INFORMATION DOCUMENT

pursuant to Articles 70, paragraph 4, of the Regulation approved by CONSOB

with resolution No. 11971 of 14 May 1999,

as amended and extended regarding the

MERGER

of

Banca B.S.I. Italia S.p.A.

into the parent company

Banca Generali S.p.A.

that holds 100% of its share capital

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

Shareholders are called to an Ordinary and Extraordinary General Meeting to be held at the offices of Assicurazioni Generali S.p.A. at Via Trento 8, Trieste, on:

- 23 November 2009, at 9:30 a.m. CET (first call) and, if necessary, at the same location on
- 24 November 2009 at 9:30 a.m. CET (second call), to pass resolutions on the following

AGENDA

In the ordinary session:

1. Appointment of a member to the Board of Auditors to ensure compliance with section 2401 of the Italian Civil Code and article 21 of the Articles of Association.

In the extraordinary session:

1. Repeal of article 19 of the Articles of Association, re-numbering of the subsequent articles and amendment of articles 18, 20, 21 and 22 of the Articles of Association; related and ensuring resolutions.
2. Merger of "Banca BSI Italia S.p.A." into "Banca Generali S.p.A."; approval of the merger project; related and ensuing resolutions.

Pursuant to article 10 of the Company's Articles of Association, article 85 of Legislative Decree 58/98 as further amended and extended, and article 23 of the Rules adopted by the Bank of Italy and by CONSOB with the Provision dated 22 February 2008, Shareholders with voting rights may attend the Meeting as long as:

(a) they can provide legal proof of their entitlement to vote;

(b) the notice from the intermediary responsible for keeping the accounts regarding the shares, in replacement of the deposit giving entitlement to attend the Meeting, has been received at the company's registered office at least two days prior to the date set for the first call of the Meeting.

Shareholders may be represented at Shareholders' Meetings pursuant to a written proxy in accordance with applicable regulations. A proxy form, compliant with applicable regulations, must be reproduced at the foot of each copy of the notice that the intermediary is required to issue to the Shareholder; proxy forms are also available at the website www.bancagenerali.com.

With regard to the appointment of a member of the Board of Auditors, it must be pointed out that the Shareholders' Meeting is called upon to appoint a new Alternate Auditor following the waiver expressed by an Acting Auditor drawn from the only list submitted at the time of the appointment of a Board of Auditors, and the replacement of the said Acting Auditor by a previously appointed Alternate Auditor.

In such regard, it must also be pointed out that, pursuant to article 21 of the Articles of Association, Alternate Auditors are to be appointed by a majority of the ballots cast in accordance with law, without the need for lists.

Shareholders are informed that the documents pertaining to the items on the agenda, including the Directors' Report on the items on the agenda, shall be filed, no later than the applicable statutory deadlines, with Borsa Italiana S.p.A., the company's registered office and the operating offices in Milan, at Via Ugo Bassi 6, and shall be made available to all persons and parties who wish to consult or obtain copies of the same.

The information document on the merger of Banca BSI Italia S.p.A. into Banca Generali S.p.A., prepared pursuant to article 70, paragraph 4, of CONSOB Rules for Issuers, shall be made available to the public under the same conditions, by the terms set forth in applicable legislation.

These documents will also be made available on the corporate website www.bancagenerali.it.

Any additional information may be obtained from the Company Secretary Office through the Investor Relations Department located at Via Ugo Bassi 6, Milan (Tel. +39/02/60765428).

It is currently expected that the General Shareholders' Meeting will take place at Via Trento 8, Trieste, on 23 November 2009 (first call) to discuss and pass resolutions.

On behalf of the Board of Directors:

The Chairman

Giovanni Perissinotto

The notice of Shareholders' Meeting was published in the Official Journal of the Italian Republic, Section Two – No. 122 of 22 October 2009.

Milan, 2 November 2009

NOTICE OF
EXTRAORDINARY SHAREHOLDERS' MEETING

Shareholders are called on to an Extraordinary Shareholders' Meeting to be held at the registered offices in Milan, Piazza S. Alessandro 4, on 18 November 2009, at 9:00 a.m. CET (first call) and, if necessary, at the same location on 19 November 2009 at 9:00 a.m. CET (second call), to pass resolutions on the following

AGENDA

1. Merger of "Banca BSI Italia S.p.A." into "Banca Generali S.p.A."; approval of the merger project; related and ensuing resolutions.

Shareholders who have deposited their share certificates, as provided for by article 7, paragraph 9 of the Articles of Association, may attend the Meeting.

The Chairman
Marco MERATI FOSCARINI

SUMMARY TABLE

(€ million)	30 June 2009 Banca Generali historical data (1)	Pro-forma adjustments (2)	30 June 2009 Banca Generali pro-forma data (1)
Loans to banks	662	22	684
Loans to customers	419	292	711
Property, equipment and intangible assets	9	35	43
Due to banks	527	-450	77
Due to customers	2,141	799	2,940
Special purpose provisions	25	33	58

(€ million)	First Half 2009 Banca Generali historical data (1)	Pro-forma adjustments (2)	First Half 2009 Banca Generali pro-forma data (1)
Net operating income	**98**	**12**	**110**
Net operating expense	**-45**	**-18**	**-63**
Net provisions	-7	-10	-17
Net profit (Loss)	**36**	**-12**	**24**

(in Euro)	30 June 2009 Banca Generali historical data (1)	Pro-forma adjustments (2)	30 June 2009 Banca Generali pro-forma data (1)
EPS – *Earning per share*	0.3256	-0.1066	0.2193
EPS – diluted Earnings per Share	0.3233	-0.1058	0.2177

(1) The merger of Banca BSI Italia into Banca Generali and the transfer of the portfolio management business unit by Banca BSI Italia to BG SGR S.p.A., as described in Chapter 2 of this Information Document, will not have a material impact on Banca Generali's consolidated balance sheet and profit and loss account situations, inasmuch as both Banca BSI Italia and BG SGR S.p.A. are subsidiaries of Banca Generali, which owns 100% of the share capital of both companies. For this reason, the pro-forma statements at 30 June 2009 presented in Chapter 5 of this Information Document and summarised herein have been prepared and are presented on the basis of Banca Generali's individual balance sheet and profit and loss account situation.

(2) Pro-forma adjustments include, cumulatively, the pro-forma effects of the transfer of the portfolio management business unit by Banca BSI Italia to BG SGR and the subsequent merger of Banca BSI Italia into Banca Generali.

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Balance sheet situation of Banca Generali S.p.A. pursuant to Article 2501-*quater* of the Italian Civil Code

Balance sheet situation of Banca B.S.I. Italia S.p.A. pursuant to Article 2501-*quater* of the Italian Civil Code

Report prepared by Reconta Ernst & Young S.p.A. on the pro-forma balance sheet at 30 June 2009 and profit and loss account for the half-year at 30 June 2009 of Banca Generali S.p.A.

Appraisal report prepared by KPMG S.p.A. and dated 5 November 2009 for the business unit of Banca B.S.I. Italia S.p.A. object of transfer to BG SGR S.p.A., dated 5 November 2009, pursuant to Article 2343-*ter*, paragraph 2, letter b) of the Italian Civil Code

INTRODUCTION

The information document ("Information Document") was prepared and is published pursuant the attachment 3B of Article 70, paragraph 4 of the Regulation approved by CONSOB with resolution No. 11971 of 14 May 1999 as subsequently amended and extended (the "**Rules for Issuers**"), by Banca Generali S.p.A. ("**Banca Generali**"), company with shares listed on the *Mercato Telematico Azionario* (MTA) organised and managed by Borsa Italiana S.p.A. (the "**Electronic Share Market**" or "**MTA**") in collaboration with the responsible functions of Banca B.S.I. Italia S.p.A. ("**Banca BSI Italia**"), Banca Generali and Banca BSI Italia (referred to collectively as the "**Companies Participating in the Merger**" or the "**Banks**") in relation to the transaction of the merger of Banca BSI Italia into Banca Generali (the "**Merger**") in order to provide the most accurate and complete information on the Merger. The Merger transaction approved on 11 May 2009 by the Board of Directors of Banca Generali and Banca BSI Italia, on 15 May 2009 will be submitted for approval to the Extraordinary Shareholders' Meeting of Banca Generali, called on November 23, 2009 and on November 24, 2009 (first and second call respectively) and to the Extraordinary Shareholders' Meeting of Banca BSI Italia called on 19 November 2009.

This **Information Document** was sent to CONSOB and is available to the public both in the Italian language and in an English translation, at Banca Generali's headquarters in Trieste, Via Machiavelli 4, at the offices of Borsa Italiana S.p.A. in Milan, Piazza degli Affari 6, as well as on Banca Generali's website *www.bancagenerali.com.*

DEFINITIONS

All the definitions used in this Information Document are listed below, in alphabetical order.

Retail activities	Activities aimed at customers who have not been identified as professional clients or qualified counterparties. They are associated with assets that generally do not exceed 100,000 euros.
Banca BSI Italia or Incorporated Company	Banca B.S.I. Italia S.p.A., with registered offices in Milan, at Piazza Sant'Alessandro 4, subscribed and paid-up share capital of 80,235,162.00 euros, divided into 15,549,450 shares of a par value of 5.16 euros each, is registered with the Register of Companies of Milan under registration number: 01129040281.
Banca Generali or Merging Company	Banca Generali S.p.A., with registered offices in Trieste, at Via Machiavelli 4, subscribed and paid-up share capital of 111,313,176.00 euros, divided into 111,313,176 shares of a par value of 1.00 euro each, is registered with the Register of Companies of Trieste under registration number: 00833240328.
Affluent clients	A client segment distinguished by its greater degree of financial sophistication and investible assets that generally range from 100,000 to 500,000 euros.
Private customers	A client segment characterised by its in-depth financial knowledge and considerable investible assets, generally in excess of 500,000 euros.
FTE (full time equivalent)	A method used to measure the number of a company's employees unequivocally. One FTE is equal to a person who works for 7.5 hours a day.
BG SGR S.p.A.	BG Società di gestione del risparmio S.p.A., with offices registered in Trieste, at Via Machiavelli 4, subscribed and paid-up share capital of euro 6,475,000.00, divided into 1,295,000 shares of a par value of euro 5.00 each, registration number at the Office of the Registrar of Companies of Trieste: 01092610326.
Merger or Transaction	The Merger of Banca BSI Italia S.p.A. into Banca Generali S.p.A., the subject of this Information Document.
Key managers	Positions at Banca BSI Italia that report directly to the bank's chief executive officer.

Banca Generali Group or Banking Group or Group	The Group controlled by Banca Generali.
Merger Plan	Merger plan prepared pursuant the Article 2501-*ter* of the Italian Civil Code and approved by the Boards of Directors of Banca Generali and Banca BSI Italia, respectively on 11 May 2009 and on 15 May 2009, and filed with the Register of Companies of Trieste on 8 October 2009 and the Register of Companies of Milan on 8 October 2009.
Rules for Issuers	The Rules approved by CONSOB resolution 11971 of 14 May 1999, as subsequently amended and extended.
Business Unit	The business unit of Banca BSI Italia organised to undertake portfolio management operations that is to be transferred effective 1 January 2010 to BG SGR S.p.A. against a reserved capital increase by the latter.
Consolidation Law on Banking or TUB	Italian Legislative Decree No. 385 of 1 September 1993, as subsequently amended and extended.
Consolidation Law on Finance or TUF	Italian Legislative Decree No. 58 of 24 February 1998 as subsequently amended and extended.
TUIR	Consolidated Income Tax Law No. 917 of 22 December 1986 (*Testo unico delle imposte sui redditi*)

1. WARNINGS – RISK FACTORS

This Information Document does not constitute an appeal to the investing public.

Shareholders are advised to read carefully these risk factors and significant uncertainties concerning the Merger and the activity of the Merging Company and of the Group to which it belongs subsequent to the Merger.

Before making any investment decisions, investors are advised to assess the specific risk factors associated with Banca Generali and Banca BSI Italia and the business segments in which they operate, including in the light of recent developments in the two Companies' activities.

Banca Generali owns 100% of the share capital of the Merged Company. Accordingly, Banca Generali believes that there are no additional risks or uncertainties arising from the transaction forming the object of this Information Document at the Group level, except for, and without prejudice to, those set forth hereunder.

Moreover, both of the banks participating in the Merger undertake the same business activity, albeit in two different client segments. The Issuer thus believes that the transaction will not result in risks associated with the assumption by the Merging Company of new and different activities, except as indicated below.

Lastly, the Issuer believes that the organisational structure adopted by the Group — which calls for all staff and guidance functions to be centralised with the parent company and the Group's individual companies, including Banca BSI Italia, to focus on the pursuit of their core businesses — will simplify the process of integrating the Merged Company into Banca Generali through the establishment of a specific private-banking division. Accordingly, the Issuer believes that the Transaction in question will not have significant effects on the Issuer.

As regards the foregoing, here below are summarily listed some of the major risks factors that may negatively affect the individual financial situation and individual operating results of Banca Generali after the Merger.

The risk factors described in these warnings should be read in conjunction with the information provided in the Information Document. References to chapters and paragraphs are to the chapters and paragraphs of the Information Document.

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1.1 RISK FACTORS CONNECTED TO THE INTEGRATION OF BANCA GENERALI AND BANCA BSI ITALIA

1.1.1 Legislation applicable to the Merger forming the object of this Information Document

The Merger transaction described in this Information Document is subject to the provisions of articles 2501 *et seq.* of the Italian Civil Code, as well as to those of articles 70 and 90 of the Regulation approved by CONSOB resolution 11971 of 14 May 1999, as amended (also referred to hereinafter as the "**Rules for Issuers**"). The provisions of articles 56 and 57 of Legislative Decree 385 of 1 September 1993, as subsequently amended and extended (hereinafter also referred to as "**Consolidation Law on Banking**" or "**TUB**"), also apply. In consideration of the fact that Banca Generali holds 100% share capital of Banca BSI Italia, the Merger will occur pursuant to Article 2505 of Italian Civil Code without the need to establish any swap ratio or cash settlement for the sole shareholder Banca Generali.

The Bank of Italy, through Provision No. 609 dated 1 September 2009, approved the Merger; therefore, on 9 October 2009 the Merger Plan was registered with the competent Registers of Companies, as provided for by Article 57, paragraph 2, of the Consolidation Law on Banking.

1.1.2 Risks and uncertainties associated with the Merger

The Merger of Banca BSI Italia into Banca Generali forming the object of this Information Document is part of the process of reorganising the Banca Generali Group aimed at, *inter alia*, centralising all of the Group's banking activities, including the private-banking activity presently undertaken by Banca BSI Italia, within a single company (Banca Generali). It is believed that this Merger, since it consists of the absorption of a company that is wholly owned by the Issuer, and thus already consolidated, and undertakes the same business activity (albeit in a different client segment), will yield benefits in the form of operational synergies and a reduction of costs (as discussed in further detail in paragraph 3.1 of the Information Document), while at the same time not resulting in any negative effects on the Group's risk profile. However, it is impossible to exclude that unforeseen difficulties associated with the transaction might expose the Group to certain risks, as set forth hereunder:

- Staff. The Merger of Banca BSI Italia into Banca Generali described in this Information Document will lead to the rationalisation of the number of resources devoted to operations to be discontinued either because they will no longer be necessary for the governance and coordination of Banca BSI Italia as a separate company or as a result of the management and control of a single company instead of the two present Banks, with the ensuing redundancy of a limited number of resources devoted to these activities. Accordingly, the Merger will entail the need to initiate procedures for dialogue with labour union organisations in order to manage redundancies (which, however, will not affect the current key managers of Banca BSI Italia, who will continue to be employed by the Group), as provided for by law and by the applicable National Collective Bargaining Agreement for the Credit Sector.

  Although Banca Generali will seek to reach a specific agreement with labour union organisations for access to the benefits provided by the Solidarity Fund for the credit sector, it cannot be guaranteed at present that such an agreement will be reached. Thus, it may not be excluded that a decrease in the number of resources presently employed by Banca Generali and Banca BSI Italia might lead to employment disputes. (For additional information concerning the foreseeable effects of the Merger on the Banks' staff, please refer to paragraph 2.2.2 of this Information Document.)

- Generation of synergies. Banca Generali believes that the Merger will generate significant operational synergies, including the possibility of also using the strength of the Generali brand in the private-banking sector (the division will take the name "Generali Private Banking") and a single corporate and organisational structure, resulting in significant effects in terms of the streamlining of processes and the reduction of operating costs. However, the integration of the Banks could be achieved on a schedule and under conditions that differ from those initially foreseen.

  (For further information on synergies to be achieved through the Merger, please refer to paragraph 3.1 of this Information Document).

- Harmonisation of the Information Technology systems of Banca Generali and Banca BSI Italia. The Merger in question will entail a need for the convergence of the information technology systems and operational models presently adopted by the Banks towards a single model of reference. The Merging Company and the IT outsourcer that currently manages the databases of the platform of the Issuer and the Merged Company and that will manage the databases of the platform of Banca Generali after the Merger have already completed preliminary analyses of strategies for the migration of the data of Banca BSI Italia to Banca Generali. However, it may not be excluded that unforeseen slowdowns might occur in the process of integrating the information technology systems. (For further information on the harmonisation of Banks' Information Technology systems, please refer to paragraph 2.2.2. of this Information Document).

- Litigation concerning Banca BSI Italia. Due to the Merger, the Merging Company will succeed the Merged Company as universal successor to all disputes to which the Merged Company is a party. Banca BSI Italia has specific insurance policies and adequate contractual guarantees, and, where deemed necessary, has set aside specific provisions in its financial statements in connection with the above disputes. Although the provisions, insurance polices and contractual guarantees are deemed adequate to the residual risk, it may not be excluded that they might not prove sufficient to cover the sums effectively not recovered or indemnified.

1.1.3 Forecasts specified in this Information Document

Some figures specified in chapter 6 of this Information Document refer to forecasts about Banca Generali and its business, once the Merger has been completed. This information is to be considered indicative in nature and not representative of factual data; it includes projections and financial estimates and the relative underlying assumptions, statements concerning plans, objectives and expectations regarding transactions, products and future services, and forecasts of trends in profit and loss account and balance sheet data over the coming financial years. Forecasts and estimated figures are generally identified by expressions such as "it is projected", "it is believed", "it is possible", and "it is expected that", in addition to statements that may be considered "forecasts" due to the context in which they are situated. Although the management of Banca Generali considers the expectations reflected in such forecasts and estimates to be reasonable, investors and holders of shares of Banca Generali are advised that these data are subject to risks that often are difficult to foresee and generally are beyond the control of Banca Generali, and which could lead to results and developments that differ substantially from those explicitly or implicitly described or calculated in the forecasts and estimates in question. Except the cases contemplated in applicable laws, Banca Generali does not take on the obligation to update such estimates and forecasts. (For further information on forecasts please refer to the above mentioned chapter 6 of this Information Document).

1.1.4 Pro-forma data

The Information Document contains the pro-forma data of Banca Generali and Banca BSI Italia at 30 June 2009 prepared in order to give retroactive effect to the Merger transaction and the transfer of the Business Unit, respectively, by simulating that the transaction had been undertaken on 1 January 2009 for the purposes of the profit and loss account and 30 June 2009 for the purposes of the balance sheet.

Given that these representations are constructed on the basis of assumptions, the risk remains that the historical figures would not necessarily have matched the pro-forma figures had the transaction actually taken place on the dates chosen as points of reference for the preparation of pro-forma figures instead of on the dates it actually occurred. Furthermore, the pro-forma data do not reflect forecast data since the former are prepared in such a way as to represent solely those effects of the merger that may be isolated and objectively measured, without considering the transaction's potential effects in relation to changes in management policy and operating decisions subsequent to the transaction. (For further information about pro-forma data please refer to chapters 4 and 5 of this Information Document)

1.2 RISK FACTORS RELATING TO THE BUSINESS LINE

1.2.1 Risks related to competitive pressure

Banca Generali and Banca BSI Italia operate exclusively on the Italian market, which is characterised by high competition. In detail, the Italian market, on which the Banks earn their revenue, is a mature market in which competitive pressures have increased rapidly. Moreover, the competitive environment in which Banca Generali operates is going through a difficult period, due especially to the continuation of the ongoing economic crisis, with unavoidable consequences related to risks as to the achievement of the Issuer economic objectives.

Although the Banks are seeking to combat these risks through incisive cost-containment and reduction measures while also improving the quality and quantity of inflows, it may not be excluded that a change in the economic scenario or deterioration of the ongoing financial crisis might result in an ensuing decline in the Issuer's earnings results.

1.2.2 Risks associated with the regulatory framework

Banca Generali and Banca BSI Italia are subject to strict regulation and supervision by the Bank of Italy, CONSOB, the European Central Bank, the European System of Central Banks aimed at ensuring the solidity and solvency of the banking system and limiting its exposure to risk factors. Such regulations govern financial services, markets and instruments, as well as the sales and marketing practices adopted by banks and financial intermediaries, in order to safeguard investors.

In accordance with the regulations cited above, the Group has adopted a series of measures aimed at ensuring increasingly transparent relations with its clients through massive training for the sales network, the implementation of new information technology instruments aimed at developing client relations, and the revision of the product line and associated forms, as well as a policy for the management of its own assets that aims primarily to ensure that the ratios of Banca Generali and its subsidiaries are consistent with the risk profile assumed and comply with the supervisory requirements governed by the New Basel Capital Accord (Basel II).

However, it may not be excluded that new laws and regulations might be implemented in the future, and that the implementation of these laws and regulations might entail an increase in costs and a negative impact on the business, financial situation, cash flows and results of the activities of the Group, and/or that there might be a change in the application of the governing legislation or regulatory requirements for financial institutions (as established by the Basel II Accord cited above) and that this change might have a material impact on the Group's activities and business.

1.2.3 Risks associated with the weakness of the economy and the volatility of capital markets

The banking and financial services' factor, in which Banca Generali and Banca BSI Italia operate, is influenced by many unpredictable factors, including the general performance of the economy, tax and currency policies, liquidity and the prospects of capital markets, investors' propensity for investments and savings.

In particular, market conditions proved highly difficult in 2008 and in the first half of 2009, due to the worsening of the crisis affecting the U.S. financial industry, which spread to real economy, resulting in a period of global economic slowdown; moreover, volatility of financial markets remained high, equity indices accumulated significant losses, falling to 2002 levels. It was not until spring 2009 that these trends were inverted and there began to be weak signs of the stabilisation of the economic scenario and an improvement in expectations.

The general performance of the economy described above could lead to a decline in investments by the Group's current and potential clients, with an ensuing negative effect on the Banks' volumes, revenue and net profits.

1.2.4 Credit risk

The granting of credit to customers from Banca Generali and Banca BSI Italia is instrumental to its core business, which focuses on the management of investment services for private customers. In detail, loans are issued to high-standing customers, generally with collaterals, and, to a lesser extent, to corporate customers to which select loans were issued in 2008, backed by adequate guarantees. Moreover, the Group has formally defined a credit risk management policy that specifies the bodies and functions involved in the management of this type of risk and sets forth the guidelines for the identification, measurement, monitoring and reporting of credit risk.

Nonetheless, it may not be excluded that, where the recoverable amount of bad/substandard loans with accessory guarantees or the future number of substandard loans and bad loans exceeds projections, Banca Generali and the Group might need to allocate greater provisions for loan losses and advances or incur loan losses in excess of provisions.

1.2.5 Operating risk - risk management

Banca Generali and Banca BSI Italia, like all other banks and financial institutions, are exposed to various types of operating risk, including the risk of fraud by employees and external entities, the risk of unauthorized transactions executed by employees, and the risk of operating errors, including those resulting from flaws or malfunctions of information technology or telecommunications systems.

The Group's risk management systems and methods are designed to ensure that the operating risks relating to its activities are duly monitored.

Although the operating risk management policy adopted by the Banks is in line with banking industry practices, a flaw in operating risk management systems and methods could have a negative effect on the operating results of Banca Generali and the Group.

