



1H 2015 Results and Business Update

Milan, 28 July 2015

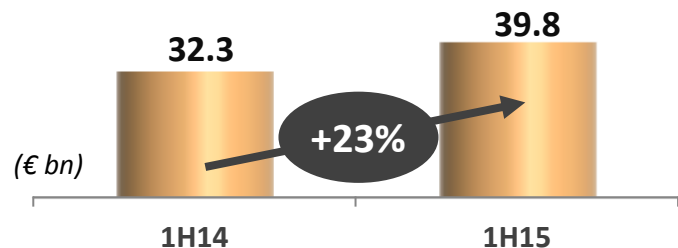
1H 2015 Results

Net inflows, AUM and Recruiting

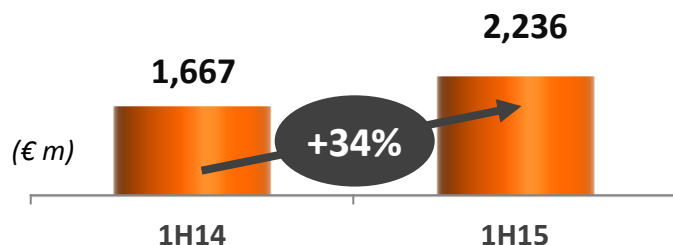
Business update

Closing Remarks

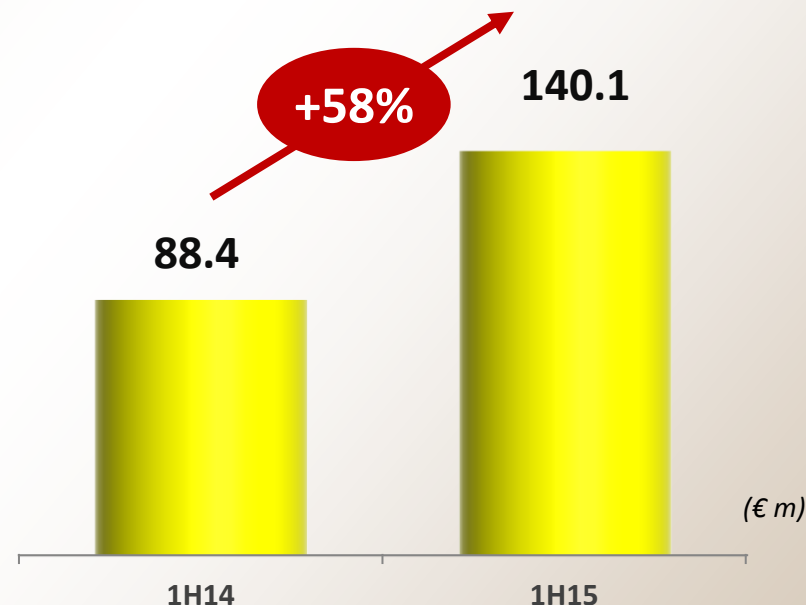
Strong asset expansion



Strong organic net inflows



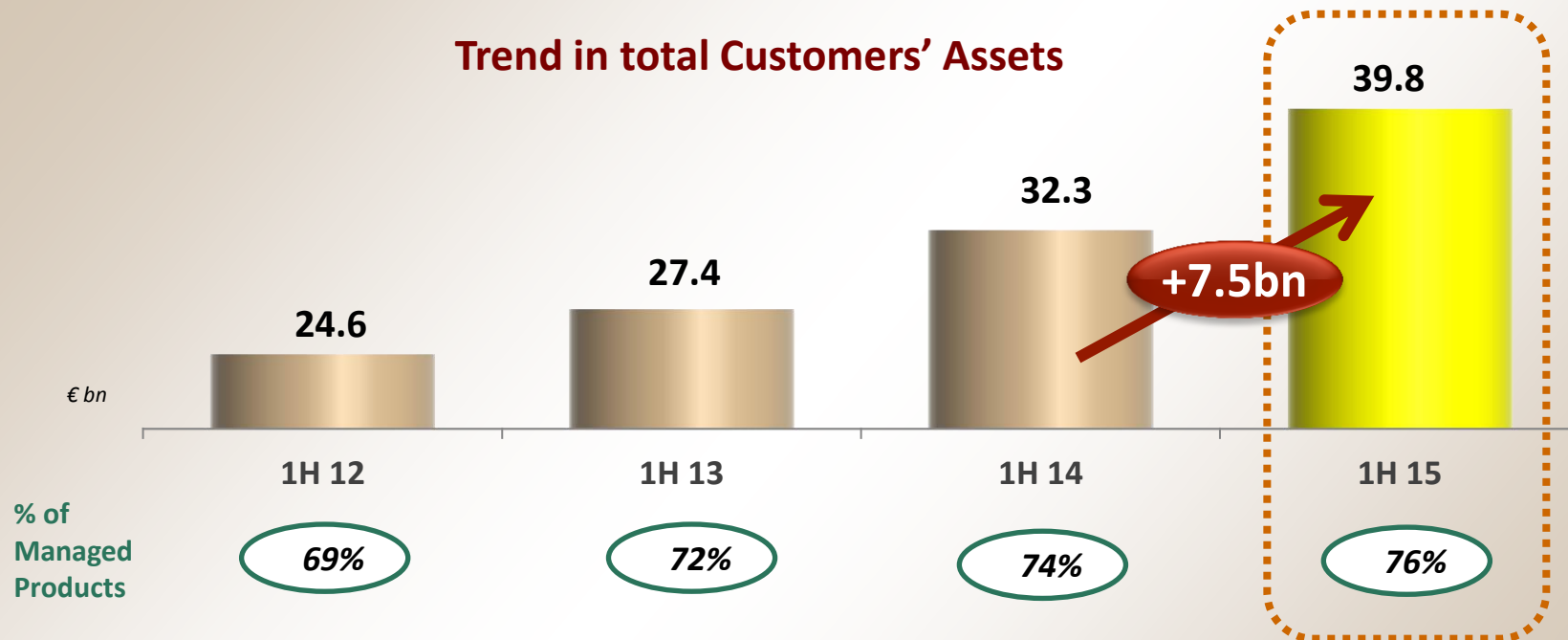
Reported Net Profit



Strong business trend, robust operating performance, solid capital position

- Net profit growth driven by a strong revenue growth (+29%) coupled with a tight cost discipline (+4%)
- Excess capital further increased to €177.4 million (+21%)

