

# 1Q 2021 RESULTS AND BUSINESS REVIEW

11 MAY 2021



**BANCA  
GENERALI**

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



**Preliminary remarks**



**1Q 2021 Financial Results**



**Net Inflows, Assets and recruiting**



**Business update and closing remarks**



**Appendix**

# 1Q 2021 RESULTS: EXECUTIVE SUMMARY

## STRONG START TO THE FINAL YEAR OF THE 2019-21 BUSINESS PLAN



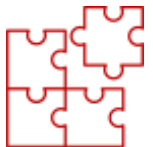
### Total Assets at €77.5bn (+19% YoY, +4% YTD)

- **Improved Asset Mix driven by Managed Solutions (+30%) and Asset under Custody (+33%).** Managed solutions reached 50.7% of total assets from 46.3% a year ago. Steady growth also in Assets under Advisory to €6.5bn (+40% YoY) as investment and holistic advisory catch on amongst clients and FAs
- **Net inflows growing by volumes (€1.7bn, +11%) and quality** with managed solutions representing 77% of total (vs. 17% in 1Q20). Positive contribution from existing FAs coupled with stronger push of new recruits after subdued trend last year due to the pandemic



### Net profit at €135.4m (+71%),

- **Strong operating trend coupled with financial markets' tailwinds.** Sound management fee margin benefitting from the initiatives driving growth in managed solutions. 2021 guidance extended to perimeter including new acquisitions
- **Recurring net profit at €37.2m (+13%)** thanks to the strong trend in recurring fees coupled with sound cost control reflecting operating leverage drive results, which also incorporate higher provisions due to the sustained business expansion



### Capital strength even after 1Q21 earnings' allocation to dividend<sup>1</sup>

- **Sound capital ratios (CET1 at 16.2% and TCR at 17.5%)** with seasonal 1Q21 slowdown linked to 100% destination of 1Q profit to cover 2021 dividend payment in line with the Dividend Policy<sup>1</sup> in force (*3.6% minimum dividend yield YTD<sup>2</sup>*)
- **1Q 2021 Capital ratios** also incorporate also the distribution of €3.3/share dividends with reference to 2019/20 earnings as approved by Banca Generali's AGM on 22 April. The €3.3/share distribution is embedded in 1Q 2021 capital ratios and it amounts to 10.5 pps on capital ratios

# RESULTS AT A GLANCE

## KEY TAKEAWAYS

(€ mil)	1Q 20	1Q 21	% Chg
Net Interest Income	20.2	21.7	7.4%
Net income (loss) from trading activities and Dividends	4.0	2.9	-25.9%
<b>Net Financial Income</b>	<b>24.2</b>	<b>24.7</b>	<b>1.9%</b>
Gross recurring fees	195.5	221.2	13.1%
Fee expenses	-104.4	-117.0	12.1%
<b>Net recurring fees</b>	<b>91.1</b>	<b>104.1</b>	<b>14.3%</b>
Variable fees	53.4	111.0	107.9%
<b>Total Net Fees</b>	<b>144.5</b>	<b>215.2</b>	<b>48.9%</b>
<b>Total Banking Income</b>	<b>168.8</b>	<b>239.9</b>	<b>42.1%</b>
Staff expenses	-25.7	-26.4	3.0%
Other general and administrative expense	-21.4	-22.3	4.1%
Depreciation and amortisation	-7.7	-8.2	6.1%
Other net operating income (expense)	0.8	0.9	21.5%
<b>Total operating costs</b>	<b>-54.1</b>	<b>-56.0</b>	<b>3.6%</b>
<i>Cost /Income Ratio</i>	<i>27.5%</i>	<i>19.9%</i>	<i>-7.6 p.p.</i>
<b>Operating Profit</b>	<b>114.7</b>	<b>183.8</b>	<b>60.3%</b>
Net adjustments for impair.loans and other assets	-1.1	-1.4	30.8%
Net provisions for liabilities and contingencies	-8.2	-11.3	37.4%
Contributions to banking funds	-3.1	-4.6	51.6%
Gain (loss) from disposal of equity investments	0.0	-0.1	59.5%
<b>Profit Before Taxation</b>	<b>102.3</b>	<b>166.4</b>	<b>62.7%</b>
Direct income taxes	-23.2	-31.0	33.5%
<i>Tax rate</i>	<i>22.7%</i>	<i>18.6%</i>	<i>-4.1 p.p.</i>
<b>Net Profit</b>	<b>79.1</b>	<b>135.4</b>	<b>71.3%</b>

## Comments

### Booming revenues driven by asset growth and performance (+42%)

- Net Financial Income (+1.9%) slightly higher driven by Net Interest Income more than offsetting lower trading income
- Net Recurring Fees (+14%) benefitted from asset expansion and higher-quality product mix. Total pay-out ratio also declined
- Record contribution from variable fees thanks to positive financial markets

### Operating profit (+60%) lifted by operating leverage

- Total operating costs (+3.6%) well within guidance amid tight staff cost control
- Costs/total assets falling to new low of 0.29% (-1bps ytd) and Cost/Income (ex performance fees) at 36.6%, both suggesting operating leverage at full swing

### Higher non-operating charges (+40%)

- Spike in provisions primarily linked to FA loyalty plan and other FA provisions with a seasonal trend
- Higher contribution to banking funds (+52%)

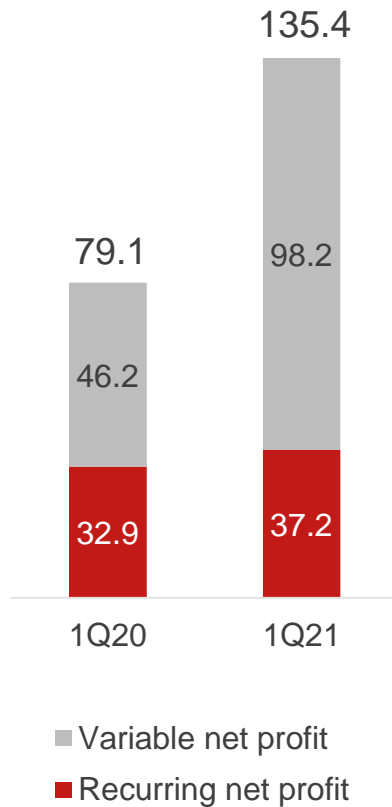
### Net profit at €135.4m (+71.3%)

- Tax-rate temporarily below guidance on record variable fees

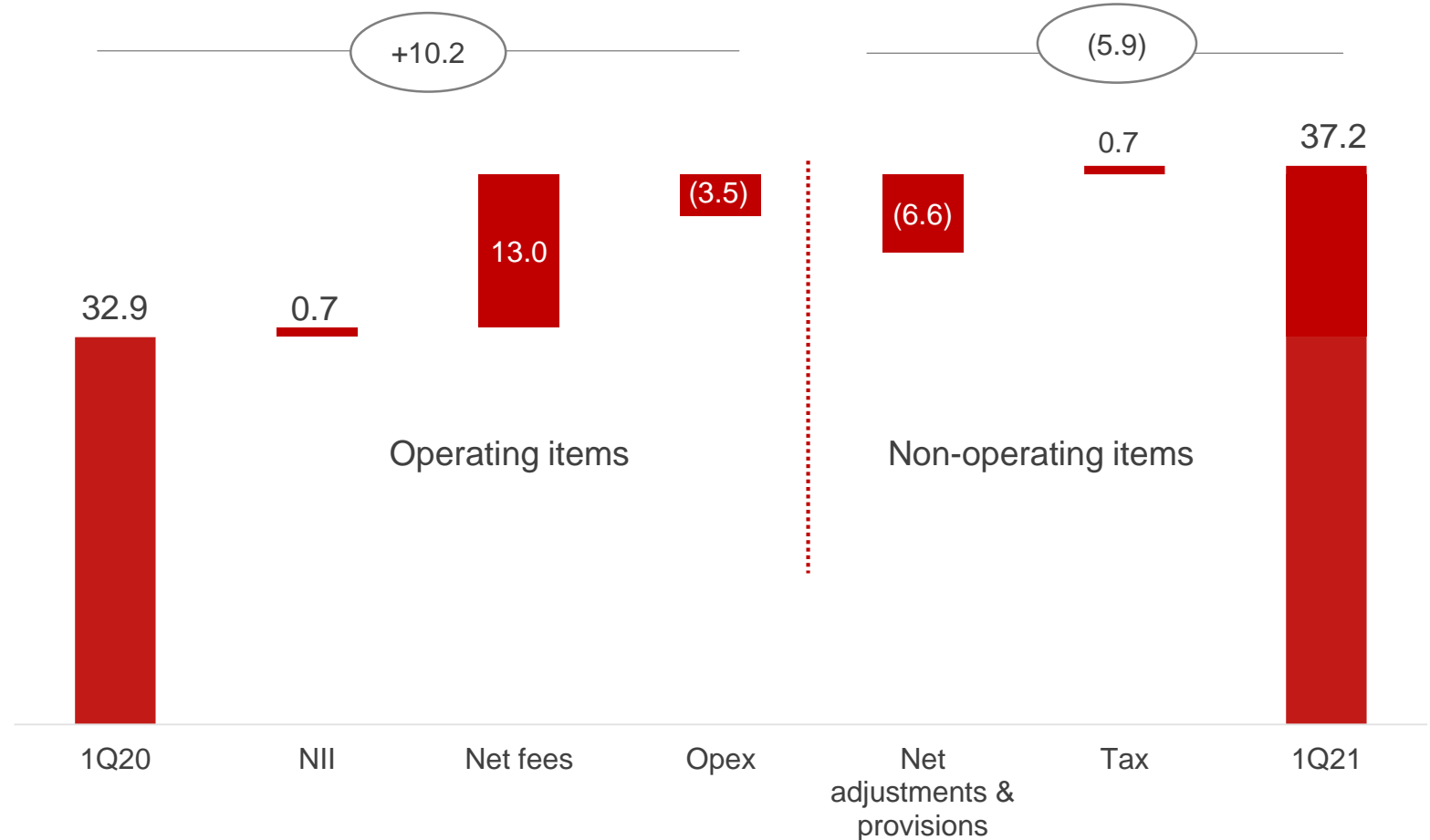
# NET PROFIT BREAKDOWN

## RECURRING NET PROFIT DRIVEN BY A SOLID OPERATING TREND

Net profit breakdown<sup>1</sup> m/€



Build-up of recurring net profit m/€



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Net Inflows, Assets and recruiting



Business update and closing remarks

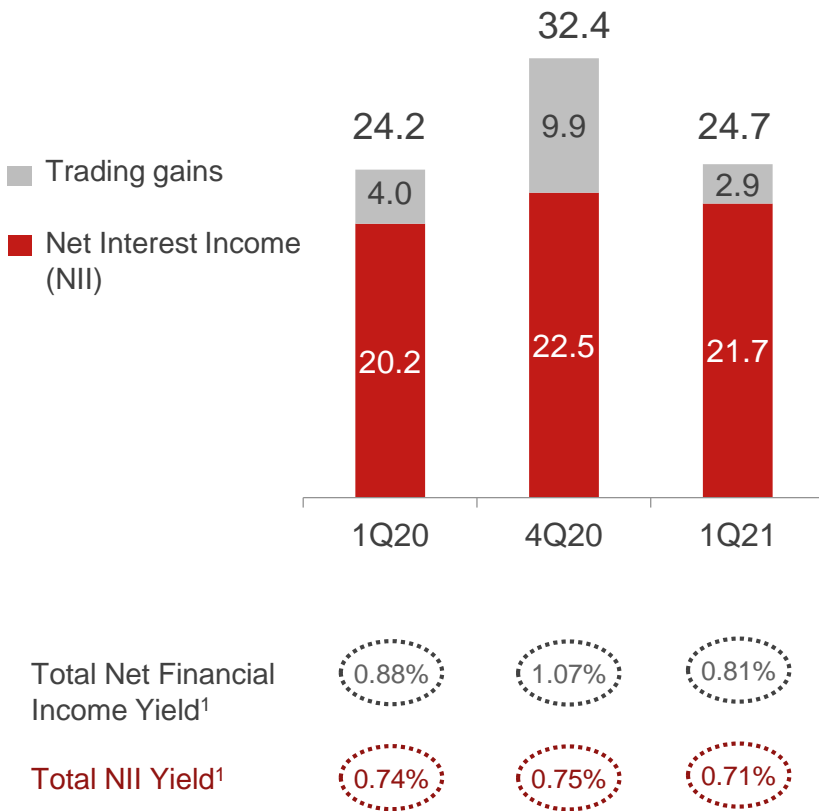


Appendix

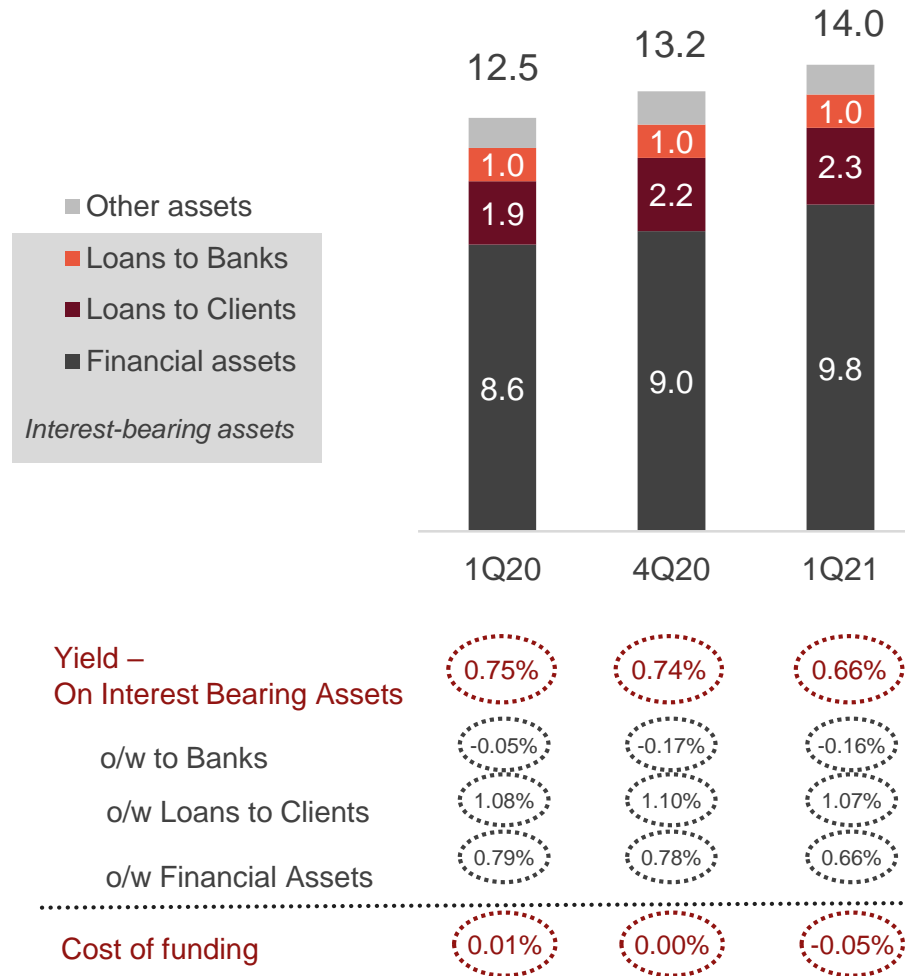
# NET FINANCIAL INCOME

## INTEREST RATE HEADWINDS OFFSET BY HIGHER VOLUMES AND TLTRO

### Net Financial Income m/€



### Total Assets and Interest-bearing Assets bn/€



**Net Interest Income (NII)** posted a 7.4% increase YoY, yet -3.6% QoQ amid volumes/rate trend

**Cost of funding** turned from 1 bps to -5bps providing support to NII yield

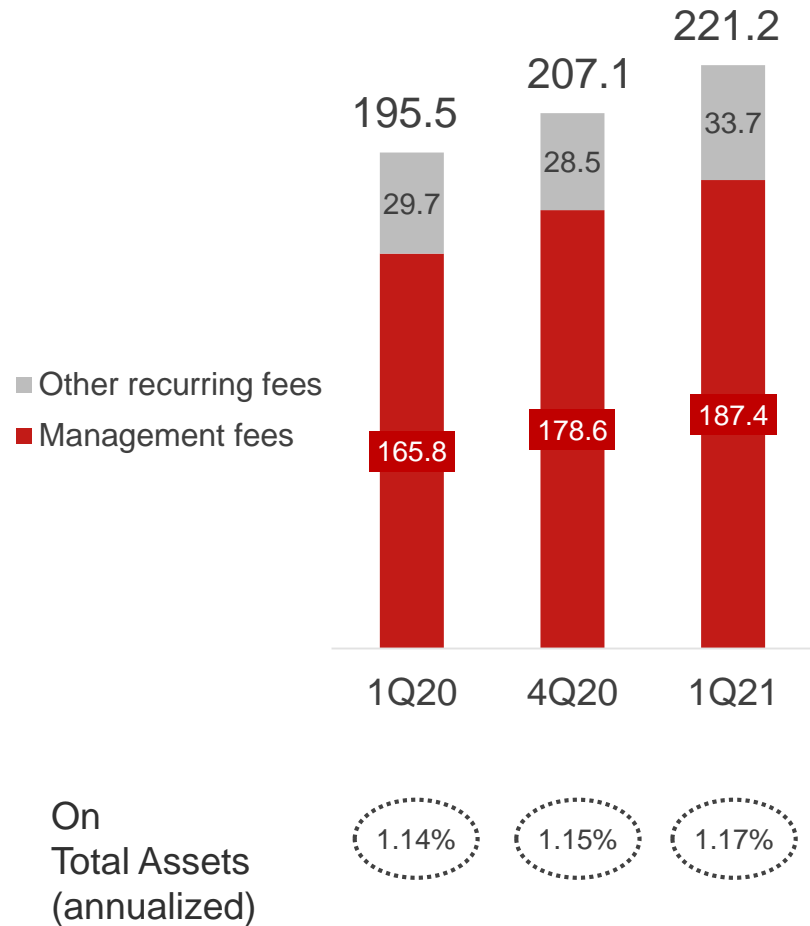
**TLTRO** contribution boosted by €200m at the end of March to total €700m

**2021 year-end NII guidance of -2%/-3% YoY confirmed**

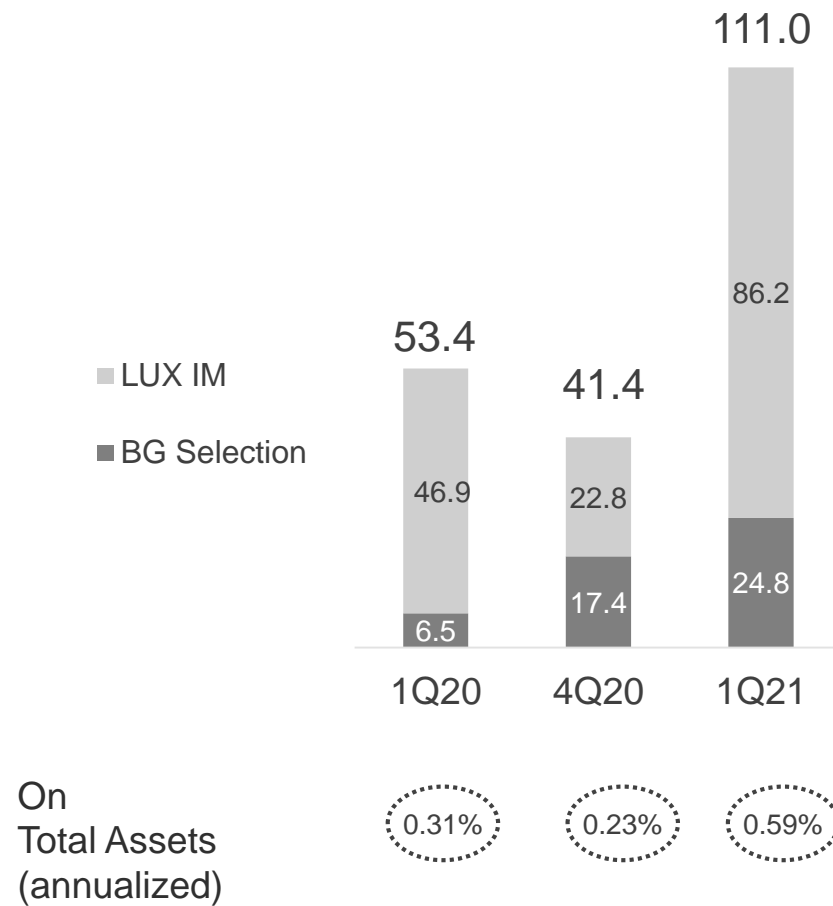
# GROSS FEES

POSITIVELY GEARED TO MANAGED SOLUTIONS AND NEW REVENUE STREAMS

## Gross recurring fees m/€



## Variable fees m/€



**Growing recurring fees** (+13% YoY, +7% YTD) driven by higher volumes, better mix and diversification (new revenue streams)

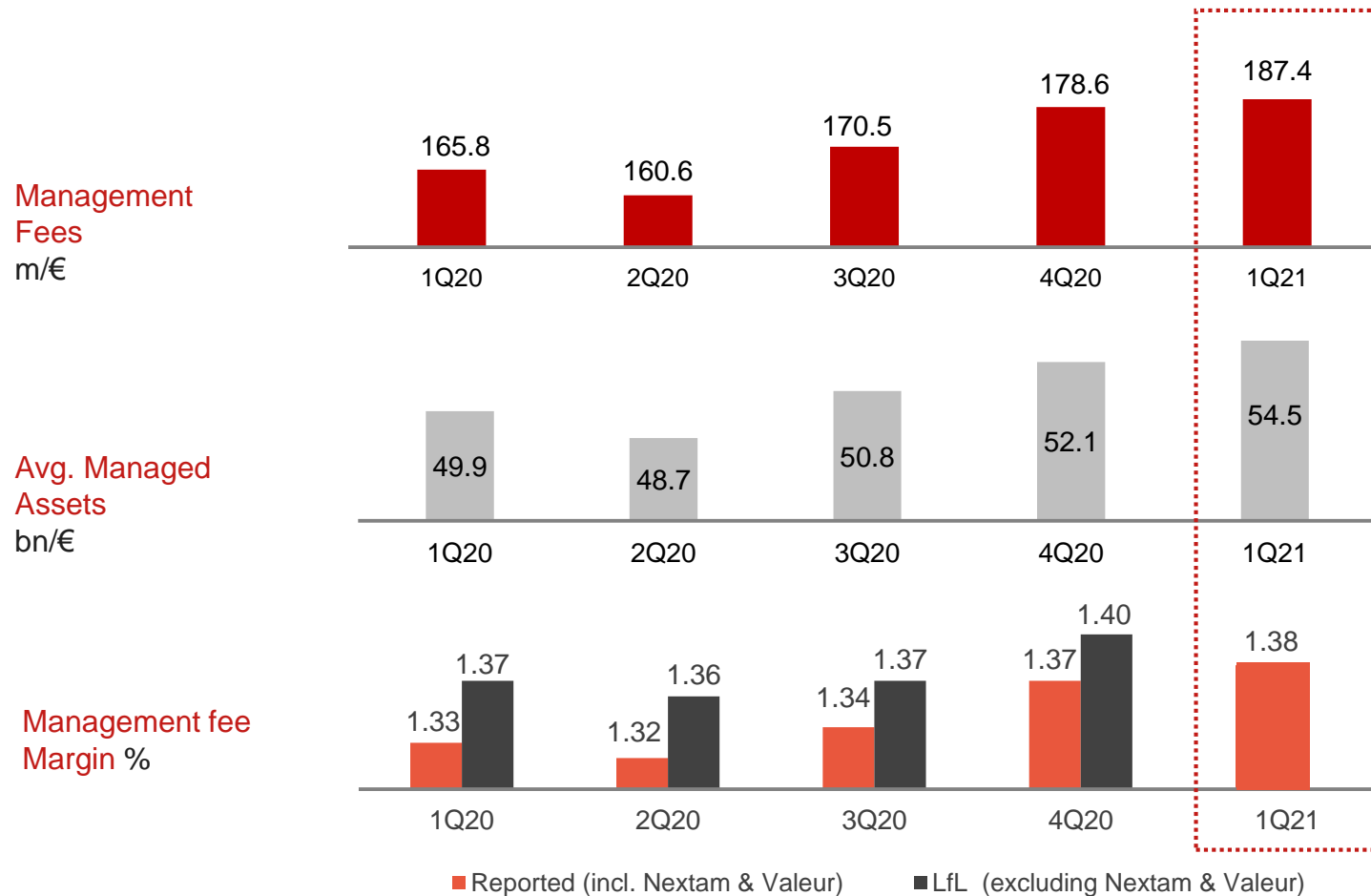
**Variable fees** driven by LUX IM on favorable financial markets



