



Interim Report on Operations as of 31 March 2011

Board of Directors
10 May 2011

Banca Generali S.p.A.

Authorised share capital 119,378,836 euros, underwritten and paid-up share capital 111,574,408 euros

Registered offices at Trieste, Via Machiavelli 4 - Italy

Trieste Register of Companies, Tax Code and VAT No. 00833240328

Member of the Interbank Deposit Protection Fund

Bank Register No. 5358

Parent Company of the Banca Generali banking group registered in the Banking Group Register

Company managed and coordinated by Assicurazioni Generali S.p.A.

Company Boards

CHAIRMAN	Perissinotto Giovanni
CHIEF EXECUTIVE OFFICER	Girelli Giorgio Angelo
BOARD OF DIRECTORS	Baessato Paolo Bianchi Luigi Arturo Borrini Amerigo De Vido Andrea Lentati Attilio Leonardo Miglietta Angelo Minucci Aldo Riello Ettore
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GENERAL MANAGER	Motta Piermario
MANAGER IN CHARGE OF THE COMPANY'S FINANCIAL REPORTS	Fancel Giancarlo

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Group Economic and Financial Highlights

Consolidated figures	31.03.2011	31.03.2010	Change %
(€ million)			
Net interest	11.1	10.9	1.4
Net commissions	51.4	51.1	0.5
Dividends and net profit from trading	2.5	9.4	-73.6
Net banking income	64.9	71.5	-9.2
Staff expenses	-17.0	-16.7	1.6
Other general and administrative expense	-18.2	-20.4	-10.7
Amortisation and depreciation	-1.0	-0.9	6.3
Other operating income	1.5	2.0	-20.8
Net operating expense	-34.6	-36.0	-4.0
Operating profit	30.3	35.5	-14.4
Provisions	-5.3	-11.6	-53.9
Adjustments	-0.1	-1.1	-94.6
Profit before taxation	25.0	22.8	9.6
Net profit	20.0	18.8	6.4
Cost / income ratio	51.8%	49.2%	5.4
EBITDA	31.3	36.3	-13.9
ROE	8.31%	8.10%	2.6
EPS - Earnings per Share (euro)	0.180	0.170	5.9

Net Inflows	31.03.2011	31.03.2010	Change %
(€ million) (Assoreti data)			
Mutual Funds and SICAVs	163	-1	16,400.0
Asset management	-73	202	-136.1
Insurance / Pension funds	307	598	-48.7
Securities / Current accounts	-38	-438	91.3
Total	359	361	-0.6

Assets Under Management & Custody (AUM/C)	31.03.2011	31.12.2010	Change %
(€ billion) (Assoreti data)			
Mutual Funds and SICAVs	6.6	6.6	0.2
Asset management	3.3	3.4	-3.3
Insurance / Pension funds	7.1	6.8	3.8
Securities / Current accounts	6.9	6.8	0.6
Total	23.8	23.6	0.9

Net Equity	31.03.2011	31.12.2010	Change %
(€ million)			
Net equity	317.1	281.2	12.7
Capital for regulatory purposes	234.8	225.3	4.2
Excess capital	74.9	89.6	-16.4
Solvency margin	11.75%	13.28%	-11.5

Consolidated Accounting Statements

Consolidated Balance Sheet

Assets (€ thousand)	31.03.2011	31.12.2010	Change	
			Amount	%
Financial assets held for trading	163,384	119,952	43,432	36.2%
AFS financial assets	1,606,598	1,533,275	73,323	4.8%
Financial assets held to maturity	566,830	608,118	-41,288	-6.8%
Loans to banks	464,427	475,597	-11,170	-2.3%
Loans to customers	859,164	852,038	7,126	0.8%
Equity investments	0	0	0	n.a.
Property, equipment and intangible assets	52,665	53,269	-604	-1.1%
Tax receivables	65,486	71,040	-5,554	-7.8%
Other assets	100,439	94,599	5,840	6.2%
Total assets	3,878,993	3,807,888	71,105	1.9%

Net Equity and Liabilities (€ thousand)	31.03.2011	31.12.2010	Change	
			Amount	%
Due to banks	612,939	450,431	162,508	36.1%
Due to customers	2,740,307	2,910,878	-170,571	-5.9%
Financial liabilities held for trading	6,194	6,502	-308	-4.7%
Tax payables	20,741	18,336	2,405	13.1%
Other liabilities	119,962	82,763	37,199	44.9%
Special purpose provisions	61,791	57,759	4,032	7.0%
Valuation reserves	-10,889	-23,712	12,823	-54.1%
Reserves	187,103	105,400	81,703	77.5%
Additional paid-in capital	2,086	0	2,086	n.a.
Share capital	111,574	111,363	211	0.2%
Treasury shares (-)	-660	-660	0	0.0%
Minority interests	7,825	6,621	1,204	18.2%
Net profit (loss) for the year (+/-)	20,020	82,207	-62,187	-75.6%
Total Net Equity and Liabilities	3,878,993	3,807,888	71,105	1.9%

Consolidated Profit and Loss Account

(€ thousand)	31.03.2011	31.03.2010	Change	
			Amount	%
Net interest	11,070	10,915	155	1.4%
Net commissions	51,373	51,131	242	0.5%
Dividends	11	0	11	n.a.
Net result from banking operations	2,485	9,442	-6,957	-73.7%
Net operating income	64,939	71,488	-6,549	-9.2%
Staff expenses	-17,010	-16,735	-275	1.6%
Other general and administrative expense	-18,170	-20,361	2,191	-10.8%
Net adjustments of property, equipment and intangible assets	-952	-896	-56	6.3%
Other operating expense/income	1,541	1,956	-415	-21.2%
Net operating expense	-34,591	-36,036	1,445	-4.0%
Operating profit	30,348	35,452	-5,104	-14.4%
Net adjustments for non-performing loans	10	-872	882	-101.1%
Net adjustments of other assets	-70	-241	171	-71.0%
Net provisions	-5,322	-11,556	6,234	-53.9%
Gain (loss) from equity investments	0	0	0	n.a.
Operating profit before taxation	24,966	22,783	2,183	9.6%
Income taxes for the period on current operations	-3,742	-3,328	-414	12.4%
Profit (loss) from non-current discontinued operations, net of tax	0	0	0	n.a.
Profit (loss) for the year attributable to minority interests	-1,204	-638	-566	88.7%
Net profit	20,020	18,817	1,203	6.4%

Statement of Comprehensive Income

(€ thousand)	31.03.2011	31.03.2010	Change	
			Amount	%
Net profit (loss)	20,020	18,817	1,203	6.4%
Other income net of income taxes				
AFS assets	12,823	-453	13,276	-2930.7%
Total other income, net of taxes	12,823	-453	13,276	-2930.7%
Comprehensive income	32,843	18,364	14,479	78.8%

Report on Operations

1. Summary of First Quarter Operations

The Banca Generali Group closed the first quarter of 2011 with net profit of 20.0 million euros, compared to a net profit of 18.8 million euros in the same period of 2010, and net equity of 317.1 million euros.

Net banking income amounted to 64.9 million euros, down by 6.5 million euros compared to the first quarter of 2010. The above decrease was chiefly due to the lesser contribution provided by the net result from banking operations (-6.9 million euros) compared to the non-repeatable results achieved in the first quarter of 2010 owing to the peculiar financial market situation.

Net commissions showed a considerable improvement in qualitative composition due to the significant increase in the weight of management commissions compared to non-recurring performance commissions linked to market volatility, amounting to 51.4 million euros (+0.5%).

Net interest also improved compared to the first quarter of 2010 (+1.4%).

Total operating expenses amounted to 34.6 million, down (-4.0%) compared to the first three months of 2010, with administrative expense down 10.8% and staff expenses up from 16.7 million in the first quarter of 2010 to 17.0 million euros (+1.6%).

Net provisions amounted to 5.3 million euros, down 6.2 million euros compared to the first quarter of 2010, and chiefly comprise allocations for short-term incentives pending accrual and development of the distribution network.

The total value of the assets managed by the Group through its network of financial advisors amounted to 23.8 billion euros at 31 March 2011, up compared to 23.6 billion euros at the end of 2010. In addition, at 31 March 2011, assets under administration and custody of the Generali Group companies totalled approximately 1.5 billion euros, and 7.9 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 33.2 billion euros.

The Banca Generali Group remains one of the top distributors of financial products through financial advisors networks with 23.8 billion euros in assets under management.

Net inflows amounted to 359 million euros in the first quarter of 2011.

2. Macroeconomic Context

Capital market performance in the first quarter of 2011 was weak and uncertain, with the exception of the Euro Area. Emerging markets began to trend downwards early in the year. By contrast, Western exchanges initially rose, buoyed by improving economic data and solid corporate earnings, but then weakened due to increasing political tensions in North Africa and the Middle East, and then in March due to the tragic events in Japan (the tsunami followed by the nuclear incident). In Europe, the sovereign debt crisis continued to exert pressure on capital markets at alternating times: Portugal, Greece and Spain saw their ratings downgraded on various occasions, resulting in a widening of interest spreads. However, in March the European Council approved a series of measures that represent progress towards resolution of the crisis. Within this scenario, bond yields in the Group's areas of interest (Euro Area and United States) climbed until March to then fluctuate around the levels reached, squeezed between more robust global growth and the multiple risks associated with the scenario. The divergence in orientation between the Fed's monetary policies — very accommodating — and those of the ECB — which has begun to normalise its rates — fostered the appreciation of the euro against all other currencies.

