

Press Release

**Banca Generali Approves the Results for the First Nine Months of
2008**

Strong business model able to guarantee growth, despite serious market crisis

Excellent solidity and liquidity of the Bank

Focus on mid-term sustainable growth

- Net profit: **€5.3 million (-43.5% vs. 30 September 2007)**
- Net interest income: **€43.4 million (+37.9% vs. 30 September 2007)**
- Net banking income: **€127.4 million (-10.8% vs. 30 September 2007)**
- Operating profit: **€29.4 million (-39.8% vs. 30 September 2007)**

- Net inflows: **€468 million**
- AUM: **€22.2 billion (-9.1% since year-start)**

- **Focus on medium term business development and sustainability, also taking advantage of the solidity of the Bank and the power of the Generali brand**

Milan, 28 October 2008 – The Board of Directors of Banca Generali chaired by Giovanni Perissinotto met today and approved the consolidated results for the period ended 30 September 2008.

“During the ongoing financial market crisis, the extent and intensity of which remain difficult to predict, our primary goal is to develop our business over the medium to long term. Thanks to our business model and the limited risk level of our clients’ portfolios, we can continue to grow as we deal with this difficult period. Our brand and solidity are the best guarantee for our distribution networks and our clients,” commented Chief Executive Officer Giorgio Girelli. “In this sense, also the first nine months 2008 results confirm that Banca Generali keeps on growing in term of net inflows and the industrial results are positive.”

Net Inflows and Assets Under Management (AUM)

Despite the difficult context that has characterised all of 2008 and intensified since September, the Banca Generali Group succeeded in achieving **net inflows** of €468 million in the first nine months of the year. It is worthy of note that the growth of the core business amounted to €592 million (€536 million for BSI Italia and €56 million for Generali), whereas Simgenia showed net outflows of €124 million due to the focus of the Generali Group’s networks on insurance products.

Due to the severe declines in all world financial markets over the period from 30 September 2007 to 30 September 2008 (MSCI -26.7%, Stoxx 600 -32%, Mibtel -37%), despite approximately €500 million in net inflows from January to September 2008, the Banca Generali Group’s assets under management (AUM) amounted to €22.2 billion (-9.1% since the beginning of the year).

Consolidated Operating Results at 30 September 2008

The Banca Generali Group's **net profit** amounted to **€5.3 million**, down by 43.5% from €9.3 million at 30 September 2007. The result for the first nine months of 2008 incorporates the effects of the amendment to accounting standards IAS 39/IFRS 7, decided by the IASB committee on 13 October 2008 and subsequently endorsed by the European Commission on 16 October (refer to page 2 and 3 for a more detailed analysis). Net profit includes a €5.5 million write-down of the exposure to two senior notes issued by Lehman Brothers, to which there are no further direct exposures.

Net interest income climbed to **€43.4 million** (+37.9% compared to the same period of 2007), confirming the rapid growth of the first half of the year (**€27.5 million**) and benefiting from the increase in banking assets and the interest rate trends over the period.

Gross commissions amounted to **€189.6 million** (-14.2%), confirming the marked preponderance of management fees on the total which amounted to 71.7%, in line with 30 September 2007. The decline in commissions is related to the reduction in assets under management, which were penalised by the severe financial market crisis.

Due to the contribution of net interest income, the decline in **net banking income** was **€127.4 million, down 10.8% compared to the first nine months of 2007.**

Operating expenses amounted to **€98 million (+4.3%)**. This result was achieved through effective containment of staff expenses, which amounted to €40.6 million (-1.1%), partially offsetting the increase in administrative expenses to €59.1 million (+9.4%) due to the launch of the Luxembourg-based management company and additional costs for new regulations and compliance.

Operating profit was **€29.4 million (-39.8% YoY)**.

At 30 September 2008, Banca Generali Group total assets amounted to **€3,780.8 million**. **Consolidated equity** amounted to **€187.9 million**. The liquidity of the bank remains very high and Banca Generali confirms to be one of the largest lenders in interbank circuit.

In the third quarter, despite the marked worsening of the financial crisis, Banca Generali substantially broke even (-€0.3 million compared to -€0.8 million in the third quarter of 2007), a slight improvement on the previous year.

Comment on the impact of the application of the revision of accounting standard IAS 39 on the profit and loss results at 30 September 2008

As mentioned in the foregoing section, the results for the first nine months of 2008 incorporate the effects of the amendment to accounting standard IAS 39 on the reclassification of financial instruments, introduced by the IASB committee on 13 October.

The revision in question permits, under exceptional circumstances such as the current financial crisis, certain reclassifications (previously not allowed) of certain portfolios at fair value (Held-for-Trading and Available-for-Sale) to other portfolios at amortised cost (Held-to-Maturity and Loans & Receivables), and from the Held-for-Trading portfolio to the Available-for-Sale portfolio. In addition, on a transitional basis only, the IASB has allowed the implementation of said reclassification with a reference date no earlier than 1 July 2008.

