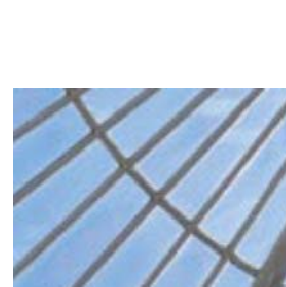
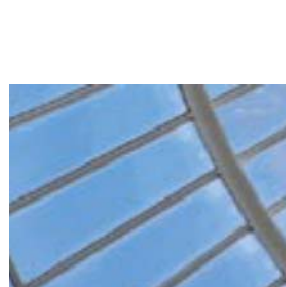


BANCA GENERALI SPA

# INTERIM REPORT AS OF 30 SEPTEMBER 2012



# INTERIM REPORT

30 SEPTEMBER 2012

Board of Directors – 6 November 2012

## BANCA GENERALI SPA

### REGISTERED OFFICE

VIA MACHIAVELLI, 4 - 34132 TRIESTE

### SHARE CAPITAL

AUTHORISED 119,378,836 EUROS

SUBSCRIBED AND PAID: 111,979,212 EUROS

### TAX AND VAT CODE AND REGISTRATION NUMBER IN THE TRIESTE REGISTER OF COMPANIES

N. 00833240328

### BANK WHICH IS A MEMBER OF THE INTERBANK DEPOSIT PROTECTION FUND

### REGISTRATION WITH THE BANK REGISTER OF THE BANK OF ITALY UNDER NO. 5358

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

ABI CODE 3075.9

### COMPANY MANAGED AND COORDINATED BY ASSICURAZIONI GENERALI

## ADMINISTRATION AND CONTROL BODIES

### BOARD OF DIRECTORS

#### CHAIRMAN

VAGNONE PAOLO

#### CHIEF EXECUTIVE OFFICER

PIERMARIO MOTTA

#### DIRECTORS

AGRUSTI RAFFAELE

ANACLERIO MARIO FRANCESCO

BAESSATO PAOLO

BRUGNOLI GIOVANNI

GENOVESE FABIO

GERVASONI ANNA

MIGLIETTA ANGELO

RIELLO ETTORE

### BOARD OF STATUTORY AUDITORS

ALESSIO VERNI' GIUSEPPE (CHAIRMAN)

GAMBI ALESSANDRO

VENCHIARUTTI ANGELO

CAMERINI LUCA (ALTERNATE AUDITOR)

BRUNO ANNA (SUPPLENTE)

### GENERAL MANAGER

PIERMARIO MOTTA

### MANAGER IN CHARGE OF PREPARING THE COMPANY'S FINANCIAL REPORTS

FANCEL GIANCARLO

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## Group Economic and Financial Highlights

<b>Consolidated figures</b>	<b>30.09.2012</b>	<b>30.09.2011</b>	<b>Change %</b>
<i>(Euro million)</i>			
Net interest income	80.4	33.3	141.3
Net commissions	167.1	141.0	18.5
Net income (loss) from trading activities and dividends	9.1	5.3	72.0
<b>Net banking income</b>	<b>256.5</b>	<b>179.6</b>	<b>42.9</b>
Staff expenses	-52.1	-49.6	4.9
Other general and administrative expense	-68.7	-62.3	10.3
Amortisation and depreciation	-3.4	-3.1	10.9
Other net operating income (expense)	13.4	7.9	69.5
<b>Net operating expense</b>	<b>-110.9</b>	<b>-107.2</b>	<b>3.4</b>
<b>Operating profit</b>	<b>145.7</b>	<b>72.4</b>	<b>101.3</b>
Provisions	-15.3	-11.8	30.2
Adjustments	-2.2	-2.3	-5.0
<b>Profit before taxation</b>	<b>128.1</b>	<b>58.3</b>	<b>119.9</b>
<b>Net profit</b>	<b>97.5</b>	<b>51.2</b>	<b>90.5</b>
Cost / Income ratio	41.9%	58.0%	-27.8
EBITDA	149.1	75.5	97.6
ROE	45.75%	26.64%	71.7
EPS - Earnings per Share (Euro)	0.873	0.459	90.1

<b>Net inflows</b>	<b>30.09.2012</b>	<b>30.09.2011</b>	<b>Change %</b>
<i>(Euro million) (Assoreti data)</i>			
Mutual funds and SICAVs	190	132	43.9
Asset management	48	-154	131.2
Insurance / Pension funds	746	585	27.5
Securities / Current accounts	378	192	96.9
<b>Total</b>	<b>1,362</b>	<b>755</b>	<b>80.4</b>

<b>Assets Under Management &amp; Custody (AUM/C)</b>	<b>30.09.2012</b>	<b>31.12.2011</b>	<b>Change %</b>
<i>(Euro billion) (Assoreti data)</i>			
Mutual funds and SICAVs	6.4	5.9	10.0
Asset management	3.1	2.8	7.6
Insurance / Pension funds	8.2	7.3	11.4
Securities / Current accounts	7.9	7.2	8.7
<b>Total</b>	<b>25.5</b>	<b>23.3</b>	<b>9.7</b>

<b>Net equity</b>	<b>30.09.2012</b>	<b>31.12.2011</b>	<b>Change %</b>
<i>(Euro million)</i>			
Net equity	345.1	262.4	31.5
Capital for regulatory purposes	268.1	236.5	13.4
Excess capital	112.0	89.1	25.6
Solvency margin	13.74%	12.84%	7.0

## Consolidated Financial Statements

### Consolidated Balance Sheet

Assets (Euro thousand)	30.09.2012	31.12.2011	Change	
			Amount	%
Financial assets held for trading	200,056	35,323	164,733	466.4%
AFS financial assets	1,085,941	1,318,992	-233,051	-17.7%
HTM financial assets	3,019,003	1,415,701	1,603,302	113.3%
Loans to banks	398,604	574,171	-175,567	-30.6%
Loans to customers	1,152,179	971,648	180,531	18.6%
Property, equipment and intangible assets	49,148	52,103	-2,955	-5.7%
Tax receivables	48,222	77,046	-28,824	-37.4%
Other assets	104,139	103,230	909	0.9%
Financial assets held for sale	0	675	-675	-100.0%
<b>Total assets</b>	<b>6,057,292</b>	<b>4,548,889</b>	<b>1,508,403</b>	<b>33.2%</b>

Net Equity and Liabilities (Euro thousand)	30.09.2012	31.12.2011	Change	
			Amount	%
Due to banks	2,337,782	1,070,909	1,266,873	118.3%
Due to customers	3,132,826	3,042,371	90,455	3.0%
Financial liabilities held for trading and hedging	3,359	1,737	1,622	93.4%
Tax payables	34,355	21,019	13,336	63.4%
Other liabilities	136,158	85,043	51,115	60.1%
Financial liabilities held for sale	0	316	-316	-100.0%
Special purpose provisions	67,711	65,073	2,638	4.1%
Valuation reserves	-17,317	-56,341	39,024	-69.3%
Reserves	142,466	126,508	15,958	12.6%
Additional paid-in capital	4,494	3,231	1,263	39.1%
Share capital	111,792	111,676	116	0.1%
Treasury shares (-)	-41	-248	207	-83.5%
Minority interests	6,219	4,176	2,043	48.9%
Net profit (loss) for the period	97,488	73,419	24,069	32.8%
<b>Total net equity and liabilities</b>	<b>6,057,292</b>	<b>4,548,889</b>	<b>1,508,403</b>	<b>33.2%</b>

## Consolidated Profit and Loss Account

<i>(€ thousand)</i>	30.09.2012	30.09.2011 Restated (*)	Change	
			Amount	%
Net interest	80,388	33,318	47,070	141.3%
Net commissions	167,067	140,958	26,109	18.5%
Dividends	727	80,496	-79,769	-99.1%
Net result of financial operations	8,354	-75,215	83,569	-111.1%
<b>Net operating income</b>	<b>256,536</b>	<b>179,557</b>	<b>76,979</b>	<b>42.9%</b>
Staff expenses	-52,050	-49,640	-2,410	4.9%
Other general and administrative expense	-68,748	-62,339	-6,409	10.3%
Net adjustments of property, equipment and intangible assets	-3,410	-3,075	-335	10.9%
Other operating expense/income	13,350	7,878	5,472	69.5%
<b>Net operating expense</b>	<b>-110,858</b>	<b>-107,176</b>	<b>-3,682</b>	<b>3.4%</b>
<b>Operating profit</b>	<b>145,678</b>	<b>72,381</b>	<b>73,297</b>	<b>101.3%</b>
Net adjustments for non-performing loans	-1,294	-1,011	-283	28.0%
Net adjustments of other assets	-933	-1,334	401	-30.1%
Net provisions	-15,328	-11,769	-3,559	30.2%
Gain (loss) from equity investments	-2	-1	-1	100.0%
<b>Operating profit before taxation</b>	<b>128,121</b>	<b>58,266</b>	<b>69,855</b>	<b>119.9%</b>
Income taxes for the period	-28,031	-5,430	-22,601	416.2%
Gains from non-current assets held for sale	318	1,312	-994	-75.8%
Profit attributable to minority interests	-2,920	-2,979	59	-2.0%
<b>Net profit</b>	<b>97,488</b>	<b>51,169</b>	<b>46,319</b>	<b>90.5%</b>

(\*) restated in compliance with IFRS 5

## Statement of Comprehensive Income

<i>(€ thousand)</i>	30.09.2012	30.09.2011	Change	
			Amount	%
<b>Net profit (loss)</b>	<b>97,488</b>	<b>51,169</b>	<b>46,319</b>	<b>90.5%</b>
Other income, net of income taxes:				
AFS assets	39,302	-25,344	64,646	-255.1%
Cash-flow hedges	-278	0	-278	n.a.
<b>Total other income, net of taxes</b>	<b>39,024</b>	<b>-25,344</b>	<b>64,368</b>	<b>-254.0%</b>
<b>Comprehensive income</b>	<b>136,512</b>	<b>25,825</b>	<b>110,687</b>	<b>428.6%</b>

# Interim Report

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

The Banca Generali Group closed the first nine months of 2012 with net profit of 97.5 million euros, compared to net profit of 51.2 million euros in the same period of 2011 (+90.5%), and net equity of 345.1 million euros.

As part of the process of rationalising the Generali Group's asset management business in Italy, and in implementation of the banking group's strategies, two corporate transactions were approved and executed: the transfer on 1 April 2012 by the subsidiary BG SGR of its collective asset management business unit to the related party Generali SGR, and, consequently, the merger of BG SGR into its parent company, Banca Generali, on 1 September 2012. In order to render the profit and loss situation for the period ended 30 September 2012 comparable with that for the corresponding period of the previous year, the Profit and Loss Account for the third quarter of 2011 has been restated in accordance with IFRS 5. Consequently, the comments presented below make reference to that profit and loss situation as restated.

Net banking income increased compared to the third quarter of 2011 by approximately 77.0 million euros (42.9%), rising from 179.6 million euros to 256.5 million euros at the end of the first nine months of 2012, chiefly due to the increase in net commissions of 26.1 million euros, the uptrend in net interest due to the LTROs undertaken with the ECB early in the year (+47.1 million euros compared to the third quarter of 2011) and, to a lesser extent, the contribution of the income of financial operations, which increased from 5.3 million euros in the first nine months of 2011 to 9.1 million euros at 30 September 2012. Within the net commissions aggregate, equal to 167.1 million euros at the end of the third quarter, while management commissions remained essentially stable (-1.2% compared to the same period of the previous year), incentive commissions provided a positive contribution (+37.3 million euros), while gross commissions on banking services and securities trading decreased (-4.2 million euros). Total operating expenses amounted to 110.9 million euros, up slightly compared to the figure for the first nine months of 2011 (+3.4%), with staff expenses rising from 49.6 million euros to 52.1 million euros (+4.8%), whereas other administrative expenses increased by 6.4 million euros compared to the same period of the previous year, chiefly owing to the higher estimated charges of the new stamp duty tax, which, however, will be recovered from clients and recognised among other operating income.

Net provisions amounted to approximately 15.3 million euros at 30 September 2012, with an increase of 3.5 million euros compared to the same period of 2011, and refer chiefly to provisions relating to the distribution network and, to a lesser extent, provisions for litigation and charges associated with the merger of BG SGR.

The total value of the assets managed by the Group on behalf of its customers, which is the figure used for reporting to Assoreti, amounted to 25.5 billion euros at 30 September 2012, up 9.7% compared to year-end 2011. In addition, at 30 September 2012, assets under administration and custody of the Generali Group companies totalled approximately 0.9 billion euros, and 6.6 billion euros were held in mutual funds and discretionary accounts (GPF and GPM) distributed directly by management companies or parties outside the banking group, for an overall total of 33 billion euros.

Banca Generali remains one of the top distributors of financial products through Financial Advisors networks with 25.5 billion euros in assets under management.

Despite the uncertainty triggered by the capital market crisis, net inflows amounted to 1,362 billion euros in the first nine months of 2012 (+80.4% compared to the same period of the previous year).

