



Interim Report

31 March 2008

Board of Directors
6 May 2008

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.

CHAIRMAN	Perissinotto Giovanni
CHIEF EXECUTIVE OFFICER DIRECTORS	Girelli Giorgio Angelo Baessato Paolo Borrini Amerigo Buscarini Fabio De Vido Andrea Lentati Attilio Leonardo Minucci Aldo Noto Alfio Riello Ettore
BOARD OF STATUTORY AUDITORS	Alessio Vernì Giuseppe (Chairman) D'Agnolo Paolo Venchiarutti Angelo Cerchiai Cristiano (Alternate Auditor) Giammattei Corrado (Alternate Auditor)
GENERAL MANAGER	Motta Piermario

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Group Economic and Financial Highlights

Consolidated figures

(€ million)

	31/03/2008	31/03/2007	Change %
Net interest	14.0	9.8	42.9
Net commissions	37.0	40.2	-7.9
Dividends and net profit from trading	-11.8	1.7	-796.6
Net banking income	39.2	51.6	-24.0
Staff expenses	-14.2	-14.1	0.8
Other general and administrative expense	-16.4	-16.8	-1.9
Amortisation and depreciation	-1.3	-1.6	-18.7
Other operating income	1.2	2.4	-50.3
Net operating expense	-30.7	-30.0	2.3
Operating profit	8.5	21.6	-60.6
Provisions	-7.9	-12.0	-34.1
Adjustments	0.1	0.0	-526.7
Profit before taxation	0.7	9.6	-93.2
Net profit	-0.7	4.7	-114.2
Cost / income ratio	75.0%	55.1%	36.2
EBITDA	9.8	23.2	-57.8
ROE, annualised	-1.35%	9.52%	-114.2
EPS - Earnings per Share (euro)	-0.006	0.043	-114.1

Net Inflows

(€ million) (Assoreti data)

	31/03/2008	31/03/2007	Change %
Mutual Funds and SICAVs	-81.6	329.2	-125%
Asset management	-574.0	-21.4	2582%
Insurance / Pension funds	500.3	40.6	1132%
Securities / Current accounts	325.9	357.0	-9%
Total	170.6	705.4	-76%

Assets Under Management & Custody (AUM/C)

Breakdown by Class of Assets Under Management & Custody

(€ billion) (Assoreti data)

	31/03/2008	31/12/2007	Change %
Mutual Funds and SICAVs	7.4	8.1	-9.8
Asset management	3.7	4.5	-18.3
Insurance / Pension funds	4.8	4.4	9.9
Securities / Current accounts	7.5	7.5	1.0
Total	23.4	24.5	-4.5

Net Equity

(€ million)

	31/03/2008	31/12/2007	Change %
Net equity	202.0	208.0	-2.9
Total capital for regulatory purposes*	173.0	178.1	-2.9
Excess capital			
Solvency margin			

* The figure at 31 March 2008 is an estimate

Consolidated Accounting Statements

Consolidated Balance Sheet

Assets (€thousand)	31/03/2008	31/12/2007	Changes	
			Amount	%
Financial assets held for trading	1,857,715	2,668,735	- 811,020	-30.4%
Financial assets available for sale	761,615	107,687	653,928	607.2%
Loans to banks	904,768	913,893	- 9,125	-1.0%
Loans to customers	305,410	345,656	- 40,246	-11.6%
Equity investments	7	34	- 27	-79.4%
Property, equipment and intangible assets	20,910	21,681	- 771	-3.6%
Tax receivables	37,117	35,949	1,168	3.2%
Other assets	217,010	117,683	99,327	84.4%
Total assets	4,104,552	4,211,318	- 106,766	-2.5%

Liabilities and net equity (€thousand)	31/03/2008	31/12/2007	Changes	
			Amount	%
Due to banks	256,815	14,289	242,526	1697.3%
Direct inflows	3,328,432	3,765,585	- 437,153	-11.6%
Financial liabilities held for trading	2,805	7,686	- 4,881	-63.5%
Tax payables	4,661	5,555	- 894	-16.1%
Other liabilities	252,807	157,919	94,888	60.1%
Special purpose provisions	57,032	52,317	4,715	9.0%
Valuation reserves	- 4,816	945	- 5,761	-609.7%
Reserves	81,442	65,729	15,713	23.9%
Additional paid-in capital	22,804	22,804	0	0.0%
Share capital	111,313	111,313	-	0.0%
Treasury shares (-)	- 8,076	- 8,112	36	-0.4%
Net profit (loss) for the period (+/-)	- 667	15,288	- 15,955	-104.4%
Total liabilities and net equity	4,104,552	4,211,318	- 106,766	-2.5%

Consolidated Profit & Loss Account

(€thousand)	31/03/2008	31/03/2007	Changes	
			Amount	%
Net interest	13,962	9,771	4,191	42.9%
Net commissions	37,028	40,185	- 3,157	-7.9%
Dividends and income from equity investments	51	3	48	1600.0%
Net result from banking operations	- 11,809	1,685	- 13,494	-800.8%
Net operating profit	39,232	51,644	- 12,412	-24.0%
Staff expenses	- 14,189	- 14,079	110	0.8%
Other general and administrative expense	- 16,434	- 16,759	325	-1.9%
Net adjustments of property, equipment and intangible assets	- 1,267	- 1,559	292	-18.7%
Other operating expense/income	1,187	2,386	- 1,199	-50.3%
Net operating expense	- 30,703	- 30,011	- 692	2.3%
Operating profit	8,529	21,633	- 13,104	-60.6%
Net adjustments for non-performing loans	64	15	79	-526.7%
Net adjustments of other assets	-	-	-	0.0%
Net provisions	- 7,913	- 12,007	4,094	-34.1%
Gain (loss) from the disposal of equity investments	- 27	-	27	0.0%
Operating profit before taxation	653	9,611	- 8,958	-93.2%
Income taxes for the period on continuing operations	- 1,320	- 4,915	3,595	-73.1%
Net profit (loss) from non-current discontinued operations, net of tax	-	-	-	0.0%
Profit (loss) for the period attributable to minority interests	-	-	-	0.0%
Net profit	- 667	4,696	- 5,363	-114.2%

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		a) of income	b) other	a) available for sale	b) coverage cash flows	c) other				
Net equity at 31/12/2007	111,313	-	22,804	64,876	853	906	-	39	-	8,112	15,288	207,967
Change in opening balances	-	-	-	-	-	-	-	-	-	-	-	-
Amounts at 01/01/2007	111,313	-	22,804	64,876	853	906	-	39	-	8,112	15,288	207,967
Allocation of prior year result	-	-	-	15,288	-	-	-	-	-	-	15,288	-
- Reserves	-	-	-	15,288	-	-	-	-	-	-	15,288	-
- Dividends and other destinations	-	-	-	-	-	-	-	-	-	-	-	-
Change in reserves	-	-	-	-	-	5,761	-	-	-	-	-	5,761
Transactions on net equity	-	-	-	425	-	-	-	-	-	-	36	461
- Issue of new shares	-	-	-	36	-	-	-	-	-	-	36	-
- Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
- Extraordinary dividend pay-out	-	-	-	-	-	-	-	-	-	-	-	-
- Change in equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
- Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
- #NOME?	-	-	-	461	-	-	-	-	-	-	-	461
Net profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	667	667
Net equity at 31/03/2008	111,313	-	22,804	80,589	853	4,855	-	39	-	8,076	667	202,000

Consolidated Cash Flow Statement

(€ thousand)	31/03/2008	31/03/2007
Cash flows generated by operations:	47,340	12,941
Cash flows generated by (+) used for (-) trading and AFS financial assets and liabilities	121,025	- 278,395
Cash flows generated by (+) used for (-) loans to banks	6,655	152,115
Cash flows generated by (+) used for (-) loans to customers	21,397	13,383
Cash flows generated by (+) used for (-) amounts due to banks	243,682	56,494
Cash flows generated by (+) used for (-) amounts due to customers	- 453,649	188,053
Cash flows generated by (+) used for (-) other operating assets and liabilities	15,894	- 141,756
Liquidità generated by/used for operating activities	2,344	2,835
Liquidità generated by/used for investment activities	- 496	- 771
Liquidità generated by/used for financing activities	- -	3,001
Net cash liquidity generated/used	1,848	- 937
Cash and deposits	9,657	8,924

Summary of First Quarter Operations

The Banca Generali Group closed the first quarter of 2008 with net loss of 0.7 million euros — a decrease of 5.4 million euros compared to the same period of 2007 — and net equity of 202 million euros. In the first quarter of 2008, the Group reported a loss of 0.7 million euros, chiefly due to the recognition of unrealised capital losses on trading investment portfolio (HFT), mainly composed of debt securities.

