



# SPAFID

## CONNECT

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Oggetto : PR: 9 months results

*Testo del comunicato*

Vedi allegato.

**PRESS  
RELEASE****Nine-month results****RESULTS BOOSTED BY BUSINESS  
EXPANSION AND OPERATING  
LEVERAGE**

- Net profit: €147.4 million (+24%)
- Management fees: €430.6 million (+19%)
- Operating expenses: €139.2 million (+0.4%)

**RECORD GROWTH OF TOTAL ASSETS  
AND NET INFLOWS**

- Total assets at €53.8 billion (+19%)
- October net inflows at €555 million
- Revised net inflows target for 2017: €6.5 billion

**FURTHER STRENGTHENING OF  
CAPITAL RATIOS**

- CET1 ratio at 17.8% (+110 bps YTD)
- Total Capital ratio at 19.6% (+120 bps YTD)

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*Milan, 8 November 2017 – The Board of Directors of Banca Generali, chaired by Giancarlo Fancel, approved the consolidated results for the first nine months of 2017.*

*Chief Executive Officer and General Manager Gian Maria Mossa stated: “We are very satisfied with the Bank’s strong uptrend, which places it on track to set a new annual record in terms of net inflows. Accordingly, we have revised our net inflows target from €5.5 to €6.5 billion. We have continued to pursue business expansion and innovative new projects, without sacrificing our bottom line, which continues to grow at double-digit rate driven by operating efficiency and capital ratios that improved further on already excellent levels. We have increasingly solid prospects for ending this year on the best possible terms and responding vigorously to the renewed challenges of the coming months.”*



## **Consolidated P&L results at 30 September 2017**

**Net profit amounted to €147.4 million** for the first nine months of 2017, up 24% compared to the previous year.

During the period, Banca Generali reported a significant business expansion (with total assets rising +19% to €53.8 billion), alongside careful management of operating costs, which remained essentially unchanged in absolute terms (+0.4%). These factors thus drove a strong improvement in net profit, despite significant investments in the Bank's development during the period and non-recurring expenses (€3.7 million) relating to its participation in the Voluntary Scheme of the Interbank Deposit Protection Fund for recapitalising the banking industry.

In further detail, **net banking income** amounted to €384.3 million (+19.1%) thanks to the increase in total assets and their impact on recurring fees, in addition to the contribution of performance fees.

Specifically, **management fees rose by 18.9%**, thus confirming the solidity of the business model and the Bank's ability to grow while showing stable profitability levels. Similarly, **banking and entry fees grew (+30%)** as a result of increased business.

**Net interest income** increased by 6% to €47.1 million, showing continuing improvement, although the profile of the Bank's securities portfolio remained conservative, in keeping with the Bank's stance (bond positions +18% to €5.7 billion, with total duration of 1.7 years and maturity of 3.9 years).

**Operating expenses amounted to €139.2 million (+0.4%)**, essentially unchanged compared to the previous year, despite the ongoing commitment to developing digital projects and expanding operations. Costs included the ordinary contribution to the national Single Resolution Fund (BRRD) and Interbank Deposit Protection Fund (FITD) of €4.6 million (+10%) and, as mentioned above, non-recurring expenses of €3.7 million for participation in the Single Resolution Fund, classified among adjustments.

Costs thus significantly met and exceeded the challenging objectives set in the plan, which called for an increase of 2% to 4% by year-end. **Operating ratios** remained consistent with industry best practice, while continuing to improve: the cost/income ratio (net of performance fees) stood at 46.2% on a pro-forma basis<sup>1</sup> against the 34.7% reported. The ratio of operating costs to total assets declined further to 33 bps (37 bps at the end of 2016).

The sharp increase in profitability was accompanied by a further improvement in capital ratios: consolidated **net equity** further improved to **€667 million (+3% YTD)**.

Capital ratios continued to strengthen: on a phased-in basis, **CET 1 ratio** stood at **17.8% (+110 bps YTD)** and **Total Capital ratio** at **19.6% (+120 bps YTD)**. With reference to regulatory

<sup>1</sup> Based on revenues adjusted for performance fees and costs of growth currently accounted amongst provisions at nine months level



requirements, excess capital on a phased-in basis amounted to €290 million (+11%), accounting for 59% of total Basel 3-compliant own funds.

Capital ratios far exceeded the specific requirements set by the Bank of Italy for the company (a CET1 ratio of 7% and a Total Capital Ratio of 10.4%, as the minimum required by the SREP – Supervisory Review and Evaluation Process).

