

PRESS RELEASE

**Preliminary results at 31 December 2014<sup>1</sup>****2014 CONSOLIDATED NET PROFIT: €161 MILLION (+14%)**

- Revenues rose to €419 million (+14%)
- Management fees at €359 million (+21%)
- Cost/income ratio decreased to 38.5%

**TOTAL AUM AT €36.6 BILLION (+26%)**

- January net inflows: €406 million (+80%)

**OUTSTANDING CAPITAL SOLIDITY**

- Excess capital at €158 million (+9%)
- Tier 1 ratio at 12.2% and total capital ratio at 14.2%

Milan, 11 February 2015 – The Board of Directors of Banca Generali, chaired by Paolo Vagnone, analyzed the preliminary results at 31 December 2014.

The CEO of Banca Generali, Piermario Motta, commented: *“We are highly satisfied with the Bank’s excellent results for the third consecutive year. In 2014, we not only improved all of the key financial indicators, but also created the conditions for future growth. To meet the rising demand for financial planning, we have also strengthened our team of professionals by completing extraordinary operations and recruiting experienced financial advisors. We have also expanded our range of innovative financial advisory solutions through strategic partnerships and completed the development of our new advisory platform. In the current environment of record-low rates and persistent market volatility, we expect our quality-oriented products and advisory services to prove highly effective in the investment advisory arena. We are thus looking towards our 2015 prospects with great enthusiasm and confidence.”*

**CONTACTS:**

[www.bancagenerali.com](http://www.bancagenerali.com)

Media Relations  
Michele Seghizzi  
Tel. +39 02 6076 5683

[michele.seghizzi@bancagenerali.it](mailto:michele.seghizzi@bancagenerali.it)

Investor Relations  
Giuliana Pagliari  
Tel: +39 02 6076 5548

[giuliana.pagliari@bancagenerali.it](mailto:giuliana.pagliari@bancagenerali.it)

<sup>1</sup> The approval of Banca Generali’s Draft Financial Statements is scheduled on 10 March 2015.

## PRESS RELEASE

**Consolidated P&L results at 31 December 2014**<sup>2</sup>

The preliminary consolidated results for 2014 showed all-time record performance in all of the main line items, as well as in net inflows and total AUM. This is even more significant in light of the significant internal and external investments made during the year to lay the foundations for significant future growth. In fact, the Bank boosted the development of digital tools for advisors and customers and launched an innovative wealth management advisory platform. Moreover, 170 high-profile, portfolio management professionals joined the Bank.

**Consolidated net profit** grew by 14% to **€161.0 million**<sup>3</sup>, driven by the outstanding growth in the size of assets. This result also takes into account significant one-off investments. At the end of December 2014, total AUM reached **€36.6 billion, sharply increasing by €7.5 billion (+26%)** compared to the previous year, with managed products accounting for 75% of the total.

The sharp increase in business operations also positively impacted the revenue performance. **Net banking income** grew by 14% to €419.2 million mainly driven by the growth in recurring fees, which reflected the AUM increase. Variable revenues linked to performance fees and trading also performed well, as a result of the favourable market opportunities seized.

In detail, **gross fees** rose by 20% to €484.6 million. In particular, management fees grew sharply to €359.3 million (+21%), reaching new highs for the third consecutive year, as a result of the improved product and service mix and AUM growth. Net fees rose 14% to €257.3 million, even taking into account the strong boost to net inflows and the recruitment of high-standing professionals.

Net interest income reached €107 million (from €121.8 million), reflecting lower interest rates and a gradual volume decrease in ECB LTROs. In Q4 2014, further €300 million LTRO assets were returned earlier than scheduled. Moreover, the contribution from lombard loans also grew (€19.9 million, +34%), mirroring the increase in volumes and spreads.

In 2014, the Bank's bond portfolio reported an average coupon profitability of 2.05% (2.6% in 2013), with maturity of 2.4 (2.8 at year-end 2013) and duration of 1.6 (in line with 2013), and included senior bonds exclusively.

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**Operating expenses** amounted to €165.8 million, with a 12% increase due to non-recurring items (€9.2 million) for the acceleration of IT projects and the implementation of the external growth strategy. Moreover, in 2014 the sales structure was strengthened in light of the past two years' expansion (+€10.4 billion increase in assets).

**Excluding non-recurring items, expenses increased by only 5%, thus much less than revenues (+14%).** Overall, the cost/total assets ratio further decreased (0.45% ratio compared to 0.51% for the previous year), as did the cost/income ratio (**38.5% compared to 39.1% for the previous year**).

