



**BANCA
GENERALI**

Banca Generali: a successful business model

Investor presentation

May 2017

Key highlights

1Q 2017 results

Net inflows, assets and recruiting

Business update

Closing remarks

1Q 2017: STRONG START TO THE YEAR

GROWTH DELIVERY AHEAD OF PLAN

- ✓ Net inflows at €1.8bn (+20%), already at 40% of year-end target (€4.0-4.5bn)
- ✓ BG outperforming sector trend (20% share of total sector net inflows in 1Q17)
- ✓ Wrapper solutions further accelerating (€1.4bn vs. €0.65bn quarterly run-rate in 2016)
- ✓ Strong growth continues: April net inflows at €692m (+61% yoy)

1Q17 Net Inflows

€1.8bn

(Vs. €1.5bn, +20% yoy)

RECORD-HIGH ASSET SIZE AT €50bn

- ✓ Pace of growth further accelerating (+18% vs. +14% in 2016 and +8.5% 10YCAGR)
- ✓ Impressive increase in pure managed solutions (€23.6bn +26% yoy)
- ✓ Wrapper solutions already at 18% of total assets in just three years

1Q17 Total assets

€50.1bn

(Vs. €42.5, +18% yoy)

NET PROFIT ALMOST DOUBLED COMPARED TO PREVIOUS YEARS

- ✓ Strong management fees (€135m, +15.9% yoy) and other recurring fees driven by the higher asset base
- ✓ Positive reversal in NII partly offset by a weaker trading income
- ✓ Operating costs – excl. BRRD contribution and sales personnel – in line with guidance (+4.6%)

Net profit

€56.2m

(vs. €29.4m, +91% yoy)

SOLID CAPITAL POSITION, WELL AHEAD OF REGULATORY REQUIREMENTS

- ✓ CET1 ratio at 16.5% and Total Capital Ratio at 18.1% confirmed as significantly higher than regulatory requirements (SREP)
- ✓ Leverage ratio at 5.05% also well ahead B3 requirements

Total Capital Ratio

18.1%

(vs. 15.7%, +240bps)

1Q 2017 results: key takeaways

(€ m)	1Q 2016	1Q 2017	% Chg
Net Interest Income	15.1	15.7	3.9%
Net income (loss) from trading activities and Dividends	14.5	3.4	-76.8%
Net Financial Income	29.6	19.1	-35.5%
Gross fees	127.8	192.4	50.6%
Fee expenses	-62.5	-76.8	22.9%
Net Fees	65.3	115.6	77.1%
1. Total Banking Income	94.9	134.7	41.9%
Staff expenses	-20.5	-20.7	1.2%
Other general and administrative expense	-32.4	-35.0	8.0%
Other net operating income (expense)	10.7	10.5	-2.1%
Depreciation and amortisation	-1.2	-1.7	49.6%
2. Total operating costs	-43.3	-46.9	8.3%
<i>Cost /Income Ratio</i>	44.4%	33.6%	-10.8 p.p.
Operating Profit	51.6	87.8	70.2%
3. Net adjustments for impair.loans and other assets	-1.2	-3.2	154.3%
4. Net provisions for liabilities and contingencies	-11.4	-18.2	59.3%
Profit Before Taxation	38.9	66.4	70.6%
5. Direct income taxes	-9.5	-10.2	7.0%
<i>Tax rate</i>	24.4%	15.3%	-9.1 p.p.
Net Profit	29.4	56.2	91.2%

1. Strong increase in Net Banking Income (Δ +€39.8m) driven by a strong increase in both recurring revenues (management and other fees at €149.6m +18%) and non recurring ones for the favorable trend in equity markets in the period

2. Operating costs (Δ +€3.6m) proved in line with guidance excl. sales personnel and contribution to BRRD funds. Significant running/logistic costs to support the expansion of the network were included as well as new IT projects

3. Net adjustments (Δ +€2.0m) incorporate a write-down of €2.5m on an Alitalia corporate bond (93% write-off of the position)

4. The increase in provisions (Δ +€6.8m) reflected the record-high growth in both net inflows and recruiting activity

5. The tax-rate proved lower than expected in light of the larger contribution from variable fees

Key highlights

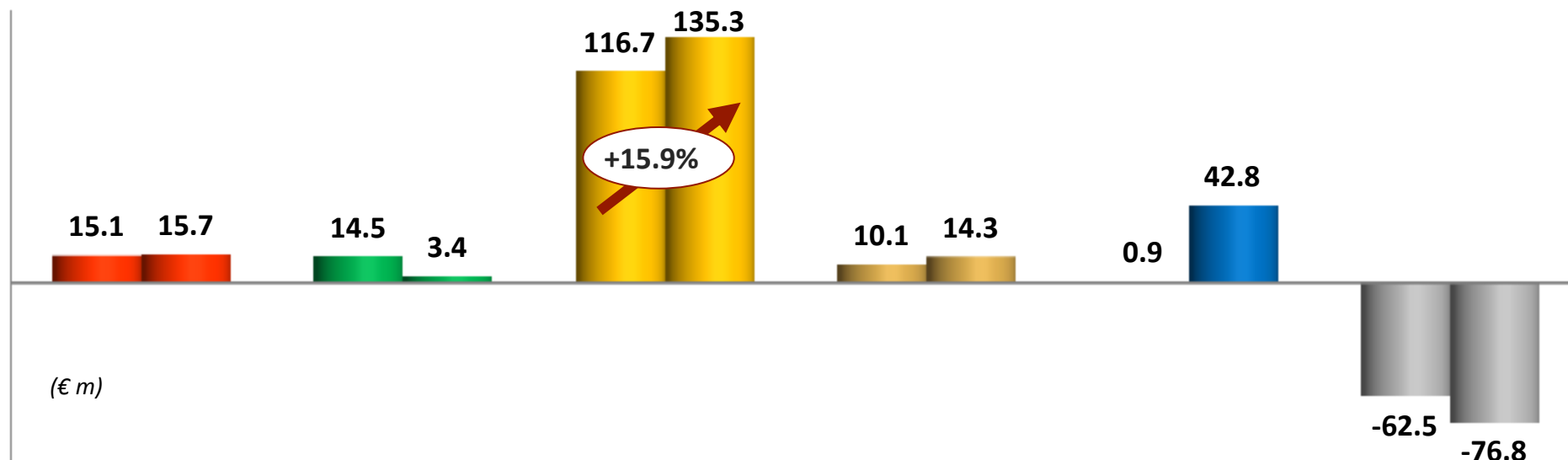
1Q 2017 results

Net inflows, assets and recruiting

Business update

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Net Banking Income (€134.7m, +41.9% yoy)



Net Interest Income

- NII posted a 4% YoY increase (+9% QoQ) marking a clear reversal in the trend of the last few quarters
- Trading posted a decline reflecting a normalization in the trading activity on the Italian govt bond markets

Trading & dividend

Management fees

- These posted a strong growth driven by both the higher asset base (+18%) and better product mix (+27% managed solutions)

Entry & banking fees

- 1Q17 equity markets proved favorable (in sharp contrast with 1Q16) thus supporting both entry and performance fees

