



1H 2016 Results and Business Update

Milan, 26 July 2016

1H 2016 Results

Net inflows, AUM and Recruiting

Business update

Closing Remarks

STRONGEST EVER NET INFLOWS TREND

- Best interim net inflows ever totally unscathed by volatile financial markets in the period
- Strongest ever acquisition of new customers with a clear private bias
- Robust recruiting activity both by number and quality of new recruits
- Well-balanced net inflows mix based on contribution from existing network and recruiting

€2.9bn (+30%)

GROWING TOTAL CUSTOMER ASSETS

- Higher customer assets (YoY and QoQ), defensive asset mix
- Growing interest in 'wrapper' solutions (€5.3bn in two years)

€43.6bn (+9%)

HIGHER MANAGEMENT FEES

- Resuming growth on higher assets; stable quarterly management fee margin
- Overall high revenues sustainability (core revenues at 78% of total vs. 57% in 1H15)

€237.1m (+6%)

REPORTED NET PROFIT

- Profit trend reflects variable contribution directly linked to financial markets

€67.3m (-52%)

(€ m)	6M 15	6M 16	% Chg
Net Interest Income	35.9	29.6	-17.6%
Gross fees	363.1	284.5	-21.7%
Fee expenses	-129.1	-131.7	2.0%
Net Fees	234.0	152.8	-34.7%
Net income (loss) from trading activities	25.1	18.1	-28.0%
Dividends	1.1	1.5	30.0%
Net income (loss) from trading activities and Dividends	26.3	19.6	-25.5%
Total Banking Income	296.2	202.0	-31.8%
Staff expenses	-38.9	-43.4	11.6%
Other general and administrative expense	-63.2	-64.0	1.2%
Depreciation and amortisation	-2.2	-2.3	3.9%
Other net operating income (expense)	22.5	20.1	-10.9%
Total costs	-81.9	-89.7	9.5%
<i>Cost /Income Ratio</i>	<i>26.9%</i>	<i>43.3%</i>	<i>16.4 p.p.</i>
Operating Profit	214.3	112.3	-47.6%
Net adjustments for impair.loans and other assets	-3.3	-1.6	-51.0%
Net provisions for liabilities and contingencies	-41.7	-28.5	-31.8%
Profit Before Taxation	169.2	82.1	-51.5%
Direct income taxes	-29.1	-14.8	-49.1%
<i>Tax rate</i>	<i>17.2%</i>	<i>18.1%</i>	<i>0.9 p.p.</i>
Net Profit	140.1	67.3	-52.0%

Enhanced revenues sustainability: core revenues at 78% of total vs. 57% a year ago

- **NII proving resilient** thanks to higher volumes more than offsetting record low bond yields
- **Management fees (€237.1m, +6%) resuming growth trend** on higher assets and stable quarterly fee margin
- **Variable revenues (€45.3m, -64%)** were penalized by the uncertainty of financial markets

Temporary spike in operating costs

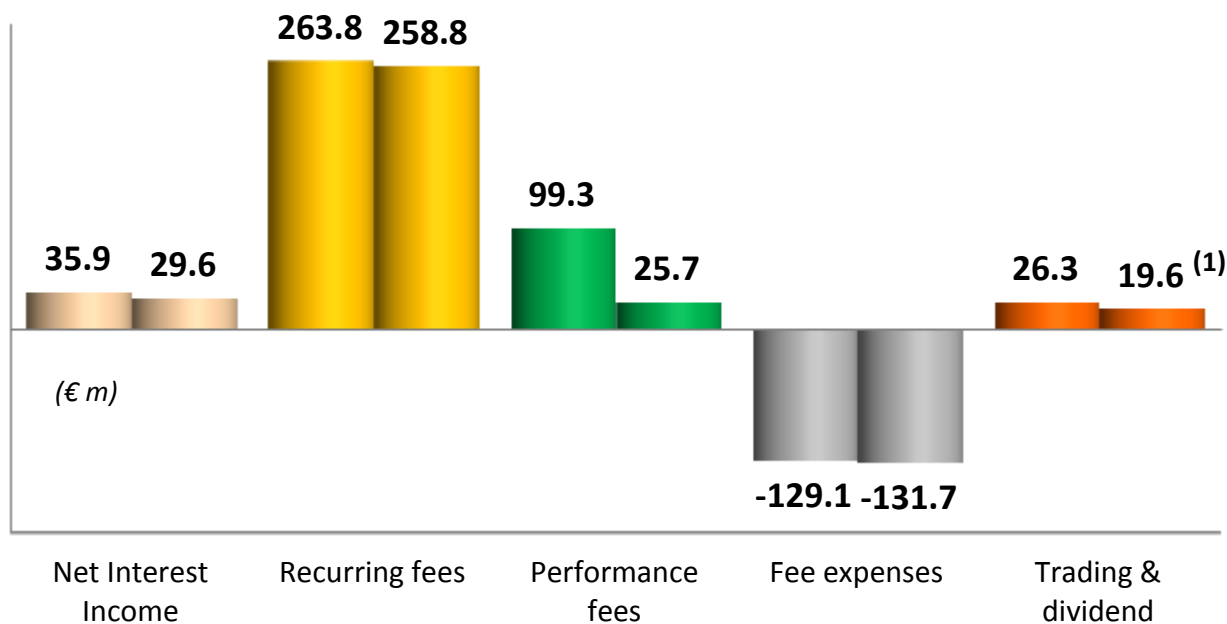
- **Staff costs: 12%** linked to hiring of employed sales personnel (RMs) and to higher variable remuneration (LTIP) paid on 2015 record results
- **G&A costs: +3% excl. €2.0m** contribution to resolution fund (BRRD)

Change in provisions is linked to:

- Lower recruiting charge due to the higher share of RMs accounted amongst staff costs
- Different accounting for contribution to deposit protection funds (now amongst G&A)
- No extra provisions for FA severance indemnity fund

Enhanced core revenues sustainability (78% of total)

Revenue breakdown

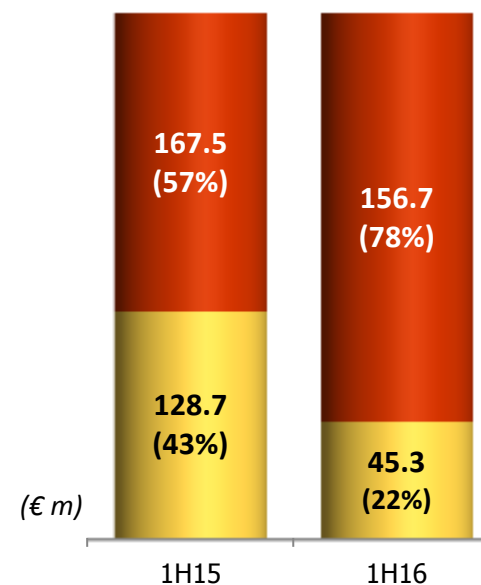


1H15 (left column) – 1H16 (right column)

(1) Including €3.8million from sales of €285m short-date bonds before Brexit referendum

Core revenues

(% of total revenues)

