

PRESS RELEASE

Half-year results**NET PROFIT AT €71.6 MILLION (+6.3%),
BEST INTERIM IN THE COMPANY'S HISTORY**

- Fourth consecutive profit increase at quarterly level, totalling €36.1 million (+28%)
- Recurring profitability increased to 165 bps (+14 bps)
- Cost/Income ratio at a record low of 38.2%

**INCREASE IN NET INFLOWS AND ASSETS
UNDER MANAGEMENT**

- Total net inflows at €1,412 million (+35%)
- Net inflows of managed products at €1,587 million (+147%)
- Total assets amounted to €27.4 billion (+12%)

**CAPITAL POSITION FURTHER
STRENGTHENED**

- Tier 1 capital ratio at 13.8% and total capital ratio at 15.0%
- Excess capital at €141.3 million (+34%)

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Milan, 26 July 2013 – The Board of Directors of Banca Generali, chaired by Paolo Vagnone, approved the consolidated results for the first half of 2013.

The CEO of Banca Generali, Piermario Motta, commented: *“The best six months in the bank’s history, with a net profit level that until two years ago was only achieved over a period of twelve months, demonstrate the solidity of our business model and the quality of our financial advice. Even at times of high market volatility, our company has succeeded in safeguarding the portfolios of our customers, who increasingly recognise us as a point of reference in the asset management industry, as shown by the acceleration in net inflows and the focus on managed product solutions. For these reasons, despite the economic uncertainties in the background, we are confident about*

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our prospects in the coming months and our ability to reach new milestones of excellence for the sector.”

Consolidated P&L results at 30 June 2013¹

The first half of 2013 closed with net profit of €71.6 million (+6.3%), thus further improving compared to the +80% increase at 30 June 2012. The quality of net profit improved considerably thanks to the **sharp rise in recurring revenues and the containment of the cost base**. The qualitative and quantitative increase in profits was accompanied by a significant **reinforcement of capital solidity, with a 34% increase in excess capital to €141.3 million**, net of the provisions for future dividends estimated on the basis of the Bank's historical average pay-out.

In detail, **total banking income** amounted to €192.9 million, increasing by 8.9% (€188.8 million, +8.7% excluding institutional business of Generali Fund Management “GIL”²) thanks to the increase in recurring revenues (+19%), which widely offset the swinging and volatile trend of components tied to financial markets (performance fees and trading income), which had reached their record high last year. Accordingly, **recurring items accounted for 84% of total revenues compared to 76% for the first half of the previous year**.

Net interest income rose by 24% to €63.6 million, mainly thanks to the expansion of ordinary business (€45.2 million, +32%). The positive performance was driven by the solid profitability of the Bank's securities portfolio (equal to 2.73%), the increase in deposits and the growth in fully counter-guaranteed loans. The Bank's securities portfolio profile remained defensive and prudent and it is 99% invested in bonds with maturity of 1.9 and duration of 1.5.

The result was also driven by the contribution of the Bank's participation in the refinancing operations promoted by the ECB (LTROs), although this contribution is gradually declining following the repayment to the ECB of the tranche that matured last October (€300 million) and the early repayment at the beginning of June of the €200 million tranche set to mature in December 2014.

Gross commissions grew by 12% to €217.1 million (€200.7 million, +11.5% ex-GIL), reporting an extremely positive performance in all recurring components (management, underwriting and banking), which benefited from the **increase in net inflows of managed products (€1,587 million in H1; €2,571 million in the past 12 months)** and from a steady improvement in the asset mix. In detail, it should be noted that the quarterly trend of gross commissions was highly positive in the past 12 months, with an increase of 18% YoY and 5.9% compared to the previous quarter.

Operating costs stood at €75.8 million (€74.5 million, +5.0% ex-GIL), slightly increasing in the reporting period as a result of about €2.0 million extraordinary expenses incurred to develop the Bank's new digital banking platform. Net of the foregoing items, costs increased by 2% and were in line with the guidance for the year.

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¹ Figures at 30 June 2012 were restated in accordance with amendments to accounting standards (IAS 19 – Employee Benefits) effective 6 June 2013.

² GIL refers to institutional business of Generali Fund Management.

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Consolidated net equity was €371.7 million (€288.9 million in 1H 2012; €394.8 million at year-end 2012). **Capital ratios grew by 2 percentage points** YTD, both in terms of Tier 1 capital ratio (13.8% from 11.8% at year-end 2012) and total capital ratio (15.0% from 13.0% at year-end 2012). **Excess capital rose 34% YTD, achieving €141.3 million at the end of H1 2013.**

Consolidated Operating Results for Q2 2013

Banca Generali's consolidated **net profit** for the second quarter was €36.1 million, up 27.9% compared to the same period of the previous year. Net profit improved for the fourth consecutive quarter.

