CONSOLIDATED INTERIM REPORT AS OF 30.06.2015

BANCA GENERALI S.P.A.

CONSOLIDATED INTERIM REPORT

as of 30.06.2015

BANCA GENERALI

CONSOLIDATED INTERIM REPORT
as of 30.06.2015

BOARD OF DIRECTORS 28 JULY 2015

Banca Generali S.p.A.

Administration and control bodies

BOARD OF DIRECTORS

Paolo Vagnone	Chairman
Piermario Motta	Chief Executive Officer
Giovanni Brugnoli	Directors
Philippe Donnet	Directors
Giancarlo Fancel	Directors
Anna Gervasoni	Directors
Massimo Lapucci	Directors
Annalisa Pescatori	Directors
Vittorio Emanuele Terzi	Directors

BOARD OF STATUTORY AUDITORS

Massimo Cremona	Chairman
Mario Francesco Anaclerio	
Flavia Minutillo	
Anna Bruno	Alternate auditor

GENERAL MANAGER
Piermario Motta

MANAGER IN CHARGE OF PREPARING
THE COMPANY'S FINANCIAL REPORTS
Stefano Grassi

Contents


Desk Finanziario e Assicurativo
Visualizza i miei Portafogli
PRODOTTI E SERVIZI
MERCATI FINANZIARI
Fondi di Fondi
Assicurativo
Gestioni di Portafoglio
Fondi & Sicav
Amministrato
Performance
View
Approfondimenti
Rassegna Stampa
Confronto Cedola e Decumulo

GROUP ECONOMIC AND FINANCIAL HIGHLIGHTS

Group economic and financial highlights

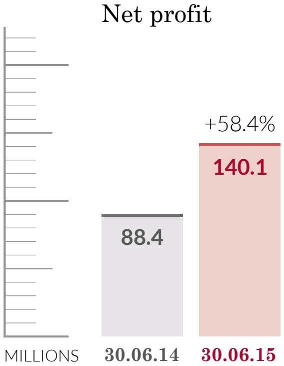
Consolidated figures

(€ MILLION)	30.06.2015	30.06.2014	CHANGE %
Net interest income	35.9	55.3	-35.1
Net fees	234.0	128.3	82.4
Net income (loss) of trading activities and dividends	26.3	45.8	-42.6
Net banking income	**296.2**	**229.3**	**29.2**
Staff expenses	-38.9	-37.4	4.2
Other general and administrative expense	-63.2	-60.0	5.4
Amortisation and depreciation	-2.2	-2.1	8.1
Other operating income/expense	22.5	21.0	7.3
Net operating expenses	**-81.9**	**-78.4**	**4.4**
Operating profit	**214.3**	**150.9**	**42.0**
Provisions	-41.7	-25.8	61.8
Adjustments	-3.3	-4.5	-25.9
Profit before taxation	**169.2**	**120.6**	**40.4**
Net profit	**140.1**	**88.4**	**58.4**

Performance indicators

	30.06.2015	30.06.2014	CHANGE %
Cost/Income ratio	26.9%	33.3%	-19.3
EBTDA	216.5	153.0	41.6
ROE	35.9%	25.5%	41.1
ROA	2.4%	1.2%	91.4
EPS - Earnings per Share (euro)	1.211	0.767	57.8

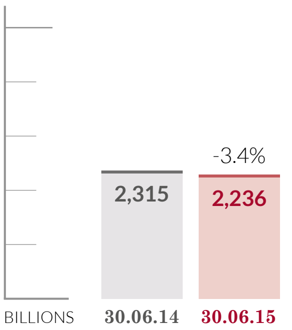
Net profit



Net inflows

(ASSORETI DATA) (€ MILLION)	30.06.2015	30.06.2014	CHANGE %
Mutual funds and Sicavs	591	512	15.4
Asset management	-130	163	-179.8
Insurance / Pension funds	1,569	1,385	13.3
Securities / Current accounts	206	255	-19.2
Total	**2,236**	**2,315**	**-3.4**

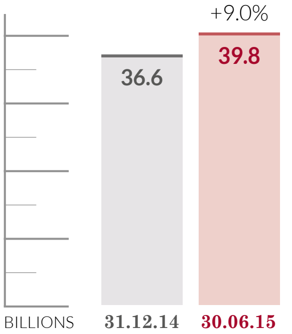
Net inflows



Assets Under Management & Custody (AUM/C)

(ASSORETI DATA) (€ BILLION)	30.06.2015	31.12.2014	CHANGE %
Mutual funds and Sicavs	11.1	10.0	11.3
Asset management	3.8	3.8	-1.6
Insurance / Pension funds	15.6	13.7	14.1
Securities / Current accounts	9.4	9.1	3.3
Total	**39.8**	**36.6**	**9.0**

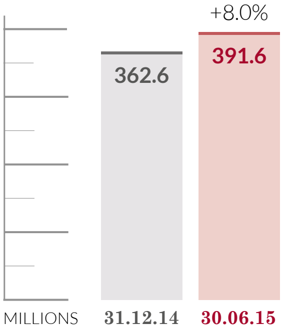
Asset Under Management

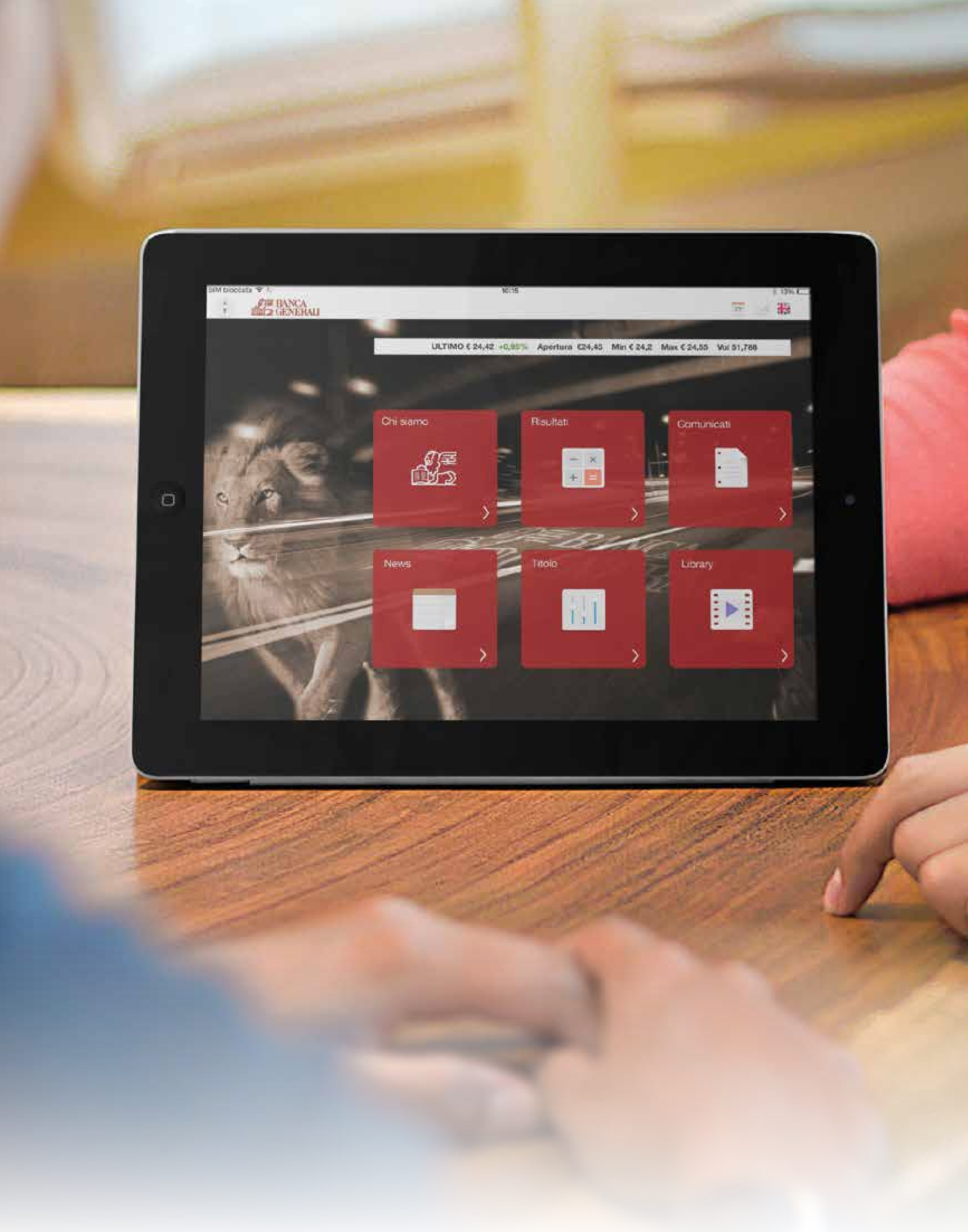


Net equity

(€ MILLION)	30.06.2015	31.12.2014	CHANGE %
Net equity	544.7	536.3	1.6
Own funds	391.6	362.6	8.0
Excess capital	177.4	157.9	12.4
Total capital ratio	14.6%	14.2%	3.2

Net equity




BANCA GENERALI
ULTIMO € 24,42
Apertura €24,45
Min € 24,2
Chi siamo
Risultati
Comunicati
News
Titolo
Library

INTERIM REPORT ON OPERATIONS

1. Summary of half-year operations

The Banca Generali Group closed the first six months of 2015 with a net profit of 140.1 million euros, up by 58.4% on the already excellent result achieved in the first half of 2014, and achieving a new record result in the Group's history.

This performance was driven by the extraordinary acceleration in the first quarter, also attributable to favourable market conditions, and was strengthened in the second quarter by recurring income statement components.

Since the beginning of the year, increasingly credible expectations of the launch of quantitative easing (QE) by the ECB have resulted in a sharp reduction in interest rates all along the curve, in addition to triggering a sustained financial market rally. Beginning on the second quarter of the year, however, stock market tensions due to the re-emergence of the Greek crisis and the Chinese bubble led to high market volatility.

Against this background, Banca Generali's expert network and high-quality financial planning solutions were able to meet strong demand for managed instruments as an alternative to the near-zero rates offered by government bonds and increased demand for advisory services in light of the complex financial situation.

Half-year total net inflows amounted to 2,236 million euros, increasing sharply compared to the first half of 2014, mainly in insurance products (+13.3%), driven by the successful and innovative multi-line policy BG Stile Libero (1,435 million euro net inflows) and mutual funds/Sicavs (+15.4%).

Net banking income rose to 296.2 million euros, with a sizeable increase of 66.8 million euros compared to 2014 (+29.2%). This performance was driven both by the non-recurring components, which particularly influenced the first quarter of the year, and the strong result of asset management fee income. The latter rose by over 55.6 million euros (+33.1%), in line with the growth reported in the Banking Group's AUM.

Thanks to favourable market conditions, Banca Generali was able to achieve an excellent result of trading activities and dividends (26.3 million euros), though it did not replicate the absolutely unique results reported for the first half of 2014. Net interest income continued to decline further (-35.1%), penalised by the sharp reduction in interest rates induced by the QE.

Net operating expenses grew slightly to 81.9 million euros (+4.4%). By contrast, provisions and net adjustments increased to 45.1 million euros (+14.8 million euros compared to the first half of 2014), as a result of higher provisions for incentives, development and contractual indemnities of the Financial Planner network.

At 30 June 2015, the total value of the Group's AUM – reference figure for Assoreti reports – amounted to 39.8 billion euros, up 9.0% compared to year-end 2014, placing the Group at the top of the market of reference.
In addition, managed assets also included 1.5 billion euros in deposits of assets under administration of companies of the Generali Group and 1.1 billion euros in mutual funds and Sicavs distributed directly by management companies, for an overall total of 42.5 billion euros.

To provide a better understanding of the factors that influenced the Banking Group's results, before analysing the sales and financial results achieved in 2015, this report provides macroeconomic information about the main economic regions of the world.

2. Macroeconomic context

In the first half of the year the U.S. economy grew less than expected. The first quarter was particularly weak (-0.2% QoQ) due to the slowdown in investment spending and exports, while consumer spending was lower than expected. Also in the second quarter, data on investment and consumer spending fell short of expectations and consensus forecasts on growth in 2015 were revised downwards.
The economy of the Eurozone had a positive start in 2015, supported by the devaluation of the currency, low oil prices and expansionary monetary policy implemented by the ECB. Growth in the first quarter was 0.4% QoQ, with positive contribution also from Italy and France which had remained stagnant in the previous quarter. The signs of growth in the "core" countries (Germany and France) and in the "peripheral" ones (Italy and Spain) were also confirmed by data for the second quarter.
The slowdown in China's economic growth continued; according to the major forecasting institutes growth will reach 7% in 2015, in line with the objectives set by the government. The authorities continued to pursue a monetary policy in support of the economy, through lower interest rates and lower minimum reserve requirements for Banks, which benefited from the lower inflation rate.
In the rest of Asia, the trend of moderate growth continued, characterised by weak exports and domestic demand and, as a result, Asian central banks implemented expansionary monetary policies.
In the other main emerging countries, including Brazil, South Africa and Turkey, monetary authorities continued to pursue restrictive policies as the macroeconomic environment marked by high external deficits and high inflation rates did not allow for looser policies.
In Russia, after the sudden increases in interest rates in late 2014, progressive interest rate cuts were implemented in an effort to stimulate the economy, which was in recession, having been penalised by the fall in oil prices.

In this environment, the U.S. stock market posted modest gains reflecting the weak economic cycle and the sharp appreciation of the currency. The S&P 500 was up 0.2% and the Nasdaq 5.3%. The sectors that obtained the best returns were the pharmaceutical (8.7%) and cyclical consumption sectors (6.0%), while utilities (-12.3%) and energy (-6.0%) recorded the worse performances.

By contrast, the European stock markets recorded a very positive trend supported by the favourable economic cycle and, consequently, by the upward revision of estimated earnings growth. The benchmark index for the entire area (the DJ Stoxx Europe 600) grew by 11.3%, while the Euro Area benchmark (the DJ Euro Stoxx) climbed 11.0%. The performance of the Italian benchmark (FTSE MIB), which climbed 18.1%, was noteworthy, ranking first in the Eurozone.
The automotive (+21.7%) and financial services (17.7%) sectors were the best-performing, while raw materials (-0.3%) and utilities (-1.4%) recorded weak performances.
Emerging markets had an overall return of 10.3% in euro (MSCI Emerging Markets). The best performing regions were Asia (+16.6%) and emerging Europe (+25.3%), while Latin America remained unchanged (+0.1%).

In the European bond markets, the dominant factor was the quantitative easing programme announced by the ECB in January and initiated in March. Given the continued decline in inflation figures, the ECB launched a plan to buy securities for 60 billion euros per month, beginning March 2015 and until September 2016 (totalling 1,140 billion euros in 18 months), of which about 40 billion euros for the purchase of government bonds, in an effort to stimulate inflation expectations and counter the risk of deflation.
The purchase of securities by the ECB led to a sharp fall in yields in the first quarter of the year, with the rate on German ten-year government bonds reaching the record low of 0.08% in April, before recovering to 0.8% in June. In Italy the ten-year bond rate fell to 1.1% before recovering to 2.3%. The spread of ten-year BTPs over the Bund bottomed at 90 basis points in the first quarter before rising to 157 basis points in June, when uncertainty in the market began to grow as it became clear that negotiations

between Greece and creditor institutions over the disbursement of the next bailout tranche had reached a stalemate.

As regards monetary policy rates, the ECB kept refinancing rates and deposit rates unchanged, respectively at 0.05% and 0.2%.
The third and fourth TLTROs (Targeted Longer Term Refinancing Operations) took place in March and June, for 98 and 74 billion euros respectively (at a fixed rate of 0.05%), which provided additional liquidity to the banking system in order to encourage lending to the real economy.
In particular, the outcome of the June auction was better than expected, a sign that demand for bank credit by businesses is starting to pick up again: the lending survey published monthly by the ECB (ECB Lending Survey) shows that banks continue to loosen their lending standards and credit demand is showing signs of improvement.
Rates in the interbank market continued their downward trend, following the huge amount of liquidity injected into the system and falling yields. The 3-month Euribor went from 0.08% at the beginning of the year to -0.01% at the end of June.

U.S. rates had a sideways trend in the early part of the year, to then climb to 2.3% in the second quarter, on the basis of expectations of a first rate hike by the FED and acceleration of economic growth and inflation.

Currency markets were dominated by the strength of the dollar which appreciated against almost all currencies, supported by expectations of rising interest rates in the second half of 2015. By contrast, the euro was generally weak in a scenario of low interest rates and quantitative easing policies. The euro/dollar exchange rate went from 1.21 at the beginning of the year to 1.12 at 30 June, with the euro depreciating by 7.8% versus the U.S. currency.

Finally, the prices of raw materials had a sideways trend overall and ended the period with a slightly negative performance (CRB Index -1.2%). Gold fell from 1,184 dollars per ounce to 1,172 dollars at the end of the period (-1.0%), while oil (WTI) had a positive trend going from 53.27 dollars at the beginning of the year to 59.47 dollars, up by 11.6%.

Outlook

For the coming months, leading international organisations forecast continued economic growth but at a slower pace. The IMF estimates world GDP growth of 3.5% in 2015 and 3.8% in 2016. Among the advanced economies, the Eurozone and Japan will continue to benefit from expansionary policies and the devaluation of their currencies while in the United States, the currency appreciation will weigh on exports.
The economies of emerging countries as a whole will continue to grow but at lower pace than in previous years. The growth is expected to stabilise in China and to accelerate in India, while Russia and Brazil are expected to post negative growth in 2015.
In general, international organisations called for increased spending by countries with budget surpluses, in order to strengthen demand, and for debt reduction policies and structural reforms by countries with weak growth and debt issues.
The second half of the year started with the financial markets displaying high uncertainty over developments of the Greek crisis, the persistence of which could erode business and consumer confidence.

3. Banca Generali's competitive positioning

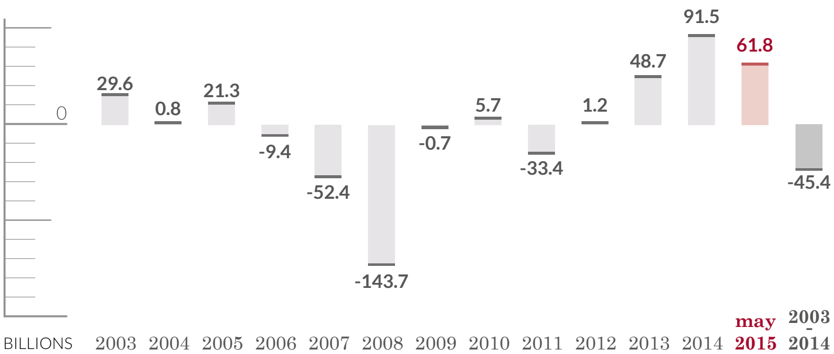
Banca Generali is a leading distributor of financial products and services for Affluent and Private customers through Financial Advisors. The Group's markets of reference are asset management and distribution through Financial Advisor networks.

