Informazione Regolamentata n. 0856-53-2018	Data/Ora Ricezione 06 Novembre 2018 12:39:29	MTA

Societa'	:	BANCA GENERALI
Identificativo Informazione Regolamentata	:	110282
Nome utilizzatore	:	BCAGENERALIN03 - Pastore
Tipologia	:	1.2
Data/Ora Ricezione	:	06 Novembre 2018 12:39:29
Data/Ora Inizio Diffusione presunta	:	06 Novembre 2018 12:39:30
Oggetto	:	PR: Banca Generali 9M 2018 Results

Testo del comunicato

Vedi allegato.

BANCA GENERALI

PRESS RELEASE

Nine-month results

Profit quality improvement driven by revenue sustainability and operating efficiency

- Management fees: €478.7 million (+11%)
- Net operating expenses: €143.3 million (+3%)
- Q3 net profit: €43.3 million (+10%)
- Net profit: €135.8 million (-8%); recurring net profit[1]: €87.7 (+38%)

Acceleration of business expansion

- Managed assets for the first 9 months at €58.5 billion (+9%)
- Integration with Nextam Partners underway

Solid capital position

- CET1 ratio at 18.0% and Total Capital Ratio at 19.6%
- Further growth of liquidity position

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Milan, 6 November 2018 – The Board of Directors of Banca Generali, chaired by Giancarlo Fancel, approved the consolidated results for the first nine months of 2018.

Chief Executive Officer and General Manager Gian Maria Mossa stated: *"These solid results reflect the quality of our advisory services and the Bank's swiftness in responding to changed market conditions. Despite strong volatility, from July to September we increased our profit by over 10% and continued to expand our business, mainly with the private-banking clients, who now account for nearly 65% of total assets. The acquisition of Nextam, a premiere advisory boutique, will speed up our progress in wealth management, where we will continue to develop new services and identify the best market opportunities to enhance our clients' wealth diversification and protection. In a*

[1] Net of performance fees and trading income

context that calls for great caution, we are confident that we can continue to grow thanks to the strong demand and numerous initiatives in the pipeline."

Consolidated P&L results at 30 September 2018

In the first nine months of 2018, Banca Generali continued to grow its business: assets managed and administered on behalf of clients rose by 9% in the last 12 months (€58.5 billion) and net inflows for the nine months amounted to €4.1 billion. During the period, the bases were also laid for an additional boost to non-organic growth, as witnessed by the recent binding offer to acquire the Nextam Partners Group made at the end of October; once completed, this acquisition is expected to bring total assets to nearly €60 billion.

As in the first half of the year, this growth was even more remarkable when considering it was achieved in a market context characterised by higher volatility generated by global economic cycle uncertainties and the renewed challenges posed by changes in central banks' monetary policies.

Market uncertainties affected variable revenues such as performance fees (-56%), however this was largely offset by the growth of recurring fees, which confirmed the solidity of the business. Net profit totalled €135.8 million, down slightly (-8%) compared to the same period of the previous year. Net of variable revenues, net recurring profit rose by 38% to €87.7 million.

In further detail:

Net banking income was in line with the previous year (€331.8 million; -0.7%); net of most volatile revenue items (performance fees and net income from trading activities), it grew by 15% compared to the first nine months of 2017.

Management fees increased by 11% to €478.7 million, driven by the Bank's ongoing business expansion. Similarly, **banking and entry fees rose sharply (€51.4 million; +26%)** as a result of the diversification initiatives launched over the past year (certificates platform and advanced advisory contract).
Variable fees (performance fees) were impacted by market complexity and amounted to €36.6 million.

Net financial income grew by 8.4% to €66.3 million, driven by net interest income (€44.2 million), which constantly rose on a quarterly basis (€16.2 million in Q3; +22% since Q1 thanks to the growth of the lending activity (€8.6 billion; +9%) and the rise in investment yields.

At the end of September, the banking book (99% invested in bonds) amounted to €5.9 billion (+3% YTD), marked by a prudent investment profile, total duration of 2.0 years and maturity of 3.4 years.

