

1Q 2020 RESULTS

14 MAY 2020



**BANCA
GENERALI**

Preliminary remarks

1Q 2020 results

Net Inflows, assets and recruiting

Business Update

Appendix



Health and safety of all our Employees, Financial Advisors, Clients and their families

- >90% of employees working from home and ensuring 100% of business continuity
- Ongoing health information delivered with Covid-19 newsletter and video messages from CEO/HR
- Dedicated health protection phone line and medical assistance available for all employees, strict health measure in place in any building/ branch



Focus on core business: protecting the wealth of our clients

- Business continuity focused on proactive client engagement leveraging on digital tools (digital collaboration, home & mobile banking) and enhanced contact center operations
- On going communication on markets, investment services and products
- New product initiatives to manage growing liquidity in a more efficient way for both clients and bank



Actions to support Italy, its local Communities and its Healthcare System

- €100m in financing for SME leveraging on Generali as anchor investor within its 'Extraordinary International Fund for Covid-19'
- New €140m healthcare receivable securitization program to provide liquidity to companies in the health care sector
- €1m donation from Banca Generali and its employees to the Italian healthcare and Red Cross

1Q 2020 RESULTS: EXECUTIVE SUMMARY

SOLID TREND IN SPITE OF COVID-19



Total assets at €65.2bn

- **Total assets on a rollercoaster in 1Q20:** from multi-year financial markets' highs at mid-February to a multi-year lows in March. Back on a recovery path in April (€67.0bn). Overall, sound reaction from clients and no sell-off of managed products. Also, assets under advisory proved resilient at €4.6bn despite market pressure.
- **Positive net inflows at €1.5bn in 1Q20 in a context of market crash, lockdown and social distancing measure throughout Italy.** Net inflows further boosted by €408m in April to €1.9bn. Sound increase in key managed products such as LUX IM (+€0.8bn) and insurance wrappers (+€0.23bn) thanks to ongoing product innovation and new launches



Net profit at €79.1m (+19%)

- **Solid operating trend** in key recurring revenue lines: management fees (+7% YoY) and new revenue streams from advisory, structured products, brokerage and sound trend in core operating costs (+3.7%)
- **Positive contribution from variable fees** partially offset by higher adjustments and provisions reflecting primarily the different market conditions at the end of the period



Sound Capital position incorporating dividends distribution in line with guidance

- **Solid Capital position** with TCR reported at 15.5% and CET1 ratio at 14.1%, both well above the requirement set by Bank of Italy on 1 April 2020 on the aftermath of Covid-19
- **Capital ratios** incorporated a 100% deduction of 1Q 2020 net profit in line with the guidelines provided by the 2019-21 Strategic Plan. Capital ratios also incorporated a 100% deduction of the 2019 dividend that has been indeed approved **by the AGM of the 23 April**

RESULTS AT A GLANCE

KEY TAKEAWAYS

(€ mil)	3M 19	3M 20	% Chg
Net Interest Income	15.9	20.2	27.5%
Net income (loss) from trading activities and Dividends	4.0	4.0	-0.4%
Net Financial Income	19.9	24.2	21.9%
Gross recurring fees	172.8	195.5	13.2%
Fee expenses	-94.3	-104.4	10.7%
Net recurring fees	78.5	91.1	16.1%
Variable fees	35.2	53.4	51.7%
Total Net Fees	113.7	144.5	27.1%
Total Banking Income	133.6	168.8	26.3%
Staff expenses	-21.8	-25.7	17.8%
Other general and administrative expense	-21.9	-24.5	12.0%
Depreciation and amortisation	-6.8	-7.7	13.9%
Other net operating income (expense)	0.4	0.7	87.8%
Total operating costs	-50.0	-57.1	14.2%
<i>Cost /Income Ratio</i>	<i>32.4%</i>	<i>29.3%</i>	<i>-3.1 p.p.</i>
Operating Profit	83.5	111.6	33.6%
Net adjustments for impair.loans and other assets	4.0	-1.1	n.m.
Net provisions for liabilities and contingencies	-6.1	-8.2	34.5%
Gain (loss) from disposal of equity investments	-0.1	0.0	-38.0%
Profit Before Taxation	81.4	102.3	25.7%
Direct income taxes	-14.7	-23.2	57.7%
Net Profit	66.6	79.1	18.7%

Comments

Sound increase in total banking income (+26%)

- Net Financial Income (+22%) lifted by higher banking assets and more efficient treasury management
- Net Recurring Fees (+16%) driven by resilient management fees, higher new revenue streams and lower pay-out ratio

Headline operating costs inflated by change in perimeter ¹

- Core operating costs (+3.7%) included a push on IT strategic product, the launch of 'BG Training & Innovation Hub' and the most relevant key marketing initiatives to the start of the year
- Covid-19 related costs almost entirely linked to donations (€1.8m expected by year-end)

Conservative approach below the operating line

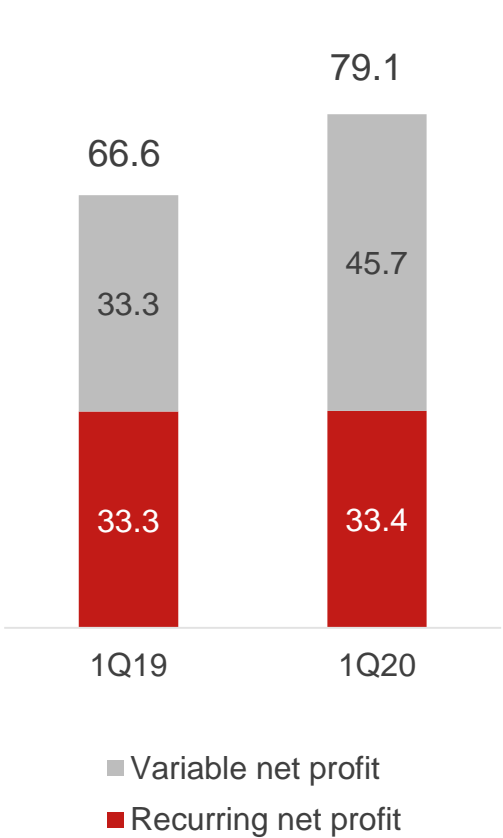
- Net adjustments related to changes in credit risk of European govt. bonds and higher provisions for future risks and charges. Both items linked to the impact of Covid-19 on the broader economic outlook

Net profit at €79.1m (+18.7%)

NET PROFIT BREAKDOWN

RECURRING NET PROFIT DRIVEN BY A SOLID OPERATING TREND

Net profit breakdown m/€



Build-up of recurring net profit m/€



AGENDA

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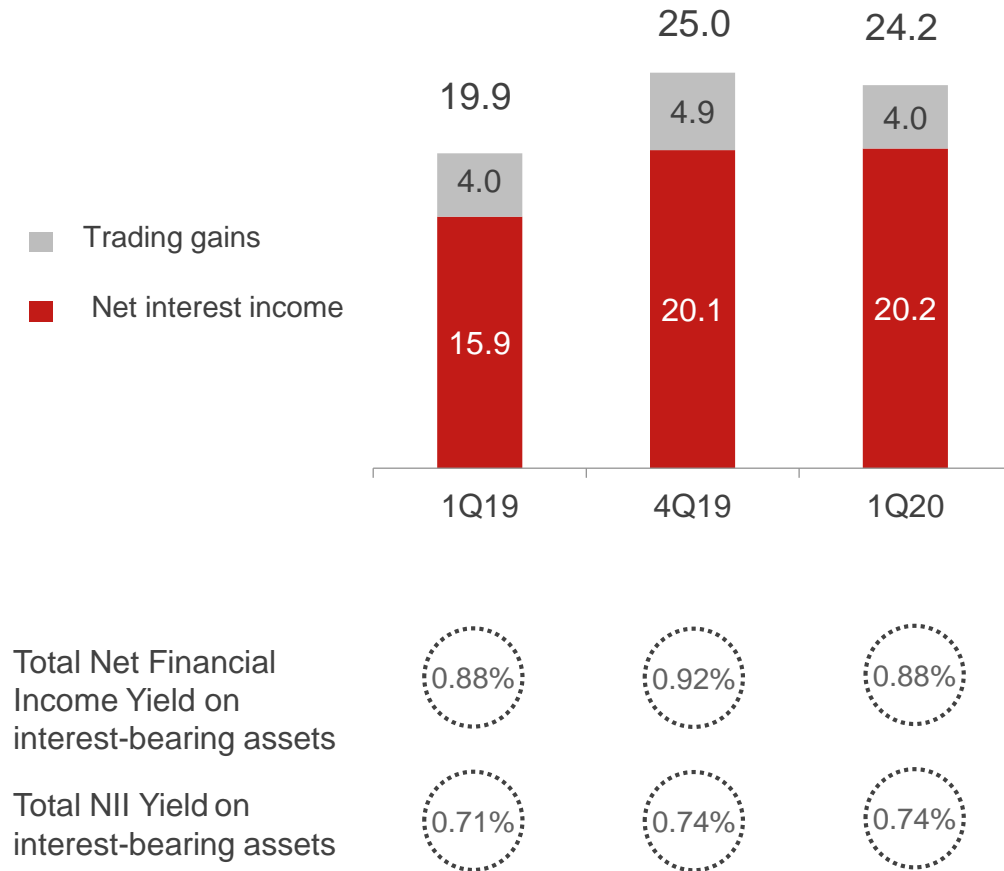
Business update

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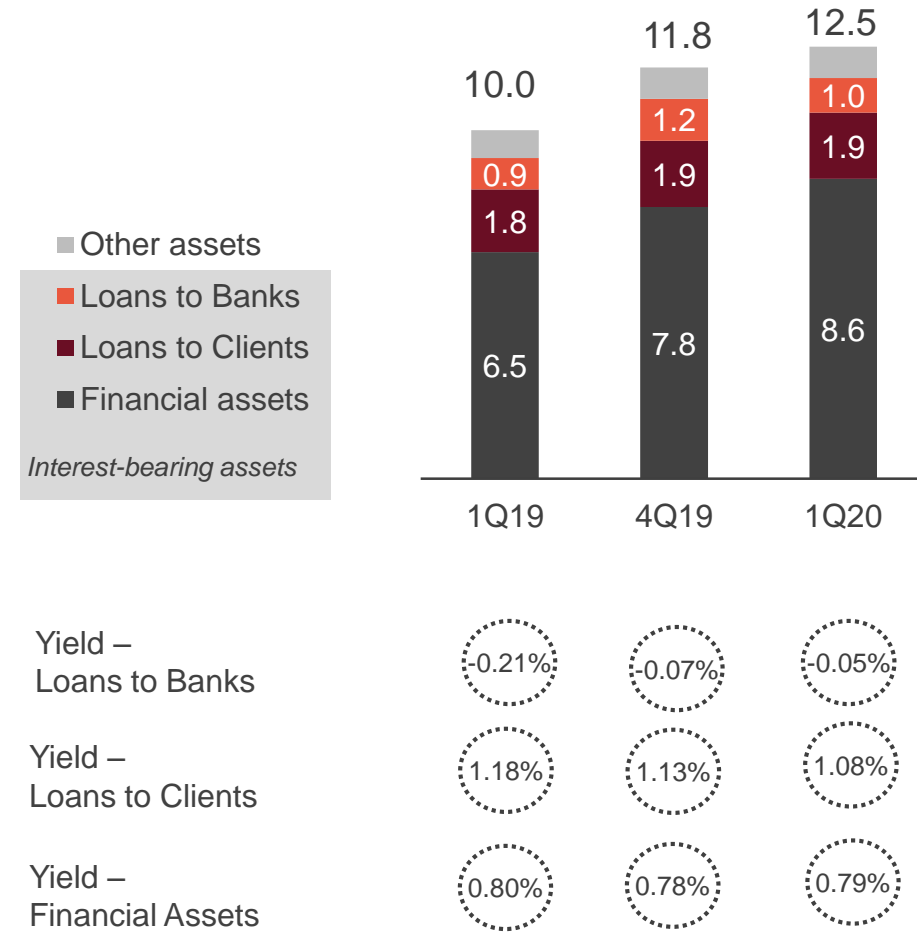
NET FINANCIAL INCOME