3.1 The asset management market

The first quarter of 2015 was marked by a significant improvement in net inflows achieved by the Financial Advisor networks and by growing investments on asset management products, which improved the already excellent results achieved in the fourth quarter of 2014 (+3%). 2014 was a banner year for the asset management industry. New inflows recorded in 2014, the amount of which is second only to that recorded in the mutual funds boom of 1998, combined with the generally positive performance of the main financial market segments.
These favourable circumstances pushed assets under management to historic records for the Italian asset management market: at the end of 2014 it had reached 1,585 billion euros marking a year on year increase of nearly 20%.
According to the most recent end-of-May statistics, assets under management increased to 1,742 billion. This figure corresponds to over 40% of total financial assets held by households. In the first five months of the year, the net inflows reported by the asset management industry in Italy (the Assogestioni market) has already reached 62 billion euros, largely attributable to the UCITS segment, 70% of which are represented by foreign products.
Over the past two years, in response to low interest rates and with the objective of offering attractive returns to their customers, management companies have increasingly focused on investment formulas that enable dynamic exposures to a variety of asset classes, including equity. The interest of investors towards these new investment products is confirmed by a significant rise in net inflows in the flexible funds category, which exceeded 27 billion euros in the first five months of 2015.

The UCITS market in Italy since 2003

(€ billion)



Source: Assogestioni data updated May 2015.

3.2 The Assoreti market

Net inflows of the "Assoreti" market (which measures the distribution activity carried out through the networks of financial advisors) in the first five months of 2015 also exceeded by 44% the highly positive figures recorded in 2014. 91% of net invested resources (12 billion euros) was invested in asset management and insurance products (+ 53% compared to 2014).

(€ MILLION)	31.05.2015	31.05.2014	CHANGES
Asset management	5,175	4,660	515
Insurance products	6,858	3,202	3,656
Assets under administration and custody	1,170	1,284	-114
Total	**13,203**	**9,146**	**4,057**

Source: Assoreti data updated May 2015.

Direct distribution of UCITS continued to perform well with regard to foreign funds of funds (2,360 million euros). The insurance sector continued to attract the largest share of investment with net inflows of 6,858 million; inflows through the network market were mostly addressed to unit-linked products (97%).

The networks' total contribution to the UCITS segment, through the direct placement of funds units and indirect placement through distribution of GPF and insurance products with financial content amounted to 12 billion euros, accounting for 19% of net inflows in the funds segment.

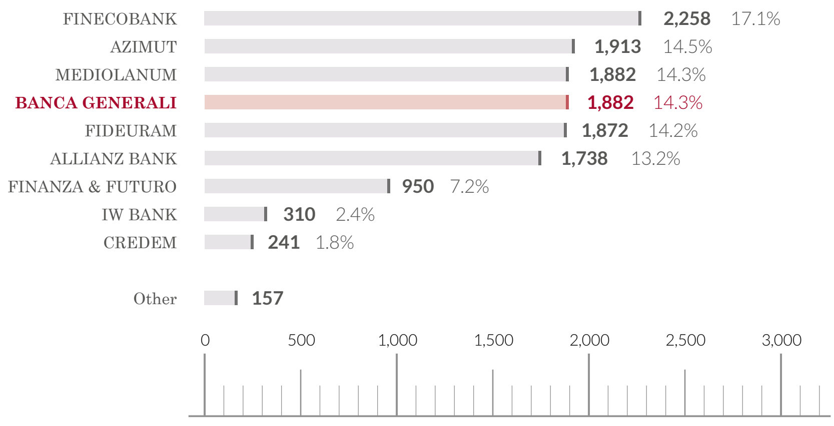
3.3 Banca Generali

Against this very positive background, Banca Generali continues to be one of the market leaders in terms of net inflows through financial advisors, with 1,882 million euros (latest available figure for comparison with Assoreti), and a market share of 14.3%.

The per capita net inflows per financial advisor is 1.123 million euros, which is 86% higher than the market average (0.6 million euros).

Total net inflows – Assoreti – 13.2 billion euros

May 2015 (€ million)

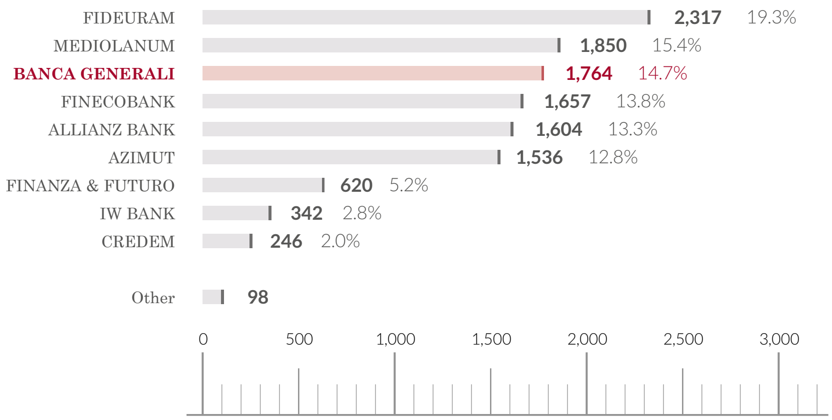


Source: Assoreti.

The figure is even stronger if one considers the asset management and insurance segments together, where Banca Generali has a market share of 14.7% and a per capita net inflows of asset management and insurance product of 1.052 million euros, 91% higher than the market average of 0.55 million euros.

Net AUM and insurance inflows Assoreti – 12.0 billion euros

May 2015 (€ million)



Source: Assoreti.

With specific reference to the June figures, the Bank's net inflows further increased to 2,236 million euros. This result reflects the investors' high demand for financial advice in a context of growing market volatility and destabilisation. The figure is even more significant when considering that it includes only direct net inflows gathered by Banca Generali's financial advisors and private bankers, without the contribution of institutional assets or direct online net inflows.

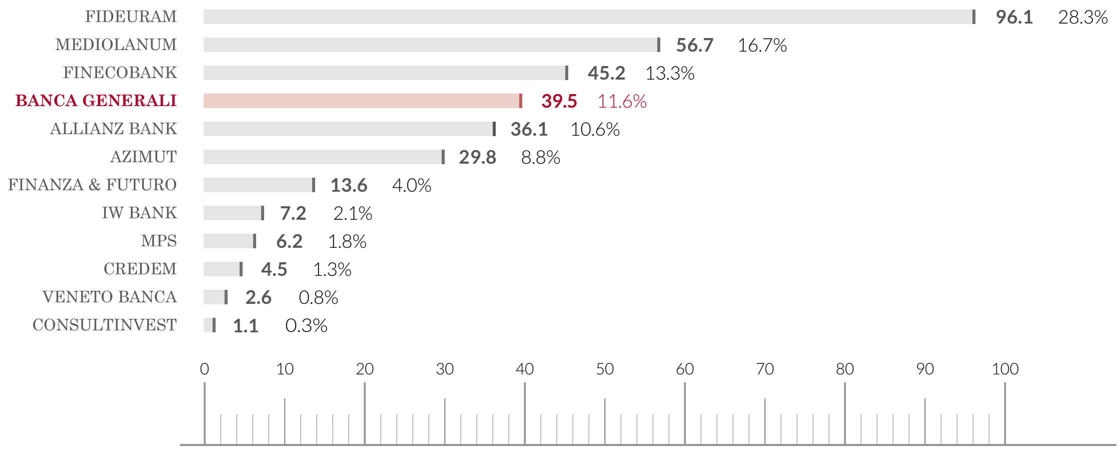
Net inflows of Banca Generali

(€ MILLION)	BG GROUP 30.06.2015	BG GROUP 30.06.2014	Y/Y CHANGES VS 30.06.2014	
			AMOUNT	%
Total assets under management	**461**	**675**	**-214**	**-32%**
Funds and Sicavs	591	512	79	15%
GPF/GPM	-130	163	-293	-180%
Total insurance products	**1,569**	**1,385**	**184**	**13%**
Total assets under administration and custody	**206**	**255**	**-49**	**-19%**
Total assets placed by the network	**2,236**	**2,315**	**-79**	**-3.4%**

In terms of Assets Under Management, Banca Generali in March 2015 was once again one of the five top competitors in the Assoreti market, with 39.5 billion AUM and a market share of 11.6%.

Assoreti total AUM – 340 billion euros

March 2015 (€ billion)



Source: Assoreti.

In the first half of 2015, Banca Generali's AUM – for which data at June 2015 are shown in the summary table below – increased by approximately 9% over year-end 2014, despite the volatility and uncertainty that characterised the markets in May and June.

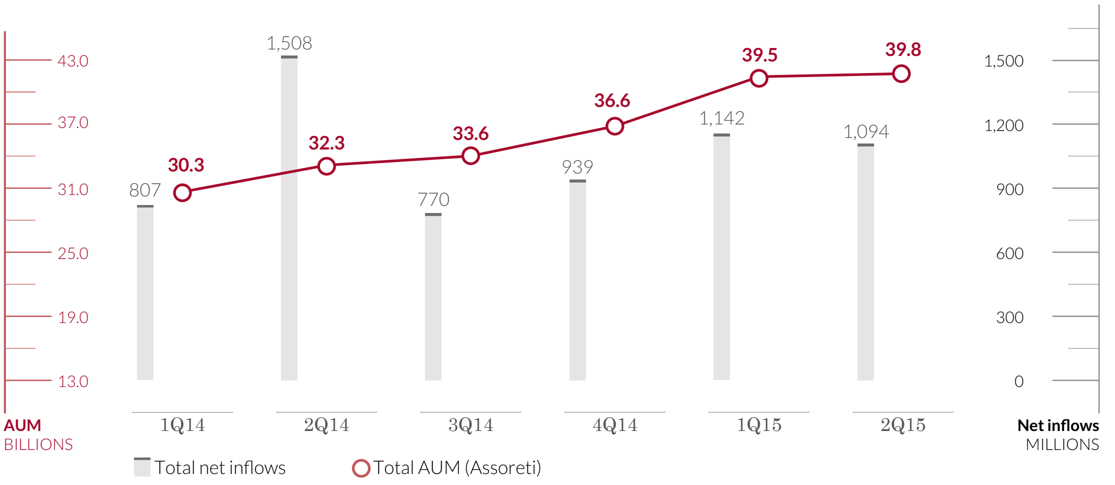
The value of the portfolio, amounting to 39,843 billion euros as shown herein, refers to the Assoreti market, which is directly attributable to the distribution activity carried out through the financial advisors.

AUM invested in insurance and asset management products grew respectively by 7.7% and 14% to the detriment of assets under administration products, which however grew in absolute terms, driven by the revaluation of securities in customer portfolios as well as by net inflows from new hires in early 2015.

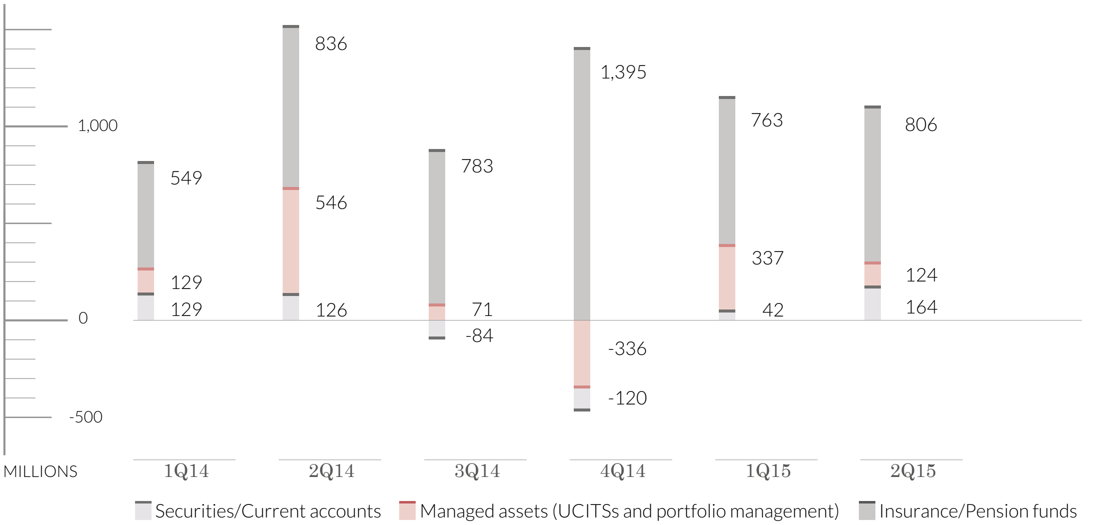
Assets Under Management Banca Generali

(€ MILLION)	BG GROUP 30.06.2015	BG GROUP 31.12.2014	CHANGES VS 31.12.2014	
			AMOUNT	%
Total assets under management	**14,832**	**13,772**	**1,060**	**7.7**
Funds and Sicavs	11,078	9,955	1,123	11.3
GPF/GPM	3,754	3,817	-63	-1.7
Total insurance products	**15,618**	**13,694**	**1,924**	**14.0**
Total assets under administration and custody	**9,393**	**9,097**	**296**	**3.3**
Total AUM placed by the network	**39,843**	**36,563**	**3,280**	**9.0**

AUM evolution and net inflows



Quarterly net inflows



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

Asset management products of the Banking Group

In the asset management segment, in the first half of 2015 the Banking Group conducted wealth management operations through individual asset management portfolios of Banca Generali and BG Fiduciaria, and collective asset management of Generali Fund Management.

(€ MILLION)	BG GROUP 30.06.2015	BG GROUP 31.12.2014	CHANGES VS 31.12.2014	
			AMOUNT	%
Funds and Sicavs	11,292	8,861	2,431	27.4%
GPF/GPM	3,643	3,702	-59	-1.6%
Total Group's managed assets	**14,935**	**12,563**	**2,372**	**18.9%**
Of which UCITSs attributable to the banking group's GPF	1,119	1,090	29	2.7%
Total assets managed by the Banking Group, net of discretionary accounts, included in the GPF of the Banking Group	**13,816**	**11,473**	**2,343**	**20.4%**

Group's collective asset management products (funds and Sicavs) are currently represented exclusively by Luxembourg Sicavs and are placed by BG Fund Management Sa, a subsidiary of Banca Generali, with own management or management mandate granted to third parties.

Total assets invested in funds and Sicavs managed by the Banking Group amounted to 11.3 billion euros, with a growth of 2.4 billion euros (+27.4%) compared to the end of 2014.

Total discretionary asset management portfolios (GPF/GPM) of the Banking Group amounted to 3.6 billion euros, slightly down compared to year-end 2014 (-1.6%).

Third-party asset management products

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

In further detail, within its Italian mutual funds segment, Banca Generali distributes the products of the Assicurazioni Generali Group and various third companies, in addition to the products of numerous international investment firms in the international UCITSs segment.

In June 2015, third party assets amounted to 4,425 million euros, slightly up compared to year-end 2014. This is due to the adop-

tion of the open architecture model, which allows the customers to access an extensive range of investment products of product firms, including at international level.
In addition, with reference to the placement of third-party products, it should be noted that over the years investments directed towards the Luxembourg umbrella fund-of-funds BG Fund Management S.A. also increased significantly. The Sicav is placed directly by the Banca Generali Group but invests primarily in third-party UCITSs. Moreover, and in confirmation of the product's multi-manager orientation, at the end of 2009 and during the following years management of a large number of sub-funds has been entrusted directly to several leading international investment firms, using their own brands, thereby significantly expanding the management diversification of the asset management portfolios held by the bank's customers. A similar strategy has been recently adopted for the BG Sicav sub-funds. Overall, 91% of BG Selection and 80% of BG Sicav sub-funds resort to direct third-party management.
In the Funds and Sicav sectors, the diversification through third-party products grew slightly compared to 2014 (+4.3%).

(€ MILLION)	BG GROUP 30.06.2015	BG GROUP 31.12.2014	CHANGES VS 31.12.2014	
			AMOUNT	%
Funds and Sicavs	4,425	4,241	184	4.3%
GPF/GPM	179	187	-8	-4.3%
Total third-party asset management products	**4,604**	**4,428**	**176**	**4.0%**

Third-party insurance products

Almost all assets invested in insurance and retirement products consist of traditional and multi-line policies of Genertellife, a company of the Assicurazioni Generali Group, placed under the brand "BG Vita". Such assets stood at 15,618 million euros at the end of June 2015, up 14% compared to December 2014. This result was mainly due to the considerable new business written during the year, less redemptions and expiring contracts, largely attributable to the innovative multi-line policy "BG Stile Libero", which gathered approximately 1.4 billion euros in the first six months of 2015.

(€ MILLION)	BG GROUP 30.06.2015	BG GROUP 31.12.2014	CHANGES VS 31.12.2014	
			AMOUNT	%
Insurance products (unit-linked, policies, etc)	15,618	13,694	1,924	14.0%
Total third-party insurance products	**15,618**	**13,694**	**1,924**	**14.0%**

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 2015, indirect net inflows amounted to 6,554 million euros at market value, compared to 6,709 million euros reported at the end of 2014.

(€ MILLION)	BG GROUP 30.06.2015	BG GROUP 31.12.2014	CHANGES VS 31.12.2014	
			AMOUNT	%
Indirect inflows of assets under administration and custody of the Banking Group	**6,554**	**6,709**	**-155**	**-2.3%**
of which:				
- securities portfolios of the Generali Group's customers	452	343	109	32.0%
- other customers' securities portfolios	6,102	6,366	-264	-4.2%

5. Operating result and performance of the main net equity aggregates

5.1 Profit and loss results

The Group's net result for the first half of 2015 was 140.1 million euros, up 58% compared to the first half of 2014 and nearly 90% of the record result for FY 2014[1].

(€ THOUSAND)	30.06.2015	30.06.2014 RESTATED	CHANGE AMOUNT	CHANGE %	30.06.2014 OFFICIAL
Net interest	**35,885**	**55,281**	**-19,396**	**-35.1%**	**55,281**
Net fees	**234,007**	**128,279**	**105,728**	**82.4%**	**128,279**
Dividends	1,142	772	370	47.9%	772
Net income (loss) of trading activities	25,141	44,994	-19,853	-44.1%	44,994
Net operating income	**296,175**	**229,326**	**66,849**	**29.2%**	**229,326**
Staff expenses	-38,924	-37,372	-1,552	4.2%	-37,372
Other general and administrative expense	-63,217	-59,980	-3,237	5.4%	-59,980
Net adjustments of property, equipment and intangible assets	-2,243	-2,074	-169	8.1%	-2,074
Other operating expenses/income	22,510	20,982	1,528	7.3%	20,982
Net operating expenses	**-81,874**	**-78,444**	**-3,430**	**4.4%**	**-78,444**
Operating profit	**214,301**	**150,882**	**63,419**	**42.0%**	**150,882**
Net adjustments for non-performing loans	-2,149	-3,724	1,575	-42.3%	-3,724
Net adjustments of other assets	-1,178	-767	-411	53.6%	-767
Net provisions	-41,728	-25,797	-15,931	61.8%	-25,797
Gain (loss) from equity investments	-1	-10	9	-90.0%	-10
Operating profit before taxation	**169,245**	**120,584**	**48,661**	**40.4%**	**120,584**
Income taxes for the period	-29,118	-31,881	2,763	-8.7%	-31,881
Gains from non-current assets held for sale	-	-260	260	-100.0%	2,867
Profit attributable to minority interests	-	-	-	n.a.	-3,127
Net profit	**140,127**	**88,443**	**51,684**	**58.4%**	**88,443**

[1] On 1 July 2014, the partial de-merger by the Luxembourg subsidiary BGFM S.A. of the business unit responsible for managing funds/Sicavs placed by the Generali Group's insurance companies (former GIL business unit) was finalised; the said unit was therefore excluded from the Banking Group's scope of consolidation. Since the transaction was undertaken with retroactive effect for accounting purposes from 1 January 2014, the comparative accounting situation was restated and presented net of the profit and loss items associated with the business unit sold.

