



SPAFID
CONNECT

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Identificativo : 146962
Informazione
Regolamentata
Nome utilizzatore : BCAGENERALIN03 - Pastore
Tipologia : 1.2
Data/Ora Ricezione : 12 Maggio 2021 10:25:02
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Diffusione presunta
Oggetto : Banca Generali: 1Q 21 Investor
Presentation

Testo del comunicato

Vedi allegato.

1Q 2021 RESULTS AND BUSINESS REVIEW

11 MAY 2021



**BANCA
GENERALI**

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



Preliminary remarks



1Q 2021 Financial Results



Net Inflows, Assets and recruiting



Business update and closing remarks



Appendix

1Q 2021 RESULTS: EXECUTIVE SUMMARY

STRONG START TO THE FINAL YEAR OF THE 2019-21 BUSINESS PLAN



Total Assets at €77.5bn (+19% YoY, +4% YTD)

- **Improved Asset Mix driven by Managed Solutions (+30%) and Asset under Custody (+33%).** Managed solutions reached 50.7% of total assets from 46.3% a year ago. Steady growth also in Assets under Advisory to €6.5bn (+40% YoY) as investment and holistic advisory catch on amongst clients and FAs
- **Net inflows growing by volumes (€1.7bn, +11%) and quality** with managed solutions representing 77% of total (vs. 17% in 1Q20). Positive contribution from existing FAs coupled with stronger push of new recruits after subdued trend last year due to the pandemic



Net profit at €135.4m (+71%),

- **Strong operating trend coupled with financial markets' tailwinds.** Sound management fee margin benefitting from the initiatives driving growth in managed solutions. 2021 guidance extended to perimeter including new acquisitions
- **Recurring net profit at €37.2m (+13%)** thanks to the strong trend in recurring fees coupled with sound cost control reflecting operating leverage drive results, which also incorporate higher provisions due to the sustained business expansion



Capital strength even after 1Q21 earnings' allocation to dividend¹

- **Sound capital ratios (CET1 at 16.2% and TCR at 17.5%)** with seasonal 1Q21 slowdown linked to 100% destination of 1Q profit to cover 2021 dividend payment in line with the Dividend Policy¹ in force (*3.6% minimum dividend yield YTD²*)
- **1Q 2021 Capital ratios** also incorporate also the distribution of €3.3/share dividends with reference to 2019/20 earnings as approved by Banca Generali's AGM on 22 April. The €3.3/share distribution is embedded in 1Q 2021 capital ratios and it amounts to 10.5 pps on capital ratios

RESULTS AT A GLANCE

KEY TAKEAWAYS



(€ mil)	1Q 20	1Q 21	% Chg
Net Interest Income	20.2	21.7	7.4%
Net income (loss) from trading activities and Dividends	4.0	2.9	-25.9%
Net Financial Income	24.2	24.7	1.9%
Gross recurring fees	195.5	221.2	13.1%
Fee expenses	-104.4	-117.0	12.1%
Net recurring fees	91.1	104.1	14.3%
Variable fees	53.4	111.0	107.9%
Total Net Fees	144.5	215.2	48.9%
Total Banking Income	168.8	239.9	42.1%
Staff expenses	-25.7	-26.4	3.0%
Other general and administrative expense	-21.4	-22.3	4.1%
Depreciation and amortisation	-7.7	-8.2	6.1%
Other net operating income (expense)	0.8	0.9	21.5%
Total operating costs	-54.1	-56.0	3.6%
<i>Cost /Income Ratio</i>	<i>27.5%</i>	<i>19.9%</i>	<i>-7.6 p.p.</i>
Operating Profit	114.7	183.8	60.3%
Net adjustments for impair.loans and other assets	-1.1	-1.4	30.8%
Net provisions for liabilities and contingencies	-8.2	-11.3	37.4%
Contributions to banking funds	-3.1	-4.6	51.6%
Gain (loss) from disposal of equity investments	0.0	-0.1	59.5%
Profit Before Taxation	102.3	166.4	62.7%
Direct income taxes	-23.2	-31.0	33.5%
<i>Tax rate</i>	<i>22.7%</i>	<i>18.6%</i>	<i>-4.1 p.p.</i>
Net Profit	79.1	135.4	71.3%

Comments

Booming revenues driven by asset growth and performance (+42%)

- Net Financial Income (+1.9%) slightly higher driven by Net Interest Income more than offsetting lower trading income
- Net Recurring Fees (+14%) benefitted from asset expansion and higher-quality product mix. Total pay-out ratio also declined
- Record contribution from variable fees thanks to positive financial markets

Operating profit (+60%) lifted by operating leverage

- Total operating costs (+3.6%) well within guidance amid tight staff cost control
- Costs/total assets falling to new low of 0.29% (-1bps ytd) and Cost/Income (ex performance fees) at 36.6%, both suggesting operating leverage at full swing

Higher non-operating charges (+40%)

- Spike in provisions primarily linked to FA loyalty plan and other FA provisions with a seasonal trend
- Higher contribution to banking funds (+52%)

Net profit at €135.4m (+71.3%)

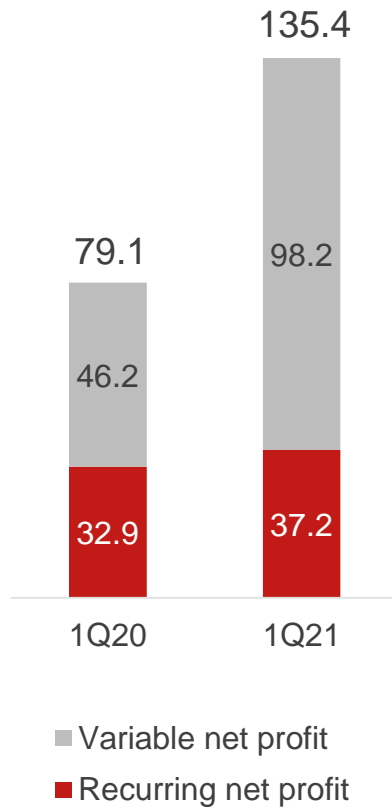
- Tax-rate temporarily below guidance on record variable fees

NET PROFIT BREAKDOWN

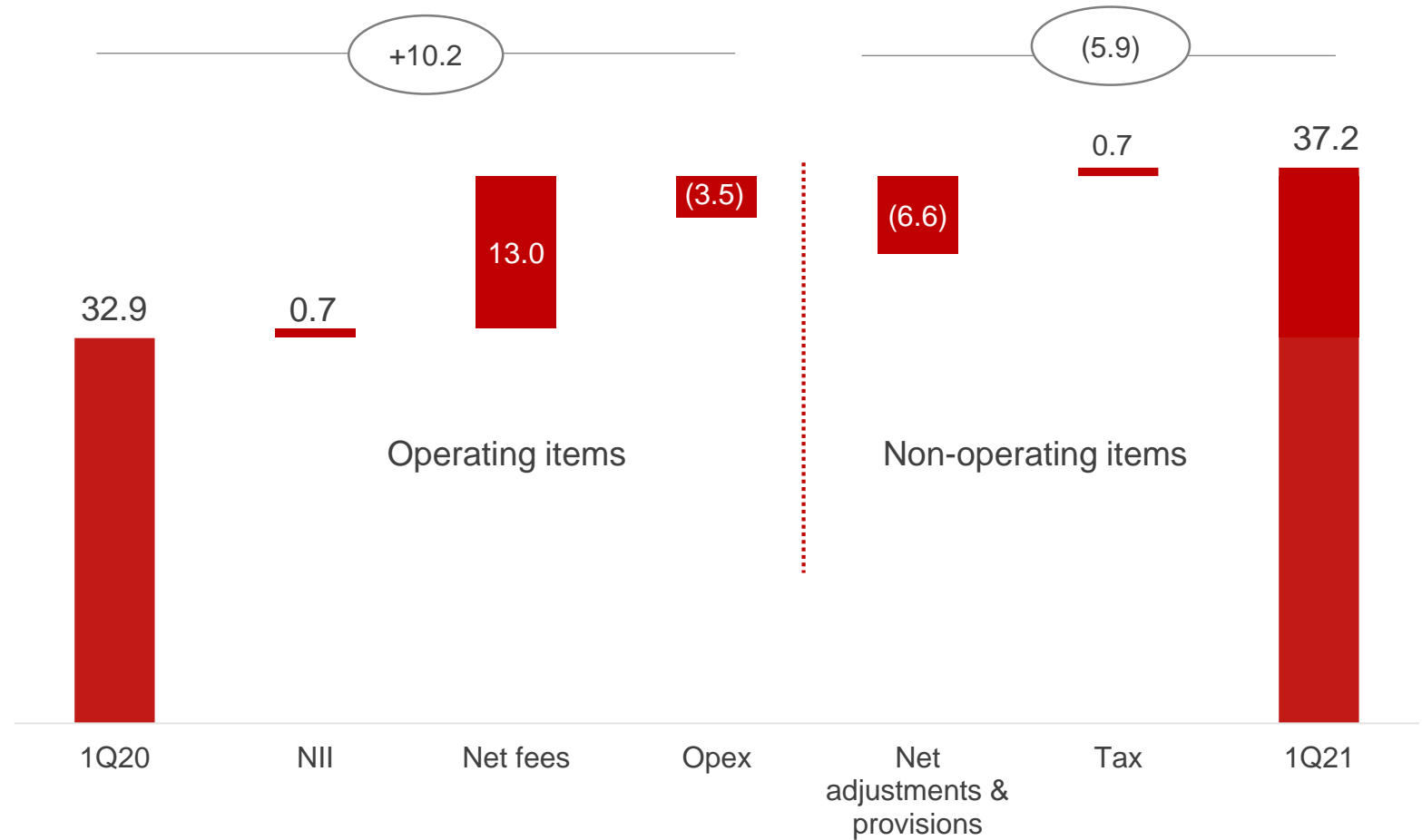
RECURRING NET PROFIT DRIVEN BY A SOLID OPERATING TREND



Net profit breakdown¹ m/€



Build-up of recurring net profit m/€



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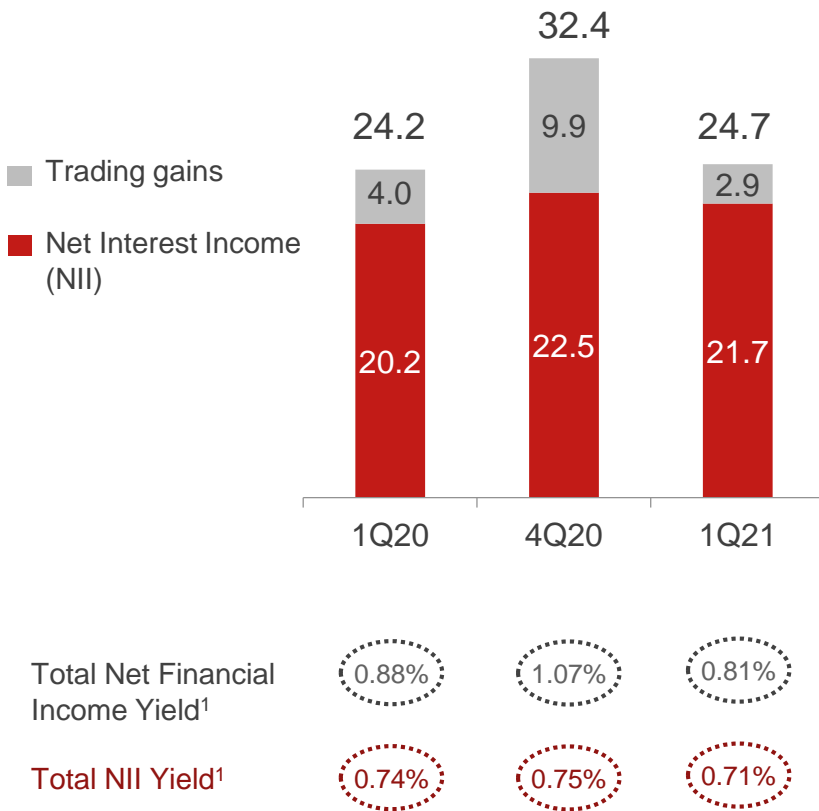
Appendix

