

Banca Generali

1Q 2011 Results and business update

Milan, 10 May 2011

➤ **1Q 2011 Results**

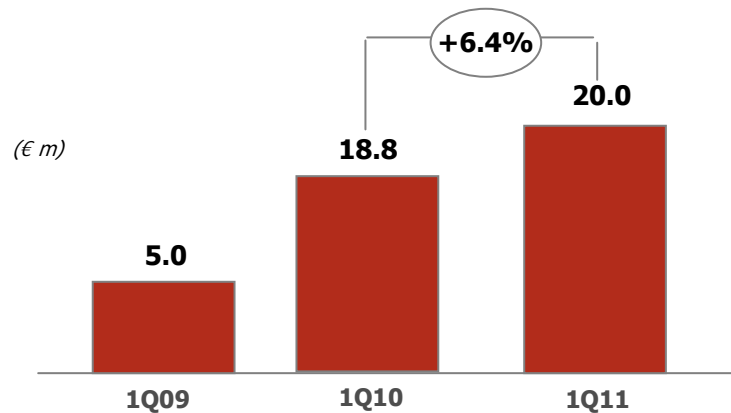
➤ **Net Inflows and recruiting**

➤ **Business Update**

➤ **Closing Remarks**

One of the best quarters for Banca Generali: profits are nicely up while volatility of revenues sharply decreased

Net profit up +6% yoy



**The long term strategy
of Banca Generali is fully working**

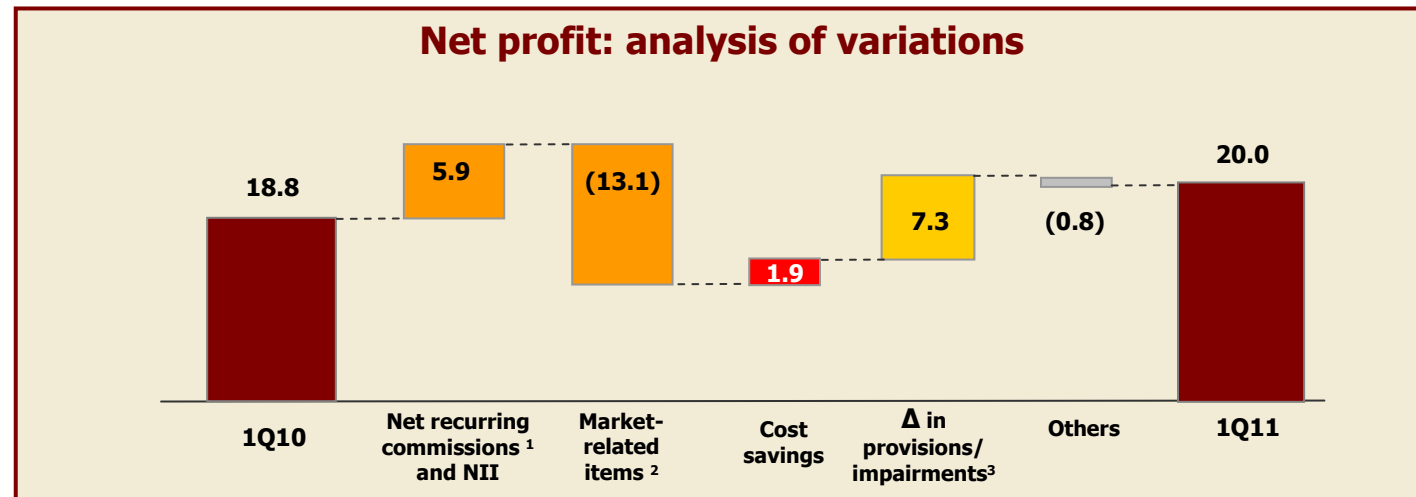
1. **Jump in the sustainability of the results:** 90% of revenues are actually recurring, thus their quality is strongly enhanced
2. **Assets are growing steadily:** volumes increasing at a sustained pace, strong success of high value-added products such as BG Selection and Life Insurance. Organic growth manages to keep down "cost of the growth" (the key issue of this sector)
3. **AUM profitability growing in the recurring part:** management fees contribution increased by 19% to 1.12% (from 0.94% in 1Q10)
4. **Enlarging operating leverage potential:** management keeps a tough hand on operating costs (-5% yoy)

Strong enhancement of the recurring profits is occurring

Contribution of market-related items to total revenues	1Q 2010	1Q 2011	YoY Change
(+) Performance Fees	10.2	4.1	-60%
(+) Trading Income	9.4	2.5	-74%
(=) Total Volatile Income	19.6	6.6	-66%

Markets in 1Q2011 were very volatile...

... so revenues linked to financial markets suffered...



... notwithstanding that, the growth in recurring revenues and decrease of costs allowed Banca Generali to achieve good results, very promising for the future

(1) management, front and banking fees; (2) performance fees and trading income (3) 1Q10 included one-off provisions for restructuring costs (Banca BSI Italia) and higher recruiting not occurred in 1Q11

Consolidated 1Q 2011 Profit and Loss Account

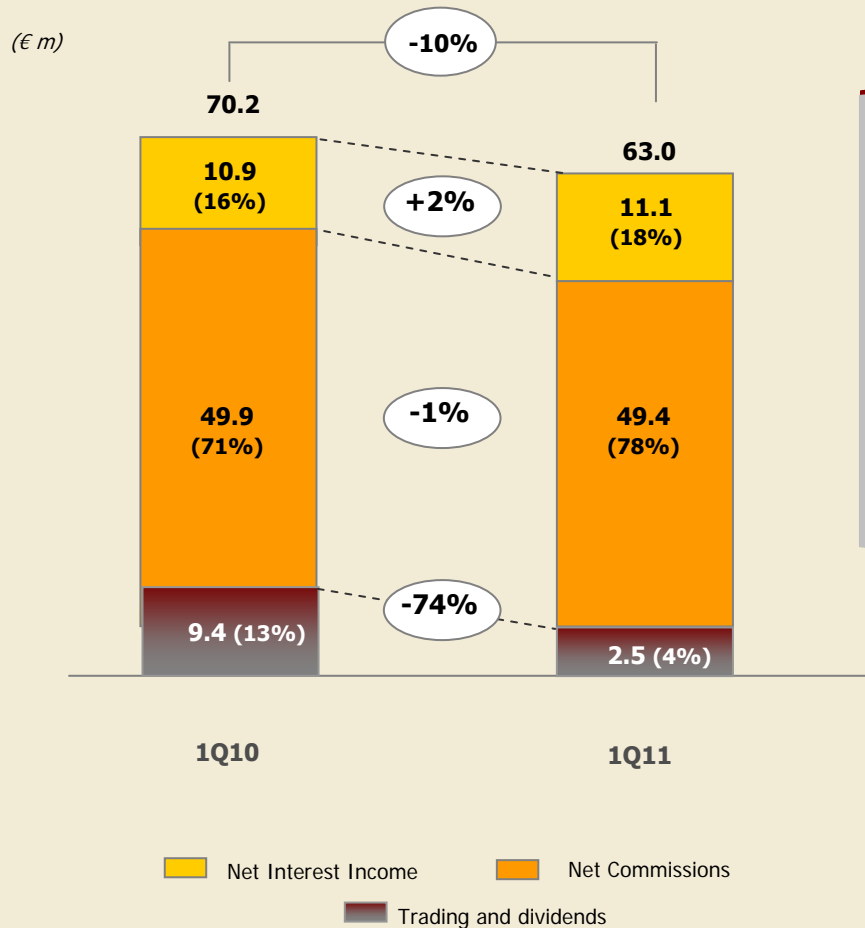
(€ mln)	1Q10 (reported)	1Q11 (reported)	% Chg	1Q10 (excl. GIL) ¹	1Q11 (excl. GIL) ¹	Var. %
Net Interest Income	10.9	11.1	1.4%	10.9	11.1	1.4%
Commission income	88.5	91.8	3.6%	83.1	84.1	1.2%
Commission expense	-37.4	-40.4	8.0%	-33.3	-34.7	4.2%
Net Commission	51.1	51.4	0.5%	49.9	49.5	-0.8%
Net income (loss) from trading activities	9.4	2.5	-73.7%	9.4	2.5	-73.7%
Dividends	0.0	0.0		0.0	0.0	
Net income (loss) from trading activities and Dividends	9.4	2.5	-73.6%	9.4	2.5	-73.6%
Net Banking Income	71.5	64.9	-9.2%	70.2	63.0	-10.2%
Staff expenses	-16.7	-17.0	1.7%	-16.3	-16.5	1.2%
Other general and administrative expense	-20.4	-18.2	-10.8%	-20.2	-18.1	-10.6%
Depreciation and amortisation	-0.9	-1.0	6.2%	-0.9	-0.9	6.4%
Total costs	-38.0	-36.1	-4.9%	-37.4	-35.5	-5.1%
Cost /Income Ratio	-49.2%	-51.8%	-2.6 p.p.	-49.3%	-52.5%	-3.2 p.p.
Other net operating income (expense)	2.0	1.5	-21.0%	2.0	1.5	-20.9%
Operating Profit	35.5	30.3	-14.4%	34.7	29.0	-16.4%
Net adjustments for impair. loans and other assets	-1.1	-0.1	-94.6%	-1.1	-0.1	-94.6%
Net provisions for liabilities and contingencies	-11.6	-5.3	-53.9%	-11.5	-5.3	-53.9%
Profit Before Taxation	22.8	25.0	9.6%	22.1	23.6	7.1%
Direct income taxes	-3.3	-3.7	12.4%	-3.3	-3.6	11.1%
Tax rate	14.6%	15.0%	0.4 p.p.	14.7%	15.3%	0.6 p.p.
Income/(losses) after tax on assets held for sales	0.0	0.0		0.0	0.0	
Minorities interest	-0.6	-1.2	88.5%	0.0	0.0	
Net Profit	18.8	20.0	6.4%	18.8	20.0	6.4%

