

PRESS RELEASE

Quarterly results

NET PROFIT OF €38.9 MILLION FOR THE QUARTER (+10%)

- Management fees at €91.5 million (+20%)
- Operating expenses at €40.0 million (+1.9%)

GROWTH IN NET INFLOWS AND AUM

- Total AUM at €30.3 billion (+12%)
Total net inflows year-to-date at €1,020 million (+18%)

IMPROVED CAPITAL RATIOS

- Net equity at €528 million (+21%)
- Excess capital at €153.9 million (+26%)
- Tier 1 ratio at 14.4% and total capital ratio at 15.0%

Milan, 8 May 2014 – The Board of Directors of Banca Generali, chaired by Paolo Vagnone, approved the consolidated results for the first quarter of 2014.

The CEO of Banca Generali, Piermario Motta, commented: *“This has been the best quarter of the past two years and we are very satisfied with the quality of our figures and the conditions in which we have been able to achieve these results driven by the recurring business. This result highlights the strength of our business that is continuing to expand rapidly. We are also gaining market shares in our sector, thanks to our focus on the professionalism and innovation of our advisory services to Italian households. The bank continues to attract top professionals of the asset planning sector. Year-to-date, 30 new highly skilled and experienced colleagues have joined our networks. The operating efficiency and the positive business environment are reasons for us to look with great optimism to the results for the coming months.”*

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Consolidated P&L results at 31 March 2014¹

Consolidated **net profit** for Q1 2014 **amounted to €38.9 million, up 10% compared to the same period of the previous year**. For the seventh quarter in a row, since April 2012, the bank has continued to improve net profits. The increase was driven by the strong acceleration in net inflows and AUM, which in turn fostered a constant growth in management fees (+20% y/y, +34% in two years). **Capital solidity also grew**, despite our Bank's traditional prudent approach to asset management.

Net banking income increased by 9.7% to €106.8 million (*€104.6 million, +9.4% excluding Generali Investment Luxembourg "GIL"*). The double-digit growth of recurring fees, and especially management fees, greatly contributed to this result. The result from trading was also positive, as the Company exploited the favourable trend arising from the Italian bond spread tightening.

Net interest income amounted to €28.7 million, compared to €33.5 million in the same period of the previous year. The decrease was largely due to the €200 million LTRO loan repayment to BCE.

The core component of net interest income rose slightly compared to the fourth quarter of 2013, whereas it decreased compared to the previous year due to a lower average return on the bond portfolio (2.2% compared to 2.75% for the previous year). In fact the bank continued to adopt a defensive and prudent approach, with a maturity of 2.1 (2.8 at year-end 2013) and a duration of 1.69 (1.55 at year-end 2013). However, it should be noted that the decrease in returns was partly offset by the increase in counter-guaranteed loans.

Gross fees rose by 4.1% to €112.9 million (*€103 million, +2.2% ex-GIL*), driven by the **20% increase in management fees** which reached **€91.5 million (€81.8 million, +19% ex-GIL)**. This positive trend has been continuing for ten consecutive quarters, reaping the benefits of a policy strongly focused on growing AUM and net inflows in the period. It should be noted that recurring fees accounted for **93% of total fees, compared to 86% for the previous year, thus showing a significant improvement in the overall sustainability of revenues and results**.

Net operating expenses totalled €40.0 million, up 1.9% (*€39.3 million +2% ex-GIL*). The increase in expenses was very modest also in light of the great number of projects launched and expensed in the period, including the development of the advanced advisory platform and digital tools supporting the activities of financial advisors and the bank.

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Total assets of the Banca Generali Group at 31 March 2014 amounted to €7,468 million (+13.1% compared to 31 December 2013). The improvement was mainly attributable to the significant growth of direct net inflows from customers, intensified operations with retail customers and increased captive activities.

Consolidated net equity increased sharply to €528.4 million (+12.6% compared to €469.1 million at year-end 2013). Capital ratios also grew: Tier 1 ratio reached 14.4% (14.2% at year-end 2013)

¹ With the purpose of greater clarity and transparency, Banca Generali's figures are presented also net of the component related to Generali Investment Luxembourg ("GIL"). GIL is the management company of Assicurazioni Generali merged with BG Investment Luxembourg on 9 September 2009.

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and total capital ratio rose to 15.0% (14.8% at year-end 2013). **Excess capital** at the end of March 2014 increased by 6.7% compared to year-end 2013, reaching €153.9 million.

Net Inflows and Assets under Management (AUM)

Net inflows for the first four months of 2014 totalled €1,020 million, up 18% on top of the excellent result achieved in the same period of the previous year and up about 50% on the FY 2013 figure.