# MANAGEMENT FEES

## EXTENDING 2021 MARGIN GUIDANCE TO FULL PERIMETER IN LIGHT OF BUOYANT ASSET TREND

### Quarterly trend m/€



**Management fees (+13% YoY, +5% QoQ)** benefitted from the higher exposure to equity and in-house products coupled with overall higher margin from insurance products

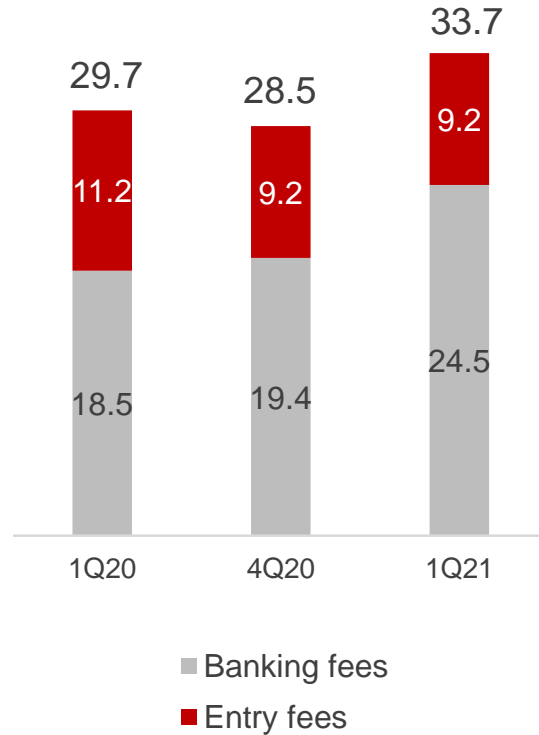
**Management fee margin** reclassified to include recent acquisitions (Nextam and Valeur)

**2021 management fee margin guidance of 1.38%-1.42%** extended to enlarged perimeter (i.e. including M&As)

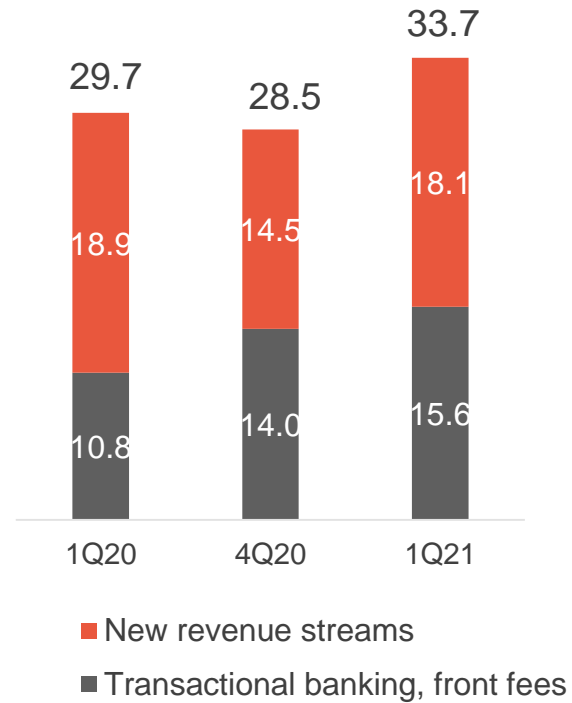
# BANKING AND ENTRY FEES

## BANKING FEES STRONGER, ENTRY FEES IN LINE WITH GUIDANCE

Banking and Entry Fees m/€



Breakdown by Mix m/€



**Banking fees** posted a strong increase (+32% YoY, +26% QoQ) driven by Advanced Advisory and Brokerage services

**Front fees** were in line with guidance after 1Q20 spike in certificates

**Other transactional banking and front fees** benefitted from higher activity on primary markets and other brokerage

On Total Assets

0.17%

0.16%

0.18%

New Revenue streams on tot. recurring revenues

9.7%

7.0%

8.2%

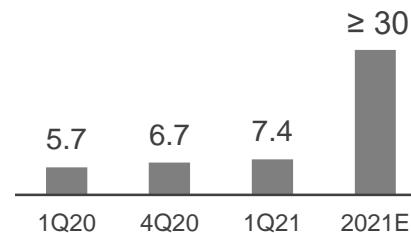
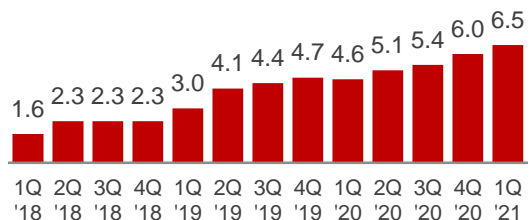
# NEW REVENUE STREAMS

## SOLID DELIVERY IN LINE WITH GUIDANCE

### ADVANCED ADVISORY



Assets under advisory (AuA) bn/€

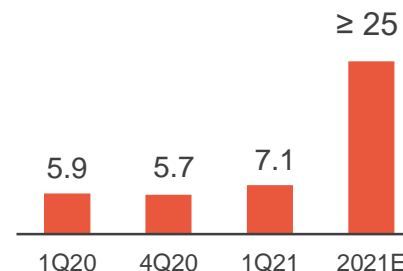
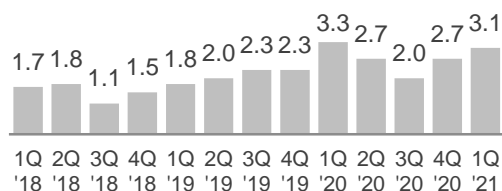


**Advanced Advisory fees (+30%):** steady growth in fees driven by volumes (6.5bn, +40%) with growing share of clients and FAs embracing this service

### RETAIL BROKERAGE



Retail brokerage volumes bn/€

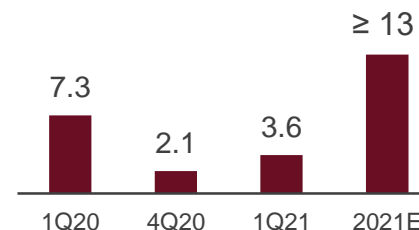
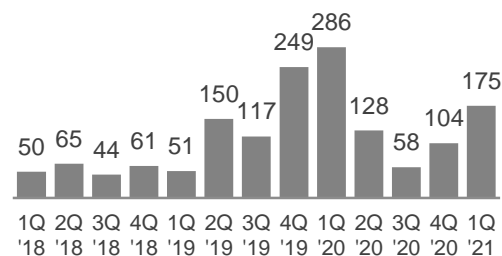


**Retail Brokerage revenues (+20%):** thanks to growing average turnover (1.09x vs. 1.05x at 2020YE and 0.96x at 2019YE) and more profitable mix (more derivatives, equities and foreign markets)

### STRUCTURED PRODUCTS



Notional new issues m/€

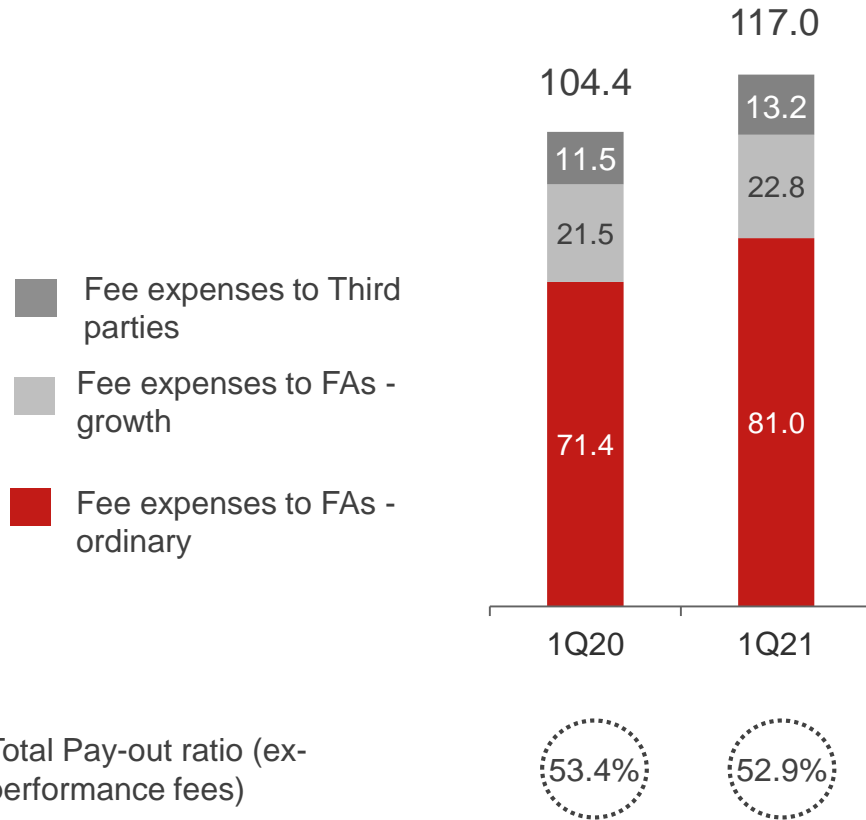


**Certificates** performing in line with long-term guidance, yet with unfavorable YoY comparison on exceptional 1Q20 activity

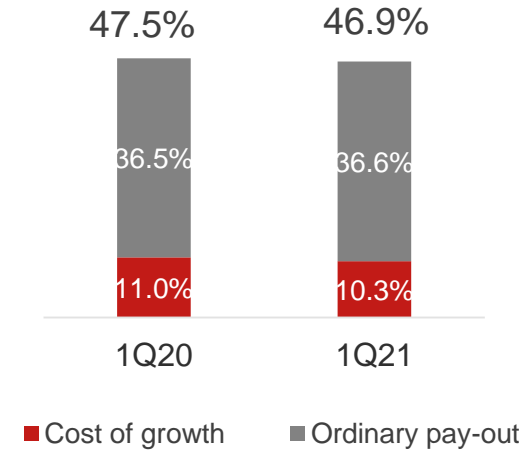
# FEE EXPENSES

## PAY-OUT RATIO DECREASING ON LOWER COST OF GROWTH

### Total Fee Expenses m/€

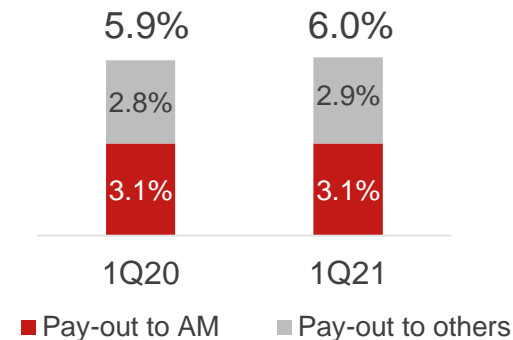


### Pay-out to the network %



**Lower pay-out to the network** benefitting from lower cost of growth reflecting reduced recruitment activity over past two years

### Pay-out to Third parties %

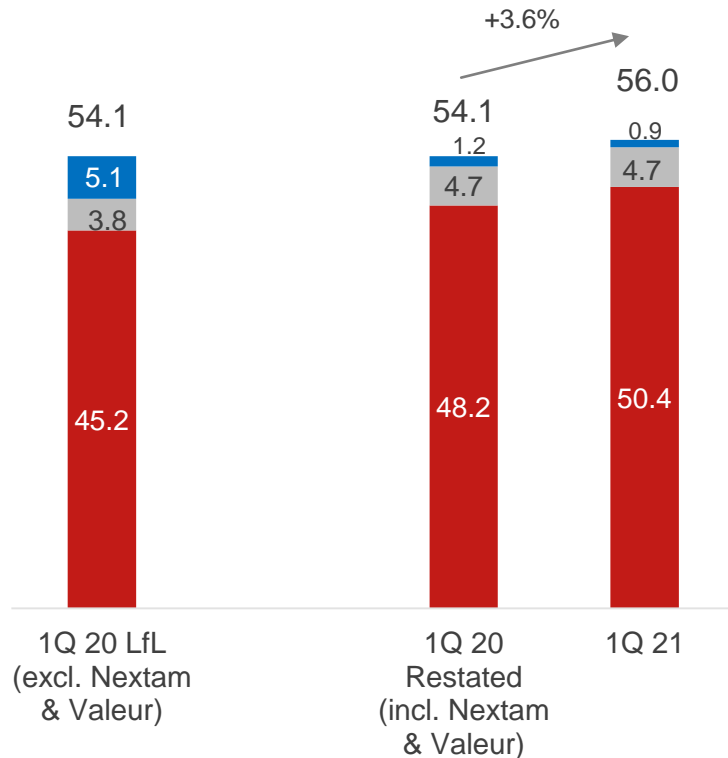


**Pay-out to third-parties** slightly increasing due to higher activity on Ro4AD and trading platforms

# OPERATING COSTS (1/2)

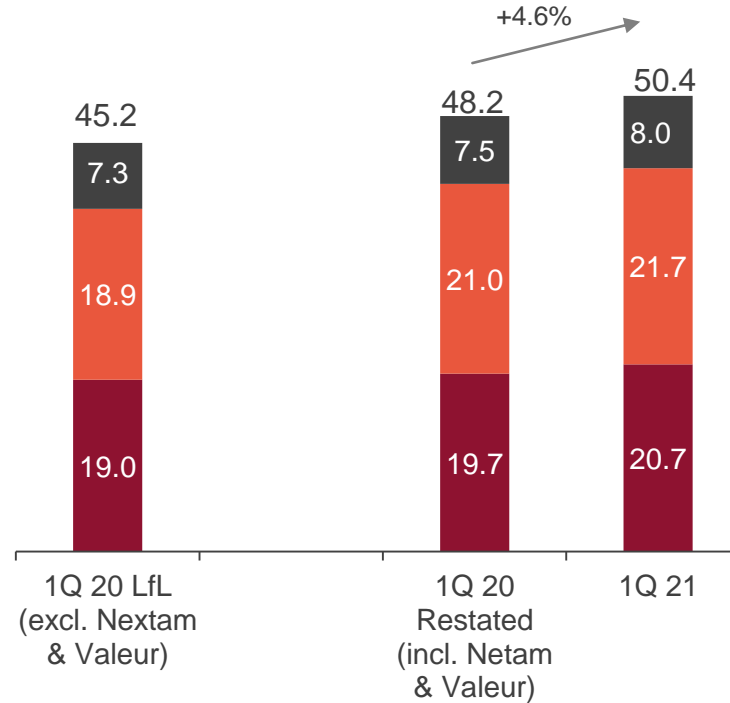
## ONGOING COST DISCIPLINE DESPITE BUSINESS EXPANSION

### Total operating costs<sup>1,2</sup> m/€



- Perimeter inclusion/one-offs
- Sales personnel
- Core operating costs

### Breakdown of core operating costs<sup>1,2</sup> m/€



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

**Total and 'Core' operating costs** reclassified to incorporate recent acquisitions line-by-line.

**Total operating costs (+3.6%)** posted a limited increase on lower one-offs and stable sales personnel costs

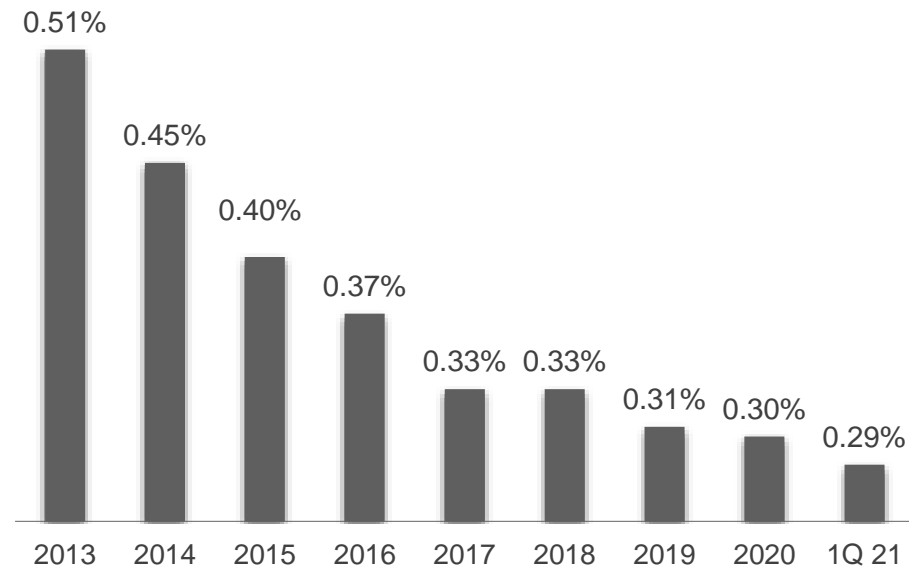
**'Core' operating costs (+4.6%)** increased within guidance even after ongoing push on growth, launch of new IT projects and other costs for logistics for the FA network

**2021 'Core' operating cost guidance of +3-5% extended to enlarged perimeter (i.e. including M&A)**

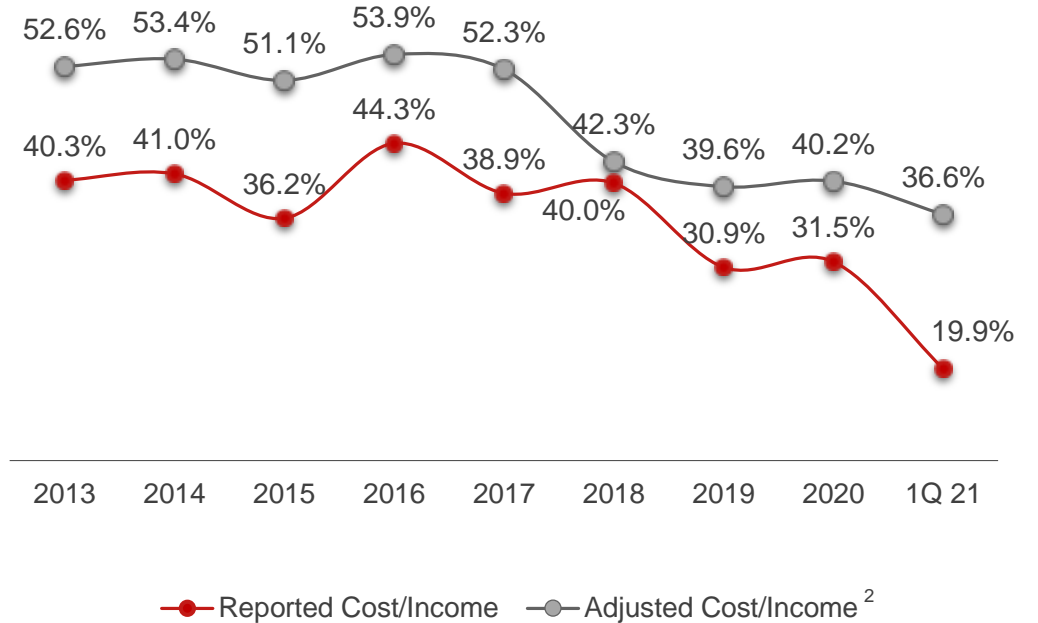
# OPERATING COSTS (2/2)

## OPERATING LEVERAGE AT ITS BEST IN THE QUARTER

### Operating costs/Total assets<sup>1</sup>



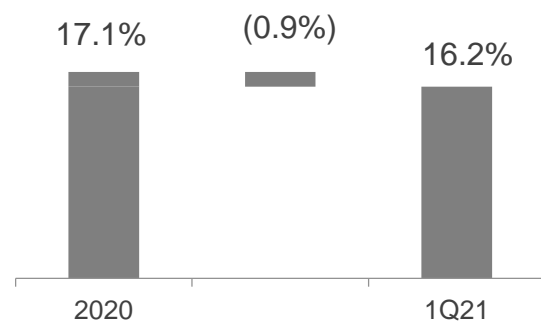
### Cost/Income ratio<sup>1</sup>



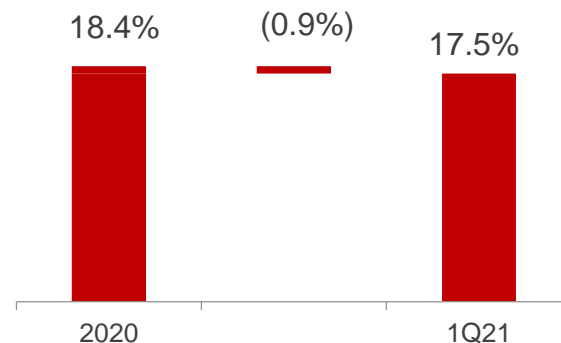
# CAPITAL RATIOS

## SOUND CAPITAL POSITION REAFFIRMED AMID COMMITMENT TO DIVIDEND DISTRIBUTION

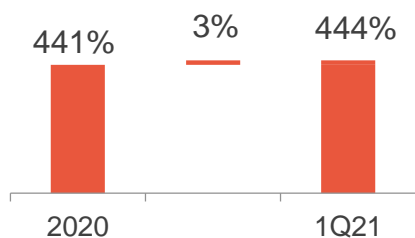
### CET1 ratio



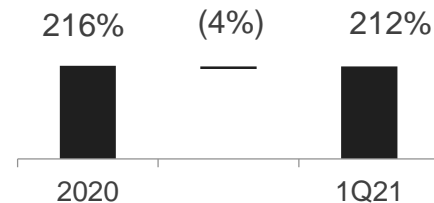
### TCR ratio



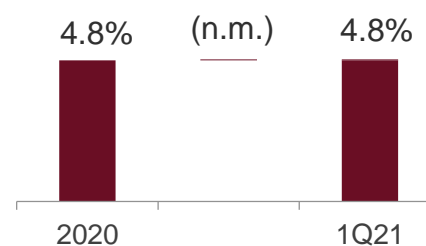
### LCR ratio



### NSFR ratio



### Leverage



Capital strength confirmed after **seasonality** linked to destination of full 1Q21 earnings to cover 2021 dividend policy

**Capital absorption** in the quarter driven by banking book diversification and higher lending activity

**2020 Reported capital ratios** are calculated net of the 2019-2020 cumulative dividend per share of €3.3 (€386 million) approved by last AGM on 22 April 2021

