



# SPAFID CONNECT

Informazione Regolamentata n. 0856-46-2020	Data/Ora Ricezione 29 Luglio 2020 13:12:23	MTA
--	--	-----

Societa' : BANCA GENERALI  
Identificativo : 135451  
Informazione  
Regolamentata  
Nome utilizzatore : BCAGENERALIN03 - Pastore  
Tipologia : 1.2  
Data/Ora Ricezione : 29 Luglio 2020 13:12:23  
Data/Ora Inizio : 29 Luglio 2020 13:12:24  
Diffusione presunta  
Oggetto : Banca Generali 1H20 presentation

*Testo del comunicato*

Vedi allegato.

# INVESTOR PRESENTATION

1H 2020 RESULTS



**BANCA  
GENERALI**

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



**Preliminary remarks**



**1H 2020 Financial Results**



**Net Inflows, Assets and recruiting**



**Business update and closing remarks**



**Appendix: Sector trend and business profile**

# 1H 2020 RESULTS: EXECUTIVE SUMMARY

## SOUND BUSINESS TREND



### Total assets at €68.9bn

- **Sizeable recovery in 2Q20 assets driven by inflows and performance.** Accelerated reinvestment of record liquidity piled during the pandemic (€700m cash reduction in 2Q from current accounts). Managed and insurance products increased to 73% of total assets (+1ppts from 1Q). Structural growth of Assets under Advisory (AuA) underway to €5.1bn (7.4% of total).
- **Sound net inflows at €2.8bn, driven by in-house funds and insurance wrappers.** Managed and insurance solutions made up for 93% of 2Q net inflows. 1H 2020 net inflows driven by existing FAs who accounted for 74% of total inflows, thus highlighting record productivity level. Recruiting activity restarted in June after three-months halt due to Covid-19.



### Net profit at €131.9m

- **Steady growth in operating results on a YoY basis, despite QoQ slowdown in selected lines due to financial markets' volatility.** Management fee margin posted a temporary slowdown due to the increase in cash-equivalent solutions since March. New revenue streams up 50% YoY despite lower new issues in structured products in 2Q due to extreme volatility conditions in financial markets
- **One-off non-cash charges below the operating line (€5.8m).** Charges are mainly referring to changes of discount rate applied on obligations extant at period-end linked to pension and loyalty funds for FAs. Moreover, the macro outlook post Covid-19 reflected in more conservative assumptions on lending portfolio within the IFRS 9 accounting framework



### Solid capital position confirmed

- **On 27 and 28 July 2020, both ECB and Bankit issued new recommendations** extending the request that until 1 January 2021 no dividends be paid out amid the heightened economic uncertainty caused by the Covid-19 pandemic and the consequent need to support the economy
- **Sound capital position with CET 1 ratio at 14.3% and TCR ratio at 15.7%.** Based on the new ECB/Bankit recommendation, 1H2020 pro-forma TCR would be 20.7% following the re-allocation of the total amount of the 1<sup>st</sup> tranche dividend to equity reserves

# RESULTS AT A GLANCE

## KEY TAKEAWAYS

(€ mil)	1H 19	1H 20	% Chg
Net Interest Income	33.6	42.4	26.3%
Net income (loss) from trading activities and Dividends	6.0	8.4	38.9%
<b>Net Financial Income</b>	<b>39.6</b>	<b>50.8</b>	<b>28.2%</b>
Gross recurring fees	353.7	382.0	8.0%
Fee expenses	-191.4	-203.8	6.5%
<b>Net recurring fees</b>	<b>162.3</b>	<b>178.2</b>	<b>9.8%</b>
Variable fees	70.8	73.2	3.4%
<b>Total Net Fees</b>	<b>233.1</b>	<b>251.4</b>	<b>7.9%</b>
<b>Total Banking Income</b>	<b>272.7</b>	<b>302.2</b>	<b>10.8%</b>
Staff expenses	-45.0	-51.3	13.9%
Other general and administrative expense	-44.5	-48.8	9.6%
Depreciation and amortisation	-13.8	-15.5	12.5%
Other net operating income (expense)	2.5	2.2	-12.0%
<b>Total operating costs</b>	<b>-100.9</b>	<b>-113.4</b>	<b>12.4%</b>
<i>Cost /Income Ratio</i>	<i>31.9%</i>	<i>32.4%</i>	<i>0.5 p.p.</i>
<b>Operating Profit</b>	<b>171.8</b>	<b>188.8</b>	<b>9.9%</b>
Net adjustments for impair.loans and other assets	-1.1	-4.7	n.m.
Net provisions for liabilities and contingencies	-9.3	-14.4	54.1%
Gain (loss) from disposal of equity investments	-0.1	-0.1	-13.2%
<b>Profit Before Taxation</b>	<b>161.3</b>	<b>169.7</b>	<b>5.2%</b>
Direct income taxes	-28.5	-37.7	32.5%
<i>Tax rate</i>	<i>17.7%</i>	<i>22.2%</i>	<i>4.5 p.p.</i>
<b>Net Profit</b>	<b>132.8</b>	<b>131.9</b>	<b>-0.6%</b>

## Comments

### Steady increase in all revenue lines (+11%)

- Net Financial Income (+28%) driven by higher assets and more efficient treasury management
- Net Recurring Fees (+10%) benefitted from higher assets, higher new revenue streams and lower pay-out ratio
- Variable fees posted a small increase linked to market performance

### Operating profit in line with revenues (+10%)<sup>1</sup>

- Sound control of core operating costs (+2.5%) and enhanced streamlining of new operations
- Covid-19 related costs (€0.9m) entirely linked to donations

### One-off non-cash charges below the operating line

- Higher non-cash, not realized valuation changes linked to:
  1. review of the discount rate applied on actuarial valuation for indemnities linked to pension and loyalty programs and
  2. net adjustments of the collective valuation reserves of loan portfolio (IFRS9 accounting framework) for the deteriorated macro outlook post Covid-19

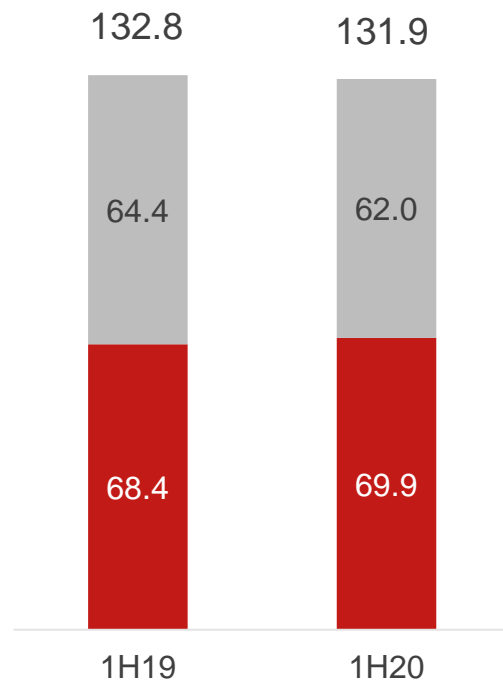
### Net profit at €131.9m (-0.6%)

- Tax-rate at 22% in line with new projections for the end of 2020

# NET PROFIT BREAKDOWN

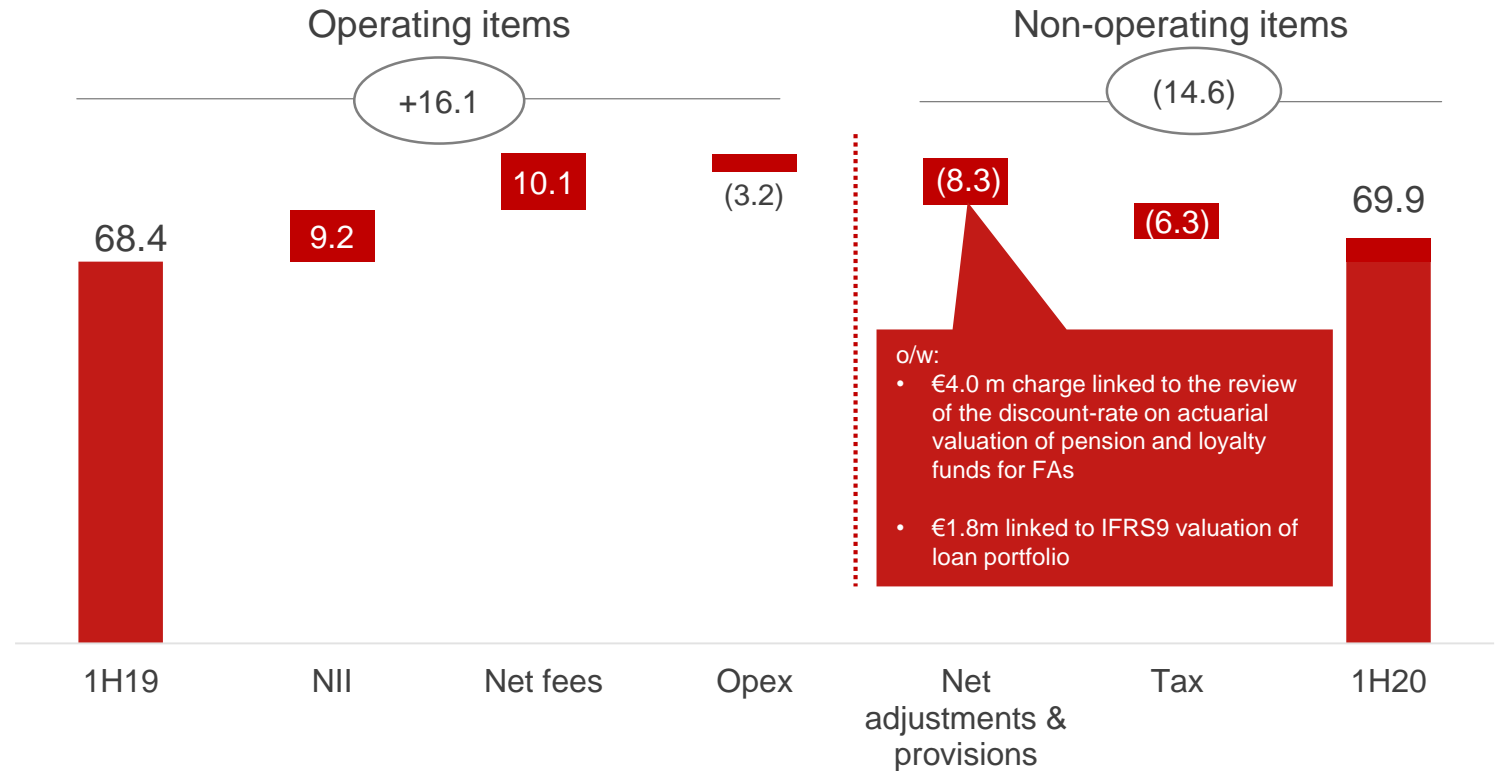
## SOLID OPERATING TREND OFFSET BY HIGHER NON-OPERATING ADJUSTMENTS

Net profit breakdown m/€



- Variable net profit<sup>1</sup>
- Recurring net profit (LfL)

