

1H 2017 RESULTS

27 JULY 2017



**BANCA
GENERALI**

Preliminary remarks

1H results

Net Inflows, assets and recruiting

Strong and high-quality results, while laying foundation for future growth

- ❑ Strong revenues growth
- ❑ Cost discipline and operating leverage
- ❑ Solid capital ratios in line with sector best practice

**1H 2017
NET
PROFIT**
€108.1m
(+61%)

Superior business expansion based on a well-balanced combination of organic and recruiting activity

- ❑ Outstanding expansion of the asset base
- ❑ New record-high demand for wrappers (€10.6bn assets S.I.)
- ❑ FA network growing both by quality and number

**1H 2017
NET
INFLOWS**
€3.8bn
(+31%)

1H 2017 RESULTS: KEY TAKEAWAYS

(€ m)	1H16	1H17	% Chg
Net Interest Income	29.6	31.6	6.9%
Net income (loss) from trading activities and Dividends	19.6	9.4	-52.0%
Net Financial Income	49.1	41.0	-16.6%
Gross fees	284.5	382.8	34.6%
Fee expenses	-131.7	-153.6	16.7%
Net Fees	152.8	229.2	50.0%
Total Banking Income	202.0	270.2	33.8%
Staff expenses	-43.4	-43.9	1.0%
Other general and administrative expense	-64.0	-69.6	8.8%
Other net operating income (expense)	20.1	24.0	19.6%
Depreciation and amortisation	-2.3	-3.8	62.7%
Total operating costs	-89.7	-93.2	4.0%
<i>Cost/Income Ratio</i>	<i>43.3%</i>	<i>33.1%</i>	<i>-10.2 p.p.</i>
Operating Profit	112.3	176.9	57.6%
Net adjustments for impair.loans and other assets	-1.6	-3.2	94.1%
Net provisions for liabilities and contingencies	-28.5	-45.7	60.4%
Profit Before Taxation	82.1	128.0	55.9%
Direct income taxes	-14.8	-19.9	34.5%
<i>Tax rate</i>	<i>18.1%</i>	<i>15.6%</i>	<i>-2.5 p.p.</i>
Net Profit	67.3	108.1	60.6%

STRONG TOTAL BANKING INCOME (+34%)

Healthy business trend reflected in sharply higher recurring fees and solid margin trend

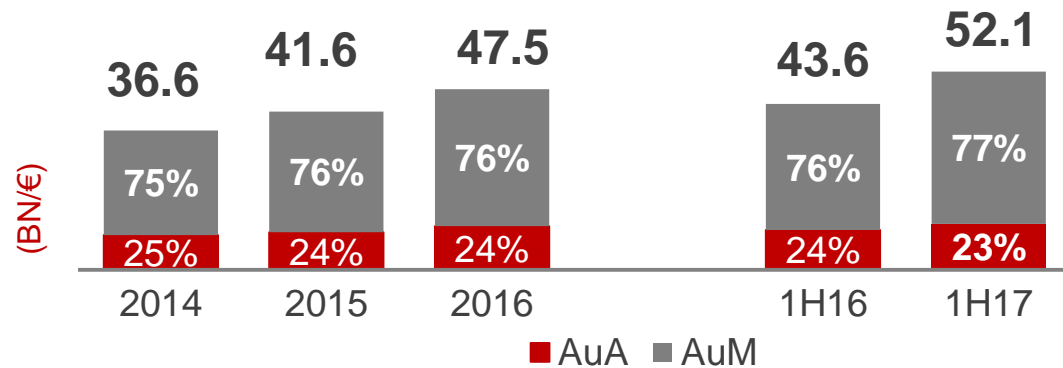
OPERATING COSTS (+4% reported) in line with long-term guidance

HIGHER PROVISIONS LINKED TO A STRONGER GROWTH

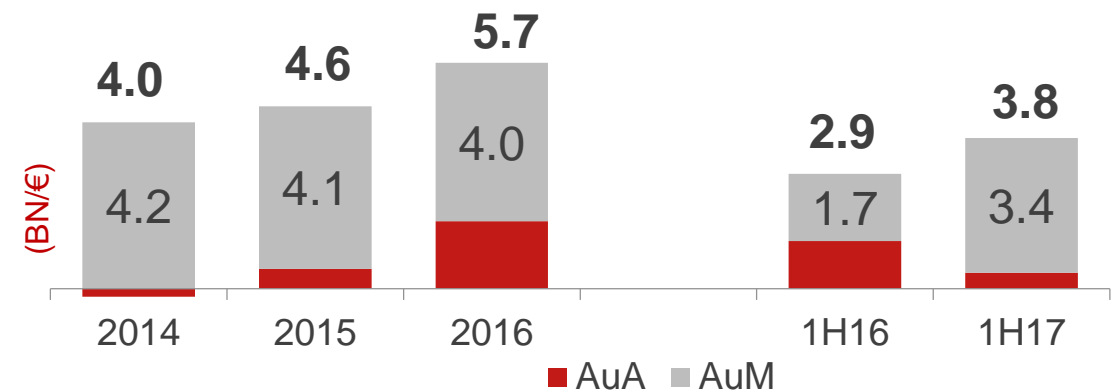
Higher volumes, high-quality product mix and a spike in recruiting activity pushed provisions to record level