### **P&L results for Q3 2017**

Net profit for the third quarter of 2017 amounted to €39.3 million due to the strong contribution of recurring business, driven by commercial development during the period. This result reflects the costs of contributing to the Interbank Deposit Protection Fund for the recent bail-outs of several local banks. Market volatility was less severe from July to September than in the same period of the previous year. This was reflected in lower non-recurring fees (performance fees of €8.8 million during the period, compared to €27 million in the third quarter of 2016 and net income from trading activities of €4.7 million compared to €11.1 million in the previous year).

**Recurring fees continued to grow:** management fees rose by 20% to €150.6 million and banking and entry fees to €11.9 million (+23%).

In addition, **operating expenses** declined to €45.9 million (-6.1%).

### **Net Inflows and Assets Under Management (AUM)**

Net inflows for the nine months (€5.16 billion) increased by 26% YOY. During the period, Banca Generali remained among the industry leaders with market share of 17.2% (source: Assoreti), which increases to 21.5% if the contributions of competitors' salaried private banker networks are excluded.

Managed assets (€4.6 billion) increased by 64%, thanks to the strong contribution from the innovative wrappers of products — BG Solution and the multi-line policy BG Stile Libero — which drew net inflows of €3.5 billion (€2.3 billion for BG Solution and €1.2 billion for BG Stile Libero). At the end of September, the two solutions had reached total net inflows of €11.3 billion since their launch in March 2014.

**Managed assets and assets under administration** at 30 September 2017 **rose by 19% YOY** reaching **€53.8 billion** (up 13% YTD).

**Managed solutions** gathered €26.5 billion, up 31% YOY, driven by the growth of financial wrappers and asset management solutions (+73%) and by funds and Sicavs (+45%). Traditional insurance policies rose to €14.8 billion (+3.3%), accounting for 28% of total assets.

**Assets under administration** improved by 16% to €12.5 billion (23% of total assets) thanks to the acquisition of new customers arising on the strong business development.



**Net inflows growth continued to accelerate in October**, with net inflows totalling €555 million, bringing the YTD total to €5.7 billion, 27% higher than in the same period of 2016. Last month, net inflows of managed assets amounted to €459 million, totalling €5.1 billion YTD.

### **Business Outlook**

The stronger signs of a recovery at the global level seen in these first nine months of 2017 have supported a continuing stock market rally in a context of lower volatility which decreased further in the summer months. Central Banks are normalising their monetary policies in a slow and orderly manner and the different strategies applied to the portfolios reflect the conservative approach taken to bonds and potential risks relating to geopolitical variables. Improved economic conditions and the unique nature of our advisory and service model continue to drive our commercial development, which we expect will continue in the coming months. The development of new technology-related projects launched in recent weeks is laying the foundations for further improvement of our services' competitive positioning, while regulatory evolution is emphasising service quality and thus opening up new growth opportunities for Banca Generali.

### **Presentation to the Financial Community**

A **conference call** for the financial community will be held today, at **2:00 p.m. CET**, to analyse the results for the first nine months of 2017.

It will be possible to follow the event by dialling the following telephone numbers:

from Italy and other non-specified countries: +39 02 805 88 11;

from the United Kingdom +44 121 281 8003;

from the USA +1 718 705 8794 (toll-free +1 855 265 6959).

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Annexes:

1. Banca Generali – Consolidated Profit and Loss Statement at 30 September 2017
2. Banca Generali - Consolidated Profit and Loss Statement for the 3Q 2017
3. Banca Generali – Reclassified Consolidated Balance Sheet at 30 September 2017
4. Total AUM at 30 September 2017
5. Net Inflows and Life New Business at 31 October 2017

\* \* \*

*The Manager responsible for preparing the company's financial reports (Tommaso Di Russo) declares, pursuant to Paragraph 2 of Art. 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)*

\* \* \*

**1) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT AT  
30 SEPTEMBER 2017**

(€ mil.)	9M 16	9M 17	% Chg
<b>Net Interest Income</b>	<b>44.3</b>	<b>47.1</b>	<b>6.4%</b>
Gross fees	446.4	554.2	24.2%
Fee expenses	-198.7	-231.1	16.3%
<b>Net Fees</b>	<b>247.7</b>	<b>323.2</b>	<b>30.5%</b>
Net income (loss) from trading activities	29.0	12.3	-57.5%
Dividends	1.7	1.8	6.4%
<b>Net income (loss) from trading activities and Dividends</b>	<b>30.6</b>	<b>14.1</b>	<b>-54.1%</b>
<b>Net Banking Income</b>	<b>322.6</b>	<b>384.3</b>	<b>19.1%</b>
Staff expenses	-64.7	-63.3	-2.1%
Other general and administrative expense	-98.3	-106.5	8.3%
	<b>-163.0</b>	<b>-169.8</b>	<b>4.2%</b>
Depreciation and amortisation	-3.5	-5.8	64.5%
Other net operating income (expense)	28.0	36.5	30.5%
<b>Net Operating Expenses</b>	<b>-138.6</b>	<b>-139.2</b>	<b>0.4%</b>
<b>Operating Profit</b>	<b>184.0</b>	<b>245.2</b>	<b>33.3%</b>
Net adjustments for impair.loans and other assets	-0.8	-6.0	666.5%
Net provisions for liabilities and contingencies	-41.7	-64.0	53.5%
<b>Profit Before Taxation</b>	<b>141.5</b>	<b>175.0</b>	<b>23.7%</b>
Direct income taxes	-22.8	-27.7	21.2%
<b>Net Profit</b>	<b>118.6</b>	<b>147.4</b>	<b>24.2%</b>
<b>Cost/Income Ratio</b>	<b>41.9%</b>	<b>34.7%</b>	<b>-7.2 p.p.</b>
<b>EBITDA</b>	<b>187.5</b>	<b>251.0</b>	<b>33.8%</b>
<b>Tax rate</b>	<b>16.1%</b>	<b>15.8%</b>	<b>-0.3 p.p.</b>

