

Press Release

Banca Generali Approves 1H 2008 Results

Operating results in line with strategic objectives

At 30 June 2008⁽¹⁾:

- Net profit: €5.5 million (impacted by unrealised capital losses at fair value on trading investment portfolio (HFT) amounting to -€19.1 million). Net profit for the first half of 2007 was €10.1 million
- Net interest income: €27.5 million (+36.2% compared to 1H 2007)
- Net banking income net of the above-mentioned capital losses: €105.5 million (+0.9% compared to 1H 2007)
- Tax rate: 23.8%

In the Second Quarter 2008:

- Net profit: €6.2 million (+14.1% compared to 2Q 2007)
- Net interest income: €13.5 million (+30% compared to 2Q 2007)
- Net banking income: €47.2 million (-10.8% compared to 2Q 2007)

The Board of Directors also decided to ask Borsa Italiana S.p.A. to acknowledge the STAR quality (stocks conforming to high requirements) of Banca Generali's ordinary shares

Trieste, 30 July 2008 – The Board of Directors of Banca Generali chaired by Giovanni Perissinotto met today and approved the Consolidated Results for the first half 2008.

“We are satisfied with the first-half results taking into account that they were achieved in a very difficult market environment,” stated Chief Executive Officer Giorgio Girelli. *“The Banca Generali business model, with an offer capable of responding to customer needs during difficult market periods and with no correspondence to volatile components such as performance fees, is proving to work well. Confirming it is the 14% year-on-year increase in net profit in the second quarter 2008, despite unrealised capital losses due to the widening of spreads in the bond portfolio.”*

Consolidated Operating Results at 30 June 2008

Over the first half of the year, **net profit** of the Banca Generali Group was €5.5 million, influenced by the **net balance of unrealised capital gains and losses** at fair value on trading investment portfolio (HFT) of €19.1 million. Like at 31 December 2007, these capital losses referred to changes in market prices and thus will be fully recoverable when securities reach their natural maturities.

The result of Banca Generali, without considering the above-mentioned unrealised capital losses net of taxes, was very good as net profit would have amounted to € 18.6 million (+83.6% compared to 1H 2007).

Net interest income reached €27.5 million (+36.2% compared to the first half of 2007), benefiting on the one hand of the increase in interest rates, and on the other of the continued success strategy centred on cross-selling banking services to customers.

¹ The consolidation area for the first half of 2008 includes BG Investment Luxembourg S.A., which became fully operational as of 25 February 2008

The breakdown of **commission income**, which totalled €127.0 million (-12.7% compared to the first half of 2007), confirms the major role of management fees, which accounted for 72% of overall commission income, in line with 1H 2007. The ratio of banking fees also remained stable at 12%. Overall, the ratio of recurrent commissions to commission income therefore reached 84%, as against 83% for the first half of 2007.

Worthy of note, growth in net interest income offset the drop in net commission (€69.7 million, -10.9% compared to 1H 2007), due to the decrease in assets under management as a result of the market trend. As a consequence, operating revenues for the first half of 2008 (i.e., net interest + net commissions) remained virtually unaltered from the first half of 2007.

Net banking income amounted to €86.4 million (-17.3% compared to the first half of 2007) and was largely affected by the above-mentioned unrealised capital losses. Without considering such losses, net banking income would have amounted to €105.5 million, increasing 0.9% compared to the first half of 2007.

Banca Generali continues to achieve excellent results in cost management: **net operating expenses** amounting to €63 (+0.6%) were virtually unaltered compared to the first half 2007, despite the penalising increase in wages with the renewal of the national labour contract (CCNL) for the banking industry and start-up costs for the Luxembourg management company.

Operating profit amounted to €23.5 million for the six-month period (-44.1% compared to 1H 2007). Net of unrealised capital losses at fair value on trading investment portfolio (HFT), operating profit would have amounted to €42.5 million (+1.3% compared to 1H 2007).

At 30 June 2008, Banca Generali Group total assets amounted to €4,030 million. **Consolidated shareholders' equity** was €186.9 million.

Consolidated Operating Results for 2Q 2008

Group net profit for the quarter amounted to €6.2 million, up 14.1% compared to €5.4 million for 2Q 2007.

Net interest income reached €13.5 million (+30% compared to 2Q 2007), whereas **net banking income** was €47.2 million (-10.8% compared to 2Q 2007).

