

Banca Generali

FY10 Results and 2011 Outlook

Milan, March 10, 2011

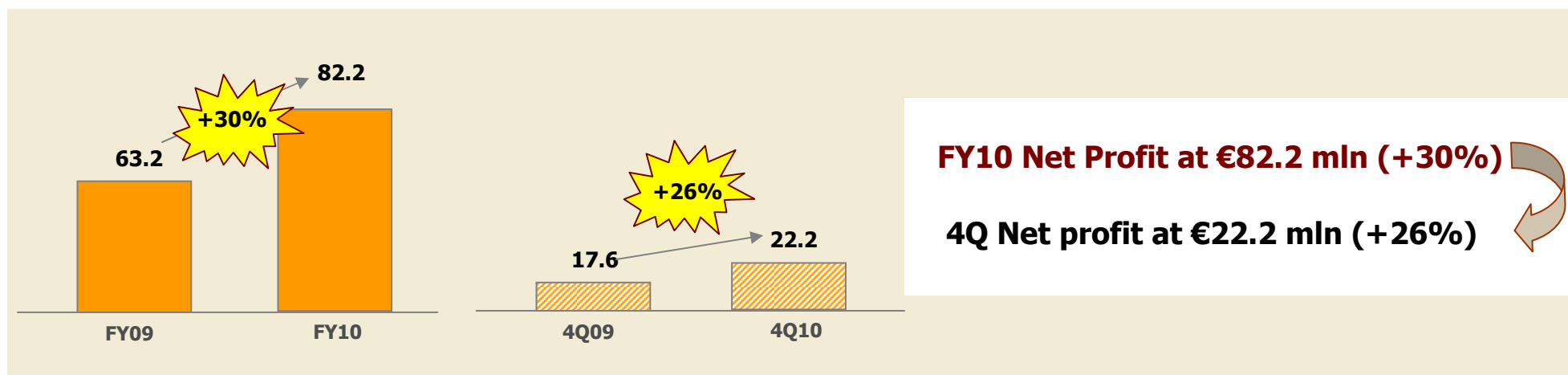
➤ **2010 Results**

➤ **Net Inflows, AUM and recruiting**

➤ **2011 Strategic and Business Guidelines**

➤ **Closing Remarks**

2010 Results: a record year, once again!

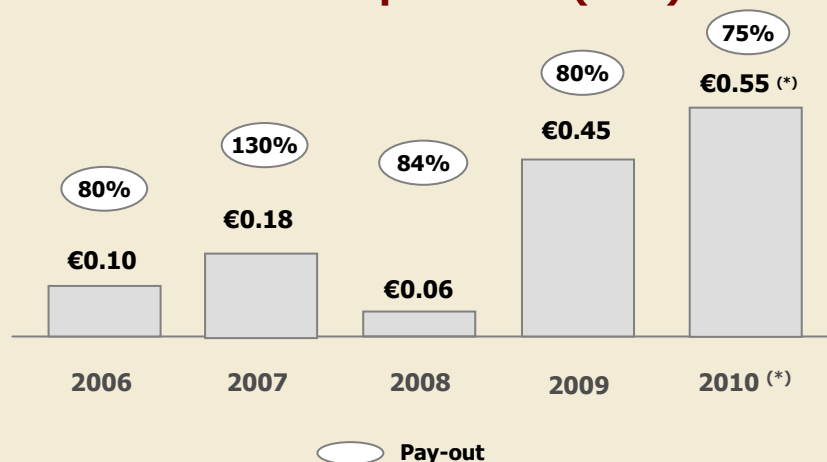


2010 results are particularly satisfactory as they:

- ✓ **Significantly exceeded the 2009 net profit**, that benefited from extraordinarily favourable market conditions not replicated in 2010
- ✓ Incorporated a strong growth in recurring commissions (management fees +40% yoy) and an effective streamlining of the cost base (-5% yoy), thus generating **definitively better quality of earnings**
- ✓ Reflected a major commitment by all the networks' professionals, as confirmed by **record figures for net inflows and new clients acquisitions**
- ✓ Met the financial needs of investors with delivery of a **satisfactory investment performance**: 4.6% average performance of Banca Generali managed assets in 2010, combined with a limited volatility
- ✓ Supported by a **solid capital position**, as confirmed by a proposed **DPS of €0.55 (+22%)** with a dividend yield of 5.2%

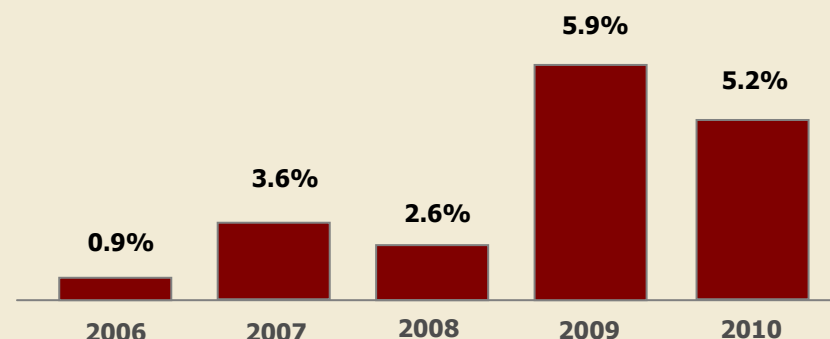
Thanks to a solid capital position, Banca Generali can pay a generous dividend and maintain a “top-class” ranking among high-yield dividend stocks

Dividend per Share (DPS)



(*) Board of Directors proposal to AGM due April 20, 2011

Dividend Yield

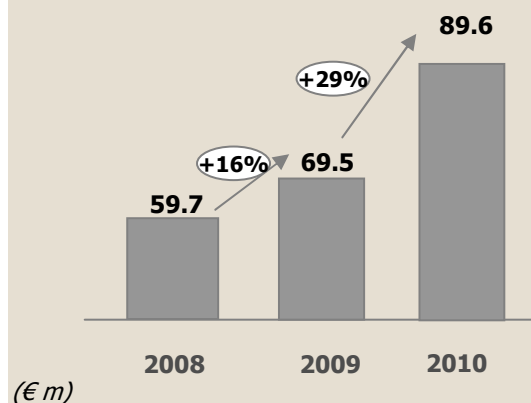


Stock Price (**) (€)

2006	10.7	5.0	2.3	7.7	10.6
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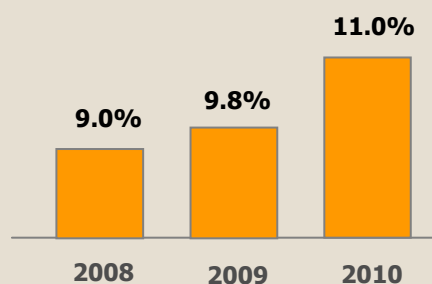
(**) Price at the date of the BOD proposal to AGM

Excess Capital

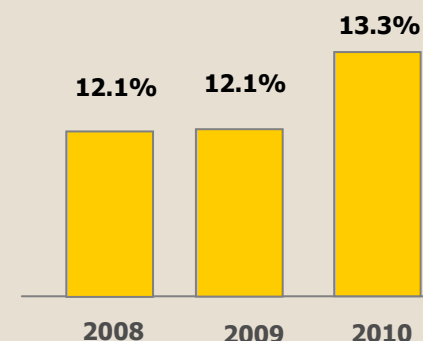


(€ m)

Tier 1 Capital



Total Capital Ratio



Consolidated FY10 Profit and Loss Account

(€ mln)	12M09 (reported)	12M10 (reported)	% Chg	12M09 (excl. GIL)	12M10 LfL (excl. GIL) ¹	% Chg
Net Interest Income	49.3	43.2	-12.2%	49.2	43.2	-12.1%
Commission income ²	318.3	373.4	17.3%	299.1	346.3	15.8%
Commission expense	-133.5	-175.4	31.3%	-119.5	-155.4	30.1%
Net Commission	184.7	198.0	7.2%	179.7	190.8	6.2%
Net income (loss) from trading activities	-52.9	-60.8	15.1%	-52.9	-60.8	15.1%
Dividends	73.9	74.0	0.2%	73.9	74.0	0.2%
Net income (loss) from trading activities and Dividends	21.0	13.2	-37.3%	21.0	13.1	-37.4%
Net Banking Income	255.0	254.4	-0.2%	249.9	247.2	-1.1%
Staff expenses	-67.1	-64.3	-4.1%	-65.4	-62.6	-4.4%
Other general and administrative expense	-80.0	-76.4	-4.5%	-79.2	-75.7	-4.4%
Depreciation and amortisation	-5.8	-4.1	-29.0%	-5.7	-4.0	-29.4%
Total costs	-152.8	-144.8	-5.3%	-150.3	-142.3	-5.3%
Cost /Income Ratio	-56.4%	-51.9%	4.5 p.p.	-56.5%	-52.4%	4.1 p.p.
Other net operating income (expense) ²	3.4	8.8	160.4%	3.3	8.6	158.0%
Operating Profit	105.5	118.4	12.2%	102.9	113.5	10.3%
Net adjustments for impair.loans and other assets	-7.6	-4.3	-43.0%	-7.6	-4.3	-43.0%
Net provisions for liabilities and contingencies	-15.9	-19.2	21.1%	-15.9	-18.9	19.4%
Profit Before Taxation	82.1	94.9	15.5%	79.5	90.3	13.6%
Direct income taxes	-14.6	-8.5	-41.9%	-14.4	-8.1	-43.9%
Tax rate	17.8%	9.0%	-8.8 p.p.	18.1%	8.9%	-9.2 p.p.
Income/(losses) after tax on assets held for sales	-1.9	0.0	-100.0%	-1.9	0.0	-100.0%
Minorities interest	-2.3	-4.1	76.6%	0.0	0.0	-140.0%
Net Profit	63.2	82.2	30.1%	63.2	82.2	30.1%

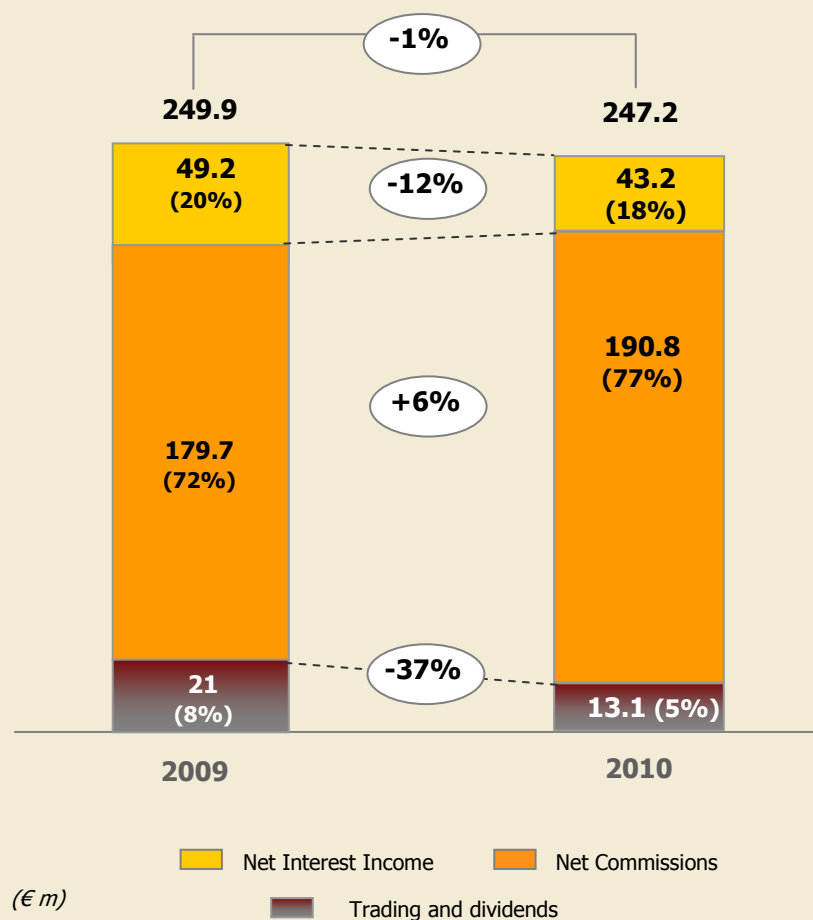
- **Interest margin** to be put in context with the low level of interest rates and the switch from banking to managed assets occurred in 2010
- **Buoyant management fees (+40% yoy)**, leading to an higher share of recurring revenues
- **Trading income held up well** despite less favorable financial markets
- **Operating costs fell in absolute value**, driving cost/income to best practice level
- **Conservative adjustments** to the investment portfolio
- **Provisions** reflect incentives to be paid for excellent net inflows figures and allocations made for a new severance indemnity fund for FAs
- **Tax-rate** benefited from €6m one-off tax gain related to the enfranchisement of goodwill and intangible assets
- **Net profit up by 30% to €82m**