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Preliminary remarks



1Q 2021 Financial Results



**Net Inflows, Assets and recruiting**



Business update and closing remarks



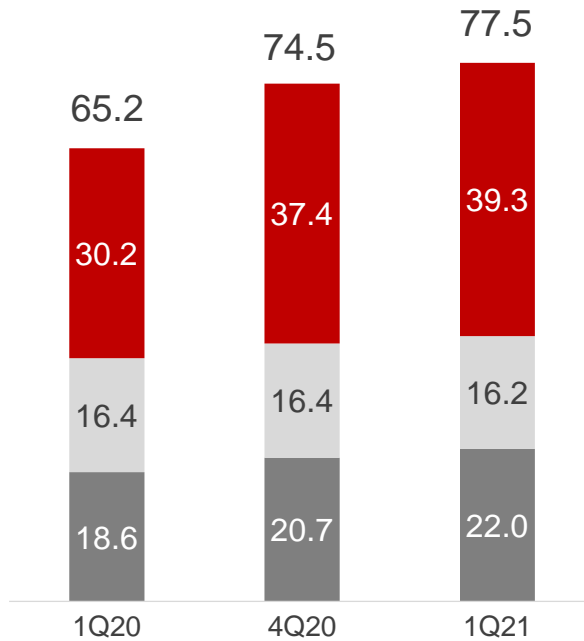
Appendix



# TOTAL ASSETS

## NEW HIGHS WITH IMPROVING MIX

### Total Assets bn/€

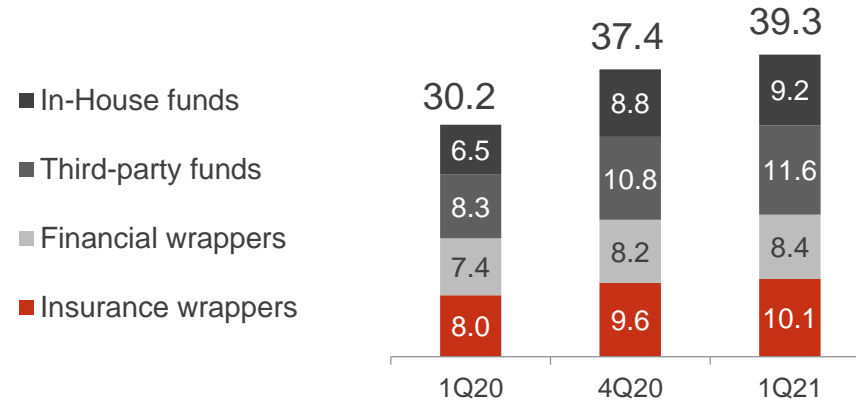


% Managed Solutions/Total assets

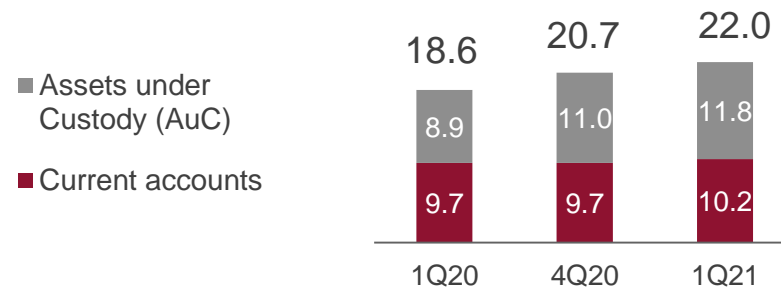


■ Banking products ■ Traditional life policies ■ Managed solutions

### Managed Solutions bn/€



### Banking products bn/€



**Managed solutions (+30% YoY, +5% YTD)** driven mostly by funds/SICAVs and insurance wrappers.

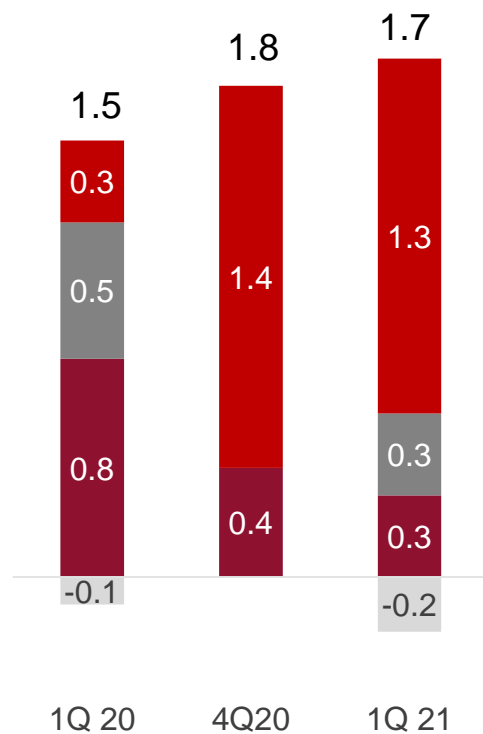
**Traditional life assets (-1% YoY and YTD)** structurally lower in light of ultra-low interest rate environment

**Assets under Custody (+33% YoY, +8% YTD)** benefitting from the upgrading offer in advanced advisory, structured products and brokerage platform

# NET INFLOWS

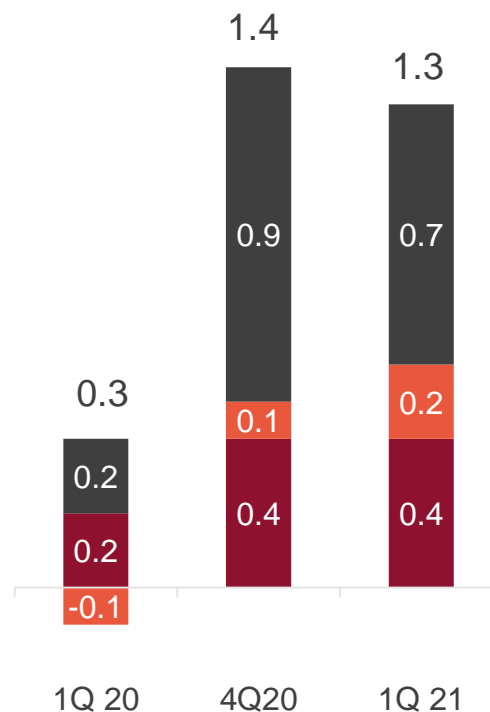
## HIGH-QUALITY MIX FOCUSSED ON MANAGED SOLUTIONS

Total net inflows m/€



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

Managed solutions, m/€



- Insurance wrappers
- Financial wrappers
- Funds/Sicavs

**Sound growth in volumes (+11%) with significantly better product mix**

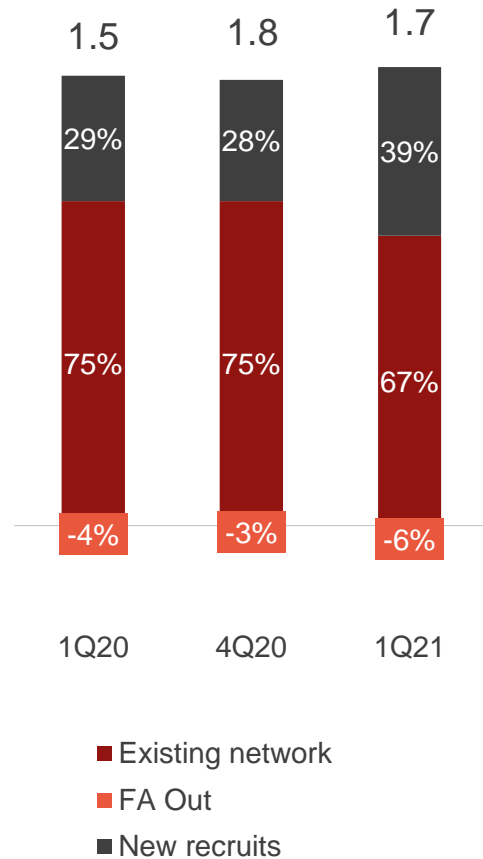
**Booming managed solutions (4x higher than 1Q20) with positive trend in all product lines**

Positive net inflows in **AuC products** bearing fruits of enhanced focus on products and services through advanced advisory/Ro4AD, brokerage and structured products

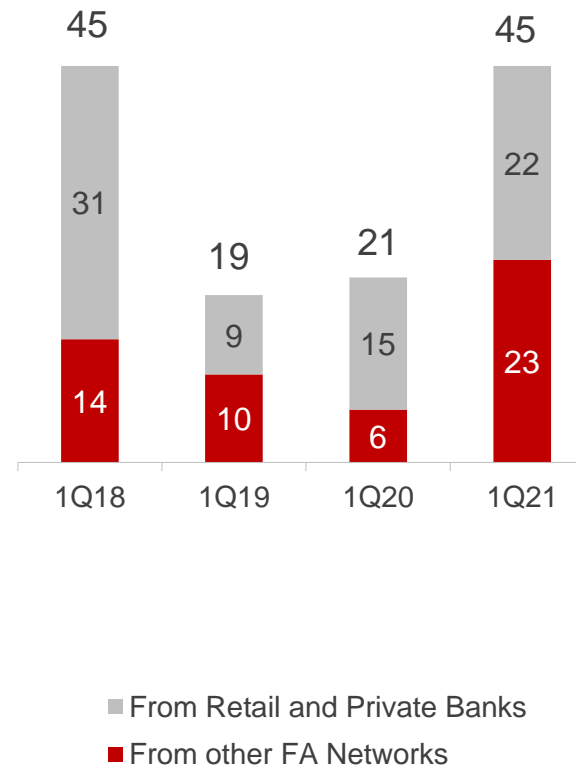
# TOTAL NET INFLOWS

## RECOVERY IN RECRUITING ACTIVITY AFTER LOCKDOWN LIMITS

### Net inflows by acquisition channel %



### Recruitment trend (# of Recruits)



**Recruiting activity** resumed after the slowdown linked to pandemic

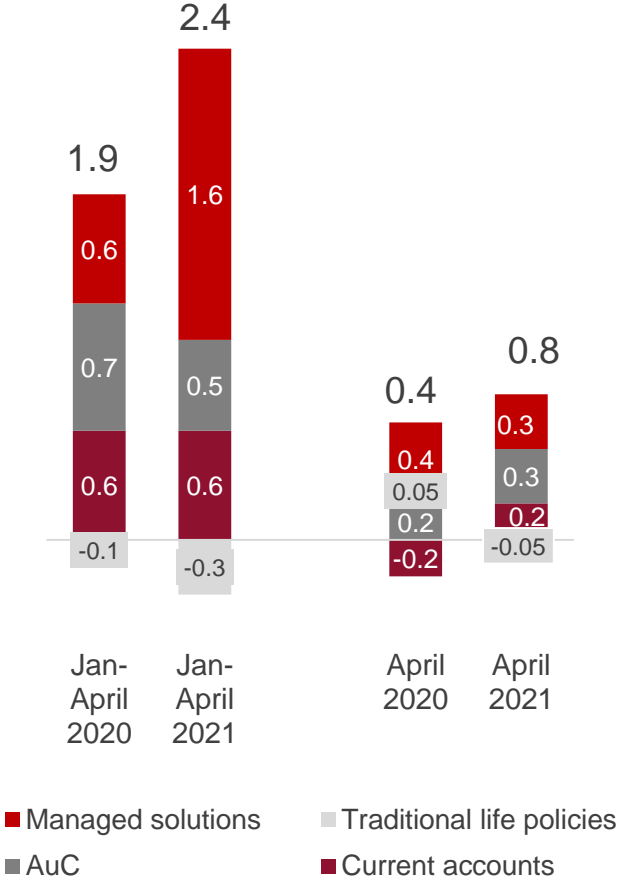
**Growth remains well balanced** with organic contribution sticky in absolute value at €1.1bn

**Recruiting target** for the year confirmed at 80-100 professionals by year-end

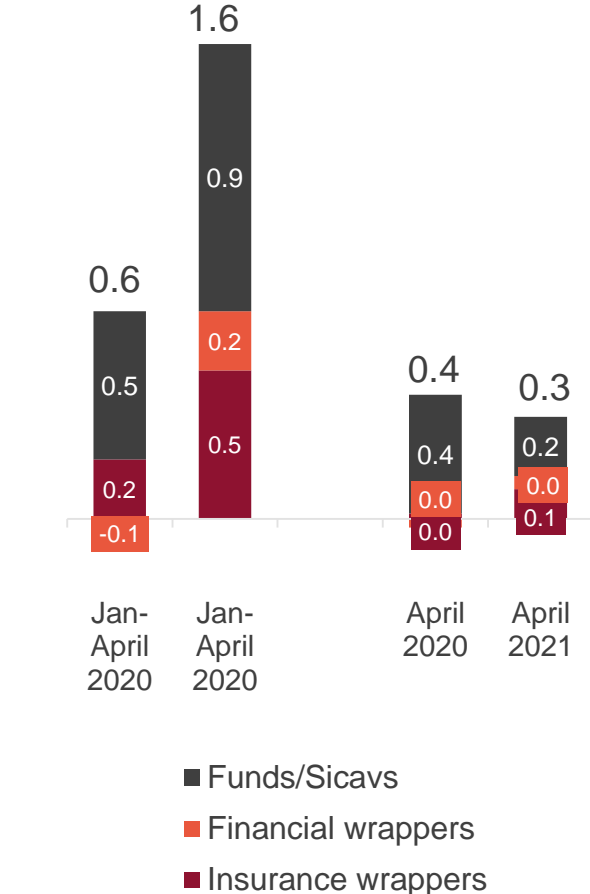
# APRIL 2021 COMMERCIAL UPDATE

## ROBUST NET INFLOWS DRIVEN BY MANAGED SOLUTIONS

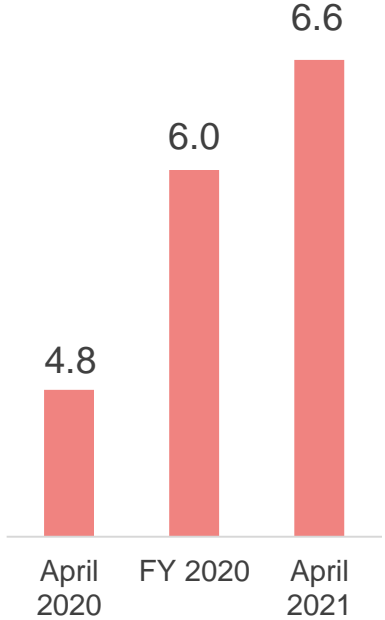
Total net inflows bn/€



Managed solutions, bn/€



Assets under Advisory bn/€



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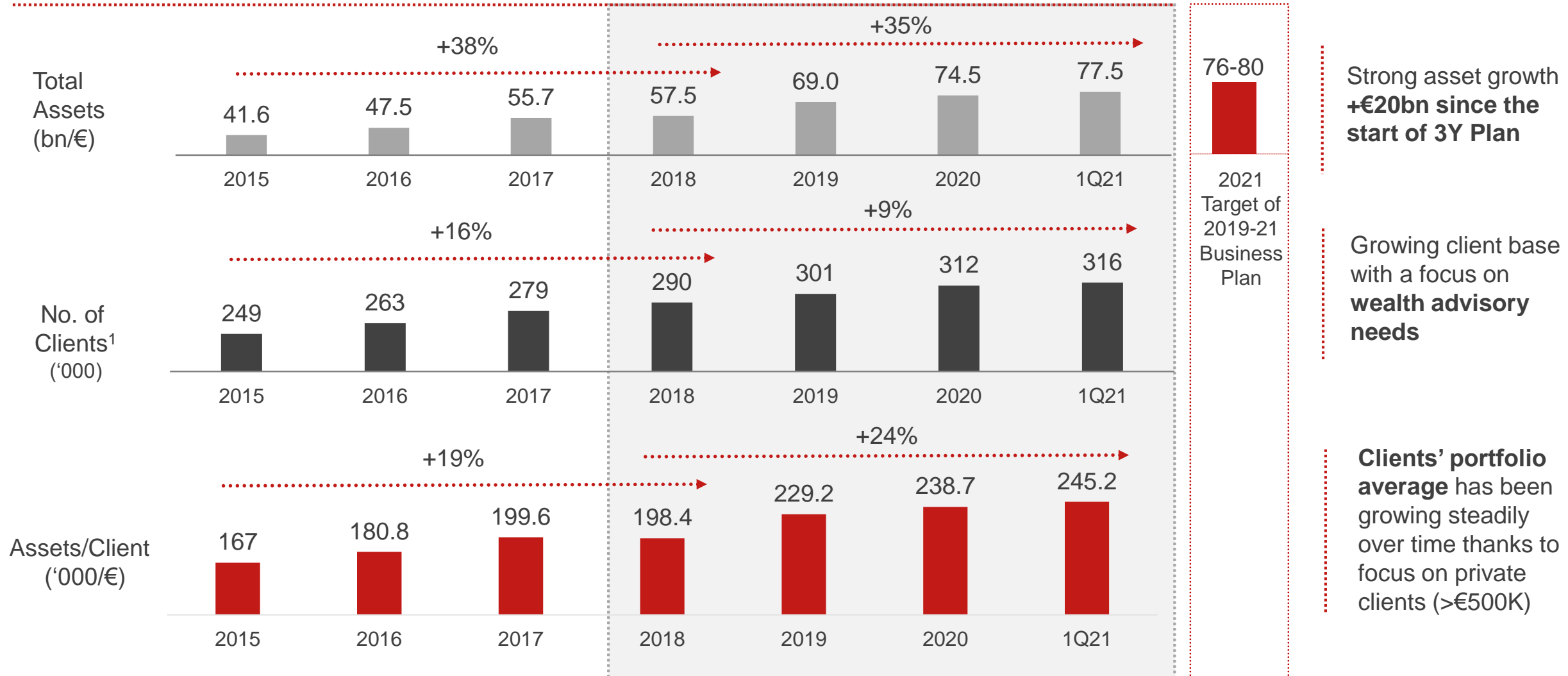


Appendix

# GROWTH (1/2) - 3 YEAR BUSINESS PLAN TARGET ALREADY ACHIEVED

## FOCUS ON QUALITY OF CLIENTS NOT NUMBER

### Assets and No. of Clients, bn/€, '000

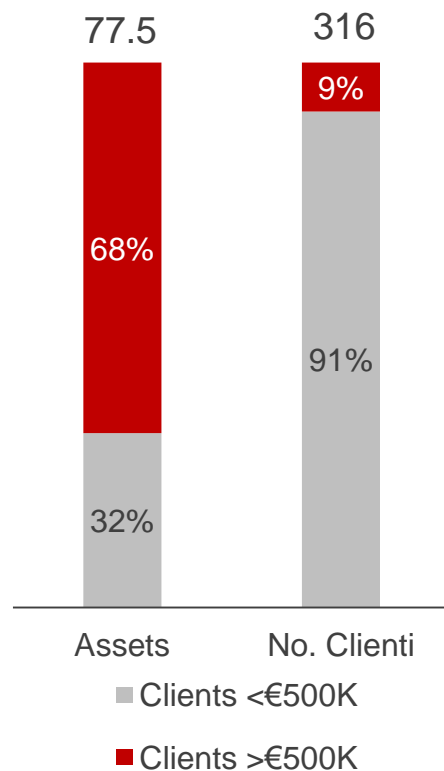


# GROWTH (2/2) – 3 YEAR BUSINESS PLAN TARGET ALREADY ACHIEVED

## DELIVERING ON PRIVATE CLIENTS AS STATED IN THE 3Y PLAN

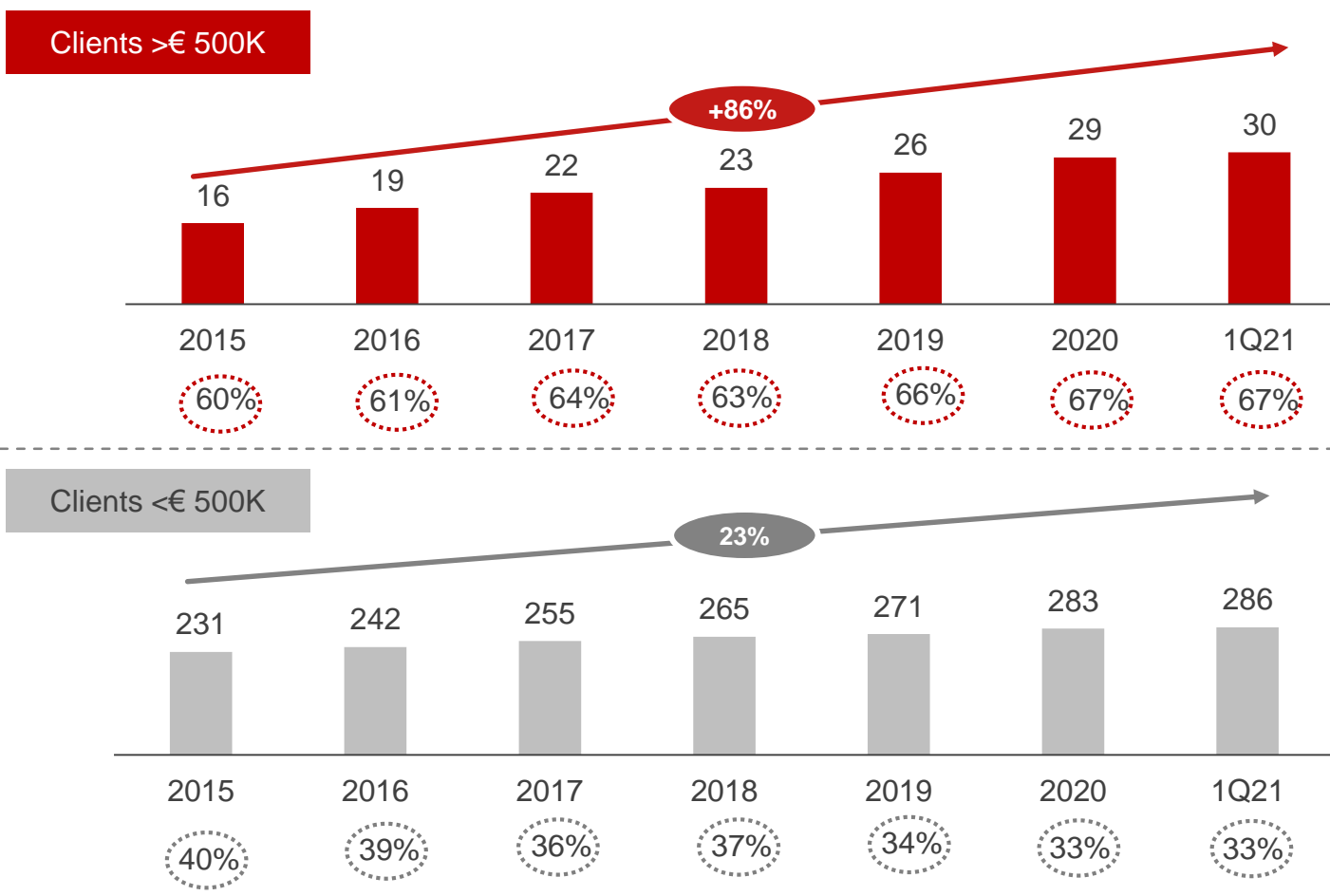
### Breakdown of Clients by cluster, bn/€, #

