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# Consolidated Quarterly Report as of 31 March 2007

Board of Directors  
7 May 2007

Banca Generali S.p.A.  
Authorised share capital 116,878,836.00 euros, underwritten and paid-up share capital Euro 111,313,176.00 euros  
Registered offices at Trieste, Via Machiavelli 4 - Italy  
Trieste Register of Companies, Tax Code and VAT No. 00833240328  
Member of the Interbank Deposit Protection Fund  
Bank Register No. 5358  
Parent Company of the Banca Generali banking group registered in the Banking Group Register  
Company managed and coordinated by Assicurazioni Generali S.p.A.

## Highlights

### Consolidated figures

(€ million)

	31/03/2007	31/03/2006	Change %
Net interest	9.8	4.8	105.4
Net commissions	40.2	29.6	35.9
Dividends and net profit from trading	1.7	4.2	-59.5
<b>Net banking profit</b>	<b>51.6</b>	<b>38.5</b>	<b>34.1</b>
Staff expenses	-14.1	-9.9	42.5
Other general and administrative expense	-16.8	-15.9	5.7
Amortisation and depreciation	-1.6	-1.8	-15.2
Other operating profit	2.4	2.1	16.4
<b>Net operating expense</b>	<b>-30.0</b>	<b>-25.5</b>	<b>17.6</b>
<b>Operating profit</b>	<b>21.6</b>	<b>13.0</b>	<b>66.7</b>
Provisions	-12.0	-12.8	-6.2
Net adjustments of loans and other assets	0.0	-0.1	-79.7
<b>Profit before taxation</b>	<b>9.6</b>	<b>0.1</b>	<b>8.967.0</b>
<b>Net profit</b>	<b>4.7</b>	<b>-0.1</b>	<b>4.615.4</b>
Cost / income ratio	55.1%	61.5%	-6.4
EBITDA	23.2	14.8	56.5
ROE, annualised	9.52%	n.a.	
EPS - Earnings per share (euro)	0.0428	n.a.	

### Net Inflows

(€ million) (Assoreti data)

	31/03/2007	31/03/2006	Change %
Mutual funds	329.2	121.0	172.1%
Asset management	-21.4	347.0	-106%
Insurance / Pension funds	40.6	91.0	-55%
Securities / Current accounts	357.0	132.7	169%
<b>Total</b>	<b>705.4</b>	<b>691.7</b>	<b>2%</b>

### Asset Under Management & Custody (AUM/C)

#### Breakdown by Class of Assets Under Management & Custody

(€ billion) (Assoreti data)

	31/03/2007	31/12/2006	Change %
Mutual funds	8.4	8.0	5.0
Asset management	5.1	5.1	-0.0
Insurance / Pension funds	4.5	4.5	-0.6
Securities / Current accounts	6.4	6.1	6.0
<b>Total</b>	<b>24.4</b>	<b>23.7</b>	<b>3.1</b>

### Net Equity

	31/03/2007	31/12/2006	Change %
Net equity	207.7	205.2	1.2
Capital for regulatory purposes(*)	185.1	182.3	1.5

(\*) estimates

## CONSOLIDATED BALANCE SHEET

<b>Assets</b> (€ thousand)	<b>31/03/2007</b>	<b>31/12/2006</b>	<b>Change</b>	<b>Change %</b>
Financial assets held for trading	2,375,248	2,108,052	267,196	12.7%
Financial assets measured at fair value	-	-	-	0.0%
Financial assets available for sale	43,781	36,998	6,783	18.3%
Loans to banks	739,566	892,471	- 152,905	-17.1%
Loans to customers	344,985	349,713	- 4,728	-1.4%
Equity investments	34	34	-	0.0%
Property, equipment and intangible assets	23,080	23,868	- 788	-3.3%
Tax receivables	37,457	35,704	1,753	4.9%
Other assets	269,377	133,235	136,142	102.2%
<b>Total assets</b>	<b>3,833,528</b>	<b>3,580,075</b>	<b>253,453</b>	<b>7.1%</b>

<b>Liabilities and net equity</b> (€ thousand)	<b>31/03/2007</b>	<b>31/12/2006</b>	<b>Change</b>	<b>Change %</b>
Due to banks	97,506	40,392	57,114	141.4%
Direct inflows	3,253,923	3,053,677	200,246	6.6%
Financial liabilities held for trading	14,232	16,113	- 1,881	-11.7%
Tax payables	26,195	19,593	6,602	33.7%
Other liabilities	166,153	179,857	- 13,704	-7.6%
Special purpose provisions	67,822	65,203	2,619	4.0%
Valuation reserves	1,175	1,065	110	10.3%
Reserves	76,419	61,886	14,533	23.5%
Additional paid-in capital	22,804	22,804	-	0.0%
Share capital	111,313	111,313	-	0.0%
Treasury shares (-)	- 8,710	- 5,851	- 2,859	48.9%
Net profit (loss) for the period (+/-)	4,696	14,023	- 9,327	-66.5%
<b>Total liabilities and net equity</b>	<b>3,833,528</b>	<b>3,580,075</b>	<b>253,453</b>	<b>7.1%</b>

## CONSOLIDATED PROFIT & LOSS

<i>(€ thousand)</i>	<b>31/03/2007</b>	<b>31/03/2006</b>	<b>Change</b>	<b>Change %</b>
<b>Net interest income</b>	<b>9,771</b>	<b>4,757</b>	<b>5,014</b>	<b>105.4%</b>
<b>Net commissions</b>	<b>40,185</b>	<b>29,577</b>	<b>10,608</b>	<b>35.9%</b>
Dividends	3	358	- 355	-99.2%
Net profit from banking operations	1,685	3,809	- 2,124	-55.8%
<b>Operative Revenues</b>	<b>51,644</b>	<b>38,501</b>	<b>13,143</b>	<b>34.1%</b>
Staff expenses	- 14,079	- 9,880	- 4,199	42.5%
Other general and administrative expense	- 16,759	- 15,853	- 906	5.7%
Net adjustments of property, equipment and intangible assets	- 1,559	- 1,838	279	-15.2%
Other operating expense/profit	2,387	2,050	337	16.4%
<b>Net operating expense</b>	<b>- 30,010</b>	<b>- 25,521</b>	<b>- 4,489</b>	<b>17.6%</b>
<b>Operating profit</b>	<b>21,634</b>	<b>12,980</b>	<b>8,654</b>	<b>66.7%</b>
Net adjustments for non-performing loans	- 15	- 74	59	-79.7%
Net adjustments of other assets	-	-	-	0.0%
Net provisions	- 12,008	- 12,800	792	-6.2%
Gain (loss) on equity investments	-	-	-	0.0%
<b>Operating profit before income taxes</b>	<b>9,611</b>	<b>106</b>	<b>9,505</b>	<b>8967.0%</b>
Income taxes for the period on continuing operations	- 4,915	- 210	- 4,705	2240.5%
Net profit (loss) from non-current discontinued operations, net of tax	-	-	-	0.0%
Profit (loss) for the period attributable to minority interest	-	-	-	0.0%
<b>Net profit</b>	<b>4,696</b>	<b>104</b>	<b>4,800</b>	<b>-4615.4%</b>

## STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY

(migliaia di euro)	capitale		sovrapprezzi emissione	Riserve		Riserve da valutazione			strumenti di capitale	azioni proprie	utile (perdita) esercizio	patrimonio netto
	a) azioni ordinarie	b) altre		a) di utili	b) altre	a) disponibili per la vendita	b) cop. Flussi finanziari	c) altre				
<b>Patrimonio netto al 31.12.2006</b>	<b>111.313</b>	-	<b>22.804</b>	<b>61.886</b>	-	<b>1.026</b>	-	<b>39</b>	-	<b>5.851</b>	<b>14.023</b>	<b>205.240</b>
modifica saldi apertura	-	-	-	-	-	-	-	-	-	-	-	-
Esistenza al 01.01.2007	111.313	-	22.804	61.886	-	1.026	-	39	-	5.851	14.023	205.240
Allocazione risultato Es. prec.	-	-	-	14.023	-	-	-	-	-	-	14.023	-
- Riserve	-	-	-	14.023	-	-	-	-	-	-	14.023	-
- Dividendi e altre destinazioni	-	-	-	-	-	-	-	-	-	-	-	-
Variazione di riserve	-	-	-	-	-	110	-	-	-	-	-	110
operazioni sul patrimonio netto	-	-	-	510	-	-	-	-	-	2.859	-	2.349
- Emissione nuove azioni	-	-	-	-	-	-	-	-	-	-	-	-
- Acquisto az. Proprie	-	-	-	-	-	-	-	-	-	3.001	-	3.001
- distrib. Straord. Dividendi	-	-	-	142	-	-	-	-	-	142	-	-
- variaz. Strum. Capitale	-	-	-	-	-	-	-	-	-	-	-	-
- Derivati su azioni proprie	-	-	-	-	-	-	-	-	-	-	-	-
- stock option	-	-	-	652	-	-	-	-	-	-	-	652
Utile (perdita) esercizio	-	-	-	-	-	-	-	-	-	-	4.696	4.696
<b>Patrimonio netto al 31.03.2007</b>	<b>111.313</b>	-	<b>22.804</b>	<b>76.419</b>	-	<b>1.136</b>	-	<b>39</b>	-	<b>8.710</b>	<b>4.696</b>	<b>207.697</b>

