



1H 2013 Results and Business Update

Milan, 26 July 2013

1H 2013 Results

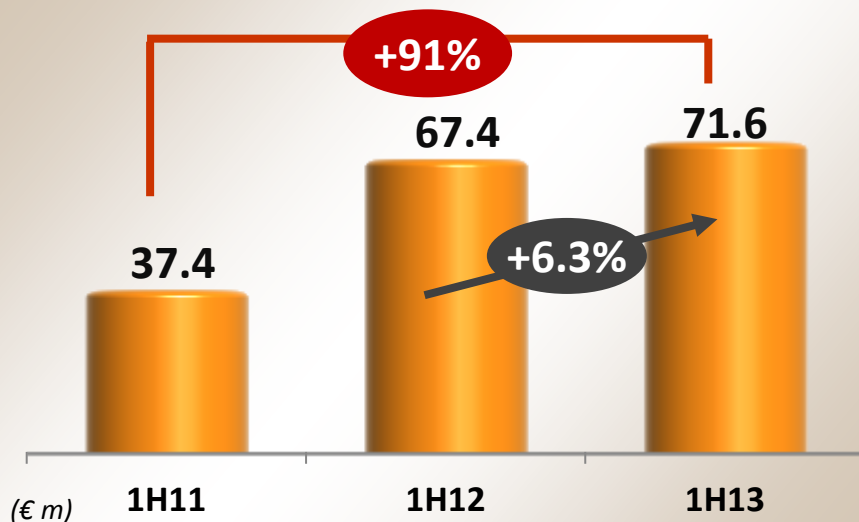
Net Inflows, AUM and Recruiting

Business Update

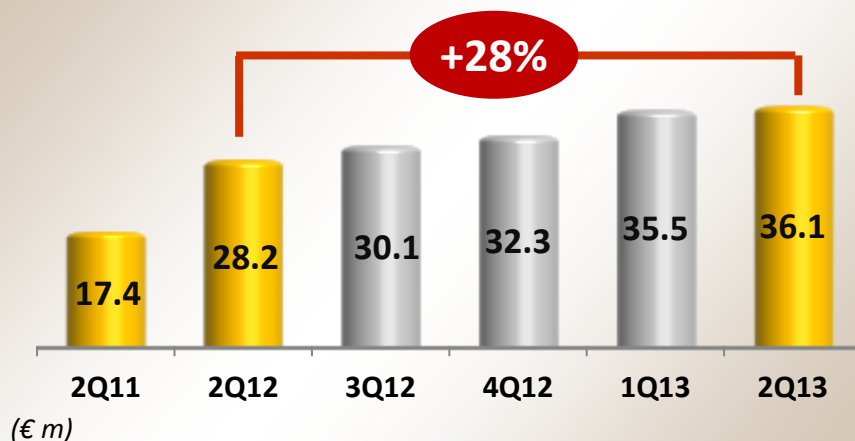
Closing Remarks

Another robust growth in net profit on top of +80% last year...

Interim Net Profit



Steady increase in quarterly net profit

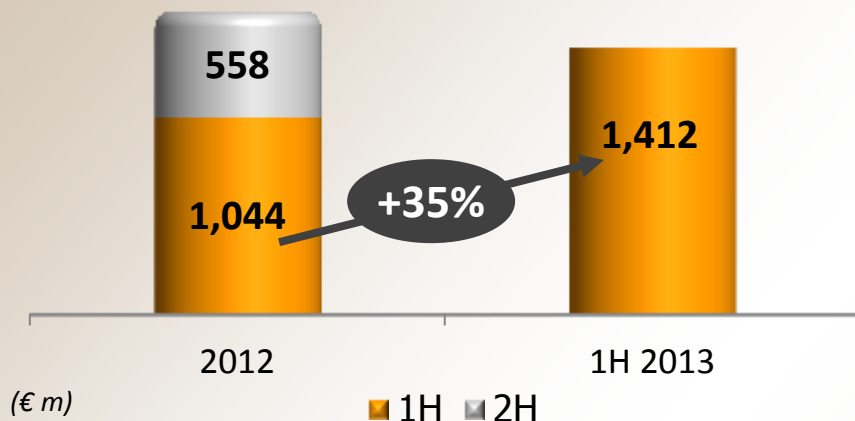


Best interim net profit ever

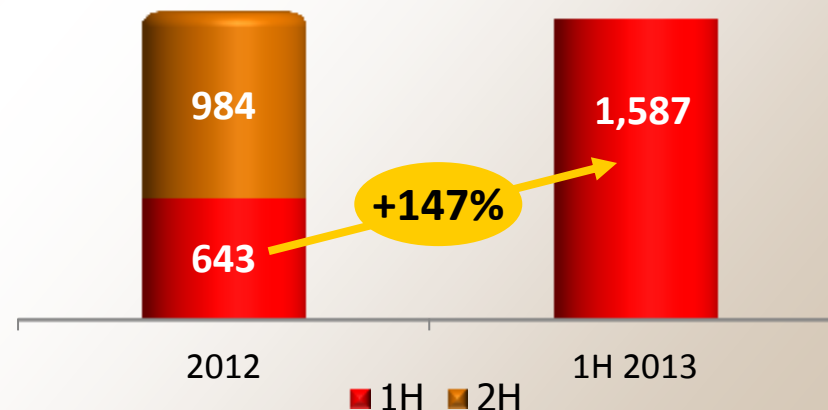
- **Sound net profit increase at €71.6m (+6.3%),** beating the already strong result of last year on the back of continued growth in net inflows and better asset mix
- **Fourth consecutive improvement at quarterly level (2Q13 net profit at €36.1m +28% YoY, +2% QoQ)** highlighting the steadiness of achievements
- **Recurring profitability at 165 bps (+14 bps YoY),** as it is finally reflecting the major boost in business mix operated in the last few quarters
- Effective cost control driving **cost/income to a record low of 38.2%,** even after accounting for higher costs in 2Q
- **Further strengthening of the capital position:** excess capital at €141.3m (+34%), Tier1 capital ratio at 13.8% (vs. 11.8% in 2012) and **Total Capital ratio** at 15.0% (vs. 13.0% in 2012)

... driven by the strong tailwinds for net inflows
(particularly in managed products)

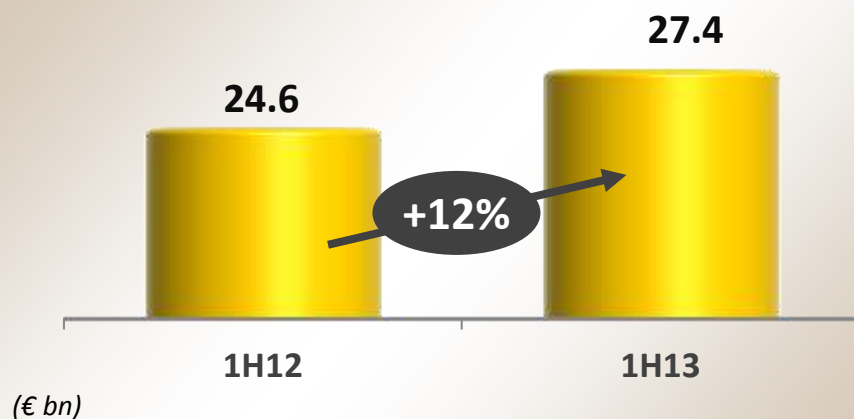
Total net inflows 2012 vs. 1H13



Net inflows in managed products 2012 vs. 1H13



Total Assets



Strong business momentum

- In 1H13, total net inflows have already reached c.90% of 2012 full year results
- Managed products at €1.6 bn (+147%) in 1H13, totaling €2.6bn in the last 12 months (14% of avg. tot. managed assets)
- Robust asset growth (+12%) despite the June reversal in financial markets

Net Interest Income

benefits from the expansion of ordinary business (+32%)

Higher **gross commissions** driven by management fees (+15%) on higher managed assets

Better revenues mix with recurring revenues representing 84% of total (vs. 76% last year)

Higher 2Q one-off items drove **operating costs** up

The increase in **provisions** reflects higher net inflows and higher recruiting

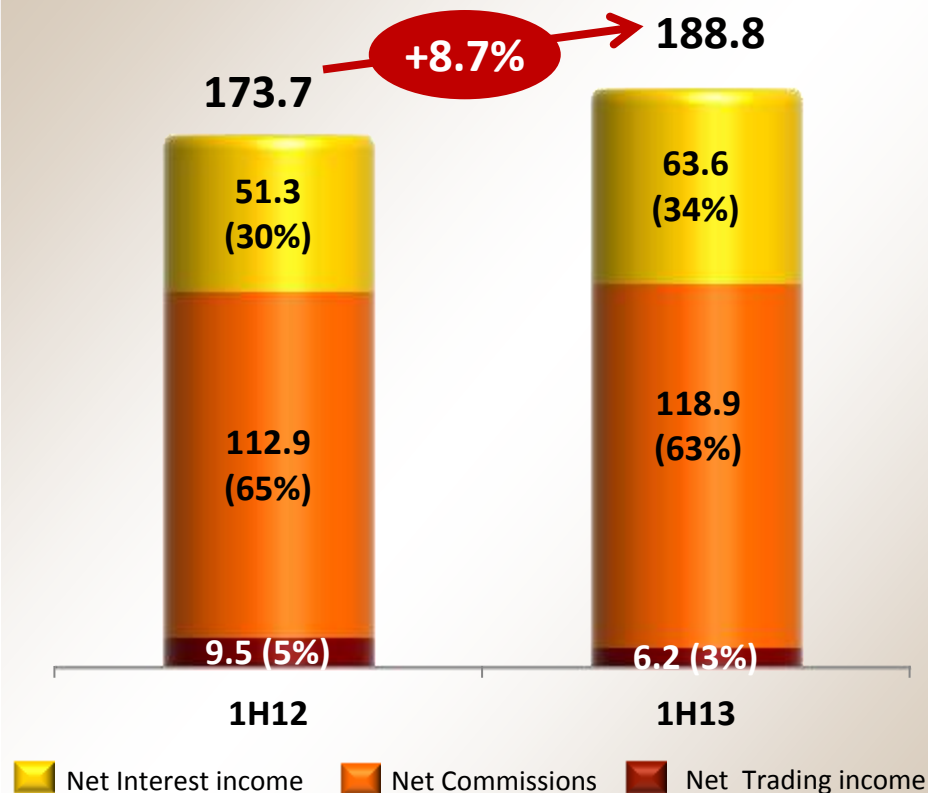
Interim net profit at €71.6m (+6%), on top of a record result last year

