



1H 2014 Results and Business Update

Milan, 29 July 2014

Strong interim net profit: €88.4m (+24%)

- Strong results driven by recurring fees reflecting higher assets and better product mix
- Positive contribution from trading gains on financial markets
- Solid capital ratios

Excellent net inflows: €2.3bn (+64%)

- Ongoing positive environment for raising new money
- Total assets at €32.3bn, +18%
- Persisting favourable recruiting conditions (51 new recruits at 30 June 2014)

Seized external growth opportunity

- Signed agreement to acquire Credit Suisse's Italian affluent & upper affluent private banking operations

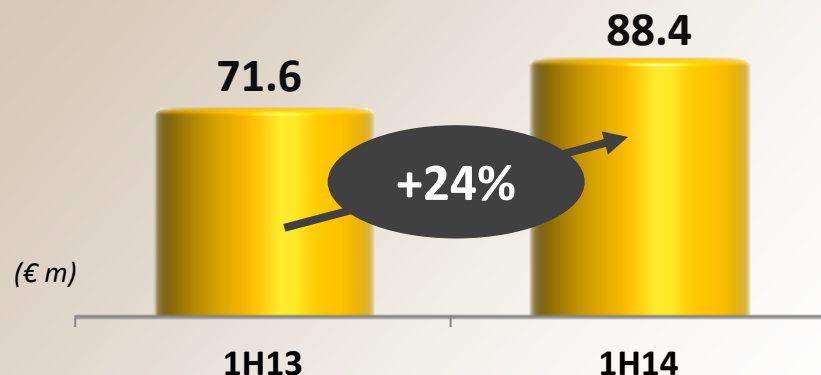
1H 2014 Results

Net inflows, AUM and Recruiting

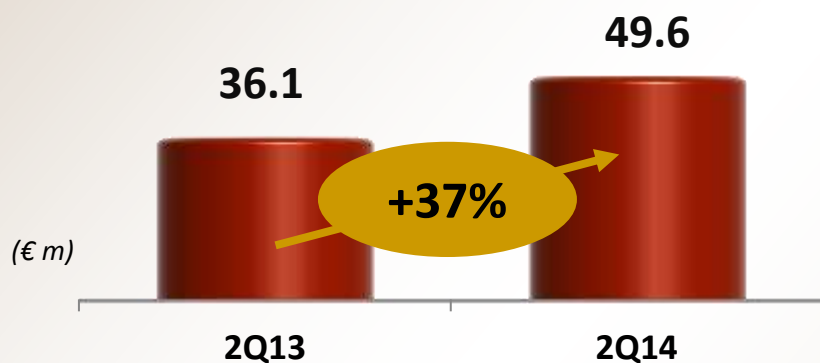
External growth opportunities

Closing Remarks

Interim Net Profit



Quarterly result



Interim net profit at €88.4m

- **Sustained net profit growth (+24%),** supported by a strong business momentum coupled with the effective exploitation of financial market volatility
- **Strong growth in management fees** at €168 m (+19%) driven by higher assets and by a better product mix
- **Profitability ratios at best practice levels:** gross profitability at 1.85% and Cost/Income ratios at a new record low of 33.3%
- **Solid capital position:** net equity at €470m, excess capital at €147m and capital ratios at top level in the industry

(€ m)	6M13	6M14	% Chg
Net Interest Income	63.6	55.3	-13.1%
Gross fees	200.7	222.8	11.0%
Fee expenses	-81.8	-94.5	15.6%
Net Fees	118.9	128.3	7.9%
Net income (loss) from trading activities	5.4	45.0	n.m.
Dividends	0.9	0.8	-9.8%
Net income (loss) from trading activities and Dividends	6.2	45.8	n.m.
Total Banking Income	188.8	229.3	21.5%
Staff expenses	-34.4	-37.4	8.7%
Other general and administrative expense	-52.0	-60.0	15.3%
Depreciation and amortisation	-2.4	-2.1	-13.8%
Other net operating income (expense)	14.4	21.0	46.2%
Total costs	-74.5	-78.4	5.3%
<i>Cost /Income Ratio</i>	<i>-38.2%</i>	<i>-33.3%</i>	<i>4.9 p.p.</i>
Operating Profit	114.3	150.9	32.0%
Net adjustments for impair.loans and other assets	-1.5	-4.5	208.6%
Net provisions for liabilities and contingencies	-21.4	-25.8	20.6%
Profit Before Taxation	91.5	120.6	31.8%
Direct income taxes	-19.9	-31.9	60.3%
<i>Tax rate</i>	<i>21.7%</i>	<i>26.4%</i>	<i>4.7 p.p.</i>
Income/(losses) after tax on assets held for sales	2.5	2.9	15.3%
Minorities interest	-2.5	-3.1	25.7%
Net Profit	71.6	88.4	23.5%

Results are reported excluding Generali's institutional business (GIL). No combined figure will be released anymore

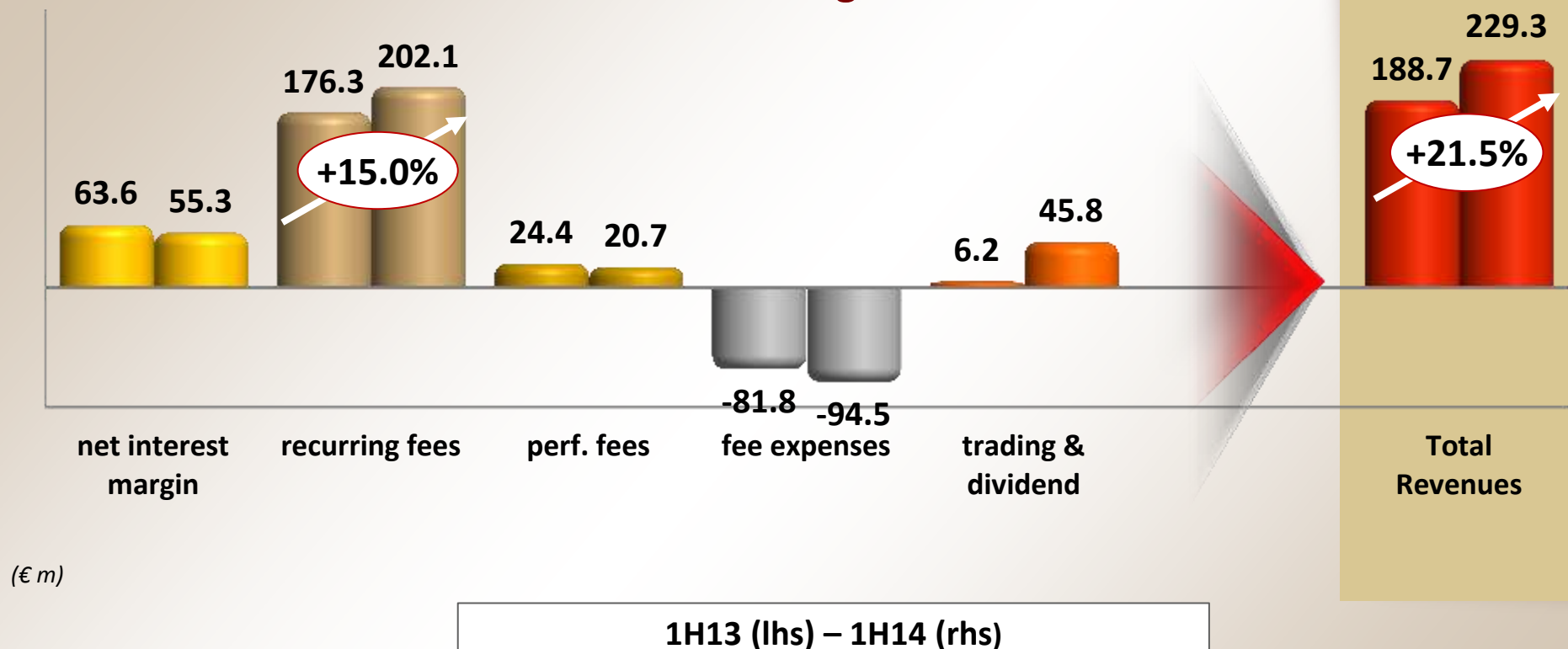
GIL activities were spun off from GFM on 30 June 2014 to form Generali Investment Luxembourg, a company 100% controlled by Assicurazioni Generali

GFM was renamed as **BG Fund Management Luxembourg (BG FML)** and it is now **100% controlled by Banca Generali**.