EBITDA, which is calculated as profit before taxes, net provisions, adjustments on loans, property, equipment and intangible assets, amounted to 9.8 million euros for the first three months of 2008, down 57.8% compared to 23.2 million euros in the same period of 2007.

Net banking income decreased by approximately 12.4 million euros (down 24%) from 51.6 million euros at 31 March 2007 to 39.2 million euros for the first three months of 2008, mainly due to net unrealised capital losses of 13.6 million euros on trading investment portfolio (HFT).

Total operating expenses at 31 March 2008 amounted to 30.7 million euros, up 2.3% compared to the first three months of 2007, with staff expenses increasing from 14.1 million euros in the first three months of 2007 to 14.2 million euros in the same period of 2008 (up 0.8%).

Net provisions amounted to 7.9 million euros at 31 March 2008, a 34.1% decrease compared to the first quarter of 2007, 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 23.4 billion euros at 31 March 2008, which is the figure used for reporting to Assoreti (Italy's National Association of Financial Products and Investment Services Placing Firms), a decrease compared to AUM of 24.5 billion euros at year-end 2007. In addition, at 31 March 2008, assets under administration and custody of the Generali Group companies totalled approximately 9.3 billion euros, and 0.7 billion euros were held in mutual funds and discretionary accounts (GPF and GPM) distributed directly by management companies or parties outside the banking group, for an overall total of 33.4 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 23.4 billion euros in assets under management, as well as 0.2 billion euros in net inflows from 1 January to 31 March 2008, an area in which it also leads the market.

In the first quarter of 2008, the banking group focussed the brunt of its efforts on developing new products aiming at the optimisation of assets in customer portfolios.

With this aim in view, the Group has introduced and developed BG Selection SICAV, managed directly by BG Investment Luxembourg SA, a company Luxembourg under law formed in late 2007 and wholly owned by the parent company Banca Generali S.p.A.

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 services provided by its financial advisor network, aimed at providing them with instruments and products that are increasingly capable of responding to growing financial and pension demands among Italian households.

Finally, in the first quarter 2008 the Group laid down the basis to potentiate its private banking channel through the acquisition of Banca del Gottardo S.p.A. by Banca BSI Italia S.p.A. Once the necessary authorisations are obtained from the supervisory authorities, the transaction will allow Banca Generali to increase its total assets under management by around 1.9 billion euros.

Before analysing the Bank's revenues and financial results for the first three months of 2008, 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

In recent months, the slowdown in international economic growth has begun to extend from the dollar area to Europe and Japan and in part to emerging markets. The US economy probably entered recession in January and February in the wake of the slowdown in consumption due to the steady decline in housing prices and the worsened situation of the job market.

Equity markets underwent a sharp correction in the first quarter due to both the deteriorating outlook for corporate earnings and the high level of uncertainty generated by the deepening of the crisis in the international structured credit sector which broke out last summer, triggered by the US subprime debacle.

Credit spreads widened further on both financial and non-financial sector debtors, and funding conditions on the money market continued to be very tight, with persistent tensions on interbank rates, which remained significantly higher than policy rates in all the advanced countries.

Central banks have tried to offset the general climate of uncertainty and tension among participants in the interbank deposit market. The Federal Reserve in particular made drastic cuts to policy rates, to date at 2.25%, and, in coordination with the other main central banks, it intervened massively in liquidity flows, allowing even investment banks access to emergency funds with the aim of offsetting the lack of liquidity and relieve money market rates under unrelenting pressure.

The major international banks have begun the wide-ranging process involving the write-downs of non-performing loans and recapitalisation plans. Major US and European financial companies have experienced a rough period (Société Générale, UBS, Merrill Lynch) or have needed Fed bail-outs (Bear Stearns). All these events led to forced equity sales, with negative fallout on the main stock markets.

Government bond markets received a sharp boost from the uncertainty, pricing in slower growth and the outlook for lower interest rates. Worthy of note, as a further consequence of tensions on the interbank market, in Europe the market channelled investment flow to German bonds, considered to be of higher quality: spreads against Germany generally widened, especially in Italy, Spain, Greece and Portugal, countries with higher levels of debt and/or slowing economies. The widening was exacerbated by the lack of liquidity, causing banks to downsize their trading portfolios.

Finally, commodity prices in general rose further in the first quarter, with oil reaching new highs. The US dollar was weak against all the major currencies, both developed and emerging. In detail, the euro appreciated more than 8% against the USD.

Outlook

The low visibility on the depth and duration of the economic slowdown, as well as how long the effects of the financial crisis will last, make the equity markets even more vulnerable in the short term.

Lengthening the horizon to 2008-2009, solid fundamentals and low stock market valuations offer opportunities and potential for recovery, especially in the emerging markets.

Restoration of the normal functioning of the money market, expansionary policies in the United States with room for further cuts in interest rates and fiscal measures in favour of households and companies, should stabilise the markets. In Europe, while maintaining economic growth is conditioned by the strong euro, the European Central Bank is focusing on the rise in prices, leading to expectations of only modest cuts in interest rates.

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

2.1 The Asset Management Market

The retail asset management market is directly affected by both financial market performance, as described above, and the commercial policies of the banking system, which holds the majority of the financial resources of families.

In the first quarter 2008, net inflows were influenced by the particularly negative performance of both the equity and bond markets, on the one hand, accompanied by noticeable instability in the currency market and rising commodity prices, on the other, driving inflation in Italy and the EU to its highest level in more than ten years.

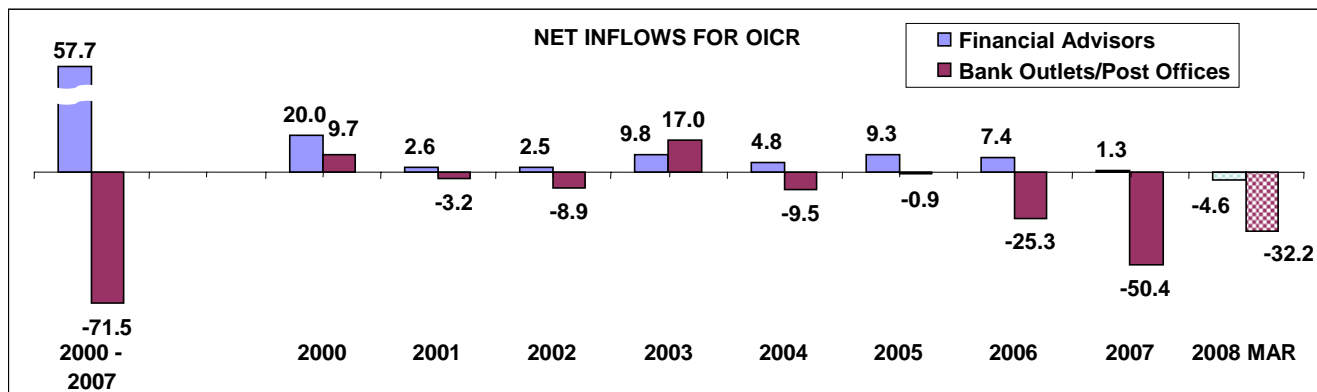
In addition to this critical market scenario, the banking industry is increasingly disengaging from the asset management segment in favour of the placement of more traditional banking products (for instance, in 2007 a total of 47 billion euros in structured bank bonds were placed).

This reflects the deepening of the crisis in the industry, several times emphasised by authoritative institutional figures (see Bank of Italy governor's speech of 19 January 2008). In fact, the Bank of Italy has set up a task force in an effort to find possible solutions to a crisis that has lasted for many months now.

2.2 The Italian Collective Investment Undertakings (UCITS) Market

On the whole, in the first quarter of 2008 the UCITS market in Italy showed a 36.8 billion euros decrease, or 70% of total redemptions for 2007 (source: Assogestioni). In this context, it is worth reiterating that the 2007 results were an all-time negative and, unlike in the past, the negative performance extended across almost all UCITS segments.

The seriousness of this situation is demonstrated by the fact that in the past this negative trend was fully attributable to traditional bank products. In fact, net inflows for UCITS recorded on the Financial Advisor Networks remained mostly positive (though with some mixed performances). But even this one positive factor turned negative in the first quarter 2008 (**Assoreti** data: Distribution of UCITS, Comparison between FA Networks and Bank Branches).



