

Banca Generali

2009 First Quarter Results

Giorgio Girelli, CEO
Milan, May 11, 2009

Today's Agenda

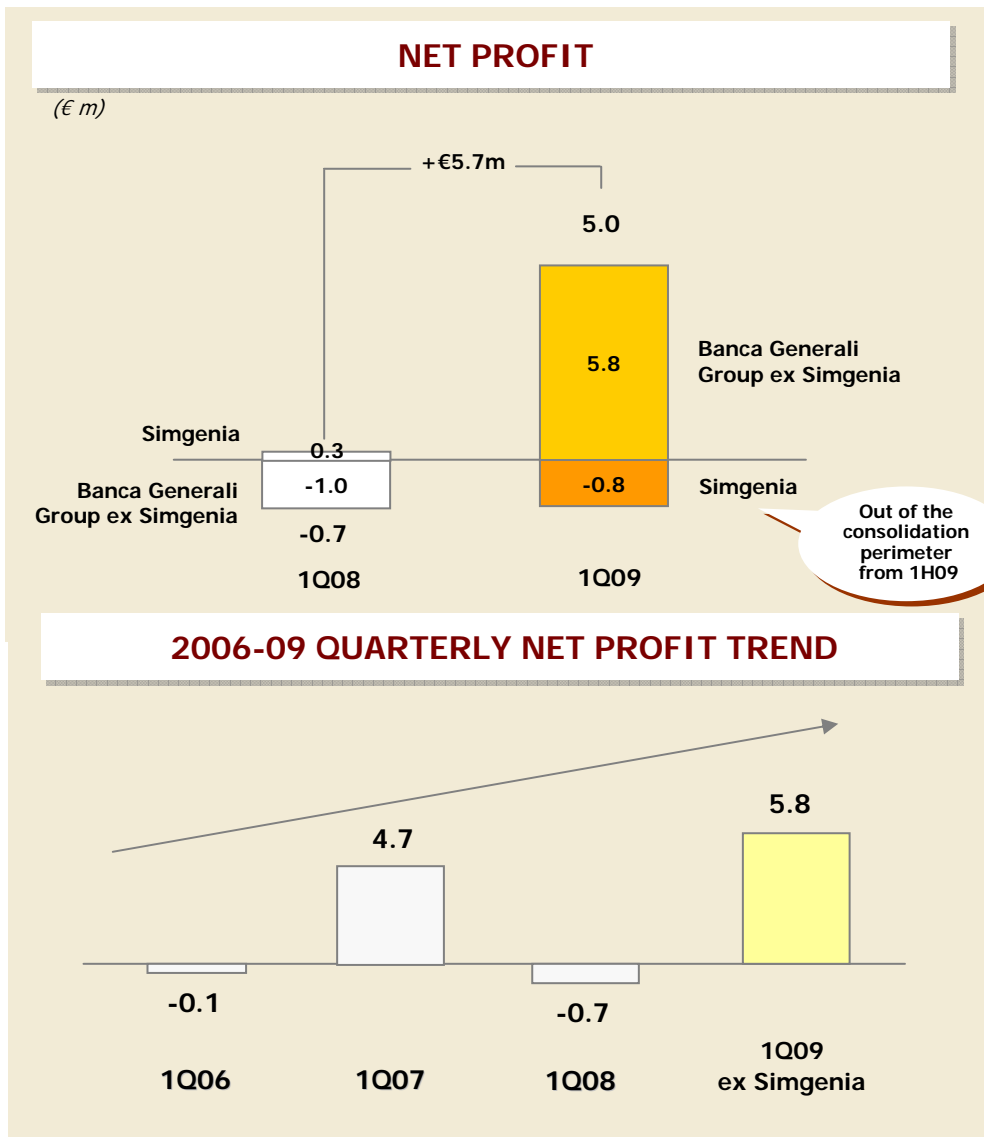
➤ **1Q09 Results**

➤ Net Inflows and AUM

➤ Business Update

➤ Closing Remarks

2009: Start off on the right foot



1Q09 Results: Key Messages

IN A NUTSHELL: SOLID GROWTH

- Strong Interest margin despite the interest rate fall
- 1Q09 gross commission improving from 4Q08 levels
- Positive contributions arising from trading and expiry of existing bonds, partly counterbalanced by asset impairment
- Positive net inflows with a dramatic change in sales mix
- Good AUM resilience
- Banca del Gottardo Italia already fully integrated, providing a positive contribution

Consolidated Profit and Loss 1Q09 Results

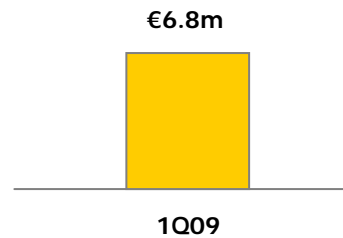
(€ m)	1Q 08 (reported)	1Q 09 (reported)	% Chg
Net Interest Income	14.0	16.3	16.4%
Commission income	63.7	57.7	-9.5%
Commission expense	-28.0	-24.5	-12.5%
Net Commission	35.7	33.1	-7.1%
Net income (loss) from trading activities	-11.8	5.5	n.m.
Dividends	0.1	0.0	n.m.
Net Banking Income	37.9	54.9	44.8%
Staff expenses	-13.3	-15.9	19.5%
Other general and administrative expense	-15.7	-19.6	24.9%
	-29.0	-35.5	22.4%
Depreciation and amortisation	-1.1	-1.3	15.8%
Other net operating income (expense)	1.3	2.2	73.1%
Net Operating Expenses	-28.9	-34.6	20.0%
Operating Profit	9.0	20.3	124.3%
Net adjustments for impair. loans and other assets	0.1	-3.5	n.m.
Net provisions for liabilities and contingencies	-7.9	-7.3	-7.9%
Gain (loss) from disposal of equity investments	0.0	0.0	-
Profit Before Taxation	1.2	9.5	703.8%
Direct income taxes	-1.2	-3.4	191.7%
Income/(losses) after tax on assets held for sales	-0.7	-1.2	65.7%
Net Profit	-0.7	5.0	n.m.
Cost /Income Ratio	73.2%	60.7%	-12.5 p.p.
EBITDA	10.2	21.6	112.2%
Tax rate	97.1%	35.2%	-61.9 p.p.

