



2014 results and business outlook

11 March 2015

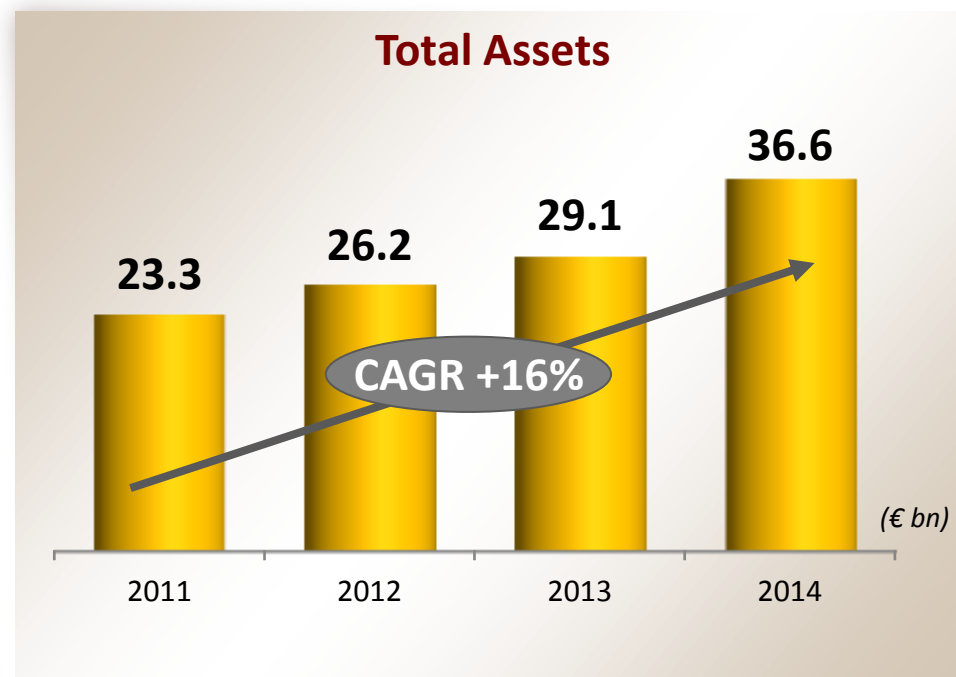
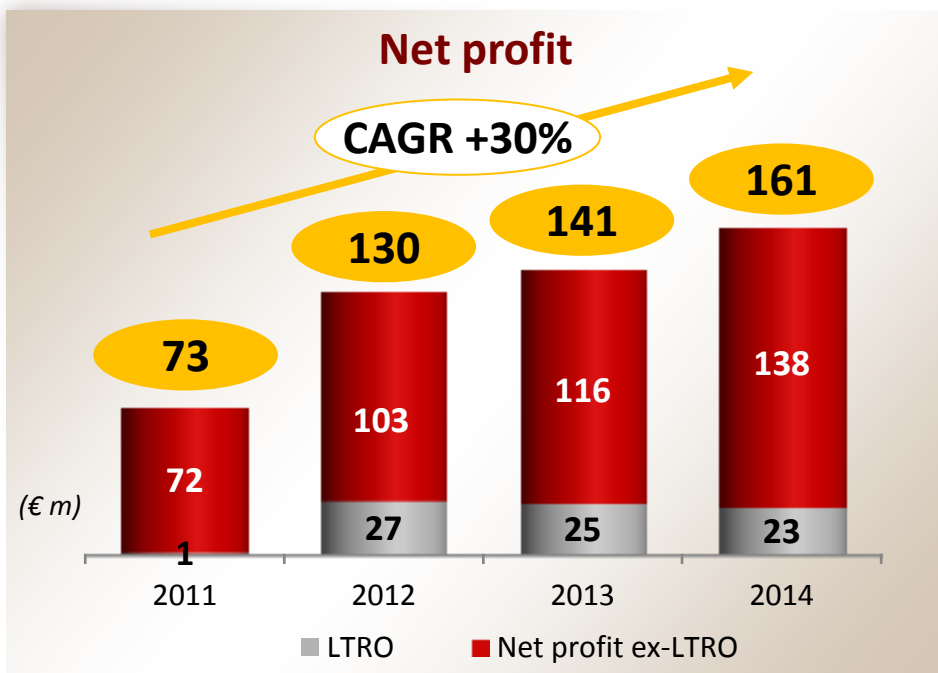
FY 2014 results

Net Inflows, AUM, recruiting

Business Update

Closing remarks

2014 net profit at record high, while also ...



A Lion year

- Strong increase in **reported profit to €161m more than doubled in the last 3 years** (2011/14 CAGR + 30%)
- Excellent performance confirmed even excluding the LTRO contribution (2011/14 CAGR +24%)
- **Sound jump in 2014 assets: +€7.5bn to the record high level of €36.6bn** (2011/14 CAGR +16%)

2014 key actions

Record net inflows

- €4.0bn, of which €1.8bn from existing network
- +20,847 new customers with €150,000 assets each

Record recruiting

- +102 new professionals, with €17.8m portfolio each
- +69 recruits from former Simgenia

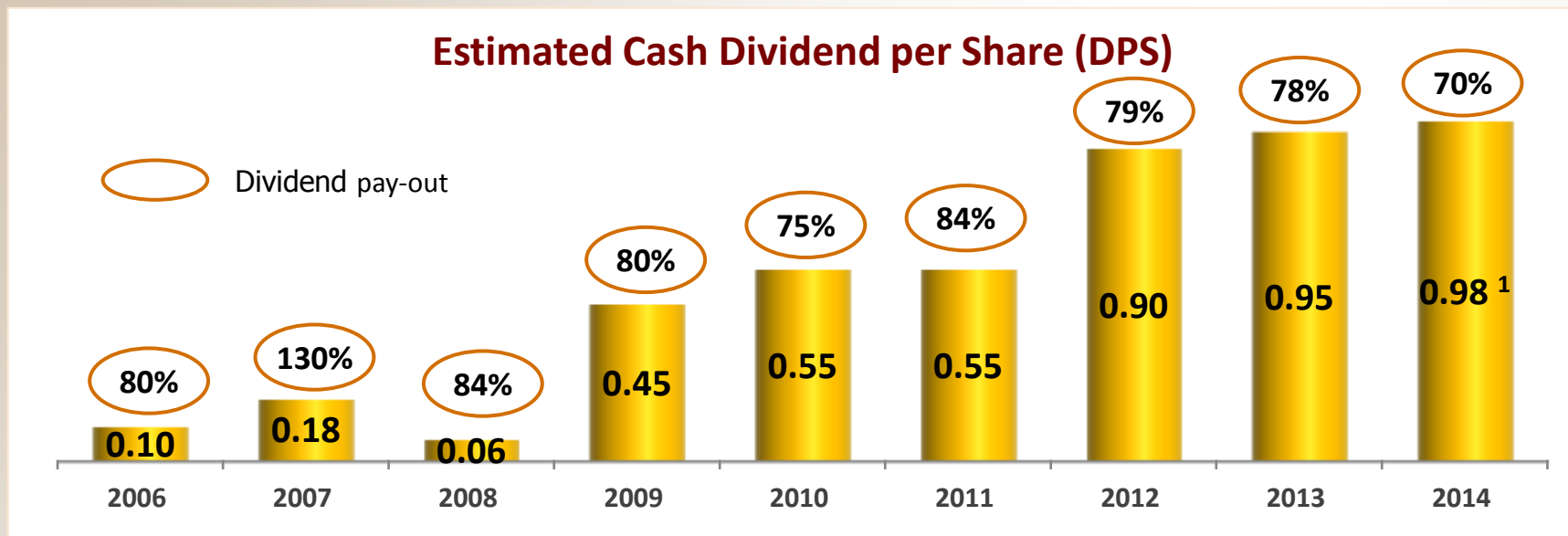
External growth

- +€1.9bn assets, 51 private bankers, almost zero fixed costs
- Integration process already completed

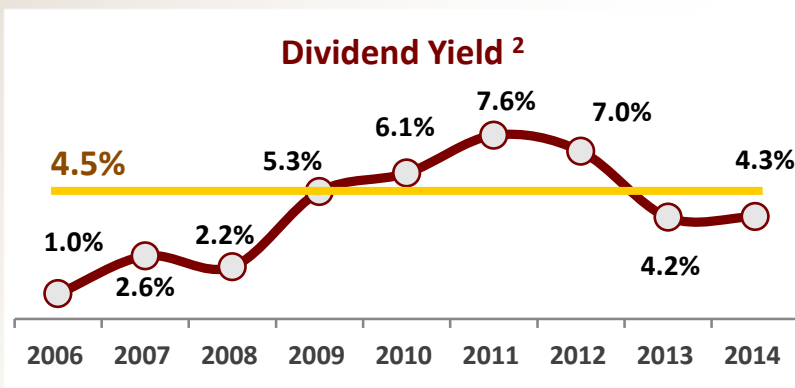
IT investments

- Proprietary wealth management platform
- New tools to increase FA efficiency (web collaboration)

**Action will bear fruits
starting from 2015 results**



(¹) Estimate of the Board of Directors' proposal to AGM scheduled for 23/24 April 2015