Source: **Assoreti**. Reclassification of UCITS distribution data, comparison of FA networks and bank branches

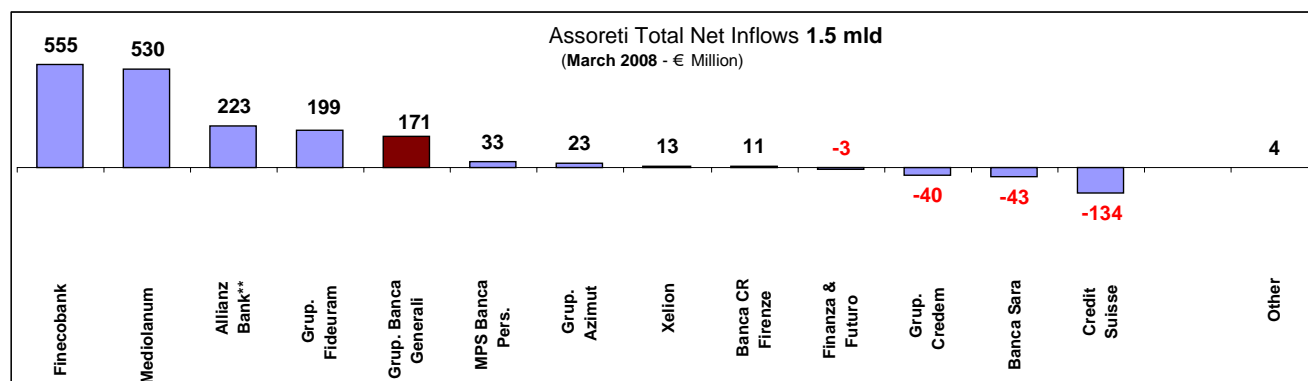
2.3 The Assoreti Market

Total inflows on the "Assoreti" market (distribution among financial advisors) declined more than 40% in the first two months of 2008 compared to the same period in 2007. In detail, asset management inflows strictly defined (funds and managed portfolios) was a negative 3.7 billion euros, in contrast to inflows of assets under administration and custody which increased 140% on 2007 to around 4.5 billion euros. Inflows into insurance products amounted to a much more modest 359 million euros. These figures point to a major re-allocation of savings from managed products to administered products, in general more loosely linked to market volatility.

2.4 The Banca Generali Group

Within this unfavourable scenario, the Banca Generali Group continued to post some of the Assoreti market's highest net inflow figures, with net inflows of 171 million euros and an 11.1% market share. In this context, it is worth observing that the net inflows at the top two companies in the rankings are significantly influenced by on-line bank net inflows which have little association with the typical consulting that industry companies offer.

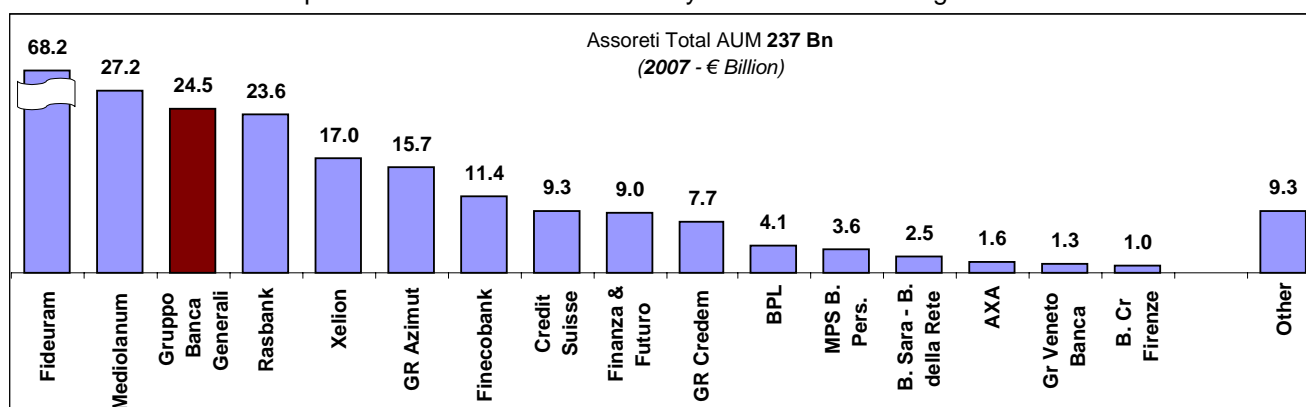
In March, net inflows of the Banca Generali Group was 171 million euros, of which the Parent Company accounted for 105 million euros, Banca BSI Italia for 111 million euros, whereas Simgenia posted an outflow of 45 million euros. The composition of net inflows follows the trends illustrated for the Assoreti market above, i.e. it consisted entirely of assets under administration and custody. Also worth observing is the massive re-allocation from asset management, with 798 million euros in net outflows, to the new Luxembourg multisector SICAVs, with net inflows of 381 million euros. In addition, the market turbulence has favoured the underwriting of more liquid instruments (assets under administration and custody of 326 million euros) and protected instruments (capital preservation products for 224 million euros and insurance products for 500 million euros).



* FincoBank joined the Unicredit Group, along with Unicredit Xelion Bank, effective as of 1 October 2007

** RasBank became Allianz Bank Financial Advisors effective as of 1 October 2007

The Banca Generali Group continued to lead the market by assets under management with 10.3% of the total.



* FincoBank joined the Unicredit Group, along with Unicredit Xelion Bank, effective as of 1 October 2007

** RasBank became Allianz Bank Financial Advisors effective as of 1 October 2007

The following table provides a summary of the assets and their aggregates by product type as of March 2008. These assets refer to the "Assoreti market", i.e. the system of assets related to networks of Financial Advisors. As observed, these assets have contracted significantly, to a large extent concerning asset management, due to the sharp downturn on the financial markets, with the Italian market declining around 15%, for example.

(€ million)	31/03/2008	31/12/2007	Changes vs/	
	8	7	31/12/2007	
			Amount	%
Total asset management	11,020	12,640	-1,620	-12.82%
- Funds and SICAVs	7,352	8,148	-796	-9.77%
- GPF/GPM	3,668	4,492	-824	-18.34%
Total insurance products	4,839	4,405	434	9.85%
Total assets under administration and custody	7,526	7,451	75	1.01%
Total assets placed by the network	23,385	24,496	-1,111	-4.54%

3. Group Indirect Inflows

The banking group's 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:

3.1 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, BG Fiduciaria and BG Inv. Luxembourg.

In detail, BG Inv. Luxembourg, which became part of the banking group on 27 November 2007, began its management operations on 1 March 2008, managing the SICAV on a mandate received from third parties. Meanwhile, BG Fiduciaria manages assets in funds and securities with or without a fiduciary designation and Banca BSI Italia manages assets in funds and securities. Finally, BG Sgr manages both mutual funds and managed securities portfolios and/or securities, also with a fiduciary designation.

(€ million)	31/03/2008	31/12/2007	Changes vs/ 31/12/2007	
			Amount	%
Funds and SICAVs	4,321	5,156	-835	-16.19%
- attributable to the banking group's GPF	1,203	1,682	-479	-28.48%
GPF/GPM	3,528	4,403	-875	-19.87%
Total asset managed by the banking group, net of managed securities portfolios included in the GPF of the banking group	6,646	7,877	-1,231	-15.63%

The total assets in mutual funds managed by the banking group amounted to 4,321 million euros, including 2,355 million euros on management mandates received on funds and SICAVs formed by third parties and 1,203 million euros included in the banking group's GPF asset management business.

In the asset management area, the group focused on Asset Management of BG SGR, Banca BSI Italia and BG Fiduciaria, and the relevant assets at 31 March 2008 amounted to 3,528 million euros, down 19.87% compared to 4,403 million euros at 31 December 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.

Specifically, in the area of mutual funds governed by Italian law, the banking Group places mainly the products of the Generali Group, Fondi Alleanza Sgr S.p.A., Generali Investimenti Alternativi, the CAAM Group (formerly Nextra) and Anima Sgr. In the area of foreign UCITS, the banking group places the products of more than 20 international investment houses, of which those with the highest concentration of investment are JP Morgan, Julius Baer, Schroeder, Morgan Stanley, Fidelity, Invesco, UBS and Pictet.

The total value of third-party asset management products at the end of the quarter was 5,158 million euros, down 13.05% compared to 31 December 2007.