1.2.6 Risks associated with the investment portfolio

Although Banca Generali has always taken a conservative approach to its proprietary investments, since it has pursued the specific goal of not undertaking significant transactions in securities that entail a high degree of risk or may not be readily valued and, where necessary, disposed of at market prices, the performances of the Banca Generali Group's trading book and investment book, as is the case for other banking and financial groups, are influenced by market trends, the fluctuation of interest rates, the creditworthiness of issuers, and the degree of liquidity of capital markets. Specifically, the results of investment transactions accordingly depend on the management of the exposure to the risk indicated above.

1.2.7 Risk associated with Lehman Brothers default

At 15 September 2008, the date of Lehman Brothers' default, the Group held corporate bonds issued by Lehman Brothers, with a nominal value of 9.0 million euros and an amortised cost of 8.4 million euros, allocated to the available-for-sale (AFS) portfolio, measured at fair value.

To account for the investment bank's default, the Group calculated the impairment loss of bonds issued by Lehman, on the basis of a prudential recovery rate of 15%. Consequently, financial instruments held by the Group were written down by 7.1 million euros on the profit and loss account, net of the previously allocated equity valuation reserves amounting to 0.3 million euros — was recognised in a specific item of the profit and loss account, which was reclassified to account for impairment adjustments.

The amount of the losses on the corporate bonds issued by Lehman Brothers held by the Group represents a conservative estimate.

1.3 RISK FACTORS ASSOCIATED WITH BANCA GENERALI AND THE GROUP IT HEADS

1.3.1 Risk associated with legal proceedings

The Banca Generali Group is a party to certain legal proceedings. The disputes in question are customary, normal and isolated. In this regard, the companies involved and the Parent Company have conducted the appropriate analyses in order to, where deemed appropriate or necessary, recognise provisions in the financial statements in an amount deemed adequate to the circumstances or mention the proceedings in the notes to the financial statements, in accordance with applicable accounting standards.

The main types of ongoing disputes involve offences committed by financial advisors (in connection with which the Issuer and Banca BSI Italia, pursuant to article 31, paragraph 3 of the Consolidation Act, are jointly liable along with their financial advisors for any damages to third parties, including those that arise from liability established in a criminal venue), employment disputes with financial advisors, and the recovery of doubtful loans (primarily cases in which Banca BSI Italia succeeded Banca del Gottardo Italia S.p.A. following the merger with the latter).

It should be noted that the Issuer and Banca BSI Italia carry suitable insurance policies written by Assicurazioni Generali to protect them against damages for which they may be sentenced to pay compensation due to general liability and losses caused to clients by the brokerage activity undertaken by financial advisors and the private bankers with which they collaborate. Moreover, there are specific contractual guarantees with third-party banks for the dispute to which the companies succeeded as a result of acquisition transactions.

Despite the foregoing, an unfavourable outcome to proceedings to which the Group is a party could nonetheless have negative effects on the Group's earnings and financial position, although, insofar as may be foreseen at this time, these effects would not have a significant impact on the Group's activities and solvency.

1.3.2 Risk associated with the losses of Banca BSI Italia

Banca BSI Italia ended 2008 and the first half of 2009, respectively with a net loss of 18.8 million euros and 12.6 million euros, compared with a net loss of 11.1 million euros the previous year and 7.2 million euros of the first half of 2008, primarily due to the decline in assets under management due to market performance, the costs incurred and previsions allocated in connection with the plan to expand the network of private bankers of Banca BSI Italia.

Furthermore, Banca BSI Italia reported a loss before taxes, net provisions, adjustments, depreciation and amortisation (EBITDA) of 14.7 million euros at 31 December 2008, a decrease from 2.1 million euros in 2007, and a loss of 5.9 million euros at 30 June 2009, down from a net profit of 1.6 million euros at 30 June 2008.

On 31 August 2009, Banca Generali made a payment towards the future coverage of the losses reported by Banca BSI Italia at 30 June 2009. Since the transaction forming the object of this Information Document involves the absorption of a wholly owned subsidiary, Banca Generali will recognise the merger differences (goodwill) arising from the balance of the amount of the equity investment in the Merged Company, carried in equity, and the net equity of Banca BSI Italia, directly decreasing net equity. As a result of the accounting treatment described above, any additional losses incurred by Banca BSI Italia prior to the merger could result in changes in the amount of the deficit and thus in the Merged Company's net equity (For further information related to the accounting aspects of the Merger please refer to the following paragraph 2.1.2.7 of this Information Document).

1.3.3 Further risks and contingent liabilities

With respect to the additional risk profiles associated with the activity of Banca Generali and Banca BSI Italia, refer to the contents of the Financial Report at 31 December 2008, approved by the Board of Directors of Banca Generali on 12 March 2009, and updated in the Consolidated Half-Yearly Financial Report at 30 June 2009, approved by the Board of Directors of Banca Generali on 29 July 2009; the foregoing documents are available from the website *www.bancagenerali.com*.

2. INFORMATION REGARDING THE MERGER

2.1 BRIEF DESCRIPTION OF MERGER PROCEDURES AND TIMEFRAMES

2.1.1 Description of the Companies participating in the Merger

MERGING COMPANY:

Banca Generali S.p.A.

THE COMPANY'S IDENTIFYING DETAILS

- Registered offices at Trieste, Via Machiavelli 4 - Italy
- Company registered with the Trieste Companies Register under tax and VAT code 00833240328;
- Company registered with the Bank Register under number 5358 and parent company of the Banca Generali Group registered with the Banking Group Register;
- Member of the Interbank Deposit Protection Fund

CORPORATE PURPOSE

The merging Company's purpose is the performance of banking activities and hence the collection of deposits and savings and the provision of credit in their various forms. It may also perform every type of financial activity as well as the activities associated with or instrumental to banking and financial activities. In order to perform said activities, the merging Company may provide banking and financial services and perform all related transactions. The merging Company may also directly or indirectly assume shareholdings in other companies. It may perform any activity and implement any transaction that is inherent, instrumental, related or beneficial to pursuit of the corporate purpose and in general carry out any other activity that by law is reserved or permitted to companies authorised to perform banking activity.

In its capacity as parent company of the Banca Generali Group pursuant to Article 61, sub-section 4 of Legislative Decree no. 385 dated 1 September 1993, the merging Company, as part of its management and coordination activities, issues orders to the group components regarding the implementation of instructions provided by the Bank of Italy in the interests of group stability.

SHARE CAPITAL

At the date of preparation of this Information Document, the Merging Company's fully subscribed and paid-in share capital amounted to 111,313,176.00 euros, divided into 111,313,176 ordinary shares having a par value of 1.00 euro each.

The Extraordinary Shareholders' Meeting of 18 July 2006 approved a divisible capital increase, subordinate to the successful admission of the Company's shares to trading on the electronic share market (MTA) organised and managed by Borsa Italiana S.p.A. by 30 June 2007, for a maximum par value of 5,565,660.00 euros, through issue of a maximum of 5,565,660 ordinary shares each with a par value of 1.00 euro, subdivided as follows:

(i) an issue in the maximum nominal amount of 4,452,530.00 euros, represented by a maximum number of 4,452,530 ordinary shares of a par value of 1.00 euro each, with specific exclusion of the option rights afforded to shareholders pursuant to section 2441, paragraph 5, of the Italian Civil Code, so as to cover the "Stock Option Plan for Banca Generali S.p.A.'s Financial Advisors and Network Managers", reserved to the financial advisors of Banca Generali Group, all of the above in one or more tranches, with the last being effected no later than 30 May 2011;

(ii) an issue in the maximum nominal amount of 1,113,130.00 euros, represented by a maximum number of 1,113,130 ordinary shares of a par value of 1.00 euro each, with specific exclusion of option rights afforded to shareholders pursuant to section 2441, paragraph 8, of the Italian Civil Code, so as to cover the "Stock Option Plan for Banca Generali S.p.A. Employees", reserved to Banca Generali employees, all of the above in one or more tranches, with the last being effected no later than 30 November 2012.

The price of the aforesaid options shall be determined at a whole number reflecting the arithmetic mean of the listed prices of shares in the Company on the electronic share market from the date of assignment of the stock options to the same day of the previous month.

At the date of preparation of this Information Document, pursuant to the rules of the approved stock-option plans, the responsible bodies of Banca Generali awarded:

- 2,549,580 option rights in application of the "Stock Option Plan for Banca Generali S.p.A.'s Financial Advisors and Network Managers";
- 851,000 option rights in application of the "Stock Option Plan for Banca Generali S.p.A. Employees".

In total, 3,400,580 stock options were awarded pursuant to the aforesaid Plans.

Moreover, it must be pointed out that Banca Generali, as a result of the merger of Prime Consult Sim S.p.A., carried out during 2002 with effective date on 31 December 2002, replaced the former in the *stock granting* plan approved on 13 June 2001 by Prime Consult SIM S.p.A. itself in favour of its network of managers and financial advisors, for a total shares' value not exceeding 3% of share capital. The Delegated Organ awarded, free of charge, 1,383,279 Banca Generali ordinary shares. At 30 June 2009, Banca Generali held 14,253 treasury shares in portfolio, consisting of the residual unawarded shares in service of the foregoing stock-granting plan.

Pursuant to sections 2357 et seq. of the Italian Civil Code, on 18 July 2006, the ordinary shareholders' meeting authorised Banca Generali to acquire 667,800 ordinary shares issued by Banca Generali SpA, of par value of euro 1.00 each, in order to allow for the implementation of a Stock Granting Plan reserved for the CEO and the General Manager, and approved by the Board of directors on 24 May 2006, entailing the assignation, free of charge, of no more than 667,880 ordinary shares in Banca Generali, of a par value of 1.00 euro each. At the date of this Information Document, the above resolution authorising the purchase of treasury shares had been executed in full.

It must be borne in mind that during the first six months of 2009 Banca Generali assigned 293,297 treasury shares held in portfolio, of which:

- 278,284 assigned shares, free of charge, on 1 April 2009 to Issuer's General Manager in order to allow for the implementation of a Banca Generali stock granting plan in favour of the Chief Executive Officer and the General Manager, approved by the Board of directors on 24 May 2006, entailing the assignation of no more than 667,880 ordinary shares in Banca Generali, of a par value of 1.00 euro each, as authorised, in compliance with Articles 2357 et seq. of the Italian Civil Code, by Ordinary Shareholders' Meeting on 18 July 2006 and
- 15,013 assigned shares, as third and final tranche of the stock granting plan in favour of the network of managers and financial advisors of Prime Consult SIM S.p.A.

At 30 June 2009, the Company held 403,849 treasury shares.

- 389,596 allocated to the above mentioned stock granting plan in favour of the CEO and the General Manager,
- 14,253 as the residual unallocated shares in service of the stock granting plan in favour of network Managers and financial advisors of Prime Consult SIM S.p.A.

Moreover, it must be pointed out that Banca BSI Italia holds 78,000 shares of Banca Generali allocated mostly in service of the Stock Option Plan in favour of the Company's Chairman.

The reader is advised that the Board of Directors has not been authorised to increase share capital pursuant to article 2443 of the Italian Civil Code.

Banca Generali shares, representing the company's entire share capital, are listed on the electronic share market (MTA) organised and managed by Borsa Italiana S.p.A.

COMPANY BOARDS

Board of Directors

At the date of preparation of this Information Document, the Board of Directors of Banca Generali consisted of the following ten members appointed by the Shareholders' Meeting on 21 April 2009 and in office until the date of the Shareholders' Meeting called to approve the 2011 financial statements:

Name and Surname	**Office held**
Giovanni Perissinotto	Chairman of the Board of Directors and Chief Executive Director
Giorgio Angelo Girelli	Managing Director Executive Director
Fabio Buscarini	Non-executive Director
Amerigo Borrini	Executive Director
Paolo Baessato	Non-executive Director
Andrea de Vido	Non-executive Director
Attilio Leonardo Lentati	Non-executive and Independent Director
Angelo Miglietta	Non-executive and Independent Director
Aldo Minucci	Non-executive Director
Ettore Riello	Non-executive and Independent Director

Board of Statutory Auditors

At the date of preparation of this Information Document, the Board of Statutory Auditors of Banca Generali consisted of the following members appointed by the Shareholders' Meeting on 21 April 2009 and in office until the date of approval of the 2011 financial statements:

Name and Surname	**Office held**
Giuseppe Alessio Vernì	Chairman
Angelo Venchiarutti	Acting Auditor
Alessandro Gambi (1)	Acting Auditor
Luca Camerini	Alternate Auditor

(1) On 8 May 2009, Corrado Gianmattei, appointed Acting Auditor by the foregoing Shareholders' Meeting of 21 April 2009, tendered his resignation. In accordance with article 21 of the Articles of Association, which reads *"In the case of the death, resignation or forfeiture of an acting Auditor, the first alternate Auditor belonging to the same list as the replaced Auditor will succeed him. Such alternate shall be appointed for a period coterminous with the term of the other acting Auditors in office at the time of his appointment (…)",* he was replaced by Alternate Auditor Alessandro Gambi.

All Directors and Statutory Auditors of Banca Generali have been found to satisfy the requirements of integrity, professionalism and independence (where required) imposed by applicable legislation.

General Manager

At the date of preparation of this Information Document, the position of General Manager was filled by Piermario Motta, who, in accordance with article 22 of the Articles of Association, executes the resolutions passed by the Board of Directors and the decisions of the Chief Executive Officer and exercises the powers vested in him by the Board of Directors in compliance with the general directives imparted by the Board and the guidelines provided by the Chief Executive Officer, as well as in accordance with the Group's strategies.

AUDITING

On 24 April 2007, the ordinary Shareholders' Meeting of Banca Generali extended the engagement of Reconta Ernst & Young S.p.A. until the date of approval of the 2014 financial statements. As a consequence of this extension, the total number of consecutive years subject to auditing is nine, and, therefore, in compliance with the provisions of Article 159, paragraph 4 of TUF.

MERGED COMPANY:

Banca B.S.I. Italia S.p.A.

THE COMPANY'S IDENTIFYING DETAILS

- Registered offices in Milan, at Piazza Sant'Alessandro 4;
- Company registered with the Milan Companies Registry under tax code 01129040281, VAT code 08338110151;
- Company registered with the Bank Register under No. 5513, belonging to Banca Generali Group, registered with the Banking Group Register;
- Member of the Interbank Deposit Protection Fund.

CORPORATE PURPOSE

Banca BSI Italia has for its purpose the conduct of banking activity and thus the solicitation of investment from the public and the provision of credit in its various forms.

In further detail, the Merged Company may engage in activities (both in and out of branch) including, but not limited to, the promotion of its products and banking and financial services, as well as the products of third parties for which it provides intermediation service, investment services and the accessory services governed by applicable provisions of law and, more specifically, proprietary trading and trading on behalf of third parties, placement with or without prior underwriting or firm commitment, i.e. the provision of a guarantee to the issuer, portfolio management on behalf of third parties, the receipt and transmission of orders and mediation, and, generally, all other activities eligible for mutual recognition, or reserved or permissible for companies authorised to engage in banking activity.

The Merged Company may also manage the resources of pension funds under specific agreements, provided that certain subjective requirements are met.

The Merged Company may also directly or indirectly assume shareholdings in other companies. It may perform any activity and implement any transaction that is inherent, related, instrumental or beneficial to pursuit of the corporate purpose.

SHARE CAPITAL

On the date of the preparation of the Information Document, Banca BSI Italia share capital, subscribed and fully paid-up, amount to 80,235,162.00 euros, divided into 15,549,450 shares of a par value of 5.16 euros each.

At 30 June 2009, the parent company Banca Generali held 78,000 treasury shares mostly allocated to service the stock option plan in favour of Company's Chairman.

COMPANY BOARDS

Board of Directors

At the date of preparation of the Information Document, the Board of Directors of Banca BSI Italia consisted of the following six members appointed by the Shareholders' Meeting on 16 April 2008 and in office until the date of the Shareholders' Meeting called to approve the 2010 financial statements:

Name and Surname	Office held
Marco Merati Foscarini	Chairman of the Board of Directors Non-executive Director
Piermario Motta	Managing Director
Giorgio Angelo Girelli	Executive Director
Stefano Loffredi	Non-executive Director
Aleandro Ferrari	Non-executive Director
Carlo Jannone	Non-executive and Independent Director

Board of Statutory Auditors

At the date of preparation of this Information Document, the Board of Statutory Auditors of Banca BSI Italia consisted of the following members appointed by the Shareholders' Meeting on 16 April 2008 and in office until the date of approval of the 2010 financial statements:

Name and Surname	Office held
Giuseppe Alessio Vernì	Chairman
Corrado Gianmattei	Acting Auditor
Nicola Serafini (2)	Acting Auditor
Alessandro Gambi	Alternate Auditor
Luca Camerini (3)	Alternate Auditor

(2) Nicola Serafini was appointed Alternate Auditor of Banca BSI Italia on 16 April 2008 and became Acting Auditor on 16 April 2009 following the resignation of Maurizio Dattilo.

(3) Luca Camerini was appointed Alternate Auditor of Banca BSI Italia on 23 June 2009 to replenish the Board of Statutory Auditors following the resignation of Maurizio Dattilo.

All Directors and Statutory Auditors of Banca BSI Italia have been found to satisfy the requirements of integrity, professionalism and independence (where applicable) imposed by applicable legislation.

AUDITING

The Banca BSI Italia Ordinary Shareholders' Meeting, held on 18 April 2007, extended the appointment of the Auditing Firm "Reconta Ernst & Young S.p.A." to the date of approval of the financial statements for the year ending 2014.

2.1.2 Transaction procedures, terms and conditions

2.1.2.1 Transaction procedures, terms and conditions

The Merger described in this Information Document is part of the reorganisation process undertaken by the Group controlled by Banca Generali and, in particular, the subsidiary Banca BSI Italia. The goal of this process is to centralise the Group's portfolio management operations with BG SGR S.p.A. (the Group company devoted to asset management), while also consolidating the Group's banking activities in a single company, Banca Generali.

In detail, this reorganisation process will first involve the transfer of the portfolio management business unit of Banca BSI Italia to BG SGR S.p.A. against a share capital increase by BG SGR S.p.A. reserved for Banca BSI Italia and then, once the transfer has been completed, the merger of Banca BSI Italia into Banca Generali.

Transfer of Banca BSI Italia business unit into BG SGR S.p.A.

The transaction will involve the transfer by Banca BSI Italia, effective 1 January 2010, as the first transaction of the day, the business unit organised to undertake portfolio management operations (the "**Business Unit**") to BG SGR S.p.A. against a reserved share capital increase by the latter.

This transaction is governed by the provisions of article 2112, paragraph 5, and articles 2440 and 2441 of the Italian Civil Code, as well as article 2343-ter of the Italian Civil Code, introduced by Legislative Decree 142 of 4 August 2008 (in implementation of Directive 2006/68/EC, which amended Directive 77/91/EEC concerning the formation of public limited companies (Società per Azioni) and the maintenance and alteration of their capital).

In detail, pursuant to article 2112, paragraph 5, of the Italian Civil Code, Banca BSI Italia has identified the Business Unit to be transferred as the set of assets organised to manage the portfolio business, which consists of managing assets specifically entrusted to the company by investing them in units and/or shares of mutual funds/SICAVs and equities/bonds either in Italy and abroad, whether denominated in euro or foreign currencies, as well as to undertake spot and forward purchases and sales by specific engagement. More specifically, the business unit comprises the assets, liabilities and contractual dealings reflected in the pro-forma balance sheet of Banca BSI Italia at 30 September 2009, namely:

(i) all portfolio management contracts underway with customers as at December 31, 2008;

(ii) the staff members assigned to contract management at conferment date (of whom there were eight at the date of this Information document);

(iii) an outsourcing agreement entered into with Banca Generali for back-office services pertaining to the securities held pursuant to portfolio management contracts;

(iv) the assets that will be included among investment portfolios at the effective date of the transfer, net of cash;

(v) the current accounts used to manage the cash balances of individual portfolio positions at the effective date of the transfer;

(vi) the Business Unit's share of the goodwill and intangible assets arising from the acquisition of the merged Banca del Gottardo Italia S.p.A., calculated on the basis of the ratio of the transferred assets under management to total assets under management.

Article 2343 ter of the Italian Civil Code is relevant in this connection. This statute does not require a sworn report prepared by an expert designated by the court in whose jurisdiction the transferor's registered office is located when the transferred assets are non-monetary, loans or receivables (as is instead required by article 2343, paragraph 1, of the Italian Civil Code) on the condition that the value attributed to the non-monetary assets, loans or receivables in order to determine share capital and any share premium corresponds to the fair value resulting from a measurement prepared no more than six months before the transfer in accordance with generally accepted standards for the measurement of the transferred assets by an expert independent of the transferor and the company and in possession of sufficient, demonstrable expertise. In this case, the transferor of the assets, loans or receivables must submit documentation indicating the value attributed to the transferred assets and the satisfaction of the foregoing conditions and annex this documentation to the deed of transfer.

In accordance with this provision, Banca BSI Italia specifically engaged the independent auditors KPMG S.p.A., identified as experts in possession of proven expertise and independence.

On the basis of the appraisal issued by the independent auditors KPMG S.p.A. on 6 May 2009, the Board of Directors determined the value of the Business Unit to be transferred and of BG SGR S.p.A., the transferee, to be 12.8 million euros and 52.6 million euros, respectively, corresponding to the central value in the range resulting from the primary method employed (the Excess Capital variant of the Dividend Discount Model).

On 5 November 2009, the independent auditors KPMG S.p.A. issued an appraisal pursuant to article 2343-*ter*, paragraph 2, letter b), of the Italian Civil Code, whereby they certified that the value of the Business Unit to be transferred was not lower than the total amount of the share capital increase by BG SGR S.p.A., including the share premium, authorised in service of the transfer of the business unit. It should also be noted that the transfer will be made on a continuity-of-value basis, in accordance with the Banca Generali Group's accounting policy for intragroup reorganisation transactions. As a result, the net assets of the Business Unit to be transferred will be recognised in the transferee's financial statements at the carrying amounts as stated in the accounts of the transferor, Banca BSI Italia, at the time of the transfer.

In consideration of the foregoing, and according to the above appraisal conducted by KPMG S.p.A., the total amount of the share capital increase and related share premium to be authorised in service of the transfer has been determined to be the amount of the net equity of the Business Unit of Banca BSI Italia, 9,500,000.00 euros. In detail, it should be noted that the determination of the number of shares to be issued in service of the transfer, as indicated below, derives from the ratio of the value attributed to the transferred Business Unit and the value attributed to the transferee.

In the light of the foregoing, BG SGR S.p.A. will increase its share capital by 1,575,665.00 euros by issuing 315,133 ordinary shares having a par value of 5.00 euros each, in addition to a share premium of 25.146 euros each, reserved for the transferor, Banca BSI Italia.

The share capital of the transferee, BG SGR S.p.A., will increase from 6,475,000.00 euros to 8,050,665.00 euros as a result of the above transaction.

Merger of Banca BSI Italia into Banca Generali.

The Merger will be executed through the absorption of Banca BSI Italia by Banca Generali in accordance with Articles 2501 *et seq.* of the Italian Civil Code. On the effective date of the Merger, the Merged Company will be dissolved and all of Banca BSI Italia's assets, rights and obligations will be transferred to Banca Generali.

The Merger Plan, prepared in compliance with the provisions of Articles 2501-*ter* of the Italian Civil Code, was approved by Banca Generali Board of Directors on 11 May 2009 and by Banca BSI Italia Board of Directors on 15 May 2009, authorised by the Bank of Italy through resolution No. 609 of 1 September 2009, filed with Trieste Companies Register on 8 October 2009 and with Milan Companies Register on 8 October 2009; it will be approved by the Extraordinary Shareholders' Meeting of Banca Generali on November 23, 2009 and November 24, 2009, for the first and the second call respectively, and to the Extraordinary Shareholders' Meeting of Banca BSI Italia on 19 November 2009.

