



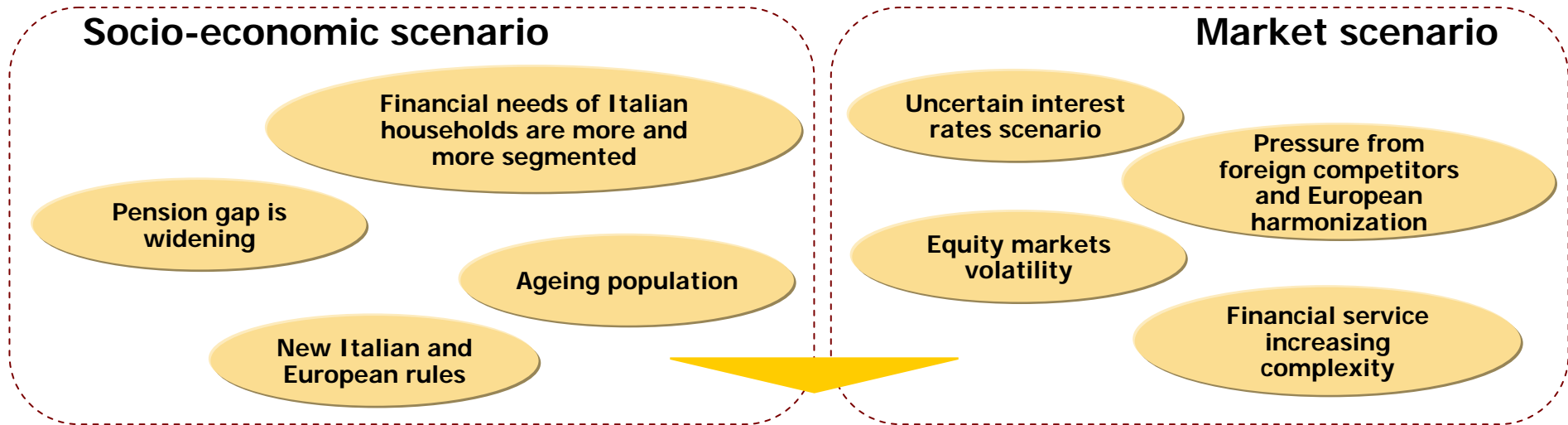
# **Built Around the Future**

**The Deutsche Bank Italian Champions Conference**

Giorgio Girelli, CEO  
Milan, May 18, 2007

- **Market Outlook: a Huge Opportunity**
- A Business Model Built to Take the Opportunity
- Strategic Targets: Our Commitments to 2009
- 1Q-07 Results: Right on Track

# The Italian Financial Services Market offers a Huge Growth Opportunity



## Clear Consequences on the Italian Financial Services Industry

### Main trends

Mass Market

- Asset Management: is it still the most convenient tool?
- Credit products and transactional banking are increasing
- Retirement needs covered mostly by Social Security and Pension Funds

Private and Affluent

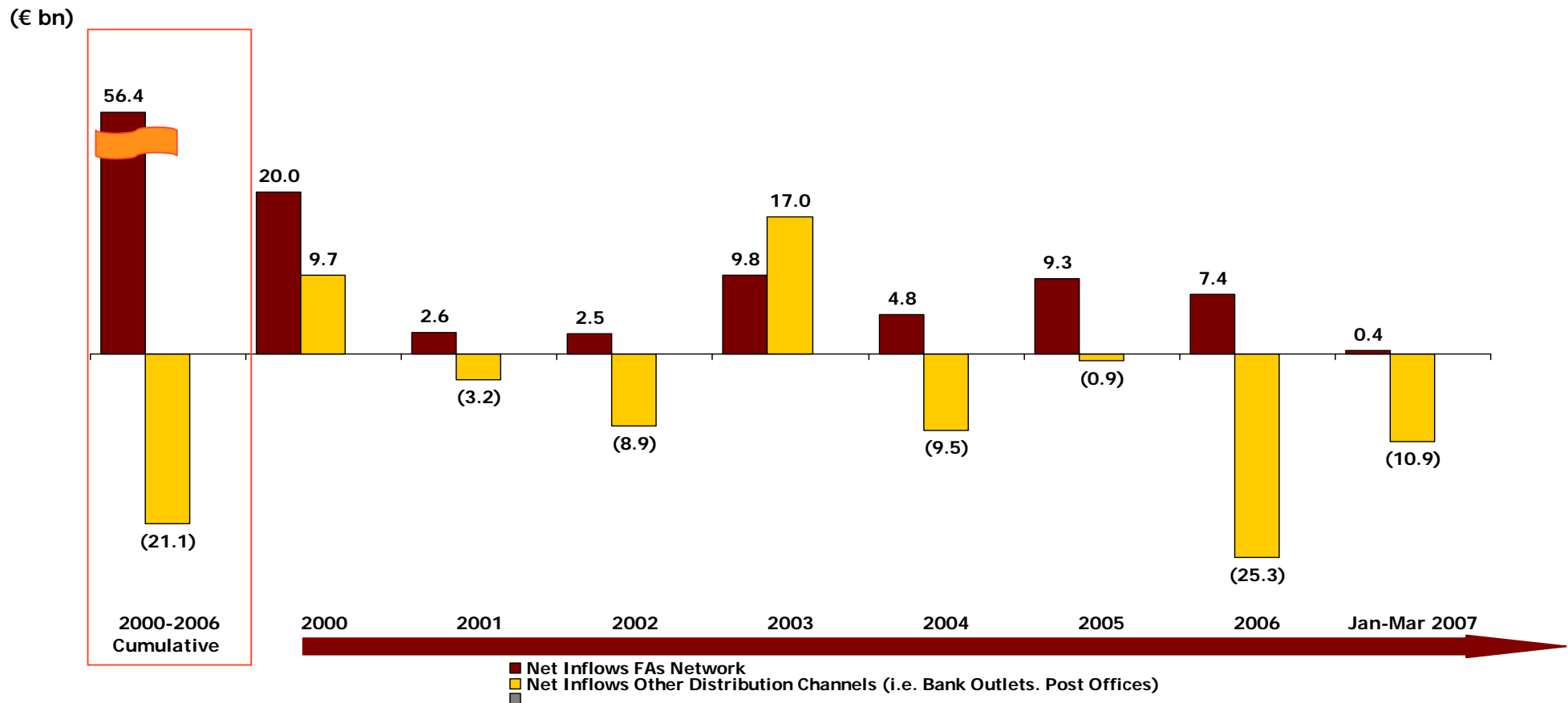
- Focused Players with specialized distribution networks (FAs) are growing
- Further development of Private Banking is expected
- Retirement needs to be covered through professional advice
- Objective Consulting, Open Architecture and sustainable pricing are compulsory to grow (see foreign markets)

