

Banca Generali

Review of 1H09 results
and business outlook update

Giorgio Girelli, CEO
Milan, July 29, 2009

Today's Agenda

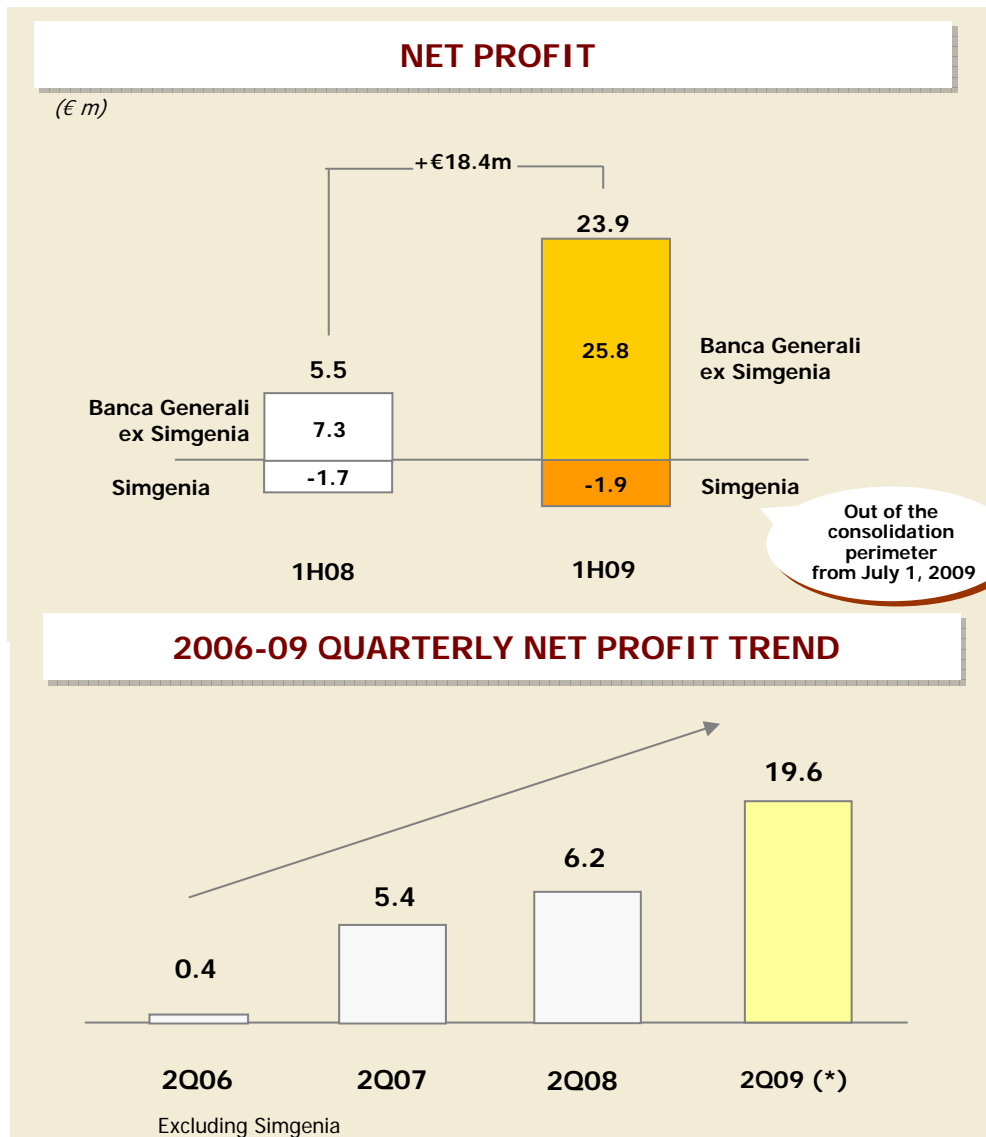
➤ **1H09 Results**

➤ Net Inflows, AUM and business update

➤ New strategic opportunities

➤ Closing Remarks

1H09, an excellent result in still challenging market conditions



1H09 Results: Key Messages

Strong net profit driven by good industrial results

- Steady monthly net inflows with a clear enhancement in product mix, driven by asset management and insurance products
- AUM YTD expansion supported by a strong performance of asset management products
- Interest margin resilience despite interest margin drop
- Gross commission further improving on a QoQ basis
- Recurring commissions broadly stable YoY, despite tough 12 months for financial markets
- Strong growth in performance fees, driven by the excellent performance of the in-house funds

Consolidated Profit and Loss 1H09 Results: main takeaways

(€ mil.)	1H 08 (reported)	1H 09 (reported)	% Chg
Net Interest Income	27.5	28.6	4.0%
Commission income	121.7	137.9	13.3%
Commission expense	-54.3	-51.3	-5.6%
Net Commission	67.4	86.6	28.5%
Net income (loss) from trading activities	-38.5	-33.3	-13.3%
Dividends	27.7	46.7	68.5%
Net Banking Income	84.1	128.5	52.7%
Staff expenses	-25.8	-32.6	26.2%
Other general and administrative expense	-34.5	-43.9	27.5%
	-60.3	-76.5	26.9%
Depreciation and amortisation	-2.3	-2.7	15.5%
Other net operating income (expense)	3.6	4.0	13.2%
Net Operating Expenses	-59.0	-75.1	27.3%
Operating Profit	25.1	53.4	112.5%
Net adjustments for impair. loans and other assets	0.1	-6.1	n.m.
Net provisions for liabilities and contingencies	-16.3	-17.1	4.7%
Profit Before Taxation	8.9	30.3	238.3%
Direct income taxes	-1.7	-4.4	164.3%
Income/(losses) after tax on assets held for sales	-1.7	-1.9	11.6%
Net Profit	5.5	23.9	330.8%
Cost /Income Ratio	67.4%	56.4%	-11 p.p.
EBITDA	27.5	56.1	104.3%
Tax rate	18.8%	14.7%	-4.1 p.p.

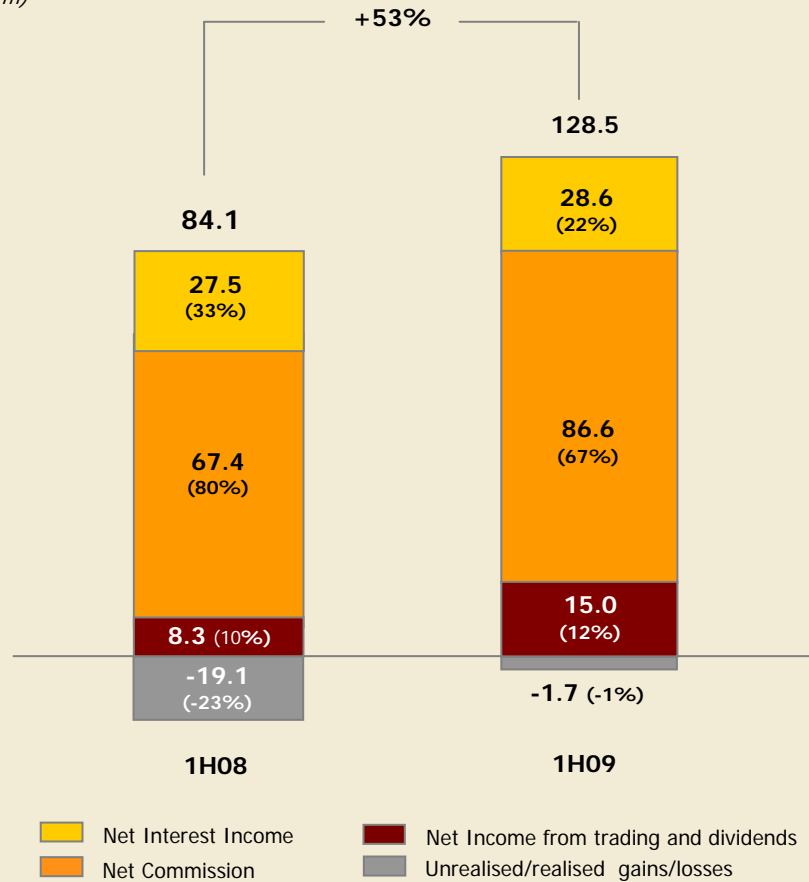
1H09 Results: Selected Items

- **Strong banking income (+53% yoy)** driven by a growth in commissions and trading income.
- **Resilient net interest income** despite the impressive interest rates drop
- **Trading income** benefited from trading on short term variable bonds and from TRS operations
- **Write-off on investments (€6.1 million)** related primarily to a private equity and other equity stakes
- **Net provisions, higher than in 1H08**, due to more intense recruiting and conservative assumptions
- **Net Profit at €24 million**, > 4x higher than in 1H08
- **Simgenia still in red** but set to exit the consolidation area from July 1, 2009
- **EBITDA more than doubled yoy**
- **Cost/Income** significantly improving to 56%

