BANCA GENERALI SPA

INTERIM REPORT ON OPERATIONS

AS OF 30 JUNE 2012

INTERIM REPORT ON OPERATIONS

AS OF 30 JUNE 2012

BOARD OF DIRECTORS
25 JULY 2012

BANCA GENERALI

INTERIM REPORT ON OPERATIONS AS OF 30 JUNE 2012

Board of Directors
25 July 2012

BANCA GENERALI SPA

REGISTERED OFFICES AT

TRIESTE, VIA MACHIAVELLI 4 - ITALY

SHARE CAPITAL

AUTHORISED SHARE CAPITAL
119,378,836 EUROS

UNDERWRITTEN AND PAID-UP SHARE CAPITAL
111,693,843 EUROS

TRIESTE REGISTER OF COMPANIES, TAX CODE AND VAT NO.

00833240328

MEMBER OF THE INTERBANK DEPOSIT PROTECTION FUND

BANK REGISTER NO. 5358

PARENT COMPANY OF THE BANCA GENERALI BANKING GROUP REGISTERED IN THE BANKING GROUP REGISTER

COMPANY MANAGED AND COORDINATED BY ASSICURAZIONI GENERALI S.P.A.

COMPANY BOARDS

BOARD OF DIRECTORS

CHAIRMAN

GIRELLI GIORGIO ANGELO (*)

CHIEF EXECUTIVE OFFICER

MOTTA PIERMARIO

BOARD OF DIRECTORS

PERISSINOTTO GIOVANNI (*)

ANACLERIO MARIO FRANCESCO

BAESSATO PAOLO

BRUGNOLI GIOVANNI

GENOVESE FABIO

GERVASONI ANNA

MIGLIETTA ANGELO

RIELLO ETTORE

VAGNONE PAOLO (**)

(*) *Resigned on 23 July 2012*

(**) *Co-opted on 25 July 2012*

BOARD OF STATUTORY AUDITORS

ALESSIO VERNÌ GIUSEPPE (CHAIRMAN)

GAMBI ALESSANDRO

VENCHIARUTTI ANGELO

CAMERINI LUCA (ALTERNATE AUDITOR)

BRUNO ANNA (ALTERNATE AUDITOR)

GENERAL MANAGER

MOTTA PIERMARIO

MANAGER IN CHARGE OF THE COMPANY'S FINANCIAL REPORTS

FANCEL GIANCARLO

BANCA GENERALI

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GROUP ECONOMIC AND FINANCIAL HIGHLIGHTS

CONSOLIDATED FIGURES	30.06.2012	30.06.2011	CHANGE %
(Euro million)			
Net interest income	51.3	21.5	138.5
Net commissions	116.4	98.3	18.4
Dividends and net result of financing operations	9.5	5.8	63.2
Net banking income	**177.1**	**125.6**	**41.0**
Staff expenses	-34.9	-33.3	4.8
Other general and administrative expense	-44.3	-41.4	7.1
Amortisation and depreciation	-2.3	-1.9	19.8
Other net operating income	9.2	5.8	58.4
Net operating expense	**-72.3**	**-70.8**	**2.2**
Operating profit	**104.8**	**54.9**	**91.1**
Provisions	-14.3	-9.9	44.7
Adjustments	-3.7	-1.7	122.5
Profit before taxation	**86.8**	**43.3**	**100.5**
Net profit	**67.3**	**37.4**	**79.8**
Cost / Income ratio	39.6%	54.8%	-27.9
EBITDA	107.1	56.7	88.7
ROE	33.52%	18.02%	86.0
EPS - Earnings per Share (euro)	0.603	0.336	79.5

NET INFLOWS	30.06.2012	30.06.2011	CHANGE %
(Euro million) (Assoreti data)			
Mutual funds and SICAVs	52	208	-75.0
Asset management	12	-110	110.9
Insurance / Pension funds	579	506	14.4
Securities / Current accounts	401	-25	1,704.0
Total	**1,044**	**579**	**80.3**

ASSET UNDER MANAGEMENT & CUSTODY (AUM/C)	30.06.2012	31.12.2011	CHANGE %
(Euro billion) (Assoreti data)			
Mutual funds and SICAVs	6.1	5.9	4.0
Asset management	2.9	2.8	2.0
Insurance / Pension funds	7.9	7.3	8.3
Securities / Current accounts	7.7	7.2	5.6
Total	**24.6**	**23.3**	**5.6**

NET EQUITY	30.06.2012	31.12.2011	CHANGE %
(Euro million)			
Net equity	289.2	262.4	10.2
Capital for regulatory purposes	257.7	236.5	9.0
Excess capital	113.2	89.1	27.0
Solvency margin	14.27%	12.84%	11.2

INTERIM REPORT ON OPERATIONS

1. SUMMARY OF HALF-YEAR OPERATIONS

The Banca Generali Group closed the first six months of 2012 with net profit of 67.3 million euros — an increase of 29.9 million euros compared to the same period of 2011 (+79.8%) — and net equity of 289.2 million euros.

EBITDA, which is calculated as profit before taxes, net provisions, adjustments on loans, property, equipment and intangible assets, amounted to 107.1 million euros for the first six months of 2012, up 88.7% compared to 56.7 million euros in the same period of 2011.

Net banking income increased by 51.5 million euros (+41.0%) compared to 30 June 2011, going from 125.6 million at 30 June 2011 to 177.1 million in the first half of 2012. As part of the net commissions aggregate, which at the end of the period amounted to 116.4 million euros, as against a slight decrease in management commissions (-5.3%), incentive commissions rose (+26.7 million euros).

Net interest income showed an increase of 29.8 million euros compared to the same period of the previous year (+138.5%) mainly due to LTRO transactions carried out with the ECB, while net result from banking operations and dividends increased by 3.7 million euros compared to the previous half year.

Total net operating expenses at 30 June 2012 stood at 72.3 million euros, slightly up (+2.2%) compared to the first half of 2011, with staff expenses going from 33.3 million in the first six months of 2011 to 34.9 million euros in the same period of 2011 (+4.8%), and administrative expenses increasing by 2.9 million euros or 7.1% compared to the financial situation of the previous half year, mainly due to increased estimated stamp duty charges which, however, are recovered from customers and recognised as other operating income.

Net provisions amounted to 14.3 million euros at 30 June 2012, a 44.7% increase compared to the first half of 2011, mainly due to provisions in connection with the development and incentivation of the distribution network. This area specifically includes network incentives for 6.3 million euros, which will be paid out in the third quarter, as a result of the excellent net inflows achieved the first half of the year.

The total value of the assets managed by the Group for its customers at 30 June 2012 amounted to 24.6 billion euros, which is the figure used for communications to Assoreti (Italy's National Association of Financial Products and Investment Services Placing Firms). In addition, as of the same date, assets under administration and custody of the Generali Group companies totalled approximately 0.9 billion euros, and 6.1 billion euros were held in mutual funds and discretionary accounts (GPF and GPM) distributed directly by management companies or parties outside the banking group, for an overall total of 31.6 billion euros.

With 24.6 billion euros in assets under management and 1,044 million euros in net inflows for the period from 1 January to 30 June 2012, the Banca Generali Group continues to hold a leading position among institutions specialising in the distribution of financial products through financial advisor networks.

In the first half of 2012, the banking group continued to focus the brunt of its efforts on developing new products aiming at the optimisation of assets in customer portfolios, in response to the uncertainty and volatility of the financial market, due to the sovereign debt crisis and the limited growth prospects for the economy.

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

The group further expanded the offer of products provided by third-party product companies, with the launch of the placement of Sicav Franklin Templeton Investment Funds, as part of the stronger multibrand concept the banking group has adopted in parallel with the advisory services provided by its financial advisor network, aimed at providing them with instruments and products that are increasingly capable of responding to growing financial and pension demands among Italian households. Banca Generali also continued to heavily invest in communications to customers, both through the national press and local events, and through the development of new channels such as online reporting, and the streamlining of contractual documentation.

Lastly, effective 1 April 2012, the sale of the business unit made up of Italian mutual funds, established and/or managed mutual funds to the subsidiary Generali Investments Italy SGR, in line with the implementation of the strategic plan defined by BG SGR's Board of Directors, aimed at gradually focussing its activities on the management of individual portfolios, in both securities and funds.

The transaction approved on 27 September 2011 by the subsidiary BG SGR and the Parent Company Banca Generali had already been disclosed to the public through the preparation of the information document pursuant to Article 5 of CONSOB Regulation and was authorised by the Bank of Italy on 21 November 2011.

The consideration for the transfer of the business unit was 5.5 million euros, of which 0.3 million euros from the excess of assets acquired over liabilities assumed, with recognition through equity of a net gain of 3.7 million euros.

Further, to create cost and skill synergies and enhance the operating structure's efficiency, on 21 June 2012 BG SGR's General Shareholders' Meeting and the Board of Directors of Banca Generali, which holds 100% of the company, approved the plan for the merger of the subsidiary BG SGR into the Parent Company Banca Generali. The merger approved on 14 December 2011 by the respective Boards of Directors was authorised by the Bank of Italy on 13 April 2012 and will be finalised, effective 1 September 2012, with accounting and fiscal effects as of 1 January 2012.

Following the merger of BG SGR into its parent, Banca Generali, an Investment Division will be created within Banca Generali with the aim of enhancing portfolio management activity by continuing the profitable pursuit of the mission of establishing Banca Generali as clients' bank of choice by offering a full, customised range of investment solutions and wealth management services.

Before analysing the Bank's sales and financial results for the first half of 2012, macroeconomic information for the main economic regions of the world is reported, to provide a better understanding of the factors that influenced the results of the banking group.

2. MACROECONOMIC CONTEXT

In the first half of 2012, financial markets strengthened until the first half of March, thanks to a progressive increase in risk appetite led by the European agreements on the review of arrangements relating to public finance regulation and liquidity injections by the ECB. Subsequently, the global economic scenario became more uncertain, with tensions on sovereign debt flaring up again in Europe while the outlook on the European economy darkened: consequently, risk aversion increased again pushing down the prices of riskier asset classes (equities, commodities, bond spreads) and up those of areas considered as safe-heaven assets (U.S. and German government bonds, U.S. dollar). In May, the political tensions between the European countries reached a climax with the elections in Greece, the results of which raised concerns about a possible exit of Greece from the Euro Area. Moreover, the worsening financial position of the Spanish banking system came to light with compelling evidence.

The institutions' response, at the European level, however, was firmer: the Spanish crisis was dealt with quickly and at the Eurogroup and European Union meetings at the end of June some measures were approved which, recognising the need to separate the banking crisis from that linked to sovereign debt, laid the groundwork for an in-depth review of EU mechanisms and a longer-term resolution of the crisis. The financial markets reacted positively but cautiously, generally easing high tension situations: the euro appreciated, the German government bond yields rose, the spreads slightly narrowed albeit they were still at critical levels and risk aversion on the equity markets decreased.

From a macroeconomic perspective, global growth peaked in the first quarter, thanks to a favourable climate that allowed for an expansion of economic activity in the United States systematically above the consensus forecast. The offsetting trend in the following months was accompanied by the continuing slowdown in China and a worsening economic scenario in Europe, where the growth gap between exporting and peripheral countries was confirmed, the latter being impacted by fiscal consolidation measures. Many emerging economies felt the effects of the restrictive monetary policies adopted in the past: the central banks — which already by the end of 2011 had opted for a wait and see approach — adopted a supporting stance with respect to growth, reducing interest rates (Brazil, India, China).

In this context of lower growth, energy prices recorded a significant decline, which will promote a more rapid drop of inflation in the future. Monetary policies of developed countries remained strongly expansionary, while tax policies were neutral (the United States, Germany, Great Britain) or restrictive (peripheral countries of the Eurozone).

During the six-month period, interbank market rates in the Euro Area trended downwards, influenced by the abundant liquidity offered by the ECB and an economic growth scenario in the Euro Area that remains very weak. During the period, the 3-month Euribor went from 1.4% at year end to 0.65% at end-June, while the EONIA rate fluctuated in the range 0.35% -0.40% due to abundant liquidity injected by the ECB through two refinancing transactions — one in late 2011, the other at the end of February — both characterised by 3 year maturity, unlimited quantities and fixed rate.

Against this background, equity markets recorded overall positive total return, differentiated according to regions. The MSCI World index in Euro climbed 7%, the S&P500 11% and the Topix 4.5%. In Europe, the benchmark index for the entire area (DJ Stoxx 600) marked a 2.7% rise, while the Euro Area benchmark (Euro Stoxx) remained virtually unchanged (+0.3%) and the Italian FTSE MIB was instead down by -5.4%. During the period, exchanges in emerging markets went up: 4.8% overall (the MSCI Emerging Markets index), 11.3% in India and 6.4% in China. In general, the market sectors that performed best in Europe were travel, real estate, food and household products, while raw materials, telecommunications, energy and retail posted below-average performance.

Bond markets were dominated by cyclical economic data and news on the evolution of the sovereign debt crisis of the Euro Area. Long-term yields on reference markets (Germany and USA) remained largely unchanged in the first quarter compared to the levels reached in late 2011 and then gradually declined until reaching new historical lows in between May and June: 1.17% the ten-year maturity in euro, 1.45% the ten-year maturity in dollars. Only in recent weeks, with the EU summit approaching and then the positive results that ensued, the rates partially reversed the trend, rebounding from their lows. In the Euro Area, events relating to the sovereign debt crisis continued to have a fluctuating impact on bond yields and spreads of the countries considered at risk of default. Overall, the spread in Italy fell, going from 529 basis points to a minimum of 277 in mid-March, before rebounding and closing the first half to 423 basis points: these trends allowed for positive returns in the half year.

On currency markets this double trend also prevailed. In the first part of the semester, the euro-dollar exchange rate fluctuated between 1.30 and 1.35. Subsequently, the re-emergence of political tensions in Europe and the weakening outlook for global growth resulted in capital flows that benefited the dollar and the yen regarded as safe-haven assets: the euro-dollar exchange rate bottomed in early June to 1.23 and the euro-yen exchange rate fell to 95.6 from about 111 yen per euro prevailing in late March. The positive results of European meetings in late June allowed for a rebound to 1.26 and 100.5, respectively.

Commodities prices reflected expectations of global growth, rising until mid-March and then showing downtrends differentiated by product. Oil prices (WTI) rose from $100 a barrel in late December to a peak of approximately 111 at the end of February, then dropped back to levels lower than those at the beginning of the year, closing the half year at 85. Gold, which in the first two months of the year had been moving upward in response to strong liquidity injections by Central Banks, fell back to levels slightly higher than those of early 2012, at around $1600 per ounce.

Outlook

Projections by major international authorities show that growth rates in the advanced countries will continue to be below their potential level in general and negative for the peripheral countries of the Euro Area in particular. In all emerging countries the growth scenario will overall be positive although subdued compared to last year. As regards the financial markets, the European Council underlined its commitment to take decisive action in order to ease market tensions and foster a more suitable environment for the resumption of growth in the Euro Area. The European Commission undertook to submit a proposal for the creation of an oversight mechanism of the European banking systems and the Eurogroup undertook to adopt a memorandum for a more flexible use of the EFSF/ESM European funds in order to ensure financial stability in the Euro Area. Finally, it was also agreed that both proposals be adopted by the European Council by the end of 2012.

3. BANCA GENERALI'S COMPETITIVE POSITIONING

3.1 The Asset Management Market

The Italian asset management market (collective management, open-ended funds and individual GPF and GPM portfolios) recorded net outflows of 6.7 billion euros in the first half of the year, of which about half UCITs.

This latter data continues a long downtrend that has been going on since 2006 with the sole exception of 2010. These values are however less negative than those recorded in 2011, but they could worsen during the year in relation to the economic situation which does not seem to be levelling off.

In this regard, the reasons explaining investors' disaffection continued to apply, and more specifically:

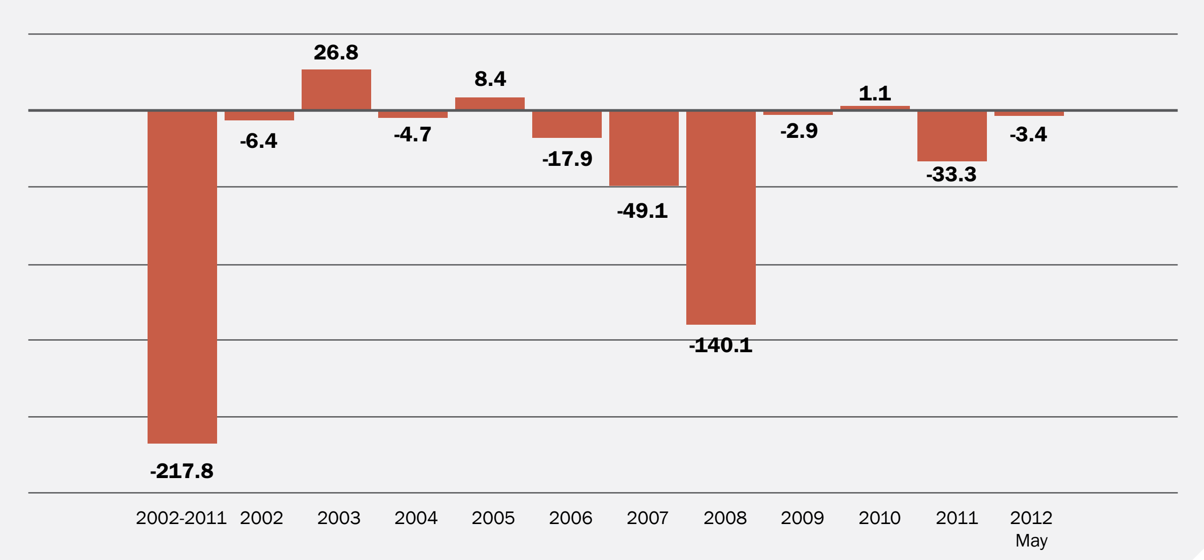
(i) a market situation repeatedly disrupted since 2007, with the inevitable impact on volatility and performance;

(ii) traditional commercial policies of the banking system which, for budgetary needs, focused on traditional bank funding channels diverting resources from asset management products which, although not in such a dramatic way as in some periods of the past, lead to a gradual erosion of assets invested in asset management products.

In this respect, the trend that favours the switch towards international UCITs against Italian funds (net inflows of 5.9 billion euros, against outflows from the latter of 9.2 billion euros) was confirmed, as evidence of a crisis in recent years that does not seem to be correlated with differences in taxation which have long been superseded.

In detail, according to an extrapolation of figures provided by Assogestioni (a trade association for management companies) prepared by Assoreti (a trade association for Financial Advisors), inflow figures also remained consistently positive, albeit at a limited extent, for the Financial Advisor channel (about 2 billion euros), whereas traditional banks reported considerable divestments (-5.5 billion euros).

THE UCITs MARKET



Source: Assogestioni (Euro billion)

3.2 The Assoreti Market

The net inflows reported by the Assoreti market (total distribution activity through Financial Advisors) in the first half of 2012 were in line with those of 2011 (4.9 billion euros), albeit with some differences in terms of flows allocations.

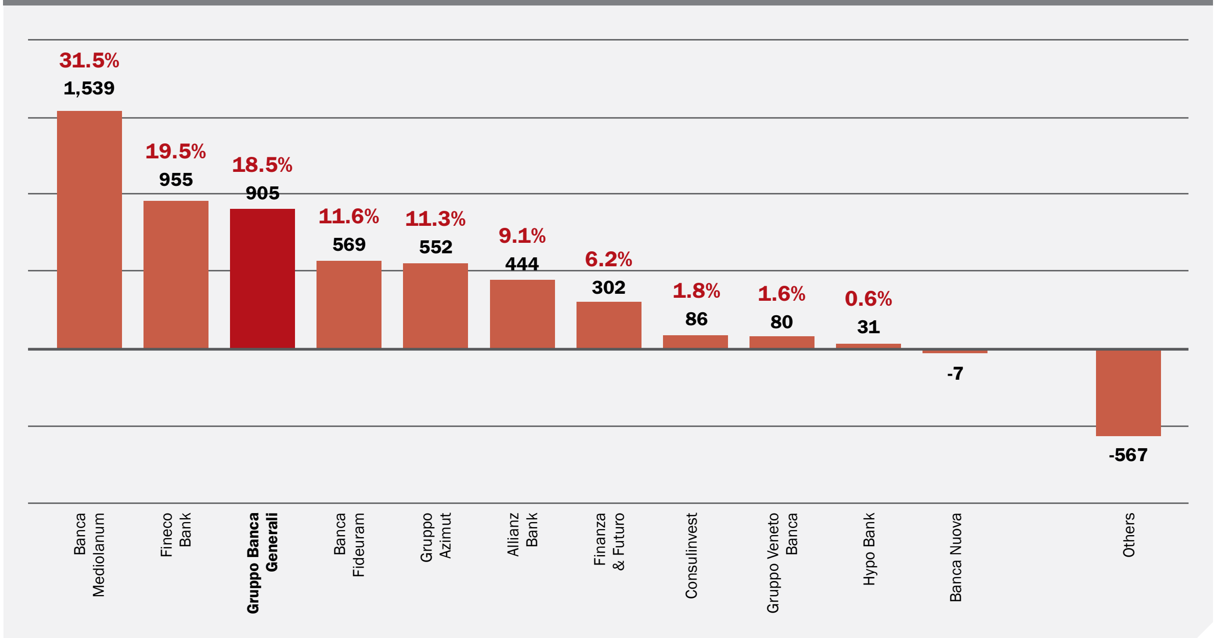
(Euro million)	MAY 12	MAY 11	DELTA
Asset management	999	2,039	-1,040
Insurance products	1,877	352	1,525
Assets under administration and custody	2,013	2,384	-371
Total	**4,889**	**4,775**	**114**

The flow of investments on instruments under asset management decreased further, whereas there was an increase in inflows for insurance investment instruments, which are characterised by specific capital protection features. In addition, there continued to be an interest in assets under administration in the form of both liquidity and bonds, which benefited from the high returns available on the market.

3.3 The Banca Generali Group

In this scenario, Banca Generali remains among the market leaders by net inflows with a market share of 18.5% in May and net inflows of 905 million euros at 31 May 2012.

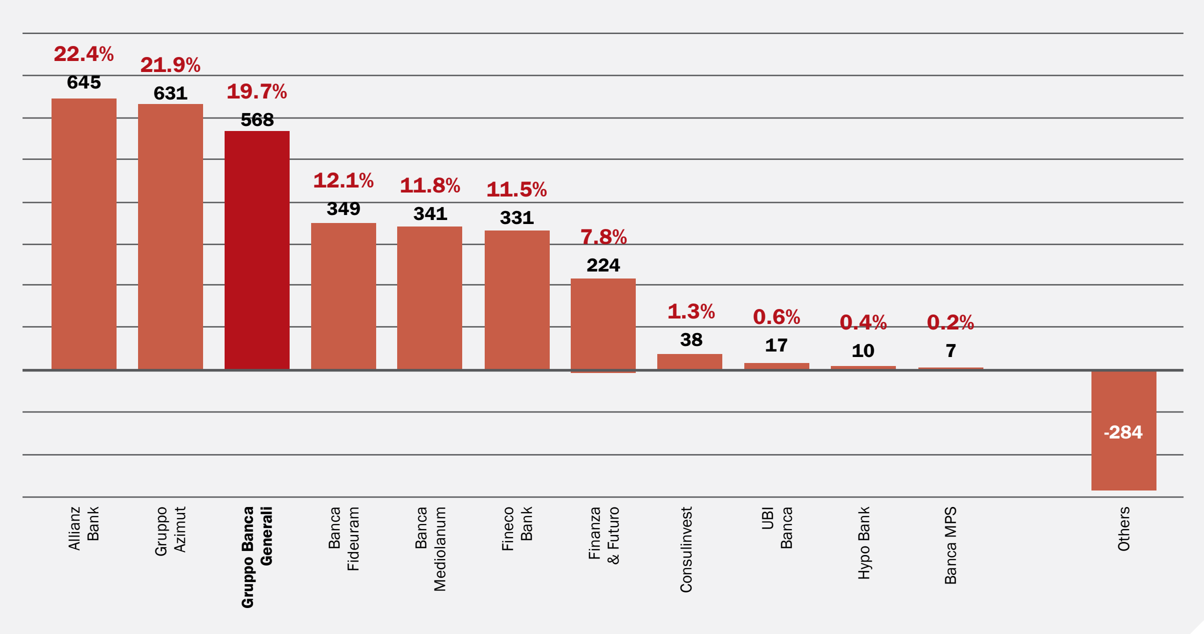
TOTAL NET INFLOWS — ASSORETI — 4.9 BILLION EUROS



Source: Assoreti – May 2012, Euro million

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

NET AUM AND INSURANCE INFLOWS ASSORETI – 2.9 BILLION EUROS



Source: Assoreti – May 2012 (Euro million)

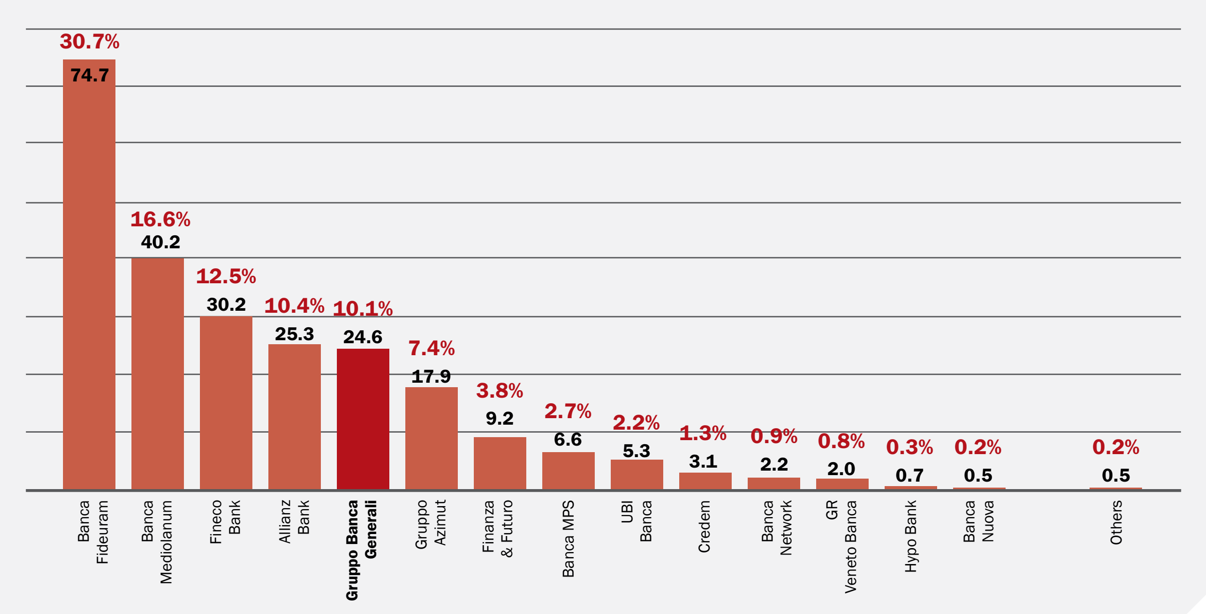
Specifically (data as of June 2012), net inflows of the Group were made up of assets under management for 64 million euros and insurance products for 579 million euros, with a good performance of assets under administration (401 million euros). These data are in line with market trends, albeit they show a more marked development in inflows from conservative insurance products compared to inflows from asset management (the former also facilitated by the marketing of policies with particularly competitive terms). Despite the difficult market situation, the forms of assets under management clearly prevailed over non managed savings, in line with the original vocation of the Financial Advisors' channel. Moreover, in terms of absolute net inflows, figures were almost double the already excellent results achieved in the first half of 2011, thus evidently overperforming the market average and providing evidence of a similarly lively commercial offering.

Net inflows of the Banca Generali Group

(Euro million)	BG GROUP 30.06.2012	BG GROUP 30.06.2011	YOY CHANGES VS/ 30.06.2011	
			AMOUNT	%
Total assets under management	**64**	**98**	**-34**	**-34.7%**
Funds and SICAVs	52	208	-156	-75.0%
GPF/GPM	12	-110	122	pos.
Total insurance products	**579**	**506**	**73**	**14.4%**
Total assets under administration and custody	**401**	**-25**	**426**	**pos.**
Total assets placed by the network	**1,044**	**579**	**465**	**80.3%**

At the end of March 2012, Banca Generali Group also remained among the top five competitors on the market in terms of assets under management.

