

Banca Generali

**9 Months 2011 results
and business update**

Milan, November 7, 2011

Today's Agenda

➤ **9M 2011 Results**

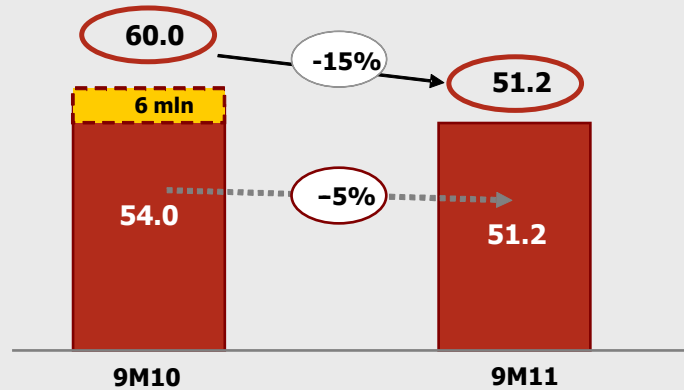
➤ **Net Inflows, AUM and recruiting**


➤ **Business Update**

➤ **Closing Remarks**

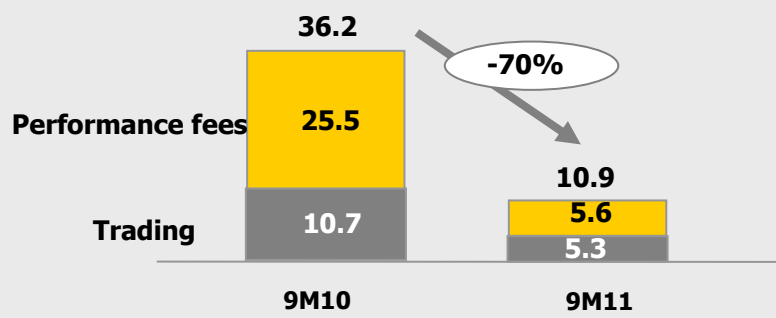
Once again Banca Generali is proving its resilience in any market condition

Net Profit broadly stable excluding tax one-offs...



(€ m)  one - off tax gain

... even if with much lower market-related items



(€ m)

**9M 2011 results in one word:
SOLIDITY**

Net profit quality continuously improving:

- recurring revenues (+8.5%) and tough cost management (flat yoy) counterbalanced the decrease in market-related items (-70% yoy) and the one-offs tax gains of last year
- results' sustainability further strengthened

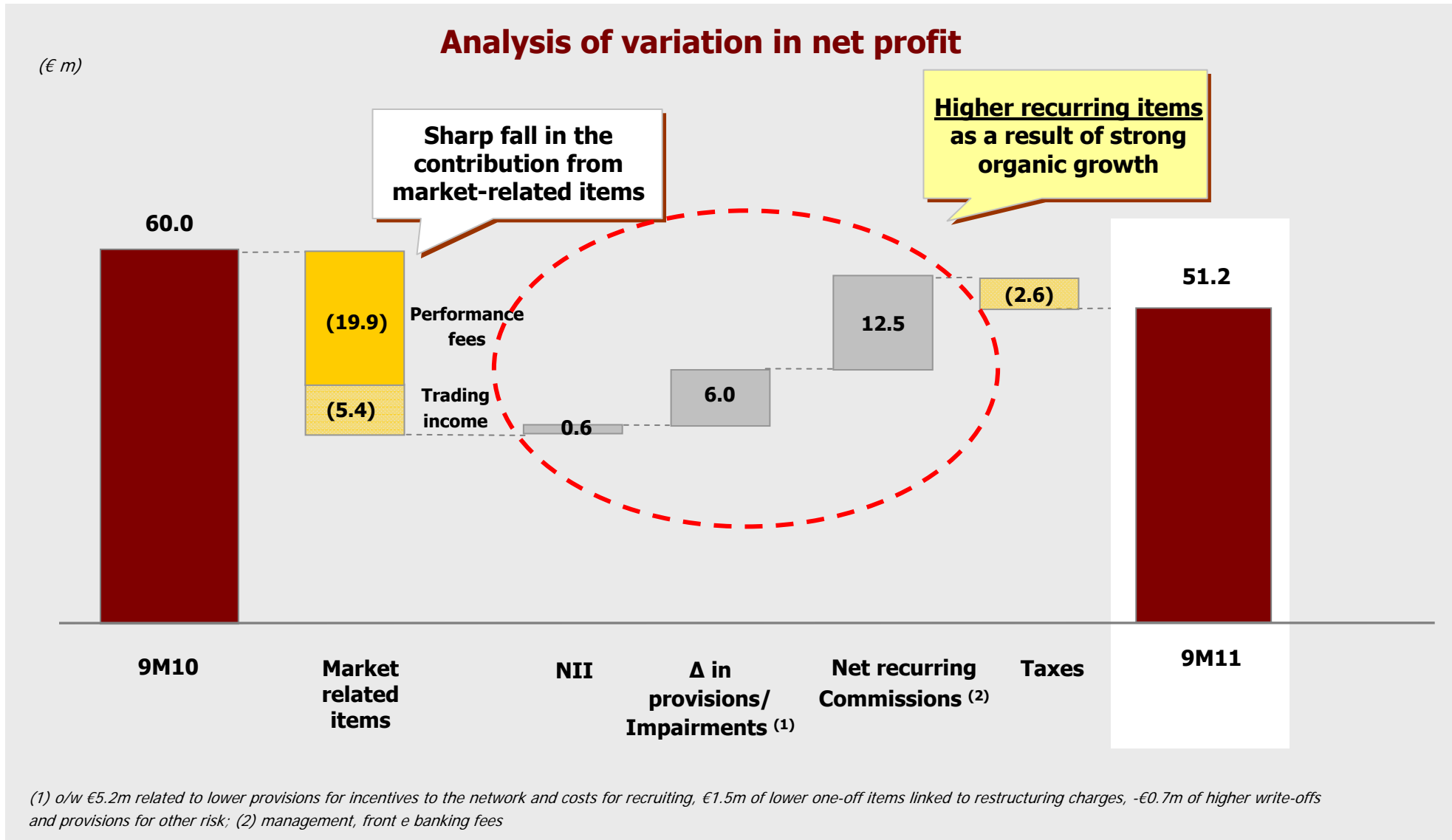
Proven ability to grow in any market condition:

- YTD net inflows at €917 million, o/w €531m in managed products
- Strong speed-up in the pace of growth of net inflows in October (€162m)

Solidity of Balance Sheet:

- Tier 1 Capital ratio at 12.5% (from 11% at 2010YE) and excess capital at €111 million (+24% YTD)

As in previous quarters, recurring and steady business is offsetting the unfavourable market situation



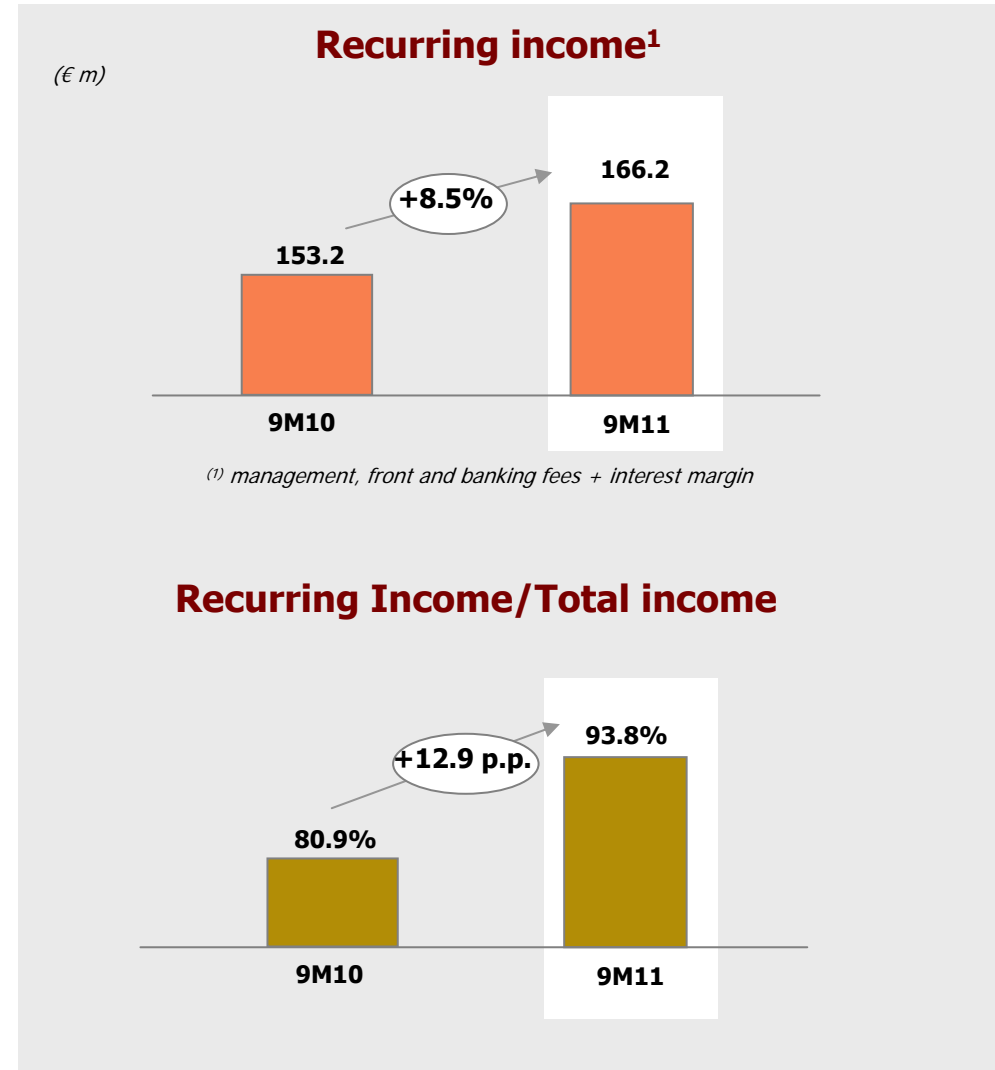
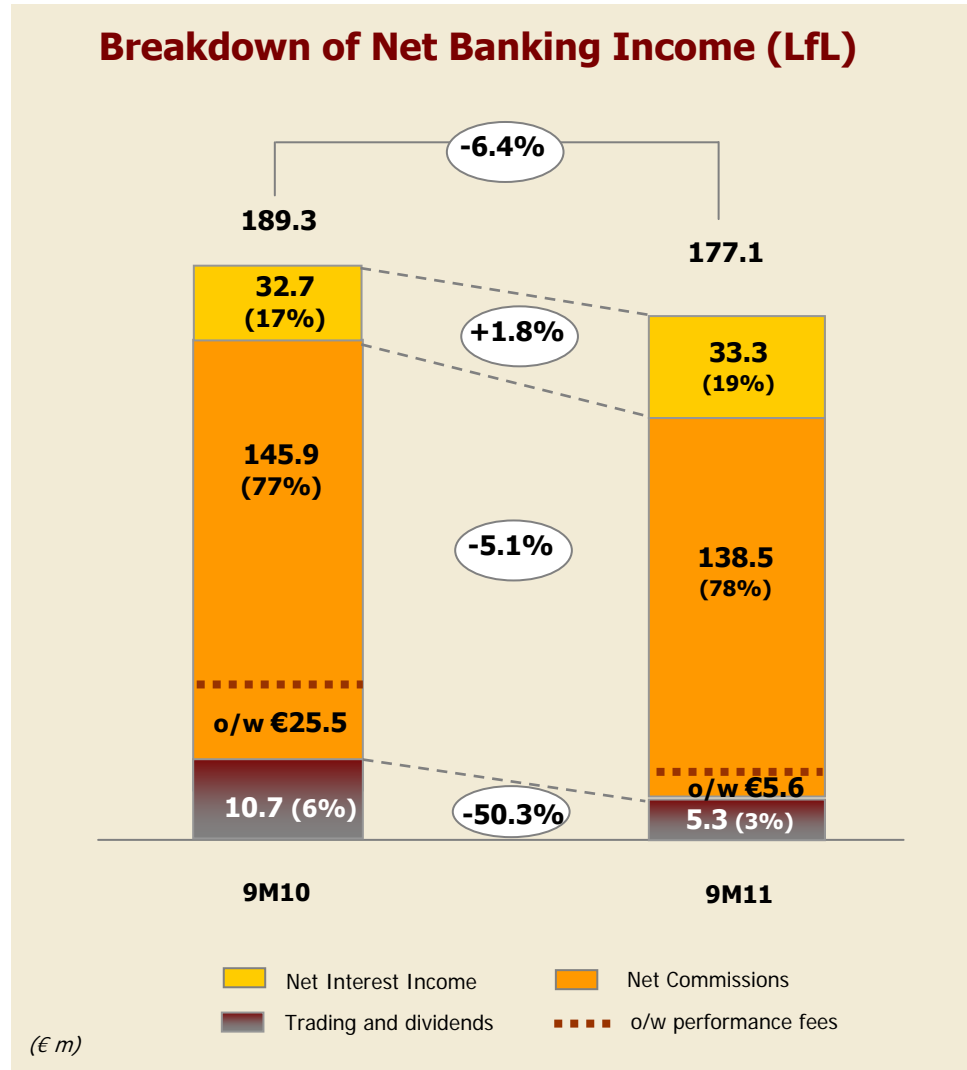
Consolidated 9M11 Profit and Loss Account: main takeaways

