

Banca Generali

**9 Months 2009 results
and business update**

Milan, November 4, 2009

Today's Agenda

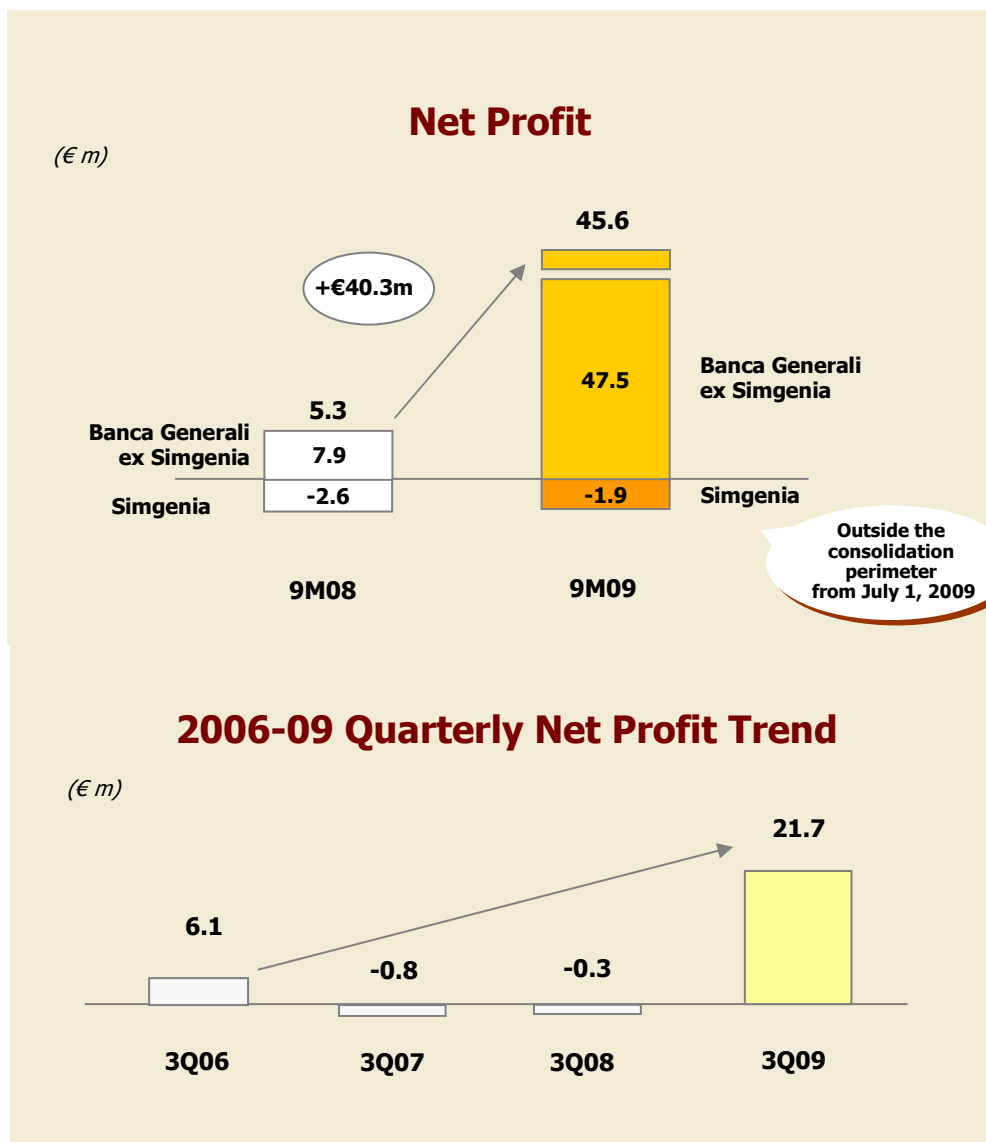
➤ **9M09 Results**

➤ **Net Inflows, AUM and recruiting**

➤ **Business Update**

➤ **Closing Remarks**

9M09 results confirm an excellent growth path



9M09 Results: Key Messages

- **Strong net profit growth (> 9x higher)**
- **Total AUM up to €20.2bn (+7% YTD)**, with a strong contribution from mutual funds (+17% YTD)
- **Excellent in-house fund performance** (weighted fund performance +13.1%, more than 2x Italian industry level)
- Net inflows highlighting an **excellent improvement in the product mix** with both Lux SICAV and new life policies gathering €704m YTD altogether
- **Costs well under control** after stripping out some one-off items
- Results also based on **conservative provisions for costs and recruiting**
- **Excellent start for "Scudo Fiscale"**: more than 1,300 repatriation contracts signed in the first 7 weeks

Consolidated 9M09 Profit and Loss Account: main takeaways

(€ mil.)	9M 08 (reported)	9M 09 (reported)	% Chg
Net Interest Income	43.4	38.6	-10.9%
Commission income	182.1	216.2	18.7%
Commission expense	-92.5	-79.4	-14.1%
Net Commission	89.6	136.7	52.6%
Net income (loss) from trading activities	-41.4	-39.5	-4.8%
Dividends	32.7	58.1	77.7%
Net Banking Income	124.2	194.0	56.1%
Staff expenses	-38.2	-47.3	23.9%
Other general and administrative expense	-56.4	-67.4	19.5%
Total costs	-94.6	-114.7	21.3%
Cost /Income Ratio	71.5%	56.1%	-15,4 p.p.
Other net operating income (expense)	5.8	5.9	2.8%
EBITDA	35.4	85.2	140.6%
Depreciation and amortisation	-3.5	-4.1	14.2%
Operating Profit	31.8	81.1	154.7%
Net adjustments for impair.loans and other assets	-5.5	-6.2	13.1%
Net provisions for liabilities and contingencies	-17.4	-20.0	14.9%
Profit Before Taxation	9.0	55.0	513.0%
Direct income taxes	-1.1	-7.4	n.m.
Tax rate	12.3%	13.5%	1,2 p.p.
Income/(losses) after tax on assets held for sales	-2.6	-1.9	-26.1%
Net Profit	5.3	45.6	764.8%

- **Strong banking income** driven by buoyant commissions and trading more than counterbalancing the interest income decrease linked to the short term interest rate trend

- Cost management remains well under control with **cost/income down by 15 p.p.** even accounting for several one-off items

- **EBITDA** more than doubled yoy

- **Higher provisions** linked to more conservative assumptions and more intense recruiting

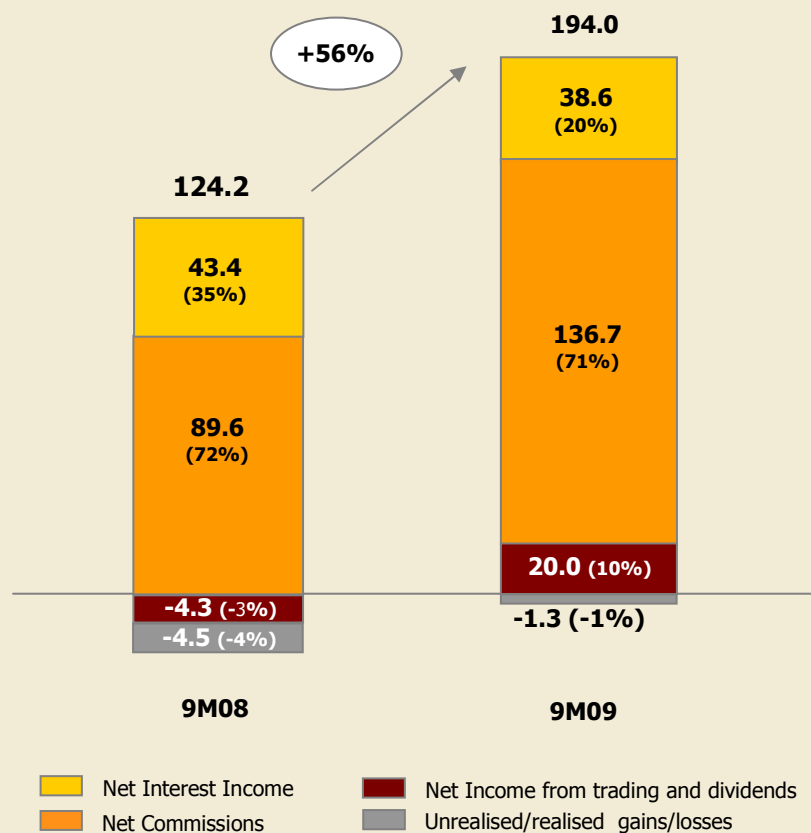
- **Pre-Tax Profit increased by >5x**

- **Net profit increased by 9x**

Strong top line growth with revenues increasing by almost 60% yoy

Breakdown of Net Banking Income

(€ m)

