



**BANCA  
GENERALI**

# **Banca Generali: a successful business model**

**9M 2016 results and business overview**

8 November 2016

9M 2016 results

Net inflows and recruiting

Assets, clients, FAs

Closing remarks

## NNM AND ASSETS AT ALL TIME HIGH LEVELS

- **Strong 3Q net inflows**, 94% of which in managed products with a growing share represented by 'wrapper' solutions
- **Best-ever 9M net inflows (+36% yoy)**. Growth well above sector average thanks to the new wealth advisory approach, cutting-edge investment solutions and best-in-class professionals
- **9M assets at record-high levels** of €45.3bn, up by 9% YTD reflecting strong business expansion and asset persistency



**€1,170m**

(Vs. €780m, +50% yoy)

**€4,087m**

(Vs. €3,016m, +36% yoy)

**€45.3bn**

(Vs. €41.6, +9% YTD)

## SOLID PROFITS IN A CHALLENGING ENVIRONMENT

- **3Q net profit** up by 97% to €51.3m driven by a recovery of market-related revenues coupled with a sound trend in management fees
- **Solid 9M net profit** at €118.6m driven by growing assets and resilient margins offsetting tough financial markets and a temporary spike in operating costs



**€51.3m**

(vs. €26.0m, +97% yoy)

**€118.6m**

(vs. €166.1m, -29% yoy)

| (€ m)   | 9M 15        | 9M 16        | % Chg         | 3Q 15       | 3Q 16        | % Chg         |
|---|--------------|--------------|---------------|-------------|--------------|---------------|
| <b>Net Interest Income</b>                              | <b>51.3</b>  | <b>44.3</b>  | <b>-13.7%</b> | <b>15.4</b> | <b>14.7</b>  | <b>-4.5%</b>  |
| Gross fees  | 491.3        | 446.4        | -9.1%         | 128.2       | 161.9        | 26.3%         |
| Fee expenses  | -202.0       | -198.7       | -1.6%         | -72.9       | -67.1        | -8.0%         |
| <b>Net Fees</b>   | <b>289.3</b> | <b>247.7</b> | <b>-14.4%</b> | <b>55.3</b> | <b>94.8</b>  | <b>71.4%</b>  |
| Net income (loss) from trading activities               | 25.1         | 29.0         | 15.2%         | 0.0         | 10.9         | n.s.          |
| Dividends   | 1.2          | 1.6          | 41.7%         | 0.0         | 0.2          | 452.4%        |
| Net income (loss) from trading activities and Dividends | 26.3         | 30.6         | 16.4%         | 0.0         | 11.1         | n.s.          |
| <b>Total Banking Income</b>                             | <b>366.9</b> | <b>322.6</b> | <b>-12.1%</b> | <b>70.8</b> | <b>120.6</b> | <b>70.4%</b>  |
| Staff expenses  | -59.7        | -64.7        | 8.2%          | -20.8       | -21.2        | 1.9%          |
| Other general and administrative expense                | -94.3        | -98.4        | 4.3%          | -31.1       | -34.4        | 10.6%         |
| Depreciation and amortisation                           | -3.4         | -3.5         | 4.4%          | -1.2        | -1.2         | 5.3%          |
| Other net operating income (expense)                    | 34.7         | 28.0         | -19.5%        | 12.2        | 7.9          | -35.3%        |
| Total costs   | -122.7       | -138.6       | 13.0%         | -40.8       | -48.9        | 19.8%         |
| <i>Cost /Income Ratio</i>                               | 32.5%        | 41.9%        | 9.4 p.p.      | 56.0%       | 39.5%        | -16.5 p.p.    |
| <b>Operating Profit</b>                                 | <b>244.3</b> | <b>184.0</b> | <b>-24.7%</b> | <b>29.9</b> | <b>71.7</b>  | <b>139.4%</b> |
| Net adjustments for impair.loans and other assets       | -5.8         | -0.8         | -86.5%        | -2.5        | 0.8          | -134.1%       |
| Net provisions for liabilities and contingencies        | -37.4        | -41.7        | 11.4%         | 4.3         | -13.3        | -409.3%       |
| <b>Profit Before Taxation</b>                           | <b>201.0</b> | <b>141.5</b> | <b>-29.6%</b> | <b>31.7</b> | <b>59.3</b>  | <b>86.8%</b>  |
| Direct income taxes                                     | -34.9        | -22.8        | -34.5%        | -5.7        | -8.0         | 39.4%         |
| <i>Tax rate</i>   | 17.3%        | 16.2%        | -1.1 p.p.     | 18.1%       | 13.5%        | -4.6 p.p.     |
| <b>Net Profit</b>                                       | <b>166.1</b> | <b>118.6</b> | <b>-28.6%</b> | <b>26.0</b> | <b>51.3</b>  | <b>97.3%</b>  |

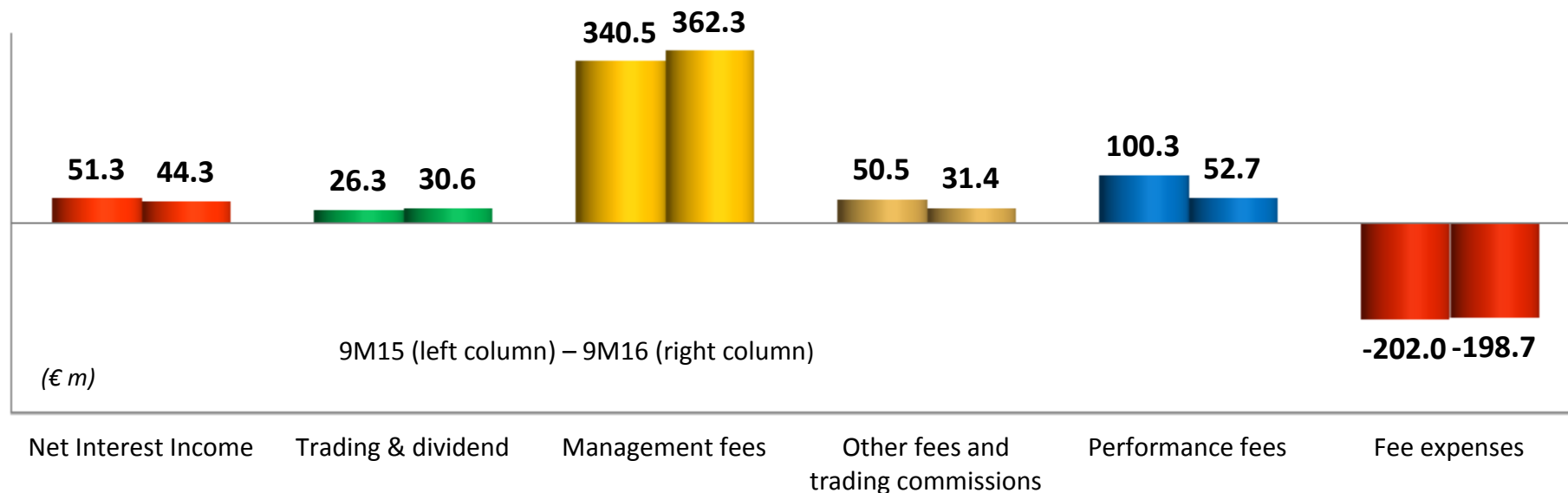
## Preliminary remarks

**Total 9M revenues** came out at €323m (-12%) yet they are growing to €270m (+1.2%) when stripping out performance fees

**Total 9M operating costs** posted a spike (+13%) due to €9.3m of non-recurring items related to the contribution to bank funds, the hiring of RMs and additional extraordinary items

**9M provisions** proving higher as bonus payments to the network move from an interim to an annual base

## 9M revenue breakdown (€322.6m)



**Financial income (NII + trading income)** was supported by higher deposits and some profit taking on banking book to reduce risk exposure

**Management fees** were driven by higher assets and stable asset profitability

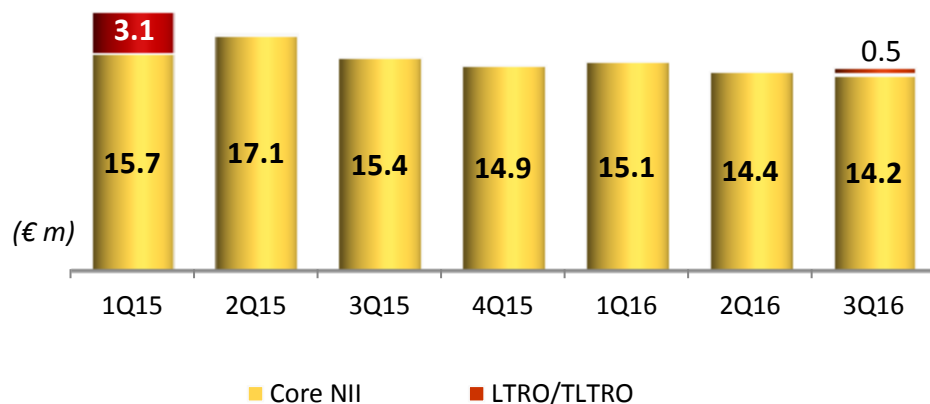
**Other fees, trading commissions and performance fees** reflect persisting volatile financial market conditions over the period

