



Consolidated Half-Year Report as of 30 June 2009

Board of Directors
29 July 2009

The consolidated half-year report have been translated from those issued in Italy, from the Italian into the English language solely for the convenience of international readers

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.

Company Boards

CHAIRMAN	Perissinotto Giovanni
CHIEF EXECUTIVE OFFICER BOARD OF DIRECTORS	Girelli Giorgio Angelo Baessato Paolo Borrini Amerigo Buscarini Fabio De Vido Andrea Lentati Attilio Leonardo Minucci Aldo Miglietta Angelo Riello Ettore
BOARD OF STATUTORY AUDITORS	Alessio Vernì Giuseppe (Chairman) Venchiarutti Angelo Gambi Alessandro Camerini Luca (Alternate Auditor)
GENERAL MANAGER	Motta Piermario

Contents

Company Boards	1
Group Economic and Financial Highlights	2
Interim Report on Operations	3
1. Summary of Half-Year Operations.....	3
2. Macroeconomic Context	4
3. Performance of Group Companies	5
4. Net Inflows, Assets Under Management, and Market Positioning in Distribution Through Financial Advisor Networks	6
5. Group Indirect Inflows	9
6. Human Resources and the Group's Distribution Network	10
7. Products and Marketing	12
8. Auditing	14
9. Organisation and ICT	15
10. Main Risks and Uncertainties	15
11. Outlook for the Second Half of 2009.....	16
12. Transactions with Related Parties	16
Condensed Consolidated Financial Statements	18
<i>Consolidated Accounting Statements</i>	18
Consolidated Balance Sheet.....	18
Consolidated Profit and Loss Account.....	19
Statement of Other Comprehensive Income.....	19
Statement of Changes in Consolidated Net Equity.....	20
Consolidated Cash Flow Statement.....	21
<i>Notes and Comments</i>	22
Part A Accounting Policies.....	22
Part B Changes in the Balance Sheet and Net Equity.....	27
Part C Profit and Loss Account.....	40
Part D Consolidated Results by Business Segment.....	50
Part E Transactions with Related Parties	52
Attestation to the Condensed Half-year Financial Statements Pursuant to Article 81-ter of Consob Regulation 11971 Dated 14 May 1999, as Amended	56

Group Economic and Financial Highlights

Consolidated figures	30/06/2009	30/06/2008	Change %
(€ million)			
Net interest	28.6	27.5	4.0
Net commissions	86.6	67.4	28.5
Dividends and net profit from banking activities	13.3	-10.8	224.1
Net banking income	128.5	84.2	52.7
Staff expenses	-32.6	-25.8	26.2
Other general and administrative expense	-43.9	-34.5	27.5
Amortisation and depreciation	-2.7	-2.3	15.5
Other operating income	4.0	3.6	13.3
Net operating expense	-75.1	-59.0	27.3
Operating profit	53.4	25.1	112.5
Provisions	-17.1	-16.3	4.7
Portfolio	-6.1	0.1	n.a.
Profit before taxation	30.3	8.9	238.3
Net profit	23.9	5.5	330.8
Cost / income ratio	56.4%	67.4%	-16.3
EBTDA	56.1	27.5	104.3
ROE	12.7%	3.0%	329.1
EPS - Earnings per Share (euro)	0.2160	0.0503	329.6

Net Inflows	30/06/2009	30/06/2008	Change %
(€ million) (Assoreti data) * excluding Simgenia			
Mutual Funds and SICAVs	99	478	-79.3
Asset management	-2	-1.258	-99.8
Insurance / Pension funds	269	1.020	-73.6
Securities / Current accounts	-128	216	-159.4
Total	238	455	-47.7

Assets Under Management & Custody (AUM/C)	30/06/2009	31/12/2008	Change %
(€ billion) (Assoreti data) *excluding Simgenia			
Mutual Funds and SICAVs	5.1	4.7	8.1
Asset management	2.7	2.6	3.6
Insurance / Pension funds	5.3	5.1	2.7
Securities / Current accounts	6.5	6.5	-0.9
Total	19.5	19.0	2.9

Net Equity	30/06/2009	31/12/2008	Change %
(€ million)			
Net equity	218.0	188.9	15.4
Total capital for regulatory purposes	192.6	175.0	10.1
Excess capital	69.3	59.7	16.1
Solvency margin	12.49%	12.14%	2.9

Interim Report on Operations

1. Summary of Half-Year Operations

The Banca Generali Group closed the first six months of 2009 with net profit of 23.9 million euros — an increase of 18.3 million euros compared to the same period of 2008 (+330.8%) — and net equity of 218 million euros.

As known, as of 1 October 2008 the consolidation area changed, following the entry into the banking group of Banca del Gottardo Italia. As a result, the accounting data for the first half of 2009 and 2008 cannot be compared. For comparison purposes, the Consolidated Half-year Report at 30 June 2009 also presents the changes in the main items of the Profit & Loss Account (P&L) on a comparable consolidation basis.

EBTDA, which is calculated as profit before taxes, net provisions, adjustments on loans, property, equipment and intangible assets, amounted to 56.1 million euros for the first six months of 2009, up 104.3% (+93.2% on a like-for-like consolidation basis) compared to 27.5 million euros in the same period of 2008.

Net banking income rose compared to 30 June 2008 by 44.4 million euros, or 52.7% (+38.6% on a like-for-like consolidation basis), from 84.1 million euros at 30 June 2008 to 128.5 million euros in the first six months of 2009. Net interest income performed well (+1.1 million euros, or +4%), while net commissions showed particularly significant growth (+28.5%, or +22.1% on a like-for-like basis). The dividends and net profit from trading segment posted growth of 24.1 million euros compared to the first half of 2008, primarily due to the improvement in real-estate markets and the asset allocation defined at the peak of the crisis.

Total operating expenses at 30 June 2009 amounted to 75.1 million euros, up 27.3% (12.9% on a like-for-like consolidation basis) compared to the first half of 2008, with staff expenses increasing from 25.8 million euros in the first six months of 2008 to 32.6 million euros in the same period of 2009 (+26.2%; 8.1% on a like-for-like consolidation basis). These increases reflect both the effect of the employment agreement and significant ongoing integration and legislative compliance (Basel 2, operational risks) projects.

Net provisions amounted to 17.1 million euros at 30 June 2009, a slight increase (+4.7%) compared to the first half of 2008, mainly due to 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 19.5 billion euros at 30 June 2009, which is the figure used for communications to Assoreti (Italy's National Association of Financial Products and Investment Services Placing Firms). In addition, at 30 June 2009, assets under administration and custody of the Generali Group companies totalled approximately 3.4 billion euros, and 1.4 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 24.3 billion euros.

With 19.5 billion euros in assets under management and 238 million euros in net inflows for the period from 1 January to 30 June 2009, the Banca Generali Group continues to hold a leading position among institutions specialising in the distribution of financial products through financial advisor networks.

In the first half of 2009, the banking group focussed the brunt of its efforts on developing new products aiming at the optimisation of assets in customer portfolios, to react to changes in the financial market. To this end, the development of additional new sub-funds of BG Selection Sicav, which is directly managed by the subsidiary BG Investments Luxembourg SA, was completed and new insurance products were placed.

The group further expanded the offer of products provided by third-party product companies (over 75 new SICAV sub-funds), consistent with the stronger multibrand concept the banking 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.

From an organisational standpoint, the first six months of 2009 witnessed the merger of the subsidiary Banca del Gottardo Italia into Banca BSI Italia, a member of the banking group, effective 1 January 2009, and the sale of 85% of the equity investment in Simgenia to certain Assicurazioni Generali Group insurance companies in June. This sale had already been approved by Banca Generali's Board of Directors in late December 2008.

Moreover, the foundations were laid for the expansion of the banking group's asset management operations during the first six months of the year through the plan to merge Generali Investments Luxembourg, a Luxembourg-based member of the Assicurazioni Generali Group, into the subsidiary BG Investments Luxembourg. The transaction, for which the required approval of the competent Luxembourg supervisory authorities was obtained in early July, and which will be completed in the coming six months, will allow the banking group to maintain control of the company while achieving an immediate increase in total assets under management of approximately 3.8 billion euros. The above transaction is part of a large project at the Generali Group level aimed at reorganising asset management operations.

Lastly, remaining on the topic of the rationalisation and streamlining of the banking group's operations, during the first six months of 2009 two additional corporate actions were approved by the respective boards of directors and forwarded to supervisory entities for authorisation, namely the transfer of portfolio-based asset management operations from Banca BSI Italia to BG sgr and the subsequent merger of Banca BSI Italia into Banca Generali.

Before analysing the Bank's sales and financial results for the first half of 2009, 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.

2. Macroeconomic Context

There were two faces to capital market performance in the first six months of 2009. During the first two months of the year, the global economic scenario deteriorated further, fostering bear equity markets and bull bond markets. In March, the steps taken to stabilise western banking systems, the improvement in global economic expectations, and the first signs of economic recovery in China and certain emerging countries began to provide the opportunity for a turnaround: equity markets returned to the levels of late 2008 and bond yields showed upward pressure.

This capital market trend occurred against the backdrop of a global economy that hit the bottom of its growth cycle in the first quarter of 2009. Economic policies were highly expansionary: central banks cut interest rates substantially to zero and governments approved new tax stimulus measures or extended those already in place. Deflationary pressures also increased due to global growth and rising unemployment and this phenomenon affected developed economies in particular. In further detail, the European Central Bank reduced its refinancing rate to 1% from 2.5% in late 2008 and implemented unconventional expansionary measures (a plan to buy covered bonds and the launch of a 12-month refinancing transaction).

After a period of weakness in the first quarter, equity markets posted significant recoveries in the second quarter: the S&P500, which in late March was down 12%, ended the six months up 1.8%, while the EuroStoxx50 improved from -15% to -1.9%, the FTSE MIB from -18% to -2%, and the Topix from -10% to +8.2%. With the exception of Eastern Europe, emerging markets yielded better results than western markets, driven by growth trends and banking systems less subject to a decrease in leverage, and the MSCI Emerging Markets, which was substantially unchanged in late March, closed the six months up 34.3%. In general, the sectors that outperformed the market were commodities, banks and consumer goods, whereas utilities, insurance and telecommunications posted highly negative performances.

During the six months, the action taken by central banks allowed the gradual re-absorption of the anomalies that had characterised the money market in late 2008, while also encouraging a decrease in aversion to risk. In this context of stabilisation, long-term bond yields gradually rose: they climbed from 2.25% to 3.5% in the United States and from 3% to 3.4% in the euro area, resulting in a steepening of the yield curve. Businesses made increasing use of the bond market to secure funding. However, this circumstance did not prevent spreads between corporate and sovereign yields from gradually contracting in the course of the six months due to investors' renewed appetite for risk.

On currency markets, the gradual decrease in aversion to risk and differences in interest rates resulted in the depreciation of the dollar from 1.25 to the euro early in the year to approximately 1.41 in late June. The dollar/yen exchange rate fluctuated within a range of 90 to 101 and closed the six months near 96.

Lastly, commodities prices began to climb again, with oil rising from 44.6 dollars a barrel in late December to 69.9 dollars in late June (49.7 dollars at 31 March).

Outlook

Weak signs of the stabilisation of the economic scenario and improvement in expectations across all geographical areas began to emerge in the spring. In the coming months, the expansionary fiscal and monetary policies already implemented should reach the real economy and the improvement in the economic scenario should be evident in coincident macroeconomic data (such as industrial output). However, estimates by leading forecasters (International Monetary Fund, OECD) indicate negative global growth in 2009 and growth below potential in 2010. In further detail, the most dynamic geographical areas in coming months should prove to be China and India, whereas moderate levels of growth are expected for Europe and the United States.

In this context, the prospects for capital markets remain highly uncertain and contingent on signs of the confirmation of the strength and sustainability of recovery.

3. Performance of Group Companies

3.1 Performance of BG SGR

BG sgr, a company specialising in mutual funds, SICAVs, and GPF portfolios, reported 2.2 million euros in net income in the first half 2009. At the end of the period, net equity amounted to approximately 19.6 million euros and total balance sheet assets to 27.3 million euros.

Operating results before taxes, net provisions, adjustments, depreciation and amortisation (EBTDA), amounted to 3.5 million euros.

Net banking income amounted to 8.3 million euros, whereas general and administrative expense was 4.9 million euros, including about 2.6 million euros for staff expenses.

On the whole, the assets of promoted and/or managed funds and discretionary accounts amounted to 2,267 million euros as of 30 June 2009, marking a slight decline of 2% from the 2,314 million euros as of 31 December 2008.

3.2 Performance of Bg Fiduciaria SIM

BG Fiduciaria, a company specialising in individual managed funds and securities portfolios, mainly in a custodian capacity, reported 100 thousand euros in net profit in the first half of 2009. Total assets under management amounted to 453 million euros, slightly up compared to 443.3 million euros in 2008, and net equity was 7.3 million euros.

Operating result before taxes, net provisions, value adjustments and depreciation and amortisation (EBTDA), totalled 169 thousand euros, compared to 901 thousand euros in the same period of the previous year.

Net banking income amounted to 1.1 million euros, whereas general and administrative expense was 1.0 million euros, including 0.5 million euros for staff expenses.

3.3 Performance of Simgenia SIM

Simgenia is a company specialising in the distribution of financial and banking products through financial advisors who mainly act as agents and/or employees of Generali Group Insurance Companies. It closed the first six months of 2009 with a net loss of 1.1 million euros. On 17 June 2009 an 85% interest in the above company was sold to certain insurance companies belonging to the Assicurazioni Generali Group, resulting in the removal of the company from the Banca Generali Group's consolidation area.

3.4 Performance of Banca BSI Italia

Banca BSI Italia specialises in the distribution of financial and banking products to private customers both through the financial advisor networks and through relationship managers employed directly by the company. Banca BSI Italia recorded a net loss of 12.6 million euros for the first half of 2009, worsening compared to the same period of

2008. The loss was mainly due to costs and provisions associated with a programme involving the strengthening of the private banker network.

On 1 January 2009 Banca BSI Italia absorbed the fully-owned subsidiary Banca del Gottardo Italia.

Total assets under management placed by advisors amounted to 7.9 billion euros at year-end, compared to 6.2 billion euros at the end of the previous year (primarily due to the contribution of Banca del Gottardo Italia, which was absorbed on 1 January 2009) and net inflows of 11 million euros.

Net equity amounted to 59.0 million euros, up from 14.3 million euros in the first half of 2008, due to the recapitalisation undertaken in the second half of 2008 in order to acquire Banca del Gottardo Italia and net of the losses reported in 2008 and the first half of 2009.

Operating profit before taxes, net provisions, value adjustments and depreciation and amortisation (EBTDA), was negative at 5.9 million euros, down compared to the positive result of 1.6 million euros for the first half of 2008.

Net banking income amounted to 14.6 million euros, whereas general and administrative expense was 21.5 million euros, including 8.4 million euros for staff expenses.

3.5 Performance of Sant'Alessandro Fiduciaria S.p.A.

Sant'Alessandro Fiduciaria, a company specialising in custodian capacity of assets, closed the first half of 2009 with net profit of 8 thousand euros and net equity amounting to about 170.4 thousand euros.

Operating results before taxes, net provisions, adjustments, depreciation and amortisation (EBTDA) was a profit of 13 thousand euros, slightly down compared to an operating profit of approximately 20 thousand euros reported in the first half of 2008.

Net banking income amounted to 73 thousand euros, whereas general and administrative expense was 60 thousand euros.

3.6 Performance of Bg Investment Luxembourg Sa

BG Investment Luxembourg SA, a company under Luxembourg law specialising in the management of SICAVs, was formed in November 2007 and began operating in the first months of 2008. At 30 June 2009, the company reported a net profit of approximately 33.1 million euros and net equity of about 35.3 million euros.

Operating results before taxes, net provisions, adjustments, depreciation and amortisation (EBTDA), amounted to 36.6 million euros.

Net banking income amounted to 40.3 million euros, whereas general and administrative expense was 3.8 million euros.

Overall assets under management at 30 June 2009 amounted to 3.4 billion euros.

3.7 Performance of the parent company, Banca Generali

Banca Generali, the parent company of the banking group of the same name, specialised in the distribution of financial and banking products to affluent clients through networks of financial advisors, closed the first six months of 2009 with a net profit of 36 million euros, up from 15.5 million euros in the first half of 2008, driven primarily by the increase in intercompany dividends and the profits on securities operations.

Total assets under management placed by advisors amounted to 11.6 billion euros at the end of the period, compared to 11.2 billion euros at the end of 2008 and net inflows for the period amounted to 227 million euros.

Net equity amounted to 224.9 million euros, up from 184.1 million euros in the first half of 2008, primarily due to the increase generated by net profit for the year to date and the disposal of Simgenia.

Operating results before taxes, net provisions, adjustments, depreciation and amortisation (EBTDA) amounted to 54.7 million euros, up from the 21.1 million euros reported in the first six months of 2008.

Net banking income amounted to 97.7 million euros, whereas general and administrative expense was 44.5 million euros, including 19.8 million euros for staff expenses.

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

4.1 The Asset Management Market

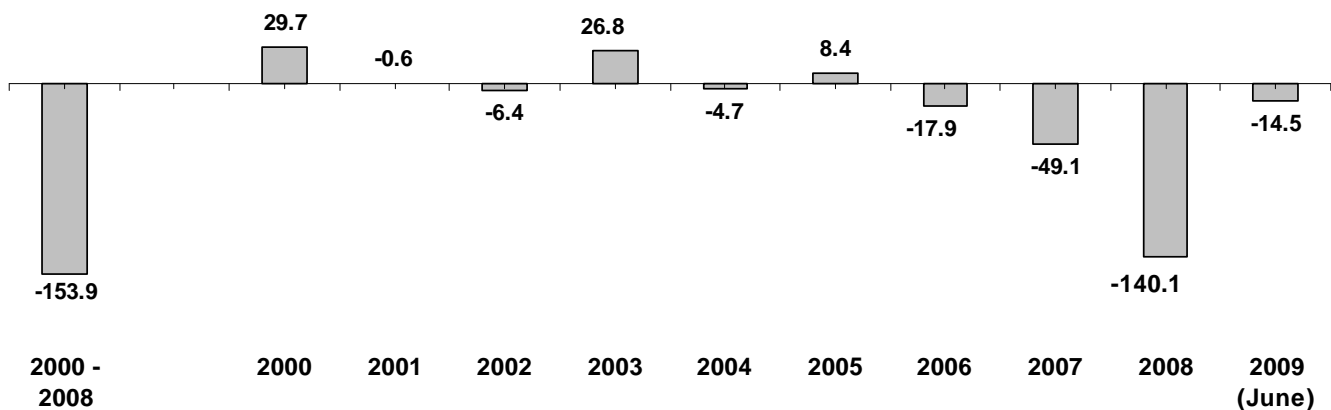
On the whole, the Italian UCITS market declined by approximately 14.5 billion euros in the first half of 2009. This figure, while negative, represents a significant improvement over the first half of 2008, in which record net

outflows of 72 billion were reported. Moreover, net divestments came substantially to a halt in the second quarter of this year, resulting in net outflows of only 0.7 billion euros for the quarter, while a month of net inflows (+1.6 billion euros in May) occurred for the first time since March 2006 (if the summer parentheses of August 2006 and 2007 are excluded).