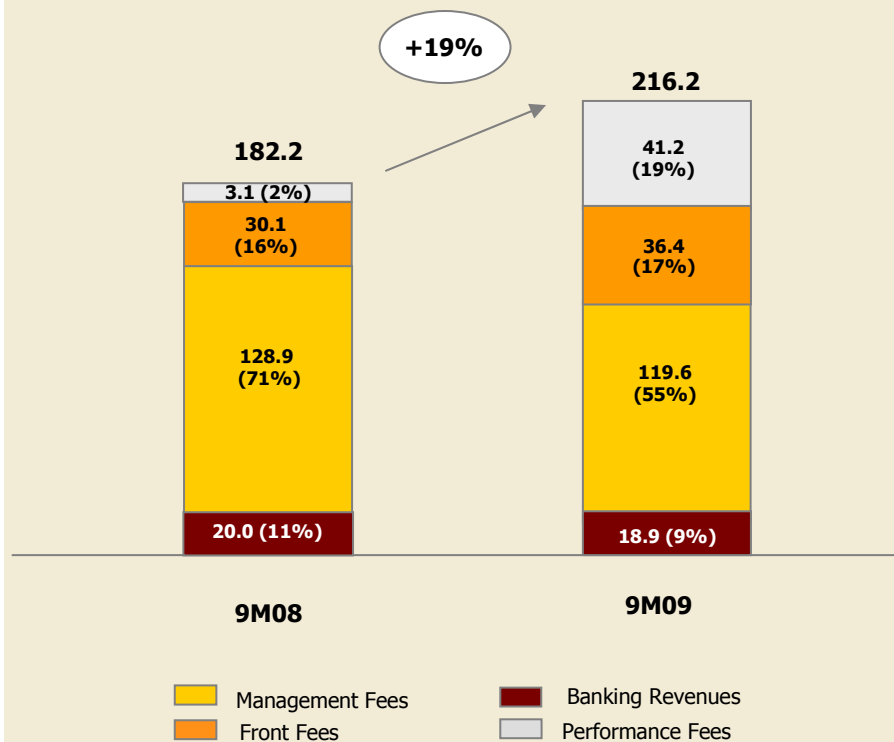


- **Net Banking Income +56% yoy**
- **Recurring fees representing 81% of total gross fees**, even after accounting variable commissions
- **Net interest margin held up** well within a contest of falling interest rates
- **Good contribution from trading income**

Excellent gross commissions, with the recurring share largely prevailing

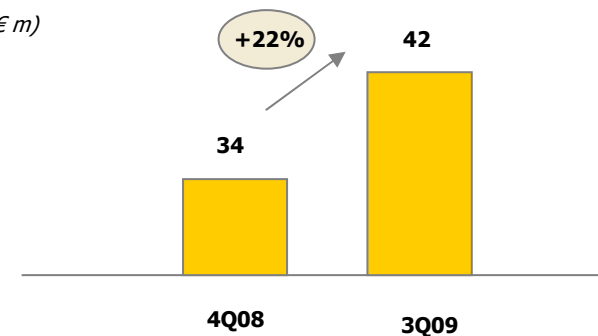
Breakdown of Gross Commissions

(€ m)



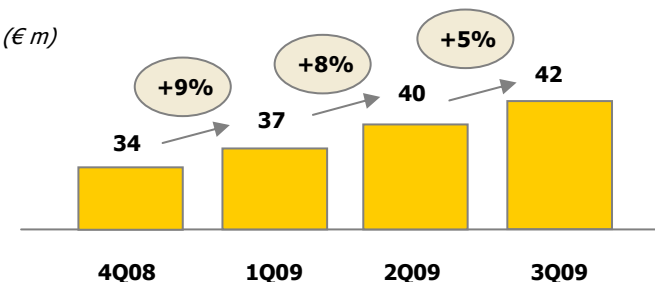
Management fees (% change)

(€ m)



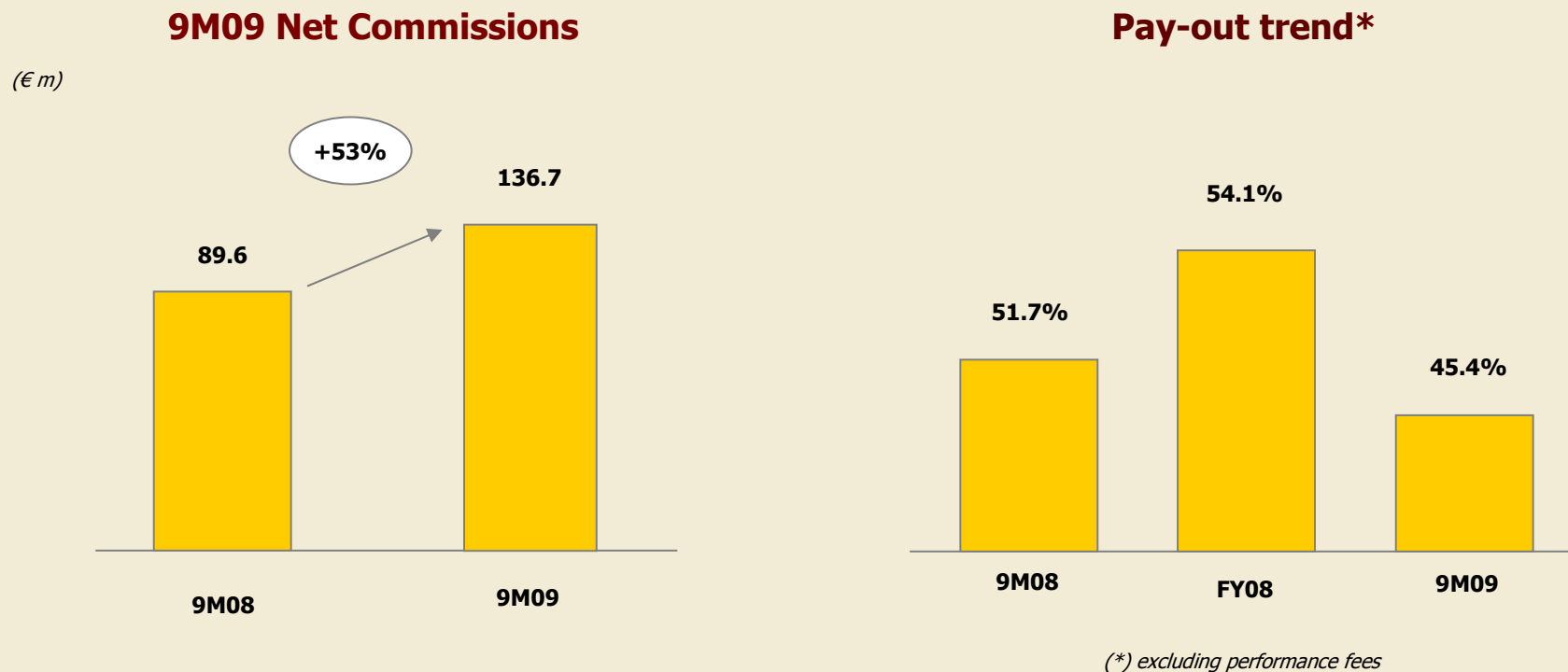
Management fees (qoq change)

(€ m)



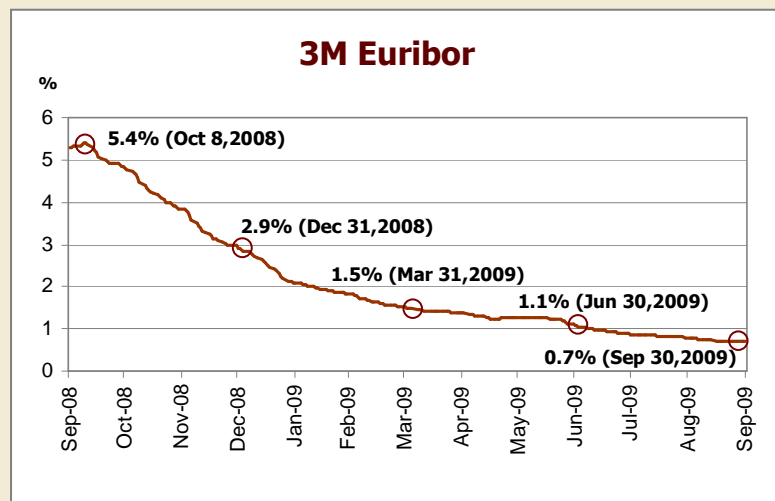
- **Management fees sharply increasing** by 22% yoy and by 5% qoq
- **Recurring fees representing 81% of total commissions**, even accounting record variable commissions