Net operating expenses amounted to €143.3 million (+3.0%) even including €7.2 million overall (+57%) paid to the national Single Resolution Fund (BRRD) and the Interbank Deposit Protection Fund (FITD). When excluding the latter payments to bank funds, operating costs would have increased by 1.1%.

The general and administrative expenses for the nine months also include the increased expenses of relocating the offices to the recently completed, futuristic Hadid Tower, in addition to the one-off costs (legal and consulting fees) of initiatives relating to non-organic growth and the launch of new partnerships.

The ratio of costs to total assets declined to 33 bps (34 bps at year-end 2017) and the **cost/income ratio** was 41.3%, remaining at excellent levels within the industry. Net of variable performance fees and other non-recurring revenue components, the cost/income ratio was 44% (52.3% at the end of 2017).

Net adjustments for impaired loans and other assets totalled €6.1 million in the period (€6.0 million in the first nine months of 2017), due to IFRS 9-compliant collective adjustments on the Bank's securities portfolio. In particular, the adjustments referred to the Italian government bond portfolio, affected by the widening of spreads.

With regard to capital figures, total assets amounted to €9,180 million (+2.1%) as a result of ongoing net inflows growth. Retail and private clients' deposits grew by 16% to €7,455 million.

Capital ratios at 30 September 2018 confirmed the **Bank's solidity: CET1 ratio** was **18.0% and Total Capital Ratio** was **19.6%**, almost twice the level required by the Bank of Italy (CET 1 ratio at 6.5% and Total Capital Ratio at 10.2%, as the minimum required by the SREP – Supervisory Review and Evaluation Process). With reference to regulatory requirements, excess capital stood at €316 million, a slight €11 million increase compared to the June figure.

Liquidity ratios are also at good levels with **LCR (Liquidity Coverage ratio) at 441%** (from 396% in June) and **NSFR (Net Stable Funding ratio) at 217%** (from 223% in June). The slight decrease reported by NSFR, down to 217% from 223%, was chiefly due to the early repayment of ECB's TLTRO.

P&L results for Q3 2018

Net profit for Q3 2018 **grew by 10.2% to €43.3 million**.

This result was also due to the increase in **net banking income** (€108.4 million; +9.7%), which benefited from constantly rising recurring fees and net interest income. Fee expenses rose to a lower extent during the quarter, due to the lower cost of growth mainly reflecting a different net inflows mix.

Net operating expenses (€49.7 million; +8.2%) rose slightly due to the increase in expenses caused by the office relocation, non-organic growth initiatives and the launch of partnerships, in addition to the greater contributions paid to the National Bank Resolution Fund (BRRD) and Interbank Deposit Protection Fund (FITD).

Net Inflows and Assets Under Management (AUM)

Total assets at 30 September 2018 stood at **€58.5 billion** (+9% comparted to the previous year; +5% YTD).

- **managed and insurance solutions (76% of total assets)** rose to €44.2 billion (+7% YoY; +3% YTD).
  Among these products, **wrapper solutions** totalled €14.8 billion net inflows (+8% compared to the previous year). **Traditional life policies (26% of total assets)** grew to €15.3 billion (+3% YoY and YTD)

- **deposits and AUC (24% of total assets)** amounted to €14.3 billion (+14% YoY; +12% YTD). Deposits (current accounts) were €6.9 billion (+24% YoY; +16 YTD) and Asset under Custody (AUC) amounted to €7.4 billion (+7% YoY; +8% YTD).

In addition, **Assets under Advisory reached €2.3 billion at the end of September**, accounting for 3.9% of total assets.

In the first nine months of 2018, **net inflows** amounted to €4.1 billion, broken down as follows:
- €1.7 billion from managed solutions;
- €0.3 billion from traditional life policies;
- €2.1 billion from current accounts and AUC.

The net inflows mix was impacted by the financial markets' strong volatility, which leads to a postponement of investment decisions and a more defensive investment profile.

Acquisition of Nextam Partners Group

On 22 October 2018, Banca Generali announced that a binding offer, aimed at acquiring 100% of Nextam Partners S.p.A., was formalised and accepted by the parties involved. Nextam Partners S.p.A. is an investment boutique that has been offering asset and wealth management and advisory services to private-banking and institutional clients in Italy since 2001.

