



# **1Q 2013 Results and Business Outlook**

Milan, 7 May 2013

# 1Q 2013 Results

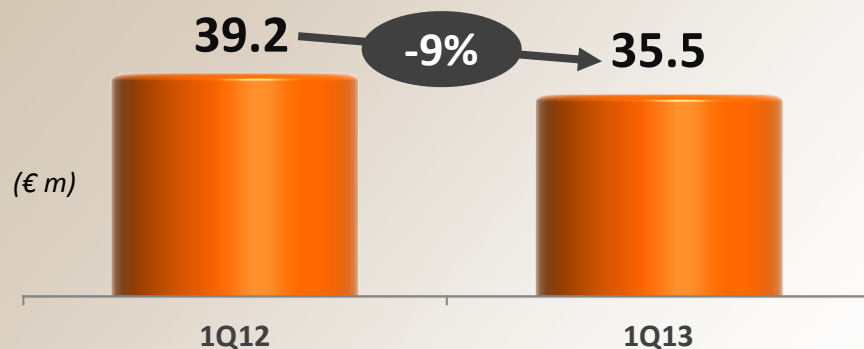
Net Inflows, AUM and Recruiting

Business Outlook

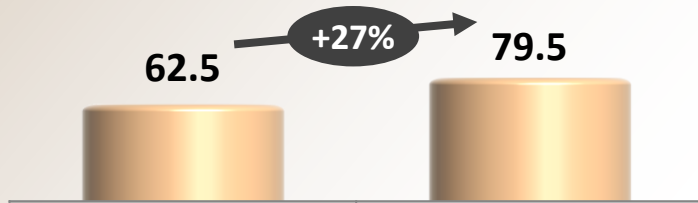
Closing Remarks

# Solid net profit thanks to growing recurring income...

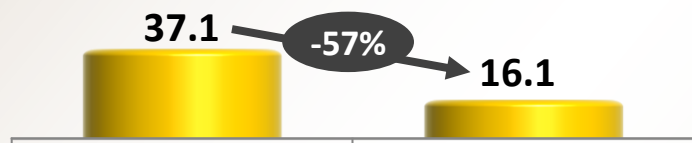
## Reported Net Profit



## Tot. revenues ex-trading income & perf. fees



## Trading income & performance fees



Figures do not incorporate the contribution of Generali Investment Luxembourg ("GIL")

## Solid set of 1Q13 results

- **Solid net profit at €35.5m (-9%)**, even after a 57% decrease in market-related items (trading and performance fees)
- **Remarkable increase in recurring revenues to €79.5m (+27%)** driven by the major increase in net inflows and in total asset
- **Recurring revenues represented 83% of total** vs. 63% of last year

## Improving profitability ratios

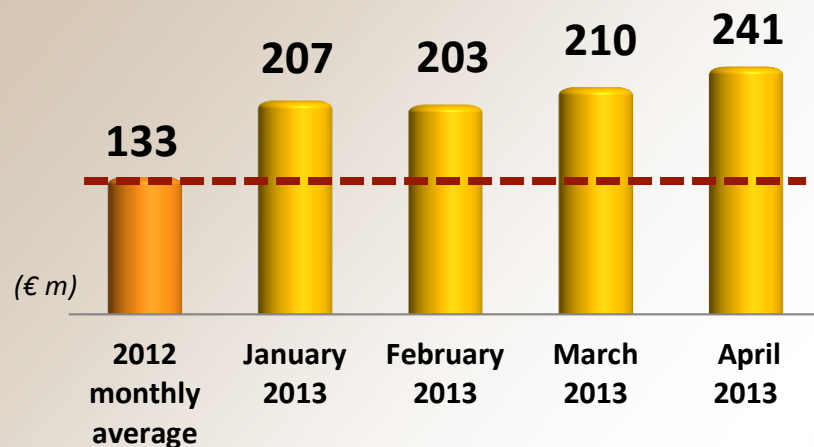
- Effective cost control, as **total costs increased by a negligible 1.3%**, lower than the inflation rate in Italy
- **Record gross margin at 2.05%** out of which 1.82% by recurring income (+15 bps YTD)

## Marked increased in capital strength

- **Excess capital strongly increased to €122m (+21% YoY, 16% YTD)**
- **Tier1 ratio at 12.6%** (vs. 11.8% at 2012YE)
- **Total capital ratio at 13.8%** (vs. 13.0% at 2012YE)

... driven by the heavy growth  
in net inflows and total assets

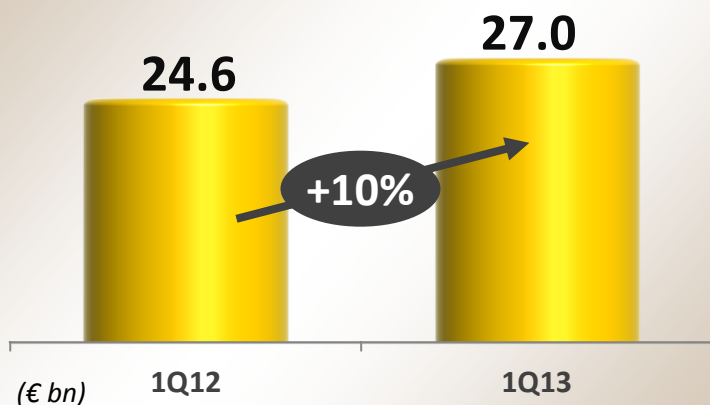
### 2013 monthly net inflows...



### ... leading to a record start



### Total assets



### An excellent business start into 2013

- Total net inflows at €861 million in Jan-April (+26%), the strongest start in the last five years
- Net inflows flowed into managed products (€900m, +84% compared to last year)

### Total assets reached €27bn (+10%)

- Total assets reached €27 bn (+10% YoY, +3% YTD), driven by the strong boost of funds/SICAVs (+19% YoY, +9% YTD)
- Positive weighted avg. performance of managed products (+1.8% vs. Italian mutual fund industry at 0.9%)



Strong increase in **net Interest Income** driven by ordinary business (+20% QoQ; +50% YoY)

Improving underlying mix in **total banking income**, as recurring revenues represented 83% of total vs. 63% last year

**Operating costs (+1.3%)** increasing less than the inflation rate in Italy

Lower **Write-downs** on investment portfolio

**Provisions** broadly stable at conservative levels

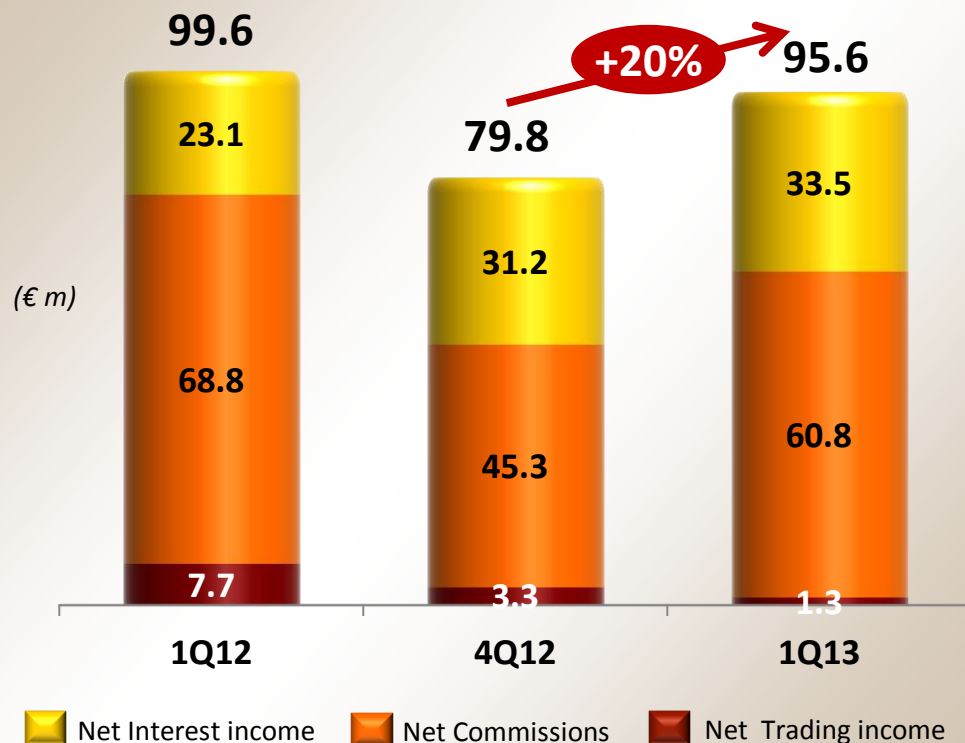
**Net profit at €35.5m (-9%),** incorporating an higher tax-level (21% vs. 16% for last year)

