



9M 2015 Results and Business Update

29 October 2015

9M 2015 results: key remarks

3Q 2015 results: key remarks

Ongoing projects

Back-up information

... leading to best net profit ever
(even higher than 2014 full year)

TOTAL ASSETS €39.3bn (+17% yoy)

ASSET MIX Managed products at 76% of tot.

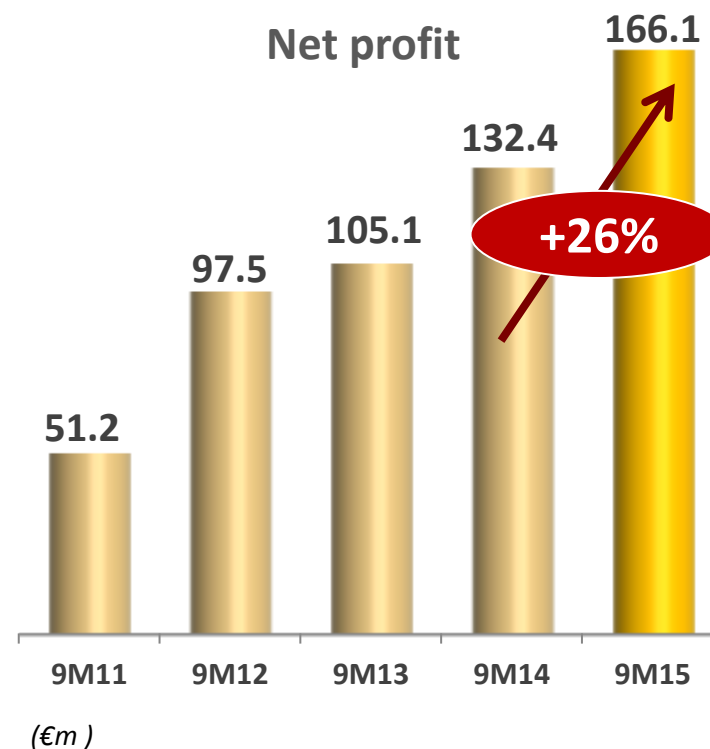
NET INFLOWS €3.0bn (organic growth)

RECRUITING 86 new professionals

MANAGEMENT FEES €341m (+30%)

OPERATING COSTS Cost/Income 32.5%

CAPITAL RATIOS TCR at 15.1%



(€ m)	9M14	9M15	% Chg
Net Interest Income	82.3	51.3	-37.7%
Gross fees	353.6	491.3	39.0%
Fee expenses	-157.3	-202.0	28.4%
Net Fees	196.2	289.3	47.4%
Net income (loss) from trading activities	51.3	25.1	-51.0%
Dividends	0.8	1.2	43.8%
Net income (loss) from trading activities and Dividends	52.1	26.3	-49.5%
Total Banking Income	330.6	366.9	11.0%
Staff expenses	-55.7	-59.7	7.3%
Other general and administrative expense	-90.6	-94.3	4.1%
Depreciation and amortisation	-3.1	-3.4	8.6%
Other net operating income (expense)	29.1	34.8	19.5%
Total costs	-120.3	-122.7	2.0%
<i>Cost /Income Ratio</i>	<i>35.4%</i>	<i>32.5%</i>	<i>-2.9 p.p.</i>
Operating Profit	210.3	244.3	16.1%
Net adjustments for impair.loans and other assets	-5.3	-5.8	10.2%
Net provisions for liabilities and contingencies	-29.8	-37.4	25.6%
Profit Before Taxation	175.2	201.0	14.7%
Direct income taxes	-43.6	-34.9	-20.0%
<i>Tax rate</i>	<i>24.9%</i>	<i>17.3%</i>	<i>-7.6 p.p.</i>
Income/(losses) after tax on assets held for sales	0.7	0.0	-100.0%
Net Profit	132.4	166.1	25.5%

Total Banking income up by 11% driven by:

- **Solid trend in management fees (€341m, +30%)** driven by asset expansion and better product mix
- **NII** in line with guidance
- **Market-related items** (performance fees and trading income) stable at 1H level

Effective cost management (+2%) driven by

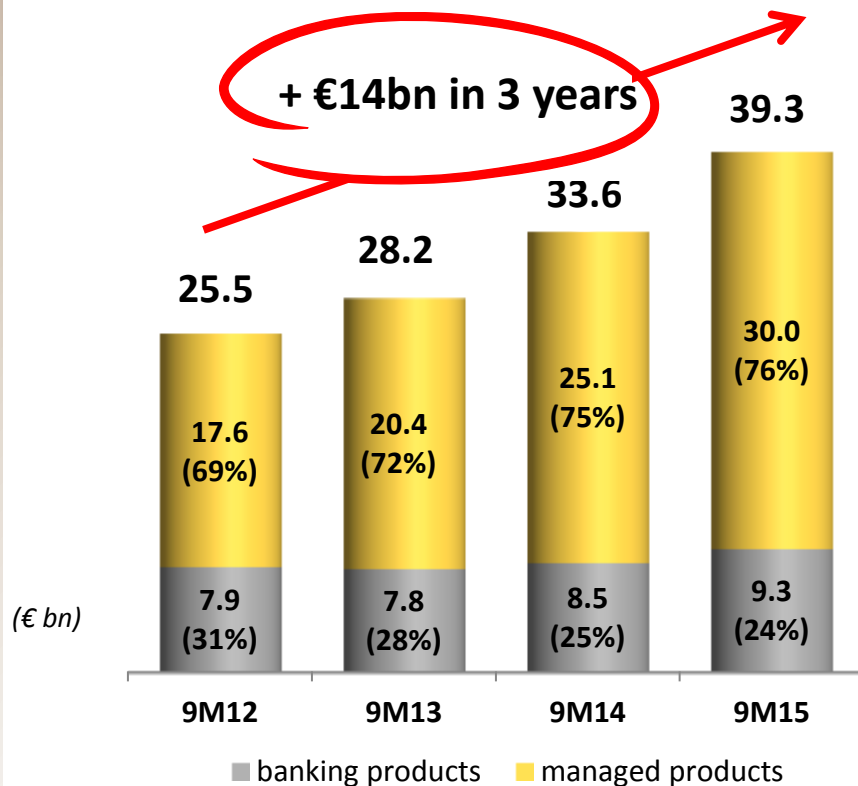
- **Effective cost cutting actions** (renegotiation of outsourcing contracts, IT-led efficiencies, corporate reorganisation) bear fruits
- Overall **cost/income ratio further decreased**

Increase in provisions linked to:

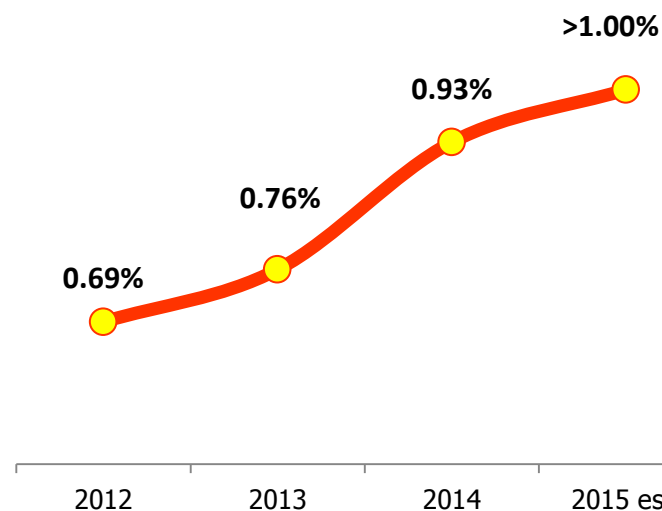
- Sharp **acceleration in both net inflows and recruiting**
- €4m of one-off provisions for **deposit protection funds**