1Q09 Results: Selected Items

- **Strong banking income (+45% yoy)** driven by a healthy interest margin (+16% yoy), almost stable net commissions (-7% yoy), and a positive net income from trading and expiry of existing bonds (€5.5 million)
- **Cost spike** due Banca del Gottardo Italia integration and to one-off items. Staff costs stable on a like for like basis
- **Write-off on investments (€3.5 million)** related primarily to a private equity stake
- **Net provisions, almost in line with 1Q08**, incorporating a higher share for network incentivitation
- **Net Profit at €5 million**, sharply improving yoy
- **Simgenia still in red** but set to exit the consolidation area from 1H09
- **EBITDA almost doubled yoy**
- **Tax rate** affected by seasonality (IRAP) but set to reduce over next quarters

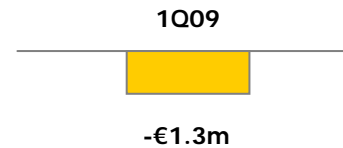
Financial items affecting 1Q09 results

**Realised gains
on the investment portfolio**



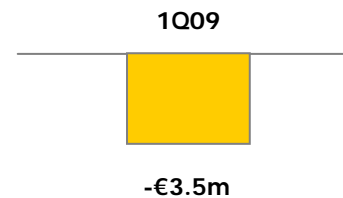
➤ Primarily referring to the disposal of bonds held in the HFT and AFS portfolio

**Unrealised losses
on the investment portfolio**



➤ Reflecting the mark-to-market valuation of the outstanding HFT bond portfolio

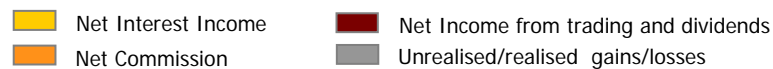
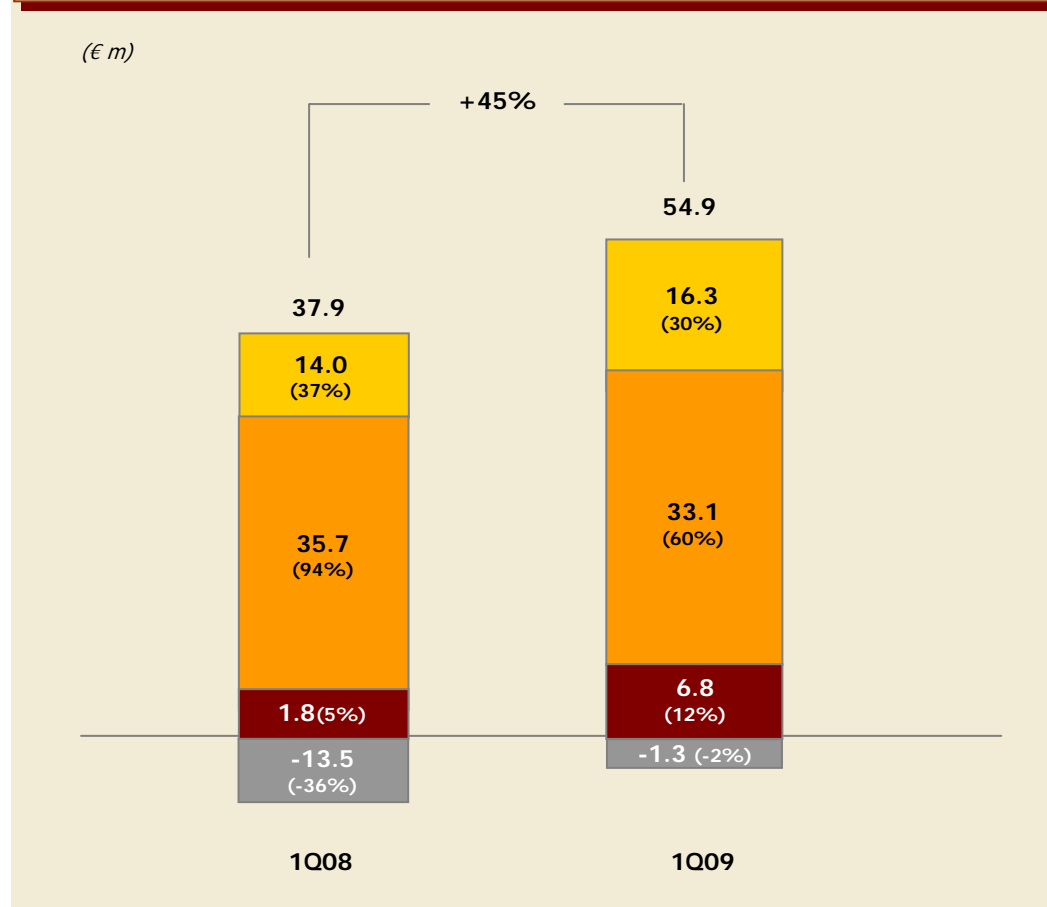
Write-off on investments



➤ Primarily an impairment on a private equity investment

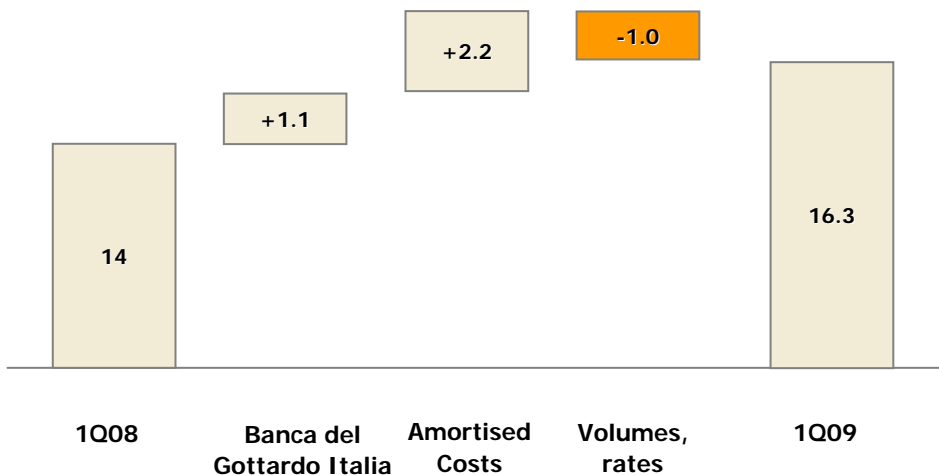
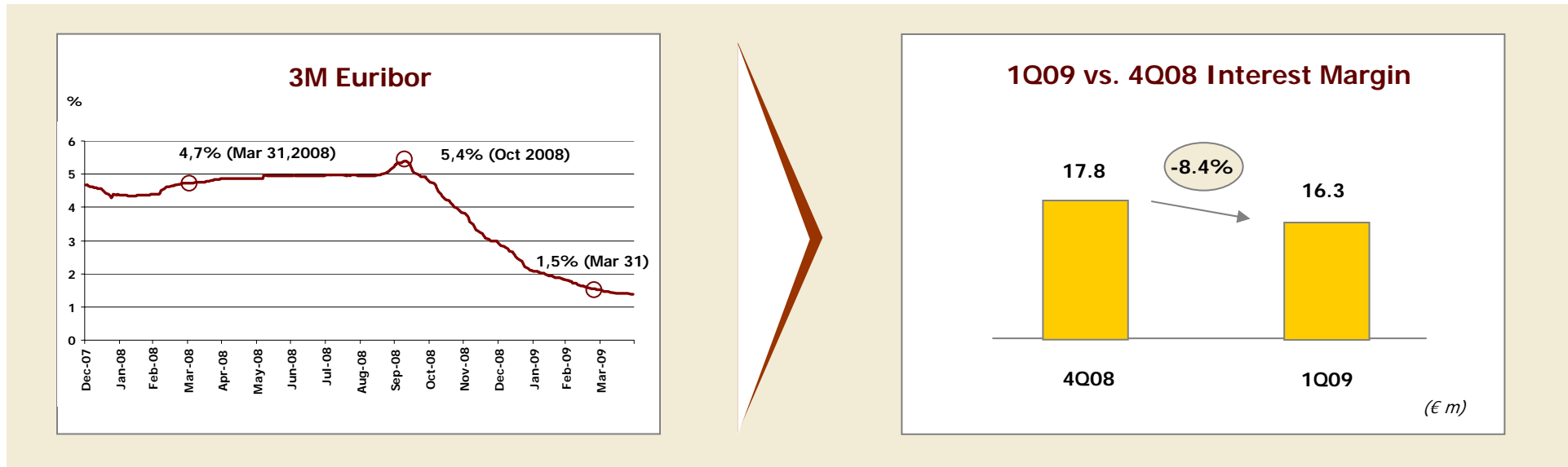
Excellent operating performance in a very tough quarter