**Fee-expenses** proved stable in absolute value as bonus schemes are still accounted as provisions at the 9M16



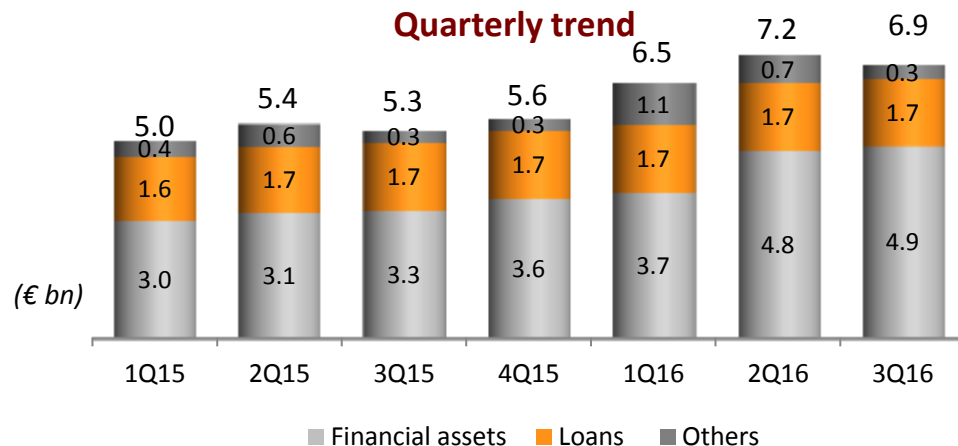
## Net Interest Income

### Quarterly trend



## Quarterly volumes

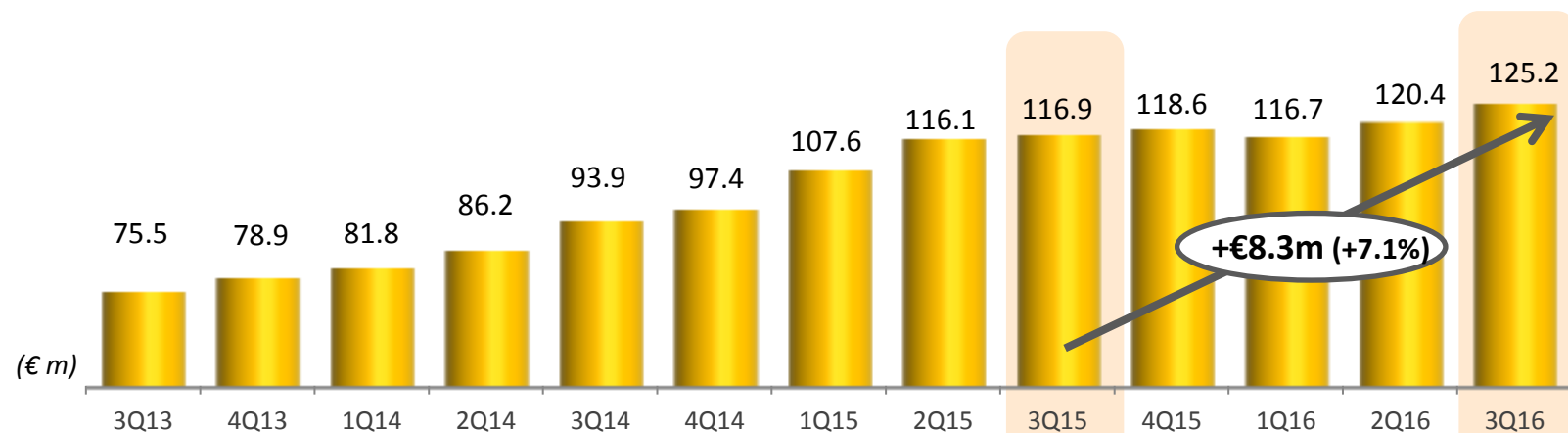
### Quarterly trend



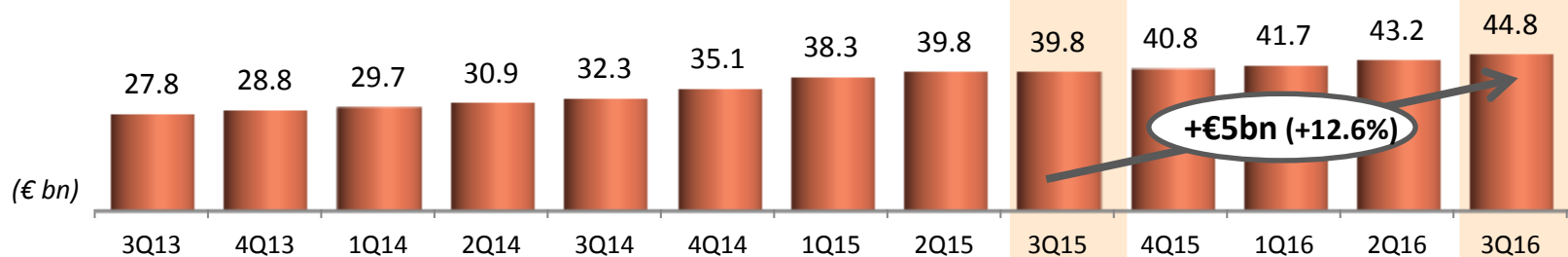
- **Stable core NII on a quarterly basis** benefiting from higher banking assets (€6.9bn, +31%) almost entirely offsetting lower investment return
- **Financial asset portfolio** at €4.9bn is retaining a defensive bias: 99% invested in bonds (o/w 87% in govt and 60% floating) with a 1.9 yrs duration and 4.3 yrs time to maturity
- **Lending exposure** amounts to €1.7bn with an average rate of 1.24%. NPL/total loans remains at negligible levels

# Management fees further accelerating

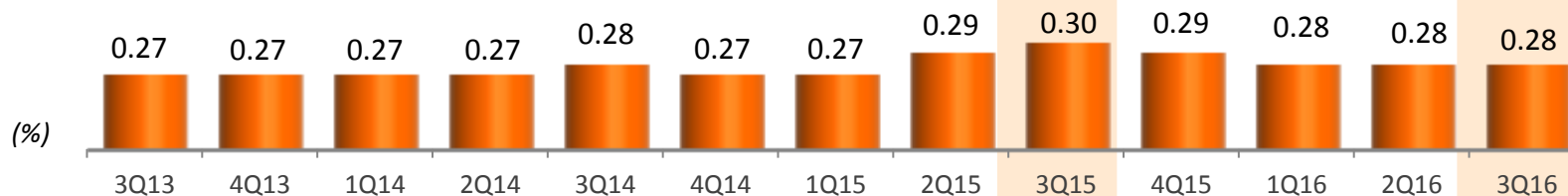
**Management fees** reflect assets growth and stable margins



**Total average assets** further up on higher inflows

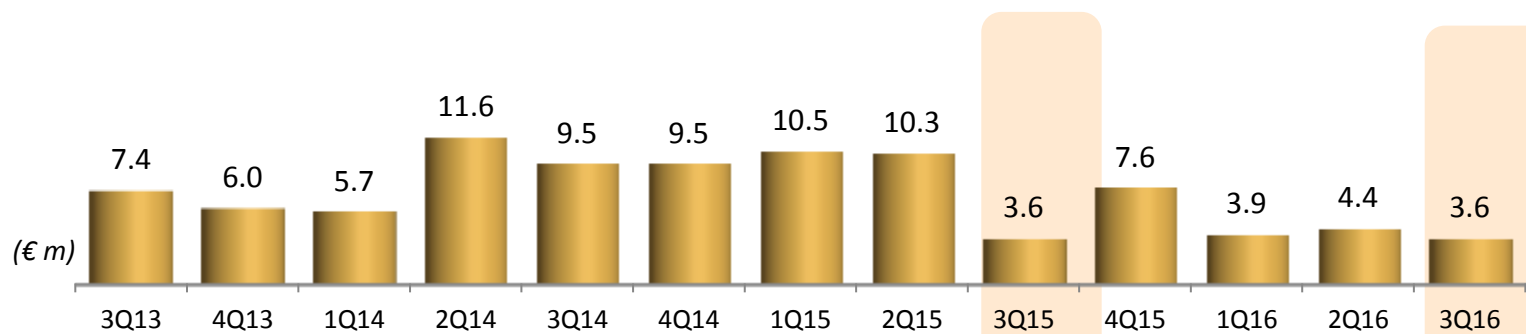


**Stable management fee margins**

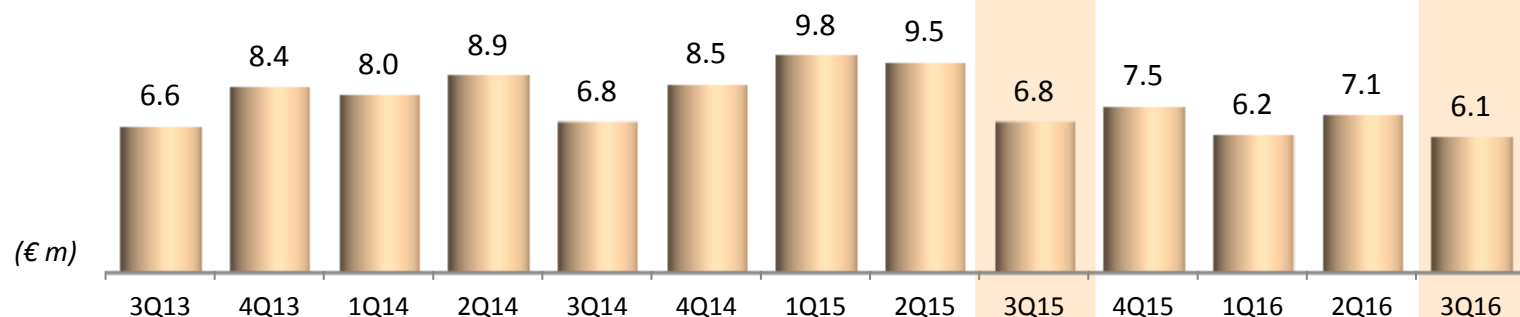


# Other fees and trading commissions

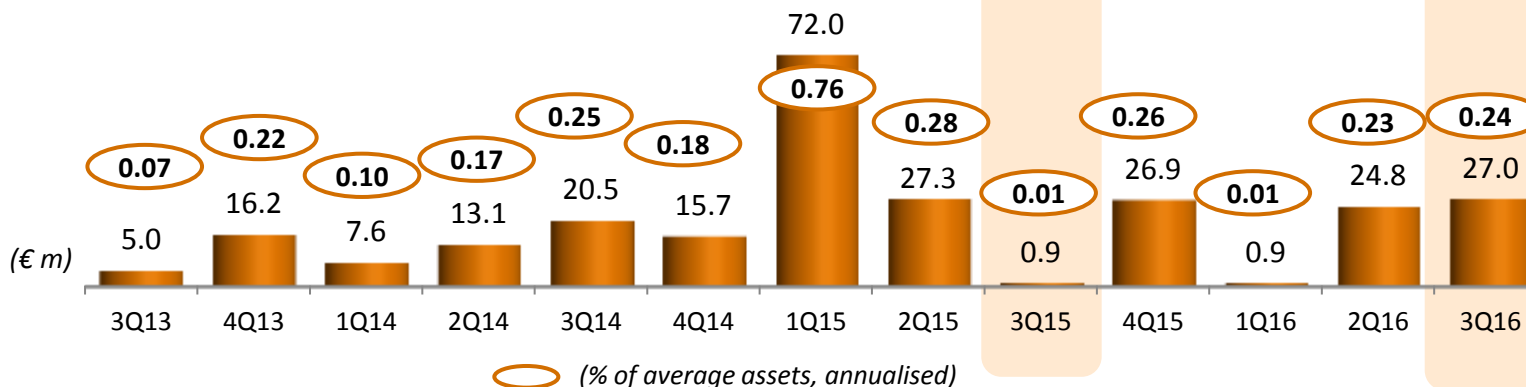
**Entry fees** reflect poor financial markets and the lack of placement of structured products



