Interim Report on Operations as of 30 September 2009

Board of Directors
4 November 2009

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	Girelli Giorgio Angelo
BOARD OF DIRECTORS	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

Group Economic and Financial Highlights

Consolidated figures	30.09.2009	30.09.2008	*Change %*
(€ million)			
Net interest income	38.6	43.4	*-10.9*
Net commissions	136.7	89.6	*52.5*
Dividends and net profit from banking activities	18.6	-8.8	*312.6*
Net banking income	194.0	124.2	*56.1*
Staff expenses	-47.3	-38.2	*23.9*
Other general and administrative expense	-67.4	-56.4	*19.5*
Amortisation and depreciation	-4.1	-3.5	*14.2*
Other operating income	5.9	5.8	*2.8*
Net operating expense	-112.9	-92.4	*22.2*
Operating profit	81.1	31.8	*154.7*
Provisions	-20.0	-17.4	*14.9*
Adjustments	-6.2	-5.5	*n.a.*
Profit before taxation	55.0	9.0	*513.0*
Net profit	45.6	5.3	*764.8*
Cost / income ratio	56.1%	71.5%	*-21.6*
EBITDA	85.2	35.4	*140.6*
ROE	24.1%	2.8%	*756.5*
EPS - Earnings per Share (euro)	0.4122	0.0535	*670.0*

Net Inflows	30.09.2009	30.09.2008	*Change %*
(€ million) (Assoreti data) * excluding Simgenia			
Mutual Funds and SICAVs	210	449	*-53.3*
Asset management	2	-1,508	*-100.2*
Insurance / Pension funds	320	1,081	*-70.4*
Securities / Current accounts	-203	570	*-135.6*
Total	**329**	**592**	***-44.4***

Assets Under Management & Custody (AUM/C)	30.09.2009	31.12.2008	*Change %*
(€ billion) (Assoreti data) *excluding Simgenia			
Mutual Funds and SICAVs	5.5	4.7	*16.9*
Asset management	2.8	2.6	*8.0*
Insurance / Pension funds	5.3	5.1	*4.0*
Securities / Current accounts	6.6	6.5	*1.1*
Total	**20.2**	**19.0**	*6.8*

Net Equity	30.09.2009	31.12.2008	*Change %*
(€ million)			
Net equity	243.6	188.9	*28.9*
Total capital for regulatory purposes	196.3	175.0	*12.2*
Excess capital (*)	70.0	59.7	*17.2*
Solvency margin (*)	12.43%	12.14%	*2.4*

(*) Estimates

Consolidated Accounting Statements

Consolidated Balance Sheet

Assets	**30.09.2009**	**30.06.2009**	**31.12.2008**	**Change**	
(€ thousand)				**vs. 30.06**	**vs. 31.12**
Financial assets held for trading	120,832	351,746	668,405	-65.6%	-81.9%
Financial assets available for sale	850,859	754,471	799,460	12.8%	6.4%
Financial assets held to maturity	614,241	604,431	606,353	1.6%	1.3%
Loans to banks	482,342	693,990	948,499	-30.5%	-49.1%
Loans to customers	719,914	710,835	767,461	1.3%	-6.2%
Property, equipment and intangible assets	55,528	56,561	59,059	-1.8%	-6.0%
Tax receivables	51,461	51,884	57,458	-0.8%	-10.4%
Other assets	173,680	209,074	156,313	-16.9%	11.1%
Financial assets held for sale	0	0	5,020	0.0%	-100.0%
Total assets	**3,068,857**	**3,432,992**	**4,068,028**	**-10.61%**	**-24.6%**

Net Equity and Liabilities	**30.09.2009**	**30.06.2009**	**31.12.2008**	**Change**	
(€ thousand)				**vs. 30.06**	**vs. 31.12**
Due to banks	12,713	16,266	16,993	-21.8%	-25.2%
Due to customers	2,525,760	2,973,281	3,671,132	-15.1%	-31.2%
Financial liabilities held for trading	858	8,655	848	-90.1%	1.2%
Tax payables	13,933	10,526	7,488	32.4%	86.1%
Assets held for sale	0	0	4,324	0.0%	-100.0%
Other liabilities	207,221	144,267	129,934	43.6%	59.5%
Special purpose provisions	64,814	62,013	48,384	4.5%	34.0%
Valuation reserves	-1,158	-4,675	-6,754	-75.2%	-82.9%
Reserves	70,107	69,779	61,051	0.5%	14.8%
Additional paid-in capital	22,309	22,309	22,804	0.0%	-2.2%
Share capital	111,313	111,313	111,313	0.0%	0.0%
Treasury shares (-)	-4,641	-4,641	-7,424	0.0%	-37.5%
Net profit (loss) for the year (+/-)	45,628	23,899	7,935	90.9%	475.0%
Total Net Equity and Liabilities	**3,068,857**	**3,432,992**	**4,068,028**	**-10.61%**	**-24.6%**

Consolidated Profit and Loss Account

(€ thousand)	30.09.2009	30.09.2008	Change Amount	Change %	Q3 2009	Q3 2008
Net interest	**38,646**	**43,370**	**-4,724**	**-10.9%**	**10,055**	**15,875**
Net commissions	**136,730**	**89,631**	**47,099**	**52.5%**	**50,130**	**22,226**
Dividends	58,068	32,681	25,387	77.7%	11,379	4,969
Net income from banking operations	-39,462	-41,433	1,971	-4.8%	-6,116	-2,971
Net operating income	**193,982**	**124,249**	**69,733**	**56.1%**	**65,448**	**40,099**
Staff expenses	-47,343	-38,222	-9,121	23.9%	-14,767	-12,411
Other general and administrative expense	-67,408	-56,406	-11,002	19.5%	-23,483	-21,952
Net adjustments of property, equipment and intangible assets	-4,050	-3,545	-505	14.2%	-1,367	-1,223
Other operating expense/income	5,930	5,770	160	2.8%	1,892	2,205
Net operating expense	**-112,871**	**-92,403**	**-20,468**	**22.2%**	**-37,725**	**-33,381**
Operating profit	**81,111**	**31,846**	**49,265**	**154.7%**	**27,723**	**6,718**
Net adjustments for non-performing loans	-3,315	76	-3,391	-4461.8%	-136	-67
Net adjustments of other assets	-2,878	-5,553	2,675	-48.2%	16	-5,553
Net provisions	-19,966	-17,377	-2,589	14.9%	-2,904	-1,076
Gain (loss) from the disposal of equity investments	-	-27	27	-100.0%	-	0
Operating profit/loss before taxation	**54,952**	**8,965**	**45,987**	**513.0%**	**24,699**	**22**
Income taxes for the period on current operations	-7,412	-1,102	-6,310	572.6%	-2,970	580
Profit (loss) from non-current discontinued operations, net of tax	-1,912	-2,587	675	-26.1%	-	-873
Profit (loss) for the year attributable to minority interests	-	0	-	0.0%	-	-
Net profit	**45,628**	**5,276**	**40,352**	**764.8%**	**21,729**	**-271**

Statement of Other Comprehensive Income

(€ thousand)	30.09.2009	30.09.2008	Change Amount	Change %	Q3 2009	Q3 2008
Net profit (loss)	**45,628**	**5,276**	**40,352**	**764.8%**	**21,729**	**-271**
Other income net of income taxes						
Assets available for sale	5,596	-5,772	11,368	-197.0%	3,517	915
Total other income before income taxes	5,596	-5,772	11,368	**-197.0%**	3,517	915
Comprehensive income	**51,224**	**-496**	**51,720**	**-10432%**	**25,246**	**644**