Build-up of recurring net profit m/€



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



Preliminary remarks



**1H 2020 Financial Results**



Net Inflows, Assets and recruiting



Business update and closing remarks

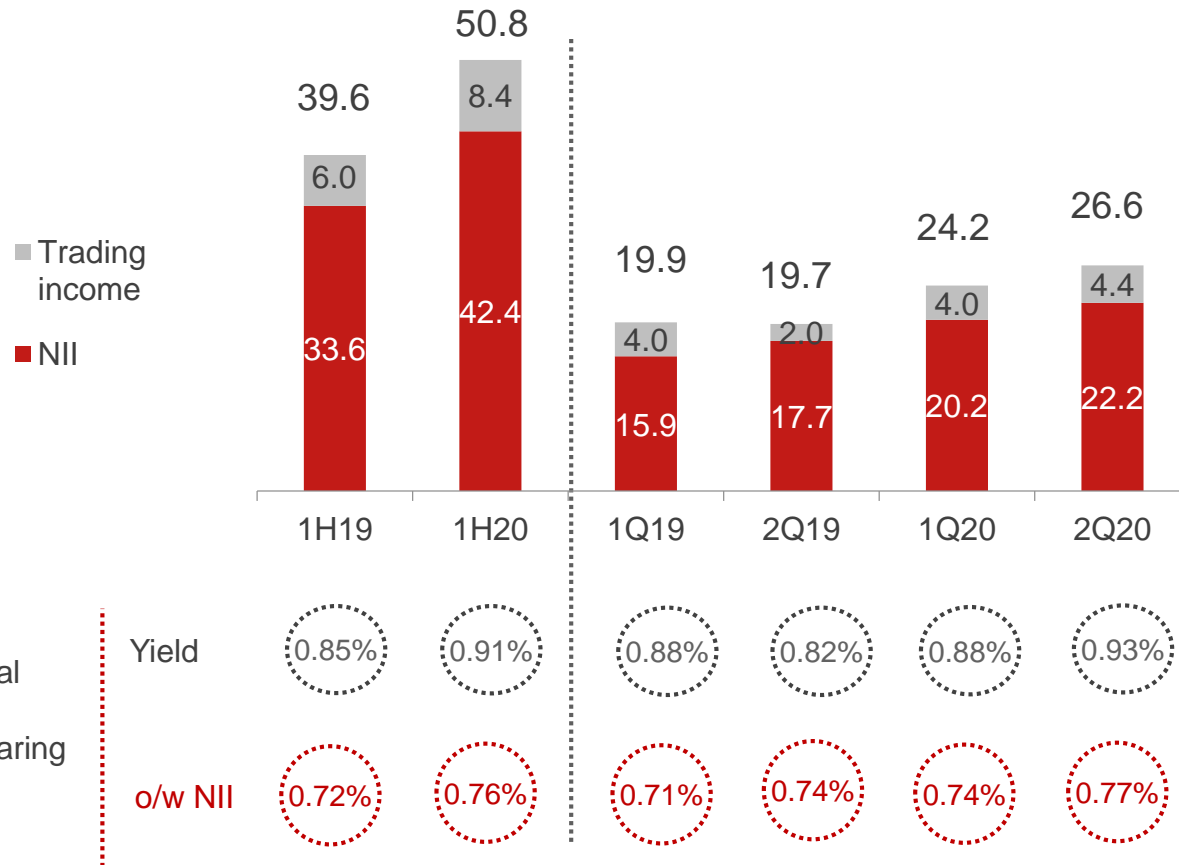


Appendix: Sector Trend and Business profile

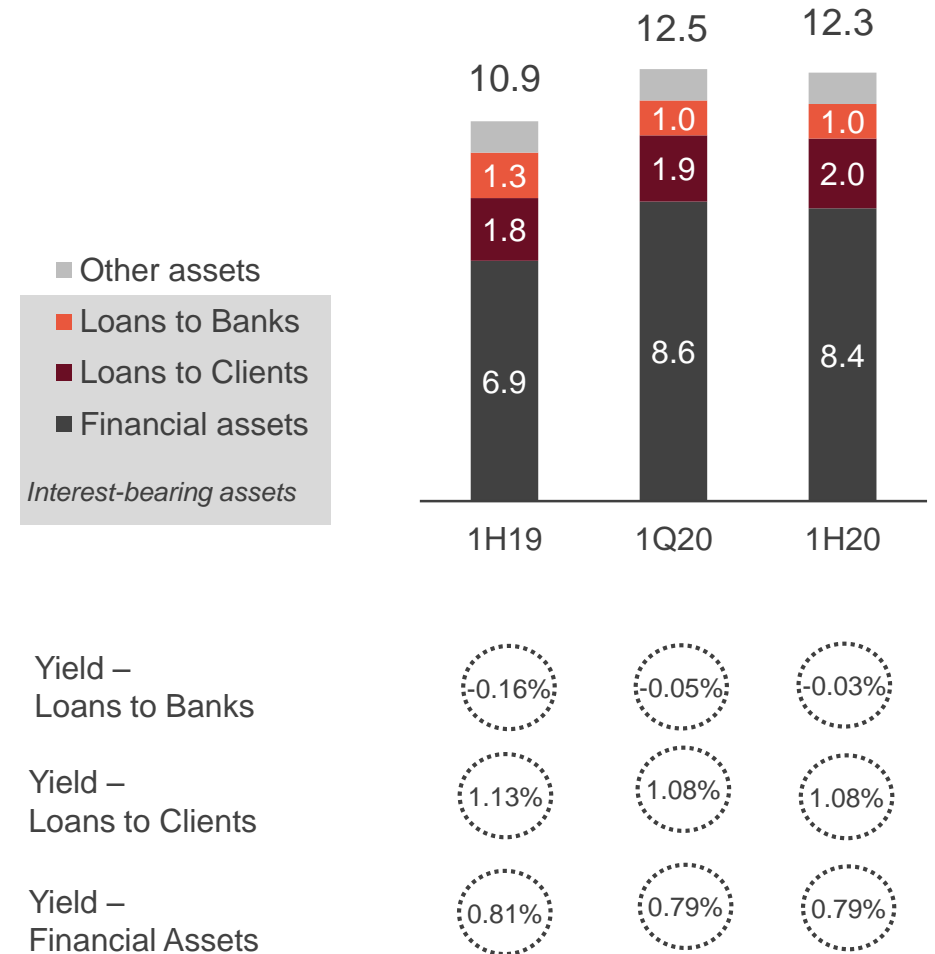
# NET FINANCIAL INCOME

## DOUBLE-DIGIT GROWTH CONFIRMED

### Net financial income m/€



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

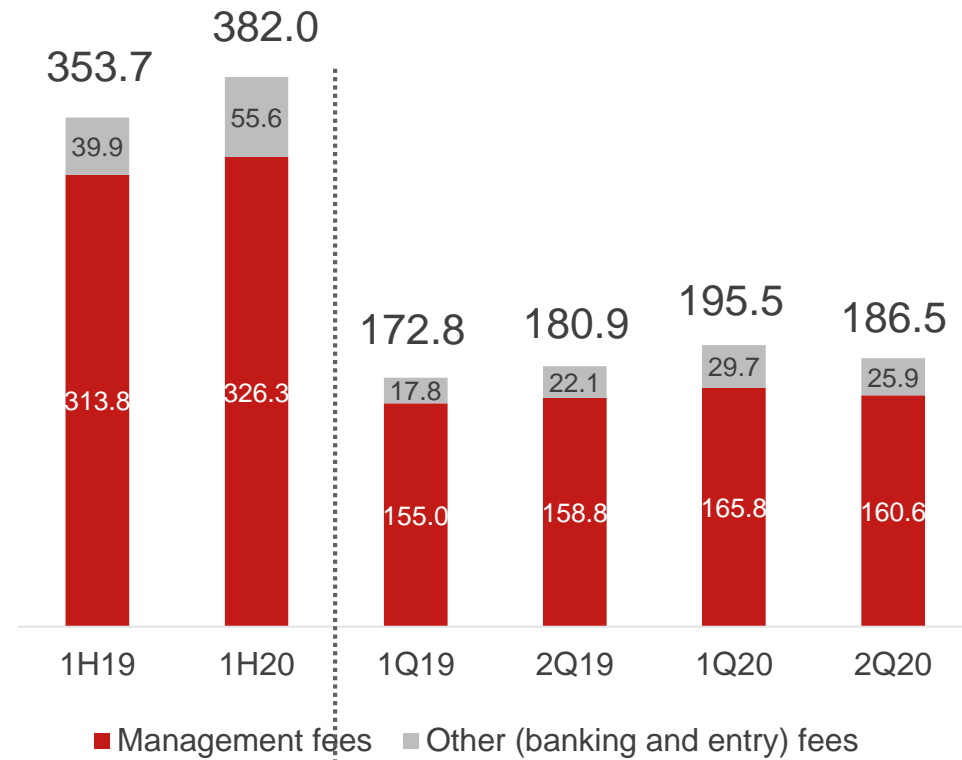




# GROSS FEES (1/3)

## POSITIVE TREND AND RESILIENCE CONFIRMED

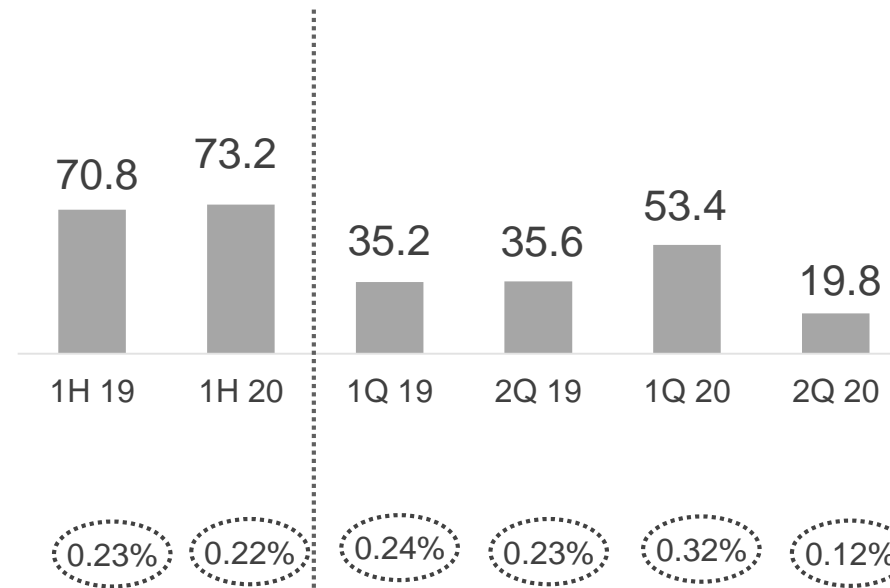
### Gross recurring fees m/€



On Total Assets<sup>1</sup>



### Variable fees m/€



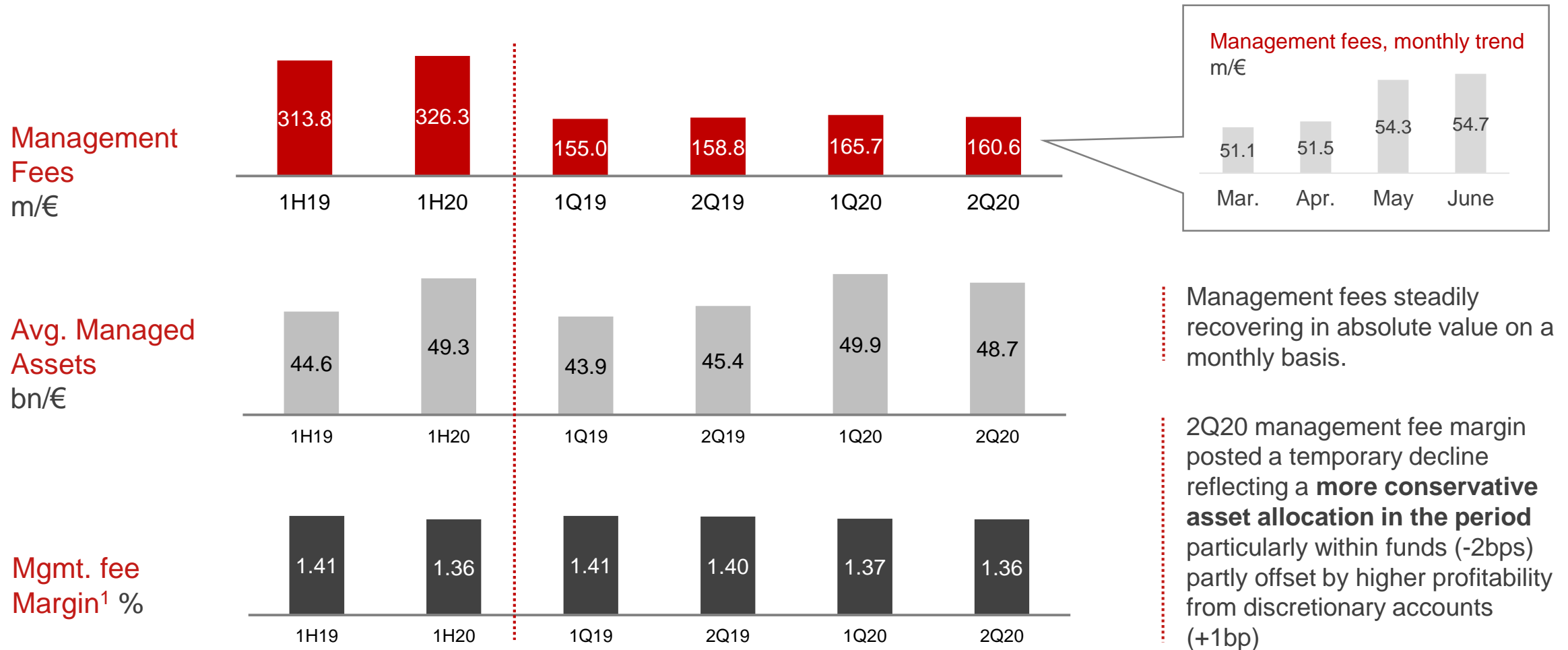
Steady growth in recurring fees (+8% YoY) at interim level with the material contribution of banking and entry fees (+39% YoY)

Other fees represented 15% of gross recurring fees at interim level 2020 from 11% in 1H 2019)

# GROSS FEES: MANAGEMENT FEES (2/3)

## 2Q MARGIN HIT BY MORE CONSERVATIVE ASSET ALLOCATION

### Quarterly trend m/€



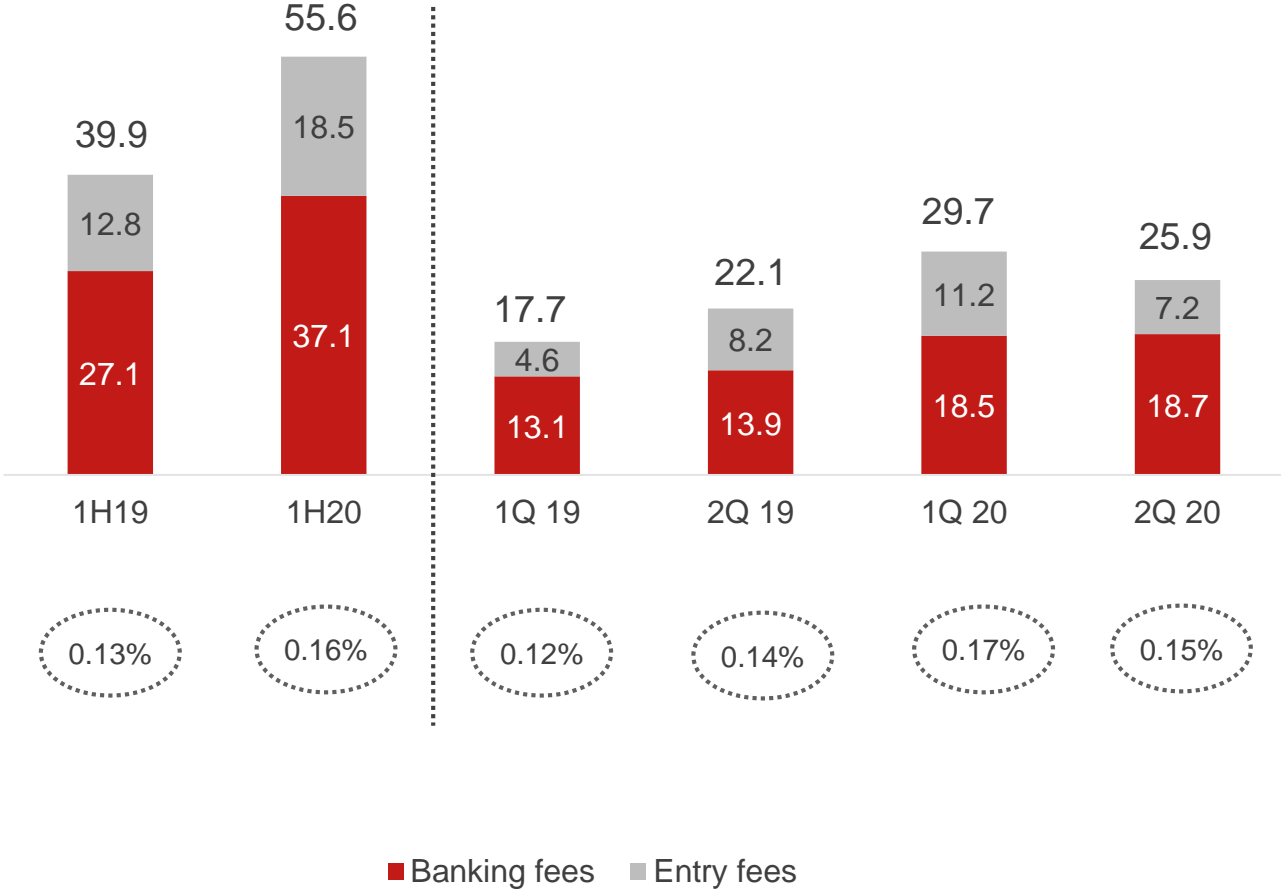
Management fees steadily recovering in absolute value on a monthly basis.