1H 2017 BUSINESS TREND: KEY TAKEAWAYS

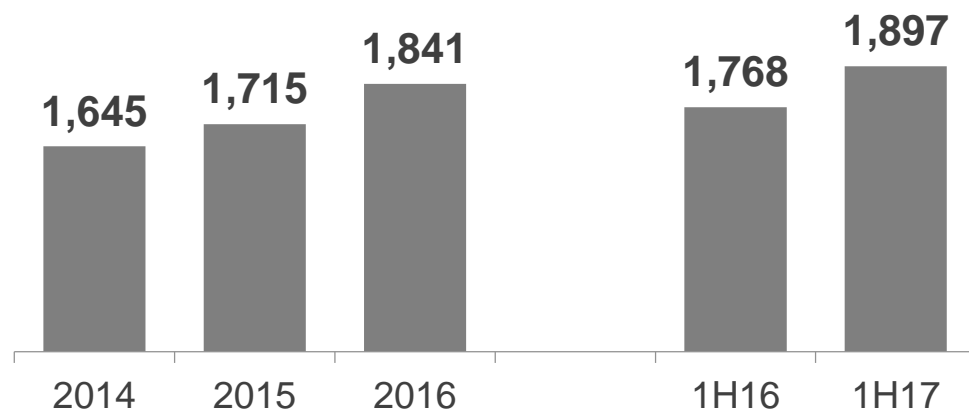
TOTAL ASSETS



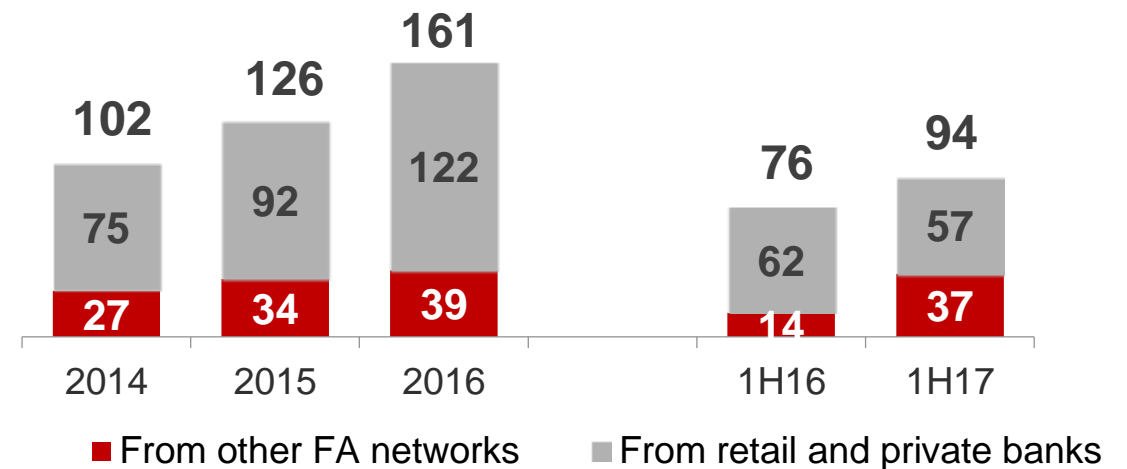
NET INFLOWS



TOTAL NO. OF FAs



NEW RECRUITS



Preliminary remarks

1H results in details

Net Inflows, assets and recruiting

REVENUES: NET FINANCIAL INCOME

NET INTEREST INCOME + TRADING INCOME



INTEREST-BEARING ASSETS¹



MIXED TREND

NII + 7% yoy, Trading -52% yoy

BANKING BOOK AT €6.0BN (+25% YoY)

with a defensive profile: 99% in bonds o/w 92% government, 56% floating rate, 1.9yrs duration

FLAT LENDING ACTIVITY

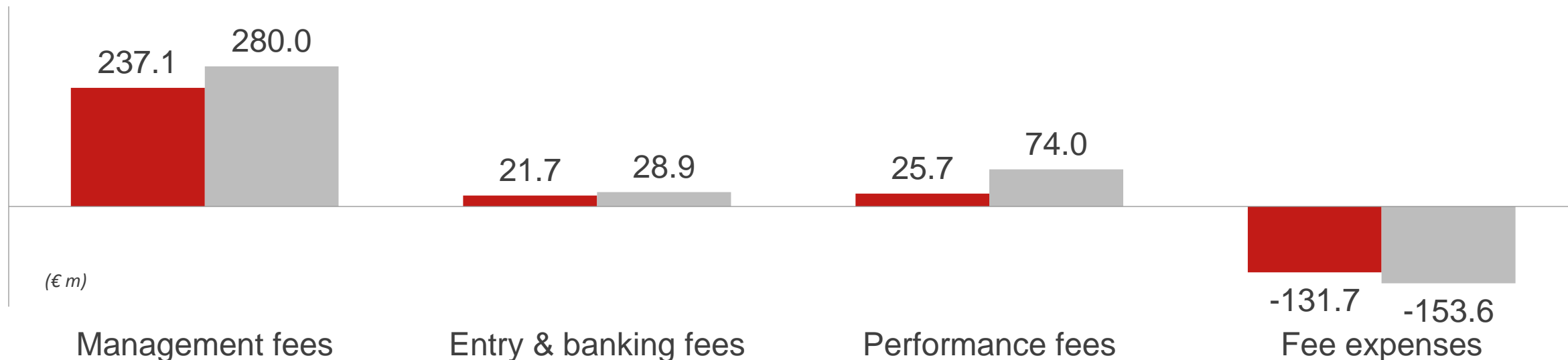
Volumes and spread broadly stable

¹ Excluding interbank assets and mandatory reserves

REVENUES: NET FEE INCOME

GROWING RECURRING FEES

FEE INCOME BREAKDOWN



HIGHER MANAGEMENT FEES (+18%) driven by volumes and product mix

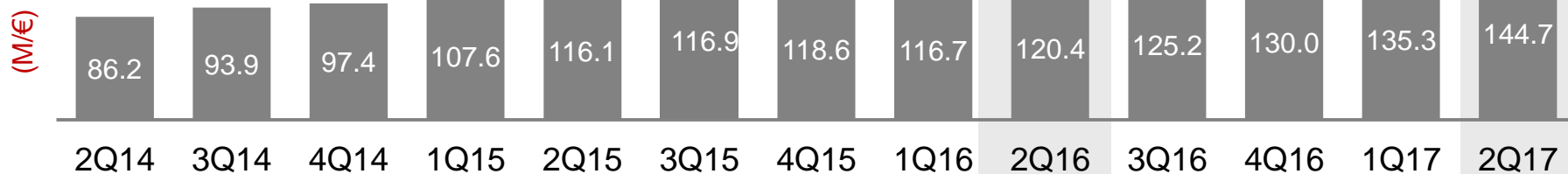
SPIKE OF ENTRY AND BANKING FEES (+33%) driven by higher advisory and trading

