



CONSOLIDATED INTERIM REPORT
AS OF 30.06.2013



BANCA GENERALI S.P.A.

CONSOLIDATED INTERIM REPORT

as of 30.06.2013



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BOARD OF DIRECTORS - 26 JULY 2013

Banca Generali S.p.A.

Administration and control bodies

BOARD OF DIRECTORS

Paolo Vagnone	Chairman
Piermario Motta	Chief Executive Officer
Raffaele Agrusti	Directors
Mario Francesco Anaclerio	Directors
Paolo Baessato	Directors
Giovanni Brugnoli	Directors
Fabio Genovese	Directors
Anna Gervasoni	Directors
Angelo Miglietta	Directors
Ettore Riello	Directors

BOARD OF STATUTORY AUDITORS

Giuseppe Alessio Verni	Chairman
Alessandro Gambi	Acting Auditor
Angelo Venchiarutti	Acting Auditor
Luca Camerini	Alternate Auditor
Anna Bruno	Alternate Auditor

GENERAL MANAGER

Piermario Motta

MANAGER IN CHARGE OF PREPARING THE COMPANY'S FINANCIAL REPORTS

Giancarlo Fancel

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GROUP ECONOMIC AND FINANCIAL HIGHLIGHTS

Consolidated figures

(€ MILLION)	30.06.2013	30.06.2012 ^(*)	CHANGE %
Net interest income	63.6	51.3	24.1
Net commissions	123.0	116.4	5.7
Dividends and net result of financial operations	6.2	9.5	-34.2
Net banking income	192.9	177.1	8.9
Staff expenses	-35.4	-34.8	1.8
Other general and administrative expense	-52.4	-44.3	18.2
Amortisation and depreciation	-2.4	-2.3	6.6
Other net operating income (expense)	14.4	9.2	56.9
Net operating expenses	-75.8	-72.2	5.0
Operating profit	117.1	104.9	11.6
Provisions	-21.4	-14.3	49.6
Adjustments	-1.5	-3.7	-60.8
Profit before taxation	94.2	86.9	8.4
Net profit	71.6	67.4	6.3
Cost/Income ratio	38.1%	39.5%	-3.6
EBITDA	119.5	107.2	11.5
ROE	26.0%	33.6%	-22.7
EPS - Earnings per Share (euro)	0.628	0.603	4.1

(*) Restated.

Net inflows

(€ MILLION - ASSORETI DATA)	30.06.2013	30.06.2012	CHANGE %
Mutual funds and SICAVs	1,020	52	1,861.5
Asset management	78	12	550.0
Insurance/Pension funds	489	579	-15.5
Securities/Current accounts	-175	401	-143.6
Total	1,412	1,044	35.2

Asset Under Management & Custody (AUM/C)

(€ BILLION - ASSORETI DATA)	30.06.2013	31.12.2012	CHANGE %
Mutual funds and SICAVs	7.7	6.8	13.9
Asset management	3.1	3.1	-0.4
Insurance/Pension funds	8.9	8.5	5.1
Securities/Current accounts	7.7	7.8	-1.1
Total	27.4	26.2	4.9

Net equity

(€ MILLION)	30.06.2013	31.12.2012	CHANGE %
Net equity (*)	371.7	394.8	-5.9
Capital for regulatory purposes	303.3	276.5	9.7
Excess capital	141.3	105.8	33.5
Solvency margin	15.0%	13.0%	15.6

(*) Restated.



INTERIM REPORT ON OPERATIONS

1. Summary of half-year operations

The Banca Generali Group closed the first six months of 2013 with a net profit of 71.6 million euros, up by 6.3% compared to the already excellent result achieved in the first half of 2012.

This most recent result reflects both the significant expansion of business, which in terms of net inflows showed an improvement of 35% compared to the first half of 2012, and the rigorous policy of containing the growth of operating expenses, pursued in a context of ongoing technological innovation of company processes.

Net banking income presented a significant increase of 15.8 million euros compared to 30 June 2012 (+8.9%), rising from 177.1 million euros to 192.9 million euros in the first six months of 2013, driven by the growth of both net interest income (+24.1%) and net commissions (+5.7%).

The constant rise in the commission aggregate, which amounted to 123.0 million euros, is especially important in that it was achieved owing to the development of the recurring management and underwriting components, tied to the growth over time of net inflow volumes and asset quality. This performance offset the decrease in incentive commissions, which are more influenced by financial market volatility.

The net result of banking operations and dividends showed a decrease of 3.2 million euros compared to the previous half-year.

Total net operating expenses at 30 June 2013 amounted to 75.8 million euros, slightly up (5.0%) compared to the first half of 2012, with staff expenses going from 34.8 million in the first six months of 2012 to 35.4 million euros in the same period of 2013 (+1.8%). Administrative expense increased by 8.0 million euros or +18.2% compared to the previous half year, mainly due to increased estimated stamp duty charges on financial instruments which, however, are recovered from customers and recognized as other operating income. Net of this component, the increase in administrative expense was 7.6%.

Net provisions amounted to 21.4 million euros at 30 June 2013, a 49.6% increase compared to the first half of 2012, mainly due

to provisions in connection with the development and incentivization of the distribution network. This area specifically includes network incentives for 10.6 million euros, which will be paid out in the third quarter, as a result of the excellent net inflows achieved in the first half of the year.

The total value of assets managed by the Group on behalf of its customers – which is the figure used for communications to Assoreti (Italy's National Association of Financial Products and Investment Services Placing Firms) – amounted to 27.4 billion euros at 30 June 2013, increasing by 4.9% compared to the end of the previous year. In addition, at the same date, assets under administration and custody of the Generali Group companies totalled approximately 1.4 billion euros, and 6.5 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 35.3 billion euros.

With 27.4 billion euros in assets under management and 1,412 million euros in net inflows for the first half of 2013 (+35% compared to the first half of 2012), the Banca Generali Group continues to hold a leading position among institutions specialising in the distribution of financial products through financial planner networks.

In the first half of 2013, in an economic context still characterised by financial market volatility, uncertainties regarding the economic recovery and European sovereign debt crisis, the Banking Group continued to increase its market share by developing its competitive edge, consisting of a specific combination of high-quality products, networks and services.

In this context, the Banking Group's activity focused primarily on implementation and innovation of the Luxembourg products offered by Generali Fund Management, with the launch of new sub-funds under third-party management within both BG Selection and BG Sicav, as well as on revisiting Banca Generali's Italian products, i.e., its asset management products.

In addition, in a complex macroeconomic scenario that is bringing to light an increasing need for professional financial advice, the Banking Group continued to strive to enhance its sales net-

work through a selection and recruitment policy aimed at professionals of high standing, the implementation of tools supporting the sales network's advisory activity and, finally, technical and managerial training programmes for its private bankers and financial planners.

Before analysing the Bank's sales and financial results for the first half of 2013, 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 2013, financial markets benefited from a gradual increase in risk appetite up to mid-May: exchanges posted gains, tensions surrounding European sovereign debt relented and credit spreads narrowed further. There were essentially three factors that permitted an overall improvement in the financial markets. In the first place, in September of last year the European Central Bank had implemented an important instrument (OMTs) for dealing with possible stress on the sovereign security market, allowing it to prevent individual factors of uncertainty (Italian parliamentary elections and risk of default by Cyprus) from translating into general tensions on the Euro Area's financial markets. A second factor was the improvement in the global economic scenario: despite the continuing stagnation in the Euro Area, in the United States most of the published data indicate an accelerating growth scenario and constant improvement of the job market, owing in part to a fiscal policy that has become restrictive. In China, the transition to the new government, which took office in March, was accompanied by confirmation that the authorities are pursuing more moderate growth targets than in previous years, while aiming to achieve sustainable development in the medium term. The third supporting factor was the confirmation by the central banks of developed countries of their willingness to support growth: the ECB once again lowered rates and guaranteed the continued availability of unlimited refinancing, and the Bank of Japan redoubled its efforts to generate a reflationary environment. While continuing to provide abundant liquidity during the half-year, the Federal Reserve raised the possibility of a gradual reduction of securities purchases beginning in the autumn months, provided that the strengthening of the job market and the strong performance of domestic demand were to be confirmed. This new stance, presented in the speeches by the governor of the Federal Reserve beginning in mid-May and officially confirmed at the Federal Reserve meeting in mid-June, resulted in a sudden decrease in risk appetite: equities and long-term bonds decreased in price and fixed-income market spreads widened. The interpretation that the Federal Reserve's objective is to halt further monetary policy expansions and not to change the direction of that policy then allowed prices to stabilise in the final weeks of the half-year.

The background remained that of an accelerating recovery, although at growth rates that continued to lag behind potential

levels. In the United States, the highly expansionary monetary policy permitted a constant improvement in the job market, which in turn translated into support for private consumption. In addition, residential real estate investments continued their rise, while bank lending resumed its acceleration. In the Euro Area, despite being characterised by a general state of recession, the absence of tensions on the sovereign debt market and the normal slackening of fiscal austerity allowed the scenario to stabilise. In China, the growth scenario gradually weakened, while remaining at high rates compared to most other economies. In the corporate arena, earnings in the first quarter of 2013 were more solid than expected in the United States, while profits continued to be revised upwards in all advanced markets (United States, Europe and Japan). Particularly in terms of structural component, inflation stabilised at historically low levels in all geographical areas, with some exceptions (Brazil and Russia). Faced with this scenario, central banks generally maintained highly accommodating stances, whereas fiscal policies were restrictive in the United States and Europe, albeit to a lesser extent than in previous years.

Interbank market rates in the Euro Area were stable during the quarter. Three-month Euribor fluctuated around the level of 0.2% reached in late 2012, whereas the EONIA rate moved within the range of 0.07%-0.13%, with higher peaks at the end of the months. From the standpoint of liquidity management, during the period there were further decreases in both the volume of ECB refinancing for the banking systems of peripheral countries and loans from the Bundesbank to other central banks, as measured by the Target 2 system, providing a good approximation of capital movements within the Euro Area.

Within this context, equity markets displayed a diverging trend, with those of developed countries outperforming those of emerging countries. The MSCI World index rose by 8%, the S&P500 by 13.6% and the Topix by 15.7%. In Europe, the benchmark index for the entire area (the DJ Stoxx 600) grew by 1.9%, while the Euro Area benchmark (the DJ Euro Stoxx) climbed 0.9%. During the period, exchanges in emerging markets reported negative performances in euro: -10.1% overall (the MSCI Emerging Markets index), -8% in India and -10.2% in China. Overall, the market sectors that performed best in Europe were

travel, health, financial services and media, while raw materials, energy, utilities and real estate posted below-average performances.

During the period, the trends in bond yields on the markets of reference (Treasuries and Bunds) passed through two distinct phases. Until May, yields fluctuated within a range near the values reached at the end of 2012, with a downtrend in the spring months. In further detail, ten-year Bund yields reached new historical lows at the end of April. Then, when the Federal Reserve began to outline the possibility of beginning to reduce government security purchases, yields climbed rapidly, especially those in dollars, which reached the highest levels of approximately two years. In the Euro Area, the two-year rate was positive (0.16%) at the end of the reporting period compared to -0.01% at year-end, while the ten-year rate increased to 1.69% from 1.18%. By contrast, in the United States ten-year rates rose to 2.48% at the end of June from 1.75% at the end of 2012, whereas two-year rates increased more moderately to 0.34% from 0.25%. Spreads between the various countries of the European Monetary Union showed a similar performance, continuing to narrow until May to then widen but remain below the levels reached at the end of 2012. Italy's spread initially contracted, falling from 332 points to a low of 250 at the end of January, to then climb once more following the parliamentary election deadlock to 350 and finally close the half-year at 286.

On currency markets, the euro/dollar exchange rate fluctuated within a wide range of 1.28 to 1.37, driven by growth expecta-

tions and policy tensions in the Euro Area (Italy and Cyprus), to close the quarter at slightly below 1.31. Confirmation of the expansionary acceleration of Japanese monetary policy stimulated further depreciation of the yen: during the reporting period, the euro-yen exchange rate rose from 113.6 to 129.4.

Finally, oil prices (WTI) fluctuated within a limited range, rising from approximately 92 dollars a barrel at the beginning of January to 97 at the end of June. By contrast, gold prices remained essentially stable until March (between 1,575 and 1,675 dollars an ounce) to then enter a downtrend and end the half-year at around 1,225.

Outlook

Forecasts for the coming months by the major international organisations call for a strengthening of the global growth scenario, characterised by some geographical divergence. In developed countries, growth rates are expected to accelerate in the second half of the year, albeit still remaining below their potential, whereas in emerging countries they will be overall solid, albeit showing a slowdown. Consensus forecasts for 2014 indicate a further acceleration of global growth. Central Banks generally expect that the inflationary scenario will remain under control. In Europe, the results achieved during recent meetings confirm projections by the main research institutions, which foresee a gradual reinforcement of the coordination of economic policy and on the issue of the banking union.

3. Banca Generali's competitive positioning

3.1 The asset management market (*)

In the first five months of 2013, the Italian asset management market (collective management, open-ended funds and retail portfolio management) recorded net inflows of 28.9 billion euros, almost entirely referring to UCITSs.

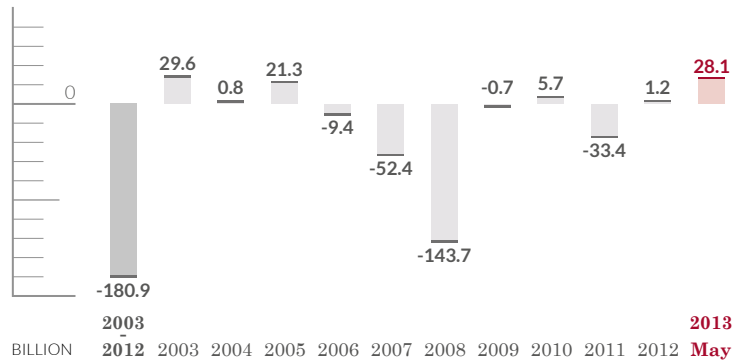
With reference to the latter, this figure represents the continuation of a positive trend that began in the second half of 2012 and that accelerated further during the reporting period. This positive result was influenced by a period of relative stabilisation and recovery of the financial markets, characterised by the positive performances of investment instruments.

In this context, investors continued to favour foreign UCITSs (21.7 billion euros, typically based in Luxembourg) over Italian UCITSs (6.4 billion euros).

This trend reversal is borne out by the extrapolation of data provided by Assogestioni (a trade association for management companies) prepared by Assoreti (a trade association for Financial Planners), which shows that for the first time since 2004 there were also significant net inflows for traditional banks, accounting for approximately 60% of the total, with respect to Financial Planner networks.

The Italian Collective Investment Undertakings (UCITS) Market

May 2013 (€ billion)



Source: Assogestioni.

(*) Market figures reported in this section and in the following ones regard May and March 2013, as they are the latest available figures.

3.2 The Assoreti market

The net inflows reported by the Assoreti market (measuring total distribution activity through Financial Planners) in the first five months of 2013 also showed significant increases compared to the same period of 2012 (+52%), with changes in flows significantly in favour of assets under management and insurance

products, against considerable divestments from assets under administration. In this case as well, the presentation of less negative market prospects than seen in late 2011 and early 2012 drove less conservative investments with a longer investment horizon.

(€ MILLION)	MAY 2013	MAY 2012	CHANGE
Asset management	7,309	999	6,310
Insurance products	3,777	1,878	1,899
Assets under administration and custody	-3,661	2,013	-5,674
Total	7,425	4,890	2,535

Source: Assoreti.

3.3 The Banca Generali Group

In this scenario, Banca Generali remains among the market leaders by net inflows with a market share of 14.9% in May and net inflows of 1,107 million euros, up 22% compared to the already excellent results reported in May 2012.

Considering the composition of net inflows, Banca Generali reported one of the best performances in terms of “assets under management” and “insurance products”, which represent its most qualified components. If its net inflow figures are among the best on the market in absolute terms, in terms of per capita net inflows Banca Generali’s only competition for top spot on the market is the Azimut Group, bearing witness to excellent individual productivity values.

Considering the June 2013 data, the Group’s net inflows reached 1.4 billion euros, marking an increase of 35% compared to the already excellent 2012: these are record results in Banca Generali’s history. In particular, the net inflows to asset management

products exceeded one billion euros, compared to 64 million euros one year earlier. At the same time, insurance products remained at very high levels, near half a billion euros, although down slightly compared to the same period of 2012. By contrast, net outflows from administered products amounted to 175 million euros, with a decline of approximately 0.6 billion euros compared to the same period of 2012.

These net inflow dynamics are explained by the fact that, following their decision to “park” their savings during the most turbulent phase of financial market performance, customers then found opportunities to allocate their investments to higher value added instruments, in a manner more consistent with the true mission of financial planning and advisory networks.

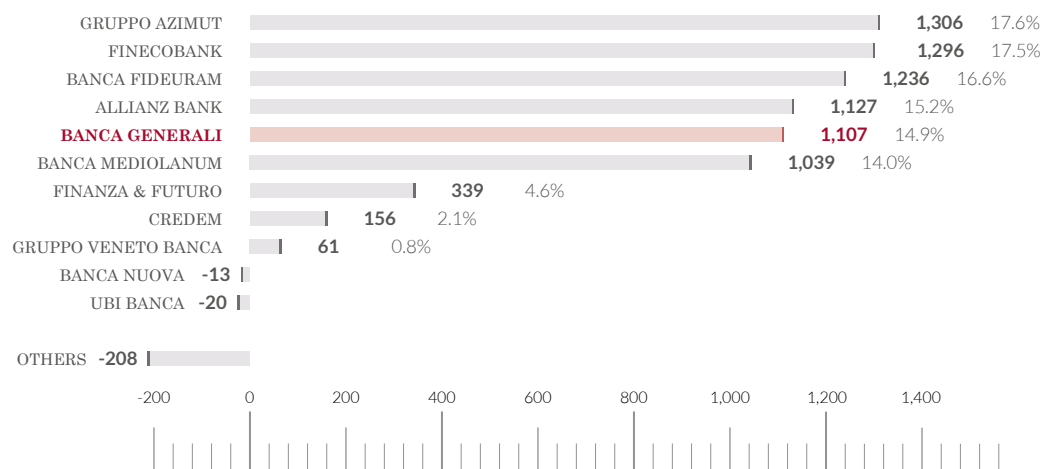
Banca Generali also ranked among the top five competitors on the market in terms of assets under management at the end of May 2013, with a market share exceeding 10% and a slight increase compared to the previous year.

Net inflows of the Banca Generali Group

(€ MILLION)	BG GROUP 30.06.2013	BG GROUP 30.06.2012	CHANGES VS 30.06.2012	
			AMOUNT	%
Total assets under management	1,098	64	1,034	n.s.
Funds and SICAVs	1,020	52	968	n.s.
GPF/GPM	78	12	66	n.s.
Total insurance products	489	579	-90	-16%
Total assets under administration and custody	-175	401	-576	-144%
Total assets placed by the network	1,412	1,044	368	35%

Total Net Inflows – Assoreti – 7.4 billion euros

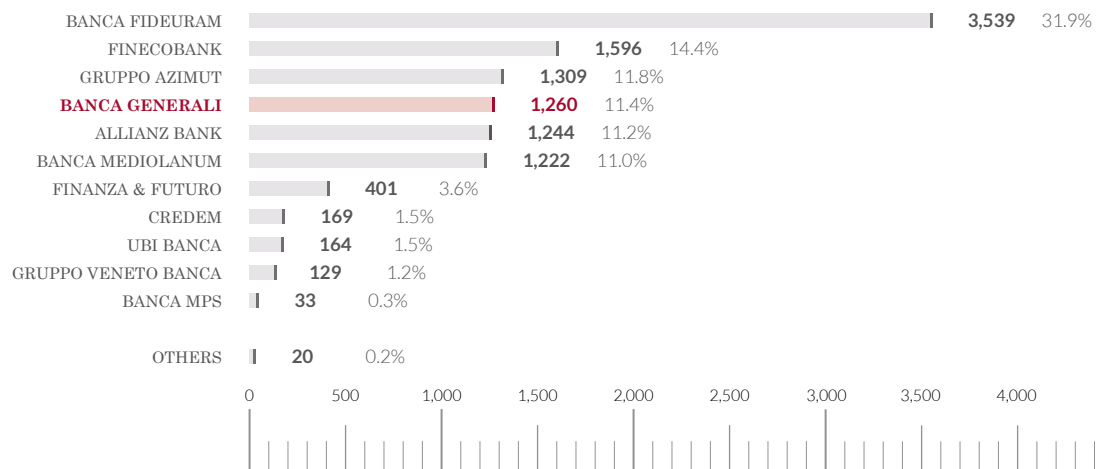
May 2013 (€ million)



Source: Assoreti.

Net AUM and Insurance Inflows – Assoreti – 11.1 billion euros

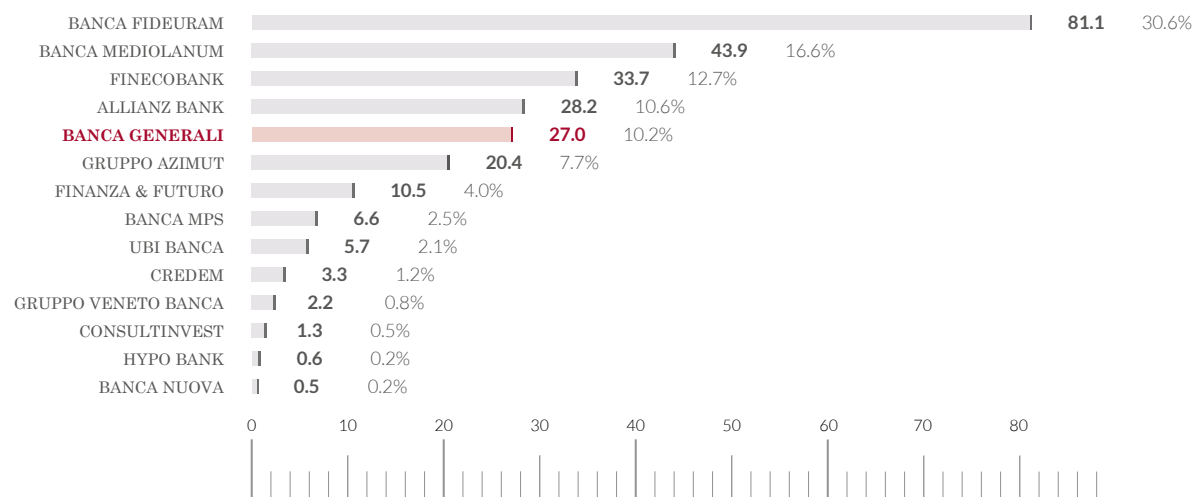
May 2013 (€ million)



Source: Assoreti.

Total Assets – Assoreti – 265 billion euros

March 2013 (€ billion)



Source: Assoreti.

The following table provides a summary of Group assets, updated through June 2013, illustrating their composition by macro-aggregate and providing a comparison with the figures as of December 2012. These assets refer to the Assoreti market, and therefore to the Financial Planner operating area.

The change in assets for the period was 4.9%, including a 9.4% increase in the assets management segment, followed by the 5.1%

rise in the insurance segment, offset by a moderate reduction in assets under administration (-1.1%).

Growth coincides almost entirely with net inflows, whereas overall market results were essentially neutral, following the financial market performance that in June cancelled the positive results of the first part of the year, with a few exceptions.

Banca Generali total assets

(€ MILLION)

	BG GROUP 30.06.2013	BG GROUP 31.12.2012	CHANGES VS 31.12.2012	
			AMOUNT	%
Total assets under management	10,826	9,897	929	9.4%
Funds and SICAVs	7,703	6,763	940	13.9%
GPF/GPM	3,123	3,134	-11	-0.4%
Total insurance products	8,922	8,488	434	5.1%
Total assets under administration and custody	7,694	7,779	-85	-1.1%
Total assets placed by the network	27,442	26,164	1,278	4.9%

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

Banking Group asset management products

In the asset management segment, in the first half of 2013 the Banking Group conducted wealth management operations

through Banca Generali, Generali Fund Management and BG Fiduciaria.

(€ MILLION)	BG GROUP 30.06.2013	BG GROUP 31.12.2012	CHANGES VS 31.12.2012	
			AMOUNT	%
Funds and SICAVs	12,081	11,122	959	8.6%
<i>of which: attributable to the Banking Group's GPF</i>	1,091	742	349	47.0%
GPF/GPM	3,327	3,330	-3	-0.1%
Total assets managed by the Banking Group, net of discretionary accounts, included in the GPF of the Banking Group	14,317	13,710	607	4.4%

Total assets invested in mutual funds managed by the Banking Group amounted to 14.3 billion 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, 1.1 billion euros are included in the Banking Group's portfolio management operations. Overall change for the period was positive at 4.4%.

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.

In further detail, in the Italian mutual funds segment, Banca Generali, in addition to Generali Group products, distributes the products of various companies, foremost among which are Eurizon Capital SGR and Anima SGR, as well as numerous international investment firms for which the Group distributes sub-

funds of international UCITS. The firms that account for the largest amount of investments are JP Morgan, Franklin Templeton, Julius Baer, Invesco, BlackRock and Pictet.

The total value of third-party asset management products at the end of June 2013 was 3 billion euros, increasing significantly compared to 31 December 2012 (+18.4%). This is due to the net inflows towards the products in question, which contribute to the diversification of the assets managed in the context of the "open architecture" of which Banca Generali is one of the trailblazers.

In the interest of an accurate measurement of the said diversification 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 (5.3 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, 29 single-brand

sub-funds were launched (out of 41 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.

(€ MILLION)	BG GROUP 30.06.2013	BG GROUP 31.12.2012	CHANGES VS 31.12.2012	
			AMOUNT	%
Funds and SICAVs	2,998	2,506	492	19.6%
GPF/GPM	0	27	-27	-100.0%
Total assets under management prodotti terzi	2,998	2,533	465	18.4%

Third-party insurance products

Assets invested in insurance and retirement products, mainly in traditional life insurance products and unit-linked policies of Genertellife, stood at 8.9 billion euros at the end of June 2013, up 5.1% compared to December 2012. Following the excel-

lent results reported in recent years, this segment continued to achieve especially significant growth, characterised by the presence of particularly competitive products that ensured the satisfaction over time of customers' specific retirement-planning needs.

(€ MILLION)	BG GROUP 30.06.2013	BG GROUP 31.12.2012	CHANGES VS 31.12.2012	
			AMOUNT	%
Insurance products (unit-linked, policies, etc.)	8,922	8,488	434	5.1%
Total third-party insurance products	8,922	8,488	434	5.1%

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 2013, the market value was 5.9 billion euros, slightly decreasing compared to the year-end 2012 figure.