## CONSOLIDATED CASH FLOW STATEMENT

Metodo indiretto (in migliaia di Euro)	31.03.2007	31.12.2006
<b>A. ATTIVITA' OPERATIVA</b>		
<b>1. Gestione</b>	<b>12.941</b>	<b>8.595</b>
- Risultato d'esercizio	4.696	14.023
- plus/minusvalenze su attività finanziarie detenute per la	86	514
- plus/minusvalenze su attività di copertura	-	-
- rettifiche/riprese di valore nette per deterioramento	15	610
- rettifiche/riprese di valore nette su immobilizzazioni materiali e	1.559	8.291
- accantonamenti netti a fondi rischi ed oneri ed altri costi/ricavi	2.655	21.496
- imposte a tasse non liquidate	4.843	3.525
- rettifiche/riprese di valore su attività in via di dismissione	-	-
- altri aggiustamenti	- 741	- 32.814
<b>2 Liquidità generata/assorbita dalle attività finanziarie (+/-)</b>	<b>- 257.699</b>	<b>- 918.854</b>
- attività finanziarie detenute per la negoziazione	- 273.107	- 712.959
- Attività finanziarie valutate al <i>fair value</i>	-	-
- Attività finanziarie disponibili per la vendita	- 6.661	- 23.523
- Crediti verso banche: a vista	389.572	175.608
- Crediti verso banche: altri crediti	- 237.457	- 20.801
- Crediti verso clientela	13.383	15.870
- Altre attività	- 143.429	- 1.833
<b>3. Liquidità generata/assorbita dalle passività finanziarie (+/-)</b>	<b>247.593</b>	<b>972.265</b>
- debiti verso banche: a vista	72.517	10.878
- debiti verso banche: altri debiti	- 16.023	- 4.234
- debiti verso clientela	188.053	949.585
- titoli in circolazione	-	40
- passività finanziarie di negoziazione	1.373	-
- passività finanziarie valutate al <i>fair value</i>	-	-
- altre passività	1.673	37.832
<b>Liquidità netta generata/assorbita dall'attività operativa</b>	<b>2.835</b>	<b>62.006</b>
<b>B. ATTIVITA' DI INVESTIMENTO</b>		
<b>1. Liquidità generata da</b>	<b>-</b>	<b>74</b>
- vendite di partecipazioni	-	-
- dividendi incassati su partecipazioni	-	-
- vendite di attività finanziarie detenute fino alla scadenza	-	-
- vendite di attività materiali	-	74
- vendite di attività immateriali	-	-
- vendite di rami d'azienda	-	-
<b>1. Liquidità assorbita da</b>	<b>- 771</b>	<b>- 57.867</b>
- acquisti partecipazioni	-	-
- acquisti di attività finanziarie detenute fino alla scadenza	-	-
- acquisti di attività materiali	- 42	- 1.793
- acquisti di attività immateriali	- 729	- 4.274
- acquisti di rami d'azienda e di partecipazioni in società controllate	-	51.800
<b>Liquidità netta generata/assorbita dall'attività d'investimento</b>	<b>- 771</b>	<b>- 57.793</b>
<b>C. ATTIVITA' DI PROVVISTA</b>		
- emissione/acquisto di azioni proprie	- 3.001	- 3.444
- emissione/acquisto strumenti di capitale	-	-
- distribuzione dividendi e altre finalità	-	1.000
<b>Liquidità netta generata/assorbita dall'attività di provvista</b>	<b>- 3.001</b>	<b>- 4.444</b>
<b>LIQUIDITA' NETTA GENERATA/ASSORBITA NELL'ESERCIZIO</b>	<b>- 937</b>	<b>- 231</b>

### Riconciliazione

cassa e disponibilità liquida all'inizio dell'esercizio	<b>9.861</b>	10.092
Liquidità totale generata/assorbita nell'esercizio	- 937	- 231
cassa e disponibilità liquida effetto della variazione dei cambi	-	-
cassa e disponibilità liquida alla chiusura dell'esercizio	8.924	9.861

## Summary of First Quarter Operations

The Banca Generali Group closed the first quarter of 2007 with net profit of 4.7 million euros — an increase of 4.8 million euros compared to the same period of 2006 — and net equity of 207.7 million euros.

As known, the consolidation area of the banking group significantly expanded during 2006, with the inclusion of BG SGR, Banca BSI Italia and Sant'Alessandro Fiduciaria. In particular, as Banca Bsi Italia and Sant'Alessandro Fiduciaria joined the banking group as of 1 July 2006, the quarterly figures for 2007 and 2006 cannot be compared. For this reason, this Quarterly Report shows also like-for-like figures for the main Profit & Loss items (LfL meaning based on a comparable consolidation area).

EBITDA (profit before taxes, net provisions, adjustments on loans, property, equipment and intangible assets) amounted to 23.2 million euros, up 56.5% compared to 14.8 million euros in the same period of 2006.

Net banking income rose compared to 31 March 2006 by about 13.1 million euros (34.1%), from 38.5 million at 31 March 2006 to 51.6 million in the first quarter of 2007.

At 31 December 2007, general and administrative expense totalled 30.8 million euros, up 19.8% compared to the first three months of 2007, with staff expenses increasing from 9.9 million euros in the first three months of 2006 to 14.1 million euros in the same period of 2007.

Net provisions amounted to 12 million euros, a 6.2% decrease compared to the first quarter of 2006, mainly due to higher provisions in connection with the development of the distribution network.

The total value of the assets managed by the Group for its customers amounted to 24.4 billion euros at 31 March 2007, which is the figure used for communications to Assoreti. In addition, at 31 March 2007, assets under administration or custody of the Generali Group companies totalled approximately 9.3 billion euros, and 1.2 billion euros were held in mutual funds and discretionary accounts (GPF, GPM) distributed directly by management companies or parties outside the banking group, for an overall total of 34.9 billion euros.

In the market for the distribution of financial products through the financial advisor network, Banca Generali group ranks third, with 24.4 billion euros in assets under management. With 0.7 billion euros for 1 January-31 March 2007 period, the bank is the market leader in terms of net inflows. This position had also been maintained in all of 2006 with 2.4 billion euros in net inflows.

During the first three months of 2007, the banking group focused on several initiatives aimed both at developing its organisational structure (completion of the plan aimed at defining channels by customer segment) and expanding its business mainly through recruitment of qualified professionals, advisory training for its financial advisor network, and optimisation of assets in its customer portfolios. In detail, in the first quarter a project aimed at strengthening the Private Banking channel, which involved recruitment of professionals from some of the top companies in our market, was begun; the costs incurred in connection with the development of the Private channel were accounted for during the period and funded by the Bank's ordinary operations.

Furthermore, to develop financial advisors' skills in playing an active role with customers in terms of assistance and advisory service in the face of growing financial and pension needs among Italian households, the group continued its advisory training program for its advisor network, as well as financial planning tools to support this service.

Finally, with regard to the asset mix, in the quarter the group also continued to assist customers in optimising their portfolios with the aim of obtaining an asset allocation that better responds to financial and pension needs, as well as generating returns that are consistent with a range of risk/return profiles. To this end, the group further expanded the offer of products provided by third-party product companies, consistent with the multibrand concept the group has adopted in parallel with the advisory service program described above, and the development of asset management products based on capital protection mechanisms.

