

# Banca Generali



**UBS** Italian Financial Services Conference  
“Growth: Hope or Reality?”

Milan, January 21, 2010

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## Today's Agenda: "Growth: hope or reality?"

➤ **A reality in 2009 for Banca Generali ...**

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➤ ... and much more than a hope for 2010 and beyond

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➤ Closing remarks

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## 2009: the best one in the 10 years history of Banca Generali

### 9M09 results: key achievements

- Strong net profit growth in the first 9 months (€45.6 million vs. €5.3 million, +765% yoy)
- Costs well under control with an action plan to further decrease them in 2010

### 2009 Year End results

- Booming net inflows at €2,076 million, out of which more than €600 million from organic growth
- Tax Amnesty was a major success for Banca Generali with about €2.1 billion assets repatriated through 4,000 contracts, more than 50% of which arising from new clients
- Strong yoy increase in AUM, reaching €22.2 billion (+17% yoy)
- Total managed asset performance was an outstanding 13.2%, out of which the fund performance of in house funds was 16%, well above the industry (6.4%)

## Consolidated 9M09 Profit and Loss Account: main takeaways

(€ mil.)	9M 08 (reported)	9M 09 (reported)	% Chg
<b>Net Interest Income</b>	<b>43.4</b>	<b>38.6</b>	<b>-10.9%</b>
Commission income	182.1	216.2	18.7%
Commission expense	-92.5	-79.4	-14.1%
<b>Net Commission</b>	<b>89.6</b>	<b>136.7</b>	<b>52.6%</b>
Net income (loss) from trading activities	-41.4	-39.5	-4.8%
Dividends	32.7	58.1	77.7%
<b>Net Banking Income</b>	<b>124.2</b>	<b>194.0</b>	<b>56.1%</b>
Staff expenses	-38.2	-47.3	23.9%
Other general and administrative expense	-56.4	-67.4	19.5%
Total costs	-94.6	-114.7	21.3%
<i>Cost /Income Ratio</i>	<i>71.5%</i>	<i>56.1%</i>	<i>-15,4 p.p.</i>
Other net operating income (expense)	5.8	5.9	2.8%
<b>EBITDA</b>	<b>35.4</b>	<b>85.2</b>	<b>140.6%</b>
Depreciation and amortisation	-3.5	-4.1	14.2%
<b>Operating Profit</b>	<b>31.8</b>	<b>81.1</b>	<b>154.7%</b>
Net adjustments for impair.loans and other assets	-5.5	-6.2	13.1%
Net provisions for liabilities and contingencies	-17.4	-20.0	14.9%
<b>Profit Before Taxation</b>	<b>9.0</b>	<b>55.0</b>	<b>513.0%</b>
Direct income taxes	-1.1	-7.4	n.m.
<i>Tax rate</i>	<i>12.3%</i>	<i>13.5%</i>	<i>1,2 p.p.</i>
Income/(losses) after tax on assets held for sales	-2.6	-1.9	-26.1%
<b>Net Profit</b>	<b>5.3</b>	<b>45.6</b>	<b>764.8%</b>

- **Strong banking income** driven by buoyant commissions and trading more than counterbalancing the interest income decrease linked to the short term interest rate trend

- Cost management remains well under control with **cost/income ratio** down by 15 p.p. even after accounting for several one-off charges

- **EBITDA** more than doubled yoy

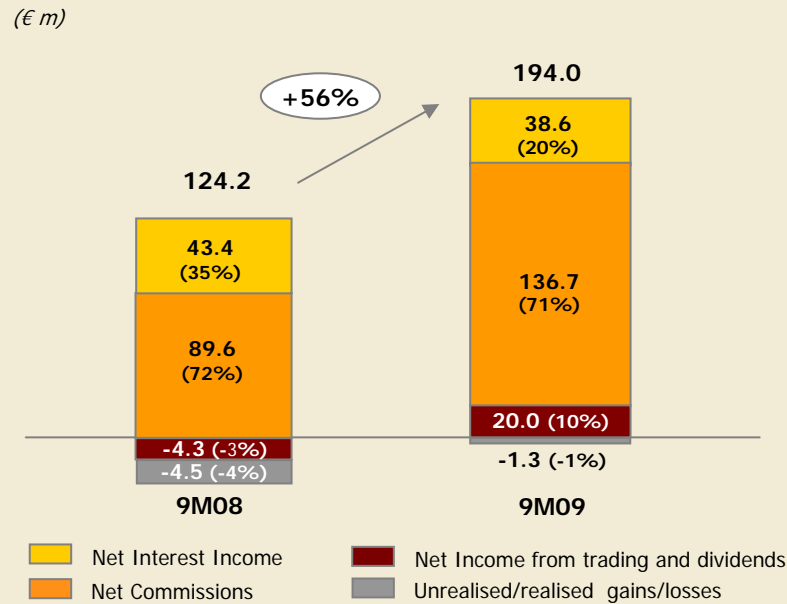
- **Higher provisions** linked to more conservative assumptions and more intense recruiting

- **Pre-Tax Profit increased by >5x**

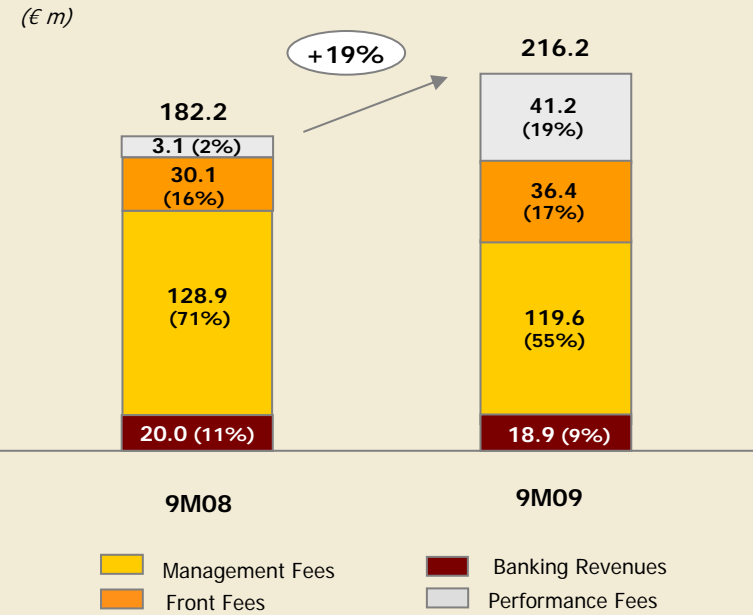
- **Net profit increased by 9x**

# Strong top line growth with revenues increasing by almost 60% yoy

## Breakdown of Net Banking Income

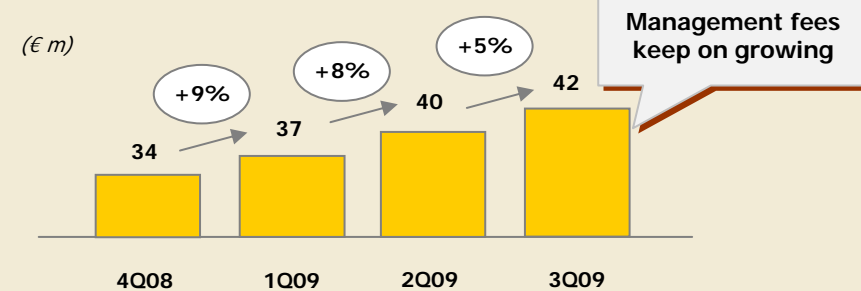


## Breakdown of Gross Commission



- **Recurring fees representing 81% of total gross fees, even after accounting for variable commissions**
- **Net interest margin held up** well even in a contest of falling interest rates