- **Interest margin** starts to reap the benefits of the interest rate increase
- **Excellent growth in management fees (+25% yoy)**, driven by higher assets and by a better asset mix
- **Trading income decreases** from the one-off peak of last year
- **Quality of net banking income sharply improving**, as recurring items represent 90% of total income (72% in 1Q10)
- **Operating costs further down in absolute value**, thanks to additional reduction of G&A costs
- **Provisions** are down, reflecting lower costs of recruiting and higher share of organic growth
- **Tax-rate** in line with sector average
- **Net profit at €20 mln, up by 6%, despite a challenging comparison with last year**

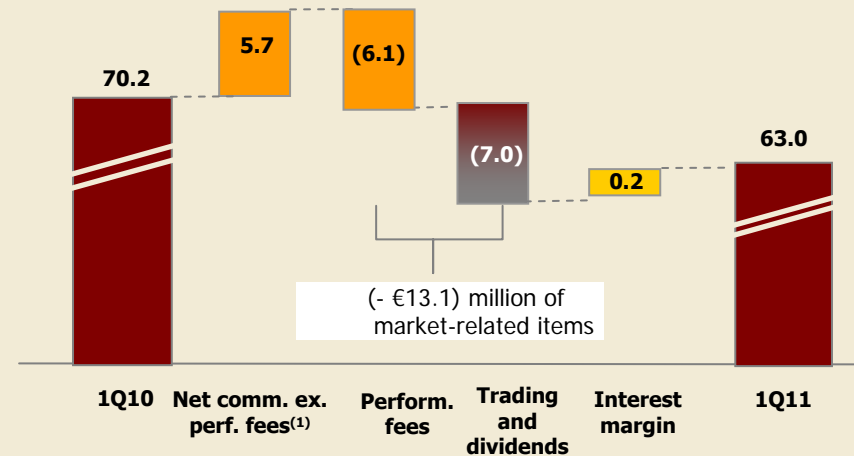
¹ Figures do not incorporate the contribution of Generali Investment Luxembourg ("GIL"), the management co. of Assicurazioni Generali merged with BG Investment Lux on September 9, 2009

Recurring income made up for over 90% of total revenues, thus dramatically enhancing their sustainability level

Breakdown of Net Banking Income (LfL)

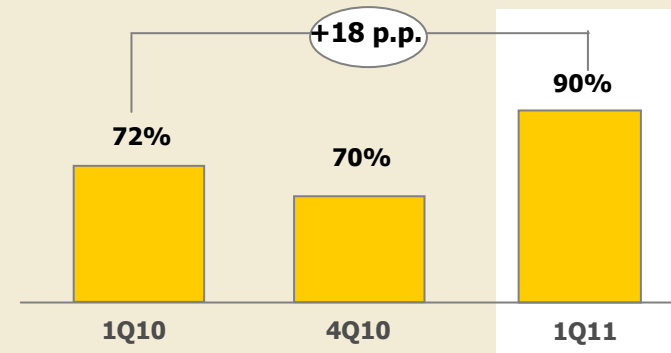


Analysis of variations



(1) management, front and banking fees

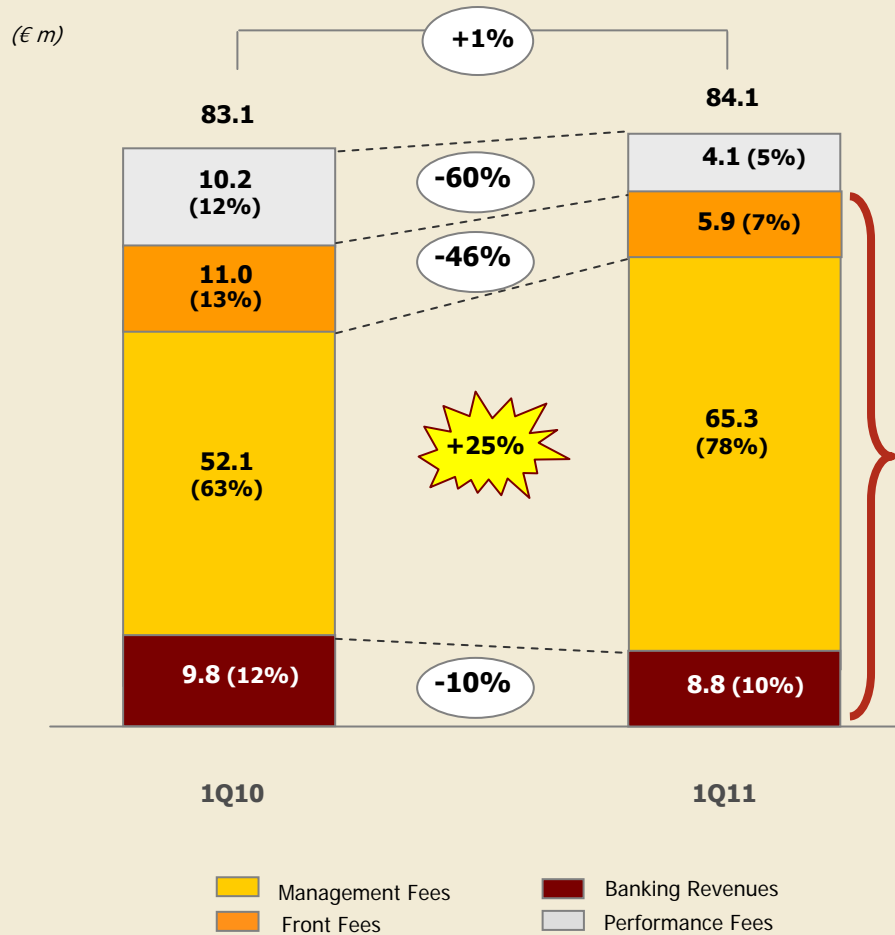
Recurring income²/Total income



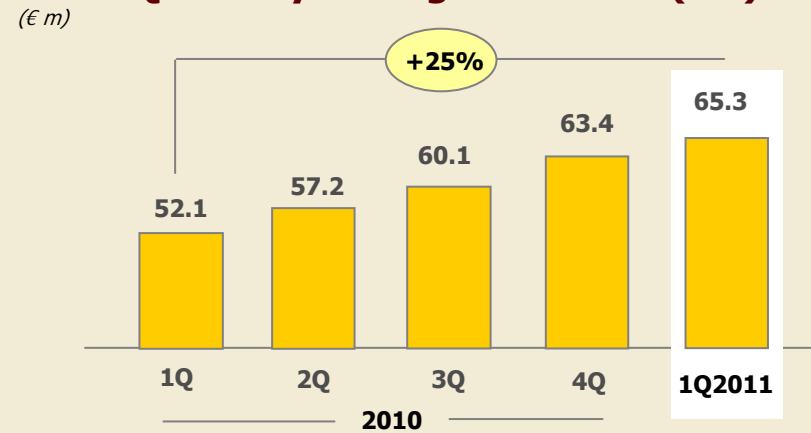
(2) management, front and banking fees + interest margin

Gross commissions proved solid thanks to strong management fees, making the overall trend in revenues increasingly independent from financial markets' conditions

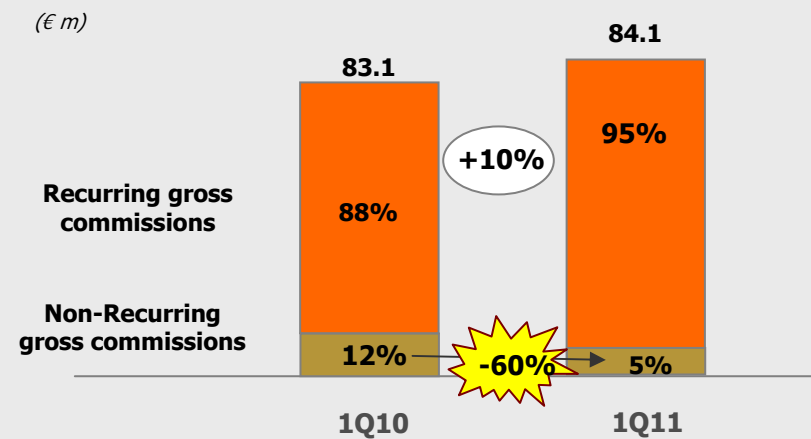
Breakdown of Gross Commissions (LfL)