Breakdown of Net Banking Income



- Net banking impact increased by 45% yoy to €54.9 million
- Strong interest margin (+16% yoy)
- Resilient Net Commissions supported by a recovery in front fees
- Positive net investment income driven by €6.8 million gains on bond trading and expiry of existing bond, partly counterbalanced by -€1.3 million of unrealised losses on the HFT bond portfolio

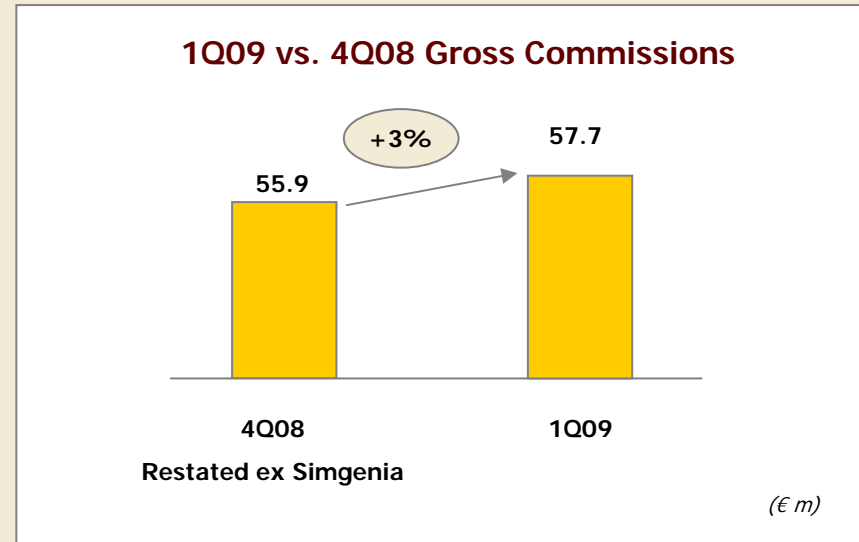
A positive result in 1Q09 interest margin



- 1Q09 return on the investment portfolio still supported by the high share of bonds with variable yields (70% of total)
- The recovery of unrealised losses through amortised cost accounting is supporting the interest margin (and will continue to do so)

Gross Commissions with a slight decline yoy, yet improving compared to 4Q08

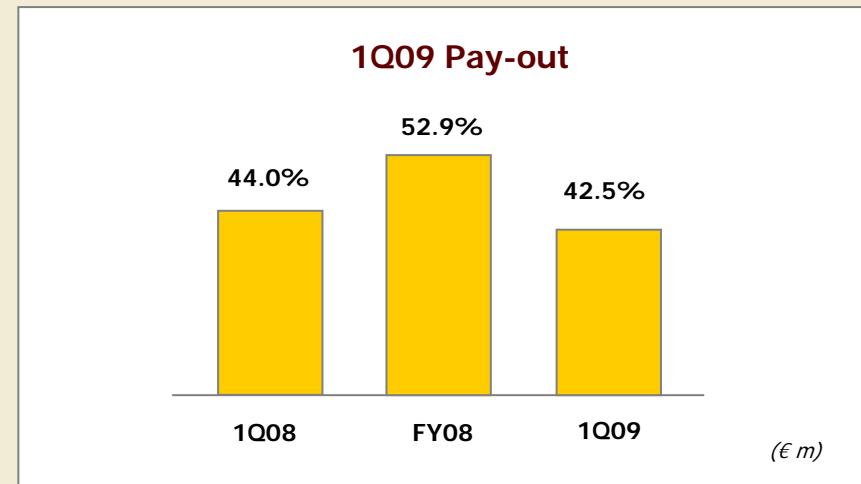
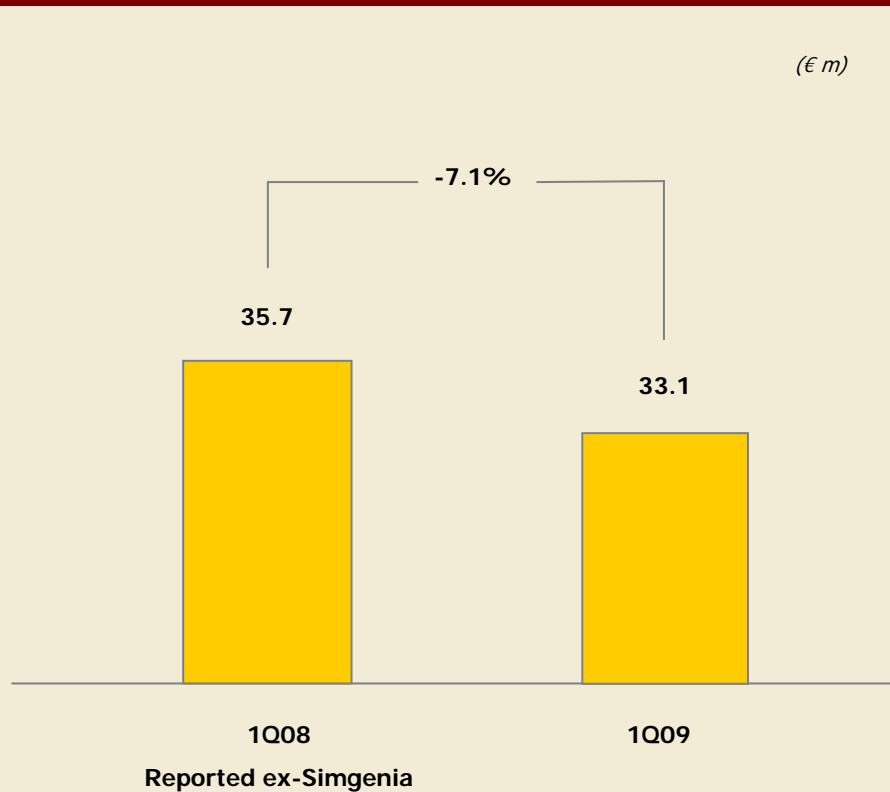
Breakdown of Gross Commissions



