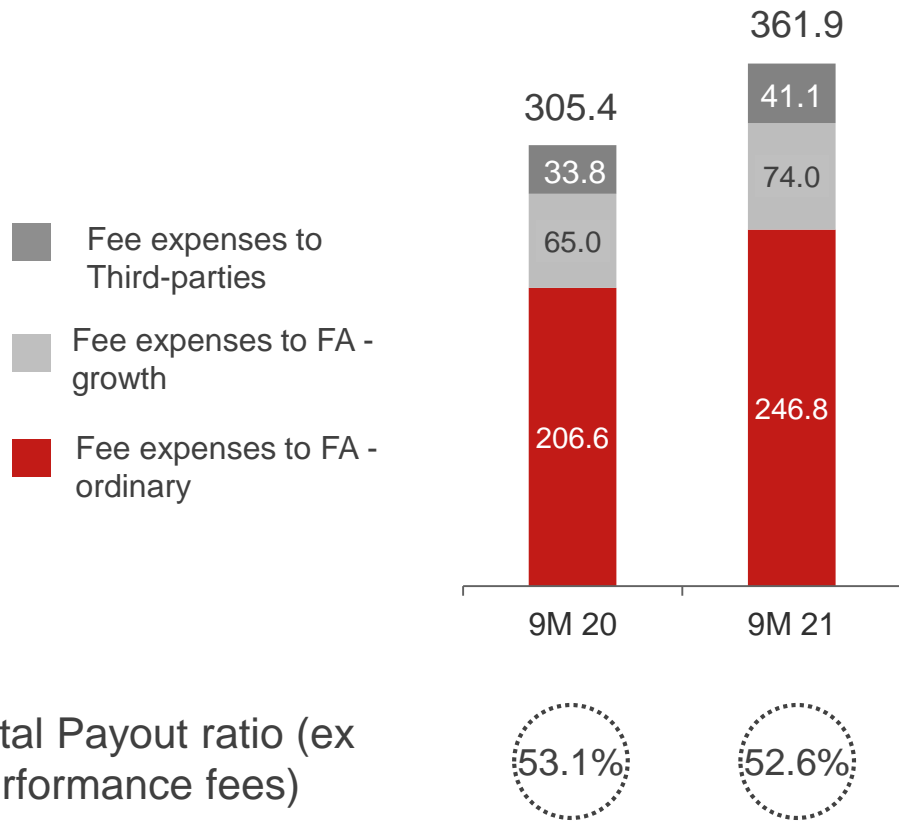
New revenue streams well on track to €70 million target for the year

Transactional banking and entry fees (+33%) boosted by strong entry fees and institutional brokerage

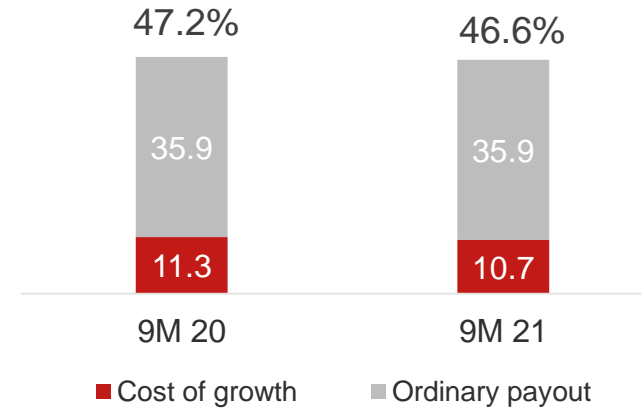
FEE EXPENSES

TOTAL PAYOUT RATIO IMPROVING FURTHER

Total Fee Expenses m/€

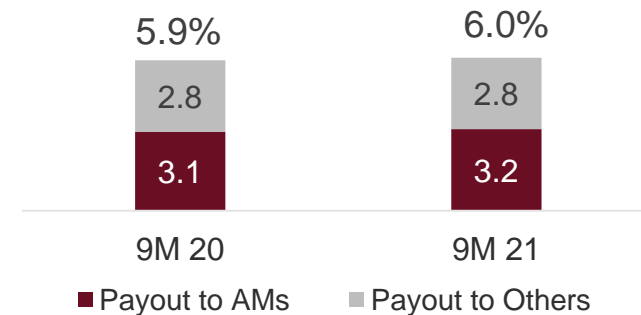


Payout to the network %



Payout to the network decreased thanks to lower cost of growth

Payout to Third parties %

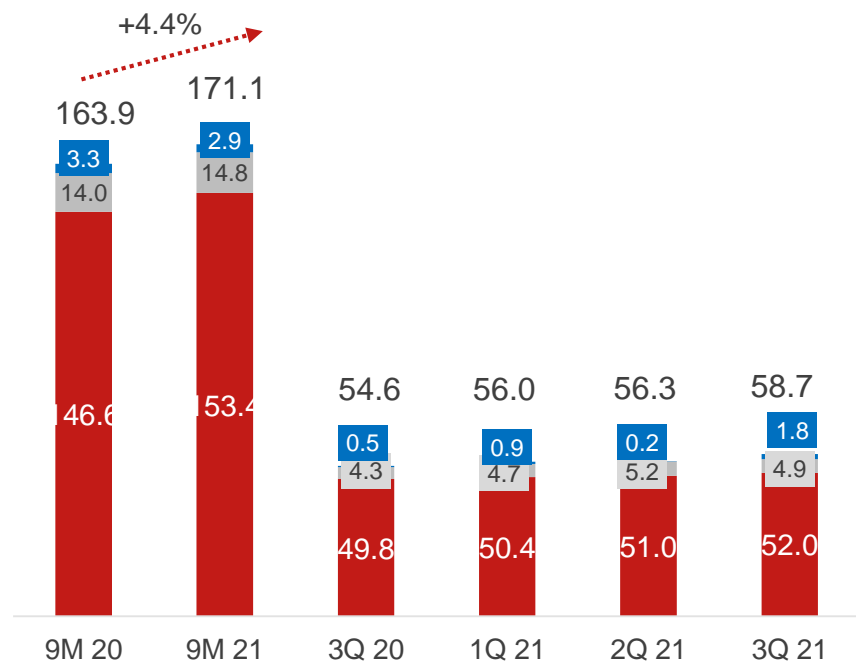


Payout to AMs was broadly stable while **payout to others** reported a temporary spike driven by an acceleration in advisory fees for Robo4AD. The spike is expected to be reabsorbed in the coming quarters

OPERATING COSTS (1/2)

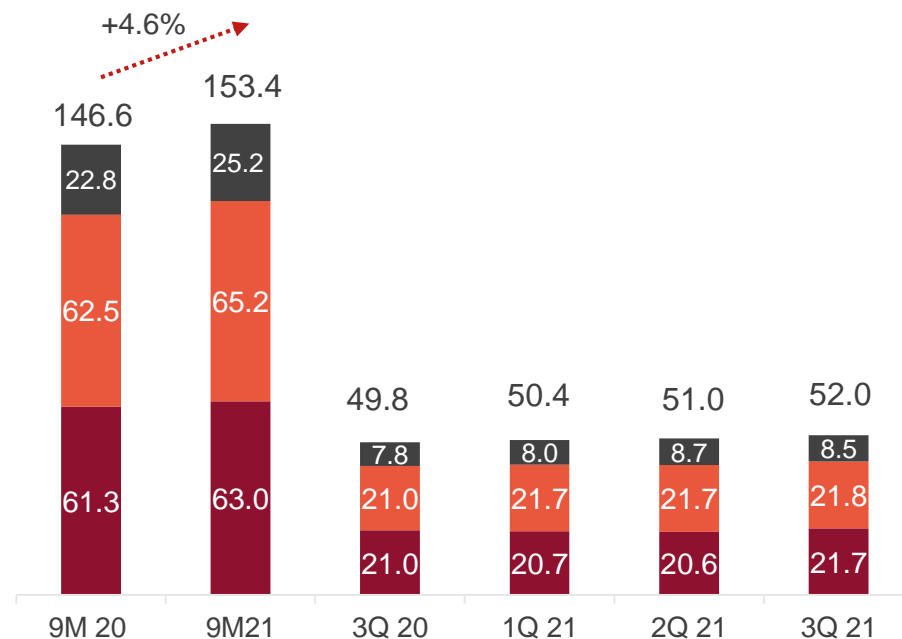
FULLY IN LINE WITH GUIDANCE DESPITE PUSH ON IT INVESTMENTS

Total operating costs m/€



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

Breakdown of core operating costs m/€



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

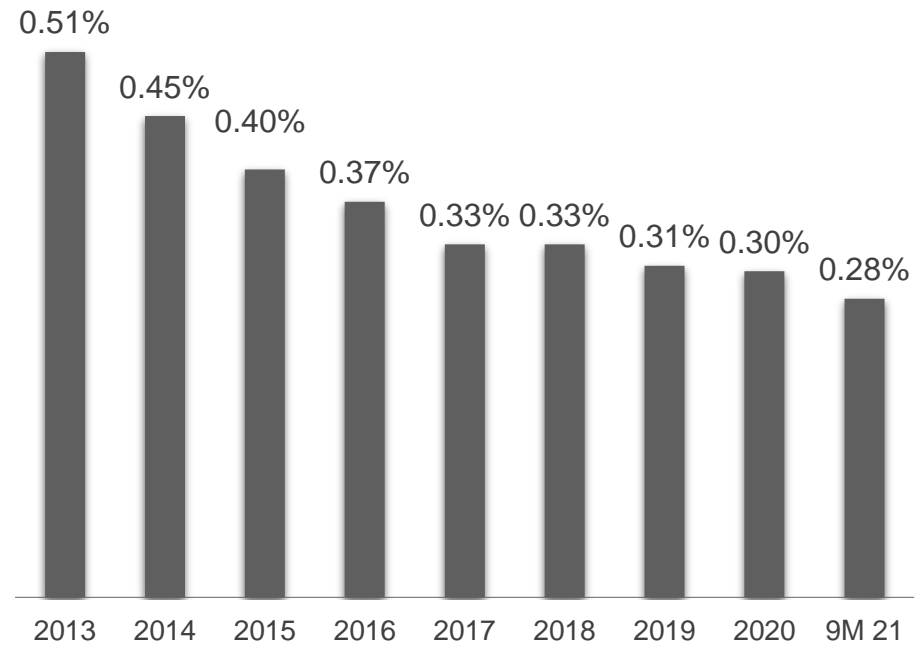
Operating costs provide evidence of the scalability of the business model

3Q 'others' operating costs posted a spike on costs for the development of the Swiss banking licence.

