

Banca Generali

**9 Months 2010 results
and business update**

Milan, November 5, 2010

Today's Agenda

➤ **9M10 Results**

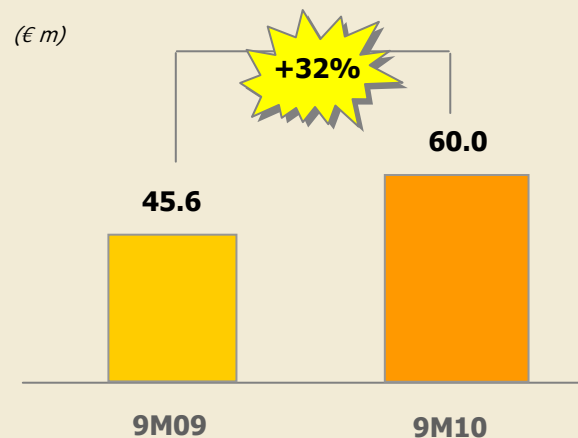
➤ **Net Inflows, AUM and recruiting**

➤ **Business Update**

➤ **Closing Remarks**

9M10 results confirm an excellent growth path

Reported Net Profit



Comments on 9M2010 results

Thanks to a clear and simple long-term strategy based on:

- Steady asset growth, mainly organic, and consequently with low acquisition costs
- Continuous improvement in asset profitability thanks to bettering of asset mix
- Tight cost control

... the 9M2010 results are very good again (+32% even versus an excellent 2009), notwithstanding weak and highly volatile financial markets in 3Q

Strong financial results thanks to improvement of recurrent profitability

- Enhancement of the quality of 3Q results: net profit at €16.4 mln, with non-recurring profits down 98% yoy to €0.5 mln (o/w performance fees at €3mln vs. €17 mln in 3Q09 and trading income at -€2.7 mln vs. €5.3 mln in 3Q09)
- Management fees up 42% yoy, with the share of recurring fees equal to 90% of total fees in 3Q2010
- Operating costs down by 4% yoy, with the cost/income ratio falling to 54%

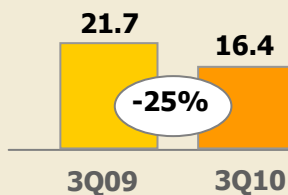
Asset growth is stable and robust, regardless of financial markets condition

- Total net inflows of €891 million in 9M2010, more than €1.5 bn in managed assets

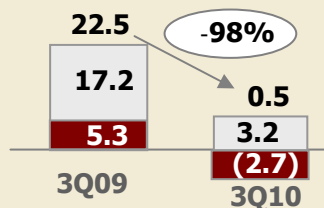
Performance delivered to the clients continues to be excellent

- Performance of BG Selection equal to 4.0% ytd; managed assets at 3% ytd while the Italian mutual fund industry reported 1.5%

Quarterly Net Profit



Non-recurring items



(€ m)

□ Performance fees
■ Trading

¹ LFL figures are excluding Generali Investment Luxembourg ("GIL")

Consolidated 9M10 Profit and Loss Account: main takeaways

(€ mln)	9M 09 (reported)	9M 10 (reported)	% Chg	9M 10 (LFL) ¹	% Chg
Net Interest Income	38.6	32.7	-15.3%	32.7	-15.3%
Commission income ²	218.1	268.0	22.9%	248.4	13.9%
Commission expense	-79.4	-117.0	47.3%	-102.5	29.0%
Net Commission	138.7	151.0	8.9%	145.9	5.2%
Net income (loss) from trading activities	-39.5	-45.7	15.9%	-45.8	15.9%
Dividends	58.1	56.4	-2.8%	56.4	-2.8%
Net income (loss) from trading activities and Dividends	18.6	10.7	-42.6%	10.7	-42.6%
Net Banking Income	195.9	194.4	-0.8%	189.3	-3.4%
Staff expenses ²	-46.9	-49.3	5.2%	-47.8	2.0%
Other general and administrative expense	-67.4	-63.2	-6.3%	-62.8	-6.9%
Depreciation and amortisation	-4.1	-3.0	-25.5%	-3.0	-26.8%
Total costs	-118.3	-115.5	-2.4%	-113.6	-4.0%
<i>Cost /Income Ratio</i>	<i>-56.2%</i>	<i>-53.9%</i>	<i>2,3 p.p.</i>	<i>-54.3%</i>	<i>1,9 p.p.</i>
Other net operating income (expense)	4.3	7.7	81.3%	7.7	81.3%
Operating Profit	81.9	86.7	5.9%	83.5	2.0%
Net adjustments for impair.loans and other assets	-6.2	-1.9	-69.6%	-1.9	-69.6%
Net provisions for liabilities and contingencies	-20.7	-18.4	-11.3%	-18.4	-11.3%
Profit Before Taxation	55.0	66.4	20.8%	63.2	15.1%
Direct income taxes	-7.4	-3.5	-52.9%	-3.2	-57.0%
<i>Tax rate</i>	<i>13.5%</i>	<i>5.3%</i>	<i>-8,2 p.p.</i>	<i>5.0%</i>	<i>-8,5 p.p.</i>
Income/(losses) after tax on assets held for sales	-1.9	0.0	-100.0%	0.0	-100.0%
Minorities interest	0.0	-2.9		0.0	
Net Profit	45.6	60.0	31.6%	60.0	31.6%

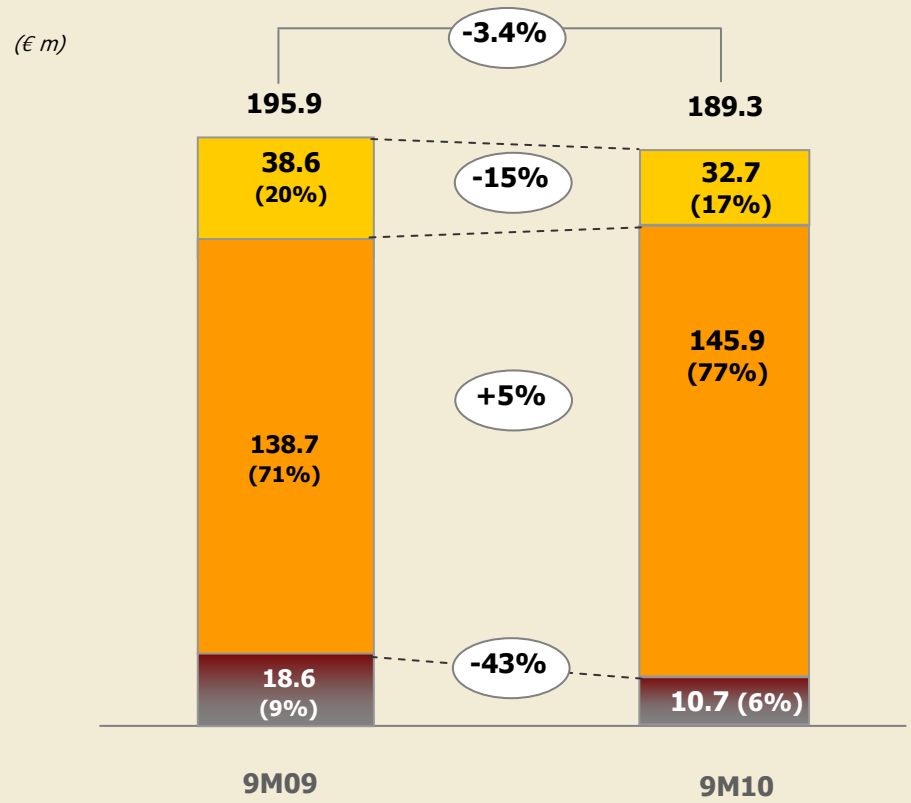
- **Interest margin** reflecting low interest rates and the decrease of banking assets switched into managed assets
- **Strong management fees (+42% yoy)** drove the increase in total fees
- Declining contribution from **trading income** due to weak financial markets
- **Total costs decreasing in absolute value**
- Majority of **provisions** are for incentives on excellent net inflows to be paid to the networks in the 4Q 2010
- **Tax-rate** still reflecting the €6m one-off tax gain related to the enfranchisement of goodwill and intangibles assets
- **Net profit increasing to €60m (+32% yoy)**

¹ Like-for-like figures are excluding Generali Investment Luxembourg ("GIL"), the management co. of Assicurazioni Generali merged with BG Investment Lux on September 9, 2009

² According to the revision of circular 262, in 9M09 €2m were reclassified from "current account charges" to "commission income", while €0.5m were reclassified from provisions to "staff expenses"

Even with weak financial markets the largest and soundest part of Net Banking Income, i.e. Net Commissions, increased by 5% yoy

Breakdown of Net Banking Income (LfL)



Interest margin reflects the decrease in rates and volumes (banking assets switched into managed assets)

Sharp increase in **net commissions** driven by management fees

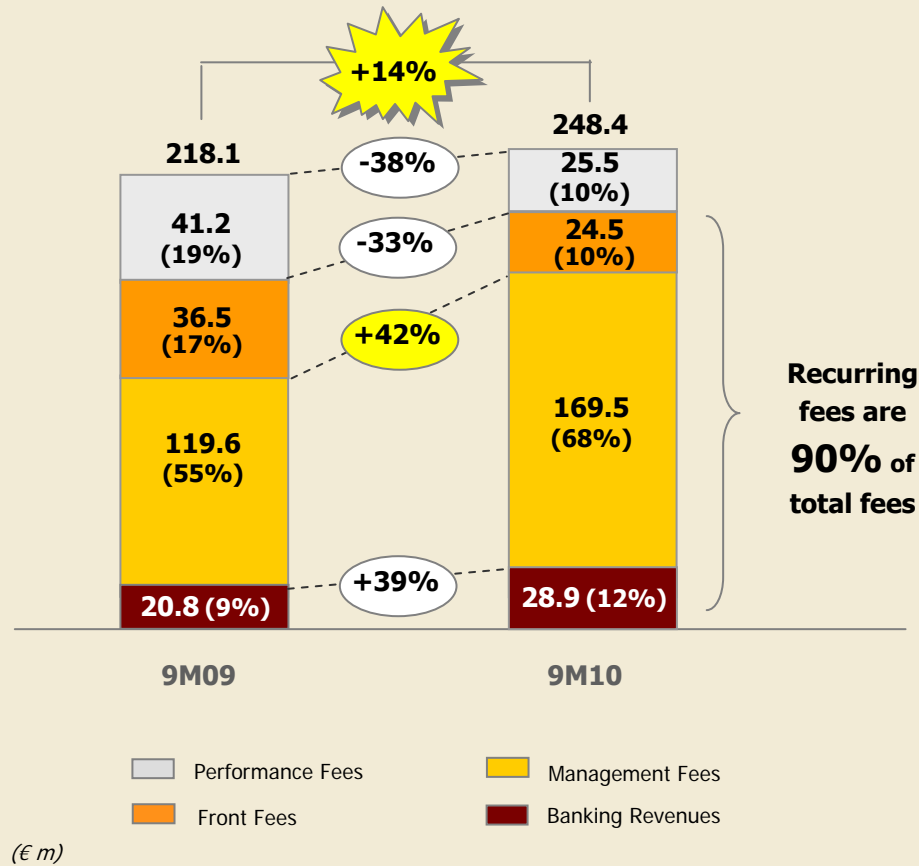
Trading income sharply decreased, reflecting unfavourable market trend