Quarterly management fees (LfL)

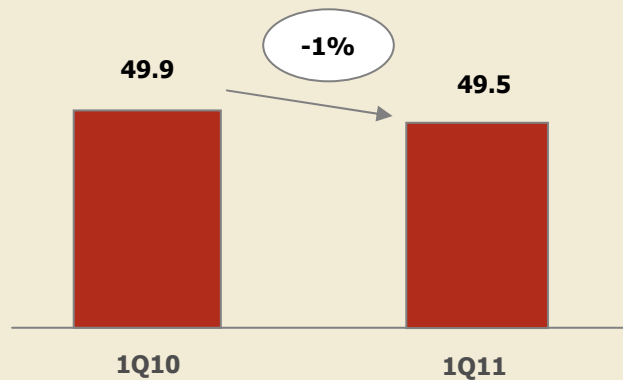


Trend in Recurring Commissions (LfL)

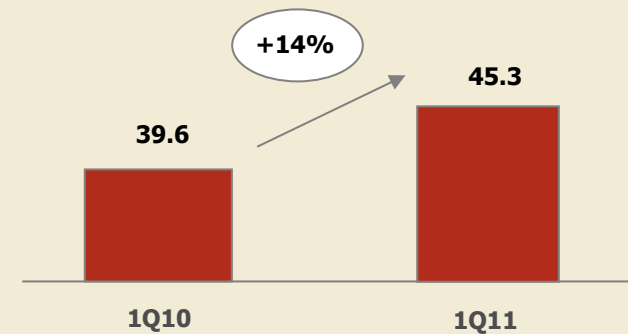


Net Recurring Commissions grew by 14% yoy, as focus on organic growth bears fruits

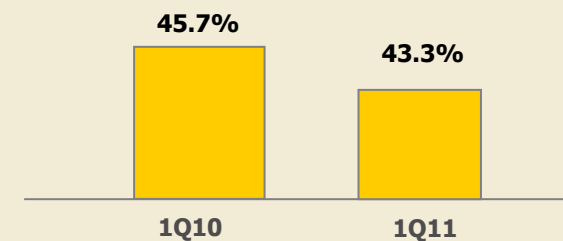
Total net commissions (LfL) are stable ...
(€ m)



**... but growing nicely on a recurring basis
(ex performance fees)...**



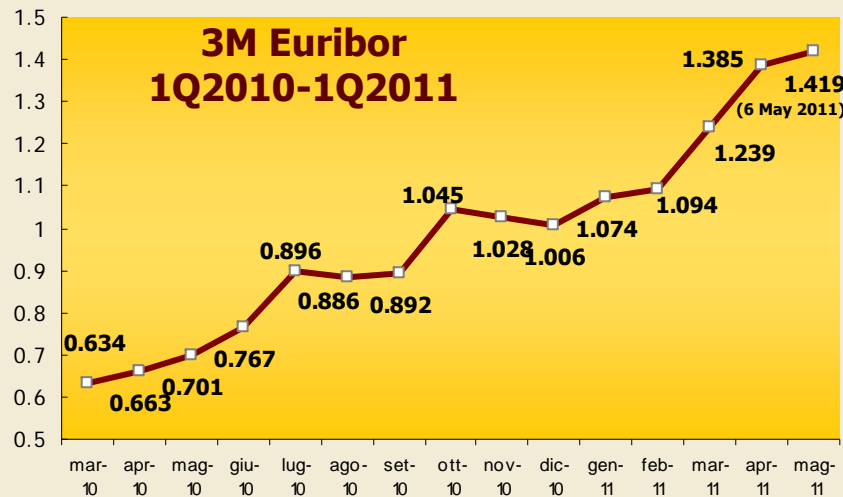
**... as focus on organic growth
allows to keep Pay-out level under control**



- **Total net commissions were flat, but were up 14% yoy after stripping out performance fees**
- **Pay-out ratio decreased, reflecting also benefits from the company's focus on organic growth rather than on recruiting**

Interest income starts to benefit from the ongoing increase in interest rates

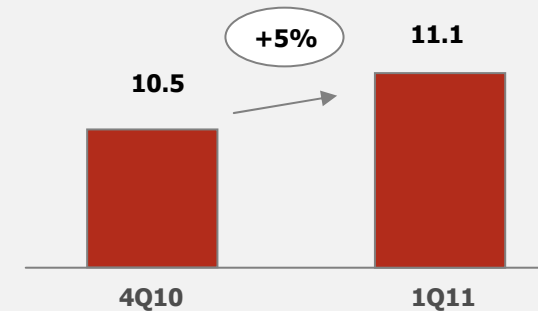
The ongoing increase in the Euribor rate..



- Interest income in 1Q11 started to benefit from the increase in interest rates
- The investment portfolio is well suited to profit from the ongoing increase in rates, as 51% of the investment portfolio is geared to floating rates
- The investment portfolio of Banca Generali continues to be very prudent: no financial leverage, no exposure to PIGS, no duration mismatch to boost interest margin (duration = 1 year)

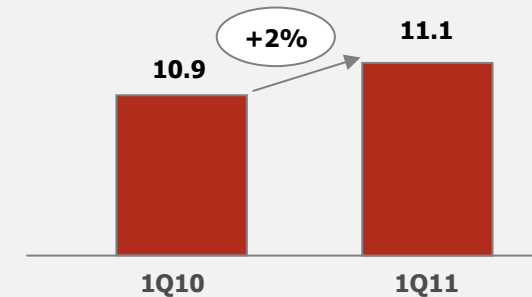
...is driving interest income up on a qoq...

(€ m)

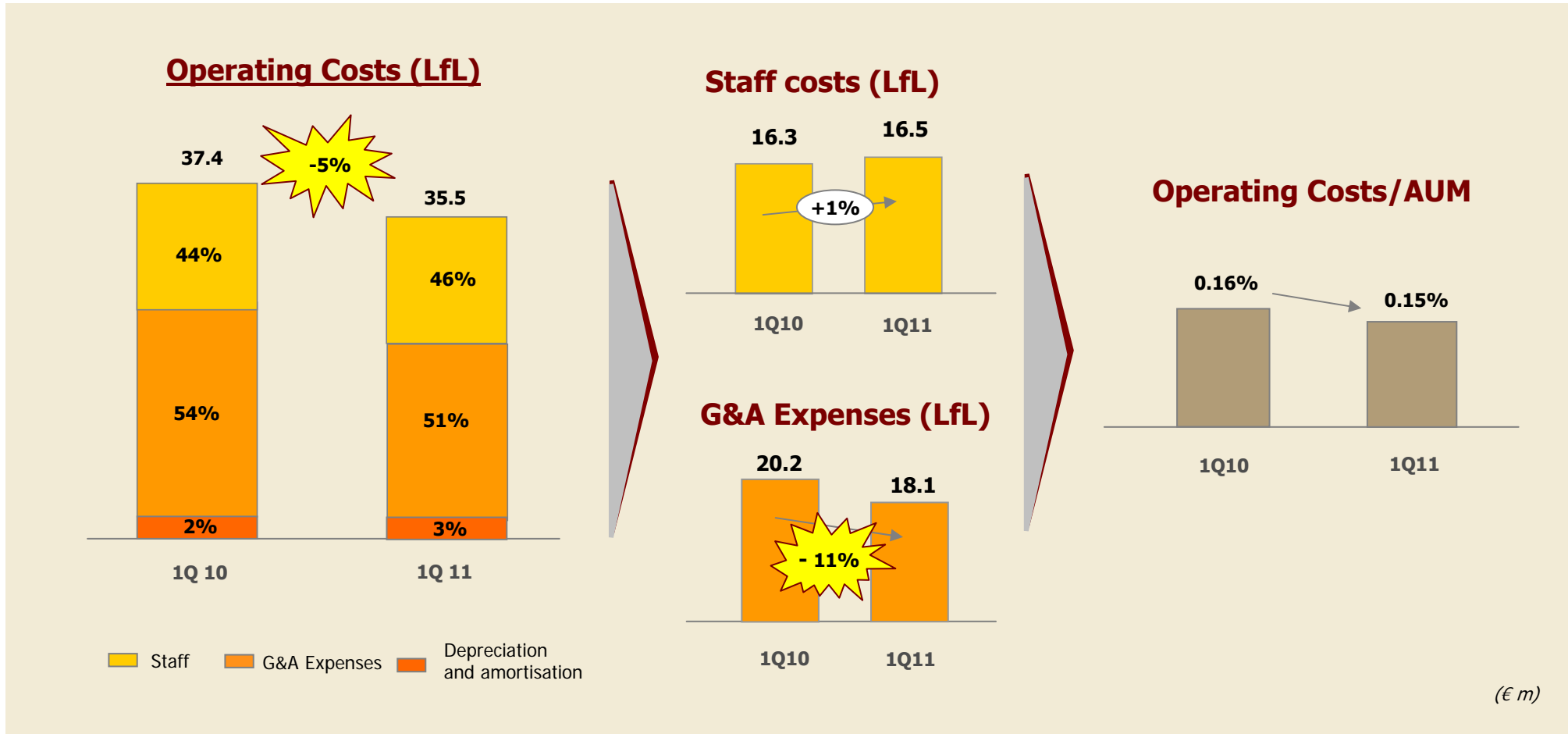


(€ m)