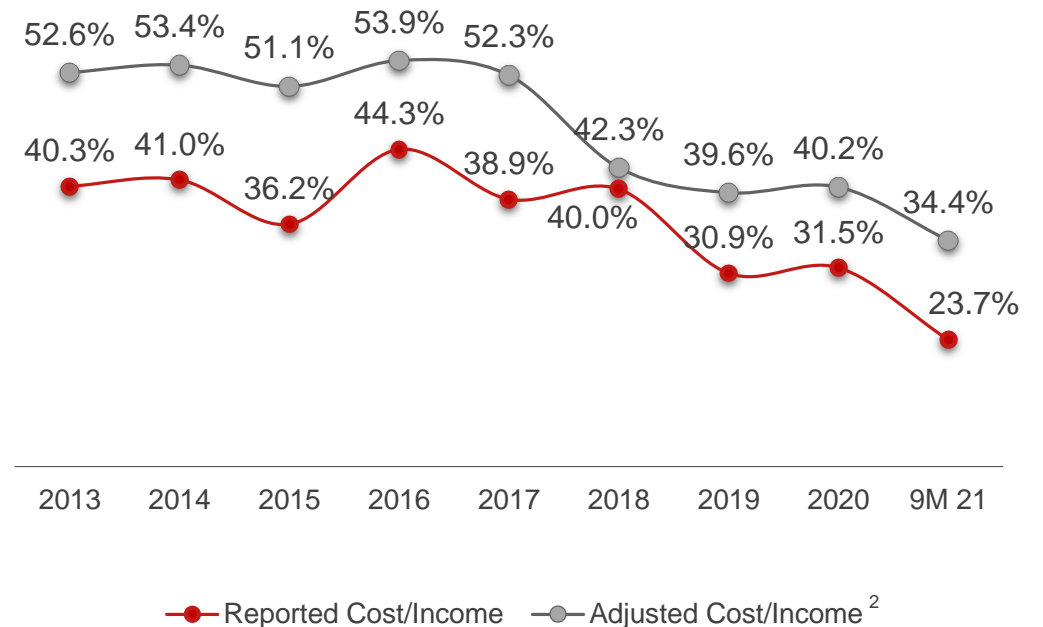
OPERATING COSTS (2/2)

OPERATING LEVERAGE REMAINS SUPPORTIVE

Operating costs/Total assets¹



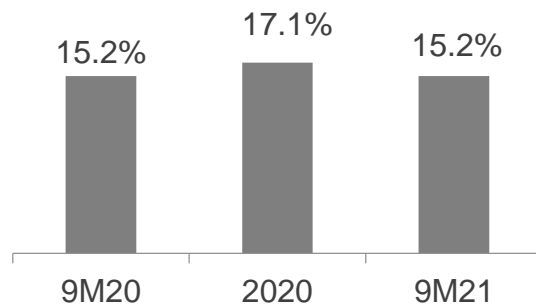
Cost/Income ratio^{1,2}



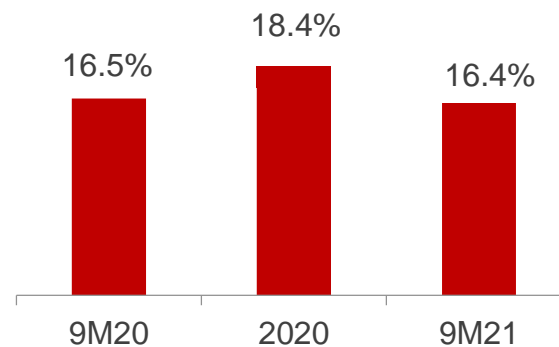
SOUND CAPITAL RATIOS

AFTER ACCOUNTING FOR INVESTMENT DIVERSIFICATION AND DIVIDENDS

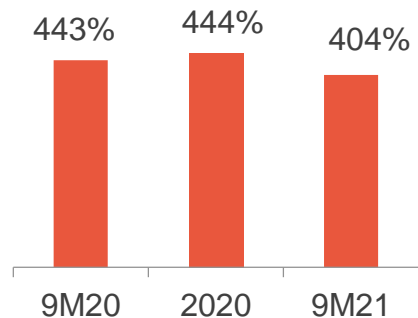
CET1 ratio



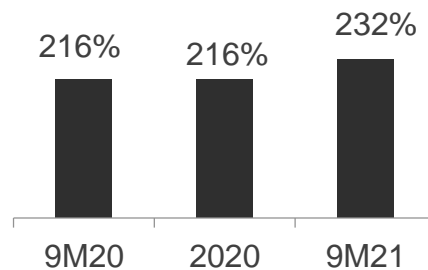
TCR ratio



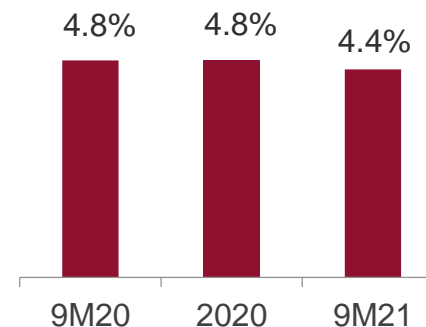
LCR ratio



NSFR ratio



Leverage



9M21 capital ratios based on 2021 dividend provision¹ temporary set in the higher side of the earnings' payout range foreseen by the in-force dividend policy. Capital ratios are also net of 2019/20 dividends whose payment dates² are set in November 2021 (€2.7 p.s.) and February 2022 (€0.60 p.s.)

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

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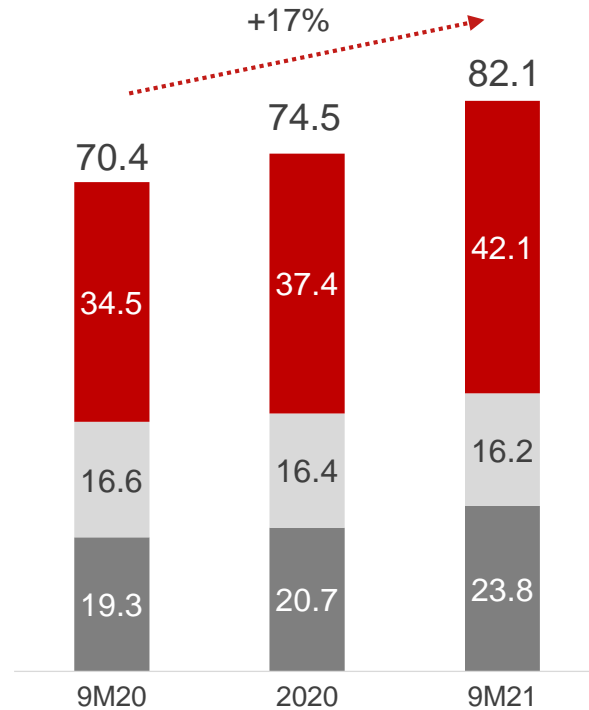


Appendix

TOTAL ASSETS

NEW HIGHS WITH A HIGHER QUALITY MIX

Total Assets bn/€

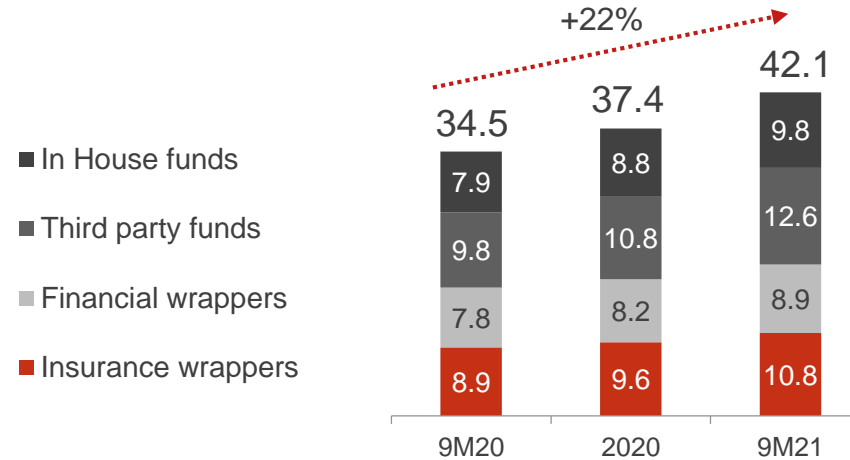


% Managed Solutions/Total assets

48.9% 50.2% 51.3%

■ Banking products ■ Traditional life policies ■ Managed solutions

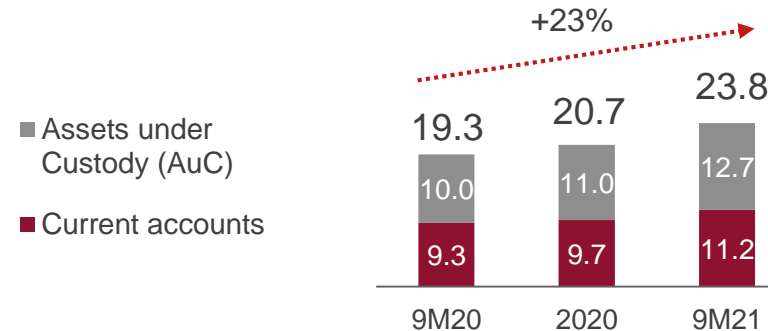
Managed Solutions bn/€



Managed solutions growing strongly driven by LUX IM (+40% YoY, +21% YTD)

Traditional life products undergoing a gradual rebalancing in favor of insurance wrappers

Banking products bn/€

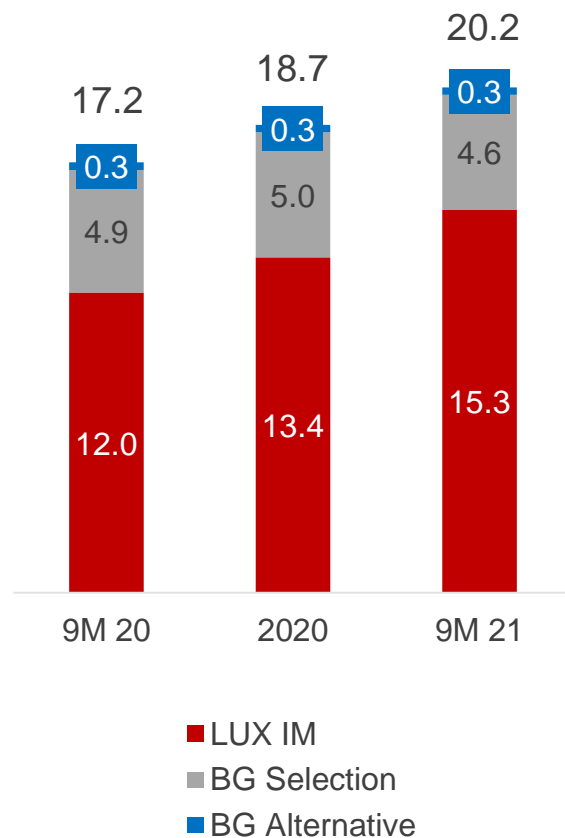


Banking Assets boosted by new clients' acquisition and more compelling offer of advisory services for Assets under Custody (AuC)