- 1Q09 commissions improved against 4Q08 results
- Management fees decreased on a yoy basis due to the AUM contraction and the more conservative asset mix, but they increased compared to 4Q08
- Banking revenues decreased due to a fall in trading commissions

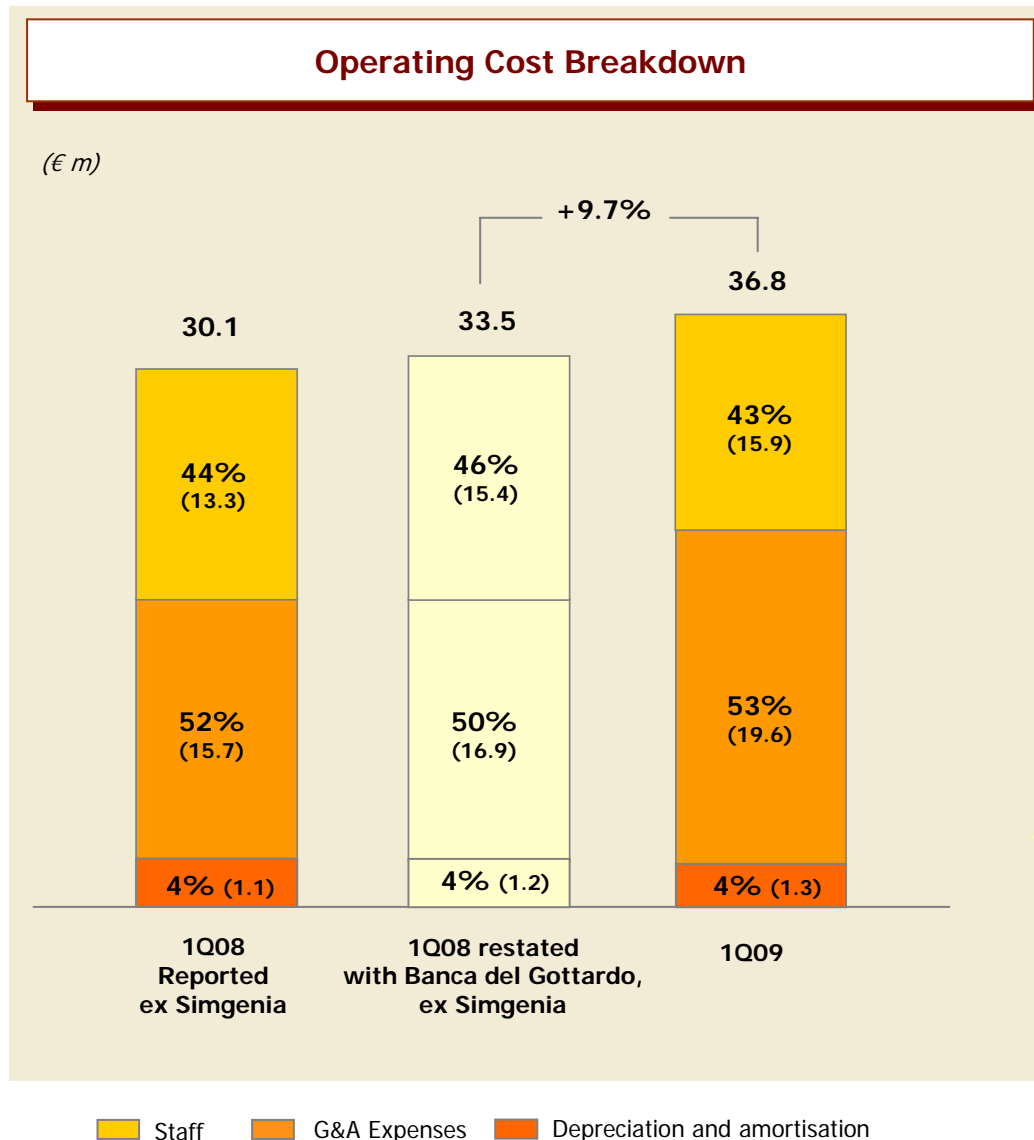
Net commissions benefited from the announced optimisation at pay-out level

1Q09 Net Commissions



- The decrease in 1Q09 pay-out is already providing some evidence of the actions undertaken to enhance profitability.
- More benefits are set to materialise over next quarters as 2008 one-off components will not be replicated

Costs hit by one-off items that will not be replicated over next few quarters



➤ More than half of the cost increase is related to the integration of Banca del Gottardo

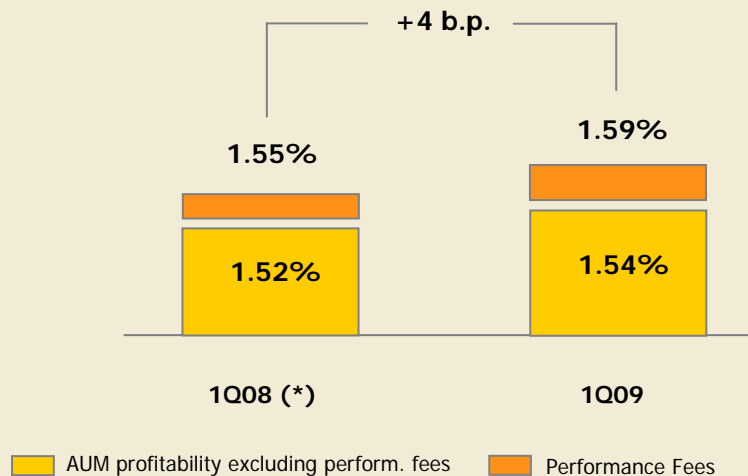
➤ Staff costs proved to be well under control, as they increased by only 2.8% on a like-for-like basis

➤ G&A costs under pressure (+16% on a like-for-like basis) due to one-off projects (i.e. consultancy and IT upgrading) started at the end of 2008. These costs are one-off and their impact should be smoothed over the rest of the year

➤ The cost-saving actions planned in 2008 (BSI Italia integration, organisation streamlining) are underway and are set to deliver their benefits from end 2009

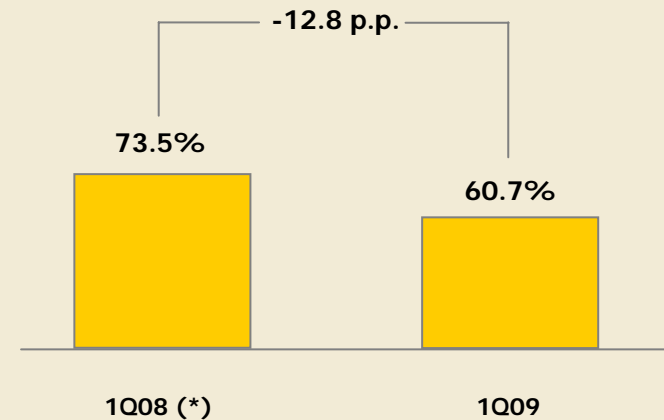
Improved profitability compared to last year