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

Financial markets initially strengthened in the first nine months of 2012, buoyed by the gradual increase in risk appetite and liquidity injections by the ECB. Then, beginning in April, the global economic scenario became more uncertain, and in Europe there was a renewed intensification of sovereign debt tensions, culminating in May, when the results of the elections in Greece heightened concerns of the country's exit from the Eurozone and the critical situation of the Spanish banking system was brought to light. Consequently, risk aversion began to rise once more, driving down the prices of the riskiest asset classes (equities, commodities and bond spreads), while driving up prices of safe-haven assets (U.S. and German government bonds and the U.S. dollar). However, the response by institutions at the European level was even firmer: at the European summit held in late June, measures were approved that, while acknowledging the need to separate the banking crisis from the sovereign debt crisis, laid the foundation for a deepening of EU mechanisms and a more long-term resolution of the crisis. Then, in July, ECB President Draghi clarified that the central bank was to adopt all measures necessary to preserving the euro, and in late August the ECB's board approved a conditional sovereign debt purchasing programme in unlimited quantities. At the same time, in the United States the Federal Reserve approved a government bond purchasing programme without time limits, with the aim of maintaining a favourable climate in view of an improvement in the job market. The initiatives by the two major monetary authorities thus created the conditions for a gradual reduction of risk aversion: over the past two months, the prices of risky assets gradually climbed back towards the highs for the year, and the sectors considered safe havens recorded lesser inflows and price reductions.

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. A certain degree of stabilisation was only seen in the summer months, particularly in the United States. In many emerging economies, the effects of the restrictive monetary policies of previous years entailed a slowing of growth. Central banks adopted stances increasingly in support of growth by cutting rates (Brazil, India and China). The weakening of the economic scenario drove a further decline in inflation, which in some cases was held back by temporary fluctuations of energy prices, while restoring, on the whole, wide margins for manoeuvre for monetary policies, which in the advanced countries remain highly expansionary. Fiscal policies were neutral (the United States, Germany or Great Britain) or restrictive (peripheral Eurozone nations).

During the period, interbank market rates in the Euro Area trended downwards, first driven by the abundant liquidity offered by the ECB and then by the negative economic growth scenario in the Euro Area. In early July, the ECB decided to decrease the refinancing rate by 25 bps, lowering it to 0.75%. During the period, both the three-month EURIBOR and EONIA rate responded to the expansionary monetary policy measures: the former fell from 1.36% at the end of 2011 to 0.22% at the end of September; the latter, following a period of fluctuation between 0.35% and 0.40% in the first few months of the year, declined to 0.11% at the end of September. In late August, the ECB's Executive Board approved (with only one vote against) the launch of its OTM programme, which aims to reduce the fragmentation of credit conditions (spreads) in the Eurozone through unlimited purchases of sovereign securities subject to speculative pressures. The aid mechanism, which is conditional upon the acceptance by governments that request aid of a fiscal restructuring plan under the aegis of the European Stability Mechanism (ESM), should contribute to greater uniformity of financing conditions on the primary and secondary markets.

Against this background, equity markets recorded a positive total return, differentiated according to regions. The MSCI World index in Euro climbed 11%, the S&P500 14.6% and the Topix 1.1%. In Europe, the benchmark index for the entire area (DJ Stoxx 600) marked a 9.8% rise, while the Euro Area benchmark (DJ Euro Stoxx) increased 8.2% and the FTSE MIB remained unchanged. During the period, in general stock exchanges in emerging markets went up: 9.5% the MSCI Emerging Markets index), 25.4% the MSCI India index and 8.8% the MSCI China index. In general, the market sectors that performed best in Europe were chemicals, travel, insurance and cars, whereas telecommunications, commodities, energy and utilities posted below-average performance.

Bond markets were dominated by general economic data and news on the evolution of the sovereign debt crisis of the Euro Area. Long-term yields on reference markets (Germany and the United States) remained largely unchanged in the first quarter compared to the levels reached in late 2011 and then gradually declined until



reaching new historical lows at the end of July: 1.17% the ten-year maturity in euro, 1.39% the ten-year maturity in dollars. Beginning in August, following the new programme in support of the euro and sovereign securities undertaken by the ECB, the rates rose back from their lows, closing the period at 1.44% (euro) and 1.64% (dollar), respectively. 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. Italy's spread initially fell from 512 points at the end of 2011 to a low of 277 in mid-March, to then climb back to reach a high of 533 in late July and close the period at 363 points: these trends allowed positive returns to be achieved during the period.

On currency markets this double trend also prevailed. In the first part of the period, the euro-dollar exchange rate fluctuated between 1.30 and 1.35. The recurrence of political tensions in Europe then resulted in capital flows that benefited the dollar and yen, which are considered safe havens: the euro-dollar exchange rate reached a low of slightly above 1.20 at the end of July, whereas the euro-yen exchange rate fell to 94.2 from approximately 111 yen to the euro at the end of March. The European authorities' firm response then allowed the trend to be reversed: at the end of the period, the exchange rate with the dollar was slightly above 1.29, while the exchange rate with the yen was around 100.

Commodities prices reflected expectations of global growth, rising until mid-March and then showing downtrends differentiated by product. Oil prices (WTI) rose from approximately 100 dollars a barrel at the end of December to a maximum of around 111 at the end of February, to then decline to values below those of the beginning of the year and climb once more, closing the period around 92. Gold, which in the first two months of the year had trended upwards following the robust injections of liquidity undertaken by central banks, then fell back to levels slightly above those of early 2012, only to return to near the high (1,770 dollars per ounce) following the announcement of the quantitative monetary manoeuvre by the Federal Reserve.

## **Outlook**

Forecasts by the major international authorities call for the growth profile to improve gradually in the final months of the year. In the advanced countries, growth rates will remain below their potential level in general, and will be 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 the beginning of the year. In relation to the financial markets, the ECB has reiterated its commitment to defending the euro, and in the fourth quarter of the year the European authorities will present and adopt the measures provided for in the agreements reached at the summit held on 28-29 June.

### 3. Banca Generali's Competitive Positioning

#### 3.1 The Asset Management Market

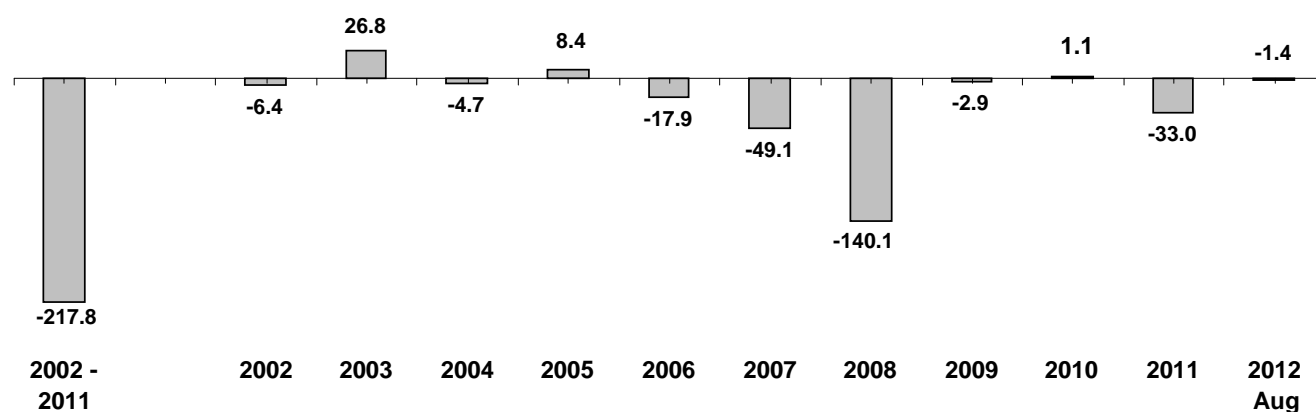
In the first eight months of the year, the Italian asset management market (collective management schemes, open-ended funds and individual portfolio management schemes) registered net outflows of 6.8 billion euros, largely attributable to individual portfolio management schemes.

Net outflows from UCITs alone were limited to 1.4 billion euros; however, the month of August witnessed net inflows of 0.9 billion euros, primarily due to the bond segment.

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 remained consistently positive, albeit at a limited extent, for the Financial Advisors channel (about 5.1 billion euros), whereas traditional banks reported considerable divestments (-6.5 billion euros).

Finally, the market continued to show a preference for switching from Italian funds to foreign UCITs (net investments in the latter of 11.6 billion euros and net divestments from the former of 13 billion euros).

#### The UCITs Market



Source: Assogestioni.

#### 3.2 The Assoreti Market

The net inflows reported by the Assoreti market (total distribution activity through Financial Advisors) in the first eight months of 2012 were in line with those for the same period of 2011 (7.5 billion euros), albeit with some differences in terms of flows allocations.

(Euro million)	Aug 12	Aug 11	Delta
Asset management	2,621	2,928	-307
Insurance products	3,254	650	2,604
Assets under administration and custody	1,654	3,740	-2,086
<b>Total</b>	<b>7,529</b>	<b>7,318</b>	<b>211</b>

In further detail, the flow of investment towards asset management instruments was slightly less than in 2011, whereas inflows to insurance investment instruments, characterised by specific capital protection features, largely offset the decreased inflows to assets under administration.

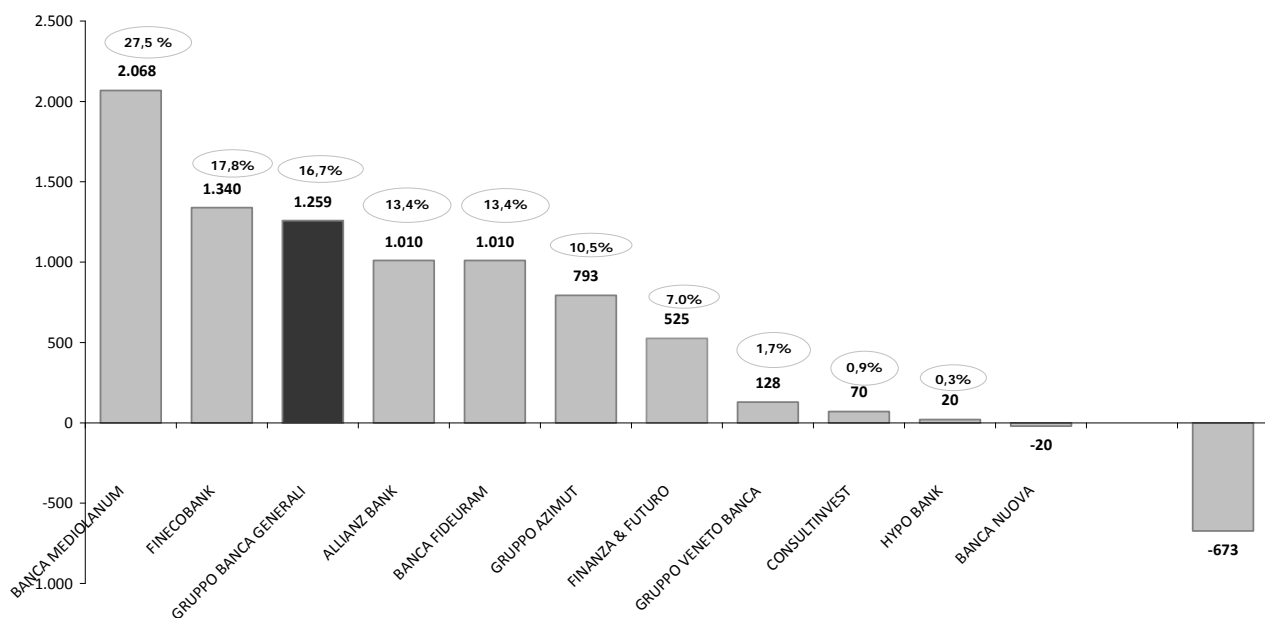
### 3.3 The Banca Generali Group

In this scenario, Banca Generali remains among the market leaders by net inflows with a market share of 16.7% at August 2012 and net inflows of 1,259 million euros.

#### **TOTAL NET INFLOWS — ASSORETI — 7.5 billion euros**

August 2012 (Euro million)

Source: **Assoreti**.



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 and reported a market share of 14.9%, thus ranking third in the Assoreti market

#### **NET AUM AND INSURANCE INFLOWS ASSORETI – 2.9 billion euros**

August 2012 (Euro million)

Source: **Assoreti**.

Specifically (data as of September 2012), net inflows of the Group were made up of assets under management for 238 million euros and insurance products for 746 million euros, with a good performance of assets under administration (378 million euros). 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.

In addition, in terms of absolute net inflows, the figures were nearly twice those of the already excellent results for the first nine months of 2011.

