

# **Banca Generali**

**Cheuvreux Reverse Road Show**

*Milan, 30 June 2011*

➤ **Business Update**

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➤ **Strategic Remarks**

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➤ **Back-up – 1Q 2011 results**

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## A very safe Equity Story in Asset Gathering, even in stormy weather

1.

Proven delivery of **positive net inflows**, in any market condition

2.

**Clients' Asset Mix able to provide safe capitals and good returns**,  
even in tough market conditions

3.

**High-profile distribution networks**, able to provide  
Real consultancy in difficult markets

4.

**Very limited P&L exposure to volatile items**, thanks to  
BG business model

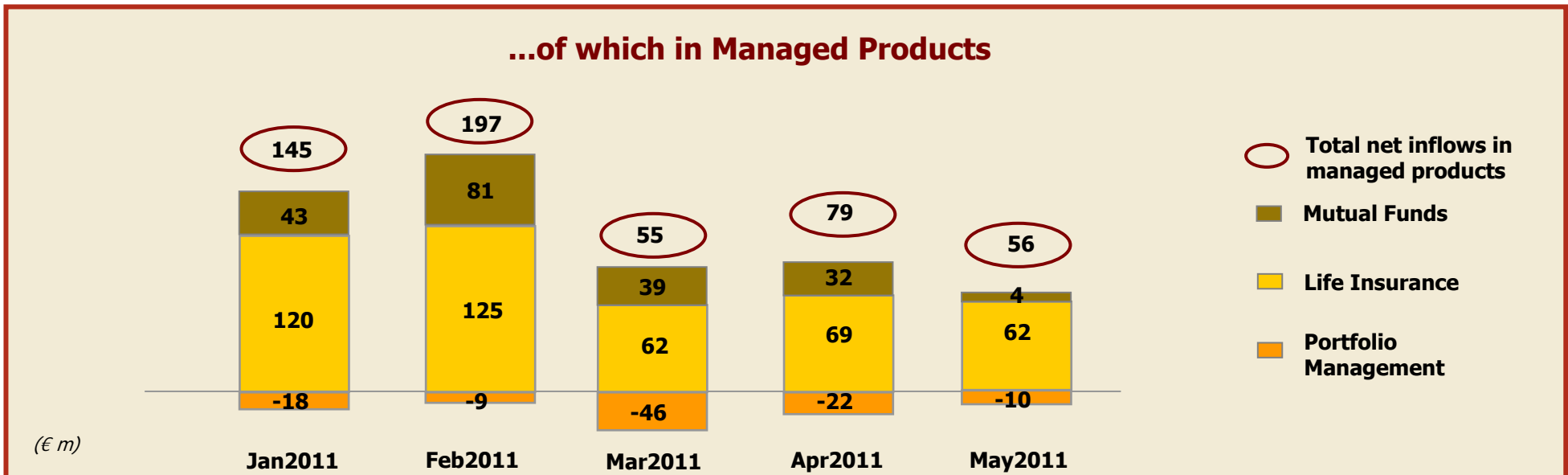
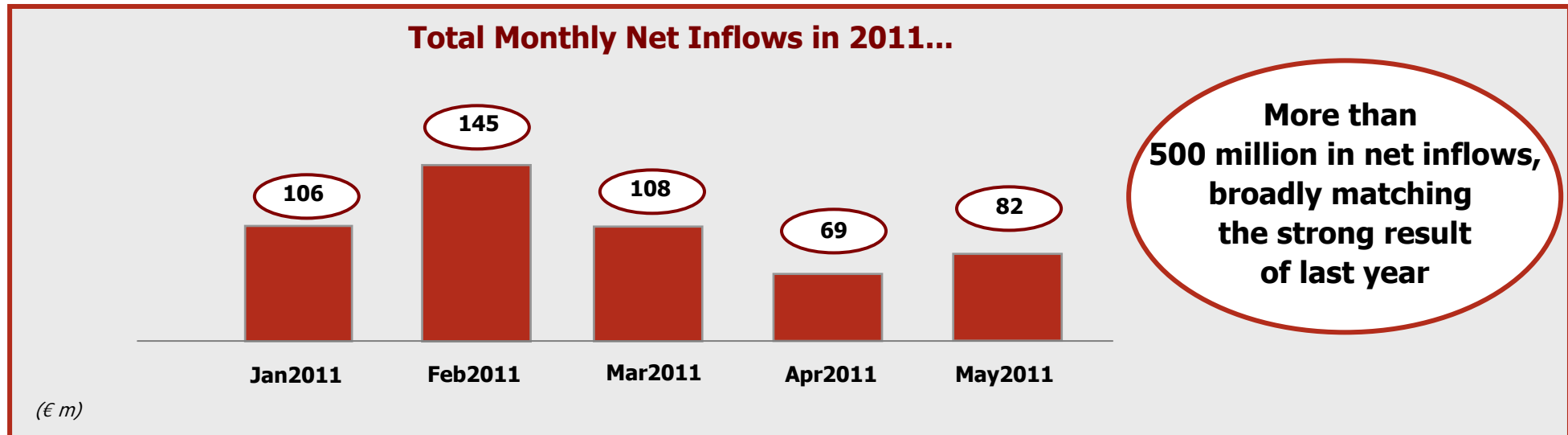
5.

**No exposure to PIGS, no financial leverage,  
no asset/liability mismatch**

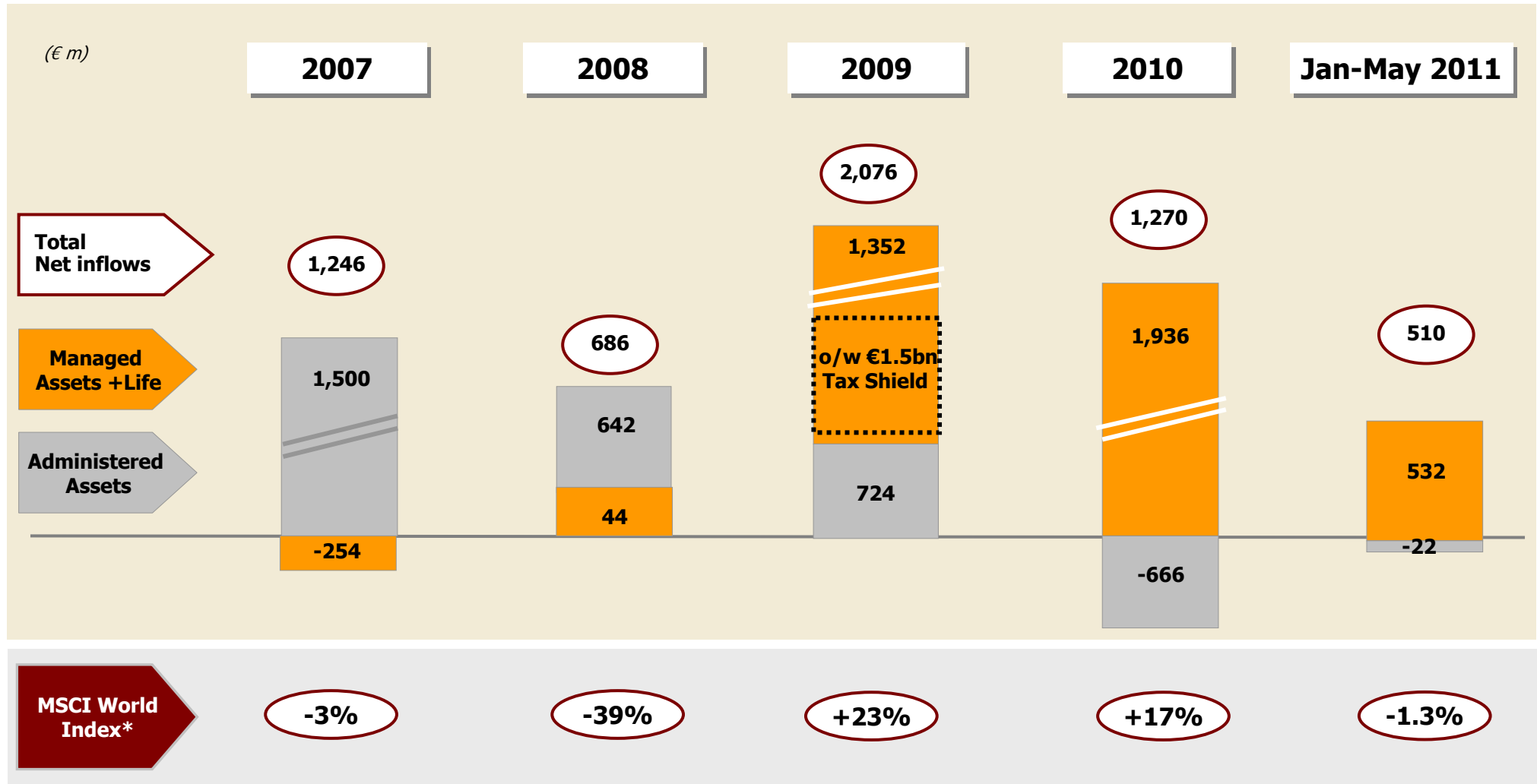
6.