TOTAL ASSETS — ASSORETI — 243 BILLION EUROS



Source: Assoreti – March 2012 (Euro billion)

The following table provides a summary of Group assets, updated through June 2012, illustrating their composition by macro-aggregate and providing a comparison with the figures as of December 2011. These assets refer to the Assoreti market, and therefore to the Financial Advisor operating area.

The change in assets for the six months of the year was 5.6%, recording an increase in all sectors and particularly in the insurance segment, where it was over 8%.

This was largely due to net inflows and for the remainder to better performances for the period.

(Euro million)	BG GROUP 30.06.2012	BG GROUP 31.12.2011	YTD CHANGES VS/ 31.12.2011	
			AMOUNT	%
Total assets under management	**8,985**	**8,692**	**293**	**3.4%**
Funds and SICAVs	6,084	5,850	235	4.0%
GPF/GPM	2,900	2,842	58	2.0%
Total insurance products	**7,925**	**7,319**	**606**	**8.3%**
Total assets under administration and custody	**7,657**	**7,244**	**413**	**5.7%**
Total assets placed by the network	**24,566**	**23,254**	**1,312**	**5.6%**

4. GROUP INDIRECT INFLOWS

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

4.1 Asset management and insurance products

Group asset management products

In the asset management segment, in the first half of 2012 the banking group conducted wealth management operations through BG SGR, Generali Fund Management and BG Fiduciaria. It should be noted that as from 1 April 2012 BG SGR has sold its Italian mutual fund management business unit and has discontinued the management mandate to Generali Investment Italy Alleanza Fondi SGR for a total value to date of 1,303 million euros.

(Euro million)	BG GROUP 30.06.2012	BG GROUP 31.12.2011	CHANGE VS/ 31.12.2011	
			AMOUNT	%
Funds and SICAVs	10,537	11,866	-1,328	-11.2%
- attributable to the banking group GPF	656	704	-47	-6.7%
GPF/GPM	3,095	3,016	80	2.6%
Total assets managed by the banking group, net of discretionary accounts, included in the GPF of the banking group	**12,976**	**14,178**	**-1,201**	**-8.5%**

Total assets of mutual funds managed by the Banking Group amounted to 12,976 million euros, including the total assets of the SICAVs, of which Generali Fund Management is the management company, even in cases when management mandate has been granted to third parties. Of this amount, 656 million euros are included in the Banking Group's portfolio management operations. The total change, net of disposals, was slightly positive.

Third-party asset management products

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

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

The total value of third-party asset management products at the end of June was 2,134 million euros, increasing significantly compared to 31 December 2011. This was partly due to positive inflows towards these products and partly to the reclassification of BG SGR funds after the disposal.

In the interest of an accurate measurement of the assets diversified across third-party products, it should be noted that, in a manner similar to the situation that occurred in 2009, there was considerable development of investments in the Luxembourg umbrella fund-of-funds BG Selection (4.6 billion euros), which is promoted directly by the Group, but invests almost exclusively in third-party products. As a further confirmation of the multi-management approach of the product, over time, 26 single-brand sub-funds were launched (out of 38 total) which were placed under the direct management of major international investment companies — by using their own brand and through management mandates —, thereby significantly broadening the management diversification of managed portfolios held by Bank customers.

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

(Euro million)	BG GROUP 30.06.2012	BG GROUP 31.12.2011	CHANGE VS/ 31.12.2011	
			AMOUNT	%
Funds and SICAVs	2,107	1,425	682	47.9%
GPF/GPM	27	27	0	0.0%
Total third-party asset management products	**2,134**	**1,452**	**682**	**47.0%**

Third-party insurance products

Assets invested in insurance and retirement products, mainly in traditional life insurance products and unit-linked policies of GenertelLife (formerly “La Venezia Assicurazioni”), stood at 7,925 million euros at the end of June 2012, up 8.3% compared to December 2011.

After achieving brilliant results in recent years, the segment confirmed its remarkable growth, which resulted in part from the launch of special insurance policies with particularly competitive features.

(Euro million)	BG GROUP 30.06.2012	BG GROUP 31.12.2011	CHANGE VS/ 31.12.2011	
			AMOUNT	%
Insurance products (unit-linked, policies, etc)	7,925	7,319	606	8.3%
Total third-party insurance products	**7,925**	**7,319**	**606**	**8.3%**

4.2 Assets under administration and custody

Indirect inflows of assets under administration and custody consist of securities deposited by retail and corporate customers for custody and administration in portfolios opened with the Parent Company Banca Generali. At 30 June 2012, the market value was 5,930 million euros, stable compared to the year-end 2011 figure.

Net of inflows relating to Captive and Corporate Clients, indirect inflows at market values grew by 219 million euros.

(Euro million)	BG GROUP 30.06.2012	BG GROUP 31.12.2011	CHANGE VS/ 31.12.2011	
			AMOUNT	%
Indirect inflows of assets under administration and custody of the banking group (market value)	**5,930**	**5,916**	**14**	**0.2%**
of which securities portfolios of the Generali group's customers	277	482	-205	-42.4%
of which other customer's securities portfolios	5,653	5,434	219	4.0%

5. OPERATING RESULT AND PERFORMANCE OF THE MAIN EQUITY AGGREGATES

5.1 Profit and Loss Results

The Group's consolidated net profit for the first half of 2012 amounted to 67.3 million euros, up by 29.9 million euros (+ 79.8%) compared to the same period of 2011.

Before proceeding with an analysis of the results achieved, it should be noted that, pursuant to IFRS 5, income and expenses associated with the Italian mutual fund management business unit, the sale of which was realised by the subsidiary BG SGR in April 2012, have been classified to a separate item, as have profits and losses from discontinued operations. Accordingly, the profit and loss figures for the previous year have also been restated in the interest of greater comparability.

(Euro thousand)	30.06.2012	30.06.2011	CHANGE		30.06.2011
		RESTATED	AMOUNT	%	OFFICIAL
Net interest	**51,265**	**21,494**	**29,771**	**138.5%**	**21,494**
Net commissions	**116,389**	**98,333**	**18,056**	**18.4%**	**100,071**
Dividends	697	57,667	-56,970	-98.8%	57,667
Net result of financial operations	8,791	-51,853	60,644	-117.0%	-51,853
Net operating income	**177,142**	**125,641**	**51,501**	**41.0%**	**127,379**
Staff expenses	-34,906	-33,317	-1,589	4.8%	-34,304
Other general and administrative expense	-44,307	-41,356	-2,951	7.1%	-40,768
Net adjustments of property, equipment and intangible assets	-2,269	-1,894	-375	19.8%	-1,911
Other operating expense/income	9,150	5,777	3,373	58.4%	5,774
Net operating expense	**-72,332**	**-70,790**	**-1,542**	**2.2%**	**-71,209**
Operating profit	**104,810**	**54,851**	**49,959**	**91.1%**	**56,170**
Net adjustments for non-performing loans	-2,908	-448	-2,460	549.1%	-448
Net adjustments of other assets	-805	-1,221	416	-34.1%	-1,221
Net provisions	-14,306	-9,889	-4,417	44.7%	-9,889
Gain (loss) from equity investments	-2	0	-2	n.a.	0
Operating profit before taxation	**86,789**	**43,293**	**43,496**	**100.5%**	**44,612**
Income taxes for the period	-17,844	-4,600	-13,244	287.9%	-5,038
Gains from non-current assets held for sale	318	881	-563	-63.9%	0
Profit attributable to minority interests	-1,980	-2,159	179	-8.3%	-2,159
Net profit	**67,283**	**37,415**	**29,868**	**79.8%**	**37,415**

Net operating income amounted to 177.1 million euros, with an increase of 51.5 million euros (+41.0%) compared to the same period of the previous year.

This evolution was influenced by several factors:

- the return of performance commission income, particularly in the first quarter of 2012, which amounted to 31.9 million euros;
- the strong contribution to net interest, which improved by 29.8 million euros (+138.5%), provided by the increase in the volume of investment and inflows owing to the injection of liquidity deriving from the refinancing transactions (LTROs) undertaken by the ECB in December 2011 and February 2012;
- the good result of financial operations, including dividends, which increased by 3.7 million euros compared to 2011.

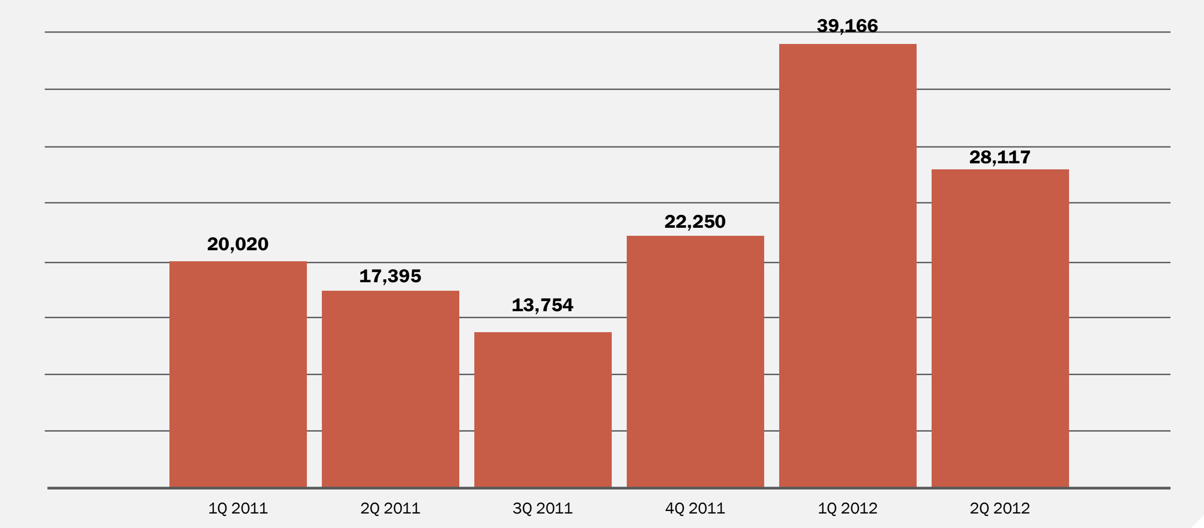
Net operating expense stood at 72.3 million euros, slightly increasing compared to the previous year (+2.2%), primarily due to the effect of the performance of administrative expenses, resulting in a **consolidated operating profit** of 104.8 million euros, marking an increase of 50.0 million euros compared to the previous year (+91.1%).

The **cost/income ratio**, used to calculate the percentage weight of operating costs, gross of adjustments of property, equipment and intangible assets with respect to net operating revenues dropped sharply from 54.8% to 39.6%.

Adjustments and provisions increased to 18.0 million euros overall, due chiefly to the greater provisions recognised to account for network incentives set to accrue and, to a lesser extent, prudential provisions related to the expenses of integrating BG SGR and impairment losses recognised on financial assets for which impairments had already been recognised in previous years.

Operating profit before taxation thus stood at 86.8 million euros, up by 43.5 million euros compared to the first half of 2011 (+100.5%).

NET RESULT FOR THE PERIOD



Quarterly Evolution of the Profit & Loss Account

(Euro thousand)	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11
Net interest	**28,121**	**23,144**	**15,741**	**11,824**	**10,424**	**11,070**
Net commissions	**46,000**	**70,389**	**47,004**	**42,625**	**47,866**	**50,467**
Dividends	652	45	11,763	22,829	57,656	11
Net result of financial operations	1,179	7,612	-10,356	-23,362	-54,338	2,485
Net operating income	**75,952**	**101,190**	**64,152**	**53,916**	**61,608**	**64,033**
Staff expenses	-16,877	-18,029	-15,140	-16,323	-16,670	-16,647
Other general and administrative expense	-21,256	-23,051	-16,224	-20,983	-23,034	-18,322
Net adjustments of property, equipment and intangible assets	-1,090	-1,179	-1,016	-1,181	-951	-943
Other operating expense/income	5,584	3,566	788	2,101	4,231	1,546
Net operating expense	**-33,639**	**-38,693**	**-31,592**	**-36,386**	**-36,424**	**-34,366**
Operating profit	**42,313**	**62,497**	**32,560**	**17,530**	**25,184**	**29,667**
Net adjustments for non-performing loans	147	-3,055	-1,152	-563	-458	10
Net adjustments of other assets	-429	-376	-2,482	-113	-1,151	-70
Net provisions	-2,628	-11,678	1,701	-1,880	-4,567	-5,322
Gain (loss) from equity investments	-2	0	0	-1	0	0
Operating profit before taxation	**39,401**	**47,388**	**30,627**	**14,973**	**19,008**	**24,285**
Income taxes for the period	-10,276	-7,568	-7,924	-830	-1,078	-3,522
Gains from non-current assets held for sale	159	159	523	431	420	461
Profit attributable to minority interests	-1,167	-813	-976	-820	-955	-1,204
Net profit	**28,117**	**39,166**	**22,250**	**13,754**	**17,395**	**20,020**

5.1.1. Net Interest

Net interest income amounted to 51.3 million euros, more than doubling the figure for the same period of the previous year (+138.5%), mainly as a result of:

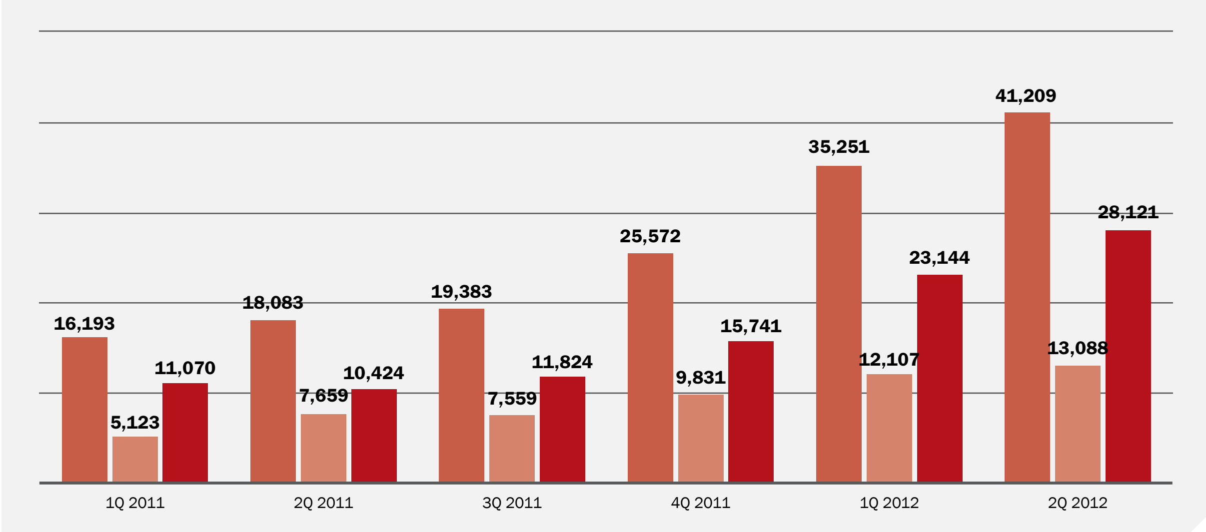
- an expansion of inflows volumes at extremely favourable rates (1%), due to the aforementioned Banca Generali's participation in the refinancing transactions promoted by the ECB;
- the high yields offered by Italian government securities, which offered excellent investment opportunities;
- the concurrent increase in inflows from "high-yield" customers (deposit accounts and repurchase agreements) and interbank inflows (repurchase agreements), characterised by higher cost levels than traditional inflows.

Interest income thus grew by 42.2 million euros (123.1%), owing to the decisive contribution of the securities portfolio (+40.9 million euros or 160.4%) and, to a lower extent, loans to customers (+1.6 million euros or 22.9%).

By contrast, the cost of inflows increased by 12.4 million euros (+97.1%), due to the expenses associated with the ECB transactions (+6.2 million euros), interbank inflows in the form of repurchase agreements (+1.7 million euros) term deposits and high-yield customer repurchase agreements (+4.8 million euros).

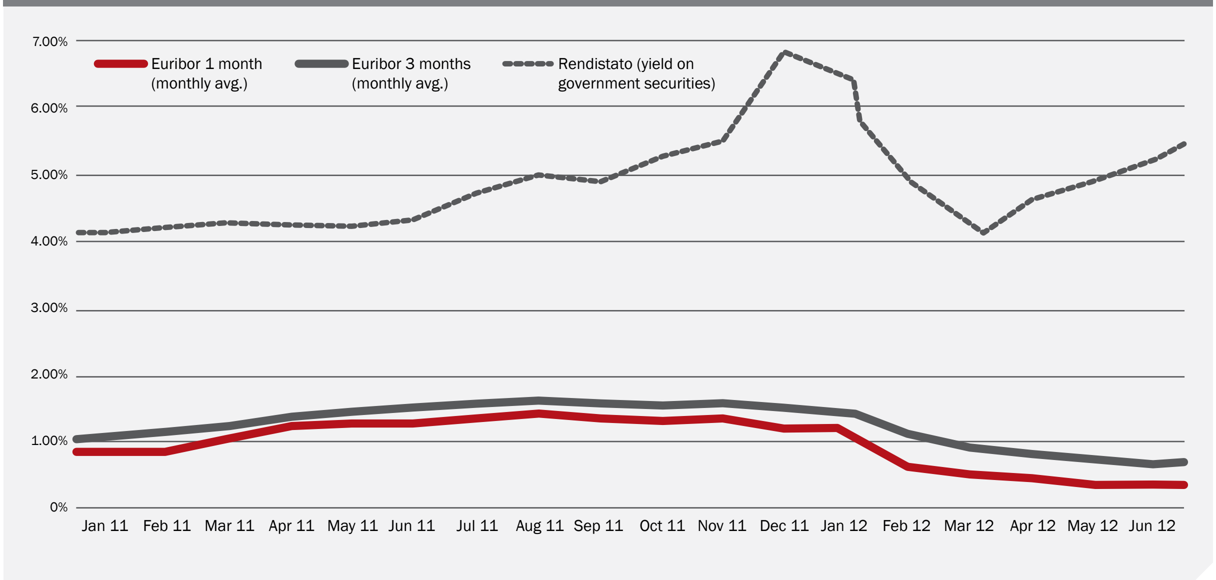
(Euro thousand)	30.06.2012	30.06.2011	CHANGE	
			AMOUNT	%
Financial assets held for trading	204	307	-103	-33.6%
AFS financial assets	18,298	15,316	2,982	19.5%
Financial assets held to maturity	45,155	7,071	38,084	538.6%
Financial assets classified among loans	2,815	2,831	-16	-0.6%
Total financial assets	**66,472**	**25,525**	**40,947**	**160.4%**
Loans to banks	909	1,630	-721	-44.2%
Loans to customers	8,733	7,106	1,627	22.9%
Hedging derivatives	339	0	339	n.a.
Other assets	7	15	-8	-53.3%
Total interest income	**76,460**	**34,276**	**42,184**	**123.1%**
Due to ECB	6,244	0	6,244	n.a.
Due to banks	318	603	-285	-47.3%
Repurchase agreements - banks	4,914	3,237	1,677	51.8%
Due to customers	11,205	7,783	3,422	44.0%
Repurchase agreements - customers	1,744	320	1,424	445.0%
Subordinated loan	766	820	-54	-6.6%
Other liabilities	4	19	-15	-78.9%
Total interest expense	**25,195**	**12,782**	**12,413**	**97.1%**
Net interest	**51,265**	**21,494**	**29,771**	**138.5%**

INTEREST RATE



Interest income *Interest expense* *Net interest*

EVOLUTION OF INTEREST RATE

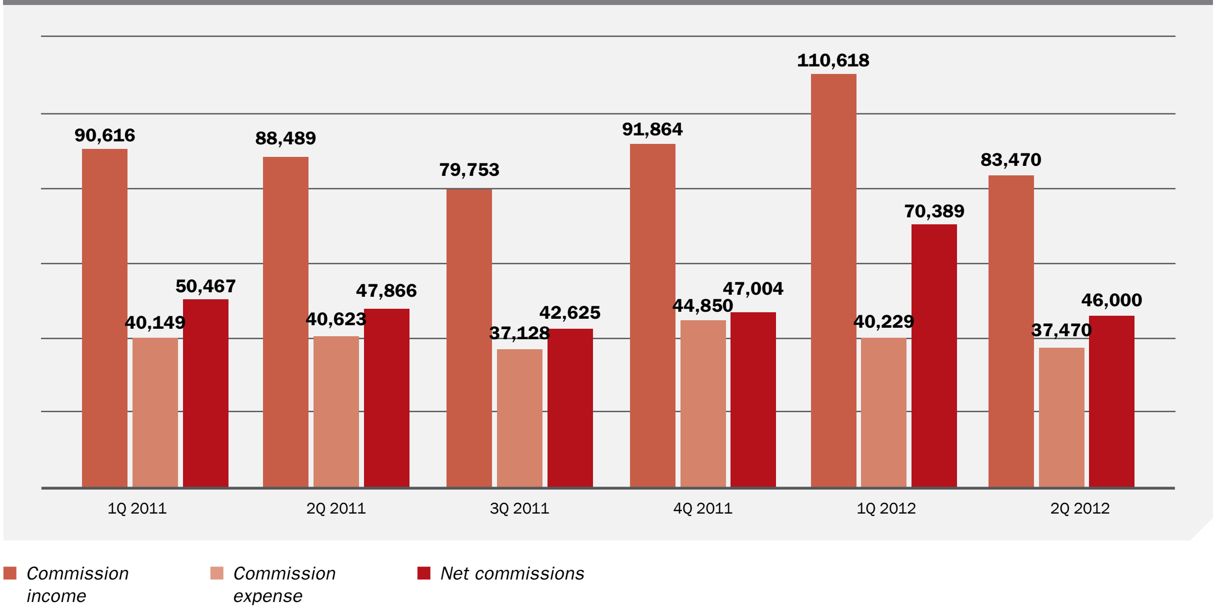


5.1.2 Net Commissions

The commissions aggregate stood at 116.4 million euros, increasing by 18.4% compared to the first half of 2011, and may be broken down as follows.

(Euro thousand)	30.06.2012	30.06.2011	CHANGE	
			AMOUNT	%
Asset management	130,613	114,249	16,364	14.3%
Placement of securities	16,662	17,201	-539	-3.1%
Distribution of third-party fin. products	33,625	31,121	2,504	8.0%
Trading and securities custody commissions	9,459	13,159	-3,700	-28.1%
Other services	3,729	3,375	354	10.5%
Total commission income	**194,088**	**179,105**	**14,983**	**8.4%**
Commissions for external offer	67,777	69,089	-1,312	-1.9%
Dealing in securities and custody	1,604	2,605	-1,001	-38.4%
Asset management	7,243	8,157	-914	-11.2%
Other services	1,075	921	154	16.7%
Total commission expense	**77,699**	**80,772**	**-3,073**	**-3.8%**
Net commissions	**116,389**	**98,333**	**18,056**	**18.4%**

NET COMMISSIONS



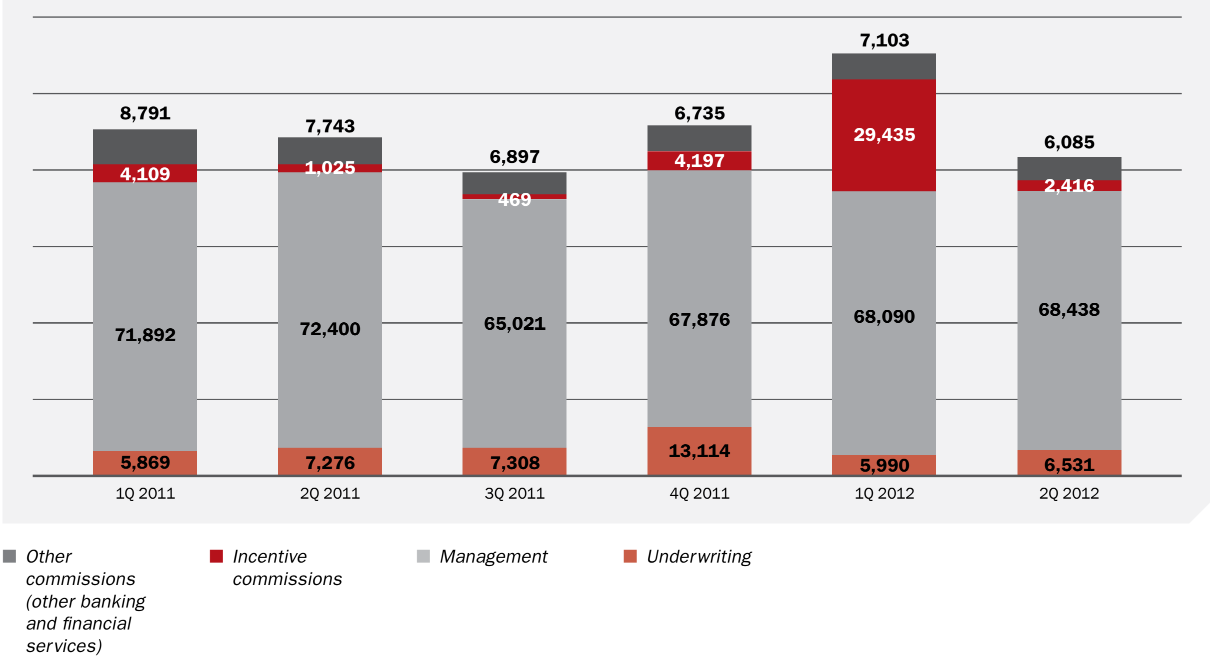
The net commissions on the management of the Generali Group's international funds amounted to 3.6 million euros, in line with the same period of the previous year, and did not have a significant effect on the performance of the aggregate.

Commission income increased by 15.0 million euros owing to the growth of performance commissions (+26.7 million euros), accompanied by a slight decline in management commissions of 7.6 million euros (-5.3%) and a decrease in commissions associated with other banking and financial services of 3.3 million euros (-20.2%).

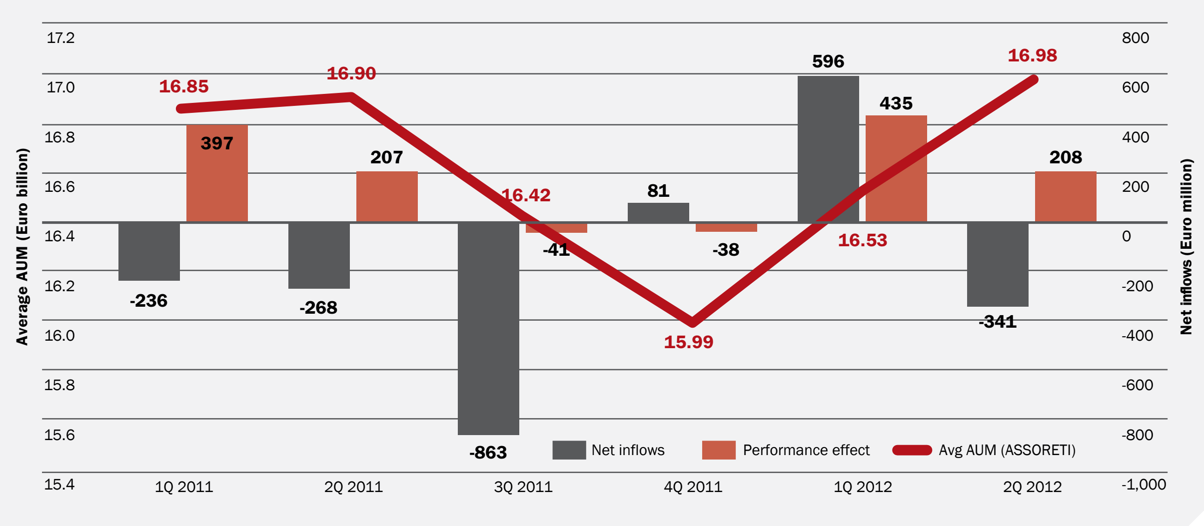
In detail, in comparison with the first half of 2011, the growth of management commissions continued to suffer the effects of the erosion of assets under management caused by financial market performance in the second half of 2011, and was only partially offset by the significant increase in net AUM inflows.

(Euro thousand)	30.06.2012	30.06.2011	CHANGE	
			AMOUNT	%
Underwriting commissions	12,521	13,343	-822	-6.2%
Management commissions	136,528	144,094	-7,566	-5.3%
Incentive commissions	31,851	5,134	26,717	520.4%
Commissions for other banking and financial services	13,188	16,534	-3,346	-20.2%
Total	**194,088**	**179,105**	**14,983**	**8.4%**

COMMISSION INCOME



EVOLUTION OF AUM OF MANAGED ASSETS AND INSURANCE PRODUCTS



Commission expense amounted to 77.7 million euros, showing a slight decrease compared to the same period last year (-3.8%), due to the already highlighted trend in recurring commission income.