Said net outflows are entirely attributable to the banking industry, inasmuch as financial advisor networks reported in May moderate gains (+1.7 billion euros) during the period, following on 2008, in which they had posted their first ever net outflows (13.1 billion euros).

It would appear that the asset management industry has completed the portfolio adjustment phase largely governed by banks, which, just as they had steered part of their clients towards the UCITS market, had also taken the opposite course to an equal extent, privileging products more typical of the banking industry.

The Italian collective investment undertakings (UCITS) Market



Source: Assogestioni. Reclassification of UCITS distribution figures

4.2 The Assoreti Market

Overall, the total net inflows achieved by the Assoreti market (i.e. involving distribution through financial advisors) returned to moderately positive levels (3.4 billion euros) in the first half of 2009 (January to May, the latest period for which data are available). Moreover, the period's most salient characteristic was the internal composition of net inflows. Contrary to the same period of 2008, net inflows in the assets under management segment were positive (+1.5 billion euros), following on significant net outflows (-5.8 billion euros). On the other hand, assets under administration and custody, given the modest appeal of very low bond and current account returns, fell from 7.6 billion euros in 2008 to 1.4 billion euros in 2009.

Insurance investment inflows were modest in extent (0.4 billion euros) and amounted to approximately one-third of the level reported in May 2008.

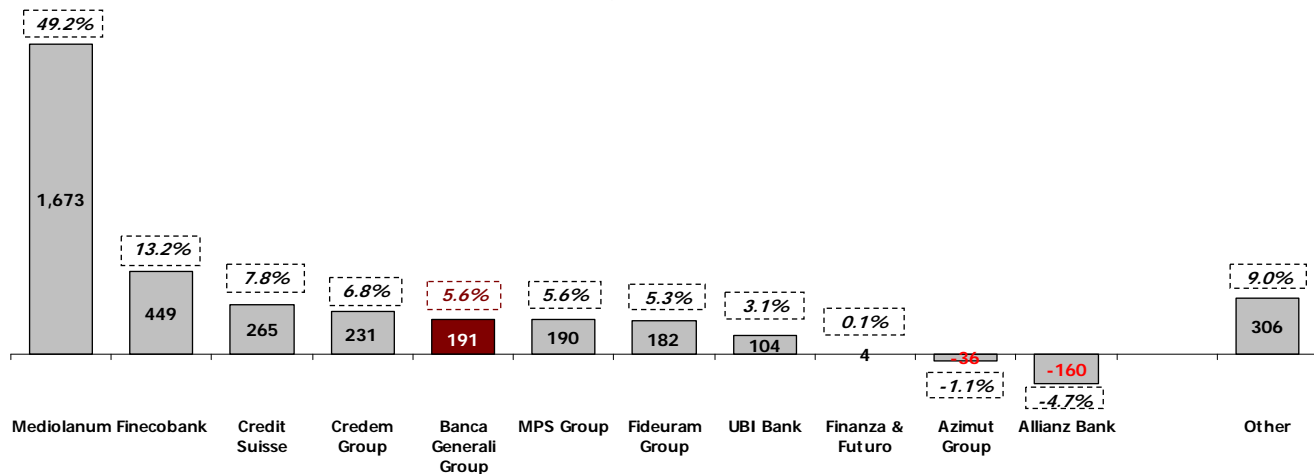
The comparison with 2008 shows that, as opposed to the past, assets were not reallocated within portfolios; rather, there was a movement towards a more even distribution between the various types of products against the backdrop of modest overall activity.

4.3 The Banca Generali Group

In this context of moderate recovery, the Banca Generali Group continued to report significant net inflow figures relative to the market of reference (Assoreti): 238 million euros in net inflows, or 6% market share, as of June. Of total net inflows, 227 million euros are attributable to Banca Generali and 11 million euros to Banca BSI Italia.

In further detail, in June inflows primarily regarded insurance products (269 million euros). However, investment flows for asset management products showed a clear turnaround, rising from net outflows of 781 million euros in the first six months of 2008 to net inflows of 97 million euros in 2009. Assets under administration and custody showed net outflows of 128 million euros. In this regard, the Banca Generali Group's performance partially diverged from that of the market at large, influenced by its product line, especially its insurance products, which present specific levels of excellence (witnessed by the over 350 million euros in life new business written).

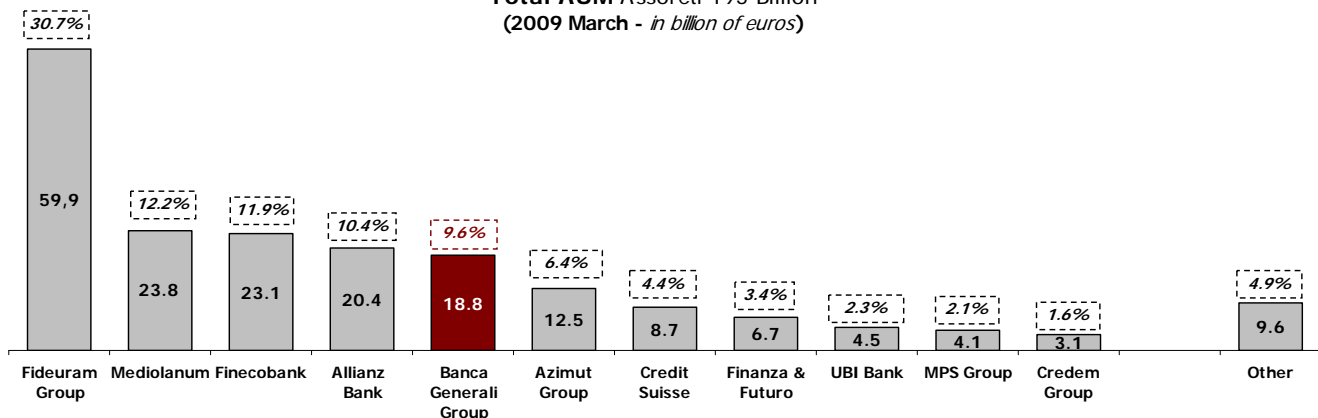
Total Net Inflows Assoreti 3.4 Billion
(Jan-May 2009 - in million of euros)



Source: **Assoreti**

The Banca Generali Group continued to lead the market by assets under management with 9.6% of the total. The comparison with the market refers to March 31, 2009, inasmuch as more recent figures are not yet available.

Total AUM Assoreti 195 Billion
(2009 March - in billion of euros)



Source: **Assoreti**.

The following table provides a summary of assets, updated through June 2009, illustrating their composition by macro-aggregate and furnishing a comparison with the figures as of December 2008. The assets in question refer to the Assoreti market, and therefore to the Financial Advisor operating area. The 2008 figures were made consistent with those for 2009 by excluding the assets of Simgenia SIM SpA, which amounted to approximately 1.2 billion euros as of December 2008.

Assets rose by 3% during the half-year. Growth was especially concentrated in the asset management segment (+6.5%), and in funds and SICAVs in particular (+8%).

(€ million)	30/06/2009	31/12/2008	Changes vs/ 31/12/2008	
			Amount	%
Total asset management	7,806	7,329	477	6.51%
- Funds and SICAVs	5,119	4,735	384	8.11%
- GPF/GPM	2,687	2,594	93	3.59%
Total insurance products	5,253	5,117	136	2.65%
Total assets under administration and custody	6,459	6,520	-61	-0.94%
Total assets placed by the network	19,518	18,966	552	2.91%

5. 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.

5.1 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 Investments Luxembourg.

(€ million)	30/06/2009	31/12/2008	% change vs 31/12/2008	
			Amount	%
Funds and SICAVs	4,639	4,275	364	8.51%
- attributable to the banking group's GPF	496	639	-143	-22.38%
GPF/GPM	2,849	2,722	127	4.67%
Total assets managed by the banking group, net of discretionary accounts included in the GPF of the banking group	6,992	6,358	634	9.97%

Total assets in mutual funds managed by the banking group amounted to 4,639 million euros, including the management mandate received on funds and SICAVs formed by third parties and 496 million euros included in the banking group's discretionary accounts.

In the discretionary accounts segment, activity was concentrated in those managed by BG SGR, Banca BSI Italia and BG Fiduciaria, the assets of which amounted to 2,849 million euros as of 30 June 2009.

The segment reported overall growth of 10% on 2008 (+634 million euros).

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.

In further detail, in the Italian mutual funds segment, the banking group places the products of the Generali Group, Eurizon Capital SGR and Anima SGR. In the area of foreign UCITS, the banking group places the Luxembourg SICAV of the Group Assicurazioni Generali Investments Sicav and the products of more than 20 international investment houses, of which those with the highest concentration of investment are Black Rock, JP Morgan, Julius Baer, Morgan Stanley, Pictet, Invesco, Schroeder and Fidelity.

Assets invested in third-party asset management products amounted to 1,930 million euros at the end of June, up by 6% compared to 31 December 2008. However, it should moreover be noted that the year witnessed significant development of the multi-fund Luxembourg SICAV BG SELECTION, which are promoted directly by the Group but invest almost exclusively in third-party products.

(€ million)	30/06/2009	31/12/2008	% change vs 31/12/2008	
			Amount	%
Funds and SICAVs	1,898	1,782	116	6.51%
GPF/GPM	32	34	-2	-5.88%
Total third-party product asset management	1,930	1,816	114	6.28%

Third-party insurance products

Investments in insurance products and pension assets mainly came through life products, unit-linked policies, and index-linked policies of Genertellife (formerly "La Venezia Assicurazioni"). At 30 June 2009, assets amounted to 5,253 million euros, up 2.7% compared to December 2008.

(€ million)	30/06/2009	31/12/2008	% change vs 31/12/2008	
			Amount	%
			Insurance products (unit linked, policies, etc)	5,253
Total third-party insurance products	5,253	5,117	136	2.66%

5.2 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 30 June 2009, the market value was 7,270 million euros, a 40% decrease compared to 12,155 million euros at year-end 2008.

The overall volume of indirect inflows is influenced by the securities portfolio held by the Parent Company. The decrease consisted largely of the elimination of the Toro equity package.

Net of inflows associated with Captive and Corporate clients, indirect inflows at market value were on the rise (17%) compared to 31 December 2008 (almost entirely due to the acquisition of Banca del Gottardo Italia).

(€ million)	30/06/2009	31/12/2008	% change vs 31/12/2008	
			Amount	%
			<i>of which Captive / Corporate securities portfolios</i>	2,502
<i>of which other customer securities portfolios</i>	4,768	4,061	707	17.41%
Indirect inflows of assets under administration and custody of the banking group (market value)	7,270	12,155	-4,885	-40.19%

6. Human Resources and the Group's Distribution Network

6.1 Employees

	30/06/2009	30/06/2008	30/06/2008
			LfL
Managers	52	42	55
3 rd and 4 th level executives	110	86	111
Other employees	586	578	632
Total	748	706	798

(net of Simgenia's workforce)

The total human resources employed by the banking group amounted to 748, up by 42 on 30 June 2008, or down by 50 if the workforce of the absorbed company Banca del Gottardo Italia is also considered.

The decrease in the workforce arises from the combined effect of the Group's acquisition of the equity investment in Banca del Gottardo Italia (acquired in October 2008 and absorbed on 1 September 2009) and the structural rationalisation undertaken in the first six months of the year.

Of the 82 employees of Banca del Gottardo Italia at the time of the merger with Banca BSI Italia, some were integrated into Banca Generali in order to strengthen certain organisational units that provide outsourced services

to BSI Italia and that witnessed an increase in their activity due to the size of the new company and in order to replace staff that had left the firm in previous months and were not replaced with a view to the need to absorb the resources acquired, while others left the company or joined other firms in the Assicurazioni Generali Group.

The first half of 2009 saw the launch of the Group's annual employee performance evaluation process. The process involved a survey of the entire company population's training needs, which in turn served as the foundation for the training plan for the second half of 2009 and part of 2010.

Technical, linguistic and information technology courses were held in order to ensure the best management of specific aspects of various company functions. Legislative refresher courses were also provided in e-learning and classroom format to the entire company population on MiFID, Legislative Decree 231, the prevention of money laundering and Legislative Decree 81/2008.

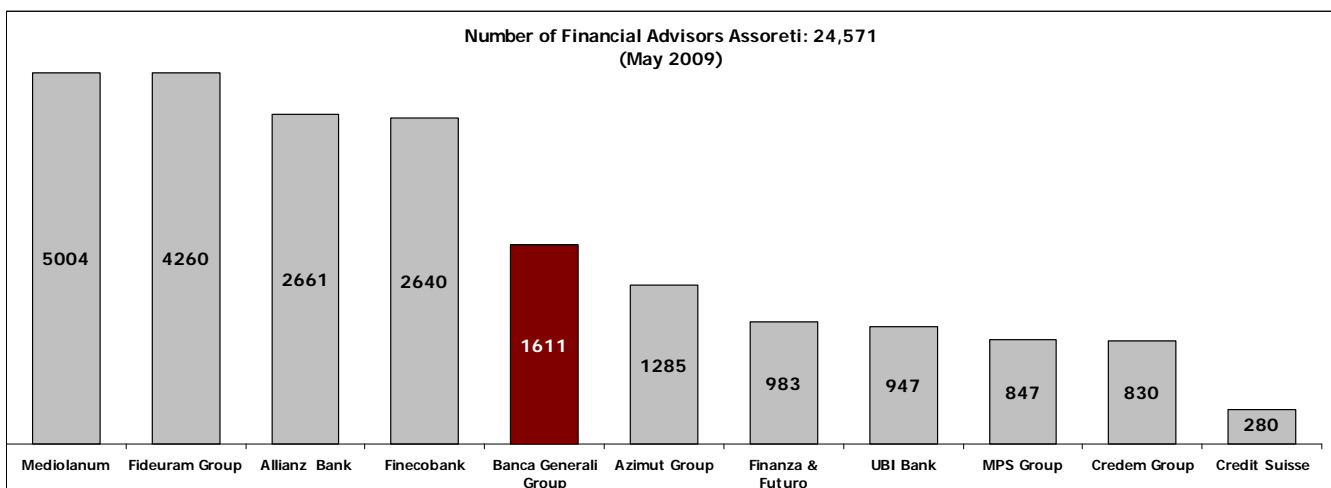
Training activities also supported the development of the managerial skills required to fill such positions, including through international training courses. The courses were organised by the Generali Group Innovation Academy and, for the technical part, with top outside consulting companies, experts in their fields.

The process of mapping managerial skills within the population of managers, executives and white-collar employees aimed at a specific course of professional development also continued. Feedback and development interviews continued to be held for the launch of personalised development plans.

An ongoing training programme was launched, under which financial advisors were sent to the Milan and Trieste offices and office employees to various points of operation, with the aim of continuing to increase organisational integration with the sales network.

6.2 Financial Advisors

The Banca Generali Group owns one of the largest Financial Advisor-based distribution networks in the Italian market: as of 30 June 2009, Banca Generali had 1,311 advisors and Banca BSI Italia 287, for a total of 1,598 professionals. Simgenia SIM SpA ceased to be a part of the Banca Generali Group on 17 June 2009.



The following table provides a summary of the primary figures for the Banca Generali Group's distribution networks, updated through 30 June:

	No. of FAs/ Bank./Rel.Man.	Assets (mln euro)	Assets per Advisor (mln euro)
Banca Generali	1,311	11,615	8.9
BSI Italia	287	7,903	27.5

The Group's financial advisors cover an extensive area in Italy and are supported by a total of 181 bank branches and Advisor Offices.

Region	Branches			Offices			Total
	Banca Generali	BSI Italia	Total	Banca Generali	BSI Italia	Total	
Abruzzo	1		1	1		1	2
Calabria	1		1	3	1	4	5
Campania	3	1	4	11	1	12	16
Emilia	4	1	5	15	3	18	23
Friuli	2		2	3	1	4	6
Lazio	2	1	3	3	1	4	7
Liguria	3	1	4	10	4	14	18
Lombardia	4	2	6	15	2	17	23
Marche				4		4	4
Piemonte	3	1	4	6	7	13	17
Puglia	2		2	6	2	8	10
Sardegna				1		1	1
Sicilia	1		1	5		5	6
Toscana	2	1	3	11	2	13	16
Trentino				2		2	2
Umbria	1		1	2		2	3
Valle d'Aosta					1	1	1
Veneto	5	1	6	13	2	15	21
Total	34	9	43	111	27	138	181

7. Products and Marketing

The existing line underwent further expansion in the first six months of 2009 through the launch of new products able to satisfy customers' needs for diversification and innovation. A project involving outreach to well identified customer segments was also launched. Through ad hoc promotional activity, this project aims to increase the level of activity with, and consequently loyalty to, the Bank.

Asset management

Product innovation in the asset management segment continued in the form of the launch of five new funds of funds, managed by selected international investment houses, within the Luxembourg SICAV BG Selection SICAV.

The new funds represent an important step for the Banca Generali Group towards the consolidation of its multi-brand approach, which previously had consisted of a broad offering of third-party retail funds.

Today, BG Selection SICAV, which was launched in February 2008, consists of 19 retail funds of funds: alongside the 14 existing funds, for which fund selection activity is performed by the BG Investment Luxembourg team, two other equity funds and three flexible funds, independently managed by BlackRock, Credit Agricole AM, Invesco, Morgan Stanley and Vontobel, became available in mid-June.

The reorganisation of the line of mutual funds of BG SGR, which currently consists of eight mutual funds, is nearing completion. This process is intended to result in the creation (effective 31 July 2009) of a streamlined range focussed on active management and risk control, which, when complete, will consist of a money-market fund, a flexible bond fund and a flexible equity fund.

The retail multi-brand segment also witnessed a sharp rise in the third-party products available to the sales network and customers: 65 new sub-funds of SICAVs already being placed and three new SICAVs (for a total of ten new sub-funds) were launched during the half-year.

Insurance products

Activities in the first six months of 2009 involved both traditional and unit-linked (Line I and Line III) life insurance policies.