(€ m)	3M12 (reported)	3M13 (reported)	% Chg	3M12 (excl. GIL)	3M13 (excl. GIL)	% Chg
<b>Net Interest Income</b>	<b>23.1</b>	<b>33.5</b>	<b>44.7%</b>	<b>23.1</b>	<b>33.5</b>	<b>44.7%</b>
Commission income	110.6	108.5	-1.9%	103.7	100.8	-2.9%
Commission expense	-40.2	-46.0	14.4%	-34.9	-40.0	14.6%
<b>Net Commission</b>	<b>70.4</b>	<b>62.5</b>	<b>-11.2%</b>	<b>68.8</b>	<b>60.8</b>	<b>-11.7%</b>
Net income (loss) from trading activities	7.6	1.4	-82.2%	7.6	1.4	-82.2%
Dividends	0.0	0.0	-82.3%	0.0	0.0	-82.3%
Net income (loss) from trading activities and Dividends	7.7	1.4	-82.2%	7.7	1.4	-82.2%
<b>Total Banking Income</b>	<b>101.2</b>	<b>97.3</b>	<b>-3.8%</b>	<b>99.6</b>	<b>95.6</b>	<b>-4.0%</b>
Staff expenses	-18.0	-18.2	0.7%	-17.5	-17.7	0.7%
Other general and administrative expense	-23.1	-23.9	3.8%	-22.9	-23.8	3.8%
Depreciation and amortisation	-1.2	-1.2	-1.7%	-1.2	-1.2	-0.9%
Other net operating income (expense)	3.6	4.0	13.2%	3.6	4.0	13.3%
Total costs	-38.7	-39.2	1.3%	-38.0	-38.5	1.3%
<b>Cost /Income Ratio</b>	<b>-37.1%</b>	<b>-39.1%</b>	<b>-2 p.p.</b>	<b>-37.0%</b>	<b>-39.1%</b>	<b>-2,1 p.p.</b>
<b>Operating Profit</b>	<b>62.5</b>	<b>58.1</b>	<b>-7.0%</b>	<b>61.6</b>	<b>57.1</b>	<b>-7.3%</b>
Net adjustments for impair.loans and other assets	-3.4	-1.4	-60.2%	-3.4	-1.4	-60.2%
Net provisions for liabilities and contingencies	-11.7	-10.8	-7.9%	-11.7	-10.8	-7.9%
<b>Profit Before Taxation</b>	<b>47.4</b>	<b>46.0</b>	<b>-2.9%</b>	<b>46.5</b>	<b>44.9</b>	<b>-3.3%</b>
Direct income taxes	-7.6	-9.5	25.8%	-7.5	-9.4	26.1%
<b>Tax rate</b>	<b>16.0%</b>	<b>20.7%</b>	<b>4,7 p.p.</b>	<b>16.1%</b>	<b>21.0%</b>	<b>4,9 p.p.</b>
Income/(losses) after tax on assets held for sales	0.2	0.0	-100.0%	0.2	0.0	-100.0%
Minorities interest	-0.8	-1.0	18.5%	0.0	0.0	-100.0%
<b>Net Profit</b>	<b>39.2</b>	<b>35.5</b>	<b>-9.3%</b>	<b>39.2</b>	<b>35.5</b>	<b>-9.3%</b>

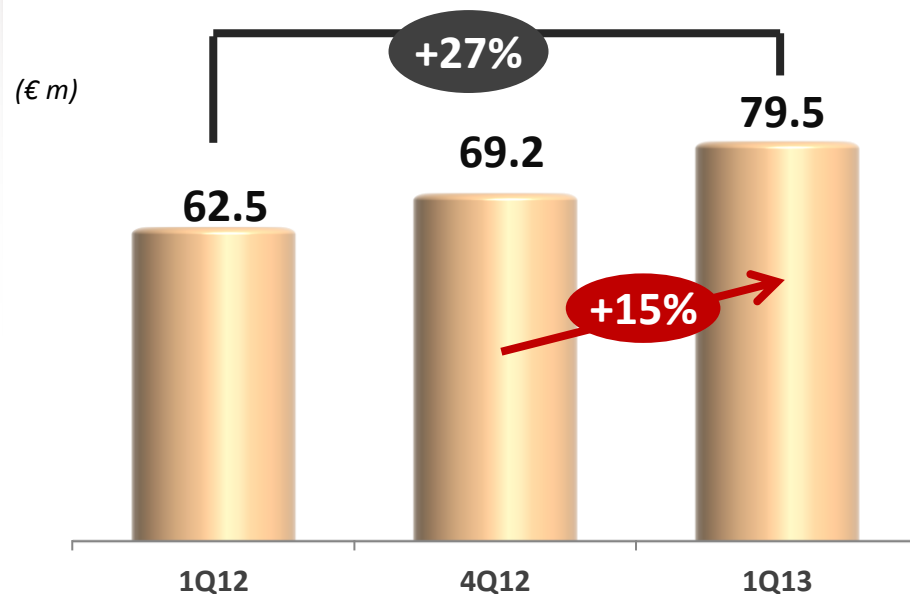
Figures "excl. GIL" (Lfl) do not incorporate the contribution of Generali Investment Luxembourg ("GIL") merged with BG Investment Lux on 9 Sept. 2009

# Major improvement in revenue mix reflecting strong asset boost in the period

## Total Revenues



## Total Revenues ex-trading income & performance fees

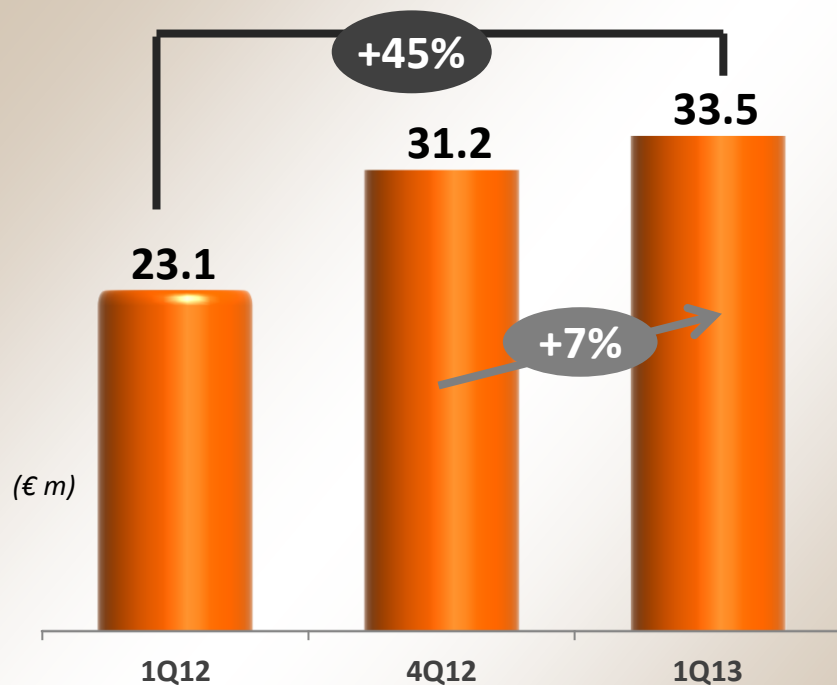


- Total revenues are benefitting from **the increase in net inflows (€1.7 bn in the period from April 2012 to March 2013)** and in **overall assets (€27bn,+10%)**
- **Strong improvement in the underlying mix:** total revenues were up 27% YoY and +15% QoQ after stripping out market-related items (trading income & performance fees)

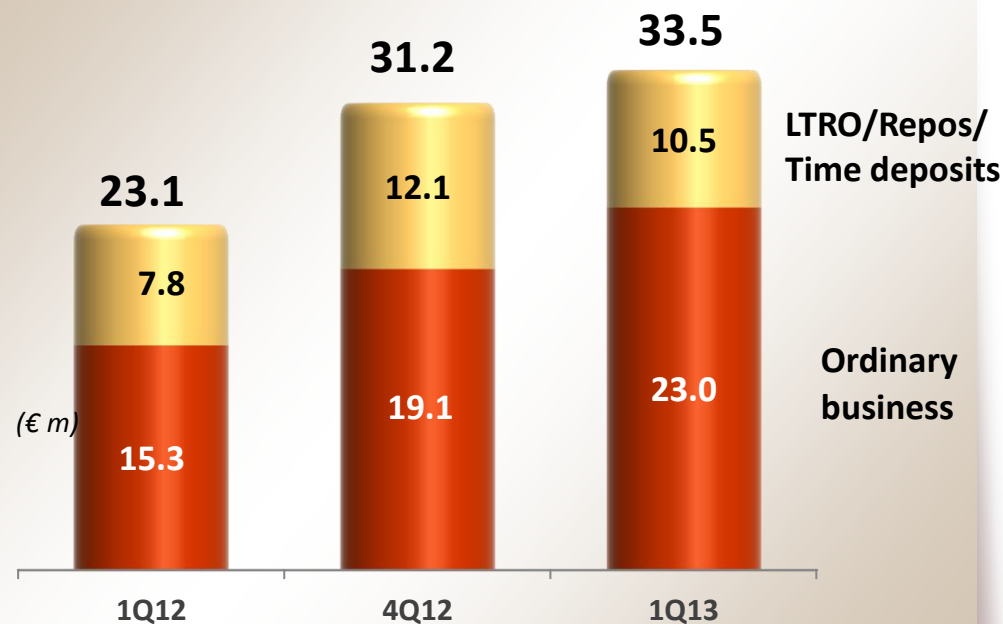
*Figures do not incorporate the contribution of Generali Investment Luxembourg ("GIL")*