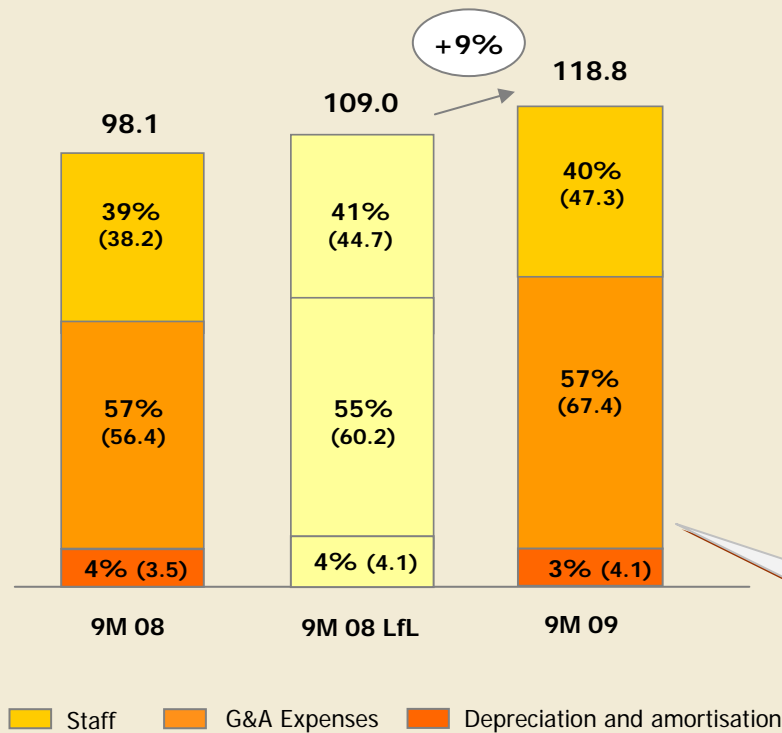
## Management fees (qoq change)



## Cost management remains tight, with a further decrease in costs expected in 2010 and beyond

### Operating Costs Breakdown

(€ m)

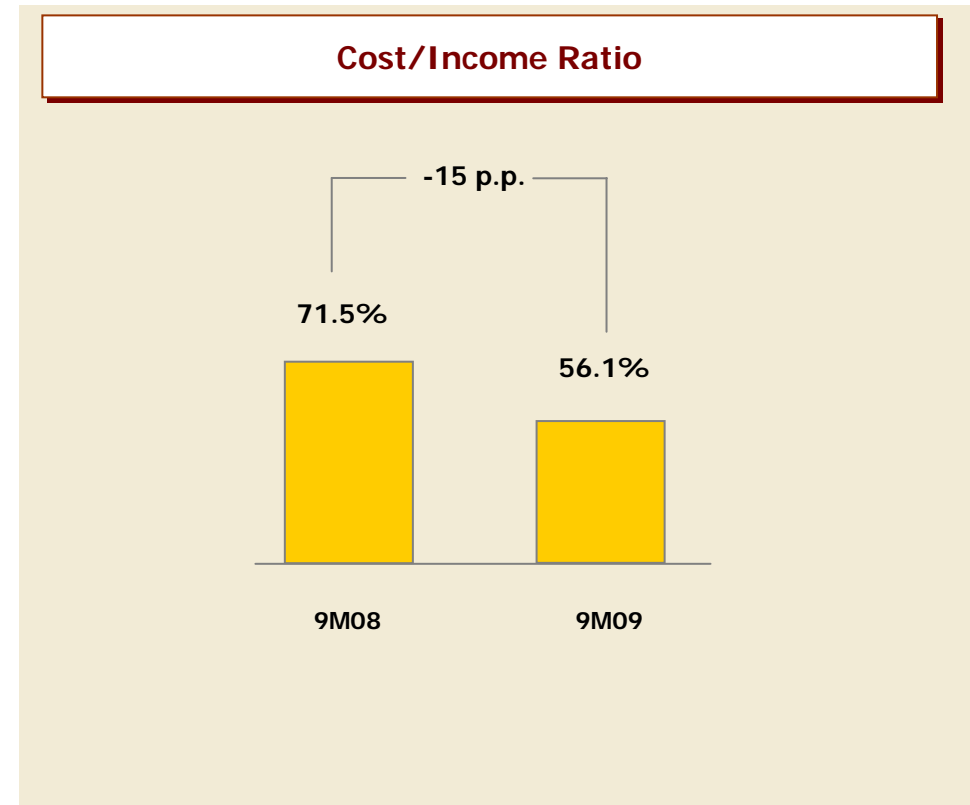
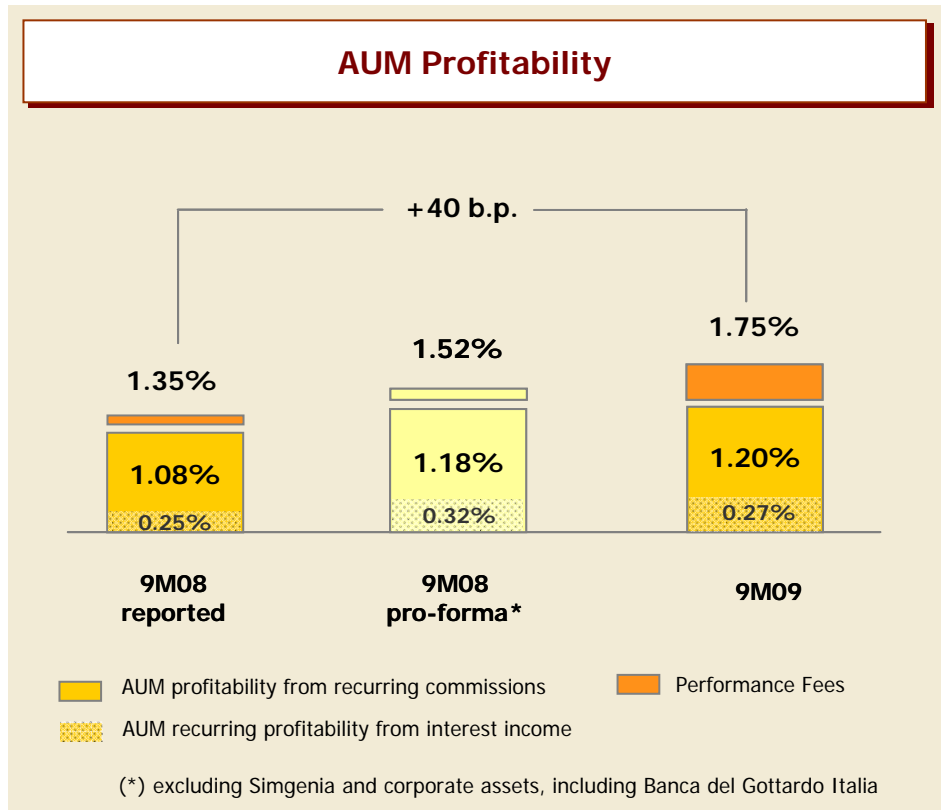


### Outlook for next years

- For 2010 a decrease in operating costs is expected thanks to a number of cost cutting actions:
  - merger of BSI Italia into Banca Generali
  - streamlining of distribution and IT processes
- Significant operative cost leverage for next years thanks to the sharp asset growth and tough cost control

