

Banca Generali

1H12 Results and Business Update

Milan, 25 July 2012

Today's Agenda

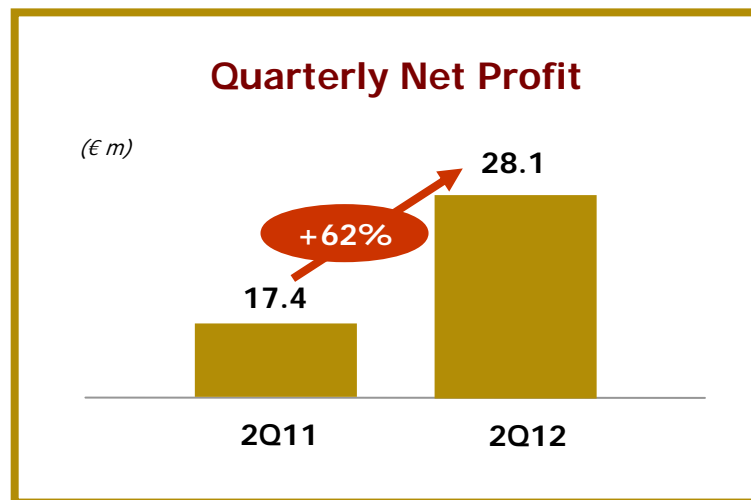
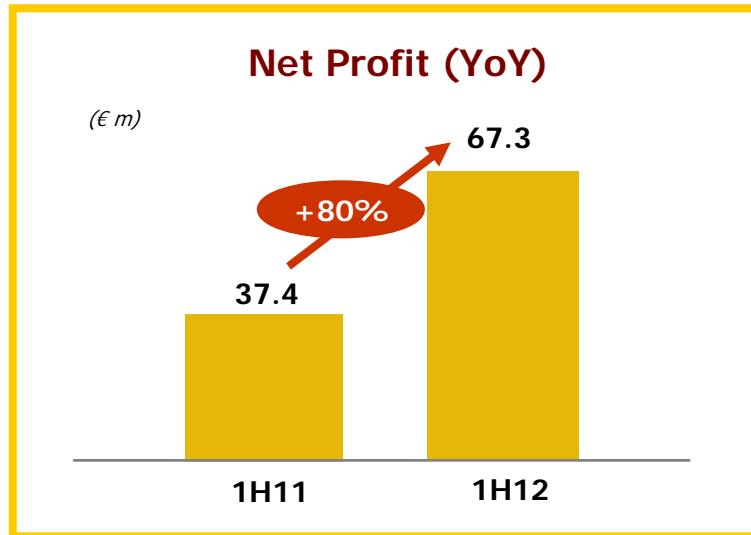
➤ **1H 2012 Results**

➤ Net Inflows, AUM and Recruiting

➤ Business Update

➤ Closing Remarks

Banca Generali 1H12 net profit soars to €67m (+80% yoy), the highest level in the bank's history



¹ as percentage of the assets at the start of the year

Positive business momentum despite challenging markets

- 1H12 Net Inflows at €1,044 m (9.0% of AUM, annualized¹), equal to 83% of FY 2011 net inflows, of which
 - €643 m in managed assets, €401 m in administered assets
- Total assets at €24.6 bn (+6% YTD, +4% yoy)

Strong set of economic results

- Revenues +42%, with positive contribution from all business lines
- Cost/income ratio at its lows of 39.6%, thanks to a tight cost discipline
- Excellent AUM profitability level at 1.91%, +33 bps yoy

Solid capital position confirmed

- Solid excess capital position, despite spread widening in the period
- Total capital ratio at 14.3% and Tier 1 Capital at 12.5% (vs. 12.8% and 11.1% respectively at 2011YE)

Consolidated 1H 2012 Profit and Loss Account: main highlights

(€ m)	6M11 (reported)	6M12 (reported)	% Chg	6M11 (excl. GIL)	6M12 (excl. GIL)	% Chg
Net Interest Income	21.5	51.3	138.5%	21.5	51.3	138.6%
Commission income	179.1	194.1	8.4%	164.3	180.0	9.6%
Commission expense	-80.8	-77.7	-3.8%	-69.4	-67.1	-3.4%
Net Commission	98.3	116.4	18.4%	94.8	112.9	19.0%
Net income (loss) from trading activities	-51.9	8.8	-117.0%	-51.8	8.8	-117.0%
Dividends	57.7	0.7	-98.8%	57.7	0.7	-98.8%
Net income (loss) from trading activities and Dividends	5.8	9.5	63.2%	5.8	9.5	62.5%
Net Banking Income	125.6	177.1	41.0%	122.2	173.7	42.1%
Staff expenses	-33.3	-34.9	4.8%	-32.4	-33.9	4.7%
Other general and administrative expense	-41.4	-44.3	7.1%	-41.1	-44.0	7.1%
Depreciation and amortisation	-1.9	-2.3	19.8%	-1.9	-2.2	20.1%
Other net operating income (expense)	5.8	9.2	58.4%	5.8	9.1	58.2%
Total costs	-70.8	-72.3	2.2%	-69.6	-71.0	2.1%
<i>Cost /Income Ratio</i>	<i>-54.8%</i>	<i>-39.6%</i>	<i>15,2 p.p.</i>	<i>-55.4%</i>	<i>-39.6%</i>	<i>15,8 p.p.</i>
Operating Profit	54.9	104.8	91.1%	52.6	102.6	95.1%
Net adjustments for impair. loans and other assets	-1.7	-3.7	122.5%	-1.7	-3.7	122.5%
Net provisions for liabilities and contingencies	-9.9	-14.3	44.7%	-10.0	-14.3	42.7%
Profit Before Taxation	43.3	86.8	100.5%	40.9	84.6	106.9%
Direct income taxes	-4.6	-17.8	287.9%	-4.4	-17.6	303.9%
<i>Tax rate</i>	<i>10.6%</i>	<i>20.6%</i>	<i>10 p.p.</i>	<i>10.7%</i>	<i>20.9%</i>	<i>10,2 p.p.</i>
Income/(losses) after tax on assets held for sale	0.9	0.3	-63.9%	0.9	0.3	-63.9%
Minorities interest	-2.2	-2.0	-8.2%	0.0	0.0	
Net Profit	37.4	67.3	79.8%	37.4	67.3	79.8%