The product BG Valore (Line I), in response to the change in the capital market scenario and the abrupt decrease in interest rates, underwent two successive adjustments of conditions, while retaining its distinctive characteristic of diversification of bond holdings between corporate and government securities. A new financial report presentation was devised for BG Evolution, the unit-linked policy currently being distributed. In addition to providing an update on asset allocation, said presentation also furnishes the manager's overview of the market and the choices of underlying assets.

In addition, post-sales products continue to be transformed into placed products, BG Valore and BG Evolution, with advantageous conditions for both outgoing and subscribed products.

The steps required to launch the product Vivifuturo, which will begin to be distributed in September 2009, were taken in the first few months of 2009. Vivifuturo, the result of collaboration between all Assicurazioni Generali Group companies, is a modular insurance product that aims to ensure peace of mind for customers 50 to 70 years of age through investment in a traditional product paired with long-term care coverage, and, additionally or alternatively, healthcare and accident coverage.

Assets under administration and custody

In the first six months of 2009, activity involving the product line in the assets under administration and custody segment focussed on the placement of structured bond products with protected principal at maturity. However, the decrease in short-term interest rates penalised repurchase agreement investment flows.

The line of securities investment services was improved and expanded by joining the Market Hub platform operated by Banca IMI, which made it possible to access new markets (TLX e EuroTLX), thereby increasing the efficacy of the execution policy in customers' interest.

By extending the deposit and withdrawal service to the local banks of the Intesa SanPaolo Group, effective from June, all Banca Generali accountholders may now draw on a broad network of branches (over five thousand) throughout Italy.

Work to ensure timely compliance with amendments to the law and the ensuing updates to product lines, contractual materials and the associated notices to customers also continued in the first half of 2009. In particular, a floating-rate mortgage indexed on the official ECB benchmark rate was launched and the maximum overdraft fee was eliminated.

IT systems

In the first months of 2009, activity continued to bring into line computer interface used directly by clients (Client Front End) and the sales network (Advisor Front End) with the rules introduced by the MiFID regulations. One particularly noteworthy development is the release of functions in support of the collection of MiFID contracts during the second stage of the Integrated Contract Management project. Launched in 2008, the project is scheduled for further development throughout 2009 aimed at gradually achieving automatic acquisition of all client contractual data, resulting in clear savings in terms of a decreased workload and a lesser incidence of error.

Alongside developmental maintenance of the current Web tools, work to renovate the banking group's Internet sites continues. The goal is to create a network of sites that are innovative, consistent in terms of graphical presentation and communication content, and attentive to the needs of the diverse user segments targeted by the Group. A new line of online bank accounts will be released to coincide with the launch of the new websites. These accounts are intended for customer segments and needs that are not currently covered by our business model and aim to expand the Group's banking operations.

Distribution Network Training

The training of the distribution network in the first half of the year was characterised by two large-scale training programmes. The first of these was centred on the insurance product BG Evolution. In addition to brief coverage of the product's technical traits, the programme explored the market scenario and sales arguments. The second concerned the monobrand funds of funds of BG Selection SICAV. Through meetings with third-party companies throughout the country, this programme explored the technical traits of the products and sales tools.

Two courses aimed at selected advisors were also held during the first half of the year: the first of these pertained to the platform developed by Banca Generali with Morningstar in support of advisory activity, with a particular focus on the legislative scenario for advisory and the commercial implications of the use of said platform, whereas the second aimed to improve advisors' skills in the field of assets under administration and custody with a view towards increasing customers' use of bank services and securing the transfer of securities portfolios.

In addition to foregoing, management training courses were held on recruiting, assets under administration and custody, and the MiFID Directive, with a focus on the themes of investment advisory and Banca Generali's model for assessing appropriateness and adequacy.

The online training platform, shared with the distance learning university Unitelma, for compulsory training on ISVAP regulations and Legislative Decree 231 continued to be updated. In addition, scholarships aimed at supporting acquisition of EFA certification by the banking group's financial advisors were promoted.

A highly innovative project was launched in the first six months and is scheduled to continue throughout the rest of the year. This project, entitled "Office – Network", involves sending financial advisors to the Milan and Trieste offices and office employees to selected points of operation in order to foster greater integration and mutual awareness between office and network, thereby improving the ability to satisfy customers' needs.

Trade marketing

In 2009, alongside the consistently numerous local marketing initiatives developed directly by the Network, Banca Generali and Banca BSI Italia organised a display at an important industry gatherings: the Italian Trading Forum in Rimini (May).

Athletic sponsorships of high standing included the organisation of a prestigious Invitational Golf Tour by Banca BSI Italia. In addition, as a further sign of its unremitting focus on the arts, Banca BSI organised an exclusive visit to Leonardo's Last Supper in Milan.

In the field of social responsibility, the Banca Generali Group continues its association with AISM through the organisation of charity events such as the open rehearsals at the La Scala theatre on 7 February.

Two roadshows were held in the first half of 2009: the first was in January, coinciding with the acquisition of Banca del Gottardo Italia, and the second was in May, to mark the launch of the new sub-funds (monobrand funds of funds) offered by BG Selection Sicav.

8. Auditing

The Banca Generali Group's internal audits are performed by its Internal Audit Service, which is responsible for the ongoing independent evaluation of the Group's internal control system to guarantee that it is adequate, fully operational and in correct working order. The Internal Audit Service is furthermore responsible for working with the bank's operating units in implementing control and risk management mechanisms and notifying the Board of Directors, the Board of Statutory Auditors, the Internal Control Committee, and Top Managers with possible improvements to risk management policies.

In the period under review, assurance action was conducted in accordance with the Supervisory Model and the annual audit plan. Internal Audit was particularly involved in providing assurance with respect to the adequacy of controls and their ability to effectively and efficiently identify risk situations. Attention was focused on verifying the presence of adequate line controls and the effective mitigation of risk factors brought to light in previous periods.

The evaluation of the quality of the internal control system for operational processes primarily involved the functioning of the sales network of Financial Advisors and had the aim of identifying and removing any irregular conduct and mitigating the risk of fraud. Assurance activities also included planned audits of financial and banking processes. Audits were carried out also in the areas of back office, branches, administrative/accounting

processes and information systems. The purpose of the audit activities was to determine the quality and effectiveness of controls and, where possible, propose solutions for improving risk management. Finally, the Service focused on monitoring improvements implemented as a result of previous audits.

In accordance with internal regulations, the Internal Audit Service constantly monitored the risk of money laundering by assessing the presence of suspect transactions and oversaw the assessment process for transactions analysed for the purposes of market abuse legislation.

During the first six months of 2009, the Internal Audit Service increasingly provided risk analyses, occasionally involving the development of more effective methods, aimed at protecting the banking group against the risk of fraud.

The risks identified by the Internal Audit Service in the course of its activities were then thoroughly surveyed. This analysis was submitted to the management and an action plan and timeline for the achievement of the improvement goals identified were drafted.

Among the steps toward improvement identified, the Internal Audit Service was directly engaged in training company units, and provided training on money laundering to office units in particular.

On the whole, it may be stated that the internal control system affords an acceptable degree of protection of the achievement of business goals and the containment of risks.

9. Organisation and ICT

The main projects brought to completion or in progress in the first six months of 2009 primarily involved ICT and organisational activities relating to the plan for the merger by absorption of Banca BSI Italia into Banca Generali and the plan for the transfer of portfolio management operations from Banca BSI Italia to BG SGR.

In the development of applications for the finance area, the first six months of the year witnessed the completion of the second stage of the project (following on that concluded in the first few months of the year) calling for the enhancement of the Trading Desk in the Finance Division through the completion of IT work and the implementation of organisational changes aimed at increasing operational efficiency, as well as of the Kondor+ Project, marked by the completion of the portion concerning foreign exchange and the impending release of functions for the calculation of risk in terms of VaR and counterparty limits.

With the aim of offering the banking group's customers a constantly improving home banking and online trading tool capable of competing with those used by our primary competitors on the market, a project was also launched to conduct a full revision of operational and commercial websites, including the IT platform available to the financial advisors network.

From an organisational standpoint, work continued on the project to draw up a complete map and assessment of operational risks in order to provide the banking group with an effective active monitoring tool aimed at mitigating the risks associated with its typical operations.

Lastly, with the aim of improving and substantially enhancing the rationale and tools available for cost/revenue monitoring and commercial planning functions through the use of cutting-edge technology and methods, the implementation of an innovative integrated IT system in service of commercial planning, management control, and commercial units is currently in the advanced stages.

10. Main Risks and Uncertainties

The main risks and uncertainties to which the banking group is exposed may be summarised as follows:

- The banking group is exposed to **market risk** and credit risk in its entire own securities portfolio. In detail, in connection with securities at fair value classified to the portfolios HFT and AFS, the group's profit and loss account and net equity are primarily exposed to risks arising from the fluctuation of market prices, whereas in connection with securities classified to the portfolios at amortised costs and AFS, the group's profit and loss account and net equity are primarily exposed to the risk of impairment. The Finance function is responsible for identifying and managing market risk, while the Risk Management function is tasked with second-tier control.
- The **competitive environment** in which the banking group operates is going through a highly difficult period, due especially to the continuation of the ongoing financial crisis, a situation which inevitably entails risks as to

the achievement of economic objectives. The banking group is seeking to combat such risks by taking the action described in the paragraph on the business outlook.

- Loans to customers are characterised by a **low risk of losses** inasmuch as they are almost entirely secured by collateral (chiefly pledges of securities) and/or personal guarantees, in some cases provided by a leading financial institution.
- The banking group also has an adequate level of capitalisation, with a tier 1 ratio of 9.62% and a total capital ratio of 12.49%.
- The banking group is exposed to what are known as **operating risks**, i.e. the possibility of incurring economic losses arising from the inadequacy or failure of processes, human resources or internal systems, or from external events. This type of risk is intrinsic to the activity undertaken by the banking group, which involves the use of human resources, processes, systems, and tangible and intangible assets. The Risk Management function is responsible for identifying, measuring, and controlling operating risks, while the operating functions are tasked with first-tier management and control. In order to increase the efficacy of the safeguards in place, the Company's Board of Directors has approved a Business Continuity Plan; in addition, it has entered into a contract providing specific insurance cover of operating risks arising from the actions of third parties or brought upon third parties and of damages caused by suppliers of infrastructure and services.
- The **support provided by the Group's legal and compliance functions** ensures adequate monitoring of and timely attention to the specific legislation in the industry in which banking group companies operate.

11. Outlook for the Second Half of 2009

In the second half of 2009, the banking group will continue to pursue its goals of containing costs and enhancing revenue through the measures and steps planned and partially launched in the first six months of the year.

In further detail, efforts in the second half of 2009 will be more closely focussed on and aimed at containing costs through the following measures:

- the reorganisation of individual asset management operations undertaken by the banking group through the transfer of the business unit of Banca BSI Italia to the subsidiary BG SGR;
- the merger by absorption of Banca BSI Italia into the parent company, Banca Generali;
- the rationalisation of the local distribution structure and model.

The banking group's concurrent efforts on the revenue front during the second half of 2009 will continue to follow the guidelines set out below:

- the development of the operations of BG Investment Luxemburg, in terms of both new products and an increase in assets under management, and the completion of the absorption of Generali Investments Luxemburg;
- the consolidation of insurance product offerings, including pension-related products;
- the increase of the share of wallet of the banking group's existing clients, primarily as regards the assets under administration component;
- the development of market share, to be achieved primarily, albeit not exclusively, on an organic basis.

The cost-containment and revenue-boosting measures cited above are expected to lead to the achievement of positive earnings results in the second half of 2009 as market conditions tend towards gradual stabilisation.

12. Transactions with Related Parties

The transactions undertaken with related parties, including intra-Group transactions, may not be considered atypical or unusual inasmuch as they fell within the scope of the normal operations of Group companies. Such transactions are settled at arm's-length conditions considering the characteristics of the services rendered.

On 23 April, the Board of Directors of Banca Generali approved the guidelines for the merger of Generali Investments Luxemburg, a member of the Assicurazioni Generali Group, with the subsidiary BG Investments

Luxembourg. Banca Generali will retain control of the company following said transaction, which was approved by the competent Luxembourg authorities in early July.

On 11 May 2009, Banca Generali's Board of Directors approved the absorption of the subsidiary Banca BSI Italia into Banca Generali following the de-merger and transfer of the portfolio management business unit of BSI Italia to the subsidiary BG SGR. The required approval of the above transactions by the competent supervisory authorities is currently pending.

The foregoing transactions may be considered business combinations between entities under common control within the Banca Generali Banking Group and/or the Assicurazioni Generali Group.

Information on related-party transactions, including that required by the CONSOB Communication of 28 July 2006, is presented in the Condensed Half-Year Financial Statements as of 30 June 2009.

Trieste - 29 July 2009

THE BOARD OF DIRECTORS

Condensed Consolidated Financial Statements

Consolidated Accounting Statements

Consolidated Balance Sheet

Assets	30/06/2009	31/12/2008
(€ thousand)		
Financial assets held for trading	351,746	668,405
Financial assets available for sale	754,471	799,460
Financial assets held to maturity	604,431	606,353
Loans to banks	693,990	948,499
Loans to customers	710,835	767,461
Property, equipment and intangible assets	56,561	59,059
Tax receivables	51,884	57,458
Other assets	209,074	156,313
Financial assets held for sale	-	5,020
Total assets	3,432,992	4,068,028

Net Equity and Liabilities	30/06/2009	31/12/2008
(€ thousand)		
Due to banks	16,266	16,993
Due to customers	2,973,281	3,671,132
Financial liabilities held for trading	8,655	848
Tax payables	10,526	7,488
Financial liabilities held for sale	-	4,324
Other liabilities	144,267	129,934
Special purpose provisions	62,013	48,384
Valuation reserves	- 4,675	- 6,754
Reserves	69,779	61,051
Additional paid-in capital	22,309	22,804
Share capital	111,313	111,313
Treasury shares (-)	- 4,641	- 7,424
Net profit (loss) for the year (+/-)	23,899	7,935
Total Net Equity and Liabilities	3,432,992	4,068,028

Consolidated Profit and Loss Account

<i>(€ thousand)</i>	30/06/2009	30/06/2008
Net interest income	28,591	27,495
Net commissions	86,600	67,405
Dividends	46,689	27,712
Net banking income	- 33,346	- 38,462
Net operating income	128,534	84,150
Staff expenses	- 32,576	- 25,811
Other general and administrative expense	- 43,925	- 34,454
Net adjustments of property, equipment and intangible assets	- 2,683	- 2,322
Other operating expense/income	4,038	3,565
Net operating expense	- 75,146	- 59,022
Profit (loss) from operating activities	53,388	25,128
Net adjustments for non-performing loans	- 3,179	143
Net adjustments of other assets	- 2,894	-
Net provisions	- 17,062	- 16,301
Gain (loss) from disposal of investments	- -	27
Profit (loss) from operating activities before income taxes	30,253	8,943
Income taxes for the period on operating activities	- 4,442	- 1,682
Profit (loss) from non-current discontinued operations net of taxes	- 1,912	- 1,714
Net profit (loss)	23,899	5,547

Statement of Other Comprehensive Income

<i>(€ thousand)</i>	30/06/2009	30/06/2008
Net profit (loss)	23,899	5,547
Other income net of income taxes		
Assets available for sale	2,079 -	6,687
Total other income before income taxes	2,079 -	6,687
Comprehensive income	25,978 -	1,140

Statement of Changes in Consolidated Net Equity

(€ thousand)	share capital		Share premium reserve	reserves		Valuation Reserves	Equity Instruments	Treasury Shares	Net profit (loss) for the year	Sahreholders' Equity
	a) ordinary shares	b) Other		a) retained Earnings	b) Other					
Amount as at 31.12.2008	111,313	-	22,804	61,051	-	6,754	-	7,424	7,935	188,925
Change in opening balance	-	-	-	-	-	-	-	-	-	-
Amount as at 01.01.2009	111,313	-	22,804	61,051	-	6,754	-	7,424	7,935	188,925
Allocation of the net income of the previous year	-	-	-	1,302	-	-	-	-	7,935	6,633
- Reserves	-	-	-	1,302	-	-	-	-	1,302	-
- Dividends & other allocations	-	-	-	-	-	-	-	-	6,633	6,633
Changes in Reserves	-	-	-	8,972	-	-	-	-	-	8,972
Operations on shareholders' equity	-	-	495	1,546	-	-	-	2,783	-	742
- Issue of new shares	-	-	495	2,288	-	-	-	2,783	-	-
- Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-
- Extraordinary dividends	-	-	-	-	-	-	-	-	-	-
- Changes in equity instruments	-	-	-	-	-	-	-	-	-	-
- Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-
- Stock option	-	-	-	742	-	-	-	-	-	742
Net income (loss) for the period	-	-	-	-	-	2,079	-	-	23,899	25,978
Amount as at 30.06.2009	111,313	-	22,309	69,779	-	4,675	-	4,641	23,899	217,984

(€ thousand)	share capital		Share premium reserve	reserves		Valuation Reserves	Equity Instruments	Treasury Shares	Net profit (loss) for the year	Sahreholders' Equity
	a) ordinary shares	b) Other		a) retained Earnings	b) Other					
Amount as at 31.12.2007	111,313	-	22,804	64,876	853	945	-	8,112	15,288	207,967
Change in opening balance	-	-	-	-	-	-	-	-	-	-
Amount as at 01.01.2008	111,313	-	22,804	64,876	853	945	-	8,112	15,288	207,967
Allocation of the net income of the previous year	-	-	-	965	-	-	-	-	15,288	14,323
- Reserves	-	-	-	965	-	-	-	-	965	-
- Dividends & other allocations	-	-	-	-	-	-	-	-	14,323	14,323
Changes in Reserves	-	-	-	-	-	-	-	-	-	-
Operations on shareholders' equity	-	-	-	4,723	-	-	-	924	-	5,647
- Issue of new shares	-	-	-	38	-	-	-	38	-	-
- Purchase of treasury shares	-	-	-	-	-	-	-	962	-	962
- Extraordinary dividends	-	-	-	5,535	-	-	-	-	-	5,535
- Changes in equity instruments	-	-	-	-	-	-	-	-	-	-
- Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-
- Stock option	-	-	-	850	-	-	-	-	-	850
Net income (loss) for the period	-	-	-	-	-	6,688	-	-	5,547	1,141
Amount as at 30.06.2008	111,313	-	22,804	61,118	853	5,743	-	9,036	5,547	186,856