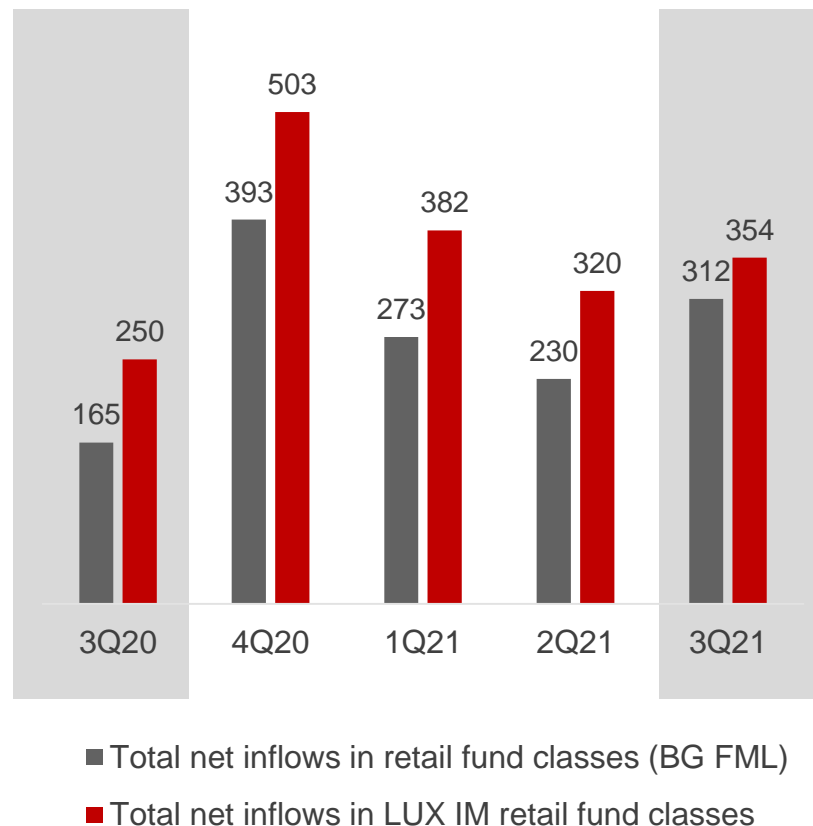
BG FUND MANAGEMENT LUX (BG FML)

LUX IM GROWTH DRIVEN BY INNOVATIVE STRATEGIES

BG FML - Assets by SICAV bn/€



BG FML – Net inflows in retail fund classes m/€



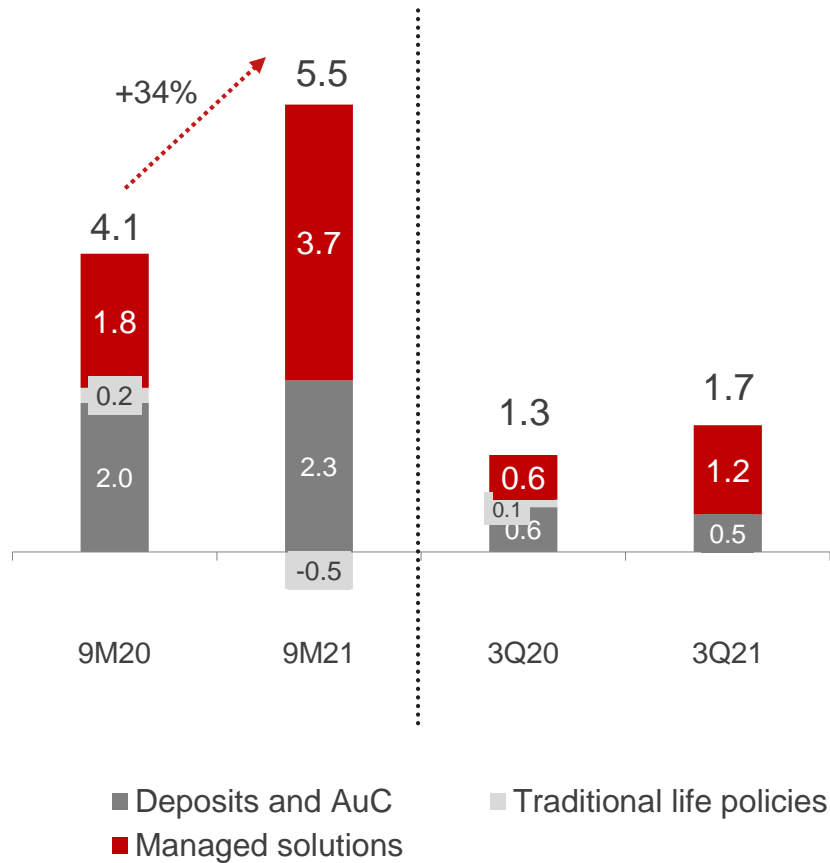
LUX IM added €3.3bn assets in the last 12 months and now stands at 76% of total LUX based assets (+6 pts)

3Q net inflows in LUX IM benefitted from the roll out of new investment lines at the end of July 2021 (i.e. more focus on equity and alternative/flexible strategies, strengthening of ESG offer)

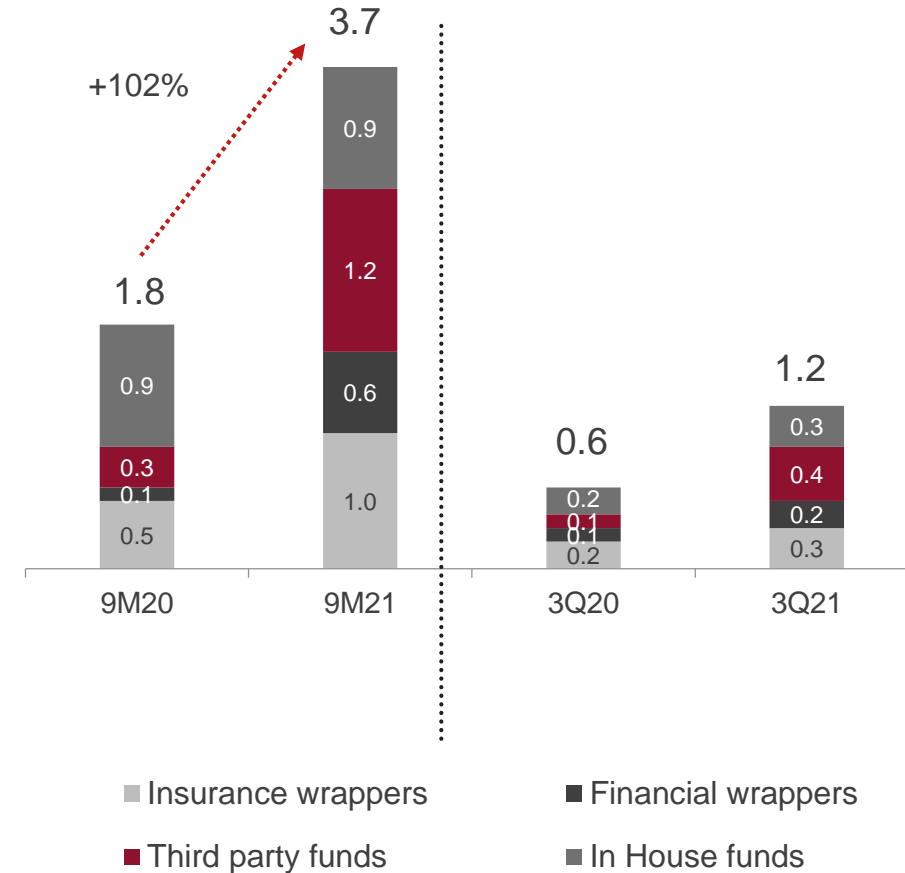
TOTAL NET INFLOWS (1/2)

HIGHER VOLUMES AND BETTER PRODUCT MIX

Total Net Inflows bn/€



Focus on Managed Solutions bn/€



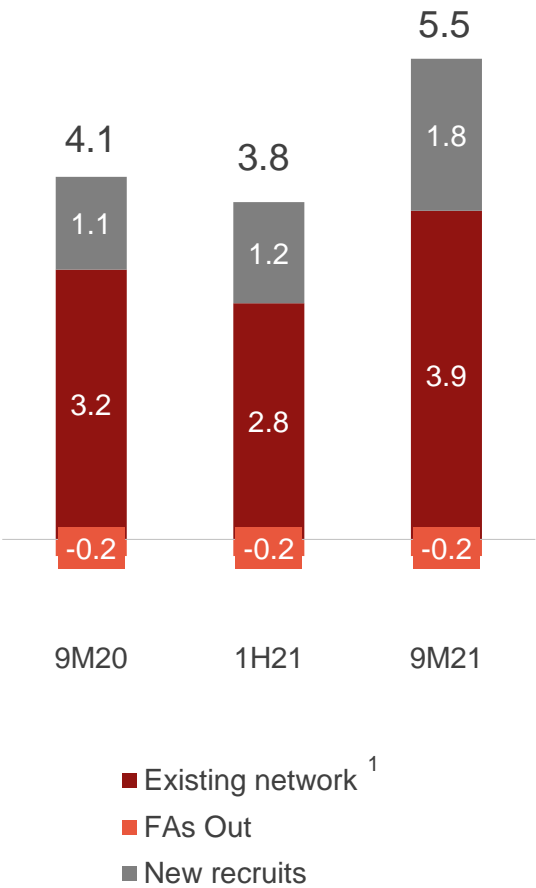
Strong uptick in net inflows with a strong delivery in 3Q both by volumes and product mix

Net inflows in managed solutions more than doubled YoY driven by In house funds and insurance