Commission income from **the solicitation of investment and asset management** of households amounted to 180.9 million euros, with an increase of 18.3 million euros compared to the same period in the previous year, mainly attributable to the SICAVs promoted by the Banking Group and the above-mentioned performance commissions trend.

(Euro thousand)	30.06.2012	30.06.2011	CHANGE	
			AMOUNT	%
1. Collective asset management (UCITs, pension funds)	100,202	81,836	18,366	22.4%
2. Collective assets management of the Generali group	13,712	14,543	-831	-5.7%
3. Individual asset management	16,699	17,870	-1,171	-6.6%
Commissions on asset management	**130,613**	**114,249**	**16,364**	**14.3%**
1. Placement of third-party UCITs	12,637	14,618	-1,981	-13.6%
2. Bond placement	4,026	2,583	1,443	55.9%
3. Other placement operations	0	0	0	n.a.
4. Distribution of third-party asset management products (GPM/GPF, pension funds)	192	190	2	1.1%
5. Distribution of third-party insurance products	33,263	30,593	2,670	8.7%
6. Distribution of other third-party financial products	169	338	-169	-50.0%
Placement and distribution of third-party products	50,287	48,322	1,965	4.1%
Asset management commissions earned	**180,900**	**162,571**	**18,329**	**11.3%**

In the placement and distribution of third-party financial products and services, growth of revenues on the distribution of the insurance products of GenertelLife continued (+2.7 million euros or +8.7%), accompanied during the first half by the contribution provided by placement, also associated with the success of the new Italian BTP reserved for retail investors, which offset the decline in the placement of third-party UCITs (-2.0 million euros or -13.6%).

The contribution of management commissions for funds distributed by foreign companies of the Generali Group, primarily arising from the operations of the merged Generali Investments Luxembourg (GIL), amounted to 13.7 million euros, down 0.8 million euros compared to the same period in the previous year.

Distribution commission expenses amounted to 67.7 million euros and decreased by 1.3 million euros compared to the same period of the previous year (-1.9%).

The figure includes 9.8 million euros paid to foreign placement agents of Generali Group funds, which were in line with the figure for the first half of 2011.

Net of those items, the Group's pay-out ratio, based on its asset management commission income, net of the performance component, was therefore 42.8%, up compared to 41.3% at the end of the first half of 2011.

(Euro thousand)	30.06.2012	30.06.2011	CHANGE	
			AMOUNT	%
Front-end commissions	7,913	9,073	-1,160	-12.8%
Management commissions	49,457	49,906	-449	-0.9%
Incentive commissions	3,104	2,898	206	7.1%
Other commissions	7,303	7,212	91	1.3%
Total	**67,777**	**69,089**	**-1,312**	**-1.9%**

Other net commissions from banking services offered to customers include trading, order receipt and custody and administration commissions, in addition to commissions charged to customers for account-keeping expenses and other services. This aggregate stood at 10.5 million euros, down 19.2% over the first half of 2011, due to the slowdown in trading and order receipt.

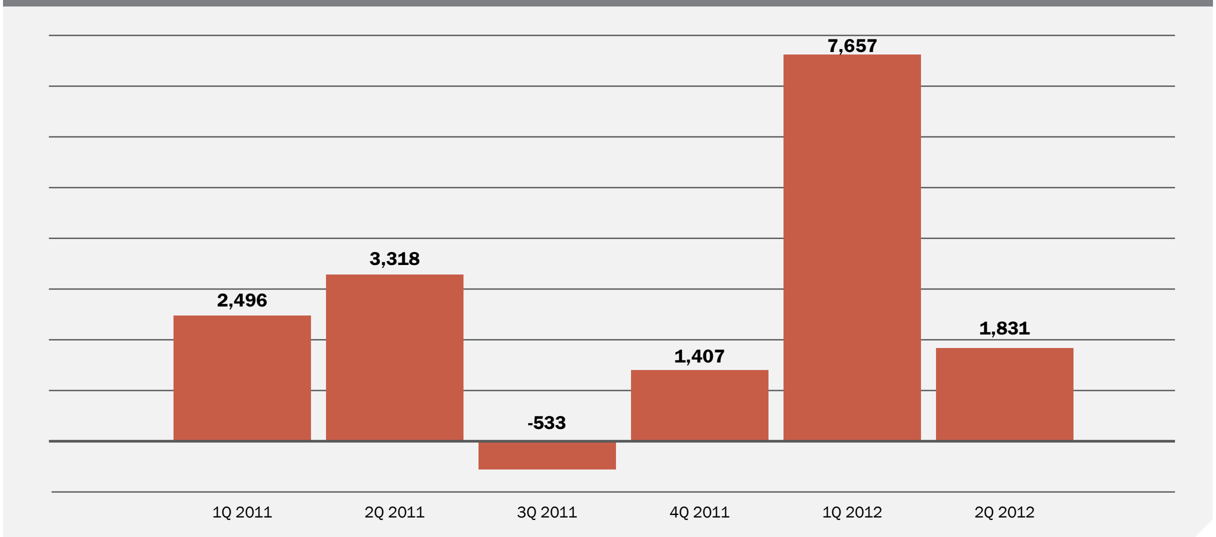
(Euro thousand)	30.06.2012	30.06.2011	CHANGE	
			AMOUNT	%
Dealing in securities and currencies	6,238	8,616	-2,378	-27.6%
Order collection and securities custody commissions	3,221	4,543	-1,322	-29.1%
Collection and payment services	971	855	116	13.6%
Commission income	1,356	1,369	-13	-0.9%
Commissions for other banking services	1,402	1,151	251	21.8%
Total traditional banking operations	**13,188**	**16,534**	**-3,346**	**-20.2%**
Commissions for securities trading and custody	-1,604	-2,605	1,001	-38.4%
Collection and payment services	-520	-436	-84	19.3%
Commissions for other banking services	-555	-485	-70	14.4%
Total commission expense	**-2,679**	**-3,526**	**847**	**-24.0%**
Net commissions	**10,509**	**13,008**	**-2,499**	**-19.2%**

5.1.3 Net income from trading and financial operations

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

(Euro thousand)	30.06.2012	30.06.2011	CHANGE	
			AMOUNT	%
Dividends from trading	129	57,128	-56,999	-99.8%
Trading of financial assets and equity derivatives	24	-54,062	54,086	-100.0%
Trading of financial assets and derivatives on debt securities and interest rates	7,305	675	6,630	982.2%
Trading of UCIT units	419	-162	581	-358.6%
Securities transactions	**7,877**	**3,579**	**4,298**	**120.1%**
Currency and currency derivative transactions	**1,139**	**-21**	**1,160**	**-5523.8%**
Net profit from trading operations	**9,016**	**3,558**	**5,458**	**153.4%**
Dividends from AFS assets	568	539	29	5.4%
Gains and losses on equity securities	-52	20	-72	-360.0%
Gains and losses on AFS and HTM debt securities and loans	-44	1,697	-1,741	-102.6%
Profit (loss) of financial operations	**9,488**	**5,814**	**3,674**	**63.2%**

RESULT OF FINANCIAL ACTIVITIES



At the end of the first half of 2012, the aggregate presented a positive contribution of 9.5 million euros, increasing sharply compared to 5.8 million euros reported at the end of the same period of the previous year.

In this context, net gains on securities of the trading investment portfolio amounted to 7.9 million euros and refer chiefly to transactions involving government bonds undertaken with leading Italian and international banking counterparties, whilst gains from currency trading amounted to 1.1 million euros.

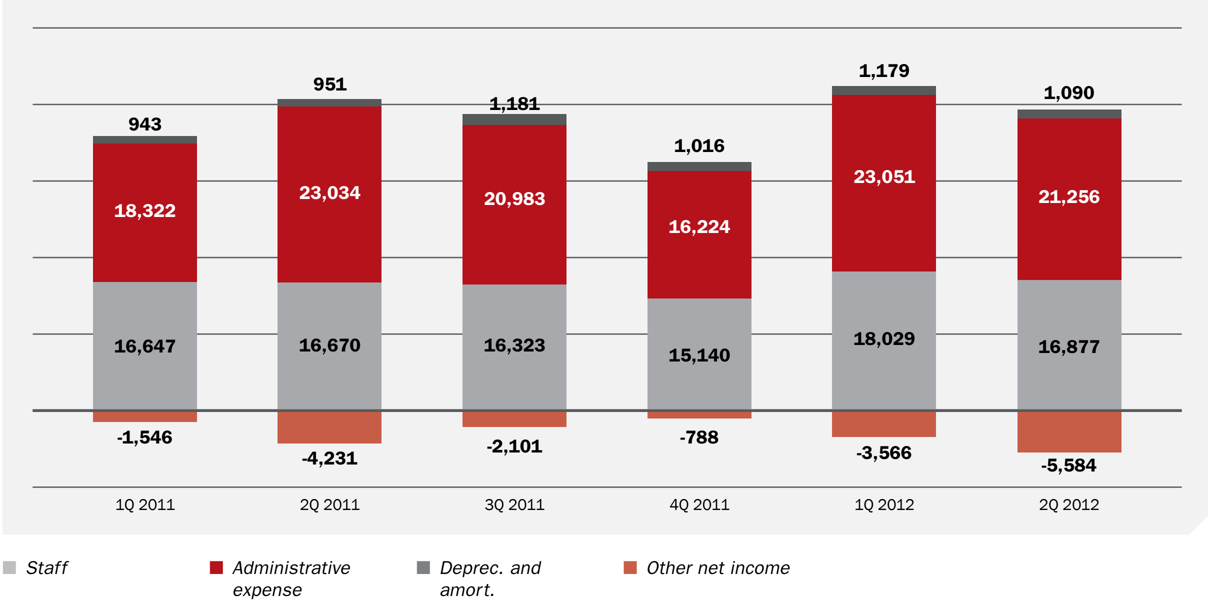
(Euro thousand)	NET PROFIT AND DIVIDENDS	CAPITAL GAINS	LOSSES	CAPITAL LOSSES	NET RESULT 30.06.2012	NET RESULT 30.06.2011	CHANGE
1. Debt securities transactions	**7,164**	**578**	**208**	**0**	**7,534**	**-174**	**7,708**
2. Equity securities transactions	**86**	**43**	**44**	**22**	**63**	**584**	**-521**
Equity securities	47	43	44	22	24	500	-476
Dividends	39	0	0	0	39	41	-2
Options on equity securities	0	0	0	0	0	43	-43
3. Par asset swaps	**0**	**0**	**0**	**0**	**0**	**917**	**-917**
Debt securities	0	0	0	0	0	764	-764
Asset swaps	0	0	0	0	0	153	-153
4. Equity securities transactions and futures	**0**	**0**	**0**	**0**	**0**	**2,408**	**-2,408**
Equity securities	0	0	0	0	0	-85,654	85,654
Dividends	0	0	0	0	0	57,013	-57,013
Futures	0	0	0	0	0	31,049	-31,049
5. UCITs unit transactions	**390**	**202**	**0**	**83**	**509**	**-88**	**597**
6. Interest rate swaps (IRS)	**133**	**0**	**305**	**57**	**-229**	**-68**	**-161**
7. Currency transactions	**1,653**	**0**	**514**	**0**	**1,139**	**-21**	**1,160**
Derivatives	515	0	514	0	1	15	-14
Exchange gains and losses	1,138	0	0	0	1,138	-36	1,174
Result from trading	**9,426**	**823**	**1,071**	**162**	**9,016**	**3,558**	**5,458**

5.1.4 Operating expenses

Operating expenses, including staff expenses, other general and administrative expense, amortisation and depreciation and other operating income and expenses amounted to 72.3 million euros, marking a slight overall increase of 1.5 million euros compared to the same period of the previous year (+2.2%).

(Euro thousand)	30.06.2012	30.06.2011	CHANGE	
			AMOUNT	%
Staff expenses	34,906	33,317	1,589	4.8%
Other general and administrative expense	44,307	41,356	2,951	7.1%
Net adjustments of property, equipment and intangible assets	2,269	1,894	375	19.8%
Other income and expenses	-9,150	-5,777	-3,373	58.4%
Operating expense	**72,332**	**70,790**	**1,542**	**2.2%**

OPERATING EXPENSES



Staff expenses, including full-time employees, interim staff and directors, amounted to 34.9 million euros, up by 1.6 million euros (+4.8%) compared to the same period of the previous year.

Group employees reached 797 at the end of the first half of 2012, an increase of 20 compared to the same period of the previous year (+2.6%), mainly due to temporary work requirements.

	30.06.2012	30.06.2011	CHANGE		AVERAGE	AVERAGE
			AMOUNT	%	2012	2011
Managers	51	52	-1	-1.9%	51	51
3rd and 4th level executives	124	120	4	3.3%	122	122
Other staff (*)	622	605	17	2.8%	609	601
Total	**797**	**777**	**20**	**2.6%**	**781**	**774**

(*) Data reclassified due to the transfer of the BG Sgr business unit

Against this backdrop, the increase in staff expenses was still associated with salary-related factors, including the full effects of the renewal of the supplementary company agreement, the estimate of short-term and long-term incentives and, to a lesser extent, the stock-option plans for sales staff.

In this regard, it should be noted that in the first half of 2011 no allocation was made in connection with the new long-term incentive plan for the Group's managers entitled the Long-Term Incentive Plan, established by the parent company, Assicurazioni Generali, but approved and adopted in the context of the banking group's remuneration policies only in late 2011.

At the end of the first half of 2012, the estimated expense in connection with that programme amounted to approximately 1.1 million euros.

It should finally be noted that in accordance with the clarification provided by the Bank of Italy in its recent

Notice of 13 February 2012, certain indirect staff expenses, primarily consisting of individual reimbursements of travel expenses incurred by employees not constituting remuneration, are now classified among administrative expense. Accordingly, the same indirect expenses amounting to 0.9 million euros were also reclassified among administrative expense in the comparative situation for the first half of 2011.

Other administrative expense stood at 44.3 million euros, up 2.9 million euros over the same period last year (+7.1%). This change, however, is due for about 3.3 million euros to higher estimated stamp duty charges for the period as a result of new regulations introduced by the so called “Save Italy Decree” (Decree Law 201/2011) which for 2012 provides for a general levy of 0.1% on the market value of all financial assets of clients with a cap and a floor. This increase, however, was offset by the corresponding growth in tax recoveries from customers, recognised in the other operating income and expenses aggregate.

5.1.5 Provisions and adjustments

Net provisions amounted to 14.3 million euros, up by 4.4 million euros compared to the first half of the previous year (+44.7%), primarily due to the significant provisions for incentives for the sales network and prudential provisions for expenses of integrating BG SGR.

In particular, allocations to provisions consist of 7.3 million euros relating to half-yearly incentives set to accrue, up compared to the previous year, owing to the strong inflows results, whereas the remainder consists of provisions in service of recruitment plans aimed at expanding portfolios in the medium term.

Net provisions for contractual indemnities for Financial Advisors include 1.2 million euros allocated for new “retirement bonus” schemes, aimed at ensuring the most deserving employees a supplemental pension benefit at retirement.

(Euro thousand)	30.06.2012	30.06.2011	CHANGE	
			AMOUNT	%
Provision for staff expenses	1,762	-105	1,867	-1778.1%
Provisions for legal disputes	1,212	1,745	-533	-30.5%
Provision for incentive fees	9,563	6,582	2,981	45.3%
Provisions for termination indemnity and over fees	1,769	1,702	67	3.9%
Other provisions for risks and charges	0	-35	35	-100.0%
Total	**14,306**	**9,889**	**4,417**	**44.7%**

Impairment amounted to 3.7 million euros and primarily related to losses recognised on the financial assets segment.

In further detail, the above segment was affected by the failure to redeem at maturity an ABS that had already been impaired in previous years, resulting in further impairment losses of 2.5 million euros. Additional impairment losses of an automatic nature also affected equities already subject to impairment in 2011 in the amount of 0.9 million euros.

In addition, impairment losses of 0.4 million euros were recognised on receivables not arising from lending transactions in relation to recovery actions involving commission advances provided to former Financial Advisors who have left service.

(Euro thousand)	ADJUSTMENTS	REVERSALS	30.06.2012	30.06.2011
Specific adjustments/reversals	**-3,884**	**0**	**-3,884**	**-517**
Debt securities (AFS, HTM, loans)	-2,465	0	-2,465	87
Equity securities	-866	0	-866	-569
Operating loans	-375	0	-375	-35
Non-performing loans of the bank portfolio	-178	0	-178	0
Portfolio adjustments/reversals	**-32**	**203**	**171**	**-1,152**
Debt securities (loans, HTM)	-32	142	110	-1,394
Performing loans of the banking portfolio	0	61	61	242
Total	**-3,916**	**203**	**-3,713**	**-1,669**

5.1.6 Net result for the period, taxes and earnings per share

Current and deferred **taxes for the period** are estimated to reach 17.8 million euros, up compared to 13.2 million euros for the first half of the previous year. The increase is mainly due to the growth of net profit for the period.

In this regard, it should be noted that in the first half of 2011, the redemption of the share of goodwill transferred in 2010 to the subsidiary BG SGR S.p.A. was also completed, with a positive impact on the overall tax burden of 1.0 million euros.

The Group's consolidated tax rate stood at 20.6%, up compared to the first half of the previous year.

Profit for the period attributable to minority interests amounted to 2.0 million euros and refers to the minority interests in GFM held by the Assicurazioni Generali insurance group.

The first half of 2012 thus ended with a consolidated net profit of 67.3 million euros.

Net basic earnings per share currently being accrued increased from 0.34 eurocents to 0.60 eurocents.

(Euro thousand)	30.06.2012	30.06.2011	CHANGE	
			AMOUNT	%
Net profit for the period (€ thousand)	67,283	37,415	29,868	79.8%
Earnings attributable to ordinary shares	67,283	37,415	29,868	79.8%
Average number of outstanding shares	111,657	111,433	224	0.2%
EPS - Earnings per Share (euro)	**0.603**	**0.336**	**0.267**	**79.5%**
Average number of outstanding shares Diluted capital	114,927	114,531	395	0.3%
EPS - Diluted earnings per share (euro)	**0.585**	**0.327**	**0.259**	**79.2%**

5.1.7 Comprehensive Income

The Group's comprehensive income consists of the net profit for the year and all components that contribute to company performance without being reflected in the profit and loss account, such as changes in valuation reserves for AFS securities.

At 30 June 2012, the aggregate concerned amounted to 82.7 million euros, up by more than 90.2% compared to the same period of the previous year. The sharp increase was a result not only of the growth in net profit for the period, but also of unrealised gains pertaining to the portfolio of available-for-sale financial assets recognised through specific equity reserves (+9.3 million euros).

The net increase in these reserves in the first half of 2012 amounted to 15.3 million euros, up from the 6.1 million euros reported for the first half of 2011, and was due to the combined effects of:

- the mark to market of the carrying amount of the AFS portfolio (+21.3 million euros), attributable to the temporary easing of market tensions regarding the Italian sovereign debt segment;
- the reduction of pre-existing net negative reserves due to re-absorption in the profit and loss account through realisation and impairment (1.2 million euros);
- the negative tax effect associated with the above changes (-7.2 million euros).

(Euro thousand)	30.06.2012	30.06.2011	CHANGE	
			AMOUNT	%
Net profit (loss)	**67,283**	**37,415**	**29,868**	**79.8%**
Other income, net of income taxes:				
AFS assets	15,330	6,078	9,252	152.2%
Cash-flow hedges	114	0	114	n.a.
Total other income, net of taxes	**15,444**	**6,078**	**9,366**	**154.1%**
Comprehensive income	**82,727**	**43,493**	**39,234**	**90.2%**

5.2 Balance Sheet and Net Equity Aggregates

At the end of the first half of 2012, total consolidated assets amounted to 5.8 billion euros, marking a significant increase of 1.3 billion euros compared to the end of 2011 (+28.4%).

This increase was achieved largely due to the growth of direct interbank inflows (+117.4% compared to 2011), primarily arising from transactions with the ECB that permitted 1.1 billion euros in new funds to be acquired. As a result, the volume of core loans amounted to 5.6 billion euros, up by 30.6% compared to 2011.

ASSETS	**30.06.2012**	**31.12.2011**	**CHANGE**	
(Euro thousand)			**AMOUNT**	**%**
Financial assets held for trading	33,676	35,323	-1,647	-4.7%
AFS financial assets	1,138,390	1,318,992	-180,602	-13.7%
Financial assets held to maturity	3,045,018	1,415,701	1,629,317	115.1%
Loans to banks (*)	325,737	574,171	-248,434	-43.3%
Loans to customers	1,091,698	971,648	120,050	12.4%
Equity investments	0	0	0	n.a.
Property, equipment and intangible assets	50,115	52,103	-1,988	-3.8%
Tax receivables	61,905	77,046	-15,141	-19.7%
Other assets	92,217	103,230	-11,013	-10.7%
Financial assets held for sale	0	675	-675	-100.0%
Total assets	**5,838,756**	**4,548,889**	**1,289,867**	**28.4%**

(*) Including loans repayable on demand with central banks

NET EQUITY AND LIABILITIES	**30.06.2012**	**31.12.2011**	**CHANGE**	
(Euro thousand)			**AMOUNT**	**%**
Due to banks	2,328,576	1,070,909	1,257,667	117.4%
Due to customers	3,016,706	3,042,371	-25,665	-0.8%
Financial liabilities held for trading and hedging	2,005	1,737	268	15.4%
Tax payables	28,286	21,019	7,267	34.6%
Other liabilities	104,589	85,043	19,546	23.0%
Financial liabilities held for sale	0	316	-316	-100.0%
Special purpose provisions	69,432	65,073	4,359	6.7%
Valuation reserves	-40,897	-56,341	15,444	-27.4%
Reserves	142,645	126,508	16,137	12.8%
Additional paid-in capital	3,406	3,231	175	5.4%
Share capital	111,694	111,676	18	0.0%
Treasury shares (-)	-248	-248	0	0.0%
Minority interests	5,279	4,176	1,103	26.4%
Net profit for the period	67,283	73,419	-6,136	-8.4%
Total net equity and liabilities	**5,838,756**	**4,548,889**	**1,289,867**	**28.4%**

Quarterly Evolution of Consolidated Balance Sheet

ASSETS *(Euro thousand)*	**30.06.2012**	**31.03.2012**	**31.12.2011**	**30.09.2011**	**30.06.2011**	**31.03.2011**
Financial assets held for trading	33,676	34,272	35,323	35,818	61,000	163,384
AFS financial assets	1,138,390	1,186,802	1,318,992	1,449,068	1,640,036	1,606,598
Financial assets held to maturity	3,045,018	2,937,276	1,415,701	546,190	529,644	566,830
Loans to banks	325,737	727,002	574,171	533,089	519,638	464,427
Loans to customers	1,091,698	1,035,070	971,648	889,075	892,350	859,164
Equity investments	0	0	0	0	0	0
Property, equipment and intangible assets	50,115	50,970	52,103	53,094	53,020	52,665
Tax receivables	61,905	65,673	77,046	76,584	60,731	65,486
Other assets	92,217	86,072	103,230	84,721	96,684	100,439
Financial assets held for sale	0	468	675	0	0	0
Total assets	**5,838,756**	**6,123,605**	**4,548,889**	**3,667,639**	**3,853,103**	**3,878,993**

NET EQUITY AND LIABILITIES *(Euro thousand)*	**30.06.2012**	**31.03.2012**	**31.12.2011**	**30.09.2011**	**30.06.2011**	**31.03.2011**
Due to banks	2,328,576	2,327,369	1,070,909	682,904	605,108	612,939
Due to customers	3,016,706	3,249,417	3,042,371	2,506,795	2,771,002	2,740,307
Financial liabilities held for trading and hedging	2,005	2,864	1,737	1,837	774	6,194
Tax payables	28,286	30,699	21,019	19,556	18,724	20,741
Other liabilities	104,589	106,436	85,043	144,599	129,771	119,962
Financial liabilities held for sale	0	291	316	0	0	0
Special purpose provisions	69,432	72,961	65,073	63,208	62,386	61,791
Valuation reserves	-40,897	-25,582	-56,341	-49,056	-17,634	-10,889
Reserves	142,645	200,143	126,508	126,089	125,974	187,103
Additional paid-in capital	3,406	3,406	3,231	3,231	3,109	2,086
Share capital	111,694	111,694	111,676	111,676	111,662	111,574
Treasury shares (-)	-248	-248	-248	-248	-248	-660
Minority interests	5,279	4,989	4,176	5,879	5,060	7,825
Net profit (loss) for the period (+/-)	67,283	39,166	73,419	51,169	37,415	20,020
Total net equity and liabilities	**5,838,756**	**6,123,605**	**4,548,889**	**3,667,639**	**3,853,103**	**3,878,993**

5.2.1 Direct Inflows from Customers

Total direct inflows from customers amounted to 3,016.7 million euros, with a decrease of 26 million euros compared to 31 December 2011.

This change included captive inflows from the parent company, Assicurazioni Generali, and the Italian and foreign subsidiaries of Assicurazioni Generali Group, with a decrease of 274 million euros to 578.8 million euros at the end of the half year period.

Inflows from customers outside the insurance group therefore increased by 248 million euros, largely due to continued growth in high return deposit accounts and repurchase agreements, based on commercial initiatives undertaken in the last quarter of 2011.

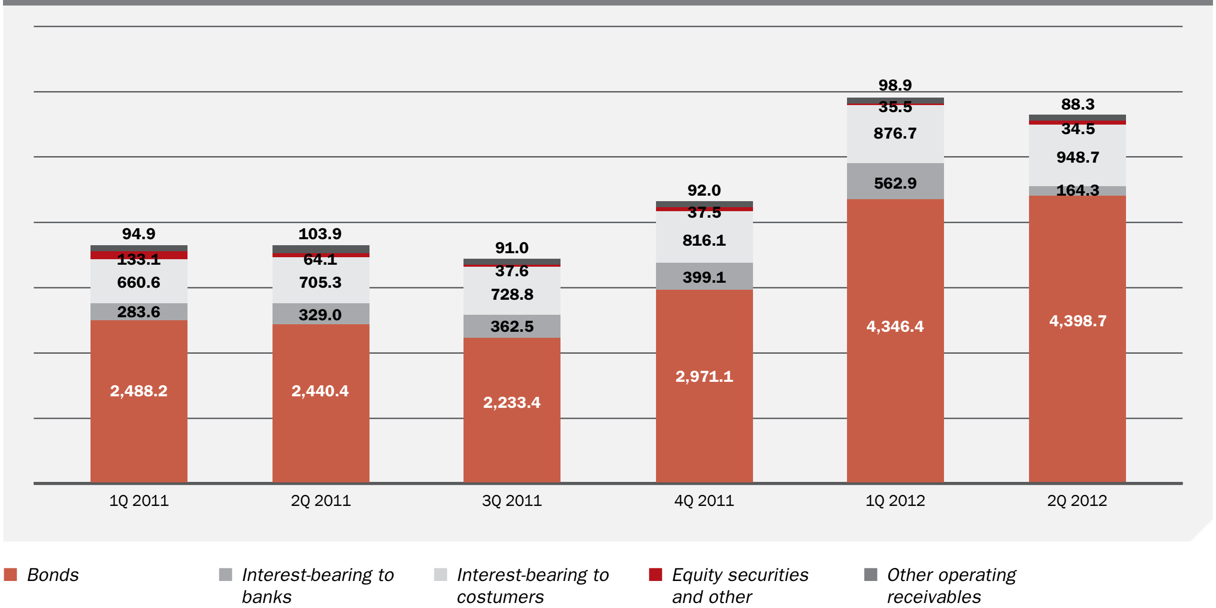
(Euro thousand)	30.06.2012	31.12.2011	CHANGE	
			AMOUNT	%
1. Current accounts and free deposits	2,378,523	2,495,597	-117,074	-4.7%
2. Term deposits	377,682	344,262	33,420	9.7%
3. Financing	202,917	134,149	68,768	51.3%
Repurchase agreements	169,766	101,764	68,002	66.8%
Other	33,151	32,385	766	2.4%
Generali Versicherung subordinated loan	33,151	32,385	766	2.4%
4. Other debts	57,584	68,363	-10,779	-15.8%
Operating debts to sales network	28,156	28,696	-540	-1.9%
Other	29,428	39,667	-10,239	-25.8%
Total due to customers	**3,016,706**	**3,042,371**	**-25,665**	**-0.8%**

5.2.2 Core Loans

Core loans totalled 5.6 billion euros and increased by 1.3 billion euros compared to 31 December 2011..