2Q20 management fee margin posted a temporary decline reflecting a **more conservative asset allocation in the period** particularly within funds (-2bps) partly offset by higher profitability from discretionary accounts (+1bp)

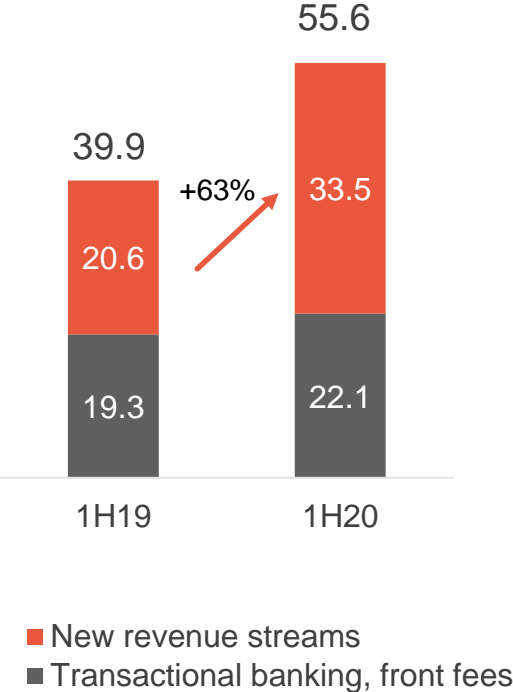
# GROSS FEES (3/3): OTHER FEES

## GROWING CONTRIBUTION, GROWING DIVERSIFICATION

Banking and Entry Fees m/€



New revenue streams m/€



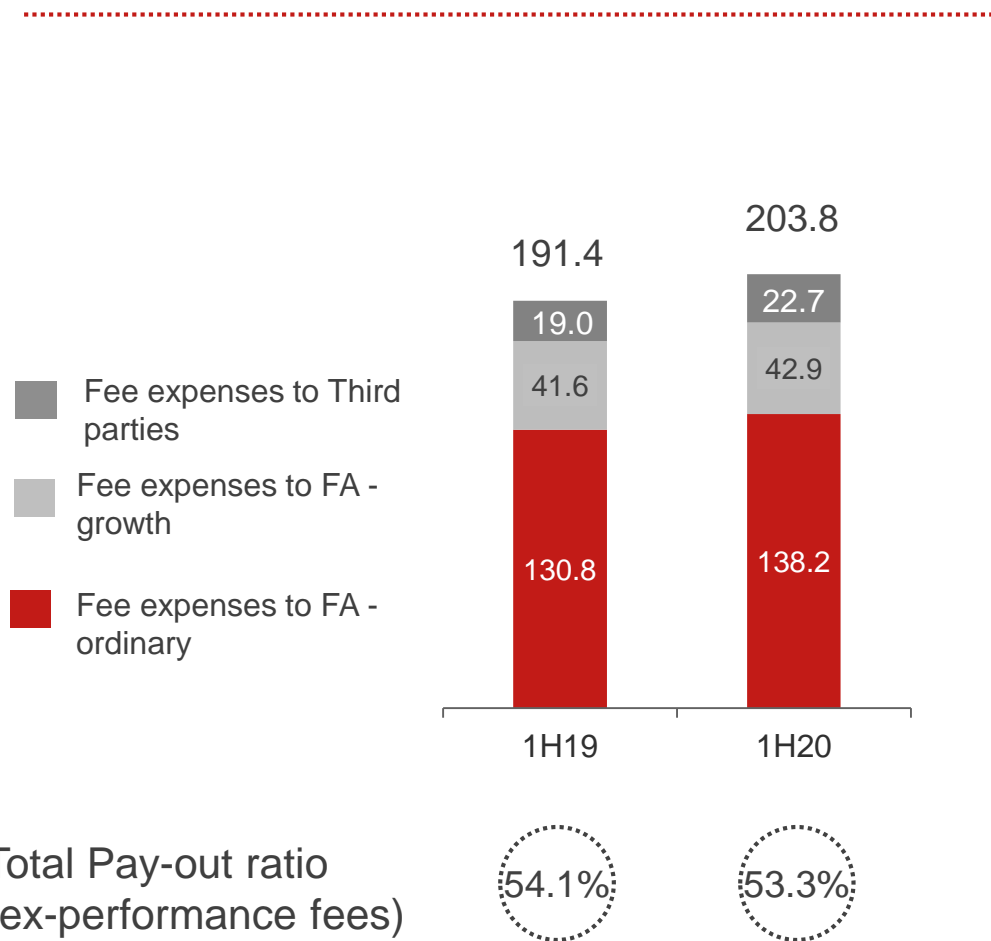
Sizeable increase in new revenue streams (+63%), representing 60% of total banking and entry fees

Lower issues of structured products due to the sharp rise in volatility. New issues only resumed in June

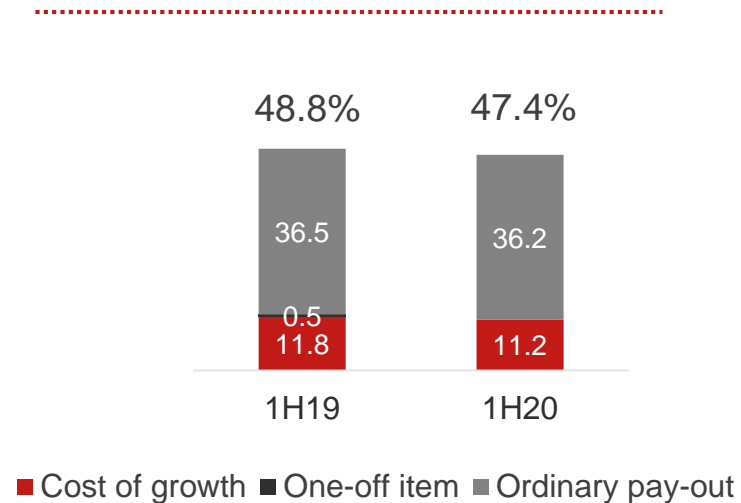
# FEE EXPENSES

## PAY-OUT RATIO MOVING DOWN

### Total Fee Expenses m/€

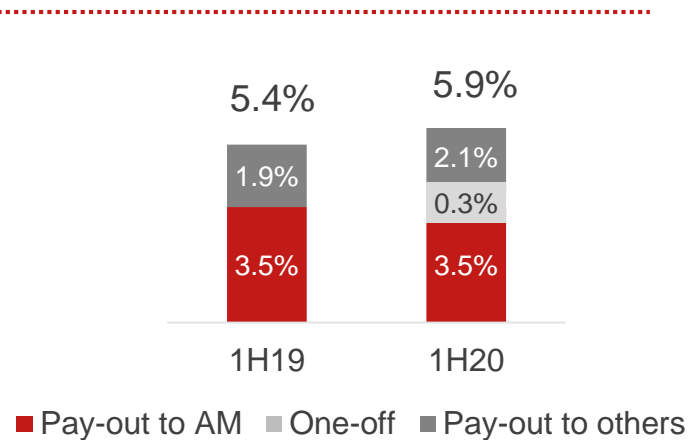


### Pay-out to the network %



Lower pay-out to the network linked to product mix and recruiting trend in the period

### Pay-out to Third parties %

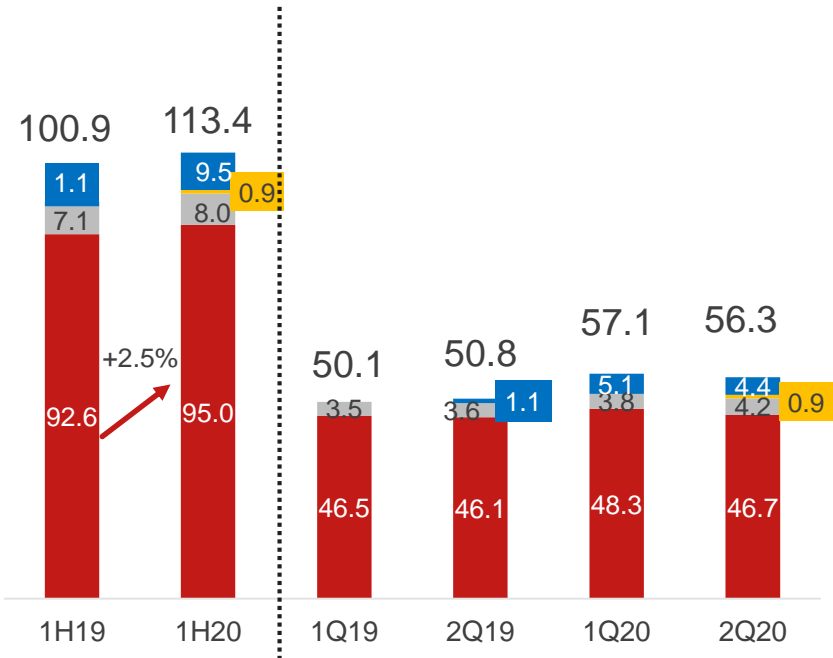


Higher pay-out to third-parties linked to one-off and seasonality

# OPERATING COSTS (1/2)

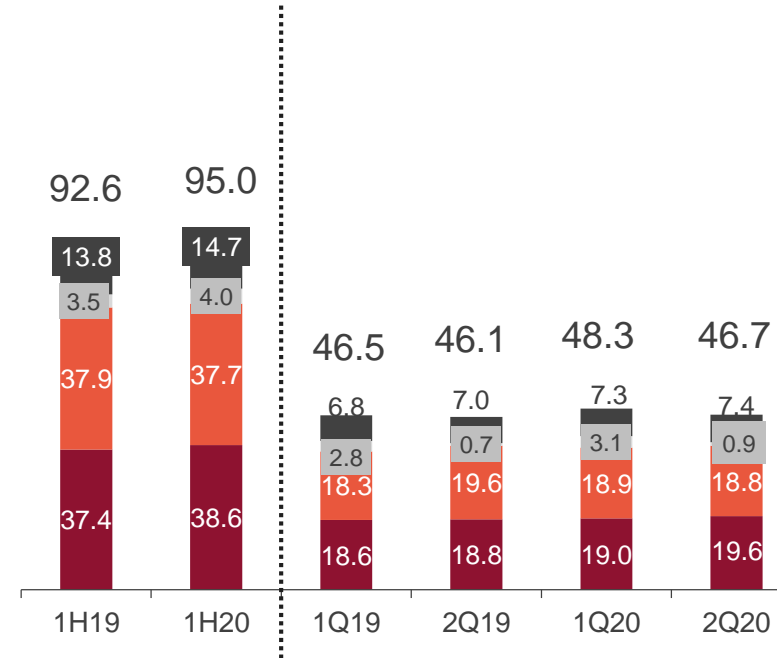
## LIMITED INCREASE IN CORE COST BASE

Total operating costs m/€



- Core operating costs
- Sales personnel
- Covid-19
- Change in perimeter

Breakdown of core operating costs m/€



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

Core operating costs were up 2.5% excluding sales personnel, change in perimeter and cost for Covid-19

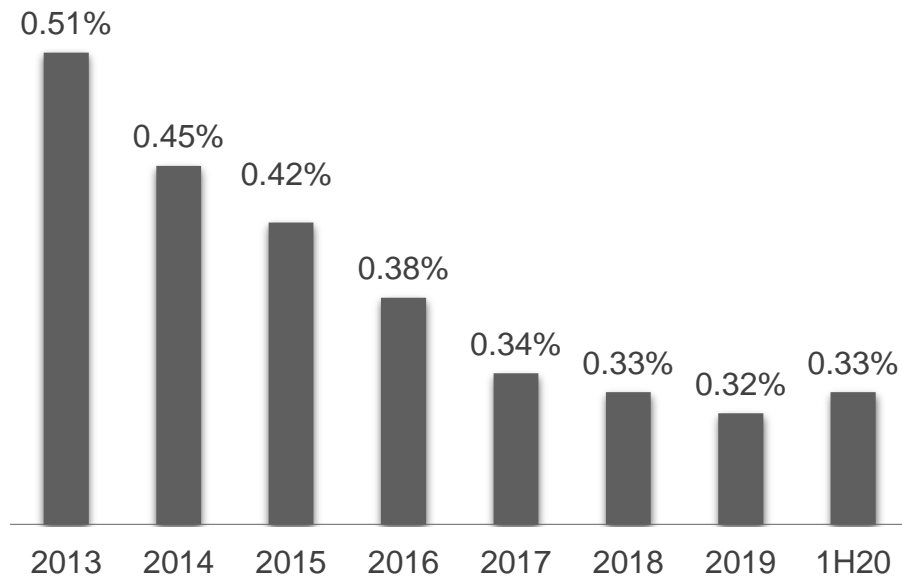
Core operating costs expected to remain in a 2-3% range by year-end 2020 including investments in new strategic projects