In the Banca Generali Group's case, the application of these amendments to IAS 39 has permitted the reclassification of a total of €929 million in assets, primarily to the categories Held-to-Maturity and Loans & Receivables.

In carrying out the foregoing reclassifications, the Group decided to reclassify **listed corporate bonds with maturities beyond 2009** to the Held-to-Maturity portfolio, whereas **unlisted corporate bonds with maturities beyond 2009** have been reclassified to the Loans and Receivables portfolio. **Government bonds** and **corporate bonds with maturities in 2008 and 2009** have continued to be classified at fair value and therefore remained in the categories Held-for-Trading and Available-for-Sale;

As a whole, Banca Generali's bond portfolio shows a high degree of solidity, as witnessed by the fact that over 97% of said portfolio has a rating of higher than A and an average maturity of two years.

The new classification of financial instruments more accurately reflects the Group's investment profile, which has always been oriented towards holding most corporate bonds in portfolio until their natural expiry.

In addition, the application of a valuation based on the amortised cost principle for Held to Maturity and Loans & Receivables, instead of fair value will allow the effects of the volatility of financial market trends to be removed from the Group's financial statements.

Lastly, we report that measuring the transferred assets at fair value would have resulted in €6.9 million in increased write-downs to the profit and loss account (HFT) and €8.4 million to equity (AFS).

Today, Chief Executive Officer Giorgio Girelli will present the results at September 30, 2008 to the financial community through a **Conference Call** scheduled for 5:30 PM (CET). To listen to the presentation, please call the following numbers: for Italy (and other countries not listed below) +39 02 802 09 11, for the UK +44 208 79 29 750, for the USA +1 866 23 96 425. The presentation will be available at www.bancagenerali.com.

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 – Consolidated Profit and Loss Account at 30 September 2008
- 2 - Reclassified Consolidated Balance Sheet

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1 – Consolidated Profit and Loss Account at 30 September 2008

(€ mil.)	9M 07	9M 08	% Chg
Net Interest Income	31.4	43.4	37.9%
Commission income	221.0	189.6	-14.2%
Commission expense	-105.5	-96.8	-8.2%
Net Commission	115.5	92.8	-19.6%
Net income (loss) from trading activities	-6.8	-41.5	n.m.
Dividends	2.6	32.7	n.m.
Net Banking Income	142.8	127.4	-10.8%
Staff expenses	-41.1	-40.6	-1.1%
Other general and administrative expense	-54.0	-59.1	9.4%
	-95.0	-99.7	4.9%
Depreciation and amortisation	-5.1	-4.2	-16.5%
Other net operating income (expense)	6.1	5.9	-3.7%
Net Operating Expenses	-94.0	-98.0	4.3%
Operating Profit	48.8	29.4	-39.8%
Net adjustments for impair.loans and other asse	-0.1	-5.5	n.m.
Net provisions for liabilities and contingencies	-30.6	-17.5	-42.7%
Profit Before Taxation	18.1	6.3	-64.9%
Direct income taxes	-8.7	-1.1	-87.7%
Net Profit	9.3	5.3	-43.5%
Cost /Income Ratio	62.3%	73.6%	11.3 p.p.
EBITDA	53.9	33.6	-37.6%
Tax rate	48.3%	16.9%	-31.4 p.p.

2 - Reclassified Consolidated Balance Sheet

(€millions)

Assets	Sept. 30, 2008	Dec. 31, 2007	Change	% Change
Financial assets held for trading	738.2	2,668.7	-1,930.5	-72.3%
Financial assets available for sale	782.5	107.7	674.8	n.m.
Financial assets held to maturity	612.3	0.0	612.3	
Loans to banks	883.4	913.9	-30.5	-3.3%
Loans to customers	576.2	345.7	230.5	66.7%
Equity investments	0.0	0.0	0.0	
Property equipment and intangible assets	18.9	21.7	-2.8	-12.7%
Tax receivables	47.6	35.9	11.7	32.5%
Other assets	121.8	117.7	4.1	3.5%
Total Assets	3,780.8	4,211.3	-430.5	-10.2%

Liabilities and Shareholders' Equity	Sept. 30, 2008	Dec. 31, 2007	Change	% Change
Due to banks	353.3	14.3	339.0	n.m.
Direct inflows	3,033.4	3,765.6	-732.2	-19.4%
Financial liabilities held for trading	0.2	7.7	-7.5	-97.1%
Tax payables	3.5	5.6	-2.1	-37.9%
Other liabilities	151.0	157.9	-6.9	-4.3%
Special purpose provisions	51.5	52.3	-0.8	-1.5%
Valuation reserves	-4.8	0.9	-5.7	n.m.
Reserves	62.4	65.7	-3.3	-5.1%
Additional paid-in capital	22.8	22.8	0.0	0.0%
Share capital	111.3	111.3	0.0	0.0%
Treasury shares (-)	-9.1	-8.1	-1.0	12.2%
Net income (loss) for the period (+/-)	5.3	15.3	-10.0	-65.5%
Total Liabilities and Shareholders' Equity	3,780.8	4,211.3	-430.5	-10.2%