(€ m)	6M12 *	6M13	% Chg	6M12 *	6M13	% Chg
	(reported)	(reported)		(excl. GIL)	(excl. GIL)	
Net Interest Income	51.3	63.6	24.1%	51.3	63.6	24.1%
Commission income	194.1	217.1	11.8%	180.0	200.7	11.5%
Commission expense	-77.7	-94.0	21.0%	-67.1	-81.8	21.9%
Net Commission	116.4	123.0	5.7%	112.9	118.9	5.3%
Net income (loss) from trading activities	8.8	5.4	-38.8%	8.8	5.4	-38.8%
Dividends	0.7	0.9	22.9%	0.7	0.9	22.9%
Net income (loss) from trading activities and Dividen	9.5	6.2	-34.2%	9.5	6.2	-34.2%
Total Banking Income	177.1	192.9	8.9%	173.7	188.8	8.7%
Staff expenses	-34.8	-35.4	1.8%	-33.8	-34.4	1.8%
Other general and administrative expense	-44.3	-52.4	18.2%	-44.0	-52.0	18.2%
Depreciation and amortisation	-2.3	-2.4	6.6%	-2.2	-2.4	7.6%
Other net operating income (expense)	9.2	14.4	56.9%	9.1	14.4	57.1%
Total costs	-72.2	-75.8	5.0%	-70.9	-74.5	5.0%
<i>Cost /Income Ratio</i>	<i>-39.5%</i>	<i>-38.1%</i>	<i>1,4 p.p.</i>	<i>-39.5%</i>	<i>-38.2%</i>	<i>1,3 p.p.</i>
Operating Profit	104.9	117.1	11.6%	102.8	114.3	11.3%
Net adjustments for impair.loans and other assets	-3.7	-1.5	-60.8%	-3.7	-1.5	-60.8%
Net provisions for liabilities and contingencies	-14.3	-21.4	49.6%	-14.3	-21.4	49.6%
Profit Before Taxation	86.9	94.2	8.4%	84.7	91.5	8.0%
Direct income taxes	-17.9	-20.1	12.6%	-17.7	-19.9	12.5%
<i>Tax rate</i>	<i>20.6%</i>	<i>21.4%</i>	<i>0,8 p.p.</i>	<i>20.9%</i>	<i>21.7%</i>	<i>0,8 p.p.</i>
Income/(losses) after tax on assets held for sales	0.3	0.0	-100.0%	0.3	0.0	-100.0%
Minorities interest	-2.0	-2.5	25.6%	0.0	0.0	
Net Profit	67.4	71.6	6.3%	67.4	71.6	6.3%

Figures do not incorporate the institutional business of GFM; 6M12 figures were restated to be compliant with the new IAS 19 guidelines introduced on 6 June 2013

The level of revenues is higher and more sustainable

Total Revenues

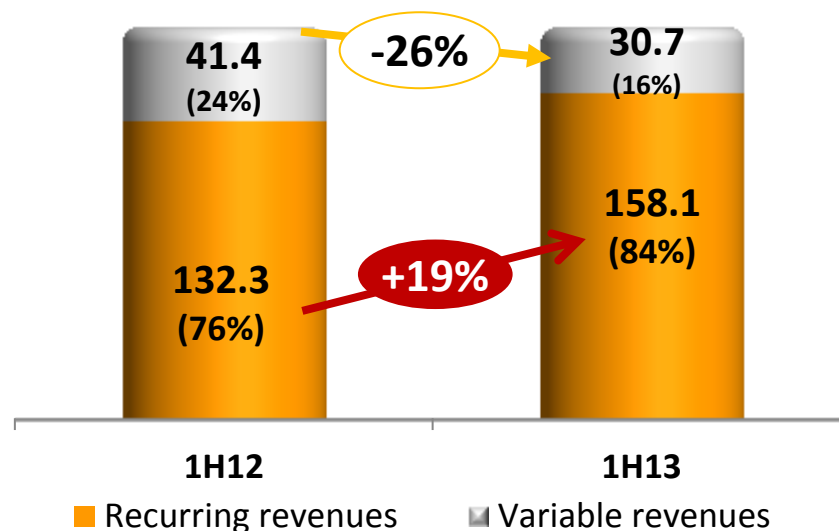


(€ m)

Figures do not incorporate the institutional business of GFM

Recurring vs. Variable Revenues

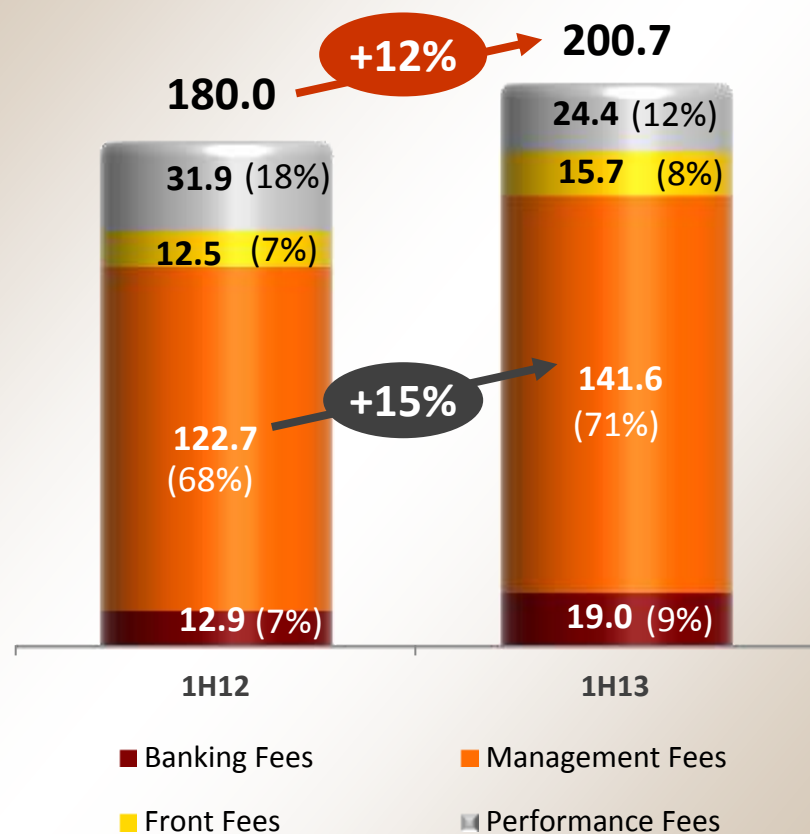
(€ m)



- **Robust growth in recurring revenues**, representing 84% of total revenues and growing at a double-digit rate (+19% YoY)
- **Solid contribution from market-related revenues (i.e. performance fees & trading)** although declining from the peak of last year

Double-digit growth in fee income led by management fees

Breakdown of total gross fees

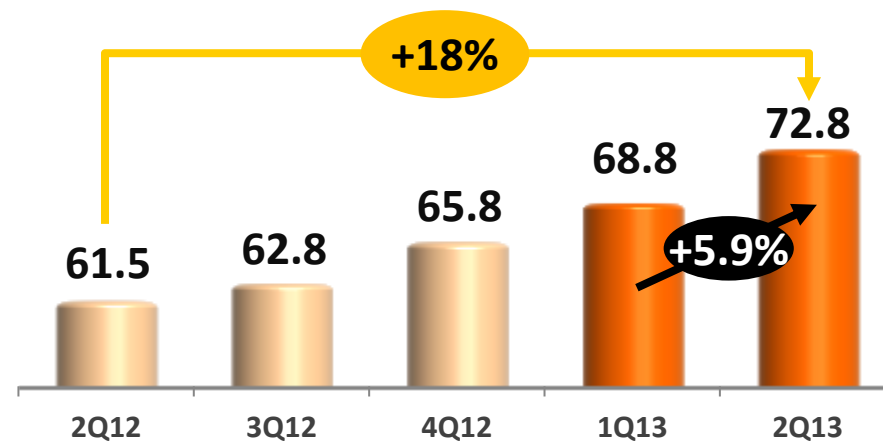


(€ m)

Figures do not incorporate the institutional business of GFM

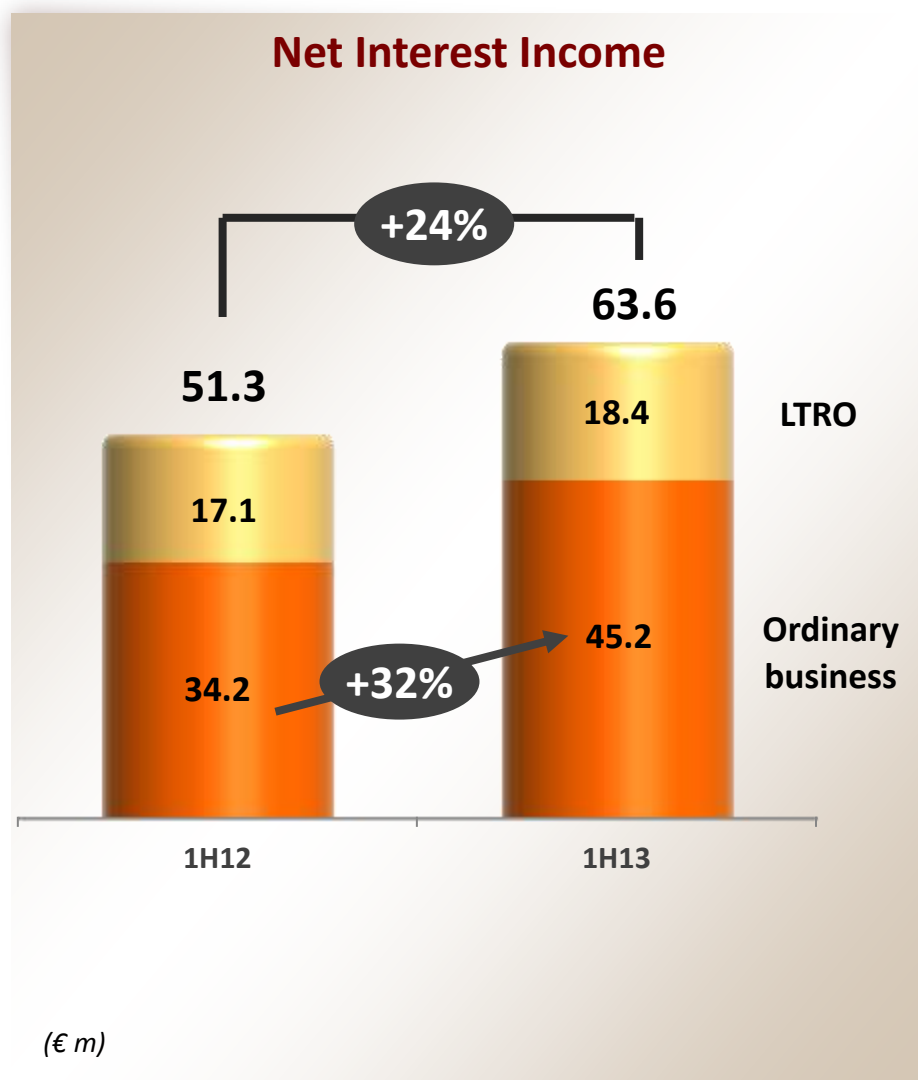
Quarterly management fees

(€ m)



