

Banca Generali

Deutsche Bank Italian Conference: Italian Champions

Giorgio Girelli, CEO
Milan, May 28, 2009

Today's Agenda

➤ **1Q09 Results**

➤ Net Inflows, AUM and Recruiting

➤ Generali Investment Managers, a great strategic opportunity
for Banca Generali

➤ Closing Remarks

2009: Start off on the right foot, bearing fruits from Banca Generali solid business model

Even with poor financial markets as in 1Q09...

- Financial markets and mutual fund industry under pressure during most of 1Q09
- Clients looking for financial expertise and customized investment solutions

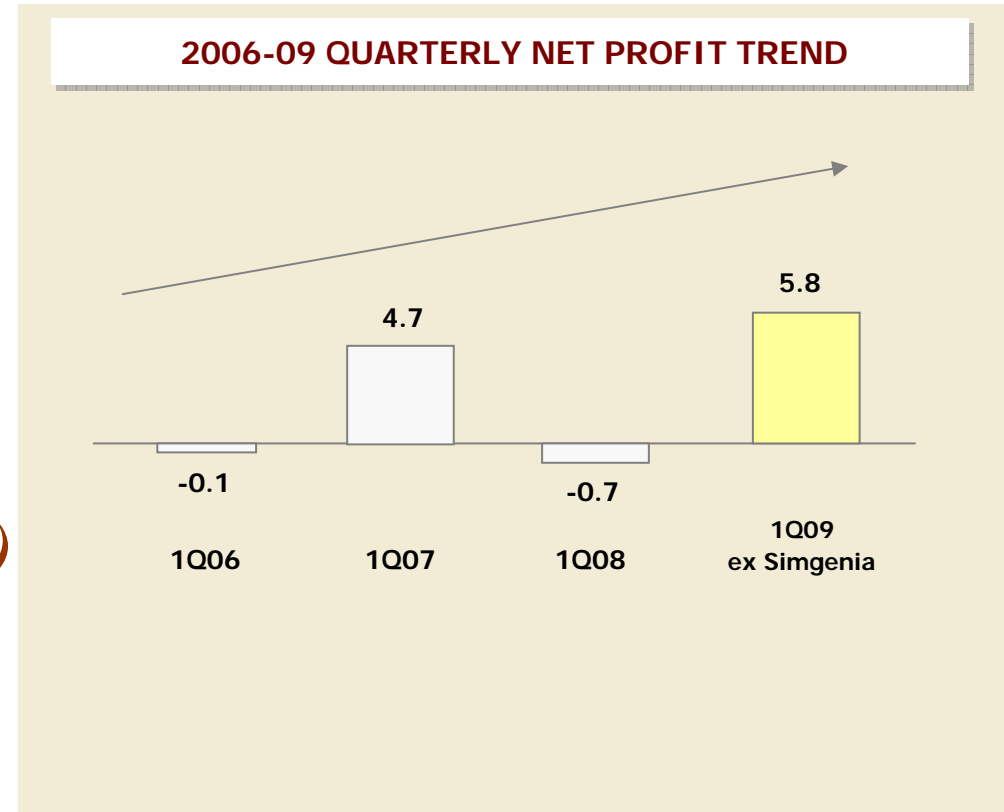
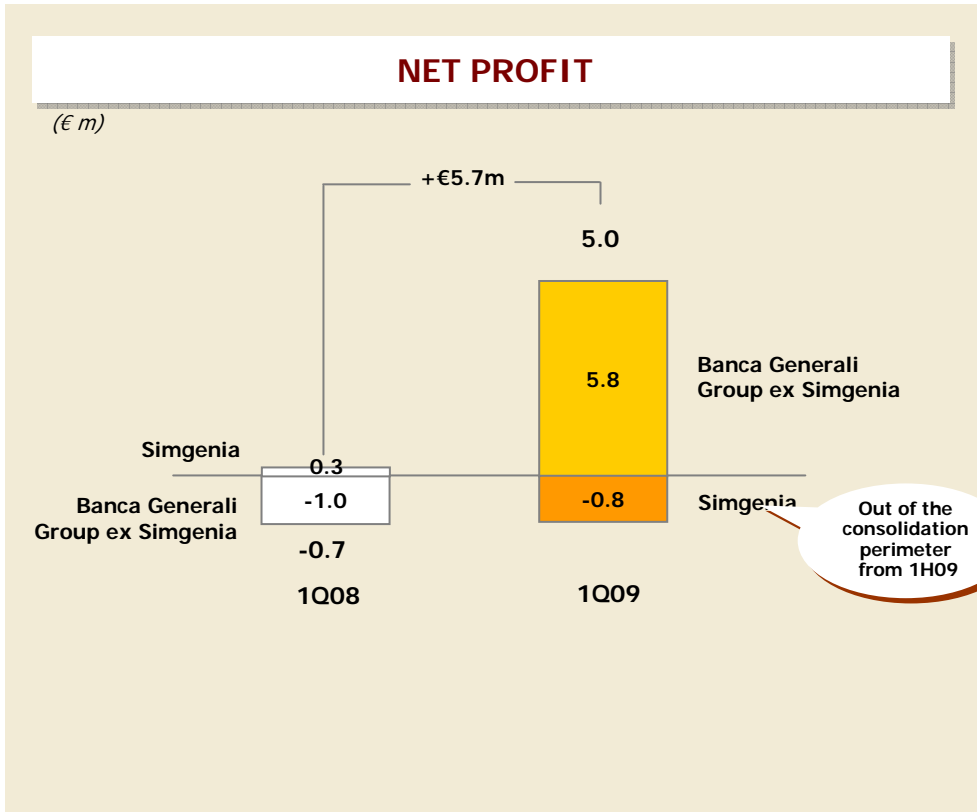
..An innovative business model is enabling Banca Generali to successfully face them ...

