



Interim Report on Operations as of 31 March 2010

Board of Directors
11 May 2010

Banca Generali S.p.A.
Authorised share capital Euro 119,378,836.00, underwritten and paid-up share capital Euro 111,313,176.00
Registered offices in 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

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Venchiarutti Angelo
Gambi Alessandro
Camerini Luca (supplente)
Bruno Anna (supplente)
Motta Piermario

GENERAL MANAGER

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Group economic and financial highlights

Consolidated figures	31.03.2010	31.03.2009	Change %
(€ million)			
Net interest	10.9	16.3	-32.9
Net commissions	51.1	33.1	54.3
Dividends and net profit from trading	9.4	5.5	71.1
Net banking income	71.5	54.9	30.2
Staff expenses	-16.7	-15.9	5.2
Other general and administrative expenses	-20.4	-19.6	4.1
Amortisation and depreciation	-0.9	-1.3	-31.9
Other operating income	2.0	2.2	-9.7
Net operating expenses	-36.0	-34.6	4.1
Operating profit	35.5	20.3	74.8
Provisions	-11.6	-7.3	58.9
Adjustments	-1.1	-3.5	-68.0
Profit before taxation	22.8	9.5	139.0
Net profit	18.8	5.0	275.6
Cost income ratio	49.2%	60.7%	-19.0
EBTDA	36.3	21.6	68.3
ROE	8.10%	2.70%	200.2
EPS - earning per share (Euro)	0.170	0.045	274.5

Net inflows	31.03.2010	31.03.2009	Change %
(€ million) (Assoreti data)			
Mutual Funds and SICAVs	-1	58	-102%
Asset management	202	-3	6,633%
Insurance / Pension funds	598	133	350%
Securities / Current accounts	-438	-75	-684%
Total	361	113	219%

Asset Under Management & Custody (AUM/C)	31.03.2010	31.12.2009	Change %
(€ billion) (Assoreti data)			
Mutual Funds and SICAVs	6.0	5.8	2.1
Asset management	3.3	3.0	8.8
Insurance / Pension funds	6.5	5.9	10.8
Securities / Current accounts	7.1	7.5	-5.3
Total	22.9	22.2	3.1

Net Equity	31.03.2010	31.12.2009	Change %
(€ million)			
Net Equity	287.7	268.5	7.2
Capital for regulatory purposes	209.4	205.7	1.8

Consolidated Accounting Statements

Consolidated Balance Sheet

Assets (€ thousands)	31.03.2010	31.12.2009	Change	
			Amount	%
Financial assets held for trading	234,252	219,029	15,223	7.0%
Financial assets available for sale	1,348,260	1,482,281	- 134,021	-9.0%
Held-to-maturity financial assets	631,759	666,074	- 34,315	-5.2%
Loans to banks	583,155	641,697	- 58,542	-9.1%
Loans to customers	735,016	783,170	- 48,154	-6.1%
Shareholdings	-	0	-	0.0%
Property, equipment and intangible assets	55,050	55,914	- 864	-1.5%
Tax receivables	49,785	50,209	- 424	-0.8%
Other assets	110,416	89,742	20,674	23.0%
Total Assets	3,747,693	3,988,116	-240,423	-6.0%

Liabilities and Net Equity (€ thousands)	31.03.2010	31.12.2009	Change	
			Amount	%
Due to banks	287,121	148,114	139,007	93.9%
Due to customers	2,917,125	3,368,401	-451,276	-13.4%
Financial liabilities held for trading	11,182	494	10,688	2163.6%
Tax payables	17,831	16,203	1,628	10.0%
Other liabilities	169,416	136,138	33,278	24.4%
Special purpose provisions	57,329	50,285	7,044	14.0%
Valuation reserves	- 2,055	-1,602	-453	28.3%
Reserves	136,662	73,245	63,417	86.6%
Additional paid-in capital	22,309	22,309	0	0.0%
Capital	111,313	111,313	0	0.0%
Treasury shares (-)	- 4,471	-4,471	0	0.0%
Minority Interests	5,114	4,476	638	14.2%
Net profit (loss) for the year (+/-)	18,817	63,211	-44,394	-70.2%
Total liabilities and Net Equity	3,747,693	3,988,116	-240,423	-6.0%

Consolidated Profit and Loss Account

(€ thousands)	31.03.2010		31.03.2009		Change		31.03.2009	
					Amount	%		reclassified
Net interest		10,915		16,258		-5,343	-32.9%	16,296
Net commissions		51,131		33,139		17,992	54.3%	34,786
Dividends	-	-	-	8	-	8	-100.0%	8
Net result from banking operations		9,442		5,510		3,932	71.4%	5,510
Net operating income		71,488		54,915		16,573	30.2%	56,600
Staff expenses	-	16,735	-	15,915	-	820	5.2%	16,196
Other general and administrative expenses	-	20,361	-	19,568	-	793	4.1%	19,765
Net adjustments of property, equipment and intangible assets	-	896	-	1,315	-	419	-31.9%	1,327
Other operating expenses/income		1,956		2,167	-	211	-9.7%	1,697
Net operating expenses	-	36,036	-	34,631	-	1,405	4.1%	35,591
Operating profit		35,452		20,284		15,168	74.8%	21,009
Net adjustments for non-performing loans	-	872	-	7	-	865	12357.1%	7
Net adjustments of other assets	-	241	-	3,474	-	3,233	-93.1%	3,474
Net provisions	-	11,556	-	7,272	-	4,284	58.9%	7,478
Gain (loss) from investments	-	-	-	-	-	-	0.0%	-
Operating profit before taxation		22,783		9,531		13,252	139.0%	10,050
Income taxes for the period on current operations	-	3,328	-	3,358	-	30	-0.9%	3,398
Profit (loss) from non-current discontinued operations, net of tax	-	-	-	1,163	-	1,163	-100.0%	1,163
Profit (loss) for the year attributable to minority interests	-	638	-	-	-	638	0.0%	479
Net profit		18,817		5,010		13,807	275.6%	5,010

Statement of other comprehensive income

(€ thousands)	31.03.2010	31.03.2009	Change		31.03.2009
			Amount	%	reclassified
Net Profit	18,817	5,010	13,807	275.6%	5,010
Other income net of taxes					
assets available for sale	-453	1,060	-1,513	-142.7%	1,060
Total other income before income taxes	-453	1,060	-1,513	-142.7%	1,060
Comprehensive income	18,364	6,070	12,294	202.5%	6,070

Explanatory notes

1. Summary of first quarter operations

The Banca Generali Group closed the first quarter of 2010 with net profit of €18.8 million, compared to a net income of €5.0 million in the same period of 2009, and net equity of €287.7 million.

First of all it should be noted that, regarding the first quarter 2010, the consolidated financial position of comparison with the corresponding period of 2009 does not include the financial results of Generali Investment Luxembourg SA ("GIL"), which was incorporated in Generali Fund Management SA ("GFM", formerly BG Investment Luxembourg SA) as of 09 September 2009, with legal effectiveness starting 1 October 2009. So being the two quarters not comparable between them, the most important changes will also be presented in the following paragraphs on a like-for-like basis.

Net banking income rose compared to the first quarter 2009 by €16.6 million (+ 30.2%, +26.3% on a like-for-like consolidation basis), from €54.9 million at 31 March 2009 to €71.5 million reported in the first three months of 2010. This increase is linked to a very good growth in net commissions which went from €33.1 million of the first quarter 2009, to €51.1 million in the first quarter 2010, and also thanks to the increase in trading income which increased from €5.5 million of first quarter 2009 to €9.4 million (+€3.9 million). On the contrary net interest income decreased by €5.3 million due to the declining trend in interest rates.

Total operating costs, which remain stable on a like-for-like basis, are equal to €36.0 million, a slight increase of 4.1% (1.3% on a like-for-like basis) compared to the first three months of 2009, with staff expenses going from €15.9 million to €16.7 million in first quarter 2010 (+5.2%, +3.3% on a like for like basis). Net provisions at 31 March 2010 amount to €11.6 million, with an increase of €4.3 million compared to the corresponding period of 2009, and refer mainly to the provisions for the distribution networks.

