

Banca Generali

1H 2011 Results and business update

Milan, 29 July 2011

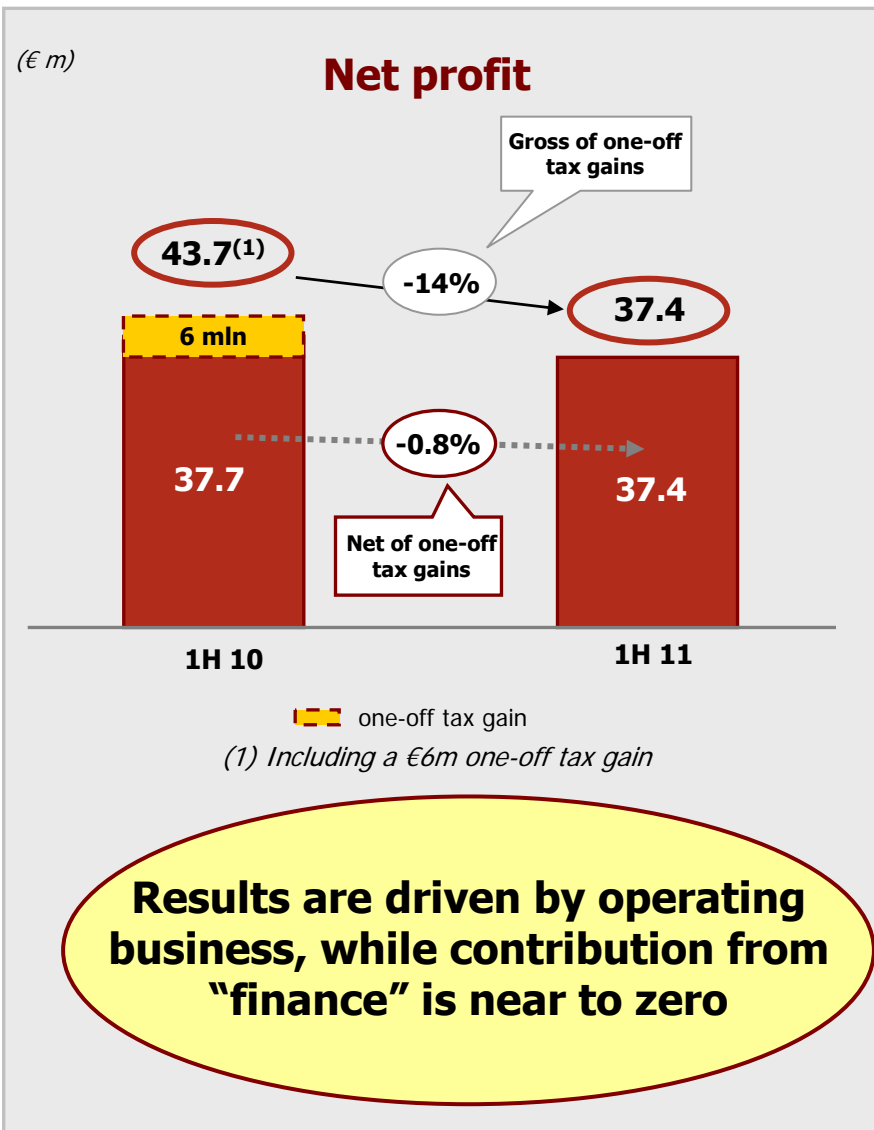
➤ **1H 2011 Results**

➤ **Net Inflows, AUM and recruiting**

➤ **Business Update**

➤ **Closing Remarks**

1H11 results proved very solid when considering the sharp increase in the volatility of financial markets



A safe harbour in a stormy weather

Proven ability to deliver growth: Net inflows topped €579 m in 1H11 (close to the 1H10 level), even if market conditions proved much less favourable. N°1 in the sector for net inflows in managed assets

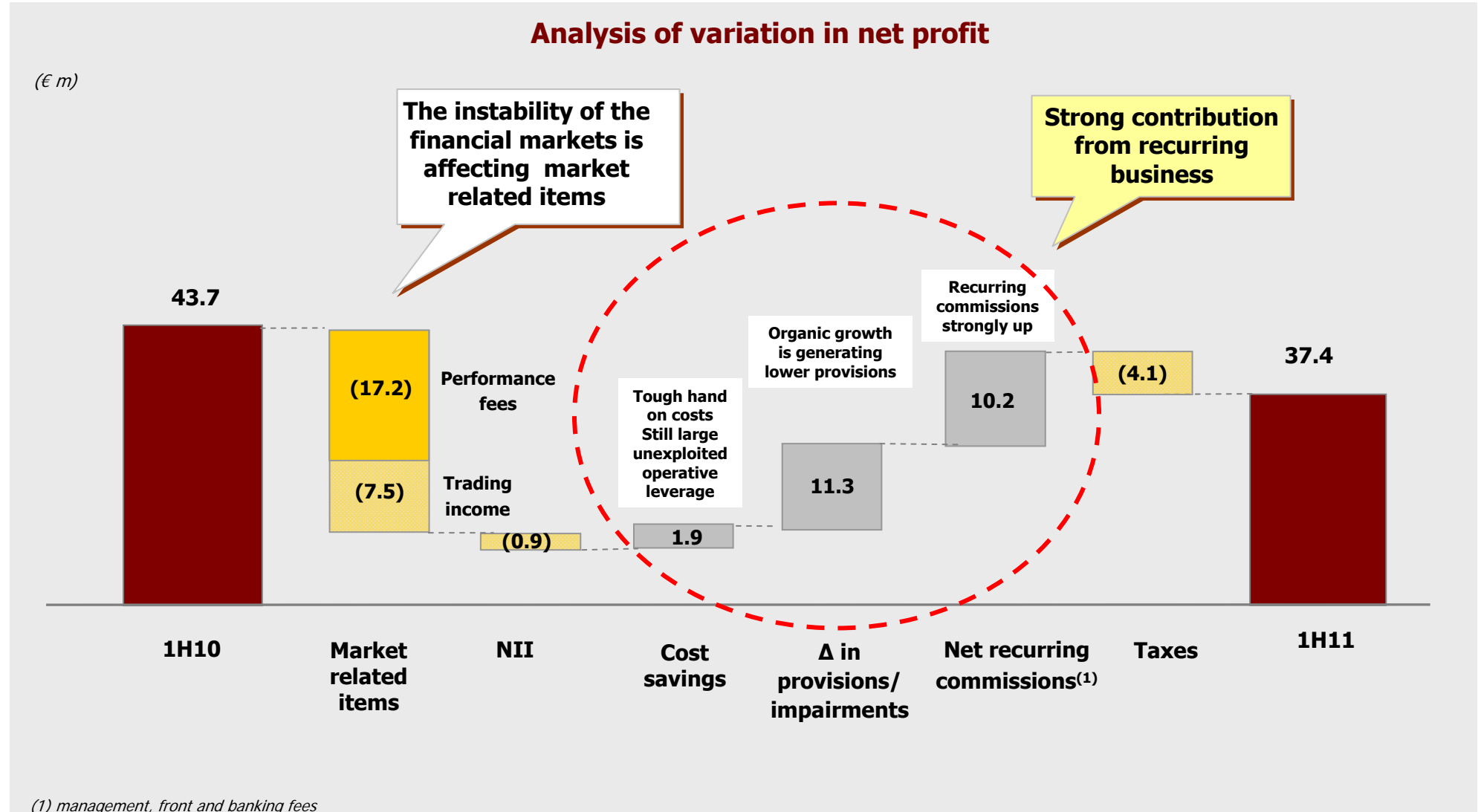
Steady net result: 1H11 net profit broadly matched 1H10 level (excluding the 1H10 one-off tax benefits), as the increase in management fees and the cut in operating costs offset lower market-driven revenues (€11.0 mln vs. €35.7 mln in 1H10, -69% yoy)

Enhanced fees sustainability: 91% of total income (and even 97% of gross commissions) is made up of recurring items

Effective cost control: management keeps a tough hand on operating costs (-3% yoy)

Strong capital and Banking Book: solid excess capital, very safe banking book (duration less than 1 year, floating rate at 52% of total, no asset/liability mismatch). No volatility transfer to P&L from the banking book

Total income impacted by the unfavourable trend in financial markets offset by the strong growth in the recurring business