PAY-OUT RATIO AT 49.7% linked to seasonality

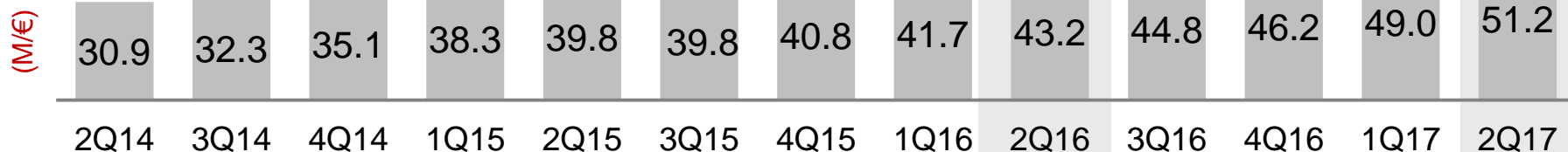
REVENUES: MANAGEMENT FEES & MARGIN

QUARTERLY TREND

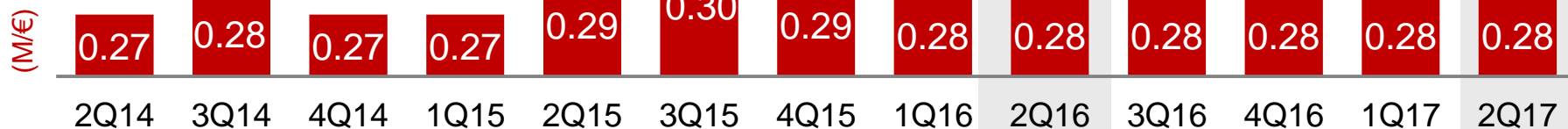
MANAGEMENT FEES



TOTAL AVG. MANAGED ASSETS



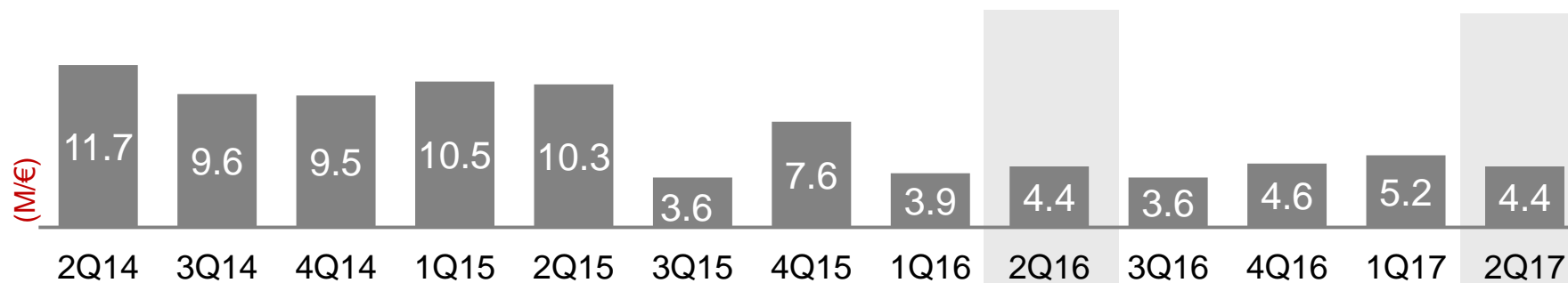
MANAGEMENT FEES MARGINS



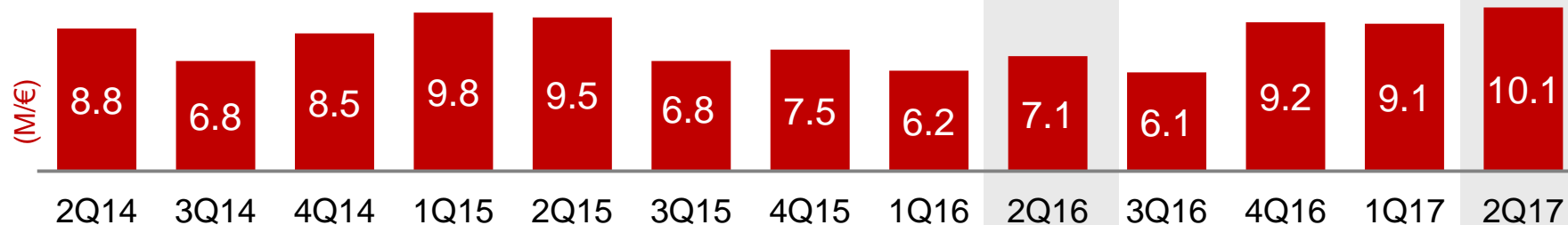
REVENUES: OTHER FEES

QUARTERLY TREND

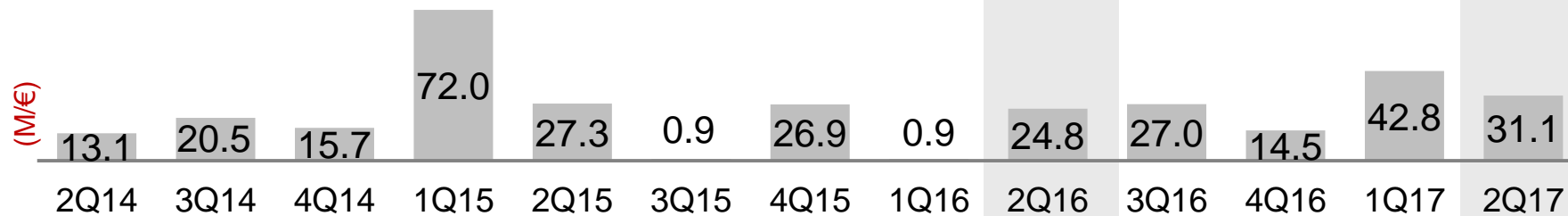
FRONT FEES



BANKING FEES

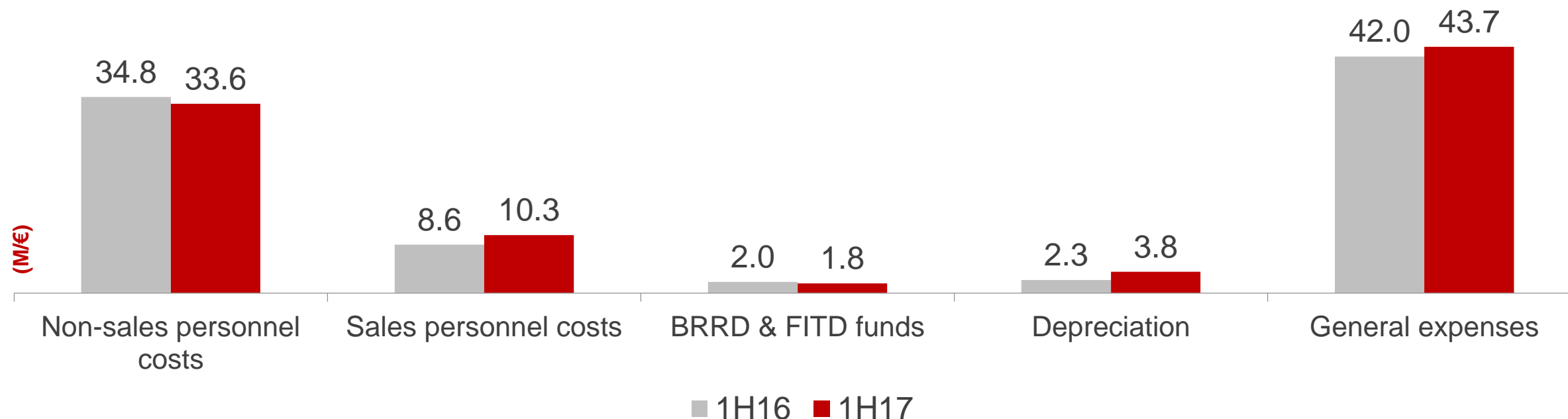


PERFORMANCE FEES



OPERATING COSTS BREAKDOWN

COSTS IN LINE WITH GUIDANCE



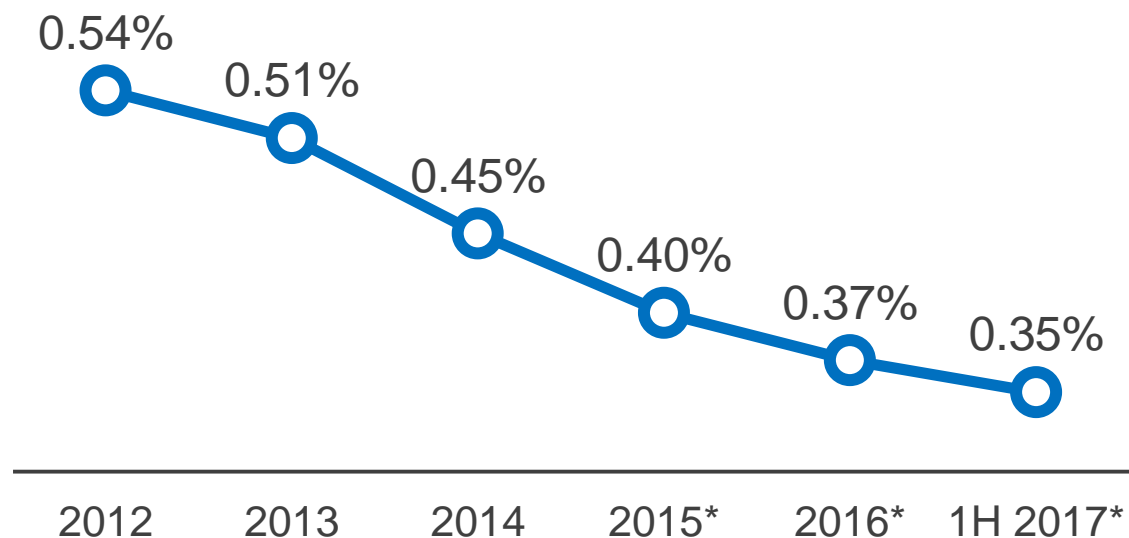
TOTAL COSTS +2.2% (EXCL. SALES PERSONNEL)