(€ million)	31/03/2008	31/12/2007	Changes vs/ 31/12/2007	
			Amount	%
Funds and SICAVs	4,894	5,674	-780	-13.75%

GPF/GPM	264	258	6	2.33%
Total third-party product asset management	5,158	5,932	-774	-13.05%

Third-party insurance products

Investments in insurance products and pension assets mainly came through life products, unit-linked policies, and index-linked policies of La Venezia Assicurazioni. At 31 March 2008, assets amounted to 4,839 million euros, up 9.85% compared to December 2007.

(€ million)	31/03/2008	31/12/2007	Changes vs/	
			31/12/2007	
			Amount	%
Insurance products (unit linked, policies, etc)	4,839	4,405	434	9.85%
Total third-party insurance products	4,839	4,405	434	9.85%

3.2 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 Banca BSI Italia and, for a minimum amount, with other banks. At 31 March 2008, the market value was 13,453 million euros, a 4.46% decrease compared to 14,081 million euros at year-end 2007.

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, indirect inflows at market value was down 2.17% compared to 31 December 2007.

(€ million)	31/03/2008	31/12/2007	Changes vs/	
			31/12/2007	
			Amount	%
Indirect inflows of assets under administration and custody of the banking group (market value)	13,453	14,081	-628	-4.46%
<i>of which Generali group securities portfolios</i>	9,026	9,556	-530	-5.55%
<i>of which other customer securities portfolios</i>	4,427	4,525	-98	-2.17%
Indirect inflows of assets under administration and custody (market value)	36	36	0	0.00%

4. Performance of Main Financial and Economic Aggregates

4.1 Basis of Preparation

The interim report for the first quarter 2008 is prepared as per the new article 154-ter, paragraph 5, of Italian Legislative Decree 58/98, introduced by Legislative Decree 195/2007, in implementation of Directive 2004/109/CE (so-called Transparency Directive).

This decree replaces the previous provision, article 82 "Quarterly Reports" and Annexe 3D (Standards for drafting the quarterly report) of the Issuers Regulation, which required the drafting of a quarterly report, setting the minimum standards for content.

In its recent notice DEM/8041082 of 30 April 2008, CONSOB emphasised that in the new European regulations, the reporting of quantitative data in the quarterly report on assets, operating performance, and financial standing is no longer mandatory.

However, in view of the delay in the issuance of CONSOB regulations on the new standards for interim reports, the structure used until now was left unchanged.

The consolidated financial position and operating results illustrated in the Consolidated Interim 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 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 and is compared to figures for the first quarter 2007.

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 2008.

The amounts included in the financial statements and notes are expressed in thousands of euros, unless otherwise indicated.

The accounting standards and measurement criteria used are the same as those used to prepare the consolidated financial statements at 31 December 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 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%
- BG Investment Luxembourg S.A.	Luxemb.	1	Banca Generali	100.00%	100.00%
- Sant'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 scope of consolidation did not change from the situation presented in the 2007 consolidated financial statements.

However, since the end of March 2008, the subsidiary BG Investment Luxembourg, the Luxembourg-law collective investment management company formed in November 2007 to manage foreign-law SICAVs promoted by the banking group, became fully operational.

Due to its incorporation date, this company was not included in the consolidated profit and loss account at 31 March 2007.

The consolidated accounts include the separate accounts of the Parent Company and the subsidiaries at 31 March 2008, reclassified and adjusted where necessary to take account of consolidation requirements. The most important intra-Group transactions, influencing 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 31 March 2008, total consolidated assets amounted to 4.1 billion euros, slightly down compared to year-end 2007 (-2.5%).

The decrease was attributable to the 5.3% contraction in customer and bank direct inflows and the 5.1% decrease in core loans.

Assets (€thousand)	31/03/2008	31/12/2007	Changes	
			Amount	%
Core loans	3,829,508	4,035,971	- 206,463	-5.1%
Other assets	275,044	175,347	99,697	56.9%
Total assets	4,104,552	4,211,318	- 106,766	-2.5%

Liabilities and net equity (€thousand)	31/03/2008	31/12/2007	Changes		
			Amount	%	
Financial liabilities	3,588,052	3,787,560	- 199,508	-5.3%	
Other liabilities and special purpose provisions	314,500	215,791	98,709	45.7%	
Valuation reserves	-	4,816	945	- 5,761	-609.7%
Capital and other equity reserves	206,816	207,022	- 206	-0.1%	
Total liabilities and net equity	4,104,552	4,211,318	- 106,766	-2.5%	

4.3.1 Direct inflows from customers

Direct inflows from customers amounted to 3.3 billion euros, down 437.4 million euros from 31 December 2007, mainly due to a reduction in deposits of the Parent Company, Assicurazioni Generali, and the companies in its group. Conversely, inflows from other customers increased slightly.

(€ million)	31/03/2008	31/12/2007	Changes	
			Amount	%
Transfer accounts	2,485,218	2,838,970	- 353,752	-12.5%
Repurchase agreements	788,155	821,487	- 33,332	-4.1%
AUM current accounts	43,018	28,568	14,450	50.6%
Term deposits	8,000	72,959	- 64,959	-89.0%
Other debts	4,041	3,601	440	12.2%
Total direct inflows	3,328,432	3,765,585	- 437,153	-11.6%

4.3.2 Core loans

Core loans amounted to 3.8 billion euros, a 206.5 million decrease from 31 December 2007, mainly due to in divestments from the trading portfolio (-811 million), only partially offset by the 654 million increase in the assets available for sale in the bond portfolio.

Loans to customers contracted compared to year-end 2007, in part attributable to the 20 million euro decrease in trade receivables and the repayment of some loans.

(€thousand)	31/03/2008	31/12/2007	Changes	
			Amount	%
Trading	1,857,715	2,668,735	- 811,020	-30.4%
Assets available for sale	761,615	107,687	653,928	607.2%
Loans to banks	904,768	913,893	- 9,125	-1.0%
Loans to customers	305,410	345,656	- 40,246	-11.6%
Total interest-bearing financial assets and loans	3,829,508	4,035,971	- 206,463	-5.1%

Against this backdrop, the net interbank position fell from 899.6 million euros to 647.9 million euros, down 251.7 million (27.4%), mainly due to the increase in bank debt.

Net interbank position

(€thousand)	31/03/2008	31/12/2007	Changes	
			Amount	%
Loans to banks	904,768	913,893	- 9,125	-1.0%
Due to banks	-256,815	-14,289	- 242,526	1697.3%
Net interbank position	647,953	899,604	-251,651	-27.40%

4.3.3. Net equity and treasury shares

Group net equity at 31 March 2008 amounted to 202 million euros, a 6.0 million euros decrease compared to the previous period, mainly due to the effect of the interim profit figure and the changes in valuation reserves.

This figure does not take account of the distribution of dividends of approximately 19.9 million euros that was approved by the shareholders at the Ordinary Meeting held on 22 April 2008 to approve the financial statements for 2007.

(€thousand)	31/03/2008	31/12/2007	Changes	
			Amount	%
1. Share capital	111,313	111,313	-	0.0%
2. Additional paid-in capital	22,804	22,804	-	0.0%
3. Reserves	81,442	65,729	15,713	23.9%
4. (Treasury shares)	- 8,076	- 8,112	36	-0.4%
5. Valuation reserves	- 4,816	945	- 5,761	-609.6%
6. Equity instruments	-	-	-	0.0%
7. Net profit (loss) for the period	- 667	15,288	- 15,955	-104.4%
Total net equity	202,000	207,967	- 5,967	-2.9%

Valuation reserves refer essentially to the charging to net equity of the changes in fair value of assets available for sale. The decrease for the quarter is mainly attributable to the increase in a net negative reserve for debt securities.

During the quarter, the Parent Company allocated 11,061 treasury shares amounting to a total book value of 36 thousand euros to the financial advisors who were eligible for the former Prime Consult stock granting plan. At 31 March 2008, the banking group has a total of 984,848 shares in the Parent Company, amounting to 8.1 million euros in relation to stock granting plans for the former Prime Consult financial advisors and the group's top management.

At 31 March 2008, consolidated **Capital for regulatory purposes** was estimated at 173.0 million euros, net of projected total dividends of 19.9 million euros and interim loss. Therefore it decreased by 5.1 million euros from 31 December 2007.