Net banking income amounted to €95.6 million, up 25.8% compared to the same period of the previous year, mainly thanks to the increase in net commissions, which grew 31.6% to €60.5 million (€58.2 million, +31.9% ex-GIL).

In addition, the **EBITDA** performance is especially worthy of note, as it climbed by 38.3% to €60.2 million (€58.5 million, +38.5% ex-GIL), with a margin of 63%, increasing compared to 57% in the previous year.

Net Inflows and Assets under Management (AUM)

In the first half of 2013, Banca Generali's net inflows amounted to €1,412 million (+35%), with average monthly net inflows of €235 million, almost twice the monthly result recorded in the previous year (€133 million).

In the reporting period, customers' demand focussed on **managed products**, which **generated** €1,587 million net inflows with a 147% increase compared to the same period of the previous year. The performance mirrors the costumers' interest towards investment solutions calling for the diversification of assets and envisaging a wider exposure on international markets. It should be noted that in the last **12 months Banca Generali's net inflows were €2,571 million**, accounting for 14% of average managed assets for the reporting period.

Among managed products, the result of **funds/SICAVs**, particularly flexible solutions (both bond and equity portfolios), stood out with €1,020 million net inflows YTD. Furthermore, **insurance products** confirmed their strong demand with net inflows of €489 million (€651 million in life new business), although no new product was launched, as had happened in 2012 with the launch of BG Più Italia, a policy investing in Italian government securities in order to exploit the exceptionally favourable spread level.

Managed and administered assets amounted to **€27.4 billion** (+12% compared to €24.6 billion in the previous year; +5% YTD).

In detail, **managed assets grew by €19.7 billion** (+17%) and represented 72% of total AUM, with an increase of 2 percentage points YTD and 3 percentage points compared to the same period of the previous year. Funds/SICAVs showed a highly positive performance with assets amounting to €7.7 billion, up 27% compared to the previous year and 14% YTD.

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Administered assets remained overall stable at €7.7 billion. This figure includes an increase in current accounts (€2.2 billion, +10%) and a decline in securities deposits (€5.5 billion, -4%), as a result of the increasing consumers' interest towards opportunities offered by a careful diversification of portfolios towards managed products.

Business Outlook

The Bank reported a highly positive growth trend for the first half of 2013, further improving on the previous year's record performance. The July trend is also showing the investors' continued appreciation for the solutions offered by the Bank and its financial advisors. In fact, demand for financial advice remains very high and there is considerable room for further efficiency gains in portfolio optimisation and diversification, assuming that financial market dynamics remain favourable in the coming months. The Bank continues to attract very high-profile industry professionals providing a further growth driver. Since the beginning of the year, 46 highly experienced professionals have chosen to embrace the solutions offered by Banca Generali and we are very excited at the prospects of further reinforcing our team in the coming months.

Presentation to the Financial Community

The financial results for the first half of 2013 will be presented to the financial community during a **conference call** scheduled today at **2:00p.m. CET (1:00p.m. GMT)**.

It will be possible to follow the event by dialling the following telephone numbers:

from Italy and other unspecified countries: +39 02 805 88 11;

from the UK 44 121 281 8003;

from the USA +1 718 705 8794 / +1 855 2656959 (toll-free)

* * *

The Manager responsible for preparing the company's financial reports (Giancarlo Fancel) declares, pursuant to Paragraph 2 of Art. 154-bis, of the Italian Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documentary results, books and accounting records.

Giancarlo Fancel (CFO of Banca Generali)

* * *

Annexes:

- 1) Banca Generali – Consolidated Profit and Loss Statement at 30 June 2013
- 2) Banca Generali – Consolidated Profit and Loss Statement at 30 June 2013 (ex-GIL)
- 3) Banca Generali – Consolidated Profit and Loss Statement for Q2 2013
- 4) Banca Generali – Consolidated Profit and Loss Statement for Q2 2013 (ex-GIL)
- 5) Banca Generali – Reclassified Consolidated Balance Sheet at 30 June 2013
- 6) Total AUM at 30 June 2013

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1) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT AT 30 JUNE 2013