Consolidated 1H 2011 Profit and Loss Account

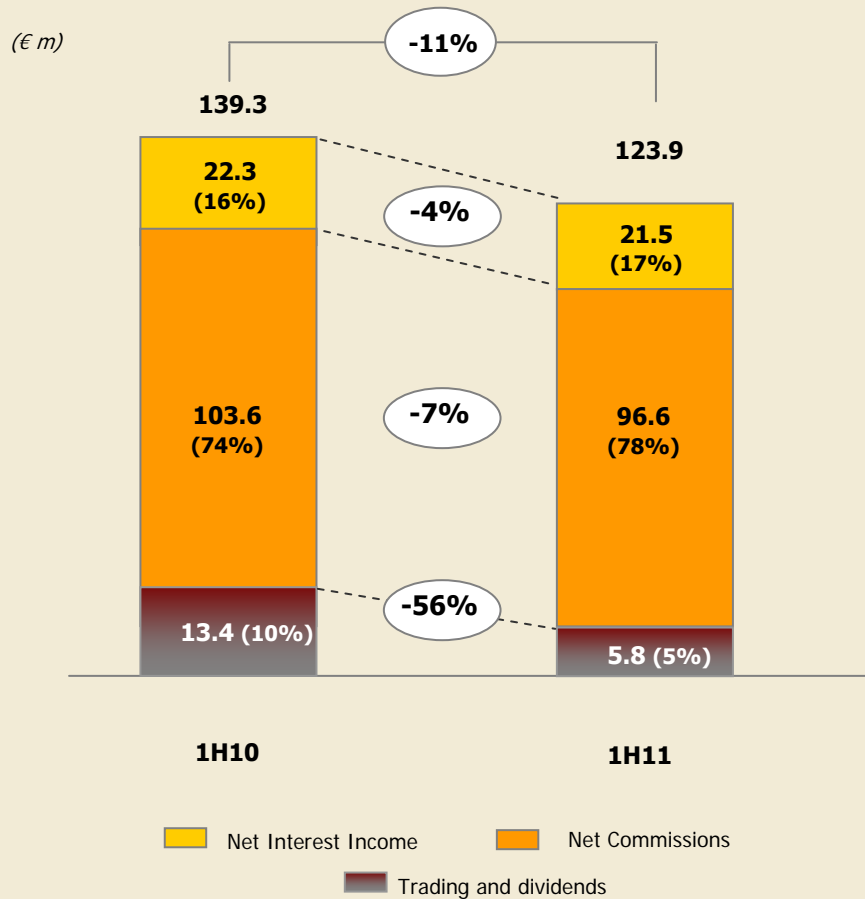
(€ mln)	1H10 (reported)	1H11 (reported)	% Chg	1H10 (excl. GIL)	1H11 (excl. GIL)	% Chg
Net Interest Income	22.4	21.5	-3.8%	22.4	21.5	-3.9%
Commission income	183.1	181.3	-1.0%	170.4	166.5	-2.3%
Commission expense	-76.2	-81.2	6.7%	-66.8	-69.9	4.6%
Net Commission	106.9	100.1	-6.4%	103.6	96.6	-6.8%
Net income (loss) from trading activities	-31.0	-51.9	67.1%	-31.0	-51.8	67.0%
Dividends	44.4	57.7	29.8%	44.4	57.7	29.8%
Net income (loss) from trading activities and Dividends	13.4	5.8	-56.5%	13.4	5.8	-56.3%
Net Banking Income	142.6	127.4	-10.7%	139.3	123.9	-11.1%
Staff expenses	-33.8	-34.3	1.5%	-32.8	-33.3	1.6%
Other general and administrative expense	-43.3	-40.8	-5.9%	-43.1	-40.6	-5.8%
Depreciation and amortisation	-2.0	-1.9	-4.5%	-2.0	-1.9	-4.6%
Total costs	-79.1	-77.0	-2.7%	-77.8	-75.8	-2.6%
Cost /Income Ratio	-49.9%	-54.4%	-4,5 p.p.	-50.2%	-55.0%	-4,8 p.p.
Other net operating income (expense)	6.0	5.8	-3.0%	6.0	5.8	-3.0%
Operating Profit	69.5	56.2	-19.1%	67.4	53.9	-20.0%
Net adjustments for impair.loans and other assets	-2.2	-1.7	-23.3%	-2.2	-1.7	-23.3%
Net provisions for liabilities and contingencies	-20.9	-9.9	-52.7%	-20.9	-10.0	-52.0%
Profit Before Taxation	46.4	44.6	-3.9%	44.4	42.2	-4.8%
Direct income taxes	-0.9	-5.0	479.7%	-0.7	-4.8	612.9%
Tax rate	1.9%	11.3%	9,4 p.p.	1.5%	11.4%	9,9 p.p.
Income/(losses) after tax on assets held for sales	0.0	0.0		0.0	0.0	
Minorities interest	-1.8	-2.2	17.6%	0.0	0.0	
Net Profit	43.7	37.4	-14.4%	43.7	37.4	-14.4%

- **Interest margin lower** on a reported basis, as the switch towards managed assets reduced assets parked in current accounts
- **Buoyant growth in management fees (+20% yoy) offsetting weak performance fees** linked to the poor trend in financial markets
- **Trading income decreases** from the one-off peak of last year
- **Enhanced quality of total revenues**, as recurring items represent 97% of the total
- **Operating costs decrease in absolute value**, thanks to more savings at G&A level
- **Provisions** are down, reflecting lower costs of recruiting and higher share of organic growth
- **Net profit down yoy, as 1H10 benefitted from a one-off tax-benefits**

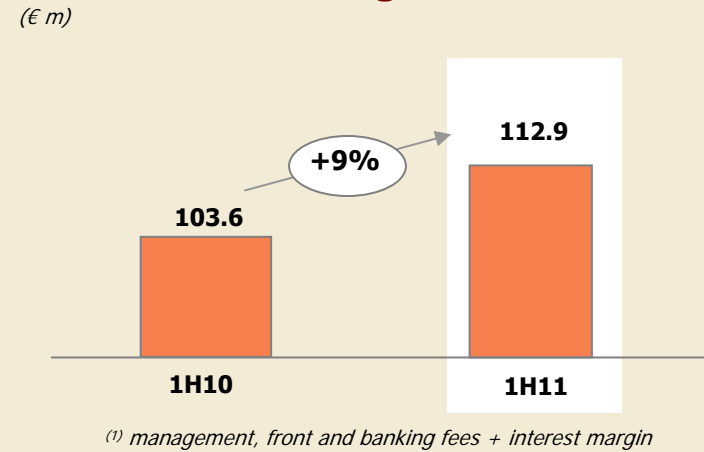
Figures "ex-GIL" do not incorporate the contribution of Generali Investment Luxembourg ("GIL"), the management co. of Assicurazioni Generali merged with BG Investment Lux on September 9, 2009

Revenues look more and more solid as the share of recurring income increased by 9% yoy and now represents 91% of total income

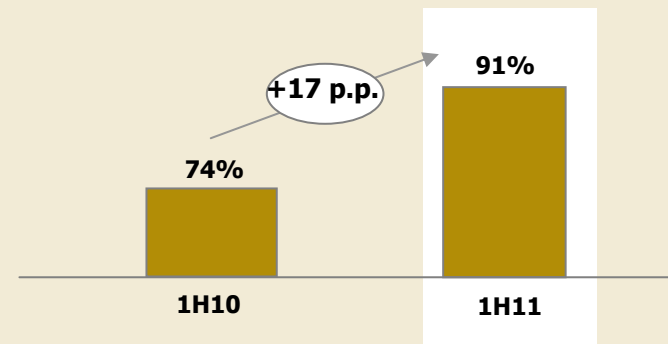
Breakdown of Net Banking Income (LfL)



