



Consolidated Half-Year Financial Report as of 30 June 2011

Board of Directors
29 July 2011

Banca Generali S.p.A.
Authorised share capital 119,378,836.00 euros, underwritten and paid-up share capital 111,662,418.00 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

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CHIEF EXECUTIVE OFFICER	Girelli Giorgio Angelo
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GENERAL MANAGER	Motta Piermario
MANAGER IN CHARGE OF THE COMPANY'S FINANCIAL REPORTS	Fancel Giancarlo

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

Group Economic and Financial Highlights

Consolidated figures	30/06/2011	30/06/2010	Change %
(€ million)			
Net interest	21.5	22.4	-3.8
Net commissions	100.1	106.9	-6.4
Dividends and net result from banking operations	5.8	13.4	-56.5
Net banking income	127.4	142.6	-10.7
Staff expenses	-34.3	-33.8	1.5
Other general and administrative expense	-40.8	-43.3	-5.9
Amortisation and depreciation	-1.9	-2.0	-4.5
Other operating income	5.8	6.0	-3.0
Net operating expense	-71.2	-73.2	-2.7
Operating profit	56.2	69.5	-19.1
Provisions	-9.9	-20.9	-52.7
Adjustments	-1.7	-2.2	-23.3
Profit before taxation	44.6	46.4	-3.9
Net profit	37.4	43.7	-14.4
Cost / income ratio	54.4%	49.9%	9.0
EBITDA	58.1	71.5	-18.7
ROE	18.02%	21.58%	-16.5
EPS - Earnings per Share (euro)	0.336	0.394	-14.8

Net Inflows	30/06/2011	30/06/2010	Change %
(€ million) (Assoreti data)			
Mutual Funds and SICAVs	208	217	-4.1
Asset management	-110	290	-137.9
Insurance / Pension funds	506	746	-32.2
Securities / Current accounts	-25	-607	95.9
Total	579	646	-10.4

Assets Under Management & Custody (AUM/C)	30/06/2011	31/12/2010	Change %
(€ billion) (Assoreti data)			
Mutual Funds and SICAVs	6.5	6.6	-1.3
Asset management	3.2	3.4	-6.1
Insurance / Pension funds	7.2	6.8	5.7
Securities / Current accounts	6.8	6.8	0.2
Total	23.7	23.6	0.5

Net Equity	30/06/2011	31/12/2010	Change %
(€ million)			
Net equity	265.3	281.2	-5.6
Capital for regulatory purposes	241.0	225.3	7.0
Excess capital	108.9	89.6	21.6
Solvency margin	14.60%	13.28%	9.9

Interim Report on Operations

1. Summary of Half-Year Operations

The Banca Generali Group closed the first six months of 2011 with a net profit of 37.4 million euros, down by 6.3 million euros compared to the same period of 2010 (-14.4%), which however included the fiscal effect of the redemption of goodwill of the merged company Banca del Gottardo Italia for 6.3 million euros, and net equity of 265.3 million euros.

For the first half of 2011, EBITDA, which is calculated as profit before taxes, net provisions, adjustments on loans, property, equipment and intangible assets, amounted to 58.1 million euros, down 18.7% compared to 71.5 million euros in the same period of 2010.

Net banking income decreased compared to 30 June 2010 by 15.2 million euros (-10.7%), from 142.6 million at 30 June 2010 to 127.4 million in the first half of 2011. As part of the net commissions aggregate, which at 30 June 2011 amounted to 100.1 million euros, management commissions showed a significant increase (+24.6 million euros) that definitely offset the decline in incentive commissions (-17.2 million euros).

Net interest was virtually stable (-0.9 million euros) compared to the same period of the previous year, while net result from banking operations and dividends dropped by 7.6 million euros compared to the second half of 2010.

Total net operating expenses at 30 June 2011 amounted to 71.2 million euros, down 2.7% compared to the first half of 2010, with staff expenses going from 33.8 million euros in the first six months of 2010 to 34.3 million euros in the same period of 2011 (+15%) and administrative expense decreasing by 5.9% compared to the second half of 2010.

Net provisions amounted to 9.9 million euros at 30 June 2011, a 52.7% decrease compared to the first half of 2010, mainly due to provisions in connection with the development and incentivation of the distribution network. This area specifically includes network incentives for 4.2 million euros, which will be paid out in the third quarter, as a result of the excellent net inflows achieved the first half of the year.

The total value of the assets managed by the Group for its customers amounted to 23.7 billion euros at 30 June 2011, which is the figure used for communications to Assoreti (Italy's National Association of Financial Products and Investment Services Placing Firms). In addition, at 30 June 2011, assets under administration and custody of the Generali Group companies totalled approximately 1.5 billion euros, and 7.8 billion euros were held in mutual funds and discretionary accounts (GPF and GPM) distributed directly by management companies or parties outside the banking group, for an overall total of 33.0 billion euros.

With 23.7 billion euros in assets under management and 579 million euros in net inflows for the period from 1 January to 30 June 2011, the Banca Generali Group continues to hold a leading position among institutions specialising in the distribution of financial products through financial advisor networks.

In the first half of 2011, the banking group continued to focus the brunt of its efforts on developing new products aiming at the optimisation of assets in customer portfolios, in response to the uncertainty and volatility of the financial market.

To this end new sub-funds were developed as part of the BG Selection Sicav which is managed directly by the subsidiary Generali Fund Management SA, new insurance products both traditional and unit-linked were placed on the market and finally the range of portfolio management products was widened.

The group further expanded the offer of products provided by third-party product companies (over 50 new SICAV sub-funds), consistent with the stronger multibrand concept the banking group has adopted in parallel with the advisory services provided by its financial advisor network, aimed at providing them with instruments and products that are increasingly capable of responding to growing financial and pension demands among Italian households.

Banca Generali also heavily invested in communications to customers, both through the national press and local events, and through the development of new channels such as online reporting, and the streamlining of contractual documentation.

Before analysing the Bank's sales and financial results for the first half of 2011, 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 half of 2011, financial markets were characterised by uncertainty and weakness. Emerging markets began to trend downwards early in the year. Western stock exchanges, instead, initially rose driven by improved cyclical data and solid corporate earnings and subsequently weakened due to a series of external factors (socio-political unrest in the Middle East and North Africa, the earthquake in Japan) and worsening expectations on the global economy since April. In Europe, the sovereign debt crisis continued to exert pressure on capital markets: Portugal, Greece and Spain saw their ratings downgraded on various occasions, resulting in a widening of interest spreads. In June, tensions reached their peak with epicentre in Greece: it was only during the last days of the month that more positive signs resurfaced with regard to both the Greek crisis — due to the approval of new restrictive tax measures, and the subsequent release of the fifth tranche of the loan from international institutions — and the overall prospects for growth.

From a macroeconomic perspective, global growth reached a peak in the first quarter, also reflecting the further expansion in international trade. Subsequently, economic activity weakened reflecting the impact on the supply chain of the earthquake in Japan in mid-March, and the sharp rise in oil prices earlier this year, which reduced consumer purchasing power. In the Euro-area, signs of stronger domestic demand multiplied despite more restrictive economic policies than in the past. Both results for the first quarter of 2011 and projections for earnings and sales performance in 2011 continued to show solidity at corporate level. Inflation, which was already on the rise in emerging countries, climbed also in advanced economies due to increases in energy prices. Monetary policies became more restrictive in the Eurozone, China, and in most emerging countries, while remaining expansionary in the United States and Japan. Overall, fiscal policies maintained tightening bias.

In the first half of the year, interest rates in the euro interbank market moved upward, initially driven by increasingly tough rhetoric of the ECB on the need to start normalising monetary policy given the economic growth prevailing in the Euro-area, then followed by the actual increase in interest rates, which on April 7 were brought from 1% to 1.25%. During the period, the Euribor 3 months rose from 1% at the beginning of the year to 1.55% at the end of June, pricing in a new short-term increase of 25 basis points of the official refinancing rate.

Against this background, equity markets recorded zero or negative total return, with developed countries markets outperforming those of emerging countries. The MSCI World index fell 4.7%, the S&P500 by 4% and the Topix by 12.4%. In Europe, the benchmark index for the entire area (the DJ Stoxx 600) decreased by -1.5%, while the Euro Area benchmark (the DJ Euro Stoxx) climbed +1.5%, and the Italian FTSE Mib remained unchanged. During the period, exchanges in emerging markets performed poorly: -8.6% overall (the MSCI Emerging Markets index), -15.4% in India and -7% in China. However, part of the negative results may be attributed to the appreciation of the euro (+9.1%) against all other currencies. Overall, the market sectors that performed best in Europe were cars, real estate, insurance and the chemical sector, while raw materials, travel, retailers and banks posted below-average performance.

Bond markets were dominated by initially upward expectations of growth which subsequently turned downward. Consequently, long-term yields on reference markets (Germany and USA) increased in the first quarter, and then gradually declined until reaching at the end of the first half of the year the same levels of earlier this year (3.03% the ten year maturity in euro) or slightly lower (3.16% the ten year maturity in dollar). In the Euro-area, events relating to the sovereign debt crisis continued to have a fluctuating impact on bond yields in the countries considered at risk of default and in some cases (Greece, Portugal, Ireland) spreads widened to maximum levels since the inception of the monetary union.

On currency markets, the gradual weakening of the dollar reflected the divergence between the Fed's monetary policy guidelines (still expansionary) and that of the ECB (more restrictive). The euro-dollar exchange rate, which earlier this year was around 1.33, reached a peak just below the level of 1.5 at the end of April, then fluctuated in a wide range (1.40 to 1.50) following the gradual escalation of the sovereign debt crisis in the Eurozone. The dollar/yen exchange rate fluctuated within a range of 79 to 85.5 and closed the period at 80.5.

Even commodity prices reflected the expectations of global growth, rising until the beginning of May and then following a path of decline to varying degrees depending on the products, with substantial drops in some cases. Oil prices (WTI), which, earlier this year, had suffered from further tensions due to social unrest in some producing countries of North Africa and Middle East, increased from \$95 a barrel at the end of December to a peak of approximately \$115 at the end of April, then fell back to the levels of the beginning of the year. Gold, which in the first four months had been moving upward in response to the weakening of the dollar and increased inflationary pressures, traded close to its high (1570 dollars per ounce) for some time and then closed the half-year period at 1500.

Outlook

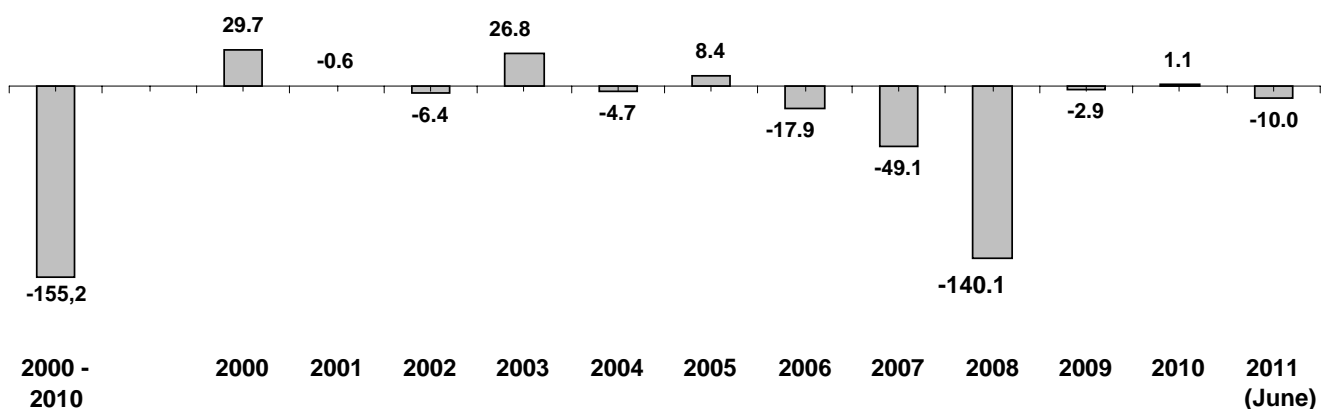
Forecasts for the coming months issued by the main international bodies show persistent growth, albeit at rates lower than those recorded in the first half. However, the persistence of high geopolitical risks and uncertainties as to the possible solutions to the sovereign debt crisis may lead to high volatility in both equity and bond markets. In emerging markets, according to the International Monetary Fund the continuation of increasingly restrictive monetary policies could lead to downward revisions of the estimates of growth in some regions.

3. Banca Generali's Competitive Positioning

3.1 The Asset Management Market

In the first 6 months of 2011, the UCITs market in Italy recorded a net outflow of around 10 billion euros. This extremely negative trend has been going on for the past 5 years, with the exception of 2010 during which inflows and outflows were substantially in balance. In the past, this trend was affected by a regulatory and fiscal situation that was detrimental to Italian products and it was only in July 2011 that this situation was finally amended in view of achieving parity between the rules applicable to Italian and foreign UCITs; the situation, however, also suffered from current market trends as well as the commercial policies of the traditional banking system. In fact, an extrapolation of Assogestioni data carried out by the trade association of financial advisors networks "Assoreti" highlights how the long-term trend of net divestments from the banks is continuing, partially offset by positive net inflows achieved by the networks. Even in the early months of 2011 (data as of May) the traditional banking system reported outflows of 9.9 billion euros while networks reported net inflows of 2.8 billion euros.

The UCITs Market



Source: *Assogestioni*.

3.2 The Assoreti Market

The net inflows reported by the Assoreti market (that is total distribution activity through the Financial Advisor networks) for 2011 were lower than those recorded in the first five months of 2010 (4.8 billion euros compared to 6.6 billion euros for the same period of 2010). The reason for this difference is to be primarily found in the more uncertain economic outlook of this part of 2011, which in fact shows a sharp reversal of inflows in favour of the so-called "assets under administration" (especially current account and debt securities) at the expense of "assets under management" and "insurance products".

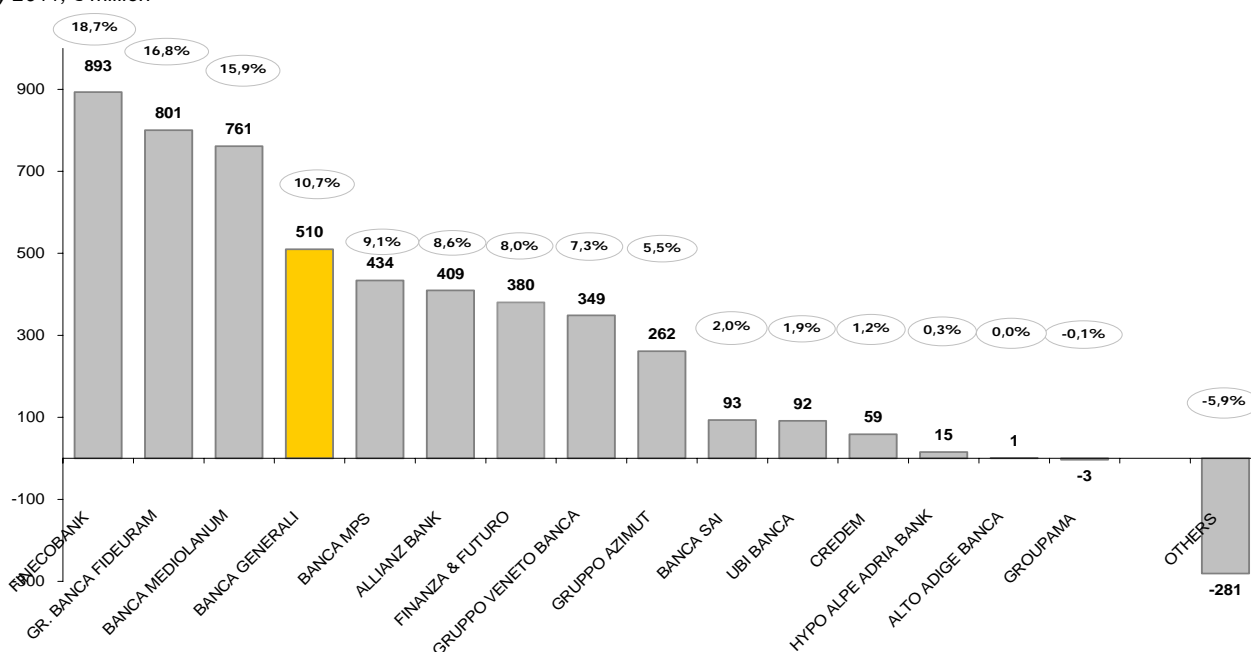
(€ million)	May 2011	May 2010	Delta
Asset management	2,039	6,206	-4,167
Insurance products	352	1,444	-1,092
Assets under administration and custody	2,384	-1,106	3,490
Total	4,775	6,544	-1,769

3.3 The Banca Generali Group

In this scenario, Banca Generali remains among the market leaders by net inflows with a market share of 10.7% at May and net inflows of 579 million euros at 30 June 2011.

TOTAL NET INFLOWS — ASSORETI — 4,775 million euros

May 2011, € million

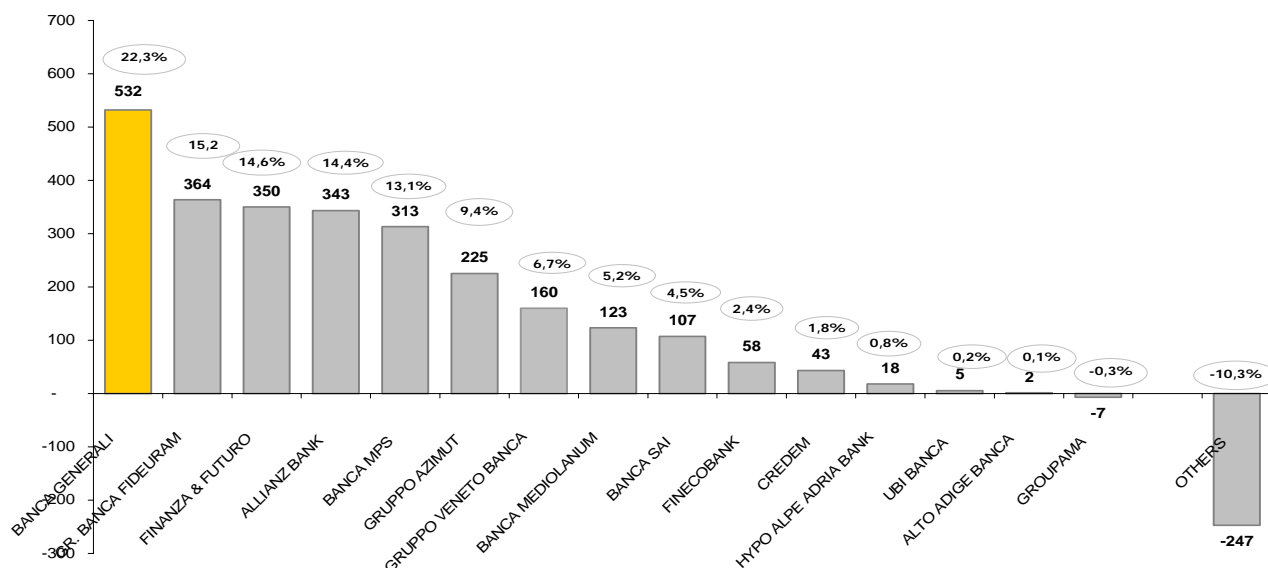


Source: Assoreti.

Considering the composition of net inflows, Banca Generali stands out in terms of "assets under management" and "insurance products", which represent its most qualified components.

NET AUM AND INSURANCE INFLOWS ASSORETI – 2,391 million euros

May 2011, € million



Specifically, net inflows of the Group were made up of assets under management for 98 million euros and insurance products for 506 million euros, while assets under administration (-25 million euros) remained substantially stable. These data showed a trend in contrast to the market average, despite favouring the most conservative inflows from insurance products compared to AUM inflows (also thanks to the sale of highly competitive insurance policies), avoiding the extensive shift towards assets under administration, which is partly contrary to the original vocation of the distribution through Financial Advisors.

Moreover, in terms of absolute net inflows, figures are close to the excellent results achieved in the first half of 2010, thus evidently overperforming the market average.

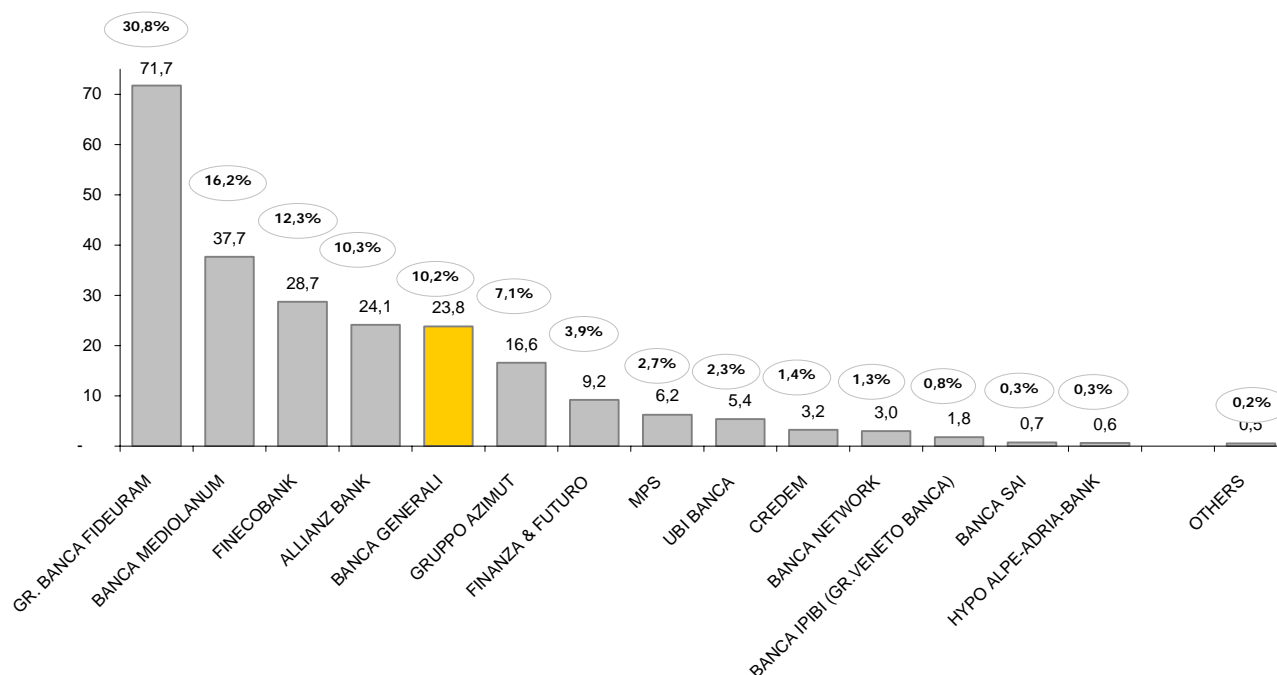
Net inflows of the Banca Generali Group

(€ million)	BG Group	BG Group	Changes vs/	
	30/06/2011	30/06/2010	30/06/2010	
			Amount	%
Total assets under management	98	507	-409	-80.7%
Funds and SICAVs	208	217	-9	-4.1%
GPF/GPM	-110	290	-400	-137.9%
Total insurance products	506	746	-240	-32.2%
Total assets under administration and custody	-25	-607	582	-95.9%
Total assets placed by the network	579	646	-67	-10.4%

At the end of May 2011, Banca Generali Group also remained among the top five competitors on the market in terms of assets under management.

TOTAL ASSETS — ASSORETI — 233 billion euros

May 2011, € billion



Source: Assoreti.

The following table provides a summary of Group assets, updated through June 2011, illustrating their composition by macro-aggregate and providing a comparison with the figures as of December 2010. These assets refer to the Assoreti market, and therefore to the Financial Advisor operating area.

The change in assets for the period was 0.5%, reflecting approximately 6% growth in the insurance segment while the asset management segment decreased by approximately 3%. This decrease was largely attributable to the difficult market situation prevailing in this first part of the year that influenced performances. Assets invested in securities under administration remained stable.

(€ million)	BG Group		Changes vs/	
	30/06/2011	31/12/2010	31/12/2010	
			Amount	%
Total assets under management	9,662	9,953	-291	-2.9%
Funds and SICAVs	6,500	6,585	-85	-1.3%
GPF/GPM	3,162	3,367	-206	-6.1%
Total insurance products	7,210	6,820	390	5.7%
Total assets under administration & custody	6,830	6,818	12	0.2%
Total assets placed by the network	23,702	23,590	111	0.5%

4. Group Indirect Inflows

The banking group's indirect inflows (not limited to the "Assoreti market") consist of funds raised through the sale of third-party and group products — asset management, insurance products and assets under administration and custody (securities portfolios) — to retail and corporate customers. In detail:

4.1 Asset Management and Insurance Products

Banking Group asset management products

In the asset management segment, in the first half of 2011 the banking group conducted wealth management operations through Bg SGR, Generali Fund Management and Bg Fiduciaria.

(€ million)	BG Group	BG Group	Changes vs/	
	30/06/2011	31/12/2010	31/12/2010	
			Amount	%
Funds and SICAVs	13,422	13,428	-6	0.0%
- attributable to the banking group GPF	972	1,045	-73	-7.0%
GPF/GPM	3,373	3,558	-185	-5.2%
Total assets managed by the banking group, net of discretionary accounts included in the GPF of the banking group	15,823	15,942	-118	-0.7%

The total assets of mutual funds managed by the Banking Group amounted to 13,422 million euros, including the role of fund manager of Alleanza funds and funds and SICAVs formed by third parties managed under mandate, as well as the total assets of the Luxembourg SICAVs, of which Generali Fund Management is the management company, even if a management mandate has been granted to third parties. Of this amount, 972 million euros are included in the Banking Group's portfolio management operations.

The total change is slightly negative, largely motivated by the reduction in individual portfolio management which suffered a decrease of 185 million euros, partly motivated by net outflows and partly by market performance.

Third-party asset management products

As part of its product brokerage and placement operations, the Group places third-party products in both the asset management and insurance areas.