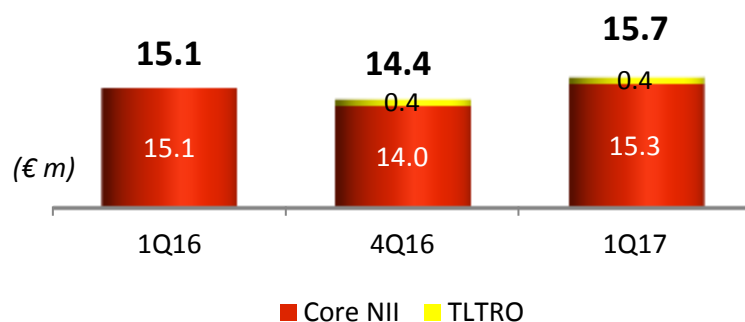
Performance fees

Fee expenses

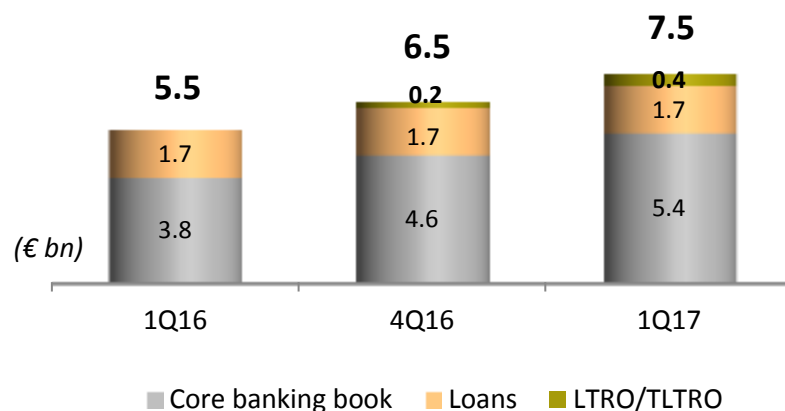
- Increase linked to the strong rise in net inflows and the acceleration in the recruiting activity

1Q16 (left column) – 1Q17 (right column)

Net Interest Income



Avg. interest-bearing assets

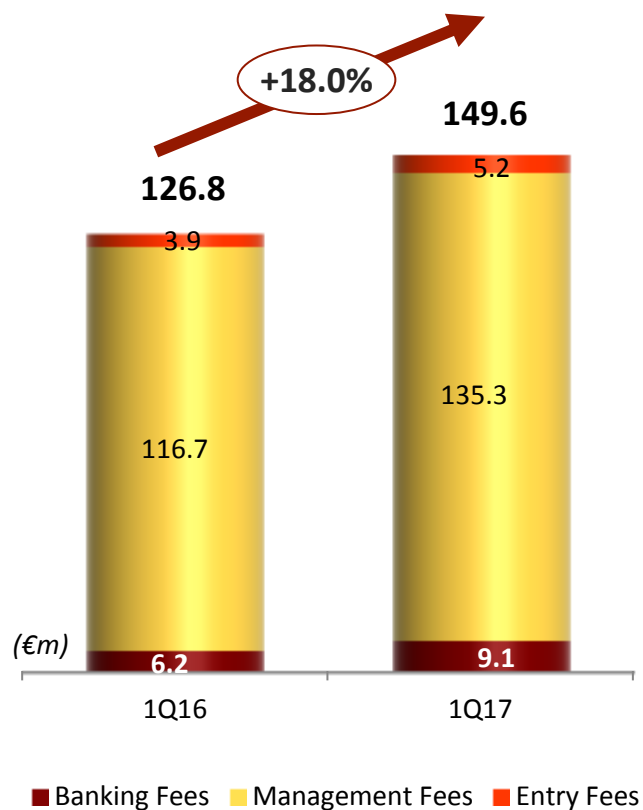


Higher volumes, stable margins

- **Net Interest income increased by 4% YoY and by 9% compared to 4Q16** marking a clear positive reversal from previous quarters. The results reflect the strong boost in volumes driven by the acquisition of new customers coupled with stable margins
- **Banking book (Core+TLTRO) amounted to €5.8bn (+53% YoY, +21% QoQ)** at 99% invested in bonds (o/w 90% in govt and 57% floating), with a 2.1 yrs duration and 4.4 yrs time to maturity
- **Lending volumes (€1.7bn)** proved stable in the period, yet margins are improving on QoQ basis, reflecting management focus on pruning lower quality loans. Asset quality remains outstanding (NPL/total loans at 0.09%)

Sustained growth in recurring fees

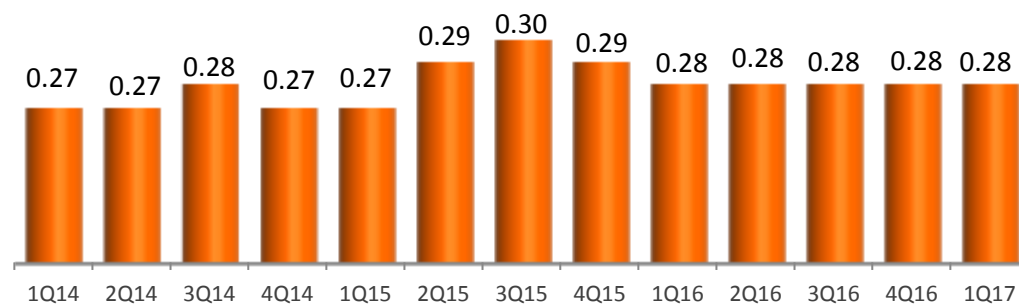
Recurring fees (management, entry, banking fees)



Quarterly management fees



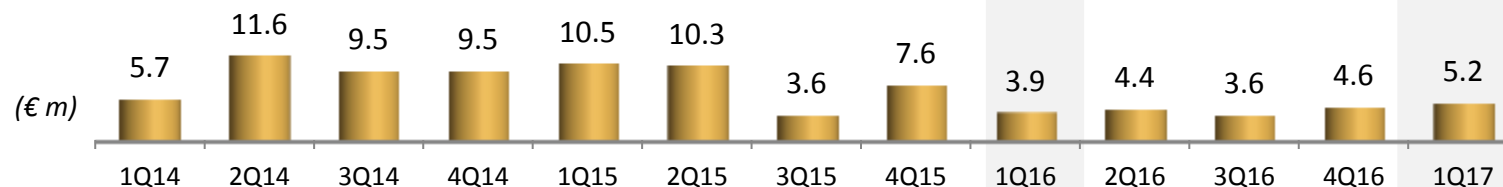
Quarterly management fee margins



Entry Fees: 3Y trend

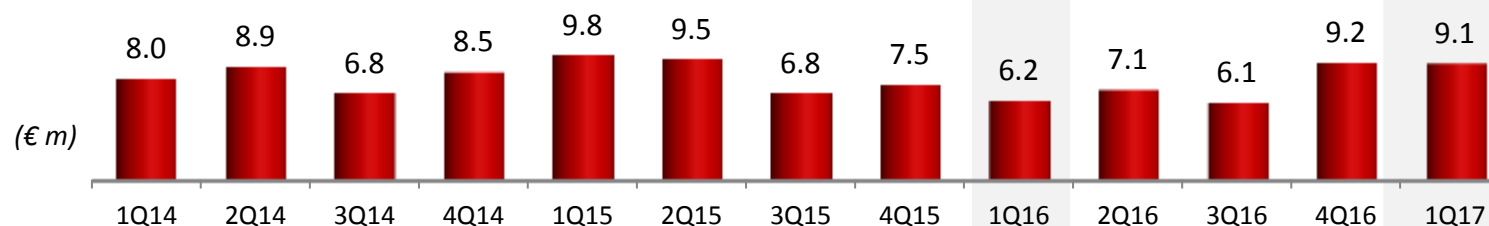
Entry fees

rebounded nicely, yet without any contribution from the placement of certificates