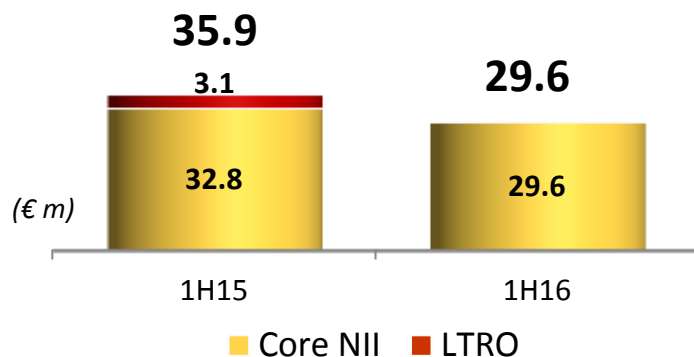


■ Core revenues

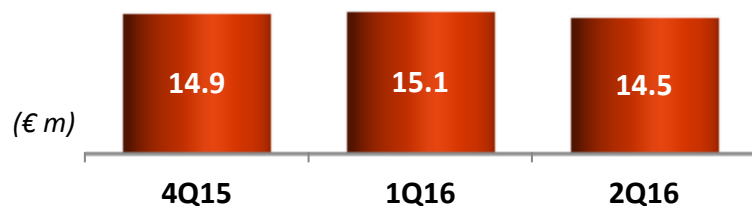
■ Variable revenues

(*) Core revenues= recurring fees+ fee expenses + NII income excl. LTRO

Net Interest Income



NII - quarterly trend



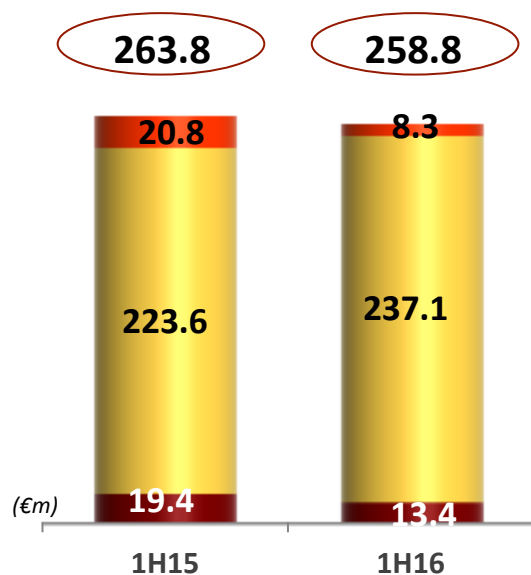
NII trend in line with guidance

- **Strong increase in volumes** (7.2bn +32% yoy) driven by customers' deposits (€4.9bn, +37% yoy). Participation to TLTRO II adding €400m assets in 2Q
- **Financial asset portfolio** stands at €4.8bn, retaining a defensive bias: 99% invested in bonds (o/w 85% in govt and 54% floating) with a 2.0 yrs duration and 4.1 yrs time to maturity
- **Lending activity proving stable QoQ** with €1.8bn loan book (100% secured) and outstanding asset quality (NPL/loans at 0.09%)

Management fees resuming growth trend

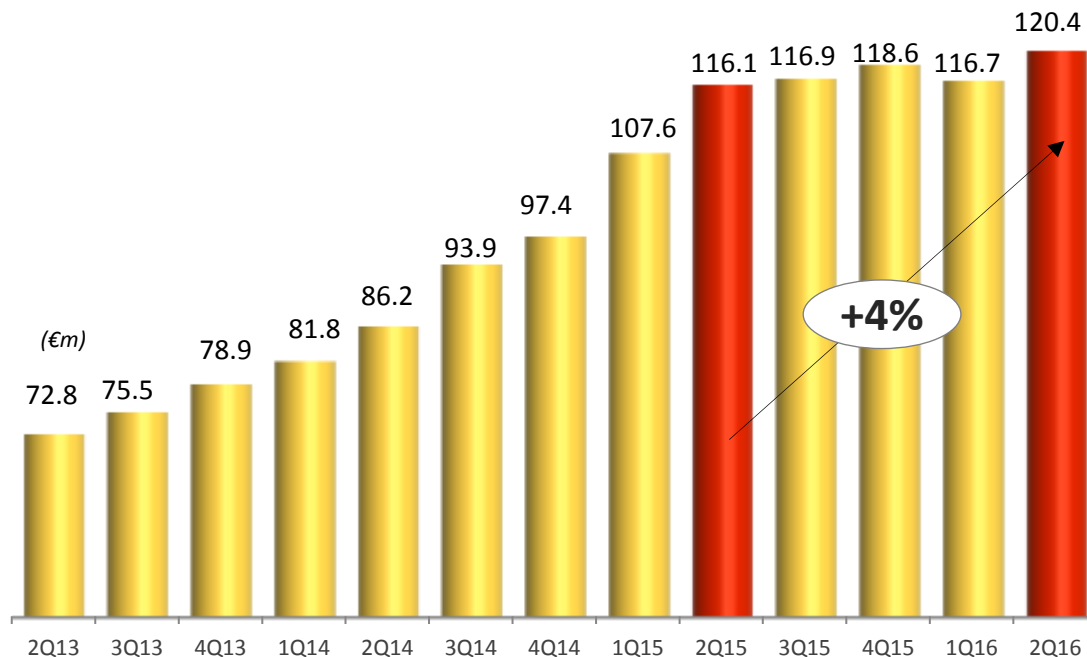
Recurring fees

(management, entry, banking)



- Banking Fees
- Management Fees
- Entry Fees

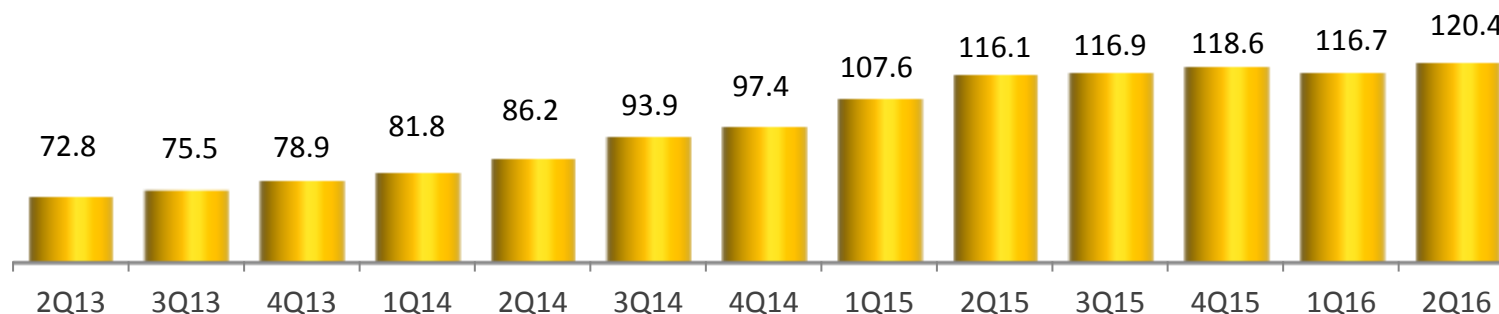
Quarterly management fees



- **Management fees** driven by steadily growing assets
- **Entry and banking fees** felt the impact of poor financial markets (fewer issue of structured bonds and lower trading commissions)