Since the Merger involves the absorption of fully owned subsidiary of the Merging Company, it is subject to the provisions of Article 2505 of the Italian Civil Code. Accordingly, the provisions cited above of Articles 2501-ter, paragraph one, nos. 3), 4) and 5) and 2501-quinquies and sexies of the Italian Civil Code do not apply. In particular, the Merger will be executed on the basis of carrying amounts, without the need to determine a swap ratio or cash adjustment for the Merging Company, i.e. the sole shareholder, Banca Generali, and without any impact on the latter's share capital. However, the Merger will result in the cancellation of the Merging Company's equity investment in Banca BSI Italia.

Furthermore, in accordance with paragraph 3 of Article 57 of the Consolidation Law on Banking, the creditors of the companies participating in the Merger may oppose the Merger within fifteen days of the last of the registrations required by Article 2502-*bis* of the Italian Civil Code, by way of exception to Article *2503*, paragraph 1, of the Italian Civil Code, which sets a term of 60 days for the opposition of creditors.

Lastly, pursuant to Article 57, final paragraph, of the Consolidation Law on Banking, liens and guarantees of any type provided by any party to or otherwise in the possession of the Merged Company shall be transferred to the Merging Company and retain their validity and degree, without the need for any formality or annotation.

The Merger, which involves banks, was authorised by the Bank of Italy in order no. 609 of 1 September 2009. Since it is a merger of a fully owned subsidiary, in application of Law No. 287 of 10 October 1980 (*Provisions for the protection of competition and the market*), no procedures with the Competition and Market Supervisory Authority need be initiated.

The Merger will not entitle shareholders to redeem their investments since it does not involve amendment of the clause defining the company's purpose, in accordance with Article 2437, paragraph 1, letter a) of the Italian Civil Code, inasmuch as it does not imply a change of the company's purposes or the exclusion of shares of Banca Generali from the MTA, in accordance with Article 2347-*quinquies* of the Italian Civil Code.

As the share capital of Banca BSI Italia is fully held by Banca Generali, the Articles of Association of the Merging Company (attached to this Information Document) — including the amendments approved by the Board of Directors on 11 May 2009 to be subjected to the approval of the General Shareholders' Meeting convened to approve the Merger Plan — which will regulate the company after the merger becomes effective shall not be amended as a result of the Merger.

2.1.2.2 Values attributed to the companies participating in the Merger; expert opinions, if any

Since Banca Generali owns the entirety of the shares of Banca BSI Italia, as illustrated in the foregoing paragraph 2.1.2.1 of this Information Document, the provisions of Article 2505 of the Italian Civil Code, which permit a simplification of procedure for the "absorption of fully owned subsidiaries," shall apply to the Merger. Accordingly, the Issuer was not required to, and thus did not, determine a swap ratio or appoint an independent expert to conduct an assessment of the determined swap ratio.

Banca Generali, in the capacity of company absorbing a fully owned subsidiary, shall recognise the merger goodwill that arise from the balance of the value of the equity investment in Banca BSI Italia, as recognised in its balance sheet, and the Merged Company's net equity. (For further information regarding the value of the equity investment held by Banca Generali and net equity of Banca BSI Italia, please refer to the following paragraph 2.1.2.7 of this Information Document).

2.1.2.3 Determination of the swap ratio and valuation of the joint expert

As illustrated in further detail in the foregoing paragraph 2.1.2.2 of this Information Document, in application of the provisions governing the "absorption of fully owned subsidiaries" set forth in Article 2505 of the Italian Civil Code, the Issuer was not required to, and thus did not, request the appointment of one or more experts to issue an opinion of the fairness of the swap ratio, in accordance with Article 2501 sexies of the Italian Civil Code.

2.1.2.4 Methods for the assignment of the incorporating company shares and date of ownership

Since the capital of Banca Generali will remain unchanged following the Merger, shares will not be assigned to Banca Generali, the Merged Company's sole shareholder, when the Merger is executed. Conversely, all of the shares of Banca BSI Italia, constituting the entirety of the company's share capital, will be cancelled once the Merger is complete.

2.1.2.5 Date of inception of entitlement to profits of the shares of the Merging Company

Since new shares shall not be assigned due to the Merger (as described in the foregoing paragraph 2.1.2.4 of this Information Document), it was not necessary to determine the date of inception of entitlement to profits of the shares of the Merging Company.

2.1.2.6 Date of recording in the Incorporating Company's financial statements the operations of Banca BSI Italia, including for tax purposes

The Merger will enter into legal force on 1 January 2010 (as the transaction immediately following the entry into force of the transfer by Banca BSI Italia of the portfolio management Business Unit to BG SGR S.p.A.), or on the different date set forth in the deed of merger, which in accordance with Article 2504-*bis*, paragraph 2, of the Italian Civil Code may fall after the date of the last of the registrations set forth in the cited Article.

With respect to the accounting effects of the Merger, as stated in the Merger Plan, in accordance with Article 2501-ter, no. 6, of the Italian Civil Code, the profits and proceeds of the Merged Company shall be recognised in the Merging Company's financial statements effective 1 January 2010. (For further information concerning the accounting effects of the Merger, refer to paragraph 2.1.2.7 of this Information Document hereunder).

2.1.2.7 Accounting and tax effects of the Merger

<u>Accounting aspects</u>

With respect to the accounting aspects, following the Merger Banca Generali shall take control of the assets and liabilities of Banca BSI Italia on the date on which the Merger enters into force in accordance with the law. Accordingly, on the effective date, and as a result, of the Merger, Banca Generali shall succeed Banca BSI Italia in ownership of its equity investments, including in particular 78,000 shares of Banca Generali and 12,335.36 shares issued by the parent company, Assicurazioni Generali S.p.A., held by Banca BSI Italia at 30 June 2009.

Furthermore, the transaction in question, since it involves the absorption of a fully owned subsidiary, is considered to be between entities under common control, and thus does not fall within the scope of IFRS 3 (the Standard that states that business combinations other than those between entities under common control are to be treated according to the purchase method, under which the acquirer recognises the assets, liabilities and contingent liabilities arising from the acquisition at their respective fair values).

Therefore, Banca Generali, in its capacity of Merging Company, shall recognise the merger differences that arise from the balance of the value of the equity investment in the Merged Company, Banca BSI Italia, as carried in its balance sheet, and the net equity of Banca BSI Italia. This difference is known as a "negative merger difference" or "goodwill" where the cost of the equity investment in the Merged Company recognised in the balance sheet exceeds the investee's net equity (which is the case at hand), as illustrated below:

Recognition of goodwill			
	Pro-forma net equity of Banca BSI Italia at June 30, 2009, net of the adjustment of shares of the parent company and IFRS 2	Value of the equity investment in the balance sheet of Banca Generali	Goodwill
Banca BSI Italia	58,499,362	102,155,168	43,655,806

The balance sheet situations of the Banks Participating in the Merger at the time of the Merger are represented by, respectively, the half-yearly financial report at 30 June 2009 for Banca Generali and the interim financial statements at 30 June 2009 for Banca BSI Italia. It should be noted that on 31 August 2009 Banca Generali paid the sum of 12,000,000 euros to its subsidiary Banca BSI Italia by way of future replenishment of operating losses.

With reference to the net equity of Banca BSI Italia considered to calculate goodwill, the same refers to a pro-forma situation at 30 June 2009. It should also be noted that the net equity of Banca BSI Italia was further adjusted to account for: (i) the 78,000 shares of the parent company, Banca Generali, owned by Banca BSI Italia and (ii) the derecognition of the liability associated with the stock-option plan for the Chairman of Banca BSI Italia.

As a result of the foregoing, the Merger will result in a negative goodwill of 43,655,806 euros, computed as the difference, as described above, between the value of the equity investment in Banca BSI Italia carried in the Merging Company's balance sheet, 102,155,168 euros, and the pro-forma net equity of Banca BSI Italia, 58,499,362 euros. This deficit shall then be deducted directly from the Merging Company's net equity.

Lastly, since the Merger is planned to enter into force on 1 January 2010, it should be noted that the value of the merger goodwill may vary according to the operating result reported by Banca BSI Italia in 2009, without prejudice to the fact that this result shall be recognised in net equity.

Tax aspects

With respect to the tax aspects of the transaction, it should be noted that in accordance with Article 172 of Presidential Decree 917 of 22 December 1986, as amended (the Consolidated Income Tax Law), the Merger, which will not generate in any fiscally relevant losses or gains, may be conducted under the fiscal neutrality regime. Accordingly, the Transaction will not result in any tax liability pertaining to corporate income tax (IRES) and/or regional production tax (IRAP) either for Banca Generali or Banca BSI Italia.

2.1.3 Forecasts of the relevant share ownership and controlling structure of the Incorporating Company

The Merger will not result in any changes to the Merging Company's ownership structure because the Transaction will not involve the issuance of new shares by Banca Generali.

2.1.4 Effects of the Merger on any shareholders' agreements involving shares of companies participating to the Merger

On the date of this Information Document no shareholders' agreement appear to be significant for the purposes of Article 122 of TUF.

2.2 REASONS FOR THE TRANSACTION AND ITS PURPOSES

2.2.1 Reasons for the transaction with special reference to management objectives

In recent years, the Banca Generali Group has followed a business model under which it made a decisive strategic choice in the private-banking sector that has yielded strong results in terms of operations and growth and shows equally strong prospects of further growth in the sector in question.

In detail, the Group has undertaken several transactions aimed at developing and enhancing its private-banking operations during the period in question. More specifically, in 2006 Banca Generali acquired from BSI S.A. (a subsidiary of Assicurazioni Generali S.p.A., the holding company for the group of the same name, to which Banca Generali belongs) the entirety of the share capital of Banca BSI Italia, a bank specialised in private banking, and then in 2007 transferred to Banca BSI Italia its own private-banking business unit. In 2008 Banca BSI Italia acquired (and then absorbed) the entirety of the share capital of Banca del Gottardo Italia S.p.A., which also focused on private banking. Accordingly, as a result of the above transactions, the Banca Generali Group presently operates in the private-banking sector primarily through its subsidiary, Banca BSI Italia.

In accordance with the policy outlined above, and in view of the present socio-economic scenario, in which the integration of various firms into a single, strong company widely known in a large market appears to foster not only the process of overcoming the financial crisis, but also the achievement of strong results, the Group has decided to confirm its past strategic decision to develop its private-banking operations, while also enhancing the intensity and rate of growth of these operations by bringing them together (through the

Merger) in a single company, Banca Generali, with a strong presence of the Generali brand and the resulting possibilities and margin for development.

In particular, the merger of Banca BSI Italia into Banca Generali is intended to further the pursuit of the goals summarised below:

(i) the possibility of exploiting operating synergies within the Banca Generali Group to a greater extent than at present. In this regard, it is clear that the Generali brand is considered a key strength capable of keeping and acquiring clients, especially at times of severe turbulence and a lack of confidence in financial institutions on the part of clients. The integration thus aims, among its other purposes, at allowing the Banca Generali Group's private-banking operations to make direct use of the Generali Private Banking brand. Furthermore, in the economic scenario described above, from a business standpoint the creation within the Issuer of a private-banking division would allow it to achieve a high degree of specialisation of its distribution channels, without changing the current allocation of resources, in relationship managers and private bankers (who thus far have secured strong results in managing and developing clients), as well as to continue to offer specific products and, more generally, services to its clients;

(ii) the possibility for the private-banking division of focusing on its specific task of managing and developing clients, while entrusting the direct management of all governance, staff and operating functions to Banca Generali;

(iii) a significant decrease in all operating costs currently incurred in the operation of Banca BSI Italia as a bank independent of, and separate from, its parent company, Banca Generali. In this regard, given the present capital market crisis and the likelihood that this crisis will continue, the Banca Generali Group aims to cut its costs as a key factor to offsetting the negative effect on revenue created by capital markets and thus to ensure that its companies continue to generate sufficient revenue by applying the utmost rigor to its cost management, reducing those costs that are not necessary for the development of operations, service levels and the required controls.

In the light of the foregoing, it should be noted that the reunification of private-banking operations within Banca Generali will result in:

(iv) the elimination of the current corporate structure of Banca BSI Italia, with the ensuing elimination of the organisational expenses and costs arising from the duplication of functions;

(v) the achievement of operating synergies in the fulfilment of the various obligations pertaining to the conduct of a business and the optimisation of the structure of operating costs, which will benefit from the efficiency gains yielded by focusing all line and support service activities, with the ensuing improvement in process quality;

(vi) the concentration and focusing of internal controls, with the ensuing increase in the level of efficacy thereof;

(vii) the complete discontinuation of the outsourcing of services by Banca BSI Italia to the Parent Company, with the resulting decrease in costs (in terms of intragroup VAT) associated with these services.

In order to pursue the objectives described above to the fullest extent possible, as specified in further detail hereunder, the guidelines according to which the organisational structure of Banca Generali will be determined following the absorption of Banca BSI Italia are set forth below:

(viii) the unification of the operational and control functions of Banca BSI Italia into the equivalent structures of Banca Generali, with positive consequences for the efficacy, efficiency and monitoring of the activities to be performed;

(ix) the simplification of the structure charged with governing and coordinating the sales networks, charging the retail division, including Banca Generali's current network of financial advisors, and the private-banking division, consisting of the current Banca BSI Italia's private banker and relationship manager sales units, to report directly to the Generali Manager of Banca Generali;

(x) the simplification of IT and administration through the discontinuation of the application platform of Banca BSI Italia and the migration of data from the system of Banca BSI Italia to that of Banca Generali.

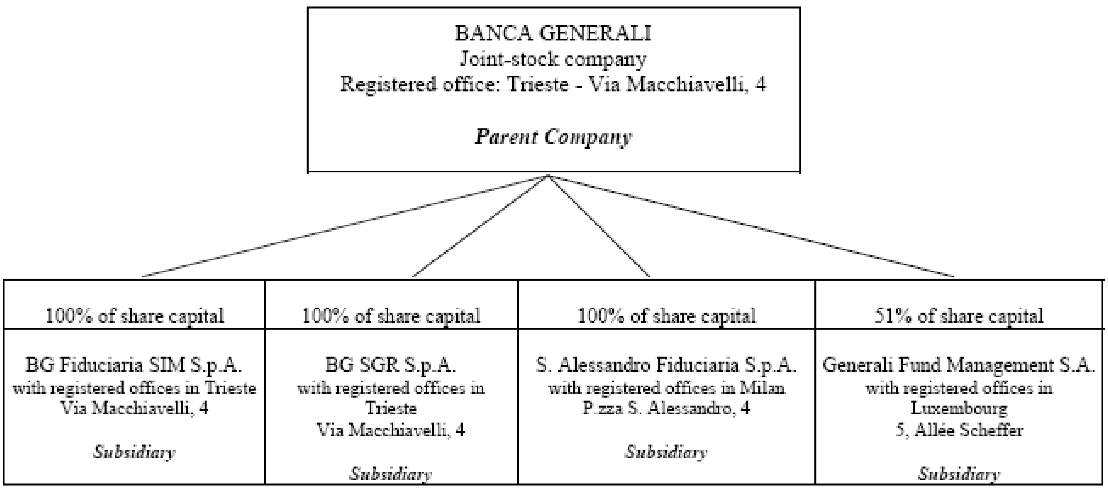
The transaction is also expected to have a significant synergetic effects on human resources (For further information concerning the impact that the Merger will have on personnel, refer to paragraph 2.2.2 of this Information Document).

2.2.2 Programs formulated by Banca Generali with special reference to industrial prospects and possible restructuring and/or reorganization; expectations as to the implementation, in whole or in part, of these programmes in the following 12 months

<u>The structure of the Banca Generali Group</u>

Upon completion of the Merger, the Banca Generali Group will consist (as the chart below shows) of:

- the Parent Company Banca Generali
- the Issuer's fully owned subsidiaries:
    - BG Fiduciaria S.p.A., Società di Intermediazione mobiliare, with registered offices in Trieste, at Machiavelli 4;
    - BG Società di gestione del risparmio S.p.A., with registered offices in Trieste, at con Machiavelli 4;
    - S. Alessandro Fiduciaria S.p.A., with registered offices in Milan, at Piazza S. Alessandro 4 and
- a subsidiary in which the Issuer holds a 51% investment in share capital, Generali Fund Management S.A. (formerly BG Investment Luxembourg S.A., thus renamed effective 9 September 2009), with registered office at 5 Allée Scheffer, L-2520 Luxembourg.



In this regard, it should be noted that on 17 June 2009 Banca Generali completed the transfer of 85% of the share capital of Simgenia SIM S.p.A. to Generali Group companies. Accordingly, Simgenia SIM S.p.A. ceased to be a part of the Banca Generali Group on the effective date of the transfer. The transaction was approved by Banca Generali Board of Directors and disclosed to the market on 19 December 2008. Following the transfer, Banca Generali retains ownership of the remaining 15% of the capital of Simgenia SIM S.p.A.

When the Transaction is complete, Assicurazioni Generali will retain control of Banca Generali, and thus also continue to provide management and coordination.

<u>The creation of a Private-Banking Division within Banca Generali</u>

As mentioned in paragraph 2.2.1 above, the Merger of Banca BSI Italia into Banca Generali will entail the creation and organisation of a specific internal private-banking division of the Issuer, the Private-Banking Division.

In further detail, this process will require close attention to the proper definition of the organisational and operational aspects of the new division, while also allowing the company to seize the opportunities provided by this type of transaction both in terms of the greater efficiency of corporate, technical and organisational units and of cost savings.

In this light, there will be a particular focus on revising Banca Generali's organisational structure to centralise staff functions and verify the sizes of the Parent Company's functions that currently provide outsourced services (such as Internal Audit, support to legal affairs and HR management, and Risk Management), or other activities (such as lending activity, which at Banca BSI Italia is currently conducted in close coordination with, and according to the guidelines set by, the banking group).

The services most closely related to private-banking operations, such as, for example, investment advisory, will be enhanced and focused in support of the high service levels required for the new Private Division to keep and acquire new clients.

The revision of tools, processes and service levels will also allow the Private Division to focus more closely on supporting and developing private-banking clients through two sales channels, traditional relationship managers and private bankers.

A thorough assessment is currently being conducted of all possible additional synergies and measures to rationalise costs and the organisational structure that may be profitably undertaken from the effective date of the integration of Banca BSI Italia into Banca Generali.

The Branches

The Merger in question will also lead to a revision of the configuration of the branches of Banca Generali and Banca BSI Italia, which currently operate throughout Italy by means of their respective networks of 34 and 9 branches. The aforementioned branches of Banca BSI Italia are listed below:

Milan - Piazza Sant'Alessandro 4
Rome - Via Vittorio Veneto 84
Turin - Via Maria Vittoria 6
Bologna - Via Farini 3
Naples - Via dei Mille 40
Bergamo - Via Camozzi 5
La Spezia - Via Chiodo 159
Florence - Via G.Amendola 12
Treviso - Piazza Rinaldi 10

On the effective date of the Transaction, the Issuer will become the owner of the nine branches of Banca BSI Italia listed above.

In addition, there is also a plan to rationalise and refocus Banca Generali's branch network, the effects of which should begin to be felt in 2010. Changes under this plan could involve the total number of branches or the quantity and quality of the services offered, with a special focus on those aimed at, and specifically devised for, private-banking clients.

In this regard, it should be noted that in 2009 a workgroup consisting of exponents of Banca Generali and Banca BSI Italia conducted strategic assessments aimed at defining the guidelines for the revision of the post-Merger branch network, which will be followed by thorough planning of the ensuing operational activities.

Personnel

Banca Generali's and Banca BSI Italia's workforce amounted to 566 and 127 resources respectively, at 30 June. In further detail, Banca BSI Italia's workforce is primarily assigned to marketing, support, marketing control, and outsourcing control functions, inasmuch as the organisational model in force at the Banking Group prior to the Merger called for Banca BSI Italia's staff, management and operational support functions to be centralised with the parent company, Banca Generali. In detail, 8 employees of Banca BSI Italia are assigned to the Investment Department, which is responsible for asset management, whereas 91 belong to the RM Marketing Department, 62 of whom are Relationship Managers assigned to manage and develop relationships with clients.

As described in the foregoing paragraph 2.2.1 of this Information Document, the Merger of Banca BSI Italia into the Issuer will be carried out by integrating the private-banking operations currently conducted by the Merged Company into Banca Generali and then creating a specific division within the Issuer and eliminating Banca BSI Italia's corporate and organisational structure, which will be redundant after the Merger. This integration will thus allow a rationalisation of the number of resources presently employed by the Banks Participating in the Merger.

In particular, the rationalisation will involve resources devoted to activities to be discontinued, either because they will no longer be required for the governance and coordination of Banca BSI Italia as a separate company (for example, outsourcing control, sales network coordination, etc.), or as a consequence of the management, administration and control of a single company instead of the two current banks (for example, the preparation of a single set of financial statements and the associated obligations), resulting in the redundancy of some resources assigned to these tasks. In detail, current plans call for a decrease in the workforce of the two banks by approximately 20 resources.

It should also be noted that the transfer by Banca BSI Italia of its portfolio management Business Unit to BG SGR S.p.A. (for a description of which refer to paragraph 2.1.2.1 of this Information Document) will allow a rationalisation of units charged with portfolio management and an ensuing decrease in the resources assigned to this activity by a total of approximately 6, when fully implemented. However, this decrease will not affect Banca BSI Italia's present key managers, who will continue to be employed within the Group.

The corporate actions described above will entail the need to initiate procedures for dialogue with labour unions in order to manage redundancies in the terms established by law and the National Collective Labour Agreement applicable to the credit sector. These procedures were initiated on 2 October 2009.

<u>Information technology and accounting procedures</u>

Turning to the technical structures that support banking operations, the migration of the information technology system provided by CSE - Consorzio Servizi Bancari Società consortile a responsabilità limitata used by Banca BSI Italia, which will be discontinued following the Merger, to the information technology system provided by CSE used by Banca Generali (the target system) is critical to ensuring the continuity of operation of the new Private-Banking Division.

In particular, the migration following the integration of Banca BSI Italia's technical and operational structures into Banca Generali will permit a significant degree of optimisation and process streamlining, including, for example:

(i) a significant decrease in activities devoted to configuring and managing IT applications by administrative units (due to the elimination of the Banca BSI Italia platform);

(ii) the simplification of the data processing stage and subsequent controls (checking and balancing) by back offices;

(iii) the elimination of the use by Banca BSI Italia of Banca Generali's services to (a) send orders to Capital Markets (b) undertake all securities settlement transactions and (c) undertake all operations on foreign payment systems, with the discontinuation of the related activities;

(iv) the possible unification of the Disaster Recovery and Business Continuity plans of Banca Generali and Banca BSI Italia, which require constant maintenance and costly periodic operability testing.

The clear advantage of organising a migration between similar information technology platforms managed by the same outsourcer coexists alongside the need to implement the functions and customised features required by the special nature of private-banking service on the target information technology platform.

In this regard, it should be noted that, at the date of this Information Document, the Merging Company and IT outsourcer, which currently manages the databases of the platform of the Issuer and Merged Company, and which will continue to manage the databases of Banca Generali's platform post-Merger, have already completed the required analyses regarding the strategies for migrating Banca BSI Italia's data. The migration of data from Banca BSI Italia's information technology system to that used by Banca Generali is planned to be carried out concurrently with the effective date of the Merger.

2.3 DOCUMENTS AVAILABLE TO THE PUBLIC

2.3.1 Locations where the documents may be viewed

This Information Document, together with all related attachments, is available to the public at the registered office of Banca Generali S.p.A. in Trieste at Via Machiavelli 4 and at the registered office of Banca BSI Italia in Milan at Piazza Sant'Alessandro 4, as well as at the offices of Borsa Italiana S.p.A., by the terms set forth in Article 70, paragraph 4, of the CONSOB Regulation.

This Information Document and the attachments hereto are also available on Banca Generali's website at the address *www.bancagenerali.com*.