(Euro thousand)	30.06.2012	31.12.2011	CHANGE	
			AMOUNT	%
Financial assets held for trading	33,676	35,323	-1,647	-4.7%
AFS financial assets	1,138,390	1,318,992	-180,602	-13.7%
HTM financial assets	3,045,018	1,415,701	1,629,317	115.1%
Financial assets classified among loans	216,108	238,571	-22,463	-9.4%
Financial assets	**4,433,192**	**3,008,587**	**1,424,605**	**47.4%**
Loans to banks	164,345	399,144	-234,799	-58.8%
Loans to customers	948,684	816,145	132,539	16.2%
Operating loans and other loans	88,298	91,959	-3,661	-4.0%
Total interest-bearing financial assets and loans	**5,634,519**	**4,315,835**	**1,318,684**	**30.6%**

EVOLUTION OF LOANS (EURO MILLION)



The Group's financial assets held for treasury and investment needs and allocated to the various IAS portfolios accounted for 78.7% of the aggregate and totalled 4,433 million euros, marking an increase of 1,424.6 million euros (+47.4%) in the first half of 2012, involving solely the portfolio of financial assets held to maturity (HTM).

The new investments within this portfolio, for a total gross amount of 1,878 million euros, referred to the issue of Italian government bonds, largely set to mature between 2014 and 2015 (BTPs), as well as traditional bonds (BOTs and CTZs), whereas there was a decrease in the exposure to other types of issuers due to divestment activity and the redemption flow of securities which reached their natural maturity.

Overall, the sovereign debt exposure reached 3.8 billion euros, with an incidence on the total aggregate increasing from 73% to 85.3%, whereas the exposure to credit issuers decreased from 20.8% to 11.1%.

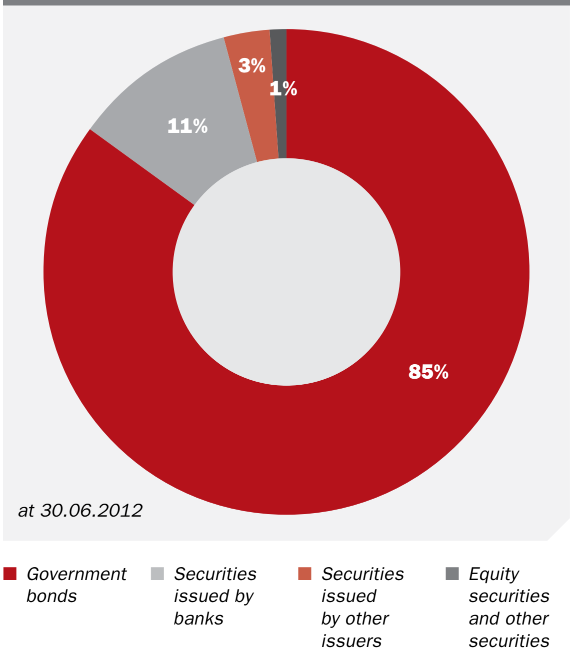
This exposure is represented solely by bonds issued by the Italian Republic, with the sole exception of a single Spanish bond of 9.9 million euros set to mature in 2012.

(Euro thousand) **EXPOSURE TO THE SOVEREIGN DEBT**	**30.06.2012**	**31.12.2011**	**CHANGE**	
			AMOUNT	**%**
Financial assets held for trading	410	455	-45	-9.9%
AFS financial assets	958,065	1,130,509	-172,444	-15.3%
HTM financial assets	2,824,278	1,064,025	1,760,253	165.4%
Total	**3,782,753**	**2,194,989**	**1,587,764**	**72.3%**

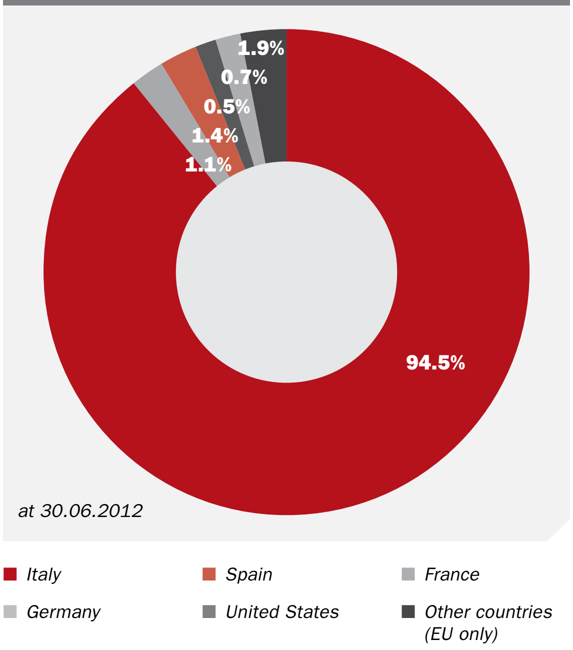
The portfolio of debt securities had an average residual life of about 2.5 years and 23.2% of it was made up of variable rate issues.

The credit rating is high, with issues rated higher than investment grade amounting to 92.4% of the total and a high concentration of investments linked to domestic issues (94.5%).

COMPOSITION OF THE FINANCIAL ASSET PORTFOLIO



GEOGRAPHICAL BREAKDOWN OF THE BONDS PORFOLIO



Loans to customers amounted to 948.7 million euros, up by 132.5 million euros (+16.2%) compared to year-end 2011 due to the expansion of loans to customers (+81.4 million euros, or 33.1%) and overdraft facilities (+44.0 million euros, or 8.6%).

(Euro thousand)	30.06.2012	31.12.2011	CHANGE	
			AMOUNT	%
Current accounts	555,004	511,291	43,713	8.5%
Personal loans	327,591	245,872	81,719	33.2%
Other short- and long-term loans	45,109	38,398	6,711	17.5%
Financing	**927,704**	**795,561**	**132,143**	**16.6%**
Gesav life insurance participating policy	**20,980**	**20,584**	**396**	**1.9%**
Total loans	**948,684**	**816,145**	**132,539**	**16.24%**
Receivables from product companies	48,521	50,831	-2,310	-4.5%
Sums advanced to Financial Advisors	25,328	26,733	-1,405	-5.3%
Interest-bearing daily margin, Borsa Italiana	2,489	4,061	-1,572	-38.7%
Changes to be debited and other loans	9,098	9,812	-714	-7.3%
Operating loans and other loans	**85,436**	**91,437**	**-6,001**	**-6.6%**
Debt securities	57,578	64,066	-6,488	-10.1%
Total loans to customers	**1,091,698**	**971,648**	**120,050**	**12.4%**

Operating receivables classified among loans to customers consist primarily of trade receivables from product companies in connection with the distribution of financial products and services and advances paid to Financial Advisors under incentive plans.

The amount and weight of non-performing loans have not changed significantly, compared to the figure at the end of 2011.

The **interbank position**, net of the securities portfolio and operating loans, showed a net balance of 2,164.2 million euros at the end of the half-year, growing by 1,492.5 million euros compared to the previous year, due to the increase in term deposits with the ECB (+1,106.2 million euros).

Amounts due to banks also increased (+151.4 million euros), primarily taking the form of repurchase agreements.

(Euro thousand)	30.06.2012	31.12.2011	CHANGE	
			AMOUNT	%
1. Repayable on demand	**148,911**	**329,460**	**-180,549**	**-54.8%**
Demand deposit with ECB	0	60,000	-60,000	-100.0%
Demand deposits with credit institutions	81,000	169,430	-88,430	-52.2%
Transfer accounts	67,911	100,030	-32,119	-32.1%
2. Time deposits	**15,434**	**69,684**	**-54,250**	**-77.9%**
Mandatory reserve	2,468	10,341	-7,873	-76.1%
Term deposits	12,966	59,343	-46,377	-78.2%
Total due to banks	**164,345**	**399,144**	**-234,799**	**-58.8%**
Term deposit with ECB	1,606,940	500,696	1,106,244	220.9%
Due to banks	721,636	570,213	151,423	26.6%
Transfer accounts	3,016	1,259	1,757	139.6%
Term deposits	11,818	10,082	1,736	17.2%
Repurchase agreements	686,571	538,625	147,946	27.5%
Other debts	20,231	20,247	-16	-0.1%
Total due to banks	**2,328,576**	**1,070,909**	**1,257,667**	**117.4%**
Net interbank position	**-2,164,231**	**-671,765**	**-1,492,466**	**222.2%**
3. Debt securities	**158,530**	**174,505**	**-15,975**	**-9.2%**
4. Other operating receivables	**2,862**	**522**	**2,340**	**448.3%**
Total interbank position	**-2,002,839**	**-496,738**	**-1,506,101**	**303.2%**

5.2.3 Net Equity

At 30 June 2012, consolidated net equity, including the net profit for the year, amounted to 289.2 million euros compared to the 262.4 million euros at the end of the previous year and underwent the following changes.

(Euro thousand)	30.06.2012	31.12.2011	CHANGE	
			AMOUNT	%
Share capital	111,694	111,676	18	0.0%
Additional paid-in capital	3,406	3,231	175	5.4%
Reserves	142,645	126,508	16,137	12.8%
(Treasury shares)	-248	-248	0	0.0%
Valuation reserves	-40,897	-56,341	15,444	-27.4%
Net profit (loss) for the year	67,283	73,419	-6,136	-8.4%
Group net equity	**283,883**	**258,245**	**25,638**	**9.9%**
Minority interests	5,279	4,176	1,103	26.4%
Consolidated net equity	**289,162**	**262,421**	**26,741**	**10.2%**

	GROUP	THIRD PARTIES	OVERALL
Net equity at period-start	**258,245**	**4,176**	**262,421**
Dividend paid	-61,415	-876	-62,291
Previous stock option plans: issue of new shares	148	0	148
New stock option plans	464	0	464
Other changes	5	-1	4
Transfer of the focus funds business unit	3,709		3,709
Change in valuation reserves	15,444	0	15,444
Consolidated profit	67,283	1,980	69,263
Net equity at period-end	**283,883**	**5,279**	**289,162**
Changes	**25,638**	**1,103**	**26,741**

The change in net equity was influenced to a significant degree by the performance of fair-value reserves for the portfolio of financial assets available for sale and cash-flow hedge reserves, which increased by 15.4 million euros at the end of the period to reach a negative value of 40.9 million euros.

(Euro thousand)	30.06.2012			31.12.2011	
	POSITIVE RESERVE	NEGATIVE RESERVE	NET RESERVE	NET RESERVE	CHANGE
1. Debt securities	134	-41,202	-41,068	-56,268	15,200
2. Equity securities	149	-104	45	-80	125
3. UCIT units	16	-4	12	7	5
4. Cash-flow hedges	0	114	114	0	114
Total	**299**	**-41,196**	**-40,897**	**-56,341**	**15,444**

At 30 June 2012, consolidated capital for regulatory purposes amounted to 257.7 million euros, net of the dividend expected to be paid, up by 21.2 million euros compared to the end of the previous year.
At the end of the year, the aggregate capital for regulatory purposes recorded 113.2 million euros in excess of the amount required by the Supervisory Authority to cover credit, market, and operating risks. The solvency ratio was 14.27%, compared to the minimum requirement of 8%.

(Euro thousand)	**30.06.2012**	**31.12.2011**	**CHANGE**	
			AMOUNT	**%**
Tier 1 capital	226,162	204,862	21,300	10.40%
Tier 2 capital	31,545	31,624	-79	-0.25%
Tier 3 capital	0	0	0	n.a.
Total capital for regulatory purposes	**257,707**	**236,486**	**21,221**	**8.97%**
B.1 Credit risk	100,549	101,830	-1,281	-1.26%
B.2 Market risk	6,254	7,861	-1,607	-20.44%
B.3 Operating risk	37,655	37,655	0	0.00%
B.4 Other capital requirements	0	0	0	n.a.
B.4 Total capital requirements	**144,458**	**147,346**	**-2,888**	**-1.96%**
Excess over prudential requirements	113,249	89,140	24,110	27.05%
Risk-weighted assets	1,805,722	1,841,825	-36,103	-1.96%
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)	12.52%	11.12%	1.40%	12.60%
Regulatory capital/Risk-weighted assets (Total capital ratio)	**14.27%**	**12.84%**	**1.43%**	**11.2%**

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

Reconciliation statement between the net equity and net profit of the Parent Company and the consolidated net equity and net profit

(Euro thousand)		30.06.2012	
	CAPITAL AND RESERVES	NET PROFIT	NET EQUITY
Net equity of Banca Generali	**166,013**	**27,009**	**193,022**
Differences between net equity and			
book value of companies consolidated using the line-by-line method	45,029	0	45,029
- Goodwill	9,222		9,222
- Income carried forward of consolidated companies	32,021	0	32,021
- Reserve from the transfer of the funds business unit	3,710		3,710
- Other changes	76		76
Dividends from consolidated companies	14,820	-14,820	0
Consolidated companies result for the year	0	57,039	57,039
Minority interests	0	-1,978	-1,978
Consolidation adjustments	-9,262	33	-9,229
- Goodwill	-9,222	0	-9,222
- GIL incorporation expenses	-40	33	-7
Net equity of the Banca Generali Group	**216,600**	**67,283**	**283,883**

6. PERFORMANCE OF GROUP COMPANIES

6.1 Banca Generali performance

Banca Generali, the parent company of the Banking Group of the same name, specialises in the distribution of financial and banking products to affluent customers through financial advisors, as well as to private customers, through both its network of financial advisors and relationship managers who sell financial products to customers as direct employees of the company.

The bank closed the first six months of 2012 with a net profit of 27.0 million euros, markedly up compared to the net profit of 20.4 million euros recorded at the end of the same period of the previous year, primarily due to growth in net operating income (+30.2 million euros), only partially offset by increased provisions and impairment losses (+6.2 million) and lower dividends from subsidiaries (-5.3 million euros).

Net banking income amounted to 119.7 million euros, up considerably from the 94.8 million euros reported at the end of the first half of 2011 (+40.4%), owing chiefly to the increase in net interest (+30.0 million euros) and the positive results of income on financial operations (+3.6 million euros). Alongside this result, operating expense reached a level of 62.3 million euros (-1.1 million euros compared to the same period of the previous year), of which 28.3 million euros incurred for staff expenses. The Company also recognised net allocations to provisions for risks and charges of 14.3 million euros, up from the 10.2 million euros reported at the end of the first half of 2011, primarily relating to incentives set to accrue for the distribution network and to expenses of integrating BG SGR.

Total assets under management placed by financial advisors at the end of the first half of 2012 amounted to about 24.6 billion euros, up compared to 31 December 2011 (23.3 billion euros). Net inflows amounted to 1,044 million euros, compared to 579 million euros in the first half of 2011.

6.2 Performance of BG SGR

In the previous year, BG SGR, which specialises in mutual fund and portfolio management, had launched two company restructuring transactions that will result in the discontinuation of its operation in 2012:

- the transfer of the collective asset management business unit to the related party Generali Investments Italy SGR, approved by the company's Board of Directors on 27 September 2011 and finalised on 1 April 2012; and
- upon approval by the Bank of Italy, the merger of the company into its parent company, Banca Generali, approved by the Boards of Directors of the companies involved, on 21 June 2012, set to enter into effect on 1 September 2012.

Following the above transactions, the remaining businesses operated by BG SGR, namely its portfolio management businesses, will be transferred to a specific specialised division of Banca Generali, whereas management of the Alleanza Alto Funds, previously promoted by Alleanza SGR and now by Generali Investments Italy SGR, has already been discontinued effective 1 April 2012.

Accordingly, in compliance with IFRS 5, in the financial statements the company has reclassified to separate line items the amounts of the assets and liabilities of the business unit sold and/or to be discontinued and separated out the associated earnings, net of the tax effect, from the profit generated by current operations.

The company closed the first six months of 2012 with a loss of 1.0 million euros, compared to the negative result of 1.4 million euros for the first half of 2011 and net equity of 31.9 million euros.

Profit from discontinued operations, net of the tax effect, totalled 0.3 million euros, down from the 0.9 million euros for the first half of 2011, whereas the operating result was a loss of 1.8 million euros.

Net of discontinued operations, net banking income reached about 4.0 million euros (down compared to 5.1 million euros at the end of the first half of 2011). Operating expense amounted to 5.9 million euros, of which about 3.5 million euros in staff expenses.

Overall, assets under management as at 30 June 2012 amounted to 2,215 million euros, down from 3,859 million euros as at 31 December 2011. This figure, however, no longer includes assets under management related to the Italian funds transferred, amounting at the date of sale to approximately 342 million euros (370 million at 31 December 2011) and assets related to the role of management company of Alleanza Alto Funds, for 961 million euros.

In April, following the sale of the business unit, the company received a consideration of 5.5 million euros, of which 5.2 million euros in goodwill and 0.3 million euros in the surplus of assets over liabilities. Since the sale qualifies as a transaction between entities under common control, to which IFRS 3 does not apply, the net capital gain of 3.7 million euros will be allocated to a net equity reserve and not be considered to calculate net profit for the year. The value of the business unit was determined based on an appraisal conducted by an external advisor, attached to the transaction disclosure document.

6.3 Performance of BG Fiduciaria SIM

BG Fiduciaria, a company specialising in individual GPF and GPM portfolios, mainly in a custodial capacity, closed the first six months of 2012, with a net profit of 0.5 million euros, with a decrease compared to 0.8 million euros for the first half of 2011 and with a net equity of 10.7 million euros.

Net banking income amounted to 1.9 million euros, whereas general and operating expenses were 1.1 million euros, including 0.7 million euros for staff expenses.

Total assets under management amounted to 881 million euros, down compared to 877 million euros at 31 December 2011.

6.4 Performance of Generfid S.p.A.

Generfid, a company specialising in custodian capacity of assets, closed the first half of 2012 with net profit of about 8 thousand euros and net equity amounting to about 0.5 million euros. AUM amounted to 623 million euros.

6.5 Performance of Generali Fund Management Sa

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

Generali Fund Management SA closed the first half of 2012 with a net profit of approximately 57.5 million euros, up sharply from the 37.0 million euros reported at the end of the first half of 2011 (+20.5 million euros), primarily owing to the trend in performance commissions collected in connection with the SICAVs promoted and managed by the banking group. Net banking income thus amounted to 66.3 million euros, up sharply from the 43.3 million euros reported in 2011, whereas total operating expense of 3.1 million euros, approximately 2.1 million euros of which consisted of staff expenses, remained in line with the corresponding period of the previous year.

The net profit attributable to minority shareholders amounted to 2.0 million euros, whereas the company's net equity stood at approximately 88.1 million euros.

Overall, assets under management at 30 June 2012 amounted to 10,537 million euros, up compared to 10,567 million euros at 31 December 2011. This figure also includes assets under management of the merged company Generali Investments Luxemburg amounting to 5,643 million euros at 30 June 2012, compared to 5,559 million euros at 31 December 2011.

7. RELATED PARTY TRANSACTIONS

7.1 Procedural aspects

On 12 March 2010, by virtue of the authority provided by Article 2391-bis of the Italian Civil Code, CONSOB issued Resolution No. 17221, Regulation Setting Forth Provisions Governing Related Party Transactions (subsequently amended by Resolution No. 17389 of 23 June 2010), which lays down the general principles to be followed by Italian companies with shares listed on regulated markets in Italy or other European Union Member States and companies with shares widely held among the public to a significant degree in order to ensure the transparency and propriety of transactions with related parties undertaken directly or through subsidiaries.

In accordance with the provisions of the above Regulation, during its session on 5 November 2010 Banca Generali's Board of Directors approved the Procedure for Related Party Transactions, which is available in the Corporate Governance section of Banca Generali's website www.bancagenerali.com.

In detail, that procedure contemplated:

- the identification criteria for related parties pursuant to the CONSOB Regulation;
- the identification criteria for ordinary, less significant and highly significant related party transactions and the decision-making bodies competent to approve them;
- the periodic information flows regarding transactions with related parties from subsidiaries to the Parent Company and from the Parent Company to its control boards.

7.2 Disclosure on Related Party Transactions

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

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

a) individual highly significant transactions carried out during the reporting period;

b) other individual transactions with related parties "that have materially influenced" the financial position or results of the company;

c) changes or developments in related party transactions described in the last annual report that had a "material effect" on the financial position or results of the company during the reporting period.

In this regard the following should be noted.

Unusual, Atypical or Extraordinary Transactions

During the first half of 2012 no "related party" transactions were carried out that could be defined as atypical or unusual or likely to have "effects on the safeguarding of the company assets or the completeness and accuracy of information, including accounting information, concerning the issuer", except for those described hereinafter:

- on 1 April 2012 the transfer of the collective asset management business unit to the related party Generali Investments Italy SGR has been finalised, approved by the company's Board of Directors on 27 September 2011; and
- on 21 June 2012, following authorisation by the Bank of Italy, the companies involved finally approved the merger of BG SGR into Banca Generali, on the basis of the merger plan approved on 14 December 2011.

Highly Significant RP Transactions

In the first half of 2012, the Group did not carry out any transactions qualifying as “highly significant”, unusual, entered into at non-market or standard conditions which, in accordance with the Procedure on Related Party Transactions, would have been subject to market disclosure and the obligation of publishing an information memorandum.

Other Significant Transactions

During the first half of 2012, no transactions were approved qualifying as “moderately significant” transactions, which are subject to the prior binding opinion of the Internal Control Committee.

With reference to ordinary transactions carried out on an arm’s length basis and qualifying as highly significant, subject to disclosure to Supervisory Authorities, it should be noted that on 24 April 2012, the increase from 10 million to 20 million euros in the participation share in the syndicated loan granted to the related party Citylife Srl was approved; the latter is a company of the Generali Group.

Ordinary or Recurring Transactions

Transactions of an ordinary or recurring nature carried out in the first half of 2012 with related parties fall within the Group’s ordinary course of business and are usually carried out on an arm’s length basis and in any case based on mutual economic advantage, in compliance with the internal procedures mentioned above.

As regards these transactions, there were no changes in the situation of related party transactions described in more detail in the Annual Report as of 31 December 2011, which might have a material effect on the financial situation and the results of the company and the banking group.

The developments of ordinary transactions with related parties during the first half of 2012 are presented in the specific section of the condensed half-year financial statements at 30 June 2012, along with other information about related party transactions.

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

8. HUMAN RESOURCES AND THE GROUP'S DISTRIBUTION NETWORK

8.1 Employees

At 30 June 2012, the Group's workforce was 797, composed of 51 Managers, 124 3rd and 4th level Executives and 622 employees at other levels; of the last category, 70 were 1st and 2nd level Executives, and 74 were working under fixed-term contracts (26 of these as substitutes for employees on maternity leave or leaves of absence).

Compared with the same period of the previous year there was a staff increase of 18 (20 on an equivalent consolidation area), attributable to temporary contracts turned into indefinite-term contracts or new hires to replace ceased staff and new hires under fixed term contracts, as a support to peak workloads linked with special projects and activities, which are expected to cease at year end.

	BANCA GENERALI	BG SGR	BG FIDUCIARIA	GENERFID	GFM	TOTAL AT 30/06/2012	TOTAL AT 30/06/2011
MANAGERS	38	9	1	0	3	51	52
3RD AND 4TH LEVEL EXECUTIVES	103	8	5	0	8	124	120
OTHER (*)	572	20	5	4	21	622	607
Total	**713**	**37**	**11**	**4**	**32**	**797**	**779**

(*) The figure includes the two resources related to the transfer of the BG SGR business unit.

In the first half of 2012, the analysis of communication flows within the bank continued; this activity was started in previous years with the initiative on effective email management. More specifically, a number of courses were offered on "Effective meetings management" and "Effective writing", which were attended by many employees. Specialised courses were instead delivered by leading external consultants expert in the relevant field.

Through the e-learning provided by the Simulware platform managed by Generali Group Innovation Academy (GGIA), the mandatory updates continued, particularly with respect to Legislative Decree 231/01, money laundering, and, specifically for branches personnel, the anti-theft course.

Also in terms of training designed to develop managerial skills, various courses were offered, in collaboration with the Generali Group Innovation Academy. In addition the programmes that see the most promising staff placed in advanced training courses at leading academic institutions were continued.

Dedicated training to Relationship Managers of the Private Division continued, with an in-depth technical course on macroeconomics and interpersonal relation courses focusing on the identification of new customers, which were managed directly in the classroom by the management, acting in a trainer capacity.

Great emphasis continued to be placed on courses on safety in the company, in compliance with Legislative Decree 81/08. In addition to courses on first aid, firefighting and training of safety supervisors, also retraining courses for emergency teams were offered.

The Group continued with its office-network pairing activity, in which Financial Advisors visit the offices in Milan and Trieste and employees visit the various operating offices. In its third year, this course has received the continuing appreciation of the sales network.

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

On the trade union front it should be noted that in January 2012 an agreement was reached on the renewal of the national collective labour agreement, marked by wage moderation and employment protection. In practical terms, the increases will be paid starting June 2012.

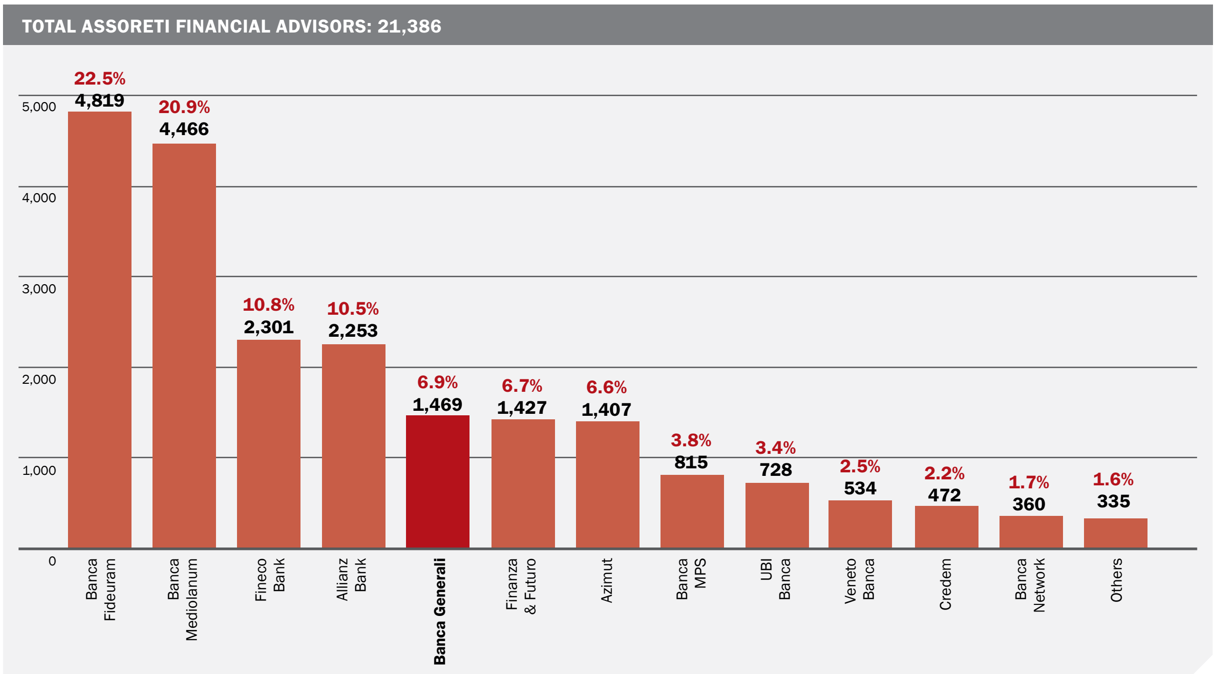
At corporate level, on 10 February 2012 the union agreement for the tax exemption of "productivity" items in the salary was entered into.

On 11 May 2012, through an agreement with the unions, the relevant procedure concerning the merger of BG SGR S.p.A. into Banca Generali (effective 1 September 2012) was positively finalised.

8.2 Financial Advisors

Financial Advisors

The Banca Generali Group owns one of the largest Financial Advisor-based distribution networks in the Italian market: at 30 June 2012 it had 1,464 Financial Advisors and Relationship Managers, 317 of whom with the Private Banking Division.



Source: Assoreti – March 2012

The main data referable to the Banca Generali are summarised in the following tables comparing figures for 2011 and 30 June 2012:

30 JUNE 2012	NO. OF FAS/ BANK./REL.MAN.	ASSETS (MLN EUROS)	ASSETS PER ADVISOR (MLN EUROS)
BG Affluent Division	1,147	14,444	12.6
BG Private Division	317	10,122	31.9
Total	**1,464**	**24,566**	**16.8**

31 DECEMBER 2011	NO. OF FAS/ BANK./REL.MAN.	ASSETS (MLN EUROS)	ASSETS PER ADVISOR (MLN EUROS)
BG Affluent Division	1,154	13,679	11.9
BG Private Division	317	9,576	30.2
Total	**1,471**	**23,254**	**15.8**

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

The overall network dimension is now stable, characterised by a low turnover but offset by new professionals from other networks joining Banca Generali organisation; they hold important customer portfolios that have taken advantage of a wide range of investment opportunities offered by the Bank in compliance with individual risk profiles.