Net profit at €166m, (+26%), best 9M ever

Growing market share and improving mix

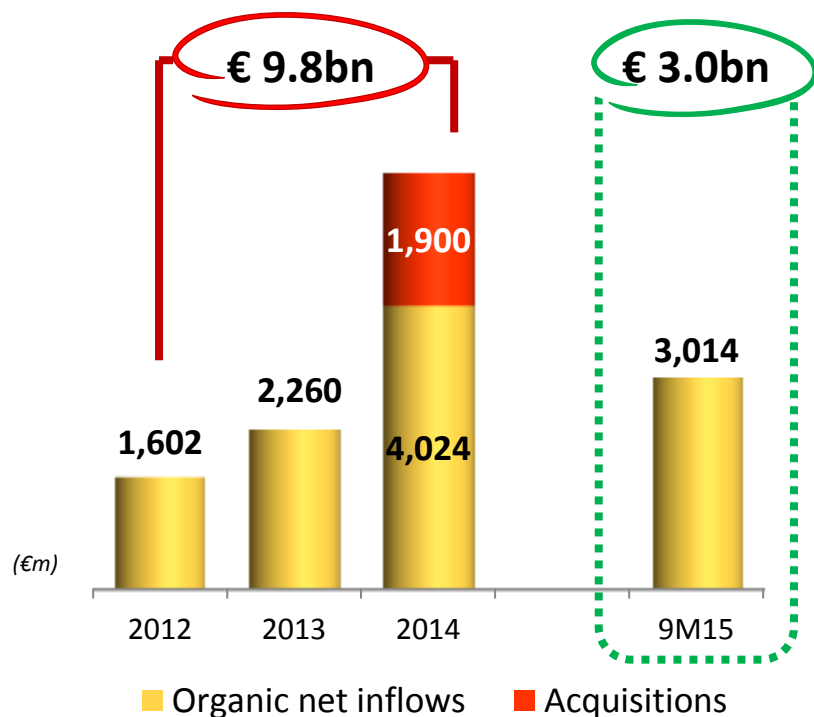


Banca Generali's share of Italian household financial wealth



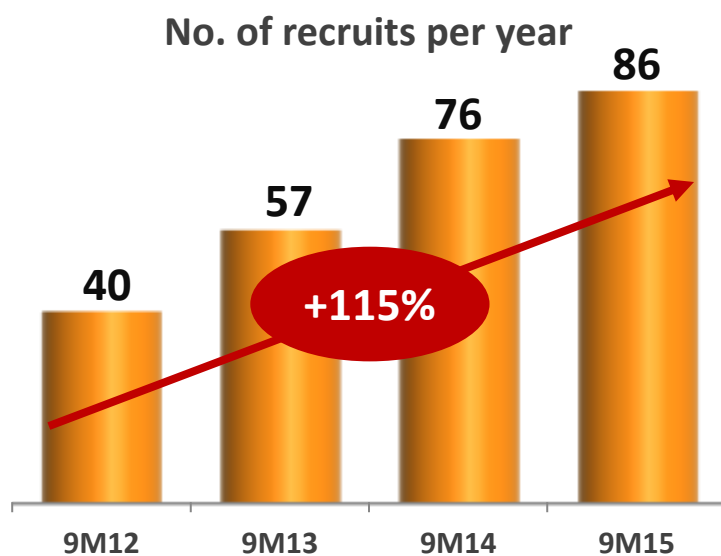
- **Excellent asset mix:** strong increase in managed products at 76% of total vs. 69% in 9M12

Strong 2015 trend on top of 2012-14 record NNM

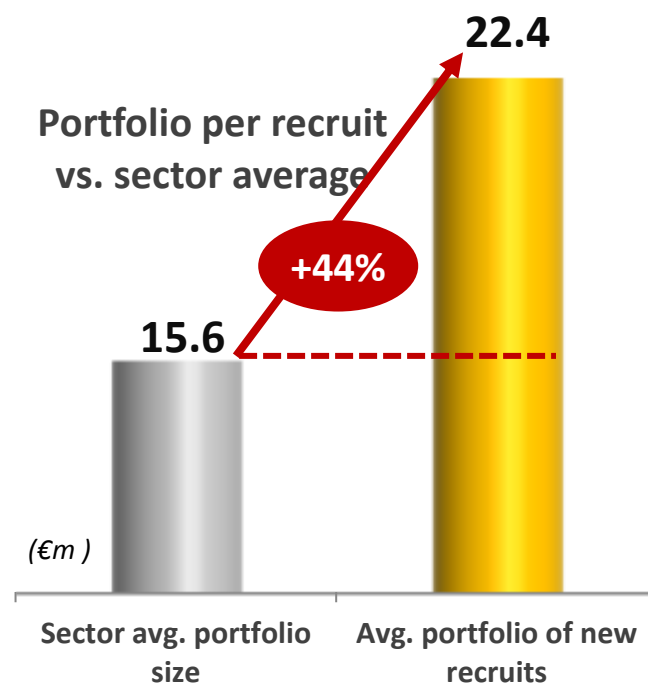


- Strong 2015 YTD net inflows (8.2% of starting assets in 9 months)
- c.90% of 2015 YTD net inflows generated by managed products
- 100% of net inflows from Italian retail customers
- 100% of net inflows raised through Financial Advisors
- **Net inflows target of €3.5bn by year-end**

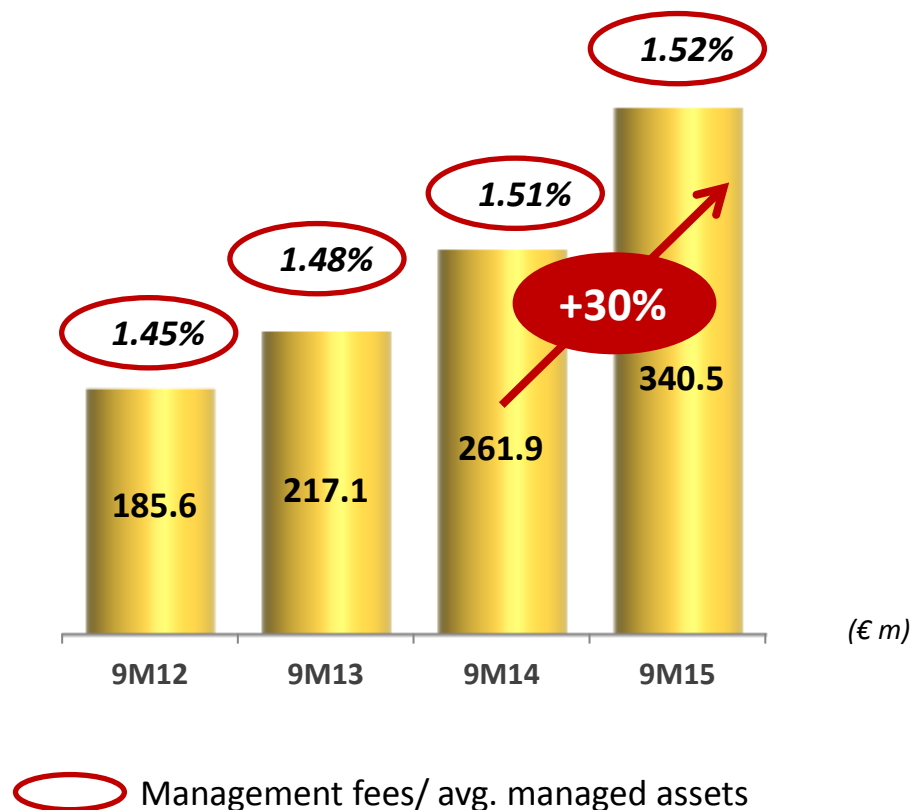
**Recruiting capacity
more than doubled ...**



