

PRESS RELEASE

**Quarterly results****NET PROFIT OF €20 MILLION (+6.4% YOY)****STRONG INCREASE IN MANAGEMENT FEES  
(+27% YOY)****EFFECTIVE COST CONTROL ACTIONS  
CONTINUE (-5% YOY)****The quality of profit improves, thanks to the strong rise in recurring  
commissions and cost control actions**

- Net Interest income at €11.1 million (+1.4% yoy)
- Management fees at €73 million (+27% yoy)
- Operating costs at €36.1 million (-4.9% yoy)

**Further increase in the recurring share of AUM profitability**

- Strong rise in management fees profitability, now at 1.12% (+18 bps yoy)
- Recurring AUM profitability is at 1.56%, (+5 bps yoy)

**The growth of AUM continues, driven by managed assets**

- Total AUM at €23.8 billion (+4% yoy), managed assets at €16.9 billion (+7.5% yoy). Managed assets represent now 71% of total assets
- Net inflows in January/April 2011 at €428 million, net inflows in managed assets at €476 million

**The commitment to provide innovative products continues with the launch  
of new sub-funds within BG Selection**

- Launch of 4 new BG Selection sub-funds
- Introduced 3 new Individual Portfolio Management lines combining capital protection with exposure to equities of global and emerging markets

**Prof. Luigi Arturo Bianchi is appointed to the Board of Directors****CONTACTS:**[www.bancagenerali.com](http://www.bancagenerali.com)Media Relations  
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Trieste, 10 May 2011 – The Board of Directors of Banca Generali, chaired by Giovanni Perissinotto, approved the consolidated financial statements for the 1<sup>st</sup> quarter 2011 and ratified the cooptation of prof. Luigi Arturo Bianchi as member of the Board of Directors.

**Consolidated financial results at 31 March 2011**

The **consolidated net profit** of Banca Generali for the first quarter ending on 31 March 2011 was equal to **€20 million (+6.4% yoy)**. *"This result is very positive because it reflects an increase of the recurring revenues components"* - the CEO of Banca Generali, Giorgio Girelli, commented - *"in fact management fees went up significantly, recurring AUM profitability further improved and there was also an additional decrease in operating costs"*.

**Net interest income** reached €11.1 million, up by 1.4% yoy and up by 5.2% compared to the last quarter of 2010. The result reflects the first benefits deriving from the trend of increasing interest rates, despite volumes basically unchanged during the period and an investment policy that remains prudent, characterised by no financial leverage, no mismatch between assets and liabilities' duration, and overall a very low duration of the bond portfolio (equal to about 1).

**Gross commissions** reached €91.8 million, with an increase of 3.6% yoy (*€84.1 million, +1.2% yoy excluding the contribution from Generali Investments Luxembourg "GIL"*). In this regard, the very positive trend in management fees should be highlighted, which increased in fact by 27% yoy to €73 million (*€65.3 million, +25% yoy ex-GIL*). Thanks to the key contribution from management fees, the **recurring part** of total commissions further increased and is now 95% of the total vs. 88% at the end of 2010 (on a like-for-like basis).

It should be noted that **recurring AUM profitability** further improved and is now equal to 1.56% of total AUM, up by 5 bps compared the same period of last year.

**Net commissions** are basically in line with the previous year at €51.4 million, +0.5% yoy (*€49.5 million, -0.8% yoy ex-GIL*), even if, net of the performance fees, they actually have increased by 14% yoy, also thanks to a firm control of the pay-out ratio, reflecting the commitment of the Group to the quality and sustainability of results.

**Net banking income**, if on the one hand benefitted from the important increase in recurring fees, on the other hand it also suffered from the decrease of the more volatile items, such as performance fees (*€4.1 million, -60% yoy*) and trading income (*€2.5 million, -74% yoy*), and was equal to €64.9 million, down by 9.2% yoy (*€63.0 million, -10.2% yoy ex-GIL*). The combined effect of these two opposite dynamics produced nevertheless a marked improvement in the quality of the underlying profit and in the revenues' sustainability for future years.

**Operating expenses** amounted to €36.1 million, down by 4.9% compared to €38.0 million reported in the previous year (*€35.5 million, -5.1% yoy ex-GIL*). The lower expenses are linked to additional efforts made in terms of cost control, and to streamlined processes. Cost/Income ratio was equal to 51.8% (vs. 49.2% of 1Q10), a very positive level within the industry (*52.5% in 1Q2011 and 49.3% in 1Q10 ex-GIL*).

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**Total assets** of Banca Generali Group, as of 31 March 2011, amounted to €3,879 million (+1.9%yoy). **Consolidated net equity** was €317.1 million, up by 12.7% compared to the end of last year.