Quarterly Evolution of the Profit & Loss Account

(€ thousand)	30.09.2009	Q3 2009	30.06.2009	Q2 2009	Q1 2009	31.12.2008	Q4 2008	30.09.2008
Net interest	**38,646**	**10,055**	**28,591**	**12,333**	**16,258**	**61,203**	**17,833**	**43,370**
Net commissions	**136,730**	**50,130**	**86,600**	**53,461**	**33,139**	**112,354**	**22,723**	**89,631**
Dividends and income from equity investments	58,068	11,379	46,689	46,681	8	35,218	2,537	32,681
Net income from banking operations	- 39,462	- 6,116	- 33,346	- 38,856	5,510	- 43,016	-1,583	-41,433
Net operating income	**193,982**	**65,448**	**128,534**	**73,619**	**54,915**	**165,759**	**41,510**	**124,249**
Staff expenses	- 47,343	- 14,767	- 32,576	- 16,661	- 15,915	- 55,042	-16,820	-38,222
Other general and administrative expense	- 67,408	- 23,483	- 43,925	- 24,357	- 19,568	- 77,509	-21,103	-56,406
Net adjustments of property, equipment and intangible assets	- 4,050	- 1,367	- 2,683	- 1,368	- 1,315	- 5,344	-1,799	-3,545
Other operating expense/income	5,930	1,892	4,038	1,871	2,167	8,782	3,012	5,770
Net operating expense	**- 112,871**	**- 37,725**	**- 75,146**	**- 40,515**	**- 34,631**	**- 129,113**	**-36,710**	**-92,403**
Operating profit	**81,111**	**27,723**	**53,388**	**33,104**	**20,284**	**36,646**	**4,800**	**31,846**
Net adjustments for non-performing loans	- 3,315	- 136	- 3,179	- 3,172	- 7	- 2,079	-2,155	76
Net adjustments of other assets	- 2,878	16	- 2,894	580	- 3,474	- 7,065	-1,512	-5,553
Net provisions	- 19,966	- 2,904	- 17,062	- 9,790	- 7,272	- 13,365	4,012	-17,377
Gain (loss) from the disposal of equity investments	-	-	-	-	-	- 35	-8	-27
Operating profit before taxation	**54,952**	**24,699**	**30,253**	**20,722**	**9,531**	**14,102**	**5,137**	**8,965**
Income taxes for the period	- 7,412	- 2,970	- 4,442	- 1,084	- 3,358	- 2,297	-1,195	-1,102
Income (loss) from non-current assets held for sale	- 1,912	-	- 1,912	- 749	- 1,163	- 3,870	-1,283	-2,587
Profit (loss) for the year attributable to minority interests	-	-	-	-	-	-	0	0
Net profit	**45,628**	**21,729**	**23,899**	**18,889**	**5,010**	**7,935**	**2,659**	**5,276**

Explanatory Notes

1. Summary of Operations for the First Nine Months of the Year

The Banca Generali Group closed the first nine months of 2009 with net profit of 45.6 million euros, compared to a net profit of 5.3 million euros in the same period of 2008 (+764.8%), and net equity of 243.6 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 third quarter of 2009 and 2008 cannot be compared. For comparison purposes, the quarterly report as of 30 September 2009 also presents the changes in the main items of the Profit & Loss Account on a comparable consolidation basis.

Net banking income increased by approximately 69.8 million euros (+56.12%, +42.14% on a like-for-like basis), compared to the third quarter of 2008, rising from 124.2 million euros to the 194 million euros reported at the end of the first nine months of 2009, primarily due to the turnaround in net commissions, which increased 52.5% compared to the same period of the previous yaer and the turnaround of the result from banking operations, which rose from a net loss of 8.8 million euros to a net profit of 18.6 million euros (at 30 Septemeber 2009) and, to a lesser extent, the effect of the acquisition of Banca del Gottardo on 1 October 2008, subsequently merged into the subsidiary Banca BSI Italia on 1 January 2009.

Operating expenses totalled 112.9 million euros, up 22.15% (8.9% on a like-for-like basis) compared to the first nine months of 2008, with staff expenses rising from 38.2 million euros to 47.3 million (+23.86%, 5.96% on a like-for-like 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 about 20.0 million euros at 30 September 2009, a 2.6 million increase (14.9%) compared to the same period of 2008, mainly due to higher provisions in connection with the development of the distribution network.

The total value of the assets managed by the Group on behalf of its customers, which is the figure used for reporting to Assoreti, amounted to 20.2 billion euros at 30 September 2009, in line with the figure reported at year-end 2008. In addition, at 30 September 2009, assets under administration and custody of the Generali Group companies totalled approximately 3.9 billion euros, and 1.1 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 25.2 billion euros.

The Banca Generali Group remains one of the top distributors of financial products through financial advisors networks with 20.2 billion euros in assets under management.
Despite the uncertainty triggered by the capital market crisis, net inflows amounted to 329 billion euros in the first nine months of 2009.

Before analysing the Bank’s sales and financial results for the first nine months 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

During the first nine months of 2009, particularly following the summer months, the global economy felt the full impact of the benefits of the government schemes supporting investment and consumption, launched to counter the recession triggered by the financial crisis. The highly expansive fiscal policies and interventions supporting the interbank credit market started to reach the real economy, stabilising the confidence and demand indicators, followed by a recovery in production activity.
The global economy bottomed out in the first three months of the year and started to give signs of stabilisation through an improvement in the anticipatory indicators in the second quarter. From the beginning of the summer, the industrial production figures recorded convincing signs of recovery, allowing all the geographical areas to

return to give positive growth rates in the third quarter. However, the figures for the employment market, which suffers the delayed effect of trends in the real economy, continue to deteriorate and the unemployment rate is still rising in all geographical areas.
In September, the improvement in the economic situation led to the main forecasting institutions (International Monetary Fund, OECD) to marginally revise upwards the growth forecasts for this year and the next. However, economic activity for the whole of 2009 is expected to contract sharply, whilst for 2010 the growth level is estimated to be below potential.

The stock markets moved in tune with the developments described and, after a period of marked weakness during the first quarter that had led the American and European markets to lose more than 20%, chalked up significant recoveries in the second and third quarters, closing at 30 September with positive results. In the first nine months of 2009 the S&P500 index ended up +18.7%, as the Eurostoxx50 (+17.2%), the FTSE MIB (+20.6%) and the Nikkei 225 (+14.4%). 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 closed the nine months up +61.6%.
In general, market recovery has been driven by the financial sector and the most cyclical sectors, such as industrial and commodities securities.

The central banks have kept interest rates in the mature economies close to zero in all Countries, both by keeping the official interest rates low and through extraordinary credit expansion operations. The Central Banks have launched schemes to support specific credit market segments, have massively funded the banking system and launched schemes to buy government securities and securities issued by the banks and linked to the property market. 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.

More specifically, in Europe in the first nine months of 2009 the ECB first reduced the refinancing rate to 1% (from 2.5% at the end of 2008) and then adopted unconventional expansive measures ("covered bond" purchase plan and launch of a number of 12-month refinancing transactions for unlimited quantities) which have taken interbank rates below 1%: the overnight rate which, at the end of 2008, was around 2% fell steadily, until settling around the level of 0.30% in the third quarter of the year.
In this context, the yields of long-term bonds showed a moderate upwards trend both in the United States, where they rose from 2.25% to 3.3%, and, in a more contained manner, in the eurozone where they increased from 3% at the end of 2008 to 3.25% at 30 September.
Movements in the United States and in Europe displayed a diverging trend on the short part of the rate curve: in the United States the two-year rate rose from 0.75% to 0.95%, whilst in Europe it fell from 1.7% to 1.25%.

In the first nine months of 2009, businesses made increasing use of the bond market to secure funding. The volumes offered did not prevent spreads between corporate and sovereign yields from gradually contracting due to investors' renewed appetite for risk and to the stabilisation of the economic scenario. Activity on the primary market was very intense particularly in the second and third quarters of the year and was marked first of all by the issues of top quality companies belonging to non-cyclical sectors, whilst from the summer months the primary market re-opened also for debtors with lower ratings belonging to industrial and raw materials sectors. Finally, September saw a return to volumes also on the primary bank issue and covered bond market.