Net commissions increased by 53% yoy, with pay-out well under control

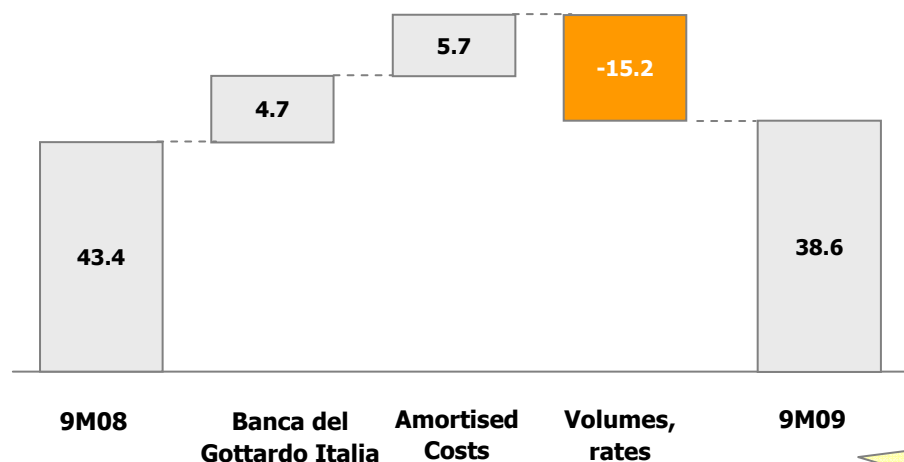
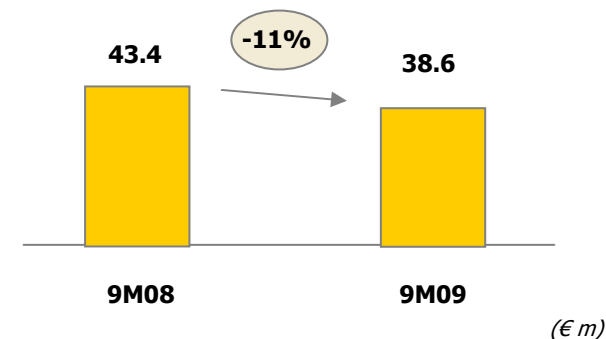


- **During 9M09 pay-out was still on a downward trend**, as a result of the reduction of some one-off items incorporated in 2008 figures

Interest margin succeeded in smoothing impact of short-term interest rate trend



9M09 vs. 9M08 Interest Margin

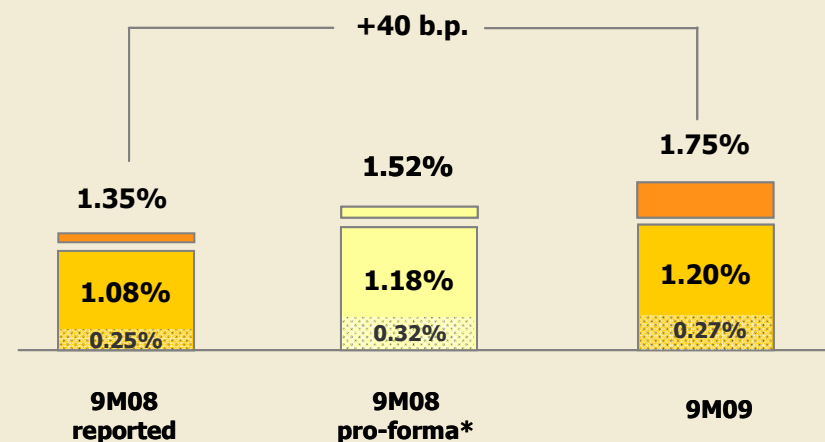





- **Interest income remains solid**, despite the impact of the exceptionally low interest rate level (3m Euribor at 0.7% at the end of September vs. 2.9% at the beginning of 2009)

Comfortable expectations for 2010 interest margin: excellent treasury management combined with a solid contribution from amortised costs allow to foresee a good interest margin level also in 2010, even assuming a persisting low interest rates scenario

Profitability ratios sharply improving compared to last year

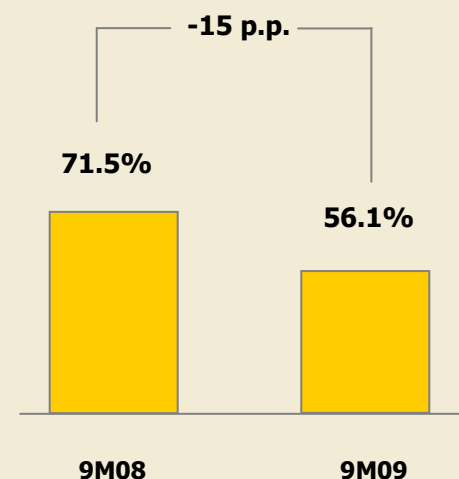
AUM Profitability



 AUM profitability from recurring commissions
  Performance Fees
 AUM recurring profitability from interest income

(*) excluding Simgenia and corporate assets, including Banca del Gottardo Italia

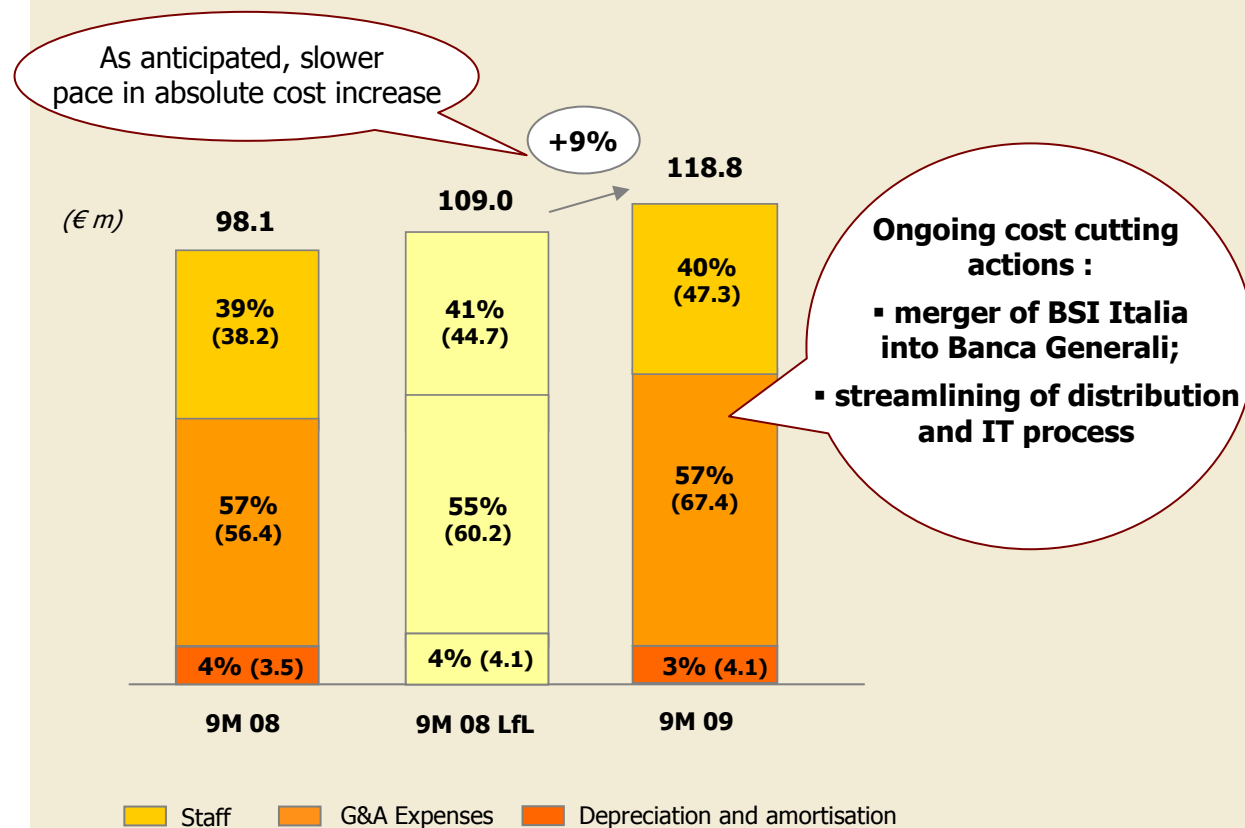
Cost/Income Ratio



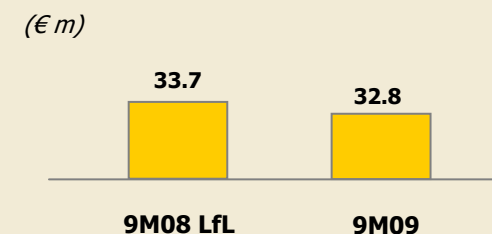
- **AUM profitability improved yoy** both on a reported and on a pro-forma basis
- **Sharp yoy increase in the contribution to AUM profitability coming from commissions (+12 bps on 9M08)**
- **The Cost/Income ratio is very near to the long-term target of 50%**