BG FML manages BG Selection SICAV and BG SICAV

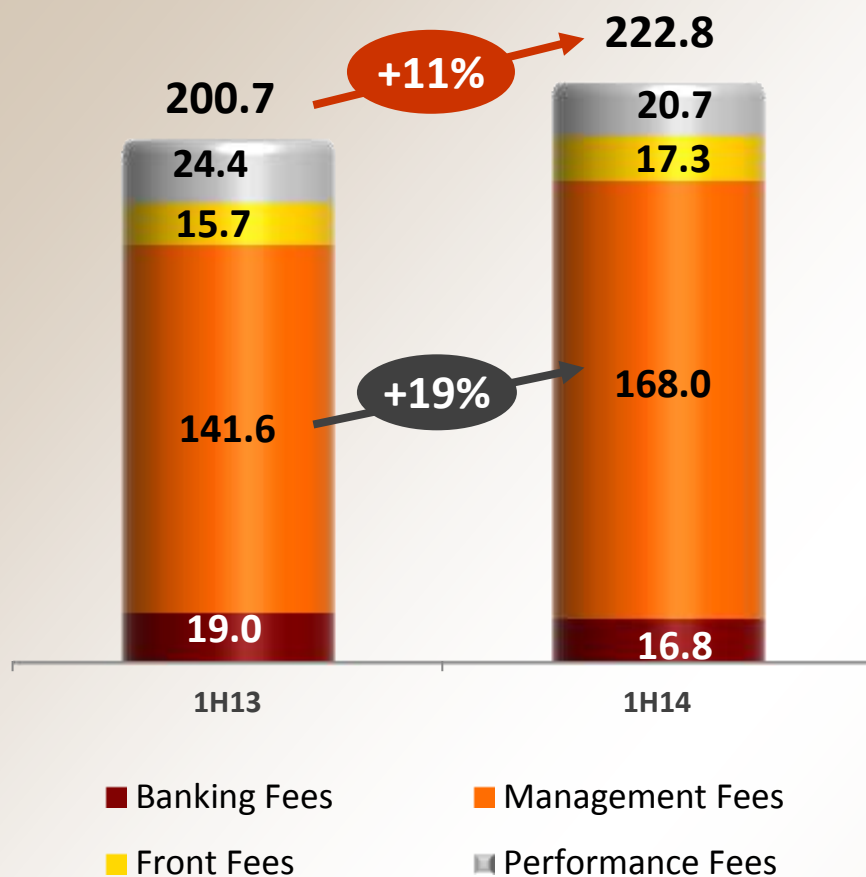
Impact on net income of the current and previous years is fully neutral

Total banking income



- Double-digit growth in recurring fees supported by higher assets and better product mix
- Trading opportunities on financial markets exploited
- Soft net interest income, as lower investment return counterbalanced higher results from lombard lending

Breakdown of total gross fees



(€ m)

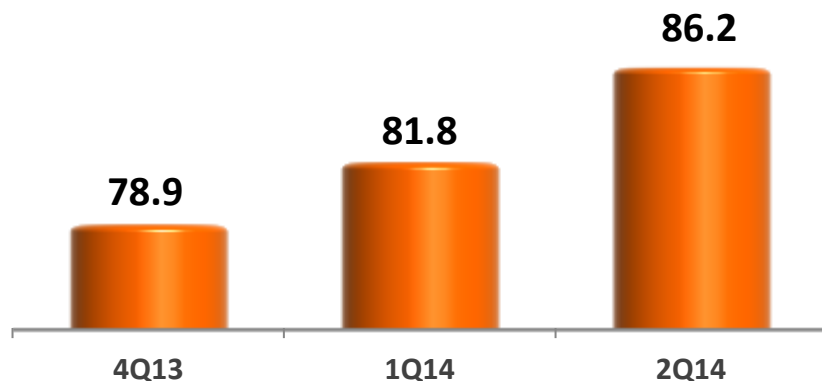
Fee margin

	1H 2012	1H 2013	1H 2014
Recurring fee margin	1.22%	1.32%	1.34%
o/w front	0.10%	0.12%	0.11%
o/w management	1.01%	1.06%	1.12%
o/w banking	0.11%	0.14%	0.11%
Non recurring fee margin	0.26%	0.18%	0.14%
o/w performance	0.26%	0.18%	0.14%
Fee margin	1.48%	1.50%	1.48%

Strong progress for management fee

(€ m)

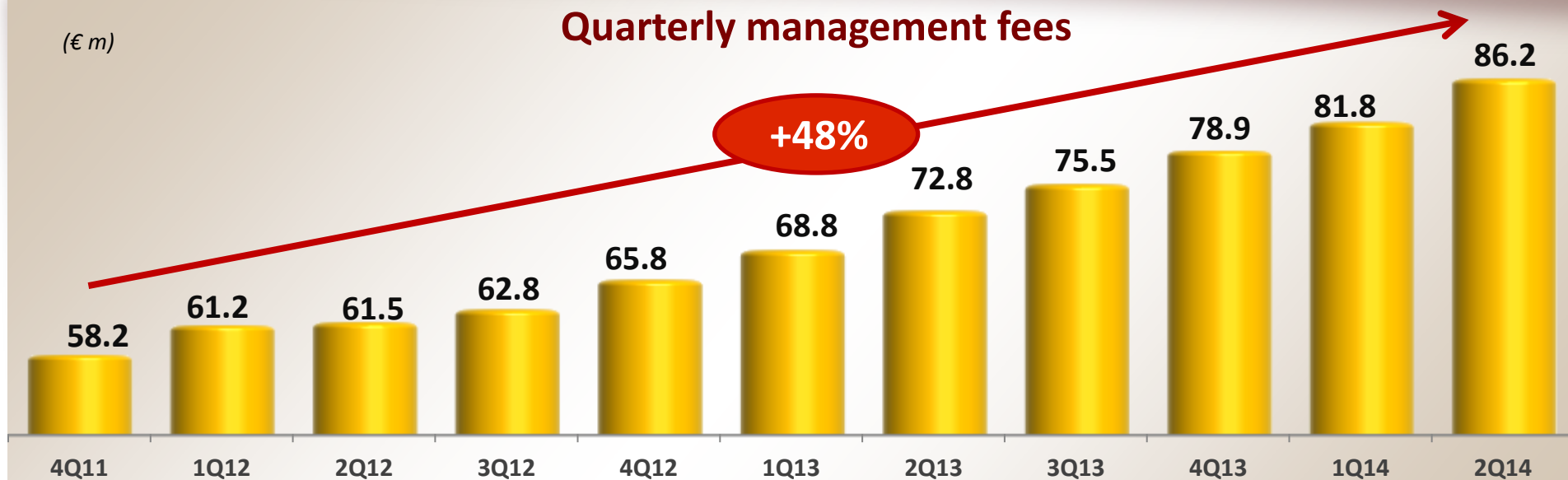
Mgmt fees run-rate



- Quarterly run-rate for management fees increased by +€4.4m (+57%) in 2Q 2014 vs. +€2.8m avg. quarterly increase in 2012-13
- Run-rate increase linked to **higher assets (+18%)** and **better product mix (managed assets at 74% of total)**

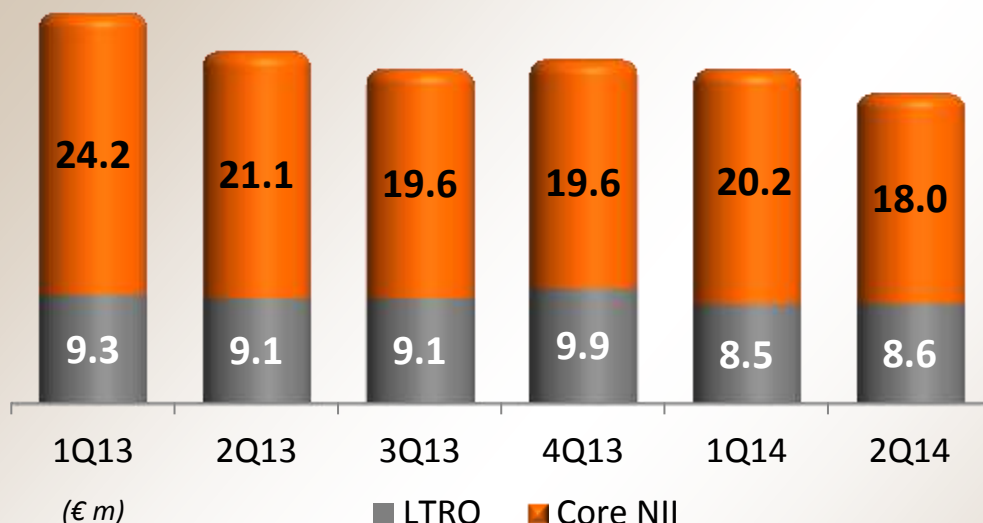
(€ m)