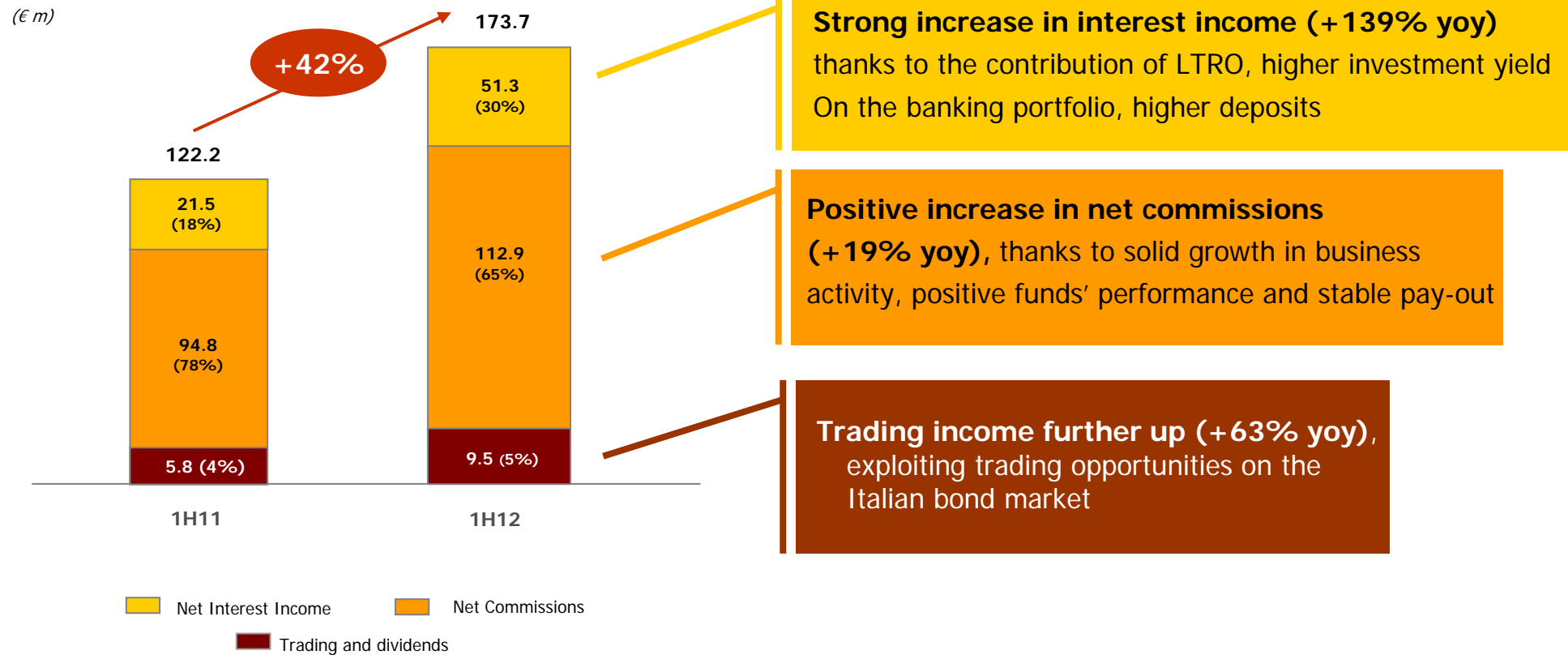
- **Higher Interest income** thanks to LTRO, higher investment yield, higher deposits
- **Net commissions (+19% yoy)** driven by higher assets and by the positive fund performance
- **Trading income** benefitting from trading opportunities on the Italian bond market
- **Excellent cost control (2.1% yoy)**, following a severe cost discipline
- **Provisions** reflect the strong trend in net inflows and faster achievement of FY recruiting target
- **Net profit +80% yoy** despite a significantly higher tax-rate (20.9% vs. 10.7% in 1H11)

The figures reported in this document are IFRS 5 compliant.

Figures "ex-GIL" (LFL) do not incorporate the contribution of Generali Investment Luxembourg ("GIL") merged with BG Investment Lux on 9 Sept. 2009

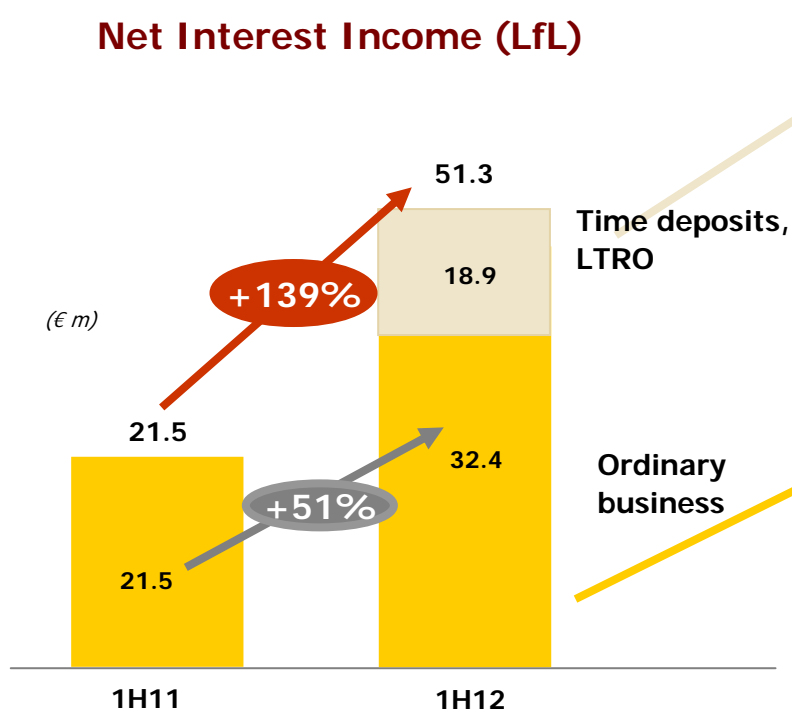
Positive results spread throughout the board, driving total revenues up 42% yoy

Net Banking Income (LfL)



Interest income: ordinary business growth and significant contribution from LTRO

Net Interest Income (LfL)



LTRO assets' expiry

(€ bn)

Period	Value (€ bn)
4Q12	0.3
4Q14	0.2
1Q15	1.1

- LTRO delivers a broadly stable contribution until 2014
- LTRO assets have fully-matched maturities

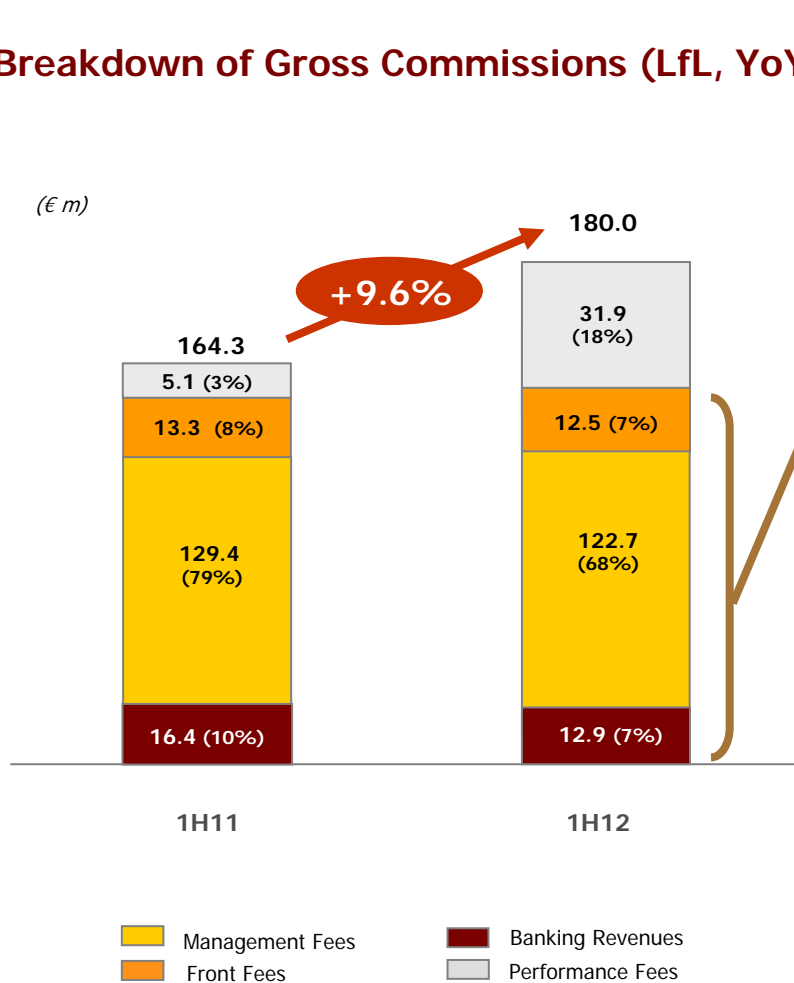
Buoyant contribution from ordinary business (+51% yoy) driven by:

- Higher investment yield on the banking portfolio (from 2.0% to 3.4%)
- Higher (lombard) lending activity
- Higher deposits (from €1.6bn to €2.0bn)

The banking book has a defensive profile with short duration (1.5) and short maturity (2.5)

Positive gross commissions (+9.6% yoy), despite unfavourable financial markets

Breakdown of Gross Commissions (LfL, YoY)

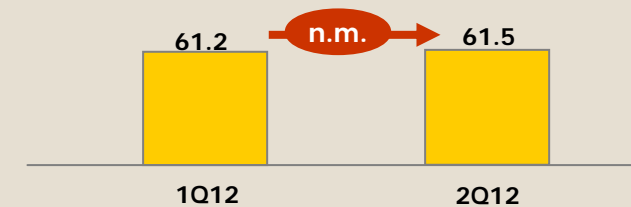


Quarterly Gross Commissions (LfL)

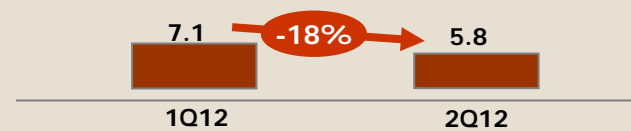
Higher entry fees due to higher life inflows