This makes Banca Generali a market leader in terms of network quality, rightly represented by the average assets per Financial Advisor.

9. PRODUCTS AND MARKETING

Asset management

In the first half of 2012, the asset management business was marked by a constant development activity covering the Luxembourg product range of Generali Fund Management (GFM), the multi-manager platform and portfolio management.

Development and promotion of the Luxembourg product range of Generali Fund Management (GFM)

BG Selection Sicav

In March 2012, the product range was affected by a significant rationalisation and development. The following actions were undertaken:

- the merger of the BG Selection 3S and Anti Inflation flexible sub-funds into the T-Cube international equities sub-fund, to provide greater diversification of investments and optimisation of operating costs;
- the change in the management policy of the BG Selection Sicav - Global Diversified sub-fund towards a short strategy aiming at achieving a positive return during market downturns. To better represent the new management policy, the sub-fund was renamed as BG Selection Sicav - Short Strategies;
- the management mandate for the regional equity sub-funds of Italy, Europe, North America, Pacific Equities, previously managed by GFM multi-manager team was assigned to major national and international Asset Managers: Anima, Invesco, Morgan Stanley and Vontobel.

At 30 June 2012 BG Selection Sicav consists of 38 sectors, of which 12 managed by Generali Fund Management and 26 managed under mandate entrusted to leading national and international investment houses.

BG Sicav

During the first half of 2012 also BG Sicav was affected by a major restyling of its product range.

The following actions were undertaken:

- the merger of the Italian Equities and Small Cap Euro Equities sub-funds into BG Sicav - European Equities sub-fund; the merger of the Multistrategy 30 and Flexible Italian Equities respectively into BG Sicav - Flexible Global Equities and Flexible European Equities and the merger of the short-term bond sub-fund Euro Money in BG Sicav - Euro Bond;
- the change in the management policy of the BG Sicav - Flexible European Equities sub-fund strategy towards a Short strategy, aimed at achieving greater diversification of performance sources. To better represent the new management policy, the sub-fund was renamed as BG Sicav - Short Equities;
- granting the management mandate of the BG Sicav - Japanese Equities sub-fund to Pictet Funds, a leading international asset manager, with extensive experience in research and stock selection, as well as knowledge of the Japanese market, where the fund is invested.

The multi-manager platform was enriched with the placement of the Franklin Templeton Investment Funds Sicav (60 sub-funds) and 50 new Sicav sub-funds already under placement, for a total of 1,200 sub-funds available to Banca Generali customers and distribution networks.

Asset management

During the first six months of 2012, some major changes in the range of portfolio management distributed by Banca Generali were introduced.

In a context of continued financial market volatility, persistent tensions on the government debt of peripheral European countries and the slow down in economic growth in Europe and worldwide, BG SGR developed a redesign project of its total return lines within the "BG Private Banking Solution" range by enhancing the Total Return Strategy line as a tool to achieve absolute return strategies, stabilising returns and keeping volatility low.

Banca Generali also continued the commercial development of the BG Target range, protected capital asset management schemes, including with dedicated commercial initiatives.

Overall, Banca Generali offers a comprehensive portfolio consisting of 37 management lines (14 fund-based schemes, 15 asset-management schemes and eight protected-capital asset management schemes) that cover all investment strategies, with a strong emphasis on personalisation, a requirement typical of high-networth customers, the preferred target for this product.

Insurance products

In the first half of 2012, Banca Generali developed its range of insurance product offer with the goal of delivering appealing products that can meet the need for safety and capital protection, in response to continuing market volatility and widening of the spread on the debt of peripheral European countries, including the Italian government bonds (BTPs).

The Bank insurance products thus focused particularly on life policies that invest in segregated accounts, through which it is possible to combine return, capital protection and annual appreciation.

In January 2012, "BG Più Italia" was launched, a traditional single-premium policy, offered both in the coupon and capitalisation versions, which met with great commercial success in the first two months of the year and in the following placement period, i.e., in the months of June and July.

BG Più Italia invests in the Sovereign segregated account, characterised by a significant investment in Italian government bonds, which gives customers the opportunity, through selected securities picked by the management team of Assicurazioni Generali, to invest in the attractive Italian spreads, while eliminating the volatility component and the risk involved in "DIY" investments. The performance of the Sovereign segregated account, certified as at December 2011, amounted to a gross 5.52%.

In March 2012, the BG New Security promotion was launched, a multi-branch single-premium insurance policy, which through the New Security Più RiAlto version offers an additional 0.50% return on the segregated account for the first 12 months.

Assets under administration and custody

The first half of 2012 saw the renewal of the promotional offers — launched in September 2011 — on the BG Champion Deposit Account and Premium repurchase agreements with 6 and 12 months deposit options and a constant attention to the rates offered in connection with market trends, so as to continue providing customers with profitable short-term investment solutions, while avoiding negative margins for Banca Generali.

Operativity for the transfer of securities portfolios from other credit institutions to Banca Generali was also confirmed, guaranteeing a certain and definite timetable for the various steps of the transfer.

In particular, in May the entire range of current accounts was reviewed, with the aim to simplify the products range and ensure a comprehensive service in keeping with market demands: three simple current accounts for the Affluent segment with different characteristics to meet various requirements (full-service and flat fee, decreasing fee as services used increase, choice of services with a "pay-per-use" logic), in addition to the two current accounts for the Private segment with dedicated services and pricing.

In line with the initiatives taken by the Government against the use of cash and to promote the use of payment instruments, the "Basic Account" was launched, a tool which only allows payments by bank transfer and debit cards.

The continued focus on product innovation led to a pricing revision on new credit card issues, with fees that may go down to zero depending on "annual expenditures", which ensures greater attention to customers who choose Banca Generali for their payments.

To encourage subscriptions to the "Doc@nline" service (the service that provides for documentation to be sent in electronic format only), the promotion "Choose Doc@nline: Banca Generali rewards you" was launched, through which customers could obtain a free prepaid card, personalised with the campaign logo.

Near the end of the six month period, the Welcome Kit was renewed, for customers who open a new current account, with a Guide to Services with improved graphics and consistent with the aim of making information easier and immediately accessible.

Regarding cooperation with our partners, the referral agreement for Intesa Sanpaolo Intesa Group's mortgage loans was renewed and the related range of products available to customers was reviewed.

Two bond issues with capital protection at maturity were also placed on the market and the Bank participated as placement agent in Enel public offering for sale and Brunello Cucinelli S.p.A. public offering for sale and subscription.

Web Marketing

Customer Front End

In order to continuously improve the bank online services, development of the websites www.bancagenerali.it and www.bancageneraliprivate.it continued.

In detail, the option for the online opening of the BG Champion deposit account was released, to ensure full autonomy to customers in the activation of a very popular tool for short-term cash investment.

This feature also allows customers to manage their positions and have them displayed directly on their PCs.

Great attention was also given to online security, with the release of the Secure Call feature, in order to ensure maximum security in online payments. The new feature, which is optional and can be used as an alternative to the existing Security Card, provides for a "one-time" password received through a simple call to the toll-free number and used to safely authorise payment transactions, reducing the risk of wiretaps and improper reuse.

To encourage customers to try the new Secure Call option, a three months free trial was launched, renewed in June for another three months in combination with the selection of the Doc@nline service that allows for reporting of current accounts and securities custody accounts to be received directly on customers' PCs.

With regard to online operations in general, other features were implemented, including the function for displaying the book value of funds positions and the telephone top-up, with the option for the latter to save the beneficiaries, print and store receipts.

Financial Advisor Front End

The first version of the important FEP on TABLET project was released: the new tool dedicated to all Financial Advisors of Banca Generali to keep in touch with their customers. The new App installed on iPad devices allows for simple and intuitive access at any time of customers' positions, markets sections, products, warnings and notices published by the Bank.

With innovative graphics, and exploiting the potential of the Apple tablet, Financial Advisors can use the new services, such as geo-location and customised multimedia presentations to simplify relationships with customers.

After less than four years since it was started, the major project "GIC - Integrated Management Contracts" was completed.

The latest features released included:

- taking out new Genertel Life policies, which reduces the possibility of error in filling in forms and speeds up the contracts data entry and monitoring process;
- ISVAP adequacy questionnaire: step-by-step filling out of the required fields and automatic response on the adequacy evaluation of the product;
- new reporting for customers: new "contracts schedule" and new "portfolio evolution report";
- post-sale insurance transactions: additional payment, partial and total redemption.

BG Advisory: Banca Generali's advanced financial advisory service

In the first six months of 2012, a number of major projects initiated during the second half of 2011 with the technology partner Morningstar Italy became fully operative, such as, for example, the introduction of new tools for the analysis of the portfolio bond component and advanced tools of portfolio analysis.

In order to spread the use of these new features among the Distribution Networks, since May 2012 the Bank has organised a training course aimed at enhancing the commercial aspects of the BG Advisory Service, for an advanced analysis of customers' portfolios held with both Banca Generali and other intermediaries.

Furthermore, in March 2012 a satisfaction survey was launched with the Web Conference service which allows all BG Advisory users to receive an ongoing training on the platform functionalities and on ways to leverage its contents with end customers.

Almost three years after its launch, BG Advisory remains at the forefront of Italian financial advisory services.

Distribution Network Training

In the first part of the year, the training of Banca Generali Distribution Network was marked by the launch of a major project called "The organisation of local marketing events", conceived and designed together with the company Newton Management Innovation.

The training, focusing on the organisation of events and involving all 43 District Managers and about 210 Financial Advisors selected throughout Italy, made reference to the theme of Growth, initiated in 2010 with the training course "Developing New Customers", and aimed at presenting and sharing a single BG structured method for the planning, organisation and success of an event.

Also as part of the "courses of excellence" aimed at the Financial Advisors who distinguished themselves for professional achievements, the "Office - Network" project, launched in 2009, was proposed again with a new organisation and content, aimed both at the Financial Advisors already part of the network and the newly hired advisors of Banca Generali, in the latter case in a customised version thus characterised as a "Welcome Program".

During a day and a half, participants in the project can visit and learn about the main Departments of the Milan and Trieste Offices, with the aim of fostering greater integration and mutual understanding between the Head Office and the Network and ensuring an ever greater attention to customers needs.

In the first half of 2012, special attention was paid to management training and the 7 Area Managers of Banca Generali Network were offered the opportunity to participate in an innovative training programme designed together with the company Logotel. The main objective was to accompany them in a process of growth, awareness and responsibility in their managerial role, through a 9-day training course on Being and Acting as "Business Drivers".

With regard to technical and commercial training, the course "Advisory 2012" was started throughout Italy, focusing on the financial advisory service to customers; in the first half of the year the course involved about 250 Financial Advisors and Private Bankers with a view to develop, in a customer-oriented perspective, a better knowledge and use of the BG Advisory platform, developed in collaboration with Morningstar Italy in support of the advisory service.

Also with regard to commercial and technical training and with the goal of ensuring constant updates on the new provisions contained in the Government fiscal package, an important training session on the issue of taxation was held, addressed to about 370 Financial Advisors and about 200 Private Bankers, with the support of Banca Generali tax experts. The most recent tax provisions concerning the taxation of financial instruments were widely discussed, with particular focus on the so called "Save Italy Decree" and the option of substitute taxation (so called "Affrancamento" option).

In addition, large-scale and continuous training was provided concerning the new management mandates for some Monobrand Funds of Funds of BG Selection Sicav, through meetings with third-party companies in Italy which took place during the Area meetings held in January.

As for the mandatory online training, delivered through the new release of the Simulware sep3 e-learning platform of the Generali Group, the updated version was made available, containing the "anti-money laundering and international terrorism" course, to ensure adequate professional training to the whole Network.

The first half-year was finally characterised by ISVAP (Institute for the Supervision of Private and Collective Insurance) professional updates supplied according to the "cascade" process from DMs to the structures they coordinate. The classroom lessons focused on the new BG Più Italia product, with insight in both the technical aspects of the products, as well as the market scenario and the commercial aspects.

Communications

In the first half of 2012, the usual financial disclosures were complemented by communication initiatives related to the Bank's products and image.

The presentation to and approval by the General Shareholders' Meeting of the 2011 financial statements conveyed the attention of several media given the change of management and results achieved. The preparation of this document followed the same outline of last year with a graphics and stylistic review aimed at improving legibility and highlighting key issues and this year it was enriched by the searchable html version on the corporate website www.bancagenerali.com.

Last year's figures were followed by the usual quarterly reports and monthly releases on inflows. The update of the bank's strategic objectives was transmitted in a timely and clear manner, through press releases, as well as through several interviews conducted by the financial press with the management.

There was also several new products, starting from the updates on the BG Champions deposit account, including the famous ambassador Alessandro Del Piero, who associated his image to this product. The specialised media paid particular attention to the launch of insurance products such as the Bg Più Italia policy and the Sicav redesign after the merger of some sub-funds. A number of important initiatives were also launched aimed at restyling the image both on institutional brochures, and multimedia content. In this respect, the subsidiary GFM's website restyling with the addition of content and data elements should be pointed out.

Finally, in a time of problems and difficulties for the country, Banca Generali chose to increase its social commitment alongside projects aimed at scientific research, solidarity, and the spread of positive messages among young people. In the third year alongside the itinerant event "Banca Generali — A Champion for a Friend", the event promoted values such as integration and respect for diversity by capturing the interest of dozens of newspapers, TVs and websites, throughout the country.

Trade Marketing

Banca Generali and its Private Banking Division, alongside the usually numerous local marketing initiatives developed directly by the Network, participated in the IT Forum 2012 in Rimini, an annual event devoted to the asset management industry that took place in May.

Confirming the attention constantly paid to the art world, Banca Generali Private Banking organised an exclusive evening event at Palazzo Clerici in Milan, with a visit at the Tiepolo gallery.

Furthermore, Banca Generali played again the role of title sponsor for the itinerant event "A Champion for a Friend," which involved thousands of children, in ten of the most important Italian squares, in sport activities alongside four major sport champions. Also in the context of sports, Banca Generali Private Banking organised the prestigious Invitational Golf Tour, a high standing circuit.

In January, we held a Roadshow, with 11 meetings throughout Italy, to accompany the resumption of business and the launch of new BG Selection Sicav subfunds (Monobrand Funds of Funds).

10. AUDITING

The Banca Generali Group's internal audits are performed by its Internal Audit Service, an independent function, responsible for providing recommendations to management and top management on the implementation of control measures aimed at mitigating business risks and bringing possible improvements to risk management policies, measurement tools and procedures to the attention of the Board of Directors, the Board of Statutory Auditors, the Audit and Risk Committee and Top Management.

In the first half of the year, audit activities were conducted using the reference methods specified in the Function's Regulation:

- CoSo Report;
- ERM (Enterprise Risk Management) model;
- the Bank of Italy's supervisory instructions;
- CONSOB-Bank of Italy Joint Regulation of 29 October 2007;
- Internal auditing definition;
- International Standards for the Internal Auditing profession, interpretative guides and position papers of Association of Internal Auditors;
- new Borsa Italiana's Corporate Governance Code.

Specifically, the Function:

- prepares periodic reports on its activities, the way in which risk management is conducted, compliance with defined plans;
- verifies, as part of the audit plan, the reliability of information systems including accounting systems;
- verifies, in accordance with international standards, the operation and the suitability of the internal audit and risk management system, through an audit plan approved by the Board of Directors, based on a structured process of analysis and main risk prioritisation;
- is not responsible for any operational areas and functionally reports to the CEO. Internal Audit, formally and substantially, ranks as a third-level function with assurance duties (surveillance);
- is responsible for the evaluation of the control and risk management system and the governance system, as well as the assurance notifications on the system.

The plan is based on an audit analysis carried out using the Audit MATRIX, a tool which records the available information about processes, risks, audits and level II functions' activities, and which generates the audit priorities.

The activities carried out during the period concerned in particular the control measures in place with regard to risks arising from IT and security processes, customers orders processing, administrative and accounting processes (testing scope shared with the manager responsible for compliance with the 262 regulation), finance, private centres and branches, liquidity risk management, capital adequacy determination process (ICAAP), Pillar III (public disclosure), litigation and compensation.

The activity was implemented by means of audits carried out at the units involved and developed through:

- design and execution testing (TOD and TOE) of controls;
- use of the CobiT-Pam methodology for the analysis of more complex areas and for risk analysis (information systems and level II functions);
- remote monitoring and control activity.

Particular attention was paid on protecting the Bank from possible losses, carrying out an assurance activity focused on the quality of the control systems associated with critical processes, with the aim of promoting cost-effective and adequate internal risk control systems. The improvement paths for existing controls, which were initiated as a result of previous audits follow ups, have been monitored.

Of particular note, in the half-year period, with reference to business processes and with the goal of improving the management procedures of the highly complex and constantly evolving organisation and operations of Banca Generali, was the implementation of a single tree of internal company regulations defined as "Process Tree".

On the whole, audit activity indicated that risk control and management systems are undergoing constant enhancement and no critical issues were brought to light in the first half of 2012. The aforementioned risk control and management systems are adequate and consistent with the company's growth and development objectives and strategies and have safeguarded company assets.

11. ORGANISATION AND ICT

During the first half of 2012, the major projects completed or in progress primarily focused on the extraordinary transaction involving the asset management subsidiary and activities aimed at improving operational effectiveness or achieving regulatory compliance.

Managing the company business

Rationalisation of Group activities: with effect from 1 April of this year the sale of the Italian funds business unit of the subsidiary BG SGR to Generali Investments Italy SGR was completed, as were the various activities that will lead to the merger of BG SGR into Banca Generali, with integration of their respective managed portfolios, effective 1 September.

Management of customer services

Customer Services: a new security profile was created, called "Secur Call", to order bank transactions via online banking, which includes the combined use of the Internet and customers' mobile phone as an identification token, which, upon confirmation of a bank order, requests the keying in, through the phone, of a "one-time" password dynamically generated by the system and displayed on the website screen.

Sales network services

Financial Advisors/Private Bankers: an innovative application for the Tablet device was released, through which the Network Financial Advisors, wherever they are, can access in a simple and intuitive way the FEP (Front End Financial Advisors) information already available on the Web platform: customers' positions, markets, products, and notices.

Legal compliance

Bank of Italy provisions on investments and related parties: in order to meet the requirements of the Supervisory Authority, issued on 12 December 2011, with regard to permitted investments and risky activities and conflicts of interest with related parties, the necessary policies and decision-making procedures were formalised, and the necessary analysis were commenced to enable the adoption of appropriate organisational solutions within the Banking Group for the management of the related activities.

CONSOB provisions implementing the European directive on UCITs offered on the market: steps were taken to implement all the activities necessary to provide customers and the sales network, effective 1 July, with the KIIDs (Key Investor Information Documents), including information on essential characteristics of the UCIT, so that investors can reasonably understand the nature and risks of the investment.

12. MAIN RISKS AND UNCERTAINTIES

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

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

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

  Market risks are maintained within appropriate limits, which are monitored by the Risk Management department. Such limits are established with the objective of maintaining a level of risk that is consistent with the strategies and risk profile defined by the Board of Directors.
- During the first half of 2012, this risk was maintained at low levels, with a 99% VaR at 1 day, at all times below the 0.08% of the overall portfolio; furthermore the monitoring activity showed full compliance with operational limits and no violation was reported, except limited and in any case in small number (5), of the alert threshold (the so called alert for IAS portfolios), with regard to the bond component of AFS and HTM portfolios, due to the widening of the spread on Italian government bonds. Exposure to credit risk mainly arises from liquidity invested in money markets (interbank deposits), financial instruments held in portfolios measured at amortised cost, AFS and loans to customers (both corporate and retail). Credit risk refers to the possibility that a counterparty will become insolvent or a borrower will be unable to meet its obligations or unable to meet them on time. More specifically, credit risk is the possibility that an unexpected change in a counterparty's creditworthiness may generate a corresponding unexpected change in the market value of the associated exposure.

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

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

  In the first half of the year, monitoring activities showed compliance with all credit limits laid down by the Finance Regulation and, therefore, no violation of the limits was reported.

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

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

  Moreover, the Banca Generali Group has insurance coverage for operating risks deriving from acts of third parties or caused to third parties and adequate clauses covering damages caused by providers of infrastructure and services and has approved a Business Continuity Plan.
- Exposure to **liquidity** risk derives from funding and lending transactions in the course of the Group's normal business, as well as from the presence of unlisted financial instruments in its proprietary portfo-

lios. Such risk takes the form of default on payment obligations, which may be caused by an inability to procure funds (funding liquidity risk) or the existence of limits on the divestment of assets (market liquidity risk). Liquidity risk also includes the risk that an entity may be forced to meet its own payment obligations at non-market costs, that is to say while incurring a high cost of funding or (and in some cases concurrently) sustaining capital losses when divesting assets.

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

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

The Risk Management Service monitors that liquidity is properly managed in both the short and long term (structural liquidity) through an ALM system that allows for the detection of cash imbalances by maturity brackets, as well as through monitoring of an appropriate set of ratios, which also includes liquidity ratios, the so called Basel 3 (Liquidity Coverage Ratio – LCR and Net Stable Funding Ratio – NSFR) in order to arrive at a preliminary assessment of compliance with future regulatory requirements and identify additional summary indicators for better risk monitoring.

During the period under review, none of the indicators adopted by the Bank to monitor its operational and structural liquidity limits showed violation of such limits.

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

- The banking Group has an adequate level of capitalisation, with a Tier-1 ratio of 12.52 % and a total capital ratio of 14.27%.
- The Group's Compliance function, within which the anti-money laundering function was established pursuant to the provision of the Bank of Italy of 10 March 2011, monitors and evaluates the adequacy and effectiveness of organisational processes, verifying their conformity with current regulations to ensure compliance with regulations on services offered by the Banking Group (investment banking) and prevent the risk of non-compliance; this function also monitors the activities of the Distribution Network of Financial Advisors/Private Bankers/Relationship Managers, in order to identify, including with regard to specific irregularities, any abnormal behaviour or violation of organisational processes and regulations.

13. OUTLOOK FOR THE SECOND HALF OF 2012

During the second half of 2012, which is expected to be characterised by a still uncertain and volatile market scenario due to the sovereign debt crisis which has not yet been resolved and the outlook of low economic growth, the banking group will continue to pursue goals of cost containment and revenue growth through the interventions and actions planned and in part already launched earlier this year.

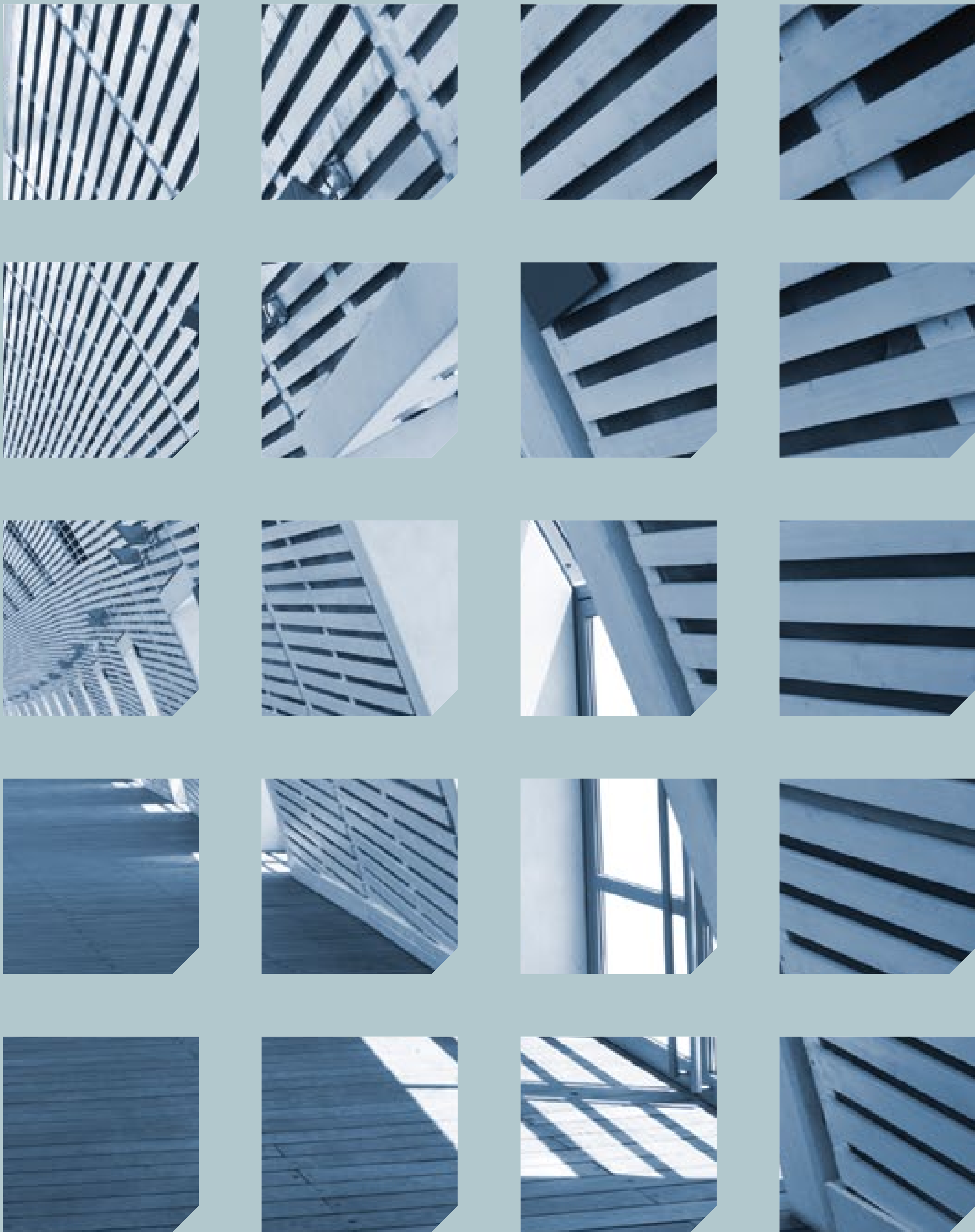
The banking group's efforts on the revenue front during the second half of 2012 will continue to follow the guidelines set out below:

- maintenance and implementation of the product line in order to meet customers' financial needs;
- an increase in market share to be achieved by both acquiring new customers and developing existing customers.

Moreover, in the second half of 2012 the Group will also continue to pursue the strategy adopted to this point, meaning that it will hold the cost/asset ratio and network pay-out stable and maintain operating costs at the previous year's levels through measures such as the outsourcing of low value-added activities and the merger of the subsidiary BG SGR into Banca Generali.

