

PRESS RELEASE

First-half results**NET PROFIT AT €88.4 MILLION (+24%)**

- Net profit for Q2 at €49.6 million (+37%)
- Management fees at €168 million (+19%)
- Historically low Cost/Income ratio at 33.3%

**ACCELERATION IN NET INFLOWS GROWTH
(FY 2013 NET INFLOWS EXCEEDED IN 6
MONTHS)**

- Total net inflows at €2.3 billion (+64%)
- Total AUM at €32.3 billion (+18%)

CAPITAL SOLIDITY CONFIRMED

- Tier 1 ratio at 13.5% and total capital ratio at 14.0%
- Excess capital at €147 million (+4%)

Milan, 29 July 2014 – The Board of Directors of Banca Generali, chaired by Paolo Vagnone, has approved the consolidated results for the first half of 2014.

The CEO of Banca Generali, Piermario Motta, commented: *“We are very satisfied with the growth that is leading us to constantly exceed our targets. But we are especially proud that the solidity and dynamism of our business model have become a point of reference for investors and industry professionals. The unprecedented levels reached in all the main line items testify to the value of our offer and the quality of our financial advisors who are committed to win the challenge of growing households' savings in a context marked by strong rate pressures. Our commitment towards innovation and excellent solutions, and our determination to best welcome new colleagues allow us to look towards the coming months with enthusiasm and optimism.”*

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Consolidated Operating Results at 30 June 2014¹

Net profit for the first half of 2014 amounted to €88.4 million, up by 24% compared to the same period of the previous year, recording the best half-year result in the Bank's history. Profits were driven by the significant qualitative and quantitative AUM growth in the reporting period, which strongly increased recurring fees. Moreover, the Bank was able to grasp the opportunities arising from the favourable financial market trend related to shrinking Italian government bonds spreads, with positive effects on its trading activity.

Specifically, **net banking income** amounted to €229.3 million, up 21.5% compared to the same period of the previous year. The excellent result was achieved thanks to the important contribution of recurring activities, especially management fees which showed a double-digit growth. As stated above, a positive contribution to revenue growth also came from the trading gains achieved by taking the opportunities presented by the recovery of Italian government bonds following the European elections.

Net interest income amounted to €55.3 million, compared to €63.6 million of the same period of 2013. The reduction was due to lower rates and the reimbursement of €200 million ECB's LTRO loans.

Over the past 12 months, the Bank effectively contrasted the significant reduction in returns, both through an expansion of the loan portfolio volume and the development of counter-guaranteed loans. In light of lower returns and the diverging reactions to rates at world level, in the coming months the Bank will continue to pursue a prudent policy, oriented towards short durations of the bond portfolio (1.5 years) in line with 2013. The Bank's average portfolio return was 2.1% (compared to 2.7% in the same period of 2013), however in the coming months it might further decrease.

Gross fees increased to €222.8 million (+11%), with a rise in all recurring components (especially management and underwriting fees) thanks to higher net inflows of managed assets and the ongoing improvement in the asset mix. Recurring fees (management, entry and banking fees) further increased their contribution, accounting for 91% of the total (from 88% in H1 2013), as a further proof of the growing solidity of the business. Also management fees rose from €81.8 million in the first quarter of 2014 to €86.2 million in the second quarter, up €4.4 million in absolute value compared to an average quarterly increase of €2.8 million in the period from 2012 to date.

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Operating expenses were €78.4 million, up 5.3%. The change is modest compared to the increase in revenues and already includes investments for the technological upgrade, other expenses related to the acquisition of Credit Suisse's Italian affluent and upper affluent banking operations, and the higher provisions for variable compensation to employees linked to the Bank's positive results.

Group's **total assets** at 30 June 2014 were €7,095 million (+7.5% YTD). The increase reflects direct net inflows from clients, achieved through both increased retail operations and a higher inflows of captive assets.

