

# **Banca Generali**

## **FY09 Results and 2010 Outlook**

**Milan, March 8, 2010**

➤ **2009 Results**

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➤ **Net Inflows, AUM and recruiting**

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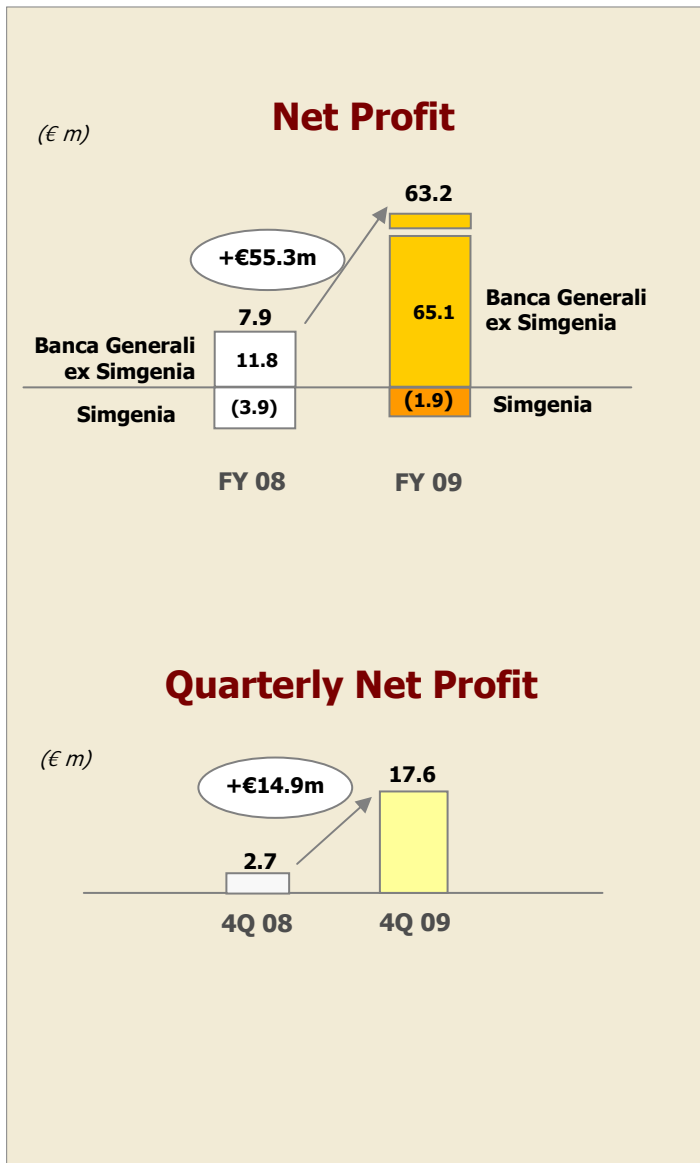
➤ **2010 Strategic and Business Guidelines**

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➤ **Closing Remarks**

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## 2009 Banca Generali results at a glance: what else?



### Booming Net Profit

- ❑ FY09 Net profit at €63.2 mln, +697% yoy
- ❑ 4Q09 Net profit at €17.6mln, +560.4 %qoq

### Constant Dividend Pay-out and record Dividend Yield

- ❑ DPS €0.45 (vs. €0.06 in FY 2008)
- ❑ 80% Dividend Payout
- ❑ 5.9% Dividend Yield<sup>1</sup>

### Sound Capital Ratios

- ❑ Tier 1 Capital Ratio: 9.8%
- ❑ Total Capital Ratio: 12.1%
- ❑ Excess Capital: €69.5 mln

### Revenues growing at a constant pace

- ❑ FY09 Net Banking Income LfL €247.1 mln, +49% yoy
- ❑ FY09 Gross Commissions €296.4 mln, +24% yoy

### Costs well under control and huge operating leverage

- ❑ FY09 Cost Income Ratio at 56%, vs. 74.7% of FY08
- ❑ Operating costs at +1% yoy (pro-forma basis)

### AUM profitability constantly growing

- ❑ 174 bps in FY09 (+14% vs. FY08), with constantly increasing share of recurring profitability

### Booming Net Inflows

- ❑ €2,076 million in 2009 vs. €686 million in 2008, out of which €1,352 million in managed assets

### AUM growing at a fast pace

- ❑ AUM at €22.2 bn in 2009YE, +17.2% yoy

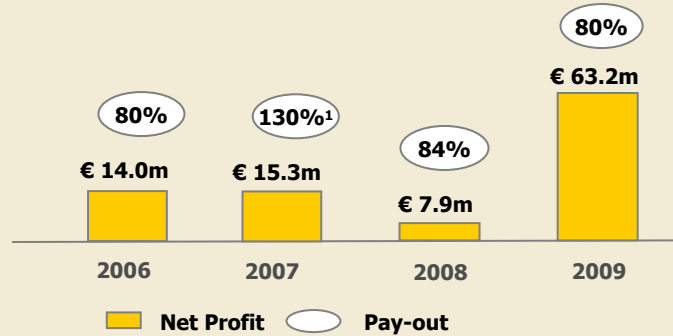
### Excellent asset performance

- ❑ Average performance delivered to clients at +8.3% yoy, with in-house funds +16% well above industry avg of 6.4%

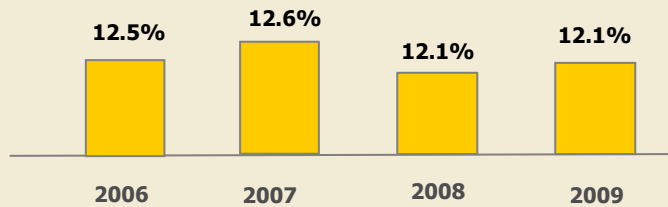
<sup>1</sup> Calculated on the closing price of Banca Generali share on March 5, 2010

## Pay-out policy confirmed, delivering one of the best yields in the industry

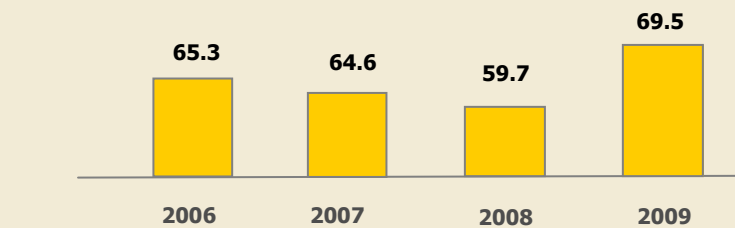
### Consistency in pay-out policy...



### ... coupled with a sound Capital Ratio...

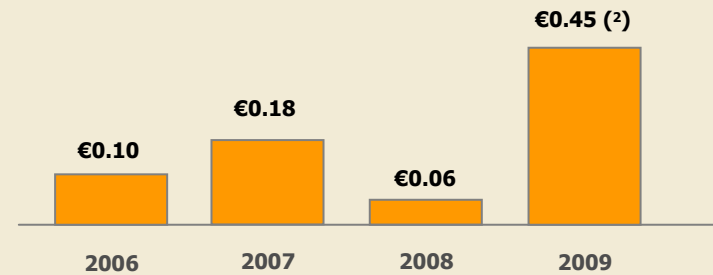


### ... and excess capital...



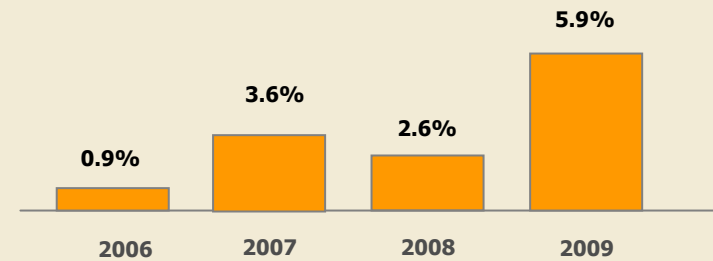
<sup>(1)</sup> 2007 dividend was paid on the basis of the adjusted net profit, instead of on the reported net profit, resulting in an higher official pay-out