- Higher volumes and better product mix gave a strong boost to quarterly **management fees** (+18% YoY, +6% QoQ)
- Growing **entry fees** (+25%) reflecting higher business volumes in the period
- Higher **banking fees** linked to exceptionally favourable trading conditions throughout most of 1H13

Interest spread broadly stable supported by lower funding costs



Figures do not incorporate the institutional business of GFM

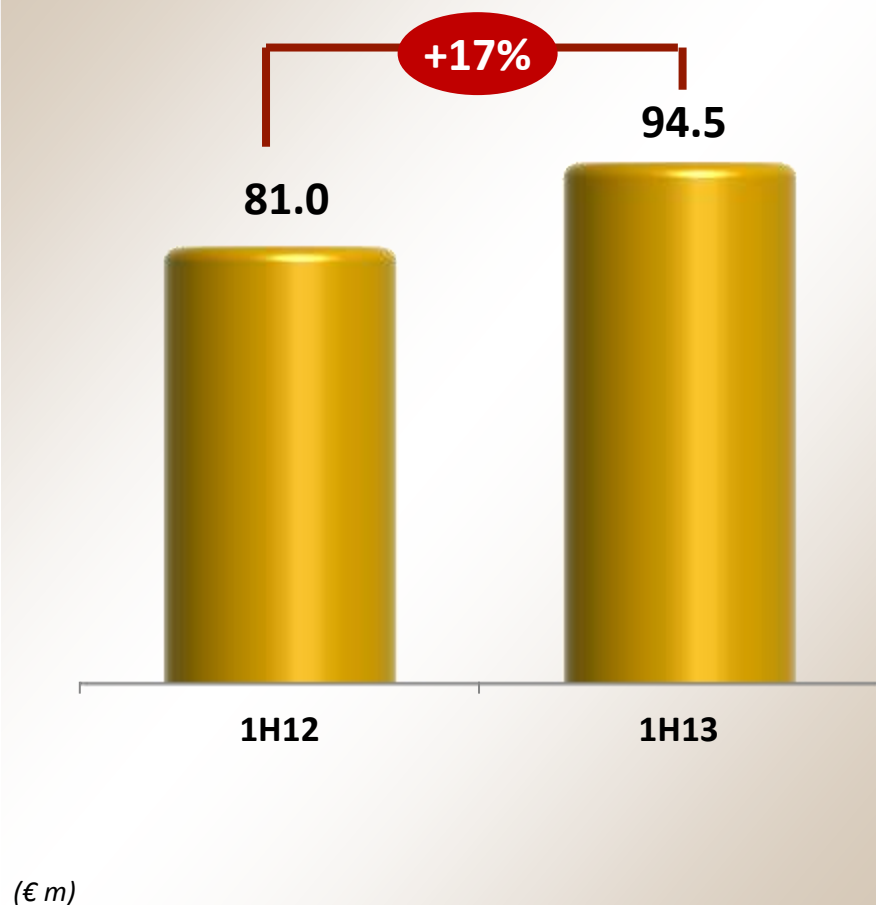
Strong contribution from ordinary business

- In a context of falling interest rates, Banca Generali successfully achieved a **2.73% return on its banking book** (broadly stable QoQ).
- **Total banking book** amounted to €4.4bn and is 99% invested in bond with a 1.9 maturity and a 1.5 duration
- In 1H 2013 Banca Generali issued €170m of secured loans with a Loan To Value (LTV) of 77%. **Total loan book** is worth €1.2 bn and maintains an **outstanding asset quality** (NPL¹ at 0.05% of total loans)
- **LTRO assets outstanding are €1.1bn**, as the bank repaid €200m to the BCE in June 2013 in order to provide a better allocation for its high liquidity level

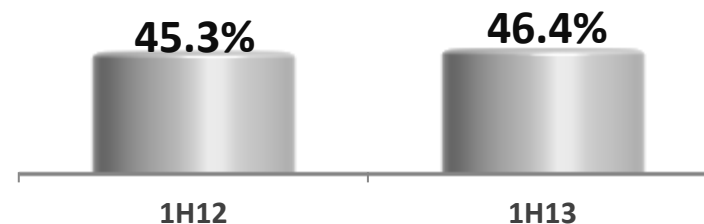
¹ net of BDG indemnity

Strong increase in net commissions, with pay-out reflecting higher business volumes

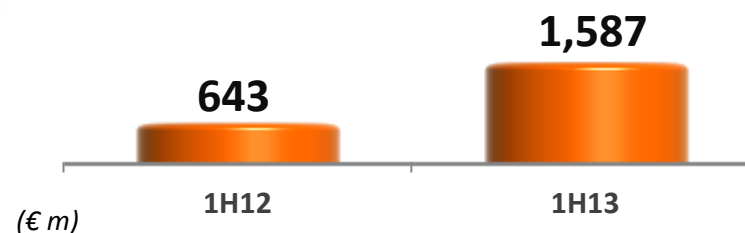
Net Commissions (excl. performance fees)



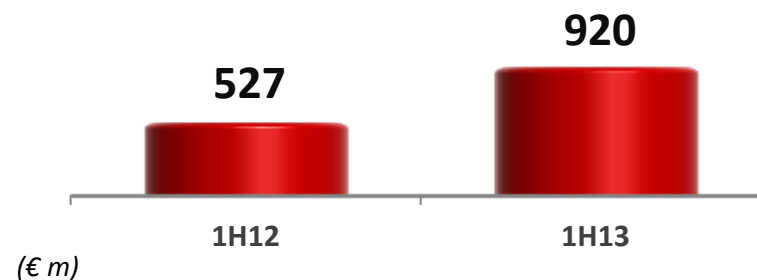
Pay-out ratio excl. perf. fees



Net Inflows in managed products



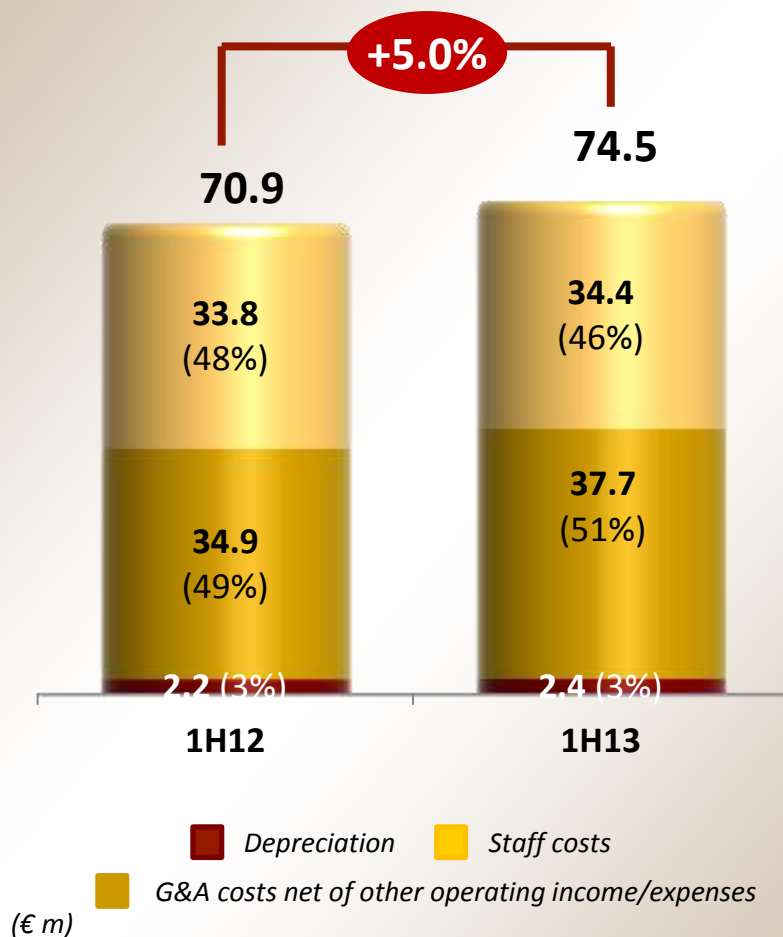
New Recruits by AUM potential



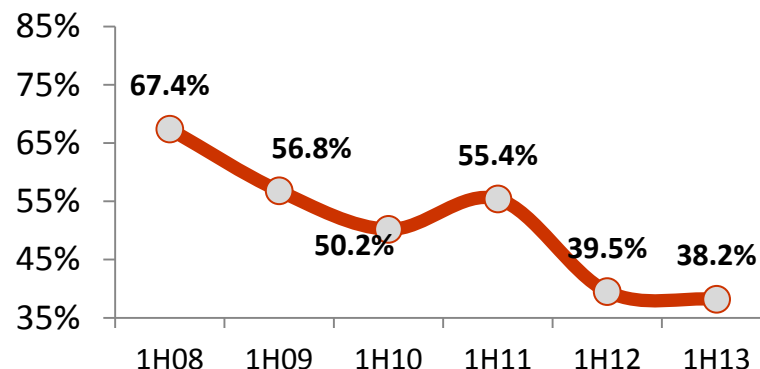
Figures do not incorporate the institutional business of GFM

Cost/Income ratio at a record low level even after some 2Q one-off items

Operating expenses



Cost/Income ratio



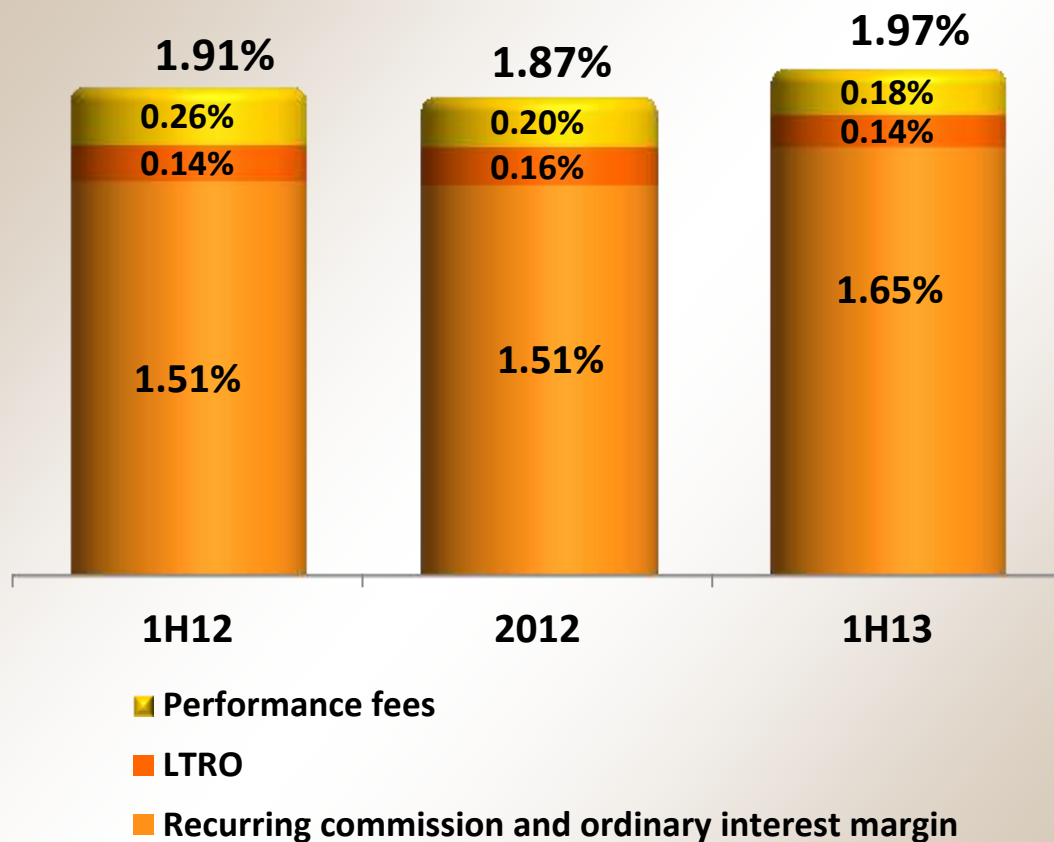
Costs in line with targets

- Staff costs proved flat at €34.4m (+1.8%)
- G&A costs incorporated **€2.0m of one-off costs** related to the development of the digital channel for our banking operations and distribution networks
- Net of this one-off item, total costs increased by **2%**, in line with the guidance for the year
- **Cost/Income** is currently at its **record low level of 38.2%**, highlighting an effective cost control