# Steady increase in net interest contribution driven by the ordinary business

## Quarterly Net Interest Income



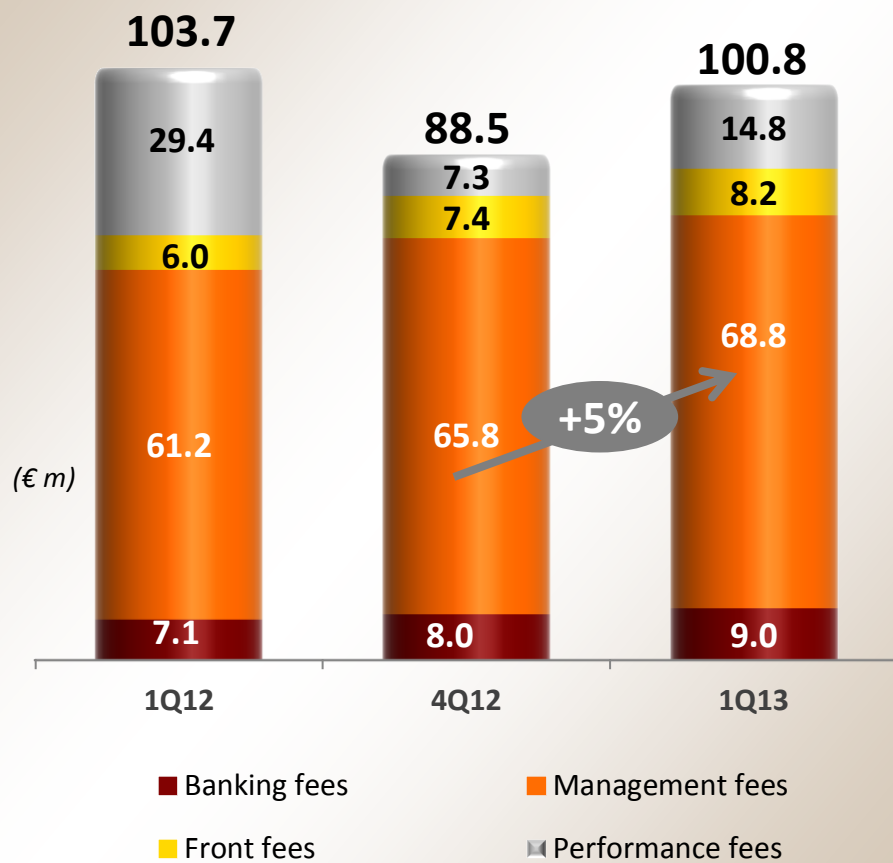
## Split of Net Interest Income



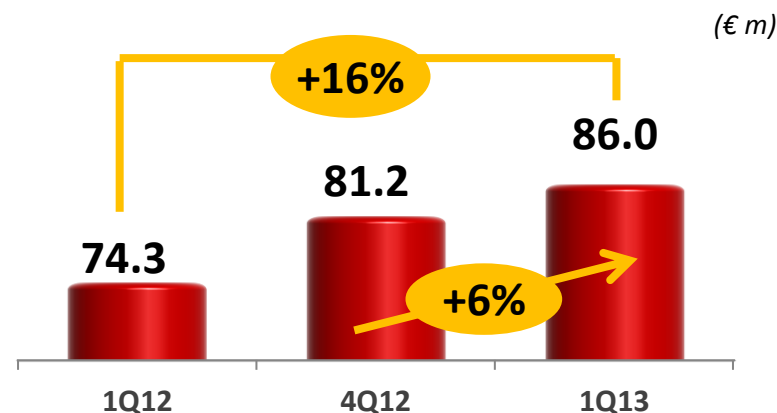
- **Yield on the banking book remains at a satisfactory level of 2.75%**, thanks to an high fixed-income component
- The **maturity** of the overall banking book (€5.0 bn) stands at 1.57, while the related **duration** is 1.11
- €84m new **counter guaranteed loans** issued in 1Q13 with related guarantees amounting to around €120m

Figures do not incorporate the contribution of Generali Investment Luxembourg ("GIL")

## Breakdown of Gross Commissions



## Recurring commissions<sup>1</sup>



<sup>1</sup> Recurring commissions = management fees, banking fees, front fees

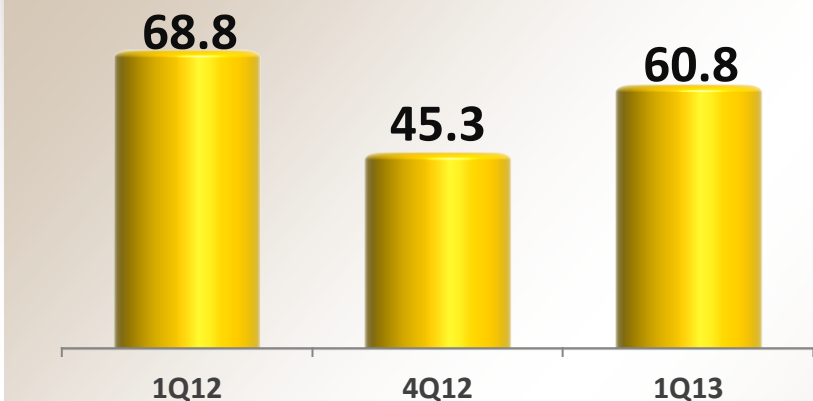
- Robust growth in **management fees** to €68.8m, up 12% YoY and 5% QoQ, reflecting the steady increase in managed assets
- Large increase also for **banking fees** to €9m (+27% YoY, +12% QoQ), benefiting primarily from higher trading volumes thanks to improving financial markets
- Growth in **front fees** was primarily related to a one-off bond placement

Figures do not incorporate the contribution of Generali Investment Luxembourg ("GIL")



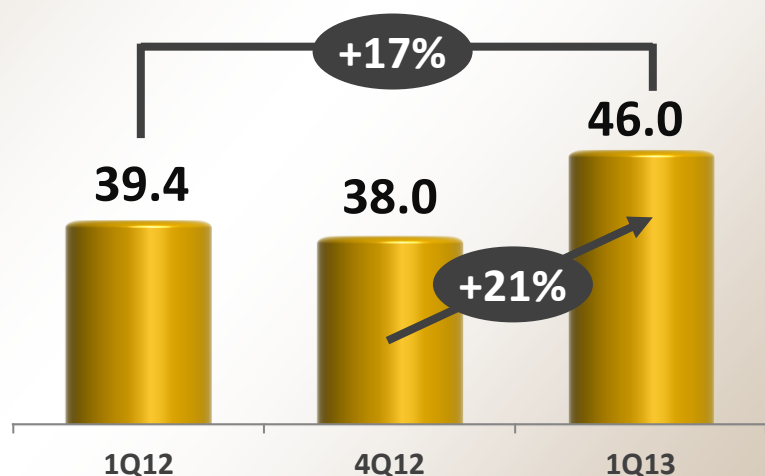
# Stable pay-out policy to the network

## Net Commissions

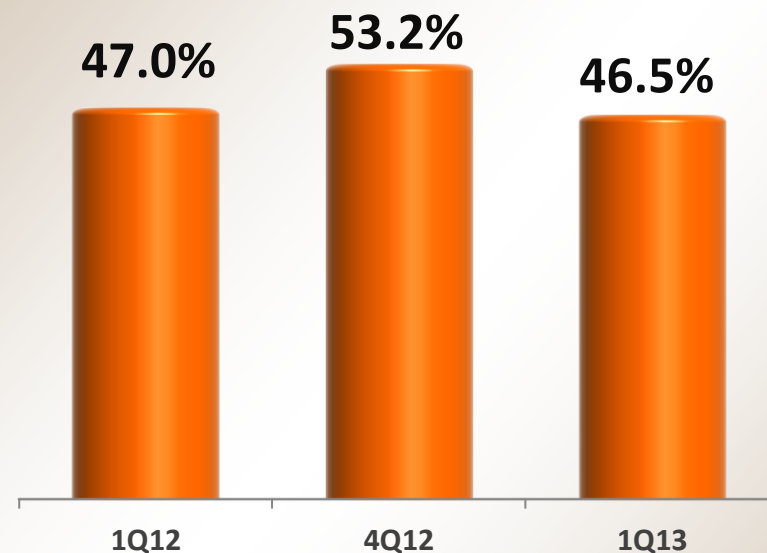


(€ m)

## Net Commissions excl.-performance fees



## Pay-out ratio excl. performance fees

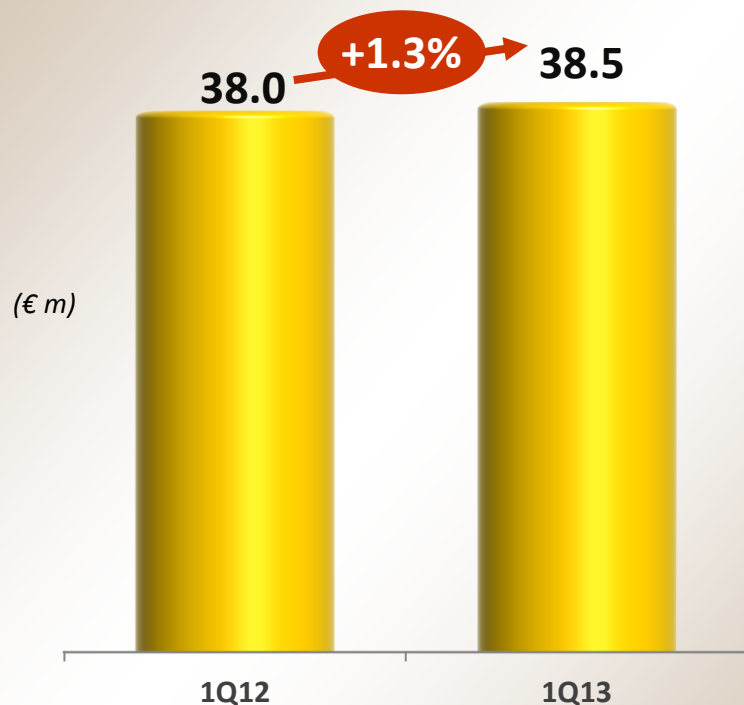


- Pay-out policy to financial advisors remained broadly stable, with quarterly variation linked to seasonality trends