... and also on a yoy basis



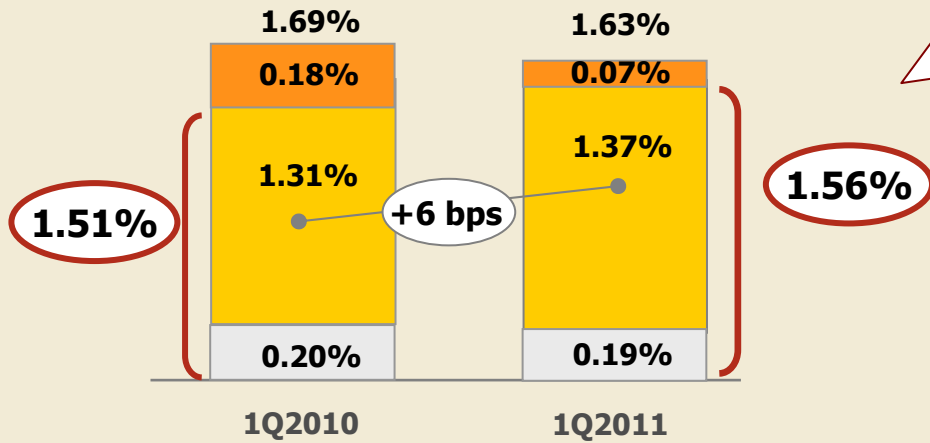
Further progress on cost management achieved in 1Q11



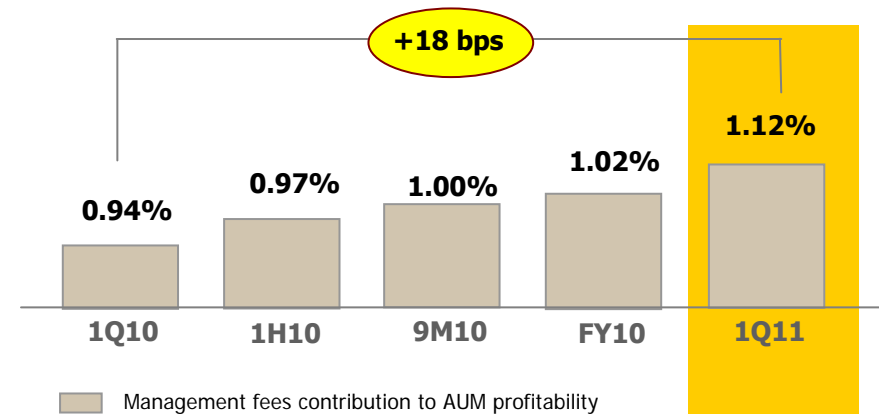
➤ **Total operating costs decreased by 5% yoy, driven by costs savings in G&A, while staff costs posted a small increase linked to the renewal of the national contract**

Recurring Profitability further improving compared to last year

**Recurring AUM profitability (LfL)
is improving..**



**..driven by an increasingly higher contribution
from management fees**

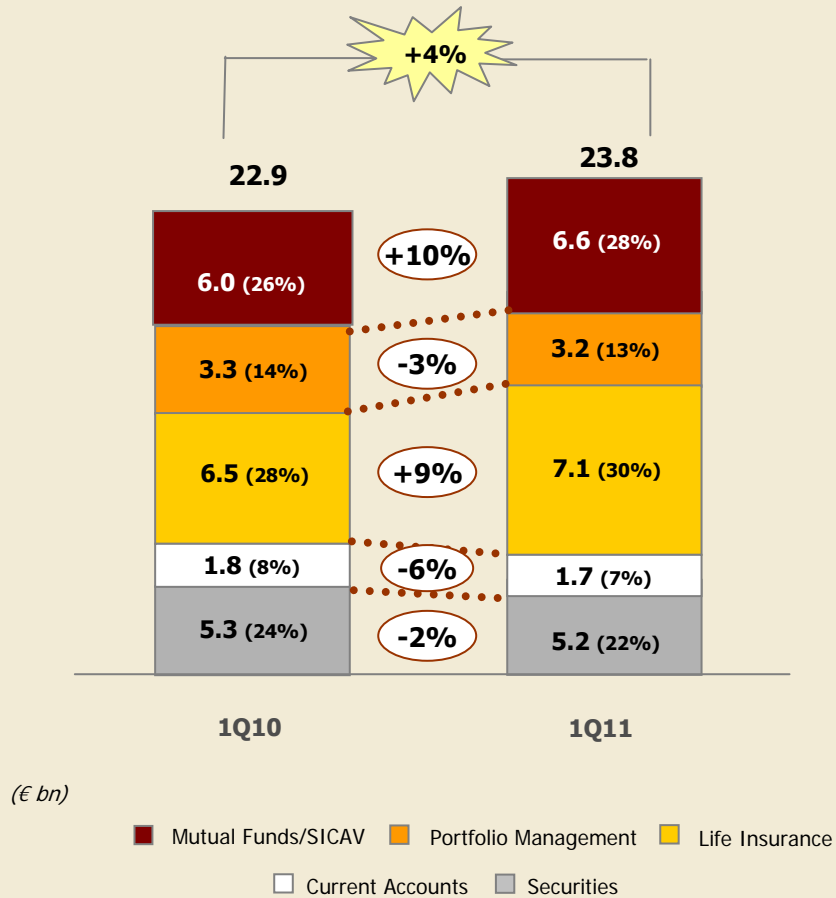


■ Performance Fees
 ■ Recurring commissions
 ■ Interest margin

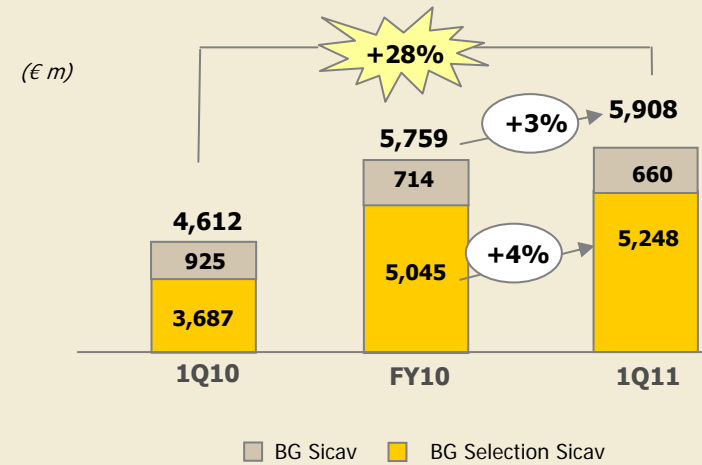
... Recurring profitability

Total assets up by 4% yoy, driven by managed assets now representing 71% of the total