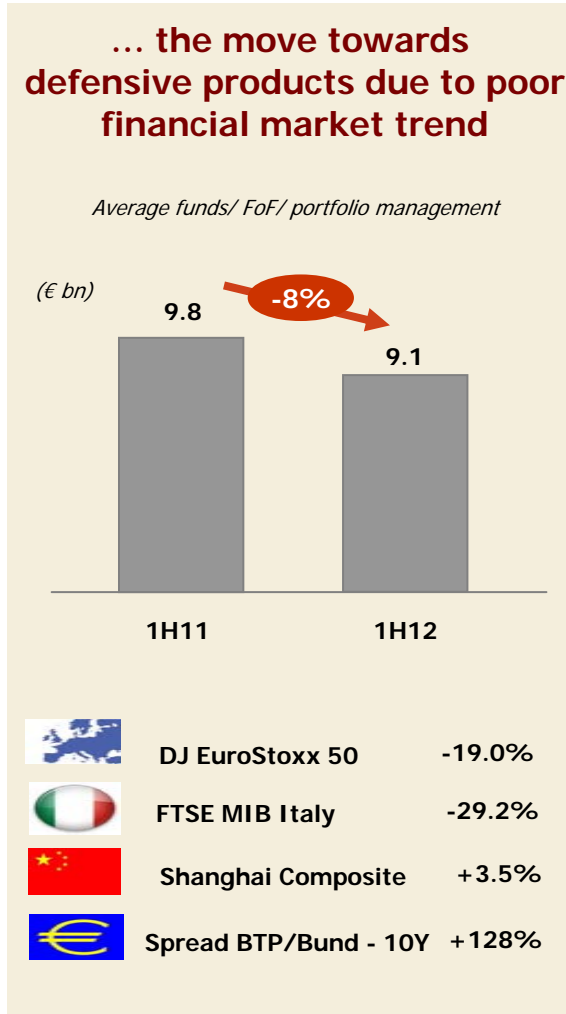
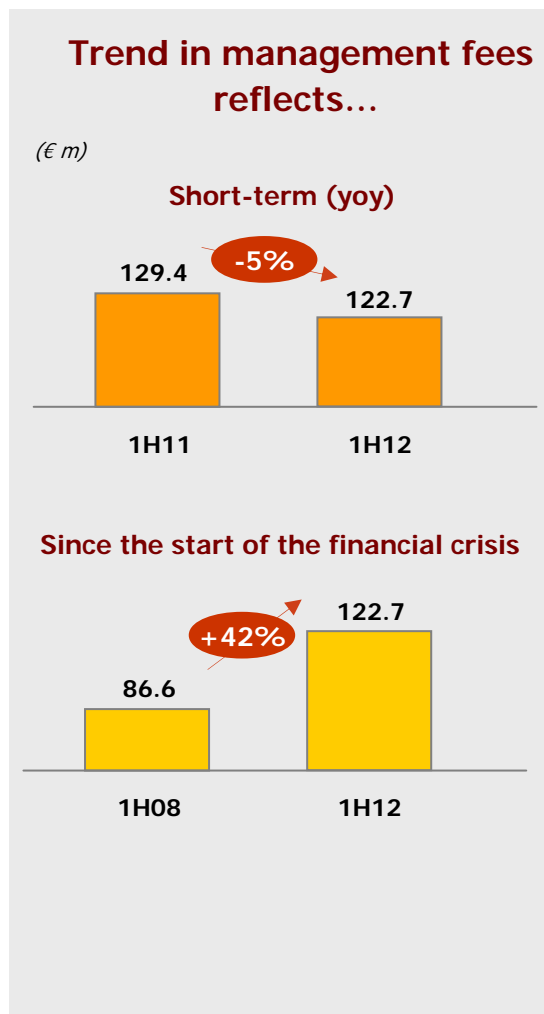
Stable quarterly management fees



Poor 2Q financial markets took their toll on trading fees



Short-term development in management fees derives from long-term growth strategy



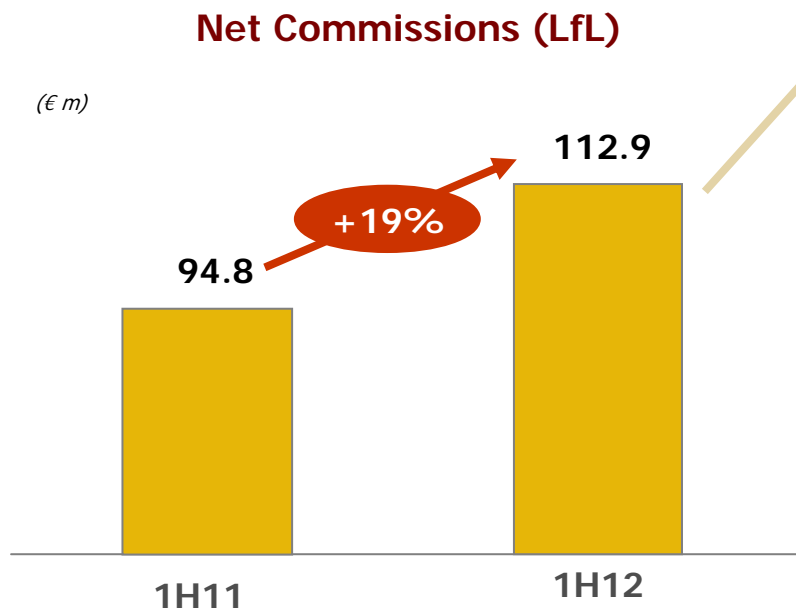
In the short-term a few bps lost

BUT

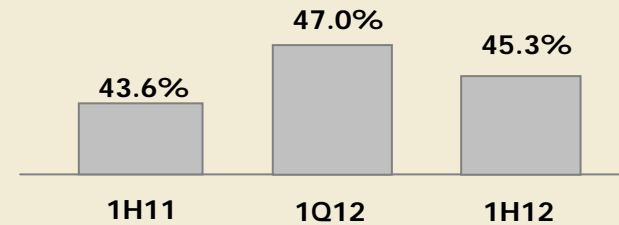
- ... **Clients satisfied** with the bank and with their Financial Advisors, which means longer-term relationships and more trust in the FA financial advice...
- ... **More satisfied networks**, reflecting the financial results of their clients' assets, and hence more productive, as the positive net inflows trend is confirmed

In the longer term, growth potential enhanced

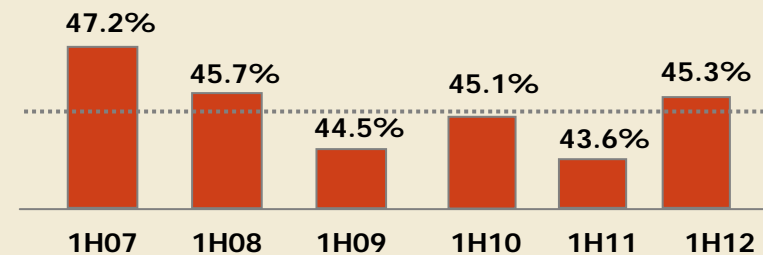
Net commissions surge by 19% yoy, even if pay-out level remains in line with year's level



Pay-out trend excl. perf. fees (LfL)