Net operating income amounted to 296.2 million euros, with an increase of 66.8 million euros (+29.2%) compared to the previous year, due to several factors:

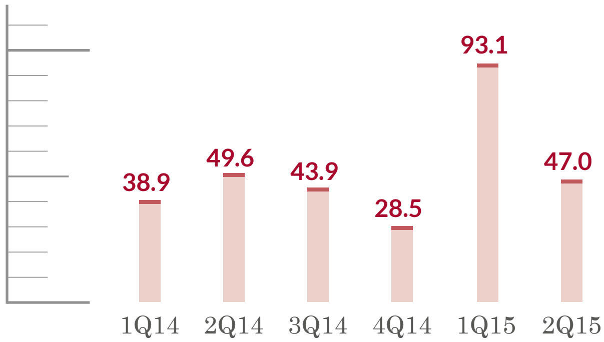
- the contribution of **non-recurring components** of net operating income, which benefitted from the sharp increase in incentive fees (+78.7 million euros), and the excellent result of trading activities and dividends (26.3 million euros), achieved thanks to the further rapid spread reduction on the Italian public debt due to the expectations risen by the Quantitative Easing, but nonetheless lower than the unique results achieved in the first half of 2014 (45.8 million euros);
- the sharp increase in **management fees** by 55.6 million euros (+33.1%) – in line with the significant rise in average AUM compared to the first half of 2014 – which continued to increase the fee margin;
- the decline in **net interest income** (-19.4 million euros), affected both by the dramatic decline in returns offered by the Italian government bond market and the deleveraging resulting from the end of the LTROs.

By contrast, net **operating expenses** grew more slightly to 81.9 million euros (+4.4%). The **cost/income ratio**, which measures the ratio of operating expense (gross of adjustments to tangible and intangible assets) to net operating income, amounted to 26.9% compared to 33.3% for the first half of 2014, thus confirming the positive operating leverage effect, which saw the cost performance outpaced by the revenue performance.

Provisions and net adjustments amounted to 45.0 million euros, up by 14.8 million euros compared to the same period of 2014, as a result of the provisions for incentives, development and retention of the network, and the adjustments associated with changes in the contractual indemnities measured through actuarial methods. Impairment losses were recognized on equities allocated to the AFS portfolios, and value adjustments were made to non-performing loans.

Operating profit before taxation was 169.2 million euros, up by 48.7 million euros compared to the first half of 2014.
By contrast, the tax burden for the period decreased by 2.8 million euros, with an overall tax rate of 17.2%.

Quarterly net profit (€ million)



Quarterly evolution of the profit and loss account

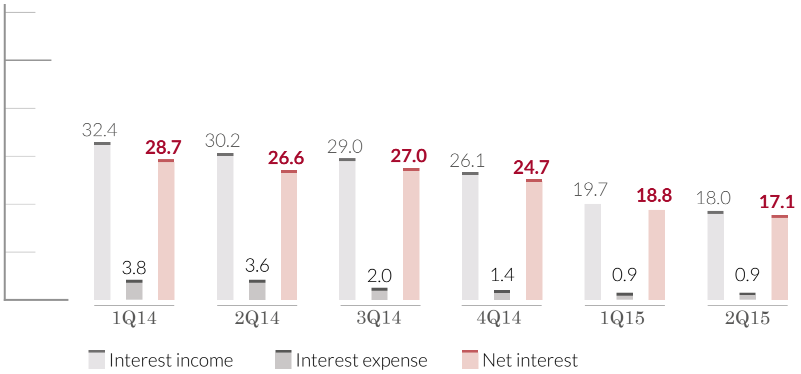
(€ THOUSAND)	2Q15	1Q15	4Q14	3Q14	2Q14 (*)	1Q14(*)
Net interest	**17,065**	**18,820**	**24,737**	**26,987**	**26,608**	**28,673**
Net fees	**96,965**	**137,042**	**61,033**	**67,956**	**70,677**	**57,602**
Dividends	1,083	59	1,753	45	751	21
Net income (loss) of trading activities	573	24,568	1,041	6,335	26,688	18,306
Net operating income	**115,686**	**180,489**	**88,564**	**101,323**	**124,724**	**104,602**
Staff expenses	-19,331	-19,593	-18,500	-18,310	-19,298	-18,074
Other general and administrative expense	-31,677	-31,540	-37,848	-30,630	-29,423	-30,557
Net adjustments of property, equipment and intangible assets	-1,135	-1,108	-1,294	-1,052	-1,043	-1,031
Other operating expenses/income	11,729	10,781	12,187	8,097	10,627	10,355
Net operating expenses	**-40,414**	**-41,460**	**-45,455**	**-41,895**	**-39,137**	**-39,307**
Operating profit	**75,272**	**139,029**	**43,109**	**59,428**	**85,587**	**65,295**
Net adjustments for non-performing loans	-637	-1,512	-2,952	-854	-3,379	-345
Net adjustments of other assets	656	-1,834	-2,768	70	-178	-589
Net provisions	-20,167	-21,561	-10,453	-4,018	-15,410	-10,387
Gains (losses) from investments	-1	-	-8	-	-	-10
Operating profit before taxation	**55,123**	**114,122**	**26,928**	**54,626**	**66,620**	**53,964**
Income taxes for the period	-8,115	-21,003	-721	-11,682	-17,293	-14,588
Gains from non-current assets held for sale	-	-	2,336	975	228	-488
Profit attributable to minority interests	-	-	-	-	-	-
Net profit	**47,008**	**93,119**	**28,543**	**43,919**	**49,555**	**38,888**

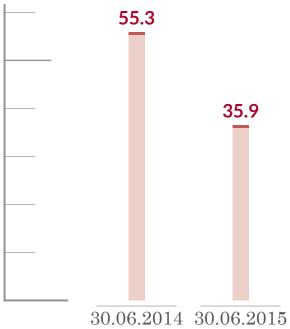
(*) Profit and Loss Account restated net of the contribution of the ex GIL demerged business unit.

5.1.1 Net interest income

Net interest income was 35.9 million euros, down by 19.4 million euros compared to the figure reported in the first half of 2014 (-35.1%), driven by the constant decline in the profitability of loans arising on the ongoing downtrend in interest rates, and the decline of assets, in line with expectations, associated with the repayment of maturing LTROs.

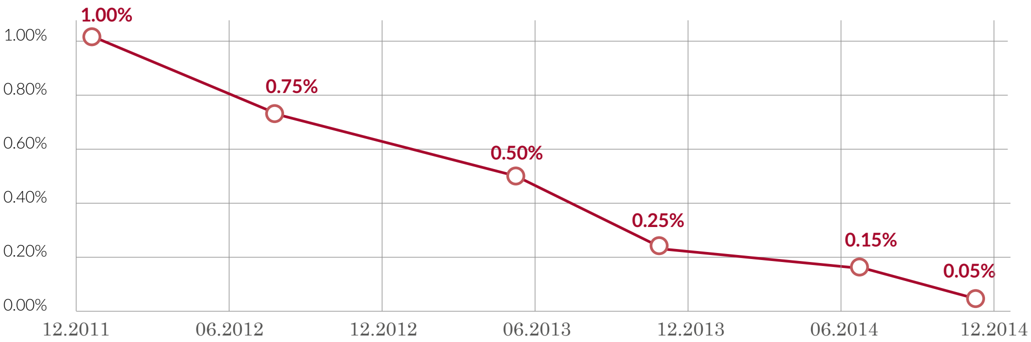
Net interest (€ million)





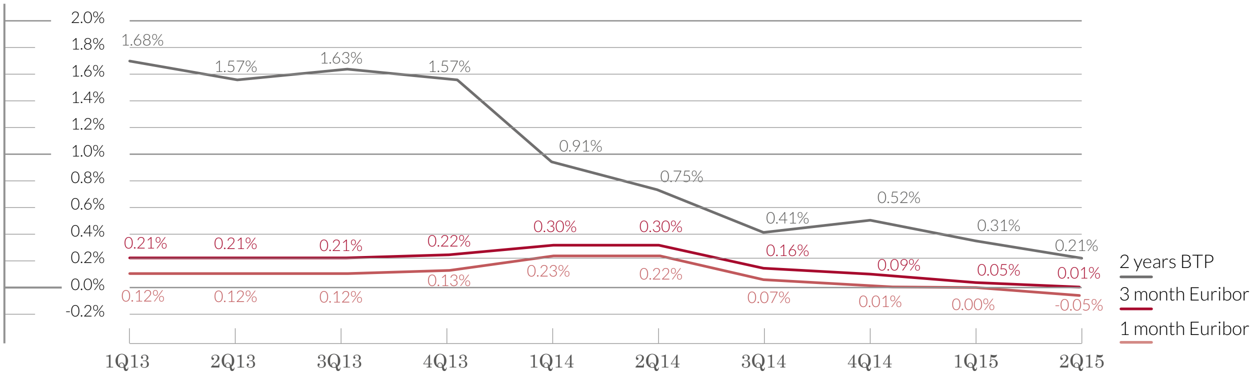
In the first half of 2015, interest rate performance in the Euro Area was significantly influenced by the effective launch of the quantitative easing, the non-conventional monetary policy announced by the ECB as soon as September 2014.
Starting on 9 March, extensive government bond purchases by national central banks rapidly boosted equity prices and drove down yields on this asset class, bringing them into negative territory for maturities of more than two years. Only as of the second quarter of the year, expectations for a slight recovery of inflation and market turbulence arising from the Greek crisis temporarily halted this trend.
The new intervention coupled with purchases of covered bonds and ABS, as well as the T-LTROs launched in the second half of 2014. The latter particularly provided additional liquidity to the banking system and encouraged lending to the real economy.
Overall, this resulted in further flattening of the interest rate curve.
Since September 2014, the interest rate applied to primary refinancing operations has been set at an all-time low of 0.05%, whereas the rates paid on deposit operations with the Central Bank have been lowered further into negative territory, to -0.20%.

ECB - Primary refinancing operations (LTROs)



Short-term interbank rates, at minimum levels at the end of December, further decreased to negative levels (one-month Euribor of -0.06% and three-month Euribor of -0.01% in June).
Returns of Italian bonds with a residual maturity of two years decreased to 0.17% in April to then rise to 0.29% in June. Overall, the reduction in returns for the first half of 2015 on average exceeded 68% compared to those for the first half of 2014.

Interest rate evolution (quarterly average)



In this context, interest income decreased by 24.9 million euros, owing not only to lower yields, but also to the declining volume of government bond holdings, following the end of the LTROs. Only interest on loans to customers showed resilience due to the increase in average exposures compared to the first half of 2014, though lower rates were applied.

Symmetrically, the cost of net inflows decreased to substantially not significant levels (-75.2%), with a general decline in expenses across all sectors of operation, from interbank transactions and transactions in the form of repurchase agreements (-1.5 million euros), to ordinary net inflows from customers (-3.5 million euros), with the sole exception of subordinated loans.

(€ THOUSAND)	30.06.2015	30.06.2014 RESTATED	CHANGE	
			AMOUNT	%
HFT financial assets	109	446	-337	-75.6%
AFS financial assets	12,302	14,787	-2,485	-16.8%
HTM financial assets	11,755	32,364	-20,609	-63.7%
Financial assets classified among loans	1,312	2,276	-964	-42.4%
Total financial assets	**25,478**	**49,873**	**-24,395**	**-48.9%**
Loans to banks	40	559	-519	-92.8%
Loans to customers	12,186	12,175	11	0.1%
Hedging derivatives	-	-	-	n.a.
Other assets	-	2	-2	-100.0%
Total interest income	**37,704**	**62,609**	**-24,905**	**-39.8%**
Due to ECB	49	1,325	-1,276	-96.3%
Due to banks	336	238	98	41.2%
Repurchase agreements - banks	80	1,575	-1,495	-94.9%
Due to customers	489	3,792	-3,303	-87.1%
Repurchase agreements - customers	-	152	-152	-100.0%
Subordinated loan	865	246	619	251.6%
Other liabilities	-	-	-	n.a.
Total interest expense	**1,819**	**7,328**	**-5,509**	**-75.2%**
Net interest income	**35,885**	**55,281**	**-19,396**	**-35.1%**

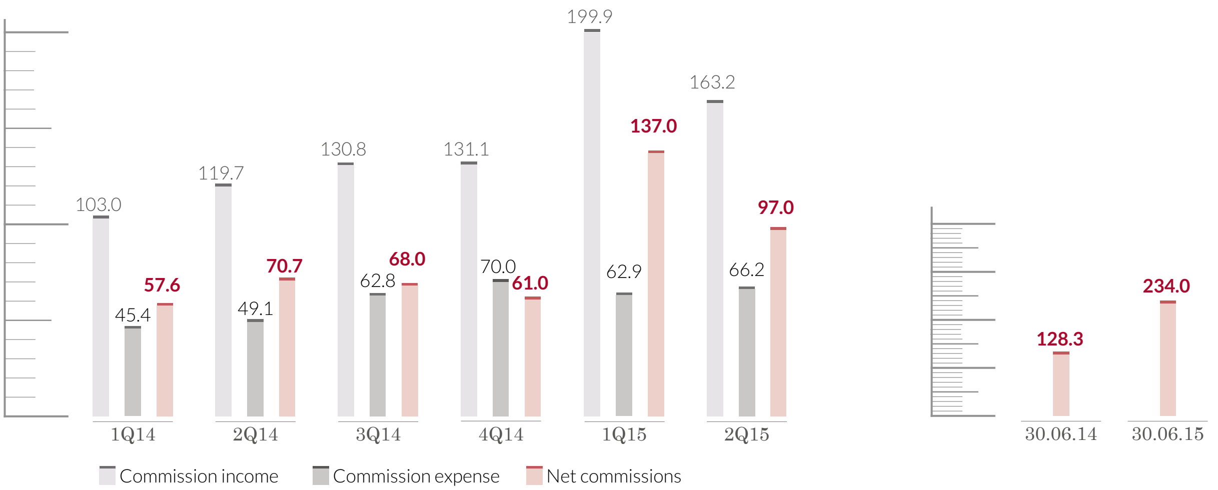
At the end of the first half of 2015, residual net interest income attributable to the LTROs, which have ended, decreased to about 3.1 million euros, accounting for slightly more than 9% of the overall net interest income.

5.1.2 Net fees

The fee aggregate amounted to 234.0 million euros, increasing by 82.4% compared to the first half of 2014.

(€ THOUSAND)	30.06.2015	30.06.2014 RESTATED	CHANGE	
			AMOUNT	%
Collective and individual portfolio management fees	234,555	128,043	106,512	83.2%
Fees on the placement of securities and UCITSs	33,687	28,297	5,390	19.0%
Fees on the distribution of third-party financial products	75,501	49,596	25,905	52.2%
Fees on trading and securities custody	12,911	12,507	404	3.2%
Fees for other banking services	6,465	4,343	2,122	48.9%
Total fee income	**363,119**	**222,786**	**140,333**	**63.0%**
Fees for external offer	111,678	80,473	31,205	38.8%
Fees for dealing in securities and custody	4,360	3,708	652	17.6%
Fees for portfolio management	11,899	8,661	3,238	37.4%
Fees for other banking services	1,175	1,665	-490	-29.4%
Total fee expense	**129,112**	**94,507**	**34,605**	**36.6%**
Net fees	**234,007**	**128,279**	**105,728**	**82.4%**

Quarterly net fees (€ million)



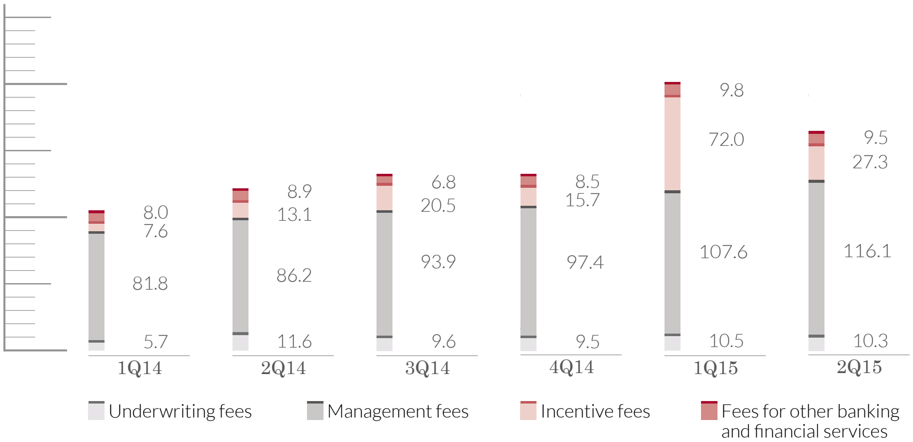
Fee income grew by 140.3 million euros overall (+63.0%), also thanks to the sharp increase of incentive fees (+78.7 million euros), mainly achieved in the first quarter of the year.
The **incentive fee** trend reflects the financial market rally triggered in early 2015 by expectations related to the QE, slowing down in the second quarter of the year as a result of tensions due to the re-emergence of the Greek crisis.
The figure also bears witness to the excellent performance generated for Banca Generali's customers through the Sicavs promoted by the Group, 7.8% for BG Selection and 4.5% for BG Sicav.

However, the impact of incentive fees should not result in underestimation of the performance of **management fees**, which increased by 33.1% compared to the first half of 2014 (+55.6 million euros), driven by the significant increase in average AUM compared to the level of the previous year (+32%).