**... exclusively targeting
high-profile professionals**

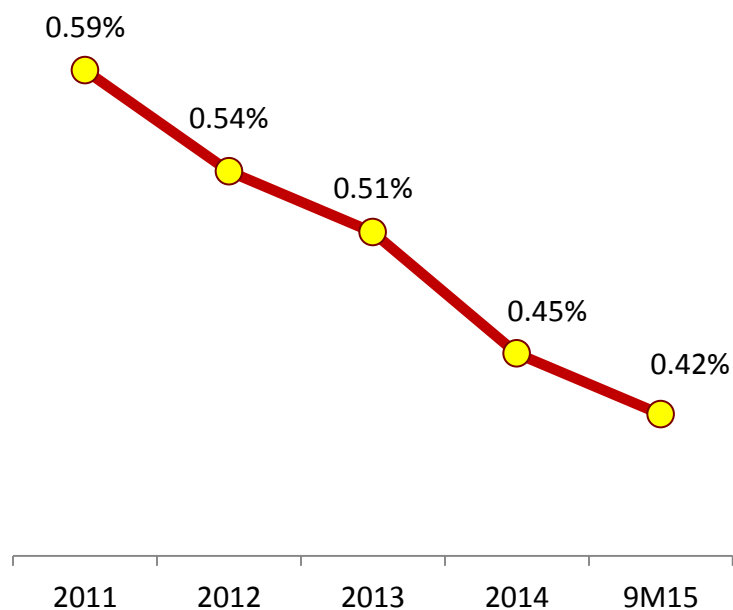


Management fees driven by higher assets and better mix

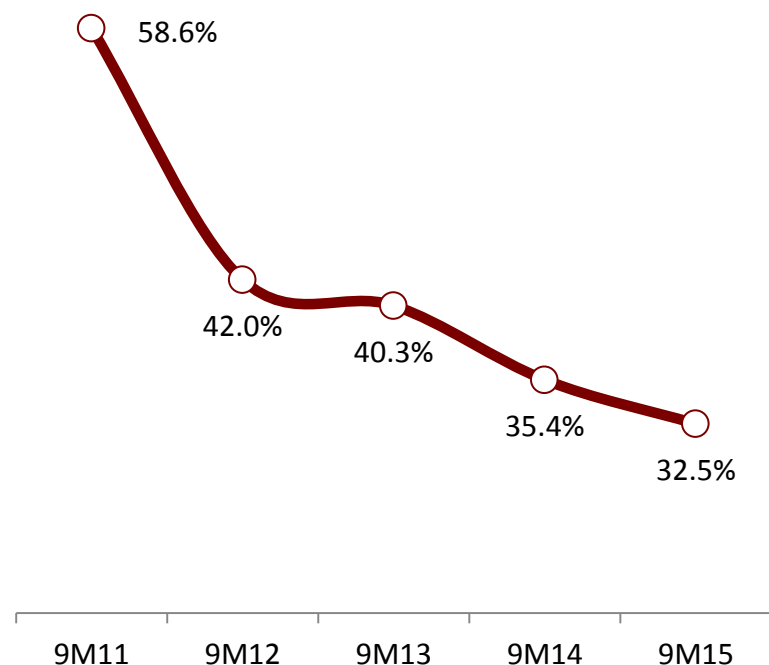


- Management fees are up by 30% YoY and they almost doubled in the last three years (+83%)
- **Management Fee margin at 1.52% (+7 bps in the last three years) on fee-bearing assets**

Operating costs/Total assets

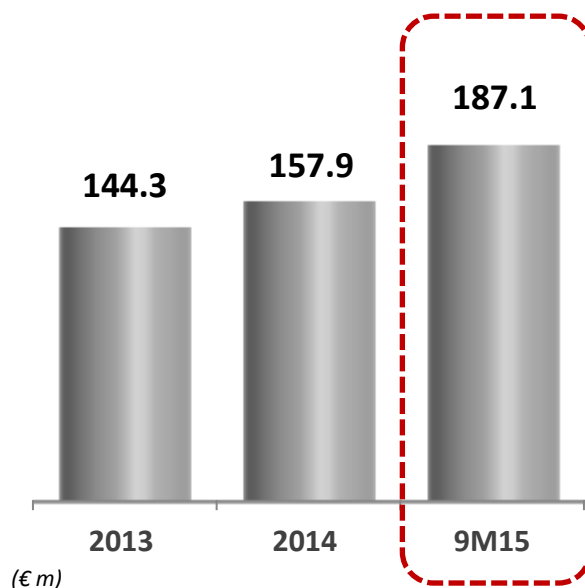


Cost/Income



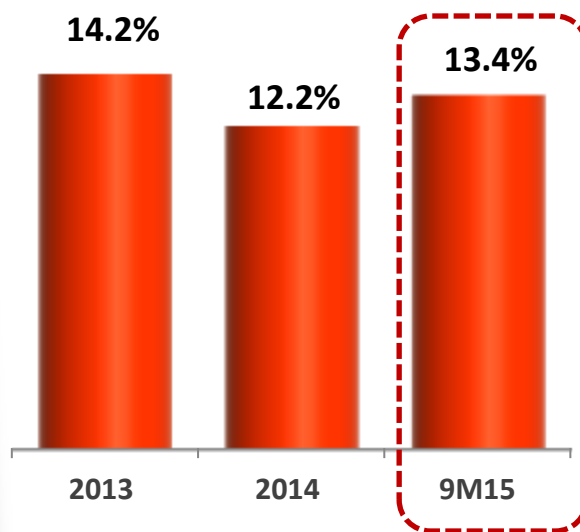
- **Effective operating leverage:** costs well under control regardless of the sharp increase in size
- 2014/15 costs also included €15 million for IT investments