The total value of the assets managed by the Group for its customers, which is the figure used for reporting to Assoreti, amounted to €22.9 billion at 31 March 2010, increasing compared to €22.2 billion reported at year-end 2009. In addition, at 31 March 2010, assets under administration and custody of the Generali Group companies totalled approximately €1.6 billion, and €7.6 billion were held in mutual funds/Sicav and discretionary accounts (GPF and GPM) distributed directly by asset management companies or parties outside the banking group, for an overall total of €32.1 billion.

With €22.9 billion in assets under management, 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 quarter 2010, net inflows amounted to €361 million.

Before analysing the Bank's sales and financial results of the first three months of 2010, 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

In the first days of April the strain on the spread of the sovereign debt inside the Euro area intensified again. In particular Greek government bonds were traded at more than 700 bps over the 10-year German government bonds. In order to prevent the domino effect towards the debts of the other European countries and to provide stability to the Euro currency, the European Union and the IMF are setting up emergency credit lines for Greece, which pledged to implement exceptional restrictive fiscal measures. That said and considering the current situation at the backdrop of the presentation of first quarter 2010 financial results, comments follow regarding the events which took place in the period under consideration.

In the first quarter of 2010 the financial markets experienced a positive trend overall, even if characterized by some strong volatility. The stock exchanges of the Western world after an initial upward phase, started in a downward trend until mid-February, but then experienced another trend inversion and closed the quarter with some positive returns. A first factor of uncertainty was the deterioration of the quality of the sovereign debts of

several developed countries. In the Euro area, the market put under pressure Greece, Portugal, Ireland, Spain and, in smaller scale, also Italy. In particular, Greece had to present to the European Community a solvency plan and approved some financial restrictive measures aimed at reducing the deficit. Once the restrictive politicise were approved, and with the support of the rest of Europe, the United States and the IMF, the tensions have eased and the bonds market has stabilized. Another destabilizing factor which shocked the stock markets is tied to the perspectives of change in the regulation of the financial markets. The potential need to increase the capital requirements and the fear of restrictive regulations, excessively penalizing for perspective profitability, generated renewed pressure on stock markets at the end of January. On the other hand there were also several economic data reported which confirmed solidity of the global recovery. Companies' results were on an upward trend or stabilizing, and also in a lot of cases exceeded predictions. These aspects contributed to a recovery of the stock markets and the first quarter 2010 closed at levels slightly higher than the end of 2009.

In this first part of the year the emerging countries showed once again higher growth rates than those of developed countries, and among these Europe was the area with a growth lower than its potential level. Regarding inflation, its levels are still very low in western countries due to high unemployment rates and low consumptions. The inflation is instead rising in the emerging countries where greater is the weight of the raw materials component. Hence the differences in monetary policies, rising rates in China and Brazil, and unchanged rates in Europe and United States.

In this context the stock markets of western countries recorded a performance moderately positive overall. The DJ Eurostoxx 600 index marked a +3.9% from beginning of the year, while in the USA the S&P 500 marked a 5.3%. The composite index of the emerging countries (FTSE all world emerging) is positive by 3.4% and is affected by the negative results of Shanghai (-4.5%) and the low performance of India (+0.8%). The Euro weakened against all the main currencies: Dollar -6.4%; Yen -6.3% and Swiss Franc -3.5%. In the bonds market of the Euro area the interest rates went from 1.33% to 0.95% on the 2-year maturities and down from 3.39% to 3.09% on the ten-year maturities of Germany. Substantially stable the yield differentials between "corporate" and sovereign debt. Under strain instead the prices of raw materials with the price of oil climbing of about 3%.

The forecasts for the following months are rather complex and the main international bodies emphasize again the increase in the growth differential between emerging and developed countries, and underline the importance of the employment and consumptions trends and the dynamics of the sovereign debts (above all in Europe). These are the factors that can generate volatility in the next months on both the stock and bonds markets.

3. Major corporate events and performance of subsidiary companies

3.1 The reorganisation of the Banking Group

The beginning of 2010 was marked by the incorporation of Banca Bsi Italia in the parent company Banca Generali, effective 01 January 2010, upon the separation, on the same date, of the business division "portfolio managements" on behalf of the subsidiary company BG Sgr.

Therefore, starting January 01 2010, from a business point of view, the activities carried out by Banca BSI Italia was concentrated in a division of Banca Generali, denominatd "Banca Generali Private Banking" with its own brand, traceable to that of the group, but distinctive of the type of customers to which it refers. In the new division, the two distribution networks, that of the Private Bankers (financial advisors) and that of the Relationship Managers (company employees) were kept separate. In support of these networks some dedicated sales and products business units were created.

The integration has however allowed to make more efficient all of the support and administration services (financial, company, human resources management) that even if carried out by the parent company according to specific service agreements, nonetheless they were requiring an extensive use of company resources.

The transaction did not generate any capital increase of Banca Generali, as the parent company already held 100% of the share capital of the incorporated company.

As indicated above, the merger took place upon the transfer, by Banca BSI Italia to BG SGR (company entirely controlled by Banca Generali) of the portfolio management division. Such decision was made with the goal to centralize all of the portfolio management activities of Banca BSI Italia in the Groups' SGR, whose core business is that to concentrate the best talents of asset management in the different investment lines, to best satisfy the

investment needs of the customers. This transaction will also provide some cost synergies during 2010.

The transaction was completed with effective date 1 January 2010, before the incorporation of Banca BSI Italia in Banca Generali, and was realized through a capital increase of BG SGR reserved to Banca BSI Italia which took place with the abovementioned transfer of the business division.

From the point of view of information technology integration, the abovementioned transactions were successfully completed already in the first days of January, and did not cause any inconvenience to the clients.

3.2 Performance of Group Companies

3.2.1 Performance of BG SGR

BG sgr, a company specialising in the management of mutual investment funds and GPF discretionary accounts, reported a net profit of €0.6 million for the first three months of 2010, a decrease compared to €0.9 million at the end of the first quarter 2009, and net equity of about €27.8 million.

Net banking income amounted to approximately €4.0 million (in line with the figure reported at the end of the first quarter of 2009), whereas general and administrative expense was €3.0 million, including about €1.8 million for staff expenses.

Total assets under management at 31 March 2010 amounted to €4.3 million, net of discretionary account funds (GPF), with an increase compared to €2.2 billion at 31 December 2009 on the basis of the transfer of the portfolio management division.

In fact, as of 01 January 2010 the sale by Banca Bsi Italia of the asset management division was effective.

Following the sale, net equity increased by €9.5 million, of which €1.6 million as capital increase and €7.9 million as additional paid-in capita, while in the balance sheet €8.3 million in intangible assets were recognized (€4.9 millions as goodwill and €3.4 million as client relationships both tied to the acquisition of Banca del Gottardo by the transferee company)

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 three months of 2010 with a net profit of €0.3 million and net equity of €7.5 million.

Net banking income amounted to €0.9 million euros, whereas operating expense amounted to €0.5 million, including €0.3 million for staff expenses.

Total assets under management amounted to €923 million, an increase compared to €729.3 million at 31 December 2009.

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

Sant'Alessandro Fiduciaria, a company specialising in custodial capacity of assets, closed the first three months of 2010 with net profit substantially even and net equity amounting to about 0.2 million euros. AUM amounted to €371 million.

3.2.4 Performance of Generali Fund Management Sa

BG Investment Luxembourg Sa, now named Generali Fund Management Sa following the merger of Generali Investments Luxembourg Sa which took place in the second half of 2009, is a Luxembourg based company specialised in the administration and management of Sicav. Following the abovementioned transaction, the Banca Generali holds 51% of the share capital, while the remaining 49% is held by Generali Investments Italy, a company of the Generali Group; the two shareholdings differ in terms of profit allocation.

As of 31 March 2010 the company posted a net profit equal to €20.6 million, versus €7.0 million recorded at the end of first quarter 2009. Net equity is equal to €83.3 million. Net banking income amounted to €24.0 million euros, whereas operating expense amounted to €1.2 million.

Total assets under management at 31 March 2010 amounted to €10.8 billion, an increase compared to €10.1 billion at 31 December 2009.