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

(€thousand)	31/03/2008		
	Capital and reserves	Net profit	Net equity
Net equity of Banca Generali	193,000	14,038	207,038
Differences between net equity and book value of companies consolidated using the line-by-line method	13,090	-	13,090
- Goodwill	4,550	-	4,550
- Income carried forward of subsidiary companies	8,657	-	8,657
- Stock granting reserve for 175 th anniversary	205	-	205
- Acquisition of BSI	88	-	88
Dividends from consolidated companies	18,980	18,980	-
Consolidated companies result for the year	-	4,275	4,275
Valuation reserves - consolidated companies	-	-	-
Consolidation adjustments	3,777	-	3,777
- Goodwill	4,550	-	4,550
- Treasury shares held by subsidiaries	773	-	773
Consolidated net equity of the Banca Generali Group	202,667	667	202,000

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 2008 compared to those for the same period of 2007.

(€thousand)	31/03/2008	31/03/2007	Changes	
			Amount	%
Net interest	13,962	9,771	4,191	42.9%
Net commissions	37,028	40,185	3,157	-7.9%
Dividends and income from equity investments	51	3	48	1600.0%
Net result from banking operations	- 11,809	1,685	13,494	-800.8%
Net operating profit	39,232	51,644	12,412	-24.0%
Staff expenses	- 14,189	- 14,079	110	0.8%
Other general and administrative expense	- 16,434	- 16,759	325	-1.9%
Net adjustments of property, equipment and intangible assets	- 1,267	- 1,559	292	-18.7%
Other operating expense/income	1,187	2,386	1,199	-50.3%
Net operating expense	- 30,703	- 30,011	692	2.3%
Operating profit	8,529	21,633	13,104	-60.6%
Net adjustments for non-performing loans	64	15	79	-526.7%
Net adjustments of other assets	-	-	-	0.0%
Net provisions	- 7,913	- 12,007	4,094	-34.1%
Gain (loss) from the disposal of equity investments	- 27	-	27	0.0%
Operating profit before taxation	653	9,611	8,958	-93.2%
Income taxes for the period on continuing operations	- 1,320	- 4,915	3,595	-73.1%
Net profit (loss) from non-current discontinued operations, net of tax	-	-	-	0.0%
Profit (loss) for the period attributable to minority interests	-	-	-	0.0%
Net profit	- 667	4,696	5,363	-114.2%

The Banca Generali Group consolidated first-quarter profit and loss account shows a noticeable slowdown in growth due to the increasing instability on the international financial markets triggered in July 2007 with the outbreak of the subprime mortgage crisis in the US.

Consolidated operating profit came to 8.5 million euros, a sharp decrease from the same period of last year (-13.1 million euros), due to a significant slowdown in net revenues (-24.0%).

This decline may be attributed to the loss on financial operations, which came to a net total of 11.8 million euros for the quarter, entirely related to the valuation component of the trading investment portfolio, compared to a net profit of 1.7 million euros for the same period of the previous year.

The effects of the crisis had a lesser impact on consolidated net commissions, down 3.2 million euros or 7.9% on the same period in the previous year.

Under these circumstances, the consolidated loss for the quarter was 0.7 million euros.

The foregoing figure, however, includes 7.9 million euros in net provisions, largely related to expansion of the sales network and taxes of 1.3 million euros.

4.4.1. Net interest

Net interest income amounted to 14.0 million euros, a 4.2 million euro increase (+42.9%), compared to the same period of the previous year.

The cost of direct inflows increased 35.6% to 6.8 million euros due to the increase in average interest rates paid, largely indexed to interbank market rates which were on the rise.

This increase was offset by a corresponding 7.4 million euros or 38.3% increase in income from financial assets in the trading and available for sale portfolio, the 3.0 million or 48.7% increase in the net interbank positions, and a smaller increase in loans to customers.

(€thousand)	31/03/2008	31/03/2007	Changes	
			Amount	%
Financial assets held for trading	21,218	19,280	1,938	10.1%
AFS financial assets	5,447	-	5,447	-
Loans to banks	10,715	6,945	3,770	54.3%
Loans to customers	4,021	3,423	598	17.5%
Other assets	23	21	2	9.5%
Total interest income	41,424	29,669	11,755	39.6%
Due to banks	1,436	705	731	103.7%
Due to customers and securities issued	26,026	19,193	6,833	35.6%
Total interest expense	27,462	19,898	7,564	38.0%
Net interest income	13,962	9,771	4,191	42.9%

4.4.2. Net Commissions

Aggregated commissions stood at 37.0 million euros, a net decrease of 3.2 million euros (-7.9%) compared to the same period of the previous year.

(€thousand)	31/03/2008	31/03/2007	Changes	
			Amount	%
Asset management	29,534	32,194	- 2,660	-8.3%
Placement of securities	17,147	23,766	- 6,619	-27.9%
Distribution of third-party financial products	11,611	12,012	- 401	-3.3%
Dealing in securities and currencies	1,472	1,333	139	10.4%
Order collection, custody, and securities administration	5,924	4,172	1,752	42.0%
Collection and payment services	667	491	176	35.8%
Other services	202	459	- 257	-56.0%
Total commission income	66,557	74,427	- 7,870	-10.6%
Commissions for external offer	26,717	32,832	- 6,115	-18.6%
Collection and payment services	367	423	- 56	-13.2%
Dealing in securities and custody	1,782	807	975	120.8%
Asset management	402		402	0.0%
Other	261	180	81	45.0%
Total commission expense	29,529	34,242	- 4,713	-13.8%
Net commissions	37,028	40,185	- 3,157	-7.9%

Revenues contracted 7.9 million euros or 10.6%, largely attributable to the collection and management of household savings, whose contribution decreased by 9.7 million euros, partially offset by the 1.8 million euro increase in revenues from other banking services.

(€thousand)	31/03/2008	31/03/2007	Changes	
			Amount	%
Asset management, own				
1. Collective asset management (UCITS, pension funds)	17,603	18,572 -	969	-5.2%
2. Individual asset management	11,931	13,622 -	1,691	-12.4%
Commissions on asset management	29,534	32,194 -	2,660	-8.3%
1. Placement of third-party UCITS	16,137	17,234 -	1,097	-6.4%
2. Bond placement	1,010	4,676 -	3,666	-78.4%
3. Other placement operations	-	1,856 -	1,856	-100.0%
4. Distribution of third-party asset management products (GPM/GPF, pension funds)	598	530	68	12.8%
5. Distribution of third-party insurance products	9,522	10,064 -	542	-5.4%
6. Distribution of other third-party financial products	1,491	1,418	73	5.1%
Placement and distribution of third-party products	28,758	35,778 -	7,020	-19.6%
Total	58,292	67,972 -	9,680	-14.2%

In this context, commissions from the Group's individual and collective asset management businesses declined 2.7 million euros or 8.3%, mostly concentrated in individual asset management portfolios rather than group-managed UCITS.

Commissions on the placement and distribution of third-party services decreased 7.0 million euros compared to the first quarter 2007, largely due to the 3.7 million euro decrease in contribution from the placement of bonds through the advisor network and the 1.1 million decrease in the placement of third-party UCITS. Finally, guarantee commissions from participation in a third-party placement operation made a positive contribution in the first quarter 2007.

(€thousand)	31/03/2008	31/03/2007	Changes	
			Amount	%
Trading services	7,396	5,505	1,891	34.4%
Other services	869	950 -	81	-8.5%
Total traditional banking operations	8,265	6,455	1,810	28.0%

Commission income from traditional banking operations increased 1.8 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 to a lesser extent by operations with retail customers.

Underwriting commissions decreased more than management commissions as the ratio of commissions on traditional banking operations increased. Incentive commissions refer to BG Luxembourg management operations.

(€thousand)	31/03/2008	31/03/2007	Changes	
			Amount	%
Underwriting commissions	9,517	17,062 -	7,545	-44.2%
Management commissions	47,396	50,872 -	3,476	-6.8%
Incentive commissions	1,393	-	1,393	0.0%
Other commissions (other banking and financial services)	8,251	6,493	1,758	27.1%
Total	66,557	74,427 -	7,870	-10.6%

Net commissions also included a 6.1 million euros (-18.6%) decrease in commission expenses for external offer commissions paid to the distribution network, attributable to lower volume traded in the period.

4.4.3. 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.

As already illustrated in the foreword, trading and financial operations generated a loss of 11.8 million euros in the first quarter 2008 compared to 1.7 million euros in net profit in the same period the year before.

The 13.5 million euro negative turnaround is attributable to the deepening international financial sector crisis, culminating in February-March with the bail-out of the US investment bank Bear Stearns and announcements of losses or noticeable contractions in earnings by other major international banks.