NON-SALES PERSONNEL COSTS DOWN 3.4% on lower variable remuneration

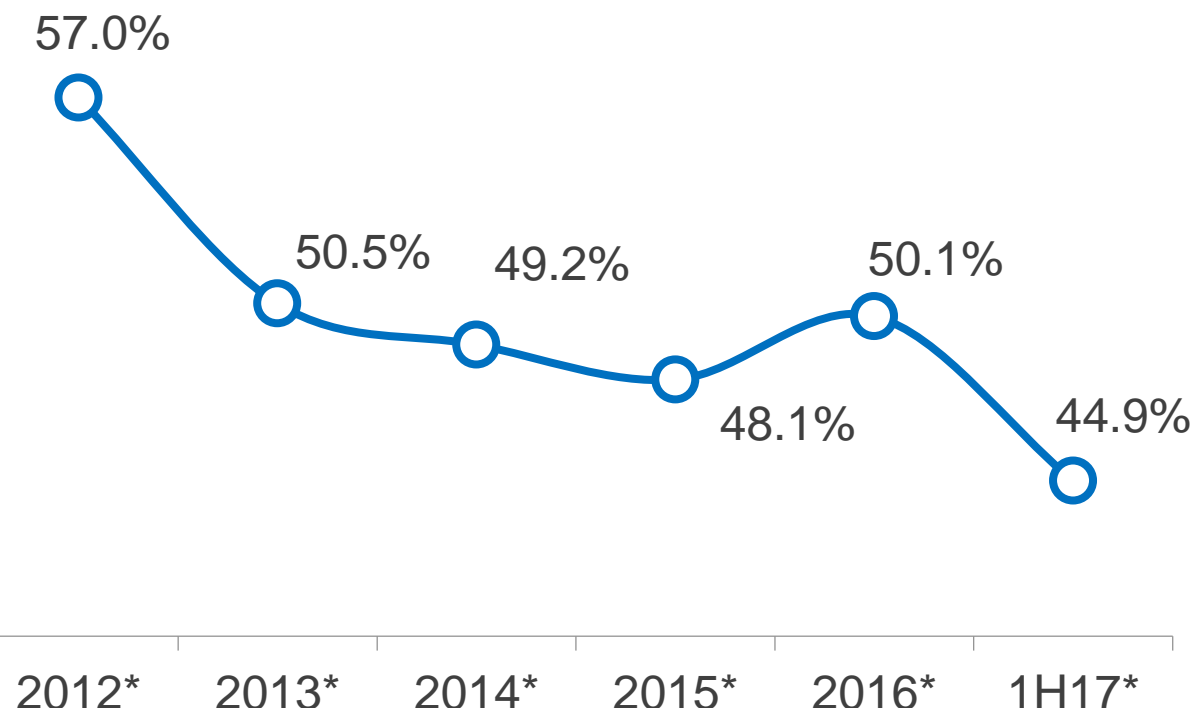
COST RATIOS AT BEST PRACTICE LEVELS

OPERATING LEVERAGE IMPACT

OPERATING COSTS/TOTAL ASSETS



COST-INCOME RATIO



—○— Cost/Income ratio (ex-performance fees)

EFFICIENT operating **LEVERAGE** (about **20%** of **VARIABLE COSTS**)

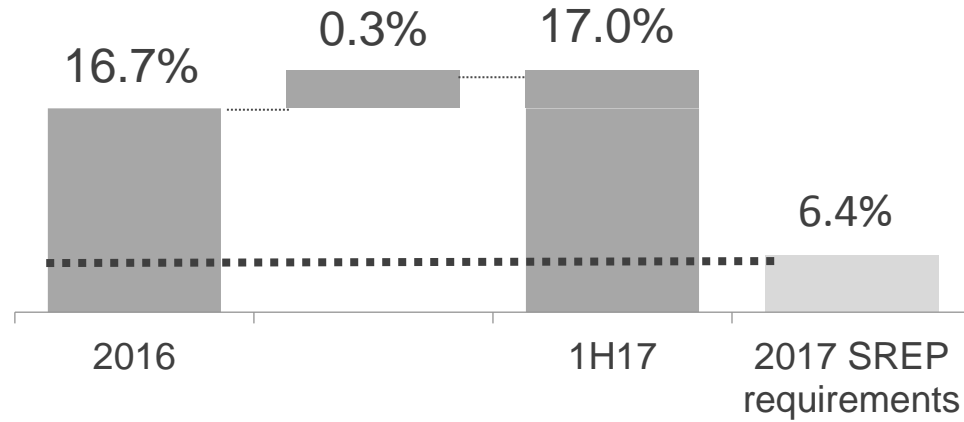
* Adjusted for the extraordinary components (BRRD payments)

* Adjusted for the extraordinary components (LTRO, BRRD payments)