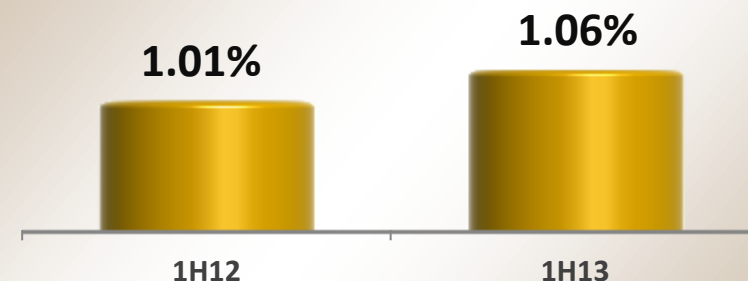
Figures do not incorporate the institutional business of GFM; 6M12 figures were restated to be compliant with the new IAS 19 guidelines (Employees benefits) introduced on 6 June 2013

Profitability ratios provide evidence of company's positive business trend

AUM profitability

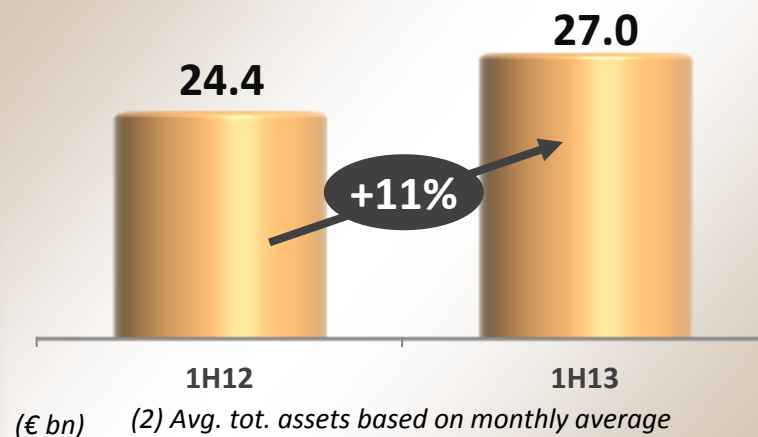


Management fees ¹



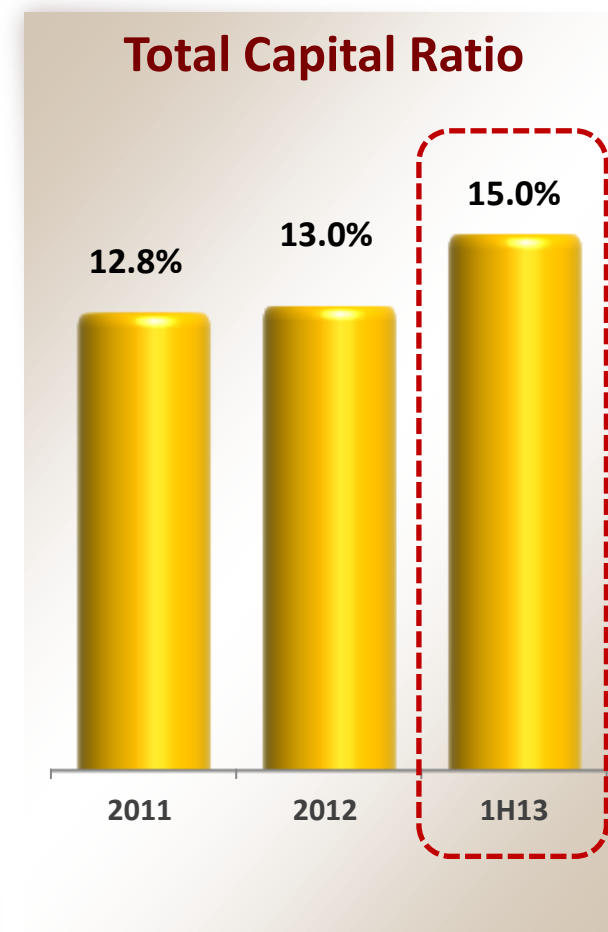
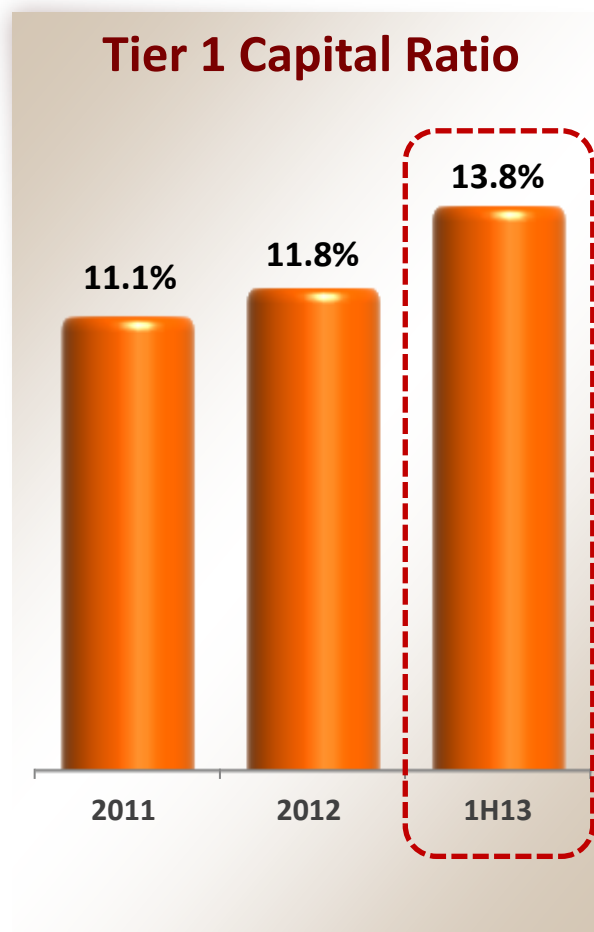
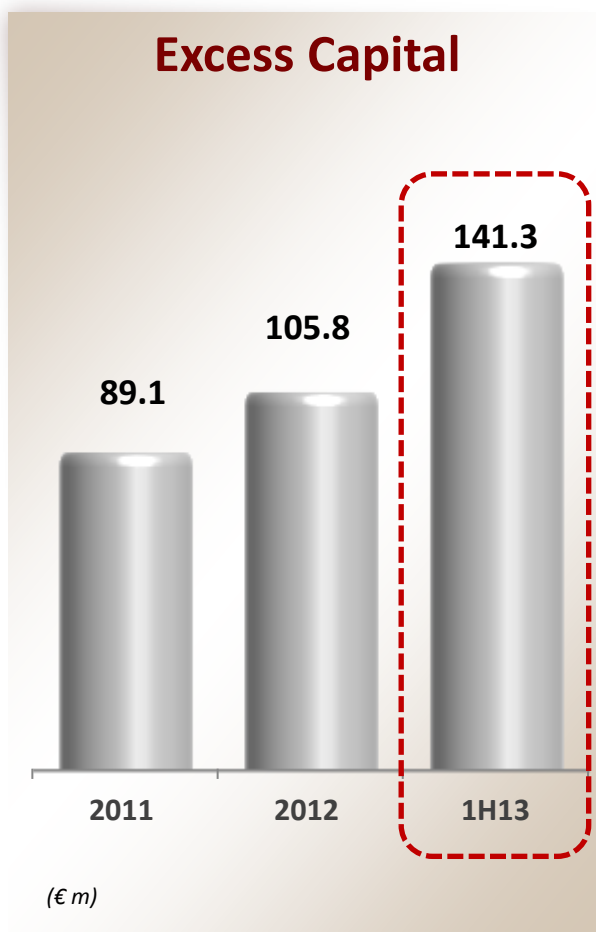
(1) Annualised management fees/Avg. total assets

Avg. Total Assets ²



Figures do not incorporate the institutional business of GFM

Strong increase in all capital ratios



- Strong increase in excess capital (+34% YTD), already incorporating a dividend pay-out in line with historical average