(²) Calculation based on last price of the year

Appealing dividend yield

- Est. DPS at €0.98; pay-out ratio at 70% proving as one of the highest in the industry
- Average 4.5% dividend yield since IPO, one of the best levels amongst Italian financial stocks

(€ m)	12M13	12M14	% Chg
Net Interest Income	121.8	107.0	-12.2%
Gross fees	404.7	484.6	19.8%
Fee expenses	-178.3	-227.4	27.5%
Net Fees	226.4	257.3	13.6%
Net income (loss) from trading activities	18.1	52.4	189.9%
Dividends	0.9	2.6	180.9%
Net income (loss) from trading activities and Dividends	19.0	54.9	189.5%
Total Banking Income	367.2	419.2	14.2%
Staff expenses	-69.5	-74.2	6.8%
Other general and administrative expense	-105.2	-128.5	22.1%
Depreciation and amortisation	-5.0	-4.4	-12.4%
Other net operating income (expense)	31.2	41.3	32.4%
Total costs	-148.6	-165.8	11.6%
<i>Cost /Income Ratio</i>	<i>-39.1%</i>	<i>-38.5%</i>	<i>0.6 p.p.</i>
Operating Profit	218.6	253.4	15.9%
Net adjustments for impair.loans and other assets	-6.1	-11.0	81.0%
Net provisions for liabilities and contingencies	-22.9	-40.3	75.8%
Profit Before Taxation	189.6	202.1	6.6%
Direct income taxes	-48.3	-44.3	-8.2%
<i>Tax rate</i>	<i>25.5%</i>	<i>21.9%</i>	<i>-3.6 p.p.</i>
Income/(losses) after tax on assets held for sales	4.6	3.1	-33.1%
Minorities interest	-4.7	0.0	n.m.
Net Profit	141.3	160.9	13.9%

Total banking income up by 14% with a key contribution from **gross fees (+20%)** as a result of higher asset size

One-off increase in fee expenses linked to the record net inflows figures (€5.9bn) and to the asset mix more skewed towards managed products

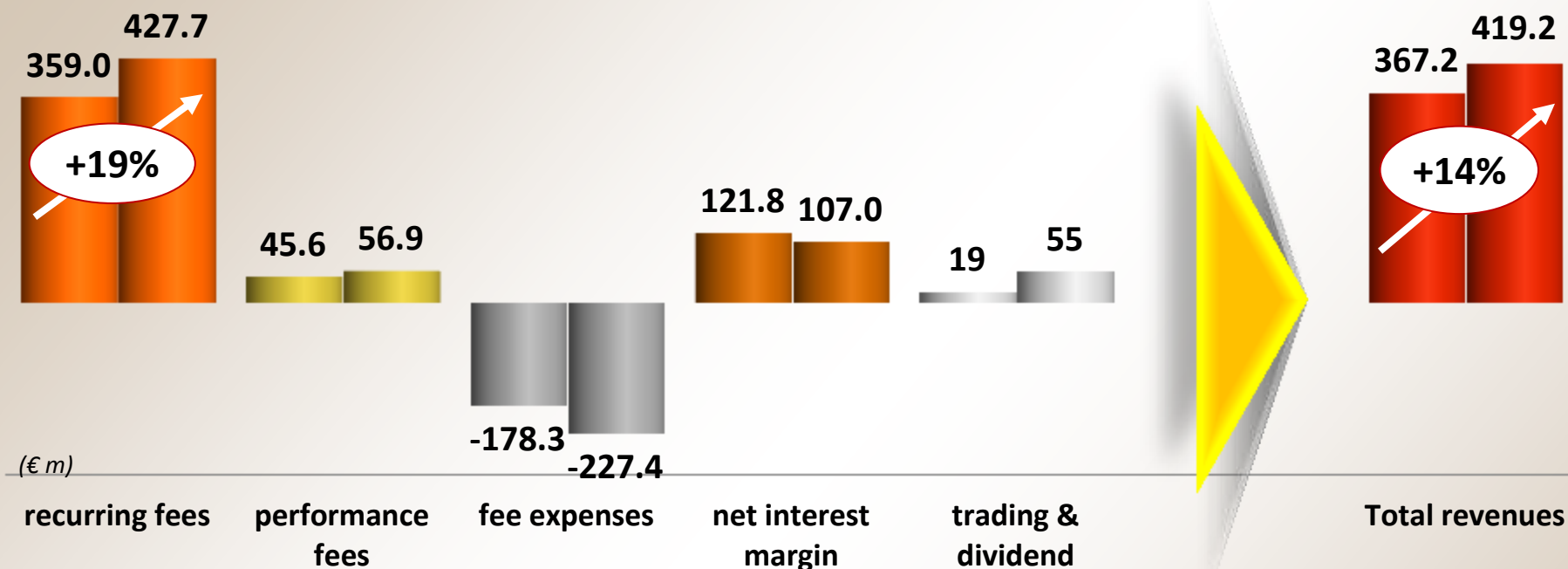
Operating costs up 12% gross, +5% net of IT investments and other one-off items. Further decrease in **Cost/income to 38.5%** (from 39.1%)

2014 provisions data reflect:

- record growth in asset gathering volumes
- acceleration in the recruiting of high profile professionals (102 people) and external growth
- Revaluation of the FA severance indemnity fund in light of more conservative assumptions (lower discount rate, lower FA turnover)

Write-down incorporate €5.9m one-off linked to a restructured loan position subscribed in 2003

Breakdown of total revenues

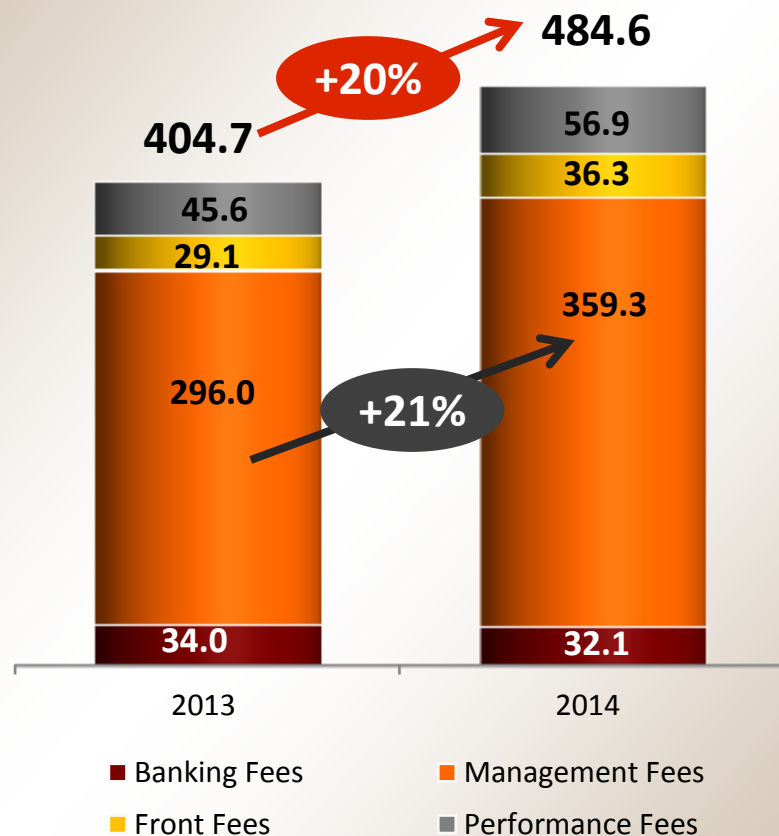


2013 (lhs) – 2014 (rhs)

- Strong growth in total revenues, with a key contribution from recurring fees
- Favourable trading environment for both equity and bond investments throughout the year

Fee-based revenues delivering a robust increase ...