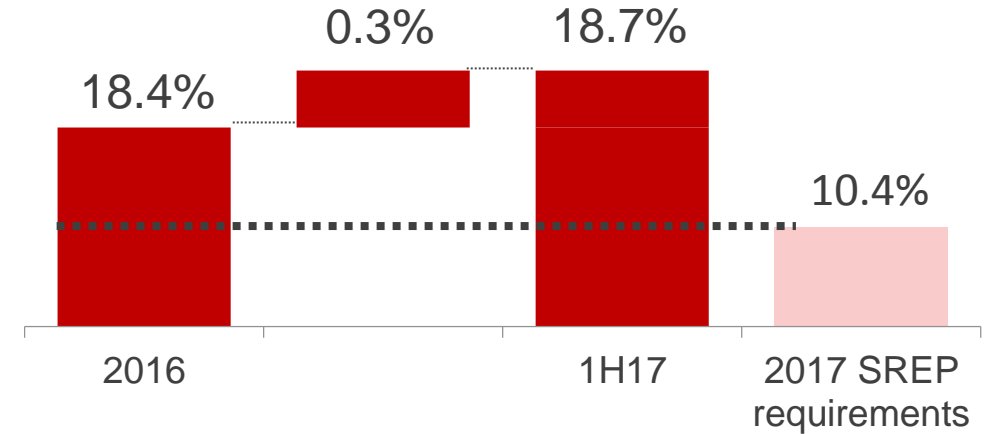
SOLID CAPITAL POSITION

CAPITAL RATIOS FURTHER IMPROVING

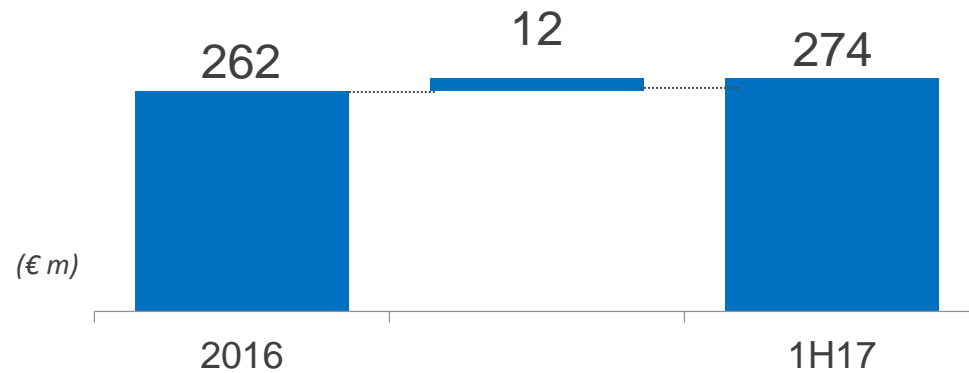
CET1 RATIO



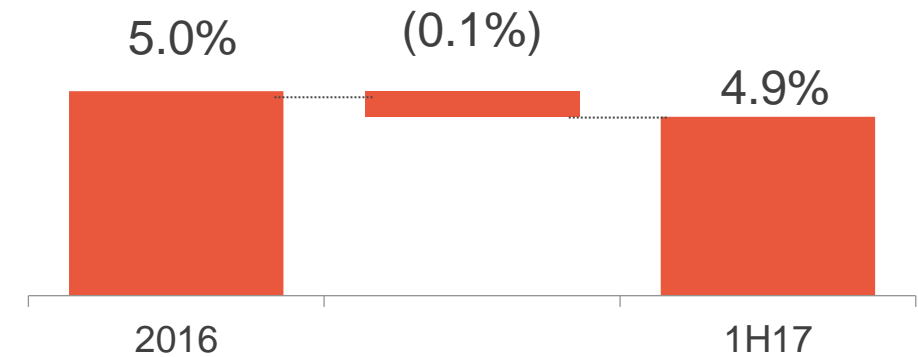
TOTAL CAPITAL RATIO



EXCESS CAPITAL



LEVERAGE RATIO



SREP requirements: Minimum capital requirements specified for Banca Generali by the Bank of Italy as a result of the Supervisory Review and Evaluation Process (SREP). Capital ratios are compliant with B3 requirements (phased-in basis). On a fully-phased basis: CET 1 ratio at 17.0%, TCR at 18.6%