- two different distribution networks for distinct customers segments
- clients can be provided with any financial solution (banking products, life insurance, asset management)
- open architecture is a must for clients and professionals
- brand's strength to acquire new clients and recruit top professionals
- costs well under control, and they are even set to decrease in absolute terms in 2010, allowing a strong operating leverage

... now strongly enhanced by Generali Investment Managers, where Banca Generali owns 51%

- Generali Investment Managers is set to exploit new opportunities arising from UCITS IV for Asset Management products in Generali Group
- Generali Investment Managers is based on the experience and skills developed by BG Investments Lux

1Q09 net profit at a glance



➤ 1Q09 reported net profit amounted to €5 million (vs. a -€0.6 million loss in 1Q08). Stripping out the negative contribution of assets for sales (Simgenia), net profit would have even reached €5.8 million

➤ 1Q09 net profit was the best result in the last few years by far, despite 1Q09 business conditions could be considered the worst ever

1Q09 results mains takeaways

(€ m)	1Q 08 (reported)	1Q 09 (reported)	% Chg
Net Interest Income	14.0	16.3	16.4%
Commission income	63.7	57.7	-9.5%
Commission expense	-28.0	-24.5	-12.5%
Net Commission	35.7	33.1	-7.1%
Net income (loss) from trading activities	-11.8	5.5	n.m.
Dividends	0.1	0.0	n.m.
Net Banking Income	37.9	54.9	44.8%
Staff expenses	-13.3	-15.9	19.5%
Other general and administrative expense	-15.7	-19.6	24.9%
	-29.0	-35.5	22.4%
Depreciation and amortisation	-1.1	-1.3	15.8%
Other net operating income (expense)	1.3	2.2	73.1%
Net Operating Expenses	-28.9	-34.6	20.0%
Operating Profit	9.0	20.3	124.3%
Net adjustments for impair.loans and other assets	0.1	-3.5	n.m.
Net provisions for liabilities and contingencies	-7.9	-7.3	-7.9%
Gain (loss) from disposal of equity investments	0.0	0.0	-
Profit Before Taxation	1.2	9.5	703.8%
Direct income taxes	-1.2	-3.4	191.7%
Income/(losses) after tax on assets held for sales	-0.7	-1.2	65.7%
Net Profit	-0.7	5.0	n.m.
Cost /Income Ratio	73.2%	60.7%	-12.5 p.p.
EBITDA	10.2	21.6	112.2%
Tax rate	97.1%	35.2%	-61.9 p.p.

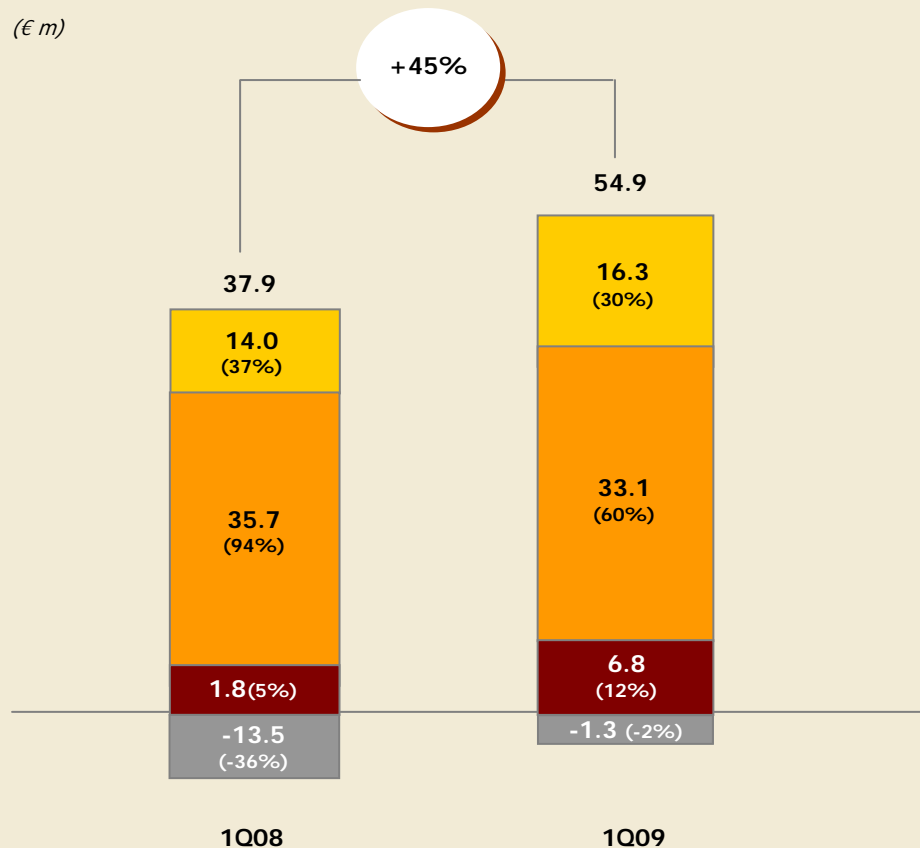
1Q09 Results Key Message: Solid Growth

- Strong Interest margin despite the interest rate fall
- 1Q09 gross commission improving from 4Q08 levels
- Positive contributions arising from trading and expiry of existing bonds, partly counterbalanced by asset impairment
- Positive net inflows with a dramatic change in sales mix
- Good AUM resilience
- Banca del Gottardo Italia already fully integrated, providing a positive contribution