Cost management remains tight, after stripping out one-off charges

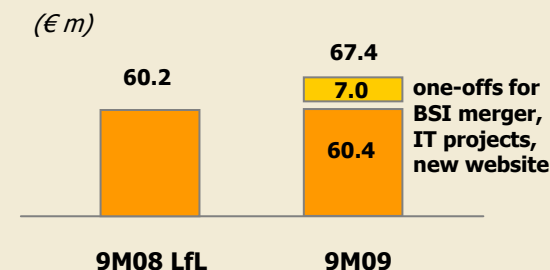
Operating Costs Breakdown



Staff costs (fixed costs)



G&A Expenses



- **Recruitment of new relationship managers with fixed salary increased staff costs;** other payrolls, on the contrary, are stable
- **G&A expenses include €7 million of one-off costs**

Today's Agenda

➤ 1H09 Results

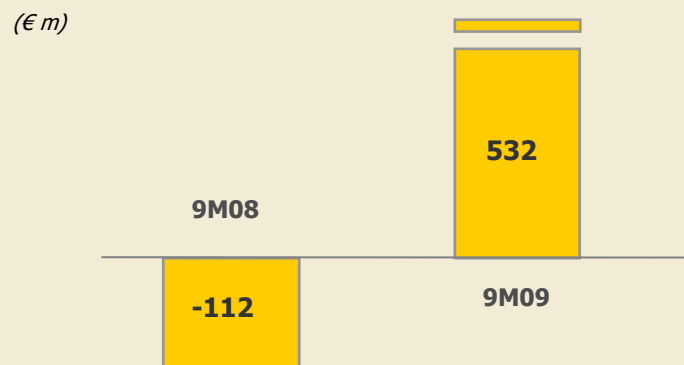
➤ **Net Inflows, AUM and recruiting**

➤ Business Update

➤ Closing Remarks

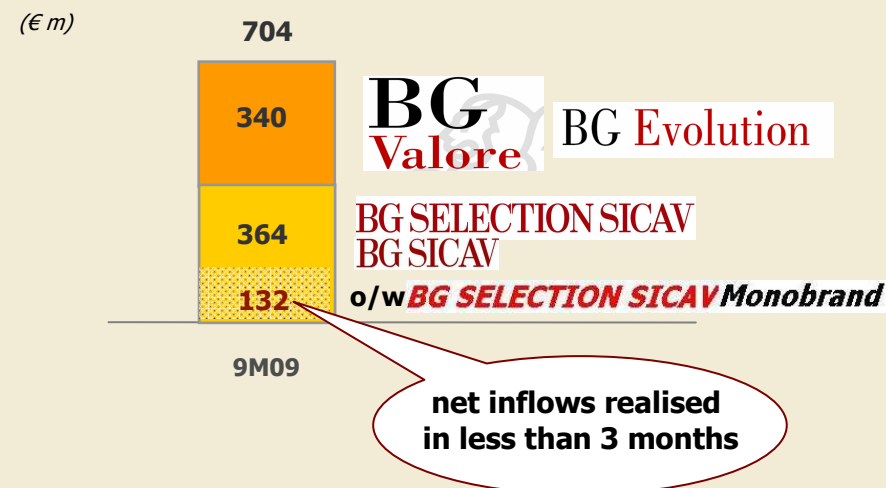
Quality of net inflows strongly improved compared to last year

Net Inflows in Managed Assets*

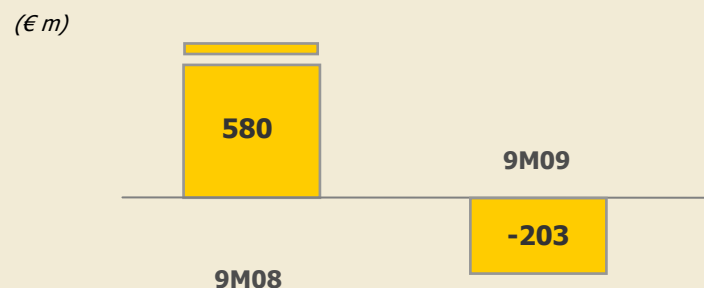


* Mutual Funds, Managed Portfolio and Life Insurance

Net Inflows in new strategic products



Net Inflows/(outflows) in Administered Assets

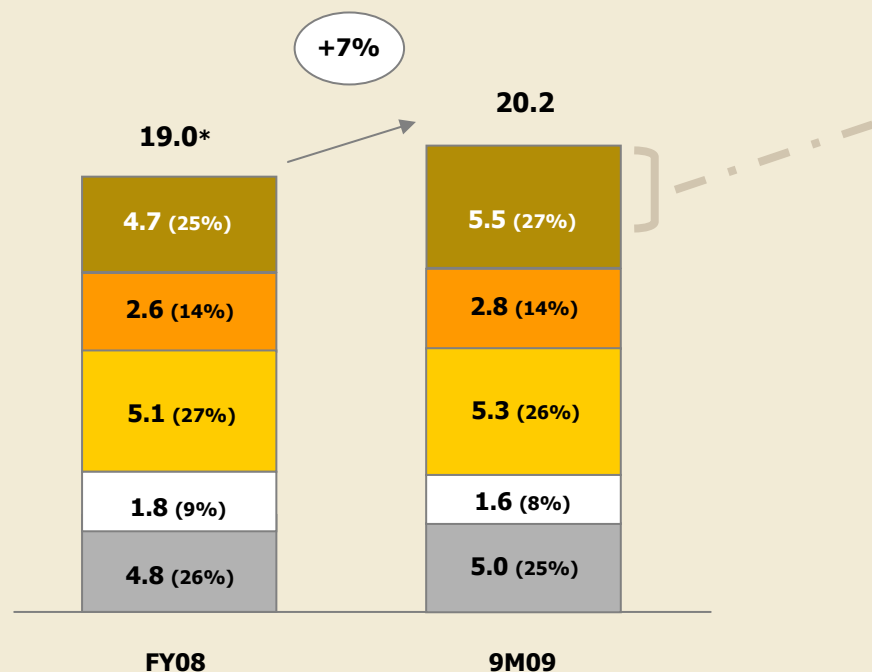


- Banca Generali gathered **€329 million YTD** (1.6% of total assets) with a sharp improvement in the product mix
- **Strong increase in the sales of managed products at €532 m** in the 9M09 (3.9% of AUM)
- Banca Generali net inflows in strategic products (new insurance policies and Lux-based FoF) reached **€704 million** during 9M09

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

Banca Generali Asset Breakdown

(€ bn)

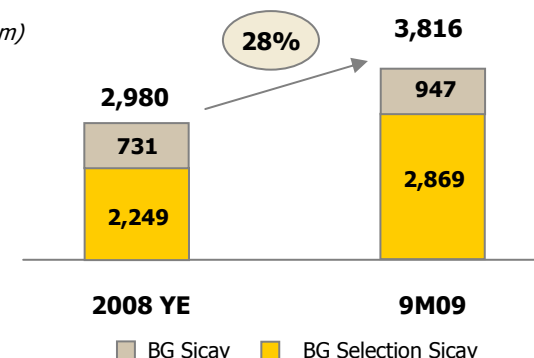


■ Portfolio Management
 ■ Mutual Funds
 ■ Life Insurance
 ■ Current Accounts
 ■ Securities