The basic scenario remained one of solid global growth, especially in Western economies, where the investment cycle showed signs of recovery. In the Euro Area in particular, there were widespread signs of heightened domestic demand despite economic policy stimulus measures. In addition, the scenario also reflects the agreements implemented at the European level in March with the aim of resolving the sovereign debt crisis in the

Euro Area, thereby providing greater stability to the institutional framework. Corporate results also improved both in terms of earnings in the fourth quarter of 2010 and projections for earnings and sales performance in 2011. Inflation, already on the rise in emerging countries, climbed also in advanced economies owing to increases in energy prices. Central banks took diverging stances in response to this scenario. In the United States, the Federal Reserve maintained a highly accommodating attitude, keeping rates unchanged and continuing with its government bond repurchase programme. By contrast, in the Euro Area the improvement in the growth scenario led the ECB to announce that an increase in official rates was imminent. Conversely, central banks in emerging countries continued to raise interest rates gradually or intensified administrative measures aimed at combating inflationary pressures.

During the first three months of the year, interbank market rates in the Euro Area shifted upwards, driven by increasingly extreme rhetoric on the part of the ECB concerning the possibility of returning to a situation of normalised monetary policy against the backdrop of more solid economic growth in the Euro Area. During the period, the three-month Euribor rose from 1% at year-end to 1.24% at the end of March, reflecting the expectation of an imminent 25 bp increase in the official refinancing rate, an expectation that materialised at the monthly meeting held on 7 April. However, ECB President Trichet stated on various occasions that the goal of monetary policy is to keep expectations of inflation stable at their current level, which is considered "excellent".

Within this scenario, the equity markets of developed countries far outperformed those of emerging countries. The MSCI World index fell 2.3%, the S&P500 by 1.5% and the Topix by 10.8%. In Europe, the benchmark index for the entire area (the DJ Stoxx 600) remained unchanged, while the Euro Area benchmark (the DJ Euro Stoxx) climbed 3.6%. During the period, exchanges in emerging markets performed poorly: -4.5% overall (the MSCI Emerging Markets index), -10.4% in India and no change in China. However, part of the negative results may be attributed to the appreciation of the euro against all other currencies.

During the period, yields on benchmark government bonds (Treasuries and Bunds) trended upwards, especially in the Euro Area, where strengthened growth was accompanied by an increasingly stricter stance by the ECB. In the United States, two-year rates rose to 0.82% at the end of March from 0.59% at year-end, while ten-year rates increased to 3.47% from 3.29%. In the Euro Area, the two-year rate climbed to 1.79% at the end of the quarter from 0.86% at year-end, while the ten-year rate increased to 3.35% from 2.96%. During the winter, spreads between European Monetary Union states fluctuated within a broad range — between 230 and 310 bp — depending on the news flow regarding a possible resolution of the sovereign debt crisis in the Euro Area. However, while the spreads of smaller countries (Greece, Portugal and Ireland) generally increased, those of Italy and Spain contracted.

Currency markets were also dominated by the divergence between the monetary policy stances taken by the Federal Reserve and ECB. The result was a gradual appreciation of the euro against all other currencies: against the dollar in particular, it rose to 1.42 from 1.34 at the end of 2010.

In March, the dramatic events in Japan had limited repercussions on foreign exchange markets: the increased aversion to risk weakened the currencies of emerging markets and supported the yen and Swiss franc.

Lastly, commodities prices trended upwards throughout the period. Social unrest in several North African and Middle Eastern oil-producing countries created tension on the oil market, resulting in higher prices. The price of Brent crude rose from 95 dollars a barrel in late December to 117 at the end of March. In response to initial inflationary pressure and the weakening of the dollar, gold also began to appreciate in early February: by the end of March, it had reached 1435 from 1315 at the end of January 2010.

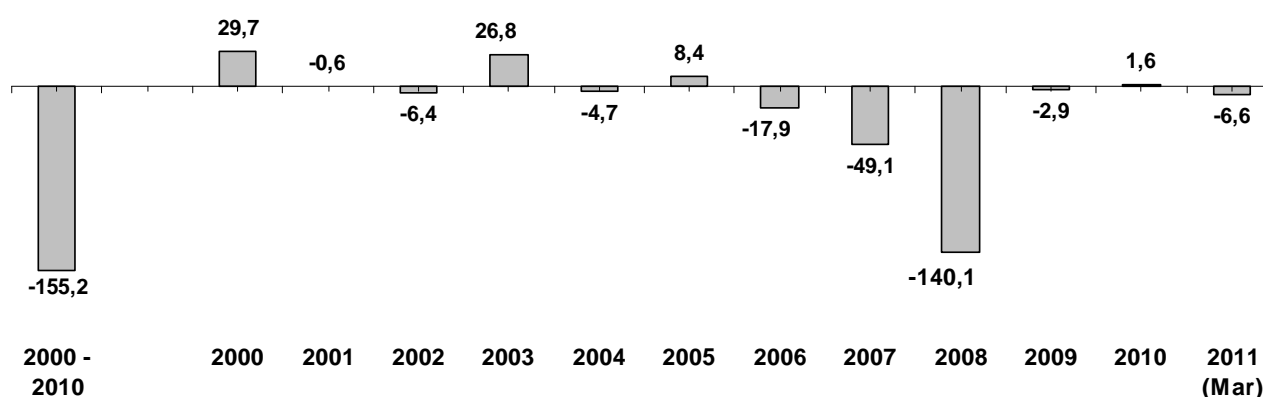
Projections by major international authorities for the coming months call for stability in the growth scenario. However, the persistence of extreme geopolitical risks and uncertainty relating to the consequences of the tragic events in Japan could result in revisions of growth estimates. In addition, fears of a restructuring of Greek sovereign debt — repeatedly suggested and then denied by political figures or exponents of international financial institutions — could yield a high degree of volatility on both the equity and debt segments.

3. Net inflows, Assets Under Management and Market Positioning in Distribution Through Financial Advisor Networks.

The Asset Management Market

The UCITs market in Italy continued to trend downwards in the first quarter of 2011 (-6.6 billion euros), confirming the negative figures reported in the fourth quarter of 2010 (-3 billion euros), in contrast with the first quarter of 2010 (2.1 billion euros). The figure would have been even more negative if, contrary to the usual situation, it had not been at least partially mitigated by the net inflows achieved by Financial Advisors networks, against the 8.2 billion euros in outflows reported by the banking system.

UCIT market – March 2011 -6.6 billion euros



Source: *Assogestioni*.

The Assoreti Market

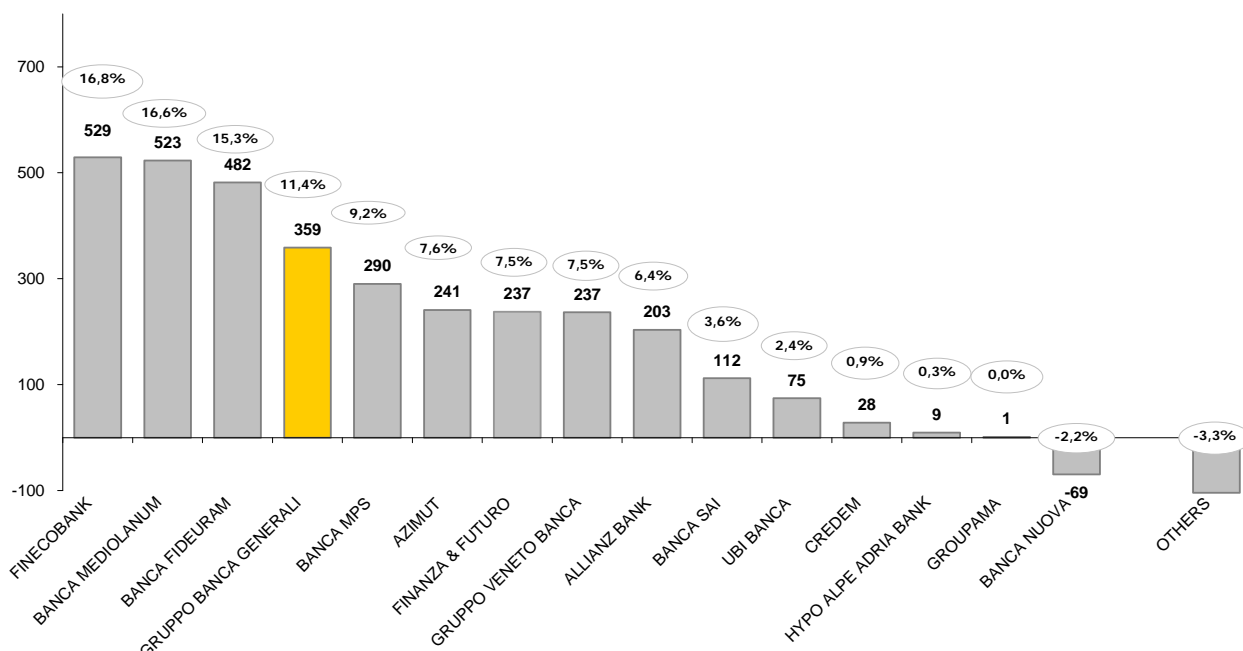
Also the net inflows reported by the Assoreti market (total distribution activity through financial advisors) in the first quarter of 2011 were lower than in the same period of 2010 (3.2 billion euros compared to 4.1 billion euros in 2010). Moreover, the period's most salient characteristic was the internal composition of net inflows compared to the first quarter of the previous year. Compared to the first quarter of 2010, there was a resumption of significant inflows to assets under administration and custody (1.8 billion euros compared to -1 billion euros in 2010), while assets under management declined from 4.2 billion euros in net inflows to 1.3 billion euros in 2011. Inflows and outflows were essentially even for insurance products, yet with significantly different choices between industry operators. Accordingly, the market showed a partial return to the investment themes of 2008, likely as a result of the pronounced instability of the markets seen in the first part of the year.