Excellent top line growth (+45% yoy) even in a very tough quarter

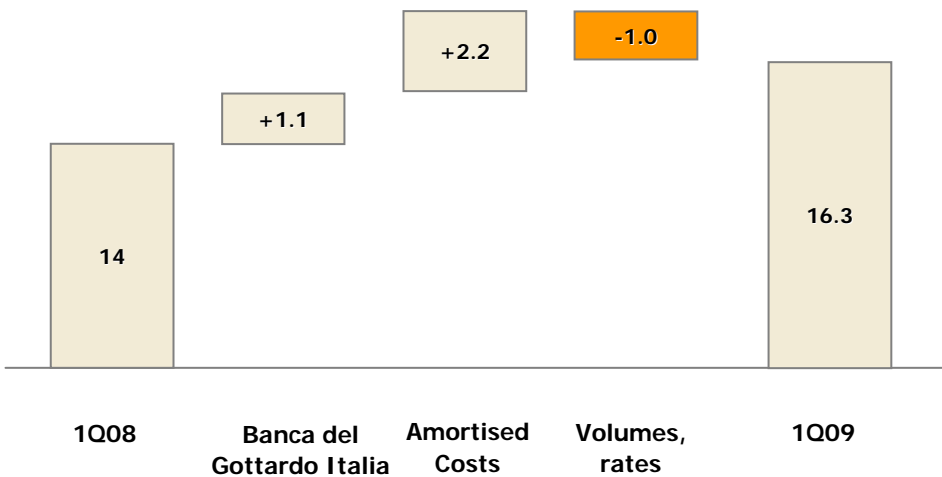
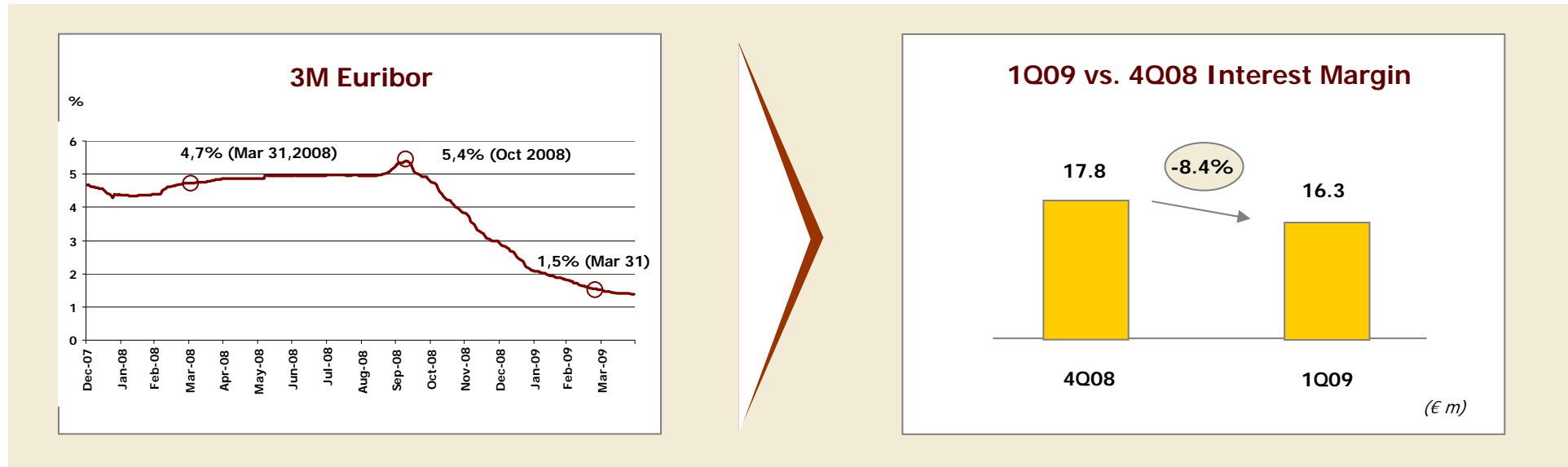
Breakdown of Net Banking Income

(€ m)



- Net banking impact increased by 45% yoy to €54.9 million
- Strong interest margin (+16% yoy)
- Resilient Net Commissions supported by a recovery in front fees
- Positive net investment income driven by €6.8 million gains on bond trading and expiry of existing bond, partly counterbalanced by -€1.3 million of unrealised losses on the HFT bond portfolio

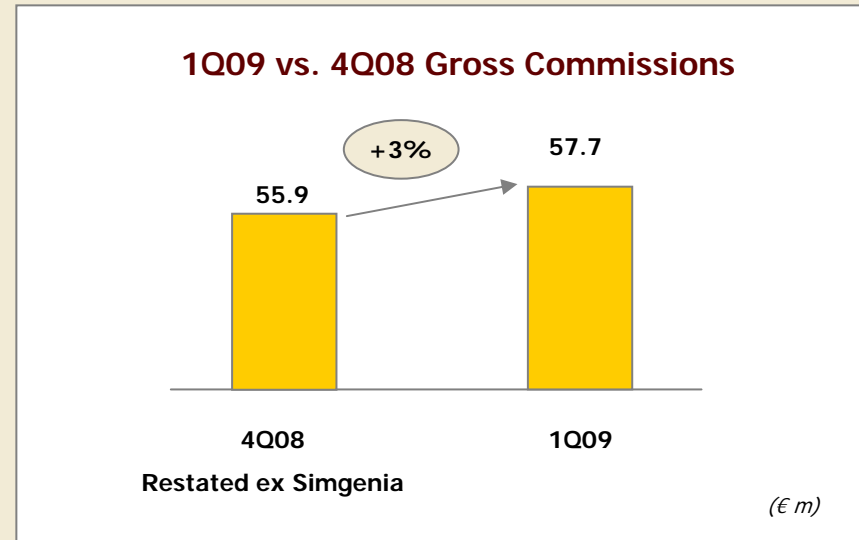
1Q09 interest margin held up nicely



- 1Q09 return on the investment portfolio still supported by the high share of bonds with variable yields (70% of total)
- The recovery of unrealised losses through amortised cost accounting is supporting the interest margin (and will continue to do so)