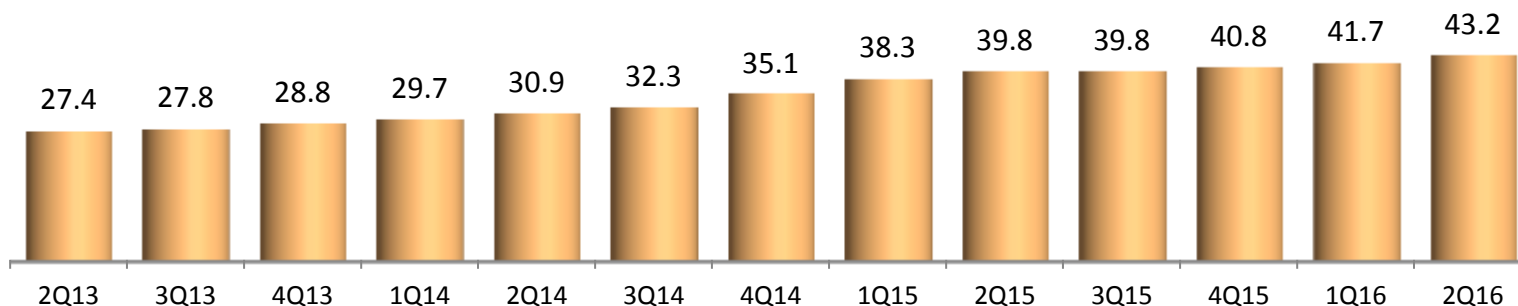
Stable quarterly management fees

**Quarterly
management
fees (€m)**



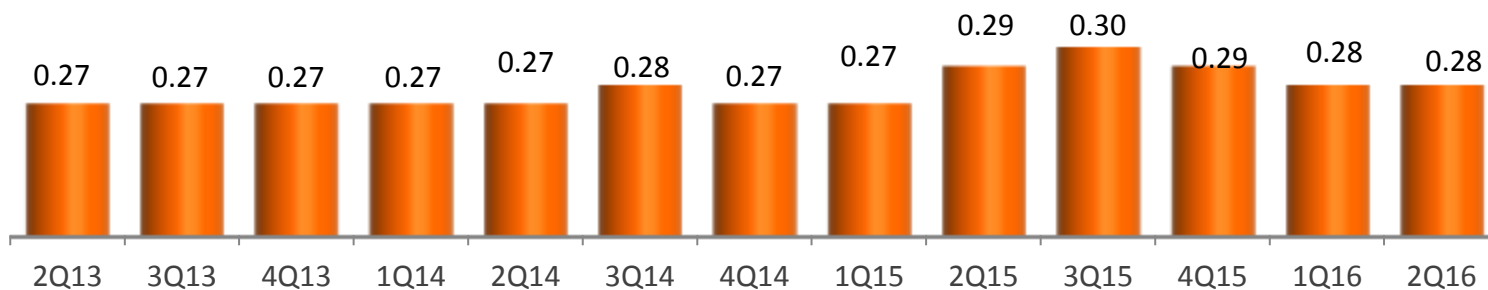
**3Y
CAGR
+18.2%**

**Total avg.
assets (€bn)**



**3Y
CAGR
+16.4%**

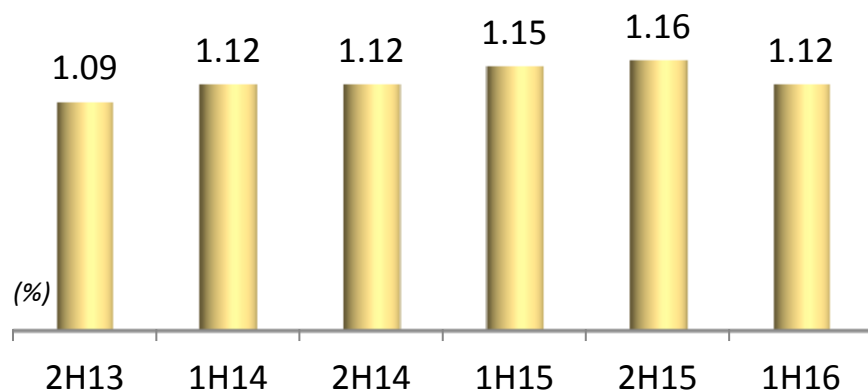
**Quarterly
management
fees margin (%)**



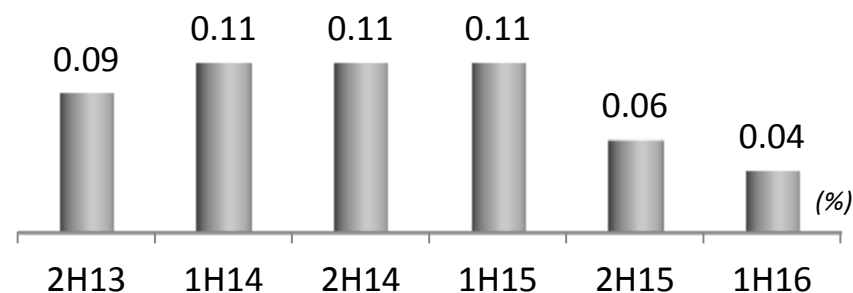
**3Y
Avg.
0.28%**

Annualised fee-margin breakdown

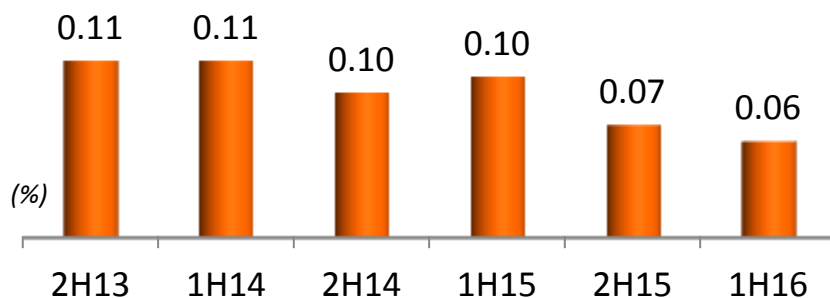
Management fee margin



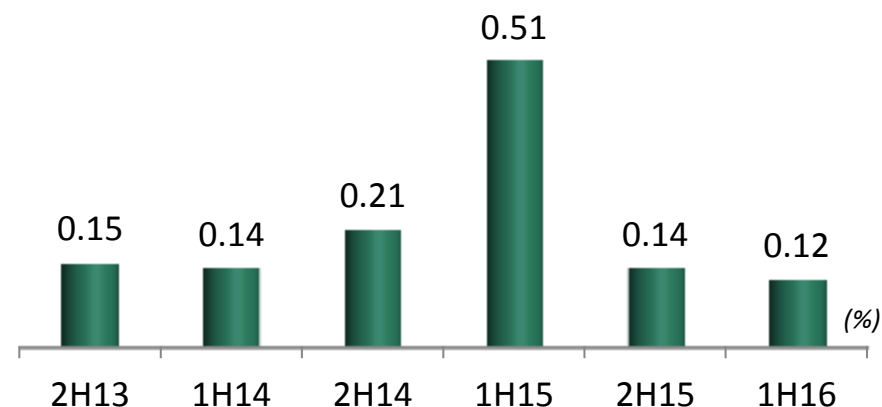
Entry fee margin linked to financial markets