Trieste, 25 July 2012

THE BOARD OF DIRECTORS



CONDENSED HALF-YEAR FINANCIAL STATEMENTS

AS OF 30 JUNE 2012

CONSOLIDATED ACCOUNTING STATEMENTS

BOARD OF DIRECTORS
25 JULY 2012

BANCA GENERALI

CONSOLIDATED BALANCE SHEET

	ASSETS	30.06.2012	31.12.2011
	(Euro thousand)		
10	Cash and deposits	9,244	73,959
20	Financial assets held for trading	33,676	35,323
40	AFS financial assets	1,138,390	1,318,992
50	Financial assets held to maturity	3,045,018	1,415,701
60	Loans to banks	325,737	514,171
70	Loans to customers	1,091,698	971,648
120	Property and equipment	4,625	5,332
130	Intangible assets	45,490	46,771
	- goodwill	38,632	38,632
140	Tax receivables	61,905	77,046
	a) current	5,946	14,011
	b) prepaid	55,959	63,035
150	Non-current assets held for sale		
	and disposal groups	0	675
160	Other assets	82,973	89,271
	Total assets	**5,838,756**	**4,548,889**

	NET EQUITY AND LIABILITIES	30.06.2012	31.12.2011
	(Euro thousand)		
10	Due to banks	2,328,576	1,070,909
20	Due to customers	3,016,706	3,042,371
40	Financial liabilities held for trading	1,322	1,737
60	Hedging derivatives	683	0
80	Tax payables	28,286	21,019
	a) current	25,783	19,734
	b) deferred	2,503	1,285
90	Liabilities associated with		
	disposal groups	0	316
100	Other liabilities	104,589	85,043
110	Employee termination indemnities	3,946	4,003
120	Provisions for liabilities and contingencies	65,486	61,070
	b) other provisions	65,486	61,070
140	Valuation reserves	-40,897	-56,341
170	Reserves	142,645	126,508
180	Additional paid-in capital	3,406	3,231
190	Share capital	111,694	111,676
200	Treasury shares (-)	-248	-248
210	Minority interests (+/-)	5,279	4,176
220	Net income (loss) for the period (+/-)	67,283	73,419
	Total net equity and liabilities	**5,838,756**	**4,548,889**

CONSOLIDATED PROFIT AND LOSS ACCOUNT

		30.06.2012	30.06.2011
	(Euro thousand)		
10.	Interest income and similar revenues	76,460	34,276
20.	Interest expense and similar charges	-25,195	-12,782
30.	**Net interest income**	**51,265**	**21,494**
40.	Commission income	194,088	179,105
50.	Commission expense	-77,699	-80,772
60.	**Net commissions**	**116,389**	**98,333**
70.	Dividends and similar income	697	57,667
80.	Net income (loss) from trading activities	8,887	-53,570
100.	Gain (loss) from sales or repurchase of:	-96	1,717
	a) receivables	84	417
	b) AFS financial assets	-74	1,260
	c) financial assets held to maturity	-106	40
120.	**Net banking income**	**177,142**	**125,641**
130.	Net adjustments/reversals due to impairment of:	-3,713	-1,669
	a) receivables	-2,908	-448
	b) AFS financial assets	-866	-569
	c) financial assets held to maturity	61	-652
140.	**Net result from banking operations**	**173,429**	**123,972**
180.	General and administrative expense:	-79,213	-74,673
	a) staff expenses	-34,906	-33,317
	b) other general and administrative expense	-44,307	-41,356
190.	Net provisions for liabilities and contingencies	-14,306	-9,889
200.	Net adjustments/reversals of property and equipment	-934	-771
210.	Net adjustments of intangible assets	-1,335	-1,123
220.	Other operating expense/income	9,150	5,777
230.	**Operating expense**	**-86,638**	**-80,679**
270.	Gains (losses) from disposal of investments	-2	0
280.	**Profit (loss) from operating activities before income taxes**	**86,789**	**43,293**
290.	Income taxes for the year on operating activities	-17,844	-4,600
300.	**Net profit after income taxes**	**68,945**	**38,693**
310.	Income of disposal groups, net of taxes	318	881
320.	**Net profit for the year**	**69,263**	**39,574**
330.	Minority interests (+/-) for the year	-1,980	-2,159
340.	**Net profit (loss) for the year of the Parent Company**	**67,283**	**37,415**

STATEMENT OF COMPREHENSIVE INCOME

	ITEMS	30.06.2012	30.06.2011
	(Euro thousand)		
10	**Net profit for the period**	**69,263**	**39,574**
	Other income net of income taxes		
20	AFS financial assets	15,330	6,078
30	Property and equipment	0	0
40	Intangible assets	0	0
50	Hedges of foreign investments	0	0
60	Cash flow hedges	114	0
70	Exchange differences	0	0
80	Non-current assets held for sale	0	0
90	Actuarial gains (losses) from defined benefit plans	0	0
100	Portion of valuation reserves of investments valued using the equity method	0	0
110	**Total other income net of income taxes**	**15,444**	**6,078**
120	**Comprehensive income**	**84,707**	**45,652**
130	Comprehensive income attributable to Minority Interests	-1,980	-2,159
140	**Consolidated comprehensive income attributable to the Parent Company**	**82,727**	**43,493**

STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY

(Euro thousand)	Share capital		Reserves										
	a)ord. shares	**b) other**	**Share premium reserve**	**a) retained earnings**	**b) other**	**Valuaton reserves**	**Equity instruments**	**Interim dividends**	**Treasury shares**	**Net profit (loss) for the year**	**Net equity**	**Group's net equity**	**Minority interest**
Net equity at 31.12.2011	**113,597**	**-**	**3,231**	**127,488**	**-**	**-56,341**	**-**	**-2,680**	**-248**	**77,374**	**262,421**	**258,245**	**4,176**
Change in opening balances	-	-	-	-	-	-	-	-	-	-	-		-
Amounts at 01.01.2012	113,597	-	3,231	127,488	-	-56,341	-	-2,680	-248	77,374	262,421	258,245	4,176
Allocation of net income of the previous year	-	-		12,403	-	-	-	2,680	-	-77,374	-62,291	-61,415	-876
- Reserves	-	-	-	12,403	-	-	-	-	-	-12,403	-	-	-
- Dividends and other allocations	-	-	-	-	-	-	-	2,680	-	-64,971	-62,291	-61,415	-876
Change in reserves	-	-	-	3,712	-	-	-	-	-	-	3,712	3,713	-1
Transactions on net equity	18	-	175	420	-	-	-	-	-	-	613	613	-
- Issue of new shares	18	-	175	-44	-	-	-	-	-	-	149	149	-
- Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
- Interim Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
- Extraordinary Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
- Change in equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
- Derivatives on treasury shares	-	-	-	-	-	-	-	-	-		-	-	-
- Stock option	-	-	-	464	-		-	-			464	464	
Comprehensive income	-	-	-	-	-	15,444	-	-	-	69,263	84,707	82,727	1,980
Net equity at 30.06.2012	**113,615**	**-**	**3,406**	**144,023**	**-**	**-40,897**	**-**	**-**	**-248**	**69,263**	**289,162**	**283,883**	**5,279**
Group's net equity	**111,694**	**-**	**3,406**	**142,645**	**-**	**-40,897**	**-**	**-**	**-248**	**67,283**	**283,883**	**-**	**-**
Minority interest	**1,921**	**-**	**-**	**1,378**	**-**	**-**	**-**	**-**	**-**	**1,980**	**5,279**	**-**	**-**

(Euro thousand)	Share capital		Reserves										
	a)ord. shares	**b) other**	**Share premium reserve**	**a) retained earnings**	**b) other**	**Valuaton reserves**	**Equity instruments**	**Interim dividends**	**Treasury shares**	**Net profit (loss) for the year**	**Net equity**	**Group's net equity**	**Minority interest**
Net equity at 31.12.2010	**113,284**	**-**	**-**	**105,956**	**-**	**-23,712**	**-**	**-**	**-660**	**86,351**	**281,219**	**274,598**	**6,621**
Change in opening balances	-	-	-	-	-	-	-	-	-	-	-		-
Amounts at 01.01.2011	113,284	-	-	105,956	-	-23,712	-	-	-660	86,351	281,219	274,598	6,621
Allocation of net income of the previous year	-	-		21,304	-	-	-	-	-	-86,351	-65,047	-61,327	-3,720
- Reserves	-	-	-	21,304	-	-	-	-	-	-21,304	-	-	-
- Dividends and other allocations	-	-	-	-	-	-	-	-	-	-65,047	-65,047	-61,327	-3,720
Change in reserves	-	-	-	-21	-	-	-	-	-	-	-21	-21	-
Transactions on net equity	299	-	3,109	-285	-	-	-	-	412	-	3,535	3,535	-
- Issue of new shares	299	-	3,109	-812	-	-	-	-	412	-	3,008	3,008	-
- Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
- Interim Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
- Extraordinary Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
- Change in equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
- Derivatives on treasury shares	-	-	-	-	-	-	-	-	-		-	-	-
- Stock option	-	-	-	527	-		-	-			527	527	
Comprehensive income	-	-	-	-	-	6,078	-	-	-	39,574	45,652	43,493	2,159
Net equity at 30.06.2011	**113,583**	**-**	**3,109**	**126,954**	**-**	**-17,634**	**-**	**-**	**-248**	**39,574**	**265,338**	**260,278**	**5,060**
Group's net equity	**111,662**	**-**	**3,109**	**125,974**	**-**	**-17,634**	**-**	**-**	**-248**	**37,415**	**260,278**	**-**	**-**
Minority interest	**1,921**	**-**	**-**	**980**	**-**	**-**	**-**	**-**	**-**	**2,159**	**5,060**	**-**	**-**

CONSOLIDATED CASH FLOW STATEMENT

INDIRECT METHOD	30.06.2012	30.06.2011
(Euro thousand)		
A. OPERATING ACTIVITIES		
1. Operations	**74,177**	**70,002**
- Net profit (loss) for the period	69,263	39,574
- Gain/loss on financial assets and liabilities held for trading	-4,458	94
- Gain/loss on hedging assets	852	0
- Net adjustments due to impairment	3,713	1,669
- Net adjustments of property, equipment and intangible assets	2,269	1,911
- Net provisions for liabilities and contingencies and other costs/revenues	4,416	4,766
- Taxes included in taxes not paid	13,734	8,173
- Adjustments of discontinued operations	0	0
- Other adjustments	-15,612	13,815
2. Liquidity generated by/used for financial assets (+/-)	**281,897**	**-131,276**
- Financial assets held for trading	4,377	56,400
- Financial assets measured at fair value	0	0
- Financial assets available for sale	203,458	-88,630
- Loans to banks: repayable on demand	120,477	-14,238
- Loans to banks: other receivables	69,107	-30,184
- Loans to customers	-121,600	-45,631
- Other assets	6,078	-8,993
3. Net liquidity generated by/used for financial liabilities (+/-)	**1,237,154**	**46,417**
- Due to banks: repayable on demand	1,757	-33,414
- Due to banks: other payables	1,251,495	187,253
- Due to customers	-34,138	-147,329
- Securities issued	0	-189
- Financial liabilities held for trading	907	-5,416
- Financial liabilities measured at fair value	0	0
- Other liabilities	17,133	45,512
Net liquidity generated by/used for operating activities	**1,593,228**	**-14,857**

B. INVESTING ACTIVITIES		
1. Liquidity generated by	**282,844**	**80,294**
- Disposal of equity investments	0	0
- Dividends received	0	0
- Disposal of held-to-maturity financial assets	277,426	80,294
- Disposal of property and equipment	0	0
- Disposal of intangible assets	0	0
- Disposal of business units	5,418	0
1. Liquidity used for	**-1,878,645**	**-3,656**
- Purchase of equity investments	0	0
- Purchase of held-to-maturity financial assets	-1,878,364	-1,994
- Purchase of property and equipment	-227	-1,445
- Purchase of intangible assets	-54	-217
- Purchase of business units and equity investments in subsidiaries	0	0
Net liquidity generated by/used for investing activities	**-1,595,801**	**76,638**

INDIRECT METHOD	30.06.2012	30.06.2011
(Euro thousand)		
C. FUNDING ACTIVITIES		
- Issue/purchase of treasury shares	149	3,008
- Issue/purchase of equity instruments	0	0
- Distribution of dividends and other	-62,291	-65,047
Net liquidity generated by/used for funding activities	**-62,142**	**-62,039**
NET LIQUIDITY GENERATED BY/USED FOR IN THE YEAR	**-64,715**	**-258**
Reconciliation		
Cash and cash equivalents at period-start	**73,959**	**7,953**
Liquidity generated /used in the year	-64,715	-258
Cash and cash equivalents – effects of exchange rate fluctuations	0	0
Cash and cash equivalents at period-end	**9,244**	**7,695**

NOTES AND COMMENTS
PART A - ACCOUNTING POLICIES

A.1 – GENERAL

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

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

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

A.1.1 – Statement of Compliance with International Accounting Standards

These consolidated condensed half-year financial statements have 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 condensed half-year financial statements, Banca Generali adopted the IAS/IFRS in force at the reference date of the report (including SIC and IFRIC interpretations), as endorsed by the European Union.

A.1.2 Preparation Criteria

The condensed half-year financial statements are comprised of:

- a **Balance Sheet** as of the end of the interim period under review (30.06.2012) and a comparative balance sheet as of the end of the preceding financial year (31.12.2011);
- a **Profit and Loss Account** for the interim reporting period (first half 2012), with a comparative profit and loss account for the same interim period of the preceding financial year (first half 2011);
- the **Other Comprehensive Income (OCI) statement**, which includes the profit and loss items for the period recognised directly in equity, for the interim reporting period (first half of 2012) as compared to the same period of the previous year (first half of 2011);
- a **Statement of changes in equity** for the period extending from the beginning of the financial year to the end of the half-year period under review, with a comparative statement for the same period of the preceding year;
- a **Cash Flow Statement** for the period extending from the beginning of the financial year to the end of the half-year period under review, with a comparative statement for the same period of the preceding year;
- **Notes** containing references to the accounting standards used and other notes explaining transactions carried out during the period.

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

In detail, IAS 34 on interim financial reporting states that, in the interest of time, the interim financial statements can contain a condensed version of the information provided in the annual report ("condensed financial statements") that provides an update to the last complete annual report. In application of this principle, we therefore exercised the option to prepare the financial statements for the period in a condensed form, in place of the complete financial statements prepared for the year.

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

A.1.3 Scope of Consolidation and Business Combinations

1. Scope of Consolidation

The consolidation area determined in accordance with IAS 27 includes the parent company, Banca Generali S.p.A., and the following subsidiaries and did not change compared to year-end 2011:

COMPANY NAME	REGISTERED OFFICE	TYPE OF CONTROL	SHAREHOLDING RELATIONSHIP		% OF VOTES IN ORD. SHAREHOLDERS' MEETING
			INVESTOR	% OF OWNERSHIP INTEREST	
Fully consolidated companies					
- BG Fiduciaria SIM S.p.A.	Trieste	1	Banca Generali	100.00%	100.00%
- BG SGR S.p.A.	Trieste	1	Banca Generali	100.00%	100.00%
- Generali Fund Management S.A.	Luxemb.	1	Banca Generali	51.00%	51.00%
- Generfid S.p.A.	Milan	1	Banca Generali	100.00%	100.00%

Legend: type of control:
(1) control pursuant to Section 2359, paragraph 1, No. 1 of the Italian Civil Code (majority voting rights at General Shareholders' Meeting).

The consolidated accounts include the separate accounts of the Parent Company and the subsidiaries at 30 June 2012, reclassified and adjusted where necessary to take account of consolidation requirements.

2. Other Information

Consolidation Methods

Subsidiaries are included in the accounts using the full consolidation method, whereby the balance sheet and profit and loss items are consolidated on a line-by-line basis.

After the attribution to minority interests of their portion of net equity and profit and loss results, the value of the equity investment was cancelled due to the residual value of the subsidiary's equity.

The resulting differences are allocated to the assets or liabilities, including intangible assets, of the subsidiary in question and any remaining balances, if positive, are recorded as goodwill under Intangible Assets. Negative differences are charged to the Profit and Loss Account.

The most important intra-Group transactions, influencing both the Balance Sheet and Profit and Loss Account, were eliminated. Unreconciled amounts were recognised in other assets/liabilities and other revenues/expenses, respectively.

Dividends distributed by subsidiaries were eliminated from the consolidated profit and loss account and a corresponding adjustment was made to income reserves.

Business Combinations

Business combinations are regulated by the IFRS 3 *Business Combinations.*

Based on this standard, any acquisition of companies is accounted for using the purchase method, whereby the assets, liabilities, and potential liabilities of the acquired company are recognised at fair value on the acquisition date. Any positive difference of the price paid over fair value is recognised as goodwill or other intangible assets; if the price is less, the difference is recognised in the income statement.

The purchase method is applied as of the acquisition date, i.e. from the time effective control of the acquired company is obtained. Accordingly, the results of subsidiaries acquired during the year are included in the consolidated financial statements from the date of acquisition. Also the profit and loss results of a subsidiary which has been disposed of are included in the consolidated financial statements, up to the date control is transferred.

Business Combinations of Entities Under Common Control

Business combinations of entities under common control are not included in the scope of IFRS 3, nor are they covered by other IFRS. They are accounted for in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

The IAS/IFRS provide specific guidelines for transactions not covered by IFRS (described in paragraphs 10-12 of IAS 8); according to these guidelines, management is encouraged to consider the most recent pronouncements of other regulatory bodies that use a similar conceptual framework to define accounting standards.

In fulfilment of this requirement, we observed that the Financial Accounting Standards Board (FASB) has published an accounting standard regarding business combinations (FAS 141) that in some respects is similar to IFRS 3. Unlike IFRS 3, however, FAS 141 includes an appendix containing limited accounting guidelines for transactions under common control that were previously included in the Accounting Principles Board's (APB) Opinion 16. According to the pooling of interest method, for this type of transaction the assets and liabilities of business combinations are stated at historical (book) value instead of fair value, and goodwill is not recognised.

This solution was essentially adopted at national level by Assirevi, with documents OPI No. 1 on the accounting treatment of business combinations of entities under common control and OPI No. 2 on the accounting treatment of mergers.

Intra-group combinations or other combinations of entities under common control within the Banca Generali Group are therefore accounted for based on the book value of the entity transferred. Any difference between the consideration paid for the acquisition of the equity interest and the book value of the entity transferred (goodwill) is deducted from the net equity of the acquirer, and the transaction is classified as an extraordinary distribution of reserves.

In a similar way, if an entity is disposed of, the amount received is directly recognized in an equity reserve, as it is a capital contribution by other companies of the Group to which it belongs.

A.1.4 Events Occurred After the Reporting Date

No events occurred after 30 June 2012 that would make it necessary to adjust the results presented in the consolidated half-year report at that date.

The consolidated half-year financial statements were approved by the Board of Directors of Banca Generali on 25 July 2012 and its publication was authorised as of the same date.

A.1.5 Other Information

Measurement

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

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

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

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

- the quantification of the financial advisor network's remuneration (pay out) for June 2012 and commission-based incentive measures for the first six months of the year;
- quantification of provisions for personnel incentives;
- determining the amount of provisions for risks and contingencies;
- the determination of the fair value of cash financial instruments and derivatives used for reporting purposes and any required reports;
- determining the value adjustments of non-performing loans and the provision for performing loans;
- estimates and assumptions used to determine current and deferred taxation.

Measurement of Goodwill

During the preparation of the 2011 Financial Statements, goodwill was tested for impairment and the carrying value was determined to be accurate. Since all required information is only available when drafting the annual report and there currently are no significant indicators of impairment that would require an immediate assessment of loss, it was decided not to conduct an impairment test as of 30 June 2012. For further information on this subject, the reader is referred to the 2011 Financial Statements.

Non-recurring Significant Events and Transactions

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

Transfer of the Italian mutual fund management business unit and merger of BG SGR S.p.A.

On 1 April 2012, the sale of the collective asset management business unit, approved on 27 September 2011, to the related party Generali Investments Italy SGR was finalised.

The total consideration agreed upon for the sale was 5.5 million euro, of which 0.3 million euro was attributable to the surplus of assets acquired over liabilities assumed, calculated according to the appraisal conducted by KPMG Advisory appended to the disclosure document drafted pursuant to Article 5 of Consob Resolution No. 17221 of 12 March 2010, published on 3 October 2011.

Since the sale qualifies as a transaction between entities under common control, to which IFRS 3 does not apply, the net capital gain of 3.7 million euro will be allocated to a net equity reserve.

On 21 June 2012, the Boards of Directors of Banca Generali and the General Shareholders' Meeting of BG SGR S.p.A., a fully-owned subsidiary of Banca Generali, also resolved upon the merger of BG SGR S.p.A. into Banca Generali, approving the draft merger plan prepared pursuant to the combined provisions of Articles 2501-ter and 2505 of the Italian Civil Code, that had been outlined and disclosed to the market on 14 December 2011.

The merger will enter into effect on 1 September 2012 (or another date to be specified in the merger instrument), with retroactive effect for accounting and tax purposes from 1 January 2012.

Following the above transactions, the remaining activities of BG SGR, namely portfolio management, will be transferred to a specific specialised division of Banca Generali.

Audit

Reconta Ernst & Young carried out a limited audit of the consolidated half-year financial statements.

A.2 Accounting Standards

This chapter sets out the accounting policies adopted for the preparation of the consolidated half-year financial statements as of 30 June 2012, as regards the stages of classification, recognition, measurement and derecognition of the various asset and liability items and the methods of recognition of costs and revenues.

It should be noted that, following the completion of the endorsement procedure, as of 1 January 2012, several limited amendments to the IAS/IFRS entered into force.

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

INTERNATIONAL ACCOUNTING STANDARDS WHICH ENTERED INTO FORCE IN 2012	ENDORSEMENT REGULATIONS	DATE OF ISSUE	EFFECTIVE DATE
IFRS 7R – Financial Instruments: Disclosures – Transfers of Financial Assets	305/2011	23/11/2011	01/01/2012
INTERNATIONAL ACCOUNTING STANDARDS ENDORSED IN 2012 ENTERED INTO FORCE AFTER 30 JUNE 2012			
IAS 19R	475/2012	06/06/2012	01/01/2013
IAS 1R	475/2012	06/06/2012	01/07/2012

A.3 Information on fair value

The criteria and procedures for determining fair value used to measure portfolios of financial assets and liabilities in this Consolidated Half-Year Financial Report are the same as those applied in the preparation of the Consolidated Financial Statements at 31 December 2011 and illustrated in Part A, Section 3, of the Notes to those Financial Statements.

Fair Value Hierarchy

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

Specifically, there are three levels:

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

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

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

ATTIVITÀ/PASSIVITÀ FINANZIARIE MISURATE AL FAIR VALUE	30.06.2012				TOTAL
	L1	L2	L3	AT COST	
(Euro thousand)					
1. Financial assets held for trading	1,540	13,297	18,839	0	33,676
2. Financial assets at fair value	0	0	0	0	0
3. AFS financial assets	1,038,489	82,164	14,530	3,207	1,138,390
4. Hedging derivatives	0	0		0	0
Total	**1,040,029**	**95,461**	**33,369**	**3,207**	**1,172,066**
1. Financial liabilities held for trading	0	1,322	0	0	1,322
2. Financial liabilities at fair value	0	0	0	0	0
3. Hedging derivatives	0	683	0	0	683
Total	**0**	**2,005**	**0**	**0**	**2,005**

ATTIVITÀ/PASSIVITÀ FINANZIARIE MISURATE AL FAIR VALUE	31.12.2011				TOTAL
	L1	L2	L3	AT COST	
(Euro thousand)					
1. Financial assets held for trading	2,175	15,852	17,296	0	35,323
2. Financial assets at fair value	0	0	0	0	0
3. AFS financial assets	1,224,387	70,153	16,268	8,184	1,318,992
4. Hedging derivatives	0	0		0	0
Total	**1,226,562**	**86,005**	**33,564**	**8,184**	**1,354,315**
1. Financial liabilities held for trading	0	1,737	0	0	1,737
2. Financial liabilities at fair value	0	0	0	0	0
3. Hedging derivatives	0	0	0	0	0
Total	**0**	**1,737**	**0**	**0**	**1,737**

PART B - INFORMATION ON THE CONSOLIDATED BALANCE SHEET

1. ASSETS

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

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

(Euro thousand)	**30.06.2012**	**31.12.2011**
A. Cash assets		
1. Debt securities	**17,770**	**17,228**
a) Governments and Central Banks	410	455
b) Other public institutions	0	0
c) Banks	1,856	1,695
d) Other issuers	15,504	15,078
2. Equity securities	**1,080**	**1,062**
3. UCIT units	**14,645**	**16,336**
4. Financing	**0**	**0**
Total A	**33,495**	**34,626**
B. Derivatives		
a) Banks	125	434
b) Customers	56	263
Total B	**181**	**697**
Financial assets held for trading	**33,676**	**35,323**

1.2 Financial assets available for sale – Item 40

1.2.1 AFS financial assets: breakdown by debtors/issuers

(Euro thousand)	**30.06.2012**	**31.12.2011**
1. Debt securities	**1,119,837**	**1,299,636**
a) Governments and Central Banks	958,065	1,130,509
b) Other public institutions	0	0
c) Banks	142,538	154,123
d) Other issuers	19,234	15,004
2. Equity securities	**17,505**	**18,314**
Equity investments	3,207	3,207
- CSE	1,930	1,930
- Simgenia	967	967
- GBS, GBC	246	246
- Other minor investments (Caricese, Swift,Eu-ra)	64	64
Private-equity investments	4,823	4,823
- Athena Private Equity S.A.	4,823	4,823
Other equities available for sale	9,475	10,284
- Assicurazioni Generali	482	530
- Enel S.p.A	2,283	2,839
- Other equity securities	6,710	6,915
3. UCIT units	**1,048**	**1,042**
4. Financing	**0**	**0**
Total AFS financial assets	**1,138,390**	**1,318,992**

1.3 Held-to-maturity financial assets – Item 50

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

(Euro thousand)	**30.06.2012**	**31.12.2011**
a) Governments and Central Banks	2,824,278	1,064,025
b) Other public institutions	0	0
c) Banks	187,132	295,239
d) Other issuers	33,608	56,437
Total debt securities	**3,045,018**	**1,415,701**

1.4 Debt securities allocated to loans

1.4.1 Financial assets classified among loans: breakdown by debtors/issuers

(Euro thousand)	**30.06.2012**	**31.12.2011**
a) Banks	158,530	174,505
b) Other issuers	57,578	64,066
Total debt securities	**216,108**	**238,571**

1.5 Loans to banks – Item 60

1.5.1 Due from banks: categories

(Euro thousand)	30.06.2012	31.12.2011
1. Repayable on demand	**148,911**	**329,460**
Demand deposit with ECB	0	60,000
Demand deposits with instit. banks	81,000	169,430
Transfer accounts	67,911	100,030
2. Time deposits	**15,434**	**69,684**
Mandatory reserve	2,468	10,341
Term deposits	12,966	59,343
3. Debt securities	**158,530**	**174,505**
4. Other operating receivables	**2,862**	**522**
Total due to banks	**325,737**	**574,171**

1.6 Loans to customers – Item 70

1.6.1 Loans to customers: categories

(Euro thousand)	30.06.2012	31.12.2011
Current accounts	555,004	511,291
Personal loans	327,591	245,872
Other short- and long-term loans	45,109	38,398
Financing	**927,704**	**795,561**
Gesav life insurance participating policy	**20,980**	**20,584**
Total loans	**948,684**	**816,145**
Receivables from product companies	48,521	50,831
Sums advanced to Financial Advisors	25,328	26,733
Interest-bearing daily margin, Borsa Italiana	2,489	4,061
Changes to be debited and other loans	9,098	9,812
Operating loans and other loans	**85,436**	**91,437**
Debt securities	**57,578**	**64,066**
Total loans to customers	**1,091,698**	**971,648**

Doubtful Loans

Within the loans to customers segment, net non-performing loans amounted to 31.1 million euros, accounting for 3.3% of the associated net exposure, and showing a slight decrease compared to the volume reported at the end of the previous year.

Almost all non-performing loans derive from the portfolio of Banca del Gottardo Italia and are covered by the guarantee granted by BSI SA in connection with the sale of the company. In detail, most bad loans and substandard loans are currently secured by 20.0 million euros in collateral deposits by BSI SA.

The analytical measurement of doubtful loans, supported, where necessary, by the acquisition of adequate technical opinions (from attorneys and real-estate appraisers), did not result in significant adjustments to either bad or substandard positions.

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

(Euro thousand)	GROSS EXPOSURE	ADJUSTMENTS	NET EXPOSURE 2012	NET EXPOSURE 2011
Bad loans	35,976	-15,122	20,854	21,743
Substandard loans	6,174	-70	6,104	3,050
Restructured loans	2,816	0	2,816	2,948
Expired loans/outstanding over 90 days	1,321	0	1,321	3,837
Total non-performing loans	**46,287**	**-15,192**	**31,095**	**31,578**
Performing loans	898,046	-1,437	896,609	763,983
Total loans	**944,333**	**-16,629**	**927,704**	**795,561**

Net impaired loans relating to operating receivables amounted instead to 1.1 million euros and referred primarily to litigation or prelitigation positions against former Financial Advisors.