## 2) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE THIRD QUARTER OF 2017

(€ mil.)	3Q 16	3Q 17	% Chg
<b>Net Interest Income</b>	<b>14.7</b>	<b>15.5</b>	<b>5.5%</b>
Gross fees	161.9	171.4	5.8%
Fee expenses	-67.1	-77.4	15.4%
<b>Net Fees</b>	<b>94.8</b>	<b>94.0</b>	<b>-0.9%</b>
Net income (loss) from trading activities	10.9	4.7	-57.1%
Dividends	0.2	0.0	-91.1%
Net income (loss) from trading activities and Dividends	<b>11.1</b>	<b>4.7</b>	<b>-57.6%</b>
<b>Net Banking Income</b>	<b>120.6</b>	<b>114.2</b>	<b>-5.3%</b>
Staff expenses	-21.2	-19.5	-8.3%
Other general and administrative expense	-34.4	-36.9	7.5%
	<b>-55.6</b>	<b>-56.4</b>	<b>1.4%</b>
Depreciation and amortisation	-1.2	-2.0	68.0%
Other net operating income (expense)	7.9	12.5	58.1%
<b>Net Operating Expenses</b>	<b>-48.9</b>	<b>-45.9</b>	<b>-6.1%</b>
<b>Operating Profit</b>	<b>71.7</b>	<b>68.2</b>	<b>-4.8%</b>
Net adjustments for impair.loans and other assets	0.8	-2.8	-435.4%
Net provisions for liabilities and contingencies	-13.3	-18.4	38.5%
<b>Profit Before Taxation</b>	<b>59.3</b>	<b>47.0</b>	<b>-20.7%</b>
Direct income taxes	-8.0	-7.7	-3.4%
<b>Net Profit</b>	<b>51.3</b>	<b>39.3</b>	<b>-23.5%</b>
<b>Cost/Income Ratio</b>	<b>39.5%</b>	<b>38.5%</b>	<b>-1 p.p.</b>
<b>EBITDA</b>	<b>72.9</b>	<b>70.3</b>	<b>-3.6%</b>
<b>Tax rate</b>	<b>13.5%</b>	<b>16.5%</b>	<b>3 p.p.</b>

### 3) BANCA GENERALI – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2017 (€M)

(€ millions)

Assets	Dec 31, 2016	Sept 30, 2017	Change	% Change
Financial assets held for trading	38.6	49.7	11.1	28.8%
Financial assets available for sale	4,409.3	4,595.2	185.9	4.2%
Financial assets held to maturity	731.4	1,005.6	274.3	37.5%
Loans to banks	894.0	362.6	-531.4	-59.4%
Loans to customers	1,881.9	1,938.7	56.7	3.0%
Equity investments	2.0	1.9	-0.1	-5.5%
Property equipment and intangible assets	97.8	94.4	-3.4	-3.5%
Tax receivables	44.5	52.6	8.0	18.0%
Other assets	257.2	288.3	31.0	12.1%
<b>Total Assets</b>	<b>8,356.7</b>	<b>8,388.9</b>	<b>32.1</b>	<b>0.4%</b>

Liabilities and Shareholders' Equity	Dec 31, 2016	Sept 30, 2017	Change	% Change
Due to banks	802.7	792.7	-10.0	-1.2%
Direct inflows	6,648.2	6,588.3	-59.9	-0.9%
Financial liabilities held for trading	1.2	1.0	-0.2	-15.5%
Tax payables	17.1	41.1	23.9	139.9%
Other liabilities	118.9	133.1	14.2	12.0%
Special purpose provisions	122.2	165.5	43.4	35.5%
Valuation reserves	9.0	11.3	2.3	25.3%
Reserves	314.4	346.6	32.2	10.3%
Additional paid-in capital	53.8	58.5	4.7	8.7%
Share capital	116.4	116.9	0.4	0.4%
Treasury shares (-)	-2.9	-13.4	-10.5	358.1%
Net income (loss) for the period (+/-)	155.9	147.4	-8.5	-5.5%
<b>Total Liabilities and Shareholders' Equity</b>	<b>8,356.7</b>	<b>8,388.9</b>	<b>32.1</b>	<b>0.4%</b>