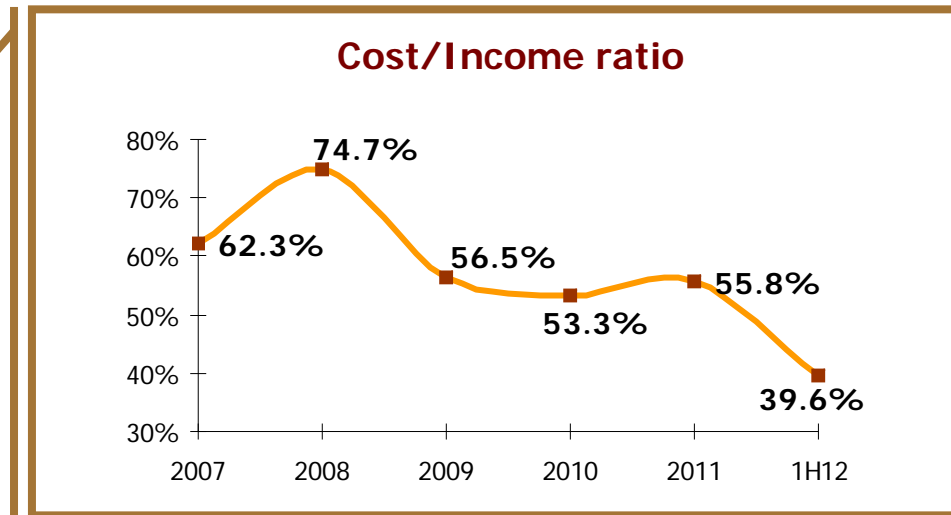
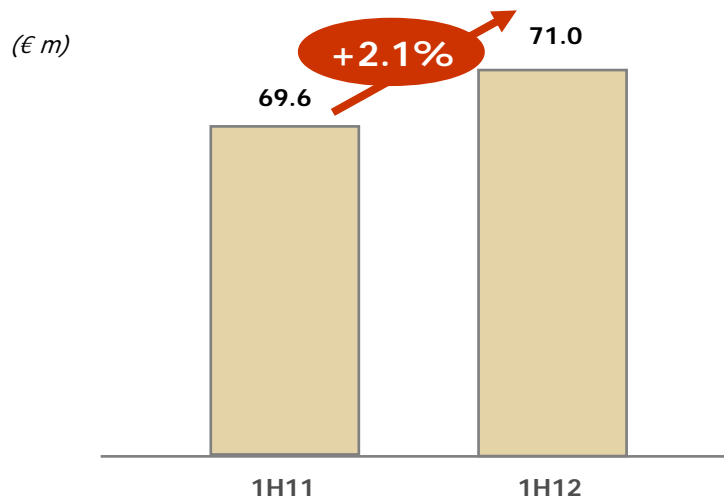


Pay-out ratio trend (ex-perf. fees)

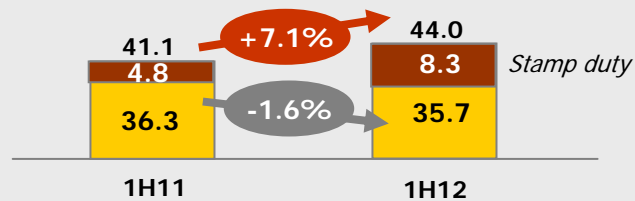


Cost/income ratio at its lows of 39.6% thanks to a tight cost discipline

Operating costs, net of stamp duty (LfL)



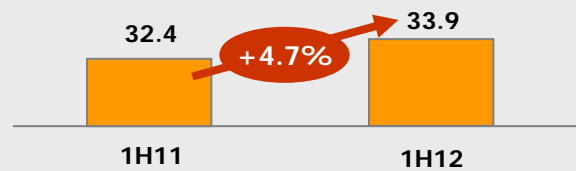
G&A costs



G&A down 1.6% net of stamp duties

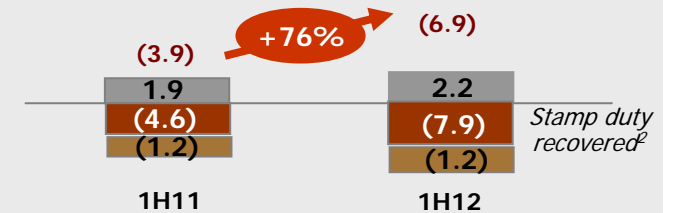
Split of operating costs (LfL)

Staff Costs



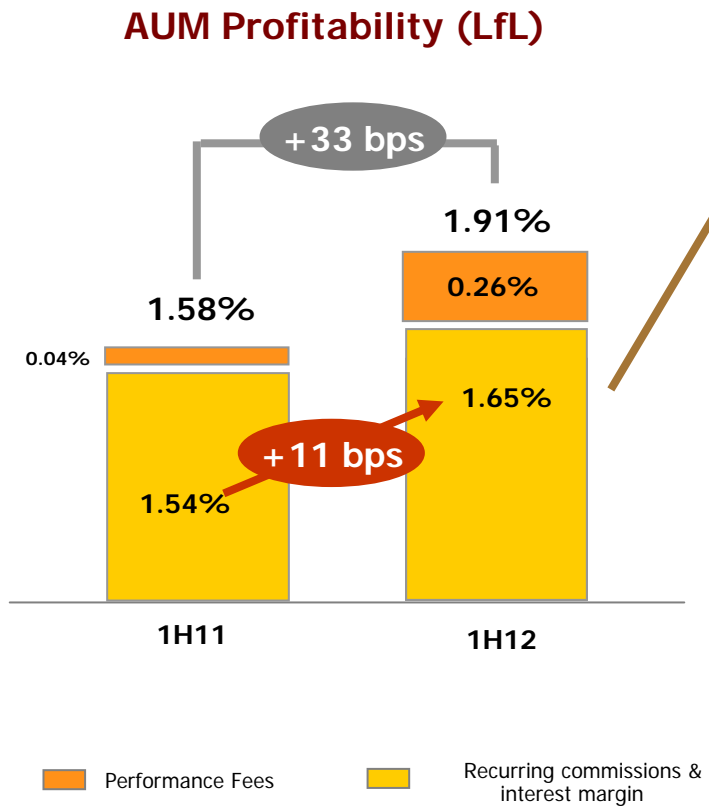
Staff costs incorporate higher variable incentives

Depreciation & other operating income



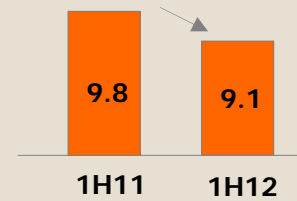
Stamp duty recovered²

Gross profitability at 1.91%, a top level for the bank



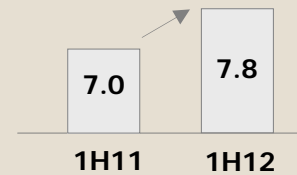
Average Monthly Underlying Assets

Funds & Portfolio management assets



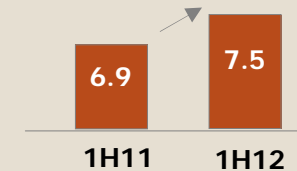
Poor financial markets trend, company's guidance for more defensive investment products

