Interim Report on Operations as of 30 September 2011

Board of Directors
7 November 2011

Banca Generali S.p.A.
Authorised share capital 119,378,836.00 euros, underwritten and paid-up share capital 111.351.392.00 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 n. 5358
Parent company of the Banca Generali 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 Minucci Aldo Miglietta Angelo Riello Ettore
BOARD OF STATUTORY AUDITORS	Alessio Vernì Giuseppe (President) Gambi Alessandro Venchiarutti Angelo Camerini Luca (alternate auditor) Bruno Anna (alternate auditor)
GENERAL MANAGER	Motta Piermario
MANAGER IN CHARGE OF THE COMPANY'S FINANCIAL REPORTS	Fancel Giancarlo

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Group Economic and Financial Highlights

Summary of Consolidated figures	30.09.2011	30.09.2010	*Change %*
(€ million)			
Net interest income	33.3	32.7	1.8
Net commissions	143.5	151.0	-5.0
Dividends and net profit from banking activities	5.3	10.7	-50.6
Net banking income	182.1	194.4	-6.3
Staff expenses	-51.2	-49.3	3.8
Other general and administrative expenses	-61.4	-63.2	-2.8
Amortisation and depreciation	-3.1	-3.0	2.8
Other operating income	7.9	7.7	1.8
Net operating expenses	-107.8	-107.8	0.0
Operating profit	74.3	86.7	-14.2
Provisions	-11.8	-18.4	-35.9
Adjustments	-2.3	-1.9	24.7
Profit before taxation	60.2	66.4	-9.3
Net profit	51.2	60.0	-14.8
Cost income ratio	57.5%	53.9%	6.7
EBTDA	77.4	89.7	-13.6
ROE	26.64%	29.57%	-9.9
EPS – earnings per share (euro)	0.458	0.540	-15.1

Net Inflows	30.09.2011	30.09.2010	Change %
(€ million) (Assoreti data)			
Mutual funds and SICAVs	132	282	-53.2
Asset Management	-154	338	-145.6
Insurance/ Pension funds	585	890	-34.3
Securities/ Current accounts	192	-619	131.0
Total	**755**	**891**	**-15.3**

Asset Under Management & Custody (AUM/C)	30.09.2011	31.12.2010	Change %
(€ billion) (Assoreti data)			
Mutual funds and SICAVs	5.9	6.6	-10.7
Asset Management	2.9	3.4	-15.1
Insurance/ Pension funds	7.2	6.8	6.0
Securities/ Current accounts	6.6	6.8	-2.5
Total	**22.6**	**23.6**	**-4.1**
Net Equity	**30.09.2011**	**31.12.2010**	**Change %**
(€ million)			
Net equity	248.7	281.2	-11.5
Capital for Regulatory purposes	239.8	225.3	6.5
Excess capital	111.3	89.6	24.2
Solvency margin	14.92%	13.28%	12.3

Consolidated Accounting Statements

Consolidated Balance Sheet

Assets	30.09.2011	31.12.2010	Change	
(€ thousand)			Amount	%
Financial assets held for trading	35,818	119,952	-84,134	-70.1%
Financial assets available for sale	1,449,068	1,533,275	-84,207	-5.5%
Financial assets held to maturity	546,190	608,118	-61,928	-10.2%
Loans to banks	533,089	475,597	57,492	12.1%
Loans to customers	889,075	852,038	37,037	4.3%
Tangible and intangible assets	53,094	53,269	-175	-0.3%
Tax receivables	76,584	71,040	5,544	7.8%
Other assets	84,721	94,599	-9,878	-10.4%
Total Assets	3,667,639	3,807,888	-140,249	-3.7%

Liabilities	30.09.2011	31.12.2010	Change	
(€ thousand)			Amount	%
Due to banks	682,904	450,431	232,473	51.6%
Due to customers	2,506,795	2,910,878	-404,083	-13.9%
Financial liabilities held for trading	1,837	6,502	-4,665	-71.7%
Tax payables	19,556	18,336	1,220	6.7%
Other liabilities	144,599	82,763	61,836	74.7%
Special purpose provisions	63,208	57,759	5,449	9.4%
Valuation reserves	-49,056	-23,712	-25,344	106.9%
Reserves	126,089	105,400	20,689	19.6%
Additional paid-in capital	3,231	0	3,231	n.a.
Capital	111,676	111,363	313	0.3%
Treasury shares (-)	-248	-660	412	-62.4%
Minority interests	5,879	6,621	-742	-11.2%
Net profit (loss) for the period (+/-)	51,169	82,207	-31,038	-37.8%
Total Liabilities and Net Equity	3,667,639	3,807,888	-140,249	-3.7%

Consolidated Profit and Loss Account

(€ thousand)	30.09.2011	30.09.2010	Change	
			Amount	%
Net interest	33,318	32,724	594	1.8%
Net commissions	143,520	151,014	-7,494	-5.0%
Dividends	80,496	56,433	24,063	42.6%
Net result from banking operations	-75,215	-45,748	-29,467	64.4%
Net operating income	182,119	194,423	-12,304	-6.3%
Staff expenses	-51,166	-49,312	-1,854	3.8%
Other general and administrative expenses	-61,380	-63,171	1,791	-2.8%
Net adjustments of tangible and intangible assets	-3,101	-3,016	-85	2.8%
Other operating expense/income	7,872	7,731	141	1.8%
Net operating expenses	-107,775	-107,768	-7	0.0%
Operating profit	74,344	86,655	-12,311	-14.2%
Net adjustments for non-performing loans	-1,011	-1,154	143	-12.4%
Net adjustments of other assets	-1,334	-726	-608	83.7%
Net provisions	-11,769	-18,372	6,603	-35.9%
Gain (loss) from equity investments	-1	0	-1	n.a.
Operating profit before taxation	60,229	66,403	-6,174	-9.3%
Income taxes for the period on current operations	-6,081	-3,492	-2,589	74.1%
Profit (loss) for the year attributable to minority interests	-2,979	-2,863	-116	4.1%
Net profit	51,169	60,048	-8,879	-14.8%

Statement of Comprehensive Income

(€ thousand)	30.09.2011	30.09.2010	Change	
			Amount	%
Net profit	51,169	60,048	-8,879	-14.8%
Other income net of income taxes				
AFS assets	-25,344	-9,586	-15,758	164.4%
Total other income, net of taxes	-25,344	-9,586	-15,758	164.4%
Comprehensive income	25,825	50,462	-24,637	-48.8%

Interim Report on Operations

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

The Banca Generali Group closed the first nine months of 2011 with a net profit of 51.2 million euro, compared to a net profit of 60.0 million euro reported at the end of the third quarter of 2010 (-14.8%), and net equity attributable to the Parent Company of 248.7 million euro.

Net banking income decreased by about 12.3 million euro (-6.3%) compared to the third quarter of 2010, going from 194.4 million euro to 182.1 million euro at the end of the first nine months of 2011, mainly due to the decrease in net commissions by 7.5 million euro, as well as the lower contribution from trading income that decreased from 10.7 million euro of the first nine months of 2010 to 5.3 million euro reported on September 30, 2011.
In regards to the trend in management commissions, the growth of the management fees for 23.9 million euro should be emphasized. This increase more than compensated the reduction of the most volatile items linked to the trend of the financial markets, such as performance fees, which decreased by 19.9 million euro (-78%) compared to the same period of last year.

Total operating expenses amounted to 107.8 million euro, in line with the result of the first nine months of 2010, with personnel expenses going from 49.3 million to 51.2 million euro (+3.8%), while other general and administrative expenses decreased by 2.8%.
Net provisions at 30 September 2011 amounted to about 11.8 million euro, with a decrease of 6.6 million euro compared to the same period of 2010, and are mainly related to incentives for the distribution networks.

The total value of the assets managed by the Group for its customers, which is the figure used for communications to Assoreti, amounted to 22.6 billion euro at 30 September 2011, down by 4.1% compared to the figure reported at the end of 2010. In addition, at 30 September 2011, there were approximately 1.1 billion euro of assets from Generali Group companies held in administered assets, and 7.0 billion euro 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 30.7 billion euro.

With 22.6 billion euro in assets under management Banca Generali continues to hold a leading position among institutions specialising in the distribution of financial products through financial advisor networks.
In the first nine months of 2011, despite high volatility and turbulent financial markets, Banca Generali gathered net inflows of 755 million euro.

As part of a reorganisation process of the asset management activities in Italy of the Generali group and in implementation of the strategies of the banking group aimed at increasing the focus of the activities of the subsidiary BG SGR on the individual portfolio management activities, the sale from BG SGR of the funds activities to the related company Generali Investments Italy Sgr was approved by the board of directors of both companies at the end of September. The transaction, for which the authorization has been submitted to Bank of Italy, is detailed in the information document prepared according to art. 5 of Consob Regulation no. 17221 of 12 March 2010 and published on October 3, 2011.
The total price for the transfer has been set at 5.5 million euro, of which 5.2 million euro for goodwill and 0.3 million euro as difference between assets and liabilities. The value of the transaction was determined on the basis of a valuation prepared by an independent consultant, attached to the above mentioned information document.
The contribution to the economic result of the Group from the sale of these activities is equal to just over 1 million euro at 30 September 2011, with a commission margin of 2.1 million euro and structural costs of 0.5 million euro. Assets under management of the activities sold amount to a little over 389 million euro.

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

During the first nine months of 2011, financial markets first experienced some uncertainty and later, starting in the summer, were very weak. Stock exchanges, which initially rose thanks to improved economic data and solid corporate earnings, subsequently weakened due to a string of external factors first (socio-political unrest in Northern Africa and in the Middle East, the earthquake in Japan), then later because of worsening expectations on the global economy that, during the summer months, caused stagnation in the economies of developed countries and a slow down in the emerging markets. In Europe, the political risks, mainly connected to the sovereign debt crisis, continued to put pressure on the financial markets: Portugal, Greece, Spain and, lastly, Italy had their rating lowered repeatedly, causing a widening of the interest spread differentials.
At the beginning of August, tensions reached the maximum peak with the rating downgrade of the United States, which weighted further on the financial markets and on the expectations of companies and consumers. Without a solution for the sovereign debt crisis, the financial markets reacted with scepticism to the several but partial measures undertaken by the governments. Consequently, in a scenario characterized by an increasing risk aversion, the flows of capital continued towards products considered more secure, pushing down the yields of government bonds (Treasury and Bund) and, from September, strengthening the dollar. The Italian government bonds went under exceptional pressure and the spread with German bonds increased to more than 400 bps on the 10 years maturities. The variable rate obligations (CCT) also suffered strong price decreases. The Central European Bank intervened to support Italy after the presentation of some additional fiscal measures that have the goal to balance the budget in 2013.

From a macroeconomic perspective, global growth reached a peak in the first quarter, thanks also to a further increase in international trade. Later on the economic activity weakened: during the spring due to the earthquake in Japan in mid-March and the sharp rise in oil prices occurred in the first part of 2011 which reduced consumer purchasing power; in the summer by the continuous downward revision of the expectations of corporations and consumers, also due to the worsening of the debt crisis. With regards to corporations, the results of the first two quarters of the year were positive, creating higher expectations for future earnings. Nevertheless, approaching the release of the third quarter results, the profit estimates began to being lowered, mainly for companies operating in cyclical sectors. During the first half of the year inflation was on an increasing trend in all geographical areas, but starting in the summer, the lower prices for raw materials and the weakening of the economy reduced the pressure on prices. Monetary policies were coherent: in the countries in which they were more restrictive in the first part of the year (China, Eurozone and the majority of emerging countries), at the end of the summer they adopted a “wait and see” policy, while they remained expansionary in United States and Japan. Overall, fiscal policies remained restrictive.