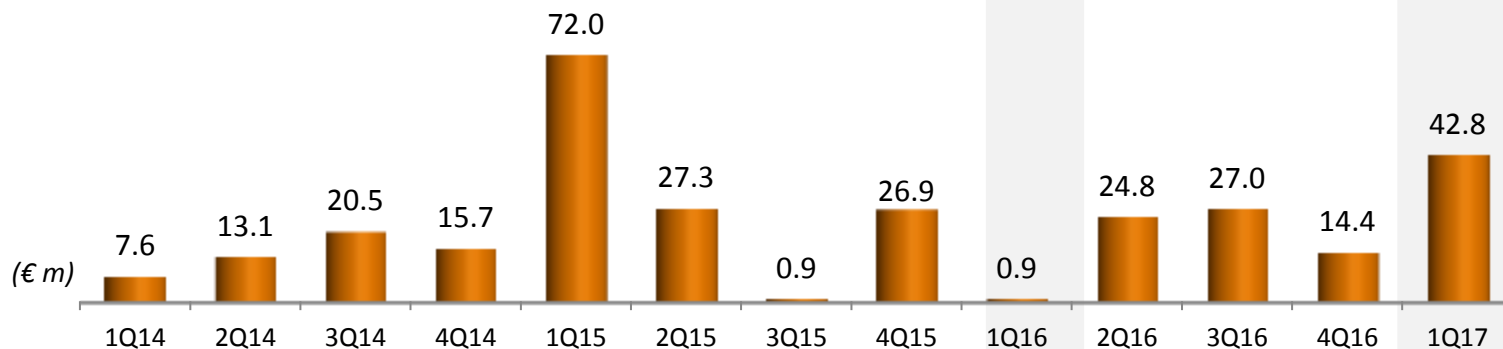
Banking Fees: 3Y trend

Banking fees increased YoY driven by higher trading volumes and higher advisory fees

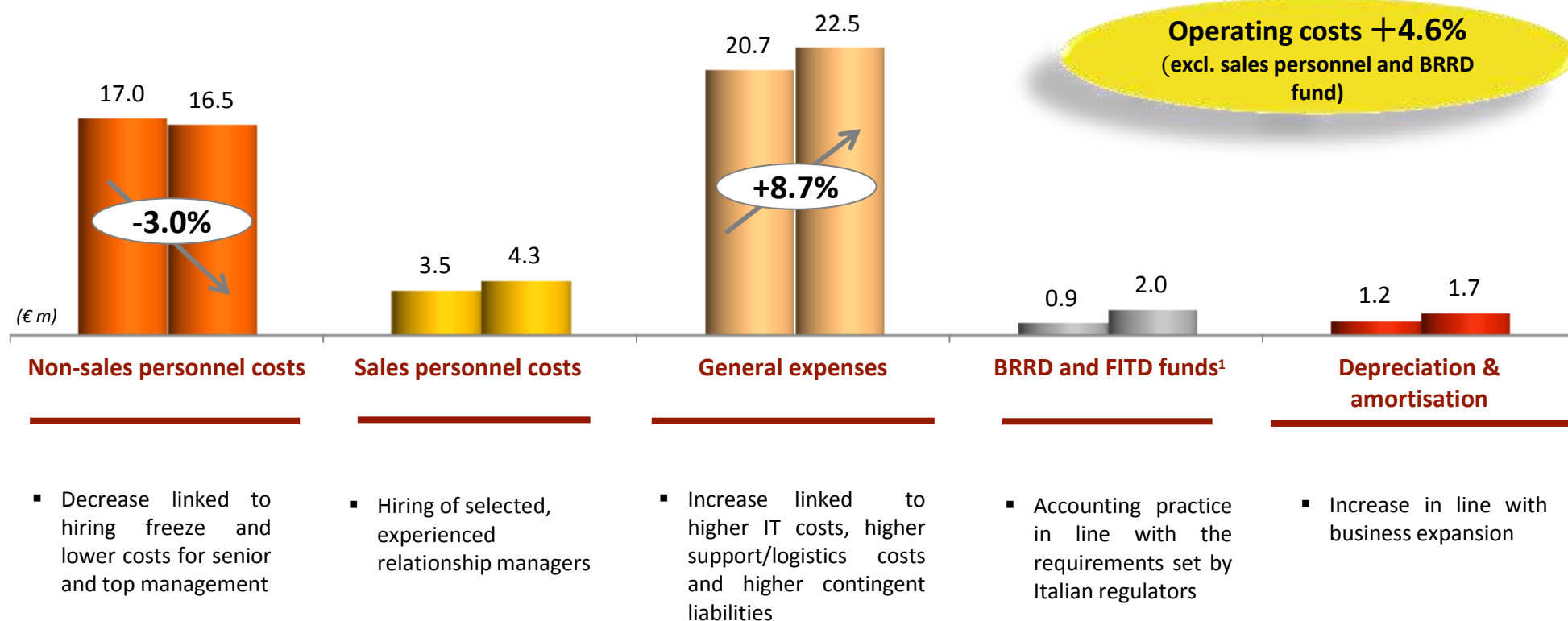


Performance Fees: 3Y trend

Variable fees posted the second best quarter ever in absolute value



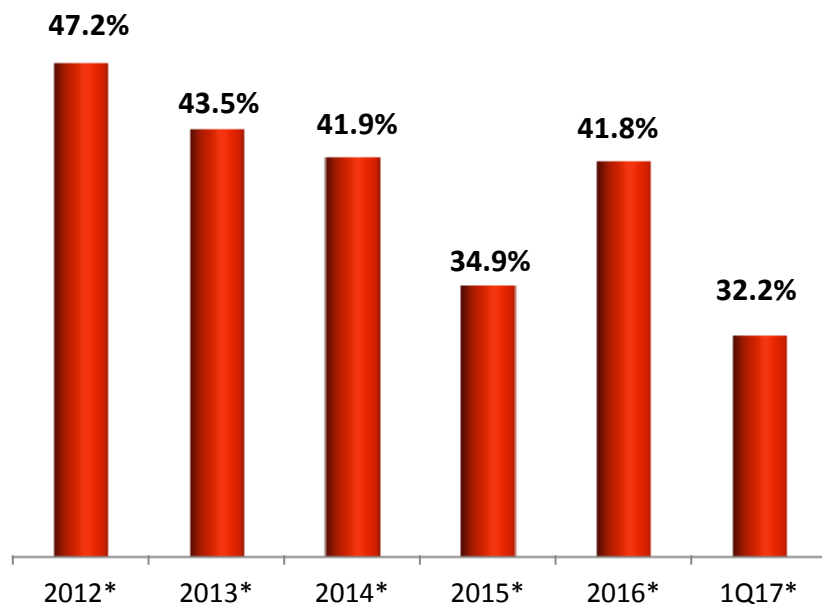
Operating costs breakdown (€46.9m, +8.3% yoy)