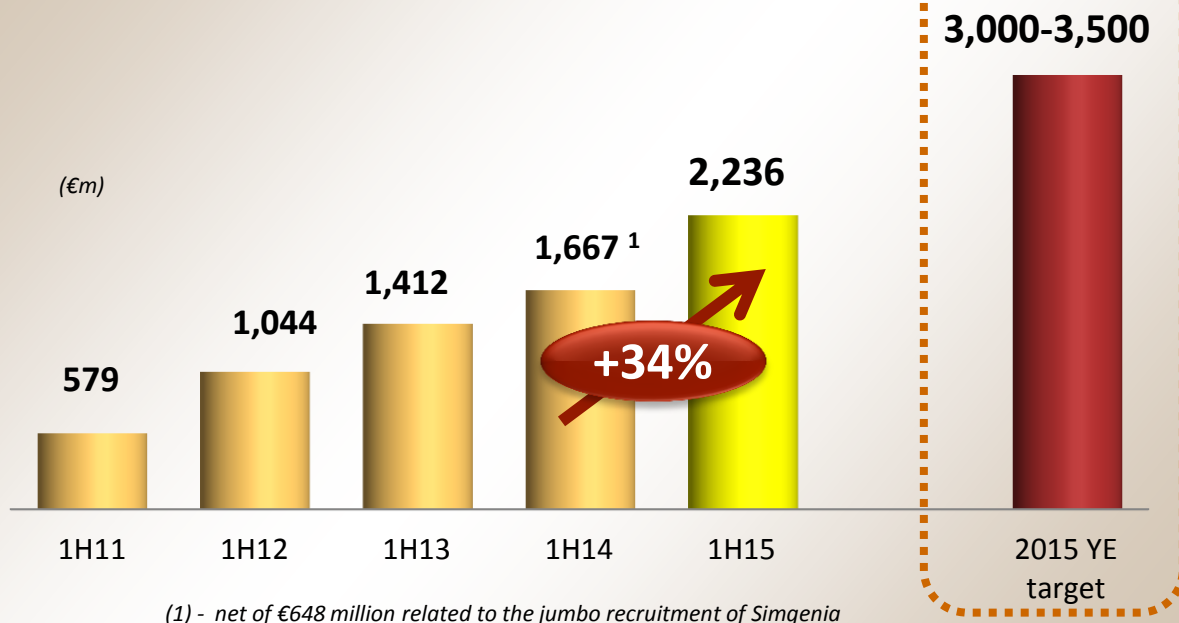
Trend in total Customers' Assets



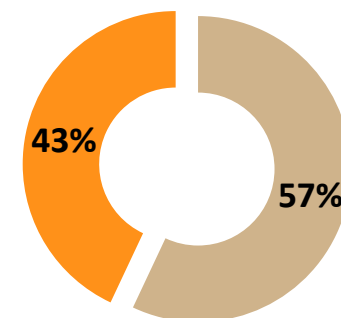
Better asset mix

- Total assets at €39.8bn (+23% YoY, +9% YTD on a reported basis)
- Managed products at 76% of total assets (+2 pts YoY, +7 pts in the last 3 years)

2015 Net Inflows trend

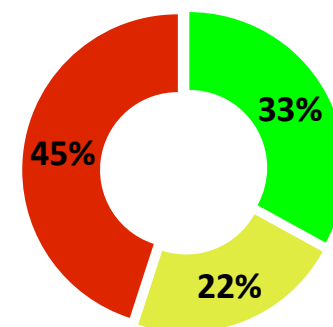


Net Inflows split by source



■ organic growth
■ recruiting last 12M

Net Inflows split by customer



■ existing customers
■ reactivated customers
■ brand new customers

Strong NNM generation

- **Strong contribution from the existing network (57% of total)**, coupled with a growing contribution from high-profile recruiting
- **Significant number of 11,810 new customers acquired**, representing 67% of total net inflows

(€ m)	1H14	1H15	% Chg
Net Interest Income	55.3	35.9	-35.1%
Gross fees	222.8	363.1	63.0%
Fee expenses	-94.5	-129.1	36.6%
Net Fees	128.3	234.0	82.4%
Net income (loss) from trading activities	45.0	25.1	-44.1%
Dividends	0.8	1.1	47.9%
Net income (loss) from trading activities and Dividends	45.8	26.3	-42.6%
Total Banking Income	229.3	296.2	29.1%
Staff expenses	-37.4	-38.9	4.2%
Other general and administrative expense	-60.0	-63.2	5.4%
Depreciation and amortisation	-2.1	-2.2	8.1%
Other net operating income (expense)	21.0	22.5	7.3%
Total costs	-78.4	-81.9	4.4%
<i>Cost /Income Ratio</i>	<i>33.3%</i>	<i>26.9%</i>	<i>-6.4 p.p.</i>
Operating Profit	150.9	214.3	42.0%
Net adjustments for impair.loans and other assets	-4.5	-3.3	-25.9%
Net provisions for liabilities and contingencies	-25.8	-41.7	61.8%
Profit Before Taxation	120.6	169.2	40.4%
Direct income taxes	-31.9	-29.1	-8.7%
<i>Tax rate</i>	<i>26.4%</i>	<i>17.2%</i>	<i>-9.2 p.p.</i>
Income/(losses) after tax on assets held for sales	-0.3	0.0	n.m.
Net Profit	88.4	140.1	58.4%

Total Banking income up by 29% driven by:

- Strong management fees (€224m, +33%) reflecting the sharp growth in managed assets
- Positive contribution from variable fees, linked to the excellent performance delivery
- Broadly stable NII, net of LTRO contribution

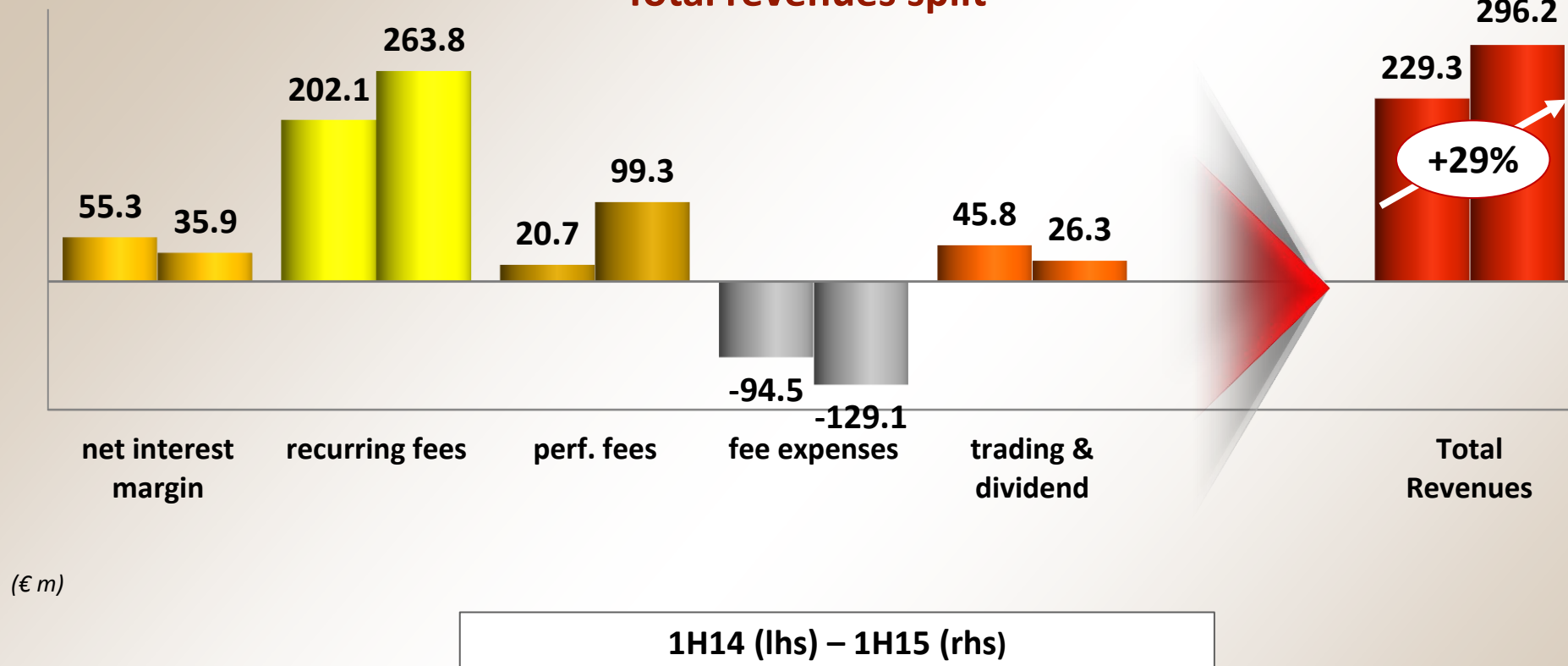
Operating costs were up by 4.4%, proving once again a tight cost discipline. Costs fell to a record low of 0.41% of total assets.

