



SPAFID CONNECT

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Oggetto : PR: 9M 2019 Financial Results Banca
Generali

Testo del comunicato

Vedi allegato.

**PRESS
RELEASE****Nine-month results****Net profit increased, driven by business expansion, revenue diversification and favourable financial markets**

- Net profit: €196.0 million (+44%)
- Total revenues: €408.4 million (+23%)
- Operating expenses: €155.7 million (+8.6%)
- Recurring net profit¹: €103.0 (+18%)

Assets grew sharply by nearly €10 billion YTD

- Total assets at €66.1 billion²
- Pro-forma assets at €67.2 billion³
- Assets under Advisory: €4.4 billion (+91%)
- Net inflows for the nine month period: €3.8 billion

Solid capital position

- CET1 ratio at 16.5% and Total Capital Ratio at 17.8%

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Milan, 31 October 2019 – The Board of Directors of Banca Generali, chaired by Giancarlo Fancel, approved the consolidated results for the first nine months of 2019.

Chief Executive Officer and General Manager Gian Maria Mossa stated: *“We are very satisfied with these results, as 2019 is proving to be the best year in our Bank’s history. The strong business expansion and the increasingly close relationship with our private-banking clients reflect the quality of our bankers and the excellent extension of our range of products and services. The recent M&As have provided additional asset management and wealth management expertise, and are opening*

¹ Net of performance fees and trading income, and one-off income and costs related to M&As undertaken in the year.

² Including €1.1 billion of Nextam Partners, consolidated as of August 2019.

³ Including the assets of Valeur, whose acquisition was closed on 15 October 2019.

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up opportunities on new markets. Despite households' underlying prudence due to economic uncertainties, we are succeeding in meeting their needs and continuing to grow significantly in terms of net inflows and acquisition of new clients. The important projects underway and the demand for professional advisory services allow us to look towards the coming months with confidence."

Consolidated P&L results at 30 September 2019

The first nine months of 2019 marked the best 9M result ever in the Bank's history, with a **44% rise in net profit to €196 million**.

The sharp increase was driven by the expansion of the recurring business (core net profit: +18% to €103 million, net of market variables) and, particularly, by the increasing contribution of the initiatives aimed at diversifying products and services, as defined in the priorities set out in the three-year strategic plan.

The nine-month figure also benefited from the significant business expansion, in addition to a more favourable financial market context compared to the previous year. **Managed assets and AUC increased to €66.1 billion (+15% YTD)**, driven by net inflows amounting to €3.8 billion (6.6% of initial assets⁴), asset performance of €3.8 billion (+6.4%) and the consolidation of the recently acquired Nextam Partners (€1.1 billion assets). Including the assets of the recently acquired Swiss company BG Valeur, total assets amounted to €67.2 billion, marking an **increase of nearly €10 billion, compared to €57.5 billion at year-start**.

In further detail:

Net banking income rose by 23% to €408.4 million (+19% net of adjustments for the new accounting Standards)⁵. The increase was driven by higher net interest income and recurring fees (management, underwriting and banking fees) offering an ever greater diversification. The result was also attributable to the increase in revenue items linked to favourable financial market trends, such as performance fees, in light of the excellent performance offered to customers (net: +6.4%; managed and insurance products: +7.5%).

Management fees were €476.9 million, in line with €478.7 million for the previous year, showing a constant improvement on a quarterly basis, after the Q4 2018 contraction linked to the period's exceptional volatility. **Banking and underwriting fees** also grew (€59.8 million; +16.3%) mainly driven by Assets under Advisory (BGPA) and the new solutions offered by certificate distribution and private placement.

Net financial income totalled €63.2 million compared to €66.3 million for the previous year. This was in part attributable to the sharp increase in **net interest income (€53.9 million, +22%; +28% on a like-for-like basis)**⁶ despite a significant decline of trading components. This growth was driven by the sharp rise in interest-bearing assets in the period (€11 billion; +21% YTD) and the banking book's improved yield arising from the re-investment at higher interest rates of maturing securities and of a greater part of liquidity. At the end of the period, the Bank's treasury portfolio

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⁴ 8.8% on an annualised basis.

⁵ Application of IFRS 15 and IFRS 16.