Preliminary remarks

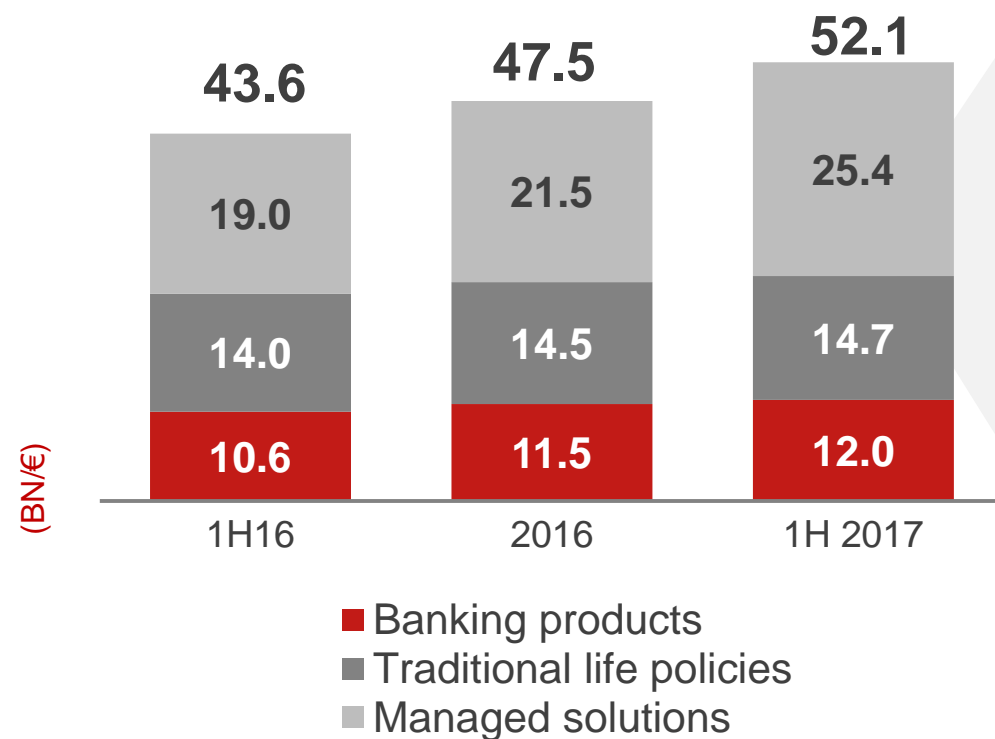
1H results

Net Inflows, assets and recruiting

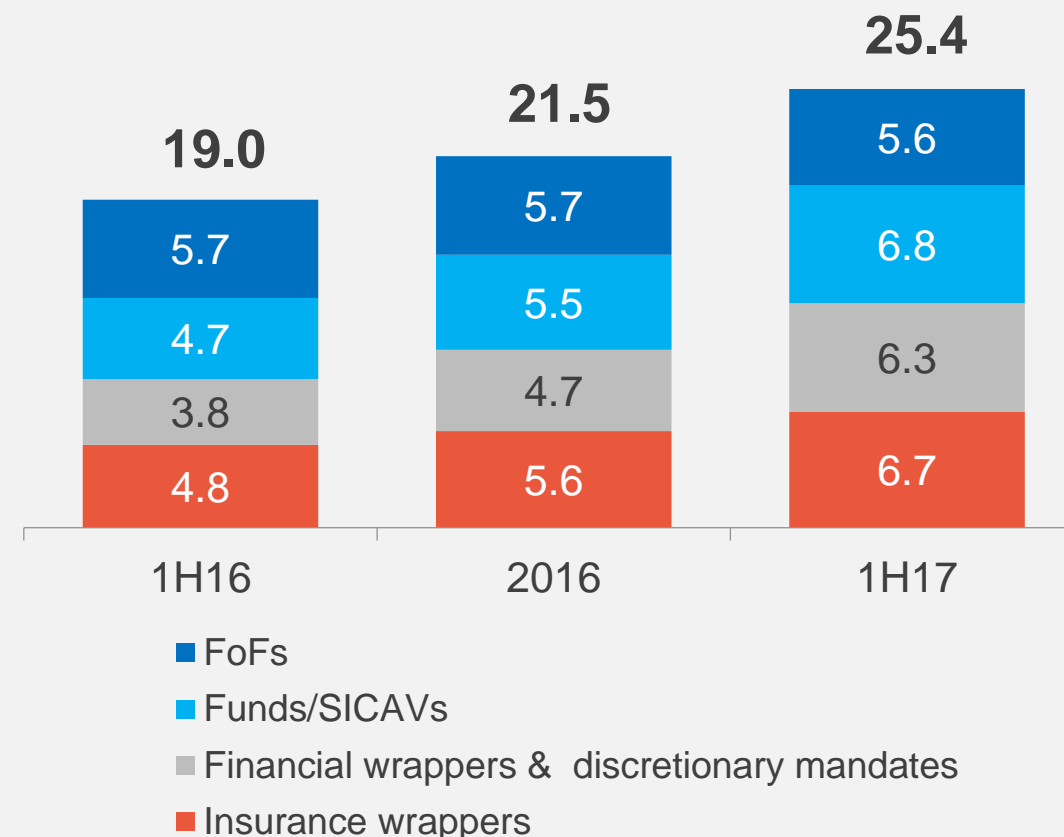
TOTAL ASSETS BY PRODUCT CATEGORY

RECORD GROWTH OF MANAGED SOLUTIONS

TOTAL ASSETS



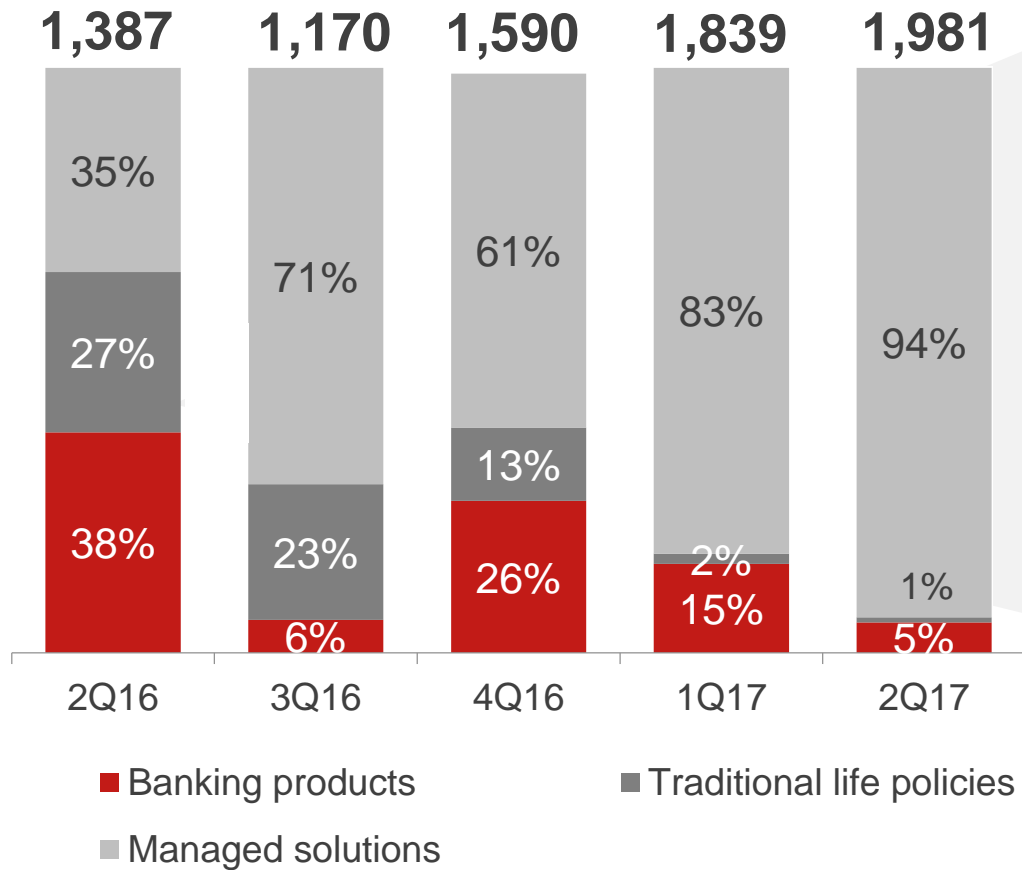
FOCUS ON MANAGED SOLUTIONS



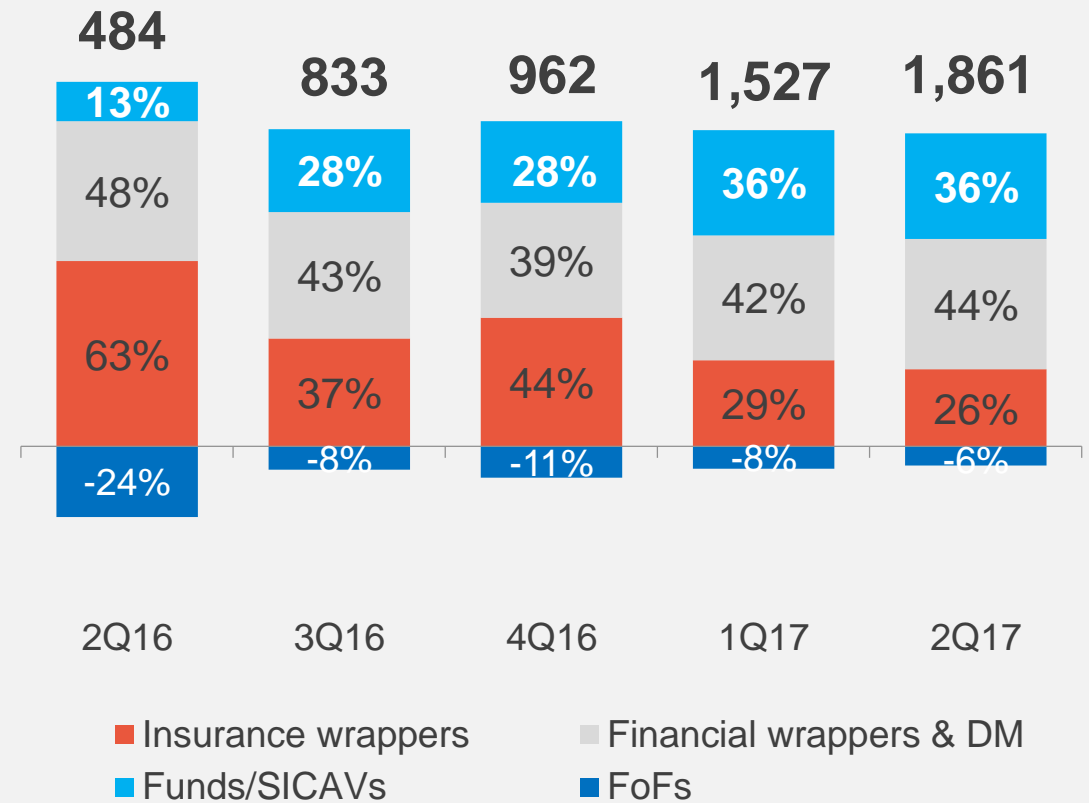
TOTAL INFLOWS BY PRODUCT CATEGORY

ONGOING REBALANCING OF PRODUCT MIX

TOTAL NET INFLOWS BY QUARTER, ROLLING



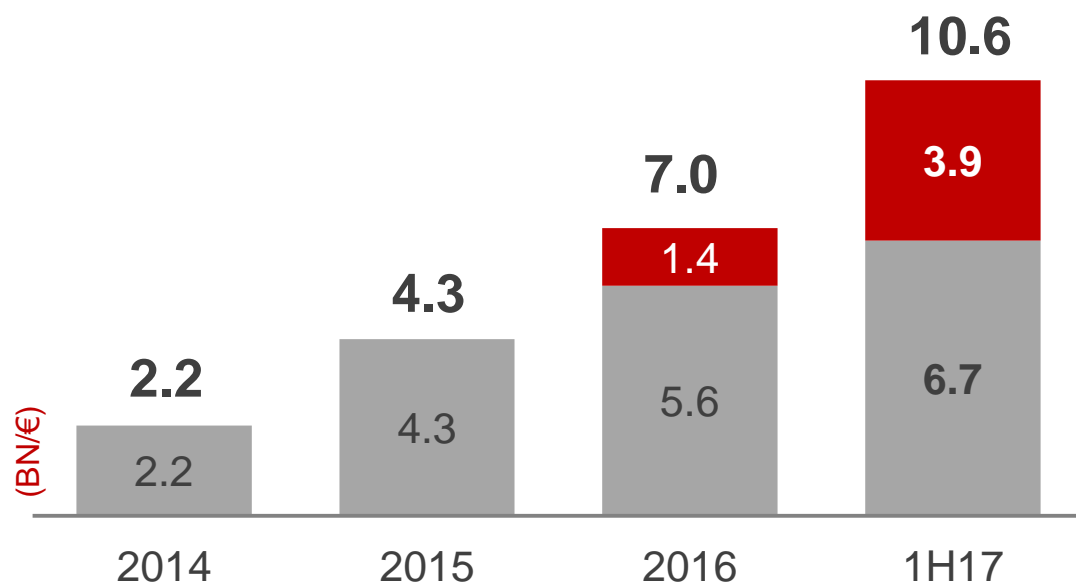
FOCUS ON MANAGED SOLUTIONS NET INFLOWS. BY QUARTER