(€ MILLION)	BG GROUP 30.06.2013	BG GROUP 31.12.2012	CHANGES VS 31.12.2012	
			AMOUNT	%
Indirect inflows of assets under administration and custody of the Banking Group	5,918	6,028	-110	-1.8%
<i>of which:</i>				
- securities portfolios of the Generali Group's clients	385	350	35	10.0%
- other customers' securities portfolios	5,533	5,678	-145	-2.6%

5. Operating result and performance of the main equity aggregates

The amendment to IAS 19 issued by the IASB on 16 June 2011 and endorsed by Regulation (EC) no. 475/2012 of 6 June 2012, which modifies the rules for recognising defined benefit plans and termination benefits, entered into effect on 1 January 2013.

In the Banking Group's case, the new rules apply solely to the accounting treatment of the provision for post-employment benefits.

In detail, the amendment eliminates the option to defer actuarial gains and losses within the scope of the corridor method, without

recognising them, and instead requires that they be recognised in full in the statement of comprehensive income, including the share previously recognised in profit or loss (the "overcorridor"). In accordance with provisions set forth in IAS 19, amendments to the accounting standard are to be applied retrospectively, commencing with the opening balances of 2012.

Accordingly, comparative accounting statements at 31 December 2012 and 30 June 2012, as well as the relevant detailed information, have been restated to account for the aforementioned effects.

5.1 Profit and loss results

The Group's net profit at the end of the first half of 2013 was 71.6 million euros, marking a further improvement of 6.3% over the

excellent result reported in the first half of 2012.

(€ THOUSAND)	30.06.2013	30.06.2012 RESTATED	CHANGE VS 31.12.2012		30.06.2012 OFFICIAL
			AMOUNT	%	
Net interest	63,632	51,265	12,367	24.1%	51,265
Net commissions	123,044	116,389	6,655	5.7%	116,389
Dividends	856	697	159	22.8%	697
Net result of financial operations	5,384	8,791	-3,407	-38.8%	8,791
Net operating income	192,916	177,142	15,774	8.9%	177,142
Staff expenses	-35,427	-34,787	-640	1.8%	-34,906
Other general and administrative expense	-52,357	-44,307	-8,050	18.2%	-44,307
Net adjustments of property, equipment and intangible assets	-2,419	-2,269	-150	6.6%	-2,269
Other operating expenses/income	14,355	9,150	5,205	56.9%	9,150
Net operating expenses	-75,848	-72,213	-3,635	5.0%	-72,332
Operating profit	117,068	104,929	12,139	11.6%	104,810
Net adjustments of non-performing loans	-555	-2,908	2,353	-80.9%	-2,908
Net adjustments of other assets	-900	-805	-95	11.8%	-805
Net provisions	-21,396	-14,306	-7,090	49.6%	-14,306
Gain (loss) from equity investments	-4	-2	-2	100.0%	-2
Operating profit before taxation	94,213	86,908	7,305	8.4%	86,789
Income taxes for the period	-20,136	-17,877	-2,259	12.6%	-17,844
Gains from non-current assets held for sale	0	318	-318	-100.0%	318
Profit attributable to minority interests	-2,487	-1,980	-507	25.6%	-1,980
Net profit	71,590	67,369	4,221	6.3%	67,283

Net operating income amounted to 192.9 million euros, with an increase of 15.8 million euros (+8.9%) compared to the same period of the previous year, determined by several factors:

- the increase in net interest (+24.1%), owing both to the expansion of traded volumes compared to the first half of 2012 and to the continuation of the favourable interest rate situation, characterised by the low costs of inflows and attractive returns offered by the Italian government securities market;
- the increase in the management commissions (+15.3%), driven by the significant performance of average AUM compared to the volumes of the first half of the previous year;
- the decline in the non-recurring components of net operating income (-10.7 million euros), consisting of performance commissions and the result of financial operations, which were unable to replicate the extraordinary results reported in the first half of 2012.

In further detail, despite increasing also in the second quarter up to the level of 24.4 million euros, performance commissions, the accrual of which is strongly influenced by the trend of volatility on the financial markets, continued to decrease compared to 2012 (-23.3%), whereas the net result of banking operations showed a decline of 3.2 million euros.

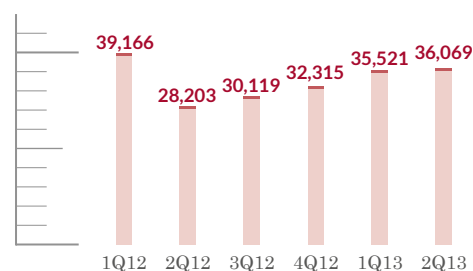
Net operating expenses showed a more modest increase (+5.0%) totalling 75.8 million euros, also thanks to the containment of staff expenses.

The **cost/income ratio**, which measures the ratio of operating costs, gross of value adjustments to tangible and intangible assets, to net operating income, amounted to 38.1%, confirming the positive operating leverage effect, which saw the cost performance outpaced by the revenue performance.

Operating profit amounted to 117.1 million euros, whilst value adjustments and provisions increased to 22.9 million euros overall (+4.8 million euros), partially as a result of prudential provisions for litigation and impairment of receivables.

Operating profit before taxation thus was 94.2 million euros, up significantly by 7.3 million euros compared to the first half of 2012.

Net profit for the period (€ thousand)



Quarterly evolution of the Profit & loss account

(€ THOUSAND)	2Q13	1Q13	4Q12	3Q12	2Q12	1Q12
Net interest	30,151	33,481	31,164	29,123	28,121	23,144
Net commissions	60,547	62,497	46,998	50,678	46,000	70,389
Dividends	848	8	12	30	652	45
Net result of financial operations	4,033	1,351	3,261	-437	1,179	7,612
Net operating income	95,579	97,337	81,435	79,394	75,952	101,190
Staff expenses	-17,268	-18,159	-14,296	-17,263	-16,758	-18,029
Other general and administrative expense	-28,428	-23,929	-23,903	-24,441	-21,256	-23,051
Net adjustments of property, equipment and intangible assets	-1,260	-1,159	-1,083	-1,141	-1,090	-1,179
Other operating expenses/income	10,316	4,039	5,789	4,200	5,584	3,566
Net operating expenses	-36,640	-39,208	-33,493	-38,645	-33,520	-38,693
Operating profit	58,939	58,129	47,942	40,749	42,432	62,497
Net adjustments of non-performing loans	212	-767	-2,278	1,614	147	-3,055
Net adjustments of other assets	-302	-598	221	-128	-429	-376
Net provisions	-10,642	-10,754	-3,285	-1,022	-2,628	-11,678
Gain (loss) from equity investments	0	-4	-2	0	-2	0
Operating profit before taxation	48,207	46,006	42,598	41,213	39,520	47,388
Income taxes for the period	-10,614	-9,522	-9,469	-10,154	-10,309	-7,568
Gains from non-current assets held for sale	0	0	133	0	159	159
Profit attributable to minority interests	-1,524	-963	-947	-940	-1,167	-813
Net profit	36,069	35,521	32,315	30,119	28,203	39,166

5.1.1 Net interest

Net interest income amounted to 63.6 million euros, increasing by 12.4 million euros compared to the first half of 2012 (+24.1%), as a result of the interest rate evolution and the expansion in average traded volumes.

In interest rate developments, the scenario of reference for the half-year continued to be characterised by:

- extremely low levels of the cost of net inflows, which saw medium-term Euribor rates decrease to less than one-fourth of the already minimal levels of the same period of 2012; in further detail, the average one-month Euribor continued to amount to 0.11% at the end of June 2013 compared to 0.39% in 2012, whereas the average three-month Euribor stood at 0.21% compared to 0.69%;
- a decrease in the average yields on Italian government securities of more than 30% compared to the highs reached in July 2012, which, however, continued to represent the best investment opportunities on international markets.

It should also be noted that the interest rate requested by the ECB for its primary refinancing transactions was reduced from 1% to 0.75% in July 2012 and then further decreased to 0.5% in May 2013.

In this context, the performance of Banca Generali's net interest income in the first six months of 2013 was influenced to a more marked extent by the fall in the cost of inflows than by the decline in the profitability of investments, driven by the size of the portfolio of held-to-maturity (HTM) financial assets.

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 3.01% on an annual basis at the end of June.

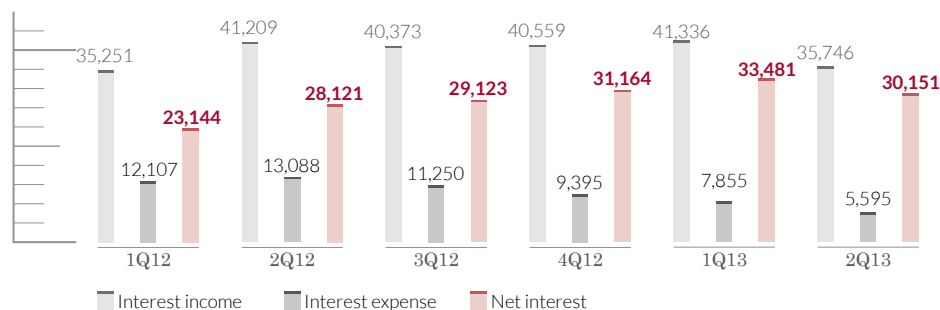
Interest income thus reported a more modest increase of 0.6 million euros (0.8%) as a result of the expansion of average loan volumes which allowed to offset the decline in interest income rates.

By contrast, the cost of funding decreased by 11.7 million euros (-46.6%) due to a general decline in expenses across all segments, from ECB deposits (-1.9 million euros) to interbank transactions in the form of repurchase agreements (-2.8 million euros) and inflows from customers, both ordinary (-3.2 million euros) and high-yield (-2.8 million euros).

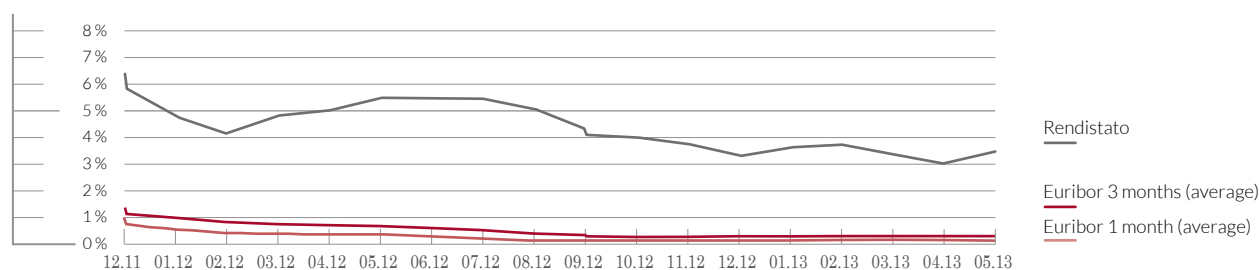
Finally, with regard to net inflows from high-yield customer (deposit accounts), it may be observed that, compared to the first half of 2012, the decline in interest rates led to a significant decrease in this form of funding.

(€ THOUSAND)	30.06.2013	30.06.2012	CHANGE	
			AMOUNT	%
HFT financial assets	8,646	204	8,442	n.s.
AFS financial assets	12,105	18,298	-6,193	-33.8%
HTM financial assets	44,687	45,155	-468	-1.0%
Financial assets classified among loans	1,973	2,815	-842	-29.9%
Total financial assets	67,411	66,472	939	1.4%
Loans to banks	443	909	-466	-51.3%
Loans to customers	9,228	8,733	495	5.7%
Hedging derivatives	0	339	-339	-100.0%
Other assets	0	7	-7	-100.0%
Total interest income	77,082	76,460	622	0.8%
Due to ECB	4,357	6,244	-1,887	-30.2%
Due to banks	298	318	-20	-6.3%
Repurchase agreements - banks	2,108	4,914	-2,806	-57.1%
Due to customers	5,143	11,205	-6,062	-54.1%
Repurchase agreements - customers	1,155	1,744	-589	-33.8%
Subordinated loan	389	766	-377	-49.2%
Other liabilities	0	4	-4	-100.0%
Total interest expense	13,450	25,195	-11,745	-46.6%
Net interest	63,632	51,265	12,367	24.1%

Net interest (€ thousand)



Evolution of interest rates

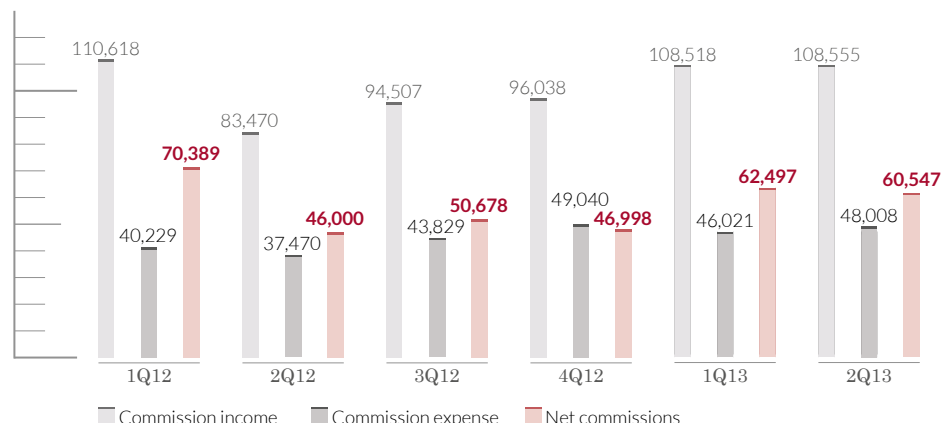


5.1.2 Net commissions

The commissions aggregate amounted to 123.0 million euros, increasing by 5.7% compared to the first half of 2012, and may be broken down as follows.

(€ THOUSAND)	30.06.2013	30.06.2012	CHANGE	
			AMOUNT	%
Collective and individual portfolio management commissions	135,066	130,613	4,453	3.4%
Commissions on the placement of securities and UCITS	23,250	16,662	6,588	39.5%
Commissions on the distribution of third-party financial products	39,250	33,625	5,625	16.7%
Commissions on trading and securities custody	14,605	9,459	5,146	54.4%
Commissions for other banking services	4,902	3,729	1,173	31.5%
Total commission income	217,073	194,088	22,985	11.8%
Commissions for external offer	79,170	67,777	11,393	16.8%
Dealing in securities and custody	5,022	1,604	3,418	213.1%
Asset management	8,381	7,243	1,138	15.7%
Commissions for other banking services	1,456	1,075	381	35.4%
Total commission expense	94,029	77,699	16,330	21.0%
Net commissions	123,044	116,389	6,655	5.7%

Net commissions (€ thousand)



Commission income increased by 23.0 million euros overall (+11.8%), owing primarily to the contribution by management commissions (+20.9 million euros), driven by the significant progress in terms of average AUM compared to the levels of the first half of the previous year.

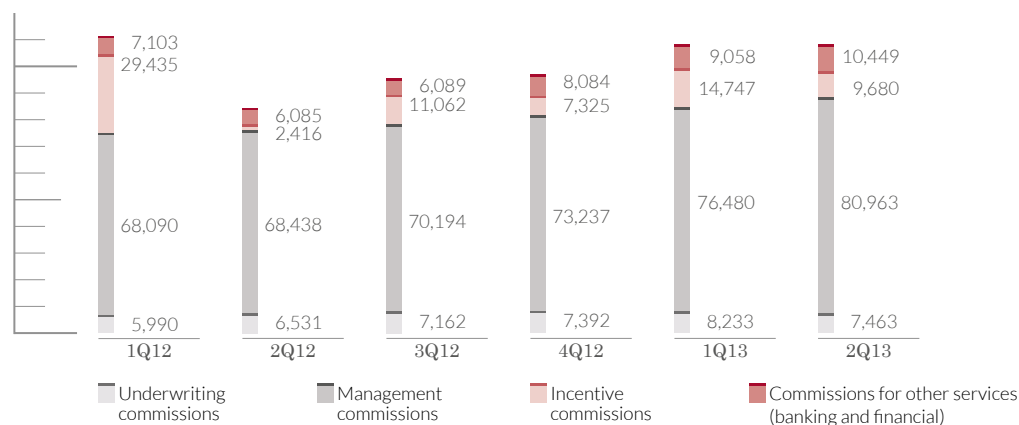
The constant impetus from net inflows and the overall positive financial market performance also fostered a positive perfor-

mance of underwriting commissions (+25.4%) and commissions relating to other banking services (+47.9%), with particular reference to trading activity.

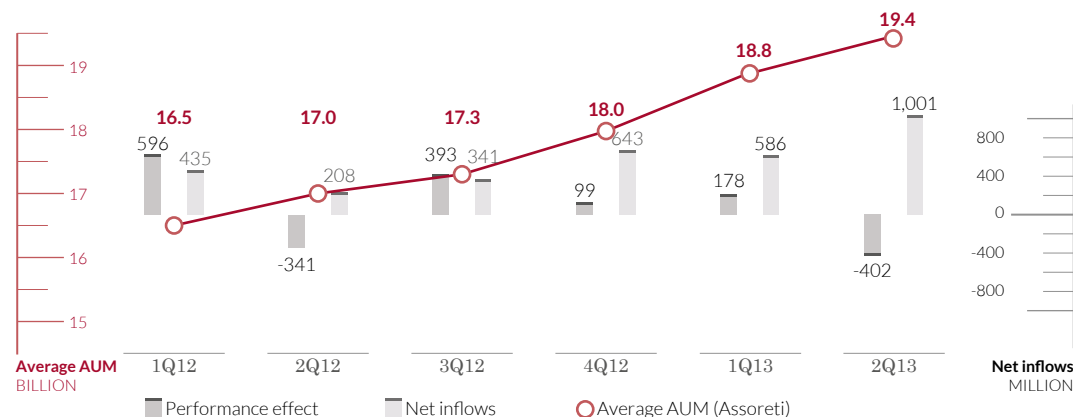
In this context, the contribution provided by performance commissions, which reached 24.4 million euros during the half-year, may also be regarded as positive, although not up to the record levels reached in the first half of 2012 (-7.4 million euros).

(€ THOUSAND)	30.06.2013	30.06.2012	CHANGE	
			AMOUNT	%
Underwriting commissions	15,696	12,521	3,175	25.4%
Management commissions	157,443	136,528	20,915	15.3%
Incentive commissions	24,427	31,851	-7,424	-23.3%
Commissions for other banking and financial services	19,507	13,188	6,319	47.9%
Total	217,073	194,088	22,985	11.8%

Breakdown of commission income (€ thousand)



Evolution of managed assets and insurance AUM



Commission income from the solicitation of investment and asset management of households amounted to 197.6 million euros, with an increase of 16.7 million euros compared to the same period of the previous year, mainly attributable to the placement of third-party services.

In fact, in the first half of 2013, the contribution of the SICAVs promoted by the Banking Group appears essentially stable compared to the same period of the previous year, largely due to the downtrend in performance commissions described above.

€ THOUSAND	30.06.2013	30.06.2012	CHANGE	
			AMOUNT	%
1. Collective asset management	100,801	100,202	599	0.6%
2. Collective asset management of the Generali Group	15,742	13,712	2,030	14.8%
3. Individual asset management	18,523	16,699	1,824	10.9%
Commissions on asset management	135,066	130,613	4,453	3.4%
1. Placement of third-party UCITS	19,557	12,637	6,920	54.8%
2. Bond placement	3,693	4,026	-333	-8.3%
3. Other placement operations	0	0	0	n.a.
4. Distribution of third-party asset management products (GPM/GPF, pension funds)	203	192	11	5.7%
5. Distribution of third-party insurance products	38,976	33,263	5,713	17.2%
6. Distribution of other third-party financial products	71	169	-98	-58.0%
Placement and distribution of third-party products	62,500	50,287	12,213	24.3%
Asset management commissions income	197,566	180,900	16,666	9.2%

The distribution of third-party financial products and services continued to show an increase in revenues driven by the distribution of the insurance products of Genertellife (+5.7 million euros, or +17.2%). The half-year also proved positive for the placement of third-party UCITS, which showed a 54.8% improvement compared to 2012 (+6.9 million euros).

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 15.7 million euros, up 2.0 million euros compared to the same period of the previous year.

Commission expense amounted to 94.0 million euros, up 16.3 million euros compared to the same period of the previous year (+21.0%), mainly due to the increase in distribution commissions.

The aggregate includes 12.2 million euros in commissions for the activities carried out by the merged company Generali Investments Luxembourg (GIL), which grew (+1.6 million euros) compared to the same period of 2012.

Net of the result from such non-core activity, the Group's total pay-out ratio, compared to commission income, net of performance commission income, therefore was 46.4%, in

line with the figure reported at the end of the same period of 2012.

Distribution commission expense reached 79.2 million euros and increased by 11.4 million euros compared to the same period of the previous year.

This aggregate was influenced by both the increase in management expenses provided to the sales network, in line with the average AUM evolution compared to the previous half-year period (+14.7%), and the impressive growth of net inflows (+345) which drove underwriting commissions (+25,3%) and incentive commissions (+42%).

(€ THOUSAND)	30.06.2013	30.06.2012	CHANGE	
			AMOUNT	%
Front-end commissions	9,912	7,913	1,999	25.3%
Management commissions	56,725	49,457	7,268	14.7%
Incentive commissions	4,408	3,104	1,304	42.0%
Other commissions	8,125	7,303	822	11.3%
Total	79,170	67,777	11,393	16.8%

Other net commissions from banking services offered to customers include trading, order collection and custody and administration commissions, in addition to commissions charged to customers for account-keeping expenses and other services.

This aggregate amounted to 13.0 million euros, up by 24% compared to the same period of 2012, primarily as a result of the increase in securities trading services and collection and payment services rendered to insurance group companies.

(€ THOUSAND)	30.06.2013	30.06.2012	CHANGE	
			AMOUNT	%
Dealing in securities and currencies	9,481	6,238	3,243	52.0%
Order collection and securities custody commissions	5,124	3,221	1,903	59.1%
Collection and payment services	1,949	971	978	100.7%
Commission income	1,388	1,356	32	2.4%
Commissions for other banking services	1,565	1,402	163	11.6%
Total traditional banking operations	19,507	13,188	6,319	47.9%
Commissions for securities trading and custody	-5,022	-1,604	-3,418	n.s.
Collection and payment services	-750	-520	-230	44.2%
Commissions for other banking services	-706	-555	-151	27.2%
Total commission expense	-6,478	-2,679	-3,799	n.s.
Net commissions	13,029	10,509	2,520	24.0%

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

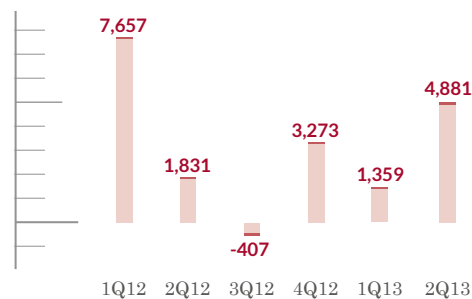
(€ THOUSAND)	30.06.2013	30.06.2012	CHANGE	
			AMOUNT	%
Dividends from trading	55	129	-74	-57.4%
Trading of financial assets and equity derivatives	-16	24	-40	n.s.
Trading of financial assets and derivatives on debt securities and interest rates	-10,245	7,305	-17,550	n.s.
Trading of UCITS units	395	419	-24	-5.7%
Securities transactions	-9,811	7,877	-17,688	n.s.
Currency and currency derivative transactions	1,005	1,139	-134	-11.8%
Net profit (loss) from trading operations	-8,806	9,016	-17,822	n.s.
Net profit from hedging	0	0	0	n.a.
Dividends from AFS assets	801	568	233	41.0%
Gains and losses on equity securities and UCITSs	141	-52	193	n.s.
Gains and losses on AFS and HTM debt securities and loans	14,104	-44	14,148	n.s.
Net profit (loss) of financial operations	6,240	9,488	-3,248	-34.2%

At the end of the first half of 2013, the aggregate presented a positive contribution of 6.2 million euros, though decreasing by 3.2 million euros compared to the end of the same period of the previous year.

This performance was largely due to the net losses of 7.3 million euros realised in relation to the trading of a portfolio of government securities with very short-term maturities acquired in late 2012 and the first quarter of 2013 and redeemed in the first half of 2013. However, in this regard it should be emphasised that this result is to be considered in conjunction with the increase in interest accrued on that same trading portfolio in the amount of 8.6 million euros.

During the half-year, forward purchase agreements were also entered into for government securities, resulting in unrealised capital losses of approximately 2.9 million euros at the reporting date.

Result of financial operations (€ thousand)



(€ THOUSAND)	GAINS	CAPITAL GAINS	LOSSES	CAPITAL LOSSES	NET RESULT 30.06.2013	NET RESULT 30.06.2012
1. Financial assets	530	229	7,317	436	-6,994	7,977
Debt securities	100	24	7,285	212	-7,373	7,534
Equity securities	82	41	28	111	-16	24
UCITS units	348	164	4	113	395	419
2. Derivatives	99	282	345	2,897	-2,861	-228
Interest rate swaps	40	282	297	0	25	-229
Forward contracts	0	0	0	2,897	-2,897	0
Options on currencies and gold	59	0	48	0	11	1
3. Currency transactions	994	0	0	0	994	1,138
Total	1,623	511	7,662	3,333	-8,861	8,887

By contrast, the disposal of financial assets classified to portfolios measured at amortised cost generated net gains of 14.2 million euros, primarily arising from the sale of government se-

curities allocated to the AFS portfolio and banking securities allocated to the Loans portfolio.

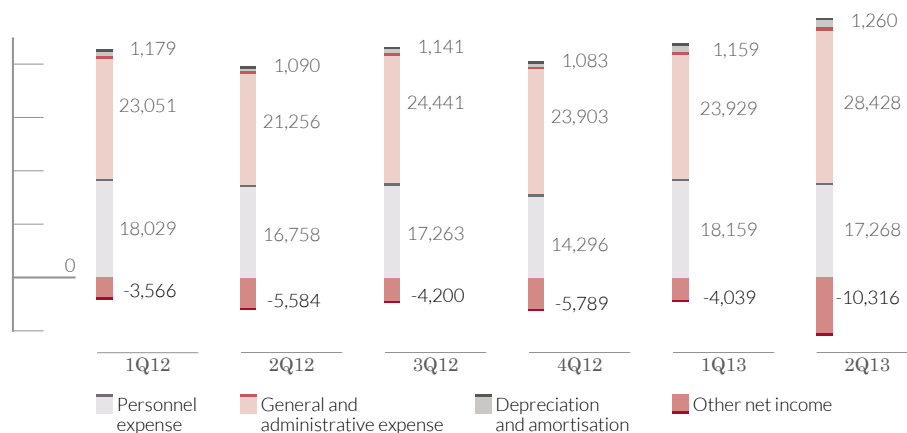
(€ THOUSAND)	GAINS	LOSSES	TRANSFER OF RESERVES	30.06.2013	30.06.2012
AFS financial assets	11,364	-621	1,380	12,123	-75
Debt securities	11,332	-563	1,213	11,982	-23
Equity securities	9	-58	101	52	-52
UCITS units	23	0	66	89	0
Financial assets classified among loans	2,183	-51	0	2,132	85
HTM financial assets	0	-10	0	-10	-106
Total	13,547	-682	1,380	14,245	-96

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 75.8 million euros, marking an overall increase of 3.6 million euros compared to the same period of the previous year (+5.0%).

