



# SPAFID CONNECT

Informazione Regolamentata n. 0856-65-2017	Data/Ora Ricezione 08 Novembre 2017 13:13:13	MTA
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Societa' : BANCA GENERALI  
Identificativo : 95598  
Informazione  
Regolamentata  
Nome utilizzatore : BCAGENERALIN02 - Seghizzi  
Tipologia : 1.2  
Data/Ora Ricezione : 08 Novembre 2017 13:13:13  
Data/Ora Inizio : 08 Novembre 2017 13:13:13  
Diffusione presunta  
Oggetto : Nine months Presentation

*Testo del comunicato*

Vedi allegato.

# 9M 2017 RESULTS

8 NOVEMBER 2017



**BANCA  
GENERALI**

**Preliminary remarks**

9M 2017 results

Net Inflows, assets and recruiting

Business update

## High-quality results, also including extraordinary one-off charges

- ❑ Growing recurring revenues (+20%) boosted by business expansions
- ❑ New stream of revenues (advisory, trading) delivering on expectations (+38%)
- ❑ Flat operating costs providing evidence of operating leverage potential

**REPORTED  
NET  
PROFIT**  
**€147.4m**  
**(+24%)**

## Record-high business expansion, 2017 net inflows target raised to €6.5bn

- ❑ Net inflows in managed products tripled yoy (€4.4bn, +188%)
- ❑ Total assets at €53.8bn, well on track to €70bn target for 2021
- ❑ FA network growing both by number (1,922, +7%) and quality (avg. portfolio per FA at €28m,+11%)

**TOTAL NET  
INFLOWS**  
**€5.2bn**  
**(+26%)**

# 9M 2017 RESULTS: KEY TAKEAWAYS

(€ m)	9iM 16	9M 17	% Chg
Net Interest Income	44.3	47.1	6.4%
Net income (loss) from trading activities and Dividends	30.6	14.1	-54.1%
<b>Net Financial Income</b>	<b>74.9</b>	<b>61.2</b>	<b>-18.3%</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>
<b>Total 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%
Other net operating income (expense)	28.0	36.5	30.5%
Depreciation and amortisation	-3.5	-5.8	64.5%
<b>Total operating costs</b>	<b>-138.6</b>	<b>-139.2</b>	<b>0.4%</b>
<i>Cost /Income Ratio</i>	41.9%	34.7%	-7.2 p.p.
<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%
<i>Tax rate</i>	16.1%	15.8%	-0.3 p.p.
<b>Net Profit</b>	<b>118.6</b>	<b>147.4</b>	<b>24.2%</b>

## STRONG TOTAL BANKING INCOME (+19%)

Healthy business trend reflected in sharply higher recurring fees and solid margin trend

## OPERATING COSTS +0.4%

highlighting tight cost discipline and operating leverage potential

## ONE-OFF CHARGE OF €3.7M FOR BANK RESCUE FUNDS

accounted as write-offs

## HIGHER PROVISIONS LINKED TO RECORD-HIGH INFLOWS

Preliminary remarks

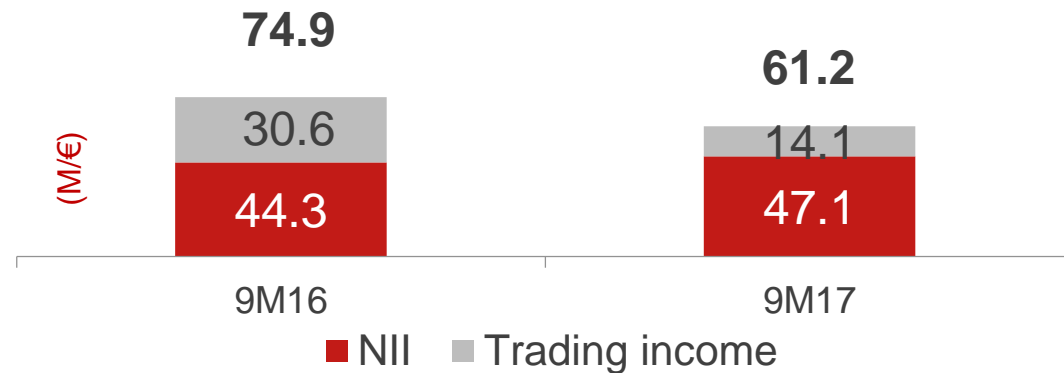
**9M 2017 results**

Net Inflows, assets and recruiting

Business update

# REVENUES: NET FINANCIAL INCOME

## NET INTEREST INCOME + TRADING INCOME



## INTEREST-BEARING ASSETS



## DIVERGING TREND

Net Interest Income + 6% yoy  
Proprietary trading -54% yoy

## BANKING BOOK at €5.8bn (+18%)

93% government, 56% floating rate, 1.7 yrs duration, 3.9 yrs maturity

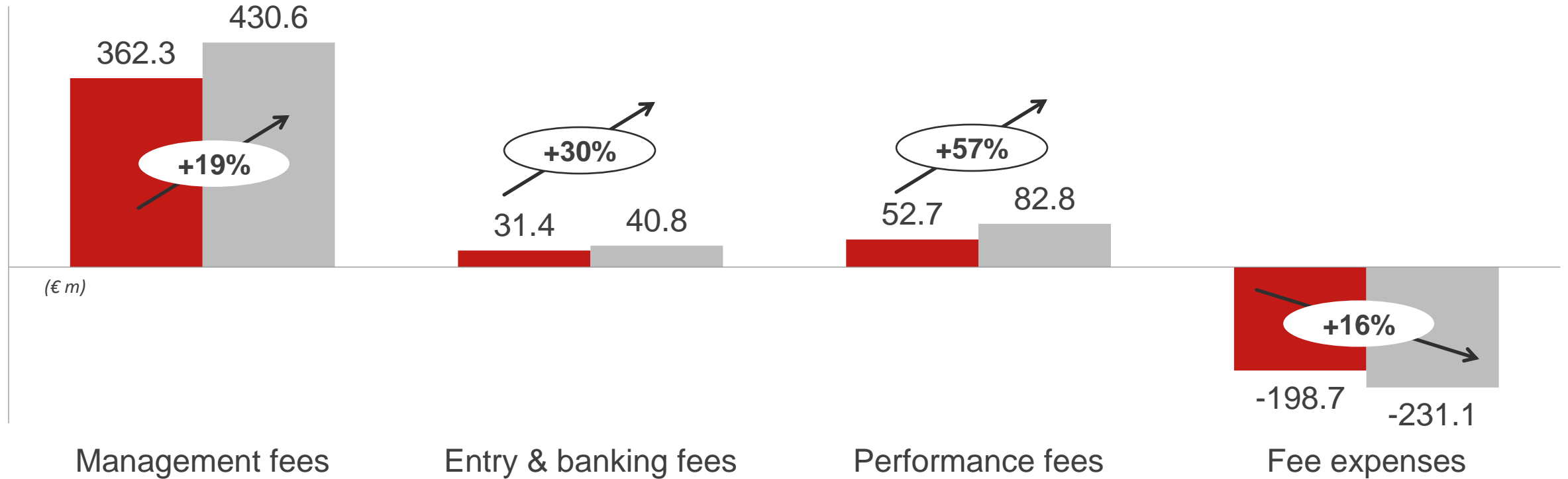
## GROWING LENDING ACTIVITY

Volumes up (€1.8bn, +4%) and spread broadly stable

# REVENUES: NET FEE INCOME (1/2)

GROWING RECURRING FEES

## FEE INCOME BREAKDOWN



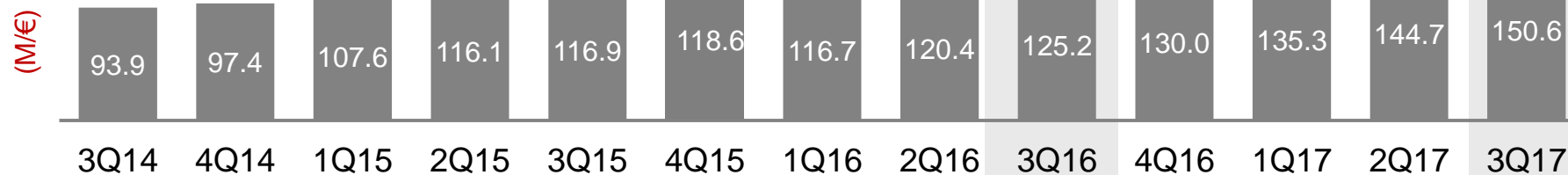
**PAY-OUT RATIO STABLE AT 49.0% (vs. 50.5% in 9M16)**