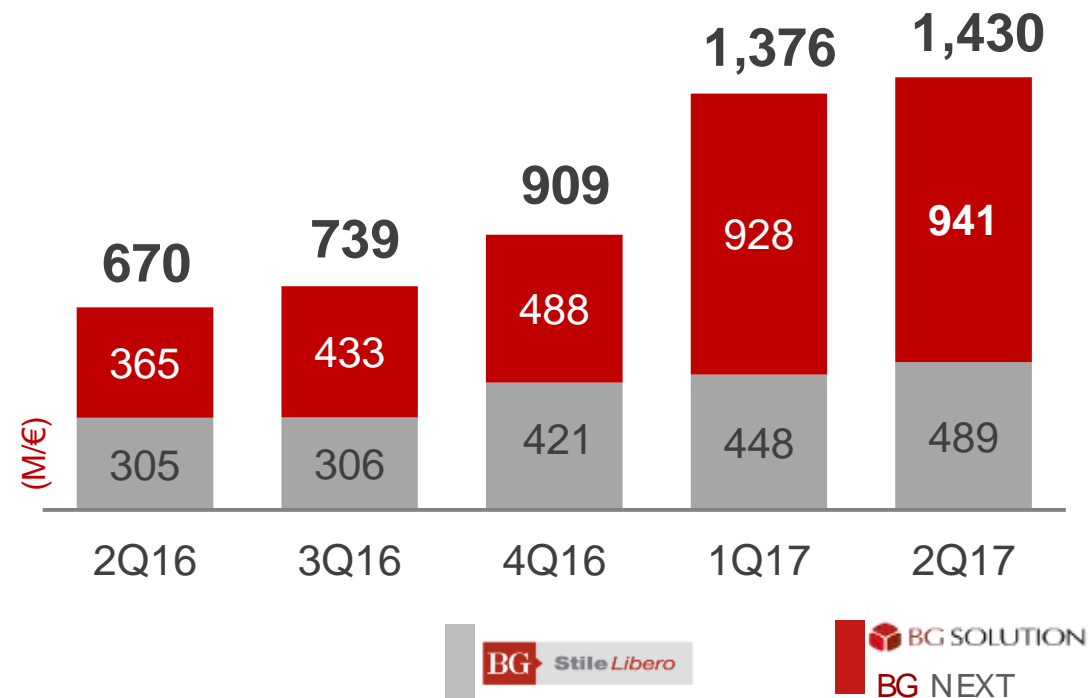
TOTAL ASSETS & INFLOWS: WRAPPERS

WRAPPERS GROWING FASTEST

WRAPPERS AUM SINCE INCEPTION



WRAPPERS NET INFLOW BY QUARTER

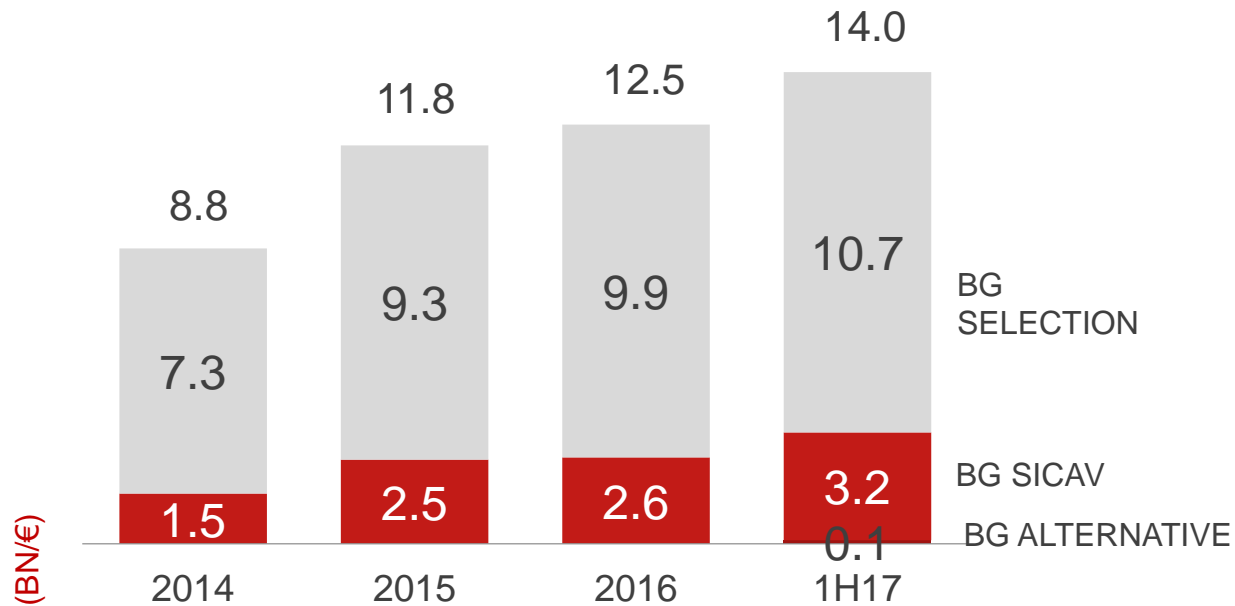


WRAPPERS solutions accounting for **20% OF TOTAL ASSETS** and **73% OF NET INFLOWS**