Excellent revenue growth in all business lines

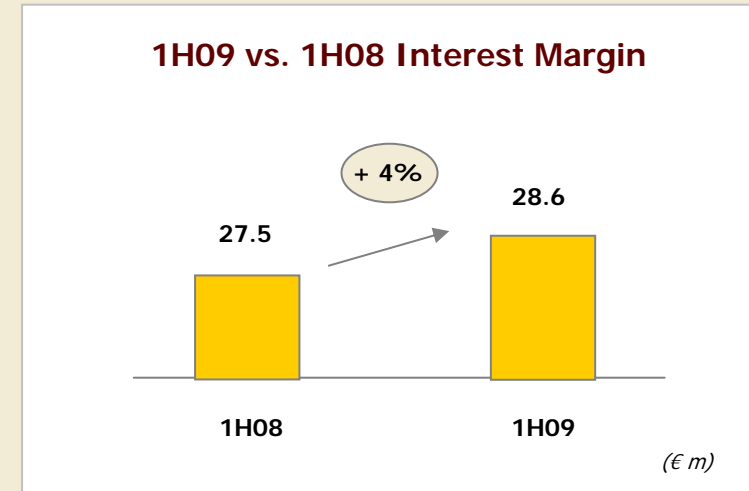
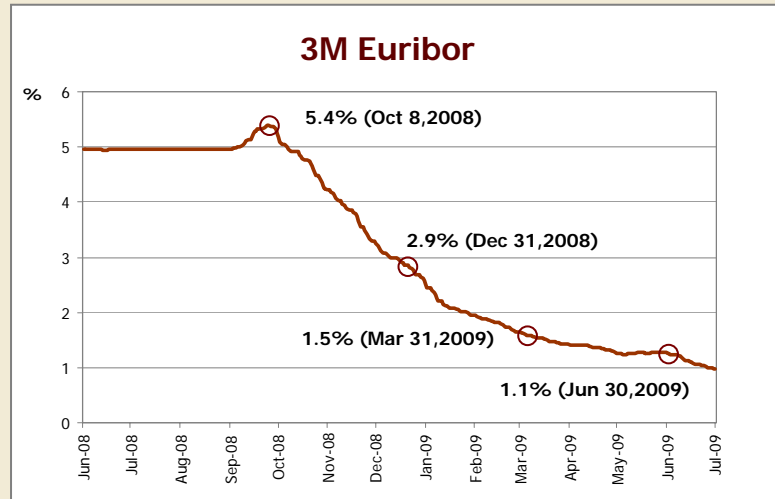
Breakdown of Net Banking Income

(€ m)



- Interest margin remains positive despite interest rate decrease thanks to the contribution from both the amortised cost accounting and from Banca del Gottardo Italia.
- Recurring commissions stable YoY and even increasing QoQ
- Growth in 2Q09 performance fees, driven by the excellent fund performance
- Net investment income still supported by trading gains and TRS operations
- Limited unrealised losses on HFT portfolio

Solid 1H09 interest margin even with falling interest rates



- A very good resilience of the interest margin despite a tremendous decrease of interest rates. The main reasons are:
- Excellent treasury management skills
 - The existing buffer of unrealised losses occurred in 2007-08, that is giving – as expected- strong support to the interest margin during current quarter and over the next ones
 - Banca del Gottardo Italia contribution

Gross Commissions keep growing compared to last year and to last quarters...

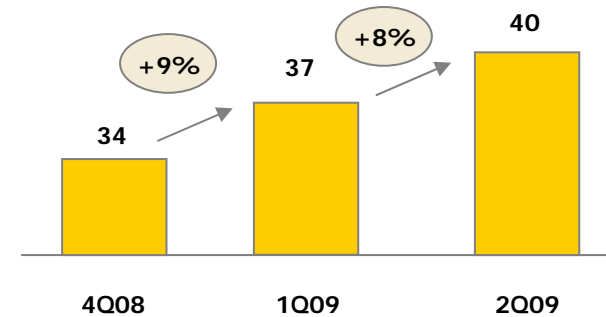
Breakdown of Gross Commissions

(€ m)



Management fees quarterly trend

(€ m)

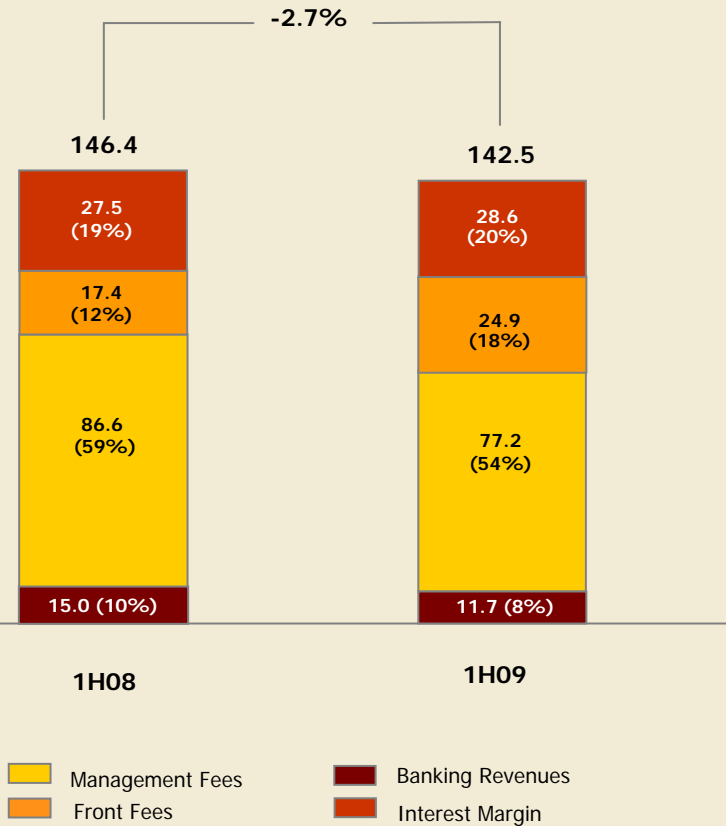


- Strong yoy increase in gross commissions (+13% yoy)
- Steady growth qoq in management fees (+18% since 4Q08)
- Entry fees up by 44% driven by 1H09 good new sales figures

... and confirming a high resilience in recurring revenues even within the worst 12 months for financial markets ...

Breakdown of Recurring Revenues (ex performance fees)

(€ m)



1H09 vs. 1H08

Equity Markets (MS World all countries - € based)	- 23%
AUM (ex-insurance)	- 14%
Management Fees	-11%

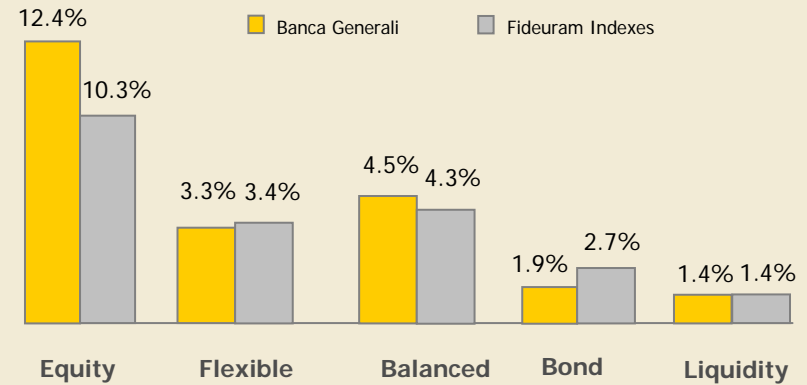
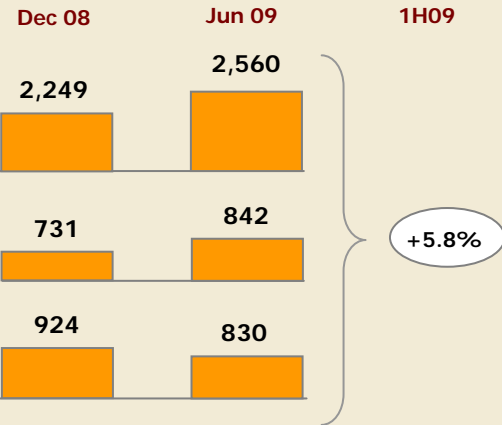
➤ Despite the unfavourable yoy comparison, Banca Generali managed to maintain broadly stable 1H09 recurring revenues (-2.7% on yoy basis)

... while the strong in-house fund performance allowed for good variable fees

Strong Banca Generali in-house funds...

...outperforming in most fund categories...

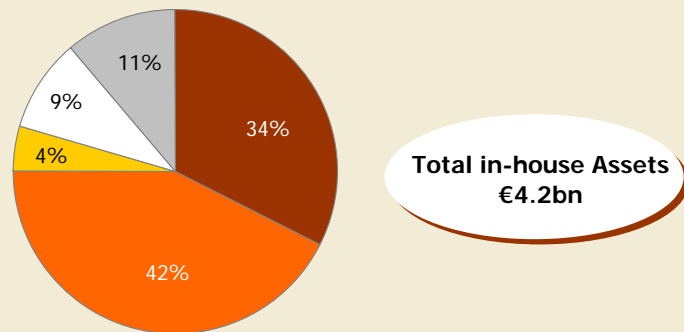
(€ m) **AUM** **Performance**



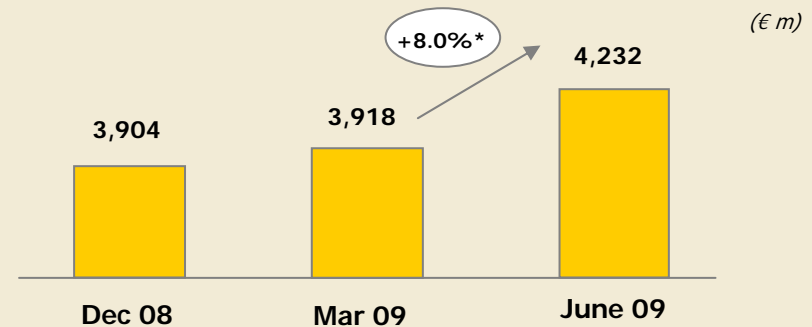
Source: Internal data and Fideuram Indexes Jan-Jun 09

...so, even with a controlled equity exposure...