Quarterly management fees

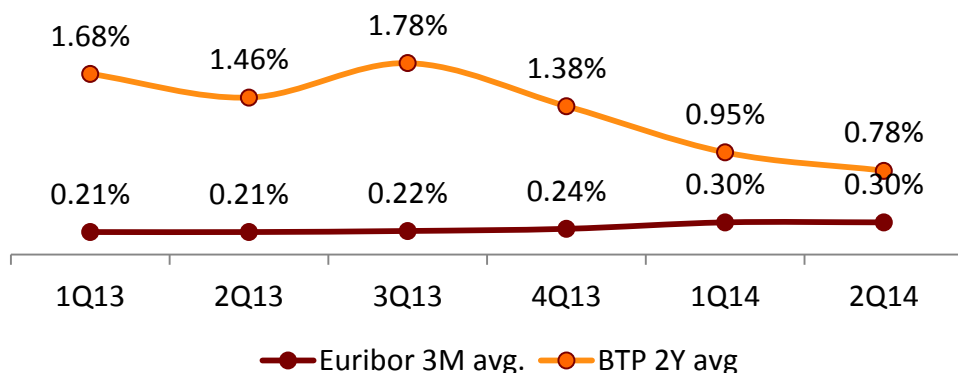


Divergent trend in NII components

Quarterly Net Interest Income



Trend in interest rates

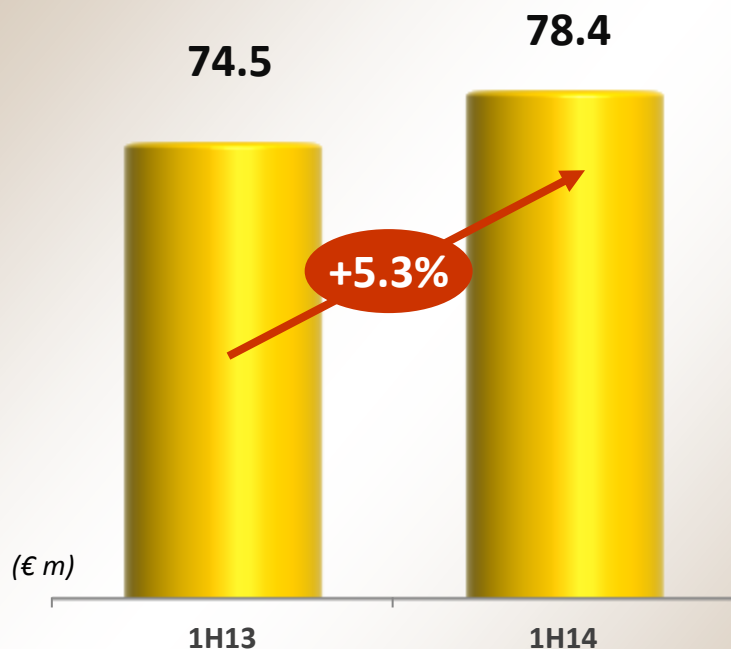


Decoupling drivers

- In the last 12 months, the Bank has successfully offset the sharp decrease in interest rates with a steady expansion in volumes and lending activity
- Revenues from secured lending are steadily growing driven by the increase in the loan book (€1.4bn, +21%) and higher spread (+16bps). Credit quality is at outstanding levels (NPL at 0.11% of total loans)
- After the recent decrease in rates, the Bank remains even more committed to a defensive investment bias for its banking book. Bond duration is at 1.5 years (as in 1H13) with an implied investment return of 2.1% (from 2.7% in 1H13)
- LTRO contribution is set to disappear from 2Q15, after having delivered ca. €80m in profits, mostly paid-out to shareholders through dividends

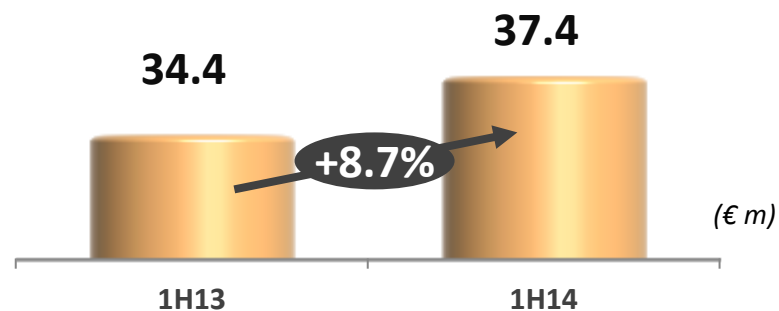
Costs well under control, net of one-offs

Operating expenses net of stamp duty¹



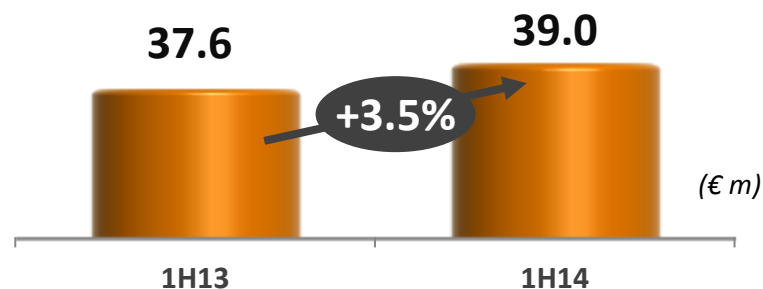
¹ Stamp duty is fully recovered from clients. The increase is linked to the "Save Italy Decree" (Nov. 2011)

Staff costs



- Increase in staff costs driven primarily by higher provisions for variable compensation