Recurring income¹

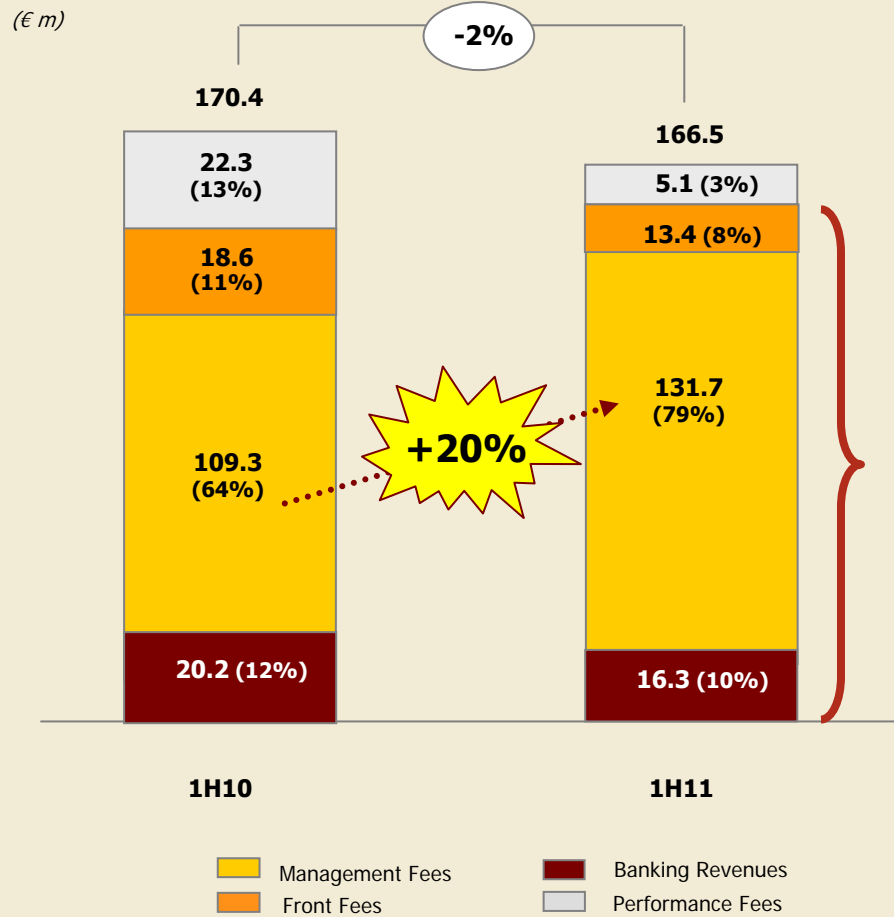


Recurring Income/Total income

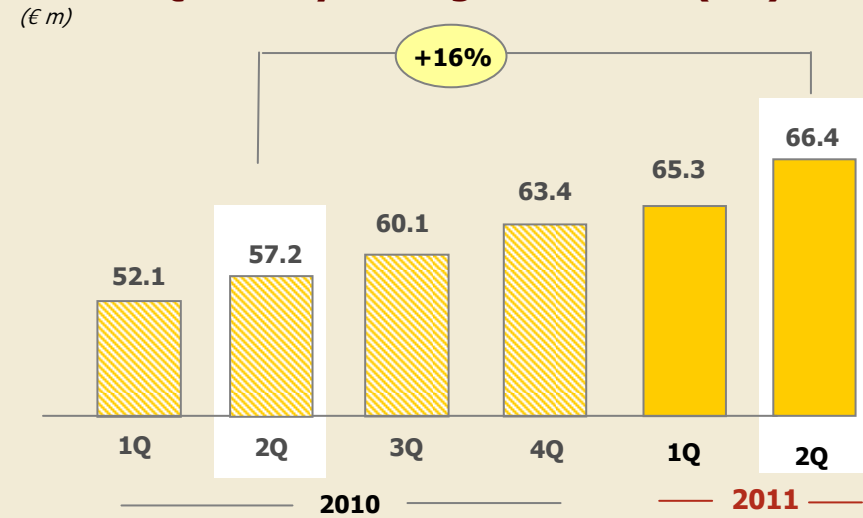


Recurring commissions make up for 97% of total gross fees

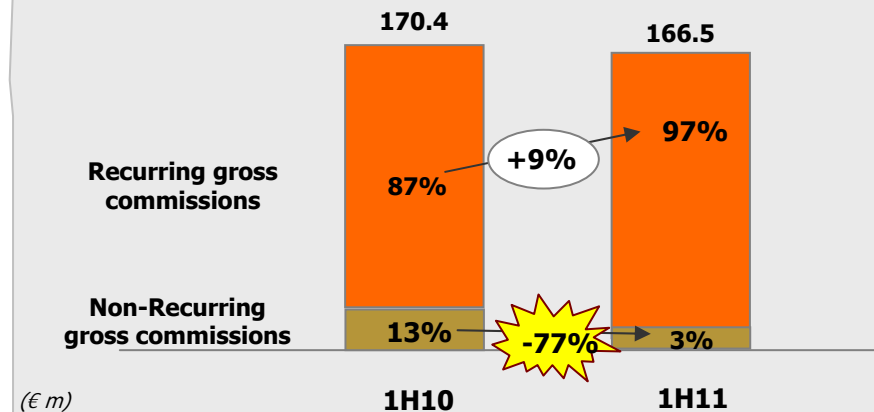
Breakdown of Gross Commissions (LfL)



Quarterly management fees (LfL)

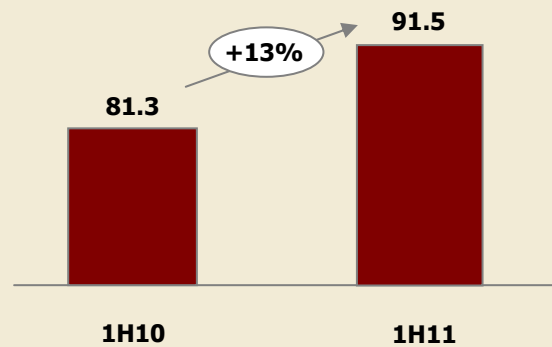


Trend in Recurring Commissions (LfL)



Healthy increase in net commissions, with a stable pay-out ratio

Net Commissions* (LfL)

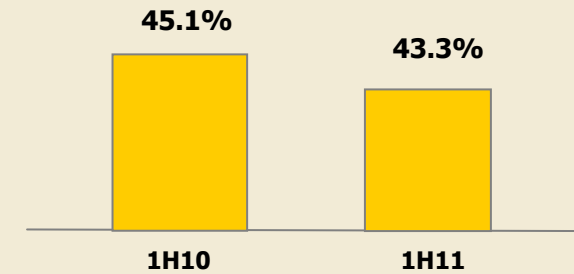


* Excluding performance fees

(€ m)

Total net commission decreased by 6.8% yoy, but are actually up by 13% when stripping-out performance fees

Pay-out* (LfL)

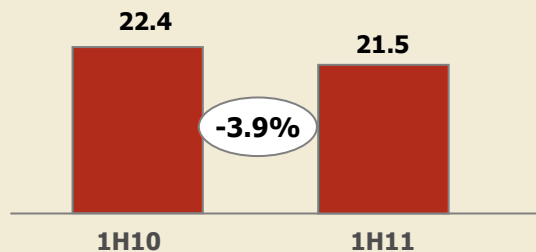


* Excluding performance fees

The pay-out remained broadly stable, with minor changes

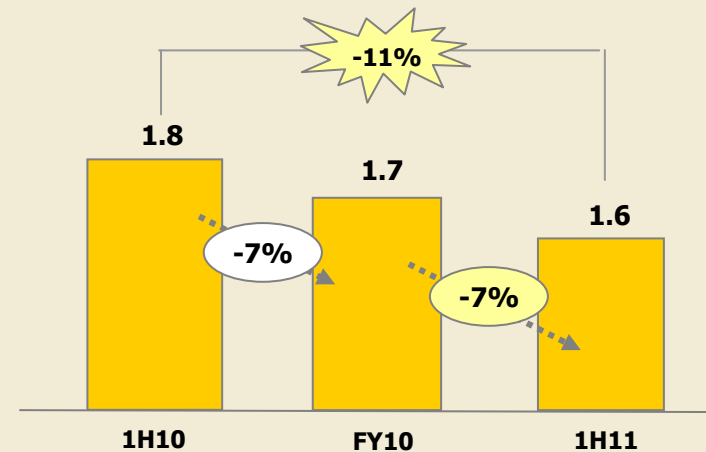
Overall a satisfactory result coupled with a very defensive investment strategy

Interest Margin (LfL) slightly down yoy...



(€ m)

... reflecting decreasing assets parked in current accounts

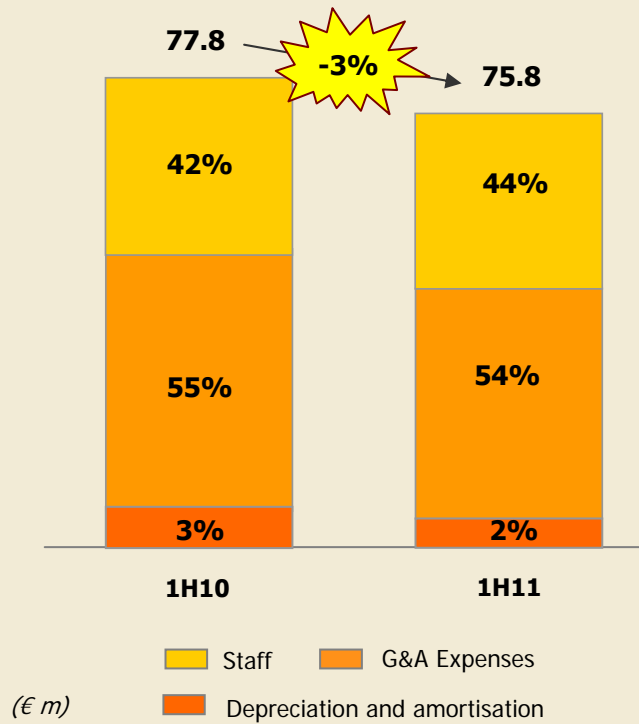


(€ bn)

- The investment portfolio remains highly defensive with an average maturity of 3.0 yrs and a duration of 1.0 yrs
- Floating rates account for 52% of total investment portfolio
- The bank has no financial leverage nor any asset/liability mismatch

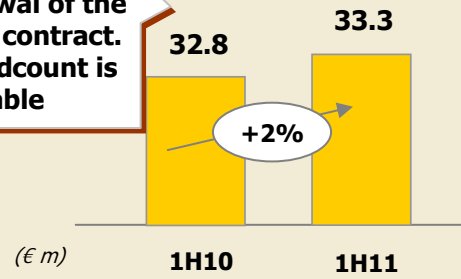
Excellent cost management continues in 2011, with a decrease of 3% in operating expenses

Operating Costs Breakdown (LfL)