The increase in **provisions** is linked to

- higher net inflows both by volumes and product mix
- acceleration in recruiting of high profile professionals.
- One-off provision for deposit protection funds (€3m)

Net profit at €140m, (+58%), best interim ever

Total revenues split

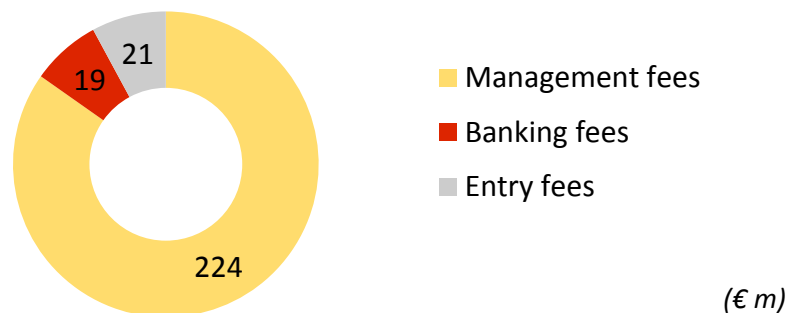


- Positive contribution from performance fees reflecting strong performance delivery in the period (BG Selection SICAV and BG SICAV WAP +7.2%)

Trend in management fees



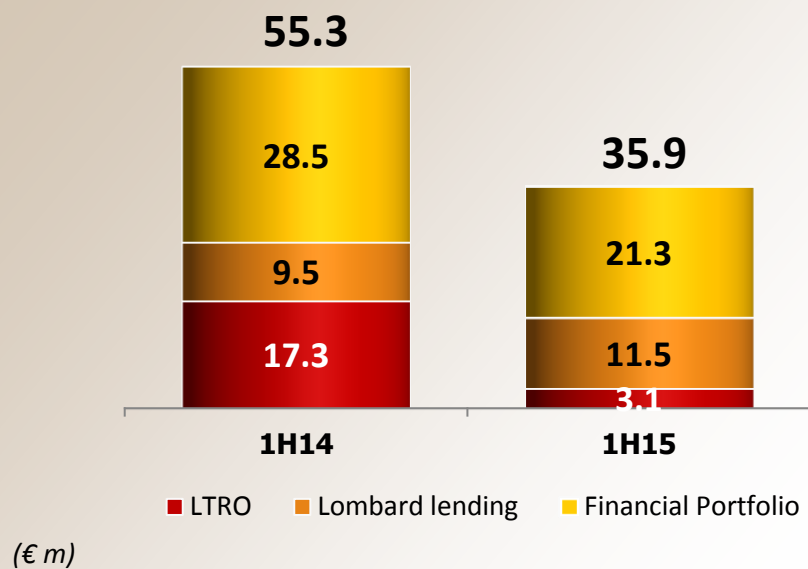
Split of 1H15 recurring fees



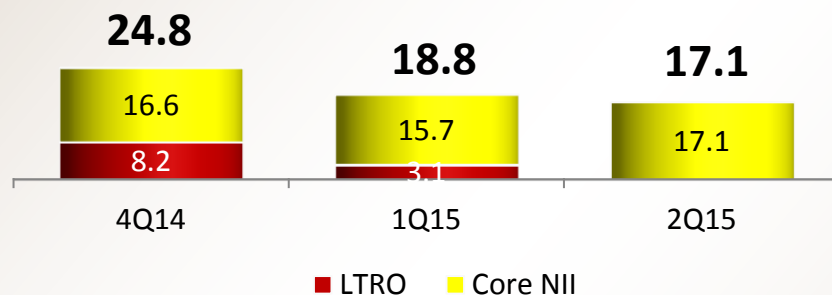
Sharp acceleration of management fees

- Quarterly management fees stand at €116.1m (+35% yoy and +8% qoq) and they account for 85% of total recurring fees
- The acceleration in management fees is linked to the ongoing increase in the weight of managed assets (€30.4bn, +28% yoy) and in the better product mix

Net Interest Income



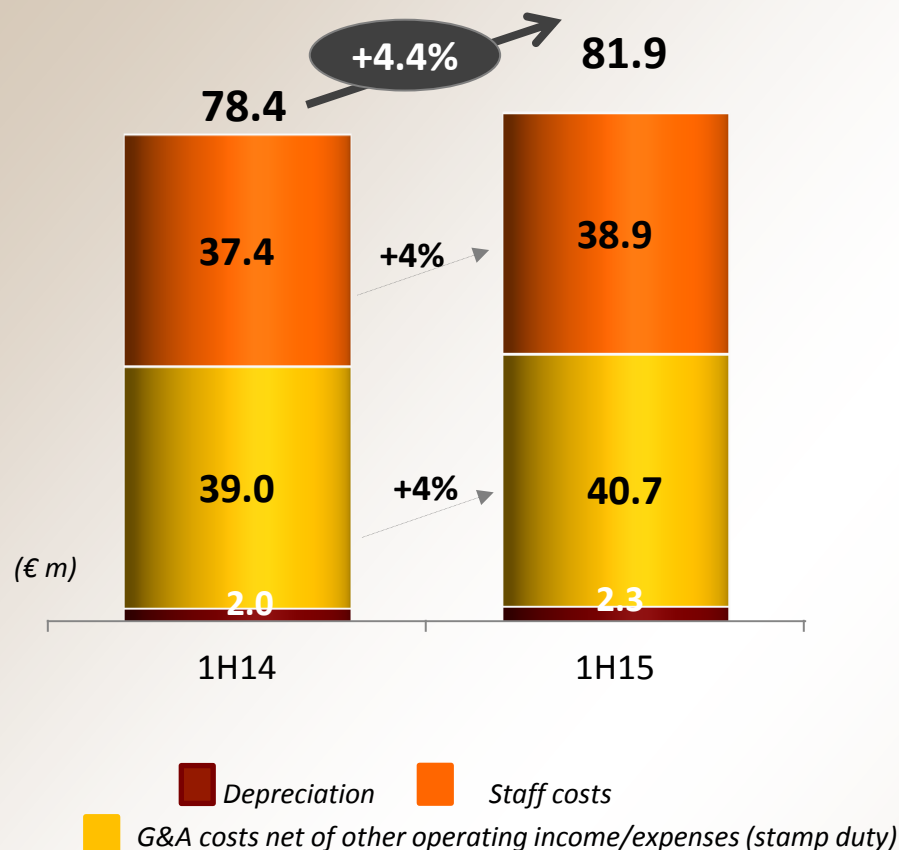
NII - quarterly trend



Solid 'core' NII trend even with record low interest rates

- NII representing 12% of total revenues (vs. 24% in 1H14) reflecting primarily the expiry of LTRO
- Solid 'core' NII supported by:
 1. Growing contribution from lombard lending: customers' loans at €1.7bn (+16%) with collateral assets at €3.2bn, spread stable at 1.44%. Credit quality remains excellent with a NPL/total loans ratio of 0.10%
 2. Lower cost of funding (from 0.22% to 0.07%) partly counterbalancing lower investment return
- Conservative investment strategy on the €3.2bn banking book, reflected in a 3.3 yrs maturity and 1.8 yrs duration on bond investments