Banca Generali's Positioning

Within this less than brilliant scenario, Banca Generali reported a significant net inflow figure of 359 million euros, in line with 2010 and ranked fourth on the market in question (Assoreti), with market share of 11.4%. In further detail, inflows primarily regarded insurance products (300 million euros).

Total net inflows – Assoreti – March 2011; 4.14 billion euros

(€ million)

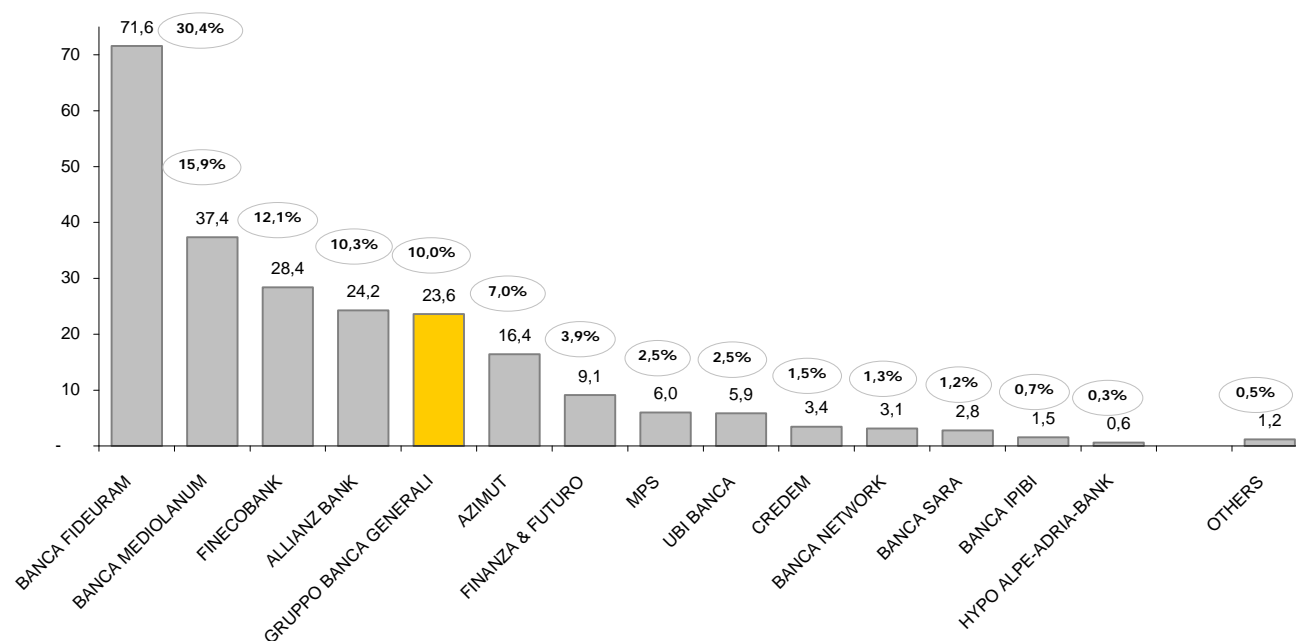


Source: **Assoreti**.

Banca Generali also remained among the top five competitors on the market in terms of assets under management.

Total AUM – Assoreti – December 2010; 229.8 billion euros

(€ billion)



Source: **Assoreti**

The following table provides a summary of assets, updated through March 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.

Assets increased by 0.8% during the quarter, showing especially strong growth in the insurance segment (+3.7%), chiefly due to the resumption of distribution of a policy with especially competitive characteristics. The asset management segment showed a moderate decline in asset management schemes, primarily owing to the consolidation of the high level of inflows due to the tax amnesty achieved in 2009-2010. The difference between the increase in assets and net inflows is due to market performance during the period.

(€ million)	Banca Generali		Changes vs/	
	31.03.2011	31.12.2010	31.12.2010	
			Amount	%
Total asset management	9,857	9,952	-95	-1.0%
Funds and SICAVs	6,601	6,585	16	0.2%
GPF/GPM	3,256	3,367	-111	-3.3%
Total insurance products	7,076	6,820	256	3.8%
Total assets under administration and custody	6,854	6,818	36	0.5%
Total assets placed by the network	23,787	23,590	197	0.8%

(€ million)

4. Performance of Main Balance Sheet and Profit and Loss Aggregates

4.1 Operating Performance

The Group's consolidated net profit for Q1 2011 amounted to 20.0 million euros, up by 1.2 million compared to the same period in the previous year.

(€ thousand)	31.03.2011	31.03.2010	Change	
			Amount	%
Net interest	11,070	10,915	155	1.4%
Net commissions	51,373	51,131	242	0.5%
Dividends	11	0	11	n.a.
Net result from banking operations	2,485	9,442	-6,957	-73.7%
Net operating income	64,939	71,488	-6,549	-9.2%
Staff expenses	-17,010	-16,735	-275	1.6%
Other general and administrative expense	-18,170	-20,361	2,191	-10.8%
Net adjustments of property, equipment and intangible assets	-952	-896	-56	6.3%
Other operating expense/income	1,541	1,956	-415	-21.2%
Net operating expense	-34,591	-36,036	1,445	-4.0%
Operating profit	30,348	35,452	-5,104	-14.4%
Net adjustments for non-performing loans	10	-872	882	-101.1%
Net adjustments of other assets	-70	-241	171	-71.0%
Net provisions	-5,322	-11,556	6,234	-53.9%
Gain (loss) from equity investments	0	0	0	n.a.
Operating profit before taxation	24,966	22,783	2,183	9.6%
Income taxes for the period on current operations	-3,742	-3,328	-414	12.4%
Profit (loss) from non-current discontinued operations, net of tax	0	0	0	n.a.
Profit (loss) for the year attributable to minority interests	-1,204	-638	-566	88.7%
Net profit	20,020	18,817	1,203	6.4%

Net operating income amounted to 64.9 million euros, down 6.5 million euros (-9.2%) compared to the same period of the previous year.

The decrease in the aggregate was entirely due to the lesser contribution of the net result from banking operations (-6.9 million euros or -73.7%), which in the first quarter of 2010 had benefited from the strong financial market performance.

Net interest and commissions showed improvements of 1.4% and 0.5%, respectively, compared to the same period of the previous year. Also worthy of note is the considerable improvement in the qualitative composition of commissions due to the significant increase in the weight of management commissions compared to non-recurring performance commissions, which are linked to market volatility.

Net operating expense was 34.6 million euros, down 4.0% compared to the same period of the previous year, while **adjustments and provisions** showed an overall decrease of 7.3 million euros (-57.5%).

Consolidated operating profit amounted to 30.3 million euros, a decrease of 5.1 million euros compared to the same period in the previous year (-14.4%).

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 49.2% to 51.8%.

Finally, **consolidated operating profit** before taxation was 25.0 million euros, up 2.2 million euros compared to the first quarter of the previous year.