Specifically, in the area of mutual funds formed under Italian law Banca Generali places the products of various companies, the most important of which are Eurizon Capital Sgr and Anima Sgr, in addition to Generali Group products. In the area of foreign UCITs, Banca Generali places the products of several international investment houses, of which those with the highest concentration of investment are JP Morgan, Julius Baer, BlackRock Merrill Lynch, Morgan Stanley, Pictet, Invesco, Fidelity and Schroeder.

The total value of third-party asset management products at the end of June was 1,539 million euros, down 5% compared to 31 December 2010.

In the interest of an accurate measurement of the assets diversified across third-party products, it should be noted that during the year, in a manner similar to the situation that occurred in 2009 and 2010, there was considerable development of investments in the Luxembourg umbrella fund-of-funds BG Selection (5.7 billion euros), which is promoted directly by the Group, but invests almost exclusively in third-party products. As a further confirmation of the multi-management approach of the product, over time, 21 single-brand sub-funds were launched (out of 39 total) which were placed under the direct management of major international investment companies — by using their own brand and through management mandates —, thereby significantly broadening the management diversification of managed portfolios held by Bank customers.

Accordingly, in the funds and SICAV sector, the diversification of assets achieved through third-party products, whether directly or indirectly through the fund-of-funds BG Selection, represents about 94% of retail customers' total investments.

(€ million)	BG Group	BG Group	Changes vs/	
	30/06/2011	31/12/2010	31/12/2010	
	0		Amount	%
Funds and SICAVs	1,539	1,620	-81	-5.0%
GPF/GPM	27	27	0	0.0%
Total third-party asset management products	1,566	1,647	-81	-4.9%

Third-party insurance products

Investments in insurance products and pension assets mainly came through life products and unit-linked policies of Genertel Life (formerly "La Venezia Assicurazioni"). At the end of June 2011, assets amounted to 7,210 million euros, with a growth of 5.7%, net of maturities, compared to December 2010. After achieving excellent results in 2009 and 2010, the segment confirmed its remarkable growth, which resulted in part from the launch of special insurance policies with particularly competitive features.

(€ million)	BG Group	BG Group	Changes vs/	
	30/06/2011	31/12/2010	31/12/2010	
	0		Amount	%
Insurance products (unit linked, policies, etc)	7,210	6,820	390	5.7%
Total third-party insurance products	7,210	6,820	390	5.7%

4.2 Assets Under Administration and Custody

Indirect inflows of assets under administration and custody consist of securities deposited by retail and corporate customers for custody and administration in portfolios opened with the Parent Company Banca Generali. At 30 June 2011, the market value was 5,904 million euros, compared to 5,727 million euros at year-end 2010 (3.1%).

Net of inflows relating to Captive and Corporate Clients, indirect inflows at market values grew by 162 million euros.

(€ million)	BG Group	BG Group	Changes vs/	
	30/06/2011	31/12/2010	31/12/2010	
			Amount	%
Indirect inflows of assets under administration and custody of the banking group (market value)	5,904	5,727	178	3.1%
<i>of which securities portfolios of the Generali group's clients</i>	684	669	15	2.3%
<i>of which other customer's securities portfolios</i>	5,220	5,058	162	3.2%

5. Operating Result and Performance of the Main Equity Aggregates

5.1 Profit and loss results

Consolidated net equity of the Group for the first half of 2011 continues to be significant and despite the high market volatility, it reached 37.4 million euros.

(€ thousand)	30/06/2011	30/06/2010	Change	
			Amount	%
Net interest	21,494	22,354	-860	-3.8%
Net commissions	100,071	106,905	-6,834	-6.4%
Dividends	57,667	44,412	13,255	29.8%
Net result from banking operations	-51,853	-31,036	-20,817	67.1%
Net operating income	127,379	142,635	-15,256	-10.7%
Staff expenses	-34,304	-33,808	-496	1.5%
Other general and administrative expense	-40,768	-43,311	2,543	-5.9%
Net adjustments of property, equipment and intangible assets	-1,911	-2,002	91	-4.5%
Other operating expense/income	5,774	5,955	-181	-3.0%
Net operating expense	-71,209	-73,166	1,957	-2.7%
Operating profit	56,170	69,469	-13,299	-19.1%
Net adjustments for non-performing loans	-448	-1,509	1,061	-70.3%
Net adjustments of other assets	-1,221	-667	-554	83.1%
Net provisions	-9,889	-20,892	11,003	-52.7%
Gain (loss) from equity investments	0	0	0	n.a.
Operating profit before taxation	44,612	46,401	-1,789	-3.9%
Income taxes for the period on current operations	-5,038	-869	-4,169	479.7%
Profit (loss) from non-current discontinued operations, net of tax	0	0	0	n.a.
Profit (loss) for the year attributable to minority interests	-2,159	-1,836	-323	17.6%
Net profit	37,415	43,696	-6,281	-14.4%

Net operating income amounted to 127.4 million euros, down 15.2 million euros (-10.7%) compared to the same period of the previous year.

The reduction regarded particularly non-recurring components of this aggregate, which were influenced by the high market volatility:

- The result of banking operations showed a decrease by 7.6 million euros (-56.5%) compared to the high levels reached in the first half of 2010;
- with regard to aggregate commissions, performance fees posted a drastic reduction of 17.2 million euros (-77.0%).

Against this background, however, it is noteworthy that the commissions aggregate remained stable while also posting a significant qualitative improvement of its components, due to the significant increase in management fees (+24.6 million euros), related to the growth over time of the volume and quality of assets.

Net operating expense amounted to 71.2 million euros, down by 2.7% compared to the same period of the previous year.

Consolidated operating profit amounted to 56.2 million euros, a decrease of 13.3 million euros compared to the same period in the previous year (-19.1%).

The **cost/income ratio**, used to calculate the percentage weight of operating costs, gross of adjustments of property, equipment and intangible assets with respect to net operating income, slightly worsened from 49.9% to 54.4%.

Adjustments and provisions amounted to 11.6 million euros, down by almost 50% (-11.5 million euros); as a result, **consolidated operating profit** before tax stood at 44.6 million euros, only slightly down compared to the first half of last year.

Finally **net profit for the period** was 37.4 million euros, down from 43.7 million recorded at 30 June 2010, primarily due to non-recurring tax benefits recorded in the previous year as a result of the redemption of intangibles resulting from the merger of the subsidiary Banca del Gottardo Italia.

Quarterly Evolution of the Profit & Loss Account

(€ thousand)	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Net interest	10,424	11,070	10,525	10,370	11,439	10,915
Net commissions	48,698	51,373	46,965	44,109	55,774	51,131
Dividends	57,656	11	17,557	12,021	44,412	0
Net result from banking operations	-54,338	2,485	-15,082	-14,712	-40,478	9,442
Net operating income	62,440	64,939	59,965	51,788	71,147	71,488
Staff expenses	-17,294	-17,010	-14,982	-15,504	-17,073	-16,735
Other general and administrative expense	-22,598	-18,170	-13,240	-19,860	-22,950	-20,361
Net adjustments of property, equipment and intangible assets	-959	-952	-1,086	-1,014	-1,106	-896
Other operating expense/income	4,233	1,541	1,055	1,776	3,999	1,956
Net operating expense	-36,618	-34,591	-28,253	-34,602	-37,130	-36,036
Operating profit	25,822	30,348	31,712	17,186	34,017	35,452
Net adjustments for non-performing loans	-458	10	-765	355	-637	-872
Net adjustments of other assets	-1,151	-70	-1,664	-59	-426	-241
Net provisions	-4,567	-5,322	-825	2,520	-9,336	-11,556
Gain (loss) from equity investments	0	0	0	0	0	0
Operating profit before taxation	19,646	24,966	28,458	20,002	23,618	22,783
Income taxes for the period on current operations	-1,296	-3,742	-5,018	-2,623	2,459	-3,328
Profit (loss) from non-current discontinued operations, net of tax	0	0	0	0	0	0
Profit (loss) for the year attributable to minority interests	-955	-1,204	-1,281	-1,027	-1,198	-638
Net profit	17,395	20,020	22,159	16,352	24,879	18,817

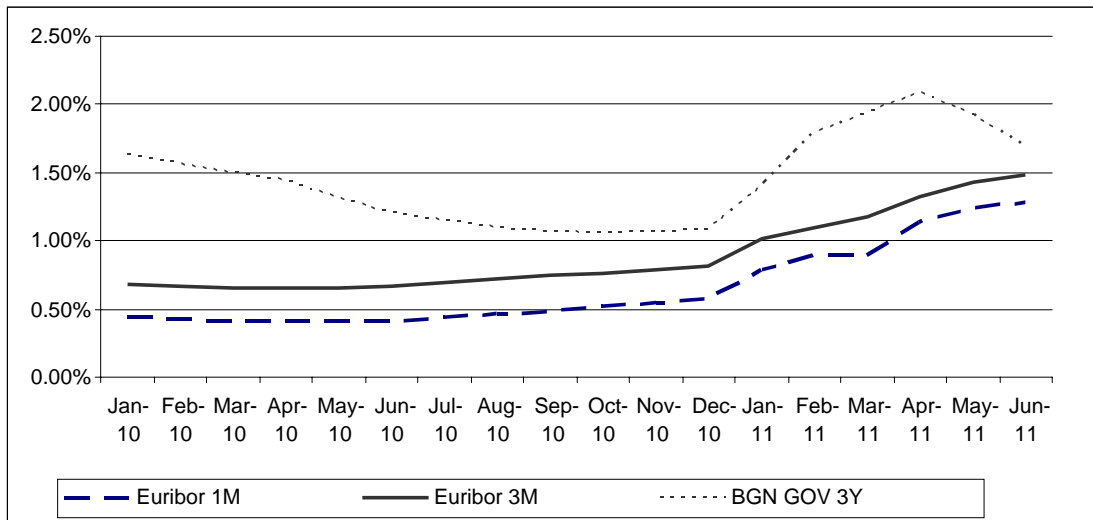
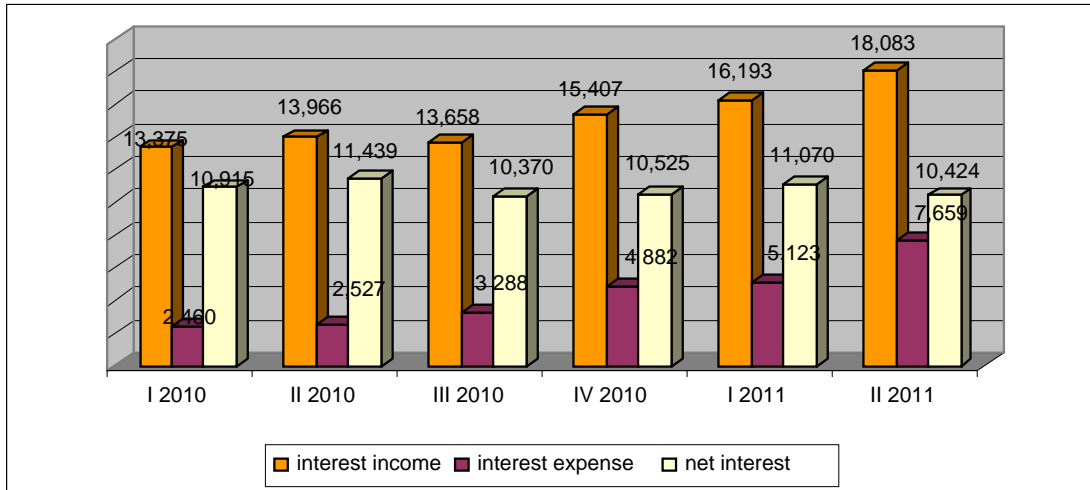
5.1.1. Net Interest

Net interest amounted to 21.5 million euros, slightly decreasing compared to the same period of the previous year (-3.8%).

(€ thousand)	30/06/2011	30/06/2010	Change	
			Amount	%
Financial assets held for trading	307	2,195	-1,888	-86.0%
AFS financial assets	15,316	10,181	5,135	50.4%
Financial assets held to maturity	7,071	6,368	703	11.0%
Financial assets classified among loans	2,831	2,137	694	32.5%
Total financial assets	25,525	20,881	4,644	22.2%
Loans to banks	1,630	1,320	310	23.5%
Loans to customers	7,106	5,134	1,972	38.4%
Other assets	15	6	9	150.0%
Total interest income	34,276	27,341	6,935	25.4%
Due to banks	603	77	526	683.1%
Due to customers and securities issued	8,603	4,193	4,410	105.2%
Repurchase agreements - banks	3,237	412	2,825	685.7%
Repurchase agreements - customers	320	305	15	4.9%
Other liabilities	19	0	19	n.a.
Total interest expense	12,782	4,987	7,795	156.3%
Net interest	21,494	22,354	-860	-3.8%

Given stable volumes of interest bearing loans compared to the first half of 2010, interest income increased by 6.9 million euros (+ 25.4%) entirely attributable to the growth in market interest rates. However, this trend was offset by a very high cost of inflows (+7.8 million euros or 156.3%), due to the combined effect of many factors, including:

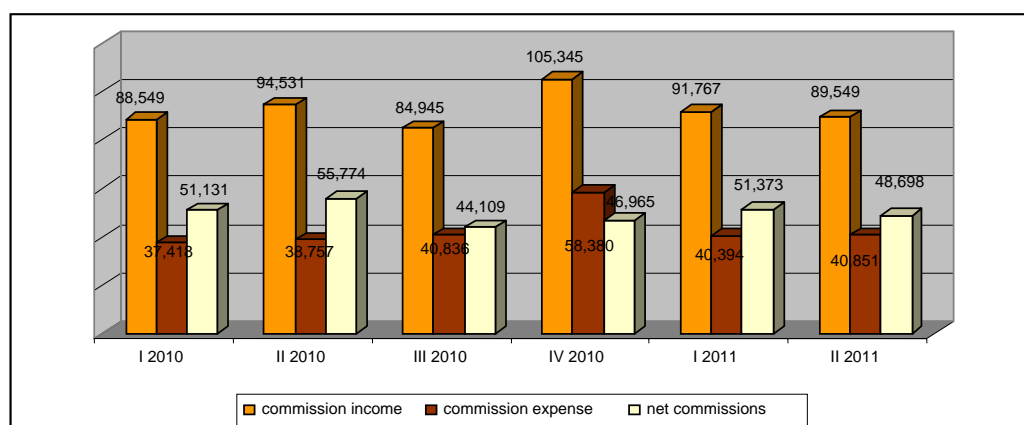
- the greater responsiveness to higher interest rates of fund raising costs compared to the profitability of loans, constrained by the portion of fixed income portfolio and the longer time required for adjusting coupons on floating rate securities;
- the steady increase over the first half of 2010 of the weight of interbank funding characterised by higher costs.



5.1.2 Net Commissions

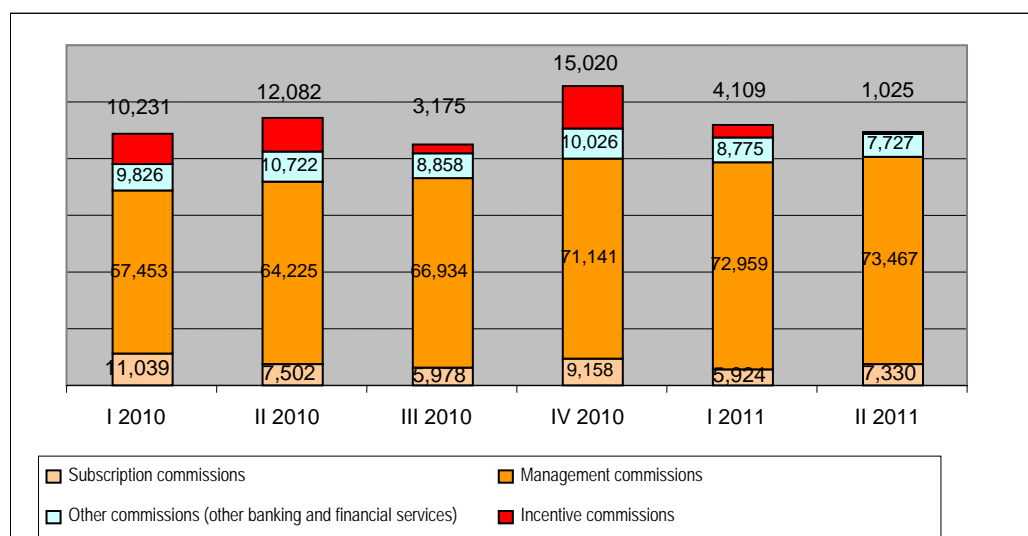
The commissions aggregate stood at 100.1 million euros, decreasing compared to the first half of 2010 (-6.4%), and may be broken down as follows.

(€ thousand)	30/06/2011	30/06/2010	Change	
			Amount	%
Asset management	117,667	114,756	2,911	2.5%
Placement of securities	16,026	20,308	-4,282	-21.1%
Distribution of third-party fin. products	31,121	27,468	3,653	13.3%
Trading and securities custody commissions	13,159	17,354	-4,195	-24.2%
Other services	3,343	3,194	149	4.7%
Total commission income	181,316	183,080	-1,764	-1.0%
Commissions for external offer	69,548	63,807	5,741	9.0%
Dealing in securities and custody	2,605	4,480	-1,875	-41.9%
Asset management	8,157	5,869	2,288	39.0%
Other services	935	2,019	-1,084	-53.7%
Total commission expense	81,245	76,175	5,070	6.7%
Net commissions	100,071	106,905	-6,834	-6.4%



Total **commission income** stood at the same level recorded at the end of the first half of 2010 (-1%) due to strong growth in management fees (+20.3%) which absorbed both the significant slowdown in non-recurring performance commissions (-77.0%) and the lower contribution of underwriting commissions (-27.9%) and commissions on other banking and financial services.

(€ thousand)	30/06/2011	30/06/2010	Change	
			Amount	%
Underwriting commissions	13,362	18,541	-5,179	-27.9%
Management commissions	146,318	121,678	24,640	20.3%
Incentive commissions	5,134	22,313	-17,179	-77.0%
Other commissions (other banking and financial services)	16,502	20,548	-4,046	-19.7%
Total	181,316	183,080	-1,764	-1.0%



Commission expense amounted to 81.2 million euros and increased by 5.1 million euros compared to the same period of 2010 (+6.7%).

This figure includes 11.3 million euros for commissions incurred by GFM in relation to the management of Generali Group foreign funds, up 2.0 million euros over the first half of 2010.

Excluding these items, the Group pay-out ratio amounted to 43.3% (without considering performance fee income), down from the 45.1% figure reported at the end of the first half of 2010.

(€ thousand)	30/06/2011	30/06/2010	Change	
			Amount	%
Front-end commissions	9,006	11,730	-2,724	-23.22%
Management commissions	58,631	48,657	9,974	20.50%
Incentive commissions	2,898	2,335	563	24.11%
Other commissions	10,710	13,453	-2,743	-20.39%
Total	81,245	76,175	5,070	6.66%

Commissions from **the solicitation of investment and asset management** of households amounted to 164.8 million euros, with an increase of 2.3 million euros compared to the same period in the previous year.

(€ thousand)	30/06/2011	30/06/2010	Change	
			Amount	%
Asset management, own				
1. Collective asset management (UCITs, pension funds)	84,985	84,909	76	0.1%
2. Collective asset management of the Generali Group	14,812	11,392	3,420	30.0%
3. Individual asset management	17,870	18,455	-585	-3.2%
Commissions on asset management	117,667	114,756	2,911	2.5%
1. Placement of third-party UCITs	13,443	15,765	-2,322	-14.7%
2. Bond placement	2,583	4,093	-1,510	-36.9%
3. Other placement operations	-	450	-450	-100.0%
4. Distribution of third-party asset management products (GPM/GPF, pension funds)	190	170	20	11.8%
5. Distribution of third-party insurance products	30,593	26,202	4,391	16.8%
6. Distribution of other third-party financial products	338	1,096	-758	-69.2%
Placement and distribution of third-party products	47,147	47,776	-629	-1.3%
Asset management commissions earned	164,814	162,532	2,282	1.4%

At the end of the half-year characterised by substantially stable income from the Group's collective asset management operations, the contribution of management commissions on funds distributed by Generali Group management companies was noteworthy, mainly resulting from the activities of the merged company GIL, with an increase of 3.4 million euros compared to the same period of the previous year (+30.0%).

By contrast, in the area of revenue generated by the placement and distribution of third party services, the distribution of insurance products continued to grow (+16.8%) reflecting the market success of new products of GenertelLife.

Other net commissions from banking services offered to customers include trading, order receipt and custody and administration commissions, in addition to commissions charged to customers for account-keeping expenses and other services. This aggregate stood at 13.0 million euros, down 7.7% over the same period last year, due to the slowdown in trading and order receipt.

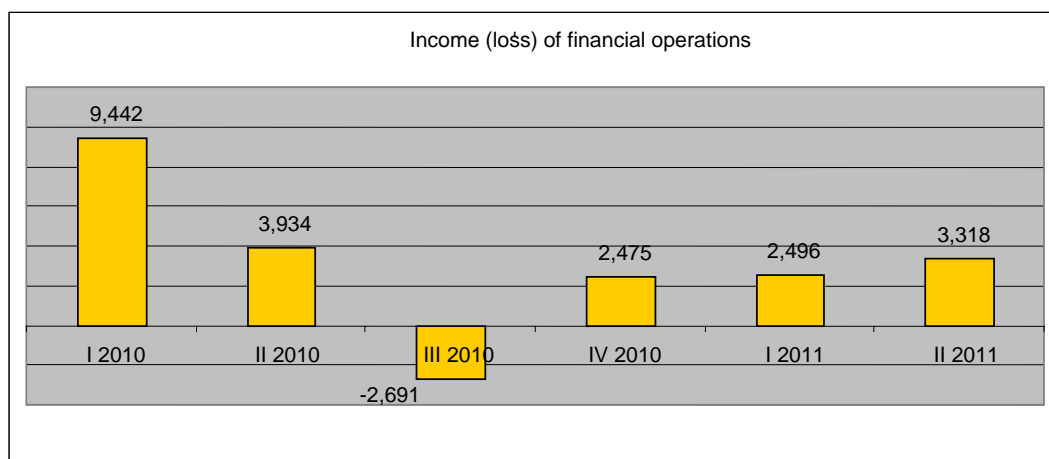
The significant drop in order receipt, however, was mainly due to the activation of direct trading on behalf of third parties on all major international markets on which the bank institutional clients operate, which was completed at the end of the first half of 2010.

(€ thousand)	30/06/2011	30/06/2010	Change	
			Amount	%
Dealing in securities and currencies	8,616	3,805	4,811	126.4%
Order collection, custody, and securities administration	4,543	13,549	-9,006	-66.5%
Collection and payment services	855	981	-126	-12.8%
Commission income	1,369	1,391	-22	-1.6%
Other services	1,119	822	297	36.1%
Total traditional banking operations	16,502	20,548	-4,046	-19.7%
Trading and custody services	-2,605	-4,480	1,875	-41.9%
Collection and payment services	-443	-381	-62	16.3%
Other services	-492	-1,638	1,146	-70.0%
Total commission expense	-3,540	-6,499	2,959	-45.5%
Net commissions	12,962	14,049	-1,087	-7.7%

5.1.3 Net income from trading and financial operations

The net result of financial operations is composed of the result of financial asset and liability trading, net gains (losses) from the disposal of financial assets allocated to the AFS portfolio and other portfolios valued at amortised cost (AFS, HTM, Loans), from the related dividends and any result of hedging.

(€ thousand)	30/06/2011	30/06/2010	Change	
			Amount	%
Dividends from trading	57,128	43,981	13,147	29.9%
Trading of financial assets and equity derivatives	-54,062	-42,719	-11,343	26.6%
Trading of financial assets and derivatives on debt securities and interest rates	675	-1,512	2,187	-144.6%
Trading of UCIT units	-162	88	-250	-284.1%
Securities transactions	3,579	-162	3,741	-2309.3%
Currency and currency derivative transactions	-21	1,826	-1,847	-101.2%
Net profit from trading operations	3,558	1,664	1,894	113.8%
Dividends from AFS assets	539	431	108	25.1%
Gains/(losses) on equity securities	20	70	-50	-71.4%
Gains/(losses) on AFS and HTM debt securities and loans	1,697	11,211	-9,514	-84.9%
Income (loss) of financial operations	5,814	13,376	-7,562	-56.5%



At the end of the first half of 2011, the aggregate presented a positive contribution of 5.8 million euros, down from the 13.4 million euros reported in the same period of the previous year.

Net profit on assets classified as HFT amounted to 3.6 million euros (+1.9 million euros), whereas the net profit on the sale of securities classified as AFS and in other portfolios valued at amortised cost amounted to 2.3 million euros (down 11.7 million euros compared to the first half of 2010).

With regard to trading activity, the second quarter of 2011 was marked by the execution of equity swap transactions on equity securities traded on the domestic market, aimed at achieving margins through the purchase and sale of equities at the ex-dividend date.

These transactions, which led to a gain of 2.4 million euros, were executed without assuming risk positions as equity positions in the portfolio were closely hedged by negotiating futures contracts on regulated markets.