3. SIGNIFICANT EFFECTS OF THE MERGER

3.1 SIGNIFICANT EFFECTS OF THE MERGER ON KEY FACTORS INFLUENCING AND CHARACTERISING THE ACTIVITIES OF BANCA GENERALI AND THE TYPE OF BUSINESS BEING CARRIED OUT

It is expected that the Merger of Banca BSI Italia into Banca Generali will yield significant positive effects on the Issuer's operations in terms of:

- operating synergies;
- reduction of operating costs relating to management.

Operating synergies

The Merger in question should allow the Group to exploit operating synergies within the Generali Group to a greater extent than at present.

In further detail, as illustrated in paragraphs 2.2.1 and 2.2.2 of this Information Document, the integration of Banca BSI Italia and Banca Generali through the merger entailing the transfer of Banca BSI Italia's private-banking operations to a dedicated internal division of the Issuer will allow the private-banking sector to secure important advantages in terms of (i) brand awareness and (ii) the direct use of Banca Generali's operating and corporate structure.

In terms of brand awareness, since the integration of Banca Generali and Banca BS Italia will allow private-banking operations to make use of a brand directly tied to a brand as strong and recognizable as that of the Generali Group, the Merger represents a clear advantage in consolidating present clients and attracting and developing potential clients, especially during the current period of strong turbulence and a lack of confidence in financial institutions by clients.

As for the direct use of Banca Generali's operating and corporate structure, in addition to entailing considerable advantages in terms of cost reduction, as described below, this aspect will also allow the Private-Banking Division to continue to offer specific products and services to clients and remain autonomous, as required by the particular nature of the private-banking industry, in defining and managing its marketing policy, while at the same time directly exploiting both Banca Generali's structures and the professional skills and competences offered by these structures. In this regard, the governance and coordination structure for sales networks will be simplified by charging the Retail division (including Banca Generali's current financial advisors network) and the Private Banking division (consisting of Banca BSI Italia's current private banker and relationship manager sales networks) with reporting directly to Banca Generali's General Manager, with clear benefits in terms of efficiency gains and the enhancement of controls.

Reduction of operating costs relating to management

In addition to yielding clear benefits in terms of the operating synergies described above, the reunification of the activities typical of private-banking units within Banca Generali will result in the obtainment of significant advantages in terms of cost reduction by means of:

(i) the elimination of Banca BSI Italia's corporate structure, which will be superfluous post-Merger, with the ensuing elimination of the related organisational expenses. In this regard, it should be noted that the administrative costs of management and the activities of the board of directors, board of statutory auditors and independent auditors amounted to 0.2 million euros in the first six months of the current year. The cost savings in question is reflected in the pro-forma data set forth in paragraph 5.2.5 below.

(ii) the optimisation of the structure of operating costs, which will benefit from the efficiency gains, results from the centralisation with a single structure of all front and back-office activities with the ensuing possible improvement in the quality of these processes;

(iii) the simplification of information technology and administration related to the integration of Banca Generali and Banca BSI Italia, and in particular the migration of the information technology structure and database from Banca BSI Italia to Banca Generali, which will be carried out once the

Merged Company's application platform has been discontinued. In this regard, it should be noted that over time this discontinuation will generate important savings in terms of both the licenses required for the use of information technology platforms and the costs related to developing and maintaining systems;

(iv) the discontinuation of all outsourcing services currently rendered by the Parent Company to its subsidiary, with the ensuing savings of intragroup VAT. This expense item amounted to 0.6 million euros in the first half of 2009. The cost savings in question is reflected in the pro-forma data set forth in paragraph 5.2.5 below.

The Merger is also expected to result in significant synergetic effects and cost savings on human resources as described in further detail of paragraph 2.2.2 of this Information Document.

Lastly, as stated in paragraph 2.2.1 of the Information Document, to which the reader is referred, the absorption of Banca BSI Italia into Banca Generali will only occur after Banca BSI Italia has de-merged its portfolio management business unit and transferred it to BG SGR S.p.A. in order to permit portfolio management activity to be centralised with BG SGR S.p.A., the Group's management company, the core business of which is to host the asset management production capacity in Italy intended for retail clients within the Banca Generali Group.

Finally, it should be noted that the savings arising from the integration of Banca BSI Italia into Banca Generali through the Merger, as illustrated above, have been estimated on a conservative basis, and could thus effectively prove greater than that estimated by the management.

3.2 ANY IMPLICATIONS OF THE MERGER FOR STRATEGIC GUIDELINES CONCERNING COMMERCIAL, FINANCIAL AND CENTRALISED SERVICE DEALINGS BETWEEN BANCA GENERALI GROUP ENTITIES

It should be noted that the integration of Banca BSI Italia into Banca Generali through the Merger in question will not result in changes to strategic guidelines, but rather the consolidation and reinforcement of the banking group's marketing strategies, the key points of which are summarised below:

- ensuring and strengthening an integrated group that combines the activities of distributing, selecting and producing financial products in a qualified manner, supported by a banking platform that allows relationships with the target clientele to be based on the availability of advisory services;
- focusing and developing a diversified product line, including a wide range of asset management, insurance and asset administration products capable of fully satisfying clients' needs;
- enhancing the open product architecture capable of selecting the best asset management products available at the international level to be offered to clients;
- segmenting clients and specialising offerings owing to the presence of highly qualified staff aimed at serving solely affluent and private clients through dedicated distribution channels.

In particular, the integration of the two banks is aimed at improving particular aspects of the Banca Generali Group's current strategies. To this end, it should be noted that the organisational simplification to be achieved through the Merger does not in any way aim to challenge the existence of a division devoted to the most sophisticated clients, but rather to maintain the current distinctive traits that set the Group apart in terms of marketing and service standards. In this regard, it should be noted that when the Merger has been completed, approximately 300 staff members (consisting of financial advisors and salaried relationship managers) will continue to provide private banking services within a specific division (the Private-Banking Division) of Banca Generali, the commercial management of which will remain distinctive in order to ensure the required autonomy in defining and implementing marketing policy, although the Division will indeed be centralised at the Parent Company.

In consideration of the foregoing, it should also be noted that the Group has embarked upon a process of strategic inquiry aimed at ensuring that the rationalisation that may be achieved through integration occurs in accordance with the development of the Group's current business model, which focuses on both affluent and top clients. In particular, it is the Group's intention that the integration to be effected through the

Merger in question be aimed at achieving the goal of further specialising the offering of financial products and advisory services both for affluent and private-banking clients, for example by establishing dedicated back-office and marketing units capable of producing a clearer, more appropriate differentiation of service standards and offerings.

Lastly, (as described in further detail in paragraph 3.1 of this Information Document), it should be noted that, in terms of the brand and marketing policy, the possible direct use in private-banking operations of the strength of the Generali brand could represent an advantage for Banca Generali's Private-Banking Division in terms of brand awareness, with the ensuing benefits from a commercial standpoint not only for Banca Generali, but also for the entire Group.

4. PROFIT AND LOSS, BALANCE SHEET AND CASH FLOW FIGURES OF BANCA BSI ITALIA

This chapter contains the profit and loss and balance sheet situations of Banca BSI Italia for the years ended on 31 December 2008 and 2007 and the half-years ended on 30 June 2009 and 2008. The figures presented were drawn from the annual and interim financial statements of Banca BSI Italia.

4.1 COMPARATIVE BALANCE SHEETS AND PROFIT AND LOSS ACCOUNTS OF BANCA BSI ITALIA S.P.A. FOR THE YEARS ENDED 31 DECEMBER 2008 AND 31 DECEMBER 2007: BRIEF NOTES

Selected information from the financial statements of Banca BSI Italia for the years ended 31 December 2008 and 31 December 2007 is presented below.

These financial statements of Banca BSI Italia have been drawn up in compliance with Italian Legislative Decree 38 of 28 February 2005, based on the International Accounting Standards issued by the International Accounting Standards Board (IASB) and interpretation of the International Financial Reporting Interpretations Committee (IFRIC), and endorsed by the European Commission with Regulation No. 1606 of 19 July 2002.

In preparing the annual financial statements, the company adopted the IAS/IFRS in force respectively at 31 December 2008 and 2007 (including SIC and IFRIC interpretations), which were endorsed by the European Union.

The financial statements were prepared in accordance with the instructions issued by the Bank of Italy (in the exercise of the powers vested in it by Article 9 of Legislative Decree 38/2005) in the Order of 22 December 2005 with which Circular No. 262 was issued.

The annual report consists of the following documents:

- Balance Sheet;
- Profit and Loss Account;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Notes and Comments

The financial statements for the years ended on 31 December 2008 and 2007 have been audited by Reconta Ernst & Young S.p.A., which issued the respective audit reports containing no remarks on 30 March 2009 and 28 March 2008.

The interim financial statements for the six months ended 30 June 2009 were the object of a limited audit by Reconta Ernst & Young S.p.A., which issued its limited audit report containing no remarks on 25 August 2009. The foregoing report contains the following disclosure: "The notes also include the balance sheet figures at 1 January 2009 and profit and loss account figures at 30 June 2008, restated to account for the absorption, effective 1 January 2009, of Banca del Gottardo S.p.A. into Banca BSI Italia S.p.A. The balance sheet figures of Banca del Gottardo Italia S.p.A. at 31 December 2008 used to restate the balance sheet figures at 1 January 2009 have been examined by another auditor, which issued a report on 31 March 2009. We did not examine the profit and loss account figures of Banca del Gottardo S.p.A. at 30 June 2008 used to restate the profit and loss account figures at the same date."

The interim financial statements for the six months ended 30 June 2008 were the object of a limited audit by Reconta Ernst & Young S.p.A., which issued its limited audit report containing no remarks on 27 August 2008.

Balance sheets of Banca BSI Italia S.p.A. at 31 December 2008 and 31 December 2007 (€ thousand)

Assets	31/12/2008	31/12/2007

10.	Cash and deposits	843,032	877,469
20.	Financial assets held for trading	1,005,869	684,965
40.	Financial assets available for sale	521,595	819,543
60.	Loans to banks	776,964,280	708,597,965
70.	Loans to customers	78,976,531	88,392,807
80.	Hedging derivatives	33,434	-
100.	Equity investments	62,000,000	-
110.	Property and equipment	2,467,729	2,881,924
120.	Intangible assets	1,076,649	1,379,405
130.	Tax receivables	23,123,532	16,320,990
	a) current	8,935,772	744,859
	b) prepaid	14,187,760	15,576,131
150.	Other assets	46,672,534	27,478,029
	Total assets	**993,685,185**	**847,433,097**

	Net Equity and Liabilities	**31/12/2008**	**31/12/2007**
10.	Due to banks	15,651,576	5,536,035
20.	Due to customers	859,190,023	744,128,592
30.	Securities issued	1,174,753	-
40.	Financial liabilities held for trading	842,188	460,925
60.	Hedging derivatives	35,283	-
80.	Tax payables	341,613	349,421
	b) deferred	341,613	349,421
100.	Other liabilities	19,558,777	49,797,380
110.	Employee termination indemnities	739,782	993,343
120.	Provisions for liabilities and contingencies:	24,405,569	24,522,035
	b) other provisions	24,405,569	24,522,035
130.	Valuation reserves	-527,759	-157,297
160.	Reserves	10,820,710	3,578,140
170.	Additional paid-in capital	-	7,989,584
180.	Share capital	80,235,162	21,298,416
200.	Net profit (loss) for the year (+/-)	-18,782,492	-11,063,477
	Total Net Equity and Liabilities	**993,685,185**	**847,433,097**

Profit and loss accounts of Banca BSI Italia S.p.A. for the years ended 31 December 2009 and 31 December 2008 (€ thousand)

		2009	**2008**
10.	Interest income and similar revenues	32,935,890	29,598,018
20.	Interest expense and similar charges	-25,536,241	-20,757,153
30.	**Net interest**	**7,399,649**	**8,840,865**
40.	Commission income	46,057,361	60,555,418
50.	Commission expense	-38,862,265	-41,040,884
60.	**Net commissions**	**7,195,096**	**19,514,534**
70.	Dividends and similar income	15,953	990
80.	Net income (loss) from trading activities	672,859	750,231
90.	Net income from hedging	3,411	-
100.	Gain (loss) from sales or repurchase of:	-	-7,472
	b) financial assets available for sale	-	-7,472
120.	**Net banking income**	**15,286,968**	**29,099,148**
130.	Net adjustments/reversal due to impairment of:	-7,466	-4,427
	a) receivables	-7,466	-4,427
140.	**Net result from banking operations**	**15,279,502**	**29,094,721**
150.	General and administrative expense:	-31,262,065	-28,595,826
	a) staff expenses	-10,680,328	-10,007,483
	b) other general and administrative expense	-20,581,737	-18,588,343
160.	Net provisions for liabilities and contingencies	-9,247,836	-14,535,213
170.	Net adjustments/reversal of property and equipment	-711,443	-732,404
180.	Net adjustments of intangible assets	-416,976	-541,215
190.	Other operating expense/income	1,248,128	1,589,868
200.	**Operating expense**	**-40,390,192**	**-42,814,790**
250.	Profit (loss) from operating activities before income taxes	**-25,110,690**	**-13,720,069**
260.	Income taxes for the year on operating activities	6,328,198	2,656,592
270.	Profit (loss) from operating activities net of taxes	-18,782,492	-11,063,477
290.	**Net profit (loss) for the period**	**-18,782,492**	**-11,063,477**

Statement of Changes in Equity of Banca BSI Italia S.p.A. for the year ended December 31, 2008 (€)

	Share capital	Additional paid-in	Reserves		Valuation reserves	Net profit	Net equity
	a) ord. shares	capital	a) retained earnings	b) other	a) available for sale	(loss) for the year	
Balance at 31/12/2007	**21,298,416**	**7,989,584**	**3,578,140**	**-**	**-157,297**	**-11,063,477**	**21,645,366**
Allocation of prior year result	-	-	-11,063,477	-	-	11,063,477	-
– Reserves	-	-	-11,063,477	-	-	11,063,477	-
Change in reserves	-	- 7,989,584	11,063,477	7,242,570	-370,462	-	9,946,001
Transactions on net equity	58,936,746	-	-	-	-	-	58,936,746
– Issue of new shares	58,936,746	-	-	-	-	-	58,936,746
Net profit (loss) for the year	-	-	-	-	-	-18,782,492	-18,782,492
Net equity at 31 December 2008	**80,235,162**	**-**	**3,578,140**	**7,242,570**	**-527,759**	**-18,782,492**	**71,745,621**

Statement of Changes in Equity of Banca BSI Italia S.p.A. for the year ended December 31, 2007 (€)

	Share capital	Additional paid-in	Reserves			Valuation reserves	Net profit
	a) ord. shares	capital	a) retained earnings	b) other	a) available for sale	(loss) for the year	
Balance at 31/12/2006	**9,288,000**	**-**	**3,501,290**	**-**	**-**	**215,400**	**13,004,690**
Amounts at 1 January 2007	9,288,000	-	3,501,290	-	-	215,400	13,004,690
Allocation of prior year result	-		15,400	-	-	-215,400	-200,000
- Reserves	-	-	15,400	-	-	-15,400	-
- Dividends and other destinations	-	-	-	-	-	-200,000	-200,000
Change in reserves	-	-	-	-	-157,297	-	-157,297
Transactions on net equity	12,010,416	7,989,584	-	61,450	-	-	20,061,450
- Issue of new shares	12,010,416	7,989,584	-	-	-	-	20,000,000
- Stock options	-	-	-	61,450		-	61,450
Net profit (loss) for the year	-	-	-	-	-	-11,063,477	-11,063,477
Net equity at 31 December 2007	**21,298,416**	**7,989,584**	**3,516,690**	**61,450**	**-157,297**	**-11,063,477**	**21,645,366**

Cash Flow Statements of Banca BSI Italia S.p.A. for the years ended 31 December 2008 and 31 December 2007 (€ thousand)

Indirect method	2008	2007
A. OPERATING ACTIVITIES		
1. Operations	**-24,806,670**	**-8,169,107**
- Net profit (loss) for the period	-18,782,492	-11,063,477
- Gain/loss on financial assets held for trading	865,653	-176,358
- Gain/loss on hedging assets	1,849	-
- Net adjustments of property, equipment and intangible assets	1,128,419	1,273,619
- Net provisions for liabilities and contingencies and other costs/revenues	-116,466	-10,143,733
- Taxes included in taxes not paid	-6,811,396	-3,434,353
- Other adjustments	-1,092,237	15,375,195
2. Liquidity generated by/used for financial assets (+/-)	**-83,109,560**	**29,760,746**
- Financial assets held for trading	-344,420	205,126,669
- available for sale financial assets	-21,918	-765,227
- loans to banks: repayable on demand	-37,397,454	98,485,949
- loans to banks: other receivables	-30,885,149	-263,992,178
- loans to customers	9,237,271	-1,521,882
- other assets	-23,697,890	-7,572,585
3. Net liquidity generated by/used for financial liabilities (+/-)	**101,040,052**	**-19,610,646**
- Due to banks: repayable on demand	-1,070,634	-2,318,526
- Due to banks: other payables	10,379,174	-10,963,441
- Due to customers	114,981,348	-29,575,448
- Securities issued	1,174,753	-
- Financial liabilities held for trading	-460,925	342,420
- Other liabilities	-23,963,664	22,904,349
Net liquidity generated by/used for operating activities	**-6,876,178**	**1,980,993**
B. INVESTING ACTIVITIES		
1. Liquidity used for	**-62,411,468**	**-1,007,056**
- Purchase of equity investments	-62,000,000	-
- Purchase of property and equipment	-297,248	-794,237
- Purchase of intangible assets	-114,220	-212,819
Liquidity generated by/used for investing activities	**-62,411,468**	**-1,007,056**
C. FUNDING ACTIVITIES		

- Issue/purchase of treasury shares - Distribution of dividends and other	69,253,209 -	- -200,000
Liquidity generated by/used for funding activities	**69,253,209**	**-200,000**
NET LIQUIDITY GENERATED BY/USED FOR IN THE PERIOD	**-34,437**	**773,937**
+ liquidity generated; - liquidity used **Reconciliation**		
Cash and cash equivalents at year-start	877,469	103,532
Liquidity generated by/used for in the year Cash and cash equivalents – effects of exchange rate fluctuations	-34,437 -	773,937 -
Cash and cash equivalents at year-end	843,032	877,469

Accounting Policies

The accounting policies adopted for the preparation of the financial statements, specifically the stages of the classification, recognition, measurement and derecognition of the various asset and liability items, as well as for the recognition of revenue and costs, are the same as those used in both the 2008 and 2007 separate financial statements.

Reclassification of Trade Receivables

In the Note entitled "Rules for the Financial Statements of Banks and Financial Firms", the Bank of Italy announced amendments and additions to financial statement legislation, already in force for the financial statements for the year ended on 31 December 2008, which are contained in an update to Circular No. 262.

In particular, in the section pertaining to "Clarification on financial statements", the supervisory authority states that the item "Loans to customers" also includes trade receivables other than those associated with the payment for goods and services, to be allocated to the item "other assets". This provision is apparently aimed at limiting the content of the item "Loans to customers" to the bank's effective core lending operations. Short-term or on-sight commercial dealings pertaining to the provision of goods and services not involving the allocation of cash, and therefore not considered effective lending transactions, are consequently excluded. To account for this clarification, Banca BSI Italia has reclassified trade receivables claimed from product companies for the placement and distribution of asset management/insurance products, as well as commissions receivable not attributable to specific items included among loans to customers, from the item "Loans to customers" to the item "Other assets" of the 2007 financial statements.

1. **Financial assets held for trading**

Classification

This category includes only debt and equity securities and the positive value of derivative contracts held for trading purposes.

Recognition

Financial assets held for trading are initially recognised on the settlement date (or the date the contract is entered into for derivates). Financial assets held for trading are initially recognised at the fair value of the instrument (normally the purchase price paid), less transaction costs or income directly related to the instrument itself.

Measurement

Subsequent to initial recognition, financial assets held for trading are recognised at fair value.

The fair value of financial instruments quoted in an active market is based on quoted market prices (demand/supply prices or average prices).

A financial instrument is regarded as listed in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry company, pricing service or authorised entity, and those prices represent actual and regularly occurring market transactions on an arm's length basis over a normal reference period. If there is no active market, estimation methods and valuation models that consider all risk factors relating to the instruments based on available market information are used. These include methods based on the quoted prices of instruments with similar characteristics, discounted cash flow analysis, option-pricing models and valuations of recent comparable transactions.

Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from the financial asset expire or when the financial asset, together with substantially all related risks and rewards, is transferred.

2. **Financial assets available for sale**

Classification

This category includes non-derivative financial assets that are not classified as loans or receivables, assets held for trading and held-to-maturity assets. This item also includes minority interests.

Recognition

Initial recognition of these assets takes place on the settlement date.

Upon initial recognition, these assets are measured at fair value (normally the purchase price paid), including the transaction income or expenses directly attributable to the instrument itself.

Measurement

After initial recognition, equities the fair value of which may not be determined reliably according to the foregoing guidelines for assets held for trading are carried at cost.

Impairment tests are performed at the close of each annual and interim reporting period to determine if there is objective evidence of loss in value.

If the reasons for impairment cease to exist due to an event occurring after the impairment was recognised, the impairment loss is reversed through net equity.

The amount of the reversal should not exceed what the cost would have been, had the past adjustments not been made.

Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from the financial asset expire or when the financial asset, together with substantially all the related risks and rewards incidental to ownership, is transferred.

3. **Loans**

Classification

This category includes loan commitments with customers and banks, either granted directly or acquired from third parties, that have fixed or determinable payments and are not listed in an active market and are not initially classified as financial assets available for sale. This category also includes repurchase agreements and securities acquired pursuant to a subscription agreement or through private placement that have fixed or determined payments and are not listed in active markets.

Recognition

A loan is initially recognised when it is disbursed on the basis of the fair value of the financial instrument, which is equal to the amount disbursed, including costs/income directly attributable to the individual loan that may be determined at the inception of the transaction, even if settled at a later time. Costs with the above-described characteristics are excluded if they are to be repaid by a third-party borrower or can be considered normal, internal, general and administrative expense.

The fair value of loans disbursed under non-market conditions is determined using the appropriate valuation techniques; the difference between the fair value and the amount dispensed or the subscription price is recognised in profit or loss.

Swaps and repurchase agreements are recognised as inflows or lending transactions. Specifically, spot sales and forward purchases are recognised as payables for the amount received at the spot rate, while spot purchases and forward sales are recognised as receivables for the amount paid at the spot rate.

Measurement

Subsequent to initial recognition, loans are recognised at *amortised cost*, which is equal to the initially recognised value minus or plus principal repayments, impairments or reversals and the amortisation (calculated using the *effective interest-rate method*) of the difference between the amount disbursed and the amount payable on maturity, which typically comprises the costs and income directly attributable to the individual loan.

The amortised cost method is not used for short-term loans if discounting to present value is deemed to have a negligible effect. The above loans are measured at their historical cost.

At annual and interim reporting dates, an impairment test is performed on loans to determine if there is objective evidence of possible loss in value as a result of events that occurred after their initial recognition. These loans include loans that have been assigned the *status* of *bad, substandard* or *restructured* based on the current regulations of the Bank of Italy.

Derecognition

Transferred assets are removed from the balance sheet only if the transfer results in the transfer of substantially all risks and rewards connected to such assets. Conversely, if the risks and rewards associated with the transferred assets are retained, such assets continue to be recorded in the balance sheet, even if the legal ownership has been transferred.

Where it is impossible to determine that substantially all risks and rewards have been transferred, loans are derecognised from the annual or interim financial statements if no form of control has been retained over them. Conversely, if even partial control is retained, the asset continues to be recognised on the balance sheet to the extent of continuing involvement, which is measured by the exposure to changes in the value of the transferred assets.

Finally, transferred loans are derecognised from the annual or interim financial statements if the contractual rights to receive the respective cash flows are retained and an obligation is assumed to pay these flows, and only these, to other third parties.