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 in the second quarter to approximately 1.45 in September. The dollar/yen exchange rate fluctuated within a range of 88 to 101 and closed the third quarter near 90, a level close to year-end 2008.

Lastly, commodities prices began to climb again, with oil rising from 44.6 dollars a barrel in late December to 70.6 dollars in late September.

3. Major Corporate Events and Performance of Subsidiary Companies

3.1 Reorganisation of the Banking Group

On 11 May 2009, Banca Generali's Board of Directors approved the proposed merger by incorporation of Banca BSI Italia S.p.A., the company in the banking group specialised in private banking, into the Banca Generali parent company; the proposal was filed with the Trieste and Milan Companies' registers on 8 October 2009. On

completion of the merger, Banca BSI Italia will become a division of Banca Generali with its own distinctive brand. The new Private Banking Division will continue to have two separate distribution channels, one for Private Bankers and the other for Relationship Managers.
The transaction, which does not call for a capital increase by Banca Generali, inasmuch as it holds 100% of the share capital of the merging company, is scheduled to take effect on 1 January 2010.

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 allow the portfolio management operations currently undertaken by Banca BSI Italia to be centralised with the Banking Group’s asset management firm, whose core business is to concentrate the asset management production capacity intended for the Banking Group’s retail customers. The transaction will result in the achievement of cost synergies and process efficiency gains.

The merger became effective 1 January 2010, prior to the merger of Banca BSI Italia into Banca Generali, and was completed through a capital increase by BG SGR that was reserved for Banca BSI Italia, which will provide the capital by transferring the division.

Considering that the companies involved in the transaction, both of which are 100% controlled by Banca Generali, are related parties, the Board of Directors obtained a valuation issued by KPMG Advisory in determining the value of the business unit to be transferred.

3.2 Performance of Group Companies

3.2.1 Performance of BG SGR

BG SGR, a company specialising in mutual funds, SICAVs, and individual GPF
discretionary accounts, reported a net profit of 2.9 million euros for the first nine months of 2009, down compared to 9.2 million euros at the end of the third quarter 2008, net equity of about 20.2 million euros and total assets of 27.7 million euros.
Net banking income amounted to 11.8 million euros (21.4 million at the end of the third quarter of 2008), whereas general and administrative expense was 7.3 million euros, including about 3.8 million euros for staff expenses.
Total assets under management at 30 September 2009 amounted to 2,174 million euros, net of discretionary account funds (GPF), substantially in line with 2,164 million euros at 31 December 2008.

3.2.2 Performance of BG Fiduciaria SIM

BG Fiduciaria, a company specialising in individual GPF and GPM portfolios, mainly in a custodial capacity, closed the first nine months of 2009, with a net profit of 0.2 million euros and a net equity of 7.4 million euros.
Net banking income amounted to 1.7 million euros, whereas general and administrative expense was 1.4 million euros, including 0.8 million euros for staff expenses.
Total assets under management amounted to 483 million euros, up compared to 443 million euros at 31 December 2008.

3.2.3 Performance of Banca BSI Italia

Banca BSI Italia is the Group bank specialised in the distribution of financial and banking products to private customers, through both its network of financial advisors and relationship managers who sell financial products to customers as direct employees of the company.

On 1 January 2009, Banca del Gottardo Italia S.p.A. was merged in the Banca BSI Italia, following the acquisition closed on 1 October 2008. At 31 December 2008, Banca del Gottardo Italia S.p.A. had total assets of 378.4 million euros and net equity of 24.3 million euros, including 0.6 million in net profit, but net of the debt of 15 million euros to the previous shareholders due to the share capital decrease not yet executed at the balance sheet date. The total equity investment held by Banca BSI Italia amounted to 62 million euros.
Following the merger, Banca BSI, on a continuity of values basis, recognised intangible assets associated with client relationships of 9 million euros and goodwill of 31 million euros.

The bank ended the first nine months of 2009 with a net loss of 15.9 million euros, up form the net loss of 13.1 million euros reported at the end of the same period of 2008, and net equity of 67.9 million euros. On 31 August 2009 the Parent Company Banca Generali made a payment of 12 million euros towards the future coverage of the losses.
Net banking income amounted to 21.0 million euros, whereas general and administrative expense was 31.7 million euros, including 12.0 million euros for staff expenses. The company also made net accruals to provisions for risks and contingencies of 10.4 million euros, most of which pertained to commission plans for the distribution network.

Total assets under management placed by financial advisors amounted to approximately 8.2 billion euros at the end of the third quarter of 2009, up by 0.5 billion euros on figures reported by Banca BSI (6.2 billion euros) and Banca del Gottardo (1.5 billion euros) at 31 December 2008. Net inflows amounted to 8 million euros.

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

Sant'Alessandro Fiduciaria, a company specialising in custodial capacity of assets, closed the first nine months of 2009 with net profit substantially broke even and net equity amounting to about 0.2 million euros.

3.2.5 Performance of BG Investment Luxembourg SA

Bg Investment Luxembourg SA (renamed Generali Fund Management SA on 9 September 2009), is a company under Luxembourg law specialising among other things in the management of SICAVs distributed by the banking group's networks. At 30 September 2009, the company reported a net profit of about 55.9 million euros, compared to 15.7 million euros at the end of the third quarter 2008 and a net equity of about 58.1 million euros. Net banking income amounted to 67.4 million euros, whereas general and administrative expense was 5.6 million euros.
Overall assets under management at 30 September 2009 amounted to 3,816 million euros.

3.2.6 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 nine months of 2009 with a net profit of 37.5 million euros, up from 12.2 million euros in the same period 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 12.1 billion euros at the end of third quarter, compared to 11.2 billion euros at the end of 2008 and net inflows for the period amounted to 321 million euros.
Net equity amounted to 230.2 million euros, up from 184.1 million euros at year-end 2008, primarily due to the increase generated by net profit for the year to date and the disposal of Simgenia, net of distributed dividends.

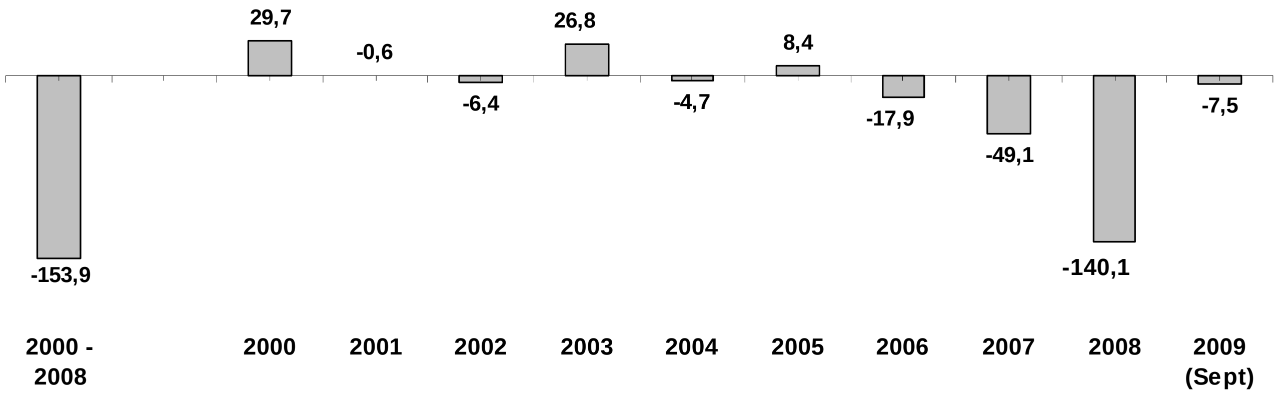
Net banking income amounted to 125.7 million euros, whereas general and administrative expense was 67.5 million euros, including 29.0 million euros for staff expenses. The company also made net accruals to provisions for risks and contingencies of 9.5 million euros, most of which pertained to commission plans for the distribution network.