1Q16 (left column) – 1Q17 (right column)

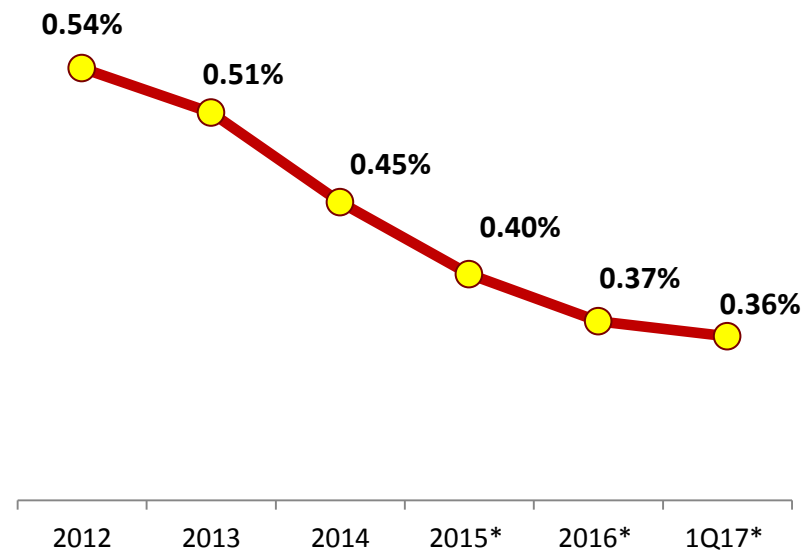
¹ Contribution to Single Resolution Fund (BRRD) and Interbank Deposit Protection Fund (FITD)

Cost/Income



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

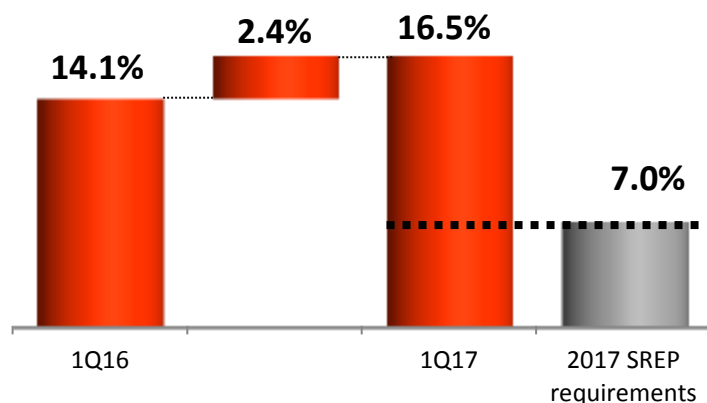
Operating costs/Total assets



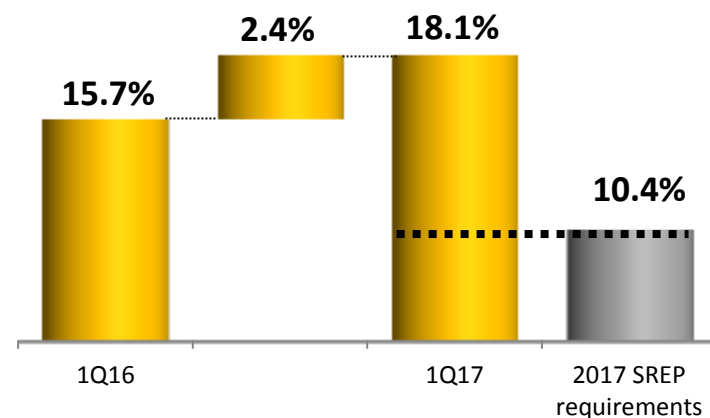
* Adjusted for the extraordinary components (BRRD payments)

Solid capital ratios well above regulatory requirements

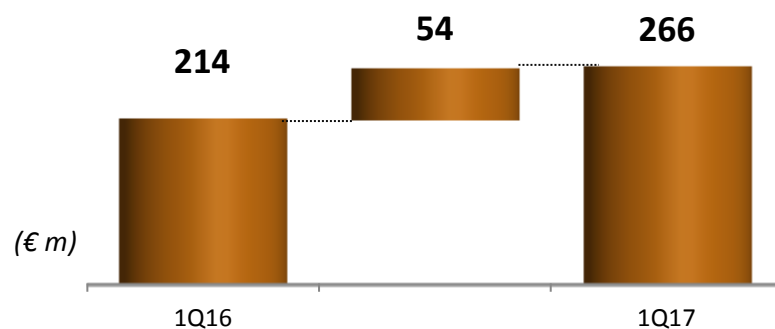
CET1 ratio



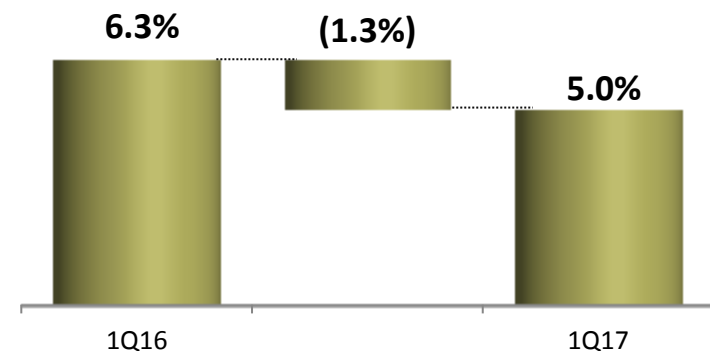
Total Capital ratio



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 (transitional). All capital ratios are on a phased-in basis. On a fully-phased basis: CET 1 ratio at 15.8%, TCR at 17.4%