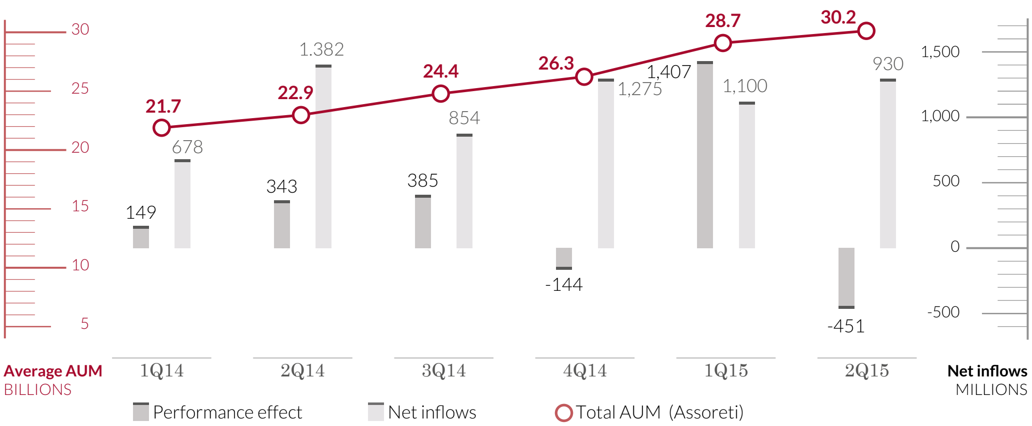
(€ THOUSAND)	30.06.2015	30.06.2014 RESTATED	CHANGE	
			AMOUNT	%
Underwriting fees	20,777	17,261	3,516	20.4%
Management fees	223,621	167,993	55,628	33.1%
Incentive fees	99,345	20,682	78,663	380.3%
Fees for other banking and financial services	19,376	16,850	2,526	15.0%
Total	**363,119**	**222,786**	**140,333**	**63.0%**

Underwriting fees also grew significantly compared to 2014 (+20.4%), thanks to net inflows from asset management and insurance products (+2.0 billion euros).

Fee income structure (€ million)



Evolution of managed assets and life insurance AUM



Net of the aforementioned effect of incentive fees, **fee income on solicitation of investment and asset management** for households increased by 59.1 million euros (+31.9%), driven by the excellent results recorded in all segments of the Group's core business.

In the insurance segment, the new multi-line policy **BG Stile Libero**, launched in early March 2014, continued to meet with success, with net inflows of 1,435 million euros during the six-month period, equal to over 90% of total insurance net inflows. The distribution of the insurance products of **Genertellife** thus reached 74.3 million euros, with an increase of 50.2% (+24.8 million euros) compared to the first half of 2014.

With reference to the **Sicavs** promoted by the Banking Group, there was continuing structural growth of management fees (+24.6 million euros, or 27.7%), backed by the volume growth of assets under management, which reached 11.3 billion euros (+50.3% compared to the first half of 2014).

Individual asset management benefitted from the contribution of mandates formerly managed by Credit Suisse, and the repositioning of customers within new product lines (switches between lines).
Lastly, the first half of 2015 proved extremely positive for the placement of UCITSs, which showed a 36.1% improvement compared to 2014 (+8.5 million euros).

(€ THOUSAND)	30.06.2015	30.06.2014 RESTATED	CHANGE AMOUNT	CHANGE %	31.12.2014 OFFICIAL
1. Collective asset management	212,750	109,466	103,284	94.4%	240,073
2. Collective asset management of the Generali Group (former GIL)	-	-	-	n.a.	-
3. Individual asset management	21,805	18,577	3,228	17.4%	39,897
Asset management fees	**234,555**	**128,043**	**106,512**	**83.2%**	**279,970**
1. Placement of UCITSs	32,179	23,644	8,535	36.1%	49,948
of which placement of UCITSs promoted by the Group	**6,350**	**3,871**	**2,479**	**64.0%**	**6,752**
3. Bond placement	1,508	4,653	-3,145	-67.6%	10,524
4. Distribution of third-party asset management products (GPM/GPF, pension funds)	374	278	96	34.5%	708
5. Distribution of third-party insurance products	75,029	49,265	25,764	52.3%	111,136
6. Distribution of other third-party financial products	98	53	45	84.9%	157
Fees for the placement and distribution of financial services	**109,188**	**77,893**	**31,295**	**40.2%**	**172,473**
Asset management fee income	**343,743**	**205,936**	**137,807**	**66.9%**	**452,443**

Fee expense amounted to 129.1 million euros, up 34.6 million compared to the previous year (+36.6%), bringing the Group's total pay-out ratio to recurring fee income to 48.9%, with an increase of 2.1 pps compared to the first half of 2014.

Distribution fee expense reached 111.7 million euros, increasing by 31.2 million euros compared to the same period of 2014 (+38.8%), due chiefly to the following factors:

- management fees (+35.2%) and front-end fees (+35.3%), correlated, respectively, to the increase in average AUM managed by the network compared to the previous year and the performance of net inflows of managed products;
- the significant increase in incentive fees (+106.3%) in relation to the results of the recruitment plans implemented during the current and previous years.

In this regard, it bears noting that in the first half of 2015 recruitment activity resulted in the acquisition of 58 new high-standing professionals with an average portfolio of 21 million euros each.

(€ THOUSAND)	30.06.2015	30.06.2014 RESTATED	CHANGE	
			AMOUNT	%
Front-end fees	14,064	10,394	3,670	35.3%
Management fees	73,118	54,079	19,039	35.2%
Incentive fees	12,397	6,009	6,388	106.3%
Other fees	12,099	9,991	2,108	21.1%
Total	**111,678**	**80,473**	**31,205**	**38.8%**

Other fees relate to social-security charges (Enasarco and FIRR) and additional fees disbursed in relation to maintenance of the network structure.

Asset management fees amounted to 11.9 million euros and referred substantially to fees for third-party assets under administration and custody regarding the Sicavs promoted by the Group.

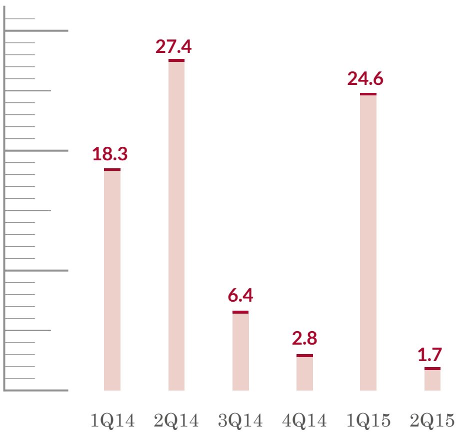
Other net fees from banking services offered to customers include trading, order collection and custody and administration fees, in addition to fees charged to customers for account-keeping expenses and other services. The aggregate amounted to 13.8 million euros, increasing by 20.6% compared to the first half of 2014.
However, within this segment the growth of fee income on order collection and, symmetrically, of trading fee expense, appears mostly linked to activities on some foreign markets characterised by costs associated with the new forms of taxation (Italian and French FTT, stamp duty tax and other similar forms of taxation).
The performance of this segment is thus related to the growth of advisory fees from operations with former CSI customers and the activities carried out with the Generali Group regarding underlying assets of the policies Valore Futuro.

(€ THOUSAND)	30.06.2015	30.06.2014 RESTATED	CHANGE	
			AMOUNT	%
Dealing in securities and currencies	8,709	8,799	-90	-1.0%
Order collection and securities custody fees	4,202	3,708	494	13.3%
Collection and payment services	1,558	1,780	-222	-12.5%
Fee income and account-keeping expenses	1,225	1,371	-146	-10.6%
Advisory fees	2,426	501	1,925	384.2%
Other services	1,256	691	565	81.8%
Total traditional banking operations	**19,376**	**16,850**	**2,526**	**15.0%**
Fees for securities trading and custody	-4,360	-3,708	-652	17.6%
Collection and payment services	-957	-1,542	585	-37.9%
Other services	-218	-123	-95	77.2%
Total fee expense	**-5,535**	**-5,373**	**-162**	**3.0%**
Net fees	**13,841**	**11,477**	**2,364**	**20.6%**

5.1.3 Net income from trading activities and dividends

Net income from trading activities and dividends 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), the related dividends and any result of hedging.

Net profit (loss) of financial operations (€ million)



At the end of the first half of 2015, this aggregate showed a positive contribution of 26.3 million euros.

(€ THOUSAND)	30.06.2015	30.06.2014	CHANGE	
			AMOUNT	%
Dividends from trading	52	77	-25	-32.5%
Trading of financial assets and equity derivatives	515	39	476	n.a.
Trading of financial assets and derivatives on debt securities and interest rates	302	927	-625	-67.4%
Trading of UCITS units	455	264	191	72.3%
Securities transactions	**1,324**	**1,307**	**17**	**1.3%**
Currency and currency derivative transactions	**1,812**	**1,531**	**281**	**18.4%**
Net income (loss) from trading activities	**3,136**	**2,838**	**298**	**10.5%**
Net profit from hedging	-	-	-	n.a.
Dividends from AFS assets	1,090	695	395	56.8%
Gains and losses on equity securities and UCITSs	708	60	648	n.a.
Gains and losses on AFS and HTM debt securities and loans	21,349	42,173	-20,824	-49.4%
Net income (loss) from trading activities and dividends	**26,283**	**45,766**	**-19,483**	**-42.6%**

This result is mainly attributable to the gains accrued on medium/long-term government bonds allocated to the AFS assets portfolio (14.5 million euros), and, to a lesser extent, corporate and bank securities, partly from the Loans portfolio (6.8 million euros).

(€ THOUSAND)	GAINS	LOSSES	TRANSFER OF RESERVES	30.06.2015	30.06.2014	CHANGES
AFS financial assets	3,830	-1,069	15,937	18,698	39,264	-20,566
Debt securities	2,906	-877	15,961	17,990	39,204	-21,214
Equity securities		-192	-	-192	60	-252
UCITS units	924	-	-24	900	-	900
Financial assets classified among loans	3,359	-	-	3,359	2,969	390
HTM financial assets	-	-	-	-	-	-
Total	**7,189**	**-1,069**	**15,937**	**22,057**	**42,233**	**-20,176**

The overall result of trading was also positive (3.1 million euros) mainly due to the contribution of currency trading. There were also FTSE MIB index transactions.

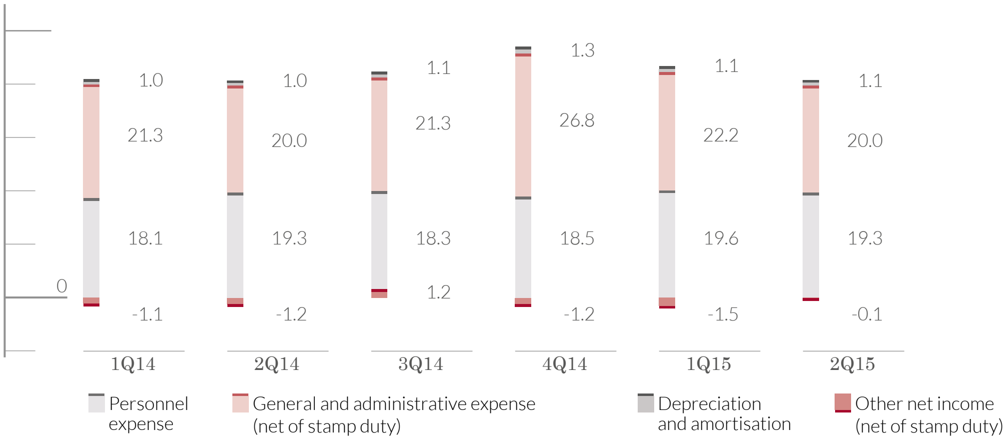
(€ THOUSAND)	CAPITAL GAINS	CAPITAL LOSSES	GAINS	LOSSES	NET RESULT 30.06.2015	NET RESULT 30.06.2014
1. Financial assets	**391**	**103**	**754**	**87**	**955**	**860**
Debt securities	22	88	395	27	302	558
Equity securities	127	12	140	57	198	38
UCITS units	242	3	219	3	455	264
2. Derivatives	**33**	**421**	**2,092**	**1,378**	**326**	**372**
Interest rate swaps	-	-	-	-	-	-
Forward contracts	-	-	-	-	-	369
Options on equity securities	33	421	705	-	317	1
Options on currencies and gold	-	-	1,387	1,378	9	2
3. Currency transactions	**-**	**-**	**1,803**	**-**	**1,803**	**1,529**
4. Total	**424**	**524**	**4,649**	**1,465**	**3,084**	**2,761**

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 81.9 million euros, marking an overall increase of 3.4 million euros compared to the same period of the previous year (+4.4%).

(€ THOUSAND)	30.06.2015	30.06.2014 RESTATED	CHANGE AMOUNT	CHANGE %
Staff expenses	38,924	37,372	1,552	4.2%
Other general and administrative expense	63,217	59,980	3,237	5.4%
Net adjustments of property, equipment and intangible assets	2,243	2,074	169	8.1%
Other income and expense	-22,510	-20,982	-1,528	7.3%
Operating expense	**81,874**	**78,444**	**3,430**	**4.4%**

Operating expense (€ million)



Staff expenses, including full-time employees, interim staff and directors totalled 38.9 million euros (+4.2%), chiefly due to the increase in the headcount and a slight increase in the remuneration component.

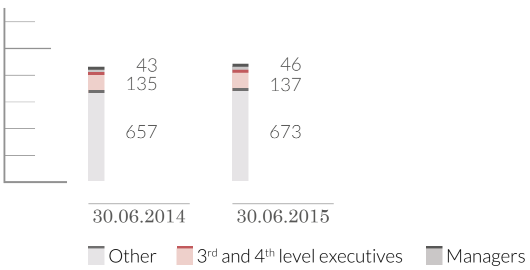
Group employees at the end of the first half of the year numbered 856, with exact headcount increase of 21, of whom 8 from the business line acquired in November 2014.

Average headcount rose by 18 resources (+2.2%) compared to the first half of the previous year.

	30.06.2015	30.06.2014 RESTATED(*)	CHANGE		AVERAGE 2015	AVERAGE 2014
			AMOUNT	%		
Managers	46	43	3	7.0%	46	45
3rd and 4th level executives	137	135	2	1.5%	136	132
Other employees	673	657	16	2.4%	655	643
Total	**856**	**835**	**21**	**2.5%**	**837**	**819**

(*) Net of 6 staff of former GIL.

Group staff



With reference to remuneration, there was a growth in the recurring component (+1.9 million euros), whereas variable remuneration – consisting of the current and deferred managerial MBO plans, RM sales incentives, individual bonuses and performance bonuses – was essentially in line with the previous year (-0.4 million euros).

The costs of stock-option/stock-granting plans (+0.5 million euros) were entirely attributable to the incentive plans reserved for the Generali Group's strategic management (LTIP – Long Term Incentive Plan), which from the 2013-2016 annual cycle no longer call for a cash component, but are based solely on the award of shares of the Parent Company, Assicurazioni Generali.

(€ THOUSAND)	30.06.2015	30.06.2014 RESTATED	CHANGE	
			AMOUNT	%
1. Employees	**37,993**	**36,588**	**1,405**	**3.8%**
Salaries and social security charges	27,073	25,689	1,384	5.4%
Provision for termination indemnity and supplementary pension funds	2,335	1,785	550	30.8%
Costs related to payment agreements based on own financial instruments	792	282	510	180.9%
Short-term productivity bonuses (MBO, CIA, inc. sales)	5,090	5,961	-871	-14.6%
Other long-term incentives (LTIP, MBO)	708	707	1	0.1%
Other employee benefits	1,995	2,164	-169	-7.8%
2. Other staff	**98**	**52**	**46**	**88.5%**
3. Directors and Auditors	**833**	**732**	**101**	**13.8%**
of which incentives	*62*	*75*	*-13*	*-17.3%*
Total	**38,924**	**37,372**	**1,552**	**4.2%**

Other **general and administrative expense** amounted to 63.2 million euros, with a slight increase of 0.7 million euros, net of stamp duty recovery from customers on current accounts and financial instruments, compared to the same period of the previous year (+1.8%).

The modest change of this aggregate compared to the first half of 2014 was however partially influenced by non-recurring charges tied to legal services received in support of the acquisition of the Italian business unit of Credit Suisse, incurred over the previous period.

(€ THOUSAND)	30.06.2015	30.06.2014 RESTATED	CHANGE	
			AMOUNT	%
Administration	**5,969**	**6,459**	**-490**	**-7.6%**
Advertising	2,207	1,454	753	51.8%
Advisory	1,488	2,881	-1,393	-48.4%
Auditing	352	268	84	31.3%
Insurance	1,437	1,299	138	10.6%
Other general costs (insurance; T&E)	485	557	-72	-12.9%
Operations	**16,595**	**16,279**	**316**	**1.9%**
Rent and usage of premises	8,481	7,858	623	7.9%
Outsourced services	2,225	2,687	-462	-17.2%
Post and telephone	1,636	1,444	192	13.3%
Print material and contracts	325	475	-150	-31.6%
Other indirect staff expenses	1,321	1,301	20	1.5%
Other operating expenses	2,607	2,514	93	3.7%
Information system and equipment	**19,274**	**18,405**	**869**	**4.7%**
Outsourced IT services	14,386	13,325	1,061	8.0%
Fees for financial databases and other IT services	3,244	3,033	211	7.0%
Software maintenance and servicing	1,308	1,530	-222	-14.5%
Other expenses (equipment rental, maintenance, etc.)	336	517	-181	-35.0%
Taxes and duties	**21,379**	**18,837**	**2,542**	**13.5%**
of which virtual stamp duty and other taxes borne by customers	*21,258*	*18,708*	*2,550*	*13.6%*
Total other general and administrative expense	**63,217**	**59,980**	**3,237**	**5.4%**
Recovery of stamp duty from customers (item 220)	**-20,987**	**-18,477**	**-2,510**	**13.6%**
Total administrative expense, net of stamp duties recovered	**42,230**	**41,503**	**727**	**1.8%**

5.1.5 Provisions and adjustments

Net provisions amounted to 41.7 million euros, with an increase by 15.9 million euros compared to the first half of 2014.

(€ THOUSAND)	30.06.2015	30.06.2014	CHANGE	
			AMOUNT	%
Provision for staff liabilities and contingencies	-31	-	-31	n.a.
Provisions for legal disputes	1,298	1,703	-405	-23.8%
Provision for incentive fees	26,967	18,993	7,974	42.0%
Provisions for termination indemnity and overfees	10,214	2,486	7,728	310.8%
Other provisions for liabilities and contingencies	3,280	2,615	665	25.4%
Total	**41,728**	**25,797**	**15,931**	**61.8%**

Provisions consisted of 6.4 million euros relating to network development plans (4.0 million euros in 2014) and 20.6 million euros relating to current and deferred incentives set to accrue (15.0 million euros in 2014).
Within net provisions for FA contractual indemnities, in light of a further decline in the market rates used for discounting, a notable adjustment was made to the provision for termination indemnity of Financial Advisors (+7.3 million euros) and to the other actuarial provisions.
Provisions for other risks and charges include an estimation of the contribution due for 2015 for the Fund for the National resolution of banking crises introduced with Directive 59/2014 (*BRRD – Bank Recovery and Resolution Directive*) of the extraordinary interventions approved by the FITD and in which the Bank can be called to participate during the year.

Net adjustments to non-performing loans amounted to 3.3 million euros at the end of the reporting period, down by 1.2 million euros compared to the previous year, and referred to the portfolio of financial assets for 2.0 million euros.