**Strong capital**, high capability  
to deliver **generous dividend pay-out**

## Positive start in 2011, with net new money above €500m in just five months

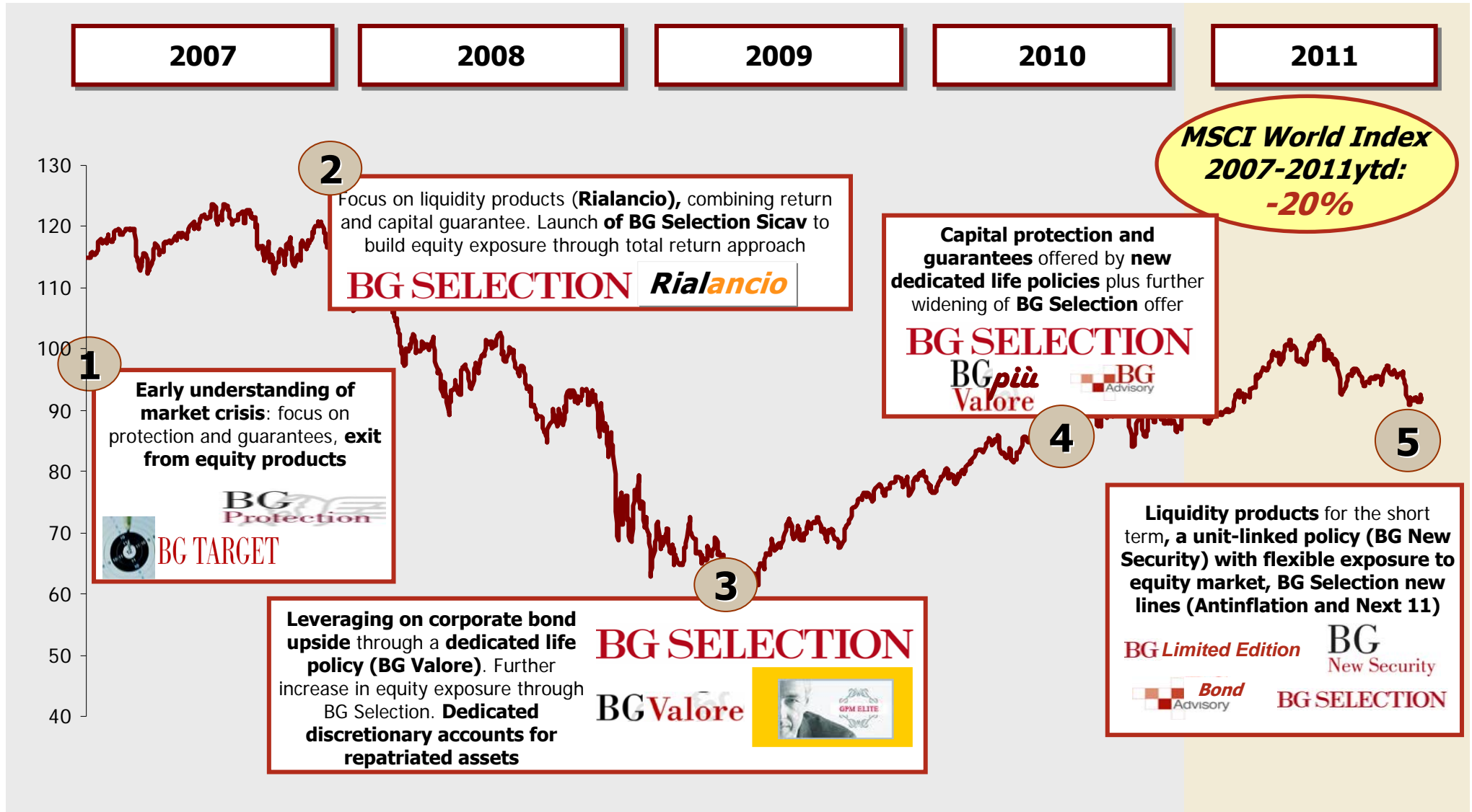


## Banca Generali once again confirms its ability to deliver growth ...



\* Source: Bloomberg; MSCI World index (MSERWI) annual performance; Euro denominated

... thanks to our capability to provide a wide and innovative product offer with an effective time to market



Source: Bloomberg data at June 22, 2011 – MSCI World Index MSERWI € denominated

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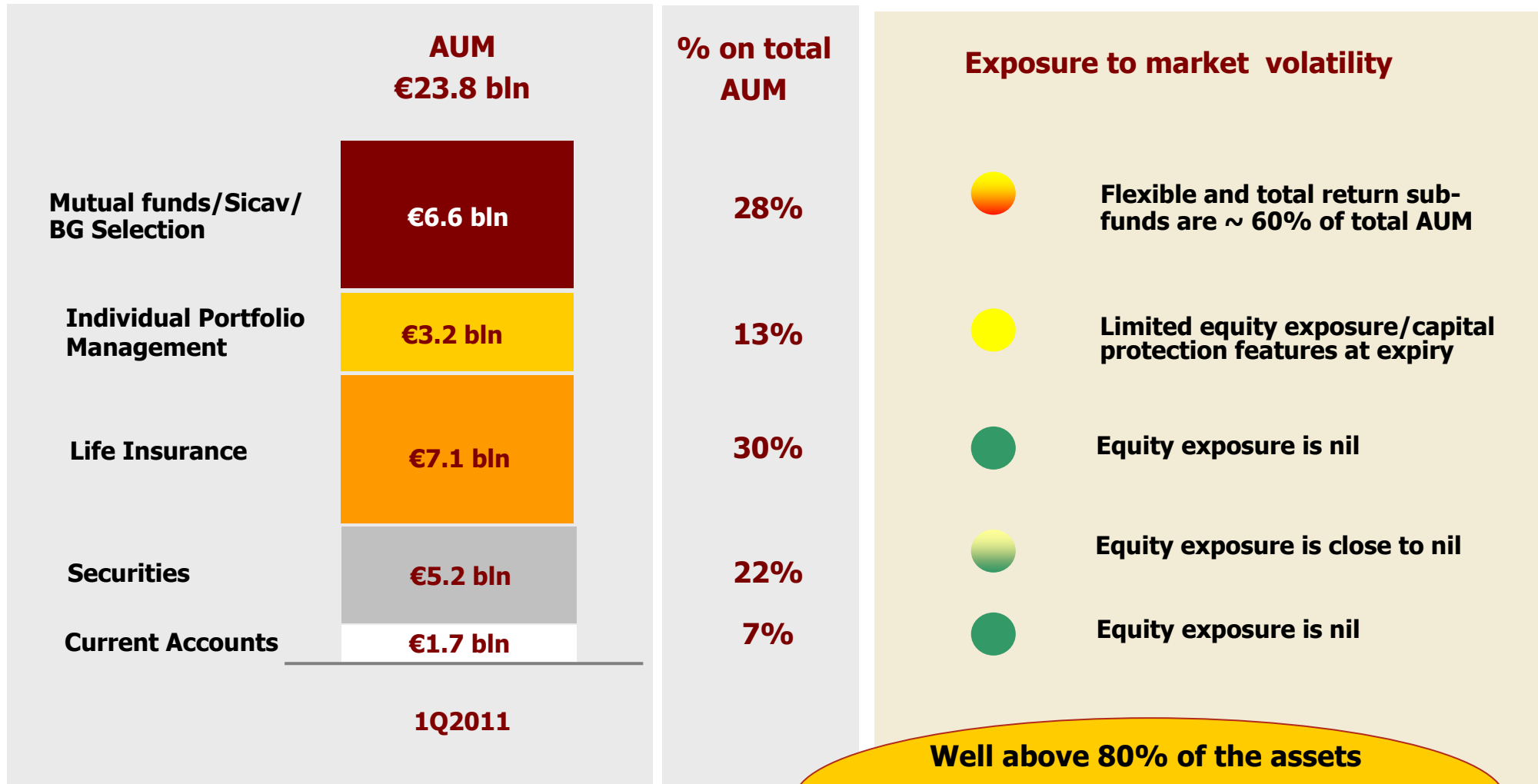
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Strong capital, high capability  
to deliver generous dividend pay-out