Key highlights

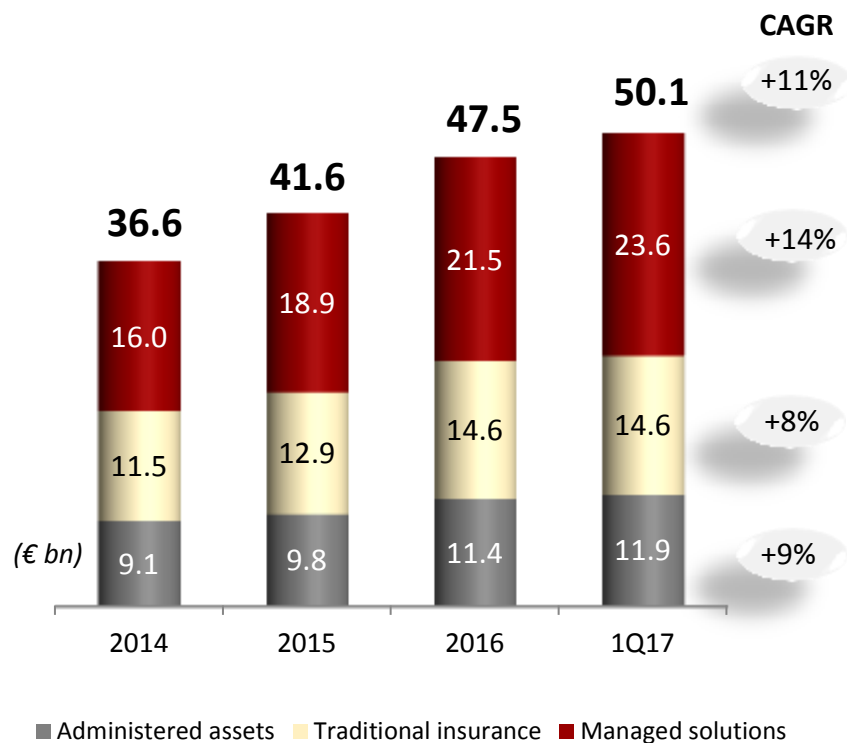
1Q 2017 results

Net inflows, assets and recruiting

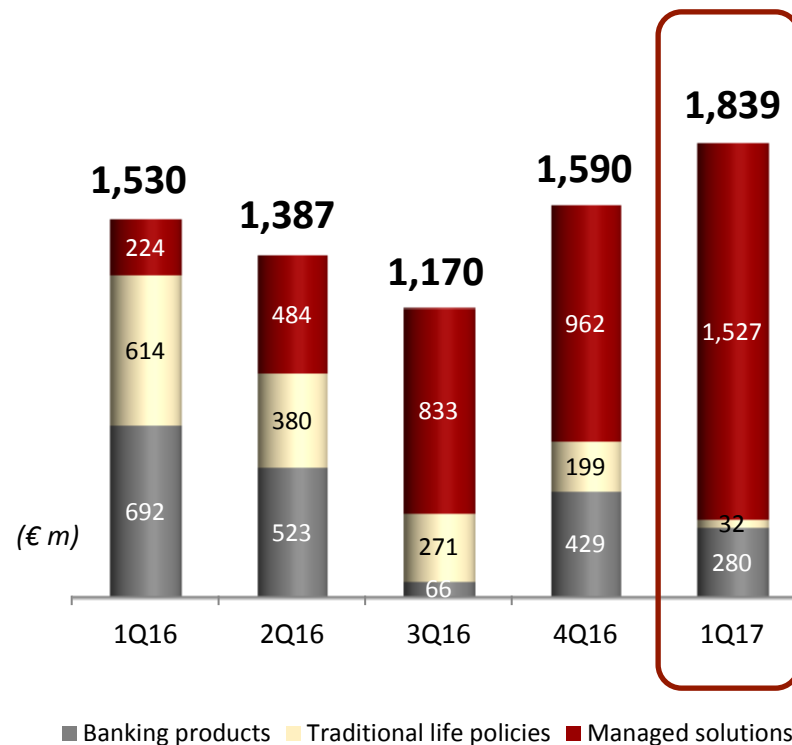
Business update

Closing remarks

Total Assets by product

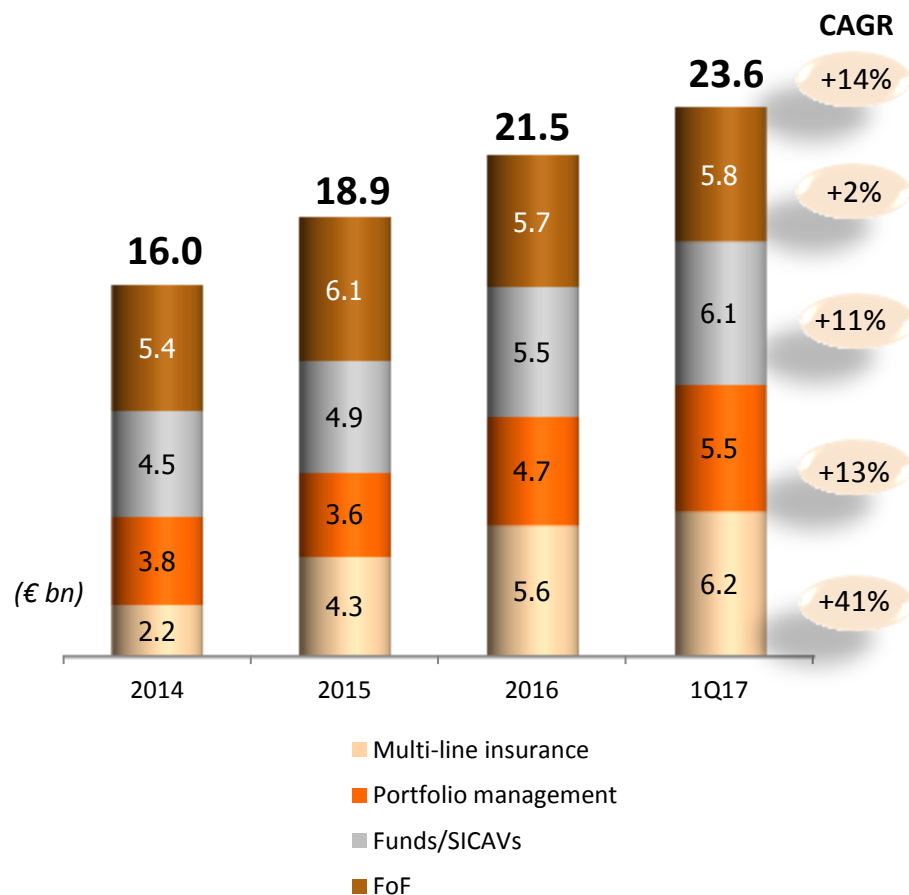


Net inflows by product

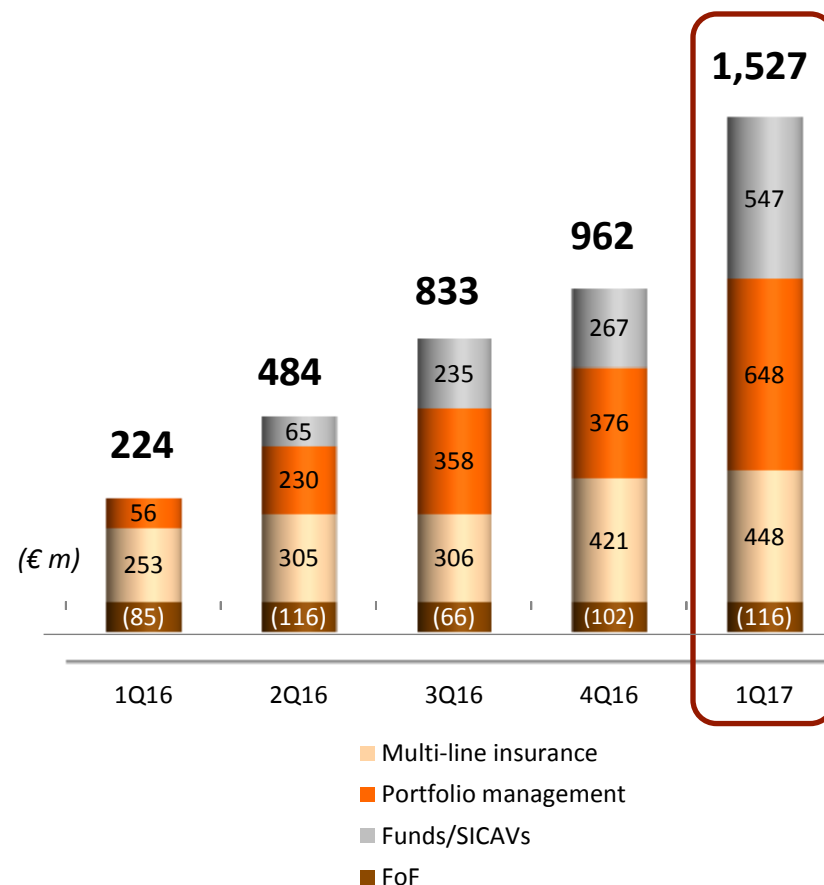


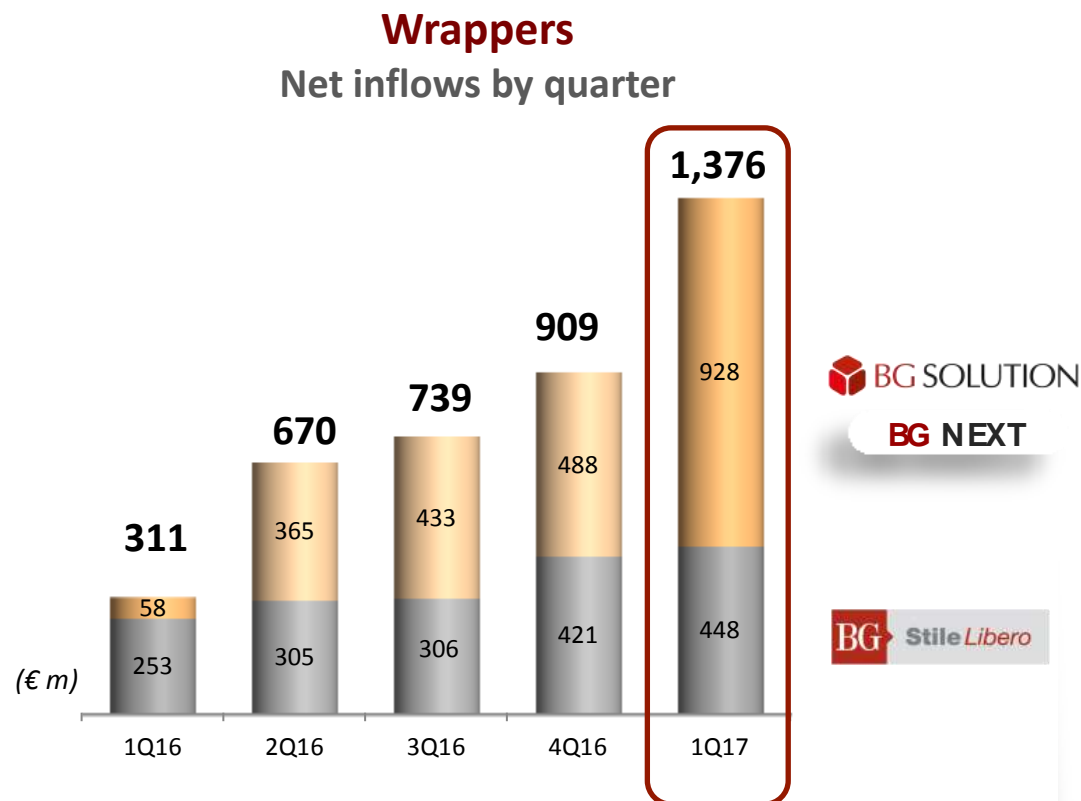
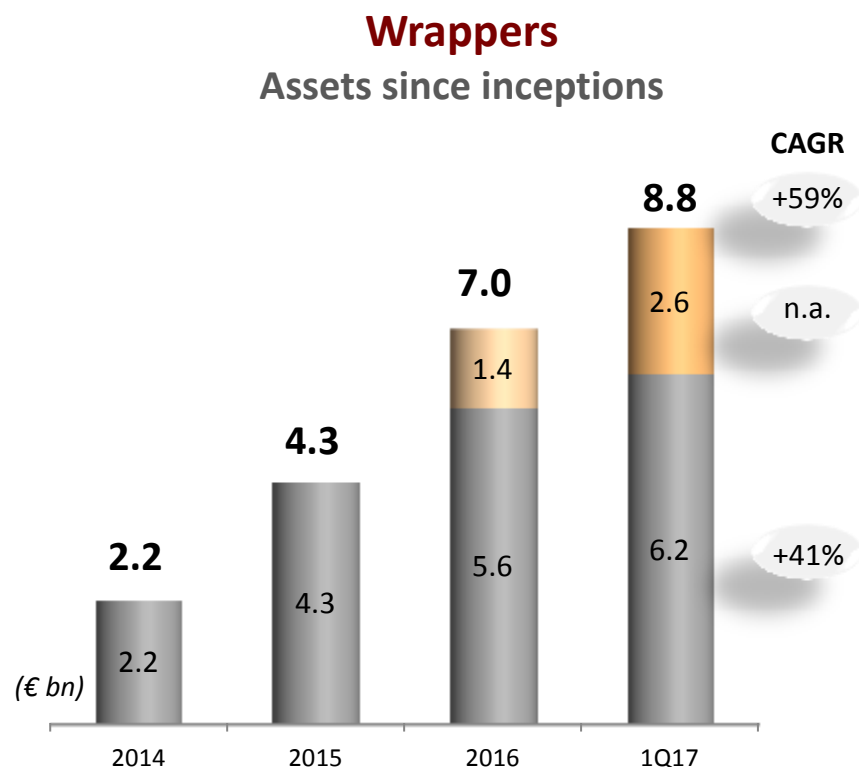
- Net inflows in managed solutions further accelerating in 1Q 2017