...in-house AUM performed very well



Equity Flexible/Total Return Balanced Bond Liquidity



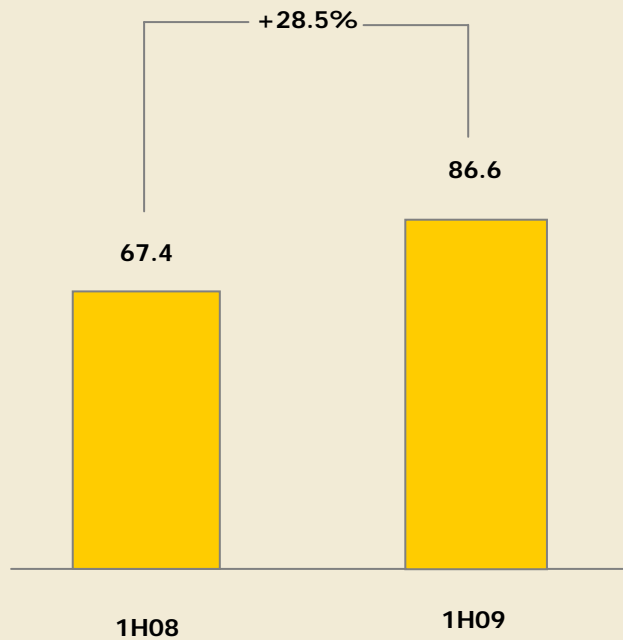
Source: Assogestioni

(*) fund performance: 7.4%

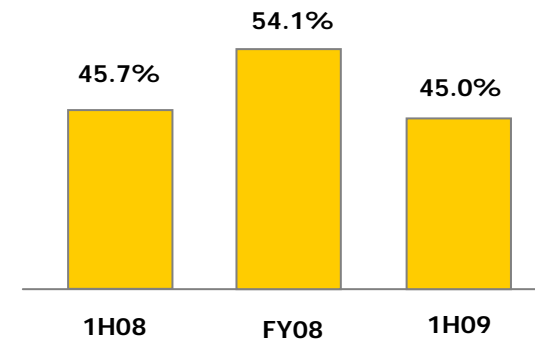
Thanks to a stable pay-out, net commissions increased by 29% yoy

1H09 Net Commissions

(€ m)



1H09 Pay-out*



(*) excluding performance fees

- In 1H09 pay-out remained stable on yoy basis
- 2009YE pay-out is expected to remain in line with 1H09 levels

Financial items affecting 1H09 results

Realised gains on the investment portfolio

€15.0m



1H09

Unrealised losses on the investment portfolio

1H09



-€1.7m

Write-off on investments

1H09



-€6.1m

Investment and Trading Income Result impacting on 1H09 results

€7.2m



1H09

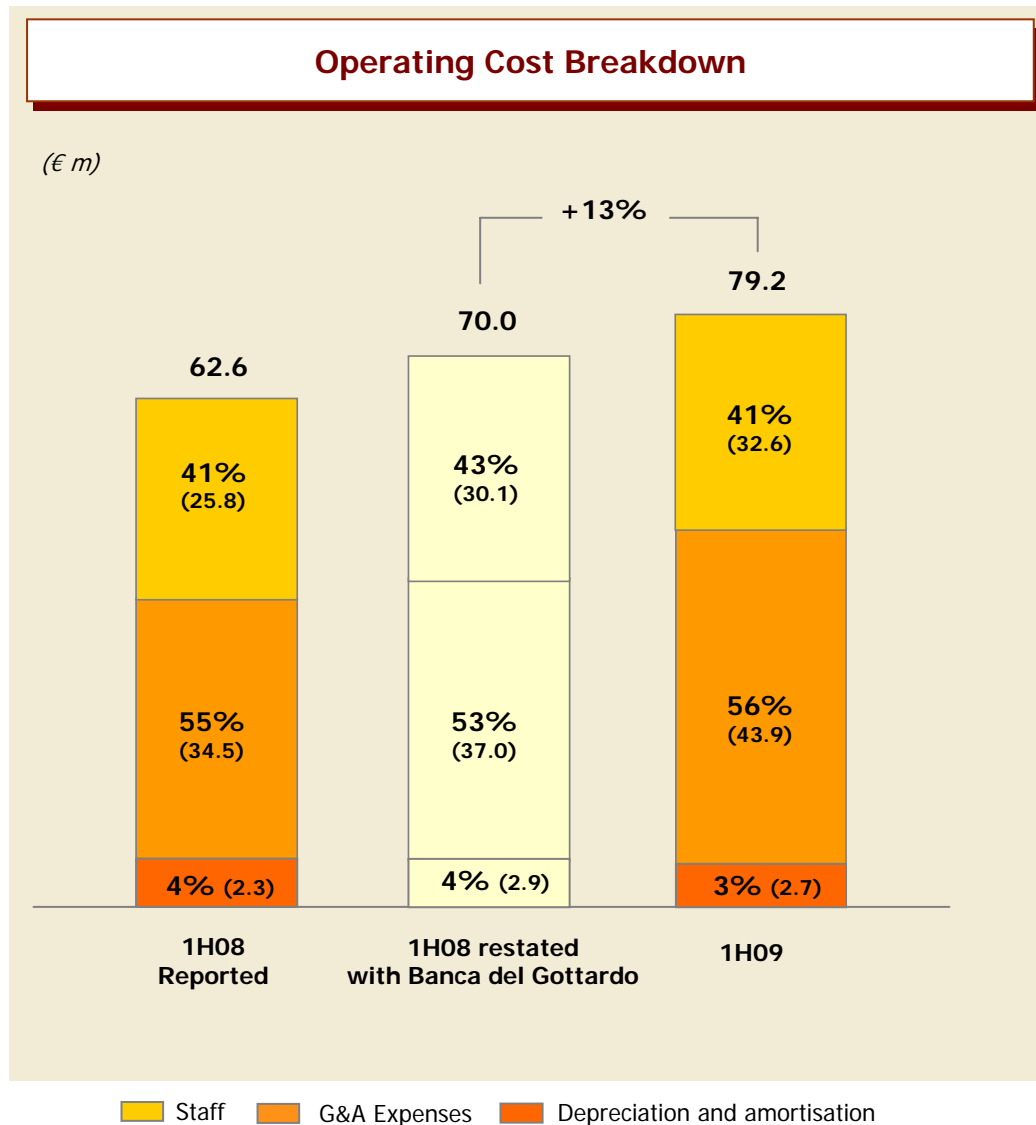
➤ Primarily referring to the disposal of bonds held in the HFT and AFS portfolio and to new TRS operations

➤ Reflecting the mark-to-market valuation of the outstanding HFT bond portfolio

➤ Primarily an impairment on a private equity investment and other equity stakes

➤ Net impact on 1H09 result, gross of tax

Cost management is very effective, planning to bear reductions especially in 2010

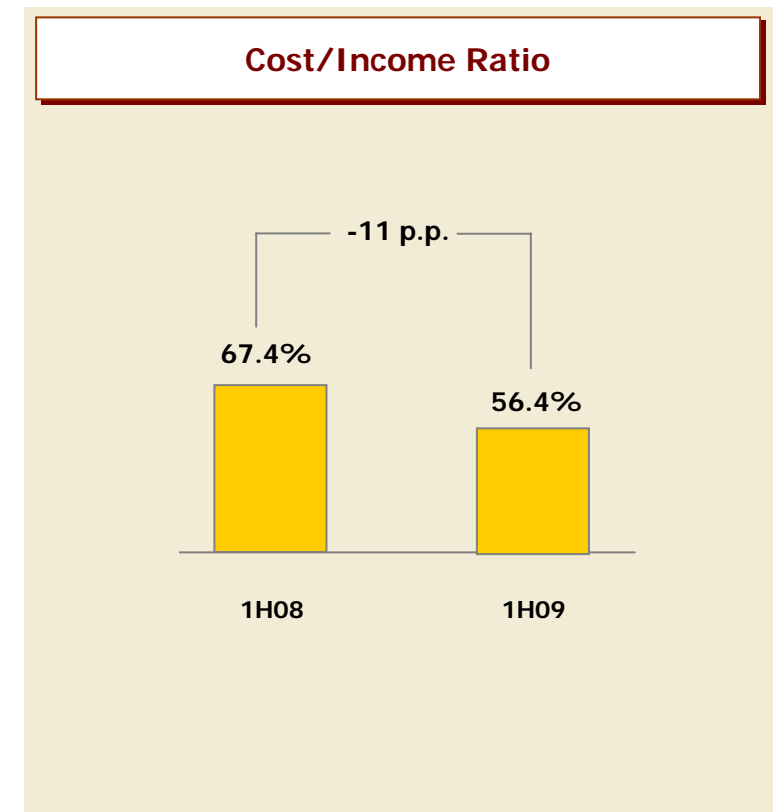
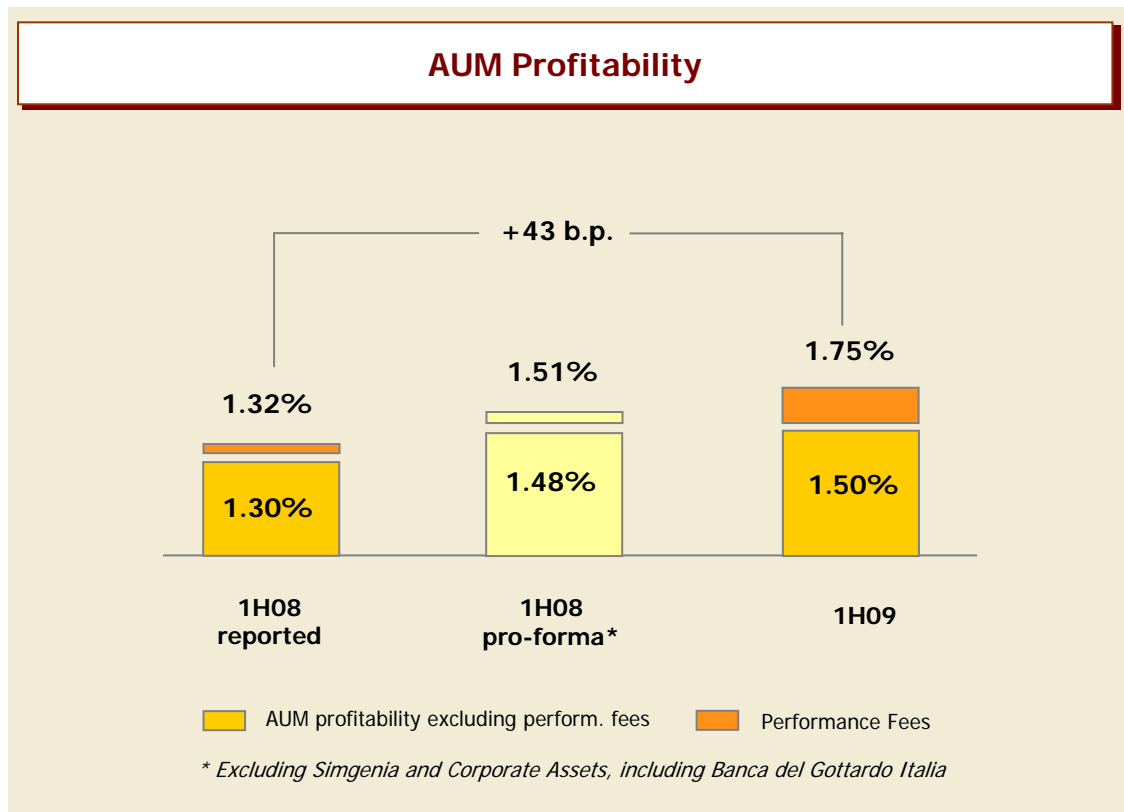