1H 2013 Results

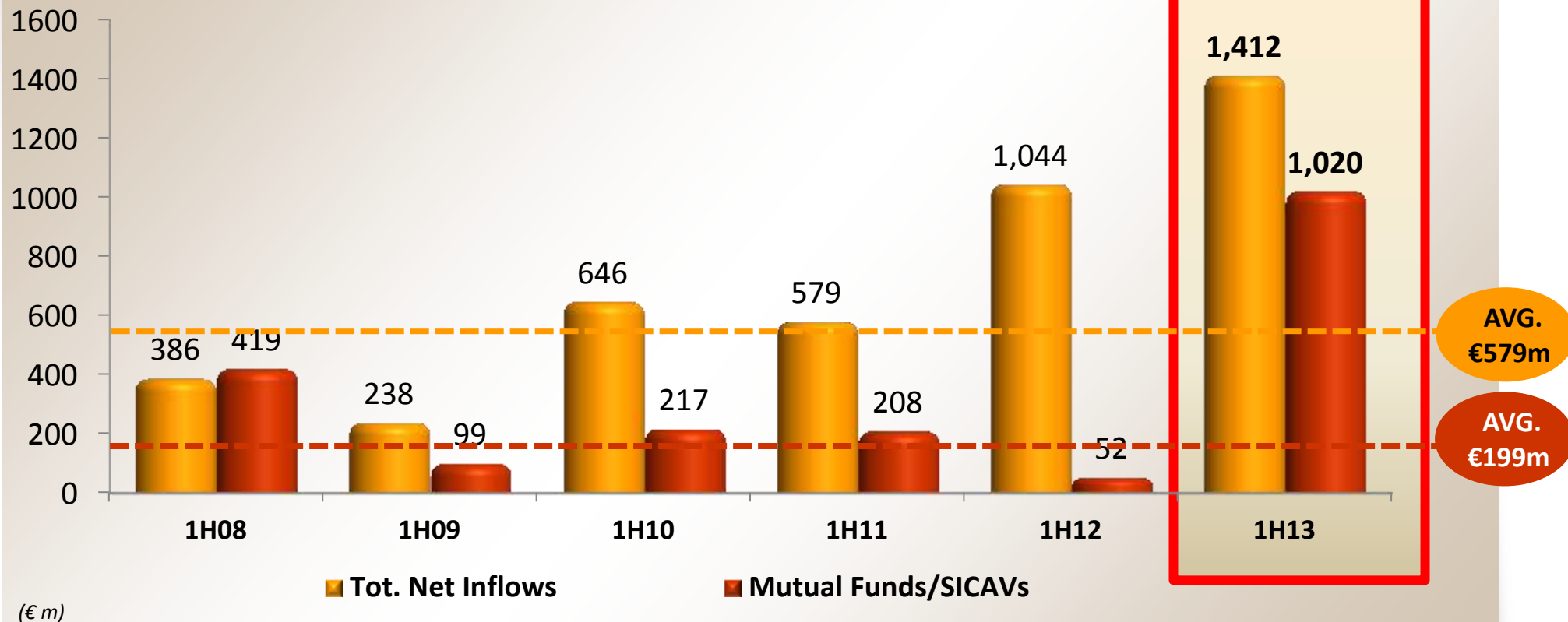
Net Inflows, AUM and Recruiting

Business Update

Closing Remarks

Best interim result ever (ex tax-shields) both by volumes and by product mix

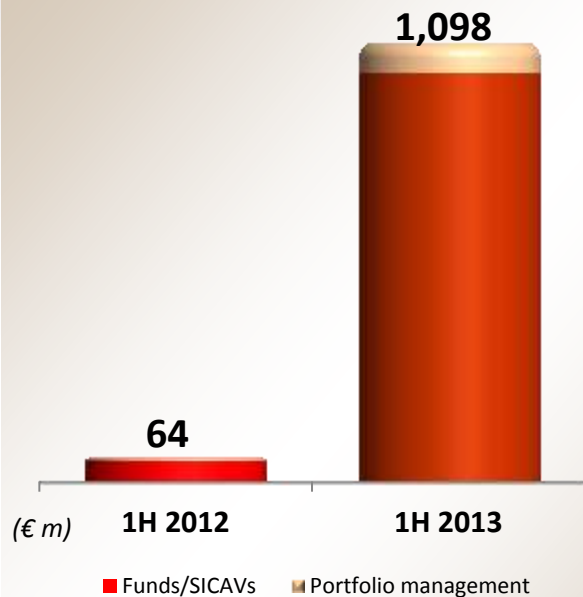
Total Net Inflows vs. Funds/SICAVs



- Interim 2013 net Inflows >2x the average of the last five years
- Strongest inflows ever in mutual funds: >5x higher than avg. inflows in this product of the last 5 years

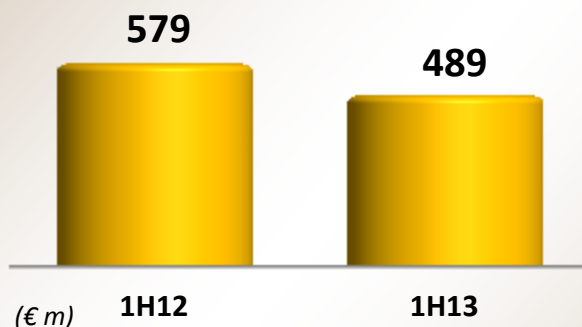
On-going shift from cash and banking products primarily into equity and bond funds

Funds/SICAVs/Portfolio management



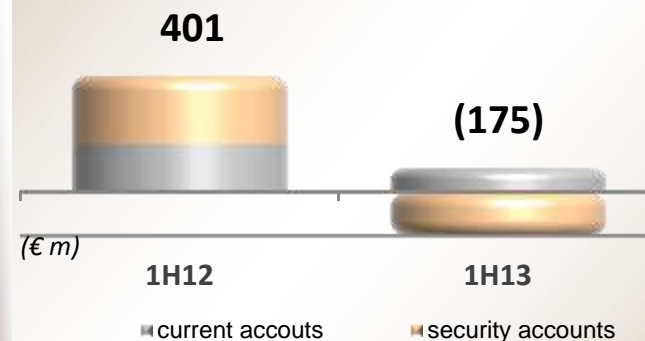
- Best quarter for pure managed products
- Net inflows concentrated in funds/SICAVs
- **New funds sales focused on flexible funds (both equities and bonds)**

Insurance



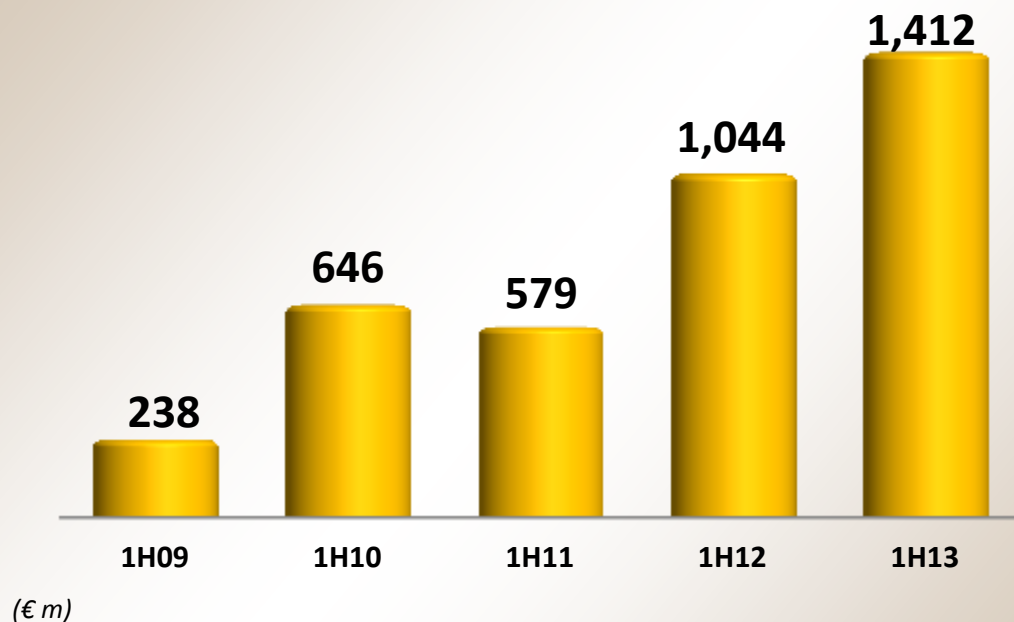
- Insurance confirmed as a **core tool in our product offer**
- Strong inflows even without a blockbuster product like the life policy **BG Più Italia that raised €503m in 1H12**
- Net inflows focused on **traditional life products (BG New Security)**

Banking products



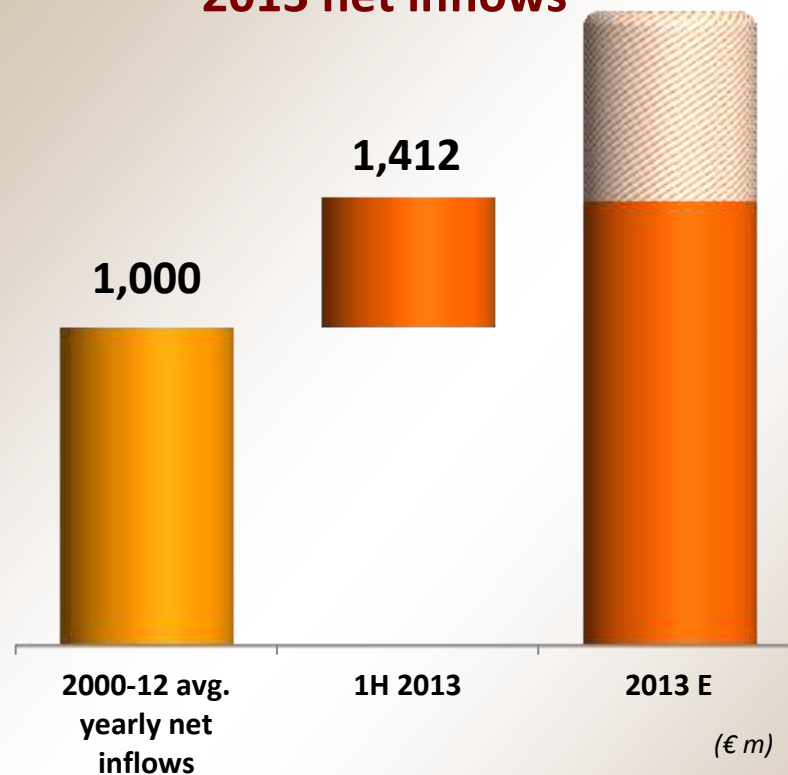
- **Increasing amount of bonds are shifted into managed investment solutions** after an in-depth and tailor-made portfolio analysis

Net Inflows Jan– June 2009-2013



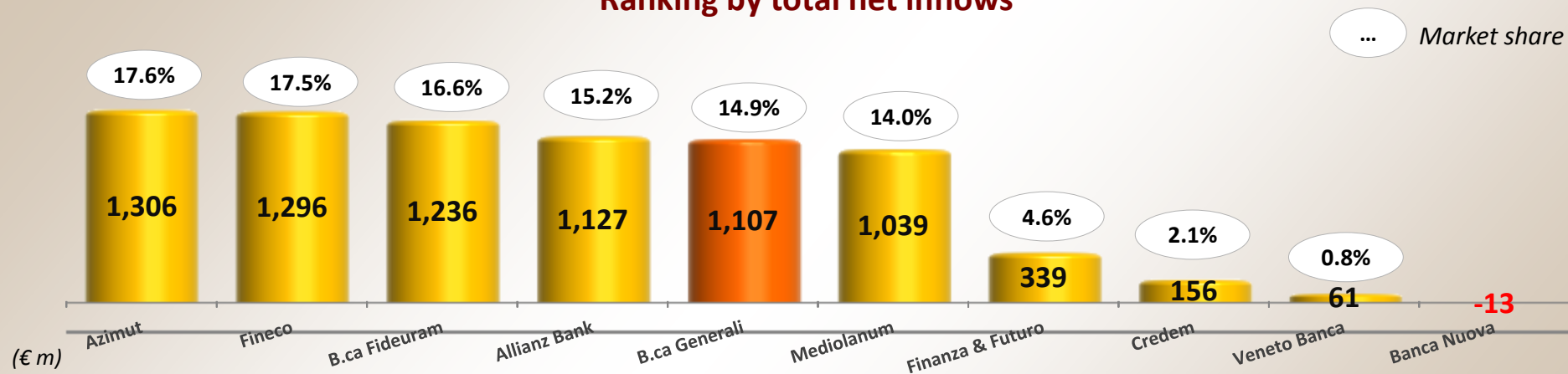
- 1H 2013 net inflows is the best ever in the Bank's history