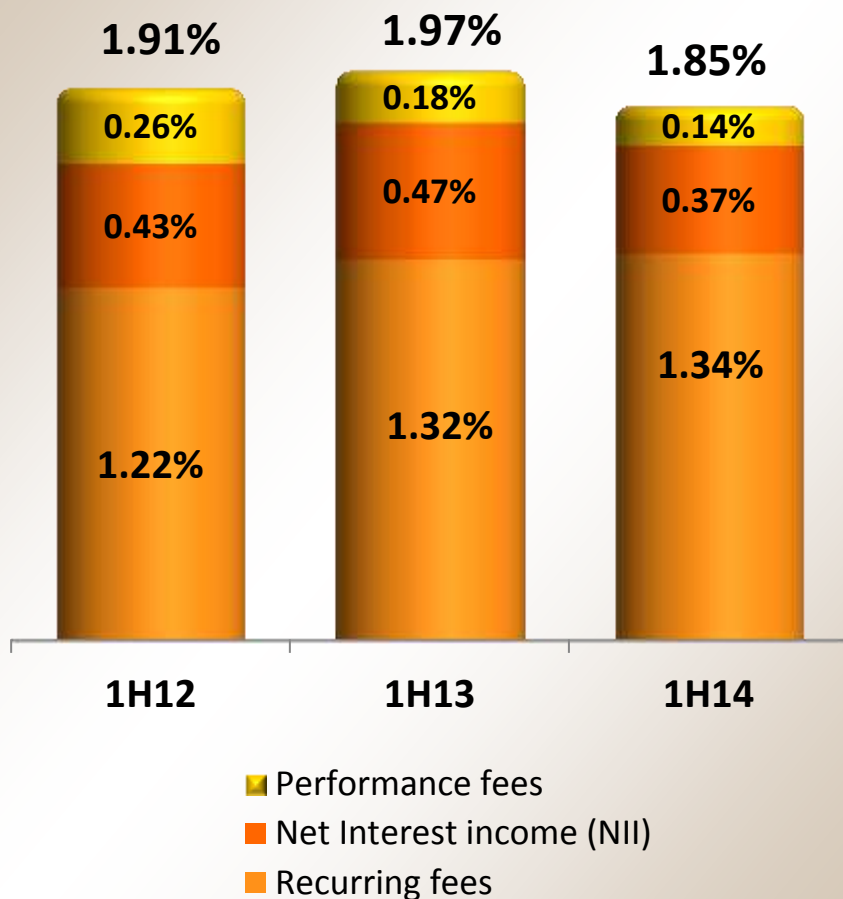
G&A costs ex-stamp duty



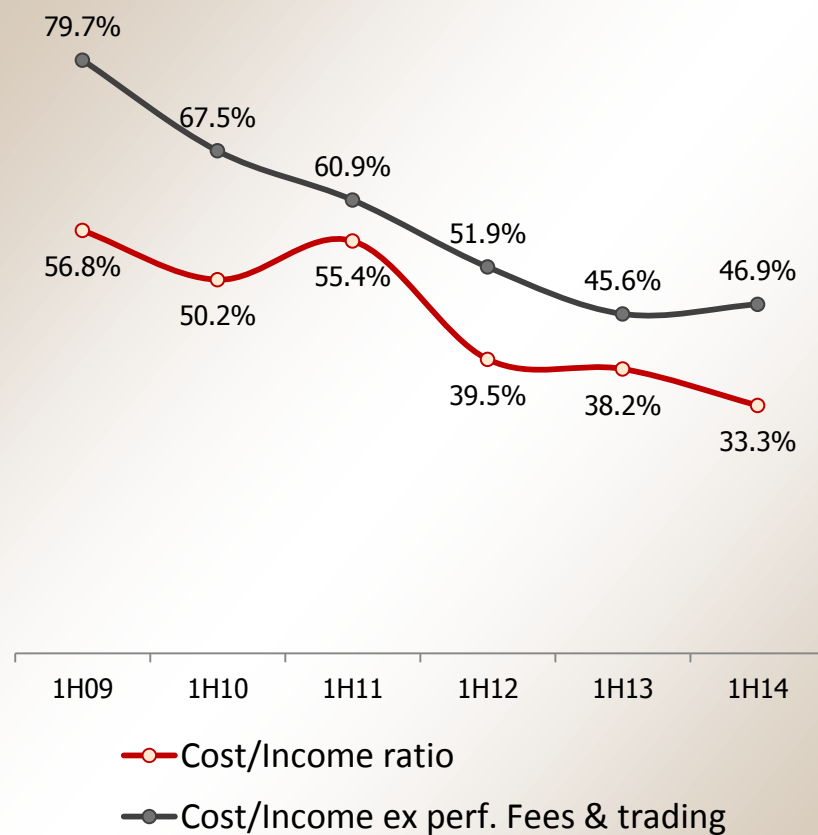
- Increase driven by one-off IT costs related to the new advisory platform as well as one-off M&A advisory costs

Profitability ratios at best practice levels

AUM profitability

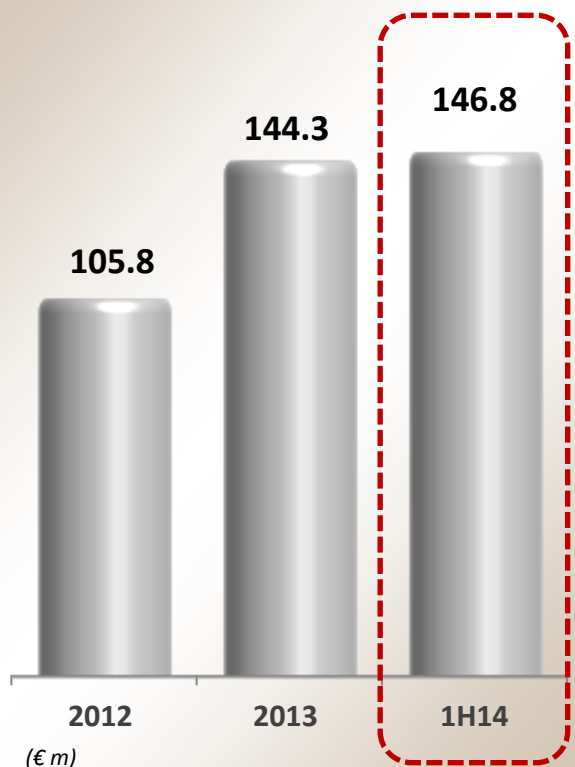


Cost/Income ratio

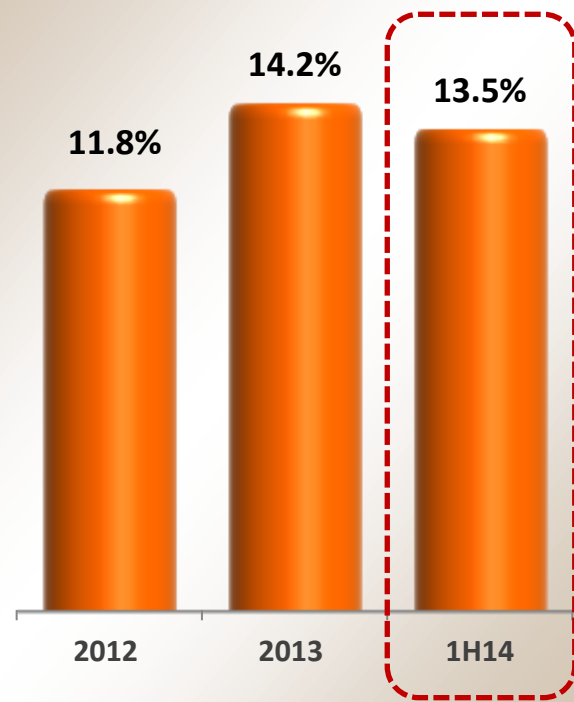


Capital ratios reaffirmed at solid levels

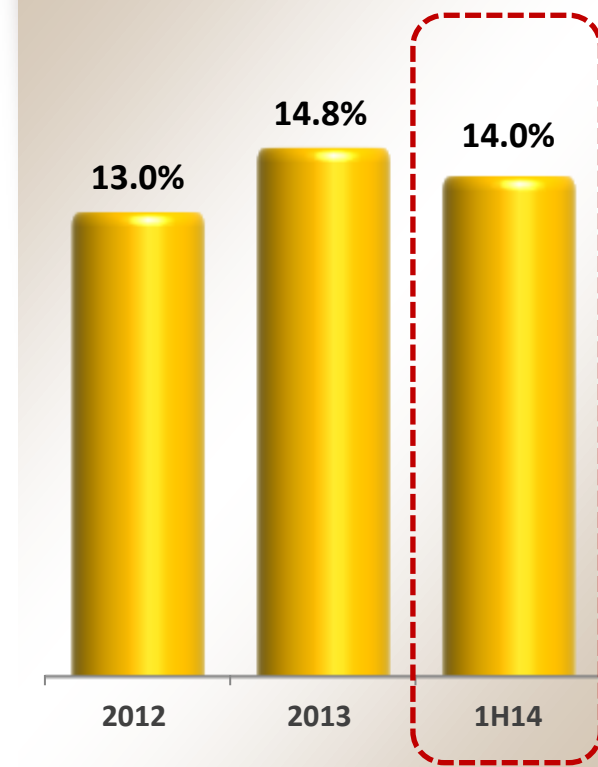
Excess Capital



Tier 1 Capital Ratio



Total Capital Ratio



The slight decrease in the capital ratios (T1 and TC) is due to the impact of Basel 3 (applied here for the first time) coupled with volumes expansion in the ordinary business activity