Excess Capital



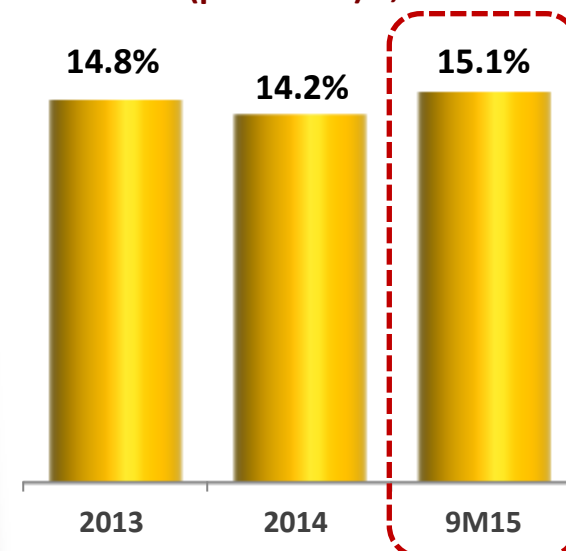
CET1/Tier1 Ratio

(phased-in) 1,2



Total Capital Ratio

(phased-in) 1,2



Excess capital at €187.1m

- Capital ratio on a B3 fully-loaded basis³: CET1/T1 ratio at 14.0%; TCR at 15.6%
- Leverage ratio at: 6.2% (fully-loaded basis at 6.4%), more than twice the minimum B3 requirement level

¹ 9M15 and 2014 capital ratios comply with B3 requirements (phased-in). 2013 is B2 compliant;

² 9M15 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

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24 DRE

Il Brasile cade già nel circolo vizioso rating-austerità

FINANCIAL TIMES

China's devaluation triggers dramatic falls in emerging markets currencies



THE WALL STREET JOURNAL

Turkey Moves
Step Closer
To New Vote



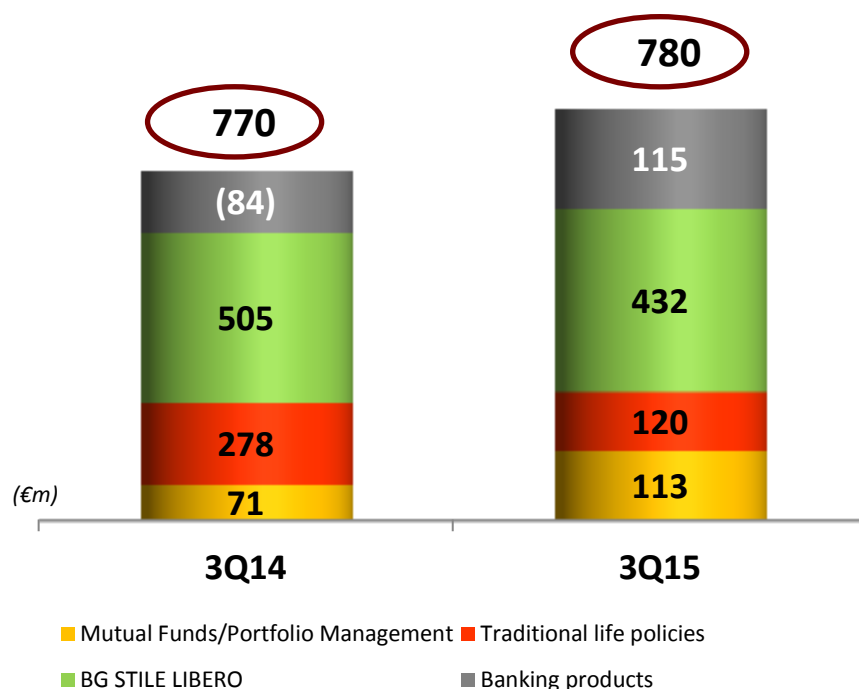
3Q15 - EQUITY INDEX PERFORMANCE

Stoxx 600	-8.8%
DAX	-11.7%
FTSE 100	-10.8%
S&P	-7.2%
BOVESPA	-15.3%
MSCI World	-9.1%



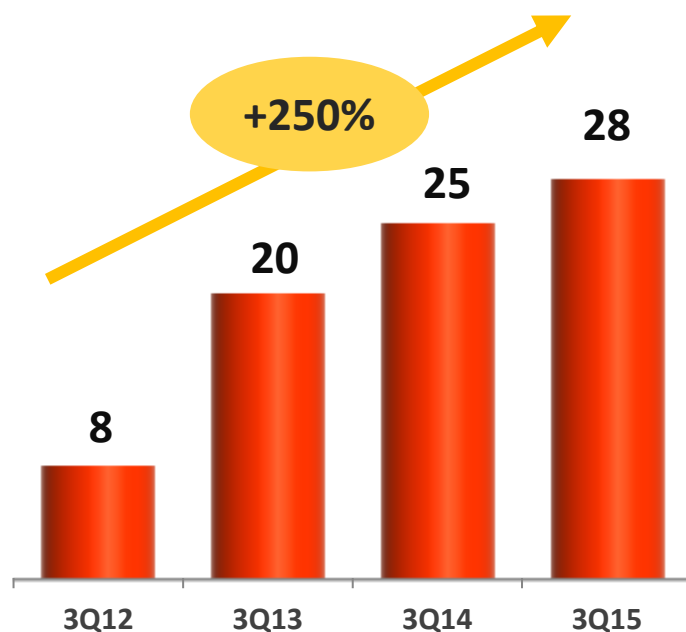
-8.8%

Q3 Net inflows (split by product)



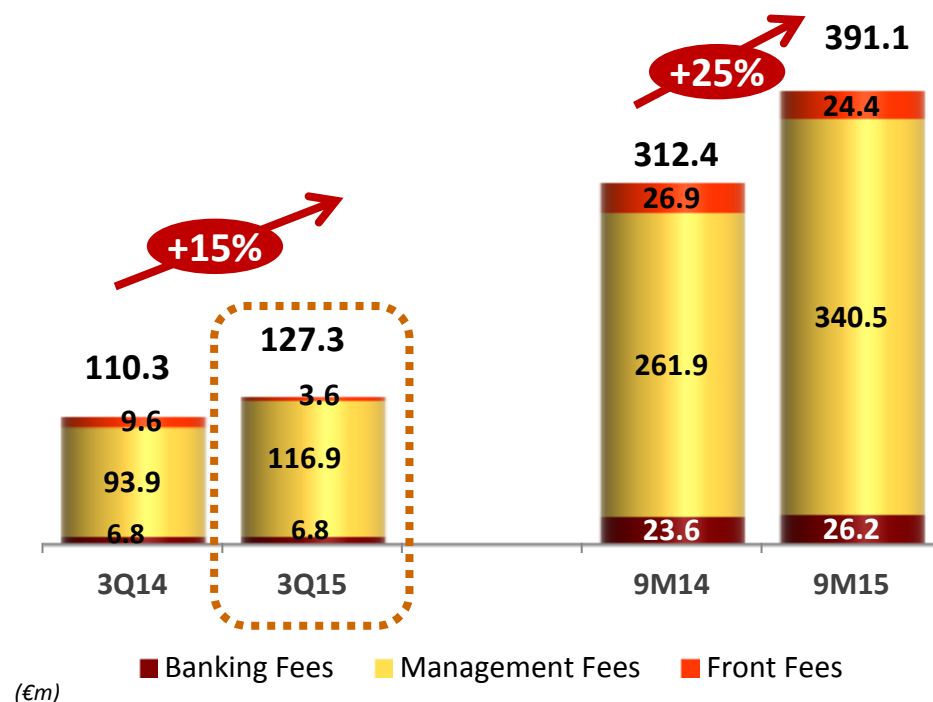
- **Higher volumes:** 3Q15 net inflows proved higher than last year despite much less favorable financial markets
- **Excellent mix:** 3Q15 net inflows mix remain excellent with 90% invested in managed products
- **Solid inflows in in-house SICAVs** proved solid at €444 million (vs. €436 million in 3Q14)