Competitive Field of Banca Generali

# ...and Advice is clearly the Winning Tool to generate superior Inflows of Asset Management Products



Italian Market Net Inflows by Distribution Channel (a)

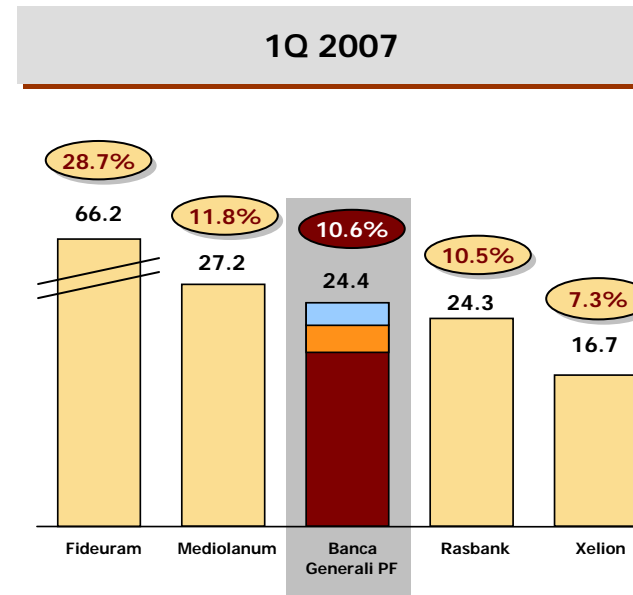
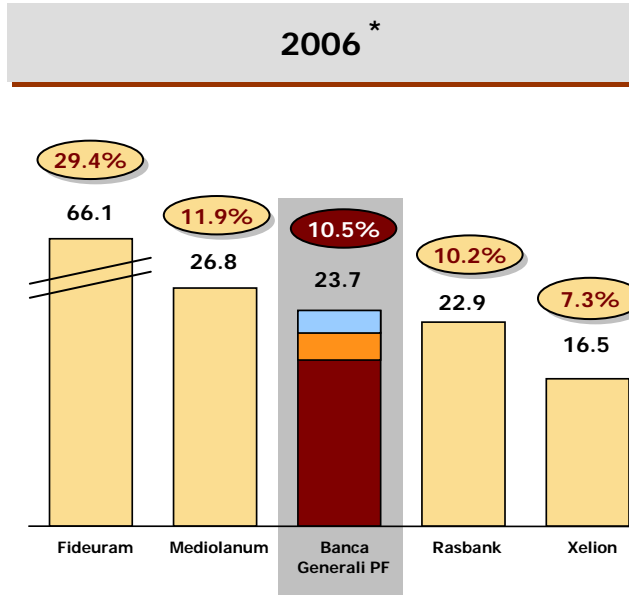


(a) Inflows into (i) Mutual funds; (ii) SICAVs (Investment Company with Variable Capital, ICVC)  
 Source: Assoreti