NET FINANCIAL INCOME

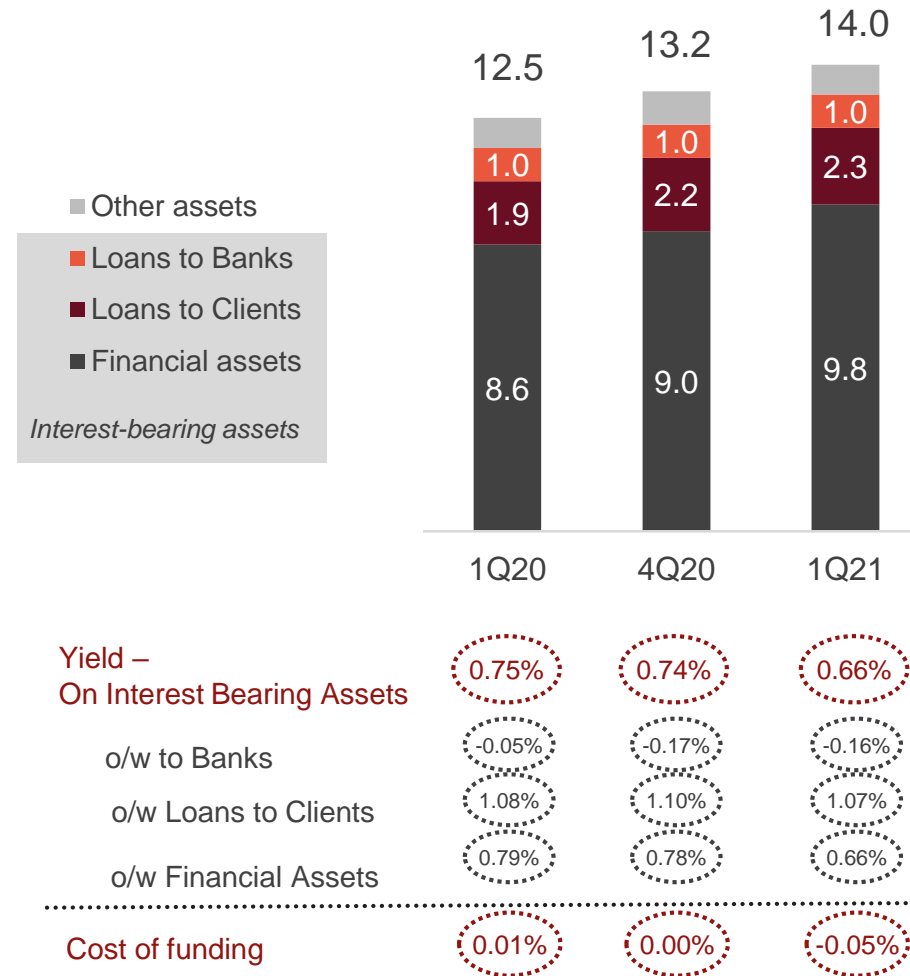
INTEREST RATE HEADWINDS OFFSET BY HIGHER VOLUMES AND TLTRO



Net Financial Income m/€



Total Assets and Interest-bearing Assets bn/€



Net Interest Income (NII) posted a 7.4% increase YoY, yet -3.6% QoQ amid volumes/rate trend

Cost of funding turned from 1 bps to -5bps providing support to NII yield

TLTRO contribution boosted by €200m at the end of March to total €700m

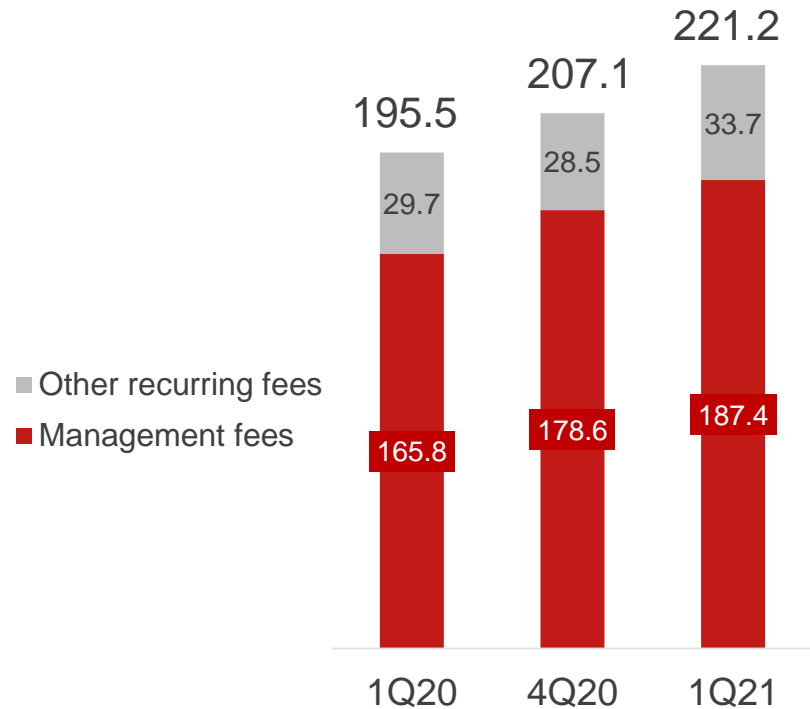
2021 year-end NII guidance of -2%/-3% YoY confirmed

GROSS FEES

POSITIVELY GEARED TO MANAGED SOLUTIONS AND NEW REVENUE STREAMS



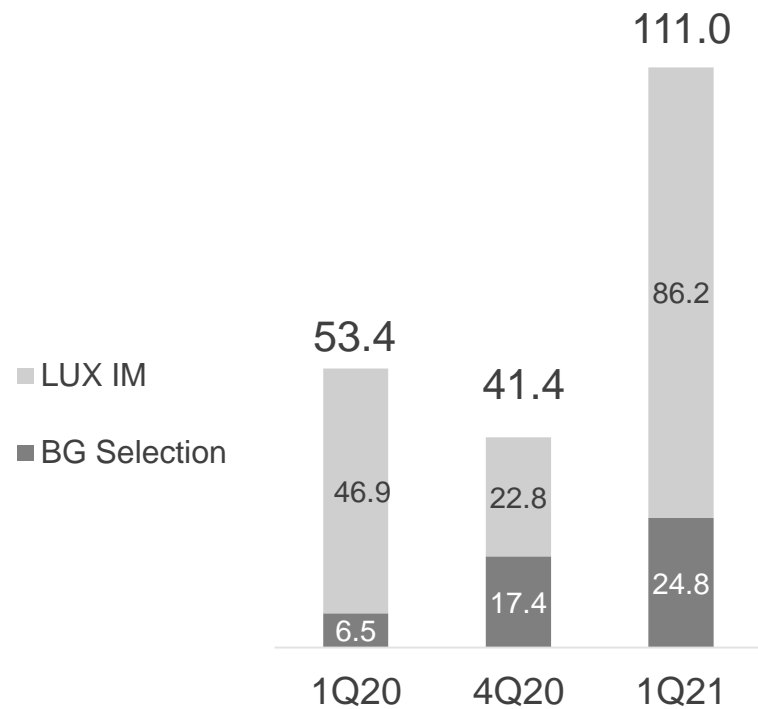
Gross recurring fees m/€



On Total Assets (annualized)



Variable fees m/€



On Total Assets (annualized)



Growing recurring fees (+13% YoY, +7% YTD) driven by higher volumes, better mix and diversification (new revenue streams)

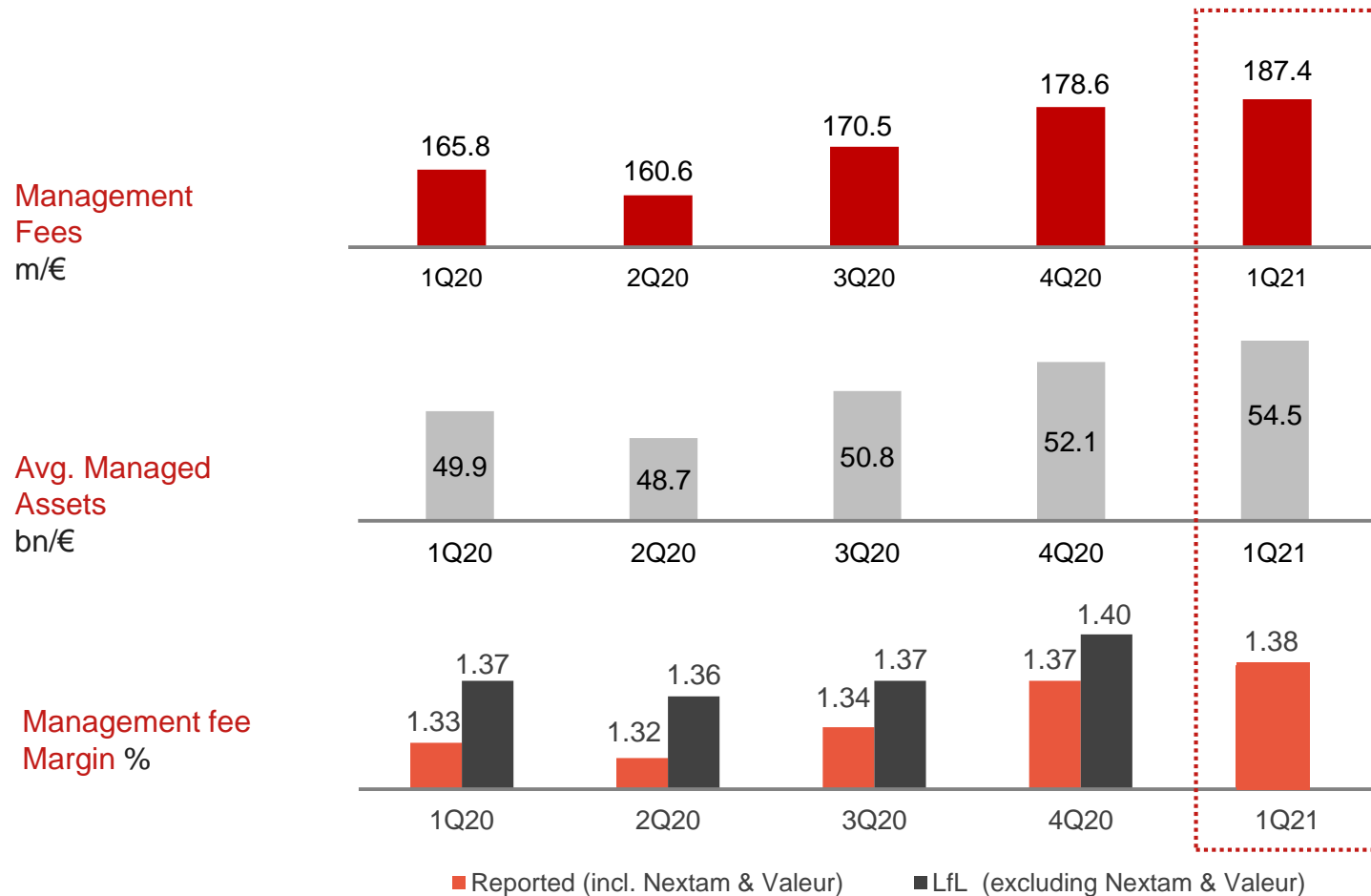
Variable fees driven by LUX IM on favorable financial markets

MANAGEMENT FEES

EXTENDING 2021 MARGIN GUIDANCE TO FULL PERIMETER IN LIGHT OF BUOYANT ASSET TREND



Quarterly trend m/€



Management fees (+13% YoY, +5% QoQ) benefitted from the higher exposure to equity and in-house products coupled with overall higher margin from insurance products

Management fee margin reclassified to include recent acquisitions (Nextam and Valeur)

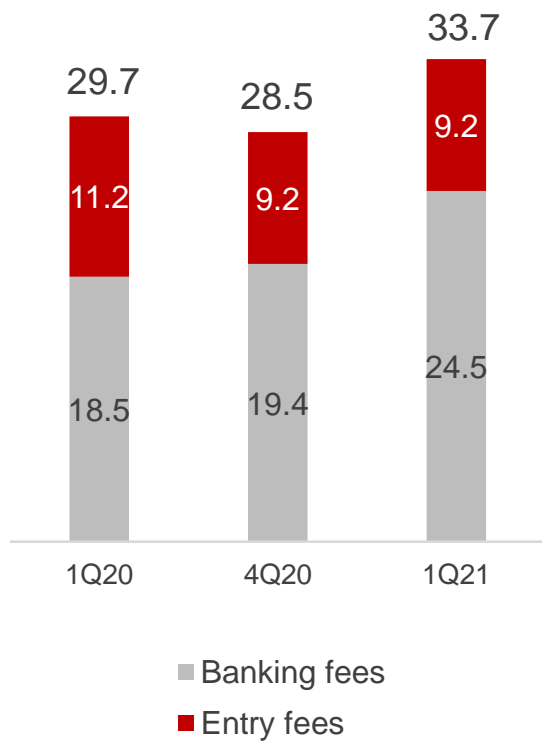
2021 management fee margin guidance of 1.38%-1.42% extended to enlarged perimeter (i.e. including M&As)