(€ thousand)	Net profit and dividends	Capital gains	Losses	Capital losses	Net result 30/06/2011	Net result 30/06/2010
1. Debt securities transactions	58	8	14	226	-174	139
2. Equity securities transactions	564	161	21	46	658	-357
Equity securities	395	161	10	46	500	-504
Dividends	115	0	0	0	115	36
Options on equity securities	54	0	11	0	43	111
3. Par Asset Swaps	917	0	0	0	917	-714
Debt securities	764	0	0	0	764	440
Asset swaps	153	0	0	0	153	-1,154
4. Equity swaps	91,118	0	87,615	1,095	2,408	1,619
Equity securities	0	0	84,559	1,095	-85,654	-82,539
Dividends	57,013	0	0	0	57,013	43,945
Futures and total return swaps OTC	34,105	0	3,056	0	31,049	40,213
5. UCITs unit transactions	265	132	1	558	-162	88
6. Interest Rate Swaps (IRS)	313	93	474	0	-68	-937
7. Currency transactions	63	0	84	0	-21	1,826
Derivatives	63	0	48	0	15	-110
Exchange gains and losses	0	0	36	0	-36	1,936
Result from trading	93,298	394	88,209	1,925	3,558	1,664

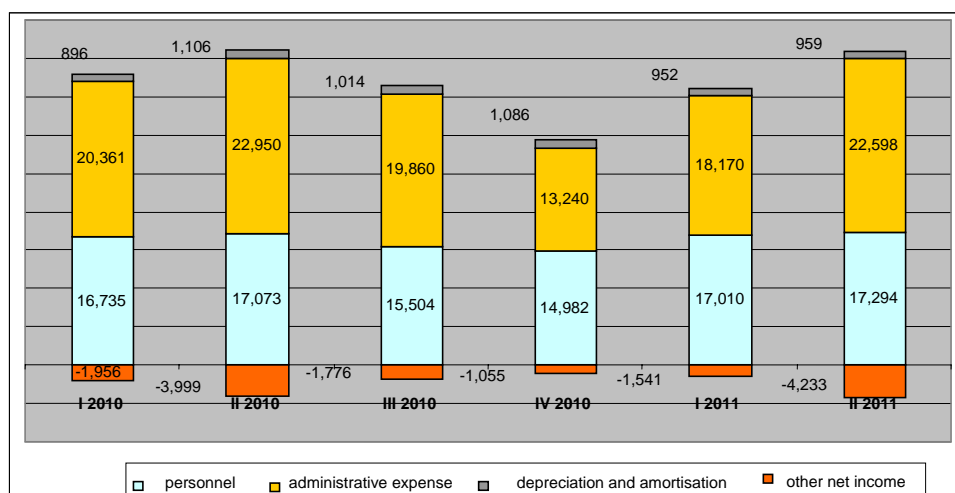
The net profit from sales of securities not classified as held for trading refers primarily to the portfolio of available-for-sale (AFS) assets and includes profits deriving from the disposal of Lehman bonds, which became impaired in 2008.

(€ thousand)	Gains	Losses	Transfer of reserves	30/06/2011	30/06/2010	Change
Financial assets available for sale	2,230	-75	-895	1,260	9,191	-7,931
Debt securities	2,210	-75	-895	1,240	9,121	-7,881
Equity securities	20	0	0	20	70	-50
Financial assets classified among loans	510	-93	0	417	1,671	-1,254
Financial assets held to maturity	70	-30	0	40	419	-379
Total	2,810	-198	-895	1,717	11,281	-9,564

5.1.4 Operating expenses

Operating expenses, including staff expenses, other general and administrative expense, amortisation and depreciation and other operating income and expenses amounted to 71.2 million euros, down by 2.0 million euros compared to the same period of 2010 (- 2.7%).

(€ thousand)	30/06/2011	30/06/2010	Change	
			Amount	%
Staff expenses	34,304	33,808	496	1.47%
Other general and administrative expense	40,768	43,311	- 2,543	-5.87%
Net adjustments of property, equipment and intangible assets	1,911	2,002	- 91	-4.55%
Other income and expenses	- 5,774	- 5,955	181	-3.04%
Operating expense	71,209	73,166	- 1,957	-2.67%



Staff expenses, including full-time employees, interim staff and directors amounted to 34.3 million euros, up by 0.5 million euros (+1.5%) compared to the first half of 2010.

The group's salaried employees at 30 June 2011 were 779, in line with the average and end of period headcount recorded at the end of the same period of the previous year and reporting a slight increase of 7 units compared to the end of 2010.

	30/06/2011	30/06/2010	Change		Average Q2 2011	Average Q2 2010
			Amount	%		
Managers	52	50	2	4.0%	51	52
3rd and 4th level executives	120	125	-5	-4.0%	122	123
Other employees	607	604	3	0.5%	603	602
Total	779	779	0	0.0%	776	776

Other **general and administrative expense** amounted to 40.8 million euros, down by 2.5 million euros (-5.9%), compared to the previous year.

(€ thousand)	30/06/2011	30/06/2010	Change	
			Amount	%
Administration	5,953	6,345	-392	-6.2%
Advertising	2,155	2,045	110	5.4%
Consultancy and professional advice expense	1,567	2,354	-787	-33.4%
Audit	285	361	-76	-21.1%
Other general costs (insur.; T&E)	1,946	1,585	361	22.8%
Operations	13,999	15,962	-1,963	-12.3%
Rent and usage of premises	7,261	8,116	-855	-10.5%
Outsourced services	2,215	2,468	-253	-10.3%
Post and telephone	1,216	1,384	-168	-12.1%
Print material and contracts	369	618	-249	-40.3%
Other operating expenses	2,938	3,376	-438	-13.0%
Information system and equipment	15,402	16,783	-1,381	-8.2%
Outsourced IT services	9,754	11,761	-2,007	-17.1%
Fees for financial databases and other IT services	2,582	2,288	294	12.8%
Software maintenance and servicing	2,357	1,839	518	28.2%
Other expenses (equipment rental, maintenance, etc.)	709	895	-186	-20.8%
Taxes and duties	5,414	4,221	1,193	28.3%
Total other general and administrative expense	40,768	43,311	-2,543	-5.9%

5.1.5 Provisions and adjustments

Net allocations to provisions amounted to 9.9 million euros, down by 11.0 million euros compared to the previous year (-52.7%), primarily due to the lesser provisions for incentives for the sales network and discretionary personnel incentives.

In detail, provisions of 6.6 million euros mainly include commission charges mainly related to half-yearly incentive plans currently being accrued (4.2 million euros) and short- and medium-term incentive programs connected to the expansion of the sales network.

Amounts allocated to the provisions for liabilities and charges for staff expenses refer instead to the estimated costs resulting from the renewal of the national contract and are fully offset by the reversal to profit and loss of sales incentives not allocated in the previous year.

(€ thousand)	30/06/2011	30/06/2010	Change	
			Amount	%
Provision for staff expenses	- 105	1,980	- 2,085	-105.3%
Provisions for legal disputes	1,745	1,239	506	40.8%
Provision for incentive fees	6,582	16,683	- 10,101	-60.5%
Provisions for termination indemnity and over fees	1,702	990	712	71.9%
Other provisions for risks and charges	- 35	-	35	n.a.
Total	9,889	20,892	- 11,003	-52.7%

Impairment amounted to 1.7 million euros, down from 2.2 million recorded at the end of the first half of 2010 due to lower write-downs related to receivables not arising from lending operations.

Financial assets adjustments amounted to 1.9 million euros (+ 0.6 million euros) of which 0.5 million euros refer to write-downs, primarily related to equity securities in the AFS portfolio already subject to impairment in prior years and 1.4 million euros refer to write-downs to cover portfolios of debt securities classified as receivables (L&R) and held to maturity (HTM) and aimed at offsetting potential losses.

No significant critical issues were instead identified with regard to receivables not arising from lending operations, consisting primarily of commission advances to former financial advisors and in the traditional sector of loans to customers.

(€ thousand)	Adjustments	Reversals	30/06/2011		
			30/06/2011	30/06/2010	Changes
Specific adjustments/reversals	-656	139	-517	-2,176	1,659
Debt securities (AFS, HTM, Loans)	-13	100	87	-560	647
Equity securities	-568	0	-568	-667	99
Operating loans	-75	39	-36	-896	860
Non-performing loans of the bank portfolio	0	0	0	-53	53
Portfolio adjustments/reversals	-1,514	362	-1,152	0	-1,152
Debt securities (Loans, HTM)	-1,514	120	-1,394	0	-1,394
Performing loans of the banking portfolio	0	242	242	0	242
Total	-2,170	501	-1,669	-2,176	507

5.1.6 Taxes

Current and deferred **income taxes** for the period were estimated in 5.0 million euros, increasing over the same period of the last year, benefitting from the non-recurring effects of the redemption of goodwill and intangibles resulting from the merger of Banca del Gottardo Italia.

In the first half of 2011, the share of goodwill transferred in 2010 to the subsidiary BG SGR SpA was also subject to redemption, with a positive impact on the overall tax burden of 1.0 million euros.

The tax burden also took into account the 0.75% IRAP (Regional business tax) increase introduced for the banking sector by Decree Law 78/2011, which resulted in a net benefit of 0.7 million euros as a result of the write-up of deferred tax assets recognised in the financial statements.

Excluding these effects, the group's consolidated tax rate stood at 15%, in line with the corresponding period of the previous year.

Taxes for the year, net of the redemption effect	30/06/2011	30/06/2010	Change	
			Amount	%
Substitute tax for goodwill redemption	-592	-5,984	5,392	-90.1%
Prepaid taxes related to goodwill redemption	1,631	9,845	-8,214	-83.4%
Deferred taxes related to intangibles redemption	0	2,431	-2,431	-100.0%
Net effect of redemption	1,039	6,292	-5,253	-83.5%
Current taxes for the year	-6,817	-10,082	3,265	-32.4%
Prior period taxes	-359	-529	170	-32.1%
Changes of prepaid taxation (+/-)	1,142	3,483	-2,341	-67.2%
Changes of deferred taxation (+/-)	-43	-33	-10	30.3%
Taxes for the year	-6,077	-7,161	1,084	-15.1%
Total	-5,038	-869	-4,169	479.7%

5.1.7 Net Result for the Period and Earnings per Share

Profit for the period attributable to minority interests amounted to 2.2 million euros and refers to the minority interest in GFM held by the Assicurazioni Generali insurance group.

The first half of 2011 ended with a consolidated net profit of 37.4 million euros. Net basic earnings per share currently being accrued decreased from 39.4 eurocents to 33.6 eurocents.

	30/06/2011	30/06/2010	Change	
			Amount	%
Net profit for the year (€ thousand)	37,415	43,696	-6,281	-14.4%
Net profit attributable to ordinary shares	37,415	43,696	-6,281	-14.4%
Average number of outstanding shares	111,433	110,854	579	0.5%
EPS - Earnings per Share (euro)	0,336	0,394	-0,058	-14.8%
Average number of outstanding shares				
Diluted capital	114,531	115,947	-1,415	-1.2%
EPS - Diluted earnings per share (euro)	0,327	0,377	-0,050	-13.3%

5.1.8 Comprehensive Income

The Group's comprehensive income, which consists of net profit and all components that contribute to the Company's performance without being reflected in the profit and loss account, amounted to 43.5 million euros, up from the 34.1 million euros reported at the end of the same period in the previous year, due to the uptrend in valuation reserves for financial assets available for sale (+15.7 million euros), and the decrease in net profit for the year (-6.3 million euros).

The net increase in valuation reserves in the first half of 2011, which amounted to 6.1 million euros, consisted of an improvement in fair value mainly relating to the bond component of the AFS portfolio of 6.4 million euros and the release of 2.2 million euros to the profit and loss account due to the realisation and impairment of pre-existing net negative reserves.

The net negative tax effect relating to such changes was estimated to amount to 2.5 million euros.

<i>(€ thousand)</i>	30/06/2011	30/06/2010	Change	
			Amount	%
Net profit (loss)	37,415	43,696	-6,281	-14.4%
Other income net of income taxes				
AFS assets	6,078	-9,586	15,664	-163.4%
Total other income, net of taxes	6,078	-9,586	15,664	-163.4%
Comprehensive income	43,493	34,110	9,383	27.5%

5.2 Performance of the Main Financial and Equity Aggregates

At the end of the first half of 2011, total consolidated assets amounted to 3.8 billion euros while core loans totalled 3.6 billion euros, with a modest increase compared to the end of 2010 (+1.5 %).

Total direct inflows from customers stood at 2.8 billion euros, reporting a slight decrease compared to 2010 (-4.8%) fully offset by the increase in the interbank debt position (+34.3%) that reached 0.6 billion euros.

Assets (€ thousand)	30/06/2011	31/12/2010	Change	
			Amount	%
Financial assets held for trading	61,000	119,952	-58,952	-49.1%
AFS financial assets	1,640,036	1,533,275	106,761	7.0%
Financial assets held to maturity	529,644	608,118	-78,474	-12.9%
Loans to banks	519,638	475,597	44,041	9.3%
Loans to customers	892,350	852,038	40,312	4.7%
Property, equipment and intangible assets	53,020	53,269	-249	-0.5%
Tax receivables	60,731	71,040	-10,309	-14.5%
Other assets	96,684	94,599	2,085	2.2%
Total assets	3,853,103	3,807,888	45,215	1.2%

Net Equity and Liabilities (€ thousand)	30/06/2011	31/12/2010	Change	
			Amount	%
Due to banks	605,108	450,431	154,677	34.3%
Due to customers	2,771,002	2,910,878	-139,876	-4.8%
Financial liabilities held for trading	774	6,502	-5,728	-88.1%
Tax payables	18,724	18,336	388	2.1%
Other liabilities	129,771	82,763	47,008	56.8%
Special purpose provisions	62,386	57,759	4,627	8.0%
Valuation reserves	-17,634	-23,712	6,078	-25.6%
Reserves	125,974	105,400	20,574	19.5%
Additional paid-in capital	3,109	0	3,109	n.a.
Share capital	111,662	111,363	299	0.3%
Treasury shares (-)	-248	-660	412	-62.4%
Minority interests	5,060	6,621	-1,561	-23.6%
Net profit (loss) for the year (+/-)	37,415	82,207	-44,792	-54.5%
Total Net Equity and Liabilities	3,853,103	3,807,888	45,215	1.2%

Quarterly Evolution of Consolidated Balance Sheet

Assets (€ thousand)	30/06/2011	31/03/2011	31/12/2010	30/09/2010	30/06/2010	31/03/2010	31/12/2009
Financial assets held for trading	61,000	163,384	119,952	231,614	299,958	234,252	219,029
AFS financial assets	1,640,036	1,606,598	1,533,275	1,505,018	1,389,236	1,348,260	1,482,281
Financial assets held to maturity	529,644	566,830	608,118	584,815	606,797	631,759	666,074
Loans to banks	519,638	464,427	475,597	512,647	455,346	583,155	641,697
Loans to customers	892,350	859,164	852,038	798,162	774,520	735,016	783,170
Equity investments	0	0	0	0	0	0	0
Property, equipment and intangible assets	53,020	52,665	53,269	53,217	54,130	55,050	55,914
Tax receivables	60,731	65,486	71,040	72,095	63,019	49,785	50,209
Other assets	96,684	100,439	94,599	105,120	116,218	110,416	89,742
Total assets	3,853,103	3,878,993	3,807,888	3,862,688	3,759,224	3,747,693	3,988,116

Net Equity and Liabilities (€ thousand)	30/06/2011	31/03/2011	31/12/2010	30/09/2010	30/06/2010	31/03/2010	31/12/2009
Due to banks	605,108	612,939	450,431	471,229	454,627	287,121	148,114
Due to customers	2,771,002	2,740,307	2,910,878	2,836,116	2,790,942	2,917,125	3,368,401
Financial liabilities held for trading	774	6,194	6,502	7,104	6,941	11,182	494
Tax payables	18,724	20,741	18,336	18,211	19,138	17,831	16,203
Other liabilities	129,771	119,962	82,763	201,378	172,095	169,416	136,138
Special purpose provisions	62,386	61,791	57,759	57,938	63,210	57,329	50,285
Valuation reserves	-17,634	-10,889	-23,712	-10,465	-11,188	-2,055	-1,602
Reserves	125,974	187,103	105,400	83,401	86,299	136,662	73,245
Additional paid-in capital	3,109	2,086	0	21,718	22,309	22,309	22,309
Share capital	111,662	111,574	111,363	111,329	111,313	111,313	111,313
Treasury shares (-)	-248	-660	-660	-660	-4,471	-4,471	-4,471
Minority interests	5,060	7,825	6,621	5,341	4,313	5,114	4,476
Net profit (loss) for the year (+/-)	37,415	20,020	82,207	60,048	43,696	18,817	63,211
Total Net Equity and Liabilities	3,853,103	3,878,993	3,807,888	3,862,688	3,759,224	3,747,693	3,988,116

5.2.1 Direct inflows from customers

Total direct inflows from customers amounted to 2,771.0 million euros, marking a decrease of 139.9 million euros compared to 31 December 2010.

The decrease was primarily driven by the transfer accounts segment (-136.8 million euros) and was attributable, in the retail segment, to investment by customers in asset management products.

Captive inflows, deriving from the parent company, Assicurazioni Generali, and that group's Italian and international subsidiaries, amounted to 851.4 million euros, substantially in line with the balance at 2010, accounting for 30.7% of total inflows.

(€ thousand)	30/06/2011	31/12/2010	Change	
			Amount	%
Transfer accounts	2,524,351	2,661,113	-136,762	-5.1%
Repurchase agreements	63,706	67,469	-3,763	-5.6%
Debit balance AUM current accounts	0	0	0	n.a.
Term deposits	85,000	78,400	6,600	8.4%
Generali Versicherung subordinated loan	41,233	40,412	821	2.0%
Other debts	30,682	39,944	-9,262	-23.2%
Operating debts to sales network	26,030	23,351	2,679	11.5%
Certificates of deposit	0	189	-189	-100.0%
Total inflows from customers	2,771,002	2,910,878	-139,876	-4.8%

5.2.2 Core Loans

Core loans totalled 3,642.7 million euros, broken down as follows.

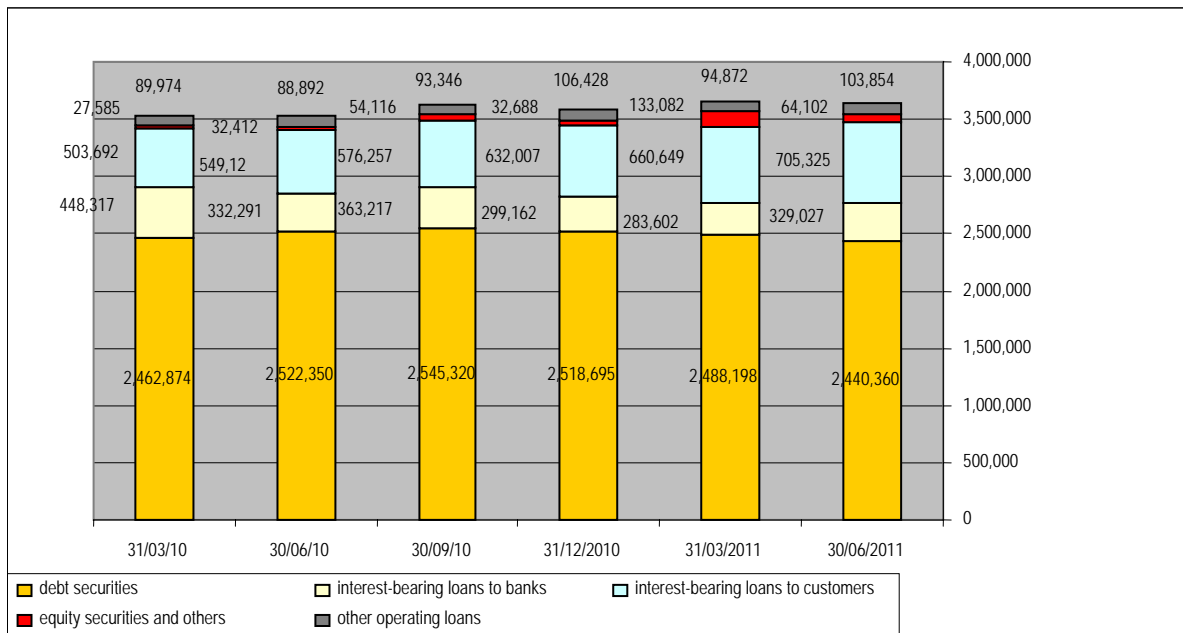
(€ thousand)	30/06/2011	31/12/2010	Change	
			Amount	%
Financial assets held for trading	61,000	119,952	-58,952	-49.1%
AFS financial assets	1,640,036	1,533,275	106,761	7.0%
Financial assets held to maturity (HTM)	529,644	608,118	-78,474	-12.9%
Financial assets classified among loans	273,782	290,039	-16,257	-5.6%
Financial assets	2,504,462	2,551,384	-46,922	-1.8%
Loans to banks	329,027	299,162	29,865	10.0%
Loans to customers	705,325	627,604	77,721	12.4%
Operating loans and other loans	103,854	110,830	-6,976	-6.3%
Total interest-bearing financial assets and loans	3,642,668	3,588,980	53,688	1.5%

In particular, the group's **financial assets** held for treasury and investment purposes and allocated to the various IAS portfolios, accounted for 68.7% of the aggregate and amounted to 2,504.5 million euros, posting a slight decline compared to the end of the previous year (-1.8%). This loss was offset by the increase in **loans** to customers and banks (+11.6%).

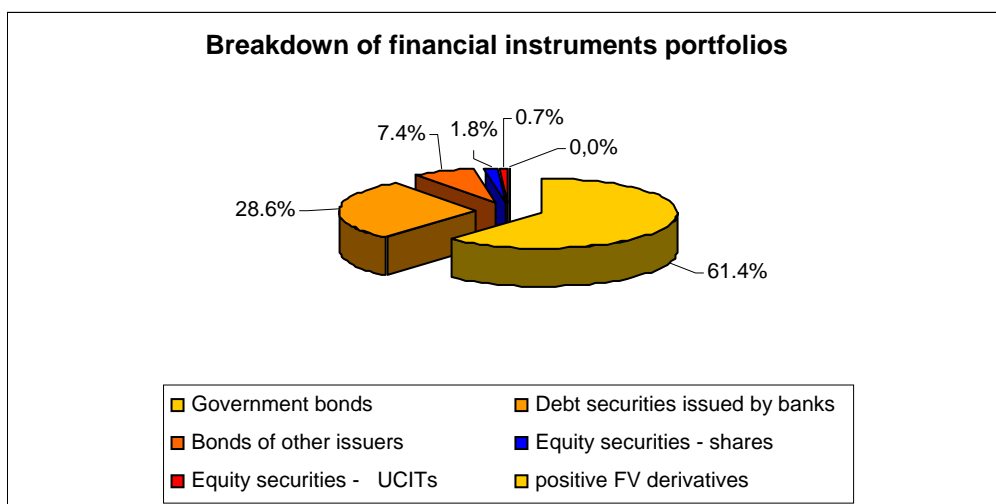
The portfolio of available for sale financial assets increased its weight on the aggregate financial assets (+106.8 million, or 7.0%) compared to a general downsizing of the other portfolios.

In detail, the negative balance of the HTM portfolio may be attributed to the redemption flow for reclassified securities that have now reached maturity, while in the loan portfolio, which includes debt securities not listed on active markets, the replacement of securities issued by customers and financial institutions with newly issued bank bonds registered a slowdown.

The downsizing of the trading portfolio was instead due to the closing of an asset swap transaction outstanding and residual positions in government bonds.

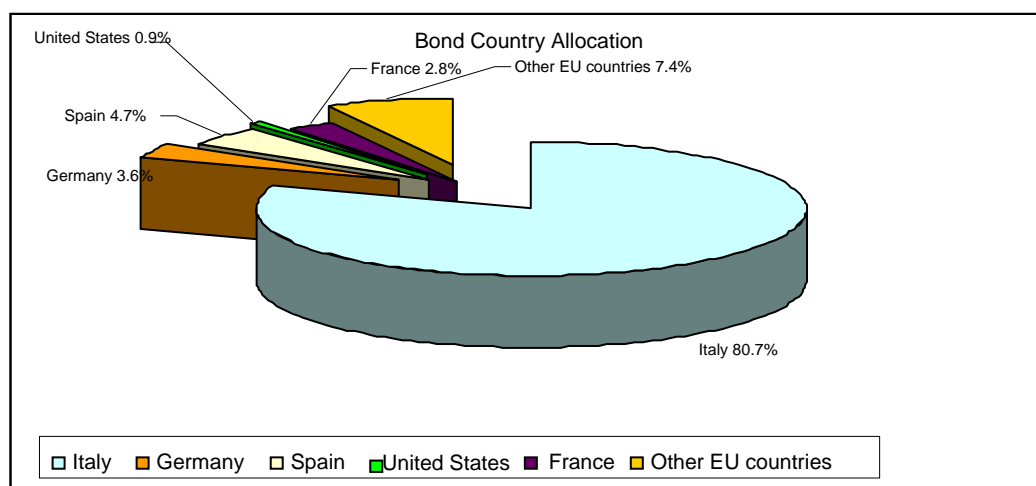


On the whole, the exposure to financial instruments classified to the various IAS portfolios was concentrated in government bonds (61.4%), and bonds issued by financial institutions (28.6%). The exposure to the sovereign debt of the PIGS area (Portuguese, Irish, Greek and Spanish government bonds) was limited to one Spanish issue amounting to 9.8 million euros, maturing in 2012. The remainder of government securities allocated to the various bank accounting portfolios consisted exclusively of issues by the Italian Republic.



The portfolio of debt securities had an average residual life of about 3 years and 51.6% of it was made up of variable rate issues.

The credit rating is high, with issues rated at least investment grade (AAA to A-) amounting to 91.6% of the total and a high concentration of investments linked to domestic issues (80.7%).



Loans to customers amounted to 705.3 million euros, increasing by 77.7 million euros (+12.4%), due to the growth in overdraft facilities (+35.7 million) and loans to customers (+39.5 million).

The amount and weight of non-performing loans has not changed significantly, compared to the figure at the end of 2010.

The **net interbank position** contracted by 110.6 million euros due to increased inflows from credit institutions (+154.7 million euros), resulting mainly from repurchase agreement transactions to offset customer outflows.