Net Interest Income
 Net Commissions
 Net Income from trading activities

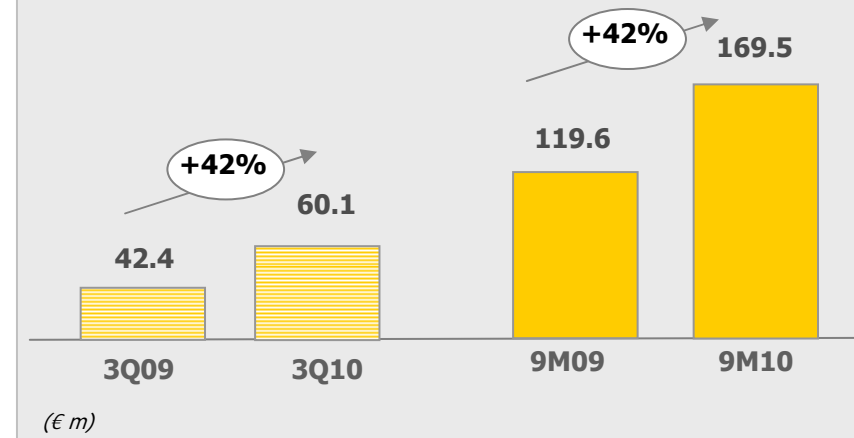
Excellent gross commissions, with the recurring share largely prevailing

Strategy is continuing as it has been now for several quarters: more assets, more recurring revenues, less volatility of revenues. The same trend is expected to continue in the next quarters

Breakdown of Gross Commissions (LfL)

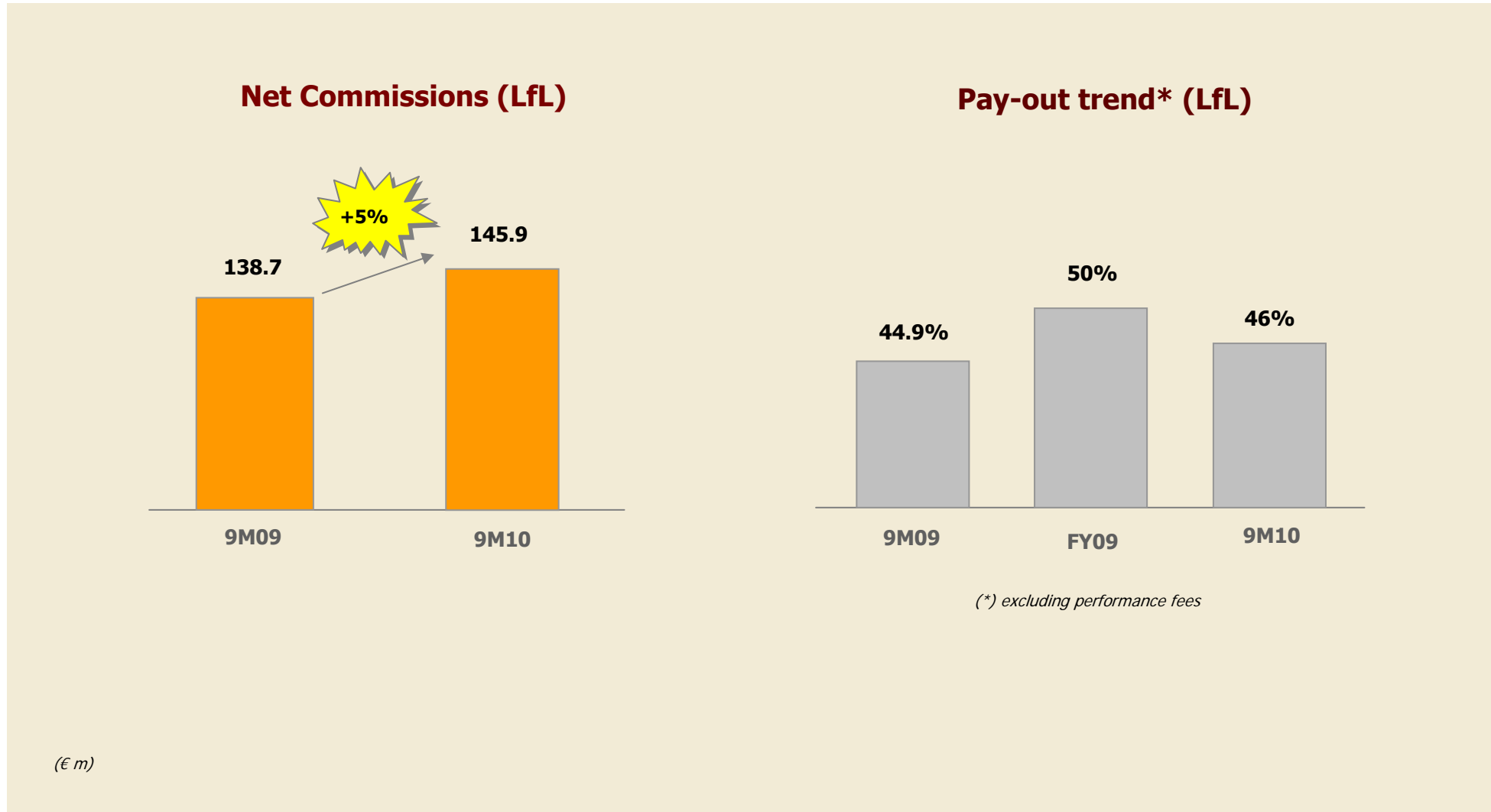


Management fees (LfL)



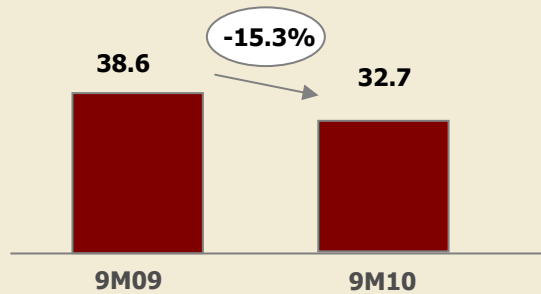
- Management fees sharply increased, reflecting the on-going improvement in asset mix
- Entry fees remain subdued due to strategic choice to focus on BG Selection and Life products
- Banking revenues are improving in lines with quarterly trend

Net commissions at +5% yoy, with pay-out well under control



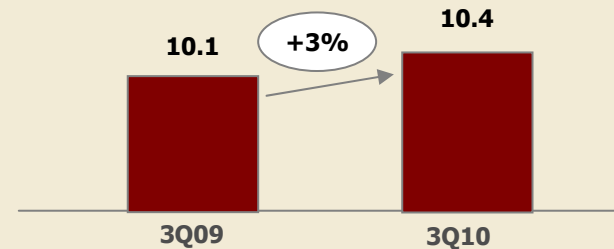
Interest margin increased slightly yoy even with lower banking assets; more benefits set to arrive in 4Q10 and beyond

Interest Margin decreasing yoy ...



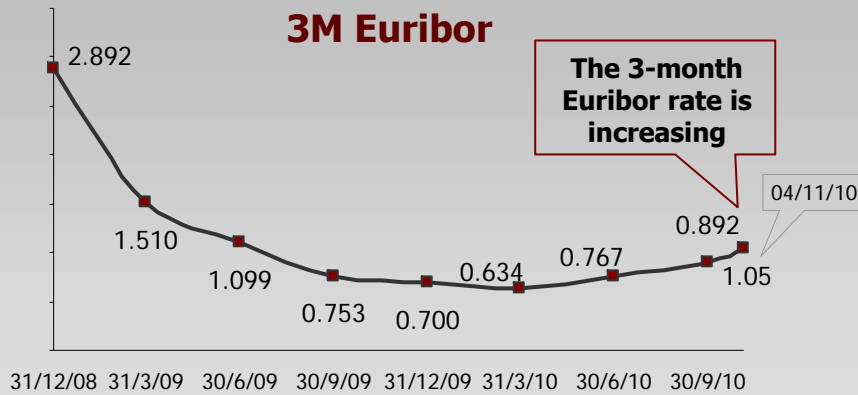
(€ m)

... while 3Q slightly moving up



(€ m)

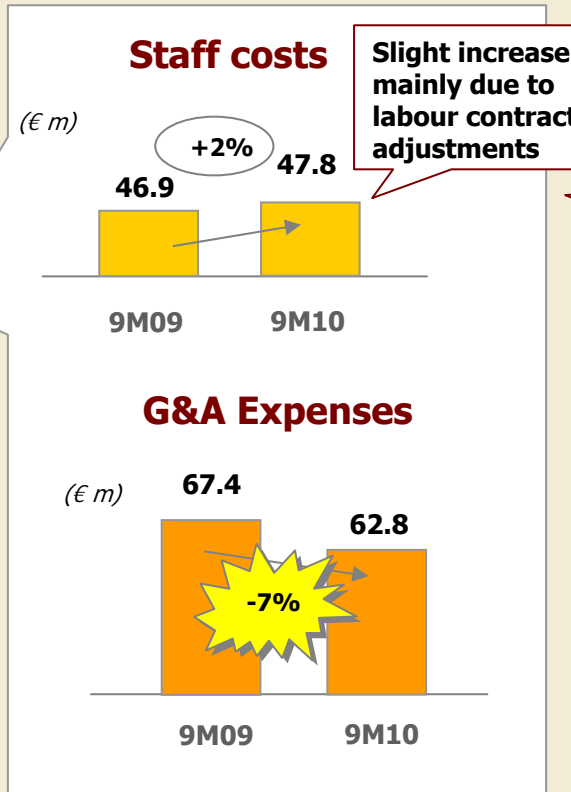
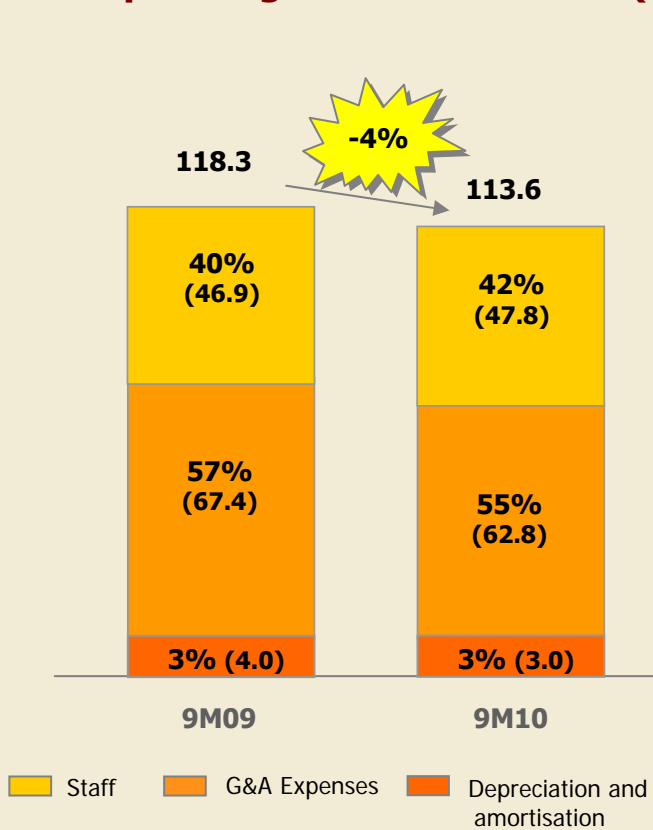
3M Euribor