(€ mln)	9M10 (reported)	9M11 (reported)	% Chg	9M10 (excl. GIL)	9M11 (excl. GIL)	Var. %
Net Interest Income	32,7	33,3	1,8%	32,7	33,3	1,8%
Commission income	268,0	262,1	-2,2%	248,4	243,7	-1,9%
Commission expense	-117,0	-118,6	1,4%	-102,5	-105,1	2,6%
Net Commission	151,0	143,5	-5,0%	145,9	138,5	-5,1%
Net income (loss) from trading activities	-45,7	-75,2	64,4%	-45,8	-75,2	64,3%
Dividends	56,4	80,5	42,6%	56,4	80,5	42,6%
Net income (loss) from trading activities and Dividends	10,7	5,3	-50,6%	10,7	5,3	-50,3%
Net Banking Income	194,4	182,1	-6,3%	189,3	177,1	-6,4%
Staff expenses	-49,3	-51,2	3,8%	-47,8	-49,7	3,9%
Other general and administrative expense	-63,2	-61,4	-2,8%	-62,8	-61,1	-2,8%
Depreciation and amortisation	-3,0	-3,1	2,8%	-3,0	-3,1	2,9%
Total costs	-115,5	-115,6	0,1%	-113,6	-113,8	0,2%
<i>Cost /Income Ratio</i>	<i>-53,9%</i>	<i>-57,5%</i>	<i>-3,6 p.p.</i>	<i>-54,3%</i>	<i>-58,1%</i>	<i>-3,8 p.p.</i>
Other net operating income (expense)	7,7	7,9	1,8%	7,7	7,9	1,8%
Operating Profit	86,7	74,3	-14,2%	83,5	71,2	-14,7%
Net adjustments for impair.loans and other assets	-1,9	-2,3	24,7%	-1,9	-2,3	24,7%
Net provisions for liabilities and contingencies	-18,4	-11,8	-35,9%	-18,4	-11,9	-35,2%
Profit Before Taxation	66,4	60,2	-9,3%	63,2	56,9	-10,0%
Direct income taxes	-3,5	-6,1	74,1%	-3,2	-5,8	80,7%
<i>Tax rate</i>	<i>5,3%</i>	<i>10,1%</i>	<i>4,8 p.p.</i>	<i>5,0%</i>	<i>10,1%</i>	<i>5,1 p.p.</i>
Minorities interest	-2,9	-3,0	4,0%	0,0	0,0	
Net Profit	60,0	51,2	-14,8%	60,0	51,2	-14,8%

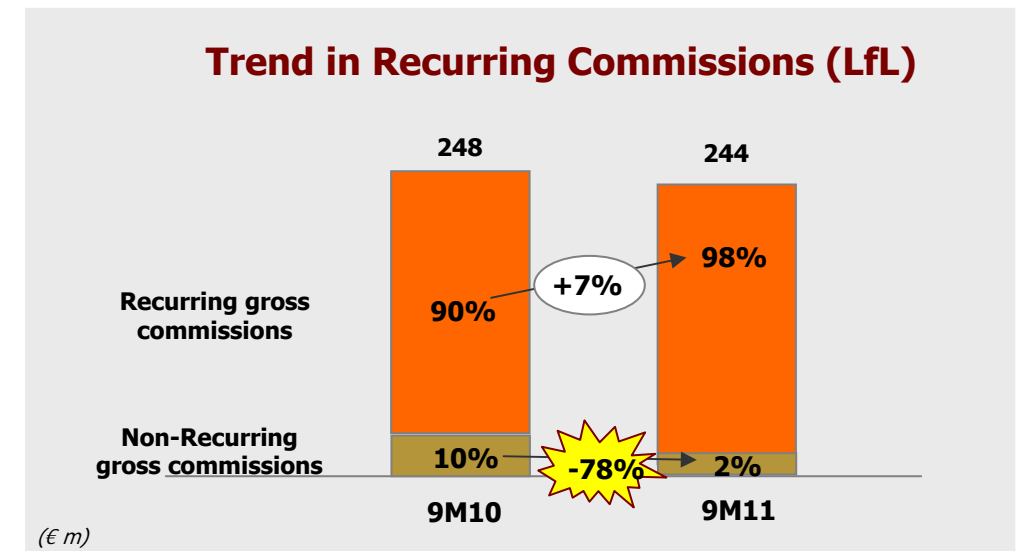
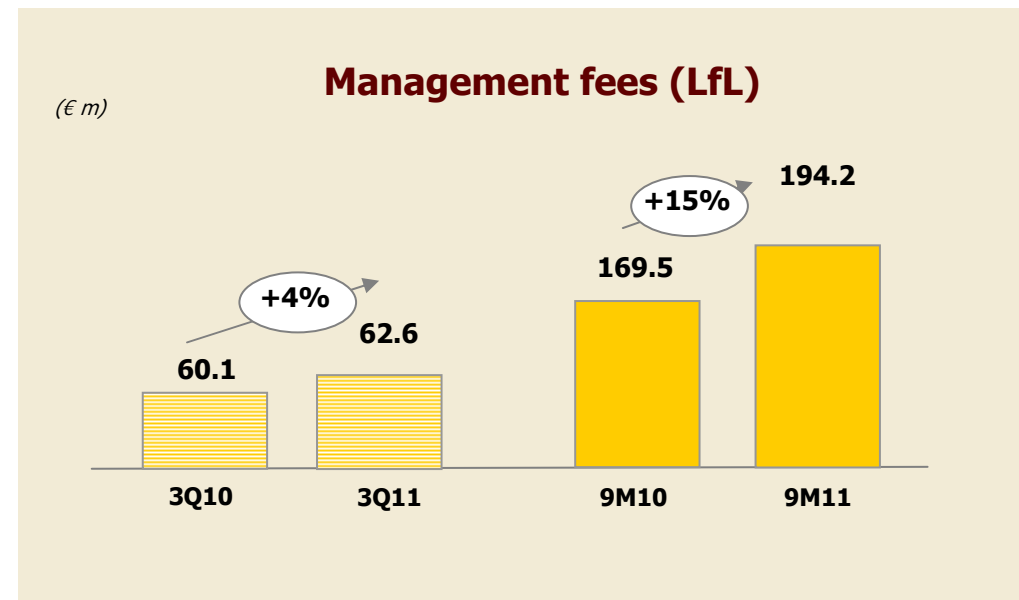
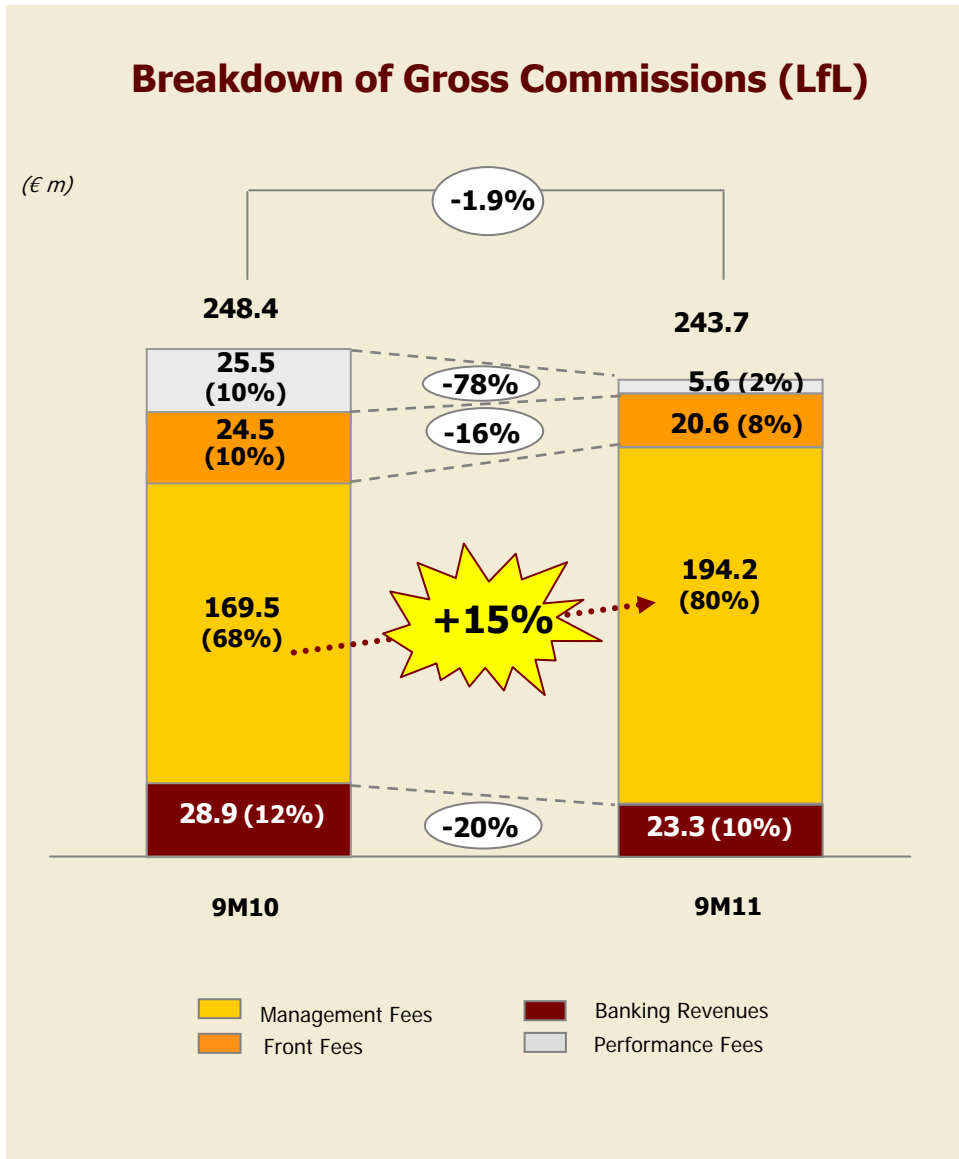
- **Interest margin** slightly improving, reflecting the increase in interest rates
- **Positive management fees (+15% yoy)** counterbalancing poor performance fees
- **Trading income** down 50%, due to unfavorable market conditions
- **Total costs well under control**, as tough G&A control counterbalanced the increase in labour costs mainly due to the national labour contract
- Decrease in **provisions** mostly due to lower incentives to the network to be paid in the 4Q 2011
- **Net profit broadly stable, after stripping out the one-off tax gain reported in 1H10**