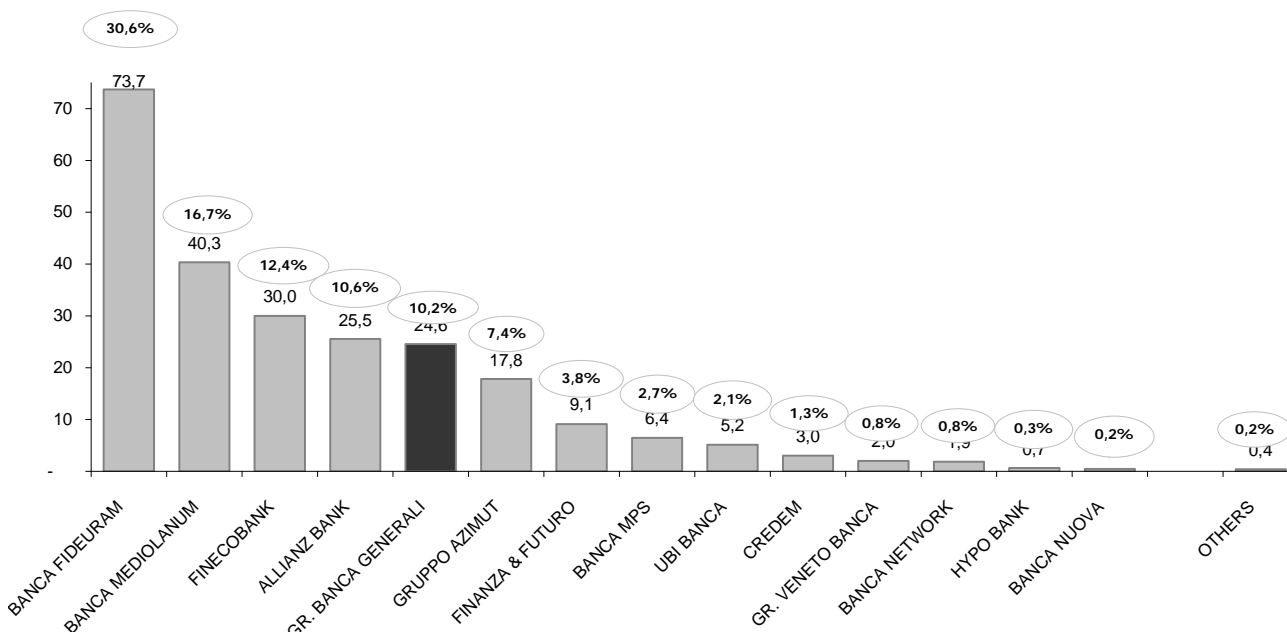
### Net inflows of the Banca Generali Group

(Euro million)	BG Group		YoY changes vs/	
	30.09.2012	30.09.2011	31.09.2011	
			Amount	%
<b>NET INFLOWS</b>				
<b>Total assets under management</b>	<b>238</b>	<b>-22</b>	<b>260</b>	<i>n.s.</i>
Funds and SICAVs	190	132	58	43.94%
GPF/GPM	48	-154	202	<i>n.s.</i>
<b>Total insurance products</b>	<b>746</b>	<b>585</b>	<b>161</b>	27.52%
<b>Total assets under administration and custody</b>	<b>378</b>	<b>192</b>	<b>186</b>	96.88%
<b>Total assets placed by the network</b>	<b>1362</b>	<b>755</b>	<b>607</b>	<b>80.40%</b>

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

### TOTAL ASSETS — ASSORETI — 241 billion euros

June 2012 (Euro billion)



Source: Assoreti.

The following table provides a summary of Group assets, updated through September 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 first nine months of the year was 9.7%, recording an increase in all sectors and particularly in the insurance segment, where it was over 11%.

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

(Euro million)	BG Group	BG Group	YTD Changes vs/	
	30.09.2012	31.12.2011	31.12.2011	
			Amount	%
<b>Total assets under management</b>	<b>9,493</b>	<b>8,692</b>	<b>801</b>	<b>9.2%</b>
Funds and SICAVs	6,436	5,850	586	10.0%
GPF/GPM	3,057	2,842	215	7.6%
<b>Total insurance products</b>	<b>8,150</b>	<b>7,319</b>	<b>831</b>	<b>11.4%</b>
<b>Total assets under administration and custody</b>	<b>7,878</b>	<b>7,244</b>	<b>634</b>	<b>8.8%</b>
<b>Total assets placed by the network</b>	<b>25,521</b>	<b>23,254</b>	<b>2,267</b>	<b>9.7%</b>

## 4. Operating Result and Performance of the Main Equity Aggregates

### 4.1 Profit and Loss Results

The net profit reported by the Group at the end of the third quarter of 2012 climbed to 97.5 million euros, marking an increase of 90.5% compared to the figure for the same period of 2011 and representing an all-time high in Banca Generali's history.

(Euro thousand)	30.09.2012	30.09.2011	Change		30.09.2011
		Restated (*)	Amount	%	Official
Net interest	80,388	33,318	47,070	141.3%	33,318
Net commissions	167,067	140,958	26,109	18.5%	143,520
Dividends	727	80,496	-79,769	-99.1%	80,496
Net result of financial operations	8,354	-75,215	83,569	-111.1%	-75,215
<b>Net operating income</b>	<b>256,536</b>	<b>179,557</b>	<b>76,979</b>	<b>42.9%</b>	<b>182,119</b>
Staff expenses	-52,050	-49,640	-2,410	4.9%	-51,166
Other general and administrative expense	-68,748	-62,339	-6,409	10.3%	-61,380
Net adjustments of property, equipment and intangible assets	-3,410	-3,075	-335	10.9%	-3,101
Other operating expense/income	13,350	7,878	5,472	69.5%	7,872
<b>Net operating expense</b>	<b>-110,858</b>	<b>-107,176</b>	<b>-3,682</b>	<b>3.4%</b>	<b>-107,775</b>
<b>Operating profit</b>	<b>145,678</b>	<b>72,381</b>	<b>73,297</b>	<b>101.3%</b>	<b>74,344</b>
Net adjustments for non-performing loans	-1,294	-1,011	-283	28.0%	-1,011
Net adjustments of other assets	-933	-1,334	401	-30.1%	-1,334
Net provisions	-15,328	-11,769	-3,559	30.2%	-11,769
Gain (loss) from equity investments	-2	-1	-1	100.0%	-1
<b>Operating profit before taxation</b>	<b>128,121</b>	<b>58,266</b>	<b>69,855</b>	<b>119.9%</b>	<b>60,229</b>
Income taxes for the period	-28,031	-5,430	-22,601	416.2%	-6,081
Gains from non-current assets held for sale	318	1,312	-994	-75.8%	0
Profit attributable to minority interests	-2,920	-2,979	59	-2.0%	-2,979
<b>Net profit</b>	<b>97,488</b>	<b>51,169</b>	<b>46,319</b>	<b>90.5%</b>	<b>51,169</b>

(\*) Figures restated in application of IFRS 5.

**Net operating income** amounted to 256.5 million euros, with an increase of 77.0 million euros (+42.9%) compared to the same period of the previous year.

This situation was determined by several factors:

- the strong contribution to net interest (+141.3%), driven chiefly by the liquidity deriving from the refinancing operations (LTROs) undertaken by the ECB in December 2011 and February 2012, as well as by the considerable increase in the average return on investments;
- the growth of the commissions aggregate (+18.5%), driven by fund performance commissions (+37.3 million euros) and the highly positive inflow dynamics, which in the first nine months of the year already exceeded the results achieved in all of 2011;
- the good result of financial operations, including dividends, which increased by 3.8 million euros compared to 2011.

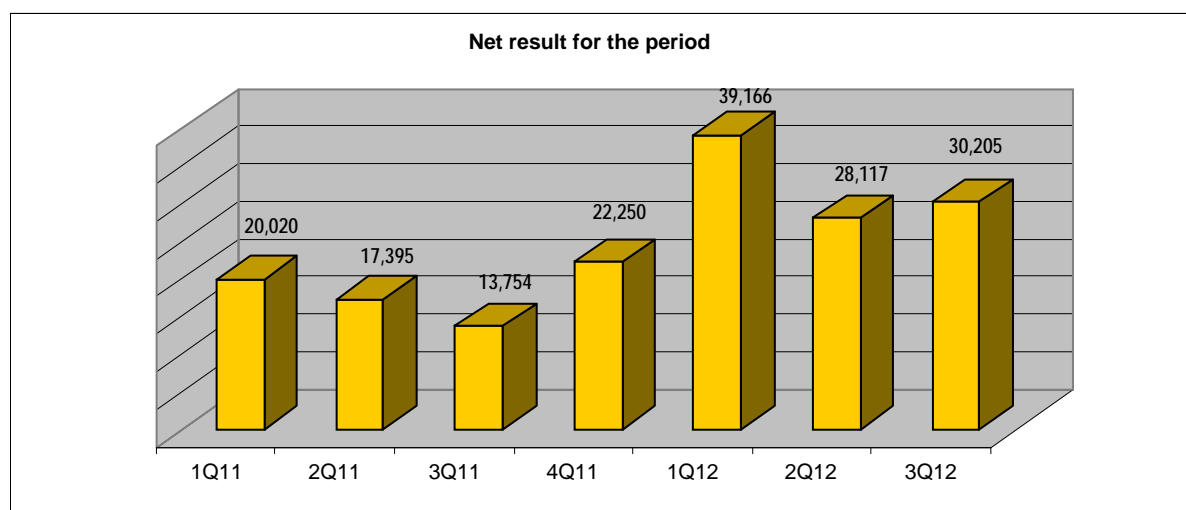
**Net operating expense** stood at 110.9 million euros, up slightly compared to the previous year (+3.4%), primarily due to the trend in staff expense, and brought the **cost/income ratio** on net operating income, which measures the incidence of operating expense, gross of adjustments for impairment of tangible and intangible assets, to 41.9%, down sharply from the 58.0% registered in the same period of the previous year.

**Operating profit** thus amounted to 145.7 million euros, more than twice the level of the previous year (+101.3%).



**Overall adjustments and provisions** increased to 17.5 million euros (+24.4%), due chiefly to the greater provisions recognised to account for network incentives set to accrue and, to a lesser extent, prudential provisions for charges for the merger of BG SGR and litigation charges.

**Operating profit before taxation** thus stood at 128.1 million euros, up by 69.9 million euros compared to the same period of 2011 (+119.9%).



#### Quarterly Evolution of the Profit & Loss Account

<i>(Euro thousand)</i>	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11
Net interest	29,123	28,121	23,144	15,741	11,824	10,424	11,070
Net commissions	50,678	46,000	70,389	47,004	42,625	47,866	50,467
Dividends	30	652	45	11,763	22,829	57,656	11
Net result of financial operations	-437	1,179	7,612	-10,356	-23,362	-54,338	2,485
<b>Net operating income</b>	<b>79,394</b>	<b>75,952</b>	<b>101,190</b>	<b>64,152</b>	<b>53,916</b>	<b>61,608</b>	<b>64,033</b>
Staff expenses	-17,144	-16,877	-18,029	-15,140	-16,323	-16,670	-16,647
Other general and administrative expense	-24,441	-21,256	-23,051	-16,224	-20,983	-23,034	-18,322
Net adjustments of property, equipment and intangible assets	-1,141	-1,090	-1,179	-1,016	-1,181	-951	-943
Other operating expense/income	4,200	5,584	3,566	788	2,101	4,231	1,546
<b>Net operating expense</b>	<b>-38,526</b>	<b>-33,639</b>	<b>-38,693</b>	<b>-31,592</b>	<b>-36,386</b>	<b>-36,424</b>	<b>-34,366</b>
<b>Operating profit</b>	<b>40,868</b>	<b>42,313</b>	<b>62,497</b>	<b>32,560</b>	<b>17,530</b>	<b>25,184</b>	<b>29,667</b>
Net adjustments for non-performing loans	1,614	147	-3,055	-1,152	-563	-458	10
Net adjustments of other assets	-128	-429	-376	-2,482	-113	-1,151	-70
Net provisions	-1,022	-2,628	-11,678	1,701	-1,880	-4,567	-5,322
Gain (loss) from equity investments	0	-2	0	0	-1	0	0
<b>Operating profit before taxation</b>	<b>41,332</b>	<b>39,401</b>	<b>47,388</b>	<b>30,627</b>	<b>14,973</b>	<b>19,008</b>	<b>24,285</b>
Income taxes for the period	-10,187	-10,276	-7,568	-7,924	-830	-1,078	-3,522
Gains from non-current assets held for sale	0	159	159	523	431	420	461
Profit attributable to minority interests	-940	-1,167	-813	-976	-820	-955	-1,204
<b>Net profit</b>	<b>30,205</b>	<b>28,117</b>	<b>39,166</b>	<b>22,250</b>	<b>13,754</b>	<b>17,395</b>	<b>20,020</b>

#### 4.1.1. Net Interest

**Net interest income** amounted to 80.4 million euros, more than doubling the figure for the same period of the previous year (+141.3%), mainly as a result of:

- an expansion of inflows volumes at extremely favourable rates, 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), characterised by higher cost levels than traditional inflows, and interbank inflows (repurchase agreements), which however benefitted from decreasing interest rates.