- Labour costs are fully under control, even absorbing the increase in the national banking contract
- Administrative costs include all costs linked to current restructuring projects and also the inter-group VAT, set to disappear in 2010 after the integration with BSI Italia
- Starting from 2010, costs are expected to decrease in absolute value, as all cost cutting measures will deliver their benefits

Project timetable and delivery of benefits

- Integration of Banca del Gottardo Italia 100%
2009
- Integration of BSI Italia into Banca Generali 10% 2009 → 90% 2010
- Rationalization of the distribution network 50% 2009 → 50% 2010
- IT and back-office cost reduction, through process optimization 40% 2009 → 60% 2010
- Incentivation schemes for FAs, RMs and PBs more focused on the development of both existing clients and new ones 100% 2009

AUM profitability is steadily improving



- Recurring AUM profitability improved yoy both on reported and on a like-for-like basis
- The recovery is supported by both an improvement in asset mix and by the strategic actions undertaken in 2008 (disposal of Simgenia and acquisition of Banca del Gottardo Italia)
- Cost income ratio is reaching excellent levels

Today's Agenda

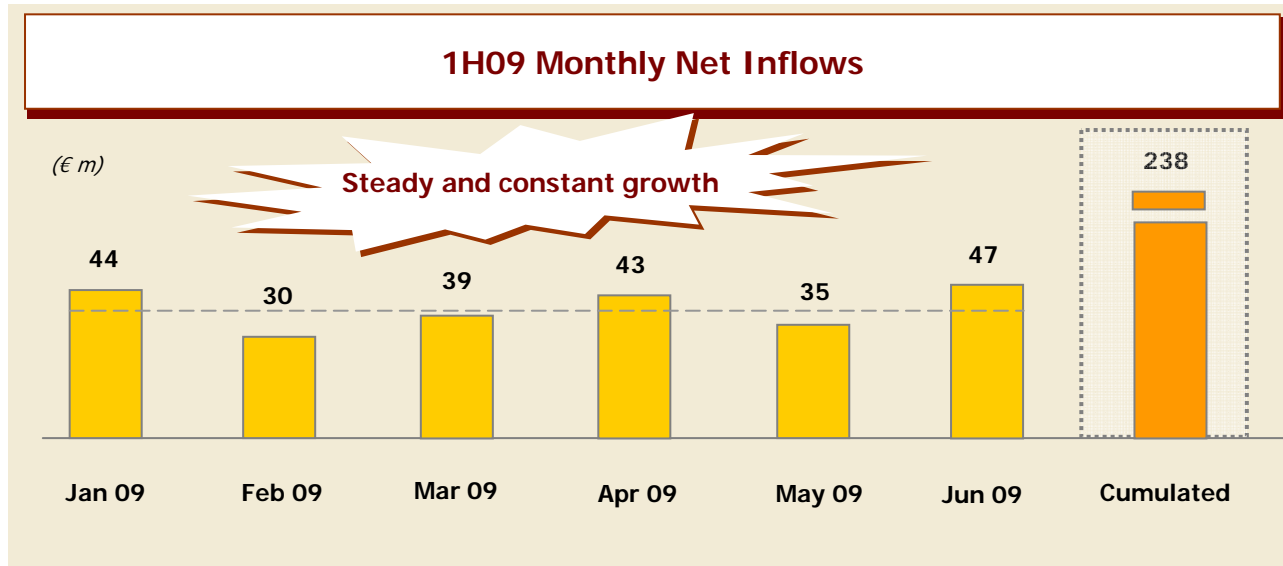
➤ 1H09 Results

➤ **Net Inflows, AUM and business update**

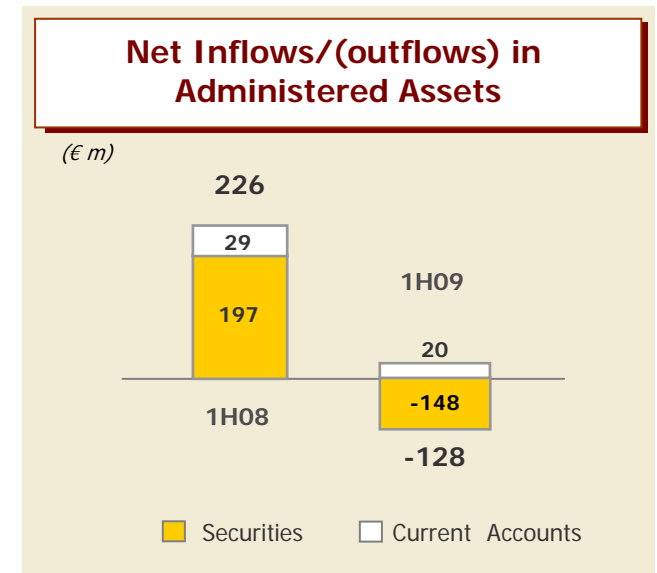
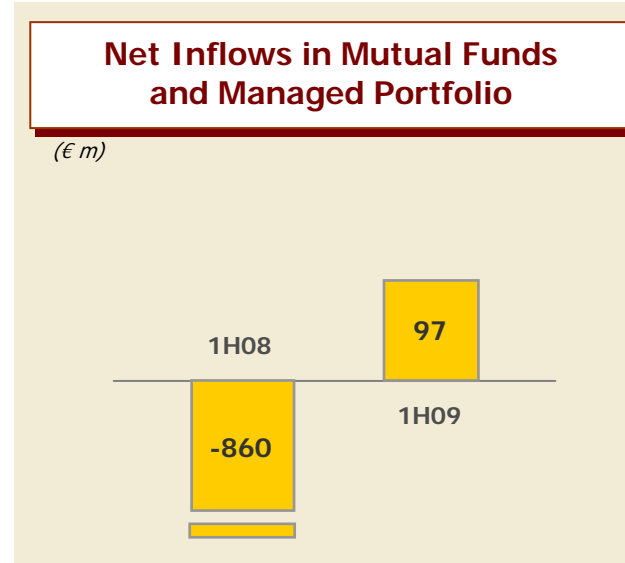
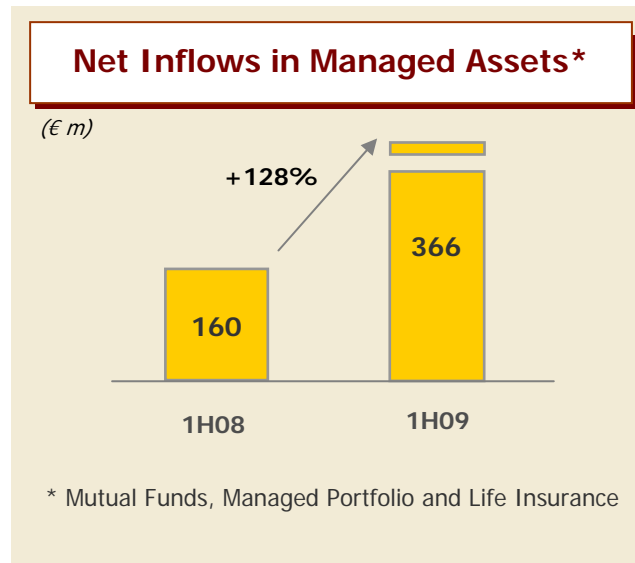
➤ New strategic opportunities

➤ Closing Remarks

Quality of net inflows strongly improved compared to last year



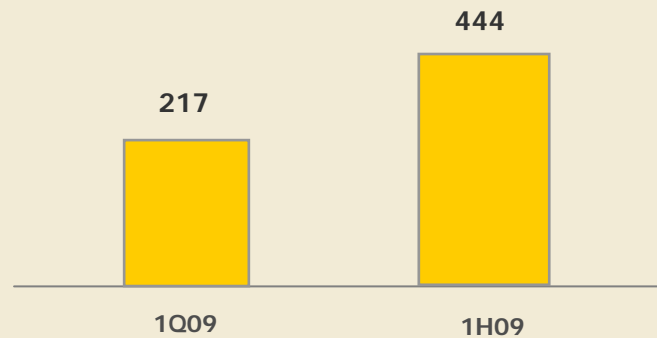
- Banca Generali is keeping a solid pace of growth...
- ... with a dramatic improvement in net inflows mix
- Net inflows in managed assets more than doubled compared to last year