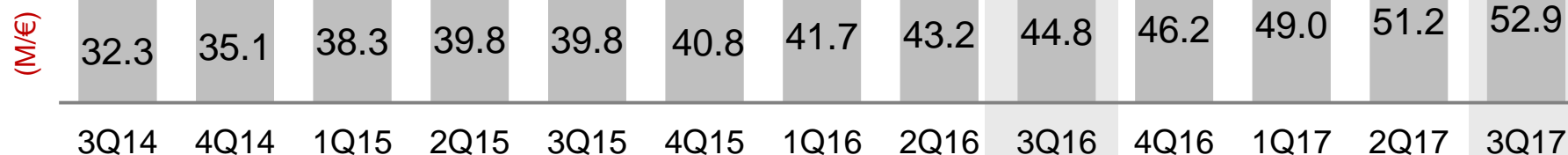
# REVENUES: MANAGEMENT FEES & MARGIN

## QUARTERLY TREND

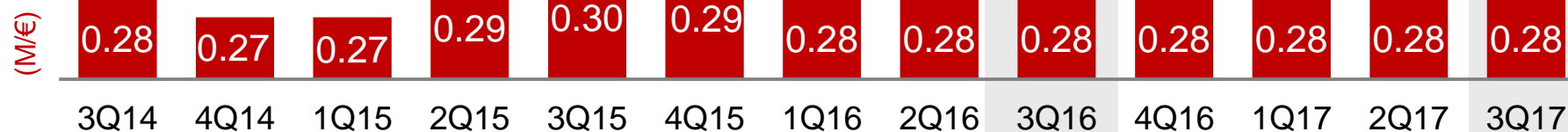
### MANAGEMENT FEES



### TOTAL AVG. MANAGED ASSETS



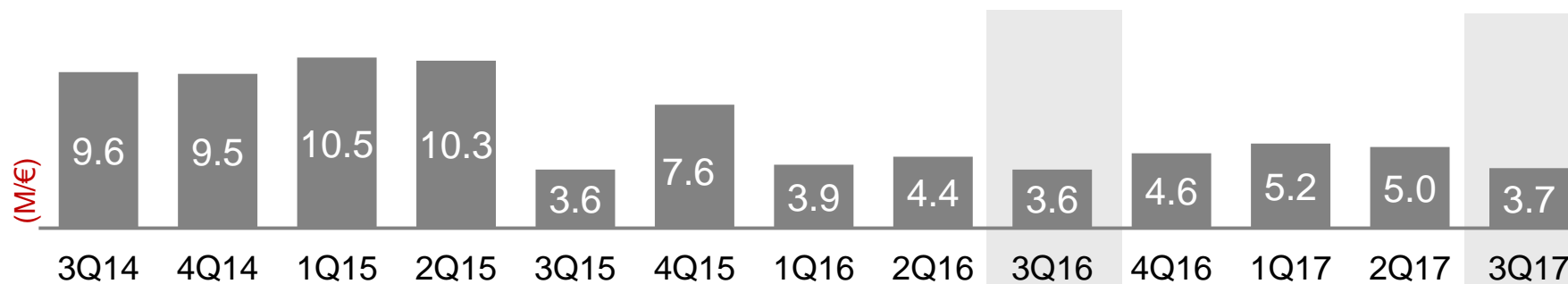
### MANAGEMENT FEES MARGINS



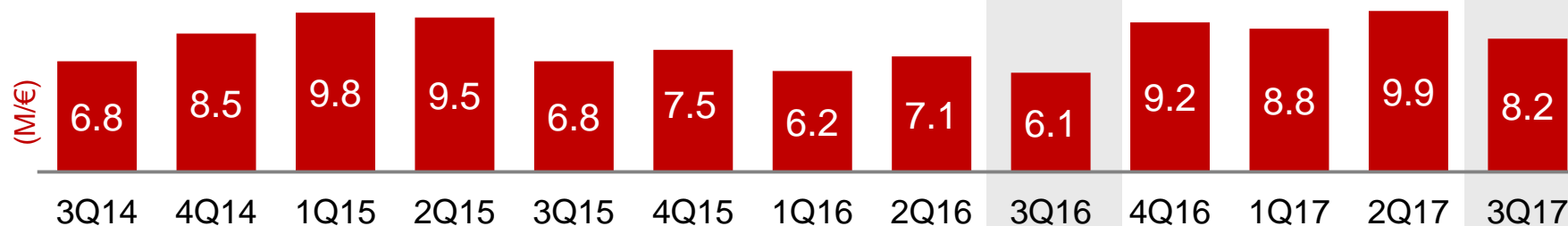
# REVENUES: OTHER FEES

## QUARTERLY TREND

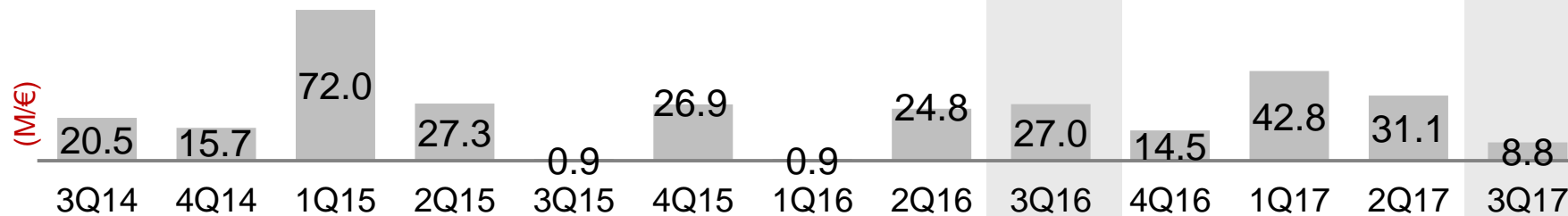
### FRONT FEES



### BANKING FEES



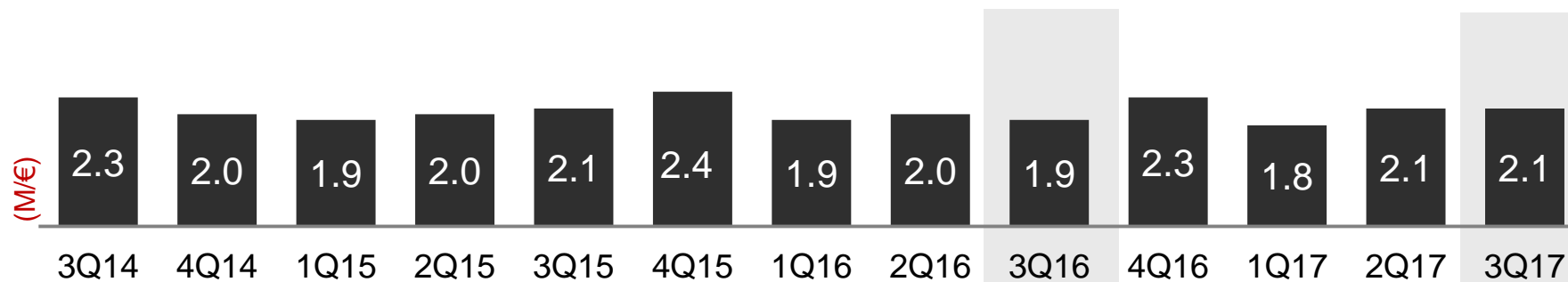
### PERFORMANCE FEES



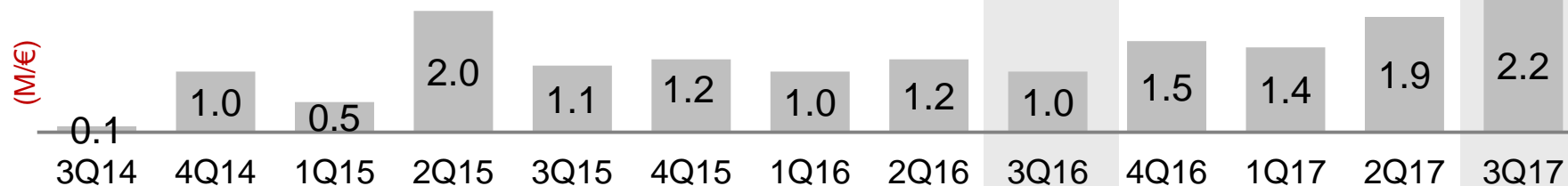
# REVENUES: BANKING FEES

## QUARTERLY TREND

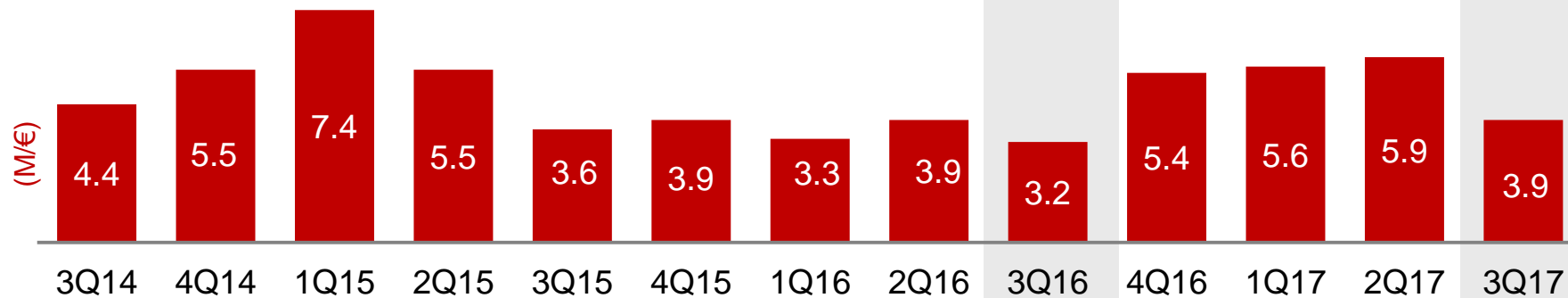
### TRANSACTIONAL BANKING FEES



### ADVISORY FEES

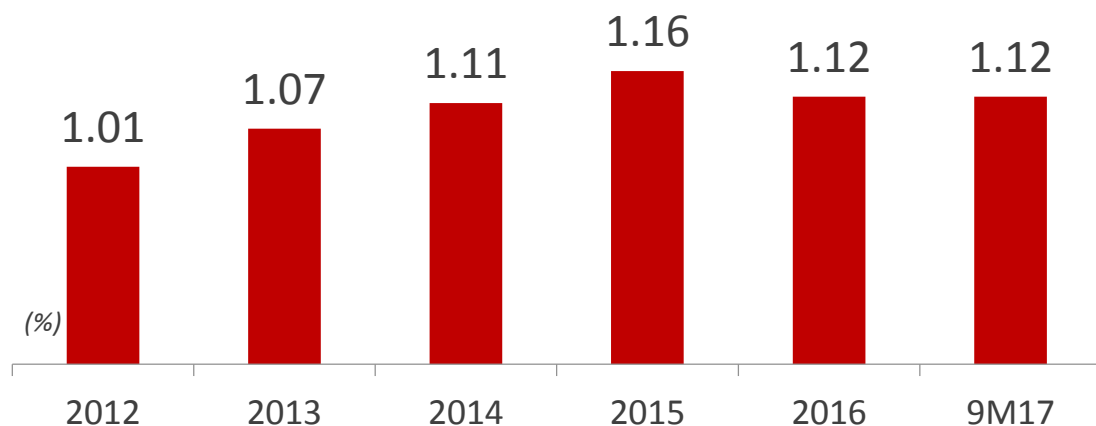


### TRADING FEES

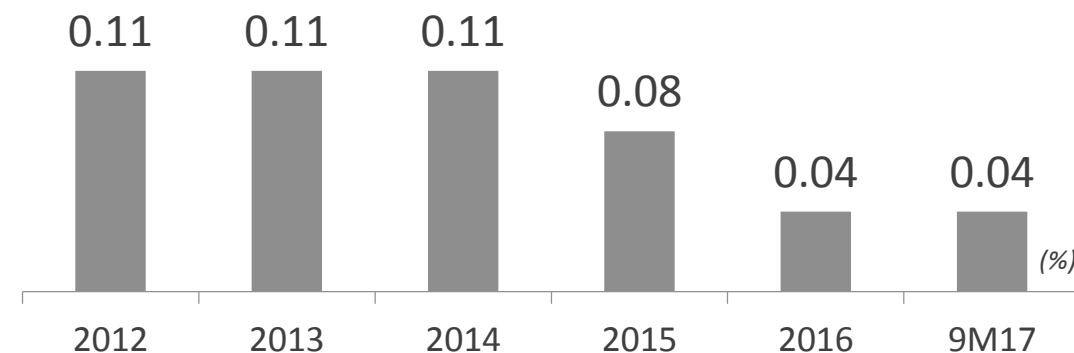


