

# Banca Generali

9 Months 2012 results  
and business update

Milan, 6 November 2012

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## Today's Agenda

➤ **9M 2012 Results**

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➤ Net Inflows, AUM and Recruiting

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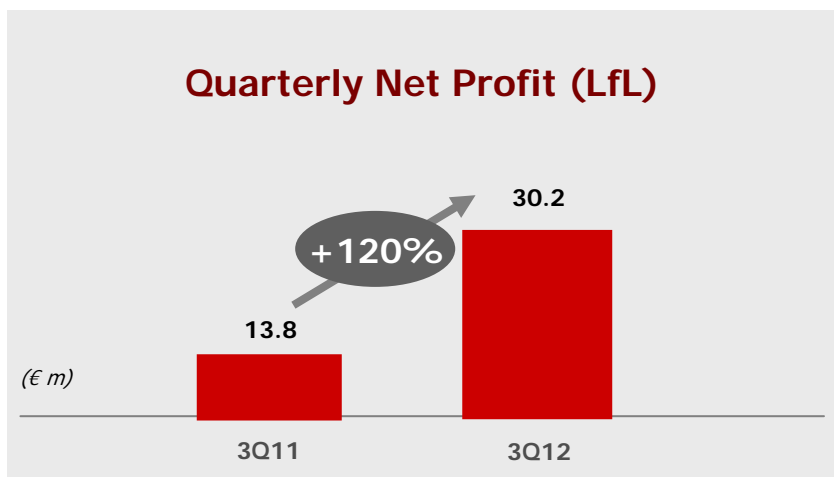
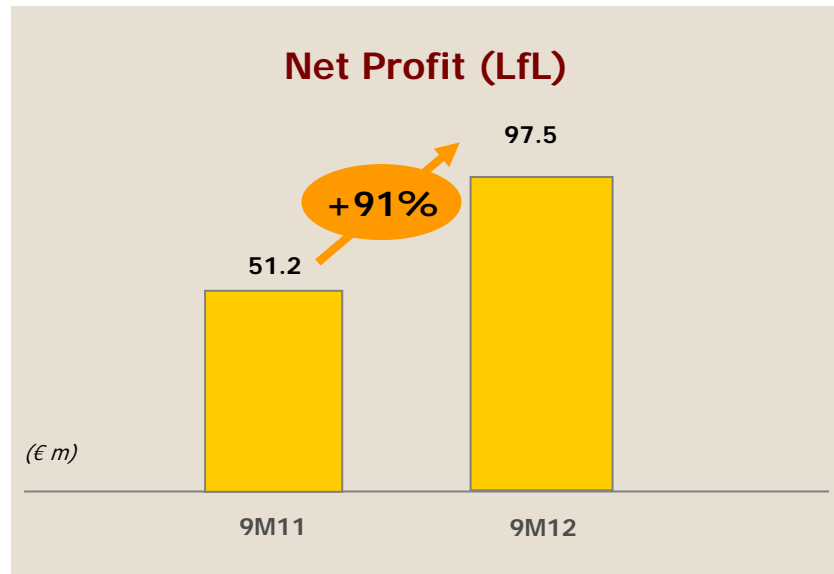
➤ 4Q12 Business Update

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➤ Closing Remarks

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## Strong set of 9M results reflecting a solid underlying business trend



### Positive asset growth momentum

- **Excellent trend in net inflows, with a buoyant mix:**
  - total net inflows at €1,463m YTD at end October
  - o/w €1,240m in managed assets (+134% YoY)
- **Sustained assets growth at €25.5 bn (+10% YTD)**

### Outstanding set of results

- **Strong revenues €251m +44% (+27% ex-LTRO),** driven by net commissions and net interest margin
- **Tight cost control (+3.4%)** driving cost/income down to best practice level
- **Higher gross margin (AUM profitability) at 1.88%, +31 bps**

### Solid capital position reinforced

- **Excess capital at €112 (+26% YTD)**
- **Total capital ratio at 13.7% and T1 Capital ratio at 12.1%** (vs. 12.8% and 11.1% respectively at 2011YE)

## Consolidated 9M12 Profit and Loss Account: main takeaways

(€ m)	9M11 (reported)	9M12 (reported)	% Chg	9M11 (excl. GIL)	9M12 (excl. GIL)	% Chg
<b>Net Interest Income</b>	<b>33.3</b>	<b>80.4</b>	<b>141.3%</b>	<b>33.3</b>	<b>80.4</b>	<b>141.4%</b>
Commission income	258.9	288.6	11.5%	240.4	267.1	11.1%
Commission expense	-117.9	-121.5	3.1%	-104.4	-105.2	0.8%
<b>Net Commission</b>	<b>141.0</b>	<b>167.1</b>	<b>18.5%</b>	<b>136.0</b>	<b>161.9</b>	<b>19.1%</b>
Net income (loss) from trading activities	-75.2	8.4	-111.1%	-75.2	8.4	-111.1%
Dividends	80.5	0.7	-99.1%	80.5	0.7	-99.1%
Net income (loss) from trading activities and Dividends	5.3	9.1	72.0%	5.3	9.1	71.2%
<b>Net Banking Income</b>	<b>179.6</b>	<b>256.5</b>	<b>42.9%</b>	<b>174.6</b>	<b>251.3</b>	<b>44.0%</b>
Staff expenses	-49.6	-52.1	4.8%	-48.2	-50.6	4.8%
Other general and administrative expense	-62.3	-68.7	10.3%	-62.0	-68.3	10.2%
Depreciation and amortisation	-3.1	-3.4	10.9%	-3.0	-3.4	11.2%
Other net operating income (expense)	7.9	13.3	69.5%	7.9	13.3	69.2%
Total costs	-107.2	-110.9	3.4%	-105.3	-108.9	3.4%
<i>Cost /Income Ratio</i>	<i>-58.0%</i>	<i>-41.9%</i>	<i>16,1 p.p.</i>	<i>-58.6%</i>	<i>-42.0%</i>	<i>16,6 p.p.</i>
<b>Operating Profit</b>	<b>72.4</b>	<b>145.7</b>	<b>101.3%</b>	<b>69.2</b>	<b>142.5</b>	<b>105.8%</b>
Net adjustments for impair. loans and other assets	-2.3	-2.2	-5.1%	-2.3	-2.2	-5.1%
Net provisions for liabilities and contingencies	-11.8	-15.3	30.2%	-11.9	-15.3	28.7%
<b>Profit Before Taxation</b>	<b>58.3</b>	<b>128.1</b>	<b>119.9%</b>	<b>55.0</b>	<b>124.9</b>	<b>127.2%</b>
Direct income taxes	-5.4	-28.0	416.2%	-5.1	-27.7	442.7%
<i>Tax rate</i>	<i>9.3%</i>	<i>21.9%</i>	<i>12,6 p.p.</i>	<i>9.3%</i>	<i>22.2%</i>	<i>12,9 p.p.</i>
Income/(losses) after tax on assets held for sales	1.3	0.3	-75.8%	1.3	0.3	-75.8%
Minorities interest	-3.0	-2.9	-1.9%	0.0	0.0	
<b>Net Profit</b>	<b>51.2</b>	<b>97.5</b>	<b>90.5%</b>	<b>51.2</b>	<b>97.5</b>	<b>90.5%</b>

➤ **Interest margin** strongly benefitted from the volumes expansion and from the higher investment yield on the bond portfolio

➤ **Net commissions (+19% YoY)** boosted by a positive fund performance and by solid management fees