Data as of 31.03.2021



### No. of Clients, #

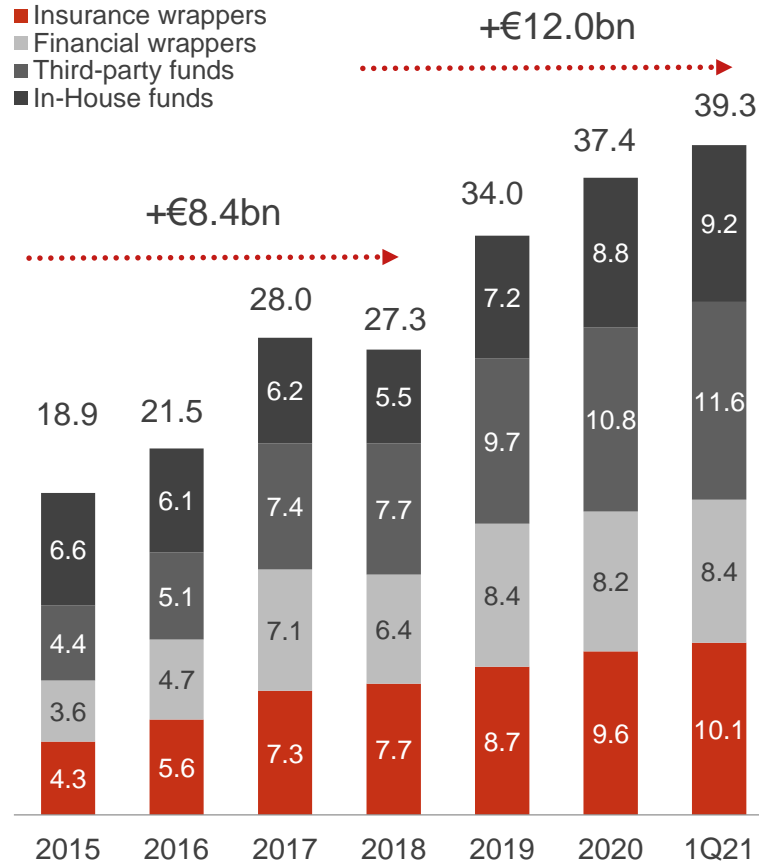
% Asset



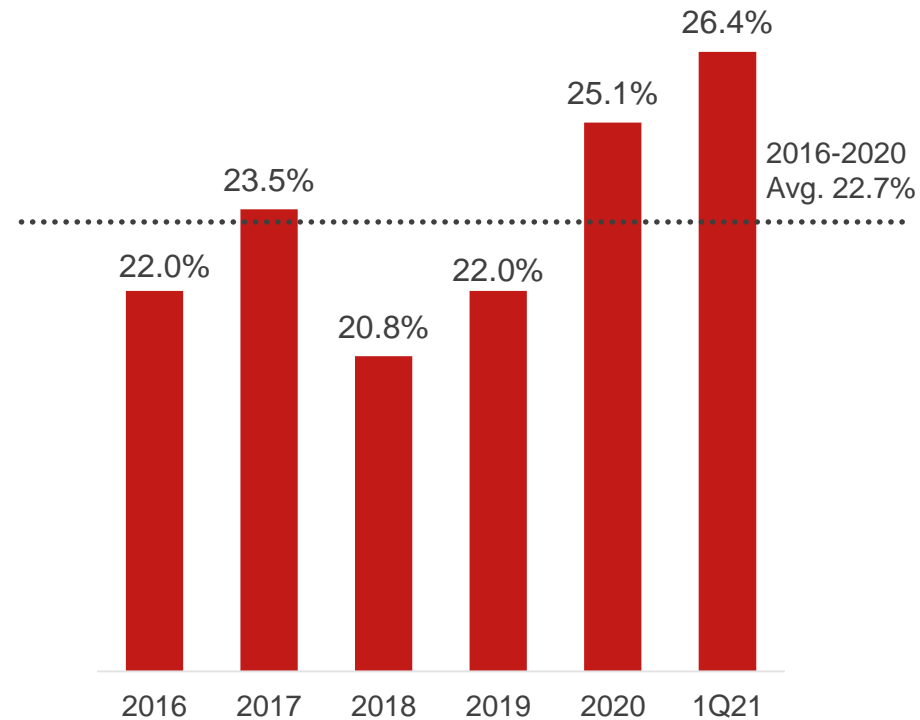
# VALUE (1/3) – IMPROVED ASSET QUALITY

## MANAGED SOLUTIONS REPRESENTING THE BULK OF ASSET GROWTH

### Managed solutions m/€



### Equity exposure/Total Assets %



**44% of 2019-21 assets growth YTD in managed solutions (+€12bn YTD)**

**Equity exposure currently at 5 years high at 26.4% of total assets (c. 47% of managed solutions YTD)**

Managed solutions/ Total assets (%)

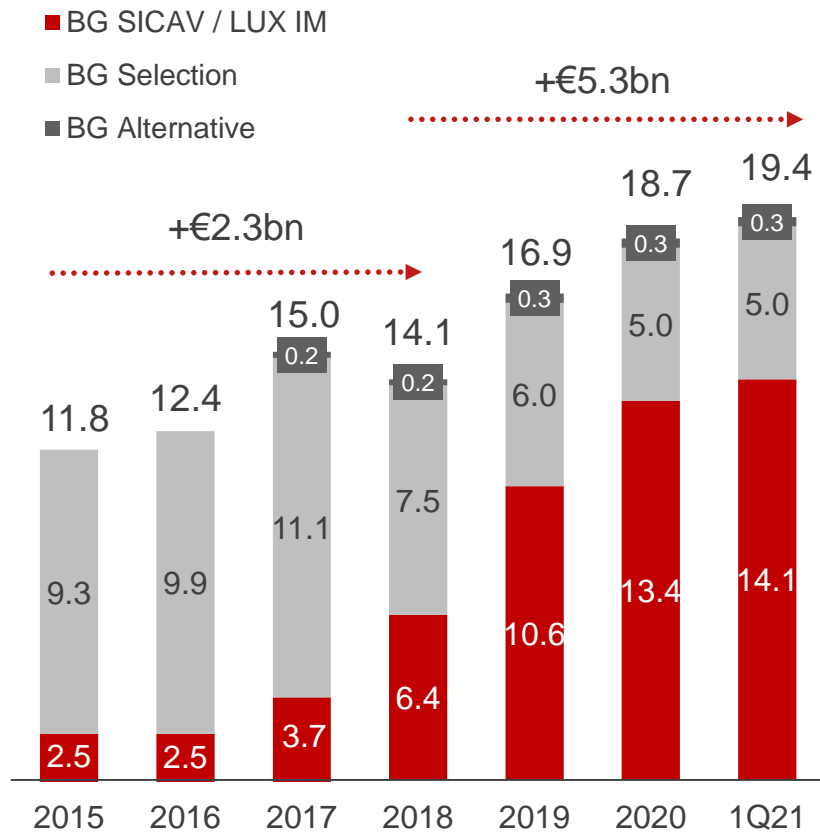
2015	45%
2016	45%
2017	50%
2018	48%
2019	49%
2020	50%
1Q21	51%



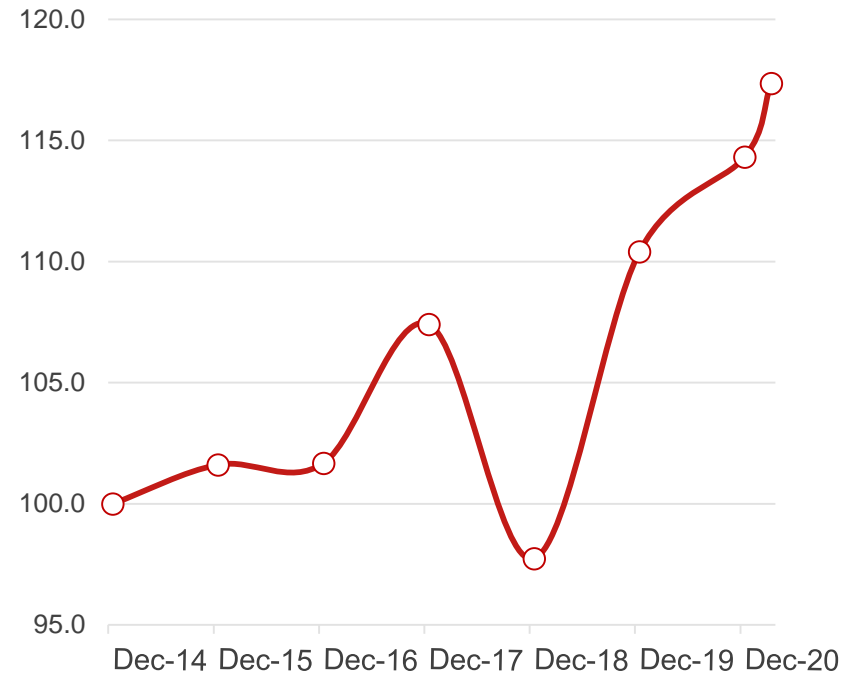
# VALUE (2/3) – IMPROVED ASSET QUALITY

## LUX IM EXPECTED TO LEAD GROWTH THANKS TO ONGOING INNOVATION

### In-house assets (BG FML)



### WAP<sup>1</sup> of BG FML



Sound asset growth supported by **positive performance delivery** to clients net of any fees

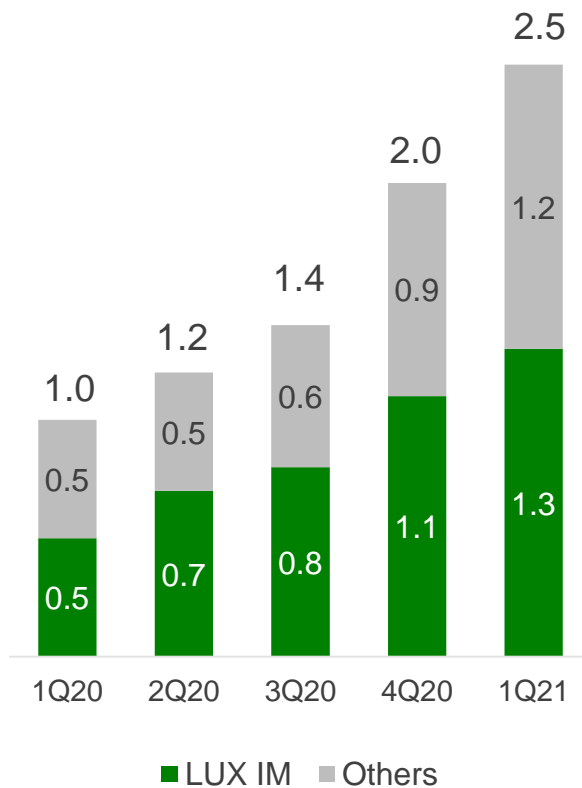
Overall growth expected to continue with **fourth wave** of new fund launching (authorization expected by June/July 2021)

# VALUE (3/3) – IMPROVED ASSET MIX

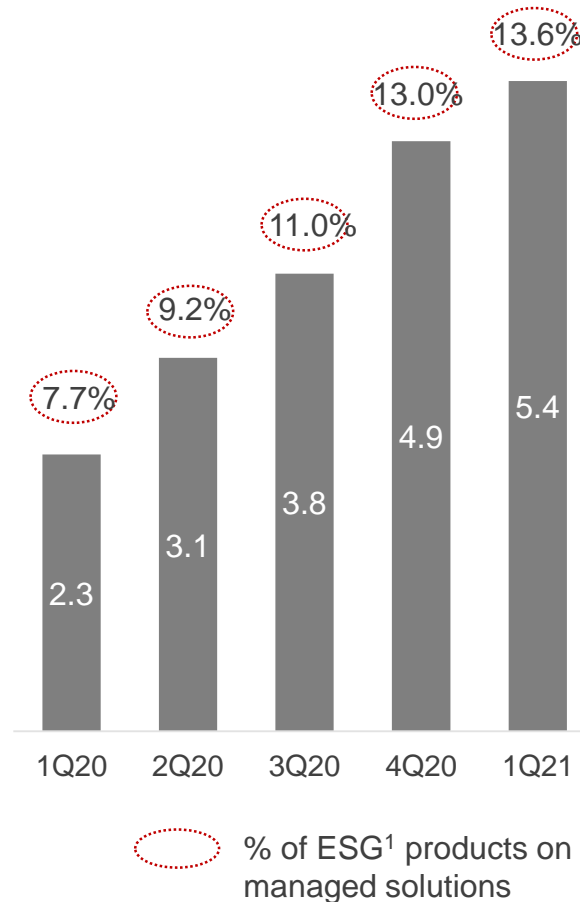
## ESG PROVING AS A KEY GROWTH DRIVER FOR MANAGED SOLUTIONS



Cumulative Net inflows in ESG<sup>1</sup> products since inception, bn/€



Assets in ESG<sup>1</sup> products, bn/€



**Unique ESG commercial approach** based on a dedicated IT proprietary platform, in-depth analysis of ESG features and link to each individual SDG for 230 funds/SICAVs, performance delivered also in tangible terms

**ESG strategies** representing 13.6% of total managed solutions as of 1Q21. LUX IM represents 52% of total ESG assets.

# CLOSING REMARKS

## SOLID FOUNDATIONS ON WHICH TO BUILD THE NEW BUSINESS PLAN

Objective	KPIs	2021 Targets	2019-1Q21 Results	Score
Asset growth	Cumulative Net Inflows	>14.5 bn/€	12.7 bn/€	<input checked="" type="checkbox"/>
	Total Assets	76-80 bn/€	77.5 bn/€	<input checked="" type="checkbox"/>
Sustainable profitability	Core Net Banking Income <sup>1</sup>	≥63 bps	67 bps	<input checked="" type="checkbox"/>
	'Core' Operating Costs <sup>1</sup> :	3%- 5% CAGR	4.6% <sup>2</sup>	<input checked="" type="checkbox"/>
Shareholders' remuneration	Dividend pay-out	70%-80% pay-out ratio	2019/20 avg. 70.5%	<input checked="" type="checkbox"/>
	Dividend per share	DPS (1.25€) set as a floor	2019/20 cumulative €3.3 p.s.	<input checked="" type="checkbox"/>

Legenda:  On track to 2021 target

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**unique by Value of**  
**Service, Innovation and**  
**Sustainability**



Preliminary remarks



1Q 2021 Financial Results



Net Inflows, Assets and recruiting



Business update and closing remarks



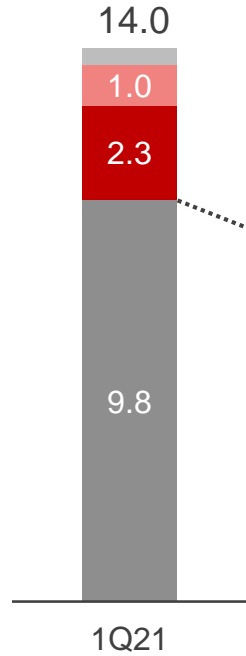
## Appendix

- **Financials back-up**
- Business Initiatives - others
- Sector data and market share
- Business profile - facts

# NET FINANCIAL INCOME

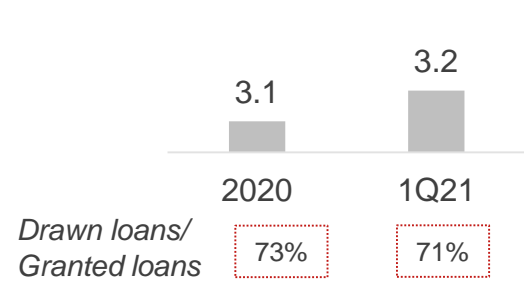
## HIGH QUALITY BANKING PORTFOLIO

### Total Assets bn/€

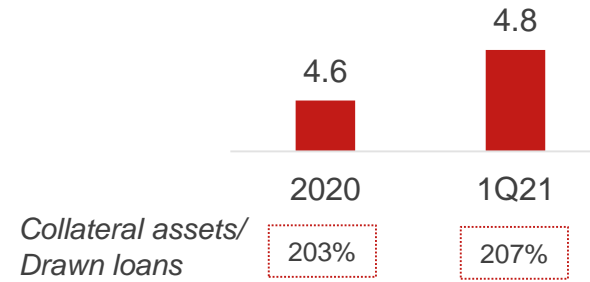


- Other assets
- Loans to Banks
- Loans to Clients
- Financial assets

### Granted loans, bn/€

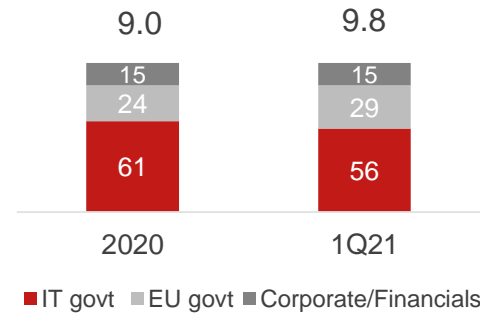


### Collateral assets, bn/€

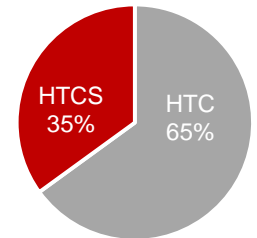


**Increased activity** in 1Q21  
(+ €146m granted loans, +€62m drawn loans)  
mostly in the form of Lombard loans

### Bond Portfolio Classification bn/€, %



### Financial Assets by IFRS Classification



- HTC
- Altro
- HTCS

**Growing diversification** in the bond portfolio, mostly in favour of other EU government bonds

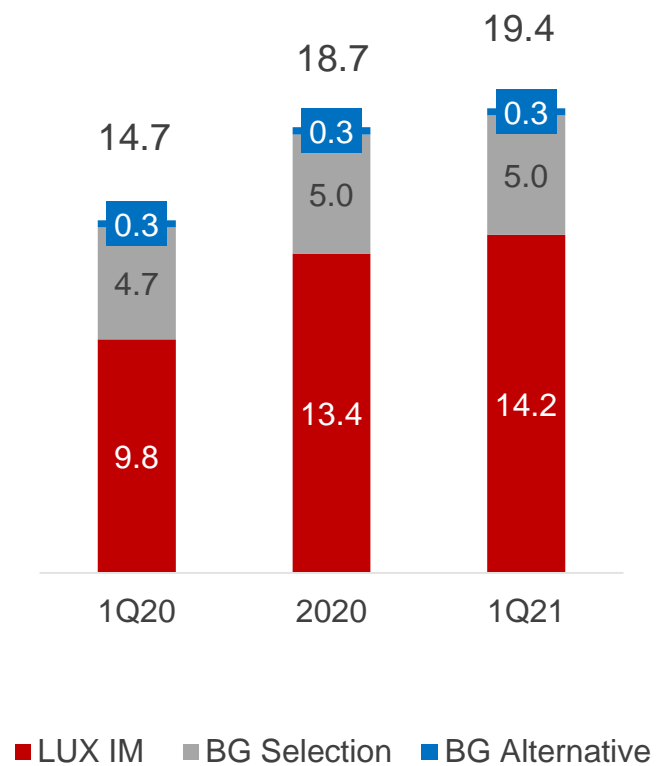
**De-risking** investment policy confirmed as reflected in the low duration

1Q21 Maturity 3.4 anni (di cui HTCS 0.6 anni)  
1Q 21 Duration 1.3 anni (di cui HTCS 0.3 anni)

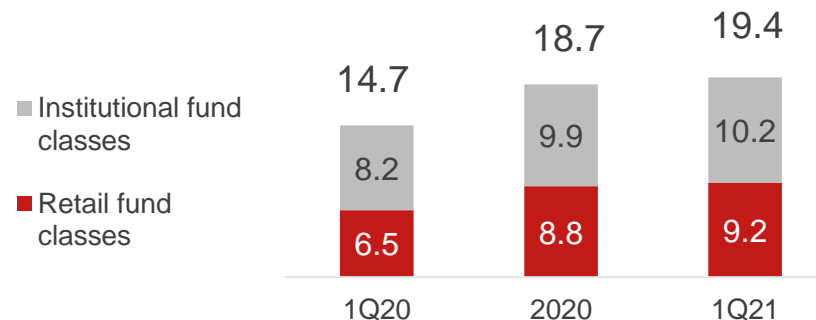
# MANAGEMENT COMPANY (BG FML)

## SOUND ASSET GROWTH

### BG FML - Assets by SICAV bn/€

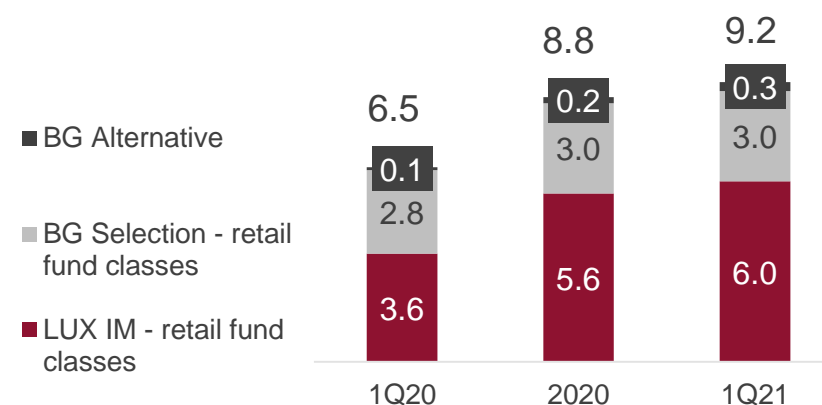


### BG FML - Total Assets, bn/€



BG FML assets increased to **25% of total assets** from 23% in 1Q20

### BG FML - Retail fund classes bn/€

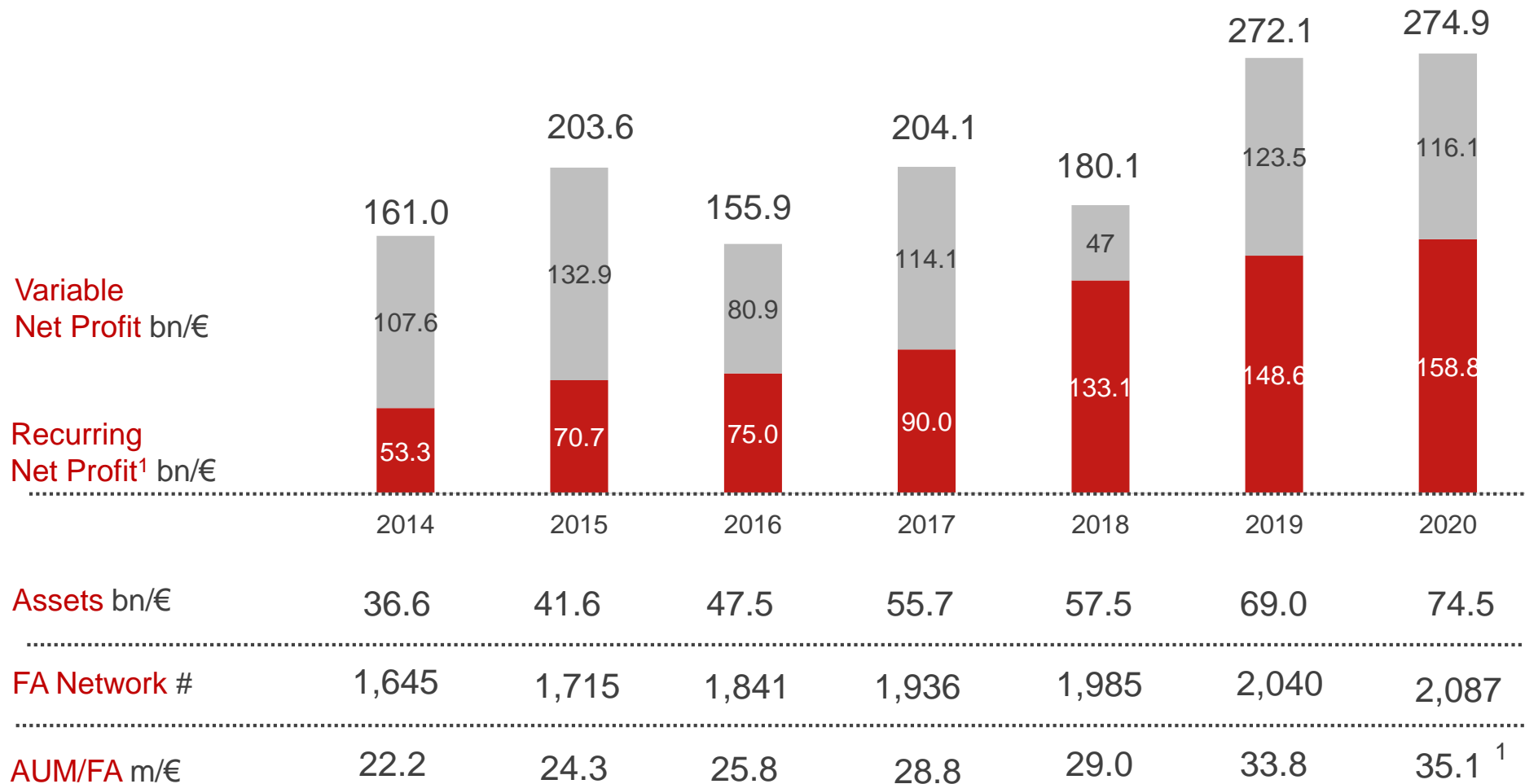


**43% of total BG FML assets** are invested in **equity strategies** followed by 28% in multi-asset strategies and 27% in bond strategies and 2% in Real estate and liquidity