(€ THOUSAND)	30.06.2013	30.06.2012	CHANGE	
			AMOUNT	%
Staff expenses	35,427	34,787	640	1.8%
Other general and administrative expense	52,357	44,307	8,050	18.2%
Net adjustments of property, equipment and intangible assets	2,419	2,269	150	6.6%
Other income and expenses	-14,355	-9,150	-5,205	56.9%
Operating expenses	75,848	72,213	3,635	5.0%

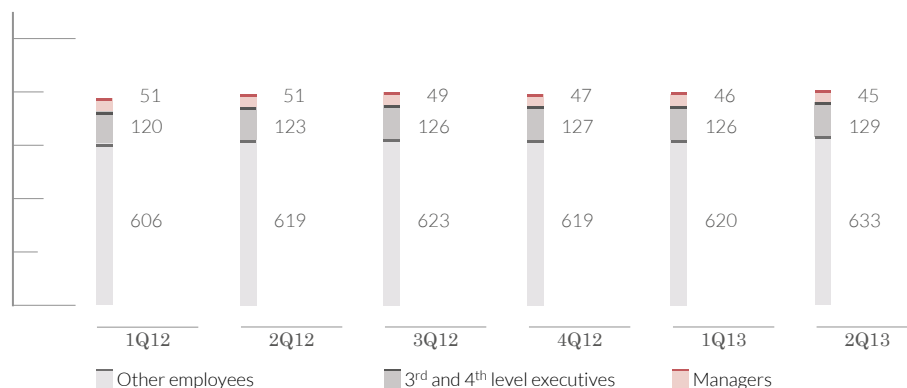
Breakdown of operating expenses (€ thousand)



Staff expenses, including full-time employees, interim staff and directors, amounted to 35.4 million euros, virtually unchanged (+1.8%) compared to the same period of the previous year.

The Group employees totalled 816 at the end of the reporting period, thus recording an increase of 19 compared to the same period of the previous year.

Evolution of staff (quarterly average)



Within this context, the change in the aggregate is primarily attributable to remuneration factors, including the impact of short- and long-term incentives (+0.3 million euros).

(€ THOUSAND)	30.06.2013	30.06.2012	CHANGE	
			AMOUNT	%
1) Employees	34,571	33,647	924	2.7%
Salaries and social security charges	24,195	23,791	404	1.7%
Provision for termination indemnity and supplementary pension funds	2,066	2,215	-149	-6.7%
Costs related to payment agreements based on own financial instruments	112	37	75	n.s.
Short-term productivity bonuses	5,798	5,113	685	13.4%
Other long-term incentives	1,150	1,362	-212	-15.6%
Other employee benefits	1,250	1,129	121	10.7%
2) Other staff	108	-48	156	n.s.
3) Directors and Auditors	748	1,188	-440	-37.0%
of which incentives	121	336	-215	-64.0%
Total	35,427	34,787	640	1.8%

Other general and administrative expense amounted to 52.3 million euros, up by 8.0 million euros (+18.2%), compared to the same period of the previous year.

However, approximately 4.8 million euros of this change may be attributed to the estimated greater stamp duty charges accrued during the half-year owing to the amendments, effective 2013, to

legislation governing stamp duty on financial instruments, which raised the tax rate applied from 0.1% to 0.15% and removed the tax ceiling envisaged in 2012 for individuals.

This increase was nevertheless offset by the corresponding growth in tax recoveries from customers, recognised in the other operating income and expenses aggregate (+5.2 million euros or 56.9%).

(€ THOUSAND)	30.06.2013	30.06.2012	CHANGE	
			AMOUNT	%
Administration	6,305	6,029	276	4.6%
Advertising	1,902	1,989	-87	-4.4%
Consultancy and professional advice expense	2,320	1,640	680	41.5%
Auditing	299	175	124	70.9%
Other general costs (insurance; T&E)	1,784	2,225	-441	-19.8%
Operations	15,581	15,340	241	1.6%
Rent and usage of premises	7,815	7,409	406	5.5%
Outsourced services	2,092	2,127	-35	-1.6%
Post and telephone	1,315	1,789	-474	-26.5%
Print material and contracts	411	398	13	3.3%
Other indirect staff expenses	1,277	1,585	-308	-19.4%
Other operating expenses	2,671	2,032	639	31.4%
Information system and equipment	16,947	14,179	2,768	19.5%
Outsourced IT services	12,046	9,758	2,288	23.4%
Fees for financial databases and other IT services	3,118	3,012	106	3.5%
Software maintenance and servicing	1,320	973	347	35.7%
Other expenses (equipment rental, maintenance, etc.)	463	436	27	6.2%
Taxes and duties	13,524	8,759	4,765	54.4%
Total other general and administrative expense	52,357	44,307	8,050	18.2%

5.1.5 Provisions and adjustments

Net provisions amounted to 21.4 million euros, up by 7.1 million euros compared to the same period of 2012 (+49.6%), primarily due to greater provisions for incentives related to the sales network (+6.0 million euros) and prudential provisions for the costs of legal disputes.

In particular, allocations to provisions include 11.9 million euros relating to incentives set to accrue and 3.7 million euros in

allocations in service of the recruitment plan aimed at expanding portfolios in the medium term.

Net provisions for contractual indemnities for Financial Planners include 0.5 million euros allocated for new “social-security bonus” programmes, aimed at ensuring the most deserving employees supplemental pension benefits upon retirement.

(€ THOUSAND)	30.06.2013	30.06.2012	CHANGE	
			AMOUNT	%
Provision for staff expenses	0	1,762	-1,762	-100.0%
Provisions for legal disputes	1,848	1,212	636	52.5%
Provision for incentive fees	15,548	9,563	5,985	62.6%
Provisions for termination indemnity and portfolio valorisation	1,540	1,769	-229	-12.9%
Other provisions for liabilities and contingencies	2,460	0	2,460	n.s.
Total	21,396	14,306	7,090	49.6%

Net adjustments for impairments amounted to 1.4 million euros, of which 0.2 million euros referred to the financial assets segment.

In further detail, the AFS equities portfolio, already subject to impairment in previous years, underwent further impairment losses of 0.9 million euros. However, this change was offset by the partial release of collective reserves for corporate securities (-0.7 million euros) attributable to the disposal of the securities during the half-year and the reduction of the residual average life of the portfolios covered.

In the loans to customers segment, additional adjustments were made to impairment losses covering bad loans and substandard loans (0.3 million euros).

In addition, significant changes were made to the collective reserve covering the portfolio of performing loans of the banking portfolio (+0.7 million euros) in connection with the expansion of that aggregate.

In the area of receivables not arising from lending transactions, there was an increase in provisions for impairment recognised to cover the risks associated with recovery of commission advances provided to former financial planners who have left service (0.3 million euros).

(€ THOUSAND)	VALUE ADJUSTMENTS	REVERSALS	30.06.2013	30.06.2012	CHANGE
Debt securities (AFS, HTM, Loans)	0	0	0	-2,465	2,465
Equity securities	-904	0	-904	-866	-38
Operating loans	-269	11	-258	-375	117
Non-performing loans of the bank portfolio	-325	7	-318	-178	-140
Portfolio adjustments/reversals	-737	762	25	171	-146
Debt securities (Loans, HTM)	-83	762	679	171	508
Performing loans of the banking portfolio	-654	0	-654	0	-654
Total	-2,235	780	-1,455	-3,713	2,258

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

Taxes for the period on a current and deferred basis have been estimated at 20.1 million euros, up 2.3 million euros for the same period of the previous year.

(€ THOUSAND)	30.06.2013	30.06.2012	CHANGE	
			AMOUNT	%
Current taxes for the period	-22,092	-17,895	-4,197	23.5%
Prior period taxes	115	-80	195	n.s.
Changes of prepaid taxation (+/-)	1,628	131	1,497	n.s.
Changes of deferred taxation (+/-)	213	-33	246	n.s.
Total	-20,136	-17,877	-2,259	12.6%

The increase in the Group's total tax rate from 20.6% in the first half of 2012 to the current 21.4% (+0.8%) was primarily due to the increase in the incidence of the profit before taxation earned in Italy compared to that earned abroad, which is subject to lower tax rates. This was partially offset by the combined effect of several factors, which were not individually of a material amount (partially taxed revenues, costs with limited deductibility and deferred taxation from previous years, etc.).

Profit for the period attributable to minority interests amounted to 2.5 million euros and refers to the minority interest in GFM held by the Assicurazioni Generali insurance group.

Therefore, consolidated net profit for the first six months of 2013 amounted to 71.6 million euros.

Net basic earnings per share currently being accrued increased from 0.603 eurocents to 0.628 eurocents.

	30.06.2013	30.06.2012	CHANGE	
			AMOUNT	%
Net profit for the period (€ thousand)	71,590	67,369	4,221	6.3%
Earnings attributable to ordinary shares (€ thousand)	71,590	67,369	4,221	6.3%
Average number of outstanding shares	113,935	111,657	2,278	2.0%
EPS - Earnings per Share (euro)	0.628	0.603	0.025	4.1%
Average number of outstanding shares diluted capital	115,698	114,927	771	0.7%
EPS - Diluted earnings per share (euro)	0.619	0.586	0.033	5.6%

5.1.7 Comprehensive income

The Group's comprehensive income consists of the net profit for the period 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 2013, this item amounted to 68.2 million euros, compared to 82.6 million euros for the same period of the previous year. However, the first half of 2013 is compared with a first half of 2012 characterised by a sharp decline in the spreads on Italian government debt, which had allowed significant unrealised capital gains to be recognised among equity reserves in relation to the portfolio of available-for-sale financial assets (+15.3 million euros).

In the first half of 2013, these reserves reported a slight net decrease of -3.2 million euros, due to the combined effects of:

- the mark to market of the carrying amount of the AFS portfolio (-3.4 million euros), attributable to the higher market volatility regarding the Italian sovereign debt, witnessed after the Italian elections in February 2013;
- the reduction of pre-existing net positive reserves due to re-absorption in the profit and loss account through realisation and impairment (-1.1 million euros);
- the positive tax effect associated with the above changes (+1.3 million euros).

(€ THOUSAND)	30.06.2013	30.06.2012 RESTATED	CHANGE		30.06.2012 OFFICIAL
			AMOUNT	%	
Net profit (loss)	71,590	67,369	4,221	6.3%	67,283
Other income, net of income taxes:					
AFS assets	-3,244	15,330	-18,574	-121.2%	15,330
Cash-flow hedges	0	114	-114	-100.0%	114
Actuarial gains (losses) from defined benefit plans	-100	-264	164	-62.2%	0
Total other income, net of taxes	-3,344	15,180	-18,524	-122.0%	15,444
Comprehensive income	68,246	82,549	-14,303	-17.3%	82,727

5.2 Balance sheet and net equity aggregates

At the end of the first six months of 2013, total consolidated assets amounted to 6.1 billion euros, marking a decline of 1.2 billion euros compared to the end of 2012 (-16.0%).

The decrease is substantially attributable both to the downsizing of net inflows from customers (-19.5% compared to 2012), whose

performance at the end of the previous year had been considerably influenced by the activity of the Assicurazioni Generali insurance group to which the Bank belongs, and the decline in inter-bank inflows, chiefly due to the early repayment of a tranche of ECB's loans. As a result, the volume of core loans amounted to 5.9 billion euros, down 16.4% compared to the end of 2012.

ASSETS (€ THOUSAND)	30.06.2013	31.12.2012 RESTATED	CHANGE		31.12.2012 OFFICIAL
			AMOUNT	%	
HFT financial assets	431,465	222,548	208,917	93.9%	222,548
AFS financial assets	1,230,402	1,733,885	-503,483	-29.0%	1,733,885
HTM financial assets	2,631,021	3,000,330	-369,309	-12.3%	3,000,330
Loans to banks	268,822	843,368	-574,546	-68.1%	843,368
Loans to customers	1,379,197	1,308,585	70,612	5.4%	1,308,585
Equity investments	0	0	0	n.a.	0
Property, equipment and intangible assets	49,849	51,778	-1,929	-3.7%	51,778
Tax receivables	43,207	41,276	1,931	4.7%	41,163
Other assets	111,071	115,608	-4,537	-3.9%	115,608
Financial assets held for sale	0	0	0	n.a.	0
Total Assets	6,145,034	7,317,378	-1,172,344	-16.0%	7,317,265

NET EQUITY AND LIABILITIES (€ THOUSAND)	30.06.2013	31.12.2012 RESTATED	CHANGE		31.12.2012 OFFICIAL
			AMOUNT	%	
Due to banks	1,930,243	2,229,896	-299,653	-13.4%	2,229,896
Due to customers	3,617,170	4,491,173	-874,003	-19.5%	4,491,173
Financial liabilities held for trading and hedging	4,011	1,448	2,563	177.0%	1,448
Tax payables	16,889	36,620	-19,731	-53.9%	36,620
Other liabilities	127,573	95,013	32,560	34.3%	95,013
Financial liabilities held for sale	0	0	0	n.a.	0
Special purpose provisions	77,494	68,405	9,089	13.3%	67,995
Valuation reserves	-14,819	-11,475	-3,344	29.1%	-10,587
Reserves	164,899	139,841	25,058	17.9%	139,841
Additional paid-in capital	29,611	16,591	13,020	78.5%	16,591
Share capital	114,173	112,938	1,235	1.1%	112,938
Treasury shares (-)	-41	-41	0	0.0%	-41
Minority interests	6,241	7,166	-925	-12.9%	7,166
Net profit for the period	71,590	129,803	-58,213	-44.8%	129,212
Total Net equity and Liabilities	6,145,034	7,317,378	-1,172,344	-16.0%	7,317,265

Quarterly evolution of consolidated Balance Sheet

ASSETS (€ THOUSAND)	30.06.2013	31.03.2013	31.12.2012 RESTATED	30.09.2012 RESTATED	30.06.2012 RESTATED	31.03.2012 RESTATED
HFT financial assets	431,465	851,223	222,548	200,056	33,676	34,272
AFS financial assets	1,230,402	1,045,546	1,733,885	1,085,941	1,138,390	1,186,802
HTM financial assets	2,631,021	2,913,734	3,000,330	3,019,003	3,045,018	2,937,276
Loans to banks	268,822	307,513	843,368	398,604	325,737	727,002
Loans to customers	1,379,197	1,359,495	1,308,585	1,152,179	1,091,698	1,035,070
Equity investments	0	0	0	0	-	0
Property, equipment and intangible assets	49,849	50,901	51,778	49,148	50,115	50,970
Tax receivables	43,207	43,329	41,276	48,228	61,997	65,697
Other assets	111,071	175,756	115,608	104,139	92,217	86,072
Financial assets held for sale	0	0	0	0	-	468
Total Assets	6,145,034	6,747,497	7,317,378	6,057,298	5,838,848	6,123,629

NET EQUITY AND LIABILITIES (€ THOUSAND)	30.06.2013	31.03.2013	31.12.2012 RESTATED	30.09.2012 RESTATED	30.06.2012 RESTATED	31.03.2012 RESTATED
Due to banks	1,930,243	2,398,937	2,229,896	2,337,782	2,328,576	2,327,369
Due to customers	3,617,170	3,583,784	4,491,173	3,132,826	3,016,706	3,249,417
Financial liabilities held for trading and hedging	4,011	1,271	1,448	3,359	2,005	2,864
Tax payables	16,889	29,766	36,620	34,355	28,286	30,699
Other liabilities	127,573	220,076	95,013	136,158	104,589	106,436
Financial liabilities held for sale	0	0	0	0	0	291
Special purpose provisions	77,494	75,989	68,405	67,732	69,766	73,048
Valuation reserves	-14,819	-13,588	-11,475	-17,332	-41,225	-25,645
Reserves	164,899	267,150	139,841	142,466	142,645	200,143
Additional paid-in capital	29,611	26,615	16,591	4,494	3,406	3,406
Share capital	114,173	113,888	112,938	111,792	111,694	111,694
Treasury shares (-)	-41	-41	-41	-41	-248	-248
Minority interests	6,241	8,129	7,166	6,219	5,279	4,989
Net profit (loss) for the period (+/-)	71,590	35,521	129,803	97,488	67,369	39,166
Total Net equity and Liabilities	6,145,034	6,747,497	7,317,378	6,057,298	5,838,848	6,123,629

5.2.1 Direct inflows from customers

Total direct inflows from customers amounted to 3,617.2 million euros, down by 874.0 million euros compared to 31 December 2012, primarily due to the re-absorption of most of the term deposits by the Parent Company (-1,135 million euros) at the end of the previous year for temporary treasury needs.

Captive inflows from the parent company, Assicurazioni Generali, and the Italian and foreign subsidiaries of Assicurazioni Generali Group, reported an overall decrease of 1,006 million euros to 957 million euros at the end of the period.

Consequently, inflows from customers not belonging to the insurance group increased by approximately 132 million euros thanks to the strong performance of traditional current account inflows, which offset the significant decline in inflows in the form of deposit accounts and high-yield repurchase agreements.

In the second quarter of 2013, the Group began to exploit the funding opportunities presented by the new Mercato Interbancario Collateralizzato (the "new MIC"), managed by Cassa di Compensazione e Garanzia and therefore technically attributable to inflows from customers. The incremental inflows thus obtained offset the greater volatility of retail inflows.

(€ THOUSAND)	30.06.2013	31.12.2012	CHANGE	
			AMOUNT	%
1. Current accounts and free deposits	2,997,938	2,632,354	365,584	13.9%
2. Term deposits	318,008	1,610,868	-1,292,860	-80.3%
3. Financing	245,706	177,593	68,113	38.4%
Repurchase agreements	76,113	153,397	-77,284	-50.4%
Generali Versicherung subordinated loan	24,585	24,196	389	1.6%
Term deposits on the new MIC	145,008	0	145,008	n.a.
4. Other debts	55,518	70,358	-14,840	-21.1%
Operating debts to sales network	30,788	30,401	387	1.3%
Other	24,730	39,957	-15,227	-38.1%
Total due to customers (Item 20)	3,617,170	4,491,173	-874,003	-19.5%

5.2.2 Core loans

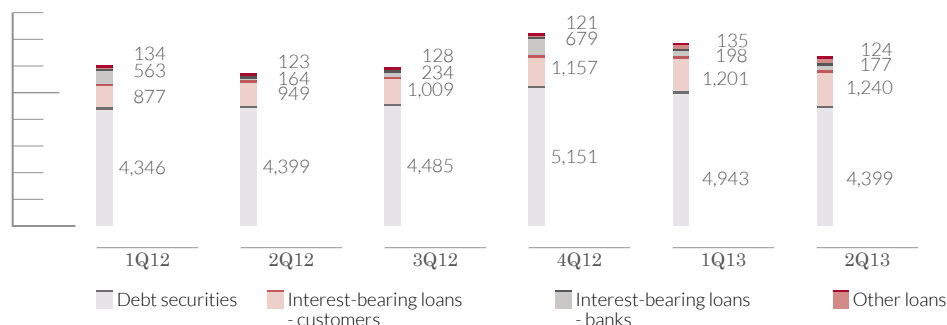
Core loans totalled 5.9 billion euros, decreasing by 1.2 billion euros compared to 31 December 2012.

This performance, mirroring the decline in total inflows, entailed a substantial re-absorption of short-term treasury loans

on the interbank market (-74%) and a decline in the securities portfolio due to the partial renewal of part of the bonds reaching maturity.

(€ MILLION)	30.06.2013	31.12.2012	CHANGE	
			AMOUNT	%
HFT financial assets	431,465	222,548	208,917	93.9%
AFS financial assets	1,230,402	1,733,885	-503,483	-29.0%
HTM financial assets	2,631,021	3,000,330	-369,309	-12.3%
Financial assets classified among loans	139,827	234,138	-94,311	-40.3%
Financial assets	4,432,715	5,190,901	-758,186	-14.6%
Loans to banks	176,874	679,064	-502,190	-74.0%
Loans to customers	1,240,423	1,157,008	83,415	7.2%
Operating loans and other loans	90,895	81,743	9,152	11.2%
Total interest-bearing financial assets and loans	5,940,907	7,108,716	-1,167,809	-16.4%

Evolution of loans (€ million)



The Group's financial assets held for treasury and investment needs and allocated to the various IAS portfolios accounted for 74.6% of the aggregate and stood at 4,433 million euros, decreasing by 758.2 million euros compared to 31 December 2012 (-14.6%), largely owing to redemptions of securities allocated to the AFS portfolio (-503.5 million euros) and the HTM portfolio (-369.3 million euros), as well as the realisation of positions in the Loans portfolio (-94.3 million euros). This reduction was partly offset by the net investments in Italian government securities allocated to the HFT portfolio (208.9

million euros), consisting solely of securities with very near-term maturities as of 30 June 2013.

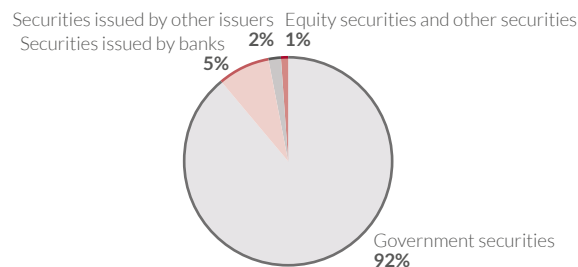
Overall, the sovereign debt exposure decreased to 4.1 billion euros, although the ratio to the total aggregate increased from 89.5% to 92.3%, whereas the exposure to credit issuers dropped from 7.5% to 4.9%.

Additionally, such exposure consists solely of securities issued by the Italian Republic, and may be broken down as follows by portfolio of allocation:

Breakdown of sovereign debt exposure by IAS portfolio

(€ THOUSAND)	30.06.2013	31.12.2012	CHANGE	
			AMOUNT	%
Exposure to the sovereign risk by portfolio:				
HFT financial assets	402,220	190,073	212,147	111.6%
AFS financial assets	1,158,171	1,605,949	-447,778	-27.9%
HTM financial assets	2,530,335	2,849,763	-319,428	-11.2%
Total	4,090,726	4,645,785	-555,059	-11.9%

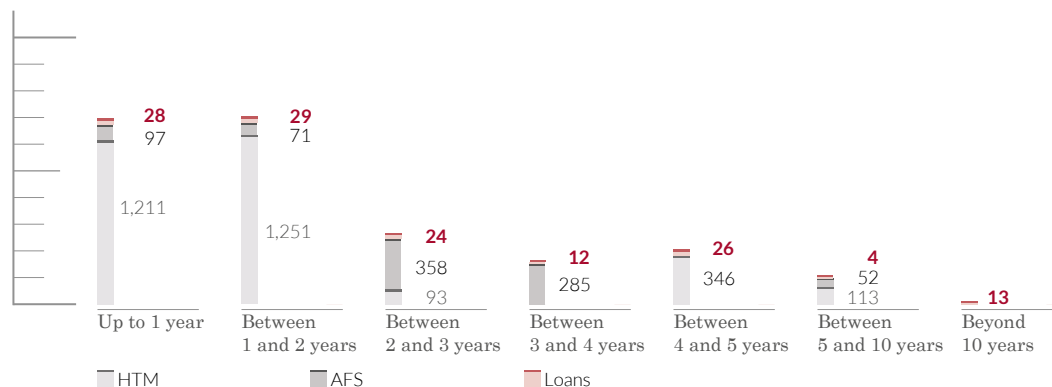
Breakdown of financial assets portfolio at 30.06.2013



The overall geographical breakdown of the portfolio of debt securities thus shows a high concentration of investments relating to Italian securities (97.8%).

The portfolio of debt securities had an overall average residual life of about 1.9 years and 21.8% of it was made up of variable rate issues.

Maturity of the bond portfolio (€ million)



Loans to customers amounted to 1,240 million euros, increasing by 83.4 million euros compared to the previous year (+7.2%). However, the overall performance of the aggregate does not adequately underline the significant growth in disbursement of loans to customers (+71.1 million euros; 17.0%) and overdraft facilities (+58.6 million euros), which was partially offset by re-

absorption of short-term loans issued on the new MIC at the end of 2012.

Customer lending operations are nonetheless guided by criteria of the utmost prudence and control of risk, and are primarily conducted in the segments property mortgage lending and lending secured by financial assets.

(€ THOUSAND)	30.06.2013	31.12.2012	CHANGE	
			AMOUNT	%
Current accounts	688,042	629,453	58,589	9.3%
Personal loans	490,081	418,953	71,128	17.0%
Other financing and loans not in current accounts	40,534	47,226	-6,692	-14.2%
Short-term term deposits on the new MIC	0	40,003	-40,003	-100.0%
Financing	1,218,657	1,135,635	83,022	7.3%
GESAV life insurance participating policy	21,766	21,373	393	1.8%
Total loans	1,240,423	1,157,008	83,415	7.21%
Receivables from product companies	60,473	54,507	5,966	10.9%
Sums advanced to Financial Planners	23,039	22,078	961	4.4%
Interest-bearing daily margin, Italian Stock Exchange	2,787	2,167	620	28.6%
Changes to be debited and other loans	4,542	2,877	1,665	57.9%
Operating and other loans	90,841	81,629	9,212	11.3%
Debt securities	47,933	69,948	-22,015	-31.5%
Total loans to customers	1,379,197	1,308,585	70,612	5.4%

Operating loans 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 Planners under incentive plans.

The amount and weight of non-performing loans have not changed significantly, compared to the figure at the end of 2012.

(€ THOUSAND)	GROSS EXPOSURE	VALUE ADJUSTMENT	2013 NET EXPOSURE	2012 NET EXPOSURE	CHANGE		INDEMNITY GUARANTEE	NOT GUARANTEED
					AMOUNT	%		
Bad loans	34,075	-13,091	20,984	23,400	-2,416	-10.3%	20,401	583
Substandard loans	2,826	-773	2,053	2,087	-34	-1.6%	1,490	563
Restructured loans	970	0	970	960	10	1.0%	970	0
Expired loans/oustanding over 90 days	12,683	-238	12,445	885	11,560	n.s.	10,322	2,123
Total non-performing loans	50,554	-14,102	36,452	27,332	9,120	33.4%	33,183	3,269
Performing loans	1,184,213	-2,008	1,182,205	1,108,303				
Total loans	1,234,767	-16,110	1,218,657	1,135,635				

The interbank position, net of the securities portfolio and operating loans, showed a debit balance of 1,753.4 million euros at 30 June 2013, growing by 202.5 million euros (+13.1%) compared to the end of the previous year, due to the combined effect of:

- the re-absorption of temporary liquidity investment transactions (deposits and repurchase agreements) for a net amount of 502.2 million euros;

- the reduction in interbank inflows, as a result of early repayment of a three-year ECB loan, set to mature in January 2015 (200 million euros) and the reduction of deposits on transfer accounts payable on demand.