SOLID NII TREND

Net financial income m/€



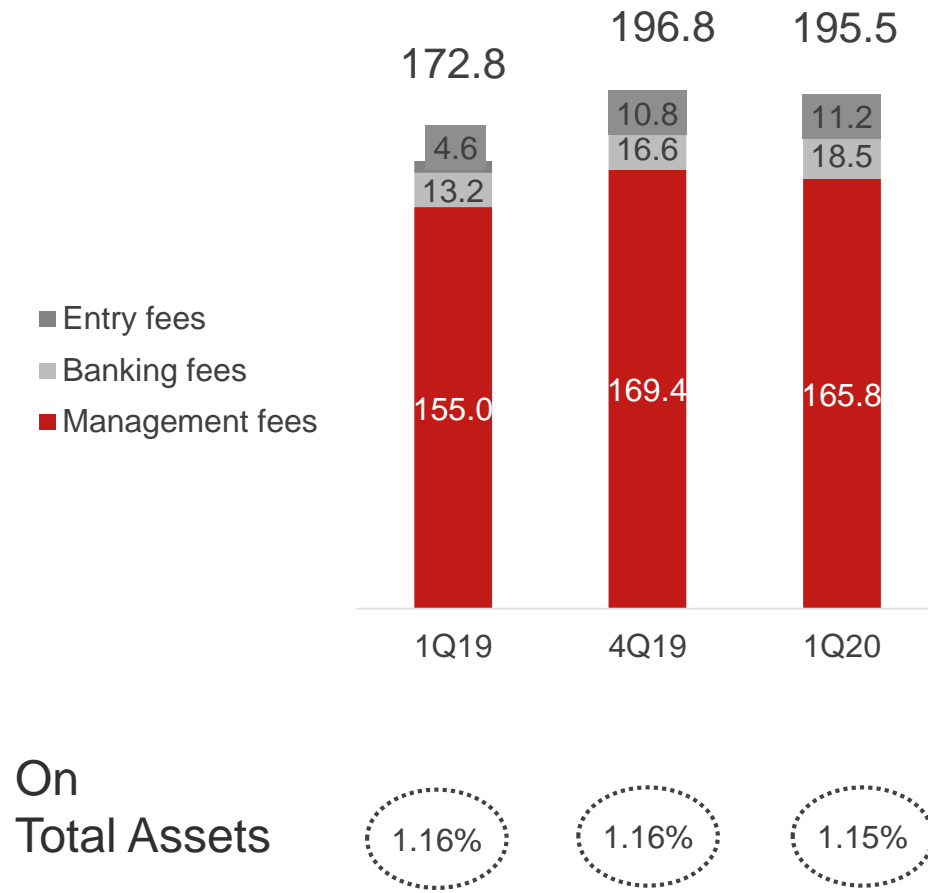
Total Assets and Interest-bearing Assets bn/€



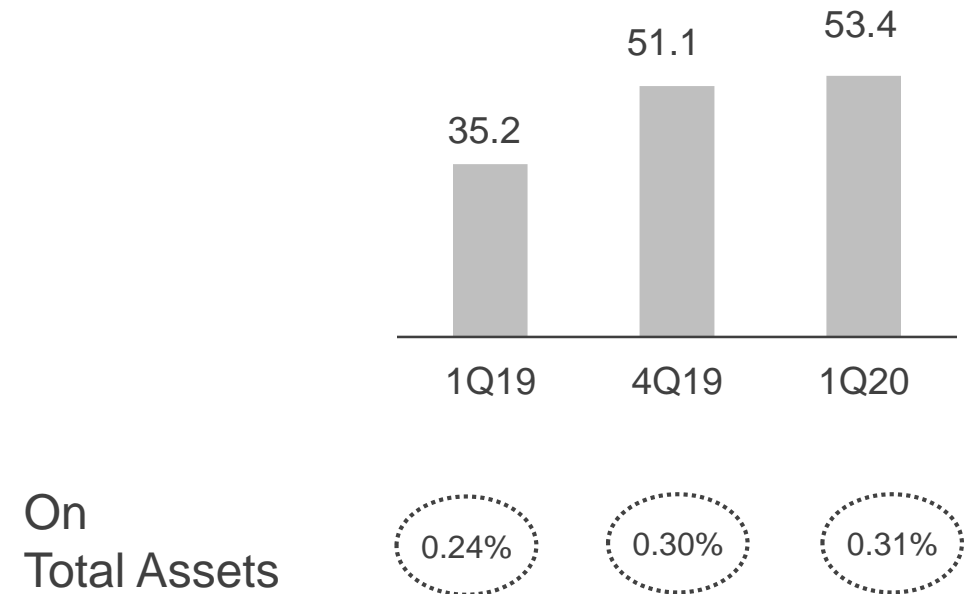
GROSS FEES

POSITIVE TREND AND RESILIENCE CONFIRMED

Gross recurring fees m/€



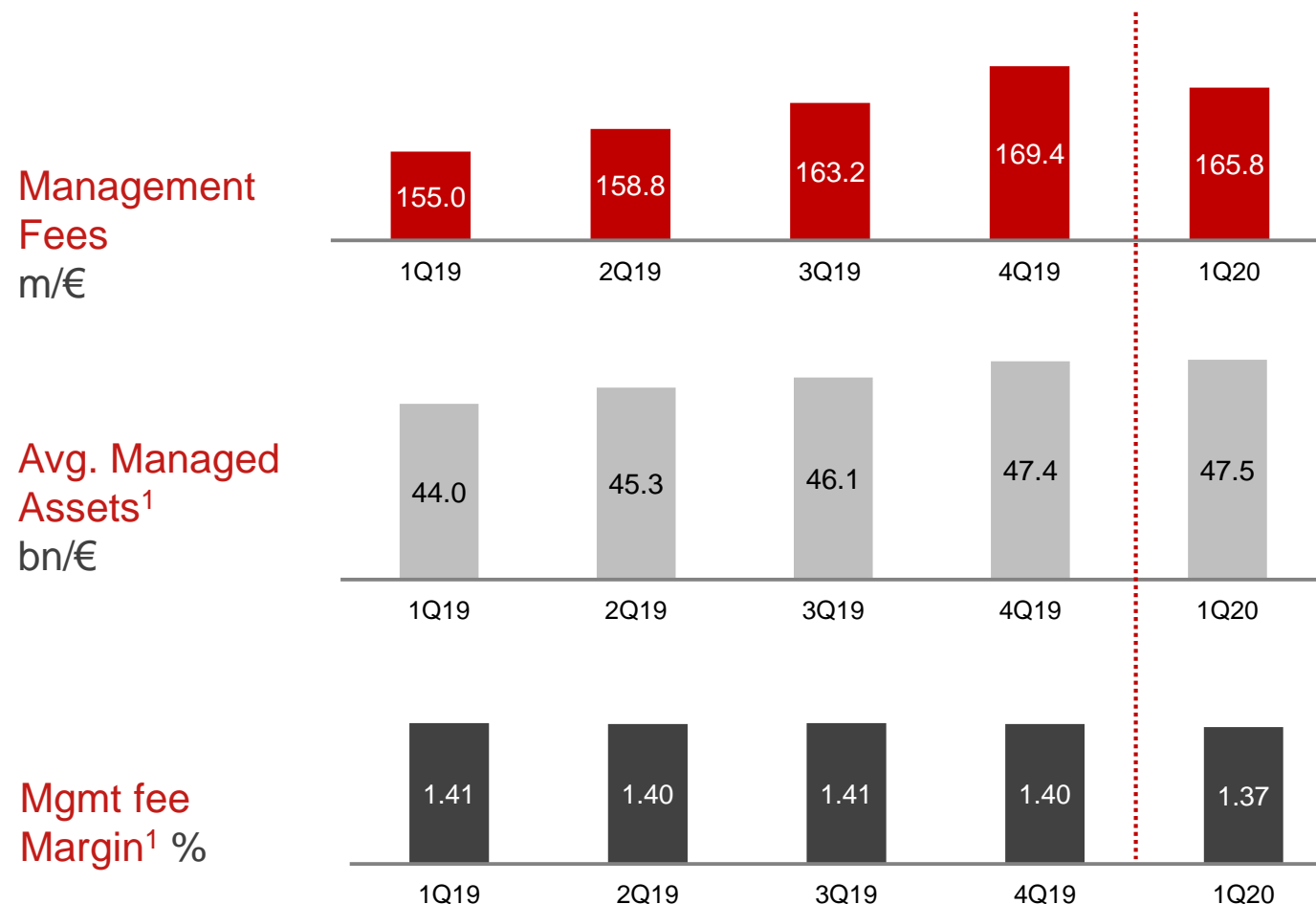
Variable fees m/€



MANAGEMENT FEES

SOLID MANAGEMENT FEE DESPITE THE HIT

Quarterly trend m/€



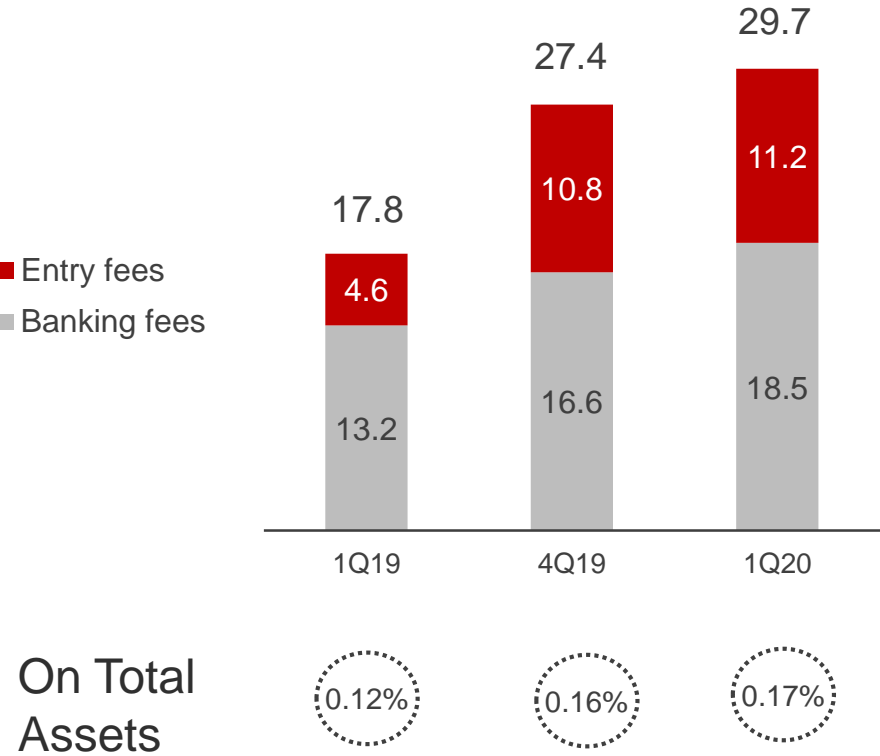
1Q20 management fees higher than last year (+7% YoY) thanks to asset expansion and limited quarterly erosion (-2% QoQ) after financial markets' collapse in March

Management fee margin at 1.37% on like-for-like basis. The difference in QoQ margin is related primarily (2bps) to the calculation of portfolio management fees that are tied to the final quarterly assets instead of the average (hence, more hit by the crash of the markets in March).