The on-going increase in the 3-month Euribor is expected to boost interest margin starting from 4Q10, reflecting the 3-6 months delay necessary for variable bond to incorporate the yield increase

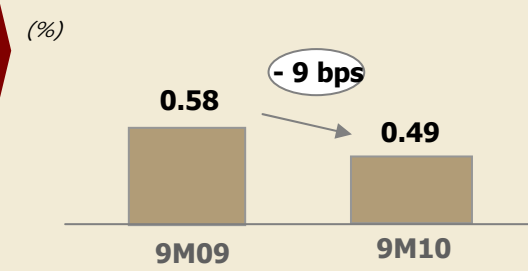
Operating costs fell in absolute value, even with a sharp expansion in business activity, thus proving evidence of the large operating leverage

Operating Costs Breakdown (LfL)



Again, the strategy of BG is working: more assets, less costs, huge operating leverage in place and more expected

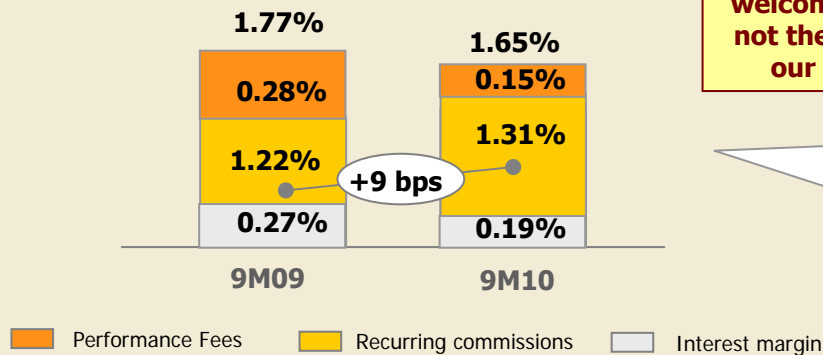
Operating Costs/AUM



- 9M10 operating costs fell in absolute value, in line with management commitment
- Total costs fell by 4% yoy, driven by a 7% decrease in G&A costs, bearing fruits of the costs savings initiatives undertaken since 2009 (BSI integration, streamlining of distribution and IT processes) and lack of one-off items

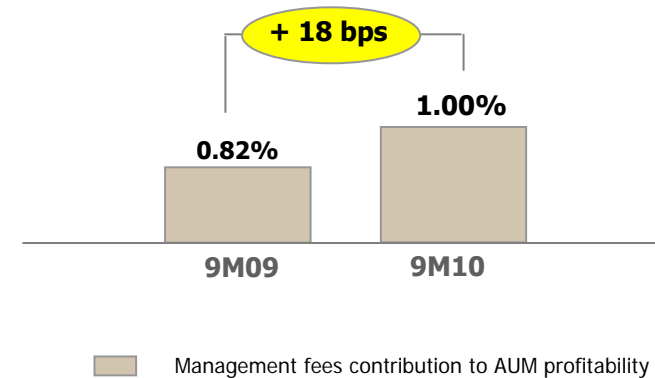
Recurring Profitability further improving compared to last year

AUM Profitability (LfL)

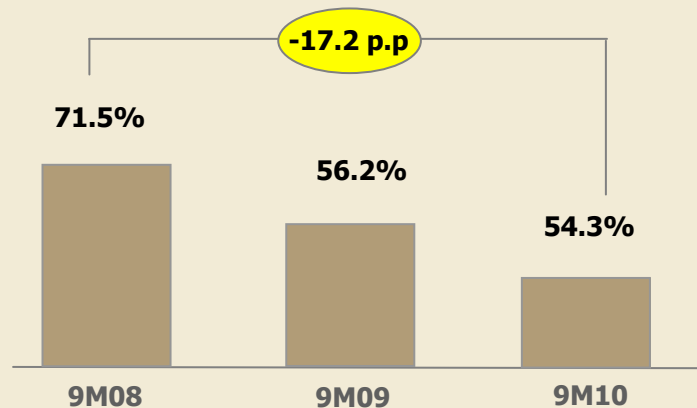


Our focus in terms of AUM profitability is to steadily increase the recurring part. Performance fees are welcome but they are not the foundation of our profitability

AUM Profitability Split (LfL)



Cost/Income Ratio (LfL)



- Recurring AUM profitability increased by 9 bps compared to the same period of last year where the largest part (i.e. management fees) increased by 18 bps
- Total AUM profitability decrease is entirely linked to the decreasing contribution from interest margin (low interest rates environment) and from non recurring fees (performance)