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

Lux-based Assets managed by GFM

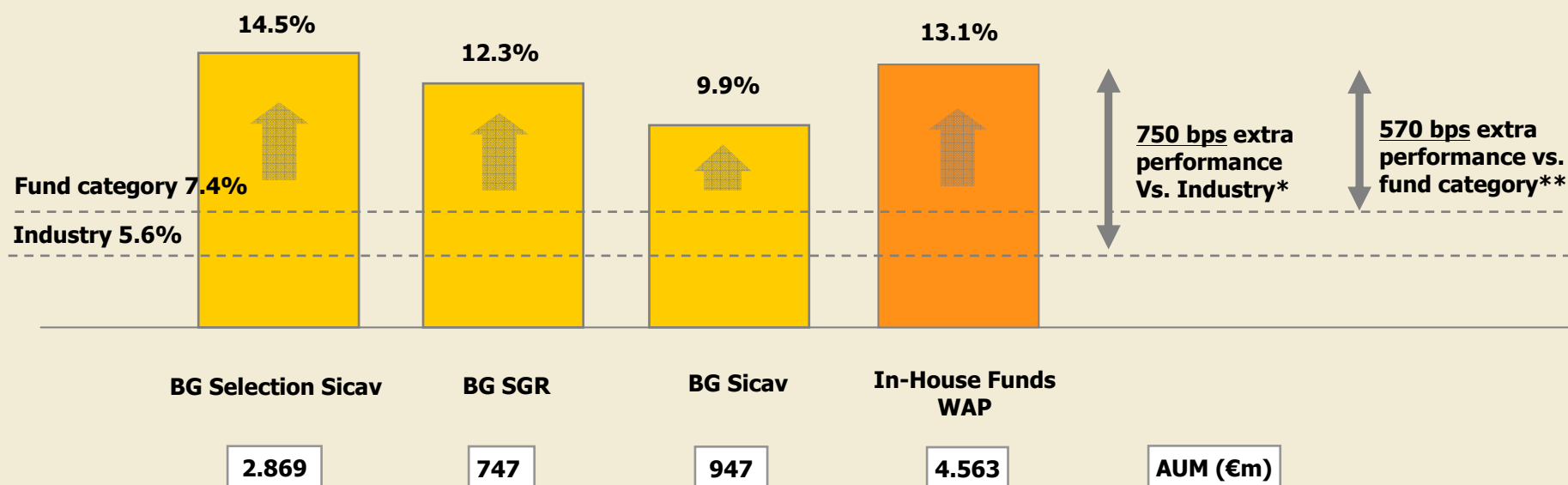
(€ m)



- **Total assets increased by 7% YTD**, with a 5% fund performance, inclusive of insurance expiry (6.1%, net)
- **Mutual funds/sicav assets increased by 17% YTD**, with a 12.5% fund performance (o/w 13.1% in-house fund performance)
- **Managed assets representing 67% of total assets** (from 66% during 9M08)

Impressive investment performance of in-house funds (>2x industry level)...

Banca Generali In-House Managed Funds - YTD Weighted Fund Performance -



(*) Italy General Index - yield 5.6%; (**) Italy balanced bond fund index (balanced fund with equity exposure in 10%-50% range) yield 7.4%;

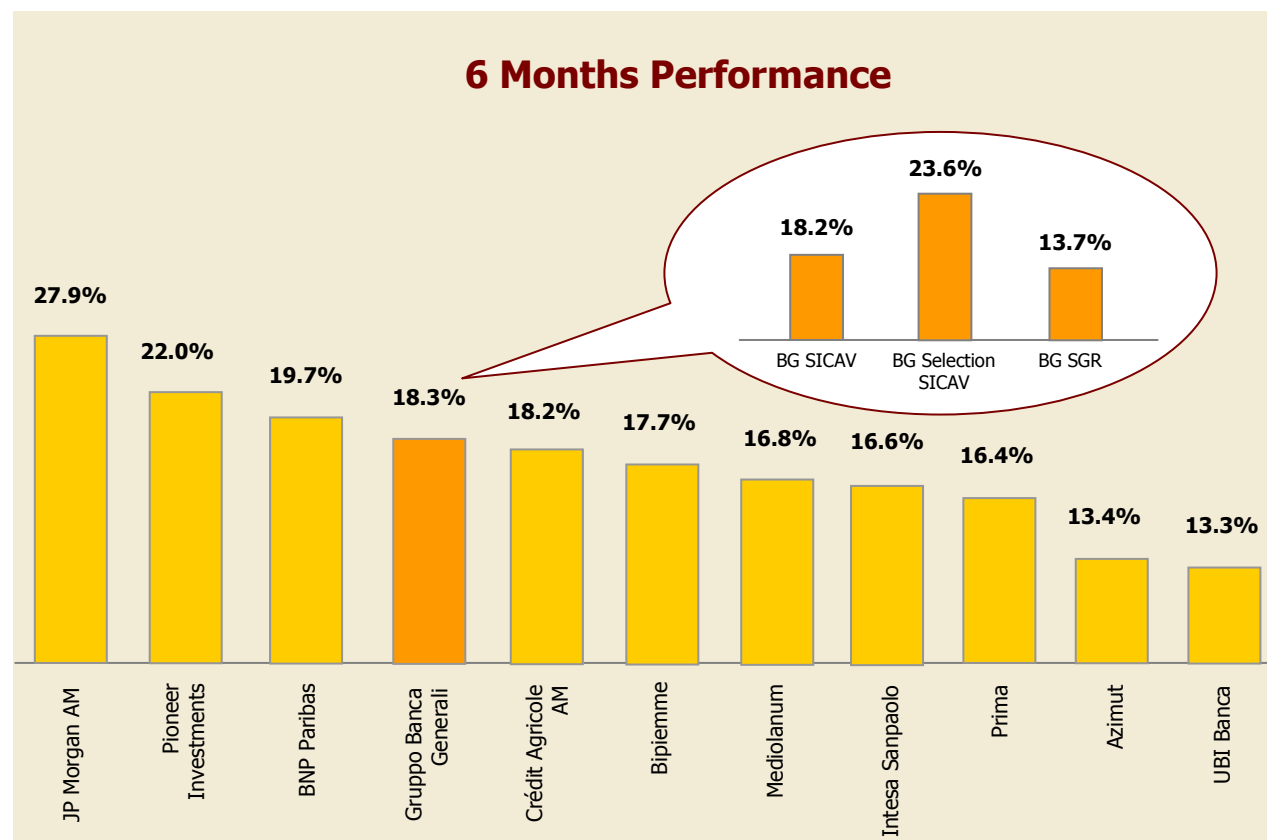
Figures at September 30, 2009

- **Banca Generali in-house funds/SICAVs posted a weighted fund performance of 13.1% YTD, twice as higher than the Italian industry average** and well above balanced bond funds (chosen as their equity component is in a 10-50% range, in line with Banca Generali investment profile)