(€ thousand)	30/06/2011	31/12/2010	Change	
			Amount	%
Repayable on demand	230,377	216,139	14,238	6.6%
Demand deposits with banks	135,000	128,000	7,000	5.5%
Transfer accounts	95,377	88,139	7,238	8.2%
Time deposits	98,650	83,023	15,627	18.8%
Deposits with central banks	21,360	11,680	9,680	82.9%
Term deposit with ECB	0	0	0	n.a.
Term deposits	77,290	71,343	5,947	8.3%
Repurchase agreements	0	0	0	n.a.
Debt securities	189,517	175,302	14,215	8.1%
Other operating loans	1,094	1,133	-39	-3.4%
Total due to banks	519,638	475,597	44,041	9.3%
Transfer accounts	2,459	35,873	-33,414	-93.1%
Term current accounts	8,692	9,391	-699	-7.4%
Term deposit with ECB	0	0	0	n.a.
Repurchase agreements	571,475	382,950	188,525	49.2%
Other debts	22,482	22,217	265	1.2%
Total due to banks	605,108	450,431	154,677	34.3%
Net interbank position	-85,470	25,166	-110,636	-439.6%

5.2.3 Net Equity

At 30 June 2011, consolidated net equity, including the net profit for the year, amounted to 265.3 million euros compared to the 281.2 million euros at the end of the previous year and underwent the following changes.

	Group	Third parties	Overall
Net equity at year-start	274,598	6,621	281,219
Dividend paid	- 61,327	- 3,720	- 65,047
Previous stock option plans: Issue of new shares	3,008	-	3,008
New Stock Option Plans	527	-	527
Other changes	- 21	-	- 21
Change in AFS reserves	6,078	-	6,078
Consolidated profit	37,415	2,159	39,574
Net equity at year-end	260,278	5,060	265,338
Changes	- 14,320	- 1,561	- 15,881

The change in net equity was influenced by the distribution of the 2010 dividend, the performance of fair value reserves for the portfolio of financial assets available for sale, which increased at the end of the half-year and to a lesser extent by the effects of old and new stock option plans.

The fair value reserves for the portfolio of available for sale financial assets, which at the end of the period amounted to a negative 17.6 million euros, mainly refer to the portfolio of euro area government bonds.

(€ thousand)	30/06/2011			31/12/2010	
	Positive reserve	Negative reserve	Net reserve	Net reserve	Change
1. Debt securities	242	-16,816	-16,574	-21,951	5,377
2. Equity securities	14	-1,074	-1,060	-1,761	701
Total	256	-17,890	-17,634	-23,712	6,078

At 30 June 2011, consolidated capital for regulatory purposes amounted to 241.0 million euros, net of the dividend expected to be paid, up by 15.8 million euros compared to the end of the previous year.

At the end of the year, the aggregate capital for regulatory purposes recorded 108.9 million euros in excess of the amount required by the Supervisory Authority to cover credit, market, and operating risks. The solvency ratio was 14.6%, compared to the minimum requirement of 8%.

(€ thousand)	30/06/2011	31/12/2010	Change	
			Amount	%
Tier 1 capital	201,390	185,634	15,756	8.49%
Tier 2 capital	39,624	39,624	0	0.00%
Tier 3 capital	0	0	0	n.a.
Total capital for regulatory purposes	241,014	225,258	15,756	6.99%
Total prudential requirements	132,099	135,670	-3,571	-2.63%
Excess over prudential requirements	108,915	89,588	19,327	21.57%
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)	12.20%	10.95%	1.25%	11.42%
Regulatory capital/Risk-weighted assets (Total capital ratio)	14.60%	13.28%	1.31%	

It should be noted that Banca Generali informed the Bank of Italy of its decision to exercise the option to neutralise the capital gains and losses deriving from fair-value measurement of financial assets available for sale belonging to the Euro Area government bond segment for capital for regulatory purposes, as allowed under Bank of Italy Order of 18 May 2010.

In its notice of 31 March 2011, the supervisory authority also ordered the discontinuation of the use of the negative prudential filter introduced to achieve partial sterilisation of the long-term tax benefits deriving from the payment of substitute tax for goodwill pursuant to article 15 of Law Decree 178/2008.

The filter introduced in 2010 to neutralise the benefits deriving from the payment of substitute tax for the goodwill of Banca del Gottardo Italia was therefore deactivated.

Reconciliation statement between parent company net equity and net profit and the consolidated net equity and net profit

(€ thousand)	30/06/2011		
	Capital and reserves	Net profit	Net equity
Net equity of Banca Generali	180,784	20,435	201,219
Differences between net equity and book value of companies consolidated using the line-by-line method	31,261	-	31,261
- <i>Goodwill</i>	9,222	-	9,222
- <i>Income carried forward of subsidiary companies</i>	21,961	-	21,961
- <i>Stock granting reserve for 175th anniversary</i>	78	-	78
Dividends from consolidated companies	20,159	- 20,159	-
Consolidated companies result for the year	-	39,258	39,258
Minority interests	-	- 2,159	- 2,159
Valuation reserves - consolidated companies	-	-	-
Consolidation adjustments	- 9,341	40	- 9,301
- <i>Goodwill</i>	- 9,222	-	- 9,222
- <i>GIL incorporation expenses</i>	- 119	40	- 79
Net equity of the Banca Generali Group	222,863	37,415	260,278

6. Performance of Group Companies

6.1 Banca Generali Performance

Banca Generali, the parent company of the homonymous Banking Group, is specialised in the distribution of financial and banking products to affluent customers through financial advisors, as well as 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.

For the first three months of 2011, Banca Generali reported a net profit amounting to 20.4 million euros, with a decrease of 53.8 million euros compared to the same period of the previous year, driven primarily by the decline in the result from banking operations (-7.5 million euros) and dividends received by the subsidiaries (-35.3 million euros). The profit and loss results for the first half of 2010 were also influenced by the non-recurring tax benefit arising from the redemption of goodwill and other intangibles acquired from the merger by absorption of Banca del Gottardo Italy (6.3 million euros).

Net banking income amounted to 94.8 million euros, down from 135.6 million euros recorded at the end of the first half of 2010 (-40.8 million euros).

Operating expense amounted to 61.2 million euros, of which 27.8 million euros incurred for personnel, down 2.7 million euros over the first half of 2010.

The company also made net accruals to provisions for risks and contingencies of 10.2 million euros, most of which pertained to commission plans for the distribution network and adjustments for 1.6 million euros.

Total assets under management placed by advisors at the end of the first half of 2011 amounted to approximately 23.7 million euros, up compared to figures reported at 31 December 2010, whereas net inflows amounted to 579 million euros, compared to 646 million euros in the first half of 2010.

6.2 Performance of BG SGR

BG SGR, a management company specialising in mutual funds and individual managed portfolios invested in funds, closed the first half of 2011 with a net profit of 1.4 million euros, up from 1.2 million recorded at the end of the first half of 2010.

This result was however influenced by the recognition of a non-recurring tax benefit resulting from the redemption of goodwill recognized following the contribution by Banca BSI Italia SpA of its portfolio management business, for a total of 1.0 million euros. Net of this effect, the result for the period would have decreased by 0.8 million euros.

Net banking income amounted to 6.9 million euros, down from 7.9 million euros recorded at the end of the first half of 2010 (-1.0 million euros).

Operating expenses amounted to 6.2 million euros, of which 3.6 million euros for personnel, up compared to 5.8 million euros for the first half of 2010 (+0.4 million euros).

Equity amounted to 28.6 million euros.

Total assets under management at 30 June 2011 amounted to 3,783 million euros, with a reduction compared to 4,097 million euros at 31 December 2010.

6.3 Performance of BG Fiduciaria SIM

BG Fiduciaria, a company specialising in individual GPF and GPM portfolios, mainly in a custodial capacity, closed the first half months of 2011 with a net profit of 0.8 million euros and a net equity of 9.7 million euros.

Net banking income amounted to 2.5 million euros, whereas general and operating expense was 1.2 million euros, including 0.7 million euros for staff expenses.

Total assets under management amounted to 999.3 million euros, down compared to 1,024 million euros at 31 December 2010.

6.4 Performance of Generfid SpA

Generfid, a company specialising in custodian capacity of assets, closed the first half of 2011 with net profit of 70 thousand euros and net equity amounting to about 0.4 million euros. AUM amounted to 493 million euros.

6.5 Performance of Generali Fund Management SA

Generali Fund Management SA is a Luxembourg company specialised in the administration and management of SICAVs. The banking group holds a 51% interest (class-A shares), whereas the residual 49% interest is held by Generali Investments Italy, a member of the Generali Group (class-B shares). The two share classes are accorded differing treatment in regards to the allocation of profits inasmuch as the Articles of Association state that the share of the net profit or loss for the year attributable to the assets contributed by each of the two shareholders is to be attributed to each share class.

Generali Fund Management SA reported approximately 37 million euros in net profit for the first half of 2011. At the end of the period, net equity amounted to approximately 60.7 million euros and total balance sheet assets to 104.4 million euros.

Operating result before taxes, net provisions, value adjustments and depreciation and amortisation (EBITDA), totalled 40.6 million euros, compared to 49.7 million euros for the previous year.

Net banking income amounted to approximately 43.3 million euros, whereas general and administrative expense was 2.7 million euros, including about 2.0 million euros for staff expenses.

Overall, assets under management at 30 June 2011 amounted to 12,023 million euros, up compared to 11,855 million euros at 31 December 2010.

Assets under management of the merged company Generali Investments Luxembourg amounted to 6,285 million euros at 30 June 2011, compared to 6,096 million euros at 31 December 2010.

7. Related Party Transactions

7.1 Procedural Issues

In implementation of Consob Regulation No. 17221 of 10 March 2010 and subsequent amendments, on 5 November 2010, Banca Generali Board of Directors — upon the favourable opinion of the Internal Control Committee — approved procedures that ensure transparency and substantial and procedural fairness of transactions with related parties ("Procedure for Related Party Transactions" or "Procedure", which is available in the Corporate Governance section of Banca Generali website at the address www.bancagenerali.com)

This procedure, which has been fully implemented from 1 January 2011, establishes the criteria for identification of related parties, the investigative and deliberative rules for related party transactions and the subsequent disclosure obligations to the corporate boards and the market.

Based on CONSOB Regulations, the following parties are considered as Banca Generali's related parties:

- subsidiaries of the banking group;
- the parent company Assicurazioni Generali, its subsidiaries (companies subject to common control) and pension funds established for the benefit of Generali Group employees;
- key management personnel of the Bank and the parent company Assicurazioni Generali (key managers), close relatives of the above personnel and the related relevant subsidiaries (entities in which one of these persons exercises control, joint control or significant influence or holds, directly or indirectly, a significant shareholding of no less than 20% of the voting rights).

Under IAS 24, whose revised version is in force since 1 January 2011, the associate companies of the Generali Group are also considered related parties.

With specific regard to key managers, the following persons have been designated as such:

- directors, statutory auditors, the General Manager, the Vice Deputy General Manager and the other Deputy General Manager of Banca Generali, as well as persons holding similar positions at the Group's subsidiaries;
- representatives of the parent company identified as such in the corresponding procedure regarding transactions with related parties adopted by that company.

The procedure lays down specific provisions on decision-making authority, obligation to provide justification and documentation to be prepared depending on the type of transaction.

More specifically:

- **Highly significant RP Transactions** — that is transactions exceeding the threshold of 5% of at least one of the significance indicators provided by CONSOB Resolution No. 17221, reduced to 2.5% for transactions carried out with a parent company that is listed on regulated markets or with undertakings thereto related which are in turn related to the Company — must be approved by the Board of Directors, upon the binding favourable opinion of the Internal Control Committee.
- **Moderately Significant RP Transactions** — falling short of the threshold defining Highly Significant RP Transactions — must be approved by the relevant corporate officers as established pursuant to the system of delegated powers in force from time to time, only after hearing the non-binding opinion of the Internal Control Committee in such regard. The aforesaid transactions must be presented with a full and in-depth information about the reasons underlying each and every transaction in question, as well as the advisability of proceeding with the latter in light of the substantive propriety of the related terms and conditions.
- **Transactions for modest amounts**, the value of which, determined in accordance with CONSOB resolution, shall not exceed the threshold of 500,000 euros (350,000 euros for unsecured loans) are excluded from the regulation on approval and disclosure.

On the basis of the indicator consisting of the consolidated regulatory capital, the threshold of highly significant transactions currently stands at around 12 million euros, reduced to 6 million euros for transactions with the parent company Assicurazioni Generali and the latter's related entities.

In the approval process of transactions with related parties, a specific role is entrusted to the Internal Control Committee of Banca Generali, consisting entirely of independent directors.

In the event of highly significant transactions, the Committee must be involved in the negotiation and preliminary assessment phase and complete and timely information provided to it. The aforementioned Committee may, through its Chairman or delegates, forward requests for information and submit its views to the delegated corporate bodies and officers and other persons in charge of negotiating or assessing the proposed transaction.

In addition to transactions for modest amounts, in accordance with CONSOB Regulation, there are additional circumstances which are not subject to the specific approval procedures:

- **share-based remuneration plans** approved by the General Shareholders' Meeting within the meaning of Article 114-*bis* of the TUF, and related implementing transactions;
- **resolutions on the remuneration of directors** entrusted with specific tasks other than those determined on an overall basis pursuant to art. 2389, third paragraph, of the Italian Civil Code and resolutions regarding the remuneration of Key Management Personnel, provided that the Company has adopted a remuneration policy with certain characteristics;
- **Ordinary transactions** and any and all related financial activities, falling within the category of transfers of resources concluded at arm's-length or standard terms, in the normal course of day-to-day business operations — including, with regard to transactions to be effected through subsidiaries within the meaning of Article 2359 of the Italian Civil Code.
- **transactions with or between Subsidiaries and Associates**, provided that none of the Company's other related parties holds any interest in the Subsidiaries or Associates in question.

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

Pursuant to the said Article 136, officers in charge of administrative, managerial or control functions at banks or companies belonging to the Banking Group cannot assume obligations, directly or indirectly, with the bank in which they serve nor are they allowed to carry out loan transactions with another company or bank belonging to the Banking Group unless authorised by the resolution of administrative and control bodies of the contracting company of the parent bank.

Pursuant to Law 262/05, this procedure also applies to obligations assumed by the Bank or other companies of the Banking Group with companies controlled by the said officers or within which such officers discharge administrative, managerial and control functions, as well as with companies controlled by or controlling the said

companies (except in cases where obligations are assumed between companies belonging to the same banking group or as part of an interbank market transaction).

7.2 Disclosure on Related Party Transactions

Without prejudice to the disclosure requirements set forth by IAS 24, Article 5, paragraph 8 of CONSOB Regulation contains rules on periodic disclosure on related party transactions.

In detail, the interim report should provide the following disclosure:

- a) individual highly significant transactions carried out during the reporting period;
- b) other individual transactions with related parties "that have materially affected" the financial position or results of the company;
- c) changes or developments in related party transactions described in the last annual report that had a "material effect" on the financial position or results of the company during the reporting period.

In this regard the following should be noted as follows:

Highly Significant RP Transactions:

In the first half of 2011 the Group did not carry out any transactions qualifying as "highly significant", unusual, entered into at non-market or standard conditions which, in accordance with the Procedure on Related Party Transactions, would have been subject to market disclosure and the obligation of publishing an information memorandum.

Other Significant Transactions

During the first half of 2011, no transactions were approved qualifying as "moderately significant" transactions, which are subject to the prior binding opinion of the Internal Control Committee, nor any other ordinary individual transactions carried out on an arm's length basis, qualifying as "highly significant" transactions, subject to disclosure to the Supervisory Authority.

Ordinary or Recurring Transactions

Transactions of an ordinary or recurring nature carried out in the first half of 2011 with related parties fall within the Group's ordinary course of business and are usually carried out on an arm's length basis and in any case based on mutual economic advantage, in compliance with the internal procedures mentioned above.

As regards these transactions, there were no changes in the situation of related party transactions described in more detail in the Annual Report as of 31 December 2010 which might have a material effect on the financial situation and the results of the company and the banking group.

The developments of ordinary transactions with related parties during the first half of 2011 are presented in the specific section of the condensed half-year financial statements at 30 June 2011, along with other information about related party transactions.

Intra-group related party transactions are not included in the above statement, since they are eliminated on consolidation.

8. Human Resources and the Group's Distribution Network

8.1 Employees

At 30 June 2011, the Bank's workforce was composed of 779 units, unchanged compared to the same period of 2010, and included 52 Managers, 120 3rd and 4th level Executives and 607 employees at other levels; of the latter category, 61 were 1st and 2nd level Executives, and 66 were working under fixed-term contracts (31 of these as substitutes for employees on maternity leave or leaves of absence).

	Banca Generali	BG Sgr	BG Fiduciaria	Generfid	GFM	Total 30/06/2011	Total at 30/06/2010
Managers	38	10	1	0	3	52	50
3 rd and 4 th level executives	101	8	4	0	7	120	125
Other employees	558	24	4	2	19	607	604
Total	697	42	9	2	29	779	779

In the first half of 2011, most of the technical, language and computer courses — designed to ensure the continuous professional and management updating of the workforce — was provided by Generali Group Innovation Academy. Where it was necessary to have access to specialized content, courses delivered by leading external consultants expert in the field were provided.

Through the e-learning provided by the Simulware platform managed by GGIA, the mandatory updates continued, particularly with respect to Legislative Decree 231/01, transparency in banking operations, and, specifically for branches personnel, the anti-theft course.

Also in terms of training designed to develop managerial skills, various courses were offered, in collaboration with the Generali Group Innovation Academy. In addition, some resources were placed in advanced training courses at leading academic institutions.

In the first half of the year a vast program of courses dedicated to Relationship Managers of the Private division was initiated. The courses include technical insights on financial and tax issues, interpersonal relations courses focusing on the identification of new customers and negotiation skills, and a program dedicated to management training for managers of Relationship Manager teams.

Courses on safety in the company in compliance with Legislative Decree 81/08 are held on a recurring basis, along with two courses designed to meet regulatory requirements: the first on Related Parties Transactions and the second on the preparation of a Business Continuity Plan.

As from January 2011 newly hired employees, with both permanent and fixed term contracts, are given a pen drive through which they can connect to the e-learning platform managed by Generali Group Innovation Academy and complete all required courses.

Two initiatives already ongoing in 2010, were continued: one, entitled "Racconta il Mestiere" ("Describe the Job") — it is aimed at giving all Group employees detailed information about the activities of the various departments comprising it; the other, "Affiancamenti Sede-Rete" ("Coaching Headquarters-Network") in which Financial Advisors visit the headquarters in Milan and Trieste and employees visit the various operational offices. This second initiative, in particular, has received constant appreciation by the sales network.

As every year during the first half, the performance assessment process is carried out involving the entire workforce and offering employees a discussion opportunity with their quality performance manager.

Also during the first half of the year, the periodic work climate survey was launched, promoted by the Generali Group, which was completed in early July; the results will be presented during the second half of the year.

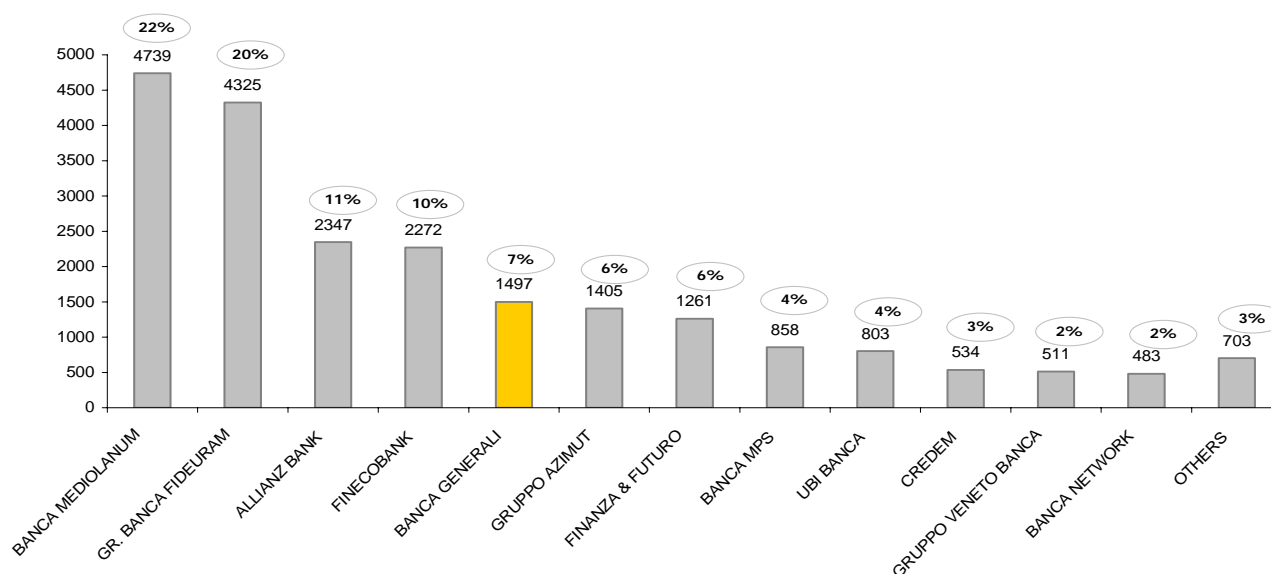
8.2 Financial Advisors

Financial Advisors

The Banca Generali Group owns one of the largest Financial Advisor-based distribution networks in the Italian market: at 30 June 2011 it had 1,493 Financial Advisors and Relationship Managers, 307 of whom with the Private Banking Division.

TOTAL ASSORETI FINANCIAL ADVISORS: 21,738

May 2011



The main data referable to the Banca Generali are summarised in the following tables comparing figures for 2011 and 2010:

30 June 2011	No. of FAs/ Bank./Rel.Man.	Assets (mln euro)	Assets per Advisor (mln euro)
BG Affluent Division	1,186	13,831	11.7
BG Private Division	307	9,870	32.2

31 December 2010	No. of FAs/ Bank./Rel.Man.	Assets (mln euro)	Assets per Advisor (mln euro)
BG Affluent Division	1,192	13,691	11.4
BG Private Division	307	9,899	32.2

It is important to note that there was a constant increase in average assets per Financial Advisor over the years. This is due to the exceptionally high level of inflows, as well as the bank's continuing advisor selection process, which places increasing importance on the professional and qualitative development of out-of-office sales skills with a strong emphasis on consulting. Over the years, this approach has led to a progressive reduction in the profiles of less evolved Financial Advisors, focusing instead on recruiting professionals who can expertly interpret Banca Generali's philosophy of quality.

In particular in 2011, 21 new professionals from other networks joined Banca Generali organisation; they hold important customer portfolios that have taken advantage of a wide range of investment opportunities offered by the Bank in compliance with individual risk profiles.

This makes Banca Generali a market leader in terms of average assets per financial advisor.

9. Products and Marketing

The first half of 2011 saw the release of important new products, from the launch of new sub-funds under management mandate entrusted to BG Selection to the redesign of unit-linked products, in order to offer increasingly diversified investment solutions specifically tailored to different risk profiles.

Banca Generali also heavily invested in communications to customers, both through the national press and local events, and through the development of new channels such as online reporting, and streamlining of contractual documentation.

Asset management

Development activities in the asset management business were carried out throughout the first half of 2011 with a focus on the following areas.

Development and promotion of the Luxembourg product range of Generali Fund Management

In keeping with the multi-brand approach that has always characterised Banca Generali, the BG Selection Sicav was further enhanced; this is the funds of funds system that for over 3 years has been a landmark in the asset management market in Italy.

In April 2011, the product, in fact, was further enriched with 4 sub-funds with different management styles, 2 flexible sub-funds managed under mandate to third parties, specialising in emerging countries (Threadneedle Global Themes) and in multi-asset investments (Anima Club) and 2 multi-manager sub-funds managed by Generali Fund Management that invest in areas with high growth potential (so-called Next 11 Equities) or in asset classes sensitive to inflation, to generate upside in inflation contexts as the present one.

At 30 June 2011, BG Selection Sicav consists of 39 sub-funds, of which 18 managed by Generali Fund Management and 21 managed under mandate entrusted to leading international investment houses.

During the month of March 2011, in order to celebrate the third anniversary of BG Selection Sicav, the bank conducted a major advertising campaign in major newspapers and periodicals dedicated to celebrating the success of BG Selection: a unique instrument in terms of investment opportunities and standing of the Partners involved in the project.

The multi-manager platform was enriched with the placement of more than 50 new Sicav sub-funds, for a total of 1,200 sub-funds available to Banca Generali customers and distribution networks.

Wider Range of Portfolio Management

During the first half of 2011, Banca Generali continued to innovate its range of portfolio management for high-end customers.

In May, Banca Generali continued the expansion of the BG Target lines of protected capital asset management schemes, designed primarily to customers interested in seizing the opportunity of stock market performance without sacrificing the protection of capital invested.

Three new asset management lines were launched: N-11 (Frontier Markets), characterised by equity investments in Frontier Markets, Multi-Emerging Markets (Emerging Markets) and Multi Global Plus (International Equity), which allow for a dynamic management of asset allocation combined with the traditional Zero coupon component.

In June a new and exclusive line of portfolio management, GPM Lifestyle Solutions, was launched; this the first product in the Italian market that allows to combine personal passions with financial investment. A significant portion of this portfolio, in fact, is invested in Specialised Investment Funds (SIF), whose underlying assets are represented by luxury goods including the finest wines in the world and rare and precious watches.

Overall, Banca Generali offers a comprehensive portfolio consisting of 39 management lines (14 fund-based schemes, 17 asset-management schemes and eight protected-capital asset management schemes) that cover all investment strategies, with a strong emphasis on personalisation, a requirement typical of high-net-worth customers, the preferred target for this product.

Insurance products

In the first half of 2011, Banca Generali developed its insurance product offer in two specific sectors:

Traditional life insurance products

The first half of 2011 was marked by deep tensions on European government debt and its impact on equity markets.

Against this background, Banca Generali products focused particularly on traditional life policies that invest in segregated accounts. Through these products it is possible to combine return (Ri.Alto 4.10%, Nuova Concreta 4.61% , Ri.Alto \$ 4.68%) with extremely low volatility.

In January 2011 "BG PIU' VALORE" was launched: a single-premium policy that obtained great commercial success among the networks.

For the younger target population, as part of the sales initiative "A Champion for Friend", "BG 18" was relaunched; this is a life insurance policy that protects the future of minors by accumulating capital that can be used for future study or work requirements.