Insurance assets



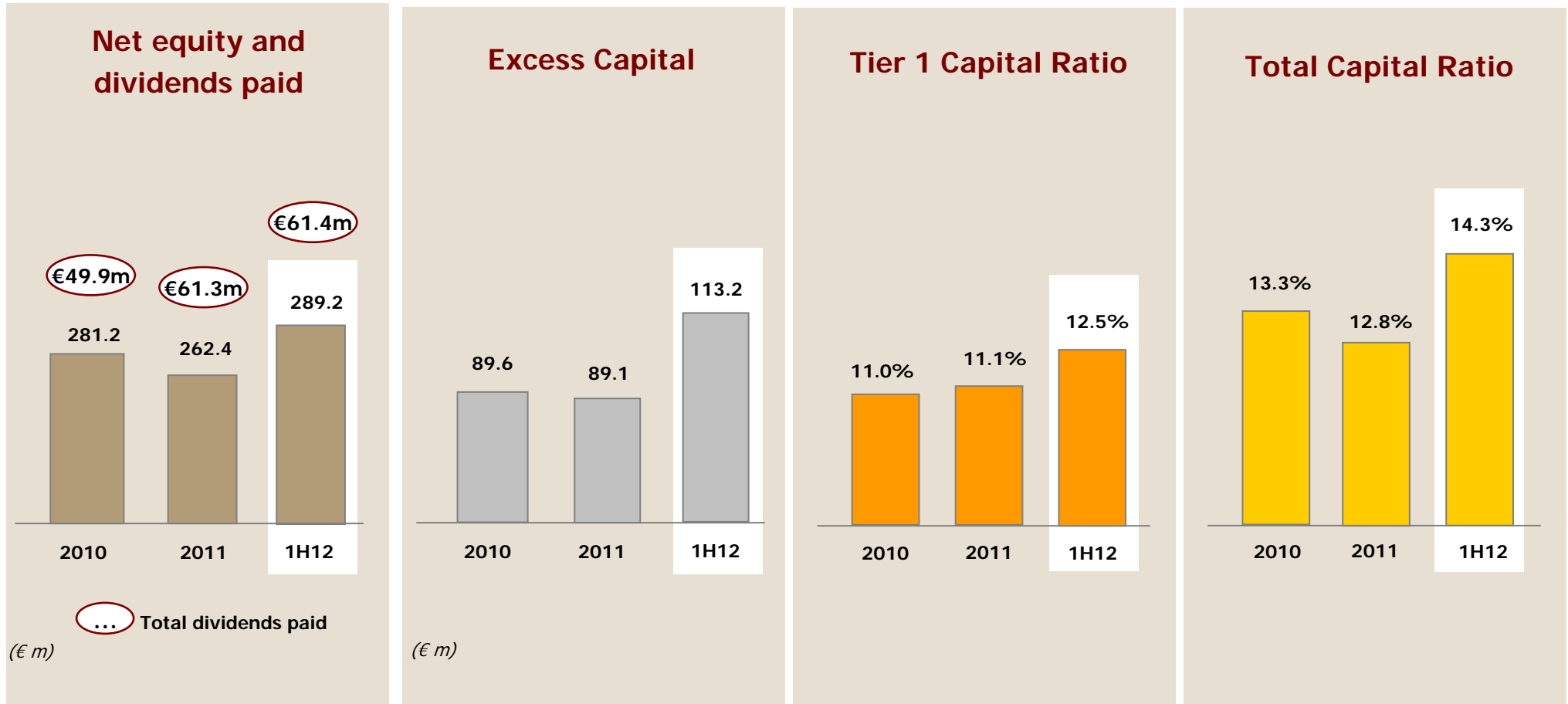
guided shift towards defensive products

Administered assets



Strong growth of new customers

Solid capital position confirmed



Today's Agenda

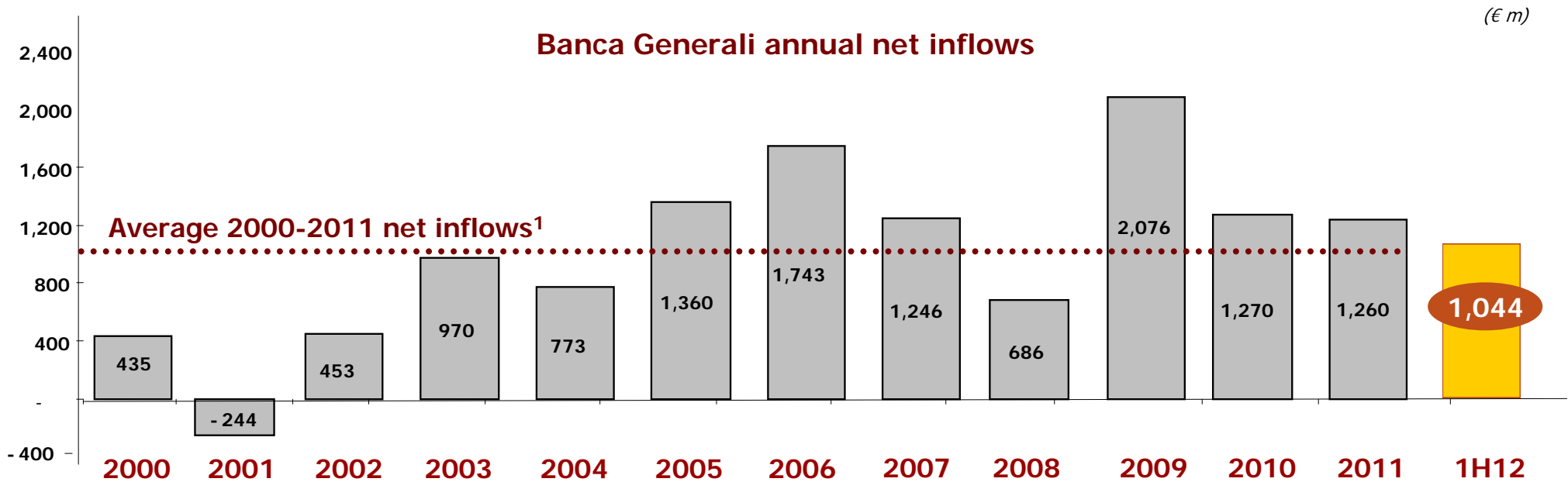
➤ 1H 2012 Results

➤ **Net Inflows, AUM and Recruiting**

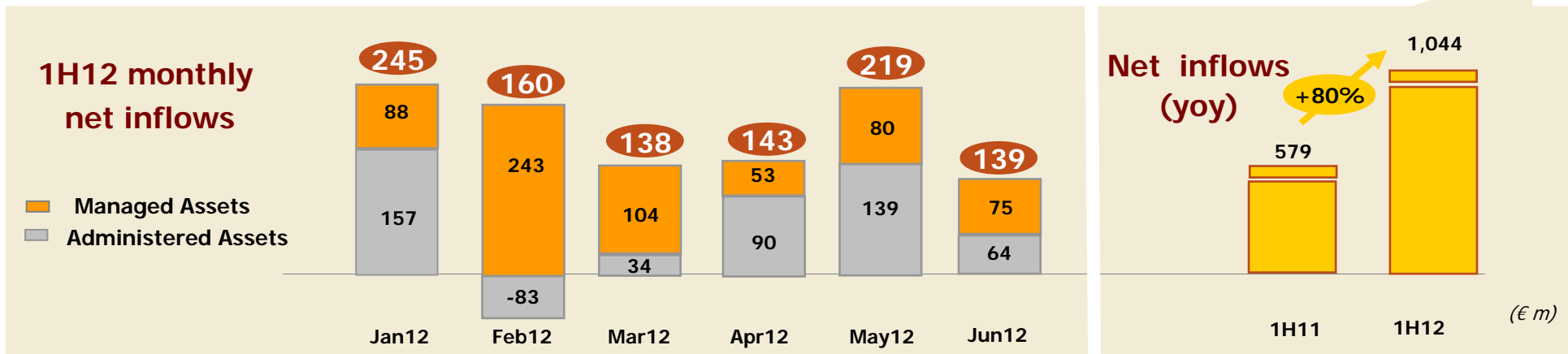
➤ Business Update

➤ Closing Remarks

In the first six months, net inflows almost matching 12 months rolling average

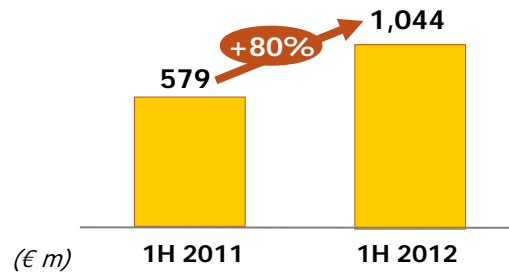


¹ including 2009/2010 Tax Shields



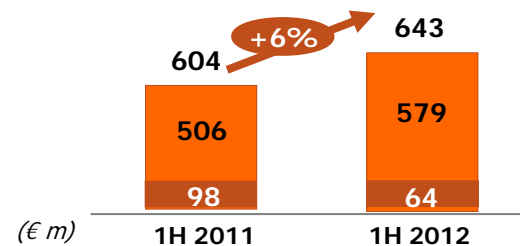
1H 2012 net inflows almost match 2011 full year inflows' level

Total net inflows...



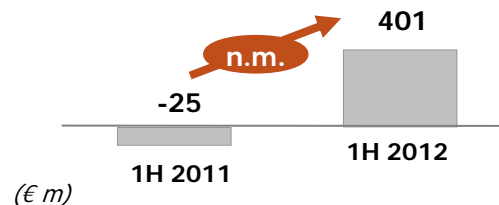
- Good balance between organic drivers and recruiting of high profile professionals
- Exploiting **positive word of mouth** to acquire new clients
- Positive evidence of **increasing share of wallet of existing customers**

... o/w 60% in managed assets...