1H 2014 Results

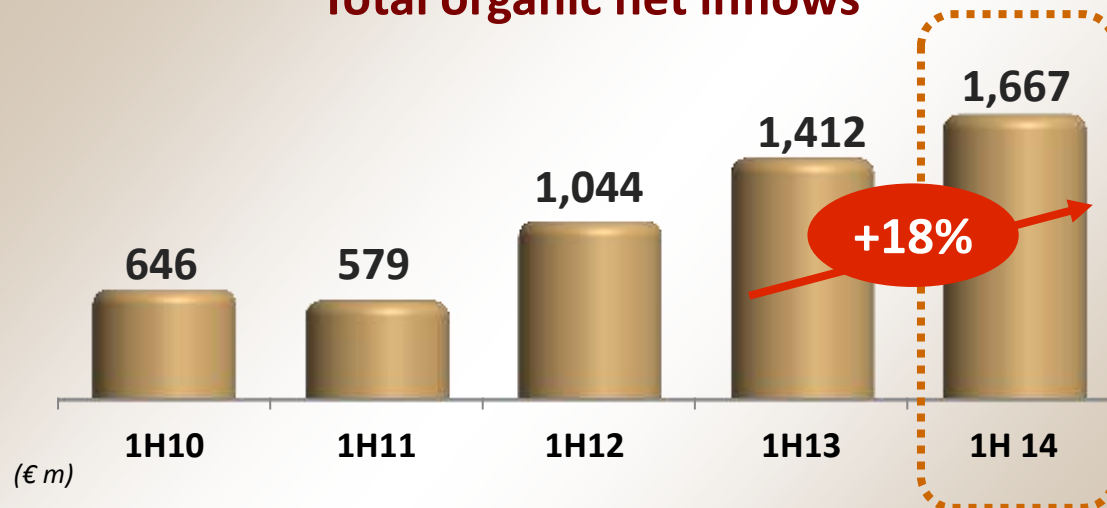
Net Inflows, AUM and Recruiting

External growth opportunities

Closing Remarks

Over €1.1 million net inflows per advisor in just six months

Total organic net inflows

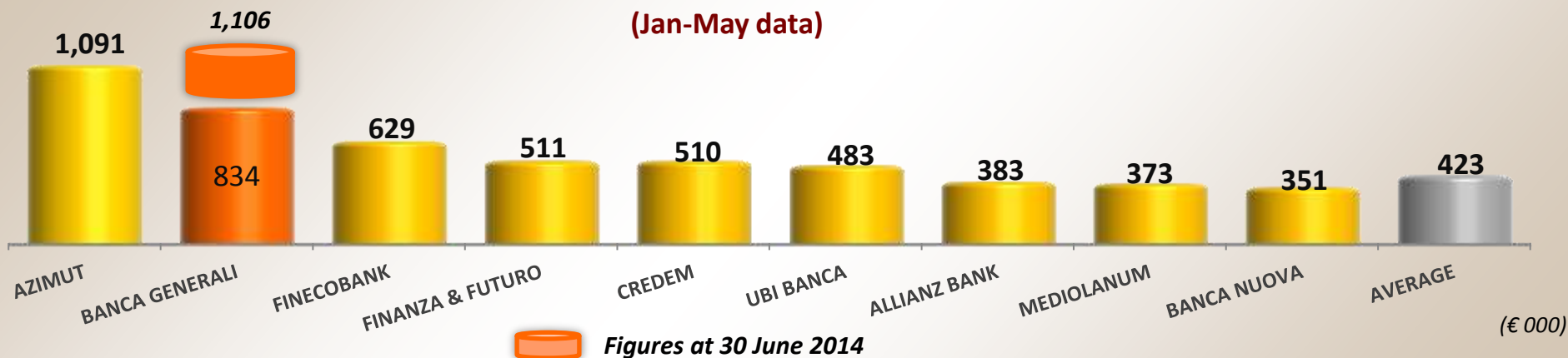


€1.1m per FA in six months

- On a stand-alone basis, 1H 2014 net inflows posted a new record high at €1.7bn (+18%)
- Implied net inflows/FA equal to €1.1m, ca. +50% compared to the estimated market average and amongst the top result in the industry

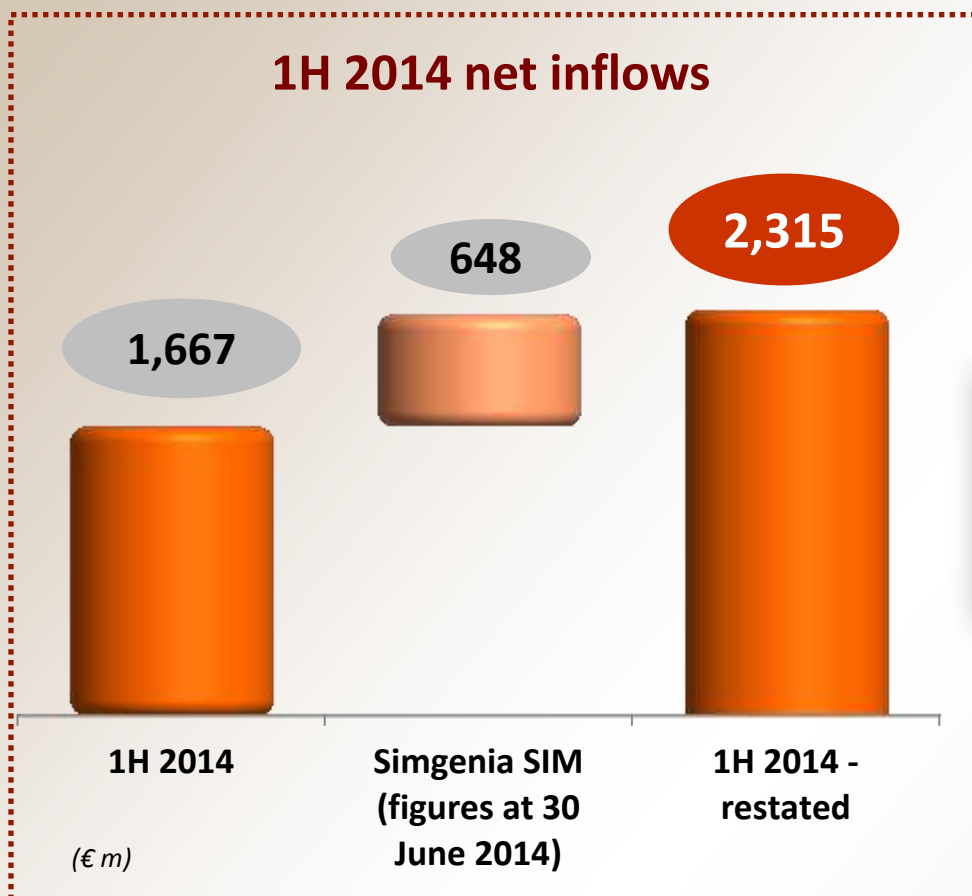
Net Inflows /Financial Advisors

(Jan-May data)