Before analysing the Bank's sales and financial results for the first quarter of 2007, macroeconomic information for the main economic regions of the world is reported, to provide a better understanding of the factors that influenced the results of the Banking Group.

## 1. Macroeconomic Context

The first quarter of 2007 started off with financial markets following the trends recorded in late 2006. In the last week of February, however, stock markets underwent a sharp correction fuelled by fears that the slowdown of the US economy would last longer than expected due to falling property prices and the resulting backlash on the financial system. The first signs of recovery were felt only in the second half of March, when stock prices rose, depending on the sector, slightly above their levels at the beginning of the year. Bond markets performed as expected: yields rose at the beginning of the year, to then drop before picking up anew as fears of a sluggish US economy gathered momentum. In this context, the euro rose against the dollar.

These trends on the financial markets unfolded in a global economic climate featuring high growth, but with radical changes in the contributions by specific geographic areas. US growth, the main driver of the world economy in the past fifteen years, has dropped to levels far below the country's potential. On the other hand, the main emerging economies (such as China, India, Brazil and Russia) experienced accelerated growth, especially in domestic demand for investments, which in turn provided a boost for those industrialised countries — such as Germany and Japan — that export investment products and have recently gone through a period of sluggish economic performance. The current scenario will probably continue to prevail during the next few months.

Although the US performed below expectations in terms of inflation, the current slowdown ought to once again reduce inflationist pressure in coming months and lead the Federal Reserve to assume a more flexible attitude towards interest rates. In the Eurozone on the other hand, the European Central Bank seems determined to raise interest rates several times, both to hold the rising euro in check and as a call to order before collective bargaining in the spring.

After rising further — and peaking on 26 February — stock markets underwent a sharp correction that, at the end of the quarter, brought prices to just above their levels at the beginning of the year. In the US, the S&P500 index registered growth of 0.2%, while in Europe stock prices rose by 2.5%, and 0.8% in Italy. Similar trends were observed in Japan where stock prices rose by 1.9% and in emerging economies on the whole (+1.8% in US dollars).

Long-term dollar bond yields fluctuated, moving from 4.75% to 4.90% and then falling to 4.50% before ending the quarter at 4.65%. Long-term euro bonds followed similar trends although the fluctuation was more contained, with yields moving between 3.90% and 4.10%. As a result, the long-term interest differential continued to fall to just under 60 b.p. at the end of the quarter, from about 75 b.p. at the beginning of the year. High volatility on financial markets broadened the gap between corporate and sovereign bond yields in all areas of reference.

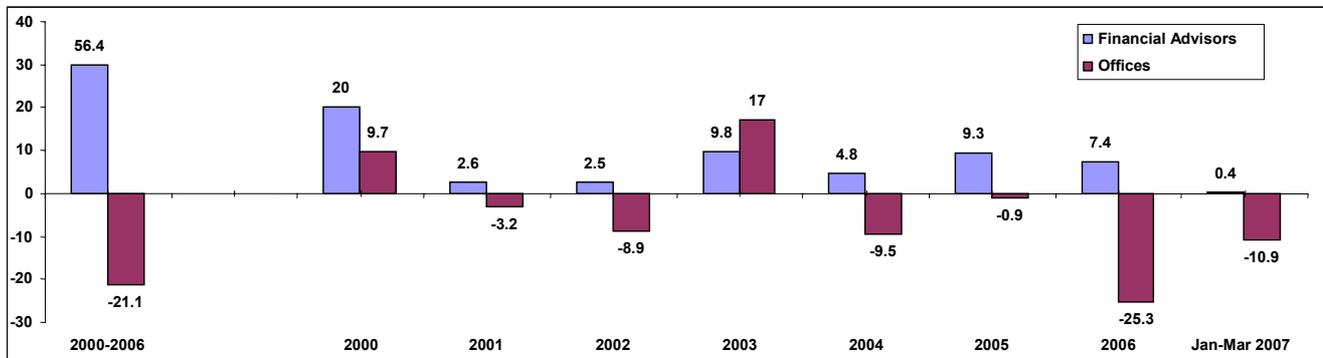
The currency markets were dominated by the trends of the yen, the main currency of indebtedness of the global financial system. Turbulence on financial markets initially pushed the yen up against the dollar and the euro, but also, and more importantly, against high-yield currencies (sterling, the Australian dollar and the New Zealand dollar) and weakened the currencies of emerging countries against the dollar; by the end of the quarter, however, the weakened currencies had climbed back to their levels at the beginning of the year. After falling in the early weeks of the year, the euro strengthened against the dollar and ended the quarter at just below \$1.34.

## 2. Net Inflows, Assets Under Management, and Market Positioning in Distribution Through Financial Advisor Networks

The asset management market is directly influenced by the performance of the financial market. In Italy, the first quarter of 2007 saw a high level of volatility, resulting in a neutral or slightly negative performance for the period. This was accompanied by a general situation of rising interest rates. A wavering stock market and a falling bond market favoured disinvestments from undertakings for collective investments (OICRs) (source: Assogestioni), and mainly stock or bond OICRs. At the end of March, the market had a negative balance of over 10 billion euros.

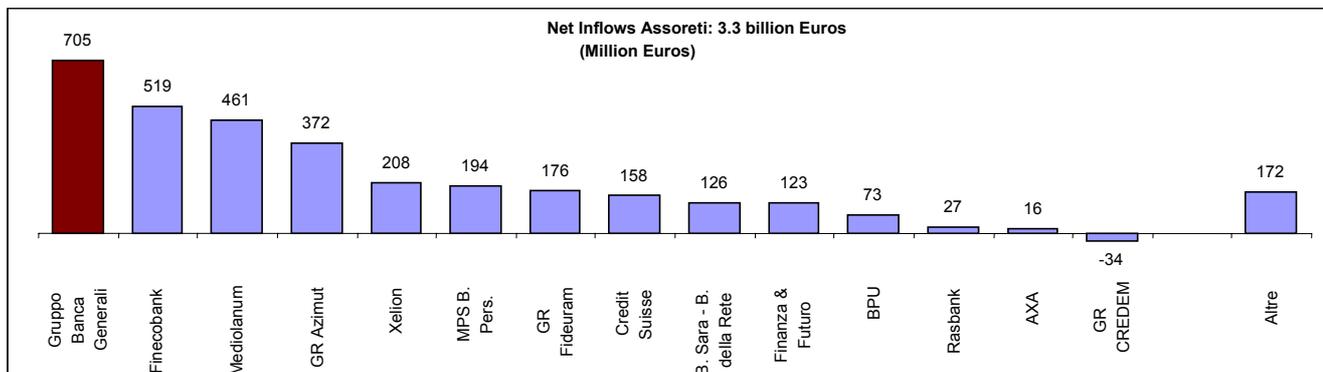
It is, however, important to observe that this negative trend was once again fully attributable to traditional bank products.

Conversely, net inflows from OICRs recorded on the Financial Advisor network remained mostly stable (source Assoreti: Distribution of OICRs, Comparison between Financial Advisor Networks and Bank Branches), showing a steady downward trend from 2006. Taken as a whole, the Assoreti market recorded a 33% decrease in inflows compared to 2006.



### The Banca Generali Group

Contrary to market trends, at 0.7 billion euros, the Banca Generali Group posted the highest net inflows in the Assoreti market for the third year in a row. Of this amount, 0.1 billion euros were directly attributable to the Parent Company, Banca Generali, 0.3 billion euros were generated by Banca BSI Italia and another 0.3 billion euros came from Simgenia. The Group's market share grew significantly, reaching 21.4% compared to 17% at the end of 2006. It is important to note that the composition of inflows was influenced by the reorganisation of the sales force that was completed at the beginning of 2007, which resulted in the transfer of approximately 200 of the Group's financial advisors to BSI. Nearly half of the Group's inflows came from asset management and insurance products. The other half came from assets under administration and custody, which was the initial focus of both Financial Advisors as well as new recruits. At least a portion of these inflows will be converted into managed asset products in the future.



The following table provides a summary of the assets and their aggregates by product type.