## Banca Generali's asset breakdown highlights a controlled equity exposure, which leaves customers relatively unaffected by the recent volatility of the financial markets



● Nil- Low   
 ● Low   
 ● Medium   
 ● High

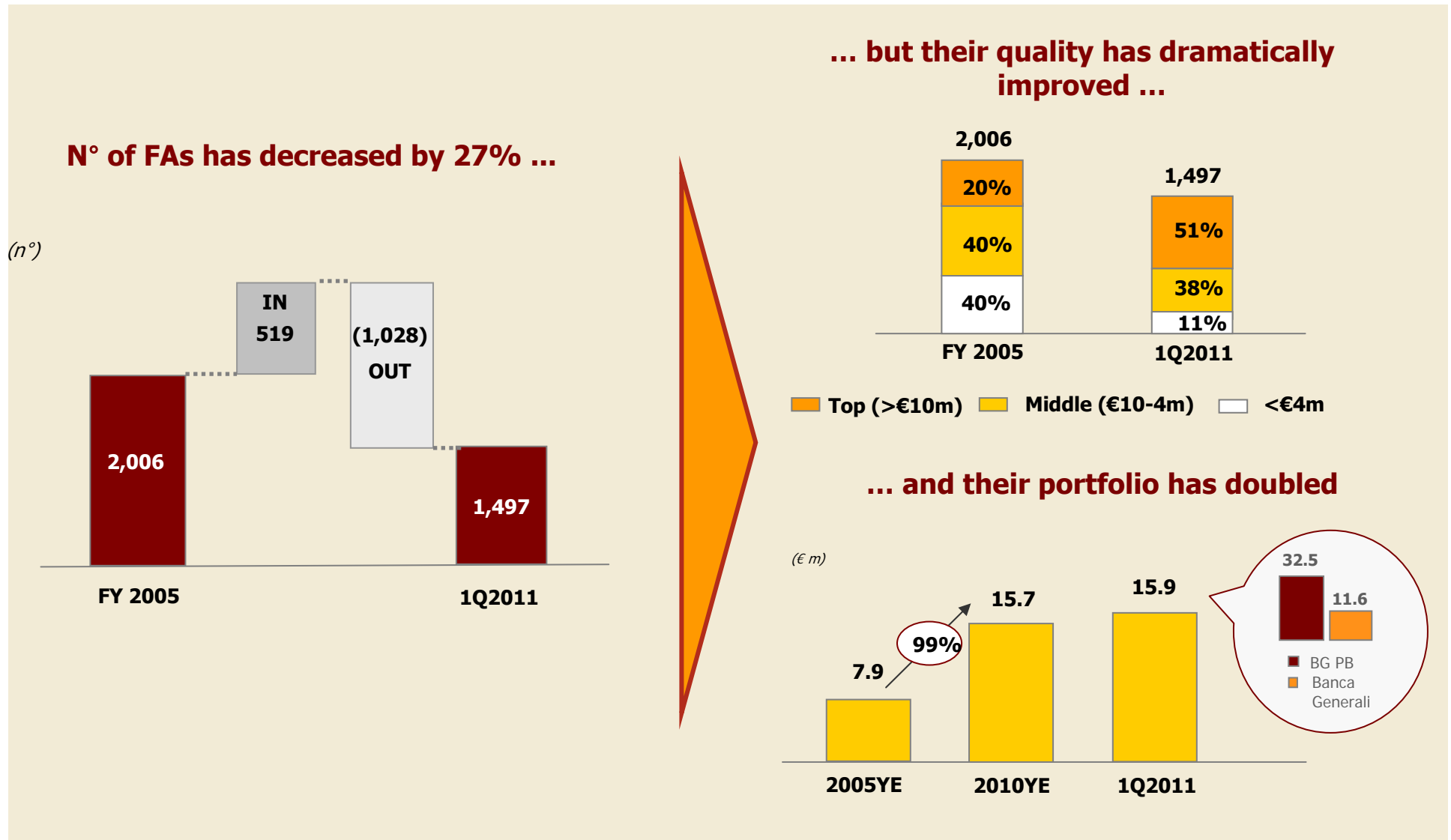
**Well above 80% of the assets are invested in products with a negligible to nil equity exposure**



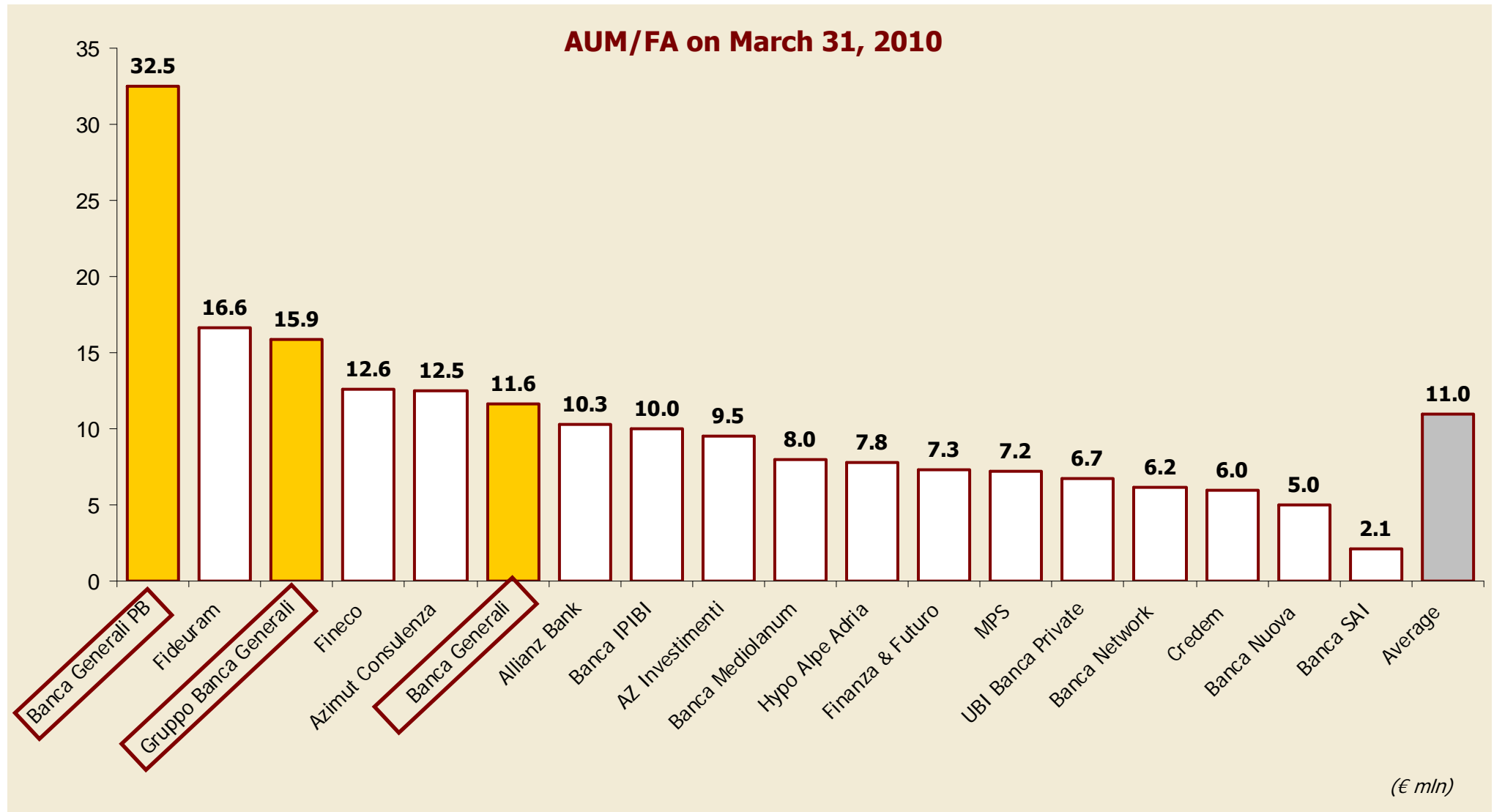
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## Focus on the quality of the network bared fruits ....