BANKING AND ENTRY FEES

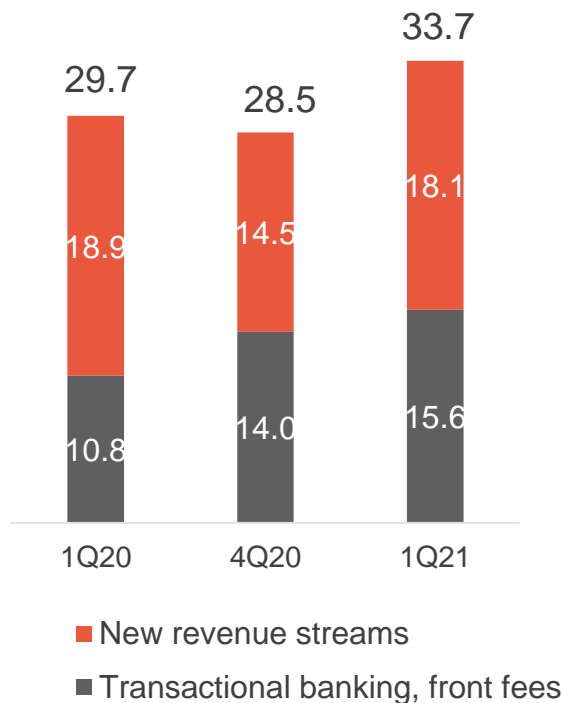
BANKING FEES STRONGER, ENTRY FEES IN LINE WITH GUIDANCE



Banking and Entry Fees m/€



Breakdown by Mix m/€



Banking fees posted a strong increase (+32% YoY, +26% QoQ) driven by Advanced Advisory and Brokerage services

Front fees were in line with guidance after 1Q20 spike in certificates

Other transactional banking and front fees benefitted from higher activity on primary markets and other brokerage

On Total Assets

0.17%

0.16%

0.18%

New Revenue streams on tot. recurring revenues

9.7%

7.0%

8.2%

NEW REVENUE STREAMS

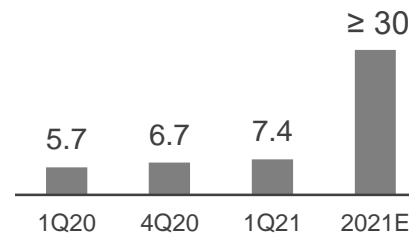
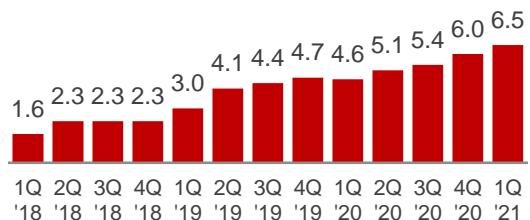
SOLID DELIVERY IN LINE WITH GUIDANCE



ADVANCED ADVISORY



Assets under advisory (AuA) bn/€

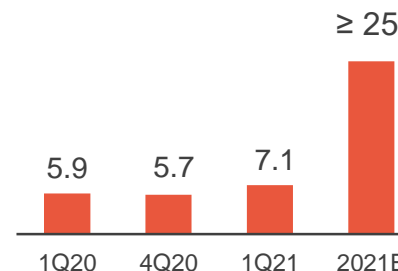
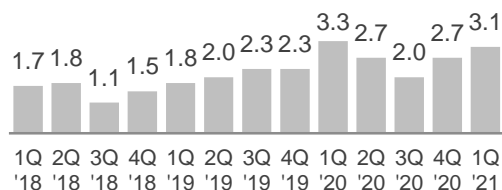


Advanced Advisory fees (+30%): steady growth in fees driven by volumes (6.5bn, +40%) with growing share of clients and FAs embracing this service

RETAIL BROKERAGE



Retail brokerage volumes bn/€

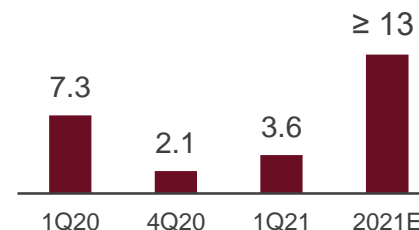
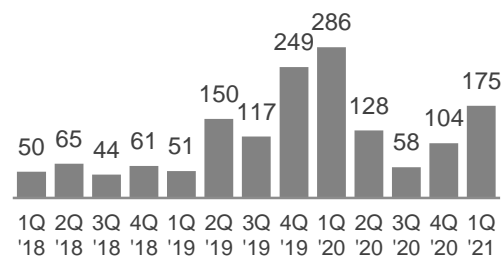


Retail Brokerage revenues (+20%): thanks to growing average turnover (1.09x vs. 1.05x at 2020YE and 0.96x at 2019YE) and more profitable mix (more derivatives, equities and foreign markets)

STRUCTURED PRODUCTS



Notional new issues m/€



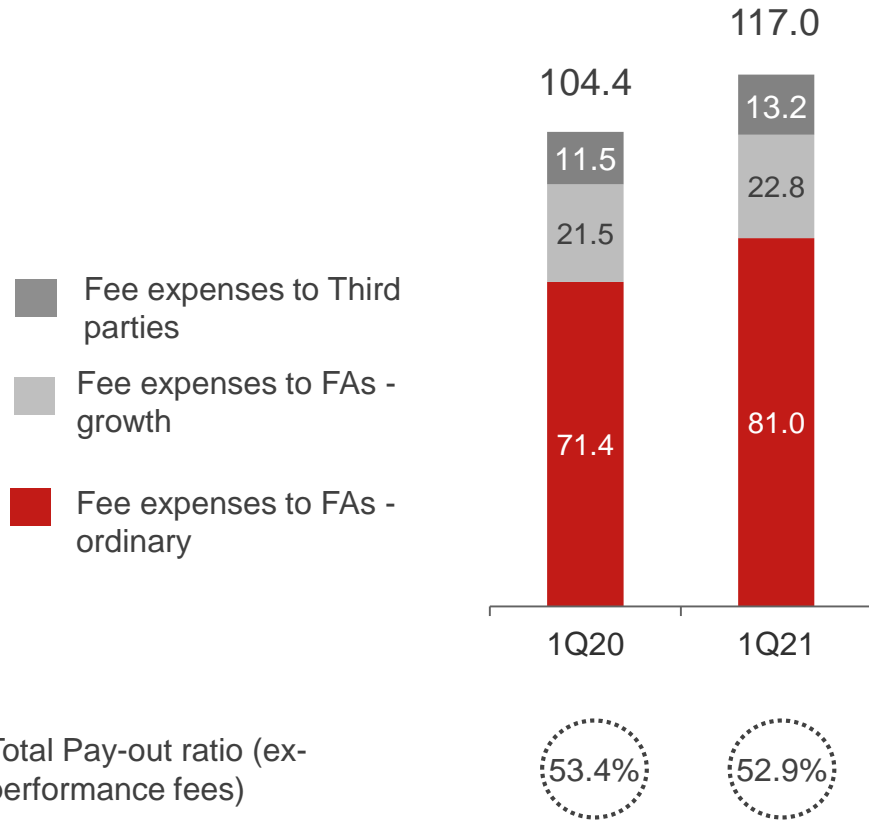
Certificates performing in line with long-term guidance, yet with unfavorable YoY comparison on exceptional 1Q20 activity

FEE EXPENSES

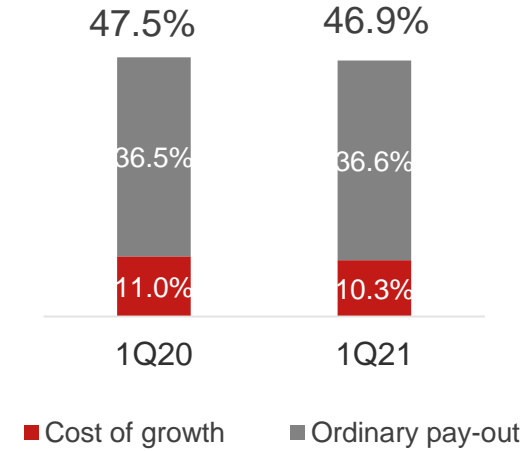
PAY-OUT RATIO DECREASING ON LOWER COST OF GROWTH



Total Fee Expenses m/€

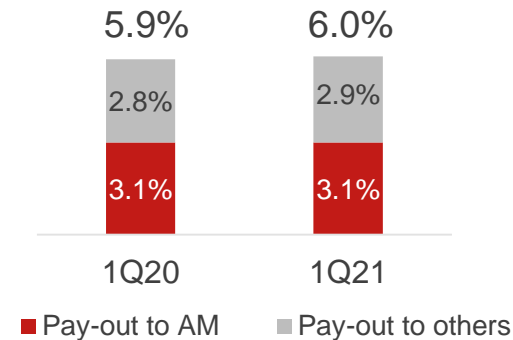


Pay-out to the network %



Lower pay-out to the network benefitting from lower cost of growth reflecting reduced recruitment activity over past two years

Pay-out to Third parties %



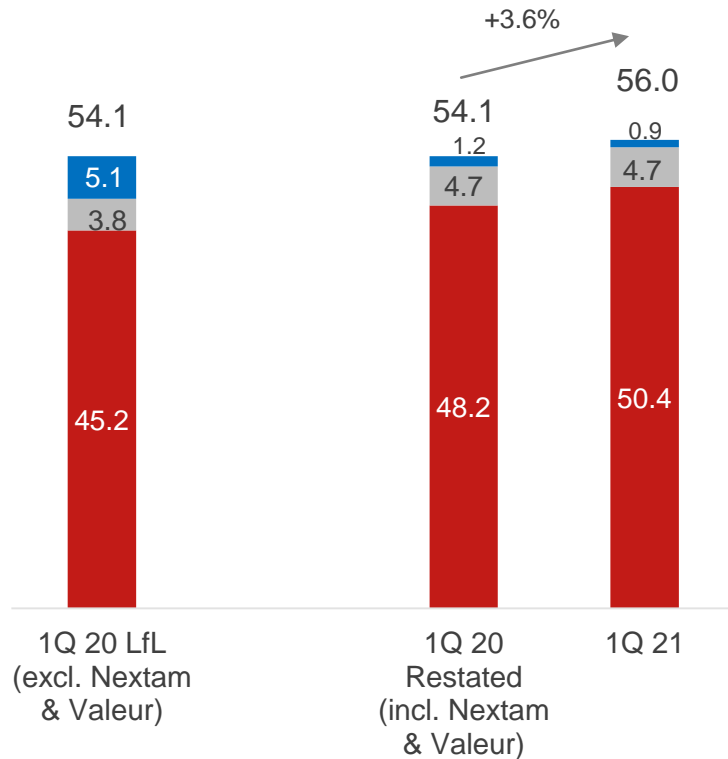
Pay-out to third-parties slightly increasing due to higher activity on Ro4AD and trading platforms

OPERATING COSTS (1/2)

ONGOING COST DISCIPLINE DESPITE BUSINESS EXPANSION

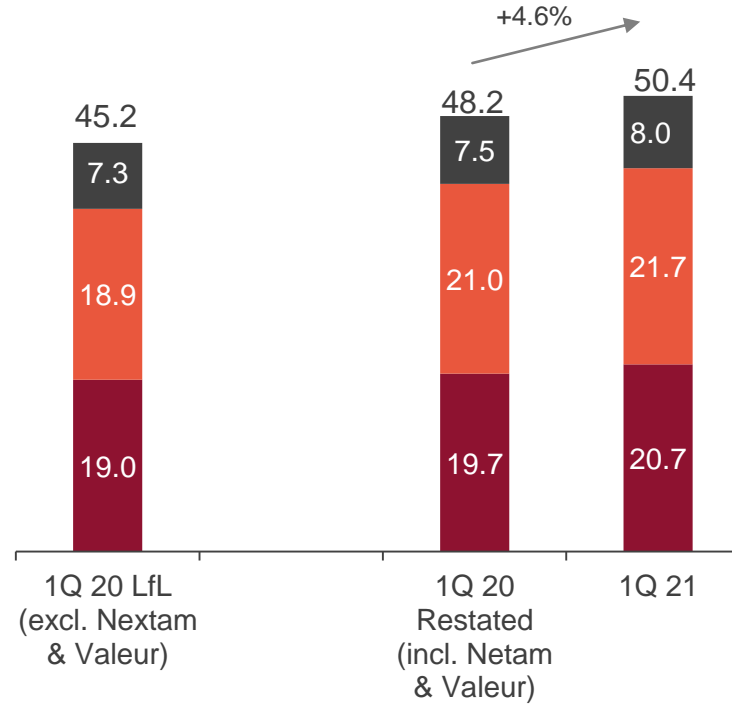


Total operating costs^{1,2} m/€



- Perimeter inclusion/one-offs
- Sales personnel
- Core operating costs

Breakdown of core operating costs^{1,2} m/€



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

Total and 'Core' operating costs reclassified to incorporate recent acquisitions line-by-line.