# Banca Generali's Leader in Net inflows & ranks Third in Assets under Management

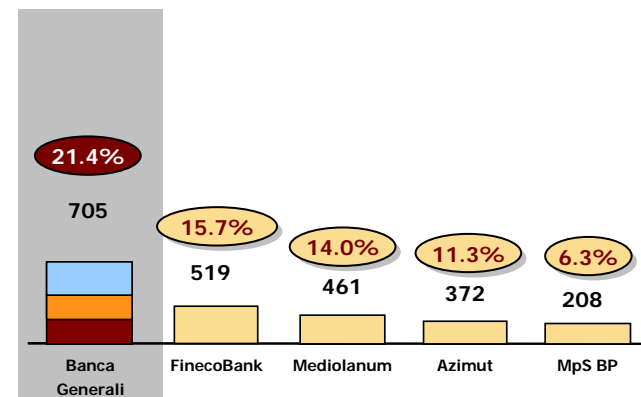
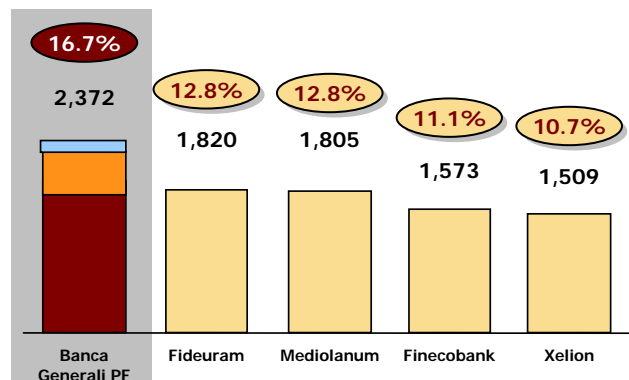


**AUM  
(€ bn)**



- Significant increase in AuM
- Ranked 3<sup>rd</sup>

**Net Inflows  
(€ m)**



- Ranked 1<sup>st</sup> in 05-06 and 1Q 07
- Market share up to 21,4% in Net Inflows at March 07

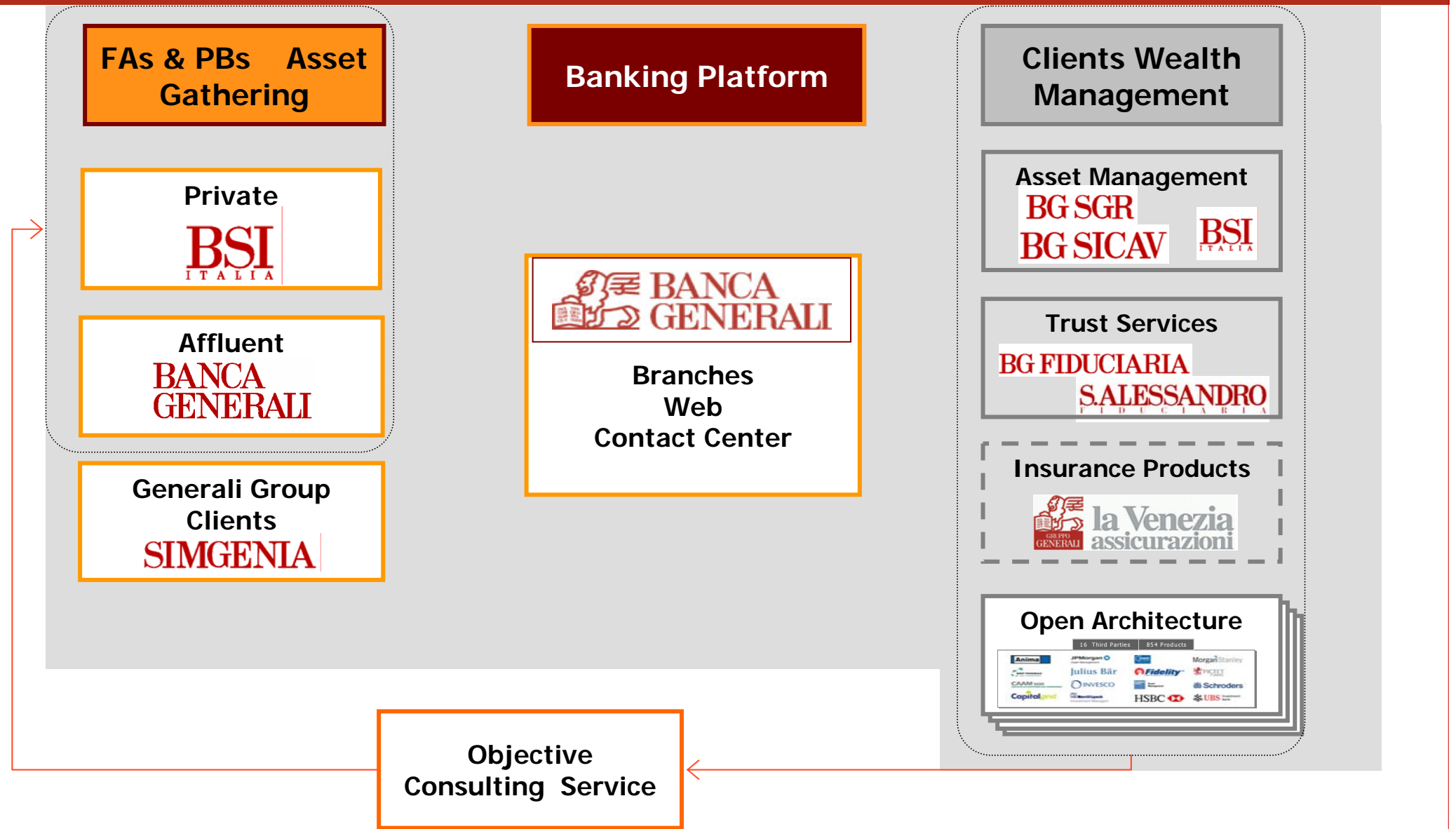
Source: Assoreti

Market shares Banca Generali Simgenia Banca BSI Italia

\* BSI data refer only to Customer Relationship Officers (CROs) before the spin-off of Banca Generali Private Banking unit (as from 1/1/2007)