Breakdown of total gross fees



(€ m)

Overall excellent fee trend

- Front fees benefitted from the sharp increase in total inflows and higher bond placement
- Banking fees slightly retreated reflecting lower trading volumes from captive business
- Performance fees reflect solid results delivered to customers (**WAP of +6.7% net for BG Selection and +6.4% net for BG SICAV**)

Fee profitability (on total assets)

	2012	2013	2014
Recurring fee margin	1.22%	1.30%	1.32%
o/w front	0.11%	0.11%	0.11%
o/w management	1.01%	1.07%	1.11%
o/w banking	0.11%	0.12%	0.10%
Non recurring fee margin	0.20%	0.16%	0.18%
o/w performance	0.20%	0.16%	0.18%
Fee margin	1.42%	1.46%	1.50%

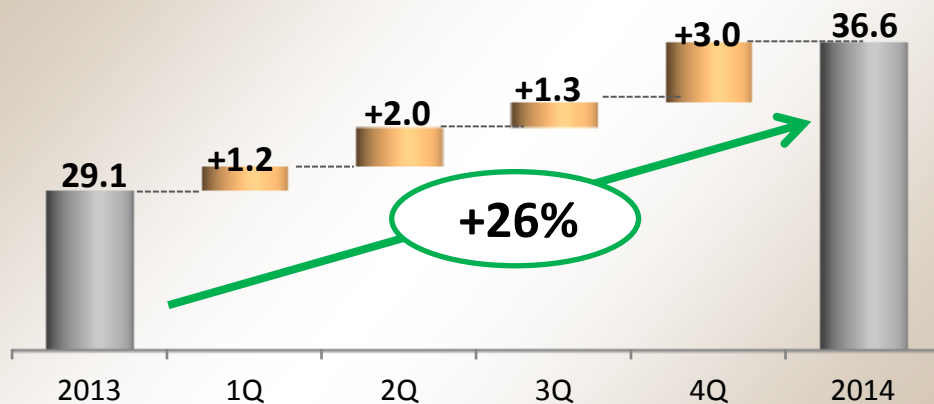
... with a relentless growth in management fees

Quarterly management fees



(€ bn)

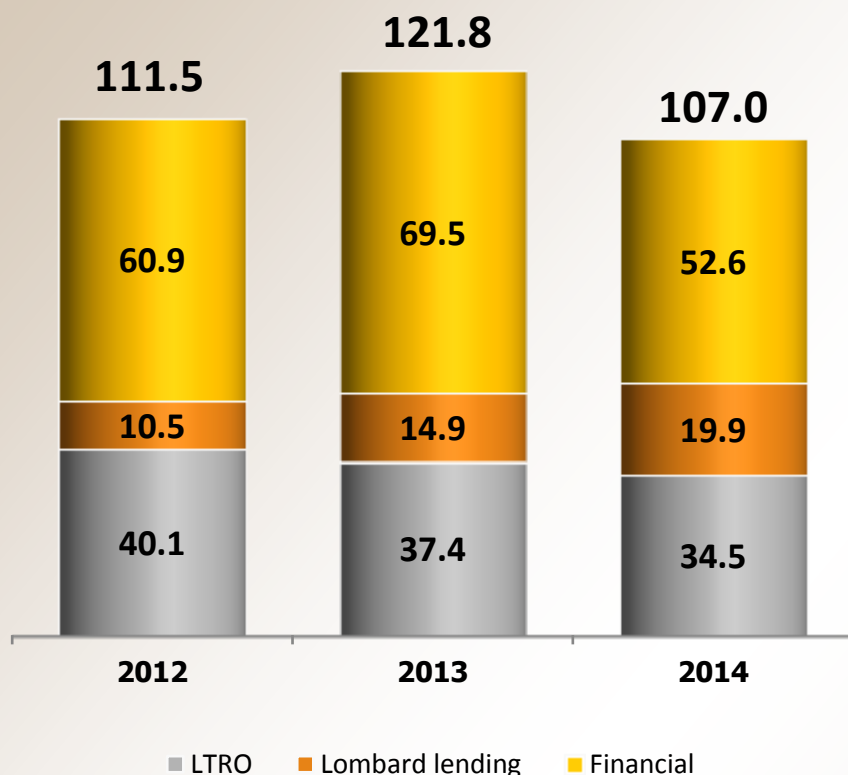
Trend in assets



Growth fed by asset acceleration and margin expansion on insurance business

- Growth in management fees led primarily by the higher size of assets (€36.6bn, +26%)
- The launch of BG Stile Libero is also increasing the average recurring margin on insurance assets

Net Interest Income



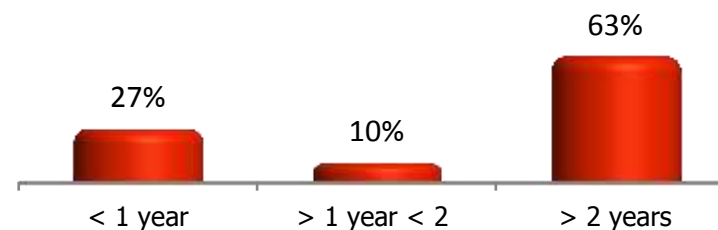
(€ m)

A new rate environment

- 2014 lower interest rates were partly offset by higher volumes and by lower funding costs
- Contribution from lombard loans also sharply increased (€19.9m, +34%)
- €300m LTRO assets early returned to ECB in 2014. Remaining €800m to be returned by end-February 2015

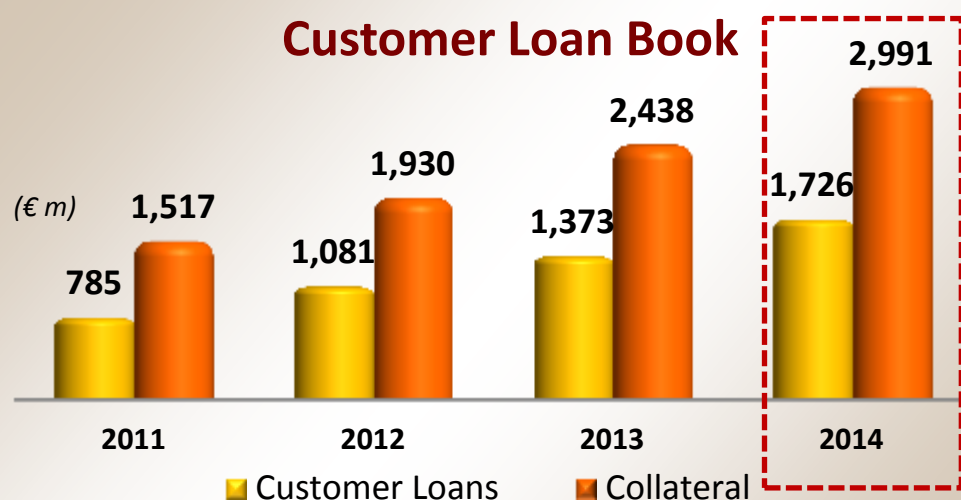
Longer bond maturity (ex-LTRO)

- Banking book ex-LTRO amounts to €3.0bn, of which 85% invested in govt. bonds with a maturity of 3.1 years (duration 1.7)