- Net inflows in traditional life policies close to nil in 1Q 2017

Managed solutions Assets by product category



Managed solutions Net inflows by product category

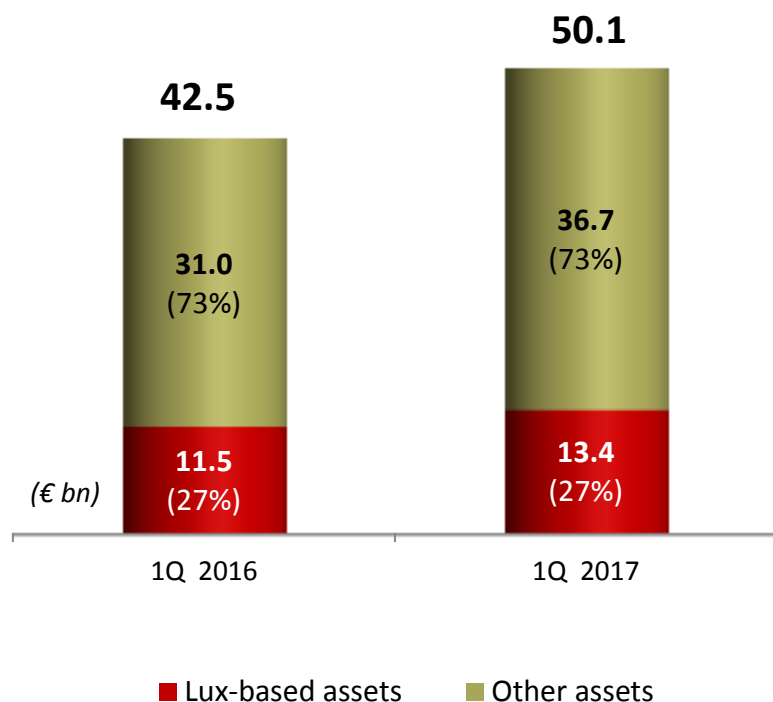




- Wrapper solutions accounted for 66% of total net inflows from managed products in 2016 and 88% in 1Q 2017
- BG Solution is well off for replicating the strong results already achieved by insurance wrapper BG Stile Libero