**Net inflows and AUM (Assets Under Management)**

**Total managed and administered assets** amounted to **€23.8 billion at 31 March 2011**, up by 4% compared to the same period of the previous year. In detail, **managed and insurance assets reached €16.9 billion, up by 7.5%** compared to the €15.8 billion reported in the previous year, and are now equal to 71% of total assets, with an increase of 3 percentage points compared to the 68% of 1Q2010.

Within the asset management products, it should be highlighted the significant increase of the **Lux-based Sicav** (BG Selection Sicav e BG Sicav), which now manage assets for €5.9 billion, up by 28% compared to the previous year. This result was achieved thanks to the strong success of the Lux-based FoF, **BG Selection Sicav**. This success is tied to several factors such as the wide choice in terms of sub-funds and asset managers available, as well as the flexibility of the product.

A significant contribution to these results was given by the positive net inflows figures reported since the beginning of the year with **total net inflows equal to €428 million in the January-April period**, in line with the inflows gathered last year during the same period which had benefitted from the extraordinary positive effect tied to the Tax Shield. Net inflows figures were driven by **net inflows in managed assets, equal to €476 million**, while net inflows in administered assets were slightly negative for €48 million, reflecting Banca Generali's strategy to orientate clients towards medium-long term investments. In particular net inflows in managed assets reflect the success of BG Selection, which gathered €398 million in the January-April period and of insurance products with life new business of €462 million.

**New products**

In April, in line with its now proven experience in anticipating market trends and as forerunner of innovative products, the Banca Generali group launched 4 new sub-funds within the Lux-based FoF BG Selection. BG Selection is now comprised of 39 sub-funds, 22 of which managed by third-party asset managers.

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More in details, the new sub-funds include a product called **Anti-Inflation** that has the objective to provide protection against inflation through the dynamic investment in equities of selected sectors more linked to price fluctuations (for example energy, commodities, real estate etc.). A second sub-fund, called **Next-11**, is a product investing in the new emerging economies of the world considering that countries like Vietnam, Mexico and Turkey (among others), are dynamic realities with a large potential in term of growth rates. In addition to these products, that are managed strictly on a multi-brand basis, two additional sub-funds were launched, managed by **two leading asset managers**, one international (Threadneedle) and an Italian one (Anima), known for their proven expertise and experience in asset management.

The Banca Generali group also increased the number of investment lines offered by **BG Target**, **the individual portfolio management product with capital protection**, by adding three new

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options: the first one combines capital protection with the opportunity for extra-yield deriving from investing in the new BG Selection Next-11 sub-fund; the other two new lines are dedicated respectively to emerging markets and global markets. Their goal is dynamically investing in all the BG Selection sub-funds relative to the geographical profile chosen, thus increasing diversification while reducing volatility.

**Business Outlook**

In the course of the coming months Banca Generali will continue to operate in line with the guidelines for growth already in place. Although in a context that remains volatile in terms of macroeconomic trends and financial markets, Banca Generali is cautiously optimistic for the outlook of its business.

**Prof. Luigi Arturo Bianchi is appointed as member of the Board of Directors**

The Board of Directors ratified the appointment by cooptation of prof. Luigi Arturo Bianchi as non-executive director of Banca Generali, pursuant to article 15, paragraph 14 of the Articles of Association and to article 2386 of the Civil Code.

Prof. Bianchi is ordinary professor of commercial law at the University "Luigi Bocconi" of Milan and is an attorney-at-law registered with the Milan Bar Association and partner of the "Urso Gatti e Bianchi" law firm since 2010. He is also independent director for Benetton Group S.p.A. and UBS Fiduciaria S.p.A., as well as being a member of the Supervisory Board and of the Financial Statements Committee of IntesaSanPaolo S.p.A.. His curriculum vitae can be viewed on the Company's website at [www.bancagenerali.com](http://www.bancagenerali.com). Prof. Bianchi currently does not hold any shares of Banca Generali.

The Board of Directors has verified the necessary qualifications of prof. Bianchi as required by law, including the independence requirement pursuant to the provisions of the Self Regulatory Code of Listed Companies and of the Markets Regulations. Therefore it is ascertained that four of the non-executive directors of the Company hold the necessary independence requirements.

The Board also appointed prof. Bianchi as member and Chairman of the Internal Audit Committee and as member of the Remuneration Committee.