Gross Commissions with a slight decline yoy, yet improving compared to 4Q08

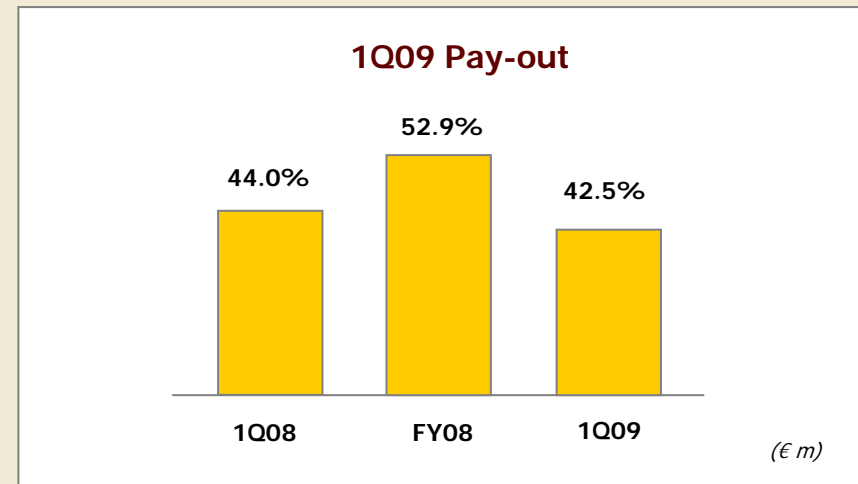
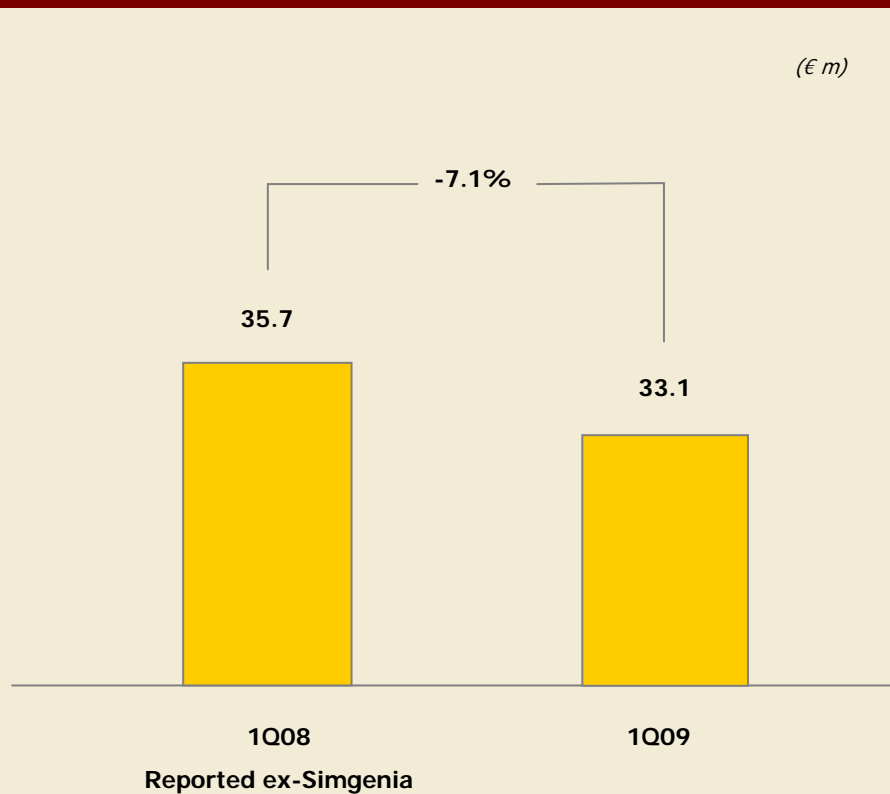
Breakdown of Gross Commissions



- 1Q09 commissions improved against 4Q08 results
- Management fees decreased on a yoy basis due to the AUM contraction and the more conservative asset mix, but they increased compared to 4Q08
- Banking revenues decreased due to a fall in trading commissions

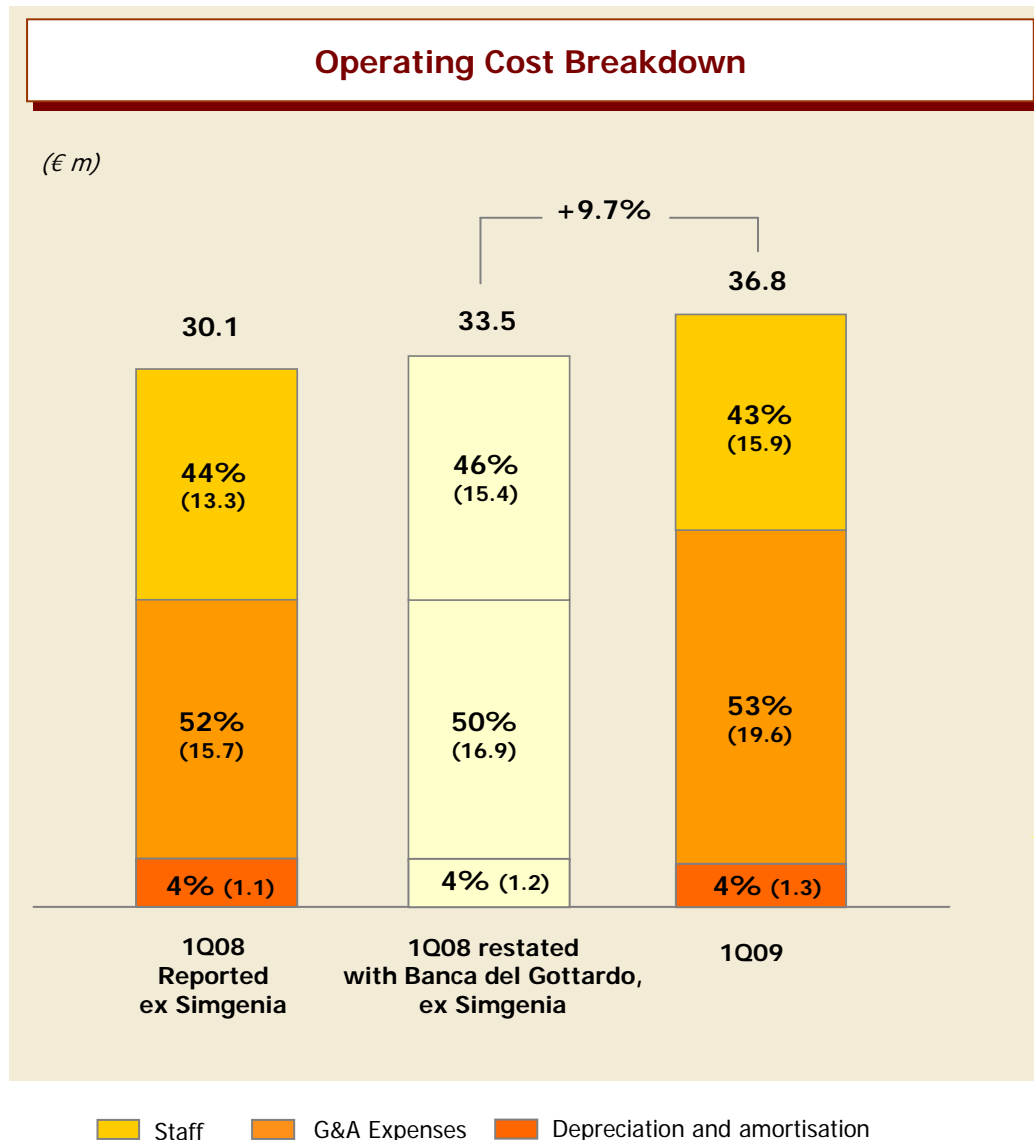
Net commissions benefited from the announced optimisation at pay-out level