#### 4) TOTAL AUM AT 30 SEPTEMBER 2017

<i>Billion of Euros</i>	<u>Sept 2017</u>	<u>Sept 2016</u>	<u>Abs. Chg</u>	<u>Chg.</u>
Mutual Funds	12.90	10.83	2.07	19.1%
Portfolio Management	6.68	4.23	2.45	57.9%
<b>Managed Assets</b>	<b>19.58</b>	<b>15.06</b>	<b>4.52</b>	<b>30.0%</b>
<b>Life Insurance</b>	<b>21.76</b>	<b>19.49</b>	<b>2.27</b>	<b>11.6%</b>
<i>of which BG STILE LIBERO</i>	6.95	5.16	1.79	34.7%
<b>Non Managed Assets</b>	<b>12.49</b>	<b>10.77</b>	<b>1.72</b>	<b>16.0%</b>
<i>of which: Securities</i>	6.93	6.12	0.81	13.2%
<b>Total</b>	<b>53.83</b>	<b>45.32</b>	<b>8.51</b>	<b>18.8%</b>
<b>Assets Under Management (YTD)</b>				
<i>Billion of Euros</i>	<u>Sept 2017</u>	<u>Dec 2016</u>	<u>Abs. Chg</u>	<u>Chg.</u>
Mutual Funds	12.90	11.18	1.72	15.4%
Portfolio Management	6.68	4.68	2.00	42.7%
<b>Managed Assets</b>	<b>19.58</b>	<b>15.86</b>	<b>3.72</b>	<b>23.5%</b>
<b>Life Insurance</b>	<b>21.76</b>	<b>20.21</b>	<b>1.55</b>	<b>7.7%</b>
<i>of which BG STILE LIBERO</i>	6.95	5.61	1.34	23.9%
<b>Non Managed Assets</b>	<b>12.49</b>	<b>11.47</b>	<b>1.02</b>	<b>8.9%</b>
<i>of which: Securities</i>	6.93	6.19	0.74	11.9%
<b>Total</b>	<b>53.83</b>	<b>47.54</b>	<b>6.29</b>	<b>13.2%</b>

## 5) NET INFLOWS AND LIFE NEW BUSINESS AT 31 OCTOBER 2017

<i>Million of Euros</i>	<b>Oct 2017</b>	<b>Sep 2017</b>	<b>Abs. Chg</b>
Mutual Funds	184	127	57
Managed Portfolio	166	97	69
<b>Mutual Funds and Managed Portfolio</b>	<b>350</b>	<b>224</b>	<b>93</b>
Life Insurance	109	117	-8
<i>of which BG STILE LIBERO</i>	86	75	11
<b>Managed Assets</b>	<b>459</b>	<b>341</b>	<b>118</b>
<b>Non Managed Assets</b>	<b>96</b>	<b>45</b>	<b>51</b>
<i>of which: Securities</i>	-9	14	-23
<b>Total</b>	<b>555</b>	<b>386</b>	<b>169</b>
	<b>Jan-Oct 2017</b>	<b>Jan-Oct 2016</b>	<b>Abs. Chg</b>
Mutual Funds	1,521	51	1,470
Managed Portfolio	2,034	761	1,273
<b>Mutual Funds and Managed Portfolio</b>	<b>3,555</b>	<b>812</b>	<b>2,743</b>
Life Insurance	1,505	2,362	-857
<i>of which BG STILE LIBERO</i>	1,321	995	326
<b>Managed Assets</b>	<b>5,060</b>	<b>3,174</b>	<b>1,886</b>
<b>Non Managed Assets</b>	<b>652</b>	<b>1,313</b>	<b>-661</b>
<i>of which: Securities</i>	228	145	83
<b>Total</b>	<b>5,712</b>	<b>4,487</b>	<b>1,225</b>
<b>Life New Business</b>			
	<b>Oct 2017</b>	<b>Sep 2017</b>	<b>Abs. Chg</b>
<b>Life New Business</b>	<b>213</b>	<b>166</b>	<b>47</b>
	<b>Jan-Oct 2017</b>	<b>Jan-Oct 2016</b>	<b>Abs. Chg</b>
<b>Life New Business</b>	<b>2,532</b>	<b>3,207</b>	<b>-675</b>

Fine Comunicato n.0856-64

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