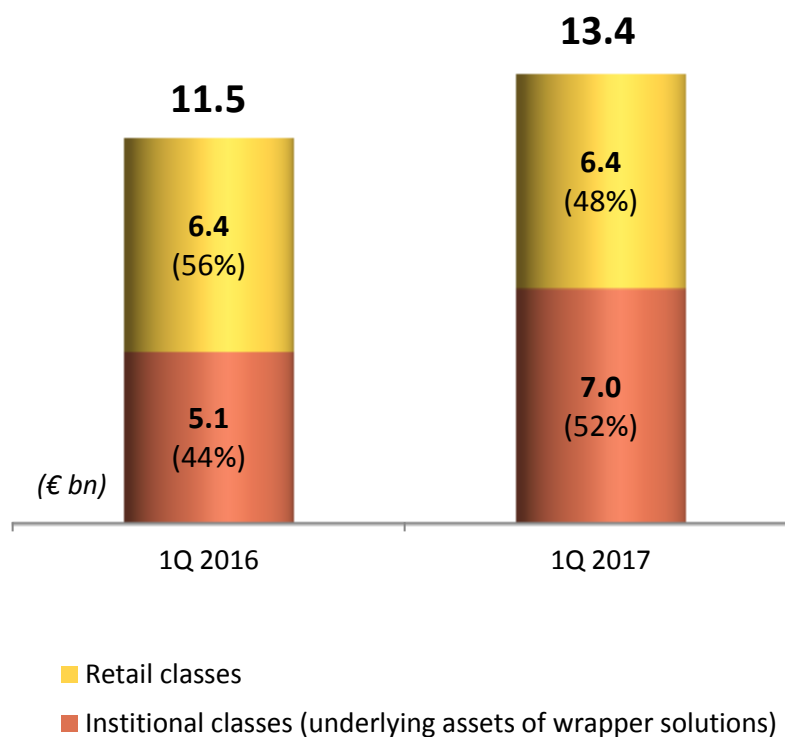
Total Assets

Lux-based assets/Total assets

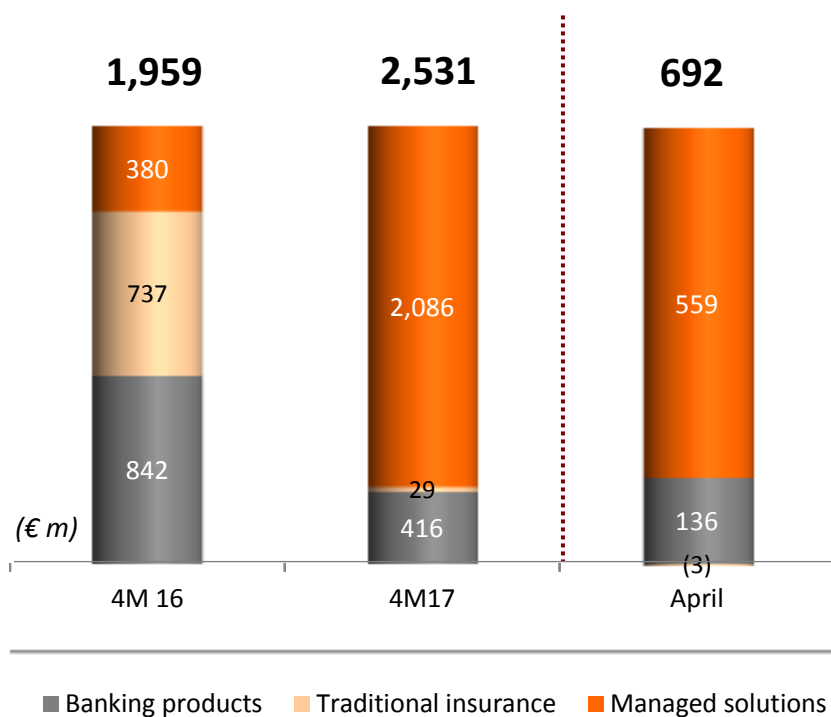


Lux-based assets

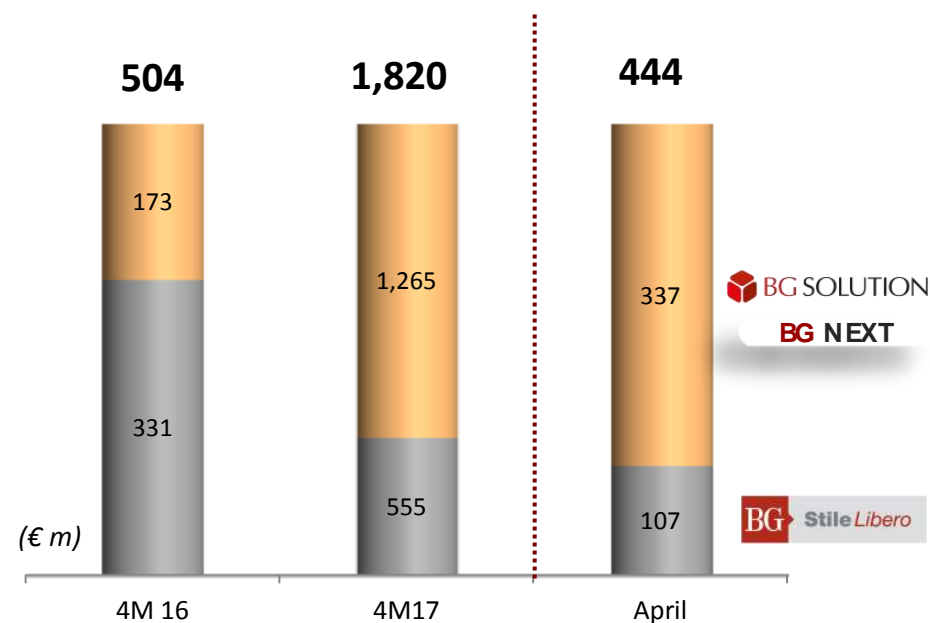
Retail vs. Institutional classes



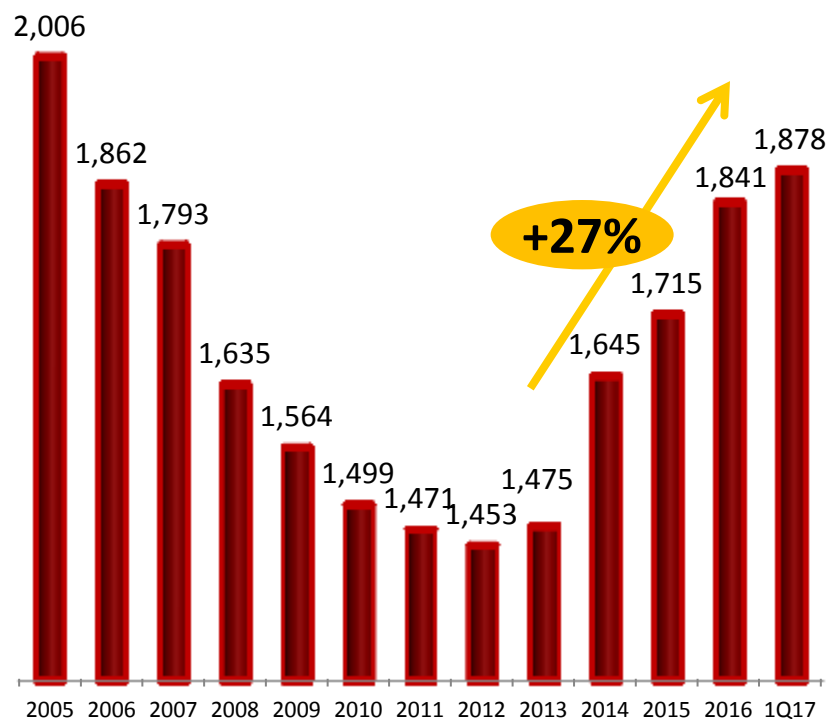
Net Inflows YTD Product mix



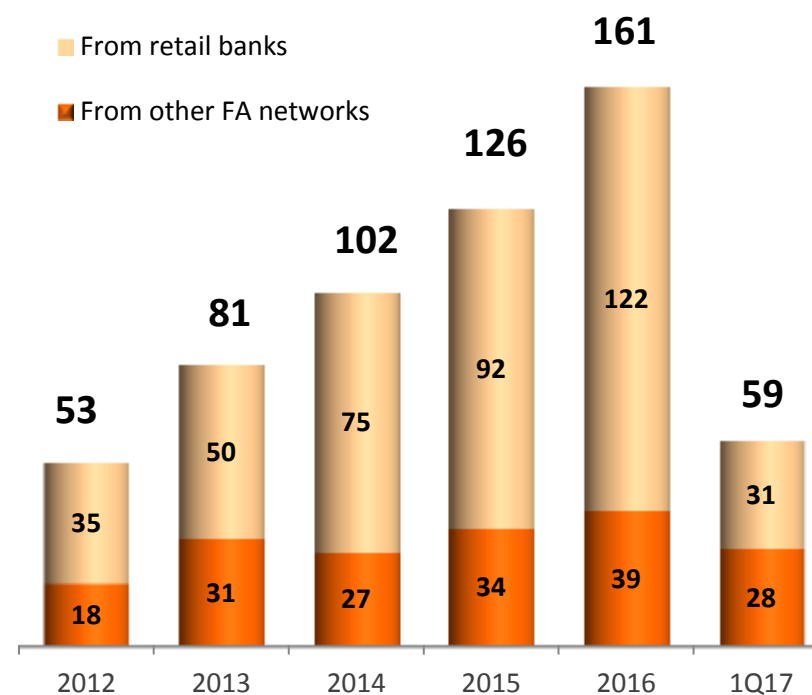
Net Inflows YTD Wrappers



No. of Financial Advisors (FAs)



No. of new recruits



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A la carte

Current Accounts
Equity/Bond securities
Traditional Insurance
Third-party funds
In-house funds
FoF

Products

Rationale

- ✓ Excellence in traditional offer
- ✓ Open architecture framework
- ✓ Innovation in investment strategies

Financial 'Wrappers'

 **BG SOLUTION**

 **BG SOLUTION**
TOP | CLIENT

BG NEXT

- ✓ Tax and operational optimization
- ✓ Accessibility and diversification
- ✓ Integrated reporting and risk management

Insurance 'Wrappers'

 **Stile Libero**

 **Stile Libero**
PRIVATE INSURANCE

- ✓ Insurance coverage
- ✓ Succession planning
- ✓ Wide range of services

A la carte

Product range

Features

Current Accounts

**BG Deluxe BG Privilege
BG Top Premier**

- ✓ 3 main current accounts
- ✓ All banking services

- ✓ Competitive offer, quality of service

Equity/Bond securities/ETF

- ✓ All main markets

- ✓ Advisory and trading desk

Traditional Insurance

 **BG VITA**

- ✓ 8 main policies
- ✓ 4 segregated funds

- ✓ Protection and stable return

Third-party funds



- ✓ >50 asset managers
- ✓ 5,200 funds/SICAVs

- ✓ Full open architecture

In-house funds

BG SICAV

- ✓ 17 asset managers
- ✓ 30 sub-funds

- ✓ Liquid alternative, diversified bond and niche equity strategies

FoF

BG SELECTION SICAV

- ✓ 24 asset managers
- ✓ 46 sub-funds

- ✓ Diversified equity, real/alternative/flexible strategies

Financial 'Wrappers'



BG NEXT

BG Fiduciaria

Product range

- ✓ 28 core and satellite investment lines
- ✓ >1,500 single funds and FoF
- ✓ >2,500 securities
- ✓ 200 ETF

- ✓ **BG Solution features**
- ✓ + **Tailor-made investment strategies**

- ✓ **Vehicle for professional clients**
- ✓ **Focus on illiquid investment and private debt strategies (mezzanine debt, commercial loans, ...)**

- ✓ **Trust services for HNWI**

Benefits for the customer

- ✓ **Optimisation tool** (tax, operational, risk)