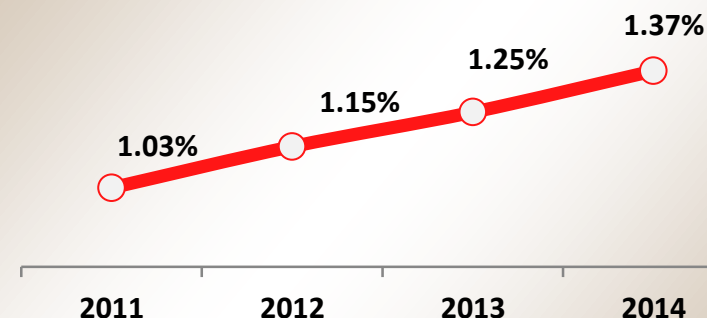


Lombard loan book further up

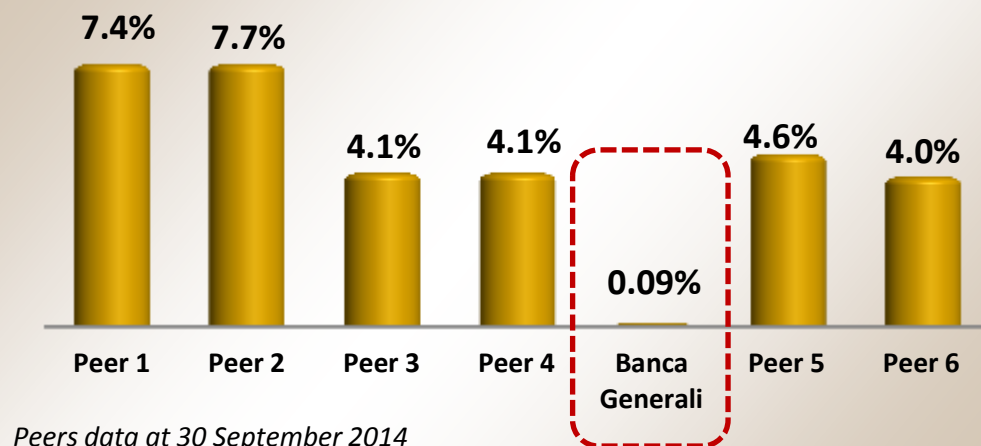
Customer Loan Book



Customer spread



NPL/total loans to customers

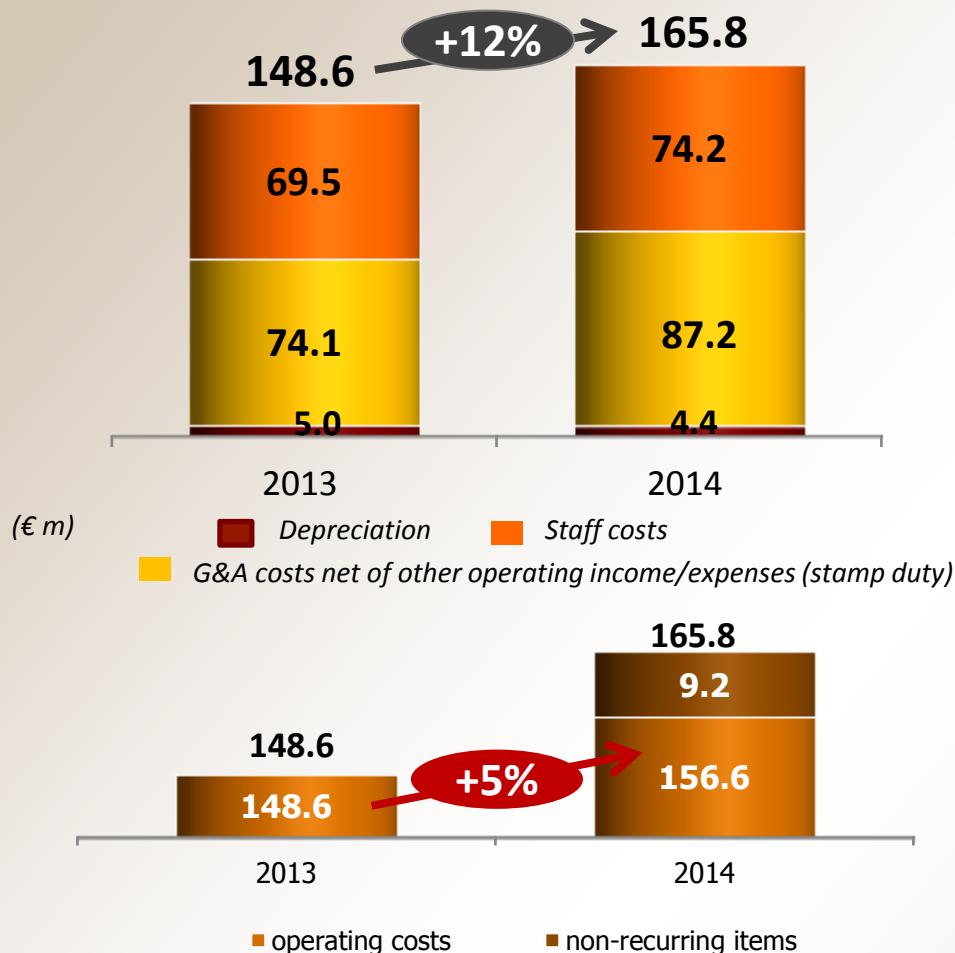


Growing secured lending activity

- Total loans increased by €353 million to €1.7bn (+26%) including contribution from external growth
- Customer spread is steadily growing at 137 bps (+12 bps yoy)
- Credit quality remains at outstanding levels (NPL at 0.09% of total loans)

Costs reflects one-off items and the speed-up in IT projects

Operating expenses



Staff costs

Changes are primarily due to:

- staff hiring in order to support the larger distribution network and to strengthen the compliance/risk control functions
- higher variable compensation schemes linked to the strong business performance

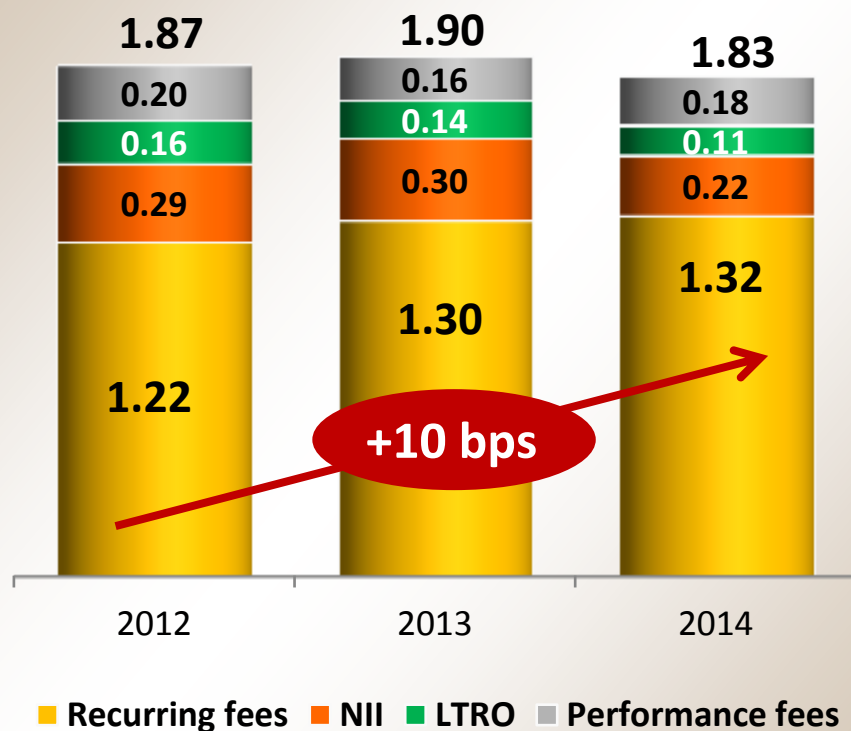
G&A costs

- G&A costs included €9.2m of non recurring items for: 1. the acceleration of IT projects (BG personal advisory, digital marketing, web collaboration, home banking); 2. devices for the network; 3. M&A costs (advisory, tax, IT)
- Cost also include advisory and IT costs linked to fulfil regulation and compliance requirements

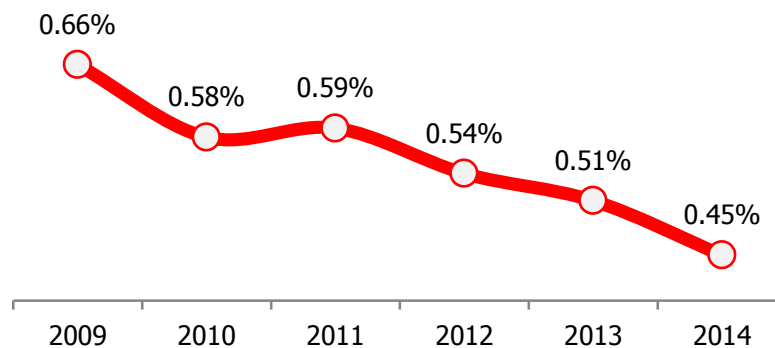
Costs ex-non-recurring items +5%

- Even accounting for the detailed extraordinary items, **cost/income ratio fell to 38.5% at reported level (39.1% in 2013)**

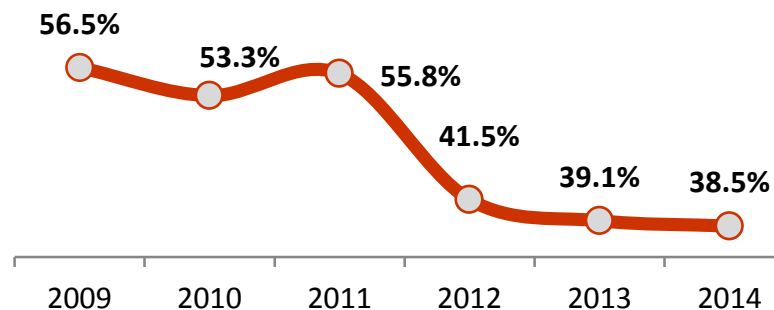
AUM profitability



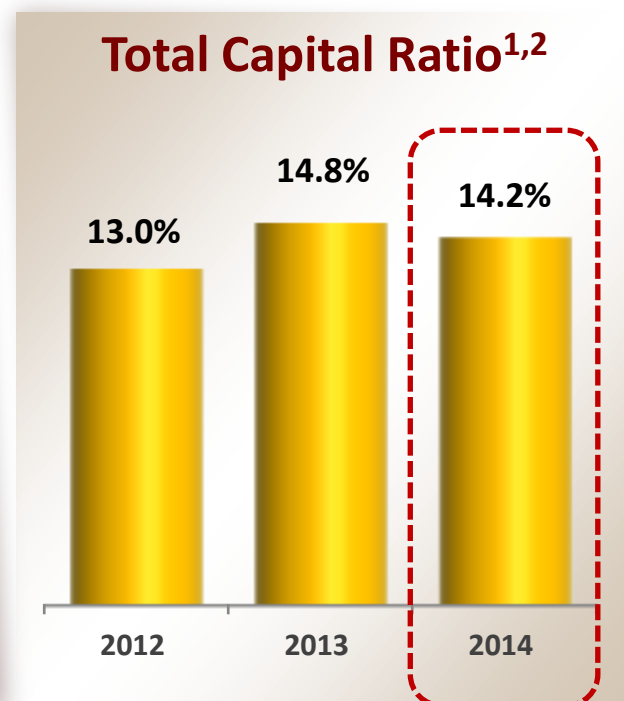
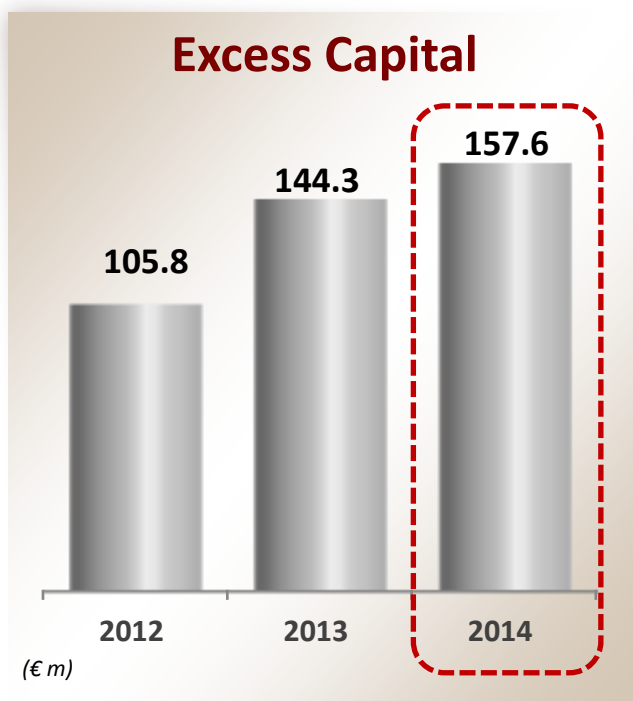
Operating costs/total assets