AUM Profitability



* Restated excluding Simgenia and Corporate Assets, including Banca del Gottardo Italia

Cost/Income Ratio



* Restated excluding Simgenia and Corporate Assets, including Banca del Gottardo Italia

- The increasing push of managed products led to an improvement in the AUM profitability
- Cost/Income ratio benefited from the expansion of the revenue base, more than offsetting also the one-off cost increase

➤ 1Q09 Results

➤ **Net Inflows and AUM**

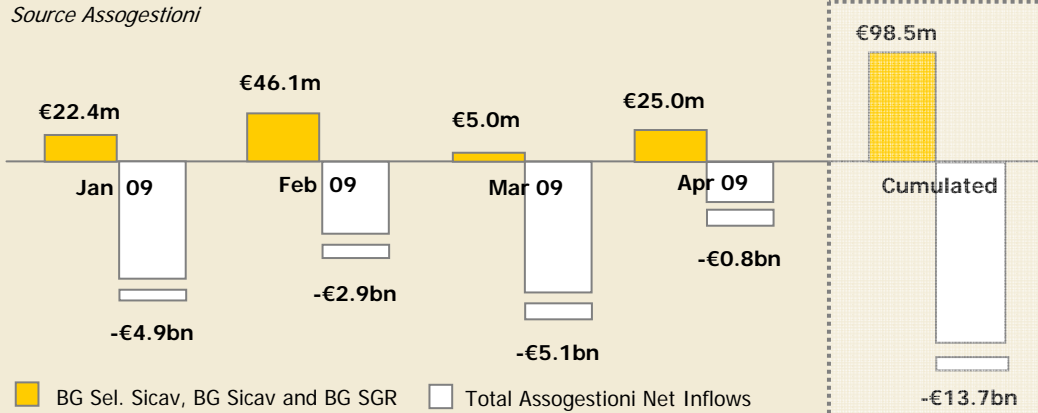
➤ Business Update

➤ Closing Remarks

Net Inflows: Banca Generali is once again one the best performers in the sector in 1Q09

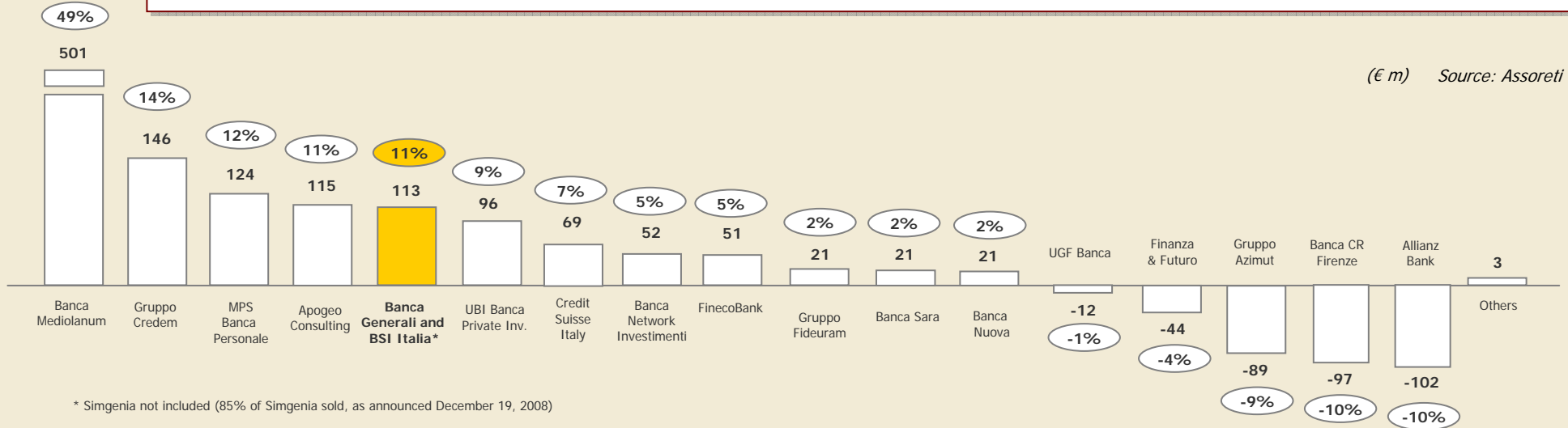
2009 Net Inflows: Banca Generali vs. Assogestioni

Source Assogestioni



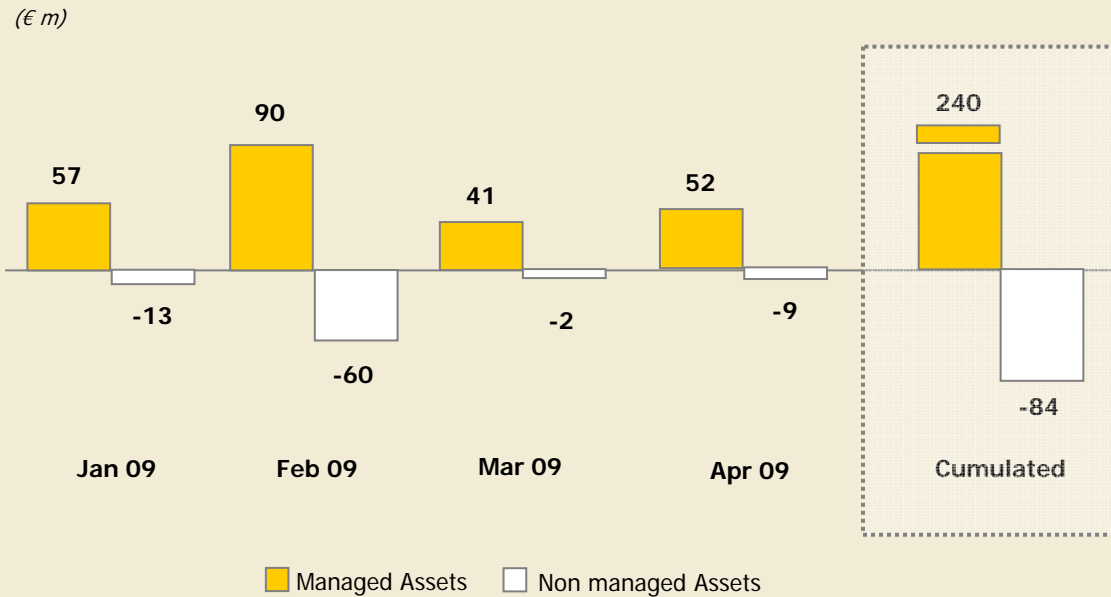
- Banca Generali strongly outperformed the Italian mutual fund industry (Assogestioni), that lost almost €14 billion by end April
- Banca Generali proved to be one of the best players amongst financial advisor networks not stemming from retail banks