3Q net additions



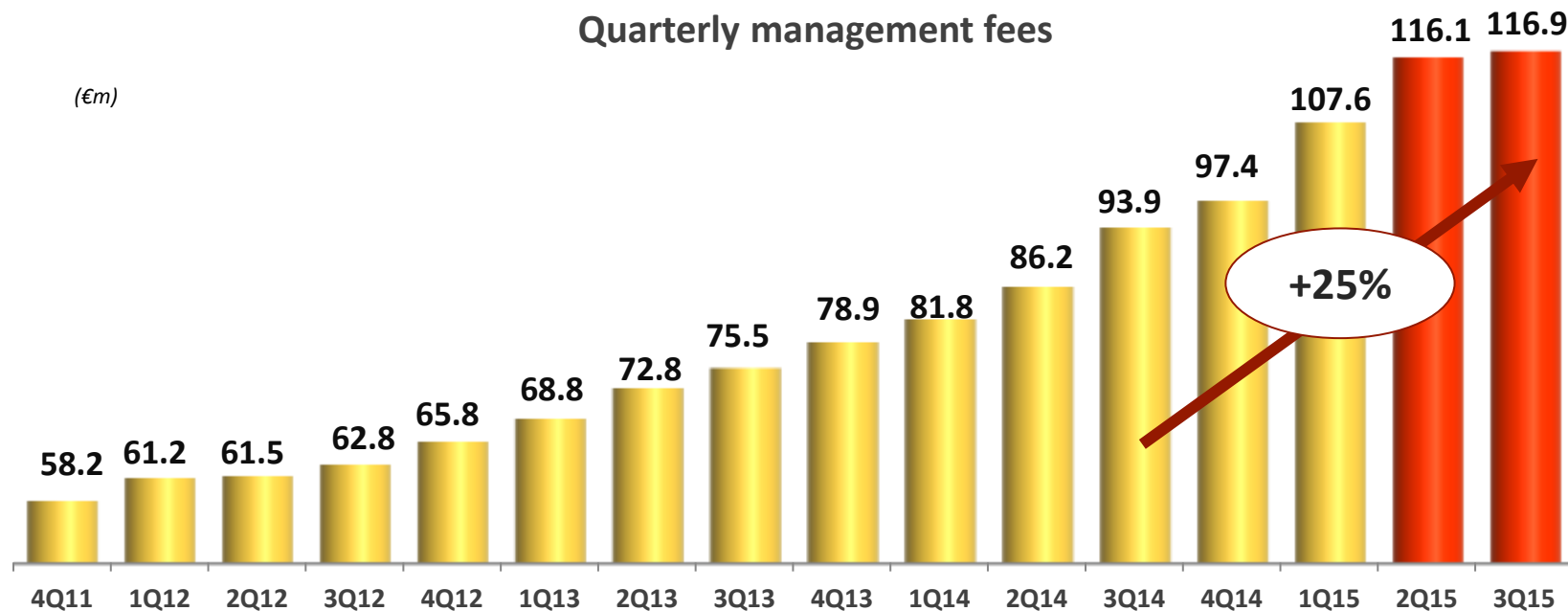
- **Acceleration in the n° of new recruits** even during summer months, proving Banca Generali's solid appeal in the sector
- **Fast approaching the 100 new recruits** target by year-end
- **Banca Generali voted No.1** in the sector for Financial Advisors's overall satisfaction (Eurisko Survey)

Recurring fees (management, entry, banking)



- **Total recurring fees increased by 15% in Q3** with management fees representing 92% of total (vs. 85% in 9M14)
- **Entry fees** discounting a lower placement of bonds in Q3
- **Banking fees** were stable on a quarterly basis, while increasing by 11% YoY (77% represented by trading commissions, 23% by banking revenues)

... even with volatile financial markets...

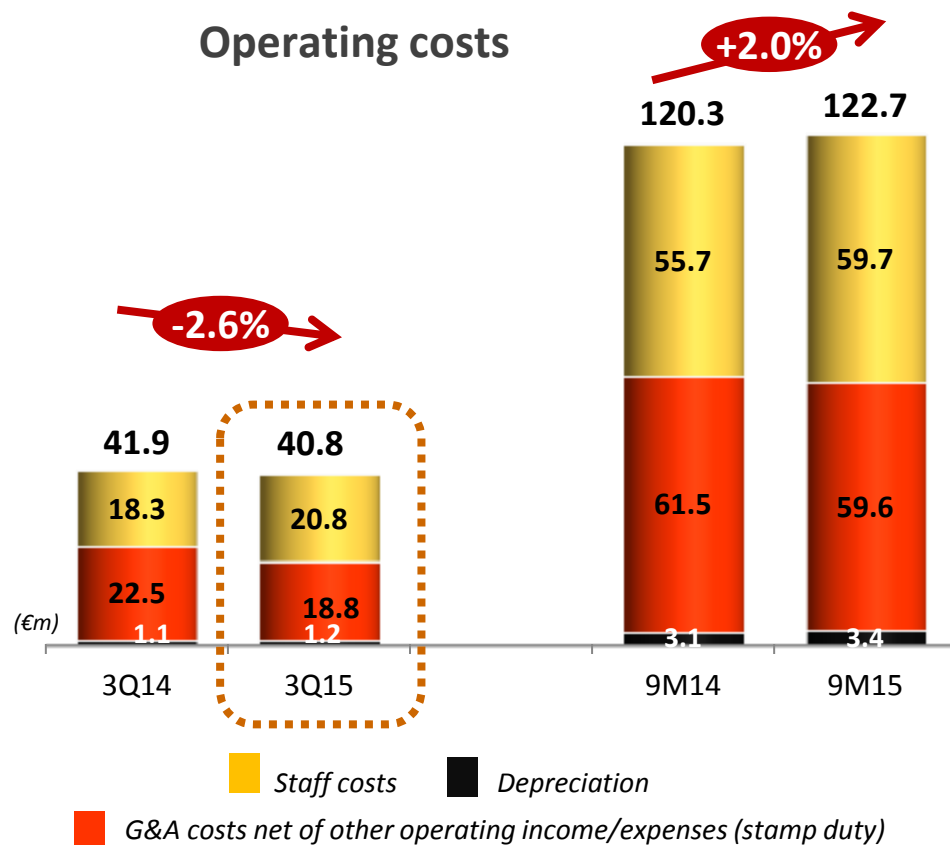


Avg. managed
Assets (€bn)

22.8	24.1	24.5	25.1	25.8	26.6	27.4	27.8	28.7	29.7	30.9	32.3	35.1	38.3	39.8	39.8
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- 3Q15 management increased by 24% YoY and 1% QoQ on the base of broadly stable assets