9M09 costs were affected by €7 million of one-off charges due to the BSI merger, IT projects and the launch of the new website

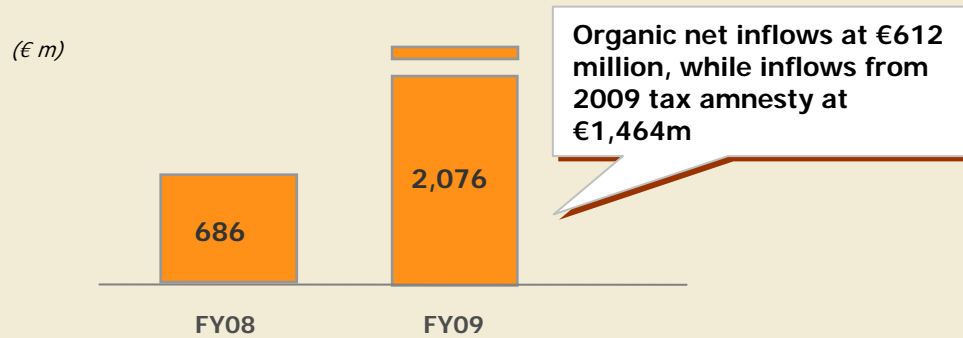
## Profitability ratios sharply improving compared to last year



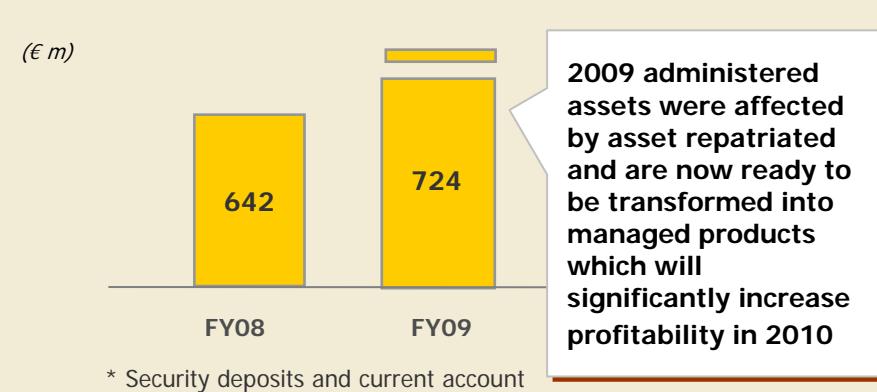
- AUM profitability improved yoy both on a reported and on a pro-forma basis
- Sharp yoy increase in the contribution to AUM profitability from commissions (+12 bps on 9M08)
- The Cost/Income ratio is very near to the long-term target of 50%

## Quality of net inflows sharply improved in 2009 both in terms of business mix and volumes

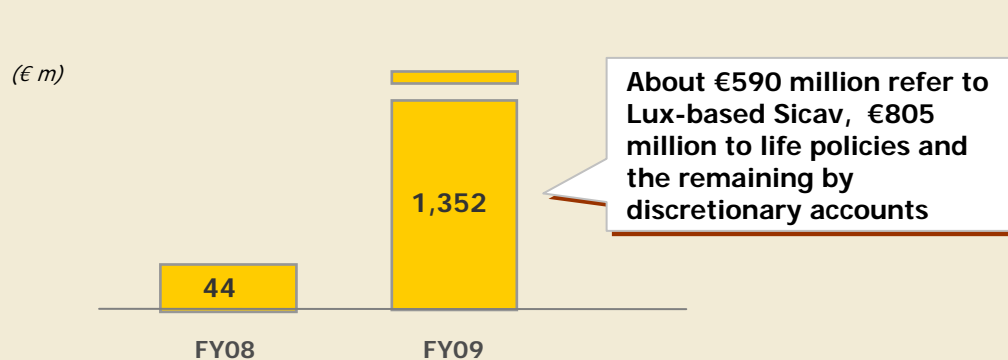
### 2009 Net Inflows



### Net Inflows in Administered Assets\*



### Net Inflows in Managed Assets\*



### Net Inflows in new strategic products



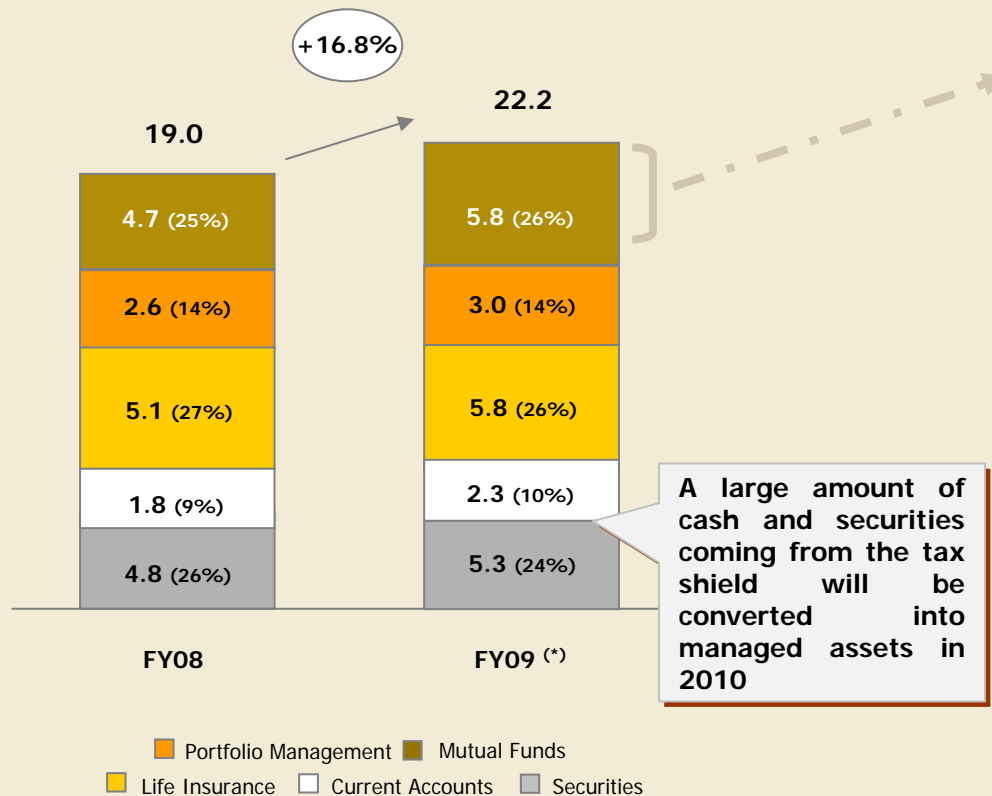
\* Mutual Funds, Managed Portfolio and Life Insurance



## 2009 total assets sharply increased to €22.2 billion, +16.8% yoy

### Banca Generali Assets Breakdown

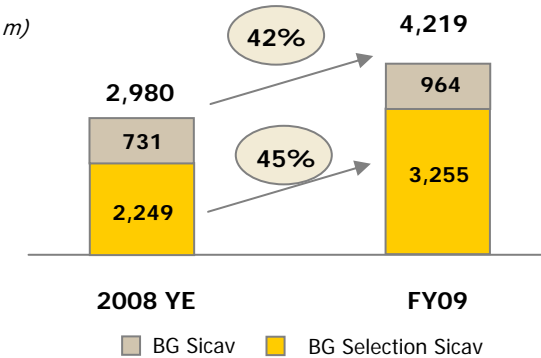
(€ bn)