# ENHANCING REVENUE AND GROWTH SUSTAINABILITY

## RECURRING NET PROFIT MORE THAN DOUBLED IN THE LAST FIVE YEARS

### Net Profit: Recurring vs. Variable m/€



Enhanced focus on revenue and growth sustainability bearing fruits, as **recurring net profit more than doubled in the last five years**

Growth could have been **even stronger without some headwinds** (ongoing adjustments to lower interest rates, increase in tax-rate)

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Preliminary remarks



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Business update and closing remarks



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## KEY BUSINESS DRIVERS

**A** BG FUND  
MANAGEMENT LUX

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**B** ESG

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**C** INSURANCE

## NEW REVENUE STREAMS

**D** ADVANCED ADVISORY

---

**E** BROKERAGE

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**F** STRUCTURED PRODUCTS  
& PRIMARY MARKET

## NEW BUSINESS LEVERS

**G** LOMBARD LENDING

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**H** PRIVATE MARKETS

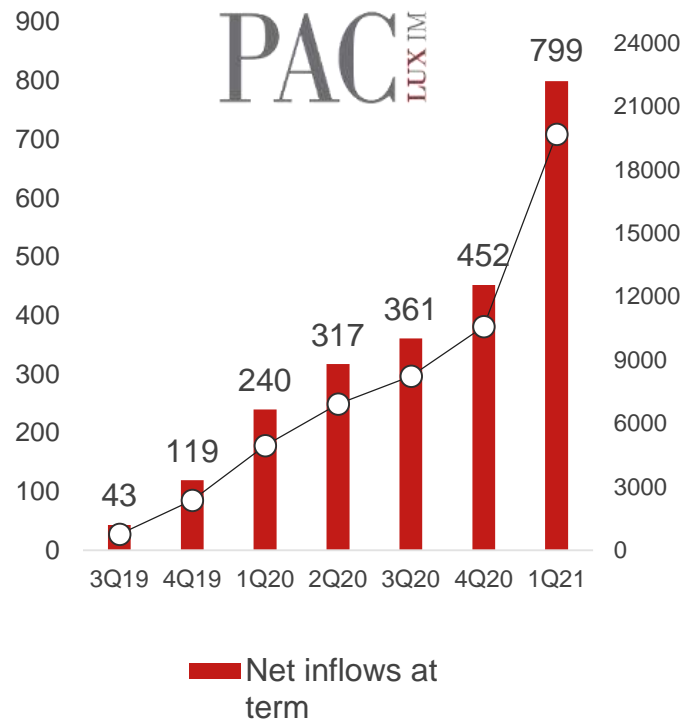
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**I** INTERNATIONAL  
EXPANSION

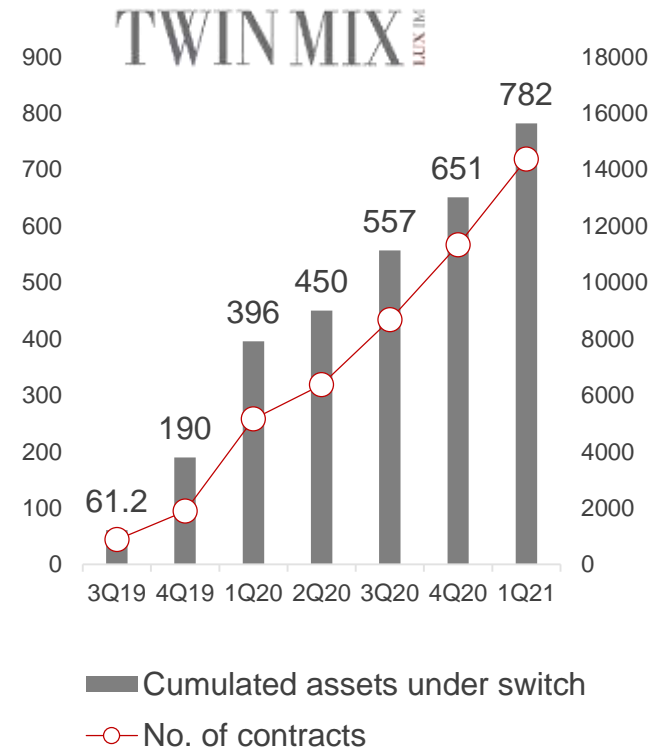
# KEY BUSINESS DRIVERS - LUX IM

## 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):** almost doubled by number since the start of the year. Decent size (€40K) 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 sub-funds within LUX IM offer

## Distinctive commercial approach


UN SDGs




Fund selection and ranking



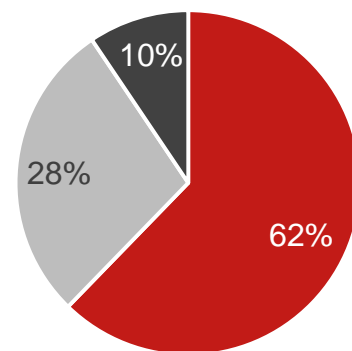
ESG dedicated platform



ESG reporting



## ESG assets split by managed solutions



- Funds/Sicav
- Insurance wrappers
- Financial wrappers

**ESG Funds/SICAVs:**

244 ESG funds (+21 strategies YTD, +52 YoY)

**New products**

LUX IM expected to double offer (from 14 to 28 ESG lines) with focus on current and new ESG investment approaches, new generation sustainable themes, health-related strategies

### Distinctive commercial approach

#### UN SDGs



Distinctive ESG value proposition linking investment decisions to SDGs on a tailor-made basis

#### ESG dedicated platform



IT platform allowing a bespoke selection of ESG funds based on risk profile and SDGs

#### Fund selection and ranking



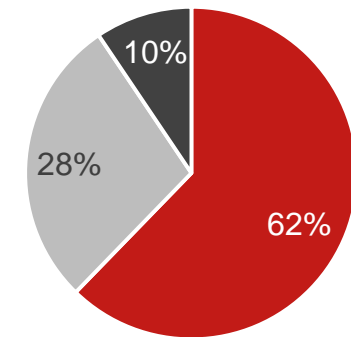
Advanced fund analysis by ESG thematic area for sustainability ratings and for alignment with the SDGs

#### ESG reporting



Reported impact of funds and portfolios according to objective SDG-linked metrics

### ESG assets split by managed solutions

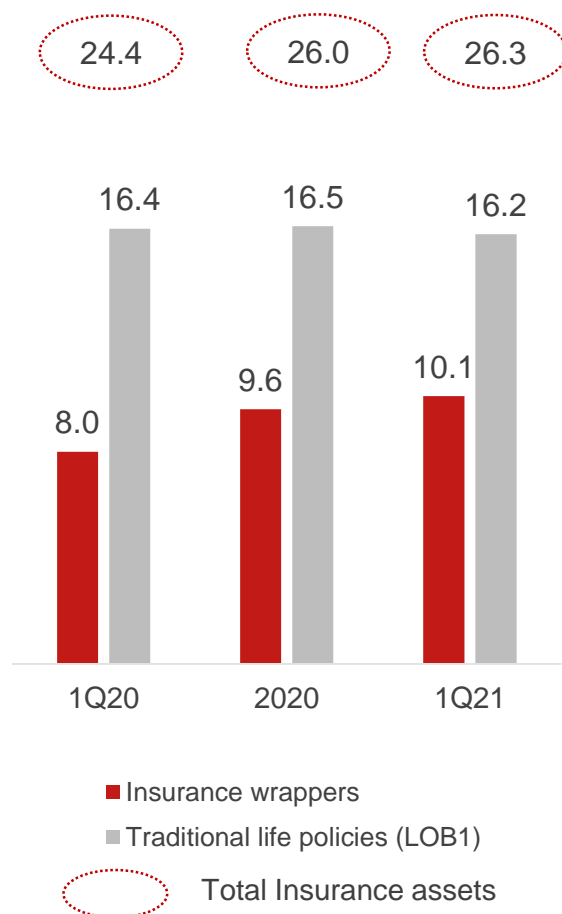


- Funds/Sicav
- Insurance wrappers
- Financial wrappers

# KEY BUSINESS DRIVERS - INSURANCE

## INSURANCE OFFER TURNING TOWARDS WRAPPER SOLUTIONS

### 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



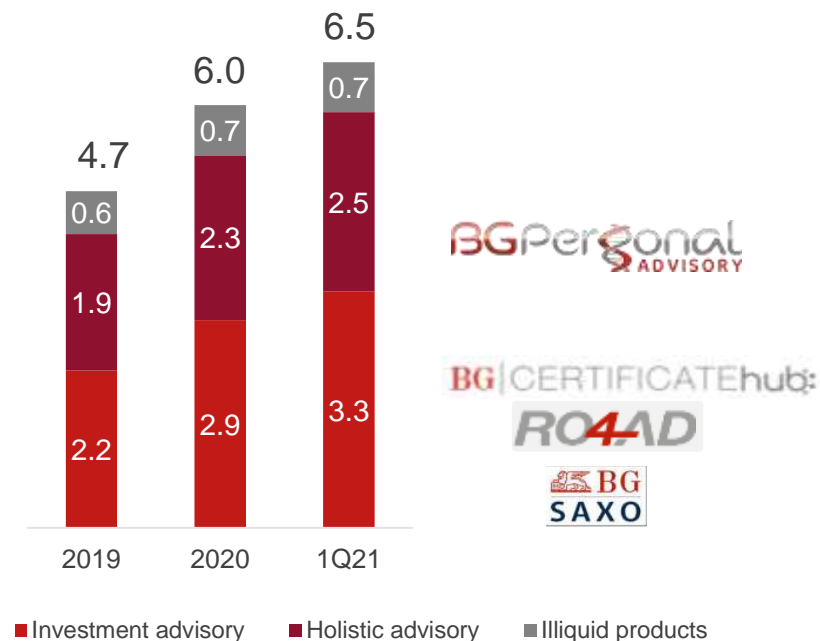
- New saving plans with insurance waivers linked to tailor-made clients' objectives

**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

### Advanced advisory (AuA) by mix, bn/€



**Three advisory levels:** investment advisory, holistic advisory, illiquid products

**Growing dissemination** amongst FAs (64% of total FAs in 2020 vs. from 59% in 2019)

**Success amongst private clients** (€600K/avg. contract)

### Structured products

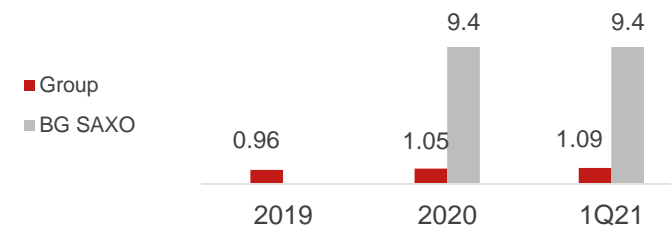


Best private bank for structured products

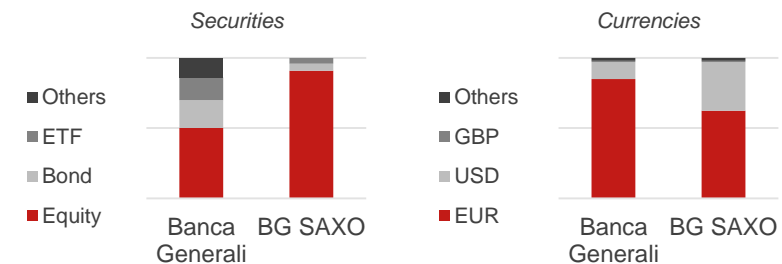


**BG Certificate hub** - A fully-fledged platform to approach structured products as a tool for yield enhancement and an instrument for tactical asset allocation

### Turnover ratio<sup>1</sup>



### Trading Mix (1Q-21)



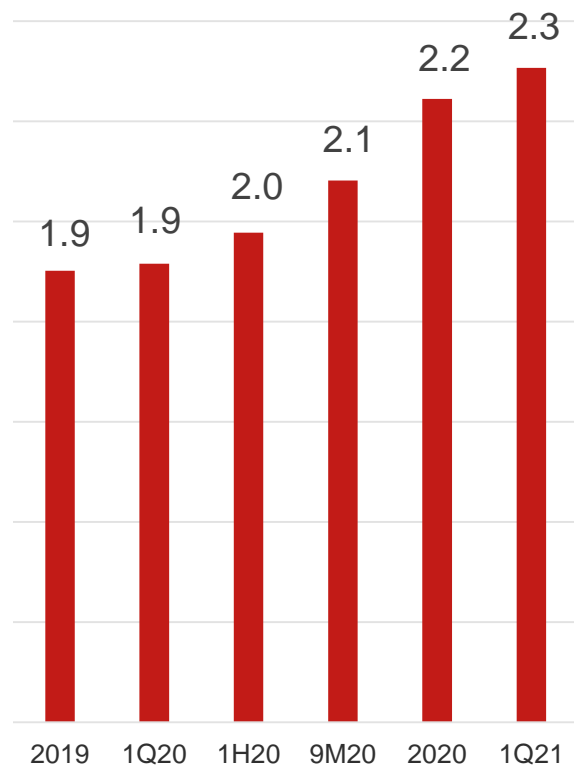
**Better trading mix** with growing equity and international exposure. Positive start to CFDs

**Large investable space** with 19,000 equity instruments on 36 markets, 5,000 corporate and govt. bonds, 3,000 ETFs on 30 exchanges, 9,000 CFDs

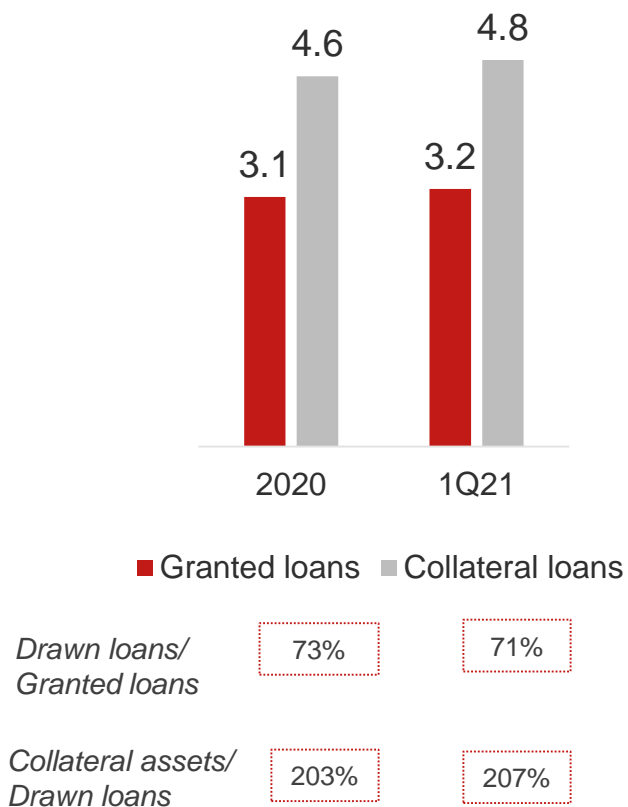
# NEW BUSINESS LEVERS - LOMBARD LENDING

## STEADY GROWTH IN SECURED LOANS

Drawn loans, bn/€



Loans trend, bn/€



### Steady growth in new loans

1Q21 new drawn loans at €62 vs. €10m in 1Q21 (€264m in 2020)

### Well diversified and secured lending

Lending policy focused on the existing Client base, well diversified and with State Guarantees on corporate loans

### Collateral assets

Lombard loans are backed by financial assets, whose market value is significantly higher than book value

### BG's way to Private markets



### Client target

**Clients' AUM thresholds** for access to the product:

- FIA – for Clients with AUM > €500K
- ELTIF - for Clients with AUM > €250K

**Minimum investment size requested:**

- FIA – €100K
- ELTIF - €10K

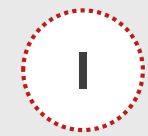
### Subscriptions in progress

Net inflows growing steadily (~€90m YTD) amid strict thresholds and enhanced controls for retail Clients due long holding period (above 6 years) and illiquidity

### BG's ecosystem

Exclusive partnership with International VC and research centers to select co-investment opportunities





# NEW BUSINESS LEVERS - INTERNATIONAL EXPANSION

TEMPORARY SLOWDOWN DUE TO THE PANDEMIC AND LOWER RISK PERCEPTION

## Three drivers

**BG** | *Valeur*

Increased need to obtain a **Swiss banking licence** in order to capitalise on the opportunities offered by the context

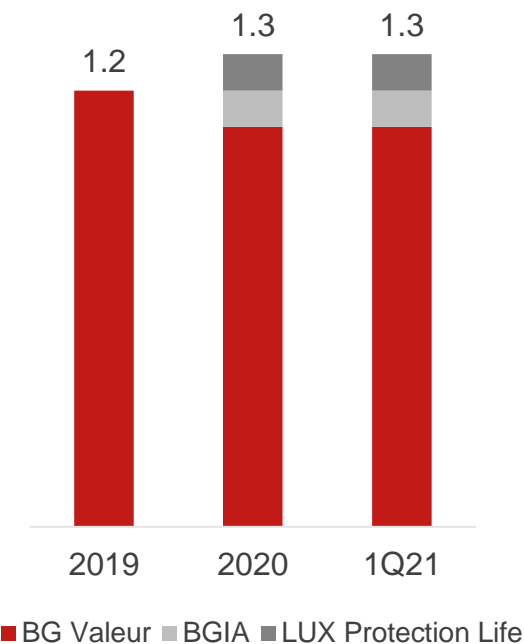
**BG** INTERNATIONAL  
ADVISORY

BGIA is the **key tool to better serve clients amid** lockdowns/social distancing measures and changing market context

**LUX PROTECTION LIFE**

Opportunity to leverage on **BG Valeur asset management skill** for tailor-made investment lines

## Assets, bn/€



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Preliminary remarks



1Q 2021 Financial Results



Net Inflows, Assets and recruiting



Business update and closing remarks

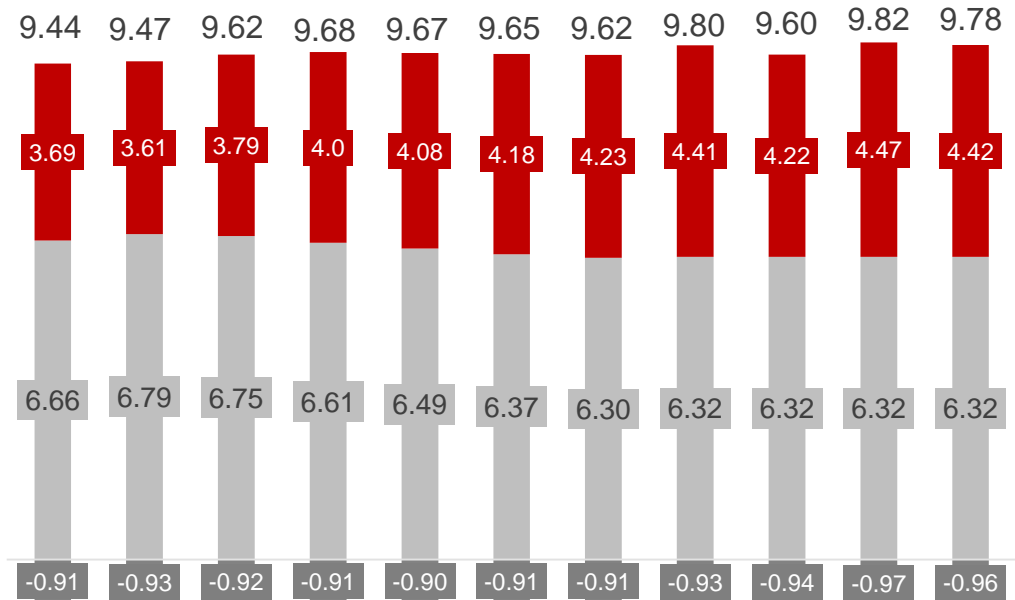


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# ITALIAN FINANCIAL HOUSEHOLD WEALTH RESILIENT DURING THE PANDEMIC

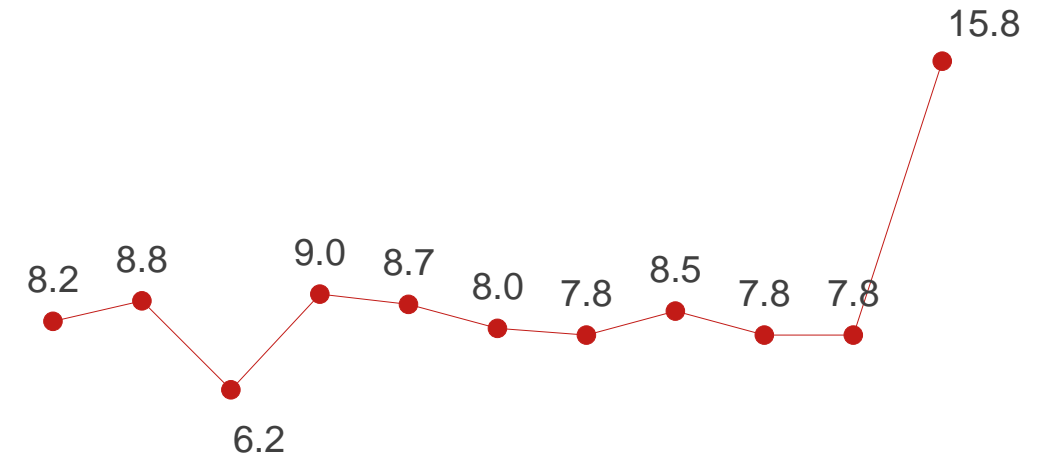
Italian total household wealth, 000 bn/€