Quarterly Evolution of the Profit & Loss Account

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

4.1.1. Net interest

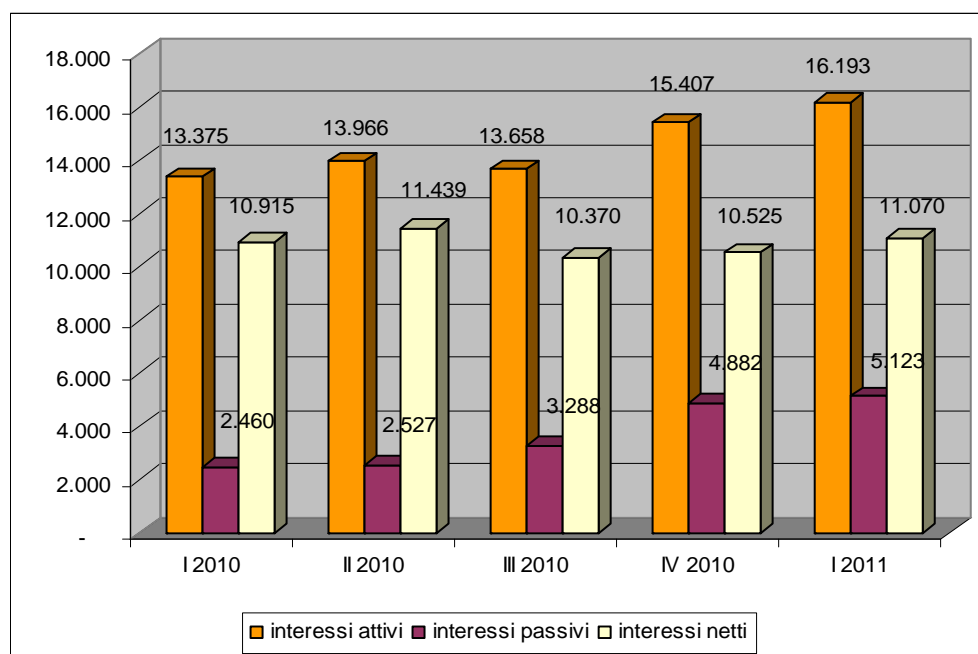
Net interest amounted to 11.1 million euros, slightly increasing compared to the same period of the previous year (+1.4%).

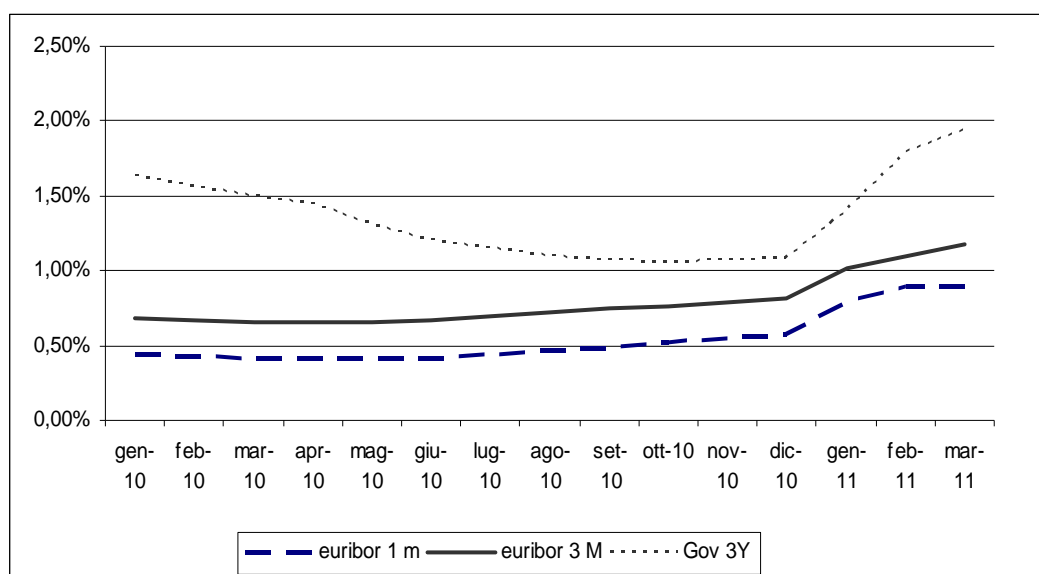
Net interest increased 2.8 million euros (+21.1%) compared to the same period of the previous year, while the cost of funding increased 2.7 million euros (+108.3%).

(€ thousand)	31.03.2011	31.03.2010	Change	
			Amount	%
Financial assets held for trading	217	977	- 760	-77.8%
AFS financial assets	7,129	4,955	2,174	43.9%
Financial assets held to maturity	3,572	2,879	693	24.1%
Financial assets classified among loans	1,406	1,062	344	32.4%
Total financial assets	12,324	9,873	2,451	24.8%
Loans to banks	524	787	- 263	-33.4%
Loans to customers	3,330	2,704	626	23.2%
Other assets	15	11	4	36.4%
Total interest income	16,193	13,375	2,818	21.1%
Due to banks	239	37	202	545.9%
Due to customers and securities issued	3,341	2,088	1,253	60.0%
Repurchase agreements - banks	1,386	138	1,248	904.3%
Repurchase agreements - customers	145	197	- 52	-26.4%
Other liabilities	12	0	12	n.a.
Total interest expense	5,123	2,460	2,663	108.3%
Net interest	11,070	10,915	155	1.4%

The development of net interest in the first quarter of 2011 was influenced by the acceleration in the recovery of interest rates, which resulted in a temporary mismatch between the cost of inflows and the return on lending, constrained by the greater time required to adjust coupons on floating-rate securities.

Compared to the first quarter of 2010, the decline in funding volumes tied to the gradual shift by retail customers of assets under administration towards forms of assets under management also resulted in an increase in the weight of interbank funding, which became more costly.





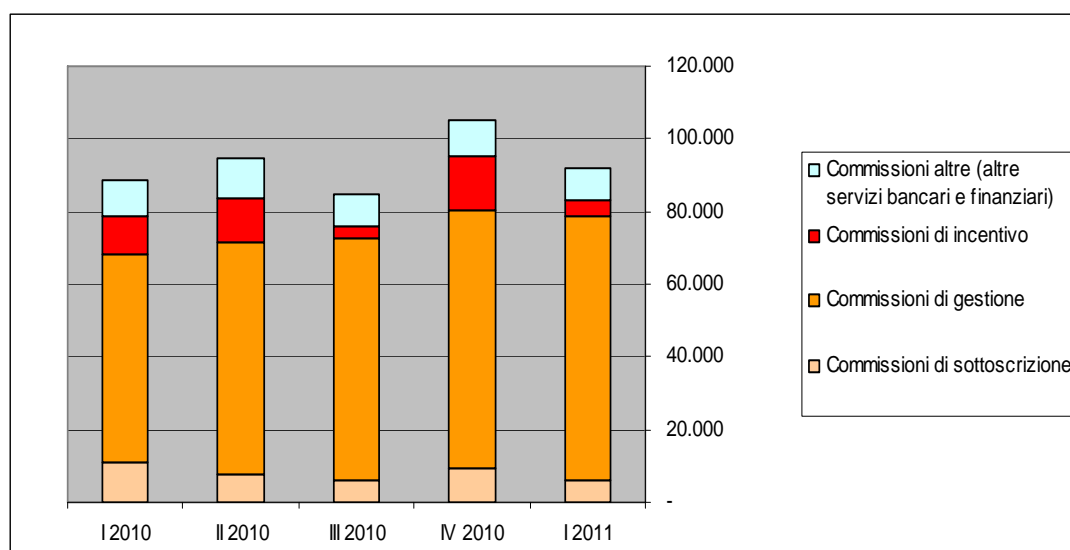
4.1.2 Net commissions

The commissions aggregate stood at 51.4 million euros, in line with the first quarter of 2010 (+0.5%), and may be broken down as follows.

(€ thousand)	31.03.2011	31.03.2010	Change	
			Amount	%
Asset management	60,695	53,375	7,320	13.7%
Placement of securities	7,300	11,915	- 4,615	-38.7%
Distribution of third-party fin. products	14,995	13,456	1,539	11.4%
Trading and securities custody commissions	7,402	8,525	- 1,123	-13.2%
Other services	1,375	1,278	97	7.6%
Total commission income	91,767	88,549	3,218	3.6%
Commissions for external offer	34,275	31,894	2,381	7.5%
Dealing in securities and custody	1,535	2,495	- 960	-38.5%
Asset management	4,097	2,476	1,621	65.5%
Other services	487	553	- 66	-11.9%
Total commission expense	40,394	37,418	2,976	8.0%
Net commissions	51,373	51,131	242	0.5%

Commission income increased 3.2 million euros due to the growth of management commissions (+27.0%), while underwriting commissions declined (-46.3%) due to the lesser contribution of the bond placements undertaken and non-recurring performance commissions (-59.8%).

(€ thousand)	31.03.2011	31.03.2010	Change	
			Amount	%
Underwriting commissions	5,924	11,039	- 5,115	-46.3%
Management commissions	72,959	57,453	15,506	27.0%
Incentive commissions	4,109	10,231	- 6,122	-59.8%
Other commissions (other banking and financial services)	8,775	9,826	- 1,051	-10.7%
Total	91,767	88,549	3,218	3.6%



Commissions from **the solicitation of investment and asset management** of households amounted to 83.0 million euros, with an increase of 4.2 million euros compared to the same period in the previous year.