### ... driving to a record Dividend Per Share (DPS)



<sup>(2)</sup> Board of Directors proposal to AGM due April 21, 2010

### ... and a record Dividend Yield <sup>(3)</sup>



<sup>(3)</sup> Dividend Yield based on the closing price of March 5, 2010

## Consolidated FY09 Profit and Loss Account

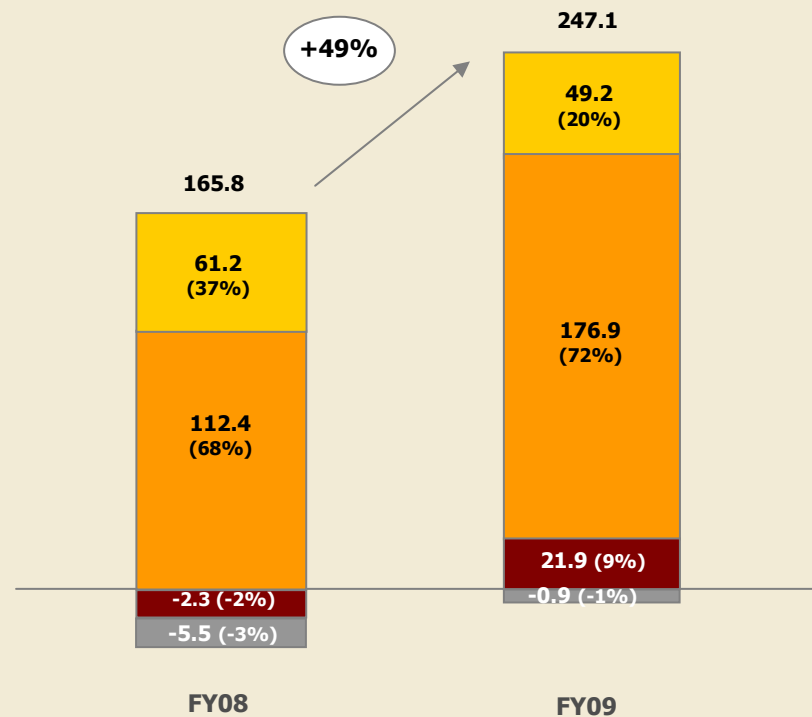
(€ mil.)	FY 08 (reported)	FY 09 (reported)	% Chg	FY 09 LfL (excl. GIL)	% Chg
<b>Net Interest Income</b>	<b>61.2</b>	<b>49.3</b>	<b>-19.5%</b>	<b>49.2</b>	<b>-19.6%</b>
Commission income	238.7	315.5	32.2%	296.4	24.2%
Commission expense	-126.3	-133.5	5.7%	-119.5	-5.4%
<b>Net Commission</b>	<b>112.4</b>	<b>182.0</b>	<b>61.9%</b>	<b>176.9</b>	<b>57.5%</b>
Net income (loss) from trading activities	-43.0	-52.9	22.9%	-52.9	22.9%
Dividends	35.2	73.9	109.7%	73.9	109.7%
<b>Net Banking Income</b>	<b>165.8</b>	<b>252.2</b>	<b>52.2%</b>	<b>247.1</b>	<b>49.1%</b>
Staff expenses	-55.0	-67.1	21.8%	-65.4	18.9%
Other general and administrative expense	-77.5	-80.0	3.2%	-79.2	2.2%
Total costs	-132.6	-147.1	11.0%	-144.6	9.1%
<b>Cost /Income Ratio</b>	<b>74.7%</b>	<b>55.9%</b>	<b>-18,8 p.p.</b>	<b>56.0%</b>	<b>-18,7 p.p.</b>
Other net operating income (expense)	8.8	6.1	-30.0%	6.1	-30.3%
<b>EBITDA</b>	<b>42.0</b>	<b>111.3</b>	<b>165.1%</b>	<b>108.6</b>	<b>158.7%</b>
Depreciation and amortisation	-5.3	-5.8	8.1%	-5.7	6.9%
<b>Operating Profit</b>	<b>36.6</b>	<b>105.5</b>	<b>188.0%</b>	<b>102.9</b>	<b>180.8%</b>
Net adjustments for impair.loans and other assets	-9.1	-7.6	-17.3%	-7.6	-17.3%
Net provisions for liabilities and contingencies	-13.4	-15.9	18.6%	-15.9	18.6%
<b>Profit Before Taxation</b>	<b>14.1</b>	<b>82.1</b>	<b>482.3%</b>	<b>79.5</b>	<b>463.7%</b>
Direct income taxes	-2.3	-14.6	537.3%	-14.4	525.9%
<b>Tax rate</b>	<b>16.3%</b>	<b>17.8%</b>	<b>1,5 p.p.</b>	<b>18.1%</b>	<b>1,8 p.p.</b>
Income/(losses) after tax on assets held for sales	-3.9	-1.9	-50.6%	-1.9	-50.6%
Minorities interest	0.0	-2.3		0.0	
<b>Net Profit</b>	<b>7.9</b>	<b>63.2</b>	<b>696.7%</b>	<b>63.2</b>	<b>696.5%</b>

- **GIL, Generali Investments Luxembourg**, formerly a Lux-based management company of Assicurazioni Generali. **GIL was merged with BG Investment Lux on Sept.9, 2009**, thus creating Generali Fund Management S.A., a management company 51% owned by Banca Generali and 49% by Assicurazioni Generali
- As a result of the merger, GIL figures are consolidated line by line as of January 1, 2009
- **Figures analyzed in the next section (from slide 6 to 12) will be reported excluding GIL for consistency purposes**

## Excellent top line growth with total revenues increasing by some 50% yoy

### Breakdown of Net Banking Income (LfL)

(€ m)



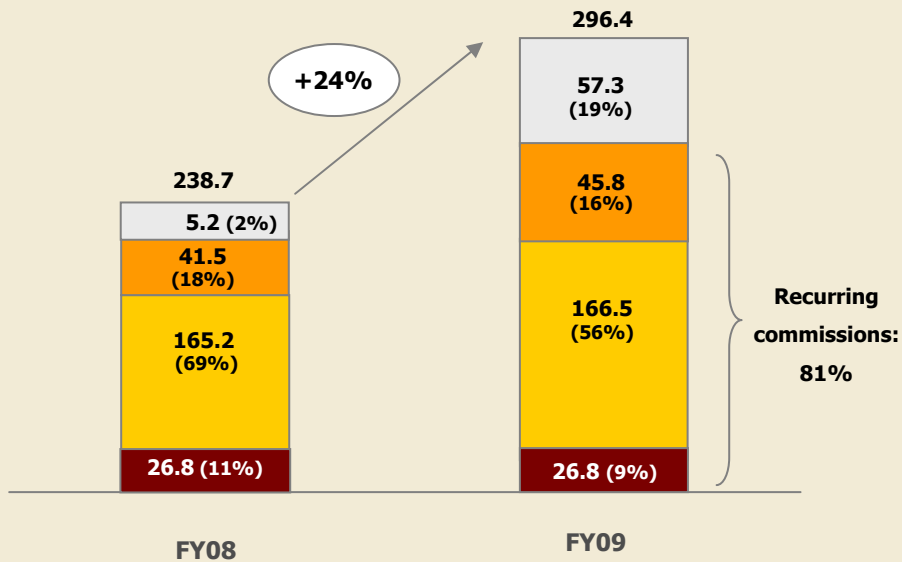
- **Net Banking Income +49% yoy, driven primarily by a 58% surge in net commissions**
- **Even excluding performance fees, net banking income grew by a sound 12% yoy**
- **Net interest margin held up** well within a contest of falling interest rates
- **Positive contribution from trading income**

Net Interest Income  
 Net Commissions  
 Net Income from trading and dividends  
 Unrealised/realised gains/losses

# Excellent gross commissions trend, with management fees sharply speeding up

## Breakdown of Gross Commissions (Lfl)

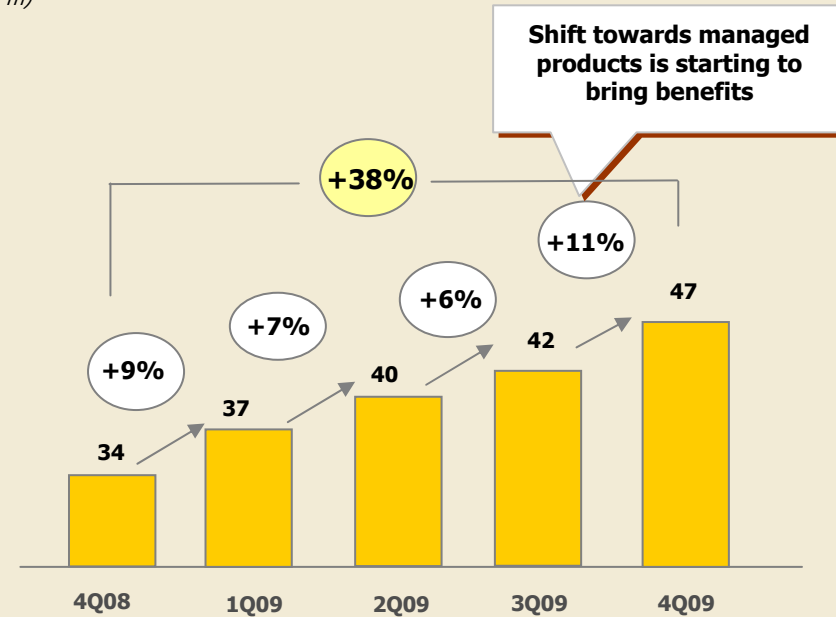
(€ m)



■ Management Fees     ■ Banking Revenues  
■ Front Fees             ■ Performance Fees