**Banking fees** proving stable while **trading commissions** were weaker on lower level of customers' activity



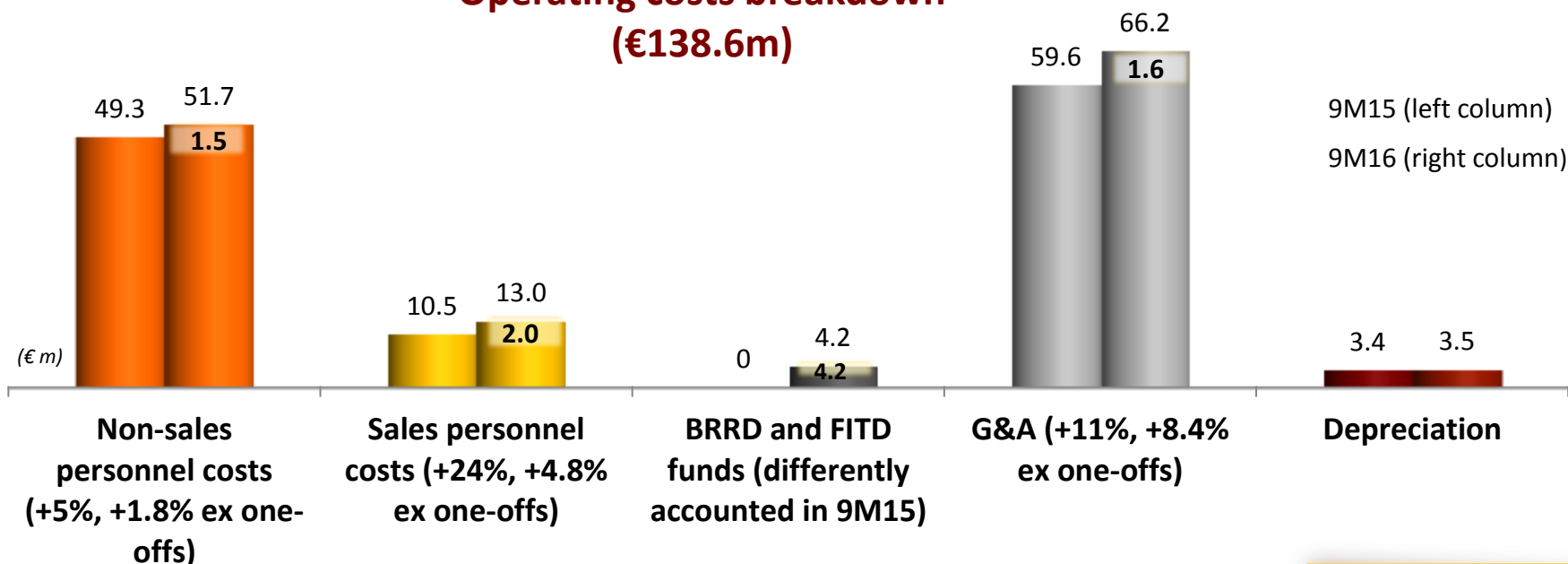
**Variable fees** confirmed as linked to financial markets





# One-off items driving costs temporarily higher

## Operating costs breakdown (€138.6m)



**€1.5m** for a one-off payment of the Long-term-incentive plan (LTIP)

**€2.0m** for variable compensation for the recruiting of high-profile private bankers

**€4.2m** accounted as costs instead of provisions like in 9M15

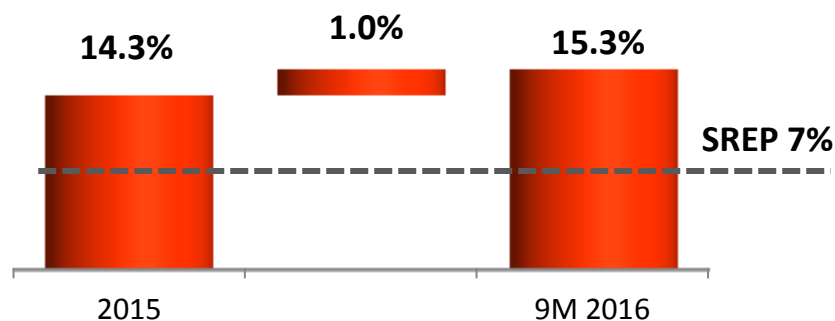
**€1.6m** related to non recurring items linked to the group reorganization and to other non-core activities

**Operating costs at  
€129.3m (+5.3%) excl.  
€9.3m for one-off items**

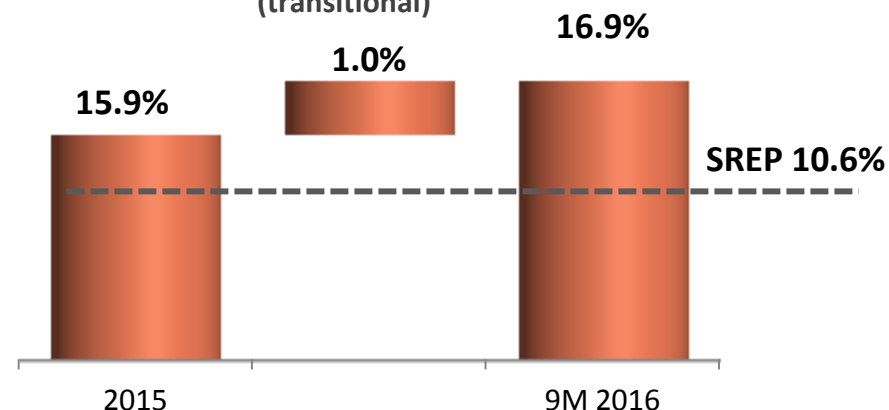
**Cost guidance of +4% by  
2016 YE reaffirmed**

# Capital solidity further enhanced

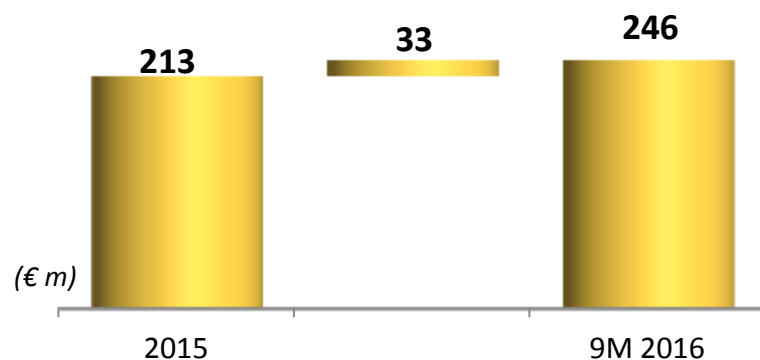
**CET1 ratio  
(transitional)**



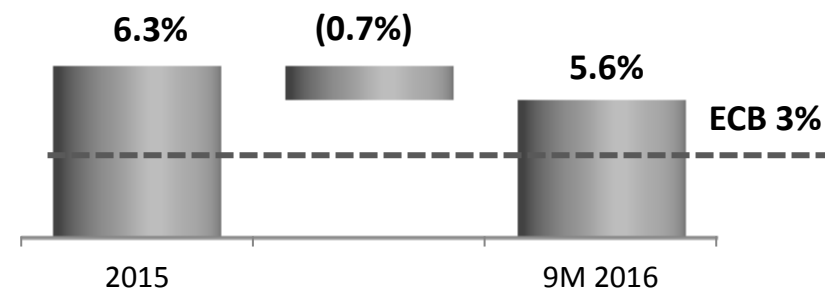
**Total Capital ratio  
(transitional)**