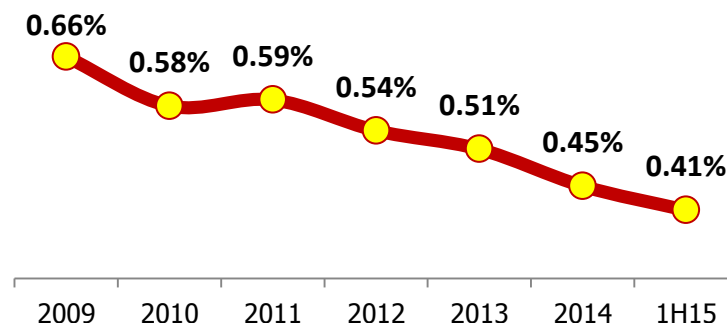
Operating expenses



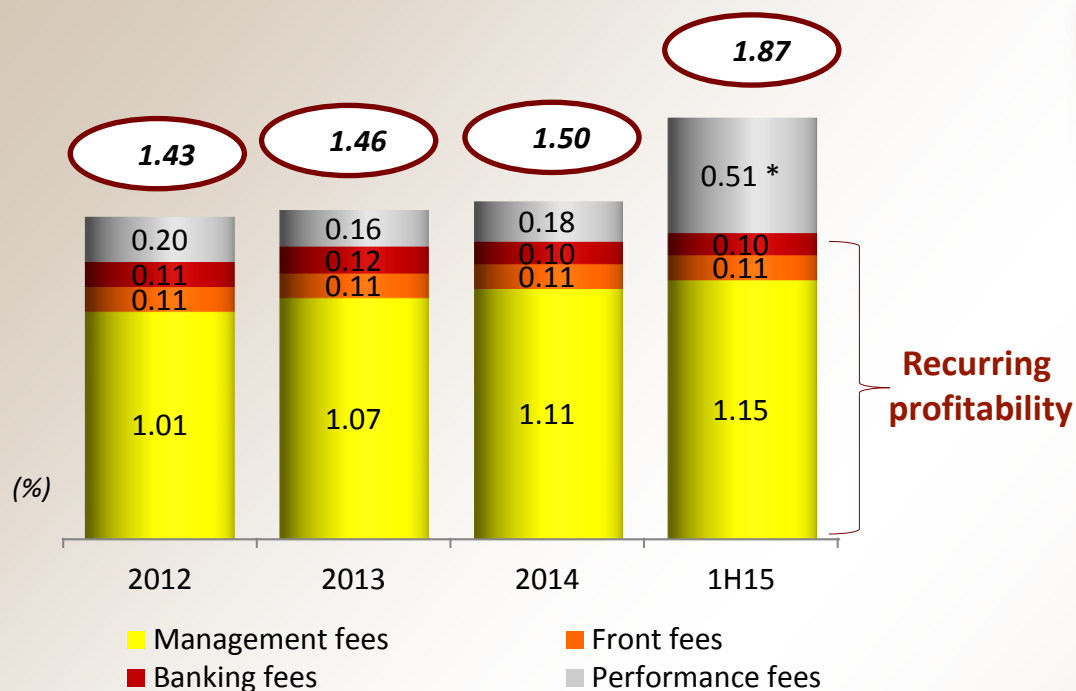
Cost discipline bears fruits

- Limited increase, well below the increase in revenues (+29%)
- G&A costs incorporate further IT investments to develop the digital platform
- Tight cost management to be maintained over 2H 2015

Operating costs/total assets



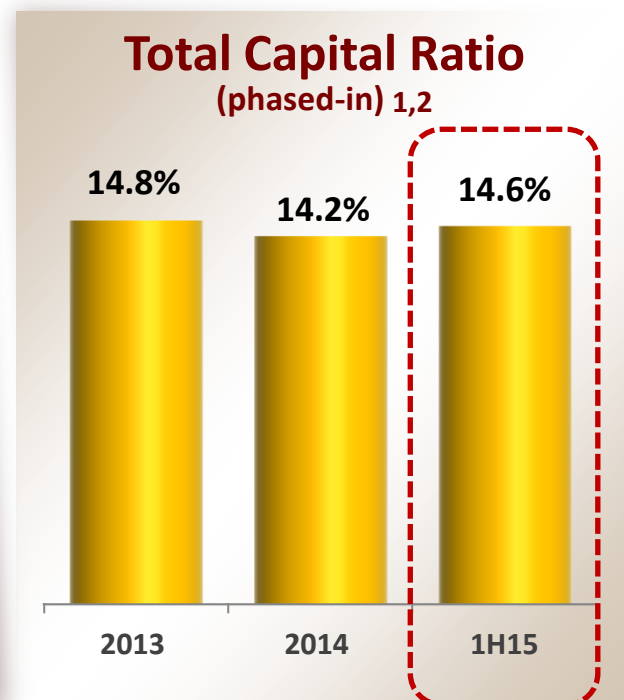
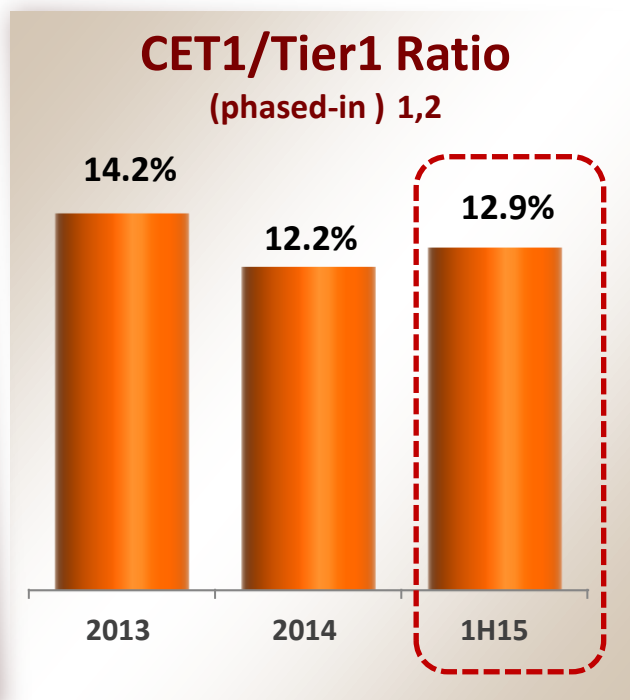
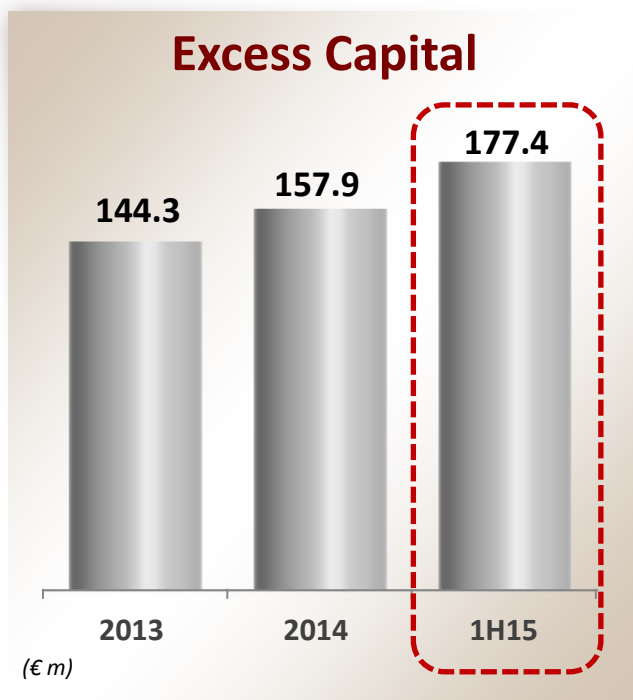
Fee Margin



* 1/3 arising from higher assets and 2/3 by fund performance

Solid trend in recurring profitability

- Recurring fee margin at 136 bps (+4 bps YTD entirely at management fee level)
- Contribution from performance fees is deflating after 1Q15 one-off contribution linked to the trend in financial markets
- **Total fee margin including performance fees came out at 1.87% (vs. 1.50% at the end of 2014)**



Excess capital at €177.4m

- Capital ratio on a B3 fully-loaded basis³: CET1/T1 ratio at 12.8%; TCR at 14.5%
- Leverage ratio at: 5.8% (post LTRO), almost twice the minimum B3 requirement level

1 1H15 and 2014 capital ratios comply with B3 requirements (phased-in). 2013 is B2 compliant;

2 1H15 capital ratios are based on an estimated 75% dividend pay-out

3 Pro-forma fully loaded B3, considering unrealised capital gains/losses on the AFS reserves (incl. sterilised government bond until IFRS 9 becomes effective) and all individual and general allowances on DTAs and other relevant lines