Consolidated Cash Flow Statement

Indirect method	30/06/2009	30/06/2008
(€thousand)		
A. OPERATING ACTIVITIES		
1. Operations	69,735	54,069
- Net profit (loss) for the period	23,899	5,547
- Gain/loss on financial assets and liabilities held for trading	1,285	18,986
- Gain/loss on hedging assets	-	-
- Net adjustments due to impairment	6,073	- 143
- Net adjustments of property, equipment and intangible assets	2,683	2,613
- Net provisions for liabilities and contingencies and other costs/revenues	14,176	1,818
- Taxes included in taxes not paid	7,307	- 9,911
- Adjustments of discontinued operations	-	-
- Other adjustments	14,312	35,159
2. Liquidity generated by/used for financial assets (+/-)	608,737	149,442
- Financial assets held for trading	318,838	965,676
- Financial assets measured at fair value	-	-
- Financial assets available for sale	36,465	- 779,703
- Loans to banks: repayable on demand	- 51,514	- 60,536
- Loans to banks: other receivables	304,513	58,345
- Loans to customers	53,205	- 18,626
- Other assets	- 52,770	- 15,714
3. Net liquidity generated by/used for financial liabilities (+/-)	- 682,168	- 182,327
- Due to banks: repayable on demand	- 12,562	283,657
- Due to banks: other payables	9,670	- 9,803
- Due to customers	- 533,467	- 452,229
- Securities issued	- 161,583	-
- Financial liabilities held for trading	-	- 7,441
- Financial liabilities measured at fair value	-	-
- Other liabilities	15,774	3,489
Net liquidity generated by/used for operating activities	- 3,696	21,184
B. INVESTMENT ACTIVITIES		
1. Liquidity generated by	9,420	-
- Disposal of equity investments	-	-
- Dividends received	-	-
- Disposal of held-to-maturity financial assets	-	-
- Disposal of property and equipment	-	-
- Disposal of intangible assets	-	-
- Disposal of business units	9,420	-
1. Liquidity used for	- 185	- 813
- Purchase of equity investments	-	-
- Purchase of held-to-maturity financial assets	-	-
- Purchase of property and equipment	- 185	- 261
- Purchase of intangible assets	-	- 552
- Purchase of business units and equity investments in subsidiaries	-	-
Liquidity generated by/used for investment activities	9,235	- 813
C. FUNDING ACTIVITIES		
- Issue/purchase of treasury shares	-	- 962
- Issue/purchase of equity instruments	-	-
- Distribution of dividends and other	- 6,633	- 19,858
Liquidity generated by/used for funding activities	- 6,633	- 20,820
NET LIQUIDITY GENERATED BY/USED FOR IN THE PERIOD	- 1,094	- 449

Reconciliation

Cash and cash equivalents at period-start	8,315	7,809
Liquidity generated by/used for in the period	- 1,094	- 449
Cash and cash equivalents – effects of exchange rate fluctuations	-	-
Cash and cash equivalents at period-end	7,221	7,360

Notes and Comments

Part A Accounting Policies

A.1 – General

Italian Legislative Decree No. 195 of 6 November 2007 incorporated Directive 2004/109/EC, which addresses the harmonisation of disclosure requirements regarding financial information by listed companies in the EU (called the Transparency Directive), into Italy's national legislation.

The decree added a new article (154 *ter* - Financial Relations) to Italian Legislative Decree 58/98 (Italy's Finance Law, or TUF) that changes the procedures and time limits for the presentation of interim accounting documents by listed companies.

In particular, paragraphs 2, 3 and 4 of the article require that, within 60 days from the end of the first half of the financial year, listed companies having Italy as their member state of origin publish a half-year financial report including:

- **condensed half-year financial statements** prepared in a consolidated format if the listed company is required to prepare consolidated financial statements and in compliance with the applicable international accounting standards recognised in the European Community pursuant to regulation (EC) No. 1606/2002;
- **an interim report on operations**, including a description of important events occurring during the half-year period and their impact on the condensed half-year financial statements, the main risks and uncertainties for the remaining six months of the year and information on related parties;
- **an attestation by the Manager responsible** for the accounting documents as per paragraph 5 of Article 154-*bis*;
- **a report by the independent auditing firm** on the condensed half-year report, to be published, if prepared, within the same 60-day time limit.

CONSOB had previously amended its rules on interim reporting (with Resolution No. 14990 of 14 April 2005) to require that half-year reports conform to the requirements of IAS 34 Interim Financial Reporting.

Lastly, under Article 154-*ter* of the TUF, it is no longer required that the Parent Company's accounting schedules and related explanatory notes be provided as attachments to the consolidated report.

A.1.1 - Declaration of Compliance with International Accounting Standards

This consolidated half-year financial report has been drawn up in compliance with Italian Legislative Decree 38 of 28 February 2005, based on the International Accounting Standards issued by the International Accounting Standards Board (IASB) and interpretation of the International Financial Reporting Interpretations Committee (IFRIC), and endorsed by the European Commission with Regulation No. 1606 of 19 July 2002.

In preparing the consolidated interim report, Banca Generali adopted the IAS/IFRS in force at the reference date of the report (including SIC and IFRIC interpretations), as endorsed by the European Union.

This consolidated half-yearly report was therefore prepared in compliance with IAS 34, using the condensed format instead of the full format used for the annual report.

A.1.2 Preparation Criteria

This consolidated half-year report includes:

- **a condensed Balance Sheet** as of the end of the interim period under review (30/06/2009) and a comparative balance sheet as of the end of the preceding financial year (31/12/2008);

- a **condensed Profit and Loss Account** for the interim reporting period (first half 2009), with a comparative profit and loss account for the same interim period of the preceding financial year (first half 2008);
- a **Statement of Other Comprehensive Income** (OCI), introduced by the new version of IAS 1, which includes the profit and loss items for the period recognised directly through net equity;
- a **Statement of Changes in Equity** for the period extending from the beginning of the financial year to the end of the half-year period under review, with a comparative statement for the same period of the preceding year;
- a **Cash Flow Statement** for the period extending from the beginning of the financial year to the end of the half-year period under review, with a comparative statement for the same period of the preceding year;
- **Notes** containing references to the accounting standards used and other notes explaining transactions carried out during the period.

In detail, IAS 34 states that, in the interest of time, the interim financial statements can contain a condensed version of the information provided in the annual report (“condensed financial statements”) that provides an update to the last complete annual report.

The Consolidated Balance Sheet is presented in a format that summarises the primary asset and liability items. The consolidated Profit and Loss Account is presented in a condensed, reclassified format and states the intermediate profit margins that make up net profit.

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

A.1.3 Scope of Consolidation 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:

Company name	Registered office	Type of control	Shareholding relationship		% of votes abs. ord.
			Investor	% of ownership interest	
Fully consolidated companies					
- 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%
- S. Alessandro Fiduciaria S.p.A.	Milan	1	Banca Generali	100.00%	100.00%

Legend: type of control:

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

The consolidation area has changed with respect to the situation presented in the 2008 Consolidated Financial Statements due to the following transactions:

- the merger by absorption of Banca Del Gottardo Italia S.p.A. into the direct subsidiary Banca BSI Italia S.p.A. on 1 January 2009;
- the sale of the controlling investment (85%) in Simgenia Spa to the parent company, Assicurazioni Generali, and to other group companies, formally completed on 17 June 2009 and analysed in further detail in a specific paragraph below.

The Banca del Gottardo Italia transaction was between entities under common control within the banking group and therefore did not have effects on the Consolidated Half-Yearly Report.

The merged company was acquired on 1 October 2008. Consequently, the consolidated comparative profit and loss situation at 30 June 2008 does not include said company's profit and loss figures.

In the interest of a more thorough understanding of the evolution of consolidated result and Notes, the necessary indications concerning changes in the main profit and loss account items on a like-for-like basis are provided below.

The consolidated accounts include the separate accounts of the Parent Company and the subsidiaries at 30 June 2009, 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. Unreconciled amounts were recognised respectively in other assets/liabilities and other revenues/expenses.

Sale of Simgenia

As stated above, on 17 June 2009 Banca Generali closed the sale of 85% of the share capital of Simgenia SIM S.p.A. to other Generali group companies and, more specifically, 25% to Assicurazioni Generali S.p.A., 20% to Alleanza Assicurazioni S.p.A., 15% to INA Assitalia S.p.A., 15% to Toro Assicurazioni S.p.A. and 10% to FATA Assicurazioni S.p.A.

Banca Generali retained the remaining 15% interest in its portfolio and therefore deconsolidated the residual investment, which was then reallocated to available-for-sale assets, inasmuch as it did not satisfy the minimum ownership requirements for associated entities.

However, even after the sale, Simgenia, with its pool of Generali Group insurance customers in Italy, will continue to represent a distribution channel for the Banca Generali Group's products. In further detail, Simgenia will continue to distribute Banca Generali's banking services (current accounts and related services) on an exclusive basis and to place the Italian funds and Luxembourg SICAVs managed directly by the Banca Generali Group.

Consequently, the consolidated balance sheet as of 30 June 2009 does not include Simgenia's assets and liabilities, which had previously been reclassified on the balance sheet to the items discontinued operations and liabilities associated with discontinued operations.

The consolidated profit and loss account includes the subsidiary's profit and loss results through the date of sale, i.e. the loss registered in the first six months of 2009, stated in aggregate form under the item "Profit (loss) of discontinued operations, net of taxes".

As required by IFRS 5, in order to ensure that the data are comparable, the comparative profit and loss account as of 30 June 2008 was restated according to the same criterion.

The sale was made for total consideration of 13.3 million euros, paid in cash, and generated a capital gain of 8.8 million euros, net of the tax effect of the IRES (corporate income tax) applicable to the sale of a PEX (exempt) equity investment.

The sale transaction may be considered a transaction between entities under common control within the Generali insurance group.

Consequently, the net capital gain on the sale has not been recognized on the profit and loss account according to IAS 27, paragraph 30, but rather entered directly to a net equity reserve, inasmuch as it represents in substance a capital contribution by the other companies of the insurance group.

The capital gain has been calculated as the difference between the consideration received and the share of the company's net assets on the consolidated financial statements as of the date of sale, including goodwill.

The residual equity investment has therefore been re-measured in order to account for the lesser value of the share of such net assets with respect to their carrying book value, attributable to the losses reported in the first half of the year.

A.1.4 Events Occurred After the Reporting Date

No events occurred after 30 June 2009 that would make it necessary to adjust the results presented in the consolidated half-year report at that date.

A.1.5 Other Information

Measurement

The preparation of the interim report requires the use of estimates and assumptions that could influence the amounts reported in the balance sheet and profit and loss account and the disclosure of contingent assets and liabilities therein.

The estimates and assumptions used are based on the information available on operations and subjective judgements, which may be based on historical trends.

Given their nature, the estimates and assumptions used may vary from year to year, meaning that reported amounts may differ materially due to changes in the subjective judgements used.

The main areas for which management is required to use subjective judgements include:

- the quantification of personnel-related provisions and provisions for liabilities and contingencies;
- the quantification of the financial advisor network's remuneration (pay out) for June 2009 and commission-based incentive measures for the first six months of the year;
- the determination of the fair value of financial instruments and derivatives used for reporting purposes;
- the determination of value adjustments of non-performing loans and the provision for performing loans;
- estimates and assumptions used to determine current and deferred taxation.

Measurement of Goodwill

During the preparation of the 2008 Financial Statements, goodwill was tested for impairment and the carrying value was determined to be accurate. Since all required information is only available when drafting the annual report and there currently are no significant indicators of impairment that would require an immediate assessment of loss, it was decided not to conduct an impairment test as of 30 June 2009. For further information on this subject, the reader is referred to the 2008 Financial Statements.

Non-recurring Significant Events and Transactions

During the half year, there were no non-recurring transactions or events outside the scope of ordinary operations that had a significant impact on the aggregate items of the balance sheet and profit and loss account (CONSOB Communication No. DEM/6064293 of 28 July 2006), with the exception of the transaction described in section A.1.3.

However, it should be recalled that on 11 May 2009 Banca Generali resolved to initiate the procedure for the merger of the subsidiary Banca BSI Italia S.p.A, of which it already held 100% of share capital.

The transaction is projected to enter into effect, including for tax purposes, on 1 January 2010, after the required approval has been obtained from the supervisory authority and the necessary resolutions have been passed by the competent corporate bodies of the companies involved.

The merger will be structured in the form of the transfer by Banca BSI Italia to BG SGR (a fully-owned subsidiary of Banca Generali) of the business unit organised to manage portfolio management operations. This decision will permit the discretionary account operations currently undertaken by Banca BSI Italia to be centralised with the banking group's asset-management firm.

The transaction will be closed prior to the merger of Banca BSI Italia (after all of the required authorisations have been obtained and all of the necessary resolutions have been passed by the competent bodies of the companies involved), and will take the form of a capital increase by BG SGR reserved for Banca BSI Italia, which will execute the increase by transferring the above-mentioned business unit.

Moreover, in the half year, Banca Generali and its associate company Generali Investments Italy approved the guidelines for the merger of their respective Luxembourg-based companies, to be implemented through the merger of Generali Investments Luxembourg (100% owned by Generali Investments) into BG Investment Luxembourg (100% owned by Banca Generali). The new company, Generali Investment Managers S.A., will be 51% owned by Banca Generali — the Generali Group's asset management entity specialising in production and distribution — and 49% owned by Generali Investments Italy.

The transaction will be undertaken in the second half of 2009, once all the authorisations required by law have been obtained and all of the necessary resolutions have been passed by the competent bodies of the companies involved.

Audit

Reconta Ernst & Young carried out a limited audit of the consolidated half-year financial statements.

A.2 Accounting Standards

The accounting standards and measurement criteria used are the same as those used to prepare the consolidated financial statements at 31 December 2008. The financial statements presented herein must therefore be read in conjunction with those documents.

However, it should be noted that, following the completion of the ratification procedure, new international accounting standards (IASs/IFRSs), numerous amendments to existing standards, and new IFRIC interpretative documents entered into force on 1 January 2009.

Document	Description	Approved	Effective from
IFRS 8	Operating Segments	21/11/2007	01/01/2009
IFRS 1/IAS 27	Amendments - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	23/01/2009	01/01/2009
IFRS 2	Amendments - Vesting Condition & Cancellation	16/12/2008	01/01/2009
IAS 1 (Revised)	Presentation of Financial Statements - revised	17/12/2008	01/01/2009
IAS 23 (Revised)	Borrowing Costs - revised	10/12/2008	01/01/2009
Miscellaneous standards	Annual Improvement Project 2007	23/01/2009	01/01/2009
IFRIC 12	Service Concessions Agreements	25/03/2009	01/01/2008
IRIFC 13	Customer Loyalty Programmes	16/12/2008	01/07/2008
IFRIC 14	IAS19 - Limit on a Defined Benefit Plan	16/12/2008	01/01/2008
IFRIC 16	Hedges of a Net Investment in Foreign Operations	04/06/2009	01/10/2008

The new standards and interpretations that have entered into force do not have a significant impact on the operations of Banca Generali. Nonetheless, it should be noted that the new version of IAS 1 concerning the presentation of financial statements introduces new methods of presentation of financial statement schedules, as analysed in the following paragraph.

IAS 1 Revised – Presentation of Financial Statements

The revised version of IAS 1 – Presentation of Financial Statements has introduced the concept of “comprehensive income”, which requires the disclosure, in addition to net profit, of all components that contribute to company performance (in substance, changes in the value of assets entered directly to net equity reserves, or that have an impact on net equity, but do not arise from the decisions of shareholders).

Said changes must be disclosed either in a single statement of comprehensive income, or in two separate schedules (a profit and loss account and a statement of comprehensive profit or loss).

In this document, Banca Generali has applied the presentation proposed by Bank of Italy in its update to Circular No. 262 of 22.12.2005 still subject to consultation, and therefore chose to disclose overall performance in two separate schedules entitled:

- Profit and Loss Account
- OCI - Other Comprehensive Income.

The presentation of the statement of changes in net equity has been modified accordingly.

Part B Changes in the Balance Sheet and Net Equity

At 30 June 2009, total consolidated assets amounted to 3.4 billion euros, down compared to year-end 2008 (-15.6%).

Similar decreases were also recorded for direct inflows (-19.0%) and core loans (-17.8%).

Assets (€ thousand)	30/06/2009	31/12/2008	Change	
			Amount	%
Financial assets held for trading	351,746	668,405	-316,659	-47.4%
Financial assets available for sale	754,471	799,460	-44,989	-5.6%
Financial assets held to maturity	604,431	606,353	-1,922	-0.3%
Loans to banks	693,990	948,499	-254,509	-26.8%
Loans to customers	710,835	767,461	-56,626	-7.4%
Property, equipment and intangible assets	56,561	59,059	-2,498	-4.2%
Tax receivables	51,884	57,458	-5,574	-9.7%
Other assets	209,074	156,313	52,761	33.8%
Financial assets held for sale	0	5,020	-5,020	-100.0%
Total assets	3,432,992	4,068,028	-635,036	-15.6%

Net Equity and Liabilities (€ thousand)	30/06/2009	31/12/2008	Change	
			Amount	%
Due to banks	16,266	16,993	-727	-4.3%
Due to customers	2,973,281	3,671,132	-697,851	-19.0%
Financial liabilities held for trading	8,655	848	7,807	920.6%
Tax payables	10,526	7,488	3,038	40.6%
Financial assets held for sale	0	4,324	-4,324	-100.0%
Other liabilities	144,267	129,934	14,333	11.0%
Special purpose provisions	62,013	48,384	13,629	28.2%
Valuation reserves	-4,675	-6,754	2,079	-30.8%
Reserves	69,779	61,051	8,728	14.3%
Additional paid-in capital	22,309	22,804	-495	-2.2%
Share capital	111,313	111,313	0	0.0%
Treasury shares (-)	-4,641	-7,424	2,783	-37.5%
Net profit (loss) for the year (+/-)	23,899	7,935	15,964	201.2%
Total Net Equity and Liabilities	3,432,992	4,068,028	-635,036	-15.6%

B.1 Core Loans

Core loans totalled 3.1 billion euros and decreased by 674.7 million euros compared to 31 December 2008, in all main sectors.

Net loans on the interbank market declined by 271.1 million euros (-31.2%), the investments allocated to the various IAS portfolios decreased by 369.4 million euros (-15.6%) and loans to customers also fell by 34.3 million euros.

(€ thousand)	30/06/2009	31/12/2008	Change	
			Amount	%
Financial assets held for trading	351,746	668,405	- 316,659	-47.4%
Financial assets available for sale (AFS)	754,471	799,460	- 44,989	-5.6%
Financial assets held to maturity (HTM)	604,431	606,353	- 1,922	-0.3%
Loans to banks	693,990	948,499	- 254,509	-26.8%
Other assets	599,020	870,084	- 271,064	-31.2%
Debt securities in the loans portfolio	94,970	78,415	16,555	21.1%
Loans to customers	710,835	767,461	- 56,626	-7.4%
Other assets	514,438	548,697	- 34,259	-6.2%
Debt securities in the loans portfolio	196,397	218,764	- 22,367	-10.2%
Total interest-bearing financial assets and loans	3,115,473	3,790,178	- 674,705	-17.8%

The structure of this item has changed significantly compared to the previous year due to the reclassification of a portion of the financial assets in the held-for-trading and available-for-sale portfolios in accordance with the amendments to IAS 39 and IFRS 7 issued by the IASB (International Accounting Standards Board) on 13 October and ratified into European law by Regulation (EC) no. 1004/2008 of 15 October 2008.