(€ million)	31/03/2007	31/12/2006	Delta %
<b>Total asset management</b>	<b>13,507</b>	<b>13,108</b>	<b>3.0%</b>
- <i>Funds and SICAVs</i>	8,365	7,965	5.0%
- <i>GPM / GPF</i>	5,142	5,143	0.0%
<b>Total insurance products</b>	<b>4,520</b>	<b>4,547</b>	<b>-0.6%</b>
<b>Total assets under administration and custody</b> <i>(current and securities accounts)</i>	<b>6,416</b>	<b>6,050</b>	<b>6.0%</b>
<b>Total assets placed by the network</b>	<b>24,443</b>	<b>23,705</b>	<b>3.1%</b>

### 3. Group Indirect Inflows

The banking group's indirect inflows consist of funds raised through the sale of third-party and group products — asset management, insurance products and assets under administration and custody (securities portfolios) — to retail and corporate customers. Specifically:

#### Asset management and insurance products

##### *Banking Group asset management products*

In the asset management sector, the banking group conducts wealth management operations through Bg SGR, Banca BSI Italia and Bg Fiduciaria.

In detail, Bg SGR, which became part of the banking group as of 1 January 2006, manages both mutual funds and SICAVs formed directly or through a third-party mandate, and managed securities portfolios. BG Fiduciaria and Banca BSI Italia deal with managed securities and/or funds portfolios, in a custodian and/or non-custodian capacity, and managed securities and funds portfolios, respectively.

(€ million)	31/03/2007	31/12/2006	Changes	
			Amount	%
Funds and SICAVs	5,831	5,640	191	3.39%
- <i>attributable to the banking group's GPF</i>	2,052	2,065	-13	-0.63%
GPF/GPM	4,986	5,043	-57	-1.13%
<b>Total assets managed by the banking group, net of funds included in the GPF accounts of the banking group</b>	<b>8,765</b>	<b>8,618</b>	<b>147</b>	<b>1.71%</b>

The total assets of mutual funds managed by the banking group amounted to 5,831 million euros, including 1,831 million euros on management mandates received on funds and SICAVs formed by third parties and 2,052 million euros included in banking group's GPF business.

In the asset management area, the group focused on discretionary accounts (GPF) of BG SGR, Banca Bsi Italia and BG Fiduciaria, and the relevant assets at 31 March 2007 amounted to 4,986 million euros compared to 5,043 million euros at 31 December 2006, virtually unaltered compared to 31 December 2006.

##### *Third-party asset management products*

As part of its product brokerage and placement operations, the banking group sells third-party products in both the asset management and insurance areas.

Specifically, in the area of mutual funds governed by Italian law, the banking Group places the products of the Generali Group, Fondi Alleanza Sgr S.p.A., Generali Investimenti Alternativi and the CAAM Group (formerly Nextra). In the foreign OICR area, the banking group has placed the Luxembourg SICAVs — Generali Investments, and the products of Julius Baer, Morgan Stanley, Goldman Sachs, Schroeder, JP Morgan, Invesco, Fidelity, HSBC and Credit Agricole Funds. During 2006, the new umbrella fund Luxembourg-law BG SICAV became active. It is directly promoted by the group and is designed to take up the Generali Investments business lines.

The total value of third-party asset management products at year-end was 5,930 million euros, up 6.04% compared to 31 December 2006.

(€ million)	31/03/2007	31/12/2006	Changes	
			Amount	%
Funds and SICAVs	5,667	5,363	304	5.67%
GPF/GPM	263	229	34	14.85%
<b>Total third-party product asset management</b>	<b>5,930</b>	<b>5,592</b>	<b>338</b>	<b>6.04%</b>

### *Third-party insurance products*

Inflows of insurance and pension assets mainly came through life products, unit-linked policies, and index-linked policies of La Venezia Assicurazioni. At 31 March 2007, assets amounted to 4,521 million euros, virtually unaltered compared to December 2006.

(€ million)	31/03/2007	31/12/2006	Changes	
			Amount	%
Insurance products (unit linked, policies, etc)	4,521	4,527	-6	-0.13%
<b>Total third-party insurance products</b>	<b>4,521</b>	<b>4,527</b>	<b>-6</b>	<b>-0.13%</b>

### **Assets under administration and custody**

Indirect inflows of assets under administration and custody consist of securities deposited by customers for custody and administration in portfolios opened with the parent company Banca Generali and its subsidiary Banca BSI Italia and, and for a minimum amount with other banks. At 31 March 2007, the market value was 12,655 million euros, a 1.24% increase compared to 12,500 million euros at year-end 2006.

Total indirect inflows were influenced by the portfolio held by the Parent Company, three quarters of which comprise the Alleanza and Toro share packages.

Net of this component, the increase in indirect inflows at market value was 2.82% in the first quarter 2006 compared to 31 December 2006.

(€ million)	31/03/2007	31/12/2006	Changes	
			Amount	%
<b>Indirect inflows of assets under administration and custody of the banking group (market value)</b>	<b>12,655</b>	<b>12,500</b>	<b>155</b>	<b>1.24%</b>
<i>of which Generali assicurazioni securities portfolios</i>	9,003	8,948	55	0.61%
<i>of which other customer securities portfolios</i>	3,652	3,552	100	2.82%
<b>Indirect inflows of assets under administration and custody of other banks (market value)</b>	<b>33</b>	<b>0</b>	<b>33</b>	<b>n.a.</b>

## 4. Performance of Main Financial and Economic Aggregates

### 4.1 Basis of Preparation

The Consolidated Quarterly Report has been prepared according to the IAS/IFRS issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with EC Regulation No. 1606 of 19 July 2002.

The consolidated balance sheet provides a summary of the key asset and liability items and a comparison with the corresponding figures at 31 December 2006.

The consolidated statement of operations is presented in a condensed, reclassified format and states the intermediate profit margins that make up net profit.

The figures reported in the consolidated statement of operations at 31 March 2007 are compared to those from the same period in 2006.

The statement of changes in net equity and the cash flow statement refer to the period from the beginning of the year to 31 March 2007.

The amounts included in the financial statements and notes are expressed in thousands of euros.

In accordance with Article 82 of the Rules for Issuers, this report has been prepared as prescribed by Annex 3D of such Rules.

The accounting standards and measurement criteria used are the same as those used to prepare the consolidated financial statements at 31 December 2006.

The financial statements presented herein must therefore be read together with those documents.

### 4.2 Consolidated Companies and Business Combinations

The companies consolidated by the Group in accordance with IAS 27 include the Parent Company, Banca Generali S.p.A. and the following subsidiaries:

Name	Registered office	Type of control	Shareholding relationship		% of votes in Ord. Meeting
			Investor	% of ownership interest	

A. Companies in consolidated accounts

A.1 recognised using the line-by-line method

- Simgenia S.p.A.	Trieste	1	Banca Generali:	100.00%	100.00%
- BG Fiduciaria SIM S.p.A.	Trieste	1	Banca Generali	100.00%	100.00%
- BG SGR S.p.A.	Trieste	1	Banca Generali	100.00%	100.00%
- Banca BSI S.p.A.	Milan	1	Banca Generali	100.00%	100.00%
- S. Alessandro Fiduciaria S.p.A.	Milan	1	Banca Generali	100.00%	100.00%

Legend: type of control:

(1) control pursuant to Article 2359, paragraph 1, No. 1 of the Italian Civil Code (majority voting rights at shareholders' meeting)

The Group's consolidated accounts changed compared to the same period in 2006 due to the acquisition of Banca BSI S.p.A. and S. Alessandro Fiduciaria S.p.A, both of which were acquired on 1 July 2006.

Due to their acquisition date, these companies are not included in the consolidated statement of operations at 31 March 2006; to make the figures easier to compare, the changes in the main Profit & Loss items are also indicated on a like-for-like consolidation area basis.

The consolidated accounts include the separate accounts of the Parent Company and the subsidiaries at 31 March 2007, reclassified and adjusted where necessary to take account of consolidation requirements. The most important intra-Group transaction, effecting both the balance sheet and profit and loss account, were eliminated. Non-reconciled amounts were recognised respectively in other assets/liabilities and other income/expenses.

### 4.3 Changes in the Balance Sheet and Net Equity

Direct inflows from customers increased 6.6% from 3,054 million euros to 3,254 million euros, while total financial assets and loans increased 3.4% from 3,387 million euros to 3,504 million euros.