(\*) preliminary estimates

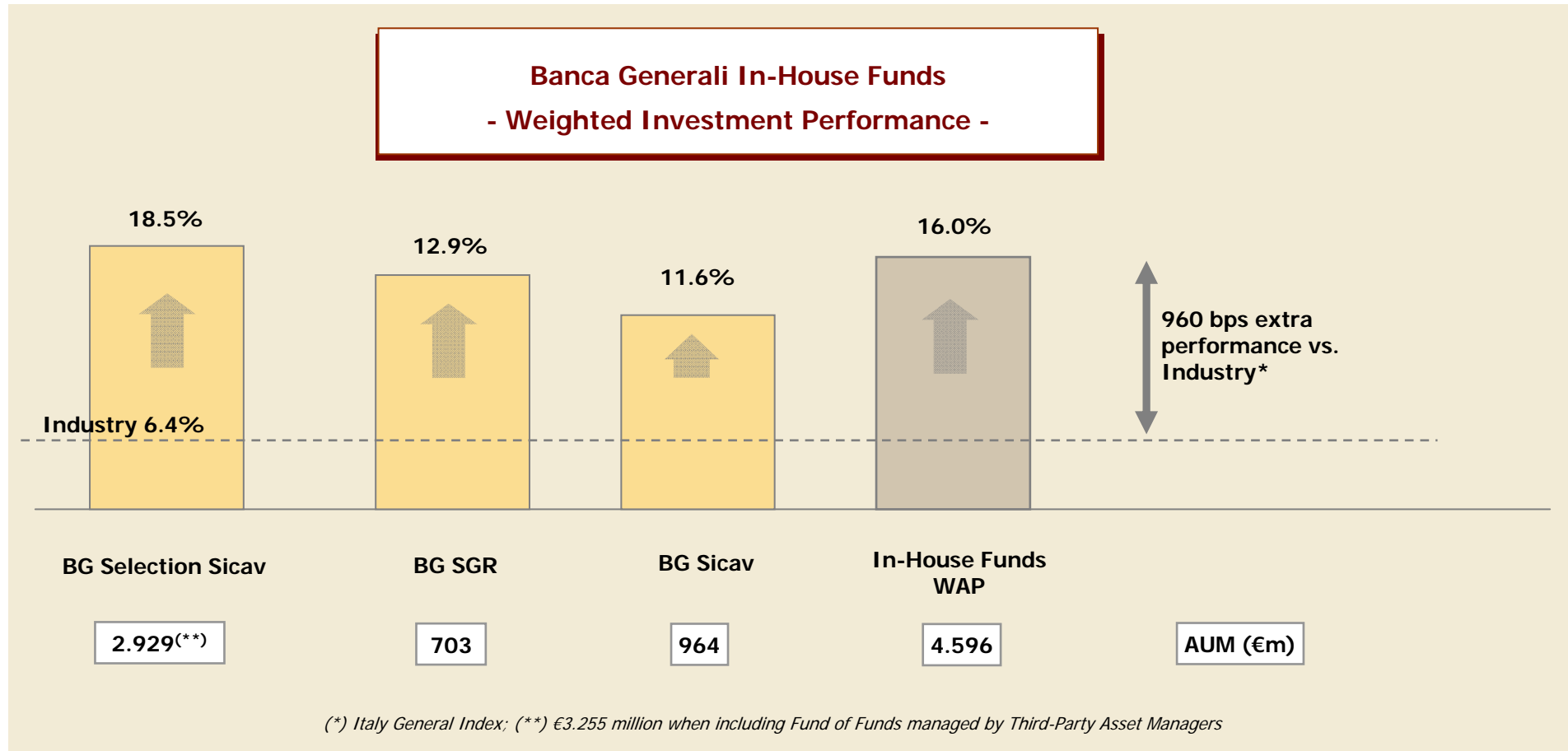
### Lux-based Assets managed by GFM

(€ m)



- Total assets increased by 16.8% yoy to €22.2 billion, with a 8.3% average performance excluding life maturities
- Total managed assets (incl. insurance) were up by 18% yoy to €14.6 billion, representing 66% of total assets (vs. 65% in 2008)
- Lux-based assets grew by 42% yoy, driven by FoFs (+45% yoy)

## In-house funds continue to deliver an excellent performance, well above industry average



➤ Banca Generali in-house funds/SICAVs posted a WAP of 16% in 2009, well above the Italian industry average of 6.4%

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➤ ... and much more than a hope for 2010 and beyond

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➤ Closing remarks

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**Large room to acquire new clients and possibility to exploit turmoil in the competitive scenario**

**Comprehensive product offer and excellent performance delivery**

**High recognition and reputation, further enhanced by recent tax shields**

**High client satisfaction, highly committed network**

**UNIQUE GROWTH OPPORTUNITY FOR BANCA GENERALI TO ACQUIRE NEW CLIENTS AT ZERO COST**

**GROWTH IS MUCH MORE THAN A HOPE FOR 2010 AND BEYOND**

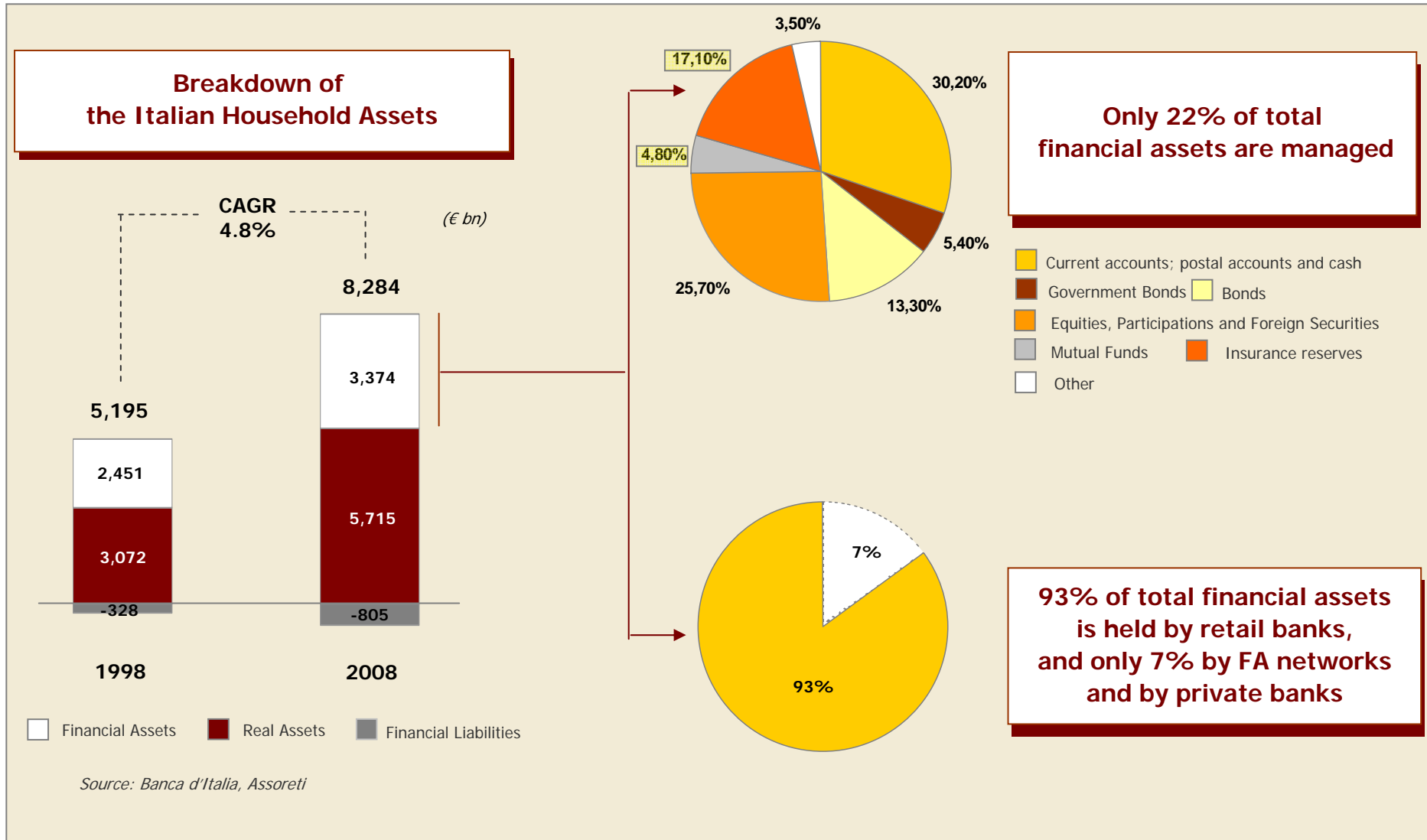
**EXCELLENT TREND IN THE KEY BUSINESS DRIVERS**