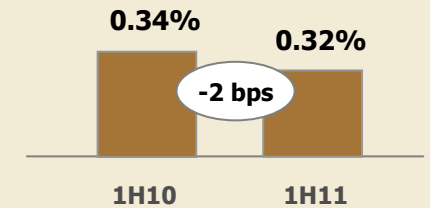


Increase due to the renewal of the national contract. The headcount is stable

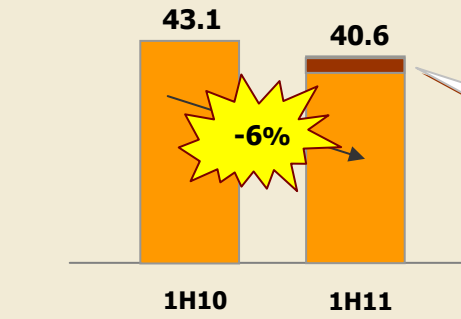
Staff costs



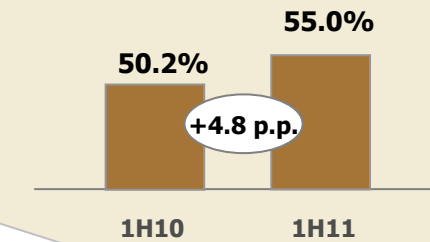
Operating Costs/AUM



G&A Expenses



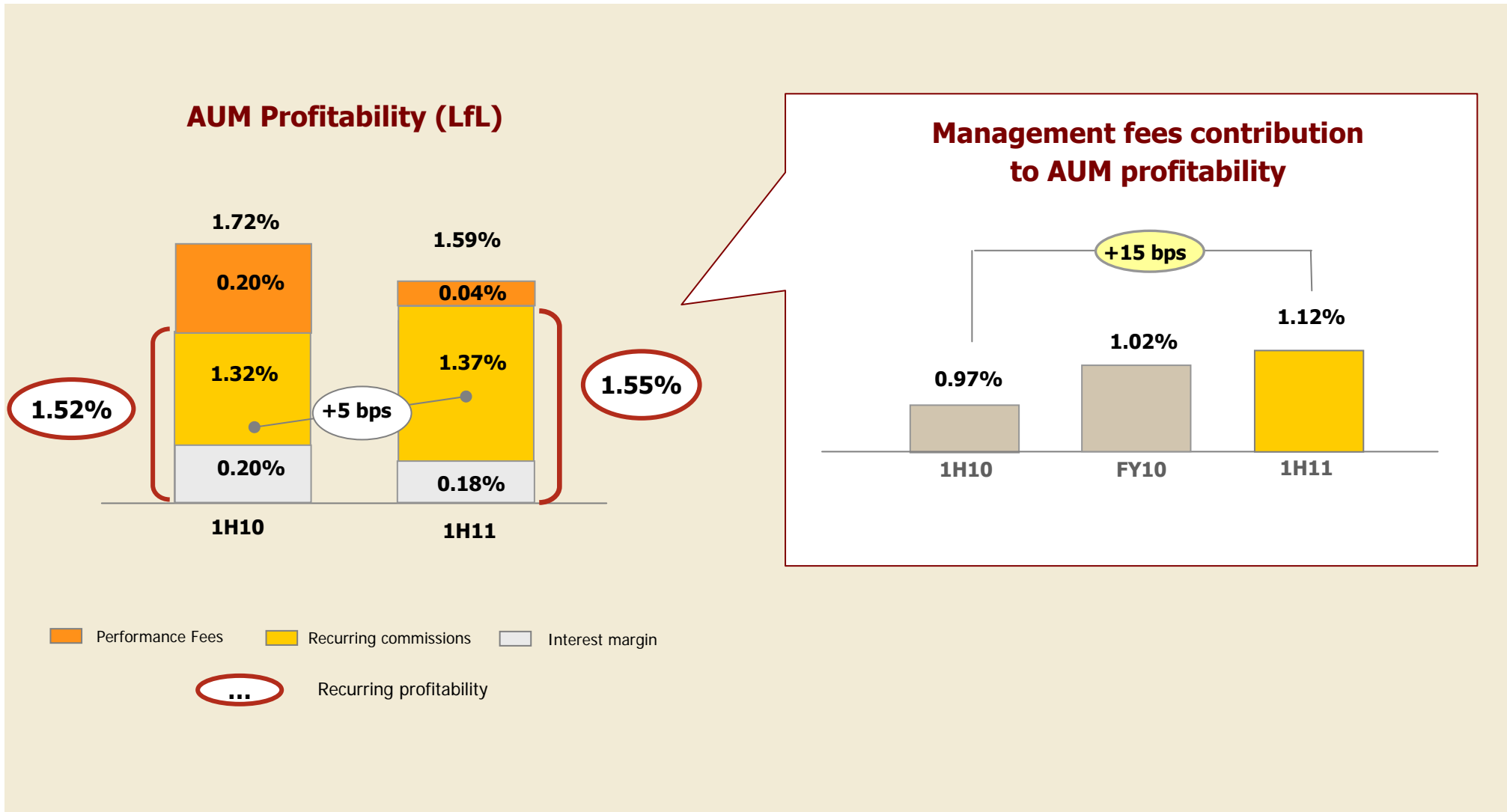
Cost/Income



€1.4m linked to the increase in the stamp duty on security deposits (due to the recently approved Budget Law). This cost is then recovered from clients and classified as "other income" in the P&L

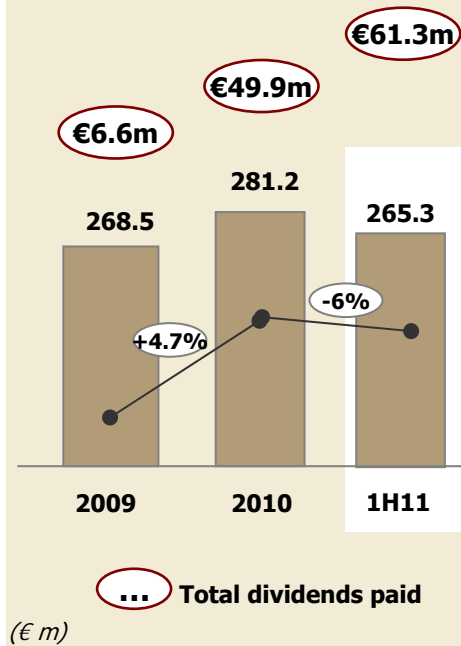
- In 1H11 operating costs fell in absolute value, in line with management commitment
- Total costs fell by 3% yoy, driven by a cut in G&A expenses

Recurring Profitability further improving compared to the same period of last year

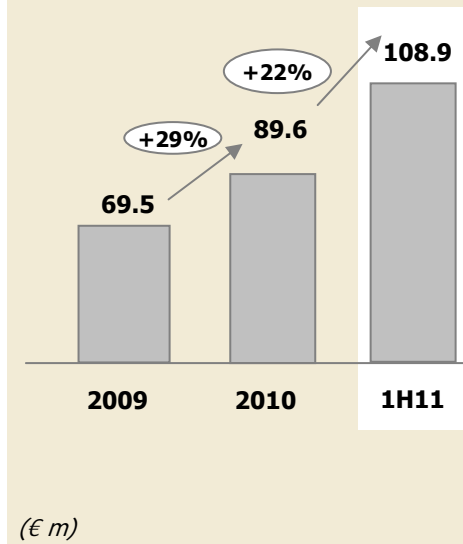


Banca Generali has further strengthened its already solid capital base

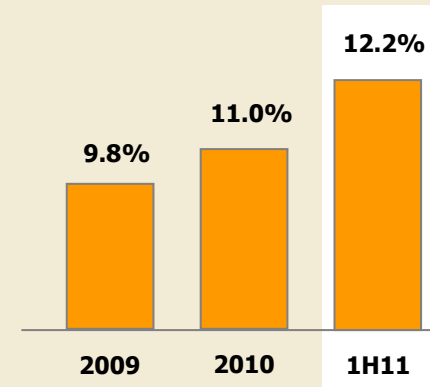
Shareholders' equity and dividends paid



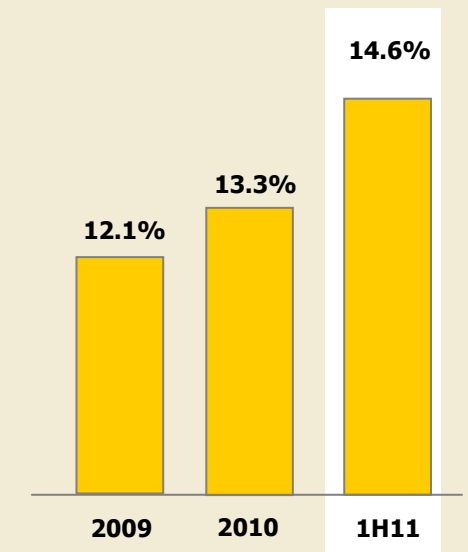
Excess Capital



Tier 1 Capital



Total Capital Ratio



- Solid capital base, as shown by the increase in both Tier 1 Capital and in Total Capital Ratio
- Excess Capital strongly increased in the period to €109 million