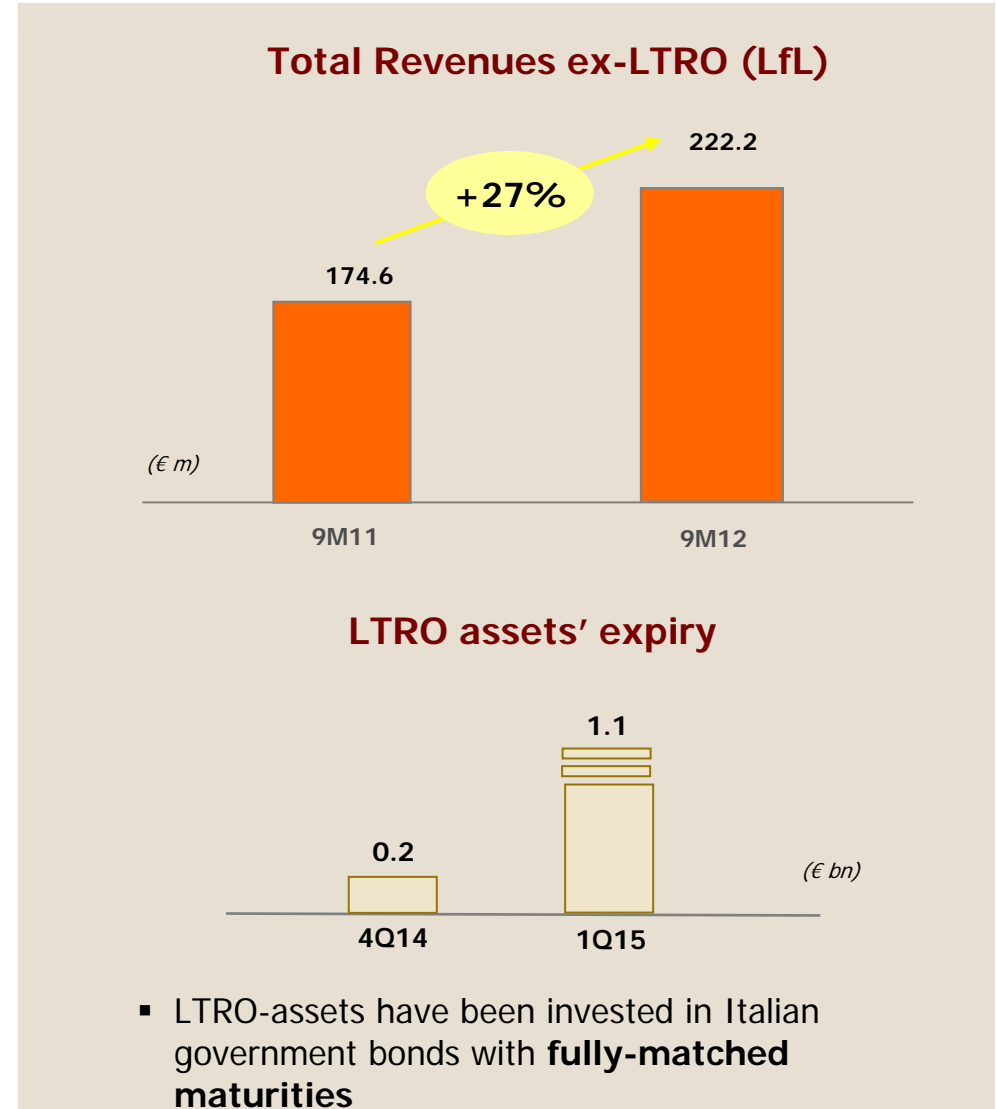
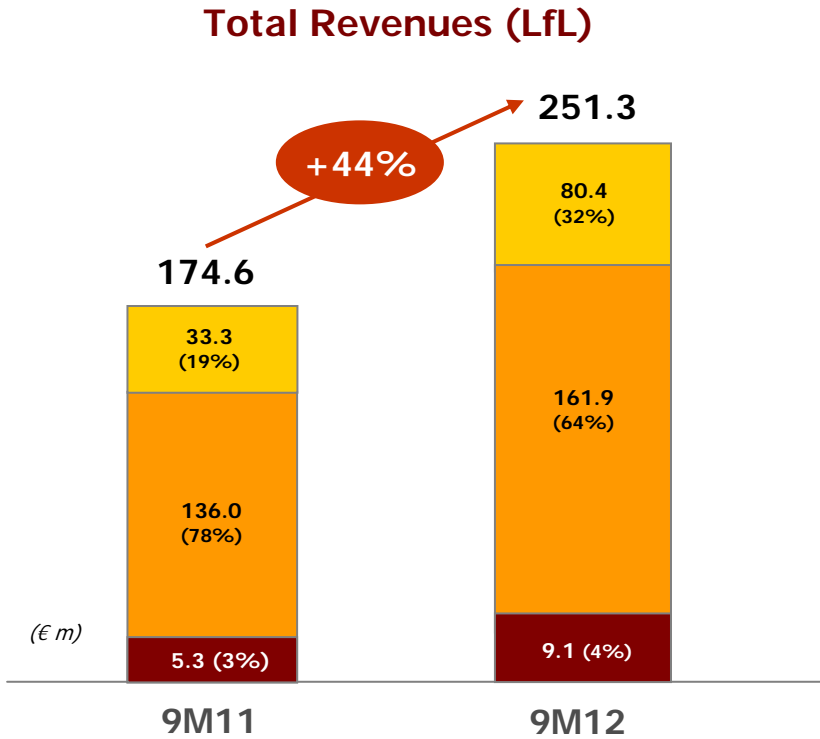
➤ **Operating costs well under control (+3.4%),** with G&A flat net of stamp duty

➤ Total **provisions** remain significantly ahead of last year due to the higher net inflows and recruiting prospects

➤ **Net profit almost doubled YoY (+91% YoY)**

The figures reported in this document are IFRS 5 compliant - Figures "excl. GIL" (LFL) do not incorporate the contribution of Generali Investment Luxembourg ("GIL") merged with BG Investment Lux on 9 Sept. 2009

## Strong growth in total revenues even excluding LTRO contribution

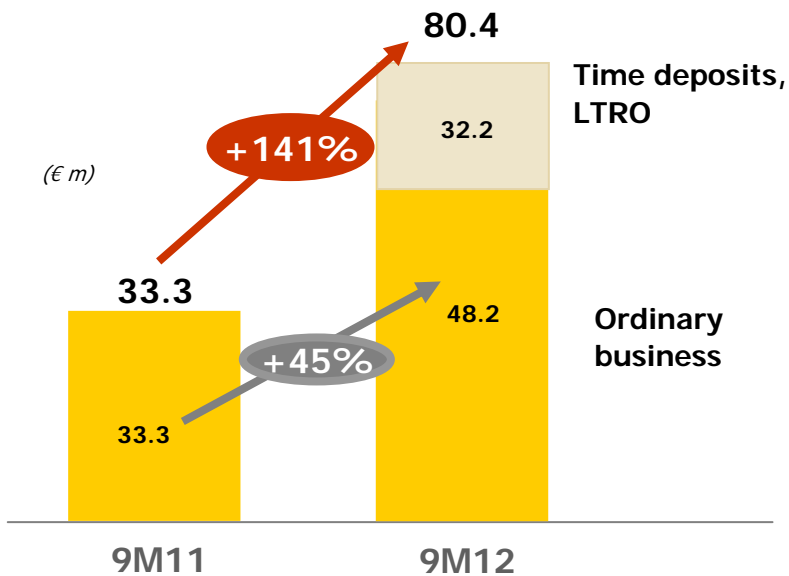


- A well-balanced contribution from all business lines
  - ✓NII at €80m, +141% YoY (+45% ex-LTRO)
  - ✓net commissions at €162m, +19% YoY
  - ✓trading income at €9m, +71% YoY
- Strong revenue growth even ex-LTRO contribution

- LTRO-assets have been invested in Italian government bonds with **fully-matched maturities**

# Net interest income benefits from organic business growth and favourable investment conditions

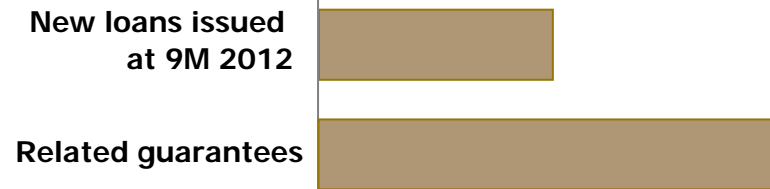
## Net Interest Income (LfL)



**The overall banking book maintains a defensive profile in terms of duration (1.3) and maturity (2.0)**

## 2012 YTD lending activity

(€ m)

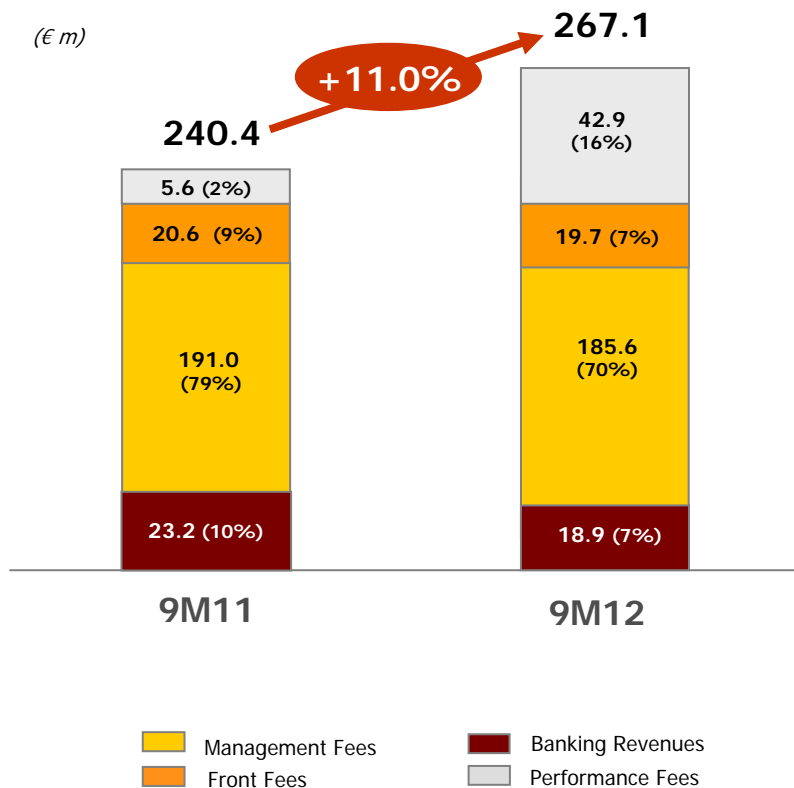


- 2012 YTD lending at €250m, backed by €350m assets

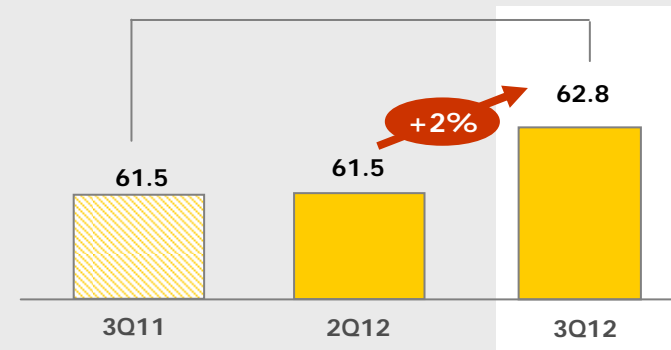
- Total banking book at €4.4bn with a 3.3% yield (vs. 2.1% at 9M11)