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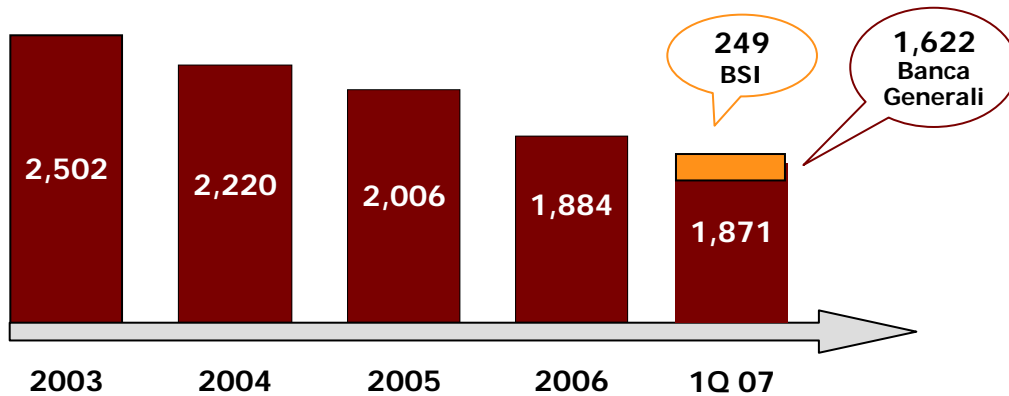
# An Innovative Business Model with some Distinctive Competitive Advantages



# Positive Results in Recruiting are Leading to a Better and Better FA Network Mix



No. of Financial Advisors (a)



No. of FAs IN/OUT at 1Q 07 (a)

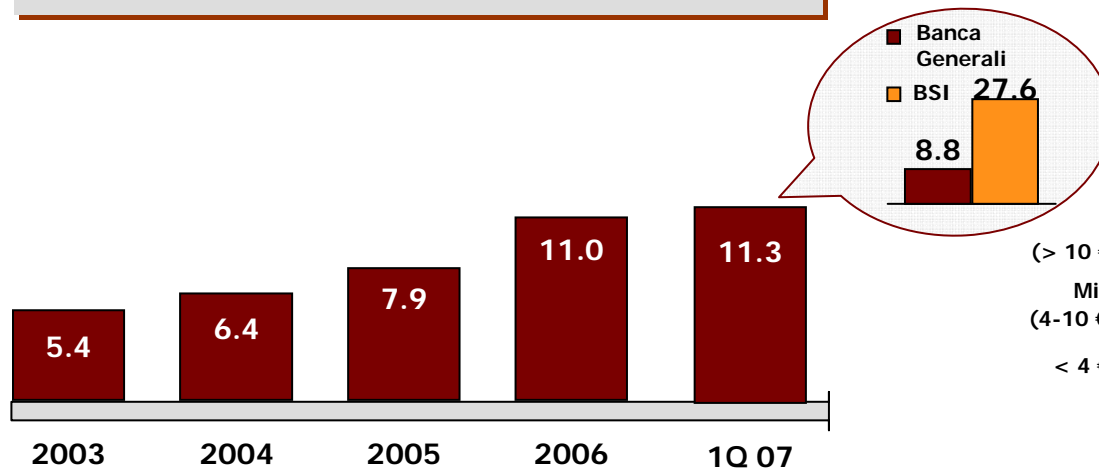
	BG		BSI PF		Total	
	IN	OUT	IN	OUT	IN	OUT
Top (>10 € m)	6	3	16	1	22	4
Middle (4-10 € m)	6	12	2	-	8	12
< 4 € m	6	33	-	-	6	33
<b>Total</b>	<b>18</b>	<b>48</b>	<b>18</b>	<b>1</b>	<b>36</b>	<b>49 *</b>

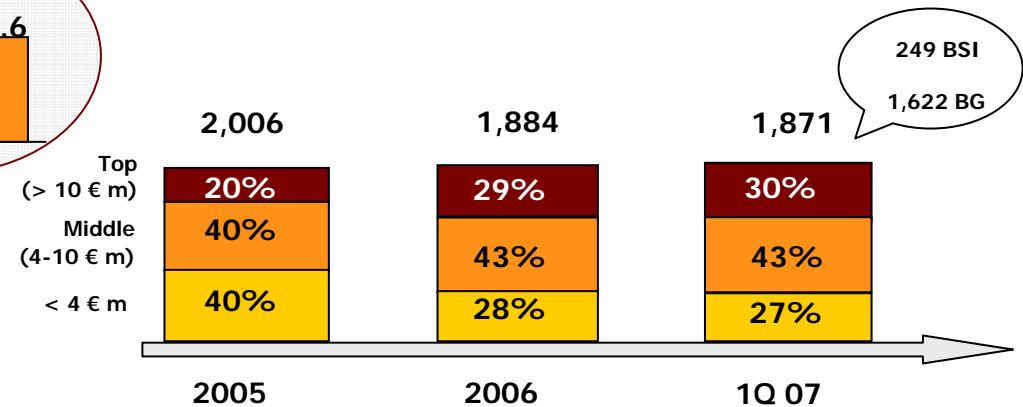
(€ m)	BG	BSI PF
Total AUM Potential	180	389
AUM/FAs	10	22