Banking fee & trading commission margin



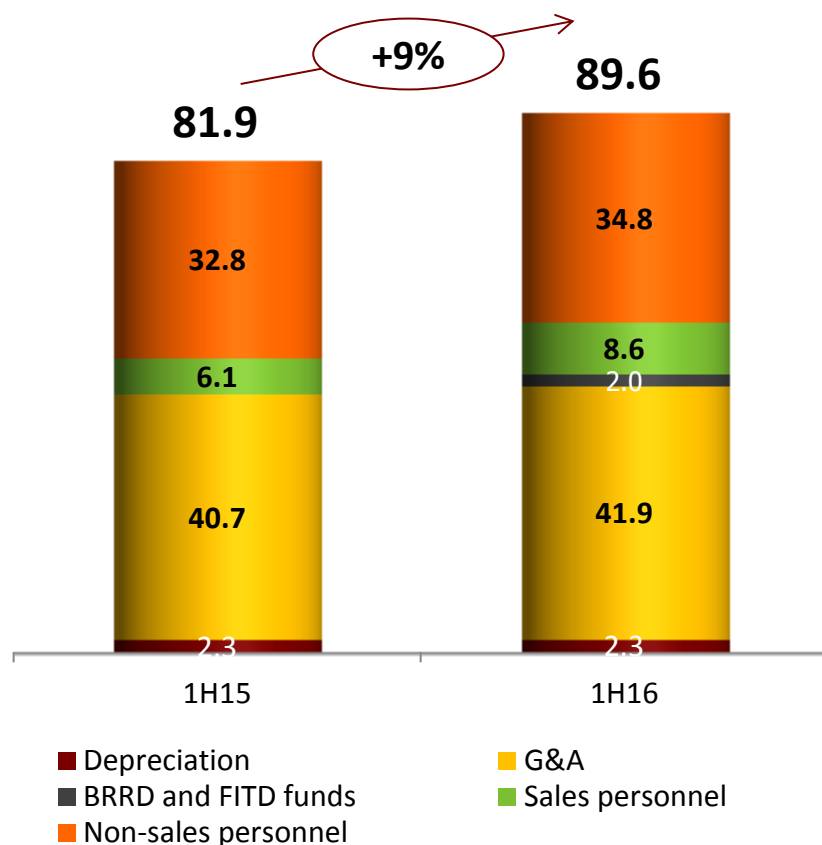
Performance fee margin



Fee margin based on average assets on an annualised basis

Operating costs inflated by extraordinary items

Operating expenses

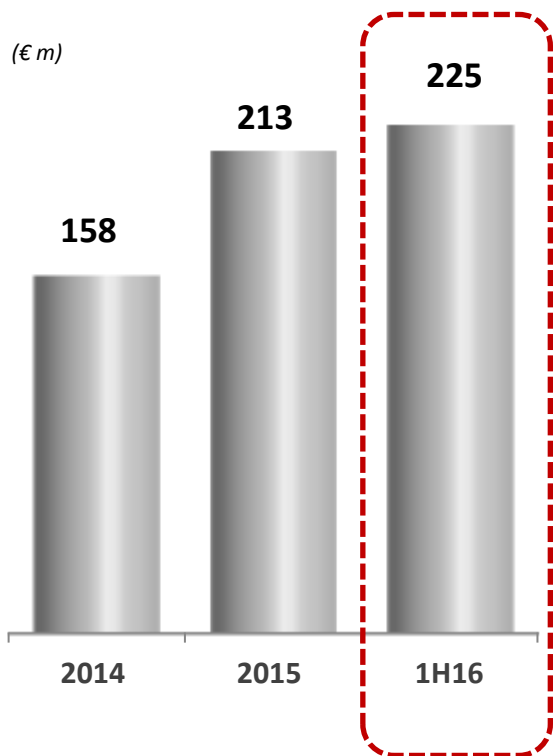


Temporary spike in operating costs

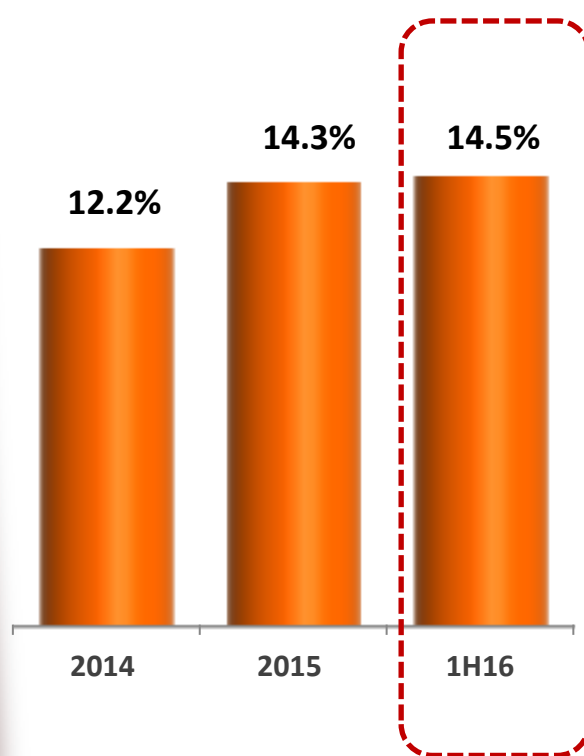
- **Non-sales personnel costs** were driven by the increase in variable remuneration (LTIP) linked to the record results of the previous year
- **Sales personnel costs** were driven by variable costs for hiring of 13 Relationship Managers (RMs)
- **Contribution to bank funds (BRRD and deposit protection (FITD))** amounted to €2 million (€3.3m in 1H15 but accounted for as provisions)
- **G&A expenses (+3%)** proved in line with guidance and included ongoing large IT investments

Excess Capital

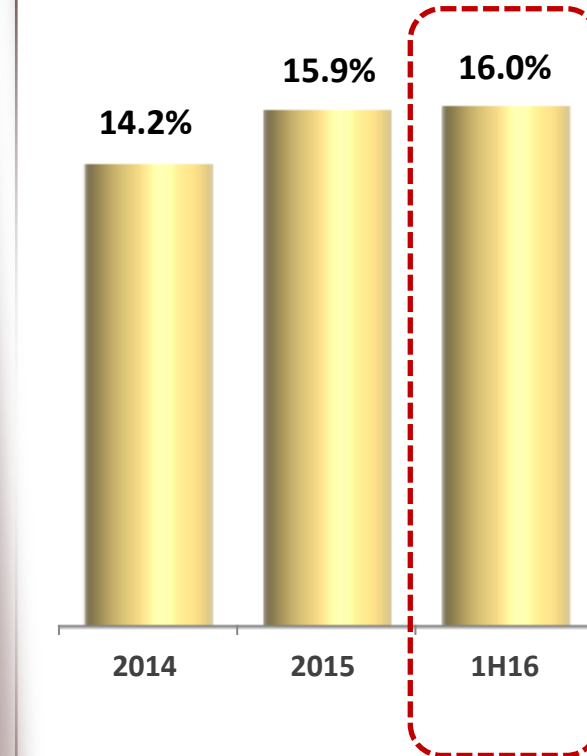
(€ m)



CET1/Tier1 Ratio (phased-in)



Total Capital Ratio (phased-in)



Excess capital further up to €225m (+27% YoY, +6% YTD)

- Capital ratios on a B3 fully-loaded basis: CET1/T1 ratio at 14.9%, Total Capital ratio at 16.4%

