



---

# Consolidated Quarterly Report 30 September 2007

**Board of Directors  
30 October 2007**

Banca Generali S.p.A.  
Authorised share capital 116,878,836.00 euros, underwritten and paid-up share capital 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	30/09/2007	30/09/2006	Change %
(€ million)			
Net interest	31.4	19.4	62.4%
Net commissions	115.5	93.3	23.8%
Dividends and net profit from trading	-4.2	10.5	-139.7%
<b>Net banking income</b>	<b>142.8</b>	<b>123.2</b>	<b>15.9%</b>
Staff expenses	-41.1	-34.2	20.0%
Other general and administrative expense	-54.0	-50.0	8.0%
Amortisation and depreciation	-5.1	-5.9	-14.2%
Other operating profit	6.1	6.3	-2.3%
<b>Net operating expense</b>	<b>-94.0</b>	<b>-83.8</b>	<b>12.1%</b>
<b>Operating profit</b>	<b>48.8</b>	<b>39.3</b>	<b>24.1%</b>
Provisions	-30.6	-25.8	18.6%
Net adjustments of loans and other assets	-0.1	-0.2	-29.5%
<b>Profit before taxation</b>	<b>18.1</b>	<b>13.4</b>	<b>35.4%</b>
<b>Net profit</b>	<b>9.3</b>	<b>6.5</b>	<b>43.8%</b>
Cost / profit ratio	62.3%	63.3%	-1.6%
EBITDA	53.9	45.2	19.1%
ROE, annualised	6.50%	4.34%	
EPS - Earnings per share (euro)	0.0850	0.003	

## Net Inflows

(€ million) (Assoreti data)			
	30/09/2007	30/09/2006	Change %
Mutual funds	365	192	90.1%
Asset management	-13	548	-102.4%
Insurance / Pension funds	129	268	-51.9%
Securities / Current accounts	981	698	40.5%
<b>Total</b>	<b>1,462</b>	<b>1,706</b>	<b>-14.3%</b>

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

(€ million) (Assoreti data)			
	30/09/2007	31/12/2006	Change %
Mutual funds	8,535	7,965	7.2%
Asset management	5,065	5,143	-1.5%
Insurance / Pension funds	4,475	4,547	-1.6%
Securities / Current accounts	7,098	6,050	17.3%
<b>Total</b>	<b>25,173</b>	<b>23,705</b>	<b>6.2%</b>

## Net Equity

(€ million)			
	30/09/2007	31/12/2006	Change %
Net equity	201.7	205.2	-1.7%
Total capital for regulatory purposes	183.4	182.3	0.6%

## CONSOLIDATED BALANCE SHEET

<b>Assets</b> (€ thousand)	<b>30/09/2007</b>	<b>30/06/2007</b>	<b>31/12/2006</b>	<b>Change % Quarter</b>	<b>Change % vs 12/06</b>
Financial assets held for trading	2,296,938	2,422,486	2,108,052	-5.2%	9.0%
Financial assets at fair value	-	-	-	0.0%	0.0%
Financial assets available for sale	32,445	32,595	36,998	-0.5%	-12.3%
Loans to banks	812,901	283,546	892,471	186.7%	-8.9%
Loans to customers	352,387	328,266	349,713	7.3%	0.8%
Equity investments	34	34	34	0.0%	0.0%
Property, equipment and intangible assets	22,263	23,181	23,868	-4.0%	-6.7%
Tax receivables	42,018	39,289	35,704	6.9%	17.7%
Other assets	120,236	123,918	133,235	-3.0%	-9.8%
<b>Total assets</b>	<b>3,679,222</b>	<b>3,253,315</b>	<b>3,580,075</b>	<b>13.1%</b>	<b>2.8%</b>

<b>Net Equity and Liabilities</b> (€ thousand)	<b>30/09/2007</b>	<b>30/06/2007</b>	<b>31/12/2006</b>	<b>Change % Quarter</b>	<b>Change % vs 12/06</b>
Due to banks	194,531	105,505	40,392	84.4%	381.6%
Due to customers	3,070,895	2,738,358	3,053,677	12.1%	0.6%
Financial liabilities held for trading	9,660	11,316	16,113	-14.6%	-40.0%
Tax payables	11,974	8,863	19,593	35.1%	-38.9%
Other liabilities	118,903	119,002	179,857	-0.1%	-33.9%
Special purpose provisions	71,588	68,597	65,203	4.4%	9.8%
Valuation reserves	1,210	1,088	1,065	11.2%	13.6%
Reserves	66,508	65,839	61,886	1.0%	7.5%
Additional paid-in capital	22,804	22,804	22,804	0.0%	0.0%
Share capital	111,313	111,313	111,313	0.0%	0.0%
Treasury shares (-)	- 9,506	- 9,512	- 5,851	-0.1%	62.5%
Net profit (loss) for the period (+/-)	9,342	10,142	14,023	-7.9%	-33.4%
	<b>3,679,222</b>	<b>3,253,315</b>	<b>3,580,075</b>	<b>13.1%</b>	<b>2.8%</b>

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

(€ thousand)	30/09/2007	30/09/2006	Q3 2007	Q3 2006	Change % vs. 2006	Change % vs quarter
<b>Net interest income</b>	<b>31,439</b>	<b>19,356</b>	<b>11,254</b>	<b>8,984</b>	<b>62.4%</b>	<b>25%</b>
<b>Net commissions</b>	<b>115,514</b>	<b>93,293</b>	<b>37,238</b>	<b>28,672</b>	<b>23.8%</b>	<b>30%</b>
Dividends	2,632	19,940	12	31	-86.8%	-61%
Net income from banking operations	- 6,801 -	9,427 -	10,289	5,937	-27.9%	-273%
<b>Net operating profit</b>	<b>142,784</b>	<b>123,162</b>	<b>38,215</b>	<b>43,624</b>	<b>15.9%</b>	<b>-12%</b>
Staff expenses	- 41,060 -	34,213 -	13,031 -	13,345	20.0%	-2%
Other general and administrative expense	- 53,970 -	49,982 -	18,898 -	17,777	8.0%	6%
Net adjustments of property, equipment and intangible assets	- 5,054 -	5,891 -	1,781 -	2,243	-14.2%	-21%
Other operating expense/profit	6,120	6,262	2,314	2,511	-2.3%	-8%
<b>Net operating expense</b>	<b>- 93,964 -</b>	<b>83,824 -</b>	<b>31,396 -</b>	<b>30,854</b>	<b>12.1%</b>	<b>2%</b>
<b>Operating profit</b>	<b>48,820</b>	<b>39,338</b>	<b>6,819</b>	<b>12,770</b>	<b>24.1%</b>	<b>-47%</b>
Net adjustments for non-performing loans	- 124 -	89 -	319 -	113	39.3%	182%
Net adjustments of other assets	- -	86	- -	20	-100.0%	-100%
Net provisions	- 30,614 -	25,805 -	6,454 -	667	18.6%	868%
Gain (loss) from the disposal of equity investments	-	5	-	3	-100.0%	-100%
<b>Operating profit before taxation</b>	<b>18,082</b>	<b>13,363</b>	<b>46</b>	<b>11,973</b>	<b>35.3%</b>	<b>-100%</b>
Income taxes for the period on continuing operations	- 8,740 -	6,867 -	846 -	5,823	27.3%	-85%
Income (loss) from non-current assets held for sale	-	-	-	-	0.0%	0%
Profit (loss) for the period attributable to minority interests	-	-	-	-	0.0%	0%
<b>Net profit</b>	<b>9,342</b>	<b>6,496 -</b>	<b>800</b>	<b>6,150</b>	<b>43.8%</b>	<b>-113%</b>

## QUARTERLY EVOLUTION OF THE PROFIT AND LOSS ACCOUNT

(€ thousand)	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006
<b>Net interest income</b>	<b>11,254</b>	<b>10,414</b>	<b>9,771</b>	<b>7,963</b>	<b>8,984</b>
<b>Net commissions</b>	<b>37,238</b>	<b>38,091</b>	<b>40,185</b>	<b>49,285</b>	<b>28,672</b>
Dividends	12	2,617	3	145	31
Net result from financial operations	- 10,289	1,803	1,685	3,006	5,937
<b>Net operating profit</b>	<b>38,215</b>	<b>52,925</b>	<b>51,644</b>	<b>60,399</b>	<b>43,624</b>
Staff expenses	- 13,031 -	13,950 -	14,079 -	19,055 -	13,345
Other general and administrative expense	- 18,898 -	18,313 -	16,759 -	19,798 -	17,777
Net adjustments of property, equipment and intangible assets	- 1,781 -	1,714 -	1,559 -	2,400 -	2,243
Other operating expense/profit	2,314	1,419	2,387	3,012	2,511
<b>Net operating expense</b>	<b>- 31,396 -</b>	<b>32,558 -</b>	<b>30,010 -</b>	<b>38,241 -</b>	<b>30,854</b>
<b>Operating profit</b>	<b>6,819</b>	<b>20,367</b>	<b>21,634</b>	<b>22,158</b>	<b>12,770</b>
Net adjustments for non-performing loans	- 319	210 -	15 -	501 -	113
Net adjustments of other assets	-	-	-	66 -	20
Net provisions	- 6,454 -	12,152 -	12,008 -	8,541 -	667
Gain (loss) from the disposal of equity investments	-	-	-	68	3
<b>Operating profit before taxation</b>	<b>46</b>	<b>8,425</b>	<b>9,611</b>	<b>13,114</b>	<b>11,973</b>
Income taxes for the period on continuing operations	- 846 -	2,979 -	4,915 -	5,587 -	5,823
Income (loss) from non-current assets held for sale	-	-	-	-	-
Profit (loss) for the period attributable to minority interests	-	-	-	-	-
<b>Net profit</b>	<b>- 800</b>	<b>5,446</b>	<b>4,696</b>	<b>7,527</b>	<b>6,150</b>

## STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY

(€ thousand)	Share capital		Additional paid-in capital	Reserves		Valuation reserves			Equity instruments	Treasury shares	Net profit (loss) for the period	Net equity
	a) ord. shares	b) other ordinary		a) income	b) other	a) available for sale	b) coverage of cash flows	c) other				
<b>Net equity at 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>
Change in opening balances	-	-	-	-	-	-	-	-	-	-	-	-
Amounts at 01/01/2007	111.313	-	22.804	61.886	-	1.026	-	39	-	5.851	14.023	205.240
Allocation of prior year result	-	-	-	3.027	-	-	-	-	-	-	14.023	10.996
- Reserves	-	-	-	3.027	-	-	-	-	-	-	3.027	-
- Dividends and other destinations	-	-	-	-	-	-	-	-	-	-	10.996	10.996
Change in reserves	-	-	-	216	-	145	-	-	-	-	-	71
Transactions on net equity	-	-	-	1.811	-	-	-	-	-	3.655	-	1.844
- Issue of new shares	-	-	-	202	-	-	-	-	-	202	-	-
- Purchase of treasury shares	-	-	-	-	-	-	-	-	-	3.857	-	3.857
- Extraordinary dividend pay-out	-	-	-	-	-	-	-	-	-	-	-	-
- Change in equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
- Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
- Stock options	-	-	-	2.013	-	-	-	-	-	-	-	2.013
Net profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	9.342	9.342
<b>Net equity at 30/09/2007</b>	<b>111.313</b>	-	<b>22.804</b>	<b>66.508</b>	-	<b>1.171</b>	-	<b>39</b>	-	<b>9.506</b>	<b>9.342</b>	<b>201.671</b>

(€ thousand)	Share capital		Additional paid-in capital	Reserves		Valuation reserves			Equity instruments	Treasury shares	Profit (loss) for the period	Net equity
	a) ord. shares	b) other		a) income	b) other	a) available for sale	b) coverage of cash flows	c) other				
<b>Net equity at 31/12/2005</b>	<b>99.615</b>	-	<b>21.495</b>	<b>93.061</b>	-	<b>149</b>	-	<b>39</b>	-	<b>3.873</b>	<b>1.656</b>	<b>212.142</b>
Change in opening balances	-	-	-	15	-	-	-	-	-	-	-	15
Amounts at 01/01/2006	99.615	-	21.495	93.046	-	149	-	39	-	3.873	1.656	212.127
Allocation of prior year result	-	-	-	656	-	-	-	-	-	-	1.656	1.000
- Reserves	-	-	-	656	-	-	-	-	-	-	656	-
- Dividends and other destinations	-	-	-	-	-	-	-	-	-	-	1.000	1.000
Change in reserves	-	-	-	112	-	452	-	-	-	-	-	564
Transactions on net equity	11.698	-	1.309	35.907	-	-	-	-	-	-	-	22.900
- Issue of new shares	11.698	-	1.309	-	-	-	-	-	-	-	-	13.007
- Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
- Extraordinary dividend pay-out	-	-	-	35.907	-	-	-	-	-	-	-	35.907
- Change in equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
- Derivatives on treasury shares #NOME?	-	-	-	-	-	-	-	-	-	-	-	-
Net profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	6.496	6.496
<b>Net equity at 30/09/2006</b>	<b>111.313</b>	-	<b>22.804</b>	<b>57.907</b>	-	<b>601</b>	-	<b>39</b>	-	<b>3.873</b>	<b>6.496</b>	<b>195.287</b>

## CONSOLIDATED CASH FLOW STATEMENT

Indirect method	30/09/2007	31/12/2006
(€ thousand)		
<b>A. OPERATING ACTIVITIES</b>		
<b>1. Operations</b>	<b>37,187</b>	<b>8,595</b>
- Net profit (loss) for the period	9,342	14,023
- Gains/losses on financial assets and liabilities held for sale	15,191	514
- Gain/loss on hedging assets	-	-
- Net adjustments due to impairment	124	610
- Net adjustments of property, equipment and intangible assets	5,054	8,291
- Net provisions for liabilities and contingencies and other costs/revenues	8,762	21,496
- Taxes included in taxes not paid	- 13,932	- 3,525
- Adjustments of discontinued operations	-	-
- Other adjustments	12,646	- 32,814
<b>2. Liquidity generated by/used for financial assets (+/-)</b>	<b>- 106,008</b>	<b>- 918,854</b>
- Financial assets held for trading	- 209,024	- 712,959
- Financial assets measured at fair value	-	-
- Financial assets available for sale	4,698	- 23,523
- Loans to banks: repayable on demand	27,416	- 175,608
- Loans to banks: other receivables	53,234	- 20,801
- Loans to customers	10,933	15,870
- Other assets	6,735	- 1,833
<b>3. Net liquidity generated by/used for financial liabilities (+/-)</b>	<b>86,661</b>	<b>972,265</b>
- Due to banks: repayable on demand	137,121	- 10,878
- Due to banks: other payables	15,471	- 4,234
- Due to customers	- 11,580	949,585
- Securities issued	-	40
- Financial liabilities held for trading	- 643	-
- Financial liabilities measured at fair value	-	-
- Other liabilities	- 53,708	37,832
<b>Net liquidity generated by/used for operating activities</b>	<b>17,840</b>	<b>62,006</b>
<b>B. INVESTMENT ACTIVITIES</b>		
<b>1. Liquidity generated by</b>		<b>74</b>
- Disposal of equity investments	-	-
- Dividends received	-	-
- Disposal of held-to-maturity financial assets	-	-
- Disposal of property and equipment	-	74
- Disposal of intangible assets	-	-
- Disposal of business units	-	-
<b>1. Liquidity used for</b>	<b>- 3,449</b>	<b>- 57,867</b>
- Purchase of equity investments	-	-
- Purchase of held-to-maturity financial assets	-	-
- Purchase of property and equipment	- 1,666	- 1,793
- Purchase of intangible assets	- 1,783	- 4,274
- Purchase of business units and equity investments in subsidiaries	-	51,800
<b>Liquidity generated by/used for investment activities</b>	<b>- 3,449</b>	<b>- 57,793</b>
<b>C. FUNDING ACTIVITIES</b>		
- Issue/purchase of treasury shares	- 3,857	- 3,444
- Issue/purchase of equity instruments	-	-
- Distribution of dividends and other	- 10,995	- 1,000
<b>Liquidity generated by/used for funding activities</b>	<b>- 14,852</b>	<b>- 4,444</b>
<b>NET LIQUIDITY GENERATED BY/USED FOR IN THE PERIOD</b>	<b>- 461</b>	<b>231</b>

### Reconciliation

Cash and cash equivalents at period-start	<b>9,861</b>	<b>10,092</b>
Liquidity generated by/used for in the period	- 461	- 231
Cash and cash equivalents – effects of exchange rate fluctuations	-	-
Cash and cash equivalents at period-end	<b>9,400</b>	<b>9,861</b>

#### Legend:

(+) liquidity generated

(-) liquidity used

## Summary of Operations for the First Nine Months of the Year

The Banca Generali Group closed the first nine months of 2007 with net profit of 9.3 million euros — an increase of 2.8 million euros compared to the same period of 2006 (+43.8%) — and net equity of 201.7 million euros. In the third quarter of 2007, the Group reported a loss of 0.8 million euros, as opposed to the first two quarters of the year, in which the Group earned a net profit of approximately 5 million euros each. The decline in profit for the third quarter is chiefly due to the recognition of unrealized losses in the trading investment portfolio, mainly debt securities.

As disclosed previously, as of 1 July 2006 the consolidation area expanded due to the inclusion of Banca BSI Italia and San Alessandro Fiduciaria in the Banking Group. As a result, the figures reported in the quarterly reports for the first nine months of 2007 and 2006 cannot be compared. For this reason, the Consolidated Quarterly Report at 30 September 2007 also includes changes on a like-for-like consolidation basis (LfL) with reference to the main items of the profit and loss account.

EBITDA, which is calculated as profit before taxes, net provisions, adjustments on loans, property, equipment and intangible assets, amounted to 53.9 million euros for the first nine months of 2007, up 19.1% compared to 45.2 million euros in the same period of 2006. The third quarter of 2007 contributed 8.6 million euros to EBITDA.

Net interest and other banking income increased by approximately 19.6 million euros (+15.9%), from 123.2 million euros at 30 September 2006 to 142.8 million euros for the first nine months of 2007. The contribution for the third quarter was 38.2 million euros, down 5.4 million euros compared to the result for the third quarter of the prior year, mainly due to unrealized losses on trading investment portfolio.

Total operating expense at 30 September 2007 amounted to 94 million euros, a 12.1% increase compared to the first nine months of 2006, with staff expenses rising from 34.2 million euros in the first nine months of 2006 to 41.1 million euros in the same period of 2007. The third quarter of 2007 contributed 31.4 million euros to the total, virtually in line with the third quarter of the previous year.

Net provisions amounted to 30.6 million euros at 30 September 2007, up 18.6% compared to the same period of 2006, and are largely related to increases in provisions for development of the distribution network: the contribution for the third quarter of 2007 was 6.5 million euros, up from 5.8 million euros in the third quarter of 2006.

The total value of the assets managed by the Group for its customers amounted to 25.2 billion euros at 30 September 2007, which is the figure used for communications to Assoreti. In addition, at 30 September 2007, assets under administration and custody of the Generali Group companies totalled approximately 9.6 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 36 billion euros.

The Banca Generali Group continues to enjoy a leading position in the distribution of financial products through its network of financial advisors with 25.2 billion euros in assets under management, as well as 1.46 billion euros in net inflows from 1 January to 30 September 2007, an area in which it also leads the market.

In the third quarter of 2007, the banking group focussed the brunt of its efforts on analysing and implementing information systems and organisational and operating procedures related to compliance with MiFID (Markets in Financial Instrument Directive). In terms of growing the business, particular attention was dedicated to consulting training for the network of financial planners and the optimisation of assets in customer portfolios. In detail, in the first nine months of the year 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. During the third quarter, the entire sales network was also provided several training days concerning the impact of the entry into force of MiFID on operations.

Finally, with regard to the asset mix, in the third quarter of 2007 the Group also continued to assist customers in optimising their portfolios with the aim of obtaining an asset mix 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 nine months 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

Financial markets were under pressure in the third quarter, while the interbank market posted across-the-board rate hikes for all maturities less than 12 months.

The increasing uncertainty and aversion for risk were triggered by the liquidity crisis that first affected the U.S. sub-prime mortgage securitization market and then spread to other segments of the corporate market, leading to a sudden rise in interbank rates and a severe tightening of credit conditions, spurring fears of a credit crunch.

These concerns were driven first by doubts as to the growth rate of the U.S. economy, followed by signs of continuing weakness of the U.S. real-estate market. In July, house prices, contrary to expectations, continued to plunge, leading to a rapid repricing of risks for all assets tied to the performance of the real-estate market (financial securities, securities of real-estate sector companies, the securitisation market). The uncertainty then rapidly spread to all areas of the financial markets, causing a rapid widening of the credit spread on corporate bonds and a significant revision of stock prices across nearly all of the world's main stock markets. The financial and construction sectors underwent the sharpest corrections, whereas defensive sectors such as utilities and telecommunications were much sought after.