(€ thousand)	31.03.2011	31.03.2010	Change	
			Amount	%
Asset management, own				
1. Collective asset management (UCITs, pension funds)	44,157	39,301	4,856	12.4%
2. Collective assets management of the Generali group	7,529	5,179	2,350	45.4%
3. Individual asset management	9,009	8,895	114	1.3%
Commissions on asset management	60,695	53,375	7,320	13.7%
1. Placement of third-party UCITs	7,300	7,372	- 72	-1.0%
2. Bond placement	0	4,093	- 4,093	-100.0%
3. Other placement operations	0	450	- 450	-100.0%
4. Distribution of third-party asset management products (GPM/GPF, pension funds)	89	28	61	217.9%
5. Distribution of third-party insurance products	14,657	12,698	1,959	15.4%
6. Distribution of other third-party financial products	249	730	- 481	-65.9%
Placement and distribution of third-party products	22,295	25,371	- 3,076	-12.1%
Asset management commissions earned	82,990	78,746	4,244	5.4%

The increase was primarily due to collective asset management promoted by the banking group, comprising the Luxembourg SICAVs and mutual funds of BG SGR, up 4.9 million euros (+12.4%), while revenue from individual portfolio schemes, relating to the operations of BG SGR and BG Fiduciaria, remained essentially stable. However, this positive performance was offset by the decline in revenues on the distribution of third-party services, down 3.1 million euros (-12.1%), a segment within which there was a sharp rise in the insurance products component (+15.4%).

The contribution of management commissions for funds distributed by management companies of the Generali Group, primarily arising from the operations of the merged GIL, amounted to 7.5 million euros, up 2.3 million euros compared to the same period in the previous year.

Distribution commission expenses amounted to 34.3 million euros and increased by 2.4 million euros compared to 2010 (+7.5%).

The figure includes 5.1 million euros paid to foreign placement agents of Generali Group funds, which increased by 1.0 million euros compared to the first quarter of 2010.

Net of those captions, the pay-out ratio for financial advisor distribution networks amounted to 40.9%.

(€ thousand)	31.03.2011	31.03.2010	Change	
			Amount	%
Front-end commissions	5,210	6,801	- 1,591	-23.4%
Management commissions	25,186	20,134	5,052	25.1%
Incentive commissions	1,159	2,469	- 1,310	-53.1%
Other commissions	2,720	2,490	230	9.2%
Total	34,275	31,894	2,381	7.5%

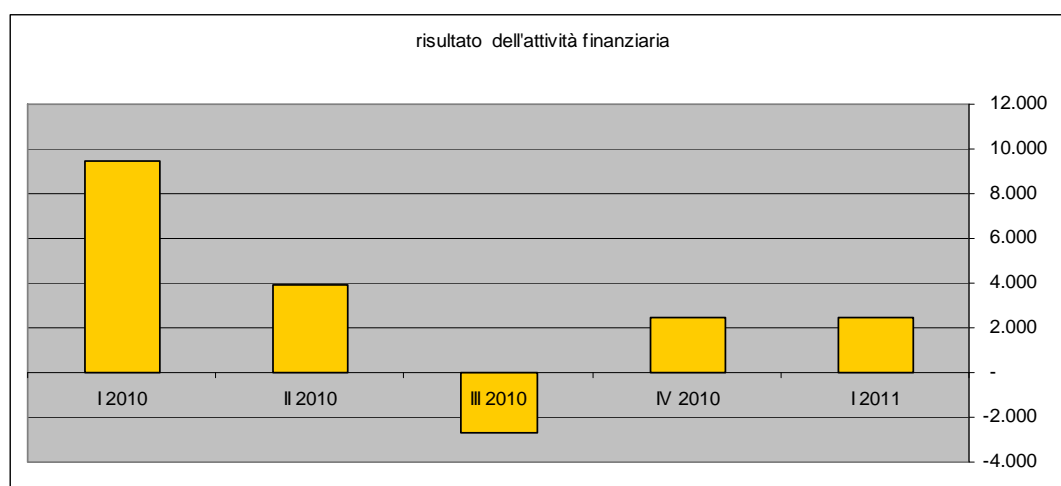
Other net commissions from banking services offered to customers include trading, order receipt and custody and administration commissions, in addition to commissions charged to customers for account-keeping expenses and other services. The aggregate stood at 6.8 million euros and did not show significant changes compared to the same period of the previous year.

(€ thousand)	31.03.2011	31.03.2010	Change	
			Amount	%
Dealing in securities and currencies	4,665	1,559	3,106	199.2%
Order collection, custody, and securities administration	2,734	6,966	- 4,232	-60.8%
Collection and payment services	377	419	- 42	-10.0%
Commission income	643	632	11	1.7%
Other services	358	227	131	57.7%
Total traditional banking operations	8,777	9,803	- 1,026	-10.5%
Trading and custody services	-1,535	-2,495	960	-38.5%
Collection and payment services	-205	-88	- 117	133.0%
Other services	-282	-465	183	-39.4%
Total commission expense	-2,022	-3,048	1,026	-33.7%
Net commissions	6,755	6,755	-	0.0%

4.1.3 Net profit from trading and financial operations

The net result of financial operations is composed of the result of financial asset and liability trading, net gains 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)	31.03.2011	31.03.2010	Change	
			Amount	%
Dividends from trading	11	0	11	n.a.
Trading of financial assets and equity derivatives	367	69	298	431.9%
Trading of financial assets and derivatives on debt securities and interest rates	938	-58	996	-1717.2%
Trading of UCIT units	75	275	-200	-72.7%
Securities transactions	1,391	286	1,105	386.4%
Currency and currency derivative transactions	-273	440	-713	-162.0%
Net profit from trading operations	1,118	726	392	54.0%
Dividends from AFS assets	0	0	0	n.a.
Gains/(losses) on equity securities	0	70	-70	-100.0%
Gains/(losses) on AFS and HTM debt securities and loans	1,378	8,646	-7,268	-84.1%
Income (loss) of financial operations	2,496	9,442	-6,946	-73.6%



At the end of the first quarter of 2011, the aggregate presented a positive contribution of 2.5 million euros, down from the 9.4 million euros reported in the same period of the previous year.

Net profit on assets classified as HFT amounted to 1.1 million euros (+0.4 million euros), whereas the net profit on the sale of securities classified as AFS and in other portfolios valued at amortised cost amounted to 1.4 million euros (down 7.3 million euros compared to the first quarter of 2010).

(€ thousand)	Net profit and dividends	Capital gains	Losses	Capital losses	Net result 31.03.2011	Net result 31.03.2010
1. Debt securities transactions	45	33	13	109	-44	670
2. Equity securities transactions	393	52	7	60	378	69
Equity securities	371	52	7	42	374	86
Dividends	11	0	0	0	11	0
Options on equity securities	11	0	0	18	-7	-17
3. Par Asset Swaps	0	648	0	49	599	54
Debt securities	0	648	0	0	648	1.007
Asset swaps	0	0	0	49	-49	-953
4. Equity swaps	0	0	0	0	0	0
Equity securities	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Futures and total return swaps OTC	0	0	0	0	0	0
5. UCITs unit transactions	100	158	1	182	75	275
6. Interest Rate Swaps (IRS)	254	129	0	0	383	-782
7. Currency transactions	6	0	279	0	-273	440
Derivatives	3	0	3	0	0	0
Exchange gains and losses	3	0	276	0	-273	440
Result from trading	798	1,020	300	400	1,118	726

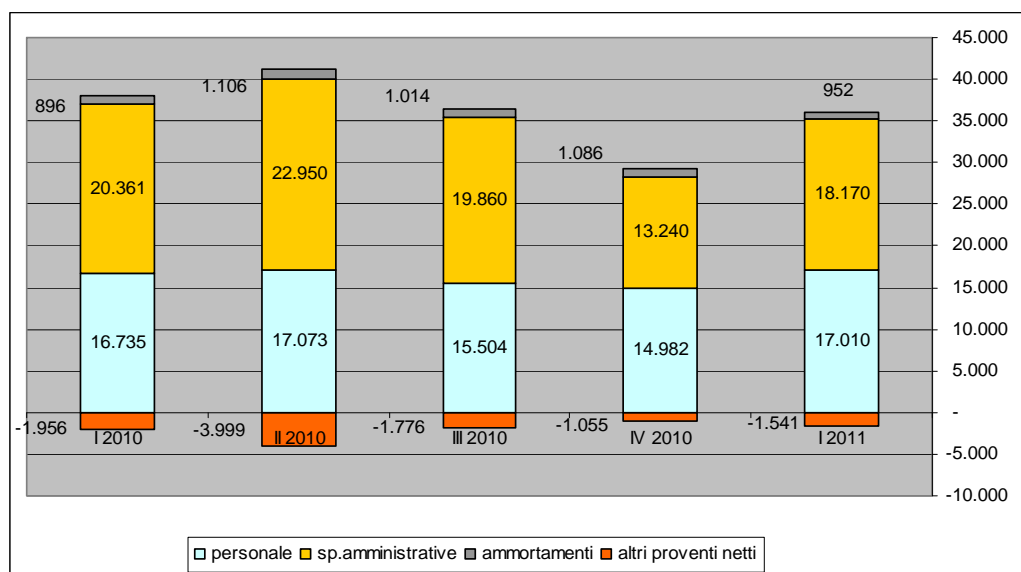
The net profit realised on the trading of securities not classified as held for trading refers primarily to the portfolio of available-for-sale (AFS) assets and includes profits deriving from the disposal of Lehman bonds, which became impaired in 2008.