Costs related to change in perimeter posted a QoQ decrease linked to streamlining and rationalisation at Nextam

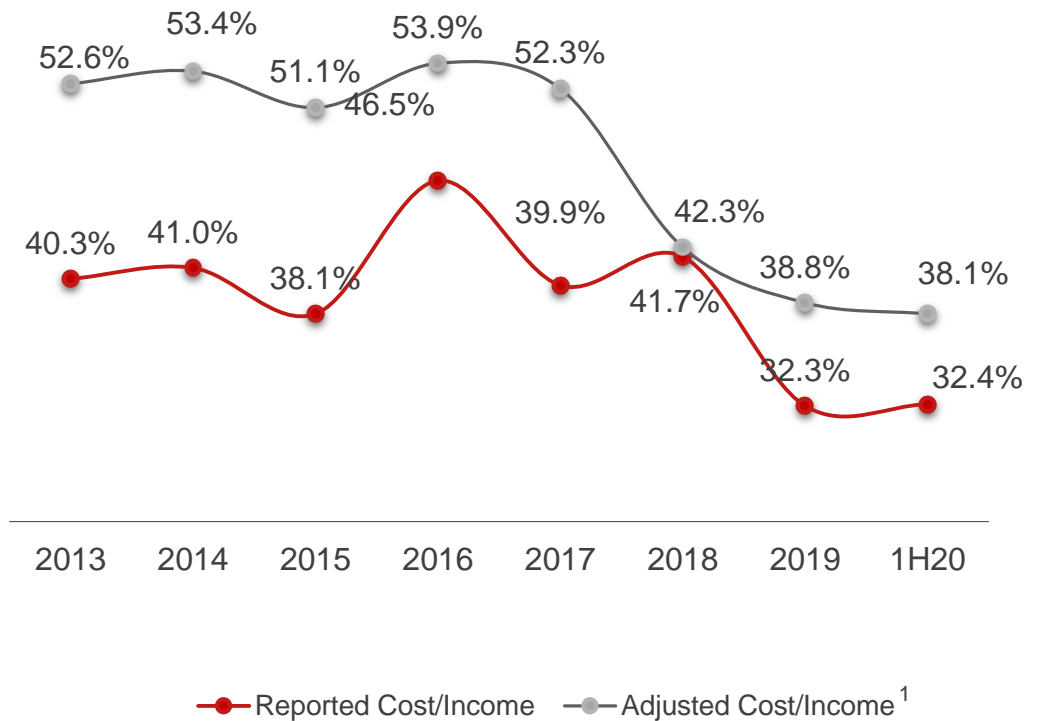
# OPERATING COSTS (2/2)

## OVERALL BEST IN CLASS COST RATIOS

### Operating costs/Total assets



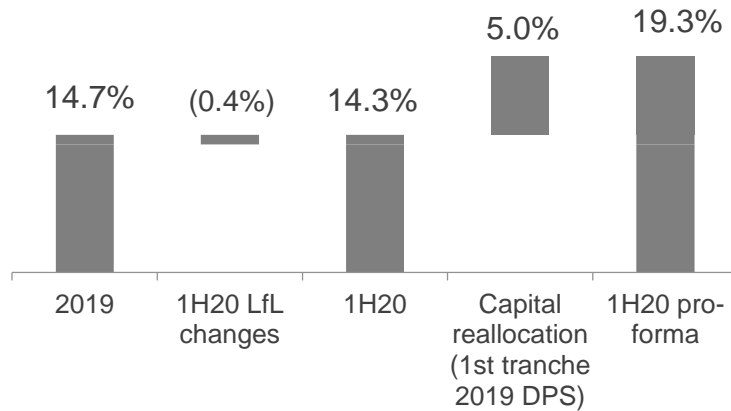
### Cost/Income ratio



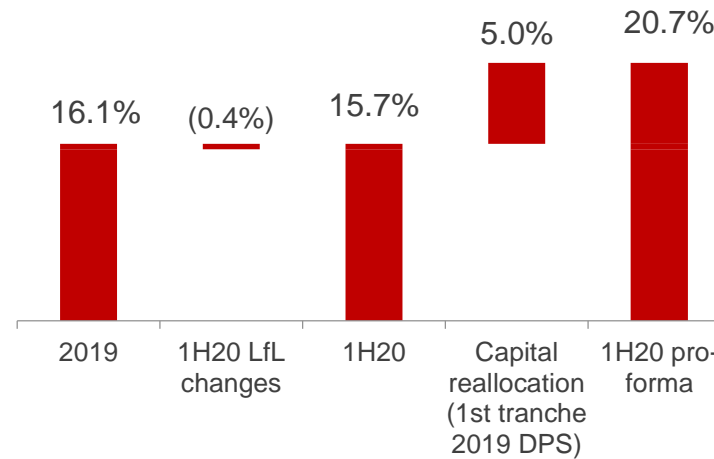
# CAPITAL POSITION

## SOUND CAPITAL POSITION

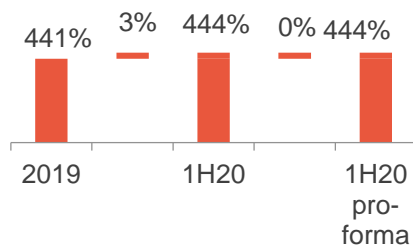
### CET1 ratio



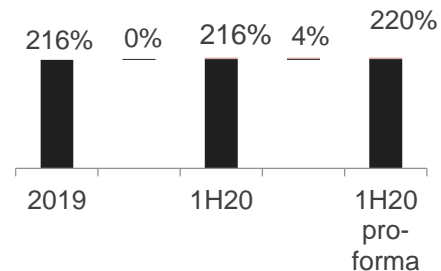
### TCR ratio



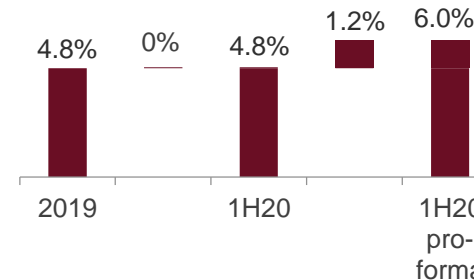
### LCR ratio



### NSFR ratio



### Leverage



On 27 and 28 July 2020 respectively, **ECB and Bank of Italy** issued **new recommendations** requesting that no dividends be paid out until 1 January 2021

The **BoD acknowledged the ECB/Bankit recommendations** and will take the consequent decisions regarding the 1<sup>st</sup> tranche dividend payment in a forthcoming session

**Sound capital position** confirmed as reflected in CET1 ratio at 14.3% and TCR at 15.7% at interim level. Based on the new ECB/Bankit recommendation 1H 2020 pro-forma TCR would be 20.7% following the reallocation of the 1<sup>st</sup> tranche dividend (€181m) from debt to shareholders to equity reserves

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



Preliminary remarks



1H 2020 Financial Results



**Net Inflows, Assets and recruiting**



Business update and closing remarks



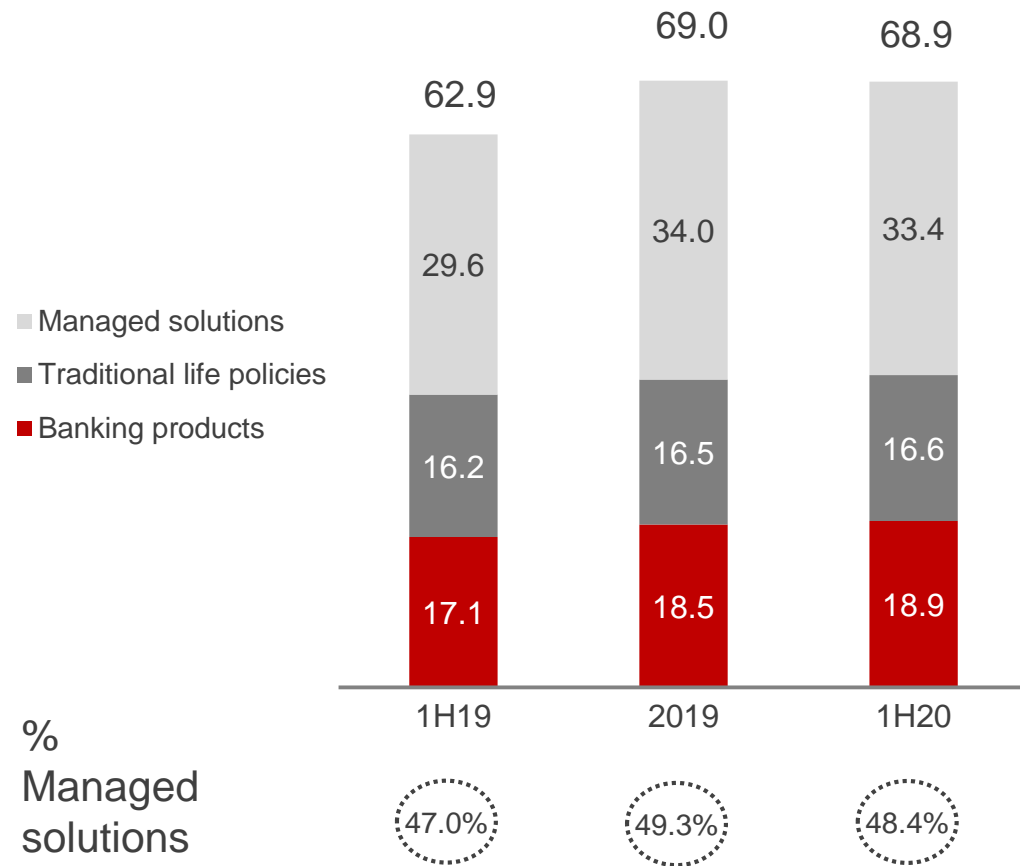
Appendix: Sector trend and business profile



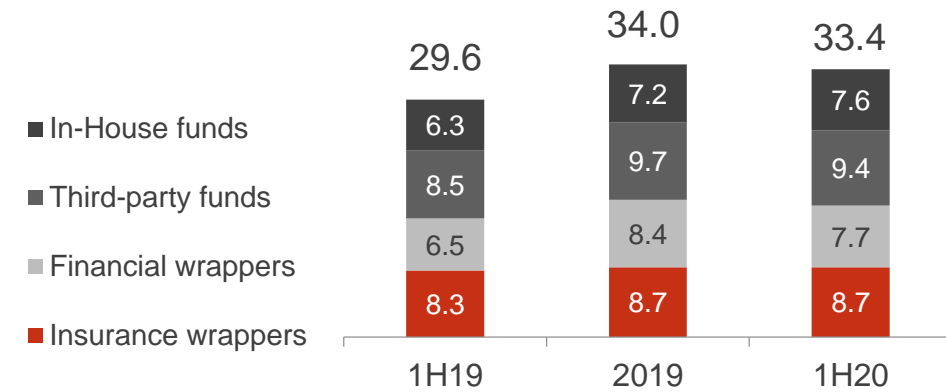
# TOTAL ASSETS (1/2)