➤ **1H 2011 Results**

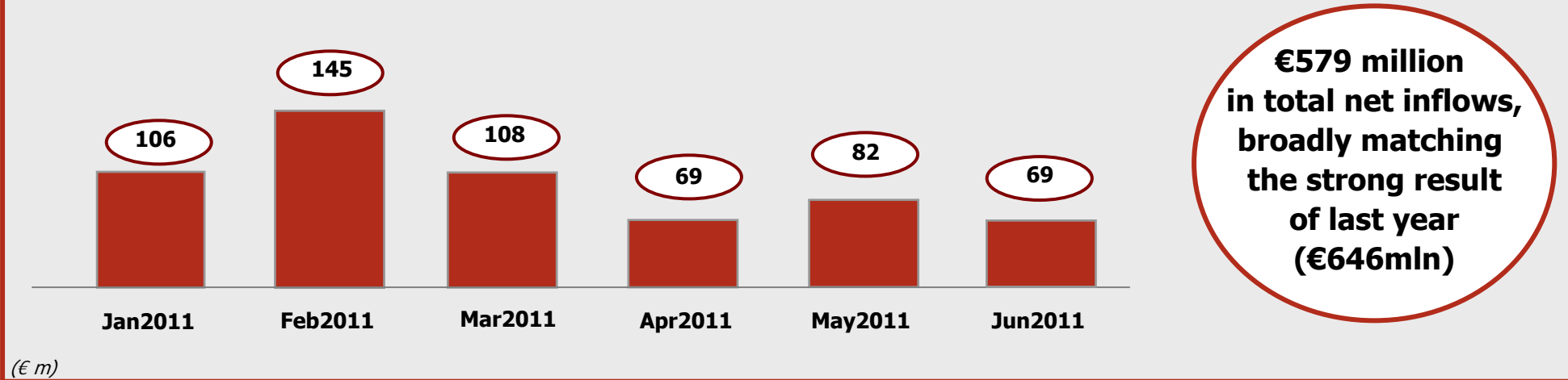
➤ **Net Inflows, AUM and recruiting**

➤ **Business Update**

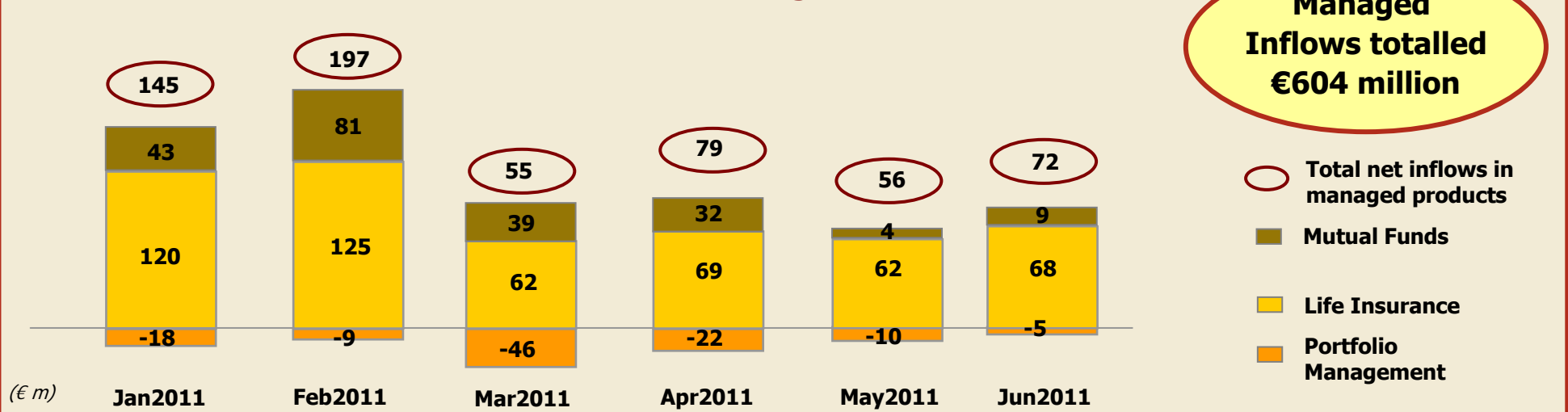
➤ **Closing Remarks**

Positive start in 2011, with net new money at €579 million in the first half of 2011

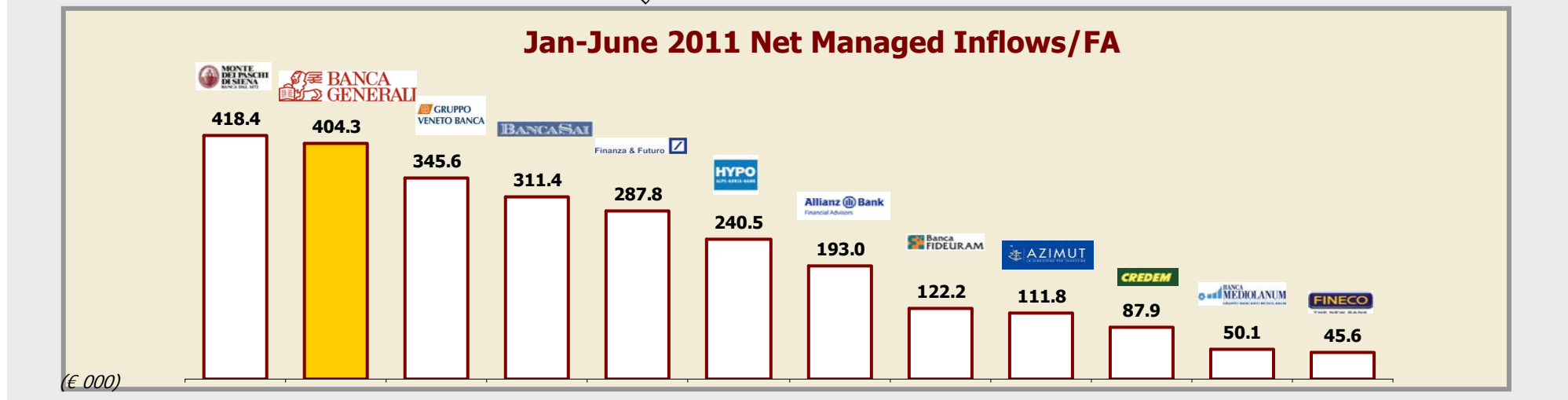
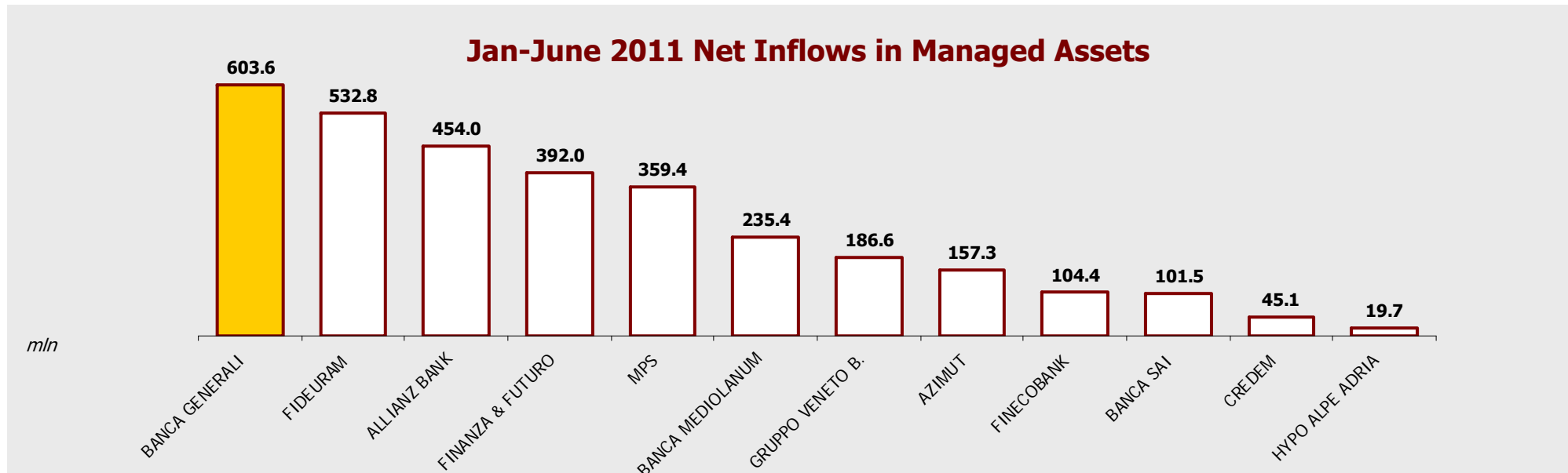
Total Monthly Net Inflows in 2011...



...of which in Managed Products



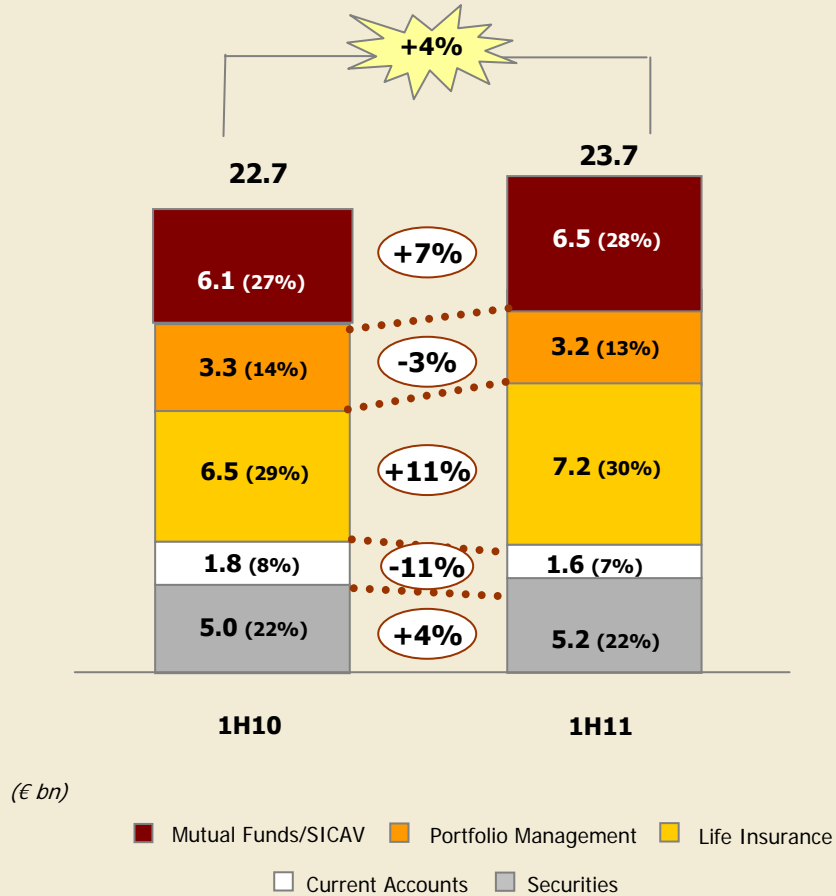
Banca Generali ranked N°1 in terms of net inflows in Managed Assets in 1H11 and its distribution networks are at the top in terms of productivity