- ✓ **Personalisation** (tailor-made investments by products, asset managers, investment strategies)

- ✓ **Accessibility**

- ✓ **Transparency** (integrated reporting and professional risk management)

- ✓ **Ancillary services** (drawdown plans, coupon payments, annuities, switched, integrated reporting)

Insurance 'Wrappers'



Product range

- ✓ €/ \$ life segregated accounts (up to 30% of total assets)
- ✓ >1,000 instruments (single funds, FoFs, ETF)

- ✓ **BG Stile Libero features**
- ✓ **+ Tailor-made asset allocation**
- ✓ **+ more flexible services (e.g % coupon, death insurance)**

Benefits for the customer

- **About same framework of financial wrappers**
- **Traditional and innovative insurance benefits**
beneficiaries may differ from inheritance law; not subject to seizure and distraint; no inheritance tax; capital gains tax postponed to the time of policy liquidation; insurance cover against capital loss; insurance cover against age, accident
- **Wide range of services**
drawdown plans, coupon payments, annuities, switched, integrated reporting

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2017: Execution, Execution, Execution

Final phase of implementation of the 3Y strategic repositioning to deliver sustainable growth in the new MIFID 2 environment

Roll-out of the new **ADVISORY CONTRACT**
one year ahead of MIFID 2 introduction



Further increasing the penetration of
WRAPPERS as the product of choice for
Clients and FAs



Reaping the benefits of the **WEALTH MANAGEMENT APPROACH**
in clients advisory amongst the retail network



MIFID DAY London, July 2017

- **Wrapper solutions** up to 18% of total assets (vs. 15% at 2016 YE)
- **Wealth Management:** strong increase in the number and value of outstanding requests for advisory
 - **Real-estate** (by cumulated value since inception): €3.9bn (+22% YTD)
 - **Corporate finance** (by cumulated value since inception): €1.1bn (+8% YTD)
 - **Family protection** (by no. of succession planning requests since inception): 465 (+26% YTD)

Figures as of 31 March 2017

JULY						
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 1H 2017 results
Investor Conference call

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



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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