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

1.7.1 Breakdown of property, equipment and intangible assets

(Euro thousand)	30.06.2012	31.12.2011
A. Property and equipment		
1. Operating		
1.1 Owned assets		
- Furniture and fittings	2,246	2,806
- ADP machines and equipment	1,139	1,269
- Miscellaneous machines and equipment	1,240	1,257
1.2 Leased		
Total property and equipment	**4,625**	**5,332**
B. Intangible assets		
with indefinite lives		
- Goodwill	38,632	38,632
with finite lives – at cost		
- Relations with customers of the former Banca del Gottardo	5,244	5,720
- Charges for legacy systems	1,275	2,037
- Other software costs	211	274
- No-load commissions to be amortised	76	56
- Other assets and assets in progress	52	52
Total intangible assets	**45,490**	**46,771**
Total property, equipment and intangible assets	**50,115**	**52,103**

1.7.2 Property, equipment and intangible assets: changes

(Euro thousand)	GOODWILL	INTANGIBLE ASSETS	PROPERTY AND EQUIPMENT	30.06.2012
Net amount at year-start	38,632	8,139	5,332	52,103
Increases	**0**	**54**	**227**	**281**
Purchases	0	54	227	281
Other decreases	0	0	0	0
of which business combinations	0	0	0	0
Decreases	**0**	**1,335**	**934**	**2,269**
Sales	0	0	0	0
Adjustments	0	1,335	934	2,269
of which: a) amortisation	0	1,335	934	2,269
of which: b) write-downs	0	0	0	0
Other decreases	0	0	0	0
Amount at year-end	**38,632**	**6,858**	**4,625**	**50,115**

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

1.8.1 Breakdown of item 140 (Assets): tax receivables

TYPE OF TRANSACTIONS/VALUES *(Euro thousand)*	30.06.2012	31.12.2011
Current taxation	**5,946**	**14,011**
- sums due for taxes to be refunded	115	115
- IRES arising on National Tax Consolidation	5,562	13,019
- IRES	27	0
- IRAP	242	877
Deferred tax assets	**55,959**	**63,035**
With impact on profit and loss account	**36,429**	**36,299**
- IRES	32,217	31,817
- IRAP	4,212	4,482
With impact on net equity	**19,530**	**26,736**
- IRES	16,701	22,866
- IRAP	2,829	3,870
Total	**61,905**	**77,046**

1.8.2 Breakdown of item 80 (Liabilities): tax payables

TYPE OF TRANSACTIONS/VALUES *(Euro thousand)*	30.06.2012	31.12.2011
Current taxation	**25,783**	**19,734**
- IRES arising on National Tax Consolidation	0	0
- IRES	0	32
- IRAP	2,246	437
- Other direct taxes payable	23,365	18,560
- Sum due to the Treasury by way of substitute tax	172	705
Deferred tax payables	**2,503**	**1,285**
With impact on profit and loss account	**2,368**	**1,211**
- IRES	2,293	1,139
- IRAP	75	72
With impact on net equity	**135**	**74**
- IRES	109	63
- IRAP	26	11
Total	**28,286**	**21,019**

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

(Euro thousand)	30.06.2012	31.12.2011
1. Amount at period-start	**36,299**	**33,170**
2. Increases	**6,126**	**11,594**
2.1 Deferred tax assets for the year	6,126	10,915
a) relative to prior years	3	361
b) change in accounting criteria	0	0
c) reversal value	0	0
d) other	6,123	10,554
2.2 New taxes or increases in tax rates	0	655
2.3 Other increases	0	24
of which adjustment of prepaid taxes for the national tax consolidation	0	24
of which business combinations	0	0
3. Decreases	**5,996**	**8,465**
3.1 Deferred tax receivables eliminated in the year	5,996	8,090
a) transfers	4,753	7,132
b) write-downs for non-recoverability	429	777
c) change in accounting criteria	814	181
3.2 Decreases in tax rates	0	0
3.3 Other decreases	0	375
of which other	0	375
of which business combinations	0	0
4. Amount at period-end	**36,429**	**36,299**

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

(Euro thousand)	30.06.2012	31.12.2011
1. Amount at period-start	**1,211**	**1,136**
2. Increases	**1,159**	**78**
2.1 Deferred tax payables for the year	33	67
a) relative to prior years	0	0
b) change in accounting criteria	0	0
c) reversal value	0	0
d) other	0	67
2.2 New taxes or increases in tax rates	0	0
2.3 Other increases	1,126	11
of which business combinations	1,126	0
3. Decreases	**2**	**3**
3.1 Deferred tax payables eliminated during the year	2	3
a) transfers	0	3
b) change in accounting criteria	0	0
c) other	0	0
3.2 Decreases in tax rates	0	0
3.3 Other decreases	0	0
of which business combinations	0	0
4. Amount at period-end	**2,368**	**1,211**

1.8.5 Changes in deferred tax assets (offsetting entry to the net equity)

(Euro thousand)	30.06.2012	31.12.2011
1. Amount at period-start	**26,736**	**10,469**
2. Increases	**0**	**17,698**
2.1 Deferred tax assets for the year	0	17,440
a) relative to prior years	0	0
b) change in accounting criteria	0	0
c) other	0	17,440
2.2 New taxes or increases in tax rates	0	258
2.3 Other increases	0	0
3. Decreases	**7,206**	**1,431**
3.1 Deferred tax receivables eliminated in the year	219	1,431
a) transfers	178	1,407
b) write-downs for non-recoverability	41	24
c) change in accounting criteria	0	0
3.2 Decreases in tax rates	0	0
3.3 Other decreases	6,987	0
4. Amount at period-end	**19,530**	**26,736**

1.8.6 Changes in deferred tax liabilities (offsetting entry to the net equity)

(Euro thousand)	30.06.2012	31.12.2011
1. Amount at period-start	**74**	**121**
2. Increases	**119**	**2**
2.1 Deferred tax payables for the year	119	0
a) relative to prior years	0	0
b) change in accounting criteria	0	0
c) other	119	0
2.2 New taxes or increases in tax rates	0	2
2.3 Other increases	0	0
3. Decreases	**58**	**49**
3.1 Deferred tax payables eliminated during the year	58	49
a) transfers	58	49
b) change in accounting criteria	0	0
c) other	0	0
3.2 Decreases in tax rates	0	0
3.3 Other decreases	0	0
4. Amount at period-end	**135**	**74**

1.9 Other assets – Item 160

1.9.1 Other assets: breakdown

(Euro thousand)	30.06.2012	31.12.2011
Fiscal items	**7,139**	**15,380**
Advances paid to fiscal authorities – current account withholdings	3,007	5,178
Advances paid to fiscal authorities - stamp duty	2,957	9,103
Excess payment of substitute tax for tax shield	626	634
Other sums due from fiscal authorities	382	305
Sums due from fiscal authorities for taxes to be refunded - other	167	160
Leasehold improvements	**1,039**	**1,196**
Sundry advances to suppliers and employees	**4,897**	**9,051**
Operating receivables not related to financial transactions	**628**	**404**
Cheques under processing	**10,770**	**9,653**
C/a cheques drawn on third parties under processing	2,972	1,317
Our c/a cheques under processing c/o service	7,749	8,207
Cheques - other amounts under processing	49	129
Other amounts to be debited under processing	**16,812**	**18,152**
Amounts to be settled in the clearing house (debits)	1,984	3,618
Clearing accounts for securities and funds procedure	6,696	9,780
Other amounts to be debited under processing	8,132	4,754
Amounts receivable for legal disputes related to non-credit transactions	**2,750**	**5,226**
Trade receivables from customers and banks that cannot be traced back to specific items	**7,003**	**2,303**
Other amounts	**31,935**	**27,906**
Prepayments for the new supplementary commissions to FAs	16,392	12,529
Prepayments of exclusive portfolio management commissions	11,361	13,946
Other accrued income and deferred charges	3,735	1,303
Due from Assicurazioni Generali for claims to be settled	375	22
Sundry amounts	72	106
Total	**82,973**	**89,271**

2. NET EQUITY AND LIABILITIES

2.1 Due to banks – Item 10

2.1.1 Due to banks categories

(Euro thousand)	30.06.2012	31.12.2011
1. Due to central banks	**1,606,940**	**500,696**
Term deposit with ECB	1,606,940	500,696
2. Due to banks	**721,636**	**570,213**
Transfer accounts	3,016	1,259
Term deposits	11,818	10,082
Repurchase agreements	686,571	538,625
Other debts	20,231	20,247
Total due to banks	**2,328,576**	**1,070,909**

Other liabilities include 20.0 million euros for deposits made by BSI SA as a guarantee for some non-performing loans, arising on the acquisition of Banca del Gottardo Italia (collateral deposits).

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

2.2.1 Due to customers: categories

(migliaia) di euro)	30.06.2012	31.12.2011
1. Current accounts and free deposits	**2,378,523**	**2,495,597**
2. Term deposits	**377,682**	**344,262**
3. Financing	**202,917**	**134,149**
Repurchase agreements	169,766	101,764
Other	33,151	32,385
Generali Versicherung subordinated loan	33,151	32,385
4. Other debts	**57,584**	**68,363**
Operating debts to sales network	28,156	28,696
Other	29,428	39,667
Total due to customers (Item 20)	**3,016,706**	**3,042,371**
Securities issued - Item 30	0	0
Total due to customers and securities	**3,016,706**	**3,042,371**

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

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

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

2.3 Liabilities held for trading – Item 40

2.3.1 Financial liabilities held for trading breakdown

(Euro thousand)	30.06.2012	31.12.2011
A. Financial liabilities	**0**	**0**
1. Due to banks	0	0
2. Due to customers	0	0
3. Debt securities	0	0
B. Derivatives	**-1,321**	**-1,737**
1. Financial	-1,322	-1,737
2. Credit	0	0
Total liabilities held for trading	**-1,322**	**-1,737**

2.4 Other liabilities – Item 100

2.4.1 Other liabilities: breakdown

(Euro thousand)	30.06.2012	31.12.2011
Trade payables	**11,484**	**13,753**
Due to suppliers	10,287	12,087
Due for payments on behalf of third parties	1,197	1,666
Due to staff and social security institutions	**12,475**	**11,597**
Due to staff for accrued holidays etc.	3,697	3,255
Due to staff for productivity bonuses	5,343	4,358
Contributions to be paid to social security institutions	1,962	2,179
Contributions to advisors to be paid to Enasarco	1,473	1,805
Tax authorities	**21,944**	**7,776**
Withholding taxes to be paid to tax authorities on behalf of employees and contract workers	2,260	1,577
Withholding taxes to be paid to tax authorities on behalf of customers	5,051	3,415
Special stamp duty to be charged back	11,729	0
Ordinary stamp duty to be charged back	30	119
Notes to be paid in to collection services Collection	2,260	2,174
VAT payable	614	491
Amounts to be debited under processing	**52,339**	**45,441**
Bank transfers, cheques and other sums payable	8,164	2,325
Amounts to be settled in the clearing house (credits)	26,060	21,775
Liabilities from reclassification of portfolio subject to collection (SBF)	448	749
Other amounts to be debited under processing	17,667	20,592
Sundry items	**6,347**	**6,476**
Amounts to be credited	33	267
Sundry items	2,554	6,036
Sums made available to customers	5	13
Accrued expenses and deferred income	3,755	160
Total	**104,589**	**85,043**

2.5 Special purpose provisions - Items 110 and 120

2.5.1 Breakdown of provisions for liabilities and contingencies

(Euro thousand)	30.06.2012	31.12.2011
Provision for termination indemnity	3,946	4,003
Other provisions for liabilities and contingencies	65,486	61,070
Provisions for staff expenses	11,233	11,526
Provisions for legal disputes	10,073	11,489
Provisions for advisors' end-of-service indemnities	10,610	9,156
Provisions for network incentives	33,570	28,899
Other provisions for risks and charges	0	0
Total provisions	**69,432**	**65,073**

2.5.2 Changes in provisions for liabilities and contingencies

(Euro thousand)	31.12.2011	USES	OTHER CHANGES	SURPLUS	PROVISIONS	30.06.2012
Provision for staff expenses	**11,526**	**-3,646**	**0**	**-109**	**3,462**	**11,233**
Provision for legal disputes	**11,489**	**-2,629**	**0**	**-278**	**1,491**	**10,073**
Provision for risks related to with advisors' embezzlements	5,850	-1,811	2,015	-207	864	6,711
Provision for other legal disputes with FAs	1,189	-489	0	0	484	1,184
Provision for risks related to legal disputes with staff	739	0	0	-30	0	709
Provision for other legal disputes	3,711	-329	-2,015	-41	143	1,469
Provision for termination indemnity of financial advisors	**9,156**	**-315**	**0**	**-322**	**2,090**	**10,609**
Provision for termination indemnity	8,082	-3	0	-267	820	8,632
Provision for portfolio overcommission indemnities	1,074	-312	0	-55	70	777
Pension funds	0	0	0	0	1,200	1,200
Provisions for network incentives charges	**28,899**	**-4,890**	**0**	**-378**	**9,940**	**33,571**
Provision for network development incentives	6,324	-551	0	-98	2,143	7,818
Provision for deferred bonus	18,372	-2,211	0	-277	507	16,391
Provision for commissions - travel incentives and tenders	1,900	-1,451	0	0	1,025	1,474
Provisions for incentives for sales – First half of the year	278	0	0	0	6,260	6,538
Provisions for commission plans and incentives	150	-116	0	-3	5	36
Provisions for managers with access gate	1,875	-561	0	0	0	1,314
Other provisions for liabilities and contingencies		**0**	**0**	**0**	**0**	**0**
Total	**61,070**	**-11,480**	**0**	**-1,087**	**16,983**	**65,486**

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

2.6.1 Changes in total shares of the Parent Company

ITEMS/TYPE	ORDINARY
A. Existing shares at period-start	**111,676,183**
- paid up	111,676,183
- partially paid	0
A.1 Treasury shares (-)	-30,071
A.2 Outstanding shares: amount at period-start	**111,646,112**
B. Increases	**17,660**
B.1 Newly issued shares	
- against payment:	17,660
- business combination transactions	0
- bonds conversion	0
- exercise of warrant	17,660
- other	0
- for free	0
- to staff	0
- to directors	0
- other	0
B.2 Sale of treasury shares	0
B.3 Other changes	0
C. Decreases	**0**
C.1 Cancellation	0
C.2 Purchase of treasury shares	0
C.3 Disposal of companies	0
C.4 Other changes	0
D. Outstanding shares: closing balance	**111,663,772**
D.1 Treasury shares (+)	30,071
D.2 Existing shares at the end of the year	**111,693,843**
- paid up	111,693,843
- partially paid	0

At the end of the first half of 2012, the parent company Banca Generali had 30,071 treasury shares having a total carrying value of 248 thousand euros in favour of the following beneficiaries:

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

2.7 Other information

2.7.1 Guarantees and commitments

TRANSACTION *(Euro thousand)*	30.06.2012	31.12.2011
1) Financial guarantees issued	**17,198**	**20,139**
a) Banks	5,220	5,220
b) Customers	11,978	14,919
2) Commercial guarantees issued	**11,101**	**14,981**
a) Banks	0	0
b) Customers	11,101	14,981
3) Irrevocable commitment to dispense funds	**1,061**	**93,689**
a) Banks	139	91,580
i) of certain use	139	91,580
ii) of uncertain use	0	0
b) Customers	922	2,109
i) of certain use	682	0
ii) of uncertain use	240	2,109
4) Underlying commitments to credit derivatives: hedging sales	**0**	**0**
5) Assets pledged as collateral of third-party bonds	**0**	**0**
6) Other commitments	**10**	**0**
of which securities receivable for put option issued	0	0
Total	**29,370**	**128,809**

2.7.2 Assets pledged as collateral for own liabilities and commitments

PORTFOLIO *(Euro thousand)*	30.06.2012	31.12.2011
1. Financial assets held for trading	0	0
2. Financial assets at fair value	0	0
3. AFS financial assets	838,174	794,861
4. Financial assets held to maturity	1,720,133	605,172
5. Loans to banks	117,862	157,030
6. Loans to customers	15,560	19,257
7. Property and Equipment	0	0
8. Intangible Assets	0	0
Total	**2,691,729**	**1,576,320**

PART C – INFORMATION ON THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

1. INTERESTS - ITEMS 10 AND 20

1.1 Breakdown of interest income and similar revenues

(Euro thousand)	DEBT SECURITIES	FINANCING	OTHER	30.06.2012	30.06.2011
1. Financial assets held for trading	204	0	0	204	307
2. Financial assets at fair value	0	0	0	0	0
3. AFS financial assets	18,298	0	0	18,298	15,316
4. Financial assets held to maturity	45,155	0	0	45,155	7,071
5. Loans to banks	2,279	909	0	3,188	3,856
6. Loans to customers	536	8,733	0	9,269	7,711
7. Hedging derivatives	0	0	339	339	0
8. Other assets	0	0	7	7	15
Total	**66,472**	**9,642**	**346**	**76,460**	**34,276**

1.2 Breakdown of interest expense and similar charges

(Euro thousand)	DEBTS	SECURITIES	OTHER	30.06.2012	30.06.2011
1. Due to central banks	6,244	0	0	6,244	0
2. Due to banks	5,232	0	0	5,232	3,840
3. Due to customers	13,715	0	0	13,715	8,923
4. Securities issued	0	0	0	0	0
5. Financial liabilities held for trading	0	0	0	0	0
6. Financial Liabilities Measured at Fair Value	0	0	0	0	0
7. Other liabilities and funds	0	0	4	4	19
8. Hedging derivatives	0	0	0	0	0
Total	**25,191**	**0**	**4**	**25,195**	**12,782**

2. COMMISSIONS – ITEMS 40 AND 50

2.1 Breakdown of commission income

(Euro thousand)	**30.06.2012**	**30.06.2011**
a) Guarantees issued	64	81
b) Credit derivatives	0	0
c) Management, brokerage and consultancy services	190,426	175,781
1. trading of financial instruments	6,238	8,616
2. currency trading	0	0
3. asset management	130,613	114,249
3.1. individual	16,699	17,870
3.2. collective	113,914	96,379
4. custody and administration of securities	1,179	1,184
5. depositary bank	0	0
6. placement of securities	16,662	17,201
7. order collection	2,042	3,359
8. consultancy activities	67	51
9. distribution of third-party services	33,625	31,121
9.1. asset management	185	190
9.1.1. individual	2	22
9.1.2. collective	183	168
9.2. insurance products	33,263	30,593
9.3. other products	177	338
d) Collection and payment services	971	855
e) Servicing related to securitisations	0	0
f) Factoring-related services	0	0
g) Tax collection services		
h) Management of multilateral trading facilities		
i) Keeping and management of current accounts	1,356	1,369
j) Other services	1,271	1,019
Total	**194,088**	**179,105**

2.2 Breakdown of commission expense

(Euro thousand)	**30.06.2012**	**30.06.2011**
a) Guarantees received	32	42
b) Credit derivatives	0	0
c) Management and brokerage services	76,624	79,851
1. trading of financial instruments	1,377	2,345
2. currency trading	0	0
3. asset management:	7,243	8,157
3.1 Own portfolio	0	8,157
3.2 Third-party portfolio	0	0
4. custody and administration of securities	227	260
5. placement of financial instruments	0	0
6. External offer of financial instruments, products, and services	67,777	69,089
d) Collection and payment services	520	436
e) Other services	523	443
Total	**77,699**	**80,772**

3. DIVIDENDS – ITEM 70

3.1 Breakdown of dividends and similar income

TRANSACTIONS/INCOME COMPONENTS	30.06.2012		30.06.2011	
(Euro thousand)	DIVIDENDS	PROCEEDS FROM UCIT UNITS	DIVIDENDS	PROCEEDS FROM UCIT UNITS
A. Financial assets held for trading	39	90	57,054	74
B. Available-for-sale financial assets	568	0	539	0
C. Financial assets measured at fair value	0	0	0	0
D. Shareholdings	0	X	0	X
Total	**607**	**90**	**57,593**	**74**

4. NET PROFIT FROM TRADING - ITEM 80

4.1 Breakdown of net income from trading

TRANSACTIONS/INCOME COMPONENTS	CAPITAL GAINS	INCOME FROM TRADING	CAPITAL LOSS	LOSS FROM TRADING	NET RESULT	NET RESULT
(Euro thousand)					30.06.2012	30.06.2011
1. Financial assets	**823**	**7,511**	**105**	**252**	**7,977**	**-84,726**
1.1 Debt securities	578	7,164	0	208	7,534	590
1.2. Equity securities	43	47	22	44	24	-85,184
1.3. UCIT units	202	300	83	0	419	-162
1.4 Loans	0	0	0	0	0	0
1.5 Other	0	0	0	0	0	30
2. Financial liabilities held for trading	**0**	**0**	**0**	**0**	**0**	**0**
2.1 Debt securities	0	0	0	0	0	0
2.2 Debts	0	0	0	0	0	0
2.3 Other	0	0	0	0	0	0
3. Other financial assets and liabilities: exchange gains and losses	**0**	**1,139**	**0**	**0**	**1,138**	**-36**
4. Derivatives	**0**	**648**	**57**	**819**	**-228**	**31,192**
4.1 Financial derivatives:	0	648	57	819	-228	31,192
- on debt securities and interest rates	0	133	57	305	-229	85
Interest rate swaps	0	133	57	305	-229	-68
swap assets	0	0	0	0	0	153
- on equity securities and stock indexes	0	0	0	0	0	31,092
options		0	0	0	0	43
futures		0		0	0	31,049
- on currency and gold	0	515	0	514	1	15
- other	0	0	0	0	0	0
4.2 Credit derivatives	0	0	0	0	0	0
Total	**823**	**9,298**	**162**	**1,071**	**8,887**	**-53,570**

5. GAIN (LOSS) FROM TRANSFER/REPURCHASE - ITEM 100

5.1 Breakdown of gain (loss) from transfer/repurchase

(Euro thousand)	30.06.2012			30.06.2011		
	GAINS	**LOSSES**	**NET RESULT**	**GAINS**	**LOSSES**	**NET RESULT**
Financial assets						
1. Loans to banks	75	0	75	316	18	298
2. Loans to customers	96	87	9	194	75	119
3. Available-for-sale financial assets (1)	666	740	-74	2,326	1,066	1,260
3.1 Debt securities	666	688	-22	2,306	1,066	1,240
3.2. Equity securities	0	52	-52	20	0	20
3.3. UCIT units	0	0	0	0	0	0
3.4 Loans	0	0	0	0	0	0
4. Financial assets held to maturity	0	106	-106	70	30	40
Total assets	**837**	**933**	**-96**	**2,906**	**1,189**	**1,717**
Financial liabilities						
1. Due to banks	0	0	0	0	0	0
2. Due to customers	0	0	0	0	0	0
3. Securities issued	0	0	0	0	0	0
Total liabilities	**0**	**0**	**0**	**0**	**0**	**0**

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

(Euro thousand)	**POSITIVE**	**NEGATIVE**	**NET**
Debt securities	178	-511	-333
Equity securities	0	0	0
Total	**178**	**-511**	**-333**

6. NET ADJUSTMENTS/REVERSAL VALUE FOR IMPAIRMENT - ITEM 130

6.1 Breakdown of net adjustments to non-performing loans

TRANSACTIONS/ INCOME COMPONENTS	ADJUSTMENTS			REVERSALS				30.06.2012	30.06.2011
	SPECIFIC		PORTFOLIO	SPECIFIC		PORTFOLIO			
(Euro thousand)	Write-offs	Other		From interest	Other reversals	From interest	Other reversals		
A. Loans to banks	0	0	32	0	0	0	0	-32	-783
- Loans	0	0	0	0	0	0	0	0	0
- Debt securities	0	0	32	0	0	0	0	-32	-783
B. Loans to customers	1	3,017	0	0	0	0	142	-2,876	335
- Loans	1	177	0	0	0	0	0	-178	242
- Operating loans	0	375	0	0	0	0	0	-375	-35
- Debt securities	0	2,465	0	0	0	0	142	-2,323	128
C. Total	**1**	**3,017**	**32**	**0**	**0**	**0**	**142**	**-2,908**	**-448**

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

TRANSACTIONS/ INCOME COMPONENTS	ADJUSTMENTS			REVERSALS				30.06.2012	30.06.2011
	SPECIFIC		PORTFOLIO	SPECIFIC		PORTFOLIO			
(Euro thousand)	Write-offs	Other		From interest	Other reversals	From interest	Other reversals		
A. Debt securities	0	0	0	0	0	0	0	0	0
B. Equity securities	0	866	0	0	0	0	0	-866	-569
C. UCIT units	0	0	0	0	0	0	0	0	
C. Loans to banks	0	0	0	0	0	0	0	0	0
D. Loans to customers	0	0	0	0	0	0	0	0	0
F. Total	**0**	**866**	**0**	**0**	**0**	**0**	**0**	**-866**	**-569**

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

TRANSACTIONS/ INCOME COMPONENTS	ADJUSTMENTS			REVERSALS				30.06.2012	30.06.2011
	SPECIFIC		PORTFOLIO	SPECIFIC		PORTFOLIO			
(Euro thousand)	Write-offs	Other		From interest	Other reversals	From interest	Other reversals		
A. Debt securities	0	0	0	0	0	0	61	61	-652
C. Loans to banks	0	0	0	0	0	0	0	0	0
D. Loans to customers	0	0	0	0	0	0	0	0	0
F. Total	**0**	**0**	**0**	**0**	**0**	**0**	**61**	**61**	**-652**

7. GENERAL AND ADMINISTRATIVE EXPENSE - ITEM 180

7.1 Breakdown of staff expenses

(Euro thousand)	30.06.2012	30.06.2011
1) Employees	**33,766**	**32,323**
a) Wages and salaries	18,940	18,792
b) Social security charges	4,851	4,803
c) Termination indemnity	0	0
d) Retirement benefit plans	0	0
e) Provision for termination indemnity	318	318
f) Provision for pensions and similar costs:	0	0
- defined contribution	0	0
- defined benefit	0	0
g) Amounts paid to supplementary external pension funds:	2,016	1,932
- defined contribution	2,016	1,932
- defined benefit	0	0
h) Costs related to payment agreements based on own equity instruments	37	42
i) Other employee benefits	7,604	6,436
2) Other staff	**-48**	**-168**
3) Directors and Auditors	**1,188**	**1,161**
4) Retired personnel	**0**	**0**
Total	**34,906**	**33,316**

As a result of the clarification provided by the Bank of Italy in its recent Notice of 13 February 2012, certain indirect staff expenses, primarily consisting of individual reimbursements of travel expenses incurred by employees not constituting remuneration, are now classified among administrative expense. Accordingly, the same indirect expenses amounting to 0.9 million euros were also reclassified among administrative expense in the comparative situation for the first half of 2011.

