

Press Release

Banca Generali Approves 1Q 2007 Results

Strong performance of consolidated results at 31 March 2007¹

- **Net banking income: €51.6 million (up 34% vs. 1Q 2006)**
- **Operating result: €21.6 million (up 67% vs. 1Q 2006)**
- **EBITDA: €23.2 million (up 56% vs. 1Q 2006)**
- **Net profit: €4.7 million (vs. break-even in 1Q 2006)**

Milan, 7 May 2007 – The Board of Directors of Banca Generali chaired by Giovanni Perissinotto met today and approved the Consolidated Quarterly Report for the period ended 31 March 2007.

“The first quarter results of the Banca Generali Group showed a marked profitability growth, mainly thanks to a strong increase in recurrent revenues and a reduction in operating expense on a like-for-like basis”, stated CEO Giorgio Girelli. “Based on the excellent results and the strong net inflows for the first few months of the year, we are even more confident in our ability to reach the ambitious targets set out in our 2007-09 Strategic Plan.”

Consolidated Economic Results

All the main economic indicators showed a double-digit growth at 31 March 2007, compared to the same period of 2006, even on a like-for-like basis (i.e. including for 1Q 2006 Banca BSI Italia and Sant’Alessandro Fiduciaria in the consolidation area, although they joined the Banca Generali Group on 1 July 2006).

In detail, the Group’s consolidated **net profit** was €4.7 million, a sharp increase compared to the break-even achieved in the 1Q 2006, net of €12 million provisions mainly pertaining the recruitment of high-level professionals.

Gross commissions increased to €74.4 million (+34%, +24% LfL), mainly attributable to management fees (accounting for 68% of the total vs. 71% in 1Q 2006). The weight of entry fees went from 18% in 1Q 2006 to 23% in 1Q 2007. The increase in gross commissions was attained without performance fees.

Net banking income reached €51.6 million (+34%, +17% LfL), following the increase in interest margin (€9.8 million, +105% and +76% LfL) and net commissions (€40.2 million, +36% and +18% LfL).

The tight control of **operating expenses** (€30 million, +18% but down 0.8% LfL) led to a strong improvement in the **cost/income** ratio, which dropped to 55.1% from 61.5% of 1Q 2006 (63.5% LfL).

¹ Like-for-like data (LfL) include for 1Q 2006 consolidation of Banca BSI Italia and Sant’Alessandro Fiduciaria, which joined the Banca Generali Group on 1 July 2006.

As a result of revenue growth and cost control, operating **income** increased sharply to €21.6 million (+67%, +55% LfL). **EBITDA** also rose significantly to €23.2 million (+56%, +44% LfL).

At 31 March 2007, Banca Generali Group total assets amounted to €3,834 million. **Consolidated net equity** amounted to €207.7 million.

Consolidated Operating Results

At 31 March 2007, total **Assets Under Management (AUM)** of the Banca Generali Group reached €24.4 billion, of which 73% in asset management and insurance products, compared to €23.7 billion at end-2006, when the Group ranked third with a 10.5% market share.

In 1Q 2007, total **net inflows** amounted to €705 million, thus confirming the leading position of Banca Generali Group in the reference market (Assoreti).

For the **first four months of 2007**, total net inflows of the Banca Generali Group are estimated at €820-850 million.

Today, Chief Executive Officer Giorgio Girelli will present the First Quarter 2007 results to the financial community through a **Conference Call** scheduled for 5:00 pm CET. To listen to the presentation, please call the following numbers: for Italy (and other countries not listed below) +39 02 802 09 11, for the UK +44 208 79 29 750, for the USA + 1 866 23 96 425. The presentation will be available on the website www.bancagenerali.it.

Annexes:

A: Banca Generali Group – Consolidated Profit & Loss

B: Banca Generali Group – Consolidated Profit & Loss (LfL comparison)

C: Banca Generali Group – Reclassified Consolidated Balance Sheet

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A: Banca Generali Group – Consolidated Statement of Operations

BANCA GENERALI GROUP		(euro million)		
(€ m)	31/3/2006	31/3/2007	% Chg	
NET INTEREST INCOME	4.8	9.8	105.4%	
Commission income	55.5	74.4	34.1%	
Commission expense	-25.9	-34.2	32.1%	
NET COMMISSIONS	29.5	40.1	35.9%	
Net income (loss) from banking activities	3.8	1.6	-59.5%	
Dividends	0.3	0.0		
NET BANKING INCOME	38.5	51.6	34.1%	
Staff expenses	-9.8	-14.0	42.5%	
Other general and administrative expense	-15.8	-16.7	5.7%	
	-25.7	-30.8	19.8%	
Depreciation and amortisation	-1.8	-1.5	-15.2%	
Other net operating income (expense)	2.0	2.3	16.4%	
NET OPERATING EXPENSES	-25.5	-30.0	17.6%	
OPERATING PROFIT	12.9	21.6	66.7%	
Net adjustments for impair. loans and other assets	-	-	-	
Net provisions for liabilities and contingencies	-12.8	-12.0	-6.2%	
Gain (Loss) from disposal of equity investments	-	-		
INCOME BEFORE TAXATION	0.1	9.6	9x	
Taxes	-0.2	-4.9	n. m.	
NET PROFIT	-0.1	4.7	5x	
<i>Cost / Income ratio</i>	61.5%	55.1%	-6.4 p.p.	
EBITDA	14.8	23.2	56.5%	

**B: Banca Generali Group – Consolidated Statement of Operations
(comparison on a like-for-like consolidation basis)**

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

C: Banca Generali Group – Reclassified Consolidated Balance Sheet

Assets (€ millions)	31/03/2007	31/12/2006	Change %
Financial assets held for trading	2,375.2	2,108.1	12.7%
Financial assets available for sale	43.8	37.0	18.4%
Loans to banks	739.6	892.5	-17.1%
Loans to customers	345.0	349.7	-1.3%
Equity investments	-	-	-
Property equipment and intangible assets	23.1	23.9	-3.3%
Tax receivables	37.5	35.7	5.0%
Other assets	269.4	133.2	102.3%
Total Assets	3,833.6	3,580.1	7.1%

Liabilities and Shareholders' Equity (€ millions)	31/03/2007	31/12/2006	Change %
Due to banks	97.5	40.4	141.3%
Direct inflows	3,253.9	3,053.7	6.6%
Financial liabilities held for trading	14.2	16.1	-11.8%
Tax payables	26.2	19.6	33.7%
Other liabilities	166.2	179.9	-7.6%
Special purpose provisions	67.9	65.2	4.1%
Valuation reserves	1.2	1.1	9.1%
Reserves	76.4	61.9	23.4%
Additional paid-in capital	22.8	22.8	0.0%
Share capital	111.3	111.3	0.0%
Treasury shares (-)	-8.7	-5.9	47.5%
Net income (loss) for the period (+/-)	4.7	14.0	-66.4%
Total Liabilities and Shareholders' Equity	3,833.6	3,580.1	7.1%