(€ THOUSAND)	30.06.2013	31.12.2012	CHANGE	
			AMOUNT	%
1. Repayable on demand	91,371	111,936	-20,565	-18.4%
Demand deposits with ECB	0	0	0	n.a.
Demand deposits with credit institutions	55,002	65,000	-9,998	-15.4%
Transfer accounts	36,369	46,936	-10,567	-22.5%
2. Time deposits	85,503	567,128	-481,625	-84.9%
Mandatory reserve	64,565	19,519	45,046	230.8%
Term deposits	19,158	147,693	-128,535	-87.0%
Repurchase agreements	0	398,136	-398,136	-100.0%
Collateral margins	1,780	1,780	0	0.0%
Total due to banks	176,874	679,064	-502,190	-74.0%
1. Due to central banks	1,111,741	1,309,841	-198,100	-15.1%
Term deposits with ECB	1,111,741	1,309,841	-198,100	-15.1%
2. Due to banks	818,502	920,055	-101,553	-11.0%
Transfer accounts	2,846	80,217	-77,371	-96.5%
Term deposits	209	8,892	-8,683	-97.6%
Repurchase agreements	792,937	801,383	-8,446	-1.1%
Collateral margins	1,797	9,336	-7,539	-80.8%
Other debts	20,713	20,227	486	2.4%
Total due to banks	1,930,243	2,229,896	-299,653	-13.4%
Net interbank position	-1,753,369	-1,550,832	-202,537	13.1%
3. Debt securities	91,894	164,190	-72,296	-44.0%
4. Other operating receivables	54	114	-60	-52.6%
Total interbank position	-1,661,421	-1,386,528	-274,893	19.8%

5.2.3 Net equity

At 30 June 2013, consolidated net equity, including net profit for the period, amounted to 371.7 million euros compared to 394.8 million euros at the end of the previous year and underwent the following changes.

(€ THOUSAND)	30.06.2013	31.12.2012 RESTATED	CHANGE	
			AMOUNT	%
Share capital	114,173	112,938	1,235	1.1%
Additional paid-in capital	29,611	16,591	13,020	78.5%
Reserves	164,899	139,841	25,058	17.9%
(Treasury shares)	-41	-41	0	0.0%
Valuation reserves	-14,819	-11,475	-3,344	29.1%
Equity instruments	0	0	0	n.a.
Net profit (loss) for the period	71,590	129,803	-58,213	-44.8%
Group net equity	365,413	387,657	-22,244	-5.7%
Minority interests	6,241	7,166	-925	-12.9%
Consolidated net equity	371,654	394,823	-23,169	-5.9%

	GROUP	THIRD PARTIES	OVERALL
Net equity at period-start	387,657	7,166	394,823
Dividend paid	-102,490	-3,412	-105,902
Stock option plans: issue of new shares	11,666	0	11,666
Stock option plans: costs pursuant to IFRS 2	242	0	242
Other changes	92	0	92
Change in valuation reserves	-3,344	0	-3,344
Consolidated profit	71,590	2,487	74,077
Net equity at period-end	365,413	6,241	371,654
Changes	-22,244	-925	-23,169

The change in net equity for the first half of 2013 was influenced by the distribution of the 2012 dividends amounting to approximately 102.5 million euros, convened upon by the Shareholders' meeting held on 24 April 2013 to approve the financial statements, and the effects generated by previous and new stock option plans, the performance of fair value reserves for the portfolio of AFS financial assets

and other reserves which contribute to the comprehensive income.

The fair value reserves for the portfolio of AFS financial assets, which at the end of the reporting period amounted to a negative balance of 13.8 million euros, mainly referred to the portfolio of government bonds.

(€ THOUSAND)	30.06.2013			31.12.2012	CHANGE
	POSITIVE RESERVE	NEGATIVE RESERVE	NET RESERVE	NET RESERVE	
1. Debt securities	121	-14,312	-14,191	-11,690	-2,501
2. Equity securities	373	0	373	1,043	-670
3. UCITS units	38	-51	-13	60	-73
4. Cash-flow hedges	0	0	0	0	0
5. Actuarial gains (losses) from defined benefit plans	0	-988	-988	-888	-100
Total	532	-15,351	-14,819	-11,475	-3,344

At 30 June 2013, consolidated capital for regulatory purposes amounted to 303.3 million euros, net of the expected dividend payout, up by 26.8 million euros compared to the end of the previous year.

At the end of the reporting period, the aggregate capital for regulatory purposes recorded 141.3 million euros in excess of the amount required by the Supervisory Authority to cover credit, market, and operating risks. The solvency ratio was 14.97%, compared to the minimum requirement of 8%.

(€ THOUSAND)	30.06.2013	31.12.2012	CHANGE	
			AMOUNT	%
Tier 1 capital	279,595	252,359	27,236	10.79%
Tier 2 capital	23,742	24,164	-421	-1.74%
Tier 3 capital	0	0	0	n.a.
Total capital for regulatory purposes	303,337	276,523	26,815	9.70%
B.1 Credit risk	111,595	122,701	-11,106	-9.05%
B.2 Market risk	8,896	6,446	2,450	38.01%
B.3 Operating risk	41,576	41,576	0	0.00%
B.4 Other capital requirements	0	0	0	n.a.
B.4 Total capital requirements	162,067	170,723	-8,656	-5.07%
Excess over prudential requirements	141,270	105,800	35,471	33.53%
Risk-weighted assets	2,025,838	2,134,038	-108,200	-5.07%
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)	13.80%	11.83%	1.98%	16.71%
Regulatory capital/Risk-weighted assets (Total capital ratio)	14.97%	12.96%	2.02%	15.6%

It should be noted that Banca Generali has exercised the option to neutralise the capital gains and losses deriving from fair-value measurement of AFS financial assets 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

(€ THOUSAND)	30.06.2013		
	CAPITAL AND RESERVES	NET PROFIT	NET EQUITY
Net equity of Banca Generali	239,754	31,683	271,437
Differences between net equity and book value of companies consolidated using the line-by-line method	46,046	0	46,046
- Goodwill	4,289	0	4,289
- Income carried forward of consolidated companies	41,766	0	41,766
- Reserve for actuarial losses IAS 19	-27	0	-27
- Other changes	18	0	18
Dividends from consolidated companies	12,312	-12,312	0
Consolidated companies' result for the year	0	54,706	54,706
Minority interests	0	-2,487	-2,487
Valuation reserves - consolidated companies	0	0	0
Consolidation adjustments	-4,289	0	-4,289
- Goodwill	-4,289	0	-4,289
- GIL incorporation expenses	0	0	0
Net equity of the Banca Generali Group	293,823	71,590	365,413

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 Planners, as well as to private customers through both its network of Financial Planners and relationship managers who sell financial products to customers as direct employees of the company.

Following the merger of the subsidiary BG SGR S.p.A. on 1 September 2012, the company also launched a new asset management division aimed at developing the portfolio management schemes inherited from the subsidiary.

Considering that the merger transaction entered into effect for accounting and tax purposes retroactively from 1 January 2012, the profit and loss situation of Banca Generali at 30 June 2012 has been restated in order to take account of the effects of the merger.

Banca Generali closed the first six months of 2013 with net profit of 31.7 million euros, sharply increasing compared to the re-

stated net profit for the same period of the previous year, mainly thanks to net operating income.

Net banking income, net of dividends from investee companies, amounted to 127.9 million euros, up considerably from the 108.8 million euros reported at the end of the first six months of 2012 (+17.6%), owing chiefly to the increase in net interest (+24.2 million euros) and the rise in the commissions aggregate (+10.0 million euros; 20.8%). With reference to the foregoing, operating expenses reached 71.3 million euros, marking a more moderate increase compared to the same period of the previous year (+5.0%), also thanks to the control of staff expenses, stable at 32.2 million euros.

The company also recognised net allocations to provisions for liabilities and contingencies of 21.4 million euros, up from the 14.3 million euros reported at the end of the first half of 2012, primarily relating to incentives set to accrue for the distribution network and prudential provisions for legal disputes and operating risks.

(€ THOUSAND)	30.06.2013	30.06.2012 RESTATED (*)	CHANGE	
			AMOUNT	%
Interest income	77,078	76,450	628	0.8%
Interest expense	-13,469	-25,241	11,772	-46.6%
Net interest	63,609	51,209	12,400	24.2%
Commission income	131,339	107,460	23,879	22.2%
Commission expense	-73,252	-59,384	-13,868	23.4%
Net commissions	58,087	48,076	10,011	20.8%
Dividends	856	697	159	22.8%
Net result from banking operations	5,384	8,792	-3,408	-38.8%
Net operating income	127,936	108,774	19,162	17.6%
Staff expenses	-32,201	-31,716	-485	1.5%
Other general and administrative expense	-50,607	-42,836	-7,771	18.1%
Net adjustments of property, equipment and intangible assets	-2,370	-2,212	-158	7.1%
Other operating expenses/income	13,873	8,826	5,047	57.2%
Net operating expenses	-71,305	-67,938	-3,367	5.0%
Operating profit	56,631	40,836	15,795	38.7%
Net adjustments for non-performing loans	-555	-2,908	2,353	-80.9%
Net adjustments of other assets	-900	-805	-95	11.8%
Net provisions	-21,396	-14,302	-7,094	49.6%
Dividends and income from equity investments	12,312	14,820	-2,508	-16.9%
Gains (losses) from the disposal of equity investments	-4	-2	-2	100.0%
Operating profit before taxation	46,088	37,639	8,449	22.4%
Income taxes for the period on current operations	-14,405	-11,902	-2,503	21.0%
Profit (loss) from non-current assets, net of tax	0	318	-318	-100.0%
Net profit	31,683	26,055	5,628	21.6%

(*) This amount includes the effects of the merger of BG SGR.

Total assets under management placed by Financial Planners at the end of the first half of 2013 amounted to about 27.4 billion euros, up compared to 31 December 2012 (26.2 billion

euros). Net inflows amounted to 1,412 million euros, compared to 543 million euros at the end of the first six months of 2012.

6.2 Performance of Generali Fund Management S.A.

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 S.p.A., a member of the Generali Group (class-B shares). The two share classes are accorded differing treatment in regards to the allocation of profits inasmuch as the Articles of Association state that the share of the net profit or loss for the year attributable to the assets contributed by each of the two shareholders is to be attributed to each share class.

Generali Fund Management SA ended the first half of 2013 with a positive net profit of approximately 53.9 million euros, slightly down from the 57.5 million euros reported for the same period of 2012 (-3.6 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 amount-

ed to 62.7 million euros, down from the 66.3 million euros reported in 2012, whereas total operating expenses remained in line with the same period of the previous year at 3.4 million euros, approximately 2.4 million euros of which consisted of staff expenses.

Net profit attributable to minority shareholders amounted to 2.5 million euros, whereas the company's net equity stood at approximately 97.5 million euros. In April, the company paid to the parent company Banca Generali a dividend of 12.3 million euros for financial year 2012.

Assets under management totalled 12,081 million euros at 30 June 2013, compared to 11,122 million euros at 31 December 2012. The amount includes the assets under management acquired through the merger of Generali Investments Luxembourg, which amounted to 6,031 million euros at 30 June 2012, compared to the 5,900 million euros at 31 December 2012

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 half months of 2013 with a net profit of 0.8 million euros and a net equity of 11.9 million euros.

Net banking income amounted to 2.0 million euros, whereas general and operating expenses was 0.9 million euros, including 0.5 million euros for staff expenses.

Total assets under management amounted to 930 million euros, with a slight increase compared to 887 million euros at 31 December 2012.

6.4 Performance of Generfid S.p.A.

Generfid, a company specialising in custodian capacity of assets, closed the first half of 2013 with net profit of about 36 thousand

euros and net equity amounting to about 0.6 million euros. AUM amounted to 771 million euros.

7. Related party transactions

7.1 Procedural aspects

In accordance with Article 2391-bis of the Italian Civil Code and Article 4 of the Regulation on Related Party Transactions, adopted by CONSOB with Resolution No. 17221 of 12 March 2010, as amended by Resolution No. 17389 of 23 June 2010, the Board of Directors of Banca Generali approved the “**Related Party Transactions Procedure**”, effective 1 January 2011.

On 12 December 2011, the Bank of Italy also updated the Supervisory Provisions for Banks (Bank of Italy Circular No. 263/2006) by issuing new **Provisions on risk activities and conflicts of interest of banks and banking groups with Connected Parties** (Title V, Chapter 5), aimed at monitoring the risk that close relations between certain persons and the Bank decision-making bodies may affect the objectivity and impartiality of decisions concerning loans to and other transactions involving those persons, leading to possible distortions in resource allocation, the bank’s exposure to risks that are not adequately measured or controlled and potential adverse impact on depositors and shareholders.

Consequently, on 21 June 2012, the Board of Directors of Banca Generali, in light of the contiguity of the matters, supplemented the above Procedure, by including the provisions on Connected Parties and passing resolution on a new version of the “**Related Party and Connected Party Transaction Procedure**”.

The *Related Party and Connected Party Transaction Procedure*, in force as from 31 December 2012, is intended to implement CONSOB and Bank of Italy regulations, by adopting, for all the companies of the Banking Group, rules on transactions with Related Parties and Connected Parties governing the related investigation activities and approval, reporting and disclosure powers.

The main changes introduced by the provisions of the Bank of Italy and implemented in the *Procedure* are the followings:

- expanded scope of the parties involved, i.e. Connected Parties (Related Parties and Associated Entities), and change

in the characteristics of some of the identified parties compared to CONSOB Regulation;

- introduction of prudential limits in respect of the Regulatory Capital and the assumption of risks with Connected Parties. The limits vary according to the different types of Connected Parties, in proportion with the level of involvement in the relationship and the potential impact of the resulting risks on sound and prudent management. In light of the greater risks associated with conflicts of interest in bank-industry relations, more stringent limits are envisaged for risk activities carried out with entities qualifying as non-financial related parties;
- introduction of specific guidelines relating to organizational arrangements and internal controls intended to identify corporate bodies’ responsibilities and corporate functions’ tasks with respect to the objectives of conflicts of interest prevention and management, as well as the obligations for identifying the Connected Parties and monitoring exposures over time;
- changes in the definition of:
 - 1) **Non-ordinary transactions**, as the Bank of Italy considers as “non-ordinary” all transactions that exceed the Highly Significant threshold, even if carried out on an arm’s length basis or standard conditions;
 - 2) **Low Value transactions**, as the Bank of Italy sets specific thresholds for these transactions, in order to ensure uniform application in the banking sector. To this end, it has established that Low Value transactions cannot exceed 250,000 euros for banks with capital for regulatory purposes of less than 500 million euros and the lower of 1,000,000 euros and 0.05% of capital for regulatory purposes, in the other cases. In respect of these transactions, the exemption only applies to the provisions relating to approval procedures;
 - 3) **Highly Significant Transactions**, as the Bank of Italy identifies these transactions on the basis of two parameters – relevance of the consideration and relevance of the assets – making no mention of the liabilities parameter as provided by CONSOB Regulation.

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 2013 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”.

Highly significant transactions

In the first half of 2013, 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 a disclosure memorandum.

Other significant transactions

During the first half of 2013, two transactions were approved qualifying as “moderately significant” transactions, which are subject to the prior binding opinion of the Internal Control Committee (the amount of which exceeded 250 thousand euros), and were as follows.

TRANSACTION	PARTY TO THE TRANSACTION	DATE	AMOUNT (€ THOUSAND)
Reduction of guarantees of Investimenti Marittimi pooled transaction	Investimenti Marittimi S.p.A.	27.06.2013	511
BBB insurance policy - Coverage renewal 2013-2014	Assicurazioni Generali S.p.A.	31.05.2013	340

Ordinary or recurring transactions

Transactions of an ordinary or recurring nature carried out in the first half of 2013 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 2012, 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 2013 are presented in the specific section of the condensed half-year financial statements at 30 June 2013, 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 2013, the Group's workforce was 816, composed of 44 Managers, 132 3rd and 4th level Executives and 640 employees at other levels; of the last category, 83 were 1st and 2nd level Executives, and 54 were working under fixed-term contracts (24 of these as substitutes for employees on maternity leave or leaves of absence).

Compared to the same period of the previous year, there was an increase of 19 resources, essentially attributable to replacements of resources who had previously left the Group and the reinforcement of units in support of business development. The increase refers primarily to apprentices and transformations of fixed-term contracts.

	BANCA GENERALI	BG FIDUCIARIA	GENERFID	GFM	TOTAL AT 30.06.2013	TOTAL AT 30.06.2012
Managers	42	0	0	2	44	51
3 rd and 4 th level executives	117	5	0	9	132	124
Other	611	5	4	20	640	622
Total	770	10	4	32	816	797

In the area of the training and development of human resources, in the first half of 2013 a thorough training process for human resource managers began with the aim of improving and ensuring consistency of managerial style in managing and developing resources. A course on Effective Presentations was also held, as part of the training programme on communication streams within the bank launched in previous years.

In specialised occupational training, editions of a course on banking operations continued to be held by a professor from a renowned Milan university, in addition to editions of a course taught by internal personnel on banking operations specific to Banca Generali.

Through e-learning training modules, legally mandated refresher courses on legislative issues continued, focusing on Legislative Decree No. 231/07 regarding anti-money laundering, Legislative Decree No. 81/2008 concerning safety in the workplace, banking transparency and cash management activities, and Law No. 231/2001 rules and privacy.

In addition, the programmes that see the most promising staff placed in advanced training courses at leading academic institutions were continued.

Relationship Managers in the Private Banking Division continued to receive dedicated training in the form of a course on negotiation techniques taught by an external consulting firm.

The first six months of the year saw a resumption of classroom sessions for the anti-money laundering refresher programme, which incorporated the recent amendments to the law. Course invitations focused on bank branch staff in particular.

The Group continued with its office-network pairing activity, the training programme currently on its fourth year of running, in which Financial Planners visit the headquarters in Milan and Trieste and employees visit the various Network offices.

The annual qualitative performance assessment was held in the first half of the year. This process involves all resources in an opportunity for dialogue with their superiors regarding their performances and the definition of the development plan in support of their positions.

In the area of trade union relations, on 3 June 2013 a company agreement was signed for the payment of the company bonus (for white-collar employees and executives) for 2012. On the same date, a protocol was also signed at the company level concerning the method for calculating the company bonus for 2013 and 2014.

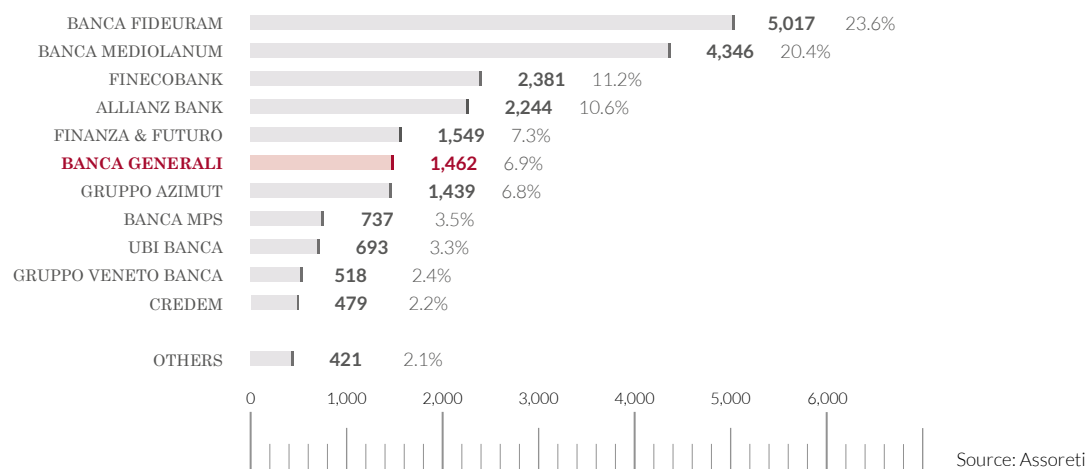
By May 2013, in application of the provisions of the National Collective Labour Agreement for the Financial Sector, the first financing was provided for the newly established Fund for Employment in the Banking Sector (FOC), which will allow resources belonging to particular categories (young people, women, etc.) to be hired on favourable terms.

8.2 Financial planners

The Banca Generali Group owns one of the largest Financial Planner-based distribution networks in the Italian market: at 30 June 2013 it had 1,464 Financial Planners and Relationship Man-

agers, 317 of whom within the Private Banking Division. At 30 March (last available comparison data), the Group had a market share of about 7%.

Total Assoreti financial planners: 21,203 (March 2013)



The main data referable to the Banca Generali are summarised in the following tables comparing figures for 2012 and at 30 June 2013.

30.06.2013	NO. FINANCIAL PLANNER/ PRIVATE BANKER/ RELATION MANAGER	ASSET (€ MILLION)	ASSETS PER PLANNER (€ MILLION)
BG Affluent Division	1,134	16,100	14.2
BG Private Division	330	11,342	34.4
Total	1,464	27,441	18.7

31.12.2012	NO. FINANCIAL PLANNER/ PRIVATE BANKER/ RELATION MANAGER	ASSET (€ MILLION)	ASSETS PER PLANNER (€ MILLION)
BG Affluent Division	1,137	15,431	13.6
BG Private Division	316	10,733	34.0
Total	1,453	26,164	18.0

It is important to note that there was a constant increase in average assets per Financial Planner 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 planner 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 Planners, focusing instead on recruiting professionals who can expertly interpret Banca Generali's philosophy of quality. This is also borne out by the increase in the number of Private Bankers, while the number of planners dedicated to affluent customers remained essentially unchanged. However, the focus on qualitative development is also clear for such customers, in accord-

ance with the re-naming of the network as Financial Planners, which since May of this year has also been the title used to describe the specific vocation of financial planning and advisory service.

The overall network dimension is now stable, characterised by a low turnover but more than 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 Planner.

9. Products and marketing

Asset management

The first half of 2013 was characterised, on the one hand, by the constant innovation of the Luxembourg products offered by Generali Fund Management, with the launch of new sub-funds under third-party management within BG Selection and BG SICAV, as well as by a revisitation of Banca Generali's Italian products, i.e., its portfolio management programmes.

BG Selection Sicav

In January 2013, the change of the manager of the flexible emerging market sub-fund to Deutsche Asset & Wealth Management (previously known as DWS) was finalised, in replacement of the previous third-party manager BNY Mellon Asset Management International.

In the second quarter of 2013, a selection process was launched for new partners of BG Selection Sicav, which in the fourth quarter of 2013 will further enrich the already highly extensive range of multi-manager SICAVs, consisting of as many as 41 sub-funds at 30 June 2013, with 12 managed by Generali Fund Management and 29 by leading international investment firms.

BG Sicav

The BG Sicav line also saw significant new developments during the first half of 2013, bearing witness to the new strategy pursued by BG Sicav as a development platform for the bond strategies that are meeting with the market's favour, through the search for qualified partners with which to enter into specific management agreements.

March 2013 saw the launch of the new sub-funds BlackRock Global Opportunities Bond Fund, a flexible global bond sub-fund with a focus on the U.S. market that invests in the entire fixed-income universe, and Franklin Templeton Global Multi-bond Fund, a global bond sub-fund with a stronger focus on emerging countries and active management of the currency component.

Development activity on the BG Sicav bond range will continue in the second half of 2013 with the launch of additional new sub-funds.

The multi-manager platform was further developed with the placement of the Amundi International single-fund Sicav and 60 new Sicav sub-funds already under placement, for a total of over 1,200 products available to Banca Generali customers and distribution networks.

Asset management

Portfolio asset management underwent significant changes in the first half of the year, owing in part to the introduction of VAT on fees.

With the aim of preserving the interest from its customers that has always set Banca Generali apart, the process of restyling the line of asset management programmes initiated in late 2012 allowed the launch in early 2013 of a range of management lines differentiated by customer target (by risk profile, with or without capital protection, and with possible personalisation), yet with revised pricing in order to avoid increasing the costs borne by customers following the introduction of VAT.

In particular, BG Target, Banca Generali's protected capital portfolio management programme, was subject to significant innovation aimed at increasing the flexibility of the product, with the possibility of switching between the eight different management lines and diversifying the protection component, which previously had been limited to zero-coupon bonds only.

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

Insurance products

In the first half of 2013, in a scenario of gradual stabilisation of Italian government debt compared to the same period of 2012, the Bank's insurance offerings focused on LOB I products that invest in segregated account schemes, with attractive returns for customers (starting at 4.45%), annual revaluation and capital protection, without volatility.

At the level of commercial initiatives, the Bank repeated the promotion of the New Security product New Security Più RiAlto, which offers customers an extra-return of 0.50% for the first 12 months on the RiAlto Segregated Account Scheme (certified return of 4.45% for 2012).

In the first six months of 2013, important research and development activity was also concluded on insurance products with greater financial content (e.g., multi-line policies), which will translate into further development of the product line in the second half of the year.

Assets under administration and custody

In the first half of 2013, the Bank continued with the process of constantly updating and expanding the range of banking products and services offered to its customers.

In particular, the line of credit and prepaid cards was extended to meet customers' various needs in the area of payment instruments:

- the prepaid card **BG Cash**, previously distributed only to holders of the BG UP current account, is now available by request for all customers who hold a current account with Banca Generali;
- the account card **BG GO!** – available since March – represents the evolution of the prepaid card industry. Thanks to an IBAN, it allows the performance of various transactions typically associated with current accounts, such as collecting a salary, debiting utilities and making direct debit payments.

In collaboration with Genertel, the Generali Group company with which the Bank collaborates in developing and distributing insurance products, a new current account dedicated to the insurance company's online customers (**BG di Più**) was launched, allowing access at especially advantageous conditions and providing personalised payment instruments.

In addition, the promotion involving an exemption from stamp duty for new customers and customers who make new investments with Banca Generali was also renewed.

In the area of technological innovation, preparations were made for the launch of the ATM cards equipped with PANs, numerical codes that enable online purchase transactions, available to the Bank's customers since July.

Finally, a bond with guaranteed principal at maturity was placed and the Bank participated as placing agent in the auction of Italian BTP securities in April and the initial public subscription and exchange offering for the ordinary shares of Moleskine S.p.A.