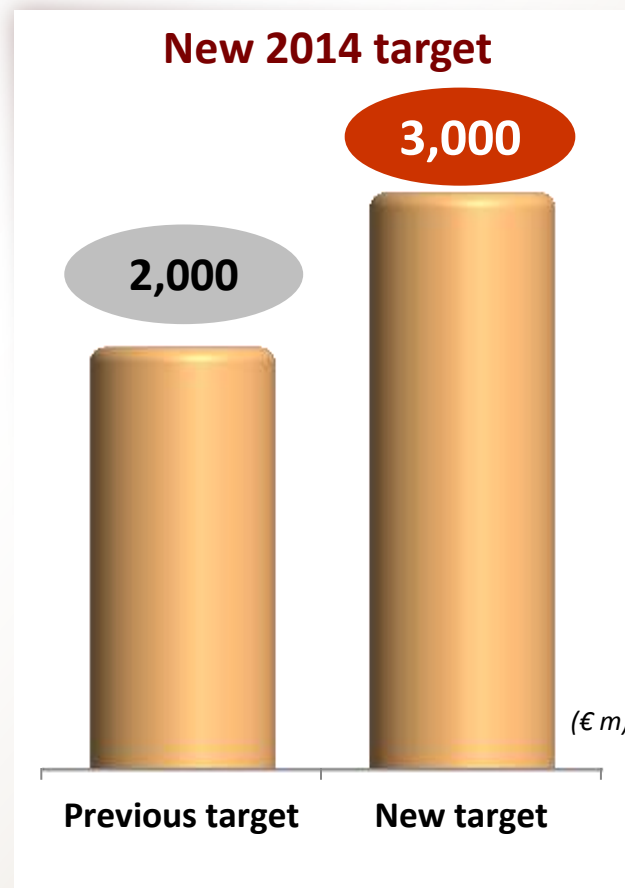


Jumbo recruitment from Simgenia drives target higher

1H 2014 net inflows



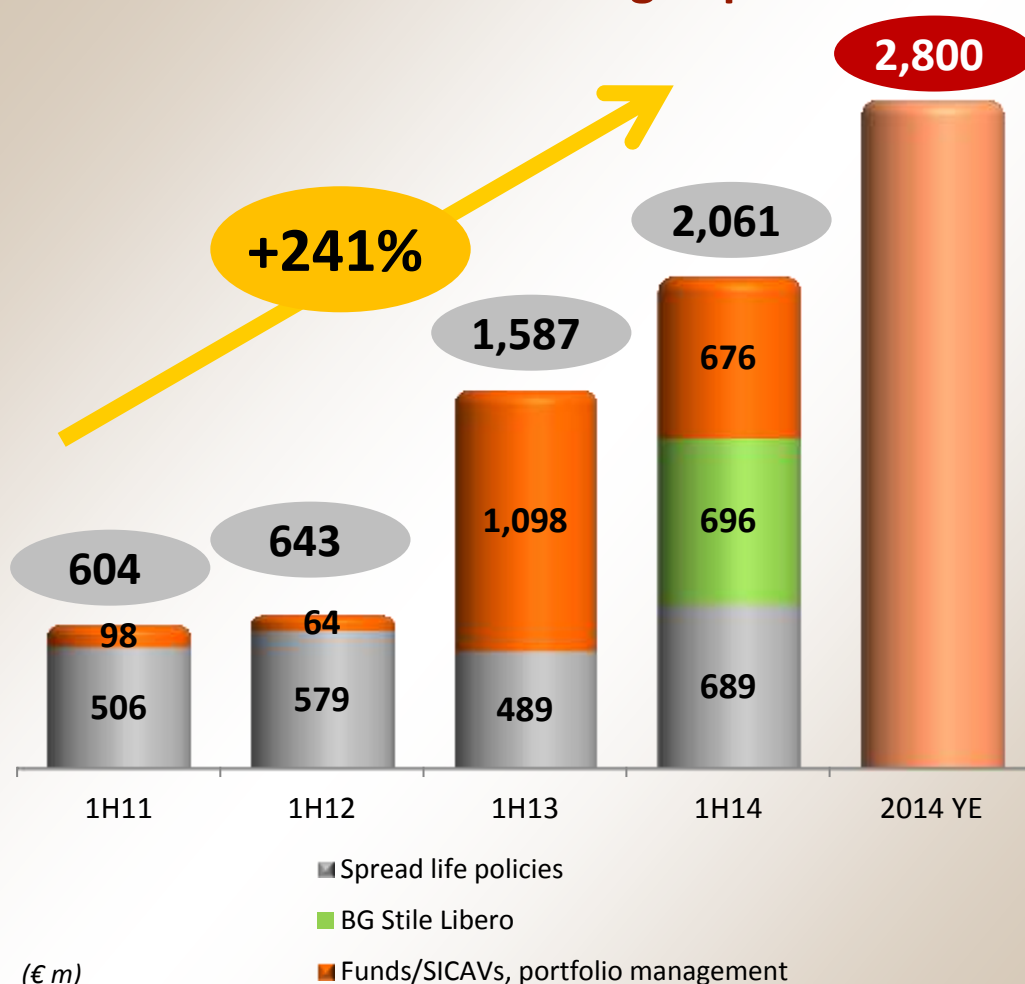
New 2014 target



1H 2014 net inflows at €2.3bn (incl. the jumbo recruitment from Simgenia SIM)

- 69 financial advisors recruited from former Simgenia SIM with related assets of €648m (excl. insurance)

Net inflows in managed products

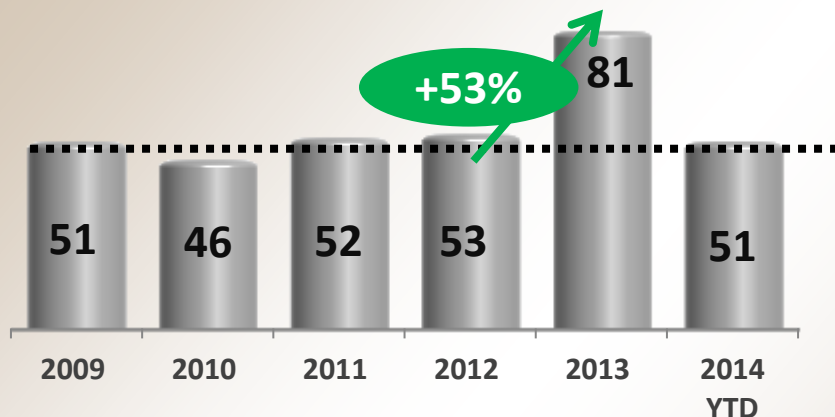


BG Stile Libero: delivery above targets

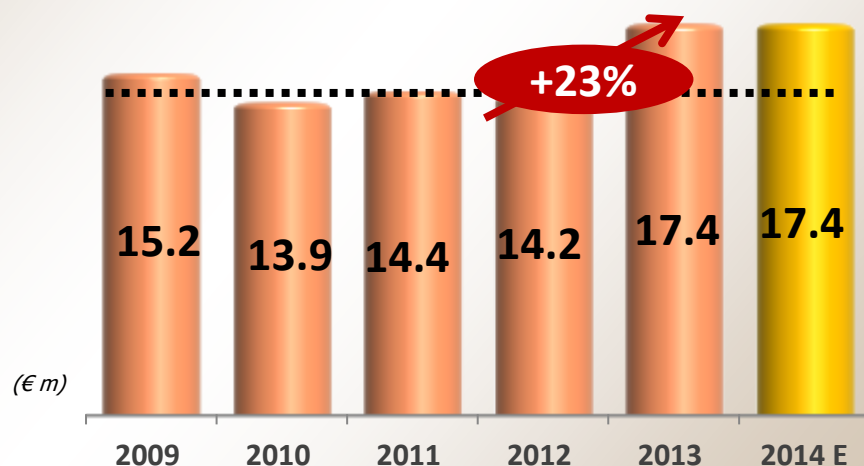
- In 1H 2014, full commercial focus was put on 'BG Stile Libero', an insurance wrapper of funds, SICAVs, ETF and segregated insurance accounts
- **BG Stile Libero was launched on 3 March and it collected ca. €700 million in four months**
- 91% of underlying assets are represented by funds and 9% by insurance segregated accounts
- **YTD product return is 1.7%, net of fees**