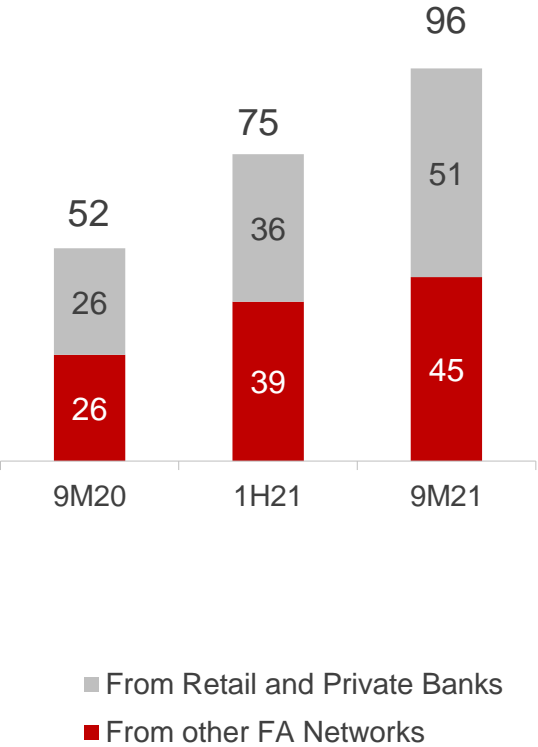
NET INFLOWS BY ACQUISITION CHANNEL

WELL BALANCED GROWTH ACROSS EXISTING FAs AND NEW RECRUITS

Net inflows by acquisition channel, bn/€



Recruitment trend (# of Recruits)



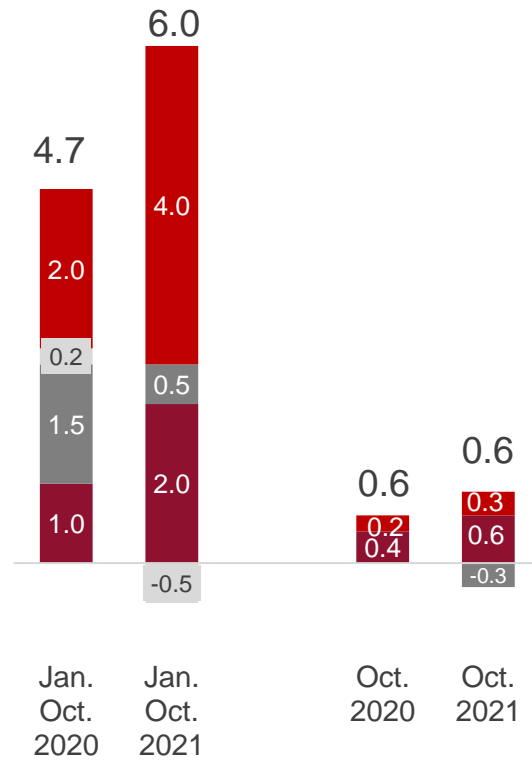
Net Inflows driven by existing FAs (76% of total net inflows), yet with a growing contribution from recruiting

Revamping recruiting activity from last year's lows. No. of new recruits almost doubled (+21 new professionals in 3Q)

OCTOBER 2021 COMMERCIAL UPDATE

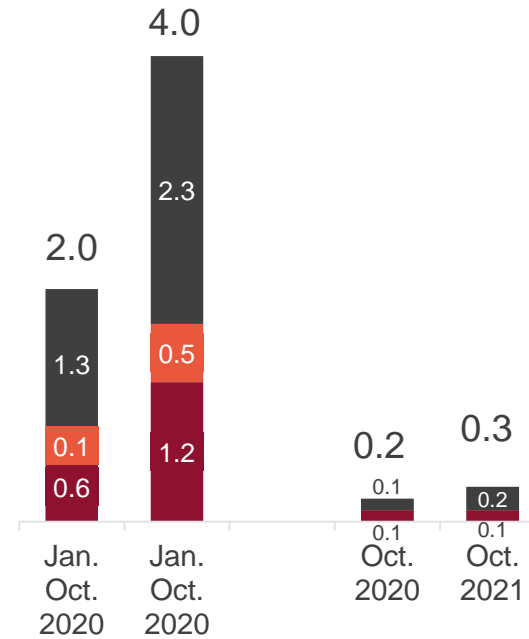
SOLID NET INFLOWS, WITH TEMPORARY SPIKE IN LIQUIDITY

Total net inflows bn/€



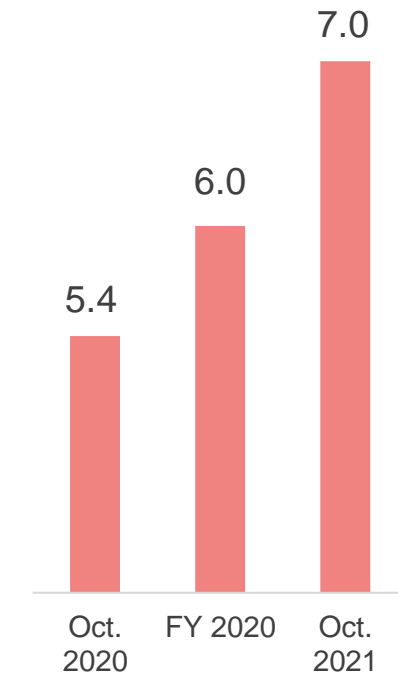
- Managed solutions
- Traditional life policies
- AuC
- Current accounts

Managed solutions bn/€



- Funds/Sicavs
- Financial wrappers
- Insurance wrappers

Assets under Advisory bn/€



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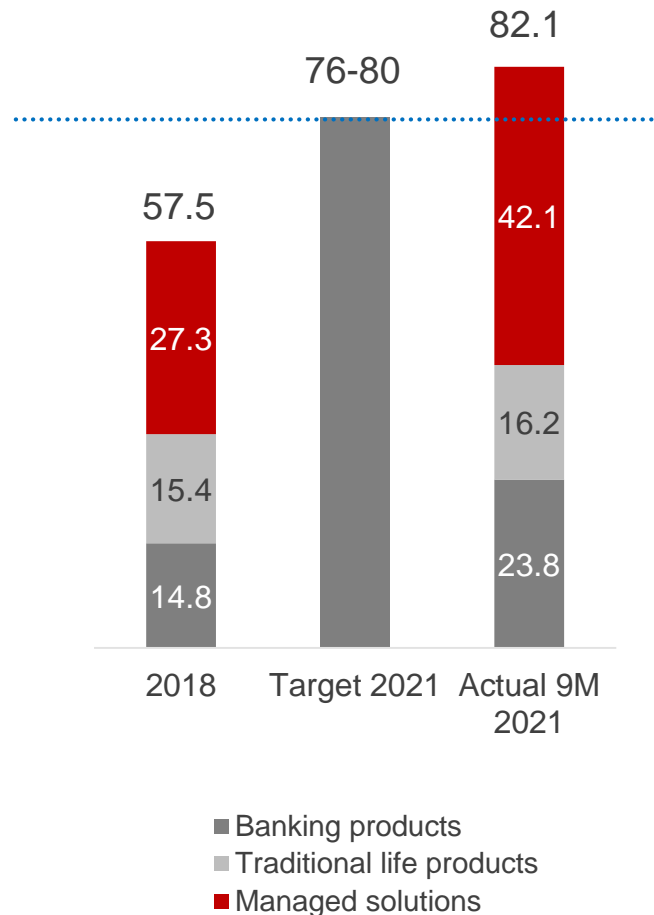
PLAN APPROACHING COMPLETION(1/3)

EXCEEDING GROWTH TARGETS BY VOLUMES (AND QUALITY)

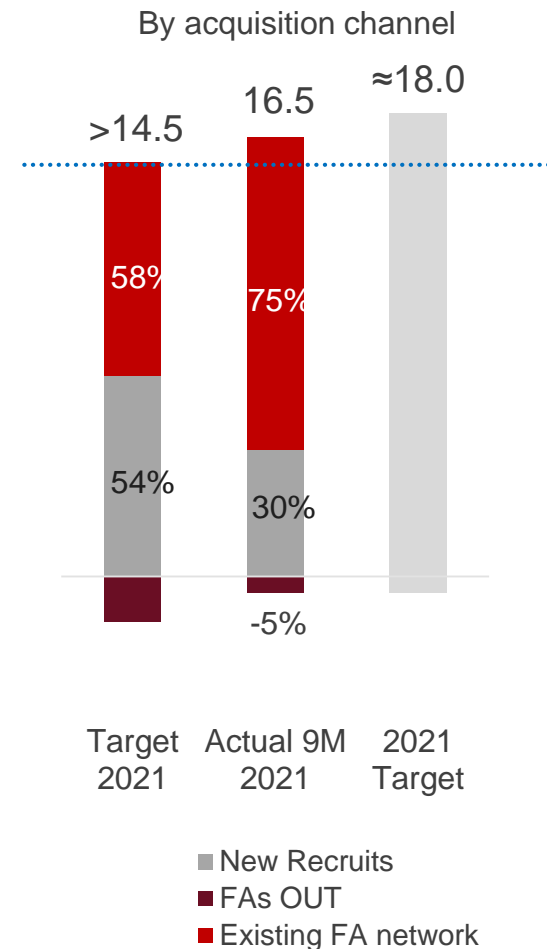
Objective #1

Asset growth

Total Assets bn/€



Cumulated Net Inflows 2019-21 bn/€



Total assets above target with a better mix: +€15bn in managed solutions alone (60% of total increase)

Net Inflows already well above target with a larger than expected contribution from existing FAs (74% vs. 58% target)

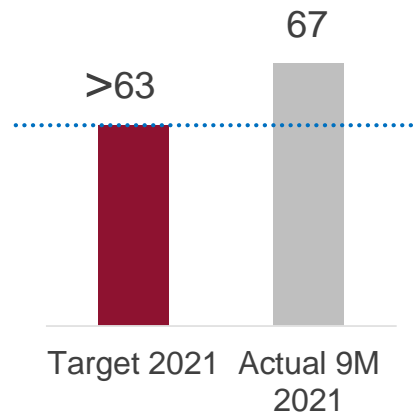
APPROACHING THE END OF THE PLAN (2/3)