⁶ Excluding the impact of IFRS 16.

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totalled €7.9 billion (+39% YTD), confirming a prudent investment approach with an overall duration of 1.6 years and maturity of 3.2 years.

Operating expenses amounted to €155.7 million compared to €143.3 million for the previous year. In addition to the acceleration of all strategic projects envisaged by the three-year plan, the change also accounts for €3.8 million one-off items (relocation of the administrative offices, M&A costs, application of the new IFRS 16) and the €1.2 million contribution linked to the consolidation of Nextam. Net of these one-off items, the Bank's operating expenses showed a 5.8% change.

The Bank's operating efficiency ratios further improved: the ratio of costs to total assets declined to 31 bps (34 bps at 2018 year-end) and the **cost/income ratio further decreased to 39% (42.3% at year-end 2018)**, even net ⁷ of non-recurring items such as performance fees.

In the period under review, **net adjustments and provisions** amounted to €15.3 million, down compared to €20.7 million in the previous year, as a result of the improved risk profile of the Italian government bonds in portfolio arising from the application of collective basis of measurement in accordance with IFRS 9.

P&L results for Q3 2019

Net profit for Q3 2019 grew by 46.1% to €63.2 million.

This result was also due to the improvement in **net banking income** (€135.7 million; +25.1%), driven by the increase in net interest income and recurring fees, in addition to the effect of a slight fee expense decline due to the lower cost of growth.

Operating expenses (€54.8 million; +10,3%) were impacted by higher one-off costs associated with the office relocation, non-organic growth initiatives and the launch of partnerships, in addition to the costs linked to the inclusion of Nextam in the consolidation scope.

CAPITAL RATIOS AT 30 SEPTEMBER 2019

At the end of the reporting period, capital ratios stood at excellent levels: **CET 1 ratio** was 16.5% (17.5% at year-end 2018) and **Total Capital ratio (TCR)** stood at 17.8% (19% at year-end 2018).

This result is even more positive when considering the changes occurred after the end of 2018, namely: the adoption of the new IFRS 16⁸, which generated an extraordinary impact on the relevant capital ratio, i.e., **86 bps to CET1 ratio** and **93 bps to Total Capital Ratio (TCR)**, and the consolidation of the newly acquired Nextam that had an extraordinary impact of **65 bps to CET1 ratio and TCR**.

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⁷ Cost/Income ratio net of one-off items (performance fees, BRRD bank rescue funds, one-off components)

⁸ The new IFRS 16 entailed the recognition of new items of property, plant and equipment amounting to €136 million, and the ensuing extraordinary effect on the relevant capital ratio.

**PRESS
RELEASE****Net Inflows and Assets Under Management (AUM)**

Total assets at 30 September 2019 reached a new **all-time high at €66.1 billion** (+15% YTD). The figure includes €1.1 billion linked to the consolidation of the newly acquired Nextam (+13% on a like-for-like basis).

Managed solutions rose to €31.4 billion (+15% YTD; +11% net of Nextam's contribution), mainly driven by the performances reported for the period thanks to the favourable market conditions. In the period, worth of mention was above all the growth reported by the new Luxembourg-based Sicav **LUX IM. Launched in April 2018, the Sicav already manages over 60 sub-funds and €9.5 billion total assets (+48% YTD).**

The ongoing risk aversion of most of customers led to a sharp increase in traditional life policies (€16.4 billion; +6% YTD), and in particular in current account deposits (€9.1 billion; +28% YTD).

Moreover, **AUC solutions** rose markedly as a result of the constant strengthening of advisory activities and investment opportunities (trading of securities, private placement, illiquid solutions, private certificates).

In particular, it should be noted that **Assets under Advisory (BGPA) grew by €2.1 billion YTD to €4.4 billion at the end of September**, accounting for 6.7% of total assets.

Net inflows for the first nine months of 2019 were €3.8 billion, of which €1.9 billion generated by managed and insurance solutions, and €1.9 billion by deposits and AUC. Managed solutions accelerated sharply, particularly in the third quarter, thanks to the greater demand for the new retail classes of the Luxembourg-based Sicav LUX IM.