Figures do not incorporate the contribution of Generali Investment Luxembourg ("GIL")

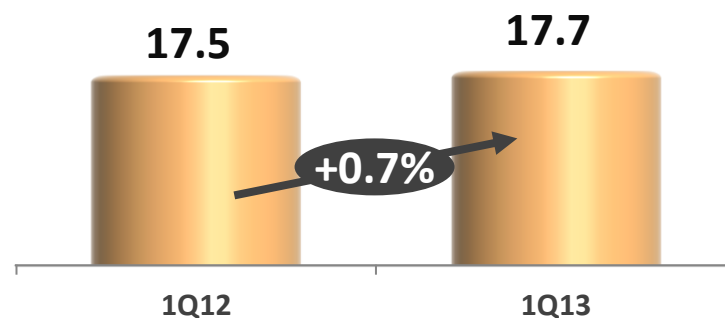
# Operating costs up by 1.3%, less than the inflation rate in Italy

## Operating expenses net of stamp duty<sup>1</sup>



<sup>1</sup> Stamp duty is fully recovered from clients. The increase is linked to the "Save Italy Decree" (Nov. 2011)

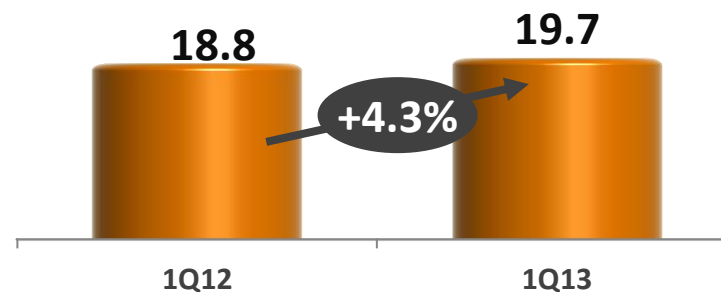
## Staff costs



- Staff costs over the period reflected stable FTE

(€ m)

## G&A costs ex-stamp duty

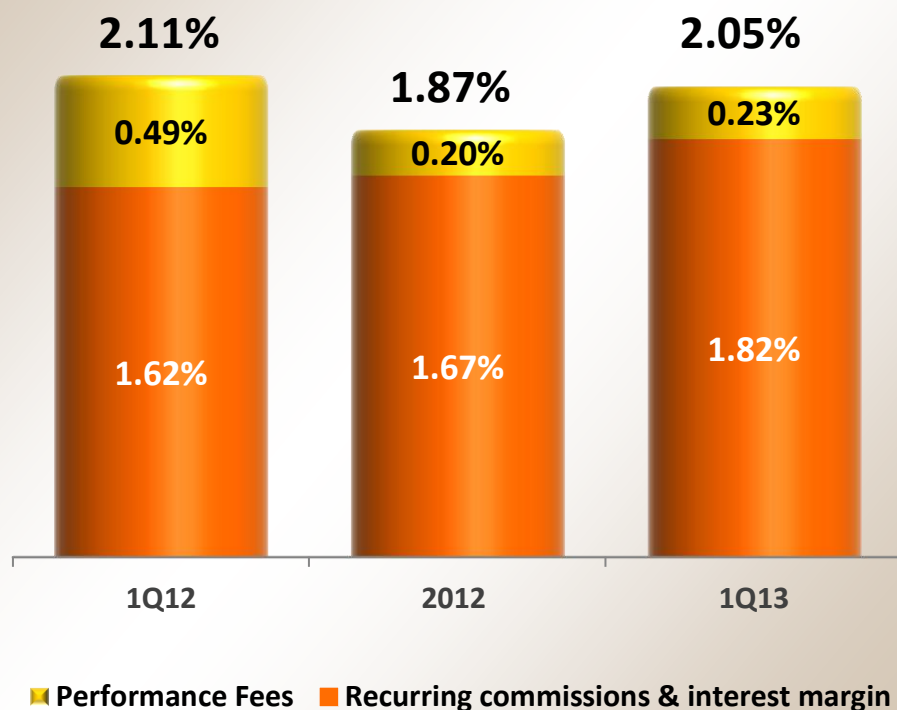


- The increase in G&A expenditure refers primarily to the IT costs for the development of the digital signature on tablet

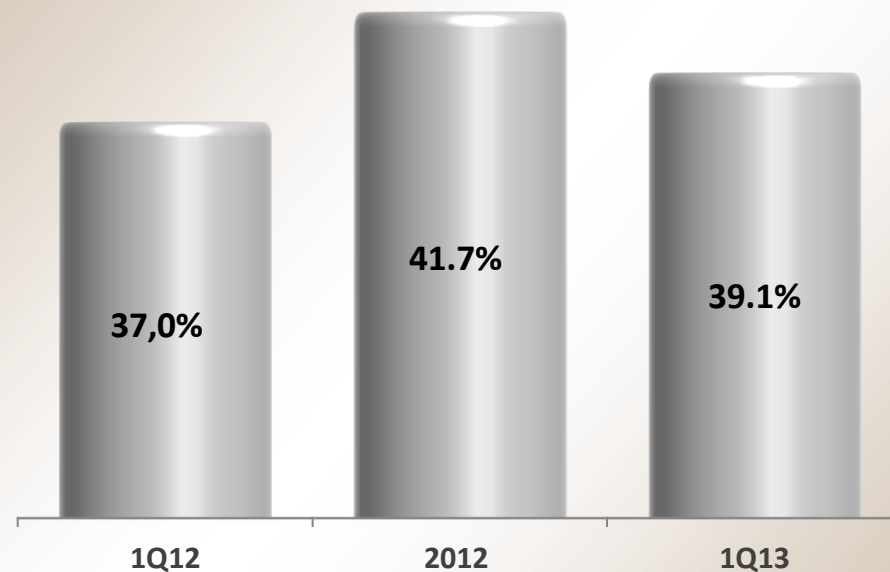
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# Profitability ratios provide evidence of company's positive business trend

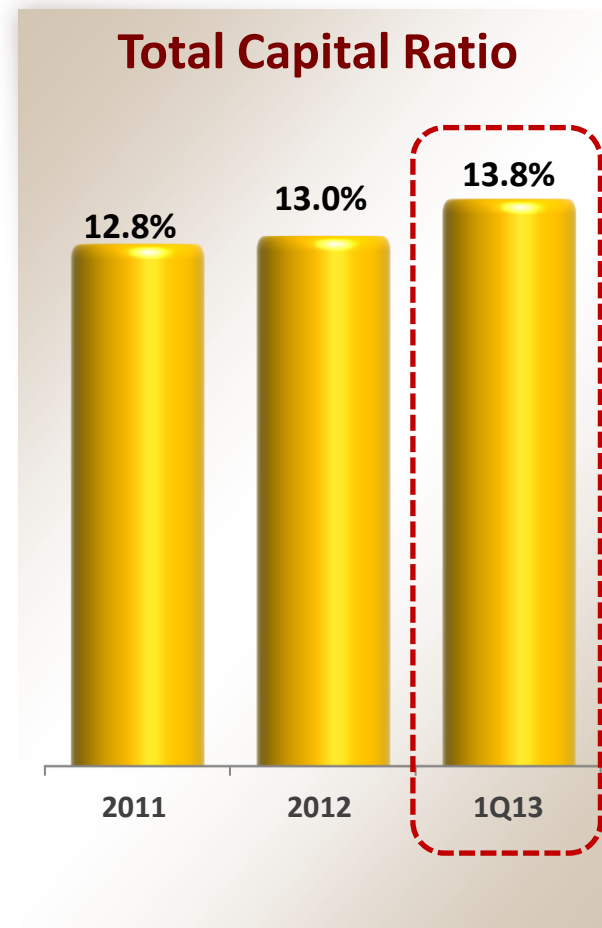
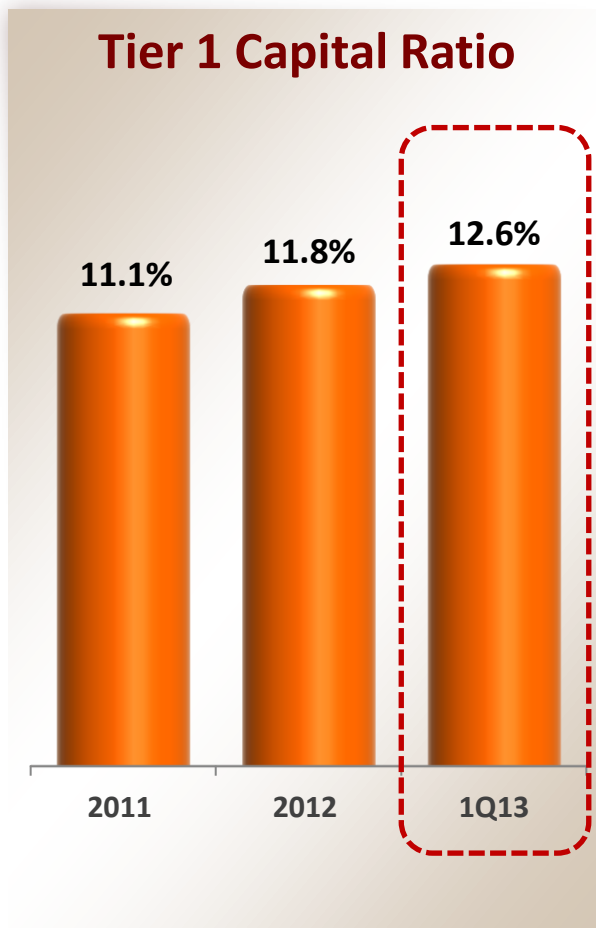
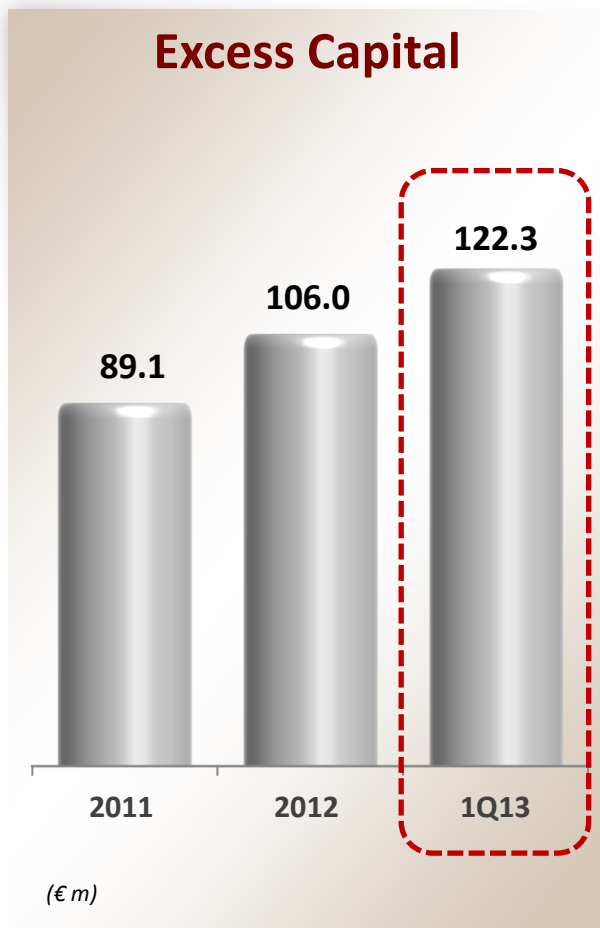
## AUM profitability