7.2 Details of headcount

	30.06.2012	30.06.2011
Employees	**797**	**779**
a) Managers	51	52
b) Total executives	195	181
of which 3rd and 4th level	124	120
c) Employees at other levels	551	546
Other employees	**7**	**7**
Total	**804**	**786**

7.3 Breakdown of other employee benefits

(Euro thousand)	30.06.2012	30.06.2011
Productivity bonuses to be paid (CIA and Managers bonus)	5,113	4,886
Long-term incentives (LTIP and subject to access gates)	1,362	509
Charges for staff supplementary pensions	651	671
Amounts replacing cafeteria indemnities	394	289
Allowances and charitable gifts	50	24
Other expenses	34	57
Total	**7,604**	**6,436**

7.4 Breakdown of other general and administrative expenses

(Euro thousand)	30.06.2012	30.06.2011
Administration	**6,029**	**5,875**
- Advertising	1,989	2,155
- Consultancy and professional advice expenses	1,640	1,495
- Financial consultancy expenses	0	72
- Corporate boards and auditing firms	175	285
- Insurance	1,817	1,419
- Entertainment expenses	120	91
- Membership contributions	266	358
- Charity	22	0
Operations	**15,340**	**14,895**
- Rent and usage of premises and management of property	7,409	7,171
- Outsourced services (administration, call centre)	2,127	1,885
- Post and telephone	1,789	1,216
- Print material	398	369
- Other expenses for sales network management	1,157	1,318
- Other expenses and purchases	875	1,478
- Indirect personnel expenses	1,585	1,458
Information system and equipment	**14,179**	**15,172**
- Expenses related to outsourced IT services	9,758	9,754
- Fees for IT services and databases	3,012	2,582
- Software maintenance and servicing	973	2,357
- Fees for equipment hired and software used	89	167
- Other maintenance	347	312
Indirect taxation	**8,759**	**5,414**
Total	**44,307**	**41,356**

8. NET PROVISIONS FOR LIABILITIES AND CONTINGENCIES - ITEM 190

8.1 Breakdown of net provisions

(Euro thousand)	30.06.2012			30.06.2011		
	PROVISIONS	REVERSALS	NET	PROVISIONS	REVERSALS	NET
Provision for risks related to staff expenses	**1,763**	**0**	**1,763**	**443**	**-548**	**-105**
Provisions for staff expenses: long-term incentives	0	0	0	0	0	0
Provision for staff expenses: other	1,763	0	1,763	443	-548	-105
Litigation	**1,491**	**-278**	**1,213**	**2,117**	**-372**	**1,745**
Provision for risks related to legal disputes with subscribers	864	-207	657	1,833	-69	1,764
Provision for risks related to legal disputes with advisors	484	0	484	94	0	94
Provision for risks related to legal disputes with staff	0	-30	-30	0	0	0
Provision for risks related to legal disputes with other parties	143	-41	102	190	-303	-113
Provisions for termination indemnity for advisors	**2,090**	**-322**	**1,768**	**1,755**	**-53**	**1,702**
Provision for termination indemnity for financial instruments	820	-267	553	1,135	-34	1,101
Provision for overcommission risks for financial instruments	70	-55	15	620	-19	601
Provisions for pension bonuses for financial advisors	1,200		1,200			0
Provisions for risks related to network incentives	**9,940**	**-378**	**9,562**	**6,968**	**-386**	**6,582**
Provision for risks related to network development incentives	8,910	-375	8,535	6,235	-386	5,849
Provisions for managers with access gate	0	0	0	0	0	0
Provision for commissions - travel incentives and tenders	1,025	0	1,025	725	0	725
Provision for commissions - incentive plans	5	-3	2	8	0	8
Provision for loyalty bonuses for financial advisors	0	0	0	0	0	0
Other provisions for risks and charges	**0**	**0**	**0**	**0**	**-35**	**-35**
Total	**15,284**	**-978**	**14,306**	**11,283**	**-1,394**	**9,889**

9. NET ADJUSTMENTS/REVERSALS VALUE OF PROPERTY AND EQUIPMENT - ITEM 200

9.1 Breakdown of net adjustments of property and equipment

(Euro thousand)	AMORTISATIONS	ADJUSTMENTS DUE TO IMPAIRMENT	REVERSALS	NET RESULT
A. Property and equipment				
A.1 Owned	934	0	0	934
- Operating	934	0	0	934
- Investment	0	0	0	0
A.2 Leased	0	0	0	0
- Operating	0	0	0	0
- Investment	0	0	0	0
Total	**934**	**0**	**0**	**934**

10. NET ADJUSTMENTS/REVERSALS VALUE OF INTANGIBLE ASSETS - ITEM 210

10.1 Breakdown of net adjustments of intangible assets

(Euro thousand)	AMORTISATIONS	ADJUSTMENTS DUE TO IMPAIRMENT	REVERSALS	NET RESULT
A. Intangible assets				
A.1 Owned	1,335	0	0	1,335
- Generated in-house	0	0	0	0
- Other	1,335	0	0	1,335
A.2 Leased	0	0	0	0
Total	**1,335**	**0**	**0**	**1,335**

11. OTHER NET INCOME - ITEM 220

11.1 Breakdown of other operating expenses

(Euro thousand)	**30.06.2012**	**30.06.2011**
Adjustments of leasehold improvements	236	293
Elimination of leasehold improvements	0	68
Contingent liabilities and non-existent assets	427	404
Charges from accounting adjustments with customers	155	149
Indemnities and compensation	63	53
Other operating expenses	15	40
Total	**896**	**1,007**

11.2 Breakdown of other operating income

(Euro thousand)	**30.06.2012**	**30.06.2011**
Recovery of taxes from customers	7,971	4,725
Recovery of expenses from customers	338	301
Portfolio valuation overcommission	245	87
Indemnities for advisors'notices	227	5
Recovery of costs from advisors	326	277
Fees for outsourced services	126	125
Contingent assets and non-existent liabilities	178	974
Contingent assets—staff expense	472	194
Insurance compensation and indemnities	116	21
Other income	47	75
Total	**10,046**	**6,784**
Total other net income	**9,150**	**5,777**

12. INCOME TAX FOR THE PERIOD FOR CURRENT OPERATIONS - ITEM 290

12.1 Breakdown of income tax for the period for current operations

(Euro thousand)	**30.06.2012**	**30.06.2011**
1. Current taxation (-)	-17,862	-6,971
2. Change in current taxes of previous years	-80	-359
3. Reduction of current taxes for the year (+)	0	0
4. Changes of prepaid taxation (+/-)	131	2,773
5. Changes of deferred taxation (+/-)	-33	-43
6. Taxes for the year (-) (-1+/-2+3+/-4+/-5)	**-17,844**	**-4,600**

12.2 Reconciliation between theoretical and actual tax expense

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

(Euro thousand)	**30.06.2012**	**30.06.2011**
Current taxation	**-17,862**	**-6,971**
IRES and equivalent foreign direct taxes	-14,396	-5,974
IRAP	-3,464	-375
Substitute tax for redemption	0	-592
Other	-2	-30
Prepaid and deferred taxation	**98**	**2,730**
IRES	413	1,698
IRAP	-315	1,032
Prior period taxes	**-80**	**-359**
IRES	29	-402
IRAP	-109	43
Income taxes	**-17,844**	**-4,600**
Theoretical taxation	27.5%	27.5%
Current profit (loss) before taxation	86,789	43,295
Theoretical taxation	**-23,867**	**-11,906**
Tax income (+) expense (-):		
Non-taxable income (dividends)	148	141
Double taxation on 5% of Group's dividends	-204	-240
Interest expenses (4%)	-280	-122
Write-down of PEX investment	-238	-156
Other non-deductible costs	-504	-435
Rate change of companies under foreign law	11,715	7,327
IRAP (net of redemption effect)	-3,888	425
Tax redemption of goodwill and intangibles		
- substitute tax paid	0	-592
- release of deferred taxation	0	1,356
- release of IRAP deferred taxation	0	275
Prior years taxes	29	-402
Other taxes	-2	-30
Other adjustments (DTA/DTL not correlated)	-753	-241
Actual tax expense	**-17,844**	**-4,600**
Total actual tax rate	**20.6%**	**10.6%**
Actual tax rate (IRES only)	**16.1%**	**12.2%**
Actual tax rate (IRAP only)	**4.5%**	**-1.6%**
Generali Fund Management SA (GFM)	1,980	2,159
Profit attributable to minority interests	**1,980**	**2,159**

13. MINORITY INTERESTS (+/-) FOR THE PERIOD – ITEM 330

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

(Euro thousand)	**30.06.2012**	**30.06.2011**
Generali Fund Management SA (GFM)	1,980	2,159
Profit attributable to minority interests	**1,980**	**2,159**

14. EARNINGS PER SHARE

14.1 Average number of ordinary shares after dilution

(Euro thousand)	**30.06.2012**	**30.06.2011**
Net profit for the period (€ thousand)	67,283	37,415
Net profit attributable to ordinary shares	67,283	37,415
Average number of outstanding shares (€ thousand)	111,657	111,433
EPS - Earnings per Share (euro)	**0.603**	**0.336**
Average number of outstanding shares		
Diluted capital (€ thousand)	114,927	114,531
EPS - Diluted earnings per share (euro)	**0.585**	**0.327**

PART D – COMPREHENSIVE INCOME

	ITEMS *(Euro thousand)*	GROSS AMOUNT	INCOME TAXES	NET AMOUNT
10.	**Net profit (loss) for the year**	**X**	**X**	**69,263**
	Other income			
20.	Available-for-sale financial assets	22,543	-7,213	15,330
	a) Fair value changes	21,304	-7,053	14,251
	b) Transfer to Profit and Loss Account	1,239	-160	1,079
	- Adjustments due to impairment	866	-40	826
	- Gains (losses) on disposal	373	-120	253
	c) Other changes	0	0	0
30.	Property and Equipment	0	0	0
40.	Intangible Assets	0	0	0
50.	Hedges of foreign investments	0	0	0
	a) Fair value changes	0	0	0
	b) Transfer to Profit and Loss Account	0	0	0
	c) Other changes	0	0	0
60.	Cash-flow hedges	169	-55	114
	a) Fair value changes	508	-167	341
	b) Transfer to Profit and Loss Account	-339	112	-227
	c) Other changes	0	0	0
70.	Exchange differences	0	0	0
	a) Fair value changes	0	0	0
	b) Transfer to Profit and Loss Account	0	0	0
	c) Other changes	0	0	0
80.	Non-current assets held for sale	0	0	0
	a) Fair value changes	0	0	0
	b) Transfer to Profit and Loss Account	0	0	0
	c) Other changes	0	0	0
90.	Actuarial gains (losses) from defined benefit plans	0	0	0
100.	Share of valuation reserves of investments valued at equity	0	0	0
	a) Fair value changes	0	0	0
	b) Transfer to Profit and Loss Account	0	0	0
	- Adjustments due to impairment	0	0	0
	- Gains (losses) on disposal	0	0	0
	c) Other changes	0	0	0
110.	**Total other income**	**22,712**	**-7,268**	**15,444**
120.	**Comprehensive income (Item 10+110)**			**84,707**
130.	Consolidated comprehensive income attributable to minority interests			-1,980
140.	**Consolidated comprehensive income attributable to the Parent Company**			**82,727**

PART E - INFORMATION ON NET EQUITY

SECTION 1 – NET EQUITY

1.1 Composition of consolidated net equity

(Euro thousand)	30.06.2012	31.12.2011
Share capital	111,694	111,676
Additional paid-in capital	3,406	3,231
Reserves	142,645	126,508
(Treasury shares)	-248	-248
Valuation reserves	-40,897	-56,341
Equity instruments	0	0
Net profit (loss) for the year	67,283	73,419
Group net equity	**283,883**	**258,245**
Minority interests	5,279	4,176
Consolidated net equity	**289,162**	**262,421**

1.2 Valuation reserves

1.2.1 Breakdown of valuation reserves

(Euro thousand)	30.06.2012			31.12.2011
	POSITIVE RESERVE	NEGATIVE RESERVE	NET RESERVE	NET RESERVE
1. Debt securities	134	-41,202	-41,068	-56,268
2. Equity securities	149	-104	45	-80
3. UCIT units	16	-4	12	7
4. Cash-flow hedges	0	114	114	0
Total	**299**	**-41,196**	**-40,897**	**-56,341**

At period-end, reserves from AFS assets presented a negative value, net of the associated tax effect, of 41.1 million euros, and referred primarily to the debt securities segment.

The net negative reserves associated with government bonds amounted to 38.6 million euros, whereas the reserves associated with other types of issuers of debt securities stood at 2.4 million euros.

The latter amount includes 386 thousand euros in decreases in fair value that were recognised due to the transfer of securities from the AFS portfolio to the portfolios held to maturity and loans and receivables (net of the relative tax effect). According to IAS 39, these reserves will be absorbed over time through an amortisation process over the estimated residual life of the reclassified securities.

The positive cash flow hedge reserve refers to the change in fair value relating to an interest rate swap contract entered into as part of a par asset swap transaction, for which the hedge effectiveness test provided for by IAS39 was passed.

1.2.2 Changes in reserves from financial assets available for sale

(Euro thousand)	30.06.2012				
			DEBT SECURITIES		
	EQUITY SECURITIES	UCIT UNITS	AFS	PREVIOUSLY RECOGNISED AS AFS	TOTAL
1. Amount at year-start	**-80**	**8**	**-55,855**	**-413**	**-56,340**
2. Increases	**1,023**	**6**	**26,395**	**43**	**27,467**
2.1 Fair value increases	156	6	25,881	0	26,043
2.2 Transfer to profit and loss of negative reserves					
due to impairment	866	0	0	0	866
due to disposal	0	0	511	42	553
2.3 Other changes	1	0	3	1	5
3. Decreases	**898**	**2**	**11,222**	**16**	**12,138**
3.1 Fair value decreases	888	0	3,851	0	4,739
3.2 Adjustments due to impairment	0	0	0	0	0
3.3 Transfer to profit and loss of pos. reserves: due to disposal	0	0	178	3	181
3.4 Other changes	10	2	7,193	13	7,218
4. Amount at year-end	**45**	**12**	**-40,682**	**-386**	**-41,011**

SECTION 2 - CAPITAL FOR REGULATORY PURPOSES

At 30 June 2012, consolidated capital for regulatory purposes amounted to 257.7 million euros, net of the dividend expected to be paid, up by 21.2 million euros compared to the end of the previous year.

At the end of the period, the aggregate capital for regulatory purposes recorded 113.2 million euros in excess of the amount required by the Supervisory Authority to cover credit, market, and operating risks. The solvency ratio was 14.27%, compared to the minimum requirement of 8%.

(Euro thousand)	**30.06.2012**	**31.12.2011**
Tier 1 capital	226,162	204,862
Tier 2 capital	31,545	31,624
Tier 3 capital	0	0
Total capital for regulatory purposes	**257,707**	**236,486**
B.1 Credit risk	100,549	101,830
B.2 Market risk	6,254	7,861
B.3 Operating risk	37,655	37,655
B.4 Other capital requirements	0	0
B.4 Total capital requirements	**144,458**	**147,346**
Excess over prudential requirements	113,249	89,140
Risk-weighted assets	1,805,722	1,841,825
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)	12.52%	11.12%
Regulatory capital/Risk-weighted assets (Total capital ratio)	**14.27%**	**12.84%**

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

PART F – RELATED PARTY TRANSACTIONS

1. DISCLOSURE OF RELATED PARTY TRANSACTIONS

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

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

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

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

No transactions other than those completed as part of normal banking relationships with private and corporate customers were carried out during the first half of 2012.

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

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

1.1. Balance Sheet Data

(Euro thousand)	PARENT COMPANY ASSICURAZIONI GENERALI	AG GROUP SUBSIDIARIES	OTHER RELATED PARTIES	30.06.2012	31.12.2011	% WEIGHT 2012	% WEIGHT 2011
Financial assets held for trading	167	0	0	167	183	0.50%	0.52%
AFS financial assets	482	1,279	0	1,761	1,809	0.15%	0.14%
Financial assets held to maturity	0	0	0	0	0	0.00%	0.00%
Loans to customers	21,043	29,941	1,908	52,892	46,237	4.84%	4.76%
Loans to banks	0	2,058	0	2,058	51,537	0.63%	10.02%
Tax assets (AG tax consolidation)	3,964	0	0	3,964	12,022	6.40%	15.60%
Other assets	119	903	0	1,022	519	1.11%	0.32%
Financial assets held for sale	0	0	0	0	224	n.a	33.19%
Total assets	**25,775**	**34,181**	**1,908**	**61,864**	**112,531**	**1.06%**	**2.47%**
Due to banks	0	30,051	0	30,051	30,284	1.29%	2.83%
Due to customers	202,906	377,240	3,142	583,288	853,930	19.34%	28.07%
Other liabilities	541	1,551	0	2,092	668	2.00%	0.79%
Total liabilities	**203,447**	**408,842**	**3,142**	**615,431**	**884,882**	**10.54%**	**19.45%**
Guarantees issued	**0**	**3,152**	**0**	**3,152**	**3,244**	**8.97%**	**9.24%**

1.1.1 Transactions with Assicurazioni Generali Group

The overall exposure to the parent company Assicurazioni Generali, its subsidiaries and associates amounted to 60.0 million euros, or 1.0% of total consolidated assets.

The overall debt position instead reached 612.3 million euros, corresponding to 10.5% of consolidated assets.

As part of asset management, HFT and AFS financial assets claimed from the parent company refer to shares of Assicurazioni Generali held in the corresponding portfolios of Banca Generali. As part of the AFS portfolio, shareholdings in subsidiaries of the Generali insurance group refer to a 15% stake in Simgenia Sim and to the shares held in consortia of the GBS Group (Generali Business Solutions) and CGS (Generali Corporate Services).

Loans to banks of the Generali Group amounted to 2.0 million euros and refer to the following transactions.

COMPANY	RELATIONSHIP	TYPE OF TRANSACTION	30.06.2012	
			AMOUNT	REVENUES
Generali Bank AG	Controlled by AG	Term deposits	0	214
BSI SA	Controlled by AG	Currency deposits	2,058	2
			2,058	**216**

Loans to banks of the Generali group amounted to 1.4 million euros and, following the interruption of time deposit transactions carried out by General Bank, they only relate to the positive balances of foreign currency accounts held with BSI SA and used to cover debt positions in foreign currency held with customers.

Generali Bank has been granted a 100 million euro credit line by Banca Generali, of which 40 million euros with an indefinite maturity (callable loan) and 60 million euros expiring on 31 December 2012.

Exposures to Generali Group companies recognised as loans to customers amounted to 51.0 million and refer to the following transactions:

COMPANY	RELATIONSHIP	TYPE OF TRANSACTION	30.06.2012	
			AMOUNT	REVENUES
Assicurazioni Generali	Parent Company	Gesav policy	20,981	395
Citylife srl	Subsidiary of the AG Group	Grant to BT in current account	13,333	130
Investimenti marittimi	Associate of the AG Group	Grant to MLT in current account	10,369	151
Genertellife	Subsidiary of the AG Group	Policy placement	5,547	0
Other companies	Subsidiary of the AG Group	Operarting loans	754	0
			50,984	**676**

During the six-month period exposure to Citylife srl increased from 6.7 million euros to 13.3 million euros.

In this respect it should be noted that as at 30 June 2012 this company has been granted a credit line totalling 20 million euros, under a syndicated revolving loan facility totalling 30 million euros to cover current financial needs. The company also benefits from a 2.5 million euros surety granted by Banca Generali.

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

This position is part of the broader credit position of the Generali Group against Tax authorities and is being reversed in relation with the payment of the bank current tax charges.

Amounts due to customers attributable to related party transactions involving current accounts, term deposits and repurchase agreements totalled 583.3 million euros. Of this amount, 202.3 million was due to the Group's Parent Company and are mainly comprised of current account deposits.

The above item also includes the subordinated loan granted by Generali Versicherung in the amount of 33.2 million euros, gross of the interest accrued.

Amounts due to banks, subsidiaries of the group, consisted for 20.0 million euros of deposits made by BSI SA as collateral for certain impaired loans resulting from the acquisition of Banca del Gottardo Italia (collateral deposits), while the residual amount consisted of the negative balance of foreign exchange deposits with the same counterparty.

Finally, a total of 3.2 million euros in guarantees has been issued for Generali Group companies, of which 2.5 million euros on behalf of Citylife.

1.1.2 Transactions with other Related Parties

Exposures to key managers of the group and the parent company Assicurazioni Generali, as well as with respect to family members and entities subject to significant influence by the above-mentioned parties, totalled 2.0 million euros.

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

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

1.2. Profit and Loss Account Data

At 30 June 2012 the profit and loss components recognised in the financial statements with regard to transactions with companies of the Generali Group amounted to 21.8 million euros, that is 20.9% of operating profit.

(Euro thousand)	PARENT COMPANY ASSICURAZIONI GENERALI	AG GROUP SUBSIDIARIES	30.06.2012	30.06.2011	% WEIGHT 2012	% WEIGHT 2011
Interest income	396	496	892	1,220	1.17%	3.56%
Interest expense	-793	-2,633	-3,426	-4,887	13.60%	38.23%
Net interest	**-397**	**-2,137**	**-2,534**	**-3,667**	**-4.94%**	**-17.06%**
Commission income	120	34,436	34,556	33,437	17.80%	18.44%
Commission expense	0	-2,856	-2,856	-2,778	3.68%	3.42%
Net commissions	**120**	**31,580**	**31,700**	**30,659**	**27.24%**	**30.64%**
Dividends	12	0	12	7	1.72%	0.01%
Gain (loss) on trading	0	0	0	0	0.00%	0.00%
Operating income	**-265**	**29,443**	**29,178**	**27,000**	**16.47%**	**21.20%**
General and administrative expense	-2,217	-5,498	-7,715	-7,500	17.41%	21.86%
Staff expenses	86	220	306	361	-0.88%	-0.89%
Net adjustments of property, equipment and intangible assets	0	0	0	0	0.00%	0.00%
Other net operating profit	0	117	117	112	1.28%	1.94%
Net operating expense	**-2,131**	**-5,161**	**-7,292**	**-7,027**	**10.08%**	**9.87%**
Operating profit	**-2,396**	**24,282**	**21,886**	**19,973**	**20.88%**	**35.56%**

Overall net interest accrued in dealings with members of the group is negative and amounted to -2.5 million euros, with interest expense paid to such companies (3.4 million euros) accounting for 13.6% of the total item recognised in the profit and loss account.

Within that item, the interest expense paid to Generali Versicherung in connection with the subordinated loan granted amounts to 1.1 million euros, whereas 2.1 million euros is associated with the interest on funding contributed by customers consisting of Generali Group companies and the remaining 0.2 million euros refers to interest accrued on the collateral deposits of BSI S.A.

Commission income paid back by companies of the insurance group amounted to 34.5 million, equal to 17.8% of the aggregate amount and was broken down as follows:

(Euro thousand)	**30.06.2012**
Commissions for asset management	1,117
Distribution of insurance products	33,439
Total	**34,556**

As part of the distribution of insurance products, commissions paid back by GenertelLife amounted to 33.4 million euros.

The operating costs reported by the Banking Group in relation to transactions with related parties of the Generali Group amounted to 7.3 million euros and refer to outsourced services in the insurance, leasing, administrative and information technology sector, provided by Group companies.

(Euro thousand)	**30.06.2012**
Insurance services	1,881
Property services	2,178
Administration, IT and logistics services	3,539
Financial services	0
Staff services	-306
Total administrative expense	**7,292**

PART G - DISCLOSURE ON PAYMENT PLANS BASED ON OWN FINANCIAL INSTRUMENTS

At 30 June 2012 the payment agreements based on own equity instruments activated by the Banca Generali Group consisted of:

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

The stock-option plans approved by the Shareholders' Meeting on 21 April 2010 called for:

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

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

1. QUANTITATIVE INFORMATION

(Euro thousand)	TOP MANAGERS	AVERAGE PRICES	FINANCIAL ADVISORS	AVERAGE PRICES	EMPLOYED MANAGERS	AVERAGE PRICES	TOTAL	AVERAGE PRICES	AVERAGE MATURITY
A. Amount at year-start	20.000	10,00	4.455.126	9,89	936.500	9,17	5,411,626	9.76	2013-15
B. Increases	0	0,00	0	0,00	0	0,00	0	0.00	X
B.1 Newly issued shares	0	0,00	0	0,00	0	0,00	0	0.00	X
B.2 Other changes	0	0,00	0	0,00	0	0,00	0	0.00	X
C. Decreases	0	10,00	-76.889	9,00	-5.000	6,86	-81,889	8.87	X
C.1 Cancelled	0	0,00	-64.229	9,79	0	0,00	-64,229	9.79	X
C.2 Exercised	0	10,00	-12.660	9,00	-5.000	6,86	-17,660	8.40	X
C.3 Expired	0	0,00	0		0	0,00	0	0.00	X
C.4 Other changes	0	0,00	0		0	0,00	0	0.00	X
D. Amount at year-end	**20.000**	**10,00**	**4.378.237**	**9,89**	**931.500**	**9,19**	**5,329,737**	**9.77**	**2013-17**
E. Options that can be exercised at the end of the year	**20.000**		**2.499.136**		**764.833**		**3,283,969**		**X**
Strike price	**0**		**427**		**37**		**464**		**X**
IFRS 2 reserve	**55**		**6.958**		**2.045**		**9.058**		**X**

PART H – SEGMENT REPORTING

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

The banking Group identifies the following three main business areas:

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

The management of foreign mutual funds promoted by the Assicurazioni Generali insurance Group, falling within the business scope of the merged company GIL – Generali Investment Luxembourg, does not, however, constitute a business unit included in management's operating assessments since it relates exclusively to the portion of the group's operating result attributable to minority interests. The following table shows the consolidated profit and loss results of each of the three operating segments, stated net of intra-segment eliminations.

BANCA GENERALI GROUP PROFIT & LOSS (*Euro thousand*)	30 JUNE 2012					30 JUNE 2011				
	Retail Channel	Private Channel	Corp. Channel	GIL	Total	Retail Channel	Private Channel	Corp. Channel	GIL	Total
Interest income and similar revenues	8,081	7,770	60,607	2	76,460	2,257	2,993	29,014	12	34,276
Notitional interest	1,501	558	-2,059	0	0	3,890	1,587	-5,477	0	0
Interest expense and similar charges	-5,274	-4,455	-15,466	0	-25,195	-2,020	-1,668	-9,093	-1	-12,782
NET INTEREST INCOME	**4,308**	**3,872**	**43,083**	**2**	**51,265**	**4,127**	**2,912**	**14,444**	**11**	**21,494**
Commission income	83,242	51,952	44,813	14,081	194,088	86,328	54,924	22,815	15,038	179,105
of which subscriptions	8,734	1,822	1,965	0	12,521	10,842	1,590	911	0	13,343
of which management	70,938	47,422	4,345	13,822	136,527	71,833	50,396	7,213	14,652	144,094
of which performance			31,851	0	31,851	0	0	5,134	0	5,134
of which other	3,570	2,707	6,652	259	13,188	3,653	2,938	9,557	386	16,534
Commission expense	-39,941	-20,372	-6,784	-10,602	-77,699	-41,440	-19,387	-8,391	-11,554	-80,772
NET COMMISSIONS	**43,302**	**31,579**	**38,029**	**3,479**	**116,389**	**44,888**	**35,537**	**14,424**	**3,484**	**98,333**
Net income (loss) from trading activities	0	0	8,792	0	8,792	0	0	-51,828	-25	-51,853
Dividends and similar income	0	0	697	0	697	0	0	57,667		57,667
NET BANKING INCOME	**47,610**	**35,451**	**90,600**	**3,481**	**177,142**	**49,015**	**38,449**	**34,707**	**3,470**	**125,641**
Staff expenses	0	0	0	0	-34,906	0	0	0	0	-33,317
Other general and administrative expense	0	0	0	0	-44,307	0	0	0	0	-41,356
Net adjustments/reversal of property, equipment and intangible assets	0	0	0	0	-2,269	0	0	0	0	-1,894
Other operating expense/income	0	0	0	0	9,150	0	0	0	0	5,777
Net operating expense	**0**	**0**	**0**	**0**	**-72,332**	**0**	**0**	**0**	**0**	**-70,790**
Operating profit	**0**	**0**	**0**	**0**	**104,810**	**0**	**0**	**0**	**0**	**54,851**
Net adjustments of loans	0	0	0	0	-2,908	0	0	0	0	-448
Net adjustments of other assets	0	0	0	0	-805	0	0	0	0	-1,221
Net provisions	0	0	0	0	-14,306	0	0	0	0	-9,889
Gain (loss) from the disposal of equity investments	0	0	0	0	-2	0	0	0	0	0
Operating profit before taxation	**0**	**0**	**0**	**0**	**86,789**	**0**	**0**	**0**	**0**	**43,293**
Income taxes for the year on current operations	0	0	0	0	-17,844	0	0	0	0	-4,600
Profit (loss) from assets held for sale	0	0	0	0	318	0	0	0	0	881
Minority interests (+/-) for the period	0	0	0	0	-1,980	0	0	0	0	-2,159
Net profit	**0**	**0**	**0**	**0**	**67,283**	**0**	**0**	**0**	**0**	**37,415**
(Euro million)										
Asset Under Management	14,444	10,122	1,429	5,643	31,638	13,831	9,870	3,072	6,285	33,058
Net inflows	684	360	n.a	n.a	1,044	422	157	n.a	n.a	579
Financial advisors/RM	1,147	317	n.a	n.a	1,464	1,186	307	n.a	n.a	1,493

Trieste, 25 July 2012

THE BOARD OF DIRECTORS

Attestation to the Condensed Half-year Financial Statements Pursuant to Article 81-ter of Consob Regulation No. 11971 Dated 14 May 1999, as Amended

1. The undersigned Piermario Motta, in his capacity as Chief Executive Officer, and Giancarlo Fancel, in his capacity as Manager in charge of preparing the accounting documents of Banca Generali S.p.A., hereby declare, taking into account the provisions set out in article 154-bis, paragraphs 3 and 4, of the Legislative Decree dated 24 February 1998, No. 58, that the administrative and accounting procedures adopted to prepare the condensed half-year report for the first half of 2012
   - are appropriate in light of the features of the company, and
   - have been actually applied.

2. The appropriateness of administrative and accounting procedures for preparing the condensed half-year financial statements at 30 June 2011 was assessed using a process established by Banca Generali S.p.A. based on the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is generally accepted as a reference framework worldwide.

3. The undersigned further declare that:

3.1 the condensed half-year financial statements at 30 June 2012:

a. were prepared in compliance with the applicable international accounting standards recognised in the European Community pursuant to regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002, as well as the provisions of Legislative Decree No. 38 of 28 February 2005, and further applicable provisions, regulations and circular letters issued by the Supervisory Board;
b. reflects the accounting books and records;
c. provide a true and fair view of the assets, liabilities, profit or loss and financial position of the issuer and all consolidated companies.

3.2 The interim report includes a reliable analysis of references to important events occurred in the first six months of the year, and to their impact on the condensed half-year financial statements; it also includes a description of the main risks and uncertainties regarding the coming six months of the year. The interim report also includes a reliable analysis of information on significant related-party transactions.

Trieste, 25 July 2012

Piermario Motta	Giancarlo Fancel
Managing Director	Manager in charge of preparing the Company's Financial Reports
BANCA GENERALI S.p.A	BANCA GENERALI S.p.A.
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