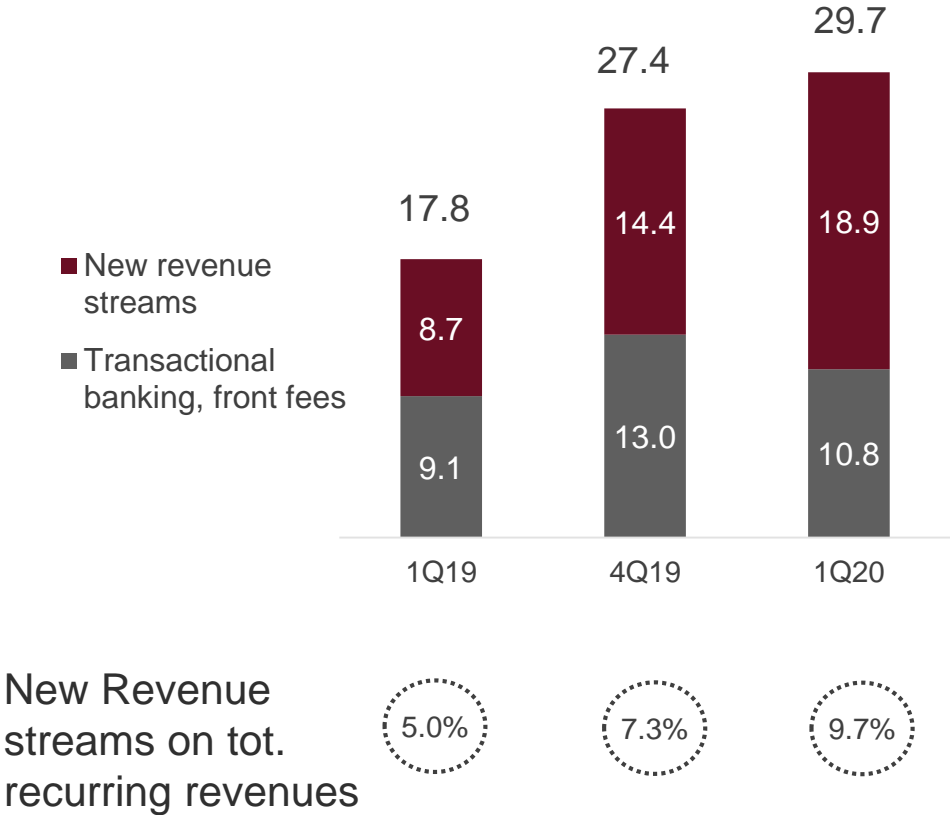
BANKING AND ENTRY FEES

GROWING FEE DIVERSIFICATION

Banking and Entry Fees m/€



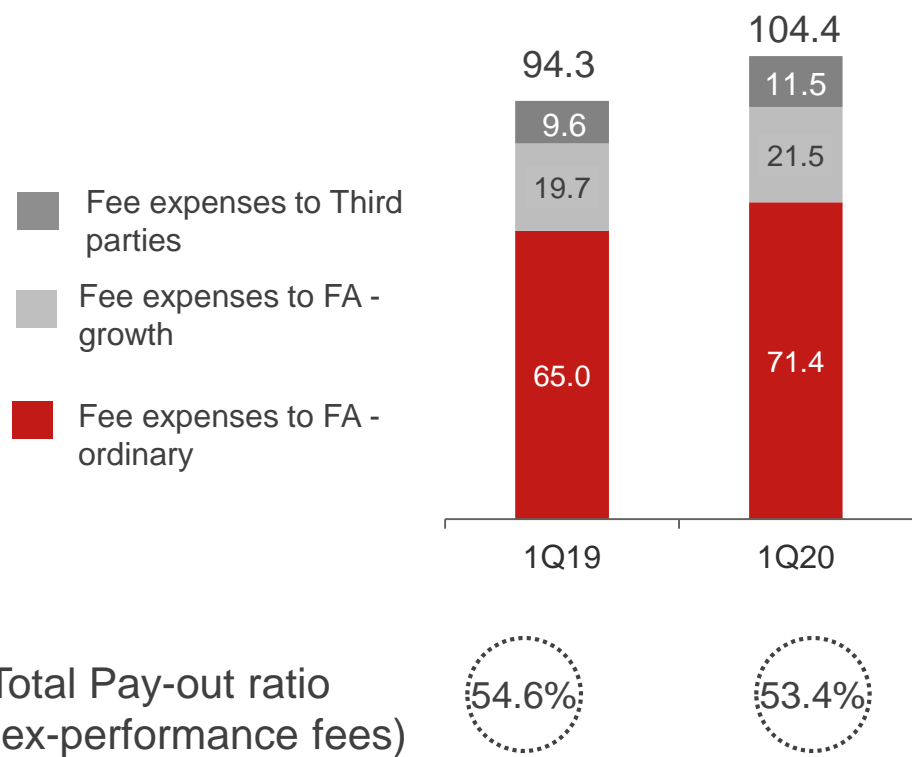
Breakdown by product/service mix m/€



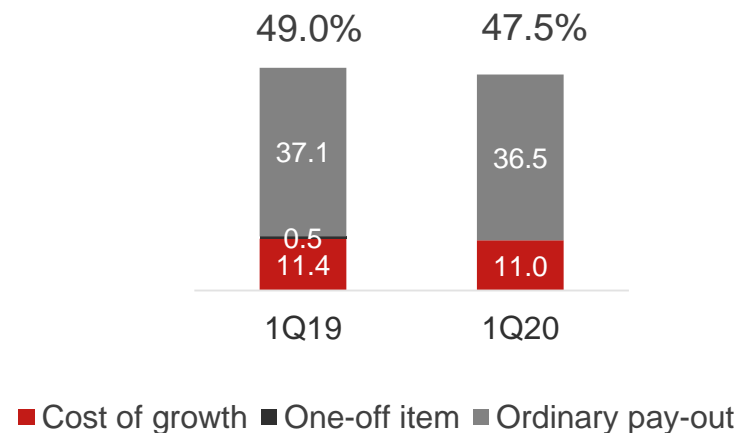
FEE EXPENSES

PAY-OUT RATIO MOVING DOWN

Total Fee Expenses m/€

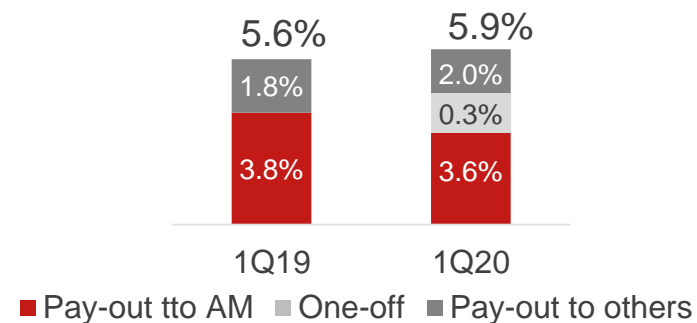


Pay-out to the network %



Ordinary pay-out:
decrease reflecting the different asset mix in the period and lower recruiting activity

Pay-out to Third parties %

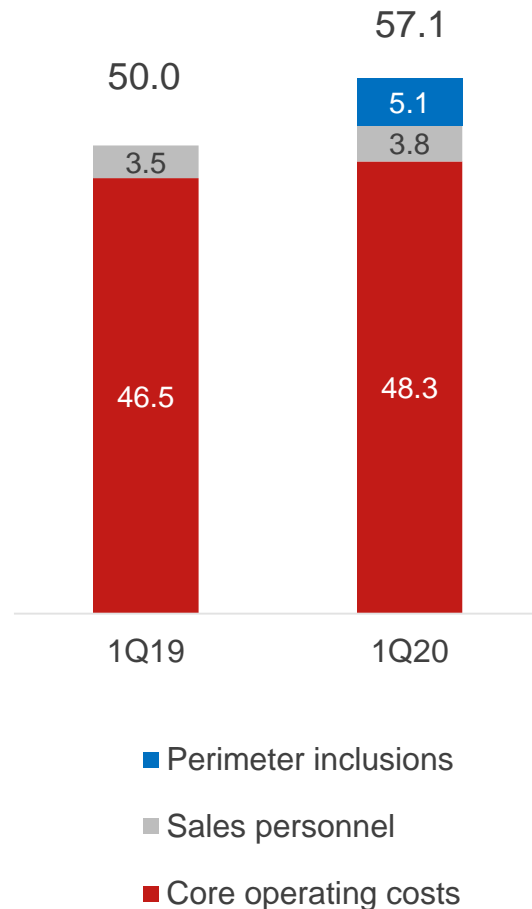


Pay-out to third-party:
slight increase linked to a €0.5m one-off item and seasonality

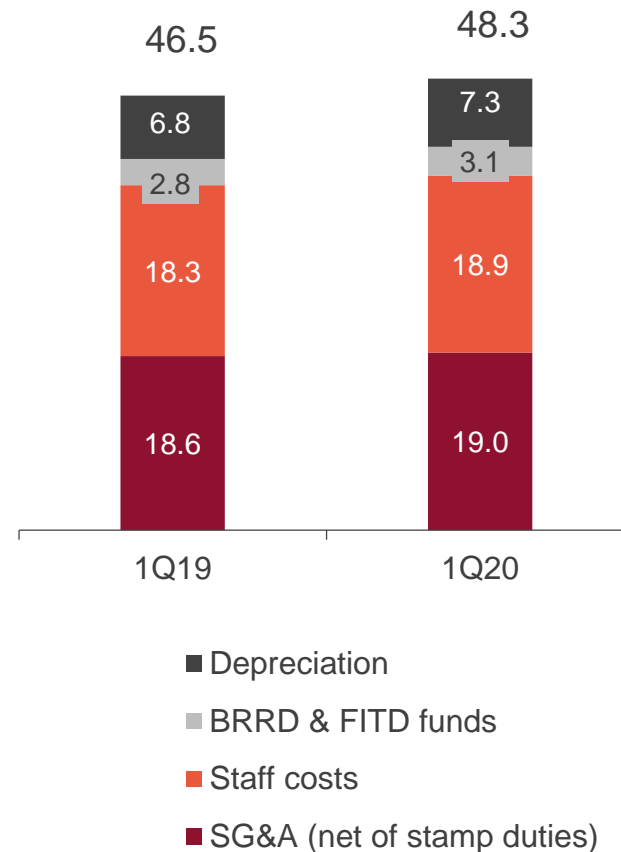
OPERATING COSTS (1/2)

OPERATING COSTS DRIVEN BY ASSET EXPANSION AND PERIMETER INCLUSIONS

Total operating costs m/€



Breakdown of core operating costs m/€

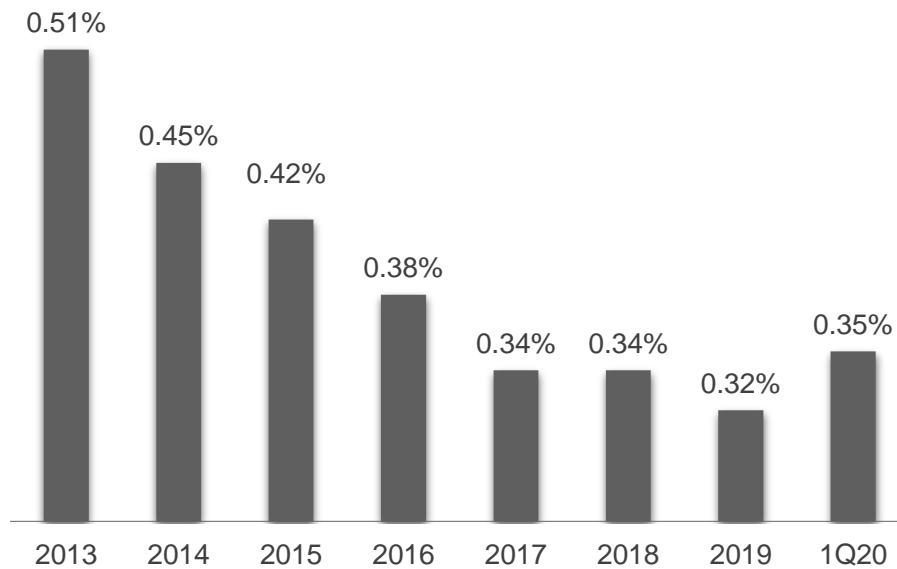


- **1Q20 operating costs** included first-time consolidation of Nextam & Valeur, including €1.2m one-offs costs for the ongoing integration
- **Core operating costs (+3.7%)** comprised all major planned marketing events as they took place ahead of Covid-19, including the launch of 'BG Training and Innovation Hub'. **SG&A** also included more costs for IT and product innovation
- **No major additional costs related to Covid-19** (estimated cost at €1.8m at year-end, of which €1m donation)