During the previous year, Banca Generali had therefore reclassified part of the accounting portfolios of assets held for trading (HFT) and assets available for sale (AFS) to the new IAS portfolios at amortised cost, assets held to maturity (HTM) and loans to banks and customers (Loans & Receivables), while equities held for trading were transferred to the AFS portfolio.

The reclassification was undertaken in part in reference to 1 July 2008 and in part in reference to 30 September 2008 and involved securities amounting to a total value of 928.9 million euros, determined according to their fair value on the date of transfer.

The new HTM and L&R portfolios underwent marginal changes during the first six months of 2009, primarily due to the limited amount of new purchases and certain early redemptions.

Any change in the fair value of the transferred assets valued at amortised cost would have entailed at 30 June 2009 negative differences compared to book values of 40.3 million euros before taxes (for securities reclassified from HFT), compared to 34.3 million euros at 31 December 2008, and of 11.5 million euros (for securities reclassified from AFS), compared to 4.4 million at 31 December 2008.

B.1.1 Trading Portfolio

Financial assets/liabilities held for trading amounted to 351.7 million euros, down by 316.7 million euros (-47.4%) on the figure as of the end of the previous year due to the gradual discontinuation of transactions involving the portfolio in favour of investments in the portfolio of assets available for sale.

The portfolio of cash assets consists almost entirely of debt securities and includes a significant component of government securities (58.6%) and securities issued by Italian and international financial institutions (20.75%) with high credit ratings (92% have ratings between AAA and A+/A-).

The trading portfolio includes a non-performing position, consisting of a bond issued by the Icelandic bank Landebanki, which suspended payments in November 2008 and is currently undergoing a liquidation procedure organised by the country's authorities. Given the uncertain outcome of this situation, the bond, which had been carried at 1.9 million euros, was almost entirely written down.

Breakdown of trading portfolio

(€ thousand)	30/06/2009	31/12/2008	Change	
			Amount	%
Government securities	205,892	436,132	-230,240	-52.8%
Debt securities issued by banks	72,838	151,848	-79,010	-52.0%
Bonds of other issuers	66,828	73,945	-7,117	-9.6%
Equity securities – shares	1,657	4,230	-2,573	-60.8%
Equity securities – UCITs	3,857	1,393	2,464	176.9%
Total cash assets held for trading	351,072	667,548	-316,476	-47.4%
Trading derivatives – positive fair value	674	857	-183	-21.4%
Total trading portfolio	351,746	668,405	-316,659	-47.4%
Trading derivatives – negative fair value	-8,655	-848	-7,807	920.6%
Total assets/liabilities held for trading	343,091	667,557	-324,466	-48.6%

Several total return swaps on equity securities were entered into during the period; this caused changes in the equities portfolio as well due to purchases and sales of the underlying securities. Details on the effects of these transactions are provided in section C.4.

B.1.2 Financial assets available for sale

The portfolio of assets available for sale at 30 June 2009 amounted to 754.5 million euros, down by 45.0 million euros compared to the previous year.

(€ thousand)	30/06/2009	31/12/2008	Change	
			Amount	%
Debt securities				
Government securities	548,668	605,553	- 56,885	-9.4%
Debt securities issued by banks	122,087	126,286	- 4,199	-3.3%
Bonds of other issuers	68,261	49,306	18,955	38.4%
Total debt securities	739,016	781,145	- 42,129	-5.4%
Equity investments				
Private-equity investments	5,117	7,282	- 2,165	-29.7%
Other securities available for sale	7,315	8,786	- 1,471	-16.7%
- Assicurazioni Generali	682	849	- 167	-19.7%
- Enel S.p.A	2,098	2,680	- 582	-21.7%
- Other capital securities from reclassification	4,535	5,257	- 722	-13.7%
Total equity securities	15,455	18,315	- 2,860	-15.6%
Total AFS financial assets	754,471	799,460	- 44,989	-5.6%

The portfolio of debt securities consists primarily of government securities and corporate bonds issued by Italian and international banks and financial institutions with high credit ratings (98% have ratings between AAA and A+/A-) having maturities falling primarily between 2009 and 2012 and an average residual life of slightly less than 1.75 years.

The portfolio of equities available for sale consists of equity securities not held for trading, including the securities reclassified from the held-for-trading portfolio, former minority-interest equity investments and the private-equity investment in the Luxembourg-based Athena Private Equity Sa.

Financial assets available for sale are measured at fair value with a balancing entry to a specific positive or negative net equity reserve.

In connection with the bond portfolio, 4.6 million euros in net increases in fair value were taken to net equity and

1.9 million euros was transferred back to the profit and loss account due to the realisation of gains during the first six months of 2009. Consequently, the bond portfolio showed a net negative valuation reserve, recognised in net equity, of 0.6 million euros at the end of the period.

The equity portfolio showed net decreases in fair value of 0.9 million euros, gross of the 1.0 million euros transferred back to the profit and loss account due to impairment and the realisation of losses. Consequently, the equity portfolio showed a net negative valuation reserve, charged to net equity, of 3.4 million euros at the end of the period.

The portfolio includes two non-performing positions consisting of debt securities issued by Lehman Brothers Holding with an amortised cost of 8.4 million euros, written down by 7.2 million euros.

B.1.3 Assets Held to Maturity (HTM assets)

The portfolio of held-to-maturity assets amounted to 604.4 million euros at period-end and consists solely of securities reclassified from other portfolios.

The portfolio of debt securities consists primarily of corporate bonds issued by Italian and international banks and financial institutions with high credit ratings (91% have ratings between AAA and A+/A-) having maturities falling between 2010 and 2017 and an average residual life of slightly less than 3 years.

(€ thousand)	30/06/2009	31/12/2008	Change	
			Amount	%
Government securities	-	-	-	0.0%
Debt securities issued by banks	492,254	493,955	- 1,701	-0.3%
Bonds of other issuers	112,177	112,398	- 221	-0.2%
Total debt securities	604,431	606,353	- 1,922	-0.3%

B.1.4 Debt Securities Allocated to Loans

The bonds allocated to loans to banks (95.0 million euros) and loans to customers (196.4 million euros) consist largely of securities reclassified during the previous year.

The securities included among loans to banks increased by 16.5 million euros due to the purchases in the form of the subscription of securities issued during the half-year, whereas the securities included among loans to customers decreased by 21.8 million euros due to several early redemption transactions undertaken by issuers.

In further detail, the bond portfolio classified among loans to customers includes ABS (asset backed securities) in the amount of 150.7 million euros, chiefly senior notes, with a limited presence of mezzanine notes.

The HFT and AFS portfolios also contain marginal exposures to ABS.

There have been no changes to such securities, which have been held in the portfolio for some time.

Said portfolio consists exclusively of debt securities of European issuers having underlying assets originated solely by European entities, and most of the securities in the portfolio have ratings of investment grade or higher (88% have ratings between AAA and A+/A-), while the mezzanine component is limited in weight.

The bank does not have direct or indirect exposures to CDOs, SPEs, subprime loans or similar instruments.

Quality of securitized assets/Exposure (€ thousand)	Cash exposure					
	Senior		Mezzanine		Junior	
	Book value	Adjust. reversals	Book value	Adjust. reversals	Book value	Adjust. reversals
Financial assets held for trading	31,722	- 1,505	-	-	673	- 68
Financial assets AFS	-	-	-	-	547	59

Financial assets Loans	125,486	-	1,749	25,229	-	704	-	-
total	157,208	-	3,254	25,229	-	704	1,220	9

The reclassified portfolio is periodically monitored in order to identify individual positions that have become impaired.

In this regard, we report that of the three positions allocated to the portfolio loans to customers, impairment losses of 2.0 million euros have been recognised due to the occurrence of triggers indicating possible losses of principal or the prospect of an extension of the timeframe for repayment flows.

On a prudential basis, a securities portfolio impairment provision has nonetheless been allocated for said bond portfolio classified among loans to customers in order to account for possible latent losses of 1.1 million euros, determined on the basis of market statistics constructed on the segmentation of the portfolio by rating class.

B.1.5 Interbank Position

Net interbank position decreased by 253.8 million euros (-27.2%) at the end of the half-year due to a differing portfolio allocation policy.

(€ thousand)	30/06/2009	31/12/2008	Change	
			Amount	%
Loans to banks	693,990	948,499	254,509	-26.8%
Due to banks	-16,266	-16,993	727	-4.3%
Net interbank position	677,724	931,506	-253,782	-27.2%

On the whole, the decline primarily involved time deposits (-322.6 million euros), whereas the demand position increased (+51.5 million euros).

(€ thousand)	30/06/2009	31/12/2008	Change	
			Amount	%
Repayable on demand	409,443	357,929	51,514	14.4%
Demand deposits with banks	351,700	70,100	281,600	401.7%
Demand deposit with ECB	-	194,000	194,000	-100.0%
Transfer accounts	57,743	93,829	36,086	-38.5%
Time deposits	189,576	512,139	322,563	-63.0%
Deposits with central banks	47,045	40,950	6,095	14.9%
Term deposits	142,531	471,189	328,658	-69.8%
Debt securities	94,971	78,415	16,556	21.1%
Other	-	16	16	-100.0%
Total due to banks	693,990	948,499	254,509	-26.8%
Transfer accounts	3,880	551	3,329	604.2%
Term current accounts	7,734	11,783	4,049	-34.4%
Subordinated loan	4,652	4,659	7	-0.2%
Total due to banks	16,266	16,993	727	-4.3%
Net interbank position	677,724	931,506	-253,782	-27.2%

B.1.6 Loans to Customers

Loans to customers stood at 710.8 million euros, down on the previous year due to the decrease in the financing segment (-16.1 million euros) as a result of the repayment of pool transactions and mortgages, the early redemption of several debt securities during the half-year (-21.8 million euros) and the contraction in the intraday margins required by stock exchanges for proprietary and third-party transactions (-24.7 million euros).

In terms of financing, a decrease in the bank's exposure and the repayment of a number of pooled loans were entirely offset by an increase in credit lines granted on current accounts.

(€ thousand)	30/06/2009	31/12/2008	Change	
			Amount	%
Financing	416,586	432,678	-16,092	-3.7%
Current accounts	263,893	245,327	18,566	7.6%
Loans	60,272	82,253	-21,981	-26.7%
Pooled financing	25,177	44,342	-19,165	-43.2%
Other short term grant in aid receivables	29,209	18,503	10,706	57.9%
Short-term benefits	38,035	42,253	-4,218	-10.0%
Non-performing loans	36,982	30,214	6,768	22.4%
Life insurance participating policy	28,834	28,307	527	1.9%
Reclassified debt securities	196,398	218,764	-22,366	-10.2%
Other	32,035	57,498	-25,463	-44.3%
Interest-bearing daily margin, Borsa Italiana	31,449	56,113	-24,664	-44.0%
Interest-bearing caution deposits	326	615	-289	-47.0%
Other	260	770	-510	-66.2%
Total	710,835	767,461	-56,626	-7.4%

Doubtful Loans

The net exposure to doubtful loans amounted to 37.0 million euros, representing 5.2% of loans to customers in the financing segment, and was up by 6.8 million euros on the end of the previous year, due to the deterioration of several positions in the loan portfolio acquired through the merger with Banca del Gottardo Italia.

However, the increase in doubtful exposures did not entail the recognition of additional impairment to be taken through the Group's profit and loss account due to the guarantee provided by BSI SA concurrent with the sale of Banca del Gottardo Italia, which covers all positions in the doubtful loans portfolio in their entirety.

In further detail, gross exposure to **bad loans** amounted to 27.1 million euros, adjustments to 13.2 million euros, and net exposure to 13.9 million euros, up by 8.7 million euros on the end of 2008 due to the transfer of certain former Gottardo positions from the substandard loans to the bad loans category.

Positions classified as **substandard** amounted to a gross exposure of 24.9 million euros, adjustments of 2.1 million euros, and a net exposure of 22.8 million euros. This item also rose with respect to the situation at the beginning of the year due to the transfer of certain positions acquired from Banca del Gottardo Italia previously under observation.

In the ordinary lending operations of Banca Generali and Banca BSI Italia, bad loan positions were wholly negligible in extent, whereas substandard loans were essentially attributable to objective substandard positions.

(€ thousand)	30/06/2009	31/12/2008	Change		
			Amount	%	
Bad loans	13,946	8,729	5,217	59.8%	
Substandard loans	22,750	20,861	1,889	9.1%	
Expired loans/outstanding over 180 days	286	624	-	338	-54.2%
Total non-performing loans	36,982	30,214	6,768	22.4%	
Performing loans	673,853	737,247	-	63,394	-8.6%
Loans to customers	710,835	767,461	-	56,626	-7.4%

(€ thousand)	Gross exposure	Value	Net exposure
		adjustments	
Bad loans	27,105	13,159	13,946
Substandard loans	24,874	2,124	22,750
Expired loans/outstanding over 180 days	286	-	286
Total non-performing loans	52,265	15,283	36,982
Other assets	677,987	4,134	673,853
Loans to customers	730,252	19,417	710,835

B.1.7 Other Assets and Liabilities

The aggregates other assets and other liabilities amounted to 209.1 million euros and 144.3 million euros, respectively.

Other assets increased by 52.8 million euros on the end of the previous year (+33.75%) and other liabilities increased by 32.2 million euros (+11.0%).

This trend is due to the increase in trade receivables from product companies in connection with the distribution of financial products and services (+16.5 million euros), the increase in other items in progress (+26.6 million euros), and the recognition of receivables in relation to the criminal proceeding pertaining to the previously disclosed case of embezzlement (23.2 million euros), which are estimated to be recoverable in full, net of insurance coverage and the provision already allocated.

The increase in other liabilities was largely due to the increase in the Bank's payables to tax authorities by way of substitute tax and taxes collected through the filing of F23 and F24 forms to be paid on, which amounted to 44.8 million euros as of 30 June.

Other assets (€ thousand)	30/06/2009	31/12/2008	Change	
			Amount	%
Cash and deposits	7,221	8,315	-	1,094 -13.2%
Hedging derivatives	21	11,020	-	10,999 -99.8%
Leasehold improvements	1,678	2,115	-	437 -20.7%
Tax receivables	7,041	7,848	-	807 -10.3%
Receivables and advance payments to product companies	48,146	31,669	-	16,477 52.0%
Advance payments to financial advisors	11,303	14,192	-	2,889 -20.4%
Bg Security insurance policies as collateral for deferred bonus	21,653	21,520	-	133 0.6%
Sundry advances to suppliers and employees	4,014	5,815	-	1,801 -31.0%
Receivables for disputes	24,662	1,207	-	23,455 1943.2%
Amounts to be debited under processing	67,076	40,518	-	26,558 65.5%
Charges to be debited to customers and banks	10,894	10,747	-	147 1.4%
Accrued income and deferred charges that cannot be traced back to specific items	4,742	1,127	-	3,615 320.8%
Consolidation adjustments	110	55	-	55 100.0%
Sundry amounts	513	165	-	348 210.9%
Total	209,074	156,313	-	52,761 33.75%

Other liabilities (€ thousand)	30/06/2009	31/12/2008	Change	
			Amount	%
Hedging derivatives	181	2,325	-	2,144 -92.2%
Trade payables to suppliers and financial advisors	33,744	34,416	-	672 -2.0%

Due to staff and Social Security institutions	7,087	7,039	48	0.7%
Tax authorities	44,848	11,493	33,355	290.2%
Third-party assets available for customers	2,893	8,365	- 5,472	-65.4%
Amounts to be debited under processing	50,743	48,638	2,105	4.3%
Sundry items	2,090	1,644	446	27.1%
Payables to BSI Sa - Banca del Gottardo Italia	-	15,000	- 15,000	-100.0%
Consolidation adjustments	83	841	- 758	-90.1%
Accrued expenses and deferred income	2,598	173	2,425	1401.7%
Total	144,267	129,934	32,235	11.03%

B.2 Net Equity and Liabilities

B.2.1 Direct inflows

Total direct inflows from customers amounted to about 3.0 billion euros, marking a decrease of 697.8 million euros compared to 31 December 2008.

The contraction involved inflows to the parent company, Assicurazioni Generali, and the other associate companies belonging to the Group (-212 million euros), as well as inflows to other entities, with the sole exception of the cash balances of the Group's discretionary accounts, which increased significantly.

(€ thousand)	30/06/2009	31/12/2008	Change	
			Amount	%
Transfer accounts	2,700,072	2,909,405	- 209,333	-7.2%
Repurchase agreements	124,268	426,540	- 302,272	-70.9%
Debit balance AUM current accounts	59,463	44,223	15,240	34.5%
Term deposits	-	14,296	- 14,296	-100.0%
Generali Versicherung subordinated loan	43,093	40,775	2,318	5.7%
Other debts	38,729	57,798	- 19,069	-33.0%
Debt securities				
Certificates of deposit	7,656	178,095	- 170,439	-95.7%
Total direct inflows	2,973,281	3,671,132	- 697,851	-19.0%

The other debts component largely consists of the stock of bank drafts issued by the parent company, Banca Generali, in relation to claims adjustment operations of Generali Group insurance companies.

B.2.2 Special Purpose Provisions

At 30 June 2009, provisions to special purpose funds amounted to 62.0 million euros, including 4.5 million euros for commitments for termination indemnities and 57.5 million euros for provisions for other liabilities and contingencies.

(€ thousand)	30/06/2009	31/12/2008	Change	
			Amount	%
Provision for termination indemnity	4,501	5,048	-547	-10.8%
Other provisions for liabilities and contingencies	57,512	43,336	14,176	32.7%
- provisions for staff expenses	10,292	7,870	2,422	30.8%
- provision for legal disputes	7,746	5,316	2,430	45.7%
- other provisions for liabilities and contingencies	39,474	30,150	9,324	30.9%
Total provisions	62,013	48,384	13,629	28.2%

Of the latter, 10.3 million euros refers to allocations for contingencies to account for the variable share of management's compensation and employee bonuses, of which 5.4 million euros was set aside in the previous year but not disbursed, 7.7 million euros to allocations to account for legal disputes, and 39.5 million euros to allocations for contingencies to benefit the network of financial advisors.

In further detail, these latter allocations include 28.5 million in commitments assumed by the bank in connection with recruitment plans aimed at expanding portfolios in the medium term.