Digital marketing

Customer front end

In 2013, important progress was made in the digital strategy pursued by Banca Generali, which aims to provide its customers with access to the best Web and mobile services.

Among the main features available for independent use by customers through home banking that were released during the first half of the year, mention should be made of the payment of the Italian television (RAI) subscription fee and the Family Budget, a new way of presenting accounts that allows families to keep track of their budgets quickly and easily and always to be informed of credits and debits to their accounts.

In the area of online transactions more generally, the Bank implemented new services helpful to ensuring simple, immediate consultation and management of accounts and financial instruments: features for personalising a customer's securities position and monitoring portfolio performance, emphasis of "protected accounts," the placement of orders for hybrid securities and the indication of illiquid products.

In order to ensure the highest level of protection in the provision of investment services, it has also been made possible for Banca Generali customers to manage the updating of the information included in the MiFID Questionnaire through Internet banking.

In order to suggest the solutions best suited to the needs of young people and parents, who wish to ensure that their children achieve their goals, Bgnext.it has been created. This Banca Generali mini-site represents the ideal environment for proposing commercial products and new content and initiatives.

This digital space provides visibility for banking and insurance products targeted to the very young.

Financial Planner front end

The new version of the important FEP on TABLET project was released: the new tool dedicated to all Financial Planners of Banca Generali to keep in touch with their customers. The new App, available for next generation Samsung Galaxy Note tablets, allows for simple and intuitive access at any time of customers' positions, markets sections, products, warnings and all notices published by the Bank.

Following the considerable success of the first phase of the project (which allowed access to Financial Planner Front-End features from iPads), the new version conceived for the Android operating system is now available. In the upcoming phases of development, the technology included in the Samsung devices will allow the integration of new, eagerly awaited digital signature

services for signing contracts and forms electronically via tablet. This further step forwards will improve the quality of the advisory service offered by the Banca Generali network.

The following are the latest new features released in the Web version of the Financial Planner Front-End application:

- 1) visibility in account movement details;
- 2) new information concerning the BG Advisory service (customers and contracts);
- 3) a presentation of pledges and restrictions on insurance policies, as previously done for funds and SICAVs, securities and portfolio management schemes;
- 4) consultation of information regarding the capital gains and losses accrued by customers;
- 5) new features supporting activities involved in periodic updates to the MiFID Questionnaire (alerts on the homepage, additional information regarding the customer's financial profile and new features for monitoring MiFID Questionnaires).

BG Advisory: Banca Generali's advanced financial advisory service

In the first half of 2013, activity focused on analysing and developing a new mobile version of the advanced advisory platform BG Advisory, which will allow sales networks to interact with customers according to a new approach, on the go and in total security. The new mobile version will be perfectly integrated with the Financial Planner Front-End application on tablets already in use by Financial Planners, Private Bankers and Relationship Managers and will be released in the second half of the year.

In addition, work continued on assisting Financial Planners and Private Bankers, both in the classroom and through Web-conferencing, in the area of full commercial exploitation of the features of the BG Advisory service, to enable evolved investment analysis and spread knowledge of the platform's potential.

Four years from launch, BG Advisory remains a cutting-edge service in the Italian advisory market.

Distribution network training

In the first part of the year, training activity for Banca Generali's distribution network focused in particular on managerial training: all 43 District Managers had an opportunity to embark upon an innovative, stimulating training process entitled "Business Driver" designed along with Logotel. The main objective was to assist the District Managers in a process of personal development and responsibility in their managerial roles: an intense training process (eight days) on the subject of teamwork, aimed at providing commercial guidance for the team in the territory.

In technical and commercial training, all 43 District Managers and approximately 320 Financial Planners selected from throughout Italy participated in the course "Investing in Bonds: Complexity of a Constantly Evolving Scenario," conceived and designed along with Investimenti Finanziari and Gospa Consulting.

The training programme was intended to promote the constant enhancement and review of skills of both a commercial and technical nature. In the classroom, training elements and commercial subjects were illustrated in support of the work done by Financial Planners, with the aim of ensuring the best handling of issues relating to the administration component of assets.

During the Area meetings held in January, large-scale technical and commercial training offerings underwent enrichment on the subject of the management agreements for several monobrand funds-of-funds offered by BG Selection Sicav through workshops with third-party companies such as BlackRock, Franklin Templeton and DWS Investments.

In the context of training of excellence, five new editions of the course "Experimental Economics" were held, involving the participation of 125 Private Bankers and Financial Planners. This type of training is devoted to introducing the main themes of behavioural economy and finance, the goal of which is to understand and reflect on, with the aid of Professor Paolo Legrenzi of Ca' Foscari University, how actual "human behaviour," in the context of the economy and finance, is much more complex than and differs from that envisaged by classical economic theories.

The 2013 editions continue to make use of an innovative classroom approach: active participation through selected experiments and stimulation of discussion and sharing of cases of direct experiences between the participants.

Also as part of the "courses of excellence" aimed at the Financial Planners who distinguished themselves for professional achievements, the "Office - Network" project - currently in its third edition and always proposing a new organisation and content - continued during the period, aimed both at the Financial Planners already part of the network and the newly hired planners of Banca Generali, in the latter case in a customised version thus characterised as a "Welcome Program".

At the fundamental presence of Area Managers, all Financial Planners attending the project can visit and learn about the main Departments of the Milan and Trieste Offices, with the aim of fostering greater integration and understanding between the Head Office and the Network and ensuring an ever greater attention to customers needs.

Banca Generali also expanded its training offerings through the online portal BG Academy, a new space reserved for the entire Banca Generali network to explore classroom content through materials, training modules, accounts of successful experiences, questions for teachers and post-classroom feedback.

In mandatory online training devoted to the entire network, use continued to be made of the Generali Group's e-learning plat-

form, through which newly hired Private Bankers and Financial Planners were also able to keep up-to-date by means of an online self-training approach (Anti-money laundering, MiFID, Privacy, IT security, Legislative Decree No. 231/2001, Banking transparency, Transparency and Consumer credit).

Communications

In the first half of 2013, Banca Generali conducted communications aimed at constant, transparent dissemination of major information of a financial nature. In addition, several initiatives relating to the Bank's image were developed.

The results achieved and the increase in the stock price attracted the attention of various media to the presentation and approval of the 2012 financial statements during the Shareholders' Meeting of 24 April 2013. The final document is distinguished not only by its new graphical and stylistic form, aimed at further facilitating reading and emphasising salient points, but also, and most importantly, by the inclusion of new informational content anticipating the social report. The document thus represents an evolution towards financial reporting dynamics with a greater level of integration between economic and social issues, providing a more composite vision of the company's commitment and value.

In addition, an ad hoc version in HTML format was also made available once more this year for users to consult on the institutional website www.bancagenerali.com.

The publication of the previous year's results was then followed by the customary monthly releases on net inflows and the report on the first quarter of the year. The update of strategic objectives was communicated directly and in a timely manner through the publication of press releases and interviews with top management.

At the image level, the main change in the first half of 2013 related to the rebranding of the network of "Financial Advisors", which evolved, taking on the new name "Banca Generali Financial Planners." This step was accompanied by a press campaign in May and early June involving several selected Italian newspapers and, to a more incisive extent, several heavily trafficked websites of both a financial and general interest nature, through advertisements and online banners.

Banca Generali also continued with various initiatives at a local and national level, foremost among which is the roundtable or-

ganised during the 2013 IT Forum in Rimini, with the participation of Chief Executive Officer Piermario Motta, alongside champion football player Alessandro del Piero, allowing the bank to continue to promote a common image with its endorser. Turning to new product developments, mention should be made of the new BG GO! account card associated with the face of Federica Brignone, the young Italian skiing champion who also provides endorsements for Banca Generali.

Finally, Banca Generali has decided to continue to support several events with important social profiles. For the fourth consecutive year, support has been assured for the travelling event "Banca Generali - Un Campione Per Amico," which during its tour of all of Italy, stopping in nine different town squares, introduced approximately 10,000 children to the important values of sport and, in its own small way, brought a breath of optimism to young people, as well as other beneficiaries, capturing the interest of dozens of newspapers, TV broadcasters and websites throughout Italy.

Trade marketing

The first half of 2013 started off in January with a roadshow that was held in conjunction with the resumption of the Bank's commercial activity. During the eight meetings throughout Italy, the new third-party management agreements for BG Sicav were also launched.

In May, Banca Generali and its Private Banking Division took centre stage at the 2013 edition of the IT Forum in Rimini, an important annual event dedicated to asset management and online trading.

In its cultural activities, from the standpoint of commercial development, the Bank organised a series of live-music events at the Blue Note in Milan. In addition, the Private Banking Division involved customers and prospects in an exceptional evening at Palazzo Spinola, the historical location in the heart of Milan and home to Società del Giardino Club.

Banca Generali renewed its commitment in the social and athletic arena, confirming its title of sponsor for the travelling project "Banca Generali - Un Campione per Amico," which stopped in nine of Italy's main town squares, with the support of four famous champions.

In addition, Banca Generali Private Banking also promoted the Invitational Golf Tour, a circuit of high standing organised at some of Italy's most prestigious golf clubs.

Besides institutional activities, the half-year also saw a number of local marketing activities organised directly by the network.

10. Auditing

Banca Generali's Internal Audit Function, an independent internal control function, is tasked with providing recommendations to the management and top management for the implementation of control safeguards functional to the best containment of company risks.

The Function is intended, on the one hand, to supervise, from a third-tier standpoint, including through onsite audits, the regular course of operations and evolution of risks and, on the other, to assess the completeness, functionality and adequacy of the organisational structure and other components of the internal control system, submitting possible improvements to risk governance policies, the risk management process and the tools for measuring and monitoring risks and procedures for the attention of the Board of Directors, Board of Statutory Auditors, Audit and Risks Committee and Top Management.

Audit work is performed on the basis of the methodologies and standards specified in the function's Rules and Procedures:

- CoSo Report, ERM (Enterprise Risk Management) model and CobiT-Pam methodology;
- the Bank of Italy's supervisory instructions;
- International Standards for the Internal Auditing profession, interpretative guides and position papers of Association of Internal Auditors;
- Borsa Italiana's Corporate Governance Code;
- Basel Committee on Banking Supervision, June 2012.

In the quarter, the activity was implemented by means of audits carried out at the units involved 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);
- formulation of recommendations and suggestions;
- follow ups and remote monitoring.

The work done during the period related to the quality and reliability of safeguards associated with risks actually or potentially present in IT processes (CSE consortium audit and Internet banking security), credit and market risk safeguards, the revision of the ICAAP process and the Pillar III public disclosure process, inspections of bank branches, continuous auditing of telephone orders, the competency analysis and the reporting of possible cases of market abuse.

In the financial arena, activities were performed in connection with the closure of the 2013 Half-Yearly Financial Report (business processes and IT processes FARG) and revision of the order negotiation process on behalf of management companies (Commission Sharing Agreement) was completed.

The improvement paths for existing controls, which were performed as a result of previous audits follow ups, have been monitored.

Finally, during the reporting period, the activities performed were in line with the Audit Plan approved at the beginning of the year.

The specialist training programme for the Internal Audit function's resources related to the subjects of the internal control system, audit techniques, audit communication, continuous auditing, risk-based auditing, anti-money laundering, fraud, IT systems, IT security, COBiT, taxation and financial reporting.

11. Organisation and ICT

During the first half of 2013, the main projects completed or in the process of being implemented focused on legislative compliance measures, work aimed at improving operating efficiency and strategic initiatives aimed at developing and consolidating the architecture for the mobile solution in support of the adoption of digital signatures for signing orders.

Legal compliance

New legislation

All development work on back-end procedures required for handling the specific aspects introduced by the “Save Italy” decree was completed in the first half of the year.

In addition, the compliance measures required for the introduction of the Tobin Tax were also carried out in the first half of the year.

Managing the company business

Rationalisation of Banca Generali Group activities: January marked the completion of the project that, in view of constant improvement of the quality of the service offered to customers, envisaged the transition to BNP Paribas Securities Services as the new paying agent for all SICAVs distributed.

Management of customer services

New services used to consult and manage bank accounts and financial instruments were made available in the first half of the year. In further detail, a feature was enabled allowing payment of the Italian Television RAI subscription fee, whereas Family Budget permits customers to keep track of their family budgets in a simple, immediate manner. In the investment area, a new “Personalised” display option was enabled, allowing users to access online trading while viewing the information useful to monitoring the performance of their securities portfolios, and some information was made available with the aim of improving how customers manage their relationships with Banca Generali.

Sales network services

Financial Planners/Private Bankers: during the half-year, the process of constant development of the platforms used by sales units continued with the aim of further expanding the functional perimeter.

A new component was released for the innovative application for use on mobile tablet devices, allowing the financial planner network to have complete information about their customers’ positions, markets and products at their fingertips in a simple, intuitive manner, wherever they may be.

Development also continued for components of the application for the adoption of the digital signature in support of the signing of orders placed by customers.

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 appetite defined by the Board of Directors.

In the first half of 2013, the risk in question remained at moderate levels, with a one-day 99% VaR of less than 0.35% of the total portfolio. Monitoring also showed full observance of operating limits and no reports of overruns, except to a limited degree, in a small number of cases (2), of alert thresholds (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.

- The bank's exposure to **credit** risk mainly arises from its investments in the money market (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 Service and established with the objective of maintaining a level of risk that is consistent with the strategies and risk appetite defined by the Board of Directors.

In the first half of 2013, 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 planners) 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 errors, interruptions of operation, unavailability of systems, breach of contract, natural disasters and legal risks.

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 portfolios. Such risk takes the form of default on payment obligations, which may be caused by an inability to raise 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, to a secondary degree, where available, through the extraordinary measures proposed by the ECB. In addition, the Group maintains a portfolio of listed, readily liquidated financial instruments in order to respond to potential crisis scenarios characterised by 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 e Net Stable Funding Ratio – NSFR).

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 Funding 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 13.8% and a total capital ratio of 14.97%.
- 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 Planners/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 2013

The second half of 2013 will probably continue to be characterised by an uncertain, volatile market scenario due to the unresolved sovereign debt crisis, the level of unemployment and prospects for scarce economic growth. In this context, in which the expertise and reliability of managers will be in increasing demand, the Banking Group will continue to pursue the growth objectives for its market share through the measures and actions planned and partly launched in the first half of the year, with the aim of increasing and developing its competitive edge represented by a specific combination of quality products, network and service.

Accordingly, in the second half of 2013 the Banking Group's efforts will continue to be geared towards increasing revenues through an expansion of inflows and an improvement in the profitability of assets under management along the following guidelines:

- maintenance and implementation of the product line in order to meet customers' financial needs and return profile;

- an increase in market share to be achieved by both acquiring new customers and developing existing customers;
- investments in technology capable of providing a true competitive advantage in the network's sales activity.

In addition, in the second half of 2013 the Group will 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 ordinary operating costs at the previous year's levels.

Trieste, 26 July 2013

The Board of Directors



CONDENSED
HALF-YEAR
FINANCIAL
STATEMENTS
as of 30.06.2013

BOARD OF DIRECTORS 26.06.2013

Consolidated accounting statements

CONSOLIDATED BALANCE SHEET

Assets		
(€ THOUSAND)	30.06.2013	31.12.2012 RESTATED
10. Cash and deposits	10,440	10,386
20. HFT financial assets	431,465	222,548
30. Financial assets at fair value	0	0
40. AFS financial assets	1,230,402	1,733,885
50. HTM financial assets	2,631,021	3,000,330
60. Loans to banks	268,822	843,368
70. Loans to customers	1,379,197	1,308,585
120. Property and equipment	4,087	4,416
130. Intangible Assets	45,762	47,362
<i>of which:</i>		
- goodwill	38,632	38,632
140. Tax receivables:	43,207	41,276
a) current	1,532	1,720
b) prepaid	41,675	39,556
<i>b1) as per Law No. 214/2011</i>	11,049	11,629
160. Other assets	100,631	105,222
Total Assets	6,145,034	7,317,378

Net equity and liabilities		
(€ THOUSAND)	30.06.2013	31.12.2012 RESTATED
10. Due to banks	1,930,243	2,229,896
20. Due to customers	3,617,170	4,491,173
40. HFT financial liabilities	4,011	1,448
80. Tax payables:	16,889	36,620
a) current	14,616	33,365
b) deferred	2,273	3,255
100. Other liabilities	127,573	95,013
110. Employee termination indemnities	4,174	4,600
120. Provisions for liabilities and contingencies:	73,320	63,805
b) other provisions	73,320	63,805
140. Valuation reserves	-14,819	-11,475
170. Reserves	164,899	139,841
180. Additional paid-in capital	29,611	16,591
190. Share capital	114,173	112,938
200. Treasury shares (-)	-41	-41
210. Minority interests (+/-)	6,241	7,166
220. Net profit (loss) for the period (+/-)	71,590	129,803
Total Net equity and Liabilities	6,145,034	7,317,378

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Items	30.06.2013	30.06.2012 RESTATED
(€ THOUSAND)		
10. Interest income and similar revenues	77,082	76,460
20. Interest expense and similar charges	-13,450	-25,195
30. Net interest income	63,632	51,265
40. Commission income	217,073	194,088
50. Commission expense	-94,029	-77,699
60. Net commissions	123,044	116,389
70. Dividends and similar income	856	697
80. Net income (loss) from trading activities	-8,862	8,887
90. Net profit from hedging	0	0
100. Gain (loss) from sales or repurchase of:	14,246	-96
a) receivables	2,132	84
b) AFS financial assets ^a	12,124	-74
c) HTM financial assets	-10	-106
120. Net banking income	192,916	177,142
130. Net adjustments/reversals due to impairment of:	-1,455	-3,713
a) receivables	-555	-2,908
b) AFS financial assets	-904	-866
c) HTM financial assets	4	61
140. Net result from banking operations	191,461	173,429
180. General and administrative expense:	-87,784	-79,094
a) staff expenses	-35,427	-34,787
b) other general and administrative expense	-52,357	-44,307
190. Net provisions for liabilities and contingencies	-21,396	-14,306
200. Net adjustments/reversals of property and equipment	-818	-934
210. Net adjustments/reversals of intangible assets	-1,601	-1,335
220. Other operating expense/income	14,355	9,150
230. Operating expense	-97,244	-86,519
270. Gains (losses) from disposal of investments	-4	-2
280. Profit (loss) from operating activities before income taxes	94,213	86,908
290. Income taxes for the year on operating activities	-20,136	-17,877
300. Net profit after income taxes	74,077	69,031
310. Income of disposal groups, net of taxes	0	318
320. Net profit for the period	74,077	69,349
330. Minority interests (+/-) for the period	-2,487	-1,980
340. Net profit (loss) for the period of the Parent Company	71,590	67,369

STATEMENT OF COMPREHENSIVE INCOME

Items		
(€ THOUSAND)	30.06.2013	30.06.2012 RESTATED
10. Net profit for the period	74,077	69,349
Other income net of income taxes		
20. AFS financial assets	-3,244	15,330
60. Cash flow hedges	0	114
90. Actuarial gains (losses) from defined benefit plans ⁽¹⁾	-100	-264
110. Total other income, net of income taxes	-3,344	15,180
120. Comprehensive income	70,733	84,529
130. Comprehensive income attributable to Minority Interests	-2,487	-1,980
140. Consolidated comprehensive income attributable to the Parent Company	68,246	82,549

(1) Other components of income, net of income taxes, without reversal to profit and loss (IAS 1 revised).

STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY

(€ THOUSAND)	SHARE CAPITAL		SHARE PREMIUM RESERVE	RESERVES		VALUATION RESERVE	EQUITY INSTRUMENTS	INTERIM DIVIDENDS	TREASURY SHARES	NET PROFIT (LOSS) FOR THE PERIOD	NET EQUITY	NET EQUITY, GROUP	NET EQUITY, MINORITIES
	A) ORDINARY SHARES	B) OTHER		A) RETAINED EARNINGS	B) OTHER								
Net equity at 31.12.2012	114,860	-	16,591	131,172	10,046	-11,475	-	-	-41	133,670	394,823	387,657	7,166
Change in opening balances	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount at 01.01.2013	114,860	-	16,591	131,172	10,046	-11,475	-	-	-41	133,670	394,823	387,657	7,166
Allocation of net income of the previous year:	-	-	-	27,768	-	-	-	-	-	-133,670	-105,902	-102,490	-3,412
- Reserves	-	-	-	27,768	-	-	-	-	-	-27,768	-	-	-
- Dividends and other allocations	-	-	-	-	-	-	-	-	-	-105,902	-105,902	-102,490	-3,412
Change in reserves	-	-	-	-	92	-	-	-	-	-	92	92	-
Transactions on net equity:	1,235	-	13,020	-	-2,347	-	-	-	-	-	11,908	11,908	-
- Issue of new share	1,235	-	13,020	-	-2,589	-	-	-	-	-	11,666	11,666	-
- Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
- Interim dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
- Extraordinary dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
- Change in equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
- Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
- Stock options	-	-	-	-	242	-	-	-	-	-	242	242	-
Comprehensive income	-	-	-	-	-	-3,344	-	-	-	74,077	70,733	68,246	2,487
Net equity at 30.06.2013	116,095	-	29,611	158,940	7,791	-14,819	-	-	-41	74,077	371,654	365,413	6,241
Net equity, Group	114,173	-	29,611	157,108	7,791	-14,819	-	-	-41	71,590	365,413	-	-
Minority interest	1,922	-	-	1,832	-	-	-	-	-	2,487	6,241	-	-

(€ THOUSAND)	SHARE CAPITAL		SHARE PREMIUM RESERVE	RESERVES		VALUATION RESERVE	EQUITY INSTRUMENTS	INTERIM DIVIDENDS	TREASURY SHARES	NET PROFIT (LOSS) FOR THE PERIOD	NET EQUITY	NET EQUITY, GROUP	NET EQUITY, MINORITIES
	A) ORDINARY SHARES	B) OTHER		A) RETAINED EARNINGS	B) OTHER								
Net equity at 31.12.2011	113,597	-	3,231	118,769	8,719	-56,341	-	-2,680	-248	77,374	262,421	258,245	4,176
Change in opening balances	-	-	-	-	-	-64	-	-	-	-	-64	-	-
Amount at 01.01.2012	113,597	-	3,231	118,769	8,719	-56,405	-	-2,680	-248	77,374	262,357	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 share	18	-	175	-	-44	-	-	-	-	-	149	149	-
- Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
- Interim dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
- Extraordinary dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
- Change in equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
- Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
- Stock options	-	-	-	-	464	-	-	-	-	-	464	464	-
Comprehensive income	-	-	-	-	-	15,180	-	-	-	69,349	84,529	82,549	1,980
Net equity at 30.06.2012	113,615	-	3,406	134,884	9,139	-41,225	-	-	-248	69,349	288,920	283,705	5,279
Net equity, Group	111,694	-	3,406	133,506	9,139	-41,225	-	-	-248	67,369	283,641	-	-
Minority interest	1,921	-	-	1,378	-	-	-	-	-	1,980	5,279	-	-

CASH FLOW STATEMENT

Indirect method		
(€ THOUSAND)	30.06.2013	30.06.2012
A. OPERATING ACTIVITIES		
1. Operations	84,701	74,177
Net profit (loss) for the period	74,077	69,263
Gains/losses on financial assets and liabilities held for trading	5,098	-4,458
Gains/losses on hedging assets	0	852
Net adjustments due to impairment	1,455	3,713
Net adjustments of property, equipment and intangible assets	2,419	2,269
Net provisions for liabilities and contingencies and other costs/revenues	9,515	4,416
Taxes included in taxes not paid	-20,400	13,734
Adjustments of discontinued operations	0	0
Other adjustments	12,537	-15,612
2. Liquidity generated by/used for financial assets (+/-)	804,805	281,897
Financial assets held for trading	-210,157	4,377
Financial assets measured at fair value	0	0
AFS financial assets	482,391	203,458
Loans to banks: repayable on demand	20,565	120,477
Loans to banks: other receivables	554,303	69,107
Loans to customers	-57,970	-121,600
Other assets	15,673	6,078
3. Net liquidity generated by/used for financial liabilities (+/-)	-1,150,218	1,237,154
Due to banks: repayable on demand	-77,371	1,757
Due to banks: other payables	-224,318	1,251,495
Due to customers	-874,807	-34,138
Securities issued	0	0
Financial liabilities held for trading	-1,448	907
Financial liabilities measured at fair value	0	0
Other liabilities	27,726	17,133
Net liquidity generated by/used for operating activities	-260,712	1,593,228

Indirect method

(€ THOUSAND)	30.06.2013	30.06.2012
B. INVESTING ACTIVITIES		
1. Liquidity generated by	801,327	282,844
Disposal of equity investments	0	0
Dividends received from investee companies	0	0
Disposal of HTM financial assets	801,327	277,426
Disposal of property and equipment	0	0
Disposal of intangible assets	0	0
Disposal of business units	0	5,418
2. Liquidity used for	-446,325	-1,878,645
Purchase of equity investments	0	0
Purchase of HTM financial assets	-445,831	-1,878,364
Purchase of property and equipment	-493	-227
Purchase of intangible assets	-1	-54
Purchase of business units and equity investments in subsidiaries	0	0
Net liquidity generated by/used for investing activities	355,002	-1,595,801
C. FUNDING ACTIVITIES		
Issue/purchase of treasury shares	11,666	149
Issue/purchase of equity instruments	0	0
Distribution of dividends and other	-105,902	-62,291
Net liquidity generated by/used for funding activities	-94,236	-62,142
NET LIQUIDITY GENERATED BY/USED FOR IN THE PERIOD	54	-64,715
Reconciliation		
Cash and cash equivalents at period-start	10,386	73,959
Liquidity generated/used in the period	54	-64,715
Cash and cash equivalents – effects of exchange rate fluctuations	0	0
Cash and cash equivalents at period-end	10,440	9,244

Notes and comments

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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 financial statements, 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 IASs/IFRSs 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 and a comparative balance sheet as of the end of the preceding financial year;
- **a Profit and Loss Account** for the interim reporting period, with a comparative profit and loss account for the same interim period of the preceding financial year;
- **the Other Comprehensive Income (OCI) statement**, which includes the profit and loss items for the period recognised directly in net equity, for the interim reporting period as compared to the same period of the previous year;
- **a Statement of Changes in Net 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 half-year 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 (IASs/IFRSs).

In detail, IAS 34 on interim financial reporting states that, in the interest of timely disclosure, the interim financial statements ("condensed financial statements") can contain a condensed version of the information provided in the annual report 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 financial statements were prepared in euros. The amounts included in the financial statements and the figures in the Notes are expressed in thousands of euro. Unless otherwise stated, the amounts reported in the interim Report on Operations are expressed in thousands of euro.