In this context, government bond markets benefited from the uncertainty and attracted massive investment inflows in pursuit of greater "security". One consequence of this was a widespread decrease in bond yields: in Europe the ten-year bond yield fell from 4.57% at the beginning of the quarter to 4.33% at the end of the quarter, hitting a low of 4.07% in August.

The world's main central banks took action to re-establish normal cash and credit flows, providing coordinated injections of liquidity in order to prevent a lack of liquidity filtering through into the real economy. The United States Federal Reserve cut its base rate from 5.25% to 4.75%. In the Euro Area, the European Central Bank kept rates stable at 4%, suspending the previous series of rate hikes. Similar circumstances occurred in Japan and the United Kingdom.

In September tensions eased up slightly and financial markets began to turn around. Stock markets in emerging nations, driven by solid fundamentals and largely independent of Western economies, continued to perform bullishly.

We expect that interbank markets will slowly return to normalcy and that global economic growth will remain solid. United States economic growth is projected to underperform its potential, whereas other geographical areas are expected to grow rapidly, especially newly industrialised nations such as China, India, Brazil and Russia.

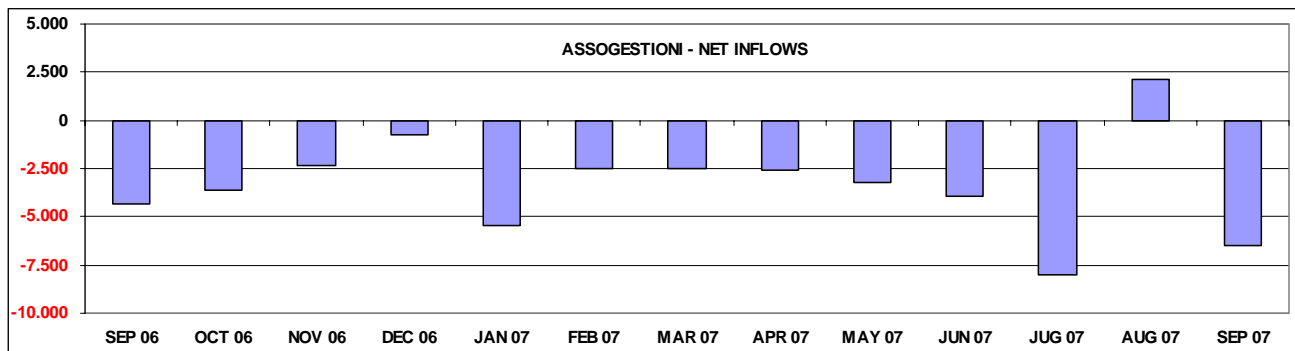
Under these circumstances, stock markets remain attractive in terms of their valuations, driven by solid company fundamentals.

Turning to exchange rates, despite the recent depreciation, the U.S. dollar still looks weak in terms growth, inflation and interest rates compared to the other main currencies.

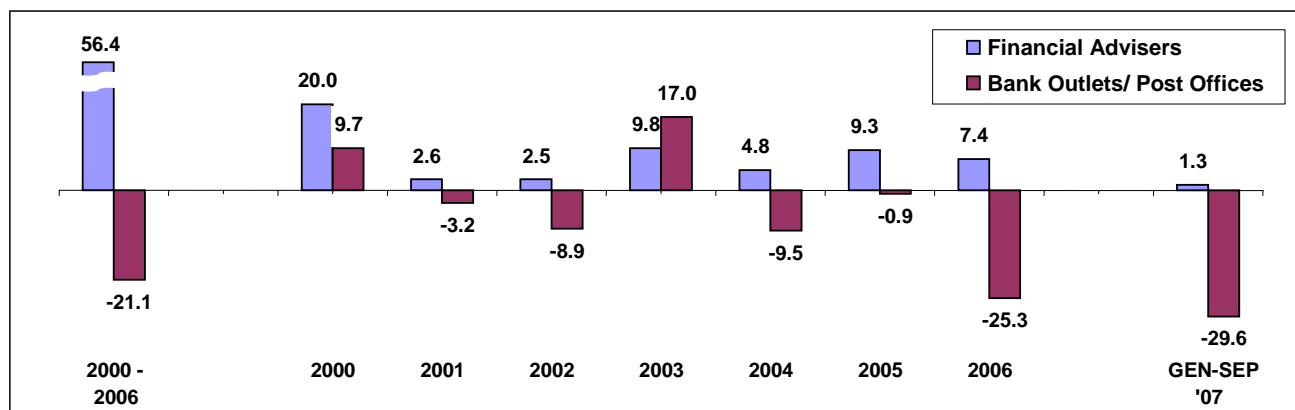
## 2. Net Inflows, Assets Under Management, and Market Positioning in Distribution Through Financial Advisor Networks

A non-linear stock market and a generally volatile bond market (where approximately 70% of the assets of Italian mutual funds and investment companies are concentrated) led to disinvestments by **OICR** (source: **Assogestioni**), especially those investing in stocks and bond. The negative balance of Italian products (-40.4 billion euros) was only partially offset by asset inflows of roundtrip and foreign products (up approx. 7.8 billion euros). At the end of September, the negative balance therefore increased by 2/3 compared to June, totalling the considerable sum of over -32 billion euros, compared with -11.2 billion euros during the same period of 2006 and -17.9 billion euros for all of 2006.





It is, however, important to observe that this negative trend was once again fully attributable to the distribution of traditional bank products. In fact, net inflows for OICR recorded on the Financial Advisor network remained mostly stable (source: **Assoreti**: Reclassification of OICR distribution data, comparison of FA networks and bank branches), although down sharply from previous years.

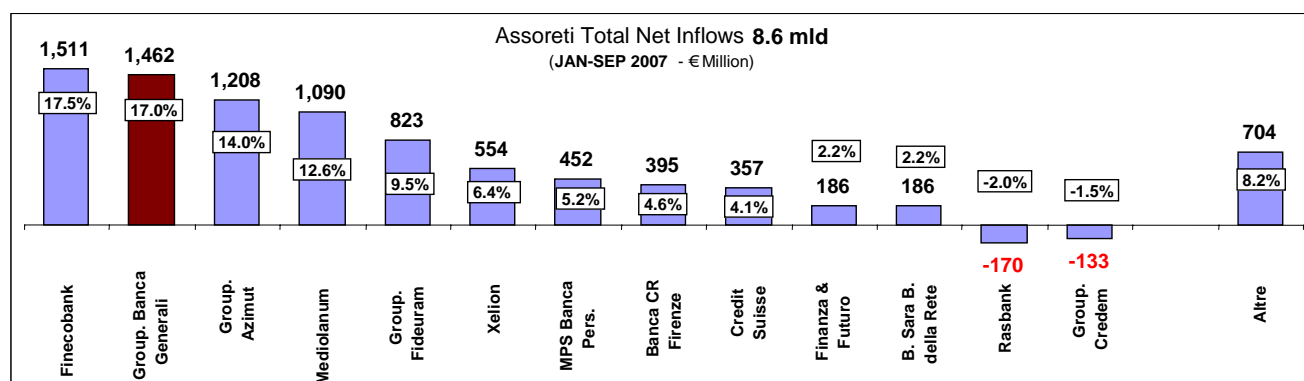


Lastly, compared to the total inflows posted by the **Assoreti** market (a perimeter that includes the activities carried out by Financial Advisers and may be compared with analogous figures reported by market competitors), the Group did not record net outflows; however, compared to the same period of 2006 inflows were down 21%.

### **The Banca Generali Group**

Against this backdrop, the Banca Generali Group is moving against the market trend (according to **Assoreti** figures from 30 September) with inflows of 1.46 billion euros. For the first time in the last three years the group has been displaced to number two in the rankings, beaten by Fineco by a few million. There was a moderate decrease compared to September 2006 (14%), while market share grew from 15.7% to 17.0%.

Of all net inflows of the Banca Generali Group, the Parent Company accounted for 0.34 billion euros, Banca BSI Italia for 0.76 billion euros and Simgenia for 0.34 billion euros. Nearly one third of the inflows came from asset management and insurance products. Two thirds consist of assets under administration (particularly inflows from orders on Securities Deposits).



The following table provides a summary of the assets and their aggregates by product type. These assets refer to the **Assoreti** market, i.e. the system of assets related to networks of Financial Advisors.

Total assets placed by the banking group network amounted to 25.173 million euros at 30 September 2007, substantially unchanged since June 2007 (-0.04%; the increase tied to inflows was offset by the negative performance of financial markets) and up 6.19% compared to the end of 2006.

(€ million)	30/09/2007	30/06/2007	31/12/2006	Change vs/			
				30/06/2007		31/12/2006	
				Amount	%	Amount	%
<b>Total asset management</b>	<b>13,600</b>	<b>13,890</b>	<b>13,108</b>	<b>-290</b>	<b>-2.09%</b>	<b>492</b>	<b>3.75%</b>
- Funds and SICAVs	8,535	8,735	7,965	-200	-2.29%	570	7.16%
- GPF/GPM	5,065	5,155	5,143	-90	-1.75%	-78	-1.52%
<b>Total insurance products</b>	<b>4,475</b>	<b>4,551</b>	<b>4,547</b>	<b>-76</b>	<b>-1.67%</b>	<b>-72</b>	<b>-1.58%</b>
<b>Total assets under administration and custody</b>	<b>7,098</b>	<b>6,743</b>	<b>6,050</b>	<b>355</b>	<b>5.26%</b>	<b>1,048</b>	<b>17.32%</b>
<b>Total assets placed by the network</b>	<b>25,173</b>	<b>25,184</b>	<b>23,705</b>	<b>-11</b>	<b>-0.04%</b>	<b>1,468</b>	<b>6.19%</b>

### 3. Group Indirect Inflows

The banking group's total indirect inflows (not limited to the "**Assoreti** market") 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. In detail:

#### 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)	30/09/2007	30/06/2007	31/12/2006	Change vs.			
				30/06/2007		31/12/2006	
				Amount	%	Amount	%
Funds and SICAVs	5,557	5,879	5,640	-322	-5.48%	-83	-1.47%
- attributable to the banking group's GPF	1,766	2,019	2,065	-253	-12.53%	-299	-14.48%
GPF/GPM	4,875	4,951	5,043	-76	-1.54%	-168	-3.33%
<b>Total assets managed by the banking group, net of managed securities portfolios included in the GPF of the banking group</b>	<b>8,666</b>	<b>8,811</b>	<b>8,618</b>	<b>-145</b>	<b>-1.65%</b>	<b>48</b>	<b>0.56%</b>

The total value of investment funds managed by the banking group amounted to 5,557 million euros at 30 September 2007; of this amount, 2,064 million euros were attributable to management mandates on funds and SICAVs set up by third parties and 1,633 million euros were included in the banking group's asset-management portfolio, which grew 5.48% compared to the previous quarter and 1.47% compared to the end of 2006.