\* Of which 12 retired/resigned

AUM/Financial Advisor (a) (€ m)



No. of FAs evolution (a)



(a) Excluding Financial Advisors and AUM of Simgenia



# A Powerful Banking Platform

## Highly competitive conditions in Current Accounts \*

	Interest rates	Fees	ATM withdrawal	Trading fees
<b>Privilege</b>	80% Euribor	2.5 € / month	Free	0.15% 0.50%
<b>Active</b>	50% Euribor	2.5 € / month	Free	0.15% 0.70%
<b>Fast</b>	0%	0 €	not available	0.15% 0.85%

\* For all other conditions, please refer to "Contract General Conditions" available on [www.bancagenerali.it](http://www.bancagenerali.it)

## Different channels for Banking Services

### On the field

36 Banking branches

> 3,500 affiliated branches

153 FAs' outlets

Web

Telephone



## Banking branches in all main cities...



... backed by "service agreements" \*\*

INTESA SANPAOLO \*\*\*

**BNL**  
GRUPPO BNP PARIBAS

\*\* Cash, cheques' deposits and withdrawals

\*\*\* Former Banca Intesa branches

# Open Architecture as Strategic Pillar to Attract and Retain Managed Savings

AUM at  
31/03/2007

Asset Management (€ bn)	Life Insurance (€ bn)	Administered Funds (€ bn)	Total (€ bn)
13.5	4.5	6.4	24.4

of which Equity 7.7

In-House Products	4.7	35%
Generali Group Products	2.9	21%
Third Parties' Products	5.9	44%

≈ 100 Generali Group Products

In-house	Generali Group
BG SGR	GENERALI Investments SICAV
BG SICAV	GENERALI Investimenti Alternativi
BG FIDUCIARIA	FONDI ALLEANZA
BSI ITALIA	

18 Third Parties ≈ 900 Products

# Objective Consulting Service: a Brand-New Way of Serving the Client

## Model

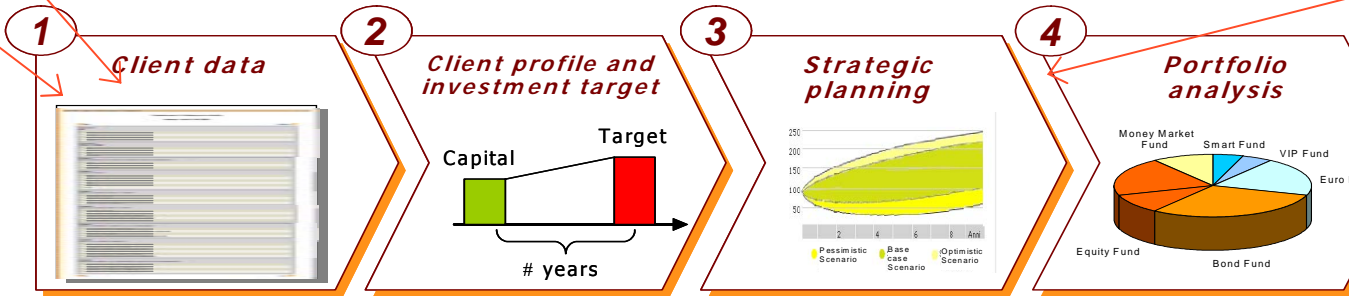
- Client knowledge
- Strategic planning
- Ongoing monitoring

## Clients' advantages

- Objective portfolio analysis
- Investment strategy consistent with asset manager's view

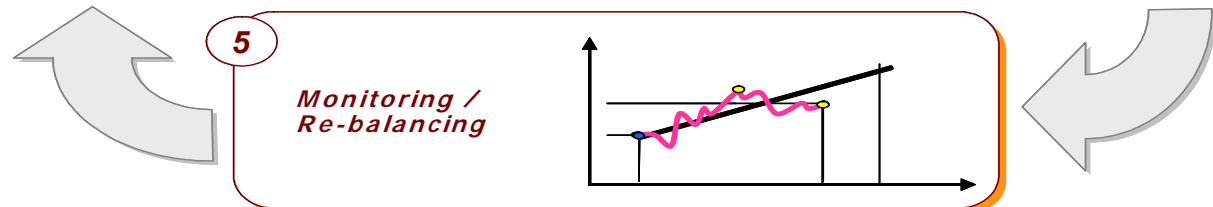
## Networks' – Bank's advantages

- Revenues stabilization
- Better asset allocation and product mix control
- Stronger client loyalty



**BG SGR**

Optimisation and what-if models



- Market Outlook: a Huge Opportunity
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## Targets to 2009 – Main guidelines