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

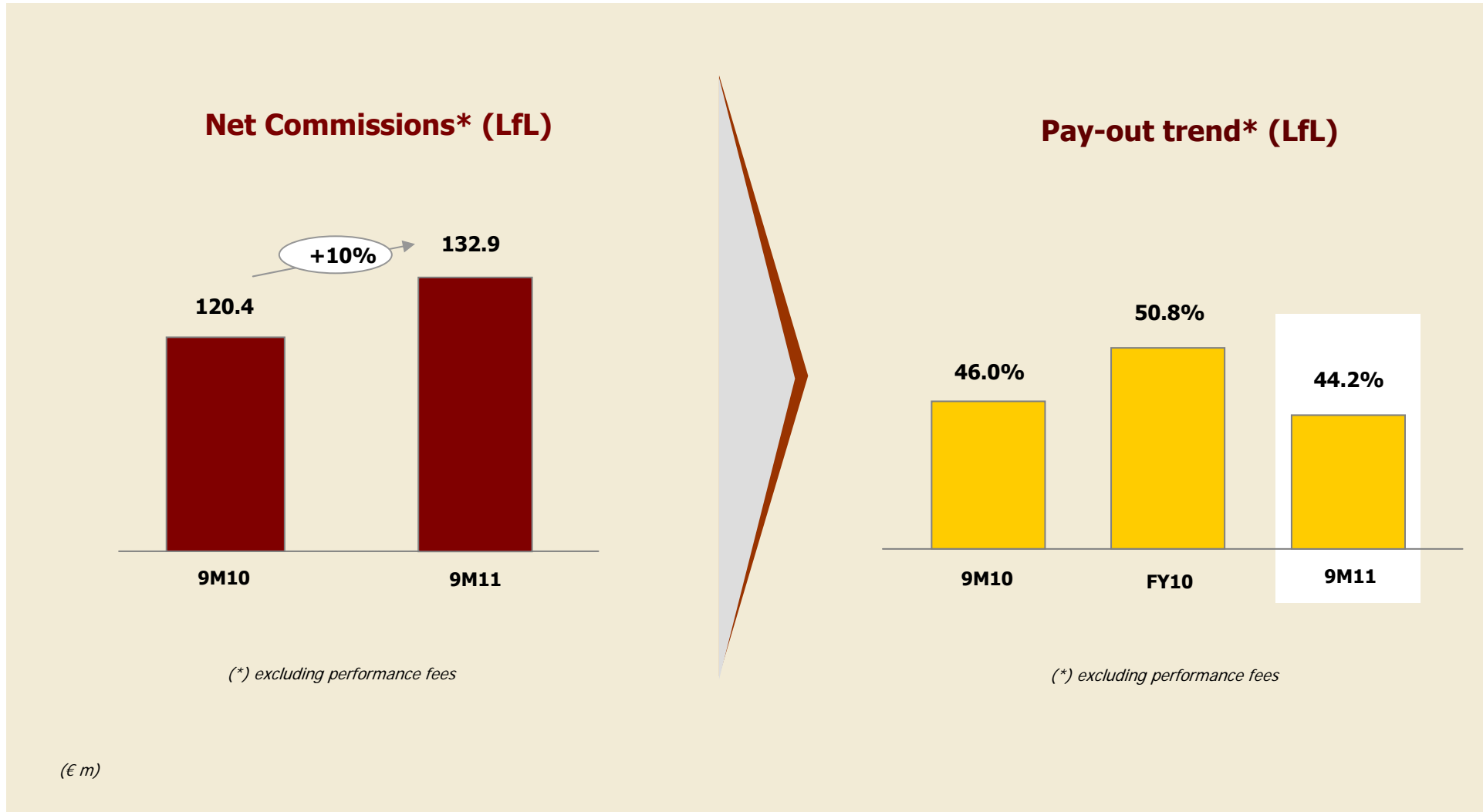
Higher interest margin and higher management fees counterbalanced the decrease in market-related items



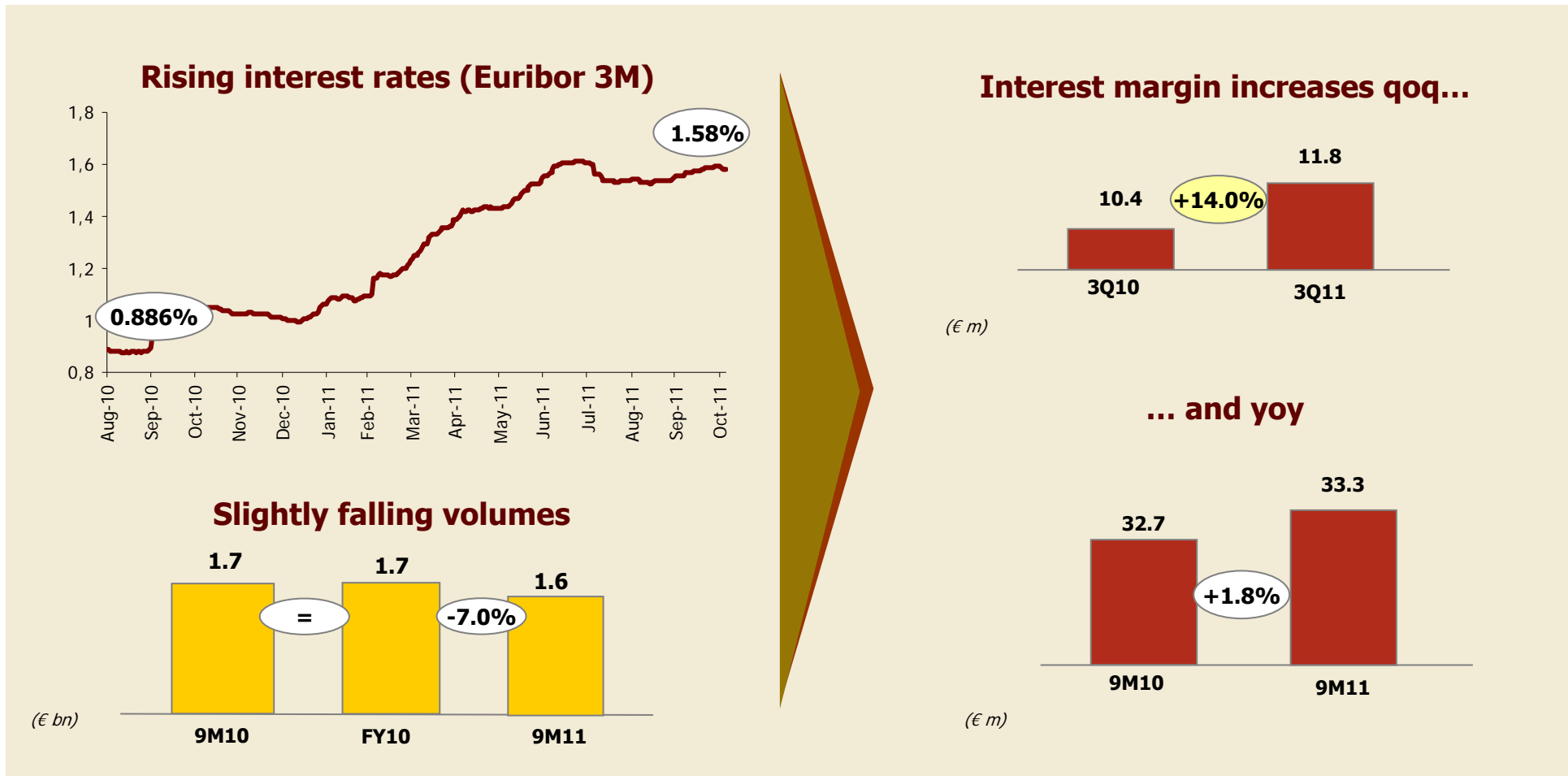
Recurring commissions make up for 98% of total gross fees