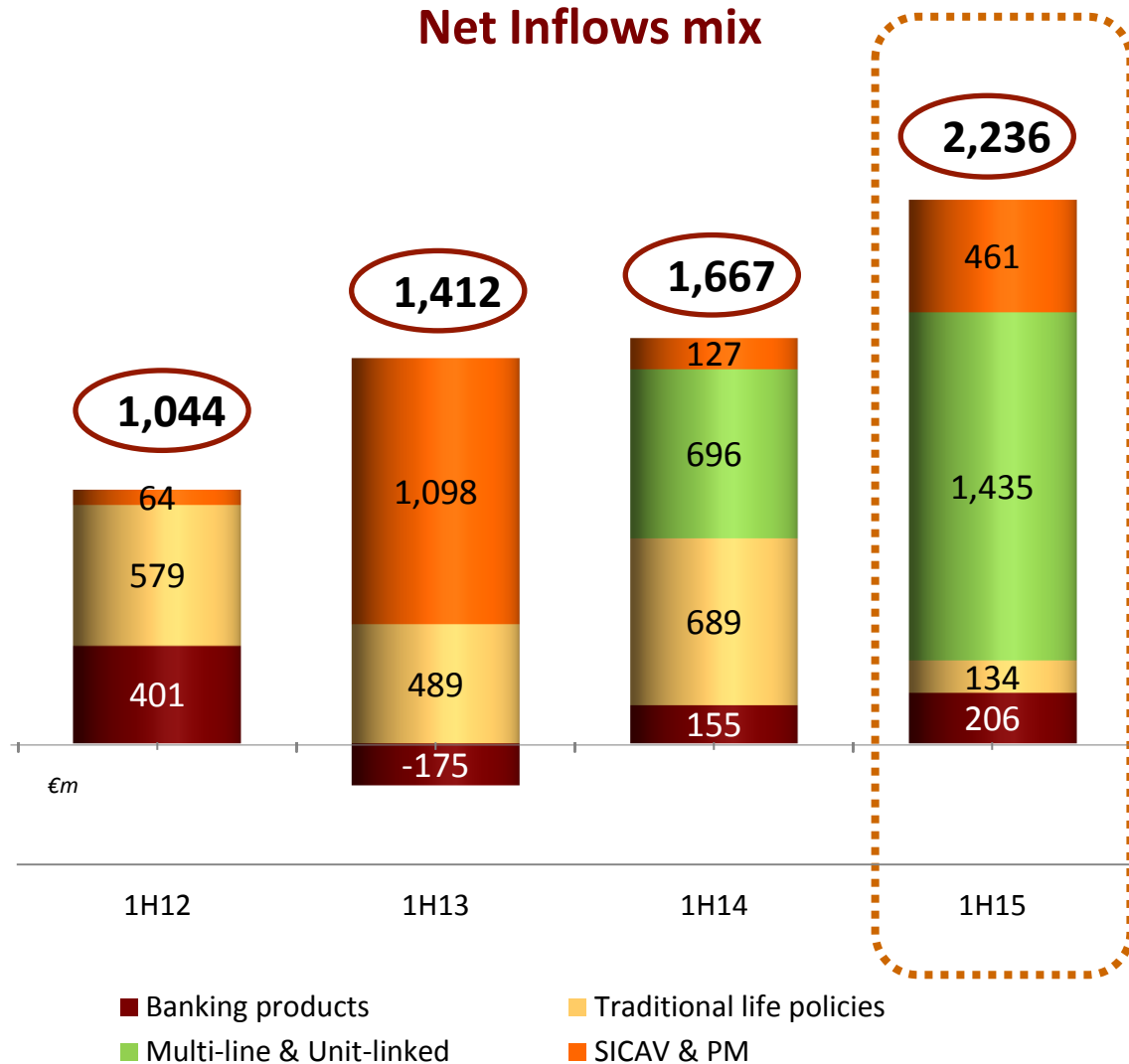
1H 2015 Results

Net Inflows, AUM and Recruiting

Business Update

Closing Remarks

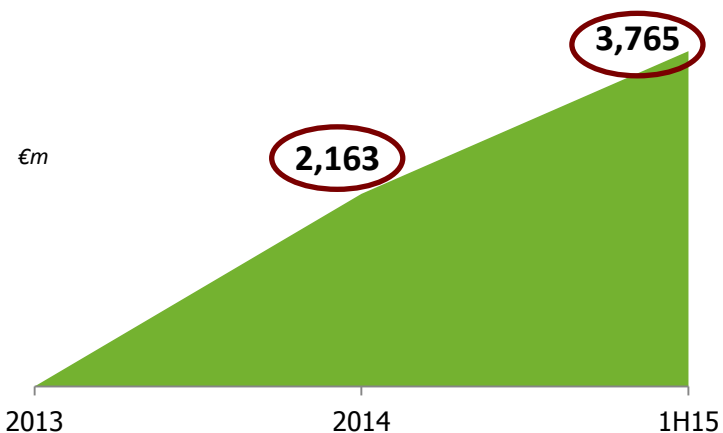
Net Inflows mix



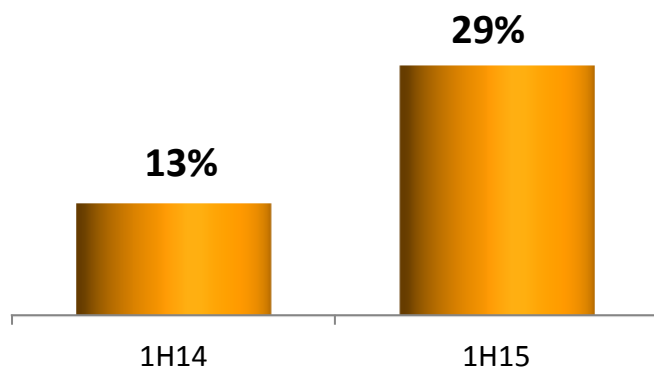
Net inflows focussed on managed products

- **BG Stile Libero** (the new insurance wrapper of managed products) **generated 64% of total net inflows**
- **Mutual funds and portfolio management more than tripled** (€461m, +263% yoy)
- Net inflows in **traditional life policies are slowing down** thus protecting future investment return for existing customers

BG Stile Libero: trend in assets



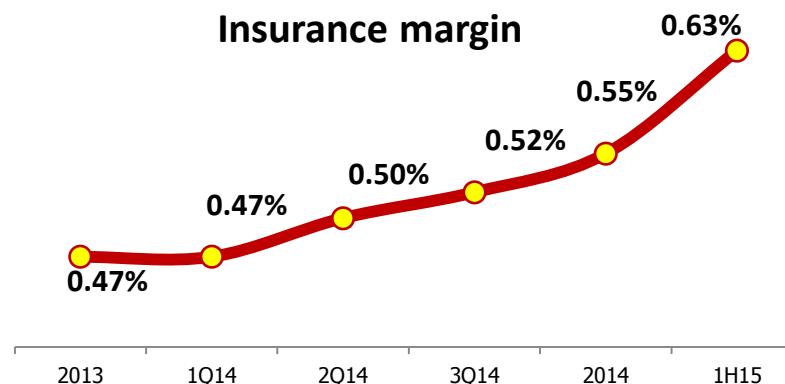
Multi-line and unit-linked policies as % of insurance assets



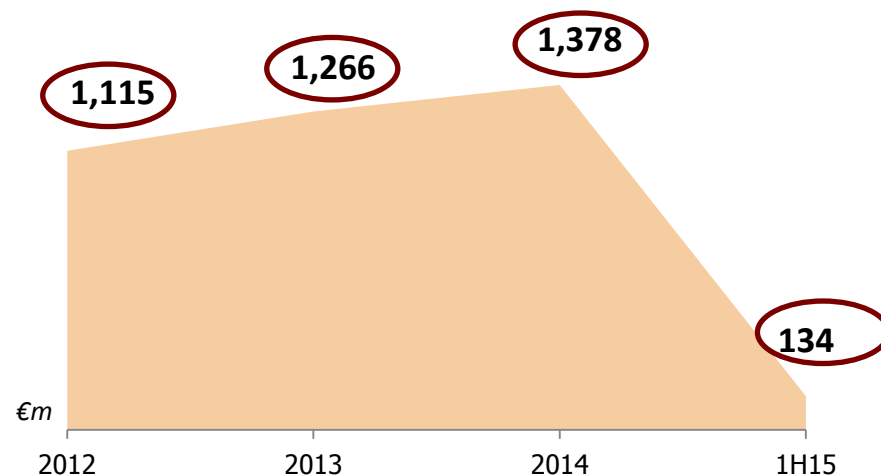
BG Stile Libero, a catalyst of net inflows that boosts margins