Total operating costs (+3.6%) posted a limited increase on lower one-offs and stable sales personnel costs

'Core' operating costs (+4.6%) increased within guidance even after ongoing push on growth, launch of new IT projects and other costs for logistics for the FA network

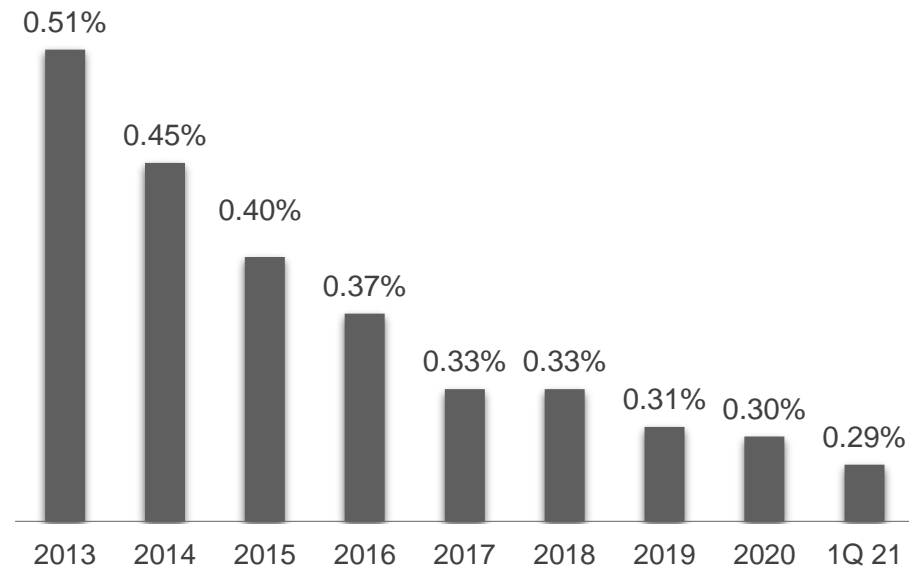
2021 'Core' operating cost guidance of +3-5% extended to enlarged perimeter (i.e. including M&A)

OPERATING COSTS (2/2)

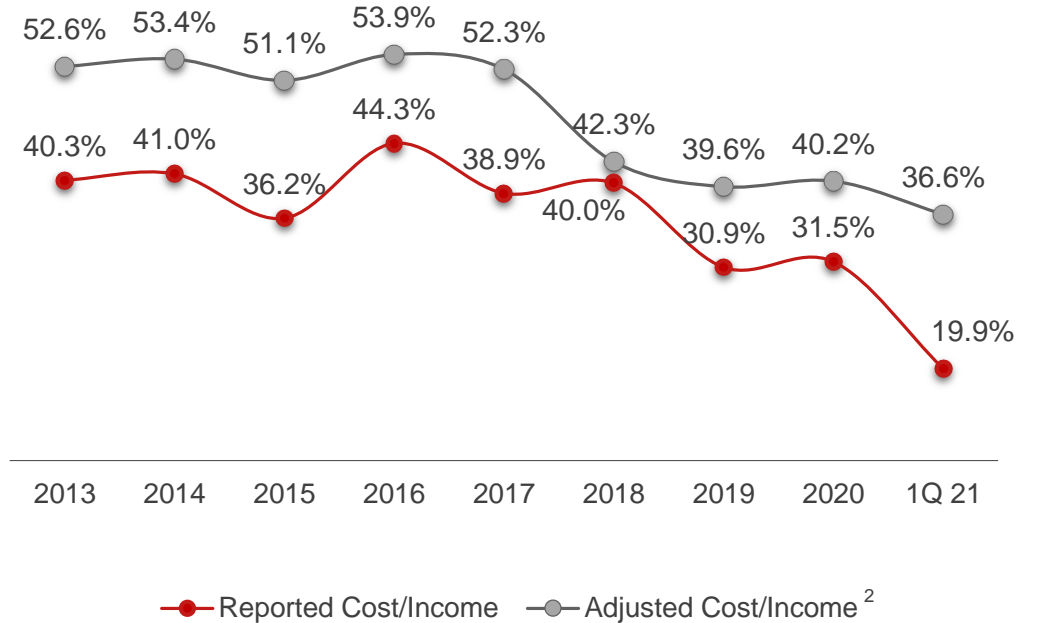
OPERATING LEVERAGE AT ITS BEST IN THE QUARTER



Operating costs/Total assets¹



Cost/Income ratio¹

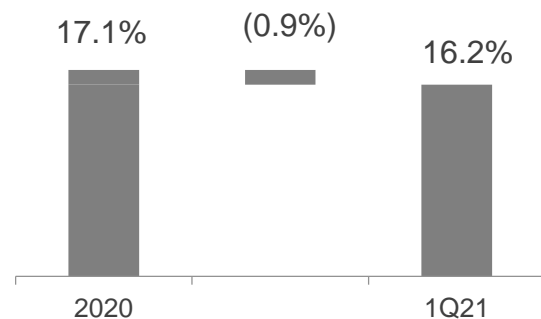


CAPITAL RATIOS

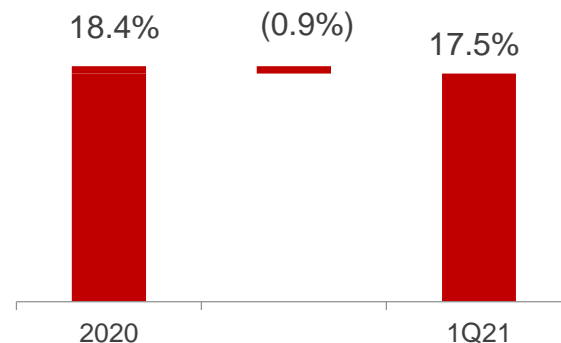
SOUND CAPITAL POSITION REAFFIRMED AMID COMMITMENT TO DIVIDEND DISTRIBUTION



CET1 ratio



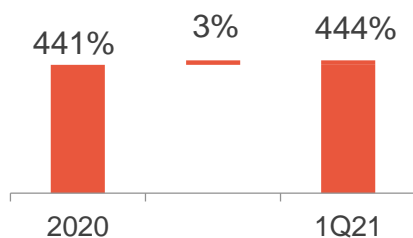
TCR ratio



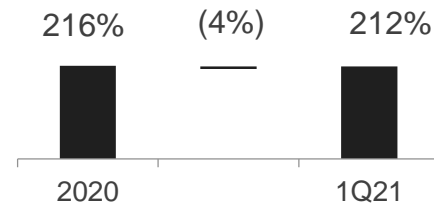
Capital strength confirmed after **seasonality** linked to destination of full 1Q21 earnings to cover 2021 dividend policy

Capital absorption in the quarter driven by banking book diversification and higher lending activity

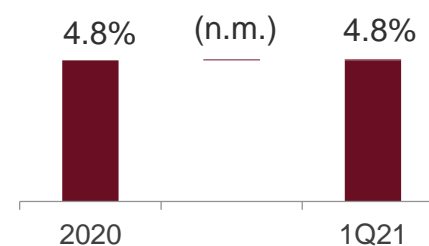
LCR ratio



NSFR ratio



Leverage



2020 Reported capital ratios are calculated net of the 2019-2020 cumulative dividend per share of €3.3 (€386 million) approved by last AGM on 22 April 2021

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Preliminary remarks



1Q 2021 Financial Results



Net Inflows, Assets and recruiting



Business update and closing remarks



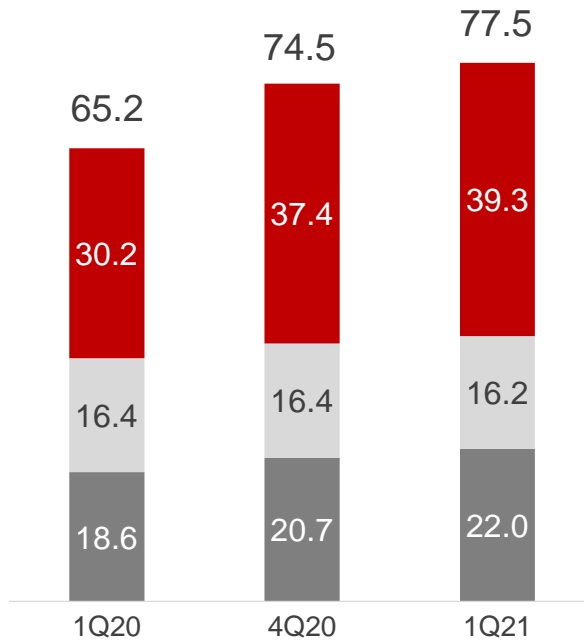
Appendix

TOTAL ASSETS

NEW HIGHS WITH IMPROVING MIX



Total Assets bn/€

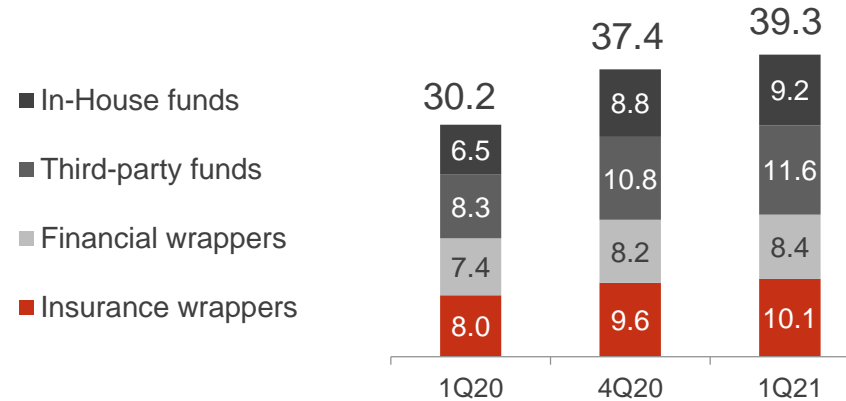


% Managed Solutions/Total assets

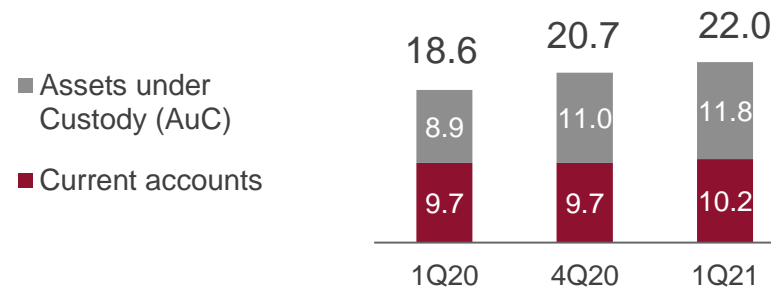


■ Banking products ■ Traditional life policies ■ Managed solutions

Managed Solutions bn/€



Banking products bn/€



Managed solutions (+30% YoY, +5% YTD) driven mostly by funds/SICAVs and insurance wrappers.