(€ THOUSAND)	VALUE ADJUSTMENTS	REVERSALS	30.06.2015	30.06.2014	CHANGE
Specific adjustments/reversals	**-3,222**	**262**	**-2,960**	**-3,462**	**502**
Equity securities	-1,418	-	-1,418	-402	-1,016
Debt securities (AFS, HTM, Loans)	-	-	-	-	-
Non-performing loans of the banking portfolio	-1,801	262	-1,539	-2,969	1,430
Operating loans to customers	-3	-	-3	-91	88
Portfolio adjustments/reversals	**-613**	**246**	**-367**	**-1,029**	**662**
Debt securities (Loans, HTM)	-592	29	-563	-886	323
Performing loans and guarantees of the banking portfolio	-21	217	196	-143	339
Total	**-3,835**	**508**	**-3,327**	**-4,491**	**1,164**

Accumulated impairment losses in the portfolio of AFS equity securities refer to the capital contribution under the profit-sharing agreement for a movie production, made at the end of 2014, as reflection of the box office results obtained by the movie. In any event, the tax credit of 0.8 million euros accrued on that result has been recognised among other net operating income.
During the second quarter, the equity interest in the subsidiary Simgenia Spa was finally disposed of, realising a loss on disposal of the AFS portfolio amounting to 0.2 million euros.
Finally, prudential adjustments were made to collective provisions for performing debt securities allocated to the HTM portfolio and for securities classified to the loans portfolio (+0.6 million

euro) in connection with the risk profile of the new investments undertaken.

The write-downs of non-performing loans in the banking book reached 1.5 million euros in the first half of the year, due to higher value adjustments on the exposure to the company Investimenti Marittimi (+1.6 million euros), consisting of a share in a syndicated loan expired on 31 December 2014.

As a result of the continuing difficult situation of the Premuda Group and the deterioration of pledged collateral held by the Bank, the value of the loan was adjusted to the realisable value of collateral, amounting to 2.8 million euros. This position, totalling 11.2 million euros, was therefore written down by approximately 8.4 million euros, including 0.4 million for default interest being accrued.

5.1.6 Consolidated net result, taxes and earnings per share

Taxes for the period on a current and deferred basis have been estimated at 29.1 million euros, down 2.7 million euros compared to estimated taxes for the same period of the previous year.

(€ THOUSAND)	30.06.2015	30.06.2014 RESTATED	CHANGE	
			AMOUNT	%
Current taxes for the period	-34,824	-35,573	749	-2.1%
Prior years taxes	277	176	101	57.4%
Changes of prepaid taxation (+/-)	5,586	3,067	2,519	82.1%
Changes of deferred taxation (+/-)	-157	449	-606	-135.0%
Total	**-29,118**	**-31,881**	**2,763**	**-8.7%**

The estimated total tax rate was 17.2%, down compared to the end of the first quarter of 2014, owing to the reduction of the IRAP charge, the greater deductibility of labour costs under the 2015 Stability Act, and the increased share of profit earned outside of Italy.

Accordingly, the first half of 2015 closed with a consolidated net profit of 140.1 million euros. Basic net earnings per share currently being accrued increased from 0.767 eurocents to 1.211 eurocents.

	30.06.2015	30.06.2014	CHANGE	
			AMOUNT	%
Net profit for the period (€ thousand)	140,127	88,443	51,684	58.4%
Earnings attributable to ordinary shares (€ thousand)	140,127	88,443	51,684	58.4%
Average number of outstanding shares	115,728	115,265	464	0.4%
EPS - Earnings per share (euro)	**1.211**	**0.767**	**0.444**	**57.8%**
Average number of diluted shares outstanding	116,102	116,113	-11	-
EPS - Diluted earnings per share (euro)	**1.207**	**0.762**	**0.445**	**58.5%**

5.1.7 Comprehensive income

At the end of the first half of 2015, the Banking Group's comprehensive income, consisting of the consolidated net profit 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, amounted to 119.5 million euros, up compared to 102.4 million euros for the same period of the previous year.

In further detail, compared to a growth of 14.2 million euros recorded in the first half of 2014, valuation reserves on the AFS portfolio presented a net reduction of 20.6 million euros for the first half of 2015 as a result of the following factors:

- an increase of net valuation losses of 14.7 million euros, due to the significant volatility at the end of the six-month period of the market values of financial assets, particularly of the Italian sovereign debt bonds held by the bank;
- the reduction of pre-existing net positive reserves due to re-absorption through profit or loss upon realisation (-15.9 million euros);
- the net positive tax effect (DTAs) associated with the above changes (+10.0 million euros).

(€ THOUSAND)	30.06.2015	30.06.2014	CHANGE	
			AMOUNT	%
Net profit (loss)	**140,127**	**88,443**	**51,684**	**58.40%**
Other income, net of income taxes:				
with transfer to profit and loss account				
AFS assets	-20,584	14,229	-34,813	-244.7%
without transfer to profit and loss account:				
Actuarial gains (losses) from defined benefit plans	-29	-254	225	-88.6%
Total other income, net of taxes	**-20,613**	**13,975**	**-34,588**	**-247.5%**
Comprehensive income	**119,514**	**102,418**	**17,096**	**16.7%**

5.2 Balance sheet and net equity aggregates

At the end of the first half of 2015, total consolidated assets amounted to 5.9 billion euros, down by 0.3 billion euros compared to year-end 2014 (-4.3%), and far below the top levels reported at the end of Q1 2014 (7.5 billion euros).

At the end of June, total net inflows amounted to 4.9 billion (-7.9%), reflecting the sharp reduction in interbank inflows (-77.4%) following the total repayment (800 million euros) of LTROs matured in February 2015. In the second quarter, net inflows from customers grew sharply (+8.9%).

The volume of core loans, totalling 5.5 billion euros at the end of the first half of the year (-5.0%), showed an essentially symmetrical performance characterised by the reduction in the HTM portfolio due to the reimbursement of government bonds tied to the ECB loans, partly offset by the growth in the interbank market short-term exposures and the trading portfolio, as well as longer-term exposures of the AFS portfolio and loans to customers.

ASSETS (€ THOUSAND)	30.06.2015	31.12.2014	CHANGE	
			AMOUNT	%
HFT financial assets	155,833	32,840	122,993	374.5%
AFS financial assets	2,414,029	2,235,408	178,621	8.0%
HTM financial assets	465,937	1,403,123	-937,186	-66.8%
Loans to banks (*)	572,539	353,620	218,919	61.9%
Loans to customers	1,917,967	1,794,959	123,008	6.9%
Property, equipment and intangible assets	92,338	93,794	-1,456	-1.6%
Tax receivables	51,513	40,801	10,712	26.3%
Other assets	203,625	185,692	17,933	9.7%
Financial assets held for sale	-	-	-	n.a.
Total assets	**5,873,781**	**6,140,237**	**-266,456**	**-4.3%**

(*) demand deposits with ECB have been reclassified among loans to banks.

NET EQUITY AND LIABILITIES (€ THOUSAND)	30.06.2015	31.12.2014	CHANGE	
			AMOUNT	%
Due to banks	234,668	1,038,889	-804,221	-77.4%
Due to customers	4,667,873	4,285,398	382,475	8.9%
Financial liabilities held for trading and hedging	2,063	2,655	-592	-22.3%
Tax payables	21,881	27,612	-5,731	-20.8%
Other liabilities	277,589	149,770	127,819	85.3%
Financial liabilities held for sale	-	-	-	n.a.
Special purpose provisions	124,970	99,605	25,365	25.5%
Valuation reserves	-2,630	17,983	-20,613	-114.6%
Reserves	244,362	196,209	48,153	24.5%
Additional paid-in capital	47,101	45,575	1,526	3.3%
Share capital	115,818	115,677	141	0.1%
Treasury shares (-)	-41	-41	-	-
Minority interests	-	-	-	n.a.
Net profit (loss) for the period	140,127	160,905	-20,778	-12.9%
Total net equity and liabilities	**5,873,781**	**6,140,237**	**-266,456**	**-4.3%**

Quarterly evolution of consolidated balance sheet

ASSETS (€ THOUSAND)	30.06.2015	31.03.2015	31.12.2014	30.09.2014	30.06.2014 RESTATED(*)	31.03.2014 RESTATED(*)	31.12.2013
HFT financial assets	155,833	31,776	32,840	29,479	28,994	126,970	229,905
AFS financial assets	2,414,029	2,185,006	2,235,408	1,916,852	1,921,589	2,337,695	1,626,121
HTM financial assets	465,937	665,926	1,403,123	1,904,529	2,253,150	2,541,438	2,652,687
Loans to banks	572,539	499,196	353,620	797,338	901,152	614,294	291,379
Loans to customers	1,917,967	1,820,439	1,794,959	1,660,183	1,620,194	1,543,300	1,499,771
Property, equipment and intangible assets	92,338	93,084	93,794	47,518	48,399	49,119	50,090
Tax receivables	51,513	63,657	40,801	38,086	38,820	37,839	38,260
Other assets	203,625	170,395	185,692	151,744	198,848	136,209	140,232
Assets held for sale	-	-	-	87,429	69,092	68,002	74,209
Total assets	**5,873,781**	**5,529,479**	**6,140,237**	**6,633,158**	**7,080,238**	**7,454,866**	**6,602,654**

NET EQUITY AND LIABILITIES (€ THOUSAND)	30.06.2015	31.03.2015	31.12.2014	30.09.2014	30.06.2014 RESTATED(*)	31.03.2014 RESTATED(*)	31.12.2013
Due to banks	234,668	225,856	1,038,889	1,387,881	1,716,732	1,935,835	2,230,871
Due to customers	4,667,873	4,264,524	4,285,398	4,327,983	4,502,679	4,612,490	3,588,700
Financial liabilities held for trading and hedging	2,063	3,149	2,655	1,448	188	282	597
Tax payables	21,881	69,985	27,612	45,202	36,492	45,746	27,768
Other liabilities	277,589	215,407	149,770	189,953	211,471	194,473	142,598
Financial liabilities held for sale	-	-	-	78,757	61,397	60,533	66,252
Special purpose provisions	124,970	116,803	99,605	91,651	90,011	84,477	76,736
Valuation reserves	-2,630	21,091	17,983	22,111	19,435	19,600	5,460
Reserves	244,362	357,397	196,209	195,253	195,123	304,572	164,221
Additional paid-in capital	47,101	46,433	45,575	44,977	42,880	42,608	37,302
Share capital	115,818	115,756	115,677	115,621	115,428	115,403	114,895
Treasury shares (-)	-41	-41	-41	-41	-41	-41	-41
Minority interests	-	-	-	-	-	-	6,039
Net profit (loss) for the period	140,127	93,119	160,905	132,362	88,443	38,888	141,256
Total net equity and liabilities	**5,873,781**	**5,529,479**	**6,140,237**	**6,633,158**	**7,080,238**	**7,454,866**	**6,602,654**

(*) Restated in order to account for the de-merger of BGFML.

5.2.1 Direct inflows from customers

Direct inflows from customers amounted to 4,667.9 million euros, with an increase of 382.5 million euros compared to 31 December 2014, due to the significant growth of net inflows from retail customers, which largely offset the reduction of Generali Group's operations.

(€ THOUSAND)	30.06.2015	31.12.2014	CHANGE AMOUNT	CHANGE %
1. Current accounts and demand deposits	**4,525,275**	**4,090,696**	**434,579**	**10.6%**
2. Term deposits	**-**	**-**	**-**	**n.a.**
3. Financing	**52,176**	**51,312**	**864**	**1.7%**
Repurchase agreements	-	-	-	n.a.
Subordinated loan Generali Versicherung-Generali Beteiligungs	52,176	51,312	864	1.7%
4. Other debts	**90,422**	**143,390**	**-52,968**	**-36.9%**
Operating debts to sales network	62,710	84,920	-22,210	-26.2%
Other (money orders, amounts at the disposal of Customers)	27,712	58,470	-30,758	-52.6%
Total due to customers (Item 20)	**4,667,873**	**4,285,398**	**382,475**	**8.9%**

Captive inflows from the parent company, Assicurazioni Generali, and the Italian and foreign subsidiaries of Assicurazioni Generali Group decreased by 307 million euros overall to 956.2 million euros at year-end (20.5% of total net inflows).
The aggregate includes 52.2 million euros for the Tier-2 subordinated loans issued by the subsidiaries Generali Beteiligungs GmbH in 2014 and Generali Versicherung AG in 2008.
Net inflows from customers outside the insurance group showed an increase in current account balances of about 743 million euros, mostly attributable to retail customers.

(€ THOUSAND)	30.06.2015	31.12.2014	CHANGE AMOUNT	CHANGE %
Net inflows from parent company	336,533	276,313	60,220	21.8%
Net inflows from other subsidiary companies	619,683	986,913	-367,230	-37.2%
Total net inflows from Generali Group	956,216	1,263,226	-307,010	-24.3%
Net inflows from other parties	3,711,657	3,022,172	689,485	22.8%
Total net inflows from customers	**4,667,873**	**4,285,398**	**382,475**	**8.9%**

By contrast, there was a decline in the non-interest-bearing debt position (-53.0 million euros) consisting of other sums available to customers, primarily relating to claims settlement activity by the Group's insurance companies (money orders), as well as of payables to the sales network for the placement of financial products and services.

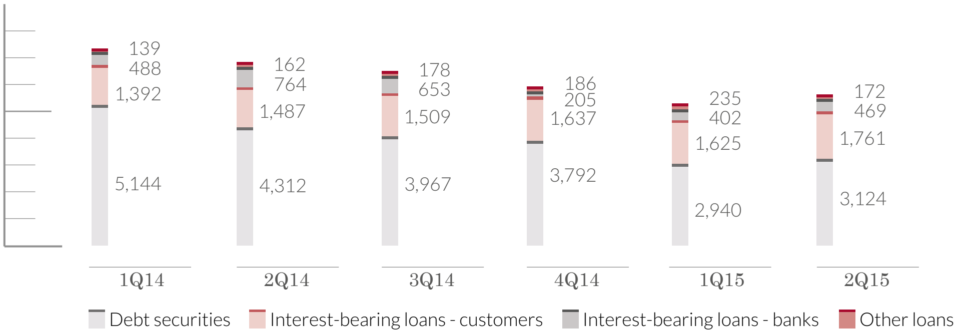
5.2.2 Core loans

Core loans totalled 5.5 billion euros, decreasing by 0.3 billion euro compared to 31 December 2014 (-5.0%).
In this context, the share of assets invested in financial assets declined significantly by 681.7 million euros (-17.7%), primarily owing to the flow of redemptions of government securities allocated to the HTM portfolio and connected to the maturing LTROs.
During the second quarter, medium/long-term investments allocated to the AFS portfolio increased, totalling a positive net balance of 178.6 million euros at period-end.
By contrast, the growth of the trading portfolio (+123 million euros) was essentially attributable to treasury requirements of a portfolio of the government money market securities with a residual maturity of 1 month.

Finally, a sharp growth was reported in treasury short-term loans on the interbank market (+263.4 million euros) and in loans to customers (+124.5 million euros).

(€ MILLION)	30.06.2015	31.12.2014	CHANGE	
			AMOUNT	%
HFT financial assets	155,833	32,840	122,993	374.5%
AFS financial assets	2,414,029	2,235,408	178,621	8.0%
HTM financial assets	465,937	1,403,123	-937,186	-66.8%
Financial assets classified among loans	137,275	183,448	-46,173	-25.2%
Financial assets	**3,173,074**	**3,854,819**	**-681,745**	**-17.7%**
Loans to banks	468,802	205,427	263,375	128.2%
Loans to customers	1,761,119	1,636,572	124,547	7.6%
Operating loans and other loans	123,310	123,132	178	0.1%
Total interest-bearing financial assets and loans	**5,526,305**	**5,819,950**	**-293,645**	**-5.0%**

Evolution of loans (€ million)



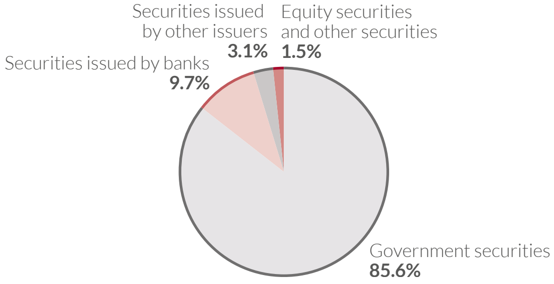
Overall, financial assets accounted for 57.4% of the interest-bearing financial assets, down compared to 66.2% at year-end 2014. The sovereign debt exposure, consisting solely of bonds issued by the Italian government, declined by 632.2 million euros, with a ratio of 85.6% to total investments in financial assets, without significant changes compared to year-end 2014.

It may be broken down by portfolio of allocation as follows.

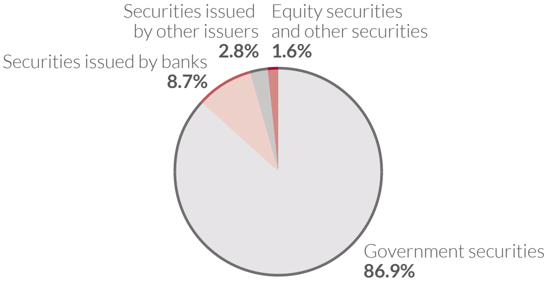
Breakdown of sovereign debt exposure by IAS portfolio

(€ THOUSAND)	30.06.2015	31.12.2014	CHANGE	
			AMOUNT	%
Exposure to the sovereign risk by portfolio:				
HFT financial assets	125,183	396	124,787	n.a.
AFS financial assets	2,163,501	1,995,244	168,257	8.4%
HTM financial assets	428,859	1,354,153	-925,294	-68.3%
Total	**2,717,543**	**3,349,793**	**-632,250**	**-18.9%**

Breakdown of financial assets portfolio at 30.06.2015

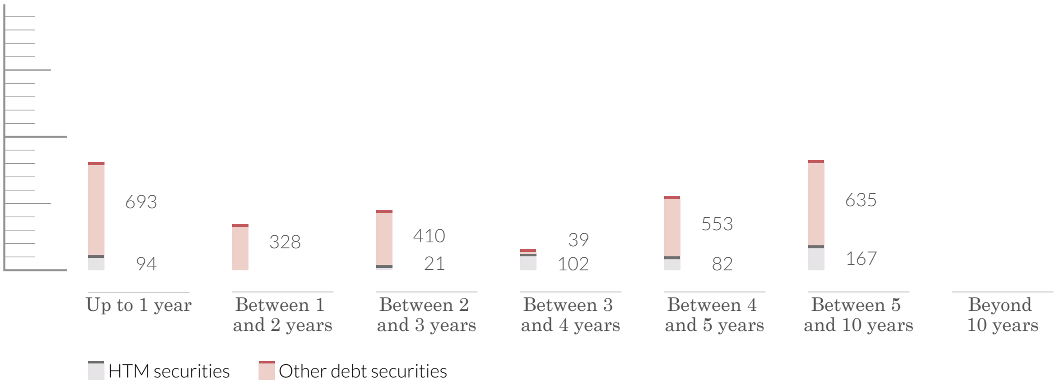


Breakdown of financial assets portfolio at 31.12.2014



The overall geographical breakdown of the portfolio of debt securities thus shows a high concentration of investments relating to national securities (98.6%).
The portfolio of debt securities had an overall average residual life of about 3.3 years and 46.6% of it was made up of variable rate issues, and for the remainder, of fixed-rate issues and zero coupon.