Following these appointments:

- the Internal Audit Committee is now composed of the following four members: Luigi Arturo Bianchi (Chairman), Paolo Baessato, Attilio Leonardo Lentati and Ettore Riello, all of them holding the independence requirements pursuant to the provisions of the Self Regulatory Code for Listed Companies and of the Markets Regulations;
- the Remuneration Committee is now composed of the following three members: Attilio Leonardo Lentati (Chairman), Luigi Arturo Bianchi and Andrea De Vido, all of them non-executive directors. Attilio Leonardo Lentati and Luigi Arturo Bianchi also hold the independence requirements pursuant to the provisions of the Self Regulatory Code for Listed Companies and of the Markets Regulations.

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**Presentation to the Financial Community**

The 1Q2011 financial results and the new commercial and strategic initiatives of Banca Generali will be presented to the financial community today at 2 pm CEST (1 pm GMT; 8:00 am EAST; 5:00 am PST) during a conference call. It will be possible to follow the event by dialling the following telephone numbers: from Italy + 39 02 805 88 11; from UK + 44 203 147 47 96; from USA (toll-free) + 1 866 63 203 28.

\* \* \*

*The Manager responsible for preparing the company's financial reports (Giancarlo Fancel) declares, pursuant to Paragraph 2 of Art. 154-bis of the Italian Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documentary results, books and accounting records.*

*G. Fancel*

*CFO of Banca Generali*

\* \* \*

**In allegato:**

- 1) Banca Generali Group – Consolidated Profit and Loss Statement at 31 March 2011
- 2) Banca Generali Group – Consolidated Profit and Loss Statement at 31 March 2011 (ex-GIL)
- 3) Banca Generali Group – Reclassified Consolidated Balance Sheet at 31 March 2011
- 4) Total AUM at 31 March 2011

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**1) BANCA GENERALI GROUP – CONSOLIDATED PROFIT AND LOSS STATEMENT  
AT 31 MARCH 2011**

(€ mil.)	3M 10 (reported)	3M 11 (reported)	% Chg
<b>Net Interest Income</b>	<b>10.9</b>	<b>11.1</b>	<b>1.4%</b>
Commission income	88.5	91.8	3.6%
Commission expense	-37.4	-40.4	8.0%
<b>Net Commission</b>	<b>51.1</b>	<b>51.4</b>	<b>0.5%</b>
Net income (loss) from trading activities	9.4	2.5	-73.7%
Dividends	0.0	0.0	
<b>Net income (loss) from trading activities and Dividends</b>	<b>9.4</b>	<b>2.5</b>	<b>-73.6%</b>
<b>Net Banking Income</b>	<b>71.5</b>	<b>64.9</b>	<b>-9.2%</b>
Staff expenses	-16.7	-17.0	1.6%
Other general and administrative expense	-20.4	-18.2	-10.8%
	-37.1	-35.2	-5.2%
Depreciation and amortisation	-0.9	-1.0	6.2%
<b>Net Operating Expenses</b>	<b>-38.0</b>	<b>-36.1</b>	<b>-4.9%</b>
Other net operating income (expense)	2.0	1.5	-21.2%
<b>Operating Profit</b>	<b>35.5</b>	<b>30.3</b>	<b>-14.4%</b>
Net adjustments for impair.loans and other assets	-1.1	-0.1	-94.6%
Net provisions for liabilities and contingencies	-11.6	-5.3	-53.9%
<b>Profit Before Taxation</b>	<b>22.8</b>	<b>25.0</b>	<b>9.6%</b>
Direct income taxes	-3.3	-3.7	12.5%
Minorities interest	-0.6	-1.2	88.5%
<b>Net Profit</b>	<b>18.8</b>	<b>20.0</b>	<b>6.4%</b>
<b>Cost /Income Ratio</b>	<b>49.2%</b>	<b>51.8%</b>	<b>2,6 p.p.</b>
<b>EBITDA</b>	<b>36.4</b>	<b>31.3</b>	<b>-13.9%</b>
<b>Tax rate</b>	<b>14.6%</b>	<b>15.0%</b>	<b>0,4 p.p.</b>

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**2) BANCA GENERALI GROUP – CONSOLIDATED PROFIT AND LOSS STATEMENT  
AT 31 MARCH 2011 (EX-GIL)<sup>1</sup>**