4. **Property and equipment**

Classification

Property and equipment include technical systems, furniture, furnishings, electronic systems and other property and equipment. They also include assets held for use in the production or provision of goods and services to be leased to third parties or for administrative purposes and that are expected to be used for more than one year.

Recognition

Property and equipment are initially recognised at cost, which includes the purchase price as well as all directly related costs necessary to purchase the asset and bring it into working condition.

Extraordinary maintenance costs that increase the future economic benefits of the asset are added to the carrying amount of the asset to which they relate, while routine maintenance costs are recognised in profit or loss.

Measurement

Items of property and equipment are measured at cost, less any accumulated depreciation and impairment losses.

They are systematically depreciated over their estimated useful life using the straight-line method. At each annual or interim reporting date, if there is indication that an asset may be impaired, its carrying amount is compared to its recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use, i.e., the present value of future cash flows expected to be generated by the asset. Impairment losses are recognised in the profit and loss account. If the reasons for impairment cease to exist, the impairment loss is reversed; the new amount cannot exceed the carrying amount the asset would have had after depreciation, had no impairment loss been recognised.

Derecognition

Property and equipment are removed from the balance sheet upon disposal or when permanently withdrawn from use and no future economic benefits are expected from their disposal.

5. **Intangible assets**

Classification

Intangible assets include expenditures for software intended for long-term use.

Recognition and measurement

Intangible assets are recorded at cost less any incidental expenses when it is probable that the asset will produce future economic benefits and if the cost of the asset can be reliably determined. When this is not the case, the cost of the intangible asset is recognised in the profit and loss account in the period in which it is incurred.

Intangible assets are amortised on a straight-line basis over their useful lives.

At each reporting date, if impairment is indicated, the recoverable amount of the asset is estimated. The amount of impairment, which is recognised in the profit and loss account, is the amount by which the asset's carrying amount exceeds its recoverable amount.

Derecognition

Intangible assets are removed from the balance sheet on disposal or when no future economic benefits are expected from their use.

6. **Hedging Transactions**

Types of Hedging Transactions

The objective of hedging is to eliminate possible losses on a specific item or group of items that could be incurred as a result of a certain risk with gains on another item or group of items.

Possible types of hedges include:

- Fair-value hedges, intended to hedge exposure to changes in the fair value of a balance-sheet item attributable to a particular risk;
- cash-flow hedges, intended to hedge exposure to changes in future cash flows of balance-sheet items attributable to particular risks;
- hedges of a net investment in foreign operation, intended to hedge the foreign currency exposure of an investment in a foreign enterprise.

Measurement

Derivatives are measured at fair value. Specifically:

- In the case of a fair-value hedge, the change in the fair value of the hedged item is offset by the change in the fair value of the hedging instrument. Both the change in value of the hedged item attributable to the hedged risk (with reference to changes due to the underlying risk factor) and the change in value of the hedging instrument are recognised in profit or loss. Any difference between the two represents an element of ineffectiveness of the hedge and determines the effect on net profit or loss;

- in the case of cash-flow hedges, the effective portion of changes in the fair value of the derivative is recognised immediately in equity and recognised in profit or loss only when there are changes in the cash flow of the hedged item;
- hedges of a net investment in a foreign operation are accounted for similarly to cash-flow hedges.

Derivatives qualify as hedging instruments when the relationship between the hedged item and the hedging instrument is formally documented and the hedge is effective at inception and is expected to be effective on an ongoing basis over the term of the hedge.

The effectiveness of the hedge depends on the degree to which changes in the fair value or cash flows of the hedged item are offset by changes in the fair value or cash flows of the hedging instrument. Effectiveness is thus assessed by comparing these changes in light of the intentions expressed by the enterprise at the hedge's inception.

A hedge is considered effective (within a range of 80-125%) when the changes in fair value (or cash flow) of the hedging instrument almost entirely offset the changes in the hedged item.

Effectiveness is assessed at annual and interim reporting dates using:

- Prospective tests, which justify the use of hedge accounting by demonstrating effectiveness;
- Retrospective tests, which show the degree of effectiveness achieved in the period under review. In other words, retrospective tests measure the extent to which actual results differed from a perfect hedge.

If these tests do not confirm the effectiveness of a hedge, the hedge accounting procedures described above are discontinued and the derivative instrument is reclassified as a trading instrument.

7. **Equity investments**

Classification

This item includes interests in subsidiaries in accordance with IAS 27 and interests in associates in accordance with IAS 28.

Subsidiaries are entities in which the bank directly or indirectly holds more than half of the voting rights, or when, despite having a lower percentage of voting rights, the bank has the power to appoint the majority of directors or determine financial and operating policies of the entity. In assessing voting rights, "potential" rights that can be currently exercised or converted into actual voting rights at any time are taken into account.

Companies are considered associates when the bank holds 20% or more of the voting power and, due to specific legal or economic ties, is presumed to have significant influence.

Recognition

Equity investments are recognised at the transaction settlement date, i.e., the date the acquisition becomes effective. Equity investments are initially recognised at cost, including costs or income directly attributable to the transaction.

Measurement

Equity investments are measured at cost and adjusted for impairment.

When there is indication of a possible loss in value of an equity investment, the recoverable amount of the investment is estimated based on the present value of future cash flows that the company could generate, including the disposal value of the investment.

If the recoverable amount is less than the carrying amount, the difference is recognised in profit or loss.

If the reasons for impairment cease to exist due to an event occurring after the impairment was recognised, the impairment loss is reversed and the reversal is recognised in profit or loss.

Derecognition

Equity investments are derecognised when the contractual rights to receive the cash flows from the financial asset expire or when the financial asset, together with substantially all related risks and rewards, is transferred.

8. Current and Deferred Taxes

Income taxes are recognised as expenses in the profit and loss account on an accruals basis according to the method of recognition of the costs and revenue that have generated them, except for income taxes associated with items debited or credited directly to net equity.

Provisions for income taxes are made based on an estimate of current, advance and deferred tax payables, which are calculated using prevailing tax rates.

Current tax receivables and payables comprise the net balance of current IRES and IRAP tax liabilities for the period.

Specifically, deferred tax payables and receivables are calculated based on the temporary differences — without time limits — between the carrying amount of assets and liabilities and their corresponding values for tax purposes.

Deferred tax assets are recognised to the extent that it is probable that they may be recovered on the basis of the bank's capacity to continue to generate taxable income and of participation in the tax consolidation regime of the parent company, Assicurazioni Generali S.p.A.

Deferred tax receivables and payables are shown separately in the balance sheet and are not offset; deferred tax receivables are recorded under "tax receivables" and deferred tax payables are recorded under "tax payables".

Deferred tax receivables and payables are systematically assessed to take account of any changes in tax legislation or rates as well as changes to the Bank specific situations. The amount of the taxes recognised takes account of expenses that may arise from assessments already notified on the company or from ongoing disputes with tax authorities.

9. Provisions for Liabilities and Contingencies

Employee termination indemnities

Under IAS 19 "Employee Benefits", until 31 December 2006 termination indemnity was considered as a "post-employment benefit" classified as a "defined benefit plan". The benefit was therefore reported in the financial statements based on the actuarial value determined using the "Projected Unit Credit Method".

Following the entry into force of Italy's 2007 Finance Law, which brought forward to 1 January 2007 the supplementary pension reform enacted by Italian Legislative Decree No. 252 of 5 December 2005, the portions of employees' termination indemnities accrued starting from 1 January 2007 must — depending on the employees' choice — be allocated to a supplementary pension fund or maintained within the company and transferred to a special fund managed by Italy's national security institute (INPS).

The entry into force of the aforementioned reform led to a change in the accounting treatment of the termination indemnity, in terms of both the amounts accrued until 31 December 2006 as well as the amounts accrued starting on 1 January 2007.

Specifically:

- termination indemnities accrued by personnel starting on 1 January 2007 are considered a defined contribution plan, whether the employee chooses to redirect such amount to a supplementary pension fund or allocate it to the INPS treasury fund. The amounts accrued must, however, be determined based on the contributions owed without applying an actuarial calculation;
- termination indemnities accrued by personnel up to 31 December 2006 are considered a "defined benefit plan", and therefore must be calculated using actuarial methods; however, after 31 December 2006, such methods no longer involve the proportional allocation of the benefit to the period of service worked. This is because the service period in question is considered fully completed as a result of the change in the accounting nature of termination indemnities accruing beginning on 1 January 2007.

As a result of the legislative changes, employees' termination indemnities must be recalculated at 31 December 2006 using the new actuarial method. The difference resulting from the actuarial calculation is deducted from the defined benefit plan, and, in accordance with IAS 19, the related gains or losses are charged to the profit and loss account (including actuarial components that had not been previously recognized, in accordance with the corridor method – method currently used).

Other provisions

Other provisions for liabilities and contingencies include allocations relating to current provisions arising from a past event where fulfilment of such obligation is likely to require an outflow of financial resources, provided that the amount of the outflow can be reliably estimated.

Where the effect of the time value of money is material, provisions are discounted using current market rates. Provisions are recognised in the profit and loss account.

This item also includes provisions made (based on both individual and collective assessments) to cover possible disbursements in relation to credit risks associated with guarantees and commitments.

10. Debts

Classification

The items due to banks and due to customers comprise the various forms of funding from other banks and customers.

Recognition

Financial liabilities of this sort are initially recognised when the sums raised are collected. Initial recognition is at the fair value of the liabilities, which is normally the amount received plus or minus any costs or income directly attributable to the transaction and not repaid by the creditor. Internal general and administrative expense are excluded.

Measurement

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method.

This does not apply to short-term liabilities (where the time factor is not material), which continue to be carried at the amount collected. Since Banca BSI Italia S.p.A. has only short-term liabilities, these liabilities are not measured at amortised cost because the effect is negligible.

Derecognition

Financial liabilities are removed from the balance sheet when they mature or are settled, or when previously issued securities are repurchased. The difference between the carrying amount of the liability and the amount paid for repurchase is recognised in the profit and loss account.

11. Financial liabilities held for trading

This item includes the negative value of trading derivative contracts measured at fair value. If the fair value of a financial asset falls below zero due to trading, it is recorded as a financial liability held for trading.

The criteria for measurement and derecognition are the same as those applied to assets held for trading.

12. Foreign Currency Transactions

Initial recognition

On initial recognition, foreign currency transactions are recorded in the functional currency using the exchange rate at the date of the transaction.

Subsequent measurement

At each annual or interim reporting date, monetary items denominated in foreign currency are translated using the exchange rate at that date. The Group has no non-monetary items that are measured at historical cost or fair value. Exchange rate differences that result from the settlement of monetary items or the translation of monetary items at a rate that is different from the one used for initial translation or for translating the previous year's financial statements are recognised in profit or loss in the period in which they arise.

13. Other Information

Share-based payments

Banca BSI Italia S.p.A. has enacted a staff compensation plan based on the equity instruments of the parent company, Banca Generali.

In accordance with IFRS 2 *Shared-based Payments*, the expenditure of this plan is recognised as an expense in the profit and loss account on the basis of the fair value of the financial instruments by breaking down the expenditure over the expected life of the plan.

In further detail, the fair value of the options assigned is measured using a model whose inputs are exercise price, time to maturity, the current share price, expected volatility, expected dividend, the risk-free interest rate, and the specific features of the plan in effect.

The pricing model measures distinctly the option and the probability that the conditions on which basis the option was assigned will be realised. The combination of the two amounts generates the fair value of the assigned instrument. Any reduction in the number of financial instruments assigned is recognised as a cancellation of part of them.

Since the plan is not based on the company's own equity instruments, a liability to the beneficiaries of the plan, which will be realised when the shares are assigned, is recognised as a balancing entry.

Leasehold improvements

Costs associated with refurbishing properties owned by third parties are capitalised due to the fact that, for the duration of the lease, the bank has control of the assets and can therefore receive the related future economic benefits. In accordance with the instructions issued by the Bank of Italy, these items are no longer classified as property and equipment, but rather under item 150 "Other assets". Amortisation is charged based on the remaining useful life, which corresponds to the duration of the lease agreement up to a maximum of five years.

Recognition of costs and revenues

Costs and revenues for the period are recognised in the financial statements according to the matching concept and on an accruals basis. Costs and revenues (IAS 18) are recognised in the profit and loss account when it is likely that the related economic benefits will be provided or received, their value may be reliably computed, and the risks and rewards of the asset or liability have been transferred.

Specifically:

- commissions are recognised on an accruals basis according to the service rendered;
- interest is recognised on a pro-rated basis according to the effective interest rate.

INFORMATION ON THE ASSETS SECTION OF THE BALANCE SHEET AT 31 DECEMBER 2008 AND AT 31 DECEMBER 2007(€ THOUDAND)

Loans to banks

Type of transaction/Values	31/12/2008	31/12/2007
A. Loans to central banks	**-**	**12,158**
2. Mandatory reserve	-	12,158
B. Loans to banks	**776,964**	**696,440**
1. Current accounts and free deposits	447,241	409,454
3. Other loans:	329,723	286,986
3.1 Repurchase agreements	329,723	286,214
3.3 Other	-	772
Total (book value)	**776,964**	**708,598**
Total (fair value)	**776,964**	**708,598**

Loans to customers

Type of transaction/Values	31/12/2008	31/12/2007
1. Current accounts	59,918	58,342
3. Loans	2,799	2,849
4. Credit cards, personal loans and loans on wages	-	56
7. Other	16,167	27,090
9. Non-performing assets	93	56
Total (book value)	**78,977**	**88,393**
Total (fair value)	**78,977**	**88,393**

Equity investments in subsidiary companies, entities jointly controlled or subject to significant influence: information on investment relations (31 December 2008)

Name	Registered office	% interest %	% of voting rights
A. Subsidiary companies wholly controlled			
Banca del Gottardo Italia S.p.A..	Bergamo	100%	100%

Equity investments in subsidiary companies, entities jointly controlled or subject to significant influence: accounting disclosures

Name	Total assets	Revenue	Net profit (Loss)	Net equity	Book value	Fair Value (listed)
A. Subsidiary companies wholly controlled						
1. Banca del Gottardo Italia S.p.A..	378,370	31,143	429	39,357	62,000	X
Total at 31/12/2008	**378,370**	**31,143**	**429**	**39,357**	**62,000**	-

(1) The difference between the carrying value and net equity is due to the goodwill paid to acquire the company.

Tax receivables: breakdown

Type of transaction/Values	31/12/2008	31/12/2007
Current taxation	**8,936**	**745**
- IRES arising on National Tax Consolidation	8,513	437
- IRAP	308	308
- IRPEG refund receivables	115	-
Deferred tax receivables	**14,187**	**15,576**
With impact on profit and loss account	14,166	15,504
- IRES	13,206	14,408
- IRAP	960	1,096
With impact on net equity	21	72
- IRES	-	63
- IRAP	21	9
Total	**23,123**	**16,321**

Current tax receivables consist of taxes withheld and payments on account in connection with IRES and IRAP for the period.

Since Banca BSI Italia participates in the tax consolidation programme of Assicurazioni Generali S.p.A., the net receivable for IRES represents an asset. These amounts are receivables from Assicurazioni Generali S.p.A.

In addition, there are tax consolidation receivables related to the attribution to the consolidation regime of the loss for the period (to the extent used in group settlement).

Effective 2008, this item also includes previous IRPEG receivables for which refunds have been requested, which in 2007 had been included in item 130 other assets - fiscal items.

Deferred tax assets: breakdown

Type of transaction/Values	31/12/2008	31/12/2007
With impact on profit and loss account	14,166	15,504
Tax losses	6,526	7,686
Provisions for liabilities and contingencies	7,595	7,761
Other operating expenses	45	57
With impact on net equity	21	72
Measurement of financial assets available for sale at their fair value	21	72
Total	**14,187**	**15,576**

Other assets: breakdown

	31/12/2008	31/12/2007
Fiscal items	**594**	**433**
Sums due from fiscal authorities for IRPEG to be refunded (1)	-	111
Sums due from fiscal authorities for indirect taxes to be refunded	4	4
Advances paid to fiscal authorities – current account withholdings	-	229
Advances paid to fiscal authorities - stamp duty	577	66
Other sums due from fiscal authorities	13	23
Leasehold improvements	**914**	**1,253**
Loans and advance payments to financial advisors	**8,582**	**7,275**
Advance payments to financial advisors	8,582	7,275
Receivables from product companies (2)	**6,743**	**1,885**
Trade receivables from customers and banks that cannot be traced back to specific items	**1,104**	**1,153**
Sundry advances to suppliers and employees	**1,490**	**514**
Amounts to be debited under processing	**8,127**	**8,591**
Assets liabilities from reclassification of portfolio	-	35
C/a cheques drawn on third parties under processing	1,130	1,006
Amounts to be settled in the clearing house (debits)	695	1,077
Other amounts to be debited under processing	6,302	6,473
Other amounts	**19,119**	**6,374**
Other accrued income and deferred charges that cannot be traced back to specific items	**151**	**126**
Bg Security insurance policies as collateral for deferred bonus	18,867	6,112
Idle caution deposits	11	11
Sundry amounts	90	125
Total	**46,673**	**27,478**

(1) These sums have been reclassified to current tax assets.

(2) Trade receivables from product companies have been reclassified from loans to customers to other assets in accordance with recent updates to financial statement regulations issued by the Supervisory Authority.

INFORMATION ON THE LIABILITIES SECTION OF THE BALANCE SHEET (€ THOUSAND)

Due to banks breakdown

Type of transaction/Values	31/12/2008	31/12/2007
1. Due to central banks	-	-
2. Due to banks	**15,651**	**5,536**
2.1 Current accounts and demand deposits	4	268
2.2 Term deposits	10,993	579
2.3 Loans	4,654	4,650
2.3.2 Other	4,654	4,650
2.6 Other debts	-	39
Total	**15,651**	**5,536**
Fair value	**15,651**	**5,536**

Due to customers breakdown

Type of transaction/Values	31/12/2008	31/12/2007
1. Current accounts and free deposits	602,070	529,342
4. Financing	40,776	-
6. Liabilities for transferred assets non written-off	216,344	214,685
6.1 Repurchase agreements	216,344	214,685
7. Other debts	-	102
Total	**859,190**	**744,129**
Fair value	**859,190**	**744,129**

Due to customers subordinated debts

Type of transaction/Values	31/12/2008	31/12/2007
Due to customers subordinated debts	**40,000**	**-**

The subordinated loan in question was provided by the German insurer Generali Versicherung AG and is intended to improve balance sheet solvency ratios in connection with the acquisition of Banca del Gottardo Italia S.p.A.

The loan, which was disbursed on 1 October 2008, will be repaid in five annual instalments beginning on 1 October 2011.

The interest rate agreed upon is equal to the EURIBOR plus 225 basis points.

Other liabilities: breakdown

	31/12/2008	31/12/2007
Trade payables	**9,562**	**11,905**
Due to suppliers	4,592	3,256
Due to agents and advisers	4,970	8,649
Due to staff and Social Security institutions	**1,709**	**2,091**
Due to staff for accrued holidays etc.	869	832
Contributions to be paid to social security institutions	276	614
Contributions to advisers to be paid to Enasarco	564	645
Tax authorities	**1,981**	**5,758**
Withholdings due to fiscal authorities	1,934	5,657
Notes to be paid in to collection services	47	76
VAT payable	-	25
Third-party assets available for customers	**156**	**22,483**
Incoming bank transfers to be allocated	21	22,218
Sums made available to customers	135	265
Amounts to be debited under processing	**5,829**	**7,342**
Bank transfers, cheques and other sums payable	436	702
Amounts to be settled in the clearing house (credits)	1,780	3,290
Liabilities from reclassification of portfolio subject to collection (SBF)	112	-
Other amounts to be debited under processing	3,501	3,350
Sundry items	**264**	**117**
Amounts to be credited	79	20
Sundry items	185	97
Accrued expenses and deferred income	**58**	**101**
Total	**19,559**	**49,797**

Provisions for Liabilities and Contingencies: breakdown

	31/12/2008	31/12/2007
Provision for staff expenses	**2,992**	**1,619**
Provisions for liabilities and contingencies related to legal disputes	**1,345**	**70**
Provision for risks related to legal disputes concerning embezzlement by financial advisors	1,200	-
Provision for risks related to legal disputes with staff	80	70
Provision for other legal disputes	65	-
Provision for termination indemnity of advisors	**1,605**	**1,457**
Provision for termination indemnity	1,605	1,457
Provision for customer loyalty programmes	**-**	**-**
Provision for commissions to be paid out	**18,448**	**21,367**
Provision for network development incentives	17,517	20,916
Provision for commissions – travel incentives	511	451
Provision for commissions — other	420	-
Other provisions for liabilities and contingencies	**15**	**9**
Provision for stamp and other taxes	**-**	**-**

Total	**24,405**	**24,522**

Provision for staff expenses

The provision for staff expenses is allocated to cover charges for result bonus envisaged by the Group Contratto Integrativo Aziendale (Integrative Corporate Contract) and other bonuses and incentives for network managers and other employees based on their services for the period.

Provisions for advisers' termination indemnity

These provisions include additional allowances for sales network customers and the portfolio overvaluation allowance, paid at certain conditions depending on the size of the portfolio managed at the date of severance.

Provisions for commissions to be paid out

These provisions refer mainly to Group commitments related to recruitment plans for middle-term expansion of managed portfolios.

These plans envisage different kinds of incentives (joining bonus, deferred bonus, volume bonus, etc.) related to the achievement of net inflow objectives and the presence in the company for one or more years (up to 5 or 7 years).

This amount also refers to performance-based incentive programmes, including the “BG Premier Club Trip”, and other special commission plans (supplementary allowances, stabilisers, target-achievement bonuses, etc.) that involve the payment of benefits or increases in advances paid when certain conditions are met, such as continuous service on the network or the achievement of sales targets.

INFORMATION ON THE COMPANY'S EQUITY (€ THOUSAND)

Breakdown of shareholders' equity attributable to the company: breakdown

Items/Values	31/12/2008	31/12/2007
1. Share capital	80,235	21,298
2. Additional paid-in capital	-	7,990
3. Reserves	10,821	3,578
5. Valuation reserves	-528	-157
7.Net profit (loss) for the period	-18,782	-11,063
Total	**71,746**	**21,646**

Guarantees issued and commitments

Transaction	31/12/2008	31/12/2007
1) Financial guarantees issued	1,581	17,039
a) Banks	130	-
b) Customers	1,451	17,039
2) Commercial guarantees issued	11,480	8,819
b) Customers	11,480	8,819
3) Irrevocable commitment to dispense funds	1,680	396
a) Banks	1,680	396
i) of certain use	367	181
ii) of uncertain use	1,313	215
6) Other commitments	3,434	3,434
Total	**18,175**	**29,688**

Commitments to banks of uncertain use refer to the commitment to participate in the Interbank Deposit Protection Fund.

Other commitments refer to commitments assumed in connection with participation in placing and underwriting syndicates for public sale offerings with institutional counterparties.

Irrevocable commitments to banks of certain use pertain to securities to be received from Banca Caboto and Banca Generali.