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

The Asset Management Market: UCITS

On the whole, the Italian UCITS market declined by approximately 7.5 billion euros in the third quarter of 2009. This figure, while negative, represents a significant improvement over the same period of 2008, in which net outflows of 97.7 billion were reported.
Said net outflows are entirely attributable to the traditional banking industry, inasmuch as financial advisor networks reported steadily net inflows (+5.6 billion euro) during the period, following on 2008, in which they had posted their first ever net outflows.

UCITS NET INFLOWS/(OUTFLOWS)



Source: ***Assogestioni***

<u>The Assoreti Market</u>

Total net inflows on the "Assoreti" market (distribution through financial advisors) increased at the end of Q3 2009 amounted to over 8 billion euros, an increase compared to 2008 (5.1 billion euros). However, the period's most salient characteristic was the internal composition of net inflows. Contrary to previous periods, net inflows in the assets under management segment were positive (5.1 billion euros), following on significant net outflows (-9.8 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 13.1 billion euros in 2008 to 2.1 billion euros in 2009.
Inflows from insurance products were in line with those of 2008 (1.1 billion euros) .

The Banca Generali Group

In this scenario of recovery, the Banca Generali Group reported significant inflows figures, with net inflows in Septemeber of 329 million euros, or 4% market share (12% in 2008). These inflows are attributable for 321 million euros to Banca Generali (57 million euros in 2008) and for 8 million euros to Banca BSI Italia (536 million euros in 2008). Although the figures for the Banca Generali network show a sharp improvement, the figures for Banca BSI Italia are partially influenced by the restructuring of the portfolios acquired with the merger of the Italian branch of Banca del Gottardo carried out at year-start.
In further detail, inflows primarily regarded insurance products (320 million euros). Assets under management rose from net outflows of 1,059 million euros in the September 2008 to net inflows of 212 million euros in 2009. Assets under administration and custody posted a similar net outflow performance (-203 million euros). In this regard, the Group's performance partially diverged from that of the market at large, influenced by its specific product line, especially its insurance products, which present specific levels of excellence (witnessed by the over 200 million euros in life new business written).

The following table provides a summary of assets, updated through September 2009, illustrating their composition by macro-aggregate and furnishing a comparison with the figures as of June 2009. These assets refer to the "Assoreti market", i.e. the market covered by FA networks.

5. Performance of Main Financial and Economic Aggregates

5.1 Basis of Preparation

The interim report for the third quarter 2009 is prepared as per article 154-*ter*, paragraph 5, of Italian Legislative Decree 58/98, introduced by Legislative Decree 195/2007, in implementation of Directive 2004/109/CE (so-called Transparency Directive).
This decree replaces the previous provision, article 82 "Quarterly Reports" and Annex 3D (Standards for Drafting the Quarterly Report) of the Rules for Issuers, which required the drafting of a quarterly report, setting the minimum standards for content.

The Interim Report provides:
a) a general description of the balance sheet situation and profit and loss performance of the issuer and its subsidiaries during the period of reference;
b) an illustration of the significant events and transactions that occurred during the period of reference and their impact on the balance sheet situation of the issuer and its subsidiaries.

This document contains the following quantitative data on the balance sheet situation and quarterly profit and loss performance:

- the consolidated condensed balance sheet at the end of the quarter (30/09/2009) compared with the figures at the end of the previous quarter (30/06/2009) and the end of the previous year (31/12/2008).
- the consolidated condensed profit and loss account for the period between the beginning of the year and the end of the quarter (1 January – 30 September 2009) and the reporting quarter (third quarter 2009), compared with the figures for the same periods of the previous year (1 January – 30 September 2008 and third quarter 2008).
- a Statement of Comprehensive Income for the period between the beginning of the year and the end of the quarter (1 January – 30 September 2009) and the reporting quarter (third quarter 2009), compared with the figures for the corresponding periods of the previous year (1 January – 30 September 2008 and third quarter 2008).

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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 Report also includes explanatory notes that refer to the accounting standards employed and other specific explanatory notes pertaining to transactions undertaken up to the end of the quarter.
The amounts included in the financial statements and notes are expressed in thousands of euros, unless otherwise indicated.

The consolidated financial position illustrated in the Interim Report has been prepared according to the IAS/IFRS issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with EC Regulation No. 1606 of 19 July 2002.

The Interim Report is not subject to audit by the Independent Auditors.

5.2 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 and Half-Yearly Financial Report at 30 June 2009. The financial statements presented herein must therefore be read in conjunction with those documents.

As noted in the Half-Yearly Financial Report, 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.
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.

Measurement

The preparation of the Interim Report on Operations requires the use of estimates and assumptions that could influence the amounts reported in the Balance Sheet and Profit & Loss Account and the disclosure of contingent assets and liabilities for the reporting period.
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 period to period, meaning that amounts in the interim report may differ materially from subsequent periods due to changes in the subjective judgements used.
The main areas for which management is required to use subjective judgements include:

- the determination of the fair value of financial instruments and derivatives used for reporting purposes;
- the valuation of securities included in the portfolios of financial assets available for sale, financial assets held to maturity and financial assets included in bank and customer receivables, subject to the impairment procedure;
- the quantification of the financial advisor network's remuneration (pay out) for September 2009 and commission-based incentive measures for the second half of the year;
- the quantification of personnel-related provisions and provisions for liabilities and contingencies;
- determining value adjustments of non-performing loans and the provision for performing loans;
- the evaluation of the appropriateness of the amount of goodwill;
- estimates and assumptions used to determine current and deferred taxation.

5.3 Consolidated Companies and Business Combinations

The companies consolidated by the Group in accordance with IAS 27 include the Parent Company, Banca Generali S.p.A. and the following subsidiaries.

Company name	Registered office	Type of control	Shareholding relationship		% of votes
			Investor	% of ownership interest	abs. ord.
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 Report.
The merged company was acquired on 1 October 2008. Consequently, the consolidated comparative profit and loss situation at 30 September 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 sale of Simgenia at the end of the first half of 2009 has been analysed in greater detail in the Half Year Report, to which the reader is referred.

Banca Generali retained the residual 15% investment in its portfolio and therefore deconsolidated the residual investment, which was then reallocated to available-for-sale assets.
Consequently, the consolidated balance sheet as of 30 September 2009, as that as of 30 June 2009, does not include Simgenia's assets and liabilities, which had been instead reclassified on the balance sheet as of 31 December 2008 to the items assets held for sale and liabilities associated with assets held for sale.
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 September 2008 was restated according to the same criterion.

The merger of Generali Investments Luxembourg (100% controlled by Generali Investment Italy) into BG Investments Luxembourg (100% controlled by Banca Generali) was finalised on 9 September 2009. However, this transaction became effective for legal purposes as of 1 October 2009 and is therefore not reflected in the consolidated accounts at 30 September 2009.
The merging company, which changed its name to Generali Fund Management S.A., is 51% owned by Banca Generali and 49% owned by Generali Investment Italy.

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

5.4 Changes in the Balance Sheet and Net Equity

At 30 September 2009, total consolidated assets amounted to 3.1 billion euros, down compared to year-end 2008 (-24.6%).
The decrease was attributable to the 31.2% contraction in customer compared to year-end 2008 and the 26.4% in core loans.
The capital position improved by 54.6 million euros, compared to the end of 2008 (+28.9%).