2009 First Quarter Ranking by Net Inflows (Assoreti)

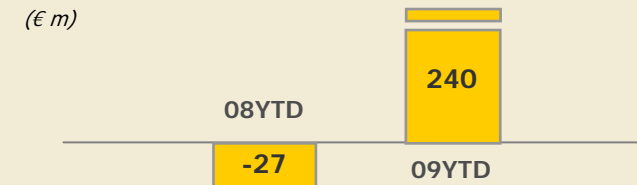


Quality of net inflows strongly improved compared to last year

1Q09 Net Inflows by Product Category

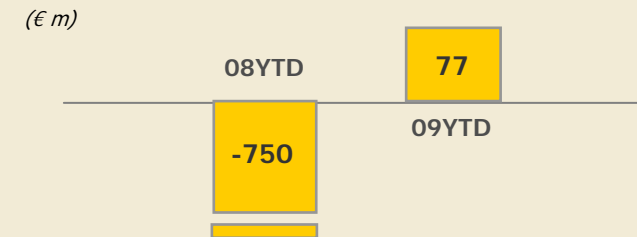


Banca Generali and BSI Italia Net Inflows in Managed Assets*



* Mutual Funds, Managed Portfolio and Life Insurance

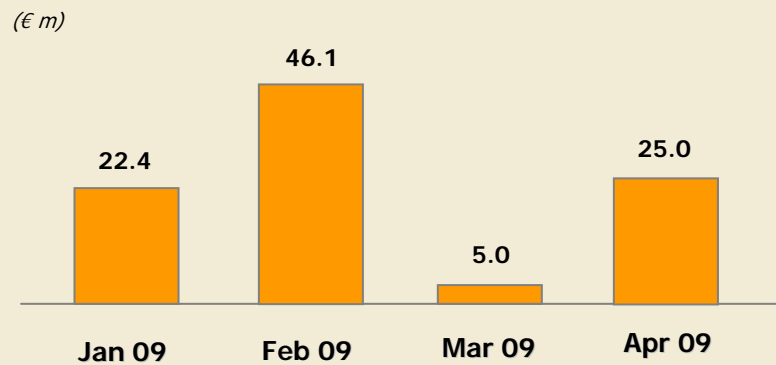
Banca Generali and BSI Italia Net Inflows in Mutual Funds and Managed Portfolio



- Quality of net inflows dramatically improved in 2009 YTD compared to previous quarters, as managed assets represented €240 million out of €156 million of total inflows over the period
- Growth in managed assets was driven primarily by Lux-based funds of funds (BG Selection Sicav, BG Sicav) and by the new insurance products (BG Valore)
- Fewer inflows in administered assets, reflecting the company's policy not to push unprofitable marketing actions on aggressive interest rates (on current accounts and repo)

Excellent results from the in-house management companies

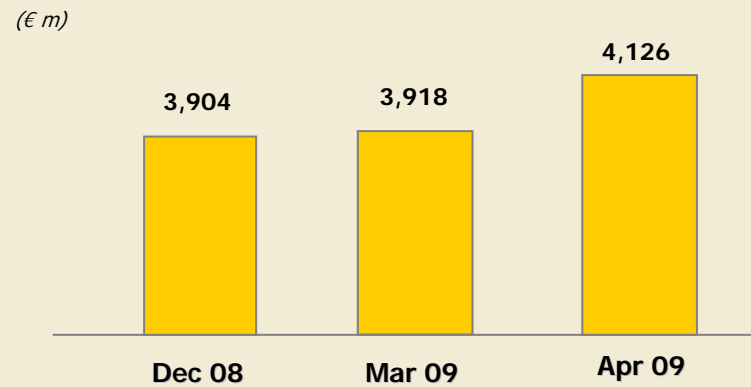
In-house mutual funds (*) - Net Inflows



Source: Assogestioni; (*) BG Selection Sicav, BG Sgr, BG Sicav

- €98.5 million net inflows in mutual funds/Sicav YTD of which €95.0 million gathered by BG Selection Sicav

In-house mutual funds (*) - AUM



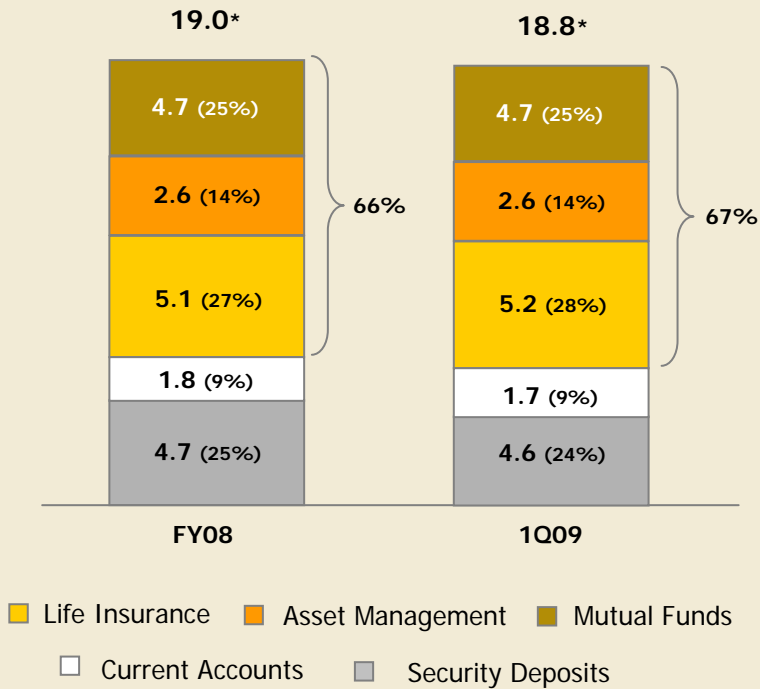
Source: Assogestioni; (*) BG Selection Sicav, BG sgr, BG Sicav

- Average net fund performance at +3.2% YTD
- BG Selection Sicav net fund performance at +4.0% YTD

Excellent fund performance coupled with an increase in managed savings products

Banca Generali Asset Breakdown

(€ bn)



(*) excluding Simgenia, Corporate Assets and including Banca del Gottardo Italia

Total Assets broadly stable (-1.3% qoq) despite challenging equity markets in 1Q09 (S&P Mib -18.42%, Stoxx50 -13.96%, S&P500 -11.7%)

Share of managed assets slightly increased to 67% (from 66%) driven by insurance assets (28% vs. 27% 2008YE)

Overall equity exposure still limited at about 20%, proving to be a winning tool to protect clients' assets and hence to attract new money

➤ **1Q09 Results**

➤ **Net Inflows and AUM**

➤ **Business Update**

➤ **Closing Remarks**

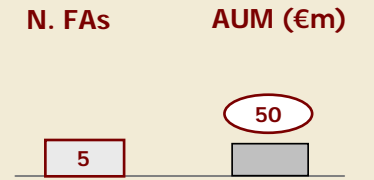
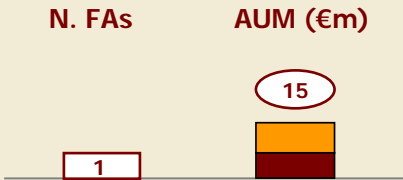
1Q09 recruiting better than forecast, excellent prospects for the rest of the year