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 30 September 2007 amounted to 4,875 million euros compared to 5,043 million euros at 31 December 2006, and 4,951 million euros at 30 June 2007.

#### *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.

The total value of third-party asset management products at year-end was 6,188 million euros, up 10.66% compared to 31 December 2006, stable compared to 30 June 2007.

(€ million)	30/09/2007	30/06/2007	31/12/2006	Change vs.			
				30/06/2007		31/12/2006	
				Amount	%	Amount	%
Funds and SICAVs	5,925	5,962	5,363	-37	-0.62%	562	10.48%
GPF/GPM	263	268	229	-5	-1.87%	34	14.85%
<b>Total third-party product asset management</b>	<b>6,188</b>	<b>6,230</b>	<b>5,592</b>	<b>-42</b>	<b>-0.67%</b>	<b>596</b>	<b>10.66%</b>

#### *Third-party insurance products*

Investments in insurance and pension instruments mainly refers to life products, unit-linked policies, and index-linked policies of La Venezia Assicurazioni. At 30 September 2007, assets amounted to 4,475 million euros, virtually unaltered compared to December 2006 and June 2007.

(€ million)	30/09/2007	30/06/2007	31/12/2006	Change vs/			
				30/06/2007		31/12/2006	
				Amount	%	Amount	%
Insurance products (unit linked, policies, etc)	4,475	4,551	4,527	-76	-1.67%	-52	-1.15%
<b>Total third-party insurance products</b>	<b>4,475</b>	<b>4,551</b>	<b>4,527</b>	<b>-76</b>	<b>-1.67%</b>	<b>-52</b>	<b>-1.15%</b>

#### Assets under administration and custody

Indirect inflows consisted of securities deposited by customers for custody and administration in portfolios opened mainly with the Parent Company Banca Generali and Banca BSI Italia and, to a lesser extent, with other institutions (approximately 36 million euros at 30 September 2007); at the end of June 2007, the market value of the banking group's indirect inflows of assets under administration and custody stood at 13,682 million euros, compared to 12,500 million euros at the end of 2006 (+9.46%) and 12,890 million euros at the end of June 2007 (+6.14%).

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 market value of the banking group's indirect inflows of assets under administration and custody increased by +23.73% compared to 31 December 2006 and +5.73% compared to 30 June 2007.

(€ million)	30/09/2007	30/06/2007	31/12/2006	Change vs/			
				30/06/2007		31/12/2006	
				Amount	%	Amount	%
<b>Indirect inflows of assets under administration and custody of the banking group (market value)</b>	<b>13,682</b>	<b>12,890</b>	<b>12,500</b>	<b>792</b>	<b>6.14%</b>	<b>1182</b>	<b>9.46%</b>
<i>of which Generali assicurazioni securities portfolios</i>	9,287	8,733	8,948	554	6.34%	339	3.79%
<i>of which other customer securities portfolios</i>	4,395	4,157	3,552	238	5.73%	843	23.73%
<b>Indirect inflows of assets under administration and custody (market value)</b>	<b>36</b>	<b>34</b>	<b>-{}--{}-0</b>	<b>2</b>	<b>5.88%</b>	<b>36</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 at 30 September 2007 provides a summary of the key asset and liability items and a comparison with the corresponding figures at 31 December 2006 and 30 June 2007.

The consolidated Profit and Loss Account is presented in a condensed, reclassified format and states the intermediate profit margins that make up net profit.

The figures stated in the consolidated statement of operations at 30 September 2007 and for the third quarter of 2007 are compared with the figures for the same periods of 2006.

The statement of changes in net equity and the cash flow statement refer to the period from the beginning of the year to 30 September 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 and for the Consolidated Half-Year Report at 30 June 2007.

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 abs. Ord.
			Investor	% of ownership interest	
A. Companies in consolidated accounts					
<i>A.1 recognised using the line-by-line method</i>					
- 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 Italia 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 general shareholders' meeting)

The Group's consolidated accounts changed compared to the same period in 2006 due to the acquisition of Banca BSI Italia S.p.A. and San Alessandro Fiduciaria S.p.A, both of which were acquired on 1 July 2006. The consolidated Profit and Loss Account at 30 September 2006, presented for comparative purposes, therefore includes the effects of the aforementioned acquisitions solely from the third quarter of 2006. In the interest of greater comparability of results, changes in the main items of the Profit and Loss Account will nonetheless be indicated assuming a homogenous consolidation area.

The consolidated accounts include the separate accounts of the Parent Company and the subsidiaries at 30 September 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

At 30 September 2007, total consolidated assets were up significantly compared both to the end of 2006 (+2.8%) and the half-yearly figures, rising to 3.68 billion euros (+13.1%).

Total direct inflows, inflows from credit institutions and core loans all increased compared to year-end 2006. However, total direct inflows grew by 17 million euros (+0.6%), while total loans increased 107 million euros (+3.2%).

Against this backdrop, interbank position fell from 852 to 618 million euros, a decrease of 234 million (-27.4%). Trading, on the other hand, continued to increase, rising from 2,108 million euros at the end of 2006 to 2,297 million euros at the end of September 2007, or a total of 189 million euros (9%).

The performance of aggregates was more pronounced on a quarterly basis, with inflows and core loans up 421.6 and 427.8 million euros. Inflows surged by 332.5 million euros, whereas the exposure to banks increased (+529.4 million euros) and the volume of the trading investment portfolio declined (-125.5 million euros).

#### Direct Inflows

(€ thousand)	30/09/2007	31/12/2006	Changes		30/06/2007
			Amount	%	
Transfer accounts	2,143,933	2,248,052	- 104,119	-4.6%	1,800,010
Repurchase agreements	761,152	677,823	83,329	12.3%	696,841
AUM current accounts	38,282	60,404	- 22,122	-36.6%	31,652
Term deposits	123,852	62,607	61,245	97.8%	204,257
Other debts	3,676	4,791	- 1,115	-23.3%	5,598
<b>Total direct inflows</b>	<b>3,070,895</b>	<b>3,053,677</b>	<b>17,218</b>	<b>0.6%</b>	<b>2,738,358</b>
<b>Total inflows from credit institutions</b>	<b>194,531</b>	<b>40,392</b>	<b>154,139</b>	<b>381.6%</b>	<b>105,505</b>
<b>Total interest-bearing inflows</b>	<b>3,265,426</b>	<b>3,094,069</b>	<b>171,357</b>	<b>5.5%</b>	<b>2,843,863</b>

#### Lending

(€ thousand)	30/09/2007	31/12/2006	Changes		30/06/2007
			Amount	%	
Loans to banks	812,901	892,471	- 79,570	-8.9%	283,546
Loans to customers	352,387	349,713	2,674	0.8%	328,266
Trading	2,296,938	2,108,052	188,886	9.0%	2,422,486
Assets available for sale	32,445	36,998	- 4,553	-12.3%	32,595
<b>Total interest-bearing financial assets and loans</b>	<b>3,494,671</b>	<b>3,387,234</b>	<b>107,437</b>	<b>3.2%</b>	<b>3,066,893</b>

### Net interbank position

(€ thousand)	30/09/2007	31/12/2006	Change		30/06/2007
			Amount	%	
Loans to banks	812,901	892,471	- 79,570	-8.9%	283,546
Due to banks	- 194,531	- 40,392	- 154,139	381.6%	- 105,505
<b>Net interbank position</b>	<b>618,370</b>	<b>852,079</b>	<b>- 233,709</b>	<b>-27.4%</b>	<b>178,041</b>

### Net equity and treasury shares

Group net equity at 30 September 2007 amounted to 201.7 million euros, a 3.6 million euro decrease compared to the year-end 2006 figure.

This decline may be attributed to the funding of dividends distributed in the second quarter of 2007 (11.0 million euros) and the repurchase of treasury shares in service of stock granting/option plans for top management approved in 2006 (3.9 million euros), gross of stock allotted under old stock granting plans for financial advisors (0.2 million euros).

Positive contributions to the banking Group's net equity were forthcoming from reserves for the measurement of AFS at fair value, accounting for stock option plans under IFRS 2 (2.0 million euros), and profits for the year previously set aside to reserves (3.0 million euros).

(€ thousand)	30/09/2007	31/12/2006	Changes	
			Amount	%
1. Share capital	111,313	111,313	-	0.0%
2. Additional paid-in capital	22,804	22,804	-	0.0%
3. Reserves	66,508	61,886	4,622	7.5%
4. (Treasury shares)	- 9,506	- 5,851	- 3,655	62.5%
5. Valuation reserves	1,210	1,065	145	13.6%
6. Equity instruments	-	-	-	0.0%
7. Net profit (loss) for the period	9,342	14,023	- 4,681	-33.4%
<b>Total net equity</b>	<b>201,671</b>	<b>205,240</b>	<b>- 3,569</b>	<b>-1.7%</b>

In the first nine months of the year, the Group purchased 361,774 own shares. Of these, 78,000 were purchased by the subsidiary BSI Italia S.p.A. for 3.9 million euros in conjunction with stock granting/stock option plans for top management.

Another 62,726 shares amounting to 0.2 million euros were allocated to the financial advisors who were eligible for the former Prime Consult stock granting plans.

Therefore, Banca Generali has a total of 1,431,660 treasury shares (of which 78,000 through Banca BSI Italia) amounting to 9.5 million euros in relation to stock granting/stock option plans for the former Prime Consult financial advisors and the bank's top management.

Banca Generali also owns 44,188 shares of the Parent Company, Assicurazioni Generali, amounting to 1.4 million euros in relation to a stock option plan available to the Chief Executive Officer.

**Reconciliation Statement Between Parent Company Net Equity and Net Profit and the Consolidated Net Equity and Net Profit**

(€ thousand)	30 September 2007		
	Capital and reserves	Net profit	Net equity
<b>Banca Generali S.p.A. Financial Statements</b>	<b>178,520</b>	<b>21,837</b>	<b>200,357</b>
Differences between net equity and book value of companies consolidated using the line-by-line method	<b>1,633</b>	-	<b>1,633</b>
- <i>Income carried forward of subsidiary companies</i>	1,682	-	1,682
- <i>Reserve shared based payments IFRS2</i>	39	-	39
- <i>Other differences</i>	- 88	-	- 88
Dividends from consolidated companies	<b>12,669</b>	- <b>12,669</b>	-
Consolidated companies result for the period	-	<b>167</b>	<b>167</b>
Valuation reserves - consolidated companies	<b>280</b>	-	<b>280</b>
Consolidation adjustments	- <b>773</b>	<b>7</b>	- <b>766</b>
- <i>Treasury shares held by subsidiaries</i>	- 773	7	- 766
<b>Banca Generali Consolidated Financial Statements</b>	<b>192,329</b>	<b>9,342</b>	<b>201,671</b>

## 4.4 Operating Performance

The following tables and notes provide an analysis of the operating results for third quarter of 2007 compared to those for the same period of 2006.