# BREAKDOWN OF ANNUALISED FEE-MARGIN GROSS MARGINS

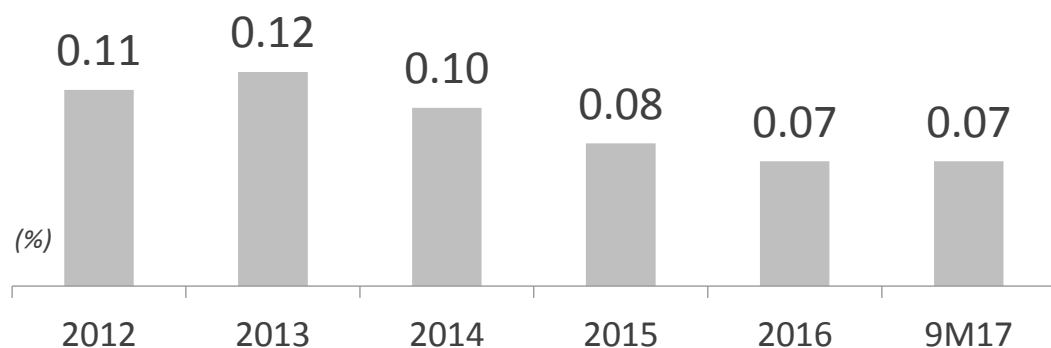
## MANAGEMENT FEE



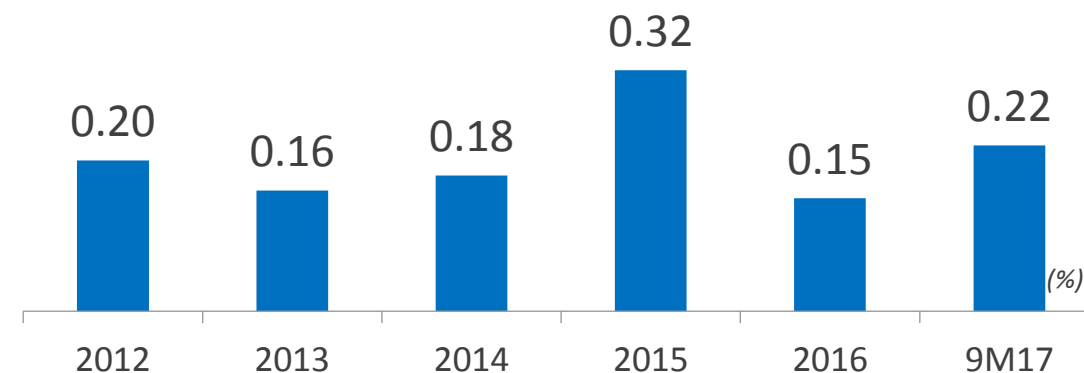
## ENTRY FEES



## BANKING FEE AND TRADING



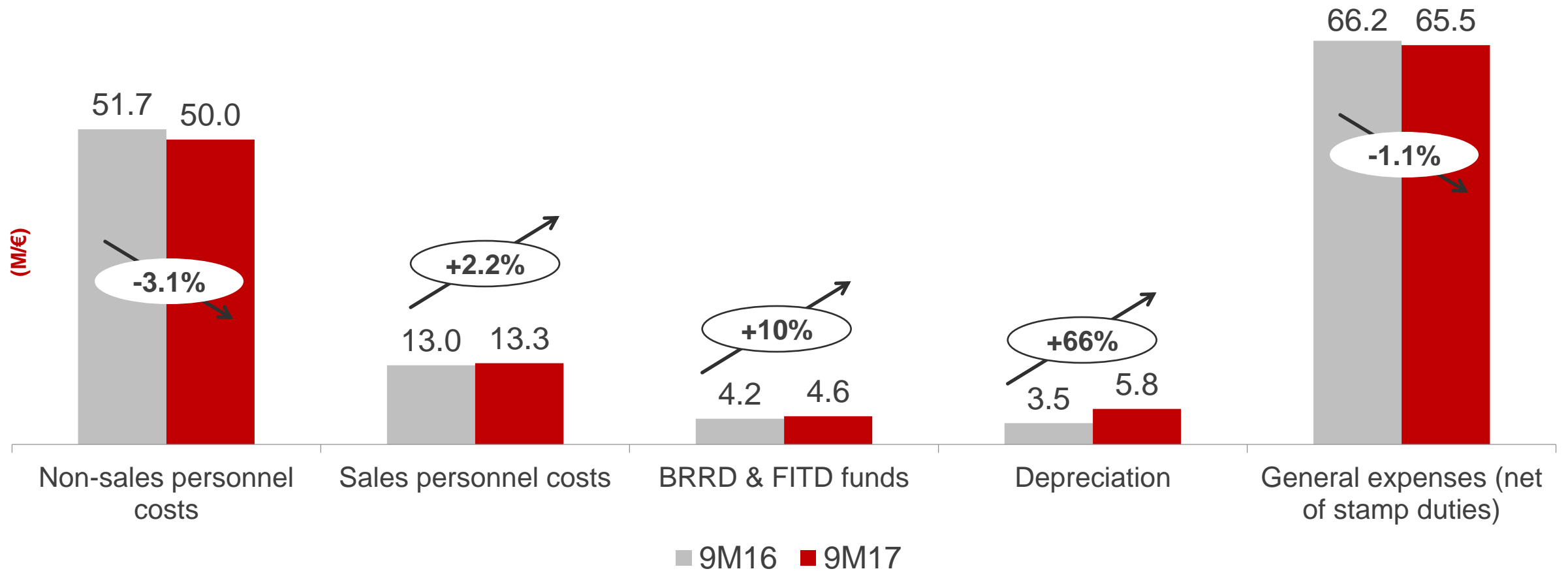
## PERFORMANCE FEES



*Fee margin based on average assets on an annualised basis*

# OPERATING COSTS BREAKDOWN

FLAT COSTS PROVING MUCH BETTER THAN GUIDANCE

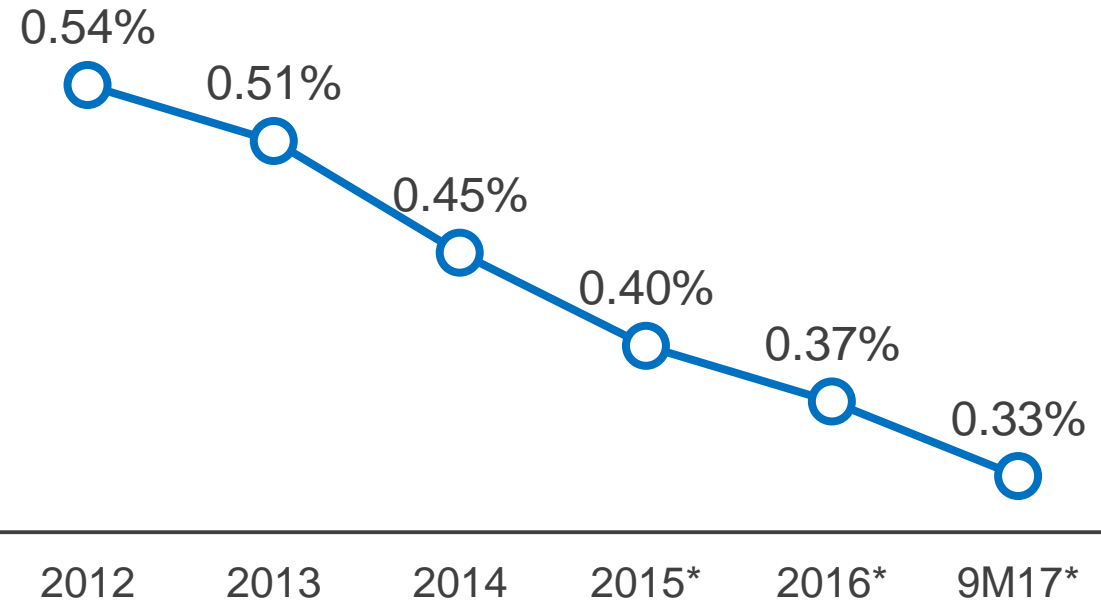


**TOTAL OPERATING COSTS +0.4% VS. GUIDANCE OF >+2%< +4%**

# COST RATIOS

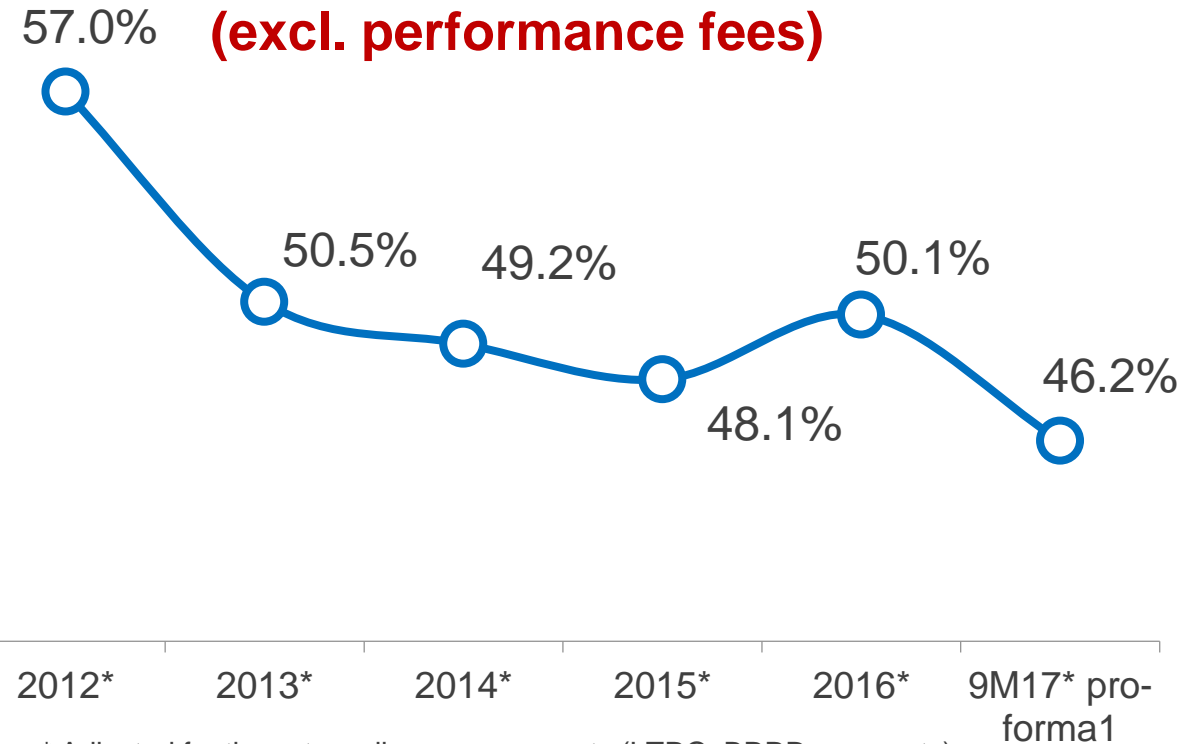
## OPERATING LEVERAGE

### OPERATING COSTS/TOTAL ASSETS



\* Adjusted for the extraordinary components (BRRD payments)

### COST-INCOME RATIO (excl. performance fees)



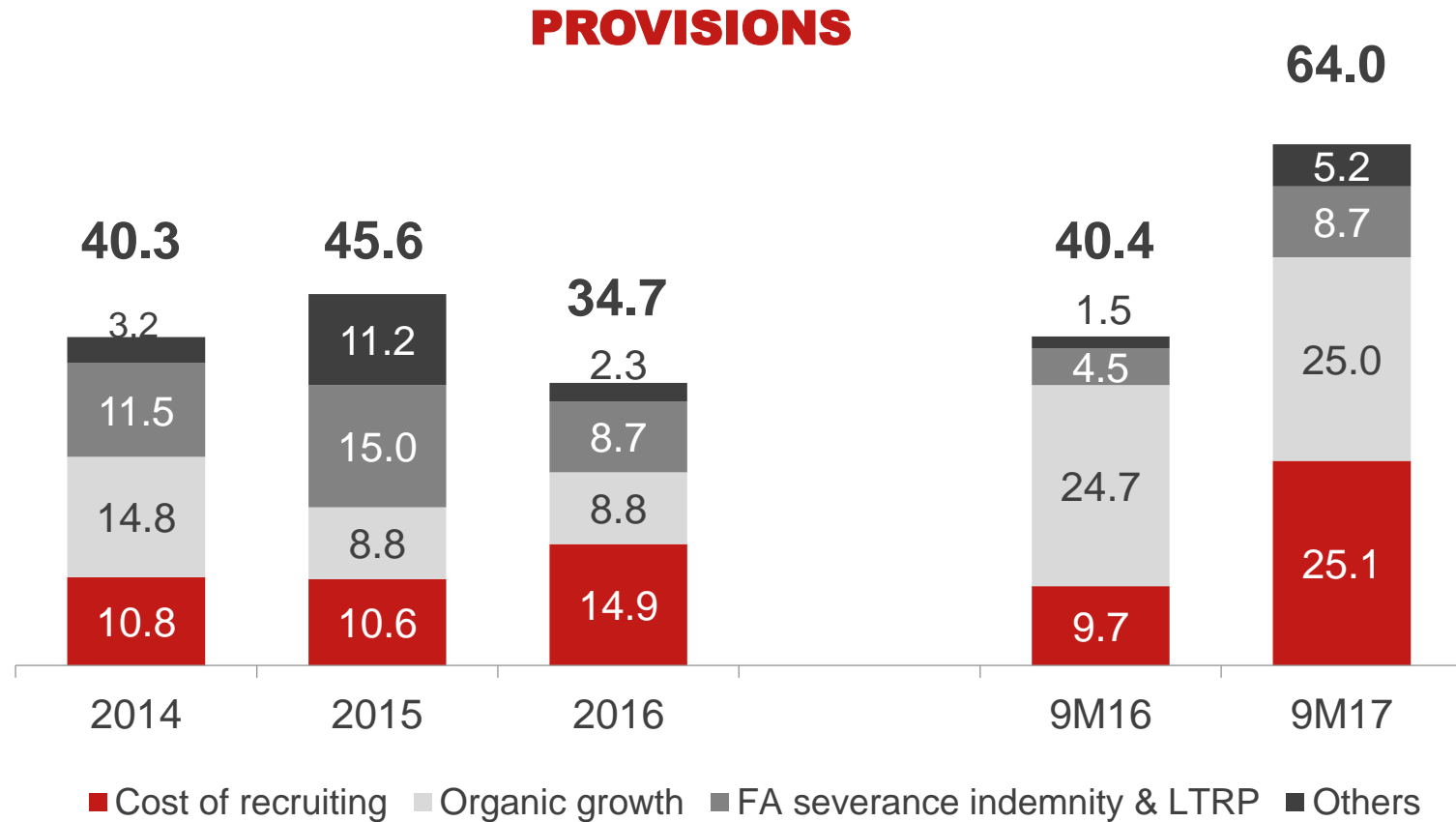
\* Adjusted for the extraordinary components (LTRO, BRRD payments)