Content of the Financial Statements and the Notes

The Financial Statements have been prepared in accordance with Bank of Italy's Circular No. 262/2005 and the first update published on 18 November 2009, as well as subsequent updates.

Accounts that do not include items pertaining to the reporting period to which the condensed half-year financial statements refer or the previous reporting period are not stated in the balance sheet and profit and loss account. In the consolidated profit and loss account, profit attributable to minority interests is presented with a negative sign, whereas losses attributable to minority interests are presented with a positive sign.

Likewise, sections or tables which include no values are not included in the Notes.

The Statement of Comprehensive Income consists of items that present changes in the value of assets recognised in the reporting period through valuation reserves, net of the associated tax effect and distinguishing between any income attributable to the Parent Company and minority interests.

The amendment to IAS 1 - *Presentation of Items of Other Comprehensive Income*, effective 1 January 2013, also requires the separate recognition in the statement of the components and the relevant taxes, that may or may not be reclassified to profit or loss.

As for the balance sheet and profit and loss account, items with nil amounts in both the reporting year and previous year are not presented.

The Statement of Changes in consolidated net equity is presented by inverting the rows and columns with respect to the presentation suggested by the Bank of Italy's Circular No. 262/2005. The statement presents changes in consolidated total net equity, showing separately the final carrying amounts of the equity attributable to the Group and minority interests and aggregate changes in those items.

The Cash Flow Statement was prepared using the indirect method, according to which cash flows from operating activities are derived by adjusting net profit for the reference period for the effects of non-cash transactions.

Cash flows are broken down into:

- cash flows from operating activities, including cash flows from operations and cash flows from increases and decreases in financial assets and liabilities;
- cash flows generated by (used for) investing activities involving fixed assets;
- cash flows generated by (used for) financing activities that alter the company's equity capital and its remuneration.

Specifically, sections 2 and 3 include only cash generated by (used for) the decrease (increase) in financial assets or the increase (decrease) in financial liabilities resulting from new transactions or reimbursements related to existing transactions.

Accordingly, these sections do not include items such as changes in value (adjustments, reversal values), amortisation and depreciation, the net balance of unpaid taxes (current and deferred), interest and unpaid or uncollected commissions; these items have been disclosed separately and classified under operating activities.

These cash flows also do not include changes in operating assets and liabilities, but include those relating to financing activities, such as changes in operating loans and amounts payable to financial planners and employees and any related advance payments.

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 fol-

lowing subsidiaries and did not change compared to year-end 2012:

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

With reference to the comparison period at 30 June 2012, it should be noted that the merger of BG SGR S.p.A., a company fully controlled by the Parent Company Banca Generali has not had any effects on the consolidation area, as it was a mere internal reorganisation of the Banking Group.

The consolidated accounts include the separate accounts of the Parent Company and its subsidiaries at 30 June 2013, 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 respectively in other assets/liabilities and other revenues/expenses.

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 ob-

tained. 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 IASs/IFRSs 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 Asirevi, 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, any excess of the amount received over the carrying amount 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 2013 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 26 July 2013 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 planner network's remuneration (pay out) for June 2013 and commission-based incentive measures for the first six months of the year;
- the quantification of provisions for personnel incentives;
- determining the amount of provisions for liabilities and contingencies;
- the determination of the fair value of financial instruments 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 2012 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 2013. For further information on this subject, the reader is referred to the 2012 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 (CONSOB Communication No. DEM/6064293 of 28 July 2006).

Audit

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

A.2 Accounting standards

This charter sets out the accounting policies adopted for the preparation of the consolidated condensed half-year financial statements at 30 June 2013, 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.

With reference to the foregoing, it should be noted that during the reporting period, the accounting policies adopted by the banking Group underwent no significant amendments and supplementations.

Accordingly, the accounting standards and measurement criteria used are the same as those used to prepare the consolidated Financial Statements at 31 December 2012, except as stated hereunder.

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

It should also be noted that, following the completion of the endorsement procedure, as of 1 January 2013, several amendments to the IASs/IFRSs entered into force.

International accounting standards endorsed in 2012 and 2013, and effective as of 2013	ENDORSEMENT REGULATIONS	PUBLICATION DATE	EFFECTIVE DATE
Amendments to IAS 19 Employee Benefits	475/2012	06.06.2012	01.01.2013
Amendments to IAS 1 Presentation of Items of Other Comprehensive Income	475/2012	06.06.2012	01.01.2013
Amendments to IAS 12 Income Taxes - Deferred Tax: Recovery of Underlying Assets	1255/2012	29.12.2012	01.01.2013
IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1255/2012	29.12.2012	01.10.2013
Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1255/2012	29.12.2012	01.01.2013
Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities	1256/2012	29.12.2012	01.01.2013
Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1256/2012	29.12.2012	01.10.2013
Annual Improvements to IFRSs 2009-2011 Cycle (issued by the IASB in May 2012)	301/2013	27.03.2013	01.01.2013
Amendments to IFRS 1 - Government Loans	183/2013	04.03.2013	01.01.2013

International accounting standards endorsed but not effective yet	ENDORSEMENT REGULATIONS	PUBLICATION DATE	EFFECTIVE DATE
Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)	313/2013	04.04.2013	01.01.2014
IFRS 10 Consolidated Financial Statements	1254/2012	29.12.2012	01.01.2014
IFRS 11 Joint Arrangements	1254/2012	29.12.2012	01.01.2014
IFRS 12 Disclosure of Interests in Other Entities	1254/2012	29.12.2012	01.01.2014
IFRS 13 Fair Value Measurement	1254/2012	29.12.2012	01.01.2014
IAS 27 Separate Financial Statements	1254/2012	29.12.2012	01.01.2014
IAS 28 Investments in Associates and Joint Ventures	1254/2012	29.12.2012	01.01.2014

The date of entry into force of some of the already endorsed standards has been postponed until subsequent years. The early application option has not been exercised for those standards. The new standards and interpretations that have entered into force do not have a significant impact on Banca Generali's operations, except as specified below with regard to the revision of IAS 19.

Amendments to IAS 19

The amendment to IAS 19 issued by the IASB on 16 June 2011 and endorsed by Regulation (EC) No. 475/2012 of 6 June 2012, which modifies the rules for recognising defined benefit plans and termination benefits, entered into effect on 1 January 2013. In the banking group's case, the new rules apply solely to the accounting treatment of the provision for post-employment benefits.

In detail, the amendment eliminates the option to defer actuarial gains and losses within the scope of the corridor method, without recognising them, and instead requires that they be recognised in full in the statement of comprehensive income, including the share previously recognised in profit or loss (the "overcorridor"). In compliance with IAS 19, the amendments to the accounting standard have retrospective effectiveness as of the opening balance of financial year 2012.

In this regard, if the new standard had been applied to 2012, the balance sheet figures at the end of that year would have shown an increase in liabilities associated with the provision for post-employment benefits of 0.4 million euros, as well as negative reserves from actuarial losses on defined benefit plans of -0.9 million euros, net of fiscal effects. Net profit for the year would also have increased by 0.6 million euros, with an overall negative effect on the balance sheet of 0.3 million euros.

(€ THOUSAND)	01.01.2012	30.06.2012	31.12.2012
Effects on the balance sheet:			
Change in provision for post-employment benefits	89	334	410
Change in deferred tax assets	24	92	113
Assets/liabilities unbalance	-64	-242	-298
Effects on net equity:			
Change in the reserve for actuarial gains and losses	-64	-328	-888
Change in net profit for the period	0	86	591
Change in net equity	-64	-242	-298
Effects on the profit and loss account:			
Lower staff expenses	0	119	815
Higher taxes	0	-33	-224
Effect on the net profit for the period	0	86	591

Accordingly, the comparative tables at 31 December 2012 and 30 June 2012, along with the associated details presented in the

notes, have been restated in order to account for the aforementioned effects.

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 2012 and illustrated in Part A, Section 3, of the Notes to those Financial Statements.

A.3.2 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

FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE	30.06.2013				TOTAL
	L1	L2	L3	AT COST	
1. HFT financial assets	403,375	10,593	17,497	0	431,465
2. Financial assets at fair value	0	0	0	0	0
3. AFS financial assets	1,213,364	3,020	9,262	4,756	1,230,402
4. Hedging derivatives	0	0		0	0
Total	1,616,739	13,613	26,759	4,756	1,661,867
1. HFT financial liabilities	0	4,011	0	0	4,011
2. Financial liabilities at fair value	0	0	0	0	0
3. Hedging derivatives	0	0	0	0	0
Total	0	4,011	0	0	4,011

FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE	31.12.2012				TOTAL
	L1	L2	L3	AT COST	
1. HFT financial assets	191,621	13,530	17,397	0	222,548
2. Financial assets at fair value	0	0	0	0	0
3. AFS financial assets	1,691,972	22,555	14,602	4,756	1,733,885
4. Hedging derivatives	0	0		0	0
Total	1,883,593	36,085	31,999	4,756	1,956,433
1. HFT financial liabilities	0	1,448	0	0	1,448
2. Financial liabilities at fair value	0	0	0	0	0
3. Hedging derivatives	0	0	0	0	0
Total	0	1,448	0	0	1,448

A.3.2.2 Accounting portfolios: annual changes in financial assets at fair value (Level 3)

	FINANCIAL ASSETS		
	TRADING	AFS AT FAIR VALUE	AFS AT COST
1. Amount at period-start	17,397	14,602	4,756
2. Increases	6,216	63	0
2.1 Purchases	6,084	0	0
2.2 Gains through:			
2.2.1 Profit and loss	102	0	
<i>of which: capital gains</i>	102		
2.2.2 Net equity		63	
2.3 Transfers from other levels	0	0	
2.4 Other increases	30	0	
<i>of which business combinations</i>			0
3. Decreases	6,116	5,403	0
3.1 Sales	6,105	0	
3.2 Redemptions	0	4,700	
3.3 Losses through:			
3.3.1 Profit and loss	3	695	
<i>of which: capital losses</i>	3	695	
3.3.2 Net equity		0	
3.4 Transfers to other levels		0	0
3.5 Other decreases	8	8	
4. Amount at period-end	17,497	9,262	4,756

PART B - INFORMATION ON THE CONSOLIDATED BALANCE SHEET

1. Assets

1.1 Financial assets and liabilities held for trading – Item 20

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

ITEMS/VALUES	30.06.2013	31.12.2012
A. Cash assets		
1. Debt securities	419,253	207,183
a) Governments and Central Banks	402,220	190,073
b) Other public institutions	0	0
c) Banks	2,009	2,086
d) Other issuers	15,024	15,024
2. Equity securities	1,162	1,376
a) Banks	1	1
b) Other issuers	1,161	1,375
- insurance companies	517	486
- financial companies	0	119
- non-financial companies	644	770
- other entities	0	0
3. UCITS units	10,701	13,592
4. Financing	0	0
a) Governments and Central Banks	0	0
b) Other public institutions	0	0
c) Banks	0	0
d) Other issuers	0	0
Total A	431,116	222,151
B. Derivatives		
a) Banks	247	217
b) Customers	102	180
Total B	349	397
Total (A + B)	431,465	222,548

1.2 Financial assets available for sale – Item 40

1.2.1 AFS financial assets: breakdown by debtors/issuers

ITEMS/VALUES	30.06.2013	31.12.2012
1. Debt securities	1,209,229	1,709,802
a) Governments and Central Banks	1,158,172	1,605,949
b) Other public institutions	0	0
c) Banks	49,038	103,577
d) Other issuers	2,019	276
2. Equity securities	18,162	19,964
a) Banks	5,674	5,837
b) Other issuers	12,488	14,127
- insurance companies	621	825
- financial companies	5,531	6,231
- non-financial companies	6,329	7,064
- other entities	7	7
3. UCITS units	3,011	4,119
4. Financing	0	0
a) Governments and Central Banks	0	0
b) Other public institutions	0	0
c) Banks	0	0
d) Other issuers	0	0
Total	1,230,402	1,733,885

1.3 Held-to-maturity financial assets – Item 50

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

ITEMS/VALUES	30.06.2013	31.12.2012
1. Debt securities	2,631,021	3,000,330
a) Governments and Central Banks	2,530,335	2,849,763
b) Other public institutions	0	0
c) Banks	75,826	119,826
d) Other issuers	24,860	30,741
2. Financing	0	0
a) Governments and Central Banks	0	0
b) Other public institutions	0	0
c) Banks	0	0
d) Other issuers	0	0
Total	2,631,021	3,000,330
Total (fair value)	2,669,399	3,053,097

1.4 Debt securities allocated to loans

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

ITEMS/VALUES	30.06.2013	31.12.2012
a) Banks	91,894	164,190
b) Other issuers	47,933	69,948
Total debt securities	139,827	234,138
Total (fair value)	136,621	229,794

1.5 Loans to banks – Item 60

1.5.1 Due from banks: categories

ITEMS/VALUES	30.06.2013	31.12.2012
1. Repayable on demand	91,371	111,936
Demand deposits with ECB	0	0
Demand deposits with banks	55,002	65,000
Transfer accounts	36,369	46,936
2. Time deposits	85,503	567,128
Mandatory reserve	64,565	19,519
Term deposits	19,158	147,693
Repurchase agreements	0	398,136
Collateral margins	1,780	1,780
3. Debt securities	91,894	164,190
4. Other operating receivables	54	114
Total due to banks	268,822	843,368

1.6 Loans to customers – Item 70

1.6.1 Loans to customers: categories

ITEMS/VALUES	30.06.2013	31.12.2012
Current accounts	688,042	629,453
Personal loans	490,081	418,953
Other financing and loans not in current accounts	40,534	47,226
Short-term term deposits on the new MIC	0	40,003
Financing	1,218,657	1,135,635
GESAV life insurance participating policy	21,766	21,373
Total loans	1,240,423	1,157,008
Receivables from product companies	60,473	54,507
Sums advanced to Financial Planners	23,039	22,078
Stock exchange interest-bearing daily margin	2,787	2,167
Changes to be debited and other loans	4,542	2,877
Operating loans and other loans	90,841	81,629
Debt securities	47,933	69,948
Total loans to customers	1,379,197	1,308,585

Doubtful loans

Within the loans to customers segment, net non-performing loans amounted to 26.1 million euros, accounting for 2.14% 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 20.7 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

(€ THOUSAND)	GROSS EXPOSURE	VALUE ADJUSTMENT	2013 NET EXPOSURE	2012 NET EXPOSURE	CHANGE		INDEMNITY GUARANTEE	NOT GUARANTEED
					AMOUNT	%		
Bad loans	34,075	-13,091	20,984	23,400	-2,416	-10.3%	20,401	583
Substandard loans	2,826	-773	2,053	2,087	-34	-1.6%	1,490	563
Restructured loans	970	0	970	960	10	1.0%	970	0
Expired loans/oustanding over 90 days	12,683	-238	12,445	885	11,560	n,s,	10,322	2,123
Total non-performing loans	50,554	-14,102	36,452	27,332	9,120	33.4%	33,183	3,269
Performing loans	1,184,213	-2,008	1,182,205	1,108,303				
Total loans	1,234,767	-16,110	1,218,657	1,135,635				

Net impaired loans relating to operating receivables amounted instead to 1.2 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

ITEMS/VALUES	30.06.2013	31.12.2012
A. Property and equipment		
1. Operating		
1.1 Owned assets		
- furniture and fittings	2,442	2,556
- ADP machines and equipment	811	918
- miscellaneous machines and equipment	834	942
1.2 Leased		
Total property and equipment	4,087	4,416
B. Intangible assets with indefinite lives		
- Goodwill with finite lives – at cost	38,632	38,632
- Relations with customers of the former Banca del Gottardo	4,291	4,767
- Charges for legacy systems	1,464	2,540
- Other software costs	96	144
- No-load commissions to be amortised	0	0
- Other assets and assets in progress	1,279	1,279
Total intangible assets	45,762	47,362
Total property, equipment and intangible assets	49,849	51,778

1.7.2 Property, equipment and intangible assets: changes

	GOODWILL	PROPERTY INTANGIBLE ASSETS	PROPERTY AND EQUIPMENT	30.06.2013
Net amount at period-start	38,632	8,730	4,416	51,778
Increases	0	0	490	490
Purchases	0	0	490	490
Other increases	0	0	0	0
<i>of which: business combinations</i>	0	0	0	0
Decreases	0	1,600	819	2,419
Sales	0	0	0	0
Adjustments	0	1,600	819	2,419
<i>of which:</i>				
a) <i>depreciation and amortisation</i>	0	1,600	819	2,419
b) <i>write-downs</i>	0	0	0	0
Other decreases	0	0	0	0
Amount at period-end	38,632	7,130	4,087	49,849

1.8 Other assets – Item 160

1.8.1 Breakdown of other assets

ITEMS/VALUES	30.06.2013	31.12.2012
Fiscal items	12,188	7,218
Advances paid to fiscal authorities – current account withholdings	839	1,449
Advances paid to fiscal authorities – stamp duty	9,873	4,893
Excess payment of substitute tax for tax shield	634	634
Other sums due from fiscal authorities	599	74
Amount receivable for temporarily-undeductible VAT (pro-rata)	198	0
Other taxes to be refunded	45	168
Leasehold improvements	1,059	932
Sundry advances to suppliers and employees	4,594	4,689
Operating receivables not related to financial transactions	191	108
Cheques under processing	6,476	20,861
C/a cheques drawn on third parties under processing	235	2,466
Our c/a cheques under processing c/o service	6,027	16,009
Cheques - other amounts under processing	214	2,386
Other amounts to be debited under processing	22,716	23,515
Amounts to be settled in the clearing house (debits)	3,847	6,027
Clearing accounts for securities and funds procedure	16,587	14,775
Other amounts to be debited under processing	2,282	2,713
Amounts receivable for legal disputes related to non-credit transactions	2,211	2,874
Trade receivables from customers and banks that cannot be traced back to specific items	14,371	14,858
Other amounts	36,825	30,167
Prepayments for the new supplementary commissions for FPs	26,088	18,941
Prepayments of exclusive portfolio management commissions	8,565	9,029
Other accrued income and deferred charges	1,629	1,740
Due from Assicurazioni Generali for claims to be settled	414	228
Sundry amounts	129	229
Total	100,631	105,222

Receivables from fiscal authorities for withholdings and stamp duty on current accounts represent the positive unbalance be-

tween payments on account and the related payable to fiscal authorities.

1.9 Deferred tax assets and liabilities – Item 140 (Assets) and Item 80 (Liabilities)

1.9.1 Breakdown of item 140 (Assets): deferred tax assets

ITEMS/VALUES	30.06.2013	31.12.2012 RESTATED
Current taxation	1,532	1,720
- Sums due for taxes to be refunded	194	194
- IRES arising on National Tax Consolidation	1,308	1,308
- IRES	30	218
- IRAP	0	0
Deferred tax assets	41,675	39,556
With impact on profit and loss account	34,757	33,130
- IRES	30,701	29,384
- IRAP	4,056	3,746
With impact on net equity	6,918	6,426
- IRES	5,933	5,513
- IRAP	985	913
Total	43,207	41,276

Current tax assets and liabilities represent the positive or negative imbalance between the estimated income taxes due for the year and the associated tax credits due to overpayments in previous tax periods, prepayments made and amounts withheld.

In the case of Banca Generali in particular, current tax assets or liabilities due to IRES take the form, respectively, of an account receivable from or payable to the consolidating company, Assicurazioni Generali S.p.A. Due to Banca Generali's participation in Assicurazioni Generali's tax consolidation programme, the former's taxable profits or losses for IRES purposes, along with the tax credits to which it is entitled and sums withheld from it, are transferred to the consolidating entity, which then figures and

pays the tax owed by the Group. The consolidating entity is also responsible for paying the taxes owed by or to the credit of the consolidated entity and requesting the associated prepayments.

Sums due for taxes to be refunded refer mostly to the excess IRES paid in years 2007-2011 due to the effect of the introduction, in accordance with Law Decree No. 201/2011, of the deductibility from that tax of the share of IRAP paid on the cost of labour. The account receivable was recognised on the basis of the provisions of the Order of the Director of the Italian Revenue Service of 17 December 2012, which governs the methods for presenting refund applications, and also takes the form of a positive entry in Assicurazioni Generali's tax consolidation programme.

1.9.2 Breakdown of item 80 (Liabilities): tax payables

ITEMS/VALUES	30.06.2013	31.12.2012
Current taxation	14,616	33,365
- IRES arising on National Tax Consolidation	5,691	743
- IRES	87	0
- IRAP	951	6,037
- Other direct taxes payable	7,887	26,413
- Sum due to the Treasury by way of substitute tax	0	172
Deferred tax liabilities	2,273	3,255
With impact on profit and loss account	2,174	2,386
- IRES	2,092	2,307
- IRAP	82	79
With impact on net equity	99	869
- IRES	70	701
- IRAP	29	168
Total	16,889	36,620

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

ITEMS/VALUES	30.06.2013	31.12.2012
1. Amount at period-start	33,130	36,299
2. Increases	6,736	8,117
2.1 Deferred tax assets for the period:	6,736	8,104
a) relative to prior years	0	0
b) change in accounting criteria	0	0
c) reversal value	0	0
d) other	6,736	8,104
2.2 New taxes or increases in tax rates	0	0
2.3 Other increases	0	13
<i>of which:</i>		
- <i>adjustment of prepaid taxes for the National Tax Consolidation</i>	0	0
- <i>business combinations</i>	0	0
3. Decreases	5,109	11,286
3.1 Deferred tax receivables eliminated in the period:	5,109	10,033
a) transfers	5,067	9,035
b) write-downs for non-recoverability	42	412
c) change in accounting criteria	0	586
3.2 Decreases in tax rates	0	121
3.3 Other decreases	0	1,132
<i>of which:</i>		
- <i>other</i>	0	0
- <i>business combinations</i>	0	1,120
4. Amount at period-end	34,757	33,130

1.9.4 Change in prepaid taxes pursuant to Law No. 214/2011

ITEMS/VALUES	30.06.2013	31.12.2012
1. Amount at period-start	11,629	12,843
2. Increases	0	0
<i>of which: business combinations</i>	0	0
3. Decreases	580	1,214
3.1 Transfers	580	1,214
3.2 Conversion into tax credits:	0	0
a) due to losses for the period	0	0
b) due to fiscal losses	0	0
3.3 Other decreases	0	0
4. Amount at period-end	11,049	11,629

1.9.5 Change in deferred tax payables (offsetting entry to the profit and loss account)

ITEMS/VALUES	30.06.2013	31.12.2012
1. Amount at period-start	2,386	1,211
2. Increases	34	1,192
2.1 Deferred taxes for the period:	34	66
a) relative to prior years	0	0
b) change in accounting criteria	0	0
c) reversal value	0	0
d) other	34	66
2.2 New taxes or increases in tax rates	0	0
2.3 Other increases	0	1,126
<i>of which: business combinations</i>	0	1,126
3. Decreases	246	17
3.1 Deferred tax payables eliminated in the period:	246	17
a) transfers	246	17
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
<i>of which: business combinations</i>	0	0
4. Amount at period-end	2,174	2,386

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

ITEMS/VALUES	30.06.2013	31.12.2012 RESTATED
1. Amount at period-start	6,426	26,736
2. Increases	823	215
2.1 Deferred tax assets for the period:	823	215
a) relative to prior years	0	0
b) change in accounting criteria	0	0
c) other	823	215
2.2 New taxes or increases in tax rates	0	0
2.3 Other increases	0	0
3. Decreases	331	20,525
3.1 Deferred tax receivables eliminated in the year:	331	20,525
a) transfers	321	20,525
b) write-downs for non-recoverability	10	0
c) change in accounting criteria	0	0
3.2 Decreases in tax rates	0	0
3.3 Other decreases	0	0
4. Amount at period-end	6,918	6,426

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

ITEMS/VALUES	30.06.2013	31.12.2012
1. Amount at period-start	869	74
2. Increases	0	861
2.1 Deferred tax payables for the period:	0	861
a) relative to prior years	0	0
b) change in accounting criteria	0	0
c) other	0	861
2.2 New taxes or increases in tax rates	0	0
2.3 Other increases	0	0
3. Decreases	770	66
3.1 Deferred tax payables eliminated during the year:	770	66
a) transfers	770	66
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	99	869

2. Net Equity and Liabilities

2.1 Due to banks – Item 10

2.1.1 Due to banks: categories

ITEMS/VALUES	30.06.2013	31.12.2012
1. Due to central banks	1,111,741	1,309,841
2. Due to banks	818,502	920,055
2.1 Current accounts and demand deposits	2,846	80,217
2.2 Term deposits	209	8,892
2.3 Financing:	792,937	801,383
2.3.1 Repurchase agreements	792,937	801,383
2.3.2 Other	0	0
2.4 Liabilities for repurchase commitments of own equity instruments	0	0
2.5 Other debts	22,510	29,563
Total	1,930,243	2,229,896

The item “Other debts” includes 20,678 thousand euros in deposits placed by BSI SA to secure certain non-performing exposures arising from the acquisition of Banca del Gottardo Italia

(collateral deposits), whereas the remainder refers to collateral margins received from counterparties in connection with repurchase agreements.

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

2.2.1 Due to customers: categories

ITEMS/VALUES	30.06.2013	31.12.2012
1. Current accounts and free deposits	2,997,938	2,632,354
2. Term deposits	318,008	1,610,868
3. Financing:	245,706	177,593
3.3.1 Repurchase agreements	76,113	153,397
3.3.2 Debit deposits on the new MIC	145,008	0
3.3.3 Other	24,585	24,196
4. Liabilities for repurchase commitments of own equity instruments	0	0
5. Other debts	55,518	70,358
Total due to customers (Item 20)	3,617,170	4,491,173
Securities issued - Item 30	0	0
Total due to customers and securities	3,617,170	4,491,173

Inflows from customers include a subordinated loan in the original amount of 40 million euros granted by the German subsidiary insurance company Generali Versicherung AG under the contractual form known as *Schuldschein* (loan), with a repayment schedule that calls for five annual instalments, the second of which was disbursed on 1 October 2012, 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.

Item 5 “Other liabilities” refers for 18,284 thousand euros to the stock of bank drafts issued by the parent company Banca Generali in relation to claims payment of insurance companies of the Generali Group, to other amounts available to customers and, for the remaining amount, to trade payables to the sales network.