(€ thousand)	31/03/2007	31/12/2006	Changes	
			Amount	%
Transfer accounts	2,127,039	2,248,052	- 121,013	-5.4%
Repurchase agreements	985,837	677,823	308,014	45.4%
AUM current accounts	36,088	60,404	- 24,316	-40.3%
Term deposits	100,017	62,607	37,410	59.8%
Other debts	4,942	4,791	151	3.2%
<b>Total direct inflows</b>	<b>3,253,923</b>	<b>3,053,677</b>	<b>200,246</b>	<b>6.6%</b>

The component of financial assets and loans that increased the most was assets held for trading, which grew from 2,108 million euros at the end of 2006 to 2,375 million euros at the end of March 2007, or a total of 267 million euro (12.7%).

This increase was offset by a decrease in loans to banks of 153 million euros (-17.1%), whereas loans to customers remained mostly stable.

(€ thousand)	31/03/2007	31/12/2006	Changes	
			Amount	%
Loans to banks	739,566	892,471	- 152,905	-17.1%
Loans to customers	344,985	349,713	- 4,728	-1.4%
Financial assets held for trading	2,375,248	2,108,052	267,196	12.7%
Assets available for sale	43,781	36,998	6,783	18.3%
<b>Total interest-bearing financial assets and loans</b>	<b>3,503,580</b>	<b>3,387,234</b>	<b>116,346</b>	<b>3.4%</b>

### Net equity and treasury shares

Group net equity at 31 March 2007 amounted to 207.7 million euros, a 2.5 million euro increase compared to the previous period, mainly due to the effect of the interim profit figure and the buy-back of own shares.

This figure does not take account of the distribution of dividends of approximately 11.0 million euros that was approved by the shareholders at the Ordinary Meeting held on 24 April 2007 to approve the financial statements for 2006.

(€ thousand)	31/03/2007	31/12/2006	Changes	
			Amount	%
1. Share capital	111,313	111,313	-	-
2. Additional paid-in capital	22,804	22,804	-	-
3. Reserves	76,419	61,886	14,533	23.5%
4. (Treasury shares)	-8,710	-5,851	2,859	48.9%
5. Valuation reserves	1,175	1,065	110	10.3%
6. Equity instruments	-	-	-	-

7. Net profit (loss) for the period	4,696	14,023	9,327	-66.5%
<b>Total net equity</b>	<b>207,697</b>	<b>205,240</b>	<b>2,457</b>	<b>1.2%</b>

In the quarter under review, the Group purchased 376,000 own shares. Of these, 5,000 were purchased by the subsidiary BSI Italia S.p.A. for 3.0 million euros in conjunction with stock granting plans for top management.

Another 46,792 shares amounting to 0.1 million euros were allocated to the financial advisors who were eligible for the former Prime Consult stock granting plans.

Banca Generali has a total of 1,358,738 treasury shares amounting to 8.7 million euros in relation to stock granting plans for the former Prime Consult financial advisors and the bank's top management.

Banca Generali also owns 40,171 shares of the Parent Company, Assicurazioni Generali, amounting to 1.3 million euros in relation to a stock option plan available to the Chief Executive Officer.

### **Reconciliation of the Parent Company's Net Equity and Net Profit With the Group's Net Equity and Net Profit**

(€ thousand)	31 March 2007		
	Capital and reserves	Net profit (loss)	Net equity
<b>Banca Generali S.p.A. Financial Statements</b>	<b>188.590</b>	<b>17.954</b>	<b>206.544</b>
Differences between net equity and book value of companies consolidated using the line-by-line method	<b>1,792</b>	-	<b>1,792</b>
- <i>Income carried forward of subsidiary companies</i>	1,680	-	1,680
- <i>Other differences</i>	112	-	112
Dividends from consolidated companies	<b>12,469</b>	- <b>12,469</b>	-
Consolidated companies result for the year	-	- <b>789</b>	- <b>789</b>
Valuation reserves - consolidated companies	<b>198</b>	-	<b>198</b>
Consolidation adjustments	- <b>48</b>	-	- <b>48</b>
- <i>treasury shares held by subsidiaries</i>	- 48	-	- 48
<b>Banca Generali Consolidated Financial Statements</b>	<b>203,001</b>	<b>4,696</b>	<b>207,697</b>

## 4.4 Operating Performance

The tables and notes that follow provide an analysis of the Group's operating results for the first three months of 2007 compared to those for the same period of 2006.

(€ thousand)	31/03/2007	31/03/2006	Change	Change %
<b>Net interest income</b>	<b>9,771</b>	<b>4,757</b>	<b>5,014</b>	<b>105.4%</b>
<b>Net commissions</b>	<b>40,185</b>	<b>29,577</b>	<b>10,608</b>	<b>35.9%</b>
Dividends and income from equity investments	3	358	- 355	-99.2%
Net profit from banking operations	1,685	3,809	- 2,124	-55.8%
<b>Net operating income</b>	<b>51,644</b>	<b>38,501</b>	<b>13,143</b>	<b>34.1%</b>
Staff expenses	- 14,079	- 9,880	- 4,199	42.5%
Other general and administrative expense	- 16,759	- 15,853	- 906	5.7%
Net adjustments of property, equipment and intangible assets	- 1,559	- 1,838	279	-15.2%
Other operating expense/profit	2,387	2,050	337	16.4%
<b>Net operating expenses</b>	<b>- 30,010</b>	<b>- 25,521</b>	<b>- 4,489</b>	<b>17.6%</b>
<b>Operating Profit</b>	<b>21,634</b>	<b>8,654</b>		
Net adjustments for non-performing loans	- 15	- 74	59	-79.7%
Net adjustments of other assets	-	-	-	0.0%
Net provisions	- 12,007	- 12,800	793	-6.2%
Gain (loss) from the disposal of equity investments	-	-	-	0.0%
<b>Operating profit before taxation</b>	<b>9,611</b>	<b>106</b>	<b>9,505</b>	<b>8.967.0%</b>
Income taxes for the period on continuing operations	- 4,915	- 210	- 4,705	2240.5%
Net profit (loss) from non-current discontinued operations, net of tax	-	-	-	0.0%
Profit (loss) for the period attributable to minority interests	-	-	-	0.0%
<b>Net profit (loss)</b>	<b>4,696</b>	<b>104</b>	<b>4,800</b>	<b>4,615.4%</b>

Consolidated operating profit at 31 March 2007 reached 21.6 million euros, increasing 8.6 million euros (+66.7%) compared to the same period of the previous year; the increase was 55.6% LfL.

The increase in operating profit reflects the expansion of the banking group as a result of the Banca BSI Italia and Sant'Alessandro Fiduciaria acquisitions on 1 July 2006 and the growth of the financial and banking product placement and distribution business.

After subtracting net provisions of 12.0 million euros from this figure, which were made mainly in connection with efforts to strengthen the sales force, a 4.8 million euro increase was recorded for net profit in the first three months of 2007.

EBITDA (income before taxes, net provisions, adjustments on loans/other assets, property, equipment and intangible assets) amounted to 23.2 million euros at 31 March 2007, up from 14.8 million euros in the same period of the prior year (16.1 million euros LfL).

### Net interest

**Net interest** amounted to 9.8 million euros, a 5.0 million euro increase (+105.4%), compared to 2006; this amounted to a 75.6% growth LfL).

The sharp increase in the cost of inflows from customers (11.8 million euros; +162.3%) was due to the larger volumes traded as well as an increase in average funding rates, which grew at the same pace as market rates.

The increase in costs was offset by a considerable growth in revenues generated by the trading securities portfolio (10.9 million euros; +129.2%), the interbank segment (5.5 million euros; +372.4%) and, to a lesser extent, loans to customers.

(€ thousand)	31/03/2007	31/03/2006	Change	
			Amount	%
Financial assets held for trading	19,280	8,412	10,868	129.2%
Loans to banks	6,945	1,470	5,475	372.4%
Loans to customers	3,423	1,930	1,493	77.4%
Other assets	21	328	307	-93.6%
<b>Total interest income</b>	<b>29,669</b>	<b>12,140</b>	<b>17,529</b>	<b>144.4%</b>
Due to banks	705	67	638	952.2%
Due to customers and securities issued	19,193	7,316	11,877	162.3%
Other liabilities	-	-	-	0.0%
<b>Total interest expense</b>	<b>19,898</b>	<b>7,383</b>	<b>12,515</b>	<b>169.5%</b>
<b>Net interest income</b>	<b>9,771</b>	<b>4,757</b>	<b>5,014</b>	<b>105.4%</b>

## Net commissions

Aggregated commissions increased 10.6 million euros (+35.9%) year-on-year. This item increased 18.1% LfL.