1Q09 Net Commissions



- The decrease in 1Q09 pay-out is already providing some evidence of the actions undertaken to enhance profitability.
- More benefits are set to materialise over next quarters as 2008 one-off components will not be replicated

Costs hit by one-off items that will not be replicated over next few quarters



➤ More than half of the cost increase is related to the integration of Banca del Gottardo

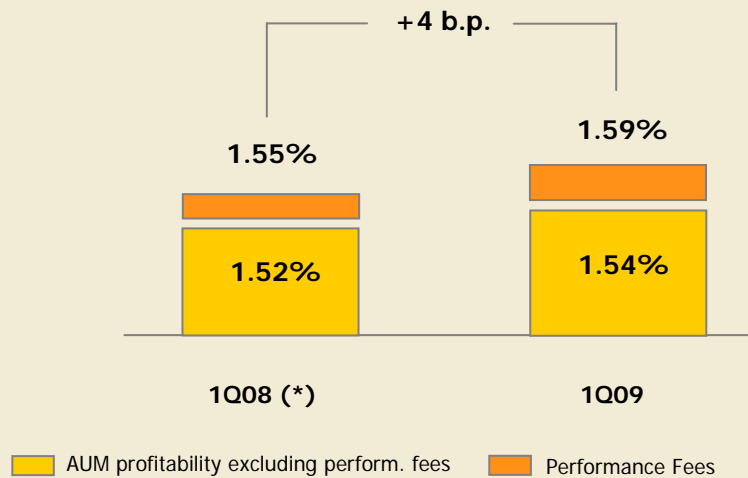
➤ Staff costs proved to be well under control, as they increased by only 2.8% on a like-for-like basis

➤ G&A costs under pressure (+16% on a like-for-like basis) due to one-off projects (i.e. consultancy and IT upgrading) started at the end of 2008. These costs are one-off and their impact should be smoothed over the rest of the year

➤ The cost-saving actions planned in 2008 (BSI Italia integration, organisation streamlining) are underway and are set to deliver their benefits from end 2009

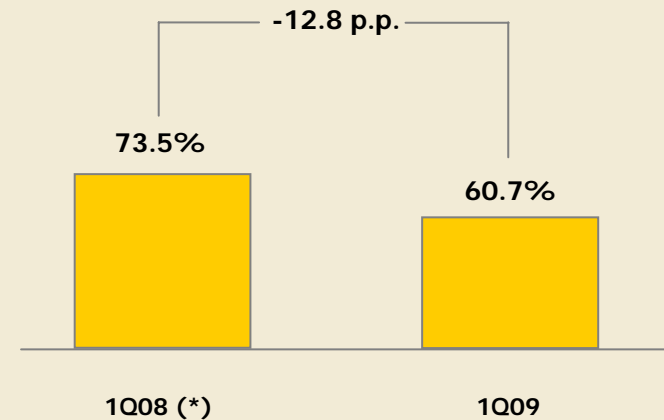
Improved profitability compared to last year

AUM Profitability



* Restated excluding Simgenia and Corporate Assets, including Banca del Gottardo Italia

Cost/Income Ratio



* Restated excluding Simgenia and Corporate Assets, including Banca del Gottardo Italia

- The increasing push of managed products led to an improvement in the AUM profitability
- Cost/Income ratio benefited from the expansion of the revenue base, more than offsetting also the one-off cost increase

➤ 1Q09 Results

➤ **Net Inflows, AUM and Recruiting**

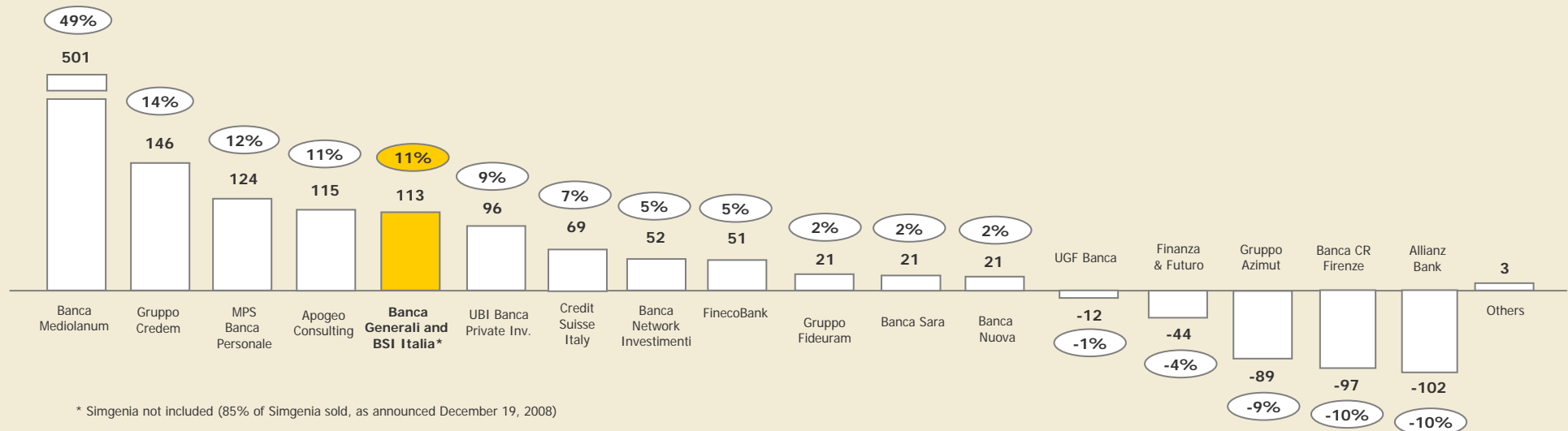
➤ Generali Investment Managers, a great strategic opportunity
for Banca Generali