- ✓ **Increasing AUM profitability**
- ✓ **Cost reduction**

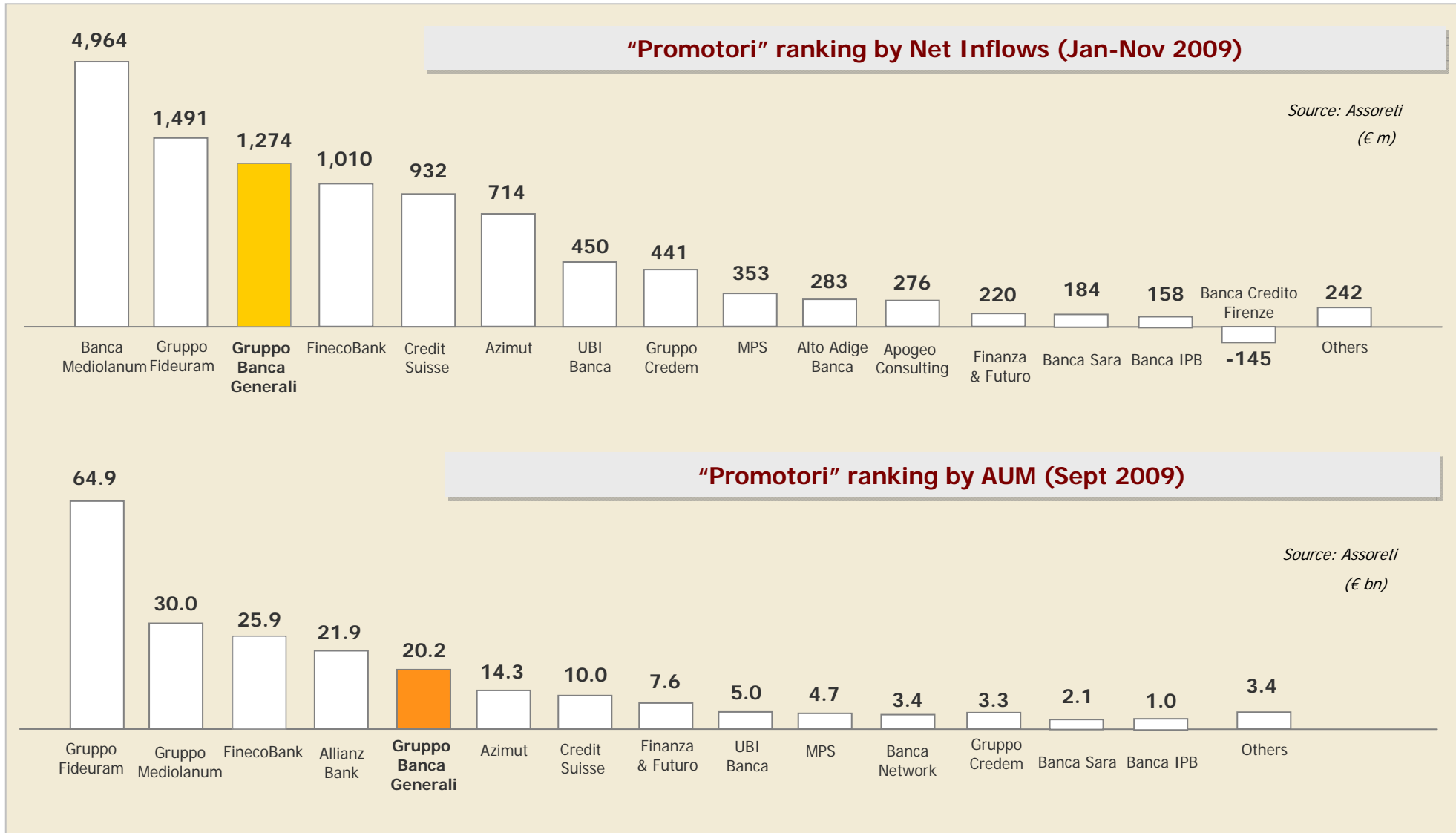
- ✓ **Exploiting growth potential from new high-worth customers acquired with 2009 Tax Amnesty**
- ✓ **Profiting from 2010 Tax Amnesty**

- ✓ **Take advantage of excellent recruiting opportunities**

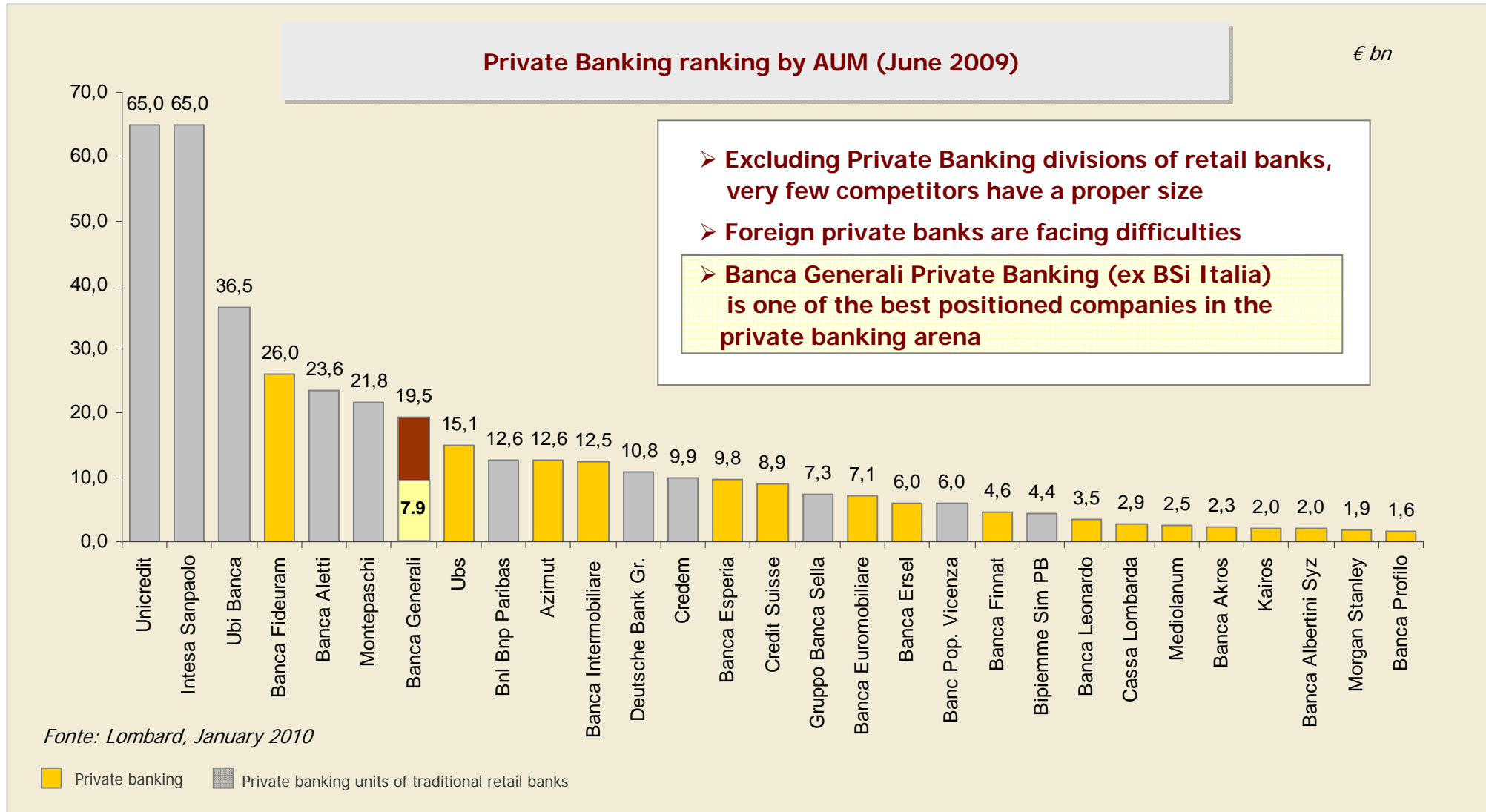
# Italian market has excellent room for qualified competitors able to provide a real "financial advice"