### REPORTED COST-INCOME RATIO AT 34.7% (VS. 41.9% in 9M16)

(1) Based on pro-forma year-end revenues excluding performance fees and including expenses for organic growth currently accounted within provisions

# PROVISIONS

## DIFFERENT RECRUITING PATTERNS



**INCREASE IN PROVISIONS  
LINKED TO A SPIKE IN  
RECRUITING ACTIVITY**

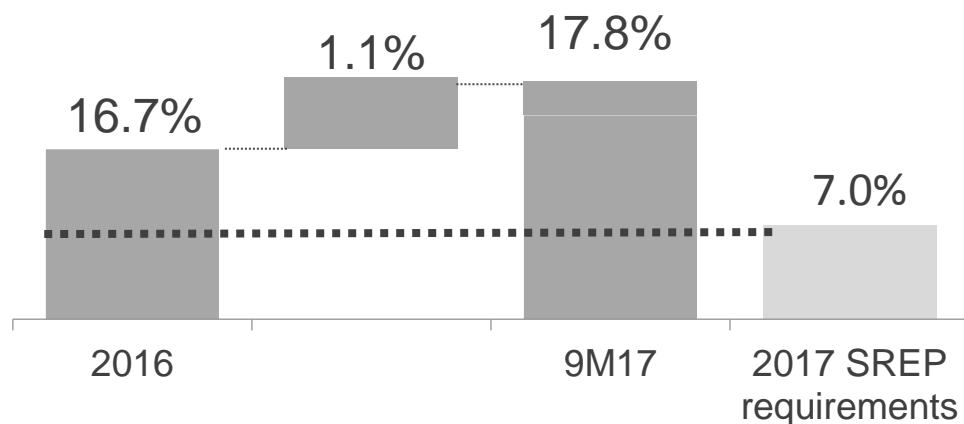
**RECRUITING ACTIVITY  
EXPECTED TO REVERT TO  
MEAN OVER NEXT FEW  
QUARTERS**

**MOST OF THE PROVISIONS  
FOR ORGANIC GROWTH  
WILL MOVE TO  
COMMISSION EXPENSES BY  
YEAR-END**

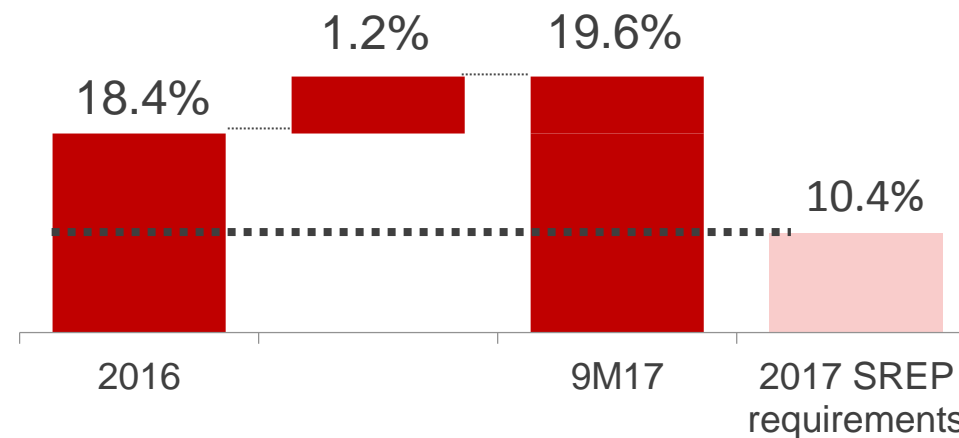
# SOLID CAPITAL POSITION

## CAPITAL RATIOS FURTHER IMPROVING

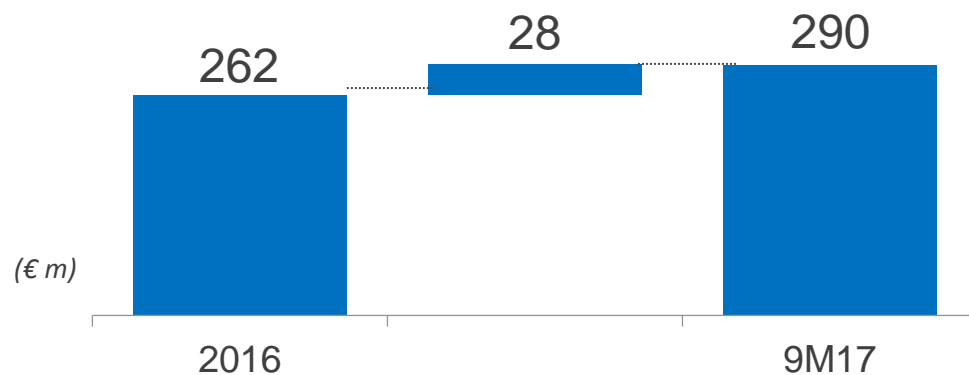
### CET1 RATIO



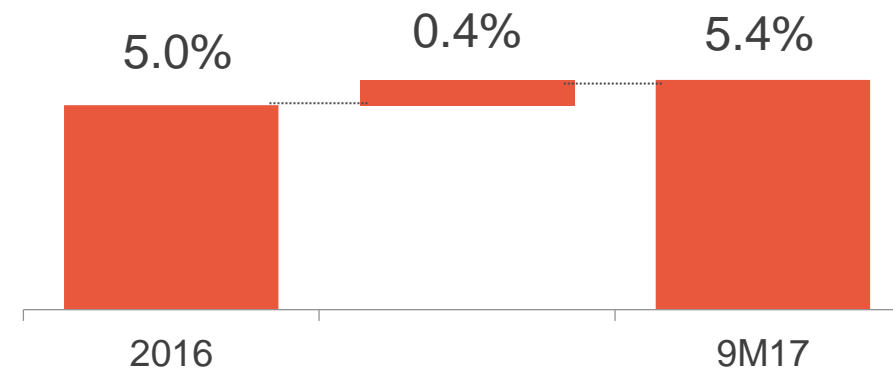
### TOTAL CAPITAL RATIO



### EXCESS CAPITAL



### LEVERAGE RATIO



SREP requirements: Minimum capital requirements specified for Banca Generali by the Bank of Italy as a result of the Supervisory Review and Evaluation Process (SREP). Capital ratios are compliant with B3 requirements (phased-in basis). On a fully-phased basis: CET 1 ratio at 18.2%, TCR at 19.9%