During the period interest rates in the Eurozone interbank market moved upward, initially driven by an increasingly tough policy of the ECB on the need to start normalising monetary policy in a context of economic growth of the Euro area, then by the actual rise in interest rates which went to 1.5% following two increases (one in April and one in July) from the previous interest rate of 1%. During the period, Euribor 3-months rate went from 1% at the beginning of the year to 1.62% at the end of July. Later on, due to the worsening of the sovereign debt crisis, the markets experienced some unrest that the ECB was able to control thanks to the experienced gained during the financial crisis of 2008, and abundant liquidity was put in the market in a timely matter. The 3-months rate in fact remained at the levels reached in July, while the spread between swap rate and interbank rate increased, returning to the levels observed in 2007 and 2008.

Against this background, equity markets recorded negative total return performance, with developed countries markets outperforming those of emerging markets. The MSCI World index (in euro) fell by -14.7%, the S&P500 by -11.3%, and the Topix by -12.4%. In Europe, the benchmark index for the entire area (DJ Stoxx 600) decreased by –18.4%, while the Euro Area benchmark (DJ Euro Stoxx) went down by -22.1% with the Italian FTSE MIB dropping by -26.5%. During the period, the stock exchanges of emerging markets performed even more poorly: -24% overall (MSCI Emerging Markets index), -27% in India, -25% in China. Altogether, the market sectors of the European markets that performed the best were: health, food and beverages, telecommunications and consumer goods, while raw materials, banks, automotive and construction posted below-average performance.

Bond markets were increasingly affected by the sovereign debt crisis that invested the peripheral countries of the Euro zone, then – starting in the summer – by the widespread uncertainty surrounding the global growth expectations. The bond yields of countries considered low-risk (Germany and USA) progressively decreased during the whole period, reflecting the changing behaviour of the investors with the increase of the political risk in

the Euro Area and the also the shift towards a stagnant growth rate. The 10-year yields, which at the start of 2011 were at 2.96% (Germany) and 3.36% (USA) went down respectively by 107 and 144 basis points at the end of September, reaching 1.89% and 1.92%, after having reached the historical minimums of 1.67% and 1.72%. On the contrary, the bond yields of the countries considered at risk of default significantly increased, bringing the spreads to maximum levels since the establishment of the Monetary Union. Starting in the summer, the purchase of government bonds of Italy and Spain by the ECB helped in curbing the increase of the respective spread differentials.

On currency markets, the gradual weakening of the dollar in the first part of the year reflected the divergence between the FED's monetary policy guideline (still expansionary) and that of the ECB (more restrictive). The euro-dollar exchange, which at the beginning of the year was around 1.33, reached a peak just below 1.5 at the end of April, then fluctuated in a wide range (1.40-1.50) following the gradual escalation of the sovereign debt crisis in the Eurozone. In the summer, the worsening of the market situation drove the ECB to adopt a more cautious interest rate policy, the political risks took the scene, and the European currency devaluated fast: at the end of the period the exchange rate was just under 1.33. During the summer, the currencies considered more secure such as the Swiss Franc and the Yen continued to attract money flows, causing their appreciation despite efforts from the respective Central Banks.

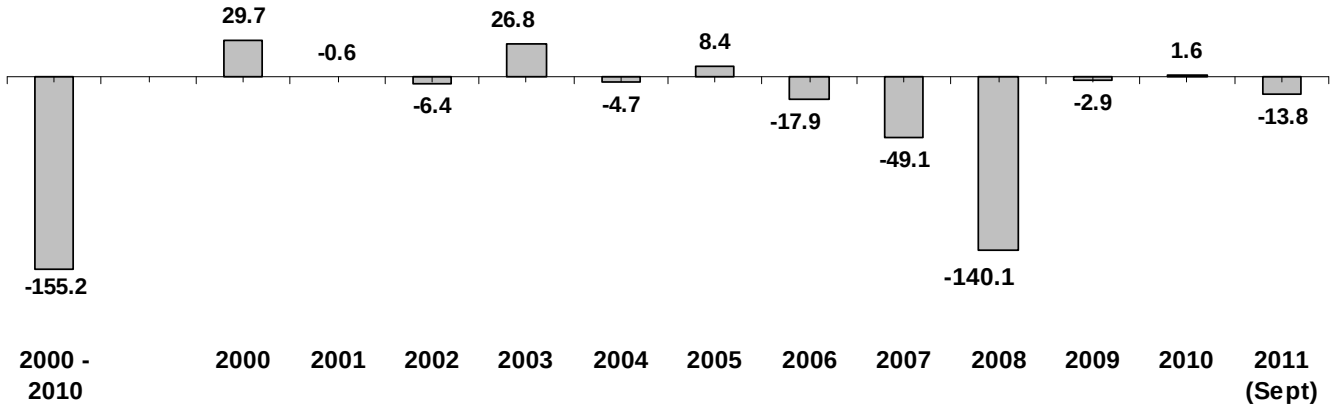
Commodity prices also reflected the global growth expectations, rising until the beginning of May and then following a path of decline to varying degrees depending on the products, with substantial drops in some cases. Oil prices (WTI) which in the first months of 2011 had been under pressure because of the 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 $79 at the end of the period. Gold prices increased in the first eight months of the year, bringing quotations from about 1400 dollars per ounce at the beginning of the year to 1920 dollars per ounce. Later on, following the strengthening of the dollar and the incipient easing of inflationary pressures, gold prices decreased and at the end of the period closed at around 1600.

3. Banca Generali's Competitive Positioning

3.1 The Asset Management Market

In the first nine months of 2011, the UCITs market in Italy recorded net outflows of 13.8 billion euro.
This 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. The industry has been affected by both the economic trends (lastly the deep problems of the financial markets driven by the sovereign debt crisis), and the commercial strategies of the traditional banking system which prefers to direct net inflows towards other instruments.
In this regard, a recent analysis of the Assogestioni data, carried out by Assoreti, the trade association of financial advisors networks, highlighted a consolidated and long-term trend of net disinvestments from banks, only partially offset by positive net inflows gathered by the networks of financial advisors.
Also in 2011 (provisional data as of September) there were outflows of 17.6 billion euro from the traditional banking system and 3.8 billion euro of net inflows from the financial advisors' networks.

The UCITs market in Italy



Source: ***Assogestioni****.*

More in general, the Italian asset management industry for households, inclusive also of individual portfolio management, recorded a decrease of 20.4 billion euro in the first nine months of the year.

3.2 The Assoreti market

The net inflows for 2011 reported by the Assoreti market (that is total distribution activity through the Financial Advisor networks), were lower than those recorded in the first 9 months of 2010 (7.8 billion euro compared to 9.4 billion euro for the same period of 2010). The reason for this difference is to be found primarily 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 "administered assets" (current account and debt securities) at the expense of "managed assets" and "insurance products".

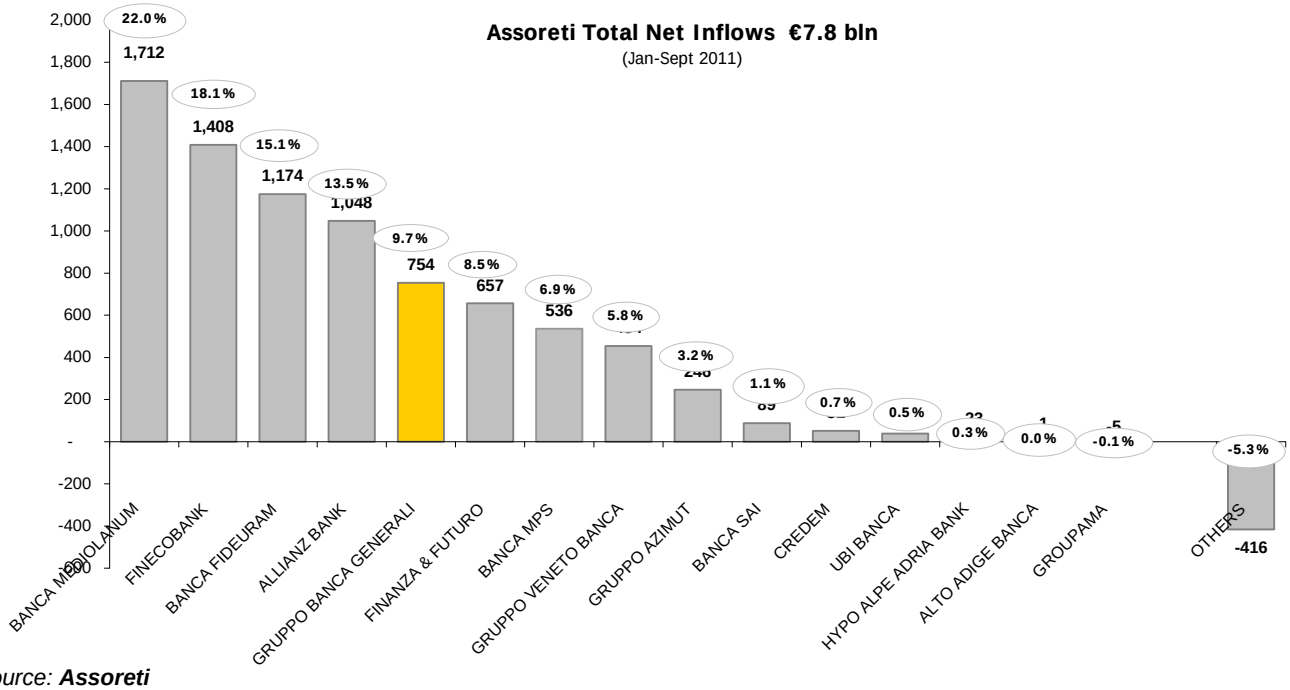
€ million	sept-11	sept-10	Change
Total managed assets	2,382	9,159	-6,777
Total life insurance	744	2,048	-1,304
Total administered assets	4,645	-1,832	6,477
Total	**7,771**	**9,375**	**-1,604**

3.3 Banca Generali

In this difficult scenario, Banca Generali reports again a good level of net inflows, with a market share at around 10% (9.7%) as of September, and net inflows of 755 million euro at 30 September 2011.