<sup>2</sup> Following the partial de-merger by the Luxembourg-based company GFM SA of its funds/SICAV management operations relating to the insurance operations of the Generali group — which was finalised on 1 July 2014, with retroactive effect for accounting purposes from 1 January 2014 — the business line's result for the period under comparison has been restated pursuant to IFRS5

<sup>3</sup> 2013 net profit incorporated the IRES surtax of 8.5% for a total of €6.6 million

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The **operating result** grew by 15.9% to €253.4 million, once again showing an excellent operating margin (60%).

At 31 December 2014, Banca Generali Group's **total balance sheet assets** amounted to €6,142 million, with a 7% reduction reflecting the gradual decrease in ECB LTROs.

At year-end 2014, **consolidated net equity** increased to €536.4 million (+14.3% compared to €469.1 million at year-end 2013).

The solidity of capital ratios was again excellent, with **excess capital** at **€157.6 million, or 46% of total** Basel 3-compliant **own funds**. Capital ratios assume a 70% payout on realized net profits,<sup>4</sup> resulting in a **dividend of €0.98 per share**, up from €0.95 in 2013. 2014 capital ratios have been calculated based on the new Basel 3 regulatory framework and therefore are not fully comparable with the previous year's ratios. In detail, Tier 1 Capital ratio was 12.2% (14.2% in 2013) and Total Capital ratio was 14.2% (14.8% in 2013). The decrease in Total Capital ratio was chiefly attributable to the strong boost provided to both internal and external growth, particularly through lombard loans.

#### **Consolidated P&L Results for Q4 2014**

**Gross fees** sharply increased in Q4 to €131.1 million, up 19.7% compared to the previous year. This performance was also largely attributable to the 23% rise in **management fees** to €97.4 million. The increase was driven by AUM growth, which benefitted from Q4 2014 record net inflows of €940 million, the completion of the extraordinary operation, and the customers' interest in asset management solutions.

The Bank's net profit for Q4 2014 (€28.6 million) reflected the performance of non-recurring items associated with the sharp increase in net inflows and the acceleration of IT investments aimed at achieving even sounder and more sustainable future growth.

#### **Net Inflows and Assets under Management (AUM)**

**At year-end 2014, AUM grew by 26% compared to 2013, reaching €36.6 billion. The increase amounted to €7.5 billion over the past 12 months and €13.2 billion in the past three-year period**, with a CAGR of 16% in 2011-2014.

In detail, **managed assets grew by 29% to €27.5 billion** and accounted for 75% of total AUM, increasing by 2pps compared to 2013 and 5pps compared to 2012. Multi-line policies greatly contributed to the result gathering €3 billion, compared to €0.7 billion at year-end 2013 (+329%). Investors particularly appreciated **BG Stile Libero, launched in March 2014**, thanks to its combination of insurance segregated accounts, flexibility to invest in multi-manager funds and exclusive insurance coverage.

Similarly, **traditional insurance products grew 19% to €10.7 billion for the period**.

<sup>4</sup> **The figure also includes retained earnings for Q4 2014, as yet unaudited.**

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Media Relations

Michele Seghizzi

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**Administered assets continued to increase (€9.1 billion in 2014)** reflecting the constant acquisition of new customers requiring specific investment advisory services.

In **2014, net inflows recorded a new all-time high with €5.9 billion overall**, of which €4.0 billion gathered through the network, including new recruits. €1.9 billion were instead generated by external growth. Taking into account only 2014 internal growth, net inflows grew by 78% compared to 2013 and 150% compared to the past two years. It should be recalled that Banca Generali's net inflows are generated exclusively through its financial advisors' services to Italian retail customers only.

**FY 2015 started strong, with an 80% increase to €406 million compared to January 2014.** Managed products continued to generate great interest, particularly the multi-line policy BG Stile Libero (€108 million), mutual funds and managed portfolio products (€67 million). However, in January current accounts increased significantly (€254 million in the month) compared to the previous months. In addition to gains on securities, this increase is instrumental to the year-start investment planning and portfolio diversification process.

**Presentation to the Financial Community**

The preliminary financial results at 31 December 2014 will be presented to the financial community during a **conference call** scheduled today at **2:00 PM CET**.