Preliminary remarks

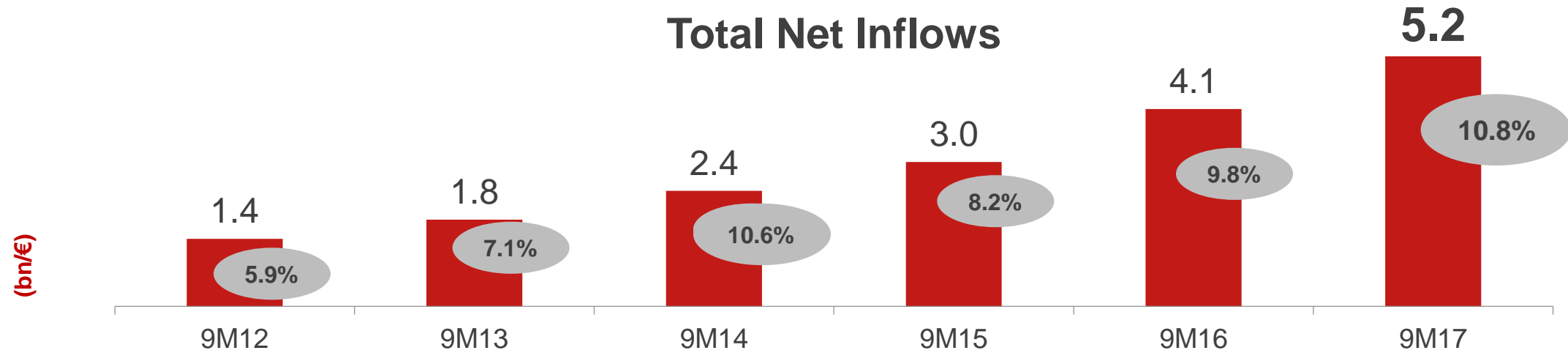
9M 2017 results

**Net Inflows, assets and recruiting**

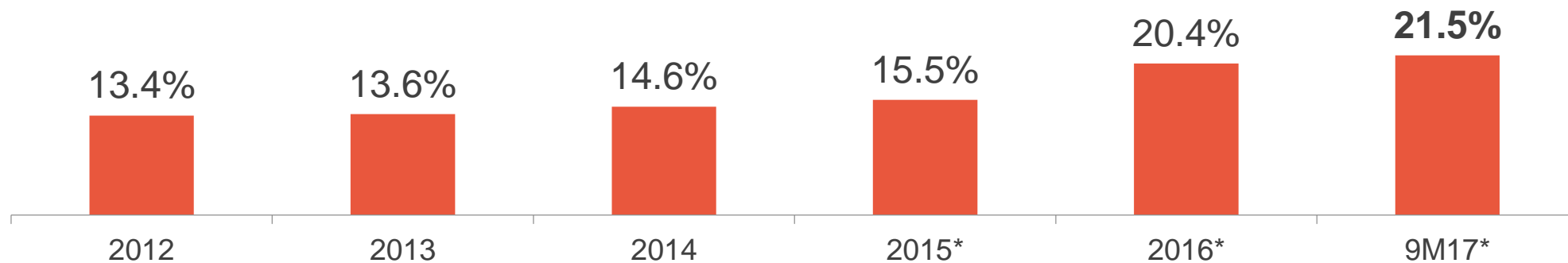
Business update

# COMMERCIAL RESULTS (1/3)

NET INFLOWS AT 10.8% OF STARTING ASSETS



### Banca Generali's share of Assoreti net inflows



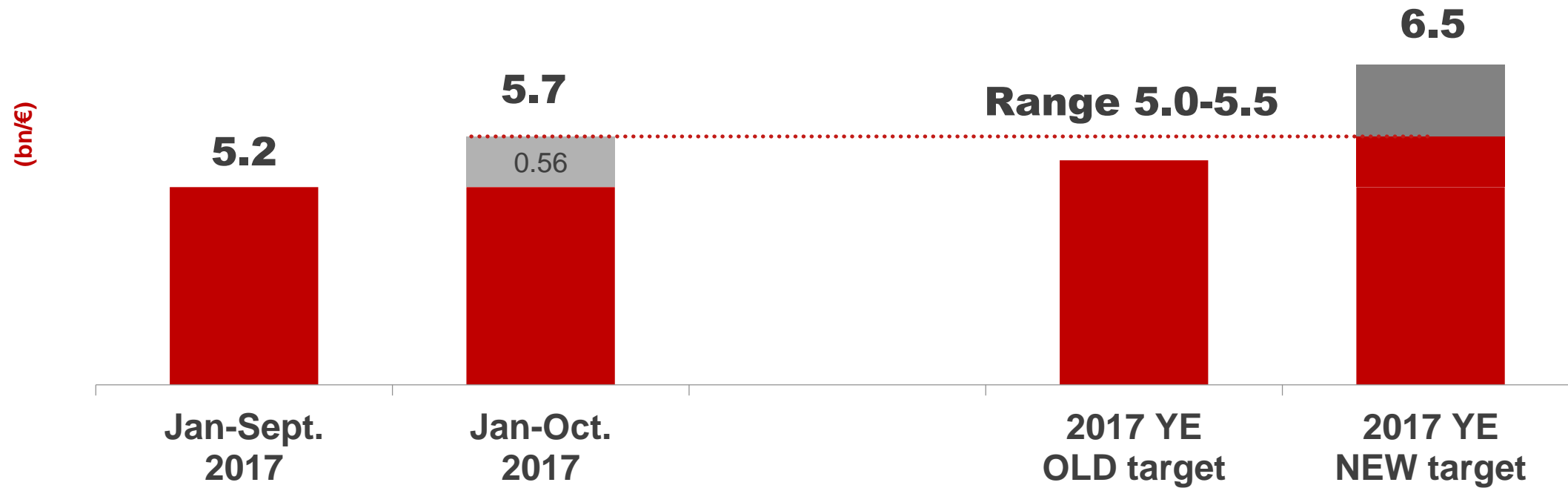
\* excl. ISPB on a like-for-like basis

Net inflows as % of assets at year-start

# COMMERCIAL RESULTS (2/3)

## UPGRADE IN YEAR-END NET INFLOWS TARGET

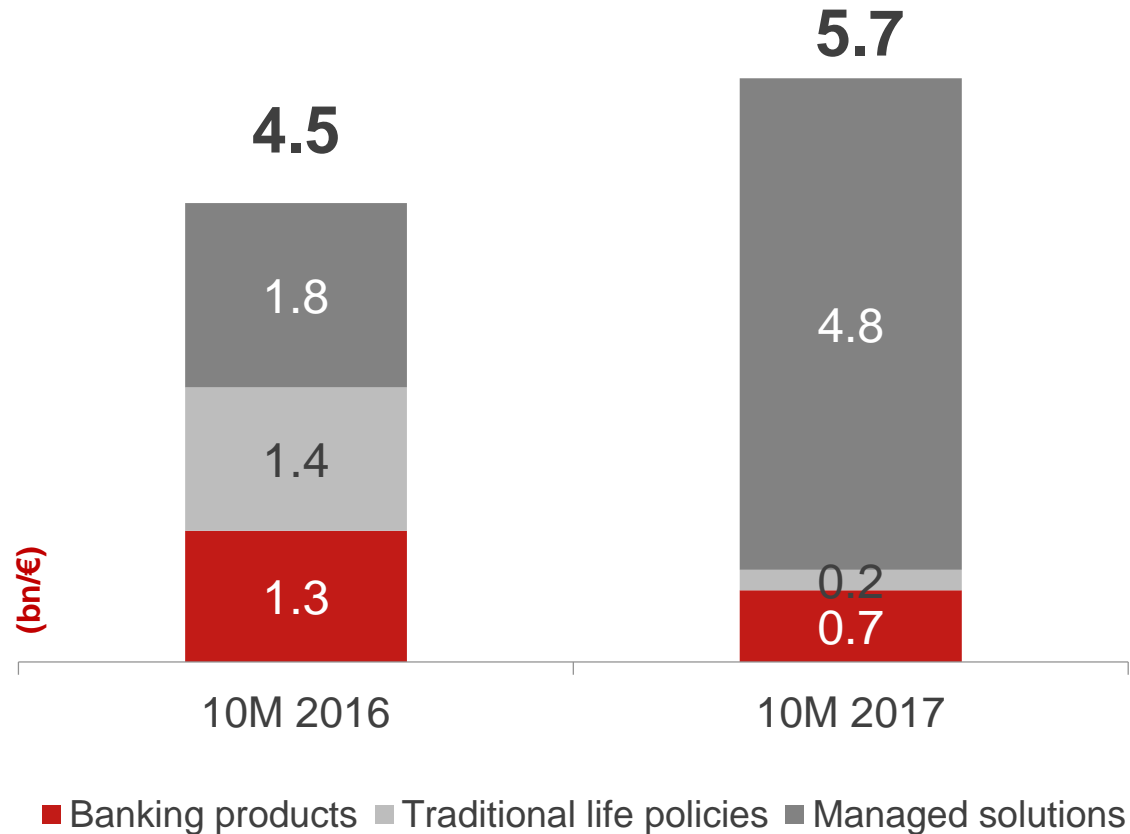
### NEW TARGET FOR 2017 NET INFLOWS



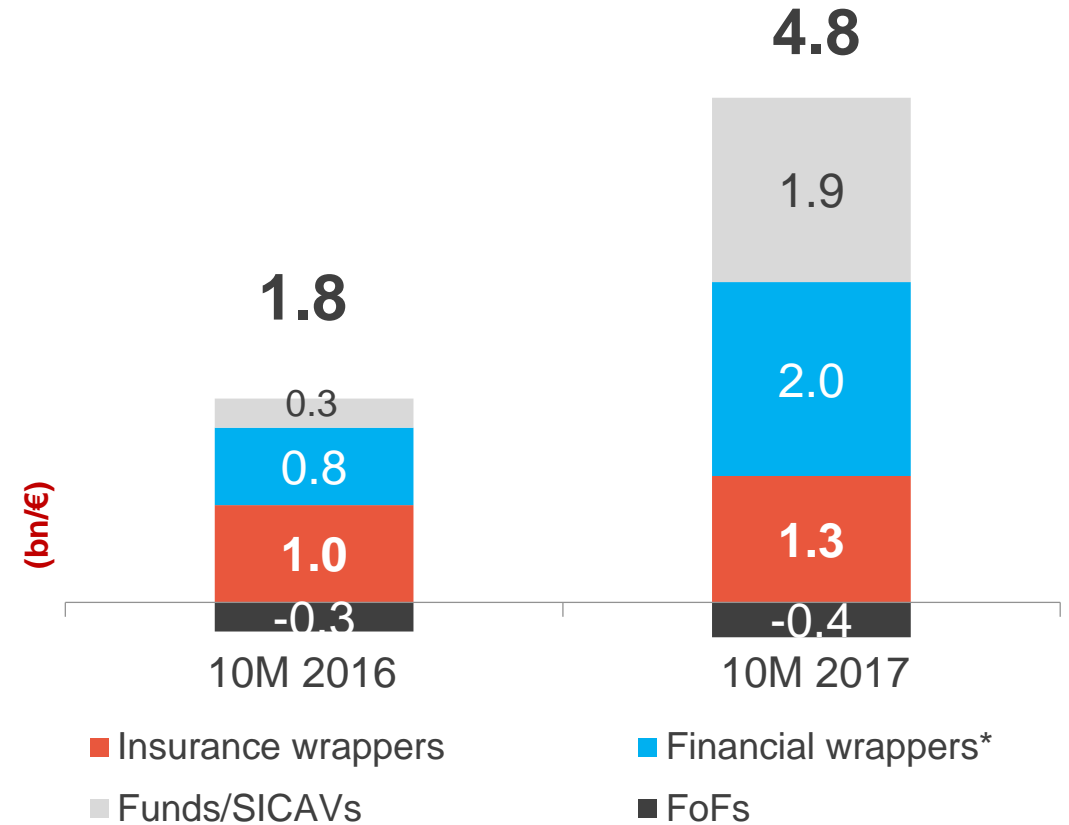
# COMMERCIAL RESULTS (3/3)