(€ thousand)	30/09/2007		30/09/2006		Q3		Q3		Change %	Change %
					2007	2006			vs. 2006	vs quarter
<b>Net interest</b>	<b>31,439</b>	<b>19,356</b>	<b>11,254</b>	<b>8,984</b>	<b>62,4%</b>	<b>25%</b>				
<b>Net commissions</b>	<b>115,514</b>	<b>93,293</b>	<b>37,238</b>	<b>28,672</b>	<b>23,8%</b>	<b>30%</b>				
Dividends	2,632	19,940	12	31	-86,8%	-61%				
Net income from banking operations	- 6,801	- 9,427	- 10,289	5,937	-27,9%	-273%				
<b>Net operating profit</b>	<b>142,784</b>	<b>123,162</b>	<b>38,215</b>	<b>43,624</b>	<b>15,9%</b>	<b>-12%</b>				
Staff expenses	- 41,060	- 34,213	- 13,031	- 13,345	20,0%	-2%				
Other general and administrative expense	- 53,970	- 49,982	- 18,898	- 17,777	8,0%	6%				
Net adjustments of property, equipment and intangible assets	- 5,054	- 5,891	- 1,781	- 2,243	-14,2%	-21%				
Other operating expense/income	6,120	6,262	2,314	2,511	-2,3%	-8%				
<b>Net operating expense</b>	<b>- 93,964</b>	<b>- 83,824</b>	<b>- 31,396</b>	<b>- 30,854</b>	<b>12,1%</b>	<b>2%</b>				
<b>Operating profit</b>	<b>48,820</b>	<b>39,338</b>	<b>6,819</b>	<b>12,770</b>	<b>24,1%</b>	<b>-47%</b>				
Net adjustments for non-performing loans	- 124	- 89	- 319	- 113	39,3%	182%				
Net adjustments of other assets	-	- 86	-	- 20	-100,0%	-100%				
Net provisions	- 30,614	- 25,805	- 6,454	- 667	18,6%	868%				
Gain (loss) from the disposal of equity investments	-	5	-	3	-100,0%	-100%				
<b>Operating profit before taxation</b>	<b>18,082</b>	<b>13,363</b>	<b>46</b>	<b>11,973</b>	<b>35,3%</b>	<b>-100%</b>				
Income taxes for the period on continuing operations	- 8,740	- 6,867	- 846	- 5,823	27,3%	-85%				
Net profit (loss) from non-current assets held for sale	-	-	-	-	0,0%	0%				
Profit (loss) for the period attributable to minority interests	-	-	-	-	0,0%	0%				
<b>Net profit</b>	<b>9.342</b>	<b>6.496</b>	<b>800</b>	<b>6.150</b>	<b>43,8%</b>	<b>-113%</b>				

On the whole, the Banca Generali Group's consolidated profit and loss account aggregates for the first nine months of the year show a continuation of the growth trends that began in 2006.

Consolidated operating profit reached 48.8 million euros at 30 September 2007, up 9.5 million euros (+ 24.1%) compared to the same period of 2006.

The increase in earnings was primarily due to organic growth through the development of the placement and distribution of financial and banking products, but was also driven by the expansion of the consolidation area to include Banca BSI Italia, which was only consolidated in the third quarter of 2006. However, even assuming a homogeneous consolidation area, the increase comes to 21.8%.

Earnings performance in the third quarter of 2007 was negatively affected primarily by the turbulence of international financial markets triggered by the U.S. sub-prime mortgage crisis beginning in July.

Quarterly operating profit came to 6.8 million euros, down from 20.4 million euros in the second half of 2006 and 12.7 million in the third quarter of 2006 (-47%).

This decline may be attributed to the loss on financial operations, which came to a net total of 10.3 million euros for the quarter, entirely related to the valuation component of the trading investment portfolio. The group's contribution from banking operations consequently fell from a profit of 3.5 million euros at 30 June 2007 to a net loss of 6.8 million.

Under these circumstances, the consolidated net profit at 30 September 2007 is projected to come to around 9.3 million euros, showing a slight decrease of 0.8 million euros compared to the half-yearly figure, a profit of 10.1 million.

The foregoing figure, however, includes 30.6 million euros in net provisions, up sharply from the same period of 2006 (+18.6%), largely related to expansion of the sales network and taxes.

EBITDA (income before taxes, net provisions, adjustments on loans/other assets, property, equipment and intangible assets) amounted to 53.9 million euros at 30 September 2007, up from 45.2 million euros in the same period of the prior year (46.6 million euros LfL).



## Net Interest Income

**Net interest income** amounted to 31.4 million euros at 30 September 2007, a 12.0 million euro increase (+62.4%), compared to the same period of 2006; this amounted to a 48.6 % growth LfL. The portion of net interest earned in the third quarter of 2007 came to 11.2 million euros, up compared both to the previous quarter (10.4 million euros) and the third quarter of 2006 (9.0 million euros).

On an yearly basis, the increase in the cost of inflows from customers (60.2 million euros; +45.9%) 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 (34.8 million euros; +114.8%), and, to an absolute lesser extent, loans to customers.

(€ thousand)	30/09/2007	30/09/2006	Change		30/06/2007
			Amount	%	
Financial assets held for trading	65,193	30,354	34,839	114,8%	41,978
Loans to banks	17,361	23,532	- 6,171	-26,2%	11,773
Loans to customers	10,796	7,017	3,779	53,9%	7,059
Other assets	68	122	- 54	-44,3%	44
<b>Total interest income</b>	<b>93,418</b>	<b>61,025</b>	<b>32,393</b>	<b>53,1%</b>	<b>60,854</b>
Due to banks	1,792	422	1,370	324,6%	924
Due to customers and securities issued	60,187	41,247	18,940	45,9%	39,745
<b>Total interest expense</b>	<b>61,979</b>	<b>41,669</b>	<b>20,310</b>	<b>48,7%</b>	<b>40,669</b>
<b>Net interest income</b>	<b>31,439</b>	<b>19,356</b>	<b>12,083</b>	<b>62,4%</b>	<b>20,185</b>

## Net Commissions

Aggregated commissions increased 22.2 million euros (+23.8%) at 30 September 2007, compared to the same period of the previous year. This item increased 14.3% LfL.

The third quarter 2007 figure amounted to 37.2 million euros, a slight decrease compared to the previous quarter (38.1 million euros), up 29.9% compared to the third quarter 2006 (28.7 million euros).

(€ thousand)	30/09/2007	30/09/2006	Change		30/06/2007
			Amount	%	
Asset management	101,216	83,460	17,756	21.3%	67,236
Placement of securities	62,697	53,499	9,198	17.2%	40,333
Distribution of third-party financial products	38,708	33,740	4,968	14.7%	24,845
Dealing in securities and currencies	3,707	3,582	125	3.5%	2,712
Order collection, custody, and securities administration	11,238	7,787	3,451	44.3%	8,091
Collection and payment services	1,754	1,275	479	37.6%	1,177
Other services	1,679	1,928	- 249	-12.9%	1,024
<b>Total commission income</b>	<b>220,999</b>	<b>185,271</b>	<b>35,728</b>	<b>19.3%</b>	<b>145,418</b>
Commissions for external offer	100,507	87,654	12,853	14.7%	63,663
Collection and payment services	1,698	733	965	131.7%	960
Dealing in securities and custody	2,287	2,567	- 280	-10.9%	1,648
Asset management	39	24	15	62.5%	22
Other	954	1,000	- 46	-4.6%	849
<b>Total commission expense</b>	<b>105,485</b>	<b>91,978</b>	<b>13,507</b>	<b>14.7%</b>	<b>67,142</b>
<b>Net commissions</b>	<b>115,514</b>	<b>93,293</b>	<b>22,221</b>	<b>23.8%</b>	<b>78,276</b>

Commission income for the first nine months of the year increased 35.7 million euros in the first nine months of the year (up +19.3 %), largely attributable to the higher 31.9 million euros contribution from the sale of personal financial services to households (+18,7%).

Commission income from other banking services offered to customers increased 3.8 million euros, up a significant 26.1%, attributable to the 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 Banca BSI Italia operations.

(€ thousand)	30/09/2007	30/09/2006	Change		30/06/2007
			Amount	%	
Asset management, own					
1. Collective asset management (OICR, pension funds)	57,657	49,951	7,706	15.4%	38,924
2. Individual asset management	43,559	33,509	10,050	30.0%	28,312
<b>Commissions on asset management</b>	<b>101,216</b>	<b>83,460</b>	<b>17,756</b>	<b>21.3%</b>	<b>67,236</b>
1. Placement of third-party OICRs	50,462	50,204	258	0.5%	33,700
2. Bond placement	10,379	3,256	7,123	218.8%	4,777
3. Other placement operations	1,856	39	1,817	4659.0%	1,856
4. Distribution of third-party assets management products (GPM/GPF, pension funds)	2,881	1,868	1,013	54.2%	1,635
5. Distribution of third-party insurance products	31,195	26,699	4,496	16.8%	19,896
6. Distribution of other third-party financial products	4,632	5,173	541	-10.5%	3,314
Placement and distribution of third-party products	101,405	87,239	14,166	16.2%	65,178
<b>Total</b>	<b>202,621</b>	<b>170,699</b>	<b>31,922</b>	<b>18.7%</b>	<b>132,414</b>

Commissions generated by the Group's individual and collective asset management segments increased by 17.8 million euros (21.3%), with a higher growth recorded in individual asset management (+30.0%).

Turning to the placement and distribution of third-party services, growth of 14.2 million euros compared to the first nine months of 2006 (+16.2%) was mainly due to bond placements with institutional investors and the FA network (+7.1 million euros) and the distribution of insurance products (+4.5 million euros).

The foregoing trend is also borne out by the figures from the third quarter of 2007, which, however, show a slowdown in the collective asset management segment.