(€ mil.)	3M 10 (adjusted)	3M 11 (adjusted)	% Chg
<b>Net Interest Income</b>	<b>10.9</b>	<b>11.1</b>	<b>1.5%</b>
Commission income	83.1	84.1	1.2%
Commission expense	-33.3	-34.7	4.2%
<b>Net Commission</b>	<b>49.9</b>	<b>49.5</b>	<b>-0.8%</b>
Net income (loss) from trading activities	9.4	2.5	-73.7%
Dividends	0.0	0.0	
<b>Net income (loss) from trading activities and Dividends</b>	<b>9.4</b>	<b>2.5</b>	<b>-73.6%</b>
<b>Net Banking Income</b>	<b>70.2</b>	<b>63.0</b>	<b>-10.2%</b>
Staff expenses	-16.3	-16.5	1.2%
Other general and administrative expense	-20.2	-18.1	-10.6%
	-36.6	-34.6	-5.3%
Depreciation and amortisation	-0.9	-0.9	6.4%
<b>Net Operating Expenses</b>	<b>-37.4</b>	<b>-35.5</b>	<b>-5.1%</b>
Other net operating income (expense)	2.0	1.5	-21.2%
<b>Operating Profit</b>	<b>34.7</b>	<b>29.0</b>	<b>-16.4%</b>
Net adjustments for impair.loans and other assets	-1.1	-0.1	-94.6%
Net provisions for liabilities and contingencies	-11.5	-5.3	-53.9%
<b>Profit Before Taxation</b>	<b>22.1</b>	<b>23.6</b>	<b>7.1%</b>
Direct income taxes	-3.3	-3.6	11.1%
Minorities interest	0.0	0.0	
<b>Net Profit</b>	<b>18.8</b>	<b>20.0</b>	<b>6.4%</b>
<b>Cost / Income Ratio</b>	<b>49.3%</b>	<b>52.5%</b>	<b>3,2 p.p.</b>
<b>EBITDA</b>	<b>35.6</b>	<b>30.0</b>	<b>-15.9%</b>
<b>Tax rate</b>	<b>14.7%</b>	<b>15.3%</b>	<b>0,6 p.p.</b>

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<sup>1</sup> The financial figures are reclassified excluding the contribution of Generali Investment Luxembourg ("GIL")

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### 3) BANCA GENERALI GROUP – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 31 MARCH 2011

(€millions)

Assets	Mar 31, 2011	Dec 31, 2010	Change	% Change
Financial assets held for trading	163.4	120.0	43.4	36.2%
Financial assets available for sale	1,606.6	1,533.3	73.3	4.8%
Financial assets held to maturity	566.8	608.1	-41.3	-6.8%
Loans to banks	464.4	475.6	-11.2	-2.3%
Loans to customers	859.2	852.0	7.1	0.8%
Property equipment and intangible assets	52.7	53.3	-0.6	-1.1%
Tax receivables	65.5	71.0	-5.6	-7.8%
Other assets	100.4	94.6	5.8	6.2%
<b>Total Assets</b>	<b>3,879.0</b>	<b>3,807.9</b>	<b>71.1</b>	<b>1.9%</b>

  

Liabilities and Shareholders' Equity	Mar 31, 2011	Dec 31, 2010	Change	% Change
Due to banks	612.9	450.4	162.5	36.1%
Direct inflows	2,740.3	2,910.9	-170.6	-5.9%
Financial liabilities held for trading	6.2	6.5	-0.3	-4.7%
Tax payables	20.7	18.3	2.4	13.1%
Other liabilities	120.0	82.8	37.2	44.9%
Special purpose provisions	61.8	57.8	4.0	7.0%
Valuation reserves	-10.9	-23.7	12.8	-54.1%
Reserves	187.1	105.4	81.7	77.5%
Additional paid-in capital	2.1	0.0	2.1	
Share capital	111.6	111.4	0.2	0.2%
Treasury shares (-)	-0.7	-0.7	0.0	0.0%
Shareholders' equity attributable to minority interest	7.8	6.6	1.2	18.2%
Net income (loss) for the period (+/-)	20.0	82.2	-62.2	-75.6%
<b>Total Liabilities and Shareholders' Equity</b>	<b>3,879.0</b>	<b>3,807.9</b>	<b>71.1</b>	<b>1.9%</b>

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#### 4) TOTAL AUM AT 31 MARCH 2011

<b>Assets Under Management</b> <i>Billion of Euros</i>	<b>Mar 2011</b>	<b>Dec 2010</b>	<b>Abs. Chg</b>
Mutual Funds	6.6	6.6	0.0
Asset Management	3.3	3.4	-0.1
<b>Managed Assets</b>	<b>9.9</b>	<b>10.0</b>	<b>-0.1</b>
<b>Life Insurance</b>	<b>7.1</b>	<b>6.8</b>	<b>0.3</b>
<b>Non Managed Assets</b> <i>of which: Securities</i>	<b>6.8</b> 5.2	<b>6.8</b> 5.1	<b>0.0</b> 0.1
<b>Total</b>	<b>23.8</b>	<b>23.6</b>	<b>0.2</b>

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