Assets	**30.09.2009**	**30.06.2009**	**31.12.2008**	**Change**	
(€ thousand)				**vs. 30.06**	**vs. 31.12**
Financial assets held for trading	120,832	351,746	668,405	-65.6%	-81.9%
Financial assets available for sale	850,859	754,471	799,460	12.8%	6.4%
Financial assets held to maturity	614,241	604,431	606,353	1.6%	1.3%
Loans to banks	482,342	693,990	948,499	-30.5%	-49.1%
Loans to customers	719,914	710,835	767,461	1.3%	-6.2%
Equity investments	0	0	0	0.0%	0.0%
Property, equipment and intangible assets	55,528	56,561	59,059	-1.8%	-6.0%
Tax receivables	51,461	51,884	57,458	-0.8%	-10.4%
Other assets	173,680	209,074	156,313	-16.9%	11.1%
Financial assets held for sale	0	0	5,020	0.0%	-100.0%
Total assets	**3,068,857**	**3,432,992**	**4,068,028**	**-10.61%**	**-24.6%**

Net Equity and Liabilities	**30.09.2009**	**30.06.2009**	**31.12.2008**	**Change**	
(€ thousand)				**vs. 30.06**	**vs. 31.12**
Due to banks	12,713	16,266	16,993	-21.8%	-25.2%
Due to customers	2,525,760	2,973,281	3,671,132	-15.1%	-31.2%
Financial liabilities held for trading	858	8,655	848	-90.1%	1.2%
Tax payables	13,933	10,526	7,488	32.4%	86.1%
Financial assets held for sale	0	0	4,324	0.0%	-100.0%
Other liabilities	207,221	144,267	129,934	43.6%	59.5%
Special purpose provisions	64,814	62,013	48,384	4.5%	34.0%
Valuation reserves	-1,158	-4,675	-6,754	-75.2%	-82.9%
Reserves	70,107	69,779	61,051	0.5%	14.8%
Additional paid-in capital	22,309	22,309	22,804	0.0%	-2.2%

Share capital	111,313	111,313	111,313	0.0%	0.0%
Treasury shares (-)	-4,641	-4,641	-7,424	0.0%	-37.5%
Net profit (loss) for the year (+/-)	45,628	23,899	7,935	90.9%	475.0%
Total Net Equity and Liabilities	**3,068,857**	**3,432,992**	**4,068,028**	**-10.61%**	**-24.6%**

5.4.1 Core Loans

Core loans amounted to about 2.8 billion euros, despite the 1,002 million euro decrease compared to the end of 2008 (-26.4%).

In detail, net loans on the interbank market declined by 497.5 million euros (-57.2%), the investments allocated to the various IAS portfolios decreased by 492.8 million euros (-20.8%) and loans to customers also fell by 11.7 million euros (+2.1%).

(€ thousand)	**30.09.2009**	**30.06.2009**	**31.12.2008**	**Change %**	
				vs. 30.06	**vs. 31.12**
Financial assets held for trading	120,832	351,746	668,405	-65.6%	-81.9%
Financial assets available for sale (AFS)	850,859	754,471	799,460	12.8%	6.4%
Financial assets held to maturity (HTM)	614,241	604,431	606,353	1.6%	1.3%
Loans to banks	482,342	693,990	948,499	-30.5%	-49.1%
Other assets	372,555	599,020	870,084	-37.8%	-57.2%
Debt securities in the loans portfolio	109,787	94,970	78,415	15.6%	40.0%
Loans to customers	719,914	710,835	767,461	1.3%	-6.2%
Other assets	537,030	514,438	548,697	4.4%	-2.1%
Debt securities in the loans portfolio	182,884	196,397	218,764	-6.9%	-16.4%
Total interest-bearing financial assets and loans	**2,788,188**	**3,115,473**	**3,790,178**	**-10.5%**	**-26.4%**
Securities portfolio	*1,878,603*	*2,002,015*	*2,371,397*	-6.2%	-20.8%
interbank	*372,555*	*599,020*	*870,084*	-37.8%	-57.2%
customers	*537,030*	*514,438*	*548,697*	4.4%	-2.1%

Financial assets held for trading amounted to 120.8 million euros, down by 547.6 million euros (-81.9%) on the figure as of the end of the previous year due to the gradual discontinuation of transactions involving the portfolio.
The portfolio of assets available for sale (AFS) amounted to 850.9 million euros, up 6.4% million euros compared to the end of previous year.
During the first nine months of 2009 debt securities allocated to HTM portfolios and customer and bank receivables recorded marginal variations overall (+3.3 million euros), due primarily to a limited quantity of new purchases and reimbursement flows by issuers.

Interbank segment receivables, net of the bond component, amounted to 372.6 million euros, a decrease by 497.5 million euros compared to the previous year-end (-57.2%), as a result of the re-absorption of the term component.

Customer loans, net of the bond component, are in the region of 537.0 million euros and do not show significant changes compared to the end of 2008 (-2.1%).

5.4.2 Inflows from Customers

Total direct inflows from customers amounted to over 2.5 billion euros, marking a decrease of 1,145.4 million euros compared to 31 December 2008 (-31.2%).
The decline was especially severe for certificates of deposit (-82.5%) and repurchase agreements (-86.1%) and involved both inflows to the parent company, Assicurazioni Generali, and the other subsidiaries belonging to the Group (-379.8 million euros), as well as inflows from other entities that reallocated their portfolios to asset management products.

(€ thousand)	30.09.2009	30.06.2009	31.12.2008	Change %	
				vs. 30.06	vs. 31.12
Current accounts	2,366,428	2,759,535	2,953,628	-14.2%	-19.9%
Repurchase agreements	59,453	124,268	426,540	-52.2%	-86.1%
Term deposits	-	-	14,296	0.0%	-100.0%
Generali Versicherung subordinated loan	40,000	43,093	40,775	-7.2%	-1.9%
Other debts	28,729	38,729	57,798	-25.8%	-50.3%
Debt securities					
Certificates of deposit	31,150	7,656	178,095	306.9%	-82.5%
Total direct inflows	**2,525,760**	**2,973,281**	**3,671,132**	**-15.1%**	**-31.2%**

5.4.3. Net Equity and Treasury Shares

The Group's net equity amounted to 243.6 million euros at 30 September 2009, up by 54.6 million euros compared to year-end 2008 due to the greater contribution of the interim net profit (37.7 million euros), the recognition through net equity of the capital gain on the sale of Simgenia (8.8 million euros), net increases in valuation reserves (5.6 million euros), and treasury share transactions related to stock option plans.l
The company paid out 6.6 million euros in dividends in the first half of 2009.

(€ thousand)	30.09.2009	30.06.2009	31.12.2008	Change %	
				vs. 30.06	vs. 31.12
1. Share capital	111,313	111,313	111,313	0.0%	0.0%
2. Additional paid-in capital	22,309	22,309	22,804	0.0%	-2.2%
3. Reserves	70,107	69,779	61,051	0.5%	14.8%
4. (Treasury shares)	-4,641	-4,641	-7,424	0.0%	-37.5%
5. Valuation reserves	-1,158	-4,675	-6,754	-75.2%	-82.9%
6. Equity instruments	-	-	-	0.0%	0.0%
7. Net profit (loss) for the year	45,628	23,899	7,935	90.9%	475.0%
Total net equity	**243,558**	**217,984**	**188,925**	**11.7%**	**28.9%**

No transactions were carried out in Q3 2009 on treasury shares.
As of 30 September 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 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.

At 30 September 2009, **consolidated capital for regulatory purposes** was estimated at 196.3 million euros, net of projected total dividends payout equal to 80% of the interim consolidated net profit. Therefore it increased by 21.3 million euros compared to 31 December 2008.