**Excess Capital  
(transitional)**



**Leverage  
(transitional)**



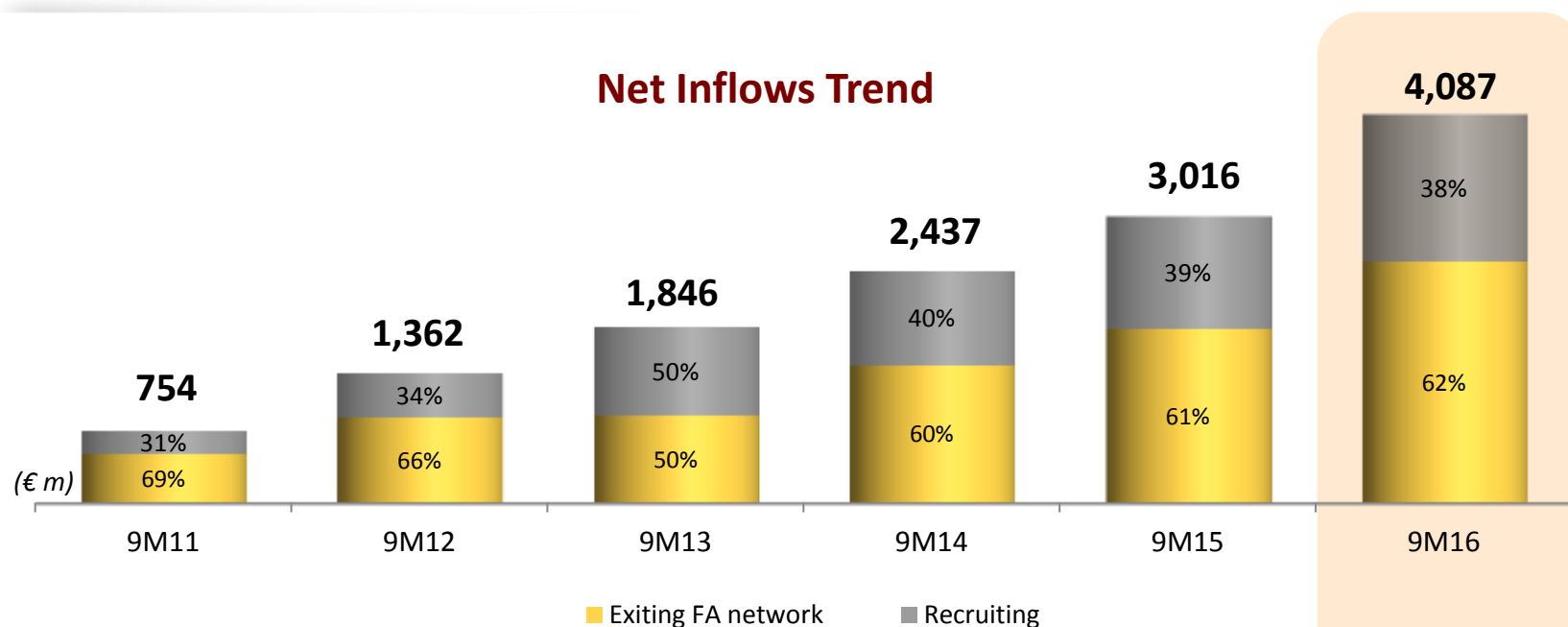
9M 2016 results

Net inflows and recruiting

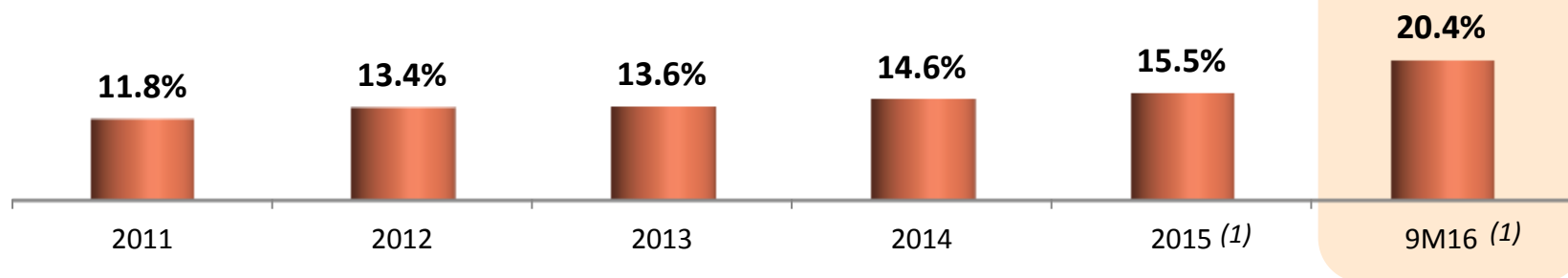
Assets, clients, FAs

Business update & closing remarks

## Net Inflows Trend



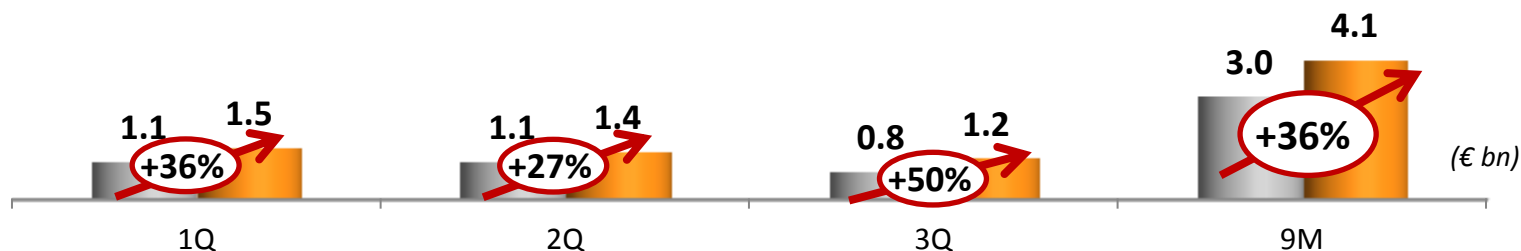
## Banca Generali's share of Assoreti total net inflows



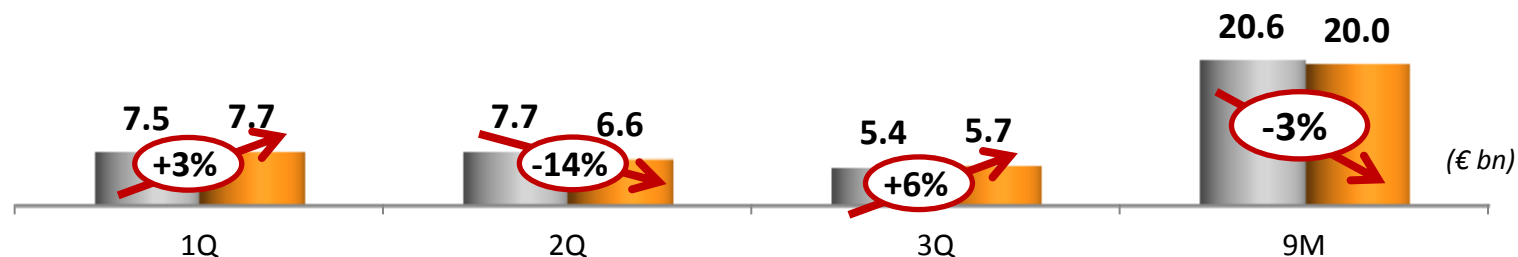
(1) Excl. ISPB on a like for like basis

# Net Inflows: Banca Generali vs. sector

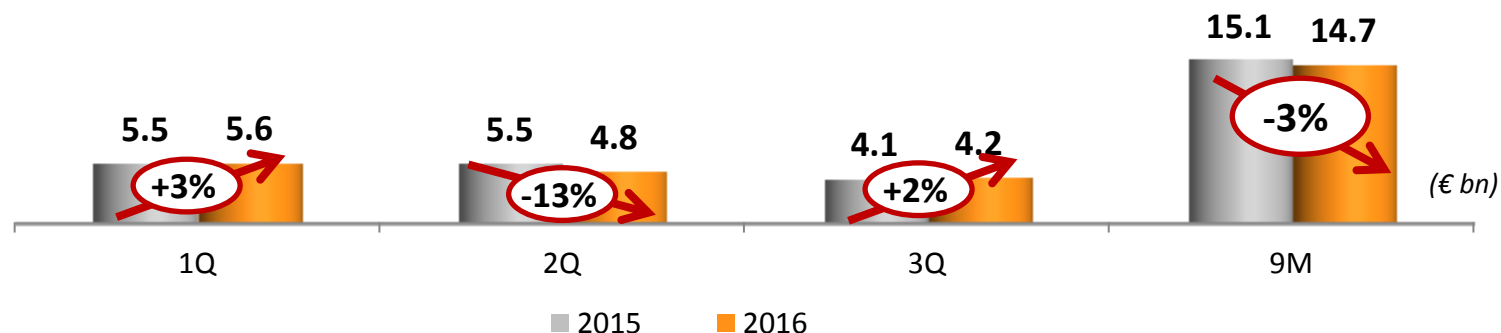
## Banca Generali



## Assoreti (ex-ISP)



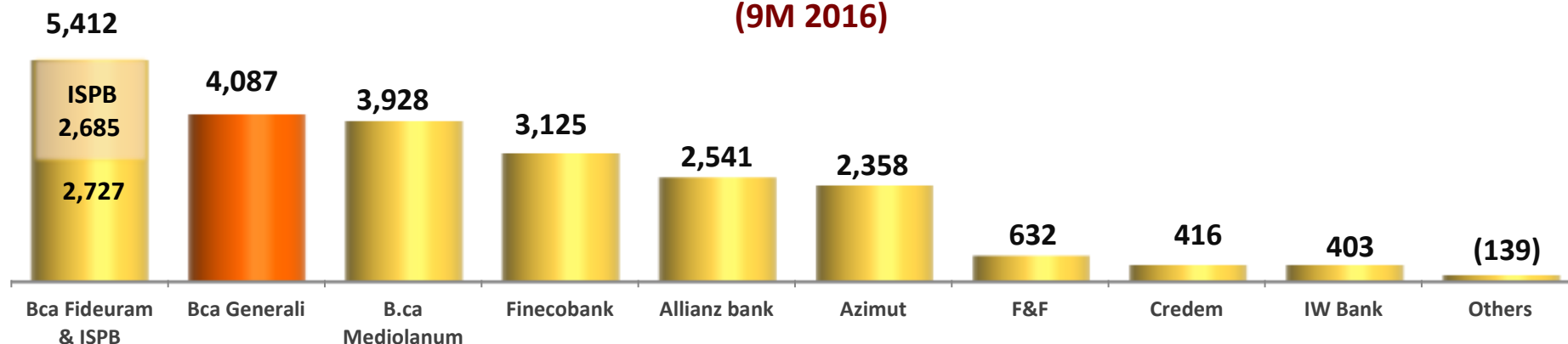
## Top 5 (ex-BG)



Source: Company data, Assoreti (Italian Association of Financial Advisors' networks), Top5: Banca Fideuram (ex-ISP), Banca Mediolanum, Finecobank, Allianz Bank, Azimut