Today's Agenda

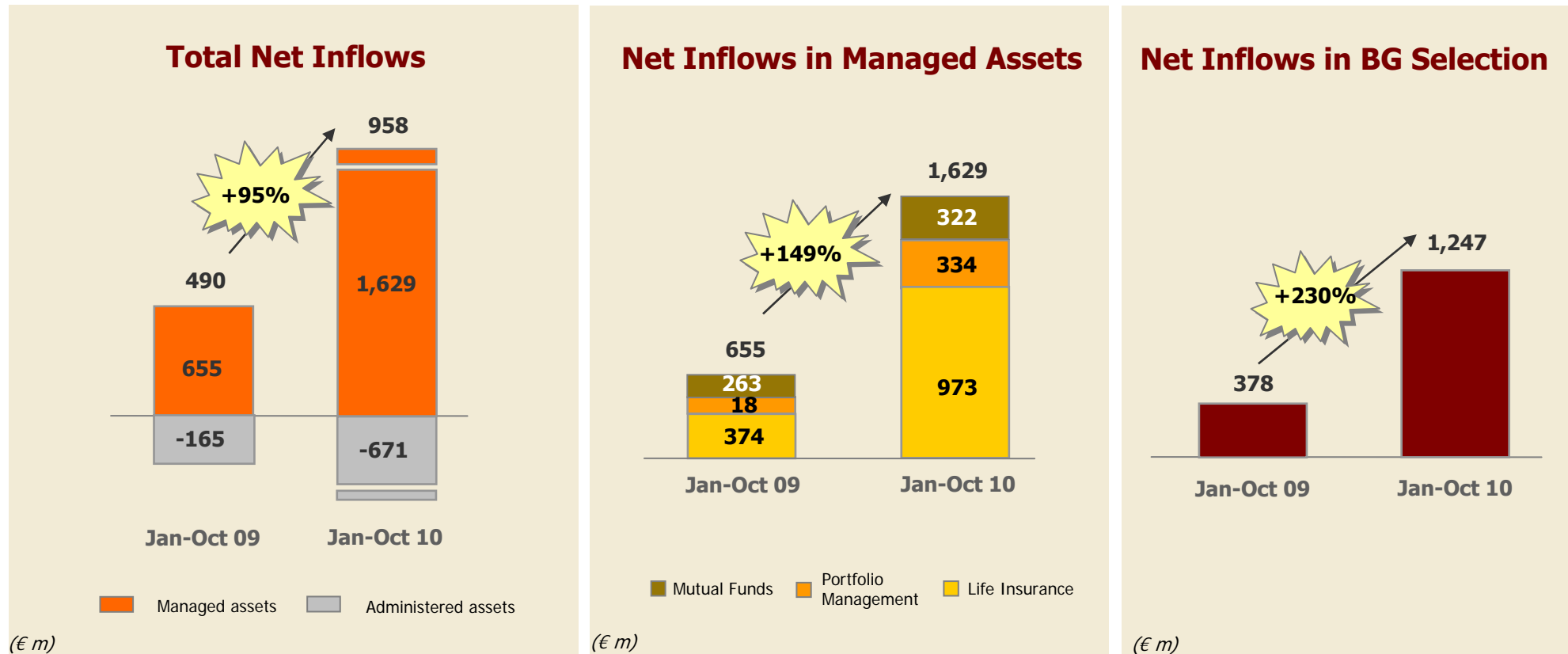
➤ 9M10 Results

➤ **Net Inflows, AUM and recruiting**

➤ Business Update

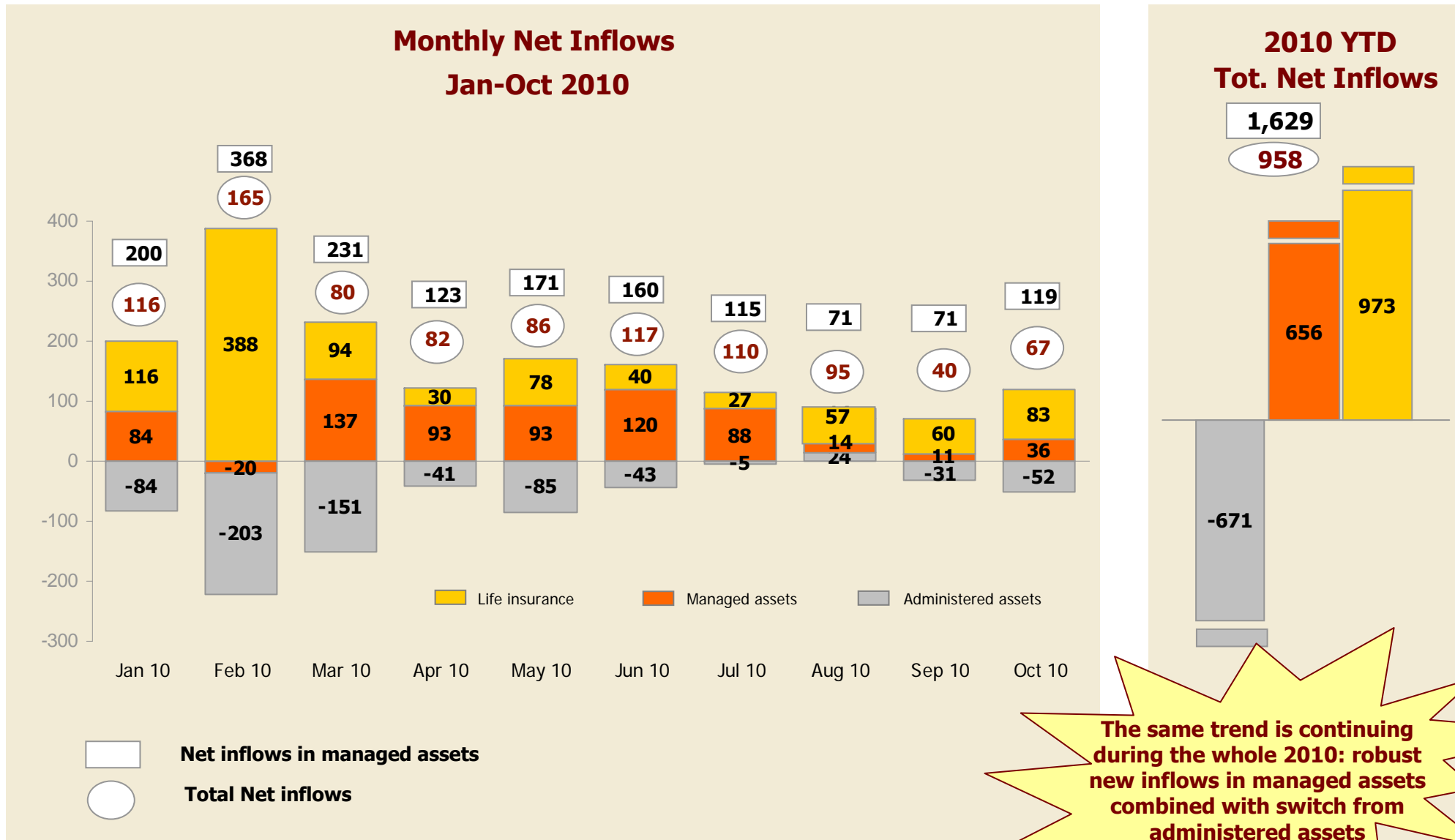
➤ Closing Remarks

Net inflows are booming and strongly improving compared to last year



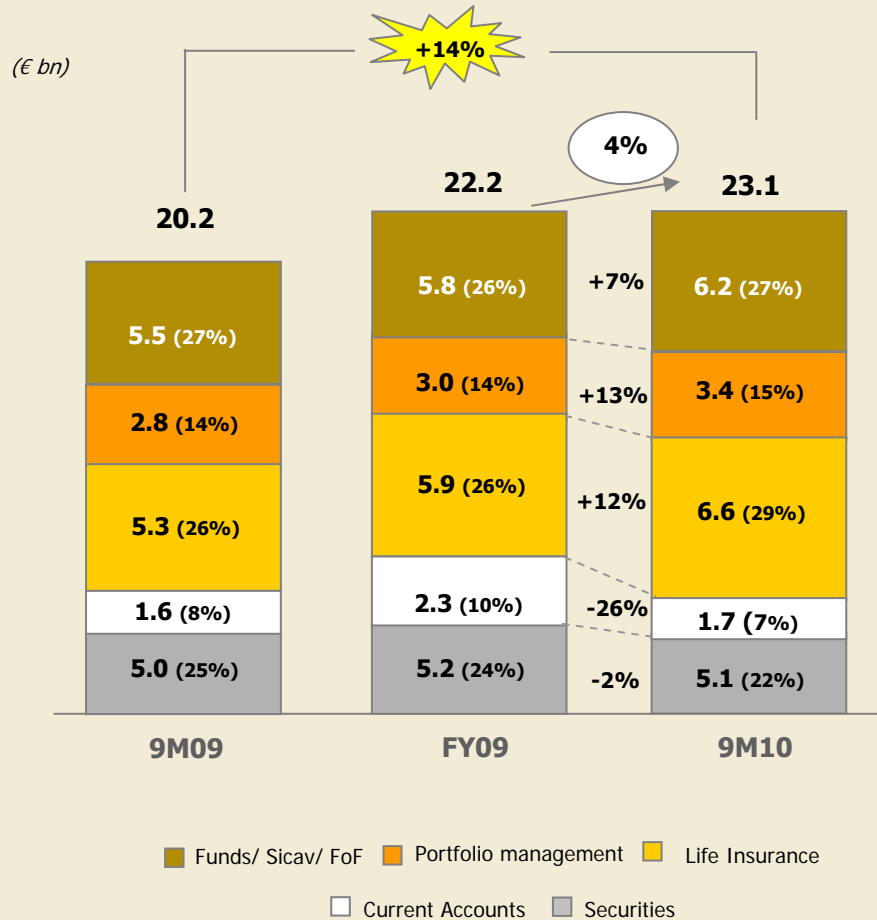
- **Net Inflows in Managed Assets totalled more than €1.6bn, more than doubled compared to the same period of 2009**
- **Inflows in BG Selection increased by more than 3x compared to the same period of last year**
- **Insurance also remains a core pillar of Banca Generali product offer**

Net inflows driven by managed assets throughout the entire period

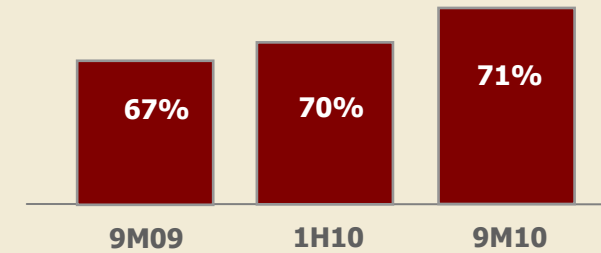


Assets: Excellent fund performance coupled with an increase in managed savings

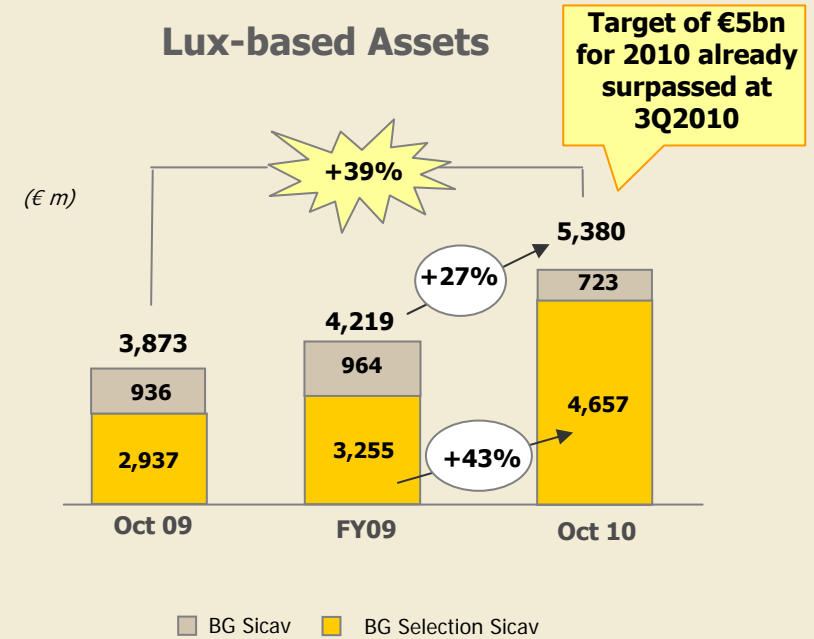
Banca Generali Asset Breakdown



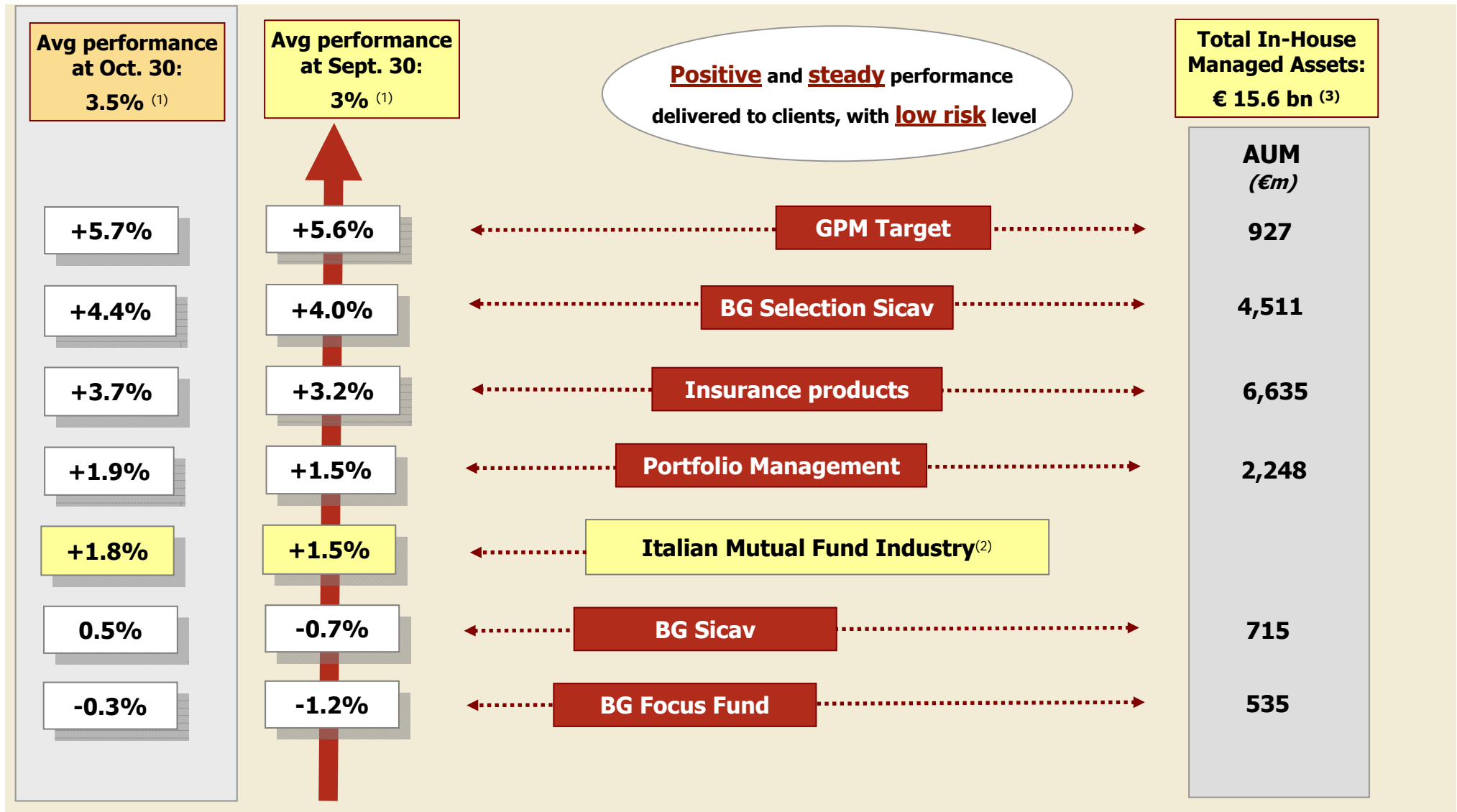
Managed Assets/Total Assets (%)



Lux-based Assets



Excellent product performance in September, further increased in October



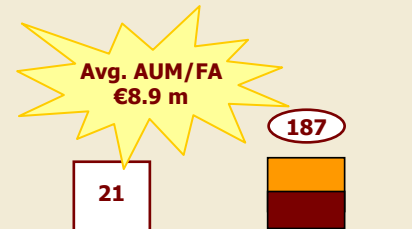
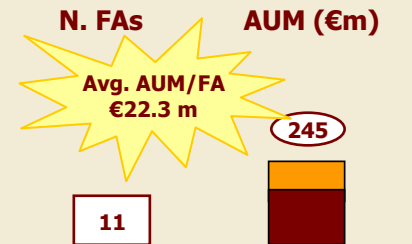
⁽¹⁾ Net of insurance maturities and corporate securities withdrawals