## MANAGED SOLUTIONS TRIPLED YOY

### TOTAL NET INFLOWS



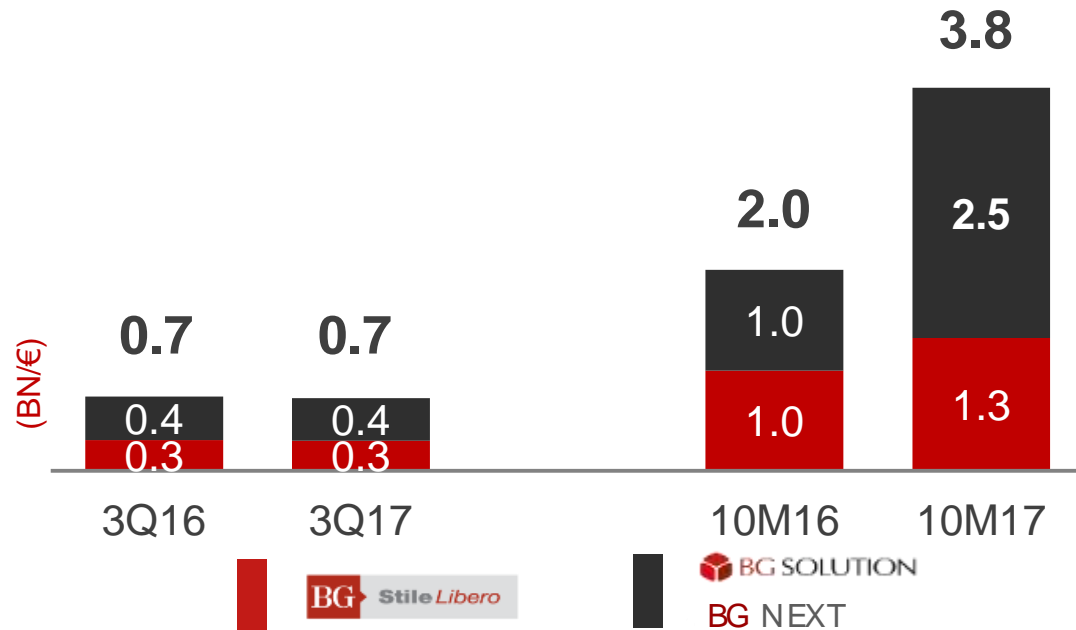
### NET INFLOWS IN MANAGED SOLUTIONS



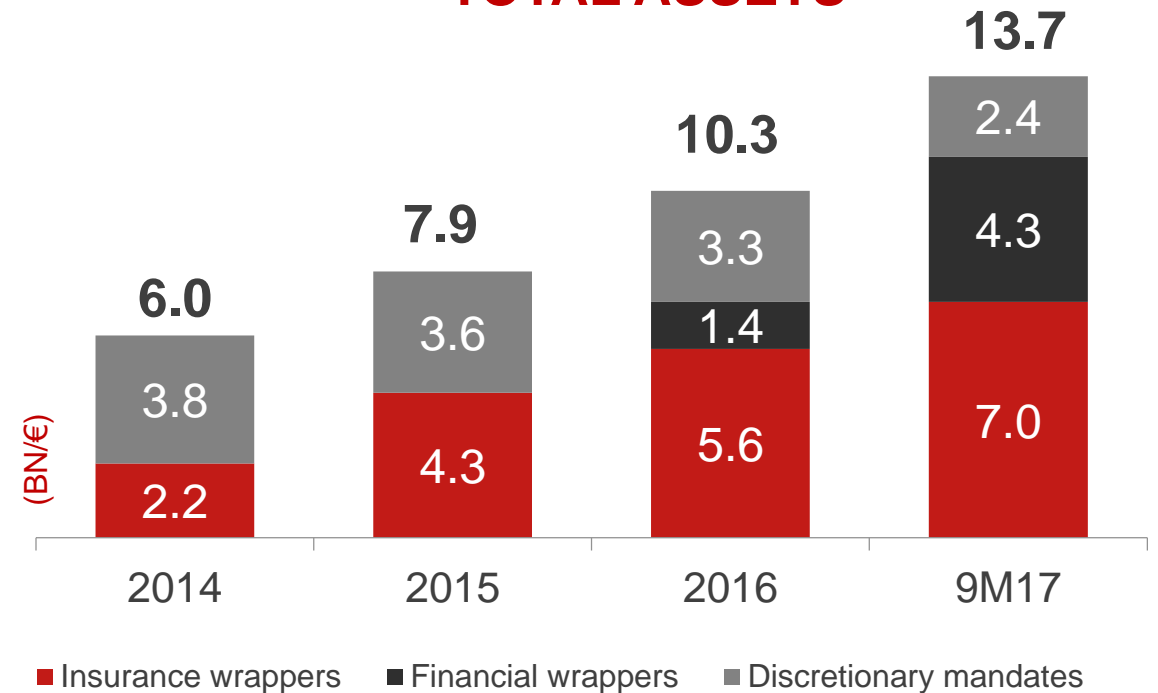
(\* ) including discretionary mandates

# WRAPPER SOLUTIONS FASTER TOWARDS TARGETS

## WRAPPERS NET INFLOWS



## WRAPPERS + DM TOTAL ASSETS

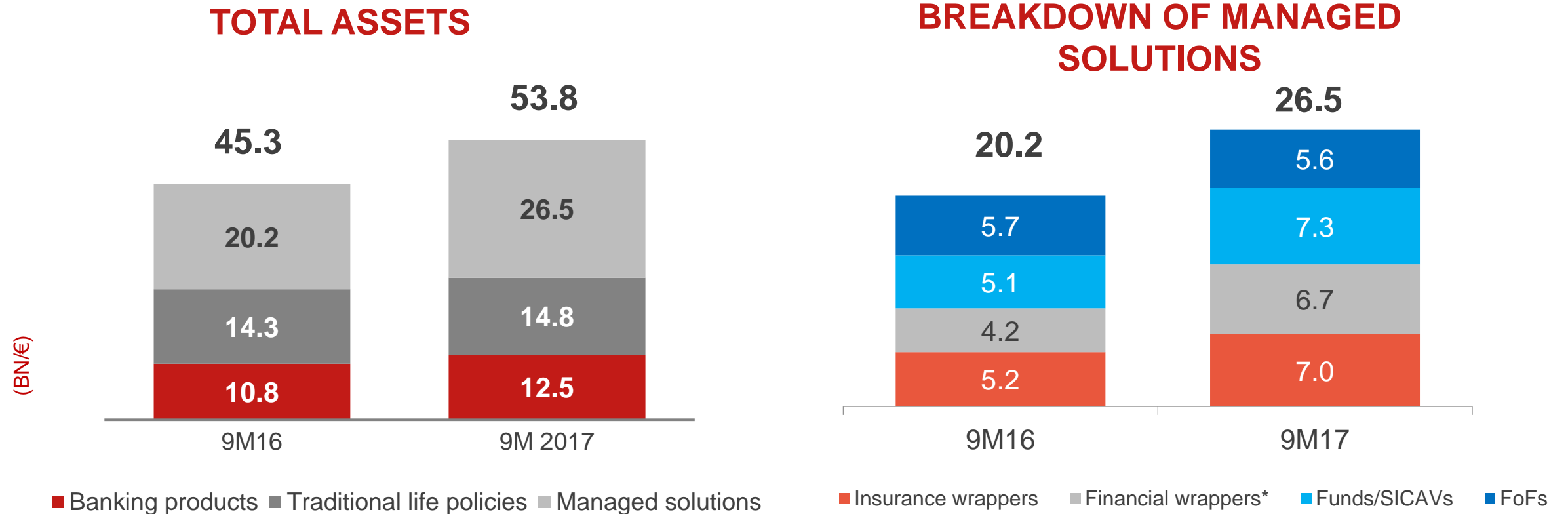


## ASSETS IN WRAPPERS AND DISCRETIONARY MANDATES AT 25% OF TOTAL ASSETS

Traditional discretionary mandates to be transformed into wrappers by year-end on MIFID II

# TOTAL ASSETS BY PRODUCT CATEGORY

## RECORD GROWTH OF MANAGED SOLUTIONS



Strong growth of **FINANCIAL WRAPPERS (+73%)** and **FUNDS/SICAVS (+45%)**

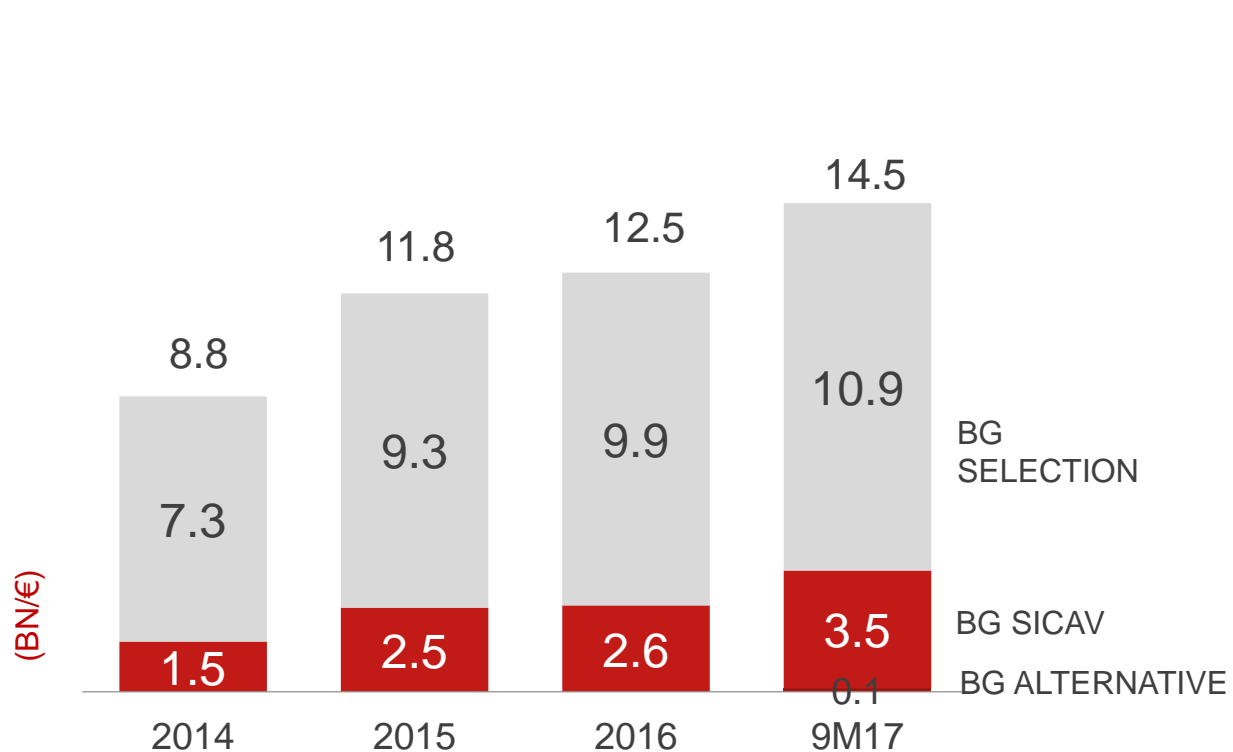
**DECREASING EXPOSURE TO FOF (BG SELECTION)**