1Q09 Recruiting Results

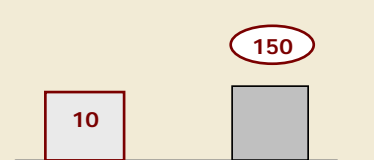
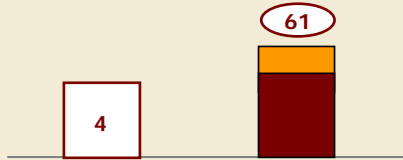
FY09 Recruiting Targets



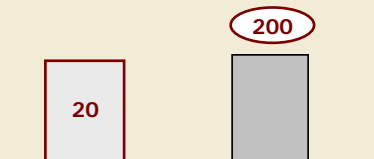
Relationship Manager



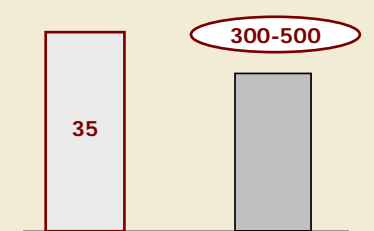
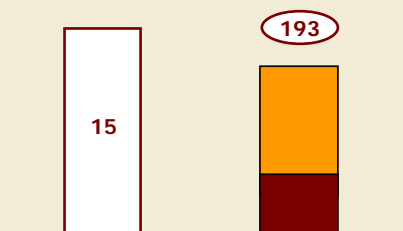
Private Banker