Trend in 2013 net inflows



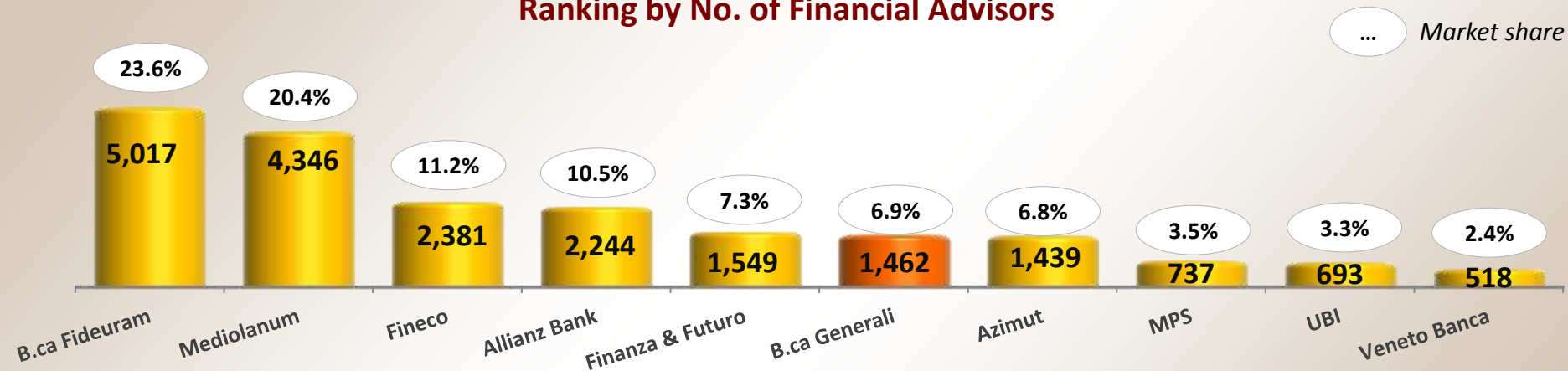
- 2013 interim net inflows already 40% ahead of the average yearly net inflows of the 2000-2012 period

Ranking by total net inflows



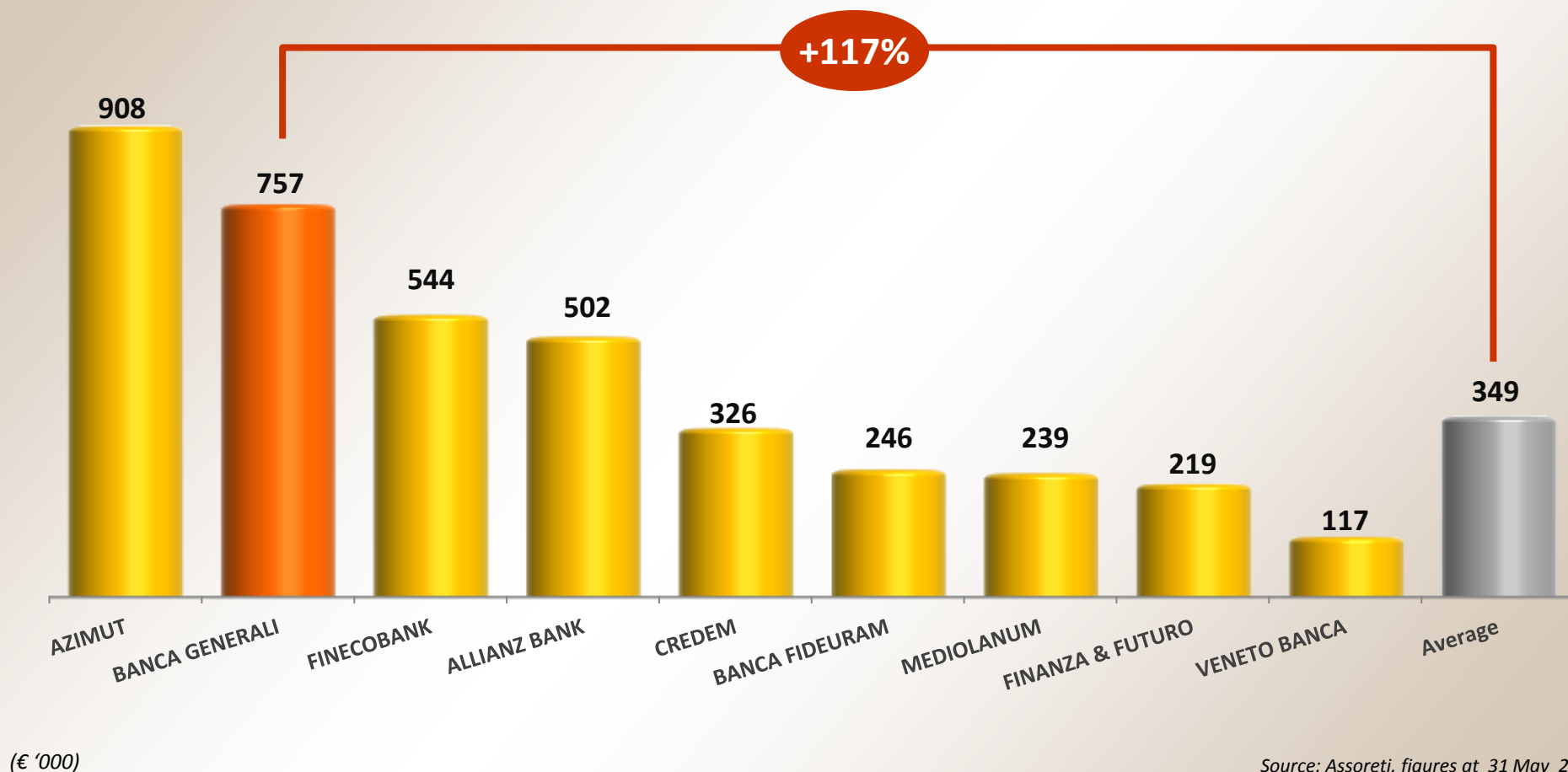
Source: Assoreti, figures at 31 May 2013

Ranking by No. of Financial Advisors

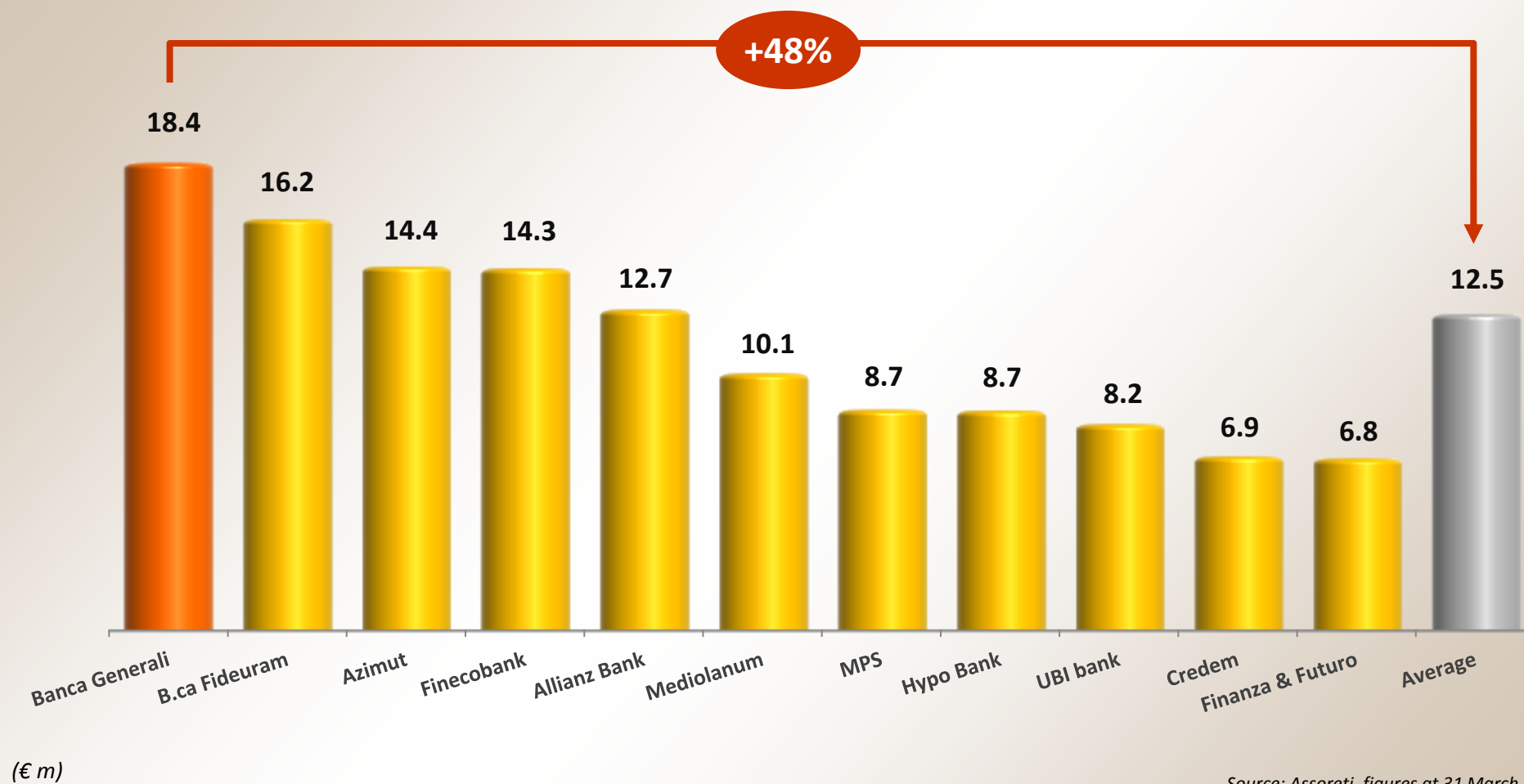


Source: Assoreti, figures at 31 May 2013

Ranking by FA productivity (Net Inflows/Financial Advisors)