## Cost/Income ratio



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1Q 2013 Results

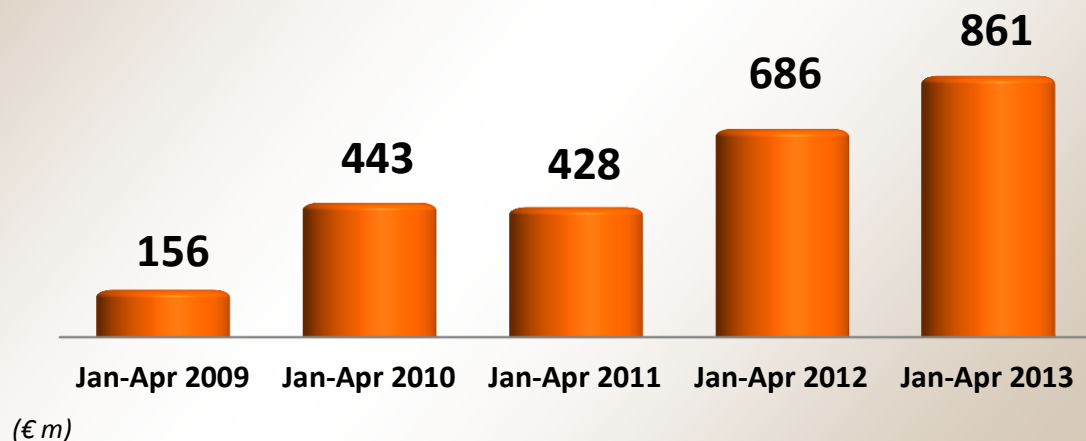
Net Inflows, AUM and Recruiting

Business Outlook

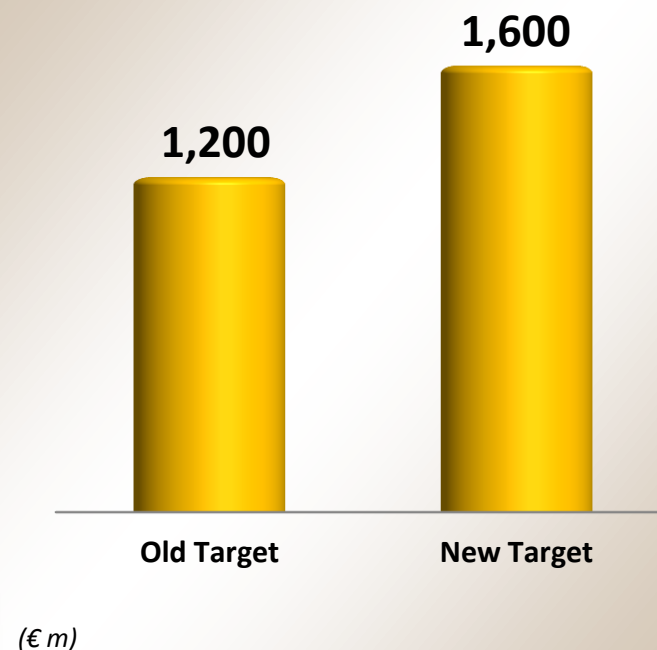
Closing Remarks



## Net Inflows Jan– April 2009-2013



## Net Inflows target for 2013



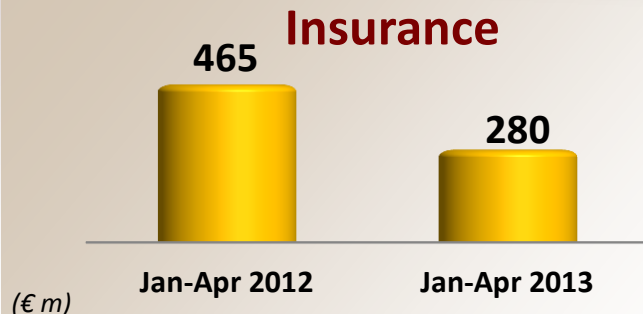
- Jan-April 2013 net inflows represent the strongest start in the last five years
- **2013 net Inflows target raised to €1,600m (+33% vs. previous target)**

## FoF/Sicav/Portfolio Management



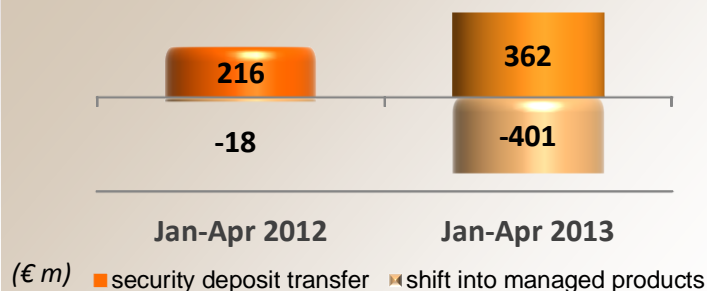
- Best quarter since 2009 in terms of net inflows in FoF, Sicav and Portfolio Management
- Portfolio rebalancing set to continue in order to increase current diversification within customers' portfolios

## Insurance



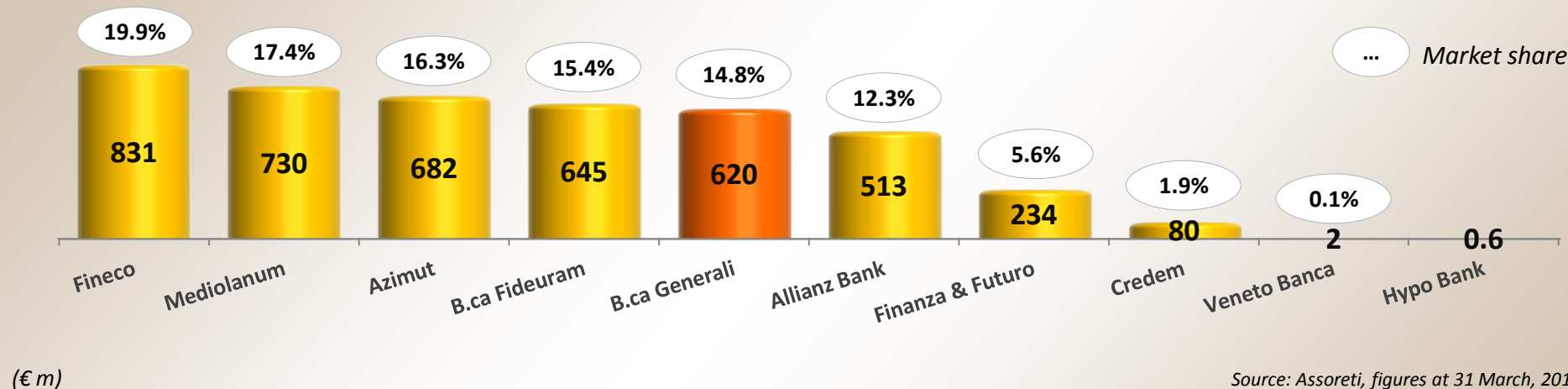
- Solid quarterly results, confirming that **insurance is a core tool in our product offer**
- Remarkable net inflows in insurance products, as last year benefited from a major one-off product launch (BG Più Italia), a policy entirely invested in Italian government bonds