Net commissions (excluding performance fees) posted a 10% increase



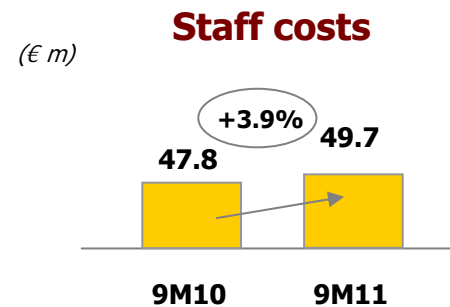
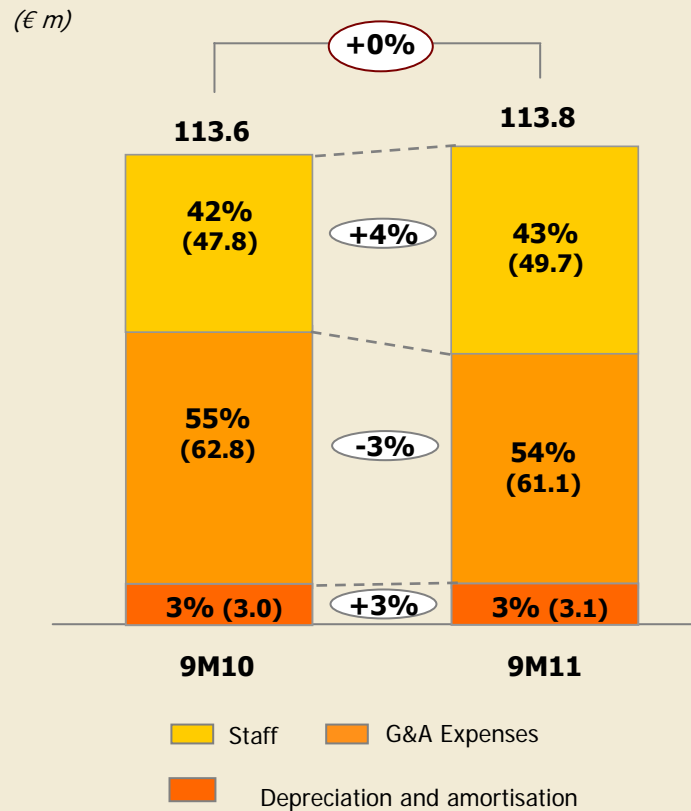
Slight increase in interest margin even with a very prudent Banking Book



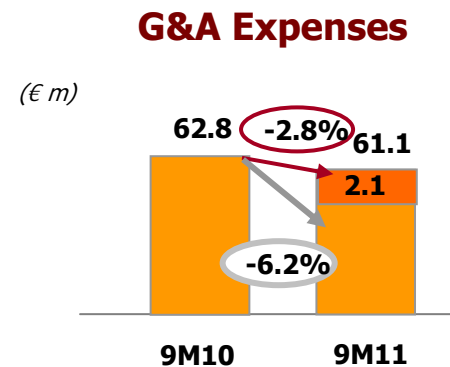
- The investment portfolio remains highly defensive with an average maturity of <3.0 yrs and a duration of ≈1.0 yrs

Tough cost control is definitely continuing

Operating Costs Breakdown (LfL)

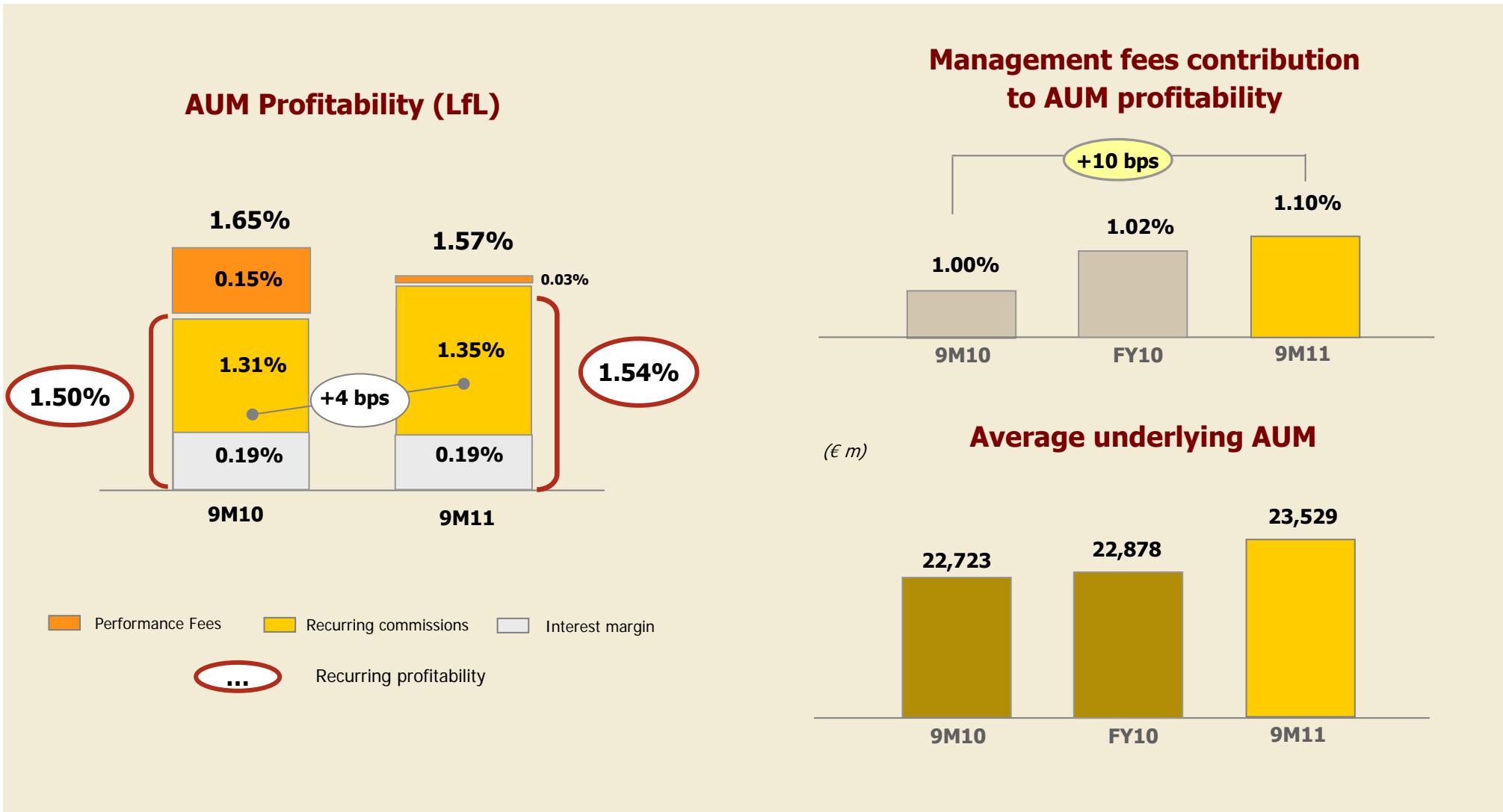


- The increase in staff cost is mainly related to the National Labour contract
- The headcount remained stable

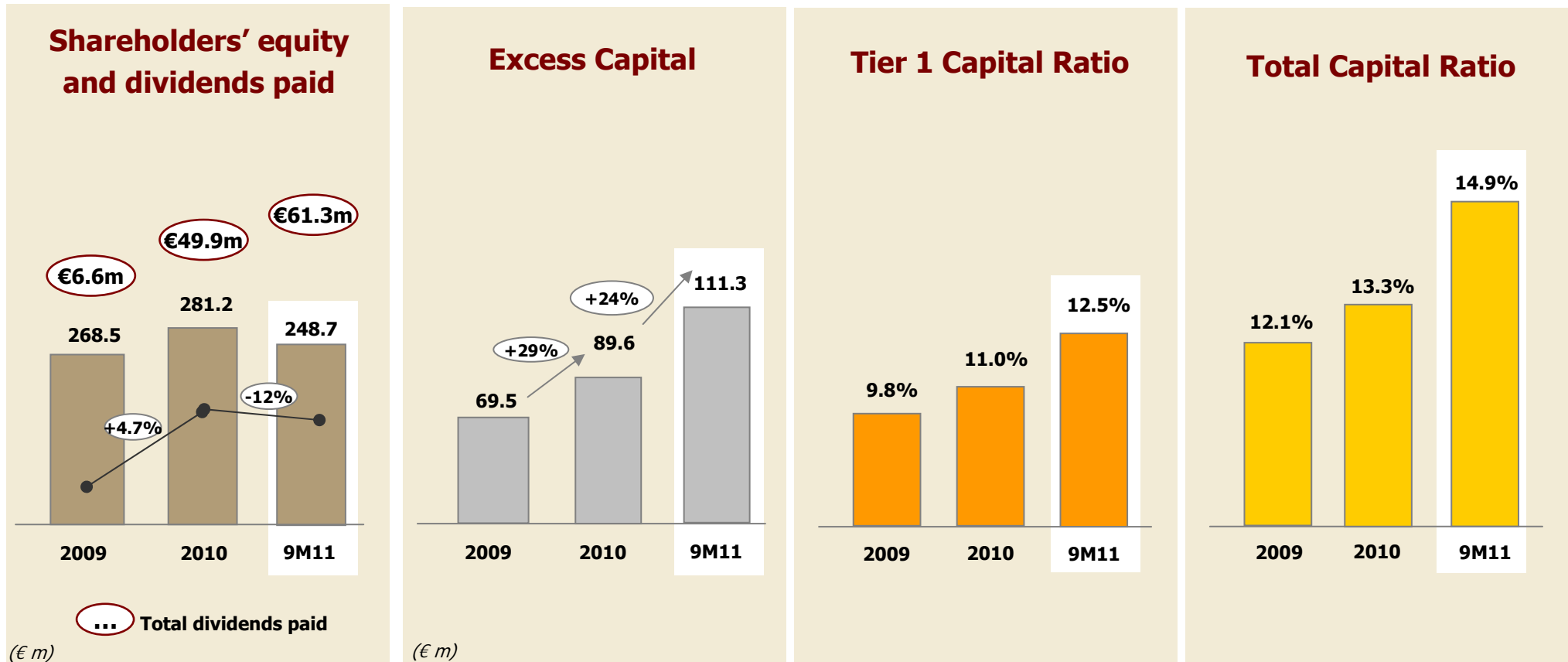


- G&A continue to decrease thanks to the ongoing cost rationalisation process
- When stripping out €2.1m related to the stamp duty on security deposits, (recovered in "other revenues") the decrease is even more pronounced (-6.2% yoy)