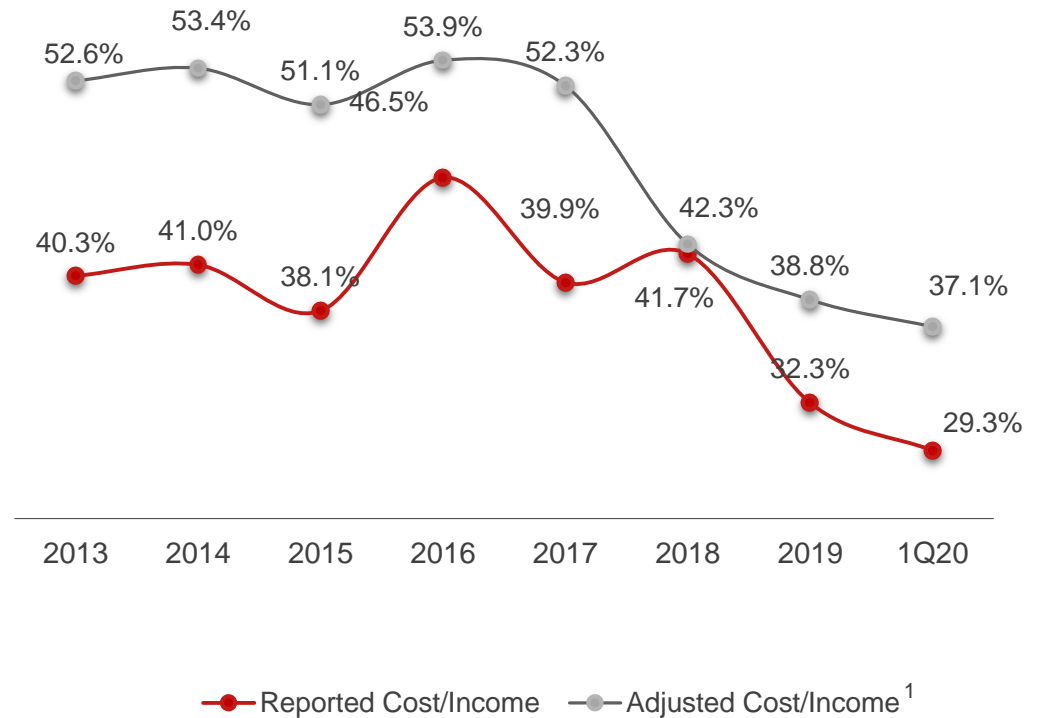
OPERATING COSTS (2/2)

EFFICIENCY CONFIRMED DESPITE TEMPORARY SPIKE

Operating costs/Total assets



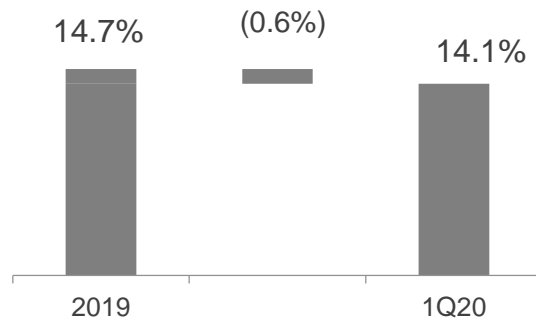
Cost/Income ratio



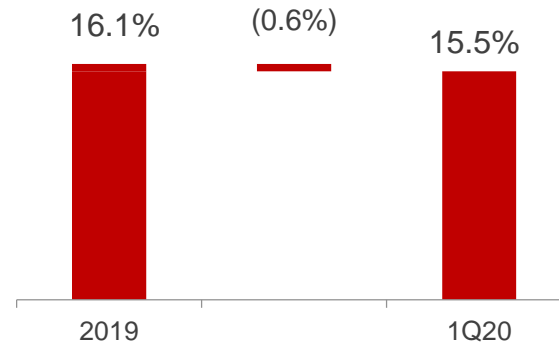
CAPITAL POSITION

SOLID CAPITAL REAFFIRMED WITH FULL CAPITAL RETENTION FOR DIVIDENDS

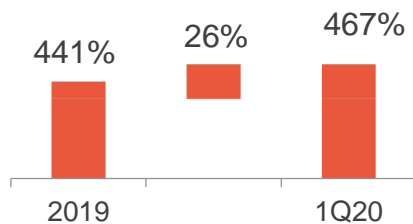
CET1 ratio



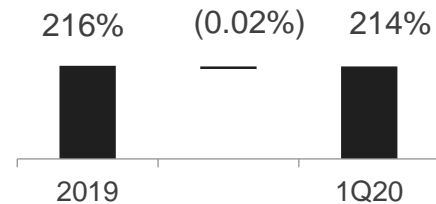
TCR ratio



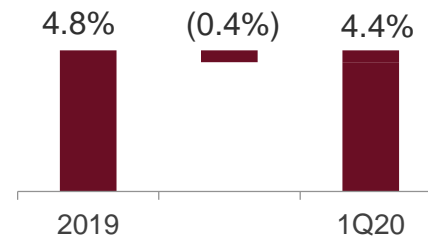
LCR ratio



NSFR ratio



Leverage



- **1Q 2020 net profit** was fully retained in compliance with the dividend policy approved by the 2019-21 Business Plan
- **The 2019 dividends** fully reduced own funds following confirmation of the dividend proposal to AGM
- **Capital absorption** was mainly linked to the reduction in HTCS reserves resulting from higher sovereign risks amid fears for Covid-19
- **Liquidity ratios and leverage** well above requirements.

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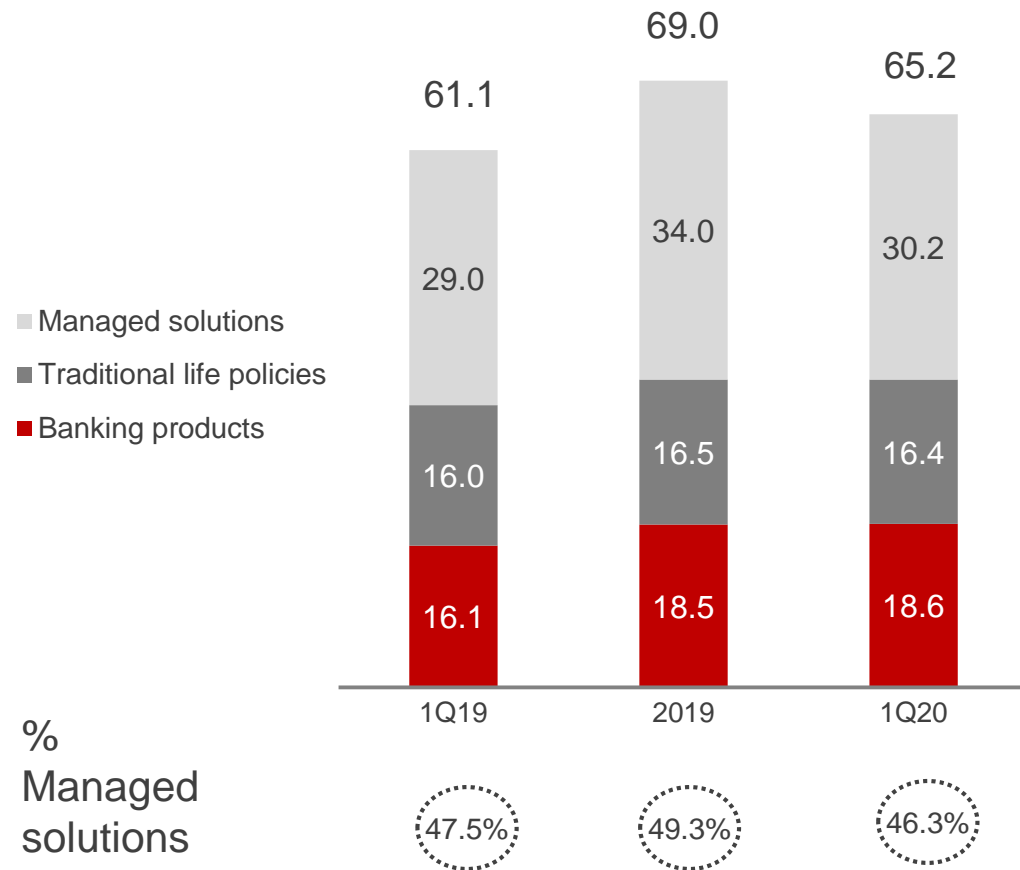
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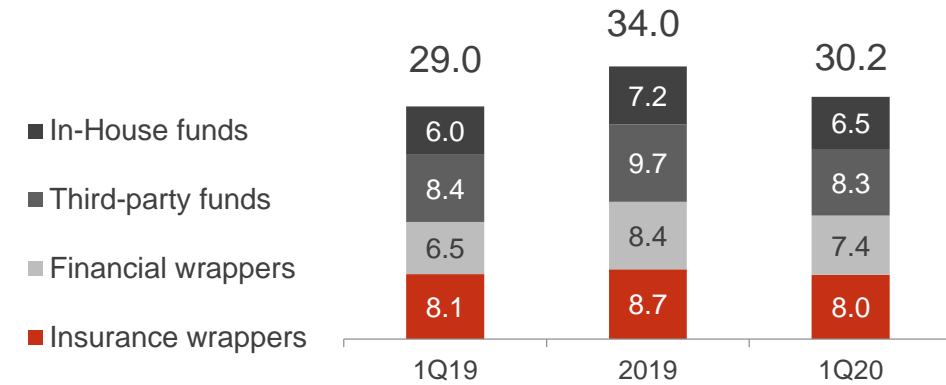
TOTAL ASSETS