Unit-linked and multi-sector insurance policies

In the second quarter of 2011, we redesigned our unit-linked policies (the multi-sector BG New Security, the capital protected unit-linked BG Evolution and the after sales version of BG Protection) with the modification of asset allocation and the introduction of new options to make the investment more flexible.

The asset allocation update was done with the aim of increasing the international quality of the underlying stock, providing for a weight of up to 50% of emerging markets and further increase in the weight of third party products.

The Bank also introduced new features to increase flexibility in the management of investments by customers:

- with regard to BG Evolution, the capital protection unit-linked policy that offers the opportunity to choose between 4 internal funds with different maturities, for the single premium version, the penalty for early redemption which was previously in place for the first 3 years, was eliminated;
- with regard to the BG New Security the multi-branch single-premium insurance policy that offers the opportunity to invest in the segregated account Ri.Alto and in the Equity Fund BG Dinamico, the bank included the option to automatically switch the annual performance of the Ri.Alto Special Management scheme to the internal fund BG Dinamico and the possibility of switching in both directions (from the Segregate Account to the Internal fund and vice versa).

Assets Under Administration and Custody

During the first half of 2011 activity in this sector focused, on the one hand, on simplification and transparency of communications with customers, and, on the other hand, on the continuous improvement of products.

The first measure regarding communications to customers involved changing the securities statement and summary document layout, for which clearer graphics were adopted ensuring immediate and clear information. The redesign process will continue during 2011, significantly revising the layout and printing of all documentation.

Also with a view to documents simplification, the contract for the provision of banking and investment services was revised, showing more clearly the ancillary services such as home banking and reporting, and simplifying fill-out forms, for example with the use of boxes and graphic symbols.

As regards products offered, the business developed in several areas:

- during the first months of the year, the activity continued in relation to several new share issues placed on the market by Rhiag, General Electric, Ferragamo, Sem, Bioera and with the placement of structured fixed income products with capital protection at maturity;
- the costs for Bancomat withdrawals were eliminated nationwide for those accounts for which this fee was still applicable;

- a procedure was established for the transfer of securities portfolios from other institutions to Banca Generali, guaranteeing a certain and definite timetable for the various steps of the transfer;
- the commercial initiative "Un campione per amico" was resumed, aimed at young people and linked to the deposit account BG10+ , which offers the option of combining it with a prepaid card;
- with regard to collaborative efforts with our partners, the bank continued to propose the mortgages of Intesa San Paolo offering competitive pricing and improved the agreement with BNL for cash deposit and withdrawal at their branches;
- finally, with regard to security issues, the bank introduced a new tool called "Shield authorization" through which it is possible to intercept and avoid most of the ATM cards fraudulent and cloning transactions carried out abroad in the countries most at risk.

Web Marketing

Customer Front End

During the first half of 2011, development activities on the website devoted to customers (Front End Customer) continued, leading to important innovations, such as in particular the launch of DOC@nline, the new feature that allows for reporting of current account and documents related to it to be viewed directly by customers via the Internet in the reserved area of the Banca Generali website.

In the security field, new SMS alerting features were released and expanded in order for customers to be able to control transactions in real time.

A trade agreement was also signed with the Company Symantec for the purchase of antivirus products at discounted prices; by accessing the site reserved area, Banca Generali customers can buy the software for the protection of their own personal computer.

With regard to operations in general, the Cambio Banca service was released which, among other things, allows for the transfer to Banca Generali of products and services offered by other banks.

At the end of the reporting period an online survey was conducted, that involved financial advisors and private bankers as well as customers, with the aim to measure the degree of satisfaction on the use of Internet Banking services and obtain information on future developments that are considered most attractive by users.

Financial Advisor Front End

Within the "GIC -Contracts Integrated Management " project, new features were released such as:

- the request to open an account for Investment and Banking Services — through which, in a single transaction, it is possible to prepare the contractual documentation relating to the opening of new current accounts as well as all the documents required by the so called MIFID;
- the Funds & Sicav Transfer request — which allows for the transfer of UCITs from the Technical Portfolio to the Securities Portfolio.

BG Advisory: Banca Generali's advanced financial advisory service

Banca Generali is one of the few Italian companies that offer customers an advanced financial advisory service, through its Network of Financial Advisors and Private Bankers: BG Advisory.

Since its launch in 2008, BG Advisory's objective has been to support Banca Generali Financial Advisors and Private Bankers in analysing needs and building and periodically monitoring financial portfolios of current and prospective customers.

During the first half of 2011, the Banking Group completed a massive training program for all the over 1,500 consultants; along with the training rooms across the country other training methods were used, such as focus groups, web conferences, corporate newsletters and interviews with those advisors who excelled in the use of the platform.

In parallel with training activities, development of new platform features continued in cooperation with Morningstar Italia, the technological partner of BG Advisory.

Distribution Network Training

As mentioned above, training in the first half of the year was characterised by the launch of an important project relating to the financial advisory service, which involved almost all the financial advisors and private bankers networks. The training project main objective was to get acquainted and use the BG Advisory platform, developed in collaboration with Morningstar Italia, in support of the advisory service.

The first months of the year were then characterised by ISVAP (Institute for the Supervision of Private and Collective Insurance) professional updates supplied according to the "cascade" process from DMs to the structures they coordinate.

The classroom lessons focused on the new BG value plus product and the redesign of the insurance products New Security and BG Evolution, with insight in both the technical aspects of the products, as well as the market scenario and the commercial aspects.

During the month of April a roadshow was also held all over the country for the training on BG Selection Sicav Funds of Funds, with the direct involvement of in-house and third-party management companies involved in the new products.

The bank continued the project, started in 2009, of technical "Advanced" training on the subject of assets under administration for the Marketing & Sales Department network; the project focused on the transfer and analysis of the securities portfolio through targeted meetings with Financial Advisors selected throughout the country.

For the Private Banking Distribution Network instead, a course was organised, reserved for selected private bankers, on the tools, services and business opportunities offered by the trust company Generfid, developed in collaboration with the trust company itself.

With regard to management training, in the first half of 2011 all the 44 District Managers of the Banca Generali Network were involved in a major training project focused on the subject of recruiting (ProjectRe 2011), and developed and planned with Concentric, with the aim of defining instruments, methods and guidelines for managers recruiting activities in the country.

The "Office – Network" project continued to be implemented in the first half of 2011. The project involves sending financial advisors to the Milan and Trieste offices and office employees to selected points of operation in order to foster greater integration and mutual awareness between office and network, thereby improving the ability to satisfy customers' needs.

As in previous years, also this year several study grants were awarded aimed at promoting the acquisition by Banca Generali Financial advisors of the "EFA" certification and, for the first time this year, also the second level "EFP" certification.

In the first half of the year mandatory training involved both distribution networks on the Patti Chiari project: an annual commitment by the Bank, subject to compliance with standard procedures called "commitments for Quality", which addresses the need to promote the image of the Bank to the audience of investors and establish itself as a bank that operates in a clear and transparent manner, open to exchanging views with competitors. The training (which took place online using the Group internal platform SEP 2), aims to ensure the continuous updating of the network on the specific content of Quality commitments in view of obtaining the Bank Certification envisaged by the Patti Chiari consortium.

Communications

The first half of the year was marked by important communication initiatives. The presentation and approval of the 2010 financial statements conveyed the attention of several national media given the emphasis over the marked improvement of financial results. Even the preparation of the consolidated report involved a major graphics and stylistic review, aimed at improving legibility and highlighting key issues. Last year's figures were then followed by the usual quarterly reports and monthly bulletins on inflows. There were also some new products, starting from the four additional sub-funds of the Luxembourg family of Bg Selection funds of funds to the complete redesign of the unit-linked policies, which have all achieved widespread visibility over specialised media. The update of the

bank strategic objectives was transmitted in a timely and clear manner, through press releases, as well as through several interviews conducted by the management on the financial press and TV.

In the first six months of the year prominence was also given to the opening of new bank branches (in Varese and Palermo); the local media covered as well the usual initiatives taken by the network in the organisation and promotion of scientific conferences on tax and legal issues. In terms of advertising, from March until mid-April, a new campaign was launched in major national newspapers in order to celebrate the success in these three years of the Bg sicav Selection and its 22 partners. The musical theme was further developed for that occasion and then proposed again for a second "round" campaign coinciding with the Rimini Forum on trading held in May, which was instead covered only by sectoral magazines. Also the brief campaign on major newspapers "Federica a guarantee of success, Banca Generali, a guarantee of reliability" was meant as a celebration and focused on testimonial Federica Brignone, world vice champion in downhill at the Garmisch World Championships in February. The efforts to raise awareness on saving and the typical sport values of commitment, honesty and discipline characterised the media coverage of the Banca Generali brand, spanning the country from north to south with the tour, "Un Campione per amico"

Trade Marketing

In the first half of 2011, Banca Generali and its Private Banking Division, alongside the usually numerous local marketing initiatives developed directly from the network, participated with an exhibition area at the IT Forum 2011 in Rimini, an important annual event in the industry.

Furthermore, confirming the attention constantly shown towards the art world, Banca Generali Private Banking organised an exclusive visit to the Museo del '900 in Milan and an evening at the Villa Farnesina and the library of the Lincei in Rome.

In the context of sport sponsorship, Banca Generali played again the role of title sponsor for the project "Un Campione per Amico", which took place in ten stages between April and May; for high standing initiatives, Banca Generali Private Banking organised a prestigious Invitational Golf Tour.

Two roadshows were held in the first half of 2011: in January for the resumption of commercial activities and in April to launch the new BG Selection SICAV sub-funds (Monobrand Funds of Funds).

10. Auditing

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

The audit methodology governing the control of the Internal Audit function follows specific guidelines:

- the CoSo Report, Italian adaptation of the report of the Committee of Sponsoring Organisation, approved by CONSOB and by the Treasury. At international level, it is indicated as a reference for the architecture of an internal control system by the Cadbury Committee, which defined best practices for the corporate governance of companies listed on the London Stock Exchange and by the ECB, which made reference to it for defining the guidelines of European Banks internal control systems.
- The ERM model (Enterprise Risk Management), extends the scope of internal control defined in the Coso Report, focusing on the issue of enterprise risk management.
- Supervisory Instructions by the Bank of Italy, in relation to disclosure targets and requirements on the quality of controls;
- CONSOB-Bank of Italy Joint Regulation of 29 October 2007;
- Internal auditing definition;
- International Standards for the Internal Auditing profession, interpretative guides and position papers, issued by the Italian Association of Internal Auditors.

In the period under review, audit action was conducted in accordance with the Supervisory Model and the annual audit plan. Internal Audit was particularly involved in providing risk assurance with respect to the adequacy of

controls and their ability to effectively and efficiently identify risk situations. Attention was focused on verifying the presence of adequate line controls and the effective mitigation of risk factors brought to light in previous periods.

The assessment of the internal control system in terms of its ability to monitor key risks was carried out through scheduled audits on information systems security and adequacy, financial processes, accounting and administrative processes and on second-tier control functions. The audits also focused on back offices and branches. The purpose of the audit activities was to determine the quality and effectiveness of controls and, where possible, propose solutions for improving risk management. Finally, the Service focused on monitoring improvements implemented as a result of previous audits (follow-up).

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

The risks identified by the Internal Audit Service in the course of its activities were then thoroughly surveyed. This analysis periodically submitted to management allows for the definition of timely action plans for the achievement of identified improvement goals.

11. Organisation and ICT

During the first half of 2011, the major projects completed or in progress focused on improving operational effectiveness or achieving regulatory compliance.

Managing customer services

Customer Services: with a view to continuously optimising and increasing the efficiency of customers support services, since last April, all customers have the option of receiving the documentation relating to bank contracts in electronic format through the Doc@nline service.

Internal support processes for company business

Business Continuity Plan: with regard to monitoring activities aimed at ensuring business continuity, the bank started implementing the solutions envisaged in the Revised Model of the Business Continuity Plan for Banca Generali and BG SGR and reviewed the aspects specifically relevant for BG-Fiduciaria SIM.

Process Mapping: the activity of detection, design and updating of all standardised business processes using the ARIS application, which is now part of routine maintenance for the Banking Group with reference to administrative and accounting risks (Law No. 262/2005), is currently being developed with regard to operational risk (Basel II), particularly with respect to subsidiaries.

Compliance

Taxation: in order to comply with the new tax regulations on Italian mutual funds, in force since 1 July, the custodian bank of BG SGR updated its procedures and, consequently, Banca Generali, updated the related placement procedures.

Money Laundering: in order to meet the requirements of the Bank of Italy provision, which was adopted in agreement with CONSOB and ISVAP and issued on 10 March 2011, concerning the organisation, procedures and internal controls aimed at preventing the use of intermediaries and other entities carrying out financial activities for the purposes of money laundering and terrorist financing, the bank carried out adequate analysis with a view to adopt appropriate organisational solutions within the Banking Group and achieve full compliance with the legislation in question as from next 1 September.

12. Main Risks and Uncertainties

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

- The bank's exposure to **market** risk stems mainly from the trading by the Parent Company, Banca Generali, of financial instruments on its own account, while the exposure of the subsidiaries is limited and residual. Market risk is represented by the possibility to suffer losses due to variations in the value of a security or a portfolio of securities associated with unexpected variations in market conditions (share prices, interest rates, exchange rates, the prices of goods and the volatility of risk factors).

In particular, securities measured at fair value and classified in the HFT and AFS portfolios are exposed to risk, as fluctuations in their prices impact the Group's profit and loss account and net equity.

Market risks are maintained within appropriate limits, which are monitored by the Risk Management department. Such limits are established with the objective of maintaining a level of risk that is consistent with the strategies and risk profile defined by the Board of Directors.

- The bank's exposure to **credit** risk mainly arises from its investments in the money market (interbank deposits), financial instruments held in portfolios measured at amortised cost, AFS and loans to customers (both corporate and retail). Credit risk refers to the possibility that a counterparty will become insolvent or a borrower will be unable to meet its obligations or unable to meet them on time. More specifically, credit risk is the possibility that an unexpected change in a counterparty's creditworthiness may generate a corresponding unexpected change in the market value of the associated exposure.

ABS classified in the L&R portfolio are particularly exposed to risk and may become permanently impaired; this exposes the company to the risk of recording losses in the profit and loss account. Securities in this portfolio are monitored at least quarterly to identify any deterioration in their credit quality.

Particular importance is placed on managing the credit risk associated with institutional borrowers. These borrowers are allocated appropriate credit lines, which are monitored by the Risk Management department and established with the objective of maintaining a level of risk that is consistent with the strategies and risk profile defined by the Board of Directors.

Loans to customers are characterised by a low risk of losses inasmuch as they are almost entirely secured by collateral (chiefly pledges of securities) and/or personal guarantees, in some cases provided by a leading financial institution.

- The bank's exposure to **operating** risks across the various legal entities in the Group is closely linked to the type and volume of business conducted, as well as the operating procedures implemented. In detail, the operations undertaken (primarily management of third-party assets and the distribution of the Group's own and third-party investment products), the use of information technology systems, the definition of operating procedures, interaction with parties protected by the law, the marketing structure adopted (chiefly financial advisors) and the direct involvement of all employees in operations structurally expose the Group to operating risk, which is defined as the possibility of sustaining financial losses deriving from the inadequacy or improper functioning of procedures, human resources, internal systems or external events. This type of risk includes, inter alia, losses due to fraud, human error, interruptions of operation, unavailability of systems, breach of contract, natural disasters and legal risk.

Internal Audit assesses the effectiveness and efficiency of the overall internal control system used to manage activities that are exposed to risks.

The functions dealing with Organisation and IT guarantee the efficient functioning of application procedures and information systems that support organisational processes. It also evaluates the physical and logical security conditions within the Group and, if necessary, implements measures to guarantee a higher general level of security.

The Risk Management function identifies and assesses the operational risks inherent in business processes (risk assessment and scoring), measures the impact of operational losses (Loss Data Collection process) and monitors the action plans adopted to mitigate material risks.

Moreover, the Banca Generali group has insurance coverage for operating risks deriving from acts of third parties or caused to third parties and adequate clauses covering damages caused by providers of infrastructure and services and has approved a Business Continuity Plan.

- Exposure to **liquidity** risk derives from funding and lending transactions in the course of the Group's normal business, as well as from the presence of unlisted financial instruments in its proprietary portfolios. Such risk takes the form of default on payment obligations, which may be caused by an inability to procure funds (funding liquidity risk) or the existence of limits on the divestment of assets (market liquidity risk). Liquidity risk also includes the risk that an entity may be forced to meet its own payment obligations at non-market costs, that is to say while incurring a high cost of funding or (and in some cases concurrently) sustaining capital losses when divesting assets.

The Finance Department is responsible for managing treasury and proprietary investment cash flows with the aim of ensuring thorough diversification of sources of financing and monitoring cash flows and daily liquidity. Liquidity needs are primarily managed through recourse to the money market (interbank deposits and repurchase agreements). The Group also holds a portfolio of highly liquid, listed financial instruments in order to react to possible crisis scenarios involving a sudden interruption of funding flows.

The Risk Management Service monitors that liquidity is properly managed in both the short and long term (structural liquidity) through an ALM system that allows for the detection of cash imbalances by maturity brackets, as well as through monitoring of an appropriate set of ratios.

The Group uses a maturity ladder to apply the guidelines set out in the Prudential Supervisory provisions governing the measurement of net financial position. Through the maturity ladder the bank assesses the matching of expected cash flows, by balancing assets and liabilities whose maturity falls within each maturity range; the net balances and therefore the mismatches between expected inflows and outflows within each maturity range allows, through the construction of cumulative imbalances, for the calculation of the net requirement (or surplus) for the financial horizon in question.

The Group has also implemented a Contingency Liquidity Plan aimed at anticipating and handling liquidity crises at both the systemic and idiosyncratic level.

- The banking group has an adequate level of **capitalisation**, with a tier 1 ratio of 12.2% and a total capital ratio of 14.6%.
- The Group's Legal and Compliance function checks and assesses the appropriateness and effectiveness of organisational processes, with a view to ensuring compliance with any and all applicable regulatory provisions governing the performance of any and all the banking and investment services offered by the Banking Group, especially so as to minimise the risk of **non-conformities**; it also verifies the activities of Financial Advisers/Private Banker/Relationship Manager Networks, in order to investigate anomalous behaviour, violations of organisational processes and regulations in force.

13. Outlook for the Second Half of 2011

During the second half of 2011, which is expected to be characterised by a still uncertain and volatile market scenario due to the as yet unresolved sovereign debt crisis, the banking group will continue to pursue goals of cost containment and revenue growth through the interventions and actions planned and in part already launched earlier this year.

Specifically, during the second half of 2011 efforts will be more focused and aimed at containing costs through the outsourcing of low value added activities.

The banking group's concurrent efforts on the revenue front during the second half of 2011 will continue to follow the guidelines set out below:

- maintenance and implementation of the product line in order to meet customers' financial needs;
- an increase in market share to be achieved by both acquiring new customers and developing existing customers;
- completion of plans to improve the distribution system through a mix of better advisory and operating services.

Trieste, 29 July 2011

THE BOARD OF DIRECTORS

Condensed Half-year Financial Report as of 30 June 2011

Board of Directors
29 July 2011

Consolidated Accounting Statements

Consolidated Balance Sheet

Assets		30/06/2011	31/12/2010
(€ thousand)			
10	Cash and deposits	7,695	7,953
20	Financial assets held for trading	61,000	119,952
30	Financial assets at fair value	0	0
40	AFS financial assets	1,640,036	1,533,275
50	Financial assets held to maturity	529,644	608,118
60	Loans to banks	519,638	475,597
70	Loans to customers	892,350	852,038
120	Property and Equipment	5,432	4,758
130	Intangible Assets	47,588	48,511
	of which:		
	- goodwill	38,632	38,632
140	Tax receivables	60,731	71,040
	a) current	16,850	27,401
	b) prepaid	43,881	43,639
160	Other assets	88,989	86,646
Total assets		3,853,103	3,807,888

Net Equity and Liabilities		30/06/2011	31/12/2010
(€ thousand)			
10	Due to banks	605,108	450,431
20	Due to customers	2,771,002	2,910,689
30	Securities issued	0	189
40	Financial liabilities held for trading	774	6,502
80	Tax payables	18,724	18,336
	a) current	17,428	17,079
	b) deferred	1,296	1,257
100	Other liabilities	129,771	82,763
110	Employee termination indemnities	4,206	4,345
120	Provisions for liabilities and contingencies	58,180	53,414
	b) other provisions	58,180	53,414
140	Valuation reserves	-17,634	-23,712
170	Reserves	125,974	105,400
180	Additional paid-in capital	3,109	0
190	Share capital	111,662	111,363
200	Treasury shares (-)	-248	-660
210	Minority interests (+/-)	5,060	6,621
220	Net income (loss) for the period (+/-)	37,415	82,207
Total Net Equity and Liabilities		3,853,103	3,807,888

Consolidated Profit and Loss Account

	30/06/2011	30/06/2010
(€ thousand)		
10. Interest income and similar revenues	34,276	27,341
20. Interest expense and similar charges	-12,782	-4,987
30. Net interest	21,494	22,354
40. Commission income	181,316	183,080
50. Commission expense	-81,245	-76,175
60. Net commissions	100,071	106,905
70. Dividends and similar income	57,667	44,412
80. Net income (loss) from trading activities	-53,570	-42,317
100. Gain (loss) from sales or repurchase of:	1,717	11,281
a) receivables	417	1,671
b) AFS financial assets	1,260	9,191
120. Net banking income	127,379	142,635
130. Net adjustments/reversal due to impairment of:	-1,669	-2,176
a) receivables	-448	-1,509
b) AFS financial assets	-569	-667
c) Financial assets held to maturity	-652	0
140. Net result from banking operations	125,710	140,459
180. General and administrative expense:	-75,072	-77,119
a) staff expenses	-34,304	-33,808
b) other general and administrative expense	-40,768	-43,311
190. Net provisions for liabilities and contingencies	-9,889	-20,892
200. Net adjustments/reversal of property and equipment	-771	-870
210. Net adjustments of intangible assets	-1,140	-1,132
220. Other operating expense/income	5,774	5,955
230. Operating expense	-81,098	-94,058
280. Profit from operating activities before income taxes	44,612	46,401
290. Income taxes for the year on operating activities	-5,038	-869
300. Profit from operating activities net of income taxes	39,574	45,532
320. Net profit for the period	39,574	45,532
330. Minority interests (+/-) for the period	-2,159	-1,836
340. Net profit (loss) for the year of the Parent Company	37,415	43,696

Statement of Comprehensive Income

Items (€ thousand)		30/06/2011	30/06/2010
10	Net profit for the period	39,574	45,532
	Other income net of income taxes		
20	AFS financial assets	6,078	-9,586
30	Property and equipment	0	0
40	Intangible assets	0	0
50	Hedges of foreign investments	0	0
60	Cash flow hedges	0	0
70	Exchange differences	0	0
80	Non-current assets held for sale	0	0
90	Actuarial gains (losses) from defined benefit plans	0	0
100	Portion of valuation reserves of investments valued using the equity method	0	0
110	Total other income net of income taxes	6,078	-9,586
120	Comprehensive income	45,652	35,946
130	Comprehensive income attributable to minority interests	-2,159	-1,836
140	Consolidated comprehensive income attributable to the Parent Company	43,493	34,110

Statement of Changes in Consolidated Net Equity

(€ thousand)	Share capital		Share premium reserve	Reserves		Valuation reserves	Equity instruments	Treasury shares	Net profit (loss) for the period	Net equity	Group's net equity	Minority interests
	a) ord. shares	b) other		a)retained earnings	b) other							
Net equity at 31/12/2010	113,284	-	-	105,956	-	23,712	-	660	86,351	281,219	274,598	6,621
Change in opening balances	-	-	-	-	-	-	-	-	-	-	-	-
Amounts at 01/01/2011	113,284	-	-	105,956	-	23,712	-	660	86,351	281,219	274,598	6,621
Allocation of net income of the previous year	-	-	-	21,304	-	-	-	-	86,351	65,047	61,327	3,720
- Reserves	-	-	-	21,304	-	-	-	-	21,304	-	-	-
- Dividends and other allocations	-	-	-	-	-	-	-	-	65,047	-	61,327	3,720
Change in reserves	-	-	-	21	-	-	-	-	-	21	21	-
Transactions on net equity	299	-	3,109	285	-	-	-	412	-	3,535	3,535	-
- Issue of new shares	299	-	3,109	812	-	-	-	412	-	3,008	3,008	-
- Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
- Extraordinary dividends	-	-	-	-	-	-	-	-	-	-	-	-
- Change in equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
- Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
- Stock options	-	-	-	527	-	-	-	-	-	527	527	-
Comprehensive income	-	-	-	-	-	6,078	-	-	39,574	45,652	43,493	2,159
Net equity at 30/06/2011	113,583	-	3,109	126,954	-	17,634	-	248	39,574	265,338	260,278	5,060
Group's net equity	111,662	-	3,109	125,974	-	17,634	-	248	37,415	260,278	-	-
Minority interests	1,921	-	-	980	-	-	-	-	2,159	5,060	-	-

(€ thousand)	Share capital		Share premium reserve	Reserves		Valuation reserve	Equity instruments	Treasury shares	Net profit (loss) for the period	Net equity	Group's net equity	Minority interests
	a) ord. shares	b) other		a)retained earnings	b) other							
Net equity at 31/12/2009	113,234	-	22,309	73,453	-	1,602	-	4,471	65,558	268,481	264,005	4,476
Change in opening balances	-	-	-	-	-	-	-	-	-	-	-	-
Amounts at 01/01/2010	113,234	-	22,309	73,453	-	1,602	-	4,471	65,558	268,481	264,005	4,476
Allocation of net income of the previous year.	-	-	-	13,675	-	-	-	-	65,558	51,883	49,884	1,999
- Reserves	-	-	-	13,864	-	-	-	-	13,864	-	-	-
- Dividends and other allocations	-	-	-	189	-	-	-	-	51,694	51,883	49,884	1,999
Change in reserves	-	-	-	-	-	-	-	-	-	-	-	-
Transactions on net equity	-	-	-	273	-	-	-	-	-	273	273	-
- Issue of new shares	-	-	-	-	-	-	-	-	-	-	-	-
- Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
- Extraordinary dividends	-	-	-	-	-	-	-	-	-	-	-	-
- Change in equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
- Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
- Stock options	-	-	-	273	-	-	-	-	-	273	273	-
Comprehensive income	-	-	-	-	-	9,586	-	-	45,532	35,946	31,802	4,144
Group's net equity at 30/06/2010	113,234	-	22,309	86,855	-	11,188	-	4,471	45,532	252,271	245,650	6,621
Group's net equity	111,313	-	22,309	86,299	-	11,188	-	4,471	41,388	245,650	-	-
Minority interests	1,921	-	-	556	-	-	-	-	4,144	6,621	-	-