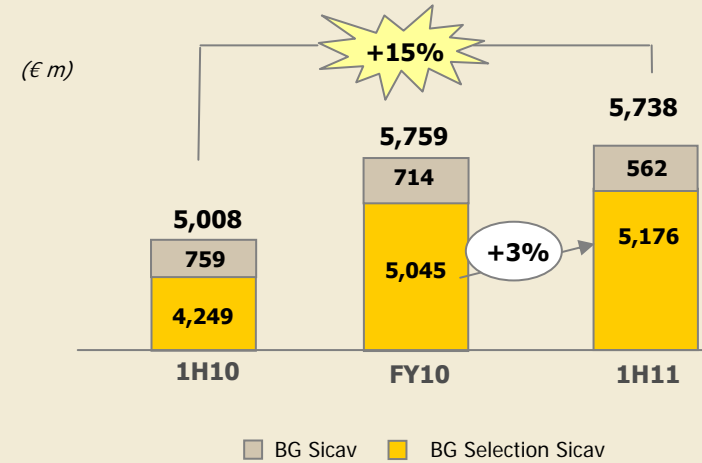
Source: Assoreti June inflows

Total assets up by 4% yoy, driven by managed assets

Banca Generali Asset Breakdown



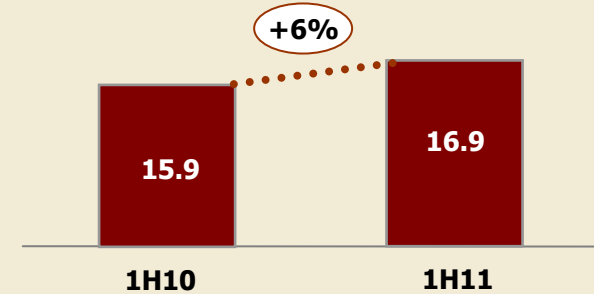
Lux-based Assets



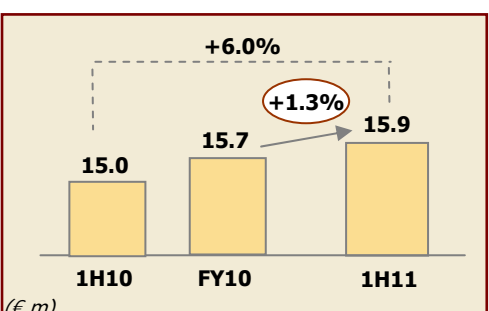
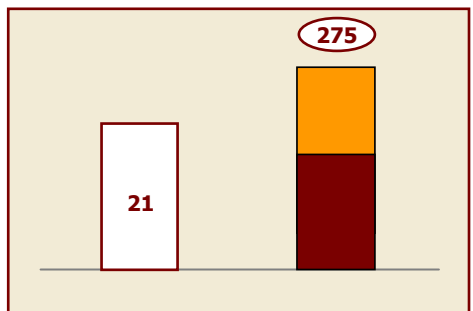
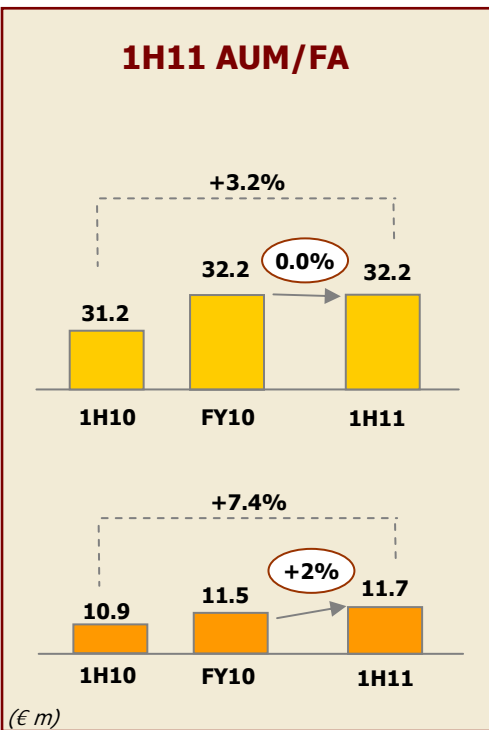
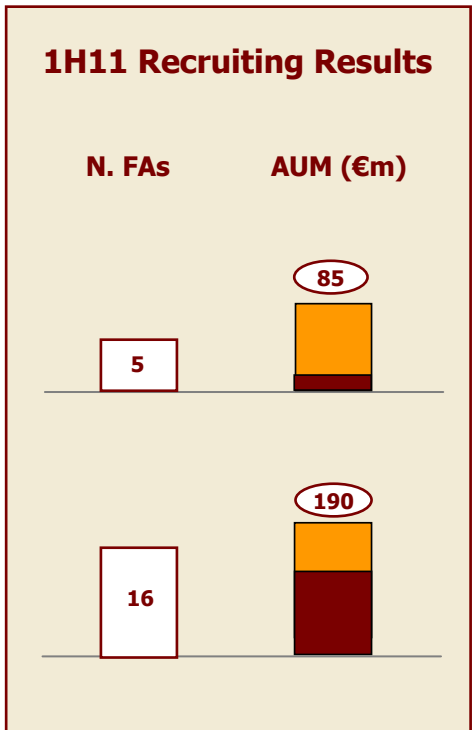
Managed Assets

(Asset management + portfolio management + insurance)

(€bn)



1H11 recruiting policy remains selective



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

- Banca Generali hired 21 people in 1H11 with an average portfolio of > €13 million each
- Average FAs portfolio increased on average by 1.3% to €15.9 mln
- The company plans to continue a selective recruiting campaign in 2011, in line with 2010 levels (50 people)
- As a guidance, Banca Generali remains committed on enhancing its network profile, rather than increasing the number of advisors

➤ **1H 2011 Results**

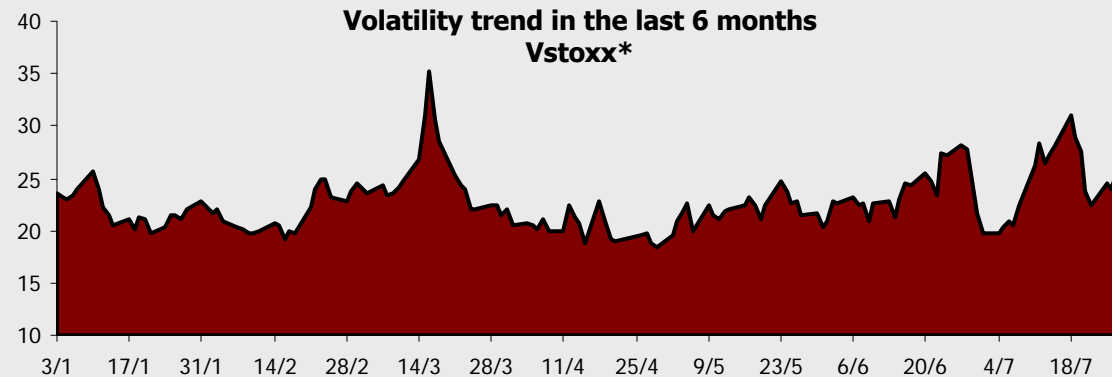
➤ **Net Inflows, AUM and recruiting**

➤ **Business Update**

➤ **Closing Remarks**

High volatility is affecting financial markets worldwide, driving investors to look for safe havens for their investments

Volatility persists in financial markets worldwide



*Vstoxx index: measure of the volatility of the Euro Stoxx 50 index

Investors are worried



Europe fallout hurts global stocks

(July 12, 2011)

Contagion fear resurfaces in the eurozone

(July 13, 2011)

Risks of more market volatility and sell-offs remain, write

(July 23, 2011)



Debt Crises Continue to Rattle Markets

(July 19, 2011)