Bonds portfolio maturity (€ million)



Loans to customers amounted to 1,761.1 million euros, a net rise compared to the end of 2014, mainly thanks to the loans segment (+12.0%), which in the six-month period saw an increase of new loans totalling 116 million euros.

Moreover, at period-end lending transactions were carried out on the new Mercato Interbancario Collateralizzato (the "new MIC") managed by *Cassa di Compensazione e Garanzia*, which acts as a central counterparty, for a total amount of 55 million euros.

(€ THOUSAND)	30.06.2015	31.12.2014	CHANGE	
			AMOUNT	%
Current accounts	919,532	931,341	-11,809	-1.3%
Personal loans	776,804	693,619	83,185	12.0%
Other financing and loans not in current accounts	9,783	11,612	-1,829	-15.8%
Short-term term deposits on the new MIC	55,000	-	55,000	n.a.
Total loans	**1,761,119**	**1,636,572**	**124,547**	**7.6%**
Operating loans to product companies	89,336	81,206	8,130	10.0%
Sums advanced to Financial Advisors	23,870	30,545	-6,675	-21.9%
Stock exchange interest-bearing daily margin	3,936	2,092	1,844	88.1%
Changes to be debited and other loans	5,108	9,199	-4,091	-44.5%
Operating loans and other loans	**122,250**	**123,042**	**-792**	**-0.6%**
Debt securities	**34,598**	**35,345**	**-747**	**-2.1%**
Total loans to customers	**1,917,967**	**1,794,959**	**123,008**	**6.9%**

Among **operating loans** commercial loans matured or currently maturing for the placement and distribution of financial and insurance products grew, offset by the reduction in financial advances provided to the financial advisor network.

Net non-performing loans amounted to 36.1 million euros (1.9% of total loans to customers).

The aggregate includes 27.4 million euros referring to non-performing positions originating in the portfolio of Banca del Gottardo Italia, fully covered by the loan indemnity granted by BSI S.A. upon the sale of the foregoing company and chiefly secured to that end by cash collateral payments by the counterparty. Net of that portfolio, the weight of non-performing exposures declined to 0.45%.
The increase in non-performing loans was also essentially attributable to positions covered by indemnities of approximately 8.2 million euros, previously classified as probable defaults.

As part of probable defaults, the most significant position not covered by indemnities was the loan to Investimenti Marittimi, made up of a pool loan expired on 31 December 2014 totalling (gross of default interest) of 11.2 million euros, written down by 8.4 million euros.

(€ THOUSAND)	GROSS EXPOSURE	VALUE ADJUSTMENTS	NET EXPOSURE 2015	NET EXPOSURE 2014	CHANGE		INDEMITY-BACKED EXPOSURE
					AMOUNT	%	
Bad loans	40,579	-16,384	24,195	15,733	8,462	53.8%	22,501
of which financing	37,170	-13,703	23,467	14,942	8,525	57.1%	22,501
of which operating loans	3,409	-2,681	728	791	-63	-8.0%	-
Probable defaults	18,554	-9,487	9,067	19,307	-10,240	-53.0%	4,947
of which non-performing forborne exposures	1,846	-642	1,204	1,223	-19	-1.6%	-
Expired loans/outstanding over 90 days	3,108	-289	2,819	6,198	-3,379	-54.5%	-
Total non-performing loans	**62,241**	**-26,160**	**36,081**	**41,238**	**-5,157**	**-12.5%**	**27,448**
Performing loans	1,883,570	-1,684	1,881,886	1,753,721			
Total loans to customers	**1,945,811**	**-27,844**	**1,917,967**	**1,794,959**			

2014 figures restated based on the new classification of non-performing loans provided for by Circular Letter No. 272/2008.

The **interbank position**, net of the securities portfolio and operating loans, showed a net income balance of 234.1 million euros at the end of the first half of 2015, compared to the net loss balance of 833.5 million euros at the end of the previous year.
This significant reversal was primarily due to:

- the repayment in full of the LTRO financing received in 2012 from the ECB and matured in February 2015 (811.7 million euros); and
- the net increase in short-term interbank loans, in current accounts and overnight and term deposits, of 263.4 million euros.

(€ THOUSAND)	30.06.2015	31.12.2014	CHANGE	
			AMOUNT	%
1. Repayable on demand	**276,577**	**159,453**	**117,124**	**73.5%**
Demand deposits with ECB (*)	-	68,000	-68,000	-100.0%
Demand deposits with credit institutions	80,000	-	80,000	n.a.
Transfer accounts	196,577	91,453	105,124	114.9%
2. Time deposits	**192,225**	**45,974**	**146,251**	**318.1%**
Mandatory reserve	117,141	45,891	71,250	155.3%
Term deposits	75,084	83	75,001	90,362.7%
Repurchase agreements	-	-	-	n.a.
Collateral margins	-	-	-	n.a.
Total due to banks	**468,802**	**205,427**	**263,375**	**128.2%**
1. Due to central banks	**-**	**811,645**	**-811,645**	**-100.0%**
Term deposits with ECB	-	811,645	-811,645	-100.0%
2. Due to banks	**234,668**	**227,244**	**7,424**	**3.3%**
Transfer accounts	4,107	5,409	-1,302	-24.1%
Term deposits	6,341	6,792	-451	-6.6%
Repurchase agreements	200,465	200,734	-269	-0.1%
Collateral margins	614	100	514	514.0%
Other debts	23,141	14,209	8,932	62.9%
Total due to banks	**234,668**	**1,038,889**	**-804,221**	**-77.4%**
Net interbank position	**234,134**	**-833,462**	**1,067,596**	**-128.1%**
3. Debt securities	**102,677**	**148,103**	**-45,426**	**-30.7%**
4. Other operating receivables	**1,060**	**90**	**970**	**1,077.8%**
Total interbank position	**337,871**	**-685,269**	**1,023,140**	**-149.3%**

(*) Reclassified from Item 10 – Loans repayable on demand to central banks.

5.2.3 Net equity

At 30 June 2015, consolidated net equity, including net profit for the year, amounted to 544.7 million euros compared to 536.3 million euros at the end of the previous year.

(€ THOUSAND)	30.06.2015	31.12.2014	CHANGE	
			AMOUNT	%
Share capital	115,818	115,677	141	0.1%
Additional paid-in capital	47,101	45,575	1,526	3.3%
Reserves	244,362	196,209	48,153	24.5%
(Treasury shares)	-41	-41	-	-
Valuation reserves	-2,630	17,983	-20,613	-114.6%
Equity instruments	-	-	-	n.a.
Net profit (loss) for the period	140,127	160,905	-20,778	-12.9%
Group net equity	**544,737**	**536,308**	**8,429**	**1.6%**
Minority interests	-	-	-	n.a.
Consolidated net equity	**544,737**	**536,308**	**8,429**	**1.6%**

The change in net equity for the first half of 2015 was influenced by the distribution of the 2014 dividends amounting to 113.4 million euros, resolved on by the Shareholders' meeting held on 23 April 2015 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.

	GROUP
Net equity at period-start	**536,308**
Dividend paid	-113,431
Stock option plans: issue of new shares	1,487
Stock option plans: charges as per IFRS 2	75
AG stock granting plans	784
Change in valuation reserves	-20,613
Consolidated net profit	140,127
Net equity at period-end	**544,737**
Changes	**8,429**

At period-end, fair value reserves for the portfolio of AFS financial assets were affected by the higher volatility of financial markets, which was partly attributable to the re-emergence of the Greek crisis, thus recording a clear trend reversal compared to the previous quarters.

The aggregate had an overall negative balance of 2.6 million euros, down by 20.6 million compared to year–end 2014. This trend was mainly influenced by the portfolio of Italian government bonds, for which net reserves amounted to -3.4 million euros compared to +14.7 million euros at year-end 2014.

(€ THOUSAND)	30.06.2015			31.12.2014	
	POSITIVE RESERVE	NEGATIVE RESERVE	NET RESERVE	NET RESERVE	CHANGE
1. Debt securities	7,606	-11,371	-3,765	17,912	-21,677
2. Equity securities	2,687	-164	2,523	1,799	724
3. UCITS units	292	-92	200	-169	369
AFS reserves	**10,585**	**-11,627**	**-1,042**	**19,542**	**-20,584**
Cash-flow hedges	-	-	-	-	-
Actuarial gains (losses) from defined benefit plans	-	-1,588	-1,588	-1,559	-29
Total	**10,585**	**-13,215**	**-2,630**	**17,983**	**-20,613**

Consolidated own funds, calculated in accordance with the new Basel 3 transitional rules (phase in), amounted to 391.6 million euros, up by 29.0 million euros compared to the end of the previous year, chiefly owing to the portion of retained earnings.
At the end of the reporting period, the aggregate capital for regulatory purposes recorded 177.4 million euros in excess of the amount required to cover credit, market, and operating risks. Total Capital Ratio (TCR) was 14.6%, compared to the minimum requirement of 8% and the capital conservation buffer of 2.5%.

(€ THOUSAND)	30.06.2015 FULL APPLICATION	30.06.2015 TRANSITIONAL	31.12.2014	CHANGE	
				AMOUNT	%
Common equity Tier 1 (CET 1)	343,689	345,730	311,670	34,060	10.93%
Additional Tier 1 capital (AT1)	-	-	-	-	n.a.
Tier 2 capital	45,038	45,855	50,921	-5,066	-9.95%
Total own funds	**388,727**	**391,585**	**362,591**	**28,994**	**8.00%**
Credit and counterparty risk	152,711	152,711	144,493	8,218	5.69%
Market risk	3,296	3,296	3,558	-262	-7.36%
Operating risk	58,141	58,141	56,615	1,526	2.70%
Total absorbed capital	**214,148**	**214,148**	**204,666**	**9,482**	**4.63%**
Excess over absorbed capital	174,579	177,437	157,925	19,512	12.36%
Risk-weighted assets	2,676,850	2,676,850	2,558,325	118,525	4.63%
Tier 1 /Risk-weighted assets (Tier 1 capital ratio)	12.84%	12.92%	12.18%	0.73%	6.02%
Total own funds/Risk-weighted assets (Total capital ratio)	**14.5%**	**14.6%**	**14.2%**	**0.5%**	**3.2%**

The increase in absorbed capital compared to the previous year (+9.4 million euros) is primarily to be attributed to the growth of requirements for covering credit risks (+8.2 million euros). Moreover, a significant increase in the capital absorbed by operating risk, commensurate with the three-year performance of net banking income (+1.5 million euros), was also recorded.

Consolidated own funds, calculated in accordance with Basel 3 rules, which will become fully applicable as of 1 January 2019, were 388.7 million, with a Total Capital Ratio at 14.5%.

It should be noted that Banca Generali 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 measuring Own funds, as allowed under Bank of Italy Order of 18 May 2010.
This option was renewed also by the new prudential supervisory system of the Basel 3 framework, effective 1 January 2014, as allowed by the Bank of Italy, until the entry into force of the international accounting standard IFRS 9 in 2018.

Reconciliation statement between parent company Banca Generali's net equity and consolidated net equity

(€ THOUSAND)	30.06.2015		
	CAPITAL AND RESERVES	NET PROFIT	NET EQUITY
Net equity of Banca Generali	**310,689**	**131,964**	**442,653**
Differences between net equity and book value of companies consolidated using the line-by-line method	73,210	-	73,210
Goodwill	4,289	-	4,289
Income carried forward of consolidated companies	68,983	-	68,983
Reserve for actuarial losses IAS 19	-80	-	-80
Other changes	18	-	18
Dividends from consolidated companies	25,000	-120,360	-95,360
Consolidated companies' result for the period	-	128,523	128,523
Minority interests	-	-	-
Valuation reserves - consolidated companies	-	-	-
Consolidation adjustments	-4,289	-	-4,289
Goodwill	-4,289	-	-4,289
Net equity of the Banca Generali Group	**404,610**	**140,127**	**544,737**

6. Performance of Group companies

6.1 Banca Generali performance

Banca Generali closed the first six months of 2015 with net profit of 132.0 million euros, increasing compared to 107.3 million euros reported at the end of the same period of the previous year, chiefly due to the contribution of dividends for 120.4 million euros (+51.3 million euros) distributed both in advance and at the end of the previous financial year by the Luxembourg subsidiary BGFML S.A.

Net banking income, net of dividends from investee companies, amounted to 147.1 million euros, down from the first half of the previous year (-23.0 million euros) due to the lower income from trading activities (-19.4 million euros) and the decrease in net interest income (-19.3 million euros), only partly offset by the significant increase in fee margin (+22.8%).

Net operating expenses showed a more moderate growth to 77.6 million euros (+2.3%).

Net provisions and adjustments amounted to 44.9 million euros, up by 14.6 million euros compared to the first half of 2014, and consisted primarily of accruals relating to incentives, development and contractual indemnities of the Financial Planner network, as well as analytical and collective adjustments to financial assets.

(€ THOUSAND)	30.06.2015	31.12.2014	CHANGE	
			AMOUNT	%
Interest income	37,703	62,597	-24,894	-39.8%
Interest expense	-1,820	-7,393	5,573	-75.4%
Net interest	**35,883**	**55,204**	**-19,321**	**-35.0%**
Fee income	201,770	154,479	47,291	30.6%
Fee expense	-116,879	-85,347	-31,532	36.9%
Net fees	**84,891**	**69,132**	**15,759**	**22.8%**
Dividends	1,142	772	370	47.9%
Net income of trading activities	25,140	44,994	-19,854	-44.1%
Net operating income	**147,056**	**170,102**	**-23,046**	**-13.5%**
Staff expenses	-35,904	-35,160	-744	2.1%
Other general and administrative expense	-61,329	-58,423	-2,906	5.0%
Net adjustments of property, equipment and intangible assets	-2,220	-2,056	-164	8.0%
Other operating expenses/income	21,805	19,714	2,091	10.6%
Net operating expenses	**-77,648**	**-75,925**	**-1,723**	**2.3%**
Operating profit	**69,408**	**94,177**	**-24,769**	**-26.3%**
Net adjustments for non-performing loans	-2,149	-3,725	1,576	-42.3%
Net adjustments of other assets	-1,178	-767	-411	53.6%
Net provisions	-41,586	-25,795	-15,791	61.2%
Dividends and income from equity investments	120,360	69,096	51,264	74.2%
Gains (losses) from the disposal of equity investments	-1	-10	9	-90.0%
Operating profit before taxation	**144,854**	**132,976**	**11,878**	**8.9%**
Income tax	-12,890	-25,431	12,541	-49.3%
Profit (loss) from non-current assets, net of tax	-	-260	260	-100.0%
Net profit	**131,964**	**107,285**	**24,679**	**23.0%**

As of 30 June, Banca Generali's **own funds**, calculated in accordance with the new Basel 3 transitional rules (phase in), amounted to 290.1 million euros, up by 24.4 million euros compared to the end of the previous year.
The aggregate capital for regulatory purposes recorded 89.1 million euros in excess of the amount required to cover credit, market, and operating risks. Tier 1 ratio was 9.7%, while Total Capital Ratio (TCR) amounted to 11.6%, against the minimum requirement of 8% and the capital conservation buffer of 2.5%.

The total value of assets managed by the Group on behalf of its customers – which is the figure used for communications to Assoreti – amounted to 39.8 billion euros at 30 June 2015. Net inflows amounted to 2,236 million euros, compared to 2,315 million euros at the end of the same period of 2014 (-3.4%).

6.2 Performance of BG Fund Management Luxembourg S.A.

BG Fund Management Luxembourg S.A. (hereinafter BGFML) is a company under Luxembourg law specialising in the administration and management of the three Sicavs promoted by the Banking group (BG Sicav, BG Selection Sicav, BG Dragon China Sicav).
On 1 July 2014, the company finalised a reorganisation process, whereby the fund and Sicav management business line of the Generali Group's insurance companies, acquired in 2009 through the merger of Generali Investments Luxembourg S.A. (former GIL unit), was de-merged in favour of a newly set-up company.
As a result of the de-merger, the company is fully controlled by Banca Generali and has changed its company name from Generali Fund Management S.A. (GFM) to BG Fund Management Luxembourg Sa (BGFML).
The de-merger entailed the distribution of net equity attributable to class-B shares at 1 January 2014 (6.0 million euros) to the minority shareholder Generali Investments Holding S.p.A.
From an accounting standpoint, the de-merger was effective retroactively from 1 January 2014. Therefore, the profit and loss components recorded by BGFML until 30 June 2014 were entirely recognised in the newly set-up company. As a result, the profit and loss result for the first half of 2014 used for comparison purposes is given net of such items.

BGFML ended the first six months of 2015 with net profit of 127.6 million euros, up by 75.0 million euros compared to the same period of 2014, primarily due to the trend in performance fees acquired in connection with the Sicavs promoted and managed by the Banking Group (+78.6 million euros). Net banking income thus amounted to 143.4 million euros, sharply up from the 59.0 million euros reported for 2014, whereas total operating expenses amounting to 2.5 million euros (1.9 million euros of which consisted of staff expense) did not show significant changes compared to the same period of the previous year.

The Company's net equity amounted to 96.4 million euros, net of a dividend payout of 120.4 million euros, as payment in advance for the 2015 result and total payment for 2014.

Overall, assets under management at 30 June 2015 amounted to 11,292 million euros, compared to 8,861 million euros at 31 December 2014 (+2,431 million euros).

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 of 2015 with a net profit of 0.9 million euros and a net equity of 14.6 million euros.
Net banking income amounted to 2.7 million euros, whereas operating expense was 1.2 million euros, including 0.7 million euros for staff expenses.

Total assets under management amounted to 804 million euros, against 817 million euros at 31 December 2014.

6.4 Performance of Generfid S.p.A.

Generfid, a company specialising in custodial capacity of assets, closed the first half of 2015 substantially even and with net equity amounting to about 800 thousand euros.
Net banking income amounted to 503 thousand euros, whereas operating expense was 492 thousand euros. Assets under management amounted to 1,026 million euros (961 million euros at the end of 2014).

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 Letter No. 263/2006) by issuing new **Provisions on Risk Assets 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 monitored, and/or potential adverse impacts 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 regarding Connected Parties and passing a resolution on a new version of the "**Related Party and Connected Party Transaction Procedure**."

Finally, the *Procedure* was further amended to bring it into compliance with the provisions set forth in Article 150 of TUF and those introduced by the Bank of Italy on 2 July 2013 with the 15th update of Circular Letter No. 263 of 27 December 2006 called "New Prudential Supervisory Provisions Concerning Banks" on Transactions of Greater Importance.