(€ thousand)	Gains	Losses	Transfer of reserves	31.03.2011	31.03.2010
Financial assets available for sale	1,596	-29	-349	1,218	7,452
Debt securities	1,596	-29	-349	1,218	7,382
Equity securities	0	0	0	0	70
Financial assets classified among loans	190	-30	0	160	845
Financial assets held to maturity	0	0	0	0	419
Total	1,786	-59	-349	1,378	8,716

4.1.4 Operating expenses

Operating expenses, including staff expenses, other general and administrative expense, amortisation and depreciation and other operating income and expenses amounted to 34.6 million euros, down by 1.4 million euros compared to the same period of 2010 (-4.0%).

(€ thousand)	31.03.2011	31.03.2010	Change	
			Amount	%
Staff expenses	17,010	16,735	275	1.6%
Other general and administrative expense	18,170	20,361	-2,191	-10.8%
Net adjustments of property, equipment and intangible assets	952	896	56	6.3%
Other income and expenses	-1,541	-1,956	415	-21.2%
Operating expense	34,591	36,036	-1,445	-4.0%



Staff expenses, including full-time employees, interim staff and directors amounted to 17.0 million euros, up by 0.3 million euros (+1.6%) compared to the first quarter of 2010.

The number of the Group's staff members under salaried employment contracts amounted to 778, up by 6 compared to the end of 2010 and 11 compared to the same period of the previous year (+1.4%), in line with higher personnel expenses.

	31.03.2011	31.03.2010	Change		Average Q1 2011	Average Q1 2010
			Amount	%		
Managers	51	50	1	2.0%	51	52
3 rd and 4 th level executives	120	123	-3	-2.4%	122	122
Other employees	607	594	13	2.2%	603	597
Total	778	767	11	1.4%	775	770

Other **general and administrative expense** amounted to 18.2 million euros, down by 2.2 million euros (-10.8%), compared to the previous year.

(€ thousand)	31.03.2011	31.03.2010	Change	
			Amount	%
Administration	2,834	2,744	90	3.3%
Advertising	929	756	173	22.9%
Consultancy and professional advice expense	786	1,037	-251	-24.2%
Audit	179	50	129	258.0%
Other general costs (insur.; T&E)	940	901	39	4.3%
Operations	6,789	7,734	-945	-12.2%
Rent and usage of premises	3,593	3,853	-260	-6.7%
Outsourced services	1,001	1,274	-273	-21.4%
Post and telephone	775	785	-10	-1.3%
Print material and contracts	201	242	-41	-16.9%
Other operating expenses	1,219	1,580	-361	-22.8%
Information system and equipment	6,695	7,997	-1,302	-16.3%
Outsourced IT services	4,177	5,679	-1,502	-26.4%
Fees for financial databases and other IT services	1,195	1,314	-119	-9.1%
Software maintenance and servicing	942	554	388	70.0%
Other expenses (equipment rental, maintenance, etc.)	381	450	-69	-15.3%
Taxes and duties	1,852	1,886	-34	-1.8%
Total other general and administrative expense	18,170	20,361	-2,191	-10.8%

4.1.5 Provisions and adjustments

Net allocations to provisions amounted to 5.3 million euros, down by 6.2 million euros compared to the previous year (-53.9%), primarily due to the lesser provisions for incentives for the sales network and discretionary personnel incentives.

In detail, provisions of 4.1 million euros mainly include commission charges mainly related to half-yearly incentives plans currently being accrued (3.0 million euros) and short- and medium-term incentive programs connected to the expansion of the sales network.

Allocations to provisions for staff expenses refer solely to the estimate of expenses associated with renewal of the National Collective Labour Contract.

(€ thousand)	31.03.2011	31.03.2010	Change	
			Amount	%
Provision for staff expenses	231	1,927	-1,696	-88.0%
Provisions for legal disputes	290	750	-460	-61.3%
Provision for incentive fees	4,105	8,713	-4,608	-52.9%
Provisions for termination indemnity and over fees	696	166	530	319.3%
Total	5,322	11,556	-6,234	-53.9%

Adjustments to account for the impairment of financial assets were not material in amount at the end of the quarter and refer primarily to minimal adjustments to previously impaired equities.

4.1.6 Net Result for the Period, Taxes and Earnings per Share

Current and deferred **taxes for the period** are estimated to reach 3.7 million euros, up 12.4% compared to the first quarter of the previous year. The Group's consolidated tax rate stood at 15%, up slightly compared to the first quarter of the previous year.

Profit for the period attributable to minority interests amounted to 1.2 million euros and refers to the minority interest in GFM held by the Assicurazioni Generali insurance group.

The first quarter of 2011 ended with a consolidated net profit of 20.0 million euros. Net basic earnings per share currently being accrued increased from 0.17 eurocents to 0.18 eurocents.

	31.03.2011	31.03.2010	Change	
			Amount	%
Net profit for the year (€ thousand)	20,020	18,817	1,203	6.4%
Net profit attributable to ordinary shares	20,020	18,817	1,203	6.4%
Average number of outstanding shares	111,360	110,854	506	0.5%
EPS - Earnings per Share (euro)	0,180	0,170	0,010	5.9%
Average number of outstanding shares				
Diluted capital	112,123	113,386	- 1,263	-1.1%
EPS - Diluted earnings per share (euro)	0.179	0.1660	0.013	7.6%

4.1.7 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 32.8 million euros, up from the 18.4 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 (+13.3 million euros), and the increase in net profit for the year (+1.2 million euros).

The net increase in valuation reserves in the first quarter of 2011, which amounted to 12.8 million euros, consisted of an improvement in fair value relating to the bond component of the AFS portfolio of 17.8 million euros and the release of 0.6 million euros to the profit and loss account due to the realisation of pre-existing net positive reserves. The net negative tax effect relating to such impairment losses was estimated to amount to 5.6 million euros.

(€ thousand)	31.03.2011	31.03.2010	Change	
			Amount	%
Net profit (loss)	20,020	18,817	1,203	6.4%
Other income net of income taxes				
AFS assets	12,823	-453	13,276	-2930.7%
Total other income, net of taxes	12,823	-453	13,276	-2930.7%
Comprehensive income	32,843	18,364	14,479	78.8%

4.2 Changes in the Balance Sheet and Net Equity

Total consolidated assets amounted to 3.9 billion euros at the end of the first quarter of 2011 (+1.9% compared to the end of 2010).

Total direct inflows from customers stood at 2.7 billion euros, down approximately 0.2 billion euros compared to 2010 (-5.9%), offset by the increase in the interbank debt position (+36.1%). Core loans stood at 3.7 billion euros, up moderately compared to the end of 2010 (+2.0%).

Assets (€ thousand)	31.03.2011	31.12.2010	Change	
			Amount	%
Financial assets held for trading	163,384	119,952	43,432	36.2%
AFS financial assets	1,606,598	1,533,275	73,323	4.8%
Financial assets held to maturity	566,830	608,118	-41,288	-6.8%
Loans to banks	464,427	475,597	-11,170	-2.3%
Loans to customers	859,164	852,038	7,126	0.8%
Equity investments	0	0	0	n.a.
Property, equipment and intangible assets	52,665	53,269	-604	-1.1%
Tax receivables	65,486	71,040	-5,554	-7.8%
Other assets	100,439	94,599	5,840	6.2%
Total assets	3,878,993	3,807,888	71,105	1.9%

Net Equity and Liabilities (€ thousand)	31.03.2011	31.12.2010	Change	
			Amount	%
Due to banks	612,939	450,431	162,508	36.1%
Due to customers	2,740,307	2,910,878	-170,571	-5.9%
Financial liabilities held for trading	6,194	6,502	-308	-4.7%
Tax payables	20,741	18,336	2,405	13.1%
Other liabilities	119,962	82,763	37,199	44.9%
Special purpose provisions	61,791	57,759	4,032	7.0%
Valuation reserves	-10,889	-23,712	12,823	-54.1%
Reserves	187,103	105,400	81,703	77.5%
Additional paid-in capital	2,086	0	2,086	n.a.
Share capital	111,574	111,363	211	0.2%
Treasury shares (-)	-660	-660	0	0.0%
Minority interests	7,825	6,621	1,204	18.2%
Net profit (loss) for the year (+/-)	20,020	82,207	-62,187	-75.6%
Total Net Equity and Liabilities	3,878,993	3,807,888	71,105	1.9%

Quarterly Evolution of Consolidated Balance Sheet

Assets (€ thousand)	31.03.2011	31.12.2010	30.09.2010	30.06.2010	31.03.2010
Financial assets held for trading	163,384	119,952	231,614	299,958	234,252
AFS financial assets	1,606,598	1,533,275	1,505,018	1,389,236	1,348,260
Financial assets held to maturity	566,830	608,118	584,815	606,797	631,759
Loans to banks	464,427	475,597	512,647	455,346	583,155
Loans to customers	859,164	852,038	798,162	774,520	735,016
Property, equipment and intangible assets	52,665	53,269	53,217	54,130	55,050
Tax receivables	65,486	71,040	72,095	63,019	49,785
Other assets	100,439	94,599	105,120	116,218	110,416
Total assets	3,878,993	3,807,888	3,862,688	3,759,224	3,747,693