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**PRESS
RELEASE****Business Outlook**

Net inflows growth is being driven by robust demand, which is opening up interesting prospects for the final part of the year. The expansion of the range of managed solutions, with the new LUX IM themed offerings and insurance investment products, has been largely appreciated, as was the introduction of advanced advisory, which is showing faster-than-expected growth. Geopolitical uncertainty and various political and economic issues, such as the US-China trade tensions and Brexit, continue to dominate the market scenario, together with the upcoming moves by central banks, as they seek to strike a balance between development stimuli and negative rates that in turn exacerbate the financial system's critical issues. Within this scenario, households are taking a conservative approach to the investment outlook, which appears less appealing in an environment of low returns and potential critical factors. The Bank's solidity, the versatility of its offer and the expertise of its financial advisors are proving capable of effectively meeting the needs for protecting and growing wealth, above all for clients with the most complex requirements, such as entrepreneurs, whose investment decisions need to be based on a conflict-of-interest-free approach. The completion of the Nextam and BG Valeur acquisitions marks a step forwards in the HNW investment market, further strengthening the Bank's positioning and competitiveness in the private-banking segment, where it continues to gain market share.

Presentation to the Financial Community

The financial results for the first nine months of 2019 will be presented to the financial community during a **conference call** scheduled today at **2:00 p.m. CET**.

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 2019
2. Banca Generali Group - Consolidated Profit and Loss Statement for the Third Quarter of 2019
3. Banca Generali Group - Reclassified Consolidated Balance Sheet at 30 September 2019
4. Total AUM at 30 September 2019

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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)

**PRESS
RELEASE**
**1) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT AT
30 SEPTEMBER 2019**

(€ mil.)	9M 18	9M 19 Reported	% Chg
Net Interest Income	44.2	53.9	21.8%
Net income (loss) from trading activities and Dividends	22.1	9.3	-57.8%
Net Financial Income	66.3	63.2	-4.7%
Gross fees	566.7	633.1	11.7%
Fee expenses	-301.1	-287.9	-4.4%
Net Fees	265.5	345.2	30.0%
Net Banking Income	331.8	408.4	23.1%
Staff expenses	-62.8	-67.6	7.7%
Other general and administrative expense	-76.4	-70.0	-8.4%
Depreciation and amortisation	-6.3	-21.2	n.m.
Other net operating income (expense)	2.1	3.1	47.0%
Net Operating Expenses	-143.3	-155.7	8.6%
Operating Profit	188.5	252.7	34.1%
Net adjustments for impair.loans and other assets	-6.1	-2.3	-62.6%
Net provisions for liabilities and contingencies	-14.6	-13.0	-11.1%
Gain (loss) from disposal of equity investments	-0.2	-0.2	44.2%
Profit Before Taxation	167.7	237.2	41.5%
Direct income taxes	-31.8	-41.2	29.4%
Net Profit	135.8	196.0	44.3%
Cost/Income Ratio	41.3%	32.9%	-8.4 p.p.
EBITDA	194.7	273.8	40.6%
Tax rate	19.0%	17.4%	-1.6 p.p.

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**PRESS
RELEASE**
**2) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT
FOR THE THIRD QUARTER OF 2019**

(€ mil.)	3Q 18	3Q 19 Reported	% Chg
Net Interest Income	16.2	20.3	25.4%
Net income (loss) from trading activities and Dividends	1.5	3.3	120.3%
Net Financial Income	17.7	23.5	33.3%
Gross fees	190.1	208.6	9.8%
Fee expenses	-99.3	-96.5	-2.8%
Net Fees	90.8	112.1	23.5%
Net Banking Income	108.4	135.7	25.1%
Staff expenses	-20.5	-22.6	10.5%
Other general and administrative expense	-2.2	1.4	-165.1%
Depreciation and amortisation	-2.1	-7.4	251.5%
Other net operating income (expense)	-25.0	-26.3	5.3%
Net Operating Expenses	-49.7	-54.8	10.3%
Operating Profit	58.7	80.8	37.7%
Net adjustments for impair.loans and other assets	-2.5	-1.1	-54.2%
Net provisions for liabilities and contingencies	-4.0	-3.6	-8.8%
Gain (loss) from disposal of participations	0.0	-0.2	522.8%
Profit Before Taxation	52.3	75.9	45.3%
Direct income taxes	-9.0	-12.7	41.5%
Net Profit	43.3	63.2	46.1%
Cost/Income Ratio	43.9%	35.0%	-8.9 p.p.
EBITDA	60.8	88.2	45.0%
Tax rate	17.2%	16.7%	-0.5 p.p.