- BG Stile Libero is a **tailor-made 'wrapper' of managed products**
- BG Stile Libero has established itself as the most efficient investment planning tool, in light of its comprehensive offer of funds/SICAVs, segregated accounts, ETF
- BG Stile Libero positively **enhanced net insurance margin (+16 bps since inception)**

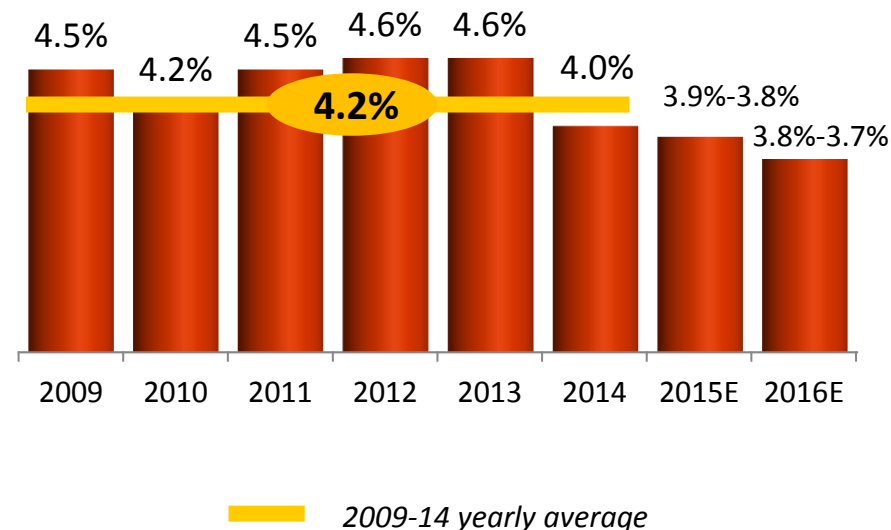
Insurance margin



Net inflows in traditional life policies



Total segregated account: yearly investment return

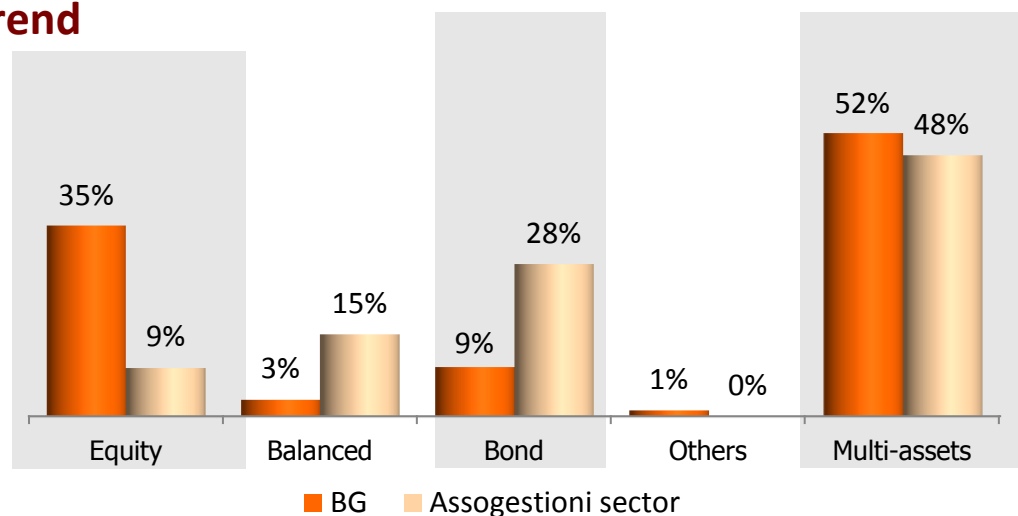


Slowdown in traditional life policies

- Net inflows in traditional life policies are **slowing down in favor of other multi-line insurance policies (BG Stile Libero)** and other managed investment solutions
- The slowdown is linked to the high bond content of the segregated accounts in which they are invested
- Average **investment return** on traditional life products proved highly stable at 4.2% per year in the 2009-14 period and it is projected at **3.8% yearly average for 2015-16**

Net Inflows: Banca Generali vs. sector trend

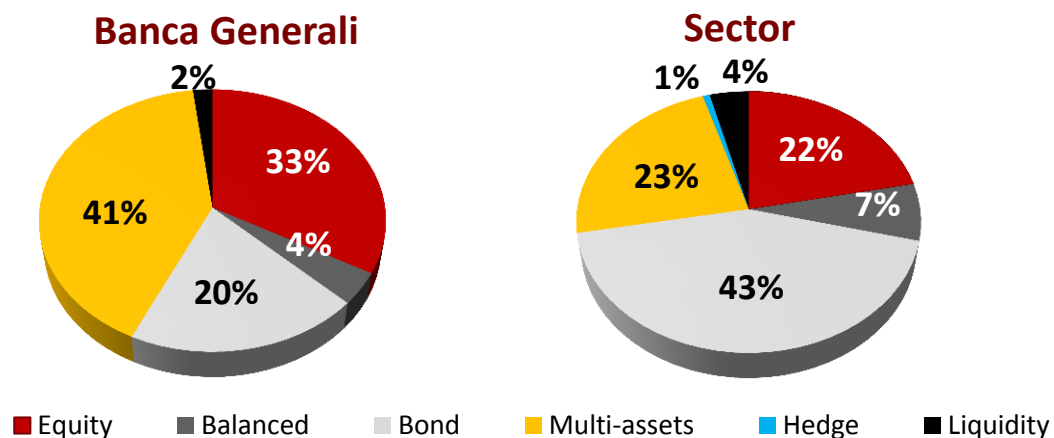
- Actively managing fixed-income exposure in a ultra-low rate environment
- Bulk of net inflows focused on total return strategies, as already in previous years



Source: Assogestioni, company data at 1H 2015, excl. liquidity funds

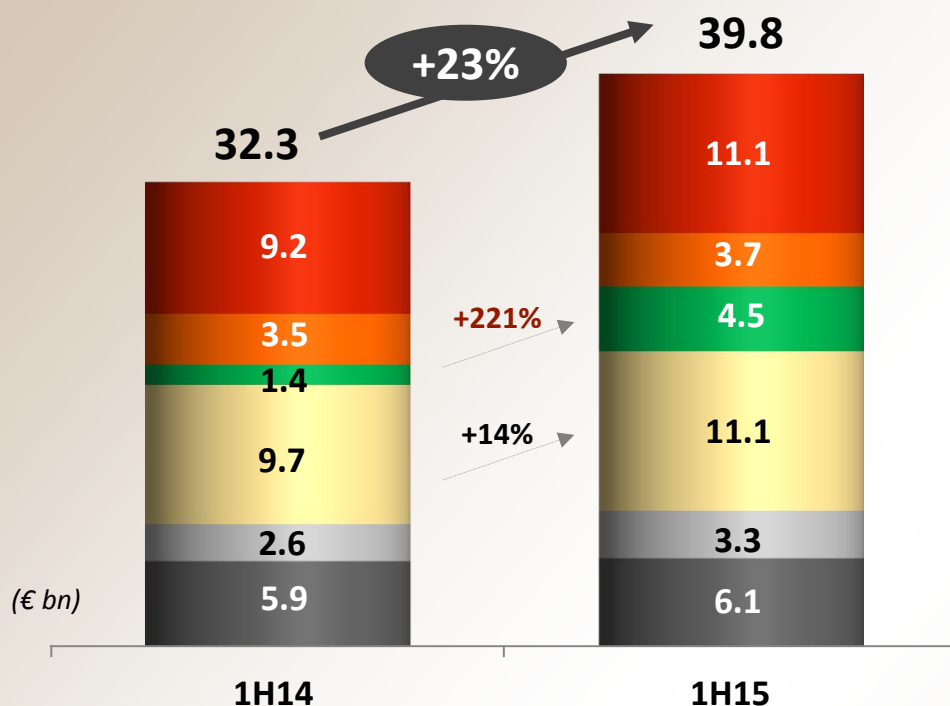
Assets: A well-balanced and diversified exposure