This, combined with declining expectations on global economic growth, depressed stock and bond prices.

Therefore the loss for the period largely reflects net capital losses at fair value on trading investment portfolio (HFT), amounting to 13.6 million euros.

(€thousand)	31/03/2008	31/03/2007	Changes	
			Amount	%
Net income (loss) on financial assets	695	1,412	- 717	-50.8%
Gain (loss) on financial assets	- 18,117	- 2,961	- 15,156	511.9%
Income (loss) on derivatives	257	162	- 419	-258.6%
Gain (loss) on derivatives	4,557	3,049	- 1,508	49.5%
Securities transactions	- 12,608	1,338	- 13,946	-1042.3%
Currency transactions	306	347	- 41	-11.8%
Net profit from trading	- 12,302	1,685	- 13,987	-830.1%
Net profit from hedging	-	-	-	0.0%
Income (loss) from repurchases	493	-	- 493	0.0%
Income (loss) of financial operations	- 11,809	1,685	- 13,494	-800.8%

The debt securities segment posted a total net loss of 10.2 million euros, mainly due to the adjustment of the bond portfolio to its fair value at the end of the period, which led to the recognition of 10.9 million euros in net losses.

The equity securities segment posted a net loss of 2.3 million euros, entirely attributable to the capital losses described above.

The contribution from UCITS decreased to 0.2 million euros.

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. With reference to Total Return Swaps, the only equity swap contract still outstanding generated a gain of 0.1 million euros.

The overall result on financial operations was partly offset by 0.5 million euros in capital gains on the sale of bonds classified as financial assets available for sale.

(€thousand)	Net profit and dividends	Capital gains	Loss from trading	Capital loss	31/03/2008
1. Debt securities transactions	791	1,526	105	12,421	- 10,209
2. Equity securities transactions	471	52	443	2,349	- 2,269
<i>Equity securities</i>	<i>377</i>	<i>14</i>	<i>340</i>	<i>2,312</i>	<i>- 2,261</i>
<i>Options on equity securities</i>	<i>94</i>	<i>38</i>	<i>103</i>	<i>37</i>	<i>- 8</i>
3. Total Return Swaps (TRS)	147	4,764	-	4,764	147
<i>Equity securities (TRS transactions)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>4,764</i>	<i>- 4,764</i>
<i>Dividends</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Derivatives</i>	<i>147</i>	<i>4,764</i>	<i>-</i>	<i>-</i>	<i>4,911</i>
4. UCITS unit quota transactions	14	3	33	165	- 181
5. Interest Rate Swaps (IRS)	108	96	-	104	100
6. Currency transactions	308	131	-	329	110
<i>Derivatives</i>	<i>2</i>	<i>131</i>	<i>-</i>	<i>329</i>	<i>- 196</i>
<i>Exchange gains and losses</i>	<i>306</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>306</i>
Result from trading	1,839	6,572	581	20,132	- 12,302

4.4.4. Operating Expenses

Operating expenses, including staff expenses, other general and administrative expense, amortisation and depreciation and other operating income and expenses did not change significantly compared to the same period of the previous year (+0.7 million euros, or 2.3%).

(€thousand)	31/03/2008	31/03/2007	Changes	
			Amount	%
Staff expenses	- 14,189	- 14,079	110	0.8%
Other general and administrative expense	- 16,434	- 16,759	325	-1.9%
Net adjustments of property, equipment and intangible assets	- 1,267	- 1,559	292	-18.7%
Other income and expenses	1,187	2,386	- 1,199	-50.3%
Operating expense	- 30,703	- 30,011	692	2.3%

Staff expenses, including full-time employees, interim staff, and directors increased a net 0.1 million euros compared to the first quarter 2007.

Group employees reached 743 persons, an increase of 32, or 4.5%, compared to a year earlier.

	31/03/2008	31/03/2007	Changes	
			Amount	%
Managers 3 rd and 4 th level executives	43	44	- 1	-2.3%
Other employees	609	575	34	5.9%
Total	743	711	32	4.5

(€thousand)	31/03/2008	31/03/2007	Changes	
			Amount	%
1) Employees	13,762	13,608	154	1.1%
Wages and salaries	8,009	8,127	- 118	-1.5%
Social security charges	2,051	2,187	- 136	-6.2%
Termination indemnity	195	514	- 319	-62.1%
Contributions to outside supplemental pension funds	756	304	452	148.7%
Costs related to payment agreements based on own financial instruments	186	175	11	6.3%
Provision for staff expenses	1,691	1,602	89	5.6%
Other employee benefits	874	699	175	25.0%
2) Other staff	42	133	- 91	-68.4%
3) Directors	385	338	47	13.9%
Total	14,189	14,079	110	0.8%

Other general and administrative expense amounted to 16.4 million euros, a decrease of 0.3 million euros, or -1.9%, compared to the same period in the previous year.

The ratio of operating expenses, before adjustments to property, equipment and intangible assets to net banking income (cost/income ratio) was 75.0% due to the reduction in consolidated operating revenues.

(€thousand)	31/03/2008	31/03/2007	Changes	
			Amount	%
Administration	1,337	1,124	213	19.0%
Advertising	129	90	39	43.3%
Consultancy and professional advice expense	238	182	56	30.8%
Corporate boards and auditing firms	92	133	- 41	-30.8%
Other general costs (insur. T&E)	878	719	159	22.1%
Operations	7,175	7,717	- 542	-7.0%

Rent and usage of premises	3,353	2,971	382	12.9%
Outsourced services	2,215	1,886	329	17.4%
Post and telephone	611	900	-	289 -32.1%
Print material and contracts	317	246	71	28.9%
Other operating expenses	679	1,714	-	1,035 -60.4%
Information system and equipment	6,197	5,916	281	4.7%
Outsourced IT services	4,273	4,057	216	5.3%
Fees for financial databases and other IT services	1,024	926	98	10.6%
Software maintenance and servicing Sw	465	431	34	7.9%
Other expenses (equipment rental, maintenance, etc.)	435	502	-	67 -13.3%
Taxes and duties	1,725	2,002	-	277 -13.8%
Total other general and administrative expense	16,434	16,759	-	325 -1.9%

4.4.5. Operating profit and net profit for the period

As illustrated in the foreword, **consolidated operating profit** for the first quarter 2008 amounted to 8.5 million euros, while **operating profit before taxation** amounted to 0.7 million euros after 7.9 million euros in provisions.

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.

In addition, in the first quarter the equity investment in the affiliate Eura was written down as a result of the impairment procedure.

(€thousand)	31/03/2008	31/03/2007	Changes		
			Amount	%	
Net operating revenues	39,232	51,644	-	12,412	-24.0%
Operating expense	- 30,703	- 30,011	-	692	2.3%
Operating profit	8,529	21,633	-	13,104	-60.6%
Net adjustments for non-performing loans	64	- 15	-	79	-526.7%
Net adjustments of other assets	-	-	-	-	0.0%
Net provisions	- 7,913	- 12,007	-	4,094	-34.1%
Gain (loss) from the disposal of equity investments	- 27	-	-	27	0.0%
Operating profit before taxation	653	9,611	-	8,958	-93.2%
Income taxes for the period on continuing operations	- 1,320	- 4,915	-	3,595	-73.1%
Net profit	- 667	4,696	-	5,363	-114.2%

Income taxes for the period, consisting of IRES and IRAP, have been estimated at 1.3 million euros, a very high tax rate as a ratio to profit before taxation, largely due to the rigid calculation method of the IRAP tax base and the loss of the benefit on dividends received as per tax consolidation rules.

Net loss for the period amounted to 0.7 million euros, a decrease of 5.4 million euros year on year.