... ranking amongst the top performers in the industry

Gruppi e società	6 mesi	Rendimento 3 mesi	1 mese	Volatilità 1 anno	Patrimonio	Raccolta	BlueSICAV (max 3)
Intesa Sanpaolo	16.64%	7.22%	1.63%	15.55%	112.000	-106,80	3,11
Epilion Capital	17,29%	7,60%	1,58%	15,42%			3,13
Epilion Asset SGR	18,64%	9,38%	2,04%	12,93%			-
Epilion Capital SGR	13,05%	5,61%	1,29%	9,89%			3,14
Fiduram Gestioni	18,64%	8,38%	2,02%	15,55%			2,83
Fiduram Investment SGR	18,45%	7,15%	1,64%	13,88%			3,24
Intefund	16,05%	6,91%	1,79%	14,69%			3,20
Pioneer Investments (Unicredit)	22,02%	9,03%	2,17%	19,26%	65,970	954,70	2,76
Pioneer Asset Management (C.I.M.)	25,61%	9,72%	3,03%	20,79%			
Pioneer Asset Management Sa	22,46%	9,21%	2,17%	19,96%			2,74
Pioneer Investment Management SGR	15,76%	6,66%	1,73%	13,02%			2,79
Capital Italia Sicav	22,06%	10,84%	1,90%	16,83%			
UBI Banca	13,26%	6,36%	1,58%	10,29%	20,948	143,50	3,62
UBI Promerica SGR	13,80%	6,53%	1,42%	10,22%			3,62
The Salfer's Fund Sicav	4,57%	3,51%	0,86%	3,71%			
Arca	9,96%	4,29%	1,02%	9,68%	17,780	-2,00	3,12
Arca SGR	9,96%	4,29%	1,02%	9,68%			3,12
Bipiemme	17,72%	7,65%	1,70%	12,31%	17,583	118,70	3,53
Bipiemme SGR	23,61%	9,02%	2,06%	14,60%			3,50
Bipiemme Gestioni SGR	16,69%	7,58%	1,81%	11,38%			3,56
Born Fund Management Ireland Ltd.	10,05%	5,69%	0,43%	13,02%			
Prima	16,38%	6,79%	1,47%	14,05%	15,840	-46,80	3,04
ABN Amro Asset Management Italy SGR	10,05%	4,55%	0,95%	8,80%			3,00
Attivissima ABN Amro Investment Funds Ltd.	12,82%	5,21%	1,23%	10,94%			
Regis Oak Pte	17,84%	7,16%	1,09%	15,52%			3,06
Monte Sicav	4,14%	0,15%	-0,69%	4,28%			
Prima SGR	12,28%	7,23%	1,80%	13,15%			3,06
Mediolanum	16,82%	6,94%	1,41%	15,70%	15,009	130,40	2,62
Mediolanum Gestione Fondi SGR	16,30%	7,20%	1,47%	13,16%			2,50
Mediolanum International Funds Ltd.	16,93%	6,89%	1,39%	16,27%			2,74
BNP Paribas	19,67%	7,97%	1,88%	19,79%	14,283	42,20	3,04
BNP Paribas Asset Management Luxembourg	16,14%	7,90%	0,43%	16,26%			
BNP Paribas Asset Management SGR	11,44%	4,55%	1,29%	9,47%			3,21
Parvest Sicav	20,46%	8,25%	1,98%	20,82%			2,87
Parvest Sicav	19,85%	7,21%	1,00%	19,38%			
Parvest Sicav	19,95%	9,03%	1,61%	15,32%			
Azmut	13,40%	5,21%	1,22%	13,73%	13,061	19,80	2,67
Az Fund Management	14,01%	5,44%	1,31%	14,33%			2,63
Azmut SGR	9,75%	3,89%	0,69%	9,99%			2,89
Generali	16,53%	6,94%	1,19%	15,52%	12,786	32,10	3,17
Bg Selection Sicav	23,32%	9,99%	2,19%	20,19%			
Bg Sicav	15,52%	4,80%	0,62%	9,16%			3,37
Bg Sicav	18,11%	6,38%	0,80%	14,70%			3,42
Fondal Abnassa SGR	11,34%	4,91%	1,18%	10,46%			
Generali Investments Sicav	15,31%	6,87%	1,13%	15,95%			2,92
J.P. Morgan Asset Management	27,91%	10,99%	2,02%	24,77%	10,828	8,80	3,09
J.P. Morgan Asset Management (Europe) R.L.	10,43%	12,62%	4,57%	28,84%			
J.P. Morgan Funds Sicav	13,01%	11,77%	2,58%	26,06%			2,81
J.P. Morgan Investment Funds Sicav	18,29%	6,88%	0,76%	18,01%			3,37
J.P. Morgan Investment Strategies Funds II Sicav	29,17%	11,43%	1,93%	23,23%			
J.P. Morgan Liquidity Funds Sicav	3,68%	-1,42%	-1,03%	8,10%			3,10
J.P. Morgan Series II Funds Sicav	-2,25%	-3,24%	-1,97%	13,32%			
J.P. Morgan Structured Fund Management	-2,66%	11,33%	0,91%	0,00%			
Crédit Agricole Asset Management	18,19%	7,13%	1,81%	18,30%	9,474	-3,30	3,07
CAM Funds Sicav	22,94%	9,27%	2,34%	23,97%			3,07
Crédit Agricole Asset Management SGR	6,69%	4,00%	1,04%	6,41%			

Source: Soldi Magazine – 15.10.2009 – Figures at 30.09.2009 –
Bluerating ranking based on Assogestioni figures



- **BG Selection Sicav and BG Sicav ranked amongst the top performers in Italy in the last 6 months, according to an independent survey based on Assogestioni figures (Association of the Italian mutual fund industry)**

Recruiting – 9M09 results in line with year-end targets



Relationship Manager



Private Banker



Financial Advisor

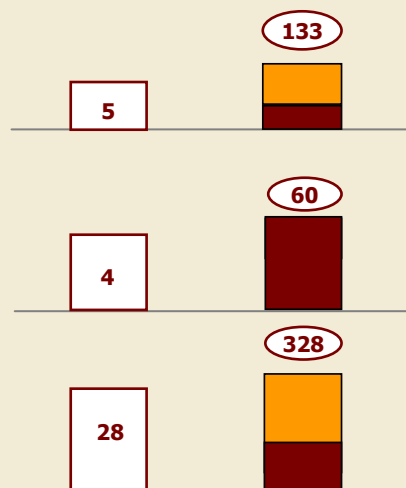


Total BG Group

9M09 Recruiting Results

N. FAs

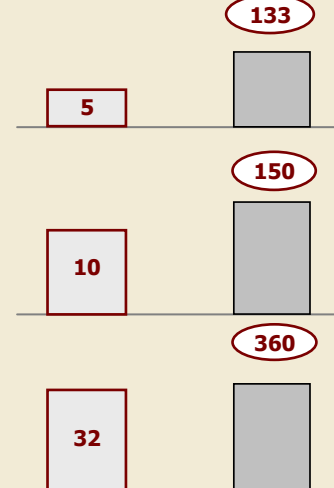
AUM (€m)



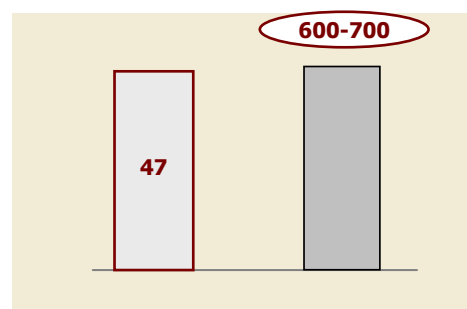
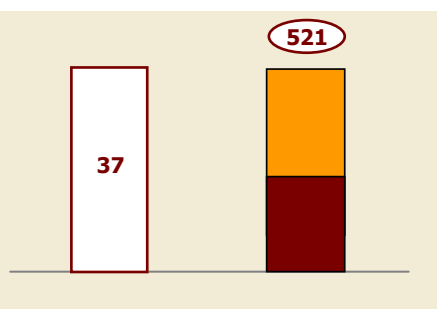
FY09 Recruiting Targets

N. FAs

AUM (€m)



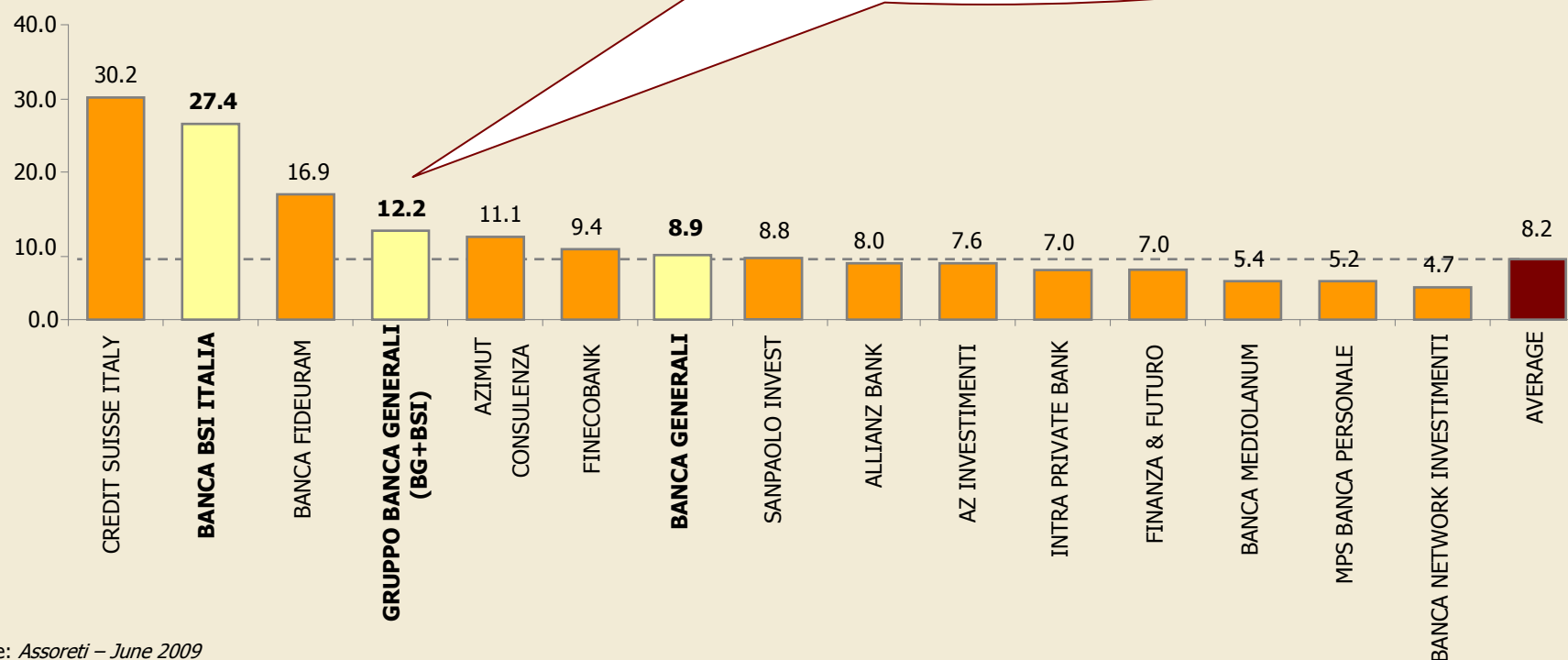
- **Intense recruiting for Banca Generali (+28 people)** while BSI focussed on Relationship Managers (+5 people)
- **AUM expected from recruiting raised to €600-700m (from prev. €400-500m),** primarily thanks to a higher business profile of recruitments
- **Profiting from existing turmoil amongst traditional retail banks**