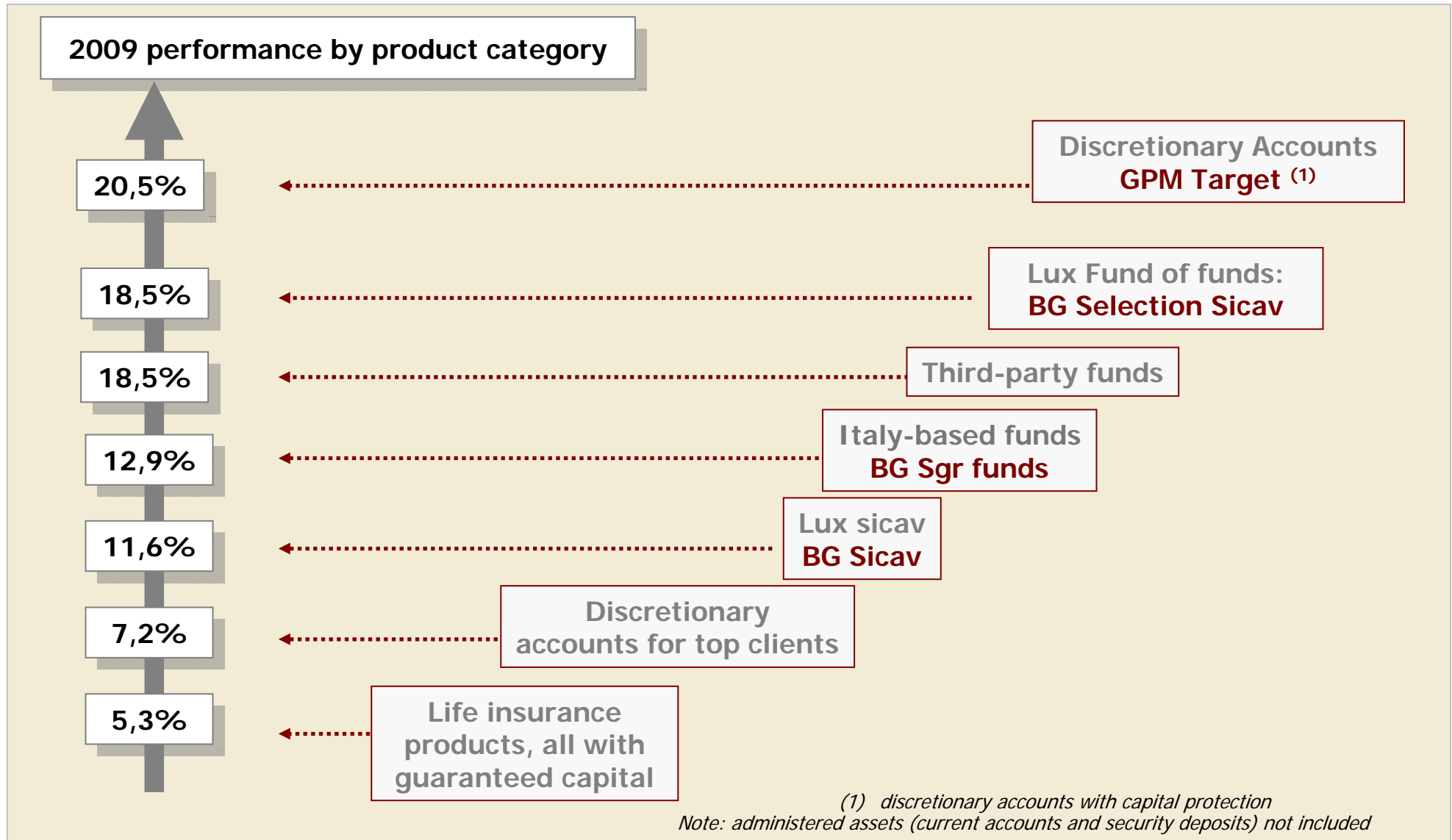
## Gap between the fastest growing networks and the others is widening: preparing for the next phase of consolidation