3.2.5 Performance of Banca Generali

Banca Generali, the parent company of the banking group of the same name, is specialised in the distribution of

financial and banking products to affluent clients through networks of financial advisors, as well as towards the so-called "private" customer base through both the financial advisors networks and through relationship managers who are company's employees.

Effective 1 January 2010, the company incorporated the subsidiary Banca Bsi Italia upon the separation the business division "portfolio managements" on behalf of the subsidiary company BG Sgr. As of 31 December 2009, Banca Bsi Italia had total assets of €1,330.8 million and net equity of €61.8 million, including net profit loss for the year of €22 million. The total shares held by Banca Generali amounted to €114.2 million.

Following the merger, Banca Generali recorded intangible assets relative to client relationship for €4.2 million and goodwill of €26.4 million.

The Bank closed the first three months of 2010 with a net profit of €7.2 million, a decrease compared to the €14.0 million of the same period last year, due primarily to the merger of Banca Bsi Italia (-€2.2 million on a like for like basis), with net equity equal to €204.1 million.

Net banking income amounted to €51.8 million, whereas general and administrative expense was €31.4 million, including €13.6 million for staff expenses. The company recorded also provisions for €11.5 million, mainly related to incentive pay for the networks.

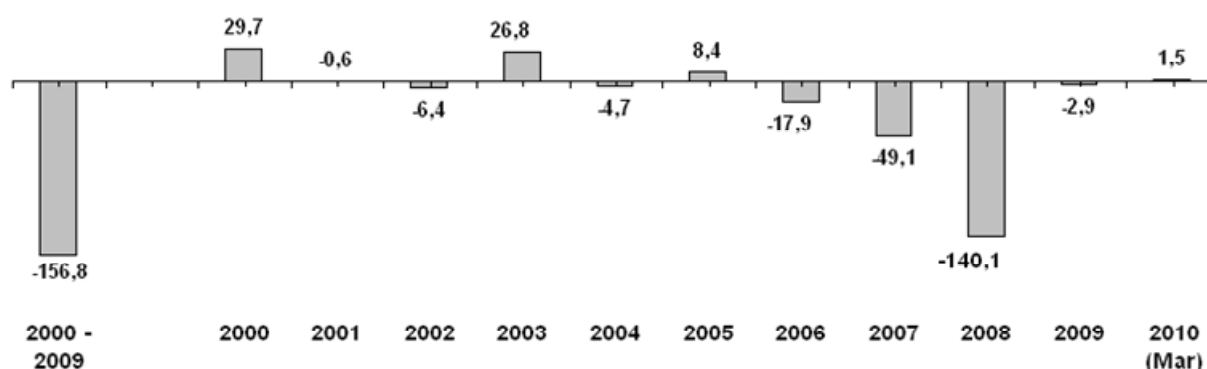
Total assets under management placed by advisors amounted to €22.9 billion at the end of the period, an increase compared with the assets of Banca Generali at the end of 2009 (€13 billion) and Banca Bsi Italia (€9.2 billion). Net inflows for the period amounted to €361 million, an increase compared to the €216 million if the first quarter 2009 calculated considering both Banca Generali and the incorporated Banca Bsi Italia.

4. Net inflows, Assets Under Management and market positioning in distribution through financial advisor networks

The asset management market

On the whole, the Italian UCITS market in the first quarter of 2010 posted a strong recovery compared to the first three months of 2009 (+€1.5 billion vs. -€12.9 billion), continuing the trend started in the second half of 2009. This figure although positive is still small, marked by the weakness attributable to the banking industry (-€3.3 billion), while financial advisor networks reported once again some positive results (+€4.8 billion).

The market of UCITS



source: Assogestioni.

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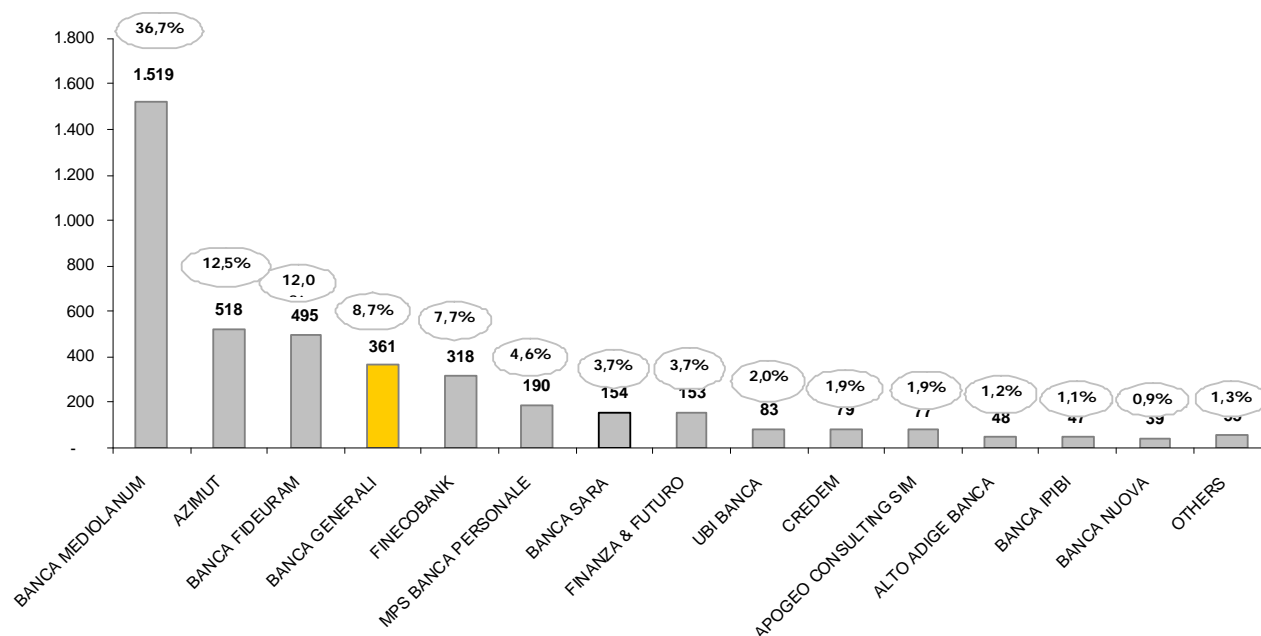
The Assoreti market

Also the total net inflows on the "Assoreti" market (distribution through financial advisors) in the first months of 2010 reported figures much higher than those of first quarter 2009 (+€4.1 billion vs. €1 billion of 2009). Moreover, the period's most salient characteristic was the internal composition of net inflows. Contrary to the same period in 2009, net inflows in the assets under management segment were very strong (€4.1 billion), while the inflows in insurance products posted a positive figure of €1 billion. On the other hand, assets under administration and custody recorded net outflows for the same amount. The market is clearly experiencing a total turnaround compared to 2008, and a strong difference also with 2009 when, especially in the first months of the year, the market was more or less stagnant due to the international financial crisis.

The Banca Generali Group

In this context of moderate recovery, the Banca Generali Group continued to report significant net inflow figures: €361 million, placing fourth among the players in the market of reference (Assoreti), with 8.7% market share. In details, net inflows in asset management were equal to €201 million and €598 million in insurance products, while administered assets posted outflows for -€438 million.