CLEAR PATH TOWARDS SUSTAINABLE HIGHER RESULTS

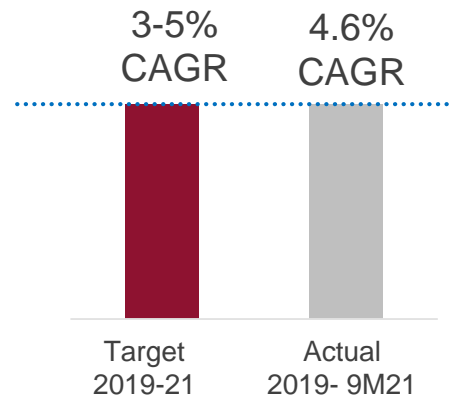
Objective #2

Sustainable
Profitability

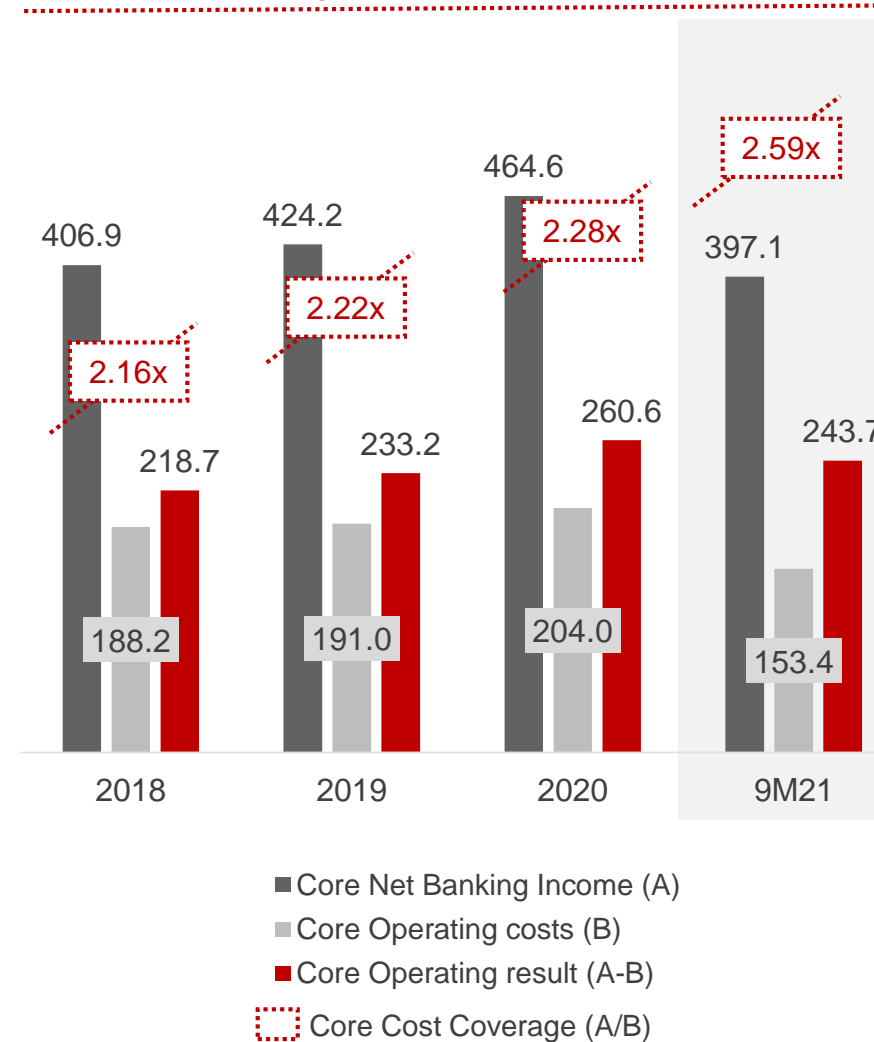
Core Net Banking Income bps



Core Operating costs, % CAGR



Core Operating Result m/€



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

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

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

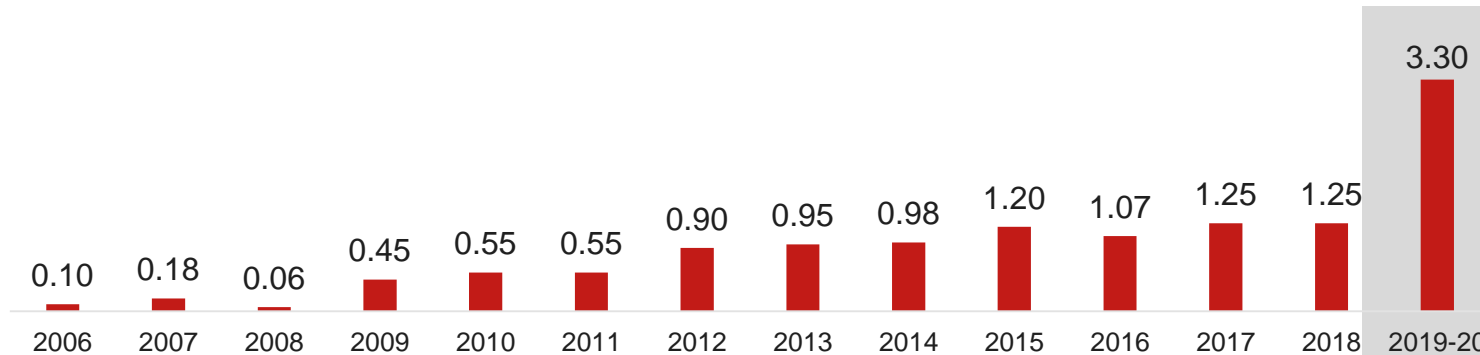
APPROACHING THE END OF THE PLAN (3/3)

COMMITMENT TO DIVIDEND POLICY IN LINE WITH TARGET AND TRACK RECORD

Objective #3

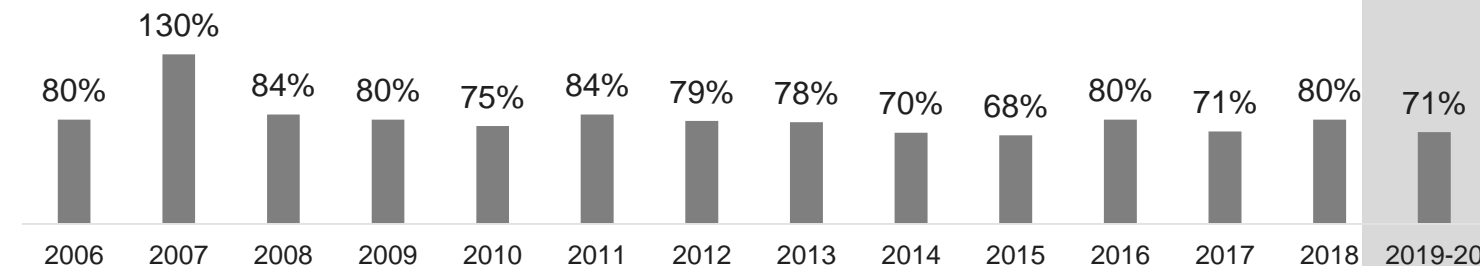
Shareholders' remuneration

Dividend Per Share



2019/20 cumulated DPS of €3.3 with payment dates in November 2021 (€2.7) and February 2022 (€0.6) subject to BoD's final authorization

Earnings' Pay-out ratio



2021 DPS already well above DPS floor of €1.25 implied in the dividend policy

SAVE THE DATE

FEBRUARY 2022

Details to follow



CLIENTS



FINANCIAL ADVISORS



VALUE PROPOSITION



FINTECH



ESG

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NHS SECURITISATIONS

UPDATE ON PURCHASE AND ACCOUNTING

PURCHASE OFFER

In September, Banca Generali launched an offer to its clients to purchase all senior notes of the outstanding securitisations of health receivables (NHS) for a total of **€478m. The purchase was successfully completed with a subscription rate close to 100% of total clients and outstanding positions.** All clients received a sum not lower than the sum invested, net of repayments and coupons received

VALUATION

The book value of the securitization will be €380 million on the back of the provision for €80m taken in 2Q 2021 and the average 96% repurchase price. The €380 million represents a **valuation of 79% of the outstanding senior notes.**

BACKGROUND

This decision to buy-back the securitization has been taken in the light of:

- 1) Some critical issues that emerged in the procedures for the recovery of healthcare receivables, also related to the long pandemic situation;
- 2) 2) An **in-depth analysis of the portfolio of receivables** carried out with the support of a sector specialist, which identified a fair value and quality lower than the one expected

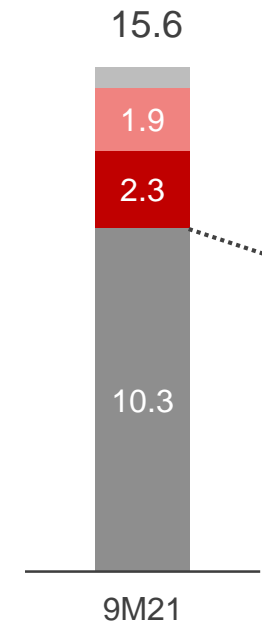
OBJECTIVE

Although Banca Generali only acted as a Placement Agent, it has nevertheless decided to take on this commitment to protect its clients' investment, leveraging on its capital strength and solid financial results. The investments of **Banca Generali's clients will thus be fully protected.**