¹ 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

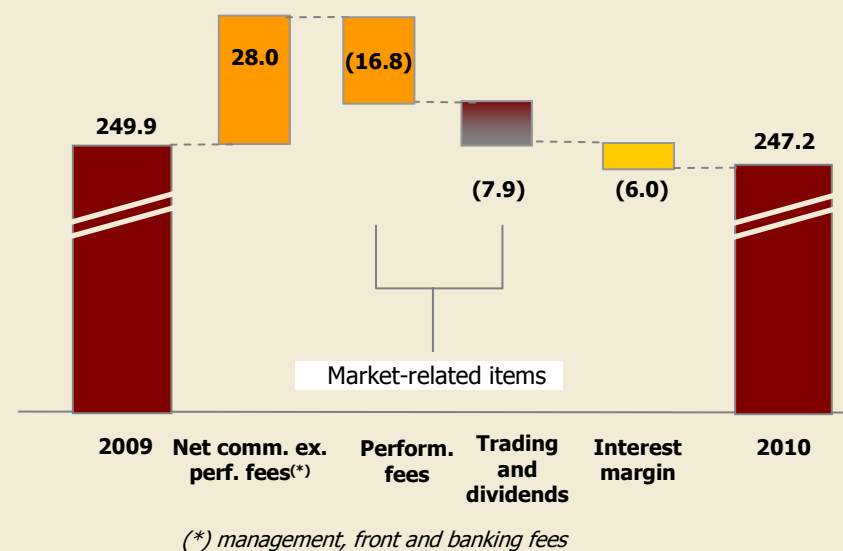
² According to the revision of circular 262, in 2009 €2.8m were reclassified from "current account charges" to "commission income"

Total revenues are becoming more and more sustainable

Breakdown of Net Banking Income (LfL)



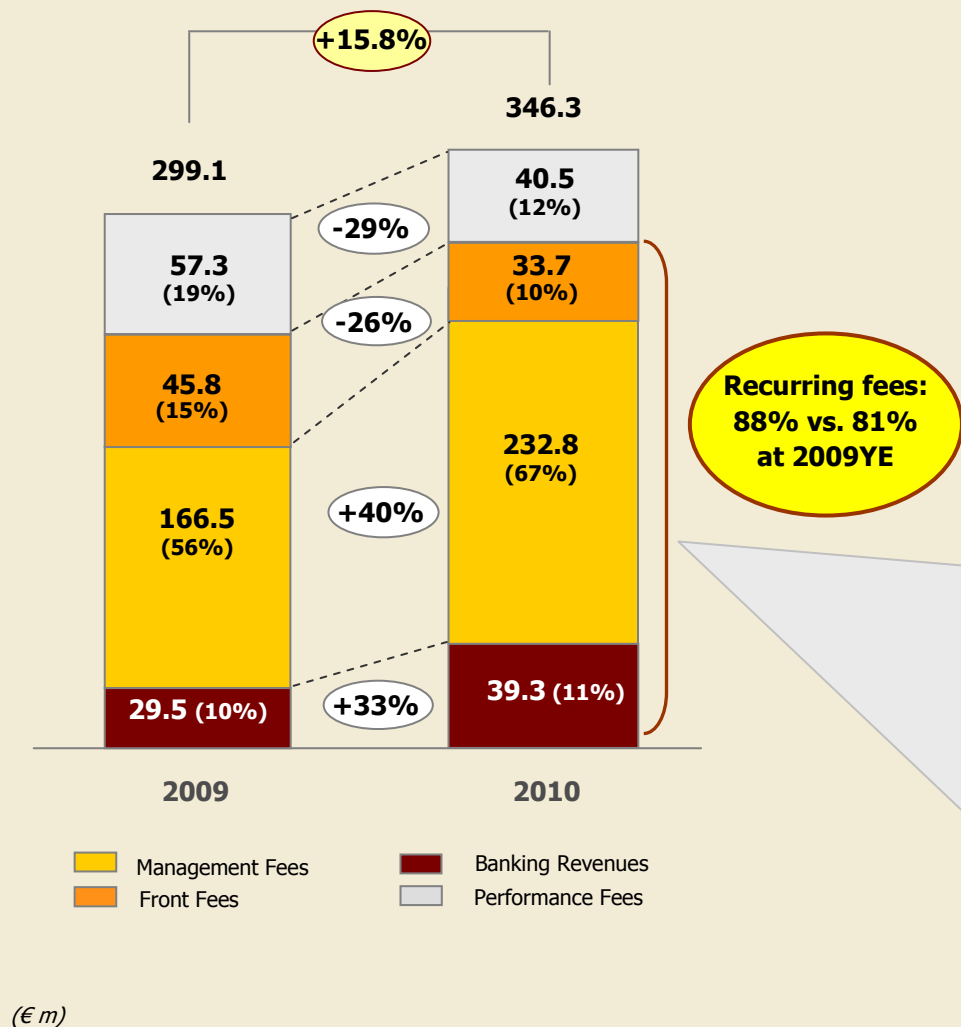
Analysis of variations



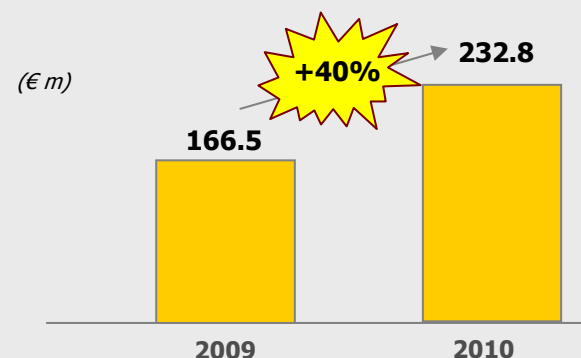
The long-term strategy is fully working:
in 2010 market related items (performance fees and trading income) decreased by €24.7 mln, completely counter-balanced by the increase in net recurring commissions of €28.0 mln

Excellent trend in gross commissions, with a sharp acceleration in management fees

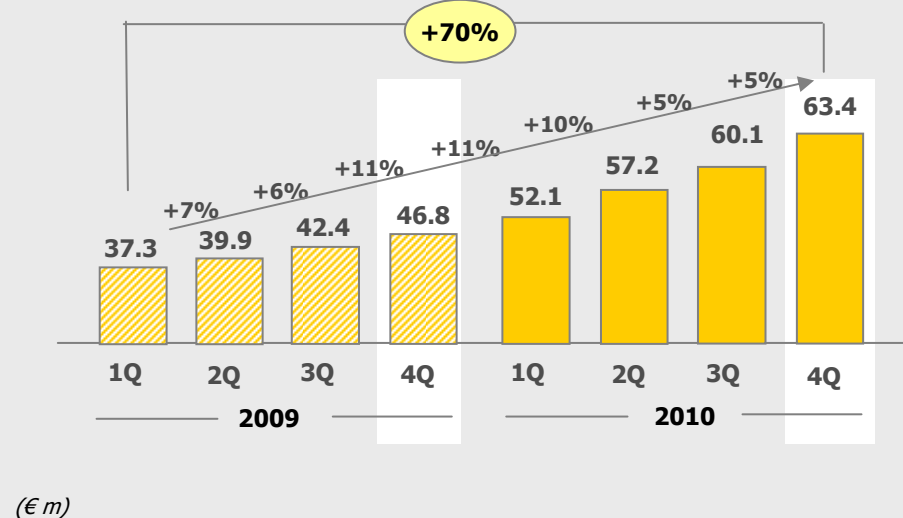
Breakdown of Gross Commissions (LfL)



Management fees (LfL)



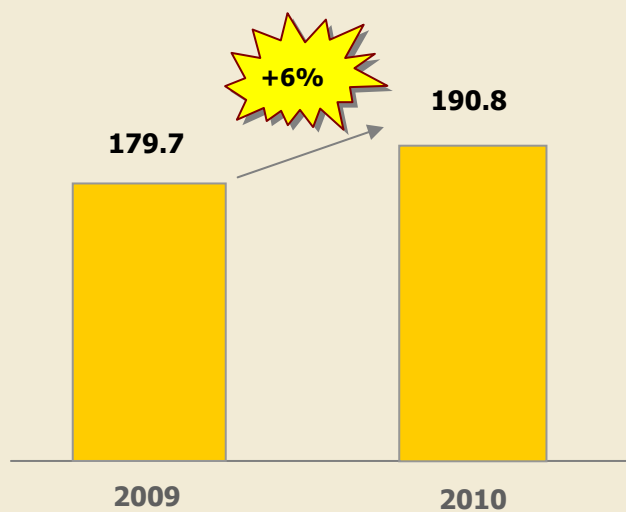
Quarterly Management fees (LfL, qoq)



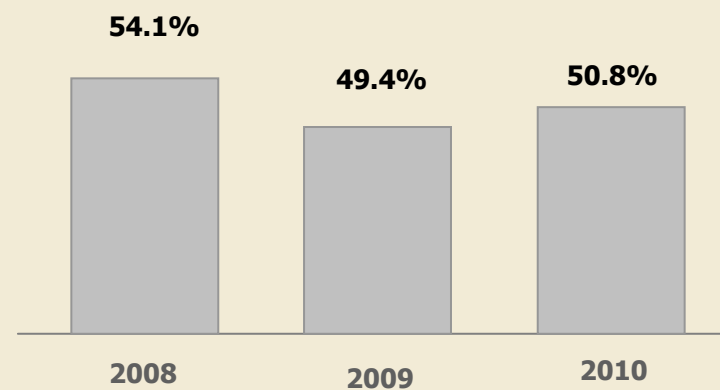
Net commissions at +6% yoy, with stable pay-out

(€ m)

Net Commissions (LfL)

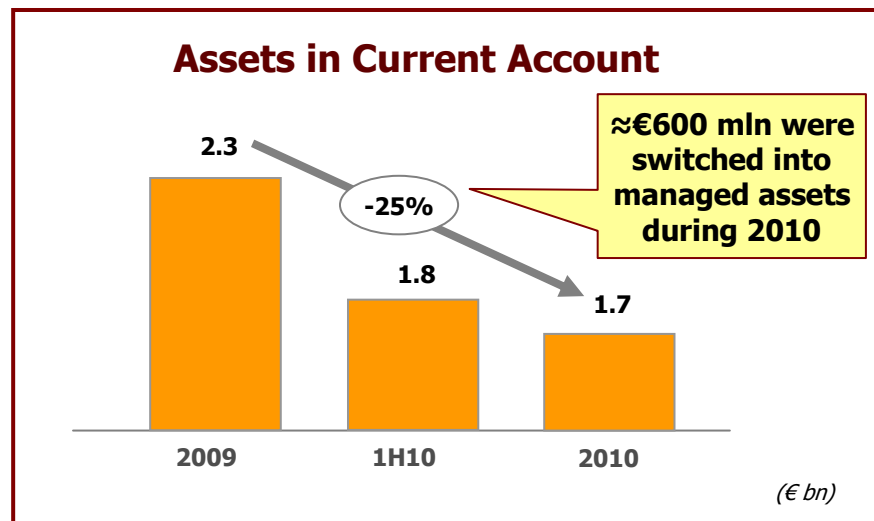


Pay-out trend* (LfL)