# Gross commissions boosted by fund performance, while management fees are back to the 2011 pre-crisis level

## Breakdown of Gross Commissions (LfL, YoY)

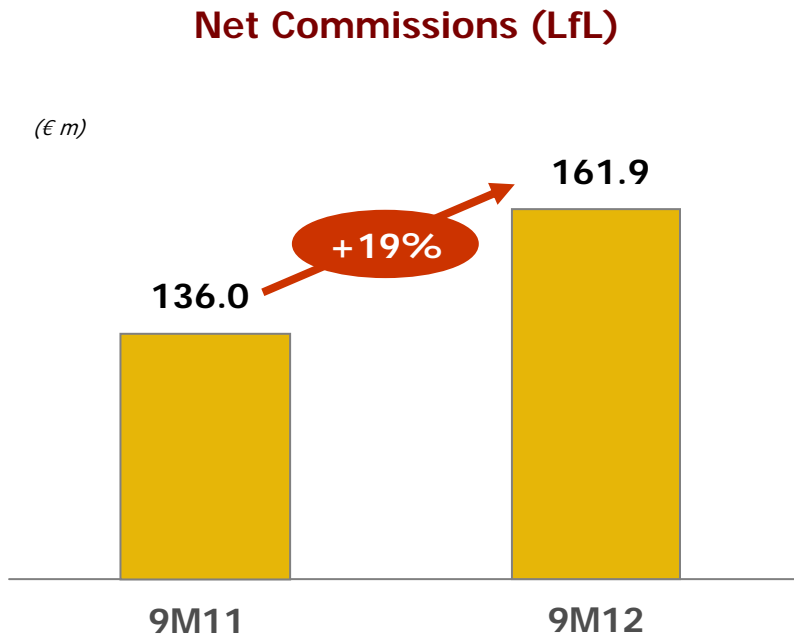


## Quarterly Management Fees (LfL)



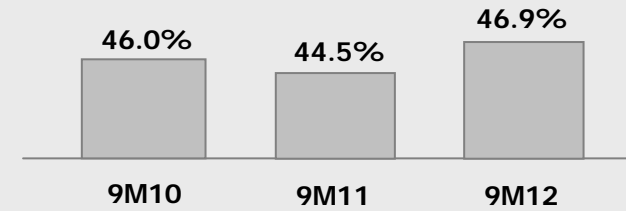
- Positive rebound of management fees both QoQ and YoY, reflecting the increase in the underlying AUM due to:
  - **positive net inflows in managed assets**
  - **positive fund performance**, in particular for in-house products such as BG Sicav (+6.8%) and BG Selection (+6.5%)

## Net commissions increase by 19%, with stable pay-out policy

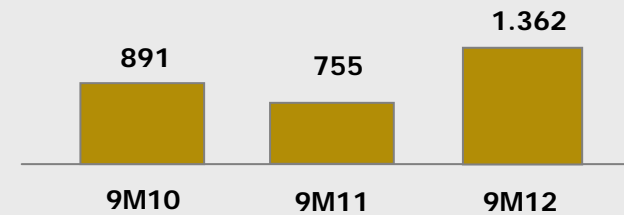


Stable pay-out policy, with annual swings linked to net inflows and recruiting trend

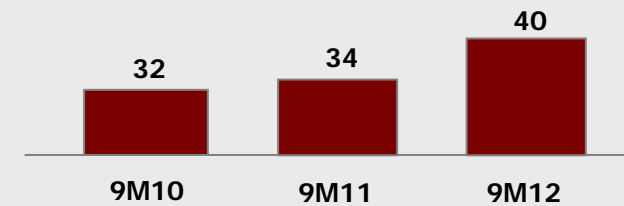
### Pay-out ratio excl. perf. fees (LfL)



### Net Inflows



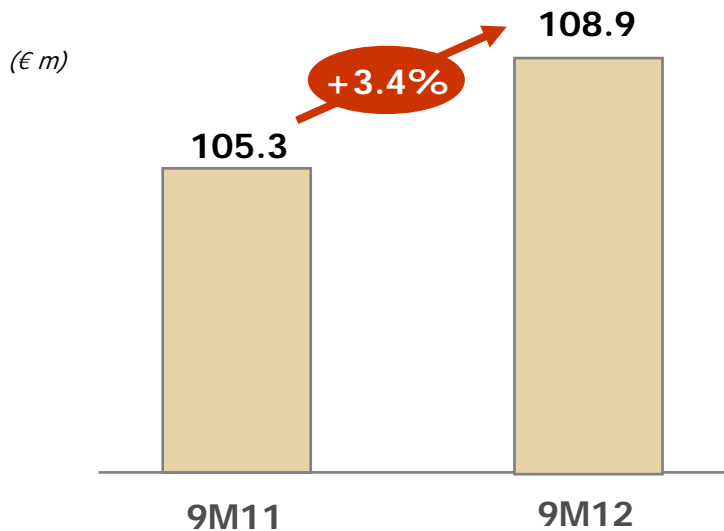
### No. of new Recruits





## Increase in operating expenses in line with inflation

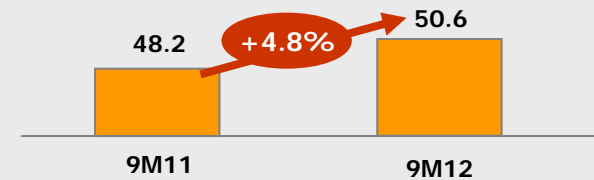
### Operating expenses, net of stamp duty (LfL)



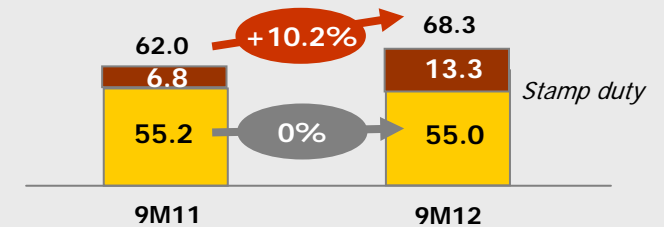
**Cost base well under control (+3.4%) vs. sharp increase in revenues (+44%), thus proving strict cost discipline**

### Split of operating expenses (LfL)

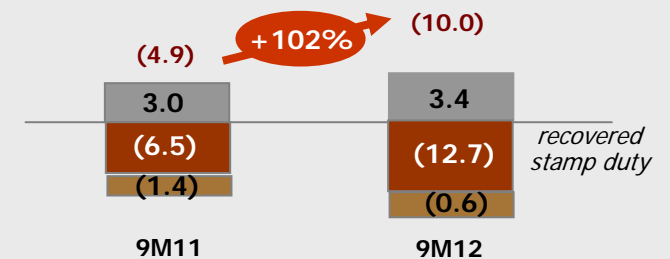
**Staff expenses**  
incorporate a conservative projection for variable compensation