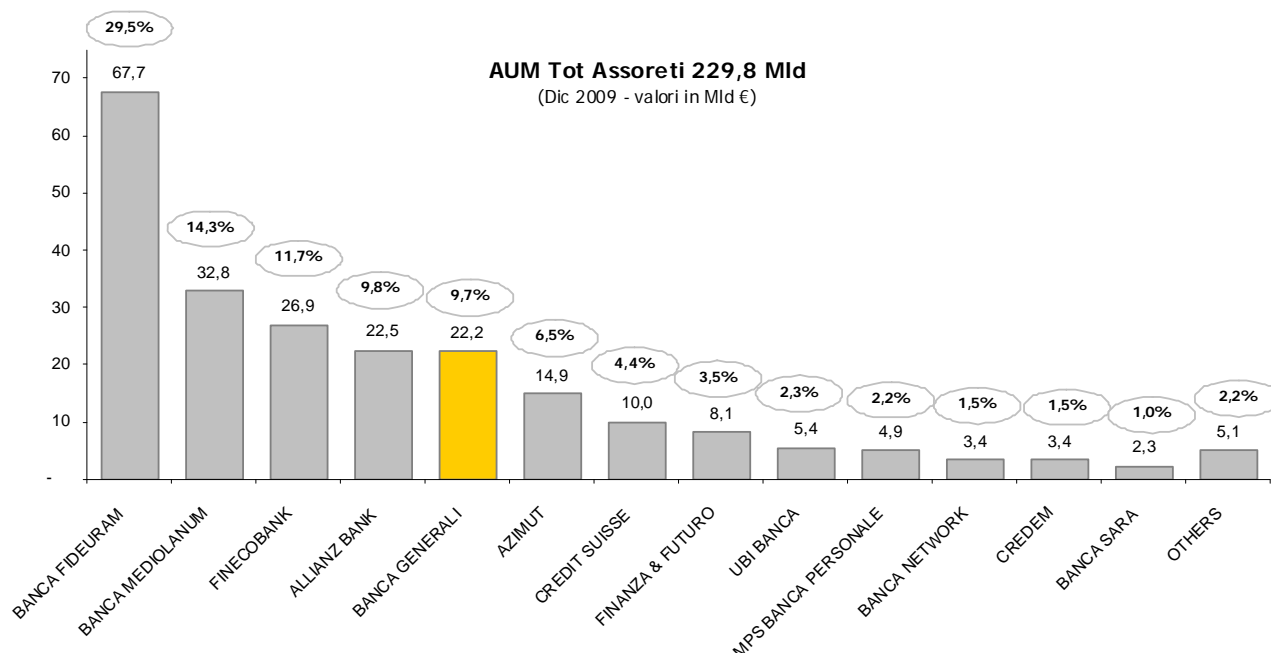
Assoreti Total Inflows - March 2010 - €4.14 Billion



Source: Assoreti

Also in terms of AUM, Assets Under Management, Banca Generali is again amongst the first 5 market players.

Assoreti Total AUM – December 2009 – €229.8 Billion



Source: Assoreti

The following table provides a summary of assets, updated through March 2010, illustrating their composition by macro-aggregate and furnishing a comparison with the figures as of December 2009. The assets in question refer to the Assoreti market, and therefore to the Financial Advisor operating area.

Assets rose by 3.1% during the first quarter and the growth was reported mainly in the insurance sector (+10.8%), thanks to the launch in the quarter of an insurance policy with some very competitive features. Also the asset management sector posted a significant growth (+4.4%), led mainly by the individual portfolio management (+8.7%)

(milioni di euro)	Gruppo 31.03.2010	Gruppo 31.12.2009	Variazioni su 31.12.2009	
			Importo	%
Totale risparmio gestito	9.265	8.871	394	4,4%
-Fondi e sicav	5.968	5.837	131	2,2%
-gpf/gpm	3.297	3.034	263	8,7%
Totale risparmio assicurativo	6.490	5.855	635	10,8%
Totale risparmio amministrato	7.146	7.494	-348	-4,6%
Totale asset collocato dalla rete	22.901	22.220	681	3,1%

5. Performance of main financial and economic aggregates

5.1 Basis of preparation and accounting standards

The interim report for the first quarter 2010 is prepared pursuant to article 154-*ter*, paragraph 5, of Italian Legislative Decree 58/98, introduced by Legislative Decree 195/2007, in implementation of Directive 2004/109/CE (so-called *Transparency Directive*).

This decree replaces the previous provision, article 82 “Quarterly Reports” and Annexe 3D (Standards for Drafting the Quarterly Report) of the 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 (31/03/2010) compared with the figures at the end of the previous year (31/12/2009);
- the consolidated condensed profit and loss account for the period between the beginning of the year and the end of the quarter (1 January – 31 March 2010), compared with the data for the corresponding period of the previous year (1 January – 31 March 2009).
- the statement of comprehensive income for the period between the beginning of the year and the end of the quarter (1 January – 31 March 2010), compared with the data for the corresponding period of the previous year (1 January – 31 March 2009).

The Consolidated Balance Sheet is presented in a format that summarises the primary asset and liability items. The consolidated Profit & 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 Euro, 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.

5.1.1 Accounting standards

The accounting standards and measurement criteria used are the same as those used to prepare the consolidated financial statements at December 31, 2009.

The financial statements presented herein must therefore be read together with those documents.

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 therein.

The estimates and assumptions used are based on the information available on operations and subjective judgments, 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 judgments used.

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

- the quantification of personnel-related provisions and provisions for liabilities and contingencies;
- the quantification of incentives for the distribution network currently being accrued;
- 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;
- the evaluation of the appropriateness of the amount of goodwill;
- estimates and assumptions used to determine current and deferred taxation.

5.2 Consolidated companies and business combinations

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

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%
- Generali Fund Management 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)

On 1 January 2010 two transactions of internal reorganization within the group were completed:

- 1) transfer of the business division constituted by the activities of asset management services from Banca BSI Italia to BG SGR;
- 2) merger by incorporation of Banca BSI Italia in the parent company Banca Generali.

Both transactions qualify as operations "under common control" and from an accounting standpoint were treated on the basis of the principal of continuity of the values of the assets and liabilities transferred on the base of the book values resulting from the 2009 consolidated financial statements of Banca Generali.

Such transactions have changed the group structure but had not substantial effects on the perimeter of consolidation.

It is emphasized nevertheless that the consolidated financial position of comparison to March 31 2009 does not include the contribution of Generali Investments Luxembourg SA ("GIL"), incorporated in Generali Fund Management SA ("GFM", former BG Investment Luxembourg SA) on 01 October 2009, with effectiveness on 1 January 2009.

To provide a better understanding of the results, reclassified financial statements will also be presented to account for the above-mentioned effects, and will also be presented, with reference to the main items of the profit and loss statement, the necessary information relative to the changes on a like-for-like basis.

The consolidated accounts include the separate accounts of the Parent Company and the subsidiaries at March 31, 2010, reclassified and adjusted where necessary to take account of consolidation requirements. The most important intra-Group transactions, influencing both the balance sheet and profit and loss account, were eliminated. Non-reconciled amounts were recognised respectively in other assets/liabilities and other revenues/expenses

5.3 Changes in the Balance Sheet and Net Equity

In the following tables and related comments, the trend of the main balance sheet items is analysed at the end of the first quarter 2010, and a comparison is made with the figures at the end of 2009.

In order to provide a more effective representation, a summarised balance sheet was prepared, through reclassifications and according to presentation criteria more suitable to represent the content of the items according principles of uniformity.

At 31 March 2010, total consolidated assets amounted to €3.7 billion, down compared to 2009 (-6.0%).

In further detail, the Group reported a decline in overall net inflows during the quarter of €312.3 million (- 8.9%), which was reflected in the decline of the core loans aggregate by €259.8 million (-6.9%).

Assets (€ thousands)	31.03.2010	31.12.2009	Change	
			Amount	%
Financial assets held for trading	234,252	219,029	15,223	7.0%
Financial assets available for sale	1,348,260	1,482,281	- 134,021	-9.0%
Held-to-maturity financial assets	631,759	666,074	- 34,315	-5.2%
Loans to banks	583,155	641,697	- 58,542	-9.1%
Loans to customers	735,016	783,170	- 48,154	-6.1%
Shareholdings	-	0	-	0.0%
Property, equipment and intangible assets	55,050	55,914	- 864	-1.5%
Tax receivables	49,785	50,209	- 424	-0.8%
Other assets	110,416	89,742	20,674	23.0%
Total Assets	3,747,693	3,988,116	-240,423	-6.0%

Liabilities and Net Equity (Euro thousands)	31.03.2010	31.12.2009	Change	
			Amount	%
Due to banks	287,121	148,114	139,007	93.9%
Due to customers	2,917,125	3,368,401	-451,276	-13.4%
Financial liabilities held for trading	11,182	494	10,688	2163.6%
Tax payables	17,831	16,203	1,628	10.0%
Other liabilities	169,416	136,138	33,278	24.4%
Special purpose provisions	57,329	50,285	7,044	14.0%
Valuation reserves	- 2,055	-1,602	-453	28.3%
Reserves	136,662	73,245	63,417	86.6%
Additional paid-in capital	22,309	22,309	0	0.0%
Capital	111,313	111,313	0	0.0%
Treasury shares (-)	- 4,471	-4,471	0	0.0%
Minority Interests	5,114	4,476	638	14.2%
Net profit (loss) for the year (+/-)	18,817	63,211	-44,394	-70.2%
Total liabilities and Net Equity	3,747,693	3,988,116	-240,423	-6.0%

5.3.1 Direct inflows from customers

Total direct inflows from customers amounted to €2,917.1 million, marking a decrease of €451.3 million compared to 31 December 2009.