## After the crisis and the tax amnesty, the private banking business is deeply transformed

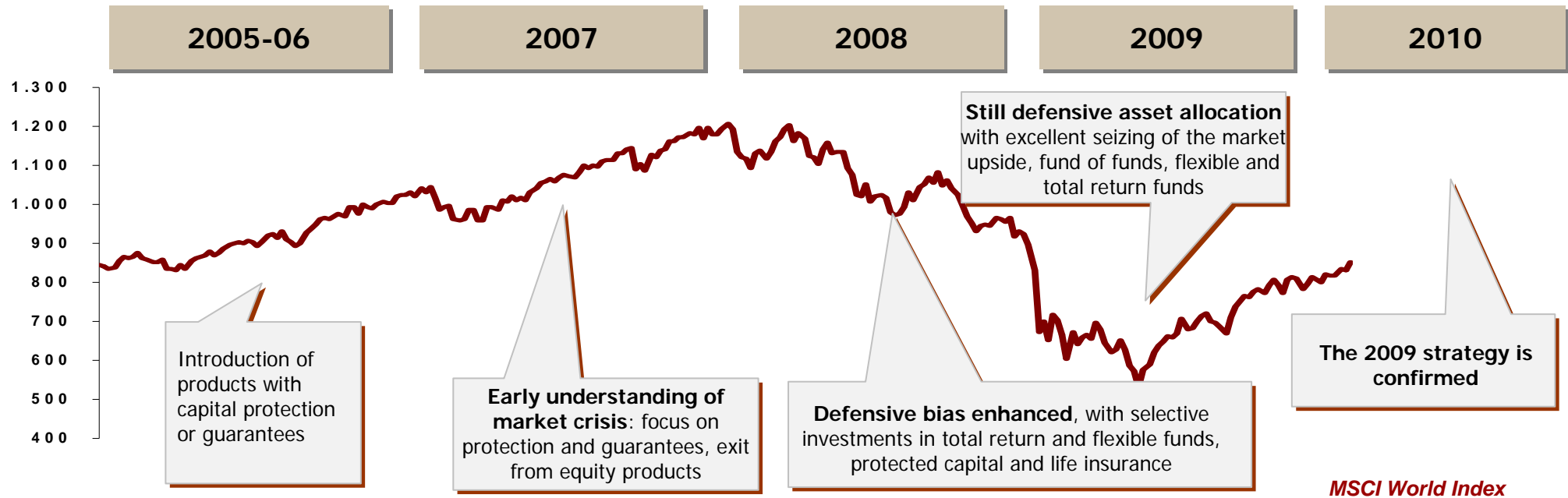


## Excellent performance delivery in 2009 throughout all current product range





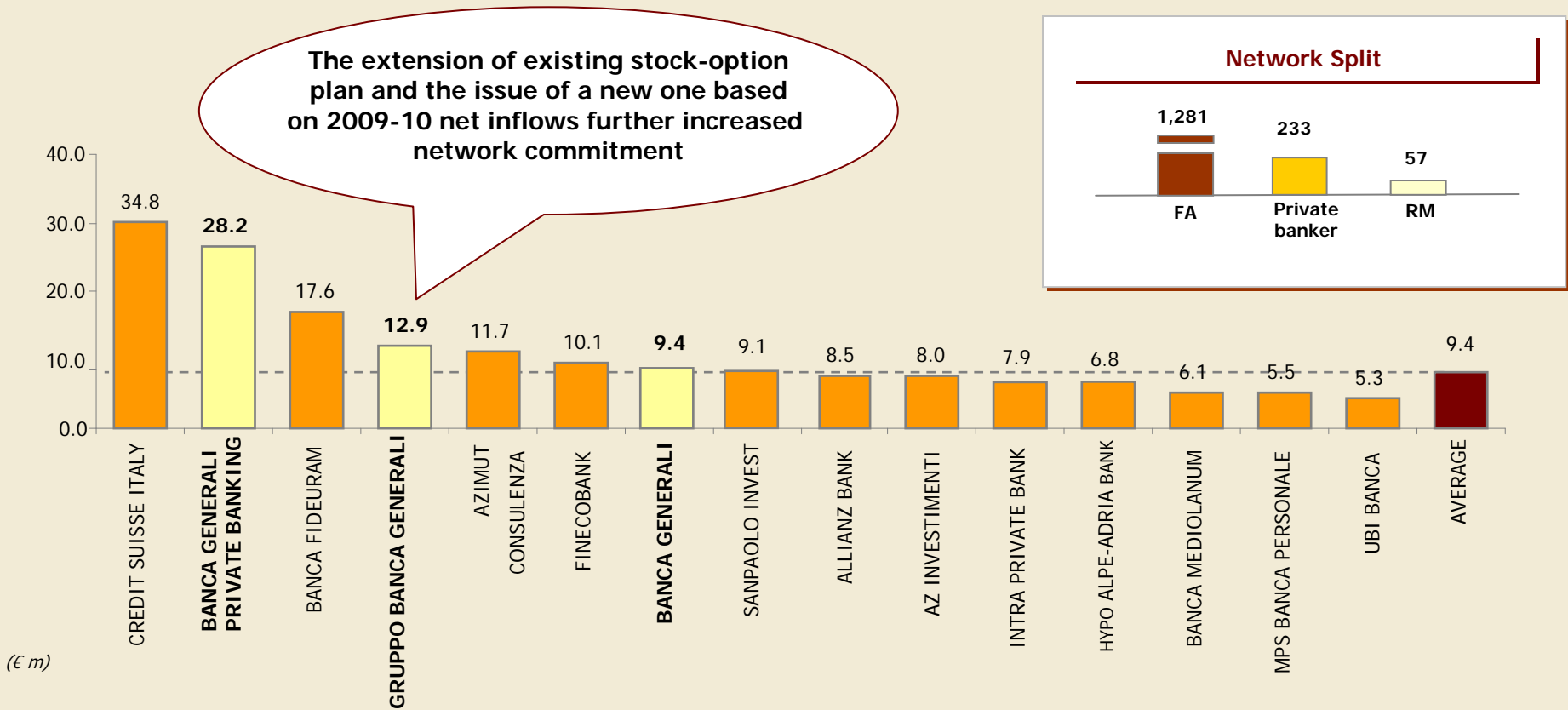
## Investment strategy proved very successful in the latest 5 years, allowing growth with both existing and new customers



<p><b>Launch of two insurance products with capital protection</b>                      ( <b>BG Protection</b> ) and capital guarantee                      ( <b>BG Security</b> )</p>	<p><b>Launch of discretionary account with capital protection</b>                      ( <b>BG TARGET</b> ), Lux-based flexible and total return Sicav</p>	<p><b>Major push of a traditional policy <b>Rialancio</b> 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>BG Valore</b> launch of new FoF managed by third-party</b></p>	<p><b>Insurance: new policy investing more in equity and corporate <b>BG Valore Plus</b> and <b>BG Evolution</b> more managed products</b></p>
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## 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 – September 2009

(\*) Both stock option plan proposals will be submitted by Banca Generali BoD before next Ordinary Shareholders meeting

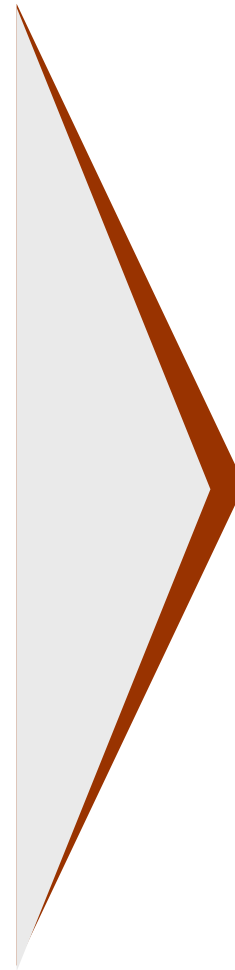
## Enhancing AUM profitability levels through Asset transformation

Switch from lower profitability products ...

**Retail Funds**  
**€2.5bn assets**

**Life insurance policies close to maturity and Rialancio policies**  
**€2.5bn assets**

**Administered Assets**  
**€7.6bn assets**



... to more value-added products for clients and with higher margin for the company

**BG SELECTION**

32 lines of Fund of Funds: 23 managed in-house and 9 by primary international asset managers

**BG  
Valore Plus**

Traditional policy linked to a new segregated fund investing up to 50% of its assets in corporate bonds and equity

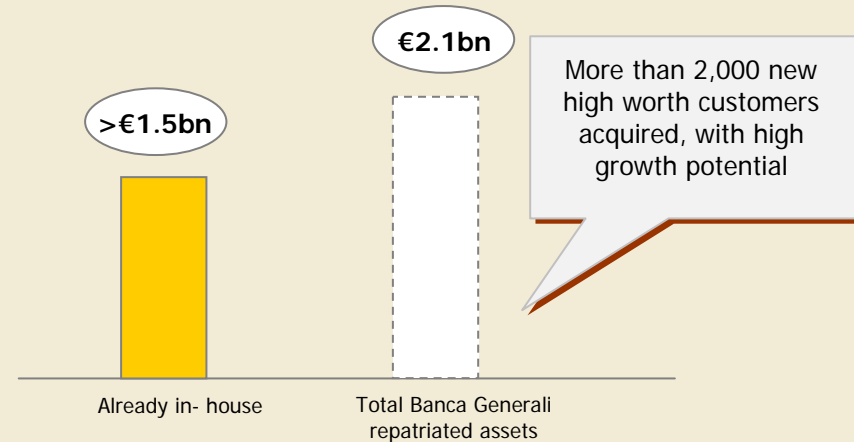
 **BG TARGET**      **BG SGR**  
**BG FIDUCIARIA**