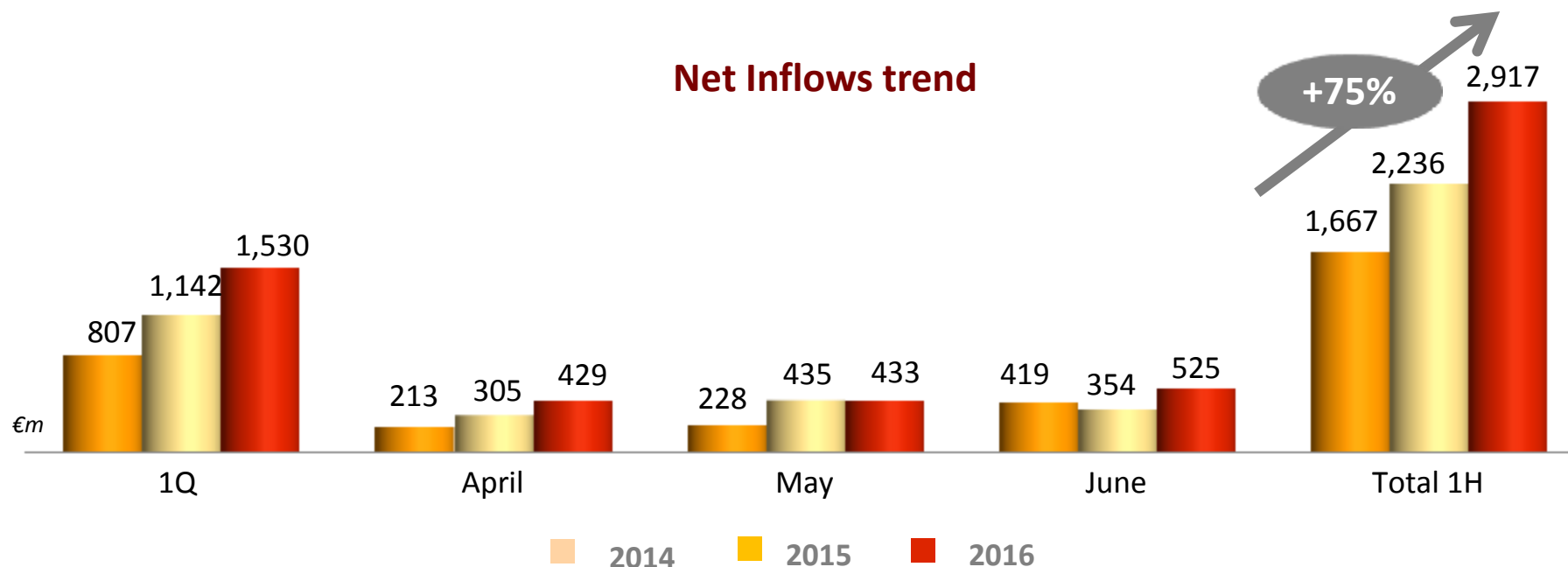
1H 2016 Results

Net Inflows, AUM and Recruiting

Business Update

Closing Remarks

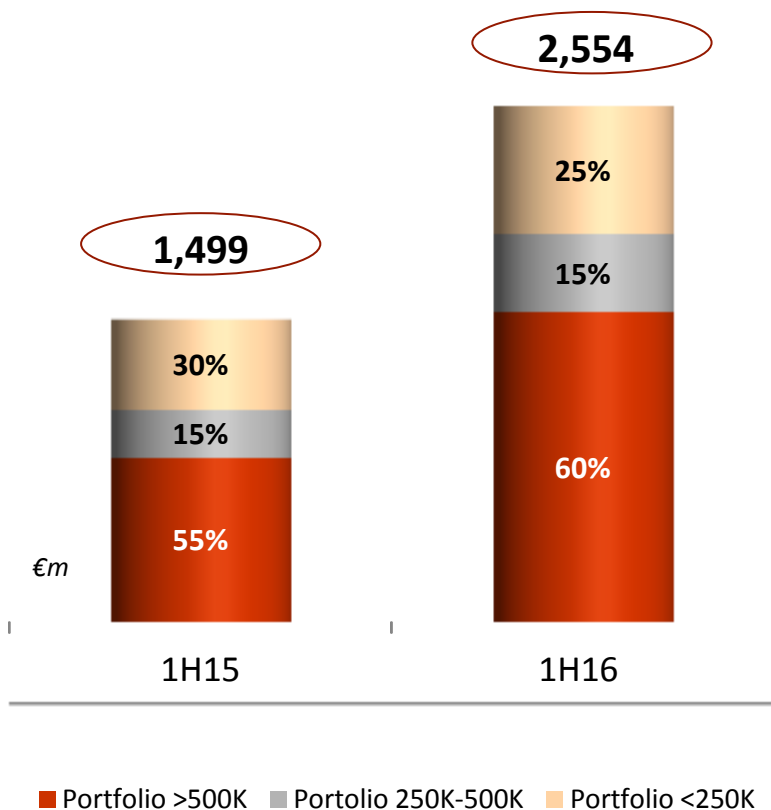
Net Inflows trend



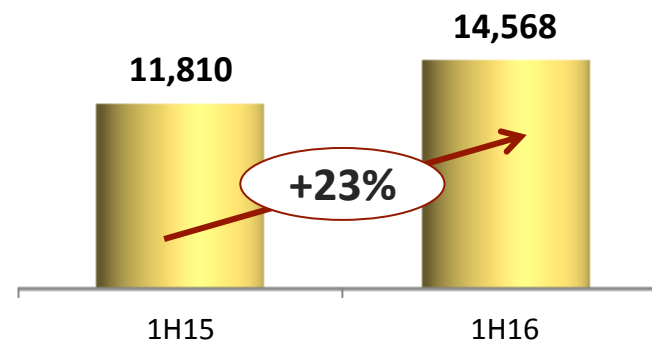
Accelerated pace of growth driven by:

- Secular growth of managed products and professional investment advice to protect and grow assets in a context of ultra-low bond yields and volatile financial markets
- Enhanced household scrutiny over banks' solidity, quality of investment advice, FA experience