The decline was concentrated in the area of current accounts (-€350.1 million) and the liquidity related to portfolio management, as a result of the different accounting treatment – under the line – in the financial statements of the subsidiary BG SGR.

Captive inflows from the Parent Company, Assicurazioni Generali and of its Italian and foreign associated companies, amounted to €741 million, with an increase of €73.1 million, representing 25.4% of total inflows.

(€ thousands)	31.03.2010	31.12.2009	Change	
			Amount	%
Debit balance transfer accounts	2,757,013	3,107,103	- 350,090	-11.3%
Repurchase agreements	71,729	106,703	- 34,974	-32.8%
Debit balance AUM current accounts	-	41,626	- 41,626	-100.0%
Generali Versicherung subordinated loan	40,775	40,387	388	1.0%
Other debts (drawing checks)	27,327	49,016	- 21,689	-44.2%
Debt towards sales networks	19,437	22,809	- 3,372	-14.8%
Debt securities				
Certificates of deposit	844	757	87	11.5%
Total inflows from customers	2,917,125	3,368,401	- 451,276	-13.4%

5.3.2 Core Loans

Total interest-bearing financial assets and loans, which consist of loans to banks, loans to customers, and financial assets allocated to various portfolios (held-for-trading, available-for-sale, and held-to-maturity) amounted to €3,532.4 million, marking a decline of €259.8 million, or 6.9% compared to year-end 2009.

(€ thousands)	31.03.2010	31.12.2009	Change	
			Amount	%
Financial assets held for trading	234,252	219,029	15,223	7.0%
Assets available for sale (AFS)	1,348,260	1,482,281	- 134,021	-9.0%
Financial assets held to maturity (HTM)	631,759	666,074	- 34,315	-5.2%
Loans to banks	583,155	641,697	- 58,542	-9.1%
Loans	448,317	527,708	- 79,391	-15.0%
Other operating loans	237	1,284	- 1,047	-81.5%
Debt securities	134,601	112,705	21,896	19.4%
Loans to customers	735,016	783,170	- 48,154	-6.1%
Loans	503,692	517,027	- 13,335	-2.6%
Other operating loans	89,737	94,375	- 4,638	-4.9%
Debt securities	141,587	171,768	- 30,181	-17.6%
Total interest bearing financial assets and loans	3,532,442	3,792,251	- 259,809	-6.9%

On the whole, the financial assets attributable to the securities portfolio classified to the various portfolios provided for in IAS 39 amounted to €2,490.5 million, a decrease of €161.4 million when compared to the €2,651.8 million reported at December 2009.

Within this aggregate, the decreased invested the portfolio of available for the sale assets (€-134.0 million, equal to -9.0%) and the portfolio of assets held to maturity (€-34.3 million, equal to -5.2%); the latter mainly as a consequence of the sale of Greek bonds and of other countries.

Within the credits portfolio, in which debt securities not traded on active markets are classified, the replacement of securities issued by customers and financial authorities with newly issued bank bonds has continued.

The other uses, such as loans to clients and other operating loans record a total decrease of €98.4 million, mainly regarding the credit component.

The amounts and the incidence of the bad debts do not present significant variations with respect to the figure reported at the end of 2009.

Finally, the net interbank position net registers a reduction of €197.6 million for effect of the above-mentioned reduction of the loans (€-58.5 million), and for the increase of the collection from credit institutions (+€139.0 million), in which field the Bank has identified some remunerative opportunities in the issuance of repurchase agreements contracts.

(€ thousands)	31.03.2010	31.12.2009	Change	
			Amount	%
Repayable on demand	54,766	126,709	- 71,943	-56.8%
Demand deposits with banks	-	35,000	- 35,000	-100.0%
Transfer accounts	54,766	91,709	- 36,943	-40.3%
Time deposits	393,551	400,999	- 7,448	-1.9%
Deposits with central banks	88,123	23,161	64,962	280.5%
Restricted deposits with ECB	80,000	165,045	- 85,045	-51.5%
Restricted deposits	225,428	212,793	12,635	5.9%
Debt securities	134,601	112,705	21,896	19.4%
Other debt	237	1,284	- 1,047	-81.5%
Total due to banks	583,155	641,697	- 58,542	-9.1%
Transfer accounts	63,529	64,874	- 1,345	-2.1%
Restricted current accounts	8,104	42,739	- 34,635	-81.0%
Repurchase agreements	215,288	40,074	175,214	437.2%
Other debt	200	427	- 227	-53.2%
Total due to banks	287,121	148,114	139,007	93.9%
Net interbank position	296,034	493,583	- 197,549	-40.0%

5.3.3 Net Equity

Group net equity at 31 March 2010 amounted to €282.6 million, a €18. million increase compared to the previous year, mainly due to the effect of the interim profit figure, equal to €18.8 million and the changes in valuation reserves and share-based payments reserves.

This figure does not take account of the distribution of dividends of approximately €49.9 million that was approved by the shareholders at the Ordinary Meeting held on April 21, 2010 to approve the financial statements of 2009

(€ thousands)	31.03.2010	31.12.2009	Change	
			Amount	%
Share Capital	111,313	111,313	0	0.0%
Additional paid-in capital	22,309	22,309	0	0.0%
Reserves	136,662	73,245	63,417	86.6%
(Treasury shares)	-4,471	-4,471	0	0.0%
Valuation reserves	-2,055	-1,602	-453	28.3%
Net profit (Loss) for the period	18,817	63,211	-44,394	-70.2%
Group Net Equity	282,575	264,005	18,570	7.0%
Minority interests	5,114	4,476	638	14.2%
Consolidated Net Equity	287,689	268,481	19,208	7.2%

The valuation reserves resulting from the valuation at fair value of available-for-sale financial assets show a decrease of €0.5 million and include €1.8 million in negative reserves of equity securities and €0.3 million of negative reserve of debt securities.

Consolidated capital for regulatory purposes is estimated to amount to €209.4 million at 31 March 2010, marking an increase of €3.6 million compared to 31 December 2009.

5.4 Operating performance

The following tables and notes provide an analysis of the operating results for first quarter of 2010 compared to those for the same period of 2009.

It is emphasized nevertheless that the consolidated financial situation at March 31 2009 used for comparison, does not include the economical contribution of Generali Investments Luxembourg SA ("GIL"), incorporated in Generali Fund Management SA ("GFM", former BG Investment Luxembourg SA) on 1 October 2009, but with effective date of 1 January 2009.

Moreover, following the issuance on 18 November 2009 of the 1st update to circular 262 of 22 December 2005, with which Bank of Italy introduced some changes regarding the preparation of the financial statements, reclassifications had to be made regarding current account commission charges and some items tied to the incentive pay to staff personnel.

In order to provide a greater understanding of the financial results, reclassified statements including the above mentioned reclassifications will also be provided, and will also be presented, with reference to the main items of the profit and loss statement, the necessary information relative to the changes on a like-for-like basis.