Net Equity and Liabilities (€ thousand)	31.03.2011	31.12.2010	30.09.2010	30.06.2010	31.03.2010
Due to banks	612,939	450,431	471,229	454,627	287,121
Due to customers	2,740,307	2,910,878	2,836,116	2,790,942	2,917,125
Financial liabilities held for trading	6,194	6,502	7,104	6,941	11,182
Tax payables	20,741	18,336	18,211	19,138	17,831
Other liabilities		82,763	201,378	172,095	169,416
Special purpose provisions	61,791	57,759	57,938	63,210	57,329
Valuation reserves	-10,889	- 23,712	-10,465	- 11,188	- 2,055
Reserves	187,103	105,400	83,401	86,299	136,662
Additional paid-in capital	2,086	-	21,718	22,309	22,309
Share capital	111,574	111,363	111,329	111,313	111,313
Treasury shares (-)	-660	- 660	-660	- 4,471	- 4,471
Minority interests	7,825	6,621	5,341	4,313	5,114
Net profit (loss) for the year (+/-)	20,020	82,207	60,048	43,696	18,817
Total Net Equity and Liabilities	3,878,993	3,807,888	3,862,688	3,759,224	3,747,693

4.2.1 Direct inflows from customers

Total direct inflows from customers amounted to 2.7403 billion euros, marking a decrease of 170.5 million euros compared to 31 December 2010.

The decrease was primarily driven by the transfer accounts segment (-201.9 million euros) and was attributable, in the retail segment, to investment by customers in asset management products.

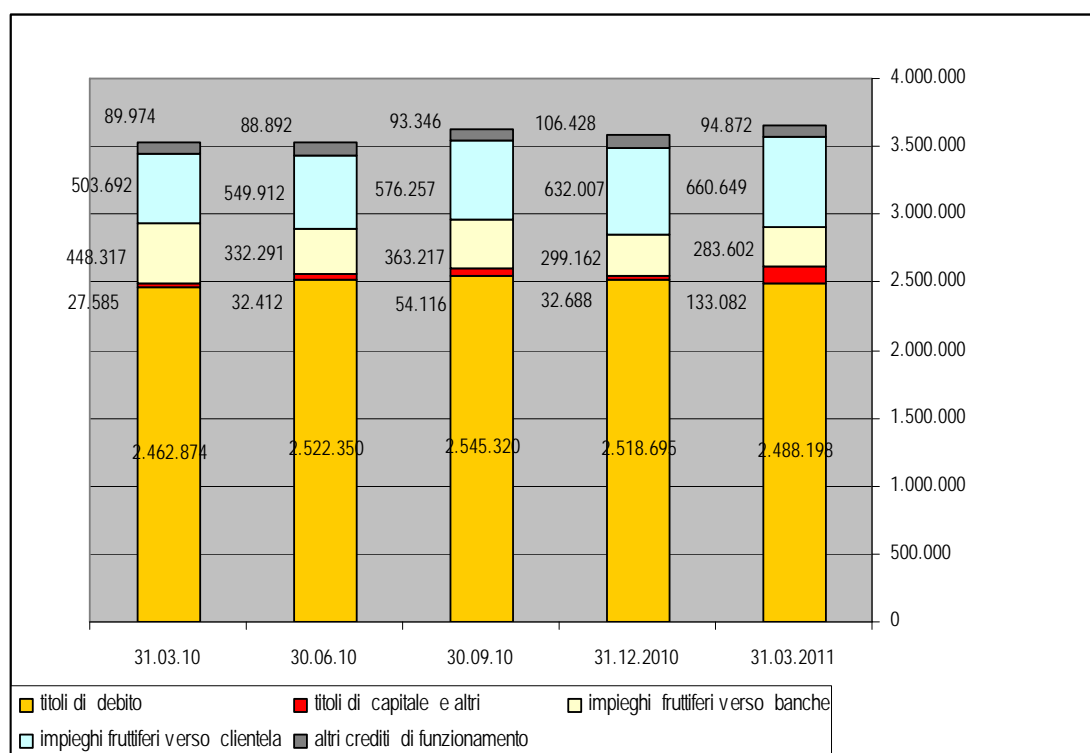
Captive inflows, deriving from the parent company, Assicurazioni Generali, and that group's Italian and international subsidiaries, amounted to 685 million euros, down by 121.0 million euros, and accounted for 25.0% of total inflows.

(€ thousand)	31.03.2011	31.12.2010	Change	
			Amount	%
Transfer accounts	2,459,216	2,661,113	- 201,897	-7.6%
Repurchase agreements	37,480	67,469	- 29,989	-44.4%
Term deposits	150,000	78,400	71,600	91.3%
Generali Versicherung subordinated loan	40,825	40,412	413	1.0%
Other debts	27,987	39,944	- 11,957	-29.9%
Operating debts to sales network	24,641	23,351	1,290	5.5%
Debt securities				
Certificates of deposit	158	189	- 31	-16.4%
Total inflows from customers	2,740,307	2,910,878	- 170,571	-5.9%

4.2.2 Core loans

Core loans totalled 3.7 billion euros and increased by 71.4 million euros compared to 31 December 2010.

(€ thousand)	31.03.2011	31.12.2010	Change		31.03.2010
			Amount	%	
Financial assets held for trading	163,384	119,952	43,432	36.2%	234,252
AFS financial assets	1,606,598	1,533,275	73,323	4.8%	1,348,260
Financial assets held to maturity (HTM)	566,830	608,118	-	-6.8%	631,759
Loans to banks	464,427	475,597	-	-2.3%	583,155
Financing	283,602	299,162	-	-5.2%	448,317
Financial assets classified among loans to banks	179,531	175,302	4,229	2.4%	134,601
Other operating loans	1,294	1,133	161	14.2%	237
Loans to customers	859,164	852,038	7,126	0.8%	735,016
Interest-bearing loans and receivables	660,649	627,604	33,045	5.3%	503,692
Financial assets classified among loans to customers	104,937	114,737	-	-8.5%	141,587
Other operating loans	93,578	109,697	-	-14.7%	89,737
Total interest-bearing financial assets and loans	3,660,403	3,588,980	71,423	2.0%	3,532,442



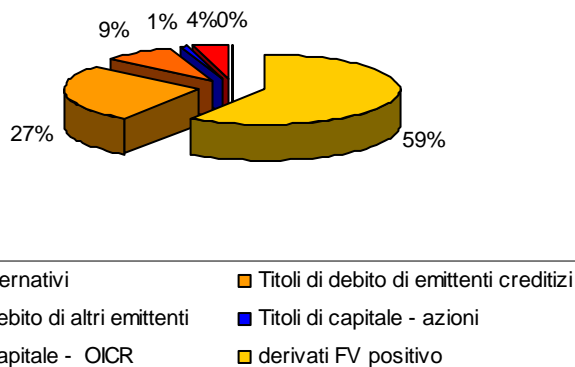
In detail, **investments in financial instruments** allocated to the various IAS portfolios amounted to 2,621.3 million euros, up slightly compared to the end of the previous year (+2.7%).

Within that aggregate, there was growth in the portfolio of available-for-sale financial assets (+73.3 million euros or +4.8%) and the trading portfolio (+43.4 million euros or +36.2%). Within the latter segment, growth was driven essentially by new investments in money-market UCITs outstanding at the end of the period.

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, securities issued by customers and financial institutions continued to be replaced with newly issued bank bonds.

On the whole, the exposure to financial instruments classified to the various IAS portfolios was concentrated in government bonds (59%), primarily issued by the Italian government, and bonds issued by financial institutions (27%).

composizione dei portafogli strumenti finanziari



Loans to customers stood at 660.6 million euros, up by 33.0 million euros (+5.5%).

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

Finally, the **net interbank position** showed an overall decline of 173.7 million euros, attributable to the effect of the increase in inflows from financial institutions (+162.5 million euros), primarily in the form of repurchase agreements and loans from the ECB secured by collateral in the form of securities.

(€ thousand)	31.03.2011	31.12.2010	Change	
			Amount	%
Repayable on demand	107,212	216,139	- 108,927	-50.4%
Demand deposits with banks	15,500	128,000	- 112,500	-87.9%
Transfer accounts	91,712	88,139	3,573	4.1%
Time deposits	176,390	83,023	93,367	112.5%
Deposits with central banks	69,934	11,680	58,254	498.8%
Term deposit with ECB	-	-	-	n.a.
Term deposits	106,456	71,343	35,113	49.2%
Repurchase agreements	-	-	-	n.a.
Debt securities	179,531	175,302	4,229	2.4%
Other operating loans	1,294	1,133	161	14.2%
Total due to banks	464,427	475,597	- 11,170	-2.3%
Transfer accounts	3,471	35,873	- 32,402	-90.3%
Term current accounts	8,594	9,391	- 797	-8.5%
Term deposit with ECB	50,000	-	50,000	n.a.
Repurchase agreements	527,079	382,950	144,129	37.6%
Other operating debts	23,795	22,217	1,578	7.1%
Total due to banks	612,939	450,431	162,508	36.1%
Net interbank position	-	148,512	25,166	-173.7%

4.2.3 Net equity

At 31 March 2011, consolidated net equity, including the net profit for the year, amounted to 317.1 million euros compared to the 281.2 million euros at the end of the previous year and underwent the following changes.