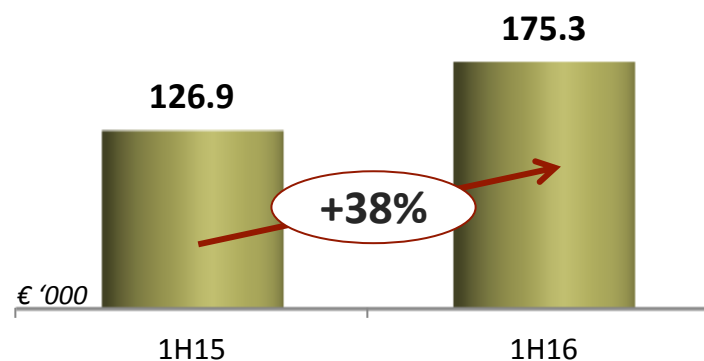
Net Inflows from new customers



No. of new customers

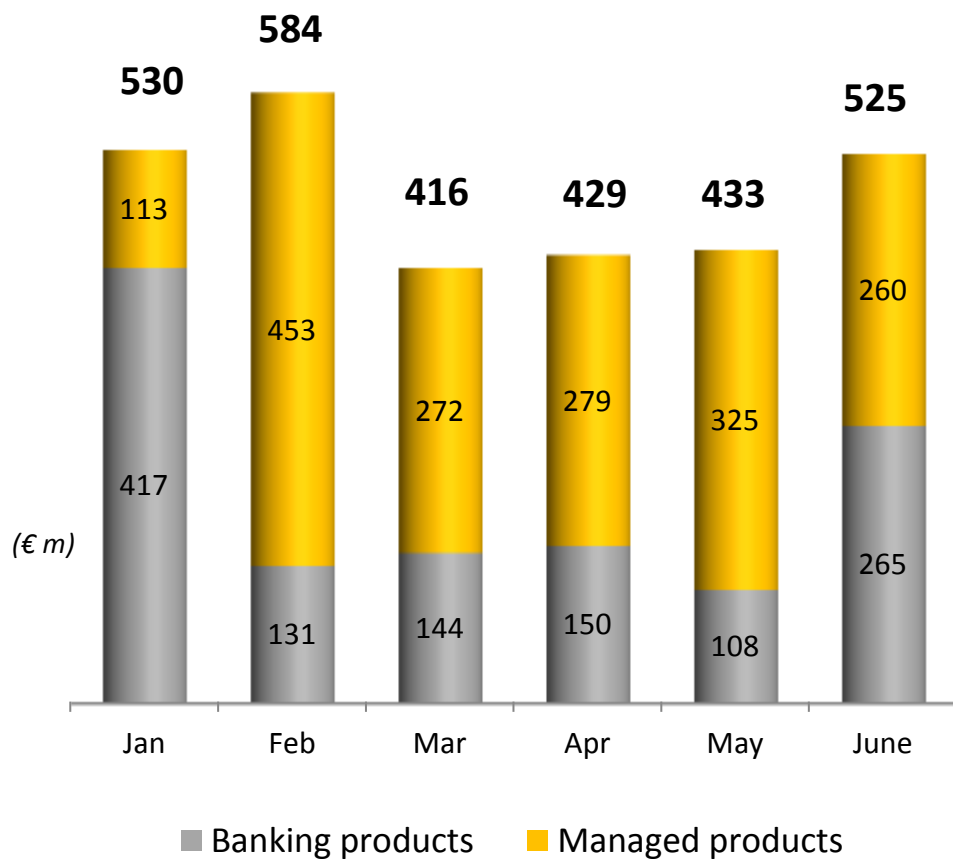


Net Inflows/ customers

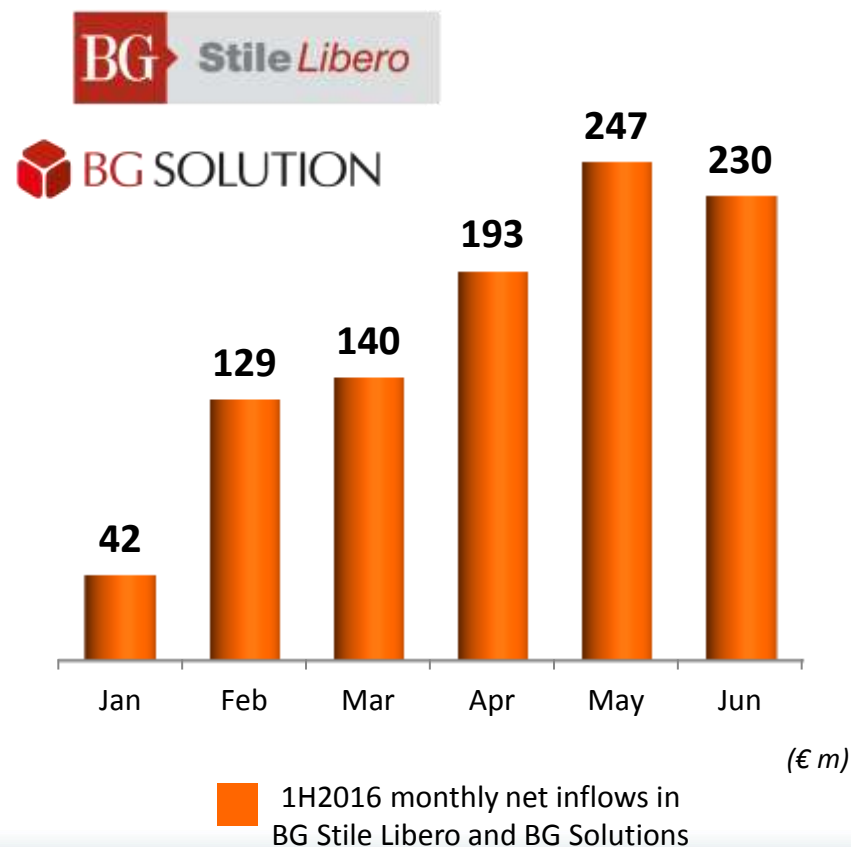


Growing focus on 'wrapper' solutions

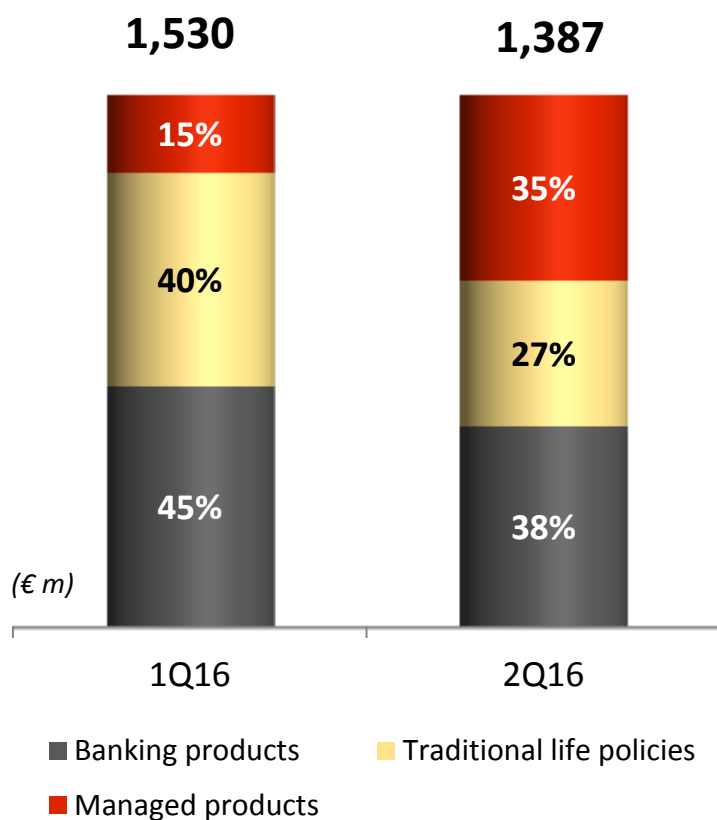
1H16 Net Inflows mix



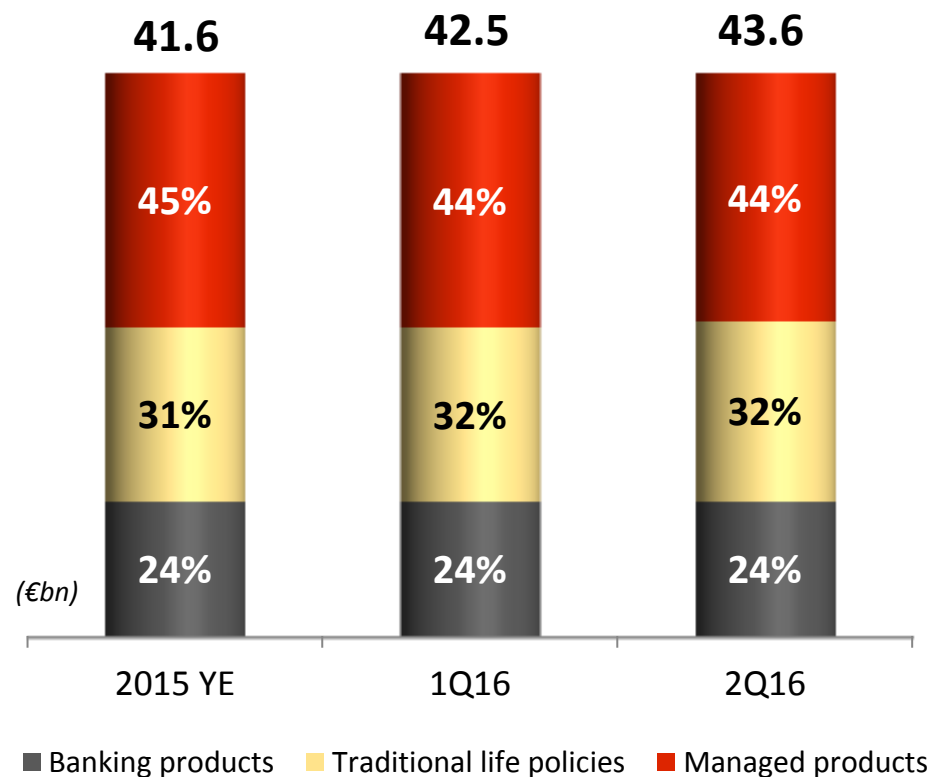
'Wrappers' growing fastest (58% of total managed products)