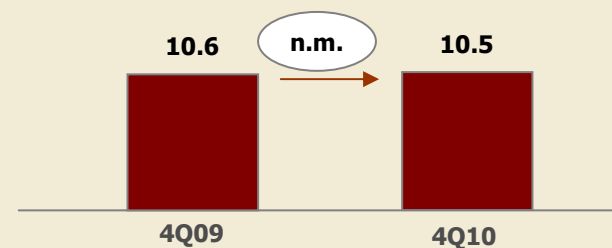
(*) excluding performance fees

Interest margin proved stable qoq, notwithstanding the sharp decrease in liquidity assets (switched into managed products)

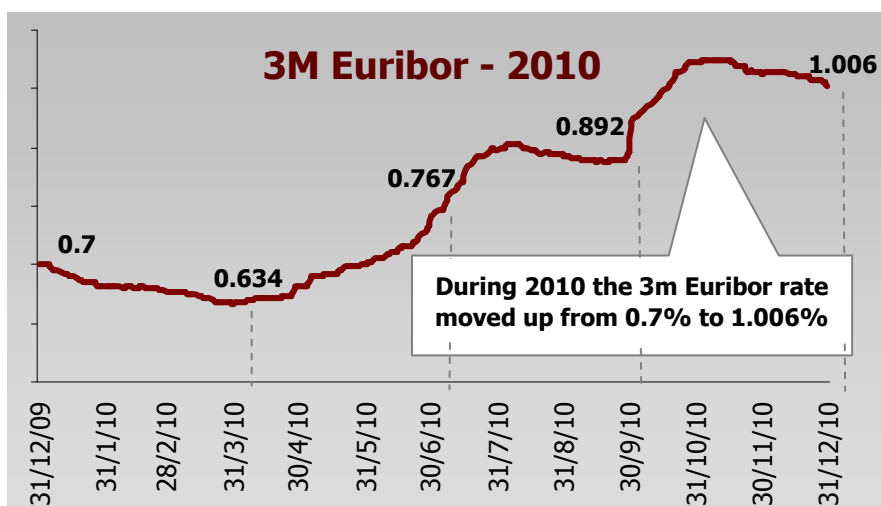


Net interest margin - qoq

(€ m)

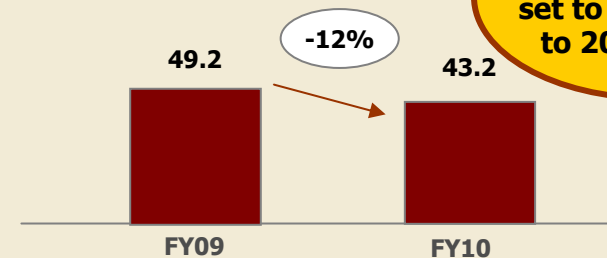


Broadly stable 4Q margin as lower banking assets were counter-balanced by the increase in interest rates



Net interest margin – yoy (LfL)

(€ m)

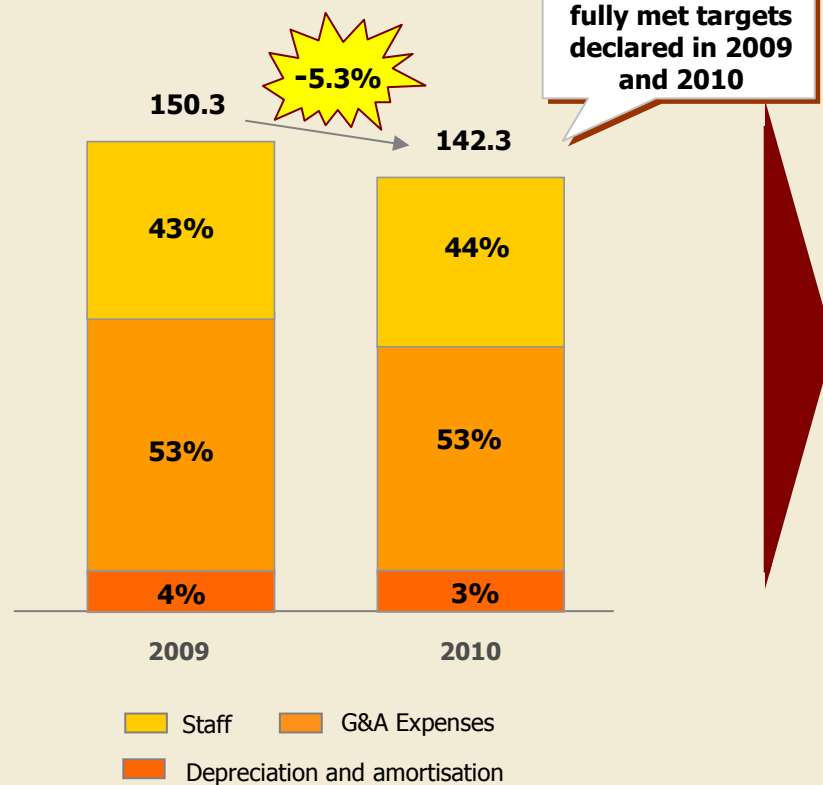


Recent increase of the 3M Euribor set to give a boost to 2011 margin

Excellent cost management continued in 2010, with a decrease of 5% in operating expenses

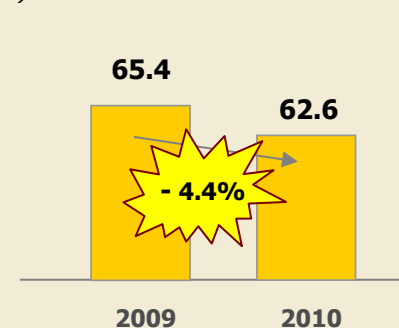
Operating Costs Breakdown (LfL)

(€ m)

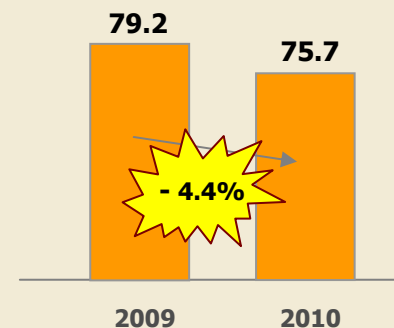


Staff costs

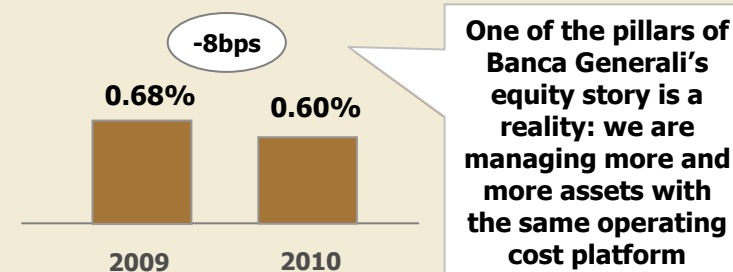
(€ m)



G&A Expenses



Operating Costs/AUM



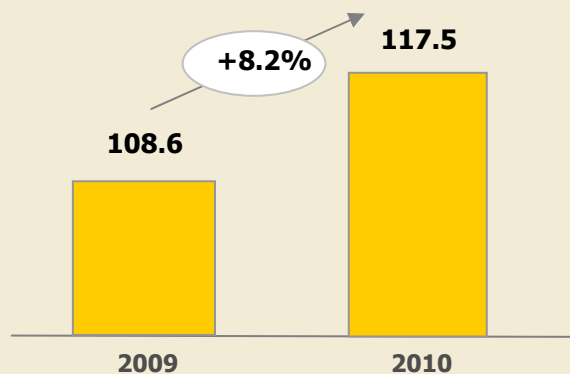
- 2010 operating costs fell in absolute value, in line with management commitment
- Total costs fell by 5.3% yoy, driven by a cut in both G&A and staff costs

**Expectation for 2011 and beyond:
Higher AUM with broadly the same cost base**

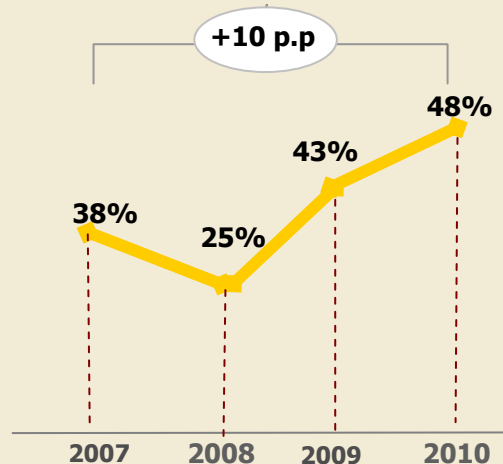
Operating profitability is showing continuous progress

(€ m)

EBITDA (LfL)

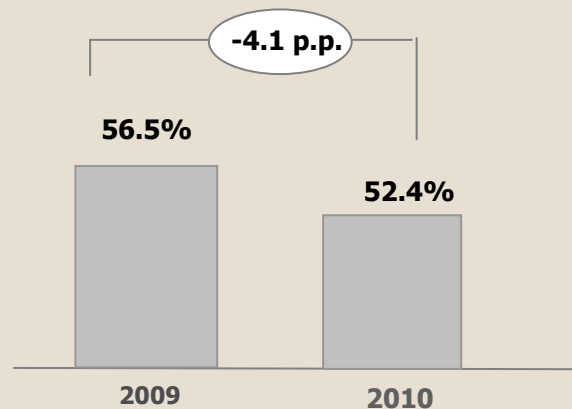


EBITDA margin

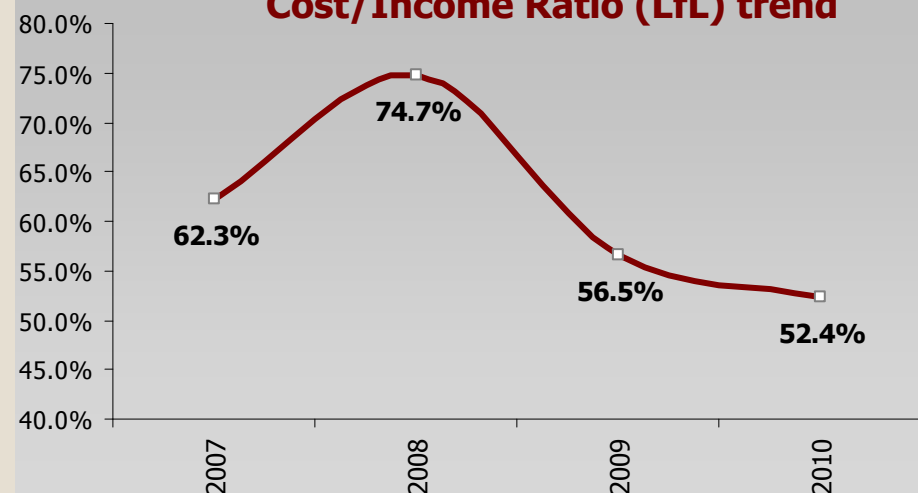


EBITDA margin and cost/income ratio have improved significantly and are at the sector's best practice level

Cost/Income Ratio (LfL)

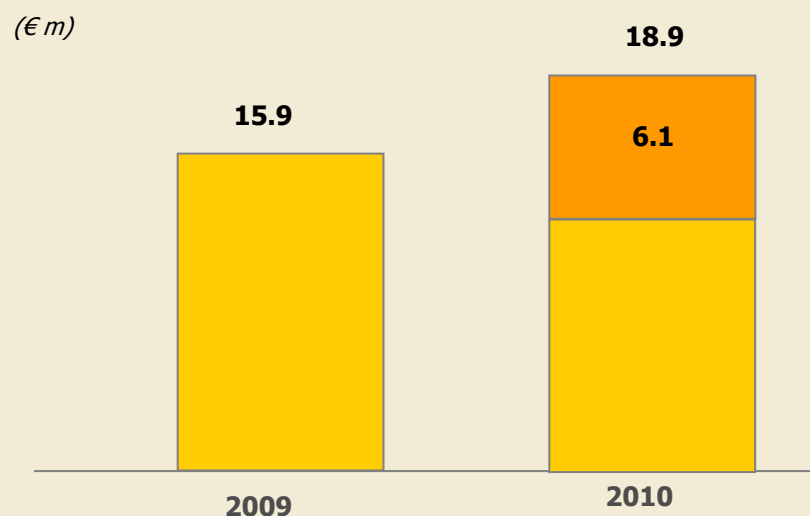


Cost/Income Ratio (LfL) trend



About 30% of 2010 provisions and write-downs relate to one-off items and reflect very conservative guidance in write-offs