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



Banca Generali has further strengthened its already solid capital base



- Solid capital base, as shown by the increase in both Tier 1 and Total Capital Ratios
- Excess Capital increased by 24% YTD to €111 million

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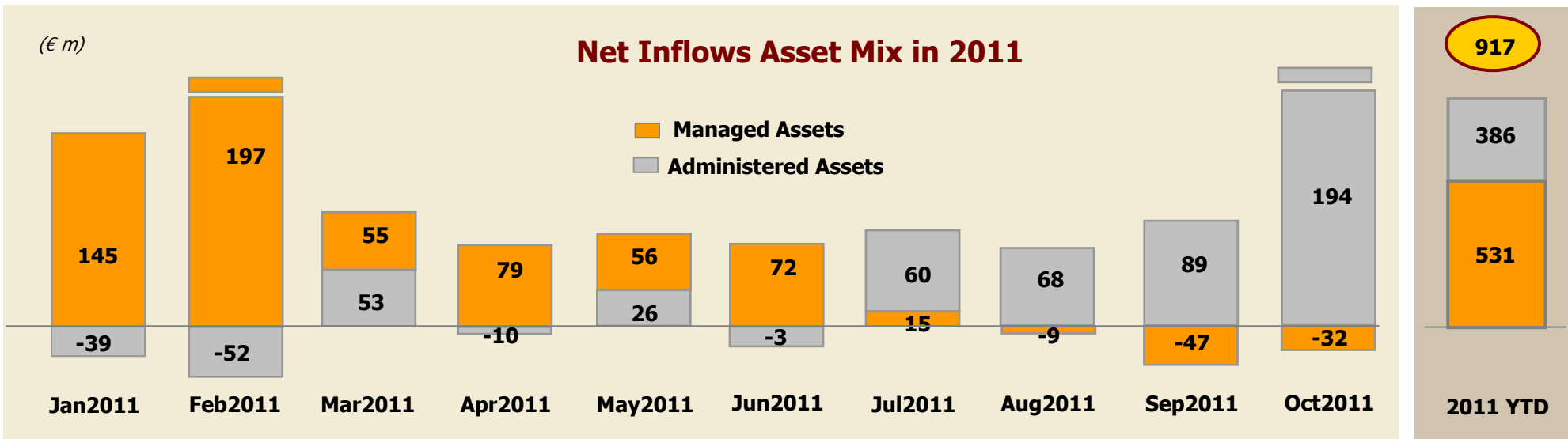
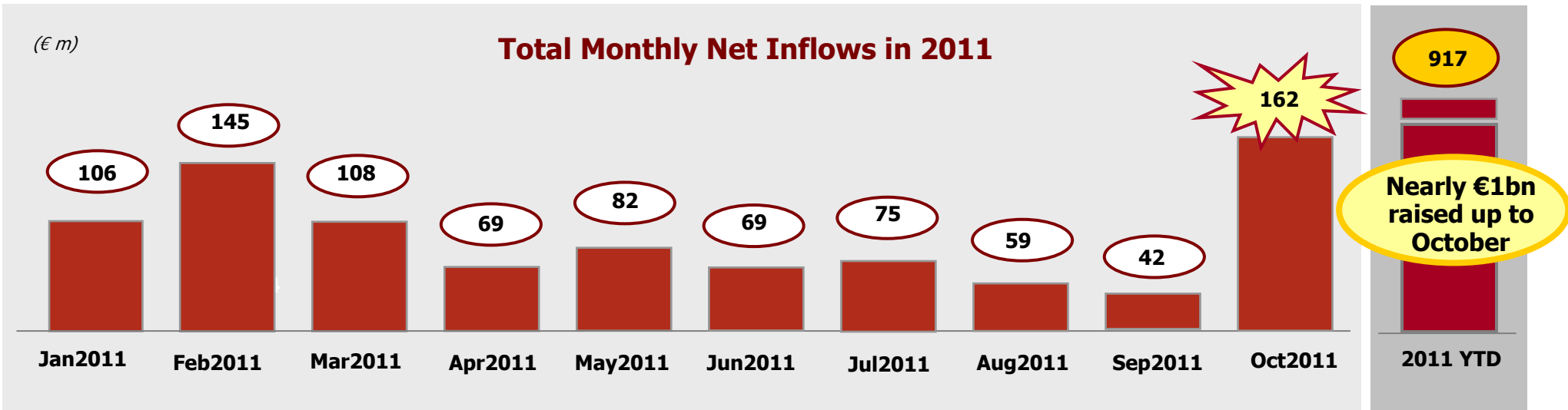
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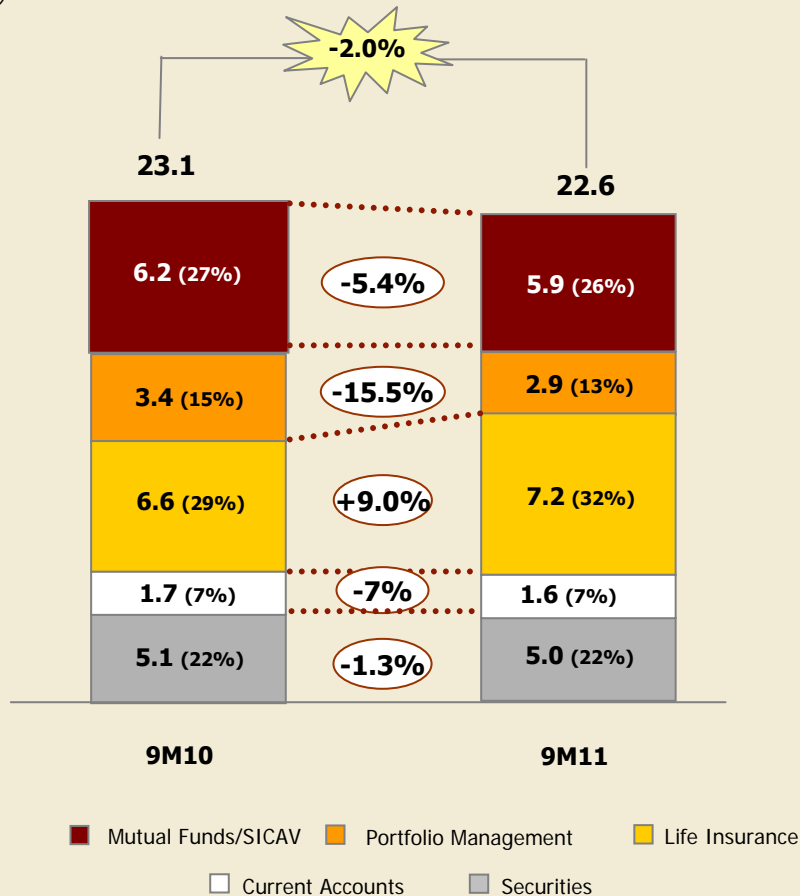
Banca Generali is continuing to grow and even accelerating in one of the worst periods for financial markets



Total assets proving resilient, despite a hit from financial markets

Banca Generali Asset Breakdown

(€ bn)

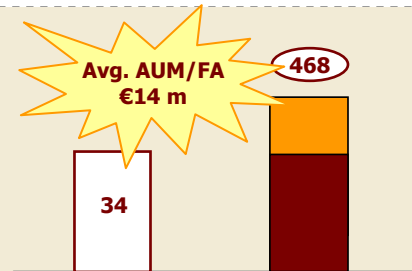
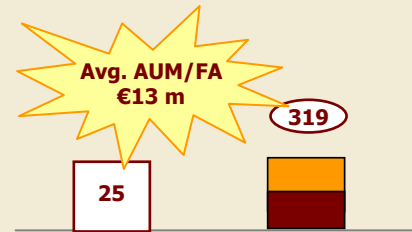
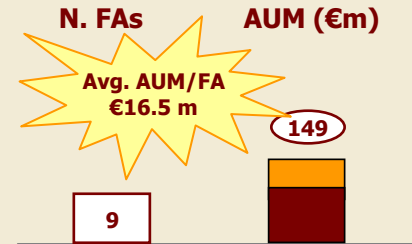


- Total assets were hit by the bad performance of both equity and bond markets in 2011 (particularly in 3Q11)
- In addition to have been affected by the market, Portfolio Management assets suffered a switch towards life insurance and Sicav
- The level of managed Assets is stable at 71% of total assets

Recruiting – 9M11 results in line with year-end targets

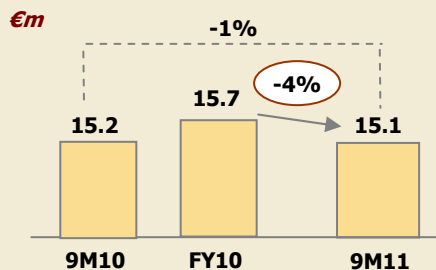
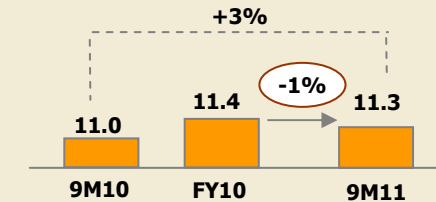
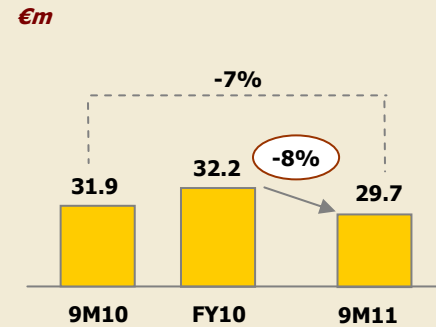