Discretionary account with either capital protection, total return or fiduciary

## 2009 Tax Shield proved an excellent growth opportunity for Banca Generali, with more than 2 billion assets repatriated



### Assets repatriated by Banca Generali (Oct/Dec 2009)



- Higher than expected share of repatriated assets already in-house (€1.5 billion at the end of December out of total €2.1 billion expected)

- More than 4,000 contract signed, out of which more than 50% by new clients

- 37% of repatriated assets already invested in managed products (the life policy BG Valore, the Lux-based FoF BG Selection Sicav, discretionary accounts) with the target of reaching a 50-60% share in 2010

## 2010 Tax Shield is only for specialists: Banca Generali is definitively one of them

- **New road-shows for registered accountants in key centers (Milano, Torino, Bologna, Padova) to update on changes in tax/legal features**
- **A dedicated advertising campaign on all main Italian newspapers and magazines**
- **Cooperation with some of the most prestigious accountant and tax consultants (Studio Simonelli, Studio Arquilla)**
- **Specific training for the distribution network**
- **A 20 people operative task force for operations, legal support and compliance**



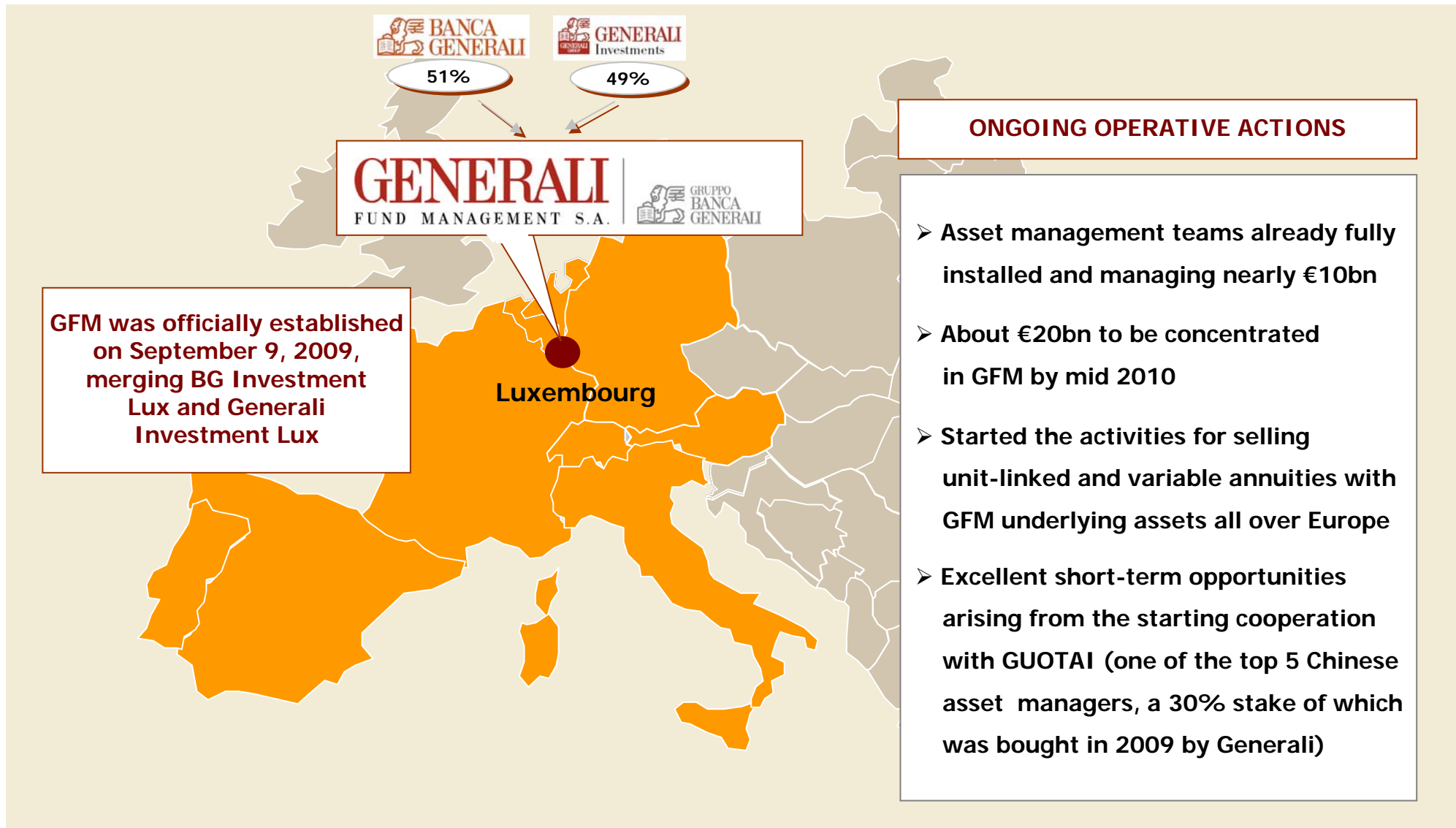
**SCUDO FISCALE 2010. LA NOSTRA ESPERIENZA PER LA VOSTRA SICUREZZA.**

Se non avete ancora usufruito dello scudo fiscale, è il momento di farlo con Banca Generali, la banca che può assistervi con la massima sicurezza e competenza anche nelle operazioni di elevata complessità. Affidatevi a Banca Generali, il migliore alleato per consigliarvi e proteggervi. Oggi ancora di più.

Appuntamenti con le conferenze "Riapertura dei termini dello Scudo Fiscale: l'esperienza di Banca Generali per gestire al meglio la seconda fase".  
TORINO 22/01 - BOLOGNA 25/01 - MILANO 26/01 - PADOVA 27/01.  
Le conferenze sono organizzate in collaborazione con lo Studio Simonelli Associati e lo Studio Arquilla.  
Per maggiori informazioni chiama il numero 040.7777317.



## Generali Fund Management well in line with development plans



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➤ **Closing remarks**

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## A simple, yet very hands-on growth strategy

### ➤ **Assets Development**

- organic growth both on
  - ✓ existing clients
  - ✓ new clients
- exploiting of the 2,000 new customers acquired with 2009 Tax Shield
- recruiting
- capitalizing on the excellent performance delivered to our clients in the last few years

### ➤ **Revenues growth**

- revenues increase reflect growth in AUM
- AUM profitability enhancement
- full exploitation of the new GFM venture (from end 2010 and beyond)

### ➤ **Full cost control and consequently significant operating leverage**

### ➤ **Profiting from the undisputable brand leadership**

Banca Generali does not predict how financial markets will behave. Banca Generali will continue operating, as since the beginning, with the same strategy:

**CAPABLE TO GROW IN A STEADY WAY, IN ANY MARKET CONDITIONS**



## Investor Relations

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## 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*

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These expectations are based on management's current views and assumptions and involve known and unknown risks and uncertainties.

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