It will be possible to follow the event by dialling the following numbers:  
from Italy and other non-specified countries: +39 02 805 88 11;  
from the United Kingdom +44 121 281 8003;  
from the USA +1 718 705 8794 (toll-free: +1 855 265 6959)

\* \* \*

*The Manager responsible for preparing the company's financial reports (Stefano Grassi) declares, pursuant to Paragraph 2 of Art. 154-bis of the Italian Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documentary results, books and accounting records.*  
*Stefano Grassi (CFO of Banca Generali)*

\* \* \*

Annexes:

- 1) Banca Generali – Consolidated Profit and Loss Statement at 31 December 2014
- 2) Banca Generali – Consolidated Profit and Loss Statement for the 4<sup>th</sup> Quarter 2014
- 3) Banca Generali – Reclassified Consolidated Balance Sheet at 31 December 2014
- 4) Total AUM at 31 December 2014

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The data presented herein are still being audited by the appointed Audit Company.

\* \* \*

PRESS RELEASE

**1) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT AT 31  
DECEMBER 2014**

(€ mil.)	12M13	12M14	% Chg
<b>Net Interest Income</b>	<b>121.8</b>	<b>107.0</b>	<b>-12.2%</b>
Gross fees	404.7	484.6	19.8%
Fee expenses	-178.3	-227.4	27.5%
<b>Net Fees</b>	<b>226.4</b>	<b>257.3</b>	<b>13.6%</b>
Net income (loss) from trading activities	18.1	52.4	189.9%
Dividends	0.9	2.6	180.9%
<b>Net income (loss) from trading activities and Dividends</b>	<b>19.0</b>	<b>54.9</b>	<b>189.5%</b>
<b>Net Banking Income</b>	<b>367.2</b>	<b>419.2</b>	<b>14.2%</b>
Staff expenses	-69.5	-74.2	6.8%
Other general and administrative expense	-105.2	-128.5	22.1%
	<b>-174.7</b>	<b>-202.6</b>	<b>16.0%</b>
Depreciation and amortisation	-5.0	-4.4	-12.4%
Other net operating income (expense)	31.2	41.3	32.4%
<b>Net Operating Expenses</b>	<b>-148.6</b>	<b>-165.8</b>	<b>11.6%</b>
<b>Operating Profit</b>	<b>218.6</b>	<b>253.4</b>	<b>15.9%</b>
Net adjustments for impair.loans and other assets	-6.1	-9.3	52.5%
Net provisions for liabilities and contingencies	-22.9	-41.9	82.8%
<b>Profit Before Taxation</b>	<b>189.6</b>	<b>202.3</b>	<b>6.7%</b>
Direct income taxes	<b>-48.3</b>	-44.3	-8.2%
Income/(losses) after tax on assets held for sales	4.6	3.1	-33.1%
Minorities interest	-4.7	0.0	-100.0%
<b>Net Profit</b>	<b>141.3</b>	<b>161.0</b>	<b>14.0%</b>
<b>Cost/Income Ratio</b>	<b>39.1%</b>	<b>38.5%</b>	<b>-0.6 p.p.</b>
<b>EBITDA</b>	<b>223.7</b>	<b>257.8</b>	<b>15.3%</b>
<b>Tax rate</b>	<b>25.5%</b>	<b>21.9%</b>	<b>-3.6 p.p.</b>

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Media Relations  
Michele Seghizzi  
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michele.seghizzi@bancagenerali.it

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**2) BANCA GENERALI- CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE 4<sup>TH</sup> QUARTER 2014**