Consolidated Cash Flow Statement

Indirect method (€ thousand)	30/06/2011	30/06/2010
A. OPERATING ACTIVITIES		
1. Operations	70,002	67,959
- Result for the period	39,574	45,532
- Gain/loss on financial assets and liabilities held for trading	94	1,689
- Gain/loss on hedging assets	-	-
- Net adjustments due to impairment	1,669	2,176
- Net adjustments of property, equipment and intangible assets	1,911	2,002
- Net provisions for liabilities and contingencies and other costs/revenues	4,766	12,856
- Taxes included in taxes not paid	8,173	5,691
- Adjustments of discontinued operations	-	-
- Other adjustments	13,815	9,395
2. Liquidity generated by/used for financial assets (+/-)	- 131,276	175,444
- Financial assets held for trading	56,400	78,147
- Financial assets measured at fair value	-	-
- Financial assets available for sale	- 88,630	79,192
- Loans to banks: Repayable on demand	- 14,238	132,891
- Loans to banks: other receivables	- 30,184	319,588
- Loans to customers	- 45,631	3,288
- Other assets	- 8,993	15,586
3. Net liquidity generated by/used for financial liabilities (+/-)	46,417	- 253,859
- Due to banks: Repayable on demand	- 33,414	23,354
- Due to banks: other payables	187,253	283,386
- Due to customers	- 147,329	577,829
- Securities issued	- 189	300
- Financial liabilities held for trading	- 5,416	5,140
- Financial liabilities measured at fair value	-	-
- Other liabilities	45,512	12,390
Net liquidity generated by/used for operating activities	- 14,857	- 10,456
B. INVESTING ACTIVITIES		
1. Liquidity generated by	80,294	170,451
- Disposal of equity investments	-	-
- Dividends received	-	-
- Disposal of held-to-maturity financial assets	80,294	170,451
- Disposal of property and equipment	-	-
- Disposal of intangible assets	-	-
- Disposal of business units	-	-
2. Liquidity used for	- 3,656	- 109,831
- Purchase of equity investments	-	-
- Purchase of held-to-maturity financial assets	- 1,994	109,613
- Purchase of property and equipment	- 1,445	184
- Purchase of intangible assets	- 217	34
- Purchase of business units and equity investments in subsidiaries	-	-
Net liquidity generated by/used for investing activities	76,638	60,620
C. FUNDING ACTIVITIES		
- Issue/purchase of treasury shares	3,008	-
- Issue/purchase of equity instruments	-	-
- Distribution of dividends and other	- 65,047	51,883
Net liquidity generated by/used for funding activities	- 62,039	- 51,883
NET LIQUIDITY GENERATED BY/USED FOR IN THE PERIOD	- 258	- 1,719
Reconciliation		
Cash and cash equivalents at period-start	7,953	8,015
Liquidity generated by/used for in the period	- 258	- 1,719
Cash and cash equivalents – effects of exchange rate fluctuations	-	-
Cash and cash equivalents at period-end	7,695	6,296

Notes and Comments

Part A - Accounting Policies

A.1 – General

The consolidated half-year financial statements have been prepared in accordance with article 154-ter of Legislative Decree No. 58/98, enacted by Legislative Decree No. 195/07, which ratified the Transparency Directive into Italian law.

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

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

A.1.1 – Statement of Compliance with International Accounting Standards

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

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

A.1.2 Preparation Criteria

The condensed half-year financial statements are comprised of:

- a **Balance Sheet** as of the end of the interim period under review (30 June 2011) and a comparative balance sheet as of the end of the preceding financial year (31 December 2010);
- a **Profit and Loss Account** for the interim reporting period (first half of 2011), with a comparative profit and loss account for the same interim period of the preceding financial year (first half of 2010);
- the **Other Comprehensive Income (OCI)** statement, introduced by IAS 1, which includes the profit and loss items for the period recognised directly in equity, for the interim reporting period (first half of 2011) as compared to the same period of the previous year (first half of 2010);
- a **Statement of Changes in Equity** for the period extending from the beginning of the financial year to the end of the half-year period under review, with a comparative statement for the same period of the preceding year;
- a **Cash Flow Statement** for the period extending from the beginning of the financial year to the end of the half-year period under review, with a comparative statement for the same period of the preceding year;
- **Notes** containing references to the accounting standards used and other notes explaining transactions carried out during the period.

The consolidated condensed financial statements are prepared by applying IAS 34 on interim disclosures, the general standards set out in IAS 1 and the specific accounting standards approved by the European Commission, as illustrated in Part A.2 of these Notes, and in line with the general assumptions set out in the *Framework for the Preparation and Presentation of Financial Statements* drafted by the IASB. There were no derogations of the application of international accounting standards (IAS/IFRS).

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

In application of this principle, we therefore exercised the option to prepare the financial statements for the period in a condensed form, in place of the complete financial statements prepared for the year

In compliance with the requirements of Article 5 of Legislative Decree No. 38/2005, the condensed consolidated half-year report was prepared in euros. The amounts included in the financial statements and the figures in the Notes are expressed in thousands of euros. Unless otherwise stated, the amounts reported in the interim Report on Operations are expressed in thousands of euro.

A.1.3 Scope of Consolidation and Business Combinations

The consolidation area determined in accordance with IAS 27 include the parent company, Banca Generali S.p.A., and the following subsidiaries and did not change compared to year-end 2010:

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	51.00%	51.00%
- Generfid 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 consolidated accounts include the separate accounts of the Parent Company and the subsidiaries at 30 June 2011, 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.

A.1.4 Events Occurred After the Reporting Date

No events occurred after 30 June 2011 that would make it necessary to adjust the results presented in the consolidated half-year report at that date.

The consolidated half-year financial statements were approved by the Board of Directors of Banca Generali on 29 July 2011 and its publication was authorised as of the same date.

A.1.5 Other Information

Measurement

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

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

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

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

- the quantification of the financial advisor network's remuneration (pay out) for June 2011 and commission-based incentive measures for the first six months of the year;
- the quantification of provisions for personnel incentives;
- the determination of the amount of provisions for risks and contingencies;
- the determination of the fair value of financial instruments and derivatives used for reporting purposes;
- the determination of value adjustments of non-performing loans and the provision for performing loans;
- estimates and assumptions used to determine current and deferred taxation.

Measurement of Goodwill

During the preparation of the 2010 Financial Statements, goodwill was tested for impairment and the carrying value was determined to be accurate. Since all required information is only available when drafting the annual report and there currently are no significant indicators of impairment that would require an immediate assessment of loss, it was decided not to conduct an impairment test as of 30 June 2011. For further information on this subject, the reader is referred to the 2010 Financial Statements.

Non-recurring Significant Events and Transactions

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

Audit

The condensed consolidated half-year financial statements were subjected to limited review by Reconta Ernst & Young S.p.A.

A.2 Accounting Standards

The accounting standards and measurement criteria used are the same as those used to prepare the consolidated financial statements at 31 December 2010. The financial statements presented herein must therefore be read in conjunction with those documents.

However, it should be noted that, following the completion of the endorsement procedure, new IASs/IFRSs, various amendments to existing Standards, and IFRIC interpretative documents entered into force effective 01 January 2011.

International Accounting Standards endorsed in 2010 and effective as of 2011	Endorsement regulations	Publication date	Effective date
Amendments to IFRS 1, Limited Exemption from Comparative IFRS7 Disclosures for First-time Adopters	574/2010	01/07/2010	01/01/2011
Amendments to IAS 24 - Related Parties	632/2010	20/07/2010	01/01/2011
Amendments to IFRIC 14 - Prepayments of a Minimum Funding Requirement	633/2010	20/07/2010	01/01/2011
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	662/2010	24/07/2010	01/01/2011
Improvements to International Financial Reporting Standards 2010	149/2011	19/02/2011	01/01/2011

The new standards and interpretations that have entered into force do not have a significant impact on the operations of the banking group.

A.3 Information on fair value

The criteria and procedures for determining fair value used to measure portfolios of financial assets and liabilities in this Consolidated Half-Year Financial Report are the same as those applied in the preparation of the Consolidated Financial Statements at 31 December 2010 and illustrated in Part A, Section 3, of the Notes to those Financial Statements.

A.3.1 Transfers between portfolios

As known, following the endorsement of IAS 39 and IFRS 7 issued by the IASB (International Accounting Standard Board) on 13 October 2008 and included in the European Regulation (EC) No. 1004/2008 of 15 October 2008, in financial year 2008 the parent company Banca Generali reclassified part of the accounting portfolios of assets held for trading (HFT) and assets available for sale (AFS) to the new IAS portfolios measured at amortised cost, assets held to maturity (HTM) and loans to banks and customers (Loans & Receivables), while equity securities held for trading were transferred to the AFS portfolio.

For further details of the conditions of this transaction, refer to the contents of the corresponding Section A.3 of the Notes to the 2010 Consolidated Financial Statements and Part A of the 2008 Consolidated Financial Statements.

At the end of the first half of 2011 the value of reclassified securities amounted to 421.4 million euros, posting a decrease of 131.3 million euros compared to the situation at 31 December 2010. This amount includes the increases for the amortised costs gradually reaching maturity.

The net negative differences between the carrying amounts of the transferred assets and the fair values of those assets, gross of the associated tax effect, increased from 17.8 million euros at 31 December 2010 to 11.6 million euros, marking a net improvement of 6.2 million euros.

A.3.1.1 Reclassified financial assets: book value, fair value and effects on comprehensive income

Type of financial instrument (€ thousand)	from	to	date of transf.	30/06/2011		31/12/2010	
				Book value	Fair value	Book value	Fair value
Equity securities	TRA	AFS	1/7/08	2,762	2,762	2,930	2,930
Debt securities	TRA	HTM	1/7/08	281,491	279,239	337,568	331,339
Debt securities	AFS	HTM	30/9/08	43,589	43,401	67,946	67,732
Total HTM portfolio				325,080	322,640	405,514	399,071
Debt securities	TRA	LOANS	1/7/08	87,683	78,500	101,116	90,713
Debt securities	AFS	LOANS	1/7/08	5,842	5,878	43,152	42,177
Total loan portfolio (banks and clients)				93,525	84,378	144,268	132,890
Total reclassified financial assets				421,367	409,780	552,712	534,891

A.3.2 Fair Value Hierarchy

The information on the fair value hierarchy defined in paragraph 27 A of IFRS 7 requires that financial assets designated at fair value be reclassified according to a level-based hierarchy that reflects the significance of the inputs used in valuations.

Specifically, there are three levels:

- Level 1: quotations based on the observable market prices of current transactions surveyed on active markets in accordance with IAS 39 involving the same instrument, without any type of adjustment;
- Level 2: inputs other than the price quotations indicated above, but still based on data observable on the market either directly (prices) or indirectly (price-derived data);
- Level 3: inputs not based on observable market data.

At the reporting date, Banca Generali's portfolios designated at fair value consist solely of the portfolio of assets and liabilities held for trading and the portfolio of financial assets available for sale (AFS).

A.3.2.1 Accounting portfolios: distribution by fair-value levels

Financial assets/liabilities at fair value	30/06/2011				TOTAL
	L1	L2	L3	at cost	
1. Financial assets held for trading	26,450	16,038	18,512	-	61,000
2. Financial assets at fair value	-	-	-	-	-
3. AFS financial assets	1,602,232	18,642	10,977	8,185	1,640,036
4. Hedging derivatives	-	-	-	-	-
Total	1,628,682	34,680	29,489	8,185	1,701,036
1. Financial liabilities held for trading	-	774	-	-	774
2. Financial Liabilities at fair value	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-
Total	-	774	-	-	774

Financial assets/liabilities at fair value	31/12/2010				TOTAL
	L1	L2	L3	at cost	
1. Financial assets held for trading	88,276	14,006	17,670	-	119,952
2. Financial assets at fair value	-	-	-	-	-
3. AFS financial assets	1,442,976	69,224	17,837	3,238	1,533,275
4. Hedging derivatives	-	-	-	-	-
Total	1,531,252	83,230	35,507	3,238	1,653,227
1. Financial liabilities held for trading	-	6,502	-	-	6,502
2. Financial Liabilities at fair value	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-
Total	-	6,502	-	-	6,502

A.3.2.2 Annual changes in financial assets at fair value (Level 3)

	FINANCIAL ASSETS		
	Trading	AFS at fair value	AFS at cost
1. Amount at year-start	17,670	17,837	3,238
2. Increases	1,140	4,860	4,977
2.1 Purchases	1,009	4,719	4,977
2.2 Gains through:	0	0	0
2.2.1 Profit and loss	131	0	0
- of which: Capital gains	131	0	0
2.2.2 Net Equity	-	75	0
2.3 Transfers from other levels	0	0	0
2.4 Other increases	0	66	0
<i>of which business combinations</i>	-	-	0
3. Decreases	298	11,720	30
3.1 Sales	0	6,315	0
3.2 Redemptions	91	0	0
3.3 Losses through:	0	0	0
3.3.1 Profit and loss	207	0	0
- of which: Capital losses	207	0	0
3.3.2 Net Equity	0	0	0
3.4 Transfers to other levels	0	5,405	30
3.5 Other decreases	0	0	0
4. Amount at year-end	18,512	10,977	8,185

Part B - Information on the Consolidated Balance Sheet

1. Assets

1.1 Financial assets and liabilities held for trading - Item 20 - assets

1.1.1 Financial assets held for trading: breakdown by debtors/issuers

(€ thousand)	30/06/2011	31/12/2010
A. Cash		
1. Debt securities	17,734	102,636
a) Governments and central banks	411	79,956
b) Other public institutions	0	0
c) Banks	1,484	6,578
d) Other issuers	15,839	16,102
2. Equity securities	25,361	2,577
3. OICR units	17,643	14,540
4. Financing	0	0
Total A	60,738	119,753
B. Derivatives		
a) Banks	83	35
b) Customers	179	164
Total B	262	199
Financial assets held for trading	61,000	119,952

1.2 Available-for-sale financial assets – Item 40

1.2.1 Available-for-sale financial assets: breakdown by debtors/issuers

(€ thousand)	30/06/2011	31/12/2010
1. Debt securities	1,619,200	1,517,903
a) Governments and central banks	1,423,797	1,352,479
b) Other public institutions	0	0
c) Banks	175,975	143,863
d) Other issuers	19,428	21,561
2. Equity securities	20,805	15,341
Equity investments	3,207	3,207
- CSE – 5.00%	1,930	1,930
- Simgenia	967	967
- GBS	246	246
- Other minor securities (Caricese, Swift, Eu-ra etc)	64	64
Private-equity investments	5,117	5,117
Other securities available for sale	12,481	7,017
- Assicurazioni Generali	664	657
- Enel S.p.A	4,072	3,430
- Other equity securities	7,745	2,930
3. OICR units	31	31
4. Financing	0	0
Total AFS financial assets	1,640,036	1,533,275

1.3 Held-to-maturity financial assets – Item 50

1.3.1 Held-to-maturity financial assets: breakdown by debtors/issuers

(€ thousand)	30/06/2011	31/12/2010
a) Governments and central banks	113,125	113,223
b) Other public institutions	0	0
c) Banks	350,456	411,604
d) Other issuers	66,063	83,291
Total debt securities	529,644	608,118

1.4 Debt securities allocated to loans

(€ thousand)	30/06/2011	31/12/2010
a) Banks	189,517	175,302
b) Other issuers	84,265	114,737
Total debt securities	273,782	290,039

1.5 Loans to banks – Item 60

1.5.1 Due from banks: categories

(€ thousand)	30/06/2011	31/12/2010
1. Repayable on demand	230,377	216,139
Demand deposits with instit. banks	135,000	128,000
Transfer accounts	95,377	88,139
2. Time deposits	98,650	83,023
Mandatory reserve	21,360	11,680
Term deposits	77,290	71,343
Term deposit with ECB	0	0
Repurchase agreements	0	0
3. Debt securities	189,517	175,302
4. Other operating loans	1,094	1,133
Total due to banks	519,638	475,597

1.6 Loans to customers – Item 70

1.6.1 Loans to customers: categories

(€ thousand)	30/06/2011	31/12/2010
Current accounts	480,403	444,734
Personal loans	159,260	119,761
Pooled financing	11,614	20,694
Other grants	22,915	11,857
Financing	674,192	597,046
Gesav life insurance participating policy	31,133	30,558
Total Loans	705,325	627,604
Receivables from product companies	53,543	57,602
Sums advanced to financial advisors	27,920	31,020
Interest-bearing daily margin, Borsa Italiana	8,000	4,403
Changes to be debited and other loans	13,297	16,672
Operating loans and other loans	102,760	109,697
Debt securities	84,265	114,737
Total loans to customers	892,350	852,038

Doubtful Loans

Within the segment of loans to customers, the net exposure related to doubtful loans amounted to 28.9 million euros, or 4.2% of the total net aggregate, showing a slight increase compared to the amounts recorded at the end of the previous year.

It should be noted that most non-performing exposures inherited from the merged Banca del Gottardo Italia were covered by the guarantee granted by BSI SA in connection with the sale of that company.

These positions were secured by deposits placed as collateral by Banca BSI SA for an amount of 22.4 million euros.

1.6.2 Cash exposure with customers (loans): gross and net amounts

(€ thousand)	Gross exposure	Adjustments	Net exposure	
			2011	2010
Bad loans	30,471	-15,192	15,279	14,580
Substandard loans	10,441	-17	10,424	14,457
Restructured loans	2,978	0	2,978	0
Expired loans/outstanding over 180 days	192	0	192	577
Total non-performing loans	44,082	-15,209	28,873	29,614
Performing loans	655,130	-1,303	653,827	578,855
Total loans	699,212	-16,512	682,700	608,469

1.7 Property, equipment and intangible assets – Items 120 and 130

1.7.1 Breakdown of property, equipment and intangible assets

(€ thousand)	30/06/2011	31/12/2010
A. Property and equipment		
1. Operating		
1.1 Owned assets		
- Furniture and fittings	2,727	3,009
- ADP machines and equipment	1,392	310
- Miscellaneous machines and equipment	1,313	1,439
1.2 Leased		
Total property and equipment	5,432	4,758
B. Intangible assets		
with indefinite lives		
- Goodwill	38,632	38,632
with finite lives – at cost		
- Transactions with customers of former Banca del Gottardo Italia	6,197	6,674
- Charges for legacy CSE systems	2,291	2,819
- Other software costs	316	259
- No-load commissions to be amortised	61	61
- Other assets and assets under processing	91	66
Total intangible assets	47,588	48,511
Total property, equipment and intangible assets	53,020	53,269

1.7.2 Property, equipment and intangible assets: changes

	Goodwill	Intangible assets	Property and equipment	30/06/2011
Net amount at year-start	38,632	9,879	4,758	53,269
Increases	0	217	1,445	1,662
Purchases	0	217	1,445	1,662
Other changes	0	0	0	0
of which business combinations	0	0	0	0
Decreases	0	1,140	771	1,911
Sales	0	0	0	0
Adjustments	0	1,140	771	1,911
of which: a) amortisation	0	1,140	771	1,911
of which: b) write-downs	0	0	0	0
Other changes	0	0	0	0
Amount at year-end	38,632	8,956	5,432	53,020

1.8 Other assets – Item 160

1.8.1 Breakdown of other assets

	30/06/2011	31/12/2010
Fiscal items	10,347	17,051
Sums due from fiscal authorities for taxes to be refunded - other	160	177
Advances paid to fiscal authorities – current account withholdings	7,886	10,008
Advances paid to fiscal authorities - stamp duty	1,533	6,234
Excess payment of substitute tax for tax shield	421	375
Other sums due from fiscal authorities	347	257
Leasehold improvements	1,041	1,172
Sundry advances to suppliers and employees	2,267	5,897
Operating loans unrelated to financial transactions	509	600
Cheques under processing	15,354	12,765
C/a cheques drawn on third parties under processing	3,298	5,110
Our c/a cheques under processing c/o service	11,993	7,620
Cheques - other amounts under processing	63	35
Other amounts to be debited under processing	22,114	11,246
Amounts to be settled in the clearing house (debits)	5,685	2,620
Clearing accounts for securities and funds procedure	6,834	8,049
Other amounts to be debited under processing	9,595	577
Amounts receivable for legal disputes related to non-credit transactions	5,437	5,320
Other amounts	31,920	32,595
Due from Assicurazioni Generali for claims to be settled	91	1,190
Amounts to be debited	52	2,916
Other accrued income and deferred charges	31,388	28,033
Sundry amounts	389	456
Total	88,989	86,646

1.9 Tax receivables and payables - Item 140 (Assets) and Item 80 (Liabilities)

1.9.1 Breakdown of item 140 (Assets): tax receivables

Type of transaction/Values	30/06/2011	31/12/2010
Current taxation	16,850	27,401
- sums due for taxes to be refunded	115	115
- IRES arising on National Tax Consolidation	15,787	26,862
- IRES	0	0
- IRAP	948	424
Deferred tax receivables	43,881	43,639
With impact on profit and loss account	35,940	33,170
- IRES	31,398	29,674
- IRAP	4,542	3,496
With impact on net equity	7,941	10,469
- IRES	6,930	9,122
- IRAP	1,011	1,347
Total	60,731	71,040

1.9.2 Breakdown of item 80 (liabilities): tax payables

Type of transaction/Values	30/06/2011	31/12/2010
Current taxation	17,428	17,079
- IRES arising on National Tax Consolidation	0	0
- IRES	31	643
- IRAP	34	1,420
- Other direct taxes payable	17,073	14,376
- Sum due to the Treasury by way of substitute tax	290	640
Deferred tax payables	1,296	1,257
With impact on profit and loss account	1,179	1,136
- IRES	1,110	1,081
- IRAP	69	55
With impact on net equity	117	121
- IRES	103	106
- IRAP	14	15
Total	18,724	18,336

1.9.3 Change in deferred tax receivables (offsetting entry to the profit and loss account)

	30/06/2011	31/12/2010
1. Amount at period-start	33,170	21,125
2. Increases	6,489	19,150
2.1 Deferred tax receivables for the period	4,144	18,054
a) relative to prior years	436	191
b) change in accounting criteria	0	0
c) reversal value	0	0
d) other	3,708	17,863
2.2 New taxes or increases in tax rates	714	0
2.3 Other increases	1,631	1,096
<i>of which BG SGR goodwill redemption</i>	1,631	0
<i>of which adjustment of prepaid taxes for the tax consolidation program</i>	0	1,096
<i>of which business combinations</i>	0	0
3. Decreases	3,719	7,105
3.1 Deferred tax receivables eliminated in the period	3,719	7,105
a) transfers	3,359	6,701
b) write-downs for non-recoverability	360	404
c) change in accounting criteria	0	0
3.2 Decreases in tax rates	0	0
3.3 Other decreases	0	0
<i>of which other</i>	0	0
<i>of which business combinations</i>	0	0
<i>of which reclassified to assets for the Tax Consolidation</i>	0	0
4. Amount at period-end	35,940	33,170

1.9.4 Change in deferred taxes (offsetting entry to the profit and loss account)

	30/06/2011	31/12/2010
1. Amount at year-start	1,136	3,509
2. Increases	44	77
2.1 Deferred tax payables for the period	33	77
a) relative to prior years	0	12
b) change in accounting criteria	0	0
c) reversal value	0	0
d) other	0	65
2.2 New taxes or increases in tax rates	11	0
2.3 Other increases	0	0
<i>of which business combinations</i>	0	0
3. Decreases	1	2,450
3.1 Deferred tax payables eliminated during the period	1	2,450
a) transfers	0	19
b) change in accounting criteria	0	0
c) other	0	2,431
3.2 Decreases in tax rates	0	0
3.3 Other decreases	0	0
<i>of which business combinations</i>	0	0
4. Amount at period-end	1,179	1,136

2. Net Equity and Liabilities

2.1 Due to banks – Item 10

2.1.1 Due to banks categories

(€ thousand)	30/06/2011	31/12/2010
1. Due to central banks	0	0
2. Due to banks	605,108	450,431
2.1 Transfer accounts	2,459	35,873
2.2 Term deposits	8,692	9,391
2.3 Loans	571,475	382,950
- Repurchase agreements	571,475	382,950
- other	0	0
2.4 Other debts	22,482	22,217
Total due to banks	605,108	450,431

Other liabilities refers to deposits made by BSI SA as a guarantee for some non-performing loans, arising on the acquisition of Banca del Gottardo Italia (collateral deposits).

2.2 Due to customers and securities issued - Items 20 and 30

2.2.1 Due to customers: categories

(€ thousand)	30/06/2011	31/12/2010
1. Current accounts and free deposits	2,524,351	2,661,113
2. Term deposits	85,000	78,400
3. Financing	104,939	107,881
3.1. Repurchase agreements	63,706	67,469
3.2 other	41,233	40,412
<i>Generali Versicherung subordinated loan</i>	<i>41,233</i>	<i>40,412</i>
4. Other debts	56,712	63,295
Operating debts to sales network	26,030	23,351
Other	30,682	39,944
Total due to customers (item 20)	2,771,002	2,910,689
Securities issued (certificates of deposit)	0	189
Total inflows from customers (Items 20 and 30)	2,771,002	2,910,878

Inflows from customers include a subordinated loan in the amount of 40 million euros granted by the German associate insurance company Generali Versicherung AG under the contractual form known as *Schuldschein* (loan), with a repayment schedule that calls for five annual instalments beginning on 1 October 2011 and an interest rate equal to the 12-month Euribor plus 225 basis points. The loan is subordinated in the event of a default by the bank.