The aggregate also includes allocations for performance-based incentive programmes for the network during the period and the estimate of incentives for the first half of the year, which customarily extends to the end of July, in the total amount of 4.9 million euros.

(€ thousand)	31/12/2008	Utilizations	Other	Surplus	Provisions	30/06/2009
			changes			
Provision for staff expenses	7,870	- 2,842	330	- 1,067	6,001	10,292
Provisions for legal disputes	5,316	- 290	-	- 236	2,956	7,746
Provision for risks related to litigations connected with advisers' embezzlements	3,298	- 96	-	- 28	1,590	4,764
Provision for risks related to other legal disputes with advisors	479	- 151	-	- 2	127	453
Provision for risks related to legal disputes with staff	619	-	-	-	70	689
Provision for other legal disputes	920	- 43	-	- 206	1,169	1,840
Provision for termination indemnity of advisors	5,088	- 65	-	- 26	531	5,528
Provision for termination indemnity	4,939	- 65	-	- 26	263	5,111
Provision for portfolio overcommission indemnities	149	-	-	-	268	417
Provision for commissions to be paid out	25,062	- 4,953	-	- 14	13,851	33,946
Provision for risks related to network development incentives	9,807	- 2,085	-	-	6,875	14,597
Provision for deferred bonus	12,943	- 1,161	-	- 9	2,082	13,855
Provision for commissions - travel incentives and tenders	1,610	- 1,534	-	-	450	526
Provisions for commission plans and incentives	702	- 173	-	- 5	4,444	4,968
Other provisions for liabilities and contingencies	-	-	-	-	-	-
Total	43,336	- 8,150	330	- 1,343	23,339	57,512

Provisions for legal disputes include an allocation of 1.9 million euros to cover the expenses associated with a case of embezzlement by a private banker, which emerged in January 2009.

The provision allocated accounts for the pending settlements, the fact that the funds embezzled from customers were largely frozen with foreign and Italian banks, and the fact that the claim is covered by insurance. For this reason, the amount allocated is sufficient to cover any diverted funds that are not recovered or indemnified by the insurance company, as well as the lost profits of clients.

B.2.3 Net Equity and Treasury Shares

The Group's net equity amounted to 218.0 million euros as of 30 June 2009, up by 29.1 million euros on the end of the previous year, due to the greater contribution of the net profit for the year to date (23.9 million euros at the end of the half-year), the recognition to net equity of the capital gain on the sale of Simgenia (8.8 million euros), treasury share transactions related to stock options, and net increases in valuation reserves.

Moreover, on 21 April 2009 the General Shareholders' Meeting of Banca Generali called to approve the 2008 financial statements resolved to distribute a dividend of 6.6 million euros.

(€ thousand)	30/06/2009	31/12/2008	Change	
			Amount	%
1. Share capital	111,313	111,313	-	0.0%
2. Additional paid-in capital	22,309	22,804	495	-2.2%
3. Reserves	69,779	61,051	8,728	14.3%
4. (Treasury shares)	- 4,641	- 7,424	2,783	-37.5%
5. Valuation reserves	- 4,675	- 6,754	2,079	-30.8%
6. Equity instruments	-	-	-	0.0%
7. Net profit (loss) for the period	23,899	7,935	15,964	201.2%
Total net equity	217,984	188,925	29,059	15.4%

B.2.4 Treasury Shares and Stock-option Plans

During the first six months of 2009, the parent company, Banca Generali, assigned 293,297 treasury shares held in portfolio having a total carrying value of 2,783 thousand euros to the following beneficiaries:

- 278,284 shares having a total carrying value of 2,721 thousand euros were assigned without consideration on 1 April 2009 to General Manager Piermario Motta in application of the stock-granting plan for the Group's management, approved by the Company on 26 May 2006 and related to the listing on the MTA;
- 15,013 shares having a value of 58 thousand euros pertain to residual assignments in execution of the third and final tranche of the stock-granting plan for the financial advisors of the former Prime Consult network, originally approved in 2001.

As of 30 June 2009, the banking group therefore held 481,849 of the Parent Company's shares having a total value of 4.6 million euros, of which 389,596 had been set aside for the stock-granting plan for Chief Executive Officer Giorgio Girelli and the remainder set aside for the stock-option plan for the chairman of the subsidiary Banca BSI Italia and the stock-granting plan for financial advisors of the former Prime Consult network. As regards the latter, 78,000 shares were held by subsidiary BSI Italia S.p.A. for 0.8 million euros.

Items/Type	30/06/2009	31/12/2008
A. Existing shares at period-start	110,538,030	110,317,267
- paid up	111,313,176	111,313,176
- partially paid	-	-
A.1 Treasury shares (-)	- 775,146	- 995,909
B.2 Outstanding shares at period-start	110,538,030	110,317,267
B. Increases	293,297	418,295
B.1 Newly issued shares		
- against payment:	-	-
- business combination transactions	-	-
- bonds conversion	-	-
- exercise of warrant	-	-
- other	-	-
- for free:	-	-
- to staff	-	-
- to directors	-	-
- other	-	-
B.2 Sale of treasury shares	293,297	418,295
B.3 Other changes	-	-
C. Decreases	-	197,532
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	-	197,532
C.3 Disposal of companies	-	-
C.4 Other changes	-	-
D. Outstanding shares: closing balance	110,831,327	110,538,030
D.1 Treasury shares (+)	481,849	775,146
D.2 Existing shares at the end of the year	111,313,176	111,313,176
- paid up	111,313,176	111,313,176
- partially paid	-	-

B.2.5 Valuation Reserves

Valuation reserves refer primarily to positive or negative fair value adjustments to financial assets available for sale, net of the associated tax effect.

At period-end, such reserves had a total negative value of 4.7 million euros and were broken down as follows:

- a net negative reserve for equities of 2.8 million euros;
- a net negative reserve for debt securities of 1.9 million euros.

The reserve associated with debt securities also includes 2.2 million euros in decreases in fair value that were recognised due to the transfer of securities from the AFS portfolio to the portfolios held to maturity and loans and receivables (net of the relative tax effect). According to IAS 39, these reserves will be absorbed over time through an amortisation process over the estimated residual life of the reclassified securities.

The debt securities classified to the AFS portfolio proper consequently showed a positive fair value reserve of 0.4 million euros.

These reserves also include 39 thousand euros attributable to a residual reserve established under former monetary revaluation laws.

The decrease in the negative reserves recognised at the end of the half-year is primarily attributable to the reduction in the net negative reserve associated with the debt securities segment due to the positive market performance and the effects of the amortisation process.

(€ thousand)	30/06/2009				Total
	Debt securities		Equity		
	AFS	Former AFS	securities		
1. Amount at year-start	-1,424	-2,583	-2,785		-6,792
2. Increases	6,281	502	1,291		8,074
2.1 Fair value increases	4,684		192		4,876
2.2 Transfer to profit and loss of negative reserves					
due to impairment	321		682		1,003
due to disposal	1,002	488	385		1,875
2.3 Other changes	274	14	32		320
3. Decreases	4,457	198	1,340		5,995
3.1 Fair value decreases	421		1,098		1,519
3.2 Adjustments due to impairment	-		-		-
3.3 Transfer to profit and loss account of positive reserve: due to disposal	2,928	45	-		2,973
3.4 Other changes	1,108	153	242		1,503
4. Amount at period-end	400	-2,279	-2,834		-4,713

B.2.6 Capital for regulatory purposes

At 30 June 2009, consolidated capital for regulatory purposes was estimated at 193.3 million euros, net of projected total dividends payout equal to 80% of the interim consolidated net profit. Therefore it increased by 17.6 million euros from 31 December 2008.

(€ thousand)	30/06/2009	31/12/2008	Change	
			Amount	%
Tier 1 capital	148,270	130,343	17,927	13.75%
Tier 2 capital	44,313	44,614	- 301	-0.67%
Tier 3 capital	-	-	-	0.00%
Total capital for regulatory purposes	192,583	174,957	17,626	10.07%
B.1 CREDIT RISK	87,464	83,038	4,426	5.33%
B.2 MARKET RISKS	9,072	5,458	3,614	66.21%
B.3 OPERATING RISK	26,795	26,795	-	0.00%
B.4 OTHER PRUDENTIAL REQUIREMENTS	-	-	-	0.00%
B.4 TOTAL PRUDENTIAL REQUIREMENTS	123,331	115,291	8,040	6.97%

EXCESS OVER PRUDENTIAL REQUIREMENTS	69,252	59,666	9,586	16.07%
Overall committed capital	64,04%	65,90%	-1.86%	-2.82%
Capital committed to credit risk	45,4%	47,46%	-2.05%	-4.31%
Capital committed for market risk	4,7%	3,12%	1.59%	51.00%
Capital committed for operating risk	13,9%	15,3%	-1.40%	-9.15%
Risk-weighted assets	1,541,638	1,441,138	100,500	6.97%
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)	9.62%	9.04%	0.57%	6.34%
Regulatory capital/Risk-weighted assets (Total capital ratio)	12.49%	12.14%	0.35%	2.90%

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

(€ thousand)	30/06/2009		
	Capital and reserves	Net profit	Net equity
Banca Generali S.p.A. Financial Statements	188,861	36,024	224,885
Differences between net equity and book value of companies consolidated using the line-by-line method	7,745	-	7,745
- Goodwill	35,641	-	35,641
- Income carried forward of subsidiary companies	- 27,486	-	- 27,486
- Stock granting reserve for 175th anniversary	137	-	137
- Disposal of Simgenia	383	-	383
- Acquisition of BSI and Banca del Gottardo Italia	- 930	-	- 930
Dividends from consolidated companies	33,755	- 33,755	-
Consolidated companies result for the year	-	21,658	21,658
Valuation reserves - consolidated companies	-	-	-
Consolidation adjustments	- 36,276	- 28	- 36,304
- Goodwill	- 35,641	-	- 35,641
- Treasury shares cancelled	- 773	-	- 773
- BSI Stock Option Plans	138	- 28	110
Banca Generali Consolidated Financial Statements	194,085	23,899	217,984

Part C Profit and Loss Account

The following tables and notes provide an analysis of the operating results for first half of 2009 compared to those for the same period of 2008.

In the interest of providing more closely comparable data, as provided for in IFRS 5, the figures for the first half of 2008 have been restated in order to separate the profit and loss result associated with the Simgenia business unit, which at the end of 2008 was classified to separate item, as profit/loss of discontinued operations.

The consolidated comparative profit and loss situation at 30 June 2008 also does not include the economic effects of the acquisition of Banca del Gottardo Italia, which occurred on 1 October 2008.

In the interest of a more thorough understanding of the results, the necessary indications concerning changes in the main profit and loss account items on a like-for-like basis are provided below.

(€ thousand)	30/06/2009		30/06/2008		Change		30/06/2008		Change			
	Amount	%	Amount	%	Amount	%	LFL	Amount	%			
Net interest	28,591		27,495		1,096	4,0%	32,513	-	3,922	-12.1%		
Net commissions	86,600		67,405		19,195	28,5%	70,942	15,658	22.1%			
Dividends	46,689		27,712		18,977	68,5%	27,720	18,969	68.4%			
Net result from banking operations	-	33,346	-	38,462	5,116	-13,3%	-	38,446	5,100	-13.3%		
Net operating income	128,534		84,150		44,384	52,7%	92,729	35,805	38.6%			
Staff expenses	-	32,576	-	25,811	-	6,765	26,2%	-	30,144	-	2,432	8.1%
Other general and administrative expense	-	43,925	-	34,454	-	9,471	27,5%	-	37,007	-	6,918	18.7%
Net adjustments of property, equipment and intangible assets	-	2,683	-	2,322	-	361	15,5%	-	2,885	-	202	-7.0%
Other operating expense/income	-	4,038	-	3,565	-	473	13,3%	-	3,454	-	584	16.9%
Net operating expense	-	75,146	-	59,022	-	16,124	27,3%	-	66,582	-	8,564	12.9%
Operating profit	53,388		25,128		28,260	112,5%	26,147	27,241	104.2%			
Net adjustments for non-performing loans	-	3,179	-	143	-	3,322	-2323,1%	-	484	-	2,695	556.8%
Net adjustments of other assets	-	2,894	-	-	-	2,894	0,0%	-	-	-	2,894	0.0%
Net provisions	-	17,062	-	16,301	-	761	4,7%	-	16,301	-	761	4.7%
Gain (loss) from the disposal of investments	-	-	-	27	-	27	-100,0%	-	27	-	27	-100.0%
Operating profit/loss before taxation	30,253		8,943		21,310	238,3%	9,335	20,918	224.1%			
Income taxes for the period on current operations	-	4,442	-	1,682	-	2,760	164,1%	-	2,195	-	2,247	102.3%
Profit (loss) from non-current discontinued operations, net of tax	-	1,912	-	1,714	-	198	11,6%	-	1,714	-	198	11.6%
Net profit	23,899		5,547		18,352	330,8%	5,426	18,473	340.5%			

Consolidated operating profit amounted to 53.4 million euros, marking an increase of 28.3 million euros on the first half of 2008 (+112.5%) due to the growth of net operating income (+52.7%), which benefited from the positive performance of the commissions aggregate (+28.5%) and the sharp reversal of the trend in banking operations, resulting in an overall improvement of 24.1 million euros (+224.1%) on the first six months of the previous year. However, this latter figure was partially offset by impairment adjustments to a limited number of debt and equity securities in the total amount of 4.9 million euros.

In this regard, it should be recalled that the first half of 2008 ended during a period of intensification of the international capital market crisis. After the crisis of February and March, which culminated in the rescue of the U.S. investment bank Bear Stearns and the announcement of losses by other large international financial institutions, June 2008 witnessed a further sharp decline in international equity markets and a further deterioration of bond liquidity.

Therefore the loss for H1 2008 largely reflected net capital losses at fair value on trading investment portfolio (HFT), amounting to 19.0 million euros.

Lastly, the crisis situation, after the bankruptcy of the U.S. investment bank Lehman Brothers, led to the introduction by the IASB (International Accounting Standards Board) on 11 October 2008 of several amendments to accounting standard IAS 39.

In the third quarter of 2008 Banca Generali reclassified part of the held-for-trading and available-for-sale (AFS) portfolios, which are measured at fair value, with balancing entries to the profit and loss account and net equity, respectively, to the held-to-maturity (HTM) and loans and receivables (Loans) portfolios, which are measured at amortised cost. The effects of this reclassification were analysed in ample detail in the Consolidated Financial Statements for the year ended 31 December 2008, to which the reader may refer for further information.

The profit and loss situation as of 30 June 2009 consequently does not reflect any adjustments arising from the measurement at fair value of the reclassified portfolio, except to a marginal extent in connection with the recognition of impairment on a highly limited number of reclassified equity and debt securities.

Revenue growth was also partially offset by the increase in operating expense (+16.1 million euros, or 27.3%), in part attributable to the acquisition of Banca del Gottardo Italia.

On a like-for-like basis, the increase in net operating income comes to 38.6%, the rise in operating expense to 12.9%, and the growth of operating profit to 104.2%.

The consolidated operating profit before taxes stood at 30.2 million euros, up by 238.3%, despite adjustments to loans and securities of 6.0 million and net allocations to provisions for liabilities and contingencies of 17.1 million euros.

Consolidated net profit for the first six months of the year consequently amounted to 23.9 million euros, up consistently compared to 5.5 million euros at the end of the same period of 2008.

C.1 Net Interest

Net interest amounted to 28.6 million euros, a 1.0 million euro increase (+4.0%), compared to the same period of the previous year.

(€ thousand)	30/06/2009	30/06/2008	Change		30/06/2008	Change	
			Amount	%		LfL	Amount
Financial assets held for trading	6,638	40,728	- 34,090	-83.7%	41,153	- 34,515	-83.9%
AFS financial assets	12,532	14,699	- 2,167	-14.7%	14,699	- 2,167	-14.7%
Held-to-maturity assets (HTM assets)	10,152	-	10,152	0.0%	-	10,152	0.0%
Financial assets classified among loans	5,404	-	5,404	0.0%	-	5,404	0.0%
Total financial assets	34,726	55,427	- 20,701	-37.3%	55,852	- 21,126	-37.8%
Loans to banks	4,853	23,421	- 18,568	-79.3%	26,407	- 21,554	-81.6%
Loans to customers	8,643	7,370	1,273	17.3%	15,632	- 6,989	-44.7%
Other assets	108	49	59	120.4%	49	59	120.4%
Total interest income	48,330	86,267	- 37,937	-44.0%	97,940	- 49,610	-50.7%
Due to banks	544	373	171	45.8%	1,944	- 1,400	-72.0%
Due to customers	15,911	37,221	- 21,310	-57.3%	38,752	- 22,841	-58.9%
Outstanding securities and hedging derivatives	966	-	966	0.0%	3,348	- 2,382	-71.1%
Repurchase agreements - banks	43	-	43	0.0%	-	43	0.0%
Repurchase agreements - customers	2,275	21,177	- 18,902	-89.3%	21,382	- 19,107	-89.4%
Other liabilities	-	1	- 1	-100.0%	1	- 1	-100.0%
Total interest expense	19,739	58,772	- 39,033	-66.4%	65,427	- 45,688	-69.8%
Net interest	28,591	27,495	1,096	4.0%	32,513	- 3,922	-12.1%

The change in net interest compared to the corresponding period of 2008 was influenced by the significant decrease in market interest rates during the first half of 2009 as well as the contribution of inflows and loans of Banca del Gottardo, acquired on 1 October 2008 and absorbed by Banca BSI Italia on 1 January 2009.

In particular, net interest on net interbank exposure contracted by 18.8 million euros or 81.5% on the first half of 2008 (20.1 million euros or 82.6% on a like-for-like basis), whereas net interest on the debt securities allocated to

the Group's various portfolios declined by a total of 20.7 million euros or 37.3% due to the presence of the fixed-income component.

On a like-for-like basis, loans to customers were also down by 44.7% on the first six months of 2008.

The cost of customer funding declined by 39.2 million euros or 67.2% (44.3 million euros or 67.7% on a like-for-like basis), partly attributable to the contraction in expense associated with repurchase agreement transactions.

C.2 Net Commissions

Aggregated commissions amounted at 86.6 million euros, a net increase of 19.2 million euros (+28.5%) compared to the same period of the previous year.

On a like-for-like basis, net commissions increased by 15.7 million euros, or 22.1%.