9M11 Recruiting Results



Total BG Group

9M11 AUM/FA



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

- Banca Generali hired 34 professionals since the start of 2011
- The average size of the advisors portfolios decreased by 4% ytd to €15.1 m due to the market hit
- The company confirms a target of recruiting for 2011 in line with 2010 levels (50 top professionals)

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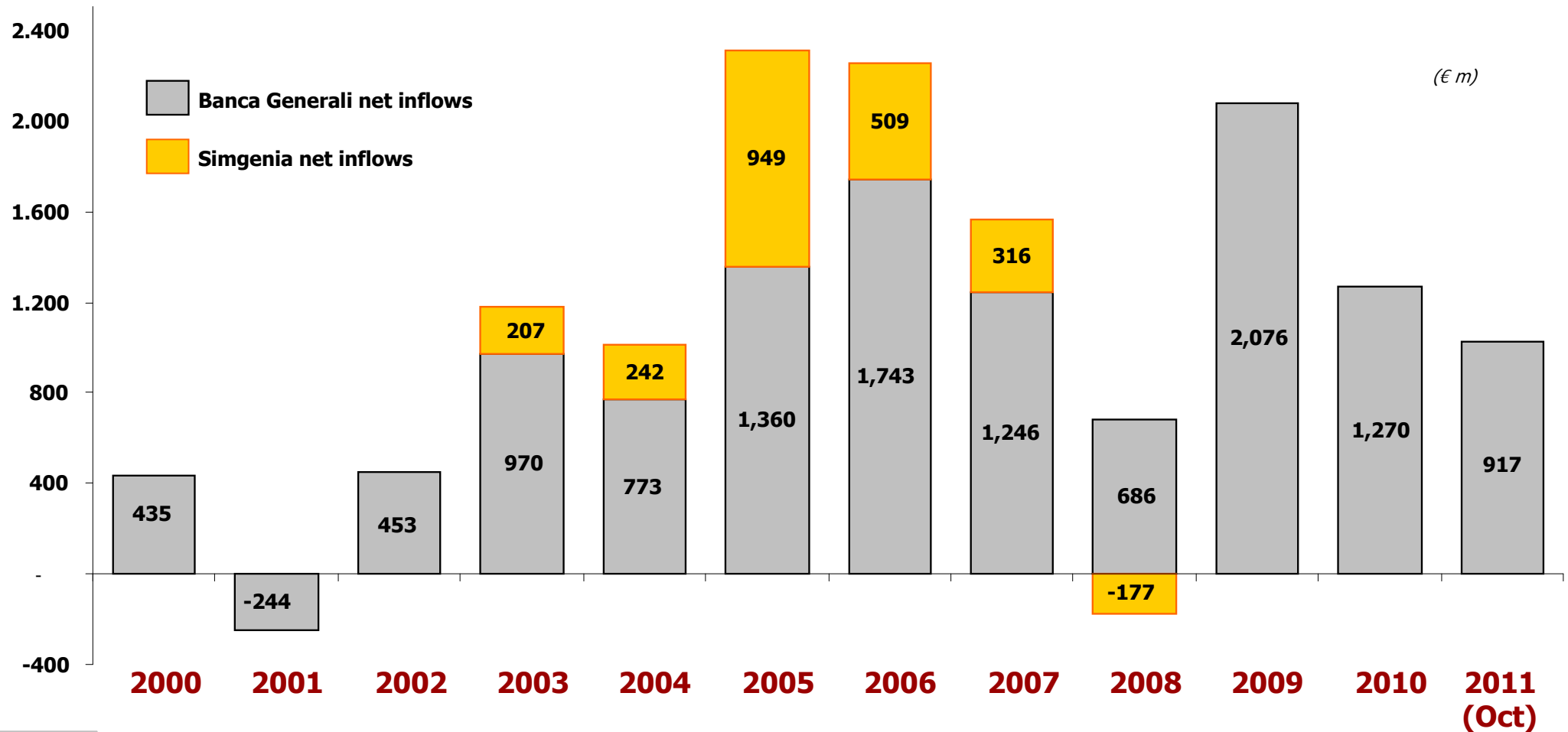
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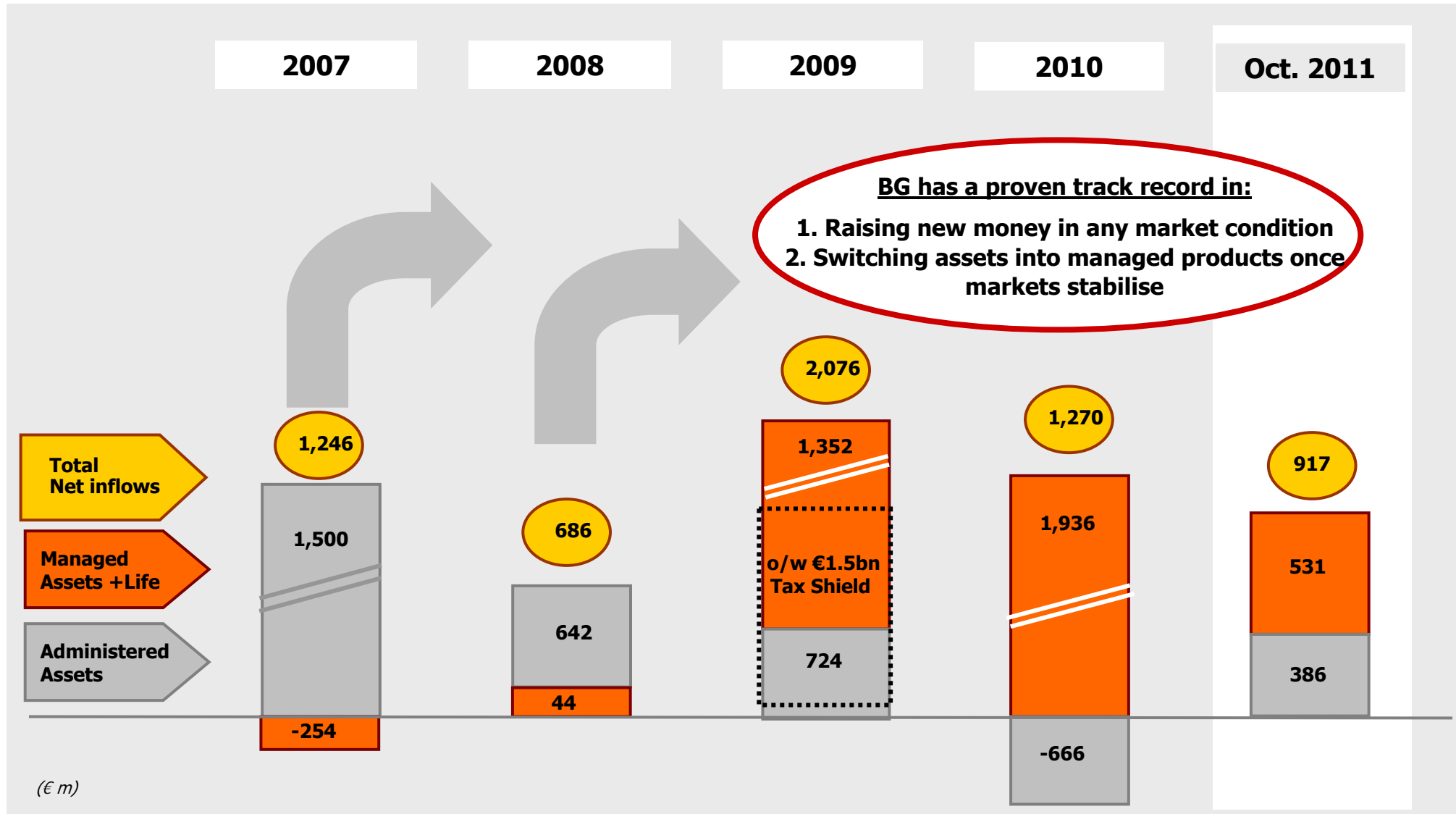
➤ **Closing Remarks**

Banca Generali: a proven history of growth in any market conditions...