➤ Closing Remarks

Net Inflows: Banca Generali is once again one of the best performers in the sector in 1Q09

2009 First Quarter Ranking by Net Inflows (Assoreti)

(€ m) Source: Assoreti

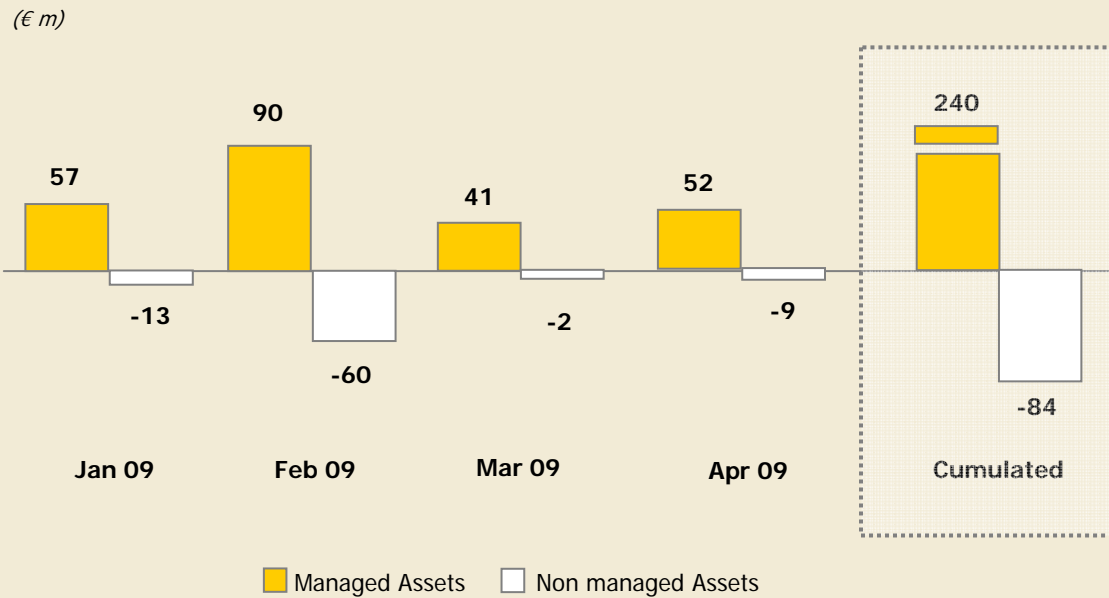


* Simgenia not included (85% of Simgenia sold, as announced December 19, 2008)

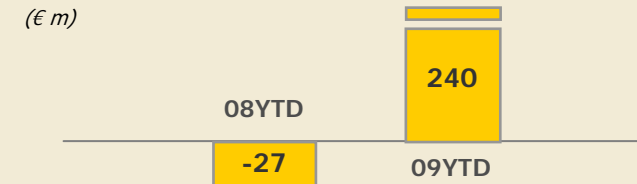
➤ Banca Generali proved to be one of the best players amongst financial advisor networks not stemming from retail banks

Quality of net inflows strongly improved compared to last year

1Q09 Net Inflows by Product Category

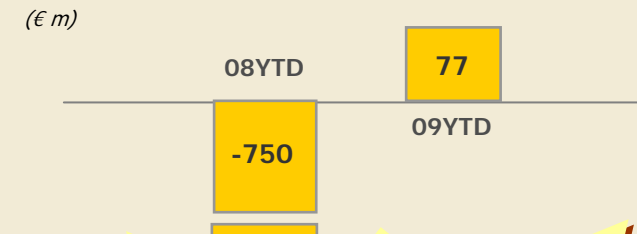


Banca Generali and BSI Italia Net Inflows in Managed Assets*



* Mutual Funds, Managed Portfolio and Life Insurance

Banca Generali and BSI Italia Net Inflows in Mutual Funds and Managed Portfolio



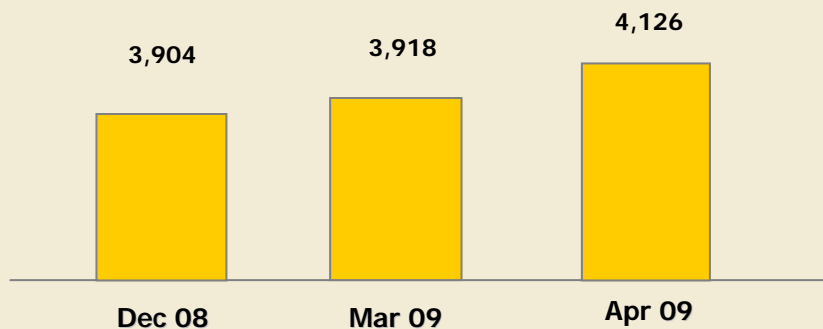
➤ Growth in managed assets was driven primarily by Lux-based funds of funds (BG Selection Sicav, BG Sicav) and by the new insurance products (BG Valore, BG Evolution)

➤ Falling inflows in administered assets reflect company's policy not to push unprofitable marketing actions on aggressive interest rates (on current accounts and repo)