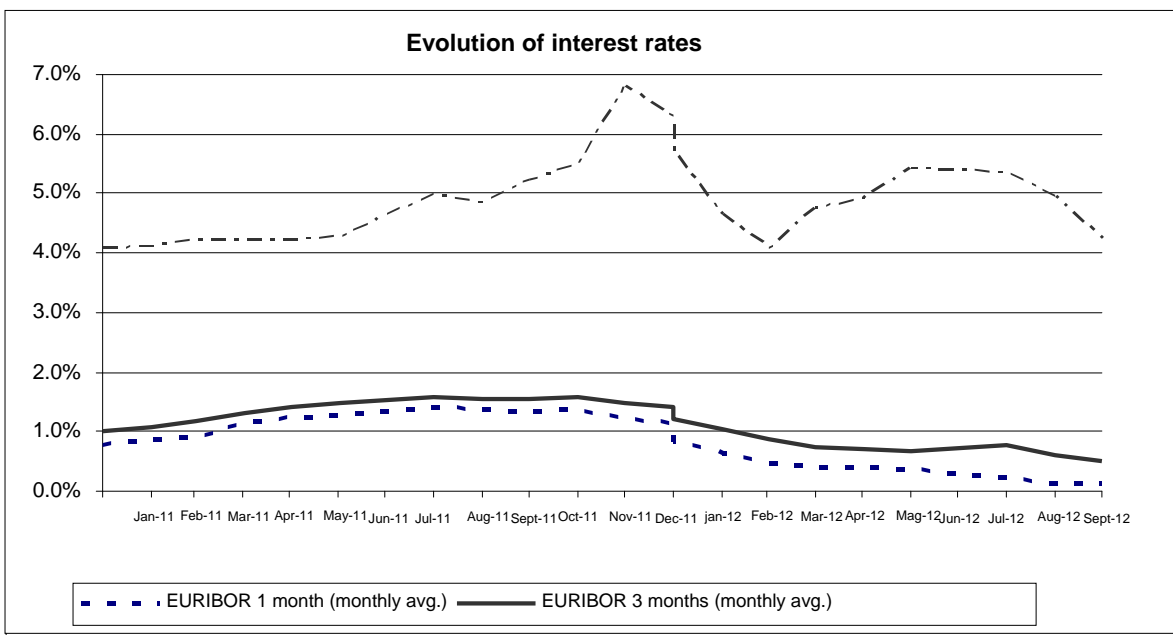
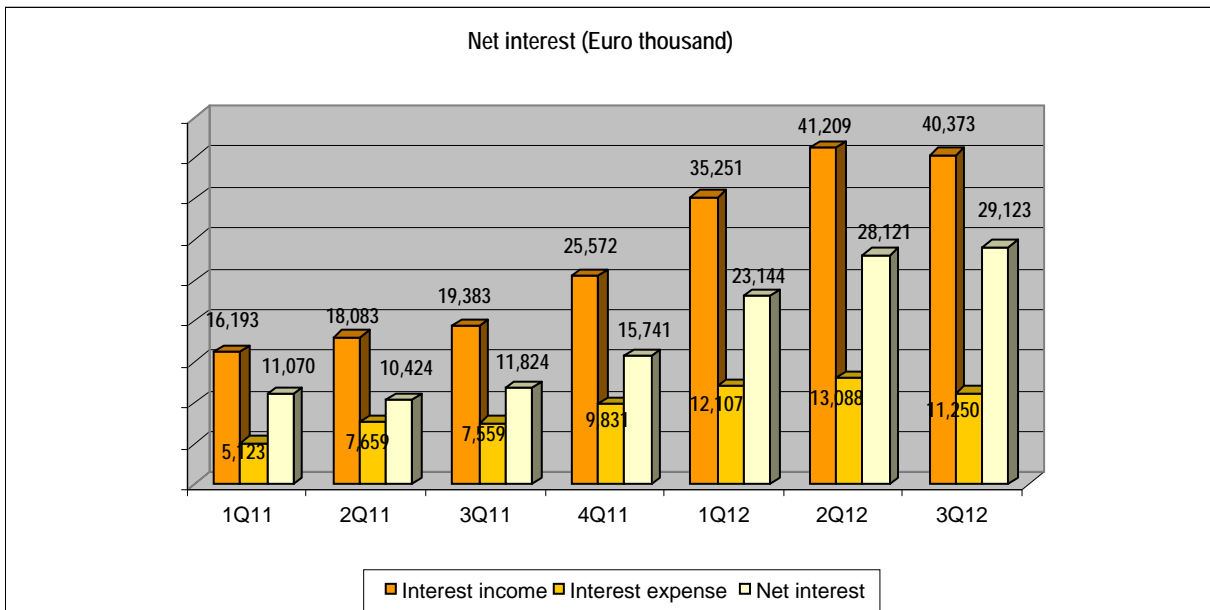
In this regard, it should be noted that in July the ECB further reduced the interest rate applied to primary refinancing operations from 1% to 0.75%, whereas EURIBOR rates continued to follow a flattening trend, with the three-month EURIBOR declining to a low of 0.22%.

In comparison to that figure, the internal rate of return (IRR) on the HTM portfolio — to which the securities purchased following the LTROs were allocated — still amounted to over 3.5% on an annual basis.

Interest income thus grew by 63.2 million euros (117.7%), owing to the decisive contribution of the securities portfolio (+62.9 million euros or 159.0%) and, to a lower extent, loans to customers.

By contrast, the cost of funding increased by 16.1 million euros (+79.2%), primarily owing to the expenses associated with the ECB operations (+9.2 million euros) and high-yield transactions with customers (+10.2 million euros), partially offset by the reduction in costs associated with ordinary funding (-4.8 million euros) and the increase in interbank transactions in the form of repurchase agreements (+1.7 million euros).

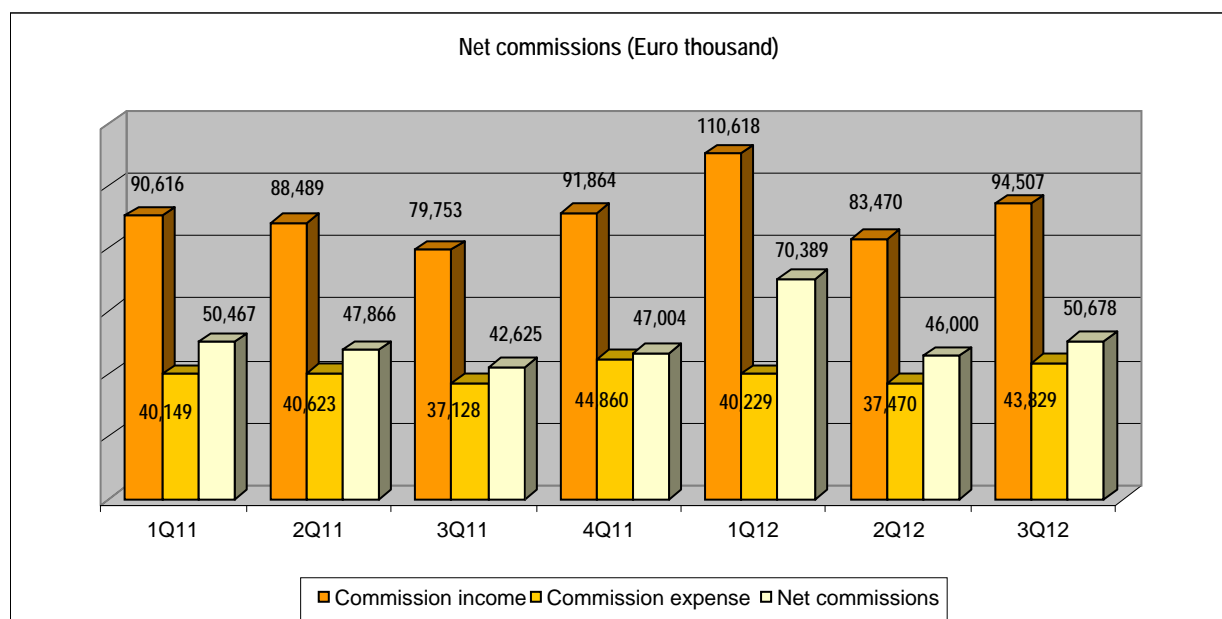
(Euro thousand)	30.09.2012	30.09.2011	Change		3Q12	3Q11
			Amount	%		
Financial assets held for trading	1,075	393	682	173.5%	871	86
AFS financial assets	25,679	23,928	1,751	7.3%	7,381	8,612
HTM financial assets	71,662	10,646	61,016	573.1%	26,507	3,575
Financial assets classified among loans	4,010	4,579	-569	-12.4%	1,195	1,748
<b>Total financial assets</b>	<b>102,426</b>	<b>39,546</b>	<b>62,880</b>	<b>159.0%</b>	<b>35,954</b>	<b>14,021</b>
Loans to banks	1,077	2,478	-1,401	-56.5%	168	848
Loans to customers	12,735	11,620	1,115	9.6%	4,002	4,514
Hedging derivatives	582	0	582	n.a.	243	0
Other assets	13	15	-2	-13.3%	6	0
<b>Total interest income</b>	<b>116,833</b>	<b>53,659</b>	<b>63,174</b>	<b>117.7%</b>	<b>40,373</b>	<b>19,383</b>
Due to ECB	9,422	192	9,230	4,807.3%	3,178	38
Due to banks	471	667	-196	-29.4%	153	218
Repurchase agreements - banks	7,108	5,311	1,797	33.8%	2,194	2,074
Due to customers	15,758	12,298	3,460	28.1%	4,553	4,515
Repurchase agreements - customers	2,529	614	1,915	311.9%	785	294
Subordinated loan	1,152	1,233	-81	-6.6%	386	413
Other liabilities	5	26	-21	-80.8%	1	7
<b>Total interest expense</b>	<b>36,445</b>	<b>20,341</b>	<b>16,104</b>	<b>79.2%</b>	<b>11,250</b>	<b>7,559</b>
<b>Net interest</b>	<b>80,388</b>	<b>33,318</b>	<b>47,070</b>	<b>141.3%</b>	<b>29,123</b>	<b>11,824</b>



#### 4.1.2 Net Commissions

The commissions aggregate stood at 167.1 million euros, increasing by 18.5% compared to the third quarter of 2011, and may be broken down as follows.

(€ thousand)	30.09.2012	30.09.2011	Change		3Q12	3Q11
			Amount	%		
Asset management	191,598	162,036	29,562	18.2%	60,985	47,787
Placement of securities and UCITs	26,879	26,987	-108	-0.4%	10,217	9,786
Distribution of third-party fin. products	50,841	46,404	4,437	9.6%	17,216	15,283
Trading and securities custody commissions	13,584	18,389	-4,805	-26.1%	4,125	5,230
Commissions for other banking services	5,693	5,042	651	12.9%	1,964	1,667
<b>Total commission income</b>	<b>288,595</b>	<b>258,858</b>	<b>29,737</b>	<b>11.5%</b>	<b>94,507</b>	<b>79,753</b>
Distribution of financial services and products	107,087	101,280	5,807	5.7%	39,310	32,191
Dealing in securities and custody	2,222	3,364	-1,142	-33.9%	618	759
Asset management	10,552	11,808	-1,256	-10.6%	3,309	3,651
Commissions for other banking services	1,667	1,448	219	15.1%	592	527
<b>Total commission expense</b>	<b>121,528</b>	<b>117,900</b>	<b>3,628</b>	<b>3.1%</b>	<b>43,829</b>	<b>37,128</b>
<b>Net commissions</b>	<b>167,067</b>	<b>140,958</b>	<b>26,109</b>	<b>18.5%</b>	<b>50,678</b>	<b>42,625</b>

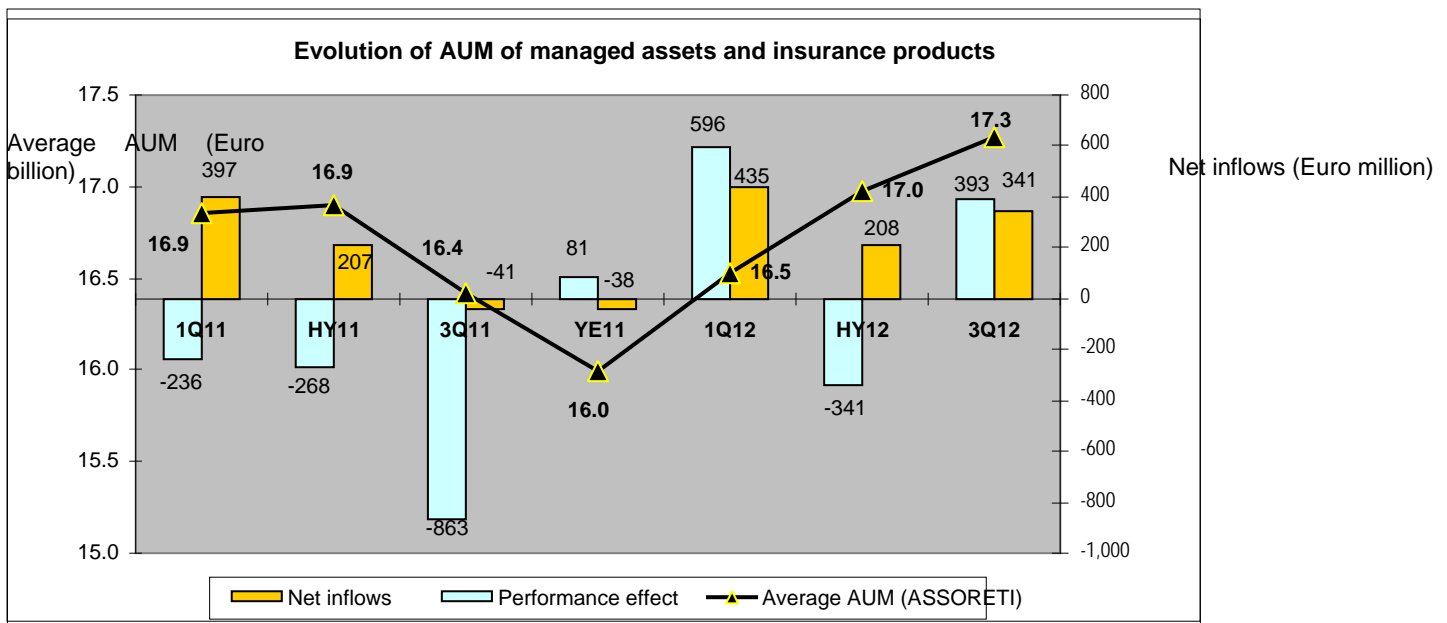
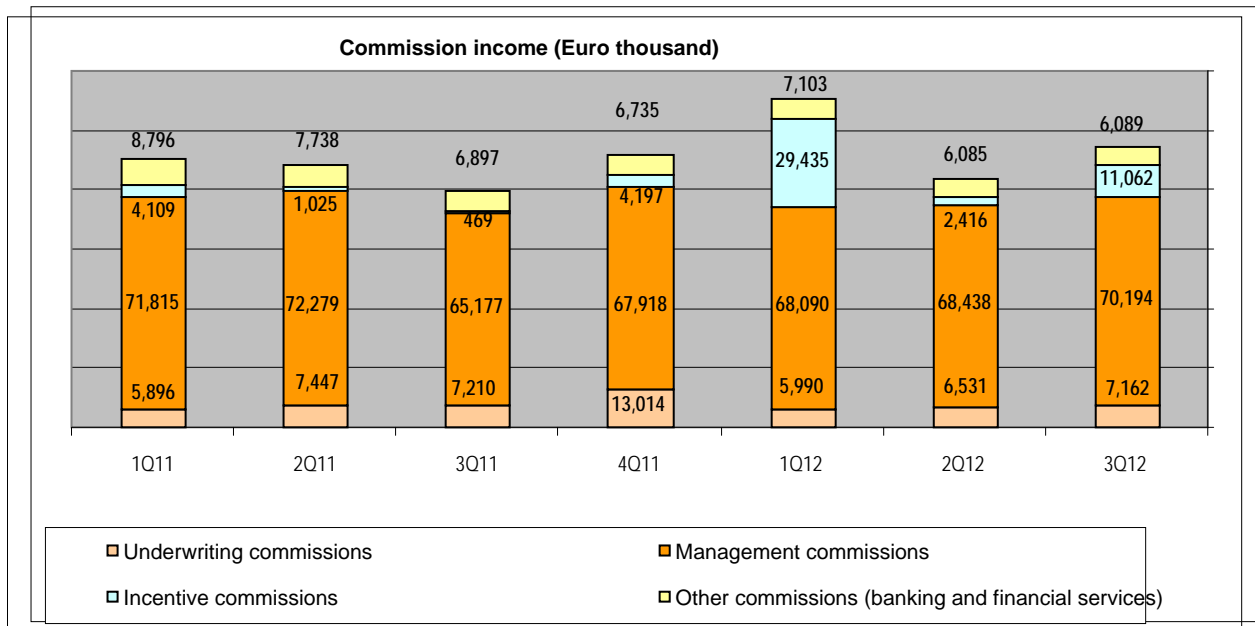