Insurance, strong growth and enhancement in business quality

Life New Business Volumes

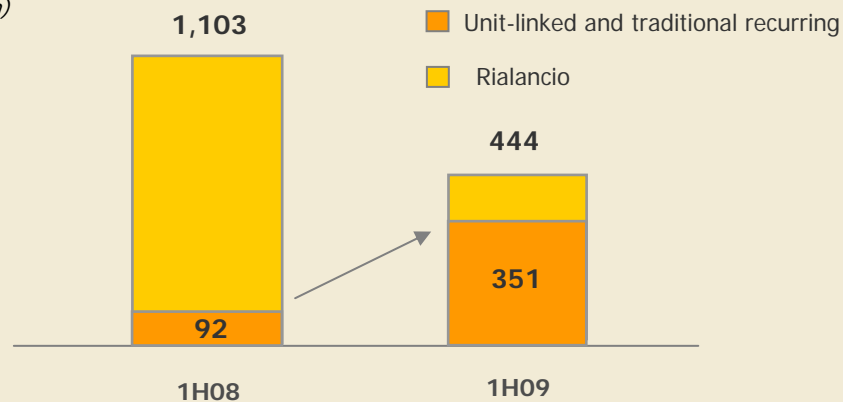
(€ m)



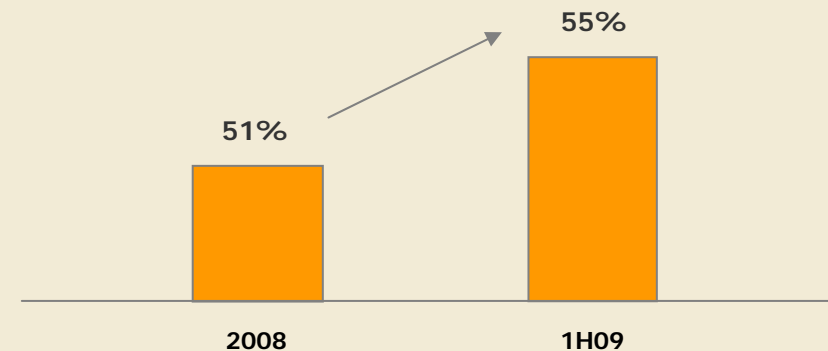
- FY09 target for life new business has largely been reached already
- Strong improvement in life new business profitability, as the amount of longer term policies (net of "liquidity" ones) has increased by almost 4x
- Overall improving life portfolio profitability, as new and higher margin products are now representing 55% of total life assets (vs. 51% in 2008YE)

Strong improvement in product mix

(€ m)



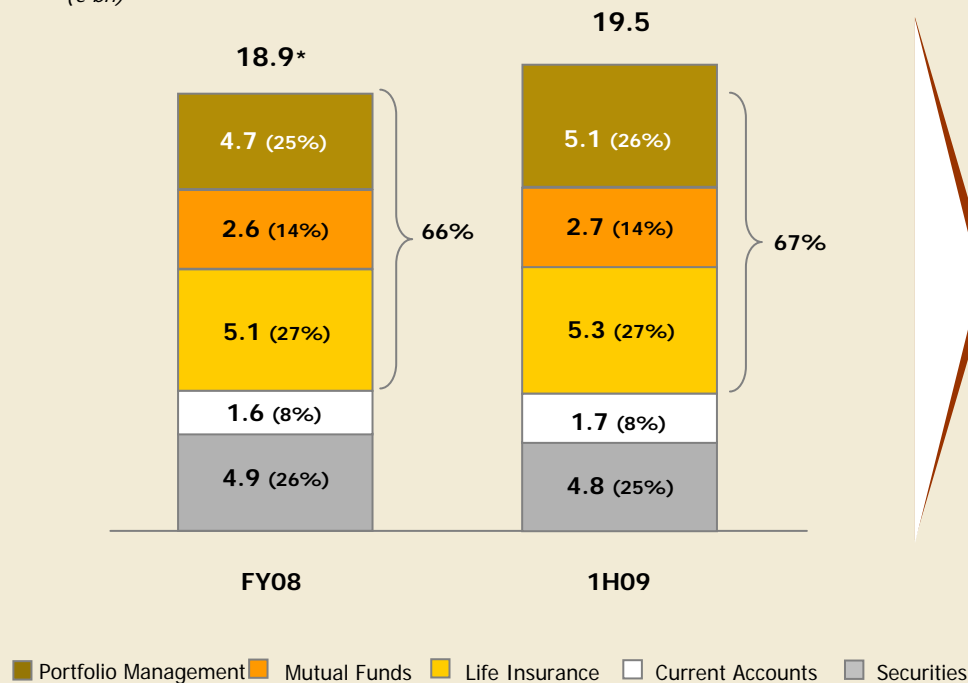
Share of new products on total insurance assets



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

Banca Generali Asset Breakdown

(€ bn)



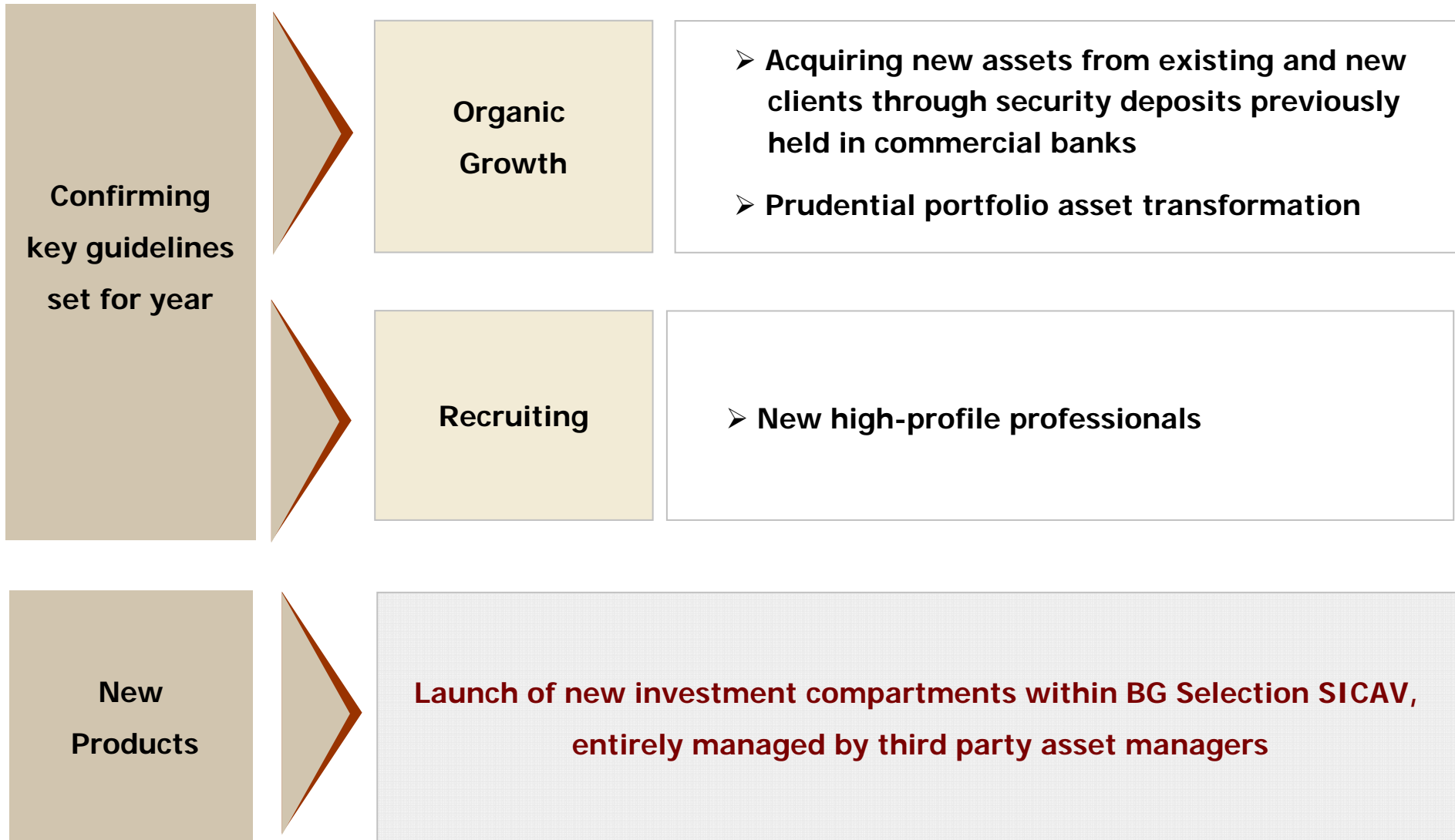
(*) excluding Simgenia, Corporate Assets and including Banca del Gottardo Italia

➤ Total AUM increased by 3% YTD, driven primarily by mutual funds (+8.5%) and insurance assets (+3.9%)