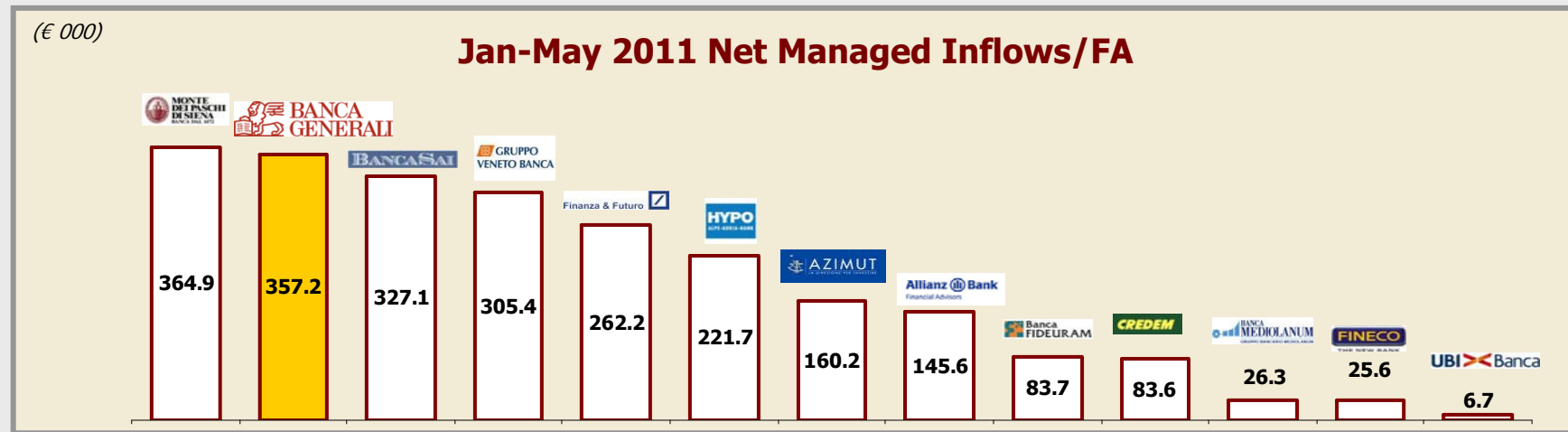
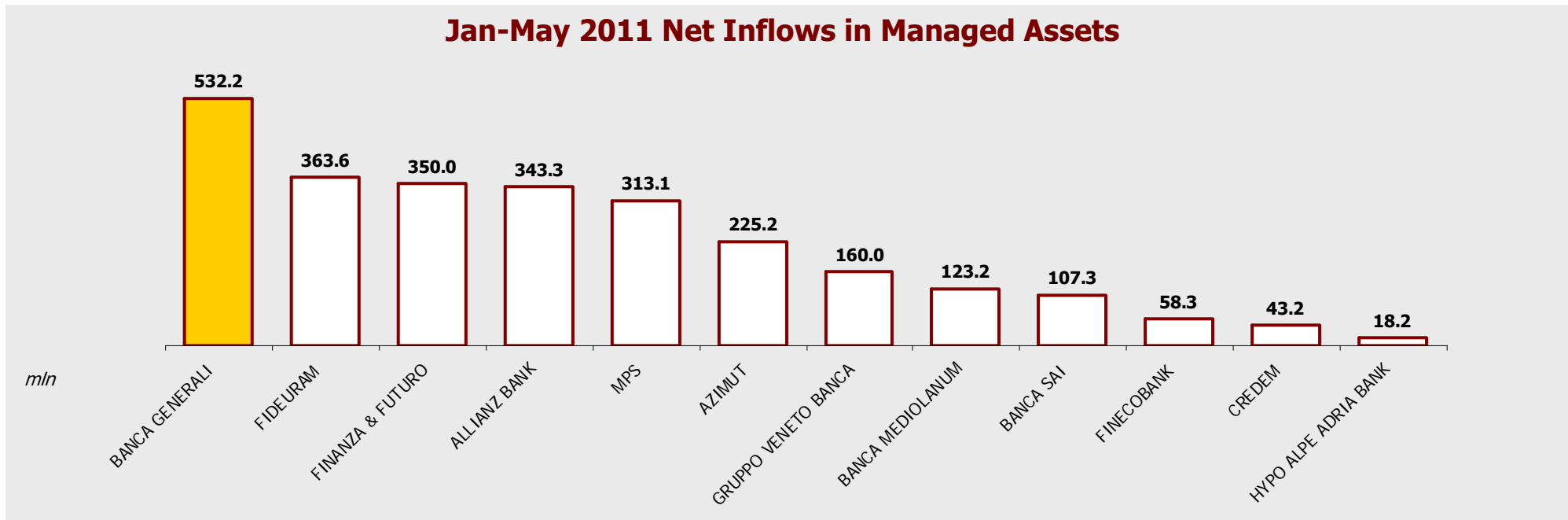


... placing Banca Generali at the top of the ranking in terms of AUM/FA...



Source: Assoreti – March 2011

## ... and financial advisors' productivity



Source: Assoreti

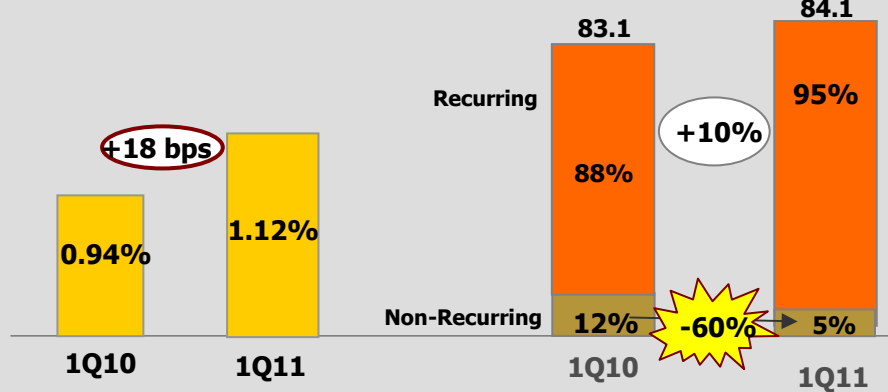
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**Banca Generali business model focus on results' sustainability, hence on recurring fees and cost control, thus limiting the impact of volatile financial markets on P&L results**

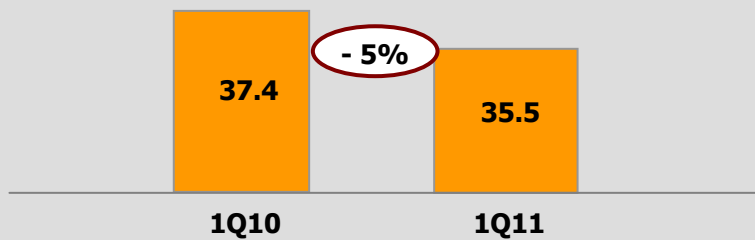
**Focus on increasing recurring revenues...**