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

	30/09/2007	30/09/2006	Change		30/06/2007	
			Amount	%		
Commissions	44,791	32,271	12,520	38.8%	29,206	
Management commissions	157,975	136,589	21,386	15.7%	102,370	
Incentive commissions	387	1,563	-	1,176	-75.2%	296
Other commissions (other banking and financial services)	17,846	14,848	2,998	20.2%	13,545	
	<b>220,999</b>	<b>185,271</b>	<b>35,728</b>	<b>19.3%</b>	<b>145,417</b>	

Net commissions also include 12.9 million euros (+14.7%) in commission expenses for external offer commissions paid to the distribution network, attributable to higher volume traded in the period.

### **Net profit from trading and financial operations**

Net profit from trading operations includes gains and losses on sales and capital gains/loss on assessments of fair value of financial assets and liabilities held for trading or available for sale, as well as the income and loss from the transfer of financial assets available for sale and the result of hedging operations.

The result at the end of the third quarter of 2007 was a net loss of 6.8 million, compared to a net loss of 9.4 million for the same period of the previous year, with an improvement of 2.6 million euros.

The year-on-year comparison was strongly influenced by the transactions involving Total Return Swaps on equity securities in 2006 (for an explanation, see the consolidated financial statements at 31 December 2006), which generated a loss from trading operations amounting to 16.6 million and dividends totalling 18.1 million. If the foregoing transactions are therefore considered as a whole, the contribution of trading operations posted a loss of 6.6 million euros at 30 September, compared to net income of 8.7 million euros during the same period of 2006.

(€ thousand)	30.09.2007		30.09.2006		Change		30.06.2007
					Amount	%	
Net income (loss) on financial assets	5,846	-	25,609		31,455	-122.8%	3,248
Gain (loss) on financial assets	-	21,272	1,077	-	22,349	-2075.1%	-
Income (loss) on derivatives	1,002		16,079	-	15,077	-93.8%	668
Gain (loss) on derivatives	6,081	-	1,484		7,565	-509.8%	4,511
<b>Securities transactions</b>	<b>-</b>	<b>8,343</b>	<b>-</b>	<b>9,937</b>	<b>1,594</b>	<b>-16.0%</b>	<b>2,286</b>
<b>Currency transactions</b>	<b>1,055</b>		<b>510</b>		<b>545</b>	<b>106.9%</b>	<b>715</b>
<b>Net profit from trading</b>	<b>-</b>	<b>7,288</b>	<b>-</b>	<b>9,427</b>	<b>2,139</b>	<b>-22.7%</b>	<b>3,001</b>
Net profit from hedging	-		-		-	0.0%	-
Income (loss) from repurchases	487		-		487	0.0%	487
<b>Income (loss) from financial operations</b>	<b>-</b>	<b>6,801</b>	<b>-</b>	<b>9,427</b>	<b>2,626</b>	<b>-27.9%</b>	<b>3,488</b>

The income on financial operations for the quarter incorporates a decline of 10.3 million due to the negative performance of international financial markets.

In further detail, the market valuation of the trading book at 30 September 2007 included 15.2 million euros in capital losses, 13.6 million more than recorded at 30 June. The above situation was only partially offset by net gains on trading activities, which were up by 2.9 million euros, for a total of 6.8 million.

(€ thousand)	Gains on trading and dividends		Loss from trading	Capital gains	Capital loss	30/09/2007		30/09/2006	
1. Debt securities transactions	1,412		419	714	11,730	-	10,023	-	737
2. Equity securities transactions	4,837		2,344	184	3,601	-	924		6,236
<i>Equity securities</i>	2,886		746	133	3,574	-	1,301		7,420
<i>Options on equity securities</i>	1,951		1,598	51	27		377	-	1,184
3. Total return swap (TRS)	1,104		714	5,810	5,810		390		1,556
<i>Equity securities (TRS transactions)</i>	-		-	-	5,810	-	5,810	-	33,072
<i>Related dividends</i>	726						726		18,142
<i>Derivatives</i>	378		714	5,810	-		5,474		16,486
4. OICR unit transactions	2,705		7	92	1,097		1,693		1,857
5. Interest rate swaps (IRS)	1,157		113	316	96		1,264	-	880
6. Currency transactions	6		50	27	-		1,038		683
Derivatives	6		50	27	-		17		
Other							1,055		683
<b>Net profit from trading</b>	<b>11,221</b>		<b>3,647</b>	<b>7,143</b>	<b>22,334</b>	<b>-</b>	<b>6,562</b>		<b>8,715</b>

The debt securities segment posted a total net loss of 10.0 million due to the adjustment of the bond portfolio to its fair value at the end of the period, which led to the recognition of 11.7 million euros in losses.

The equity securities component generated net gains of 6.2 million euros, while the OICR component contributed 1.7 million euros, with 1.0 million euro net losses from NAV valuation at period-end.

As for interest rate trading, the bank entered into one-year interest rate swap contracts to replicate the outperformance of insurance transactions over market rates.

As for Total Return Swaps, the only equity swap contract still outstanding generated a gain of 0.4 million euros, determined by total negative differentials accrued, amounting to 0.3 million euros, and dividends received amounting to 0.7 million.

## Operating expenses

Total operating expenses, including staff expenses, other general and administrative expense, depreciation, amortisation and other operating income and expense increased by 10.1 million euros (+12.1%) in the first nine months of the year, 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. On a like-for-like basis, the total did not change significantly compared to 30 September 2006 (+0.18%).

The total for the third quarter of 2007 amounted to 31.4 million euros, with a decrease compared to the second quarter of 2007 (32.6 million euros) and virtually in line with the third quarter of the previous year (+1.76%).

(€ thousand)	30/09/2007	30/09/2006	Change		30/06/2007
			Amount	%	
Staff expenses	- 41,060	- 34,213	- 6,847	20.0%	- 28,029
Other general and administrative expense	- 53,970	- 49,982	- 3,988	8.0%	- 35,072
Net adjustments of property, equipment and intangible assets	- 5,054	- 5,891	837	-14.2%	- 3,273
Other income and expenses	6,120	6,262	142	-2.3%	3,806
<b>Operating expense</b>	<b>- 93,964</b>	<b>- 83,824</b>	<b>- 10,140</b>	<b>12.1%</b>	<b>- 62,568</b>

Against this backdrop, expenses for employees, interim staff and directors were up compared to the same period of 2006 by 6.8 million euros (+20.0%) due to the effect of the full extension of the consolidation area to include Banca BSI Italia; with a homogenous consolidation area, the increase in personnel costs came to 3.7%.

(€ thousand)	30/09/2007	30/09/2006	Change		30/06/2007
			Amount	%	
<b>1) Employees</b>	<b>39,639</b>	<b>32,870</b>	<b>6,769</b>	<b>20.6%</b>	<b>27,047</b>
Wages and salaries	23,854	19,387	4,467	23.0%	16,839
Social security charges	6,187	5,252	935	17.8%	4,421
Termination indemnity	619	1,481	- 862	-58.2%	804
Contributions to outside supplemental pension funds	1,860	1,311	549	41.9%	961
Costs related to payment agreements based on own financial instruments	532	-	532	0.0%	353
Other employee benefits	6,587	5,439	1,148	21.1%	3,669
<b>2) Other staff</b>	<b>75</b>	<b>421</b>	<b>- 346</b>	<b>-82.2%</b>	<b>46</b>
<b>3) Directors</b>	<b>1,346</b>	<b>922</b>	<b>424</b>	<b>46.0%</b>	<b>936</b>
<b>Total</b>	<b>41,060</b>	<b>34,213</b>	<b>6,847</b>	<b>20.0%</b>	<b>28,029</b>

	30/09/2007	30/09/2006	Change		30/06/2007
Managers	41	44	- 3		44
3 <sup>rd</sup> and 4 <sup>th</sup> level executives	96	110	- 14		107
Other employees	582	558	24		573
<b>Total</b>	<b>719</b>	<b>712</b>	<b>7</b>		<b>724</b>
Non-employed staff (collaborators, temporary workers, etc.)	12	9	3		9
<b>Total</b>	<b>731</b>	<b>721</b>	<b>10</b>		<b>733</b>

**Other general and administrative expense** amounted to 54.0 million euros, an increase of approximately 4.0 million euros compared to the same period of the previous year (+8.0%), mainly attributable to the expanded consolidation area; this item remained virtually stable LfL (+0.1%).

(€ thousand)	30/09/2007	30/09/2006	Change		30/06/2007
			Amount	%	
<b>Administration</b>	<b>4,747</b>	<b>4,967</b>	<b>-220</b>	<b>-4.4%</b>	<b>3,207</b>
Advertising	770	300	470	156.7%	455
Consultancy and professional advice expense	976	2,292	-1,316	-57.4%	674
Corporate boards and auditing firms	501	437	64	14.6%	496
Other general costs (insur. T&E)	2,500	1,938	562	29.0%	1,582
<b>Operations</b>	<b>23,700</b>	<b>22,725</b>	<b>975</b>	<b>4.3%</b>	<b>15,058</b>
Rent and usage of premises	9,920	8,139	1,781	21.9%	6,330
Outsourced services	5,774	6,068	-294	-4.8%	3,987
Post and telephone	2,297	2,653	-356	-13.4%	1,726
Print material and contracts	1,344	719	625	86.9%	555
Other operating expenses	4,365	5,146	-781	-15.2%	2,460
<b>Information system and equipment</b>	<b>19,673</b>	<b>16,844</b>	<b>2,829</b>	<b>16.8%</b>	<b>12,923</b>
Outsourced IT services	14,088	11,275	2,813	24.9%	8,893
Fees for financial databases and other IT services	2,799	2,540	259	10.2%	2,120
Software maintenance and servicing Sw	1,379	1,669	-290	-17.4%	856
Other expenses (equipment rental, maintenance, etc.)	1,407	1,360	47	3.5%	1,054
<b>Taxes and duties</b>	<b>5,850</b>	<b>5,446</b>	<b>404</b>	<b>7.4%</b>	<b>3,884</b>
<b>Total other general and administrative expense</b>	<b>53,970</b>	<b>49,982</b>	<b>3,988</b>	<b>8.0%</b>	<b>35,072</b>

The ratio of operating expenses, before adjustments to property, equipment and intangible assets, to net banking income (cost/income ratio) improved to 62.3 % at the end of the six-month period from 63.3% for the same period of 2006 (65.2% LfL).

### Operating profit and net profit for the period

As illustrated in the foreword, at 30 September 2007 **operating profit** amounted to 48.8 million euros, an increase of 9.5 million euros compared the same period of 2006 (+24.1%).

**Operating profit before taxes** amounted to 18.1 million euros, net of provisions amounting to 30.6 million euros, thus sharply increasing 4.7 million euros compared to the comparison period (+35.3%).