2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 9M20

■ Real estate wealth ■ Financial Wealth ■ Household debt

Propensity to savings, % on gross disposable income



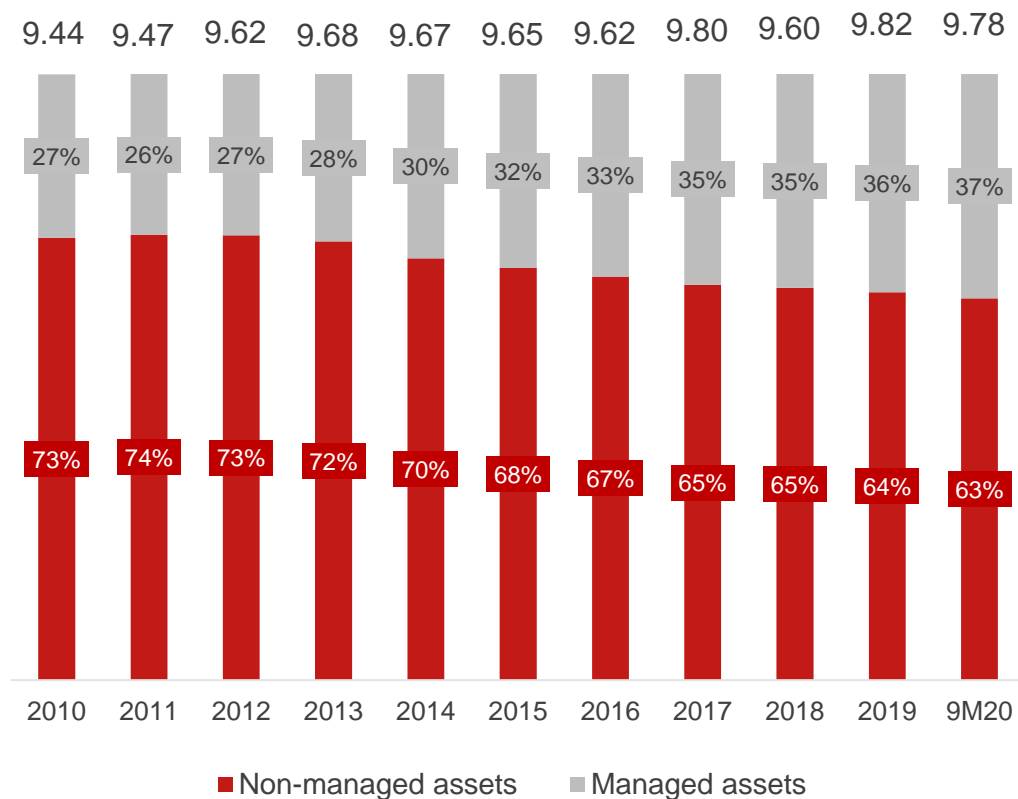
2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

● Propensity to savings

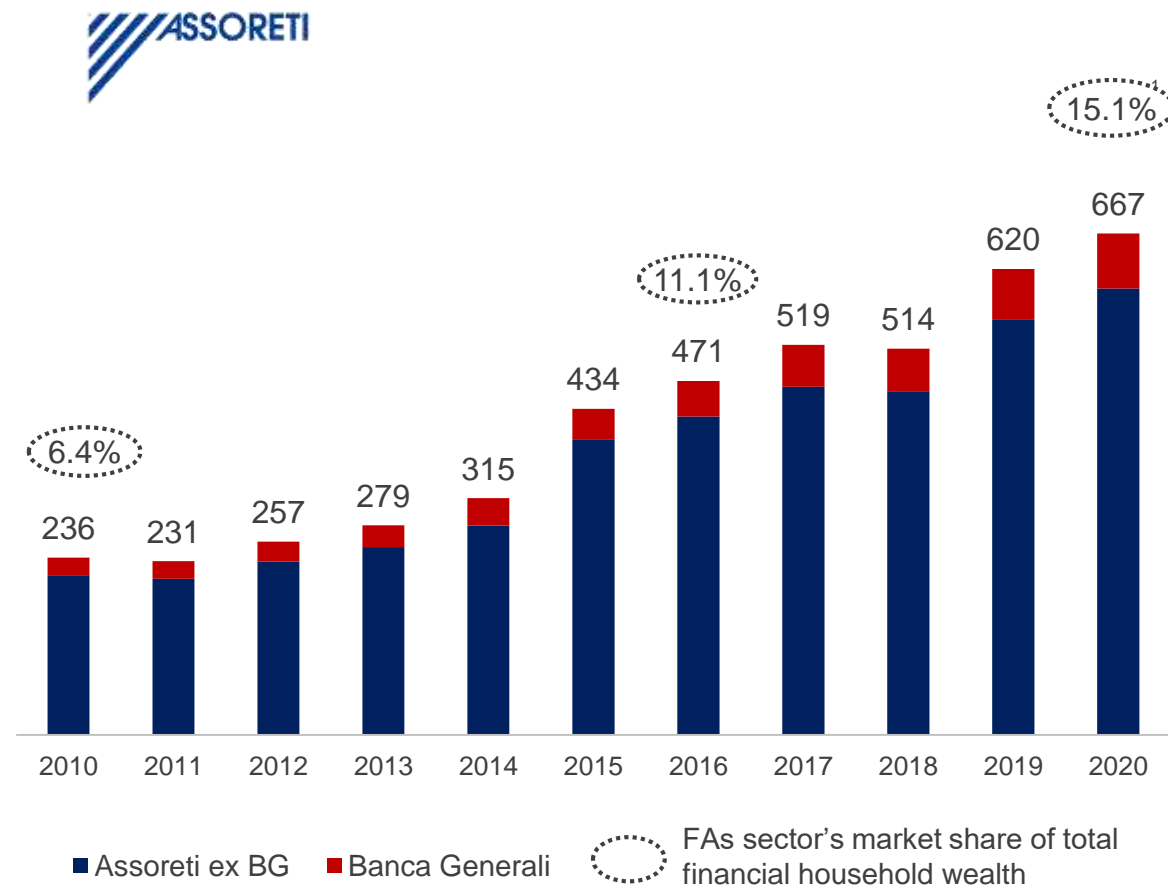
# ONGOING SECTOR TRENDS

## HIGHER FOCUS ON MANAGED SOLUTIONS AND SEARCH FOR INVESTMENT ADVISORY

Managed assets/Total household wealth<sup>1</sup>, 000 bn/€, %



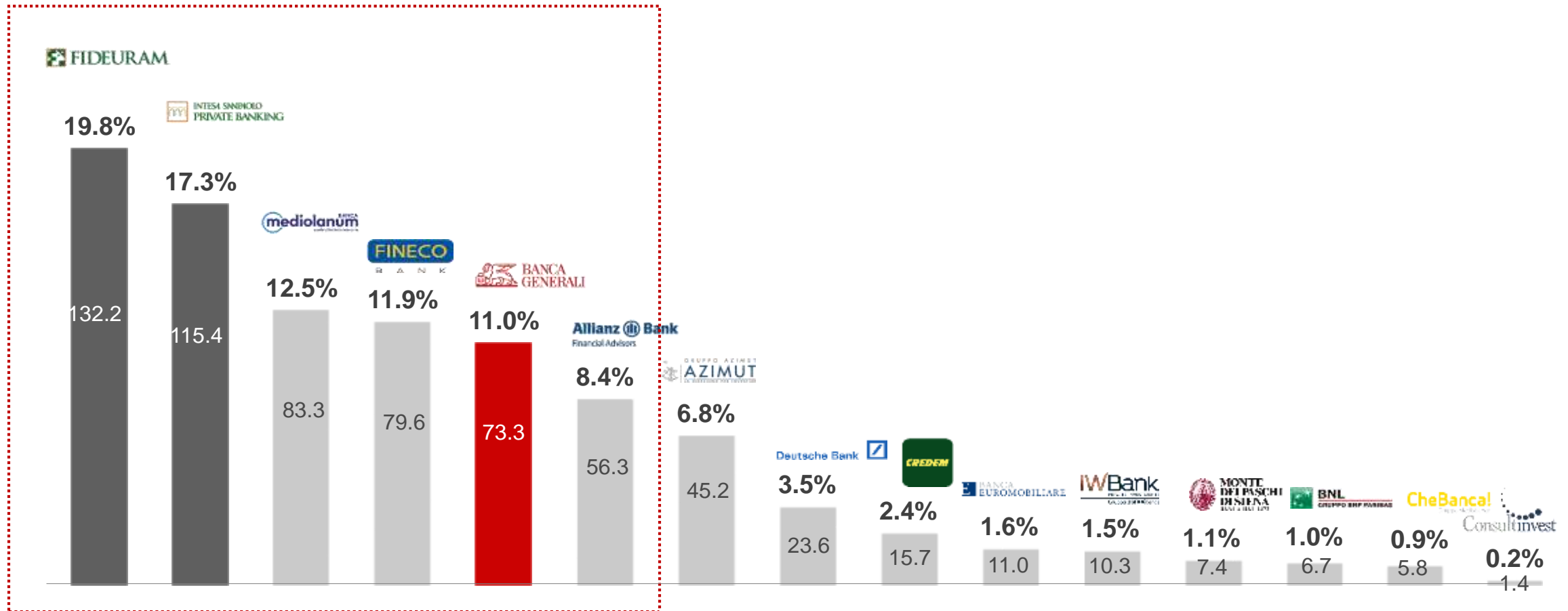
FAs sector (Financial Advisors), bn/€



# FA NETWORKS (ASSORETI)

## HIGH CONCENTRATION AS SIZE MATTERS

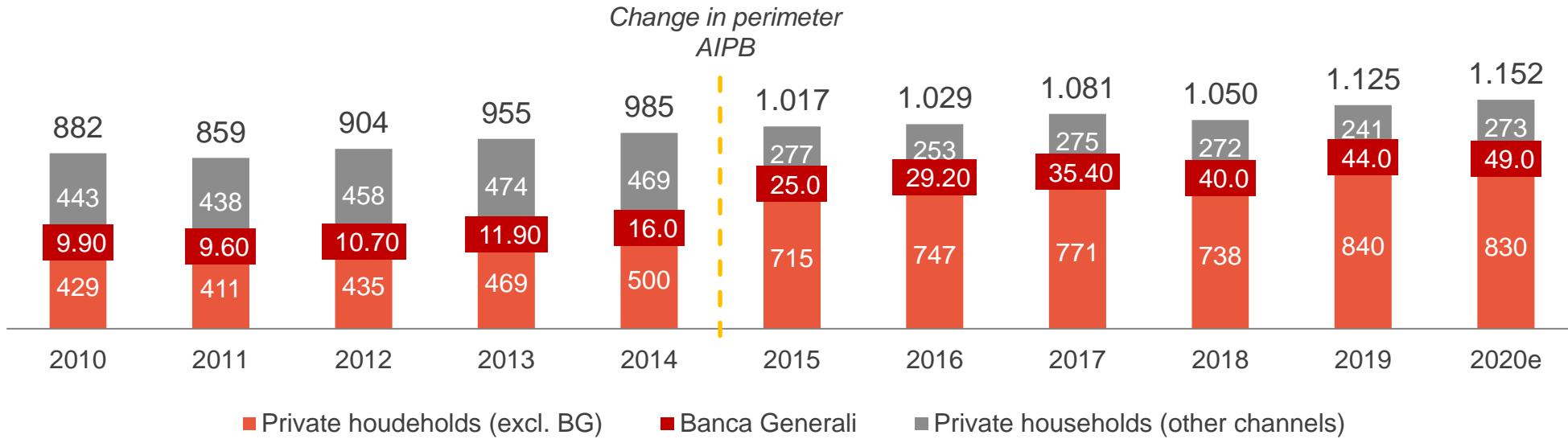
Ranking by asset size, bn/€



# ITALIAN PRIVATE BANKING (AIPB)

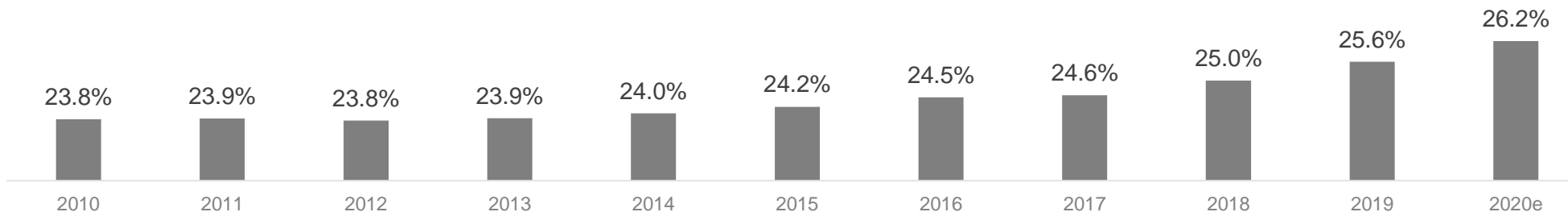
## FA ASSETS TRIPLED IN THE LAST 10 YEARS

Private Banking Assets in Italy, bn/€



- Private wealth growing steadily and representing one fourth of total Italian financial wealth
- Private households are c.650k , i.e. 10.7% of the entire population

Market Shares (Private banking assets as % of tot. Italian Financial assets), %



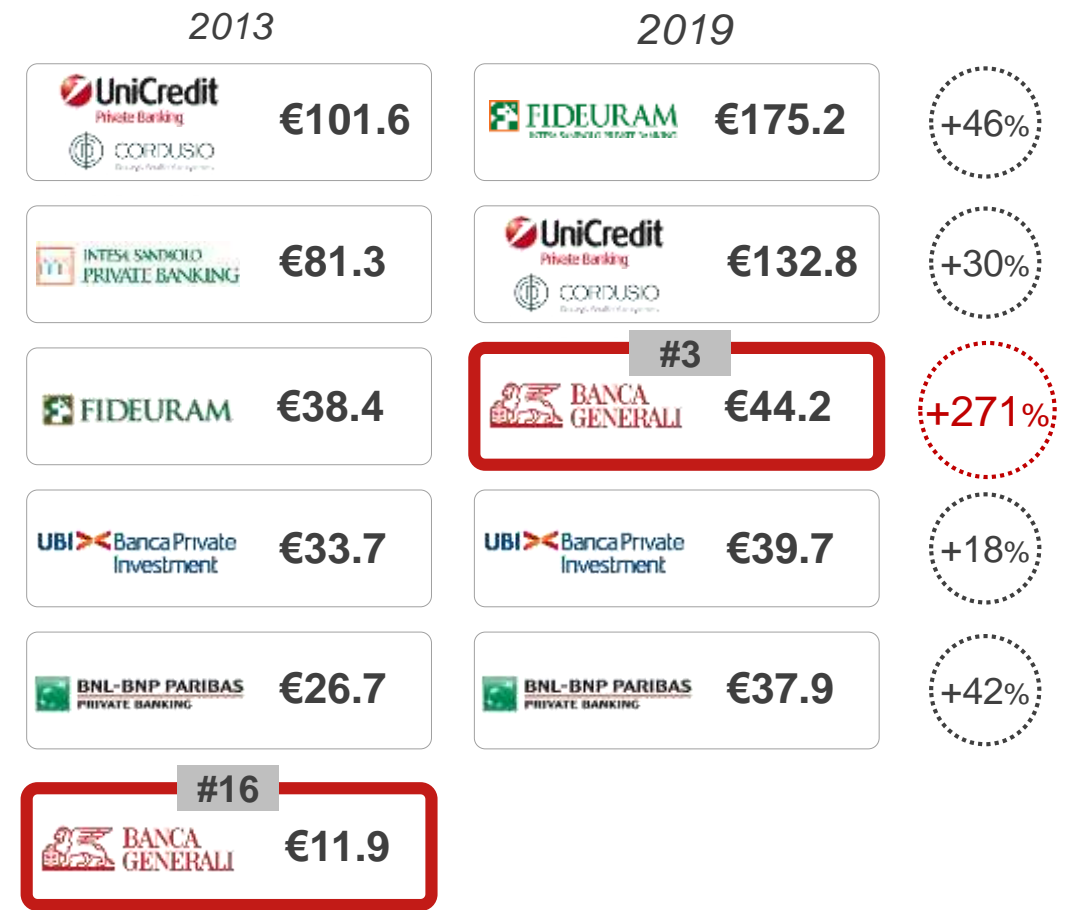
# BANCA GENERALI, MARKET POSITIONING

## STRONG INCREASE IN THE PRIVATE BANKING SPACE

### Assoreti bn/€



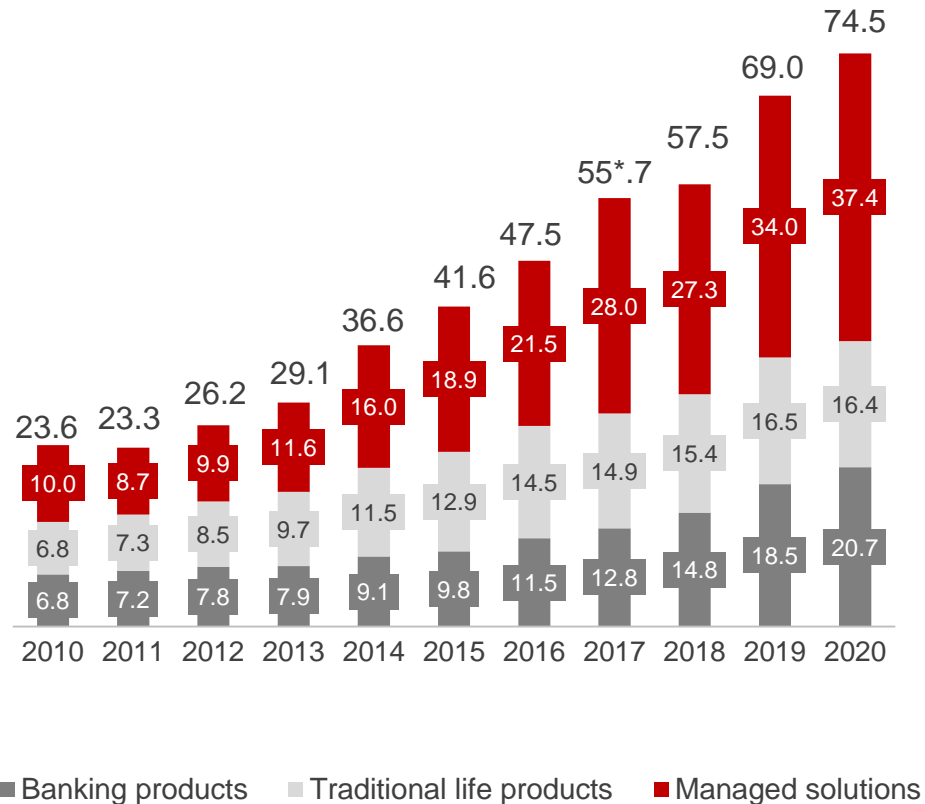
### Magstat<sup>3</sup> bn/€






# BANCA GENERALI MARKET SHARES

## GROWING WEIGHT OF MANAGED SOLUTIONS

### Banca Generali - Total assets, bn/€



### Banca Generali - Market shares, %

	2010	2016	2020
Financial Advisors (FAs) 	10.0%	12.6%	13.7% <sup>1</sup>
Private Banking 	1.1%	2.8%	4.3%
Italian Financial Household Wealth 	0.6%	1.1%	1.7% <sup>2</sup>



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Preliminary remarks



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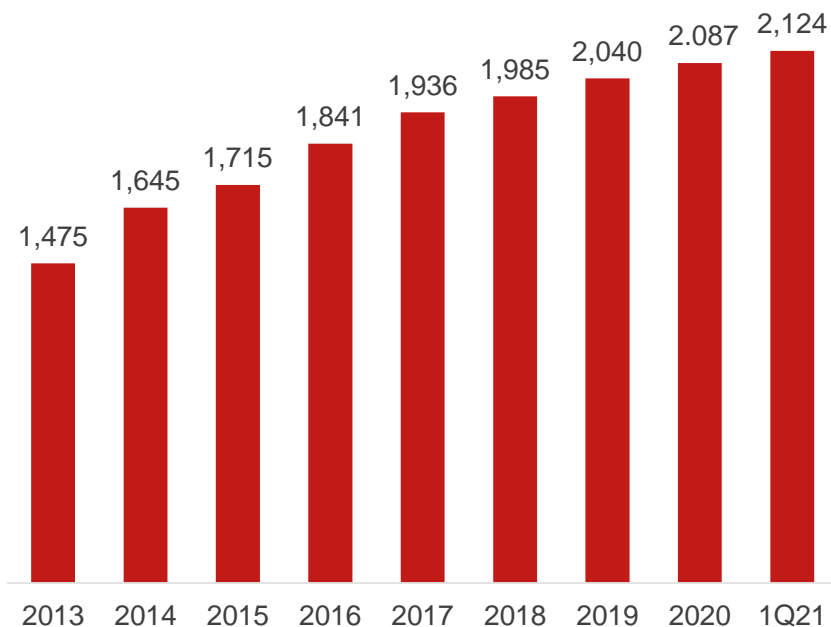
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# ADVISOR NETWORK

## STEADY QUALITY GROWTH

### Financial Advisor Network, # FAs



Headline FA retention<sup>1</sup> at 99%

Core FA retention at 99.6%

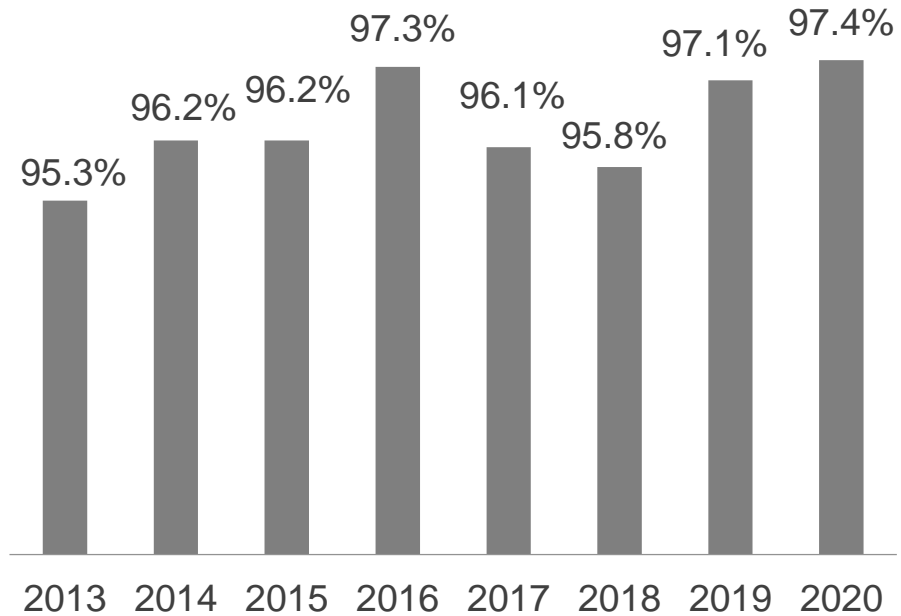
### FA Network, by portfolio size and skills

	Clusters	(% of Assets)	No. of FAs	Assets per FA
Financial Advisors	Wealth Managers (PTF > €50m)	35%	333 <sup>1</sup>	88.7 m/€ <sup>2</sup>
	Private Bankers (PTF €15-50m)	52%	1,317 <sup>1</sup>	32.2 m/€ <sup>2</sup>
	Financial Planners (PTF < €15m)	6%	327 <sup>1</sup>	12.4 m/€ <sup>2</sup>
Employees	Relationship Managers	7%	72 <sup>1</sup>	73.9 m/€ <sup>2</sup>