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

In-house Mutual Funds AUM*

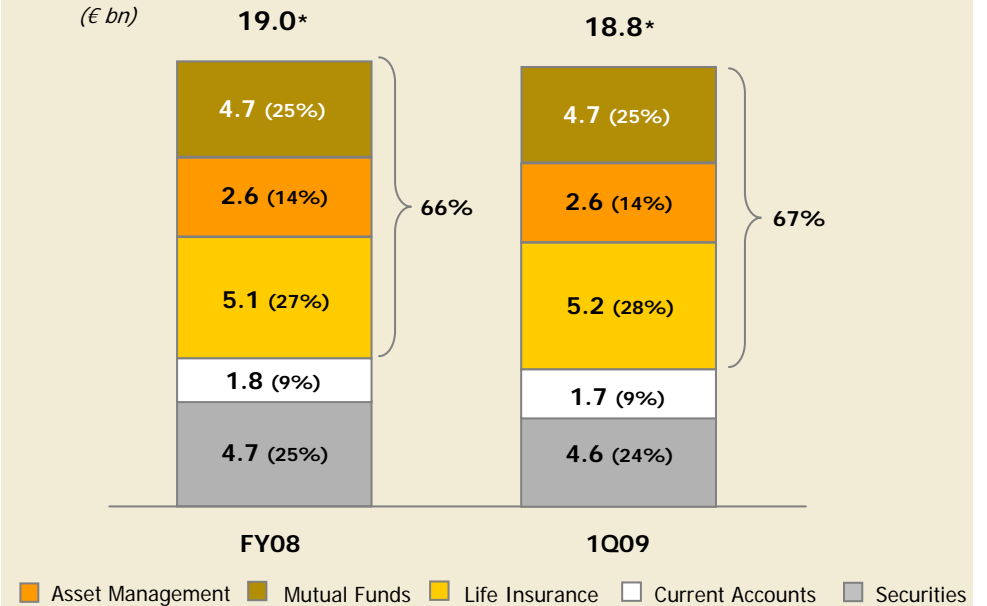
(€ m)



Source: Assogestioni; (*) BG Selection Sicav, BG sgr, BG Sicav

Banca Generali Asset Breakdown

(€ bn)



(*) excluding Simgenia, Corporate Assets and including Banca del Gottardo Italia

- Average net fund performance at +3.2% YTD (with BG Selection Sicav being up 4%) based on the April Assogestioni figures
- BG Selection Sicav net fund performance at +4.0% YTD

- Total Assets broadly stable (-1.3% qoq) despite challenging equity markets in 1Q09 (S&P Mib -18.42%, Stoxx50 -13.96%, S&P500 -11.7%)
- Share of managed assets slightly increased to 67% (from 66%)

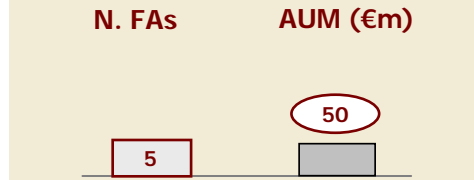
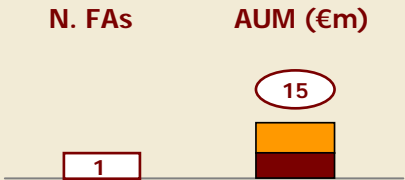
1Q09 recruiting better than forecast, excellent prospects for the rest of the year

1Q09 Recruiting Results

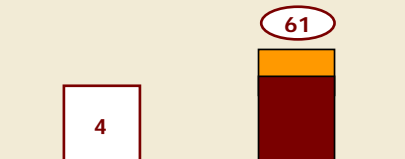
FY09 Recruiting Targets



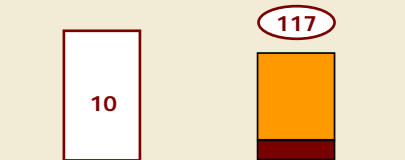
Relationship Manager



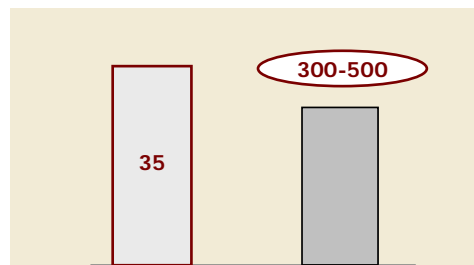
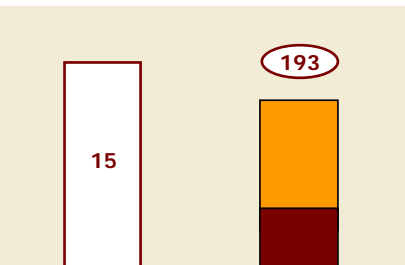
Private Banker



Financial Advisor



Total BG Group



- Good 1Q09 recruiting figures, well ahead of plan
- Many relevant negotiations currently underway with high-profile professionals
- A peak in spontaneous candidatures, which contributed to decreasing recruiting costs
- Confident to reach and possibly outpace the targets set for this year

■ AUM already brought in ■ Potential AUM ○ AUM Target

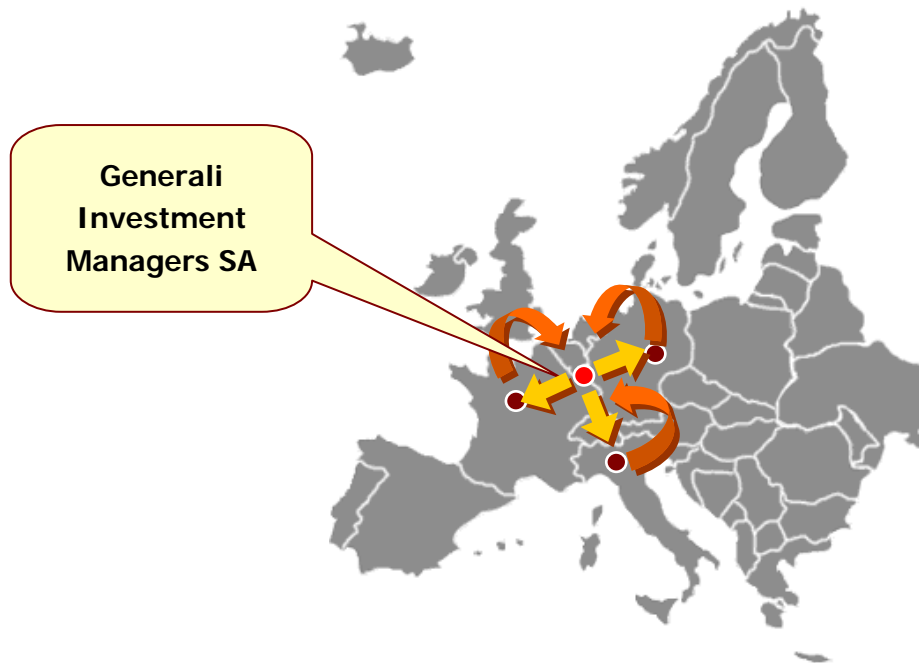
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Generali Investment Managers to be launched, anticipating UCITS IV