Net operating expenses (€32.3 million) decreased compared to the amount for the same period of 2007 (€32.6 million).

The **tax rate** reduction had a positive effect, thanks to the decrease of income taxes from €3 million in 2Q 2007 to €0.4 million in the current period.

Consolidated Operating Results at 30 June 2008

At the end of June 2008, Banca Generali Group's total **Assets Under Management (AUM)** amounted to €22.7 billion, of which 68.7% were managed assets and life insurance.

Net inflows for the second quarter amounted to €215 million, reaching an overall amount of €386 million since year-start (source: Assoreti).

The Board of Directors also decided to ask Borsa Italiana S.p.A. to recognise the quality of Banca Generali's ordinary shares as conforming to high requirements (STAR segment), pursuant to article 2.2.3, paragraph 1 of the Rules approved by Borsa Italiana.

Today, Chief Executive Officer Giorgio Girelli will present the period results to the financial community during conference call starting at 2:30pm (CET). To listen to the presentation, please call the following numbers: for Italy (and other countries not listed below) +39 02 802 0911, for the UK +44 208 7929750, for the USA +1 866 2396425. The presentation will be available on the website www.bancagenerali.it as of 2:00pm (CET).

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

G. Fancel
CFO of Banca Generali

Annexes:

- 1) Banca Generali Group – Consolidated Profit and Loss Account at 30 June 2008
- 2) Banca Generali Group – Consolidated Profit and Loss Account for 2Q 2008
- 3) Banca Generali Group – Reclassified Consolidated Balance Sheet
- 4) Banca Generali Group – Asset Under Management at 30 June 2008

Further information:

Media Relations

Laura Basso
Tel. +39 02 6076 5683
Email: laura.basso@bancagenerali.it

Investor Relations

Giuliana Pagliari
Tel: +39 02 6076 5548
Email: giuliana.pagliari@bancagenerali.it

www.bancagenerali.it

1 - Banca Generali Group – Consolidated Profit and Loss Account at 30 June 2008

(€ m)	1H07 (reported)	1H 08 (reported)	% Chg	1H 08 (adjusted)	% Chg
Net Interest Income	20.2	27.5	36.2%	27.5	36.2%
Commission income	145.4	127.0	-12.7%	127.0	-12.7%
Commission expense	-67.1	-57.2	-14.8%	-57.2	-14.8%
Net Commission	78.3	69.7	-10.9%	69.7	-10.9%
Net income (loss) from trading activities	5.1	-19.4	n.m.	-19.4	n.m.
Unrealized gain (loss) at fair value	-1.6	-19.1	n.m.	0.0	n.m.
Dividends	2.6	27.7	n.m.	27.7	n.m.
Net Banking Income	104.6	86.4	-17.3%	105.5	0.9%
Staff expenses	-28.0	-27.5	-1.8%	-27.5	-1.8%
Other general and administrative expense	-35.1	-36.3	3.5%	-36.3	3.5%
	-63.1	-63.8	1.2%	-63.8	1.2%
Depreciation and amortisation	-3.3	-2.6	-20.2%	-2.6	-20.2%
Other net operating income (expense)	3.8	3.5	-8.8%	3.5	-8.8%
Net Operating Expenses	-62.6	-63.0	0.6%	-63.0	0.6%
Operating Profit	42.0	23.5	-44.1%	42.5	1.3%
Net adjustments for impair.loans and other asse	0.2	0.1	-26.7%	0.1	-26.7%
Net provisions for liabilities and contingencies	-24.2	-16.3	-32.5%	-16.3	-32.5%
Profit Before Taxation	18.0	7.3	-59.6%	26.3	46.1%
Direct income taxes	-7.9	-1.7	-78.0%	-7.7	-2.2%
Net Profit	10.1	5.5	-45.3%	18.6	83.6%
Cost /Income Ratio	56.7%	69.8%	+13.1 p.p.	57.2%	+0.5 p.p.
EBITDA	45.3	26.1	-42.4%	45.1	-0.3%
Tax rate	43.8%	23.8%	-20.0 p.p.	29.3%	-14.5 p.p.