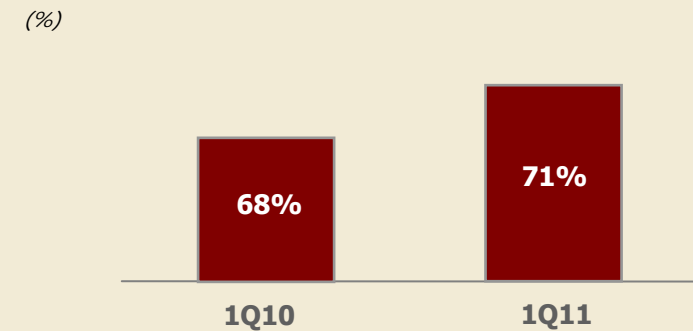
Banca Generali Asset Breakdown



Lux-based Assets



Managed Assets/Total Assets



➤ **1Q 2011 Results**

➤ **Net Inflows and recruiting**

➤ **Business Update**

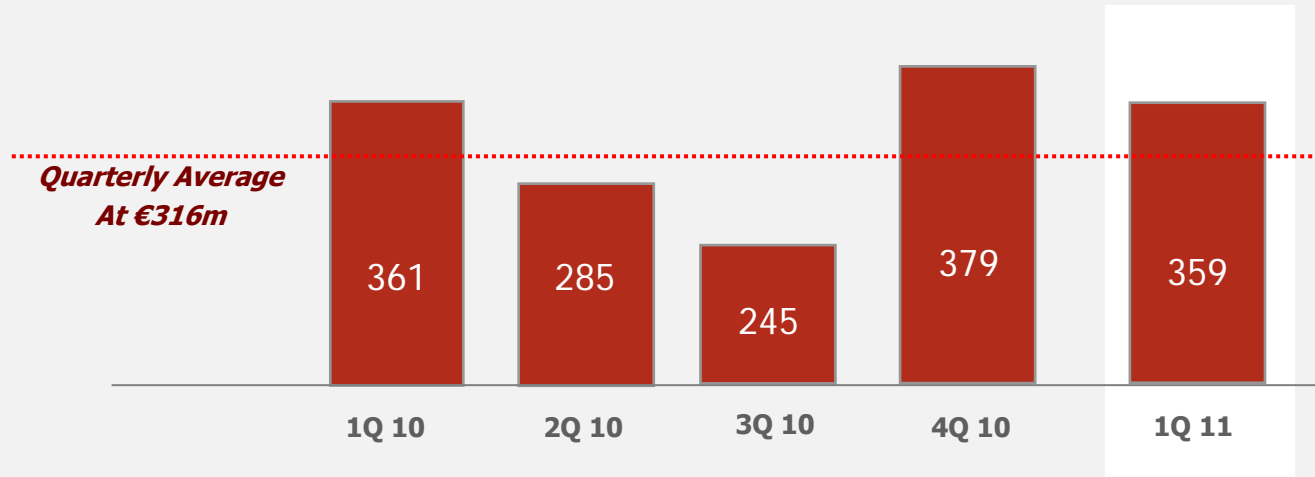
➤ **Closing Remarks**

Net inflows maintain a strong pace in terms of both volumes and product quality

Volumes

1Q 11 net inflows above the average of the last quarters

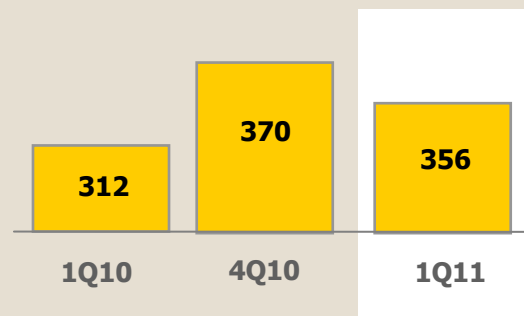
Quarterly total Net Inflows



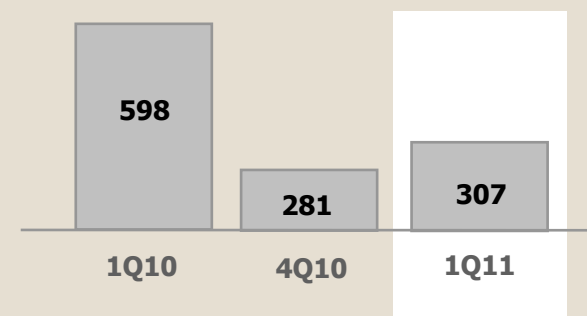
Products

FoF and Life Policies remain the most favourite products amongst our clients

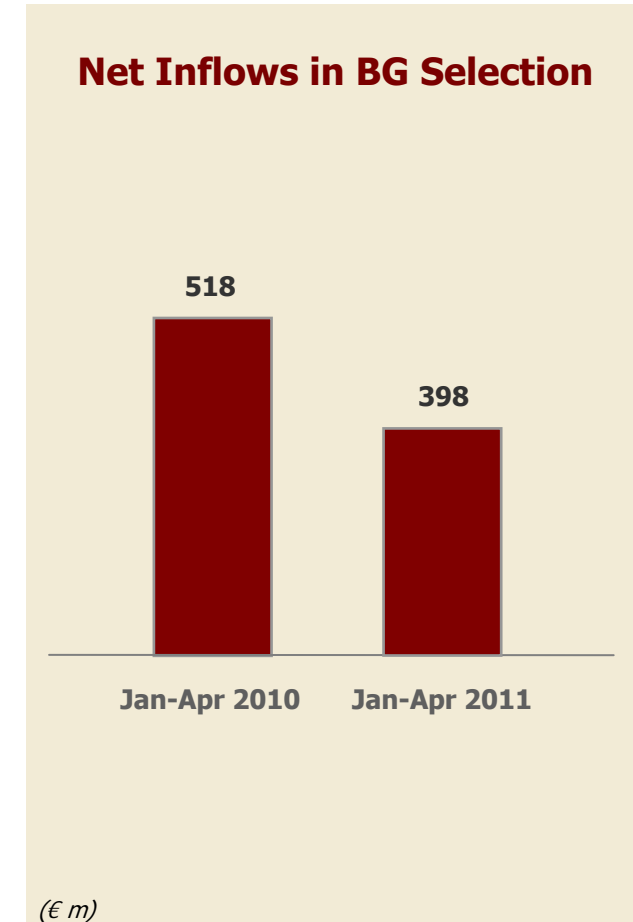
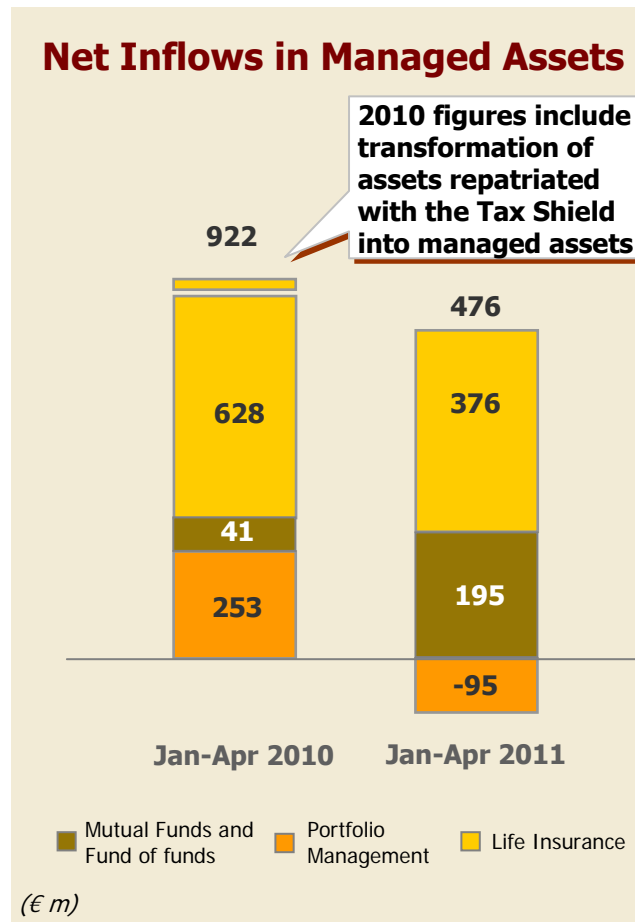
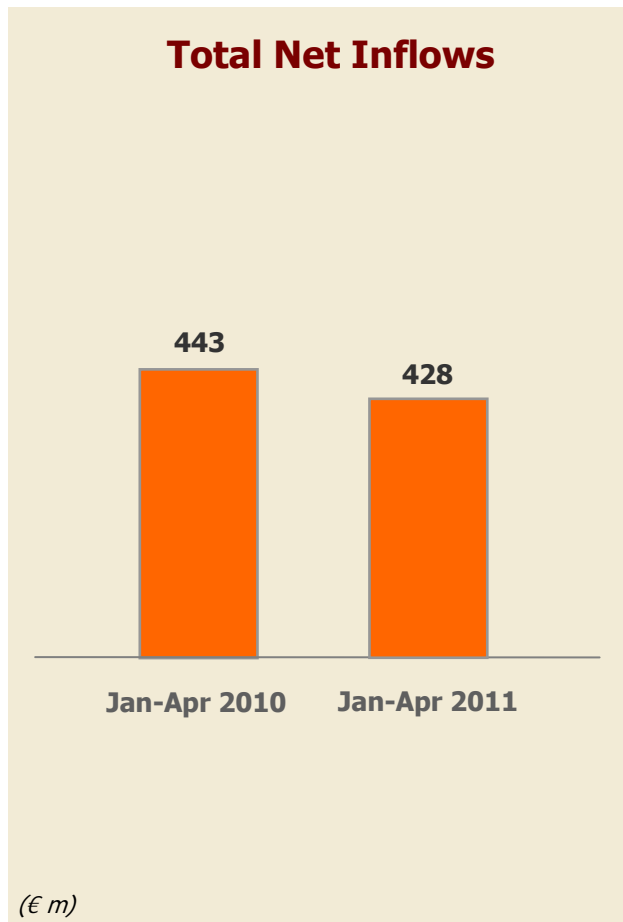
Net Inflows in BG Selection...