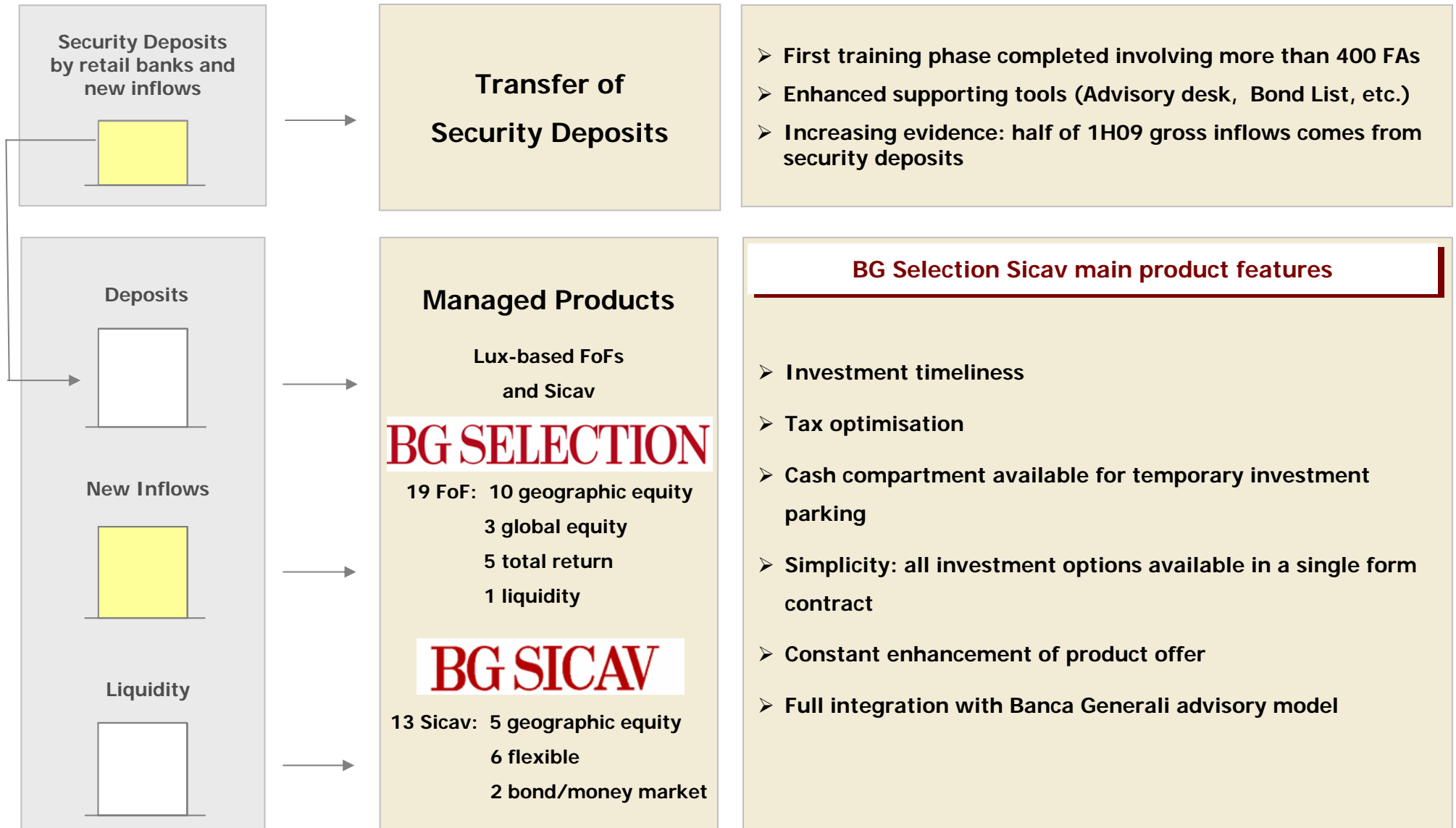
➤ The overall share of managed products increased from 66% in FY08 to 67% in 1H09, with asset mix improving thanks to both mutual fund and insurance asset increase

➤ The bank is highly flexible in the revision of its equity exposure, thanks to its numerous flexible and total return products and to the still large share of liquidity in current accounts

2H09 Commercial Strategy Key Pillars



Organic growth - Strong increase in managed products and good prospects for security deposit transfer



- First training phase completed involving more than 400 FAs
- Enhanced supporting tools (Advisory desk, Bond List, etc.)
- Increasing evidence: half of 1H09 gross inflows comes from security deposits

BG Selection Sicav main product features

- Investment timeliness
- Tax optimisation
- Cash compartment available for temporary investment parking
- Simplicity: all investment options available in a single form contract
- Constant enhancement of product offer
- Full integration with Banca Generali advisory model

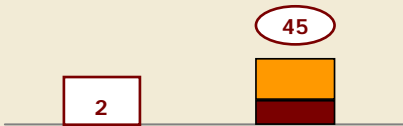
Recruiting - 1H09 figures better than forecast, year-end target revised upwards



Relationship Manager

1H09 Recruiting Results

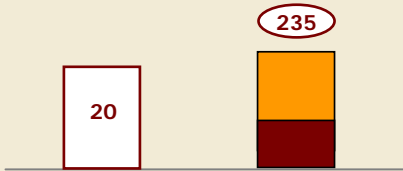
N. FAs AUM (€m)



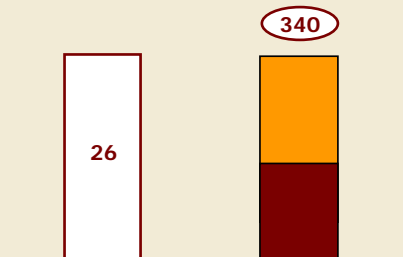
Private Banker



Financial Advisor

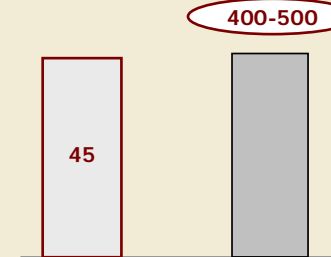
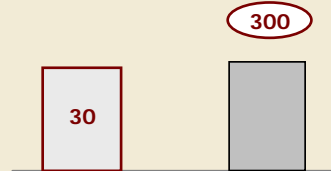
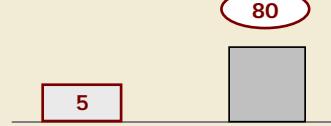


Total BG Group



FY09 Recruiting Targets

N. FAs AUM (€m)



- Good 1H09 recruiting figures, particularly for Banca Generali financial advisors
- Recruiting target set for FY09 revised from 35 to 45 people in order to exploit existing opportunities
- The increase in the number of spontaneous candidatures help to contain recruiting costs

■ AUM already brought in ■ Potential AUM ○ AUM Target

New Products – Five new compartment within BG Selection Sicav, entirely managed by third party asset managers

BG SELECTION SICAV.
UNA NUOVA ARMONIA NEL MULTIBRAND.

BlackRock Global MAPS
CAAM Momentum
Invesco Asia Global Opportunities
Morgan Stanley Active Allocation
Vontobel Global Elite

L'ESPERIENZA E LA PROFESSIONALITÀ SUI MERCATI DI CINQUE PRESTIGIOSE CASE D'INVESTIMENTO INTERNAZIONALI, UNITE ALLA CAPACITÀ DI INNOVAZIONE DEL GRUPPO BANCA GENERALI, QUESTA È LA NUOVA OFFERTA DI BG SELECTION SICAV: UN MIX DI STRUMENTI E DI OPPORTUNITÀ AL TUO SERVIZIO.

PER MAGGIORI INFORMAZIONI CONTATTA UN PROMOTORE FINANZIARIO DI BANCA GENERALI O UN PRIVATE BANKER DI BANCA BSI ITALIA. TROVA IL PIÙ VICINO A TE CHIAMANDO IL NUMERO VERDE 800.155.155 OPPURE SU WWW.BANCAGENERALI.IT O WWW.BSI.IT

BSI ITALIA | GRUPPO BANCA GENERALI | BANCA GENERALI

Annuncio pubblicitario. Prima dell'adesione leggere il prospetto informativo e la Carta della Relazione per la prestazione dei servizi finanziari, disponibili presso gli uffici dei promotori finanziari e le succursali di Banca Generali e di Banca BSI Italia, nonché richiedibili al numero verde 800.155.155. Il prospetto informativo è inoltre disponibile sul sito internet www.bginvestment.it. I rendimenti passati non sono indicatori di quelli futuri e non vi è garanzia di istituzione del capitale investito.

BG INVESTMENT

BLACKROCK

**CRÉDIT AGRICOLE
ASSET MANAGEMENT**



Morgan Stanley



Global MAPS
(Flexible)

Momentum
(Flexible)

Asia Global Opportunities
(Pacific Equity)

Active Allocation
(Flexible)

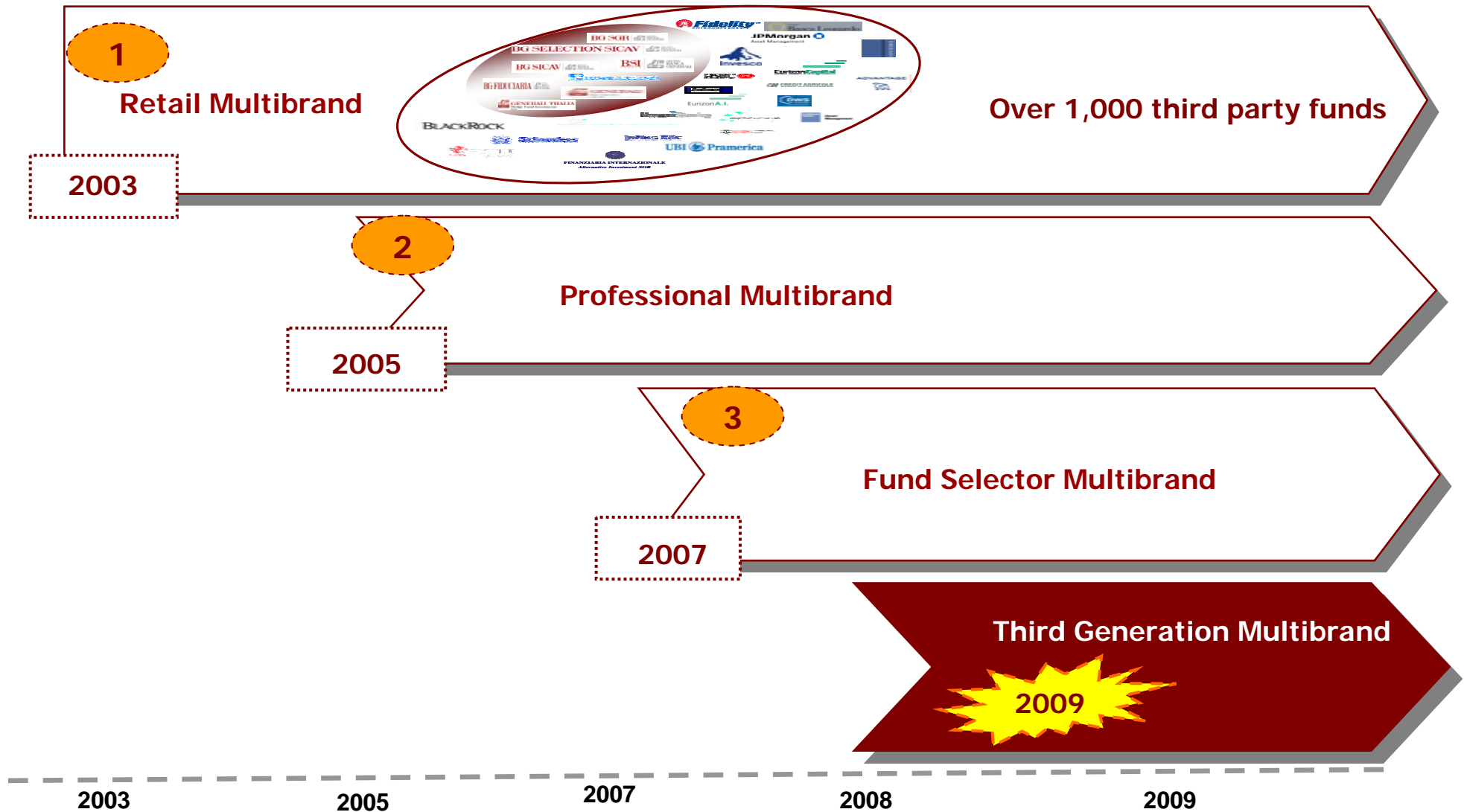
Global Elite
(International Equity)