(€ thousand)	30/09/2007	30/09/2006	Change	
			Amount	%
<b>Net operating profit</b>	<b>142,784</b>	<b>123,162</b>	<b>19,622</b>	<b>15.9%</b>
<b>Operating expense</b>	<b>- 93,964</b>	<b>- 83,824</b>	<b>- 10,140</b>	<b>12.1%</b>
<b>Operating profit</b>	<b>48,820</b>	<b>39,338</b>	<b>9,482</b>	<b>24.1%</b>
Net adjustments for non-performing loans	- 124	- 89	- 35	39.1%
Net adjustments of other assets	-	86	86	-100.0%
Net provisions	- 30,614	- 25,805	- 4,809	18.6%
Gain (loss) from the disposal of equity investments	-	5	5	-100.0%
<b>Operating profit before taxation</b>	<b>18,082</b>	<b>13,363</b>	<b>4,719</b>	<b>35.3%</b>
Income taxes for the period on continuing operations	- 8,740	- 6,867	-1873	27.3%
<b>Net profit</b>	<b>9,342</b>	<b>6,496</b>	<b>2846</b>	<b>43.8%</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**, consisting of IRES (Italy's corporate income tax) and IRAP (Italy's regional tax on production activities), were estimated at 8.7 million euros.

**Net profit for the period** amounted to 9.3 million euros, an increase of 2.8 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 Banca BSI Italia;

- 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 Banca BSI Italia.

The following tables include figures from the consolidated Balance Sheet and Profit and Loss Account 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	2,296,938	2,289,835	7,103	-
Other financial assets	32,445	13,584	18,861	-
Loans to customers	352,387	346,863	22,074	- 16,550
Due to customers	- 3,070,895	- 3,034,043	- 41,399	4,547
Net interbank position	618,370	619,705	- 13,230	11,895
Equity investments	34	27,706	-	- 27,672
Property, equipment and intangible assets	22,263	17,895	79	4,289

#### *Distribution by Business Segment: Profit and Loss Account Figures*

##### *Breakdown of net profit by business segment*

(€ thousand)	30/09/2007	30/09/2006	Change		3Q 2007	H1 2007
			Amount	%		
Distribution segment	848	- 206	1,054	511.7%-	3,660	4,508
Asset management segment	8,494	6,702	1,792	26.7%	2,860	5,634
<b>Group net profit</b>	<b>9,342</b>	<b>6,496</b>	<b>2,846</b>	<b>44%-</b>	<b>800</b>	<b>10,142</b>

	Group		Distribution		Asset		Cancellation		Group		Distribution		Asset		Cancellation	
	30/09/2007		30/09/2007		management		30/09/2006		30/09/2006		management		30/09/2006		30/09/2006	
Interest income	93.418		92.225		1.288		95		61.025		60.379		731		86	
Interest expense	-	61.979	-	62.065	-	9	-	95	-	41.669	-	41.756	-	4	-	91
<b>Net interest income</b>	<b>31.439</b>		<b>30.160</b>		<b>1.279</b>		<b>-</b>		<b>19.356</b>		<b>18.623</b>		<b>727</b>		<b>5</b>	
Commission income	220.999		194.694		98.694		72.389		185.271		161.089		82.127		57.944	
Commission expense	-	105.485	-	101.043	-	76.129	-	71.687	-	91.978	-	88.741	-	60.848	-	57.611
<b>Net commissions</b>	<b>115.514</b>		<b>93.651</b>		<b>22.565</b>		<b>702</b>		<b>93.293</b>		<b>72.043</b>		<b>21.584</b>		<b>333</b>	
Dividends		2.632		2.632		-		-		19.940		19.940		-		-
Net income from banking operations	-	6.801	-	7.285		484		-	-	9.427	-	9.405	-	22		-
Net income from insurance operations		-		-		1		2		-		-		1		2
<b>Net operating profit</b>	<b>142.784</b>		<b>119.158</b>		<b>24.328</b>		<b>702</b>		<b>123.162</b>		<b>101.200</b>		<b>22.290</b>		<b>327</b>	
Staff expenses	-	41.060	-	36.696	-	4.363		1	-	34.213	-	29.586	-	4.651		24
Other general and administrative expense	-	53.970	-	49.105	-	6.668		1.803	-	49.982	-	43.901	-	6.534		452
Net adjustments of property, equipment and intangible assets	-	5.054	-	5.002	-	52		-	-	5.891	-	5.814	-	77		-
Other operating expense/income		6.120		6.473		747		1.100		6.262		6.252		159		149
<b>Net operating expense</b>	<b>- 93.964</b>		<b>- 84.330</b>		<b>- 10.336</b>		<b>- 702</b>		<b>- 83.824</b>		<b>- 73.049</b>		<b>- 11.103</b>		<b>327</b>	
<b>Operating profit</b>	<b>48.820</b>		<b>34.828</b>		<b>13.992</b>		<b>-</b>		<b>39.338</b>		<b>28.151</b>		<b>11.186</b>		<b>-</b>	
Net adjustments for non-performing loans	-	124	-	124		-		-	-	89	-	89		-		-
Net adjustments of other financial assets		-		-		-		-	-	86	-	86		-		-
Net provisions	-	30.614	-	30.614		-		-	-	25.805	-	25.805		-		-
Gain (loss) from the disposal of equity investments		-		-		-		-		5		5		-		-
<b>Operating profit before taxation</b>	<b>18.082</b>		<b>4.090</b>		<b>13.992</b>		<b>-</b>		<b>13.363</b>		<b>2.176</b>		<b>11.186</b>		<b>-</b>	
Income taxes for the period on continuing operations	-	8.740	-	3.242	-	5.498		-	-	6.867	-	2.382	-	4.485		-
Income (loss) from non-current assets		-		-		-		-		-		-		-		-
Profit (loss) for the period attributable to minority interests		-		-		-		-		-		-		-		-
<b>Net profit</b>	<b>9.342</b>		<b>848</b>		<b>8.494</b>		<b>-</b>		<b>6.496</b>		<b>206</b>		<b>6.702</b>		<b>-</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 8.7 billion euros.

(€ million)	30/09/2007			30/06/2007			31/12/2006			Change vs.			
										30/06/2007		31/12/2006	
										Amount	%	Amount	%
Funds and SICAVs		5,557		5,879		5,640		-322		-5.48%	-83		-1.47%
- attributable to the banking group's GPF		1,766		2,019		2,065		-253		-12.53%	-299		-14.48%
GPF/GPM		4,875		4,951		5,043		-76		-1.54%	-168		-3.33%
<b>Total assets managed by the banking group, net of managed securities portfolios included in the GPF of the banking group</b>		<b>8,666</b>		<b>8,811</b>		<b>8,618</b>		<b>-145</b>		<b>-1.65%</b>	<b>48</b>		<b>0.56%</b>

\*includes discretionary account (GPM) amounts held in current accounts for a total of 38 million euros.

In the first six months of 2007, this area generated commissions (net of the commissions remitted to the distribution network) amounting to 22.6 million euros, contributing approximately 8.5 million euros to net profit, of which 2.9 million euros for the third quarter.

#### 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 approximately 31.9 billion euros, of which about 7.5 billion euros consists of products relating to the wealth management area.



(€ million)	30/09/2007	30/06/2007	31/12/2006	Change vs/			
				30/06/2007		31/12/2006	
				Amount	%	Amount	%
Indirect inflows (under administration and custody)	13,718	12,924	12,500	794	6.14%	1,218	9.74%
Indirect inflows (asset management)	13,713	13,990	13,045	-277	-1.98%	668	5.12%
Indirect inflows (insurance products)	4,475	4,551	4,527	-76	-1.67%	-52	-1.15%
<b>Total, gross</b>	<b>31,906</b>	<b>31,465</b>	<b>30,072</b>	<b>441</b>	<b>1.40%</b>	<b>1,834</b>	<b>6.10%</b>
- amount already included in asset management segment	7,525	7,760	7,453	-235	-3.03%	72	0.97%
<b>Total, net</b>	<b>24,381</b>	<b>23,705</b>	<b>22,619</b>	<b>676</b>	<b>2.85%</b>	<b>1,762</b>	<b>7.79%</b>

In the first nine months of 2007, this area generated commissions (net of the commissions remitted to the financial advisor network) amounting to 93.6 million euros, contributing approximately 0.9 million euros to net profit, of which 3.7 million euros for the third quarter.

This figure was also impacted by additions to net provisions for liabilities and contingencies totalling 30.6 million euros aimed at reinforcing the distribution network.

## 6. Human Resources

### 6.1 Employees

The total number of Group employees reached 719, an increase of 7 employees compared to 30 September 2006 due in part to acquisition of Banca BSI Italia in the second half of 2006.

	30/09/2007	30/09/2006	Change	30/06/2007
Managers	41	44	-	3
3 <sup>rd</sup> and 4 <sup>th</sup> level executives	96	110	-	14
Other employees	582	558	24	573
<b>Total</b>	<b>719</b>	<b>712</b>	<b>7</b>	<b>724</b>
Non-employed staff (collaborators, temporary workers, etc.)	12	9	3	9
<b>Total</b>	<b>731</b>	<b>721</b>	<b>10</b>	<b>733</b>

In the first nine 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.

After mapping out management skills within the executive and middle manager population, feedback and development interviews were held to launch personalised development plans.

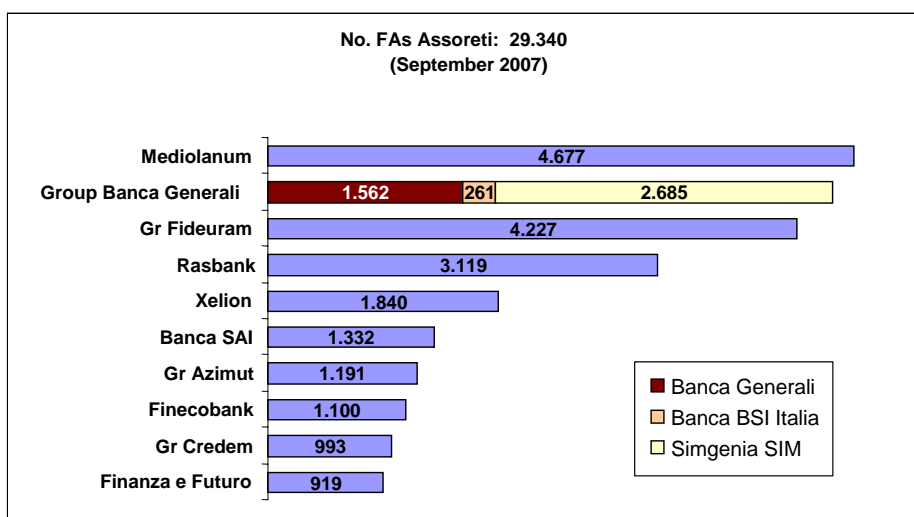
Business communication workshops, which gave rise to a working plan for the implementation of these plans, were also concluded.