VOLUMES AND PRODUCT MIX

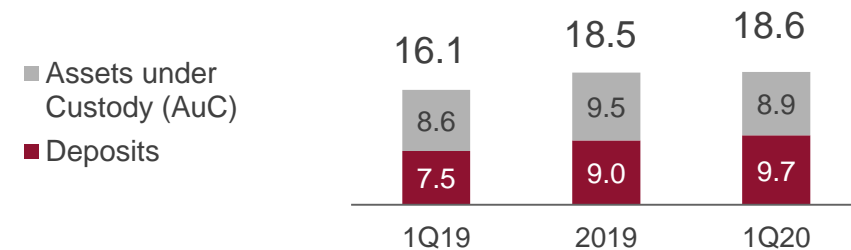
Total Assets bn/€



Managed Solutions bn/€



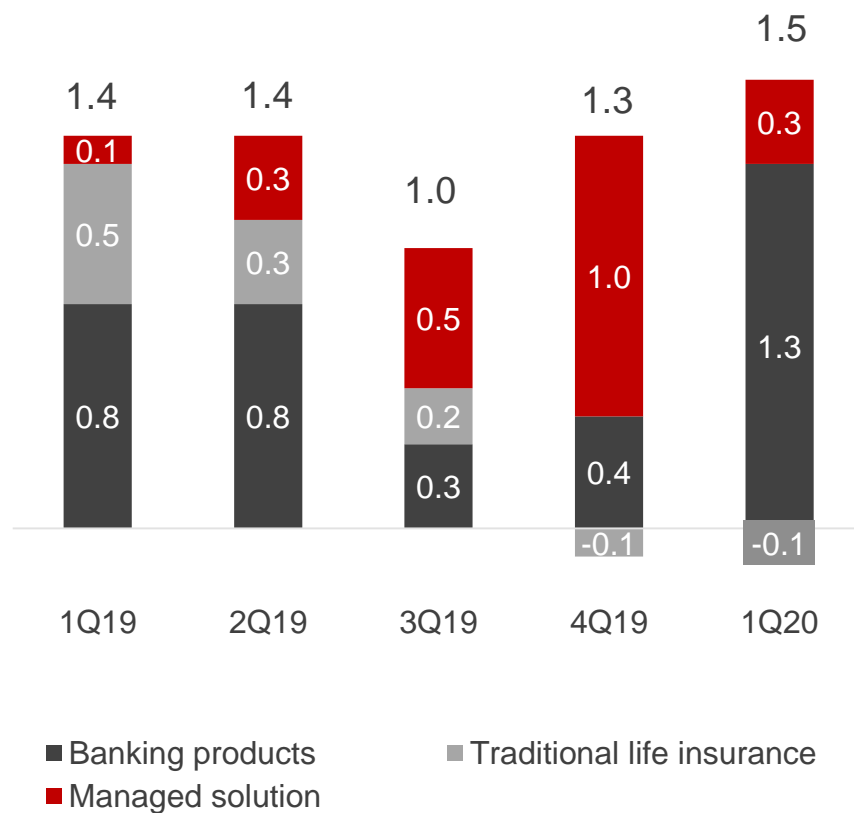
Banking products bn/€



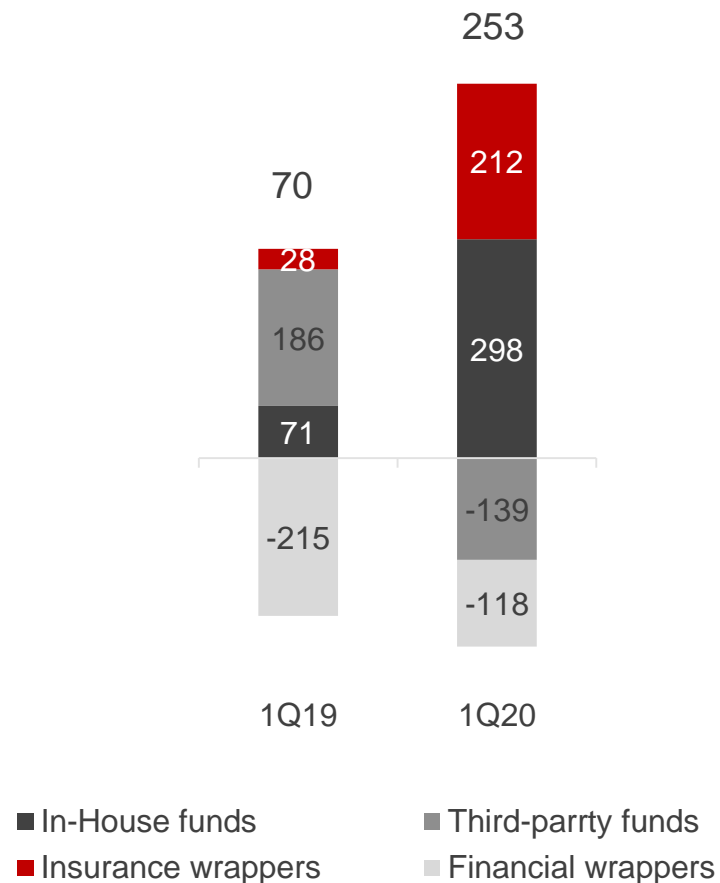
TOTAL NET INFLOWS

SOLID TREND AMID LOCKDOWN MEASURES

Total Net Inflows bn/€



Focus on managed solutions m/€

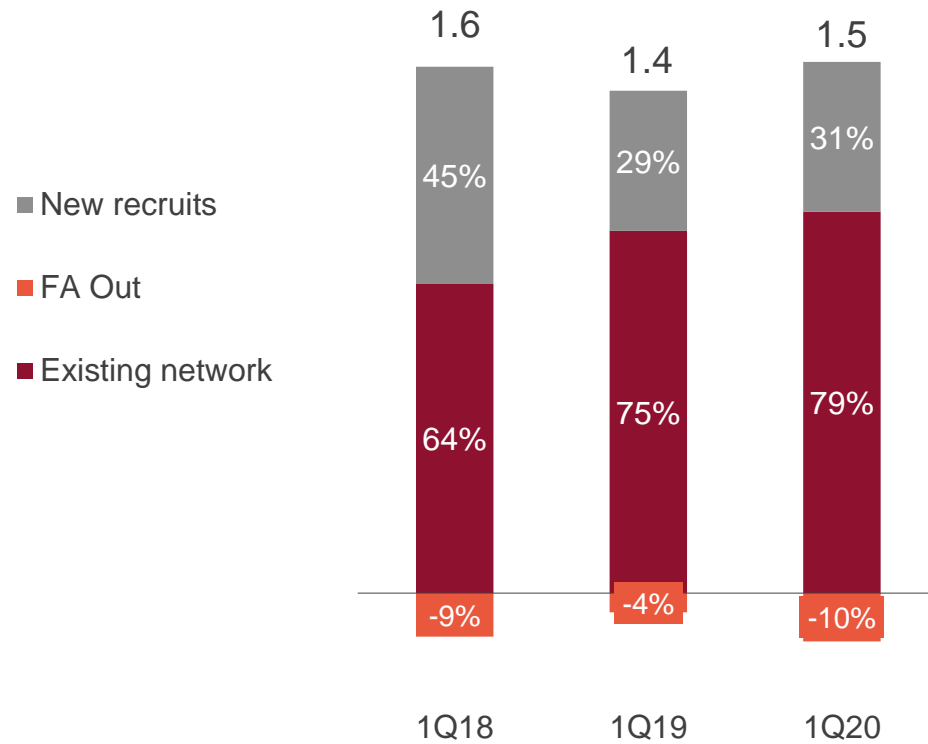


- **Solid net inflows** driven by flight to quality and search for asset protection
- **Positive product mix** within managed assets as LUX IM and insurance wrappers were well in demand
- **Net Inflows in LUX IM** driven by saving plans, switch plans and ESG investment lines

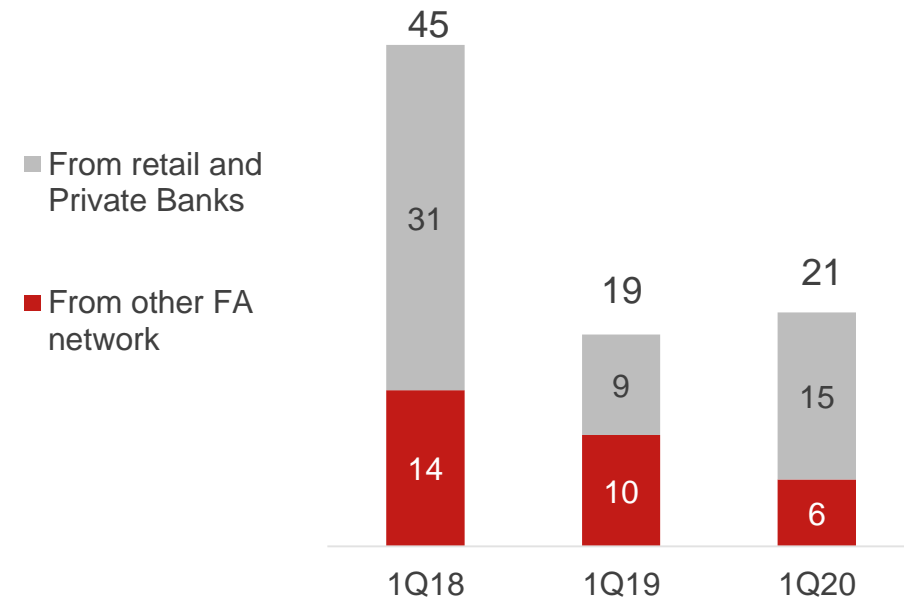
TOTAL NET INFLOWS

RECORD HIGH CONTRIBUTION FROM EXISTING FAS

Net inflows by acquisition channel %



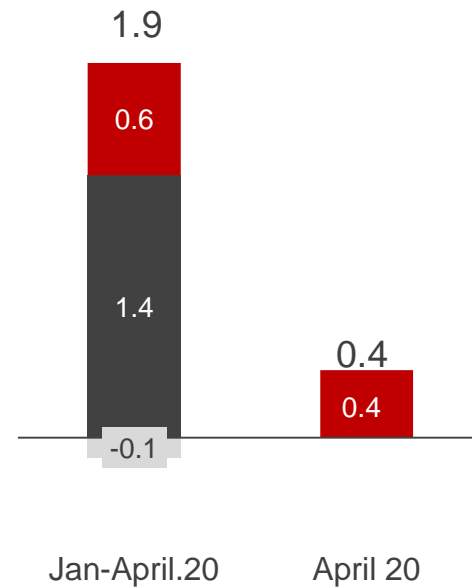
Recruitment trend (# of Recruits)



APRIL 2020 COMMERCIAL UPDATE

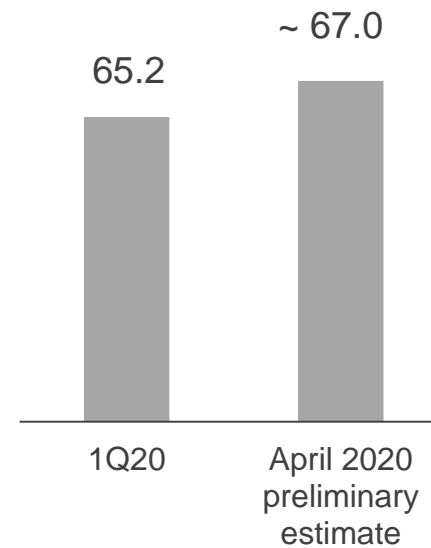
SOLID NET INFLOWS, REBOUND IN ASSETS AND MIX

Total net inflows bn/€

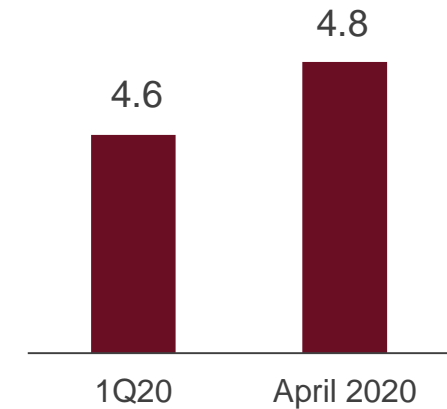


- Managed solutions
- Traditional life policies
- Banking products

Total Assets bn/€



Assets under Advisory bn/€



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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**

From February 2020 presentation

- **3 Key business drivers:** well on track with timely new issues to reflect investment needs
- **3 New Business levers:** ready but on hold amid Covid-19 with selected new initiatives linked to 'State guarantee schemes' linked to Covid-19
- **3 New revenue streams:** advisory and structured products already at targets and BG SAXO on track