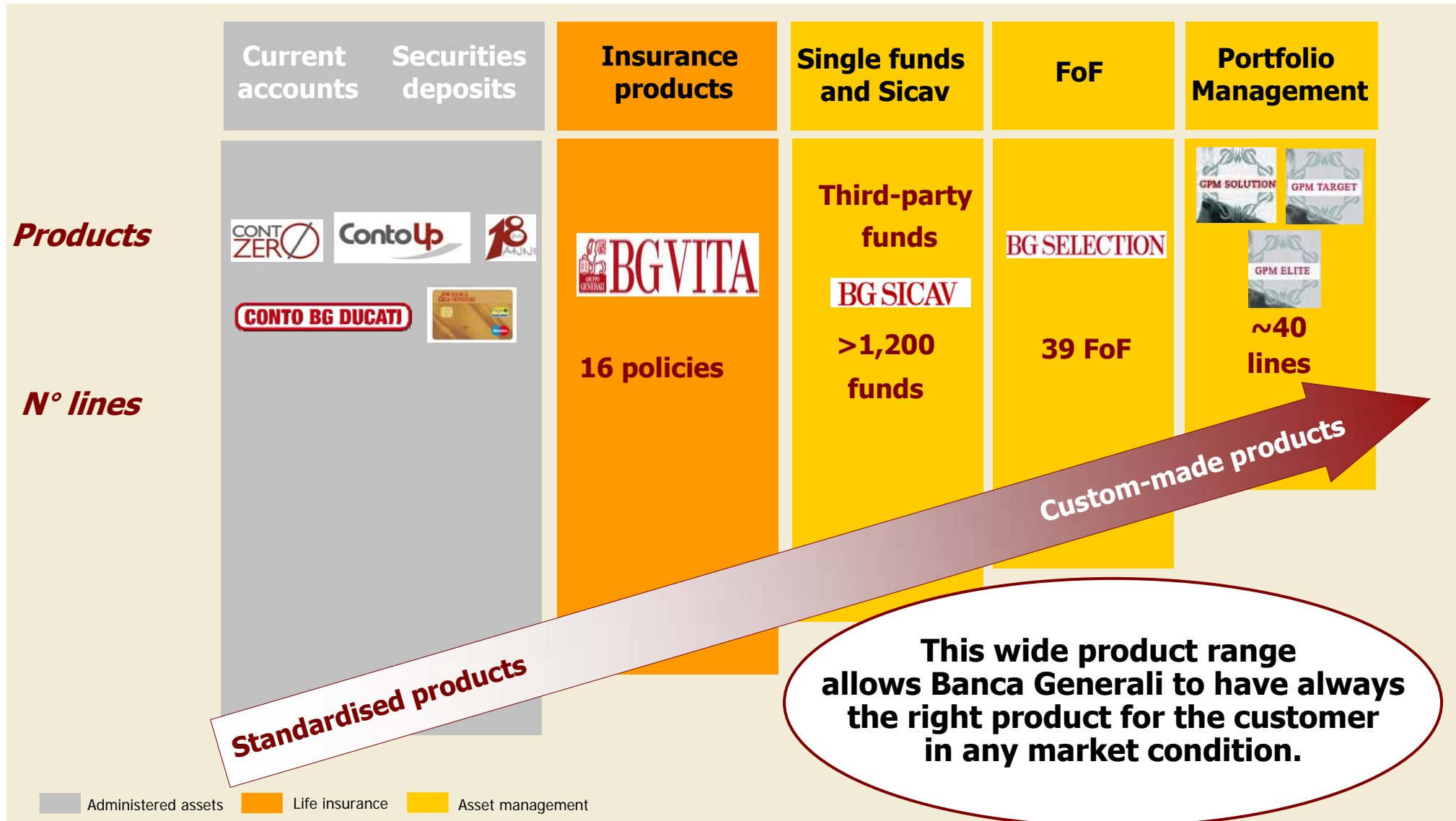
Cresce il rischio sul debito Usa

(July 24, 2011)

Banca Generali has two powerful tools to face these market conditions

- A complete and diversified product offer
- Highly skilled networks of financial advisors

The product offer ranges from liquidity-type products to the most innovative and customizable asset management products...



... recently enriched by innovative and exclusive new products for Banca Generali private clients: GPM Lifestyle Solutions ...

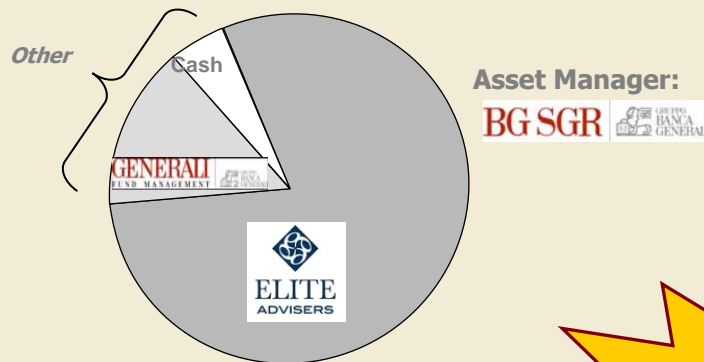
New Product

GPM Life Style Solutions



A new **Individual Portfolio Investment line** investing in real assets (such as valuable watches and rare wines) combining the **concept of financial investment with personal passions**

Potential initial portfolio (%)



Elite Advisers manages the funds *Nobles Crus* and *Precious Time*

**Diversification
 De-correlation with
 other asset classes**

Target Clients

High-profile clients (min. investment: € 175K) who enjoy **investing in their passions** and that are looking for a diversified investment, combining performance with personal pleasure

**Banca Generali
 Total AUM: €23.7 bln**



... and Banca Generali for CityLife, an exclusive offer of mortgages and mortgage insurance policies for BG clients

New Products

Target Clients

BG for CityLife



1 Mortgage for up to 80% of the value of the property

- Favourable conditions (Euribor 3 months + 0.75%-1.00%)
- No penalty on early mortgage prepayment

2 Mortgage Redemption insurance (TCM policy)

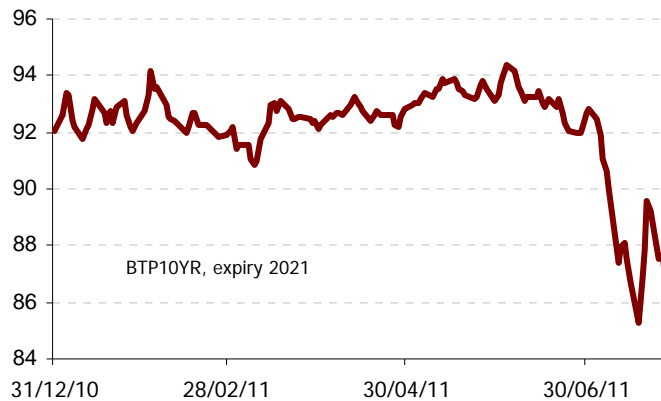
- Dedicated product only for CityLife owners holding a mortgage loan of Banca Generali

High-profile clients of Banca Generali looking for prestigious property solutions (€8,000 per m²) in the heart of Milan

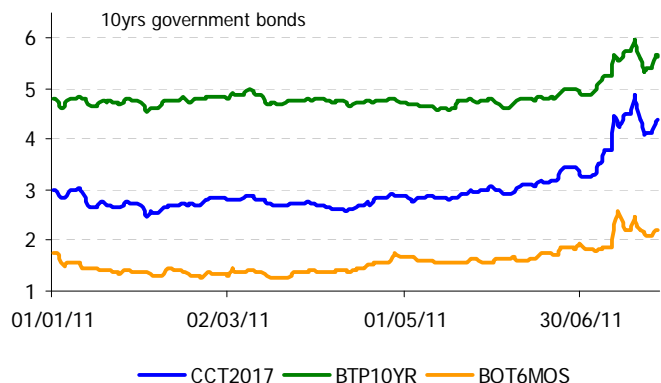


Interesting growth opportunities to attract new assets by exploiting on-going volatility in the bond markets

Even government bonds are becoming volatile investments



Attractive yields



Traditionally large exposure to bond investment by Italian household

Strong interest from Italian investors that Banca Generali can address with its:

Bond Portfolio Advisory

- A dedicated team of experts with a proven track record
- Personalized portfolio analysis for prospects clients
- Weekly list of recommended single bonds and bond portfolio

Positive momentum for raising new assets

A powerful tool for:

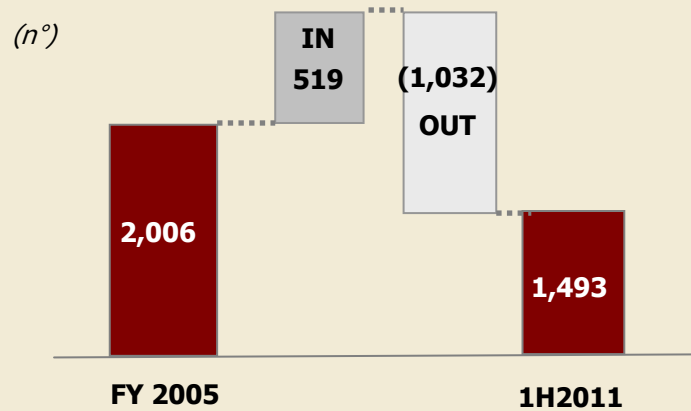
Providing an high-profile customer service

Increasing the share of wallet of existing customers

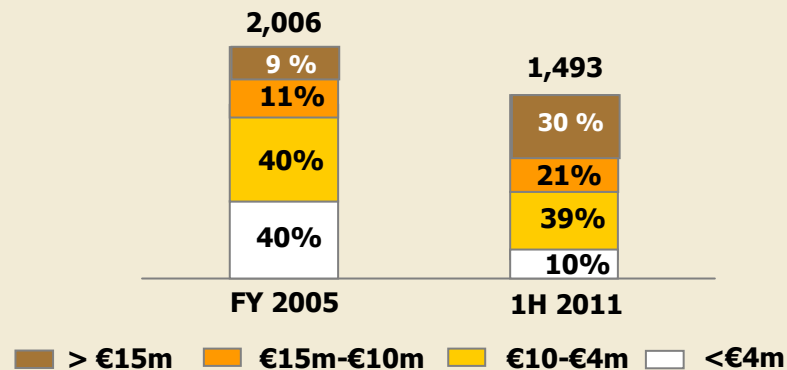
Attracting brand new clients

Our highly skilled networks are assisting clients in volatile times while keeping them focussed on long-term investment goals