... and life insurance

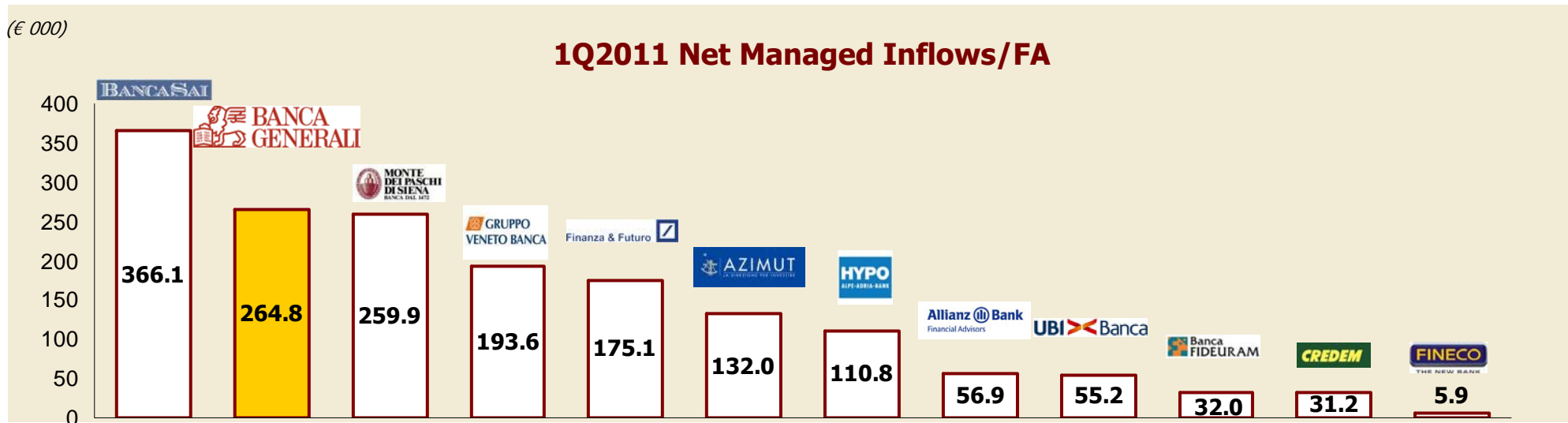
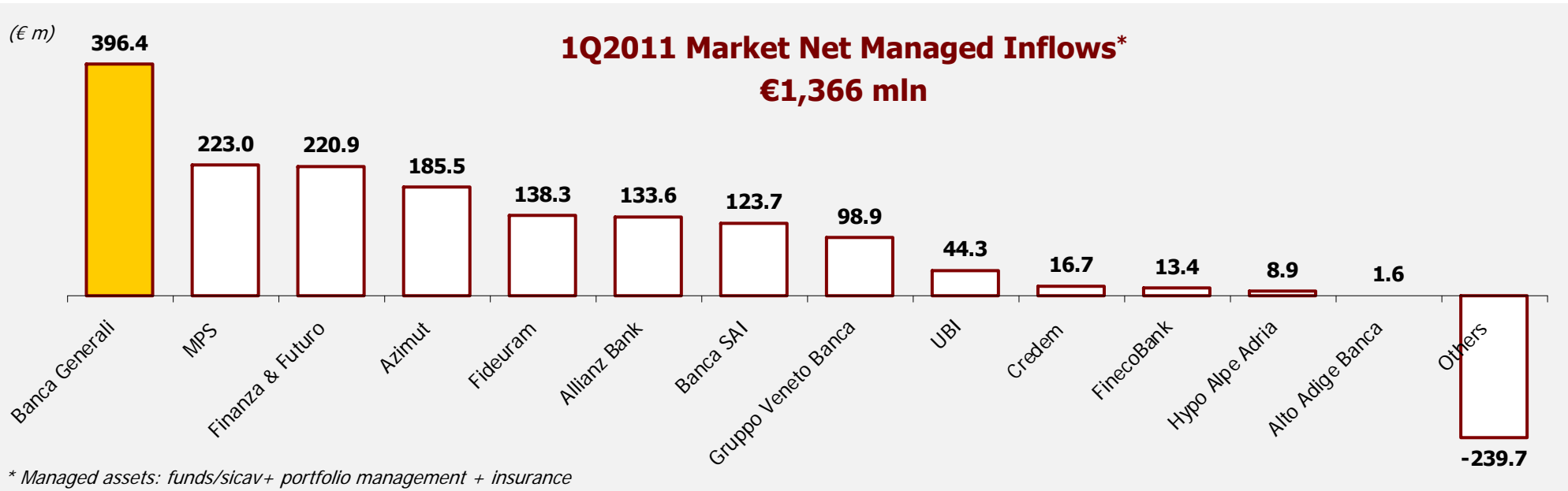


Already €476 million of net inflows in managed assets in Jan-Apr 2011



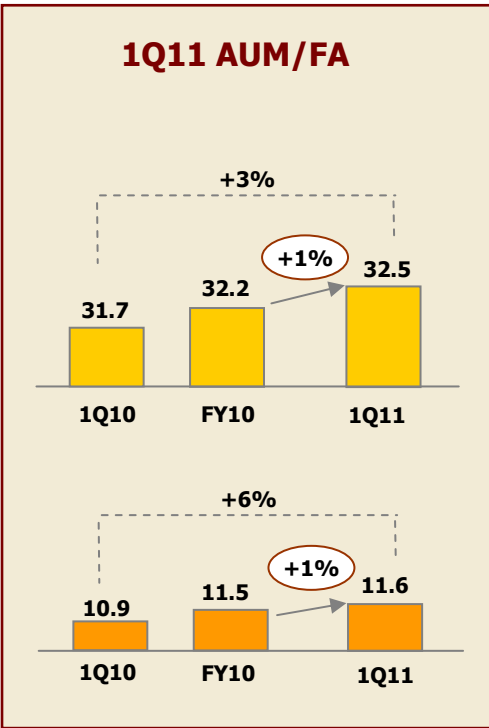
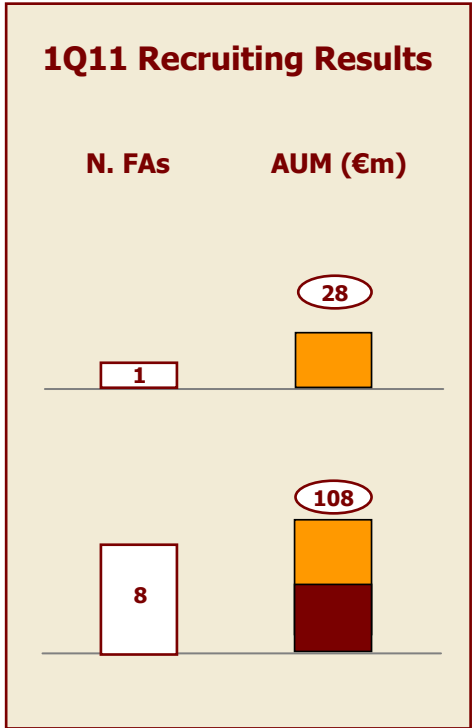
- Total net inflows were very strong in Jan-Apr, totalling €428 million, in line with the strong result achieved in the same period of last year
- Quality of net inflows proved very satisfactory, with BG Selection raising ≈€400 mln and Life New Business €462 mln

Banca Generali confirms its leading position in financial advisors' productivity in 1Q11



Source: Assoreti

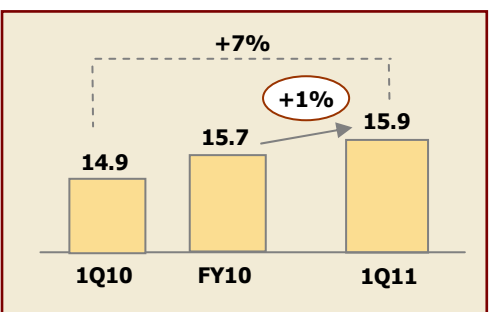
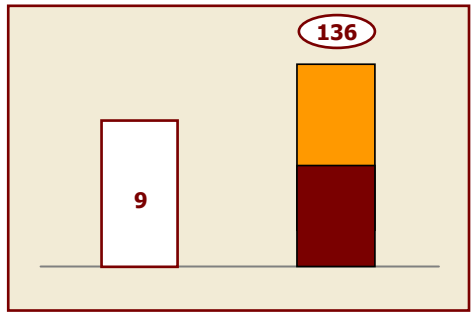
1Q11 recruiting policy remains selective



➤ Banca Generali recruited 9 people in 1Q11 with an average portfolio of > €15 million each

➤ Average FAs portfolio increased on average by 1% to €15.9 mln

➤ The company plans to continue a selective recruiting campaign in 2011, in line with 2010 levels (50 people)