## Assets under custody

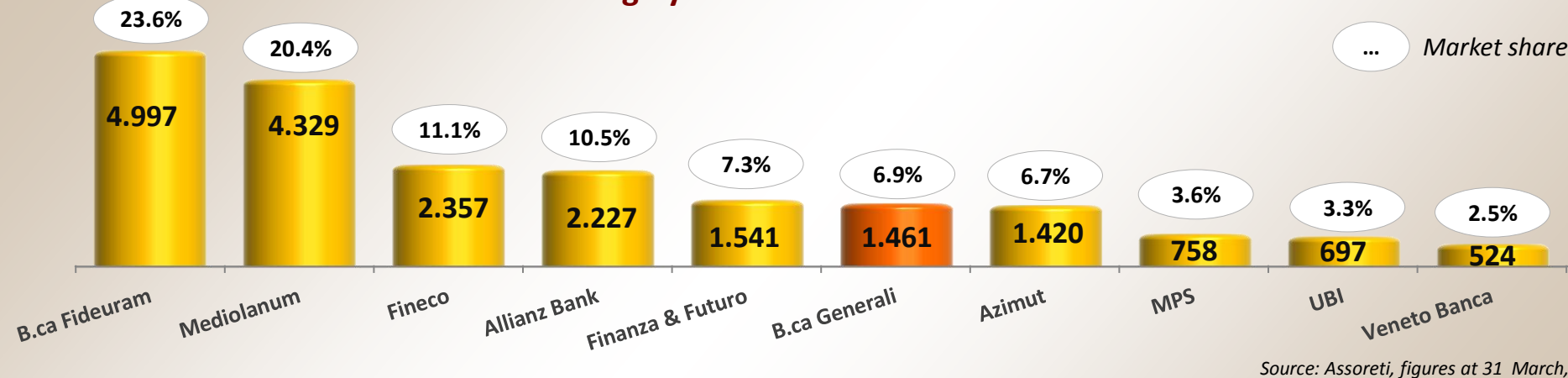


- Asset under custody were broadly flat this year, as a result of the **ongoing shift from liquidity and banking products towards managed investment solutions**