Net inflows for the period were mainly comprised of **managed assets (€923 million, 90% of the total)**. This trend, which had started at the end of 2012, has grown over the past few years thanks to the significantly lower Italian and international bond interest rates. This is the reason why customers are increasingly interested in advisory services aimed at better qualifying and diversifying their investments to seize the opportunities offered by international markets.

March saw the launch of the multi-line policy '**BG Stile Libero**', whose innovative features include the new approach to managing underlying investments, as well as the extensive services and the wide insurance cover offered. In just two months after its launch, net inflows from BG Stile libero totalled €341 million and the policy is becoming a key financial planning element for Banca Generali's customers. About 90% of the underlying investments of BG Stile Libero is made up of funds and SICAVs and their contribution is added to direct net inflows.

Insurance products also contributed to the result. They are a key element in the Bank's range of products thanks to their guaranteed capital and stable returns, which on average were 4.5% per year from 2009 till today. Net inflows from insurance products amounted to €522 million in the period.

Managed assets and banking products at 31 March 2014 amounted to **€30.3 billion (+12% compared to €27.0 billion for 1Q 2013)**.

The excellent performance of AUM was mainly attributable to the sharp growth of **managed assets** which reached €22.1 billion at the end of March (+15%) and now accounts for 73% of total AUM (71% in 1Q 2013). The most significant increases in AUM were seen in Funds and SICAVs, which reached €8.7 billion AUM (+18%), accounting for 29% of total AUM, and traditional insurance products (excluding 'BG Stile Libero'), which reached €10.0 billion AUM (+15%), accounting for 33% of total AUM.

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Banking products totalled €8.2 billion at the end of March, up 5% compared to 2013, thus confirming the constant acquisition of new money from both existing and new customers.

Business Outlook

The Bank reported record high net inflows and growing profitability in the first quarter of 2014. It is perfectly positioned to continue to gain market shares, as has happened in the first quarter of the year, thanks to its range of products and the quality of its network of professionals. The prospects of financial advisory services look very promising as households increasingly need support in investing their assets in light of the decreasing appeal in government bonds and real estate

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investments. Economic recovery estimates and the uneven growth at global level also require qualified skills to seize the different opportunities that may arise.

In the coming months we will decisively aim at continued growth both through internal development and by recruiting experienced, high-profile financial advisors, who consider Banca Generali a flexible and prestigious point of reference in the business. Our guidelines will continue to be aimed towards decisively pursuing revenue sustainability, cost discipline and capital solidity.

Presentation to the Financial Community

The financial results for the first quarter of 2014 will be presented to the financial community during a **conference call** scheduled today at **2:00 p.m. CET (1:00p.m. GMT)**.

It will be possible to follow the event by dialling the following telephone numbers:

from Italy and other unspecified countries: +39 02 805 88 11;
from the United Kingdom +44 121 281 8003;
from the USA +1 718 705 8794 (toll-free +1 855 265 6959).

* * *

*The Manager responsible for preparing the company's financial reports (Stefano Grassi) declares, pursuant to Paragraph 2 of Art. 154-bis of the Italian Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documentary results, books and accounting records.
Stefano Grassi (CFO of Banca Generali)*

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Annexes:

- 1) Banca Generali Group – Consolidated Profit and Loss Statement at 31 March 2014
- 2) Banca Generali Group – Consolidated Profit and Loss Statement at 31 March 2014 (ex-GIL)
- 3) Banca Generali Group – Reclassified Consolidated Balance Sheet at 31 March 2014
- 4) Total AUM at 31 March 2014

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1) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT AT 31 MARCH 2014

(€ mil.)	3M13 (reported)	3M14 (reported)	% Chg
Net Interest Income	33.5	28.7	-14.4%
Fee income	108.5	112.9	4.1%
Fee expense	-46.0	-53.1	15.5%
Net Fee	62.5	59.8	-4.3%
Net income (loss) from trading activities	1.4	18.3	1254.4%
Dividends	0.0	0.0	171.5%
Net income (loss) from trading activities and Dividends	1.4	18.3	1248.1%
Net Banking Income	97.3	106.8	9.7%
Staff expenses	-18.2	-18.6	2.4%
Other general and administrative expense	-23.9	-30.7	28.3%
	-42.1	-49.3	17.1%
Depreciation and amortisation	-1.2	-1.0	-10.5%
Other net operating income (expense)	4.0	10.4	156.4%
Net Operating Expenses	-39.2	-40.0	1.9%
Operating Profit	58.1	66.8	15.0%
Net adjustments for impair.loans and other assets	-1.4	-0.9	-31.5%
Net provisions	-10.8	-10.4	-3.4%
Profit Before Taxation	46.0	55.5	20.6%
Direct income taxes	-9.5	-14.8	54.9%
Income/(losses) after tax on assets held for sales	0.0	-0.5	
Minorities interest	-1.0	-1.4	42.3%
Net Profit	35.5	38.9	9.5%
Cost/Income Ratio	39.1%	36.5%	-2.6 p.p.
EBITDA	59.3	67.9	14.5%
Tax rate	20.7%	26.6%	5.9 p.p.