Operating debts refer primarily to fees accrued by Italian sales networks.

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

2.3 Liabilities held for trading – Item 40

2.3.1 Breakdown of financial liabilities held for trading

(€ thousand)	30/06/2011	31/12/2010
A. Financial liabilities	0	0
1. Due to banks	0	0
2. Due to customers	0	0
3. Debt securities	0	0
B. Derivatives	-774	-6,502
1. Financial	-774	-6,502
2. Credit	0	0
Total liabilities held for trading	-774	-6,502

2.4 Other liabilities – Item 100

2.4.1 Breakdown of other liabilities

	30/06/2011	31/12/2010
Trade payables	17,568	18,860
Due to suppliers	14,532	14,039
Amounts due for payments to be made on behalf of third-parties	3,036	4,821
Due to staff and social security institutions	12,473	15,721
Due to staff for accrued holidays etc.	3,937	3,467
Due to staff for productivity bonuses to be paid out	5,317	8,302
Contributions to be paid to social security institutions	1,813	2,116
Contributions to advisors to be paid to Enasarco	1,406	1,836
Tax authorities	54,073	12,372
Withholding taxes to be paid to tax authorities on behalf of employees and contract workers	1,248	1,273
Withholding taxes to be paid to tax authorities on behalf of customers	5,144	10,156
Notes to be paid in to collection services Collection	47,461	852
VAT payable	220	91
Third-party assets available for customers	24	4
Sums made available to customers	24	4
Amounts to be debited under processing	39,171	31,693
Bank transfers, cheques and other sums payable	3,539	4,662
Amounts to be settled in the clearing house (credits)	20,789	10,770
Liabilities from reclassification of portfolio subject to collection (SBF)	1,037	1,083
Other amounts to be debited under processing	13,806	15,178
Sundry items	6,462	4,113
Accrued expenses and deferred income that cannot be traced back to specific items	1,971	146
Sundry items	4,373	3,693
Amounts to be credited	118	274
Total	129,771	82,763

2.5 Special purpose provisions - Items 110 and 120

2.5.1 Breakdown of provisions for liabilities and contingencies

(€ thousand)	30/06/2011	31/12/2010
Provision for termination indemnity	4,206	4,345
Other provisions for liabilities and contingencies	58,180	53,414
<i>Provisions for staff expenses</i>	<i>7,135</i>	<i>7,086</i>
<i>Provisions for legal disputes</i>	<i>10,754</i>	<i>9,496</i>
<i>Provisions for advisors' end-of-service indemnities</i>	<i>12,804</i>	<i>11,717</i>
<i>Provisions for network incentives</i>	<i>27,357</i>	<i>24,794</i>
<i>Other provisions for risks and charges</i>	<i>130</i>	<i>321</i>
Total provisions	62,386	57,759

2.5.2 Provisions for liabilities and contingencies: Change

	31/12/2010	Uses	Surplus	Other	Provisions	30/06/2011
				changes		
Provision for staff expenses	7,086	-380	-548	0	977	7,135
Provision for legal disputes	9,496	-487	-372	0	2,117	10,754
Provision for risks related to litigations connected with advisors' embezzlements	4,862	-209	-69	1	1,833	6,418
Provision for risks related to legal disputes with advisors	1,130	-5	0	0	94	1,219
Provision for risks related to legal disputes with staff	774	-50	0	15	0	739
Provision for other legal disputes	2,730	-223	-303	-16	190	2,378
Provision for termination indemnity of advisors	11,717	-615	-53	0	1,755	12,804
Provision for termination indemnity	7,755	-354	-34	0	1,135	8,502
Provision for portfolio overcommission indemnities	3,962	-261	-19	0	620	4,302
Provisions for risks related to network incentives	24,794	-4,019	-386	0	6,968	27,357
Provision for risks related to network development incentives	22,025	-2,519	-386	0	1,990	21,110
Provisions for managers with access gate	1,083	0	0	0	0	1,083
Provision for commissions - travel incentives and tenders	1,500	-1,500	0	0	725	725
Provision for risks related to incentive plans	0	0	0	0	4,245	4,245
Provision for commission charges (other plans)	186	0	0	0	8	194
Other provisions for liabilities and contingencies	321	-156	-35	0	0	130
Total	53,414	-5,657	-1,394	0	11,817	58,180

2.6 Group net equity — Items 140, 160, 170, 180, 190, 200 and 220

2.6.1 Total shares of the Parent Company: changes

Items/Type	30/06/2011
A. Existing shares at period-start	111,362,750
- paid up	111,362,750
- partially paid	0
A.1 Treasury shares (-)	70,071
B.2 Outstanding shares amount at year-start	111,292,679
B. Increases	339,668
B.1 Newly issued shares	
- against payment:	299,668
- business combination transactions	0
- bonds conversion	0
- exercise of warrant	299,668
- other	0
- for free:	0
- to staff	0
- to directors	0
- other	0
B.2 Sale of treasury shares	40,000
B.3 Other changes	0
C. Decreases	0
C.1 Cancellation	0
C.2 Purchase of treasury shares	0
C.3 Disposal of companies	0
C.4 Other changes	0
D. Outstanding shares: closing balance	111,632,347
D.1 Treasury shares (+)	30,071
D.2 Existing shares at the end of the year	111,662,418
- paid up	111,662,418
- partially paid	-

At the end of the first half of 2011, the parent company Banca Generali had 30,071 treasury shares having a total carrying value of 248 thousand euros in favour of the following beneficiaries:

- 20,000 shares arising from the merger of Banca BSI Italia S.p.A. allocated in service of the stock-option plan for the subsidiary's former chairman;
- 10,071 shares referring to residual grants under the stock-granting plan for the financial advisors of the former Prime Consult network, originally launched in 2001.

During the half-year, 40,000 treasury shares allocated for the stock option plan of the former Banca BSI Italia were assigned to the recipient.

2.7 Other information

2.7.1 Guarantees and commitments

Transaction	30/06/2011	31/12/2010
1) Financial guarantees issued	19,155	16,186
a) Banks	3,999	3,999
b) Customers	15,156	12,187
2) Commercial guarantees issued	15,446	12,783
a) Banks	0	0
b) Customers	15,446	12,783
3) Irrevocable commitment to dispense funds	14,372	85,861
a) Banks	559	84,642
i) of certain use	559	49,695
ii) of uncertain use	0	34,947
b) Customers	13,813	1,219
i) of certain use	5,463	0
ii) of uncertain use	8,350	1,219
4) Underlying commitments to credit derivatives: hedging sales	0	0
5) Assets pledged as collateral of third-party obligations	0	0
6) Other commitments	0	0
<i>of which securities receivable for put option issued</i>	0	0
Total	48,973	114,830

Part C – Information on the Consolidated Profit and Loss Account

1. Interests - Items 10 and 20

1.1 Breakdown of interest income and similar revenues

	Debt securities	Loans	Other transactions	30/06/2011	30/06/2010
1. Financial assets held for trading	307	0	0	307	2,195
2. Financial assets at fair value	0	0	0	0	0
3. AFS financial assets	15,316	0	0	15,316	10,181
4. Financial assets held to maturity	7,071	0	0	7,071	6,368
5. Loans to banks	2,226	1,630	0	3,856	2,593
6. Loans to customers	605	7,106	0	7,711	5,998
7. Hedging derivatives	0	0	0	0	0
8. Other assets	0	0	15	15	6
Total	25,525	8,736	15	34,276	27,341

1.2 Breakdown of interest expense and similar charges

	Amounts due	Securities	Other transactions	30/06/2011	30/06/2010
1. Due to central banks	0	0	0	0	0
2. Due to banks	3,840	0	0	3,840	489
3. Due to customers	8,923	0	0	8,923	4,498
4. Securities issued	0	0	0	0	0
5. Financial liabilities held for trading	0	0	0	0	0
6. Financial liabilities at fair value	0	0	0	0	0
7. Other liabilities and provisions	0	0	19	19	0
8. Hedging derivatives	0	0	0	0	0
Total	12,763	0	19	12,782	4,987

2 Commissions – Items 40 and 50

2.1 Breakdown of commission income

	30/06/2011	30/06/2010
a) Guarantees issued	81	21
b) Credit derivatives	0	0
c) Management, brokerage and consultancy services:	178,024	179,894
1. Trading of financial instruments	8,616	3,796
2. Currency trading	0	9
3. Asset management	117,667	114,756
3.1. <i>Individual</i>	17,870	18,455
3.2. <i>Collective</i>	99,797	96,301
4. Custody and administration of securities	1,184	1,462
5. Depository bank	0	0
6. Placement of securities	16,026	20,308
7. Order collection	3,359	12,087
8. Consultancy activities	51	8
9. Distribution of third-party services	31,121	27,468
9.1. <i>Asset management</i>	190	170
9.1.1. <i>Individual</i>	22	22
9.1.2. <i>Collective</i>	168	148
9.2. <i>Insurance products</i>	30,593	26,202
9.3. <i>Other products</i>	338	1,096
d) Collection and payment services	855	981
e) Servicing related to securitisations	0	0
f) Factoring-related services	0	0
g) Tax collection services		0
h) Management of multilateral trading facilities		0
i) Keeping and management of current accounts	1,369	1,391
j) Other services	987	793
Total	181,316	183,080

2.2 Breakdown of commission expense

	30/06/2011	30/06/2010
a) Guarantees received	42	158
b) Credit derivatives	0	0
c) Management and brokerage services	80,310	74,156
1. Trading of financial instruments	2,345	4,304
2. Currency trading	0	0
3. Asset management	8,157	5,869
3.1 Own portfolio	8,157	5,869
3.2 Third party portfolio	0	0
4. Custody and administration of securities	260	176
5. Placement of financial instruments	0	0
6. External offer of financial instruments, products and services	69,548	63,807
d) Collection and payment services	443	381
e) Other services	450	1,480
Total	81,245	76,175

3 Dividends – Item 70

3.1. Breakdown of dividends and similar income

Transactions/Income components	30/06/2011		30/06/2010	
	Dividends	Proceeds from UCIT units	Dividends	Proceeds from UCIT units
A. Financial assets held for trading	57,054	74	43,975	6
B. Available-for-sale financial assets	539	0	431	0
C. Financial assets measured at fair value	0	0	0	0
D. Shareholdings	0	X	0	X
Total	57,593	74	44,406	6

The dividends on financial assets held for trading refer to 57,013 thousand euros in total return swap transactions (43,945 thousand euros at 30 June 2010).

4 Net profit from trading - Item 80

4.1 Breakdown of net income from trading

Transactions/Income components	Capital gains	Income from trading	Capital loss	Loss from trading	Net result	Net result
					30/06/2011	30/06/2010
1. Financial assets	301	1482	1925	84584	-84,726	-82,376
1.1 Debt securities	8	822	226	14	590	579
1.2 Equity securities	161	365	1141	84569	-85,184	-83,043
1.3 UCIT units	132	265	558	1	-162	88
1.4 Loans	0	0	0	0	0	0
1.5 Other	0	30	0	0	30	0
2. Financial liabilities from trading	0	0	0	0	0	0
2.1 Debt securities	0	0	0	0	0	0
2.2 Debts	0	0	0	0	0	0
2.3 Other						
3. Other financial assets and liabilities: exchange gains and losses	0	0	0	36	-36	1,936
4. Derivatives	93	34688	0	3589	31,192	38,123
4.1 Financial derivatives	93	34688	0	3589	31,192	38,123
- on debt securities and interest rates	0	466	0	474	85	-2,091
<i>interest rate swaps</i>	<i>93</i>	<i>313</i>	<i>0</i>	<i>474</i>	<i>-68</i>	<i>-937</i>
<i>asset swaps</i>	<i>0</i>	<i>153</i>	<i>0</i>	<i>0</i>	<i>153</i>	<i>-1,154</i>
- on equity securities and stock indexes	0	34159	0	3067	31,092	36,888
<i>options</i>		<i>54</i>	<i>0</i>	<i>11</i>	<i>43</i>	<i>-471</i>
<i>futures (1)</i>		<i>34105</i>		<i>3056</i>	<i>31,049</i>	<i>37,359</i>
- on currency and gold (2)	0	63	0	48	15	-110
- other	0	0	0	0	0	3,436
<i>total return swaps (1)</i>		<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3,436</i>
4.2 Credit derivatives	0	0	0	0	0	0
Total	394	36,170	1,925	88,209	-53,570	-42,317

5 Gains (Losses) from transfer/repurchase - Item 100

5.1 Breakdown of gains (losses) from transfer/repurchase

	30/06/2011			30/06/2010		
	Gains	Losses	Net result	Gains	Losses	Net result
Financial assets						
1. Loans to banks	316	18	298	836	0	836
2. Loans to customers	194	75	119	835	0	835
3. Available-for-sale financial assets (1)	2,326	1,066	1,260	10,266	1,075	9,191
3.1 Debt securities	2,306	1,066	1,240	10,176	1,055	9,121
3.2 Equity securities	20	0	20	90	20	70
3.3 UCIT units	0	0	0	0	0	0
3.4 Loans	0	0	0	0	0	0
4. Held-to-maturity financial assets	70	30	40	733	314	419
Total assets	2,906	1,189	1,717	12,670	1,389	11,281
Financial liabilities						
1. Due to banks	0	0	0	0	0	0
2. Due to customers	0	0	0	0	0	0
3. Securities issued	0	0	0	0	0	0
Total liabilities	0	0	0	0	0	0

Equity reserves transferred back to the profit and loss account are illustrated in the following table.

	Positive	Negative	Net
Debt securities	96	-991	-895
Equity securities	0	0	0
Total	96	-991	-895

6 Net adjustments/reversal value for impairment - Item 130

6.1 Breakdown of net adjustments to non-performing loans

Transactions/Income components	Adjustments			Reversals				30/06/2011	30/06/2010
	Specific		Portfolio	Specific		Portfolio			
	Write-offs	Other		from interest	other reversals	from interest	other reversals		
A. Loans to banks	0	0	783	0	0	0	0	-783	0
- Loans	0	0	0	0	0	0	0	0	0
- Debt securities	0	0	783	0	0	0	0	-783	0
B. Loans to customers	0	88	79	0	140	0	362	335	-1,509
- Loans	0	0	0	0	0	0	242	242	-53
- Operating loans	0	75	0	0	40	0	0	-35	-896
- Debt securities	0	13	79	0	100	0	120	128	-560
C. Total	0	88	862	0	0	140	0	-448	-1,509

6.2 Breakdown of net adjustments for impairment of available-for-sale financial assets

Transactions/Income components	Adjustments			Reversals				30/06/2011	30/06/2010
	Specific		Portfolio	Specific		Portfolio			
	Write-offs	Other		from interest	other reversals	from interest	other reversals		
A. Debt securities	0	0	0	0	0	0	0	0	0
B. Equity securities	0	569	0	0	0	0	0	-569	-667
C. UCIT units	0	0	0	0	0	0	0	0	
D. Loans to banks	0	0	0	0	0	0	0	0	0
E. Loans to customers	0	0	0	0	0	0	0	0	0
F. Total	0	569	0	0	0	0	0	-569	-667

6.3 Breakdown of net adjustments for impairment of held-to-maturity financial assets

Transactions/Income components	Adjustments			Reversals				30/06/2011	30/06/2010
	Specific		Portfolio	Specific		Portfolio			
	Write-offs	Other		from interest	other reversals	from interest	other reversals		
A. Debt securities	0	0	652	0	0	0	0	-652	0
B. Equity securities	0	0	0	0	0	0	0	0	0
C. UCIT units	0	0	0	0	0	0	0	0	
D. Loans to banks	0	0	0	0	0	0	0	0	0
E. Loans to customers	0	0	0	0	0	0	0	0	0
F. Total	0	0	652	0	0	0	0	-652	0

7 General and administrative expense - Item 180

7.1 Breakdown of staff expenses

	30/06/2011	30/06/2010
1) Employees	33,301	32,709
a) Wages and salaries	18,827	18,733
b) Social security charges	4,814	4,760
c) Termination indemnity	0	0
d) Retirement benefit plans	0	0
e) Provisions for termination indemnity	321	543
f) Provision for pensions and similar costs:	0	0
- defined contribution	0	0
- defined benefit	0	0
g) Amounts paid to supplementary external pension funds:	1,933	1,642
- defined contribution	1,933	1,642
- defined benefit	0	0
h) Costs related to payment agreements based on own equity instruments	42	-123
i) Other employee benefits	7,364	7,154
2) Other staff	-158	-104
3) Directors and Auditors	1,161	1,203
4) Retired personnel	0	0
Total	34,304	33,808

7.2 Details of headcount

	30/06/2011	30/06/2010
Employees	779	779
a) Managers	52	50
b) Total executives	181	187
of whom 3rd and 4th levels	120	125
c) Employees at other levels	546	542
Other employees	7	8
Total	786	787

7.3 Breakdown of other employee benefits

	30/06/2011	30/06/2010
Productivity bonuses to be paid (CIA and Managers bonuses)	5,402	5,434
Transfer incentives and other indemnities	768	700
Charges for staff supplementary pensions	671	572
Amounts replacing cafeteria indemnities, clothes and medical costs	289	277
Training expenses	120	59
Allowances and charitable gifts	24	0
Other expenses	90	112
Total	7,364	7,154

7.4 Breakdown of other general and administrative expenses

	30/06/2011	30/06/2010
Administration	5,953	6,345
- Advertising	2,155	2,045
- Consultancy and professional advice expenses	1,495	2,251
- Financial consultancy expenses	72	103
- Auditing firms	285	361
- Insurance	1,497	1,250
- Entertainment expenses	91	72
- Membership contributions	358	261
- Charity	0	2
Operations	13,999	15,962
- Rent and usage of premises and management of properties	7,261	8,116
- Outsourced services (administration, call centre)	2,215	2,468
- Post and telephone	1,216	1,384
- Print material	369	618
- Other expenses for sales network management	1,318	1,582
- Other expenses and purchases	1,620	1,794
Information system and equipment	15,402	16,783
- Expenses related to outsourced IT services	9,754	11,761
- Fees for IT services and databases	2,582	2,288
- Software maintenance and servicing	2,357	1,839
- Fees for equipment hired and software used	396	502
- Other maintenance	313	393
Indirect taxation	5,414	4,221
Total	40,768	43,311

8 Net provisions for liabilities and contingencies - Item 190

8.1 Breakdown of net provisions

	30/06/2011			30/06/2010		
	Provisions	Reversals	Net	Provisions	Reversals	Net
Provisions for risks related to staff expenses	443	-548	-105	1,980	0	1,980
Provisions for staff expenses: long-term incentives	0	0	0	0	0	0
Provision for staff expenses: other	443	-548	-105	1,980	0	1,980
Litigation	2,117	-372	1,745	1,433	-194	1,239
Provision for risks related to legal disputes with subscribers	1,833	-69	1,764	730	-118	612
Provision for risks related to legal disputes with advisors	94	0	94	160	-4	156
Provision for risks related to legal disputes with staff	0	0	0	50	0	50
Provisions for risks related to legal disputes with other parties	190	-303	-113	493	-72	421
Provisions for termination indemnity for financial advisors	1,755	-53	1,702	996	-6	990
Provisions for risks related to network incentives	6,968	-386	6,582	16,699	-16	16,683
Provision for risks related to network development incentives	6,235	-386	5,849	14,963	-5	14,958
Provisions for managers with access gate	0	0	0	0	0	0
Provision for commissions - travel incentives and tenders	725	0	725	600	0	600
Provision for commissions - incentive plans	8	0	8	1,041	0	1,041
Provision for loyalty bonuses for financial advisors	0	0	0	95	-11	84
Other provisions for liabilities and contingencies	0	-35	-35	0	0	0
Total	11,283	-1,394	9,889	21,108	-216	20,892

9 Net adjustments/reversals value of property and equipment - Item 200

	Depreciation	Adjustment due to impairment	Reversal value	Net result
A. Property and equipment				
A.1 Owned	771	0	0	771
- Operating	771	0	0	771
- Investment	0	0	0	0
A.2 Leased	0	0	0	0
- Operating	0	0	0	0
- Investment	0	0	0	0
Total	771	0	0	771

10 Net adjustments/reversals value of intangible assets - Item 210

	Amortisation	Adjustment due to impairment	Reversal value	Net result
A. Intangible assets				
A.1 Owned	1,140	0	0	1,140
- Generated in-house	0	0	0	0
- Other	1,140	0	0	1,140
A.2 Leased	0	0	0	0
Total	1,140	0	0	1,140

11 Other net income - Item 220

Other net operating income and charges includes items previously classified among extraordinary income and expense components, as well as miscellaneous income and expense. Recurring income mainly includes the reimbursement of expenses from customers for taxes and the management of their current accounts, allowances and repayments from financial advisors. Other charges include reclassified depreciation on leasehold improvements that, in accordance with Bank of Italy regulations, are classified among other assets and no longer as intangible assets.

11.1 Breakdown of other operating expenses

	30/06/2011	30/06/2010
Adjustments of leasehold improvements	293	353
Elimination of improvements to discontinued outlets	68	0
Elimination of CSE charges	0	0
Charges for staff leaving incentives	0	0
Contingent liabilities and non-existent assets	404	679
Charges from accounting adjustments with customers	149	194
Indemnities and compensation	53	32
Consolidation adjustments	5	-13
Other operating expenses	101	93
Total	1,073	1,338

11.2 Breakdown of other operating income

	30/06/2011	30/06/2010
Recovery of expenses and inflow from customers	5,026	3,573
Portfolio valuation overcommission	87	57
Indemnities for advisors' notices	5	74
Recovery of costs from advisors	277	341
Fees for outsourcing services	119	120
Contingent assets and non-existent liabilities	1,168	2,965
Insurance compensation and indemnities	21	40
Other income	144	123
Total	6,847	7,293
Total other net income	5,774	5,955

12 Income tax for the period for current operations - Item 290

12.1 Breakdown of income tax for the period for current operations

	30/06/2011	30/06/2010
1. Current taxation (-)	-7,409	-16,066
2. Change in prior years current taxes	-359	-529
3. Reduction of current taxes for the year (+)	0	0
4. Changes of prepaid taxation (+/-)	2,773	13,328
5. Changes of deferred taxation (+/-)	-43	2,398
6. Taxes for the period (-) (-1+/-2+3+/-4+/-5)	-5,038	-869

12.2 Effects of the redemption

Redeemable items (€ thousand)	Book value	Redeemable value	Substitute tax	Recognition of deferred tax assets	Reversal of deferred tax liabilities	Net economic benefit
Goodwill (Art. 176, par. 2-ter of TUIR)						
IRES	4,932	4,932	-592	1,356	0	764
IRAP	4,932	4,932	0	275	0	275
Total	4,932	4,932	-592	1,631	0	1.039

12.3 Reconciliation between the theoretical tax charge and actual tax charge recognised in the financial statements

The following table presents the reconciliation between the total amount of income taxes due for the period, including current and deferred taxes, as indicated in item 290 of the income statement, and the theoretical corporate income tax IRES calculated by applying the 27.5% current applicable tax rate to pre-tax profit. The reconciliation statement is therefore expressed based on higher or lower current and deferred taxes debited or credited to the P&L account compared to the theoretical tax burden.

	30/06/2011	30/06/2010
Current taxation	- 7,409	- 16,066
IRES and equivalent foreign direct taxes	-6,337	-7,960
IRAP	-450	-2,122
Substitute tax for redemption	-592	-5,984
Other	-30	0
Prepaid and deferred taxation	2,730	15,726
IRES	1,698	13,748
IRAP	1,032	1,978
Prior years taxes	-359	-529
IRES	-402	-443
IRAP	43	-86
Income taxes	-5,038	-869
Theoretical tax rate	27.5%	27.5%
Current profit (loss) before taxation	44,612	46,401
Theoretical taxation	-12,268	-12,760
Tax income (+) expense (-)		
Non-taxable income (dividends)	141	88
Double taxation on 5% of Group dividends	-240	-689
Interest expense (4%)	-122	-57
Impairment of equity securities PEX	-156	0
Other non-deductible costs	-435	-718
Change in tax rates of companies under foreign law	7,327	8,961
IRAP (with no redemption effect)	350	-1,796
Substitute tax for redemption of goodwill and intangible assets		
- substitute tax paid	-592	-5,984
- deferred tax assets and liabilities	1,356	10,719
- deferred tax assets and liabilities (IRAP)	275	1,566
Prior years taxes	-402	-443
Other taxes	-30	0
Other adjustments	-242	244
Actual tax expense	-5,038	-869
Total actual tax rate	11.3%	1.9%
Actual tax rate (IRES only)	12.7%	1.4%

13 Minority interests (+/-) for the period – Item 330

13.1 Breakdown of Item 330 - Minority interests (+/-) for the period

	30/06/2011	30/06/2010
Generali Fund Management SA (GFM)	2,159	1,836
Minority interests (+/-)	2,159	1,836

14 Earnings per Share

14.1 Average number of ordinary shares after dilution

	30/06/2011	30/06/2010
Net profit for the year (€ thousand)	37,415	43,696
Net profit attributable to ordinary shares	37,415	43,696
Average number of outstanding shares (€ thousand)	111,433	110,854
EPS - Earning per share (euro)	0.336	0.394
Average number of outstanding shares		
Diluted capital (€ thousand)	114,531	115,947
EPS - Diluted earnings per share (euro)	0.327	0.377

Part D – Comprehensive Income

Items	Gross amount	Income taxes	Net amount
10. Net profit (loss) for the year	X	X	39,574
Other income			
20. AFS financial assets	8,603	-2,525	6,078
a) fair value increases	6,415	-1,838	4,577
b) transfer to profit and loss account	2,188	-687	1,501
- adjustments due to impairment	569	-179	390
-gains (losses) on disposal	1,619	-508	1,111
c) other changes	0	0	0
30. Property and equipment	0	0	0
40. Intangible assets	0	0	0
50. Hedges of foreign investments	0	0	0
a) fair value changes	0	0	0
b) transfer to profit and loss account	0	0	0
c) other changes	0	0	0
60. Cash-flow hedges	0	0	0
a) fair value changes	0	0	0
b) transfer to profit and loss account	0	0	0
c) other changes	0	0	0
70. Exchange differences	0	0	0
a) fair value changes	0	0	0
b) transfer to profit and loss account	0	0	0
c) other changes	0	0	0
80. Non-current assets held for sale	0	0	0
a) fair value changes	0	0	0
b) transfer to profit and loss account	0	0	0
c) other changes	0	0	0
90. Actuarial gains (losses) from defined benefit plans	0	0	0
100. Share of valuation reserves of investments valued at equity:	0	0	0
a) fair value changes	0	0	0
b) transfer to profit and loss account	0	0	0
- adjustments due to impairment	0	0	0
-gains (losses) on disposal	0	0	0
c) other changes	0	0	0
110. Total other income	8,603	-2,525	6,078
120. Comprehensive income (Item 10+110)			45,652
130. Comprehensive income attributable to minority interests			-2,159
140. Consolidated comprehensive income attributable to the Parent Company			43,493

Part E – Information on Net Equity

At 30 June 2011, consolidated net equity, including net profit for the period amounted to 265.3 million euros compared to 281.2 million euros reported at the end of last year; the changes for the period were as follows.