### 6.2 Financial Advisors

At the end of September, the Banca Generali Group had a distribution network that ranked among the largest in Italy by number of advisors: 1,562 Banca Generali advisors, 2,685 Simgenia advisors, and 261 Banca BSI Italia advisors, for a total of 4,508 professionals.

The network's composition was influenced by the Group's reorganisation at the beginning of 2007 (effective date of the in-kind contribution of the Private Banking division by Banca Generali to Banca BSI Italia), which resulted in the transfer of 200 of Banca Generali's financial advisors to Banca BSI Italia to fill the specific role of providing advisory and consulting services to private customers.





Banca Generali's financial advisor network covers an extensive area in Italy and are supported by a total of 196 bank branches and Advisor Offices.

Region	Banca Generali / BSI Italia Branches	Advisor Offices
Abruzzo	1	2
Calabria	1	4
Campania	3	12
Emilia Romagna	5	22
Friuli Venezia Giulia	2	3
Lazio	3	5
Liguria	3	16
Lombardy	7	18
Marche	1	5
Piedmont	5	13
Puglia	2	8
Sardinia		1
Sicily	1	6
Tuscany	2	16
Trentino Alto Adige		2
Umbria	1	2
Valle D'Aosta		2
Veneto	5	17
<b>Overall total</b>	<b>42</b>	<b>154</b>

Also in 2007, efforts to strengthen the financial advisor networks of Banca Generali and BSI Italia and improve the qualitative selection procedure were continued, resulting in the addition of 89 new professionals since the beginning of the year (40 at BSI); at Banca Generali, the new professionals were hired to replace advisors who had for the most part a low productivity.

This meant that the average assets per advisor in the two networks rose from 11 million euros at the end of 2006 to approximately 12 million euros in September 2007. Breaking down financial advisors into three clusters by assets shows the qualitative improvement in the network even more clearly.

	Sept-07	Dec-06	Delta %
<b>FAs with AUM &gt;10ml</b>	608	544	11.76%
<b>Standard FAs</b>	782	810	-3.46%
<b>FAs with AUM &lt;4ml</b>	433	530	-18.30%
<b>Total</b>	1,823	1,884	-3.24%

Simgenia's financial advisor network focus mainly on the insurance area, while assets under management are a secondary concern. As such, they are located only where the agencies of the Generali Group companies (Generali Assicurazioni, Alleanza, INA) are located, and their activities are intended to be supplementary to the insurance business. This explains the lower average assets under management for the Simgenia network (1.2 million euros).

	No. of FAs/ Bank./Rel.Man.	Assets (mln euro)	Assets per Advisor (mln euro)
Banca Generali:	1,562	14,555	9.3
Simgenia	2,685	3,326	1.2
BSI Italia	261	7,292	27.9

## 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 AG	The associates of Generali Group	Total Generali Group	Total P&L	% ratio
Interest income	957	44	1,001	93,418	1.1%
Interest expense	- 8,119	- 7,796	- 15,915	- 61,979	25.7%
<b>Net interest income</b>	<b>- 7,162</b>	<b>- 7,752</b>	<b>- 14,914</b>	<b>31,439</b>	<b>-47.4%</b>
Commission income	86	67,788	67,874	220,999	30.7%
Commission expense	- 172	- 4,175	- 4,347	- 105,485	4.1%
<b>Net commissions</b>	<b>- 86</b>	<b>63,613</b>	<b>63,527</b>	<b>115,514</b>	<b>55.0%</b>
Dividends	30	-	30	2,632	1.1%
Income (loss) on financial transactions	-	220	-	6,801	0.0%
<b>Operating profit</b>	<b>- 7,218</b>	<b>56,081</b>	<b>48,643</b>	<b>142,784</b>	<b>34.1%</b>
General and administrative expense	- 2,299	- 9,932	- 12,231	- 95,030	12.9%
Depreciation and amortisation	-	-	-	5,054	0.0%
Other net operating profit	108	715	823	6,120	13.4%
<b>Net operating expense</b>	<b>- 2,191</b>	<b>- 9,217</b>	<b>- 11,408</b>	<b>- 93,964</b>	<b>12.1%</b>
<b>Operating profit</b>	<b>- 9,409</b>	<b>46,864</b>	<b>37,235</b>	<b>48,820</b>	<b>76.3%</b>

(€ thousand)	Assets fin. trading	Liabilities fin. trading	Assets fin. AFS	Loans to customers	Loans to banks	Due to customers	Due to banks	Guarantees issued
Parent Company	-	-	1,357	26,437	-	359,595	-	-
Other associates belonging to the Generali Group	65,175	-	18,861	22,371	2,135	378,628	5,234	3,274
Directors and Managers with strat. resp.	-	-	-	749	-	2,045	-	-
Other related parties	-	-	-	-	-	-	-	-
<b>Total</b>	<b>65,175</b>	<b>-</b>	<b>20,218</b>	<b>49,557</b>	<b>2,135</b>	<b>740,268</b>	<b>5,234</b>	<b>3,274</b>

**ANNEXES**  
**Banca Generali S.p.A.**  
**Consolidated Quarterly Report at 30 September 2007**  
**Balance Sheet of the Parent Company**

<b>Assets</b>	<b>30/09/2007</b>	<b>30/06/2007</b>	<b>31/12/2006</b>	<b>Change</b>	<b>Change</b>
(€ thousand)				vs. 31/12	%
Financial assets held for trading	2,281,962	2,247,278	2,099,355	182,607	8.70%
Financial assets at fair value	-	-	-	-	0.00%
Financial assets available for sale	13,299	13,600	13,383	- 84	-0.63%
Loans to banks	797,863	236,636	784,322	13,541	1.73%
Loans to customers	261,718	241,028	282,066	- 20,348	-7.21%
Equity investments	66,123	66,063	46,063	20,060	43.55%
Property, equipment and intangible assets	12,178	12,954	16,191	- 4,013	-24.79%
Tax receivables	17,046	14,598	27,643	- 10,597	-38.34%
Other assets	73,917	78,419	120,038	- 46,121	-38.42%
<b>Total assets</b>	<b>3,524,106</b>	<b>2,910,576</b>	<b>3,389,061</b>	<b>135,045</b>	<b>3.98%</b>

<b>Liabilities and net equity</b>	<b>30/09/2007</b>	<b>30/06/2007</b>	<b>31/12/2006</b>	<b>Change</b>	<b>Change</b>
(€ thousand)				vs. 31/12	%
Due to banks	882,813	541,471	152,825	729,988	477.66%
Direct inflows	2,311,512	2,031,555	2,795,155	- 483,643	-17.30%
Financial liabilities held for trading	9,616	11,313	16,107	- 6,491	-40.30%
Tax payables	9,591	7,950	11,961	- 2,370	-19.81%
Other liabilities	84,889	89,744	163,786	- 78,897	-48.17%
Special purpose provisions	25,328	26,958	58,452	- 33,124	-56.67%
Valuation reserves	930	909	862	68	7.89%
Reserves	52,207	51,551	60,046	- 7,839	-13.05%
Additional paid-in capital	22,804	22,804	22,804	-	0.00%
Share capital	111,313	111,313	111,313	-	0.00%
Treasury shares (-)	- 8,734	- 8,744	- 5,851	- 2,883	49.27%
Net profit (loss) for the period (+/-)	21,837	23,752	1,601	20,236	1263.96%
<b>Total</b>	<b>3,524,106</b>	<b>2,910,576</b>	<b>3,389,061</b>	<b>135,045</b>	<b>3.98%</b>

**Banca Generali S.p.A.**  
**Consolidated Quarterly Report at 30 September 2007**  
**Profit and Loss Account of the Parent Company**

(€ thousand)	30/09/2007	30/09/2006	Change %	3Q 2007	3Q 2006	Change %
Net interest income	23,525	19,356	21.5%-	12,129	9,550	-227.0%
Net earned premiums	63,228	93,293	-32.2%	39,904	47,093	-15.3%
Dividends and income from equity investments	15,299	19,940	-23.3%	2,829	- 805	-451.4%
Net income from banking operations	- 8,031	- 9,427	14.8%-	9,610	5,926	-262.2%
Net income from insurance operations	#RIF!					
<b>Net operating profit</b>	<b>94,021</b>	<b>123,162</b>	<b>-23.7%</b>	<b>20,994</b>	<b>61,764</b>	<b>-66.0%</b>
Staff expenses	- 26,597	- 34,213	-22.3%-	17,627	- 17,985	-2.0%
Other general and administrative expense	- 37,712	- 49,982	-24.5%-	25,745	- 23,464	9.7%
Net adjustments of property, equipment and intangible assets	- 3,695	- 5,891	-37.3%-	2,529	- 2,587	-2.2%
Other operating expense/profit	10,562	6,263	68.6%	6,829	2,832	141.1%
<b>Net operating expense</b>	<b>- 57,442</b>	<b>- 83,823</b>	<b>-31.5%-</b>	<b>39,072</b>	<b>- 41,204</b>	<b>-5.2%</b>
<b>Operating profit</b>	<b>36,579</b>	<b>39,339</b>	<b>-7.0%-</b>	<b>18,078</b>	<b>20,560</b>	<b>-187.9%</b>
Net adjustments for non-performing loans	- 111	- 89	24.7%-	97	- 113	-14.2%
Net adjustments of other assets	-	86	-100.0%	-	20	-100.0%
Net provisions	- 7,308	- 25,805	-71.7%-	3,599	- 1,036	247.4%
Gain (loss) from the disposal of equity investments	-	5	-100.0%	-	3	-100.0%
<b>Operating profit before taxation</b>	<b>29,160</b>	<b>13,364</b>	<b>118.2%-</b>	<b>21,774</b>	<b>19,394</b>	<b>-212.3%</b>
Income taxes for the period on continuing operations	- 7,323	- 6,867	6.6%-	2,410	- 9,179	73.7%
Net profit (loss) from non-current assets, net of tax	-	-	0.0%	-	-	0.0%
<b>Net profit</b>	<b>21,837</b>	<b>6,497</b>	<b>236.1%-</b>	<b>24,184</b>	<b>10,215</b>	<b>-336.7%</b>

Trieste, 30 October 2007

THE BOARD OF DIRECTORS