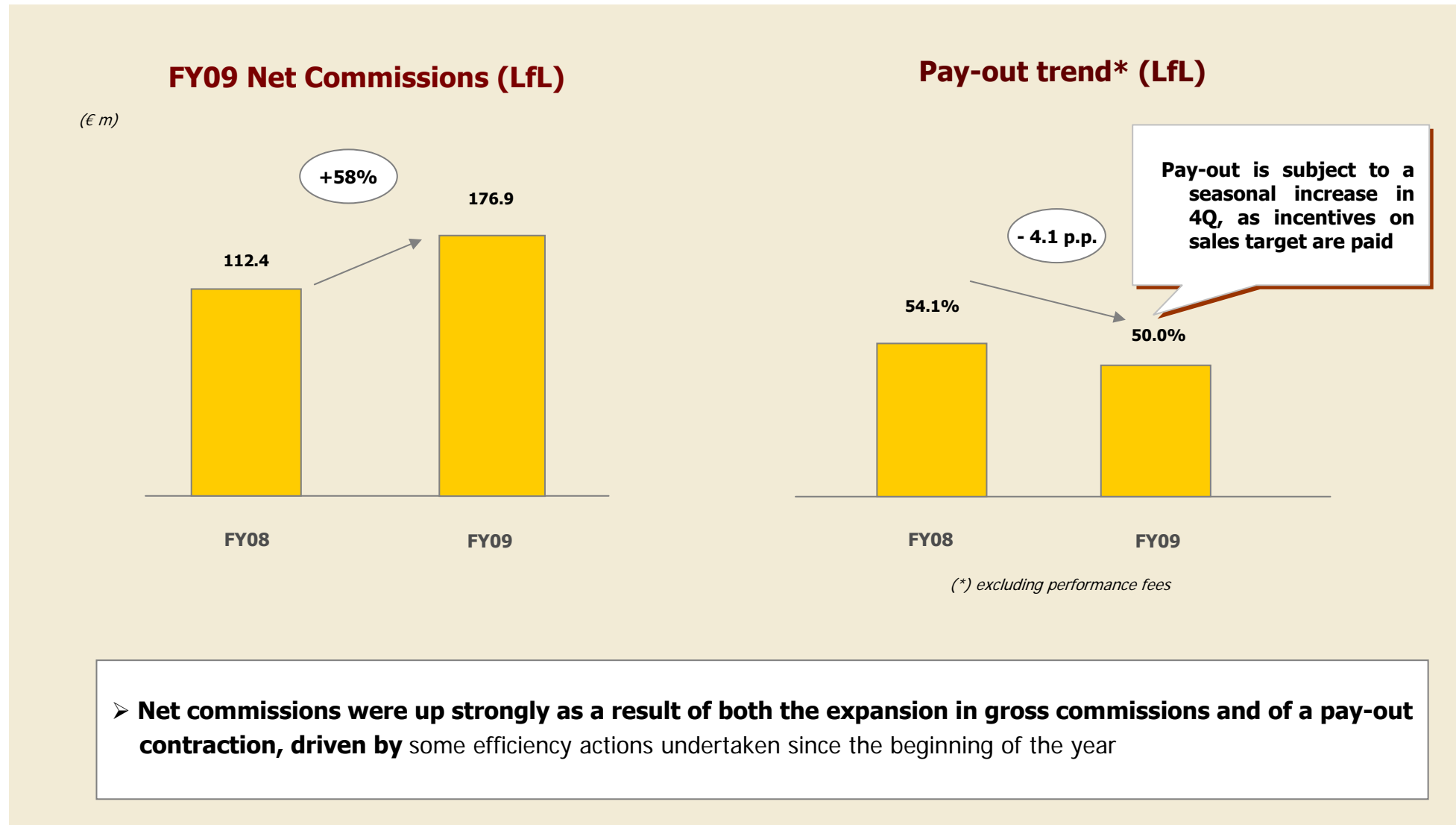
## Management fees (Lfl; qoq change)

(€ m)



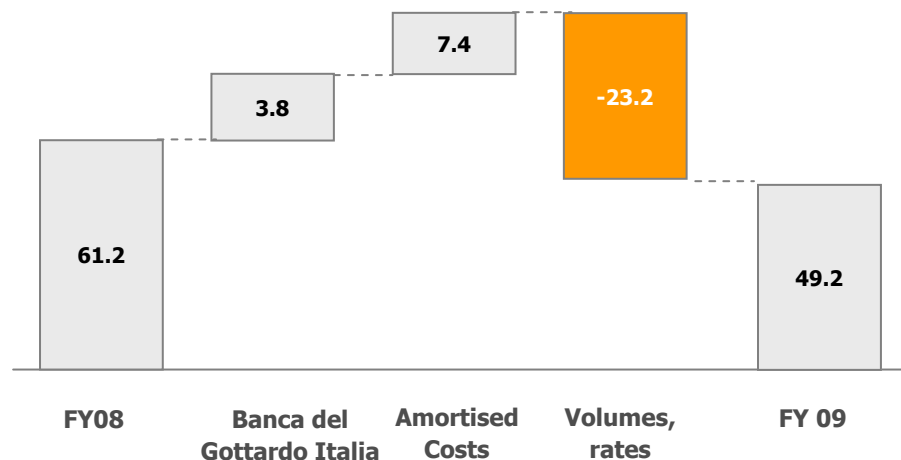
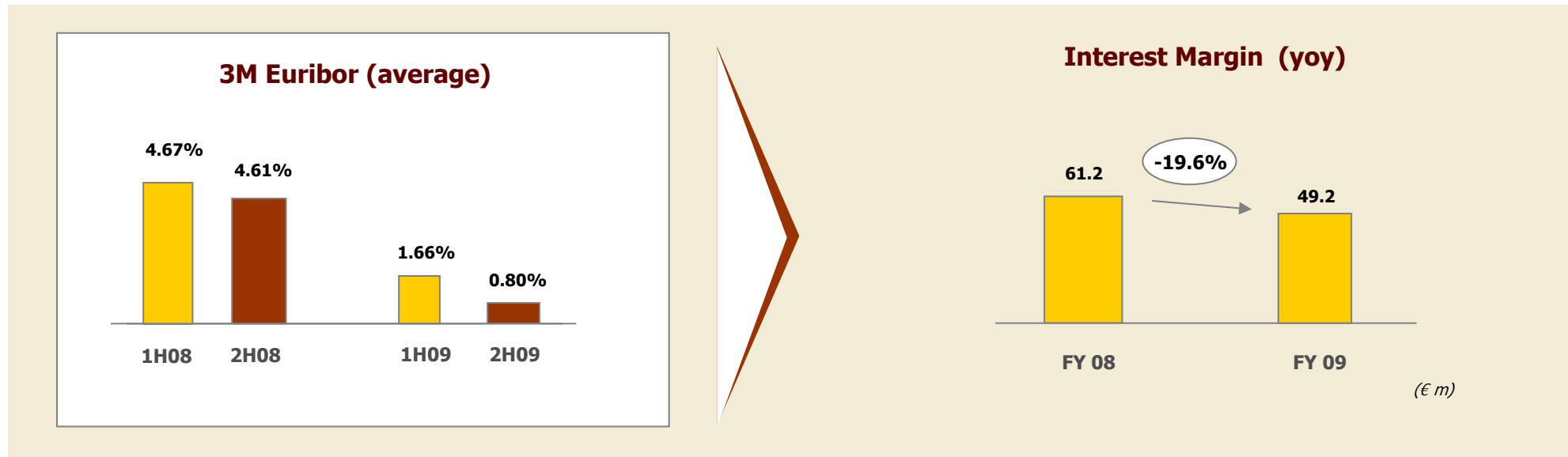
- Quarterly average management fees increased by 38% yoy to €47 million
- Recurring fees representing 81% of total commissions

## Pay-out well under control, leading to a 58% increase in net commissions





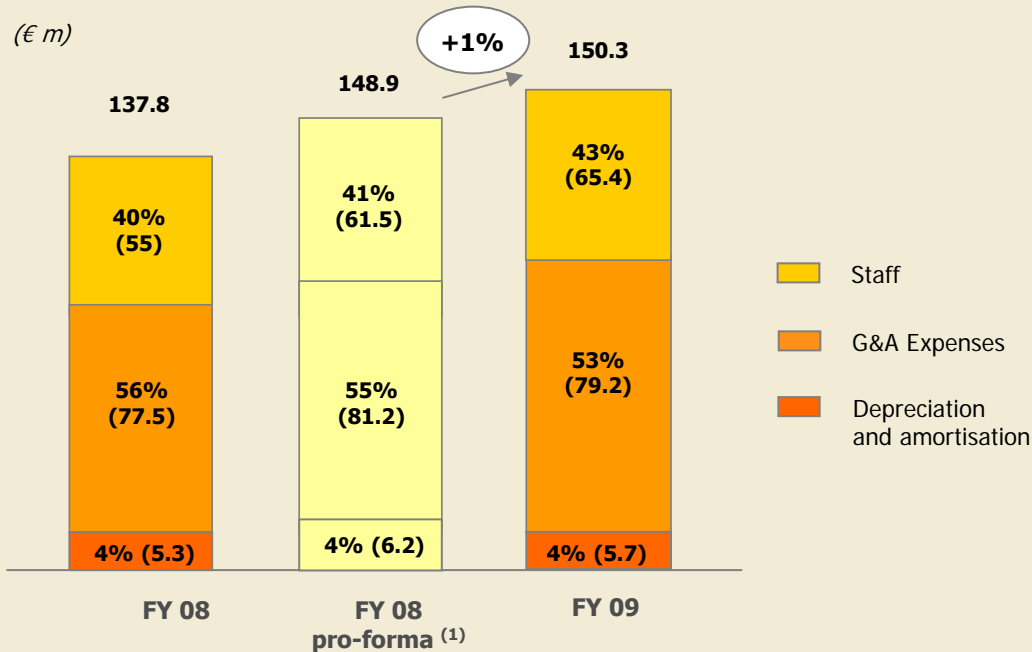
## Solid interest margin supported by amortised costs contribution