INTEREST-BEARING ASSETS

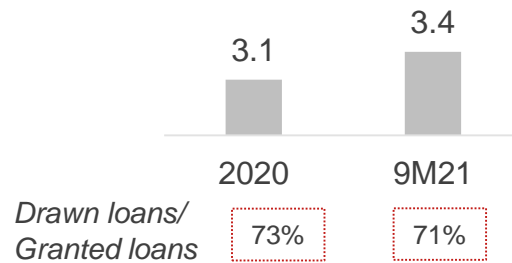
INCREASING DIVERSIFICATION OF FINANCIAL ASSETS

Total Assets bn/€

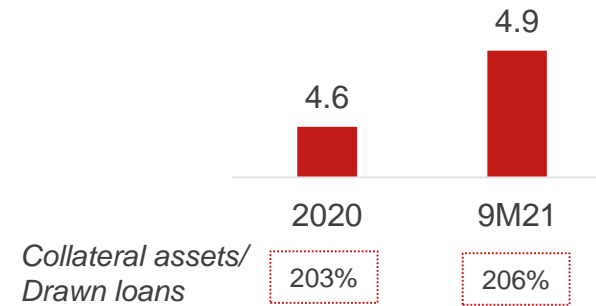


- Other assets
- Loans to Banks
- Loans to Clients
- Financial assets

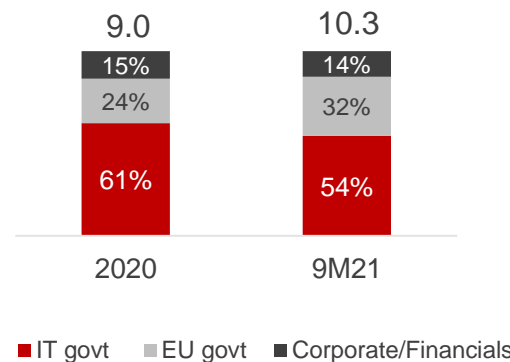
Granted loans bn/€



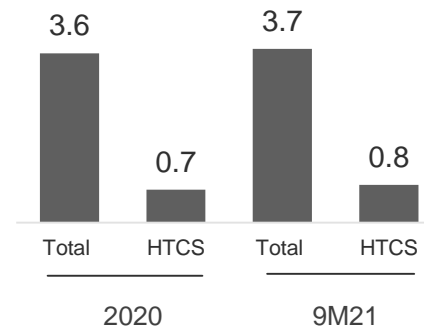
Collateral assets bn/€



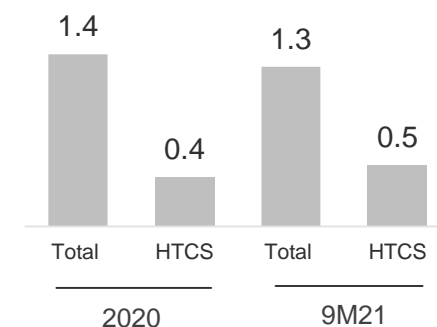
Bond Portfolio Classification bn/€, %



Maturity



Duration

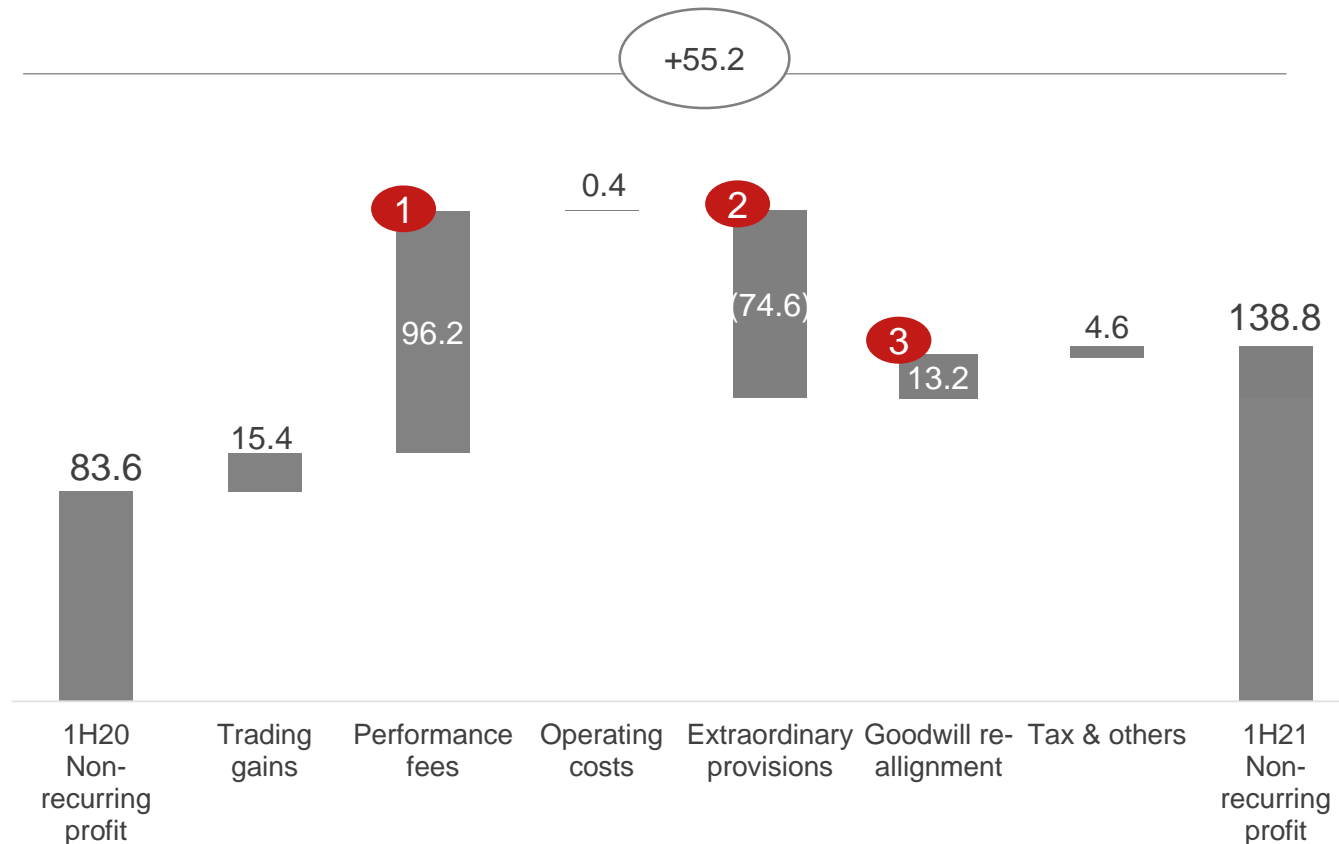


Variable rate bonds 53%, Fixed rate bonds & zero coupon 47%

NON-RECURRING ITEMS

TWO POSITIVES, ONE NEGATIVE

Build-up of Non-recurring items m/€



1

- **Record Performance fees harvesting** leveraging on favorable financial market conditions and positive performance to clients (+3.7%, net of fees). New performance fee structure approved by CSSF (slide 35 for details)

2

- Including **the provision of €80m¹** on the purchase of senior notes related to the entire outstanding investments of professional clients in securitization of healthcare receivables (total notional value €478m)

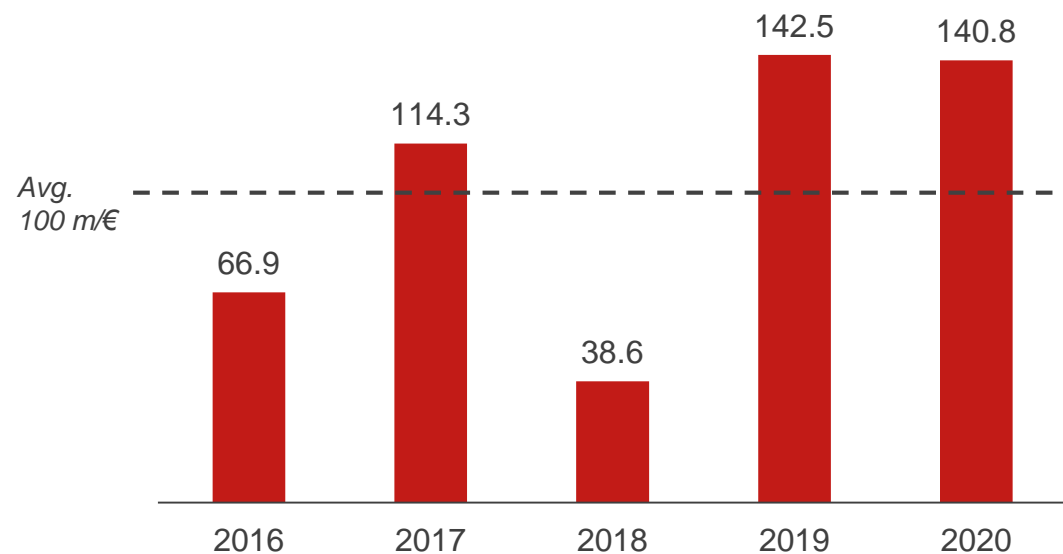
3

- **Positive tax contribution of €13.1m** linked to two operations of tax alignment: This first one pursuant to Law 342/2000 refers to goodwill and other intangibles applied to M&A transactions carried out before end 2019 and the second according to the ordinary regime on the goodwill related to recent acquisition of Nextam Partners

BG FML – FEE STRUCTURE

REPRICING ACTIONS

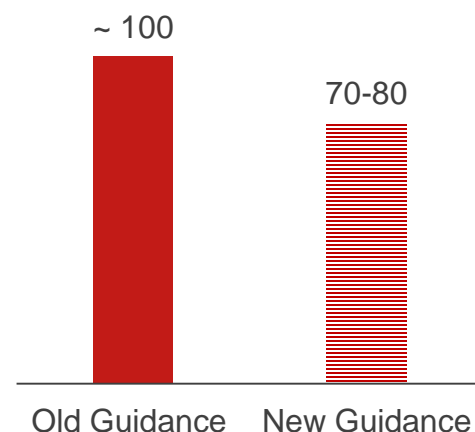
2016-2020 Variable fees m/€



Avg. managed assets bn/€	33.5	39.8	43.6	45.8	48.6
Margin ² bps	20	29	9	31	29

Impact of new performance fees mechanism m/€

New mechanism for performance fee calculation **presented to CSSF for approval**¹

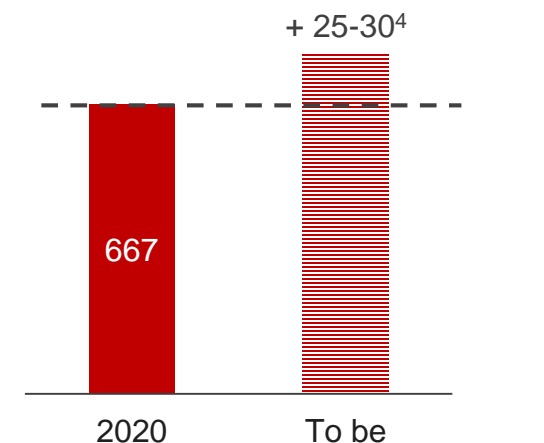


48.6	48.6
20	14-16

- 4/6 bps

Gross management fees m/€

Organic review of the fee structure (both admin. and management fees based on price sustainability and careful benchmarking³)



48.6	48.6
137	142-143

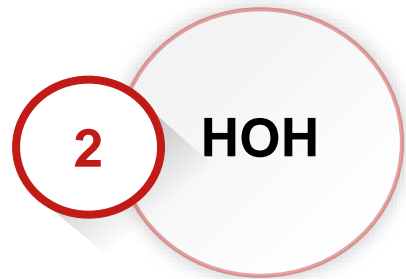
+ 5/6 bps

LUX IM



- **Mechanism: High Water Mark** equivalent to the maximum NAV reached by the fund. It allows performance fees to be withdrawn only upon reaching a new High Water Mark
- **Reference period:** from inception
- **Crystallization:** daily