Recruiting on track with 2013 record levels

No. of recruits per year



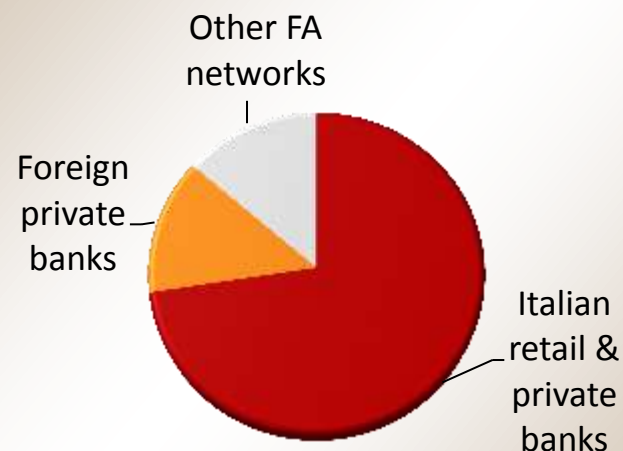
Assets/recruits



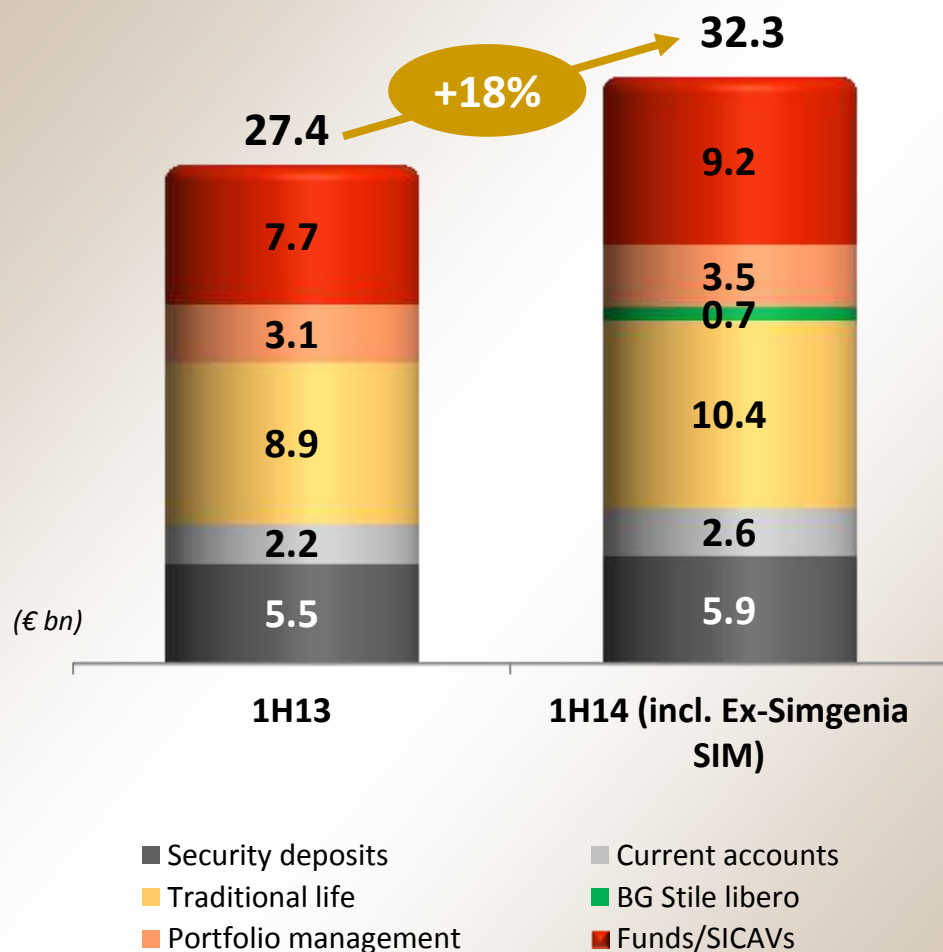
Recruiting trend

- 1H 2014 recruiting stronger than in 1H 2013 (51 vs. 37 people)
- Recruiting policy remains focused on top professionals (avg. portfolio over €17m)
- Total FA's number at the end of June was 1,576 (Financial Planners 1,234, Private Bankers 342)

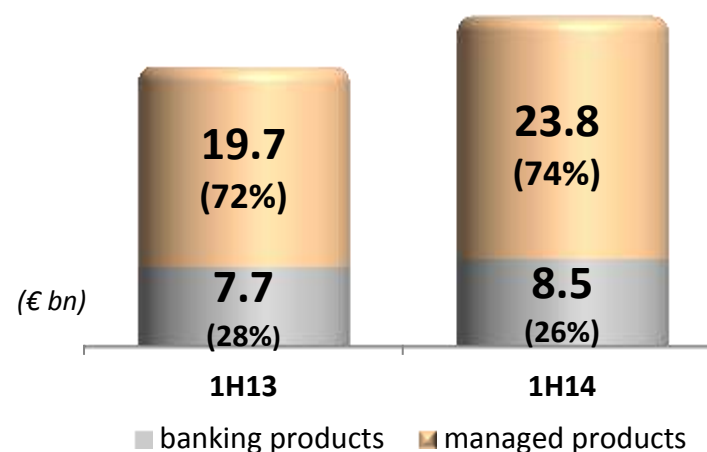
Recruiting source



Total assets



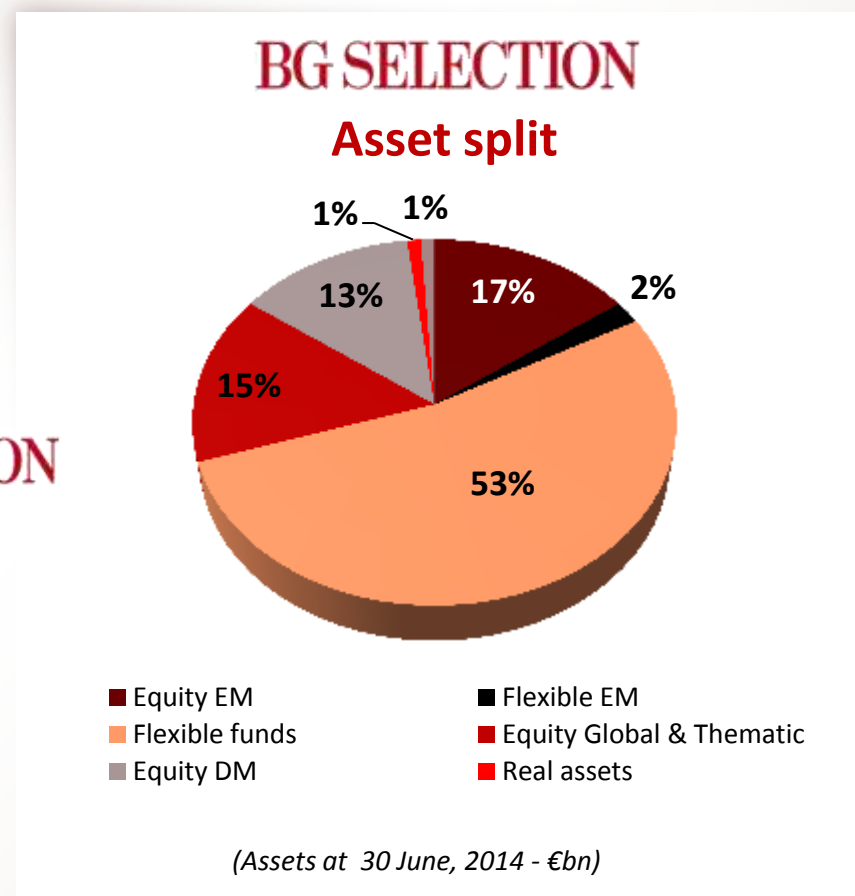
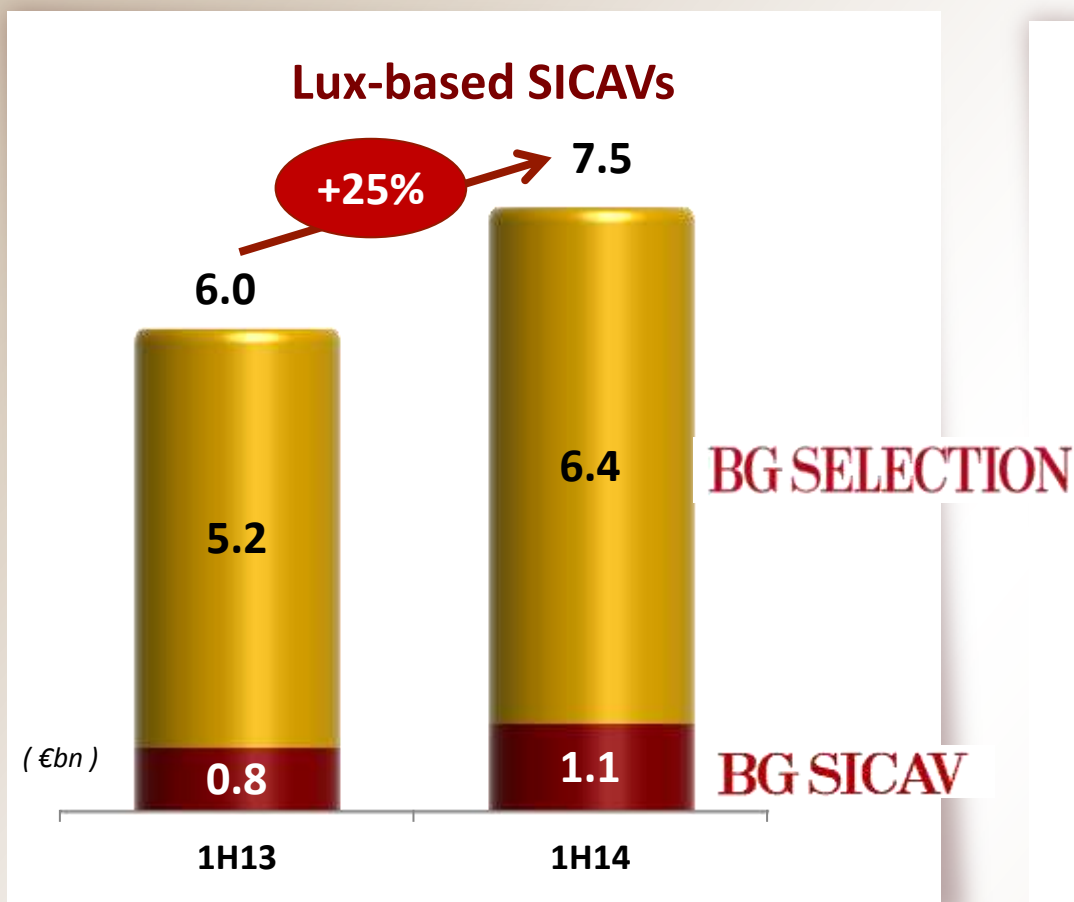
Managed vs. Banking products