Provisions' Breakdown (LfL)

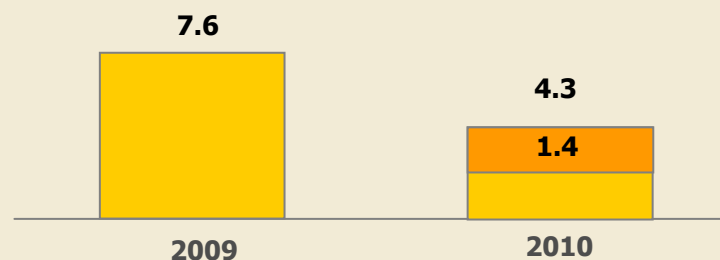


About 30% of 2010 provisions are one-off items, related to:

- ✓ set-up of a new severance indemnity fund for FAs, in line with Bank of Italy guidelines
- ✓ set-up of a new long-term incentive scheme for key management people

The remaining 70% of provisions is linked to recruiting costs, incentives to be paid to the network and other minor items

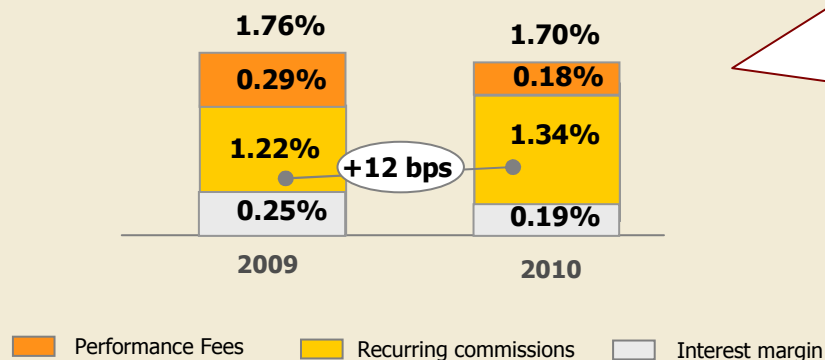
Write-offs (LfL)



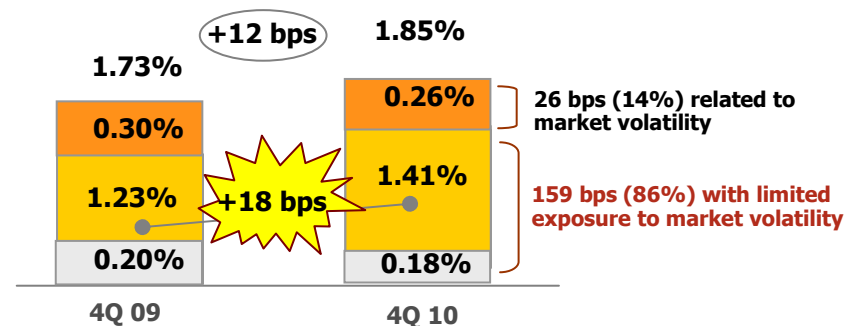
About 30% of write-offs are related to conservative general assumptions on the bond portfolio and to mark-to-market of the equity portfolio, rather than to specific risks

Recurring Profitability further improving compared to last year

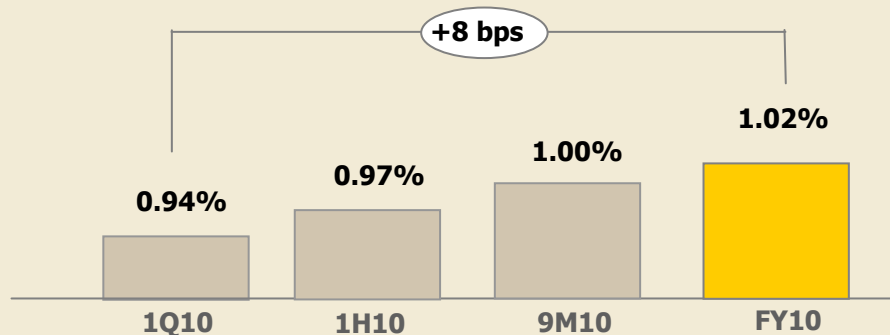
AUM profitability (LfL)...



... sharply up in 4Q 2010



Management fees contribution to AUM profitability



➤ The share of AUM profitability from management fees is steadily increasing, quarter on quarter

➤ **2010 Results**

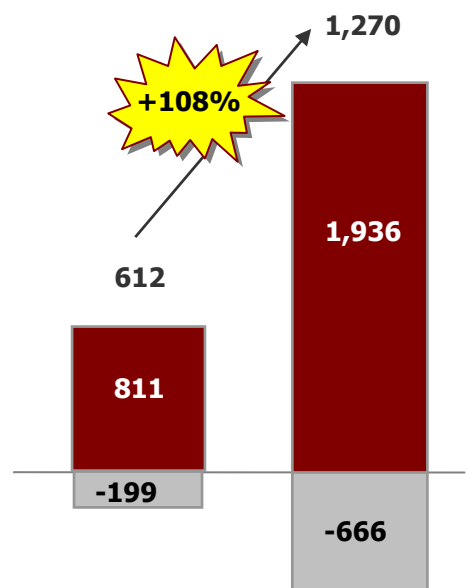
➤ **Net Inflows, AUM and recruiting**

➤ **2011 Strategic and Business Guidelines**

➤ **Closing Remarks**

2010 net inflows strongly increase compared to 2009, driven by managed assets

Total Net Inflows



■ Managed Assets ■ Administered Assets

2009(*)

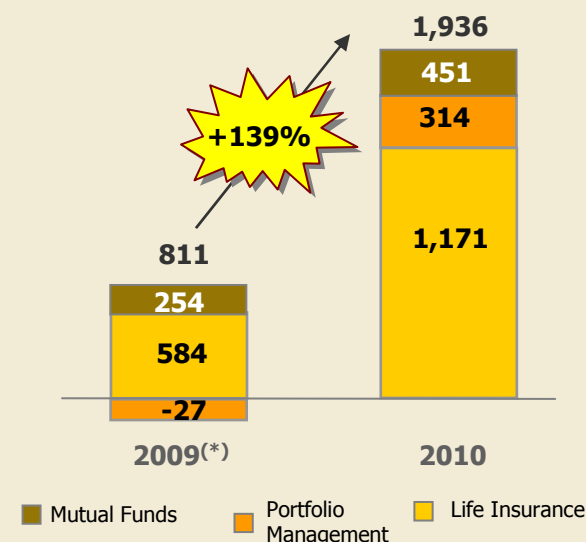
2010

(*) excluding Tax Shield effect
(€1,464 million)

(€ m)

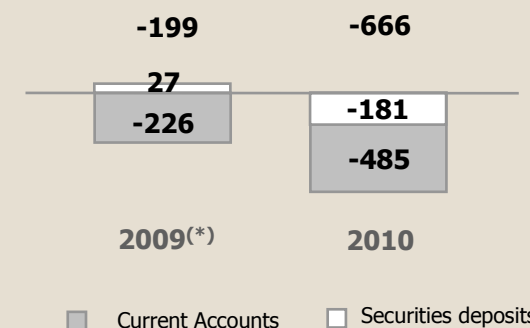
- Net inflows in managed assets more than tripled, driven by an excellent product offer and a good performance delivered
- Net inflows evenly distributed among all the managed assets products

Net Inflows in Managed Assets



■ Mutual Funds ■ Portfolio Management ■ Life Insurance

Net Outflows from Administered Assets



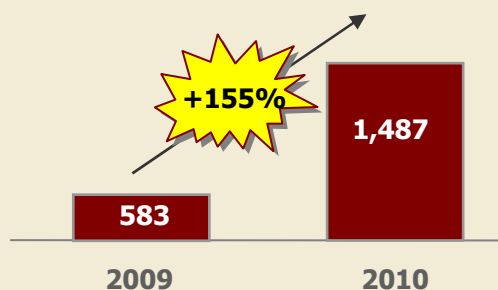
■ Current Accounts ■ Securities deposits

- Switch out mainly from current accounts
- BG is not interested in taking part in aggressive marketing campaigns on current accounts and deposit accounts
- We prefer to be focused on the medium-long term investment needs of our clients

Focus on the two key growth drivers of Banca Generali: BG Selection Sicav and Life New Business

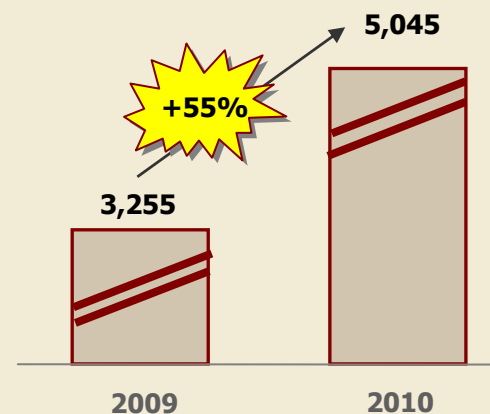
BG Selection – net inflows

(€ m)



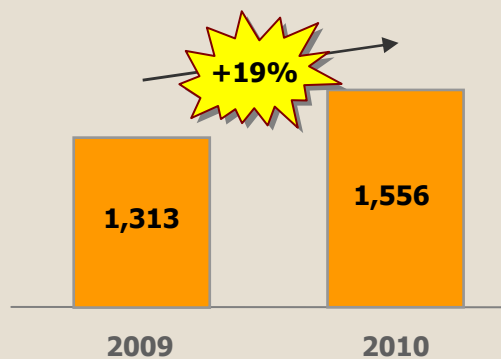
BG Selection - AUM

(€ m)



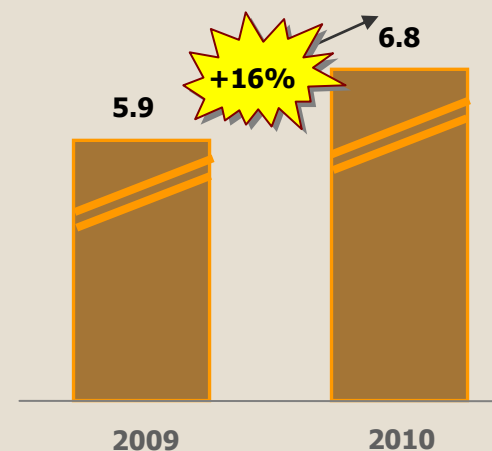
Life New Business – net inflows

(€ m)