TOTAL NET INFLOWS - ASSORETI

September 2011 - in Euro million

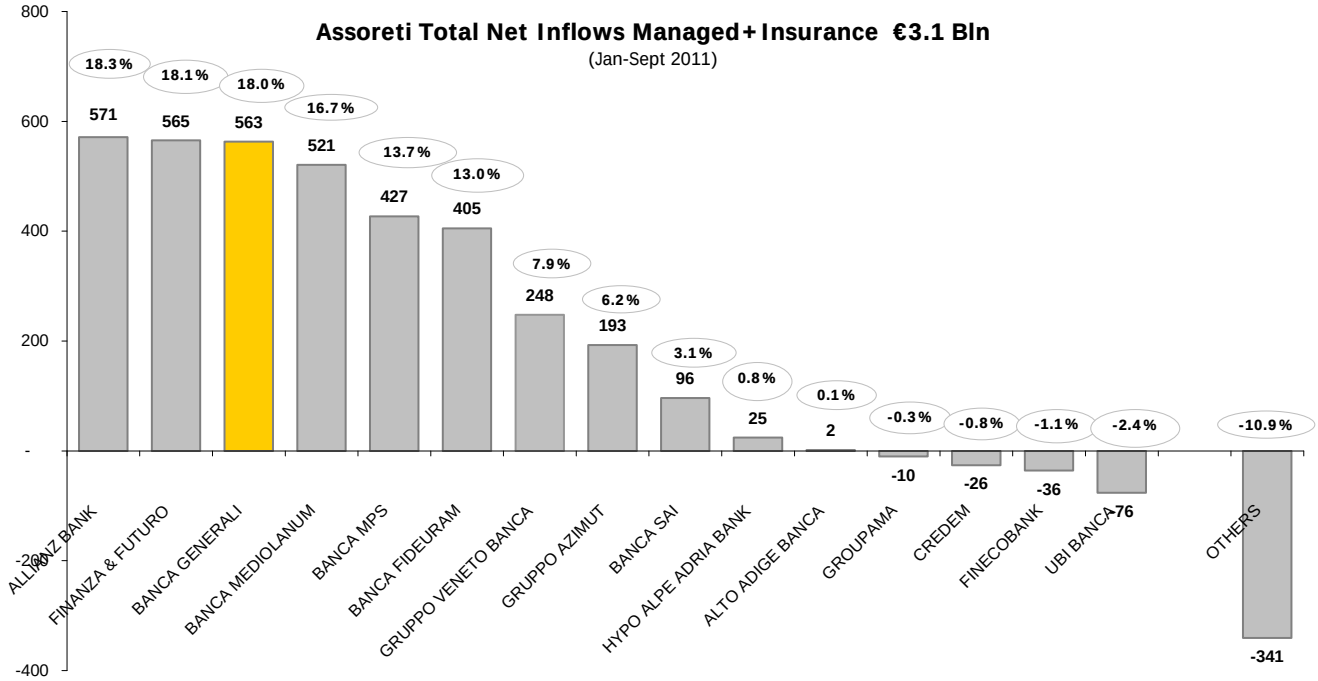


Source: ***Assoreti***

By looking at the composition of net inflows, Banca Generali stands out in terms of net inflows in "managed assets" and "insurance products", which represent the most important categories.

NET INFLOWS IN MANAGED AND INSURANCE PRODUCTS - ASSORETI

September 2011 - in Euro million



Source: ***Assoreti***

Specifically, net inflows of the Group were gathered mainly in insurance products and administered assets, while managed assets remained substantially stable (-22 million euro). In the second part of the year, in line with the average for the sector and driven by the strong turbulence affecting financial markets, there was a shift towards more traditional investment products (life policies and government securities) to the detriment of more advanced asset management tools. The particularly strong net inflows in life insurance products were motivated by the availability of specific products, with very competitive terms and attractive yields.
In terms of total net inflows, figures are again strong, down by only 15% compared to the excellent results achieved in the first nine months of 2010, better than the "Assoreti market" average (down by 20% compared to the same period of last year).

Net inflows of the Banca Generali Group

(€ million)	BG Group	BG Group	Change on	
	30.09.2011	30.09.2010	30.09.2010	
			Amount	%
Total managed assets	**-22**	**620**	**-642**	*-103.55%*
Funds and SICAVs	132	282	-150	*-53.19%*
Individual portfolio management (Gpf/Gpm)	-154	338	-492	*-145.56%*
Total life insurance	**585**	**890**	**-305**	*-34.27%*
Total administered assets	**192**	**-619**	**811**	*-131.02%*
Total assets placed by the network	**755**	**891**	**-136**	***-15.26%***

The following table provides a summary of Group assets, updated through the end of September 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 Advisors operating area.
The change in assets in these first 9 months was negative for 4.1%. This change is due to a significant decrease of the managed assets (and in part of assets held in securities), strongly affected by the crisis of the financial markets, both equity and bond markets. In this regard it is highlighted how in Europe, during this period, the performance of the equity markets was negative for about 20%, with Italy losing more than 25%, in addition to the strong turbulence that invested the market of government debt of Italy and other European countries.
The overall negative result was eased by the 6% growth of the insurance assets, which therefore positively counterbalanced the variation of the other assets, demonstrating the effectiveness of a careful diversification strategy.

(€ million)			Change on	
	30.09.2011	31.12.2010	31.12.2010	
			Amount	%
Total managed assets	**8,737**	**9,952**	-1,215	*-12.2%*
Funds and SICAVs	5,878	6,585	-707	*-10.7%*
Individual portfolio management (Gpf/Gpm)	2,859	3,367	-508	*-15.1%*
Total life insurance	**7,231**	**6,820**	**411**	*6.0%*
Total administered assets	**6,649**	**6,818**	**-169**	*-2.5%*
Total assets placed by the network	**22,617**	**23,590**	**-973**	***-4.1%***

4. Operating Result and Performance of the Main Equity Aggregates

4.1 Profit and Loss results

At the end of the third quarter of 2011, consolidated net equity of the Group reached 51.2 million euro, highlighting its strength despite an increasingly uncertain market situation.

(€ thousand)	30.09.2011	30.09.2010	Change		3Q 2011	3Q 2010
			Amount	%		
Net interest income	33,318	32,724	594	1.8%	11,824	10,370
Net commissions	143,520	151,014	-7,494	-5.0%	43,449	44,109
Dividends	80,496	56,433	24,063	42.6%	22,829	12,021
Net result from banking operations	-75,215	-45,748	-29,467	64.4%	-23,362	-14,712
Net operating income	182,119	194,423	-12,304	-6.3%	54,740	51,788
Staff expenses	-51,166	-49,312	-1,854	3.8%	-16,862	-15,504
Other general and administrative expenses	-61,380	-63,171	1,791	-2.8%	-20,612	-19,860
Net adjustments of property, equipment and intangible assets	-3,101	-3,016	-85	2.8%	-1,190	-1,014
Other operating expenses/income	7,872	7,731	141	1.8%	2,098	1,776
Net operating expenses	-107,775	-107,768	-7	0.0%	-36,566	-34,602
Operating profit	74,344	86,655	-12,311	-14.2%	18,174	17,186
Net adjustments for non-performing loans	-1,011	-1,154	143	-12.4%	-563	355
Net adjustments for other assets	-1,334	-726	-608	83.7%	-113	-59
Net provisions	-11,769	-18,372	6,603	-35.9%	-1,880	2,520
Gain (loss) from investments and participations	-1	0	-1	n.a.	-1	0
Operating profit before taxation	60,229	66,403	-6,174	-9.3%	15,617	20,002
Income taxes for the period	-6,081	-3,492	-2,589	74.1%	-1,043	-2,623
Profit (loss) for the period of minority interests	-2,979	-2,863	-116	4.1%	-820	-1,027
Net profit	51,169	60,048	-8,879	-14.8%	13,754	16,352

Net operating income amounted to 182.1 million euro, down 12.3 million euro (-6.3%) compared to the same period of the previous year.

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

- the result of banking operations showed a decrease by 5.4 million euro (-50.6%) compared to the same period of 2010;
- performance fees posted a drastic reduction of 19.9 million euro (-78.0%).

Against this background, the significant increase in management commissions (+23.9 million euro) linked to the growth over time of the volume and of the quality of the assets, nevertheless allowed the total commissions to remain stable overall.

Net operating expense amounted to 107.8 million euro, substantially in line compared to the same period of the previous year.

Consolidated operating profit reached 74.3 million euro, a decrease of 12.3 million euro compared to the same period of the previous year (-14.2%).

The **cost/income ratio**, used to calculate the incidence of operating costs with respect to net operating income (gross of value adjustments of tangible and intangible assets), therefore slightly increased from 53.9% to 57.5%.

Value adjustments and provisions as a whole went down to 14.1 million euro (-30.3%), as a result of lower provisions set aside for incentives to be paid to the network, allowing therefore to have an **operating profit before tax** of 60.2 million euro, down by less than 10% compared to the same period of last year.

Finally **net profit for the period** was 51.2 million euro, down compared to the 60.0 million euro recorded at 30 September 2010, as a result of the lower incidence of the extraordinary fiscal benefits linked to the enfranchisement of intangibles assets deriving from the corporate reorganisation operations carried out in the last two years.

Quarterly Trend of the Profit & Loss Account

(€ thousand)	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Net interest	11,824	10,424	11,070	10,525	10,370	11,439	10,915
Net commissions	43,449	48,698	51,373	46,965	44,109	55,774	51,131
Dividends	22,829	57,656	11	17,557	12,021	44,412	0
Net result from banking operations	-23,362	-54,338	2,485	-15,082	-14,712	-40,478	9,442
Net operating income	54,740	62,440	64,939	59,965	51,788	71,147	71,488
Staff expenses	-16,862	-17,294	-17,010	-14,982	-15,504	-17,073	-16,735
Other general and administrative expenses	-20,612	-22,598	-18,170	-13,240	-19,860	-22,950	-20,361
Net adjustments on property, equipment and intangible assets	-1,190	-959	-952	-1,086	-1,014	-1,106	-896
Other operating expense/income	2,098	4,233	1,541	1,055	1,776	3,999	1,956
Net operating expenses	-36,566	-36,618	-34,591	-28,253	-34,602	-37,130	-36,036
Operating income	18,174	25,822	30,348	31,712	17,186	34,017	35,452
Net adjustments for non-performing loans	-563	-458	10	-765	355	-637	-872
Net adjustments of other assets	-113	-1,151	-70	-1,664	-59	-426	-241
Net provisions	-1,880	-4,567	-5,322	-825	2,520	-9,336	-11,556
Gain (loss) from investments and participations	-1	0	0	0	0	0	0
Operating profit before taxation	15,617	19,646	24,966	28,458	20,002	23,618	22,783
Income taxes for the period	-1,043	-1,296	-3,742	-5,018	-2,623	2,459	-3,328
Profit (loss) for the period of minority interests	-820	-955	-1,204	-1,281	-1,027	-1,198	-638
Net profit for the period	13,754	17,395	20,020	22,159	16,352	24,879	18,817

4.1.1 Net interest

Net interest amounted to 33.3 million euro and, inverting a trend observed in the first semester of the year, exhibits a slight improvement compared to the same period of the previous year (+1.8%).