(\*) including discretionary mandates

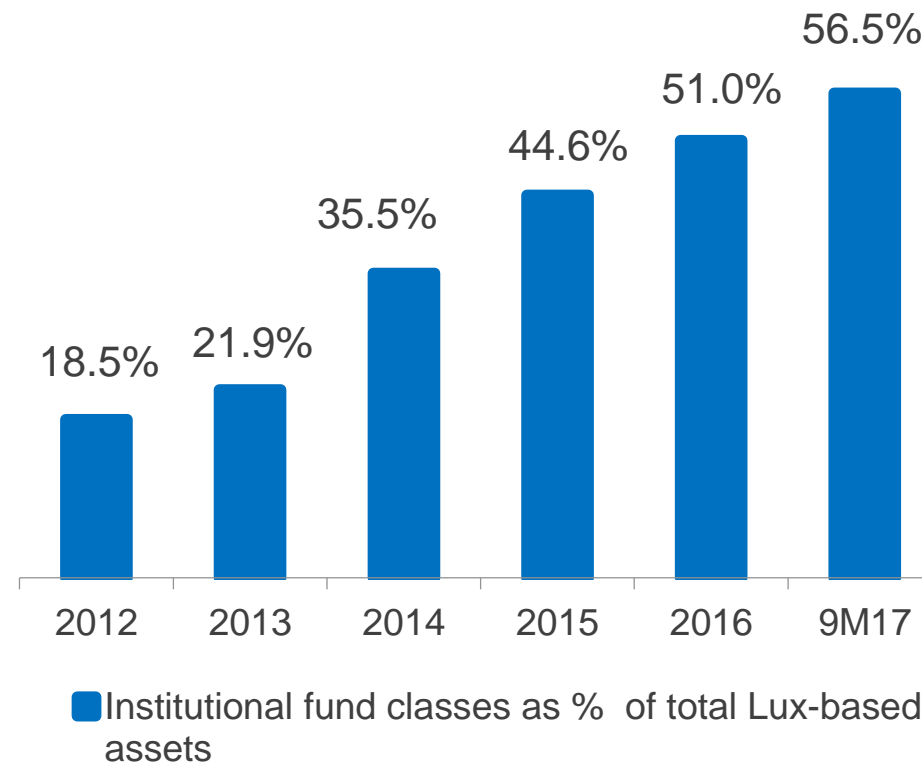
# BG FUND MANAGEMENT

GROWTH DRIVEN BY THE INSTITUTIONAL COMPONENT

## LUX-BASED ASSETS



## SHARE OF INSTITUTIONAL FUND CLASSES

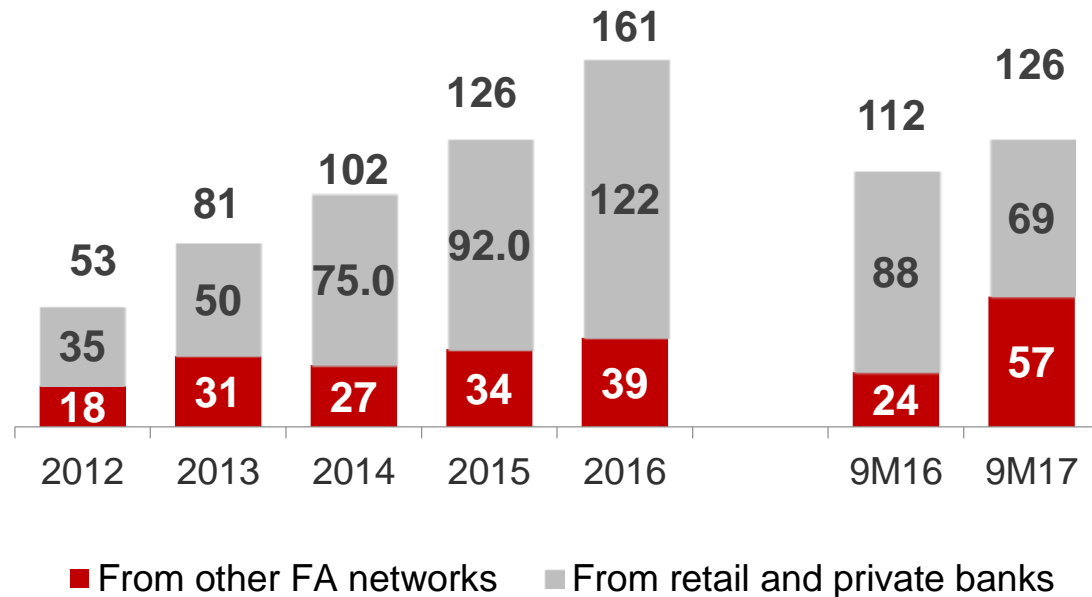


**ASSETS REBALANCING** in favour of institutional fund classes (57% of total vs. 19% in 2012)

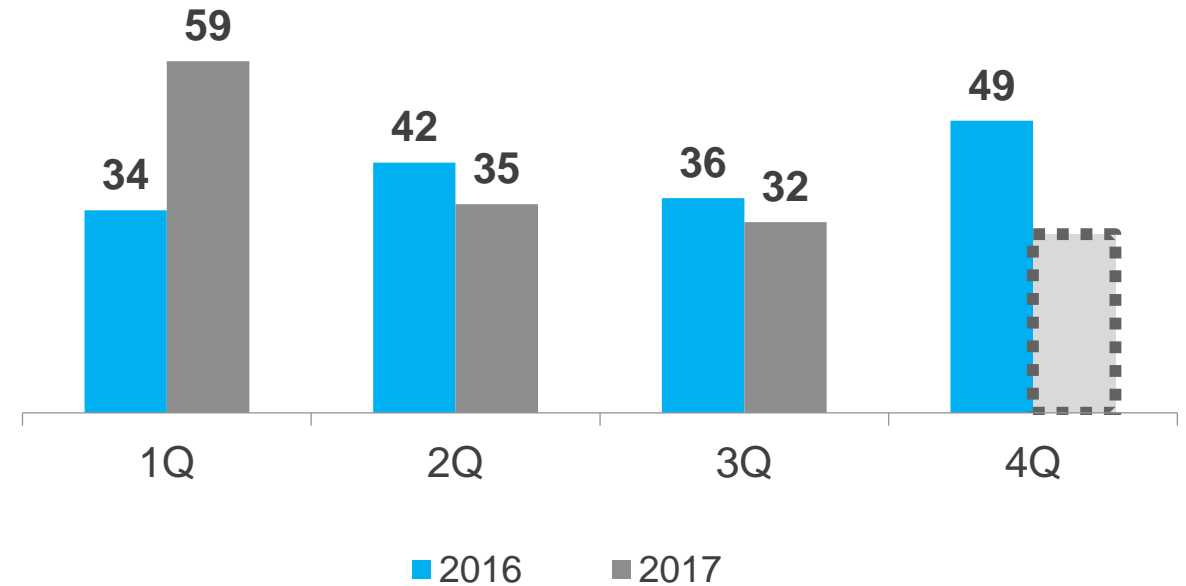
# RECRUITING ACTIVITY

## SLOWDOWN IN SIGHT

### No. OF NEW RECRUITS



### No. OF NEW RECRUITS BY QUARTER



**Cost of recruitment at 2.35% (ex ante), 60% of which charged in the first 12 months rolling**  
**Pay back period: 3Y 3M and IRR (net of tax) at 30% well above cost of capital**



Preliminary remarks

9M 2017 results

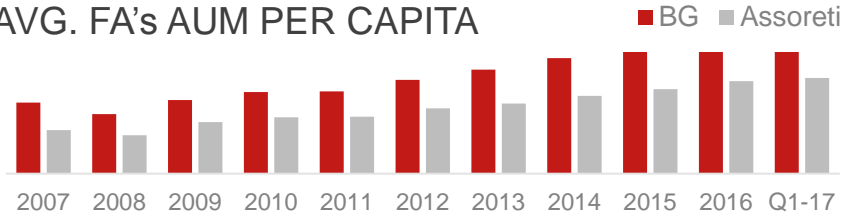
Net Inflows, assets and recruiting

**Business update**

# BUSINESS MODEL

## STRATEGIC PILLARS

AVG. FA's AUM PER CAPITA



### Quality of FA network

**QUALITY** – Profile moving private

**PRODUCTIVITY** – Holistic approach

**TARGET** – Clear private banking upswing

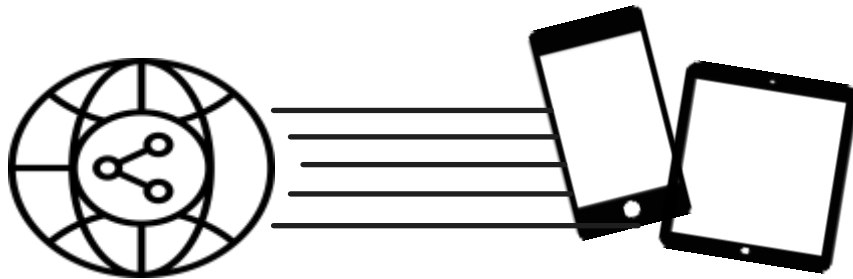


### Wealth Management Approach

**WEALTH MANAGEMENT** – New offering taking ground

**ADVISORY** – Seizing growth potential

**PRODUCTS** – Ongoing evolution



### Digital Mindset

**FAs** – Comprehensive set of digital tools

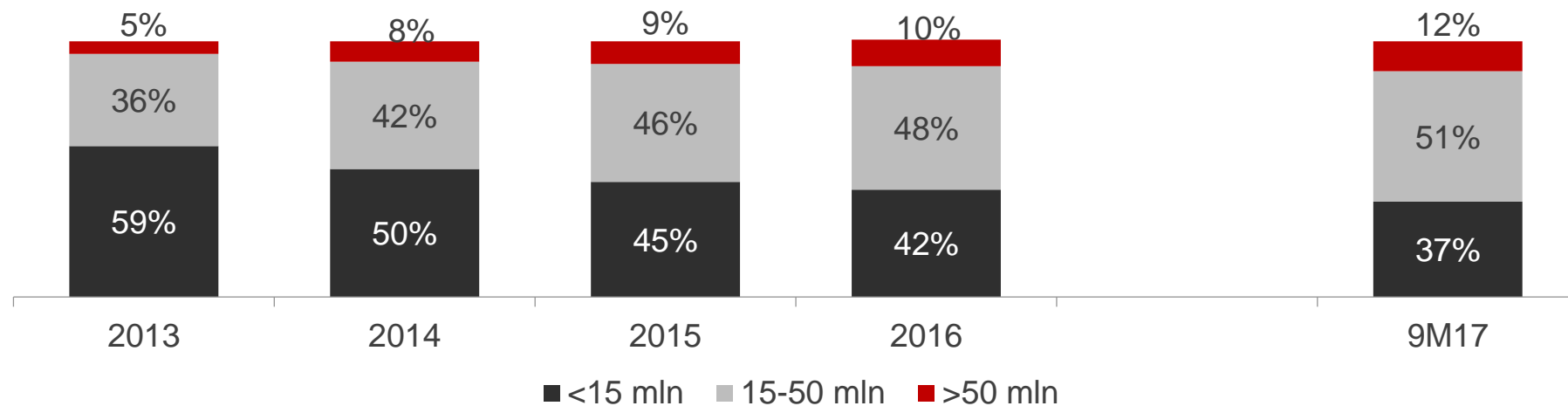
**BANK** – New approach to banking processes

**CLIENTS** – Dedicated banking solutions

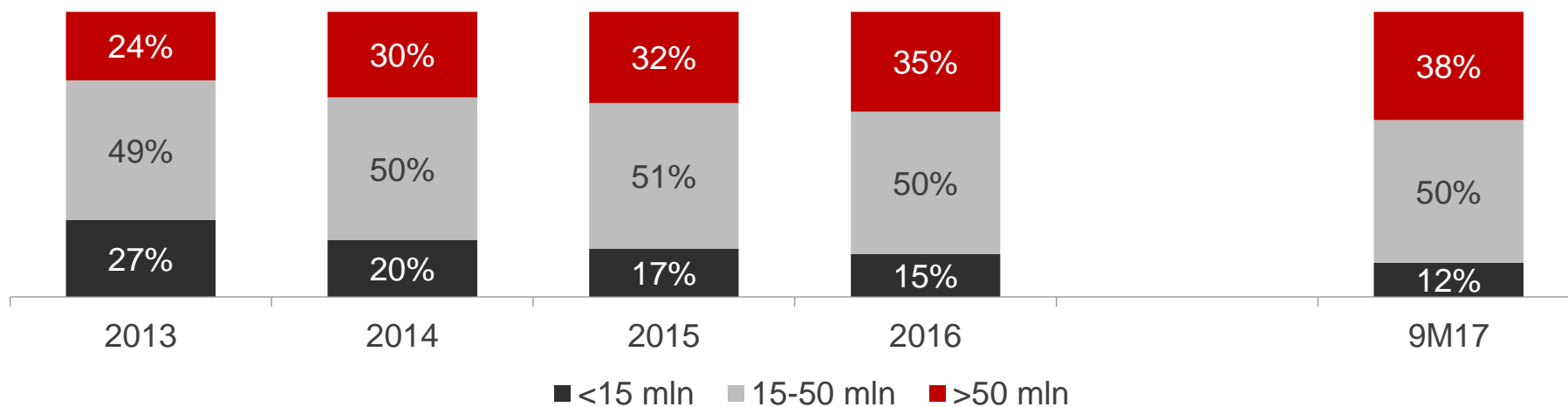
# QUALITY OF THE NETWORK - PROFILE MOVING PRIVATE