5. Consolidated Results by Business Line

The Group currently operates in two main areas of business:

- Asset management, mainly through the “product” companies BG SGR for funds under Italian law, BG Luxembourg for SICAVs under Luxembourg law, BG Fiduciaria SIM S.p.A., and BSI Italia for asset management.
- 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 and private bankers of 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

Loans to customers	Group total	Banking and distribution	Asset management	Cancellation
Financial assets held for trading	1,857,715	1,850,630	7,085	-
Other financial assets	761,615	761,615	-	-
Loans to customers	305,410	297,504	19,234	- 11,329
Due to customers	- 3,328,432	- 3,336,263	- 30,951	38,782
Net interbank position	647,953	646,582	12,826	- 11,454
Equity investments	7	29,679	-	- 29,672
Property, equipment and intangible assets	20,910	16,504	154	4,252

Distribution by Business Segment: Profit and Loss Account Figures

(€ thousand)	Group 31/03/2008	Distribution	Asset management	Cancellation	Group 31/03/2007	Distribution	Asset management	Cancellation
Interest income	41,424	40,805	836	217	29,669	29,435	308	- 75
Interest expense	- 27,462	- 27,676	- 3	- 217	- 19,898	- 19,909	- 3	15
Net interest	13,962	13,129	833	-	9,771	9,526	305	- 60
Commission income	66,557	47,012	33,870	14,325	74,427	65,551	31,367	- 22,136
Commission expense	- 29,529	- 23,817	- 19,987	- 14,275	- 34,242	- 32,923	- 23,496	21,823
Net commissions	37,028	23,195	13,883	50	40,185	32,628	7,871	- 313
Dividends	51	51	-	-	3	3	-	-
Net result from banking operations	- 11,809	- 11,799	10	-	1,685	1,689	- 4	-
Net result from insurance operations	-	-	1	2	-	-	1	2
Net operating profit	39,232	24,576	14,706	50	51,644	43,846	8,172	- 373
Staff expenses	- 14,189	- 12,200	- 1,995	- 6	- 14,079	- 12,615	- 1,423	- 40
Other general and administrative expense	- 16,434	- 14,656	- 2,066	- 288	- 16,759	- 15,141	- 2,016	- 397
Net adjustments of property, equipment and intangible assets	- 1,267	- 1,254	13	-	- 1,559	- 1,542	- 16	-
Other operating expense/profit	1,187	1,184	247	244	2,386	2,429	- 59	15
Net operating expense	- 30,703	- 26,926	- 3,827	- 50	- 30,011	- 26,869	- 3,515	373
Operating profit	8,529	- 2,350	10,879	-	21,633	16,976	4,657	0
Net adjustments for non-performing loans	64	64	-	-	15	15	-	-
Net adjustments of other financial assets	-	-	-	-	-	-	-	-
Net provisions	- 7,913	- 7,913	-	-	- 12,007	- 12,008	-	-
Gain (loss) from the disposal of equity investments	- 27	- 27	-	0	-	-	-	-
Operating profit before taxation	653	- 10,226	10,879	0	9,611	4,954	4,657	0
Income taxes for the period on continuing operations	- 1,320	- 1,812	- 3,132	-	- 4,915	- 3,057	- 1,857	0
Income (loss) from non-current assets	-	-	-	-	-	-	-	0
Profit (loss) for the year attributable of minority interests	-	-	-	-	-	-	-	0
Net profit	- 667	- 8,414	7,747	0	4,696	1,896	2,800	0

(€thousand)	31/03/2008	31/03/2007	Changes	
			Amount	%
Distribution segment	- 8,414	1,896	- 10,310	-543.7%
Asset management segment	7,747	2,800	4,947	176.7%
Group	- 667	4,696	- 5,363	-114.20%

Other Information (Assets under Management)

Asset Management Area

The Financial Asset Management Area includes the assets relating to the asset management and mutual funds business, which amounted to 6.6 billion euros.

(€million)	31/03/2008	31/12/2007	Changes	
			Amount	%
Funds and SICAVs	4,321	5,156	-835	-16.19%
- attributable to the banking group's GPF	1,203	1,682	-479	-28.48%
GPF/GPM	3,528	4,403	-875	-19.87%
Total assets managed by the banking group, net of managed securities portfolios included in the GPF of the banking group	6,646	7,877	-1,231	-15.63%

*includes managed funds portfolios account amounts held in current accounts, or 43 million euros

In the first three months of 2008, this area generated commissions (net of the commissions remitted to the distribution network) amounting to 13.9 million euros, contributing approximately 7.7 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 portfolios and current accounts), stock brokerage, payment services, lending and financing. Total indirect inflows for the segment amounted to 29.5 billion euros, of which 6 billion euros consists of products relating to the wealth management area.

(€million)	31/03/2008	31/12/2007	Changes	
			Amount	%
Indirect inflows (under administration and custody)	13,489	14,117	-628	-4.45%
Indirect inflows (asset management)	11,138	12,759	-1,621	-12.70%
Indirect inflows (insurance products)	4,839	4,405	434	9.85%
Total, gross	29,466	31,281	-1,815	-5.80%
- amount already included in the asset management segment	5,980	6,827	-847	-12.41%
Total, net	23,486	24,454	-968	-3.96%

In the first three months of 2008, this area generated net commissions (net of the commissions remitted to financial advisors) amounting to 23.2 million euros, with a negative contribution amounting to 8.4 million euros to net profit. This figure was also impacted by net provisions for liabilities and contingencies totalling 7.9 million euros mainly aimed at reinforcing the distribution network and unrealised capital losses on own securities portfolio.

6. Human Resources

6.1 Employees

	31/03/2008	31/03/2007	Changes	
			Amount	%
Managers 3 rd and 4 th level executives	43	44	- 1	-2.3%
Other	609	575	34	5.9%
Total	743	711	32	4.5

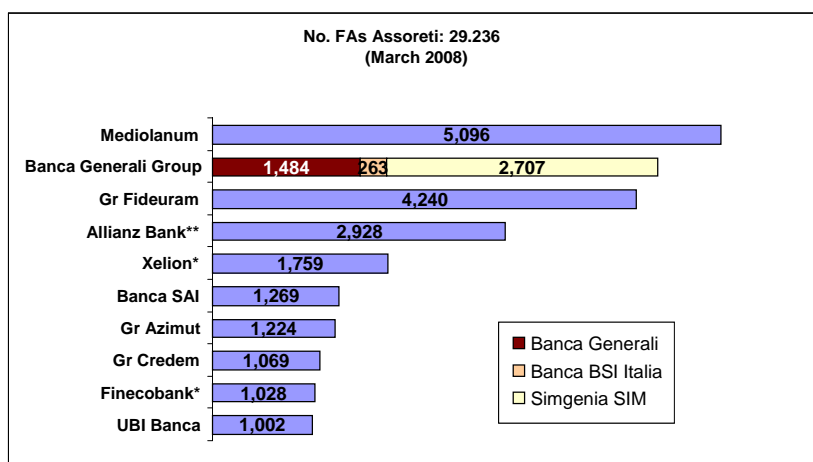
Total banking group human resources amounted to 743 persons, an increase of 32 compared to end-March 2007.

In the first quarter 2008, the Banca Generali Group began the performance evaluation process for all its employees.

It continued to map managerial skills among executives and managers, together with training, with Generali Group Innovation Academy focusing on managerial and information system training and top outside expert consulting companies focusing on technical training.

6.2 Financial Advisors

The Banca Generali Group owns one of the largest Financial Advisor-based distribution networks in the Italian market: 1,484 Banca Generali advisors, 2,707 Simgenia advisors, and 263 BSI advisors, for a total of 4,454 professionals.



* Finacobank joined the Unicredit Group, along with Unicredit Xelion Bank, effective as of 1 October 2007

** RasBank became Allianz Bank Financial Advisors effective from 1 October 2007

The defining features of the distribution network are summarily illustrated in the table below.

	No. of FAs/ Bank./Rel.Man.	Assets (mln euro)	Assets per Advisor (mln euro)
Banca Generali	1,484	13,703	9.2
BSI Italia	263	6,722	25.6
Simgenia	2,707	2,960	1.1

Simgenia's FAs focus mainly on the insurance area, while assets under management are of secondary importance. As such, they are located only where the agencies of the Generali Group companies (Assicurazioni Generali, Alleanza, INA) are located, and their activities are intended to be supplementary to the insurance business. This explains the lower average assets-under-management figure for the Simgenia network (1.1 million euros).

Banca Generali's financial advisor network covers an extensive area in Italy and is 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	13
Emilia Romagna	5	20
Friuli Venezia Giulia	2	4
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
Overall total	42	154

7. Transactions with Related Parties

In compliance with Article 2391-*bis* of the Italian Civil Code, Article 71 of CONSOB (Italy's stock market regulator) Regulation No. 11971/99 (Provisions on Issuers) and the recommendations contained in the Code of Conduct for listed companies, on 18 July 2006, Banca Generali's Board of Directors approved the *Code of Conduct for Transactions with Related Parties*, with the objective of:

(i) regulating the implementation of transactions with related parties by Banca Generali or by its subsidiaries, identifying internal rules suitable for ensuring transparency, the substantial and procedural accuracy of transactions, and especially of "significant" transactions, i.e. those with a relevant impact on the profit and loss account, the balance sheet, and the company's financial position.