■ AUM already brought in ■ Potential AUM ○ AUM Target

Our selective recruitment policy is bearing fruits, as confirmed by the ranking based on the average AUM size per professional

(€ m)



Source: Assoreti – June 2009

(*) Both stock option plan proposals will be submitted by Banca Generali BoD before next Ordinary Shareholders meeting

Today's Agenda

➤ 1H09 Results

➤ Net Inflows, AUM and recruiting

➤ **Business Update**

➤ Closing Remarks

New Banca Generali website (1/2): a new tool to support business growth

**Existing clients will be better served,
while new ones – otherwise not reachable offline - could approach Banca Generali**

Launched October 19



INTERNET BANKING

- **Usability/operations in line with best practice**
- **More financial news/features** available
- **New current accounts** available only online



INVESTMENTS

- **Online trading on mutual funds**
- **Enhanced trading functions** (stop/loss and take profit)
- **Insurance check-up**, with pay-ups options also available online

() all functions will be available within 1Q10*

New Banca Generali website (2/2): market positioning and main targets

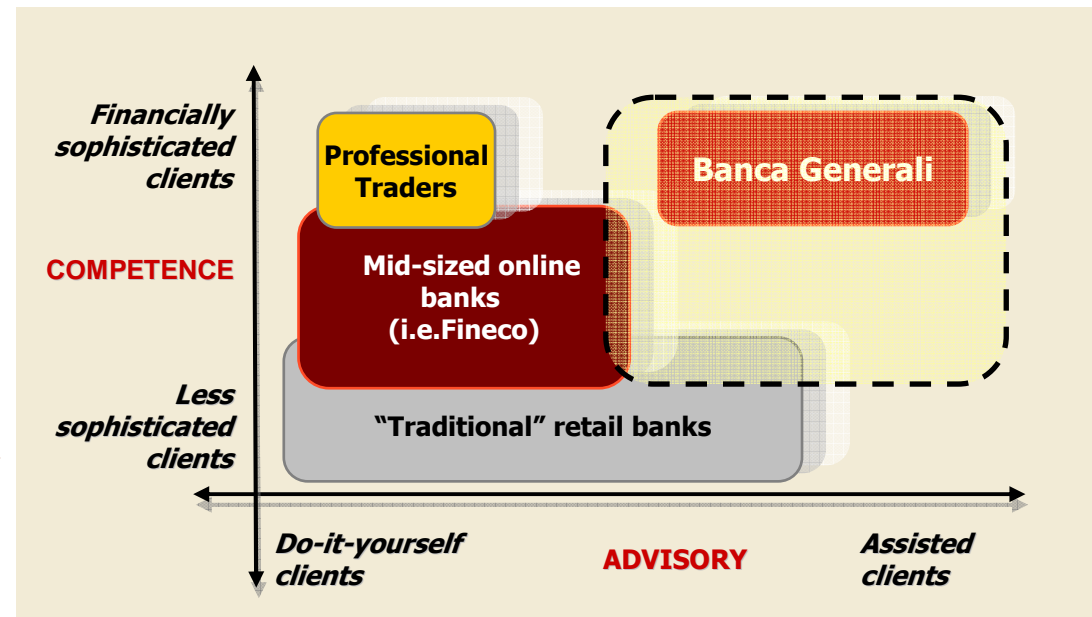
Enhanced internet banking platform, aiming at better serving existing clients and targeting the growing segments of "internet oriented" people

NEW APPROACH

- Strengthening access opportunity to the bank in addition to financial advisors, bank branches and contact centres
- Increase/Enhancement of banking and investment operations available online
- Enhanced tool to support FAs activities

FLEXIBILITY












- Enriched web contents
- Increased level of personalization
- Improved website usability and safety control



KEY BENEFITS

- Save time for Financial Advisors for higher value-added activities
- Reducing working load for our call center
- Approaching clients not reachable offline
- Faster time-to-market towards clients
- Brand-new window on the full bank product offer

Successful new product launches, increasing competitive advantage in open architecture

<div>BG SELECTION SICAV</div> <div></div>		2008	2Q 2009	4Q 2009	1Q 2010
<div><u>The New Multibrand Professional System</u></div> <div>Within a single umbrella fund, a selection of the best funds from the best FoF products (100% multibrand)</div>			<div>New Multibrand Frontier: the best funds managed by the best asset managers</div>		<div>Constant widening of the product offer</div>
			<div>€139m net inflows in less than 3 months</div>	<div>more agreements to be launched by 1Q10</div>	
<div>REGIONAL EQUITY</div>	<div><ul style="list-style-type: none">• Latin America Equity• Eastern Europe Equity• China & India Equity• North America Equity• Europe Equity• Italy Equity• Pacific Equity• Africa & Middle East Eq.</div>	<div> Asia Global Opportunities</div>	<div> Selection Europe</div>	<div>Additional 12 proposals from third-party asset managers currently under scrutiny</div> <div>By 1Q10 a new monobrand FoF launch is scheduled</div>	
<div>GLOBAL EQUITY</div>	<div><ul style="list-style-type: none">• Global Diversified• Global Dynamic• Alpha Generation</div>	<div> Global Elite</div>	<div> Global Megatrend</div>		
<div>FLEXIBLE & TOTAL RETURN</div>	<div> ARC ARC 10</div>	<div> Momentum  Active Allocation Fund  Global Multi Asset</div>	<div> Global Risk Managed  Flexible Strategy</div>		
<div>MONEY MARKET</div>	<div><ul style="list-style-type: none">• Liquidity</div>	<div>€220m net inflows</div>			

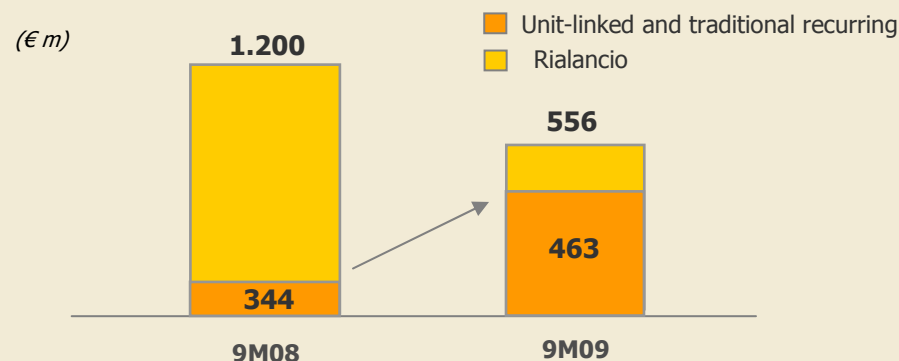
**€220m net inflows
at October 30**

Insurance, the enhancement in business quality is proceeding very well

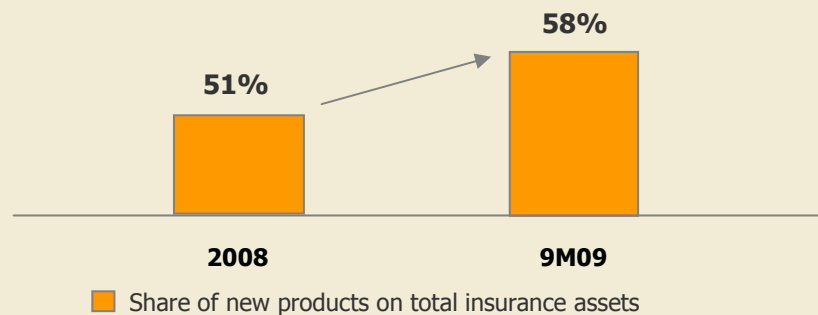
- Enhanced life policy features were set to further sustain volume growth during 4Q09 and to promote the profitability enhancement of the existing life portfolio
- Speed-up in sales of recurring premiums is expected, exploiting year-end business seasonality
- New brand, dedicated to Banca Generali



Strong improvement in life new business mix ...