- Huge Market Opportunity
- Strong and Sound Banca Generali's Business Model

- Net Inflows Generation
- Assets' Growth

- Progressive Network Enhancement
- New Products launch
- Strong Operative Platform

- Increasing AUM Profitability
- Tight Cost Control

- Revenues' Growth driven by Recurring Fees
- Very Low Weight of Performance Fees

- Low Top-line Volatility
- Limited Exposure to Equity Markets

- ✓ Sound and Costant Company's Growth
- ✓ High and Non-volatile Profit Generation

## Summary Targets to 2009

	2006	2009 Target	09 vs. 06	
Net Inflows (€ bn)	2.4	6 € bn cumulated in 07-09	n.a.	
AUM (€ bn)	23.7	30-31	+ 9%	CAGR*
Gross Margin on AUM	1.34%	1.55%-1.60%	+ 0.24	p.p.*
Cost/Income ratio	62.0%	<50%	> 12	p.p.
EBITDA (€ m)	69.8	140-150	+ 28%	CAGR*
Net Profit (€ m)	14.0	70-80	+ 75%	CAGR*
ROE	7%	34%-39%	5 x	

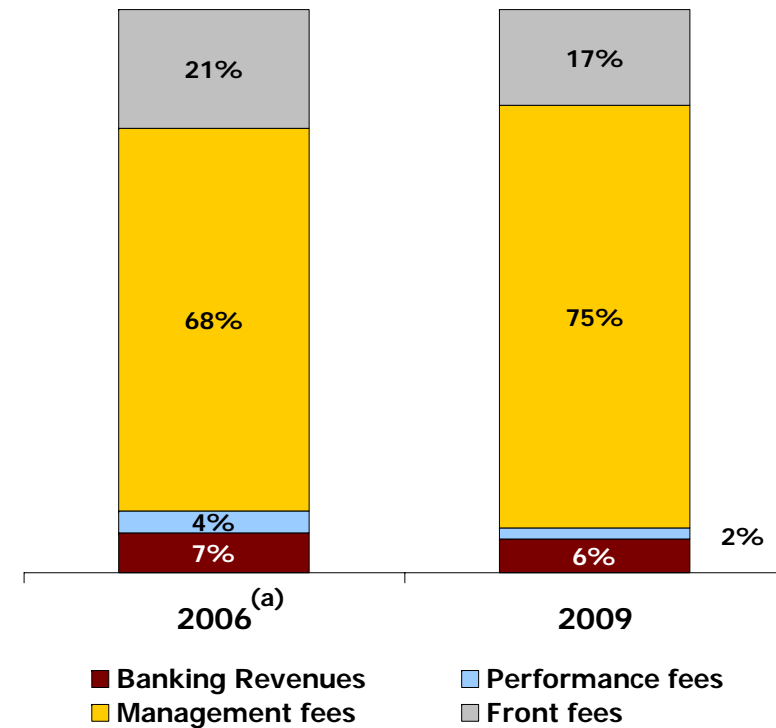
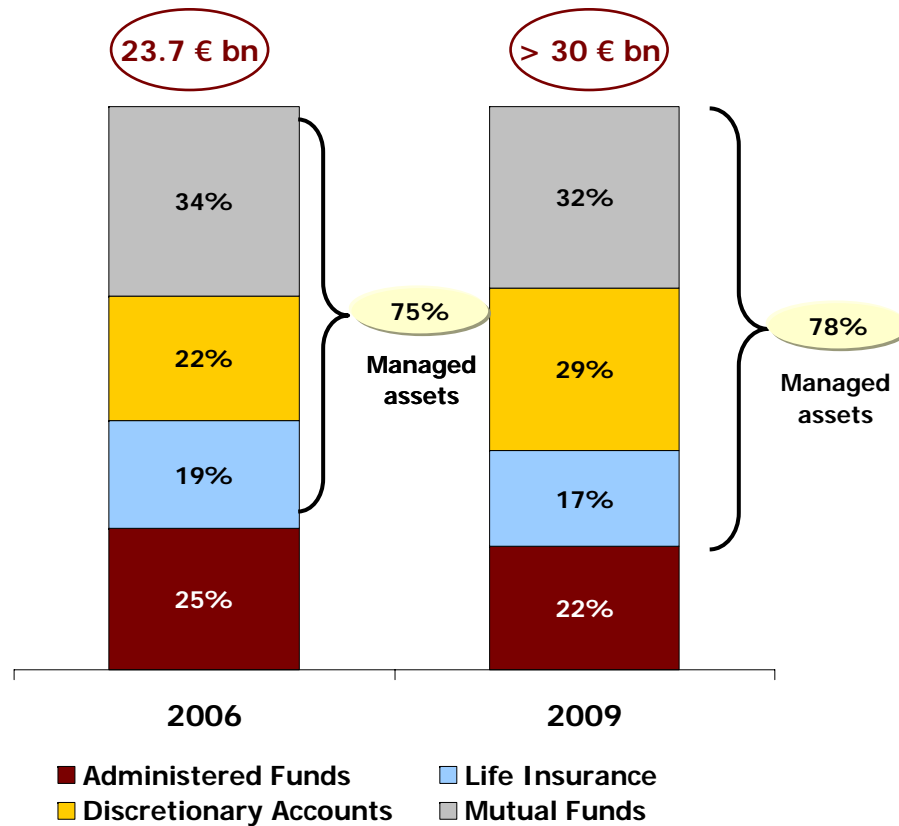
\* Calculated on average 2009 target