**Commission income** increased by 29.7 million euros due to the performance commissions (+37.3 million euros) earned owing to the strong market performance in the first and third quarters of the year.

The significant recovery of assets under management in the third quarter of the year, driven by the constant progress of net inflows and the attenuation of tensions on financial markets, also gave new momentum to management commissions, allowing a reversal of the downtrend witnessed in the previous quarters and thus remain largely on the same levels as those reported for the previous year (-1.2%).

These trends offset the decline in commissions for other banking and financial services of 4.2 million euros (-17.7%) and, to a lesser extent, new contract entry commissions.

(Euro thousand)	30.09.2012	30.09.2011	Change		3Q12	3Q11
			Amount	%		
Underwriting commissions	19,683	20,553	-870	-4.2%	7,162	7,210
Management commissions	206,722	209,271	-2,549	-1.2%	70,194	65,177
Incentive commissions	42,913	5,603	37,310	665.9%	11,062	469
Commissions for other banking and financial services	19,277	23,431	-4,154	-17.7%	6,089	6,897
<b>Total</b>	<b>288,595</b>	<b>258,858</b>	<b>29,737</b>	<b>11.5%</b>	<b>94,507</b>	<b>79,753</b>



Commission income from **the solicitation of investment and asset management** of households amounted to 269.3 million euros, with an increase of 33.9 million euros compared to the same period of the previous year,

mainly attributable to the SICAVs promoted by the Banking Group and the above-mentioned performance commissions trend.

(Euro thousand)	30.09.2012	30.09.2011	Change		3Q12	3Q11
			Amount	%		
1. Collective asset management	145,221	118,084	27,137	23.0%	45,019	36,248
2. Collective assets management of the Generali Group	21,006	18,120	2,886	15.9%	7,294	3,577
3. Individual asset management	25,371	25,832	-461	-1.8%	8,672	7,962
<b>Commissions on asset management</b>	<b>191,598</b>	<b>162,036</b>	<b>29,562</b>	<b>18.2%</b>	<b>60,985</b>	<b>47,787</b>
1. Placement of third-party UCITs	19,453	20,521	-1,068	-5.2%	6,816	5,903
2. Bond placement	7,426	6,466	960	14.8%	3,400	3,883
3. Other placement operations	0	0	0	n.a.	0	0
4. Distribution of third-party asset management products (GPM/GPF, pension funds)	287	281	6	2.1%	95	91
5. Distribution of third-party insurance products	50,328	45,694	4,634	10.1%	17,065	15,101
6. Distribution of other third-party financial products	226	429	-203	-47.3%	57	91
<b>Placement and distribution of third-party products</b>	<b>77,720</b>	<b>73,391</b>	<b>4,329</b>	<b>5.9%</b>	<b>27,433</b>	<b>25,069</b>
<b>Asset management commissions earned</b>	<b>269,318</b>	<b>235,427</b>	<b>33,891</b>	<b>14.4%</b>	<b>88,418</b>	<b>72,856</b>

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 (+4.6 million euros or +10.1%), whereas revenues from the placement of structured bonds (+14.8%) offset the decline in the placement of third-party UCITs (-5.2%), thanks to two new transactions finalised in the third quarter.

The contribution of management commissions for funds distributed by foreign companies of the Generali Group, arising from the operations of the merged Generali Investments Luxembourg (GIL), amounted to 21.0 million euros, up 2.9 million euros compared to the same period of the previous year.

**Commission expense** amounted to 121.5 million euros, slightly up compared to the same period of the previous year (+3.1%), due to the increase in distribution commissions (+5.7%).

The aggregate includes 16.3 million euros in commissions for the activities carried out by the merged company Generali Investments Luxembourg (GIL), which grew sharply (+2.8 million euros, +21.1%) compared to the same period of the previous year.

Net of those items, the Group's pay-out ratio, compared to commission income, net of performance commission income, therefore was 47.0%, up compared to 44.5% at the end of the first nine months of 2011.

**Distribution commission expense** reached 107.1 million euros, showing an increase of 5.8 million euros compared to the same period of the previous year, primarily owing to the incentives provided to the sales network in return for excellent fund-raising activity, as well as the aforementioned increase in former GIL activity.

(Euro thousand)	30.09.2012	30.09.2011	Change		3Q12	3Q11
			Amount	%		
Front-end commissions	12,082	12,466	-384	-3.1%	4,169	3,393
Management commissions	75,173	71,332	3,841	5.4%	25,716	21,426
Incentive commissions	9,890	7,864	2,026	25.8%	6,786	4,966
Other commissions	9,942	9,618	324	3.4%	2,639	2,406
<b>Total</b>	<b>107,087</b>	<b>101,280</b>	<b>5,807</b>	<b>5.7%</b>	<b>39,310</b>	<b>32,191</b>

**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



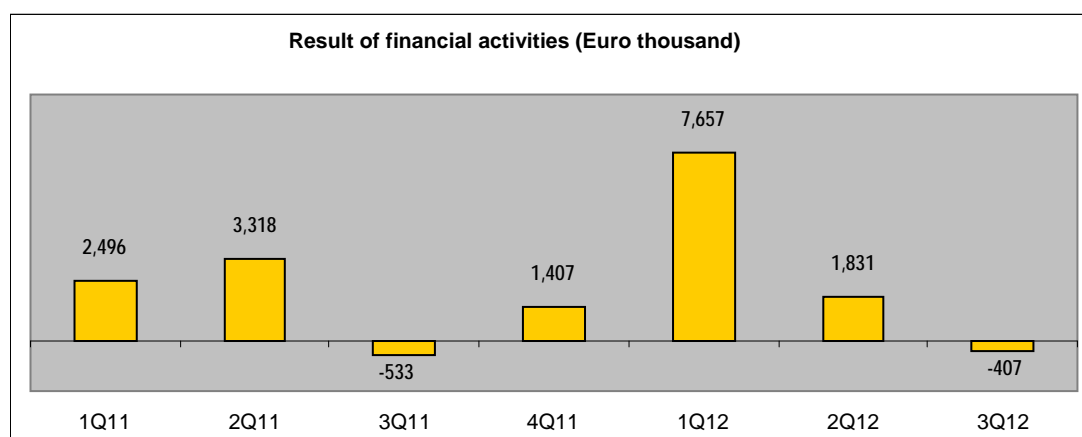
and other services. This aggregate stood at 15.4 million euros, down 17.4% over the same period of 2011, due to the slowdown in trading and order receipt.

(Euro thousand)	30.09.2012	30.09.2011	Change		3Q12	3Q11
			Amount	%		
Dealing in securities and currencies	10,048	12,045	-1,997	-16.6%	3,810	3,429
Order collection and securities custody commissions	3,536	6,344	-2,808	-44.3%	315	1,801
Collection and payment services	1,439	1,311	128	9.8%	468	456
Commission income	2,044	2,089	-45	-2.2%	688	720
Commissions for other banking services	2,210	1,642	568	34.6%	808	491
<b>Total traditional banking operations</b>	<b>19,277</b>	<b>23,431</b>	<b>-4,154</b>	<b>-17.7%</b>	<b>6,089</b>	<b>6,897</b>
Commissions for securities trading and custody	-2,222	-3,364	1,142	-33.9%	-618	-759
Collection and payment services	-764	-644	-120	18.6%	-244	-208
Commissions for other banking services	-903	-804	-99	12.3%	-348	-319
<b>Total commission expense</b>	<b>-3,889</b>	<b>-4,812</b>	<b>923</b>	<b>-19.2%</b>	<b>-1,210</b>	<b>-1,286</b>
<b>Net commissions</b>	<b>15,388</b>	<b>18,619</b>	<b>-3,231</b>	<b>-17.4%</b>	<b>4,879</b>	<b>5,611</b>

#### 4.1.3 Net Profit from Trading and Financial Operations

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

(Euro thousand)	30.09.2012	30.09.2011	Change	
			Amount	%
Dividends from trading	151	79,937	-79,786	-99.8%
Trading of financial assets and equity derivatives	107	-75,790	75,897	-100.1%
Trading of financial assets and derivatives on debt securities and interest rates	6,670	113	6,557	5,802.7%
Trading of UCIT units	997	-1,699	2,696	-158.7%
<b>Securities transactions</b>	<b>7,925</b>	<b>2,561</b>	<b>5,364</b>	<b>209.4%</b>
<b>Currency and currency derivative transactions</b>	<b>1,647</b>	<b>298</b>	<b>1,349</b>	<b>452.7%</b>
<b>Net profit from trading operations</b>	<b>9,572</b>	<b>2,859</b>	<b>6,713</b>	<b>234.8%</b>
Net profit from hedging	-280	0	-280	n.a.
Dividends from AFS assets	576	559	17	3.0%
Gains and losses on AFS equity securities	-52	20	-72	-360.0%
Gains and losses on AFS and HTM debt securities and loans	-735	1,843	-2,578	-139.9%
<b>Profit (loss) of financial operations</b>	<b>9,081</b>	<b>5,281</b>	<b>3,800</b>	<b>72.0%</b>



At the end of the third quarter of 2012, the aggregate presented a positive contribution of 9.1 million euros, increasing sharply compared to 5.3 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 Italian government bonds undertaken with leading Italian and international banking counterparties, whilst gains from currency trading amounted to 1.6 million euros.

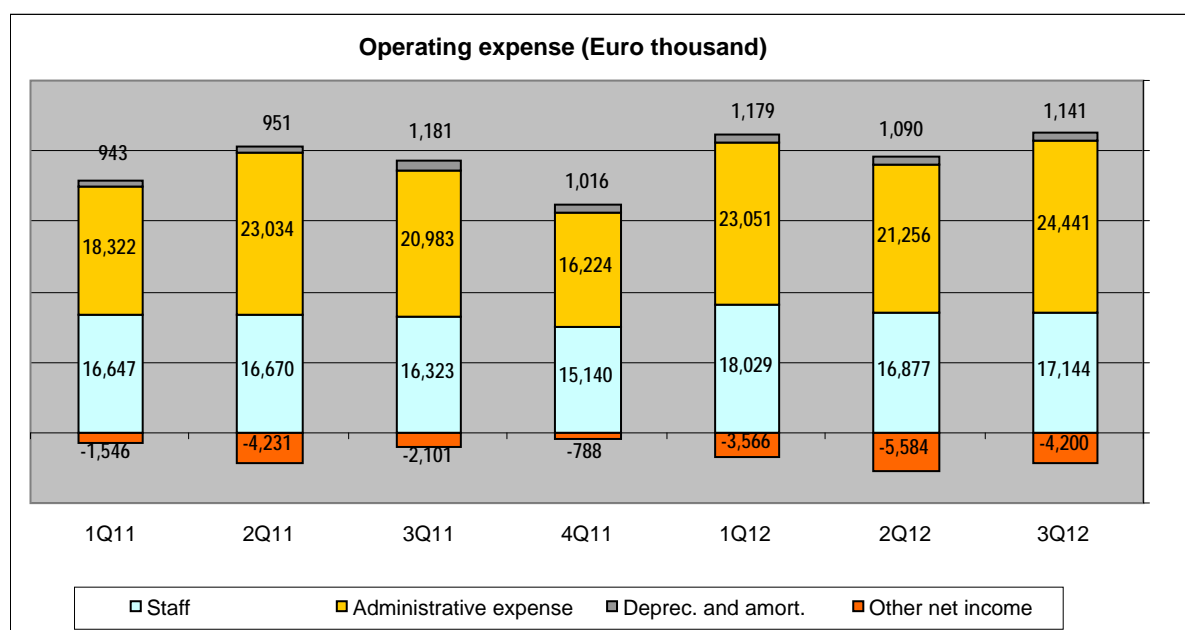
By contrast, the disposal of financial assets classified to portfolios measured at amortised cost yielded net losses of 0.8 million euros, chiefly owing to the cancellation by the issuer, in the third quarter, of a subordinated tranche of a securitised foreign mortgages (-2.5 million euros), which, along with the reduction in exposure to Spanish ABSs, entirely offset the net gains realised on the portfolio of government bonds.