## STRONG REBOUND IN MANAGED PRODUCTS

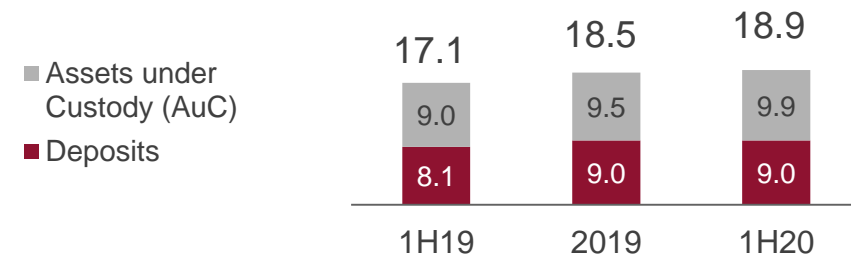
### Total Assets bn/€



### Managed Solutions bn/€

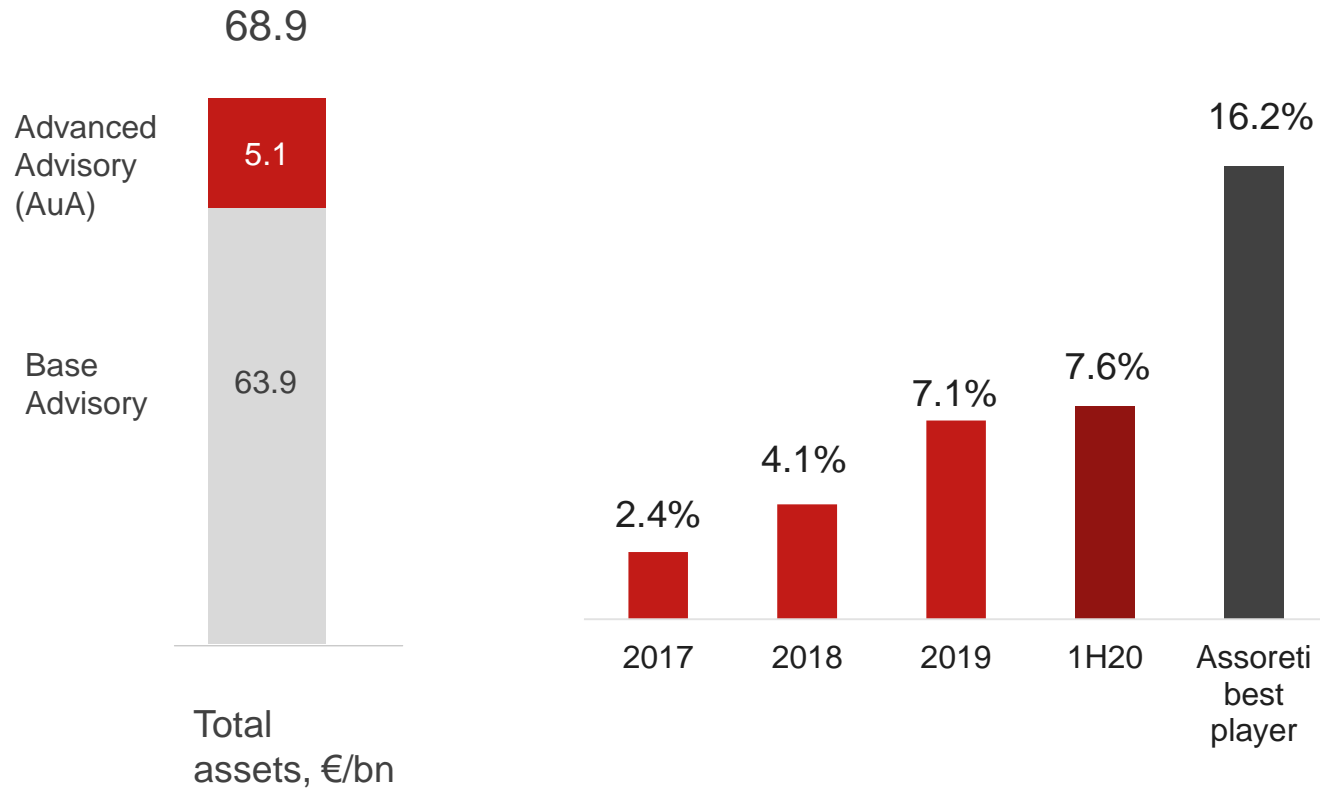


### Banking products bn/€

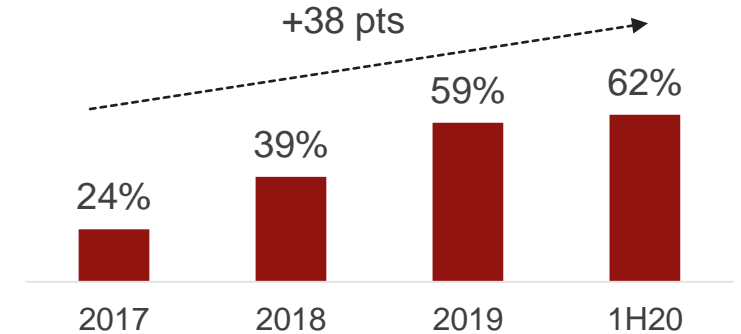


# ASSETS UNDER ADVISORY (AUA) ON A STEADY GROWTH TRAJECTORY

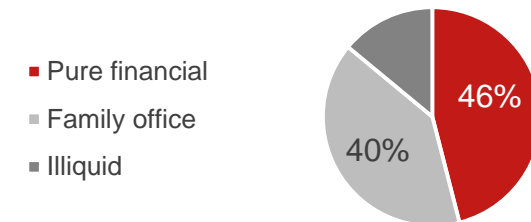
## Assets under Advanced Advisory (AuA) as % of total assets<sup>1</sup>



## Active FAs<sup>2</sup>



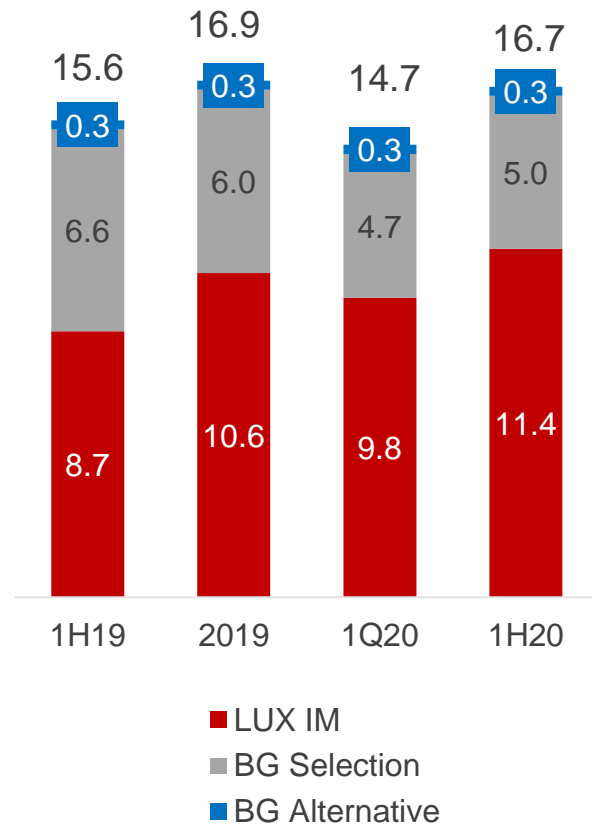
## AuA Breakdown by service (%)



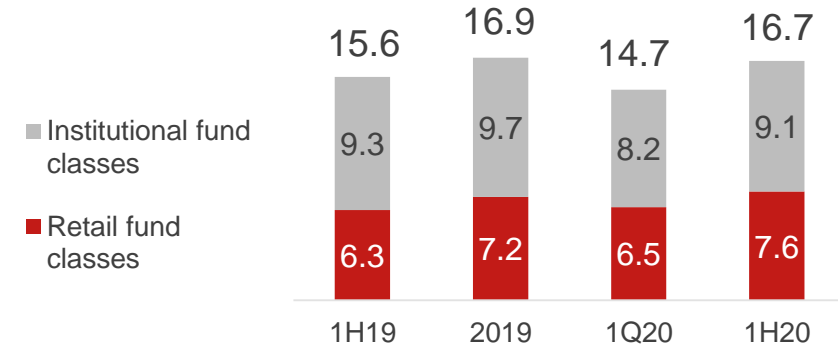
# BG FUND MANAGEMENT LUX (BG FML) ASSETS