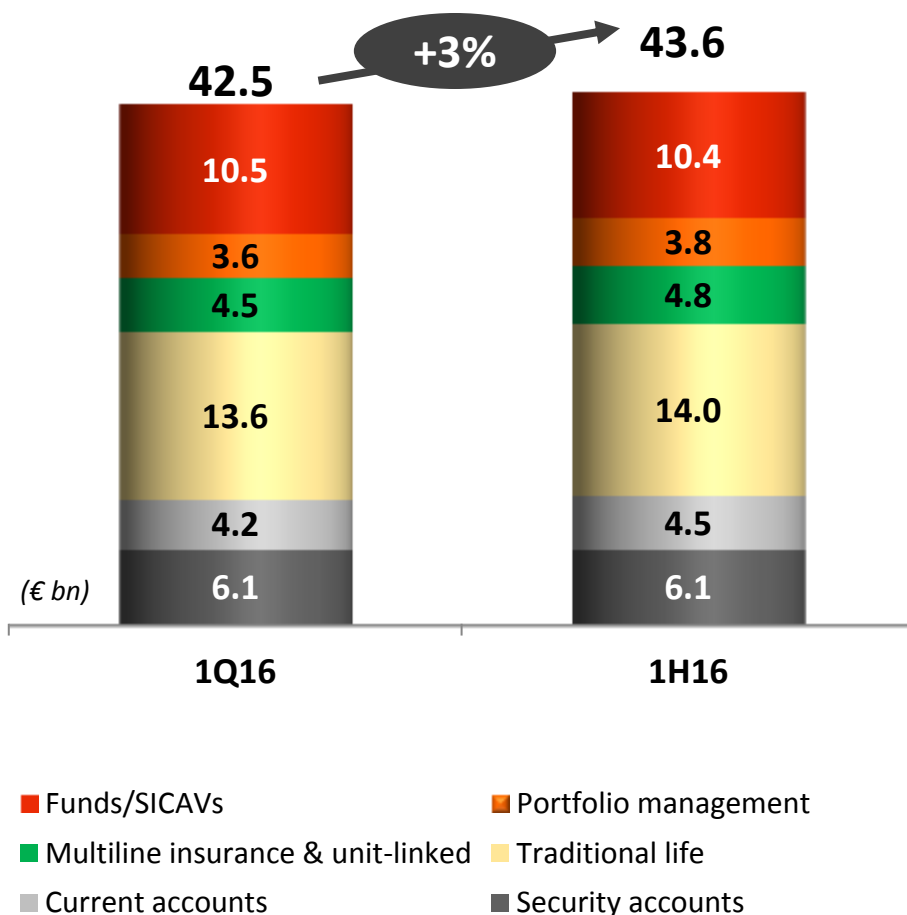
Net inflows: Q1 vs. Q2



Total Assets: 2015 YE vs. 1Q16 vs. 2Q16



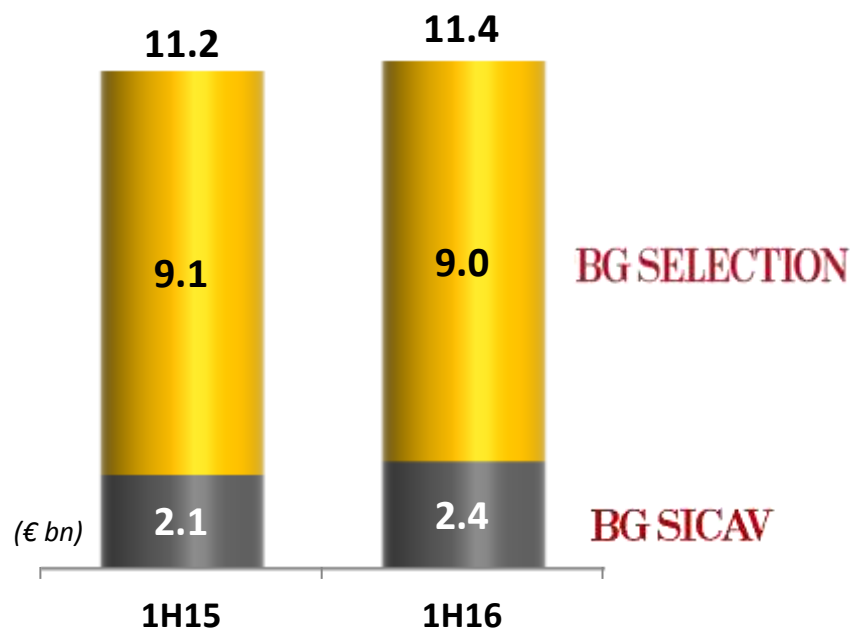
2016 YTD asset breakdown



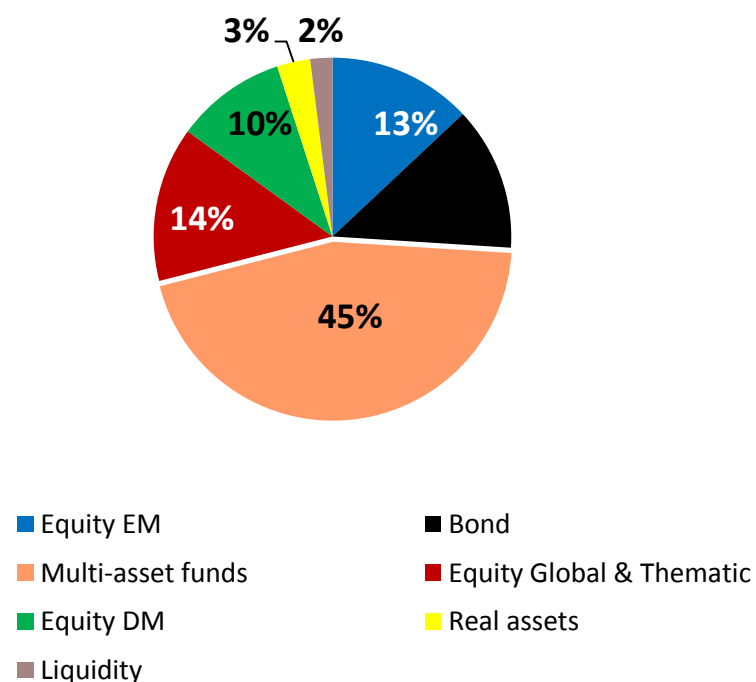
Steady as it goes

- **Managed products steady at 76% of total assets** in a contest of volatile financial markets during 1H 2016
- **Clear advance of wrappers solutions (€5.3bn, +22% YTD, +41% YoY) amongst all managed products** given their bespoke contents and enhanced service components
- **Increase in current accounts (€4.5bn, +27% YTD) reflects the acquisition of new customers** attracted by the compelling value proposition and solidity of the bank