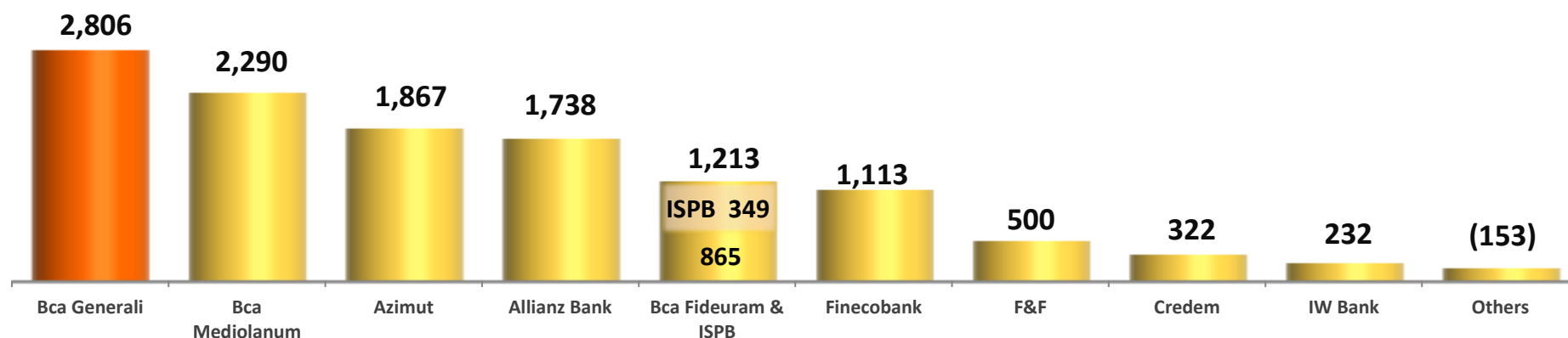
## Total Net Inflows (9M 2016)

(€ m)



## Net Inflows in managed and insurance products

(€ m)

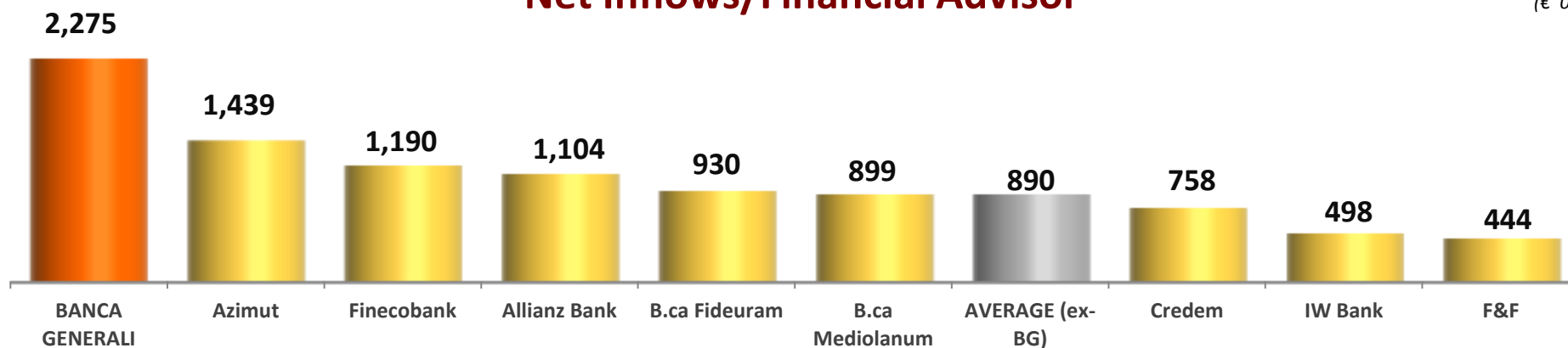


Source: Assoreti data as of 30 September 2016



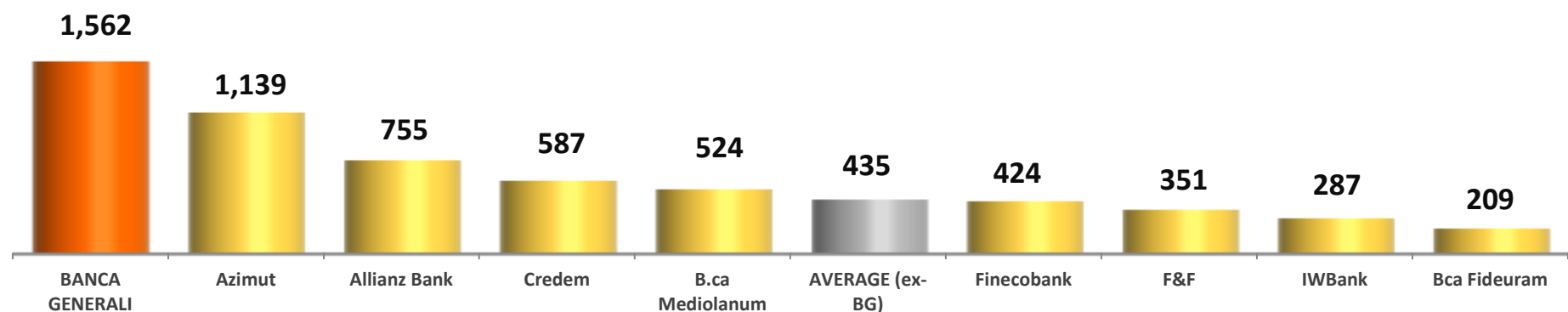
## Net Inflows/Financial Advisor

(€ '000)



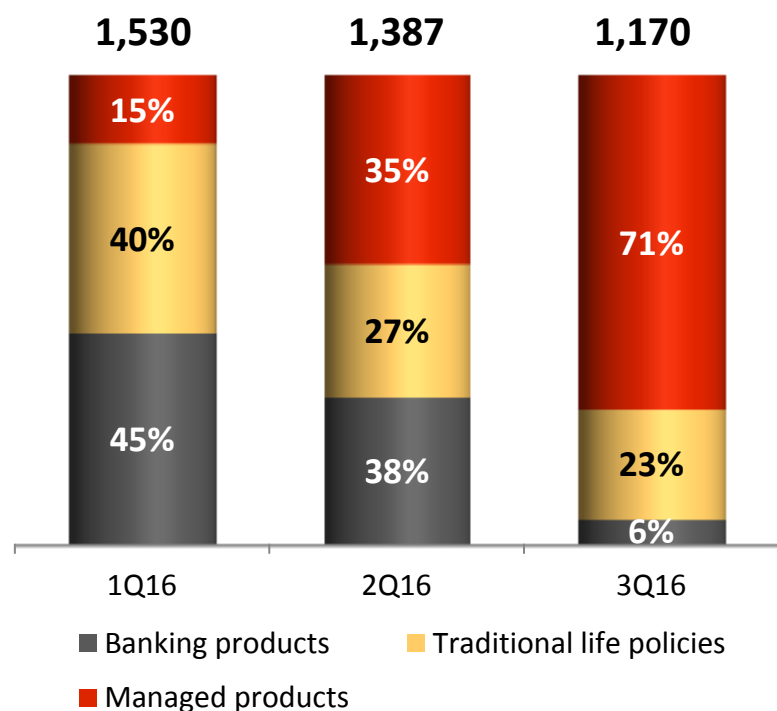
## Net Inflows in managed and insurance products/ Financial Advisor

(€ '000)



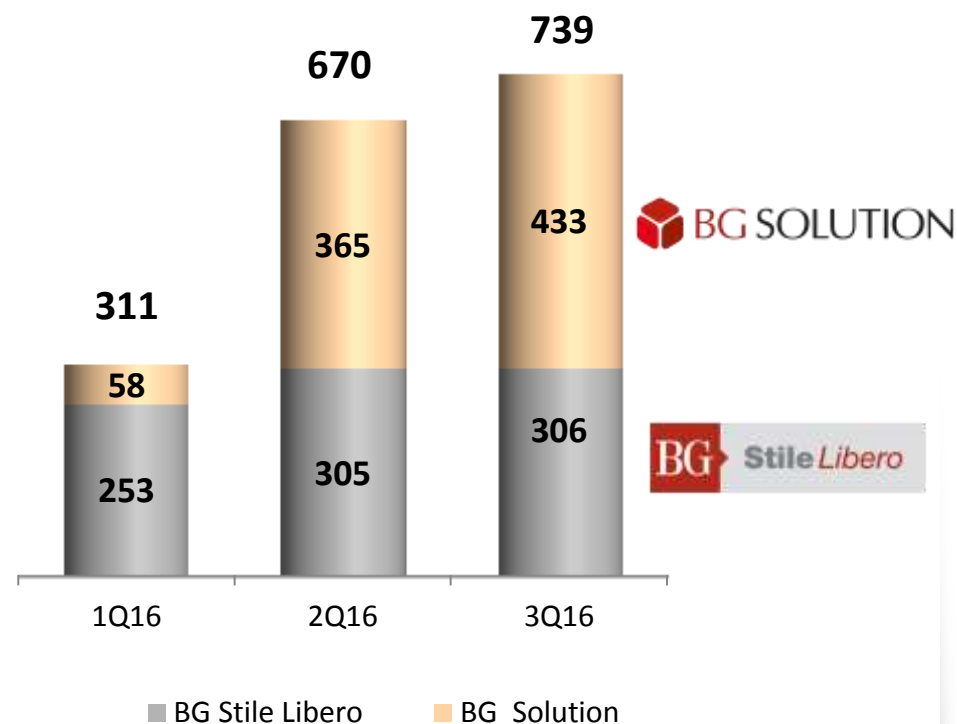
Source: Assoreti data as of 30 September 2016

## Net inflows: Product mix by quarter



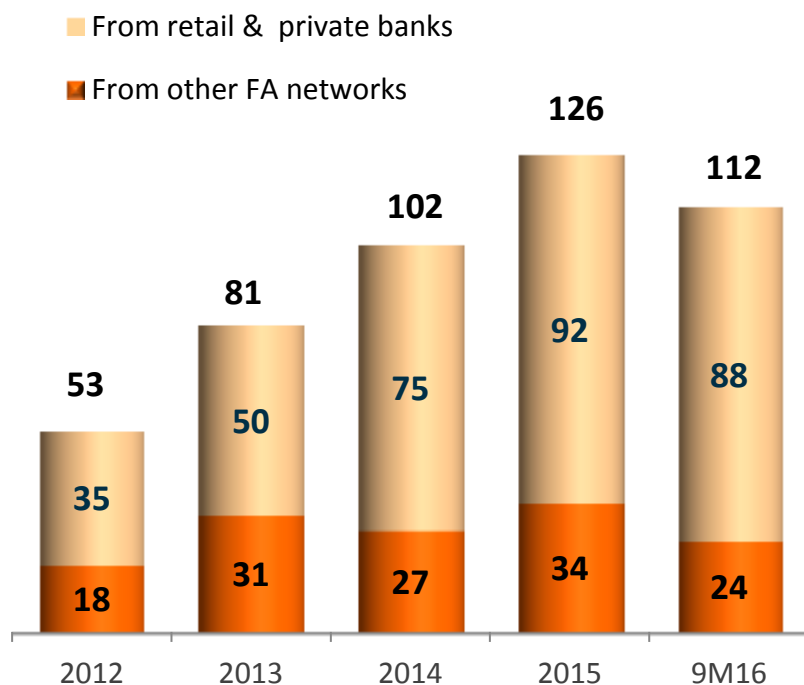
(€ m)