Trading of financial instruments on behalf of third parties

Type of service	31/12/2008	31/12/2007
2. Portfolio management	**615,755**	**1,089,567**
a) individual	615,755	1,089,567
3. Custody and administration of securities	**3,615,695**	**3,043,479**
b) other third-party securities held in deposit: other	**1,788,956**	**1,521,632**
1. issued by the bank that prepares the financial statements	1,040	-
2. other	1,787,916	1,521,632
c) third-party securities deposited with third parties	**1,787,916**	**1,521,632**
d) portfolio securities deposited with third parties	**38,823**	**215**

INFORMATION ON THE PROFIT AND LOSS ACCOUNTS AT 31 DECEMBER 2008 AND AT 31 DECEMBER 2007(€ THOUDAND)

Interest income and similar revenues: breakdown

	Performing financial assets		Non-performing financial assets	Other assets	31/12/2008	31/12/2007
	Bonds	Financing				
1. Financial assets held for trading	72	-	-	-	72	4,156
4. Loans to banks	-	28,795	-	-	28,795	21,466
5. Loans to customers	-	4,067	-	-	4,067	3,974
9. Other assets	-	-	-	2	2	2
Total	**72**	**32,862**	**-**	**2**	**32,936**	**29,598**

Interest expense and similar charges: breakdown

	Debts	Securities	Other liabilities	31/12/2008	31/12/2007
1. Due to banks	353	-	-	353	612
2. Due to customers	12,782	-	-	12,782	10,845
6.Financial liabilities relative to transferred assets not written off	12,357	-	-	12,357	9,300
8. Hedging derivatives	-	-	44	44	-
Total	**25,492**	**-**	**44**	**25,536**	**20,757**

Commission income: breakdown

	31/12/2008	31/12/2007
a) Guarantees issued	82	67
c) Management, brokerage and consultancy services:	45,442	60,091
1. trading of financial instruments	4	5
2. currency trading	1	3
3. asset management	2,687	4,823
3.1. Individual	2,687	4,823
4. custody and administration of securities	225	194
6. placement of securities	25,314	21,068
7. order collection	5,628	7,226
9. distribution of third-party services	11,583	26,772
9.1. asset management	5,515	18,906
9.1.1. individual	5,458	18,871
9.1.2. collective	57	35
9.2. insurance products	5,958	7,667
9.3. other products	110	199
d) Collection and payment services	428	285
h) Other services	105	112
Total	**46,057**	**60,555**

Commission expense: breakdown

	31/12/2008	31/12/2007
c) Management and brokerage services:	38,296	40,570
1) Trading of financial instruments	350	614
3. Asset management:	167	660
3.1 Own portfolio	167	660
4. Custody and administration of securities	446	461
6. External offer of financial instruments, products, and services	37,333	38,835
d) Collection and payment services	167	153
e) Other services	399	318
Total	**38,862**	**41,041**

Staff expenses: breakdown

	31/12/2008	31/12/2007
1) Employees	**9,984**	**8,793**
a) Wages and salaries	5,025	5,297
b) Social security charges	1,279	1,437
e) Provisions for termination indemnity	22	88
g) Amounts paid to supplementary external pension funds:	493	447
- defined contribution	493	447
h) Costs related to payment agreements based on own equity instruments	-	61
i) Other employee benefits	3,165	1,463
2) Other staff	**377**	**958**
3) Directors and Auditors	**319**	**256**
of which costs related to payment agreements based on own equity instruments	7	8
Total	**10,680**	**10,007**

Other general and administrative expense: breakdown

	31/12/2008	31/12/2007
Administration	**2,923**	**1,555**
- Advertising	143	67
- Consultancy and professional advice expenses	1,405	287
- Financial consultancy expenses	240	381
- Independent Auditors	106	139
- Insurance	864	455
- Entertainment expenses	51	125
- Membership contributions	110	100
- Charity	4	1
Operations	**12,668**	**12,356**
- Rent and usage of premises and management of property	3,459	3,380
- Outsourced services (administration, call centre)	6,912	6,436
- Post and telephone	627	747
- Print material	361	246
- Other expenses for sales network management	292	674
- Other expenses and purchases	1,017	873
Information system and equipment	**3,789**	**3,448**

- Expenses related to outsourced IT services	2,714	2,327
- Fees for IT services and databases	342	410
- Software maintenance and servicing	351	210
- Fees for equipment hired and software used	310	400
- Other maintenance	72	101
Indirect taxation	**1,202**	**1,229**
Total	**20,582**	**18,588**

Net provisions for liabilities and contingencies: breakdown

	31/12/2008			31/12/2007		
	Provisions	**Excess**	**equity**	**Provisions**	**Excess**	**equity**
Provisions for risks related to commissions to be assigned	7,782	-17	7,765	13,907	-87	13,820
Provision for risks related to legal disputes with subscribers	1,200	-	1,200	-	-	-
Provision for risks related to legal disputes with advisors	-	-	-	-	-	-
Provision for risks related to legal disputes with staff	80	-10	70	70	-	70
Provisions for risks related to legal disputes with other parties	65	-	65	-	-	-
Provision for termination indemnity for financial advisors	148		148	645		645
Provision for risks related to staff expenses	-	-	-	-	-	-
Total	**9,275**	**-27**	**9,248**	**14,622**	**-87**	**14,535**

INFORMATION ON RISKS AND RISK HEDGING POLICIES (€ THOUSAND)

Credit Risk

Credit risk is defined as the possibility that a counterparty may become insolvent, or the likelihood that a debtor may fail to fulfil its obligations or fulfil its obligations on a delayed basis with respect to predetermined due dates.

In further detail, credit risk arises from the possibility that an unexpected variation in the creditworthiness of a counterparty to which the bank has an exposure may result in a corresponding unexpected variation in the market value of the loan position.

The credit risk management process is set at the Group level.

The risk management policy defines the bodies and functions involved in managing risk and the procedures for identifying, measuring, controlling and reporting credit risk.

The Bank has a lending department which is responsible for lending activities and managing the credit lines granted in accordance with the Lending Rules.

The lending function manages and monitors credit, with a particular focus on doubtful loans.

The process of identifying doubtful loan positions requires constant monitoring of expired positions: after sending an initial request to comply with the commitment, the next step is to turn the matter over to top national credit collection companies. The classification as bad loans occurs when the Bank receives a negative report from the credit collection company.

Loans are made to private clients of high standing, generally with collateral, and to corporate clients with the appropriate guarantees.

A contract known as the Risk Participation Agreement has been in force with BSI S.A. since 2004. This contract allows Banca BSI Italia to transfer part of the risk associated with certain lending practices, after obtaining the approval of supervisory entities.

With reference to adoption of IAS/IFRS, Banca BSI Italia S.p.A. applied what has been developed in the Basel II framework. In this context, estimates of the PD (Probability of Default) and LGD (Loss Given Default) have been incorporated into the overall measurement process as a basis for segmenting the Group's loans and determining the write-down percentage for the portfolio of performing loans.

There were no doubtful loan positions of significant amount at 31 December 2007 and 31 December 2008. Accordingly, no adjustments have been recognised.

Breakdown of financial assets by portfolio and credit quality (balance sheet amounts)

Portfolios/Quality	Bad loans	Substandard loans	Restructured loans	Expired loans	Country risk	Other assets	Total
1. Financial assets held for trading	-	-	-	-	-	1,006	1,006
2. Financial assets available for sale	-	-	-	-	-	522	522
4. Loans to banks	-	-	-	-	-	776,964	776,964
5. Loans to customers	-	78	-	14	-	78,884	78,976
8. Hedging derivatives	-	-	-	-	-	33	33
Total at 31 December 2008	-	78	-	14	-	857,409	857,501
Total at 31 December 2007	-	4	-	53	-	798,438	798,495

Market risk

Market risk is represented by the possibility to suffer losses due to variations in the value of a security or a portfolio of securities associated with unexpected variations in market conditions (share prices, interest rates, exchange rates, the prices of goods and the volatility of risk factors).

The market risk management process is set at the Group level.

The risk management policy defines the bodies and functions involved in managing risk and the activities of identifying, measuring, controlling and reporting market risk.

Market risks are managed within the preset trading limits decided by the Board of Directors.

Interest Rate Risk – Regulatory Trading Book

Regulatory trading portfolio: broken down by time-to-maturity (repricing date) of cash assets and liabilities and financial derivatives

Type/Time-to-Maturity	On demand	Up to 3 months	Over 3 months, up to 6 months	Over 6 months, up to 1 year	Over 1 year, up to 5 years	Over 5 years, up to 10 years	Over 10 years	Unspecified maturity	Total 31/12/2008
1. Cash assets	**-**	**308,949**	**19,055**	**100**	**-**	**-**	**-**	**-**	**328,104**
1.1 Debt securities	-	-	-	-	-	-	-	-	
- other entities	-	8	-	100	-	-	-	-	108
1.2 Other assets	-	308,941	19,055	-	-	-	-	-	327,996
2. Cash liabilities	**-**	**215,622**	**-**	**-**	**-**	**-**	**-**	**-**	**215,622**
2.1 PCT liabilities	-	215,622	-	-	-	-	-	-	215,622
3. Financial derivatives	**-**	**31,061**	**9,797**	**7,033**	**-**	**-**	**-**	**-**	**47,891**
3.1 With underlying securities	-	459	459	3,433	-	-	-	-	4,351
+ long-term positions	-	94	365	3,433	-	-	-	-	3,892
+ short-term positions	-	365	94	-	-	-		-	459
3.2 Without underlying securities	-	30,602	9,338	3,600	-	-	-	-	43,540
+ long-term positions	-	15,301	4,669	1,800	-	-	-	-	21,770
+ short-term positions	-	15,301	4,669	1,800	-	-	-	-	21,770

Interest Rate Risk – Banking Portfolio

Banking portfolio: broken down by time-to-maturity (according to repricing date) of financial assets and liabilities.

Type/Time-to-Maturity	repayable on demand	Up to 3 months	Over 3 months, up to 6 months	Over 6 months, up to 1 year	Over 1 year, up to 5 years	Over 5 years, up to 10 years	over 10 years	Unspecified maturity	Total 31/12/2008
1. Cash assets	**504,881**	**18,076**	**799**	**2,174**	**288**	**-**	**-**	**-**	**526,218**
1.2 Loans to banks	447,242	-	-	-	-	-	-	-	447,242
1.3 Loans to customers									
- current accounts	57,542	275	20	2,174	-	-	-	-	60,011
- with early repayment option	-	1,770	779	-	288	-	-	-	2,837
- other entities	97	16,031	-	-	-	-	-	-	16,128
2. Cash liabilities	**602,853**	**12,168**	**-**	**44,650**	**-**	**-**	**-**	**-**	**659,671**
2.1 Due to customers									
- current accounts	602,070	-	-	-	-	-	-	-	602,070
- other entities	775	-	-	40,000	-	-	-	-	40,775
2.2 Due to banks									
- current accounts	8	-	-	-	-	-	-	-	8
- other payables	-	10,993	-	4,650	-	-	-	-	15,643
2.3 Debt securities									-
- other entities	-	1,175	-	-	-	-	-	-	1,175
3. Financial derivatives	**-**	**972**	**-**	**-**	**-**	**-**	**-**	**-**	**972**
3.1 With underlying securities	-	972	-	-	-	-	-	-	-
+ long-term positions	-	972	-	-	-	-	-	-	972

Liquidity risk

Liquidity risk is manifested in the form of the breach of payment obligations, which may be caused by an inability to procure funding (funding liquidity risk) or the existence of limits on the divestment of assets (market liquidity risk).

Liquidity risk also includes the risk of fulfilling payment obligations at above-market costs, incurring a high cost of funding, or (and, in some occasions, simultaneously) incurring capital losses on the divestment of assets.

The liquidity risk management process is set at the Group level.

The risk management policy defines the bodies and functions involved in managing risk and the activities of identifying, measuring, controlling and reporting liquidity risk.

Liquidity risk management is carried out within preset operating limits established by the Board of Directors, aimed at optimising cash flows and market interest rates.

Breakdown of assets and liabilities by maturity

Item /Time-to-Maturity	On demand	Over 1 days up to 7 days	Over 7 days up to 15 days	Over 15 days up to 1 month	Over 1 month up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 5 years	Over 5 years	Unspecified maturity	Total 31/12/2008
Cash assets											
A.5 Loans	-	-	-	-	-	-	-	-	-	-	-
- to banks	447,242	27,759	30,609	101,899	150,388	19,067	-	-	-	-	776,964
- to customers	57,610	675	43	11,312	1,325	3,152	2,294	867	1,604	94	78,976
Total	**504,852**	**28,434**	**30,652**	**113,211**	**151,713**	**22,219**	**2,294**	**867**	**1,604**	**94**	**855,940**
Cash liabilities											
B.1 Deposits	-	-	-	-	-	-	-	-	-	-	-
- from banks	13	-	-	10,473	515	-	-	-	4,650	-	15,651
- from customers	602,845	-	-	-	-	-	-	24,000	16,000	-	642,845
B.2 Debt securities	-	202	-	478	495	-	-	-	-	-	1,175
B.3 Other liabilities	-	24,757	38,862	75,290	77,134	301	-	-	-	-	216,344
Total	**602,858**	**24,959**	**38,862**	**86,241**	**78,144**	**301**	**-**	**24,000**	**20,650**	**-**	**876,015**
Off-balance sheet transactions											
C.1 Financial derivatives with capital swap.	-	-	-	-	-	-	-	-	-	-	-
- long-term positions	824	378	374	11,673	2,558	4,672	1,897	273	-	-	22,649
- short-term positions	824	650	740	18,909	4,630	7,044	3,241	-	-	-	36,038

Operating risk

Operating risk can be defined as the possibility of loss resulting from the inadequacy or failure of processes, human resources or internal systems, or from external events. This category includes losses deriving from fraud, human error, interrupted operations, system breakdown, breaches of contract, and natural catastrophes. Operating risk includes legal risk, which may be defined as the risk of losses arising from breaches of laws or regulations, liability under contract or in tort, or other disputes.

Operating risk is intrinsically linked to all of the Bank's operations that involve the use of human resources, processes, systems and tangible and intangible assets.

The Group has established an operating risk management policy at the Group level that specifies the bodies and functions involved in the management of this type of risk and sets forth the guidelines for the identification, measurement, control and reporting of operating risk.

The parent company's Organisation and IT Department ensures the efficient operation of application procedures and IT systems for the entire Banking Group, in support of organisational processes within the context of the management of operating risk.

The parent company's Legal and Compliance Department is tasked with contributing to the management of operating risks, to the extent of its competence, through the management and monitoring of law suits. Particular attention is devoted to the control and monitoring of the risk of fraud, given the Group's organisational configuration.

The parent company's Risk Management Service is responsible for third-tier controls of operating risk and is consequently tasked with identifying, measuring, controlling and managing operating risk.

The parent company's Internal Audit Service is responsible for third-tier controls of operating risk.

To reinforce the efficacy of the control process, Banca BSI Italia's Board of Directors, in compliance with Bank of Italy circular No. 84001014 of 20 April 2004 and the subsequent Regulatory Provision No. 311014 of 23 March 2007, has approved a Business Continuity Plan.

Moreover, the Bank has insurance coverage for operating risks deriving from acts of third parties or caused to third parties and adequate clauses covering damages caused by providers of infrastructure and services.

INFORMATION ON EQUITY (€ THOUSAND)

The main objective of the management strategy for shareholders' equity is to ensure that Banca BSI Italia's equity and ratios are consistent with its risk profile and regulatory requirements.

Banca BSI Italia is subject to the equity adequacy requirements established by the Basel Committee in accordance with the guidelines set forth by the Bank of Italy.

Such rules require that banks maintain a certain level of capital for regulatory purposes, which is separate from the shareholders' equity stated in the financial statements. Regulatory capital requirements are calculated as the sum of positive and negative items, which are included in the calculation based on the quality of capital attributed to them. Furthermore, the ratio of capital for regulatory purposes to risk-weighted assets must be at least 8% at the individual level for a bank that belongs to a banking group. Total requirements at the individual level are eligible for a lump-sum reduction of 25% for banks that belong to banking groups. The Bank of Italy verifies compliance with said requirements on a quarterly basis.

Compliance with minimum capital requirements is monitored by the Regulatory Reporting function, which is responsible for calculating, disclosing and monitoring regulatory capital and capital requirements on a regular basis as well as safeguarding the related databases of historical information.

Composition of Capital for Regulatory Purposes

Items/Values	31/12/2008	31/12/2007
Tier 1 capital	70,669	20,266
Tier 2 capital	35,259	4,567
Tier 3 capital	481	-

Total capital for regulatory purposes	**106,409**	**24,833**
Net equity for accounting purposes	**71,746**	**21,646**

Items/Values	**31/12/2008**	**31/12/2007**
TIER 1 CAPITAL		
Share capital	80,235	21,298
Additional paid-in capital	-	7,990
Reserves	10,821	3,578
Net profit (loss) for the year	-	-
Dividends for pay-out	-	-
Total positive items	91,056	32,866
Treasury shares	-	-
Loss	-18,782	-11,063
Goodwill	-	-
Intangible assets	-1,077	-1,380
100% negative reserve from valuation of available for sale securities	-528	-157
Total negative items	-20,387	-12,600
Total Tier 1 capital	**70,669**	**20,266**
TIER 2 CAPITAL		
Valuation reserves	-	-
- revaluation reserve	-	-
- 50% reserve from valuation of available for sale securities	-	-
- subordinated liabilities	35,334	4,650
Total positive items	35,334	4,650
Other	-75	-83
Total negative items	-75	-83
Total Tier 2 Capital	**35,259**	**4,567**
TIER 3 CAPITAL		
- subordinated liabilities that may not be included in tier 2 capital	**481**	
Total Tier 3 Capital	**481**	**-**
Total capital for regulatory purposes	**106,409**	**24,833**

Prudential Filters

	31/12/2008	**31/12/2007**
A. Tier 1 capital before application of prudential filters	71,197	20,423
B. Prudential Tier 1 capital filters:	-528	-157
B.1 Positive IAS/IFRS prudential filters (+)	-	-
B.2 Negative IAS/IFRS prudential filters (-)	-528	-157
C. Tier 1 capital before deductions	70,669	20,266
D Deductions from Tier 1 capital	-	-
E. TIER 1 capital (C - D)	70,669	20,266
F. Tier 2 capital before application of prudential filters	35,259	4,567
G. Prudential filters of Tier 2 capital:	-	-
G.1 Positive IAS/IFRS prudential filters (+)	-	-

G.2 Negative IAS/IFRS prudential filters (-)	-	-
H. Tier 2 capital before deductions	35,259	4,567
I Deductions from Tier 2 capital	-	-
L. TIER 2 capital (H - I)	35,259	4,567
M. Total Tier 1 capital and Tier 2 capital after application of prudential filters	105,928	24,833
N. Items to deduct from total Tier 1 and Tier 2 capital	-	-
O. Capital for regulatory purposes	**105,928**	**24,833**
TIER 3 capital	481	-
Capital for regulatory purposes, including TIER 3	**106,409**	**24,833**

Capital Adequacy

Capital for regulatory purposes amounted to 106,409 thousand euros at 31 December 2008, up by 81,576 thousand euros on the end of 2007 as a result of the increase in equity arising from the transactions involved in the acquisition of Banca del Gottardo Italia S.p.A. (share capital increase, payment to replenish losses, and the contracting of a subordinated loan considered part of tier 2 capital) and to the decrease in equity due to the loss for the year.

Total capital adequacy requirements for credit and market risks set by the Supervisory Authority amounted to 13,803 thousand euros, resulting in excess capital for regulatory purposes of 92,606 thousand euros, net of the lump-sum reduction of 25% applicable to Italian groups.

	31/12/2008		**31/12/2007**	
	Non weighted amounts	**Weighted amounts**	**Non weighted amounts**	**Weighted amounts**
A. RISK ACTIVITY	1,297,944	273,308	652,752	177,082
A.1 Credit and counterparty risk				
1. Standardised method	1,297,944	273,308	652,752	177,082
2. Internal rating method	-	-	-	-
2.1 basic	-	-	-	-
2.2 advanced	-	-	-	-
3. Securitisation	-	-	-	-
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 CREDIT RISK		**21,865**		**12,396**
B.2 MARKET RISKS		**673**		**245**
1. Standard method	X	673	X	245
2. Internal models	X	-	X	-
3. Foreign exchange risk	-	-	-	-
B.3 OPERATING RISK	X	**3,231**	X	-
1. Basic method	X	-	X	-
2. Standard method	X	**3,231**	X	-
3. Advanced method	X	-	X	-
B.4 OTHER PRUDENTIAL REQUIREMENTS	X	**-**	X	**-**
B.5 TOTAL PRUDENTIAL REQUIREMENTS (3)	X	**19,327**	X	**12,641**
C. RISK-WEIGHTED ASSETS AND REGULATORY CAPITAL RATIOS				
C.1 Risk-weighted assets	X	**241,584**	X	**180,586**

C.2 Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)	X	**29.25%**	X	**11.22%**
C.3 Capital for regulatory purposes/Risk-weighted assets (Total capital ratio)	X	**44.05%**	X	**13.75%**

4.2 BALANCE SHEET AND PROFIT AND LOSS ACCOUNT OF BANCA BSI ITALIA S.P.A. FOR THE SIX MONTHS ENDED 30 JUNE 2009 COMPARED WITH THE BALANCE SHEET AT 31 DECEMBER 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS ENDED 30 JUNE 2008: BRIEF NOTES

This section contains information on the earnings and financial position of Banca BSI Italia at 30 June 2009, compared with the balance sheet at 31 December 2008 and the profit and loss account at 30 June 2008. The figures have been drawn from the interim financial statements of Banca BSI Italia at 30 June 2009.

The interim financial statements for the six months ended 30 June 2009 were the object of a limited audit by Reconta Ernst & Young S.p.A., which issued its limited audit report containing no remarks on 25 August 2009. The foregoing report contains the following disclosure: *"The notes also include the balance sheet figures at 1 January 2009 and profit and loss account figures at 30 June 2008, restated to account for the absorption, effective 1 January 2009, of Banca del Gottardo S.p.A. into Banca BSI Italia S.p.A. The balance sheet figures of Banca del Gottardo Italia S.p.A. at 31 December 2008 used to restate the balance sheet figures at 1 January 2009 have been examined by another auditor, which issued a report on 31 March 2009. We did not examine the profit and loss account figures of Banca del Gottardo S.p.A. at 30 June 2008 used to restate the profit and loss account figures at the same date.*"

The interim financial statements for the six months ended 30 June 2008 were the object of a limited audit by Reconta Ernst & Young S.p.A., which issued its limited audit report containing no remarks on 27 August 2008.

This interim report as of 30 June 2009 has been drawn up in compliance with Italian Legislative Decree No. 38 of 28 February 2005, based on the International Accounting Standards issued by the International Accounting Standards Board (IASB) and interpretation of the International Financial Reporting Interpretations Committee (IFRIC), and endorsed by the European Commission with Regulation No. 1606 of 19 July 2002.

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

This half-yearly report was therefore prepared in compliance with IAS 34, using the condensed format instead of the full format used for the annual report.

The interim report at 30 June 2009 consists of:

- a Balance Sheet as of the end of the interim period under review (June 30, 2009) and a comparative balance sheet as of the end of the preceding financial year (December 31, 2008);
- a Profit and Loss Account for the interim reporting period (first half 2009), with a comparative profit and loss account for the same interim period of the preceding financial year (first half 2008);
- a Statement of Other Comprehensive Income for the interim reporting period (first half 2009), compared with the profit and loss account for same interim period of the preceding financial year (first half 2008);
- a Statement of Changes in Equity for the period extending from the beginning of the financial year to the end of the half-year period under review, with a comparative statement for the same period of the preceding year;
- a Cash Flow Statement for the period extending from the beginning of the financial year to the end

of the half-year period under review, with a comparative statement for the same period of the preceding year;

- specific illustrative notes containing references to the Standards applied and other specific explanatory notes.

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

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

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

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

- the quantification of personnel-related provisions and provisions for liabilities and contingencies;
- the quantification of the financial advisor network's remuneration (pay out);
- estimates and assumptions used to determine current and deferred taxation.

Merger of Banca del Gottardo Italia S.p.A.

The merger of the subsidiary Banca del Gottardo Italia S.p.A. into Banca BSI Italia entered into force on 1 January 2009.

The Switzerland-based associate BSI S.A., the parent company of the Swiss banking group of the same name, also controlled by the Generali Group, had acquired a 100% stake in the company on 1 October 2008 for consideration of 62 million euros.

The acquisition and subsequent merger of the equity investment may be considered transactions between entities under common control, beyond the scope of IFRS 3, and have consequently been accounted for according to the principle of the continuity of the values of the transferred entity.

In the merger, all of the assets and liabilities of Banca del Gottardo Italia S.p.A. were recognised at their carrying amounts at the date of the merger, with the exception of goodwill and intangible assets.