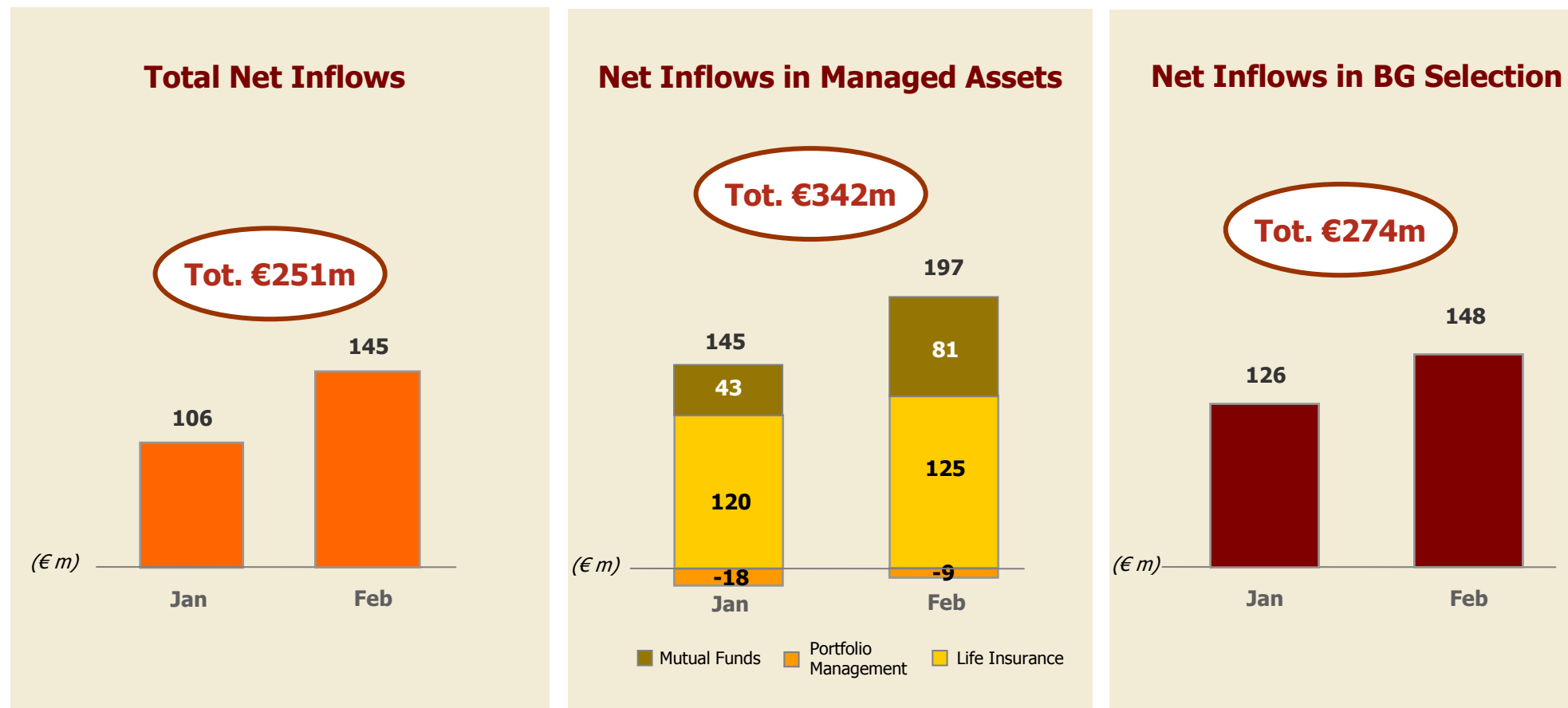


Life Insurance - AUM

(€ m)



Already ≈€350 million of net inflows in managed assets in the first two months of 2011

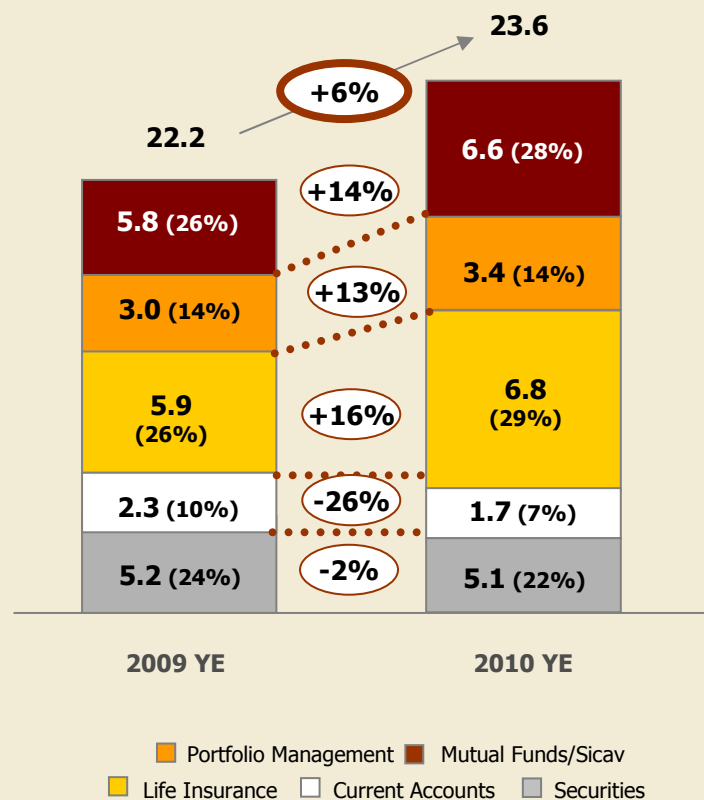


- Total net inflows were very strong in Jan-Feb, totalling €251 million
- Quality of net inflows proved very satisfactory, with BG Selection raising €274 million and life policies €245 million, well on track with the excellent results achieved in 2010

Total assets reached €23.6 billion, led by both excellent net inflows and solid performance

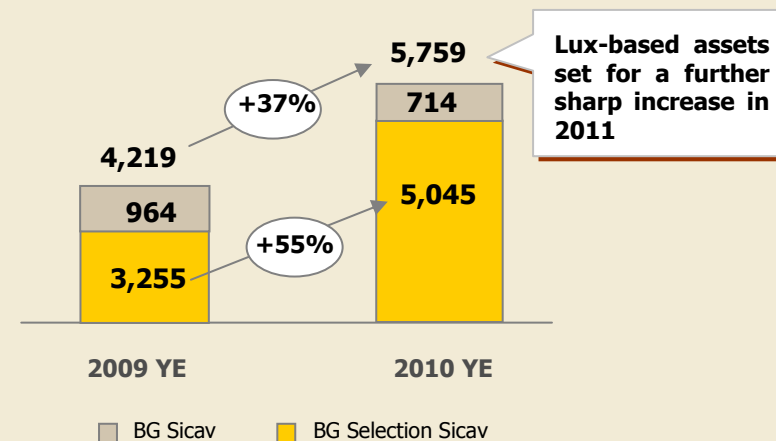
Banca Generali Assets Breakdown

(€ bn)



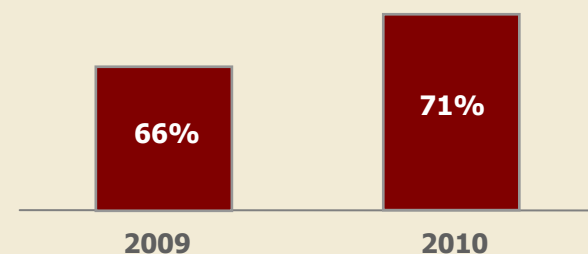
Lux-based Assets

(€ m)

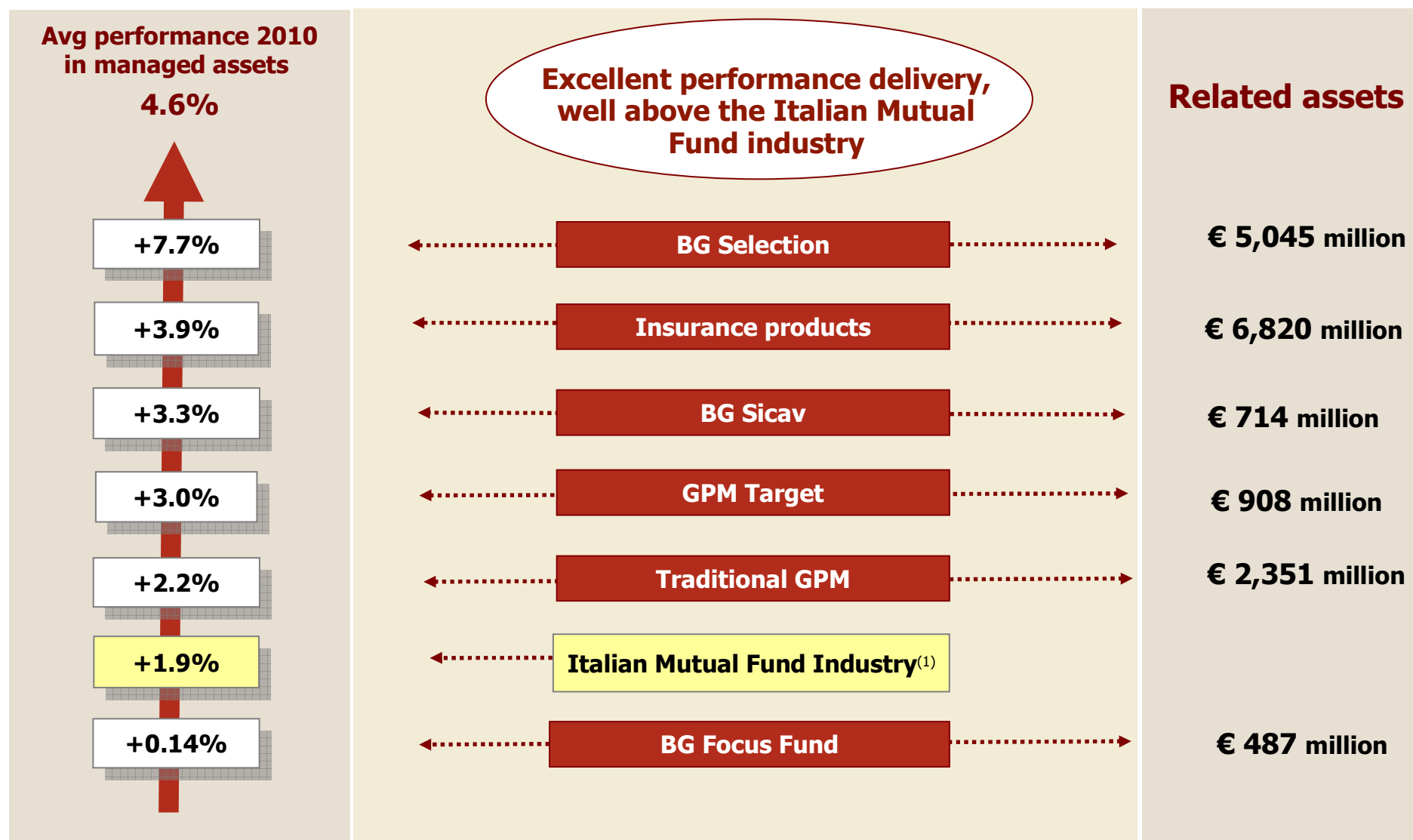


Managed Assets/Total Assets

(%)