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**PRESS
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**3) BANCA GENERALI – RECLASSIFIED CONSOLIDATED BALANCE SHEET
AT 30 SEPTEMBER 2019 (€M)**

(€mil.)

Assets	Dec 31, 2018	September 30, 2019 Reported	Change	% Change
Financial assets at fair value through P&L (FVPL)	90.6	75.9	-14.7	-16.2%
Financial assets at fair value through other comprehensive income (FVOCI)	1,987.3	3,222.0	1,234.7	62.1%
Financial assets at amortised cost	7,166.2	7,782.4	616.2	8.6%
<i>a) Loans to banks</i>	<i>1,434.5</i>	<i>1,329.2</i>	<i>-105.3</i>	<i>-7.3%</i>
<i>b) Loans to customers</i>	<i>5,731.6</i>	<i>6,453.2</i>	<i>721.5</i>	<i>12.6%</i>
Equity investments	1.7	1.6	-0.1	-4.5%
Property equipment and intangible assets	101.8	272.5	170.6	167.6%
Tax receivables	52.8	44.8	-8.0	-15.1%
Other assets	335.5	392.8	57.3	17.1%
Total Assets	9,735.9	11,792.0	2,056.1	21.1%

Liabilities and Shareholders' Equity	Dec 31, 2018	September 30, 2019 Reported	Change	% Change
Financial liabilities at amortised cost	8,675.6	10,568.6	1,893.0	21.8%
<i>a) Due to banks</i>	<i>128.7</i>	<i>94.2</i>	<i>-34.5</i>	<i>-26.8%</i>
<i>b) Direct inflows</i>	<i>8,546.9</i>	<i>10,474.4</i>	<i>1,927.5</i>	<i>22.6%</i>
Financial liabilities held for trading	0.4	15.5	15.1	n.m.
Tax payables	18.0	20.1	2.1	11.6%
Other liabilities	142.2	238.7	96.5	67.9%
Special purpose provisions	164.8	157.6	-7.2	-4.4%
Valuation reserves	-11.6	6.8	18.4	-158.1%
Reserves	414.4	451.6	37.2	9.0%
Additional paid-in capital	57.9	57.6	-0.3	-0.5%
Share capital	116.9	116.9	0.0	0.0%
Treasury shares (-)	-22.7	-37.4	-14.6	64.5%
Net income (loss) for the period (+/-)	180.1	196.0	15.9	8.8%
Total Liabilities and Shareholders' Equity	9,735.9	11,792.0	2,056.1	21.1%

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**PRESS
RELEASE**
4) TOTAL AUM AT 30 SEPTEMBER 2019

<i>Milion of Euros</i>	Sept 2019	Sept 2018	Abs. Chg	Chg.
Mutual Funds	15,454	14,025	1,429	10.2%
Portfolio Management	6,549	6,919	-370	-5.4%
Managed Assets	22,003	20,945	1,059	5.1%
Life Insurance	24,736	23,231	1,504	6.5%
<i>of which BG STILE LIBERO</i>	8,265	7,940	325	4.1%
Non Managed Assets	18,280	14,291	3,989	27.9%
<i>of which: Securities</i>	9,146	7,422	1,724	23.2%
Total	65,019	58,467	6,552	11.2%

Assets Under Management (YTD)
Milion of Euros

<i>Milion of Euros</i>	Sept 2019	Dec 2018	Abs. Chg	Chg.
Mutual Funds	15,454	13,219	2,235	16.9%
Portfolio Management	6,549	6,426	123	1.9%
Managed Assets	22,003	19,645	2,358	12.0%
Life Insurance	24,736	23,098	1,638	7.1%
<i>of which BG STILE LIBERO</i>	8,265	7,693	572	7.4%
Non Managed Assets	18,280	14,791	3,489	23.6%
<i>of which: Securities</i>	9,146	7,647	1,499	19.6%
Total	65,019	57,534	7,485	13.0%

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