(€ thousand)	30/06/2011	31/12/2010	Change	
			Amount	%
Share capital	111,662	111,363	299	0.3%
Additional paid-in capital	3,109	0	3,109	n.a.
Reserves	125,974	105,400	20,574	19.5%
(Treasury shares)	-248	-660	412	-62.4%
Valuation reserves	-17,634	-23,712	6,078	-25.6%
Equity instruments	0	0	0	n.a.
Net profit (loss) for the year	37,415	82,207	-44,792	-54.5%
Group net equity	260,278	274,598	-14,320	-5.2%
Minority interests	5,060	6,621	-1,561	-23.6%
Consolidated net equity	265,338	281,219	-15,881	-5.6%

	Group	Third parties	Overall
Net equity at year-start	274,598	6,621	281,219
Dividend paid	-61,327	-3,720	-65,047
Previous stock option plans: issue of new shares	3,008	0	3,008
New Stock Option Plans	527	0	527
Other changes	-21	0	-21
Change in AFS reserves	6,078	0	6,078
Consolidated profit	37,415	2,159	39,574
Net equity at year-end	260,278	5,060	265,338
Changes	-14,320	-1,561	-15,881

Moreover, during the first half of 2011, the positive trend of stock market prices encouraged the exercise of stock option plans reserved for financial advisors and the group management, resulting in an increase in net equity of the parent company Banca Generali, for a total of 3.0 million euros.

Valuation Reserves

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

At period-end, such reserves had a total negative value of 17.6 million euros and were broken down as follows.

(€ thousand)	30/06/2011			31/12/2010	
	Positive reserve	Negative reserve	Net reserve	Net reserve	Changes
1. Debt securities	242	-16,816	-16,574	-21,951	5,377
2. Equity securities	14	-1,074	-1,060	-1,761	701
Total	256	-17,890	-17,634	-23,712	6,078

The debt securities classified to the AFS portfolio showed a negative fair value reserve of 16.6 million euros, wholly attributable to government securities of the euro area.

The reserve also includes 0.4 million euros in decreases in fair value that were recognised due to the transfer of securities from the AFS portfolio to the portfolios held to maturity and loans and receivables (net of the relative tax effect). According to IAS 39, these reserves will be absorbed over time through an amortisation process over the estimated residual life of the reclassified securities.

The decrease in negative reserves was primarily attributable for 6.4 million euros to the net positive change in fair value of securities allocated to the portfolio of available for sale financial assets and for 2.2 million euros to the reversal to profit and loss of net negative reserves as a result of the disposal of securities or the recognition of an impairment loss following an impairment procedure.

The net negative tax effect relating to such changes was estimated to amount to 2.5 million euros.

(€ thousand)	30/06/2011							
	Debt securities		Equity		Total			
	AFS	formerly AFS	securities					
1. Amount at period-start	-	21,038	-	913	-	1,761	-	23,712
2. Increases		8,381		744		1,345		10,470
2.1 Fair value increases		7,361				776		8,137
2.2 Transfer to profit and loss of negative reserves								
due to impairment		-				569		569
due to disposal		991		741		-		1,732
2.3 Other changes		29		3		-		32
3. Decreases		3,500		248		644		4,392
3.1 Fair value decreases		1,141		-		581		1,722
3.2 Adjustments due to impairment		-		-		-		-
3.3 Transfer to profit and loss of pos. reserves: due to disposal		96		17		-		113
3.4 Other changes		2,263		231		63		2,557
4. Amount at period-end	-	16,157	-	417	-	1,060	-	17,634

1.2 Capital for regulatory purposes

At 30 June 2011, consolidated capital for regulatory purposes amounted to 241.0 million euros, net of the dividend expected to be paid, up by 15.8 million euros compared to the end of the previous year.

At the end of the period, the aggregate capital for regulatory purposes recorded 108.9 million euros in excess of the amount required by the Supervisory Authority to cover credit, market, and operating risks. The solvency ratio was 14.6%, compared to the minimum requirement of 8%.

(€ thousand)	30/06/2011	31/12/2010	Change	
			Amount	%
Tier 1 capital	201,390	185,634	15,756	8.49%
Tier 2 capital	39,624	39,624	0	0.00%
Tier 3 capital	0	0	0	n.a.
Total capital for regulatory purposes	241,014	225,258	15,756	6.99%
B.1 CREDIT RISK	91,685	92,561	-876	-0.95%
B.2 MARKET RISKS	6,655	9,350	-2,695	-28.82%
B.3 OPERATING RISK	33,759	33,759	0	0.00%
B.4 OTHER PRUDENTIAL REQUIREMENTS	0	0	0	n.a.
B.4 TOTAL PRUDENTIAL REQUIREMENTS	132,099	135,670	-3,571	-2.63%
EXCESS OVER PRUDENTIAL REQUIREMENTS	108,915	89,588	19,327	21.57%
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)	12.20%	10.95%	1.25%	11.42%
Regulatory capital/Risk-weighted assets (Total capital ratio)	14.60%	13.28%	1.31%	

It should be noted that Banca Generali informed the Bank of Italy of its decision to exercise the option to neutralise the capital gains and losses deriving from fair-value measurement of financial assets available for sale belonging to the Euro Area government bond segment for the purposes of capital for regulatory purposes, as allowed under Bank of Italy Order of 18 May 2010.

In its notice of 31 March 2011, the supervisory authority also ordered the discontinuation of the use of the negative prudential filter introduced to achieve partial sterilisation of the long-term tax benefits deriving from the payment of substitute tax for goodwill pursuant to article 15 of Law Decree 178/2008. The filter introduced in 2010 to neutralise the benefits deriving from the payment of substitute tax for the goodwill of Banca del Gottardo Italia was therefore deactivated.

Part F – Related Party Transactions

Disclosure of Related Party Transactions

As part of its normal business operations, the Group's companies have numerous financial and commercial relationships with the companies previously defined as "related parties".

In the banking area, such relationships include current accounts, the custody and administration of securities, stock brokerage and commercial portfolio collection.

As regards the distribution and sale of financial services, a number of agreements were established regarding the placement by the financial advisors of asset-management and insurance product, as well as banking products and services.

Finally, as part of its normal operations, the Group also has relationships pertaining to outsourcing, IT and administration, insurance, leasing, as well as other minor relationships with Generali Group companies.

No transactions other than those completed as part of normal banking relationships with private and corporate customers were carried out during the first half of 2011.

Specifically, no related-party transactions were carried out that could be defined as atypical or unusual or as having an impact on the safety of the company's assets or the completeness or accuracy of accounting and other information related to the issuer, which would therefore require disclosure to the market pursuant to the related CONSOB Regulation (so called significant transactions).

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

1.1. Balance Sheet Data

(€ thousand)	Parent Company Ass. Generali	AG Group subsidiaries	Other related parties	30/06/2011	31/12/2010	% weight % 2011	% weight % 2010
Financial assets held for trading	230	0	0	230	226	0.38%	0.19%
AFS financial assets	664	1,279	0	1,943	1,936	0.12%	0.13%
Loans to customers	31,236	24,334	2,572	58,142	43,407	11.19%	9.13%
Loans to banks	0	81,224	0	81,224	37,842	9.10%	4.44%
Tax assets (AG tax consolidation)	15,787	0	0	15,787	26,753	25.99%	37.66%
Other assets	1,756	215	0	1,971	1,771	2.04%	1.87%
Total assets	49,673	107,052	2,572	159,297	111,935	4.05%	2.94%
Due to banks	0	31,048	0	31,048	31,434	5.13%	6.98%
Due to customers	274,793	576,636	2,925	854,354	818,643	30.83%	28.12%
Other liabilities	79	1,465	0	1,544	688	1.19%	0.83%
Total liabilities	274,872	609,149	2,925	886,946	850,765	22.92%	22.34%
Guarantees issued	0	2,978	0	2,978	3,029	8.6%	10.5%

1.1.1 Transactions with Assicurazioni Generali Group

The overall exposure to the parent company Assicurazioni Generali, its subsidiaries and associates amounted to 156.7 million euros, or 4.1% of total consolidated assets.

The overall debt position instead reached 884 million euros, corresponding to 22.4% of consolidated assets.

As part of asset management, HFT and AFS financial assets claimed from the parent company refer to shares of Assicurazioni Generali held in the corresponding portfolios of the parent company, Banca Generali.

Loans to banks of the Generali Group amounted to 81.2 million euros and refer to the following transactions.

Company	Relationship	Type of transaction	30/06/2011	
			Amount	Revenues
Generali Bank AG	Controller by AG	Term deposits	70,065	325
BSI SA	Controller by AG	Currency deposits	11,159	39
			81,224	364

The exposure to Generali Bank was entirely made up of time deposits maturing within the financial year. Currently, Generali Bank has already been granted a credit line by Banca Generali of 40 million euros with an indefinite maturity (callable loan) and an additional amount of 60 million euros, expiring instead on 31 December 2011.

Exposure to BSI SA consists of the positive balances of foreign currency accounts held with BSI SA and used to cover debt positions in foreign currency held with customers.

Exposures to Generali Group companies recognised as loans to customers amounted to 55.6 million and refer to the following transactions:

Company	Relationship	Type of transaction	30/06/2011	
			Amount	Revenues
Assicurazioni Generali	Parent Company	Gesav policy	31,133	575
Citylife srl	Associate of the AG Group	Grant to BT in current account	8,333	119
Investimenti marittimi	Associate of the AG Group	Grant to MLT in current account	10,369	147
Generali Factoring spa	Subsidiary of the AG Group	Current account loan	-	14
Genertellife	Subsidiary of the AG Group	Policy placement	5,015	0
Operating loans to Ass. Generali and other companies of the Generali group			720	0
			55,570	855

Amounts due from parent company recognised as tax assets correspond to tax losses, withholding taxes and other tax credits transferred by the banking group companies to Assicurazioni Generali for the purposes of the domestic tax consolidation activated by the latter.

This position is part of the broader credit position of the Generali Group against Tax authorities and is dependent upon the timing of its reversal.

During the first half of 2011 Assicurazioni Generali repaid an amount of 10 million euros.

Amounts due to customers attributable to related party transactions involving current accounts, term deposits and repurchase agreements totalled 851.4 million euros. Of this amount, 274.8 million was due to the Group's Parent Company and are mainly comprised of current account deposits.

The above item also includes the subordinated loan granted by Generali Versicherung in the amount of 41.2 million euros, gross of the interest accrued.

Amounts due to banks, subsidiaries of the group, consisted for 22.3 million euros of deposits made by BSI SA as collateral for certain impaired loans resulting from the acquisition of Banca del Gottardo Italia (collateral deposits), while the residual amount consisted of the negative balance of foreign exchange deposits with the same counterparty.

1.1.2 Transactions with other Related Parties

Exposures to key managers of the group and the parent company Assicurazioni Generali, as well as with respect to family members and entities subject to significant influence by the above-mentioned parties, totalled 2.6 million euros.

This refers in particular to residential mortgage loan transactions carried out under the same conditions as those applied to other managers of the banking and insurance group, or at standard conditions.

Amounts due to other related parties consist of the balances of correspondent accounts with Banca Generali and are regulated on the basis of conditions applicable to employees of the banking and insurance group.

1.2. Profit and Loss Account Data

At 30 June 2011 the profit and loss components recognised in the financial statements with regard to transactions with companies of the Generali Group amounted to 20.0 million euros, that is 35.6% of consolidated operating profit.

(€ thousand)	Parent Company	AG Group	30/06/2011	30/06/2010	% weight % 2011	% weight % 2010
	Ass. Generali	subsidiaries				
Interest income	576	644	1,220	755	3.56%	2.76%
Interest expense	-1,735	-3,152	-4,887	-2,599	38.23%	52.12%
Net interest	-1,159	-2,508	-3,667	-1,844	-17.06%	-8.25%
Commission income	103	33,334	33,437	31,108	18.44%	16.99%
Commission expense	0	-2,778	-2,778	-3,524	3.42%	4.63%
Net commissions	103	30,556	30,659	27,584	30.64%	25.80%
dividends	7	0	7	16	0.01%	0.04%
Gain (loss) on trading	0	0	0	0	0.00%	0.00%
Operating income	-1,049	28,049	27,000	25,756	21.20%	18.06%
General and administrative expense	-1,617	-5,883	-7,500	-6,539	21.86%	19.34%
Staff expenses	89	272	361	94	-0.89%	-0.22%
Other net operating profit	0	112	112	136	1.94%	2.28%
Net operating expense	-1,528	-5,499	-7,027	-6,309	9.87%	8.62%
Operating profit	-2,577	22,550	19,973	19,447	35.56%	27.99%

Total net interest with group companies was negative (3.7 million euros, or 17.1% of consolidated net interest). This item includes 1.2 million euros of interest paid to Generali Versicherung in relation to the subordinated loan granted by the above and 3.7 million euros for remuneration of the inflows contributed by group companies.

Net commissions amounted to 30.7 million euros, corresponding to 30.6% of the consolidated aggregate amount. Commission income paid back by companies of the insurance group amounted to 33.4 million and was broken down as follows:

	30/06/2011	30/06/2010	Changes		
			absolute	%	
Commissions for asset management	269	298	-	29	-9.7%
Distribution of insurance products	30,759	26,357	4,402	16.7%	
Trading commissions	2,409	4,453	-	2,044	-45.9%
	33,437	31,108	2,329	7.49%	

As part of the distribution of insurance products, commissions paid back by GenertelLife amounted to 30.6 million euros.

Trading commissions refer to trading activities on behalf of third parties carried out by management companies of the insurance group in relation to the activities carried out for Italian and foreign UCITs managed by them. These commissions are normally charged directly to the net assets of the funds.

In this segment, commissions on the business of Generali Investment Italy SGR amounted to 2.2 million euros.

The operating costs reported by the Banking Group in relation to transactions with related parties of the Generali Group amounted to 7.5 million euros and refer to outsourced services in the insurance, leasing, administrative and information technology sector, provided by Group companies.

Part G - Disclosure on Payment Plans Based on Own Financial Instruments

At 30 June 2011 the payment agreements based on own equity instruments activated by the Banca Generali Group consisted of:

- two stock-option plans, one for financial advisors and the other for certain of the Group's directors relating to Banca Generali's listing on the electronic share market (MTA) organised and managed by Borsa Italiana S.p.A., approved by Banca Generali's Shareholders' Meeting on 18 July 2006 and operational since 15 November 2006;
- Rules for the Stock Option Plan for Financial Advisors and Network Managers of Banca Generali S.p.A. for 2010;
- Rules for the Stock option Plan for Relationship Managers of Banca Generali S.p.A. for 2010;
- a stock-option plan approved by Banca BSI Italia on 19 January 2007 for the company's then-Chairman, inherited through the merger with the company.

It should be recalled that the stock-option plans approved by the Shareholders' Meeting on 21 April 2010 called for:

- the granting to Banca Generali's financial advisors, area managers and business managers and the private bankers of a maximum of 2,300,000 shares to be issued;
- the granting to Banca Generali's relationship managers of a maximum amount of 200,000 ordinary shares to be issued;
- the assignment of options by 30 June 2011, after having verified that overall and individual targets for the development of inflows by 31 December 2010 have been reached;
- the possibility to exercise the options between 1 July 2011 and 30 June 2017 to the extent of one-sixth per year.

In this respect, it should be noted that after verification carried out by the Board on 14 March 2011 on the achievement of the overall inflows targets, and of the individual targets assigned to different categories of recipients, conducted by the Management Committee of the plan on 13 May 2011, the total amount of options provided by the plan was allocated on 7 June 2011.

The exercise price of the shares was determined on the basis of the plans Regulations, based on the arithmetic mean of the reference price of "Banca Generali SpA ordinary shares" quoted on the electronic share market (MTA) managed by Borsa Italiana SpA, in the period from the current date to the same day of the previous month, amounting to 10.7118 euros.

1. Quantitative Information

(€ thousand)	Top managers	Average prices	Financial Advisors	Average prices	Employed managers	Average prices	Total	Average prices	Average maturity
A. Amount at period-start	60,000	10.00	2,424,386	9.00	823,500	8.78	3,307,886	8.97	2011-15
B. Increases	0	-	2,300,000	-	200,000	-	2,500,000	10.71	-
B.1 Newly issued shares			2,300,000	10.71	200,000	10.72	2,500,000	10.71	2017
B.2 Other changes	0	-	0		0	9.00	0	-	
C. Decreases	-40,000	10.00	-249,558	9.00	-79,000	9.00	-368,558	9.11	-
C.1 Cancelled			-28,890	9.00	0	9.00	-28,890	9.00	2014-2015
C.2 Exercised	-40,000	10.00	-220,668	9.00	-79,000		-339,668	7.03	2014-2015
C.3 Expired							0	-	
C.4 Other changes			0		0		0	-	
D. Amount at period-end	20,000	10.00	4,474,828	9.88	944,500	9.92	5,439,328	9.89	2014-17
E. Options that can be exercised at the end of the period	20,000	-	4,474,828	-	944,500	-	5,439,328	-	-
Strike price	0		485		42		527		
IFRS 2 reserve	55		6,127		2,003		8,185		

Part H – Segment Reporting

In application of IFRS 8, Banca Generali Group's segment reporting is based on information that management uses to make its operating decisions (so-called "management approach").

The banking Group identifies the following three main business areas:

- the Retail Channel, which refers to the total earnings generated for the Group by the network of financial advisors, most of whom are employed by Banca Generali, and their respective clients;
- the Private Channel, which refers to the total earnings generated for the Group by the network of private bankers and relationship managers, reporting to the "Banca Generali Private Banking Division" and by their respective clients;
- the Corporate Channel, which refers to the total earnings generated for the Group by the financial activities of the Finance Department and the provision of banking and investment services to medium-sized and large enterprises, including those belonging to the Assicurazioni Generali Group.

The management of foreign mutual funds promoted by the Assicurazioni Generali insurance Group, falling within the business scope of the merged company GIL – Generali Investment Luxembourg, does not, however, constitute a business unit included in management's operating assessments since it relates exclusively to the portion of the group's operating result attributable to minority interests.

The following table shows the consolidated profit and loss results of each of the three operating segments, stated net of intra-segment eliminations.

BANCA GENERALI GROUP	30 June 2011					30 June 2010				
	Retail Channel	Private Channel	Corp. Channel	GIL	Total	Retail Channel	Private Channel	Corp. Channel	GIL	Total
PROFIT & LOSS										
Interest income and similar revenues	2,257	2,993	29,014	12	34,276	1,095	2,751	23,487	8	27,341
Notional interest	3,890	1,587	-5,477		0	3,581	2,350	-5,931	0	0
Interest expense and similar charges	-2,020	-1,668	-9,093	-1	-12,782	-887	-989	-3,111	0	-4,987
NET INTEREST INCOME	4,127	2,912	14,444	11	21,494	3,789	4,111	14,445	8	22,354
Commission income	88,571	54,924	22,783	15,038	181,316	83,465	46,712	40,292	12,611	183,080
of which subscriptions	10,861	1,590	911	0	13,362	15,747	2,634	160	0	18,541
of which management	74,057	50,396	7,213	14,652	146,318	63,162	40,005	5,900	12,611	121,678
of which performance	0	0	5,134	0	5,134			22,313	0	22,313
of which other	3,653	2,938	9,525	386	16,502	4,556	4,073	11,919	0	20,548
Commission expense	-41,913	-19,387	-8,391	-11,554	-81,245	-38,751	-20,041	-8,036	-9,346	-76,175
NET COMMISSIONS	46,658	35,537	14,392	3,484	100,071	44,714	26,671	32,256	3,265	106,905
Net income (loss) from banking activities	0	0	-51,828	-25	-51,853	0	0	-31,036		-31,036
Dividends and similar income	0	0	57,667		57,667	0	0	44,412		44,412
NET BANKING INCOME	50,785	38,449	34,675	3,470	127,379	48,503	30,782	60,076	3,273	142,635
Staff expenses					-34,304					-33,808
Other general and administrative expense					-40,768					-43,311
Net adjustments/reversal of property, equipment and intangible assets					-1,911					-2,002
Other operating expense/income					5,774					5,955
Net operating expense					-71,209					-73,166
Operating profit					56,170					69,469
Adjustments for non-performing loans					-448					-1,509
Adjustments of other assets					-1,221					-667
Net provisions					-9,889					-20,892
Gain (loss) from the disposal of equity investments					0					0
Operating profit/ before taxation					44,612					46,401
Income taxes for the year on current operations					-5,038					-869
Profit (loss) from assets held for sale					0					0
Minority interests (+/-) for the period					-2,159					-1,836
Net profit					37,415					43,696

(€ million)	30 June 2011					31 December 2010				
	Retail Channel	Private Channel	Corp. Channel	GIL	Total	Retail Channel	Private Channel	Corp. Channel	GIL	Total
(€ million)										
Asset Under Management	13,831	9,870	3,072	6,285	33,058	13,691	9,899	3,415	6,096	33,101
Net inflows	422	157	n.a	n.a	579	741	528	n.a	n.a	1,270
Financial advisors/RM	1,186	307	n.a	n.a	1,493	1,192	307	n.a	n.a	1,499

Trieste - 29 July 2011

THE BOARD OF DIRECTORS

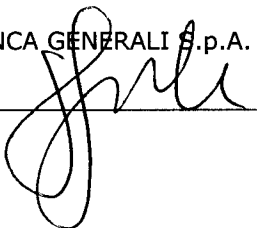
Attestation to the Condensed Half-year Financial Statements Pursuant to Article 81-ter of Consob Regulation 11971 Dated 14 May 1999, as Amended

1. The undersigned Giorgio Angelo Girelli, in his capacity as Chief Executive Officer, and Giancarlo Fancel, in his capacity as Manager in charge of preparing the accounting documents of Banca Generali S.p.A., hereby declare, taking into account the provisions set out in article 154-*bis*, paragraphs 3 and 4 of the legislative decree dated 24 February 1998, No.58, that the administrative and accounting procedures adopted to prepare the condensed half-year report for the first half of 2011
 - are appropriate in light of the features of the company, and
 - have been applied.
2. The appropriateness of administrative and accounting procedures for preparing the condensed half-year financial statements at 30 June 2011 was assessed using a process established by Banca Generali S.p.A. based on the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission, which is generally accepted as a reference framework worldwide.
3. The undersigned further declare that:
 - 3.1 the condensed half-year financial statements at 30 June 2011:
 - a) were prepared in compliance with the applicable international accounting standards recognised in the European Community pursuant to regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002, as well as the provisions of Legislative Decree No. 38 of 28 February 2005, and further applicable provisions, regulations and circular letters issued by the Supervisory Board;
 - b) reflect the accounting books and records;
 - c) provide a true and fair view of the assets, liabilities, profit or loss and financial position of the issuer and all consolidated companies.
 - 3.2 The interim report includes a reliable analysis of references to important events occurred in the first six months of the year, and to their impact on the condensed half-year financial statements; it also includes a description of the main risks and uncertainties regarding the coming six months of the year. The interim report also includes a reliable analysis of information on significant related-party transactions.

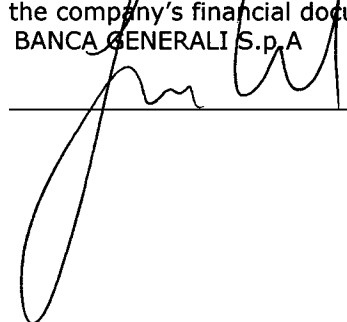
Trieste, 29 July 2011

Giorgio Angelo Girelli
Chief Executive Officer

BANCA GENERALI S.p.A.



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



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

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

1. We have reviewed the interim condensed consolidated financial statements, comprising the balance sheet, the profit and loss, the statement of other comprehensive income, the statement of changes in net equity, the statement of cash flow and the related explanatory notes, of Banca Generali S.p.A. and its subsidiaries (the "Banca Generali Group") as of June 30, 2011. Management Board of Banca Generali S.p.A. is responsible for the preparation of the interim condensed consolidated financial statements in compliance with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue this review report based on our review.
2. We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. Our review consisted mainly of obtaining information on the accounts included in the interim condensed consolidated financial statements and the consistency of the accounting principles applied, through discussions with management, and of applying analytical procedures to the financial data presented in these consolidated financial statements. Our review did not include the application of audit procedures such as tests of compliance and substantive procedures on assets and liabilities and was substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements as we expressed on the annual consolidated financial statements.

With respect to the consolidated financial statements of the prior year and the interim condensed consolidated financial statements of the corresponding period of the prior year, presented for comparative purposes, reference should be made to our reports issued on March 29, 2011 and on August 27, 2010, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of the Banca Generali Group as of June 30, 2011 are not prepared, in all material respects, in compliance with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, August 25, 2011

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

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