- **Within managed product focus on defensive products**
 - capital guarantee (insurance)
 - capital protection (portfolio management)
- Insurance products seen as a better alternative to bond and monetary funds

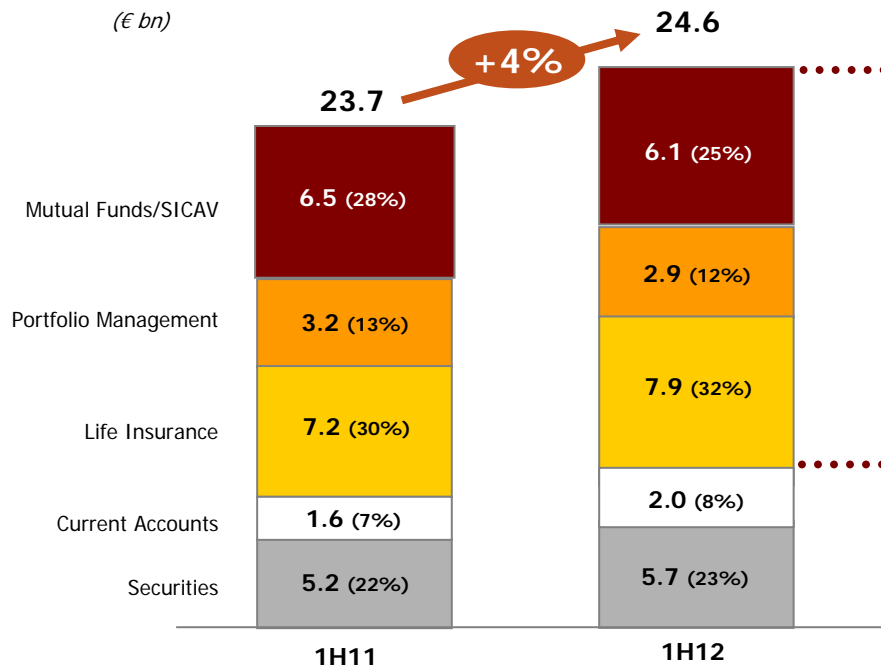
... and 40% in administered assets



- Net inflows in administered assets represents almost entirely the **acquisition of new customers through the transfer of security deposits and/or cash**
- No competitive price campaigns on deposit or current accounts

Net inflows and positive fund performance lifted assets to €24.6 bn (+4% YoY)

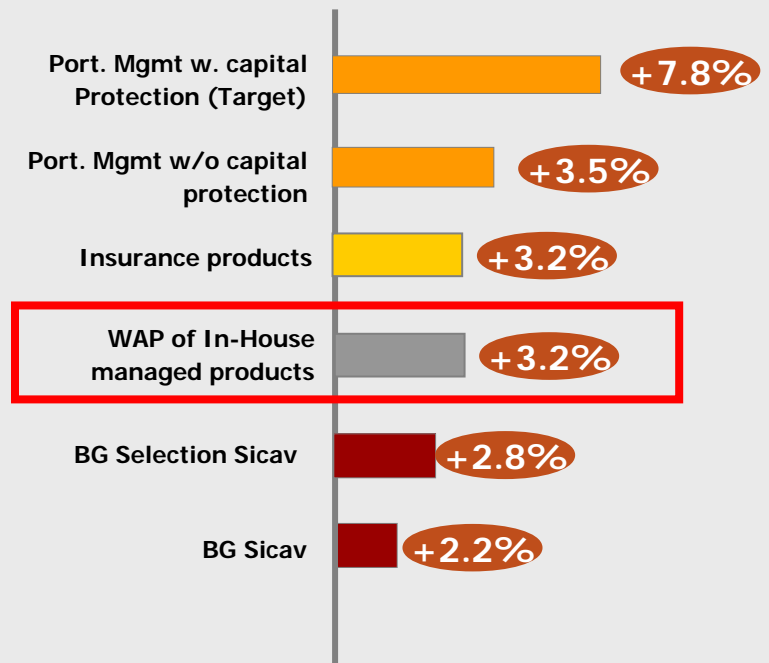
Asset Breakdown



Reference YoY performance

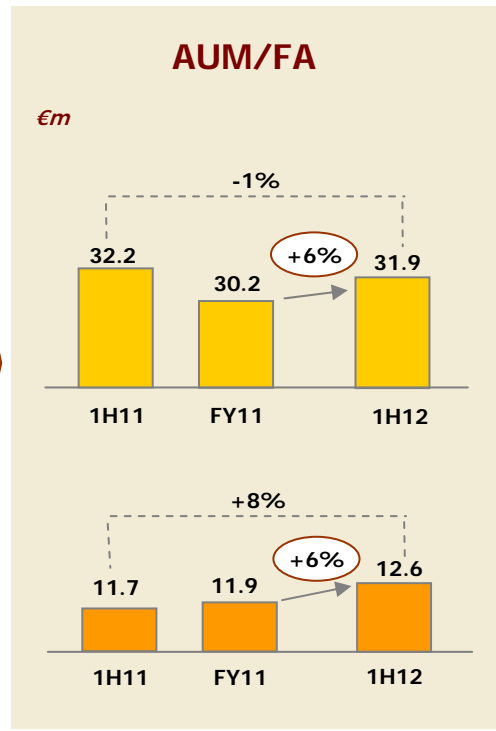
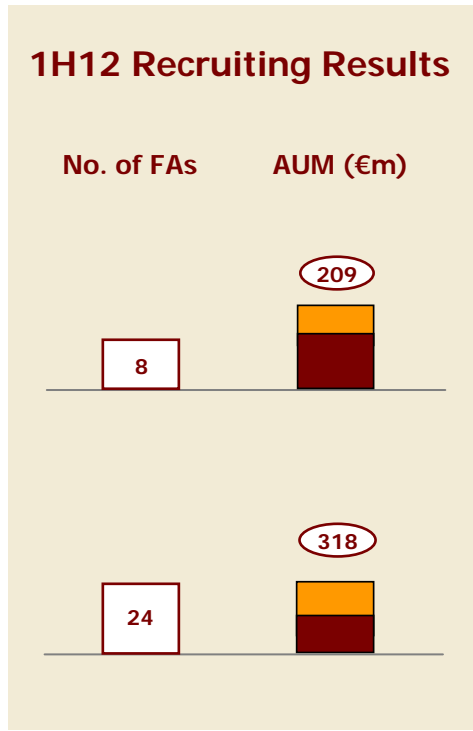
DJ Eurostoxx	-19.0%
MSCI Emerging Markets	- 6.2%
FTSE Mib Italy	-29.2%
Spread BTP/Bund	+128%
EUR-USD	-12.7%

1H12 avg. performance of key in-house managed products

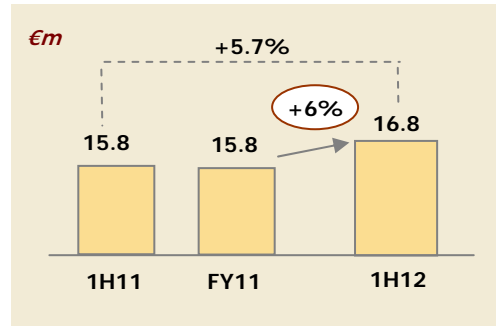
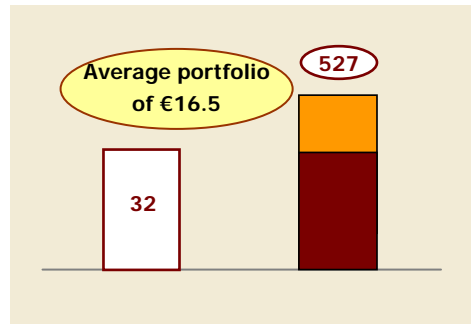