2.3 Liabilities held for trading – Item 40

2.3.1 Breakdown of financial liabilities held for trading

ITEMS/VALUES	30.06.2013	31.12.2012
A. Financial liabilities	0	0
1. Due to banks	0	0
2. Due to customers	0	0
3. Debt securities	0	0
B. Derivatives	-4,011	-1,448
1. Financial	-4,011	-1,448
2. Credit	0	0
Total liabilities held for trading	-4,011	-1,448

2.4 Other liabilities – Item 100

2.4.1 Breakdown of other liabilities

ITEMS/VALUES	30.06.2013	31.12.2012
Trade payables	13,046	12,762
Due to suppliers	9,278	11,572
Due for payments on behalf of third parties	3,768	1,190
Due to staff and social security institutions	13,786	13,359
Due to staff for accrued holidays etc.	3,642	3,234
Due to staff for productivity bonuses to be paid	6,364	5,948
Contributions to be paid to social security institutions	2,023	2,220
Contributions to Planners to be paid to Enasarco	1,757	1,957
Tax authorities	37,671	20,384
Withholding taxes to be paid to tax authorities on behalf of employees and contract workers	2,935	3,207
Withholding taxes to be paid to tax authorities on behalf of customers	5,755	14,504
Special stamp duty to be charged back	6,455	0
Notes to be paid into collection services	20,438	2,221
Tax payables - other (stamp duty and substitute tax on medium-/long-term loan)	336	126
VAT payable	1,752	326
Third-party assets available for customers	80	57
Sums made available to customers	80	57
Sums to be paid to Genertellife	0	0
Amounts to be debited under processing	59,651	45,677
Bank transfers, cheques and other sums payable	15,202	7,258
Amounts to be settled in the clearing house (credits)	40,848	29,601
Liabilities from reclassification of portfolio subject to collection (SBF)	409	1,257
Other amounts to be debited under processing	3,192	7,561
Sundry items	3,339	2,774
Accrued expenses and deferred income that cannot be traced back to specific items	2,986	859
Sundry items	172	1,667
Amounts to be credited	181	248
Total	127,573	95,013

2.5 Special purpose provisions – Items 110 and 120

2.5.1 Breakdown of provisions for liabilities and contingencies

ITEMS/VALUES	30.06.2013	31.12.2012 RESTATED
Provision for termination indemnity	4,174	4,600
Other provisions for liabilities and contingencies	73,320	63,805
Provisions for staff expenses	9,242	12,961
Provisions for legal disputes	12,921	11,464
Provisions for contractual indemnities to the sales network	12,714	11,255
Provisions for sales network incentives	35,414	27,147
Other provisions for liabilities and contingencies	3,029	978
Total provisions	77,494	68,405

2.5.2 Changes in provisions for liabilities and contingencies

ITEMS/VALUES	31.12.2012	OTHER CHANGES	USES	SURPLUS	PROVISIONS	30.06.2013
Provision for staff expenses	12,961	0	-4,576	-735	1,592	9,242
Provision for legal disputes	11,464	0	-391	-8	1,856	12,921
Provision for risks related to legal disputes with Planners for embezzlements	7,386	600	-341	-8	874	8,511
Provision for risks related to legal disputes with Planners	892	0	-14	0	158	1,036
Provision for risks related to legal disputes with staff	709	0	0	0	0	709
Provision for other legal disputes	2,477	-600	-36	0	824	2,665
Provision for termination indemnity of Financial Planners	11,255	0	-81	-749	2,289	12,714
Provision for termination indemnity	9,924	0	-81	-699	1,650	10,794
Provision for portfolio overcommission indemnities	908	0	0	-47	139	1,000
Pension funds	423	0	0	-3	500	920
Provisions for network incentive charges	27,147	0	-7,281	-56	15,604	35,414
Provision for network development incentives	8,268	0	-2,045	-53	2,863	9,033
Provision for deferred bonus	13,331	0	-1,987	-3	812	12,153
Provision for commissions - travel incentives and tenders	2,500	0	-2,320	0	1,325	1,505
Provision for sales incentives	613	0	-44	0	10,600	11,169
Provision for commission plans	118	0	-10	0	4	112
Provisions for managers with access gate	2,317	0	-875	0	0	1,442
Other provisions for liabilities and contingencies	978	0	-409	0	2,460	3,029
Total	63,805	0	-12,738	-1,548	23,801	73,320

Provisions for staff expenses

These provisions include the following amounts:

- a) the share of the variable compensation of managers of the banking group deferred up to two years and conditional upon continuing satisfaction of the predetermined quantitative levels of asset solidity and liquidity (access gates) established in compliance with the Banking Group's remuneration policy;
- b) the estimate of the variable compensation provided for in the new long-term retention programme introduced within the Assicurazioni Generali Group and approved by Banca Generali (the Long Term Incentive Plan) in relation with the three-year cycles 2010, 2011 and 2012;
- c) provisions for post-employment medical benefits of Group executives;
- d) allocations for measures involving staff intended to support a company reorganisation plan launched following the merger of BG SGR, informal incentives and other expenses associated with the classification of personnel outside the scope of IAS 19.

The allocations and surpluses associated with the cases set out in points a) and b) have as their balancing entries in profit and loss, respectively, staff expense, item 150 a) of the profit and loss account, and other net operating income and expenses, item 190 of the profit and loss account. The balancing entries in profit and loss for the remaining allocations are more appropriately placed within item 160, net provisions for liabilities and contingencies.

During the first six months of 2013, the provisions in question presented significant releases due to the accrual of a portion of the deferred variable compensation pertaining to 2010 and 2011 and the first cycle of the LTIP (2010-2012), as well as the payment of the 2012 performance bonus, which, since it had yet to be formalised at the date of approval of the 2012 financial statements, was recognised among provisions for liabilities and contingencies on the face of the balance sheet.

Provisions for legal disputes

This type of provisions for risks includes provisions earmarked on the basis of pending litigations connected with planners embezzlements after insurance coverage, as well as those with disputes currently underway with financial planners and employees and other legal and extra-legal disputes with customers and other entities.

Provisions for financial planners' termination indemnity

These include provisions for termination indemnities paid to the sales network pursuant to Article 1751 of the Italian Civil Code and the portfolio development indemnity called for in

the agency agreement. In particular, the portfolio development scheme calls for financial planners with at least five years of service who leave service permanently due to retirement, serious disability, death or voluntarily removal from the register to be entitled to an indemnity commensurate to the profitability of the portfolio previously managed. For both provisions, the expense associated with existing obligations at year-end is assessed according to a statistical-actuarial method, with the aid of independent professionals, for financial planners in regular service, and through a specific assessment, for financial planners who have left service.

Provisions for risks related to network incentives

These provisions refer mainly to past Group commitments related to several recruitment plans for middle-term expansion of managed portfolios. These plans envisage different kinds of incentives (guaranteed minimum remuneration, joining bonus, deferred bonus, retention bonus and extra bonus) related to the achievement of net inflow objectives and the presence in the company for one or more years (up to 5 or 7 years).

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

At the half-yearly level, the provisions concerned also include the ordinary semi-annual incentives the accrual of which is in process and typically concludes at the end of July.

Dealings with the revenue authorities

In January 2013 the Regional Department for Friuli Venezia Giulia of the Italian Revenue Service initiated an audit of the parent company, Banca Generali, pertaining to tax year 2010.

At the date of approval of these Condensed Half-year Financial Statements, the audit procedure on bank premises has been completed but the final report on findings has yet to be delivered.

The alleged irregularities brought to light thus far in the course of daily audit procedures do not entail significant risks for the Group. However, in order to account for the possible outcome of the audit, prudential allocations have nonetheless been made to other provisions for liabilities and contingencies.

At 30 June 2013, Banca Generali and the Banking Group companies were not involved in any tax disputes with the revenue authorities.

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

2.6.1 Total shares of the Parent Company: changes

ITEMS/TYPE	30.06.2013	31.12.2012
A. Existing shares at period-start	112,937,722	111,676,183
- paid up	112,937,722	0
- partially paid	0	0
A.1 Treasury shares (-)	10,071	30,071
A.2 Outstanding shares: at period-start	112,927,651	111,646,112
B. Increases	1,235,062	1,281,539
B.1 Newly issued shares:		
- against payment:	1,235,062	1,261,539
- business combination transactions	0	0
- bonds conversion	0	0
- exercise of warrant	1,235,062	1,261,539
- other	0	0
- for free:	0	0
- to staff	0	0
- to directors	0	0
- other	0	0
B.2 Sale of treasury shares	0	20,000
B.3 Other changes	0	0
C. Decreases	0	0
C.1 Cancellation	0	0
C.2 Purchase of treasury shares	0	0
C.3 Disposal of companies	0	0
C.4 Other changes	0	0
D. Outstanding shares: at period-end	114,162,713	112,927,651
D.1 Treasury shares (+)	10,071	10,071
D.2 Existing shares at the end of the year	114,172,784	112,937,722
- paid up	114,172,784	112,937,722
- partially paid	0	0

At the end of the first half of 2013, the Parent Company Banca Generali held 10,071 treasury shares, for a total book value of 41 thousand euros, in connection with

the stock-granting plan for the Financial Planners of the former Prime Consult network, originally launched in 2001.

2.7 Other information

2.7.1 Guarantees and commitments

TRANSACTION	30.06.2013	31.12.2012
1) Financial guarantees issued	12,209	16,909
a) Banks	2	5,220
b) Customers	12,207	11,689
2) Commercial guarantees issued	52,913	11,438
a) Banks	0	0
b) Customers	52,913	11,438
3) Irrevocable commitment to dispense funds	272,144	10,744
a) Banks:	260,296	502
i) of certain use	260,296	502
ii) of uncertain use	0	0
b) Customers:	11,848	10,242
i) of certain use	544	1,813
ii) of uncertain use	11,304	8,429
4) Underlying commitments to credit derivatives: hedging sales	0	0
5) Assets pledged as collateral of third-party bonds	2,748	4,000
6) Other commitments	0	0
<i>of which: securities receivable for put options issued</i>	0	0
Total	340,014	43,091

2.7.2 Assets pledged as collateral for own liabilities and commitments

PORTFOLIO	30.06.2013	31.12.2012
1. HFT financial assets	0	0
2. Financial assets at fair value	0	0
3. AFS financial assets	604,802	769,100
4. HTM financial assets	2,041,611	2,525,865
5. Loans to banks	7,927	76,538
6. Loans to customers	34,905	10,091
7. Property and Equipment	0	0
8. Intangible Assets	0	0
Total	2,689,245	3,381,594

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

ITEMS/VALUES	DEBT SECURITIES	FINANCING	OTHER	30.06.2013	30.06.2012
1. HFT financial assets				8,646	204
2. Financial assets at fair value				0	0
3. AFS financial assets	12,105	0	0	12,105	18,298
4. HTM financial assets	44,687	0	0	44,687	45,155
5. Loans to banks	1,556	443	0	1,999	3,188
6. Loans to customers	417	9,228	0	9,645	9,269
7. Hedging derivatives	0	0	0	0	339
8. Other assets	0	0	0	0	7
Total	67,411	9,671	0	77,082	76,460

1.2 Breakdown of interest expense and similar charges

ITEMS/VALUES	DEBTS	SECURITIES	OTHER	30.06.2013	30.06.2012
1. Due to central banks	4,357	0	0	4,357	6,244
2. Due to banks	2,406	0	0	2,406	5,232
3. Due to customers	6,687	0	0	6,687	13,715
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	0	0	4
8. Hedging derivatives	0	0	0	0	0
Total	13,450	0	0	13,450	25,195

2. Commissions – Items 40 and 50

2.1 Breakdown of commission income

ITEMS/VALUES	30.06.2013	30.06.2012
a) Guarantees issued	102	64
b) Credit derivatives	0	0
c) Management, brokerage and consultancy services:	212,345	190,426
1. Trading of financial instruments	9,481	6,238
2. Currency trading	0	0
3. Asset management:	135,066	130,613
3.1 individual	18,523	16,699
3.2 collective	116,543	113,914
4. Custody and administration of securities	327	1,179
5. Depository bank	0	0
6. Placement of securities	23,250	16,662
7. Order collection	4,797	2,042
8. Consultancy activities	174	67
9. Distribution of third-party services:	39,250	33,625
9.1 asset management:	203	193
9.1.1 individual	14	10
9.1.2 collective	189	183
9.2 insurance products	38,976	33,263
9.3 other products	71	169
d) Collection and payment services	1,949	971
e) Servicing related to securitisations	0	0
f) Factoring-related services	0	0
g) Tax collection services	0	0
h) Management of multilateral trading facilities	0	0
i) Keeping and management of current accounts	1,388	1,356
j) Other services	1,289	1,271
Total	217,073	194,088

Breakdown of commission expense

ITEMS/VALUES	30.06.2013	30.06.2012
a) Guarantees received	52	32
b) Credit derivatives	0	0
c) Management and brokerage services:	92,573	76,624
1. Trading of financial instruments	4,599	1,377
2. Currency trading	0	0
3. Asset management:	8,381	7,243
3.1 own portfolio	8,381	7,243
3.2 third-party portfolio	0	0
4. Custody and administration of securities	423	227
5. Placement of financial instruments	0	0
6. External offer of financial instruments, products and services	79,170	67,777
d) Collection and payment services	750	520
e) Other services	654	523
Total	94,029	77,699

3. Dividends – Item 70

3.1 Breakdown of dividends and similar income

ITEMS/VALUES	30.06.2013		30.06.2012	
	DIVIDENDS	PROCEEDS FROM UCITS UNITS	DIVIDENDS	PROCEEDS FROM UCITS UNITS
a) HFT financial assets	41	14	39	90
b) AFS financial assets	801	0	568	0
c) Financial assets measured at fair value	0	0	0	0
d) Shareholdings	0	X	0	X
Total	842	14	607	90

4. Net profit from trading – Item 80

4.1 Breakdown of net income from trading

ITEMS/VALUES	CAPITAL GAINS	INCOME FROM TRADING	CAPITAL LOSS	LOSS FROM TRADING	NET RESULT 30.06.2013	NET RESULT 30.06.2012
1. Financial assets	229	530	436	7,318	-6,995	7,977
1.1 Debt securities	24	100	212	7,286	-7,374	7,534
1.2 Equity securities	41	82	111	28	-16	24
1.3 UCITS units	164	348	113	4	395	419
1.4 Loans	0	0	0	0	0	0
1.5 Other	0	0	0	0	0	0
2. HFT financial liabilities	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	994	0	0	994	1,138
4. Derivatives	282	99	2,897	345	-2,861	-228
4.1 Financial derivatives:	282	99	2,897	345	-2,861	-228
- on debt securities and interest rates	282	40	2,897	297	-2,872	-229
- <i>interest rate swaps</i>	282	40	0	297	25	-229
- <i>forward contracts</i>	0	0	2,897	0	-2,897	0
- on equity securities and stock indexes	0	0	0	0	0	0
- on currency and gold	0	59	0	48	11	1
- other	0	0	0	0	0	0
4.2 Credit derivatives	0	0	0	0	0	0
Total	511	1,623	3,333	7,663	-8,862	8,887

5. Gain (loss) from transfer/repurchase – Item 100

5.1 Breakdown of gain (loss) from transfer/repurchase

	30.06.2013			30.06.2012		
	GAINS	LOSSES	NET RESULT	GAINS	LOSSES	NET RESULT
Financial assets						
1. Loans to banks	1,362	15	1,347	75	0	75
2. Loans to customers	821	36	785	96	87	9
3. AFS financial assets ⁽¹⁾	13,720	1,596	12,124	666	740	-74
3.1 Debt securities	13,521	1,538	11,983	666	688	-22
3.2 Equity securities	110	58	52	0	52	-52
3.3 UCITS units	89	0	89	0	0	0
3.4 Loans	0	0	0	0	0	0
4. HTM financial assets	0	10	-10	0	106	-106
Total assets	15,903	1,657	14,246	837	933	-96
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.

	POSITIVE	NEGATIVE	NETTE
Debt securities	2,188	-975	1,213
Equity securities	101	0	101
UCITS units	66	0	66
Securities reclassified from the AFS portfolio (previously recognised as AFS) ⁽¹⁾	3	-23	-20
Total	2,358	-998	1,360

(1) Considered as adjustments to the interest accrued based on the amortised cost.

6. Net adjustments/reversal value for impairment – Item 130

6.1 Breakdown of net adjustments to non-performing loans

ITEMS/VALUES	ADJUSTMENTS			REVERSALS				30.06.2013	30.06.2012
	SPECIFIC		PORTFOLIO	SPECIFIC		PORTFOLIO			
	WRITE-OFFS	OTHER		FROM INTEREST	OTHER REVERSALS	FROM INTEREST	OTHER REVERSALS		
A. Loans to banks	0	0	0	0	0	0	498	498	-32
Loans	0	0	0	0	0	0	0	0	0
Debt securities	0	0	0	0	0	0	498	498	-32
B. Loans to customers	0	594	737	0	18	0	260	-1,053	-2,876
Loans	0	325	654	0	7	0	0	-972	-178
Operating loans	0	269	0	0	11	0	0	-258	-375
Debt securities	0	0	83	0	0	0	260	177	-2,323
C. Total	0	594	737	0	18	0	758	-555	-2,908

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

ITEMS/VALUES	ADJUSTMENTS			REVERSALS				30.06.2013	30.06.2012
	SPECIFIC		PORTFOLIO	SPECIFIC		PORTFOLIO			
	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	904	0	0	0	0	0	-904	-866
C. UCITS units	0	0	0	0	0	0	0	0	0
D. Loans to banks	0	0	0	0	0	0	0	0	0
E. Loans to customers	0	0	0	0	0	0	0	0	0
F. Total	0	904	0	0	0	0	0	-904	-866

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

ITEMS/VALUES	ADJUSTMENTS			REVERSALS				30.06.2013	30.06.2012
	SPECIFIC		PORTFOLIO	SPECIFIC		PORTFOLIO			
	WRITE-OFFS	OTHER		FROM INTEREST	OTHER REVERSALS	FROM INTEREST	OTHER REVERSALS		
A. Debt securities	0	0	0	0	0	0	4	4	61
B. Loans to banks	0	0	0	0	0	0	0	0	0
C. Loans to customers	0	0	0	0	0	0	0	0	0
D. Total	0	0	0	0	0	0	4	4	61

7. General and administrative expense – Item 180

7.1 Breakdown of staff expenses

ITEMS/VALUES	30.06.2013	30.06.2012 RESTATED
1) Employees	34,571	33,647
a) Wages and salaries	19,340	18,940
b) Social security charges	4,855	4,851
c) Termination indemnity	0	0
d) Retirement benefit plans	0	0
e) Provision for termination indemnity	173	199
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:	1,893	2,016
- defined contribution	1,893	2,016
- defined benefit	0	0
h) Costs related to payment agreements based on own equity instruments	112	37
i) Other employee benefits	8,198	7,604
2) Other staff	108	-48
3) Directors and Auditors	748	1,188
4) Retired personnel	0	0
Total	35,427	34,787

7.2 Details of headcount

	30.06.2013	30.06.2012
Employees	816	797
a) Managers	44	51
b) Total executives	215	195
<i>of which: 3rd and 4th level</i>	132	124
c) Employees at other levels	557	551
Other employees	5	7
Total	821	804

7.3 Breakdown of other employee benefits

ITEMS/VALUES	30.06.2013	30.06.2012
Productivity bonuses to be paid (CIA and Managers bonus)	5,882	5,113
Long-term incentives (LTIP and subject to access gates)	1,066	1,362
Charges for staff supplementary pensions	787	651
Amounts replacing cafeteria indemnities, clothes and medical costs	362	394
Allowances and charitable gifts	38	50
Other expenses	63	34
Total	8,198	7,604

7.4 Breakdown of other general and administrative expenses

ITEMS/VALUES	30.06.2013	30.06.2012
Administration	6,305	6,029
Advertising	1,902	1,989
Consultancy and professional advice expenses	2,320	1,640
Financial consultancy expenses	0	0
Corporate boards and auditing firms	299	175
Insurance	1,292	1,817
Entertainment expenses	162	120
Membership contributions	282	266
Charity	48	22
Operations	15,581	15,340
Rent and usage of premises and management of property	7,815	7,409
Outsourced administrative services	2,092	2,127
Post and telephone	1,315	1,789
Print material	411	398
Other expenses for sales network management	1,534	1,157
Other expenses and purchases	1,137	875
Indirect personnel expenses	1,277	1,585
Information system and equipment	16,947	14,179
Expenses related to outsourced IT services	12,046	9,758
Fees for IT services and databases	3,118	3,012
Software maintenance and servicing	1,320	973
Fees for equipment hired and software used	120	89
Other maintenance	343	347
Indirect taxation	13,524	8,759
Total	52,357	44,307

8. Net provisions for liabilities and contingencies – Item 190

8.1 Breakdown of net provisions

ITEMS/VALUES	30.06.2013			30.06.2012		
	PROVISIONS	REVERSALS	NET	PROVISIONS	REVERSALS	NET
Provision for risks related to staff expenses	0	0	0	1,762	0	1,762
Litigation	1,856	-8	1,848	1,490	-278	1,212
Provision for risks related to legal disputes with subscribers	874	-8	866	864	-207	657
Provision for risks related to legal disputes with planners	159	0	159	484	0	484
Provision for risks related to legal disputes with staff	0	0	0	0	-30	-30
Provision for risks related to legal disputes with other parties	823	0	823	142	-41	101
Provisions for termination indemnity for planners	2,289	-749	1,540	2,091	-322	1,769
Provision for termination indemnity for financial instruments	1,649	-699	950	821	-267	554
Provision for overcommission risks for financial planners	19	0	19	70	-55	15
Provisions for pension bonuses for financial planners	621	-50	571	1,200	0	1,200
Provisions for risks related to network incentives	15,604	-56	15,548	9,941	-378	9,563
Provision for risks related to network development incentives	14,275	-56	14,219	8,911	-375	8,536
Provisions for managers with access gate	0	0	0	0	0	0
Provision for commissions - travel incentives and tenders	1,325	0	1,325	1,025	0	1,025
Provision for commissions - incentive plans	4	0	4	5	-3	2
Other provisions for liabilities and contingencies	2,460	0	2,460	0	0	0
Total	22,209	-813	21,396	15,284	-978	14,306

9. Net adjustments/reversals value of property and equipment – Item 200

ITEMS/VALUES	DEPRECIATION	ADJUSTMENTS DUE TO IMPAIRMENT	REVERSALS	NET RESULT
A. Property and equipment				
A.1 Owned:	819	0	0	819
- operating	819	0	0	819
- investment	0	0	0	0
A.2 Leased:	0	0	0	0
- operating	0	0	0	0
- investment	0	0	0	0
Total	819	0	0	819

10. Net adjustments/reversals value of intangible assets – Item 210

ITEMS/VALUES	AMORTISATIONS	ADJUSTMENTS DUE TO IMPAIRMENT	REVERSALS	NET RESULT
A. Intangible assets				
A.1 Owned:	1,600	0	0	1,600
- generated in-house	0	0	0	0
- other	1,600	0	0	1,600
A.2 Leased	0	0	0	0
Total	1,600	0	0	1,600

11. Other operating income and expenses – Item 220

11.1 Breakdown of other operating expenses

ITEMS/VALUES	30.06.2013	30.06.2012
Adjustments of leasehold improvements	278	236
Write-downs of other assets	53	0
Contingent liabilities and non-existent assets	217	427
Charges from accounting adjustments with customers	323	155
Indemnities and compensation	146	63
Other operating expenses	23	15
Total	1,040	896

11.2 Breakdown of other operating income

ITEMS/VALUES	30.06.2013	30.06.2012
Recovery of taxes from customers	13,254	7,971
Recovery of expenses from customers	280	338
Portfolio development indemnity charged back to Financial Planners	326	245
Indemnities for planners' notices	243	227
Recovery of other costs from planners	436	326
Fees for outsourced services	144	126
Contingent assets and non-existent liabilities	213	178
Contingent assets - staff expense	394	472
Insurance compensation and indemnities	63	116
Other income	42	47
Total	15,395	10,046
Total other net income	14,355	9,150

12. Income tax for the period for current operations – Item 290

12.1 Breakdown of income tax for the period for current operations

ITEMS/VALUES	30.06.2013	30.06.2012 RESTATED
1. Current taxation (-)	-22,092	-17,895
2. Change in current taxes of previous years	115	-80
3. Reduction of current taxes for the period (+)	0	0
4. Changes of prepaid taxation (+/-)	1,628	131
5. Changes of deferred taxation (+/-)	213	-33
6. Taxes for the year (-)	-20,136	-17,877

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 ap-

plying 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.

	30.06.2013	30.06.2012 RESTATED
Current taxation	-22,092	-17,895
IRES and equivalent foreign direct taxes	-17,874	-14,429
IRAP	-4,216	-3,464
Other	-2	-2
Prepaid and deferred taxation	1,841	98
IRES	1,533	413
IRAP	308	-315
Prior period taxes	115	-80
IRES	29	29
IRAP	86	-109
Income taxes	-20,136	-17,877
Theoretical taxation	27.5%	27.5%
Current profit (loss) before taxation	94,213	86,908
Theoretical taxation	-25,909	-23,900
Tax income (+) expense (-):		
Non-taxable income (dividends)	189	148
Double taxation on 5% of Group's dividends	-169	-204
Non-deductible interest expenses (4%)	-148	-280
Impairment of AFS equity securities PEX	-249	-238
Other non-deductible net costs	-1,007	-504
Rate change of companies under foreign law	10,951	11,715
IRAP	-3,822	-3,888
Prior years taxes	29	29
Other taxes	-2	-2
Other adjustments (DTA/DTL not correlated)	1	-753
Actual tax expense	-20,136	-17,877
Total actual tax rate	21.4%	20.6%
Actual tax rate (IRES only)	17.3%	16.1%
Actual tax rate (IRAP only)	4.1%	4.5%

13. Minority interests (+/-) for the period – Item 330

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

ITEMS/VALUES	30.06.2013	30.06.2012
Generali Fund Management S.A. (GFM)	2,487	1,980
Profit attributable to minority interests	2,487	1,980

14. Earnings per Share

14.1 Average number of ordinary shares after dilution

	30.06.2013	30.06.2012 RESTATED
Net profit for the period (€ thousand)	71,590	67,369
Net profit attributable to ordinary shares (€ thousand)	71,590	67,369
Average number of outstanding shares (€ thousand)	113,935	111,657
EPS - Earnings per share (euro)	0.628	0.603
Average number of outstanding shares diluted capital (€ thousand)	115,698	114,927
EPS - Diluted earnings per share (euro)	0.619	0.586

PART D – COMPREHENSIVE INCOME

ITEMS	GROSS AMOUNT	INCOME TAXES	NET AMOUNT
10. Net profit (loss) for the year	X	X	74,077
Other income			
20. AFS financial assets:	-4,506	1,262	-3,244
a) fair value changes	-3,355	861	-2,494
b) transfer to Profit and Loss Account	-1,151	401	-750
- adjustments due to impairment	209	-10	199
- gains (losses) on disposal	-1,360	411	-949
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:	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
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	-138	38	-100
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	-4,644	1,300	-3,344
120. Comprehensive income (Item 10 + 110)			70,733
130. Consolidated comprehensive income attributable to minority interests			-2,487
140. Consolidated comprehensive income attributable to the Parent Company			68,246

As provided for in IAS 1 Revised, the only item that refers to income components that does not pass through profit or loss is item 100 "Actuarial gains (losses) from defined benefit plans".