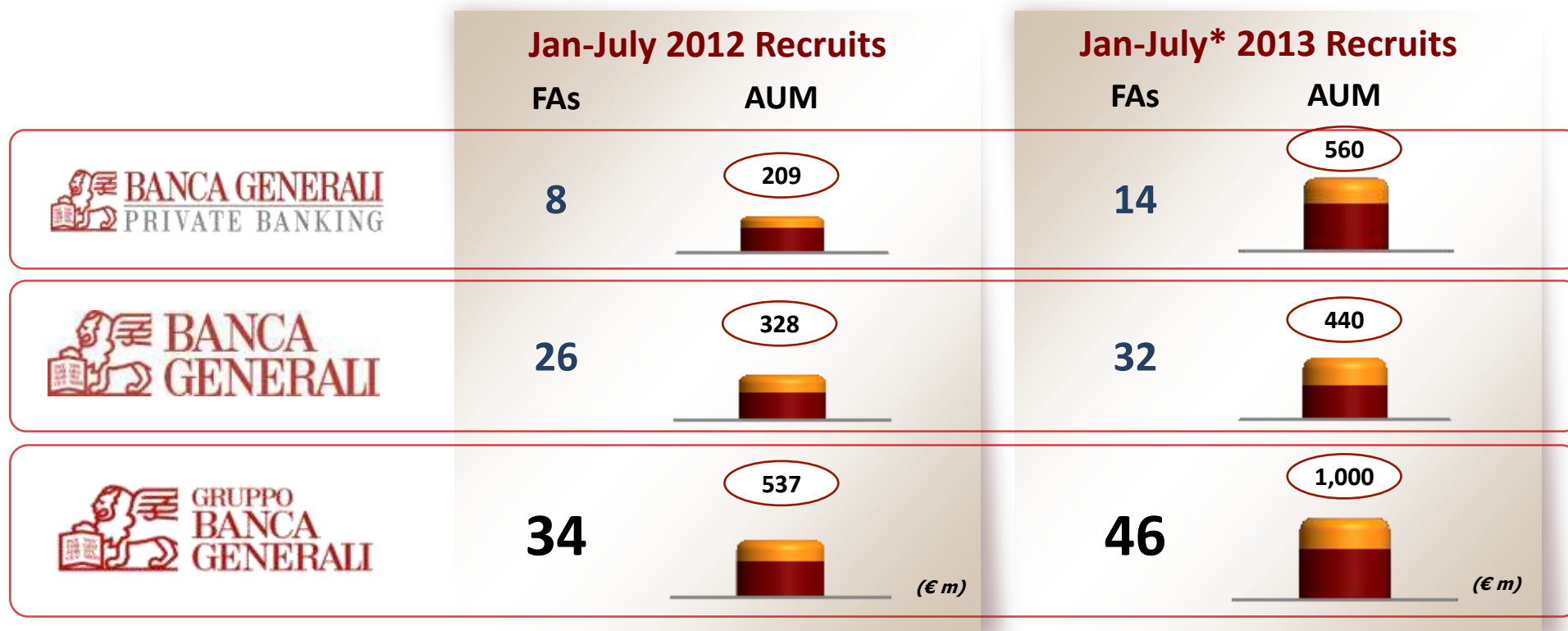


Ranking by FA portfolio size (AUM/FA)



Source: Assoreti, figures at 31 March 2013

Speed-up in recruiting pace thanks to favourable market conditions

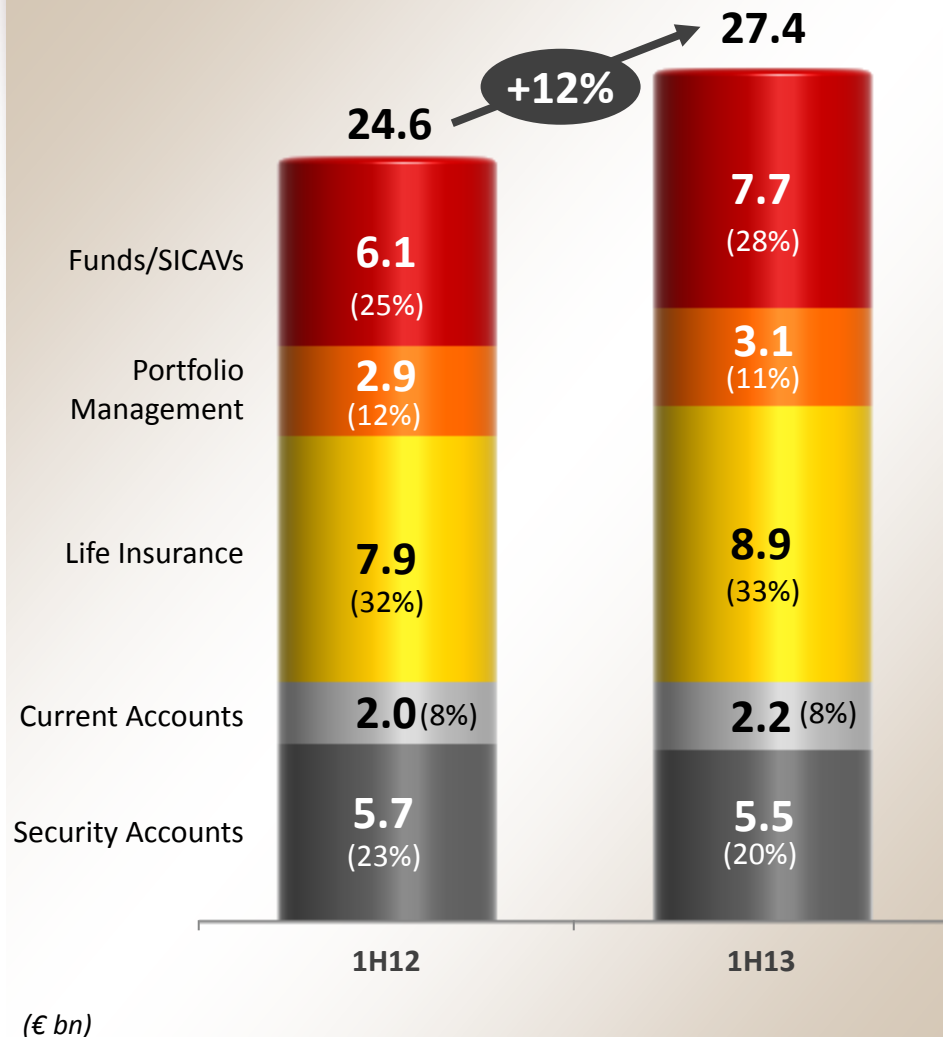


- 46 people recruited YTD with a significantly higher profile than those recruited in the past years (avg. portfolio of €22m vs. €16m for those recruited in the same period of last year, +38%)
- The overall picture for recruiting is expected to remain favorable for a prolonged period of time

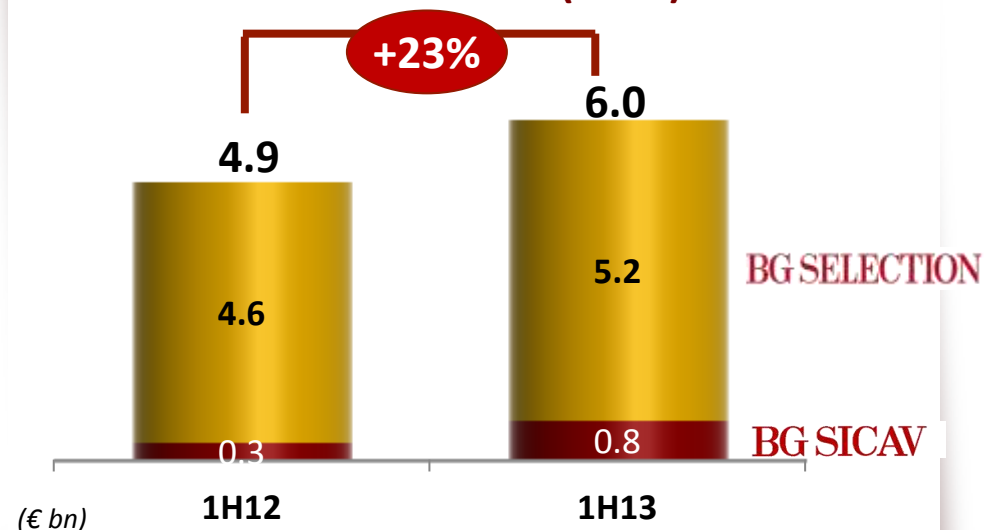
* figures at 22 July 2013

Strong asset increase, with a clear improvement in mix

Asset Breakdown



Lux-based SICAV (GFM)



- **Total assets up by 12% YoY and 5% YTD**
- **Funds/SICAVs were the fastest growing product** (+27% YoY, +14% YTD), followed by insurance and portfolio management
- **Security accounts** decreased as bonds are increasingly shifted into funds/SICAVs to better seize investment opportunities and diversify investments within clients' portfolios

1H 2013 Results

Net Inflows, AUM and Recruiting

Business Update

Closing Remarks

...and there is still scope for a further increase

Asset Mix: Banca Generali vs. Peers

Category	Banca Generali	Peers*	Target
Managed products	38%	33%	30%
Insurance	83%	78%	-
Assets to custody	90%	28%	-

Key Business Actions for 2013: Rebalancing Asset Mix (2/3)

- Control BG exposure to managed assets is significantly below peers
- Low equity exposure as 90% of total assets currently invested in long-term investments
- Liquidity products are an important insurance share

(*) Banca Popolare del Sud, Credito Italiano, Banca di Sicilia, Banca di Napoli, Banca di Roma, Banca di Sardegna, Banca di Sicilia, Banca di Venezia, Banca di Verona, Banca di Sicilia, Banca di Napoli, Banca di Roma, Banca di Sardegna, Banca di Sicilia, Banca di Venezia, Banca di Verona

- Excellent results so far: **2 pp increase already achieved in 1H13 (to 72% of total assets)**, out of the 3-4 pp target set for the year
- Diversification of portfolios not concluded yet: **still some 2-3 pp increase targeted by year-end**

The diagram illustrates investment solutions categorized into two main branches: Bond and Equity/Flexible Strategies. The Bond branch includes Developed Markets (BG VITA) and Global/Emerging Market Multibrand (BG SICAV). The Equity/Flexible Strategies branch includes Fund of funds (wide range of strategies) (BG SELECTION), Third-party retail funds (BG TARGET), and Equity exposure with capital protection (Unit-linked). Handwritten 'New' labels are present next to BG SICAV, BG SELECTION, and BG TARGET.