- Banca Generali's exposure to bond funds is less than half that of the sector
- Moreover, 70% of bond funds are EM debt, income/unconstrained, credit, convertible strategies



Source: Assogestioni, company data at 1H 2015

Breakdown of total Assets

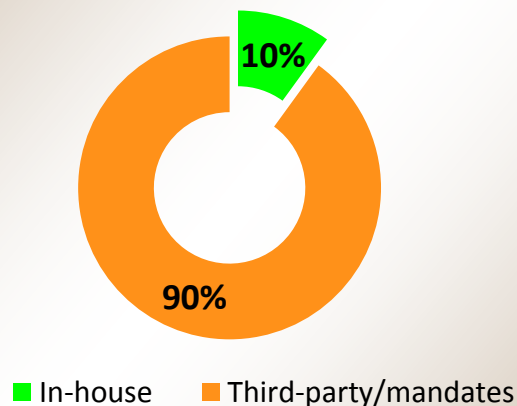


- Funds/SICAVs
- Multiline insurance & unit-linked
- Current accounts
- Portfolio management
- Traditional life
- Security accounts

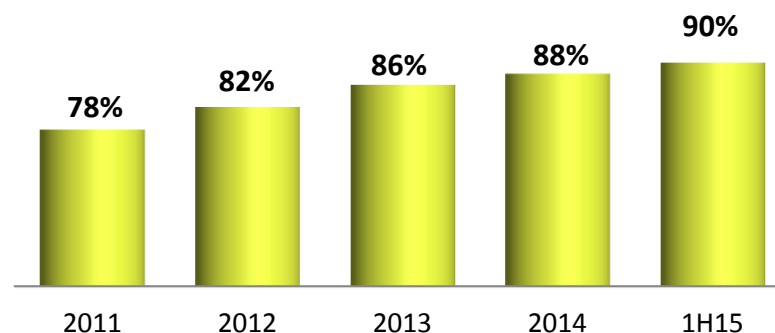
Well-balanced product mix

- BG Stile Libero and other unit-linked assets have tripled in the last 12 months and now account for €4.5bn (11% of total assets)
- Traditional life policies (bond proxy) represent 28% of total assets)
- **Overall, well balanced mix of products with an equity exposure of 30% of total (+3 pps in 1 year)**

Total funds/SICAVs (1H15)

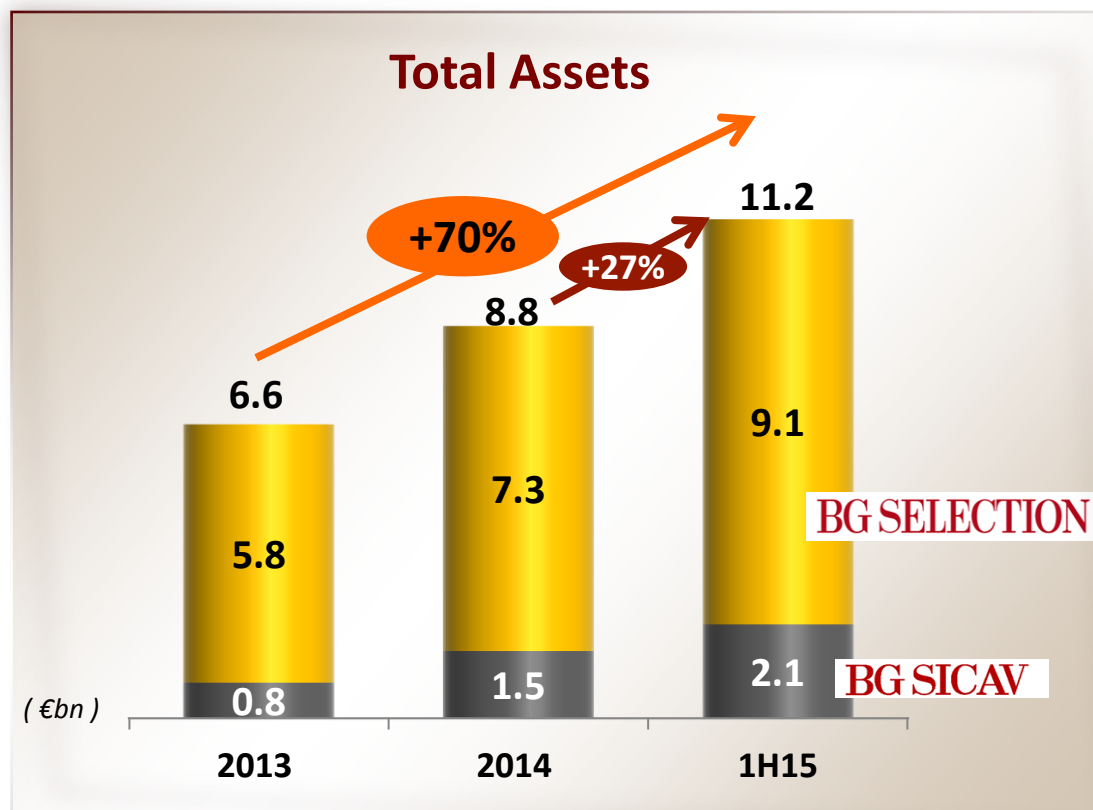


Trend in % of third-party funds



Current offer of third-party asset managers

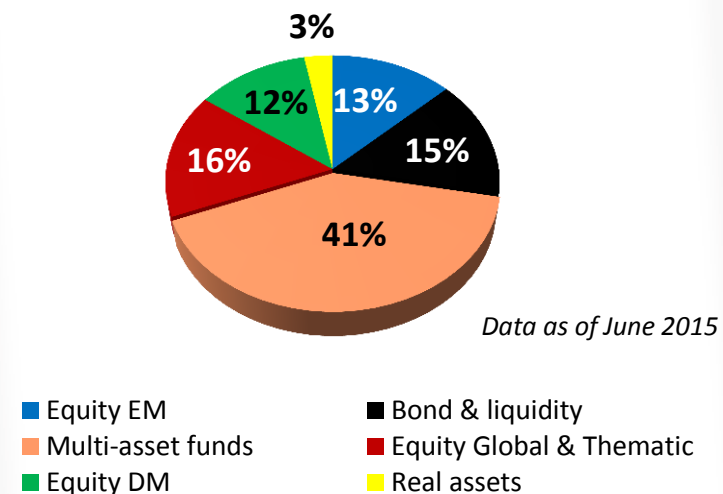




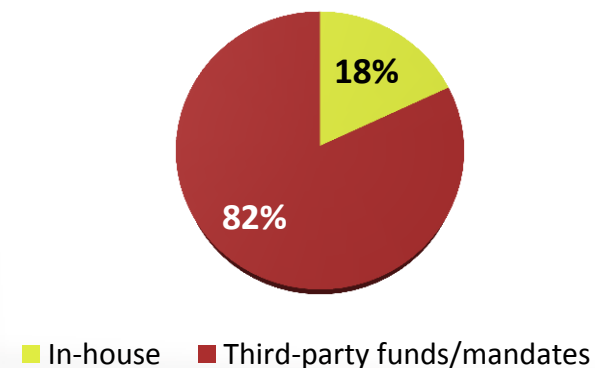
SICAVs steadily growing

- Weighted average performance (WAP) at 7.2% in 1H15, even after June financial turmoil
- **WAP further increased to 8.7% at July 23, 2015**