# FA RETENTION

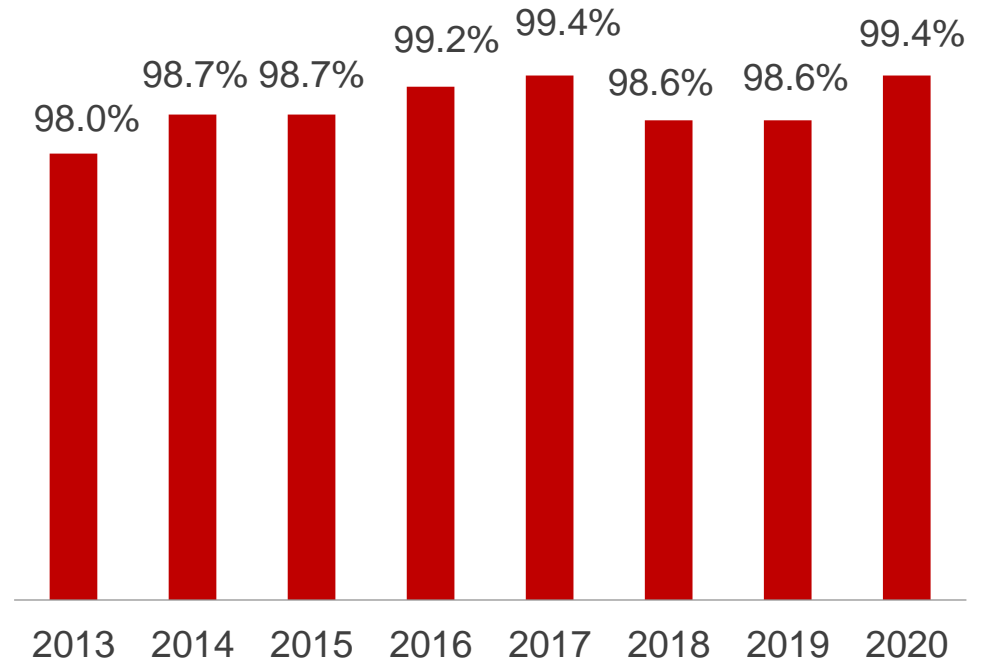
## VERY HIGH RETENTION LEVELS

### Retention of Headline FAs



Based on total number of FAs leaving for any reason (mandate withdrawal, retirement, death, change of activity) (OUT core + OUT other)

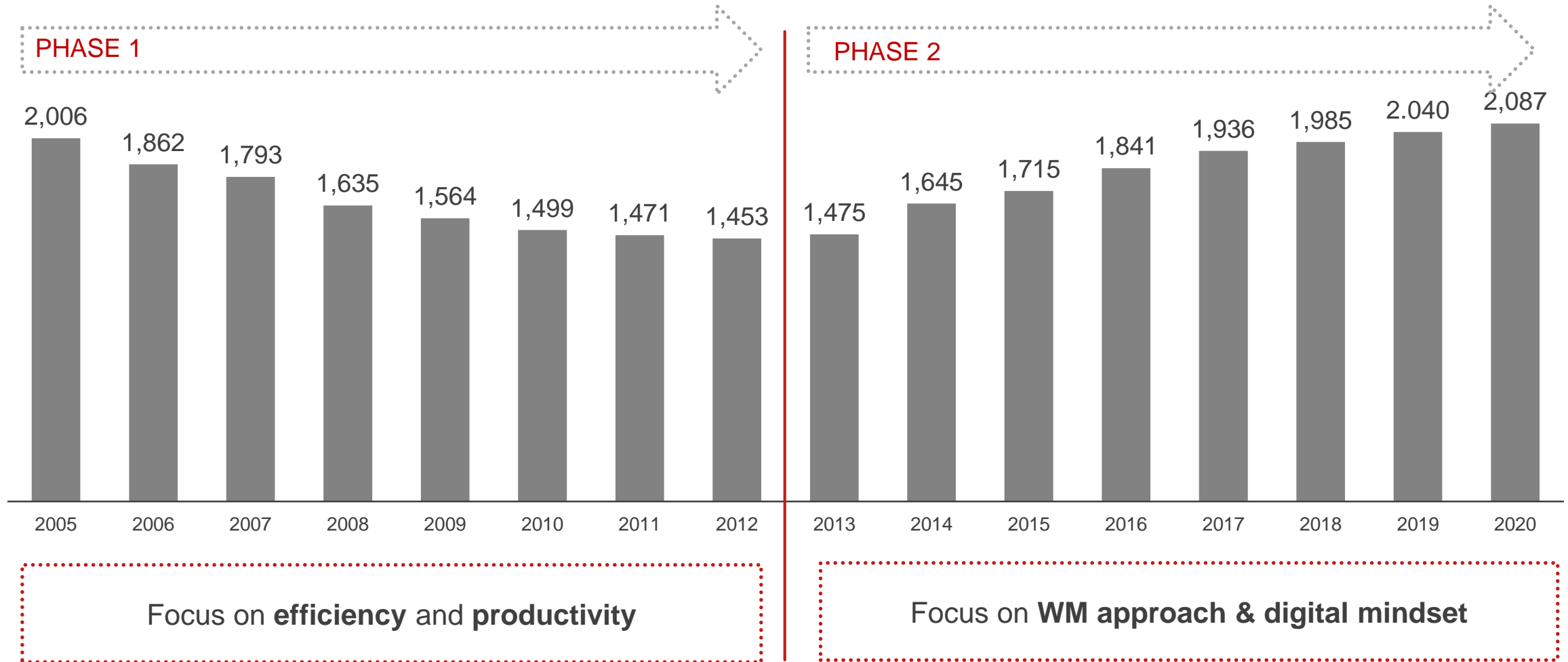
### Retention of Core FAs



Based on the number of FAs leaving to competition (OUT core)

# A MULTI-YEAR NETWORK REPOSITIONING EFFORT FOCUS ON BEST-IN-CLASS FAS AS A KEY COMPETITIVE ADVANTAGE

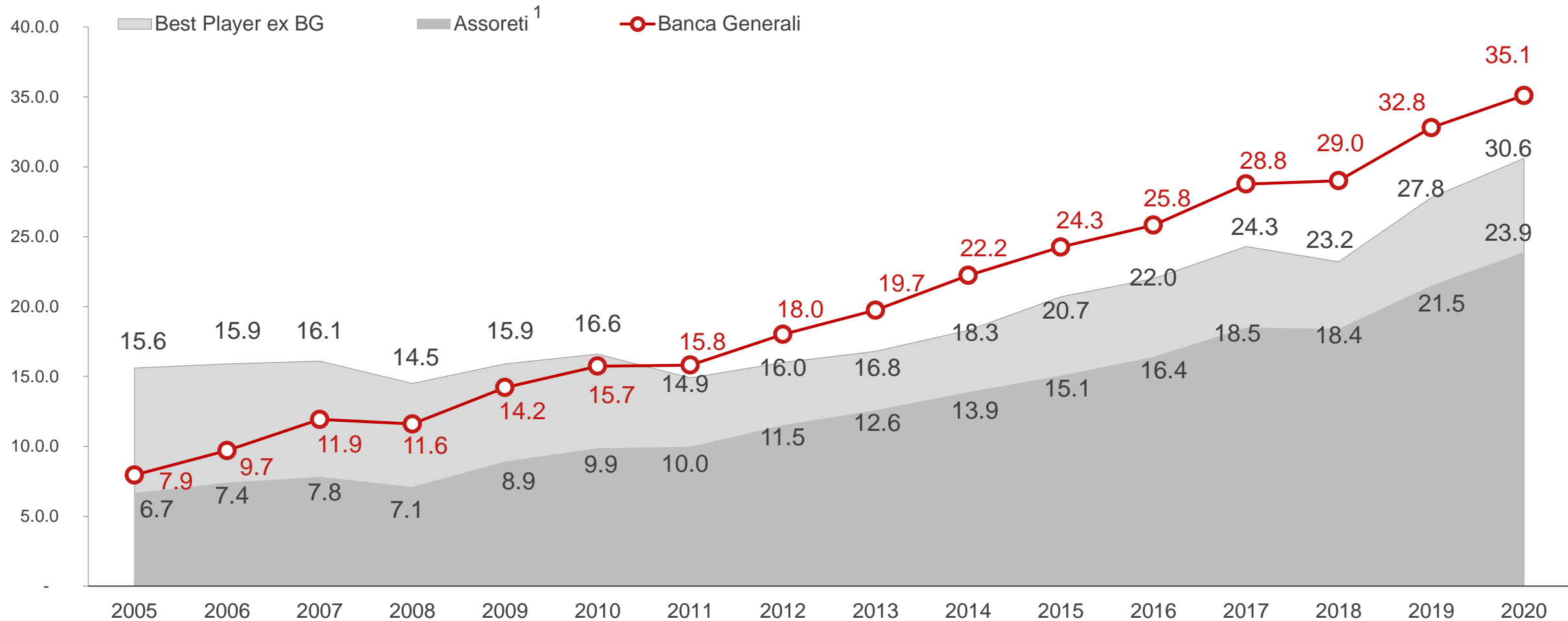
Banca Generali FA Network, # of Advisors



# BEST FA QUALITY IN THE INDUSTRY

## CONSTANT GROWTH IN FA PORTFOLIO

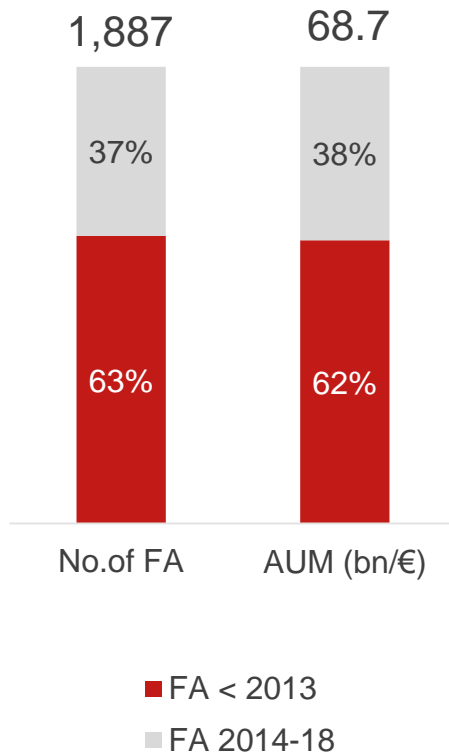
Average FA portfolio (Asset per Financial Advisor) m/€



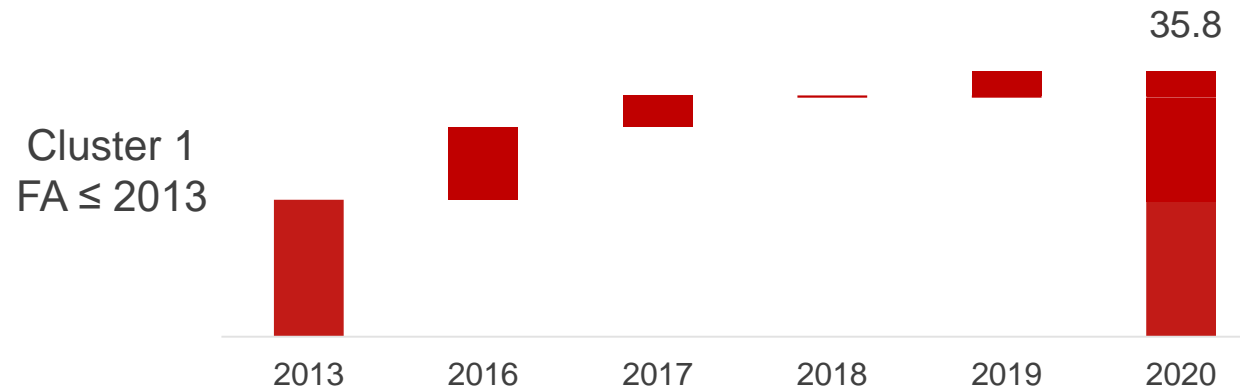
# WELL-BALANCED QUALITY OF FAS ACROSS DIFFERENT 'VINTAGES'

## EXISTING FAS SET THE TARGET FOR NEW RECRUITS

Asset breakdown by cluster of FAs



Portfolio build-up by cluster (m/€)



Portfolio growth is building up over time reflecting client and asset acquisitions

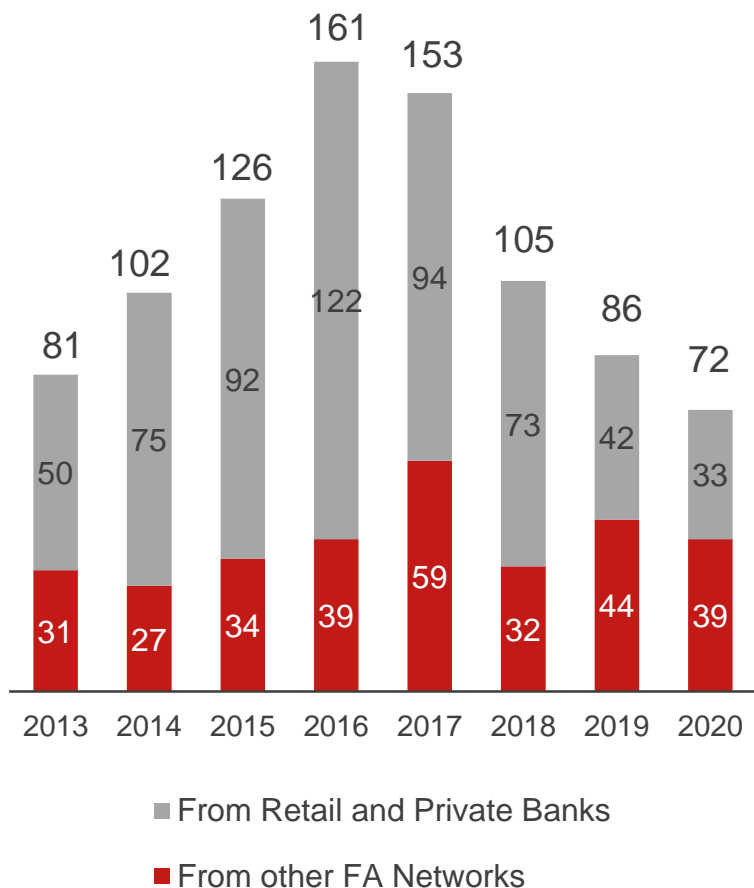


Contribution of FAs across different 'vintages' tend to revert to the same portfolio size

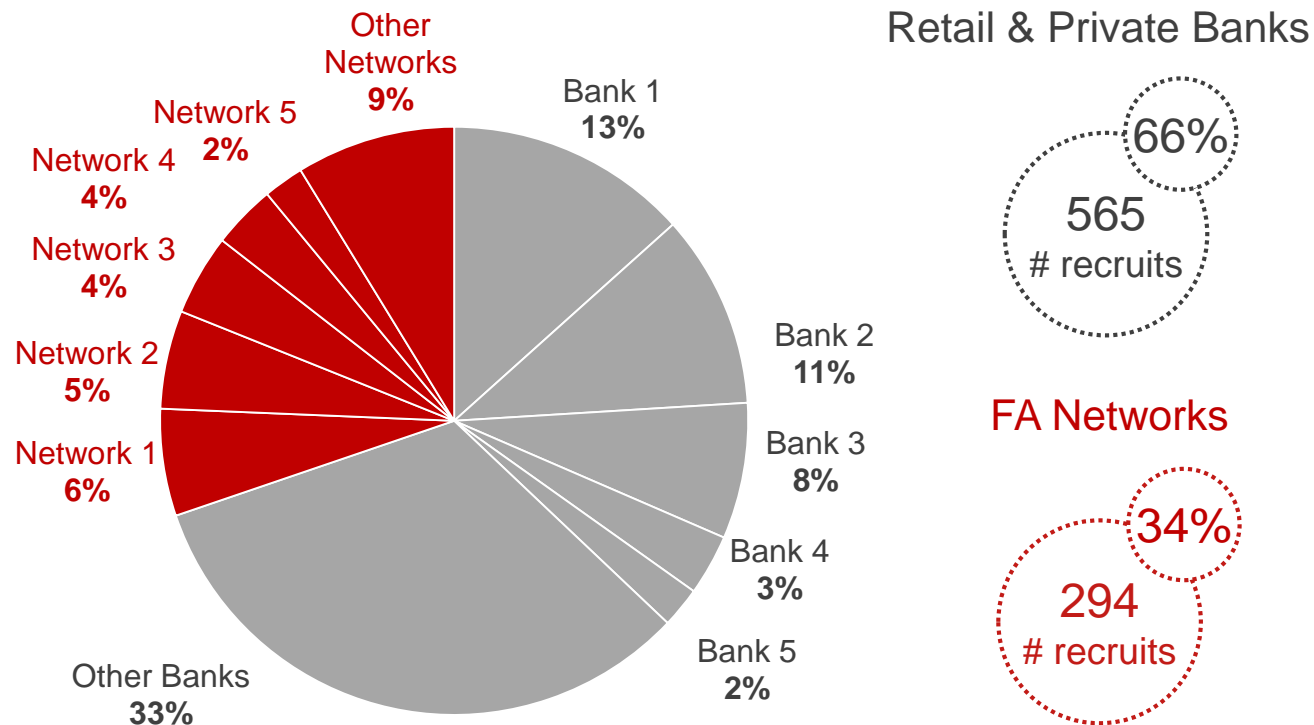
# RECRUITMENT POLICY

## CHERRY-PICKING THE BEST TALENTS ACROSS THE ENTIRE INDUSTRY

Recruitment trend  
(# of Recruits)



Cumulated recruitment from banks and FA Networks, 2013-2020



# WEALTH MANAGEMENT APPROACH

## ADVISORY ON FINANCIAL + NON-FINANCIAL WEALTH

### PRODUCTS

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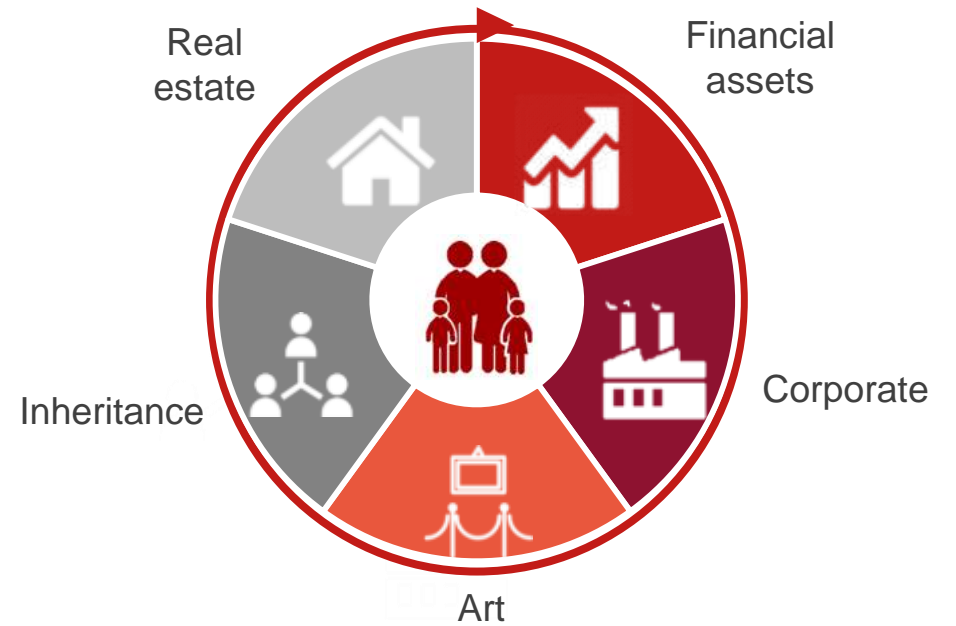
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Banking, Insurance & Asset Management



### SERVICES

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Financial & Non Financial Services



# BG HAS PIONEERED A HOLISTIC WM APPROACH IN ITALY

## STRATEGIC STEP-CHANGE IN FINANCIAL PRODUCTS / SERVICES OFFER

### Product offer

#### Investment funds



### 2010

#### Partially open architecture

- BG Selection (curated in-house offer with pre-MiFID II / ESMA pricing)
- Open Architecture

### Today

#### Fully open architecture

- LUX IM (curated in-house offer with post-MiFID II / ESMA pricing)
- Partnership program with third party AM
- ESG leadership
- Private markets (BG4Real)

#### Insurance products



#### Capital intensive offer

- Traditional life insurance (capital intensive)

#### Capital light offer

- Insurance wrappers
- Private insurance
- Traditional life insurance (capital light)

#### Discretionary mandates



#### Traditional portfolio management

- Centralized investment guidelines across portfolio management teams
- Only fund-picking expertise (GPF)

#### Financial wrappers

- Diversification of investment styles and views across portfolio management teams
- Added stock-picking expertise (GPM)

#### Advisory contract



#### Basic financial advisory

#### Advanced financial advisory contract

- Robo-4-Advisory (quality checks and proposal)

#### Banking products



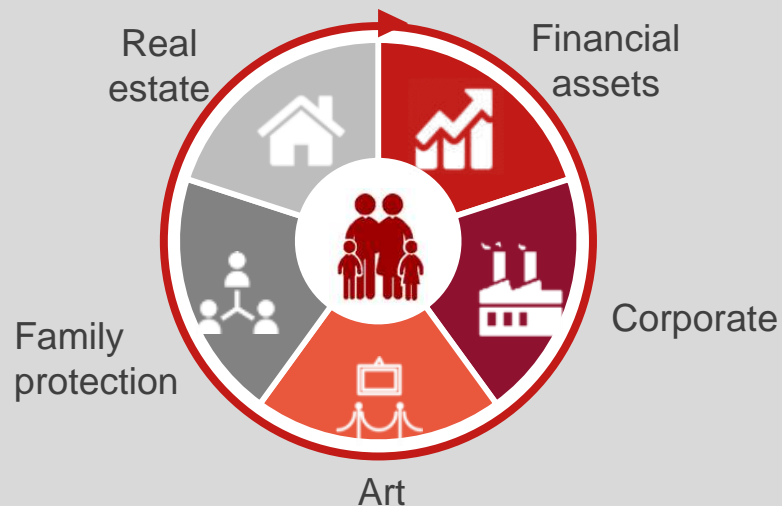
#### Ancillary to managed assets

#### Strategic source of revenue

- BG Saxo JV in brokerage
- Certificates Hub

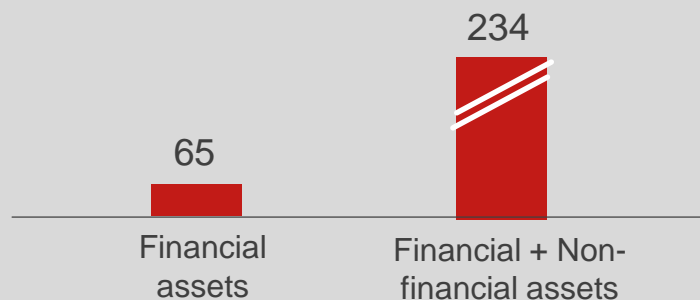
# WEALTH MANAGEMENT APPROACH

## HOLISTIC APPROACH



### Banca Generali's client assets

As of 1Q 2020, bn/€



### Real estate

- Advisory
- Valuation
- Agency



### Family protection, wealth planning

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



### Financial assets

- Open architecture
- In-house funds
- Bespoke financial & insurance solutions
- Banking platform