(€ thousands)	31.03.2010		31.03.2009		Change		31.03.2009		Change	
					Amount	%	reclassified		Amount	%
Net interest		10,915		16,258	-5,343	-32.9%		16,296	-5,381	-33.0%
Net commissions		51,131		33,139	17,992	54.3%		34,786	16,345	47.0%
Dividends		-		8	8	-100.0%		8	8	-100.0%
Net result from banking operations		9,442		5,510	3,932	71.4%		5,510	3,932	71.4%
Net operating income		71,488		54,915	16,573	30.2%		56,600	14,888	26.3%
Staff expenses	-	16,735	-	15,915	820	5.2%	-	16,196	539	3.3%
Other general and administrative expenses	-	20,361	-	19,568	793	4.1%	-	19,765	596	3.0%
Net adjustments of property, equipment and intangible assets	-	896	-	1,315	419	-31.9%	-	1,327	431	-32.5%
Other operating expenses/income		1,956		2,167	211	-9.7%		1,697	259	15.3%
Net operating expenses	-	36,036	-	34,631	1,405	4.1%	-	35,591	445	1.3%
Operating profit		35,452		20,284	15,168	74.8%		21,009	14,443	68.7%
Net adjustments for non-performing loans	-	872	-	7	865	12357.1%	-	7	865	12357.1%
Net adjustments of other assets	-	241	-	3,474	3,233	-93.1%	-	3,474	3,233	-93.1%
Net provisions	-	11,556	-	7,272	4,284	58.9%	-	7,478	4,078	54.5%
Gain (loss) from investments	-	-	-	-	-	0.0%	-	-	-	0.0%
Operating profit before taxation		22,783		9,531	13,252	139.0%		10,050	12,733	126.7%
Income taxes for the period on current operations	-	3,328	-	3,358	30	-0.9%	-	3,398	70	-2.1%
Profit (loss) from non-current discontinued operations, net of tax	-	-	-	1,163	1,163	-100.0%	-	1,163	1,163	-100.0%
Profit (loss) for the year attributable to minority interests	-	638	-	-	638	0.0%	-	479	159	33.2%
Net profit		18,817		5,010	13,807	275.6%		5,010	13,807	275.6%

Consolidated operating profit was €35.5 million, up by €15.2 million compared to the same period of the previous year (+74.8%) due to the uptrend in net operating income (+30.2%), which benefited from the significant results in commissions (+€18.0 million, equal to 54.3%), the net result from banking operations (+71.4%), against a decrease in interest margin (-32.9%) and the small increase in operating expense (+4.1%). On a like-for-like basis the operating profit would have shown an increase of 68.7%

Consolidated net profit for the first three months of the year consequently amounted to €18.8 million, up consistently compared to the net profit of €5.0 million reported at the end of the first three months of 2009.

5.4.1 Net interest

Net interest amounted to €10.9 million, a €5.3 million Euro decrease (-32.9%), compared to the same period of the previous year.

(€ thousands)	31.03.2010	31.03.2009	Change		31.03.2009 reclassified
			Amount	%	
Financial assets held for trading	977	4.319	- 3.342	-77,4%	4.319
AFS financial assets	4.955	8.148	- 3.193	-39,2%	8.148
Held-to-maturity (HTM assets)	2.879	6.035	- 3.156	-52,3%	6.035
Financial assets classified among loans	1.062	3.232	- 2.170	-67,1%	3.232
Total financial assets	9.873	21.734	- 11.861	-54,6%	21.734
Loans to banks	787	3.318	- 2.531	-76,3%	3.356
Loans to customers	2.704	4.962	- 2.258	-45,5%	4.962
Other assets	11	71	- 60	-84,5%	71
Total interest income	13.375	30.085	- 16.710	-55,5%	30.123
Due to banks	37	909	- 872	-95,9%	909
Due to customers and securities issued	2.088	10.336	- 8.248	-79,8%	10.336
Repurchase agreements - banks	138	41	97	236,6%	41
Repurchase agreements - customers	197	1.818	- 1.621	-89,2%	1.818
Hedging derivatives	-	723	- 723	-100,0%	723
Total interest expense	2.460	13.827	- 11.367	-82,2%	13.827
Net interest	10.915	16.258	- 5.343	-32,9%	16.296

The trend in net interest was influenced by the significant decrease in market interest rates which took place during the first quarter of 2010.

In particular, interest income reported a decrease of €16.7 million, equal to 55.5% compared to the same period of the previous year, while the cost of inflows from customers show a decrease of €11.4 million (-82.2%), causing the net decrease in net interest.

5.4.2 Net commissions

Aggregated commissions amounted at €51.1 million, a net increase of €18.0 million (+54%) compared to the same period of the previous year.

On a like-for-like basis, net commissions would have posted an increase of €16.3 million, or 47.0%.

(€ thousands)	31.03.2010	31.03.2009	Change		31.03.2009 reclassified	Change	
			Amount	%		Amount	%
Asset management fees	53,375	29,157	24,218	83.1%	32,551	20,824	64.0%
Securities placement fees	11,915	13,442	- 1,527	-11.4%	13,826	- 1,911	-13.8%
Distribution of third-party financial products fees	13,456	9,813	3,643	37.1%	9,813	3,643	37.1%
Securities and currencies trading fees	1,559	1,098	461	42.0%	1,098	461	42.0%
Order collection, custody and securities administration fees	6,966	3,320	3,646	109.8%	3,320	3,646	109.8%
Collection and payment services fees	419	516	- 97	-18.8%	516	- 97	-18.8%
Fees for other services	859	305	554	181.6%	963	- 104	-10.8%
Total commission income	88,549	57,651	30,898	53.6%	62,087	26,462	42.6%
Commissions for external offer	33,116	21,878	11,238	51.4%	24,667	8,449	34.3%
Collection and payment services fees	88	203	- 115	-56.7%	203	- 115	-56.7%
Securities and currencies trading fees	2,079	821	1,258	153.2%	821	1,258	153.2%
Asset management fees	1,721	1,284	437	34.0%	1,284	437	34.0%
Fees for other services	414	326	88	27.0%	326	88	27.0%
Total commission expenses	37,418	24,512	12,906	52.7%	27,301	10,117	37.1%
Net Commissions	51,131	33,139	17,992	54.3%	34,786	16,345	47.0%

Revenues increase is equal to €30.9 million (+53.6%) and is mainly attributable to the collection and management of household savings (+ €26.3 million equal to +50.2%). On a like-for-like basis, aggregated commissions would have posted an increase of €26.5 million, equal to 42.6%.

Overall, the contribution of the area of collective asset management of the Bank, constituted by the Luxembourg SICAV and the Mutual Funds of BG SGR, shows an increase of 68.8% equal to €16.0 million, while the area of individual portfolio management reports a growth of 51.5%, equal to €3.0 million. The contribution of the management commissions relative to the activities of GIL is equal to € 5.2 million, increasing compared to same period of the previous year when it recorded an amount equal to € 3.8 million.

The activity of placement and distribution of third-party products reported a growth of 9.1% compared to the same period of the previous year (7.3% on a like-for-like basis), with revenues of €25.4 million.

In this area, the decrease in commissions from bond placement was made up by the increase in revenues relative to the distribution of insurance products (+43.4) and by the placement of third-party UCITS (+53.8)

The trends outlined are the same on a like-for-like basis, with an increase of revenues from portfolio management (+64.0%) and a steady growth in the placement and distribution of third-party products activities.

(€ thousands)	31.03.2010	31.03.2009	Change		31.03.2009 reclassified	Change	
			Amount	%		Amount	%
Asset management, own						-	0.0%
1. Collective asset management (UCITs, pension funds)	39,301	23,284	16,017	68.8%	22,900	16,401	71.6%
2. Collective asset management Generali group	5,179	-	5,179	0.0%	3,778	1,401	37.1%
3. Individual asset management	8,895	5,873	3,022	51.5%	5,873	3,022	51.5%
Comm. on asset management	53,375	29,157	24,218	83.1%	32,551	20,824	64.0%
1. Placement of third-party UCITS	7,372	4,793	2,579	53.8%	5,177	2,195	42.4%
2. Bond placement	4,093	8,649	- 4,556	-52.7%	8,649	- 4,556	-52.7%
3. Other placement operations	450	-	450	0.0%	-	450	0.0%
4. Distribution of Third-party asset management products (gpm,gpf, pension funds)	28	88	- 60	-68.2%	88	- 60	-68.2%
5. Distribution of Third-party insurance products	12,698	8,857	3,841	43.4%	8,857	3,841	43.4%
6 .Distribution of other Third-party financial products	730	868	- 138	-15.9%	868	- 138	-15.9%
Comm. on placement and distribution of Third-Party products	25,371	23,255	2,116	9.1%	23,639	1,732	7.3%
Total	78,746	52,412	26,334	50.2%	56,190	22,556	40.1%

Revenues from other bank services offered to the customer base include the negotiation commissions, order placement and custody and administration, and the commissions charged to clients for current accounts and other services. The total figure shows a solid increase compared to the previous year (+87.1%), also on a like-for-like basis (+66.3%), thanks to the growth in foreign orders, mainly on behalf of the UCITS of the banking and insurance group. Such trend was reflected in a similar growth of the commission expenses from order placement.