## SIZEABLE ASSET REBOUND IN 2Q20

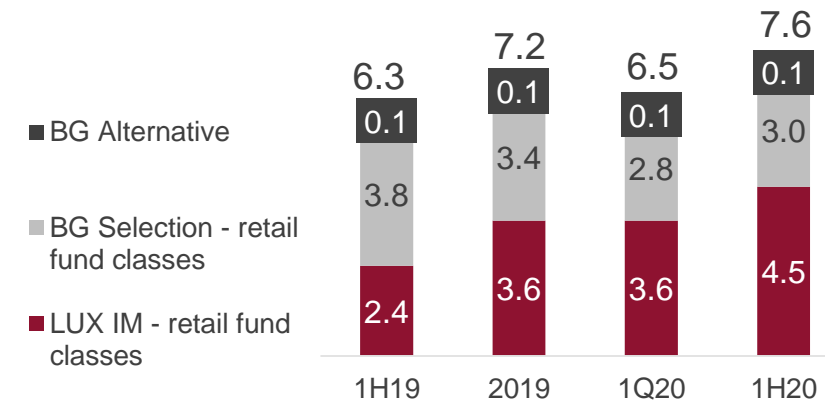
### BG FML - Assets by SICAV bn/€



### BG FML - Total Assets bn/€



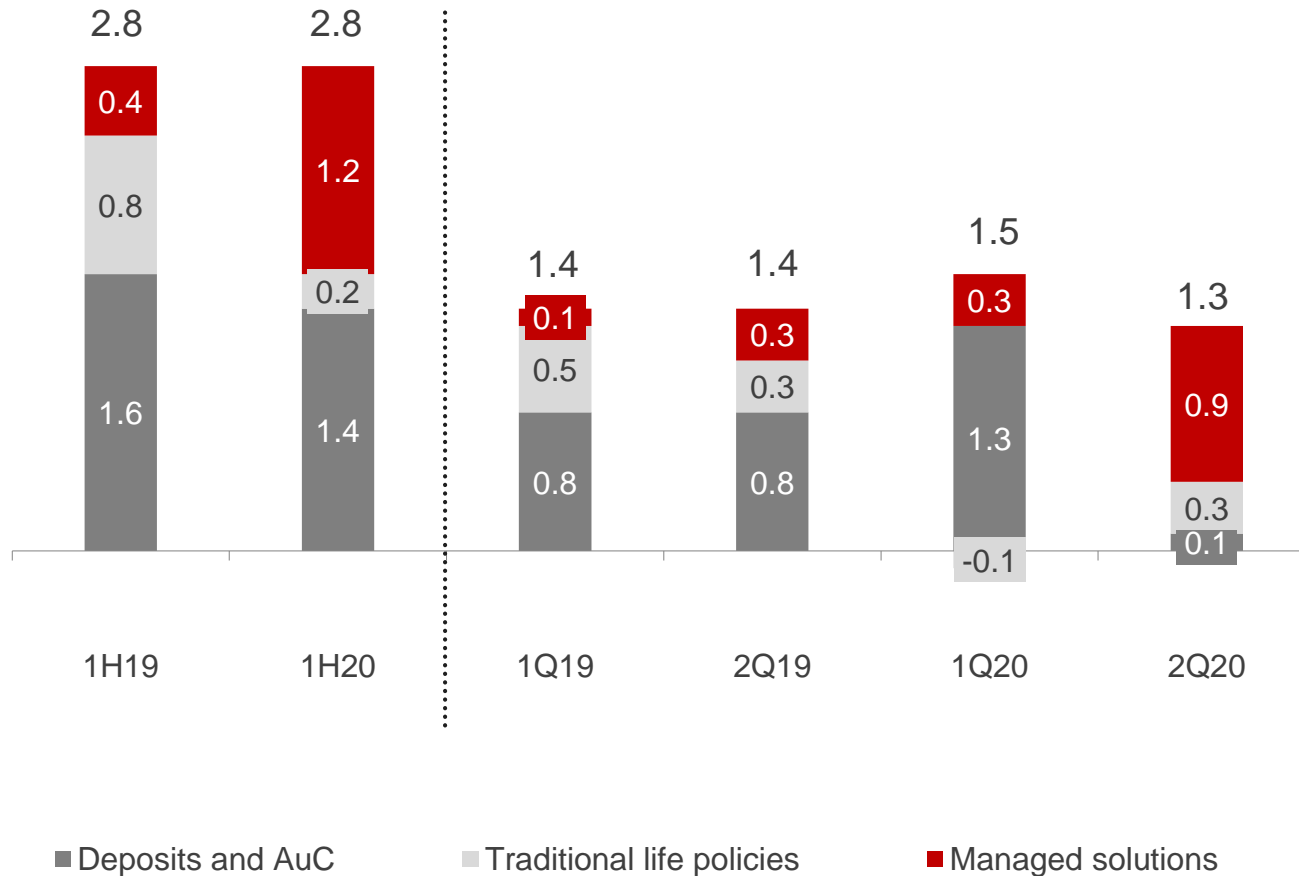
### BG FML - Retail fund classes bn/€



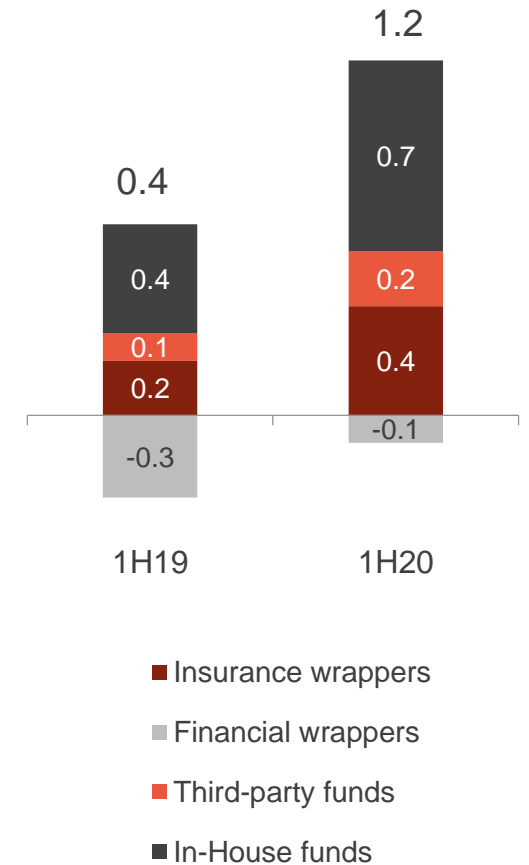
# TOTAL NET INFLOWS

## SHIFT TOWARDS MANAGED SOLUTIONS

Total Net Inflows bn/€



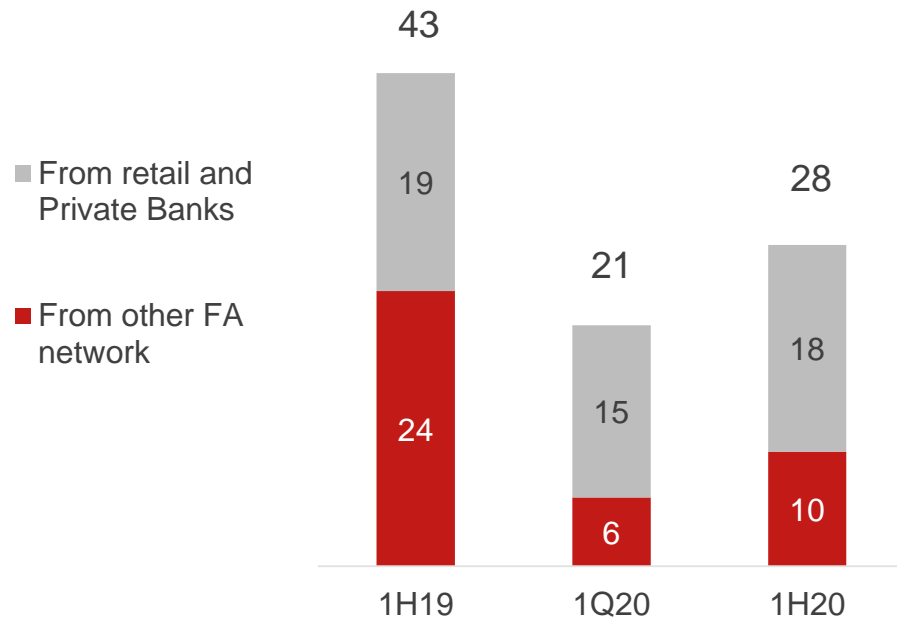
Focus on managed solutions bn/€



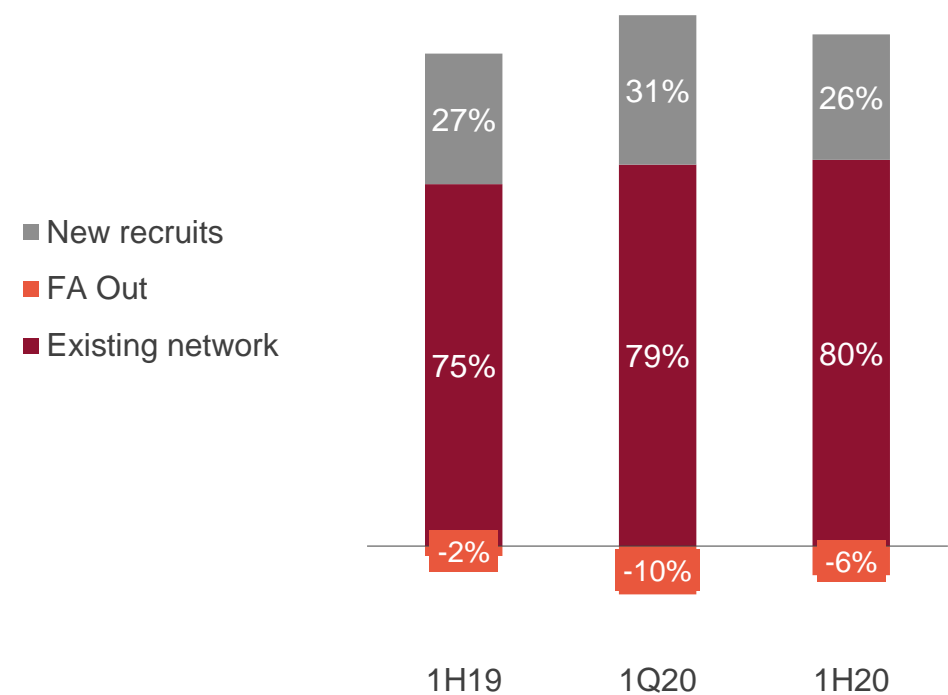
# TOTAL NET INFLOWS

## RECORD HIGH CONTRIBUTION FROM EXISTING FAs

Recruitment trend (# of new recruits)



Net inflows mix by acquisition channel (%)



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



Preliminary remarks



1H 2020 Financial Results



Net Inflows, Assets and recruiting



**Business update and closing remarks**



Appendix: Sector trend and business profile

# 2020 KEY BUSINESS INITIATIVES

## KEY BUSINESS DRIVERS AND NEW LEVERS

### 2020 KEY BUSINESS DRIVERS

---

1. Exploiting growth potential of **LUX IM SICAV**
2. Leveraging growth opportunities from BG's innovative **ESG commercial approach**
3. Focusing on distinctive Insurance offer based on **Wrapper solutions** and **Private insurance**

---

Ongoing launch of new products and services within Assets under Custody (**Advanced advisory, Certificates and BG SAXO**) with a dedicated roadshow planned for May 2020

### 2020 NEW BUSINESS LEVERS

---

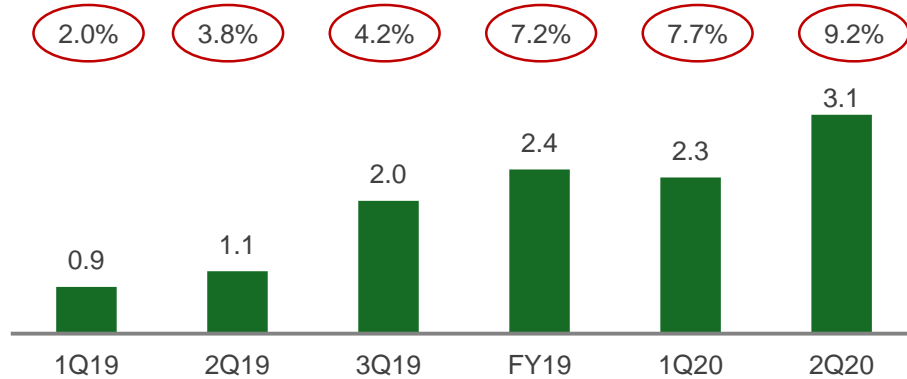
1. Expanding volumes in **lending** by broadening the product range
2. Launching a new dedicated offer in the **Private Markets** space
3. Internationalization taking shape with launch of **BG International Advisory** and **BG Valeur**


- **3 Key business drivers:** key products to support revenue growth and profitability
- **3 New Business levers:** new initiatives launched with the 3Y Business Plan with the aim to further diversify the revenue mix
- **3 New revenue streams:** new product and services aimed at increasing revenue diversification and exploiting potential related to assets under custody

# 2020 KEY BUSINESS DRIVER: FOCUS ON SUSTAINABILITY

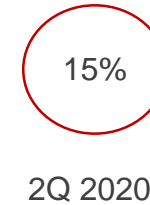
## A DISTINCTIVE COMMERCIAL APPROACH BEARING FRUITS

### Quarterly ESG assets



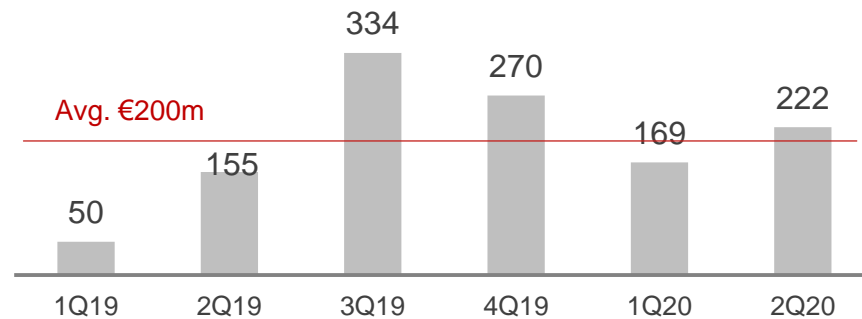
 ESG assets as % of managed assets

### FAs with >20% in ESG products

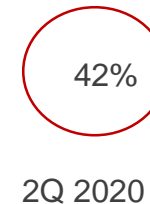


Almost 90% of these Financial Advisors use the ESG Tool

### Quarterly net inflows in ESG products



### Clients with ESG products



Key client features:

- Education: almost 50% are graduates
- Age: almost 50% are <40 yrs
- Wealth: >70% with assets >€500k

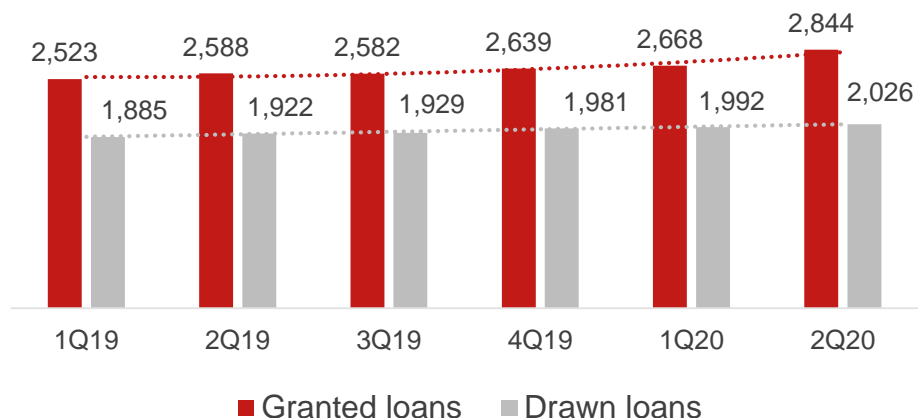
\* The Clients refers to the ESG solutions of the Retail perimeter



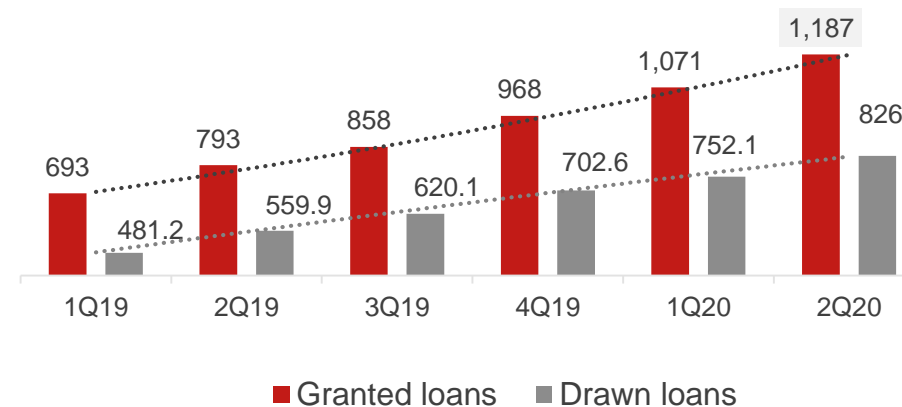
# NEW BUSINESS LEVERS: FOCUS ON LENDING

## LOAN VOLUMES PICKING UP

Loan portfolio m/€



Lombard loan trend m/€



### New lending initiatives

Covid-19	<ul style="list-style-type: none"> <li>Government-linked initiatives measures – Funding with State Guarantee to SMEs</li> <li>Other initiatives - Funding w/out State Guarantee</li> </ul>
Business development	<ul style="list-style-type: none"> <li>Lombard Plus</li> <li>Trade Finance</li> <li>Mini Lombard</li> </ul>
Green Lending	<ul style="list-style-type: none"> <li>Ecobonus</li> </ul>

### 2020 Target

Live  
Live

### Go Live

April 2020  
April 2020

Live  
WiP  
WiP

March 2020  
3Q 2020  
4Q 2020

WiP

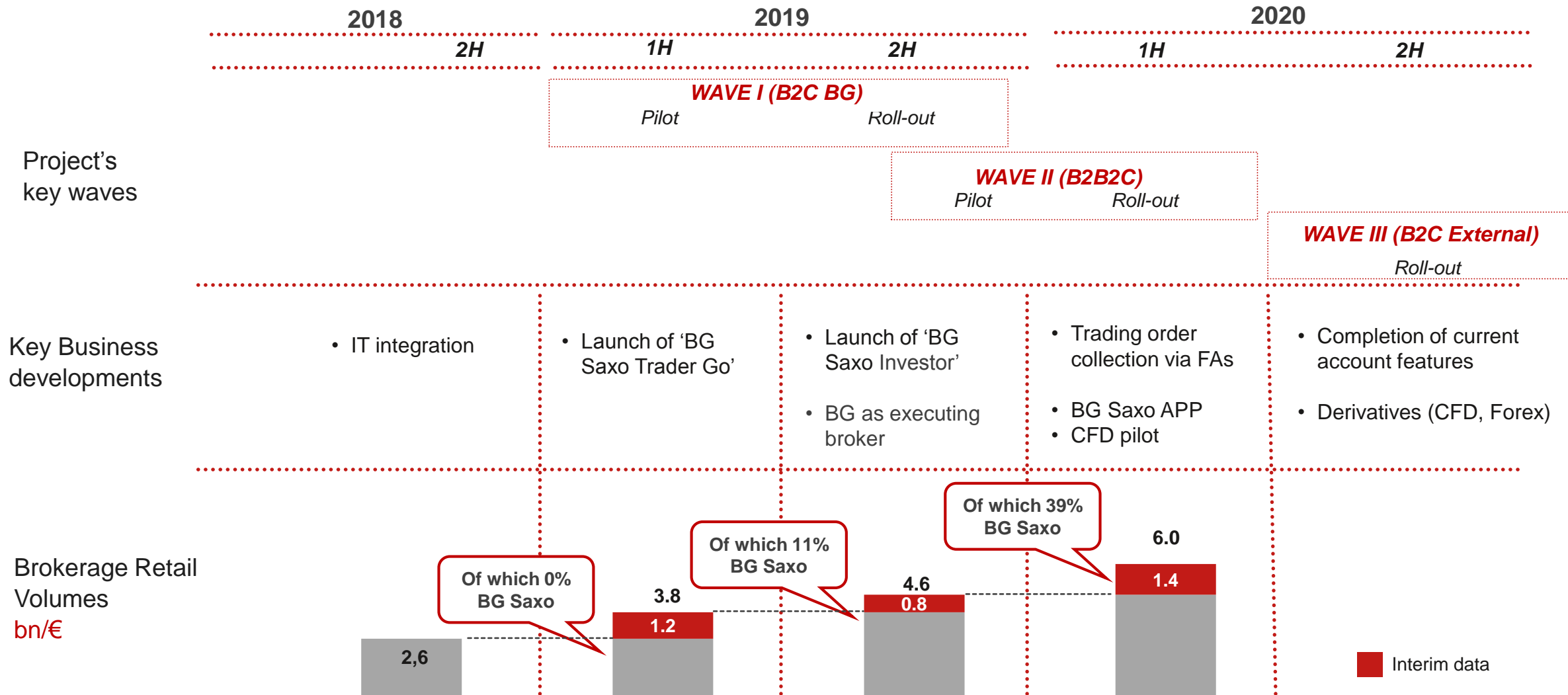
4Q 2020

### 2020 Target

+ €200m  
new granted loans  
by 2020 YE

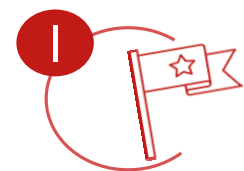
# NEW REVENUE STREAMS: FOCUS ON BG SAXO

## VOLUMES PICKING UP



# 2019-21 BUSINESS PLAN GUIDELINES

## FINANCIAL TARGETS CONFIRMED POST COVID-19



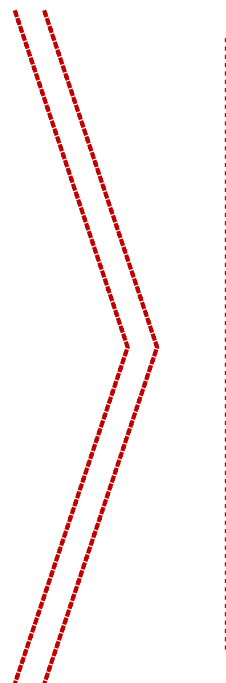
Empowering FAs



Clients' first choice



International aspiration



### 2019-21 Targets

	2019-21 Targets
▪ Cumulated Net Inflows	>14.5 bn/€
▪ Total Assets	76-80 bn/€
▪ Core Net Banking Income <sup>1</sup>	≥63 bps
▪ Core Operating Costs:	3%- 5% CAGR <sup>2</sup>
▪ Dividend <sup>*</sup> :	70%-80% pay-out ratio DPS (1.25€) set as a floor