Asset split by investment strategy

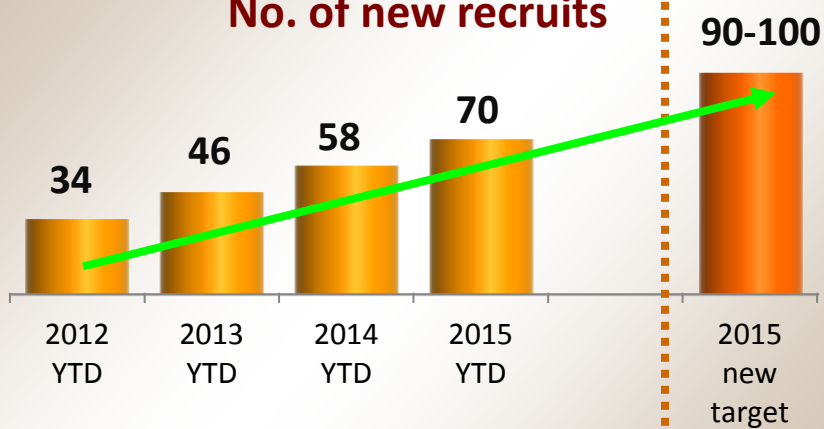


In-house vs. third-party

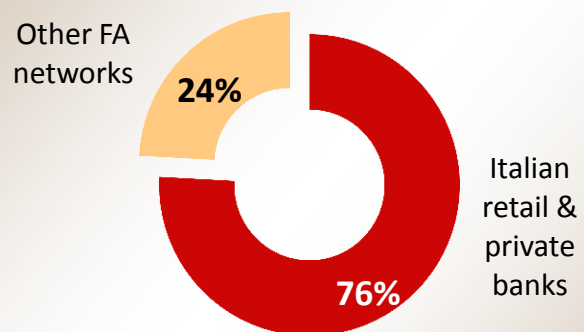


Recruiting activity delivers above expectations

No. of new recruits

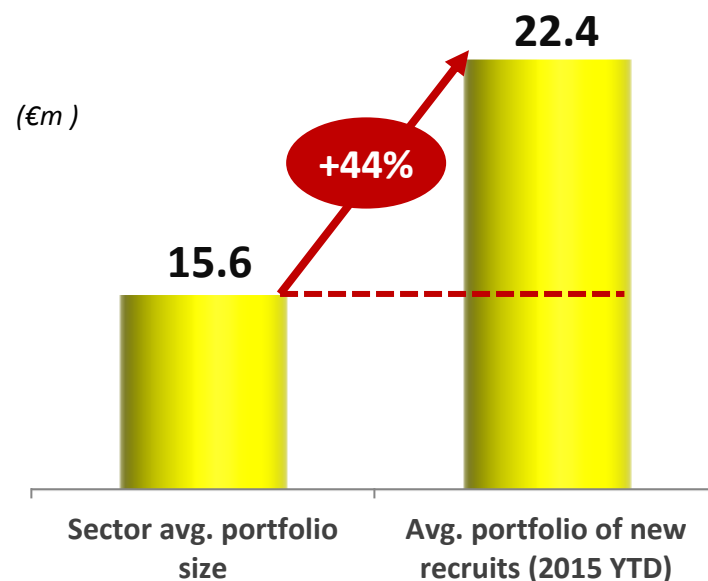


Recruiting source



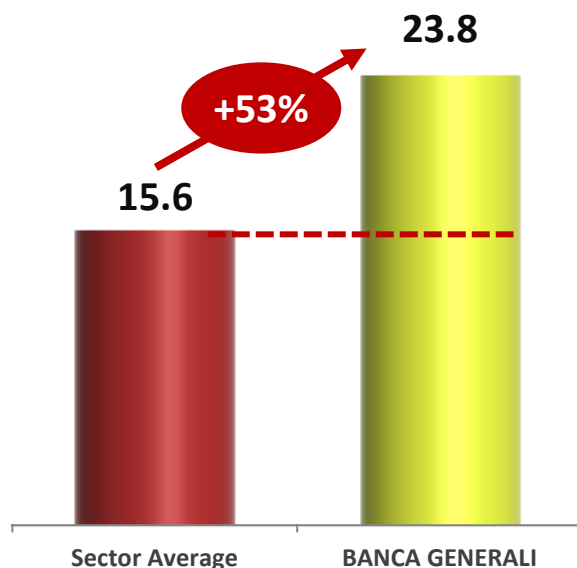
Results of the recruiting activity of the last 12 months

- Average Portfolio per new recruit -



- Financial Advisors that were recruited in the last 12 months delivered an average portfolio of €22.4 million, 44% above market average

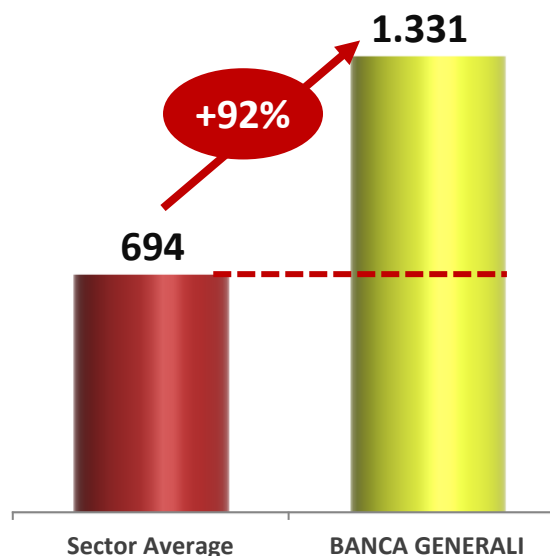
Sector Ranking by Portfolio Size (Assets/Financial Advisor)



Source: Assoreti, figures at 31 March 2015

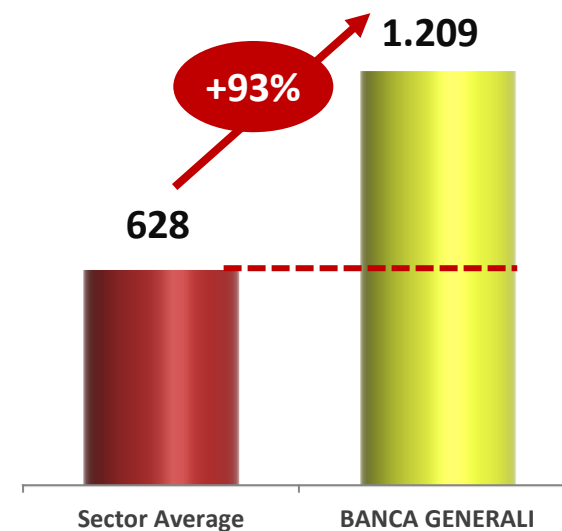
Sector Ranking by Productivity 1H2015 (Net Inflows/Financial Advisor)

Banking & managed products



Source: Assoreti, figures at 30 June 2015

Managed products



1H 2015 Results

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Banca Generali is ready for the future

Digital offer for customers in line with best peers

Full range of digital services available for customers

Home Banking

Account Services



Bank Transfer



Cheques



Budgeting and Advice Alerts



E-payment

Paying Bills (Income tax, car tax, fines, MAV/RAV/POSTAL (pre-printed payment slip))



Mobile Payment

Contactless Debit cards



Contactless Credit Card



E-commerce Debit Cards



E-wallet MasterPass (with Mastercard)



QR code payments



P2P Send money



Online Investing

Mutual funds & Insurance Products purchase



Integrated online reporting



Online Trading



Online security

Banking Alerts



Credit card Alerts



Strong & Light Authentication



Multichannel Presence

PC/Laptop Browsing



App for Smartphone & Tablet



New tools for FA to stay ahead of competitions



Personal Web Page

- Personal branding
- Interactive communication

Recruiting APP

- APP dedicated to the recruiting activity

Investment Advisory

- Market and portfolio analysis tools
- Products in APP version
- Press review and investment research

Real-estate Advisory

- RE Evaluation tools
- Tax & legal framework

Inheritance Planning

- Tax & legal framework
- Scenario building

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Business update

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Approval of 9M 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

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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