- **Interest income proved extremely solid in 2009**, well outperforming the trend in official rates
- Interest income was supported by **amortised cost accounting on HTM bond portfolio (€7.4 mln)**
- **Amortised costs accounting are expected to remain supportive for interest margin also in 2010 and 2011**

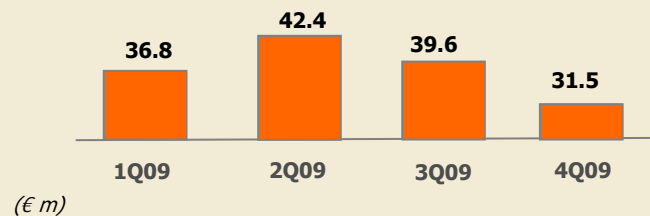
## Excellent cost management in 2009, setting the decrease in 2010 and onwards

### Operating Costs Breakdown (LfL)



(1) Excluding Simgenia and corporate assets, including Banca del Gottardo Italia

### 4Q operating costs at the lowest level for 2009



### 2009

- Operating cost increased by only 1% yoy, to €150 million while they sharply fell by 20% qoq
- Increase in labour costs entirely linked to variable items and to the hiring of new sales staff (Relationship Managers)

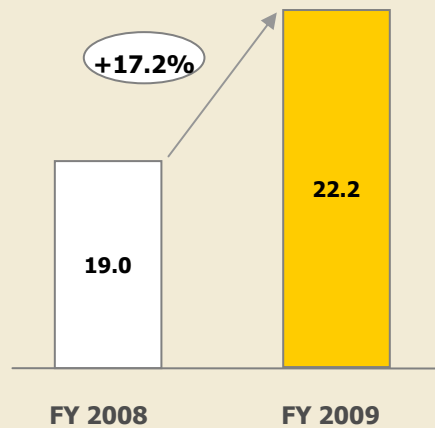
### Outlook for 2010 and beyond

- A decrease in operating costs is expected for 2010 thanks to a number of cost cutting actions started and completed in 2009, which will deliver full benefits in 2010:
  - merger of BSI Italia into BG
  - streamlining of operating and IT processes

# Asset growth well outpacing cost growth in 2009

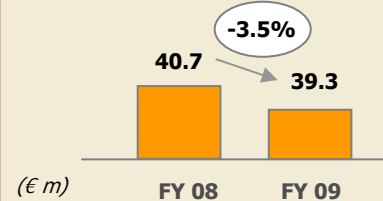
**AUM +17%...**

(€ bn)

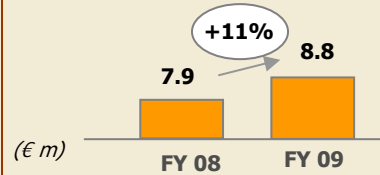


**... while recurring operating costs -7.4%**

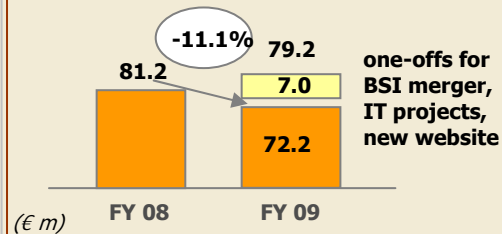
### Staff costs (fixed) falling



### Sales staff costs (fixed) increasing due to new RM hiring



### G&A Expenses falling



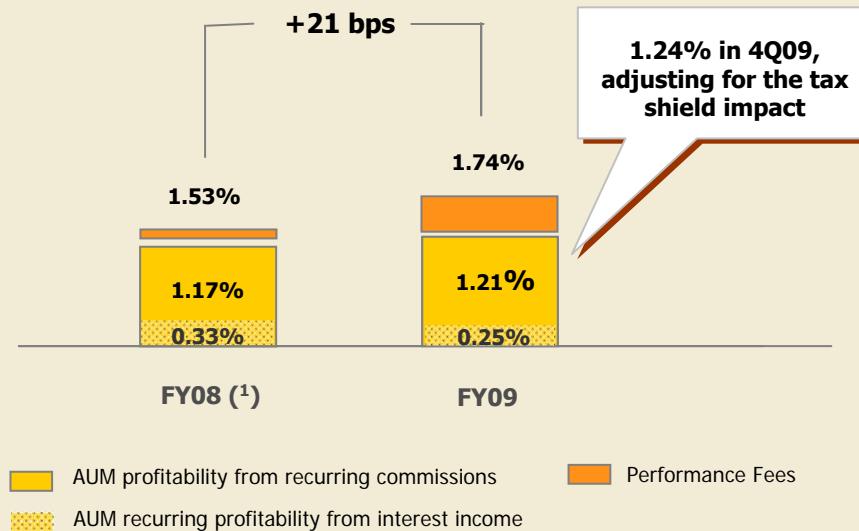
### Recurring operating expenses

€mln.	FY08	FY09	% Change
Staff Costs (fixed)	48.6	48.1	-1.0%
G&A Expenses (excluding non-recurring)	81.2	72.2	-11.1%
<b>Total</b>	<b>129.8</b>	<b>120.3</b>	<b>-7.4%</b>

**Huge operating leverage is clear (about 30% AUM growth is manageable with the same operating costs)**

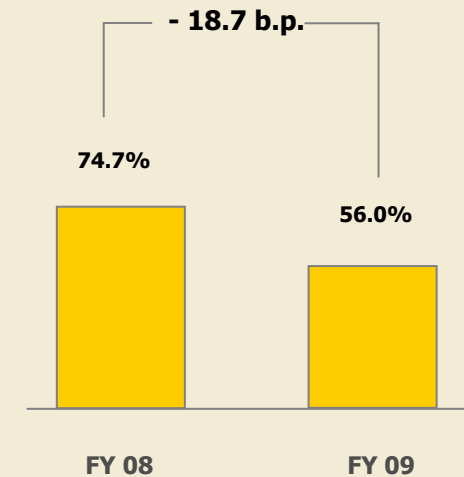
## Profitability ratios well improving compared to last year

### AUM Profitability (LfL)



(1) Excluding Simgenia, Corporate assets; including Banca del Gottardo on a 12 months basis

### Cost/Income Ratio (LfL)



- **AUM profitability increased by 14% yoy (+21 bps) to 1.74%**
- **Profitability from recurring commissions increased by 4 bps on a yoy basis, +7 bps (+6% yoy vs. FY08) adjusting for tax shield impact**
- **Cost/Income ratio confirmed at excellent levels, in line with management long term targets**

➤ **2009 Results**

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➤ **Net Inflows, AUM and recruiting**

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➤ **2010 Strategic and Business Guidelines**

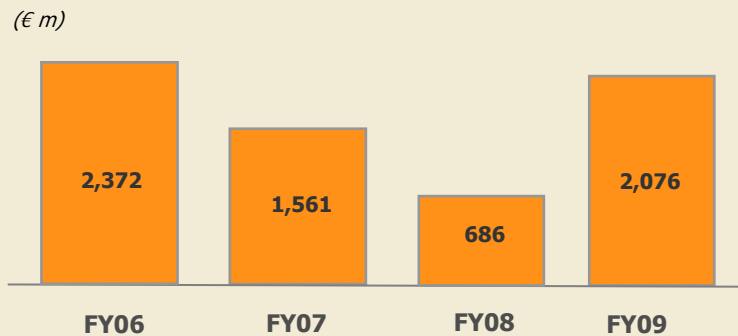
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➤ **Closing Remarks**

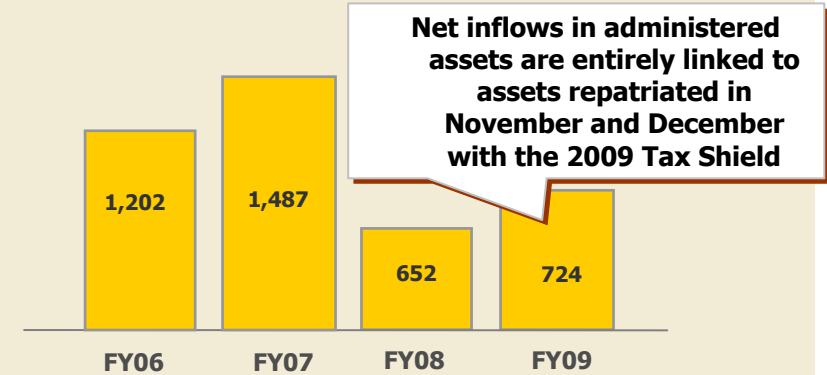
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## 2009 net inflows contributed to the best year ever if combining volumes and product mix