\* Banca Generali's dividend policy aligned from time to time with the recommendations of the Supervisory Authorities

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



Preliminary remarks



1H 2020 Financial Results



Net Inflows, Assets and recruiting



Business update and closing remarks

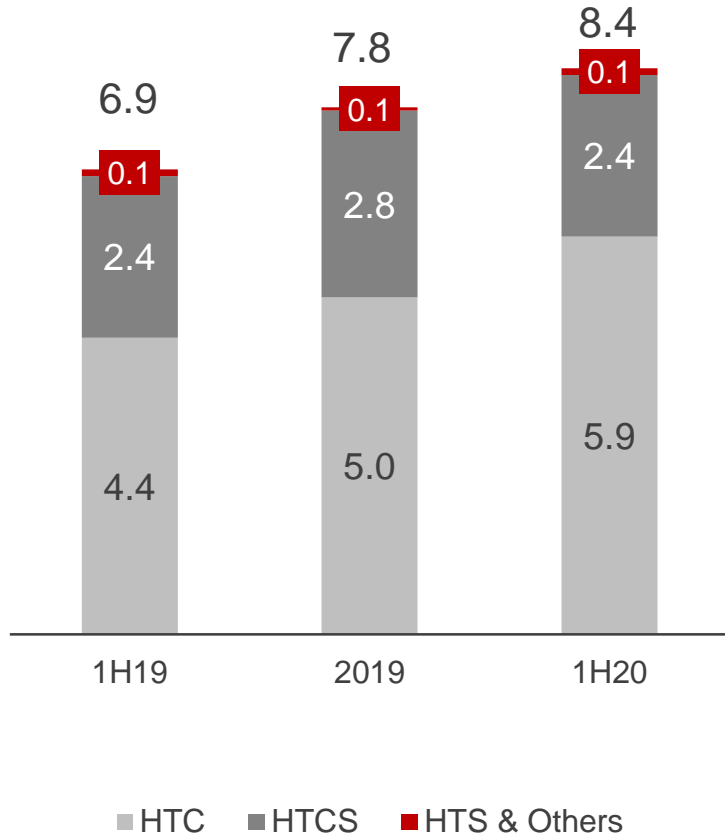


**Appendix: Sector trend and business profile**

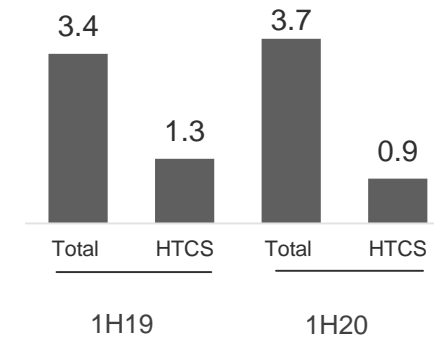
# NET FINANCIAL INCOME

## FOCUS ON FINANCIAL ASSETS

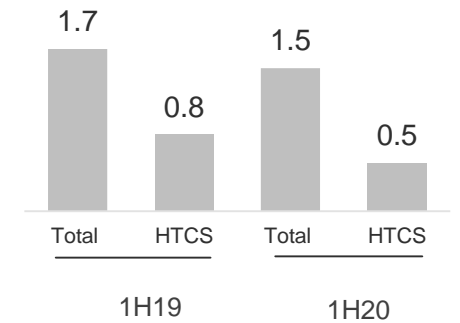
Financial Assets by IFRS classification bn/€



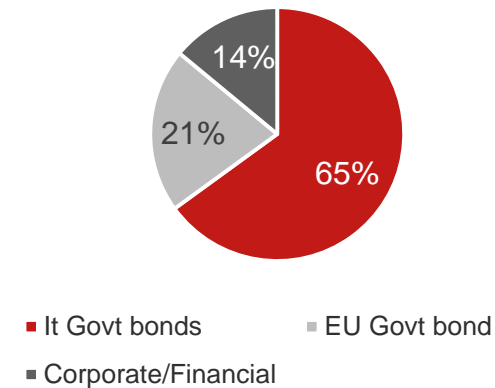
Maturity (Bonds)



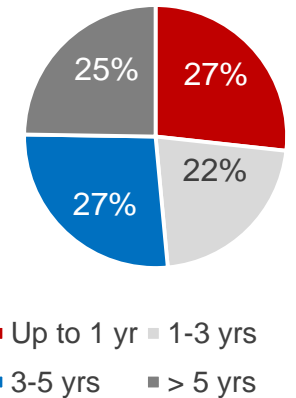
Duration (Bonds)



Bond Classification



Bond breakdown by maturity



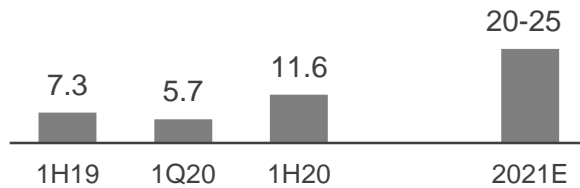
# 2020 NEW REVENUE STREAMS

## MATERIAL CONTRIBUTION TO BUSINESS

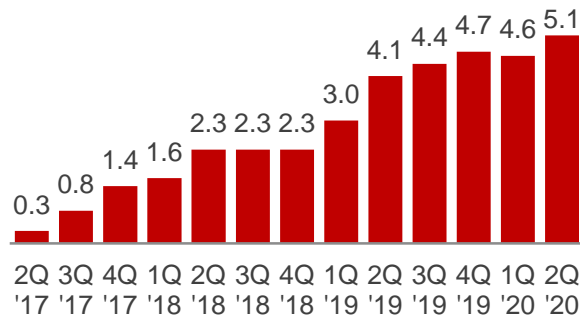
### Advanced Advisory,

- Review of the offer of model portfolios based on 4 lines (strategy, flexibility, simple, asset class)
- Launch of ETF-ETC portfolios
- Launch of Funds-ETC portfolios

**BGPA & ROAD**



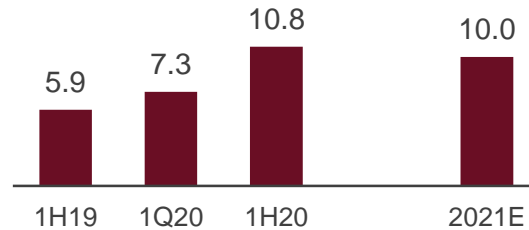
Quarterly AuA trend, €bn



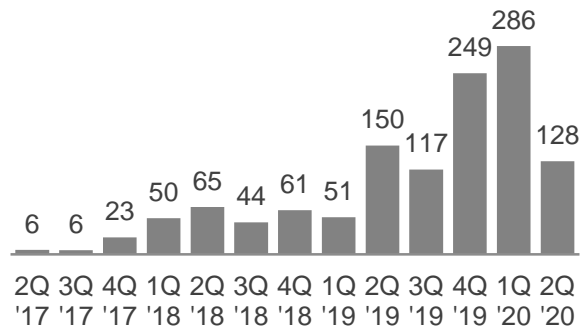
### Structured products,

- New closed-end Alternative Funds (FIA) for WII/Professional investors

**BG | CERTIFICATEhub:**



Quarterly new issues, €m



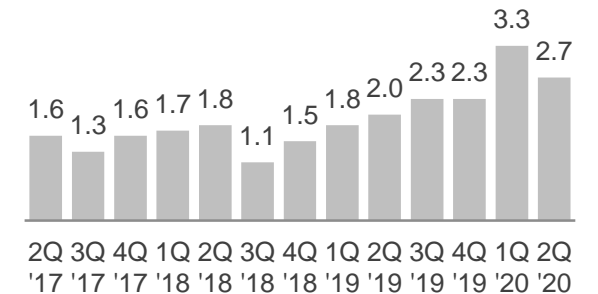
### Brokerage fees,

- Turnover-rate already at 1.2x (vs. 0.9 at inception) with a minimum target of 1.5x by 2021

**BG SAXO**



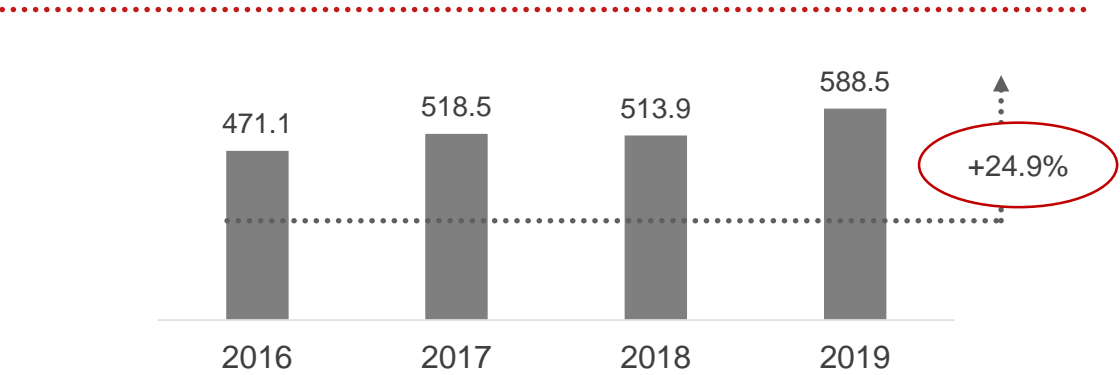
Quarterly retail volumes, €bn



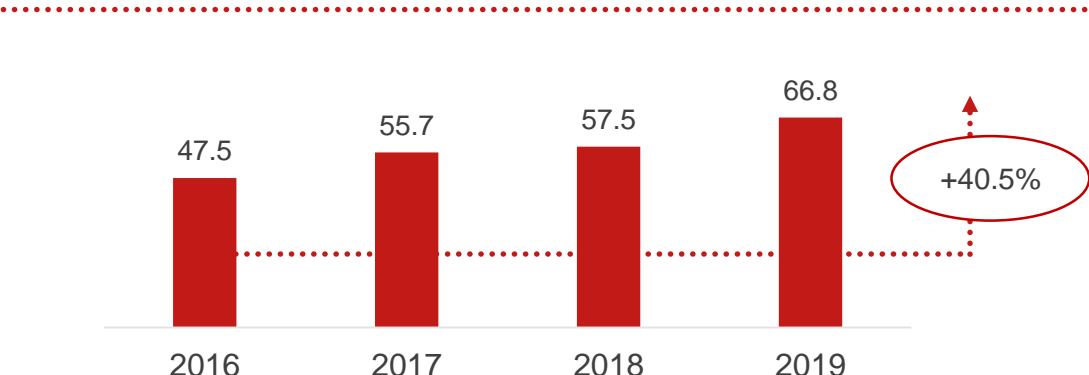
# BANCA GENERALI VS. SECTOR TREND (1/2)

## OUTPACING AN HEALTHY SECTOR TREND

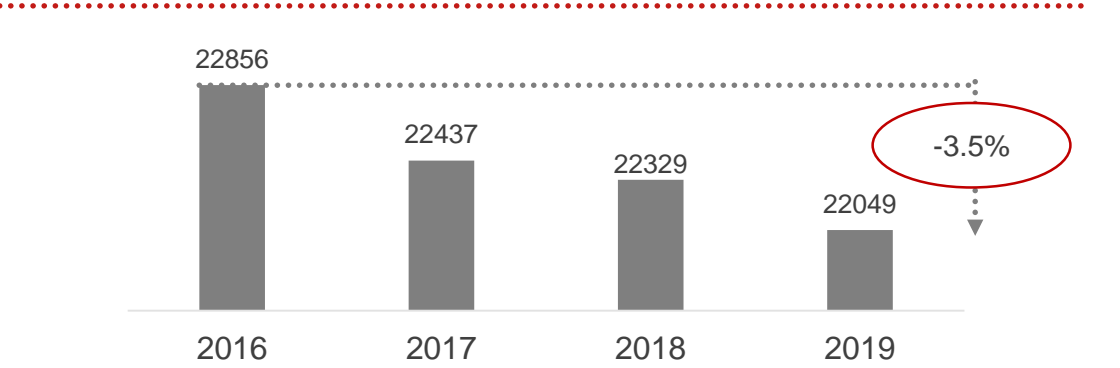
FA sector<sup>1</sup>: Total Assets bn/€