## Net inflows: Wrappers growing fastest



(€ m)

## No. of new recruits

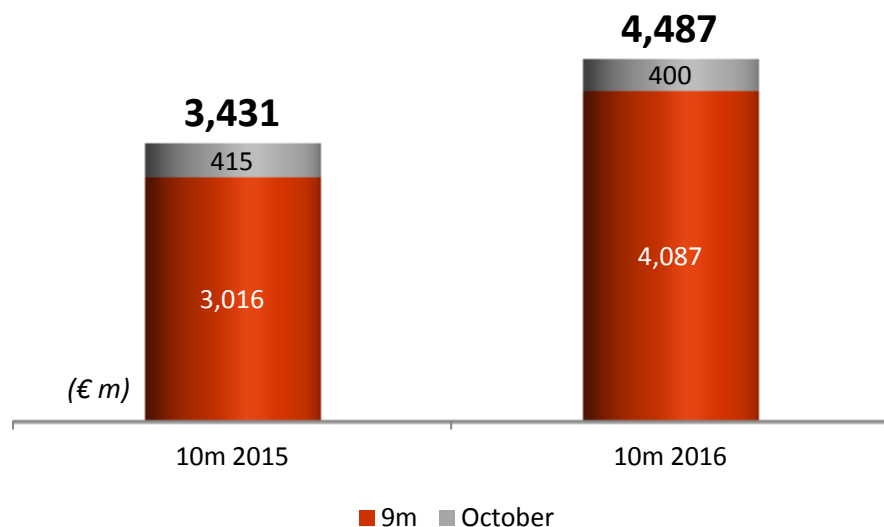


## New recruits

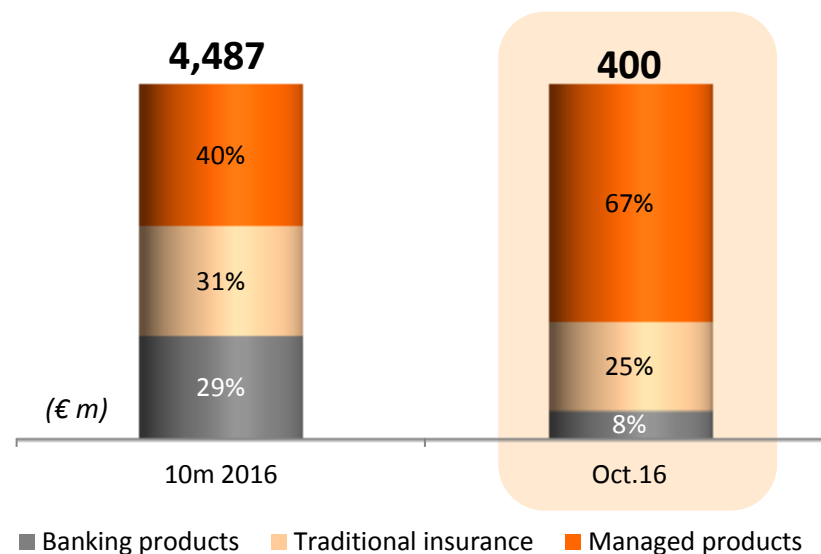
Avg. assets transferred per new recruits per year