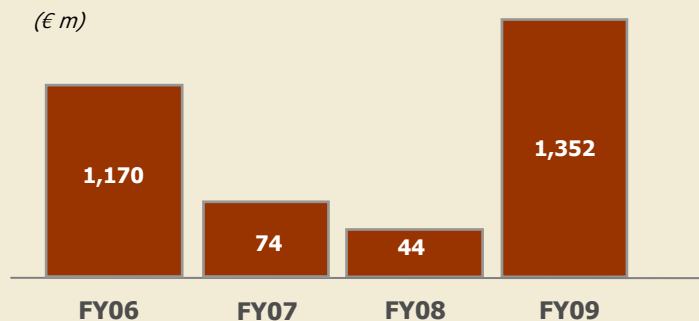
### 2006-2009 Total Net Inflows



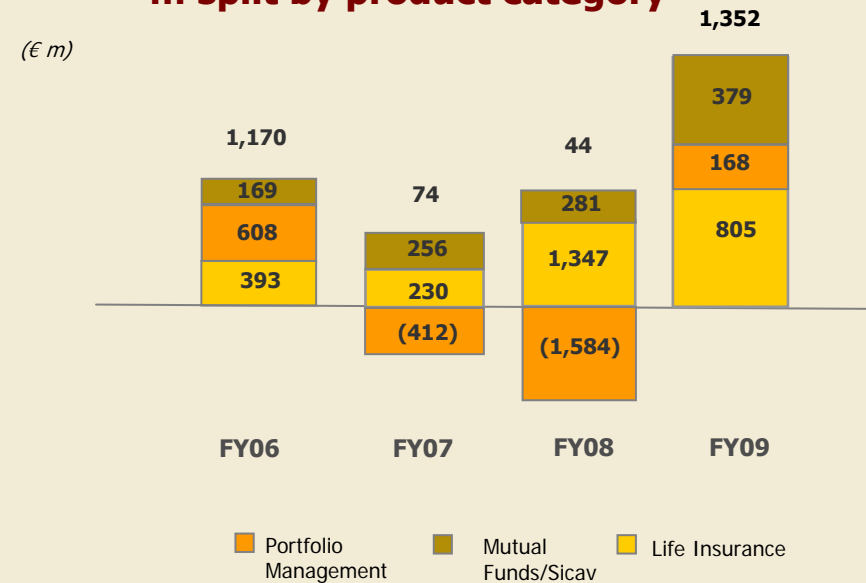
### Net Inflows in Administered Assets<sup>1</sup>



### Net Inflows in Managed Assets<sup>2</sup>...



### ... split by product category



<sup>1</sup> Security deposits and current account

<sup>2</sup> Mutual Funds/Sicav, Managed Portfolio and Life Insurance

## Tax Shield: a great opportunity, fully exploited by Banca Generali



### 2009 Tax Shield

**Contract signed**

- ❑ **€2 billion**, out of which 98%(€1,960 mln) represented by physically repatriated assets and only 2%(€40 mln) by legally repatriated assets ("rimpatrio giuridico")

**Repatriations already completed as of today**

- ❑ **About 85% of physically repatriated assets;** the rest (about €250m) will come by the end of the year (illiquid assets previously held abroad require more time to be repatriated, so-called "clausole ostative")

**Asset Allocation**

- ❑ **Almost 60% of repatriated assets already invested in managed products** (this share is further increasing)
- ❑ **The repatriated assets will deliver sustainable margins for the next 4-5 years**

**Clients**

- ❑ **About 4,000**, out of which about 2,200 are new clients with repatriated assets of about €600k each
- ❑ **New clients represent an unparallel growth opportunity for Banca Generali**

### 2010 Tax Shield

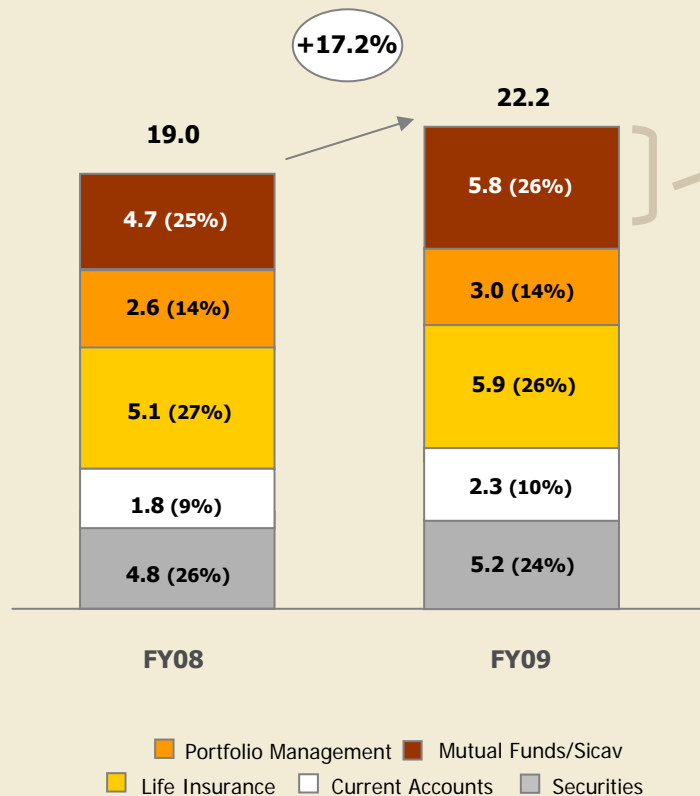
**2010 Tax Shield**

- ❑ **Even if different from the Sept-Dec 2009 edition, Banca Generali is having very good inflows from new repatriations signed by the clients**

## 2009 total assets sharply increased to €22.2 billion...

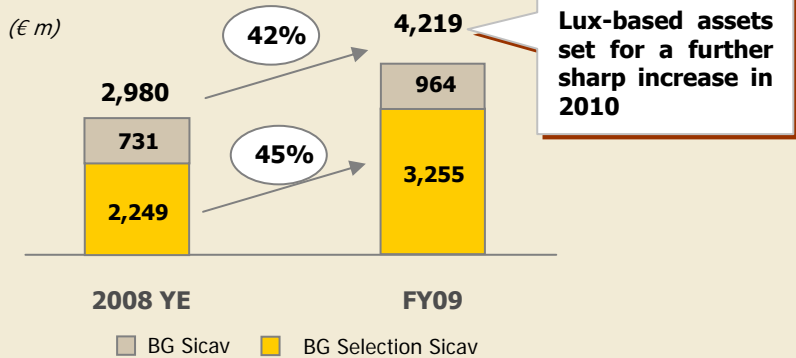
### Banca Generali Assets Breakdown

(€ bn)



### Lux-based Assets

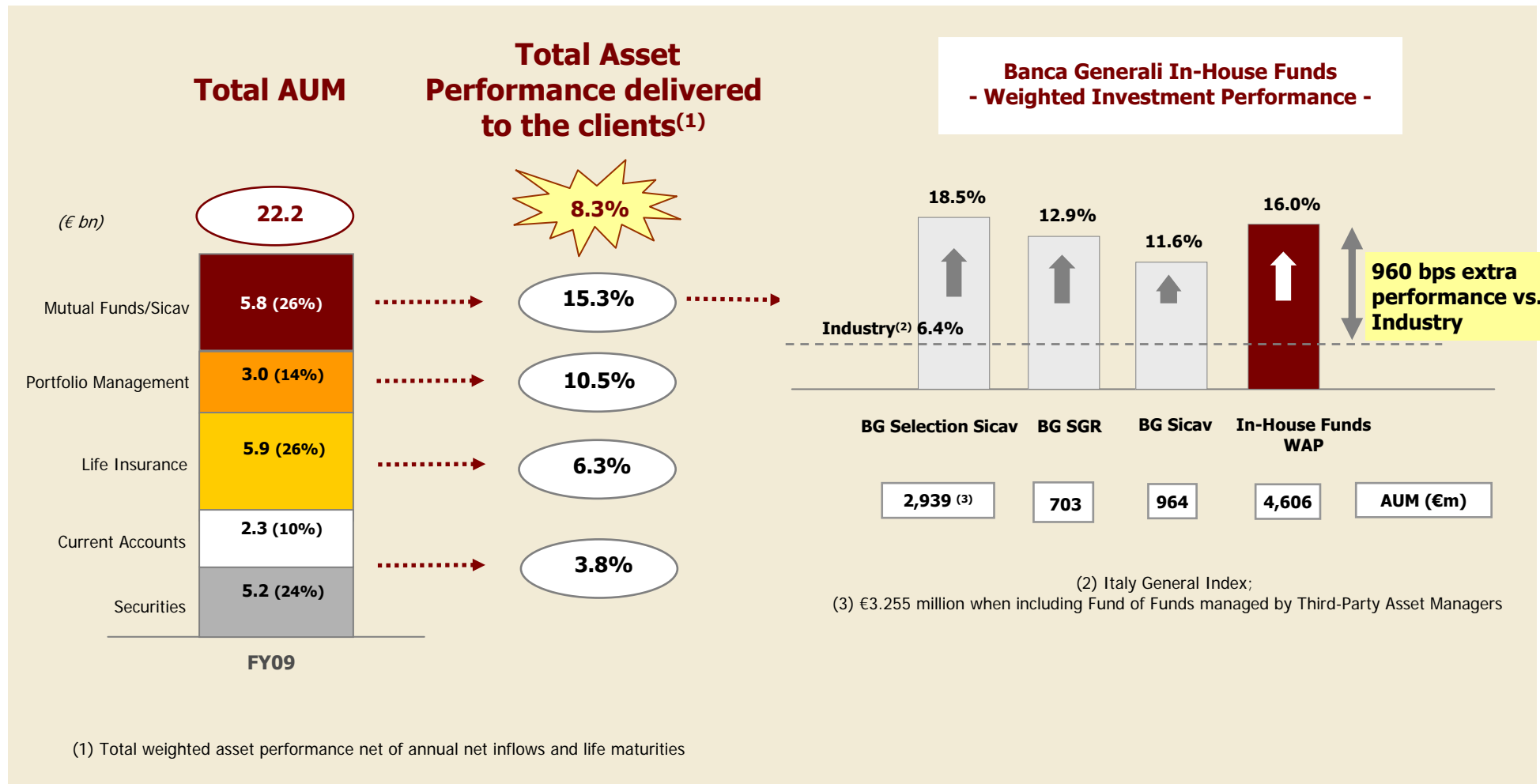
(€ m)