Cost/Income ratio



Solid capital ratios confirmed post acquisition



Excess capital further increased to €158m

- Capital ratio overall at solid levels even including the strong pace of growth in loan book and investments and the introduction of the new B3 rules:
 - CET1 phased-in at 12.2%; TC phased-in at 14.2%
- Leverage ratio at: 5.0% phased-in (incl. LTRO)

(1) 2014 capital ratios comply with B3 requirements (phased-in). 2012 and 2013 are B2 compliant;

(2) 2014 capital ratios are based on an estimated 70% dividend pay-out on 2014 net earnings as yet unaudited

FY 2014 results

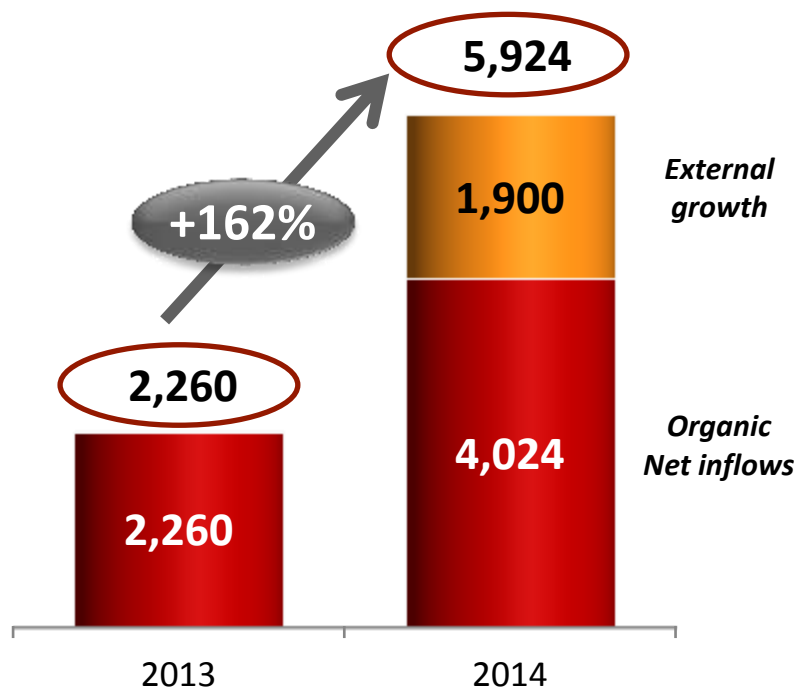
Net Inflows, AUM, recruiting

Business Update

Closing remarks

2014 Net new money: triple digit-growth

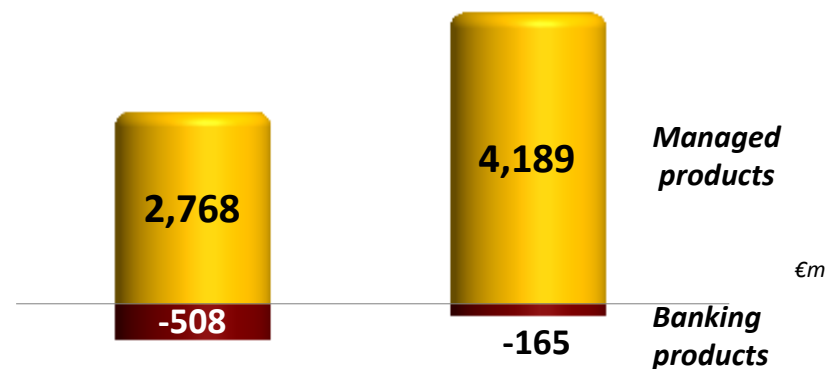
Total net new money (NNM)



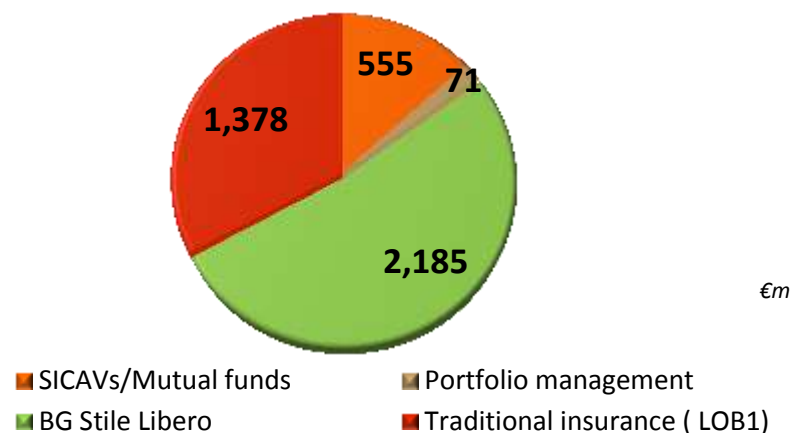
- 2014 net new money represented 20% of the starting assets

€m

Split of organic net inflows ...

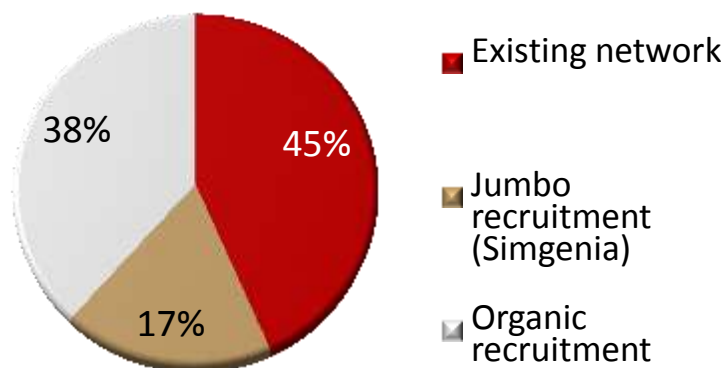


... of which managed products

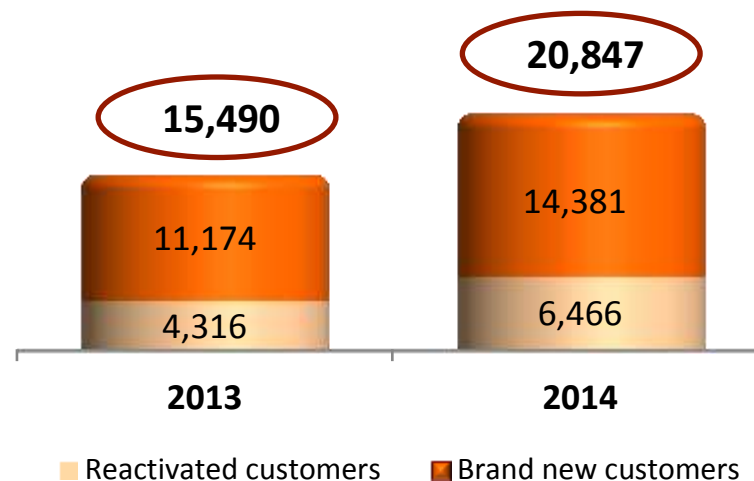


Strong acquisition of new customers

Net inflows drivers¹



No. of new customers¹

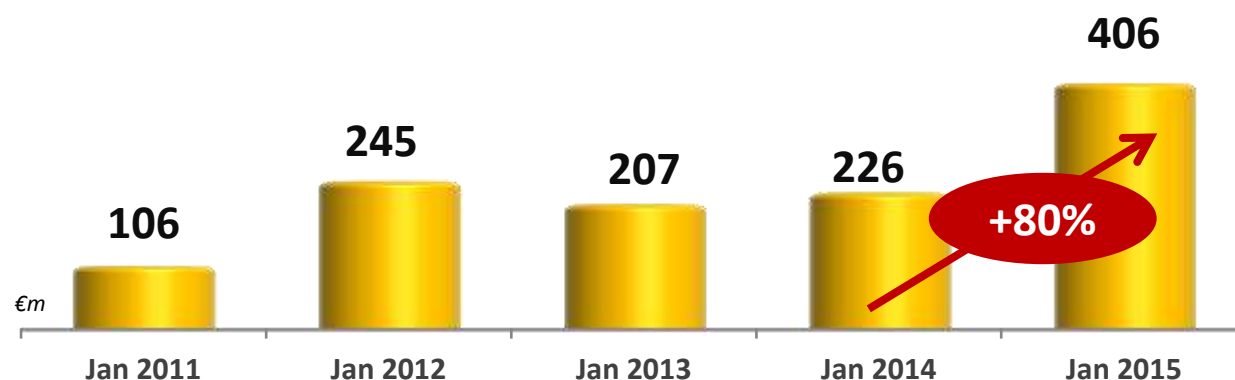


- All new customers acquired through the FA network
- No institutional business, no inflows from retail bank branches, no acquisition through direct channel
- Clear bias towards upper affluent and private customers (Avg net new money/customer at 150k)