**AUM profitability (mgmt fees)**



**... and a tough cost management...**

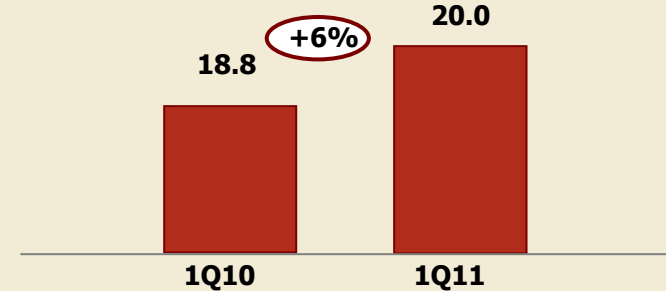
**Operating expenses (€ m)**



**... is allowing Banca Generali to grow regardless of market conditions....**

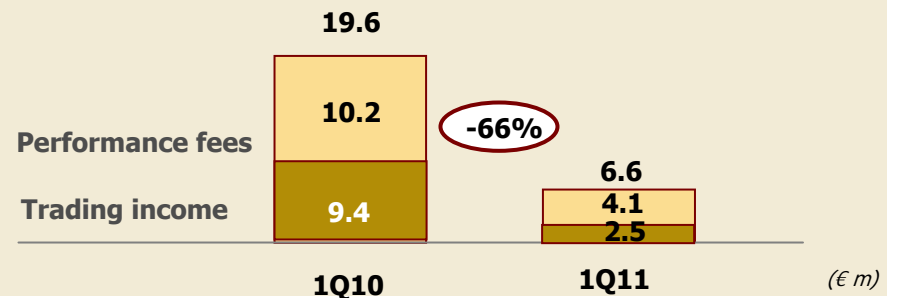
(€ m)

**Net Profit**



**... compensating volatile items with growth of recurring revenues**

(€ m)



➤ **Business Update**

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➤ **Closing Remarks**

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➤ **Back-up – 1Q 2011 results**

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## Closing remarks

### **The long-term strategy of Banca Generali is fully working and is confirmed by actual 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 the first 5 months of 2011 (more than 5.000 new clients in 5 months vs. 8.500 in FY 2010)**

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



➤ **Business Update**

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➤ **Strategic Remarks**

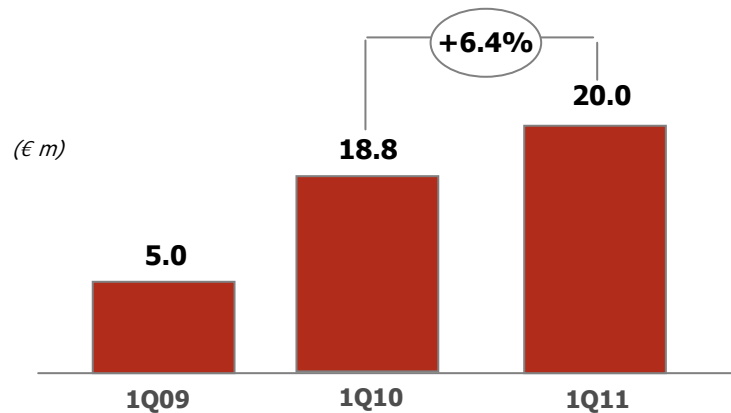
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➤ **Back-up – 1Q 2011 results**

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## 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)

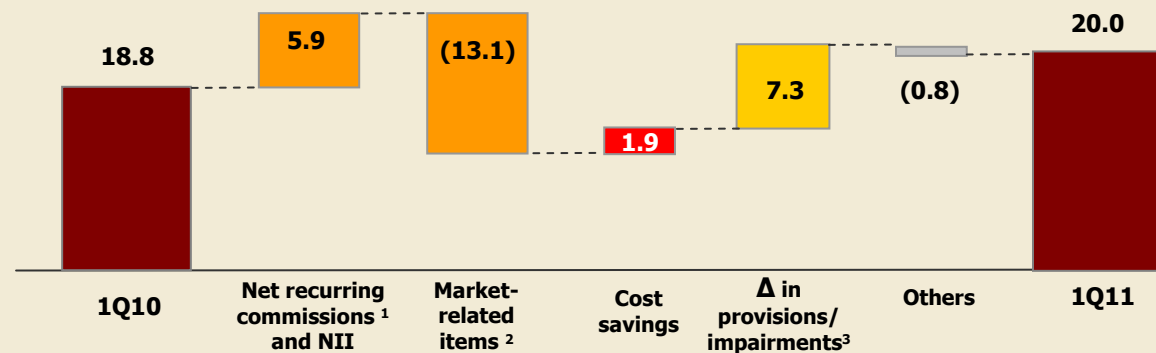
## Strong enhancement of the recurring profits is occurring

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...

### Net profit: analysis of variations



... 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

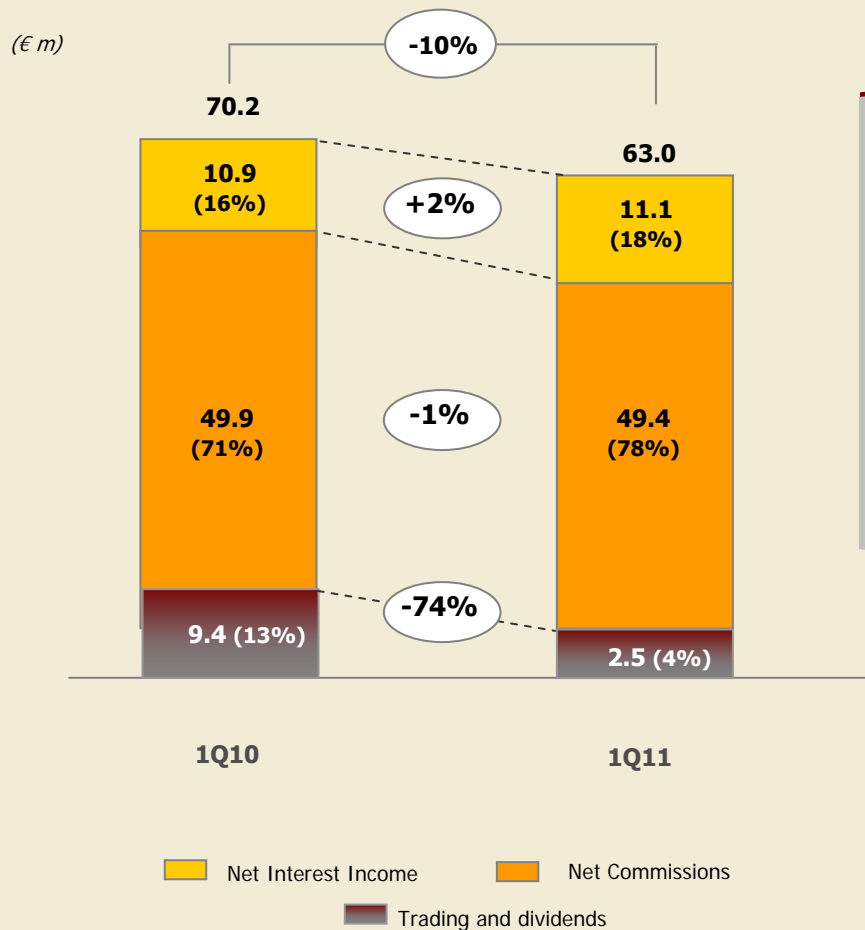
(€ mln)	1Q10 (reported)	1Q11 (reported)	% Chg	1Q10 (excl. GIL) <sup>1</sup>	1Q11 (excl. GIL) <sup>1</sup>	Var. %
<b>Net Interest Income</b>	<b>10.9</b>	<b>11.1</b>	<b>1.4%</b>	<b>10.9</b>	<b>11.1</b>	<b>1.4%</b>
Commission income	88.5	91.8	3.6%	83.1	84.1	1.2%
Commission expense	-37.4	-40.4	8.0%	-33.3	-34.7	4.2%
<b>Net Commission</b>	<b>51.1</b>	<b>51.4</b>	<b>0.5%</b>	<b>49.9</b>	<b>49.5</b>	<b>-0.8%</b>
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%
<b>Net Banking Income</b>	<b>71.5</b>	<b>64.9</b>	<b>-9.2%</b>	<b>70.2</b>	<b>63.0</b>	<b>-10.2%</b>
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%
<b>Cost /Income Ratio</b>	<b>-49.2%</b>	<b>-51.8%</b>	<b>-2.6 p.p.</b>	<b>-49.3%</b>	<b>-52.5%</b>	<b>-3.2 p.p.</b>
Other net operating income (expense)	2.0	1.5	-21.0%	2.0	1.5	-20.9%
<b>Operating Profit</b>	<b>35.5</b>	<b>30.3</b>	<b>-14.4%</b>	<b>34.7</b>	<b>29.0</b>	<b>-16.4%</b>
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%
<b>Profit Before Taxation</b>	<b>22.8</b>	<b>25.0</b>	<b>9.6%</b>	<b>22.1</b>	<b>23.6</b>	<b>7.1%</b>
Direct income taxes	-3.3	-3.7	12.4%	-3.3	-3.6	11.1%
<b>Tax rate</b>	<b>14.6%</b>	<b>15.0%</b>	<b>0.4 p.p.</b>	<b>14.7%</b>	<b>15.3%</b>	<b>0.6 p.p.</b>
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	
<b>Net Profit</b>	<b>18.8</b>	<b>20.0</b>	<b>6.4%</b>	<b>18.8</b>	<b>20.0</b>	<b>6.4%</b>