⁽²⁾ Fideuram General Index (FIDMGEND) ⁽³⁾ At September 30, 2010

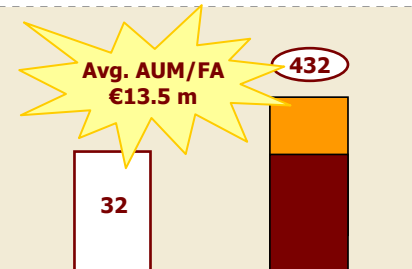
Recruiting – 9M10 results in line with year-end targets



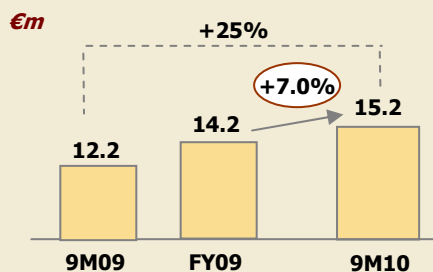
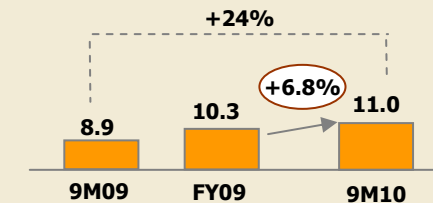
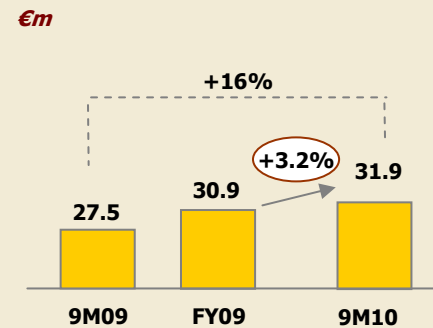
9M10 Recruiting Results



Total BG Group



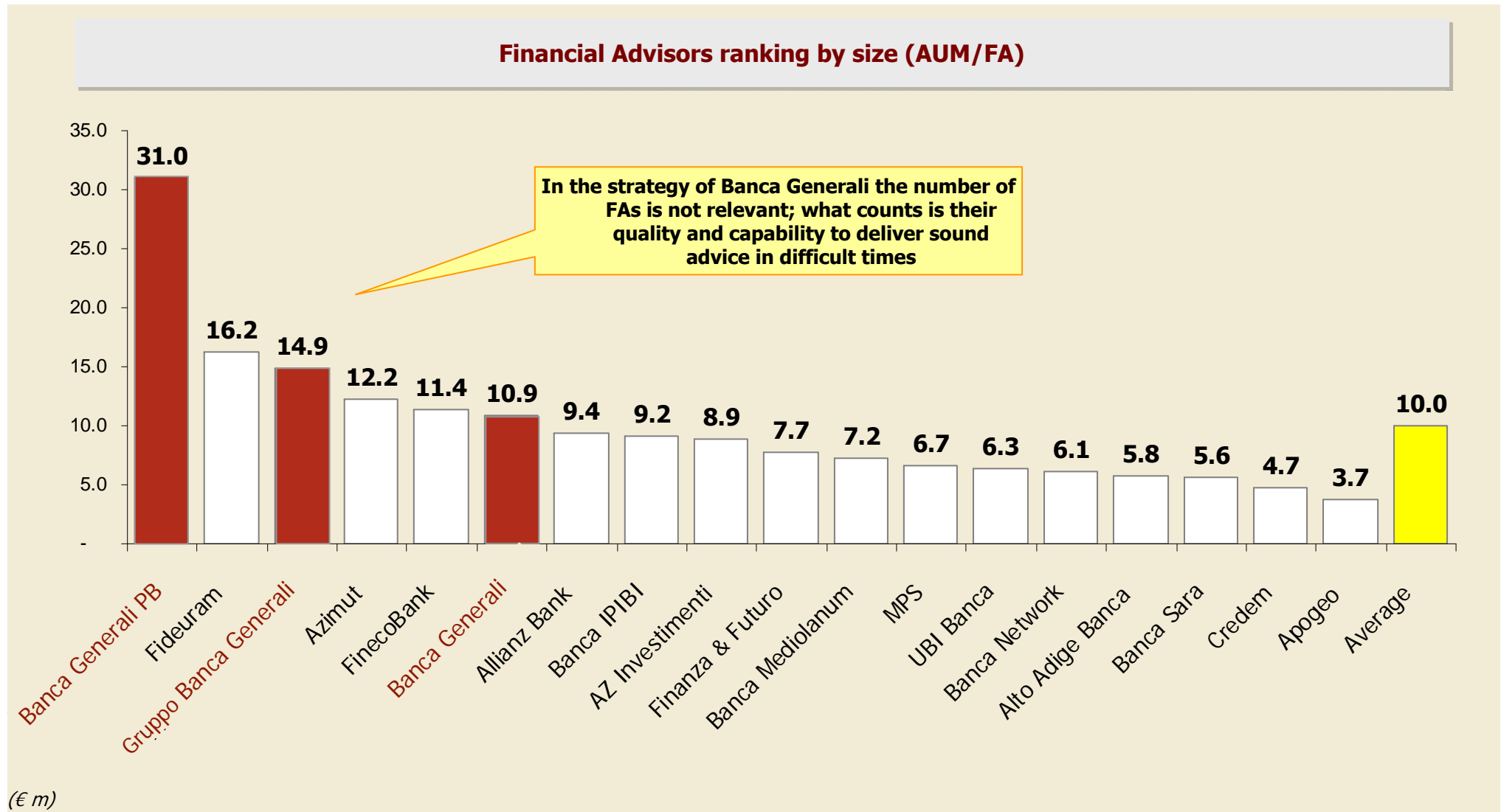
9M10 AUM/FA



- Banca Generali is hiring only top professionals: 32 since the start of 2010
- The average size of the advisors portfolios increased by 7% ytd to €15.2 m
- The company confirms a target of recruiting for 2010 in line with 2009 levels (50 top professionals)

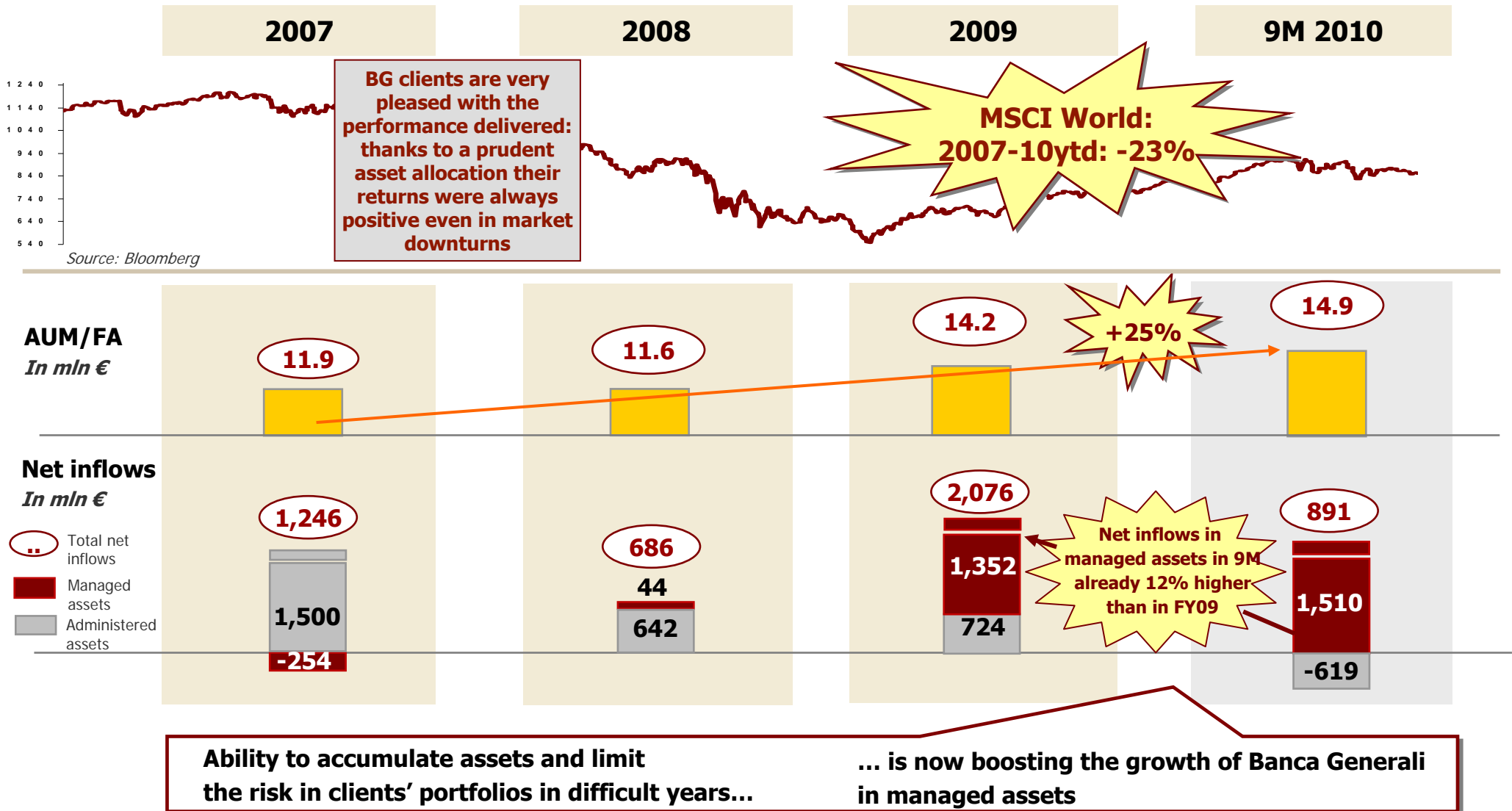
■ AUM already brought in ■ Potential AUM ○ AUM □ N° of FA

The high level of professionalism of our networks is confirmed by the ranking based on the average AUM per advisor



Source: Assoreti – June 2010

In the last four years, Banca Generali successfully enhanced its network, despite unfavourable market conditions