BG SELECTION



- **Mechanism: High on High:** Performance fees can only be charged if the NAV of the calculation day exceeds the NAV of the previous withdrawal day
- **Reference period:** 5 years
- **Crystallization:** yearly (with daily accrual)

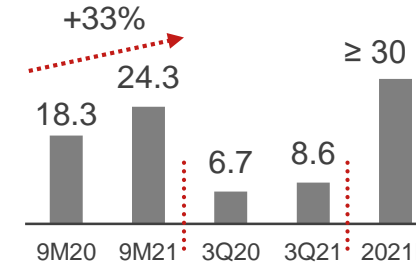
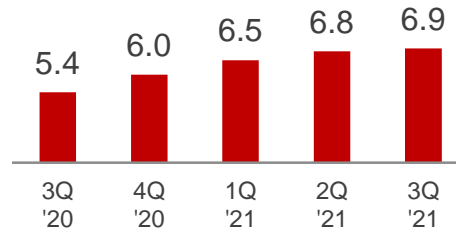
NEW REVENUE STREAMS

GROWING DELIVERY ACROSS ALL PRODUCT LINES

ADVANCED ADVISORY



Assets under advisory (AuA) bn/€

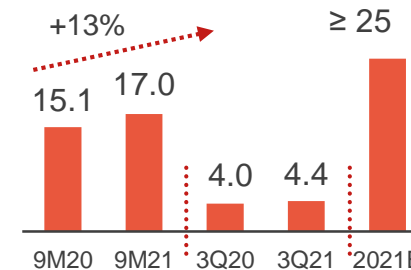
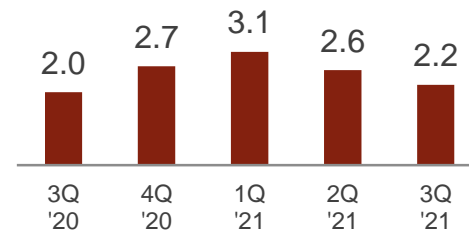


Advanced Advisory fees (+33%) growing steadily on higher volumes (+33%) and stable gross margin (49bps)

RETAIL BROKERAGE



Trading volumes bn/€

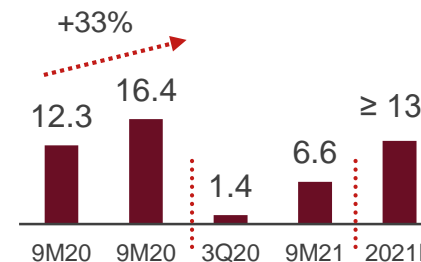
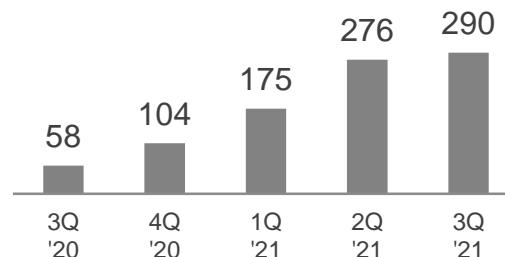


Retail Brokerage revenues (+13%) posted a steady improvement in volumes and trading mix (more equities and foreign markets) despite seasonality

STRUCTURED PRODUCTS



Notional new issues m/€

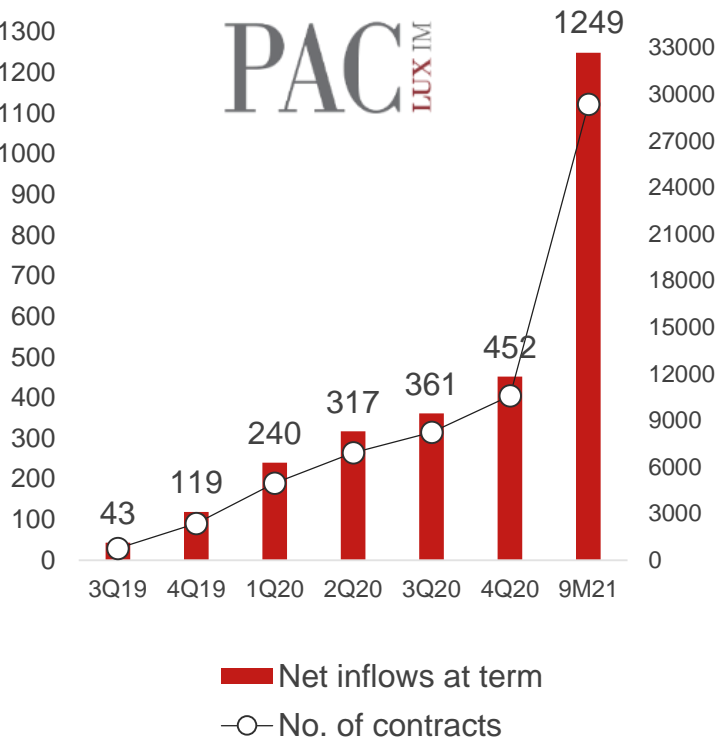


Structured products (+33%) well above guidance in view of growing liquidity

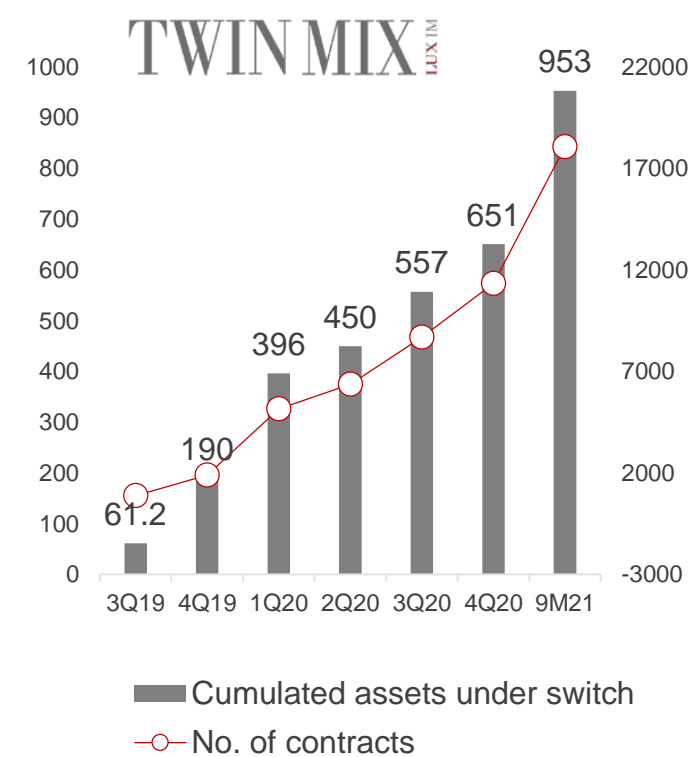
KEY BUSINESS DRIVERS - LUX IM

NEW TOOLS SUPPORTING LUX IM GROWTH

Savings Plans: Net inflows in LUX IM m/€



Switch Plans: Net Inflows in Funds m/€



Strong delivery of new tools linked to LUX IM:

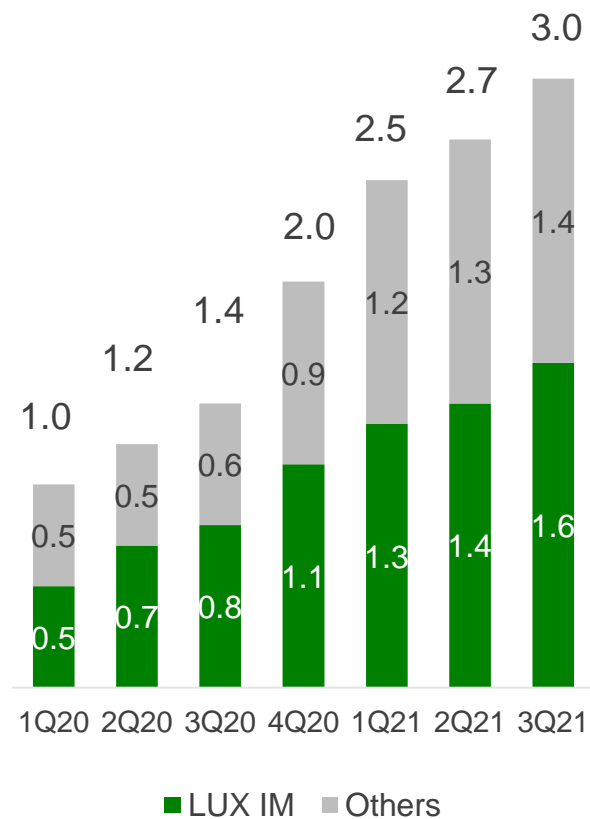
PAC (Savings plans): more than doubled by number since the start of the year. Decent size (€42K) and length (five years) on average

TWIN MIX (Switch plans): solid growth of assets invested in low volatility funds to be switched into higher volatility subfunds within LUX IM offer