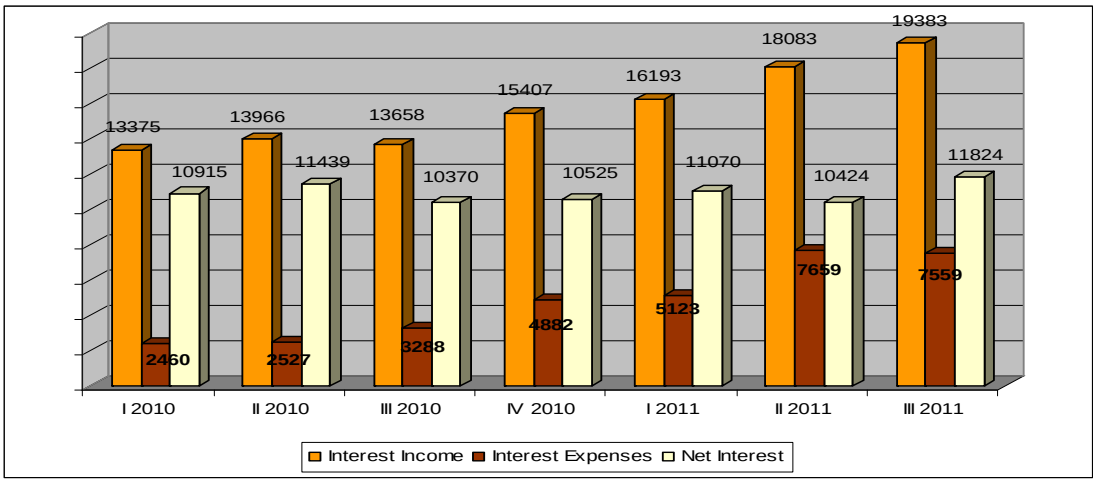
(€ thousand)	30.09.2011	30.09.2010	Change	
			Amount	%
Financial assets held for trading	393	3,419	-3,026	-88.5%
Financial assets AFS	23,928	15,651	8,277	52.9%
Financial assets held to maturity	10,646	9,173	1,473	16.1%
Financial assets classified among loans	4,579	3,475	1,104	31.8%
Total financial assets	39,546	31,718	7,828	24.7%
Loans to banks	2,478	1,592	886	55.7%
Loans to customers	11,620	7,681	3,939	51.3%
Other assets	15	8	7	87.5%
Total interest income	53,659	40,999	12,660	30.9%

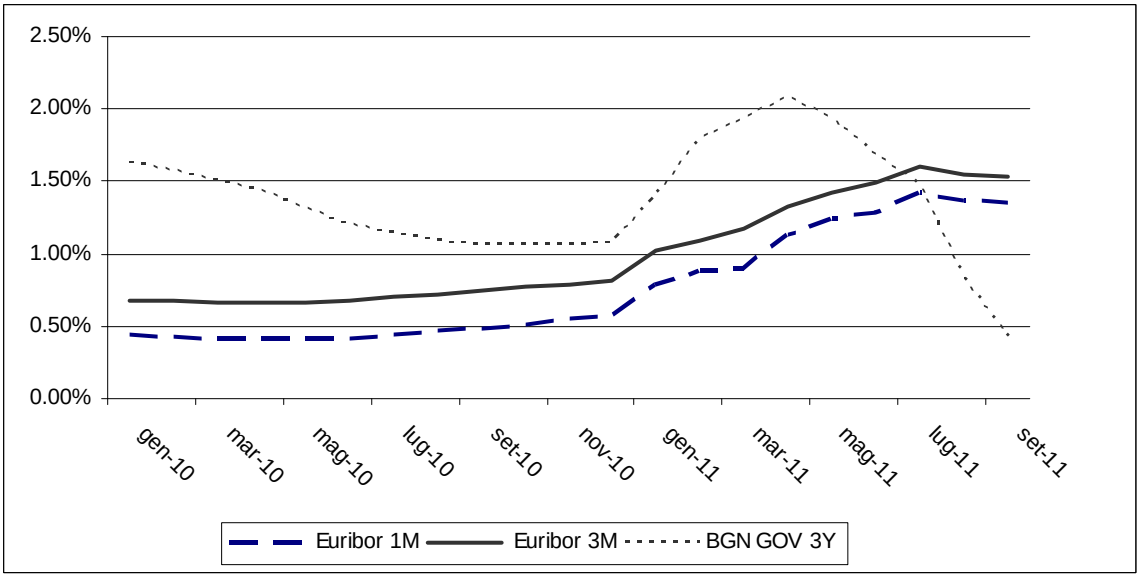
Due to banks	859	115	744	647.0%
Due to customers and securities issued	13,531	6,623	6,908	104.3%
Repurchase agreements – banks	5,311	1,135	4,176	367.9%
Repurchase agreements - customers	614	402	212	52.7%
Other liabilities	26	0	26	n.a.
Total interest expense	20,341	8,275	12,066	145.8%
Net interest	33,318	32,724	594	1.8%

In a context of stable volumes of interest bearing loans compared to the first nine months of 2010, interest income increased by 12.7 million euro (+30.9%) entirely attributable to the growth in interest rates.

However, this trend was offset by higher cost of funding (+12.1 million euro or 145.8%), due to the combined effect of several factors, including:

- the greater responsiveness to higher interest rates of the cost of funding 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, compared to the first nine months of 2010, of the weight of interbank funding which is characterised by higher costs.

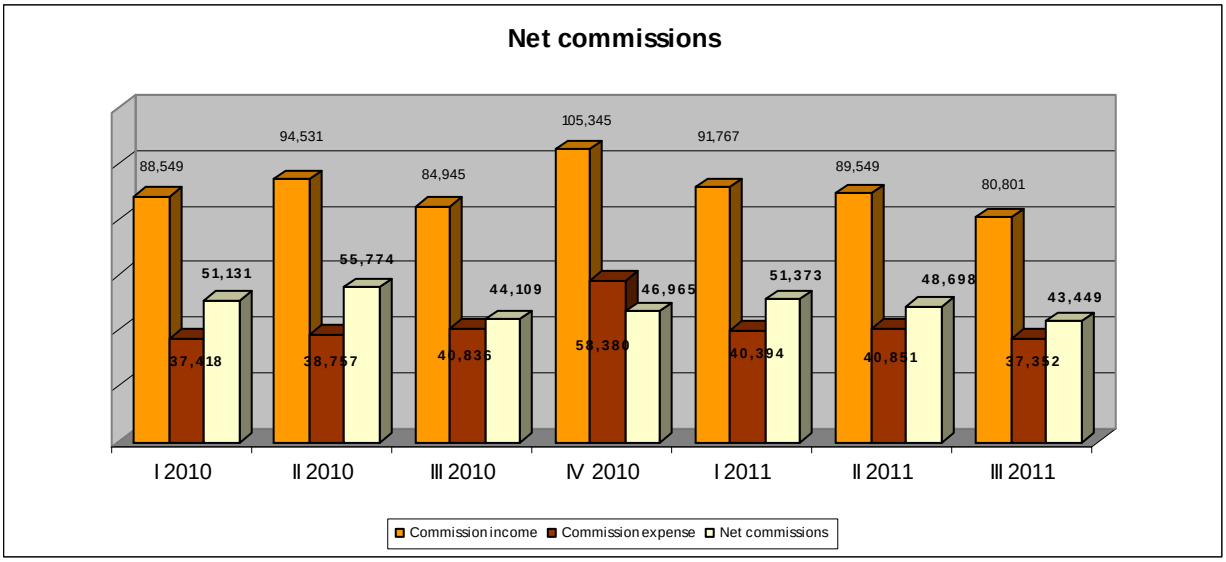




4.1.2 Net Commissions

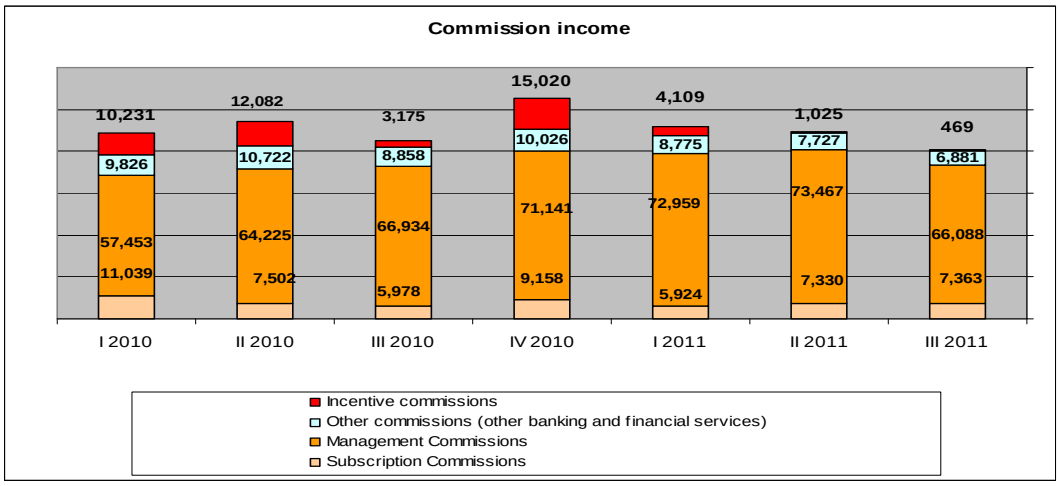
Aggregated commissions amounted to 143.5 million euro, decreasing compared to the same period of 2010 (-5.0%).
The margin commission realized by GFM in connection to the management of foreign funds of the Generali Group, amounts to 5.1 million euro and does not significantly affects the trend of aggregate commissions.

(€ thousand)	30.09.2011	30.09.2010	change	
			Amount	%
Asset management	167,030	169,005	-1,975	-1.2%
Placement of securities	25,300	28,239	-2,939	-10.4%
Distribution of third-party financial products	46,404	41,457	4,947	11.9%
Trading and custody of securities	18,389	24,458	-6,069	-24.8%
Other services	4,994	4,866	128	2.6%
Total commission income	262,117	268,025	-5,908	-2.2%
Commissions for external offer	101,966	98,059	3,907	4.0%
Trading and custody of securities	3,364	6,055	-2,691	-44.4%
Asset management	11,808	9,464	2,344	24.8%
Other services	1,459	3,433	-1,974	-57.5%
Total commission expense	118,597	117,011	1,586	1.4%
Net commissions	143,520	151,014	-7,494	-5.0%



Commission income reports only a slight reduction with respect to the levels recorded at the end of the third quarter of 2010 (-2.2%) thanks to the growth in management fees (+12.7%) which absorbed both the significant slowdown in non-recurring performance commissions (-78.0%), and the lower contribution of front fees (-15.9%) and of other banking commissions.
Nevertheless, during the third quarter of the year, the growth of such components experienced a slowdown due to the erosion of the assets under management and the propensity of clients to invest in more defensive asset classes, both caused by the most recent trend of the stock exchanges.

(€ thousand)	30.09.2011	30.09.2010	Change	
			Amount	%
Underwriting commissions	20,617	24,519	-3,902	-15.9%
Management commissions	212,514	188,612	23,902	12.7%
Incentive commissions	5,603	25,488	-19,885	-78.0%
Other commissions (other banking and financial services)	23,383	29,406	-6,023	-20.5%
Total	262,117	268,025	-5,908	-2.2%



Commission expenses amounted to 118.6 million euro, posting a limited increase of 1.6 million euro (+1.4%) compared to the same period of last year.

(€ thousand)	30.09.2011	30.09.2010	Change	
			Amount	%
Front-end commissions	12,467	15,402	- 2,935	-19.1%
Management commissions	83,831	74,905	8,926	11.9%
Incentive commissions	7,864	8,338	- 474	-5.7%
Other commissions	14,435	18,366	- 3,931	-21.4%
Total	118,597	117,011	1,586	1.4%

The **distribution commission expenses** reached a level of 102.0 million euro, highlighting an increase of 3.9 million euro (+4.0%) with respect to the same period of last year, for effect only of the increase of the management commissions paid to the networks.
The pay out ratio of the group, calculated on commission income net of performance fees, is then equal to 43.7%, down when compared to 46.0% calculated at the end of the first nine months of 2010.

The commissions arising from the **placement and distribution of asset management** products to households amount to 238.7 million euro, in line with the same levels reported at the end of the same period of the previous year.
Against this background, the segment of portfolio management of the banking group reports a slight decrease (-1.0%) due to the lower revenues generated by the individual portfolio management lines (6.6%), while the collective asset management operations are able to reach the high levels of the third quarter of 2010.
By contrast, in the area of revenue generated by the placement and distribution of third party services (+2.9%), the distribution of Genertellife insurance products continued to grow at a strong pace (+15.1%).