# A Fundamental Target: Growth Sustainability and Low-Volatility



## Asset Mix shifting to Managed Assets

## 3/4 of Gross Commissions are Recurring



(a) Based on LfL data

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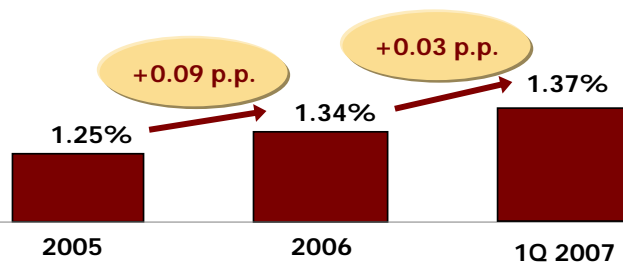
## Consolidated Profit & Loss (Like-for-Like basis)

(€ m)	31/3/2006 (LfL)	31/3/2007	% Chg	31/12/2006 (LfL)
<b>NET INTEREST INCOME</b>	<b>5.6</b>	<b>9.8</b>	<b>75.6%</b>	<b>29.1</b>
Commission income	60.1	74.4	23.8%	279.9
Commission expense	-26.1	-34.2	31.1%	-129.5
<b>NET COMMISSIONS</b>	<b>34.0</b>	<b>40.1</b>	<b>18.1%</b>	<b>150.4</b>
Net income (loss) from banking activities	4.2	1.6	-63.0%	-5.3
Dividends	0.3	0.0		20.1
<b>NET BANKING INCOME</b>	<b>44.1</b>	<b>51.6</b>	<b>17.0%</b>	<b>194.3</b>
Staff expenses	-12.3	-14.0	14.5%	-58.6
Other general and administrative expense	-17.7	-16.7	-5.7%	-73.7
	-30.0	-30.8	2.5%	-132.3
Depreciation and amortisation	-2.1	-1.5	-28.9%	-8.9
Other net operating income (expense)	2.0	2.3	17.7%	9.2
<b>NET OPERATING EXPENSES</b>	<b>-30.2</b>	<b>-30.0</b>	<b>-0.8%</b>	<b>-132.0</b>
<b>OPERATING PROFIT</b>	<b>13.9</b>	<b>21.6</b>	<b>55.6%</b>	<b>62.2</b>
Net adjustments for impair.loans and other assets	-	-	-	-
Net provisions for liabilities and contingencies	-12.8	-12.0	-6.2%	-34.3
Gain (Loss) from disposal of equity investments	-	-		-
<b>INCOME BEFORE TAXATION</b>	<b>1.0</b>	<b>9.6</b>	<b>9x</b>	<b>27.2</b>
Taxes	-0.7	-4.9	n. m.	-13.0
<b>NET PROFIT</b>	<b>0.2</b>	<b>4.7</b>	<b>5x</b>	<b>14.2</b>
<i>Cost / Income ratio</i>	<b>63.5%</b>	<b>55.1%</b>	<b>-8.4 p.p.</b>	<b>63.4%</b>
<b>EBITDA</b>	<b>16.0</b>	<b>23.1</b>	<b>44.1%</b>	<b>71.2</b>

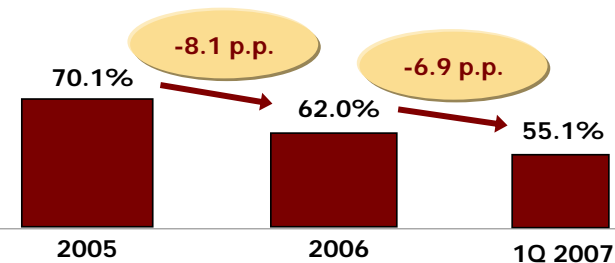
# Very Good Key Performance Indicators



## AUM Profitability <sup>(1)</sup>

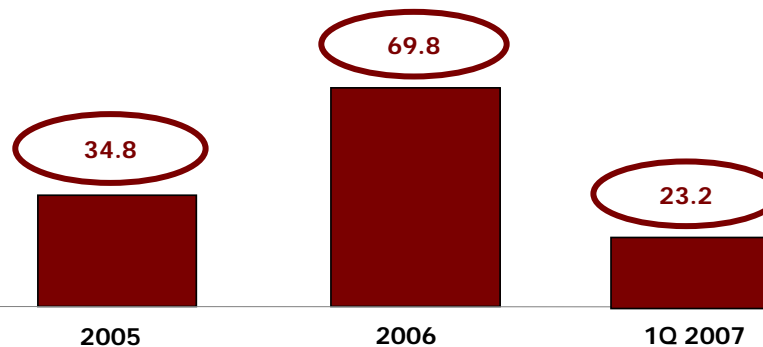


## Cost/income ratio <sup>(2)</sup>



## Ebitda <sup>(3)</sup>

(€ m)