The new *Procedure for Related Party and Connected Party Transactions and Transactions of Greater Importance*, in force as from 1 July 2014, is intended to implement Consob and Bank of Italy regulations, by adopting, at group level, rules on Related Party and Connected Party Transactions and Transactions of Greater Importance governing the related investigation activities and approval, reporting and disclosure powers.

The main changes introduced by the Bank of Italy Provisions (Bank of Italy Circular Letter No. 263/2006) and subsequent amendments, and implemented in the Procedure are the following:

- 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;
- definition of criteria to identify Transactions of Greater Importance and the relevant management process, with definition of roles and responsibilities;
- introduction of prudential limits in respect of Own Funds 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 organisational 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 Greater Importance threshold, even if concluded at market 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 Own Funds of less than 500 million euros and the lower of 1,000,000 euros and 0.05% of Own Funds, in the other cases. In respect of these transactions, the exemption only applies to 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;

- **introduction of the definition of Transactions of Greater Importance** as defined by the Bank of Italy, i.e., the transactions characterised by their economic, capital and financial impact and the transactions that, despite being natural, exceed the value of 2.5% of consolidated Own Funds and have a significant impact on the company and group as they depart from specific standard contractual conditions.

7.2 Disclosure on related party transactions

Without prejudice to the disclosure requirements set forth by IAS 24, rules on periodic disclosure on related party transactions are provided for in Article 5, paragraph 8, of Consob Regulations.

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

a) each and every Transaction of Greater Importance effected during the accounting period of reference;
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 latest 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 as follows:

Unusual, atypical or extraordinary transactions

During the first half of 2015, 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 2015 the Group did not carry out any transactions qualifying as "highly significant", non-ordinary transactions, entered into at non-market or non-standard conditions which, in accordance with the Procedure on Related Party Transactions, would have been subject to market disclosure and the obligation of publishing an information memorandum.

Other significant transactions

During the first half of 2015, two transactions were approved qualifying as moderately significant transactions, and thus subject to the prior non-binding opinion of the Internal Audit and Risk Committee (the amount of which exceeded 250 thousand euros), and were as follows.

TRANSACTION	RELEVANT PARTY	DATE	AMOUNT (EURO/000)
Lease contract GI 9020 500071 with Generali Properties S.p.A.	Generali Properties S.p.A.	01.05.15	1,456
Disposal of the stake in Simgenia SIM S.p.A. held by Banca Generali S.p.A. to Alleanza Assicurazioni S.p.A.	Alleanza Assicurazioni S.p.A.	09.03.15	337

Ordinary or recurring transactions

Transactions of an ordinary or recurring nature carried out in the first half of 2015 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 2014, 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 2015 are presented in the specific section of the condensed half-year financial statements as of 30 June 2015, 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 2015, the Bank's workforce was 856, composed of 46 Managers, 137 3rd and 4th level Executives and 673 employees at other levels; of the last category, 97 were 1st and 2nd level Executives, and 7 were apprentices.

Personnel under fixed-term contracts amounted to 57 resources, of whom 20 as substitutes for employees on maternity leave or leaves of absence.

	BANCA GENERALI	BG FIDUCIARIA	GENERFID	BGFML	TOTAL 30.06.2015	TOTAL 31.12.2014
Managers	43	1	-	2	**46**	**45**
3rd and 4th level executives	124	5	-	8	**137**	**135**
Other employees	648	5	5	15	**673**	**637**
Total	**815**	**11**	**5**	**25**	**856**	**817**

There was an increase in the workforce of 39 resources compared to year-end 2014.
Specifically:
- an increase of 13 people with indefinite-term contracts due to:
  - new recruits of sales personnel and specialised professionals who joined the departments supporting business development, especially within the sales area that continues to be strongly developed also through a higher level of specialisation of its different structures;
  - the hiring of staff to replace outgoing employees in previous periods, also through the reinforcement of the staff in place and personnel belonging to protected categories;
- an increase of 26 people with fixed-term contracts due to:
  - the introduction of resources to support work peaks tied to extraordinary activities and projects and whose contracts will expire within the end of this year;
  - a greater number of resources to replace personnel on maternity leave or leaves of absence.

As regards labour relations, it should be noted that on 31 March 2015 the proposed renewal of the collective labour agreement was signed; the proposal had recently been approved by the general employee meetings. In addition, on 4 June 2015 the union agreement was signed, at Banking Group (Italy) level, with regard to the company bonus for the year 2014. As for the supplementary contract as a whole, which expired on 31 December 2014 and continues to be applied on a "de facto" basis until renewal, negotiations will open once the company unions present their negotiation framework.

8.1.1 Training and Development of Employees

In the first half of 2015 a new edition of the course "Innovating during change - A new look to the future" was launched for 19 employees, identified across all areas of the Bank. The course, consisting of 8 days in total, is structured in 3.5 days of lessons at the Libera Università Carlo Cattaneo in Castellanza (Varese), one outdoor day at the H-Farm in Roncade (Treviso) and 3 days dedicated to the development of business projects, supported by project management guidance. The projects, focusing on three strategic areas of the Bank, were submitted to the senior management for fine tuning, in view of their presentation to the Board meeting on the final day of the course. All participants took part in evaluation tests as part of an assessment exercise.
Three new editions of the course "Managing and developing employees in a motivating environment" have seen the involvement

of thirty human resource managers. The goal of the project is to improve and standardise the management approach to employee management and development. Almost all the human resource managers took part in the course which, for this reason, stands out as a significant commitment of the Bank to spreading a specific managerial culture across the organization.
"Managerial Growth workshops" are an innovative way of training complemented with group coaching; workshops continued in the first half of 2015 and will continue for the rest of the year. The target population of this project are the human resource managers.
In the field of management training, there are also several business coaching programmes in place as well as a Leadership course. This course, specifically designed for women employee of the Bank, aims to improve a person's inherent leadership qualities, combined with the ability to manage a balanced personal and professional life.

Workshops on the "new service model" were introduced in order to provide the entire bank with an update concerning the strategic projects being pursued. Building on the success of these popular meetings, new modules were prepared that focus on the development of the platform supporting the service model. The first of these, already delivered in the first half of 2015, was focused on the Financial Module of the BG Personal Advisory Platform.
Earlier this year, a pilot session of two and a half days of the course "AllenaMente" was held, focused on learning the mental maps methodology.
Language training was again in full swing, especially dedicated to the top management with a view to enable Banca Generali's employees to fully participate in the many international development programmes currently being launched by the Generali Group.
The course "Governance of wealth and generational transition" at the University of Brescia was attended by 10 people and one person was enrolled in the advanced training programme "Executive Development Program" organised by ISTUD.
Courses on anti-money laundering, privacy and safety in the workplace, both general and targeted to emergency teams, were held in the first half of 2015 to ensure Bank employees are constantly up to date on current legislation. As regards anti-money laundering, specific workshops were organised on enhanced customer due diligence, involving in particular the branches' personnel, as well as other people engaged in functions at risk.

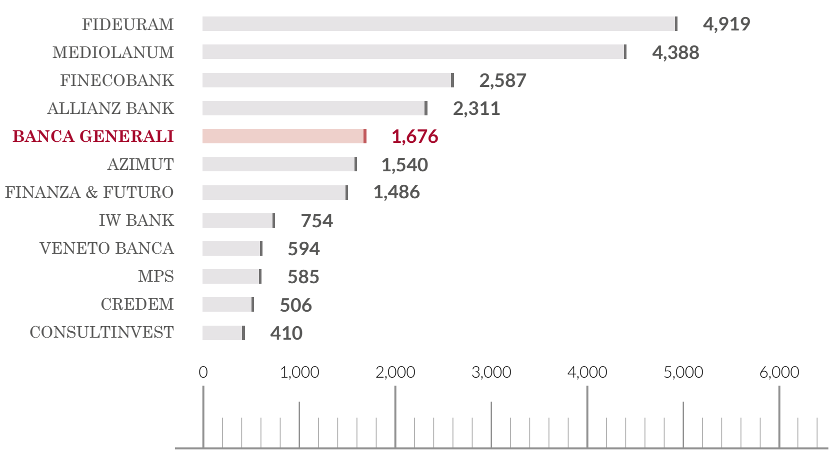
8.2 Financial Advisors

Financial Advisors

Banca Generali owns one of the most important Financial Advisor distribution networks in the Italian market: in May 2015 (latest available data) the structure was made up of 1,676 Financial Advisors and Relationship Managers.

Number of Assoreti Financial Advisors 21,874

May 2015



Source: Assoreti.

Comparing the figures as at June 2015 with those as at the end of 2014, the number of Financial Advisors increased by 35. This is due to the recruitment activity from other banks and networks, which yielded excellent results also during the first half of the year. The recruitment of high-standing professionals led to an increase in the number of financial advisors working in the Bank's two commercial divisions, increasing the overall value of per-capita AUM.

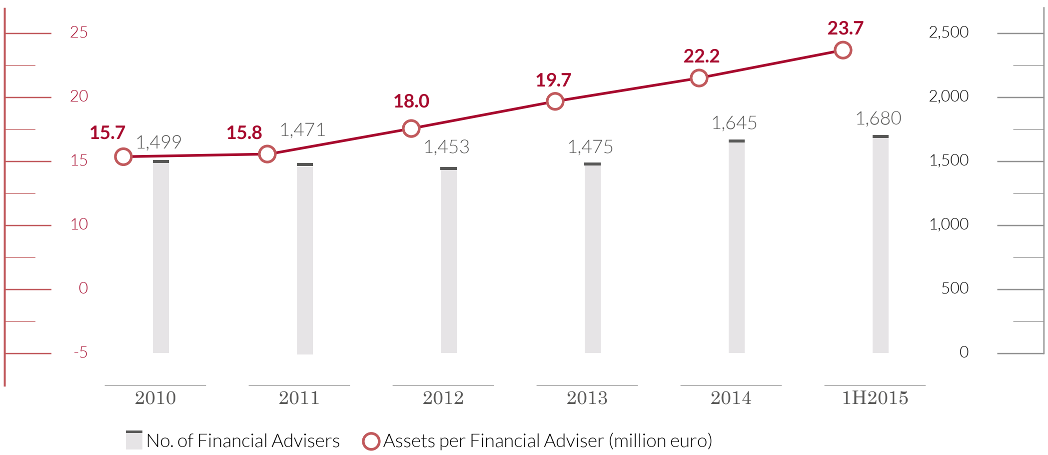
Banca Generali's main data are summarised in the following tables, comparing figures for 2015 and 2014:

	31.12.2014			30.06.2015		
	NO. OF FAS/PBS/RMS	ASSETS (€ MILLION)	P/C ASSETS PER PROFESSIONAL (€ MILLION)	NO. OF FAS/PBS/RMS	ASSET (€ MILLION)	P/C ASSETS PER PROFESSIONAL (€ MILLION)
Financial Planner Division	1,244	21,189	17.0	1,260	23,067	18.3
Private Banking Division	401	15,374	38.3	420	16,776	39.9
Total	**1,645**	**36,563**	**22.2**	**1,680**	**39,843**	**23.7**

Careful selection in recruitment activities, targeted primarily at high-level professionals with significant customer portfolios, led to a progressive reduction in less skilled positions, thereby raising the average quality.

In March 2015 (latest available data), Banca Generali was once again first in the Assoreti ranking of per-capita assets per financial advisor, with 23.8 million euros and a further increase compared to the figures for year-end 2014 (22.2 million euros).

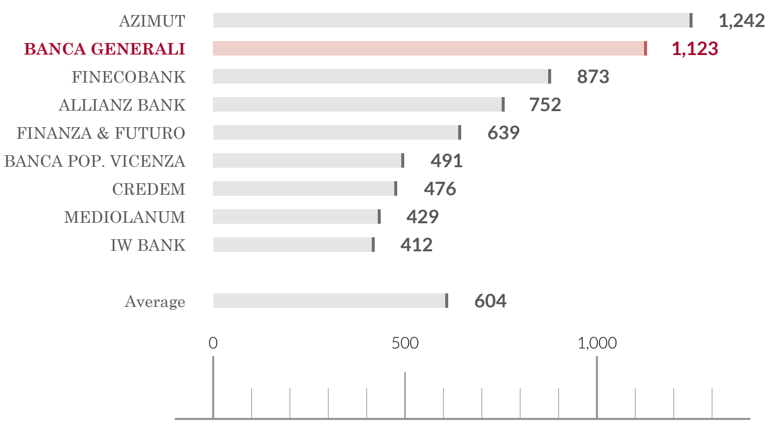
Financial Advisors and per-capita Assets



The good productivity of the commercial network is also shown by per-capita net inflows. Banca Generali's Financial Advisors ranked first also in May 2015 (latest available data), with a production of 1.1 million euros, almost double compared to the system average (0.6 million euros) exclusively focussed on retail customers.

Assoreti net inflows per Financial Advisor

May 2015 (€ million)



Source: Assoreti.

Distribution network training

Banca Generali confirmed its commitment to managerial training in the first half of 2015.

The Financial Planner Commercial Division continued the training path focused on Leadership and Change, developed in collaboration with prestigious companies with expertise in change management.

The management team made up of Area Managers started an individual "Business Coaching" programme, while, as a team, they participated to a day dedicated to the "Business Etiquette" theme. These training sessions were designed with the aim of developing and strengthening a charismatic and consistent leadership approach.

On the other hand, the training module "Coach and Motivation", dedicated to the District Managers, was aimed at consolidating and expanding the leadership and engagement skills of their assistants engaged in local markets.

For Executive Managers, a new programme was launched called "Executive Focus: focusing on method": two classroom days and a one-day practical workshop aimed at sharing methods and instruments to effectively manage consulting and team coordinator activities.

Finally, the new programme "Being Banca Generali: attention and interpersonal skills in the recruiting process" was launched, dedicated to Executive and District Managers with the aim of refining and reinforcing interpersonal skills that are essential for recruiting activities.

In the first half of 2015, a first group made up of women members of Banca Generali network participated in the new "Leadership Path" which, combined with ongoing technical and sales training, aims to consolidate and support the professional skills of Financial Advisors. The course consists of six training days and is structured into three training modules focusing on: Self Empowerment and Assertiveness – Communication and interpersonal relationship – Time Management.

In the first half of 2015, commercial training activities were focused exclusively on issues relating to BG Personal Advisory, Banca Generali's Service Model.

Earlier this year, the "Finance" training module on the BG Personal Advisory Platform was launched in collaboration with the faculty of Università Cattolica of Milan, dedicated to all management structures first and, then, to over 700 people between Financial Planners, Private Bankers and Relationship Managers.

In a rapidly changing regulatory and market environment, the objective of the course is to provide advisors with an innovative support for the integrated management of all invested assets, thus taking into account financial and insurance assets, as well as real estate assets.

In this environment, risk management and portfolio diversification assume greater relevance than in the past.

In early June, simultaneously with the release on the BG Personal Advisory platform of the two modules "Generational Transition" and "Real Estate", the first two-day pilot training class was launched, broken down into two modules and focusing on issues related to estate planning and the proper allocation of customer total

family assets (financial, real estate, business, etc.).
The training plan "Generational Transition" and "Real Estate" will continue throughout the second half of 2015.

Training on the **Secure Biometrics Signature**, an innovative service for the electronic management of contracts and transactions, continued with the objective of clarifying the main advantages and potential applications.

Also in the first half of 2015, a specific induction process designed for Financial Planners and Private Bankers who have recently joined Banca Generali was confirmed. As part of the process, the two days of the "Welcome Program" allow newly hired advisors to visit and get to know the main Departments at the Milan and Trieste Offices.

With the introduction of the law on Voluntary Disclosure, specific training sessions were developed for the network. The meetings involved about 720 Network advisors and clarified the terms of the legislation for returning capital held abroad and the impact of the initiative on potentially affected customers.

The entire network was asked to participate in the compulsory e-learning course "Administrative liability of companies: risks for the bank", updated according to the new regulations.
In order to promote the image of the Bank with individual investors and to promote the Bank as a clear and transparent institution, whose products and conditions can easily be compared to those of competitors, this year the entire network was asked to participate in an online update of the PattiChiari project.

The first months of the year were also characterised by the IVASS refresher training, which focused on the BG Stile Libero Auris (Nuovo Auris segregated account) and the new BG Previdenza Attiva. For each analysed product, besides reviewing the technical aspects concerning the new product lines, the market environment and commercial aspects were also analysed.

9. Products and marketing

9.1 Asset management

BG Selection Sicav

In the first half 2015 BG Selection Sicav, the fund-of-fund platform managed by BG Fund Management Luxembourg, continued to pursue it search for innovative investment solutions to be offered to investors, in line with key market trends.

In April 2015, two new sub-funds were launched:

- A "Real Assets" fund – Kairos Real Return – which expands the products offered in this area, bearing the same name and already including other 4 sub-funds, whose management has been delegated to BlackRock, Morgan Stanley, Morningstar and Invesco;
- a multi-assets fund for which JP Morgan has been appointed as Asset Manager – JP Morgan Global Multi Asset Income Fund – which invests in major "income" strategies such as high dividend equity, high yield rates, emerging market debt, convertible bonds.

These two new sub-funds are part of a complete and extremely diversified product range comprising 46 sub-funds, (18 equity, 22 flexible, 5 real assets, 1 liquidity), of which 12 are managed by BG Fund Management Luxembourg and 34 have been entrusted to leading international investment firms.

BG Sicav

In the first six months of 2015, BG Sicav was characterised by strong innovation in the products offered, in line with the repositioning implemented in 2014 with the goal of creating a platform for the development of managed securities products, in line with the main trend in products offered on the market and complementary to BG Selection range of products.

More specifically, in April 2015 a new offering area called "Liquid Alternative" was created, which aims to provide investors with new generation products that can cope with the increasing volatility of financial markets, while optimising the risk-return profile. The new product family consists of 8 sub-funds. 4 launched in April 2015 (Amundi Absolute Forex, Controlfida Global Macro, Eurizon Multi-Asset Optimal Diversified Approach, Vontobel Pure Strategy) and 4 funds that were already included in the range (Controlfida Low Volatility European Equities, Flexible Global Equities, Tenax Capital Global Financial Equity Long-Short, Threadneedle Global Equity Long-Short).
The series of new launches was completed with the Global Supranational government bond sub-fund, managed by the team of BG Luxembourg Fund Management, which invests in supranational issues denominated in currencies of investment grade countries.

At 30 June 2015, BG Sicav had 29 sub-funds, of which 8 managed by BG Fund Management Luxembourg and 21 under mandate entrusted to leading international investment houses.

The multi-manager platform was further developed with the placement of a new Sicav, Eurizon Easy Fund, with 8 sub-funds, a selection of 10 funds under French law of Oddo Asset Management and 8 new Sicav sub-funds already under placement, for a total of over 1,800 products available to Banca Generali's customers and distribution networks.

9.2 Portfolio management

The first half of 2015 was marked by important development and rationalisation actions on the range of Wealth Management products.