- Generali's Group Lux-based asset Management companies to be integrated into a single company
- The new company to be 51% owned by Banca Generali and 49% by Generali Investments

UCITS IV: A new regulation set to dramatically change the European landscape of the Asset management Industry (must be approved by local countries by July 1, 2011)

- Centralization of the product factories in a single country, regardless of local distribution (European Passport)
- Exploiting cost savings opportunities and enhancing product performance
 - merger of funds based in different countries
 - set-up of master-feeder structure
- Great opportunity for true European-based companies like Generali (one central factory, local distribution)

Generali Investment Managers, project timetable



Generali Investment Managers, project rationale

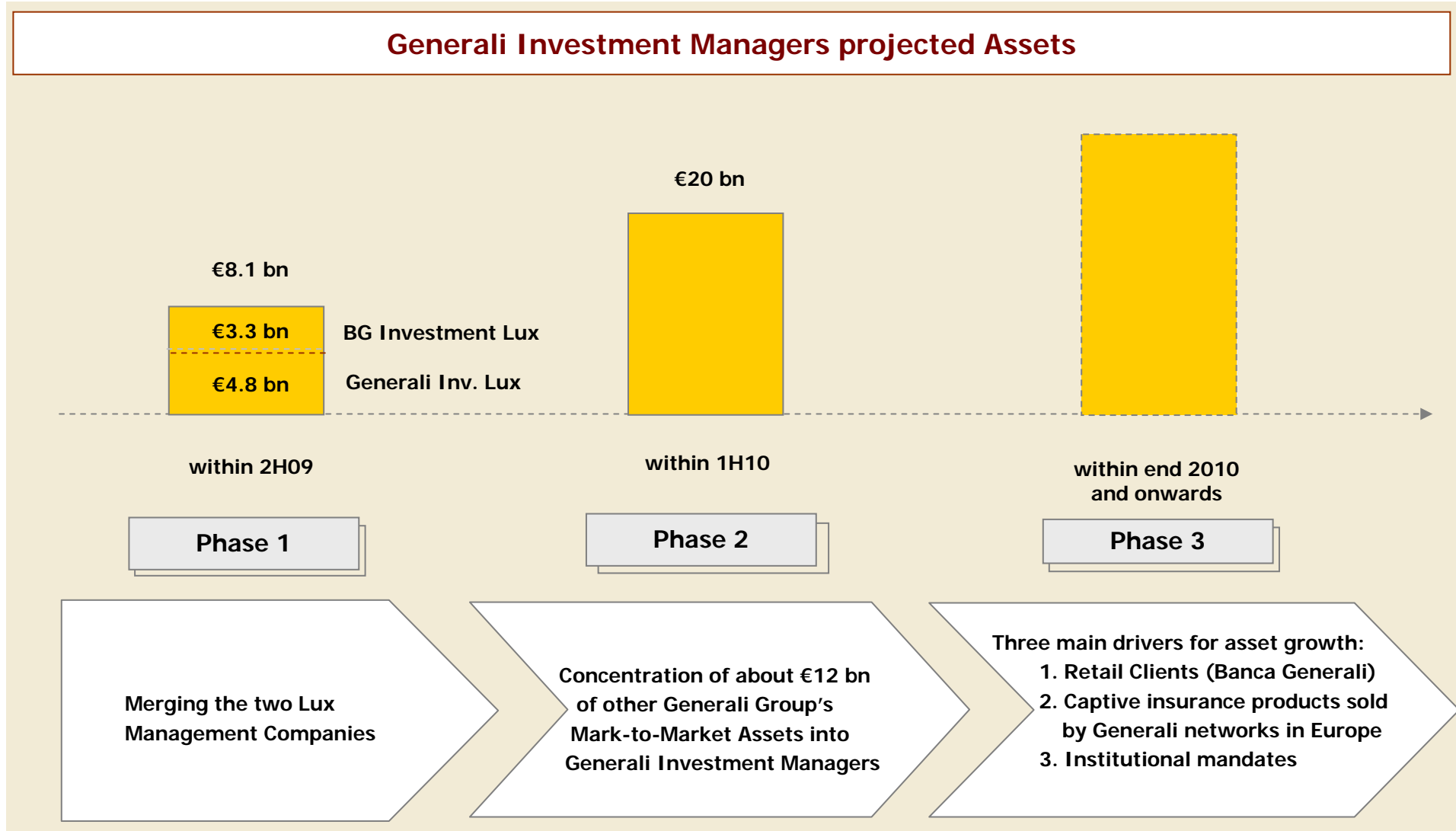
Strategic Rationale

- ✓ Strengthening of the specialisation of the Asset Management activities within Generali Group
- ✓ Leveraging on Generali brand's strength and reputation and on the quality of our investment and risk management process to gain market shares with institutional clients
- ✓ Exploiting existing turmoil in the asset management industry to pursue growth opportunities
- ✓ Grasping UCITS IV opportunities

Industrial Rationale

- ✓ Streamlining existing AM factories dedicated to collective and institutional asset management products (UCITs, Funds of Fund, Pension Funds, Institutional Clients)
- ✓ Finetuning existing product offer
- ✓ Enhancing operating structure efficiency and fund performance

Generali Investment Managers, a great growth potential



➤ **1Q09 Results**

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Investor Relations Team

Giuliana Pagliari

Investor Relations Officer

Tel +39 02 6076 5548

Federico Mangiagalli

Tel +39 02 6076 5545

Fax +39 02 6682 854

E-mail investor.relations@bancagenerali.it

Website: www.bancagenerali.com

Disclaimer

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G. Fancel, CFO

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