**About €50million
of net inflows
in 1 month***

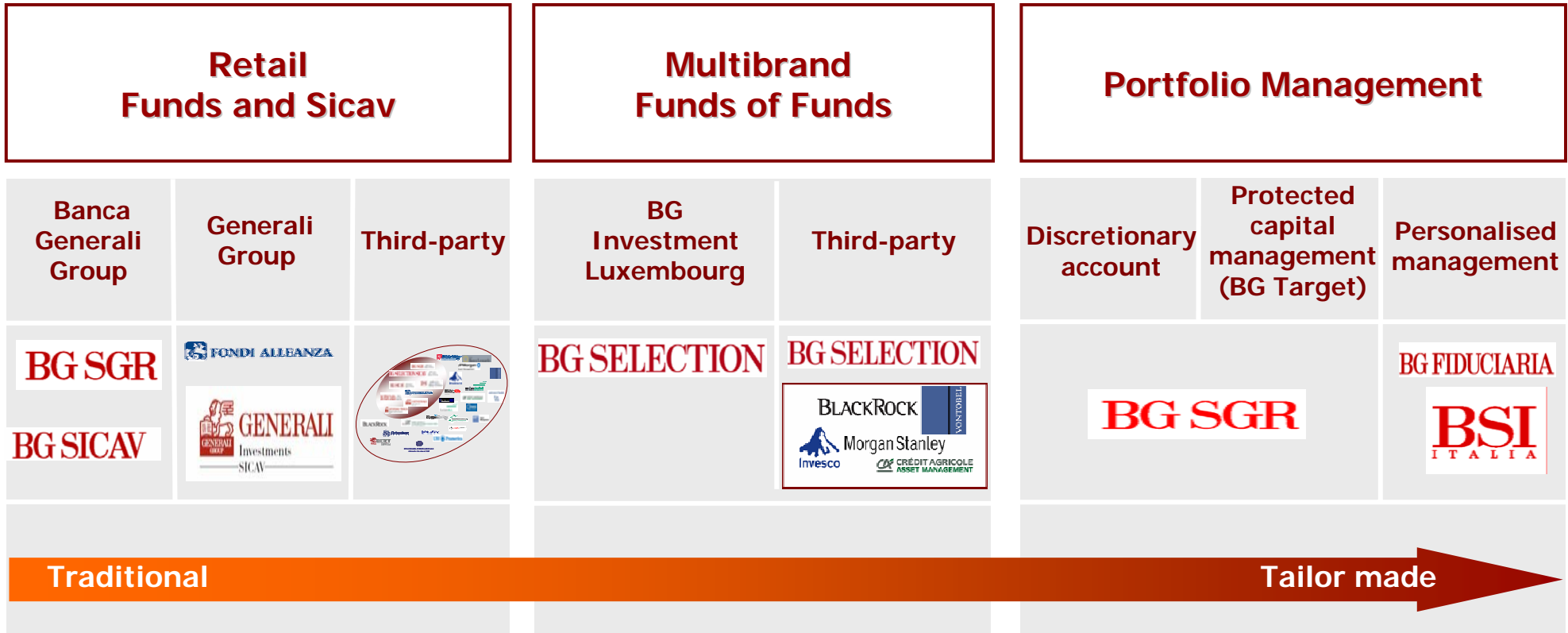
**Four new fund management agreements
will be ready in the next four months
while others being finalised**

* Net Inflows from June 15 to July 24. BlackRock Global MAPS started from June 29.

The new Multibrand Funds of Funds are reinforcing Banca Generali competitive advantage in open architecture...



... and further widening the current offer in asset management ranging from traditional products to the most tailor made ones



Real open architecture as the basis of the most complete and flexible offer in saving management

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➤ **New strategic opportunities**

➤ **Closing Remarks**

Generali Fund Management to be launched, anticipating UCITS IV



GENERALI
FUND MANAGEMENT

GRUPPO
BANCA
GENERALI

- Generali's Group Lux-based asset management companies to be integrated into a single company
- The new company will 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 (to be approved by local countries by July 1, 2011)

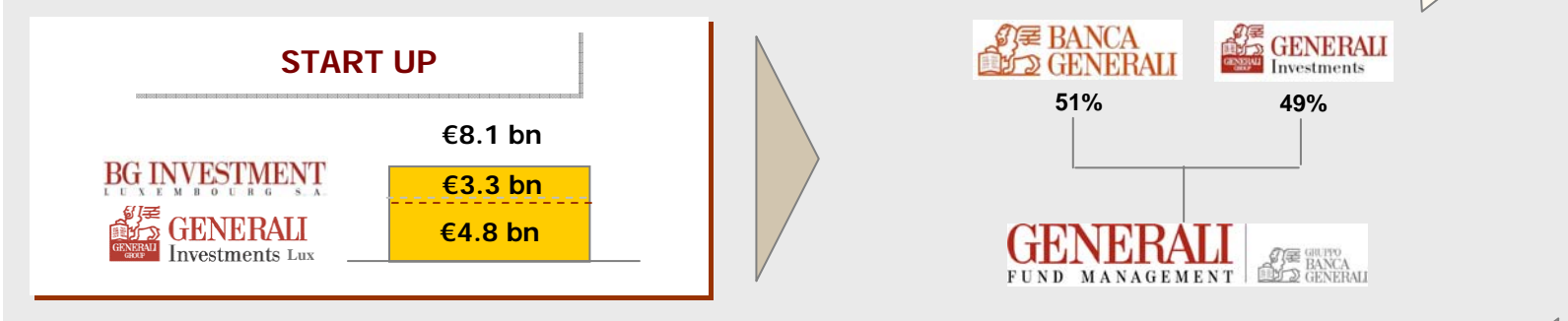
- Centralization of the product factories in a single country, regardless of local distribution (European Passport)
- Exploiting cost saving opportunities and enhancing product performance
 - merger of funds based in different countries
 - definition of master-feeder structure
- Great opportunity for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

Generali Fund Management, ambitious targets

Phase 1

Merging the two Lux Management Companies

Within 2H09



Phase 2

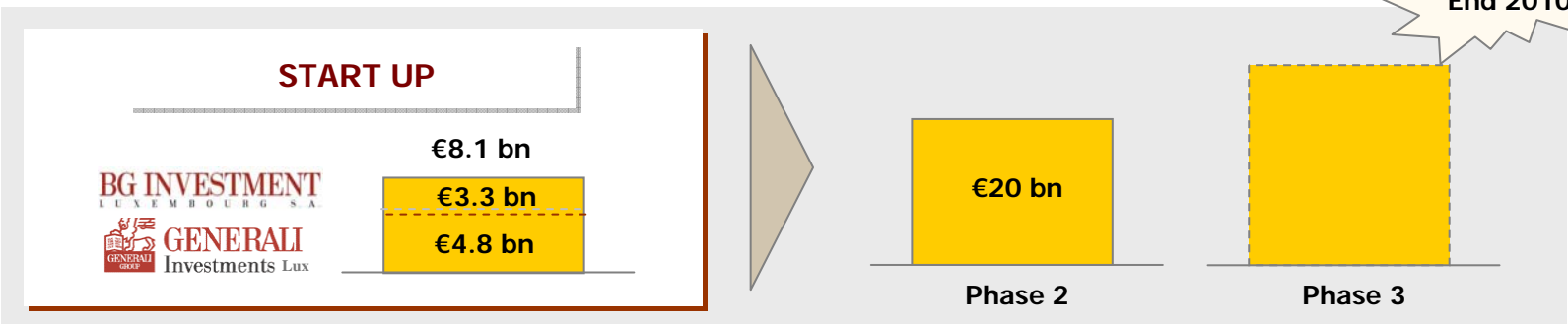
Concentration of Generali Group's Mark-to-Market Assets (about €20bn) into "Generali Fund Management"