### Corporate

- Merger & Acquisitions
- Dynamic hedging
- Subsidized finance



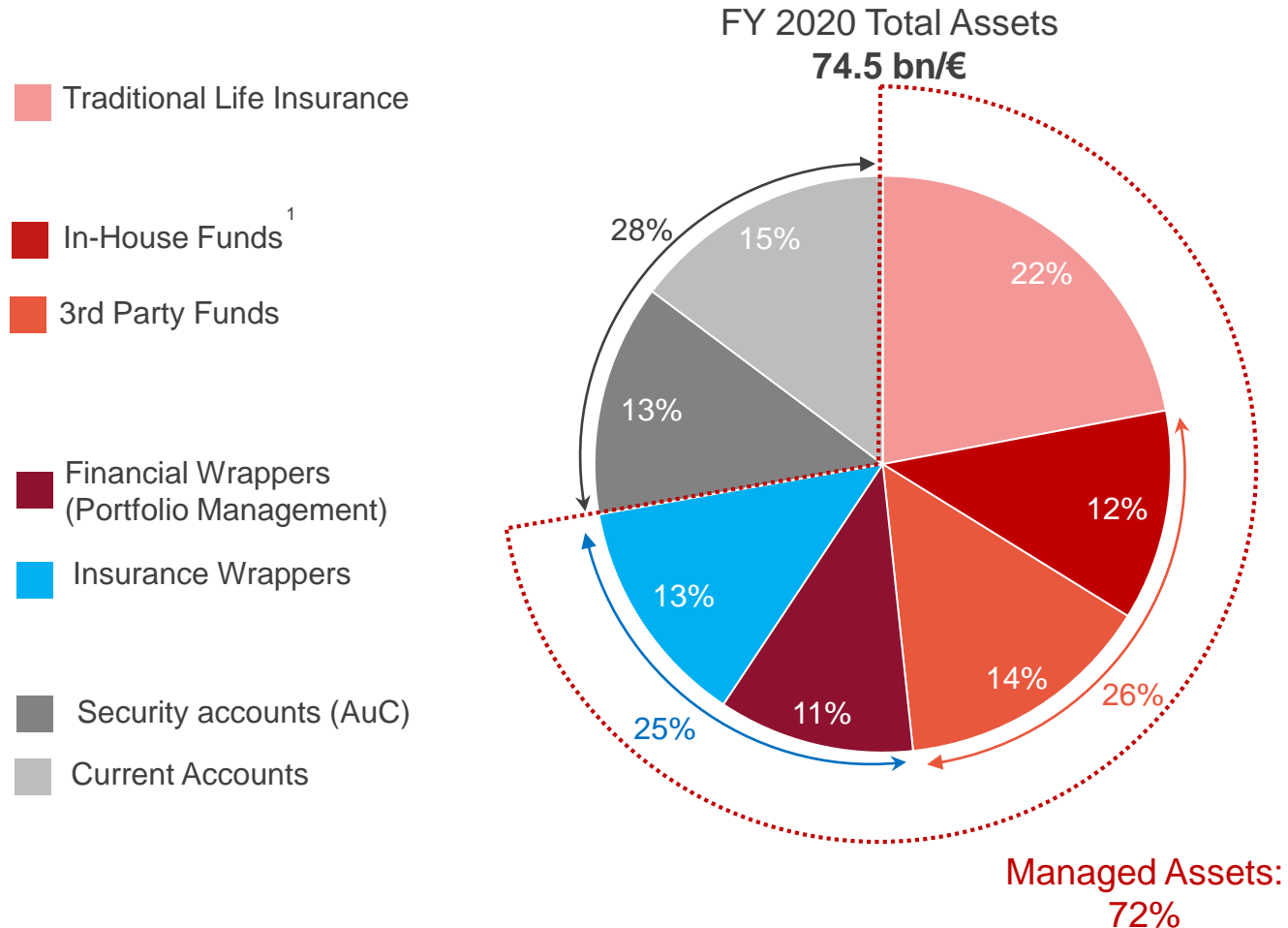
### Art advisory



# INVESTMENT SOLUTIONS

## DIVERSIFICATION IN ASSET CLASSES AND INVESTMENT TOOLS

### Total Asset by product mix



- **Retail fund offer (26% of total assets)** combining in-house and open architecture approach with over 5,500 different retail funds and 55 asset managers offering clients a wide array of choice
- **Insurance solutions (35% of total assets)** combining traditional solution and bespoke tailor-made insurance wrappers
- **Financial Wrappers (11% of total assets):** portfolio management lines maximizing advisors' freedom to customize asset allocation
- **Security accounts – AuC (13% of total assets)** security deposits: Full array of services ranging from, trading and advisory services
- **Current accounts (15% of total assets)** covering all transactional needs with full flexibility (digital, online, physical channels)

# RETAIL FUND OFFER

## WIDE RANGE OF OPTIONS FOR FINANCIAL ADVISORS AND CLIENTS

Features and rationale

### Third party funds - open architecture

- Over **5,500 different retail funds** and **55 asset managers** offering Clients a **wide array of choice**
- Launch of **multi-tiered partnership program** to assess and manage relations with third-party asset managers

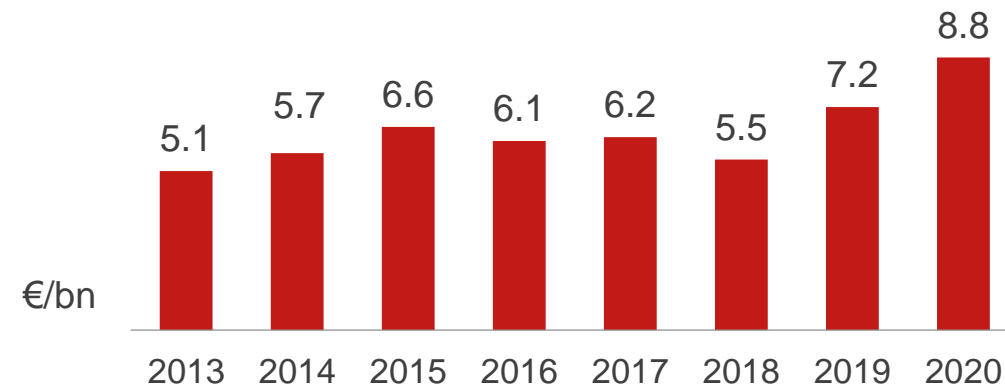
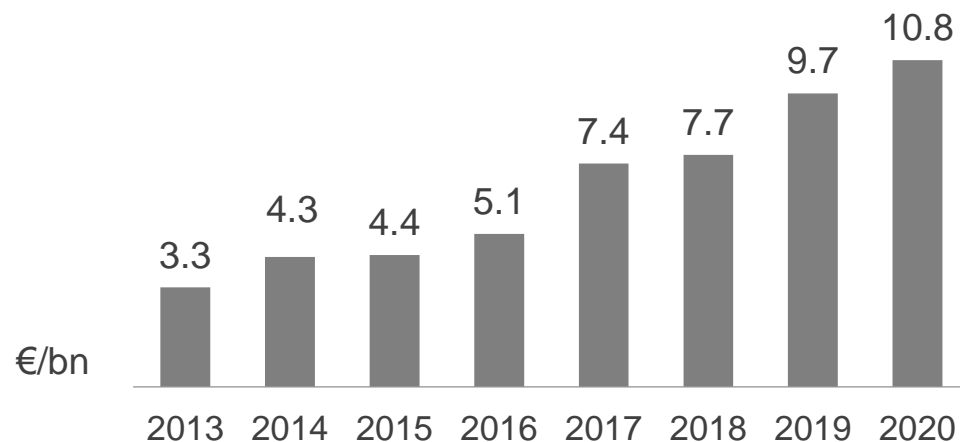


### In-house funds

- LUX IM, launched at the beginning of 2018, has now 64 retail sub-funds and offers a wide range of innovative investment solutions, ESG strategies, thematic investments - also based on Industrial partnerships - and Asian markets
- In June/July 2021, 32 new Retail strategies are expected to be launched: thematic offer and ESG expansion, "Tracker" sectors of Flagship funds and opportunities on new asset classes

LUX IM BG SELECTION

Volumes



# INSURANCE OFFER

## MODULAR TAILOR- MADE SOLUTIONS

Features and rationale

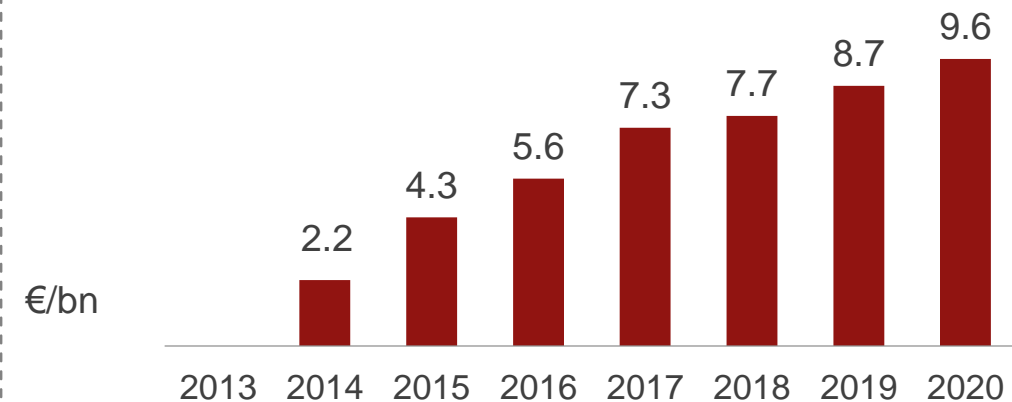
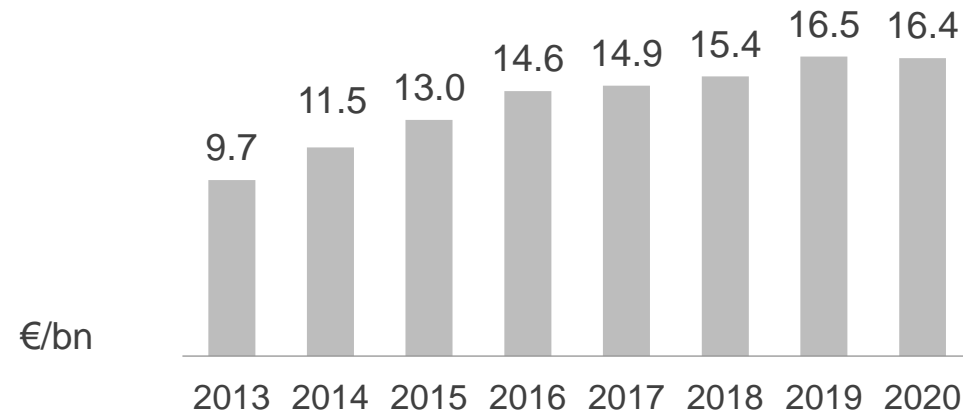
### Traditional policies

- Traditional Generali life products based on **segregated accounts** mainly investing in bonds
- Leveraged as a proxy of fixed income investment with **no mark-to-market volatility**
- In light of current lower-for-longer yield environment, the bank established **limits on new subscriptions** to protect returns for existing investors

### Insurance wrappers

- **Hybrid insurance policy** combining traditional life and unit-linked component
- **Highly tailored to Clients' needs**, with possibility to choose between funds (institutional fund classes in house or third-party party ) and ETFs
- **Key tool for succession planning, tax optimization** allowing to offset capital gains with capital losses and providing **integrated reporting** / risk management
- Wide range of **ancillary services** and **insurance coverage options**

Volumes

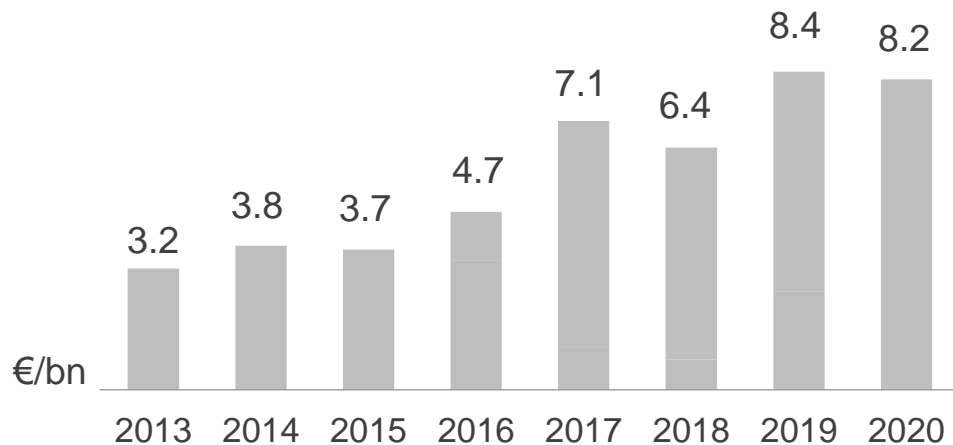


### Financial wrappers

Features and rationale

- Portfolio management lines maximizing financial advisors' **freedom to customize asset allocation**
- **Allocation component** combining **core lines** (by risk profile) with **satellite lines** (specialized)
- **Picking component** allowing to add **institutional classes** of either in-house or 3rd party funds and ETFs
- **Tax optimization** with offset of capital gains with capital losses, **operational** optimization and **integrated reporting/** risk management

Volumes



### ➤ Specialist teams allowing for maximum diversification

- **Relative lines** (equity, bonds, balanced)
- **Family office** (liquid alternative, private lines)
- **Total return lines**
- **Tailor-made lines** (for UHNWI)
- **Nextam Partners** for private clients interested in tailor-made bottom-up strategies
- **ESG** for sustainability-conscious investors, mostly women and younger generations
- **Quant lines**
- **Alternative lines**



# BANKING PLATFORM

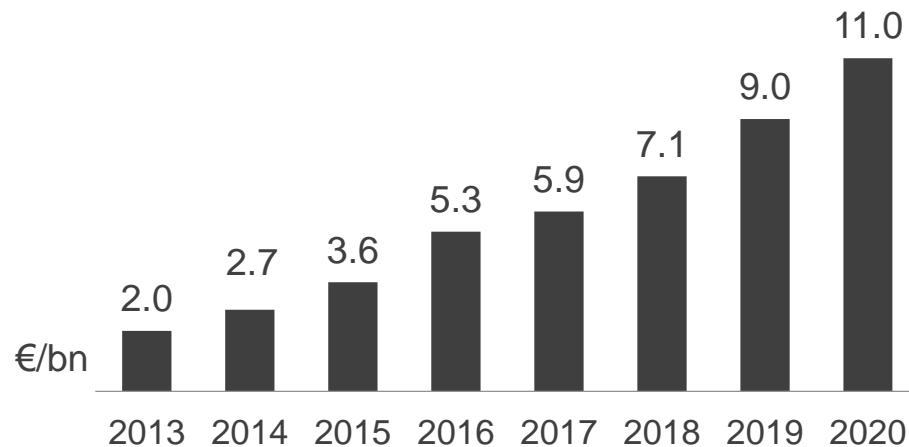
## FACILITATING CLIENTS' ACQUISITION AND RETENTION

Features and rationale

### Current accounts

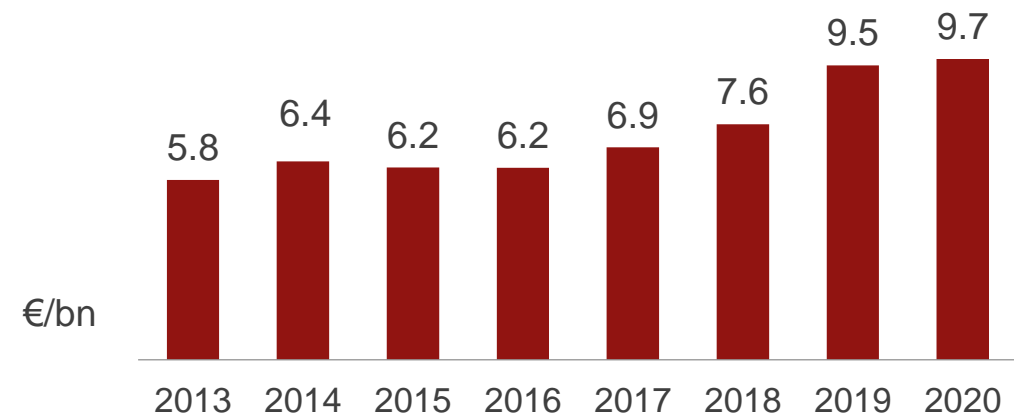
- Full array of banking services covering Clients' **transactional needs** by
- **No interest rates promotions** to attract liquidity
- Wide array of **physical / digital payment options**

Volumes



### Security deposits

- **Clients' entry products** when moving assets from traditional banks
- **Starting point of the advisory process**, and highly strategic in a Country with **high penetration of securities/liquidity**
- Possibility to **improve profitability** through: i) certificates; ii) advisory contract; iii) brokerage services



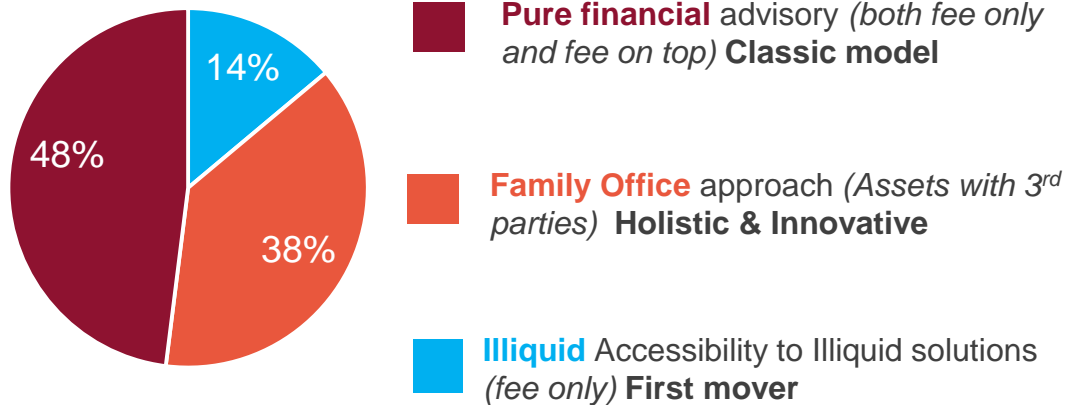
# ADVANCED ADVISORY CONTRACT

## A COMPREHENSIVE WEALTH ADVISORY CONTRACT

# BGPA

- **Proprietary IT platform** providing a comprehensive overview of both financial and non-financial wealth (real-estate, corporate, estate planning, family protection, art advisory)
- **Contract on a fee-on-top basis**
- **Integrated reporting also available on assets deposited by third-party banks**

### Advisory Services % AUA



### Objectives

- I **Revenue diversification**
- II **Trading ideas** on single securities, funds and portfolios
- III **Risk analysis** and **ongoing suitability** for affluent and lower affluent clients



# ROBO-4-ADVISOR




AN ADDITIONAL TOOL WITHIN ADVANCED ADVISORY FRAMEWORK



- **Robo-4-Advisors solution to support FA's productivity**
- **Mifid-compliant tool** allowing check of client portfolios' suitability on an ongoing basis
- **Additional service** provided within the advance advisory framework



## What is BGPA

 IT platform	IT platform providing an ongoing analysis of clients' portfolios
 Technology	Technology powered by an <b>exclusive partnership with UBS</b>
 Timing	Daily trading alerts generated automatically

## Objectives

- I **Revenue diversification**
- II **Trading ideas** on single securities, funds and portfolios
- III **Risk analysis** and **ongoing suitability** for affluent and lower affluent clients



- **Dedicated Joint-Venture with a brokerage firm** – 19.9% BG, 80.1% Saxo Bank
- **Exclusive partnership for the Italian market**
- **Joint-Governance** – with veto right for BG on selected subjects
- **Revenue sharing agreement** based on source of clients



### Why Saxo Bank

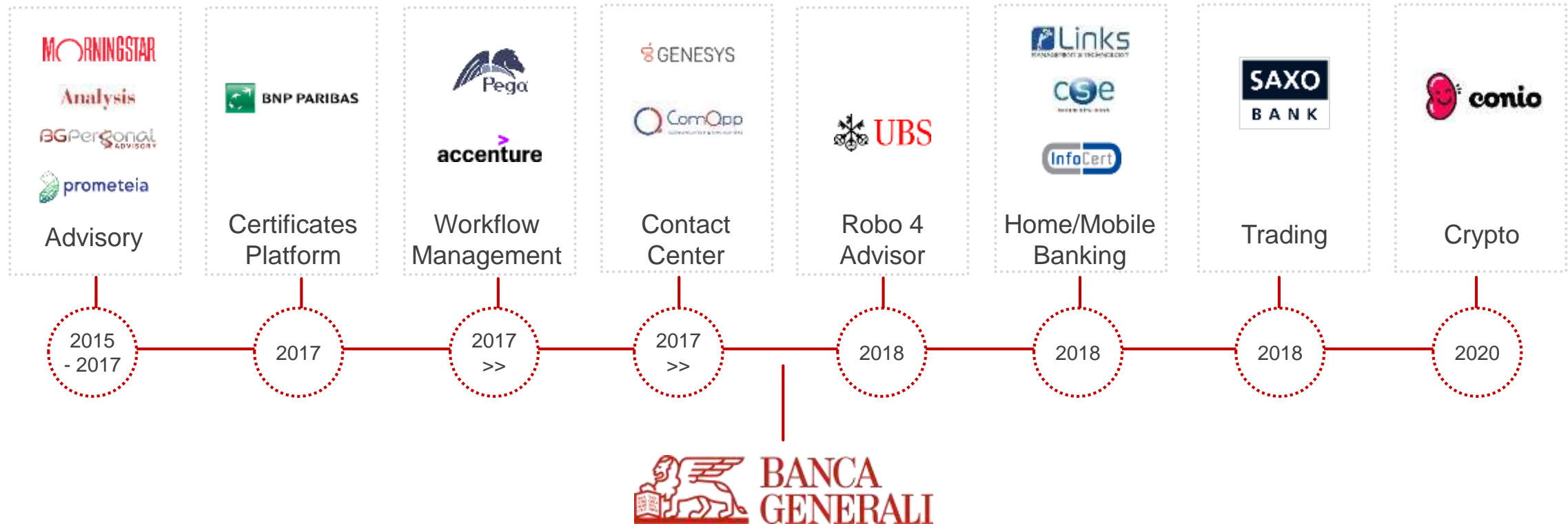
Multi-asset	<b>Multi-asset trading platform</b> including over 35,000 tradable securities
Technology	“State of the art” technology with €100m/year IT investments
Global scale	Daily trading volumes of \$180bn worldwide

### Objectives

- I **Revenue diversification**
- II Tool for **enhancing business offer** in the private banking sector (B2B2C)
- III Platform active for existing clients. Next step would be to develop a **direct retail channel (B2C)**

# TECH STRATEGY HAS BEEN BASED ON AN OPEN BANKING APPROACH LEVERAGING THE BEST EXPERTISE ON THE MARKET

**Integration of best technologies** in a short period of time  
by leveraging on our partnerships to establish «win-win» solutions



# DIGITAL TOOLS AND SERVICES (1/2)

## ENHANCE DIRECT CONNECTION WITH CLIENTS

### Digital touchpoints & Mobile Banking App



- New Mobile Banking App - innovative customer experience and new features, amongst others: vocal interaction, Apple pay Google Pay and Samsung pay integrated

### Digital Onboarding & Digital payments



- 100% digital onboarding process  
- account opened in 20 minutes.

### Trading platform: BG SAXO



- Trading Platform: BG SAXO with a segmented platform offer with different level of functionality for ever growing trading experience

# DIGITAL STRATEGY (2/2)

## TOOLS TO SUPPORT FINANCIAL ADVISORS

### Wealth Advisory Portal



Deep-dive Analysis

### Robo 4 Advisor



Support FA Daily Activity:

### BG Store



The FAs' digital desk

### Digital Collaboration



Paperless Approach

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

*T. Di Russo, CFO*

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

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