(€ thousand)	30.09.2011	30.09.2010	Change	
			Amount	%
Asset management, own				
1. Collective asset management (UCITs, pension funds)	122,687	122,378	309	0.3%
2. Collective asset management of the Generali group	18,511	18,964	-453	-2.4%
3. Individual portfolio management	25,832	27,663	-1,831	-6.6%
Commissions on asset management	167,030	169,005	-1,975	-1.2%
1. Placement of third-party UCITs	18,834	22,100	-3,266	-14.8%
2. Bond placement	6,466	5,689	777	13.7%
3. Other placement transactions	0	450	-450	-100.0%
4. Distribution of third-party asset management products (GPM/GPF, pension funds)	281	256	25	9.8%
5. Distribution of third-party insurance products	45,694	39,692	6,002	15.1%
6 .Distribution of other third-party financial products	429	1,509	-1,080	-71.6%
Placement and distribution of third-party products	71,704	69,696	2,008	2.9%
Asset management commissions earned	238,734	238,701	33	0.0%

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 18.6 million euro, down 6.4% over the same period last year.

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

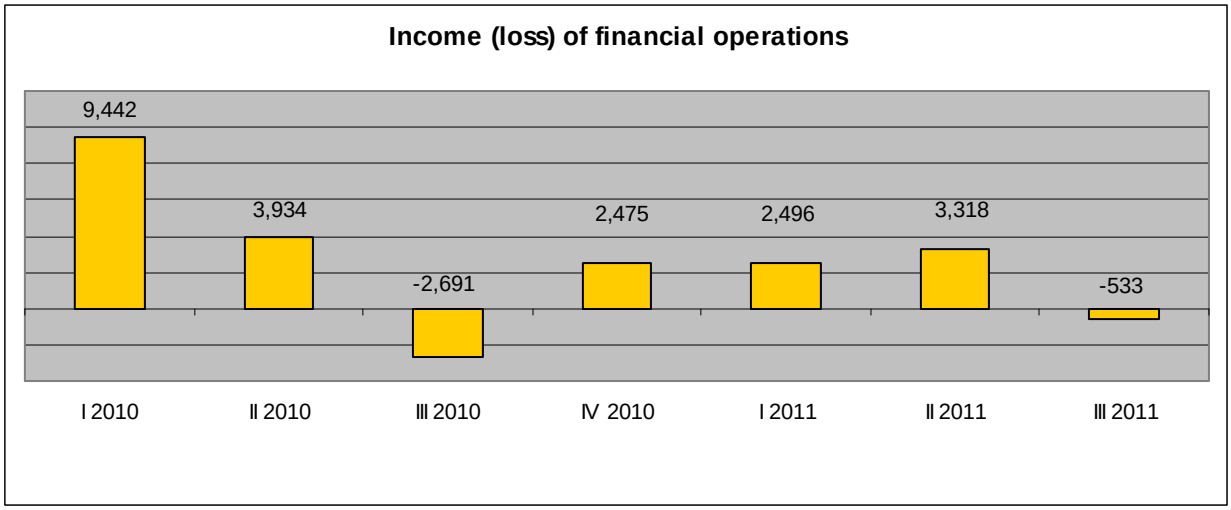
(€ thousand)	30.09.2011	30.09.2010	Change	
			Amount	%
Dealing in securities and currencies	12,045	9,836	2,209	22.5%
Order collection, custody and securities administration	6,344	14,622	-8,278	-56.6%
Collection and payment services	1,311	1,467	-156	-10.6%
Commission income	2,089	2,126	-37	-1.7%
Other services	1,594	1,273	321	25.2%
Total traditional banking operations	23,383	29,324	-5,941	-20.3%
Trading and custody services	-3,364	-6,055	2,691	-44.4%
Collection and payment services	-655	-844	189	-22.4%
Other services	-804	-2,589	1,785	-68.9%
Total commission expenses	-4,823	-9,488	4,665	-49.2%
Net commissions	18,560	19,836	-1,276	-6.4%

4.1.3 Net income from trading and financial operations

Net profit from financial operations includes the result of financial assets and liabilities trading, gains and losses from the disposal of financial assets allocated to the AFS portfolio and other portfolios valued at amortised cost (AFS,HTM, Loans), the related dividends and any result of hedging activities.

(€ thousand)	30.09.2011	30.09.2010	Change	
			Amount	%
Dividends from trading	79,937	56,002	23,935	42.7%
Trading of financial assets and equity derivatives	-75,790	-54,302	-21,488	39.6%
Trading of financial assets and derivatives on debt securities and interest rates	113	-2,077	2,190	-105.4%
Trading of UCIT units	-1,699	248	-1,947	-785.1%

Securities transactions	2,561	-129	2,690	-2085.3%
Currency and currency derivative transactions	298	1,269	-971	-76.5%
Net profit from trading activities	2,859	1,140	1,719	150.8%
Dividends from AFS activities	559	431	128	29.7%
Gains (losses) on equity securities	20	70	-50	-71.4%
Gains/(losses) on AFS and HTM debt securities and loans	1,843	9,044	-7,201	-79.6%
Income (loss) of financial operations	5,281	10,685	-5,404	-50.6%



At the end of the third quarter of 2011, the aggregate presented a positive contribution of 5.3 million euro, down from the 10.7 million euro reported in the same period of the previous year.

Net profit on assets classified as HFT amounted to 2.9 million euro (+1.7 million euro), whereas the net profit from the sale of securities classified as AFS and in other portfolios valued at amortised cost amounted to 2.4 million euro, down when compared to 9.5 million euro reported in the first nine months of 2010.

With regard to trading activity, the third quarter of 2011 was also 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 an overall gain of 3.9 million euro, 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	Perdite Loss from trading	Capital losses	Net result 30.09.11	Net result 30.09.10
1. Debt securities transactions	73	4	30	243	-196	-549
2. Equity securities transactions	457	1	68	155	235	-223
Equity securities	259	1	57	155	48	-391
Dividends	144	0	0	0	144	57
Options on equity securities	54	0	11	0	43	111
3. Par Asset Swaps	917	0	0	0	917	-544
Debt Securities	764	0	0	0	764	753
Asset swaps	153	0	0	0	153	-1,297
4. Equity swap transactions	126,770	0	122,858	0	3,912	1,923
Equity Securities	332	0	112,308	0	-111,976	-97,640
Dividends	79,793	0	0	0	79,793	55,945
Futures and total return swaps OTC	46,645	0	10,550	0	36,095	43,618
5. UCITs unit transactions	280	0	10	1,969	-1,699	248

6. Interest Rate Swaps (IRS)	396	0	474	530	-608	-984
7. Currency transactions	785	0	487	0	298	1,269
Derivatives	505	0	487	0	18	-3
Exchange gains and losses	280	0	0	0	280	1,272
Result from trading activities	129,678	5	123,927	2,897	2,859	1,140

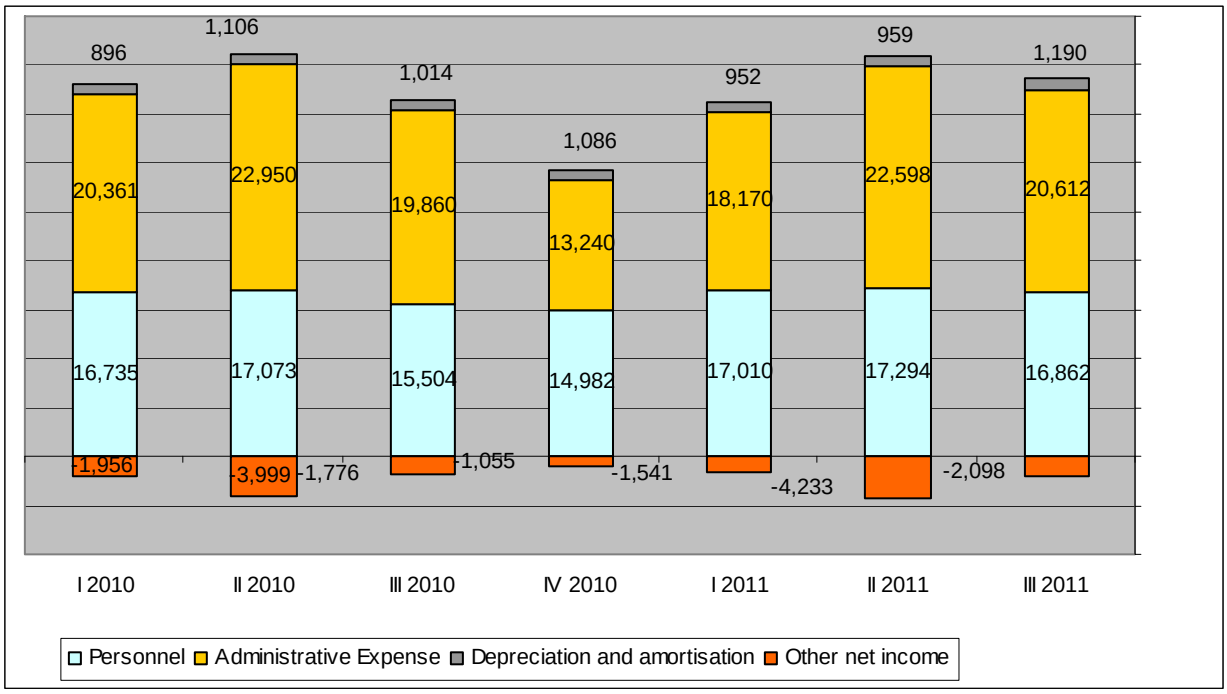
With regard to the sale of securities not part of the trading portfolio, the net profit from the sale refers primarily to the portfolio of AFS assets and includes profits deriving from the disposal of Lehman bonds, which became impaired in 2008.

(€ thousand)	Gains	Losses	Transfer of reserves	30.09.2011	30.09.2010
Financial assets available for sale	2,466	-126	-1,010	1,330	5,889
Debt securities	2,446	-126	-1,010	1,310	5,819
Equity securities	20	0	0	20	70
Financial assets classified among loans	783	-50	0	733	2,806
Financial assets held to maturity	70	-270	0	-200	419
Total	3,319	-446	-1,010	1,863	9,114

4.1.4 Operating expenses

Total operating expenses, including staff costs, other general and administrative expenses, depreciation of tangible assets and amortization on intangible assets, and other operating income and expenses, are equal to 107.8 million euro, in line with the costs reported at the end of the same period of last year.

(€ thousand)	30.09.2011	30.09.2010	Change	
			Amount	%
Staff expenses	51,166	49,312	1,854	3.76%
Other general and administrative expense	61,380	63,171	-1,791	-2.84%
Net adjustments of property, equipment and intangible assets	3,101	3,016	85	2.82%
Other income and expenses	-7,872	-7,731	-141	1.82%
Operating expenses	107,775	107,768	7	0.01%



Staff expenses for full-time employees, interim staff and directors amounted to 51.2 million euro, up by 1.8 million euro (+3.8%) compared to the first nine months of 2010.

In a context of no major changes in terms of the average number of employees, this increase is mainly due to pay factors, including the renewal of the banking contract, the estimates for future incentives, and in smaller part to the new stock option plans for the distribution networks.

	30.09.2011	30.09.2010	Change		average	average
			Amount	%	Q3 2011	Q3 2010
Managers	51	50	1	2.0%	51	52
3rd and 4th level executives	119	125	-6	-4.8%	121	123
Other employees	603	601	2	0.3%	601	601
Totale	773	776	-3	-0.4%	773	775

Other **general and administrative expenses** amounted to 61.4 million euro, a decrease of 1.8 million euro compared to the corresponding period of the previous year (-2.8%).