(€ thousand)	31.03.2011	31.12.2010	Change	
			Amount	%
Share capital	111,574	111,363	211	0.2%
Additional paid-in capital	2,086	0	2,086	n.a.
Reserves	187,103	105,400	81,703	77.5%
(Treasury shares)	-660	-660	0	0.0%
Valuation reserves	-10,889	-23,712	12,823	-54.1%
Equity instruments	0	0	0	n.a.
Net profit (loss) for the year	20,020	82,207	-62,187	-75.6%
Group net equity	309,234	274,598	34,636	12.6%
Minority interests	7,825	6,621	1,204	18.2%
Consolidated net equity	317,059	281,219	35,840	12.7%

	Group	Third parties	Overall
Net equity at year-start	274,598	6,621	281,219
Exercise of stock options	1,814	0	1,814
Other changes	-21	0	-21
Change in AFS reserves	12,823	0	12,823
Consolidated profit	20,020	1,204	21,224
Net equity at year-end	309,234	7,825	317,059
Changes	34,636	1,204	35,840
2010 Dividends	0	0	0
2010 Capital Injections	1,814	0	1,814

This figure does not take account of the distribution of dividends of approximately 61.3 million euros that was approved by the shareholders at the Ordinary Meeting held on 20 April 2011 to approve the financial statements for 2010.

The change in net equity was influenced to a significant degree by the performance of fair-value reserves for the portfolio of financial assets available for sale, which increased by 12.8 million euros at the end of the year to reach a negative value of 10.9 million euros.

(€ thousand)	31.03.2011			31.12.2010	
	Positive provision	Negative provision	Net provision	Net provision	Changes
1. Debt securities	684	-10,649	-9,965	-21,951	11,986
2. Equity securities	86	-1,010	-924	-1,761	837
Total	770	-11,659	-10,889	-23,712	12,823

At 31 March 2011, consolidated capital for regulatory purposes amounted to 234.8 million euros, net of the dividend expected to be paid, up by 9.5 million euros compared to the end of the previous year.

At the end of the year, the aggregate capital for regulatory purposes recorded 74.9 million euros in excess of the amount required by the Supervisory Authority to cover credit, market, and operating risks. The solvency ratio was 11.75%, compared to the minimum requirement of 8%.

(€ thousand)	31.03.2011	31.12.2010	Change	
			Amount	%
Tier 1 capital	195,155	185,634	9,521	5.13%
Tier 2 capital	39,624	39,624	0	0.00%
Tier 3 capital	0	0	0	n.a.
Total capital for regulatory purposes	234,779	225,258	9,521	4.23%
B.1 CREDIT RISK	91,796	92,561	-765	-0.83%
B.2 MARKET RISKS	34,308	9,350	24,958	266.93%
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	159,863	135,670	24,193	17.83%
EXCESS OVER PRUDENTIAL REQUIREMENTS	74,916	89,588	-14,672	-16.38%
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)	9.77%	10.95%	-1.18%	-10.78%
Regulatory capital/Risk-weighted assets (Total capital ratio)	11.75%	13.28%	-1.53%	

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.

5. Performance of Group Companies

5.1 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 3.8 million euros, with a decrease of 7.2 million euros compared to the same period of the previous year, driven primarily by the decline in the result from banking operations.

Net banking income amounted to 39.9 million euros, whereas general and operating expense was 29.4 million euros, including 13.7 million euros for staff expenses. The company also made net accruals to provisions for risks and contingencies of 5.3 million euros, most of which pertained to commission plans for the distribution network.

Total assets under management placed by advisors at the end of the first quarter 2011 amounted to approximately 23.8 million euros, up compared to figures reported at 31 December 2010, whereas net inflows amounted to 359 million euros, compared to 361 million euros in the first quarter of 2010.

5.2 Performance of BG SGR

BG sgr, a company specialising in the management of mutual investment funds and GPF discretionary accounts, reported a net profit of 0.1 million euros for the first three months of 2011, down compared to 0.6 million euros at the end of the first quarter 2010, and net equity of about 27.3 million euros.

Net banking income amounted to approximately 3.4 million euros (down from the 4 million euros reported in the first quarter of 2010), whereas operating expenses amounted to approximately 3.2 million euros, including approximately 1.8 million euros for staff expenses.

Total assets under management at 31 March 2011 amounted to 3,859 million euros, net of discretionary account funds (GPF), with a reduction compared to 4,097 million euros at 31 December 2010.

5.3 Performance of BG Fiduciaria SIM

BG Fiduciaria, a company specialising in individual GPF and GPM portfolios, mainly in a custodial capacity, closed the first three months of 2011, with a net profit of 0.4 million euros and a net equity of 9.3 million euros.

Net banking income amounted to 1.2 million euros, whereas general and operating expense was 0.6 million euros, including 0.4 million euros for staff expenses.

Total assets under management amounted to 1,017 million euros, down compared to 1,024 million euros at 31 December 2010.

5.4 Performance of Generfid SpA

Generfid, a company specialising in custodial capacity of assets, closed the first three months of 2011 with net profit substantially even and net equity amounting to about 0.4 million euros. AUM amounted to 450 million euros.

5.5 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 19.8 million euros in net profit for the first quarter of 2011. At the end of the period, net equity amounted to approximately 64.4 million euros and total balance sheet assets to 106.7 million euros.

Operating result before taxes, net provisions, value adjustments and depreciation and amortisation (EBITDA), totalled 21.9 million euros, compared to 22.8 million euros for the previous year.

Net banking income amounted to approximately 23.3 million euros, whereas general and administrative expense was 1.4 million euros, including about 1.0 million euros for staff expenses.

Assets under management amounted to 12,263 million euros at 31 March 2011, compared to 11,855 million euros at 31 December 2010. The amount includes the assets under management acquired through the merger of Generali Investments Luxembourg, which amounted to 6,355 million euros at 31 March 2011 compared to the 6,096 million euros at 31 December 2010.

6 Basis of Preparation

The interim report for the first quarter 2011 is prepared as per article 154-ter, paragraph 5, of Italian Legislative Decree 58/98, introduced by Legislative Decree 195/2007, in implementation of Directive 2004/109/CE (so-called Transparency Directive).

The Interim Report provides:

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

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

- the consolidated condensed balance sheet at the end of the quarter (31/03/2011) compared with the figures at the end of the previous year (31/12/2010);
- the consolidated condensed profit and loss account for the period between the beginning of the year and the end of the quarter (1 January – 31 March 2011), compared with the data for the corresponding period of the previous year (1 January – 31 March 2010).
- the statement of comprehensive income for the period between the beginning of the year and the end of the quarter (1 January – 31 March 2011), compared with the data for the corresponding period of the previous year (1 January – 31 March 2010).

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

The Report also includes explanatory notes that refer to the accounting standards employed and other specific explanatory notes pertaining to transactions undertaken up to the end of the quarter.

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

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

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

6.1 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 together with those documents.

Measurement

The preparation of the Interim Report on Operations requires the use of estimates and assumptions that could influence the amounts reported in the Balance Sheet and Profit and Loss Account and the disclosure of contingent assets and liabilities therein.

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

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

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

- the quantification of personnel-related provisions and provisions for liabilities and contingencies;
- the quantification of incentives for the distribution network currently being accrued;
- the determination of the fair value of financial instruments and derivatives used for reporting purposes;
- the determination of value adjustments of non-performing loans and the provision for performing loans;
- the evaluation of the appropriateness of the amount of goodwill;
- estimates and assumptions used to determine current and deferred taxation.

6.2 Consolidated Companies 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 31 March 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.

Trieste, 10 May 2011

THE BOARD OF DIRECTORS

Declaration Pursuant to Article 154-*bis*, Paragraph 2, of Legislative Decree No. 58 of 24 February 1998

The undersigned Giancarlo FANCEL, born in Portogruaro (VENICE) on 26 September 1961, Deputy General Manager and Manager in charge of preparing the financial reports of BANCA GENERALI S.p.A., with registered offices in Trieste, 4 Via Machiavelli, share capital of 111,574,408.00 euros, registered with the Trieste Company Register under No. 103698 — to the best of his knowledge as Manager in charge of the Company's financial reports, pursuant to his appointment by Board resolution of 16 February 2007 — does hereby

declare that

for the intents and purposes of article 154-*bis*, paragraph 2, of Legislative Decree No. 58 of 24 February 1998, the Interim Report at 31 March 2011 corresponds to the said Company's books, records and accounting documents.

Trieste, 10 May 2011

Giancarlo Fancel
*Manager in charge of preparing
the Company's Financial Reports*
BANCA GENERALI S.p.A.