Today's Agenda

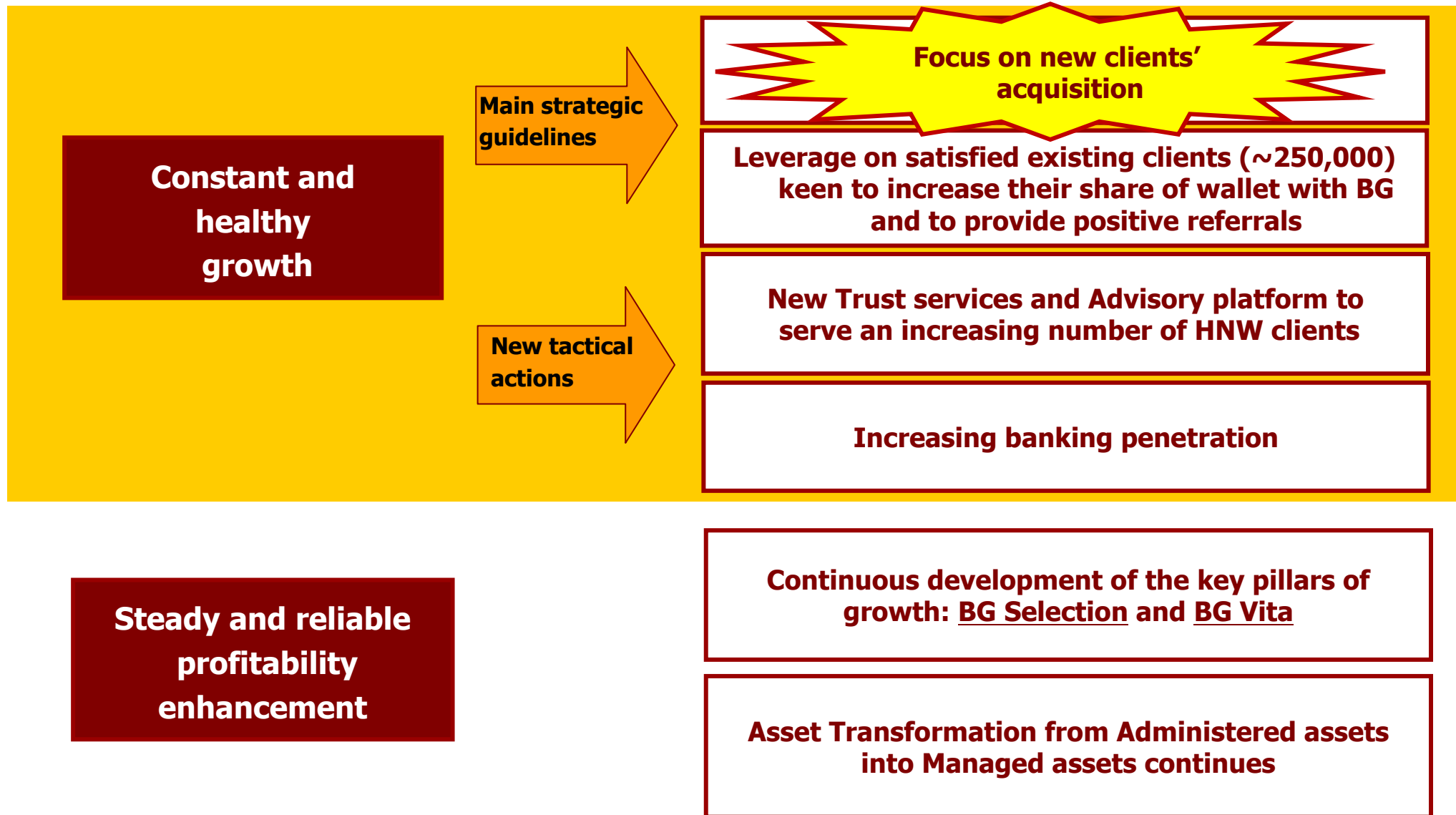
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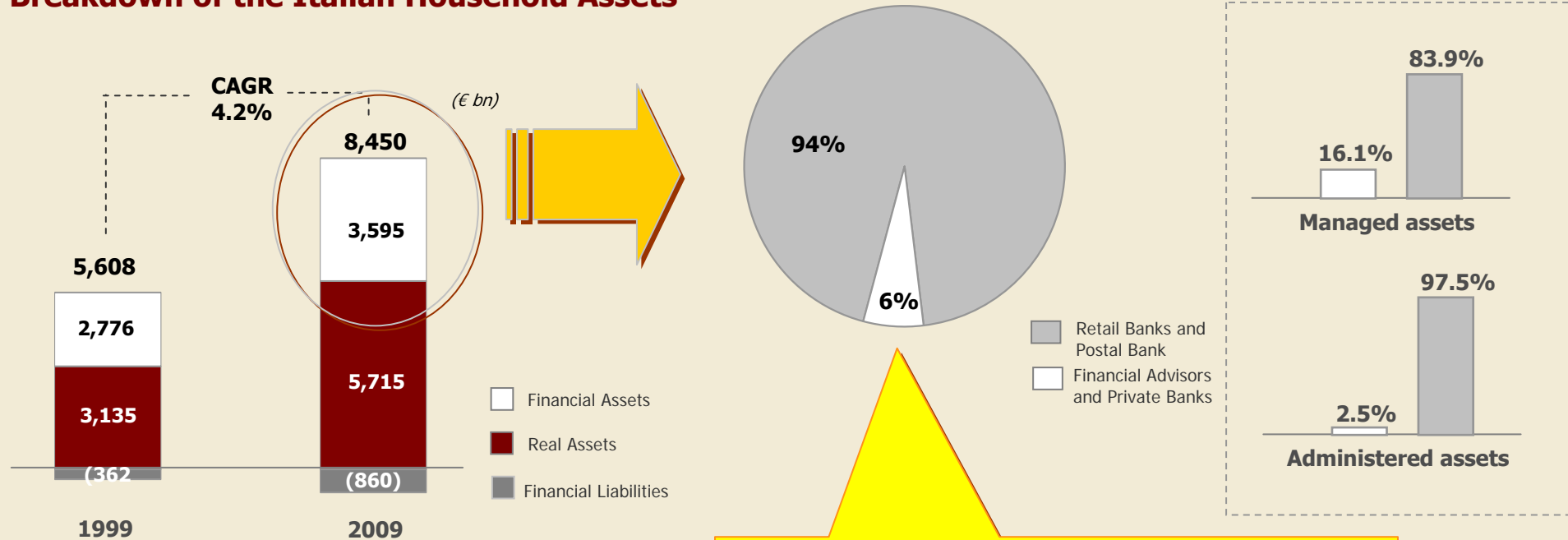
➤ **Closing Remarks**

Banca Generali strategy will continue exactly in the same successful way achieved so far



Size of Italian financial household assets offers unparallel growth opportunities

Breakdown of the Italian Household Assets



Banca Generali aims at growing by acquiring market share

Source: Banca d'Italia

➤ **The Italian household financial assets are worth €3.6 trillion and only 6% of them (€216bn) are managed by specialised players as the financial advisors, while the remaining is managed primarily by traditional retail banks**

Bank's efforts are bringing first encouraging results: a 100% increase in the number of new clients in 2010

On-going positive word-of-mouth

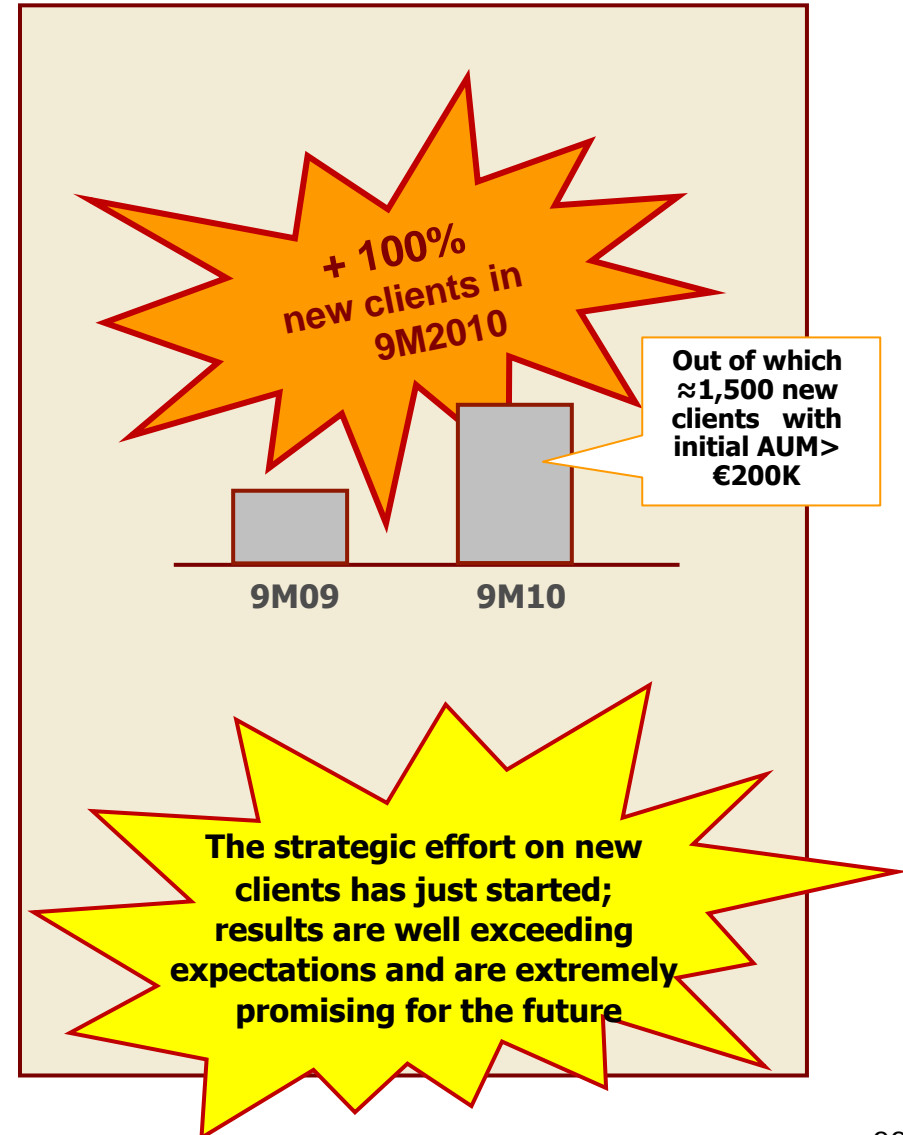
- ✓ Excellent performance delivery with low risk
- ✓ Strong brand reputation

Enormous growth opportunity

- ✓ Lack of focus from traditional retail banks
- ✓ Unrivalled competitive advantage of BG in:
 - Open Architecture
 - New products concept (BG Selection, BG Vita)

Marketing initiatives set to:

- ✓ Enlarge contacts of FAs with new clients
- ✓ Enhance local visibility with no need of expensive advertising campaigns
- ✓ Tight marketing cost control: only €2 million spent in 2010



A new initiative to exploit the need of high profile clients for professional support in trust activities

A new static fiduciary firm, to complete the offer of Wealth Management services of Banca Generali



- **Completing the offer of wealth management services of Banca Generali dedicated to high profile clients**
- **Profiting of new regulation set to drive a major sector consolidation, likely to reduce the number of trust companies from 300 to 50 in the next three years**
- **Targeting the > €50 billion of assets repatriated by law during the last Tax Amnesty through fiduciaries, where many of them are likely not prepared to address client's needs and conform to tight regulating requirements**

New series of conferences with tax experts (as for the tax shield)

BANCA GENERALI. CON TE, OLTRE LO SCUDO.
I convegni con esperti della gestione dei capitali in regime di riservatezza.