(€ thousand)	30/06/2009	30/06/2008	Change		30/06/2008	Change	
			Amount	%		LfL	Amount
Asset management	80,771	59,023	21,748	36.8%	60,626	20,145	33.2%
Placement of securities	26,074	25,517	557	2.2%	26,404	330	-1.2%
Distribution of third-party financial products	19,368	22,108	- 2,740	-12.4%	22,108	- 2,740	-12.4%
Dealing in securities and currencies	2,381	2,722	- 341	-12.5%	2,731	350	-12.8%
Order collection, custody, and securities administration	7,574	9,991	- 2,417	-24.2%	11,302	- 3,728	-33.0%
Collection and payment services	1,064	1,833	- 769	-42.0%	1,885	- 821	-43.6%
Other services	655	545	110	20.2%	882	- 227	-25.7%
Total commission income	137,887	121,739	16,148	13.3%	125,938	11,949	9.5%
Commissions for external offer	45,774	48,496	- 2,722	-5.6%	48,496	- 2,722	-5.6%
Collection and payment services	331	1,092	- 761	-69.7%	1,121	- 790	-70.5%
Dealing in securities and custody	1,875	2,802	- 927	-33.1%	2,990	- 1,115	-37.3%
Asset management	2,265	1,028	1,237	120.3%	1,028	1,237	120.3%
Other	1,042	916	126	13.8%	1,361	- 319	-23.4%
Total commission expense	51,287	54,334	- 3,047	-5.6%	54,996	- 3,709	-6.7%
Net commissions	86,600	67,405	19,195	28.5%	70,942	15,658	22.1%

The growth of commission income by 16.1 million euros (+13.3%) is substantially related to the solicitation and management of household investments, particularly fund-based asset management, which benefited from the significant appreciation of international equity markets in the first six months of 2009.

Lastly, commissions paid decreased by 3.0 million euros (-5.6%), mainly due to a reduction in "commissions for external offer" and post-sale assistance paid to the distribution network (-2.7 million euros). The decrease went against the decrease in asset management revenues (+18.3%), mainly due to the recognition of incentive commissions (24 million euros).

(€ thousand)	30/06/2009	30/06/2008	Change		30/06/2008	Change	
			Amount	%		LfL	Amount
Asset management, own							
1. Collective asset management (UCITs, pension funds)	68,280	37,117	31,163	84.0%	37,117	31,163	84.0%
2. Individual asset management	12,491	21,906	- 9,415	-43.0%	23,509	- 1,018	-46.9%
Commissions on asset management	80,771	59,023	21,748	36.8%	60,626	20,145	33.2%
1. Placement of third-party UCITs	11,037	24,507	- 13,470	-55.0%	25,394	- 14,357	-56.5%
2. Bond placement	15,037	1,010	14,027	1388.8%	1,010	14,027	1388.8%

3. Other placement operations	-	-	-	0.0%	-	-	0.0%		
4. Distribution of third-party asset management products (GPM/GPF, pension funds)	195	815	-	620	-76.1%	815	-	620	-76.1%
5. Distribution of third-party insurance products	17,949	18,769	-	820	-4.4%	18,769	-	820	-4.4%
6. Distribution of other third-party financial products	1,224	2,524	-	1,300	-51.5%	2,524	-	1,300	-51.5%
Placement and distribution of third-party products	45,442	47,625	-	2,183	-4.6%	48,512	-	3,070	-6.3%
Total	126,213	106,648	19,565	18.3%	109,138	17,075	15.6%		

Within this scenario, the contribution of the Group's collective asset management operations, which consist of the Luxembourg SICAVs and UCITS of BG SGR, expanded by 84.0% or 31.2 million euros, whereas the individual asset management segment reported a decline in revenue of 43.0% or 9.4 million euros (46.9% or 11.0 million including the assets managed by Banca del Gottardo Italia).

The collective asset management segment witnessed a significant increase in the contribution of the Luxembourg SICAVs against a decline in that of Italian UCITS, primarily driven by contractually accrued performance commissions in connection with the significant appreciation of international equity markets.

Revenue generated by the placement and distribution of third-party products decrease by 2.2 million euros or 4.6% compared to the first half of 2008 (-3.1 million or -6.3% on a like-for-like basis) and involved all product types, but most extensively the placement of third-party UCITS (-13.5 million), with the exception of bond placements.

Income on bond placements through the distribution network amounted to 15.0 million euros and refers to the bond issue *Mediobanca Altiplano with Memory due February 2015* (XS0407006179) and the recent ENEL bond issues.

(€ thousand)	30/06/2009		30/06/2008		Change		30/06/2008		Change	
	Amount	%	Amount	%	LfL	Amount	%			
Trading services	9,955	12,713	-	2,758	-21.7%	14,033	-	4,078	-29.1%	
Other services	1,719	2,378	-	659	-27.7%	2,767	-	1,048	-37.9%	
Total traditional banking operations	11,674	15,091	-	3,417	-22.6%	16,800	-	5,126	-30.5%	

Revenue on traditional banking operations decreased by 3.4 million euros, attributable to the sharp decline in commissions on orders and custody and administration, due to the decrease in the commissions applied to the Generali Group's asset management firms and the reduction in said firms' operations due to the negative market performance.

The commission structure showed a marked increase in incentive commissions (+21.2 million euros), which are associated with the SICAVs managed by BG Investment Luxembourg, and underwriting commissions (+7.6 or 43.7%), substantially attributable to the bond placements undertaken, against a decline in management commissions (-10.8%) due to a reduction in assets under management and a decrease in commissions for other banking and financial services (-21.7%).

(€ thousand)	30/06/2009		30/06/2008		Change	
	Amount	%	Amount	%	Amount	%
Underwriting commissions	24,943	17,358	7,585	43.7%		
Management commissions	77,213	86,563	-	9,350	-10.8%	
Incentive commissions	24,022	2,867	21,155	737.9%		
Other commissions (other banking and financial services)	11,709	14,951	-	3,242	-21.7%	
Total	137,887	121,739	16,148	13.3%		

C.3 Dividends

Total dividends amounted to 46.7 million euros, mostly attributable to equity securities traded as part of total return swap transactions executed during the period, illustrated in detail in the next section.

Net of said component, dividends include 0.6 million euros in profits distributed by equity investments classified among financial assets available for sale, whereas the remainder referred to other trading operations.

(€ thousand)	30/06/2009	30/06/2008	Change		30/06/2008		Change	
			Amount	%	LfL	Amount	%	
Dividends of financial assets available for sale	570	2,127	- 1,557	-73.2%	2,135	- 1,565	-73.3%	
Dividends from trading	85	601	- 516	-85.9%	601	- 516	-85.9%	
Dividends on TRS operations	46,034	24,984	21,050	84.3%	24,984	21,050	84.3%	
Total dividends	46,689	27,712	18,977	68%	27,720	18,969	68.4%	

C.4 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.

At the end of the first half of 2009, financial operations, as defined above, contributed a negative 33.3 million euros, marking an improvement of 5.1 million euros on the loss reported in the first half of 2008.

The net loss on assets classified as HFT amounted to 43.7 million euros, whereas the net profit on the sale of securities classified as AFS amounted to 10.4 million euros.

(€ thousand)	30/06/2009	30/06/2008	Change		30/06/2008		Change	
			Amount	%	LfL	Amount	%	
Net income (loss) on financial assets	- 30,817	- 47,364	16,547	-34.9%	- 47,427	16,610	-35.0%	
Gain (loss) on financial assets	- 1,330	- 19,046	17,716	-93.0%	- 19,298	17,968	-93.1%	
Income (loss) on derivatives	- 11,619	26,886	- 38,505	-143.2%	26,886	- 38,505	-143.2%	
Gain (loss) on derivatives	- 382	15	- 397	-2646.7%	15	- 397	-2646.7%	
Securities transactions	- 44,148	- 39,509	- 4,639	11.7%	- 39,824	- 4,324	10.9%	
Currency transactions	439	386	53	13.7%	719	- 280	-38.9%	
Result from trading	- 43,709	- 39,123	- 4,586	11.7%	- 39,105	- 4,604	11.8%	
Net profit from hedging	-	-	-	0.0%	2	2	-100.0%	
Income (loss) from repurchases	10,363	661	9,702	1467.8%	661	9,702	1467.8%	
Income (loss) of financial operations	- 33,346	- 38,462	5,116	-13.3%	- 38,446	5,100	-13.3%	

During the six-month period under review, the bank completed numerous total return swap transactions that had a significant effect on this result.

These transactions involve the payment to the counterparties of all equity amounts and dividend amounts on the basket of equity securities chosen, against receipt of a floating amount of interest on the capital invested for the term of the contract. As part of the swap, Banca Generali purchased a corresponding amount of the underlying securities on the market.

Net trading of the underlying securities generated a loss of 32.9 million euros, while the dividends received amounted to 46.0 million euros. The derivatives component generated positive and negative differences of 32.9 million euros in relation to the equity component and negative differences of 44.4 million in relation to dividend give-ups. Consequently, said transactions resulted in an overall positive result of 2.0 million euros, compared to the 3.0 million euros earned as of the end of the previous year.

Therefore, if the associated dividends are also considered, the overall result from trading amounted to a net profit of 2.3 million, compared to a net loss of 14.1 million euros as of the end of the first half of 2008.

(€ thousand)	Gains from trading	Capital gains	Loss from trading	Capital loss	Net result 30/06/2009	Net result 30/06/2008	Change
1. Debt securities transactions	1,847	924	- 727	- 2,245	- 201	- 13,696	13,495
2. Equity securities transactions	1,244	12	- 1,157	- 203	- 104	- 3,750	3,646
3 Par Asset Swaps	971	218	- 601	- 104	484	-	484
Debt securities	955	218	-	-	1,173	-	1,173
Asset swaps	16	-	- 601	- 104	689	-	689
4. Total Return Swaps (TRS)	100,235	-	- 98,240	-	1,995	3,046	- 1,051
Equity securities (TRS transactions)	10,453	-	- 43,431	-	32,978	- 48,912	15,934
dividends	46,034	-	-	-	46,034	24,984	21,050
Equity swaps	43,748	-	- 54,809	-	11,061	26,974	- 38,035
5. UCITS unit quota transactions	-	2	- 1	- 38	- 37	- 52	15
6. Interest Rate Swaps (IRS)	49	-	- 16	- 278	- 245	- 75	- 170
7. Currency transactions	438	-	- 6	-	432	388	44
Result from trading	104,784	1,156	- 100,748	- 2,868	2,324	- 14,139	16,463

The debt securities segment posted an overall net loss of 0.2 million euros, consisting partly of net capital gains of 1.3 million euros.

Trading operations also include the acquisition of structured par asset swap transactions intended as arbitrage of projected inflation rate trends and the interbank rate and the undertaking of IRSs.

	Gain	Losses	Transfer of reserves	Total
Debt securities	9,747	- 973	1,925	10,699
Equity securities	54	- 5	385	336
Total AFS	9,801	- 978	1,540	10,363

The AFS segment posted net profits of 10.4 million euros arising from the divestment of positions held as of the end of the previous year and new acquisitions during the period. The largest contribution was provided by the government securities segment, which reported net profits of approximately 7.0 million euros.

C.5 Operating Expenses

Operating expenses, including staff expenses, other general and administrative expense, amortisation and depreciation and other operating income and expenses, increased by 16.1 million euros (+27.3%) compared to the first half of 2008, also due to the acquisition of Banca del Gottardo Italia.

On a like-for-like basis, operating expenses therefore increased by 8.6 million euros, or 12.9%.

(€ thousand)	30/06/2009		30/06/2008		Change		30/06/2008		Change	
	Amount	%	Amount	%	Amount	%	LfL	Amount	%	
Staff expenses	- 32,576	- 25,811	- 6,765	26.2%	- 30,144	- 2,432	8.1%			
Other general and administrative expense	- 43,925	- 34,454	- 9,471	27.5%	- 37,007	- 6,918	18.7%			
Net adjustments of property, equipment and intangible assets	- 2,683	- 2,322	- 361	15.5%	- 2,885	202	-7.0%			
Other income and expenses	4,038	3,565	473	13.3%	3,454	584	16.9%			
Operating expense	- 75,146	- 59,022	- 16,124	27.3%	- 66,582	- 8,564	12.9%			

The Group's salaried employees numbered 748 resources, marking an increase of 42 (+4.0%) on the first half of 2008, or a decrease of 50 if the workforce of Banca del Gottardo Italia is also considered.

	30/06/2009	30/06/2008	Change		30/06/2008	Change		
			Amount	%		LfL	Amount	%
Managers	52	42	10	23.8	55	-	3	-5.5%
3 rd and 4 th level executives	110	86	24	27.9	111	-	1	-0.9%
Other employees	586	578	8	1.4	632	-	46	-7.3%
Total	748	706	42	5.9	798	-	50	-6.3%

(not including the employees of Simgenia)

Staff expenses, including full-time employees, interim staff, and directors increased a net 6.8 million euros compared to the first half of 2008.

On a like-for-like basis, the increase amounted to 2.4 million euros or 8.1%.

The change in the item "Other employees" refers to the net revenue on the secondment of employees to and from the Group.

(€ thousand)	30/06/2009	30/06/2008	Change		30/06/2008	Change			
			Amount	%		LfL	Amount	%	
1) Employees	31,619	25,412	6,207	24.4%	29,370	-	2,249	7.7%	
Wages and salaries	18,037	15,747	2,290	14.5%	18,465	-	428	-2.3%	
Social security charges	4,667	3,908	759	19.4%	4,634	-	33	0.7%	
Termination indemnity	318	352	-	34	-9.7%	340	-	22	-6.5%
Contributions to outside supplemental pension funds	1,422	1,473	-	51	-3.5%	1,684	-	262	-15.6%
Costs related to payment agreements based on own financial instruments	282	91	191	209.9%	91	-	191	209.9%	
Provision for staff expenses	4,934	2,199	2,735	124.4%	2,199	-	2,735	124.4%	
Other employee benefits	1,959	1,642	317	19.3%	1,957	-	2	0.1%	
2) Other staff	23	-	441	-105.2%	-	319	342	-107.2%	
3) Directors and Auditors	934	840	94	11.2%	1,093	-	159	-14.5%	
<i>of which costs related to payment agreements based on own financial instruments</i>	-	-	174	-100.0%	-	174	174	-100.0%	
Total	32,576	25,811	6,765	26.2%	30,144	-	2,432	8.1%	

Other general and administrative expense amounted to 43.9 million euros, an increase of 9.5 million euros, or +27.5%, compared to the same period in the previous year, and 6.9 million euros on a like-for-like basis (+18.7%).

The ratio of operating expenses, before adjustments to property, equipment and intangible assets to net banking income (cost/income ratio) was 56.4% due to the increase in consolidated operating revenues.

(€ thousand)	30/06/2009	30/06/2008	Change		30/06/2008	Change		
			Amount	%		LfL	Amount	%
Administration	7,647	4,178	3,469	83.0%	4,896	-	2,751	56.2%
Advertising	2,930	738	2,192	297.0%	882	-	2,048	232.2%
Consultancy and professional advice expense	2,612	1,292	1,320	102.2%	1,635	-	977	59.8%
Audit	546	603	-57	-9.5%	727	-	181	-24.9%
Other general costs (insur. T&E)	1,559	1,545	14	0.9%	1,652	-	93	-5.6%
Operations	15,565	14,801	764	5.2%	15,856	-	291	-1.8%
Rent and usage of premises	7,776	6,716	1,060	15.8%	7,468	-	308	4.1%
Outsourced services	2,745	4,380	-1,635	-37.3%	4,380	-	1,635	-37.3%
Post and telephone	1,606	1,091	515	47.2%	1,220	-	386	31.6%
Print material and contracts	601	769	-168	-21.8%	808	-	207	-25.6%
Other operating expenses	2,837	1,845	992	53.8%	1,980	-	857	43.3%
Information system and equipment	16,284	11,965	4,319	36.1%	12,677	-	3,607	28.5%
Outsourced IT services	11,353	8,660	2,693	31.1%	8,926	-	2,427	27.2%
Fees for IT services and databases	3,103	2,056	1,047	50.9%	2,388	-	715	29.9%
Software maintenance and servicing Sw	1,000	544	456	83.8%	562	-	438	77.9%

Other expenses (equipment rental, maintenance, etc.)	828	705	123	17.4%	801	27	3.4%
Taxes and duties	4,429	3,510	919	26.2%	3,578	851	23.8%
Total other general and administrative expense	43,925	34,454	9,471	27.5%	37,007	6,918	18.7%

C.6 Net provisions

Net provisions stood at 17.1 million euros and increased slightly on the first half of 2008.

Allocations to provisions amounted to 13.8 million euros (-9.4%), of which 8.9 million euros refers to incentive programmes in progress as of the end of the half-year and to new short- and medium-term incentive programmes associated with the expansion of the sales network, and 4.9 million euros to other commission, incentive and sales competition plans.

(€ thousand)	30/06/2009	30/06/2008	Change	
			Amount	%
Provisions for risks related to commissions to be assigned	13,837	15,278	-1,441	-9.4%
Provisions for risks related to legal disputes	2,720	268	2,452	914.9%
Provisions for risks related to termination indemnity and overfees	505	755	-250	-33.1%
Total	17,062	16,301	761	4.67%

C.7 Impairment

In the first half of 2009, a total of 2.8 million euros in adjustments due to non-performance was recognised in connection with financial assets classified to the AFS portfolio, mainly attributable to the equity securities segment.

Of these adjustments, 2.2 million euros refers to Athena Private Equity, a Luxembourg investment vehicle in which the Group holds a small interest, and which has suffered from the situation of crisis into which several of its main investments have entered, whereas the remainder refers to certain previously reclassified equity investments.

The corporate bonds issued by the defaulted U.S. investment bank Lehman Brothers were also written down for an additional amount.

Certain minor positions reallocated to the loans portfolio also became impaired in the amount of 2.0 million euros due to the occurrence of triggers indicating principal losses or prospects of an extension of the schedule of repayment flows.

(€ thousand)	adjustments Value	Restated	30/06/2009	30/06/2008	30/06/2008 Lfl	Change	
						Amount	%
Specific adjustments/reversals							
Impairment of AFS debt securities and loans	-2,008	-	-2,008	0	0	-2,008	0.0%
Impairment of AFS debt securities	-47	0	-47	0	0	-47	0.0%
Impairment of AFS equity securities	-2,847	0	-2,847	0	0	-2,847	0.0%
Valuation of fun. receivables (FAs, product companies)	-1,158	0	-1,158	0	0	-1,158	0.0%
Valuation of substandard loans of Banca del Gottardo		0	0		-627	627	-100.0%
Banking portfolio	-172	159	-13	-78	-78	65	-83.3%
Portfolio adjustments/reversals							
Coll. valuat. of banking portfolio	0	0	0	221	221	-221	-100.0%
Total	-6,232	159	-6,073	143	-484	-5,589	1154.8%

C.8 Taxes

The direct tax burden attributable to the Group's various companies reached 4.4 million euros at the end of the half-year, marking a significant increase on the previous year, in connection with the growth of pre-tax profit and the greater weight of foreign operations.