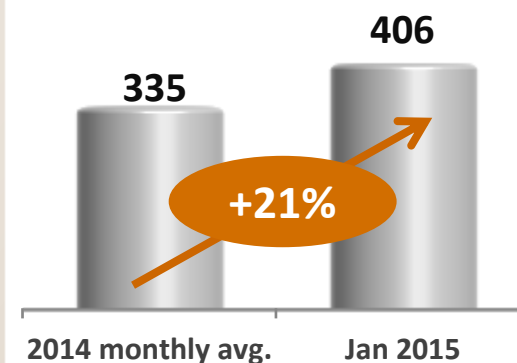
(1) Organic growth only

2015 net inflows: starting on the right foot

January net inflows trend



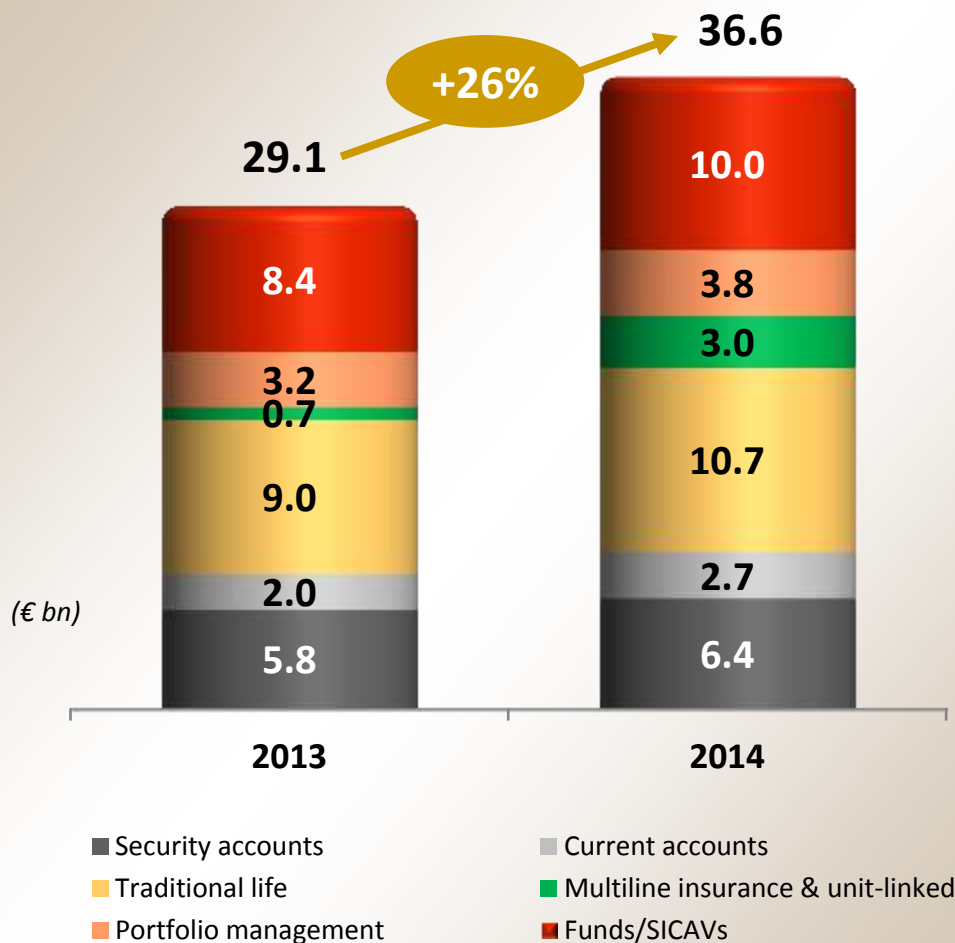
Jan. 2015 vs.
2014 monthly avg



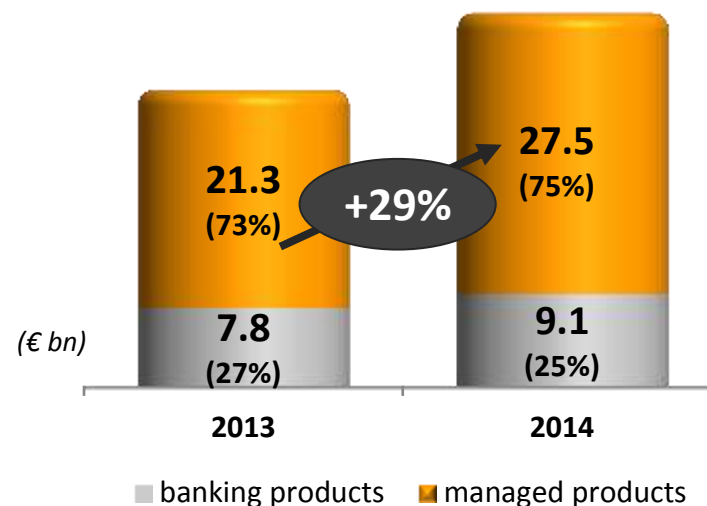
- **Strong start into 2015 (€406m, +80% yoy)**, beating also the record monthly average achieved in 2014 (€335m)
- **Net inflows driven by managed products (€222m).**
- Sizeable contribution also from **administrative assets which are instrumental to the year-start investment planning process**

Major jump in total assets (+26%)