(€ thousand)	30.09.2011	30.09.2010	Change	
			Amount	%
Administration	8,653	9,666	-1,013	-10.5%
Advertising	2,841	3,333	-492	-14.8%
Consultancy and professional advice expenses	2,492	3,294	-802	-24.3%
Audit	419	519	-100	-19.3%
Other general expenses (insurance, T&E)	2,901	2,520	381	15.1%
Operations	22,150	23,260	-1,110	-4.8%
Rent and usage of premises	11,292	12,068	-776	-6.4%
Outsourced services	3,231	3,312	-81	-2.4%
Post and telephone	2,068	2,383	-315	-13.2%
Print material and contracts	694	867	-173	-20.0%
Other operating expenses	4,865	4,630	235	5.1%
Information system and equipment	22,926	24,179	-1,253	-5.2%
Outsourced IT services	15,142	16,704	-1,562	-9.4%

Fees for financial databases and other IT services	4,140	3,745	395	10.5%
Software maintenance and servicing	2,516	2,606	-90	-3.4%
Other expenses (equipment rental, maintenance, etc.)	1,128	1,124	4	0.4%
Taxes and duties	7,651	6,066	1,585	26.1%
Total other general and administrative expense	61,380	63,171	-1,791	-2.8%

4.1.5 Provisions and adjustments

Net provisions amount to 11.8 million euro, down by 6.6 million euro compared to the previous year (-35.9%) primarily due to lesser provisions for incentives for the distribution networks and discretionary incentives for personnel.

In particular, provisions for incentive fees decrease to 7.5 million euro (-6.2 million euro) due to lower allocations made for incentives currently being accrued (from 10.3 to 4.8 million euro) and the reduction of short and medium-term incentive programs connected to the expansion of the sales network.

Amounts allocated to provisions for liabilities and charges for staff expenses refer for 0.7 million euro to the estimated costs resulting from the renewal of the national contract of the banking sector (CCNL) and are essentially offset by the reversal to profit and loss of sales incentives not allocated in the previous year.

(€ thousand)	30.09.2011	30.09.2010	Change	
			Amount	%
Provisions for staff expenses	110	2,182	-2,072	-95.0%
Provisions for legal disputes	1,716	1,438	278	19.3%
Provisions for incentive fees	7,456	13,695	-6,239	-45.6%
Provisions for termination indemnity and over fees	2,477	1,057	1,420	134.3%
Other provisions for risks and charges	10	0	10	n.a.
Total	11,769	18,372	-6,603	-35.9%

Impairment amounts to 2.3 million euro, up compared to the 1.9 million euro recorded at the end of the third quarter of 2010 due to higher write-downs recognised in the area of financial operations.

Financial assets adjustments amounts to 2.5 million euro (+1.2 million euro) of which 1.6 million euro for write-downs, primarily related to equity securities in the AFS portfolio already subject to impairment in prior years, and 0.9 million euro for write-downs to cover portfolios of debt securities classified as receivables (L&R) and held to maturity (HTM) and are aimed at offsetting potential losses.

No significant critical issues are 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)	value adjustments	value reversals	30.09.2011	30.09.2010
Specific adjustments/reversals	-1,833	199	-1,634	-1,880
Debt securities (AFS, HTM, Loans)	-566	157	-409	-560
Equity securities	-1,192	0	-1,192	-726
Financial receivables	-75	0	-75	-533
Non-performing loans of the banking portfolio	0	42	42	-61
Portfolio adjustments/reversals	-1,007	296	-711	0
Debt securities (Loans, HTM)	-1,007	124	-883	0
Performing loans of the banking portfolio	0	172	172	0
Total	-2,840	495	-2,345	-1,880

4.1.6 Taxes

Current and deferred **income taxes** for the period were estimated in 6.1 million euro, increasing compared to the same period of the last year, which had benefitted from the non-recurring effects of the enfranchisement of goodwill and intangibles resulting from the merger of Banca del Gottardo Italia.

In the first half of 2011, a new enfranchisement transaction took place relative to the share of goodwill transferred in 2010 to the subsidiary BG SGR SpA, with a positive impact on the overall tax burden of 1.0 million euro.

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

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

Taxes for the period, net of the enfranchisement effect	30.09.2011	30.09.2010	Change	
			Amount	%
Substitute tax for goodwill enfranchisement	-592	-5,984	5,392	-90.1%
Prepaid taxes related to goodwill enfranchisement	1,631	9,845	-8,214	-83.4%
Deferred taxes related to enfranchisement of other intangibles	0	2,395	-2,395	-100.0%
Net effect of enfranchisement	1,039	6,256	-5,217	-83.4%
Current taxes for the period	-8,574	-11,190	2,616	-23.4%
Taxes of prior periods	1,348	-529	1,877	-354.8%
Changes in prepaid taxes (+/-)	164	1,968	-1,804	-91.7%
Changes in deferred taxes (+/-)	-58	3	-61	-2033.3%
Taxes for the period	-7,120	-9,748	2,628	-27.0%
Total	-6,081	-3,492	-2,589	74.1%

4.1.7 Net Result for the Period and Earnings per Share

The first nine months of 2011 ended with a consolidated net profit of 51.2 million euro. Net earning per share is therefore down to 0.458 euro from 0.54 euro.

	30.09.2011	30.09.2010	Change	
			Amount	%
Net profit for the period (euro thousand)	51,169	60,048	-8,879	-14.8%
Net profit attributable to ordinary shares	51,169	60,048	-8,879	-14.8%
Average number of outstanding shares	111,678	111,279	399	0.4%
EPS - Earnings per share (euro)	0.458	0.540	-0,081	-15.1%
Average number of outstanding shares with diluted capital	114,723	118,961	-4,238	-3.6%
EPS – Diluted earnings per share (euro)	0.446	0.505	-0.059	-11.6%

4.1.8 Comprehensive Income

The Group's comprehensive income, which consists of net profit of the year and all components that contribute to the Company's performance without being reflected in the profit and loss account, amounted to 25.8 million euro, sharply down compared to the figure reported at the end of the same period in the previous year (-48.8%), due to the reduction in net profit for the period, other than the losses in value, recognised in specific balance sheet reserves, related to the portfolio of financial assets available for sale (-15.8 million euro).

The net negative change in such reserves as of 30 September 2011 amounts to 25.3 million euro, up when compared to the 9.6 million euro recorded at the end of the same period of last year, and was determined by the combined effect of:

- the adjustment to market values of the of the accounting value of the AFS portfolio (-40.1 million euro), attributable for the most part to the significant pressure on Italian sovereign debt in the last quarter;
- the release of 2.9 million euro to the profit and loss account due to the realisation of pre-existing net negative reserves and impairment.
- the net positive tax effect relating to such changes (+11.9 million euro).

(€ thousand)	30.09.2011	30.09.2010	Change	
			Amount	%
Net profit (loss)	51,169	60,048	-8,879	-14.8%
Other income net of income taxes				
Assets available for sale	-25,344	-9,586	-15,758	164.4%
Total other income, net of taxes	-25,344	-9,586	-15,758	164.4%
Comprehensive income	25,825	50,462	-24,637	-48.8%

4.2 Performance of the Main Financial and Equity Aggregates

At the end of the first nine months of 2011, total consolidated assets amounted to 3.7 billion euro while core loans totalled 3.4 billion euro, with a decrease of 3.8% compared to the end of 2010.

Total direct inflows from customers and banks stood at 3.2 billion euro, with a decrease of 5.1% compared to 2010, due to a reduction of deposits from clients (-13.9%), not entirely offset by the increase in the interbank debt position (+51.6%).

Assets	30.09.2011	31.12.2010	Change	
(€ thousand)			Amount	%
Financial assets held for trading	35,818	119,952	-84,134	-70.1%
Financial assets available for sale	1,449,068	1,533,275	-84,207	-5.5%
Financial assets held to maturity	546,190	608,118	-61,928	-10.2%
Loans to banks	533,089	475,597	57,492	12.1%
Loans to customers	889,075	852,038	37,037	4.3%
Equity investments	-	0	0	n.a.
Property, equipment and intangible assets	53,094	53,269	-175	-0.3%
Tax receivables	76,584	71,040	5,544	7.8%
Other assets	84,721	94,599	-9,878	-10.4%
Total assets	3,667,639	3,807,888	-140,249	-3.7%

Liabilities	30.09.2011	31.12.2010	Change	
(€ thousand)			Amount	%
Due to banks	682,904	450,431	232,473	51.6%
Due to customers	2,506,795	2,910,878	-404,083	-13.9%
Financial liabilities held for trading	1,837	6,502	-4,665	-71.7%
Tax payables	19,556	18,336	1,220	6.7%
Other liabilities	144,599	82,763	61,836	74.7%
Special purpose provisions	63,208	57,759	5,449	9.4%
Valuation reserve	-49,056	-23,712	-25,344	106.9%
Reserves	126,089	105,400	20,689	19.6%
Additional paid-in capital	3,231	0	3,231	n.a.
Share capital	111,676	111,363	313	0.3%
Treasury shares (-)	-248	-660	412	-62.4%
Minority interests	5,879	6,621	-742	-11.2%
Net profit (loss) for the period (+/-)	51,169	82,207	-31,038	-37.8%
Total liabilities and shareholders' equity	3,667,639	3,807,888	-140,249	-3.7%

Quarterly Evolution of Consolidated Balance Sheet

Assets (€ thousand)	30.09.2011	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	35,818	61,000	163,384	119,952	231,614	299,958	234,252	219,029
Financial assets available for sale	1,449,068	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	546,190	529,644	566,830	608,118	584,815	606,797	631,759	666,074
Loans to banks	533,089	519,638	464,427	475,597	512,647	455,346	583,155	641,697
Loans to customers	889,075	892,350	859,164	852,038	798,162	774,520	735,016	783,170
Equity investments	0	0	0	0	0	0	0	0
Property, equipment and intangible assets	53,094	53,020	52,665	53,269	53,217	54,130	55,050	55,914
Tax receivables	76,584	60,731	65,486	71,040	72,095	63,019	49,785	50,209
Other assets	84,721	96,684	100,439	94,599	105,120	116,218	110,416	89,742
Total assets	3,667,639	3,853,103	3,878,993	3,807,888	3,862,688	3,759,224	3,747,693	3,988,116

Liabilities (€ thousand)	30.09.2011	30.06.2011	31.03.2011	31.12.2010	30.09.2010	30.06.2010	31.03.2010	31.12.2009
Due to banks	682,904	605,108	612,939	450,431	471,229	454,627	287,121	148,114
Due to customers	2,506,795	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	1,837	774	6,194	6,502	7,104	6,941	11,182	494
Tax payables	19,556	18,724	20,741	18,336	18,211	19,138	17,831	16,203
Other liabilities	144,599	129,771	119,962	82,763	201,378	172,095	169,416	136,138
Special purpose provisions	63,208	62,386	61,791	57,759	57,938	63,210	57,329	50,285
Valuation reserve	-49,056	-17,634	-10,889	-23,712	-10,465	-11,188	-2,055	-1,602
Reserves	126,089	125,974	187,103	105,400	83,401	86,299	136,662	73,245
Additional paid-in capital	3,231	3,109	2,086	0	21,718	22,309	22,309	22,309
Share capital	111,676	111,662	111,574	111,363	111,329	111,313	111,313	111,313
Treasury shares (-)	-248	-248	-660	-660	-660	-4,471	-4,471	-4,471
Minority interests	5,879	5,060	7,825	6,621	5,341	4,313	5,114	4,476
Net profit (loss) for the period (+/-)	51,169	37,415	20,020	82,207	60,048	43,696	18,817	63,211
Total liabilities and shareholders' equity	3,667,639	3,853,103	3,878,993	3,807,888	3,862,688	3,759,224	3,747,693	3,988,116

4.2.1 Direct inflows from customers

Total direct inflows from customers amounted to 2,506.7 million euro, marking a decrease of 404.1 million euro compared to 31 December 2010.