Traditional life assets (-1% YoY and YTD) structurally lower in light of ultra-low interest rate environment

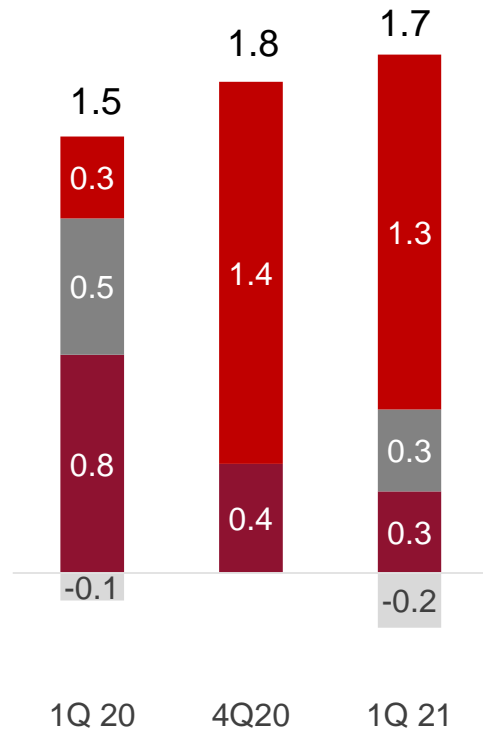
Assets under Custody (+33% YoY, +8% YTD) benefitting from the upgrading offer in advanced advisory, structured products and brokerage platform

NET INFLOWS

HIGH-QUALITY MIX FOCUSSED ON MANAGED SOLUTIONS

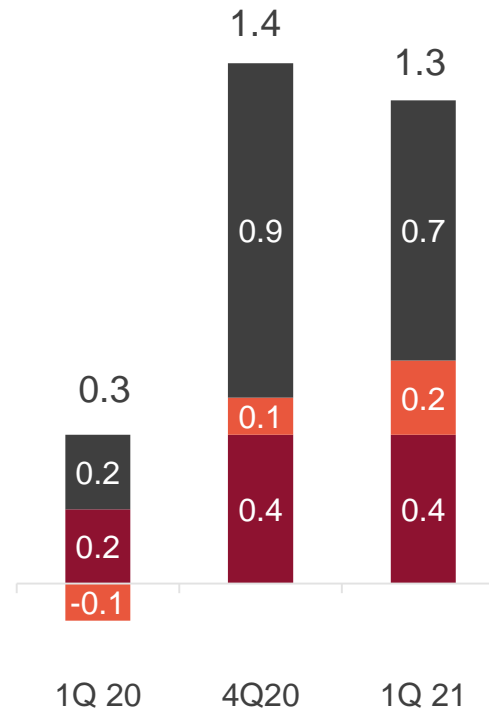


Total net inflows m/€



- Managed solutions
- Traditional insurance policies
- AuC
- Current accounts

Managed solutions, m/€



- Insurance wrappers
- Financial wrappers
- Funds/Sicavs

Sound growth in volumes (+11%) with significantly better product mix

Booming managed solutions (4x higher than 1Q20) with positive trend in all product lines

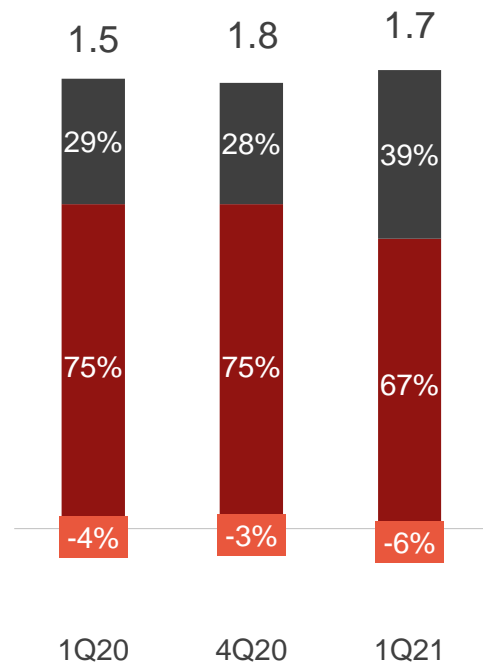
Positive net inflows in **AuC products** bearing fruits of enhanced focus on products and services through advanced advisory/Ro4AD, brokerage and structured products

TOTAL NET INFLOWS

RECOVERY IN RECRUITING ACTIVITY AFTER LOCKDOWN LIMITS

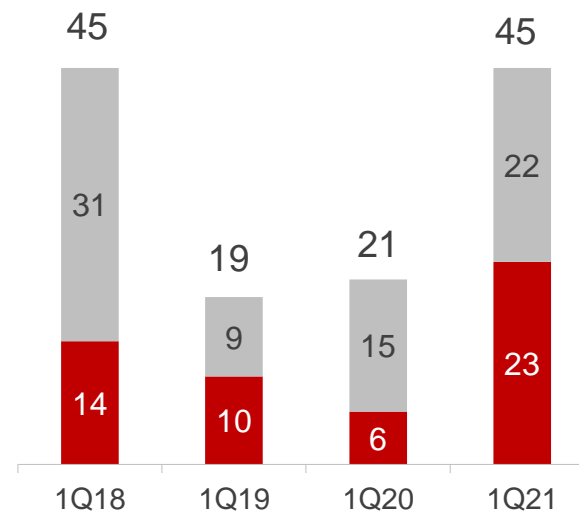


Net inflows by acquisition channel %



- Existing network
- FA Out
- New recruits

Recruitment trend (# of Recruits)



- From Retail and Private Banks
- From other FA Networks

Recruiting activity resumed after the slowdown linked to pandemic

Growth remains well balanced with organic contribution sticky in absolute value at €1.1bn

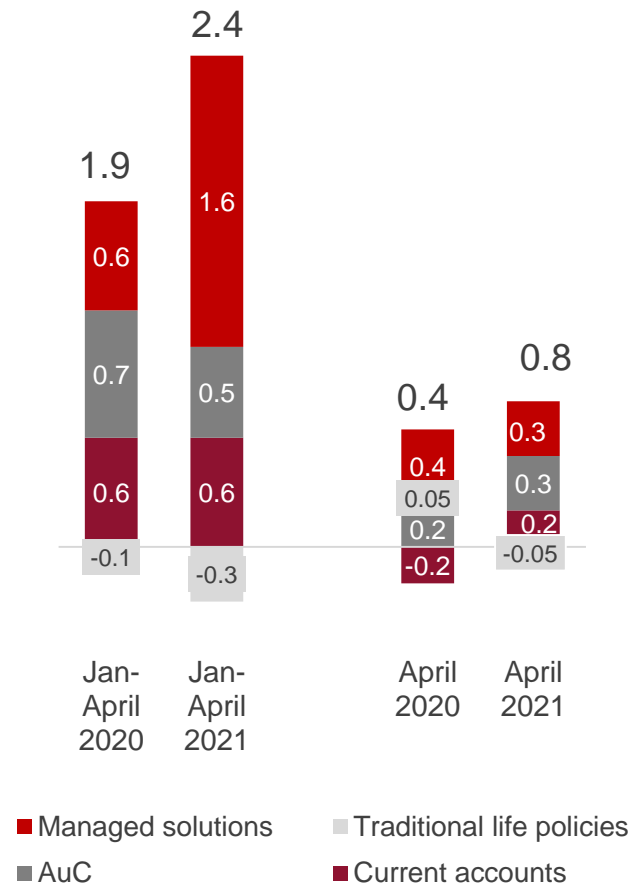
Recruiting target for the year confirmed at 80-100 professionals by year-end

APRIL 2021 COMMERCIAL UPDATE

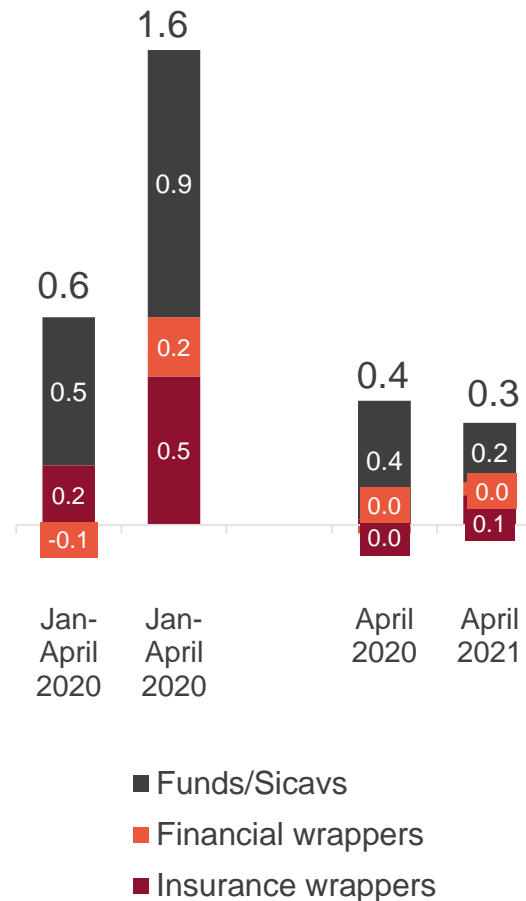
ROBUST NET INFLOWS DRIVEN BY MANAGED SOLUTIONS



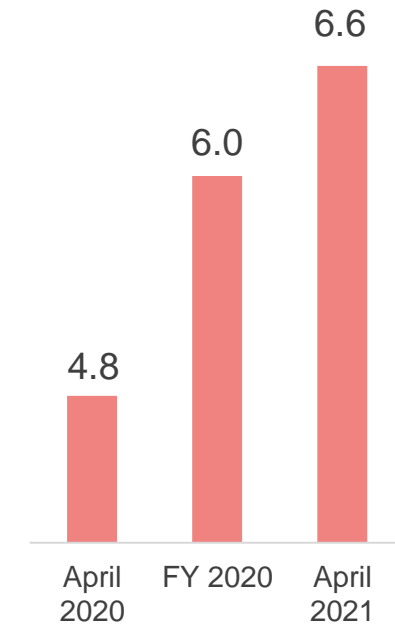
Total net inflows bn/€



Managed solutions, bn/€



Assets under Advisory bn/€



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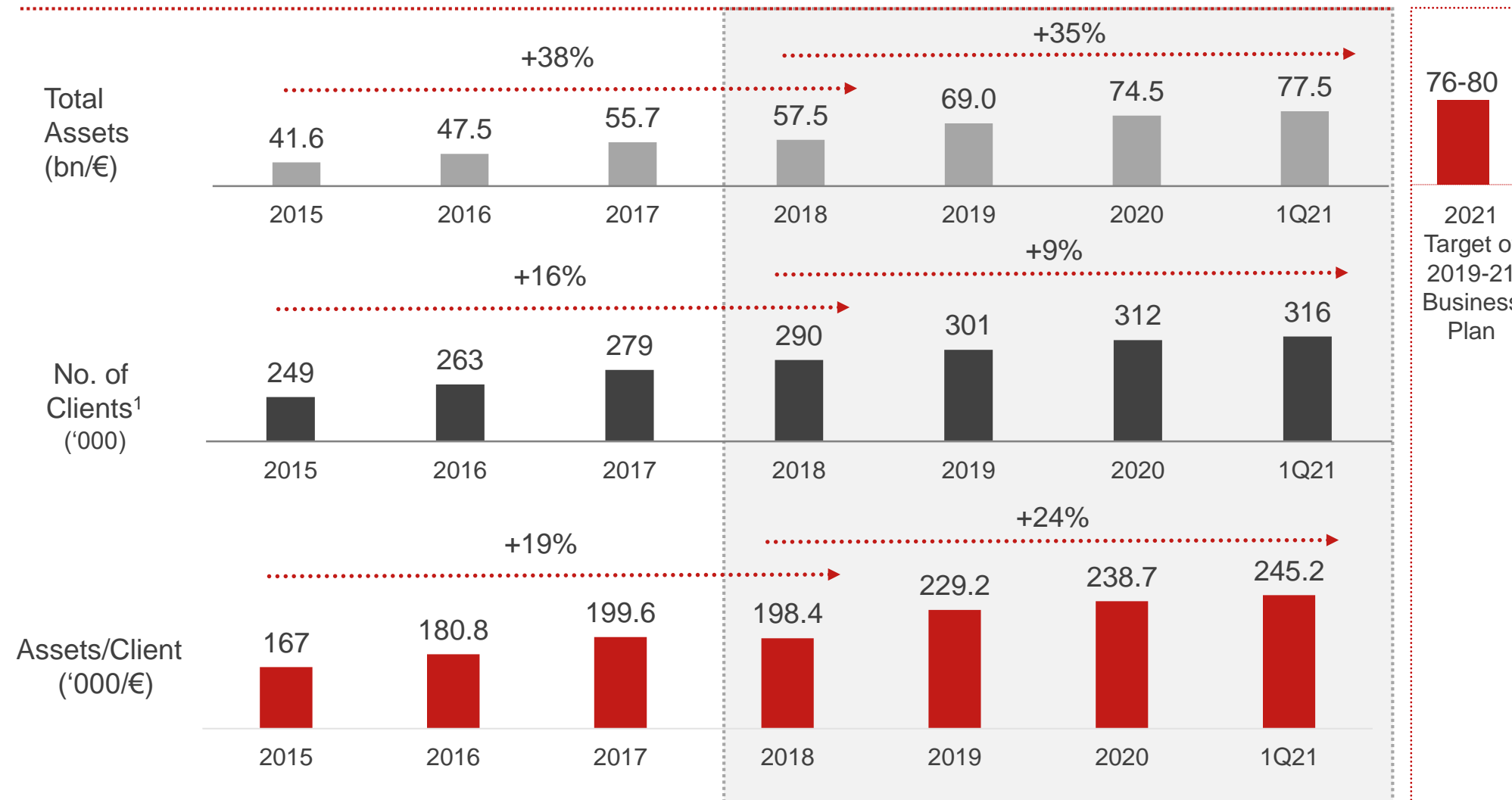
Appendix