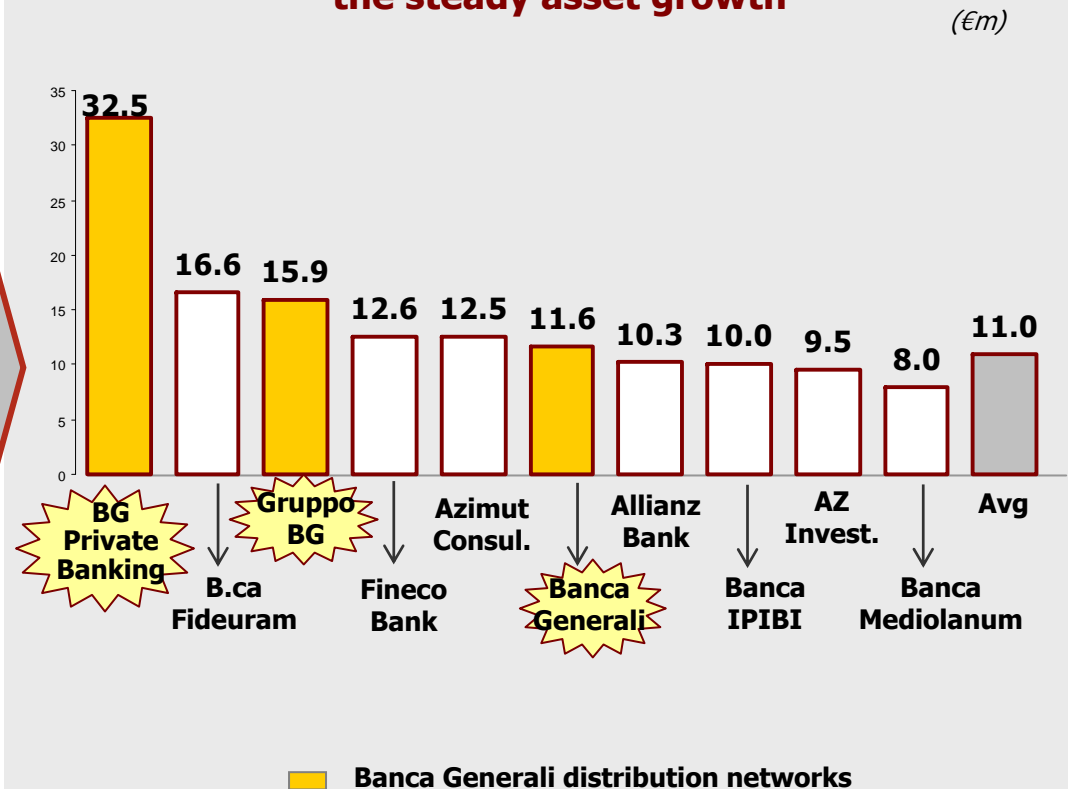
A strict selection operated since 2005 ...



... strongly enhanced the quality of the networks (split of FA by portfolio size)



The high quality of Banca Generali networks is one of the main reasons for the steady asset growth



Source: Assoreti data, March 2011

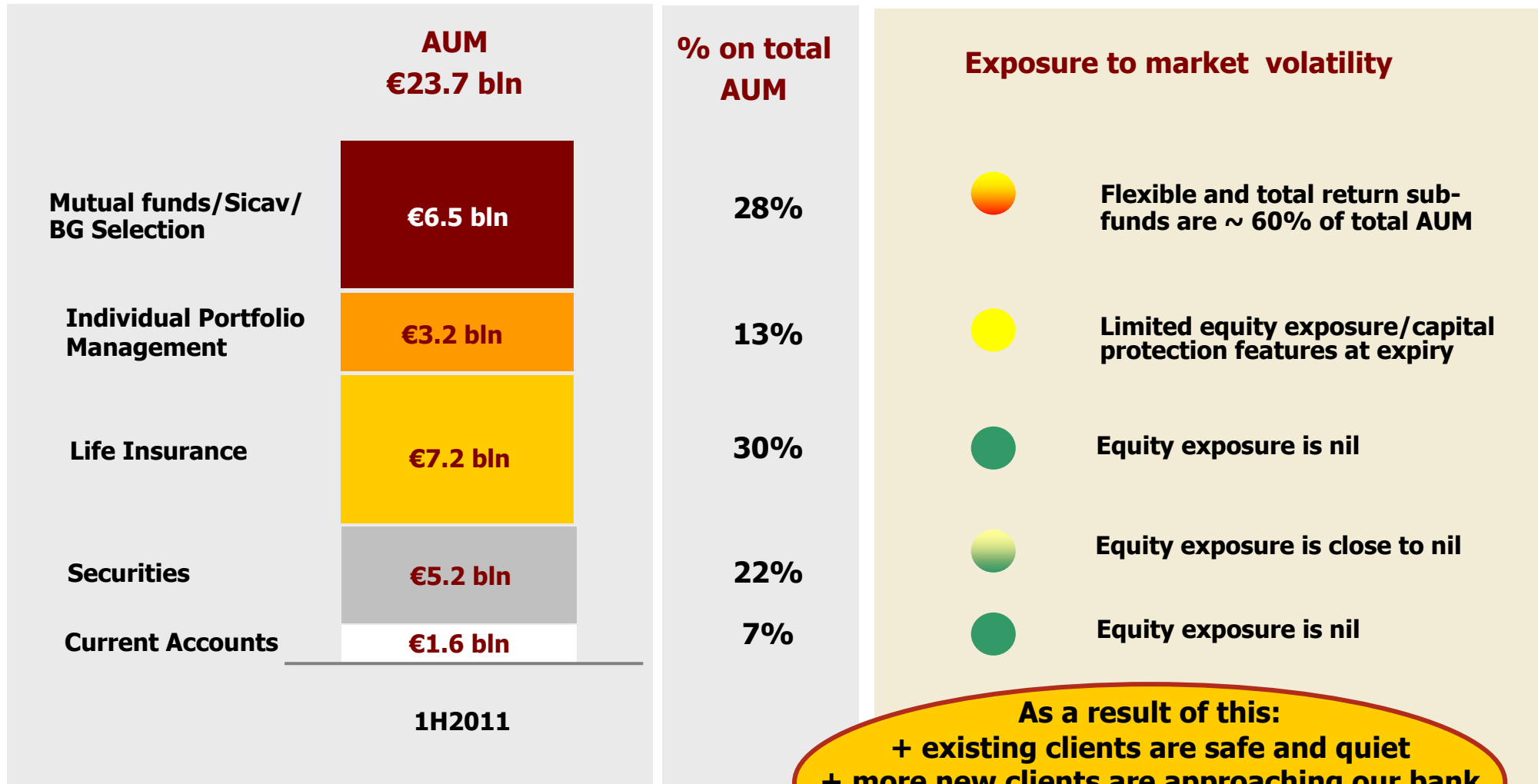
➤ **1H 2011 Results**

➤ **Net Inflows, AUM and recruiting**

➤ **Business Update**

➤ **Closing Remarks**

Since 2007 Banca Generali is successfully achieving its two key priorities, i.e. safeguard of clients' investments paired with a controlled equity exposure



**As a result of this:
+ existing clients are safe and quiet
+ more new clients are approaching our bank
= Asset growth is continuing
at a steady pace**

Nil- Low Low Medium High

Again in 2011, Banca Generali ranked 1° in networks fidelization, confirming the excellent results of 2010



Survey "PF Monitor 2011"

Ranking of Banca Generali in the Eurisko survey

	2009	2010	2011
Overall satisfaction level	5°	3°	2°
Fidelization level, measured by:			
Question 1:			
1 year	5°	1°	1°
3 years	5°	1°	1°
5 years	4°	1°	1°
Question 2:			
"Would you recommend your network to a friend/colleague?"	6°	1°	1°

A great step ahead in just few years!

Top ranking confirmed

The survey is based on interviews made in June/July 2011 with ≈1,700 financial advisors, randomly selected amongst the top players of the sector in Italy. Other companies participating in the survey: Allianz Bank, Azimut, Banca Fideuram, Banca Mediolanum, Banca Euromobiliare, Finanza & Futuro, Fineco, SanPaolo Invest, UBI Banca Private, MPS Banca Personale

Banca Generali is well positioned to weather these volatile economic times to come out even stronger

Times are tough and very unpredictable...

...nevertheless, Banca Generali is very confident on its ability to sail even in stormy weather

This is why:

- **Banca Generali's business model is built to fulfil clients' need and expectation in any market condition**
- **The business model and the capital are able to deliver stable and attractive returns to the shareholders**
- **Our networks are completely at the side of the Clients, as well of the Company**
- **The number of new clients is constantly increasing month after month**
- **Both the Capital base and the Banking Book are solid**
- **We don't leverage our balance sheet; our NII and trading income is not boosted by asset/liability mismatch: **our business is managing clients' investments well****

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.

Neither Banca Generali S.p.A. nor any of its affiliates, directors, officers employees or agents owe any duty of care towards any user of the information provided herein nor any obligation to update any forward-looking information contained in this document.

2011 Upcoming Corporate Events

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			

9M 2011 results

Investor Relations Contacts

Giuliana Pagliari

Head of Investor Relations

Tel +39 02 6076 5548

E-mail: giuliana.pagliari@bancagenerali.it

Stefania Giordano

Investor Relations Team

Tel +39 02 6076 5534

E-mail: stefania.giordano@bancagenerali.it

E-mail: investor.relations@bancagenerali.it

Corporate Website

www.bancagenerali.com