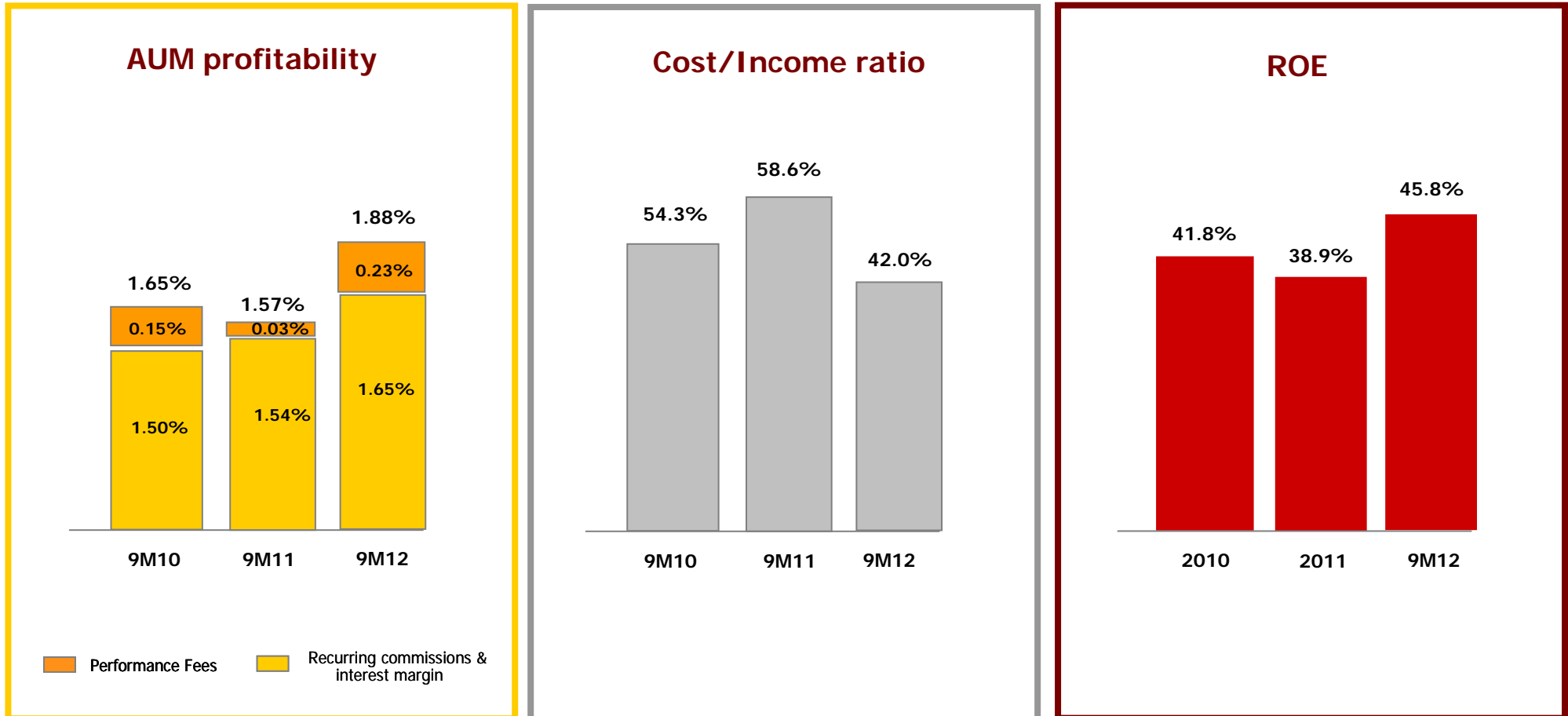
**G&A expenses**  
fully unchanged, net of stamp duty charge...



... that is fully recovered from clients and classified under **depreciation & other operating income**

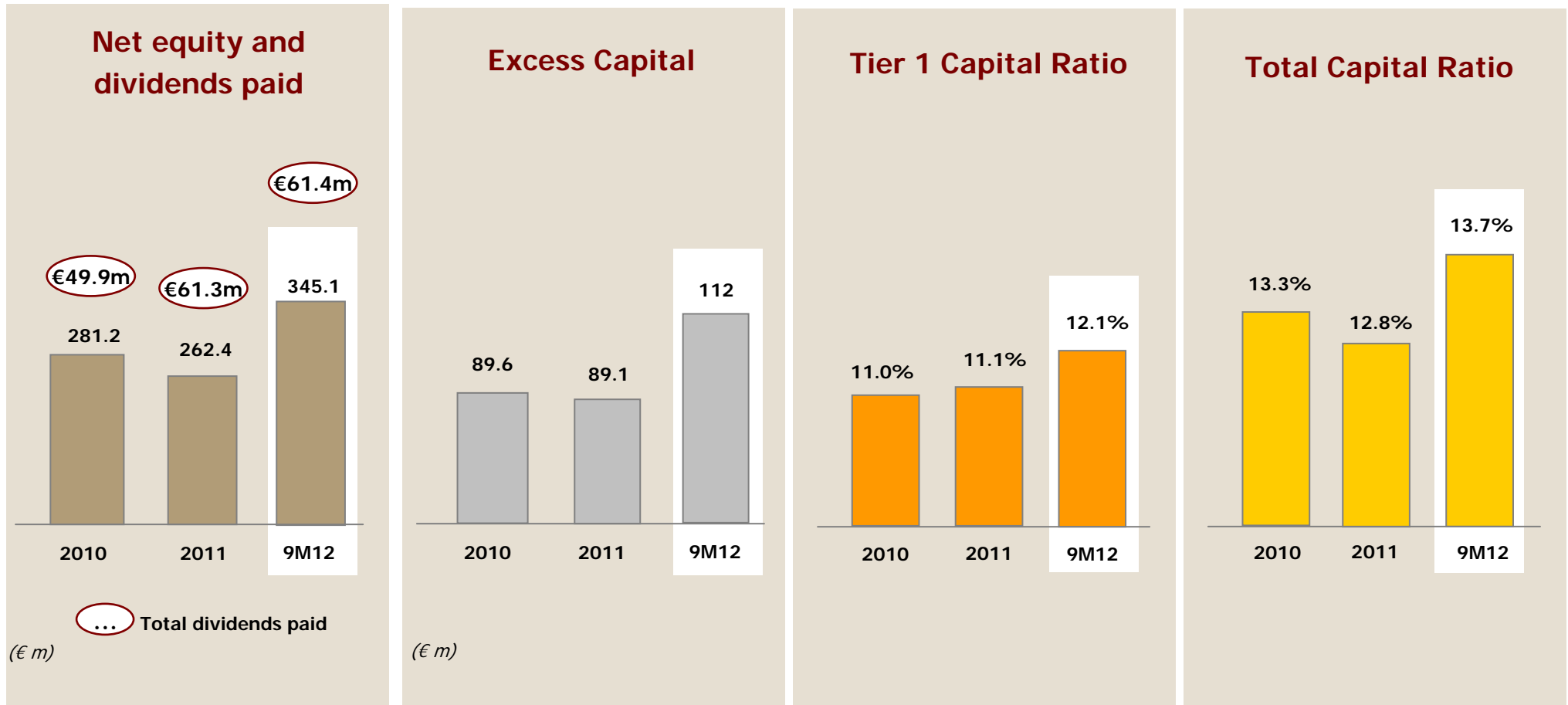


## Profitability ratios provide evidence of company's positive business trend



*Like for Like figures (Lfl)*

## Solid capital position confirmed



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➤ 9M 2011 Results

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➤ **Net Inflows, AUM and Recruiting**

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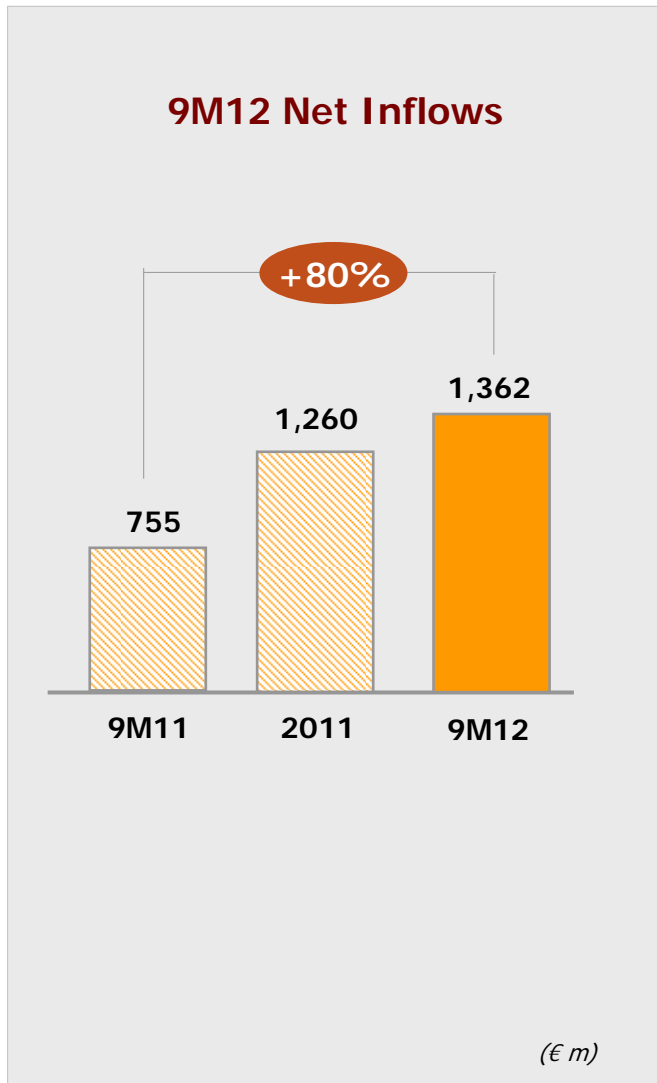
➤ 4Q12 Business Update