Note: The Italian Mutual Fund WAP in 1H12 was 3.2%

The recruiting policy remained focussed on high-quality professionals



Total BG Group

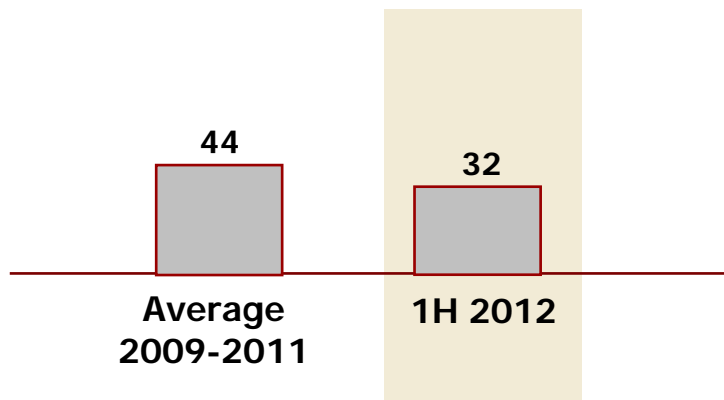


■ AUM already brought in ■ Potential AUM ○ AUM □ N° of FA

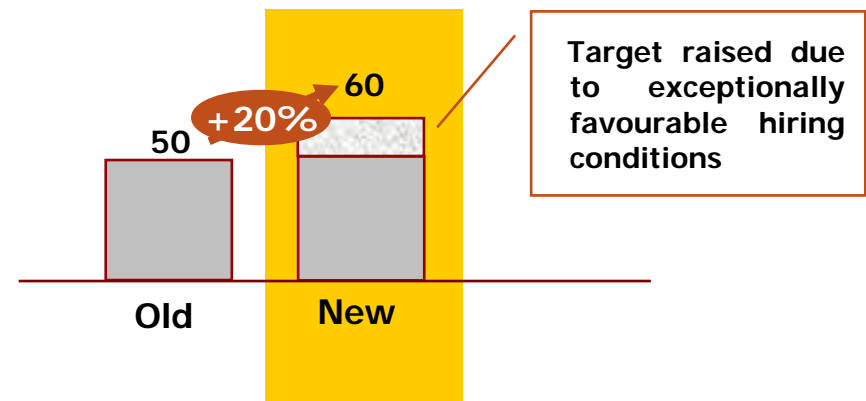
- Banca Generali hired 32 professionals in 1H2012, with an average portfolio of €16.5m
- Banca Generali ranks 1st by size of portfolio by financial advisor at €16.8m (+5.7% yoy, +6% ytd)
- Banca Generali also ranks 1st by FA's productivity in 1H12, measured as Jan-June net inflows by Financial Advisor

Banca Generali increasingly an attractive name for high-profile professionals

2009-1H12 avg. No. of recruits



2012 YE Target of new recruits



Banca Generali has established as one of the **employers of choice in the industry**, thanks to

- its strong results over time
- its effective business platform
- positive word of mouth
- management style and corporate culture

- **In 1H 2012 extremely favourable hiring conditions** for private bankers working in traditional retail banks
 - **high-standing professionals** with large portfolios
 - new recruits join Banca Generali with a **fully fee-based compensation**
- **Competitive cost of recruiting**

Today's Agenda

➤ 1H 2012 Results

➤ Net Inflows, AUM and Recruiting

➤ **Business Update**

➤ Closing Remarks

Management actions concentrated on launching new products and further enhancing the efficiency of the business platform

Expanded offer on emerging markets debt and currency diversification

- BG Selection - launch of a new bond sub-fund dedicated to Emerging market debt & currency
- BG Sicav - launch of new flexible bond funds
- Insurance - currency diversification and coupon payment

New peculiar investment opportunities in equities

- BG Selection - launch of two new equity sub-funds dedicated to International equities and European equities

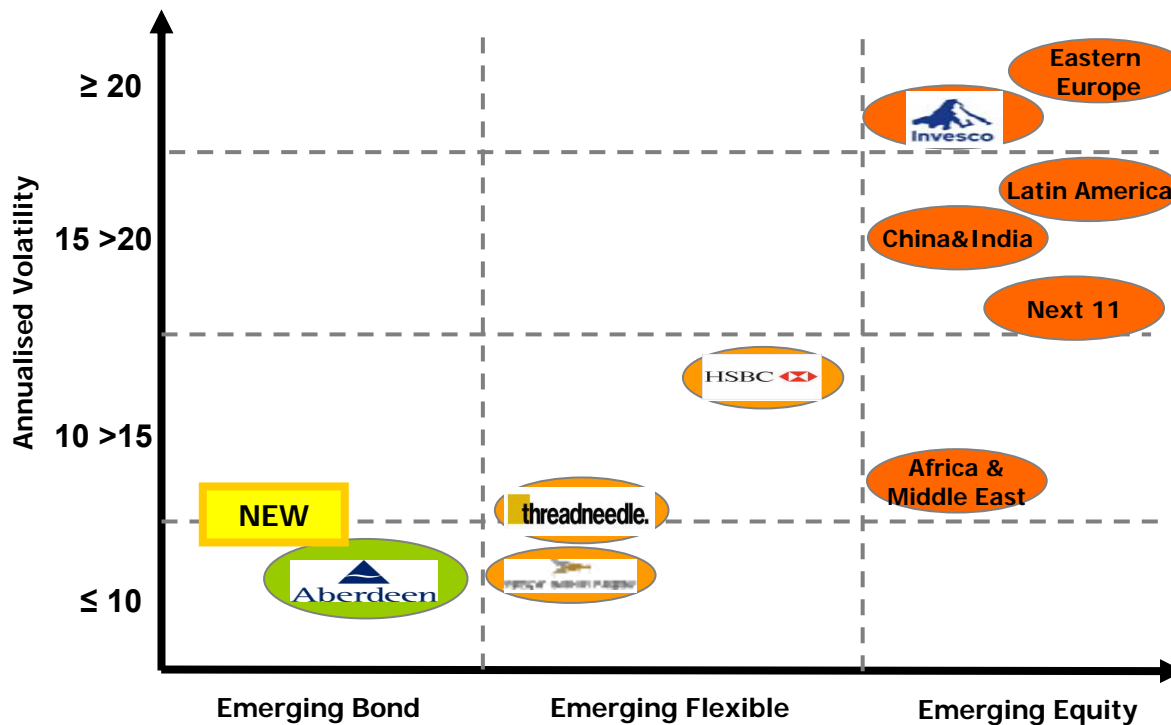
Moving toward a paperless platform

- IT development - From mobile banking to digital banking

Strengthening BG Selection offer in emerging markets debt & currency

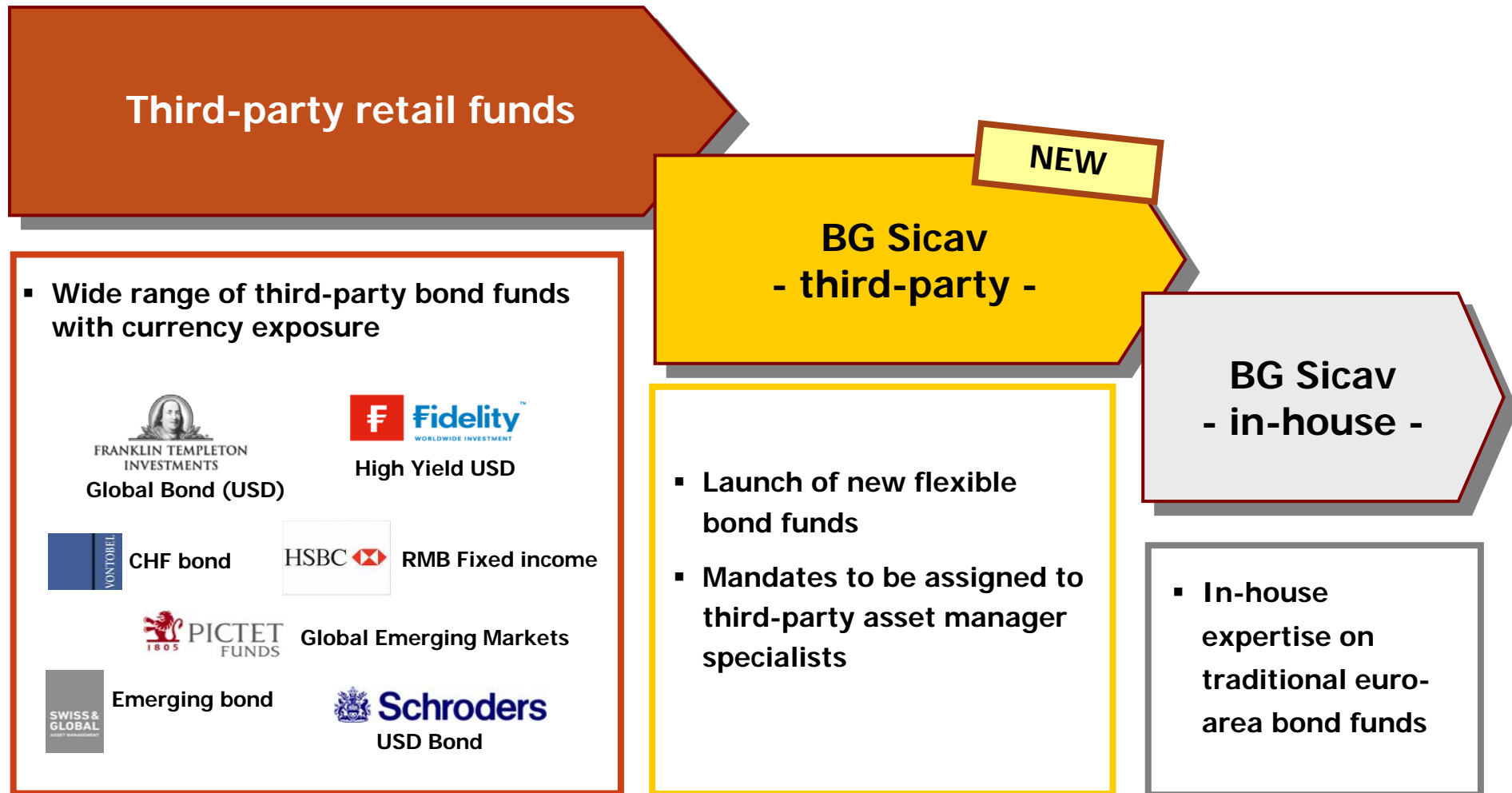
Launch of a new bond sub-fund to enrich the offer on emerging markets:
“Emerging bond and currency opportunity”