(€ thousand)	31/03/2007	31/03/2006	Change	
			Amount	%
Asset management	32,194	22,646	9,548	42.2%
Placement of securities	23,766	17,211	6,555	38.1%
Distribution of third-party financial products	12,012	10,767	1,245	11.6%
Dealing in securities and currencies	1,333	1,205	128	10.6%
Order collection, custody, and securities administration	4,172	2,527	1,645	65.1%
Collection and payment services	491	443	48	10.8%
Other services	459	702	243	-34.6%
<b>Total commission income</b>	<b>74,427</b>	<b>55,501</b>	<b>18,926</b>	<b>34.1%</b>
Commissions for external offer	32,832	24,634	8,198	33.3%
Collection and payment services	423	281	142	50.5%
Dealing in securities and custody	807	844	37	-4.4%
Asset management	-	-	-	0.0%
Other	180	165	15	9.1%
<b>Total commission expense</b>	<b>34,242</b>	<b>25,924</b>	<b>8,318</b>	<b>32.1%</b>
<b>Net commissions</b>	<b>40,185</b>	<b>29,577</b>	<b>10,608</b>	<b>35.9%</b>

Commission income increased 18.9 million euros (up 34.1%), largely attributable to the higher 17.3 million euros contribution from the sale of personal financial services to households.

(€ thousand)	31/03/2007	31/03/2006	Change	
			Amount	%
Asset management, own				
1. Collective asset management (OICR, pension funds)	18,572	13,085	5,487	41.9%
2. Individual asset management	13,622	9,561	4,061	42.5%
<b>Commissions on asset management</b>	<b>32,194</b>	<b>22,646</b>	<b>9,548</b>	<b>42.2%</b>
1. Placement of third-party OICRs	17,234	17,200	34	0.2%
2. Bond placement	4,676	11	4,665	42409.1%
3. Other placement operations	1,856	-	1,856	0.0%
4. Distribution of third-party asset management products (GPM/GPF, pension funds)	530	449	81	18.0%
5. Distribution of third-party insurance products	10,064	8,693	1,371	15.8%
6. Distribution of other third-party financial products	1,418	1,625	207	-12.7%
<b>Placement and distribution of third-party products</b>				<b>27.9%</b>

	35,778	27,978	7,800	
<b>Total</b>	<b>67,972</b>	<b>50,624</b>	<b>17,348</b>	<b>34.3%</b>

Commissions generated by the Group's individual and collective asset management segments increased by 9.5 million euros (42.2%), equally distributed among the two segments.

The 7.8 million euro increase in the placement and distribution of third-party products compared to Q1 2006 was mainly attributable to bonds placed through the financial advisor network.

Commission income from traditional banking operations increased 1.6 million euros, attributable to the significant increase in commissions from order collection and custody and administration, driven both by the expansion in operations on foreign markets for Generali group companies and BSI Italia operations.

The table below reports a breakdown of gross commissions from underwriting, management, incentives, and other bank brokerage services.

(€ thousand)	31/03/2007	31/03/2006	Change	
			Amount	%
Commissions	17,062	10,522	6,540	62.2%
Management commissions	50,872	40,228	10,644	26.5%
Incentive commissions	-	494	494	-100.0%
Other commissions	6,493	4,258	2,235	52.5%
	<b>74,427</b>	<b>55,501</b>	<b>18,926</b>	<b>34.1%</b>

Net commissions also include 8.3 million euros (+32.1%) in commission expenses for external offer commissions paid to the distribution network, attributable to higher volume traded in the period.

### Operating expenses

Total operating expenses, including staff expenses, other general and administrative expense, depreciation, amortisation and other operating income and expense increased by 4.5 million euros (17.6%), compared to the same period in 2006, due to the expansion of the Group's business and, to a greater extent, the inclusion of Banca BSI Italia in the consolidated accounts.

(€ thousand)	31/03/2007	31/03/2006	Change	
			Amount	%
Staff expenses	- 14,079	- 9,880	4,199	42.5%
Other general and administrative expense	- 16,759	- 15,853	906	5.7%
Net adjustments of property, equipment and intangible assets	- 1,559	- 1,838	279	-15.2%
Other income and expenses	2,387	2,050	337	16.4%
<b>Operating expense</b>	<b>- 30,010</b>	<b>- 25,521</b>	<b>4,489</b>	<b>17.6%</b>

Against this backdrop, staff expenses, including those associated with employees, interim staff and directors, increased by 4.2 million euros compared to the same period of 2006, mainly due to an increase in the Group's workforce, which grew by 115 employees (+18.9%) in the first three months of 2006 to a total of 724 employees. The increase in the number of employees was mainly due to the inclusion of Banca BSI Italia in the consolidation area; the increase in staff expenses was 14.5% LfL.

	31/03/2007	31/03/2006	Change	
			Amount	%
Managers	44	34	10	29.4
3 <sup>rd</sup> and 4 <sup>th</sup> level managers	106	77	29	37.7
Other employees	562	491	71	14.5
<b>Total</b>	<b>712</b>	<b>602</b>	<b>110</b>	<b>18.3</b>
Non-employed staff (collaborators, temporary workers, etc.)	12	7	5	71.4
<b>Total</b>	<b>724</b>	<b>609</b>	<b>115</b>	<b>18.9</b>

(€ thousand)	31/03/2007	31/03/2006	Change	
			Amount	%
<b>1) Employees</b>	<b>13,608</b>	<b>9,587</b>	<b>4,021</b>	<b>41.9%</b>
Wages and salaries	8,127	5,907	2,220	37.6%
Social security charges	2,187	1,656	531	32.1%
Provision for termination indemnity	514	416	98	23.6%
Contributions to outside supplemental pension funds	304	284	20	7.0%
Costs related to payment agreements based on own fin. instr.	175	57	118	207.0%
Other employee benefits	2,301	1,267	1,034	81.6%
<b>2) Other staff</b>	<b>133</b>	<b>66</b>	<b>67</b>	<b>101.5%</b>
<b>3) Directors</b>	<b>338</b>	<b>227</b>	<b>111</b>	<b>48.9%</b>
<b>Total</b>	<b>14,079</b>	<b>9,880</b>	<b>4,199</b>	<b>42.5%</b>

**Other general and administrative expense** amounted to 16.8 million euros, an increase of approximately 0.9 million euros, compared to the same period of the previous year (+5.7%); this item decreased by approximately 5.8% LfL.

The ratio of operating expenses, before adjustments to property, equipment and intangible assets, to net banking income (cost/income ratio) improved to 55.1% at 31 March 2007 from 61.5% for the first quarter of 2006 (63.5% LfL).

(€ thousand)	31/03/2007	31/03/2006	Change	
			Amount	%
<b>Administration</b>	<b>1,124</b>	<b>1,261</b>	<b>-137</b>	<b>-10.9%</b>
Advertising	90	127	-37	-29.1%
Consultancy and professional advice expense	182	290	-108	-37.2%
Corporate boards and auditing firms	133	99	34	34.3%
Other general costs (insur. T&E)	719	745	-26	-3.5%
<b>Operations</b>	<b>7,717</b>	<b>7,303</b>	<b>414</b>	<b>5.7%</b>
Rent and usage of premises	2,971	2,484	487	19.6%
Outsourced services	1,886	2,708	-822	-30.4%
Post and telephone	900	938	-38	-4.1%
Print material and contracts	246	159	87	54.7%
Other operating expenses	1,714	1,014	700	69.0%
<b>Information system and equipment</b>	<b>5,916</b>	<b>5,670</b>	<b>246</b>	<b>4.3%</b>
Outsourced IT services	4,057	3,347	710	21.2%
Fees for financial databases and other IT services	926	920	6	0.7%
Software maintenance and servicing (*)	431	397	34	8.6%
Other expenses (equipment rental, maintenance, etc.)	502	1,006	-504	-50.1%
<b>Taxes and duties</b>	<b>2,002</b>	<b>1,619</b>	<b>383</b>	<b>23.7%</b>
<b>Total other general and administrative expense</b>	<b>16,759</b>	<b>15,853</b>	<b>906</b>	<b>5.7%</b>

## Operating profit and net profit for the period

As illustrated in the foreword, at 31 March 2007 **operating profit** amounted to 21.6 million euros, an increase of 13.0 million euros compared the same period of 2006.