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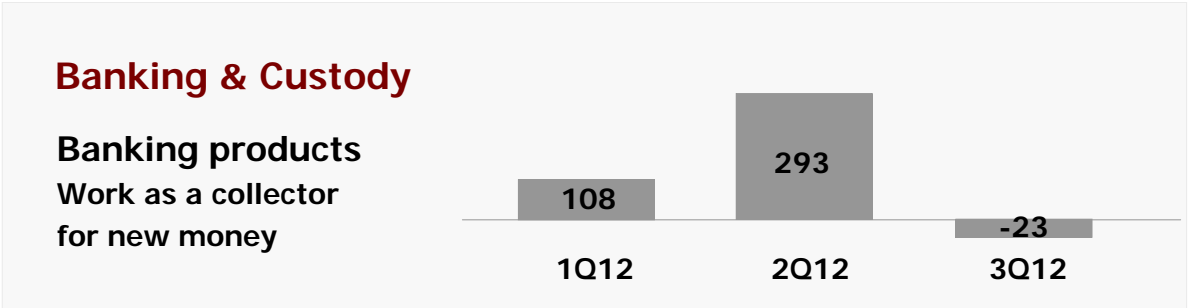
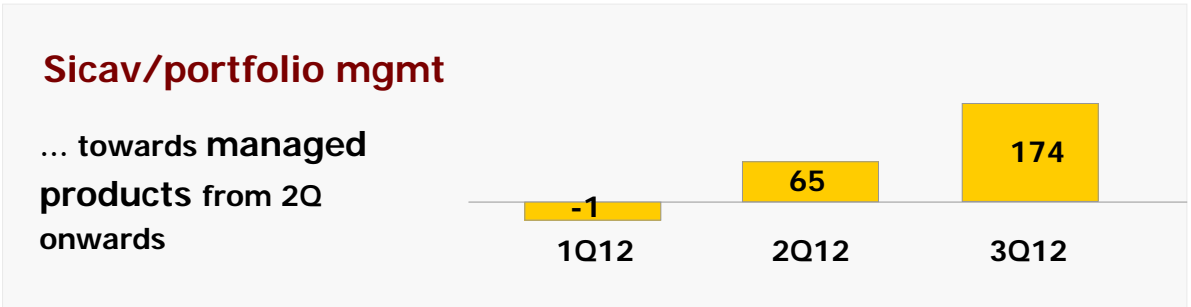
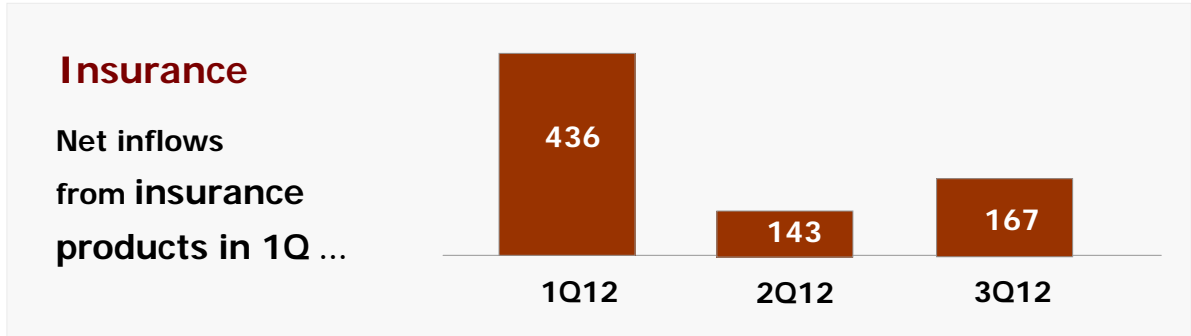
➤ Closing Remarks

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## Strong net inflows, already above the result of full year 2012