5.5 Operating Performance

The following tables and notes provide an analysis of the operating results for third quarter 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 same period 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 September 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)	30.09.2009	30.09.2008	Change		Q3 09	Q3 08
			Amount	%		
Net interest	**38,646**	**43,370**	**-4,724**	**-10.9%**	**10,055**	**15,875**
Net commissions	**136,730**	**89,631**	**47,099**	**52.5%**	**50,130**	**22,226**
Dividends	58,068	32,681	25,387	77.7%	11,379	4,969
Net result from banking operations	-39,462	-41,433	1,971	-4.8%	-6,116	-2,971
Net operating income	**193,982**	**124,249**	**69,733**	**56.1%**	**65,448**	**40,099**
Staff expenses	-47,343	-38,222	-9,121	23.9%	-14,767	-12,411
Other general and administrative expense	-67,408	-56,406	-11,002	19.5%	-23,483	-21,952
Net adjustments of property, equipment and intangible assets	-4,050	-3,545	-505	14.2%	-1,367	-1,223
Other operating expense/income	5,930	5,770	160	2.8%	1,892	2,205
Net operating expense	**-112,871**	**-92,403**	**-20,468**	**22.2%**	**-37,725**	**-33,381**
Operating profit	**81,111**	**31,846**	**49,265**	**154.7%**	**27,723**	**6,718**
Net adjustments for non-performing loans	-3,315	76	-3,391	-4461.8%	-136	-67
Net adjustments of other assets	-2,878	-5,553	2,675	-48.2%	16	-5,553
Net provisions	-19,966	-17,377	-2,589	14.9%	-2,904	-1,076
Gain (loss) from the disposal of equity investments	-	-27	27	-100.0%	-	0
Operating profit/(loss) before taxation	**54,952**	**8,965**	**45,987**	**513.0%**	**24,699**	**22**
Income taxes for the period on current operations	-7,412	-1,102	-6,310	572.6%	-2,970	580
Profit (loss) from non-current discontinued operations, net of tax	-1,912	-2,587	675	-26.1%	-	-873
Profit (loss) for the year attributable to minority interests	-	0	-	0.0%	-	-
Net profit	**45,628**	**5,276**	**40,352**	**764.8%**	**21,729**	**-271**

Consolidated operating profit amounted to 81.1 million euros, an increase of 49.3 million euros, or +154.7%, compared to the same period in the previous year.
The growth of net operating income (69.7 million euros or +56.1%), which benefited from the positive performance of the commissions aggregate (+52.5%) and the sharp reversal of the trend in banking operations, including the contribution of dividends, improved by 27.4 million euros compared to the same period in 2008.

Against such growth, total operating costs increased 22.2% to 20.5 million euros, partly due to the costs incurred on the regulatory compliance and integration projects and partly to the effects of the aforementioned acquisition of Banca del Gottardo Italia.

On a like-for-like basis, i.e. including the contribution of the merged company Banca del Gottardo Italia in the first nine months of 2008, net operating income would have increased by 42.1%, net operating expense by 8.9%, and consolidated operating profit by 146.9%.

Consolidated operating profit before taxes stood at 54.9 million euros, up by 46.0 million euros compared to the first nine months of 2008, despite adjustments to loans and securities of 6.2 million and net allocations to provisions for liabilities and contingencies of 20.0 million euros (+14.9%).

Consolidated net profit for the first nine months of the year consequently amounted to 45.6 million euros, up consistently compared to 5.3 million euros at the end of the same period of 2008.

5.5.1. Net Interest

Net interest amounted to 38.6 million euros, a 4.7 million euro decrease (-10.9%), compared to the same period of the previous year.

On a like-for-like basis, the aggregate would have decreased by 12 million euros, or -27.3%, due to the decline in rates and direct inflows.

(€ thousand)	30.09.2009	30.09.2008	Change		Q3 2009	Q3 2008
			Amount	%		
Financial assets held for trading	7,696	62,596	-54,900	-87.7%	1,058	21,868
Financial assets available for sale	16,382	25,089	-8,707	-34.7%	3,850	10,390
Financial assets held to maturity	13,491	687	12,804	1863.8%	3,339	687
Financial assets classified among loans	7,091	828	6,263	756.4%	1,687	828
Total financial assets	44,660	89,200	-44,540	-49.9%	9,934	33,773
Loans to banks	5,351	30,502	-25,151	-82.5%	498	7,081
Loans to customers	11,841	12,013	-172	-1.4%	3,198	4,643
Other assets	119	69	50	72.5%	11	20
Total interest income	**61,971**	**131,784**	**-69,813**	**-53.0%**	**13,641**	**45,517**
Due to banks	583	1,066	-483	-45.3%	39	693
Due to customers	19,267	52,712	-33,445	-63.4%	3,356	15,490
Outstanding securities and hedging derivatives	51	0	51	0.0%	- 915	0
Repurchase agreements - banks	56	8,766	-8,710	-99.4%	13	8,766
Repurchase agreements - customers	2,527	25,869	-23,342	-90.2%	252	4,692
Hedging derivatives	841	1	840	84000.0%	841	1
Total interest expense	**23,325**	**88,414**	**-65,089**	**-73.6%**	**3,586**	**29,642**
Net interest	**38,646**	**43,370**	**-4,724**	**-10.9%**	**10,055**	**15,875**

5.5.2 Net Commissions

Aggregated commissions stood at 136.7 million euros, a net increase of 47.1 million euros (+52.5%) compared to the same period of the previous year.
On a like-for-like basis, net commissions increased by 42.1 million euros, or 44.5%.

(€ thousand)	30.09.2009	30.09.2008	Change		Q3 2009	Q3 2008
			Amount	%		
Asset management	129,193	89,881	39,312	43.7%	48,422	30,858
Placement of securities	38,731	42,429	-3,698	-8.7%	12,657	16,912
Distribution of third-party financial products	29,470	30,047	-577	-1.9%	10,102	7,939
Dealing in securities and currencies	3,622	3,662	-40	-1.1%	1,241	940
Order collection, custody, and securities administration	12,658	12,849	-191	-1.5%	5,084	2,858
Collection and payment services	1,564	2,488	-924	-37.1%	500	655
Other services	921	733	188	25.6%	266	188
Total commission income	**216,159**	**182,089**	**34,070**	**18.7%**	**78,272**	**60,350**
Commissions for external offer	68,744	83,392	-14,648	-17.6%	22,970	34,896
Collection and payment services	446	1,515	-1,069	-70.6%	115	423
Dealing in securities and custody	3,620	3,521	99	2.8%	1,745	719
Asset management	5,029	2,747	2,282	83.1%	2,764	1,719
Other commissions	1,590	1,283	307	23.9%	548	367
Total commission expense	**79,429**	**92,458**	**-13,029**	**-14.1%**	**28,142**	**38,124**
Net commissions	**136,730**	**89,631**	**47,099**	**52.5%**	**50,130**	**22,226**

The increase in revenues of 34.1 million euros compared to the previous year (+18.7%) is essentially related to the solicitation and management of household investment (35.0 million euros or +21.6%).

(€ thousand)	30.09.2009	30.09.2008	Change		Q3 2009	Q3 2008
			Amount	%		
Asset management, own					-	-
1. Collective asset management (UCITs, pension funds)	110,696	62,102	48,594	78.2%	42,416	24,985
2. Individual asset management	18,497	27,779	-9,282	-33.4%	6,006	5,873
Commissions on asset management	129,193	89,881	39,312	43.7%	48,422	30,858
1. Placement of third-party UCITs	16,434	34,240	-17,806	-52.0%	5,397	9,733
2. Bond placement	21,397	8,189	13,208	161.3%	6,360	7,179
3. Other placement operations	900	0	900	0.0%	900	0
4. Distribution of third-party asset management products (GPM/GPF, pension funds)	264	1,773	-1,509	-85.1%	69	958
5. Distribution of third-party insurance products	27,326	25,722	1,604	6.2%	9,377	6,953
6. Distribution of other third-party financial products	1,880	2,552	-672	-26.3%	656	28
Placement and distribution of third-party products	68,201	72,476	-4,275	-5.9%	22,759	24,851
Total	**197,394**	**162,357**	**35,037**	**21.6%**	**71,181**	**55,709**

In detail, the collective asset management segment witnessed a significant increase in the contribution of the Luxembourg SICAVs primarily driven by contractually accrued performance commissions in connection with the significant appreciation of international equity markets.

Overall, the contribution of the Group's collective asset management operations, which consist of the Luxembourg SICAVs and UCITs of BG SGR, expanded by 78.2% or 48.6 million euros, whereas the individual asset management segment reported a decline in revenue of 33.4% or 9.3 million euros.
Revenue generated by the placement and distribution of third-party products decreased by 4.3 million euros or 5.9% compared to the same period in 2008.
Within this segment, the decline in commissions on the placement of third-party UCITs was partially offset by the increase in bond placements.