Managed asset at 74% of total

- Total assets at €32.3 (+18%), of which managed assets at €23.8bn (+21%)
- Managed products represent 74% of total assets, +2 p.p. compared to 1H 2013

Double digit increase for SICAVs



BG FUND
MANAGEMENT
LUXEMBOURG

- BG FML is 100% controlled by Banca Generali starting from 1 July 2014
- BG Selection SICAV and BG SICAV manage both in-house and third-party funds

1H 2014 Results


Net Inflows, AUM and Recruiting

External growth opportunities

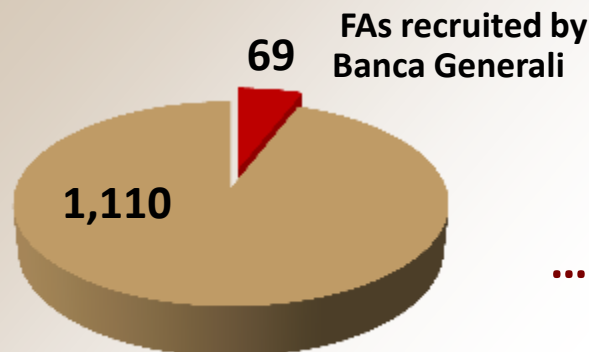
Closing Remarks

A double action to reinforce both Banca Generali's networks at a time

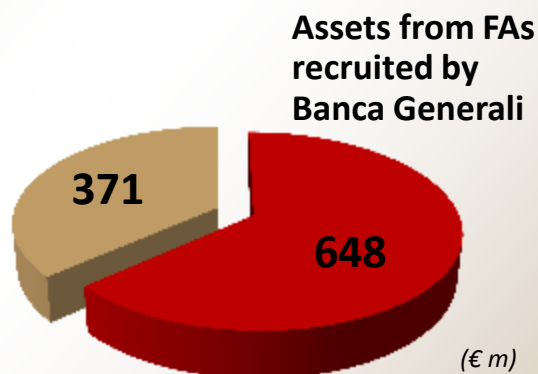


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- Signed agency contract with **selected financial advisors of the former Simgenia SIM** (Assicurazioni Generali group)
 - Signed agreement to **acquire Credit Suisse's Italian affluent and upper affluent private banking operations**

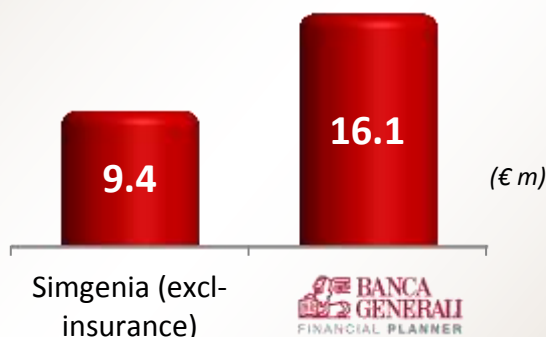
Simgenia Sim: No. of FA...



... and related assets



Assets/FA



Simgenia SIM data at 31 December 2013

Simgenia SIM ¹

- Banca Generali recruited 69 financial advisors from Simgenia with a portfolio of €648 m (excl. insurance assets) already fully transferred into Banca Generali at 1H 2014
- The related assets were 85% invested in management and 15% in banking products
- Amongst managed assets, third party funds represent the bulk of the offer
- Insurance assets are not included as ex-Simgenia FAs retain exclusive mandates with the Italian operation of Assicurazioni Generali for any insurance offering

¹ Simgenia SIM was a network of 1,110 agents and sub-agents of Assicurazioni Generali group (country Italy) holding a Financial Advisor licence. The network was closed on the 31 December 2013

CS operations acquired

- Banca Generali has signed an agreement to acquire the Italian affluent and upper affluent private banking operations of Credit Suisse
- The operations acquired are made up by 59 financial advisors with assets for ca. €2bn equivalent to ca. €35m per banker
- The operation also include 8 employees and 3 rental agreements for the bank branches located in Genoa, Padua, Turin
- The business unit has a loan portfolio of €140m totally secured by customers' assets

TOTAL ASSETS ¹

ca.€2.0 bn

**No. of PRIVATE
BANKERS ²**

59

ASSETS/PB ¹

ca.€35 m

**No. Of BANK
BRANCHES ¹**

3

¹ data at 30 April 2014

² data at 7 July 2014

Market positioning

- Strengthen market share in the private banking sector
- Reinforcing BG's presence in the North and Centre of Italy

Distribution

- Same FA culture and approach to customers service
- Increased productivity of the operations acquired stemming from BG process and IT platform

Business scale

- Opportunity to deploy on new customers our in-house product offer
- Negligible additional fixed costs

Shareholders value creation

- Acquisition expected to be earnings accretive from 2015 onwards ¹
- Limited execution risk given proven expertise in integrating other acquisitions

1 - Details to be provided after the deal's closing (November 2014)

Terms of the deal

- **Total consideration of ca. €47-50m**, in any case based on the amount of assets at the closing date
- **Deal financed with cash and bond** (mix to be defined)
- **Planned issue of a subordinated bond Tier 2**, up to the maximum size of the deal
- **Deal subject to regulatory approval**
- **Deal closing set on the 1st November, 2014**



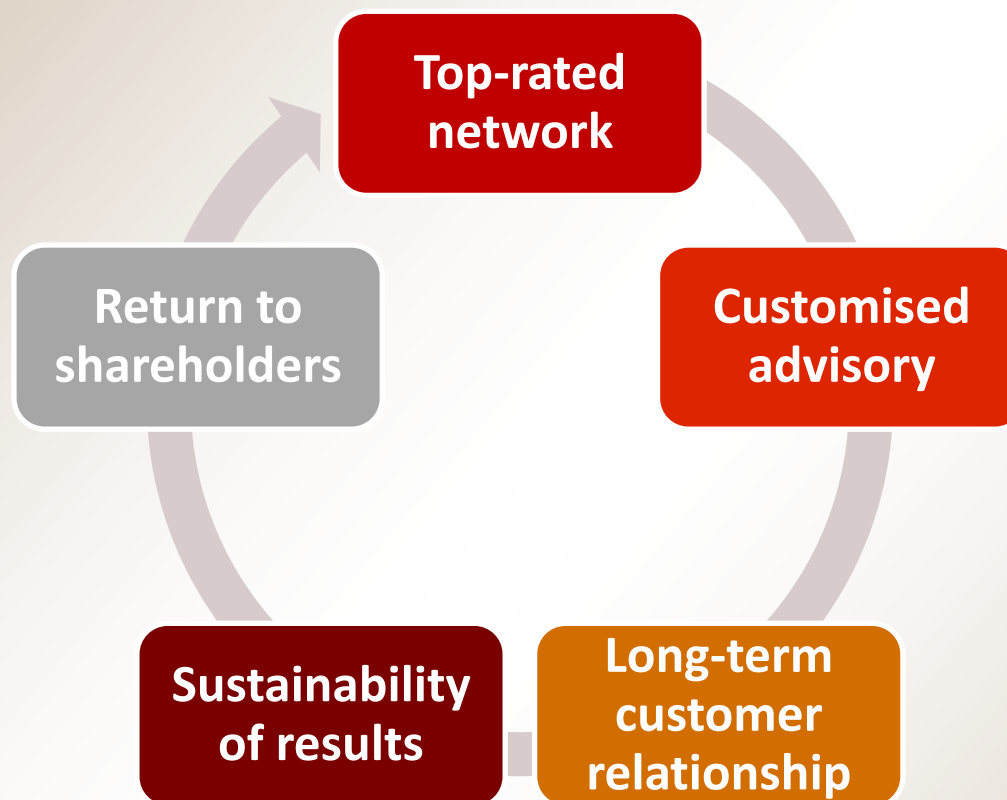
**Employing excess cash
&
profiting from low
interest rates**

1H 2014 Results

Net Inflows, AUM and Recruiting

External growth opportunities

Closing Remarks



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

NOVEMBER

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9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

Approval of 9M 2014 results

Banca Generali Investor App



The Banca Generali Investor App has been designed specifically for Investors and Analysts. It's a tool that allows users to keep up to date with the Group's latest developments. The App is available on the App Store, and it will be available soon on the Android Market

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The manager responsible for preparing the company's financial reports (Stefano Grassi) 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.

S. Grassi, 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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