Operating costs

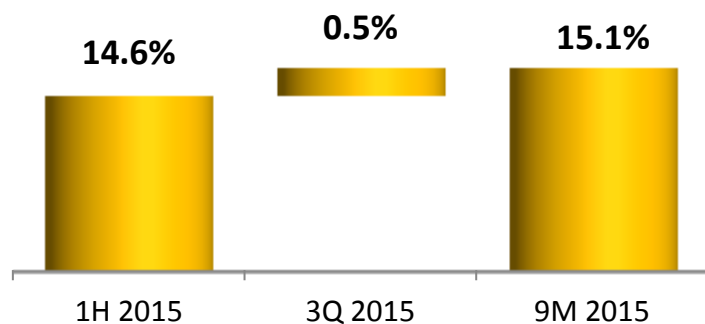


- **3Q G&A: -16%:** the sharp decrease reflects cost optimisation actions:

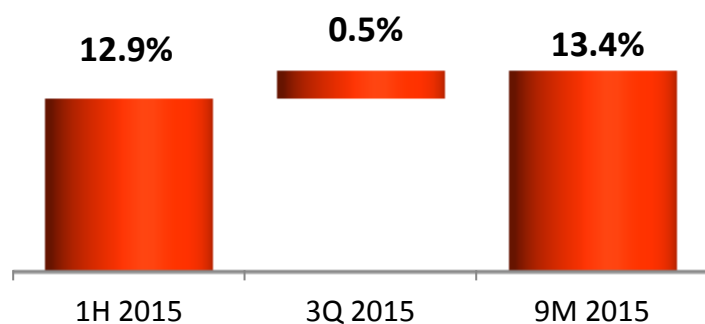
- renegotiation of outsourcing contracts
- higher IT efficiency
- corporate reorganisation

- **Staff costs:** twofolds drivers: on one hand, higher costs due to hiring of senior relationship managers; on the other, back-office and administrative costs proved stable despite higher business turnover

Total Capital ratio

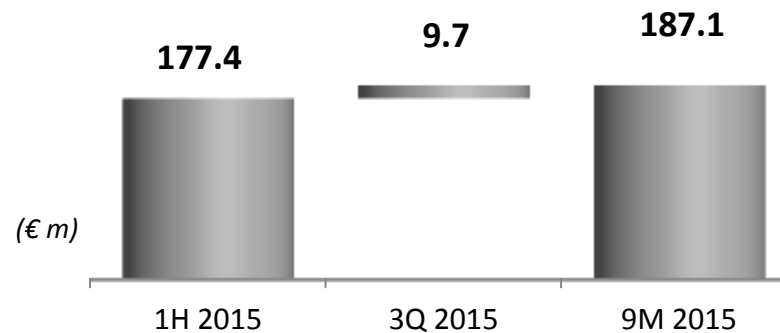


CET1



- **Higher capital ratios** reflecting the increase in regulatory capital
- **Excess capital on a fully-loaded basis at €201.4m**

Excess Capital



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Ongoing business initiatives: investing for the future

Banca Generali's current business actions to further reinforce its strategic positioning and its business proposition

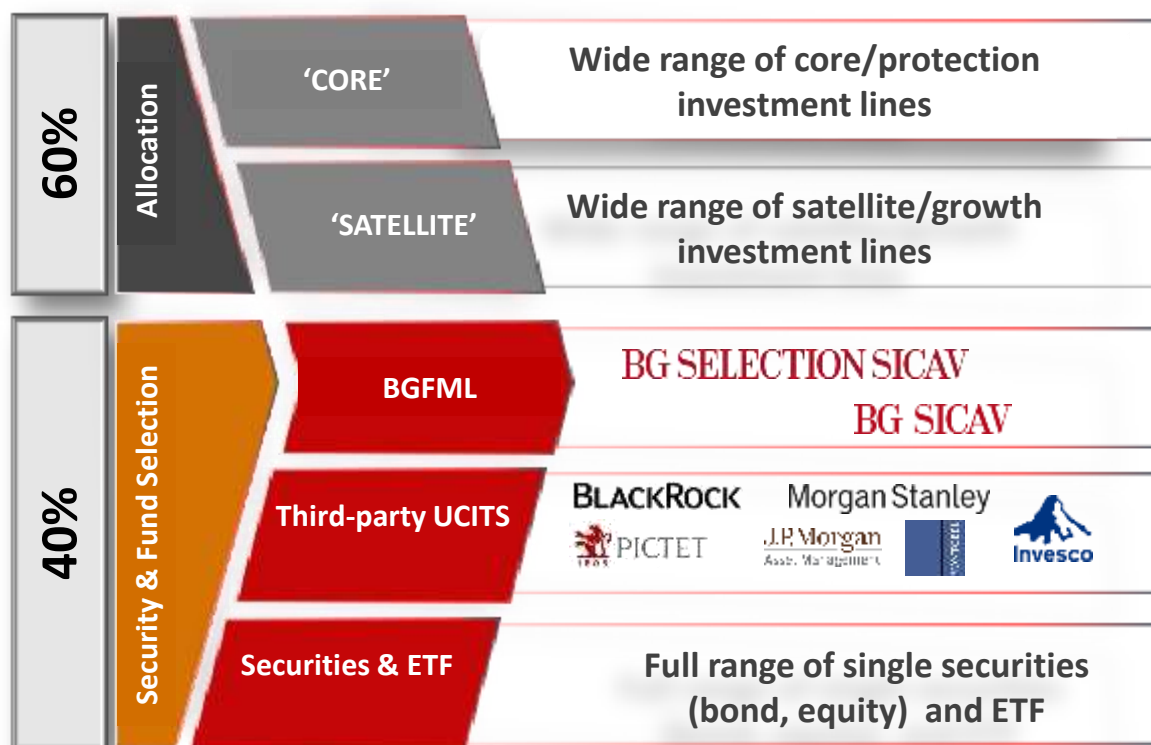
Product innovation

360° wealth management

Business efficiency

GP Solutions: a revolution for discretionary accounts

- **Tailor-made investment tool**, with customers free to choose:
 - weighting of 18 different investment lines (split amongst 'core' and 'satellite')
 - Single securities, funds and ETF
- **Integrated reporting and risk analysis**
- **Insurance cover for capital loss**
- **Third party investment advisory**



Further expanding offer in the Alternative space...

- **2014**: access to liquid alternative strategies distributed in Italy through BG STILE LIBERO
- **2015**: further extending offer of liquid alternatives with mandates within BG SICAV
- **2016 (I)**: launch of two new sub-funds within BG Selection SICAVs
- **2016 (II)**: agreement with liquid alternative platform
- **2016 (III)**: dedicated in-house advisory to support alternative investment selections

Launch of new alternative sub-funds
within **BG SELECTION**

KAISER **BLACKROCK**

Agreements with liquid alternatives
platform

Bank of America
Merrill Lynch

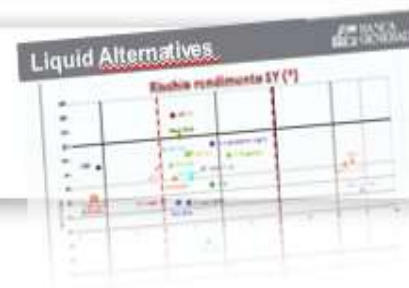
Schroder GAIA
Alternative Investments
with a modern twist

ASSET MANAGEMENT BY
LYXOR

Morgan Stanley
FUNDLOGIC

Goldman Sachs

In-house advisory strategy on liquid
alternative strategy



... to better face financial market volatility and low for longer interest rate, providing daily liquidity and asset class diversification