ROMA 11 ottobre - MILANO 18 ottobre - PADOVA 19 ottobre - BERGAMO 27 ottobre

Generali, Società Fiduciaria di Amministrazione e Trust del Gruppo Banca Generali, organizza una serie di incontri riservati ai professionisti dell'Italia. Dopo le Scuole Fiscali adempimenti, prospettive e utilizzo dei capitali risparmiati.

INTERFERENDI:

- Prof. Giuseppe Ciracanti, Docente di Diritto Tributario presso l'Università di Brescia.
- Dott. Norberto Anzellù, Studio Anzellù.
- Prof. Emanuele Fliccareo, Docente di Diritto Commerciale e Presidente del Centro Studi Anticorruzione e Compliance.

Per maggiori informazioni e dettagli sul programma chiama il numero 021011421.

GENERFID **BANCA GENERALI**

About 400 tax experts attended the first 4 conferences held in October. New series of conferences to be held at the end of 2010 and at the beginning of 2011

BG Advisory services, a new tool to increase market penetration, mainly with new clients now managed by traditional banks

What is BG Advisory

A highly personalised financial advisory service,
developed in collaboration with

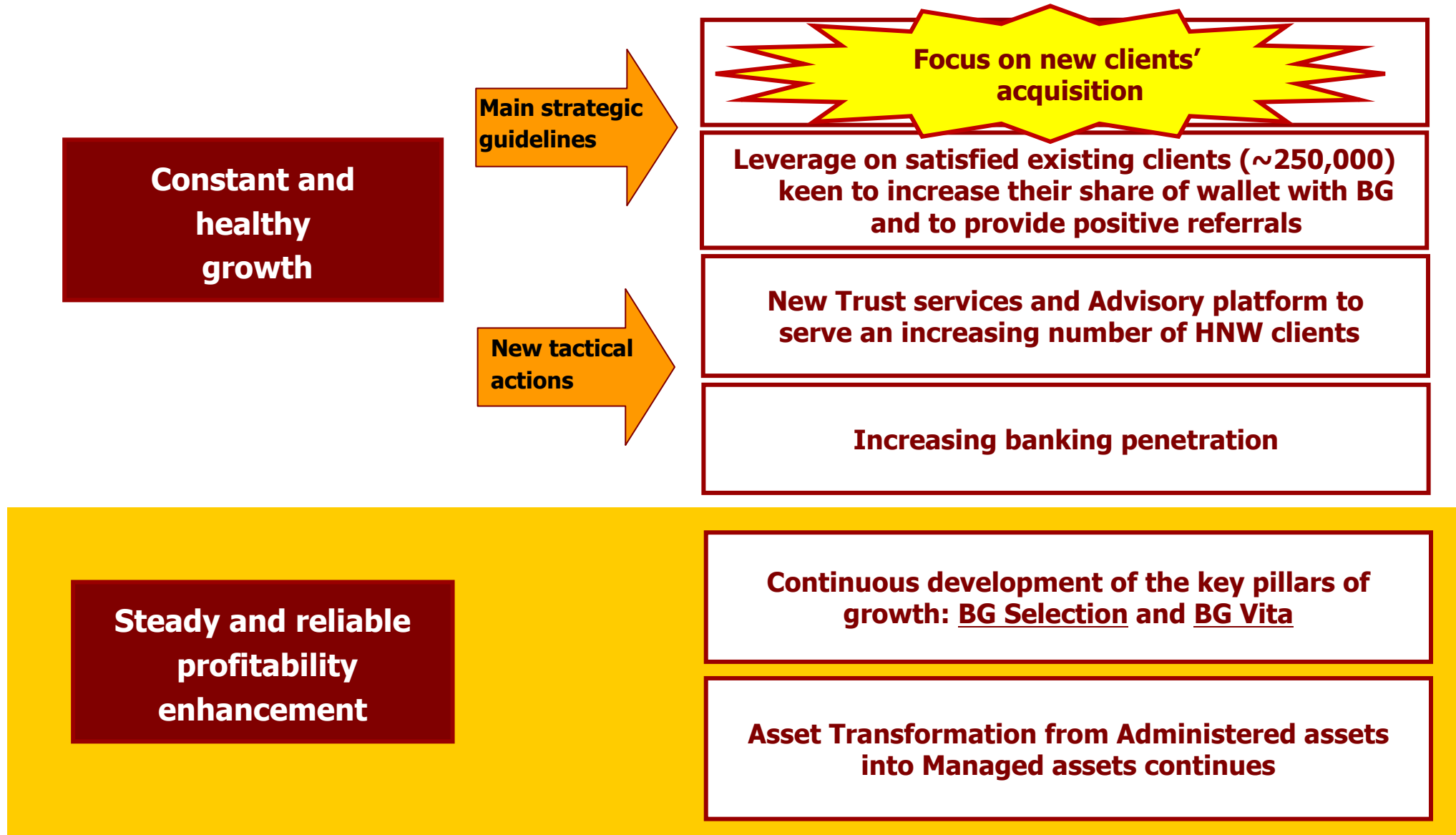


Services to
clients

- Complete financial check-up and real-time portfolio monitoring, even of assets held by other financial institutions
- True "tailor-made" asset allocation for the client
- More than 1,200 financial products available
- A new feeling for the client:
"this bank is really taking care of my investments"

- As of today about 200 FAs use this tool
- BG Advisory will be extended to the entire network from 4Q10

Banca Generali strategy will continue exactly in the same successful way achieved so far



BG Selection is a real "ground-breaking product" now largely imitated; development of new sub-funds will continue to confirm and extend its success

All underlying assets are made of third-party funds

Multi-manager Funds of Funds



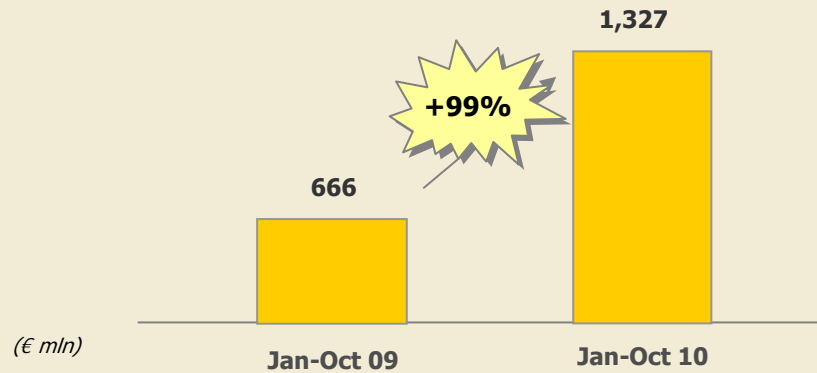
Single-manager Funds of Funds

New 3Q10 launches

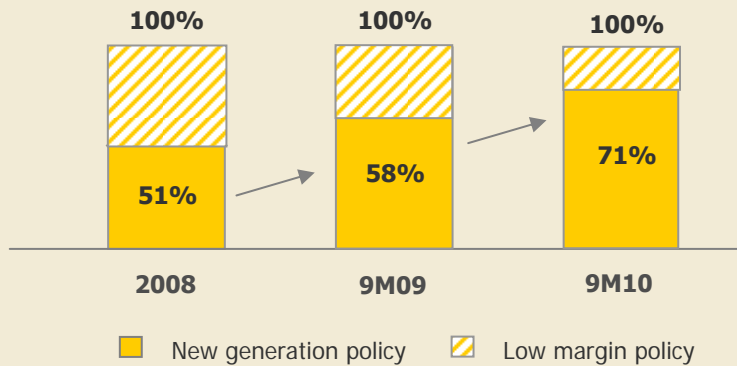
Equity Funds	Regional	Italy	Pacific	Eurizon Selection Europe 	Pictet Global Megatrend
		North America	Europe		
		Alpha Generation	Global Diversified		
	Global	Global Dynamic		Vontobel Global Elite 	HSBC Emerging Markets
		Latin America	China & India	Invesco Asian Global Opp. 	BNY Mellon Dynamic Emerging Mkts
	Emerging Specialist	Eastern Europe	Africa & Middle East		
Absolute Return / Multi Strategy			ARC	Global Risk Managed 	Morgan Stanley Active Allocation Morgan Stanley
	ARC10		Black Rock Global Multi-Asset BLACKROCK	Swiss&Global Flexible Strategy 	NEW Banca Leonardo Leonardo Navigator
	3S		CAAM Momentum Amundi 	Lyxor Multi Hedge LYXOR <small>EXCHANGE TRADED FUNDS BY SOCIETE GENERALE GROUP</small>	NEW BARCLAYS CAPITAL Alpha Select
			Lemanik Italian Investor 	Kairos Blend KAIROS Partners SGR	NEW J.P.Morgan Asset Management Best Ideas
Fixed Income	Money Market	Euro Liquidity	<p>New sub-funds are under evaluation (to be launched in 2011)</p>		NEW EDMOND DE ROTHSCHILD Select Alpha

Life insurance remains a core pillar of Banca Generali offer

Life new business



An increasingly better asset mix



An unrivalled offer to the clients that will continue in 2011

- Capital guarantee provided by the soundest Italian insurer (Assicurazioni Generali)
- High yields, with low volatility expected

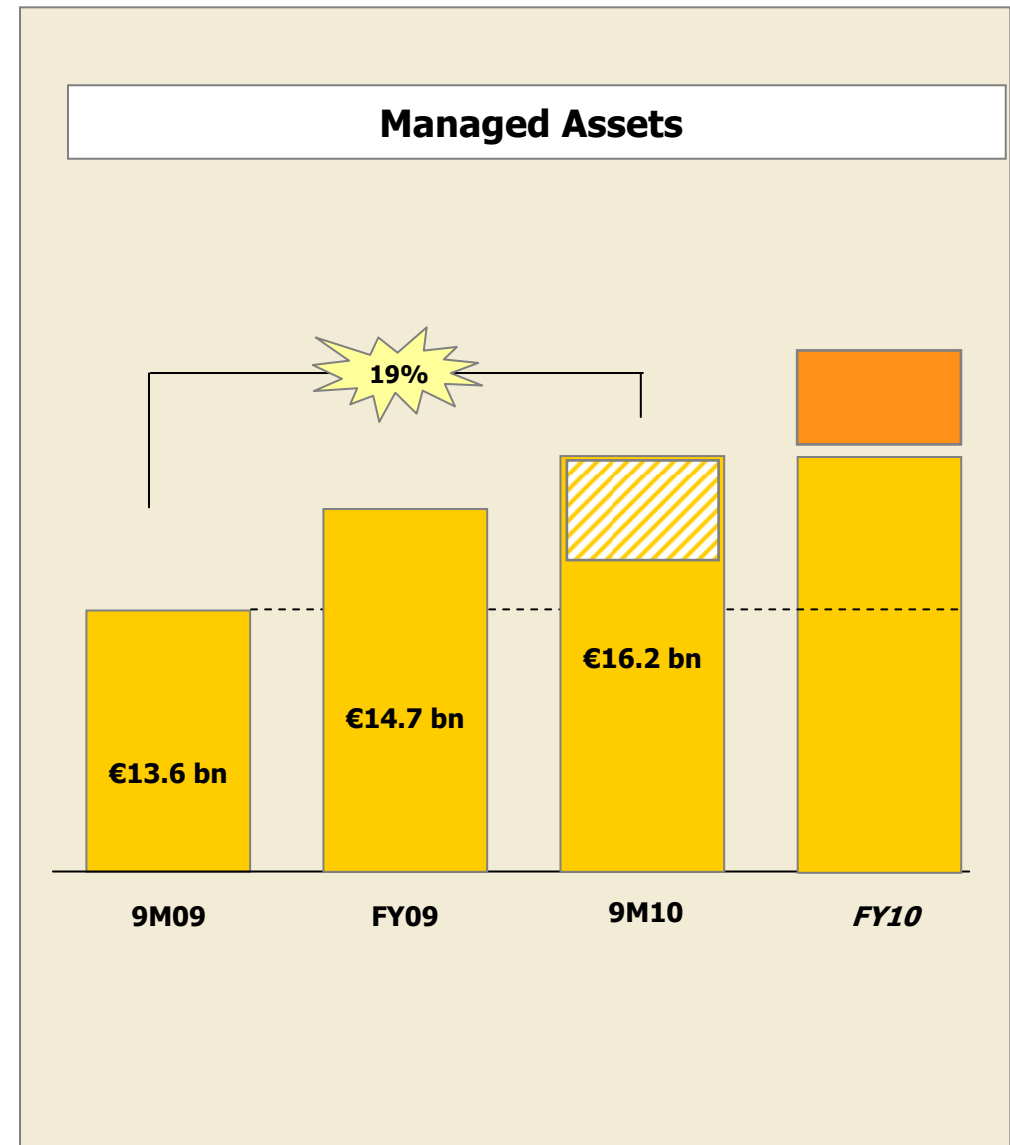
In a nutshell: "The safe haven for my investments"