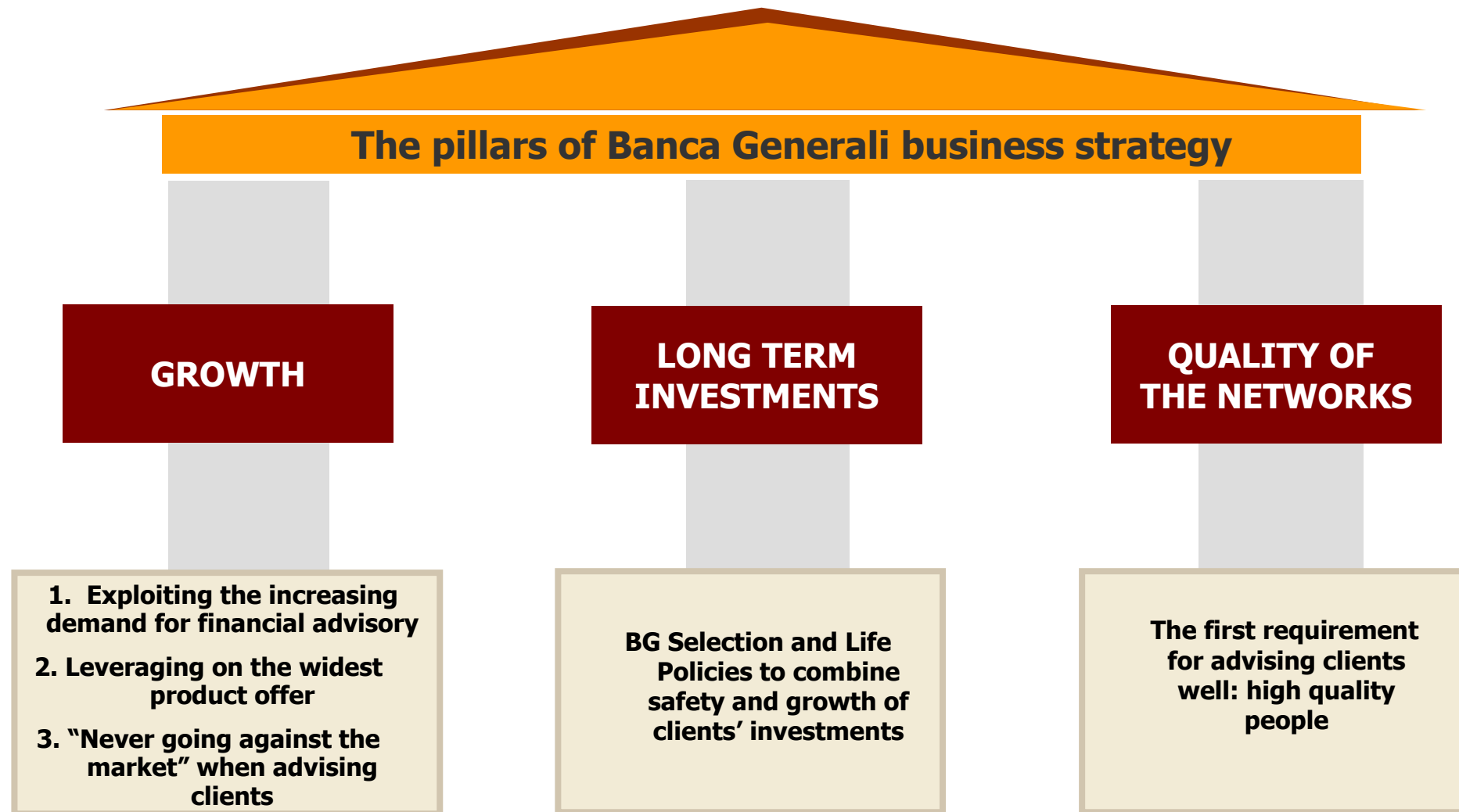


Fonte: Assoreti, Bloomberg *MSCI World index (MSERWI) annual performance in Euro

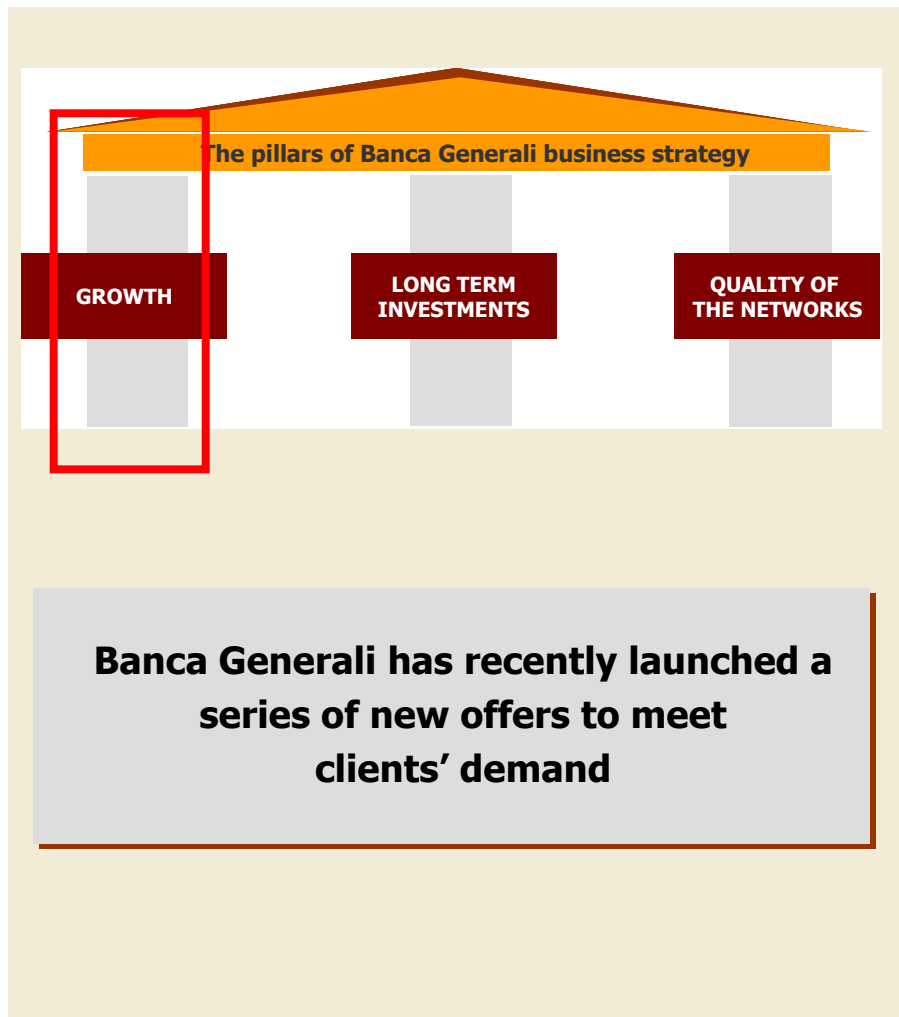
...combined with the capability to switch assets at the right time ...



... through a consolidated strategy that does not need to be changed



Banca Generali strategy to face ongoing market volatility: Growth (1/2)



New products launched on Sept.19, 2011



on New Money only

The new deposit account offering 4% gross on assets held for 1 year



on New Money only

A repo paying 3.30% net on new deposits held for 1 year

Securities account transfer

on New Money only



Stamp duty rebate for new securities transfer, 50% paid by BG and 50% by financial advisors

Structured bonds

An auto-callable struct. bond, yielding 7.3% for 2 years, then linked to a basket of Blue-Chips

Banca Generali strategy to face ongoing market volatility: Growth (2/2)

The rationale behind the launch of BG Champion, the new deposit account of Banca Generali

Changes to the taxation of the financial products in Italy

Tax rate from 27% to 20% for deposit accounts

Increase in the investors' risk aversion and demand for solutions from reliable companies

Generali's rating (Aa-) is higher than Italy (A)

Proven capability to switch money from liquidity to managed assets when the outlook of financial markets improves

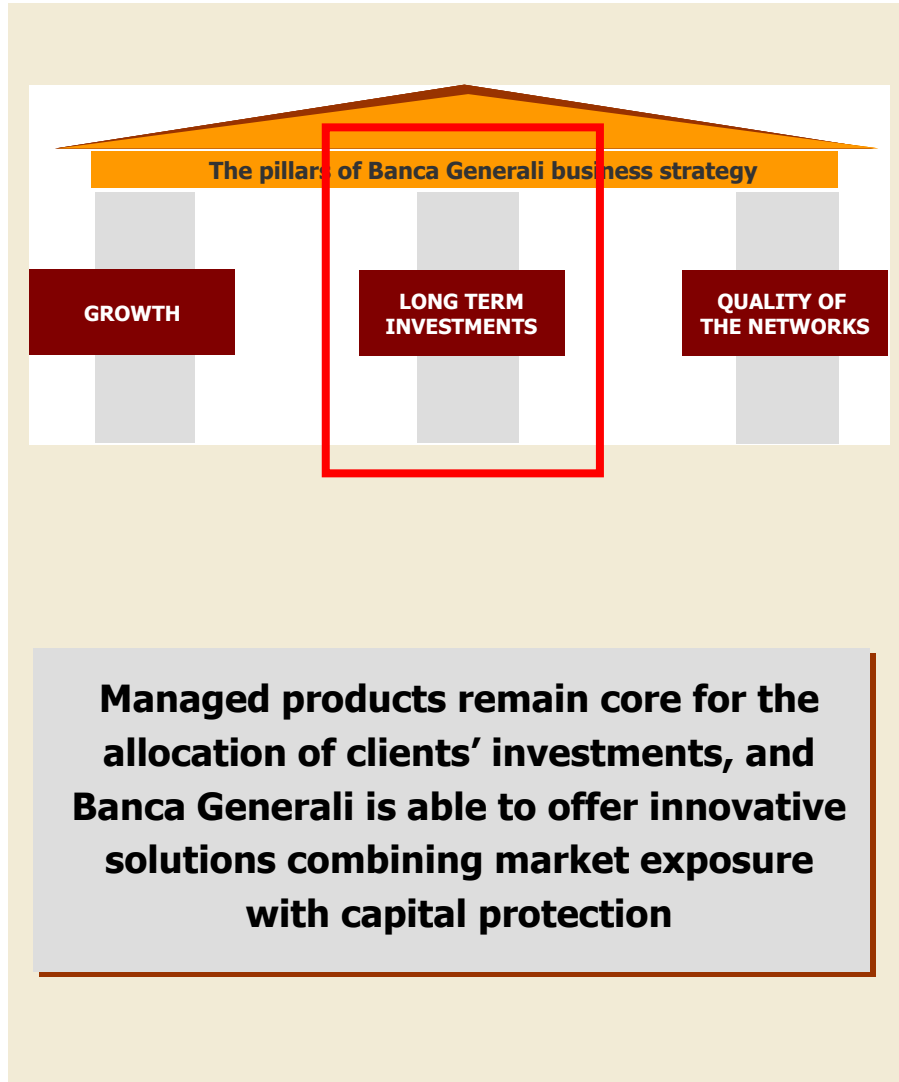
Launch of the new deposit account



Yield offered on new money:

	Gross	Net
6 months:	3.0%	2.4%
12 months:	4.0%	3.2%

Banca Generali strategy to face ongoing market volatility: Managed Products



BG SELECTION

- 40 multibrand sub-funds, o/w 22 are managed by the best international asset managers
- The offer is getting wider: 3 new sub-funds just launched in September