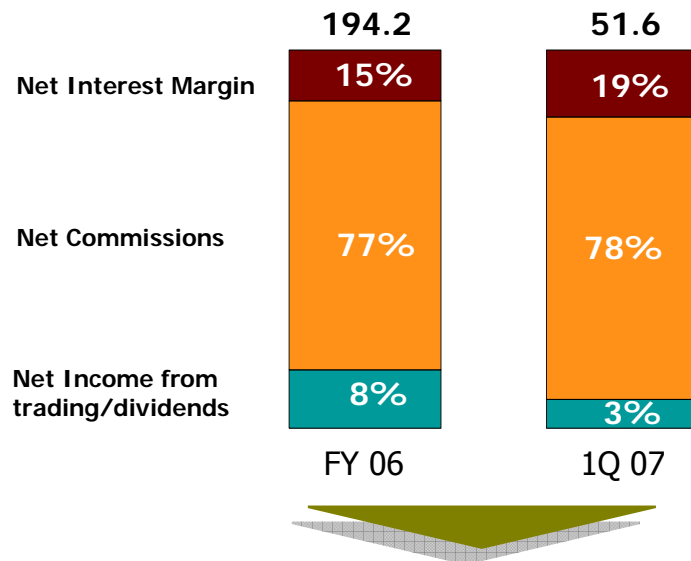


1) Calculated as (Gross Commissions + Net Interest Margin) / Average AUM (2) Calculated as (Total Administrative Expenses + Other Expenses - Other Income)/Total Income (3) Calculated as Operating Profit - amortization

# The Top-line is Becoming more and more Composed by Recurring and Non-volatile Components

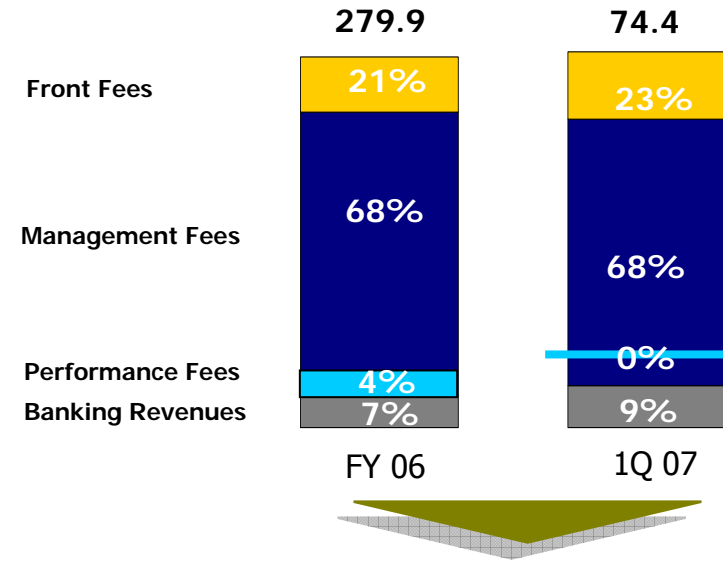
(€ m)

Breakdown of Net Banking Income (a)



- Good working of banking strategy (growth of net interest margin)
- Strong increase of non-volatile components

Breakdown of Gross Commissions (a)



- Recurring fees take the lead
- No performance fees are included in 1Q 07

(a) Like-for-like basis

- ***Tuesday July 31, 2007:***

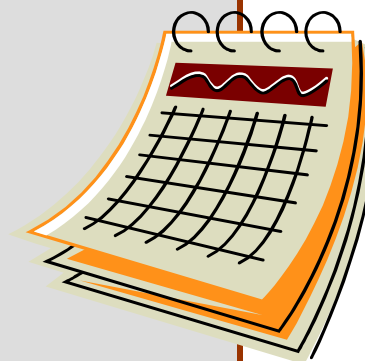
10:00 am CET      Board Meeting to approve 2Q 2007 results

3:00 pm CET      Conference Call

- ***Tuesday October 30, 2007:***

10:00 am CET      Board Meeting to approve 3Q 2007 results

3:00 pm CET      Conference Call



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- **Assets Under Management (AUM):** *Mutual funds, managed fund and share portfolios, life insurance policies and administered assets*
- **AUM Profitability:** *(Gross Commissions + Net Interest Margin) / Average AUM*
- **Cost Income ratio:** *(Total Administrative Expenses + Other Expenses – Other Income ) / Total Income*
- **EBITDA:** *Operating profit before provisions + Depreciation & Amortization*
- **Like-for-Like Basis (LfL):** *Data include for 1Q 2006 consolidation of Banca BSI Italia and Sant’Alessandro Fiduciaria, which joined the Banca Generali Group on 1 July 2006*
- **Net Inflows:** *The balance of gross new money invested (gross inflows), less repayments/redemptions*
- **Open Architecture:** *Used by asset management company/bank/financial advisor of funds managed by third-party advisors*
- **TFR (“Trattamento Fine Rapporto”):** *Employees’ Staff Severance Indemnity Fund*
- **Total Income:** *Net Interest Margin + Net Commissions + Trading income + Dividends and similar income*

Certain of the 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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