(€ thousands)	31.03.2010	31.03.2009	Change		31.03.2009 reclassified	Change	
			Amount	%		Amount	%
Trading services	8,525	4,418	4,107	93.0%	4,418	4,107	93.0%
Other services	1,278	821	457	55.7%	1,479	- 201	-13.6%
Total traditional banking operations	9,803	5,239	4,564	87.1%	5,897	3,906	66.24%

Commission structure showed a sharp rise in management commissions (+€20.2 million, equal to 54.2%), which took place also considering the contribution of asset management of GIL (+€16.4 million, equal to +40.0% on a like for like basis).

Also the incentive commissions posted a strong increase (+€8.1 million), relative to the Sicav managed by GFM and the commissions from banking services (+€4.6 million), while the underwriting commissions post a slight decrease (-€2.0 million, equal to -15.4%), due also to the fewer bond placements.

(€ thousands)	31.03.2010	31.03.2009	Change		31.03.2009	Change			
			Amount	%	reclassified	Amount	%		
Underwriting commissions	11,039	13,041	-	2,002	-15.4%	13,066	-	2,027	-15.5%
Management commissions	57,453	37,256		20,197	54.2%	41,039		16,414	40.0%
Incentive commissions	10,231	2,166		8,065	372.3%	2,166		8,065	372.3%
Other commissions (other banking and financial services)	9,826	5,188		4,638	89.4%	5,816		4,010	68.9%
Total	88,549	57,651		30,898	53.6%	62,087		26,462	42.6%

Aggregated commissions also show an increase of commission's expenses for an amount of €12.9 million, equal to 52.7%, only in part attributable to the contribution of commissions of the incorporated GIL. On a like-for-like basis, the growth in commission's expenses would have been equal to 37.1%.

The growth is in fact mainly attributable to the growth of the commissions paid to the financial advisors of the networks (+51.4%, while on a like for like basis +34.3%), besides the already mentioned increase of the negotiation commissions expenses (+153.2%),

5.4.3 Net profit from trading and financial operations

Net profit from trading 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 profit and loss from the transfer of financial assets available for sale and the result of hedging operations.

(€ thousands)	31.03.2010		31.03.2009		Change		31.03.2009		
					Amount	%			
Net income (loss) on financial assets	922		833		89	10.7%	833		
Gain (loss) on financial assets	1,116	-	1,022		2,138	-209.2%	-	1,022	
Income (loss) on derivatives	-	518	-	111	-	407	366.7%	-	111
Gain (loss) on derivatives	-	1,234	-	274	-	960	350.4%	-	274
Securities transactions	286	-	574		860	-149.8%	-	574	
Currency transactions	440		251		189	75.3%		251	
Result from trading	726	-	323		1,049	-324.8%	-	323	
Net profit from hedging	-		-		-	0.0%	-		
Income (loss) from repurchases	8,716		5,833		2,883	49.4%		5,833	
Income (loss) on financial operations	9,442		5,510		3,932	71.4%		5,510	

At 31 March 2010, trading operations had a positive balance of €9.4 million, a solid improvement compared to the €5.5 million reported at the end of the same period of 2009.

The result for the first quarter of 2009 was also substantially determined by the net income on the sale of bonds allocated to the available-for-sale portfolio in the amount of €8.7 million.

Realised gains were reported on the purchase and sale of Italian and European government bonds and corporate bonds, primarily issued by banks, due to the market opportunities presented by the ongoing appreciation of these segments.

The sale of the AFS securities in portfolio at 31 December 2009 led to the release of €2.2 million in positive net equity reserves to the profit and loss account.

(€ thousands)	Gains	Losses	Transfer of reserves	31.03.2010	31.03.2009	
Debt securities	7,775	-	1,222	2,093	8,646	5,833

Equity securities	7	-	20	83	70	-
Total AFS	7,782	-	1,242	2,176	8,716	5,833

The result from trading, narrowly defined, amounted to a net profit of €0.3 million, of which €0.3 million relative to trading securities and derivatives, showing a definite trend inversion compared to the net loss recorded at the end of the first quarter 2009.

(€ thousands)	Gains from trading	Capital gains	Losses from trading	Capital losses	Net result 31.03.2010	Net result 31.03.2009	Change
1. Debt securities transactions	702	202	-52	-182	670	744	-74
2. Equity securities transactions	55	41	-3	-24	69	-929	998
Equity securities	55	41	-3	-7	86	-929	1,015
Options on equity securities ²⁴	0	0	0	-17	-17	0	-17
3. Par Asset Swap	292	742	-754	-226	54	0	54
Debt securities	265	742	0	0	1,007		1,007
Asset swaps	27	0	-754	-226	-953		-953
4. Total return swap (TRS)	0	0	0	0	0	0	0
Equity securities (TRS transactions)	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0
Equity swap	0	0	0	0	0	0	0
5. UCITS unit quota transactions	28	320	-73	0	275	-4	279
6. Interest Rate Swaps (IRS)	209	0	0	-991	-782	-382	-400
7. Currency transactions	440	0	0	0	440	248	192
Derivatives	0	0	0	0	0	-3	3
Exchange differences	440	0	0		440	251	189
Result from trading	1,726	1,305	-882	-1,423	726	-323	1,049

In the first quarter 2010, there were net value adjustments from the impairment of financial activities classified as AFS (available for sale) equal to €0.2 million, stemming from adjustment equal to €0.5 million and value recoveries of €0.3 million, both referring to debt securities.

5.4.4 Operating expenses

Operating expenses, including staff expenses, other general and administrative expense, amortisation and depreciation and other operating income and expenses showed a slight increase compared to the same period of the previous year, equal to €1.4 million (4.1%)

On a like-for-like basis, operating expenses increased by only €0.4 million, or 1.3%.

The cost-income ratio, i.e. the ratio of expenses, before adjustments to property, equipment and intangible assets, to net banking income, was 49.2%, marking an improvement over the figure for the same period of 2009 (60.7%), due to the improvement in consolidated operating revenues.

(€ thousands)	31.03.2010	31.03.2009	Change		31.03.2009	Change	
			Amount	%	reclassified	Amount	%
Staff expenses	16,735	15,915	820	5.2%	16,196	539	3.3%
Other general and administrative expense	20,361	19,568	793	4.1%	19,765	596	3.0%
Net adjustments of property, equipment and intangible assets	896	1,315	-419	-31.9%	1,327	-431	-32.5%
Other income and expenses	-1,956	-2,167	211	-9.7%	-1,697	-259	15.3%
Operating costs	36,036	34,631	1,405	4.1%	35,591	445	1.3%

In this context, staff expenses, including those associated with employees, interim staff and directors showed a net increase of €0.8 million (+5.2%) compared to the same period of the previous year. On a like-for-like basis, the staff expenses increased by €0.5 million, or 3.3%.

(€ thousands)	31.03.2010	31.03.2009	Change		31.03.2009 reclassified
			Amount	%	
1) Employees	16,252	15,403	849	5.5%	15,617
Wages and salaries	9,260	8,969	291	3.2%	9,157
Social security charges	2,402	2,379	23	1.0%	2,409
Termination indemnity	228	169	59	34.9%	169
Contributions to outside supplemental pension funds	802	724	78	10.8%	724
Costs related to payment agreements based on own financial instruments	-	140	- 140	-100.0%	140
Bonus payments	2,700	2,116	584	27.6%	1,950
Other employee benefits	860	906	- 46	-5.1%	1,068
2) Other staff	1	14	- 13	-92.9%	41
3) Directors and Statutory auditors	482	498	- 16	-3.2%	538
of which costs related to payment agreements based on own financial instruments	-	-	-	0.0%	-
Total	16,735	15,915	820	5.2%	16,196

The Group's personnel under salaried employment agreements amounted to 767, marking a decrease of 6 people compared to the end of 2009 and of 33 compared to the same period of 2009, primarily due to the reorganisation activities carried out by the Group.