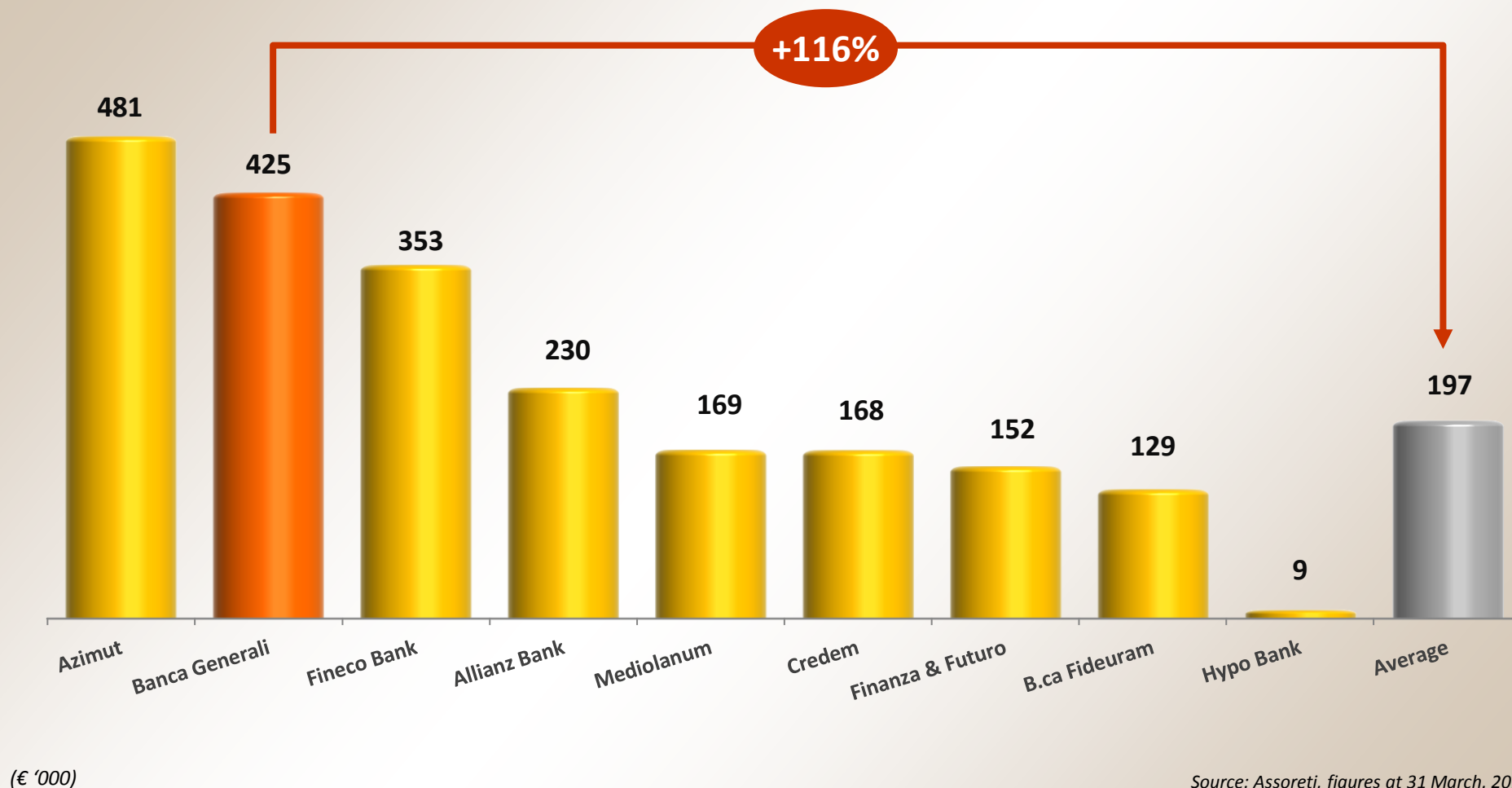
## Ranking by total net inflows



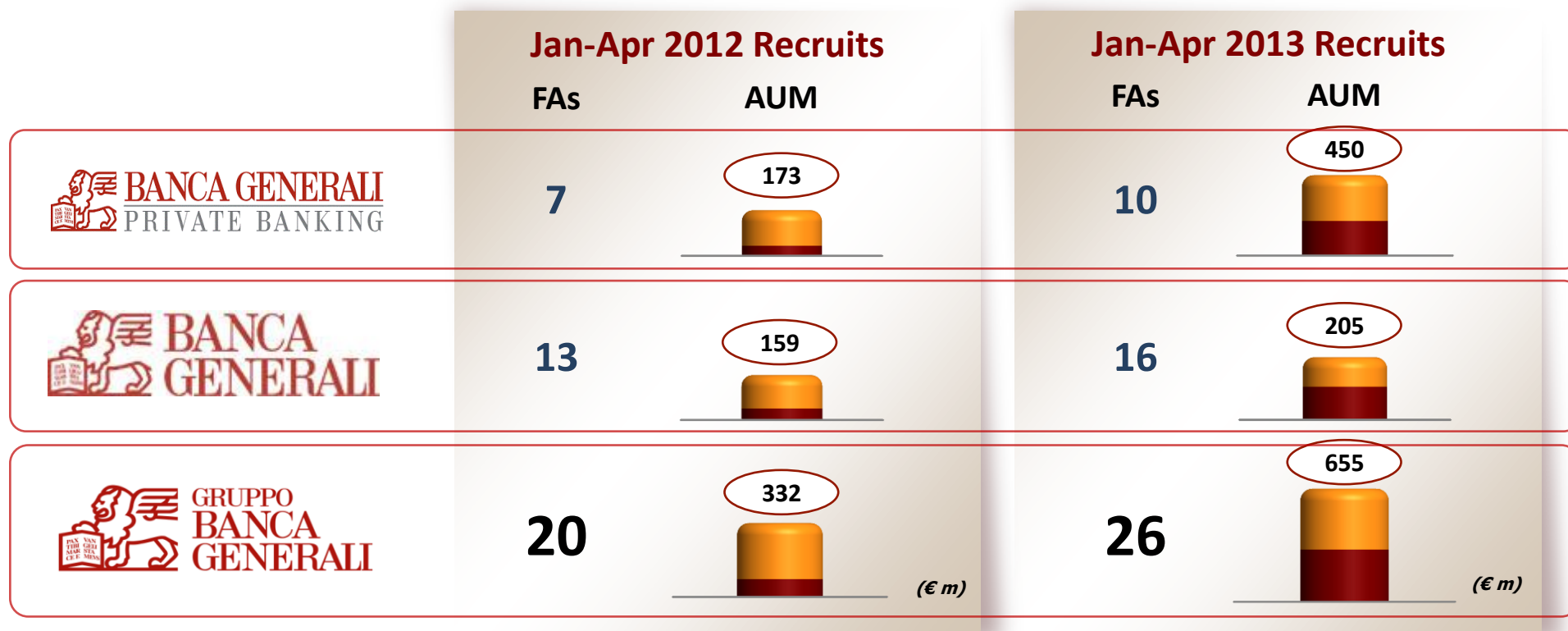
## Ranking by No. of Financial Advisors



## Ranking by FA productivity (Net Inflows/Financial Advisors)



# Speed-up in recruiting pace thanks to favourable market conditions

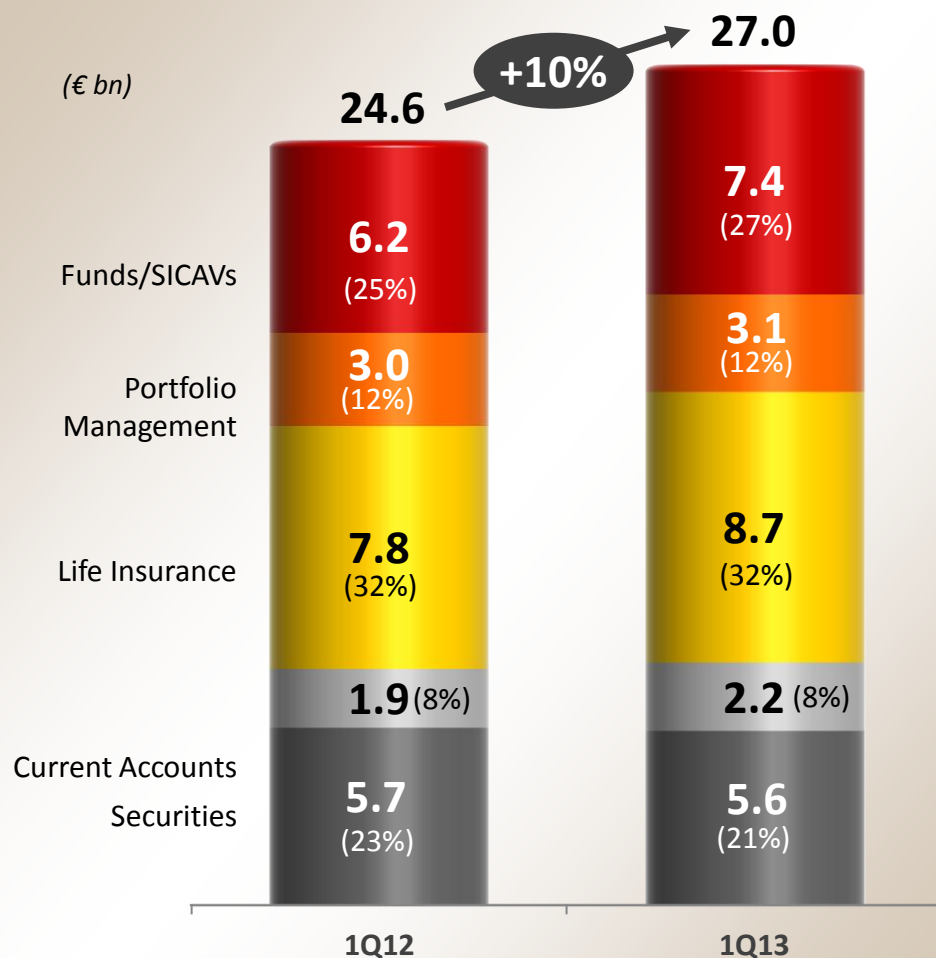


- 26 people recruited YTD with a significantly higher profile (average portfolio of €25 million vs. €16.6 million for those recruited last year, with a 51% increase)
- Recruiting activity is expected to remain favorable over next few months

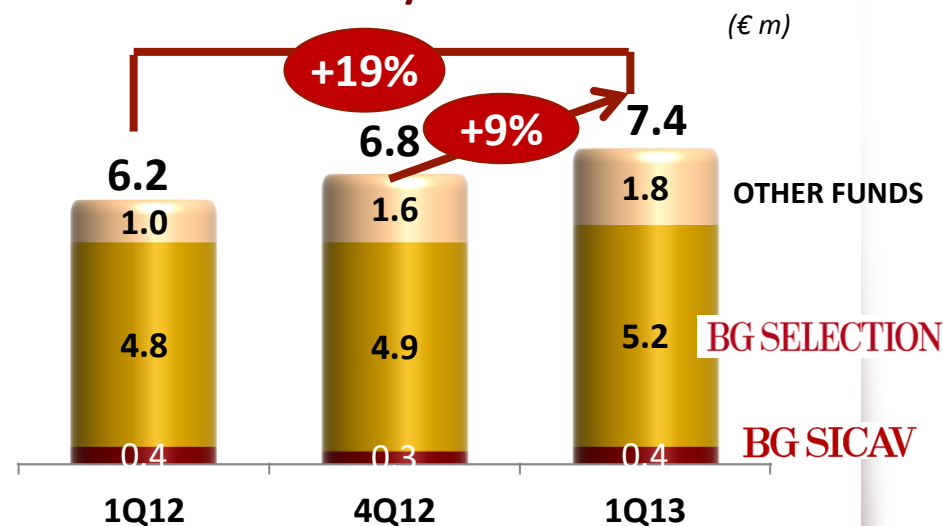


# Total assets increased to €27 bn (+10%)

## Asset Breakdown



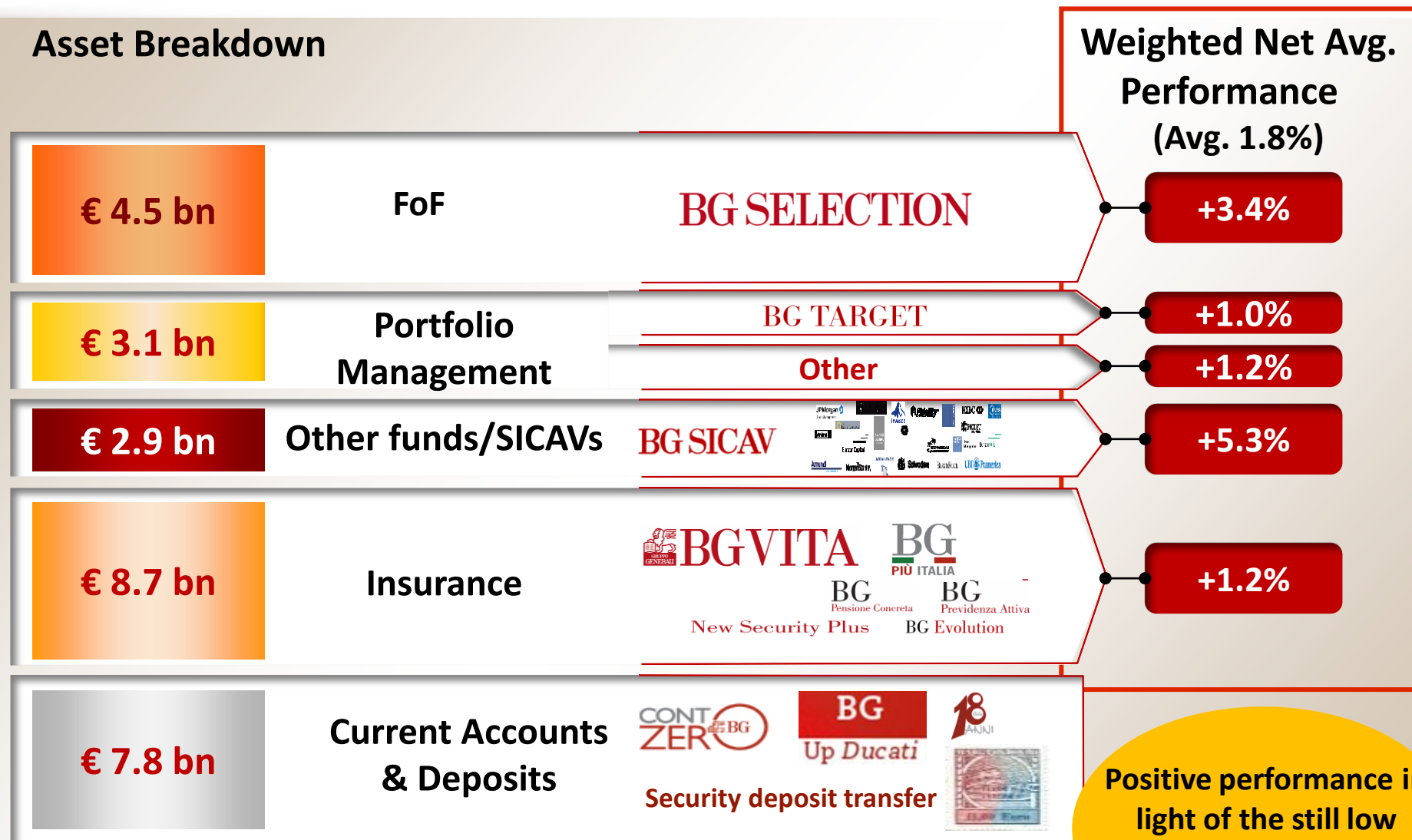
## Fund/Sicav



- Total asset increased by 10% yoy and 3% YTD
- Funds/sicav posted the strongest growth at +19% yoy and + 9% YTD
- Total managed assets represents 71% of total assets (vs. 69% in 1Q12 and 70% in 2012YE)
- Lux-based assets reached €5.6 bn and represented 21% of total assets