Within 1H10

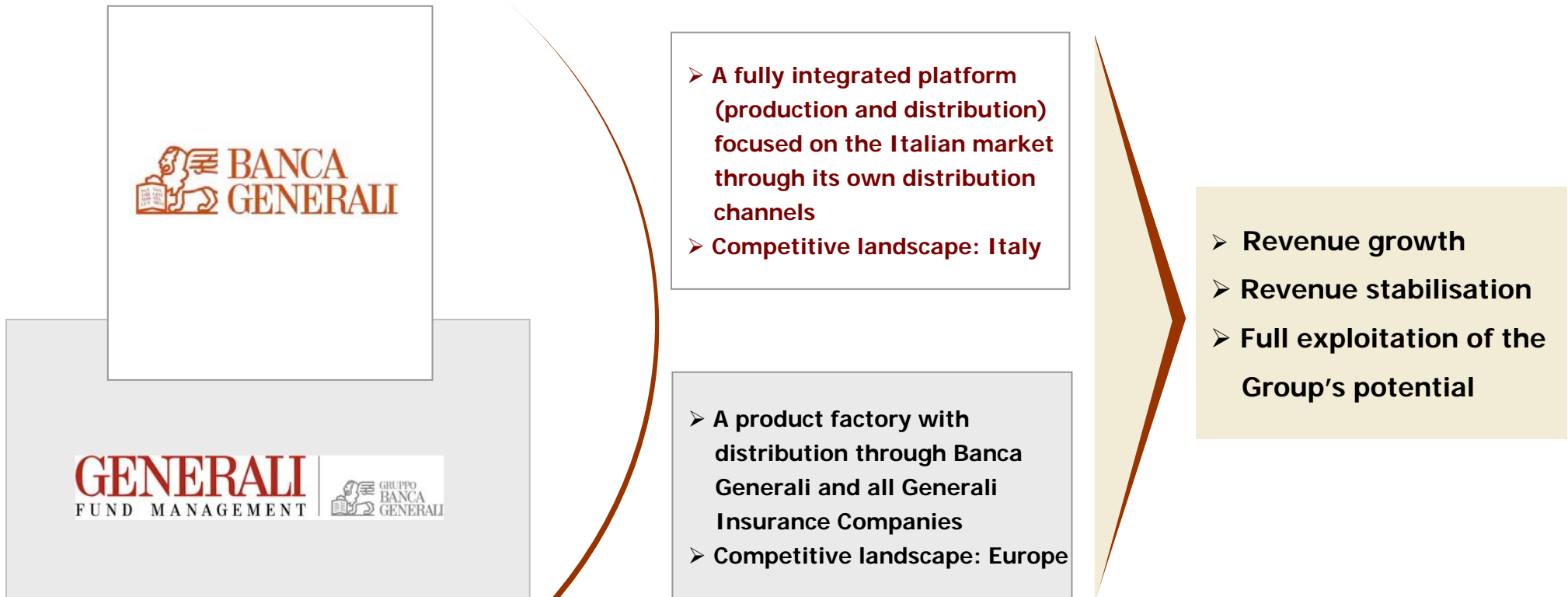
Phase 3

Twofolds development of the business: ✓ new products to be distributed through Private Banking and insurance networks (Unit-linked products); ✓ institutional clients and multimangers

Within End 2010

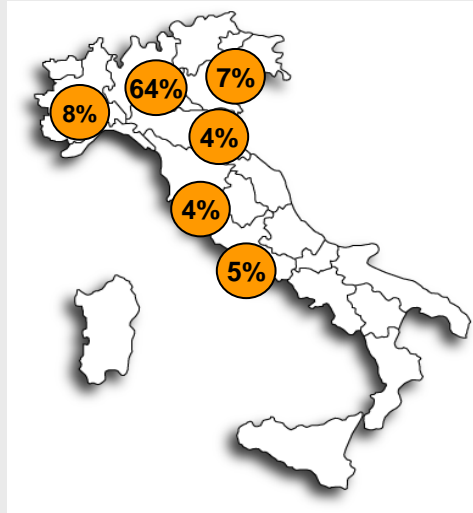


Generali Fund Management, a real strategic change for Banca Generali



Tax shield on asset repatriation - a great opportunity for Banca Generali

2001/02 Tax Shield - €60bn assets repatriated



New 2009/10 Tax Shield - key terms

- Penalty fee: 5%
- Period: from September 15, 2009 to April 15, 2010
- Anonymity guaranteed
- No tax control for 2 years
- Harsher sanctions on assets left abroad
- No confiscation

Banca Generali ready to exploit the new 2009/10 tax shield on asset repatriation

- Very large private and affluent client base and skilled consultant
 - Large part of existing clients with AUM > €500,000
 - More than 50% of existing clients living in Northern Italy
 - 300 BSI Italia Private Bankers and Relationship Managers plus 1,400 Banca Generali Financial Advisors
- An International group as controlling shareholder
- Operative task force ready to start
 - Intense network training already in place
 - Agreements with primary accountants and tax consultants
 - Road-show in Italian major cities dedicated to accountant and tax professionals (starting at the beginning of September)
 - New dedicated product offer
 - Two Trust companies (a static and a dynamic one) able to meet all needs
 - Tax cost financing

Today's Agenda

➤ **1H09 Results**

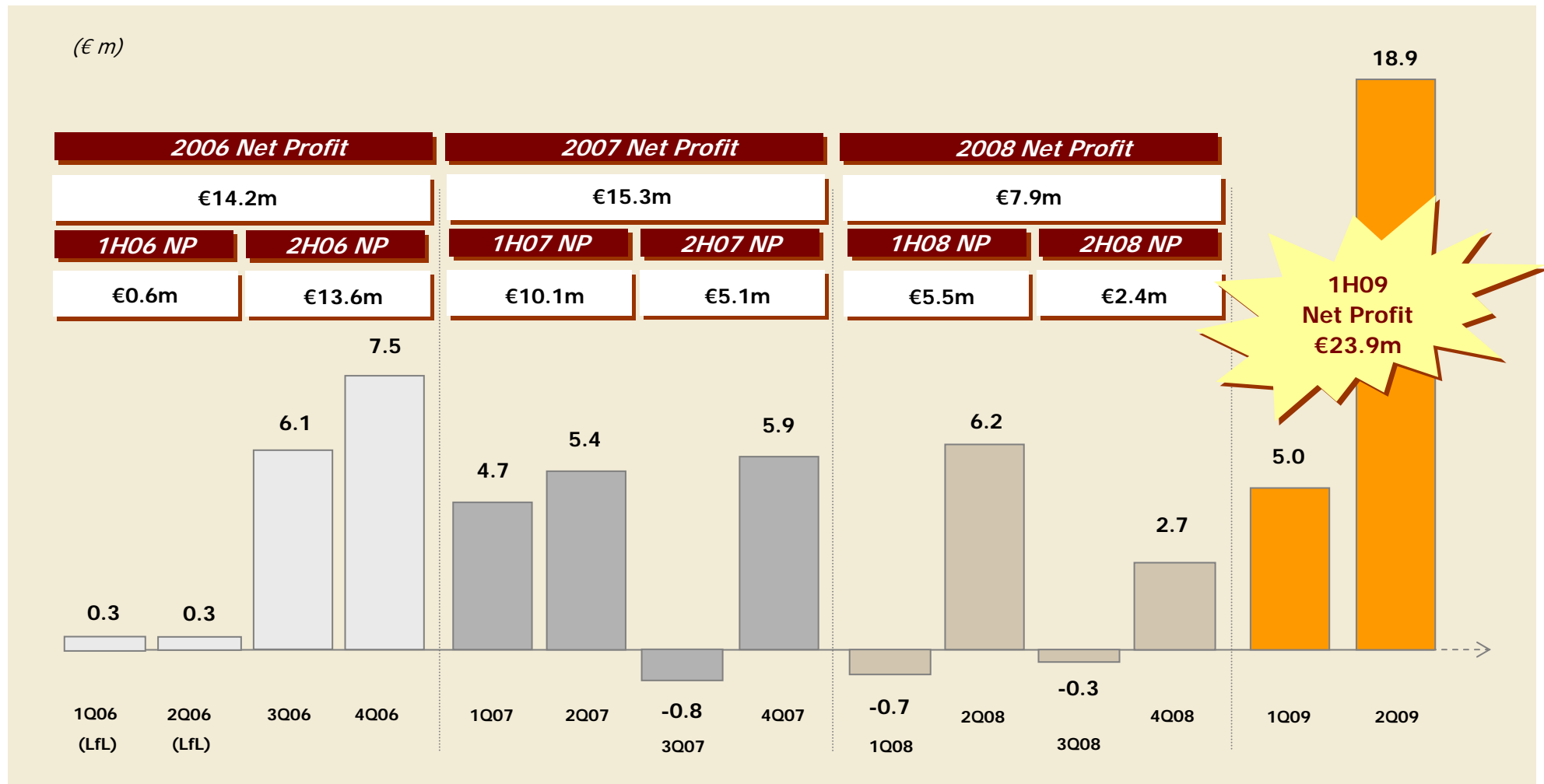
➤ **Net Inflows, AUM and business update**

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The best quarter in the history of Banca Generali

2006-1H09 QUARTERLY NET PROFIT BREAKDOWN



Note: 1Q & 2Q 2006 figures are Like-for-Like (including Banca BSI Italia and Sant'Alessandro Fiduciaria, which joined Banca Generali Group on July 1, 2006)

Banca Generali facing strategic growth opportunities

Satisfaction for 1H09 results ...

- AUM is growing steadily thanks to both net inflows and to excellent fund performance
- Recurring revenues broadly stable even in volatile markets
- Cost management is still a priority, with significant benefits to be delivered in 2010
- Industrial results are becoming better and better even in difficult market situation

...but several opportunities have still to be exploited

- Dramatic improvement in strategic profile and increase of revenues thanks to the new venture "Generali Fund Management"
- The new tax shield may create excellent growth opportunities
- The indisputable leadership of our brand and the considerable competitive advantage in some key factors (i.e. open architecture) allow Banca Generali to attract new clients and to keep recruiting top professionals

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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

Certain 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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