A perfect tool for:

- Attract new assets
- Capture new clients

Asset transformation continues to be a key pillar of current business strategy

AUM	Asset category
1.5 bn	Third-Party Funds
2.0 bn	Life insurance policy close to expiry
6.8 bn	Administered Assets



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➤ **Closing Remarks**

Banca Generali well placed to post a sound and steady growth

We can leverage on two formidable assets

Networks' satisfaction:

The result of a long-term strategy in the FA's profile, working tools, product platform and "company awareness" is bearing fruits

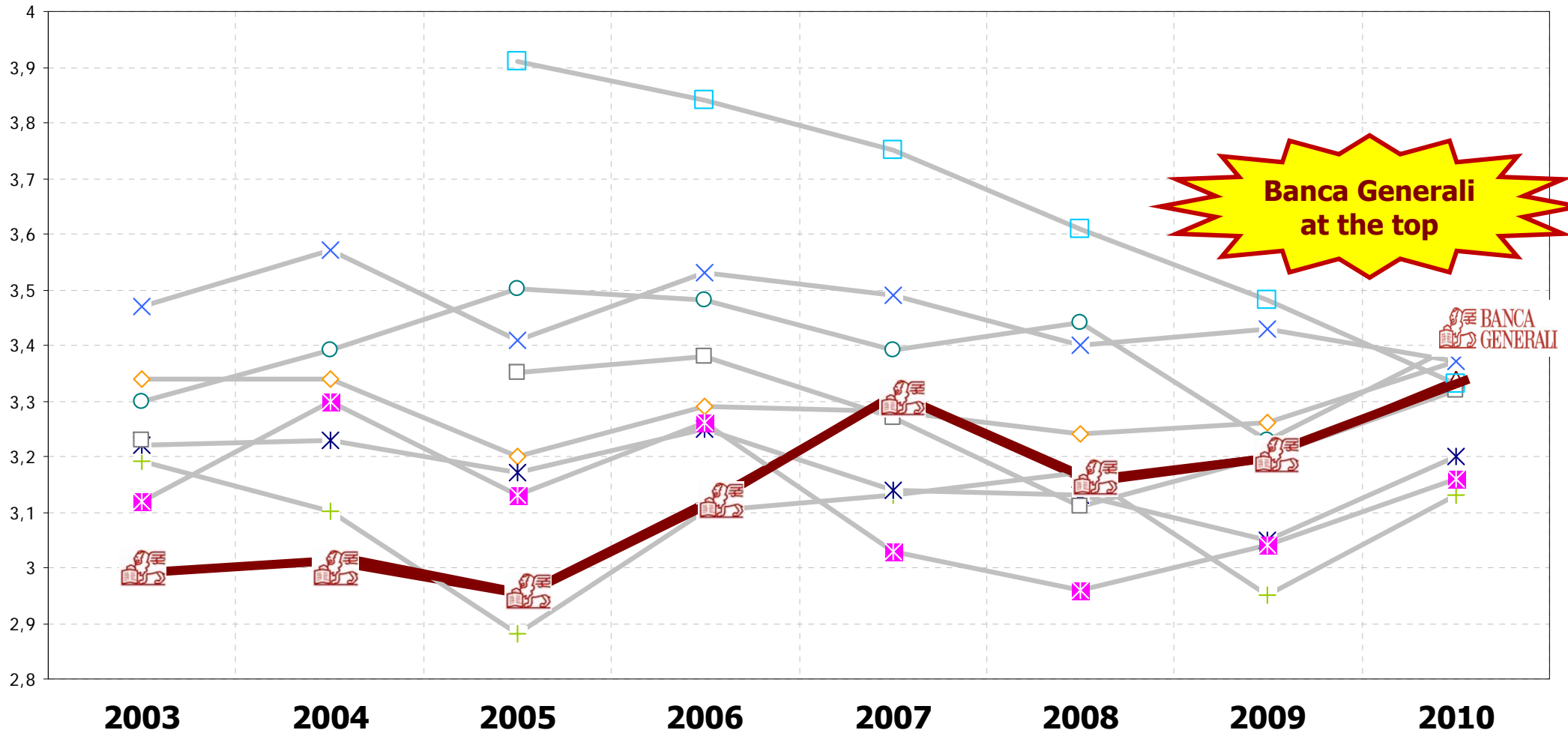


**The perfect mix to grow
in a sound way**

Clients' satisfaction:

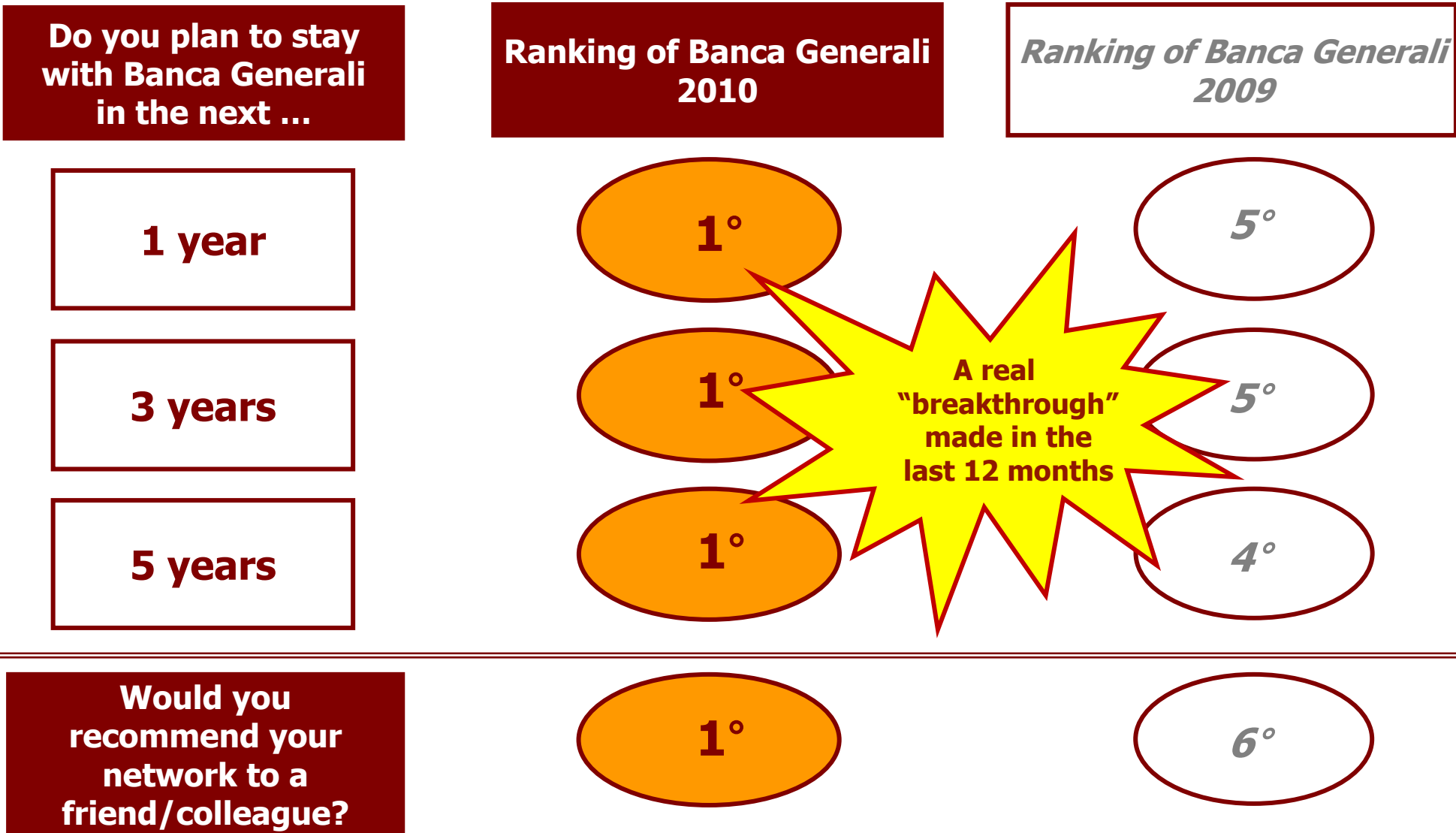
Excellent performance delivered, promises always respected, appropriate asset allocation choices in difficult times, low risk taken in their portfolios

Results of Eurisko annual survey on Financial Advisors satisfaction of the 9 major networks



Other companies participating in the survey:
 Allianz Bank, Azimut, Banca Fideuram, Banca Mediolanum,
 Banca Sara, Finanza & Futuro, Fineco, San Paolo Invest

The real measure of network fidelization



The new paradigm for growth launched at end of the 2009 is starting to deliver results

The growth of Banca Generali will be driven by:

Traditional growth drivers:

**NO**

- costly recruiting policy
- off-market conditions to attract clients in liquidity products
- expensive advertising campaigns

***A new Paradigm*****YES**

- focus on **organic growth to gain market share** through:
 - ✓ quality of existing network
 - ✓ exploitation of increasing clients' disappointment with the way banks are managing their assets
 - ✓ increased quality delivered to clients (service, product and performance)

Banca Generali is proving that:

- It is possible to grow in any market condition
- It is possible to generate good performance for the clients, with low risk investments and controlled volatility

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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