(Euro thousand)	Gains	Losses	Transfer	30.09.2012	30.09.2011
				of reserves	
AFS financial assets	4,175	-256	-2,214	1,705	1,330
Debt securities	4,175	-204	-2,214	1,757	1,310
Equity securities	0	-52	0	-52	20
Financial assets classified among loans	191	-3,818	0	-3,627	733
HTM financial assets	1,241	-106	0	1,135	-200
<b>Total</b>	<b>5,607</b>	<b>-4,180</b>	<b>-2,214</b>	<b>-787</b>	<b>1,863</b>

#### 4.1.4 Operating Expense

**Operating expense**, including staff expenses, other general and administrative expense, amortisation and depreciation and other operating income and expenses amounted to 110.9 million euros, marking an overall increase of 3.7 million euros compared to the same period of the previous year (+3.4%).

(Euro thousand)	30.09.2012	30.09.2011	Change		3Q12	3Q11
			Amount	%		
Staff expenses	52,050	49,640	2,410	4.9%	17,144	16,323
Other general and administrative expense	68,748	62,339	6,409	10.3%	24,441	20,983
Net adjustments of property, equipment and intangible assets	3,410	3,075	335	10.9%	1,141	1,181
Other income and expenses	-13,350	-7,878	-5,472	69.5%	-4,200	-2,101
<b>Operating expense</b>	<b>110,858</b>	<b>107,176</b>	<b>3,682</b>	<b>3.4%</b>	<b>38,526</b>	<b>36,386</b>



**Staff expenses**, including full-time employees, interim staff and directors amounted to 52.0 million euros, up by 2.4 million euros (+4.9%) compared to the same period of the previous year.

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

	30.09.2012	30.09.2011	Change		Average	Average
			Amount	%	3Q12	3Q11
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
<b>Total</b>	<b>797</b>	<b>777</b>	<b>20</b>	<b>2.6%</b>	<b>781</b>	<b>774</b>

(\*) Data reclassified due to the transfer of the BG SGR business unit.

Within this scenario, however, the increase in staff expenses continued to be tied primarily to wage and salary factors, including the full effects of the renewal of the supplementary company contract and the estimate of short- and long-term incentives.

In this regard, it should be noted that at the end of the third quarter 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.

By contrast, at the end of the first nine months of 2012 the estimated expense in connection with that programme amounted to approximately 1.6 million euros.

It should finally be noted that in accordance with the clarification provided by the Bank of Italy in its 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 1.3 million euros were also reclassified among administrative expense in the comparative situation for the first nine months of 2011.

**Other administrative expense** stood at 68.7 million euros, up 6.4 million euros over the same period of the previous year (+10.3%). This change, however, is due for about 6.3 million euros to higher estimated stamp duty charges for the nine-month period as a result of new regulations introduced by the so called Save Italy Decree (Decree Law 201/2011) which provides for a general levy on the market value of all financial assets of clients. This increase, however, was offset by the corresponding growth in tax recoveries from customers, recognised in the other operating income and expenses aggregate.

Consequently, net of the above component, other net operating income and expense would show a decline of 0.6 million euros, attributable primarily to the performance of the dispute.

#### 4.1.5 Provisions and Adjustments

**Net provisions** amounted to 15.3 million euros, up by 3.6 million euros compared to the same period of 2011 (+30.2%), primarily due to the significant provisions for incentives related to the sales network and prudential provisions for expenses of merging BG SGR.

In particular, allocations to provisions include 4.6 million euros relating to incentives set to accrue and 3.5 million euros in allocations in the recruitment plan service aimed at expanding portfolios in the medium term.

Net provisions for contractual indemnities for Financial Advisors include 1.8 million euros allocated for new "retirement bonus" schemes, aimed at ensuring the most deserving employees a supplemental pension benefit at retirement.

(Euro thousand)	30.09.2012	30.09.2011	Change	
			Amount	%
Provision for staff expenses	1,500	110	1,390	1,263.6%
Provisions for legal disputes	2,412	1,716	696	40.6%
Provision for incentive fees	8,128	7,456	672	9.0%
Provisions for termination indemnity and portfolio valorisation	2,888	2,477	411	16.6%
Other provisions for risks and charges	400	10	390	3,900.0%
<b>Total</b>	<b>15,328</b>	<b>11,769</b>	<b>3,559</b>	<b>30.2%</b>

**Impairment** amounted to 2.2 million euros including 1.2 million euros related to the financial assets segment.

In further detail, the portfolio of AFS equities, already subject to impairment in 2011, underwent further impairment losses of 1.0 million euros.

With respect to the situation presented in the 2012 half-yearly report, the impairment of an ABS of 2.5 million euros was not re-presented, following the cancellation of the associated tranche of the issue and the resulting recognition of a loss on redemption.

Marginal adjustments were also recognised in the portfolio of non-performing bank loans (0.5 million euros) and the portfolio of receivables not arising from lending transactions (0.5 million euros) in relation to recovery measures in connection with commission advances disbursed to Financial Advisors who have left service.

(Euro thousand)	Value	Reversals	30.09.2012	30.09.2011
	adjustment	adjustment		
<b>Specific adjustments/reversals</b>	-2,403	0	-2,403	-1,634
Debt securities (AFS, HTM, loans)	-412	0	-412	-409
Equity securities	-994	0	-994	-1,192
Operating loans	-525	0	-525	-75
Non-performing loans of the bank portfolio	-472	0	-472	42
<b>Portfolio adjustments/reversals</b>	-32	208	176	-711
Debt securities (loans, HTM)	-32	204	172	-883
Performing loans of the banking portfolio	0	4	4	172
<b>Total</b>	<b>-2,435</b>	<b>208</b>	<b>-2,227</b>	<b>-2,345</b>

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

Current and deferred **taxes for the period** are estimated to reach 28.0 million euros, up 22.6 million euros compared to the same period of the previous year, reflecting mostly the growth in net profit for the period.

	30.09.2012	30.09.2011		Change	
		Restated	Amount	Amount	%
Net effect of redemption	0	1,039	-1,039	-100.0%	
Current taxes for the year	-26,785	-7,923	-18,862	238.1%	
Prior period taxes	220	1,348	-1,128	-83.7%	
Changes of prepaid taxation (+/-)	-1,416	164	-1,580	-963.4%	
Changes of deferred taxation (+/-)	-50	-58	8	-13.8%	
Other taxes for the year	-28,031	-6,469	-21,562	333.3%	
<b>Total</b>	<b>-28,031</b>	<b>-5,430</b>	<b>-22,601</b>	<b>416.2%</b>	

The Group's consolidated tax rate was 21.9%, up from the 9.3% reported at the end of the same period of the previous year, owing to the greater incidence, in terms of both IRES and IRAP, of the net profit realised by the parent company, Banca Generali, and the discontinuation of the non-recurring positive effect of tax redemption transactions (1.0 million euros) recognised in 2011.

**Profit for the period attributable to minority interests** amounted to 2.9 million euros and refers to the minority interest in GFM held by the Assicurazioni Generali insurance group.

**Gains from non-current assets held for sale** of 0.3 million euros refers to the income earned by the collective asset management business unit of the merged company BG SGR until 1 April 2012, the date of finalisation of its transfer to the associated enterprise Generali Investments Europe SGR.

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, as the transactions involved entities under common control.

Therefore, consolidated net profit for the first nine months of 2012 amounted to 97.5 million euros. Net basic earnings per share currently being accrued increased from 0.46 eurocents to 0.87 eurocents.

	30.09.2012	30.09.2011		Change	
		Restated	Amount	Amount	%
Net profit for the period (Euro thousand)	97,488	51,169	46,319	90.5%	
Earnings attributable to ordinary shares	97,488	51,169	46,319	90.5%	
Average number of outstanding shares	111,670	111,433	238	0.2%	
<b>EPS - Earnings per Share (euro)</b>	<b>0.873</b>	<b>0.459</b>	<b>0.414</b>	<b>90.1%</b>	
Average number of outstanding shares					
Diluted capital	115,098	114,531	567	0.5%	
<b>EPS - Diluted earnings per share (euro)</b>	<b>0.847</b>	<b>0.447</b>	<b>0.400</b>	<b>89.6%</b>	

#### 4.1.7 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 September 2012, this item amounted to 136.5 million euros, compared to 25.8 million euros for 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 (+64.6 million euros).

The net increase in these reserves amounted to 39.3 million euros in the first nine months of the year, compared to the decrease of 25.3 million euros reported at the end of the same period of 2011, and was due to the combined effects of:

- the mark to market of the carrying amount of the AFS portfolio (+54.4 million euros), attributable to the 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 (+3.2 million euros);
- the negative tax effect associated with the above changes (-18.3 million euros).

<i>(Euro thousand)</i>	30.09.2012	30.09.2011	Change	
			Amount	%
<b>Net profit (loss)</b>	<b>97,488</b>	<b>51,169</b>	<b>46,319</b>	<b>90.5%</b>
Other income, net of income taxes:				
AFS assets	39,302	-25,344	64,646	-255.1%
Cash-flow hedges	-278	0	-278	n.a.
<b>Total other income, net of taxes</b>	<b>39,024</b>	<b>-25,344</b>	<b>64,368</b>	<b>-254.0%</b>
<b>Comprehensive income</b>	<b>136,512</b>	<b>25,825</b>	<b>110,687</b>	<b>428.6%</b>



## 4.2 Balance Sheet and Net Equity Aggregates

At the end of the first nine months of 2012, total consolidated assets amounted to 6.1 billion euros, marking a significant increase of 1.5 billion euros compared to the end of 2011 (+33.2%).

This increase was achieved largely thanks to the growth of direct interbank funding (+118.3% 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 5.9 billion euros, up by 35.7% compared to 2011.

Assets (Euro thousand)	30.09.2012	31.12.2011	Change	
			Amount	%
Financial assets held for trading	200,056	35,323	164,733	466.4%
AFS financial assets	1,085,941	1,318,992	-233,051	-17.7%
HTM financial assets	3,019,003	1,415,701	1,603,302	113.3%
Loans to banks (*)	398,604	574,171	-175,567	-30.6%
Loans to customers	1,152,179	971,648	180,531	18.6%
Property, equipment and intangible assets	49,148	52,103	-2,955	-5.7%
Tax receivables	48,222	77,046	-28,824	-37.4%
Other assets	104,139	103,230	909	0.9%
Financial assets held for sale	0	675	-675	-100.0%
<b>Total assets</b>	<b>6,057,292</b>	<b>4,548,889</b>	<b>1,508,403</b>	<b>33.2%</b>

(\*) Including loans with central banks repayable on demand.