**Operating income before taxes** amounted to 9.6 million euros, net of provisions amounting to 12.0 million euros, thus sharply increasing 9.5 million euros compared to the first quarter of 2006.

(€ thousand)	31/03/2007		31/03/2006		Change	
					Amount	%
<b>Net operating profit</b>		51,644		38,501	13,143	34.1%
<b>Operating expense</b>	-	30,010	-	25,521	- 4,489	17.6%
<b>Operating profit</b>		<b>21,634</b>		<b>12,980</b>	<b>8,654</b>	<b>66.7%</b>
Net adjustments for non-performing loans	-	15	-	74	59	-79.7%
Net adjustments of other assets		-		-	-	0.0%
Net provisions	-	12,008	-	12,800	792	-6.2%
Gain (loss) from the disposal of equity investments		-		-	-	0.0%
<b>Operating profit before taxation</b>		<b>9,611</b>		<b>106</b>	<b>9,505</b>	<b>8967.0%</b>
Income taxes for the period on continuing operations	-	4,915	-	210	-4705	2240.5%
<b>Net profit</b>		<b>4,696</b>		<b>104</b>	<b>4800</b>	<b>-4615.4%</b>

**Provisions** mainly include commission charges related to short- and medium-term incentive programs connected to the expansion of the sales network. Provisions were also made to cover financial advisors' indemnities and legal disputes.

**Income taxes for the period**, consisting of IRES and IRAP, were estimated at 4.9 million euros.

**Net profit for the period** amounted to 4.7 million euros, an increase of 4.8 million euros year on year.

## 5. Consolidated Results by Line of Business

The Group currently operates in two main areas of business:

- Asset management, carried out by the “product” companies BG SGR and BG Fiduciaria SIM S.p.A., as well as the asset management activity carried out by BSI;
- Banking activities and the sale of financial services, carried out through the Parent Company Banca Generali, the network of advisors employed directly by Banca Generali and the wealth managers network of BSI Italia.

The following tables include figures from the consolidated balance sheet and profit and loss for the two different business segments, gross of intersegment items. Intersegment items include commissions charged by each segment for the distribution of their products as well as other operating charges and income. Specific contractual agreements between Group companies govern the transfer prices applied to transactions between “product factories”, companies that create asset management products, and companies responsible for customer relationships.

### Distribution by Business Segment: Balance Sheet Figures

(€ thousand)	Group total	Banking and distribution	Asset management	Cancellation
Financial assets held for trading	2,375,248	2,368,150	7,098	-
Other financial assets	43,781	13,455	30,326	-
Loans to customers	344,985	353,374	9,001	- 17.390
Due to customers	- 3,253,923	- 3,219,368	- 39,913	- 5.358
Net interbank position	642,060	641,250	- 10,388	11.198
Equity investments	34	27,706	-	- 27.672
Property, equipment and intangible assets (net of goodwill)	15,646	15,546	101	0

### Distribution by Business Segment: Profit & Loss Figures

(€ thousand)	Group	Distribution	Asset management	Cancellation
	31/03/2007			
Interest income	29,668	29,435	308	- 75
Interest expense	- 19,897	- 19,909	- 3	15
<b>Net interest income</b>	<b>9,771</b>	<b>9,526</b>	<b>305</b>	<b>- 60</b>
Commission income	74,428	65,803	31,115	- 22.136
Commission expense	- 34,243	- 32,923	- 23,496	21.823
<b>Net commissions</b>	<b>40,185</b>	<b>32,880</b>	<b>7,619</b>	<b>- 313</b>
Dividends	3	3	-	-
Net result from financial operations	1,685	1,689	- 4	-
<b>Net operating profit</b>	<b>51,644</b>	<b>44,098</b>	<b>7,920</b>	<b>- 373</b>
Staff expenses	- 14,079	- 12,615	- 1,423	- 40
Other general and administrative expense	- 16,759	- 15,141	- 2,016	397
Net adjustments of property, equipment and intangible assets	- 1,559	- 1,542	16	-
Other operating expense/profit	2,387	2,430	- 59	15
<b>Net operating expense</b>	<b>- 30,010</b>	<b>- 26,868</b>	<b>- 3,515</b>	<b>373</b>
<b>Operating profit</b>	<b>21,634</b>	<b>17,229</b>	<b>4,405</b>	<b>- 0</b>
Net adjustments for non-performing loans	- 15	- 15	-	-
Net adjustments of other financial assets	-	-	-	-
Net provisions	- 12,008	- 12,008	-	-
Gain (loss) from the disposal of equity investments	-	-	-	-

<b>Operating profit before income taxes</b>	<b>9,611</b>	<b>5,207</b>	<b>4,405</b>	<b>-</b>	<b>0</b>
Income taxes for the period on continuing operations	- 4,915	- 3,151	- 1,763	-	-
Income (loss) from non-current assets	-	-	-	-	-
Profit (loss) for the period attributable to minority interests	-	-	-	-	-
<b>Net profit</b>	<b>4,696</b>	<b>2,055</b>	<b>2,642</b>	<b>-</b>	<b>0</b>

### Other Information (Assets under Management)

#### Asset Management Area

The Financial Asset Management Area includes the assets relating to the asset management and mutual investment funds business, which amounted to about 8.8 billion euros.

(€ million)	31/03/2007	31/12/2006	Changes	
			Amount	%
Funds and SICAVs	5,831	5,640	191	3.39%
- attributable to the banking group's GPF	2,052	2,065	-13	-0.63%
GPF/GPM	4,986	5,043	-57	-1.13%
<b>Total assets managed by the banking group, net of funds included in the GPF of the banking group</b>	<b>8,765</b>	<b>8,618</b>	<b>147</b>	<b>1.71%</b>

\*includes discretionary account (GPM) amounts held in current accounts, or 36.1 million euros.

In the first three months of 2007, this area generated commissions (net of the commissions remitted to the distribution network) amounting to 7.6 million euros, contributing approximately 2.6 million euros to net profit.

#### Banking and Distribution Area

This area includes the distribution of asset-management and insurance products through the networks of financial advisors of Banca Generali and Simgenia, through the wealth managers network of Banca BSI Italia, and traditional banking activities, which include the management of assets under administration and custody (securities accounts and current accounts), stock brokerage, payment services, lending and financing. Total indirect inflows for the segment amounted to 30.7 billion euros, of which 7.6 billion euros consists of products relating to the wealth management area.

(€ million)	31/03/2007	31/12/2006	Changes	
			Amount	%
Indirect inflows (under administration and custody)	12,688	12,500	188	1.50%
Indirect inflows (asset management)	13,532	13,045	487	3.73%
Indirect inflows (insurance products)	4,521	4,527	-6	-0.13%
<b>Total, gross</b>	<b>30,741</b>	<b>30,072</b>	<b>669</b>	<b>2.22%</b>
- amount already included in asset management segment	7,602	7,453	149	1.99%
<b>Total, net</b>	<b>23,139</b>	<b>22,619</b>	<b>520</b>	<b>2.30%</b>

In the first three months of 2007, this area generated net commissions (net of the commissions remitted to financial advisors) amounting to 32.9 million euros, contributing 2.0 million euros to net profit. This figure was also impacted by additions to net provisions for liabilities and contingencies totalling 12.0 million euros aimed at reinforcing the distribution network.

## 6. Human Resources

### 6.1 Employees

	BGEN	SIMGENIA	BG FID	BG SGR	BSI	S.ALEX	31/03/2007 consolidated
Managers	20	1		19	13	-	44
3 <sup>rd</sup> and 4 <sup>th</sup> level managers	45	14		712	28	-	106
Other employees	477	33		311	37		1562
<b>Total</b>	<b>542</b>	<b>48</b>		<b>1132</b>	<b>78</b>		<b>1712</b>
Non-employed staff (collaborators, temporary workers, etc.)	3	4	-	3	2	-	12
<b>Total</b>	<b>545</b>	<b>52</b>		<b>1135</b>	<b>80</b>		<b>1724</b>

The total number of Group employees reached 712 at 31 March 2007, an increase of 110 employees compared to the same period of 2006 due in part to the inclusion of Banca BSI Italia in the Group's consolidated accounts.