Total assets

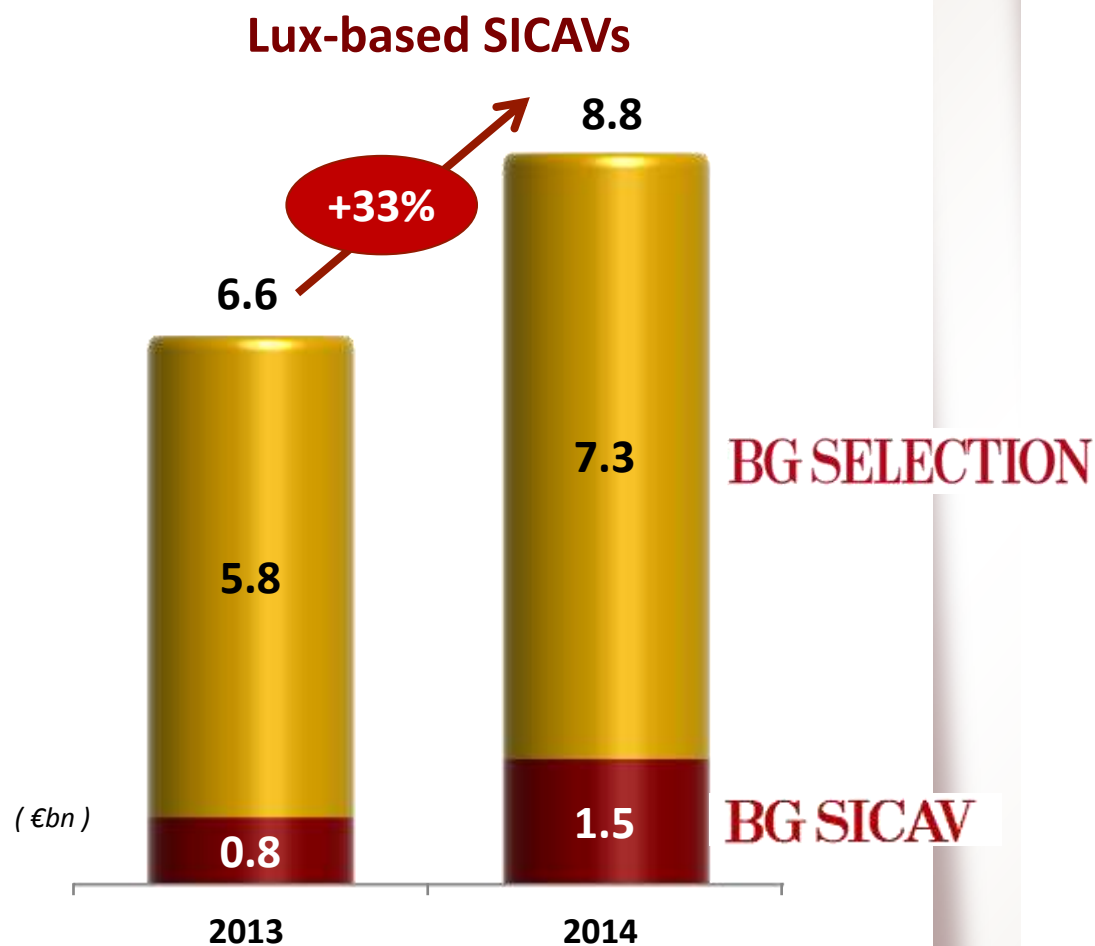


Managed vs. Banking products

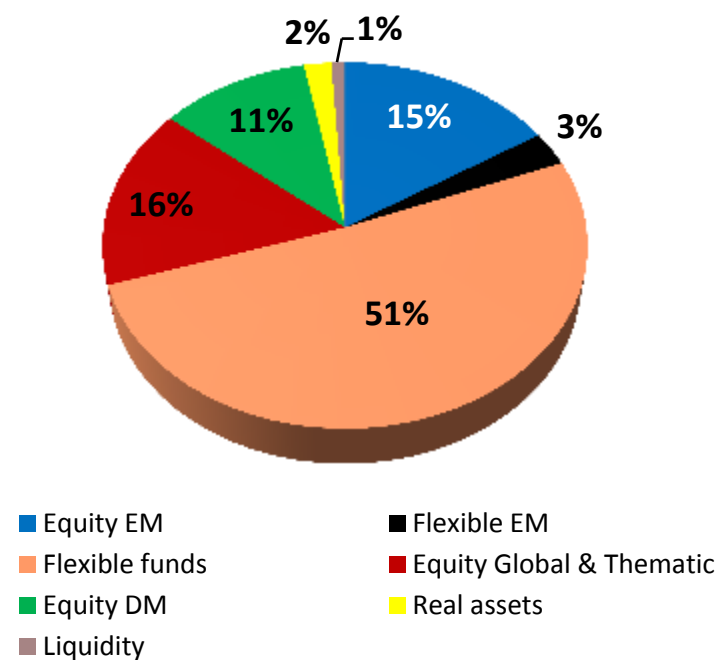


Managed assets at 75% of total

- Total assets at €36.6 (+26%), driven by managed assets (€27.5bn, +29%)
- The bank is indeed exploiting increased demand for enhancing portfolio diversification and seizing worldwide investment opportunities



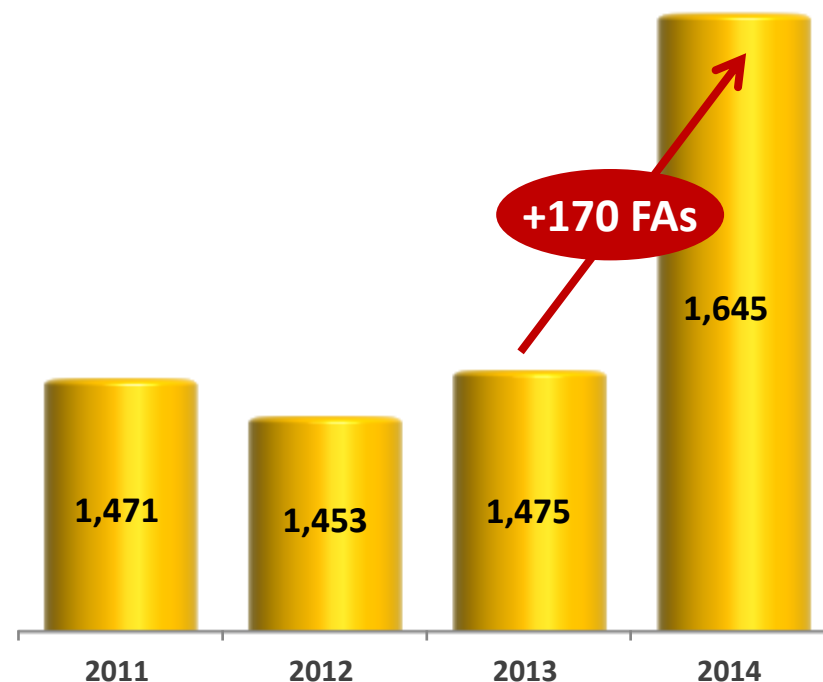
Asset split BG SELECTION



No. of FAs increasing for the second year in a row (+12%)

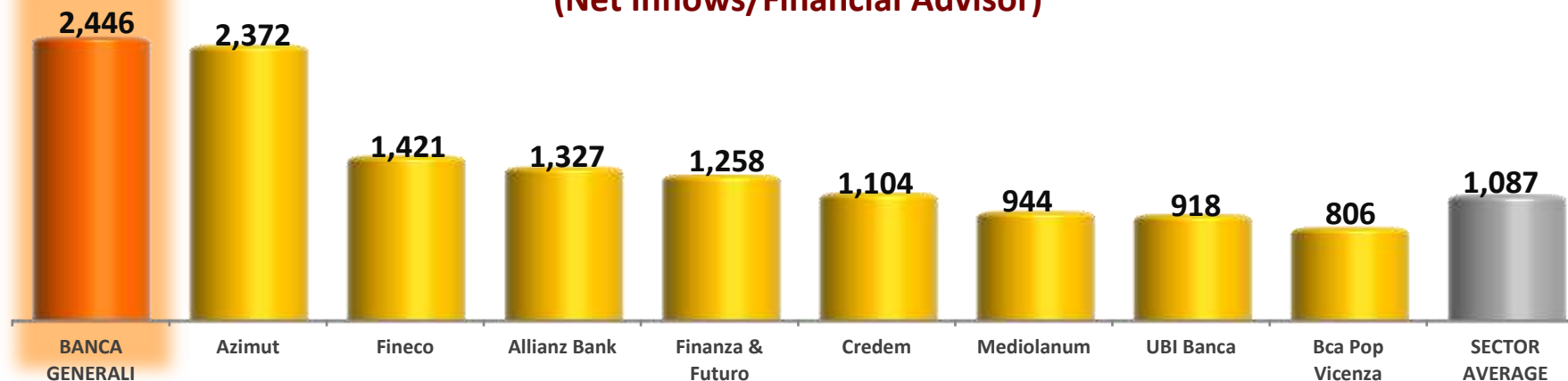
- Banca Generali's advisors rank at the top of the industry by productivity and portfolio size
- Experienced, yet relatively young advisors (49 years on average)
- Retention rate close to 99% (net of voluntary redundancy or retirement figures)
- Banca Generali's priority remains centered around the quality of professionals rather than on increasing the size of the network

Total No. of Advisors



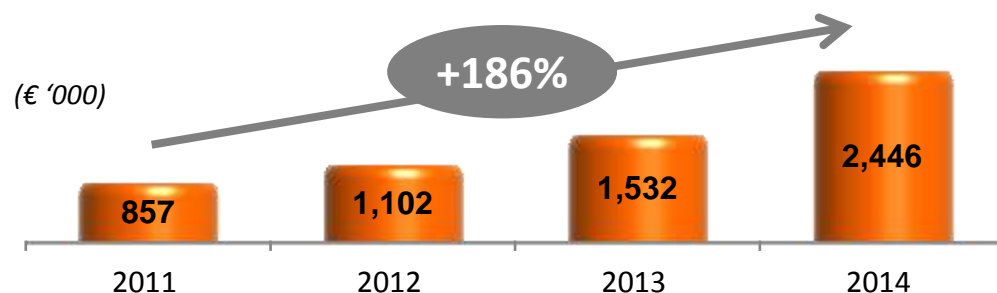
Sector Ranking by Productivity (Net Inflows/Financial Advisor)

(€ '000)



Source: Assoreti, figures at 31 December 2014

Banca Generali: Trend in productivity

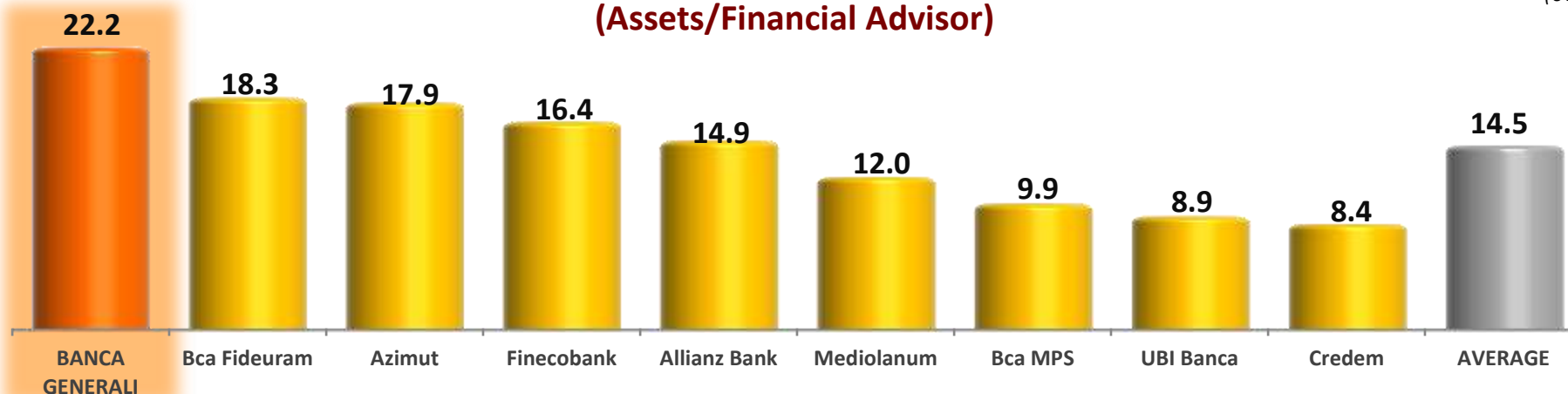


No.1 by productivity

- Productivity level increased to €2.4m (+60% yoy, 2011/14 CAGR +41.9%)
- Banca Generali's productivity is 125% higher than sector average