GROWTH (1/2) - 3 YEAR BUSINESS PLAN TARGET ALREADY ACHIEVED

FOCUS ON QUALITY OF CLIENTS NOT NUMBER



Assets and No. of Clients, bn/€, '000



Strong asset growth
+€20bn since the start of 3Y Plan

Growing client base with a focus on **wealth advisory needs**

Clients' portfolio average has been growing steadily over time thanks to focus on private clients (>€500K)

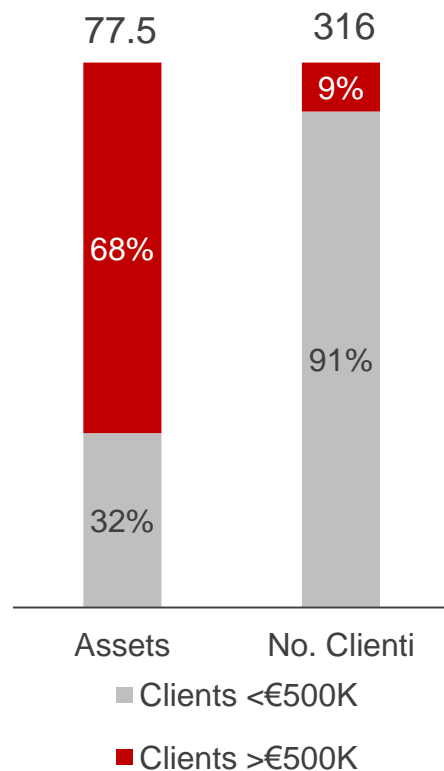
GROWTH (2/2) – 3 YEAR BUSINESS PLAN TARGET ALREADY ACHIEVED

DELIVERING ON PRIVATE CLIENTS AS STATED IN THE 3Y PLAN



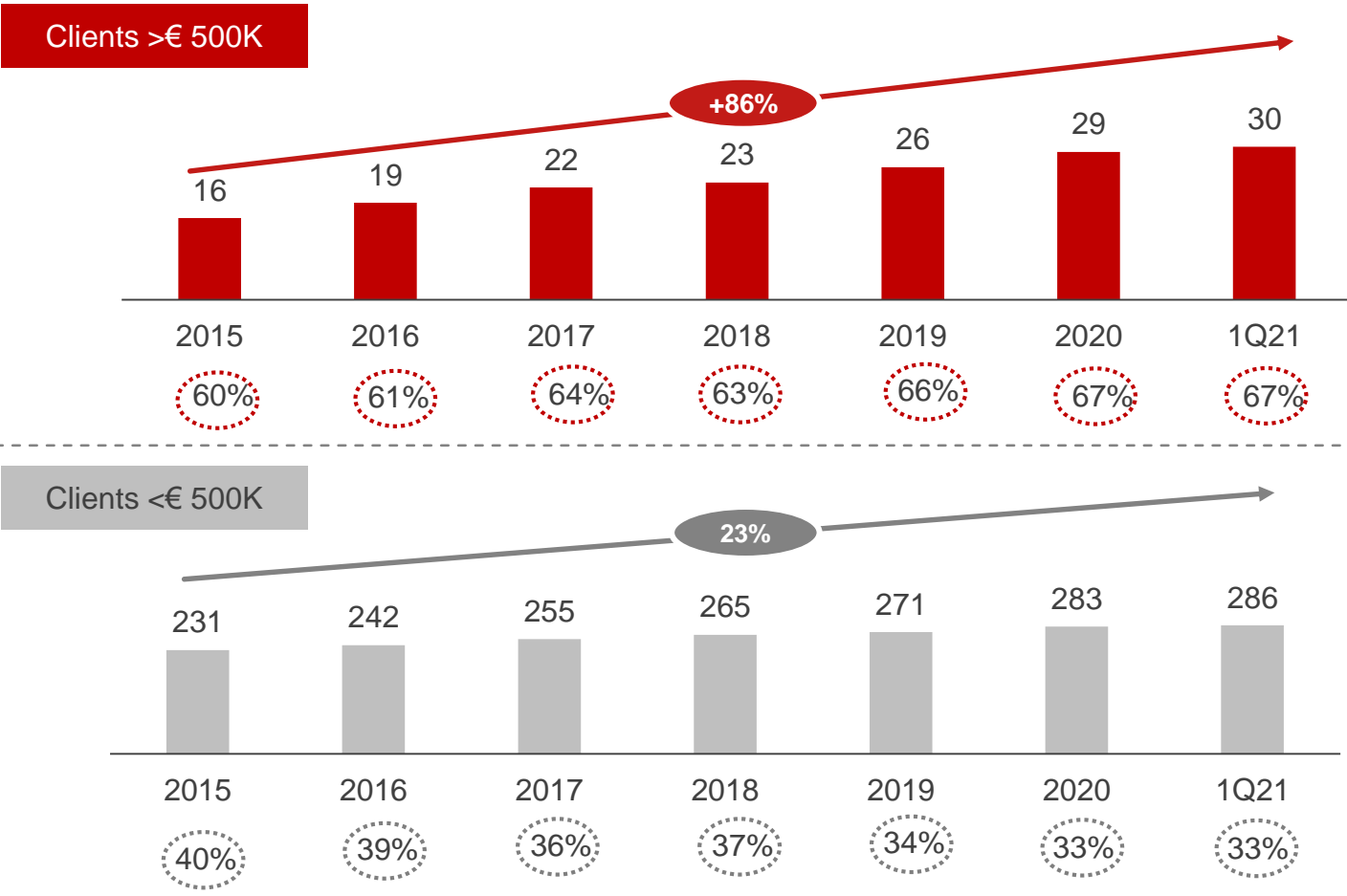
Breakdown of Clients by cluster, bn/€,

Data as of 31.03.2021



% Asset

No. of Clients,

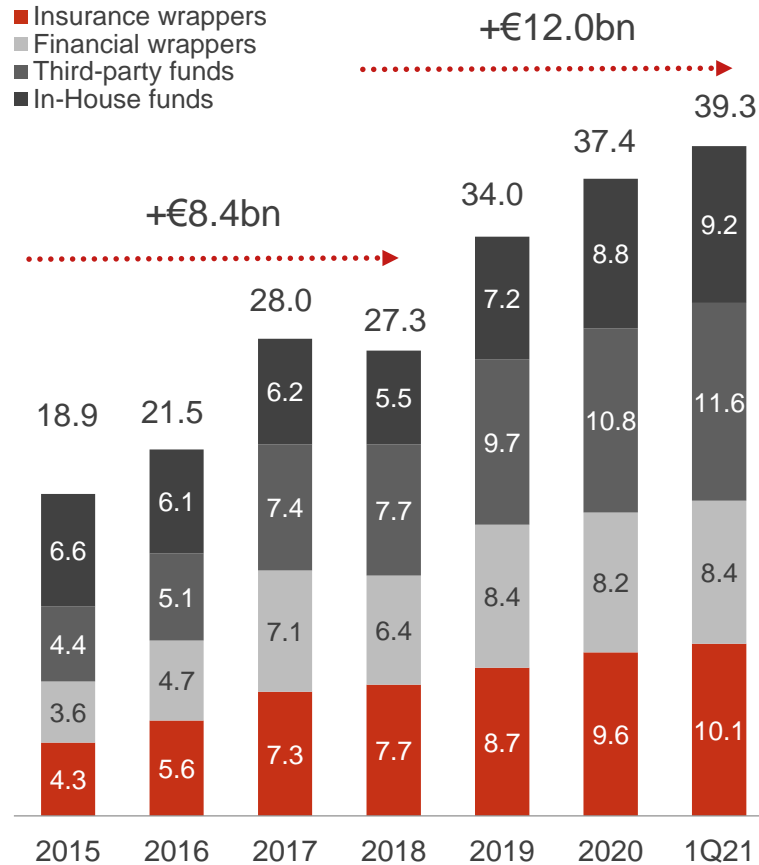


VALUE (1/3) – IMPROVED ASSET QUALITY

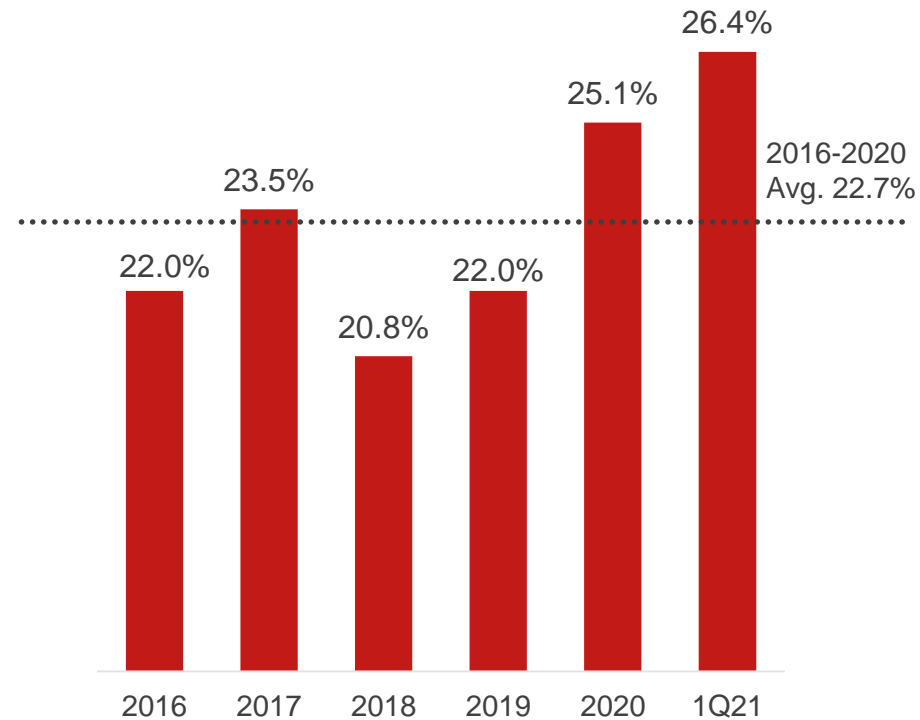
MANAGED SOLUTIONS REPRESENTING THE BULK OF ASSET GROWTH



Managed solutions m/€



Equity exposure/Total Assets %



44% of 2019-21 assets growth YTD in managed solutions (+€12bn YTD)

Equity exposure currently at 5 years high at 26.4% of total assets (c. 47% of managed solutions YTD)

Managed solutions/ Total assets (%)

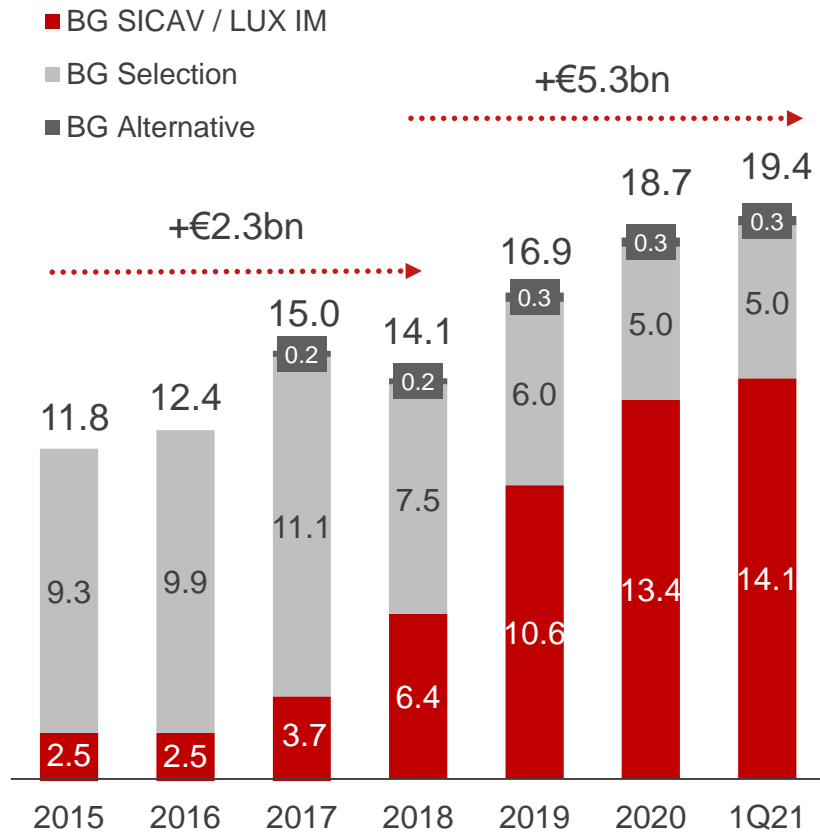
2015	45%
2016	45%
2017	50%
2018	48%
2019	49%
2020	50%
1Q21	51%