	31.03.2010	31.03.2009	Change		31.03.2009 reclassified
			Amount	%	
Managers	50	51	- 1	-1.96%	53
3rd and 4th level executives	123	117	6	5.13%	120
Other employees	594	632	- 38	-6.01%	637
Total	767	800	- 33	-4.13%	810

Other general and administrative expense amounted to € 20.4 million, an increase of €0.8 million, or +4.1%, compared to the same period in the previous year. On a like-for-like basis, the administrative expenses increased by €0.6 million, or 3.0%.

(€ thousands)	31.03.2010	31.03.2009	Change		31.03.2009 reclassified
			Amount	%	
Administration	2,744	3,529	-785	-22.2%	3,609
Advertising	756	1,344	-588	-43.8%	1,369
Consultancy and professional advice expense	1037	1,228	-191	-15.6%	1,256
Audit	50	184	-134	-72.8%	188
Other general costs (insur. T&E)	901	773	128	16.6%	796
Operations	7,734	7,309	425	5.8%	7,407
Rent and usage of premises	3,853	3,950	-97	-2.5%	4,008
Outsourced services	1,274	1,415	-141	-10.0%	1,415
Post and telephone	785	792	-7	-0.9%	801
Print material and contracts	242	310	-68	-21.9%	310
Other operating expenses	1,580	842	738	87.6%	873
Information system and equipment	7,997	6,621	1,376	20.8%	6,640
Outsourced IT services	5,679	4,085	1,594	39.0%	4,104
Fees for IT services and databases	1,314	1,609	-295	-18.3%	1,609
Software maintenance and servicing Sw	554	445	109	24.5%	445

Other expenses (equipment rental, maintenance, etc.)	450	482	-32	-6.6%	482
Taxes and duties	1,886	2,109	-223	-10.6%	2,109
Total other general and administrative expense	20,361	19,568	793	4.1%	19,765

5.4.5 Net provisions

Net provisions stood at €11.6 million and increased by €4.3 million compared to the same period of 2009 (+58.9%). Allocations to provisions amounted to €8.7 million (-37.6%) and mainly refer to incentive programmes in progress and to short- and medium-term incentive programmes associated with the expansion of the sales network. The allocation to the provisions for staff expenses refer for €0.7 million to the estimate of the staff incentives not included in contracts, being accrued, for which at the present state the conditions set forth in IAS 19 are not believed to be applicable for a reclassification among personnel expenses, and for €1.1 million to the estimates of the expenses tied to the potential set-up, following the incorporation of Banca BSI Italia, of the provisions for risks related to termination of staff, currently in phase of negotiation with the workers' unions.

(€ thousands)	31.03.2010	31.03.2009	Change		31.03.2009
			Amount	%	reclassified
Provisions for staff expenses	1,927	-	1,927	0.0%	206
Provisions for risks related to commissions to be assigned	8,713	6,331	2,382	37.6%	6,331
Provisions for risks related to legal disputes	750	397	353	88.9%	397
Provisions for risks related to termination indemnity and over fees	166	544	-378	-69.5%	544
Total	11,556	7,272	4,284	58.91%	7,478

5.4.6 Impairment

In the first quarter of 2010, a total of €1.1 million in adjustments due to non-performance was reported, a decrease compared to the €3.5 million posted at the end of the same period of the previous year. Of these, €0.2 million euros refer to debt securities of the AFS portfolio and €0.9 million to loans not related to credit transactions, mainly represented by advances paid to former financial advisors and the rest by cancellations.

5.4.7 Operating profit and Net Profit for the period

As stated in the introduction, consolidated operating profit amounted to €35.4 million at 31 March 2010, while operating profit before taxation stood at €22.8 million, after €11.6 million in provisions and €1.1 million in net adjustments.

(€ thousands)	31.03.2010	31.03.2009	Change		31.03.2009	Change	
			Amount	%	reclassified	Amount	%
Net operating income	71,488	54,915	16,573	30.2%	56,600	14,888	26.3%
Operating expenses	- 36,036	- 34,631	- 1,405	4.1%	- 35,591	-445	1.3%
Operating profit	35,452	20,284	15,168	74.8%	21,009	14,443	68.7%
Net adjustments for non-performing loans	- 872	- 7	- 865	12357.1%	- 7	-865	12357.1%
Net adjustments for other assets	- 241	- 3,474	- 3,233	-93.1%	- 3,474	- 3,233	-93.1%
Net provisions	- 11,556	- 7,272	- 4,284	58.9%	- 7,478	-4,078	54.5%
Gain (loss) on disposals of investments	-	-	-	0.0%	-	0	0.0%
Operating profit before taxation	22,783	9,531	13,252	139.0%	10,050	12,733	126.7%
Income taxes for the period on current operations	- 3,328	- 3,358	30	-0.9%	- 3,398	70	-2.1%
Profit (loss) of groups of available for sale assets, net of taxes	-	- 1,163	- 1,163	-100.0%	- 1,163	- 1,163	-100.0%
Profit (loss) for the year attributable to minority interests	- 638	-	- 638	0.0%	- 479	-159	33.2%
Net profit	18,817	5,010	13,807	275.6%	5,010	13,807	275.6%

Income taxes for the period are estimated at €3.3 million (of which €0.8 million IRAP).

Profit attributable to minority interest, equal to €0.6 million, refers to the minority interest in GFM held by the Gruppo Assicurazioni Generali.

The first quarter of 2010 consequently ended with a year-to-date consolidated net profit of €18.8 million. Earning per share is equal to 16.6 cents

	31.03.2010	31.03.2009	Change	
			Amount	%
Net profit for the year (€ thousands)	18,817	5,010	13,807	275.6%
Net profit attributable to ordinary shares	18,817	5,010	13,807	275.6%
Average number of shares outstanding	110,853,509	110,538,030	315,479	0.3%
EPS - Earning per share (Euro)	0,1697	0,0453	0,1244	274.5%
Average number of shares outstanding			-	0.0%
Diluted capital	113,386,122	110,538,030	2,848,092	2.6%
EPS - Earning per share diluted (Euro)	0,166	0,045	0,1206	266.2%

5.4.8 Comprehensive income

The Group's comprehensive income amounted to €18.3 million 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 €0.5 million, are attributable to fair value adjustments to financial assets available for sale.

<i>(€ thousands)</i>	31.03.2010	31.03.2009	Change	
			Amount	%
Net Profit	18,817	5,010	13,807	275.6%
Other income net of taxes				
assets available for sale	-453	1,060	-1,513	-142.7%
Total other income before income taxes	-453	1,060	-1,513	-142.7%
Comprehensive income	18,364	6,070	12,294	202.5%

Trieste, 11 May 2010

THE BOARD OF DIRECTORS

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

The undersigned dr. Giancarlo FANCEL, born in Portogruaro (VE) on 26 September 1961, Deputy General Manager – CFO and Manager in charge of preparing the financial reports of Banca Generali S.p.A., with headquarters in Trieste, via Machiavelli No 4, the share capital of 111,313,176.00 euros, recorded in the Register of Companies of Trieste to n. 103698, for the intent and purpose of article. 154-bis, second paragraph, of Legislative Decree 24 February 1998, No 58, - to the best of his knowledge in light of the position held by virtue of the deliberations of the Board of Directors of the Company dated 16 February 2007 - as a Manager in charge of preparing corporate accounting documents,

declares

that the accounting information in Interim Report on Operations as of 31 March 2010 corresponds to document results, books and accounts records.

Trieste, 11 May 2010

Giancarlo Fancel
*Manager charged with preparing
the company's financial reports*
BANCA GENERALI S.p.A.