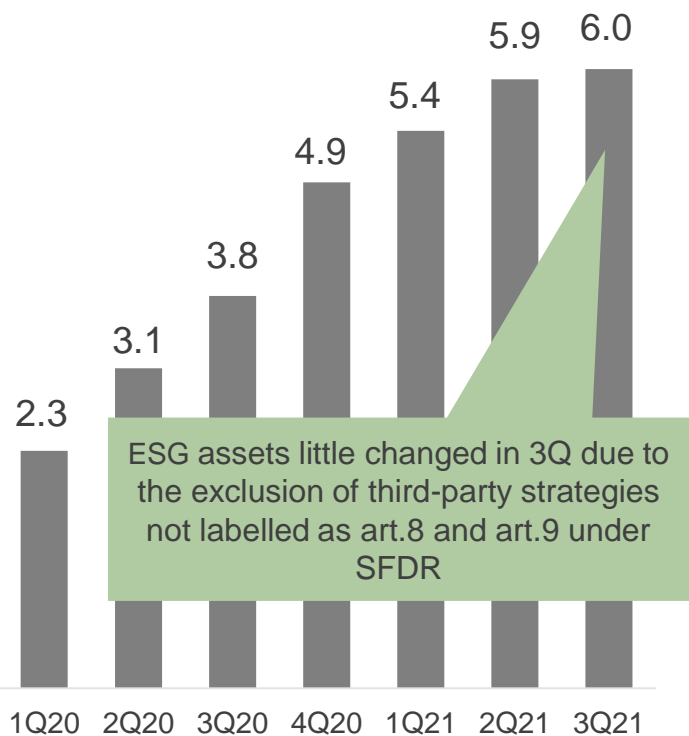
KEY BUSINESS DRIVERS - ESG

NET INFLOWS IN ESG ASSETS AT ONE BILLION EURO

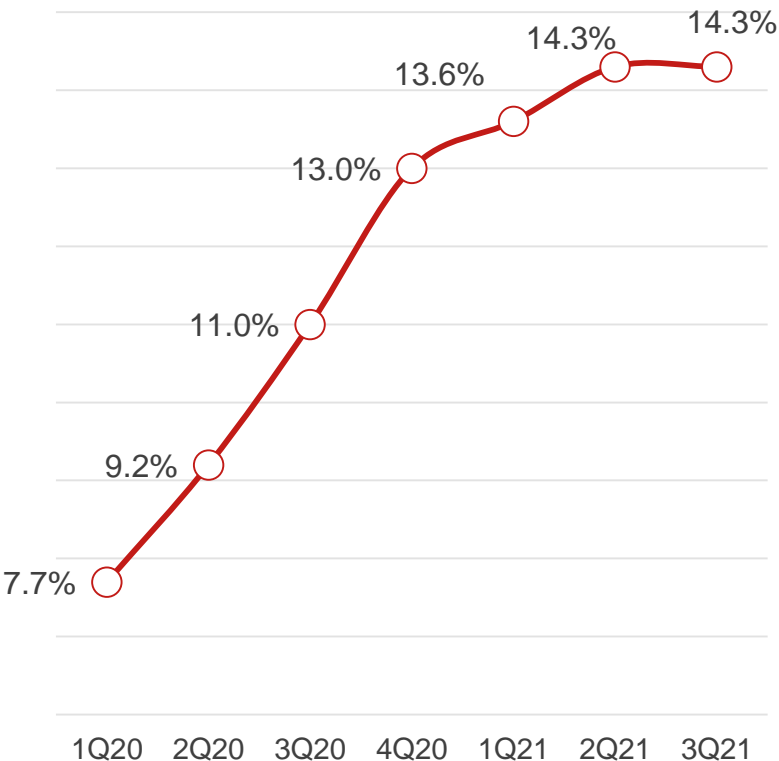
Cumulative Net inflows in ESG products since inception bn/€



Assets in ESG products bn/€



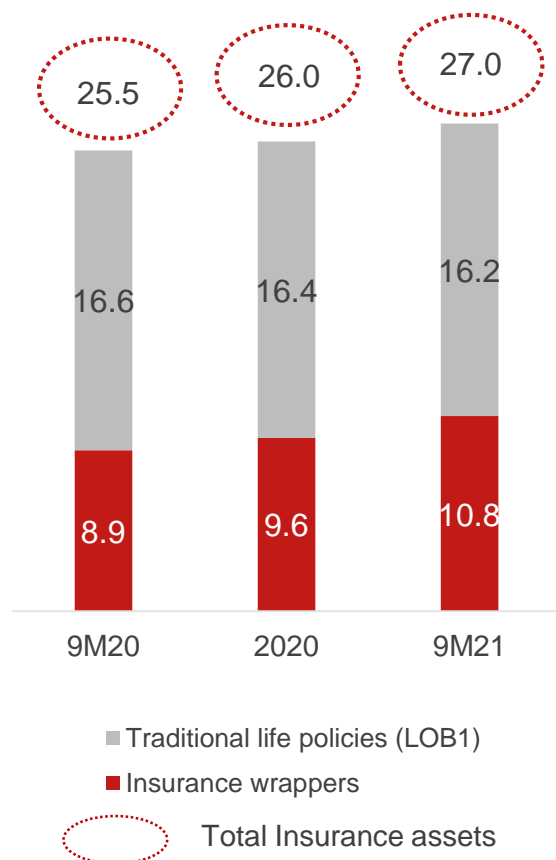
ESG as % of Managed Solutions



KEY BUSINESS DRIVERS - INSURANCE

GRADUAL SHIFT TOWARDS INSURANCE WRAPPERS

Insurance assets bn/€



Insurance products



- Hybrid solution combining on average 30-40% of LOB1 with single funds/securities and ETF

LUX PROTECTION LIFE

- Private insurance with flexible booking and AM centers and dedicated lines for HNWI



- New saving plans with insurance waivers linked to tailor-made clients' objectives

Growing focus on wrapper solutions in light of current ultra low rate environment

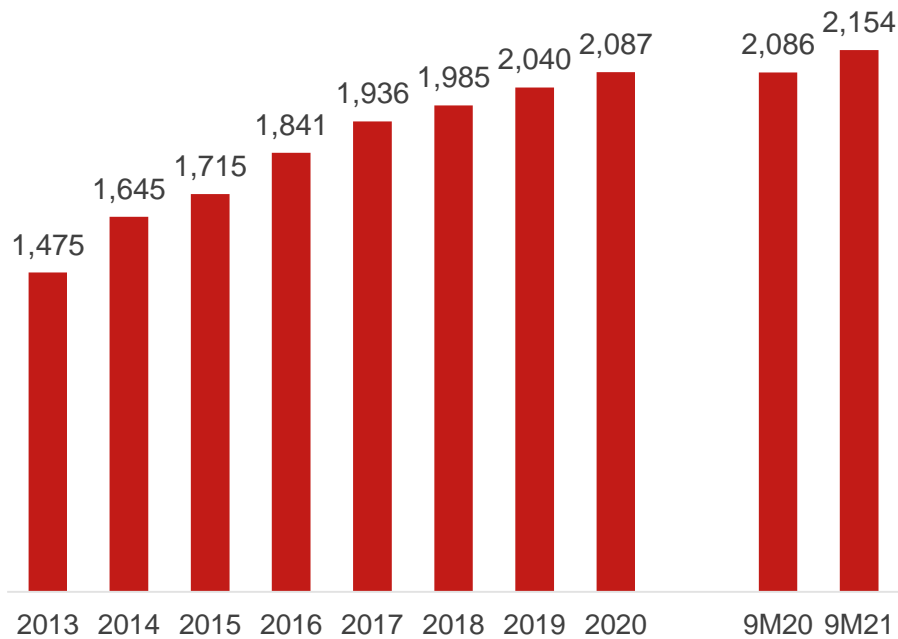
Diversified insurance solutions for different client needs, all combining high level of personalization

- BG Stile Libero - bespoke insurance wrappers with distinctive waivers leveraging on Assicurazioni Generali's expertise
- LUX Protection Life - insurance solutions for HNWI for wealth and succession planning
- BG Progetti di Vita - Savings plans with insurance covers linked to life

FINANCIAL ADVISOR NETWORK

STEADY GROWTH BY SIZE AND QUALITY

Financial Advisor Network, No. of FAs



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

FA Network, by portfolio size and skills

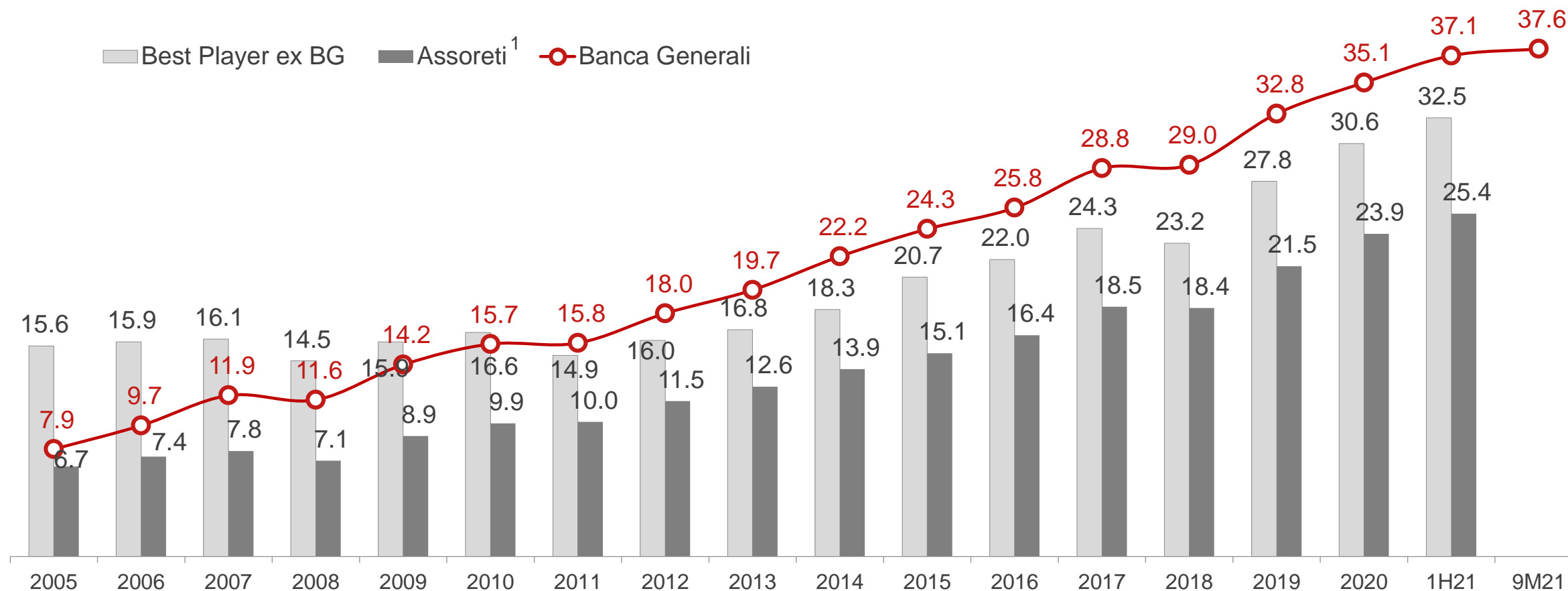
	Clusters	(% of Assets)	No. of FAs	Assets per FA m/€ ²
Financial Advisors	Wealth Managers (PTF>€50m)	35%	349 ¹	91.6
	Private Bankers (PTF€15-50m)	53%	1,327 ¹	34.2
	Financial Planners (PTF <€15m)	5%	333 ¹	13.8
Employees	Relationship Managers	7%	72 ¹	78.8

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

BEST FA QUALITY IN THE INDUSTRY

STEADY VALUE GROWTH

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



DISCLAIMER

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

T. Di Russo, CFO

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

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

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

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