(€ mil.)	6M12 (reported)	6M13 (reported)	% Chg
Net Interest Income	51.3	63.6	24.1%
Commission income	194.1	217.1	11.8%
Commission expense	-77.7	-94.0	21.0%
Net Commission	116.4	123.0	5.7%
Net income (loss) from trading activities	8.8	5.4	-38.8%
Dividends	0.7	0.9	22.9%
Net income (loss) from trading activities and Dividends	9.5	6.2	-34.2%
Net Banking Income	177.1	192.9	8.9%
Staff expenses	-34.8	-35.4	1.8%
Other general and administrative expense	-44.3	-52.4	18.2%
	-79.1	-87.8	11.0%
Depreciation and amortisation	-2.3	-2.4	6.6%
Other net operating income (expense)	9.2	14.4	56.9%
Net Operating Expenses	-72.2	-75.8	5.0%
Operating Profit	104.9	117.1	11.6%
Net adjustments for impair.loans and other assets	-3.7	-1.5	-60.8%
Net provisions for liabilities and contingencies	-14.3	-21.4	49.6%
Profit Before Taxation	86.9	94.2	8.4%
Direct income taxes	-17.9	-20.1	12.6%
Income/(losses) after tax on assets held for sales	0.3	0.0	-100.0%
Minorities interest	-2.0	-2.5	25.6%
Net Profit	67.4	71.6	6.3%
Cost /Income Ratio	39.5%	38.1%	-1.4 p.p.
EBITDA	107.2	119.5	11.5%
Tax rate	20.6%	21.4%	0.8 p.p.

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2) BANCA GENERALI - CONSOLIDATED PROFIT AND LOSS STATEMENT AT 30 JUNE 2013 (EX-GIL) 3

(€ mil.)	6M12 (adjusted)	6M13 (adjusted)	% Chg
Net Interest Income	51.3	63.6	24.1%
Commission income	180.0	200.7	11.5%
Commission expense	-67.1	-81.8	21.9%
Net Commission	112.9	118.9	5.3%
Net income (loss) from trading activities	8.8	5.4	-38.8%
Dividends	0.7	0.9	22.9%
Net income (loss) from trading activities and Dividends	9.5	6.2	-34.2%
Net Banking Income	173.7	188.8	8.7%
Staff expenses	-33.8	-34.4	1.8%
Other general and administrative expense	-44.0	-52.0	18.2%
	-77.8	-86.4	11.1%
Depreciation and amortisation	-2.2	-2.4	7.6%
Other net operating income (expense)	9.1	14.4	57.1%
Net Operating Expenses	-70.9	-74.5	5.0%
Operating Profit	102.8	114.3	11.3%
Net adjustments for impair. loans and other assets	-3.7	-1.5	-60.8%
Net provisions for liabilities and contingencies	-14.3	-21.4	49.6%
Profit Before Taxation	84.7	91.5	8.0%
Direct income taxes	-17.7	-19.9	12.5%
Income/(losses) after tax on assets held for sales	0.3	0.0	-100.0%
Minorities interest	0.0	0.0	-100.0%
Net Profit	67.4	71.6	6.3%
Cost /Income Ratio	39.5%	38.2%	-1.3 p.p.
EBITDA	105.0	116.7	11.2%
Tax rate	20.9%	21.7%	0.8 p.p.

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³ Figures have been restated excluding GFM's institutional business

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3) BANCA GENERALI - CONSOLIDATED PROFIT AND LOSS STATEMENT FOR Q2 2013 (EX-GIL)

(€ mil.)	2 Q 12	2 Q 13	% Chg
Net Interest Income	28.1	30.2	7.2%
Commission income	83.5	108.6	30.1%
Commission expense	-37.5	-48.0	28.1%
Net Commission	46.0	60.5	31.6%
Net income (loss) from trading activities	1.2	4.0	242.1%
Dividends	0.7	0.8	30.1%
Net income (loss) from trading activities and Dividends	1.8	4.9	166.6%
Net Banking Income	76.0	95.6	25.8%
Staff expenses	-16.8	-17.3	3.0%
Other general and administrative expense	-21.3	-28.4	33.7%
	-38.0	-45.7	20.2%
Depreciation and amortisation	-1.1	-1.3	15.7%
Other net operating income (expense)	5.6	10.3	84.8%
Net Operating Expenses	-33.5	-36.6	9.3%
Operating Profit	42.4	58.9	38.9%
Net adjustments for impair.loans and other assets	-0.3	-0.1	-68.0%
Net provisions for liabilities and contingencies	-2.6	-10.6	304.9%
Profit Before Taxation	39.5	48.2	22.0%
Direct income taxes	-10.3	-10.6	3.0%
Income/(losses) after tax on assets held for sales	0.2	0.0	-100.0%
Minorities interest	-1.2	-1.5	30.5%
Net Profit	28.2	36.1	27.9%
Cost /Income Ratio	42.7%	37.0%	-5.7 p.p.
EBITDA	43.5	60.2	38.3%
Tax rate	26.1%	22.0%	-4.1 p.p.