- **Total assets increased by 17.2% yoy to €22.2 billion**
- **Total managed assets were up by 18% yoy to €14.7 billion, representing 66% of total assets**
- **Lux-based assets grew by 42% yoy, led by FoFs (+45% yoy)**



... with an excellent average performance, evenly spread across all product range



- **Banca Generali total assets posted an outstanding +8.3% performance in 2009**
- **Particularly worth of notice is the performance of Banca Generali in-house managed funds/SICAVs, being equal to 16%, well above the Italian industry average of 6.4% in the same period**

## Generali Fund Management, development fully in line with target

**Generali Fund Management (GFM) currently manages about €12 billion assets**

**Existing fund lines are currently under review with the goal of optimizing them**

**Insurance products with GFM's SICAV as underlying are currently developed and should be marketed by Assicurazioni Generali insurance networks throughout Europe starting by end 2010**

**Opportunities for GFM to cooperate with GUOTAI, a leading Chinese asset manager of which Assicurazioni Generali owns a 30% stake, are currently investigated**



# Recruiting – FY09 results in line with year-end targets



**Relationship Manager**



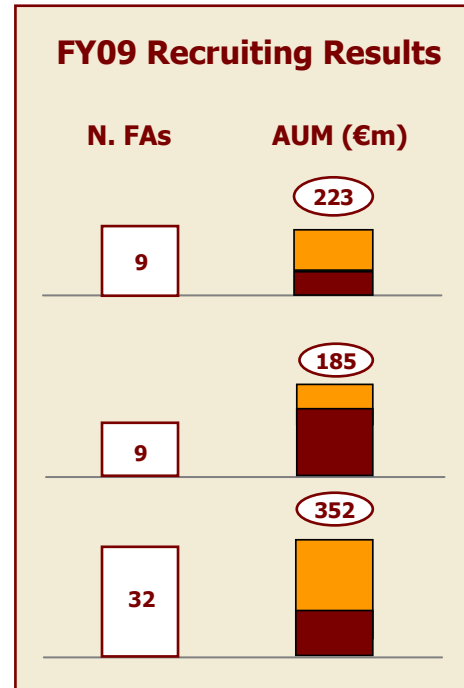
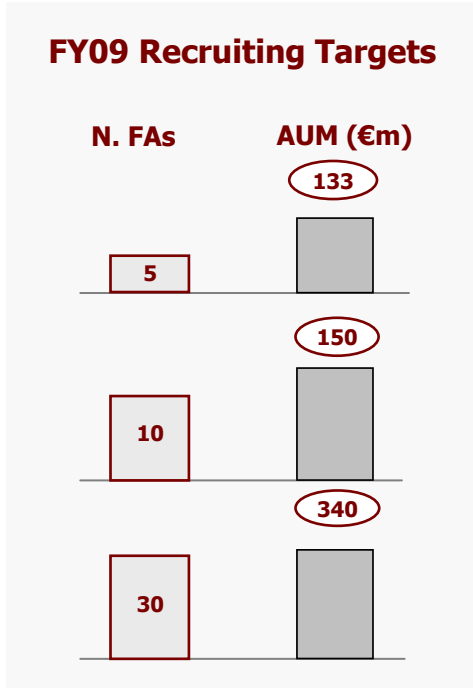
**Private Banker**



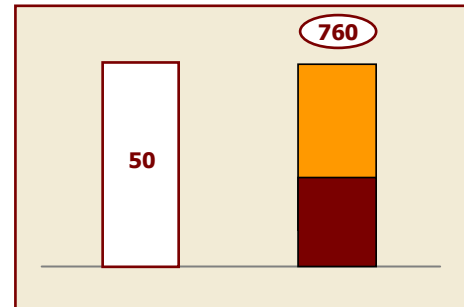
**Financial Advisor**



**Total BG Group**



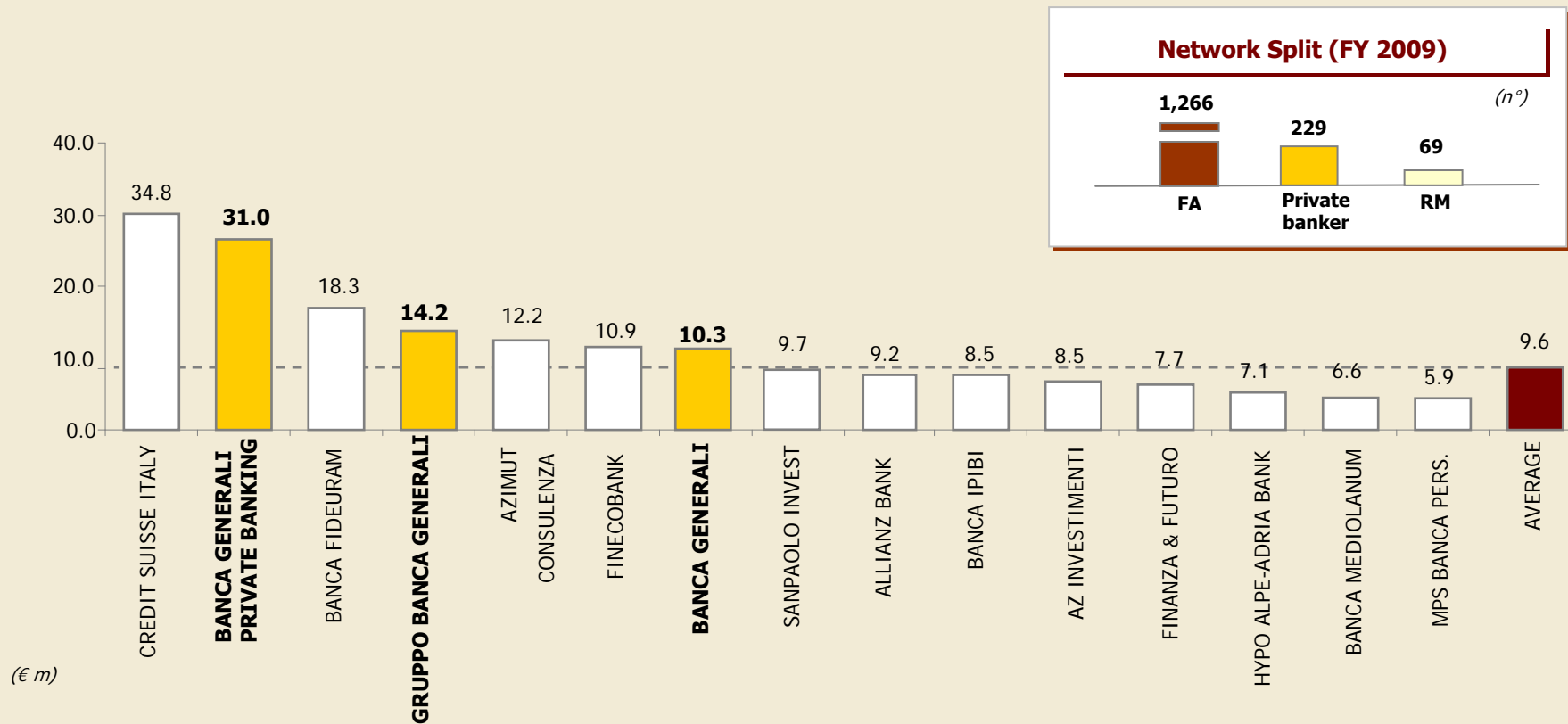
- Recruiting in 2009 broadly outpaced the target for the year
- Banca Generali remains focused on enhancing its network profile rather than the number of the advisors