These items were determined on the basis of the amounts at initial recognition in the consolidated financial statements of the common parent company Assicurazioni Generali S.p.A, as resulting from the PPA (Purchase Price Allocation) undertaken in accordance with IFRS 3 following the business combination of the Banca del Gottardo Group.

In further detail, when allocating the purchase price for the Banca del Gottardo Group, Assicurazioni Generali determined that:

- the value of the intangible assets represented by contractual relationships with Banca del Gottardo Italia S.p.A.'s clients was 9.5 million euros, depreciated over a 10-year period;
- the deferred taxes to be allocated in connection with the neutral tax regime for the above-mentioned intangible assets were 3.0 million euros;
- the goodwill attributable to Banca del Gottardo Italia S.p.A., net of the foregoing two items, was 31.4 million euros.

Considering the company's recent incorporation and the type of contractual dealings it has with its clients, the useful life of the intangible asset related to customer relationships was estimated to be 10 years, and the asset was accordingly recognised during the merger net of the amortisation charge for 2008.

The following table shows the effects of the merger of Banca del Gottardo Italia on the balance sheet situation of Banca BSI Italia at the beginning of 2009 (€ thousand).

Assets	**31/12/2008**	**31/12/2008**	**01.01.2009**	**01.01.2009**
	Banca BSI Italia	**Banca del Gottardo Italia**	**Eliminations**	**New Banca BSI Italia**
Financial assets held for trading	1,006	13	-	1,019
Financial assets available for sale	522	-	-	522
Loans to banks	776,964	145,007	-	921,971
Loans to customers	78,977	214,143	-	293,120
Hedging derivatives	33	10,987	-	11,020
Equity investments	62,000	-	-62,000	-
Property, equipment and intangible assets	3,545	610	8,581	12,736
Goodwill	-	-	31,352	31,352
Tax receivables	23,124	3,525	-	26,649
Other assets	47,514	4,085	-	51,599
Total assets	**993,685**	**378,370**	**-22,067**	**1,349,988**

Net Equity and Liabilities	**31/12/2008**	**31.12.08**	**01.01.2009**	**01.01.2009**
	Banca BSI Italia	**Banca del Gottardo Italia**	**Eliminations**	**New Banca BSI Italia**
Due to banks	15,652	829	-	16,481
Due to customers	859,190	155,082	-	1,014,272
Securities issued	1,175	176,920	-	178,095
Financial liabilities held for trading	842	11	-	853
Hedging derivatives	35	2,290	-	2,325
Tax payables	342	7	2,694	3,043
Other liabilities	19,557	3,679	15,000	38,236
Special purpose provisions	25,146	195	-	25,341
Valuation reserves	-528	-	-	-528
Reserves	10,821	352	-756	10,417
Additional paid-in capital	-	-	-	-
Share capital	80,235	38,576	-38,576	80,235
Treasury shares (-)	-	-	-	-
Net profit (loss) for the year (+/-)	-18,782	429	-429	-18,782
Total liabilities and net equity	**993,685**	**378,370**	**-22,067**	**1,349,988**

Balance sheets of Banca BSI Italia S.p.A. at 30 June 2009 and December 31, 2008 (€ thousand)

	Assets	**30.06.2009**	**31/12/2008**
10.	Cash and deposits	763,706	843,032
20.	Financial assets held for trading	1,093,483	1,005,869
40.	Financial assets available for sale	771,772	521,595
60.	Loans to banks	545,350,365	776,964,280
70.	Loans to customers	292,003,036	78,976,531
80.	Hedging derivatives	21,416	33,434
100.	Equity investments	-	62,000,000
110.	Property and equipment	2,718,677	2,467,729
120.	Intangible assets	40,367,475	1,076,649
	- goodwill	31,351,981	-
130.	Tax receivables	31,418,575	23,123,532
	a) current	9,306,351	8,935,772
	b) prepaid	22,112,224	14,187,760
150.	Other assets	81,101,951	46,672,534
	Total assets	**995,610,456**	**993,685,185**
	Net Equity and Liabilities	**30,06,2009**	**31,12,2008**
10.	Due to banks	12,827,302	15,651,576
20.	Due to customers	850,648,306	859,190,023
30.	Securities issued	7,655,764	1,174,753
40.	Financial liabilities held for trading	238,181	842,188
60.	Hedging derivatives	181,250	35,283
80.	Tax payables	2,812,951	341,613
	a) current	-	-
	b) deferred	2,812,951	341,613
100.	Other liabilities	28,903,218	19,558,777
110.	Employee termination indemnities	695,063	739,782
120.	Provisions for liabilities and contingencies	32,682,313	24,405,569
	b) other provisions	32,682,313	24,405,569
130.	Valuation reserves	-287,339	-527,759
160.	Reserves	-8,366,323	10,820,710
180.	Share capital	80,235,162	80,235,162
200.	Net profit (loss) for the year (+/-)	-12,615,392	-18,782,492
	Total Net Equity and Liabilities	**995,610,456**	**993,685,185**

Profit and loss accounts of Banca BSI Italia S.p.A. for the six months ended June 30, 2009 and June 30, 2008 (€ thousand)

		First half 2009	First half 2008
10.	Interest income and similar revenues	9,529,325	16,681,583
20.	Interest expense and similar charges	-7,672,517	-11,492,880
30.	**Net interest**	**1,856,808**	**5,188,703**
40.	Commission income	26,519,052	23,881,903
50.	Commission expense	-14,041,636	-14,412,914
60.	**Net commissions**	**12,477,416**	**9,468,989**
70.	Dividends and similar income	26,417	15,941
80.	Net income (loss) from trading activities	189,837	295,963
120.	**Net banking income**	**14,550,478**	**14,969,596**
130.	Net adjustments/reversal due to impairment of:	-485,038	-2,460
	a) receivables	-485,038	-2,460
140.	**Net result from banking operations**	**14,065,440**	**14,967,136**
150.	General and administrative expense:	-20,566,769	-13,899,486
	a) staff expenses	-8,354,968	-4,592,797
	b) other general and administrative expense	-12,211,801	-9,306,689
160.	Net provisions for liabilities and contingencies	-10,028,160	-10,961,238
170.	Net adjustments/reversal of property and equipment	-380,667	-347,835
180.	Net adjustments of intangible assets	-670,825	-186,611
190.	Other operating expense/income	127,753	499,579
200.	**Operating expense**	**-31,518,668**	**-24,895,591**
250.	**Profit (loss) from operating activities before income taxes**	**-17,453,228**	**-9,928,455**
260.	Income taxes for the year on operating activities	4,837,836	2,685,885
270.	**Profit (loss) from operating activities net of taxes**	**-12,615,392**	**-7,242,570**
290.	**Net profit (loss) for the period**	**-12,615,392**	**-7,242,570**

Statement of other comprehensive income of Banca BSI Italia for the six months ended June 30, 2009 and June 30, 2008 (€ thousand)

	Items	First half 2009	First half 2008
10	**Net profit of the period**	**-12,615,392**	**-7,242,570**
	Other income net of income taxes		
20	Financial assets available for sale	240,420	-109,960
110	**Total other income net of income taxes**	**240,420**	**-109,960**
120	**Comprehensive income**	**-12,374,972**	**-7,352,530**

Statement of changes in equity of Banca BSI Italia S.p.A. for the six months ended 30 June 2009 and 30 June 2008 (€ thousand)

	Share capital a) ord. shares ordinary	Additional paid-in capital	Reserves a) income	b) other	Valuation reserves	Net income (loss) for the period	Net equity
Net equity at 31/12/2008	**80,235,162**	**-**	**10,820,710**	**-**	**- 527,759**	**- 18,782,492**	**71,745,621**
Change in opening balances	-	-	-	-	-		
Amounts at 01/01/2009	80,235,162	-	10,820,710	-	- 527,759	-18,782,492	71,745,621
Allocation of prior year result	-		- 18,782,492	-	-	18,782,492	-
- Reserves	-	-	- 18,782,492	-	-	18,782,492	-
Change in reserves			- 404,541		-		- 404,541
Transactions on net equity	-	-	-	-		-	-
Comprehensive income	-	-	-	-	240,420	- 12,615,392	- 12,374,972
Net equity at 30/06/2009	**80,235,162**	**-**	**- 8,366,323**	**-**	**- 287,339**	**- 12,615,392**	**58,966,108**

	Share capital a) ord. shares ordinary	Additional paid-in capital	Reserves a) income	b) other	Valuation reserves	Net income (loss) for the period	Net equity
Net equity at 31/12/2007	**21,298,416**	**7,989,584**	**3,516,691**	**61,450**	**- 157,297**	**- 11,063,477**	**21,645,367**
Change in opening balances	-	-	-	-	-	-	
Amounts at 01/01/2008	21,298,416	7,989,584	3,516,691	61,450	- 157,297	- 11,063,477	21,645,367
Allocation of prior year result	-	-	- 11,063,477	-	-	11,063,477	-
- Reserves	-	-	- 11,063,477	-	-	11,063,477	-
Transactions on net equity	-	-	-	-		-	-
Comprehensive income	-	-	-	-	- 109,960	- 7,242,570	- 7,352,530
Net equity at 30/06/2008	**21,298,416**	**7,989,584**	**- 7,546,786**	**61,450**	**- 267,257**	**- 7,242,570**	**14,292,837**

Cash flow statements of Banca BSI Italia S.p.A. for the six months ended 30 June 2009 and 30 June 2008 (€ thousand)

Indirect method	First half 2009	First half 2008
A. OPERATING ACTIVITIES		
1. Operations	**-8,814,622**	**-17,106,782**
- Net profit (loss) for the period	-12,615,392	-7,242,570
- Gain/loss on financial assets held for trading	-403,173	22,000
- Net adjustments due to impairment	485,038	-
- Net adjustments of property, equipment and intangible assets	1,051,492	534,446
- Net provisions for liabilities and contingencies and other costs/revenues	8,276,744	4,391,287
- Taxes included in taxes not paid	-5,010,745	-2,934,128
- Adjustments of discontinued operations	-	-
Other adjustments	-598,586	-11,877,817
2. Liquidity generated by/used for financial assets (+/-)	**350,179,889**	**-22,707,654**
- Financial assets held for trading	-283,134	401,993
- Loans to banks: repayable on demand	574,815,283	29,195,856
- Loans to banks: other receivables	-197,124,550	-39,714,564
- Loans to customers	1,703,507	8,761,884
- Other assets	-28,931,217	-21,352,823
3. Net liquidity generated by/used for financial liabilities (+/-)	**-341,394,642**	**39,773,751**
- Due to banks repayable on demand	-271,042,281	25,445
- Due to banks other payables	268,187,476	-85,626
- Due to customers	-155,480,784	54,244,250
- Securities issued	-170,438,704	953,643
- Trading securities	-	-337,559
- Other liabilities	-12,620,349	-15,026,402
Net liquidity generated by/used for operating activities	**-29,375**	**-40,685**
B. INVESTMENT ACTIVITIES		
1. Liquidity used for	**-49,951**	**-66,215**
- Purchase of property and equipment	-21,668	-79,781
- Purchase of intangible assets	-28,283	13,566
Liquidity generated by/used for investment activities	**-49,951**	**-66,215**
C. FUNDING ACTIVITIES		
Liquidity generated by/used for funding activities	**-**	**-**
NET LIQUIDITY GENERATED BY/USED FOR IN THE PERIOD	**-79,326**	**-106,900**
+ liquidity generated; - liquidity used	-	-
Reconciliation		
Cash and cash equivalents at period-start	843,032	877,469
Liquidity generated by/used for in the period	-79,326	-106,900
Cash and cash equivalents – effects of exchange rate fluctuations	-	-
Cash and cash equivalents at period-end	763,706	770,569

Accounting Policies

The accounting standards and measurement criteria used are the same as those used to prepare the financial statements at 31 December 2008 and 31 December 2007.

However, it should be noted that, following the completion of the endorsement procedure, new

IASs/IFRSs, various amendments to existing Standards, and IFRIC interpretative documents entered into force effective 1 January 2009.

Document	Description	Endorsement	Effective date
IFRS 8	Operating segments	21/11/2007	01/01/2009
IFRS 1/IAS 27	Amendments - cost of an investment in a subsidiary, jointly controlled entity or associate	23/01/2009	01/01/2009
IFRS 2	Amendments - vesting condition & cancellation	16/12/2008	01/01/2009
IAS 1 (revised)	Presentation of financial statements - revised	17/12/2008	01/01/2009
IAS 23 (Revised)	Borrowing costs -revised	10/12/2008	01/01/2009
Miscellaneous standards	Annual improvement project 2007	23/01/2009	01/01/2009
IFRIC 12	Service concessions agreements	25/03/2009	01/01/2008
IRIFC 13	Customer loyalty programmes	16/12/2008	01/07/2008
IFRIC 14	IAS19 - Limit on a defined benefit plan	16/12/2008	01/01/2008
IFRIC 16	Hedges of a net investment in foreign operations	04/06/2009	01/10/2008

The standards and interpretations that have entered into force in 2009 do not have a significant impact on the operations of Banca BSI Italia. Nonetheless, it should be noted that the new version of IAS 1 concerning the presentation of financial statements introduces new methods of presentation of financial statement schedules, as analysed in the following paragraph.

IAS 1 Revised – Presentation of Financial Statements

The revised version of IAS 1 – Presentation of Financial Statements has introduced the concept of "comprehensive income", which requires the disclosure, in addition to net profit, of all components that contribute to company performance (in substance, changes in the value of assets entered directly to net equity reserves, or that have an impact on net equity, but do not arise from the decisions of shareholders).

Said changes must be disclosed either in a single statement of comprehensive income, or in two separate schedules (a profit and loss account and a statement of comprehensive profit or loss).

In the interim report, Banca BSI Italia has applied the presentation proposed by Bank of Italy in its update to Circular No. 262 of December 22, 2005 still subject to consultation, and therefore chose to disclose overall performance in two separate schedules entitled:

- Profit and Loss Account;
- OCI - Other Comprehensive Income.

4.3 PRO-FORMA BALANCE SHEET AT 30 JUNE 2009 AND PRO-FORMA PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS ENDED 30 JUNE 2009 OF BANCA BSI ITALIA S.P.A. GIVING RETROACTIVE EFFECT TO THE CONTRIBUTION OF THE PORTFOLIO MANAGEMENT BUSINESS UNIT: BRIEF NOTES

As described in Chapter 2 of this Information Document, Banca BSI Italia is to transfer its portfolio management business unit to BG SGR S.p.A. effective 1 January 2010.

Chapter 5 of this Information Document sets forth the pro-forma balance sheet at 30 June 2009 and pro-forma profit and loss account for the first half of 2009, which give retroactive effect to the contribution of the portfolio management business unit by Banca BSI Italia to BG SGR S.p.A. and to the subsequent merger of Banca BSI Italia into Banca Generali, as if these transactions had been undertaken on 30 June 2009 (for the balance sheet) and 1 January 2009 (for the profit and loss account).

In the interest of full disclosure of the earnings and financial position figures of Banca BSI Italia to be merged into Banca Generali, the following are the pro-forma balance sheet and pro-forma profit and loss account of Banca BSI Italia that give retroactive effect solely to the contribution of the portfolio management business unit by Banca BSI Italia to BG SGR S.p.A., as if this transaction had been undertaken on 30 June 2009 (for the balance sheet) and 1 January 2009 (for the profit and loss account).

Pro-forma balance sheet of Banca BSI Italia S.p.A. at June 30, 2009 (€ thousand)

Assets	**30.06.2009** **Banca BSI Italia**	**30.06.2009** **Transfer of discretionary account (GPF)**	**30.06.2009** **Banca BSI Italia pro-forma**
Financial assets held for trading	1,093	0	1,093
Financial assets available for sale	772	0	772
Loans to banks	545,350	-60,721	484,629
Loans to customers	292,003	0	292,003
Equity investments	0	9,500	9,500
Property, equipment and intangible assets	43,086	-8,575	34,511
Tax receivables	31,419	27	31,392
Other assets	81,887	-1,239	80,648
Total assets	**995,610**	**-61,062**	**934,548**

Net Equity and Liabilities	**30.06.2009** **Banca BSI Italia**	**30.06.2009** **Transfer of discretionary account (GPF)**	**30.06.2009** **Banca BSI Italia pro-forma**
Due to banks	12,827	0	12,827
Inflows from clients	858,304	-59,462	798,842
Financial liabilities held for trading	238	0	238
Tax payables	2,813	-1,177	1,636
Other liabilities	29084	-202	28,882
Special purpose provisions	33,377	-221	33,156
Valuation reserves	-287	0	-287
Reserves	20,982	0	20,982
Share capital	80,235	0	80,235
Total Net Equity and Liabilities	**995,610**	**-61,062**	**934,548**

Pro-forma profit and loss account of Banca BSI Italia S.p.A. for the six months ended 30 June 2009 (€ thousand)

	First half 2009 Banca BSI Italia	First half 2009 Transfer of discretionary account (GPF)	First half 2009 Banca BSI Italia pro forma
Net interest	**1,857**	**-280**	**1,577**
Net commissions	**12,477**	**-1,538**	**10,939**
Dividends	26	0	26
Net result from banking operations	190	0	190
Net operating profit	**14,550**	**-1,818**	**12,732**
Staff expenses	-8,355	312	-8,043
Other general and administrative expense	-12,212	1,788	-10,424
Net adjustments/reversals of property, equipment and intangible assets	-1,051	214	-837
Other operating expense/income	128	-1	127
Net operating expense	**-21,491**	**2,313**	**-19,178**
Operating profit	**-6,940**	**496**	**-6,444**
Net adjustments/reversal due to impairment of receivables	-485	0	-485
Net provisions	-10,028	0	-10,028
Operating profit before taxation	**-17,453**	**496**	**-16,957**
Income taxes for the period on current operations	4,838	-159	4,679
Net profit (Loss)	**-12,615**	**337**	**-12,278**

5. PRO-FORMA EARNINGS AND FINANCIAL POSITION FIGURES OF BANCA GENERALI

5.1 PRO-FORMA BALANCE SHEET AT 30 JUNE 2009 AND PRO-FORMA PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS ENDED 30 JUNE 2009 OF BANCA GENERALI

The annexed pro-forma balance sheet at 30 June 2009 and pro-forma profit and loss account for the six months ended 30 June 2009 (the "Pro-forma Statements") of Banca Generali give effect to the merger transaction.

The Merger and Conferment, as described in Chapter 2 of this Information Document, do not have a material impact on Banca Generali's consolidated balance sheet and profit and loss account situation since both the Merged Company and BG SGR S.p.A. (to which the Merged Company will transfer the portfolio management business unit from Banca BSI Italia prior to the Merger) are subsidiaries of Banca Generali, which holds 100% of the share capital of both companies. For this reason, the attached Pro-forma Statements at 30 June 2009 have been prepared and are presented below on the basis of Banca Generali's individual balance sheet and profit and loss account situation.

The Pro-forma Statements at 30 June 2009 have been prepared on the basis of the interim financial statements of Banca Generali at 30 June 2009 by applying to those financial statements the pro-forma adjusting entries required to give effect to the merger, as well as the preliminary and accessory transactions, as specified hereunder.

The pro-forma data are derived from:

i. the historical data of Banca Generali;

ii. the historical data of Banca BSI Italia;

iii. the pro-forma adjustments that give retroactive effect to the contribution of the portfolio management business unit by Banca BSI Italia to BG SGR S.p.A. (the "Contribution");

iv. the pro-forma adjustments that reflect the Merger and the other accessory transactions planned in the course of the overall transaction.

The pro-forma data have been obtained by making the appropriate pro-forma adjustments to the historical data of Banca Generali to reflect retroactively the material effects of the Contribution and the Merger. In detail, in accordance with CONSOB communication no. DEM/1052803 of 5 July 2001, these effects have been reflected in the pro-forma balance sheet as if the transaction had been undertaken on 30 June 2009 and in the pro-forma profit and loss account as if the transaction had been undertaken on 1 January 2009.

The pro-forma adjustments made to the historical financial statements, as well as the purposes and underlying assumptions of the preparation of pro-forma data, are described in paragraphs 5.2.3, 5.2.4 and 5.2.5 respectively, of this Chapter.

For information concerning the accounting policies adopted for the preparation of the historical data of Banca Generali and the subsidiary Banca BSI Italia refer to the notes to the two companies' financial statements at 30 June 2009. It should be noted that these financial statements were prepared in accordance with the international IASs/IFRSs in force at 30 June 2009, as adopted by the European Union.

The following aspects should be kept in mind in order to arrive at an accurate interpretation of the information provided by the pro-forma figures:

i. given that these are representations constructed on assumptions, the historical figures would not necessarily have matched the pro-forma figures had the Contribution and Merger effectively been undertaken on the chosen reference dates for the preparation of pro-forma figures;

ii. the pro-forma figures do not reflect prospective figures since the former are prepared in such a way as to represent solely those effects of the Contribution and the Merger that may be isolated and objectively measured, without considering the potential effects in relation to changes in management policy and operating decisions subsequent to the transaction.

5.2 PRO-FORMA STATEMENTS OF BANCA GENERALI AT 30 JUNE 2009

5.2.1 Pro-forma balance sheet at 30 June 2009

(€ thousand)	30 June 2009 Banca Generali historical data-	Pro-forma adjustments				30 June 2009 Banca Generali Pro-forma data
		30 June 2009 Banca BSI			Merger of Banca BSI into Banca Generali	
		Historical data	Transfer of discretionary account (GPF)	Pro-forma		
Assets						
Financial assets held for trading	345,207	1,093	0	1,093	-671	345,630
Financial assets available for sale	754,117	772	0	772	-466	754,423
Financial assets held to maturity	604,431	0	0	0	0	604,431
Loans to banks	662,203	545,350	-60,721	484,629	-462,887	683,945
Loans to customers	418,832	292,003	0	292,003	0	710,835
Equity investments	131,992	0	9,500	9,500	-102,155	39,337
Property, equipment and intangible assets	8,872	43,086	-8,575	34,511	0	43,384
Tax receivables	15,377	31,419	-27	31,392	-16	46,753
Other assets	103,025	81,887	-1,239	80,648	-4,343	179,330
Total assets	**3,044,058**	**995,610**	**-61,062**	**934,548**	**-570,538**	**3,408,068**

Net Equity and Liabilities						
Due to banks	526,730	12,827	0	12,827	-462,572	76,985
Due to customers	2,141,348	858,304	-59,462	798,842	0	2,940,190
Financial liabilities held for trading	9,091	238	0	238	-674	8,655
Tax payables	1,667	2,813	-1,177	1,636	0	3,303
Other liabilities	115,033	29,084	-202	28,882	-4,655	139,261
Special purpose provisions	25,304	33,377	-221	33,156	-15	58,445
Valuation reserves	-4,675	-287	0	-287	287	-4,675
Reserves and share premium	122,115	-20,982	0	-20,982	-21,901	79,232
Share capital	111,313	80,235	0	80,235	-80,235	111,313

Treasury shares (-)	-3,869	0	0	0	-773	-4,641
Total Net Equity and Liabilities	**3,044,058**	**995,610**	**-61,062**	**934,548**	**-570,538**	**3,408,068**

5.2.2 Pro-forma profit and loss account for the six months ended 30 June 2009

(€ thousand)	First half 2009 Banca Generali historical data	Pro-forma adjustments				First half 2009 Banca Generali Pro-forma data
		First half 2009 Banca BSI			Merger of Banca BSI into Banca Generali	
		Historical data	Transfer of discretionary account (GPF)	Pro-forma		
Net interest	**26,272**	**1,857**	**-280**	**1,577**	**0**	**27,849**
Net commissions	**24,580**	**12,477**	**-1,538**	**10,939**	**-1**	**35,518**
Dividends	80,417	26	0	26	-5	80,438
Net result from banking operations	-33,613	190	0	190	0	-33,423
Net operating profit	**97,656**	**14,550**	**-1,818**	**12,732**	**-6**	**110,382**
Staff expenses	-19,839	-8,355	312	-8,043	154	-27,728
Other general and administrative expense	-30,550	-12,212	1,788	-10,424	3,353	-37,621
Adjustments of property, equipment and intangible assets	-1,565	-1,051	214	-837	0	-2,402
Other operating expense/income	7,424	128	-1	127	-2,793	4,758
Net operating expense	**-44,530**	**-21,491**	**2,313**	**-19,178**	**714**	**-62,993**
Operating profit	**53,125**	**-6,940**	**496**	**-6,444**	**708**	**47,389**
Net adjustments for non-performing loans	-2,694	-485	0	-485	0	-3,179
Adjustments of other assets	-2,894	0	0	0	0	-2,894
Net provisions	-6,976	-10,028	0	-10,028	0	-17,004
Gain (loss) from the disposal of equity investments	0	0	0	0	0	0
Operating profit before taxation	**40,560**	**-17,453**	**496**	**-16,957**	**708**	**24,311**
Income taxes on continuing operations	-4,536	4,838	-159	4,679	-216	-73
Net profit (Loss)	**36,024**	**-12,615**	**337**	**-12,278**	**492**	**24,238**

5.2.3 Summary of pro-forma adjustments to historical data at 30 June 2009

In the pro-forma balance sheet:

(i) the first column contains the reclassified balance sheet of Banca Generali at 30 June 2009;

(ii) the second column, entitled "Pro-forma adjustments – 30 June 2009 Banca BSI – Historical data," contains the balance sheet of Banca BSI Italia S.p.A. at 30 June 2009;

(iii) the third column, entitled "Pro-forma adjustments – 30 June 2009 Banca BSI – Transfer of discretionary account (GPF) unit," contains the balance sheet figures for the portfolio management business unit at 30 June 2009 to be contributed, net of the equity investment in BG SGR received in exchange for the contribution;

(iv) the fourth column, entitled "Pro-forma adjustments – 30 June 2009 Banca BSI – Pro-forma," contains the pro-forma balance sheet situation of Banca BSI Italia as if the portfolio management business unit had been contributed to BG SGR effective 30 June 2009;

(v) the fifth column, entitled "Pro-forma adjustments – Merger of Banca BSI into Banca Generali," contains the effects of the merger of Banca BSI Italia into Banca Generali;

(vi) the sixth column contains the pro-forma balance sheet of Banca Generali at 30 June 2009 as if the merger transaction had been undertaken on 30 June 2009 following the contribution of the portfolio management business unit by Banca BSI Italia to BG SGR.