The commission structure showed a marked increase in incentive commissions (+38.1 million euros), which are associated with the SICAVs managed by BG Investment Luxembourg, and underwriting commissions (+6.4 or 21.2%), thanks also to the bond placements undertaken, against a decline in management commissions (-7.2%) and those for other banking and financial services (-5.5%).

(€ thousand)	30.09.2009	30.09.2008	Change		Q3 2009	Q3 2008
			Amount	%		
Underwriting commissions	36,438	30,052	6,386	21.2%	11,495	12,694
Management commissions	119,607	128,931	-9,324	-7.2%	42,394	42,368
Incentive commissions	41,245	3,133	38,112	1216.5%	17,223	266
Other commissions (other banking and financial services)	18,869	19,973	-1,104	-5.5%	7,160	5,022
Total	**216,159**	**182,089**	**34,070**	**18.7%**	**78,272**	**60,350**

Lastly, commissions paid decreased by 13.0 million euros (-14.1%), mainly due to a reduction in “commissions for external offer” and post-sale assistance paid to the distribution network (-14.6 million euros or 17.6%).

5.5.3 Dividends

Total dividends amounted to 58.1 million euros, mostly attributable to equity securities traded as part of total return swap transactions executed during the nine months, 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)	30.09.2009	30.09.2008	Change		Q3 2009	Q3 2008
			Amount	%		
Dividends of financial assets available for sale	570	2,127	-1,557	-73.2%	0	0
Dividends from trading	91	630	-539	-85.6%	6	29
Dividends on TRS operations	57,407	29,924	27,483	91.8%	11,373	4,940
Total dividends	**58,068**	**32,681**	**25,387**	**77.7%**	**11,379**	**4,969**

5.5.4. 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 first nine months of 2009, financial operations, as defined above, contributed a negative 39.5 million euros, marking an improvement of 2.0 million euros on the loss reported in the same period in 2008.
The net loss on assets classified as HFT amounted to 54.5 million euros, whereas the net profit on the sale of securities classified as AFS amounted to 15.0 million euros.

(€ thousand)	30.09.2009	30.09.2008	Change		Q3 2009	Q3 2008
			Amount	%		
Net income (loss) on financial assets	-34,926	-66,837	31,911	-47.7%	-4,109	-19,473
Gain (loss) on financial assets	-888	-4,402	3,514	-79.8%	442	14,644
Income (loss) on derivatives	-18,782	28,971	-47,753	-164.8%	-7,163	2,085
Gain (loss) on derivatives	-457	-40	-417	1042.5%	-75	-55
Securities transactions	**-55,053**	**-42,308**	**-12,745**	**30.1%**	**-10,905**	**-2,799**

Currency transactions	**550**	**305**	**245**	**80.3%**	111	-81
Result from trading	**-54,503**	**-42,003**	**-12,500**	**29.8%**	**-10,794**	**-2,880**
Net profit from hedging	0	60	-60	-100.0%	0	60
Income (loss) from repurchases	15,041	510	14,531	2849.2%	4,678	-151
Income (loss) of financial operations	**-39,462**	**-41,433**	**1,971**	**-4.8%**	**-6,116**	**-2,971**

However, if the contribution of 57.4 million euros in dividend income closely tied to the equity swap transactions undertaken during the year is also considered, the total result from trading amounted to 2.9 million euros, compared to a loss at the end of 2008 of 12.1 million euros, marking an improvement of 15.0 million euros.

(€ thousand)	**Gains from trading**	**Capital gains**	**Loss from trading**	**Capital loss**	**Net result 30/09/2009**	**Net result 30/09/2008**	**Change**
1. Debt securities transactions	2,019	787	-1,201	-1,907	-302	-12,809	12,507
Debt securities - reclassification IAS39	0	0	0		0	0	0
2. Equity securities transactions	554	152	-307	-68	331	-3,000	3,331
Equity securities	554	152	-307	-5	394	-2,951	3,345
Equity securities – reclassification IAS39	0	0	0	0	0	0	0
Options on equity securities	0	0	0	-63	-63	-49	-14
3 Par Asset Swaps	2,116	0	-1,205	0	911	0	911
Debt securities	2,101	0	0	0	2,101		2,101
Asset swaps	15	0	-1,205	0	-1,190		-1,190
4. Total Return Swaps (TRS)	119,746	0	-117,406	0	2,340	3,481	-1,141
Equity securities (TRS transactions)	11,864	0	-50,102	0	-38,238	-55,527	17,289
Dividends	57,407	0	0	0	57,407	29,924	27,483
Equity swaps	50,475	0	-67,304	0	-16,829	29,084	-45,913
5. UCITS unit quota transactions	150	146	-3	-61	232	56	176
6. Interest Rate Swaps (IRS)	49	0	-807	-394	-1,152	-115	-1,037
7. Currency transactions	550	0	-6	0	544	308	236
Derivatives	0	0	-6	0	-6	2	-8
Exchange gains and losses	550	0	0		550	306	244
Result from trading	**125,184**	**1,085**	**-120,935**	**-2,430**	**2,904**	**-12,079**	**14,983**

On the other hand, net profits of 15 million euros were recorded for AFS securities, inclusive of the reversal to income of valuation reserves recognised at the end of 2008 amounting to 1.1 million euros. The greatest contribution was given by government securities.

	Gains	Losses	Transfer of reserves	30.09.09	30.09.08
Debt securities	15,312	-1,406	1,471	15,377	510
Equity securities	54	-5	-385	-336	
Total AFS	15,366	-1,411	1,086	15,041	510

5.5.5 Operating Expenses

Operating expenses, including staff expenses, other general and administrative expense, amortisation and depreciation and other operating income and expenses, increased by 20.5 million euros (+22.2%) compared to the same period in 2008, also due to the acquisition of Banca del Gottardo Italia.
On a like-for-like basis, operating expenses therefore increased by 8.9%.

(€ thousand)	**30.09.2009**	**30.09.2008**	**Change**		**Q3 2009**	**Q3 2008**
			Amount	**%**		

Staff expenses	-47,343	-38,222	-9,121	23.9%	-14,767	-12,411
Other general and administrative expense	-67,408	-56,406	-11,002	19.5%	-23,483	-21,952
Net adjustments of property, equipment and intangible assets	-4,050	-3,545	-505	14.2%	-1,367	-1,223
Other income and expenses	5,930	5,770	160	2.8%	1,892	2,205
Operating expense	**-112,871**	**-92,403**	**-20,468**	**22.2%**	**-37,725**	**-33,381**

The Group's salaried employees numbered 764 resources, marking an increase of 68 (+9.8%) on the same period of 2008, or a decrease of 24 if the workforce of Banca del Gottardo Italia is also considered.

	30.09.2009	30.09.2008	Change		Q3 09	Q3 08
			Amount	%		
Managers	56	42	14	33.3	4	-
3rd and 4th level executives	114	86	28	32.6	4	-
Other employees	594	568	26	4.6	8	-10
Total employed staff	**764**	**696**	**68**	**9.8**	**16**	**-10**

(not including the employees of Simgenia)

Staff expenses, including full-time employees, interim staff, and directors increased a net 9.1 million euros (23.9%) compared to the same period of 2008.
On a like-for-like basis, the increase amounted to 6.0%.