BG Selection – FoF offer on Emerging Markets



- **Completing product offer on emerging markets**
 - 1.1bn of assets for 1H12
- **New FOF focus on:**
 - Emerging market debt (govt/corp)
 - Currency diversification (mix of hard & local crncy)
- **Proven asset management expertise on Emerging Market debt**
 - wide and diversified offer of award-winning funds

Launch of new third-party flexible bond funds under the BG Sicav umbrella fund



Wider insurance offer, with new tools for a currency diversification or for coupon payments

Currency Diversification

BG
InDollari

- whole life policy, no yield guaranteed
- segregated fund investing in US\$
- option to switch in €

BG
Opportunityⁱⁿ\$

- whole life policy, hedge against fall in US\$ rate
- segregated funds investing in US\$
- option to switch in €

Coupon payments

BG
PIÙ ITALIA
with coupon payment

- single premium
- annual coupon payment
- yield linked to a segregated fund specialised on Italian government bond

BG
New Cedola

- single premium
- annual coupon payment
- yield linked to a segregated fund (Ri.alto)

Launch of two new equity FoFs on European and International equity



"Expertise Euro"

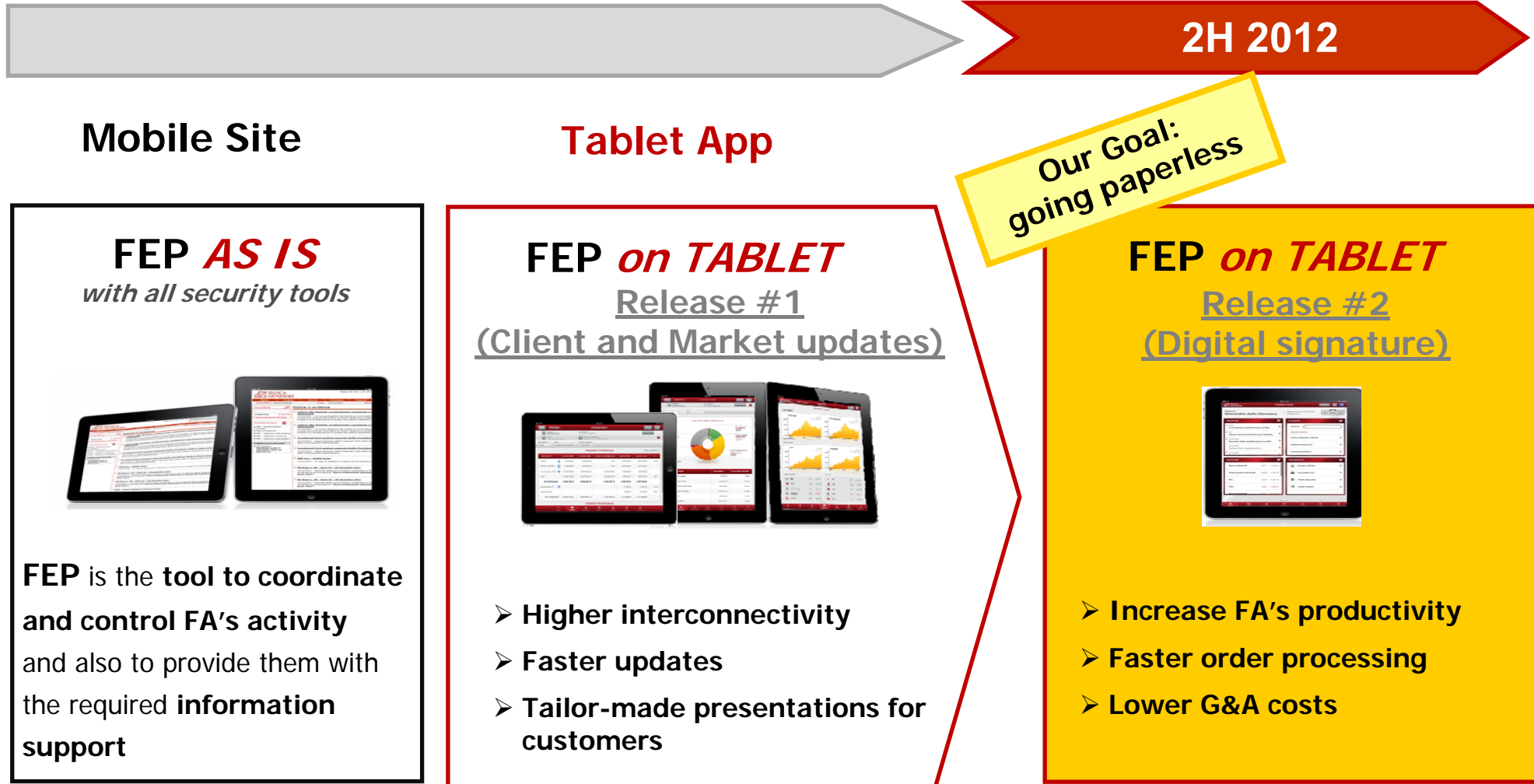
- FoF on European equities (+ conv. bond Europe)
- Wide choice of funds by investment themes and management style
- Selected niche investment themes (family business, restructuring, real estate)



"Equity 3D"

- FoF on international equities
- Combination of Long-term + Dynamic strategies
- Selected niche investment themes (emerging middle class, Web 2.0, heightened cyclicality, financial reformations, energy transformation, genomic age)

Moving towards a paperless platform



Today's Agenda

➤ **1H 2012 Results**

➤ **Net Inflows, AUM and Recruiting**

➤ **Business Update**

➤ **Closing Remarks**

Closing Remarks

Banca Generali growth formula

- **Keep clients' portfolio safe**
 - Even if this mean losing some short-term bps

- **Focus on FA quality**
 - Training and selective recruiting

- **Solid capital position**
 - Keeping a safe investment profile, even if losing short-term gains

Organic Growth

- More new customers
- More share of wallet

High-quality recruiting

Our Goals:

Earnings growth



**More dividends
for shareholders**

2012 Upcoming Corporate 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	

Approval of 9M 2012 results

Investor Relations Contacts

Giuliana Pagliari

Head of Investor Relations

Tel +39 02 6076 5548

giuliana.pagliari@bancagenerali.it

investor.relations@bancagenerali.it

Corporate Website

www.bancagenerali.com

Disclaimer

The manager responsible for preparing the company's financial reports (Giancarlo Fancel) 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.

G. Fancel, 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.