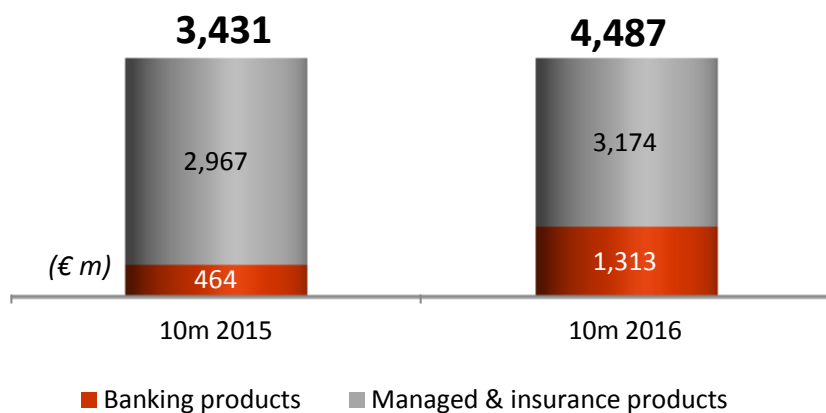
## Net Inflows YTD



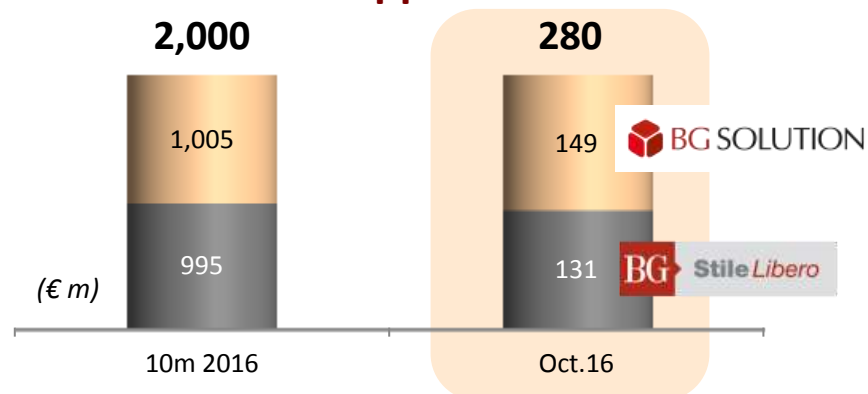
## Product mix



## Net Inflows mix YTD



## Wrappers



9M 2016 results

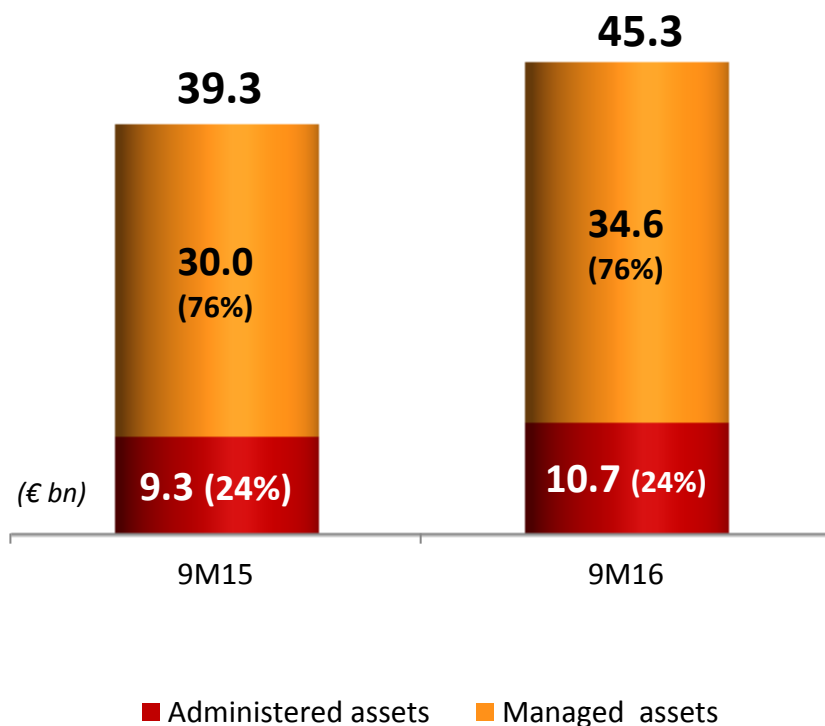
Net inflows and recruiting

**Assets, clients, FAs**

Business update & closing remarks

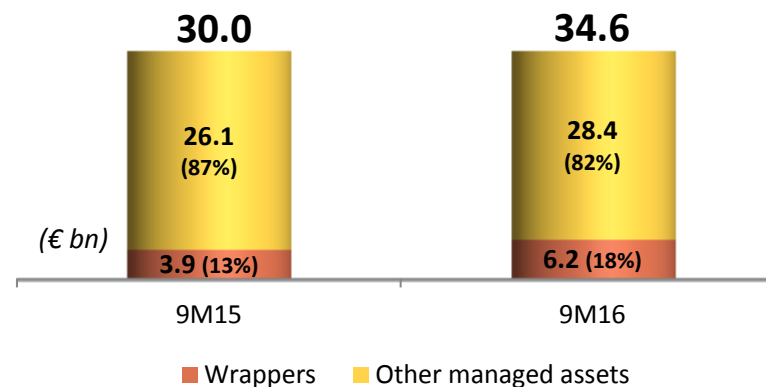
## Total Assets

Managed vs. non-managed



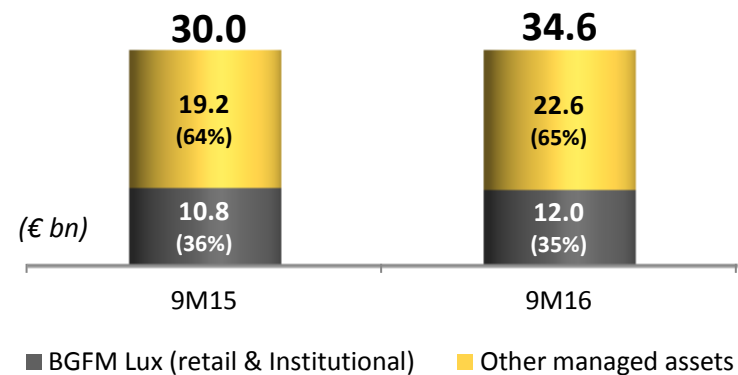
## Wrapper solutions

Wrappers/Managed assets

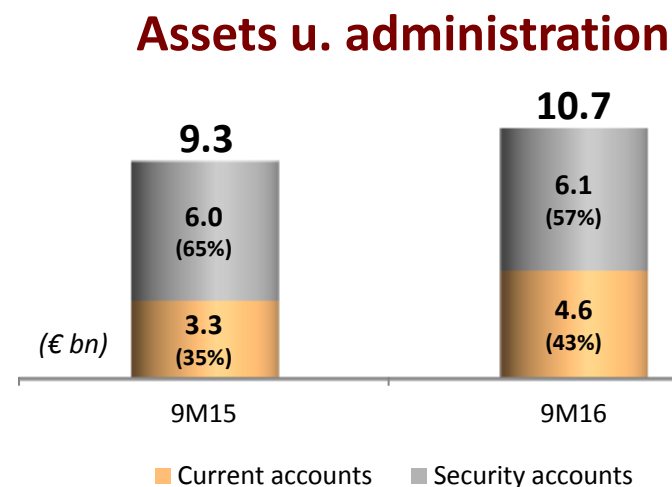
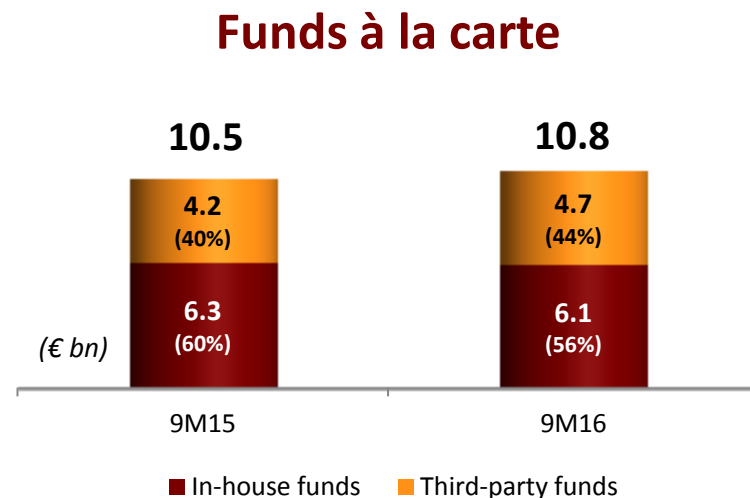
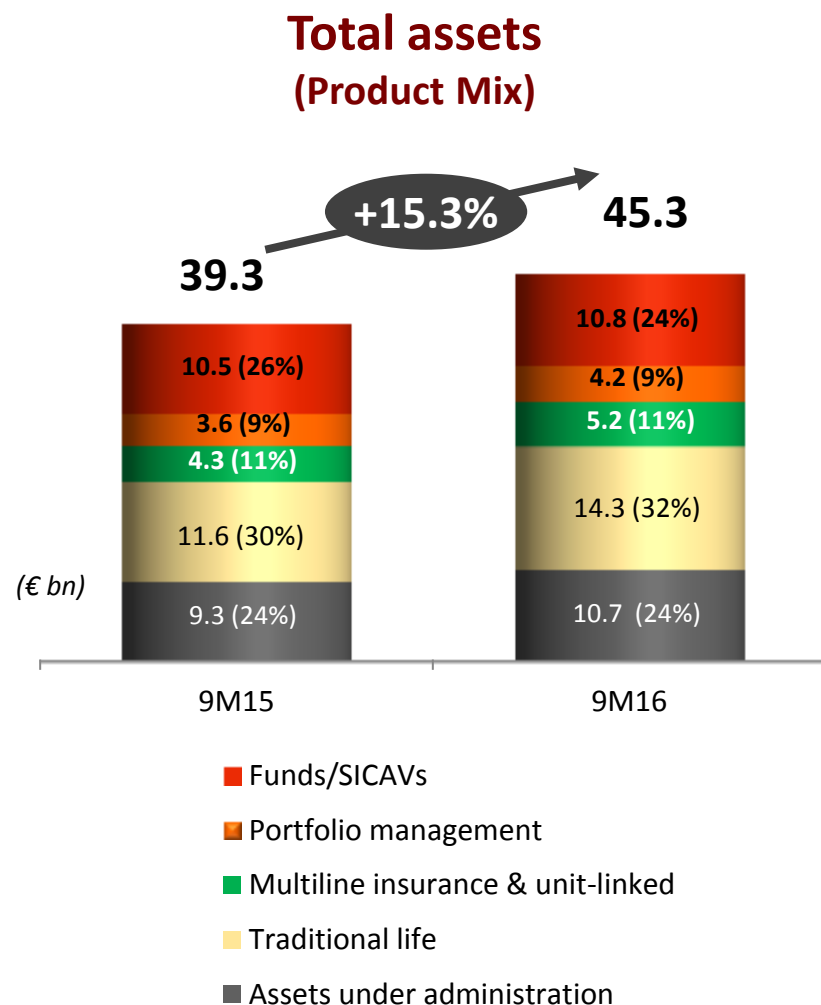


## Lux-based assets

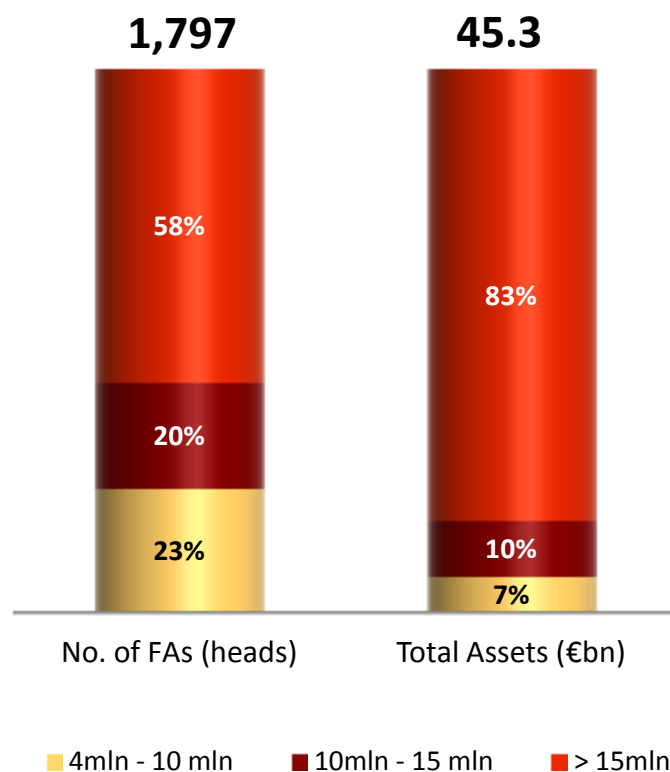
Lux-based assets/Managed assets



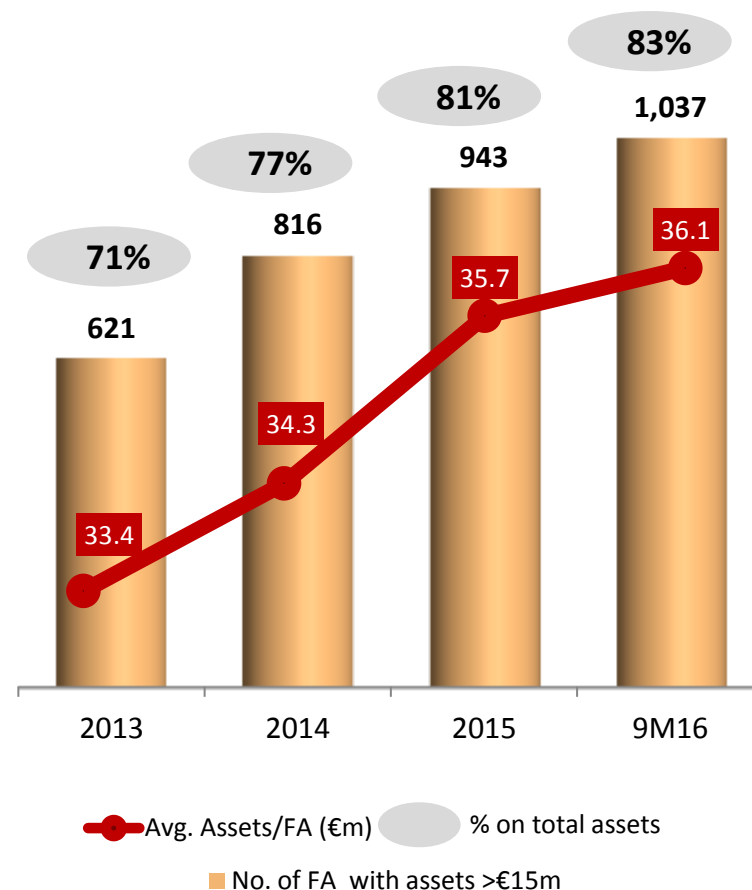




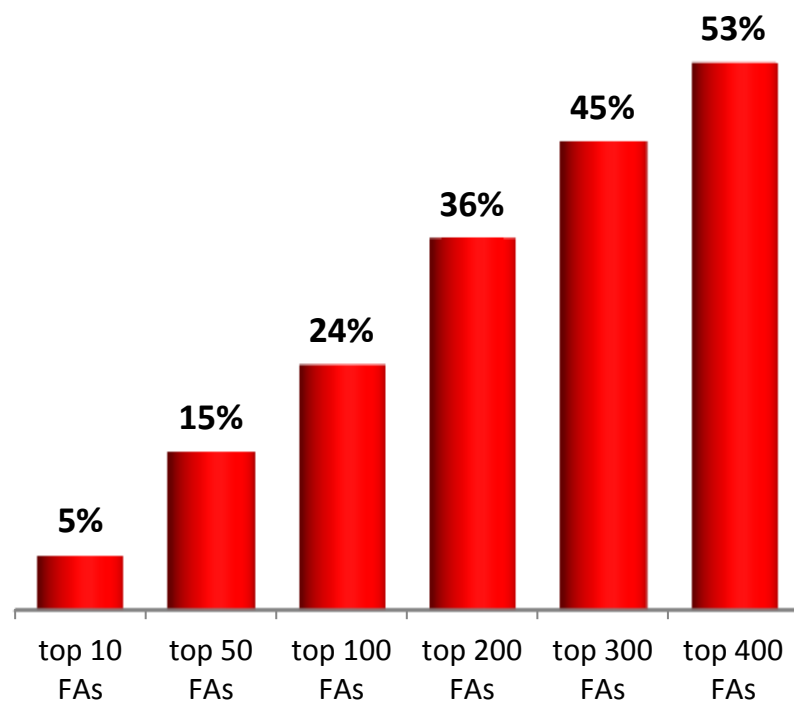
## FAs by avg. portfolio size and related assets