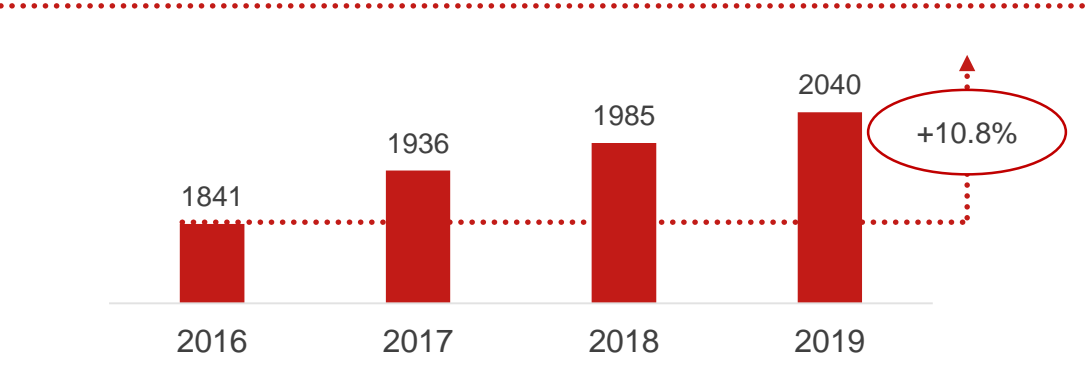
Banca Generali: Total Assets bn/€



FA sector<sup>1</sup>: Total No. of FAs #



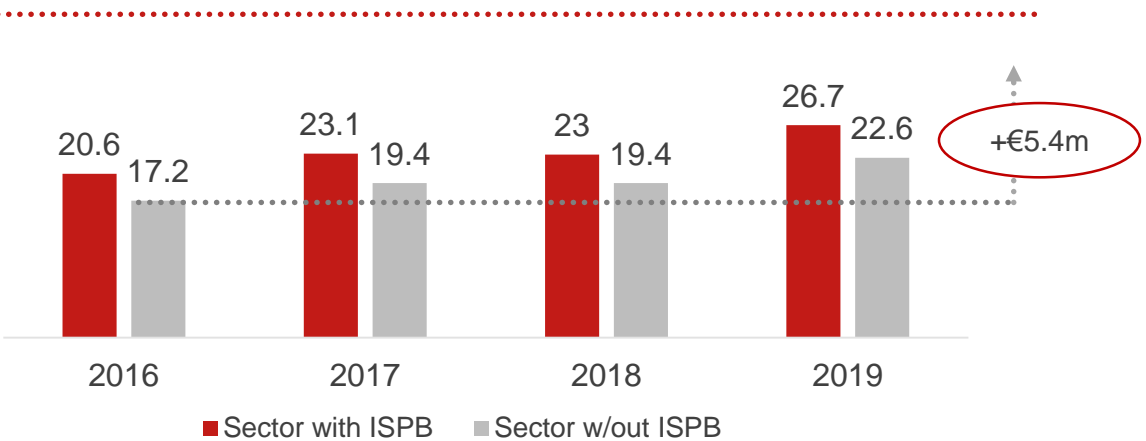
Banca Generali: No. of FAs #



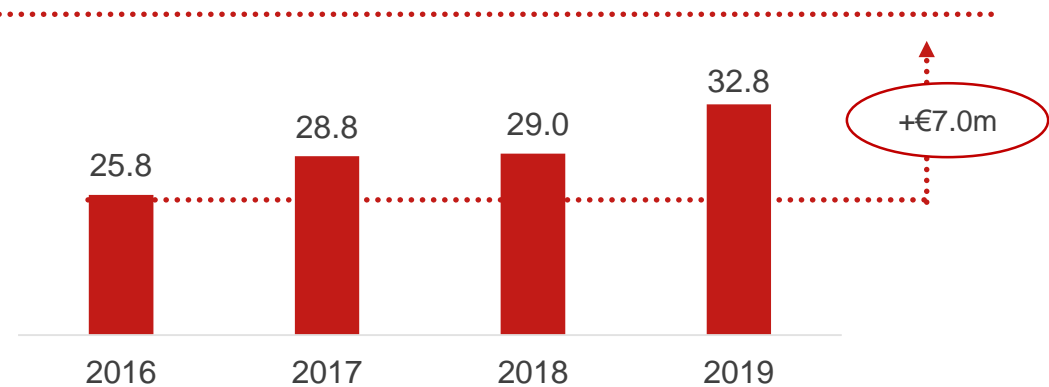
# BANCA GENERALI VS. SECTOR TREND (2/2)

BANCA GENERALI STANDS OUT VS. SECTOR AVERAGE

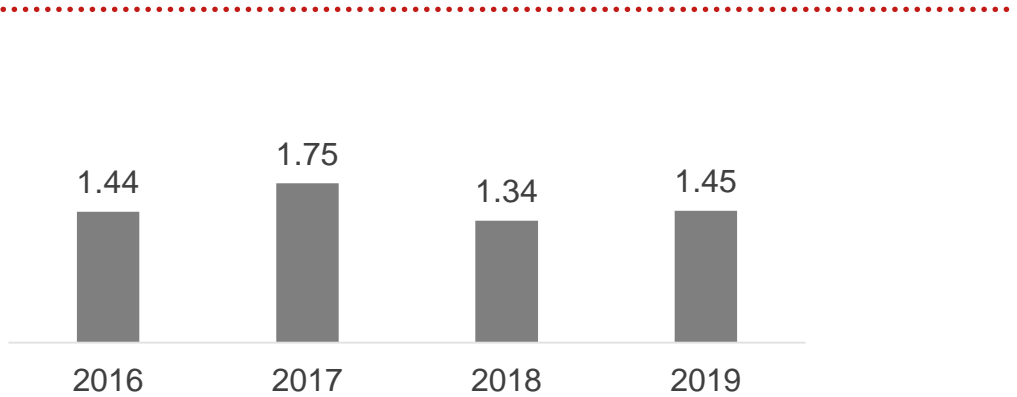
FA sector<sup>1</sup>: Total Assets/FA m/€



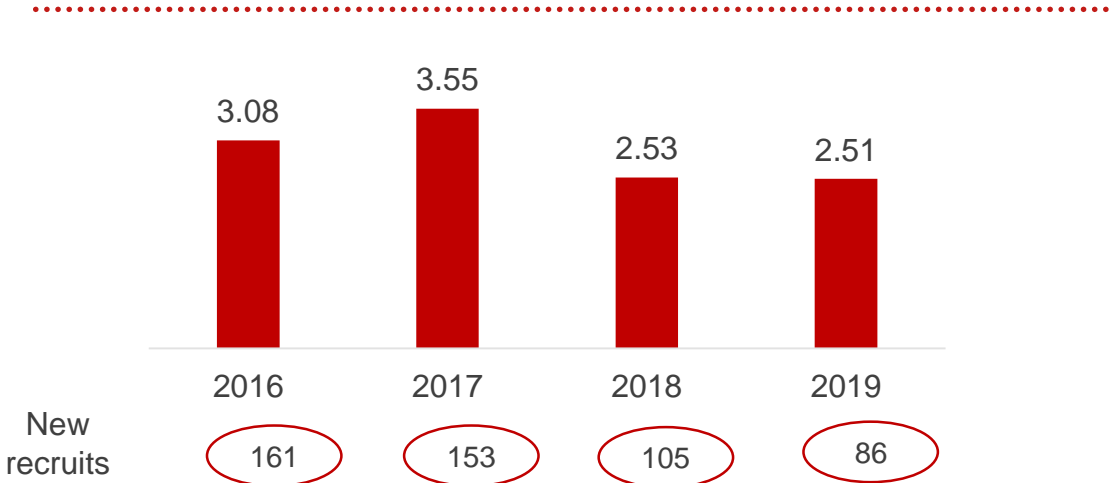
Banca Generali: Total Asset/FA m/€



FA sector<sup>1</sup>: Net Inflows/FA m/€



Banca Generali: Net Inflows/FA m/€

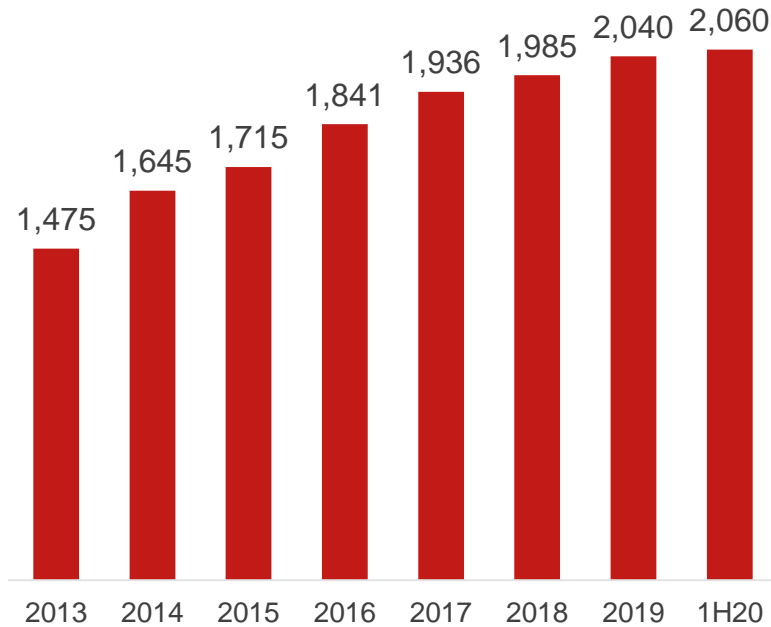




# ADVISOR NETWORK

## STEADY QUALITY GROWTH

### Financial Advisor Network, # FAs



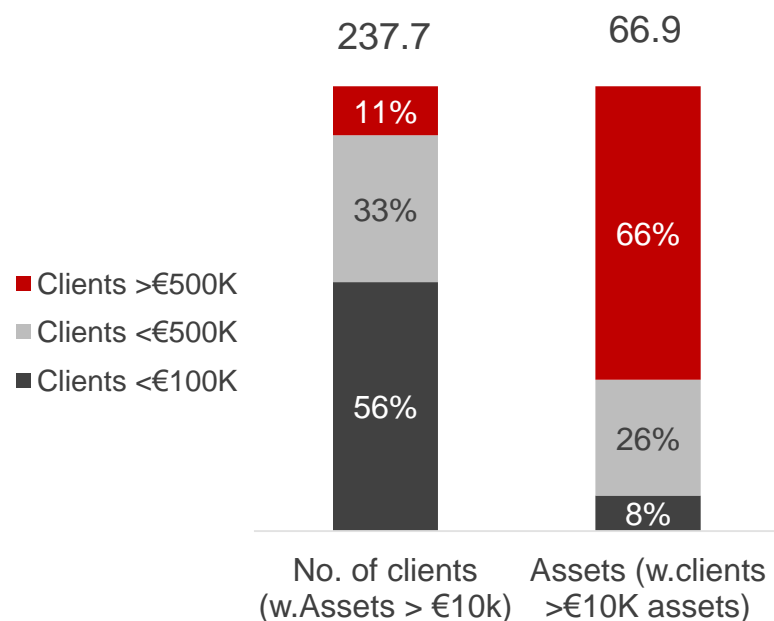
### FA Network, by portfolio size and skills

	Clusters	(% of Assets)	No. of FAs	Assets per FA
Financial Advisors	Wealth Managers	35%	325 <sup>1</sup>	79.6 m/€ <sup>2</sup>
	Private Bankers	52%	1,230 <sup>1</sup>	29.1 m/€ <sup>2</sup>
	Financial Planners	6%	359 <sup>1</sup>	11.4 m/€ <sup>2</sup>
Employees	Relationship Managers	7%	71 <sup>1</sup>	68.5 m/€ <sup>2</sup>

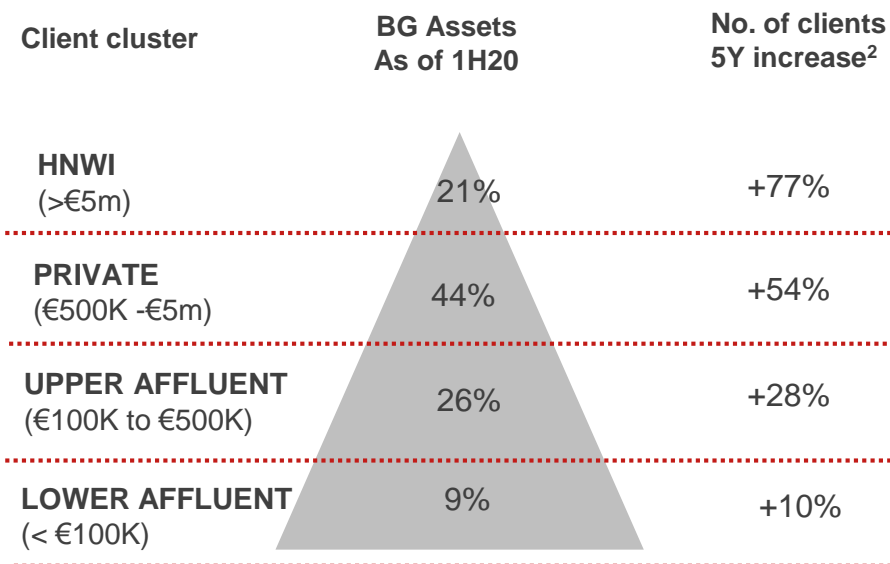
# GROWING CLIENT BASE

## FOCUS ON PRIVATE CLIENTS

### Clients' breakdown by cluster<sup>1</sup>, #, bn/€



### Trend in No. of Clients by cluster<sup>1</sup>



- HNWI and Private clients strongly higher in the last 5 years (+77% and +54%, respectively)
- Upper affluent Clients also growing steadily
- ~ 33% of our Private and HNWI clients are entrepreneurs

# 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*

Certain statements contained herein are statements of future expectations and other forward-looking statements.

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.

Neither Banca Generali S.p.A. nor any of its affiliates, directors, officers employees or agents owe any duty of care towards any user of the information provided herein nor any obligation to update any forward-looking information contained in this document.

# 2020 UPCOMING EVENTS

NOVEMBER						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

9M 2020 Results  
Conference Call

## Investor Relations Contacts

**Giuliana Pagliari**

*Investor Relations Manager*

Phone +39 02 408 26548

Mobile +39 331 65 30 620

E-mail: [giuliana.pagliari@bancagenerali.it](mailto:giuliana.pagliari@bancagenerali.it)

E-mail: [investor.relations@bancagenerali.it](mailto:investor.relations@bancagenerali.it)

## Corporate Website

[www.bancagenerali.com](http://www.bancagenerali.com)

## Banca Generali Investor App



Fine Comunicato n.0856-46

Numero di Pagine: 37