The decrease in volumes was observed mainly in the current accounts inflows (-413.7 million euro) and was attributable for about one third to the retail segment, as consequence of the investment by customers in managed and administered assets products, and for two thirds to captive inflows, deriving from the parent company, Assicurazioni Generali, and its Italian and international subsidiaries.
This figure amounted to 539.3 million euro, down by 267.3 million euro compared to the balance at the end of 2010, accounting for 21.5% of total inflows from customers.

(€ thousand)	30.09.2011	31.12.2010	Change	
			Amount	%
1. Current accounts and deposit accounts	2,247,341	2,661,113	-413,772	-15.5%
2. Term deposits	102,732	78,400	24,332	31.0%
3. Loans	111,498	107,881	3,617	3.4%
3.1. repurchase agreements	69,852	67,469	2,383	3.5%
3.2 other	41,646	40,412	1,234	3.1%
Generali Versicherung subordinated loan	*41,646*	*40,412*	*1,234*	*3.1%*
4. Other debt	45,113	63,295	-18,182	-28.7%
operating debt to sales network	22,835	23,351	-516	-2.2%
other	22,278	39,944	-17,666	-44.2%
Total due to clients (item 20)	2,506,684	2,910,689	-404,005	-13.9%
Outstanding securities (certificates of deposit)	111	189	-78	-41.3%
Total inflows from customers (items 20 and 30)	2,506,795	2,910,878	-404,083	-13.9%

4.2.2 Core loans

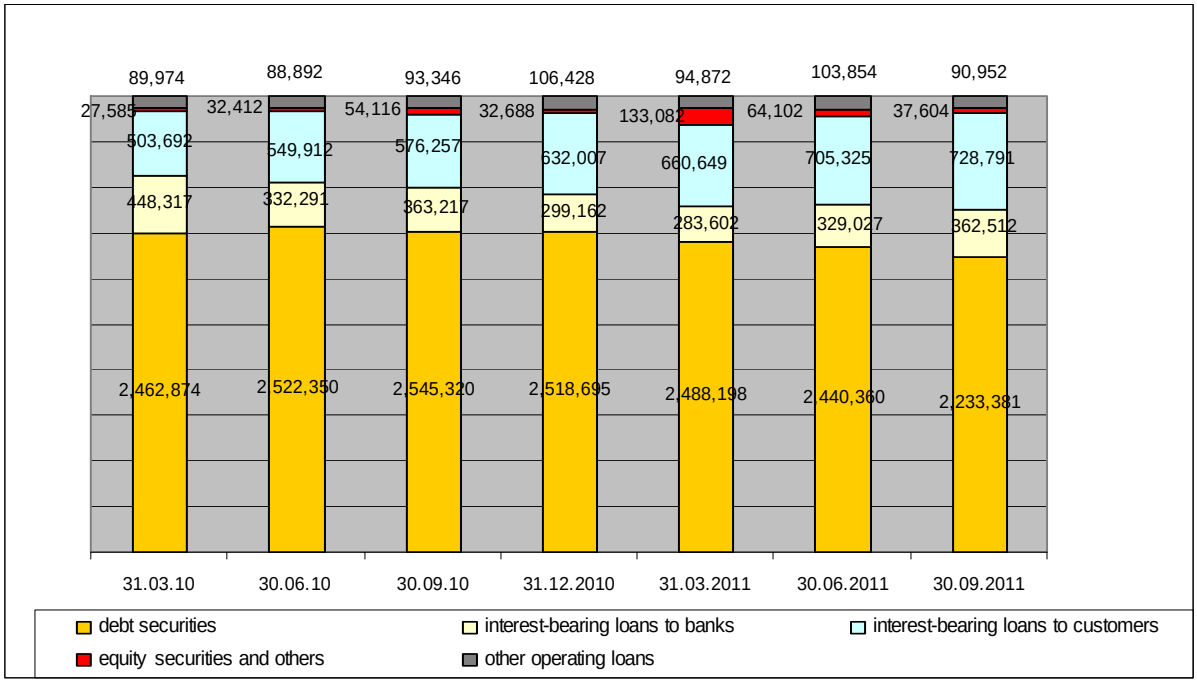
Core loans totalled 3,453.2 million euro, broken down as follows.

(€ thousand)	30.09.2011	31.12.2010	Change	
			Amount	%
Financial assets held for trading	35,818	119,952	-84,134	-70.1%
AFS financial assets	1,449,068	1,533,275	-84,207	-5.5%
Financial assets held to maturity (HTM)	546,190	608,118	-61,928	-10.2%
Financial assets classified among loans	*239,909*	*290,039*	-50,130	-17.3%
Financial assets	2,270,985	2,551,384	-280,399	-11.0%
Loans to banks	362,512	299,162	63,350	21.2%
Loans to customers	728,791	627,604	101,187	16.1%
Operating loans and other loans	90,952	110,830	-19,878	-17.9%
Total interest-bearing financial assets and loans	3,453,240	3,588,980	-135,740	-3.8%

In particular, the group's **financial assets** held for treasury and investment purposes and allocated to the various IAS portfolios accounted for 65.8% of the aggregate and amounted to 2,271.0 million euro, posting a decrease compared to the end of the previous year (-11.0%). This loss was offset by the increase in **loans** to customers and banks (+17.8%).

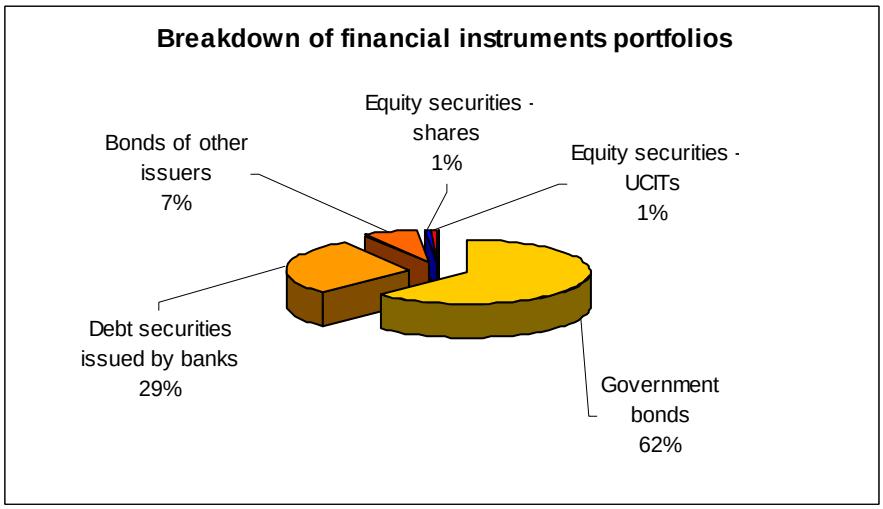
Within the aggregate of financial activities, the downsizing affected all portfolios, with particular reference to the trading portfolio, following the closing of an asset swap transaction outstanding and certain residual positions in government securities.

The net decrease of the financial instruments held in the HTM portfolio and in the loan portfolio, which includes debt securities not listed on active stock exchanges, is basically attributable to the redemption flow from securities that have now reached maturity.



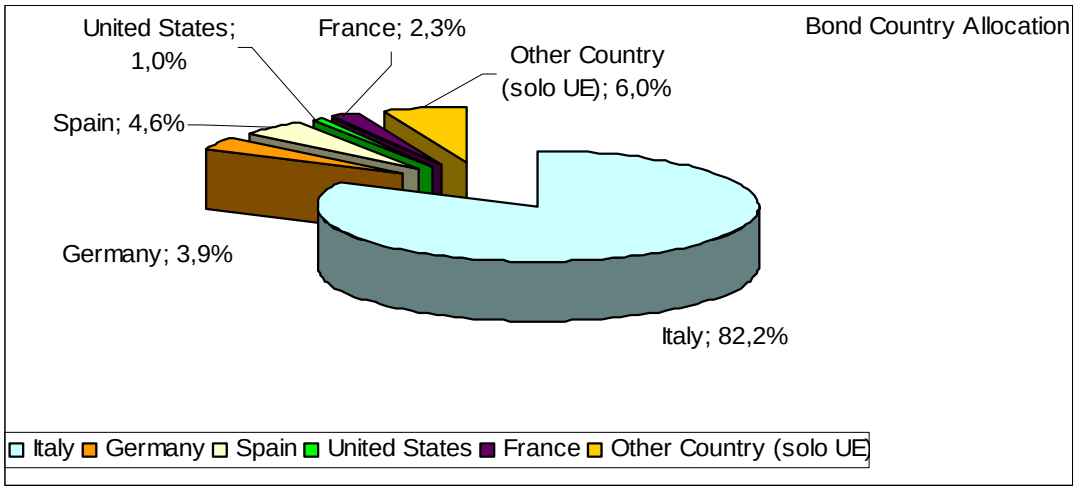
On the whole, the exposure to financial instruments classified to the various IAS portfolios was concentrated in government bonds (62.6%) and bonds issued by financial institutions (28.6%), while the share invested in equity securities is completely marginal.

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 euro, 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 has an average residual life of about 3 years and 51.6% is made of variable rate issues.

The credit rating is high, with issues rated at least investment grade (from AAA to A-) amounting to 89.3% of the total and a high concentration of the investment is linked to Italian issues (82.2%)



Loans to customers amounted to 728.8 million euro, increasing by 101.2 million euro (+16.1%), due to the rise 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 reported at the end of 2010.

The **net interbank position** showed an overall decline of 175.0 million euro due to increased inflows from credit institutions (+232.5 million euro), primarily in the form of repurchase agreement transactions.

(€ thousand)	30.09.2011	31.12.2010	Change	
			Amount	%
1.Repayable on demand	260,943	216,139	44,804	20.7%
Demand deposits with banks	147,000	128,000	19,000	14.8%
Transfer accounts	113,943	88,139	25,804	29.3%
2. Time deposits	101,569	83,023	18,546	22.3%
Reserve requirements	29,330	11,680	17,650	151.1%
Term deposits	72,239	71,343	896	1.3%
Term deposits with ECB	0	0	0	n.a.
Repurchase agreements	0	0	0	n.a.
3. Debt Securities	170,267	175,302	-5,035	-2.9%
4. Other operating loans	310	1,133	-823	-72.6%
Total due to banks	533,089	475,597	57,492	12.1%
1. Due to central banks	0	0	0	n.a.
2. Due to banks	682,904	450,431	232,473	51.6%
2.1 Transfer accounts	9	35,873	-35,864	-100.0%
2.2 Term deposits	9,747	9,391	356	3.8%
2.3 Loans	652,226	382,950	269,276	70.3%
- Repurchase agreements	652,226	382,950	269,276	70.3%
- Other loans	0	0		n.a.
2.4 Other debt	20,922	22,217	-1,295	-5.8%
Total due to banks	682,904	450,431	232,473	51.6%
Net interbank position	-149,815	25,166	-174,981	-695.3%

4.2.3 Net Equity

At 30 September 2011, consolidated net equity, including the net profit for the period, amounted to 248.7 million euro compared to the 281.2 million euro of the previous year and underwent the following changes.