(€ thousand)	30.09.2009	30.09.2008	Change		Q3 2009	Q3 2008
			Amount	%		
1) Employees	***46,034***	***37,312***	***8,722***	***23.4%***	***14,415***	***11,900***
Wages and salaries	25,731	22,540	3,191	14.2%	7,694	6,793
Social security charges	6,667	5,728	939	16.4%	2,000	1,820
Provision for termination indemnity	241	801	-560	-69.9%	-77	449
Contributions to outside supplemental pension funds	2,359	1,997	362	18.1%	937	524
Costs related to payment agreements based on own financial instruments	400	238	162	68.1%	118	147
Provision for staff expenses	7,797	3,705	4,092	110.4%	2,863	1,506
Other employee benefits	2,839	2,303	536	23.3%	880	661
2) Other staff	**-137**	***-256***	***119***	***-46.5%***	**-160**	***185***
3) Directors and Auditors	**1,446**	***1,166***	***280***	***24.0%***	**512**	***326***
Total	**47,343**	**38,222**	**9,121**	**23.9%**	**14,767**	**12,411**

Other general and administrative expense amounted to 67.4 million euros, an increase of 11.0 million euros, or +19.5%, compared to the same period in the previous year, and 12.0% on a like-for-like basis.
The ratio of operating expenses, before adjustments to property, equipment and intangible assets to net banking income (cost/income ratio) was 56.1% due to the increase in consolidated operating revenues.

(€ thousand)	30.09.2009	30.09.2008	Change		Q3 2009	Q3 2008
			Amount	%		
Administration	**10,962**	**9,176**	**1,786**	**19.5%**	**3,315**	**4,998**
Advertising	4,451	1,783	2,668	149.6%	1,521	1,045
Consultancy and professional advice expense	3,582	4,299	-717	-16.7%	970	3,007
Audit	515	700	-185	-26.4%	-31	97
Other general costs (insur. T&E)	2,414	2,394	20	0.8%	855	849
Operations	**23,723**	**23,486**	**237**	**1.0%**	**8,158**	**8,685**
Rent and usage of premises	11,369	10,074	1,295	12.9%	3,593	3,358
Outsourced services	4,310	6,046	-1,736	-28.7%	1,565	1,666
Post and telephone	2,578	1,588	990	62.3%	972	497
Print material and contracts	879	1,287	-408	-31.7%	278	518
Other operating expenses	4,587	4,491	96	2.1%	1,750	2,646

Information system and equipment	**26,184**	**18,412**	**7,772**	**42.2%**	**9,900**	**6,447**
Outsourced IT services	19,136	12,817	6,319	49.3%	7,783	4,157
Fees for financial databases and other IT services	4,042	3,167	875	27.6%	939	1,111
Software maintenance and servicing	1,653	1,284	369	28.7%	653	740
Other expenses (equipment rental, maintenance, etc.)	1,353	1,144	209	18.3%	525	439
Taxes and duties	**6,539**	**5,332**	**1,207**	**22.6%**	**2,110**	**1,822**
Total other general and administrative expense	**67,408**	**56,406**	**11,002**	**19.5%**	**23,483**	**21,952**

5.5.6 Net provisions

Net provisions amounted to 20.0 million euros and increased by 2.6 million euros compared to the same period of 2008 (+14.9%).
Allocations to provisions amounted to 16.3 million euros (+4.1%), of which 10.0 million euros refers to incentive programmes in progress as of the end of the period and to new short- and medium-term incentive programmes associated with the expansion of the sales network, and 6.3 million euros to other commission, incentive and sales competition plans.

(€ thousand)	**30.09.2009**	**30.09.2008**	**Change**		**Q3 2009**	**Q3 2008**
			Amount	**%**		
Provisions for risks related to commissions to be assigned	16,349	15,701	648	4.1%	2,512	423
Provisions for risks related to legal disputes	2,803	268	2,535	945.9%	83	-
Provisions for termination indemnity and overfees	414	1,408	-994	-70.6%	-91	653
Other provisions for risks and charges	400	0	400	0.0%	400	-
Total	**19,966**	**17,377**	**2,589**	**14.90%**	**2,904**	**1,076**

5.5.7 Impairment

In the first nine months of 2009, a total of 6.2 million euros in impairment of financial assets was recognised.
Of the total, 2.9 million euros related to financial assets classified as AFS, primarily equities, and 2.1 million euros to debt securities classified as loans to customers. Receivables not arising from lending operations, consisting primarily of commission advances paid to former financial advisors, were also impaired for 1.2 million euros.

(€ thousand)	**Value adjustment**	**Reversals -**	**30.09.2009**	**30.09.2008**	**Q3 2009**	**Q3 2008**
Specific adjustments/reversals	0	0	0	0	0	0
Impairment of AFS debt securities Loans	-2,093	0	-2,093	-5,553	-85	-5,553
Impairment of AFS debt securities	-30	0	-30	0	17	0
Impairment of AFS equity securities	-2,847	0	-2,847	0	0	0
Valuation of fin. receivables (FAs, product companies)	-1,158	0	-1,158	0	0	0
Valuation of substandard loans of Banca del Gottardo		0	0	0	0	0
Banking portfolio	-197	132	-65	-47	-52	31
Portfolio adjustments/reversals	0	0	0	0	0	0
Collective valuation of debt securities reclass. IAS 39	0		0	0	0	0
Collective valuation of banking portfolio	0	0	0	123	0	-98
Total	**-6,325**	**132**	**-6,193**	**-5,477**	**-120**	**-5,620**

5.5.8 Result for the Period and Earnings per Share

Consolidated net profit for the period amounted to 45.6 million euros, an increase of 40.4 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)	30.09.2009	30.09.2008	Change		Q3 2009	Q3 2008
			Amount	%		
Net operating income	193,982	124,249	69,733	56.1%	65,448	40,099
Operating expense	-112,871	-92,403	-20,468	22.2%	-37,725	-33,381
Operating profit	**81,111**	**31,846**	**49,265**	**154.7%**	**27,723**	**6,718**
Net adjustments for non-performing loans	-3,315	76	-3,391	-4461.8%	-136	-67
Net adjustments of other assets	-2,878	-5,553	2,675	-48.2%	16	-5,553
Net provisions	-19,966	-17,377	-2,589	14.9%	-2,904	-1,076
Gain (loss) from the disposal of equity investments	0	-27	27	-100.0%	0	0
Operating profit/ before taxation	**54,952**	**8,965**	**45,987**	**513.0%**	**24,699**	**22**
Income taxes for the period on current operations	-7,412	-1,102	-6,310	572.6%	-2,970	580
Profit (loss) of groups of available for sale assets, net of taxes	-1,912	-2,587	675	-26.1%	0	-873
Net profit	**45,628**	**5,276**	**40,352**	**764.8%**	**21,729**	**-271**

Earnings per share was 0.4122 euros at 30 September 2009.

	30.09.2009	30.09.2008
Net profit for the period (€ thousand)	45,628	5,276
Net profit attributable to ordinary shares	45,628	5,276
Average number of outstanding shares	110,694,130	98,552,254
EPS - Earnings per Share (euro)	**0,4122**	**0,0535**
Average number of outstanding shares with diluted capital	111,527,800	98,552,254
EPS - Diluted earnings per share (euro)	**0.409**	**0.054**

5.5.10 Statement of Comprehensive Income

The group's overall profitability amounted to 51.2 million euros, against a total loss of 0.5 million euros recorded at the end of the same period in the previous year.
The statement includes all components that contribute to the company's performance, specifically changes in the fair value of assets held for sale recognised directly to net equity reserve.
At the end of the third quarter of 2009, positive balance sheet movements of 5.6 million euros were recorded against net losses of 5.8 million euros, recognised at the end of the same period in 2008.

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

The undersigned Giancarlo FANCEL, born in Portogruaro (VENICE) on 26 September 1961, Deputy General Manager and Manager in charge of preparing the financial reports of BANCA GENERALI S.p.A., with registered offices in Trieste, 4 Via Machiavelli, share capital of 111,313,176.00 euros, registered with the Trieste Company Register under No. 103698 — to the best of his knowledge as Manager in charge of the Company's financial reports, pursuant to his appointment by Board resolution of 16 February 2007 — does hereby

declare that

for the intents and purposes of article 154-*bis*, paragraph 2, of Legislative Decree No. 58 of 24 February 1998, the Interim Report at 30 September 2009 corresponds to the said Company's books, records and accounting documents.

Trieste, 4 November 2009

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