In the pro-forma profit and loss account:

(i) the first column contains the reclassified profit and loss account of Banca Generali for the six months ended 30 June 2009;

(ii) the second column, entitled "Pro-forma adjustments – First half 2009 Banca BSI – Historical data," contains the profit and loss account of Banca BSI Italia for the six months ended 30 June 2009;

(iii) the third column, entitled "Pro-forma adjustments – First half 2009 Banca BSI – Transfer of discretionary account (GPF) unit," contains the profit and loss account figures for the portfolio management business unit for the six months ended 30 June 2009;

(iv) the fourth column, entitled "Pro-forma adjustments – First half 2009 Banca BSI – Pro-forma," contains the pro-forma profit and loss account of Banca BSI Italia as if the portfolio management business unit had been contributed to BG SGR effective 1 January 2009;

(v) the fifth column, entitled "Pro-forma adjustments – Merger of Banca BSI into Banca Generali," contains the effects of the merger of Banca BSI Italia into Banca Generali;

(vi) the sixth column contains the pro-forma profit and loss account of Banca Generali for the six months ended 30 June 2009 as if the merger transaction had been undertaken on 1 January 2009 following the contribution of the portfolio management business unit by Banca BSI Italia to BG SGR.

5.2.4 Purpose of the presentation of pro-forma data

Banca BSI Italia is to contribute the securities account management service business unit to the associate BG SGR effective 1 January 2010.

In this business, clients engage (grant a power of attorney to) the company to manage their assets by investing them in shares and/or units of mutual funds/SICAVs and equities/bonds, on both Italian markets and foreign markets denominated in foreign currencies, as well as by making spot and forward currency sales and purchases.

The following are to be included in the business unit on the effective date of the contribution:

- portfolio management agreements in force with clients;
- client assets included in portfolio management accounts;
- the current accounts used to manage the liquidity contained in individual portfolio positions;
- the employees devoted to managing the foregoing agreements;
- the outsourcing agreement with Banca Generali for back-office services for the securities included in portfolio management services;

- the business unit's proportionate share of the goodwill and intangible assets arising from the acquisition of the merged Banca del Gottardo Italia, calculated in proportion to the assets under management contributed.

The transaction will be undertaken in the form of contribution in kind of the assets and liabilities pertinent to the business unit, in the service of which BG SGR will authorise a reserved share capital increase pursuant to articles 2440 and 2441 of the Italian Civil Code.

In detail, BG SGR will issue 315,133 new shares to the transferee Banca BSI Italia, amounting to 3.91% of post-acquisition share capital, in the maximum total amount of 1,575,665 euros.

Due to the foregoing, the transferee will not be required to make any outlay for the transaction.

5.2.5 Assumptions used to prepare pro-forma data and details of pro-forma adjustments

Contribution of portfolio management unit by Banca BSI Italia to BG SGR

The following is a description of the pro-forma adjustments that give retroactive effect to the contribution of the portfolio management business unit by Banca BSI Italia to BG SGR S.p.A.

The pro-forma data have been prepared as if the foregoing contribution, as described above, had entered into effect on 30 June 2009 (for the pro-forma balance sheet) and 1 January 2009 (for the pro-forma profit and loss account).

Pro-forma adjustments to historical balance sheet figures at 30 June 2009 for the transfer of the discretionary account (GPF) unit

The main balance sheet items associated with the business unit consist of payables to customers for the cash balances of individual discretionary accounts and the balancing entry consisting of the interbank balances held by Banca BSI Italia.

The intangible assets essentially consist of the proportionate share of the goodwill and intangible assets associated with the business unit arising from the acquisition of the merged company Banca del Gottardo Italia, computed in proportion to the ratio of the contributed assets under management in discretionary accounts to the total assets under management in these accounts. In detail, the proportionate share of goodwill amounts to 4.9 million euros, while customer relationship intangible assets, net of accumulated amortisation, come to 3.6 million euros, gross of the associated deferred taxes, disclosed among tax payables.

Other assets refer in substance to receivables from customers for commissions at 30 June 2009, whereas other liabilities and special purpose provisions (including termination indemnities) are attributable to payables and provisions for employees included in the transferred business unit.

The share capital increase by BG SGR for the contribution in kind results in the recognition in the pro-forma balance sheet of Banca BSI Italia of an equity investment in BG SGR of 9.5 million euros.

In addition to the amounts due to clients cited above in connection with the cash balances of individual portfolios, liabilities and net equity include tax liabilities associated with deferred taxation of the intangible assets to be transferred, as well as sums due to employees to be transferred in relation to the respective employee termination indemnities.

Lastly, other liabilities consist of:

- the sum due to BG SGR by Banca BSI Italia for financial advisory under the investment advisory agreement entered into in connection with portfolio management activity;
- the sum due to employees for accrued holiday leave;
- the sum due to the Treasury by way of substitute tax on gains generated by portfolio management.

Pro-forma adjustments to historical profit and loss account figures for the six months ended 30 June 2009 for the contribution of the discretionary account (GPF) unit:

The profit and loss account of the transferred business unit at 30 June 2009 has the following structural elements.

- The business unit's net interest consists of the difference between the interest expense paid to clients on the cash balances of their discretionary accounts and the interest income earned by Banca BSI Italia on the investment of those balances, computed according to the average balances and effective spreads for the half-year.
- Net commissions consist of commission income charged to clients for management service and accessory services, such as order receipt service, net of the commissions given back by BG SGR.
- Net operating expense consists of the transferred unit's staff expenses, the amortisation of the intangible asset, and the business unit's administrative expense.
- Administrative expense consists of the costs of the IT outsourcing services rendered by CSE (legacy) and GBS (office automation), as well as the share of the administrative outsourcing services rendered by Banca Generali, particularly as regards the outsourcing agreement with Banca Generali for back-office activity. The general administrative expense not directly and specifically attributable to the business unit has been determined on the basis of parameters deemed appropriate (amount of assets, number of employees).
- The share of the dividends distributed by BG SGR in the first half of 2009 on the basis of 2008 profits, theoretically attributable to the equity investment assigned to Banca BSI Italia as a result of the contribution, has not been included in the unit's pro-forma profit and loss account because that share would be deducted from the value of the equity investment in accordance with IAS 18, paragraph 32.

The pro-forma adjustments to the profit and loss account at 30 June 2009 also contemplate the effect of the derecognition of the costs of financial advisory provided by BG SGR in connection with the investment agreements entered into with said company.

Merger of Banca BSI Italia into Banca Generali

Banca BSI Italia is to be merged into Banca Generali after the portfolio management business unit has been contributed and effective the same date, 1 January 2010.

When the transaction is complete, the merging company will succeed the merged company in all of its rights and obligations and recognise the merged company's assets and liabilities.

Since Banca Generali owns a 100% interest in Banca BSI Italia, no swap ratio or cash adjustment will need to be determined pursuant to article 2505 of the Italian Civil Code.

Accounting effects of the transaction

In accounting terms, the contribution is considered a business combination between entities under common control, not within the scope of IFRS 3. Thus, the transaction will be recognised on the basis of the carrying amount of the assets and liabilities of the merged subsidiary, whereas the difference between this amount and the carrying amount of the equity investment held by the parent company will be recognised in the merging company's net equity.

Accordingly, Banca Generali will recognise the merger goodwill (negative) arising from the difference between the amount of the equity investment in Banca BSI Italia and the latter's equity by deducting this difference from its own equity. Since the merging company already holds the entirety of the merged company's share capital, the transaction will not have any impact on the merged company's share capital. The merging company's equity investment in Banca BSI Italia will therefore be cancelled.

On the basis of the pro-forma balance sheet of Banca Generali at 30 June 2009, as presented above, the goodwill amounts to -43,189 thousand euros, computed as the difference between the amount of the equity investment in Banca BSI Italia (102,155 thousand euros) and the pro-forma equity of Banca BSI Italia (58,966 thousand euros).

The total decrease in the equity of Banca Generali amounts to 43,656 thousand euros if, in addition to the foregoing, the shares of the parent company, Banca Generali, held by Banca BSI Italia and the redefinition of the associated stock option plan are also considered.

(€ thousand)	**30 June 2009**
Banca Generali: elimination of the equity investment in Banca BSI Italia	102,155
Banca BSI Italia: Pro-forma equity at 30 June 2009	58,966
Difference	-43,189
Other adjustments:	
- Shares of the parent company, Banca Generali	-478
- Other (stock option plan)	11
Overall effect on the pro-forma equity of Banca Generali	-43,656

It should be noted that, since the merger is scheduled to enter into effect on 1 January 2010, the amount of the goodwill could vary as a result of the profit or loss reported by Banca BSI Italia in the second half of 2009 (without prejudice to the fact that this profit or loss will be recognised in equity).

Pro-forma adjustments to the historical balance sheet at 30 June 2009 for the merger of Banca BSI Italia into Banca Generali

The pro-forma adjustments to the balance sheet refer primarily to the elimination of receivables and payables between Banca Generali and Banca BSI Italia at 30 June 2009.

In detail, the following adjustments have been made:

- The equity investment in Banca BSI Italia (102,155 thousand euros) was eliminated against the merged company's equity at 30 June 2009 (58,966 thousand euros), resulting in a difference of 43,189 thousand euros to be allocated as a deduction from equity reserves;
- The shares of the parent company, Banca Generali, held by Banca BSI Italia and classified among assets available for sale have been reclassified to the item of the equity of Banca Generali for treasury shares, and the net negative valuation reserve allocated by Banca BSI has also been eliminated, along with the associated prepaid taxes. This resulted in a negative effect on the Merging Company's net equity of 478 thousand euros, computed as the historical cost of the Banca Generali shares held by Banca BSI Italia (765 thousand euros), net of the valuation reserves carried by the Merged Company for those shares (287 thousand euros). The latter amount includes the relative tax effect (12 thousand euros).
- The stock option plan for the Chairman of Banca BSI Italia based on shares of the parent company, Banca Generali, has thus been recomputed in accordance with IFRS 2 as a share-based payment plan measured at the fair value of the option at the date of assignment instead of the present fair value at the end of the reporting period, resulting in an overall effect on equity of 11 thousand euros due to the reclassification to equity of the provision for risks and charges made by the merged company in the amount of 15 thousand euros, net of the relevant prepaid taxes amounting to 4 thousand euros.
- The positive interbank position claimed by Banca BSI Italia from the merging company, net of the 462,887 thousand euros in loans and receivables contributed to BG SGR, has been cancelled as a balancing entry to the corresponding negative interbank position of Banca Generali recognised among amounts due to banks in the amount of 462,572 thousand euros and other liabilities in the amount of 315 thousand euros.
- Receivables for outsourcing services rendered at 30 June 2009 between Banca Generali and Banca BSI Italia, which amounted to 4,343 thousand euros and were classified to other assets of Banca Generali have been eliminated along with the corresponding payables classified among other liabilities of Banca BSI Italia.

Pro-forma adjustments to the historical profit and loss account for the six months ended 30 June 2009 for the merger of Banca

BSI Italia into Banca Generali

The pro-forma adjustments to the profit and loss account refer primarily to the elimination of expenses and revenue between Banca Generali and Banca BSI Italia at 30 June 2009.

These adjustments have been presented net of any income and expense associated with the contributed business unit.

In detail, the following intragroup profit and loss items were eliminated:

- intragroup interest income and expense on the transactions of Banca BSI Italia with Banca Generali (correspondence accounts, time deposits, repurchase agreements) in equal positive and negative amounts of 3,392 thousand euros, resulting in a net effect of zero;
- commission income and expenses, primarily associated with the participation of Banca BSI Italia in the placement and distribution of third-party financial services contractually managed by Banca Generali, resulting in a net effect of 1 thousand euros;
- dividends collected by Banca BSI Italia in connection with shares held in the parent company, which were eliminated in the amount of 5 thousand euros;
- expenses of staff on secondment and the intragroup recovery of such expenses in the equal negative and positive amounts for the two entities of 540 thousand euros, resulting in a net effect of zero;
- outsourcing income recognised by Banca Generali among other operating income (expense) in the amount of 2,718 thousand euros, against the corresponding expenses recognised by Banca BSI Italia among administrative expenses;
- outsourcing income recognised by Banca BSI Italia among other operating income (expense) in the amount of 75 thousand euros, against the corresponding expenses recognised by Banca Generali among administrative expenses.

The following have also been eliminated in order to reflect the additional effects of the business combination that may be separated and objectively measured:

- the expenses of intragroup VAT on the foregoing outsourcing agreements, which tax would not have been owed if the merger had entered into effect on 1 January 2009, in the amount of 544 thousand euros for Banca BSI Italia and 16 thousand euros for Banca Generali recognised among other administrative expenses;
- the costs of the directors and statutory auditors of Banca BSI Italia for the first half of 2009, in the amount of 182 thousand euros, gross of the greater expenses associated with the redetermination of the outstanding stock option plan for the company's Chairman, in the amount of 28 thousand euros, classified among staff expenses in the net amount of 154 thousand euros.

The tax rate used to determine the tax effects of pro-forma adjustments was 32.32% (comprising both IRES and IRAP) and represents the tax rate in force and applied in the six months ended 30 June 2009.

5.3 HISTORICAL AND PRO-FORMA EARNINGS PER SHARE

	30.06.2009 Banca Generali	**Pro-forma adjustments**	**30.06.2009 Pro-forma**
Net income for the year (€ thousand)	36,024	-11,786	24,238
Net profit attributable to ordinary shares	36,024	-11,786	24,238
Average number of outstanding shares	110,624,395	-78,000	110,546,395
EPS - Earnings per Share (euro)	**0.3256**	**-0.1066**	**0.2193**
Average number of outstanding shares after dilution	111,424,539	-78,000	111,346,539
EPS - Diluted earnings per share (euro)	**0.3233**	**-0.1058**	**0.2177**

5.4 Independent auditors' report on pro-forma earnings and financial position data

The report by the independent auditors Reconta Ernst & Young S.p.A. concerning their audit of the preparation of the pro-forma statements, presented in Chapter 5, is annexed to this Information Document.

6. OUTLOOK OF BANCA GENERALI AND ITS GROUP

6.1 GENERAL POINTS ON THE BUSINESS PERFORMANCE OF BANCA GENERALI AFTER 31 DECEMBER 2008

6.1.1 Significant trends in the performance of inflows, loans and investments since 31 December 2008

During the first half of 2009, the undertakings for collective investment market reported a decline of approximately 14.5 billion euros, which represents a significant improvement on the figure for the first half of 2008 (in which disinvestments of approximately 72 billion euros were reported), while the Assoreti market (i.e. distribution through financial advisors) showed a return to a moderately positive performance (3.4 billion euros) in the first six months of 2009.

Although the global economy hit an historical minimum in its growth cycle during the first quarter of 2009, the first six months of the year witnessed a more moderate decline in the undertakings for collective investment market than in the first half of 2008, representing a sign of a modest recovery.

In this context, the Group continued to report significant inflow volumes compared to the market at large (Assoreti): net inflows of 238 million euros, representing a 6% share of the market, at 30 June 2009. The overall total assets under management amounted to 19.5 billion euros at 30 June 2009, up by 2.9% on the figure at year-end.

At 31 December 2008, the Banca Generali Group had total assets of 4.1 billion euros, equity of 188.9 million euros, and capital for regulatory purposes of 175 million euros, for a total capital ratio of 12.14%.

At 30 June 2009, consolidated total assets amounted to 3.4 billion euros, down by 15.6% on the end of 2008, primarily due to the decrease in liquidity held with the parent company, Banca Generali, by certain Generali group companies, and partly to the investment decisions of retail customers, who directed their choices to products other than repurchase agreements in the first half of 2009, resulting in a decrease in the banking group's assets. Total direct inflows from customers amounted to about 3.0 billion euros, marking a decrease of 697.8 million euros compared to December 31, 2008 (-19%).

Core loans amounted to 3.1 billion euros and showed a decrease of 647.7 million euros compared to December 31, 2008, in line with the change in direct inflows, spread across all of the main segments.

Net loans on the interbank market declined by 271.1 million euros (-31.2%), the investments allocated to the various IAS portfolios decreased by 369.4 million euros (-15.6%) and loans to customers also fell by 34.3 million euros.

Financial assets/liabilities held for trading amounted to 351.7 million euros, down by 316.7 million euros (-47.4%) on the figure as of the end of the previous year due to the gradual discontinuation of transactions involving the portfolio.

At the end of the first half of 2009, the portfolio of assets available for sale amounted to 754.5 million euros, down by 45.0 million euros compared to the previous year, whereas the portfolio of assets held to maturity stood at 604.4 million euros, unchanged on the end of the previous year.

Loans to customers stood at 710.8 million euros, down on the previous year due to the decrease in the financing segment (-16.1 million euros) as a result of the repayment of pool transactions and mortgages, the early redemption of several debt securities during the half-year (-21.8 million euros) and the contraction in the intraday margins required by stock exchanges for proprietary and third-party transactions (-24.7 million euros).

The Group's equity amounted to 218.0 million euros at 30 June 2009, up by 29.1 million euros on the previous year, primarily due to the greater contribution made by profit in the first half of the year (23.9 million euros) and by the recognition in equity of the gain on the sale of Simgenia.

Consolidated capital for regulatory purposes is estimated at 193.3 million euros at 30 June 2009, net of the projected total dividend payout, marking an increase of 17.6 million euros on the situation at December 31, 2008. The total capital ratio stands at 12.49%, compared to 12.14% at December 31, 2008, whereas tier 1 capital rose from 9.04% at the end of the previous year to 9.62% for the first half of 2009.

6.1.2 Recent income and expense trends since 31 December 2008

During the first half of 2009, Banca Generali continued to achieve growth, both in terms of the development of assets under management and earnings figures, thanks to the medium-/long-term strategy it has been following for some time now.

At the end of 2008, the Banca Generali banking group had achieved a consolidated net profit of 7.9 million, EBITDA of 42 million euros, a cost/income ratio (i.e. the ratio of operating costs gross of adjustments to property, equipment and intangible assets, to net banking income) of 74.7% and ROE (Return on Equity) of 4.25%.

At 31 December 2008, net banking income was 165.8 million euros, administrative expenses 132.5 million euros, and net provisions pertaining to the development of the distribution network 13.4 million euros.

At the end of the first six months of 2009, the Banca Generali Group reported a net profit of 23.9 million euros, up 18.3 million euros on the net profit for the first half of 2008 (+330, 80%).

EBITDA for the first six months of 2009 was 56.1 million, up 104.3% (+93.2% on a like-for-like basis) on the 27.5 million euros reported in the first half of 2008.

Net banking income rose by 44.4 million euros, or 52.7% (+38.6% on a like-for-like basis) compared to 30 June 2008, climbing from 84.1 million euros at 30 June 2008 to 128.5 million euros in the first six months of 2009. Net interest income performed well (+1.1 million euros, or +4%), while the growth of net commissions was particularly significant (+28.5%; +22.1% on a like-for-like basis). The dividends and net profit from trading segment posted growth of 24.1 million euros compared to the first half of 2008, primarily due to the improvement in real-estate markets and the asset allocation defined at the peak of the crisis.

Total operating expenses at 30 June 2009 amounted to 75.1 million euros, up 27.3% (12.9% on a like-for-like basis) compared to the first half of 2008, with staff expenses increasing from 25.8 million euros in the first six months of 2008 to 32.6 million euros in the same period of 2009 (+26.2%; 8.1% on a like-for-like basis).

Net provisions amounted to 17.1 million euros at 30 June 2009, a slight increase (+4.7%) compared to the first half of 2008, mainly due to provisions in connection with the development of the distribution network.

Cost/income ratio was 56.4%; ROE reached 12.7%.

6.1.3 Forecast performance of inflows, loans, investments, costs and revenue

In the second half of 2009, the Banking Group will continue to pursue the goals of containing costs and enhancing revenue through the measures and steps planned and partly implemented in the first half of the year, primarily in the form of the ongoing corporate restructuring, rationalisation of organisational structure and local distribution model, and development of new investment and insurance products.

Neither inflows nor investments are projected to show substantial change as compared to 30 June 2009.

6.2 FORECAST FIGURES

The Issuer expects the Merger to allow it to achieve positive effects on the consolidated accounts, primarily due to the significant organisational simplification arising from the unification of the two legal entities.

The management of Banca Generali estimates that these benefits will primarily affect the following aspects from the standpoint of profit or loss:

(i) the organisational simplification involving various company functions, beginning with governance bodies. In detail, the merger and ensuing rationalisation are projected to result in cost efficiency gains that may be quantified in approximately 20 full-time equivalents in terms of office staff, in addition to which the Issuer believes it will achieve further administrative expense savings arising, for example, from the elimination of the costs of the board of directors, statutory auditors, independent auditors, etc.). This expense item amounted to 0.2 million euros in the first half of 2009;

(ii) it is believed that the Merger will lead to savings in the area of information technology systems, both with respect to the licences employed and the development and maintenance of the various systems in use;

(iii) furthermore, given the recent changes to intragroup VAT, the discontinuation of all outsourcing services heretofore rendered by the Parent Company to Banca BSI Italia will allow for significant savings equal to the amount of the intragroup VAT, which will cease to be paid. This expense item amounted to 0.6 million euros in the first half of 2009.

The foregoing savings should be considered the minimum because they do not contemplate all possible synergies that may arise from a more in-depth examination.

On the other hand, the disappearance of the BSI brand is not foreseen to have any negative effects on revenue because, as mentioned above, a new private-banking division is to be formed at the Issuer, and this division will preserve the distinctive traits of the former Banca BSI Italia both in terms of its commercial profile and service standards.

It is believed that the projected savings when the merger is complete may be fully realised, following an initial implementation period, beginning in 2011.