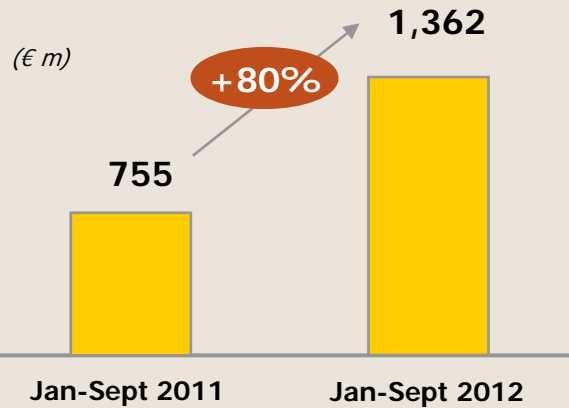


### Banca Generali 9M12 net inflows split by product category

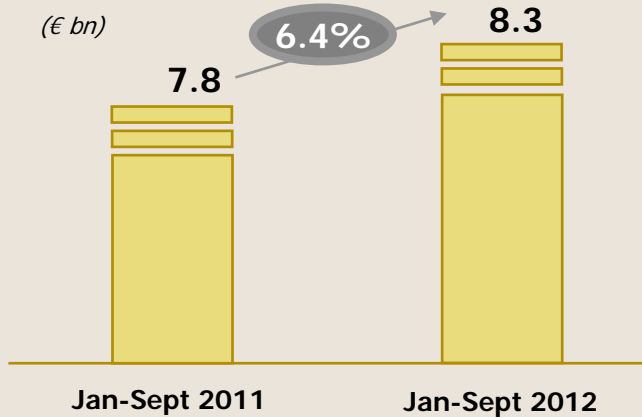


## Banca Generali is significantly outpacing market growth and gaining market share

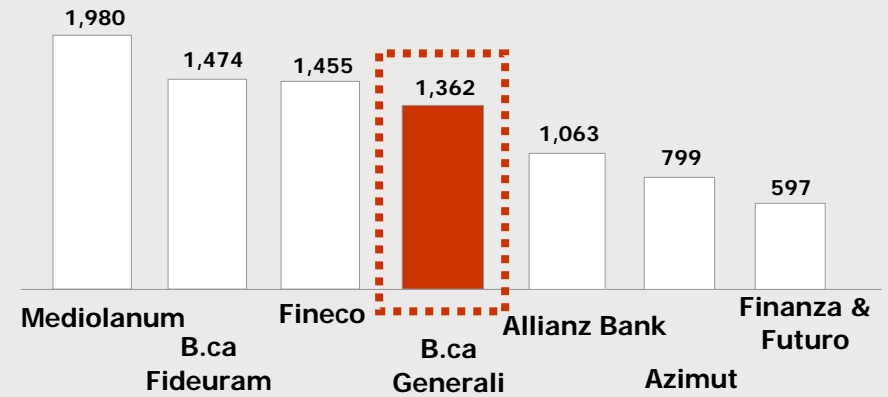
### Banca Generali's Net Inflows



### Sector Net Inflows

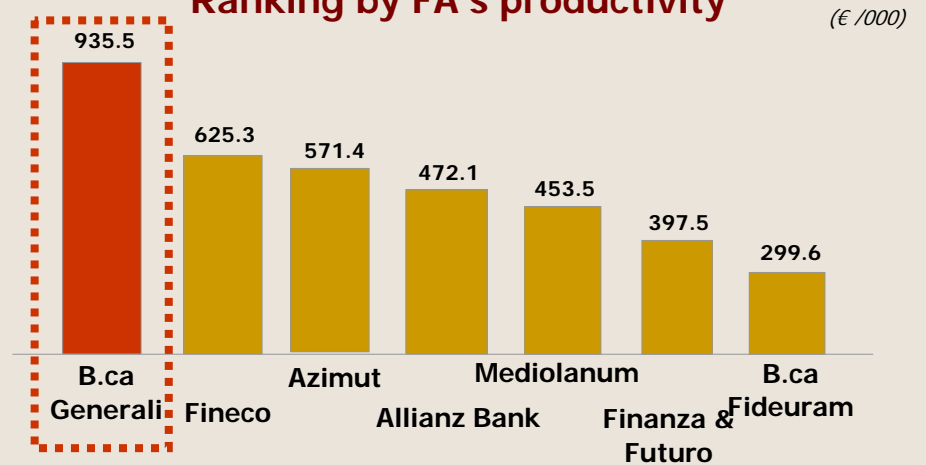


### Ranking by net inflows



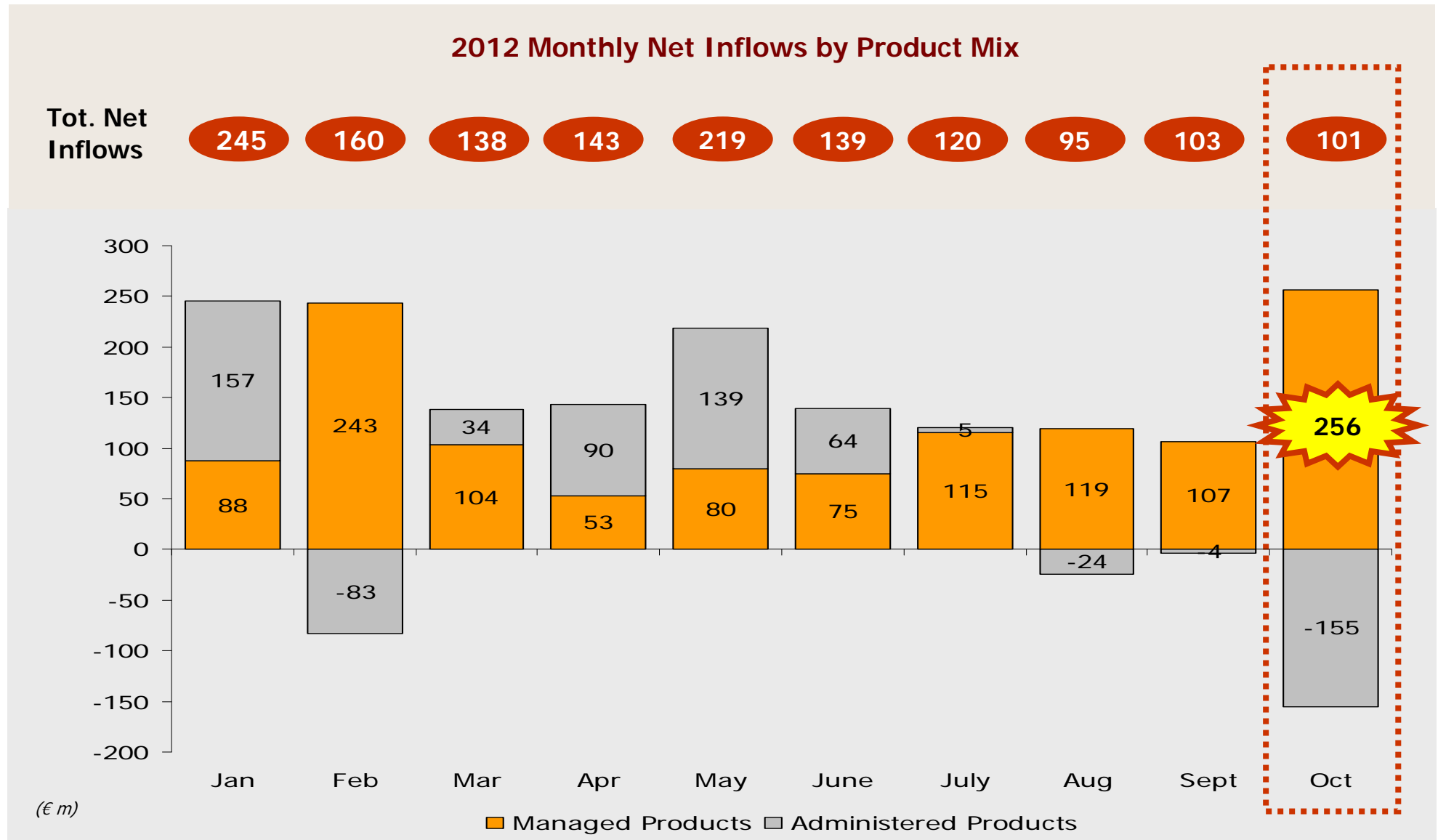
Source: Assoreti, figures at Sept. 2012

### Ranking by FA's productivity



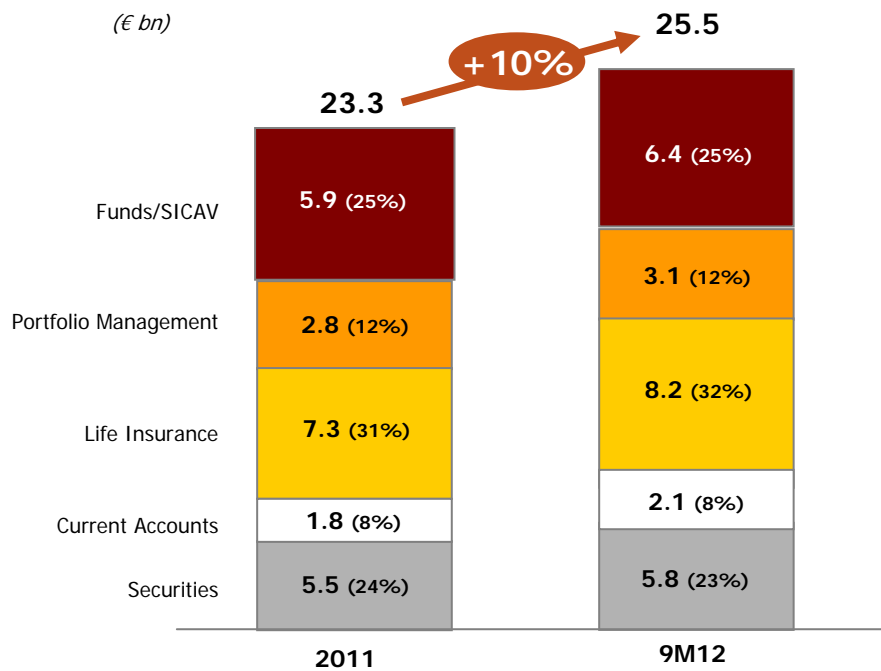
Source: Assoreti, figures at Sept. 2012

## In October clear move towards long term investment solutions

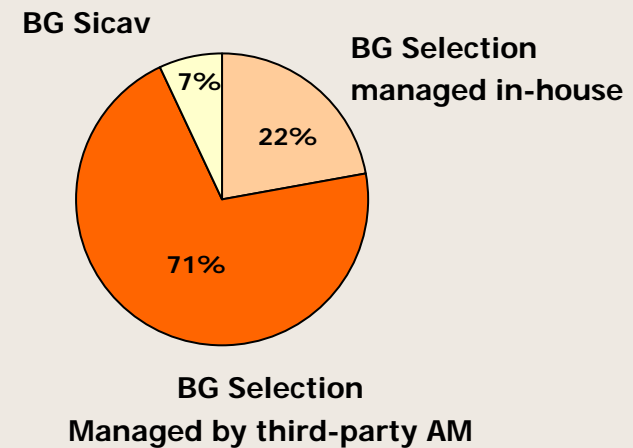


# Net inflows and fund performance lifted assets to €25.5 bn (+10% YTD)

## Asset Breakdown



## Breakdown of Lux-based assets by product



- A positive trend throughout all product lines:
  - ✓ Fund/Sicav +10% YoY
  - ✓ Portfolio Management +8% YoY
  - ✓ Life +11% YoY
- 69% of total assets are managed assets

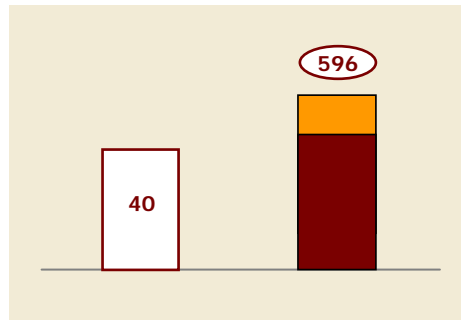
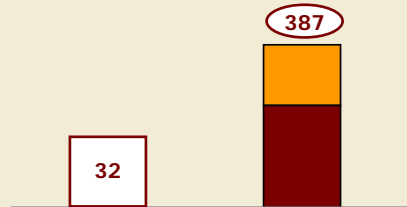
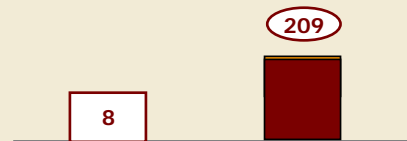


## The recruiting policy remained focussed on high standing professionals



### 9M12 Recruiting Results

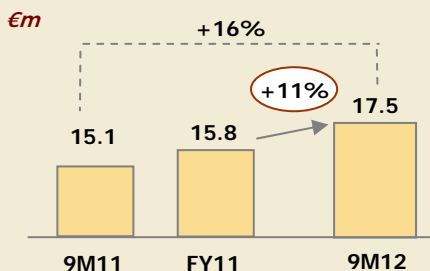
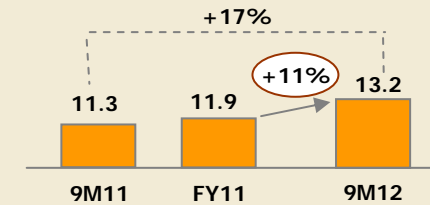
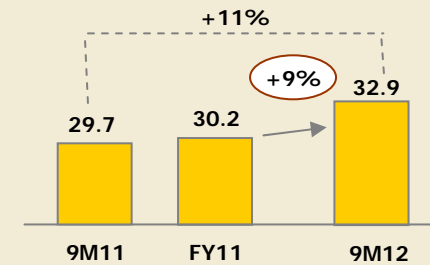
N. FAs      AUM (€m)



Total BG Group

### AUM/FA

€m



■ AUM already brought in   ■ Potential AUM   ○ AUM   □ N° of FA

- Banca Generali hired 40 new professionals in 9M 2012, with an average portfolio of €15m
- The average size of the FA's portfolios increased by 16% YoY to €17.5 m
- ✓ The avg. FA's portfolio of BGPB is €32.9m (+11% YoY, +9% YTD)
- ✓ The avg. FA's portfolio of BG is €13.2m (+17% YoY, +11% YTD)