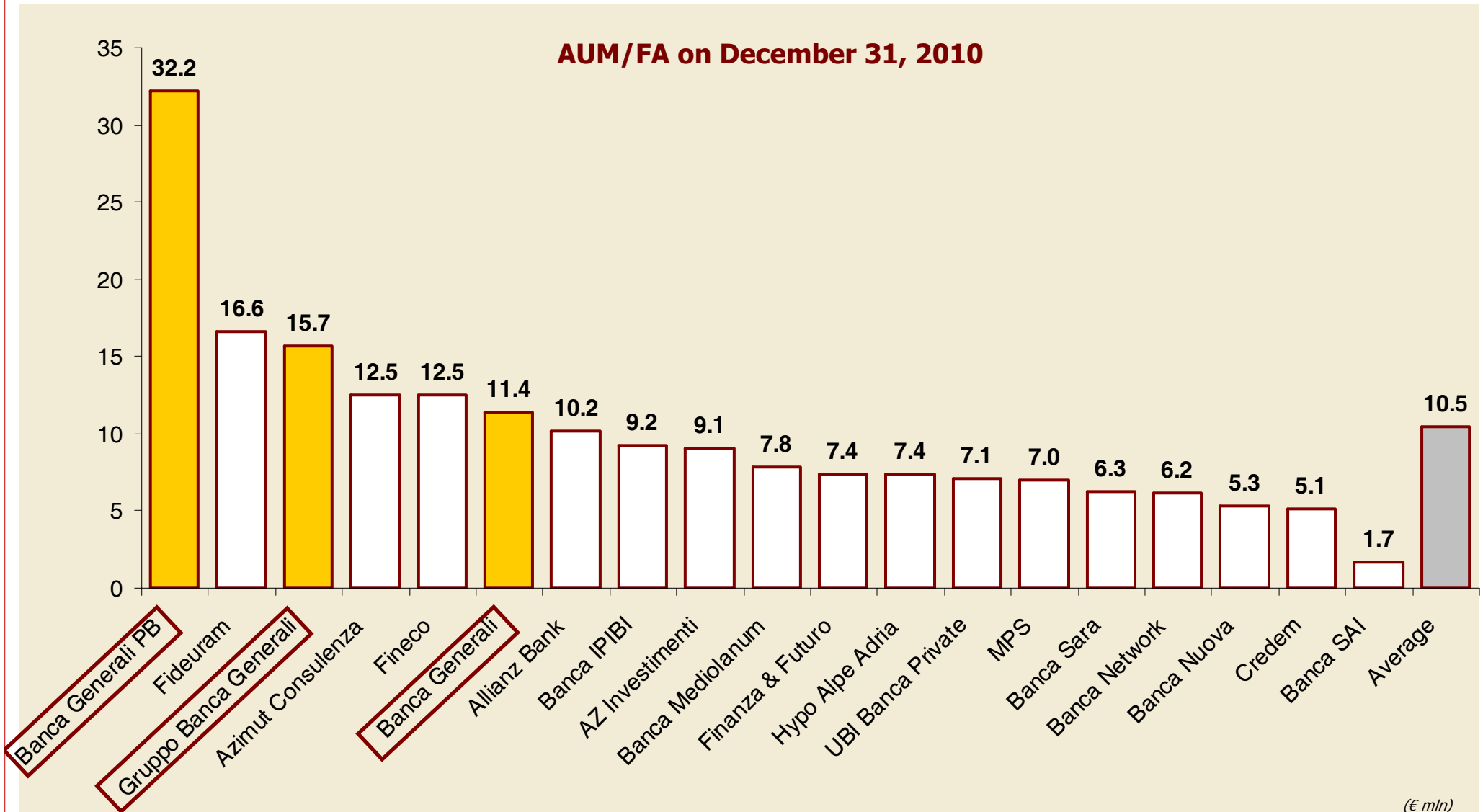


➤ As a guidance, Banca Generali remains committed on enhancing its network profile, rather than increasing the number of advisors

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

Assoreti: Ranking by Portfolio Size (i.e. AUM/Financial Advisor) – 2010YE

AUM/FA on December 31, 2010



Source: Assoreti

(€ mln)

➤ **1Q 2011 Results**

➤ **Net Inflows and recruiting**

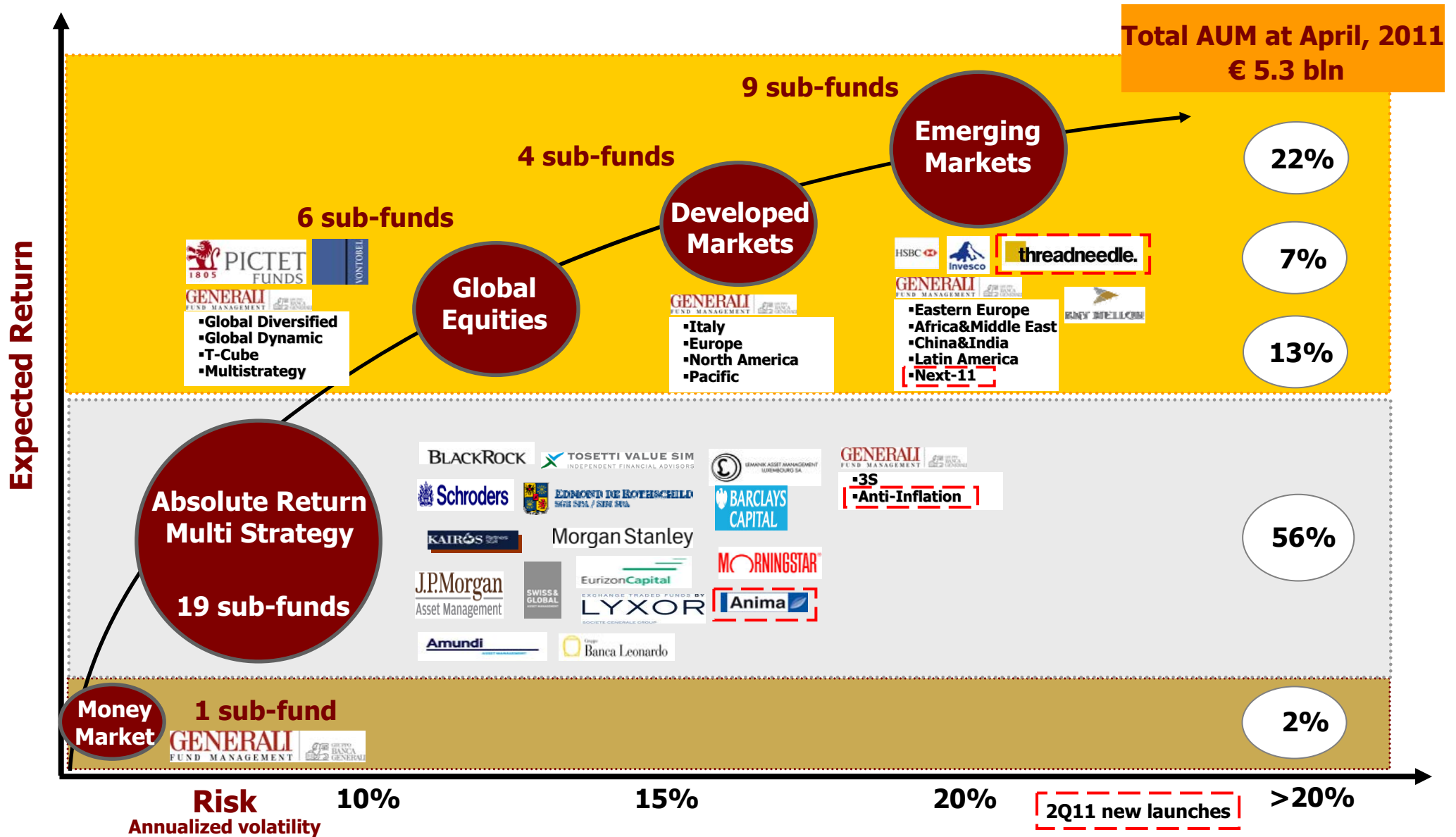
➤ **Business Update**

➤ **Closing Remarks**

The growth strategy of Banca Generali is skewed towards organic growth

Growth Drivers for the Asset Gathering industry	The choice of Banca Generali	Reasons	Source of BG net inflows (actual and expected)
<div style="background-color: #800000; color: white; padding: 10px; text-align: center; font-weight: bold;">Organic growth</div>		<p>Banca Generali's priority</p>	<ul style="list-style-type: none"> ▪ If you have an excellent distribution network.. ..why not exploiting it to find new clients at very low acquisition costs? <p style="text-align: right; font-weight: bold;">70%</p>
<div style="background-color: #d2b48c; padding: 10px; text-align: center; font-weight: bold;">Recruitment</div>		<p>Only very selected FAs</p>	<ul style="list-style-type: none"> ▪ We need only really skilled professionals (... but there are few on the market) ▪ BG success attracts high standing profiles (and cost of recruiting goes down!) <p style="text-align: right; font-weight: bold;">30%</p>
<div style="background-color: #a9a9a9; padding: 10px; text-align: center; font-weight: bold;">High-interest offers to attract new clients</div>		<p>Definitely not BG's strategy</p>	<ul style="list-style-type: none"> ▪ Seldom loyal customers ▪ Low probability to switch assets ▪ Too expensive growth <p style="text-align: right; font-weight: bold;">0%</p>

The success of BG Selection stands in its capacity to offer a true "high consultancy" product



BG Selections reinforces its products offer with the launch of 4 new sub-funds

Innovative anti-inflation product

- Dynamic investing in selected sectors (commodities, mining, real estate, emerging markets) providing protection against rising inflation

BG SELECTION SICAV

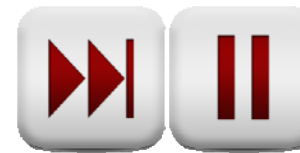


Anti-Inflation

Focus on NEW Emerging Economies

- Emerging markets equity sub-fund investing in the 11 fastest growing economies (Mexico, Turkey, South Korea, Philippines, Indonesia amongst others)

BG SELECTION SICAV



NEXT - 11

5 Stars Rated investing

- Focus on emerging markets through investment in emerging markets equities, bonds and high-yield corporate securities

threadneedle.