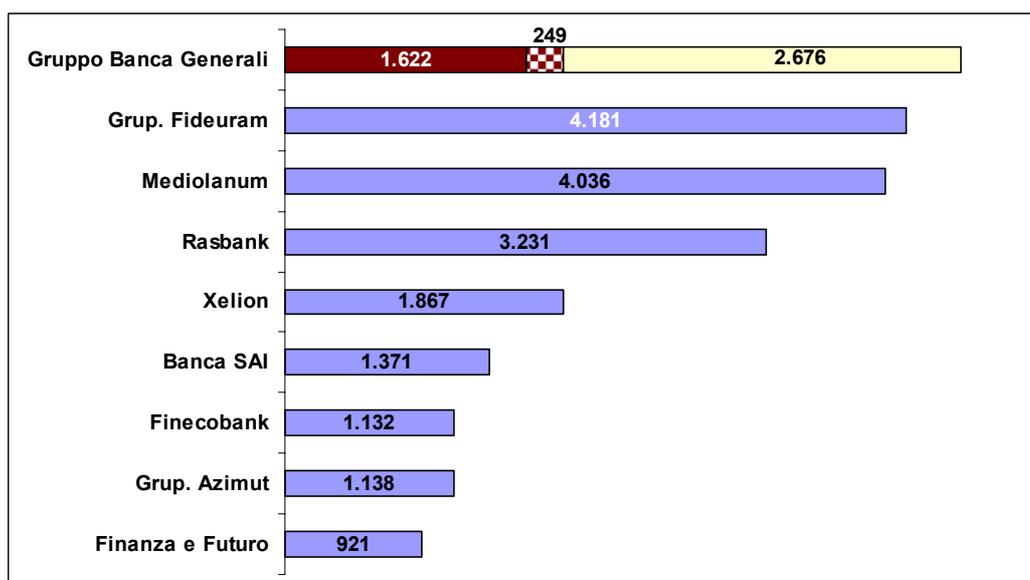
In the first three months of 2007, the group began an intensive training program that already involved many employees of the Banca Generali banking group. The program involves attendance in organised courses, some for managerial and information system training at Generali Group Innovation Academy, and some for technical training with top external consulting companies expert in the sector.

Following the acquisitions completed during 2006, on 12 March 2007, negotiations regarding the redefinition of the company's 2006 and 2007 performance bonuses were completed and finalised through a trade union agreement. As part of the same agreement, Banca BSI and Sant'Alessandro Fiduciaria were included in the Banca Generali Group's integrative corporate contract.

### 6.2 Financial Advisors

The Banca Generali Group distribution network has the highest number of financial advisors on the Italian market: 1,622 Banca Generali advisors, 2,676 Simgenia advisors, and 249 BSI advisors, for a total of 4,547 professionals.

It is important to recall that the composition of the network was influenced by the reorganisation efforts completed at the beginning of 2007, which resulted in the transfer of 200 of the Group's financial advisors to BSI to fill the specific role of providing advisory and consulting services to private customers.



Banca Generali's financial advisors cover an extensive area in Italy and are supported by a total of 197 bank branches and Advisor Offices.

REGION	BANCA GENERALI BRANCHES/ BSI	ADVISOR OFFICES
Abruzzo	1	2
Calabria	0	4
Campania	3	13
Emilia Romagna	4	23
Friuli Venezia Giulia	1	4
Lazio	3	7
Liguria	3	17
Lombardy	8	18
Marche	1	5
Molise	0	0
Piedmont	5	12
Apulia	2	8
Sardinia	0	1
Sicily	1	6
Tuscany	2	16
Trentino Alto Adige	0	2
Umbria	0	2
Valle D'Aosta	0	2
Veneto	4	17
<b>Overall total</b>	<b>38</b>	<b>159</b>

Also at the beginning of 2007, efforts were continued to strengthen the financial advisor networks of **Banca Generali and BSI Italia** and improve the qualitative selection procedure, which resulted in the addition of 36 new professionals during the period (of whom 18 at BSI). At Banca Generali, these professionals were hired to replace financial advisors mostly with marginal production (including 34 financial advisors with assets under management amounting to less than 4 million euros). These efforts led to the increase of average assets per financial advisor of the two networks from 11 million euros at the end of 2006 to 13 million in March 2007 (30%). The improvement in quality is even more evident when the financial advisors are broken down into three clusters based on total assets under management.

	Mar-2007	2006	Delta %
<b>FAs with AUM &gt;10ml</b>	561	544	3.1%
<b>Standard FAs</b>	805	810	-0.6%
<b>FAs with AUM &lt;4ml</b>	505	530	-4.7%
<b>Total</b>	1,871	1,884	-0.6%

At **Simgenia**, financial advisors focus mainly on the insurance area, while assets under management are a secondary concern. Their distribution throughout Italy therefore coincides with the location of the agencies of the Generali Group company (Generali Assicurazioni, Alleanza, INA), and their activities are intended to be supplementary to the insurance business. This explains the low figure of average assets under management (1.2 million euros).

	No. of FAs/PB/RM	AUM million) (€	AUM per FA (€ million)
<b>Banca Generali</b>	1,622	14,324	8.8
<b>Simgenia</b>	2,676	3,257	1.2
<b>BSI Italia</b>	249	6,862	27.6

## 7. Transactions with Related Parties

In compliance with IAS 24, the following are defined as related parties of the banking group:

- the Parent Company, Assicurazioni Generali S.p.A.
- companies that are either directly or indirectly controlled by Assicurazioni Generali (subsidiaries)
- companies belonging to the banking group (Simgenia, BG Fiduciaria, BG SGR, Banca BSI Italia, Sant'Alessandro Fiduciaria) and associate companies (Eu-ra);

For the purpose of IAS 24, related parties also include executives of the Group and the parent company Assicurazioni Generali with strategic responsibilities.

As part of its normal business operations, the bank has numerous financial and commercial relationships with the companies previously defined as related parties.

In the banking area, such relationships include current accounts, the custody and administration of securities, stock brokerage and commercial portfolio collection.

As regards the distribution and sale of financial services, a number of agreements were established regarding the placement by the financial advisors of asset-management and insurance products and banking products and services.

Finally, as part of its normal operations, the Group also has relationships pertaining to outsourcing, IT and administration, insurance, leasing as well as other minor relationships with Generali Group companies.

### **Disclosure of Transactions with Related Parties**

(€ thousand)	Parent Company	Other associates of the Generali Group	Generali Group total
Interest income	6	8	14
Interest expense	- 2,355	- 7,355	- 9,710
<b>Net interest income</b>	<b>- 2,349</b>	<b>- 7,347</b>	<b>- 9,696</b>
Commission income	-	17,692	17,692
Commission expense	-	- 1,030	- 1,030
<b>Net commissions</b>	<b>-</b>	<b>16,662</b>	<b>16,662</b>
Dividends	-	-	-
Income (loss) on financial transactions	-	-	-

<b>Operating income</b>	-	<b>2,349</b>	<b>9,315</b>	<b>6,966</b>
General and administrative expense	-	693	3,034	3,727
Other net operating profit		111	262	373
<b>Net operating expense</b>	-	<b>582</b>	<b>2,772</b>	<b>3,354</b>
<b>Operating profit</b>	-	<b>2,931</b>	<b>6,543</b>	<b>3,612</b>

(migliaia di euro)	Attività finanziarie detenute per la negoziazione	Passività finanziarie detenute per la negoziazione	Attività finanziarie disponibili per la vendita	Crediti clientela	Crediti banche	Debiti clientela	Debiti banche	Garanzie rilasciate
Controllante	4		1.339	252		231.129	-	
Altre Consociate appartenenti al gruppo Generali	49.422	-	30.357	49.401	44	670.576	6.548	3.265
Controllate	-		-	-	-	-	-	-
Collegate	-		-	-	-	-	-	-
Altre entità esercitanti influenza notevole sulla Società	-	-	-	-	-	-	-	-
Dirigenti con responsabilità strategiche e amministratori	-		-	640	-	2.328	-	-
Altre parti correlate	-		-	-	-	-	-	-
<b>Totale</b>	<b>49.426</b>	<b>-</b>	<b>31.696</b>	<b>50.293</b>	<b>44</b>	<b>904.033</b>	<b>6.548</b>	<b>3.265</b>

Trieste, 7 May 2007

THE BOARD OF DIRECTORS