- **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**

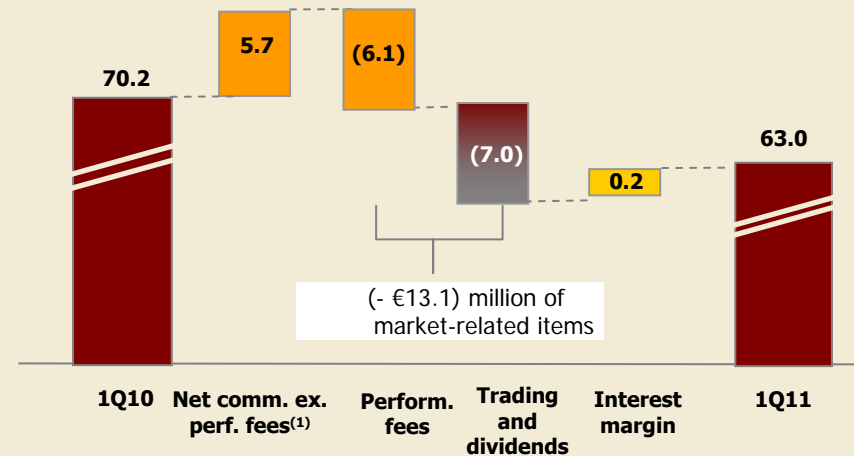
<sup>1</sup> Figures do not incorporate the contribution of Generali Investment Luxembourg ("GIL"), the management co. of Assicurazioni Generali merged with BG Investment Lux on September 9, 2009

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

## Breakdown of Net Banking Income (LfL)

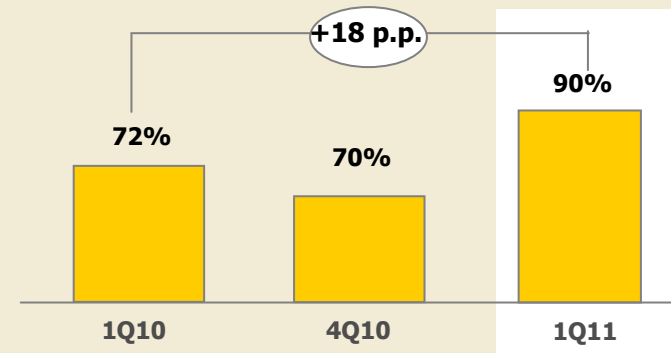


## Analysis of variations



(1) management, front and banking fees

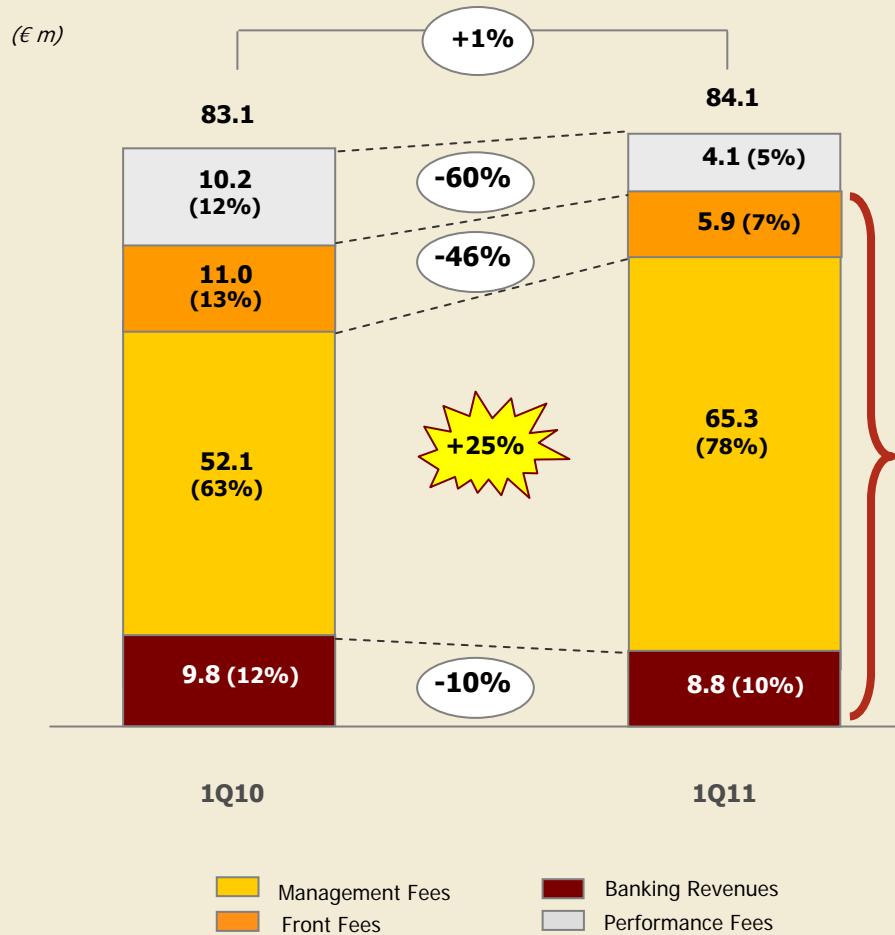
## Recurring income<sup>2</sup>/Total income



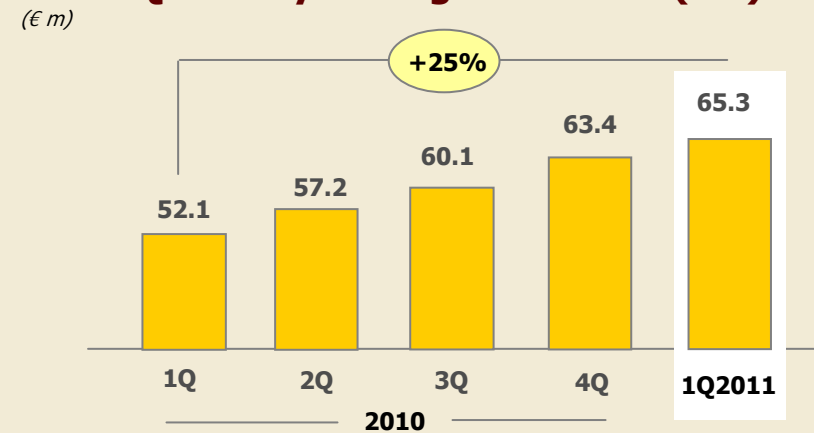
(2) management, front and banking fees + interest margin

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

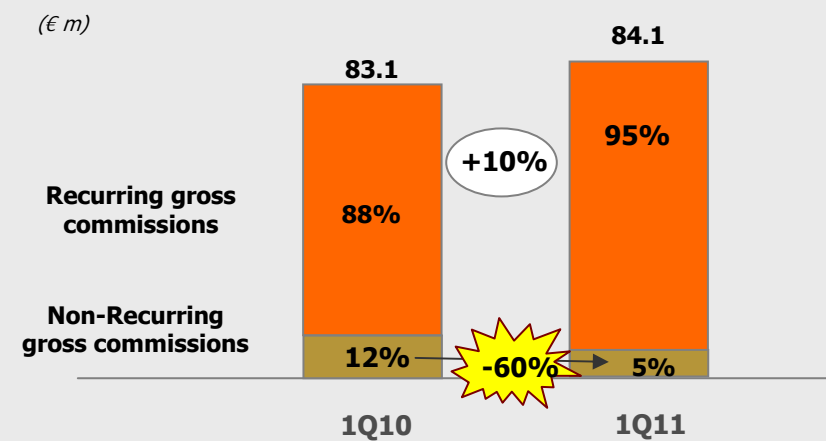
## Breakdown of Gross Commissions (LfL)