VALUE (2/3) – IMPROVED ASSET QUALITY

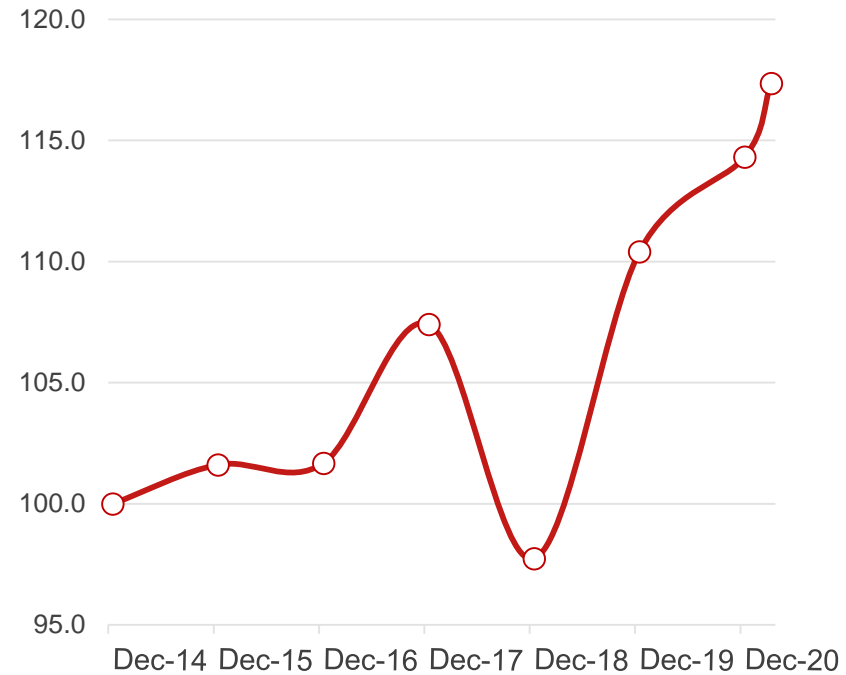
LUX IM EXPECTED TO LEAD GROWTH THANKS TO ONGOING INNOVATION



In-house assets (BG FML)



WAP¹ of BG FML



Sound asset growth supported by **positive performance delivery** to clients net of any fees

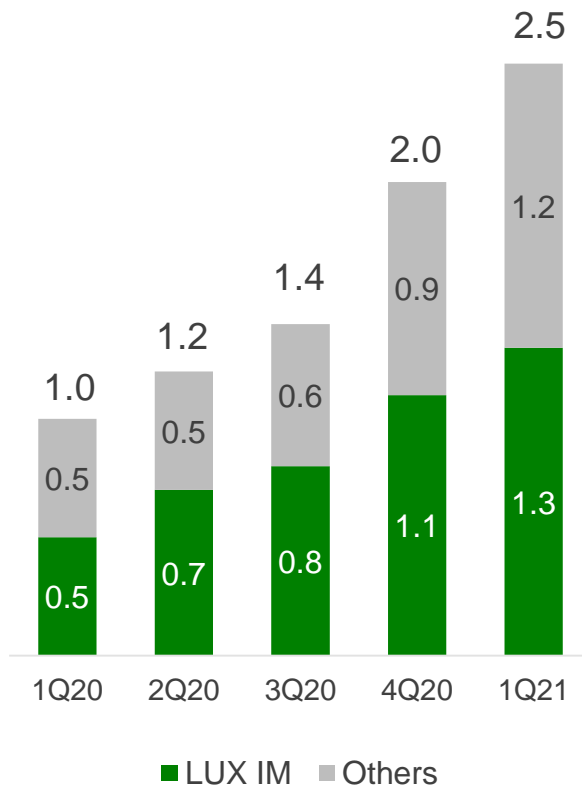
Overall growth expected to continue with **fourth wave** of new fund launching (authorization expected by June/July 2021)

VALUE (3/3) – IMPROVED ASSET MIX

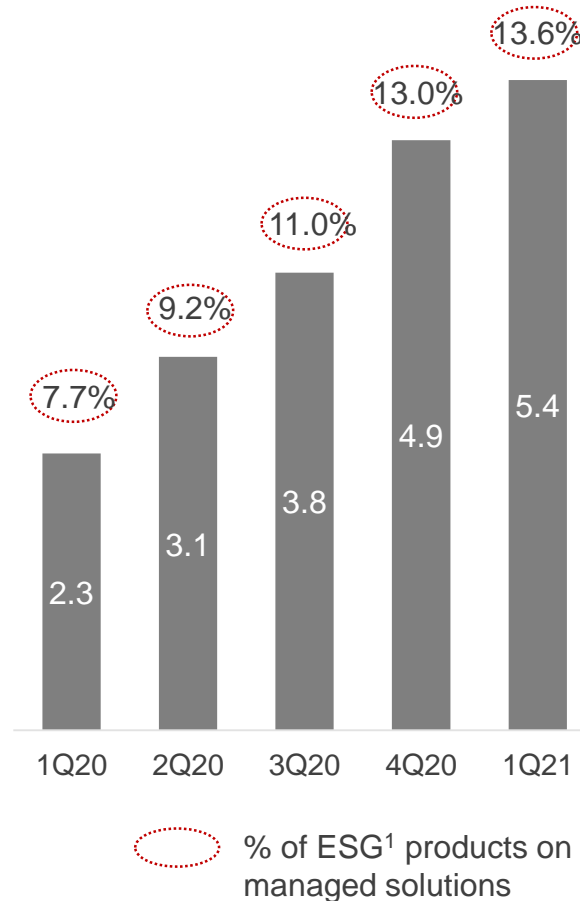
ESG PROVING AS A KEY GROWTH DRIVER FOR MANAGED SOLUTIONS



Cumulative Net inflows in ESG¹ products since inception, bn/€



Assets in ESG¹ products, bn/€



Unique ESG commercial approach based on a dedicated IT proprietary platform, in-depth analysis of ESG features and link to each individual SDG for 230 funds/SICAVs, performance delivered also in tangible terms

ESG strategies representing 13.6% of total managed solutions as of 1Q21. LUX IM represents 52% of total ESG assets.

CLOSING REMARKS

SOLID FOUNDATIONS ON WHICH TO BUILD THE NEW BUSINESS PLAN



Objective	KPIs	2021 Targets	2019-1Q21 Results	Score
Asset growth	Cumulative Net Inflows	>14.5 bn/€	12.7 bn/€	<input checked="" type="checkbox"/>
	Total Assets	76-80 bn/€	77.5 bn/€	<input checked="" type="checkbox"/>
Sustainable profitability	Core Net Banking Income ¹	≥63 bps	67 bps	<input checked="" type="checkbox"/>
	'Core' Operating Costs ¹ :	3%- 5% CAGR	4.6% ²	<input checked="" type="checkbox"/>
Shareholders' remuneration	Dividend pay-out	70%-80% pay-out ratio	2019/20 avg. 70.5%	<input checked="" type="checkbox"/>
	Dividend per share	DPS (1.25€) set as a floor	2019/20 cumulative €3.3 p.s.	<input checked="" type="checkbox"/>

Legenda: On track to 2021 target

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



Preliminary remarks



1Q 2021 Financial Results



Net Inflows, Assets and recruiting



Business update and closing remarks



Appendix

 Details in the next slides

KEY BUSINESS DRIVERS

A BG FUND
MANAGEMENT LUX

B ESG

C INSURANCE

NEW REVENUE STREAMS

D ADVANCED ADVISORY

E BROKERAGE

F STRUCTURED PRODUCTS
& PRIMARY MARKET

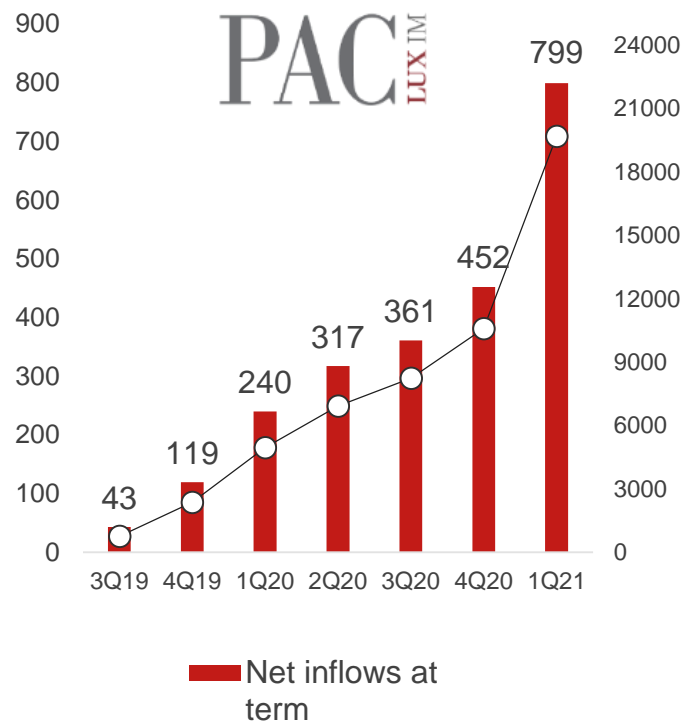
NEW BUSINESS LEVERS

G LOMBARD LENDING

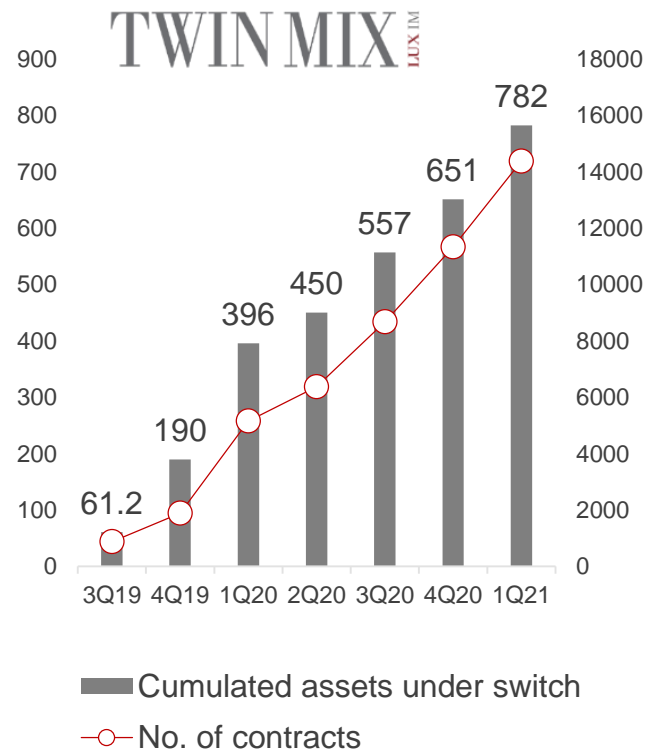
H PRIVATE MARKETS

I INTERNATIONAL
EXPANSION

Savings Plans: Net inflows in LUX IM m/€



Switch Plans: Net Inflows in Funds m/€



Strong delivery of new tools linked to LUX IM:

PAC (Savings plans): almost doubled by number since the start of the year. Decent size (€40K) and length (five years) on average

TWIN MIX (Switch plans): solid growth of assets invested in low volatility funds to be switched into higher volatility sub-funds within LUX IM offer