Sector Ranking by Portfolio Size (Assets/Financial Advisor)

(€ m)

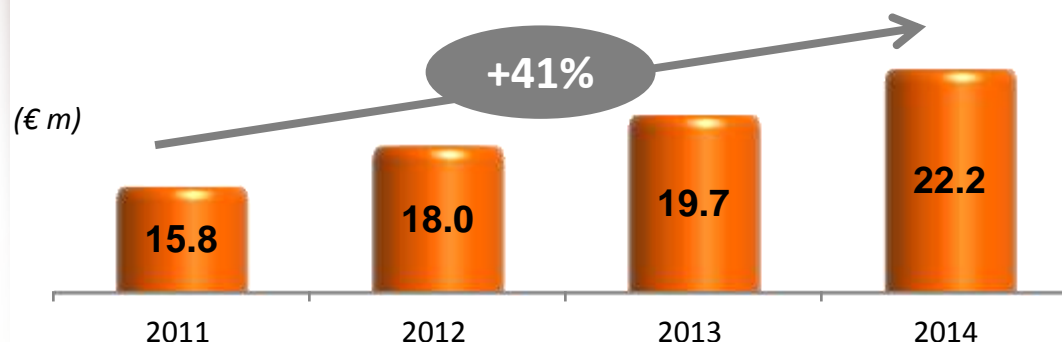


Source: Assoreti, figures at 31 December 2014

No.1 by portfolio size

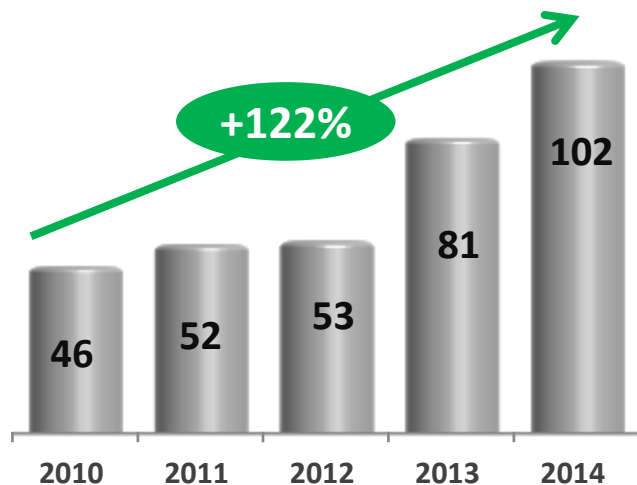
- Portfolio size climbed to €22.2m in 2014 (+13% yoy, 2011/14 CAGR +12%)
- Banca Generali's average portfolio size is 53% above sector average

Banca Generali: Trend in Portfolio size

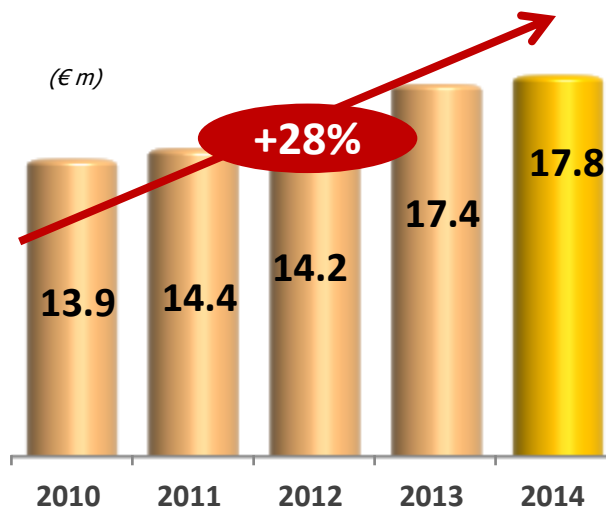


A strong year for recruitment

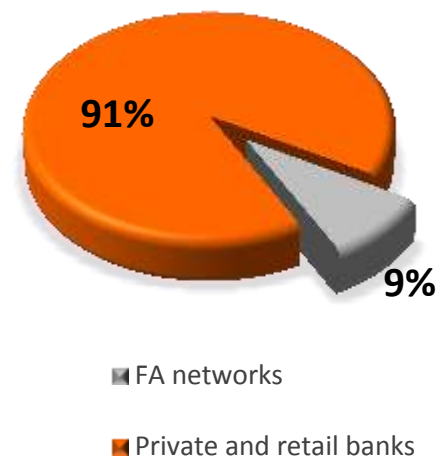
No. of recruits per year



Assets/recruits



Recruiting sources



- **Organic new recruits of 102 professionals** (22 private bankers, 80 financial planners)
- **Average portfolio per new recruit at €17.8m** (€27m for private bankers, 15m for financial planners)
- **Recruiting conditions remains favorable**
- Company remains committed to recruiting **experienced professionals only**

FY 2014 results

Net Inflows, AUM, recruiting

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PRODUCT INNOVATION



- **New investment themes and investment tools launched with the support of sector specialists**
 - Alternative strategies
 - Real Assets investments and other satellite strategies
 - Illiquid alternative asset classes (NPL portfolio, mezzanine debt)
- **Enhancing BG Stile Libero through the partnership with leading international asset managers**



GPM Real Estate Portfolio

- **Launch of portfolio lines focused on financing instruments to the real-estate market**
 - NPL portfolios secured by real estate assets in Italy
 - Subordinated debt secured by commercial real estate in Europe
 - Other bond, liquidity and real assets funds
- **Partnership with sector specialist with proven expertise in each business segments**
- **Enhanced offer for HNWI and qualified investors only**



BG Stile Libero

- **New recommended portfolios provided by seven major asset managers**



- **Introducing ETF amongst investment tools (by 1H 2015)**
 - In addition to the wide fund/SICAV offer (70 in-house sub-funds +150 third-party funds) and to Rialto segregated accounts

- **Proprietary wealth management platform close to the official launch (from 2Q15)**
- **Unique range of tailor-made wealth management solutions** to meet any customers' need
 - Investment planning
 - Property advisory
 - Inheritance planning, tax and legal advice
 - family offices for HNWI
 - corporate finance services
- **Service available on an App mode/ digital platform**
- **Extended partnership with top players**

BG Personal
ADVISORY

WEALTH ADVISORY





IT INVESTMENTS



- **New digital tools to enhance FA productivity...**

- Digital signature
- Personal branding
- Web collaboration

NEW

- **... and improve customer service**

- Home and mobile banking
- App Investment planning
- App Real estate
- App Inheritance planning

NEW

NEW

NEW

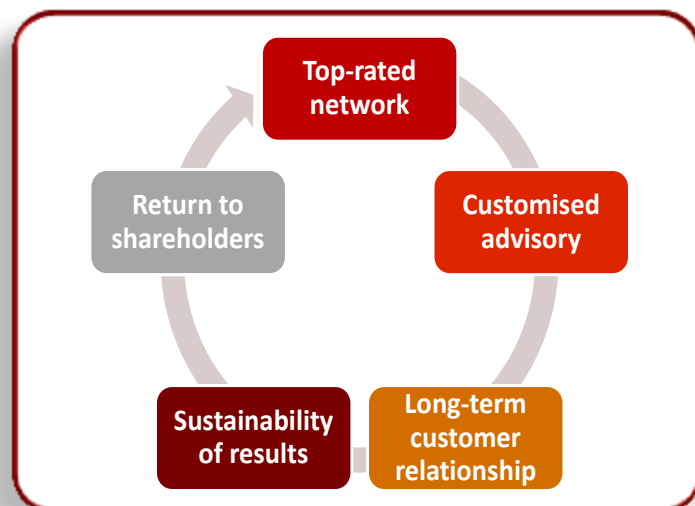


FY 2014 results

Net Inflows, AUM, recruiting

Business Update

Closing remarks



- **Favorable business environment expected to continue**
 - Historically low interest rates, high level of household wealth, low penetration of managed products by Italian households
- **Strong committed on high-quality professionals**
 - Best-in-class network by portfolio and productivity, record retention level, experienced yet young professionals
- **Flexible and tailor-made advisory**
 - Comprehensive product offer, ongoing selection of best asset managers, proven track record in managing customers' needs in any market condition
- **Increased efforts to growing size of assets**
 - Focus on upper affluent and private banking customers, ongoing positive word-of-mouth both on the customers' side and on the Financial Advisors' side
- **Commitment to shareholders' remuneration**
 - Ongoing actions set to strongly increase recurring fees, thus enhancing the quality and sustainability of results, management task on preserving low level of cost/income ratio

MARCH

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 2014 draft financial statements

APRIL

Su	Mo	Tu	We	Th	Fr	Sa
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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		

AGM to approve 2014 results
(1st call, 2nd call)

MAY

Su	Mo	Tu	We	Th	Fr	Sa
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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 1Q 2015 results
Investor Conference call

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Banca Generali Investor App



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

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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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