¹ Following the partial de-merger by the Luxembourg-based company GFM SA of its funds/SICAV management operations relating to the insurance operations of the Generali group, which became effective on 1 July 2014, assets, liabilities and the half-year result of the business line have been recognised in accordance with IFRS5

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Consolidated net equity was €470.4 million (compared to €371.7 million in the first half of 2013). **Capital ratios** remained excellent: in detail, Tier 1 capital ratio was 13.5% (13.8% in the same period of the previous year), while total capital ratio was 14.0% (15.0% in the same period of the previous year), down slightly as a result of the application of Basel 3 regulations and the increase in ordinary activities. **Excess capital was €147 million at the end of the six-month period.**

Consolidated Operating Results for Q2 2014

In the second quarter, Banca Generali achieved an unprecedented level of quarterly **net profit** at €49.6 million, up 37% compared to the same period of 2013.

Net banking income rose by 33.8% to €124.7 million, driven by net fees which increased by 21.5% to €70.7 million. Trading also contributed to this result.

EBITDA significantly rose by 48.0% to €86.6 million, with a 69% margin (63% in the same period of the previous year).

Net Inflows and Assets Under Management (AUM)

The first half of 2014 marked a double-fold success for Banca Generali:

- **the Bank's stand-alone net inflows amounted to €1,667 million (+18%), equal to an average productivity of €1.1 million per financial advisor in six months only.** 70% of net inflows for the period was achieved by the existing structure through the acquisition of new clients and the increase in the share of wallet of existing clients, as a proof of the great professional ability of financial advisors and the effectiveness of the Bank's product and support platform;
- in the period, Banca Generali also **completed the selection and recruitment of 69 experienced financial advisors coming from Simgenia SIM. The relevant AUM brought to the bank at 30 June amounted to €648 million,** all relating to managed assets or banking products, as those financial advisors place insurance products for the Group's insurance companies. Funds and portfolio management account for 85% of total AUM.

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Total net inflows amounted to €2,315 million (+64% YOY), exceeding in the first half of 2014 the excellent FY 2013 result.

Net inflows mainly consisted of inflows from managed assets and insurance products totalling €2,060 million (+30%, €1,512 million excluding the financial advisors recruited from Simgenia SIM), accounting for about 90% of the total. With reference to individual products, **BG Stile Libero** was very successful. This multi-line policy launched in early March generated net inflows of about €700 million in four months only. Both the clients and the network of advisors highly appreciate this product thanks to its flexibility and the wide range of funds in which it invests (90%

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of the product underlying assets at the end of June), and the advantage of insurance cover, as well as the possibility to couple this product with segregated accounts (10% of underlying assets).

Total AUM amounted to **€32.3 billion** (+18% compared to €27.4 billion for the previous year, +11% YTD).

In detail, **AUM and insurance assets rose sharply by 21% to €23.8 billion** and now account for 74% of total AUM, increasing by 2 pps compared to the same period of the previous year.

Assets under administration rose to €8.5 billion, reflecting the constant acquisition of new clients and a higher share of wallet of existing clients.

Business Outlook

The first half of 2014 highlighted the Bank's prompt and versatile approach in grasping market opportunities and meeting clients' needs. The uncertainties arising from the central banks' diverging interventions and global growth asymmetries heightened the investors' perception of the importance of a specialised and competent support in protecting their investments. Banca Generali's dynamic net inflows reflect all these factors, as well as the company's ability to catalyse the attention of and recruit the most skilled professionals. In the second half of the year, lower returns might impact net interest income. Rate pressures call for a cautious strategy on the Bank's portfolio, which will nonetheless remain focused on short durations to avoid potential future tensions in the longest part of the curve. This policy mirrors the distinctive traits of the company — financial solidity and risk control, as well as a strong and dynamic increase in recurring activities. In fact, despite the renewed volatility and caution due to the correlation between exchange rates and macroeconomic fundamentals, the prospects of recurring items and especially net inflows continue to be positive, thanks to constantly growing demand for portfolio diversification on a global level, the ongoing development of effective asset planning and advisory solutions in the current market context and the contribution of extraordinary transactions.

Presentation to the Financial Community

A conference call for the financial community will be held today, at **2:00 pm CET (1:00 pm GMT)** to analyse the results for the first half of 2014.

To attend the conference call please dial one of the following numbers:

from Italy and other non-specified 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)

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Banca Generali's App Investor

As of today, the Bank's results are available also on the new Banca Generali's App Investor. This tool has been designed and developed specifically for investors and analysts who can thus keep up with the Bank's latest developments.