BG Advisory: a major business model upgrade

- **Expanded scope of advisory** - not just investments but also the entire customers wealth
- **Enhanced role of the Financial Advisors** – strengthening ties with the customers
- **Differentiating service from traditional retail banks** – FA unique reference for the customers vs. multiple relationship

	APP	Training	Partnerships
<u>Investment advisory</u>	✓	✓	✓
<u>Real Estate advisory</u>	✓	✓	✓
<u>Inheritance planning</u>	✓	✗	✓
<u>Corporate finance</u>	✓	✗	✓
<u>Family office</u>	✓	✓	✓
<u>Lending</u>	✓	✓	

Focus on exploiting digital world opportunities

- **Digital tools according to Banca Generali**
 - **'FA-centric'**, i.e. reducing low-value added activities, thus improving the quality of time spent with customer
 - **Tailor-made**, i.e. fitting to customers habits and needs
 - **Mobile first**, i.e. being device independent
- **By 1H2016 - 90% of total operations could be concluded on remote upon FA/customer request**



Product innovation

360° wealth management

Business efficiency

**Banca Generali aims to
be the No.1 choice for**

Customers

Financial Advisors

Investors

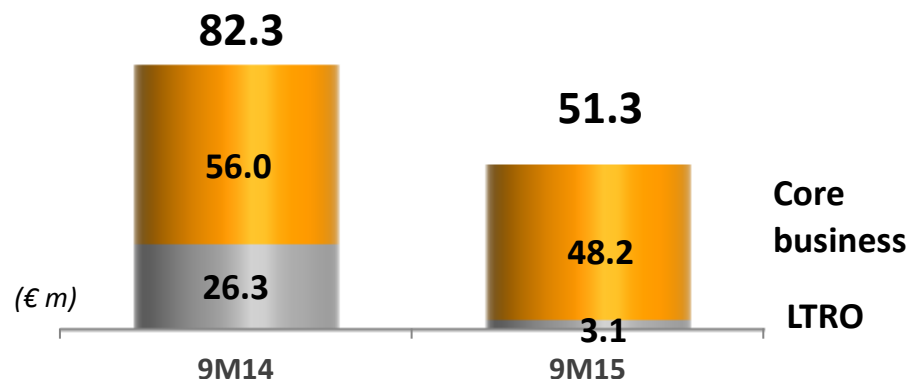
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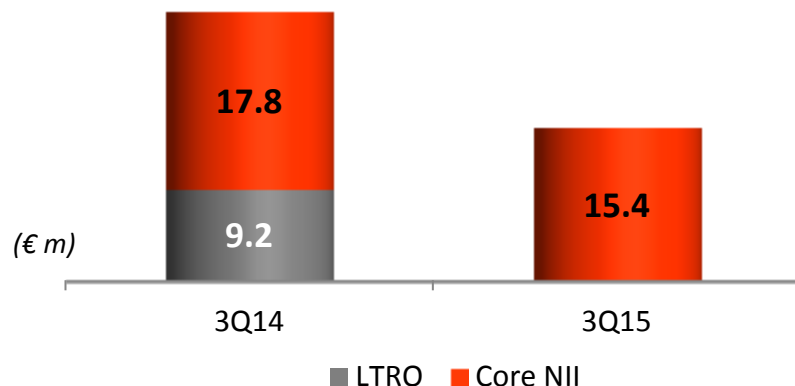
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Net Interest Income (NII)



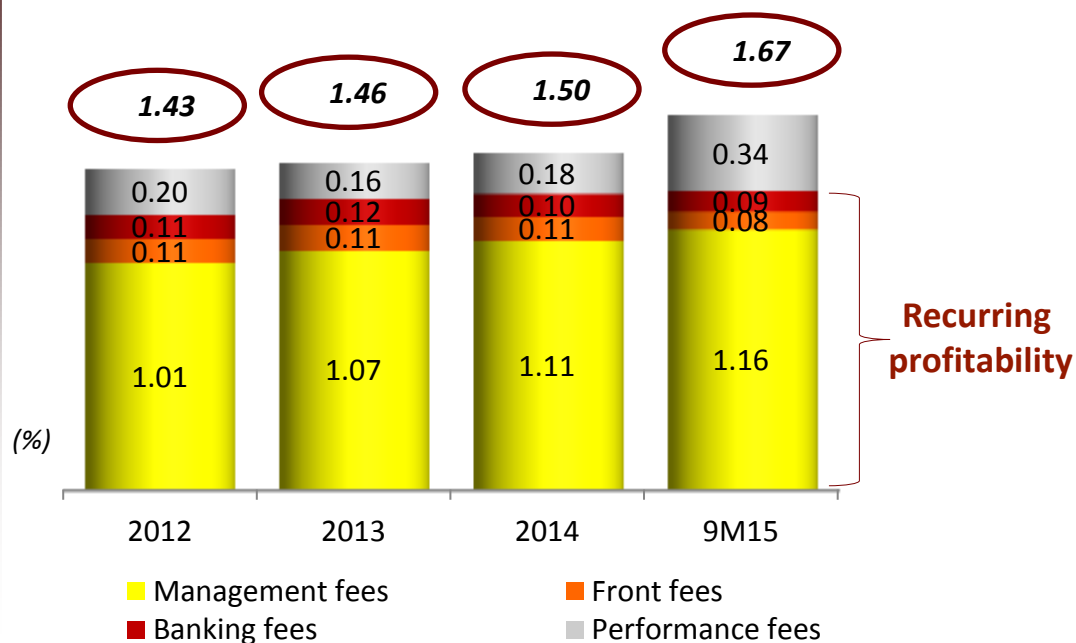
Quarterly NII



Management of banking business aimed at carefully avoiding risks

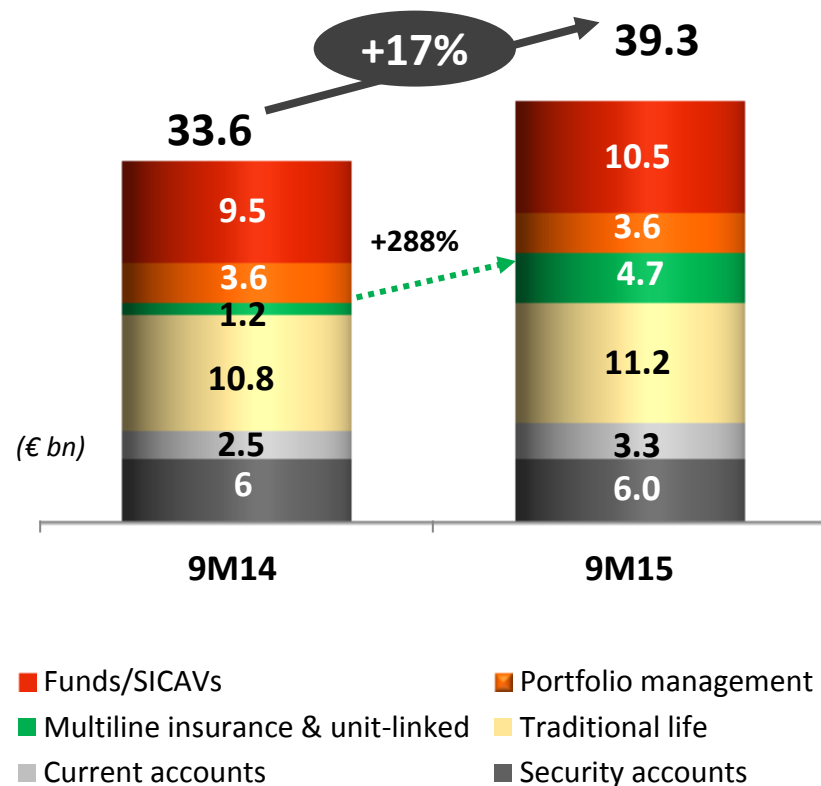
- **NII represents 14% of total revenues** vs. 25% in 9M 2014, with the change linked primarily to the LTRO expiry
- **Growing contribution from counter-guaranteed lending:** 34% on 9M15 vs. 18% on 9M14. Total loans amount to €1.7bn (+8% YoY) with a LTV of 74%. The average spread stands at 1.42%.
- **Credit quality remains outstanding:** NPL/total loans at 0.1%
- **Banking book** currently amounts to €3.3bn (+11% YoY ex-LTRO), 98% represented by bond investment with a 3.3 maturity, 1.7 duration, 52% floating, 85% government and 15% corporate