Global Themes

A well established cooperation

- Flexible fund investing in all asset classes using 3 macro strategies: Core-Satellite-Overlay



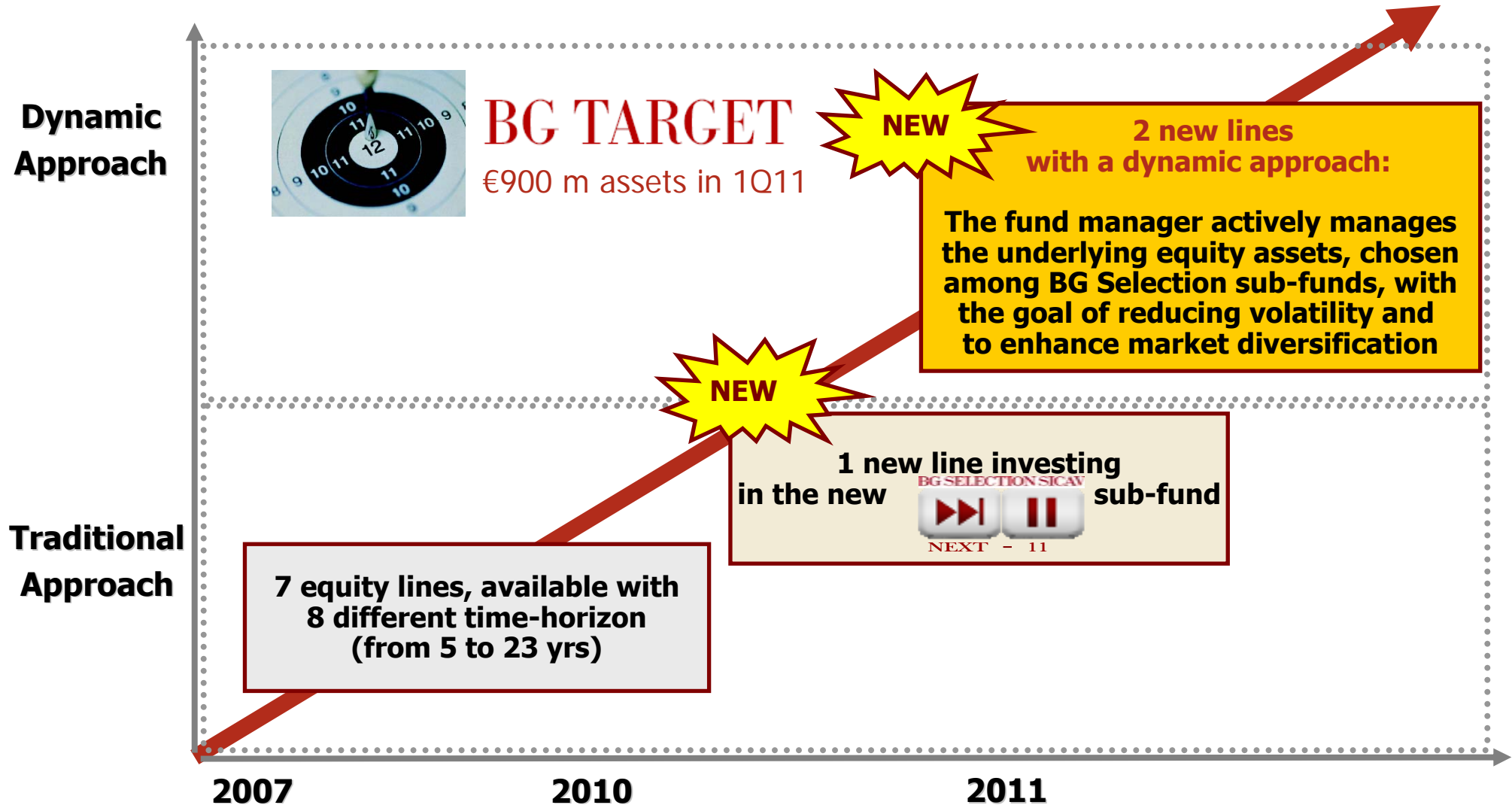
Club

**New sub-funds
by**



New Partners

Individual Management Account: three new investment lines with capital protection

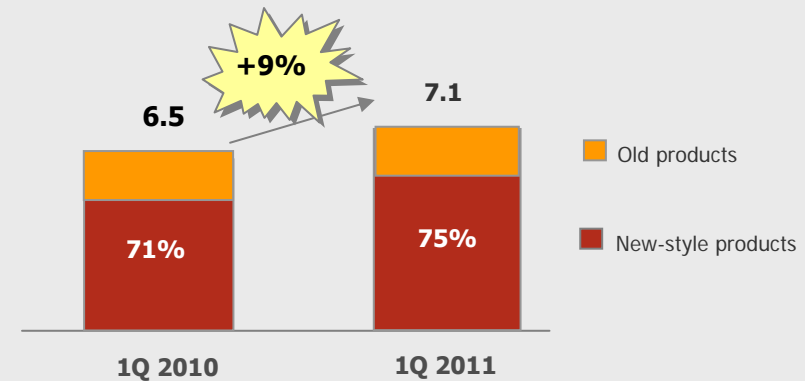


Life insurance remains a core pillar of Banca Generali offer

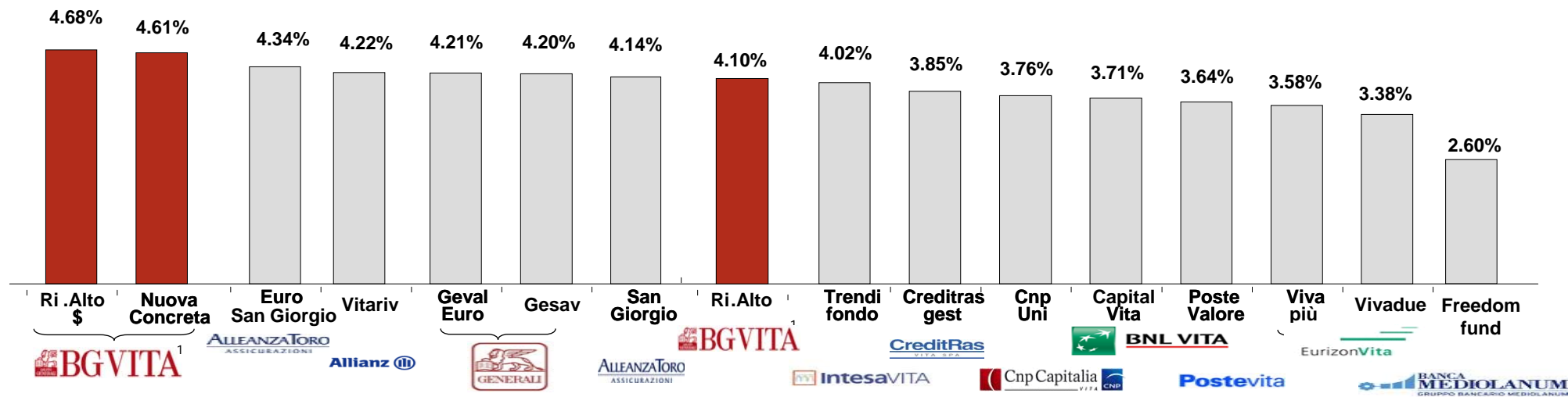
Customers continue to appreciate Banca Generali's Life products for their:

- ✓ capital guarantee
- ✓ attractive investment return, amongst the highest in the sector (as shown in graph below)

Life Assets up 9% in the first quarter



2010 Return of segregated life funds in Italy: Banca Generali¹ vs. market



¹ BG Vita is a brand dedicated to Banca Generali for life policies developed and managed by Genertellife, a life company 100% owned by Assicurazioni Generali

Source: Corriere Economia 14/03/2011

➤ **1Q 2011 Results**

➤ **Net Inflows and recruiting**

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Closing remarks

The long-term strategy of Banca Generali is fully working and is confirmed by 1Q2011 results:

- **A couple of years back, Banca Generali recognized an enormous growth potential in the Italian Financial Services market represented by an increasing number of unsatisfied clients of traditional banks, willing to hear new kinds of offers...**
- **...in 2009 Banca Generali designed a strategy aimed at capturing new clients without using high rates offers, delivering very good results in 2010...**
- **...with the trend continuing in 2011 and with a very promising outlook for the years to come**

**Steady growth, high margins, low costs, low volatility:
that's exactly where we are and want to be**

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

JULY						
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
31						

1H 2011 results

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

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