PART E - INFORMATION ON NET EQUITY

Section 1 – Net Equity

1.1 Composition of consolidated net equity

The Banca Generali Group's consolidated net equity amounted to 371.6 million euros at 30 June 2013 and may be broken down as follows.

(€ THOUSAND)	BANKING GROUP	INSURANCE COMPANIES	OTHER COMPANIES	CANCELLATIONS AND ADJUSTMENTS FOR CONSOLIDATION PURPOSES	TOTAL 2013	TOTAL 2012 (*)
1. Share capital	116,095	0	0	0	116,095	114,860
2. Additional paid-in capital	29,611	0	0	0	29,611	16,591
3. Reserves	166,731	0	0	0	166,731	141,218
4. Equity instruments	0	0	0	0	0	0
5. (Treasury shares)	-41	0	0	0	-41	-41
6. Valuation reserves	-14,819	0	0	0	-14,819	-11,475
- AFS financial assets	-13,831	0	0	0	-13,831	-10,587
- Property and equipment	0	0	0	0	0	0
- Intangible assets	0	0	0	0	0	0
- Hedges of foreign investments	0	0	0	0	0	0
- Cash-flow hedges	0	0	0	0	0	0
- Exchange differences	0	0	0	0	0	0
- Non-current assets held for sale	0	0	0	0	0	0
- Actuarial gains (losses) from defined benefit plans	-988	0	0	0	-988	-888
- Share of valuation reserves of investee companies valued at equity	0	0	0	0	0	0
- Special revaluation laws	0	0	0	0	0	0
7. Net profit (loss) for the year attributable to the Group and minority interests	74,077	0	0	0	74,077	133,670
Total net equity	371,654	0	0	0	371,654	394,823

(*) Restated.

Net equity also includes minority interests in the amount of 6.2 million euros, including net profit for the year of 2.5 million euros.

Consolidated net equity decreased by 23.2 million euros, compared to the end of the previous year, due to the following changes:

	GROUP	THIRD PARTIES	OVERALL
Net equity at period-start	387,657	7,166	394,823
Dividend paid	-102,490	-3,412	-105,902
Stock option plans: issue of new shares	11,666	0	11,666
Stock option plans: Charges as per IFRS 2	242	0	242
Other changes	92	0	92
Change in valuation reserves	-3,344	0	-3,344
Consolidated net profit	71,590	2,487	74,077
Net equity at period-end	365,413	6,241	371,654
Changes	-22,244	-925	-23,169

1.2 Valuation reserves

1.2.1 Breakdown of valuation reserves

At the end of the half-year, valuation reserves presented a negative balance, net of the associated tax effect, of 14.8 million euros, of which 13.8 million euros related to the fair value

reserves for AFS securities and 1.0 million euros to the new reserve for actuarial losses from defined benefit plans pursuant to IAS 19.

ITEMS/VALUES	30.06.2013			31.12.2012 RESTATED	
	POSITIVE RESERVE	NEGATIVE RESERVE	NET RESERVE	NET RESERVE	CHANGES
1. Debt securities	121	-14,312	-14,191	-11,690	-2,501
2. Equity securities	373	0	373	1,043	-670
3. UCITS units	38	-51	-13	60	-73
4. Cash-flow hedges	0	0	0	0	0
5. Actuarial gains (losses) from defined benefit plans	0	-988	-988	-888	-100
Total	532	-15,351	-14,819	-11,475	-3,344

At the end of the half-year, the valuation reserves for AFS assets referred essentially to the debt securities segment, and

in particular to the Euro Area government securities segment (14.1 million euros).

1.2.2 Reserves from financial assets available for sale: changes

The net negative change of reserves for AFS securities amounted to 3.2 million euros and was determined by the combined effect of:

- the mark to market of the carrying amount of the AFS portfolio (-3.3 million euros), attributable to the temporary exacerbation of market tensions regarding the Italian sovereign debt segment, witnessed after the Italian elections in February 2013;
- the reduction of pre-existing net positive reserves due to re-absorption in the profit and loss account through realisation and impairment (-1.1 million euros);
- the negative fiscal effect due to the discontinuance of pre-paid taxation associated to the above-mentioned changes (+1.2 million euros).

	30.06.2013				TOTAL
	EQUITY SHARE CAPITAL	UCITS UNITS	DEBT SECURITIES		
			AFS	PREVIOUSLY RECOGNISED AS AFS	
1. Amount at period-start	1,043	60	-11,543	-147	-10,587
2. Increases	330	63	10,555	24	10,972
2.1 Fair value increases	78	29	8,341	0	8,448
2.2 Transfer to profit and loss of negative reserves:					
- due to impairment	209	0	0	0	209
- due to disposal	0	0	975	23	998
2.3 Other changes	43	34	1,239	1	1,317
3. Decreases	1,000	136	13,070	10	14,216
3.1 Fair value decreases	899	70	10,834	0	11,803
3.2 Adjustments due to impairment	0	0	0	0	0
3.3 Transfer to profit and loss of positive reserves: due to disposal	101	66	2,188	3	2,358
3.4 Other changes	0	0	48	7	55
4. Amount at period-end	373	-13	-14,058	-133	-13,831

The reserve from valuation of debt securities (previously recognised as AFS) amounted to 133 thousand euros and refer to decreases in fair value that were recognised upon 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.

Section 2 – Capital for regulatory purposes

At 30 June 2013, consolidated capital for regulatory purposes amounted to 303.3 million euros, net of the dividend expected to be paid, up by 26.8 million euros compared to the end of the previous year.

The growth of the aggregate is primarily attributable to the share of the net profit for the year not planned to be distributed (14.3 million euros), but also the increases in equity resulting from old and new stock option plans (12.0 million euros).

Capital for regulatory purposes at 31.12.2012	276,523
Changes in Tier 1 capital	
Restatement IAS 19 ("neutralised")	0
Stock option plans	12,000
Change in profit for the period, net of expected dividends	14,318
Change in negative AFS reserves	0
Other (neutralisation of DTAs arising on multiple prepayment of taxes on goodwill)	-282
Other effects (intangibles, etc.)	1,200
Total changes in Tier 1 capital	27,236
Changes in Tier 2 capital	
Subordinated loan	0
Change in positive AFS reserves	-421
Other effects	0
Total changes in Tier 2 capital	-421
Capital for regulatory purposes at 30.06.2013	303,338
Changes	26,815

At the end of the period, the aggregate capital for regulatory purposes recorded 141.3 million euros in excess of the amount required by the Supervisory Authority to cover credit, market,

and operating risks. The solvency ratio was 14.97%, compared to the minimum requirement of 8%.

(€ THOUSAND)	30.06.2013	31.12.2012	CHANGE	
			AMOUNT	%
Tier 1 capital	279,595	252,359	27,236	10.79%
Tier 2 capital	23,742	24,164	-421	-1.74%
Tier 3 capital	0	0	0	n.a.
Capital for regulatory purposes	303,337	276,523	26,815	9.70%
B.1 Credit risk	111,595	122,701	-11,106	-9.05%
B.2 Market risk	8,896	6,446	2,450	38.01%
B.3 Operating risk	41,576	41,576	0	0.00%
B.4 Other capital requirements	0	0	0	n.a.
B.4 Total capital requirements	162,067	170,723	-8,656	-5.07%
Excess over prudential requirements	141,270	105,800	35,471	33.53%
Risk-weighted assets	2,025,838	2,134,038	-108,200	-5.07%
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)	13.80%	11.83%	1.98%	16.71%
Regulatory capital/Risk-weighted assets (Total capital ratio)	14.97%	12.96%	2.02%	15.6%

It should be noted that Banca Generali has exercised the option to neutralise the capital gains and losses deriving from fair-value measurement of AFS financial assets 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.

During the first half of the year, by Notice No. 0445698/13 of 9 May 2013, two new prudential filters were also launched, affecting the Banking Group's capital for regulatory purposes in relation to:

- the prudential treatment of negative reserves for actuarial losses to be recognised in the financial statements following the amendments to IAS 19 that entered into force effective 1 January 2013;
- the prudential treatment of multiple goodwill.

The first prudential filter is aimed at neutralising for 2013 the impact on capital for regulatory purposes of the amendments to IAS 19 that entered into effect on 1 January, calling for the full recognition of actuarial gains and losses relating to defined-benefit plans in other comprehensive income through an equity reserve (the valuation reserve for actuarial gains and losses).

IAS 19 previously also recognised the alternative accounting treatment known as the "corridor method," which allowed:

- the amount of the actuarial gains and losses in excess of the significance threshold of 10% of the present value of the defined-benefit obligation (the "overcorridor") to be recognised in profit and loss; and
- the actuarial gains and losses below that threshold to be deferred, without recognising them in the financial statements.

Since for entities that previously adopted the corridor method the new equity reserve would have a negative impact on capital for regulatory purposes and considering the stance taken at the

Community level in conjunction with the approval of the new prudential regulations implementing Basel 3 (the CRR/CRD IV Package) in favour of the gradual recognition over five years of the difference in equity between the old and new approach, it has therefore been decided to neutralise all effects of the revision of IAS 19 for the current year.

With reference to this issue, in the banking group's case, the new rules apply solely to the accounting treatment of the provision for post-employment benefits.

The second filter is aimed at neutralising the benefits at the level of capital for regulatory purposes due to the DTAs recognised in connection with the multiple prepayment of taxes on the same goodwill within a single group or intermediary.

In further detail, the procedures of prepayment of taxes in question were carried out in accordance with article 10 of Legislative Decree No. 185/2010 or ordinary rules governing successive business combinations within a single group that have also entailed the transfer of portions of goodwill.

To this end, it has been specified that the share of DTAs recognised at the level of the intermediary or group is to be deducted from core tier 1 capital, as limited to the portion associated with the DTAs recognised after the initial portion.

In addition, for years ending on or before 31 December 2012, intermediaries may distribute the neutralisation over a period of five years, including one-fifth of the value of those DTAs at 31 December 2012, net of the amount that each year is to be reversed to the profit and loss account or transformed into a tax credit, among the negative components of tier 1 capital.

In the Banking Group's case, the above filter only affects the share of goodwill associated with the acquisition of Banca del Gottardo Italia S.p.A., originally subject to the prepayment of taxes on goodwill by Banca BSI Italia and subsequently once more by BG SGR S.p.A. following the contribution by the former of its portfolio management business unit. Both companies were then merged into the parent company, Banca Generali.

PART F – RELATED PARTY TRANSACTIONS

1. Disclosure of related party transactions

As part of its normal business operations, Banca Generali has numerous financial and commercial relationships with related parties included in the consolidation area of the Generali Group.

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 Financial Planner network's placement of asset-management and insurance products, as well as banking products and services.

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

Intragroup transactions with subsidiaries are attributable to ordinary internal operations and consist of:

- transactions aimed at investing liquidity with the Parent Company and, to a lesser extent, obtaining financing in support of the financial needs of the companies concerned;
- outsourcing arrangements in the areas of administration, operations, legal affairs, control and the secondment of staff;

- agreements with product companies for the distribution of the respective financial products and services through the Group's Financial Planner network.

Unusual, atypical or extraordinary transactions

During the first half of 2013, 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."

Highly significant transactions

In the first half of 2013, 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 a disclosure memorandum.

Lastly, no ordinary transactions carried out on an arm's length basis and qualifying as "Highly Significant" transactions, subject to disclosure to the Supervisory Body, were approved.

Other significant transactions

During the first half of 2013, two transactions were approved qualifying as "moderately significant" transactions, which are subject to the prior non-binding opinion of the Audit and Risk Committee, as follows.

TRANSACTION	RELEVANT PARTY	DATE	VALUE (000/€)
Reduction of collateral for Investimenti Marittimi pool transaction	Investimenti Marittimi S.p.A.	27.06.2013	511
BBB insurance policy – extension of cover for 2013-2014	Assicurazioni Generali S.p.A.	31.05.2013	340

Ordinary or recurring transactions

The developments of ordinary transactions with related parties for the first half of 2013 are presented in the following sections.

1.1 Balance Sheet data

ITEMS/VALUES	PARENT COMPANY ASSICURAZIONI GENERALI	AG GROUP SUBSIDIARIES	OTHER RELATED PARTIES	30.06.2013	31.12.2012	% WEIGHT 2013	% WEIGHT 2012
HFT financial assets	215	0	0	215	219	0.05%	0.10%
AFS financial assets	621	1,278	0	1,899	1,911	0.15%	0.11%
HTM financial assets	0	0	0	0	0	0.00%	0.00%
Loans to banks	0	890	0	890	3,081	0.33%	0.37%
Loans to customers	21,869	37,397	2,507	61,773	56,810	4.48%	4.34%
Equity investments	0	0	0	0	0	0.00%	n.a.
Property, equipment and intangible assets	0	0	0	0	0	0.00%	0.00%
Tax assets (A.G. tax consolidation)	1,309	0	0	1,309	1,309	3.03%	3.18%
Other assets	974	1,196	0	2,170	295	1.95%	0.26%
Total assets	24,988	40,761	2,507	68,256	63,625	1.11%	0.87%
Due to banks	0	20,923	0	20,923	29,157	1.08%	1.31%
Due to customers	544,509	413,432	4,053	961,994	1,964,458	26.60%	43.74%
Financial liabilities held for trading	0	0	0	0	2,494	0.00%	172.24%
Tax payables	5,691	0	0	5,691	744	33.70%	2.03%
Other liabilities	860	1,907	0	2,767	678	2.17%	0.71%
Special purpose provisions	0	0	0	0	0	0.00%	0.00%
Net equity	0	0	0	0	0	0.00%	0.00%
Total liabilities	551,060	436,262	4,053	991,375	1,997,531	16.13%	27.30%
Guarantees issued	0	3,152	0	3,152	3,296	4.84%	9.38%

Equity transactions with Assicurazioni Generali Group

The overall exposure to the parent company Assicurazioni Generali, its subsidiaries and associates amounted to 65.7 million euros, or 1.1% of total assets.

The overall debt position instead reached 987.4 million euros, corresponding to 16.0% of 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 Gen-

erali. 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).

Accounts receivable from Generali Group banks amounted to 0.9 million euros and refer solely to the positive foreign currency account balances held with BSI SA and used to hedge positions payable in foreign currencies towards customers.

At the end of 2012, the line of credit granted to Generali Bank was revoked in its entirety.

COMPANY	RELATIONSHIP	TYPE OF TRANSACTION	30.06.2013		31.12.2012	
			AMOUNT	REVENUES	AMOUNT	REVENUES
Generali Bank A.G.	Controlled by A.G.	Term deposits	0	0	0	125
BSI S.A.	Controlled by A.G.	Currency deposits	883	0	3,073	3
BSI S.A.	Controlled by A.G.	Term deposits	0	1	0	0
BSI S.A.	Controlled by A.G.	Operating receivables	7	0	8	0
Total			890	1	3,081	128

Exposures to Generali Group companies recognised as loans to customers amounted to 59.3 million euros and refer to the following transactions:

COMPANY	RELATIONSHIP	TYPE OF TRANSACTION	30.06.2013		31.12.2012	
			AMOUNT	REVENUES	AMOUNT	REVENUES
Assicurazioni Generali	Parent Company	Gesav policy	21,766	393	21,373	788
Citylife S.r.l.	Controlled by A.G. Group	Grant to ST in current account	20,317	317	16,357	267
Investimenti Marittimi	Controlled by A.G. Group	Grant to MLT in current account	10,307	307	10,267	357
Genertellife	Controlled by A.G. Group	Operating receivables	6,463	0	6,745	0
Assicurazioni Generali	Parent Company	Operating receivables	103	0	66	0
Other (Generali Inv. Europe, Simgenia)	Controlled by A.G. Group	Operating receivables	310	0	388	0
Total			59,266	1,017	55,196	1,412

The only noteworthy development during the reporting period has to do with the increase, from 16.4 million euros to 20.3 million euros, in the exposure to Citylife S.r.l., which has been granted overdraft privileges totalling 20 million euros as part of a revolving credit line provided by a pool of lenders in the overall amount of 30 million euros to cover the borrower's current requirements. Banca Generali has also issued bank guarantees totalling 2.5 million euros, in favour of the same customer.

Amounts receivable from the Parent Company and classified as tax receivables include solely the estimated tax credit arising from the application for the refund of the portion of the regional production tax (IRAP) rendered deductible for corporation tax (IRES) purposes pursuant to Legislative Decree No. 201/2011, and subject to reimbursement within the framework of the filing of tax returns on a national consolidated basis, as opted for by the Parent Company.

Excluding that position, Banca Generali presents a debt position towards the tax consolidation programme, net of the advances paid, of 5.7 million euros, in relation to the estimated taxes for the half-year.

Amounts due to customers attributable to transactions with the Generali Group's related parties, in the form of current accounts, term deposits and repurchase agreements amounted to 957.9 million euros for the reporting period (1,962.5 million euros at the end of the previous year).

The sharp decline compared to the end of the previous year is due primarily to the reabsorption of fixed deposits made by the

Parent Company at the end of 2012 (1,255 million euros) to cover temporary cash-flow requirements.

Amounts due to customers also include the subordinated loan granted by Generali Versicherung in the amount of 24.6 million euros, gross of the interest accrued.

Amounts due to banks of the insurance group consisted for 20.7 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 3.3 million euros in guarantees has been issued for Generali Group companies, of which 2.5 million euros on behalf of Citylife.

Transactions with other related parties

Exposure in respect of the banking Group's and its Parent Company Assicurazioni Generali's Group Key Managers mainly refers to residential mortgages subject to the same terms and conditions applied to similar mortgages held by other executives of the banking and insurance Group, and has remained substantially unchanged since the end of 2012.

Amounts due to such 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 2013, the profit and loss components recognised in the financial statements with regard to transactions with compa-

nies of the Generali Group amounted to 29.5 million euros, that is 25.2% of operating profit.

ITEMS/VALUES	PARENT COMPANY ASSICURAZIONI GENERALI	A.G. GROUP SUBSIDIARIES	30.06.2013	30.06.2012	% WEIGHT 2013	% WEIGHT 2012
Interest income	395	630	1,025	892	1.33%	1.17%
Interest expense	-773	-887	-1,660	-3,426	12.34%	13.60%
Net interest	-378	-257	-635	-2,534	-1.00%	-4.94%
Commission income	142	40,267	40,409	34,556	18.62%	17.80%
Commission expense	0	-2,910	-2,910	-2,856	3.09%	3.68%
Net commissions	142	37,357	37,499	31,700	30.48%	27.24%
Dividends	3	0	3	12	0.35%	1.72%
Gain (loss) on trading	0	0	0	0	0.00%	0.00%
Operating income	-233	37,100	36,867	29,178	19.11%	16.47%
General and administrative expense	-1,616	-6,245	-7,861	-7,715	15.01%	17.41%
Staff expenses	175	211	386	306	-1.09%	-0.88%
Net adjustments of property, equipment and intangible assets	0	0	0	0	0.00%	0.00%
Other operating income and expenses	0	124	124	117	0.86%	1.28%
Net operating expenses	-1,441	-5,910	-7,351	-7,292	9.69%	10.10%
Operating profit	-1,674	31,190	29,516	21,886	25.21%	20.86%

Overall net interest accrued in dealings with members of the insurance Group is negative and amounted to 0.6 million euros, with interest expense paid to such companies (1.7 million euros) accounting for 12.3% of the total item recognised in the profit and loss account and showing a sharp decline compared to the same period of the previous year.

Within that item, the interest expense paid to Generali Versicherung in connection with the subordinated loan granted

amounts to 0.4 million euros, whereas 1.0 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 40.4 million euros, equal to 18.6% of the aggregate amount and was broken down as follows:

	30.06.2013	30.06.2012	CHANGES	
			ABSOLUTE	%
Commissions for asset management	1,236	1,117	119	10.7%
Distribution of insurance products	39,173	33,439	5,734	17.1%
Total	40,409	34,556	5,853	16.9%

In the distribution of insurance products, commissions retroceded refer mainly to ongoing dealings with Genertellife. Commissions on the placement of units of UCITS of the insurance group largely relate to the income on the distribution of BG Focus funds, sold to Generali Investments Europe SGR in the previous year.

It should also be noted that Banca Generali renders trading and order receipt services to Italian and international UCITSs administered by management companies that belong to the banking and insurance Group. Such commissions, amounting to 6.2 million euros, are generally charged directly against the assets of the UCITS, which are considered entities beyond the scope of IAS 24.

Commission expense retroceded to insurance Group companies consists primarily of distribution commissions for the Group's asset management products (Simgenia), in addition to advisory and middle-office commissions related to non-Italian UCITS.

The net operating costs reported by the Bank in relation to transactions with related parties of the Generali Group amounted to 7.4 million euros and refer for 9.7% to outsourced services in the insurance, leasing, administrative and information technology sector.

	30.06.2013	30.06.2012
Insurance services	1,217	1,881
Property services	3,006	2,178
Administration, IT and logistics services	3,514	3,539
Financial services	0	0
Staff services	-386	-306
Total administrative expense	7,351	7,292

The administrative expense incurred in relation to the ultimate parent, Assicurazioni Generali, amounted to 1.6 million euros and refer to insurance services and rentals for property leases. Expenses relating to IT, administration and logistics refer chiefly to services rendered by Generali Business Solutions Srl (GBS) on the basis of current outsourcing agreements.

The cost of property services relating to the lease of office, branch network and the bank's operating outlet premises refers mainly to Generali Properties, whereas the remainder pertains to other Group companies.

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

At 30 June 2013, the payment agreements based on own equity instruments activated by the Banca Generali Group consisted of:

- two stock-option plans, one for Financial Planners 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 Planners 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.

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

- the granting to Banca Generali's Financial Planners, 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, as well as 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

(€ THOUSAND)	TOP MANAGERS	Average prices	FINANCIAL PLANNER	Average prices	EMPLOYED MANAGERS	Average prices	TOTAL	Average prices	AVERAGE MATURITY
A. Amount at period-start	0	0.00	3,400,083	10.08	560,185	9.58	3,960,268	10.01	3.32
B. Increases	0	0.00	19,999	0.00	0	0.00	19,999	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	19,999	0.00	0	0.00	19,999	0.00	x
C. Decreases	0	0.00	-1,028,920	9.00	-178,588	6.86	-1,207,508	8.69	x
C.1 Cancelled	0	0.00	-17,101	6.26	0	9.00	-17,101	6.26	x
C.2 Exercised	0	0.00	-1,011,819	9.57	-178,588	9.17	-1,190,407	9.51	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 period-end	0	0.00	2,391,162	10.29	381,597	9.77	2,772,759	10.22	3.20
E. Options that can be exercised at year-end	0		1,197,949		246,079		1,444,028		x
Strike price	0		224		19		243		x
IFRS 2 reserve	0		3,145		765		3,910		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 Affluent Channel, which refers to the total earnings generated for the Group by the network of Financial Planners, 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 Investments 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 AND LOSS ACCOUNT (€ THOUSAND)	30.06.2013					31.12.2012				
	AFFLUENT CHANNEL	PRIVATE CHANNEL	CORPORATE CHANNEL	GIL	TOTAL	AFFLUENT CHANNEL	PRIVATE CHANNEL	CORPORATE CHANNEL	GIL	TOTAL
Interest income and similar revenues	6,999	5,878	64,205	0	77,082	8,081	7,770	60,607	2	76,460
Notional interest	384	186	-570	0	0	1,501	558	-2,059	0	0
Interest expense and similar charges	-2,750	-2,257	-8,443	0	-13,450	-5,274	-4,456	-15,466	0	-25,195
Net interest income	4,633	3,807	55,192	0	63,632	4,308	3,872	43,083	2	51,265
Commission income	95,364	63,115	42,232	16,363	217,073	83,243	51,951	44,813	14,081	194,088
<i>of which:</i>										
- subscriptions	9,646	4,701	1,348	0	15,696	8,734	1,822	1,965	0	12,521
- management	81,102	54,435	6,050	15,856	157,443	70,938	47,422	4,345	13,822	136,527
- performance	0	0	24,427	0	24,427	0		31,851	0	31,851
- other	4,616	3,979	10,406	506	19,507	3,570	2,707	6,652	259	13,188
Commission expense	-47,765	-23,494	-10,527	-12,243	-94,029	-39,941	-20,372	-6,784	-10,602	-77,699
Net commissions	47,599	39,621	31,705	4,120	123,044	43,302	31,579	38,029	3,479	116,389
Profit (loss) of financial operations	0	0	5,383	0	5,383	0	0	8,792	0	8,792
Dividends	0	0	856	0	856	0	0	697	0	697
Net banking income	52,232	43,428	93,136	4,119	192,915	47,610	35,451	90,600	3,481	177,142
Staff expenses					-35,427					-34,787
Other general and administrative expense					-52,357					-44,307
Net adjustments/ reversal of property, equipment and intangible assets					-2,419					-2,269
Other operating expense/ income					14,355					9,150
Net operating expense					-75,847					-72,213
Operating profit					117,068					104,929
Reversal value of loans					-1,231					-2,908
Adjustments of other assets					-224					-805
Net provisions					-21,396					-14,306
Gain (loss) from the disposal of equity investments					-4					-2
Operating income before taxation					94,213					86,908
Income taxes for the year on current operations					-20,137					-17,876
Profit (loss) from assets available for sale					0					318
Minority interests for the year					-2,487					-1,980
Net profit					71,590					67,370
(€ MILLION)										
Asset Under Management	16,100	11,342	1,841	6,050	35,333	14,444	10,122	1,429	5,643	31,638
Net inflows	843	569	n.a.	n.a.	1,412	684	360	n.a.	n.a.	1,044
Financial Advisors/RMs	1,134	330	n.a.	n.a.	1,464	1,147	317	n.a.	n.a.	1,464

Trieste, 26 July 2013

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 financial reports 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 financial statements for the first half of 2013
 - 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 2013 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 2013:
 - 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) reflect 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, 26 July 2013

Piermario Motta
Chief Executive Officer
BANCA GENERALI S.p.A.

Giancarlo Fancel
Manager in charge of preparing
BANCA GENERALI S.p.A.

Banca Generali S.p.A.

REGISTERED OFFICE

Via Machiavelli 4 – 34132 Trieste - Italy

SHARE CAPITAL

Authorised 119,378,836 euros

Subscribed and paid-up 114,241,039 euros

TAX CODE, VAT NO. AND TRIESTE REGISTER
OF COMPANIES

00833240328

**Company managed and coordinated
by Assicurazioni Generali**

**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



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