## Quarterly management fees (LfL)

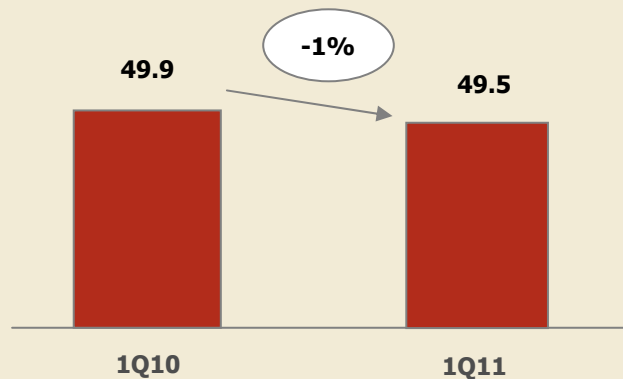


## Trend in Recurring Commissions (LfL)

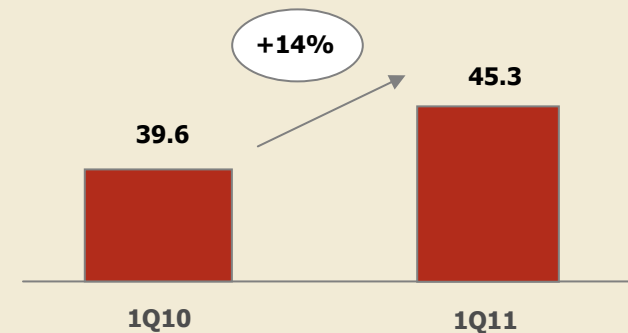


## Net Recurring Commissions grew by 14% yoy, as focus on organic growth bears fruits

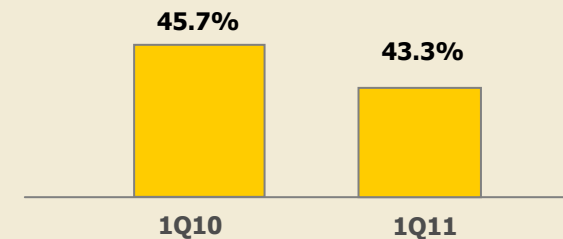
**Total net commissions (LfL) are stable ...**  
(€ m)



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



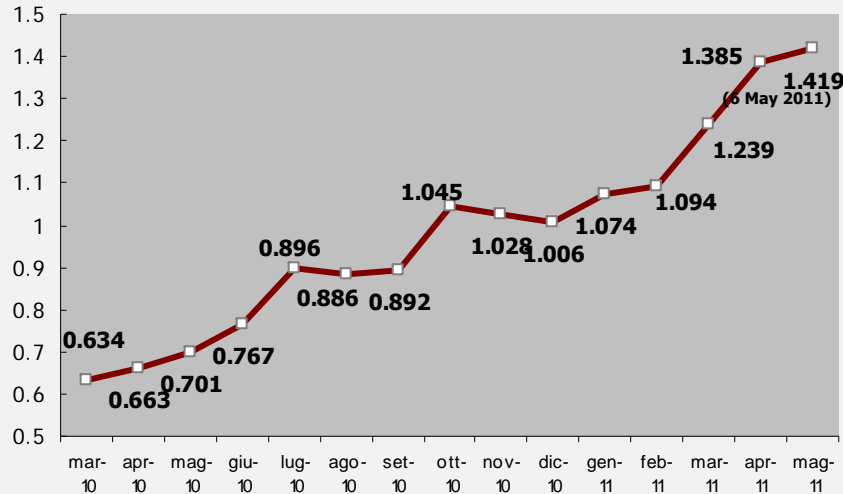
**... as focus on organic growth  
allows to keep Pay-out level under control**



- **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

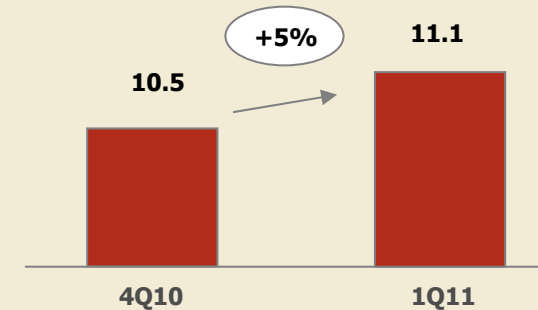
### The ongoing increase in the Euribor rate..



- 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)

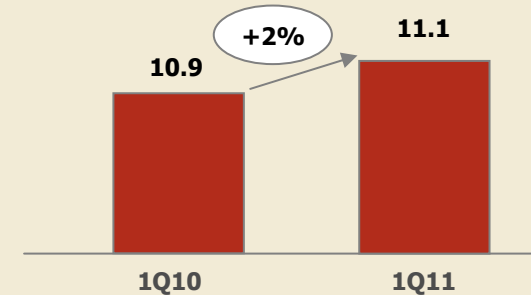
### ...is driving interest income up on a qoq...

(€ m)



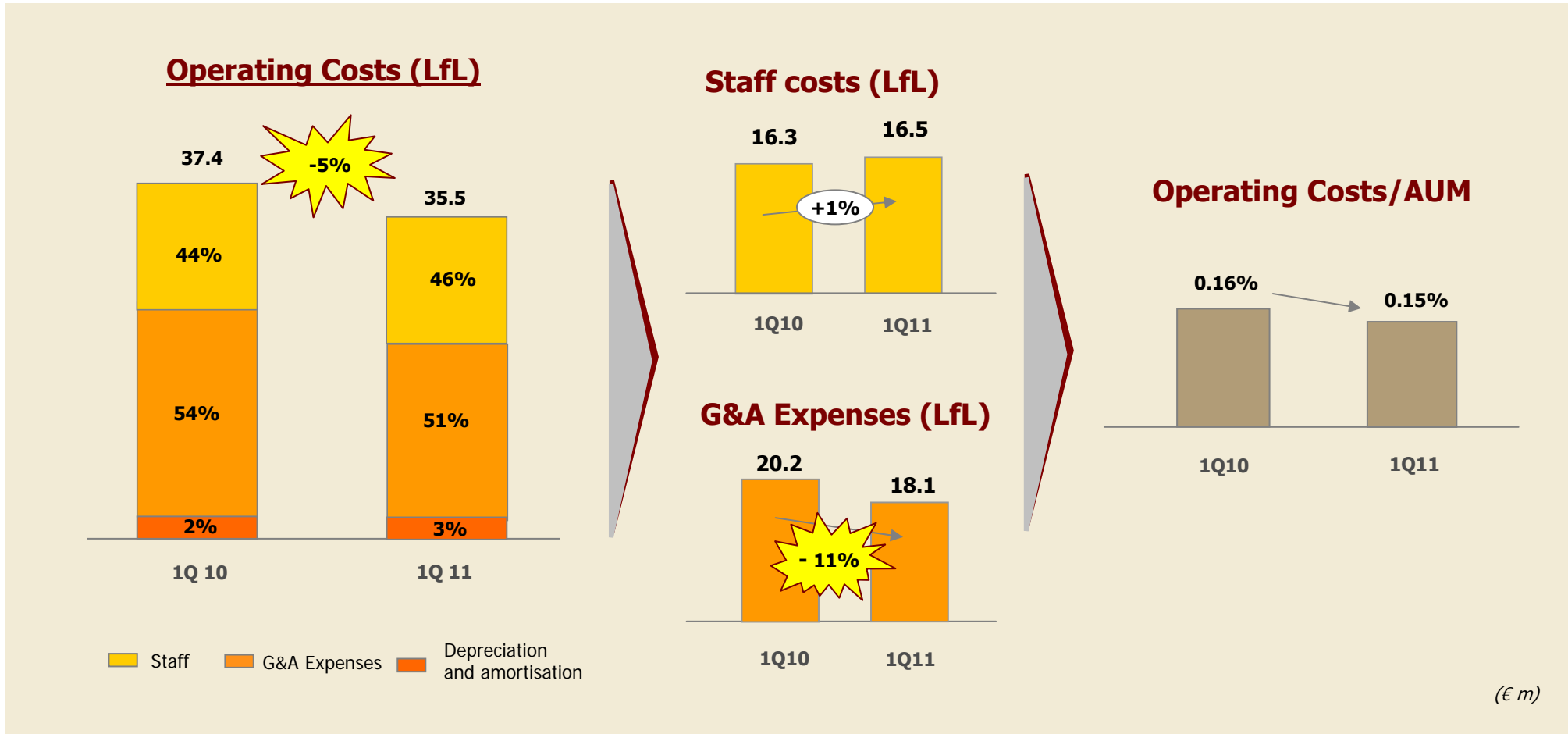
(€ m)