2 - Banca Generali Group – Consolidated Profit and Loss Account for 2Q 2008

(€ m)	2 Q 07 (reported)	2 Q 08 (reported)	% Chg	2 Q 08 (adjusted)	% Chg
Net Interest Income	10.4	13.5	30.0%	13.5	30.0%
Commission income	71.0	60.4	-14.9%	60.4	-14.9%
Commission expense	-32.9	-27.7	-15.8%	-27.7	-15.8%
Net Commission	38.1	32.7	-14.2%	32.7	-14.2%
Net income (loss) from trading activities	3.5	-21.2	n.m.	-21.2	n.m.
Unrealized gain (loss) at fair value	-1.7	-5.5	n.m.	0.0	n.m.
Dividends	2.6	27.7	n.m.	27.7	n.m.
Net Banking Income	52.9	47.2	-10.8%	52.7	-0.4%
Staff expenses	-14.0	-13.3	-4.4%	-13.3	-4.4%
Other general and administrative expense	-18.3	-19.9	8.5%	-19.9	8.5%
	-32.3	-33.2	2.9%	-33.2	2.9%
Depreciation and amortisation	-1.7	-1.3	-21.5%	-1.3	-21.5%
Other net operating income (expense)	1.4	2.3	61.0%	2.3	61.0%
Net Operating Expenses	-32.6	-32.3	-0.9%	-32.3	-0.9%
Operating Profit	20.4	14.9	-26.7%	20.4	0.4%
Net adjustments for impair.loans and other assets	0.2	0.1	-62.4%	0.1	-62.4%
Net provisions for liabilities and contingencies	-12.2	-8.4	-31.0%	-8.4	-31.0%
Profit Before Taxation	8.4	6.6	-21.3%	12.1	44.0%
Direct income taxes	-3.0	-0.4	-86.1%	-2.1	-28.0%
Net Profit	5.4	6.2	14.1%	10.0	83.4%
Cost /Income Ratio	58.3%	65.5%	7.2 p.p.	58.7%	0.4 p.p.
EBITDA	22.1	16.3	-26.3%	21.8	-1.3%
Tax rate	35.4%	6.3%	-29.1 p.p.	17.7%	-17.7 p.p.

3 – Banca Generali Group – Reclassified Consolidated Balance Sheet for 1H 2008

(€m)

Assets	June 30, 2008	Dec. 31, 2007	Change	% Change
Financial assets held for trading	1,667.0	2,668.7	-1,001.7	-37.5%
Financial assets available for sale	889.5	107.7	781.8	n.m.
Loans to banks	911.0	913.9	-2.9	-0.3%
Loans to customers	357.0	345.7	11.3	3.3%
Equity investments	0.0	0.0	0.0	-
Property equipment and intangible assets	19.9	21.7	-1.8	-8.3%
Tax receivables	48.5	35.9	12.6	35.1%
Other assets	137.2	117.7	19.5	16.6%
Total Assets	4,030.1	4,211.3	-181.2	-4.3%

Liabilities and Shareholders' Equity	June 30, 2008	Dec. 31, 2007	Change	% Change
Due to banks	288.4	14.3	274.1	n.m.
Direct inflows	3,346.5	3,765.6	-419.1	-11.1%
Financial liabilities held for trading	0.2	7.7	-7.5	-97.4%
Tax payables	5.7	5.6	0.1	1.8%
Other liabilities	148.6	157.9	-9.3	-5.9%
Special purpose provisions	53.8	52.3	1.5	2.9%
Valuation reserves	-5.7	0.9	-6.6	n.m.
Reserves	62.0	65.7	-3.7	-5.6%
Additional paid-in capital	22.8	22.8	0.0	-
Share capital	111.3	111.3	0.0	-
Treasury shares (-)	-9.0	-8.1	-0.9	11.1%
Net income (loss) for the period (+/-)	5.5	15.3	-9.8	-64.1%
Total Liabilities and Shareholders' Equity	4,030.1	4,211.3	-181.2	-4.3%

4 - Banca Generali Group – Asset Under Management at 30 June 2008

<i>Billion of Euros</i>	Jun 2008	Dec 2007	Abs. Chg
Mutual Funds	7.4	8.1	-0.7
Asset Management	2.9	4.5	-1.6
Managed Assets	10.3	12.6	-2.3
Life Insurance	5.3	4.4	0.9
Non Managed Assets	7.1	7.5	-0.4
<i>of which: Securities</i>	5.0	5.4	-0.4
Total	22.7	24.5	-1.8