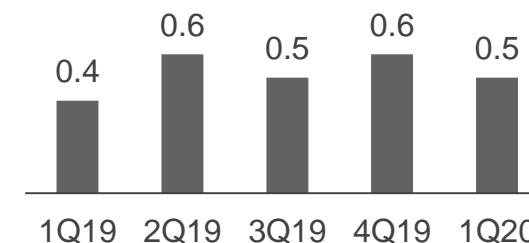
2020 KEY BUSINESS DRIVERS

EXPLOITING GROWTH POTENTIAL OF LUX IM

LUX IM

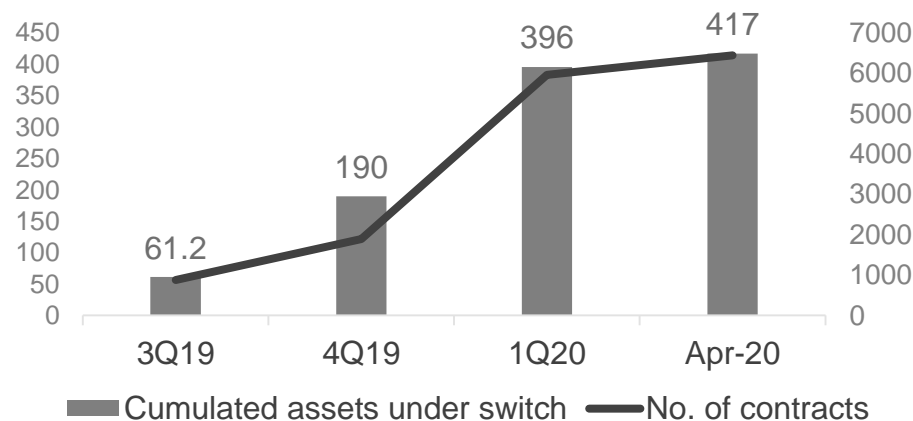
- LUX IM is strengthening its success within managed products thanks to its wide range of investment lines and ongoing launch of innovative strategies
- Growth is also supported by new investment programs to grow equity exposure:
 - TWIN MIX** (scheduled switch from cash to equity): growth boosted by a cash initiatives in April
 - PAC** - Savings plan boosted by a product review in November 2019

Quarterly net inflows in LUX IM retail fund classes, bn/€



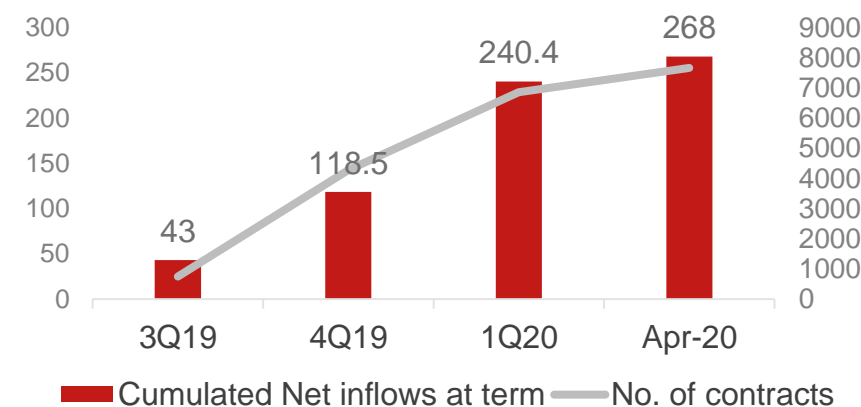
Scheduled switch plans m/€

TWIN MIX LUX IM



Saving plans, m/€

PAC LUX IM



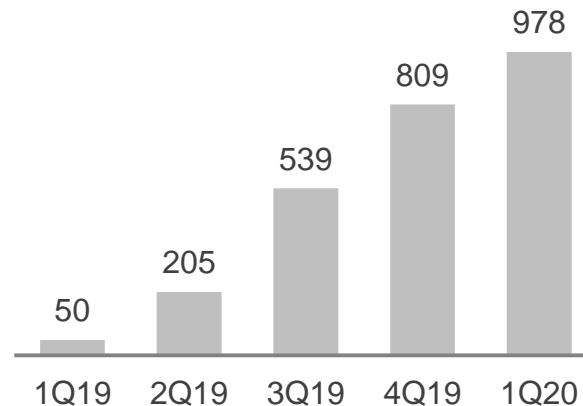
2020 KEY BUSINESS DRIVERS

LEVERAGING ON DISTINCTIVE COMMERCIAL APPROACH FOR ESG

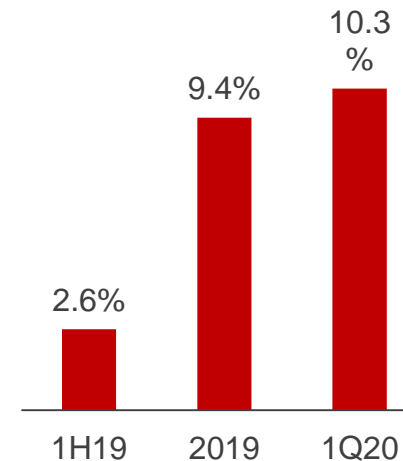
- Strong boost to ESG assets provided by the launch of a **tailor-made digital platform** and dedicated **ESG commercial approach linked to UN's SDG** in 1Q 2019
- Ongoing product innovation dedicated to ESG investment strategies within LUX IM (i.e. new long/short with industrial advisory from a specialist private equity firm)



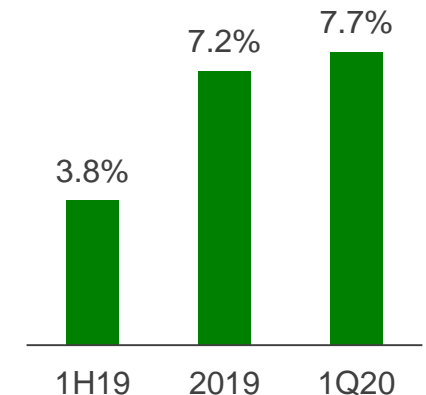
Cumulated net inflows in ESG products since inception m/€



ESG assets on total LUX IM assets %



Share of ESG assets on total managed assets %



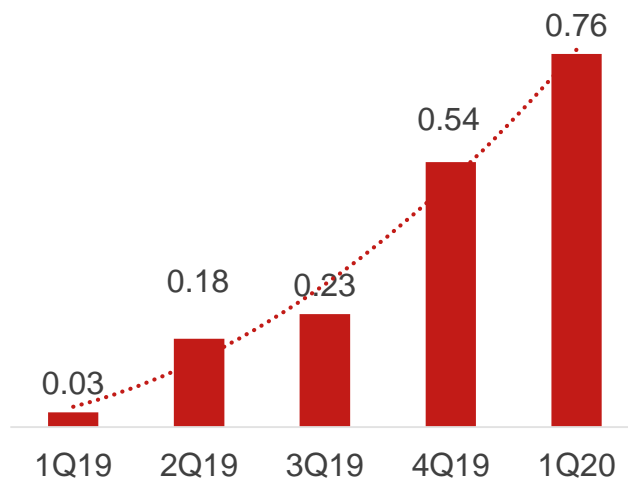
2020 KEY BUSINESS DRIVERS

WRAPPER SOLUTIONS AND PRIVATE INSURANCE

INSURANCE SOLUTIONS

- Steady **growth in insurance solutions** with a bias towards insurance wrappers (BG Stile Libero 50 Plus) and the newly launched private insurance (LUX Protection Life)
- Launch of a limited campaign of traditional life product (BG Custody 2020) to managed the spike in liquidity from new clients during the peak of financial market volatility in March amid Covid-19

Cumulated net inflows in insurance wrappers bn /€

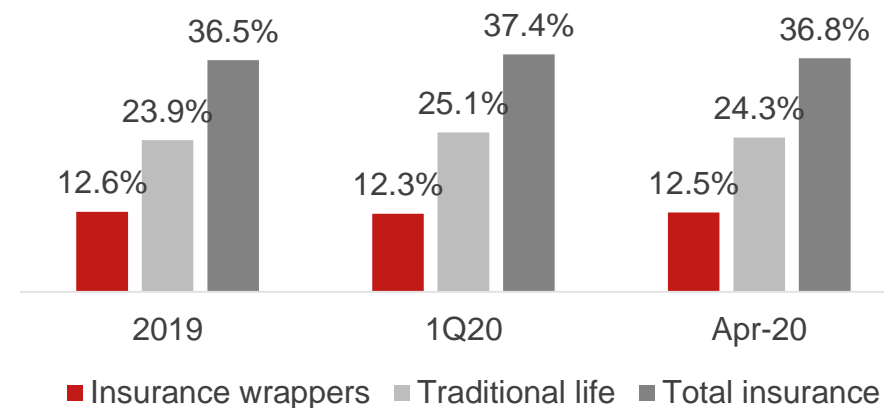


BG Stile Libero 50 Plus

BG Custody 2020

LUX PROTECTION LIFE

Insurance products on total assets



2020 NEW BUSINESS LEVERS

LAUNCH OF NEW BUSINESS LEVERS POSTPONED TO GIVE WAY TO INITIATIVES FOR COVID-19

NEW BUSINESS LEVERS

- New dedicated initiatives within business levers are ready but their launch is on hold amid the outbreak of the pandemic Covid-19
- Priority to lending initiatives with the State guarantee Fund and financing schemes to support SMEs/Healthcare sector

Lending

- Leverage on 'State Guarantee Fund' within the State program for Covid-19 to boost lending offer to SMEs
- Launch of new 'Lombard Plus' for professional investors



Private markets

- New €100m financing for SMEs within the framework of Generali 'Extraordinary International Fund' for Covid-19
- New €140 receivable securitisation program for healthcare companies
- Launch of two new closed-end Alternative Funds (FIA and ELTIF) postponed due to Covid-19



International

- Launch of BG International Advisory with following services:
 - Advice on investments of equities, bonds and ETFs (soon also funds)
 - Integrated representation on BGPA of the assets held by Cornér bank
 - Trading services
- Extensive training activities on the FAs Network with regulatory/fiscal focus
- Extending offer to legal entities

BG INTERNATIONAL
ADVISORY

BG | *Valeur*

2020 NEW REVENUE STREAMS

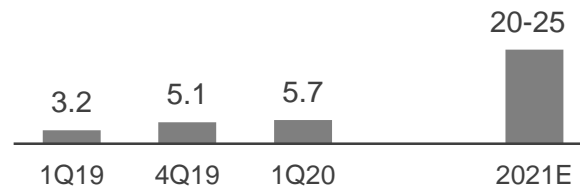
MATERIAL CONTRIBUTION TO BUSINESS

- Material contribution to business diversification and financial results from all initiatives
- Advanced advisory and structured products have already achieved their 2021 goals while BG SAXO is rapidly accelerating