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**4) BANCA GENERALI - CONSOLIDATED PROFIT AND LOSS STATEMENT FOR Q2
2013 (EX-GIL)⁴**

(€ mil.)	2 Q 12 (adjusted)	2 Q 13 (adjusted)	% Chg
Net Interest Income	28.1	30.2	7.2%
Commission income	76.3	99.9	31.0%
Commission expense	-32.2	-41.8	29.8%
Net Commission	44.1	58.2	31.9%
Net income (loss) from trading activities	1.2	4.0	242.1%
Dividends	0.7	0.8	30.1%
Net income (loss) from trading activities and Dividends	1.8	4.9	166.6%
Net Banking Income	74.0	93.2	25.9%
Staff expenses	-16.2	-16.7	3.0%
Other general and administrative expense	-21.1	-28.2	33.7%
	-37.4	-45.0	20.4%
Depreciation and amortisation	-1.1	-1.3	16.8%
Other net operating income (expense)	5.6	10.3	85.1%
Net Operating Expenses	-32.9	-35.9	9.3%
Operating Profit	41.2	57.3	39.1%
Net adjustments for impair.loans and other assets	-0.3	-0.1	-68.0%
Net provisions for liabilities and contingencies	-2.6	-10.6	304.9%
Profit Before Taxation	38.3	46.5	21.6%
Direct income taxes	-10.2	-10.5	2.5%
Income/(losses) after tax on assets held for sales	0.2	0.0	-100.0%
Minorities interest	0.0	0.0	
Net Profit	28.2	36.1	27.9%
Cost /Income Ratio	42.9%	37.2%	-5.7 p.p.
EBITDA	42.2	58.5	38.5%
Tax rate	26.7%	22.5%	-4.2 p.p.

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⁴ Figures have been restated excluding GFM's insititutional business

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5) BANCA GENERALI – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 30 JUNE 2013 (€M)

(€millions)

Assets	June 30, 2013	Dec 31, 2012	Change	% Change
Financial assets held for trading	431.5	222.5	208.9	93.9%
Financial assets available for sale	1,230.4	1,733.9	-503.5	-29.0%
Financial assets held to maturity	2,631.0	3,000.3	-369.3	-12.3%
Loans to banks	268.8	843.4	-574.5	-68.1%
Loans to customers	1,379.2	1,308.6	70.6	5.4%
Property equipment and intangible assets	49.8	51.8	-1.9	-3.7%
Tax receivables	43.2	41.3	1.9	4.7%
Other assets	111.1	115.6	-4.5	-3.9%
Assets held for sales	0.0	0.0	0.0	
Total Assets	6,145.0	7,317.4	-1,172.3	-16.0%

Liabilities and Shareholders' Equity	June 30, 2013	Dec 31, 2012	Change	% Change
Due to banks	1,930.2	2,229.9	-299.7	-13.4%
Direct inflows	3,617.2	4,491.2	-874.0	-19.5%
Financial liabilities held for trading	4.0	1.4	2.6	177.0%
Tax payables	16.9	36.6	-19.7	-53.9%
Liabilities linked to assets held for sales	0.0	0.0	0.0	
Other liabilities	127.6	95.0	32.6	34.3%
Special purpose provisions	77.5	68.4	9.1	13.3%
Valuation reserves	-14.8	-11.5	-3.3	29.1%
Reserves	164.9	139.8	25.1	17.9%
Additional paid-in capital	29.6	16.6	13.0	78.5%
Share capital	114.2	112.9	1.2	1.1%
Treasury shares (-)	0.0	0.0	0.0	0.5%
Shareholders' equity attributable to minority interest	6.2	7.2	-0.9	-12.9%
Net income (loss) for the period (+/-)	71.6	129.8	-58.2	-44.8%
Total Liabilities and Shareholders' Equity	6,145.0	7,317.4	-1,172.3	-16.0%

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6) TOTAL AUM AT 30 JUNE 2013

<i>Billion of Euros</i>	<u>Jun 2013</u>	<u>Mar 2013</u>	<u>Abs. Chg</u>
Mutual Funds	7.70	7.35	0.35
Asset Management	3.12	3.12	0.00
Managed Assets	10.82	10.47	0.35
Life Insurance	8.92	8.68	0.24
Non Managed Assets	7.70	7.80	-0.10
<i>of which: Securities</i>	5.54	5.56	-0.02
Total	27.44	26.95	0.49

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