The new App Investor of Banca Generali will allow users to more rapidly and easily access recent press releases and detailed financial information — stock performance, financial reports, presentations.

App Investor is now available for download from the Apple Store and will soon be available in the Android Market.



* * *

The Manager responsible for preparing the company's financial reports (Stefano Grassi) 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.
Stefano Grassi (CFO of Banca Generali)

* * *

Annexes:

- 1) Banca Generali – Consolidated Profit and Loss Statement at 30 June 2014
- 2) Banca Generali – Consolidated Profit and Loss Statement for the Second Quarter of 2014
- 3) Banca Generali – Reclassified Consolidated Balance Sheet at 30 June 2014
- 4) Total AUM at 30 June 2014
- 5) Total Net Inflows at 30 June 2014

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Banca Generali

Banca Generali is a leading player in Italy in the field of integrated distribution of financial, banking and insurance products through its Financial Advisor networks: Banca Generali Financial Planners and Banca Generali Private Banking. The company's strategy is based on four key elements: qualified advice from professionals ranked at the top in their fields in terms of skills and experience, one of the broadest and soundest product portfolios on the market, with a transparent structure open to prestigious solutions from third-party firms, the competitiveness of its banking service platform and the guarantee of solidity and reliability that the Generali brand represents for all of its customers. Listed on the Milan stock exchange since November 2006, Banca Generali is 51% controlled by Assicurazioni Generali. Banca Generali is present throughout Italy with 43 bank branches and 135 offices for its over 1500 financial advisors.

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1) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT AT 30 JUNE 2014

(€ mil.)	6M13	6M14	% Chg
Net Interest Income	63.6	55.3	-13.1%
Gross fees	200.7	222.8	11.0%
Fee expenses	-81.8	-94.5	15.6%
Net Fees	118.9	128.3	7.9%
Net income (loss) from trading activities	5.4	45.0	n.m.
Dividends	0.9	0.8	-9.8%
Net income (loss) from trading activities and Dividends	6.2	45.8	n.m.
Net Banking Income	188.8	229.3	21.5%
Staff expenses	-34.4	-37.4	8.7%
Other general and administrative expense	-52.0	-60.0	15.3%
	-86.4	-97.4	12.7%
Depreciation and amortisation	-2.4	-2.1	-13.8%
Other net operating income (expense)	14.4	21.0	46.2%
Net Operating Expenses	-74.5	-78.4	5.3%
Operating Profit	114.3	150.9	32.0%
Net adjustments for impair.loans and other assets	-1.5	-4.5	208.6%
Net provisions for liabilities and contingencies	-21.4	-25.8	20.6%
Profit Before Taxation	91.5	120.6	31.8%
Direct income taxes	-19.9	-31.9	60.3%
Income/(losses) after tax on assets held for sales	2.5	2.9	15.3%
Minorities interest	-2.5	-3.1	25.7%
Net Profit	71.6	88.4	23.5%
Cost/Income Ratio	38.2%	33.3%	-4.9 p.p.
EBITDA	116.7	153.0	31.0%
Tax rate	21.7%	26.4%	4.7 p.p.

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2) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE SECOND QUARTER OF 2014

(€ mil.)	2Q 13	2Q 14	% Chg
Net Interest Income	30.2	26.6	-11.8%
Gross fees	99.9	119.7	19.8%
Fee expenses	-41.8	-49.1	17.4%
Net Fees	58.2	70.7	21.5%
Net income (loss) from trading activities	4.0	26.7	562.0%
Dividends	0.8	0.8	-11.5%
Net income (loss) from trading activities and Dividends	4.9	27.4	462.2%
Net Banking Income	93.2	124.7	33.8%
Staff expenses	-16.7	-19.3	15.3%
Other general and administrative expense	-28.2	-29.4	4.2%
	-45.0	-48.7	8.3%
Depreciation and amortisation	-1.3	-1.0	-16.7%
Other net operating income (expense)	10.3	10.6	3.0%
Net Operating Expenses	-35.9	-39.1	9.0%
Operating Profit	57.3	85.6	49.5%
Net adjustments for impair.loans and other assets	-0.1	-3.6	3843.3%
Net provisions for liabilities and contingencies	-10.6	-15.4	44.8%
Profit Before Taxation	46.5	66.6	43.2%
Direct income taxes	-10.5	-17.3	65.3%
Income/(losses) after tax on assets held for sales	1.5	2.0	30.3%
Minorities interest	-1.5	-1.8	15.3%
Net Profit	36.1	49.6	37.4%
Cost/Income Ratio	37.2%	30.5%	-6.7 p.p.
EBITDA	58.5	86.6	48.0%
Tax rate	22.5%	26.0%	3.5 p.p.