## FAs GROWING BY QUALITY

### No. of FAs by clusters



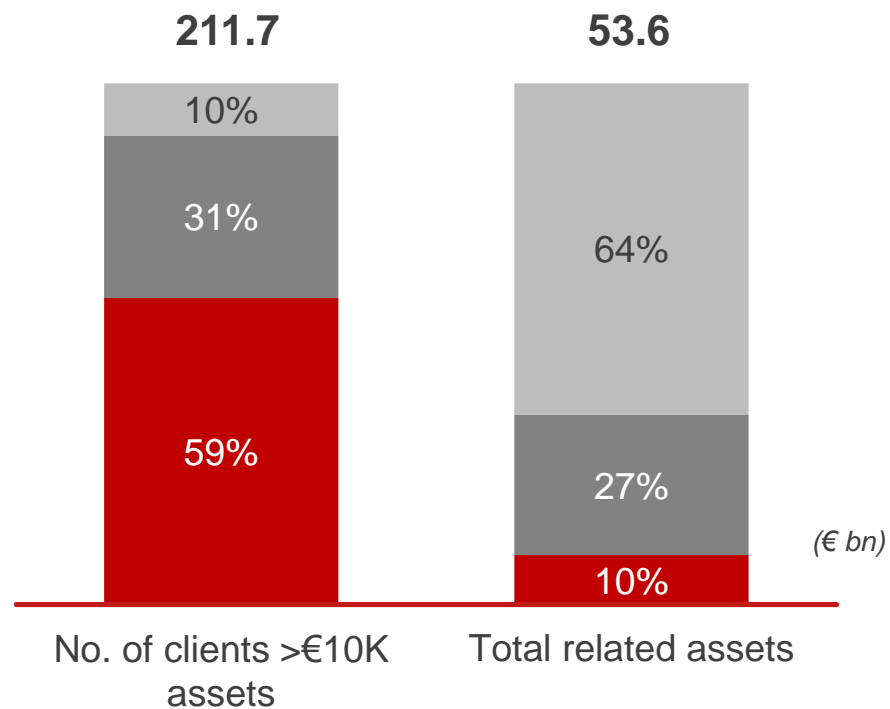
### ASSETS by cluster of FAs



# QUALITY OF THE NETWORK - PROFILE MOVING PRIVATE

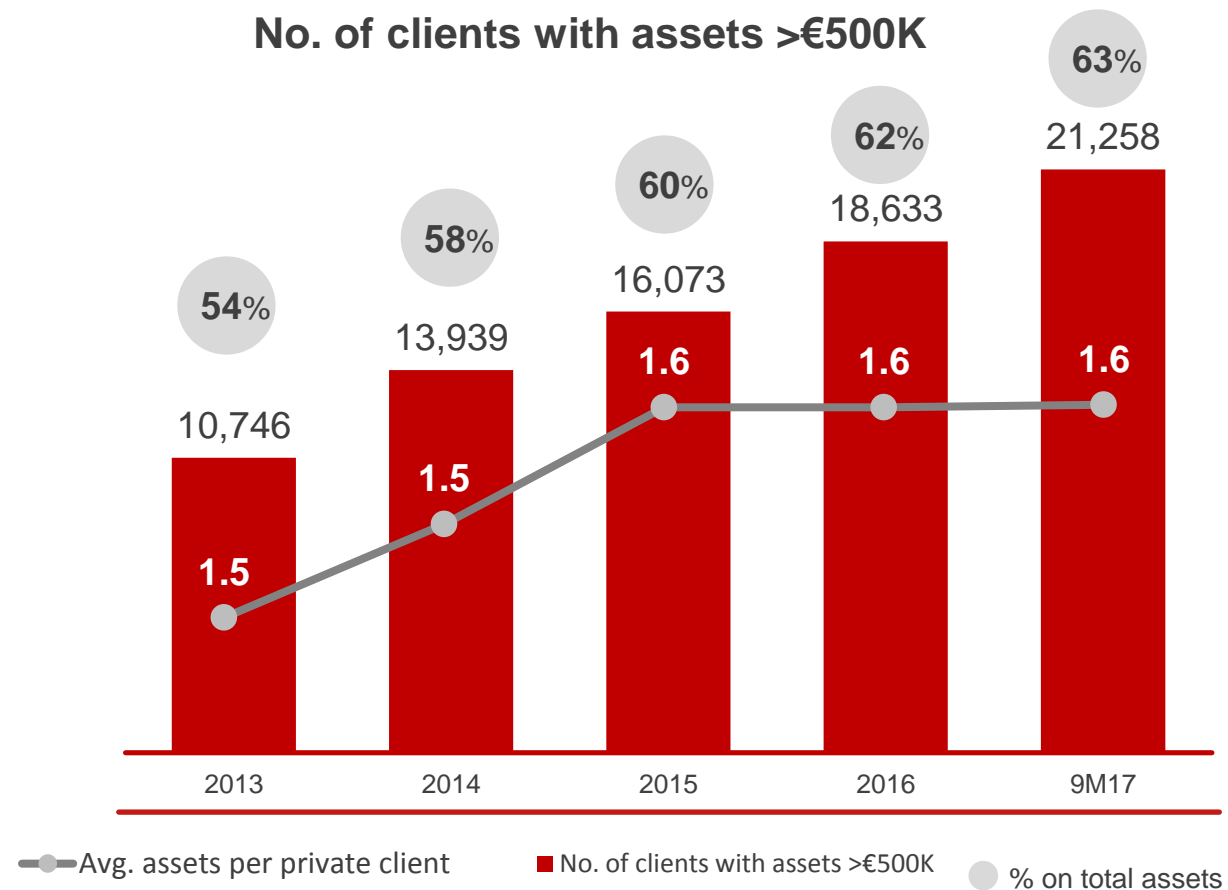
## CUSTOMER BASE FOLLOWING

No. of clients (>€10K) and related assets



■ clients <€100K ■ clients <€500K ■ clients >€500k

No. of clients with assets >€500K



—●— Avg. assets per private client ■ No. of clients with assets >€500K ● % on total assets

Data as of 30.09.2017

# WM APPROACH – PRODUCTS - ONGOING INNOVATION

## DISTINCTIVE PRODUCT OFFER FOR HNW CLIENTS

### DEDICATED INVESTMENT VEHICLES FOR INSTITUTIONAL/PROFESSIONAL CLIENTS

#### **BG NEXT** (AUM €255m)

##### ASSET CLASSES

Private debt - Loans -  
NPL - CMBS

##### CONTRACT

Multiline discretionary  
mandates

#### **BG ALTERNATIVE SICAV** (AUM €140m)

##### ASSET CLASSES

Bank loans - CMBS  
Real-estate (Debt & Equity)

##### CONTRACT

Advanced advisory

### NEW LUX-BASED SICAV

#### RATIONALE

PRODUCT OFFER REVIEW - new macro themes/client needs

PRODUCT SUSTAINABILITY - MIFID II

PRICING SUSTAINABILITY - cap on ongoing charges (OCG)

LAUNCH DATE - 1Q 2018

#### ROADMAP

1st wave – 1Q18 - 10/20 new strategies

2nd wave - 2Q18 – 10/15 new strategies

3rd wave – 2H18 – 15/20 new strategies

**Focus of next confcall**

# PARTNERSHIP WITH SAXO (1/3)

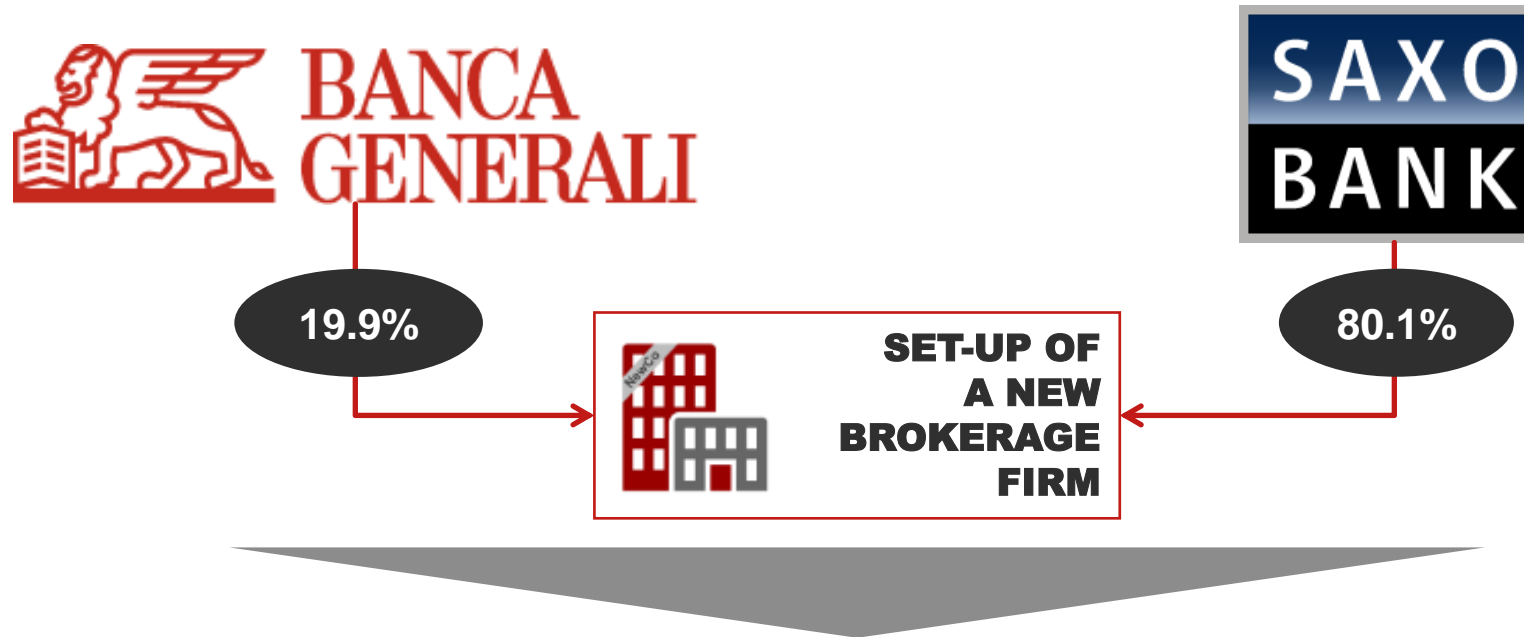
## THE REASON WHY



- A. PRESENCE IN **180 COUNTRIES**,  
**USD12.0BN DAILY TRADED VOLUMES**
  
- B. **STATE OF THE ART MULTI-ASSET TRADING PLATFORM** WITH ONGOING INVESTMENTS IN IT INFRASTRUCTURE
  
- C. **WELL-KNOWN BRAND** WORLDWIDE BOTH IN THE B2C AND B2B2C (WHITE LABEL BUSINESS)

# PARTNERSHIP WITH SAXO (2/3)

## NEW PARTNERSHIP SAXO-BANCA GENERALI



- A. EXCLUSIVE AGREEMENT FOR THE ITALIAN MARKET** - Banca Generali as reference bank
- B. SET-UP OF NEW BROKERAGE FIRM** – 80.1% controlled by Saxo and 19.9% by Banca Generali
- C. SHARED GOVERNANCE** - veto rights in favour of Banca Generali on selected relevant subjects
- D. REVENUE SHARING AGREEMENT** - based on customer ownership and customer origination

### AS IS

#### **BG customers (B2B) with a security account**

- 25K (10% of total customer base)
- Total security rotation: 90% (vs. peers 142% to 572%)
- Online rotation at 31% (vs. peers 100% to 536%)

### 4Y TARGET

#### **Est. customers of the Newco**

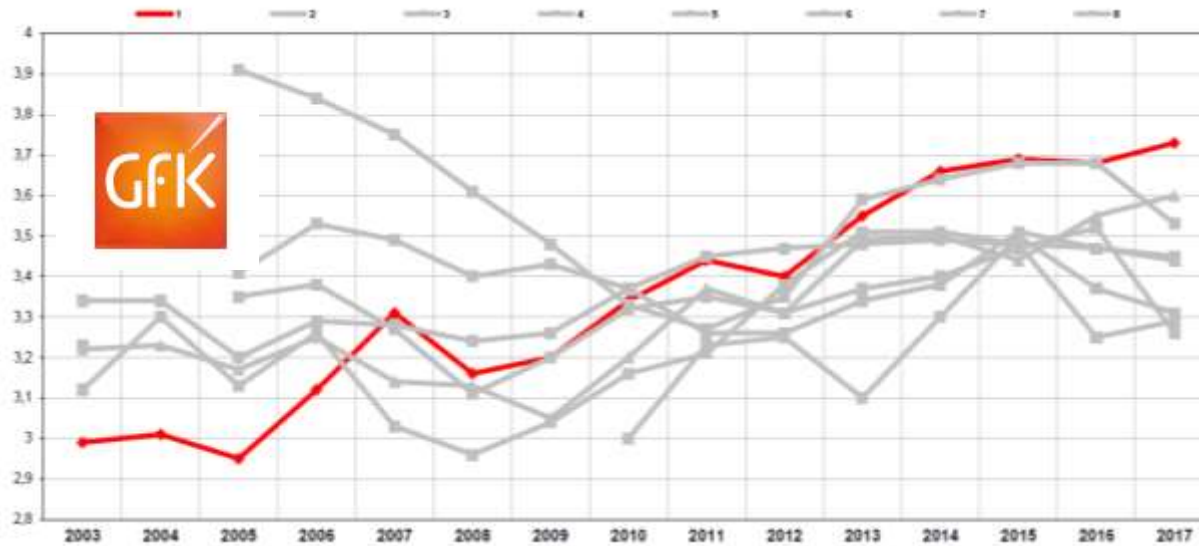
- 40K (+15K in four years)
- Launch of hedging strategies for SMEs
- Additional trading fees in 4 years at €10-15m

**NEW PARTNERSHIP TO START  
IN 2H 2018**



# BUSINESS RECOGNITION

## QUALITY REWARDED



PF Monitor - GfK Eurisko



Banca Generali was also ranked **No. 2 by brand equity in private banking (vs. No. 4 in 2016 and No. 5 in 2015)** - in the 'Private Banker Monitor' of GfK Eurisko in association with AIPB

# 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*

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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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## Investor App



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Numero di Pagine: 36