... and in life asset mix



4Q 2009 new product launches

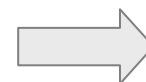
BG VALORE Dynamic **NEW**

BG Valore
Dynamic

BG Valore traditional policy now available investing up to 15% of premium into equity funds

New Agreement from October 26

Rialancio



BG Valore

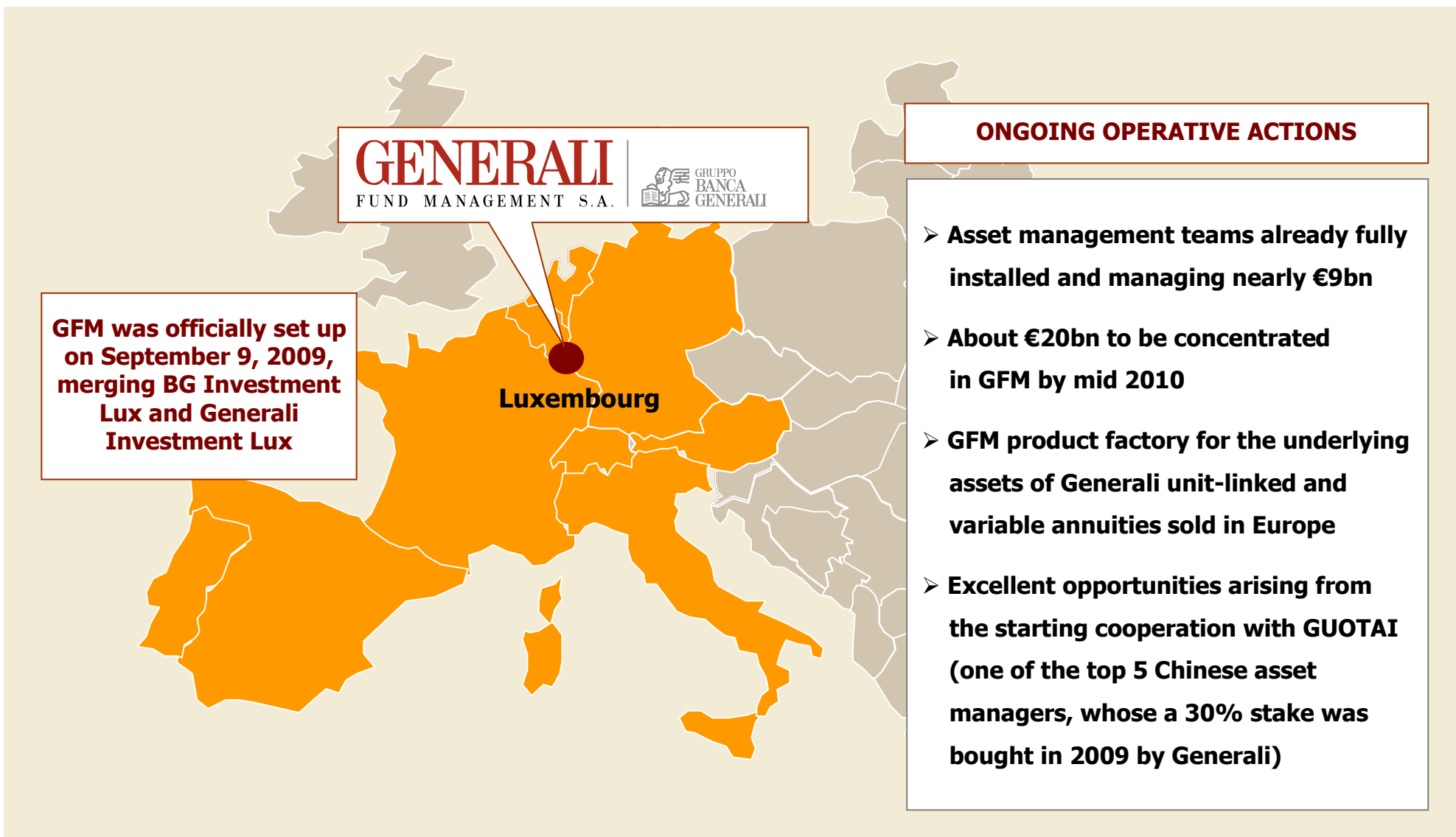
Switch from Rialancio to BG Valore now made easier and faster

Focus on annual premium

BG Evolution

Exploiting year-end favourable seasonality to speed-up annual premium sales

Generali Fund Management development is fully in line with the operative program



2009 tax shield on asset repatriation: a great opportunity

Banca Generali product offer designed for asset repatriation


Current Account : “Privilege Scudo”

Fiduciary Discretionary Account: “Exclusive”

Trust Company Service: Sant’Alessandro Fiduciaria
(to enable the “repatriate by law “ option (rimpatrio giuridico), that can be requested by clients on their portfolio or part of it

Life Insurance Policy (in € and US\$): “BG/BSI Opportunity”

Possibility to fully finance the tax shield cost



Banca Generali, if needed, allows clients to repatriate the whole portfolio of assets (cash securities, funds, hedge funds, private equity, etc) without disinvesting: this peculiarity (made possible thanks to a fully operative bank and to a strong dedicated team in back-office and advisory) is highly appreciated by tax experts and clients, that may repatriate without suffering from capital losses

The tax shield strategy is bearing very promising results

- **Banca Generali was the first bank to organise a dedicated road show** in 14 cities throughout Italy (3.500 registered accountants and tax-experts participating); first event last September 10
- A **dedicated advertising campaign** on all main Italian newspapers and magazines started on September 12
- **Cooperation with some of the most prestigious accountants and tax consultants** (studio Simonelli, Studio Arquilla) to provide really tailor-made advisory
- **Specific training for the network started well in advance**
- **A 20 people operative task force for operations**, legal support and compliance, set-up in early May 2009



RESULTS SO FAR

More than 1,300 repatriations signed in the first 7 weeks

Today's Agenda

➤ **1H09 Results**

➤ **Net Inflows, AUM and recruiting**

➤ **Business Update**

➤ **Closing Remarks**

Closing Remarks (1/2)

2009 is definitively turning to be the best year in Banca Generali ten year history, also due to the right strategic decisions taken in the past:

Profitability is steadily increasing through:

- continuous improvement of recurring profitability
- tight cost control, allowing a tremendous operative leverage for next years
- top-class mutual fund/sicav performance, delivering variable commissions

Net Inflows continue to be strong, particularly in the sale mix, thanks to:

- the right asset allocation choices made in 2007 and 2008
- the excellent quality of new products
- the high quality network, who reinforced their relationship with clients in light of the positive portfolio performance achieved in both 2008 and 2009
- the very good recruitment of "top-class" advisors from competitors

In 2009 fundamental strategic improvements have been made:

- Generali Fund Management is a real "strategic add-on" for the future
- Tax Shield is definitively an important "booster" for growth

... and their benefits will be exploited both in the short- and in the medium/long-term

Closing remarks (2/2)

2010 and 2011 outlook seems very promising even in a volatile market landscape:

1) the strategic positioning of Banca Generali is now optimal:

- several long-term growth opportunities:
 - exploiting existing franchisee vs. traditional retail banks
 - Generali Fund Management development
 - full exploitation of repatriated AUM through tax shields
- at least "two-years" competitive advantage in the banking model and in open architecture
- enormous value of "Generali brand" in front of clients and advisors

2) the capital is very solid (12.4% total capital ratio):

- attractive dividend policy may continue
- exploring any external growth opportunity – if convenient- also thanks to the likely future market consolidation
- no capital need for Life insurance (Banca Generali is only distributor)

3) the economics are becoming more and more robust:

- AUM increasing
- recurring revenues increasing
- higher chance to earn variable commissions
- tight cost control and huge operating leverage
- sustainable and "no-risk" tax-rate

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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

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