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3) BANCA GENERALI – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 30 JUNE 2014 (€ MILLION)

Assets	June 30, 2014	Dec 31, 2013	Change	% Change
Financial assets held for trading	29.0	229.9	-200.9	-87.4%
Financial assets available for sale	1,921.6	1,626.1	295.5	18.2%
Financial assets held to maturity	2,253.2	2,652.7	-399.5	-15.1%
Loans to banks	901.2	291.4	609.8	209.3%
Loans to customers	1,620.2	1,499.8	120.4	8.0%
Property equipment and intangible assets	48.4	50.1	-1.7	-3.4%
Tax receivables	38.8	38.3	0.6	1.5%
Other assets	198.8	140.2	58.6	41.8%
Assets held for sales	84.3	74.2	10.1	13.5%
Total Assets	7,095.4	6,602.7	492.8	7.5%

Liabilities and Shareholders' Equity	June 30, 2014	Dec 31, 2013	Change	% Change
Due to banks	1,716.7	2,230.9	-514.1	-23.0%
Direct inflows	4,502.7	3,588.7	914.0	25.5%
Financial liabilities held for trading	0.2	0.6	-0.4	-68.5%
Tax payables	36.5	27.8	8.7	31.4%
Liabilities linked to assets held for sales	67.4	66.3	1.1	1.7%
Other liabilities	211.5	142.6	68.9	48.3%
Special purpose provisions	90.0	76.7	13.3	17.3%
Valuation reserves	19.4	5.5	14.0	256.0%
Reserves	195.1	164.2	30.9	18.8%
Additional paid-in capital	42.9	37.3	5.6	15.0%
Share capital	115.4	114.9	0.5	0.5%
Treasury shares (-)	0.0	0.0	0.0	0.0%
Shareholders' equity attributable to minority inter	9.2	6.0	3.1	51.8%
Net income (loss) for the period (+/-)	88.4	141.3	-52.8	-37.4%
Total Liabilities and Shareholders' Equity	7,095.4	6,602.7	492.8	7.5%

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4) TOTAL AUM AT 30 JUNE 2014

<i>Billion of Euros</i>	<u>Jun 2014</u>	<u>Mar 2014</u>	<u>Abs. Chg</u>
Mutual Funds	9.20	8.68	0.52
Portfolio Management	3.49	3.16	0.33
Managed Assets	12.69	11.84	0.85
Life Insurance	11.12	10.24	0.88
Non Managed Assets	8.48	8.20	0.28
<i>of which: Securities</i>	5.91	5.90	0.01
Total	32.29	30.28	2.01

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5) TOTAL NET INFLOWS AT 30 JUNE 2014

<i>Million of Euros</i>	Jun 2014	May 2014	Abs. Chg
Mutual Funds	340	-4	344
Portfolio Management	251	2	249
Mutual Funds and Managed Portfolio	591	-2	593
Life Insurance	286	262	24
<i>of which BG STILE LIBERO</i>	179	176	3
Managed Assets	877	260	617
Non Managed Assets	190	-32	222
<i>of which: Securities</i>	-40	-11	-29
Total	1,067	228	839
	Jan-Jun 2014	Jan-Jun 2013	Abs. Chg
Mutual Funds	512	1,020	-508
Portfolio Management	163	78	85
Mutual Funds and Managed Portfolio	675	1,098	-423
Life Insurance	1,385	489	896
<i>of which BG STILE LIBERO</i>	696	0	696
Managed Assets	2,060	1,587	473
Non Managed Assets	255	-175	430
<i>of which: Securities</i>	-263	-259	-4
Total	2,315	1,412	903

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Life New Business	Jun 2014	May 2014	Abs. Chg
Life New Business	322	314	8
	Jan-Jun 2014	Jan-Jun 2013	Abs. Chg
Life New Business	1,637	378	986