Lux-based SICAVs assets

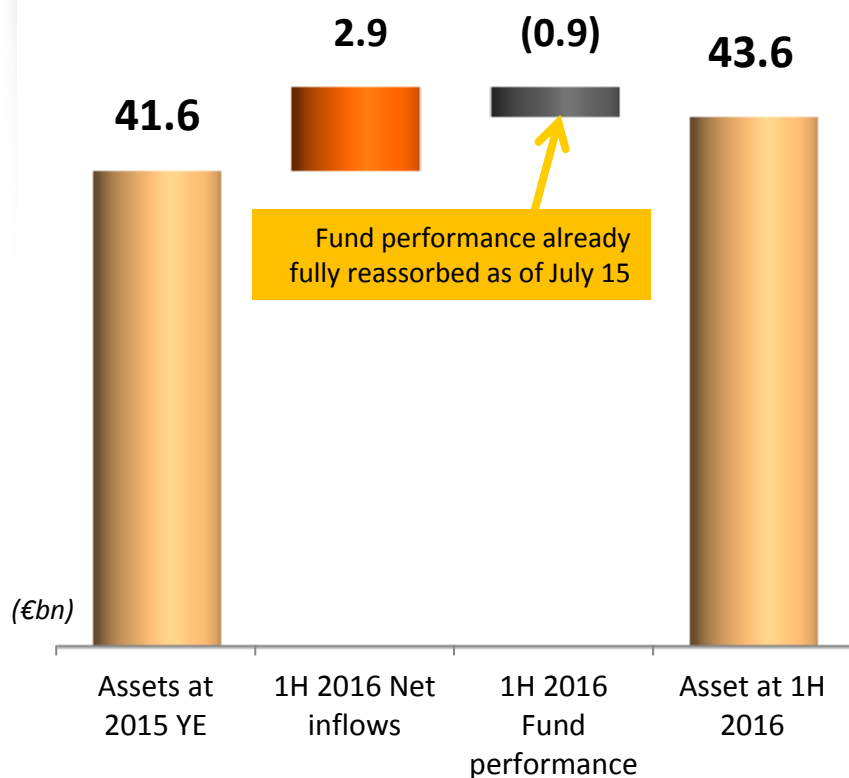


SICAVs: Asset split

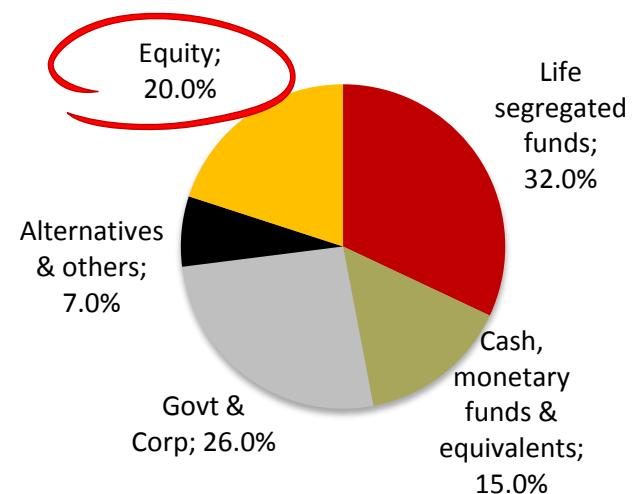


Data as of 30 June 2016

Total Asset change YTD

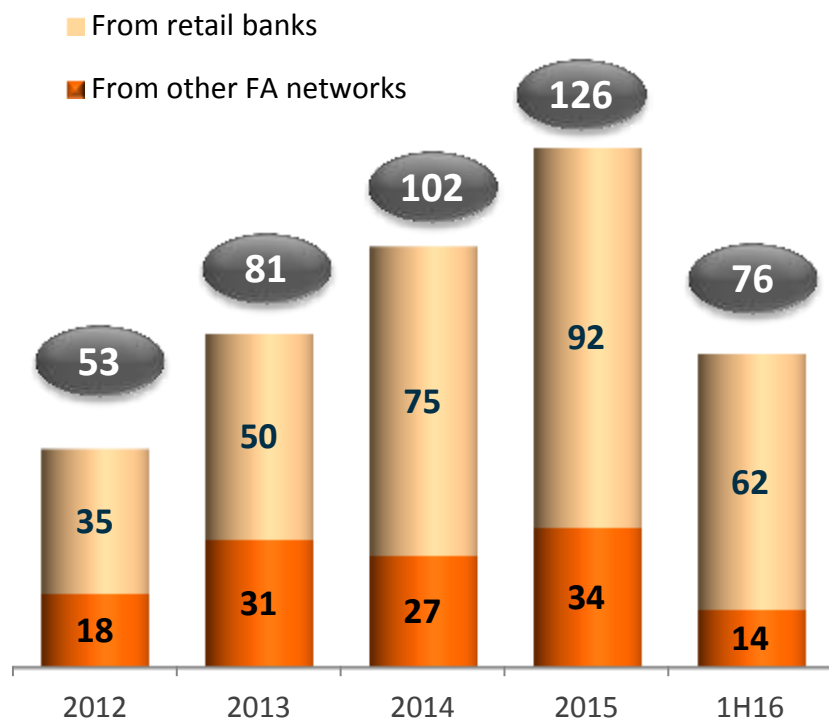


Asset Mix

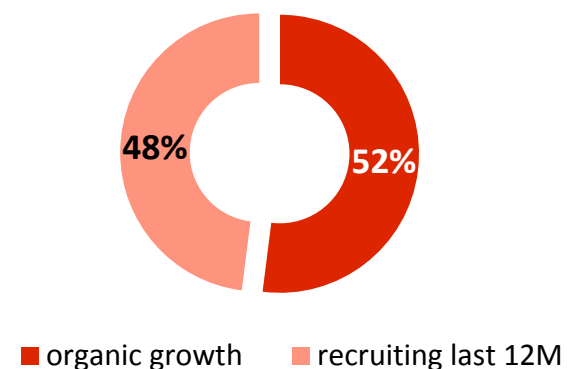


Data as of 30 June 2016

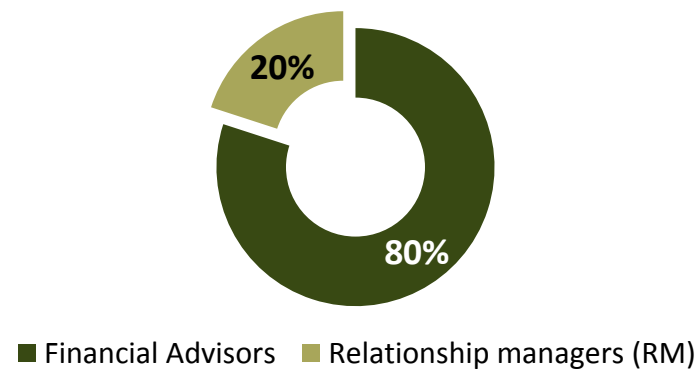
No. of new recruits



Net Inflows mix: 1H 2016



1H 2016 Recruiting: FAs vs. RMs¹



¹ Average Assets per new RM recruited at €50m

1H 2016 Results

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CHANGING NEEDS...

Wealth concentration

Risk assesment vs. Return

Liquid vs. illiquid assets

Demographic trends

Family protection

Digital revolution

Regulation (Mifid 2)

...LEADING TO A NEW AND MORE COMPREHENSIVE APPROACH



BG Personal
ADVISORY



Insurance 'Wrapper'

Financial 'Wrapper'

A la carte

Products



Tools

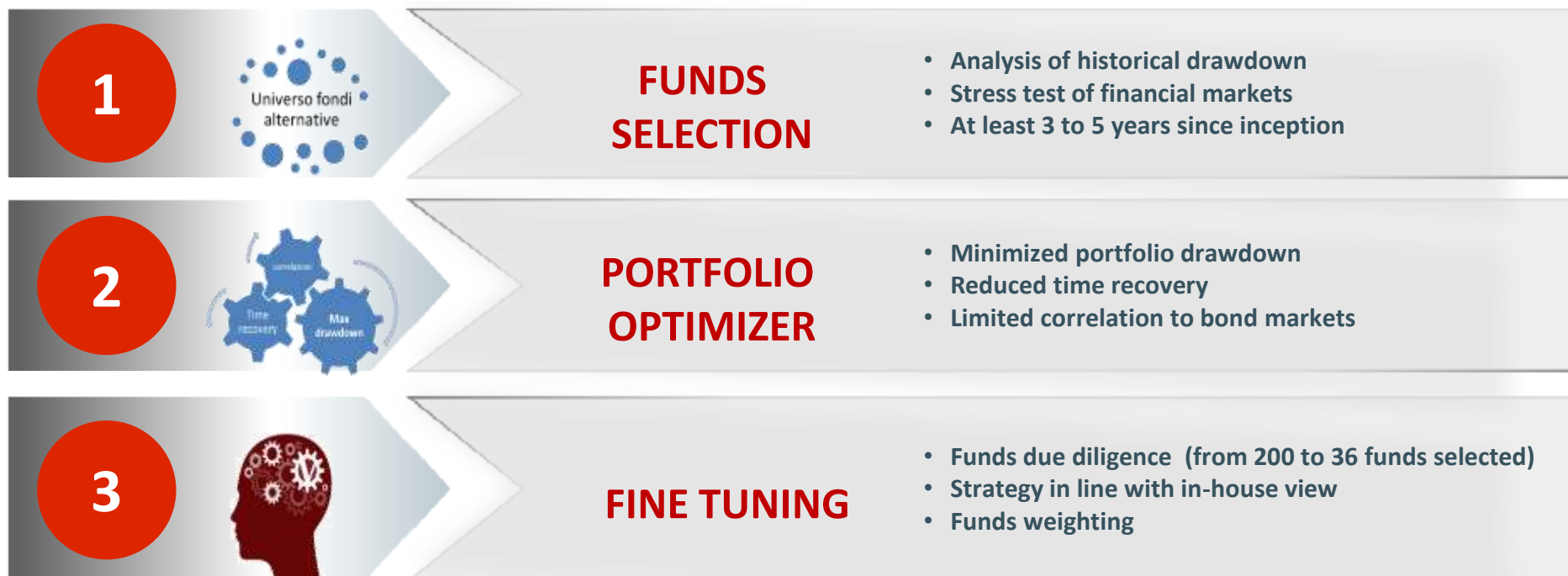


Services





Alternative funds picking through a portfolio optimizer developed in-house with the support of quantitative consultants



RATIONALE: Providing a substitute to direct bond investments and/or to traditional life policies within customers' portfolios

1H 2016 Results

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Putting wind in our sails



Strong business trend confirmed in July, with a growing contribution from new managed solutions

Successfully attracting top professionals in the industry in view of a compelling and distinctive value proposition

Ready for launching digital collaboration in 2H16

Moving towards a more efficient organisation to provide bespoke customer assistance

NOVEMBER						
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			

Approval of 9M 2016 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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