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

## Banca Generali distribution networks well above peers in terms of size and ready to seize new market challenges

**"Promotori" ranking by size (AUM/financial advisor)**



Source: Assoreti – December 2009

➤ **2009 Results**

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➤ **Net Inflows, AUM and recruiting**

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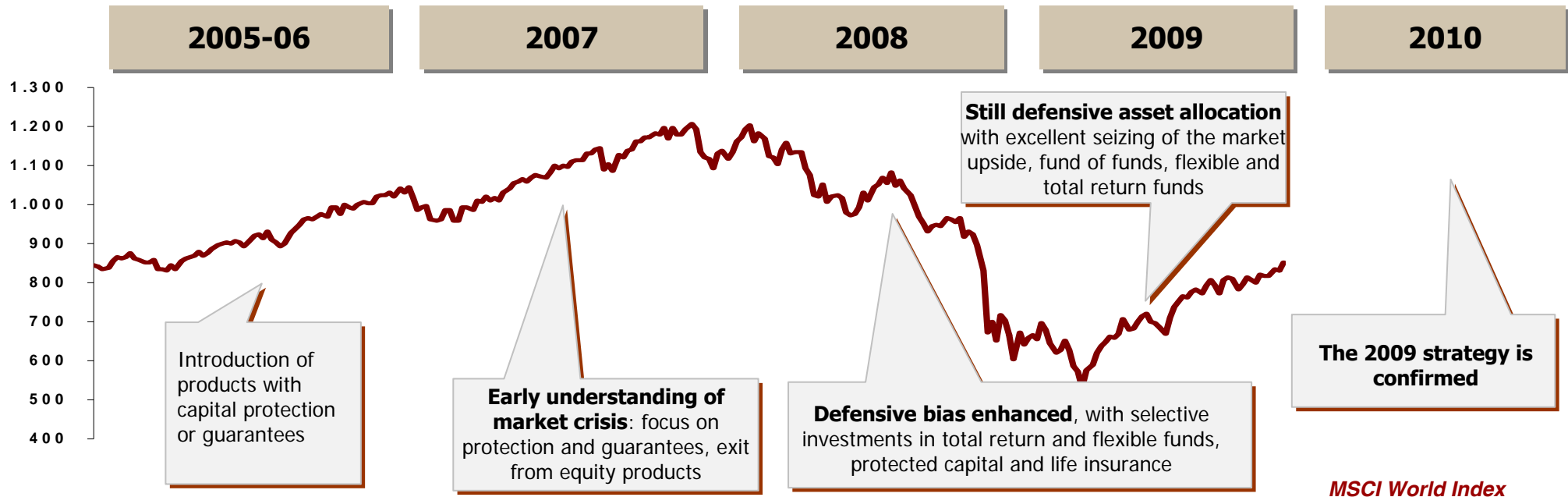
➤ **2010 Strategic and Business Guidelines**

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➤ **Closing Remarks**

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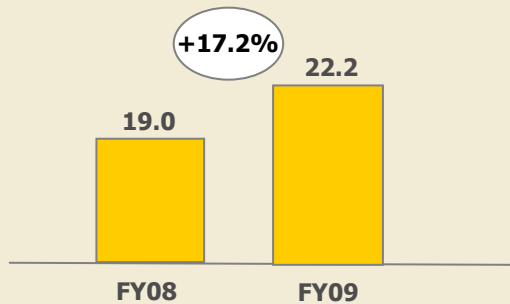
## Wide product offer and effective performance delivery: a story of successful advice ...



<p><b>Launch of two insurance products with capital protection</b> (  ) and capital guarantee (  )</p>	<p><b>Launch of discretionary account with capital protection</b> (  ), Lux-based flexible and total return Sicav</p>	<p><b>Major push of a traditional policy <i>Rialancio</i> and of a capital protected one (BG Evolution ), new total return FoF (BG SELECTION )</b></p>	<p><b>Traditional policy investing in corporate bond</b>  launch of new FoF managed by third-party</p>	<p><b>Focus on insurance products</b> BG  and BG Evolution and on managed products BG SELECTION </p>
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**... boding well for 2010 business strategy aimed at exploiting current growth opportunities in terms of net inflows and profitability**

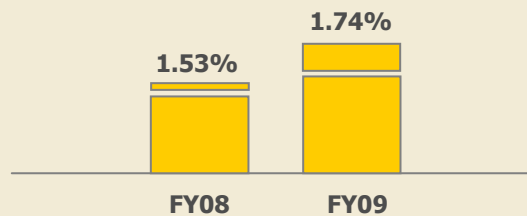
**Asset under Management**



**An unrivalled growth opportunity to increase assets over 2010 through:**

- Acquisition of new clients through dedicated strategy fully developed and shared with the networks
- Development of the 2,200 new customers from the 2009 Tax Shield
- Tax Shield
- Recruiting

**AUM Profitability (LfL)**



**Target of improving AUM profitability, with a focus on recurring fees through:**

- Enriching the offer of managed savings products
- Constant review of the insurance offer and upgrading of the insurance asset mix
- Strengthening of Asset Transformation, well in place since the beginning of 2009

(\* ) excluding GIL (General Investment Lux)

# Acquiring new customers, leveraging on the excellent results achieved, particularly over the last 2 years

## Acquiring New Clients offline

### New dedicated actions for the acquisition of new clients through:

- Intense training sessions for the network
- Dedicated initiatives with famous sport champions organised throughout Italian major cities for existing clients and to attract new ones
- Objectives by Area with a new managerial monitoring system of the results
- Development of new clients from the Tax Shield

## Acquiring New Clients online



### New Functions to be added by 1H10

- ALERT mail and SMS
- Insurance and pension positions
- Insurance products available online
- Tax position
- Stop loss/take profit
- Credit cards