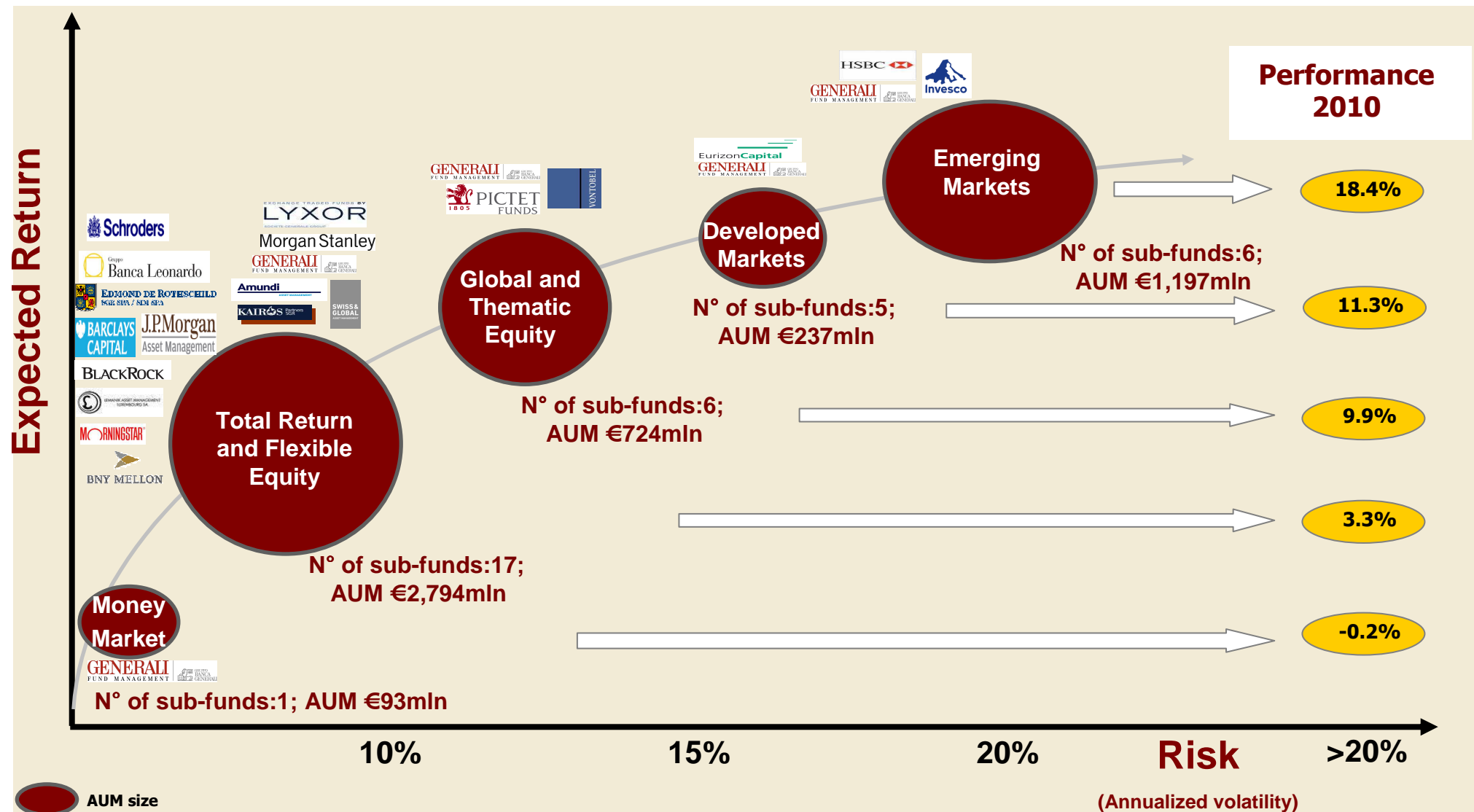


Once again in 2010, Banca Generali delivered an excellent performance to its customers



⁽¹⁾ Italian General Index (FIDMGEND)

BG Selection - A good mix of investments, able to deliver excellent results with limited volatility

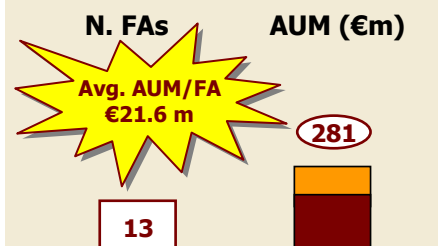


Figures as of December 31, 2010

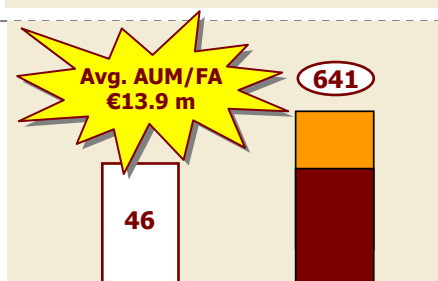
Recruiting – 2010 results in line with targets


BANCA GENERALI
PRIVATE BANKING

FY10 Recruiting Results

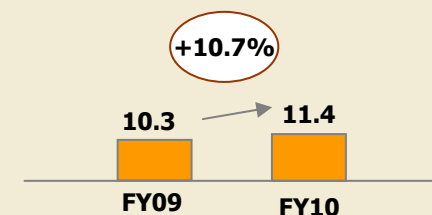
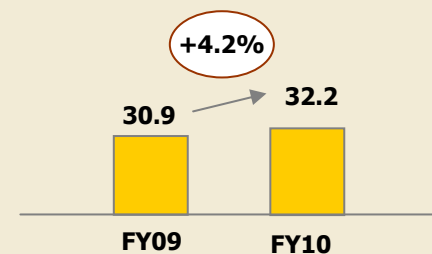


**BANCA
GENERALI**

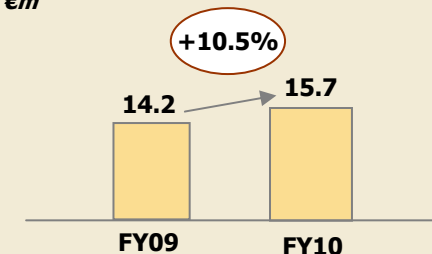
**GRUPPO
BANCA
GENERALI**
Total BG Group


FY10 AUM/FA

€m



€m



■ AUM already brought in ■ Potential AUM ○ AUM □ N° of FA

- Banca Generali is hiring only top professionals: 46 since the start of 2010
- The average size of the advisors portfolios increased by 10.5% to €15.7 mln
- The company confirms a target of recruiting for 2011: in line with 2010 levels (50 top professionals)

➤ **2010 Results**

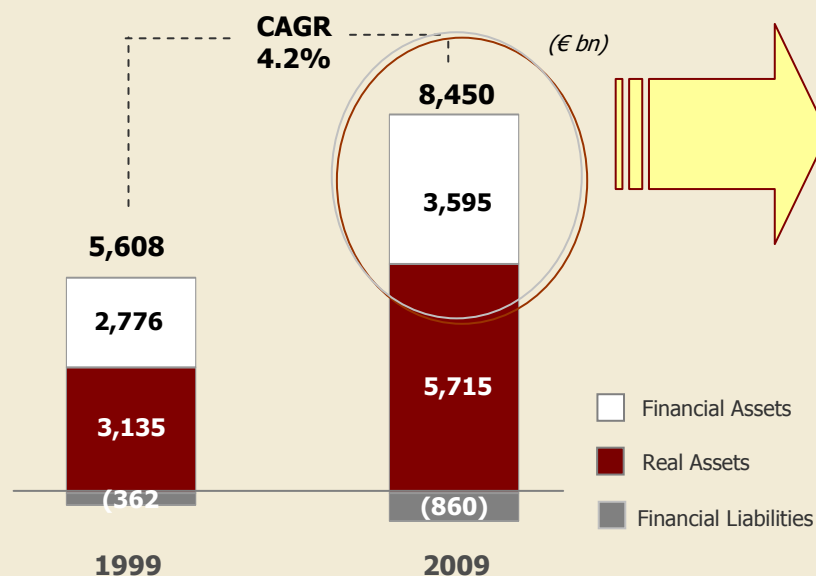
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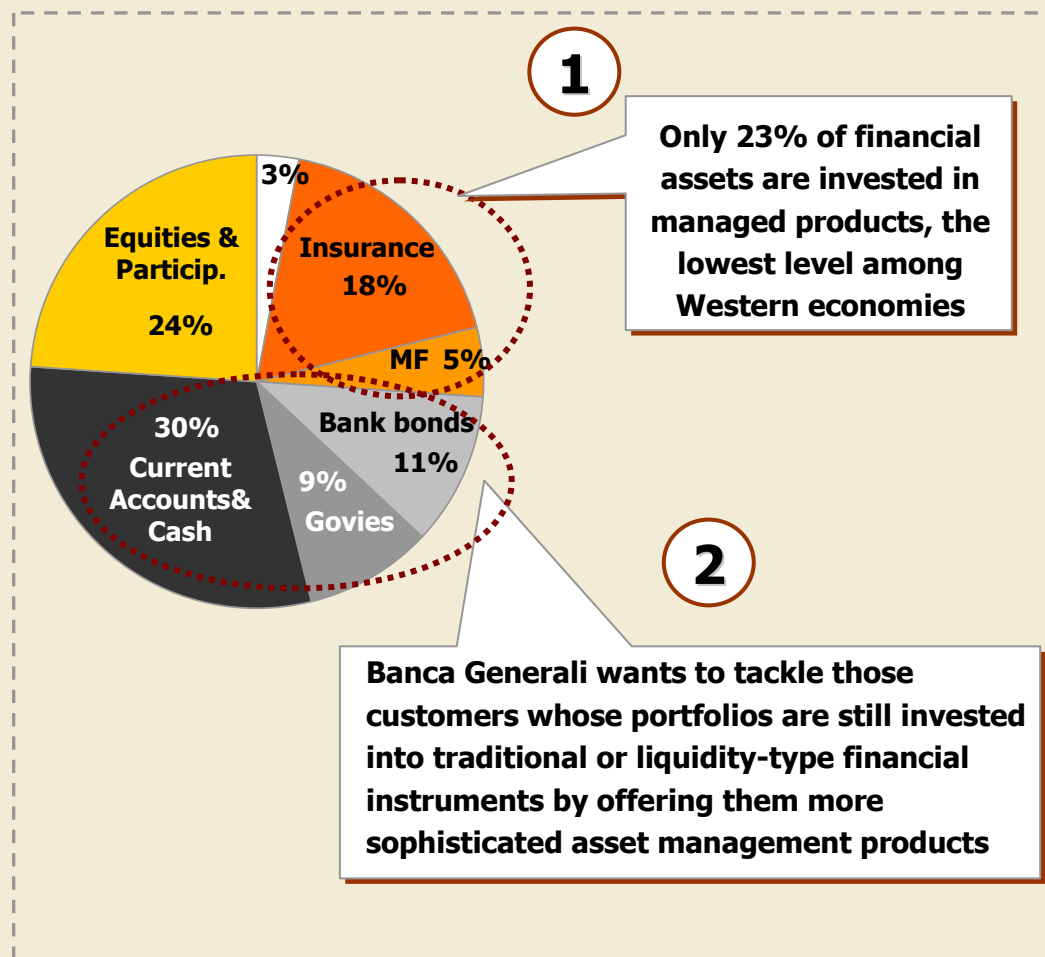
Size and composition of Italian households' financial assets offer unparallel growth opportunities, yet to be exploited by Banca Generali

Breakdown of the Italian Households Assets

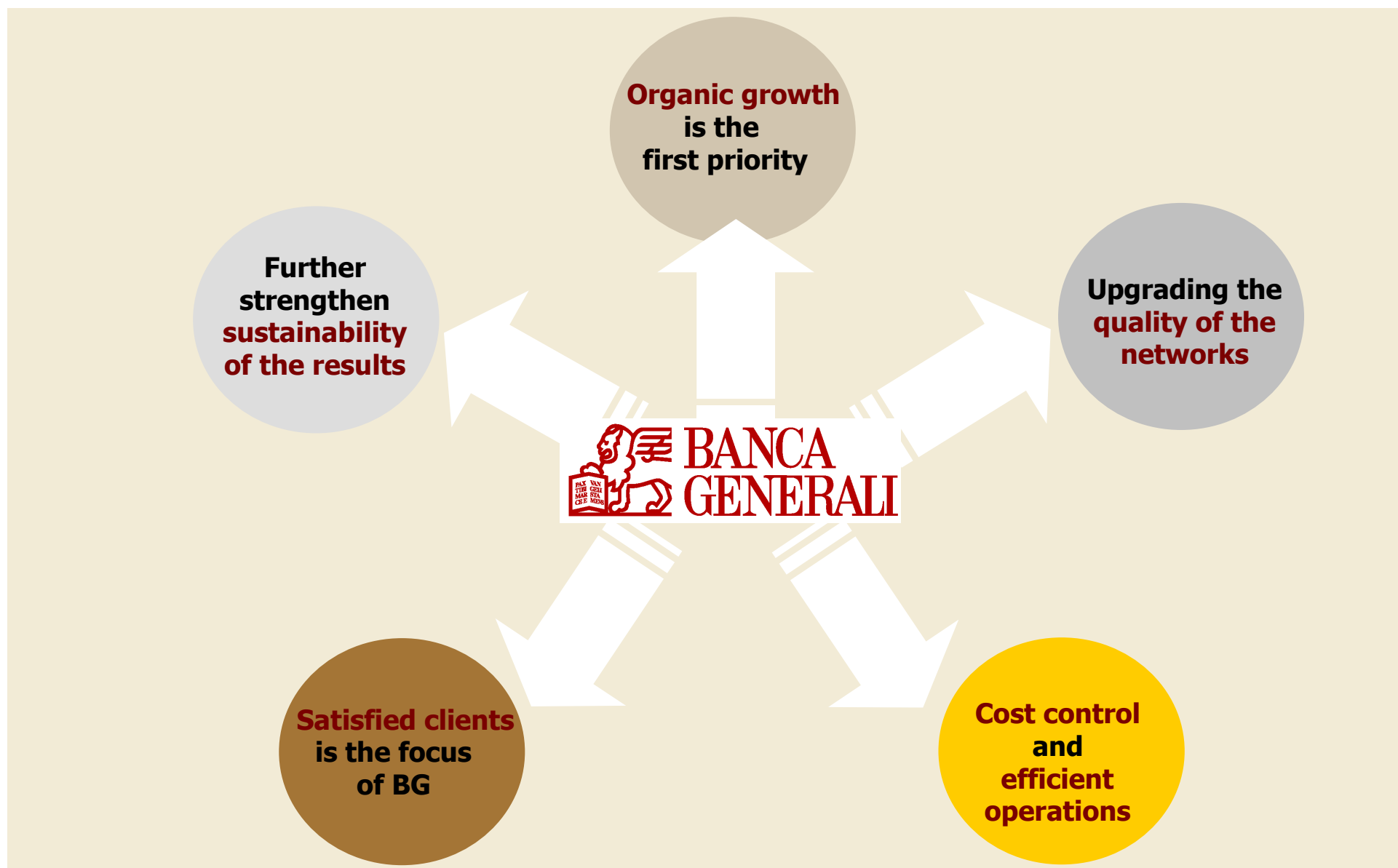


Currently only 6% of the total Italian households' financial assets are managed by specialised players as the financial advisors