Nextam Partners Group (80% owned by its three founding partners — independent managers with extensive experience in the industry) has a portfolio of approximately 2,500 clients, on behalf of whom the group manages about €5.5 billion assets under advisory, in addition to €1.3 billion assets under management.

The deal will consolidate and accelerate Banca Generali's private-banking growth strategy launched with a view to strengthening the Bank's range of services and its distinctive asset management and advisory expertise.

Business Outlook

Market volatility and uncertainties relating to Italy's growth dynamics are intensifying concerns among investors. This context is driving an increase in demand for professional advice, benefiting companies like Banca Generali that over the years have stood out for their ability to protect wealth. Net inflows continue to grow steadily and, despite the prudence inspired by the economic slowdown, the year-end target of €5 to €5.5 billion is confirmed. Innovation of the range of wealth management and advisory products and services expands opportunities for diversification and planning for both entrepreneurs and households. This is a further competitive advantage in the development of advanced advisory, which is rightly positioned to reach the target of €2.5 billion at the end of 2018. The integration of the Nextam Group will continue in the coming weeks, along with the development of the trading partnership with Saxo Bank, within the framework of a new Sim, subject to regulatory approval.

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 2018.

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 Group – Consolidated Profit and Loss Statement at 30 September 2018
2. Banca Generali Group – Consolidated Profit and Loss Statement for the Third Quarter of 2018
3. Banca Generali Group – Reclassified Consolidated Balance Sheet at 30 September 2018
4. Total AUM at 30 September 2018

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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 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)

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1) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT AT 30 SEPTEMBER 2018

(€ mil.)	9M 17	9M 18	% Chg
Net Interest Income	47.1	44.2	-6.1%
Net income (loss) from trading activities and Dividends	14.1	22.1	56.8%
Net Financial Income	**61.2**	**66.3**	**8.4%**
Gross fees	554.2	566.7	2.2%
Fee expenses	-281.2	-301.1	7.1%
Net Fees	**273.0**	**265.5**	**-2.7%**
Net Banking Income	**334.2**	**331.8**	**-0.7%**
Staff expenses	-63.3	-62.8	-0.9%
Other general and administrative expense	-106.5	-113.5	6.6%
Depreciation and amortisation	-5.8	-6.3	7.3%
Other net operating income (expense)	36.5	39.2	7.4%
Net Operating Expenses	**-139.2**	**-143.3**	**3.0%**
Operating Profit	**195.0**	**188.5**	**-3.3%**
Net adjustments for impair.loans and other assets	-6.0	-6.1	1.0%
Net provisions for liabilities and contingencies	-13.9	-14.6	5.1%
Gain (loss) from disposal of equity investments	-0.1	-0.2	72.9%
Profit Before Taxation	**175.0**	**167.7**	**-4.2%**
Direct income taxes	**-27.7**	-31.8	14.9%
Net Profit	**147.4**	**135.8**	**-7.8%**
Cost/Income Ratio	***39.9%***	***41.3%***	***1.4 p.p.***
EBITDA	**200.9**	**194.7**	**-3.0%**
Tax rate	***15.8%***	***19.0%***	***3.2 p.p.***

2) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE THIRD QUARTER OF 2018

(€ mil.)	3Q 17	3Q 18	% Chg
Net Interest Income	15.5	16.2	4.3%
Net income (loss) from trading activities and Dividends	4.7	1.5	*-68.4%*
Net Financial Income	**20.2**	**17.7**	***-12.6%***
Gross fees	171.4	190.1	10.9%
Fee expenses	-92.7	-99.3	7.1%
Net Fees	**78.7**	**90.8**	**15.4%**
Net Banking Income	**98.9**	**108.4**	**9.7%**
Staff expenses	-19.5	-20.5	5.1%
Other general and administrative expense	-36.9	-39.3	6.3%
Depreciation and amortisation	-2.0	-2.1	2.8%
Other net operating income (expense)	12.5	12.1	-3.1%
Net Operating Expenses	**-45.9**	**-49.7**	**8.2%**
Operating Profit	**52.9**	**58.7**	**11.0%**
Net adjustments for impair.loans and other assets	-2.8	-2.5	-13.5%
Net provisions for liabilities and contingencies	-3.1	-4.0	30.7%
Gain (loss) from disposal of equity investments	0.0	0.0	32.1%
Profit Before Taxation	**47.0**	**52.3**	**11.2%**
Direct income taxes	-7.7	-9.0	16.0%
Net Profit	**39.3**	**43.3**	**10.2%**
Cost/Income Ratio	***44.4%***	***43.9%***	***-0.5 p.p.***
EBITDA	**55.0**	**60.8**	**10.7%**
Tax rate	***16.5%***	***17.2%***	***0.7 p.p.***