(ii) establishing the procedures for complying with disclosure requirements, including those required under applicable laws and regulations.

In compliance with CONSOB Resolution No. 15232 of 29 November 2005, "related parties" includes parties defined as such by IAS 24 — Related Party Disclosures.

In compliance with this standard, 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 (Banca BSI Italia, BG SGR, BG Luxembourg investment, Simgenia, BG Fiduciaria, and S. Alessandro Fiduciaria).

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

In implementing the principles set out in the aforementioned Code, the banking group follows specific procedures to allow the regular flow of information regarding related-party transactions from subsidiaries to the Parent Company and from the Parent Company to its control boards.

Transactions with parties that have powers of management, administration and control over the bank are governed by Article 2391 of the Italian Civil Code and by the rules pertaining to the obligations of banking representatives set out in Article 136 of Italian Legislative Decree No. 385/1993 (Italy's Banking Law) and the Regulatory Instructions, which, in relation to such transactions, require a unanimous resolution by the Board of Directors and the favourable vote of all members of the Board of Statutory Auditors, without prejudice to abstention requirements set forth by law.

Disclosure of Transactions with Related Parties

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.

No transactions other than those completed as part of normal banking relationships with private and corporate customers were carried out during the first quarter of 2008. Specifically, no related-party transactions were carried out that could be defined as atypical or unusual or as having an "impact on the safety of the company's assets or the completeness or accuracy of accounting and other information related to the issuer", which would therefore require disclosure to the market pursuant to Article 71-bis of CONSOB Regulation No. 11971/99 (and subsequent amendments).

With reference to these transactions, the main balance sheet and profit and loss account aggregates that are separately identifiable are summarised below.

7.1 Balance Sheet Data

(€thousand)	Parent Company Assicurazioni Generali	Other associate companies Generali Group	Other related parties	31/03/2008	31/12/2007	Change
Financial assets held for trading	59	-	-	59	116	- 57
Financial assets available for sale	1,258	-	-	1,258	1,371	- 113
Loans to customers	27,813	9,692	591	38,096	53,755	- 15,659
Loans to banks	-	42,066	-	42,066	42,066	-
Total assets	29,130	51,758	591	81,479	97,308	- 15,829
Due to customers	203,856	669,717	2,968	876,541	1,346,243	- 469,702
Due to banks	-	5,190	-	5,190	5,226	- 36
Financial liabilities held for trading	-	28	-	28	131	- 103
Total liabilities	203,856	674,935	2,968	881,759	1,351,600	- 469,738
Guarantees issued	-	1,365	-	1,365	3,274	- 1,909

Amounts due to customers attributable to transactions with related parties, in the form of current accounts, amounted to 876.5 million euros at end-March 2008, including 203.9 million euros attributable to the banking group's parent company. Amounts due to banks amounted to 5,190 million euros, including 4.6 million euros for the subordinate loan issued by BSI SA and the remaining amounts in term deposits due to BSI SA.

Loans to customers amounted to 38.1 million euros, attributable to a GESAV capitalisation policy for 27.1 million euros, as well as commercial loans to Generali Group's associate product companies.

Loans to banks include 42.0 million euros in term deposits made by the Austrian associate Generali Bank AG for the remaining Banca BSI SA positions.

Banca Generali owns 44,188 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.

7.2. Profit and Loss Account Data

(€thousand)	Parent Company		Other associates of Generali Group		Total Group	31/03/2007	Change
Interest income		340		424	764	314	450
Interest expense	-	4,206	-	4,191	8,397	9,710	1,313
Net interest income	-	3,866	-	3,767	7,633	9,396	1,763
Commission income		53		19,695	19,748	17,692	2,056
Commission expense	-	-	-	473	473	1,030	557
Net commissions		53		19,222	19,275	16,662	2,613
Dividends	-	-	-	-	-	-	-
Gain (loss) on trading	-	-	-	-	-	-	-
Operating income	-	3,813	-	15,455	11,642	7,266	4,376
General and administrative expense	-	791	-	3,039	3,830	3,727	103
Other net operating profit		-		2	2	373	371
Net operating expense	-	791	-	3,037	3,828	3,354	474
Operating profit	-	4,604	-	12,418	7,814	3,912	3,902

Trieste, 6 May 2008

THE BOARD OF DIRECTORS

Annexes

A.1 Balance Sheet and Profit and Loss Account of the Parent Company

Balance Sheet

Assets (€thousand)	31/03/2008	31/12/2007	Changes	
			Amount	%
Financial assets held for trading	1,850,146	2,659,835	- 809,689	-30.44%
Financial assets available for sale	761,331	107,403	653,928	608.85%
Loans to banks	848,752	831,335	17,417	2.10%
Loans to customers	216,574	238,995	- 22,421	-9.38%
Equity investments	68,202	68,229	- 27	-0.04%
Property, equipment and intangible assets	11,031	11,816	- 785	-6.64%
Tax receivables	19,073	17,402	1,671	9.60%
Other assets	153,089	86,032	67,057	77.94%
Total assets	3,928,198	4,021,047	- 92,849	-2.31%

Liabilities and net equity (€thousand)	31/03/2008	31/12/2007	Changes	
			Amount	%
Due to banks	980,676	641,194	339,482	52.95%
Direct inflows	2,519,885	3,045,689	- 525,804	-17.26%
Financial liabilities held for trading	2,591	7,780	- 5,189	-66.70%
Tax payables	1,939	3,616	- 1,677	-46.38%
Other liabilities	192,200	102,030	90,170	88.38%
Special purpose provisions	23,869	22,438	1,431	6.38%
Valuation reserves	- 4,816	945	- 5,761	-609.63%
Reserves	71,002	51,261	19,741	38.51%
Additional paid-in capital	22,804	22,804	-	0.00%
Share capital	111,313	111,313	-	0.00%
Treasury shares (-)	- 7,303	- 7,339	36	-0.49%
Net profit (loss) for the period (+/-)	14,038	19,316	- 5,278	-27.32%
Total liabilities and net equity	3,928,198	4,021,047	- 92,849	-2.31%

Profit and Loss Account

(€thousand)	31/03/2008	31/03/2007	Changes %
Interest income	39,351	26,313	49.5%
Interest expense	- 29,068	- 18,727	-55.2%
Net interest income	10,283	7,586	35.6%
Commission income	36,541	47,308	-22.8%
Commission expense	- 20,044	- 23,984	16.4%
Net commissions	16,496	23,324	-29.3%
Dividends and income from equity investments	19,004	12,471	52.4%
Net result from banking operations	- 11,838	1,579	-849.7%
Net operating profit	33,945	44,960	-24.5%
Staff expenses	- 9,147	- 8,970	2.0%
Other general and administrative expense	- 11,139	- 11,967	-6.9%
Net adjustments of property, equipment and intangible assets	- 856	- 1,166	-26.6%
Other operating expense/income	2,832	3,734	-24.2%
Net operating expense	- 18,310	- 18,369	-0.3%
Operating profit	15,635	26,591	-41.2%
Net adjustments for non-performing loans	65	15	-533.3%
Net adjustments of other assets	-	-	0.0%
Net provisions	- 2,039	- 3,709	-45.0%
Gain (loss) from the disposal of equity investments	-	-	0.0%
Operating profit before taxation	13,661	22,867	-40.3%
Income taxes for the period on continuing operations	377	- 4,913	-107.7%
Net profit (loss) from non-current assets, net of tax	-	-	0.0%
Net profit	14,038	17,954	-21.8%

A.2 Declaration Pursuant to Article 154-bis, Second Paragraph of Legislative Decree No. 58 of 24 February 1998

I, the undersigned Giancarlo FANCEL, born in Portogruaro (VENICE) on 26 September 1961, Assistant General Manager of BANCA GENERALI S.p.A., with registered offices in Trieste, 4 Via Machiavelli, share capital of 111,313,176.00 euros, registered with the Trieste Company Register under No. 103698 — in light of the evaluations carried out in my capacity as Manager in charge of preparing the Company's accounting documents, pursuant to my appointment by Board resolution of 16 February 2007 — do hereby

declare that

for the intents and purposes of article 154-bis, paragraph 2, of Legislative Decree No. 58 of 24 February 1998, the Interim Report at 31 March 2008 corresponds to the said Company's books, records and accounting documents.

Trieste, 6 May 2008

Giancarlo Fancel
Executive in charge of drawing up the company's accounting documents
BANCA GENERALI S.p.A.