Source: Banca d'Italia



Banca Generali strategic objectives



A set of commercial actions in line with BG strategic targets

BG Strategic Objectives

Planned Actions



Organic growth

- New clients: the “key word” to grow
- Exploiting positive word of mouth among clients
- Leveraging on the proven track record of performance delivered even in difficult market conditions



Network quality

- Fine tuning of the two networks (Banca Generali and Banca Generali Private Banking) even if the overall quality is already excellent
- Recruiting in line with prev. year (i.e. 50 people)



Profitability

- Focus on key products: BG Selection and Life Insurance
- Switch from admin. assets /single mutual funds to BG Selection is healthy both for clients and the Bank
- Huge operating leverage to be fully exploited



Innovation in clients' services

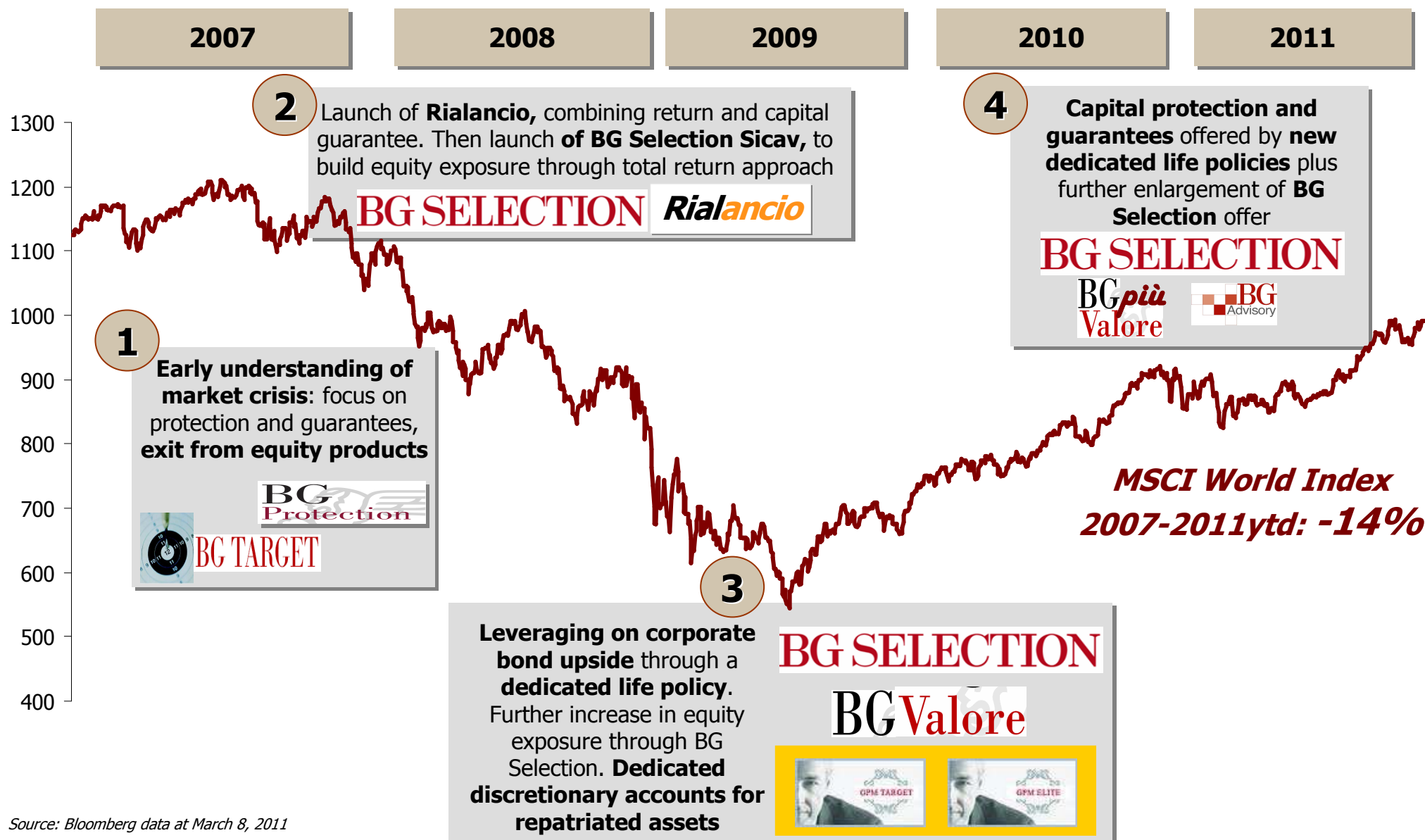
- Customised risk/reward profile
- Enhance level of service, particularly for private clients (BG advisory)
- Enhanced Trust Services offer (Generfid)



Results sustainability

- Focus on recurring fees to increase more and more the stability of profits
- Tight Cost control continues

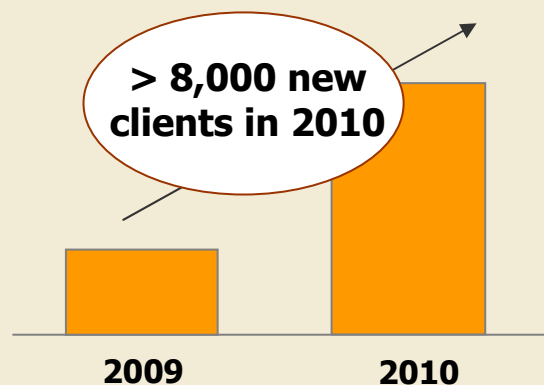
Exploiting positive word of mouth generated by a proven track record in investment advisory



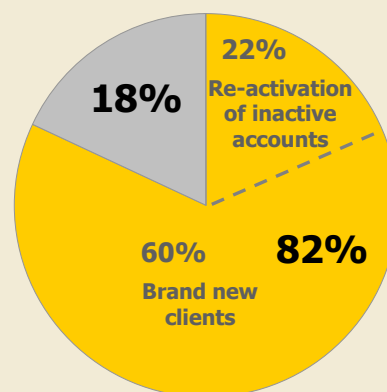
Source: Bloomberg data at March 8, 2011

Organic growth: Focus on new clients delivered promising results in 2010

New clients acquired in 2010

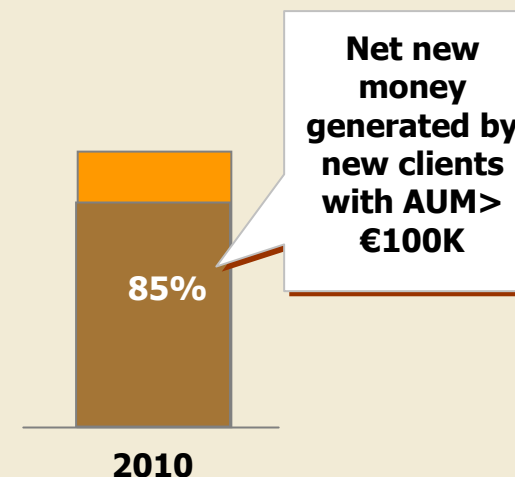


New clients split by acquisition channel



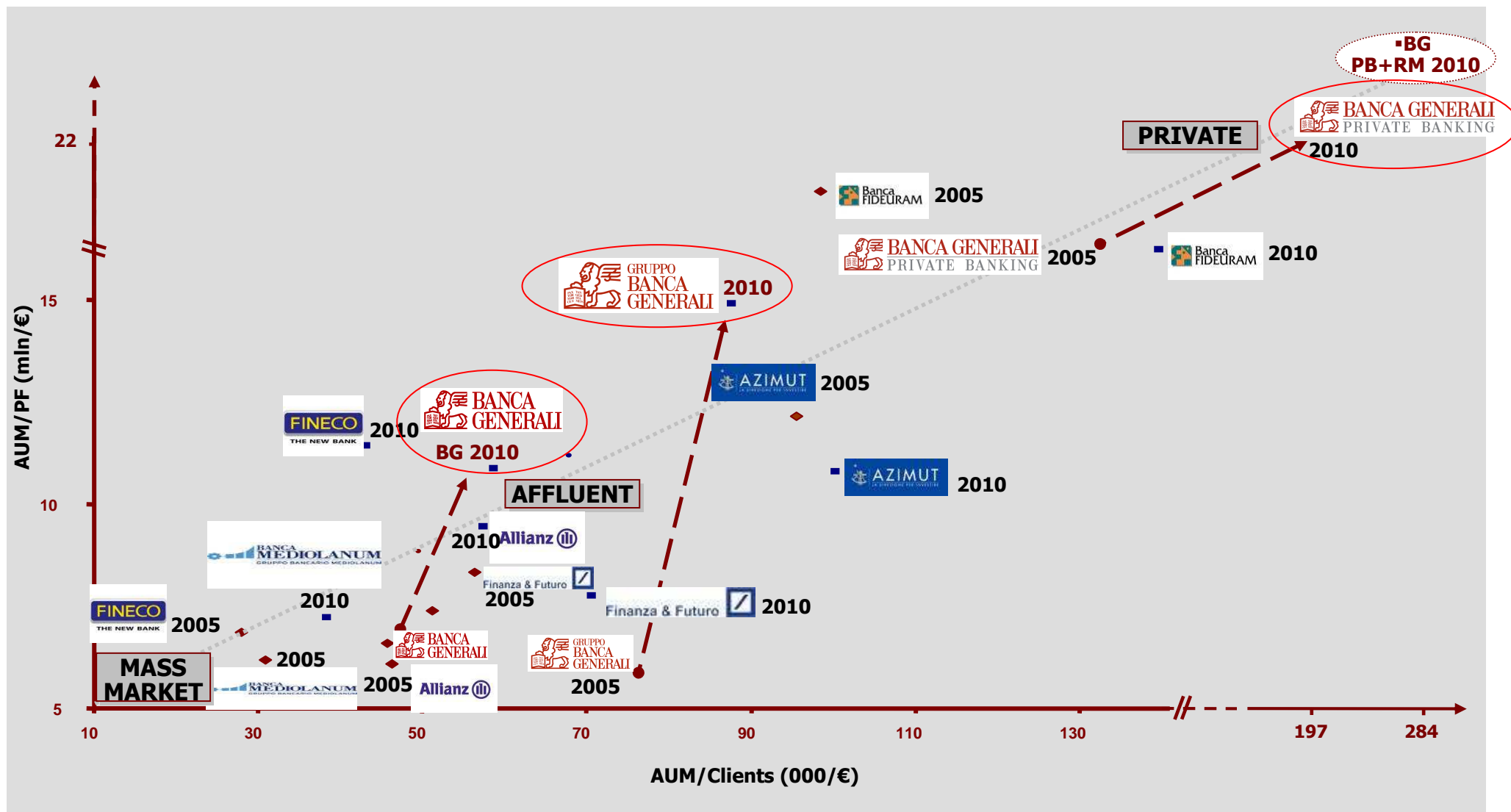
 Existing network
 Recruiting

Net New Money split by AUM size



Extremely encouraging results considering the project was still in a start-up phase in 2010