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graph LR
    IS[Investment solutions] --> B[Bond]
    IS --> ES[Equity/Flexible Strategies]
    B --> DM[Developed Markets]
    B --> GEM[Global/Emerging Market Multibrand]
    ES --> FOF[Fund of funds  
wide range of strategies]
    ES --> TPF[Third-party retail funds]
    ES --> ECP[Equity exposure with capital protection]
    DM --> BGV[BG VITA]
    GEM --> BGS[BG SICAV]
    FOF --> BGS2[BG SELECTION]
    TPF --> BGT[BG TARGET]
    ECP --> UL[Unit-linked]
  
```

- **5 new BG Selection sub-funds**
- **1 traditional life policy with coupon payments**
- **3 new BG Sicav sub-funds (+2 just launched)**

€27.4 bn

€5.2bn

FoF



BG SELECTION

€8.9 bn

Life Insurance



BG VITA

€3.1 bn

**Individual Portfolio
Management**

**BANCA
GENERALI**

GENERFID

**BANCA
GENERALI**

BG FIDUCIARIA

€2.5 bn

Funds/SICAVs



BG SICAV



€7.7 bn

**Current Accounts &
Security deposits**

BgUp

**CONT
ZER**

Security deposit transfer

18



Conto Active

**CONTO
PRIVILEGE**

1H 2013

BG Selection: key objectives

- Expanding existing offer with **new investment themes**
- **Expanding offer on emerging markets** leveraging on the expertise of leading international asset managers
 - Regional equity sub-funds
 - Regional flexible sub-fund
- **Reviewing selling proposition of existing sub-fund**

New sub-funds

Small/Mid Caps



Flexible EM



China/India



Global LatAm



Risk Parity



BG Cedola Più: key objectives

- Providing customers with a **regular income stream**
- Exploiting current **tax-benefits** for decumulation plans
- **Differentiating existing offer** of spread life business policies



Key product features

- ☐ Traditional spread life policy with capital guarantee
- ☐ Yearly coupon paid equal to the return generated by the related segregated fund (Rialto)
- ☐ Whole life, single premium
- ☐ Full set of insurance guarantees available (annuity option, death)

BG SICAV

key objectives

- Diversifying offer of investment strategies on global bond/currency
-leveraging on the expertise of leading international asset manager
- Integrating existing offer of fixed-income funds with unique investment tools developed on an exclusive basis
- Launching new investment themes

2013 new mandates

US/Global bond

BLACKROCK

Global/EM bond



Global bank debt



Flexible Euro
corporate bond



Flex. global bond



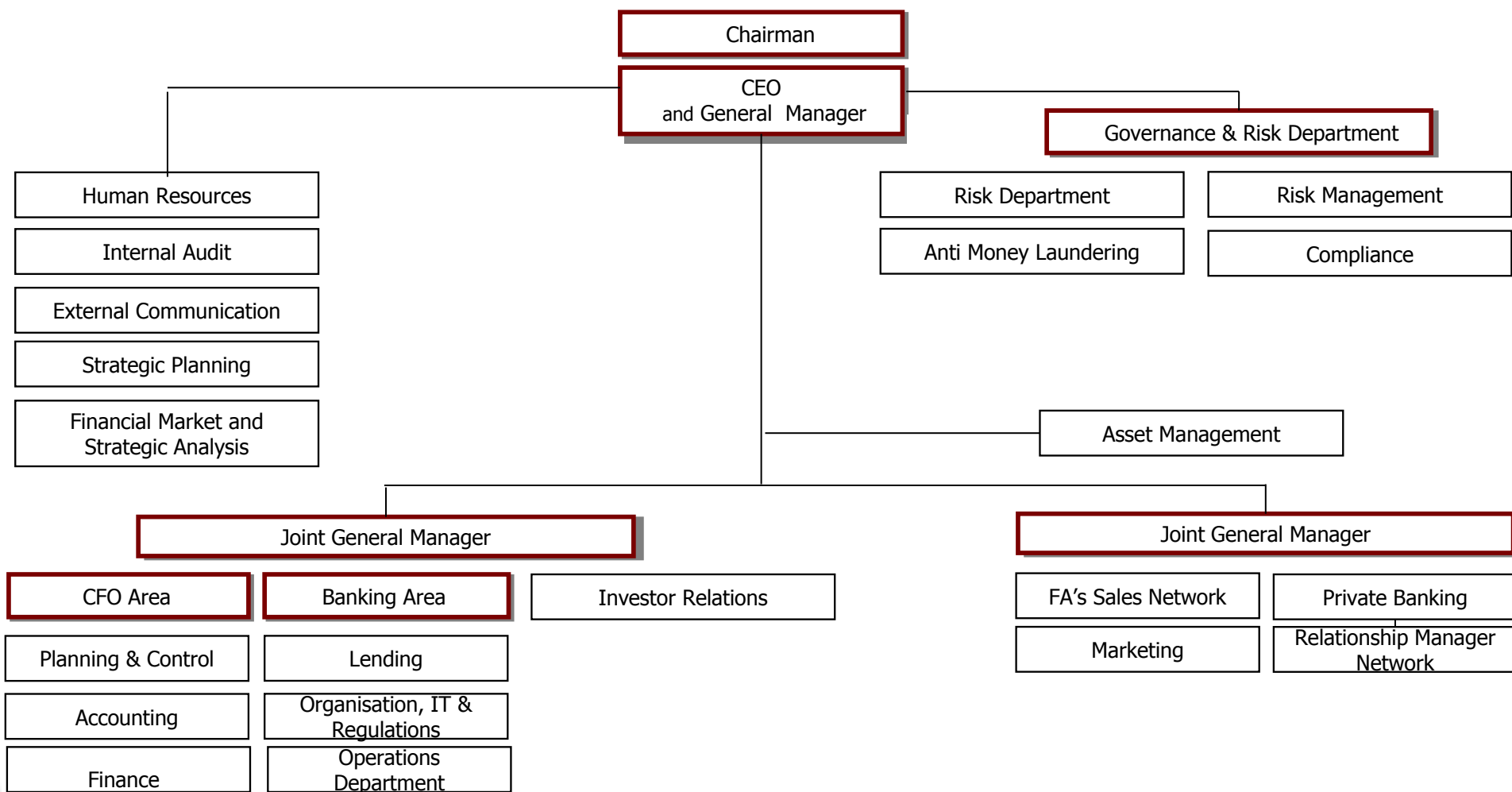
1H 2013 Results

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Business Update

Closing Remarks

A new organisation to better serve customers and distribution networks (1/2)



- Banca Generali has completed a **strategic re-organisation** with the aim of strengthening its competitive position in the growing Italian asset gathering business

- The new organisation has two joint-general managers reporting directly to the CEO:
 - **Giancarlo Fancel - overseeing the finance and planning department, treasury and banking area.**
 - Giancarlo will continue to oversee the capital and funding structure within the bank and also secure the quality of the lending operations. He will manage banking services with a special focus on developing our presence in the digital channels.
 - **Gian Maria Mossa - overseeing the commercial area (distribution networks, products and marketing).**
 - Gian Maria, who joined Banca Generali in July 2013, has 16 years experience in the sector, where he served in the same position for international leading institutions
 - He will focus on the review and strengthening of the product offering as well as on the development of our advisory model. This reflects the strategic focus of the Bank on steadily enhancing the way we meet the investment needs of our customers and of our networks of financial planners and private bankers

The new organization will allow a **faster decision process** in those **areas that are deemed to be strategic** to guarantee:

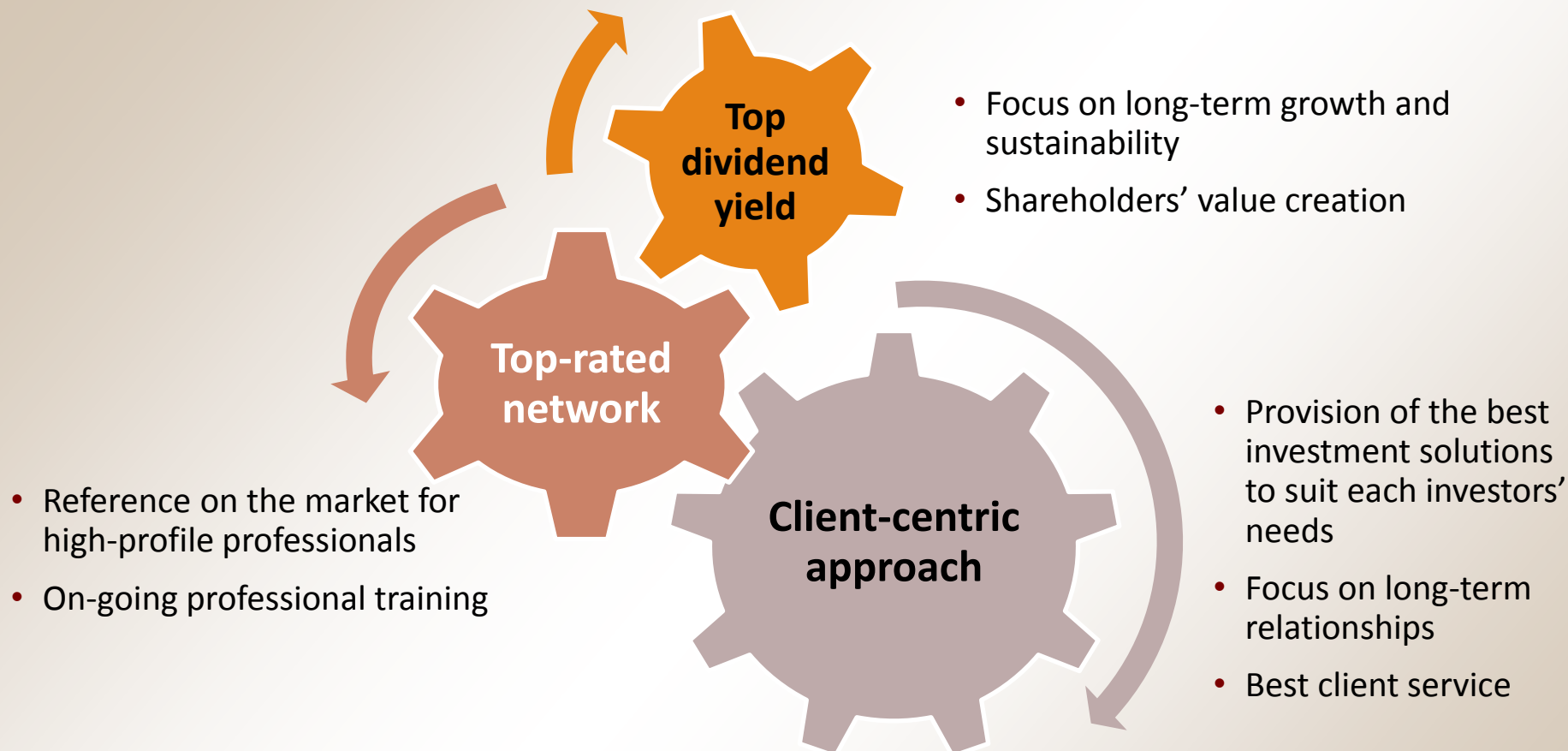


1. Ability to acquire market shares

2. Increase of long-term profitability

3. Preservation of the Bank's capital strength

Leveraging on the existing strengths of Banca Generali to pursue further growth options



We aim to be the first choice for:
Clients, Financial Advisors and Investors

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.

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NOVEMBER						
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24	25	26	27	28	29	30

Approval of 9M 2013 results

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