3) BANCA GENERALI – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2018 (€M)

(€ millions)

Assets	**Dec 31, 2017**	**Sep 30, 2018**	**% Change**
Financial assets at fair value through P&L (FVPL)	49.8	98.1	97.0%
Financial assets at fair value through other comprehensive income (FVOCI)	4,612.7	2,129.3	-53.8%
Financial assets at amortised cost	3,831.1	6,495.2	69.5%
a) Loans to banks	*923.1*	*912.3*	*-1.2%*
b) Loans to customers	*2,908.0*	*5,582.9*	*92.0%*
Equity investments	1.8	1.7	-7.3%
Property equipment and intangible assets	98.4	93.6	-4.9%
Tax receivables	45.7	57.2	25.1%
Other assets	351.4	304.9	-13.3%
Total Assets	**8,991.0**	**9,180.0**	**2.1%**

Liabilities and Shareholders' Equity	**Dec 31, 2017**	**Sep 30, 2018**	**% Change**
Financial liabilities at amortised cost	7,879.8	8,201.4	4.1%
a) Due to banks	*682.5*	*72.3*	*-89.4%*
b) Direct inflows	*7,197.2*	*8,129.0*	*12.9%*
Financial liabilities held for trading	0.2	0.9	349.0%
Tax payables	35.6	25.1	-29.4%
Other liabilities	185.2	114.7	-38.1%
Special purpose provisions	154.2	160.8	4.3%
Valuation reserves	21.6	-23.4	-208.0%
Reserves	348.5	412.7	18.4%
Additional paid-in capital	58.2	57.9	-0.6%
Share capital	116.9	116.9	0.0%
Treasury shares (-)	-13.3	-22.8	71.6%
Net income (loss) for the period (+/-)	204.1	135.8	-33.4%
Total Liabilities and Shareholders' Equity	**8,991.0**	**9,180.0**	**2.1%**

4) TOTAL AUM AT 30 SEPTEMBER 2018

million of Euros	Sept 2018	Sept 2017	Abs. Chg	Chg.
Mutual Funds	14,025	12,902	1,123	8.7%
Portfolio Management	6,919	6,677	242	3.6%
Managed Assets	**20,945**	**19,580**	**1,365**	**7.0%**
Life Insurance	**23,231**	**21,758**	**1,474**	**6.8%**
of which BG STILE LIBERO	*7,940*	*6,952*	*988*	*14.2%*
Non Managed Assets	**14,291**	**12,488**	**1,803**	**14.4%**
of which: Securities	*7,422*	*6,926*	*496*	*7.2%*
Total	**58,467**	**53,825**	**4,642**	**8.6%**

Assets Under Management (YTD) *million of Euros*	Sept 2018	Dec 2017	Abs. Chg	Chg.
Mutual Funds	14,025	13,611	414	3.0%
Portfolio Management	6,919	7,102	-182	-2.6%
Managed Assets	**20,945**	**20,713**	**232**	**1.1%**
Life Insurance	**23,231**	**22,178**	**1,053**	**4.7%**
of which BG STILE LIBERO	*7,940*	*7,282*	*658*	*9.0%*
Non Managed Assets	**14,291**	**12,793**	**1,498**	**11.7%**
of which: Securities	*7,422*	*6,851*	*572*	*8.3%*
Total	**58,467**	**55,684**	**2,783**	**5.0%**

Fine Comunicato n.0856-53	Numero di Pagine: 11