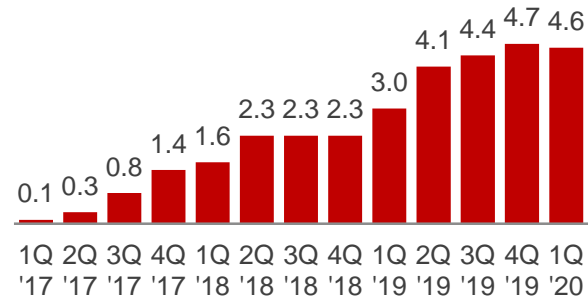
NEW REVENUE STREAMS

Advanced Advisory, gross fees m/€

BGPA ~~ROAD~~

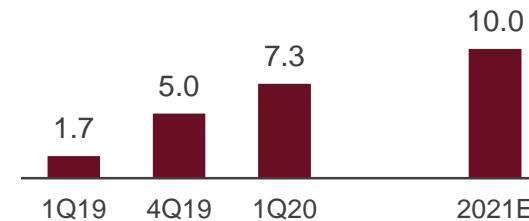


Quarterly AuA trend, €bn

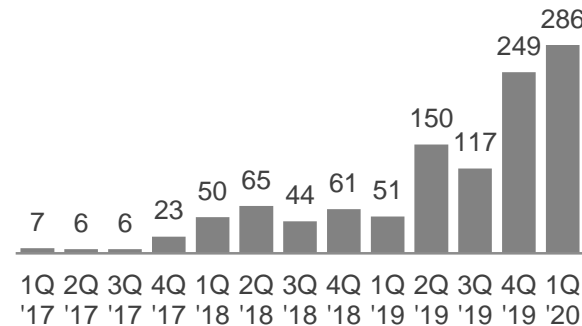


Structured products, gross fees m/€

BG | CERTIFICATEhub



Quarterly new issues, €m

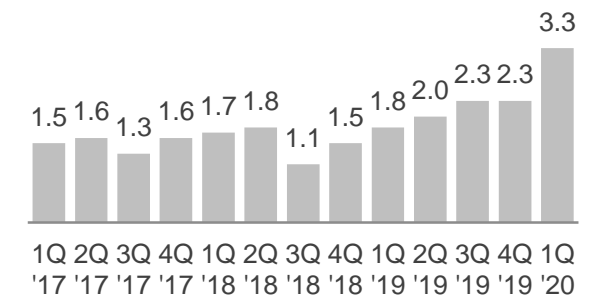


Brokerage fees, gross fees m/€

BG
SAXO



Quarterly retail volumes, €bn



FOCUS ON OPERATIONS DURING LOCKDOWN

MARCH AND APRIL BUSINESS ACTIVITY

FAs



- **9 out of 10 FAs** completed operations digitally
- **10 out of 10 FAs** completed their training programs digitally

Clients



- **2 out of 3 Clients** completed operations digitally
- **1 out of 3 Clients** completed operations paperless with registered phone calls, mail authorizations

Operations

Assets transferred (# operations)

IN	5,977 (same as in Mar./Apr. 2019)
OUT	860 (-11% vs. Mar./Apr. 2019)

Total No. of operations in funds/SICAVs

IN	39,689 (+2% vs. Mar./Apr.2019)
OUT	26,101 (-25% vs. Mar./Apr. 2019)
Switches	13,287 (+41% vs. Mar./Apr. 2019)

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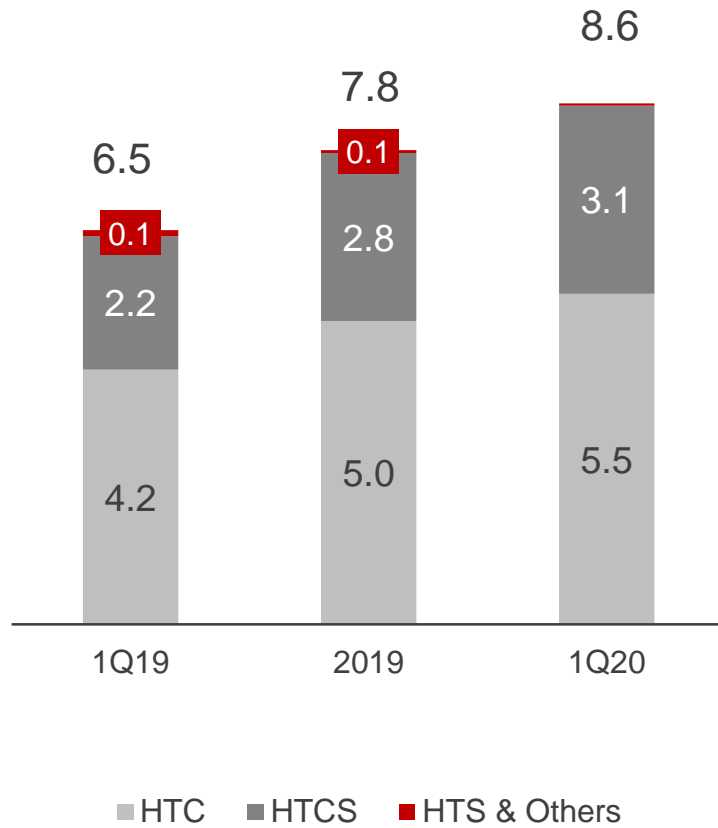
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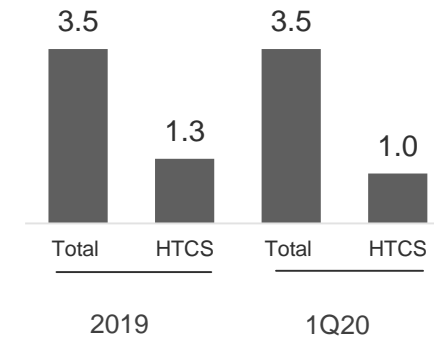
NET FINANCIAL INCOME (2/2)

FOCUS ON FINANCIAL ASSETS

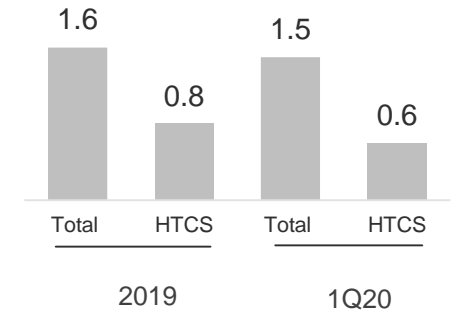
Financial Assets by IFRS classification bn/€



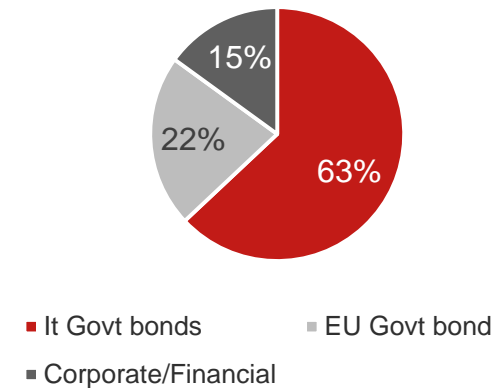
Maturity (Bond)



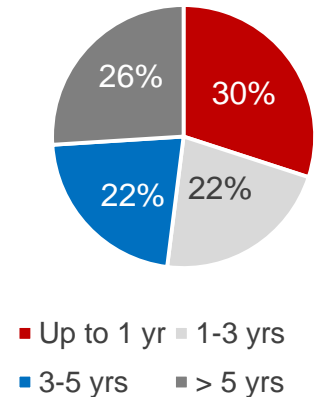
Duration (Bond)



Bond Classification



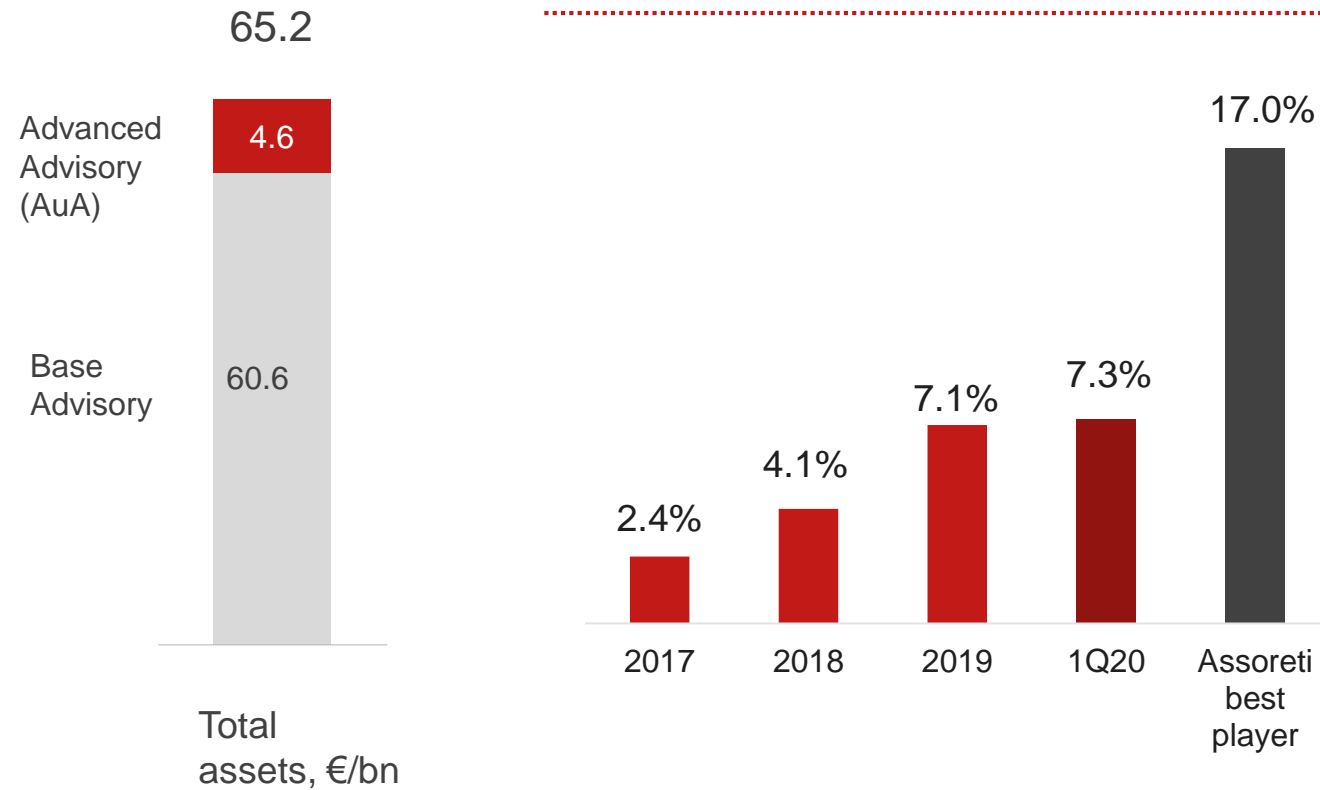
Bond breakdown by maturity



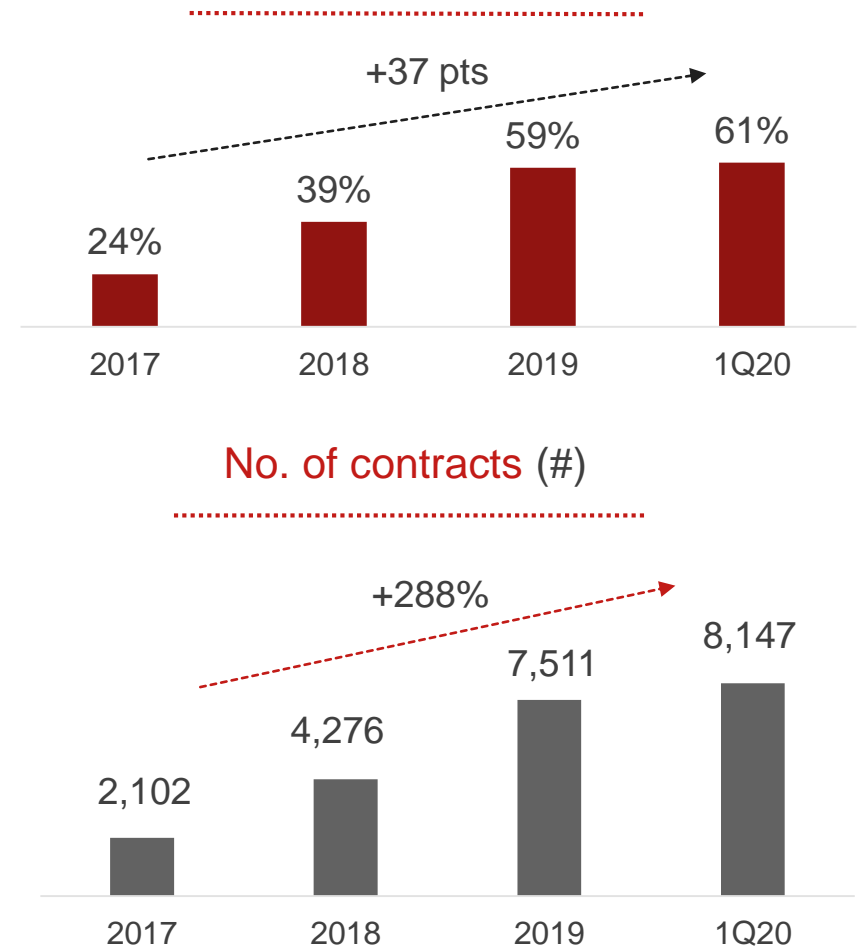
ASSETS UNDER ADVISORY (AUA)