Solid trend in recurring profitability

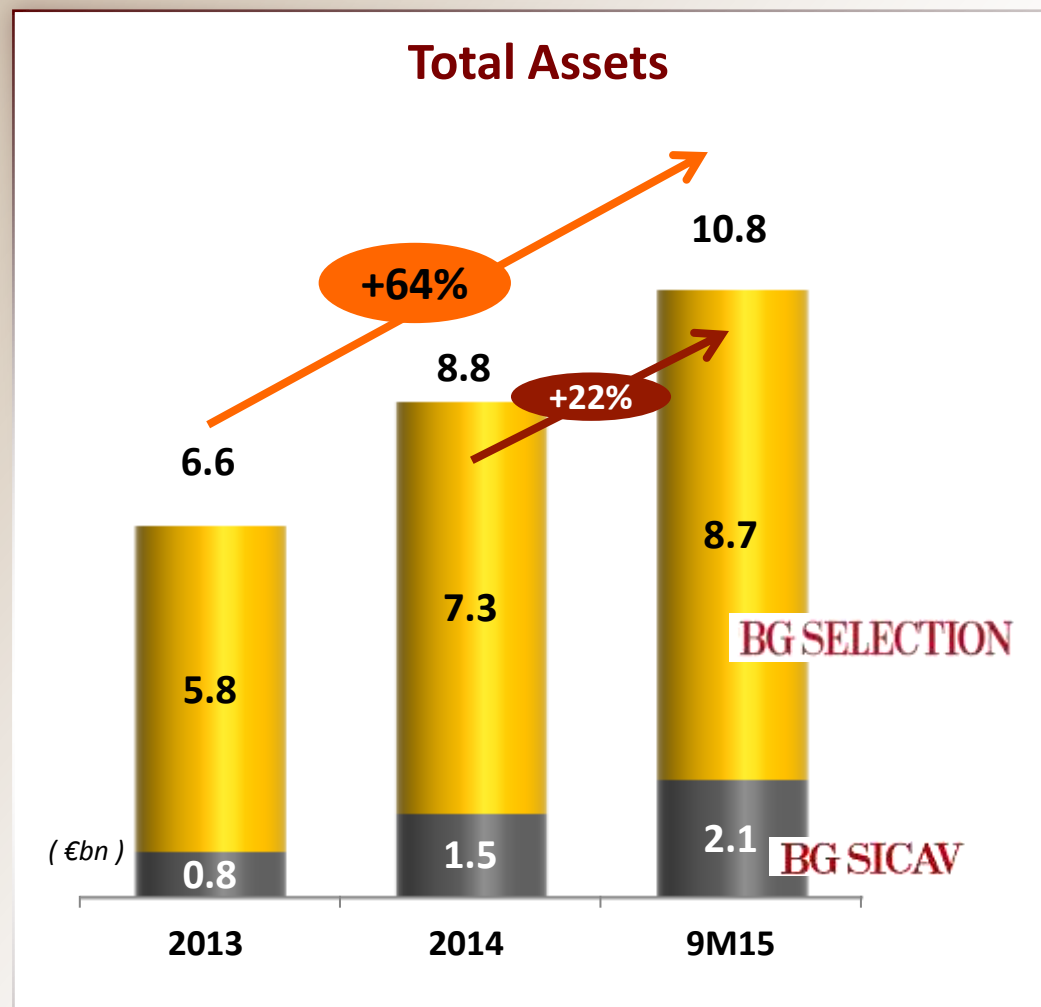


- Recurring fee margin at 133 bps (+3 bps YTD entirely driven by management fees)
- Contribution from performance fees is deflating after 1H15 one-off contribution linked to the trend in financial markets
- **Total fee margin including performance fees came out at 1.67% (vs. 1.50% at the end of 2014)**

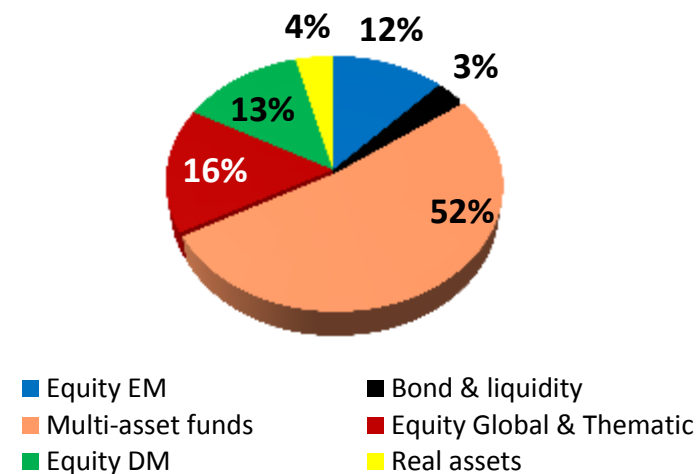
Well-diversified product mix



- Total assets at €39.3bn, +17% yoy driven by managed products (€30bn, +20%)
- Share of managed assets at 76% of total assets (vs. 69% in 9M12)
 - o/w 35.8% pure managed products
 - o/w 40.5% in insurance products (12% unit-linked, 29% traditional life products)
- Impact of 3Q15 financial market volatility at 3.2% of total assets
- Weight of equity on total assets at 27% of total
- Emerging market exposure at 3% of total assets

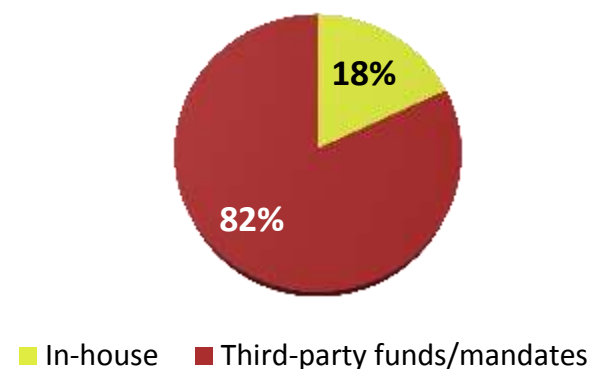


Asset split by investment strategy



Data as of September, 30 2015

In-house vs. third-party



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Banca Generali Investor App



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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

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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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