Distinctive commercial approach

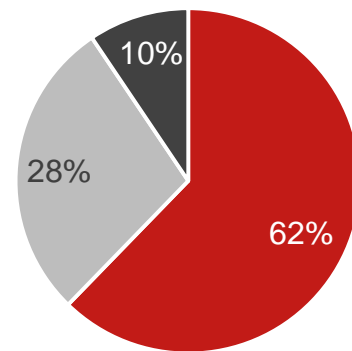
UN SDGs

Fund selection and ranking

ESG dedicated platform

ESG reporting

ESG assets split by managed solutions



- Funds/Sicav
- Insurance wrappers
- Financial wrappers

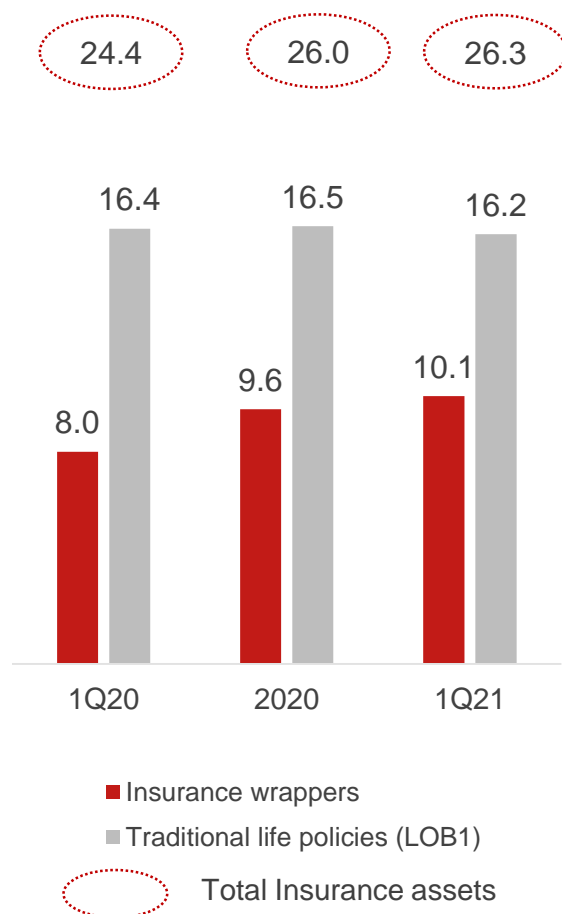
ESG Funds/SICAVs:
244 ESG funds (+21 strategies YTD, +52 YoY)

New products
LUX IM expected to double offer (from 14 to 28 ESG lines) with focus on current and new ESG investment approaches, new generation sustainable themes, health-related strategies

KEY BUSINESS DRIVERS - INSURANCE

INSURANCE OFFER TURNING TOWARDS WRAPPER SOLUTIONS

Insurance assets bn/€



Insurance products



- Hybrid solution combining on average 30-40% of LOB1 with single funds/securities and ETF

LUX PROTECTION LIFE

- Private insurance with flexible booking and AM centers and dedicated lines for HNWI



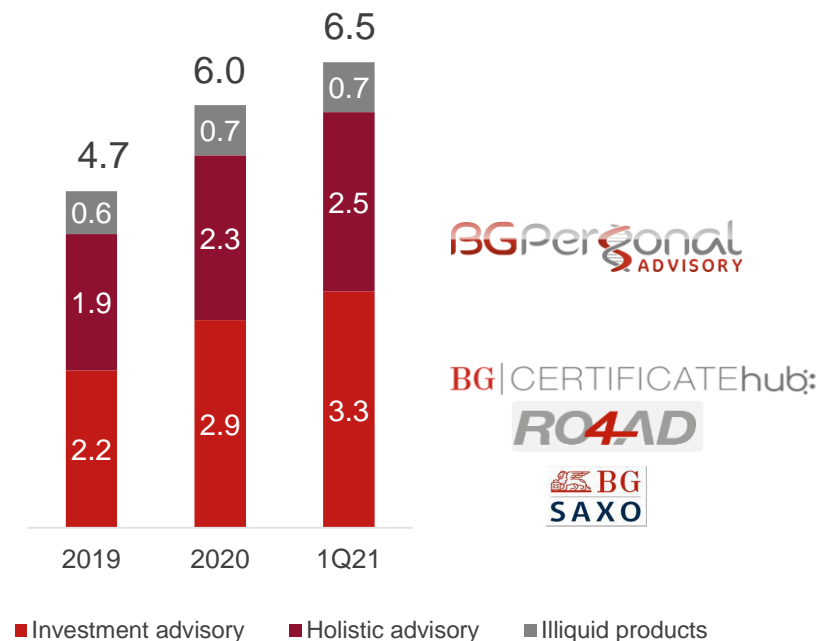
- New saving plans with insurance waivers linked to tailor-made clients' objectives

Growing focus on wrapper solutions in light of current ultra-low rate environment

Diversified insurance solutions for different client needs, all combining high level of personalization

- BG Stile Libero - bespoke insurance wrappers with distinctive waivers leveraging on Assicurazioni Generali's expertise
- LUX Protection Life - insurance solutions for HNWI for wealth and succession planning
- BG Progetti di Vita - Savings plans with insurance covers linked to life

Advanced advisory (AuA) by mix, bn/€



Three advisory levels: investment advisory, holistic advisory, illiquid products

Growing dissemination amongst FAs (64% of total FAs vs. from 59% in 2019)

Success amongst private clients (€600K/avg. contract)

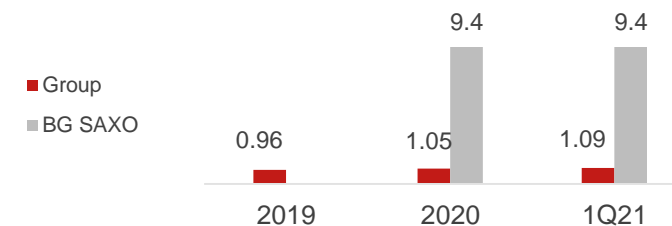
Structured products

Best private bank for structured products

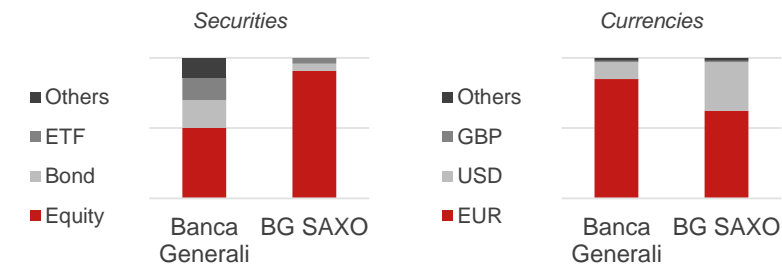
Logos: BG | CERTIFICATEhub: ROAD, BG SAXO

BG Certificate hub - A fully-fledged platform to approach structured products as a tool for yield enhancement and an instrument for tactical asset allocation

Turnover ratio¹



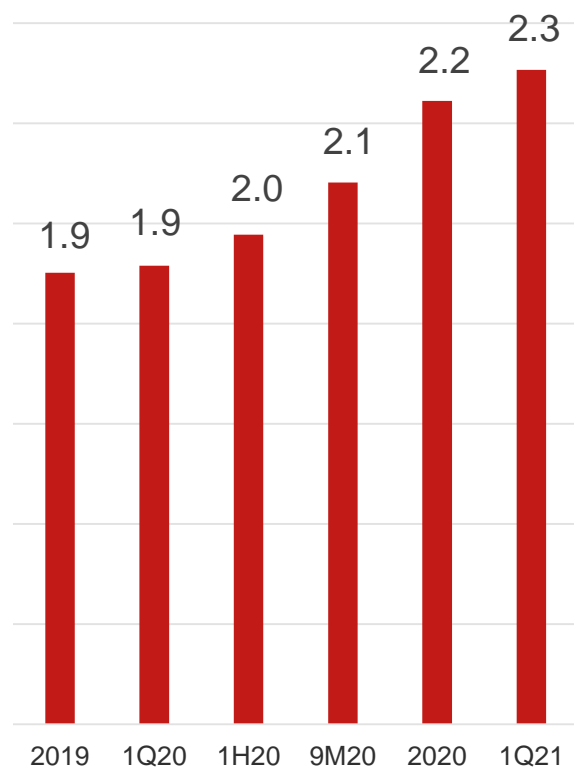
Trading Mix (1Q-21)



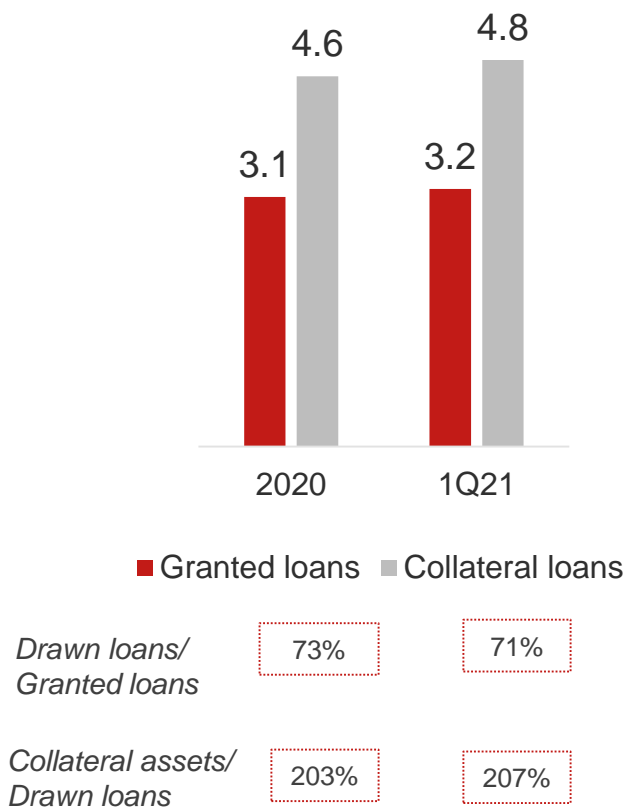
Better trading mix with growing equity and international exposure. Positive start to CFDs

Large investable space with 19,000 equity instruments on 36 markets, 5,000 corporate and govt. bonds, 3,000 ETFs on 30 exchanges, 9,000 CFDs

Drawn loans, bn/€



Loans trend, bn/€



Steady growth in new loans

1Q21 new drawn loans at €62 vs. €10m in 1Q21 (€264m in 2020)

Well diversified and secured lending

Lending policy focused on the existing Client base, well diversified and with State Guarantees on corporate loans

Collateral assets

Lombard loans are backed by financial assets, whose market value is significantly higher than book value

BG's way to Private markets



Client target

Clients' AUM thresholds for access to the product:

- FIA – for Clients with AUM > €500K
- ELTIF - for Clients with AUM > €250K

Minimum investment size requested:

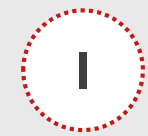
- FIA – €100K
- ELTIF - €10K

Subscriptions in progress

Net inflows growing steadily (~€90m YTD) amid strict thresholds and enhanced controls for retail Clients due long holding period (above 6 years) and illiquidity

BG's ecosystem

Exclusive partnership with International VC and research centers to select co-investment opportunities



NEW BUSINESS LEVERS - INTERNATIONAL EXPANSION

TEMPORARY SLOWDOWN DUE TO THE PANDEMIC AND LOWER RISK PERCEPTION



Three drivers



Increased need to obtain a **Swiss banking licence** in order to capitalise on the opportunities offered by the context

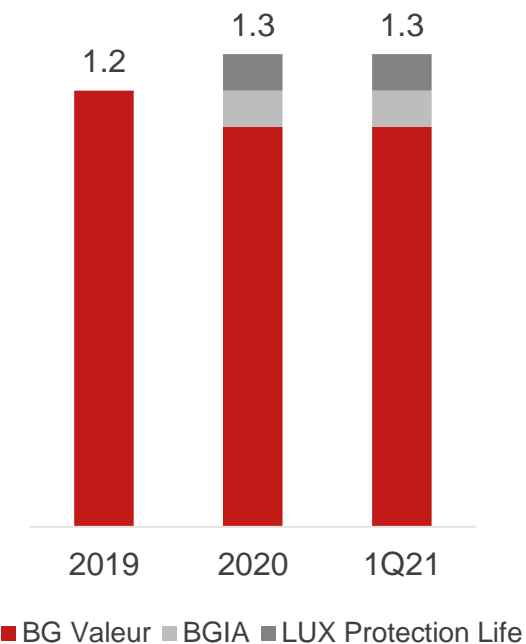


BGIA is the **key tool to better serve clients amid** lockdowns/social distancing measures and changing market context



Opportunity to leverage on **BG Valeur asset management skill** for tailor-made investment lines

Assets, bn/€



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.

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