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## Today's Agenda

➤ 9M 2011 Results

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➤ Net Inflows, AUM and recruiting

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➤ **4Q 12 Business Update**

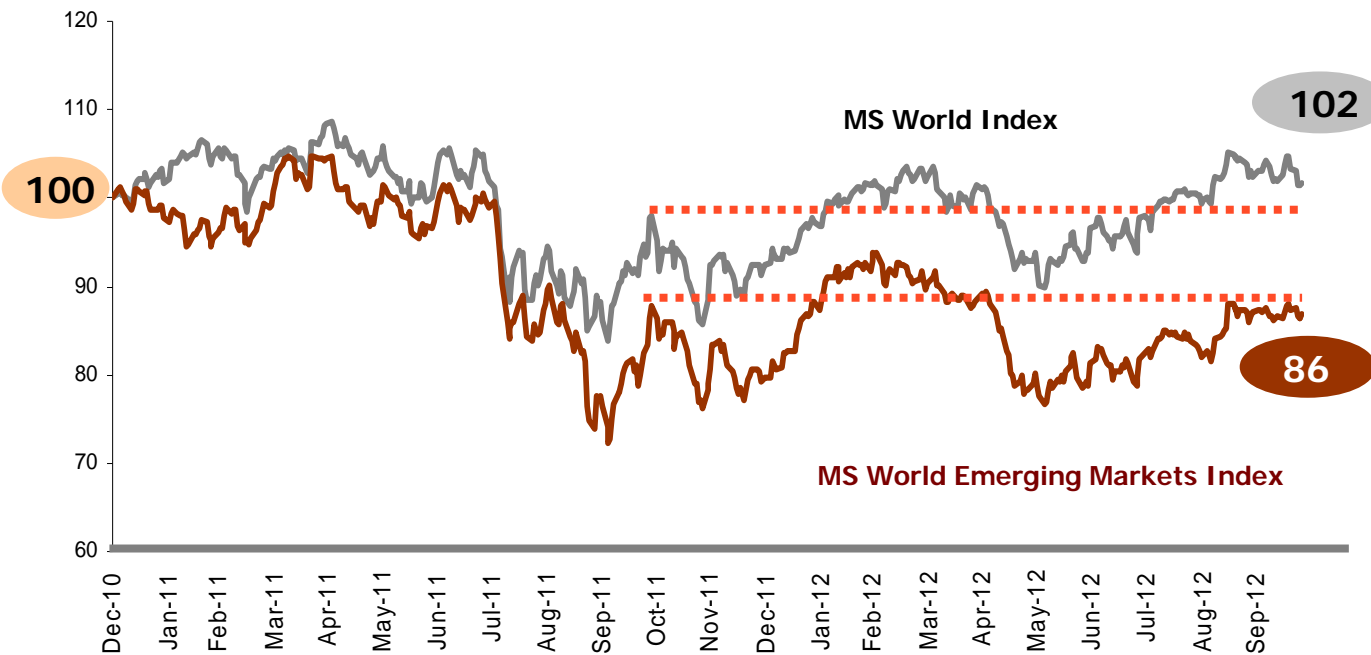
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➤ Closing Remarks

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## Cautiously increasing risk exposure into clients' portfolios

Past cautious stance justified but ...



Source: Bloomberg, MSWO and MSEF normalised as of Dec. 31, 2010

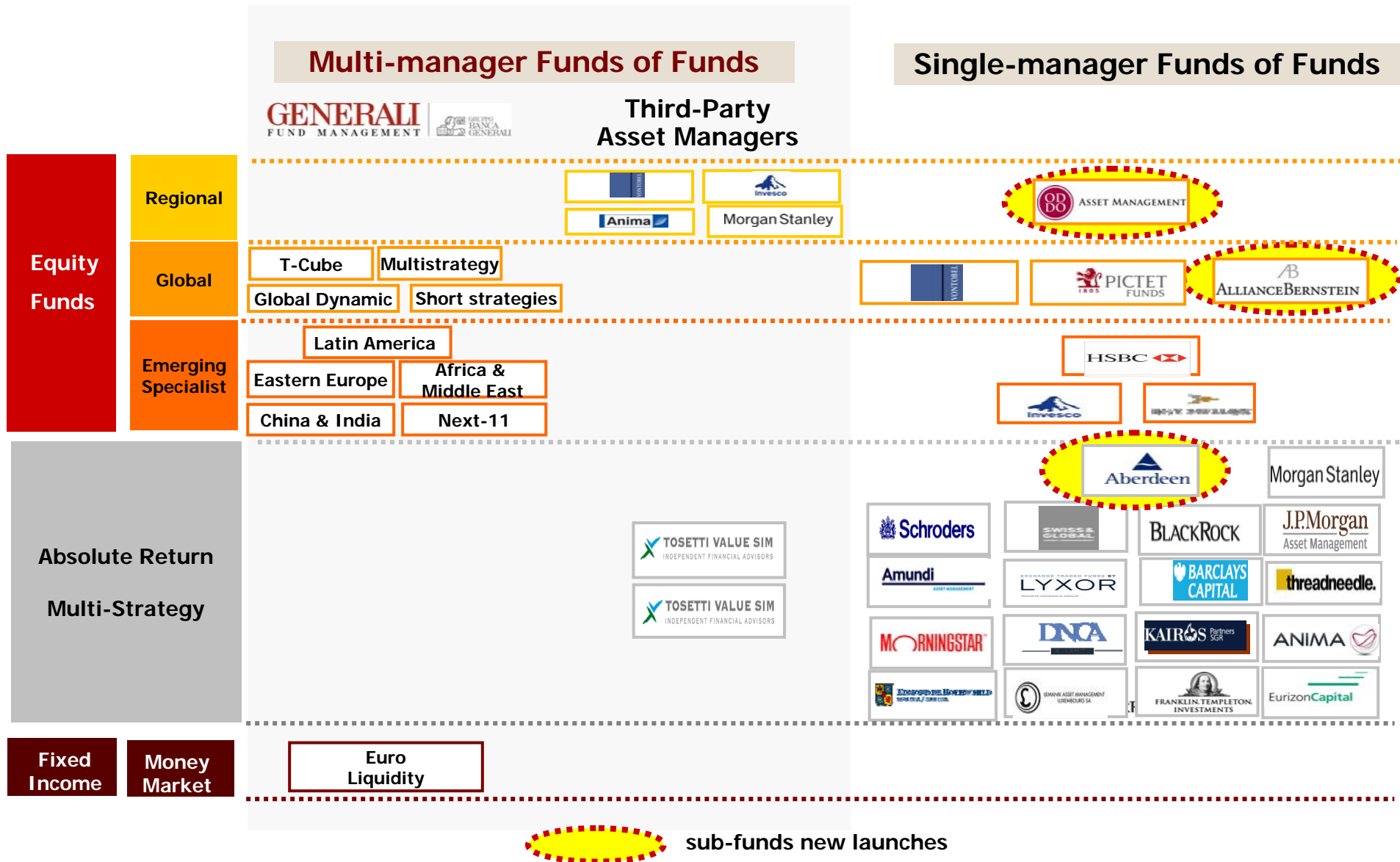
... it is time to cautiously enhance risk profile in clients' portfolio with selected products

**BG SELECTION**



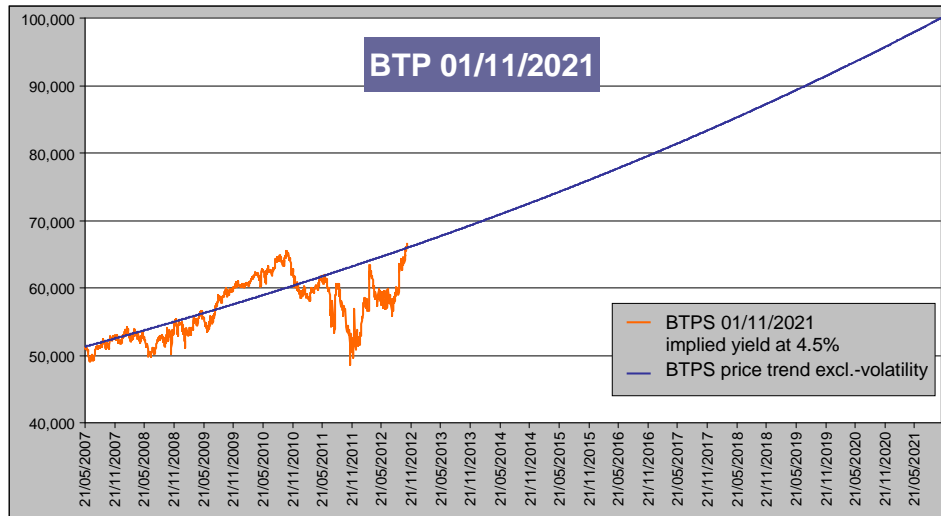
**BG TARGET**

# BG Selection offer is constantly reviewed to comprise the best asset manager



## BG Target remains a core offer for private clients

### Capital protection component provided by stripped BTPs



+

### Equity exposure provided by BG Selection sub-funds

## BG SELECTION

8 investment opportunities:

- 5** lines on Emerging Markets (Next 11, China&India, Africa & ME, East Europe, Latin America)
- 3** lines focussed on Growth themes (Alfa, Multi Emerging Markets, Multiglobal Plus)

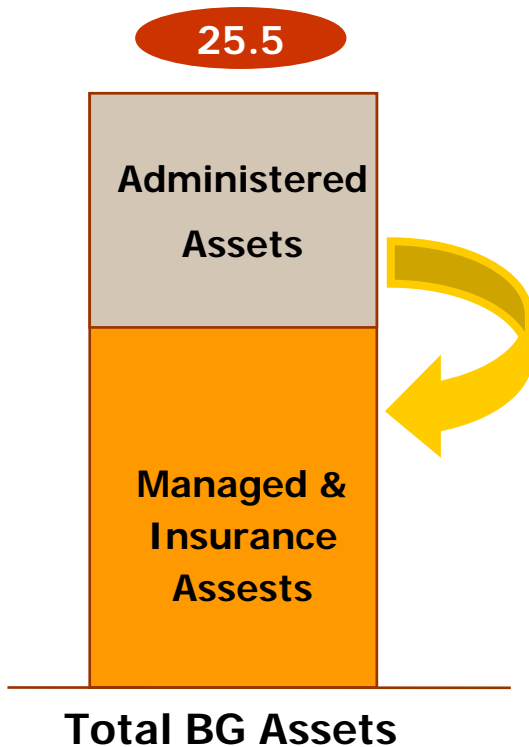


**BG TARGET**

had > € 900 m assets at the end of September

2012 Net Inflows: €100m  
 2012 YTD performance: +15%

## Ample room for increasing share of managed assets as financial markets stabilise



According to our Advisory model, as long as market volatility decreases the **share of administered assets should be reviewed and better allocated** to avoid investment inefficiencies



**Need to partly switch administered assets towards more efficient investment solutions:**

### **BG SELECTION**

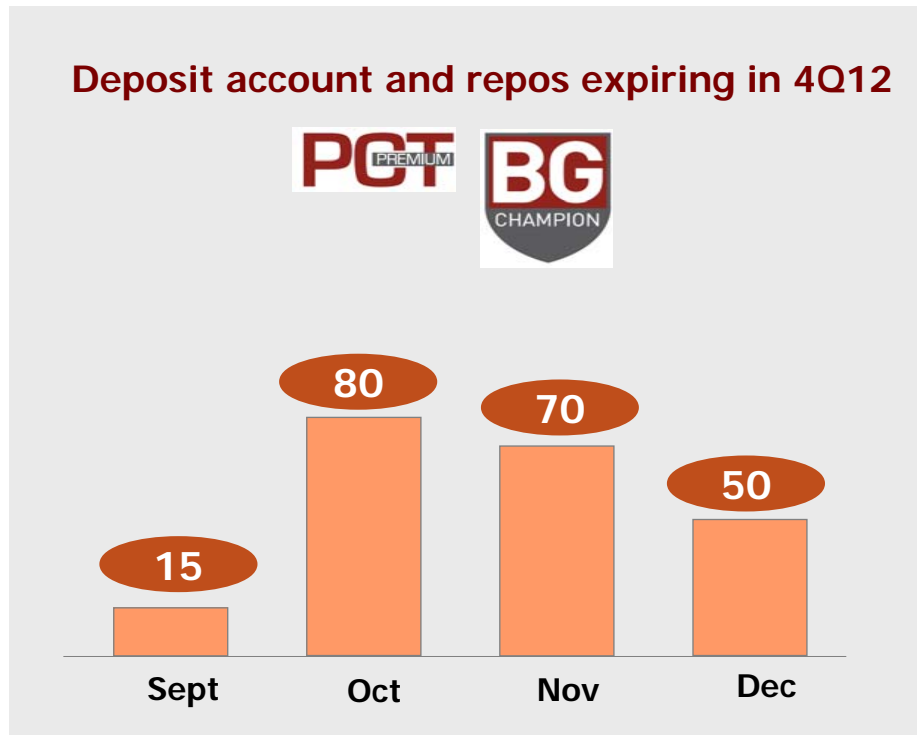
- Best asset managers available
- Innovative and tailor-made FoF
- Wide choice of sub-funds available
- Zero cost of switching
- Single form contract



### **BG TARGET**

- Protected capital
- Option to capitalise return anytime
- Focus on LT growth investment themes
- Wide choice of product expiry

## Actions aimed at cautiously increasing risk exposure into clients' portfolios



An opportunity to switch assets towards managed products to exploit ongoing investment opportunities

**BG TARGET**

**BG SELECTION**

**Over €200m of liquidity products set to expire by 2012 year-end**

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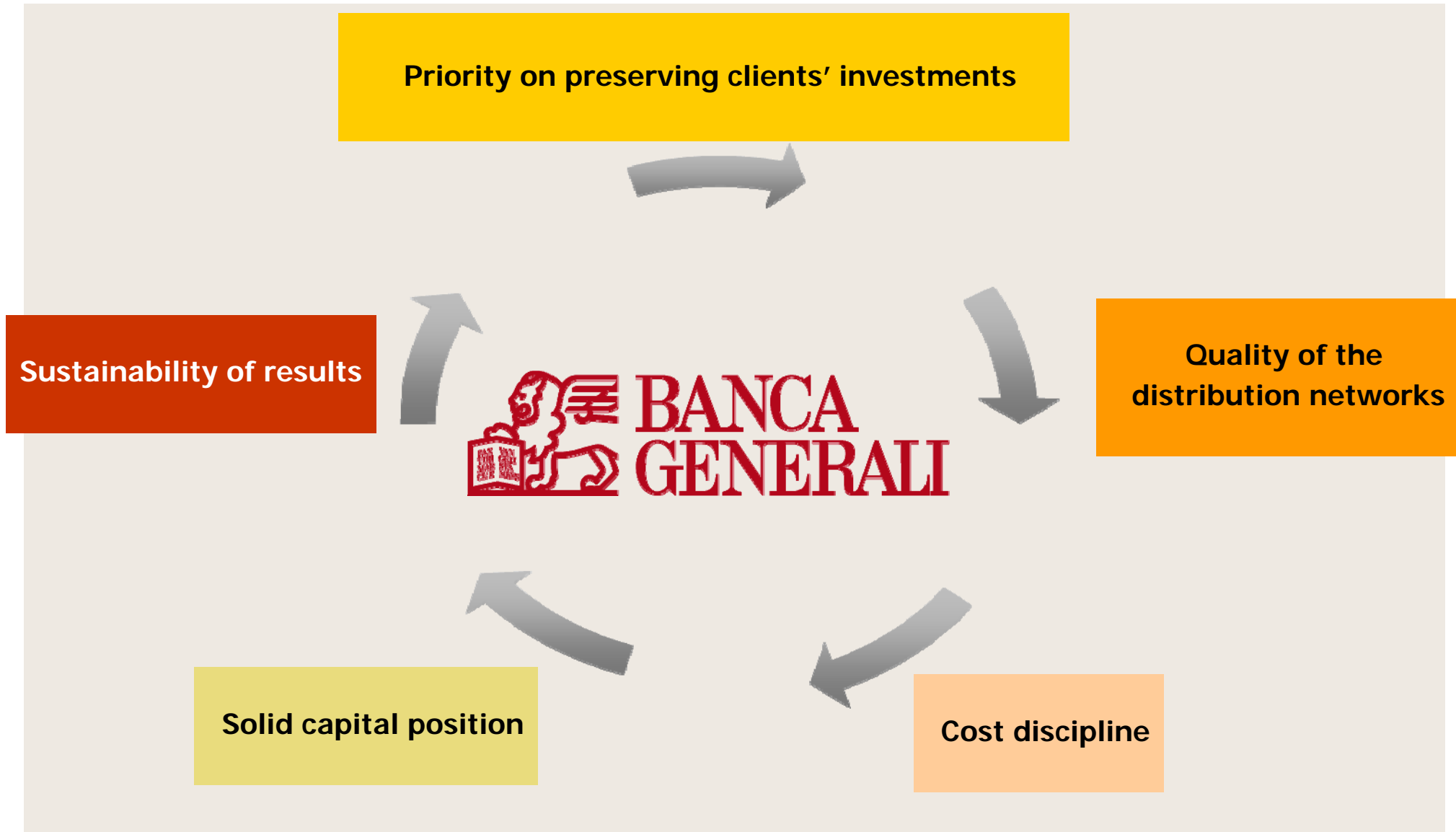
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➤ **Closing Remarks**

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## Our key pillars to build on strength



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## Disclaimer

*The manager responsible for preparing the company's financial reports (Giancarlo Fancel) 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.*

*G. Fancel, 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 recognise 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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