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2) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT AT 31 MARCH 2014 (EX-GIL) ²

(€ mil.)	3M13 (adjusted)	3M14 (adjusted)	% Chg
Net Interest Income	33.5	28.7	-14.4%
Fee income	100.8	103.0	2.2%
Fee expense	-40.0	-45.4	13.6%
Net Fees	60.8	57.6	-5.2%
Net income (loss) from trading activities	1.4	18.3	1254.3%
Dividends	0.0	0.0	171.5%
Net income (loss) from trading activities and Dividends	1.4	18.3	1248.0%
Net Banking Income	95.6	104.6	9.4%
Staff expenses	-17.7	-18.1	2.4%
Other general and administrative expense	-23.8	-30.6	28.5%
	-41.4	-48.6	17.4%
Depreciation and amortisation	-1.2	-1.0	-10.5%
Other net operating income (expense)	4.0	10.4	156.3%
Net Operating Expenses	-38.5	-39.3	2.0%
Operating Profit	57.1	65.3	14.4%
Net adjustments for impair.loans and other assets	-1.4	-0.9	-31.5%
Net provisions for liabilities and contingencies	-10.8	-10.4	-3.4%
Profit Before Taxation	44.9	54.0	20.1%
Direct income taxes	-9.4	-14.6	54.8%
Income/(losses) after tax on assets held for sales	0.0	-0.5	
Minorities interest	0.0	0.0	
Net Profit	35.5	38.9	9.5%
Cost/Income Ratio	39.1%	36.6%	-2.5 p.p.
EBITDA	58.2	66.3	13.9%
Tax rate	21.0%	27.0%	6 p.p.

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² The figures have been reclassified excluding the contribution of Generali Investments Luxembourg ("GIL")

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3) BANCA GENERALI – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 31 MARCH 2014 (€ MILLION)

(€ millions)

Assets	March 31, 2014	Dec 31, 2013	Change	% Change
Financial assets held for trading	127.0	229.9	-102.9	-44.8%
Financial assets available for sale	2,337.7	1,626.1	711.6	43.8%
Financial assets held to maturity	2,541.4	2,652.7	-111.2	-4.2%
Loans to banks	621.7	291.4	330.4	113.4%
Loans to customers	1,548.7	1,499.8	48.9	3.3%
Property equipment and intangible assets	49.2	50.1	-0.9	-1.8%
Tax receivables	37.8	38.3	-0.4	-1.1%
Other assets	136.4	140.2	-3.8	-2.7%
Assets held for sales	68.0	74.2	-6.2	-8.4%
Total Assets	7,468.0	6,602.7	865.3	13.1%

Liabilities and Shareholders' Equity	March 31, 2014	Dec 31, 2013	Change	% Change
Due to banks	1,935.8	2,230.9	-295.0	-13.2%
Direct inflows	4,616.2	3,588.7	1,027.5	28.6%
Financial liabilities held for trading	0.3	0.6	-0.3	-52.8%
Tax payables	46.7	27.8	19.0	68.3%
Liabilities linked to assets held for sales	60.5	66.3	-5.7	-8.6%
Other liabilities	195.3	142.6	52.7	37.0%
Special purpose provisions	84.6	76.7	7.9	10.3%
Valuation reserves	19.6	5.5	14.1	259.0%
Reserves	304.6	164.2	140.4	85.5%
Additional paid-in capital	42.6	37.3	5.3	14.2%
Share capital	115.4	114.9	0.5	0.4%
Treasury shares (-)	0.0	0.0	0.0	0.0%
Shareholders' equity attributable to minority inter	7.4	6.0	1.4	22.7%
Net income (loss) for the period (+/-)	38.9	141.3	-102.4	-72.5%
Total Liabilities and Shareholders' Equity	7,468.0	6,602.7	865.3	13.1%

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4) TOTAL AUM AT 31 MARCH 2014

<i>Billion of Euros</i>	<u>Mar 2014</u>	<u>Dec 2013</u>	<u>Abs. Chg</u>
Mutual Funds	8.7	8.4	0.3
Asset Management	3.2	3.2	-
Managed Assets	11.8	11.6	0.3
Life Insurance	10.2	9.7	0.6
-o/w 'BG Stile Libero'	0.2	-	
Non Managed Assets	8.2	7.9	0.3
<i>of which: Securities</i>	5.9	5.8	0.08
Total	30.3	29.1	1.2

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