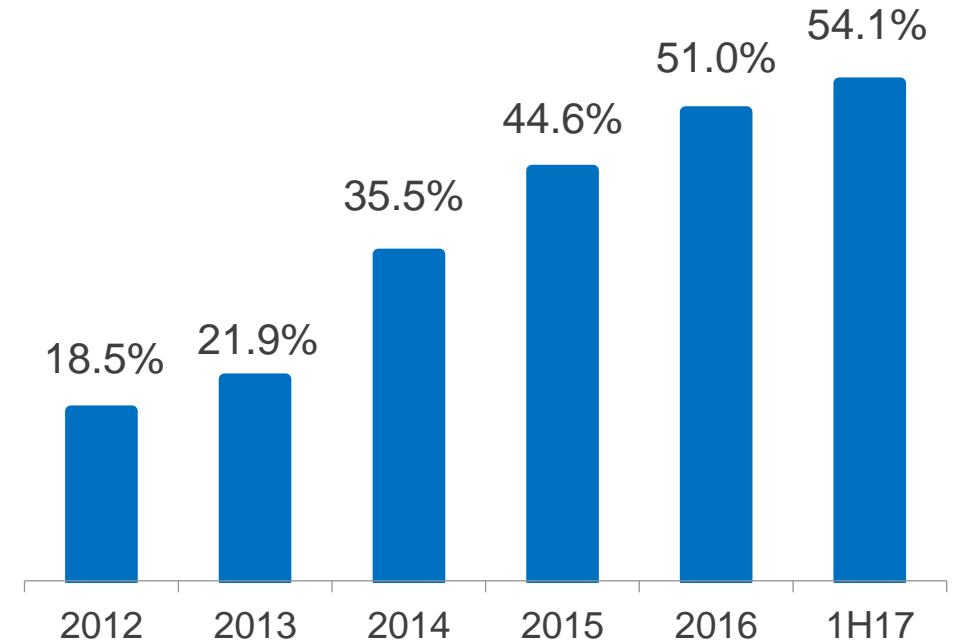
BG FUND MANAGEMENT

GROWTH DRIVEN BY THE INSTITUTIONAL COMPONENT

LUX-BASED ASSETS



SHARE OF INSTITUTIONAL FUND CLASSES



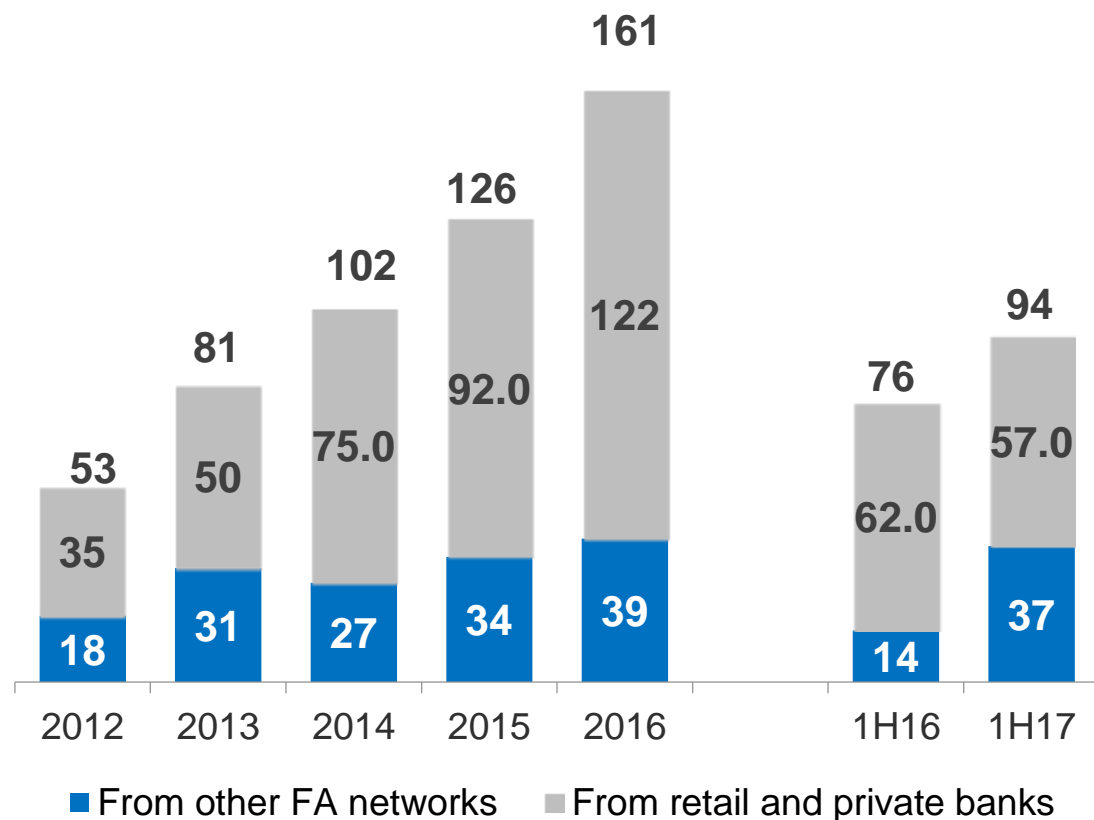
■ BGFML Institutional fund classes as % of total

GROWING ASSETS driven by institutional fund classes (54% of total vs. 19% in 2012)

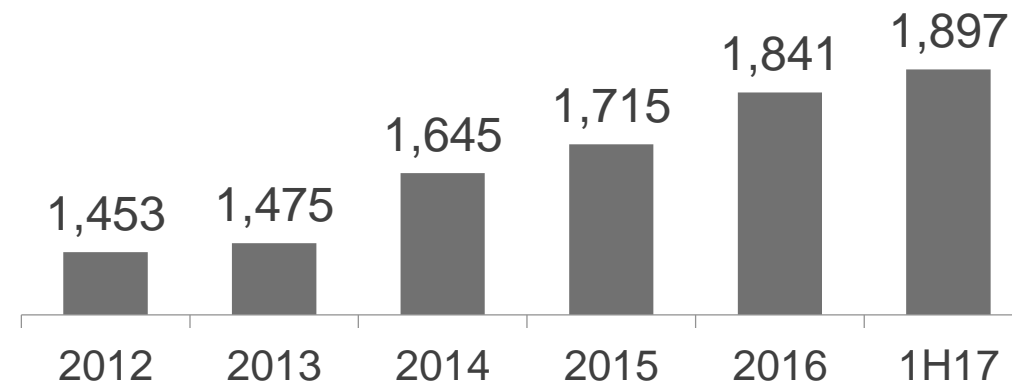
FA NETWORK & RECRUITING ACTIVITY

GROWING SIZE & QUALITY

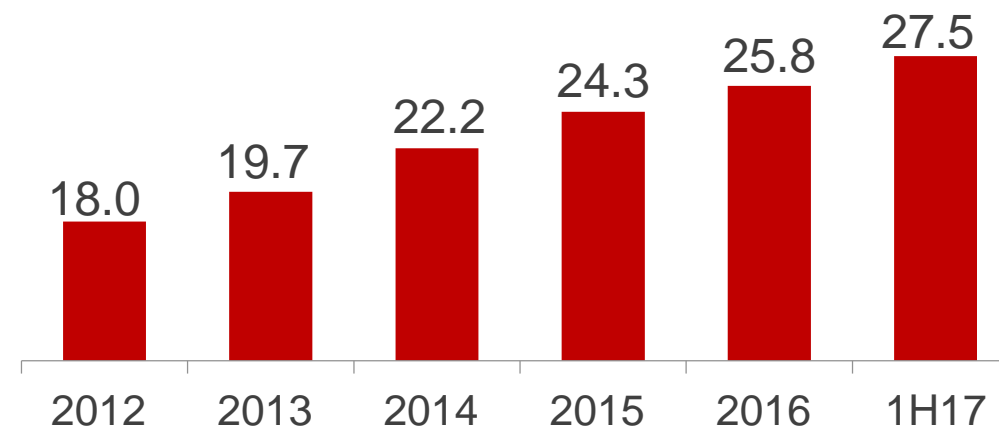
No. OF NEW RECRUITS



NO. of FINANCIAL ADVISORS



AVG. ASSETS per FA



DISCLAIMER

The manager responsible for preparing the company's financial reports (Tommaso Di Russo) 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.

T. Di Russo, 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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2017 UPCOMING EVENTS

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 2017 results
Investor Conference call

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Banca Generali Investor App