	Group	Third parties	Total
Net equity at the beginning of the period	274,598	6,621	281,219
Dividends paid	-61,327	-3,721	-65,048
Old stock options plans: new shares issued	3,109	0	3,109
New stock options plans	677	0	677
other changes	-21	0	-21
Change in AFS reserve	-25,344	0	-25,344
Consolidated net profit	51,169	2,979	54,148
Net equity at the end of the period	242,861	5,879	248,740
Change	-31,737	-742	-32,479

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, 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 49.1 million euro, mainly refer to the portfolio of government bonds of the Euro zone.

(€ thousand)	30.09.2011			31.12.2010	
	Positive provision	Negative provision	Net provision	Net provision	change
1. Debt securities	104	-46,849	-46,745	-21,951	-24,794
2. Equity securities	5	-2,316	-2,311	-1,761	-550
Total	109	-49,165	-49,056	-23,712	-25,344

At 30 September 2011, consolidated **Capital for Regulatory Purposes** amounted to 239.8 million euro, net of the dividend expected to be paid, up by 14.6 million euro compared to the end of the previous year.

At the end of the year, the aggregate capital for regulatory purposes recorded 111.2 million euro in excess of the amount required by the Supervisory Authority to cover credit, market, and operating risks. The solvency ratio was 14.9%, compared to the minimum requirement of 8%.

(€ thousand)	30.09.2011	31.12.2010	Change	
			Amount	%
Tier 1 capital	200,210	185,634	14,576	7.85%
Tier 2 capital	39,624	39,624	0	0.00%
Tier 3 capital	0	0	0	n.a.
Total capital for regulatory purposes	239,834	225,258	14,576	6.47%
B.1 CREDIT RISK	89,052	92,561	-3,509	-3.79%
B.2 MARKET RISK	5,770	9,350	-3,580	-38.29%
B.3 OPERATING RISK	33,759	33,759	0	0.00%
B.4 TOTAL PRUDENTIAL REQUIREMENTS	128,581	135,670	-7,089	-5.23%
EXCESS CAPITAL	111,253	89,588	21,665	24.18%
Risk weighted assets	1,607,263	1,695,875	-88,613	-5.23%
Tier 1 capital/Risk weighted assets	12.46%	10.95%	1.51%	13.80%

(Tier 1 capital ratio)			
Regulatory capital/Risk-weighted assets (Total capital ratio)	14.92%	13.28%	1.64%

It should be noted that Banca Generali exercised 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 regulatory purposes, as provided for by Bank of Italy Provision 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 networks of financial advisors, as well as to private customers, through both networks of financial advisors and relationship managers (who sell financial products to customers as direct employees of the company).

For the first nine months of 2011, Banca Generali reported a net profit amounting to 19.4 million euro, down compared to the 53.4 million euro reported at the end of the same period of the previous year, driven primarily by the decline in the result from trading operations (-5.3 million euro) and dividends received by the subsidiaries (-35.3 million euro). The profit and loss results for the same period of 2010 were also influenced by the non-recurring tax benefit arising from the enfranchisement of goodwill and other intangibles acquired from the merger by incorporation of Banca del Gottardo Italy (6.3 million euro).

Net banking income amounted to 127.4 million euro, down from 162.3 million euro recorded at the end of the third quarter of 2010 (-34.9 million euro).

Operating expense amounted to 93.1 million euro (of which 41.7 million euro incurred for personnel expenses), in line with the levels of costs at 30 September 2010.

The company also made net accruals to provisions for risks and contingencies for 12.1 million euro mostly related to incentives plans for the distribution network and value adjustments for 2.3 million euro.
Total assets under management placed by advisors at the end of the third quarter of 2011 amounted to approximately 22.6 billion euro, down compared to figures reported at 31 December 2010 (23.6 billion euro). Net inflows amounted to 755 million euro, compared to 891 million euro of the first nine months of 2010.

5.2 Performance of BG SGR

BG SGR, a management company specialising in mutual funds and individual managed portfolios invested in funds closed the third quarter of 2011 with a net profit of 1.56 million euro, up from 1.54 million recorded at the end of the third quarter of 2010.
Net banking income amounted to 10.1 million euro, down from 11.6 million euro recorded at the end of the third quarter of 2010 (-1.5 million euro).
Operating expenses amounted to 9.1 million euro, of which 5.1 million euro for staff expenses, up compared to 8.9 million euro reported at the end of the first nine months of 2010 (+0.2 million euro).
Equity amounted to 28.7 million euro.
Total assets under management at 30 September 2011 amounted to 3,432 million euro, down when compared to 4,097 million euro at 31 December 2010.

On 27 September 2011, the Board of Directors of BG SGR approved the sale of the activities of the Italian registered funds business to the related party Generali Investments Italy Sgr.
For more detailed information on the transaction and its effects, please see the paragraph “Comments on the operations of the first nine months of the year”.

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 third quarter of 2011 with a net profit of 1.1 million euro and net equity of 9.9 million euro.
Net banking income amounted to 3.5 million euro, whereas general and operating expenses were equal to 1.8 million euro, of which 1.1 million euro for staff expenses.
Total assets under management amounted to 884.0 million euro, down compared to 1,024 million euro at 31 December 2010.

5.4 Performance of Generfid S.p.A.

Generfid, a company specialising in custodian capacity of assets, closed the third quarter of 2011 with net profit of 184 thousand euro and net equity amounting to about 0.57 million euro. AUM amounted to 541 million euro.

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 52.0 million euro in net profit for the first nine months of 2011. At the end of the period, net equity amounted to approximately 75.7 million euro and total balance sheet assets to 119.2 million euro.

Operating result before taxes, net provisions, value adjustments and depreciation and amortisation (EBTDA), totalled 57.1 million euro, compared to 68.7 million euro reported in the same period of the previous year.

Net banking income amounted to approximately 61.3 million euro, whereas general and administrative expenses were equal to 4.1 million euro, including about 3.1 million euro for staff expenses.

Overall, assets under management at 30 September 2011 amounted to 10,650 million euro, down compared to 11,855 million euro reported at 31 December 2010.

Assets under management of the merged company Generali Investments Luxemburg amounted to 5,600 million Euro at 30 September 2011, compared to 6,096 million euro reported at 31 December 2010.

6 Basis of Preparation

The interim report for the third quarter 2011 is prepared in accordance with article 154-ter of Legislative Decree No. 58/98, enacted by Legislative Decree No. 195/07, in implementation of the Directive 2004/109/CE (Transparency Directive).

The interim report on operations provides:
a) a general description of the balance sheet situation and profit and loss of the issuer and its controlled companies for the period of reference;
b) an illustration of the significant events and transactions that occurred during the period of reference and their impact on the balance sheet situation of the issuer and its controlled companies.

This document includes the following quantitative data on the balance sheet situation as well as the trend of the quarterly profit and loss statement:

- the consolidated condensed balance sheet at the end of the quarter (30.09.2011) compared with the figures at the end of the previous year (31.12.2010);
- the consolidated condensed profit and loss statement for the period between the beginning of the year and the end of the quarter (1 January – 30 September 2011) compared with the figures for the same period of the previous year (1 January – 30 September 2010);
- a statement of comprehensive income for the period between the beginning of the year and the end of the quarter (1 January – 30 September 2011) compared with the figures for the corresponding period of the previous year (1 January – 30 September 2010).

The consolidated balance sheet is presented in a format that summarises the main asset and liability items. The consolidated profit and loss account is presented in a condensed, reclassified format and highlights the intermediate profit margins down to the net profit figure.
The report also includes explanatory notes that make reference to the accounting standards used and other specific explanatory notes pertaining to transactions undertaken up to the end of the quarter.
The amounts reported in the financial statements and notes are expressed in thousands of euro, unless otherwise indicated.

The consolidated financial position illustrated in the Interim Report has been prepared according to the IAS/IFRS principles 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 on operations is not prepared according to international accounting principle IAS 34 therefore it does not include all the information required by this principle.
In consideration of this, the financial statements (Balance Sheet, Income Statement, Statement of Comprehensive Income) do not present separately the figures relative to the business activities “mutual funds”, object of the sale by the subsidiary BG SGR S.p.A to the related party Generali Investments Italy S.p.A., of which resolutions were made by the Board of Directors of BG SGR and Banca Generali on 27 September 2011.
The exact values of the balance sheet and profit and loss items relative to the activities object of the sale and the related presentation according to IFRS5 will therefore be made when the consolidated financial statements for the year 2011 will be prepared.
Reference should be made to "Summary of the activities carried out in the nine firsts months of the year" for the description of the details and the economical impacts of the transaction.

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 in conjunction with those documents.

Preparation criteria

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 for the reporting period.
The estimates and assumptions used are based on the information available on operations and subjective judgements, which may be based on historical trends.
Given their nature, the estimates and assumptions used may vary from period to period, meaning that amounts in the interim report may differ materially from subsequent periods due to changes in the subjective judgements used.
The main areas for which management is required to use subjective judgements include:

- the quantification of personnel-related provisions and provisions for liabilities and contingencies;
- the quantification of the incentives accrued for the financial advisor networks;
- the determination of the fair value of financial instruments and derivatives 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 includes 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
			Investor	% of ownership interest	shareholders meeting
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.	Milano	1	Banca Generali	100.00%	100.00%

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 September 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. Not reconciled amounts were recognised respectively in other assets/liabilities and other revenues/expenses.

Trieste, 7 November 2011

THE BOARD OF DIRECTORS

Dichiarazione ai sensi dell'articolo 154-bis, comma secondo, del decreto legislativo 24 febbraio 1998, n. 58

Il sottoscritto dott. Giancarlo FANCEL, nato a Portogruaro (VE) il 26 Settembre 1961, Vice Direttore Generale nonché Dirigente preposto alla redazione dei documenti contabili societari di BANCA GENERALI S.p.A., con sede legale in Trieste, Via Machiavelli n. 4, capitale sociale di Euro 111.313.176,00 iscritta nel Registro delle Imprese di Trieste al n. 103698, ai sensi dell'articolo 154-*bis*, comma secondo, del decreto legislativo 24 febbraio 1998, n. 58, - a quanto gli consta alla luce della posizione ricoperta, in virtù della deliberazione del Consiglio di Amministrazione della Società del 16 febbraio 2007 -, quale Dirigente preposto alla redazione dei documenti contabili societari,

dichiara

che il resoconto intermedio della Gestione al 30 settembre 2011 corrisponde alle risultanze documentali, ai libri ed alle scritture contabili.

Trieste, 7 novembre 2011

dott. Giancarlo Fancel
Dirigente preposto alla redazione
dei documenti contabili societari
BANCA GENERALI S.p.A.

BANCA GENERALI

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

The undersigned dr. Giancarlo FANCEL, born in Portogruaro (VE) on 26 September 1961, Deputy General Manager – CFO and Manager in charge of preparing the financial reports of Banca Generali S.p.A., with headquarters in Trieste, via Machiavelli No 4, the share capital of 111,676,183 euros, recorded in the Register of Companies of Trieste to n. 103698, for the intent and purpose of article. 154-bis, second paragraph, of Legislative Decree 24 February 1998, No 58, - to the best of his knowledge in light of the position held by virtue of the deliberations of the Board of Directors of the Company dated 16 February 2007 - as a Manager in charge of preparing corporate accounting documents,

declares

that the Interim Report on Operations as of 30 September 2011 corresponds to document results, books and accounts records.

Trieste, 7 November 2011

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