### ... and also on a yoy basis





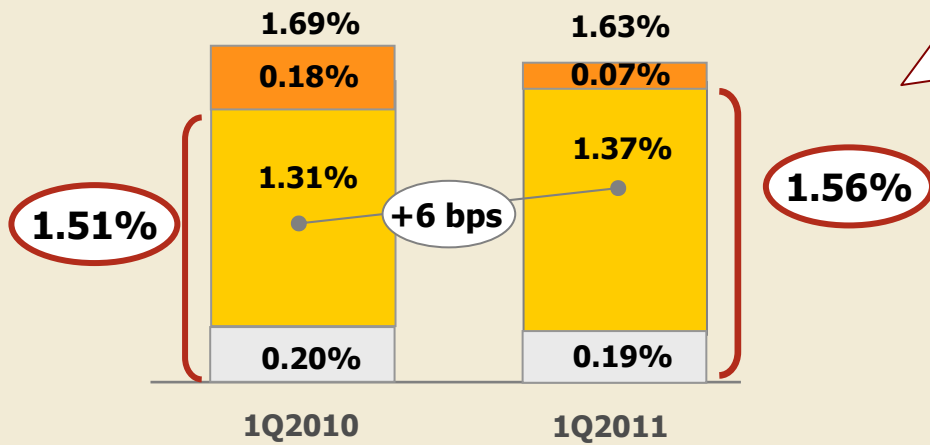
## Further progress on cost management achieved in 1Q11



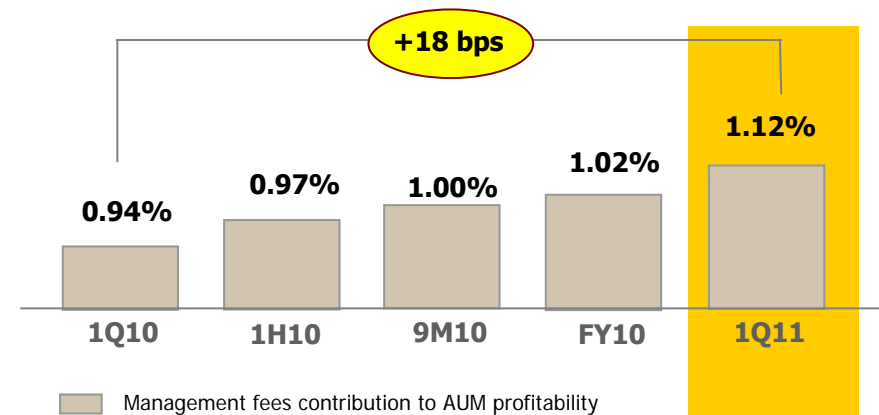
➤ **Total operating costs decreased by 5% yoy, driven by costs savings in G&A, while staff costs posted a small increase linked to the renewal of the national contract**

## Recurring Profitability further improving compared to last year

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



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

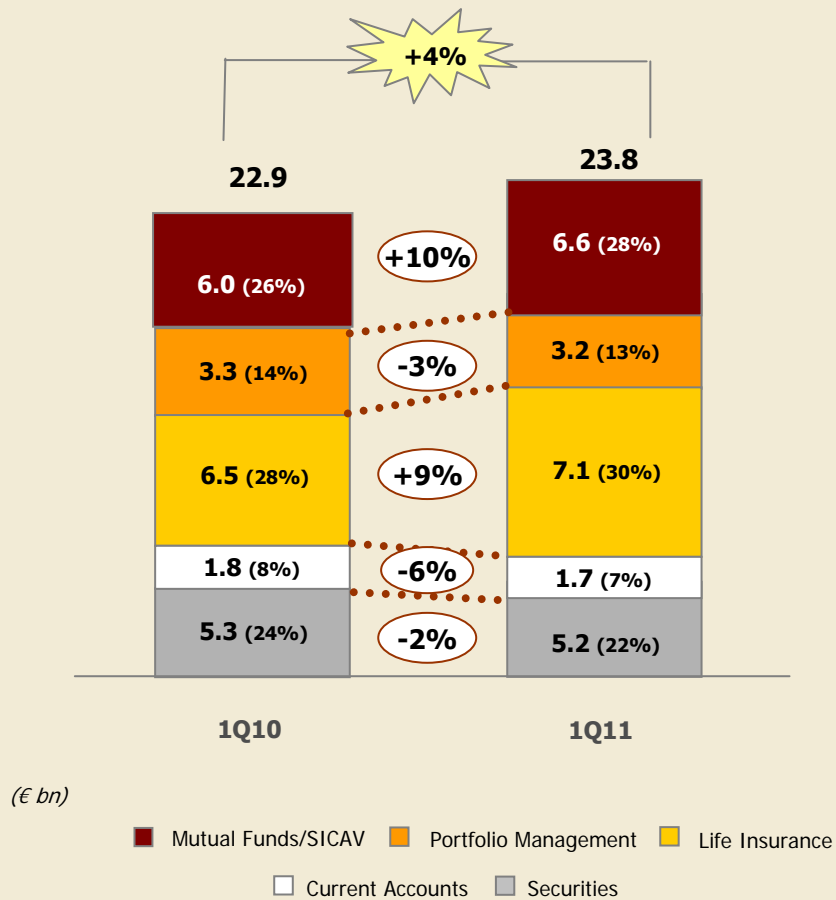


■ Performance Fees   
 ■ Recurring commissions   
 ■ Interest margin

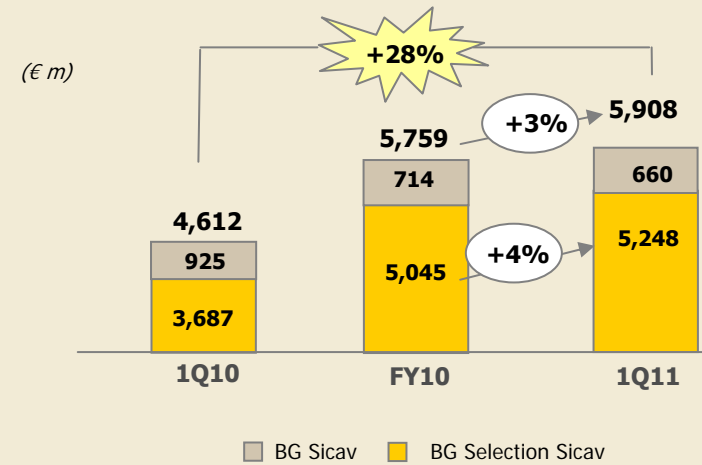
... Recurring profitability

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

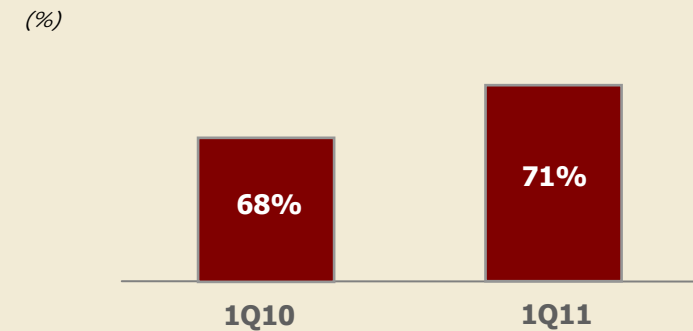
## Banca Generali Asset Breakdown



## Lux-based Assets



## Managed Assets/Total Assets



## 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.

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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## 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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