The amount includes both the estimate of current taxes (9.8 million euros) and changes in deferred tax assets and liabilities, which amounted to a net tax benefit of 5.3 million euros.

(€ thousand)	30/06/2009		30/06/2008		Change		30/06/2008		Change			
					Amount	%	LfL		Amount	%		
Current taxation	-	9,822	-	4,359	-	5,463	125.3%	-	4,676	-	5,146	110.1%
Prior period taxes		38		140	-	102	-72.9%		137	-	99	-72.3%
Changes of prepaid taxation (+/-)		4,974		185		4,789	2588.6%	-	326		5,300	-1625.8%
Changes of deferred taxation (+/-)		368		2,352	-	1,984	-84.4%		2,670	-	2,302	-86.2%
Taxes for the period (-)	-	4,442	-	1,682	-	2,760	164%	-	2,195	-	2,247	102.4%

C.9 Result for the Period and Earnings per Share

Consolidated net profit before tax for the period amounted to 30.2 million euros, an increase of 21.3 million euros compared to the same period of the previous year.

The loss of groups of available-for-sale assets comes to 1.9 million euros and refers to the loss registered by the subsidiary Simgenia through the date of sale at the end of the first half of 2009. The loss is stated net of intra-Group items with other banking group companies.

However, said item does not include the capital gain on the sale of the equity investment in the amount of 8.8 million euros, net of taxes accrued, which has been allocated to a specific net equity reserve.

(€ thousand)	30/06/2009		30/06/2008		Change		30/06/2008		Change			
					Amount	%	LfL		Amount	%		
Net operating income		128,534		84,150		44,384	52.7%		92,729		35,805	38.6%
Operating expense		-75,146		-59,022		-16,124	27.3%		-66,582		-8,564	12.9%
Operating profit		53,388		25,128		28,260	112.5%		26,147		27,241	104.2%
Net adjustments for non-performing loans		-3,179		143		-3,322	-2323.1%		-484		-2,695	556.8%
Net adjustments of other assets		-2,894		0		-2,894	0.0%		0		-2,894	0.0%
Net provisions		-17,062		-16,301		-761	4.7%		-16,301		-761	4.7%
Gain (loss) from the disposal of equity investments		0		-27		27	-100.0%		-27		27	-100.0%
Operating profit before taxation		30,253		8,943		21,310	238.3%		9,335		20,918	224.1%
Income taxes for the period on current operations		-4,442		-1,682		-2,760	164.1%		-2,195		-2,247	102.3%
Profit (loss) of groups of available for sale assets, net of taxes		-1,912		-1,714		-198	11.6%		-1,714		-198	11.6%
Net profit		23,899		5,547		18,352	330.8%		5,426		18,473	340.5%

Earnings per share was 0.214 euros at 30 June 2009.

	30/06/2009	30/06/2008
Net profit for the period (€ thousand)	23,899	5,547
Net profit attributable to ordinary shares	23,899	5,547
Average number of outstanding shares	110,624,395	110,310,588
EPS - Earnings per Share (euro)	0,2160	0,0503
Average number of outstanding shares, diluted capital	111,424,539	110,310,588

EPS - Diluted earnings per share (euro)	0,214	0,050
---	-------	-------

C.10 Statement of Comprehensive Income

The Group's comprehensive income amounted to 26.0 million euros as of 30 June 2009 and includes all components that contribute to the company's performance, specifically changes in the values of assets recognised directly to net equity reserves.

These changes, which amounted to 2.1 million euros, are attributable to fair value adjustments to financial assets available for sale.

In further detail, during the first six months of 2009, net increases in fair value of 3.2 million euros were recognised to net equity, -1.1 million euros was transferred to the profit and loss account from the net positive reserves due to the realisation of losses and amortisation, and 1.0 million euros was transferred from negative reserves due to impairment.

The tax effect of the above comes to 1.2 million euros.

Part D Consolidated Results by Business Segment

The Group operates in two main areas of business:

- **Asset management**, which is carried out by “product companies” BG SGR (Italian funds and portfolio management), BG Investments Luxembourg (Luxembourg SICAVs) and BG Fiduciaria SIM and BSI Italia (discretionary accounts).
- **Banking activities and the sale of financial services**, carried out through the Parent Company Banca Generali, the network of advisors, employee network and private bankers network of BSI Italia and, up to 30 June 2009, Simgenia’s distribution network.

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.

In connection with the entry into force on 1 January 2009 of the new accounting standard IFRS 8 relating to disclosure by operating segment, it should be noted that the measurements conducted by the Group’s management are based on segment analyses that draw on IAS financial statement figures. Consequently, no changes were made to the previously used presentation for performance by operating segment.

Distribution by Business Segment: Balance Sheet Figures

Loans to customers	Group total	Banking and distribution	Asset management	Cancellation
Financial assets held for trading	351,746	345,630	6,116	0
Other financial assets AFS, HTM	1,358,902	1,358,787	115	0
Loans to customers	710,835	710,835	0	0
Due to customers	-2,973,281	-2,940,065	59,463	26,247
Net interbank position	677,725	667,544	36,346	-26,165
Equity investments	0	29,672	0	-29,672
Property, equipment and intangible assets	56,561	51,959	313	4,289

Distribution by Business Segment: Profit and Loss Account Figures

Segment (€ thousand)	30/06/2009	30/06/2008	Change	
			Amount	%
Banking and distribution	- 12,109	-11,009	- 1,100	-10.0%
Asset management	36,008	16,556	19,452	117.5%
Group	23,899	5,547	18,352	330.82%

(€ thousand)	Group	Banking	Asset	Cancellations	Group	Banking	Asset.	Cancellati
	30/06/2009	and distrib.	management		30/06/2008	and distrib.	managem	ons
Interest income	48,330	48,061	446	177	86,267	85,427	1,427	587
Interest expense	-19,739	-19,910	-6	-177	-58,772	-59,352	-7	-587
Net interest	28,591	28,151	440	0	27,495	26,075	1,420	0
Commission income	137,887	77,110	79,589	18,812	121,739	87,784	57,938	23,983
Commission expense	-51,287	-40,348	-29,712	-18,773	-54,334	-49,994	-29,472	-25,132
Net commissions	86,600	36,762	49,877	39	67,405	37,790	28,466	-1,149
Dividends	46,689	46,689	0	0	27,712	27,712	0	0
Net result from banking operations	-33,346	-33,423	77	0	-38,462	-38,396	-66	0
Net operating profit	128,534	78,179	50,394	39	84,150	53,181	29,820	-1,149
Staff expenses	-32,576	-28,629	-3,947	0	-25,811	-21,939	-3,872	0
Other general and administrative expense	-43,925	-39,315	-5,594	-984	-34,454	-29,789	-5,313	-648
Net adjustments of property, equipment and intangible assets	-2,683	-2,617	-66	0	-2,322	-2,262	-60	0
Other operating expense/income	4,038	3,976	291	229	3,565	3,373	687	495
Net operating expense	-75,146	-66,585	-9,316	-755	-59,022	-50,617	-8,558	-153
Operating profit	53,388	11,594	41,078	-716	25,128	2,564	21,262	-1,302
Net adjustments for non-performing loans	-3,179	-3,179	0	0	143	143	0	0
Net adjustments of other financial assets	-2,894	-2,894	0	0	0	0	0	0
Net provisions	-17,062	-17,004	-58	0	-16,301	-16,301	0	0
Gain (loss) from the disposal of equity investments	0	0	0	0	-27	-27	0	0
Operating profit before taxation	30,253	-11,483	41,020	-716	8,943	-13,621	21,262	-1,302
Income taxes for the period on current operations	-4,442	570	-5,012	0	-1,682	3,024	-4,706	0
Income (loss) from non-current assets	-1,912	-1,196	0	716	-1,714	-412	0	1,302
Net profit	23,899	-12,109	36,008	0	5,547	-11,009	16,556	0

Other Information (Assets under Management)

Asset Management Area

The Financial Asset Management Area includes assets attributable to the asset management and common investment funds business, which amounted to 7.0 billion euros.

(€ million)	30/06/2009	31/12/2008	Change	
			Amount	%
Funds and SICAVs	4,639	4,275	364	8.51%
- attributable to the banking group's GPF	496	639	-143	-22.38%
GPF/GPM	2,849	2,722	127	4.67%
Total assets managed by the banking group, net of discretionary accounts included in the GPF of the banking group	6,992	6,358	634	9.97%

In the first six months of 2009, this area generated commissions (net of the commissions paid to the distribution network) amounting to 49.9 million euros, contributing 36.0 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, as well as through employees and financial advisors of Banca BSI Italia, and traditional banking activities, including the management of assets under administration and custody (securities accounts and current accounts), stock brokerage, payment services, lending and financing.

Total indirect inflows for the segment amounted to 14.5 billion euros, of which about 6.0 billion euros consists of products relating to the wealth management area. Simgenia has been excluded from the figures as of 30 June 2009 inasmuch as it was sold on 17 June 2009.

(€ million)	30/06/2009	31/12/2008	Change	
			Amount	%
Indirect inflows (under administration and custody)	7,270	12,190	-4,920	-40.36%
Indirect inflows (asset management)	7,912	9,066	-1,154	-12.72%
Indirect inflows (insurance products)	5,253	5,117	136	2.66%
Total, gross	20,435	26,373	-5,938	-22.51%
- amount already included in asset management segment	5,982	5,177	805	15.55%
Total, net	14,453	21,196	-6,742	-31.81%

The net commissions generated by the above area, net of the commissions given to financial advisors, amounted to 36.8 million in the first half of 2009. Total net profits on financial activity of 13.3 million should also be included in this sector.

This figure was also impacted by net additions to the provision for liabilities and contingencies totalling 17.1 million euros mainly aimed at reinforcing the distribution network.

The banking and distribution area reported a net negative contribution of -12.1 million euro as of 30 June 2009.

Part E 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) governing the undertaking of transactions with related parties by Banca Generali or its subsidiaries by setting internal rules appropriate to ensuring the transparency and the substantial, and procedural propriety of such transactions and, in particular "significant" transactions, i.e. those of the greatest relevance in terms of earnings and financial position ("extraordinary" and "relevant" transactions);

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

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.

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 investments Luxembourg, 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.

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 Group's companies have 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 half of 2009.

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), except the following ones.

On 23 April, Banca Generali's Board of Directors approved the guidelines for the merger of Generali Investments Luxembourg, a member of the Assicurazioni Generali Group, into the subsidiary BG Investments Luxembourg. Banca Generali will retain control of the company following said transaction, which was approved by the competent Luxembourg authorities in early July.

On 11 May 2009, Banca Generali's Board of Directors approved the absorption of the subsidiary Banca BSI Italia into Banca Generali following the de-merger and transfer of the portfolio management business unit of BSI Italia to the subsidiary BG SGR. The required approval of the above transactions by the competent supervisory authorities is currently pending.

The foregoing transactions may be considered business combinations between entities under common control within the Banca Generali Banking Group and/or the Assicurazioni Generali Group.

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

As a consequence of the sale of the controlling interest to other Generali Group companies, Simgenia is considered a related party of the consolidated banking group for the purposes of the profit and loss dealings undertaken in the first six months of 2009. Equity dealings as of 30/06/2009 have instead been reallocated among the related parties of the Generali Group.

E.1. Balance Sheet Data

(€ thousand)	Parent Company	Other associate	Other related	30/06/2009	31/12/2008	Change	
	Assicurazioni Generali	companies Generali Group	parties			Amount	%
Financial assets held for trading	284	-	-	284	41	243	592.7%
Financial assets available for sale	682	1,064	-	1,746	849	897	105.7%
Loans to customers	28,834	-	212	29,046	29,564	518	-1.8%
Loans to banks	-	-	-	-	40,503	40,503	-100.0%
Tax assets (AG tax consolidation)	22,831	-	-	22,831	24,284	1,453	-6.0%
Other assets	5,147	5,176	-	10,323	4,231	6,092	144.0%
Total assets	57,778	6,240	212	64,230	99,472	35,242	-35.4%
Due to customers	523,449	381,172	4,198	908,819	1,121,953	213,134	-19.0%

Due to banks	-	12,384	-	12,384	15,641	-	3,257	-20.8%
Financial liabilities held for trading	-	-	-	-	-	-	-	0.0%
Other liabilities	9	1,957	-	1,966	4,659	-	2,693	-57.8%
Total liabilities	523,458	395,513	4,198	923,169	1,142,253	-	219,084	-19.2%
Guarantees issued		584	-	584	1,290	-	706	-54.7%

Amounts due to customers attributable to related-party transactions involving current accounts, term deposits and repurchase agreements totalled 908.8 million euros. Of this amount, 523.4 million was due to the Group's Parent Company (-231.1 million euros from the year-end 2008 balance). The above item also includes the subordinated loan granted by Generali Versicherung to Banca BSI Italia in the amount of 43.1 million euros, gross of the interest accrued.

Amounts due to banks and associates of the insurance group were 12.4 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 29.0 million euros, of which 28.8 million euros are attributable to a Gesav participating policy. The item "Other assets" includes trade receivables from the product company associates of the Generali Group.

Parent Company's Shares

Banca Generali owns 45,955 shares of the Parent Company, Assicurazioni Generali, classified as AFS; amounting to 682 thousand euros in relation to a stock option plan available to the Chief Executive Officer.

Banca BSI Italia owns 15,545 shares of its indirect Parent Company, amounting to 284 thousand euros included in the trading portfolio, in relation to its role as bank mandated with the execution of transactions affecting the share capital of Assicurazioni Generali S.p.A.

E.2. Profit and Loss Account Data

(€thousand)	Parent Company		Other associate companies		30/06/2009	30/06/2008	Change			
	Assicurazioni Generali	Generali Group	Generali Group	Change			Amount	%		
Interest income		580	-	-	580	908	-	328	-36.1%	
Interest expense	-	2,893	-	4,487	-	7,380	-	21,109	13,729	-65.0%
Net interest	-	2,313	-	4,487	-	6,800	-	20,201	13,401	-66.3%
Commission income		61		21,272	21,333	32,780	-	11,447	-34.9%	
Commission expense		-		317	317	724	-	407	-56.2%	
Net commissions		61		20,955	21,016	32,056	-	11,040	-34.4%	
Dividends		92		-	92	40		52	130.0%	
Gain (loss) on trading		-		-	-	39		39	-100.0%	
Operating income	-	2,160		16,468	14,308	11,856		2,452	20.7%	
General and administrative expense	-	1,401	-	5,764	-	7,165	-	8,172	1,007	-12.3%
Personnel expenses (secondment)	-	30		213	183	708	-	525	-74.2%	
Other net operating profit		-		-	-	417	-	417	-100.0%	
Net operating expense	-	1,431	-	5,551	-	6,982	-	7,047	65	-0.9%
Operating profit	-	3,591		10,917	7,326	4,809		2,517	52.3%	

Significant items in the statement of operations included interest paid to the Generali Group companies (7.4 million euros) and, to a greater extent, commission income (21.3 million euros), which was mainly attributable to the placement of funds and policies.

This item also refers to commissions on trading on behalf of third parties and order collection. The expenses incurred by the Bank and payable to related parties included mainly structural costs (7.2 million euros), specifically, rent, outsourcing services and insurance premiums.

Attestation to the Condensed Half-year Financial Statements Pursuant to Article 81-ter of Consob Regulation 11971 Dated 14 May 1999, as Amended

The undersigned Giorgio Angelo Girelli, in his capacity as Chief Executive Officer, and Giancarlo Fancel, in his capacity as Manager in charge of preparing the accounting documents of Banca Generali S.p.A., hereby declare, taking into account the provisions set out in article 154-bis, paragraphs 3 and 4 of the legislative decree dated 24 February 1998 No. 58 that the administrative and accounting procedures adopted to prepare the condensed half-year report for the first half of 2009.

- are appropriate in light of the features of the company, and
 - have been applied.
- The appropriateness of administrative and accounting procedures for preparing the condensed half-year financial statements at 30 June 2009 was assessed using a process established by Banca Generali S.p.A. based on the Internal Control – *Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission*, which is generally accepted as a reference framework worldwide.
 - The undersigned further declare that:
 - the condensed half-year financial statements at 30 June 2009:
 - were prepared in compliance with the applicable international accounting standards recognised in the European Community pursuant to regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002, as well as the provisions of Legislative Decree No. 38 of 28 February 2005, and further applicable provisions, regulations and circular letters issued by the Regulator;
 - reflect the accounting books and records;
 - provide a true and fair view of the assets, liabilities, profit or loss and financial position of the issuer and all consolidated companies.
 - The interim report includes a reliable analysis of references to important events occurred in the first six months of the year, and to their impact on the condensed half-year financial statements; it also includes a description of the main risks and uncertainties regarding the coming six months of the year. The interim report also includes a reliable analysis of information on significant related-party transactions.

Trieste, 29 July 2009

Giorgio Angelo Girelli
Chief Executive Officer

BANCA GENERALI S.p.A

Giancarlo Fancel
Manager in charge of preparing
the company's financial documents
BANCA GENERALI S.p.A.

Auditors' review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
Banca Generali S.p.A.

1. We have reviewed the interim condensed consolidated financial statements, comprising the statements of financial position, comprehensive income, changes in shareholders' equity and cash flows and the related explanatory notes of Banca Generali S.p.A. and its subsidiaries (the "Banca Generali Group") as of June 30, 2009. The management of Banca Generali S.p.A. is responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue this review report based on our review.
2. We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. Our review consisted primarily of obtaining information on the accounts included in the interim condensed consolidated financial statements and the consistency of the accounting principles applied through discussions with management and analytical procedures applied to financial data presented in such consolidated financial statements. The review did not include performing audit procedures such as tests of compliance and substantive procedures on assets and liabilities and was substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements as we do in connection with the annual consolidated financial statements.

With respect to the consolidated financial statements of the prior year and the interim condensed consolidated financial statements of the corresponding period of the prior year, presented for comparative purposes, which have been restated in accordance with IAS 1 (2007), reference should be made to our reports issued on April 3, 2009 and on August 28, 2008, respectively.

The explanatory notes include a statement of income as of June 30, 2008 restated to include the acquisition of Banca del Gottardo Italia S.p.A., effective October 1, 2008. Such data, which has been presented to better comprehend the results of operations, has not been reviewed by us.

3. Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Banca Generali Group as of June 30, 2009 are not prepared, in all material respects, in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, August 27, 2009

Reconta Ernst & Young S.p.A.
Signed by: Stefano Cattaneo, Partner

This report has been translated into the English language solely for the convenience of international readers