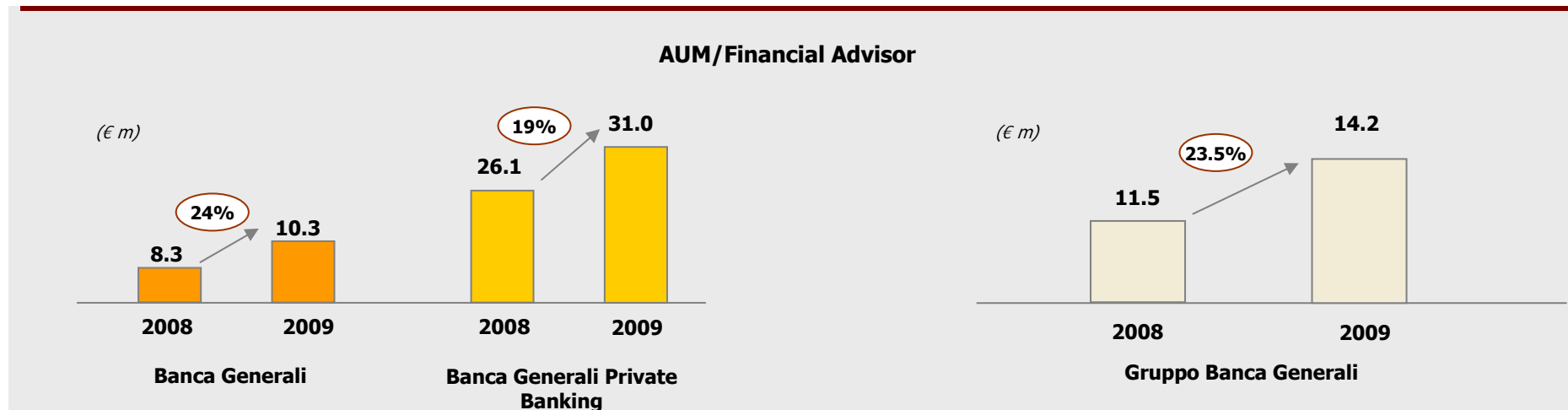


## Recruiting top financial advisors, focusing only on high-profile professionals

### RECRUITING

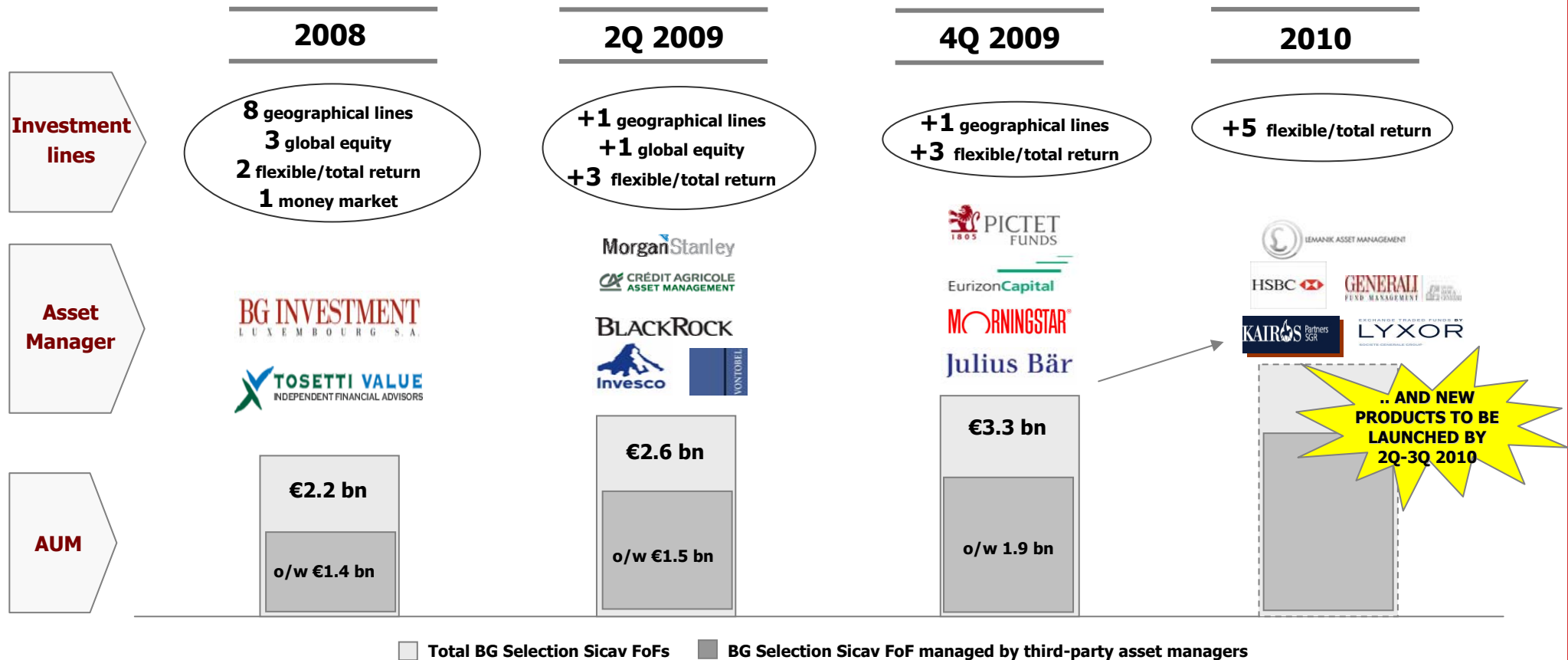
- Recruiting process is very selective, with the goal of focussing only on high profile financial advisors
- Excellent recruiting opportunities with a stable cost of recruiting, due to the strength of Banca Generali brand and of its reputation on the market
- 2010 recruiting targets are in line with those set for 2009
- Banca Generali Private Banking focus on high-profile private bankers with no less than €15m AUM or on high-profile bank employees
- Banca Generali targets financial advisors from competitors with no less than €8m AUM

### Distribution network profile is significantly improving



## Further expansion in the Lux-based FoF product offer

# BG SELECTION SICAV

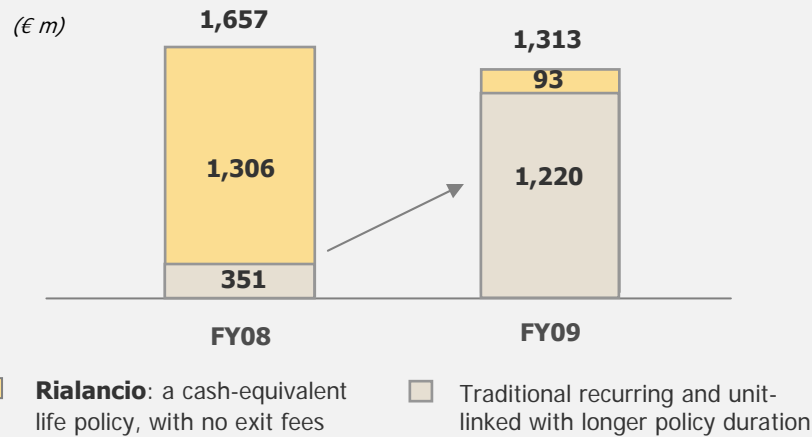


**.. AND NEW PRODUCTS TO BE LAUNCHED BY 2Q-3Q 2010**

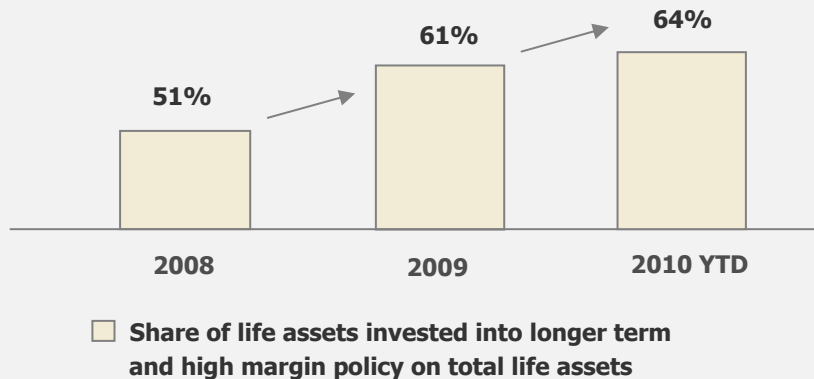
➤ Since its launch in March 2008 the offer of BG Selection Sicav has constantly increased, moving from FoF managed entirely in-house to include also FoFs managed by some of the best international asset managers

## Insurance, further progress in the process of upgrading the asset mix

### Strong improvement in life new business quality ...



### ... coupled with asset mix upgrading



### 2010 new product launches

**BG**  
Valore Plus

**BG Valore Plus** offer the chance to redeem on a yearly basis the revaluated share of segregated assets

**InDollari New**

**Traditional policy** linked to a segregated fund investing in US\$

**BG**  
Security

**A life policy** allowing to combine investment into a segregated fund and into an equity fund

Local Residents' Contributions  
**BG**  
Previdenza Attiva



**Individual pension funds**

## Asset transformation, ready to exploit Banca Generali new and wide product base

**Third-Party Funds**

**Life insurance policy close to expiry and Rialancio policies**

**Administered Assets**

Potential assets to be transferred  
**€10bn**

**Lux-based Funds of Funds (FoF)**

**BG SELECTION**

23 lines of Fund of funds, 12 managed in-house and 11 by primary international asset managers

**New Life Policies**

BG Evolution    BG Security  
BG Valore Plus    <sup>(1)</sup> InDollari New

**Portfolio Management**

**BG SGR    BG FIDUCIARIA**

Wide offer ranging from standard lines to fully personalised ones and trust lines

*(1) The entire size of the placing already completed by mid February 2010*

➤ **2009 Results**

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➤ **Net Inflows, AUM and recruiting**

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➤ **2010 Strategic and Business Guidelines**

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➤ **Closing Remarks**

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## Closing Remarks

### 2009: An excellent year, in any respect, which is leading Banca Generali to a solid growth in 2010 and beyond

#### Growth of AUM is sure and safe

- ❑ The organic growth, by the existing networks, is steady both in quantity and quality
- ❑ High client satisfaction suggest further growth in their share of wallet and in referrals
- ❑ 2,000 new clients from Tax Shield may deliver significant benefits
- ❑ High focus on the large room to acquire new clients, exploiting the turmoil in the traditional banking system

#### Focus on growth of revenues, mainly in the recurring part

- ❑ AUM are growing....
- ❑ ...and the profitability as well, due to the effective asset transformation that is in place

#### Huge operating leverage

- ❑ We are demonstrating that with the existing operating cost base, Banca Generali can manage up to €29-30 bn (approximately + 30% of existing AUM)

#### Proven market friendliness

- ❑ Banca Generali stock is proving, thanks to its capital solidity, a very interesting investment opportunity for its shareholders, combining:
  - ✓ growth,
  - ✓ reliable dividend flows with attractive dividend yield level

## Closing Remarks

**Banca Generali is going on, never changing since the beginning, to be a winning model based on unrivalled strategic characteristics:**

- 1. Brand awareness and reputation**
- 2. True and fast growing open architecture, much more advanced than the competition (banks and F.A. networks)**
- 3. Ability to deliver excellent results to the clients even in difficult market conditions and maintaining a moderate risk exposure**
- 4. Strategic focus on recurring fees, progressively becoming less linked to equity market trends**

**We want to further enhance these characteristics aiming to be the true market winner in the medium term**

**We are not used to “push” in advance regarding acquisitions or big opportunities. BUT:**

**About Acquisitions:**

**BG is the only company that may combine:**

- a proven track record of successful acquisitions and integrations**
- the financial strength to do them**

**About big Opportunities:**

**- Generali Fund Management provides evidence of growth potential**

**2010 started very well in terms of net inflows, quality of the inflows and the 2010 Tax Shield. Even in a very volatile and uncertain environment, we feel confident to continue the fast and solid growth so far experienced**

## 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*

Certain statements contained herein are statements of future expectations and other forward-looking statements.

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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