BG TARGET

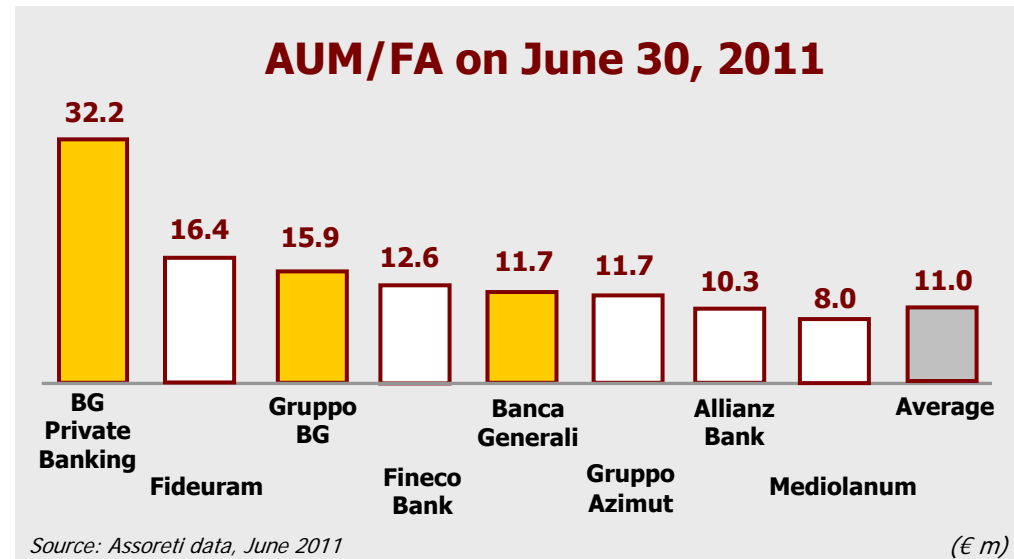
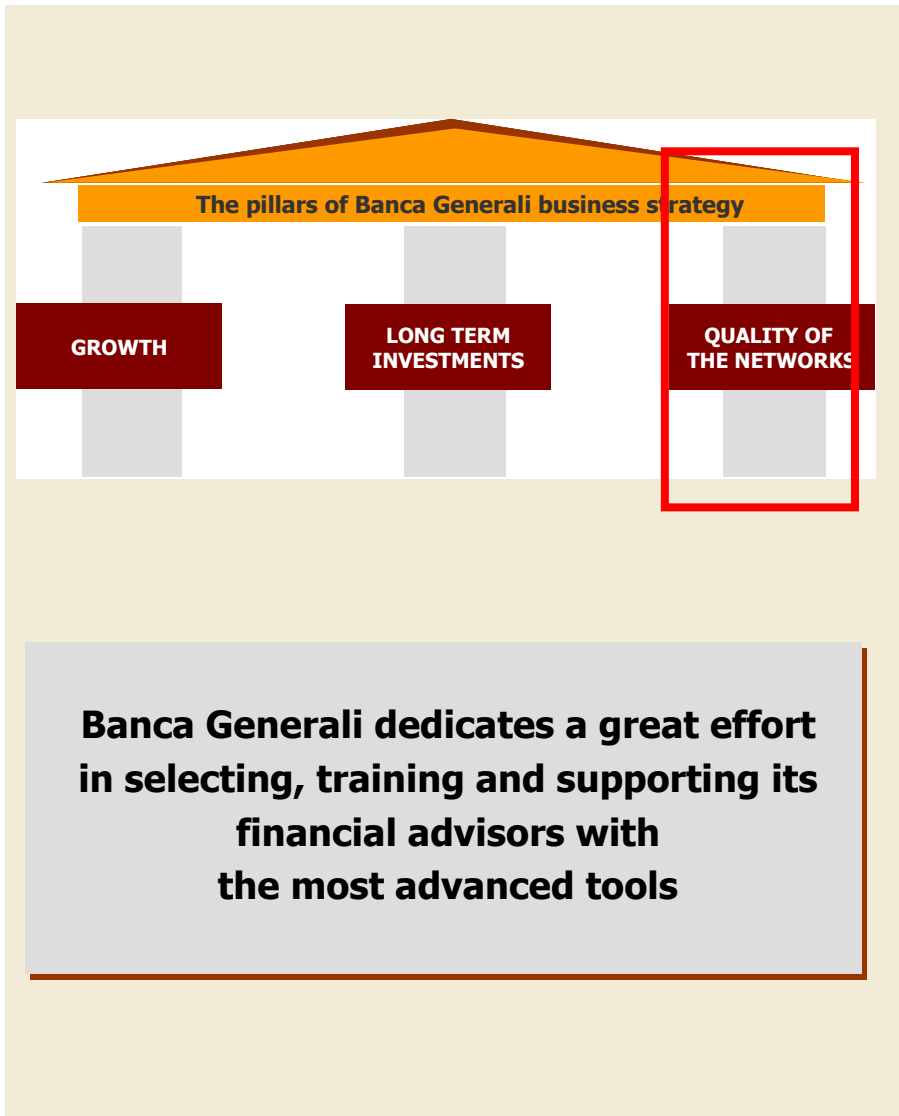
A individual portfolio management line combining capital protection with the exposure to emerging markets

New Security Plus

A traditional life policy with capital guarantee and assets invested in a segregated fund; yield at 3.8%

Management Fee of 100 bps in the 1st yr for new money only

Banca Generali strategy to face ongoing market volatility: Quality of the distribution networks



Tools and services to support daily operations

Latest technology tools

Advanced advisory tools

On-line presence makes significant steps ahead enhancing both service for the clients and financial advisors' everyday operations

Internet banking & trading online



"Online-only" option for all documentation



New

FEP on Tablet

applications to support FA's activity with their clients



New



Widget for desktop



New

Mobile banking on smartphone

My BG is an ongoing process developed to offer clients a full range of banking, investment and trading services via web, smartphone and tablets

My BG is also developing new applications for the Financial Advisors to better serve their clients

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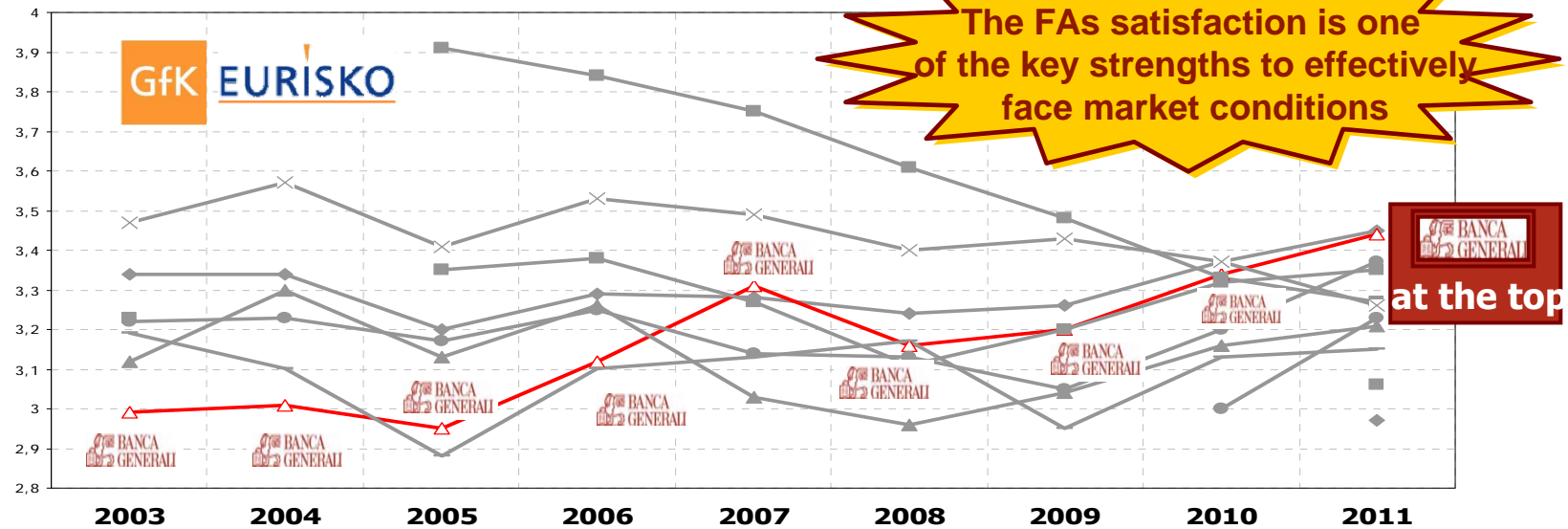
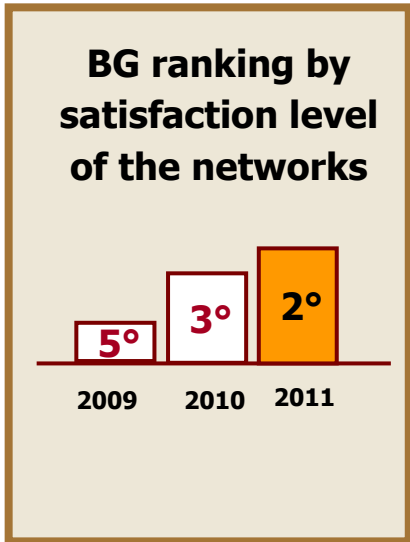
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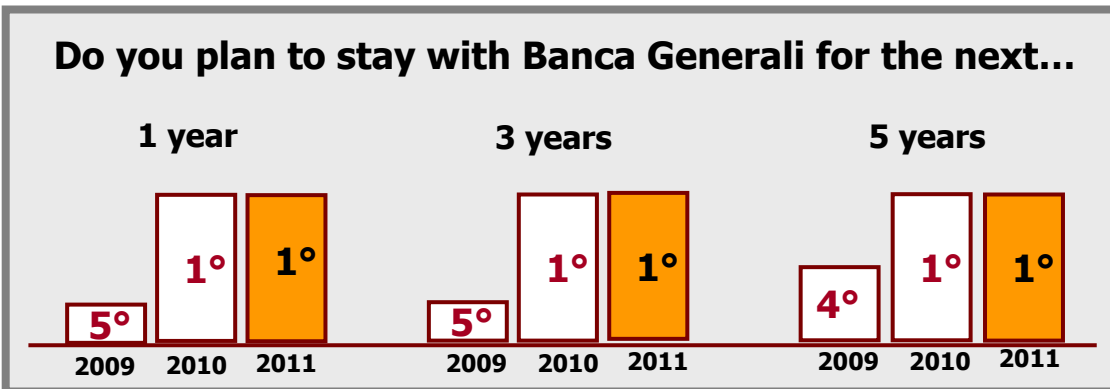
➤ **Closing Remarks**

Results of Eurisko annual survey on Financial Advisors satisfaction of the 11 major networks

Ranking of Banca Generali by overall satisfaction



Ranking of Banca Generali by fidelization level



Banca Generali is weathering the storm remaining anchored to 3 strong principles:

➤ **The ability to grow through a wider product mix
and through the attraction of new clients
and the capability to switch the assets at the right time**

➤ **A thorough management of the operating costs**

➤ **A clear focus on preserving a solid capital position
and a safe balance sheet**

**We don't know how long the storm will last, but one thing is sure:
Banca Generali is a very safe harbour**

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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