AIMING HIGH

Assets under Advanced Advisory (AuA) as % of total assets

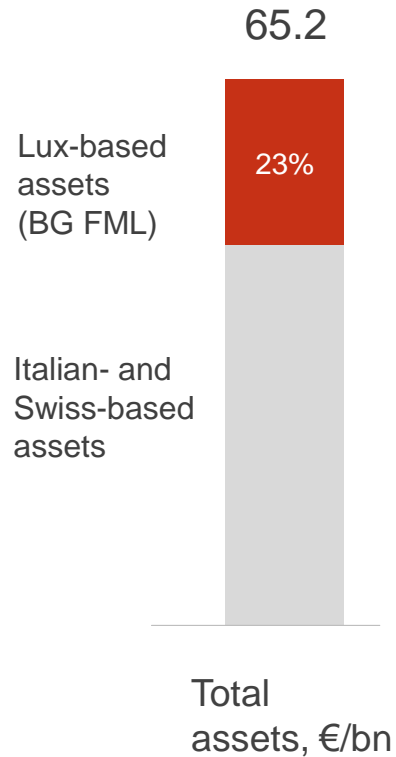


Active FAs¹

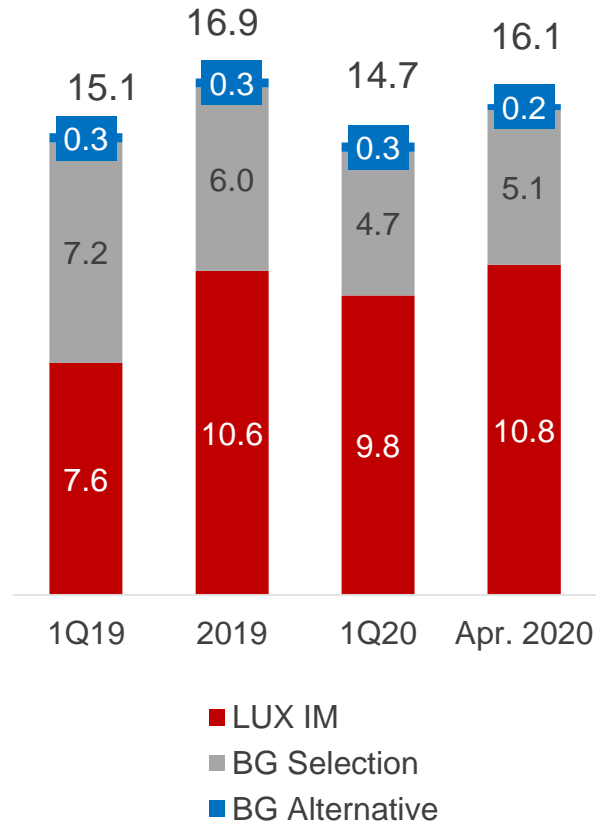


BG FUND MANAGEMENT LUX (BG FML) ASSETS

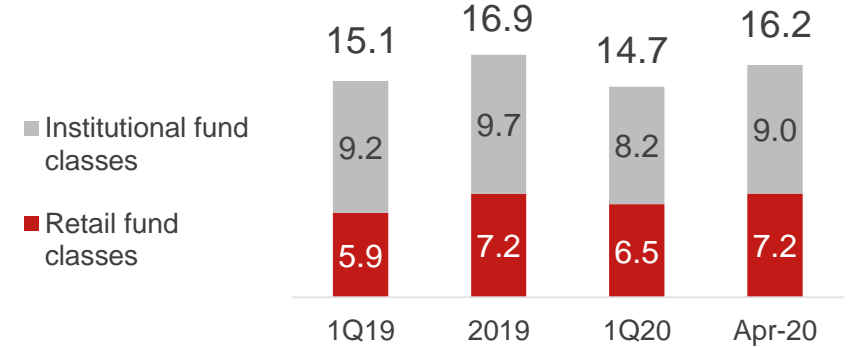
POSITIVE ASSET REBOUND IN APRIL



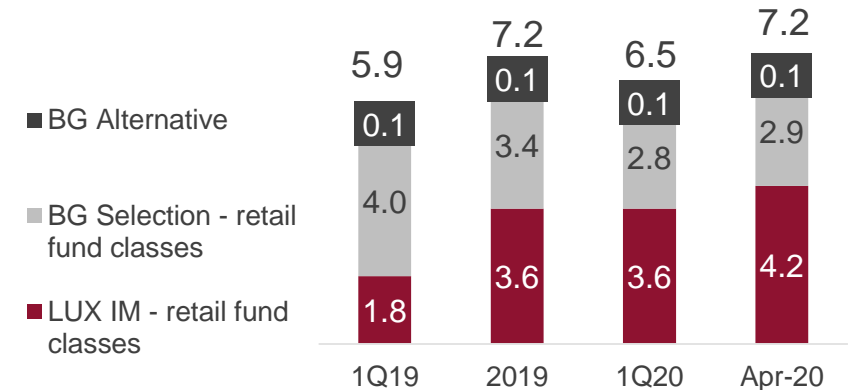
BG FML - Assets by SICAV bn/€



BG FML - Total Assets, bn/€



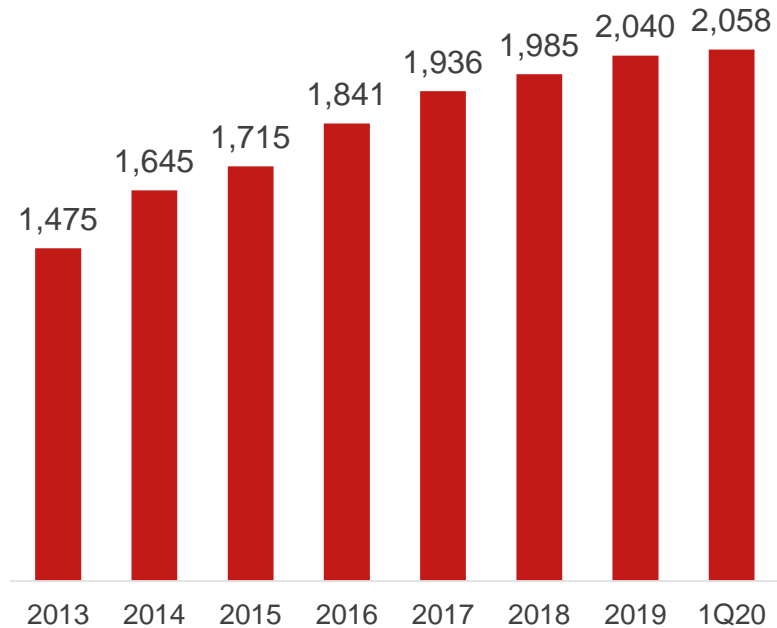
BG FML - Retail fund classes bn/€



ADVISORY NETWORK (1/2)

STEADY QUALITY GROWTH

FA Network, # FAs



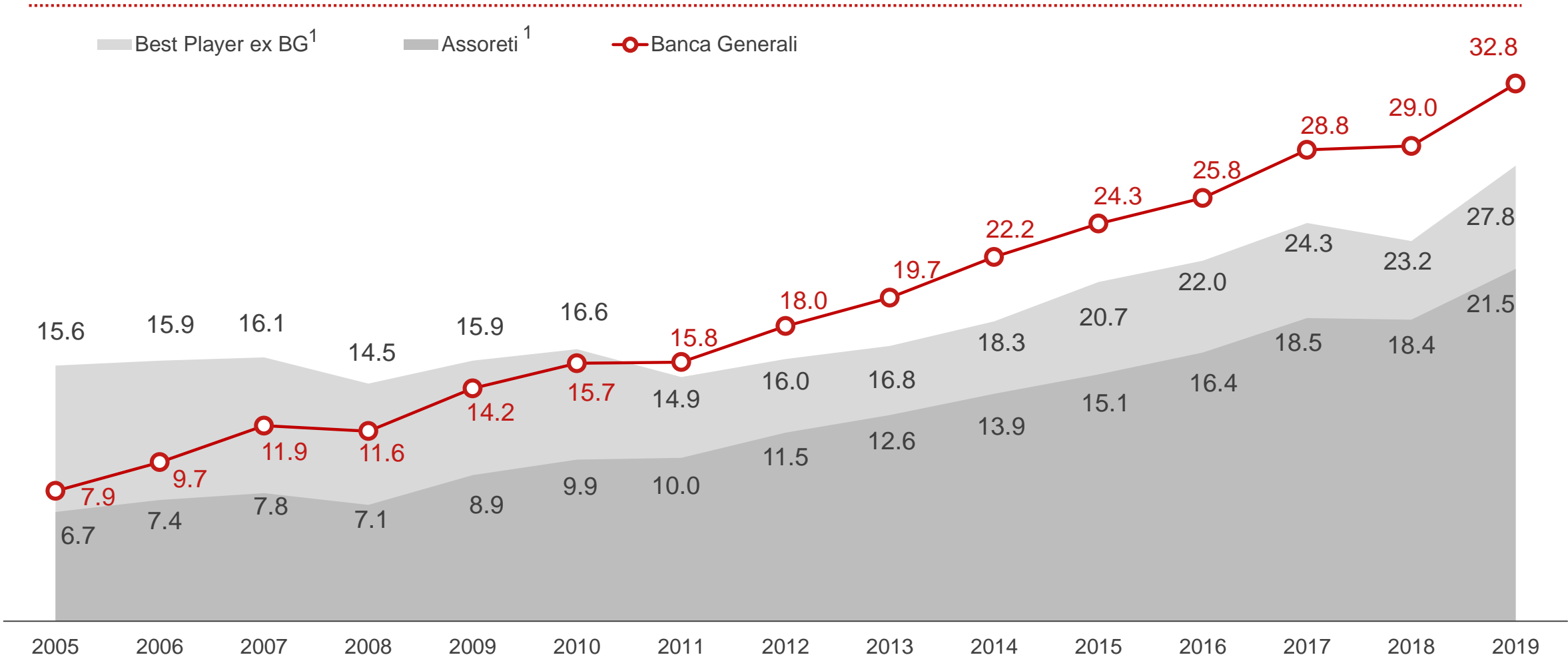
FA Network, by portfolio size and skills

	Clusters	(% of Assets)	No. of FAs	Assets per FA
Financial Advisors	Wealth Managers	35%	319 ¹	76.4 m/€ ²
	Private Bankers	52%	1,231 ¹	27.2 m/€ ²
	Financial Planners	6%	365 ¹	10.5 m/€ ²
Employees	Relationship Managers	7%	69 ¹	64.4 m/€ ²

ADVISORY NETWORK (2/2)

BEST-IN-CLASS PORTFOLIO AND STILL GROWING

Average FA portfolio (Assets/Financial Advisor) m/€



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

JULY

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	31	

1H 2020 Results
Conference Call

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

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Banca Generali Investor App