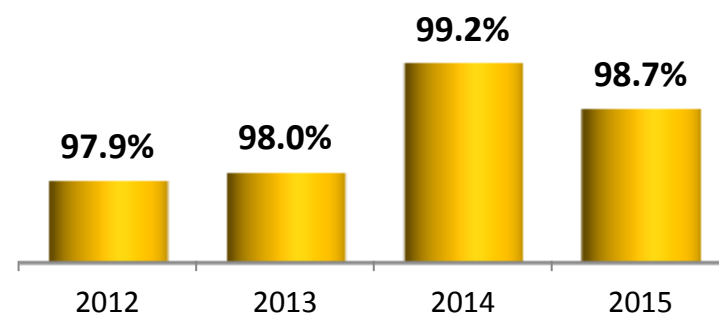
## FAs with assets >€15m



## Asset concentration by Financial Advisors' portfolio

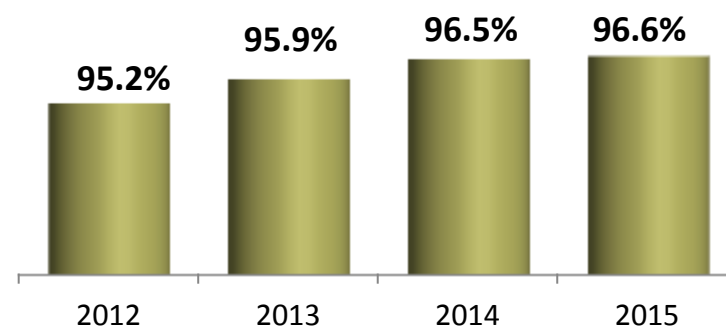


## Core FA Retention at 99%



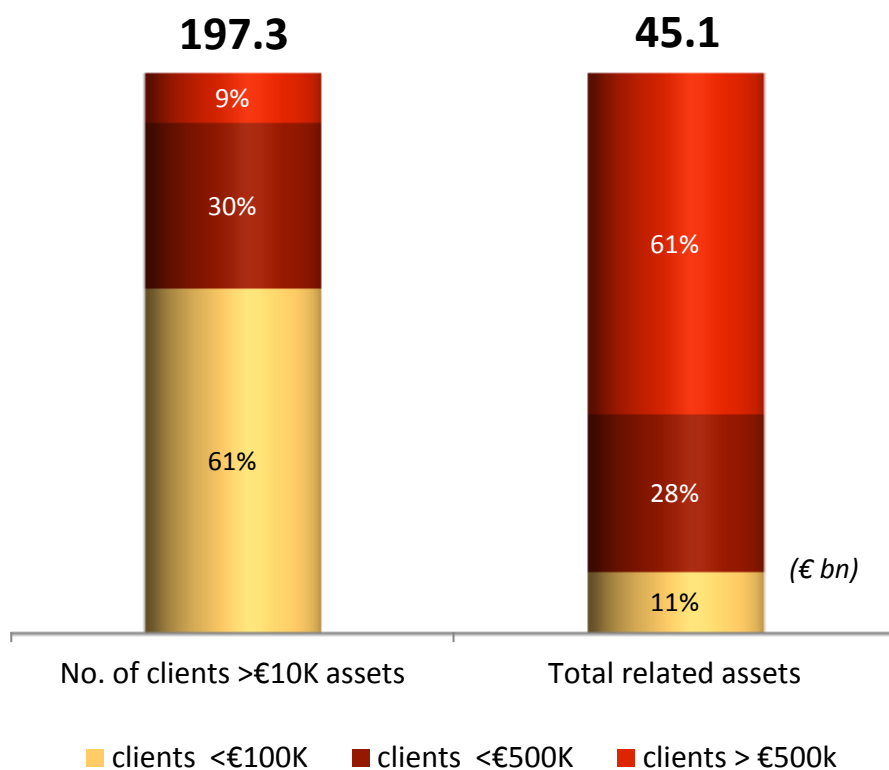
Based on the number of FAs leaving to competition (OUT core)

## Headline FA Retention at 97%

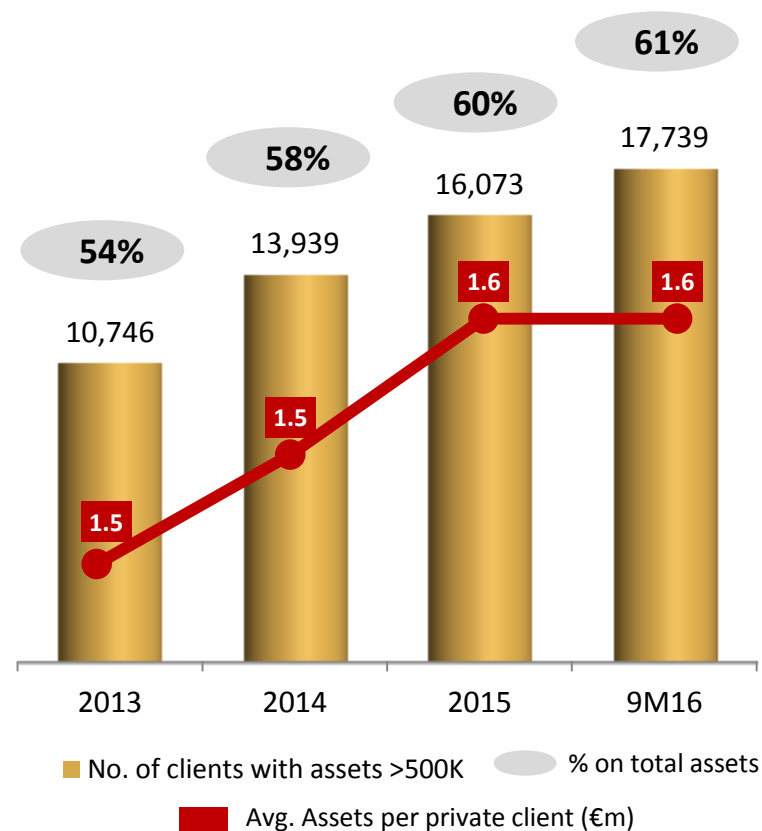


Based on total number of FAs leaving also for some other reason (mandate withdrawal, retirement, death, change of activity) (OUT core + OUT other)

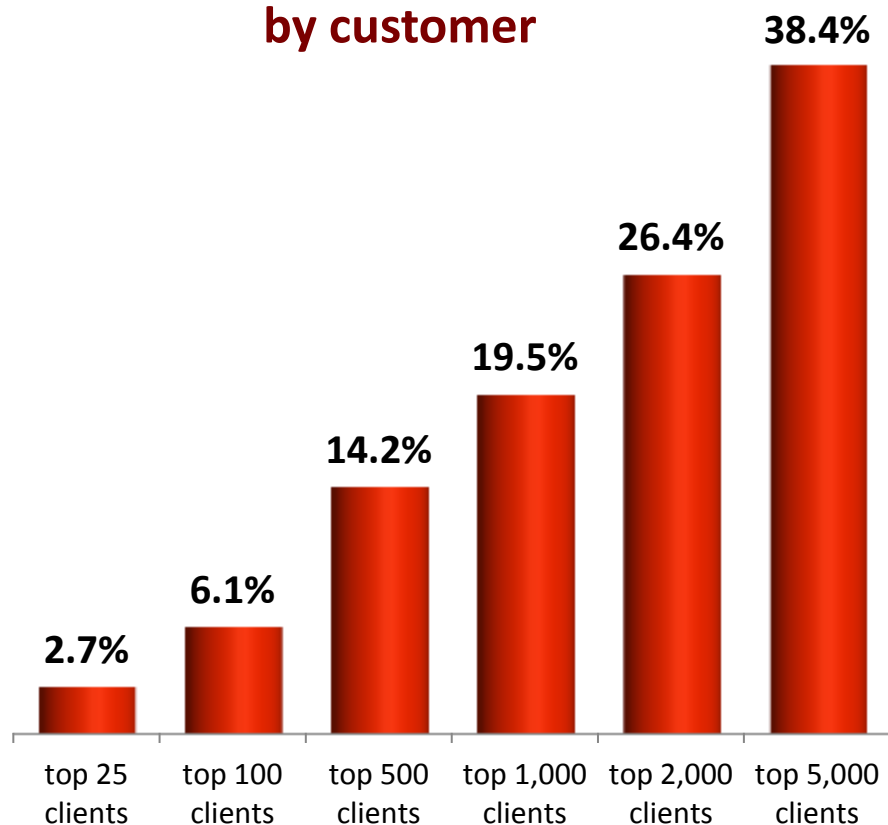
## No. of customers (>€10K) and related assets



## No. of Private Clients with Assets >€500K



## Asset concentration by customer



**TOT. CUSTOMER AVG. TENURE <sup>1</sup>**

**11 years 10 months**

**TOT. CUSTOMER CHURN-RATE**

**5%**

<sup>1</sup> Total customer average tenure is calculated on the base of customers with Banca Generali by more than one year

9M 2016 results

Net inflows and recruiting

Assets, clients, FAs

**Closing remarks**



## **Banca Generali: fit, sustainable and ...**



**Ongoing strong business trend driven by customers' search for advisory to address their family and investment protection needs**



**High-quality and growing network of experienced professionals with outstanding loyalty levels**

**Well-diversified client and asset base with outstanding levels of tenure**

**... growing over time**

## Investor Relations Contacts

### Giuliana Pagliari

*Investor Relations Officer*

Phone +39 02 6076 5548

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



*The manager responsible for preparing the company's financial reports (Paolo Tamagnini) declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law of Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.*

*P. Tamagnini, 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.