Network quality upgrading well underway, definitely outpacing the competition



Source: Assoreti

Leverage on the superior return/flexibility of Bg Selection vs. single funds to attract more assets

Features	Single funds	BG SELECTION
Asset allocation style	Input provided fund by fund from FA and/or client	Active asset allocation provided by the best international asset managers
Performance delivered	<div>2009</div> <div>6.4%</div> <div>2010</div> <div>1.9%</div>	<div>2009</div> <div>18.5%</div> <div>2010</div> <div>7.7%</div>
Switch	Single fund must be sold; 3-5 days time lag to execution	Possibility to switch among 34 sub-funds at zero cost without time lag and without selling the position
AUM held in BG	€1.5 billion	€5.0 billion

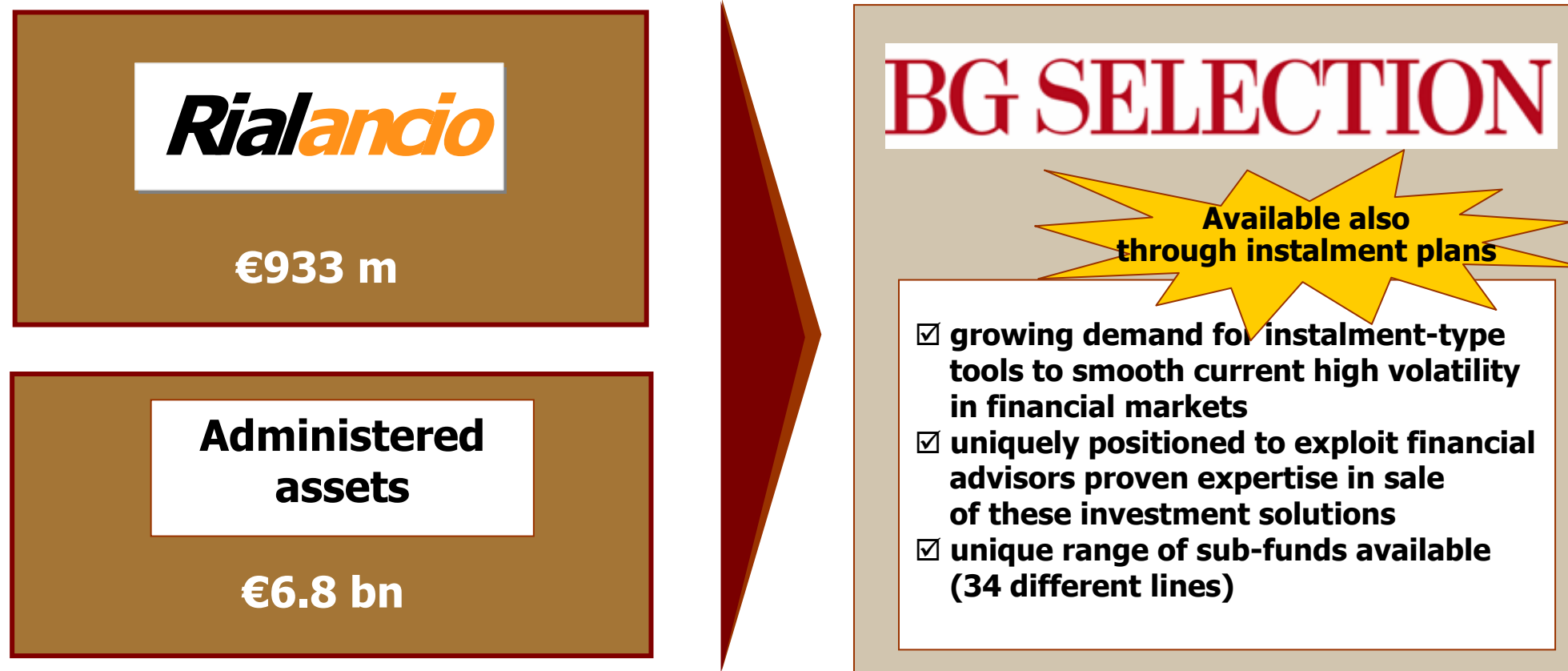


Clear advantage for clients to transfer assets from single retail funds into BG Selection

Fund performance 2009 and 2010 equal to the average of the Italian asset management industry

Switch from administered assets and Rialancio into managed assets

Around 30% of Banca Generali assets are still parked in liquidity-type products



➤ **2010 Results**

➤ **Net Inflows, AUM and recruiting**

➤ **2011 Strategic and Business Guidelines**

➤ **Closing Remarks**

Closing remarks

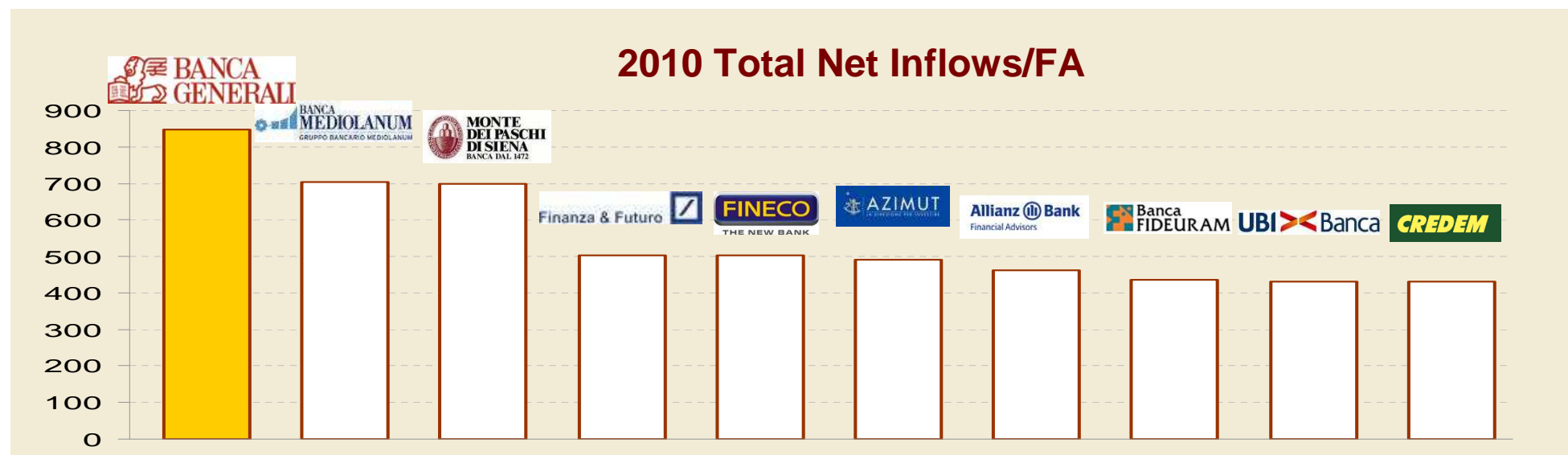
Strategic guidelines for 2011:

Very simple... to continue and enhance what successfully achieved in 2010:

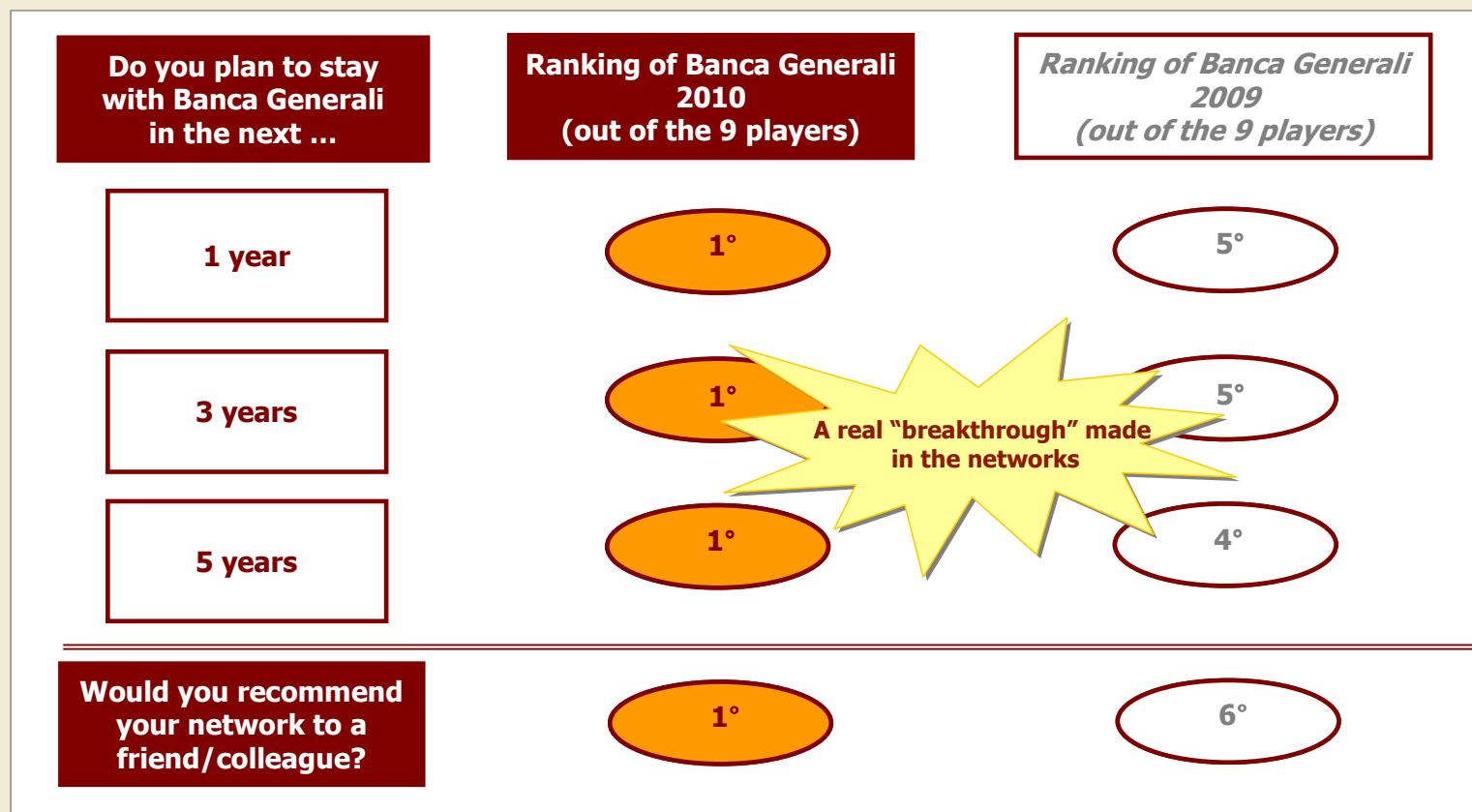
- Strengthening organic growth, exploiting the **huge opportunity to capture new clients through the excellent existing networks**
- Consolidating the success of the two pillars of Banca Generali's product offer:
 - BG Selection
 - Life policies

Keep going on our successful track
The company and the networks may remain focused
only on the business and behaviours that performed so well in 2010

Banca Generali definitely was the winner of 2010 in FA's productivity, both by quantity (Total Net Inflows) and quality of production (Net Managed Inflows)



2010 results lie on the positive sentiment of our networks...



...which is the foundation of the expected growth for 2011 and beyond

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.

Neither Banca Generali S.p.A. nor any of its affiliates, directors, officers employees or agents owe any duty of care towards any user of the information provided herein nor any obligation to update any forward-looking information contained in this document.

2011 Upcoming Corporate Events

MARCH						
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		

Approval of the 2010 results

APRIL						
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

**Shareholders Meeting
to approve 2010 results (1st call)**

MAY						
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				

Approval of 1Q 2011 results

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