Net equity and liabilities (Euro thousand)	30.09.2012	31.12.2011	Change	
			Amount	%
Due to banks	2,337,782	1,070,909	1,266,873	118.3%
Due to customers	3,132,826	3,042,371	90,455	3.0%
Financial liabilities held for trading and hedging	3,359	1,737	1,622	93.4%
Tax payables	34,355	21,019	13,336	63.4%
Other liabilities	136,158	85,043	51,115	60.1%
Financial liabilities held for sale	0	316	-316	-100.0%
Special purpose provisions	67,711	65,073	2,638	4.1%
Valuation reserves	-17,317	-56,341	39,024	-69.3%
Reserves	142,466	126,508	15,958	12.6%
Additional paid-in capital	4,494	3,231	1,263	39.1%
Share capital	111,792	111,676	116	0.1%
Treasury shares (-)	-41	-248	207	-83.5%
Minority interests	6,219	4,176	2,043	48.9%
Net profit for the period	97,488	73,419	24,069	32.8%
<b>Total net equity and liabilities</b>	<b>6,057,292</b>	<b>4,548,889</b>	<b>1,508,403</b>	<b>33.2%</b>

## Quarterly Evolution of Consolidated Balance Sheet

Assets (Euro thousand)	30.09.2012	30.06.2012	31.03.2012	31.12.2011	30.09.2011	30.06.2011	31.03.2011
Financial assets held for trading	200,056	33,676	34,272	35,323	35,818	61,000	163,384
AFS financial assets	1,085,941	1,138,390	1,186,802	1,318,992	1,449,068	1,640,036	1,606,598
HTM financial assets	3,019,003	3,045,018	2,937,276	1,415,701	546,190	529,644	566,830
Loans to banks	398,604	325,737	727,002	574,171	533,089	519,638	464,427
Loans to customers	1,152,179	1,091,698	1,035,070	971,648	889,075	892,350	859,164
Property, equipment and intangible assets	49,148	50,115	50,970	52,103	53,094	53,020	52,665
Tax receivables	48,222	61,905	65,673	77,046	76,584	60,731	65,486
Other assets	104,139	92,217	86,072	103,230	84,721	96,684	100,439
Financial assets held for sale	0	0	468	675	0	0	0
<b>Total assets</b>	<b>6,057,292</b>	<b>5,838,756</b>	<b>6,123,605</b>	<b>4,548,889</b>	<b>3,667,639</b>	<b>3,853,103</b>	<b>3,878,993</b>
check							
Net equity and liabilities (Euro thousand)	30.09.2012	30.06.2012	31.03.2012	31.12.2011	30.09.2011	30.06.2011	31.03.2011
Due to banks	2,337,782	2,328,576	2,327,369	1,070,909	682,904	605,108	612,939
Due to customers	3,132,826	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	3,359	2,005	2,864	1,737	1,837	774	6,194
Tax payables	34,355	28,286	30,699	21,019	19,556	18,724	20,741
Other liabilities	136,158	104,589	106,436	85,043	144,599	129,771	119,962
Financial liabilities held for sale	0	0	291	316	0	0	0
Special purpose provisions	67,711	69,432	72,961	65,073	63,208	62,386	61,791
Valuation reserves	-17,317	-40,897	-25,582	-56,341	-49,056	-17,634	-10,889
Reserves	142,466	142,645	200,143	126,508	126,089	125,974	187,103
Additional paid-in capital	4,494	3,406	3,406	3,231	3,231	3,109	2,086
Share capital	111,792	111,694	111,694	111,676	111,676	111,662	111,574
Treasury shares (-)	-41	-248	-248	-248	-248	-248	-660
Minority interests	6,219	5,279	4,989	4,176	5,879	5,060	7,825
Net profit (loss) for the period (+/-)	97,488	67,283	39,166	73,419	51,169	37,415	20,020
<b>Total net equity and liabilities</b>	<b>6,057,292</b>	<b>5,838,756</b>	<b>6,123,605</b>	<b>4,548,889</b>	<b>3,667,639</b>	<b>3,853,103</b>	<b>3,878,993</b>

### 4.2.1 Direct inflows from customers

Total direct inflows from customers amounted to 3,132.8 million euros, marking an increase of 90.5 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 261.8 million euros to 589.7 million euros at the end of the period.

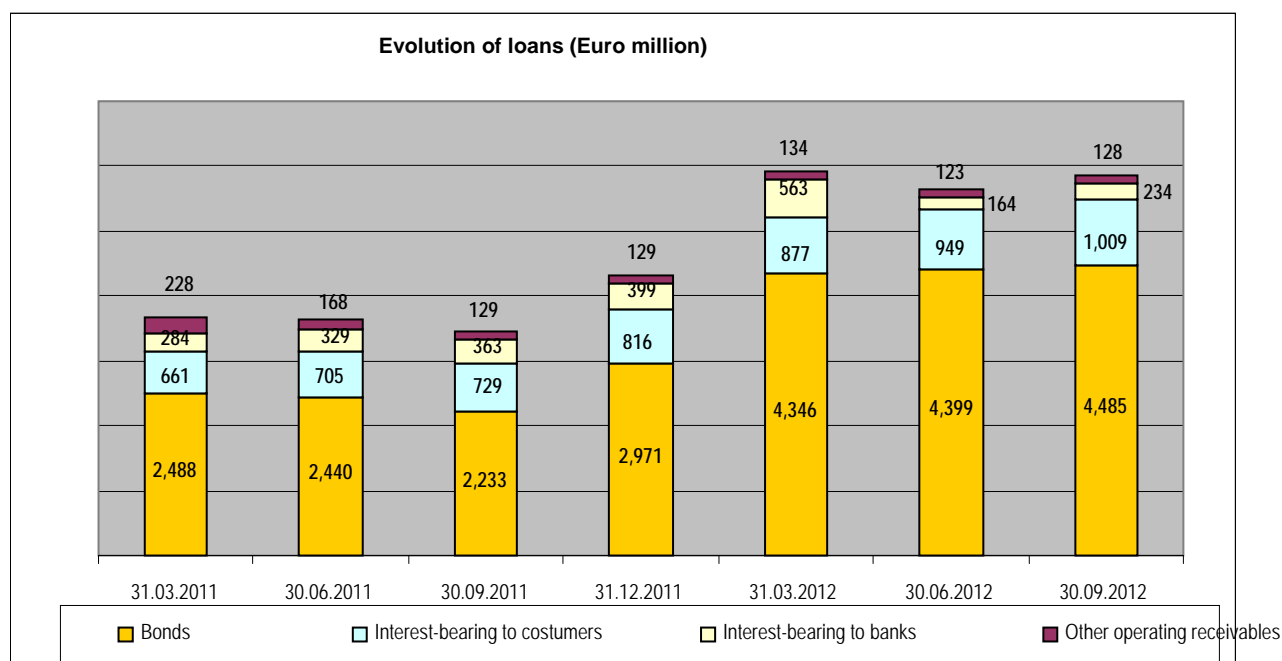
Inflows from customers outside the insurance group therefore increased by 352.3 million euros, largely due to continued growth in high return deposit accounts and repurchase agreements, based on sales initiatives undertaken in the last quarter of 2011.

(Euro thousand)	30.09.2012	31.12.2011	Change	
			Amount	%
1. Current accounts and free deposits	2,399,229	2,495,597	-96,368	-3.9%
2. Term deposits	486,908	344,262	142,646	41.4%
3. Financing	195,432	134,149	61,283	45.7%
Repurchase agreements	161,895	101,764	60,131	59.1%
Other	33,537	32,385	1,152	3.6%
<i>Generali Versicherung subordinated loan</i>	33,537	32,385	1,152	3.6%
4. Other debts	51,257	68,363	-17,106	-25.0%
Operating debts to sales network	28,694	28,696	-2	0.0%
Other	22,563	39,667	-17,104	-43.1%
<b>Total due to customers</b>	<b>3,132,826</b>	<b>3,042,371</b>	<b>90,455</b>	<b>3.0%</b>

#### 4.2.2 Core loans

Core loans totalled 5.9 billion euros and increased by 1.5 billion euros compared to 31 December 2011.

(Euro million)	30.09.2012	31.12.2011	Change	
			Amount	%
Financial assets held for trading	200,056	35,323	164,733	466.4%
AFS financial assets	1,085,941	1,318,992	-233,051	-17.7%
HTM financial assets	3,019,003	1,415,701	1,603,302	113.3%
Financial assets classified among loans	216,049	238,571	-22,522	-9.4%
<b>Financial assets</b>	<b>4,521,049</b>	<b>3,008,587</b>	<b>1,512,462</b>	<b>50.3%</b>
Loans to banks	234,410	399,144	-164,734	-41.3%
Loans to customers	1,008,539	816,145	192,394	23.6%
Operating loans and other loans	91,785	91,959	-174	-0.2%
<b>Total interest-bearing financial assets and loans</b>	<b>5,855,783</b>	<b>4,315,835</b>	<b>1,539,948</b>	<b>35.7%</b>



The Group's financial assets held for treasury and investment needs and allocated to the various IAS portfolios accounted for 77.2% of the aggregate and totalled 4,521 million euros, marking an increase of 1,512.5 million

euros (+50.3%) compared to 31 December 2011, involving mainly the portfolio of financial assets held to maturity (HTM).

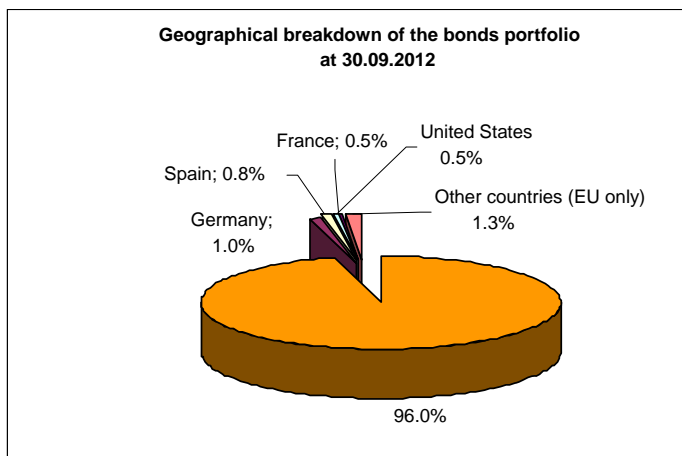
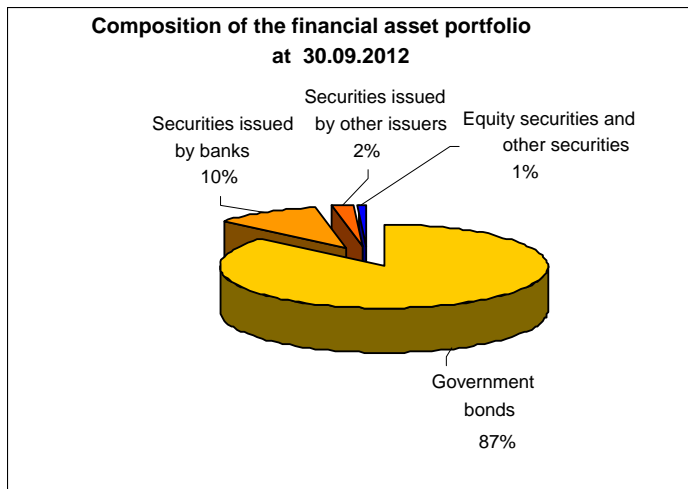
The new investments within this portfolio, for a total amount of 1,730 million euros, net of redemption flows, related to issues of Italian government bonds, largely set to mature in 2014 and 2015 (BTPs), as well as traditional money-market securities (BOTs and CTZs), whereas there was a decrease in the exposure to other types of issuers due to the redemption flow of securities reaching their natural maturities and divestment activity.

Overall, the sovereign debt exposure reached 3.9 billion euros, with an incidence on the total aggregate increasing from 73% to 86.8%, whereas the exposure to credit issuers decreased from 20.8% to 10.1%. Additionally, such exposure consists solely of securities issued by the Italian Republic, and may be broken down by portfolio of allocation as follows:

#### Breakdown of sovereign debt exposure by IAS portfolio

(Euro thousand)	30.09.2012	31.12.2011	Change	
			Amount	%
Financial assets held for trading	167,004	455	166,549	n.a
AFS financial assets	925,364	1,130,509	-205,145	-18.1%
HTM financial assets	2,831,764	1,064,025	1,767,739	166.1%
<b>Total</b>	<b>3,924,132</b>	<b>2,194,989</b>	<b>1,729,143</b>	<b>78.8%</b>

The overall geographical breakdown of the portfolio of debt securities thus shows a high concentration of investments relating to Italian securities (96%).



The portfolio of debt securities had an overall average residual life of about 2 years and 22.0% of it was made up of variable rate issues.

The investments undertaken in connection with LTROs were also closely correlated to the maturities of such operations at the end of 2012 and beginning of 2015.

**Loans to customers** amounted to 1,008.5 million euros, up by 192.4 million euros (+23.6%) compared to year-end 2011 due to the expansion of loans to customers (+108.7 million euros, or 44.2%) and overdraft facilities (+73.0 million euros, or 14.3%).

(Euro thousand)	30.09.2012	31.12.2011	Change	
			Amount	%
Current accounts	584,331	511,291	73,040	14.3%
Personal loans	354,588	245,872	108,716	44.2%
Other short- and long-term loans	48,461	38,398	10,063	26.2%
<b>Financing</b>	<b>987,380</b>	<b>795,561</b>	<b>191,819</b>	<b>24.1%</b>
Gesav life insurance participating policy	21,159	20,584	575	2.8%
<b>Total loans</b>	<b>1,008,539</b>	<b>816,145</b>	<b>192,394</b>	<b>23.6%</b>
Receivables from product companies	54,818	50,831	3,987	7.8%
Sums advanced to Financial Advisors	23,758	26,733	-2,975	-11.1%
Interest-bearing daily margin, Borsa Italiana	3,272	4,061	-789	-19.4%
Changes to be debited and other loans	7,415	9,812	-2,397	-24.4%
<b>Operating loans and other loans</b>	<b>89,263</b>	<b>91,437</b>	<b>-2,174</b>	<b>-2.4%</b>
Debt securities	54,377	64,066	-9,689	-15.1%
<b>Total loans to customers</b>	<b>1,152,179</b>	<b>971,648</b>	<b>180,531</b>	<b>18.6%</b>

**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 has 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 balance of 2,103.4 million euros at 30 September 2012, growing by 1,431.6 million euros compared to the previous year, due to refinancing transactions with ECB.

Amounts due to banks also increased (+157.5 million euros), primarily taking the form of repurchase agreements.