(€ mil.)	4Q 13	4Q 14	% Chg
<b>Net Interest Income</b>	<b>29.5</b>	<b>24.7</b>	<b>-16.2%</b>
Gross fees	109.5	131.1	19.7%
Fee expenses	-48.6	-70.0	44.2%
<b>Net Fees</b>	<b>60.9</b>	<b>61.0</b>	<b>0.2%</b>
Net income (loss) from trading activities	7.7	1.0	-86.5%
Dividends	0.0	1.8	24778.9%
Net income (loss) from trading activities and Dividends	7.7	2.8	-63.7%
<b>Net Banking Income</b>	<b>98.1</b>	<b>88.6</b>	<b>-9.7%</b>
Staff expenses	-18.2	-18.5	1.7%
Other general and administrative expense	-27.6	-37.8	37.1%
	<b>-45.8</b>	<b>-56.3</b>	<b>23.0%</b>
Depreciation and amortisation	-1.4	-1.3	-6.0%
Other net operating income (expense)	10.8	12.2	13.4%
<b>Net Operating Expenses</b>	<b>-36.4</b>	<b>-45.5</b>	<b>24.8%</b>
<b>Operating Profit</b>	<b>61.7</b>	<b>43.1</b>	<b>-30.1%</b>
Net adjustments for impair.loans and other assets	-4.2	-4.0	-4.7%
Net provisions for liabilities and contingencies	-4.1	-12.1	191.7%
<b>Profit Before Taxation</b>	<b>53.4</b>	<b>27.1</b>	<b>-49.3%</b>
Direct income taxes	-17.1	-0.8	-95.5%
Income/(losses) after tax on assets held for sales	1.3	2.3	85.5%
Minorities interest	-1.4	0.0	-100.0%
<b>Net Profit</b>	<b>36.2</b>	<b>28.6</b>	<b>-20.9%</b>
<b>Cost/Income Ratio</b>	<b>35.7%</b>	<b>49.9%</b>	<b>14.2 p.p.</b>
<b>EBITDA</b>	<b>63.1</b>	<b>44.4</b>	<b>-29.6%</b>
<b>Tax rate</b>	<b>32.0%</b>	<b>2.8%</b>	<b>-29.2 p.p.</b>

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www.bancagenerali.com

Media Relations

Michele Seghizzi

Tel. +39 02 6076 5683

michele.seghizzi@bancagenerali.it

Investor Relations

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giuliana.pagliari@bancagenerali.it

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### 3) BANCA GENERALI – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2014

(€ millions)

Assets	Dec 31, 2014	Dec 31, 2013	Change	% Change
Financial assets held for trading	32.8	229.9	-197.1	-85.7%
Financial assets available for sale	2,237.1	1,626.1	611.0	37.6%
Financial assets held to maturity	1,403.1	2,652.7	-1,249.6	-47.1%
Loans to banks	285.6	291.4	-5.8	-2.0%
Loans to customers	1,795.0	1,499.8	295.2	19.7%
Property equipment and intangible assets	93.8	50.1	43.7	87.3%
Tax receivables	40.9	38.3	2.6	6.9%
Other assets	253.7	140.2	113.5	80.9%
Assets held for sales	0.0	74.2	-74.2	-100.0%
<b>Total Assets</b>	<b>6,142.0</b>	<b>6,602.7</b>	<b>-460.6</b>	<b>-7.0%</b>

Liabilities and Shareholders' Equity	Dec 31, 2014	Dec 31, 2013	Change	% Change
Due to banks	1,038.9	2,230.9	-1,192.0	-53.4%
Direct inflows	4,285.4	3,588.7	696.7	19.4%
Financial liabilities held for trading	2.7	0.6	2.1	344.7%
Tax payables	27.7	27.8	0.0	-0.1%
Liabilities linked to assets held for sales	0.0	66.3	-66.3	-100.0%
Other liabilities	149.8	142.6	7.2	5.0%
Special purpose provisions	101.2	76.7	24.5	31.9%
Valuation reserves	18.0	5.5	12.5	229.4%
Reserves	196.2	164.2	32.0	19.5%
Additional paid-in capital	45.6	37.3	8.3	22.2%
Share capital	115.7	114.9	0.8	0.7%
Shareholders' equity attributable to minority inter	0.0	6.0	-6.0	-100.0%
Net income (loss) for the period (+/-)	161.0	141.3	19.7	14.0%
<b>Total Liabilities and Shareholders' Equity</b>	<b>6,142.0</b>	<b>6,602.7</b>	<b>-460.6</b>	<b>-7.0%</b>

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#### 4) TOTAL AUM AT 31 DECEMBER 2014

<i>Billion of Euros</i>	<b>Dec 2014</b>	<b>Sep 2014</b>	<b>Abs. Chg</b>
Mutual Funds	9,96	9,50	0,46
Portfolio Management	3,82	3,56	0,26
<b>Managed Assets</b>	<b>13,78</b>	<b>13,06</b>	<b>0,72</b>
<b>Life Insurance</b>	<b>13,69</b>	<b>11,99</b>	<b>1,70</b>
<i>of which multiline &amp; unit-linked policies</i>	3,00	1,96	1,04
<b>Non Managed Assets</b>	<b>9,09</b>	<b>8,54</b>	<b>0,55</b>
<i>of which: Securities</i>	6,37	5,96	0,41
<b>Total</b>	<b>36,56</b>	<b>33,59</b>	<b>2,97</b>

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