Financial Advisor



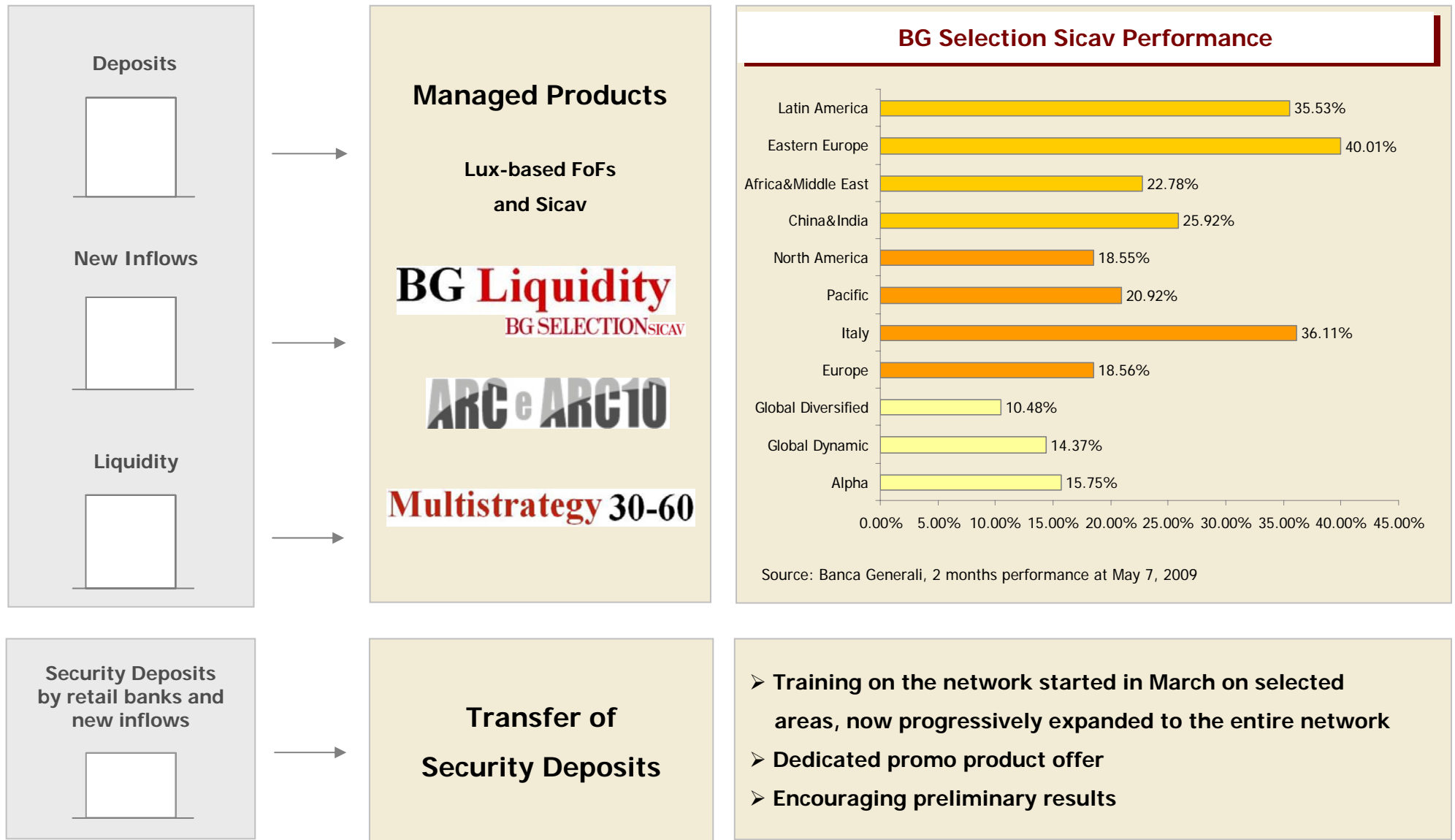
Total BG Group



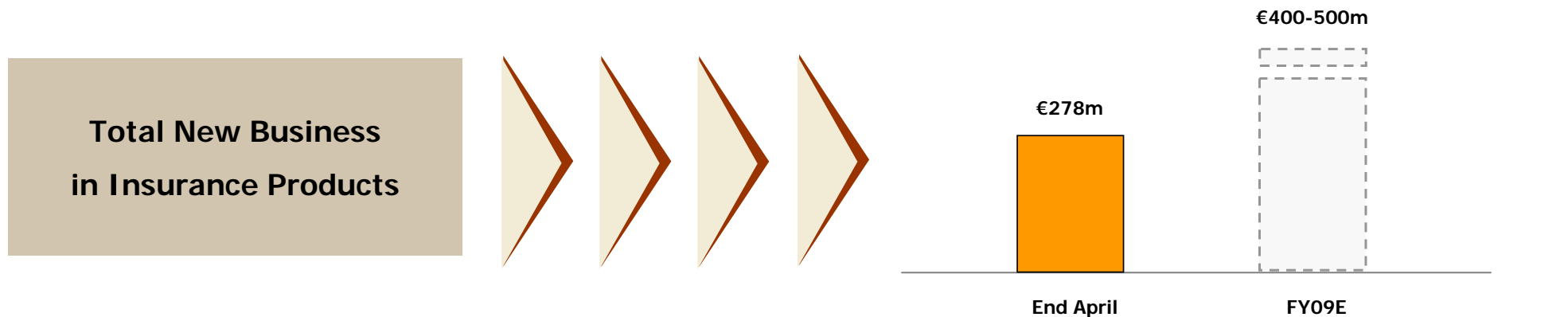
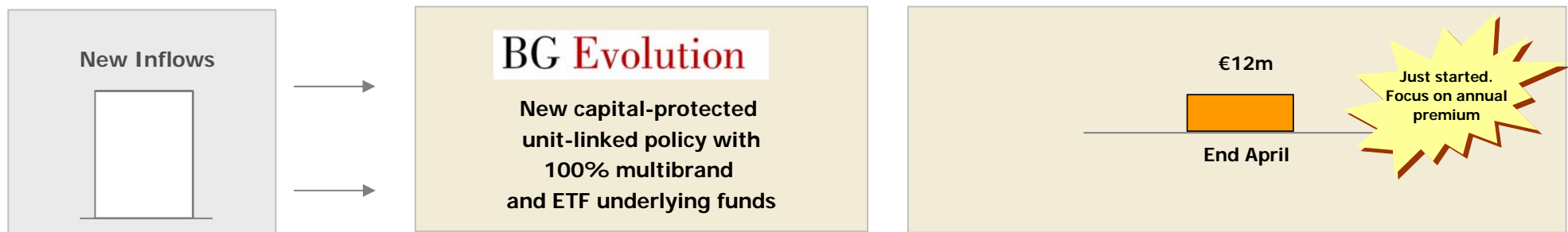
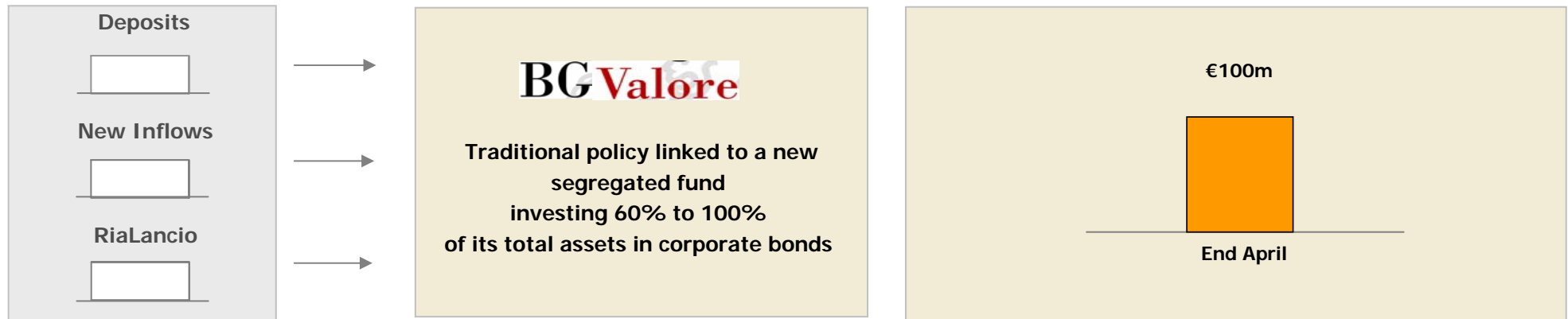
- Good 1Q09 recruiting figures, well ahead of plan
- Many relevant negotiations currently underway with high-profile professionals
- A peak in spontaneous candidatures, which contributed to decreasing recruiting costs
- Confident to reach and possibly outpace the targets set for this year

■ AUM already brought in ■ Potential AUM ○ AUM Target

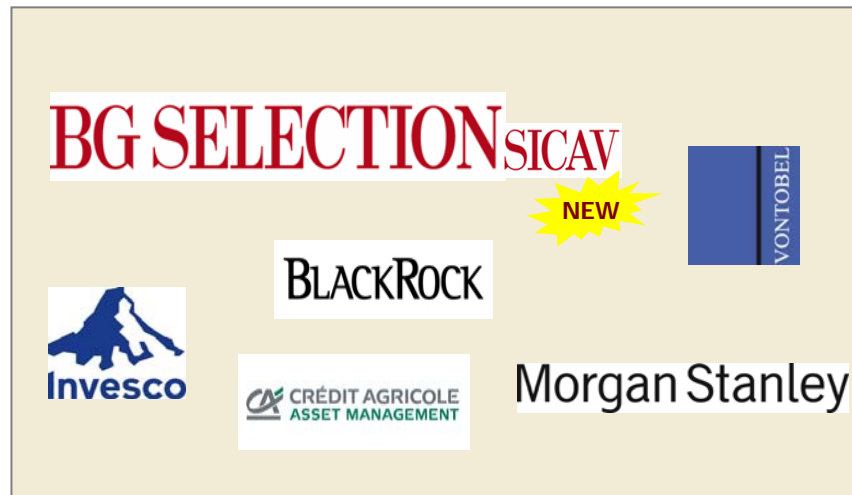
Strong managed products YTD and good prospects for Security Deposit transfer



Insurance, a key driver for 1Q09 Net Inflows



New product launches scheduled for 2Q09



- New 5 FoFs entirely managed by third-party
- 5 investment lines: 1 equity Asia (Invesco), 1 global equity (Vontobel), 3 flexible/total return (Blackrock, Morgan Stanley, Credit Agricole)
- 5 more investment lines to be added by 2H09
- unique product on the Italian market
- total investment lines within the Lux-based SICAVs are set to increase from 18 to 28 by end of 2009



- Innovative investment platform
- 100% Mifid compliant
- Result of a cooperation between BG and Morningstar, the leading worldwide provider of products/services focussed on investment planning
- Official launch at the IT Forum in Rimini

➤ **1Q09 Results**

➤ **Net Inflows and AUM**

➤ **Business Update**

➤ **Closing Remarks**

Banca Generali well equipped to face opportunities/challenges in any market conditions

A very good start of the year, confirming that the medium-long term strategy run by Banca Generali was appropriate:

- **Defensive asset allocation coupled with network quality upgrade and strength of Generali brand led to achieve very positive inflows over the period, both in terms of volumes and quality**
- **The widest range of products (Banking Products, Life Insurance, Asset Management) coupled with Open Architecture is more and more confirming to be a “must” to be competitive and for retention/attraction of top Consultants. Banca Generali enjoys a real competitive advantage in the market**
- **Healthy P&L results even in a tough quarter like 1Q09 and solid balance allowing to effectively sustain Company’s growth**
- **Large cost efficiency programme has been definitely set up and will give benefits in the late ‘09 and ‘10**
- **Excellent flexibility to raise the equity market exposure leveraging on the large existing liquidity (€3 billion) and large share of total return products (€1.7 billion)**

In a nutshell, our business model is designed to deliver excellent results in any market conditions

Investor Relations Team

Giuliana Pagliari

Investor Relations Officer

Tel +39 02 6076 5548

Federico Mangiagalli

Tel +39 02 6076 5545

Fax +39 02 6682 854

E-mail investor.relations@bancagenerali.it

Website: www.bancagenerali.com

Disclaimer

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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.

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