(Euro thousand)	30.09.2012	31.12.2011	Change	
			Amount	%
<b>1. Repayable on demand</b>	<b>162,644</b>	<b>329,460</b>	<b>-166,816</b>	<b>-50.6%</b>
Demand deposit with ECB	0	60,000	-60,000	-100.0%
Demand deposits with credit institutions	98,000	169,430	-71,430	-42.2%
Transfer accounts	64,644	100,030	-35,386	-35.4%
<b>2. Time deposits</b>	<b>71,766</b>	<b>69,684</b>	<b>2,082</b>	<b>3.0%</b>
Mandatory reserve	11,897	10,341	1,556	15.0%
Term deposits	14,869	59,343	-44,474	-74.9%
Repurchase agreements	45,000	0	45,000	n.a.
<b>Total due to banks</b>	<b>234,410</b>	<b>399,144</b>	<b>-164,734</b>	<b>-41.3%</b>
<b>1. Due to central banks</b>	<b>1,610,117</b>	<b>500,696</b>	<b>1,109,421</b>	<b>221.6%</b>
Term deposit with ECB	1,610,117	500,696	1,109,421	221.6%
<b>2. Due to banks</b>	<b>727,665</b>	<b>570,213</b>	<b>157,452</b>	<b>27.6%</b>

Transfer accounts	3,783	1,259	2,524	200.5%
Term deposits	16,790	10,082	6,708	66.5%
Repurchase agreements	686,989	538,625	148,364	27.5%
Other debts	20,103	20,247	-144	-0.7%
<b>Total due to banks</b>	<b>2,337,782</b>	<b>1,070,909</b>	<b>1,266,873</b>	<b>118.3%</b>
<b>Net interbank position</b>	<b>-2,103,372</b>	<b>-671,765</b>	<b>-1,431,607</b>	<b>213.1%</b>
<b>3. Debt securities</b>	<b>161,672</b>	<b>174,505</b>	<b>-12,833</b>	<b>-7.4%</b>
<b>4. Other operating receivables</b>	<b>2,522</b>	<b>522</b>	<b>2,000</b>	<b>383.1%</b>
<b>Total interbank position</b>	<b>-1,939,178</b>	<b>-496,738</b>	<b>-1,442,440</b>	<b>290.4%</b>

### 4.2.3 Net Equity

At 30 September 2012, consolidated net equity, including net profit for the period, amounted to 345.1 million euros compared to 262.4 million euros at the end of the previous year and underwent the following changes.

(Euro thousand)	30.09.2012	31.12.2011	Change	
			Amount	%
Share capital	111,792	111,676	116	0.1%
Additional paid-in capital	4,494	3,231	1,263	39.1%
Reserves	142,466	126,508	15,958	12.6%
(Treasury shares)	-41	-248	207	-83.5%
Valuation reserves	-17,317	-56,341	39,024	-69.3%
Equity instruments	0	0	0	n.a.
Net profit (loss) for the period	97,488	73,419	24,069	32.8%
<b>Group net equity</b>	<b>338,882</b>	<b>258,245</b>	<b>80,637</b>	<b>31.2%</b>
Minority interests	6,219	4,176	2,043	48.9%
<b>Consolidated net equity</b>	<b>345,101</b>	<b>262,421</b>	<b>82,680</b>	<b>31.5%</b>

	Group	Third parties	Overall
<b>Net equity at period-start</b>	<b>258,245</b>	<b>4,176</b>	<b>262,421</b>
Dividend paid	-61,415	-876	-62,291
Previous stock option plans: issue of new shares	1,238	0	1,238
New stock option plans	588	0	588
Other changes	5	-1	4
Transfer of the Focus Funds business unit	3,709	0	3,709
Change in valuation reserves	39,024	0	39,024
Consolidated profit	97,488	2,920	100,408
<b>Net equity at period-end</b>	<b>338,882</b>	<b>6,219</b>	<b>345,101</b>
<b>Changes</b>	<b>80,637</b>	<b>2,043</b>	<b>82,680</b>

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 39.0 million euros at the end of the period to reach a negative value of 17.3 million euros.

(Euro thousand)	30.09.2012		31.12.2011		Changes
	Reserve positive	Reserve negative	Reserve exposure	Reserve exposure	
1. Debt securities	3,236	-20,917	-17,681	-56,268	38,587
2. Equity securities	601	0	601	-80	681
3. UCIT units	47	-6	41	7	34
4. Cash-flow hedges	0	-278	-278	0	-278
<b>Total</b>	<b>3,884</b>	<b>-21,201</b>	<b>-17,317</b>	<b>-56,341</b>	<b>39,024</b>

At 30 September 2012, consolidated capital for regulatory purposes amounted to 268.1 million euros, net of the dividend expected to be paid, up by 31.6 million euros compared to the end of the previous year.

At the end of the year, the aggregate capital for regulatory purposes recorded 112.0 million euros in excess of the amount required by the Supervisory Authority to cover credit, market, and operating risks. The solvency ratio was 13.74%, compared to the minimum requirement of 8%.

(Euro thousand)	30.09.2012	31.12.2011	Change	
			Amount	%
Tier 1 capital	236,265	204,862	31,403	15.33%
Tier 2 capital	31,849	31,624	225	0.71%
Tier 3 capital	0	0	0	n.a.
<b>Total capital for regulatory purposes</b>	<b>268,114</b>	<b>236,486</b>	<b>31,628</b>	<b>13.37%</b>
B.1 Credit risk	112,181	101,830	10,351	10.16%
B.2 Market risk	6,318	7,861	-1,543	-19.63%
B.3 Operating risk	37,655	37,655	0	0.00%
B.4 Other capital requirements	0	0	0	n.a.
<b>B.4 Total capital requirements</b>	<b>156,154</b>	<b>147,346</b>	<b>8,808</b>	<b>5.98%</b>
Excess over prudential requirements	111,960	89,140	22,821	25.60%
Risk-weighted assets	1,951,922	1,841,825	110,097	5.98%
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)	12.10%	11.12%	0.98%	8.82%
<b>Regulatory capital/Risk-weighted assets (Total capital ratio)</b>	<b>13.74%</b>	<b>12.84%</b>	<b>0.90%</b>	<b>7.0%</b>

It should be noted that Banca Generali has 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.



## 5. Performance of Group Companies

### 5.1 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 merger of the subsidiary BG SGR S.p.A. entered into force on 1 September 2012, effective for accounting and tax purposes retroactively from 1 January 2012.

On 1 April 2012, the above company had completed the transfer of the business unit responsible for collective asset management (BG Focus Funds) to the related party Generali Investments Italy SGR (currently Generali Investments Europe SGR).

Consideration for the sale of the business unit was 5.5 million euros, of which 5.2 million euros in goodwill and 0.3 million euros in the surplus of assets over liabilities. However, 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 has been allocated to a net equity reserve and was not considered to calculate net profit for the year.

Following the above transactions, the remaining activities of BG SGR, namely portfolio management, have been transferred to a specific specialised division of Banca Generali, whereas the management of Alleanza Alto funds was discontinued as of 1 April 2012.

Consequently, Banca Generali's profit and loss situation for the period ended 30 September 2011 has been restated in order to reflect the effects of the merger and present the income on the transferred assets and liabilities, net of the tax effect, in a specific caption of the Profit and Loss Account, in accordance with IFRS 5.

The bank closed the first nine months of 2012 with a net profit of 88.2 million euros, markedly up compared to the net profit of 20.9 million euros recorded at the end of the same period of the previous year, primarily due to growth in net operating income (+44.7 million euros) and dividends distributed by subsidiaries (+49.7 million euros).

Net banking income, net of dividends from investee companies, amounted to 159.2 million euros, up considerably from the 114.5 million euros reported at the end of the first nine months of 2011 (+39.0%), owing chiefly to the increase in net interest (+47.3 million euros) and the positive results of income on financial operations (+3.8 million euros). Alongside this result, operating expenses reached a level of 104.0 million euros (+2.6 million euros compared to the same period of the previous year), of which 47.3 million euros incurred for staff expenses. The company also recognised net allocations to provisions for risks and charges of 15.3 million euros, up from the 12.2 million euros reported at the end of the first nine months of 2011, primarily relating to incentives set to accrue for the distribution network and to expenses of merging BG SGR.

(Euro thousand)	30.09.2012	30.09.2011	Delta
		Restated (*)	
Net interest	80,321	33,065	47,256
Net commissions	69,819	76,134	-6,315
Dividends	727	80,495	-79,768
Net result from banking operations	8,354	-75,190	83,544
<b>Net operating income</b>	<b>159,221</b>	<b>114,504</b>	<b>44,717</b>
Staff expenses	-47,300	-45,439	-1,861
Other general and administrative expense	-66,312	-60,746	-5,566
Net adjustments of property, equipment and intangible assets	-3,320	-2,985	-335
Other operating expense/income	12,947	7,797	5,150
<b>Net operating expense</b>	<b>-103,985</b>	<b>-101,373</b>	<b>-2,612</b>
<b>Operating profit</b>	<b>55,236</b>	<b>13,131</b>	<b>42,105</b>
Net adjustments for non-performing loans	-1,294	-936	-358
Net adjustments of other assets	-933	-1,335	402
Net provisions	-15,328	-12,164	-3,164
Dividends and income from equity investments	69,820	20,159	49,661
Gains (losses) from the disposal of equity investments	-2	-1	-1
<b>Operating profit before taxation</b>	<b>107,499</b>	<b>18,854</b>	<b>88,645</b>
Income taxes for the period on current operations	-19,654	775	-20,429
Profit (loss) from non-current assets, net of tax	318	1,312	-994
<b>Net profit</b>	<b>88,163</b>	<b>20,941</b>	<b>67,222</b>

(\*) the amount includes BG SGR results and the effects of IFRS 5

Total assets under management placed by Financial Advisors at the end of the first nine months of 2012 amounted to about 25.5 billion euros, up compared to 31 December 2011 (23.3 billion euros). Net inflows amounted to 1,362 million euros, compared to 755 million euros at the end of the first nine months of 2011.

## 5.2 Performance of Generali Fund Management SA

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

Generali Fund Management SA closed the first nine months of 2012 with a net profit of approximately 81.4 million euros, up sharply from the 52.0 million euros reported for the same period of 2011 (+29.4 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 94.1 million euros, up sharply from the 61.3 million euros reported in 2011, whereas total operating expenses of 4.7 million euros, approximately 3.2 million euros of which consisted of staff expenses, remained in line with the same period of the previous year.

The net profit attributable to minority shareholders amounted to 2.9 million euros, whereas net equity of the company was about 57.0 million euros, after the payout of an interim dividend of 55 million euros at the end of September.

Assets under management amounted to 11,072 million euros at 30 September 2012, compared to 10,567 million euros at 31 December 2011. The amount includes the assets under management acquired through the merger of Generali Investments Luxembourg, which amounted to 6,020 million euros at 30 September 2012 compared to the 5,559 million euros at 31 December 2011.

### **5.3 Performance of BG Fiduciaria SIM**

BG Fiduciaria, a company specialising in individual GPF and GPM portfolios, mainly in a custodial capacity, closed the first six months of 2012, with a net profit of 0.6 million euros, with a decrease compared to 1.1 million euros for the same period of 2011 and with net equity of 10.8 million euros.

Net banking income amounted to 2.9 million euros, whereas general and operating expense was 1.9 million euros, including 1.2 million euros for staff expenses.

Total assets under management amounted to 898 million euros, with a slight increase compared to 877 million euros at 31 December 2011.

### **5.4 Performance of Generfid S.p.A.**

Generfid, a company specialising in custodian capacity of assets, closed the first nine months of 2012 with net profit of about 6 thousand euros and net equity amounting to about 0.5 million euros. AUM amounted to 623 million euros.

## 6 Basis of Preparation

The interim report for the third quarter of 2012 was prepared in accordance with Article 154-ter, paragraph 5, of Italian Legislative Decree No. 58/98, introduced by Legislative Decree 195/2007, in implementation of Directive 2004/109/CE (so-called Transparency Directive).

The Interim Report provides:

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

This document contains the following quantitative data on the Balance Sheet and quarterly profit and loss performance for the quarter:

- the consolidated condensed Balance Sheet at the end of the quarter compared with the figures at the end of the previous year;
- the consolidated condensed Profit and Loss Account for the period between the beginning of the year and the end of the quarter, compared with the data for the same period of the previous year;
- the statement of comprehensive income for the period between the beginning of the year and the end of the quarter, compared with the data for the same period of the previous year.

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

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

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

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

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

### 6.1 Accounting Standards

The accounting standards and measurement criteria used are the same as those used to prepare the consolidated financial statements at 31 December 2011.

The financial statements presented herein must therefore be read together with those documents.

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

## 6.2 Consolidated Companies and Business Combinations

The merger of BG SGR S.p.A., a company wholly controlled by Banca Generali, in its Parent Company became effective on 1 September 2012.

The consolidation area determined in accordance with IAS 27 includes the parent company, Banca Generali S.p.A., and the following subsidiaries and has not changed 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%
- 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 its subsidiaries at 30 September 2012, reclassified and adjusted where necessary to take account of consolidation requirements. The most important intra-group transactions, influencing both the Balance Sheet and Profit and Loss Account, were eliminated. Unreconciled amounts were recognised respectively in other assets/liabilities and other revenues/expenses.

### IFRS 5

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.

Trieste, 6 November 2012

THE BOARD OF DIRECTORS

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

The undersigned dr. Giancarlo FANCEL, born in Portogruaro (VE) on 26 September 1961, Deputy General Manager – CFO and Manager in charge of preparing the financial reports of Banca Generali S.p.A., with headquarters in Trieste, via Machiavelli No 4, the share capital of 111,979,212 euros, recorded in the Register of Companies of Trieste to n. 103698, for the intent and purpose of article. 154-bis, second paragraph, of Legislative Decree 24 February 1998, No 58, - to the best of his knowledge in light of the position held by virtue of the deliberations of the Board of Directors of the Company dated 16 February 2007 - as a Manager in charge of preparing corporate accounting documents,

**declares**

that the Interim Report on Operations as of 30 September 2012 corresponds to document results, books and accounts records.

Trieste, 6 November 2012

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