# Net weighted performance of managed assets at 1.8% vs. Italian mutual fund industry at 0.9%

## Asset Breakdown



**Positive performance in light of the still low equity exposure (19% of total)**

Asset reclassification based on Assoreti data

1Q 2013 Results

Net Inflows, AUM and Recruiting

**Business Outlook**

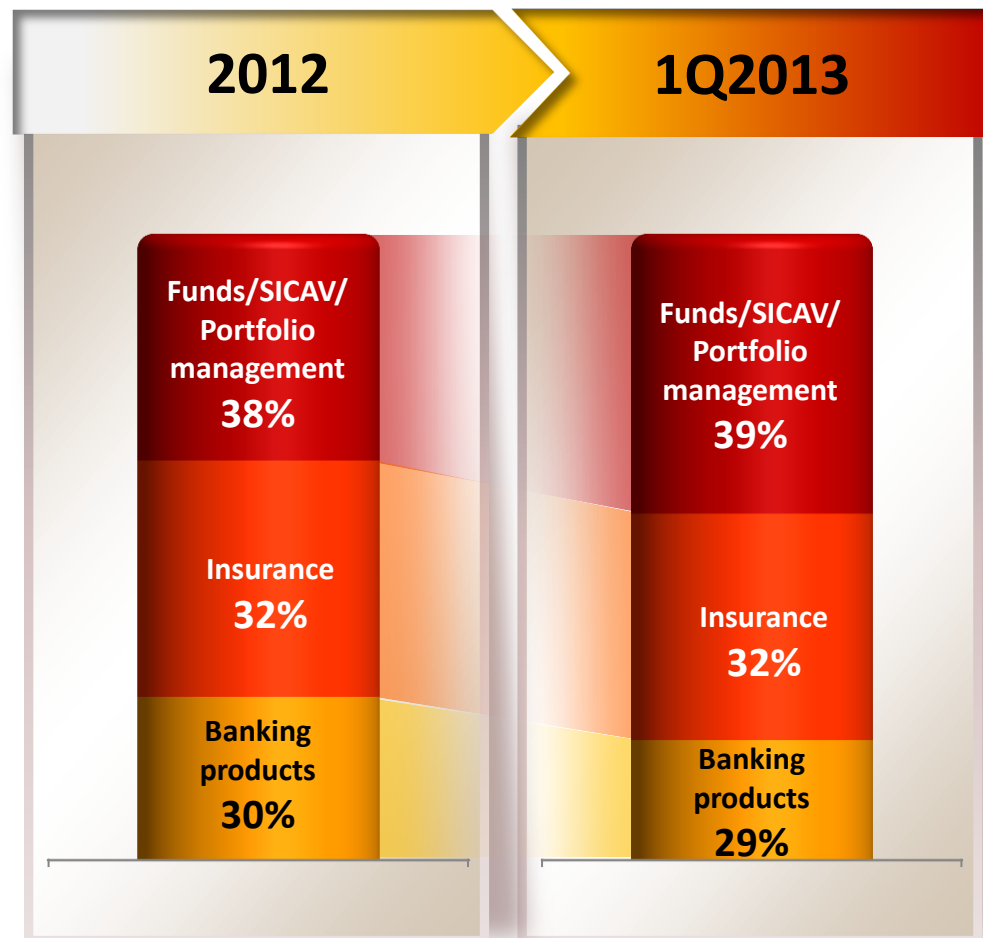
Closing Remarks

**Key Business Actions for 2013:  
Rebalancing Asset Portfolio (3/3)**

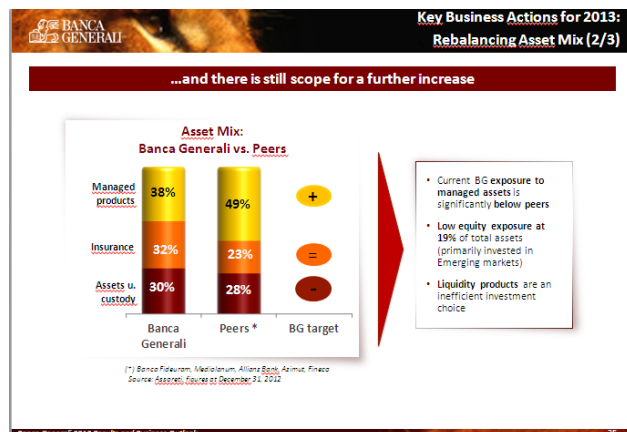


Banca Generali 2012 Results and Business Outlook

- Banca Generali is **successfully rebalancing asset mix** from banking products towards funds/Sicav/portfolio management
- The **weight of managed products has increased by +1.0 p.p. YTD to 71% of total assets, +2 p.p. from 9M12)**
- Insurance products** remain a core pillar in our investment propositions providing a balanced risk/reward profile



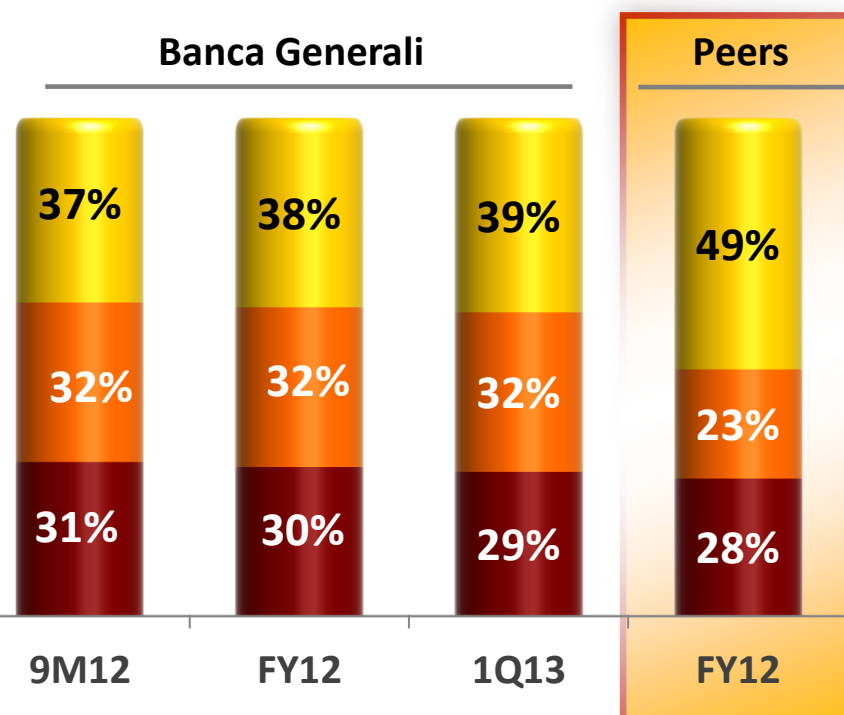
# Rebalancing asset mix will remain a priority also in the next few months



Fund, SICAVs  
and portfolio  
Management <sup>1</sup>

Insurance

Assets  
under  
custody

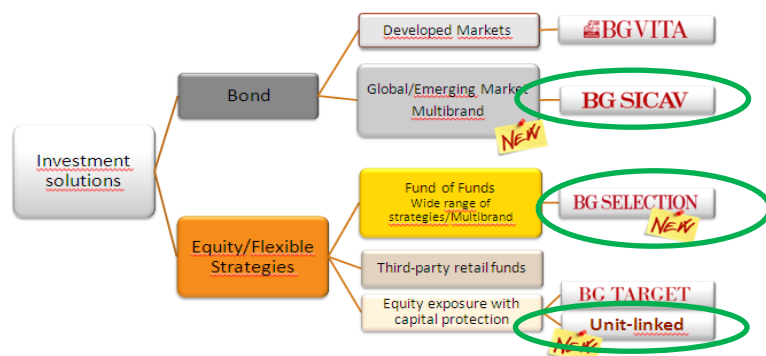


- **Banca Generali's exposure to managed products<sup>1</sup> can be significantly expanded from current levels, as reflected by a comparison with its key sector peers**
- **Market conditions remains favourable** thanks to the on going fall in interest rates on government bonds and expectations of an gradual improvement in the Eurozone economic improvement
- Therefore **Banca Generali's priority remains that of increasing asset/markets diversification within clients portfolios and exploiting investment opportunities provided by financial markets**



**Key Business Actions for 2013:**  
**Product Review (1/4)**

A few new launches to integrated current wide product offer



- Banca Generali aims at constantly reviewing and widening its product offer in order to **catch new investment themes**
- Selected new products are currently **undergoing the authorization process or are under development**
- **Key launches are expected in 2Q and 3Q 2013, at the latest**

## BG SELECTION

- launch of a new sub-fund
- review of selected non performing sub-funds

## BG SICAV

- Launch of 2 new mandates in addition to the 2 already launched (net inflows of €42m)
- review of investment proposition of some of the existing lines



## BGVITA

- Review of unit-linked offer

1Q 2013 Results

Net Inflows, AUM and Recruiting

Business Outlook

**Closing Remarks**

**Excellent start into 2013, strengthening our confidence for the outlook of the year:**

- **Strong net inflows, supported by favourable recruiting conditions**
- **Asset mix rebalancing gathering pace, favoured by falling interest rates**
- **Operating leverage fully working, as cost base remain stable**

**Generali placement of 12% of our shares further enhanced our commitment towards minority shareholders to deliver positive shareholders' value**

*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.

## 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			

**Approval of 1H 2013  
results**

## 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 2013  
results**

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