In February 2015, the placement of the new GPM Real Estate Top Portfolio ended.
This GPM offers extremely innovative solutions in terms of asset

allocation, inasmuch as it allows to invest in the segment of real estate lending (non-performing and subordinated loans), through products managed by major international specialised firms.

In April 2015, in line with Banca Generali's typical approach of placing customers' interests first, changes were made to the protected-capital management scheme GPM BG Target, by placing in post-sales the maturities still under distribution (2026, 2029 and 2031).
The low interest rates that characterised the bond markets did not allow for an efficient management of customer investments and the associated protection mechanisms at maturity.

Also in April, GPM Exclusive (Exclusive Value and Exclusive Defensive lines) and the BG PB Solution, Astra and Obiettivo GPF were also placed in post-sales.

Overall, Banca Generali offers a comprehensive portfolio consisting of 16 management lines currently being placed (14 fund-based schemes, 1 asset-management scheme and 1 protected-capital asset management scheme) 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.

9.3 Insurance products

In the first six months of 2015, the insurance products offered by Banca Generali achieved outstanding results, thanks to BG Stile Libero, an innovative multi-line policy that combines the investment in the Rialto segregated account (5% to 30% of the investment) with investment in a selection of over 850 sub-funds of 47 investment houses.

BG Stile Libero is an evolving investment solution; in the first months of 2015 new features were introduced, including:

- BG Stile Libero Special, the bonus version of BG Stile Libero which offers customers an additional 5% upon subscription, on the portion invested in UCITSs;
- the new "TCM per 2" coverage, which offers subscribers the opportunity to double the capital loss cap on the amount invested in funds, up to a maximum of 350 thousand euros;
- the new "SDD" accumulation service, an automatic payment scheme that offers great flexibility as regards the amount and frequency of payments.

In addition to the Multi-line products, traditional LOB I policies continued to be offered, such as:

- BG Stile Garantito, single-premium, whole life insurance policy that offers customers the guarantee of invested capital and the certainty of annual consolidation of the return offered by the Rialto segregated account;
- BG Cedola Più, a traditional policy that provides a regular income through the payment of an annual coupon linked to the performance of the Rialto segregated account.

Worthy of note is the quality of the 2014 certified returns of the major Segregated Accounts (Rialto 4.01% and Nuova Concreta 4.18%) underlying the insurance products distributed by Banca Generali which, in a scenario of generalised decrease in bond yields, exceeded the average performance of the Italian segregated account market (3.77% - source IVASS, Annual Report 2014).

9.4 Assets under administration and custody

In the first half of 2015, Banca Generali focused on consolidating its offerings and promoting the products and services targeted to specific client segments.

The first innovation was the launch of BG Business, a dedicated current account for businesses and professionals, which completes and streamlines the range of current accounts already defined for private customers. This new current account, diversified into two product lines on the basis of the Company's and related persons' assets, offers all the typical services of a bank account combined with some specific services for companies, such as dedicated payment instruments.

As regards banking products, in line with Banca Generali's focus on consulting services, the current account BG Personal Trade was launched, dedicated to customers who choose to make use of TPC consulting services. Through the TPC service, customers receive dedicated reporting which keeps them constantly updated on events in the financial world; the current account is the instrument that all these customers use to carry out banking and securities transactions.

In the area of investments, the promotion involving exemption from stamp duty for new and current customers who transfer financial instruments to Banca Generali was extended.
The Bank also participated as placing agent in the Italian BTP auction in April and in the main IPOs, including the IPO of Massimo Zanetti, and the public offerings for sale and subscription of Autostrade and Banca Sistema.

9.5 Digital marketing

Customer Front End

In the first half of 2015, Banca Generali confirmed its strategy to place the Financial Advisors at the heart of its business model, including on the Web.
For this reason the main digital innovations implemented by the Bank for its customers concerned the Advisor Personal Page tool, Banca Generali Web portal through which all Financial Advisors can create a personalised digital showcase, in relation to which some significant innovations were introduced.

Advisors can now access and send their customers a wide digital library of documents, brochures and other marketing materials, constantly updated with the latest news on Banca Generali's products and services.
Through the Advisor Personal Page, advisors can also share economic and financial news and thematic analysis with their customers; these are updated daily by Banca Generali in cooperation with important partners such as ANSA and Teleborsa.
The personal agenda and appointments with customers are now handled through the Personal Page. Advisors can create, and invite their clients to events and appointments through a new integrated interface that helps handling events and monitoring accesses, with features entirely similar to those of the main social networks.
In 2015, in light of all the above significant new products, Banca Generali was also awarded first place in the prestigious ranking drawn up by Osservatorio Finanziario, which recognises the top ten Internet banking services.

Customer communications

During the period the first account statement of BG Stile Libero was produced. Innovation in communications now comes alongside product innovation: the document – prepared in collaboration with GenertelLife – displays an integrated and advanced view of the portfolio, providing a global representation of the portfolio and some charts that summarise its breakdown by product, asset class and currency.
The document, in accordance with the presentation standards of the Bank Asset Management statements, is characterised by detailed sections organised into broad categories, consistent with the investment strategies of BG Stile Libero. The section "News and Announcements" keeps the customer informed on ongoing product developments that Banca Generali offers its customers.
With a view to continuous innovation, the account statement uses the QR Code technology to increase interaction between paper information and the Bank's digital tools.

Also in the first half of the year, the printing and mailing of documents was optimised in order to reduce the time of customer communications production and transmission. This step led to a standardisation in the generation and printing of documents, which was complemented by a review of the upstream processes – especially for the Asset Management statements – which ensure better timing in delivering information to customers.

Finally, following the entry into force of the new regulations issued by the European Central Bank on online certification, the Secure Call service for access to the customers' reserved area and confirmation of certain online transactions was made mandatory by Banca Generali. With regard to the changes introduced as of 1 August 2015, an integrated communication plan was prepared to inform customers and provide them with all necessary details for the interactive management of their authentication profile. For the communication plan, both digital tools (inbox, splash page and the dedicated page on the Banca Generali website) and the more traditional forms of communication (mailing and commercial information attached to current account statements) were used.

Financial Advisor Front End

Banca Generali's development plan continued with the release of new Integrated contract management (GIC) functions, also integrated in the mobile version FEP on Tablet, which allow orders to be submitted via electronic channels also for initial subscription of third-party funds and Sicavs:

- Blackrock
- Invesco
- Pictet
- JP Morgan
- Morgan Stanley

Moreover, since April, GIC functions were introduced to allow for the electronic filling of all the forms for subscription and post-sale operations of the new BG Stile Libero policy.
The GIC filled-in forms can thus be signed using the Secure Biometric Signature feature, the innovative new service for managing contracts and transactions via electronic channels, a further step forwards in Banca Generali's digital programme.

Thanks to the innovative service offered by Banca Generali's Financial Advisors, customers can discover an innovative technological solution that will make authorisation transactions even simpler, quicker and more secure. With Secure Biometric Signature, contracts and transactions may be signed digitally, directly via a tablet, thus ensuring the authenticity of the accountholder's signature and eliminating the need to print out and send signed contracts, saving time while operating in a fully secure manner.

Banca Generali started a series of GIC developments also in the banking sector. As of April, the app FEP on Tablet was integrated with a new function for the electronic compilation of requests for the issue of a chequebook.

BG Personal Advisory: the new service model

Throughout 2014 and in the first half of 2015, efforts converged on the design and subsequent start-up of the New Service Model (hereinafter BG Personal Advisory), which will result in the creation and release of the first forms of the new integrated advisory platform.

Banca Generali's new service model aims to increase knowledge of the customer in terms of total assets, family situation and risk appetite, with the goal of offering an integrated, balanced approach to managing customers' assets and risks.

The new commercial approach will be supported by the development and evolution of all factors of success available to Financial Advisors to permit them to meet the customer's needs optimally:

- Corporate training and culture
- Network and customer communications
- Instruments and products
- Second-level specialised services

Designing and development activities for the new advisory platform aim to create a distinctive solution on the market:

- implementing an approach focusing on **end-to-end business opportunities**, while guaranteeing a full integration of all functional modules included in the advisory model (the first phase will focus on the Financial, Real Estate and Generational Transfer modules);
- developing a **commercial process based on the Banca Generali's language**;
- **simplifying the investment and customer communications processes through a full integration with all Banca Generali's** IT systems, both in the first phase (information/position) and the final steps (orders), in addition to provide detailed reports.

The platform presents a multi-device architecture (for PCs and tablets) which guarantees functions and layout consistency on all devices.

In terms of content, the platform provides a series of enabling elements, such as:

- analysis of **all types of assets** (real estate and securities) held by customers, including those not held with Banca Generali (for the real estate section, the platform has been integrated with Analysis systems for the download of information from the land registry);
- **analysis of accounts** for the **protection and transfer of assets**;
- **presentation of both the client's overall situation and the situation by area of interest** (client's 'horizontal' view vs "vertical" view on individual areas of interest).

In addition to the Bank's partner CSE, the company Prometeia was engaged for the development of the platform. To cover the platform financial information, in addition to Prometeia, an agreement was signed with Morningstar which was entrusted with developing a structured system for the mapping of customers' portfolios with investments in UCITSs and ETFs. The collaboration with Analysis and Studio Legale Chiomenti ensures the quality of information and algorithms for the Real Estate and Generational Transition modules.

Already in December 2014, the development plan of the new platform saw the start of a pilot phase with a limited number of Financial Advisors involved in testing the Financial module while the Real Estate and Generational Transition modules started running in test mode.

In March 2015, the Financial module began to be gradually released to the entire Network, with the goal of completing the roll-out by the end of the year.

The release of the Financial module was supported by specific training on the use of the new platform and on technical and financial details, with the help of documents provided by Università Cattolica of Milan.

In June 2015, a new pilot project was launched within a limited number of Financial Advisors on other functional modules of the advisory platform (Real Estate and Generational Transition), with the aim of starting the gradual roll-out across the whole network in the fourth quarter of the year.

In addition to the platform and training initiatives, the development activities of BG Personal Advisory also focused on the **specialised services offered by important and qualified partners**:

- with reference to the **Financial wealth**, the partnership with Tosetti Value SIM continued through a referral agreement, with the aim of offering the possibility of mapping and analysing a customer's entire body of financial assets, while benefiting from independent advice from one of the main Family Office in Italy;
- within the **real estate portfolio** two agreements were signed with Deloitte and Yard with the aim of offering specialised Real Estate Advisory services, thereby meeting certain specific needs of customers (current or prospects) with respect to significant issues such as the sale of buildings or assets, business planning, refinancing, technical services or due diligence;
- in the **Family** area, the partnership with Studio Legale Chiomenti was forged ahead, with the aim of offering customers specialised advice on legal, tax and succession issues from a highly qualified operator.
- in the **Lombard lending** area, a partnership with Price Waterhouse Coopers was launched with the goal of offering customers specialised corporate finance services, mainly on succession and extraordinary finance issues.

9.6 Communications

In the first half of 2015, Banca Generali's communication strategy was focused on communicating the main financial and operating information concerning the Banking Group in a clear and transparent manner. In addition, various initiatives were developed with a strong media and image impact, focusing on the company's social positioning and commitment.

The results for 2014, presented and approved at the Annual Shareholders' Meeting held on 23 April 2015, met with great interest from the media and the financial community. The 2014 Financial Report continued its evolution towards a document that can represent economic and social aspects in an increasingly integrated manner, highlighting the commitment and value of the company also outside business boundaries. In view of increasingly transparent communications, the 2014 Financial Statements, in addition to being made available in print and digital PDF formats, were also developed this year in a HTML format that may be viewed through the Bank's institutional website.

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 updates on Banca Generali's strategic objectives and the profile of professionals engaged within the Group, were timely and directly disclosed through the distribution of press releases, articles and interviews with the top management.

Banca Generali also completed various initiatives at the local and national level aimed at raising awareness amongst investors regarding certain specialist issues. Among these initiatives, of note was the support to the specialisation course on governance and generational transition with the University of Brescia and seminars on the same topic and on real estate and financial planning, organised in a constructive way in the various regions. With regard to BG's commitment to culture, the success of Fabrizio Plessi's exhibition organised at Banca Generali Private Banking offices in Milan is worth mentioning together with the image campaign alongside the new testimonial Davide Oldani, a renowned chef with strong commitment to the local community and an endorser of EXPO at the international level. Davide Oldani perfectly embodies the concept of quality affordable for households, in its various tangible applications.

In the social arena, support for the image-related initiatives and events described in the pertinent section, such as "Banca Generali A Champion for a Friend", the support to Dynamo Bike race and Lilt, reinforced the communication of the brand's values and its professional connotations at various levels throughout the country and in key media.

Trade marketing

Banca Generali marketing activities in 2015 started with seven meetings in Italy in which the new strategies and guidelines for next year were presented.

During the first half of the year, Banca Generali was a key participant in one of the major industry events, *ConsulenTia 2015 - Professionisti in Capitale*, which attracts the leading Italian and international operators in the asset management industry.

In early 2015 the Bank announced its new partnership with Michelin-starred Chef Davide Oldani, new endorser and star of exclusive events.

In the first half of the year, the Bank confirmed its commitment to the social and sporting arena, by supporting the sixth edition of the travelling project “Banca Generali - A Champion For A Friend”, which saw the participation of four famous Italian sport champions: Adriano Panatta, Andrea Lucchetta, Jury Chechi and Ciccio Graziani. The event was held in 10 Italian cities and involved children in sport-dedicated activities during the morning.
Also concerning sports, Banca Generali Private Banking organised the prestigious Invitational Golf Tour, a high standing event that involves guests of the division.

Among institutional sponsorships, Banca Generali confirmed its support to FAI and “Spring Days”.

Banca Generali further reiterated its interest in cultural activities by conceiving and promoting the exhibition “Plessi Digital Wall”, organised at the headquarters of Piazza S. Alessandro (Milan) and featuring the works of internationally renowned artist Fabrizio Plessi. The community was also invited to an open day organised in June to admire the works of this artist.
During the first half of 2015, the Bank also continued on the path of social commitment by providing support to non-profit organisations, such as the Associazione Bambin Gesù, Un Cuore Un Mondo and Dynamo Camp.

Finally, alongside the many institutional activities, local marketing initiatives were organized and directly managed by the Network.

10. Auditing activities

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 Risk 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 period, audits were carried out at the units concerned through design and execution testing (TOD and TOE) of controls, using the CoSo COBIT methodology and making recommendations and suggestions where necessary.

Audits carried out in the period involved the controls in place for current or potential risks:

- in information systems, with special focus on handling Internet banking frauds and IT security and on the necessary implementations to align the Bank's Internet banking safety systems to ECB Recommendations. In addition, internal audit was heavily involved in the project to revise employee permission levels and in audits of the provider CSE, to which information services have been outsourced;
- in the financial sector, audit activities were carried out on the reliability and operation of the controls concerning Financial Statements Operating Procedures, Computer Applications and system blocks (ITAC);
- inspections were conducted at bank branches, continuous auditing was done on telephone orders, analyses were performed of IT risks (privacy), possible cases of market abuse were reported and Garante 2 assessments were carried out;
- an assurance audit was conducted on the operation of ICAAP and the adequacy of remuneration policies;
- two important internal projects were developed: the first is the development of an audit tool for the centralised and automated management of audit recommendations, the second envisages the structuring and launch of a dedicated IT application for the management of Fraud Audits.

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

Moreover, with regard to Banca Generali's acquisition of a business unit of Credit Suisse (Italy), during the period the Internal Audit Department carried out a series of actions intended to provide assurance on the planning adequacy and actual implementation of the acquisition in question.

Finally, the Internal Audit Department was engaged in new activities required by Bank of Italy Circular 263/06 15th update:

1. Report on the checks carried out on Relevant Outsourced Operating Functions;
2. Report concerning the "Evaluation of IT security" for the year 2014 which was annexed to the Tableau de Bord for the first quarter of 2015 "Report on IT Security".

11. Organisation and ICT

In the first half of 2015, the portfolio of company projects regarded all business areas; the Bank invested resources and know-how in the development of services offered to customers and in the distribution networks, as well as in the constant adjustment to industry regulations.

Process innovation and the contribution brought by new technologies were the driving factors for both the design of new services and the optimisation of operational processes already in place.

Legal compliance

During the first period of the year, the Bank continued to pursue prior year activities with respect to Circular No. 263 of 27 December 2006 “New Prudential Supervisory Provisions Concerning Banks” and FATCA (Foreign Account Tax Compliance Act) tax regulations; furthermore, given the materiality of these issues, it should be noted that the Bank launched activities in the areas of current account portability, voluntary disclosure, tax monitoring and payments security through the internet banking channel.

Management of customer services

During the first half of the year, the Bank continued to expand the range of insurance products offered to customers and began offering the new services in the asset management segment; as regards the advanced advisory services project, the implementation of the new service model continued in line with the prior period.

Sales network services

Alongside the constant evolution of the application platforms used by the Marketing Unit, the design of Web collaboration solutions was started with a view to improving information and transaction capabilities.

Business Intelligence solutions

In line with the previous year, investments in support of governance and decision making processes continued, as well as the initiatives aimed at strengthening and developing business intelligence and data management systems as part of planning and control, risk management, compliance and loan processes.

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.

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 and 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.
Particular importance is placed on managing the credit risk associated with institutional borrowers. These borrowers are allocated appropriate credit lines, which are monitored by the Risk Management department and established with the objective of maintaining a level of risk that is consistent with the strategies and risk appetite defined by the Board of Directors.
Loans to customers are characterised by a low risk of losses inasmuch as they are almost entirely secured by collateral (chiefly pledges of securities) and/or personal guarantees, in some cases provided by a leading financial institution.

The bank's exposure to **operating** risks across the various legal entities in the Group is closely linked to the type and volume of business conducted, as well as the operating procedures implemented. In detail, the operations undertaken (primarily management of third-party assets and the distribution of the Group's own and third-party investment products), the use of information technology systems, the definition of operating procedures, interaction with parties protected by the law, the marketing structure adopted (chiefly Financial Advisors) and the direct involvement of all employees in operations structurally expose the Group to operating risk. This 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 carries out risk assessment and scoring activities and loss data collection processes and it 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 mana-

ged through recourse to the money market (interbank deposits and repurchase agreements) and, to a secondary degree, where available, through the 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 mismatches, the calculation of the net balance of funding requirement (or surplus) over the holding period considered.
Liquidity risk is managed through appropriate short-term and structural (beyond one year) operating limits, monitored by the Risk Management Service, aimed at maintaining a level of risk deemed consistent with the strategies and risk appetite set by the Board of Directors.
The Group has also implemented a Contingency Funding Plan aimed at anticipating and handling liquidity crises at both the systemic and idiosyncratic level.

13. Outlook for the second half of 2015

The second half of 2015 will most likely be characterised by a stronger market scenario than in the first half of the year, although the ongoing sovereign debt crisis, particularly as regards Greece, the high unemployment level and modest economic growth prospects in the Eurozone result in an overall economic and financial scenario that remains uncertain, with low interest rates on bonds and the equity market showing moderate 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.

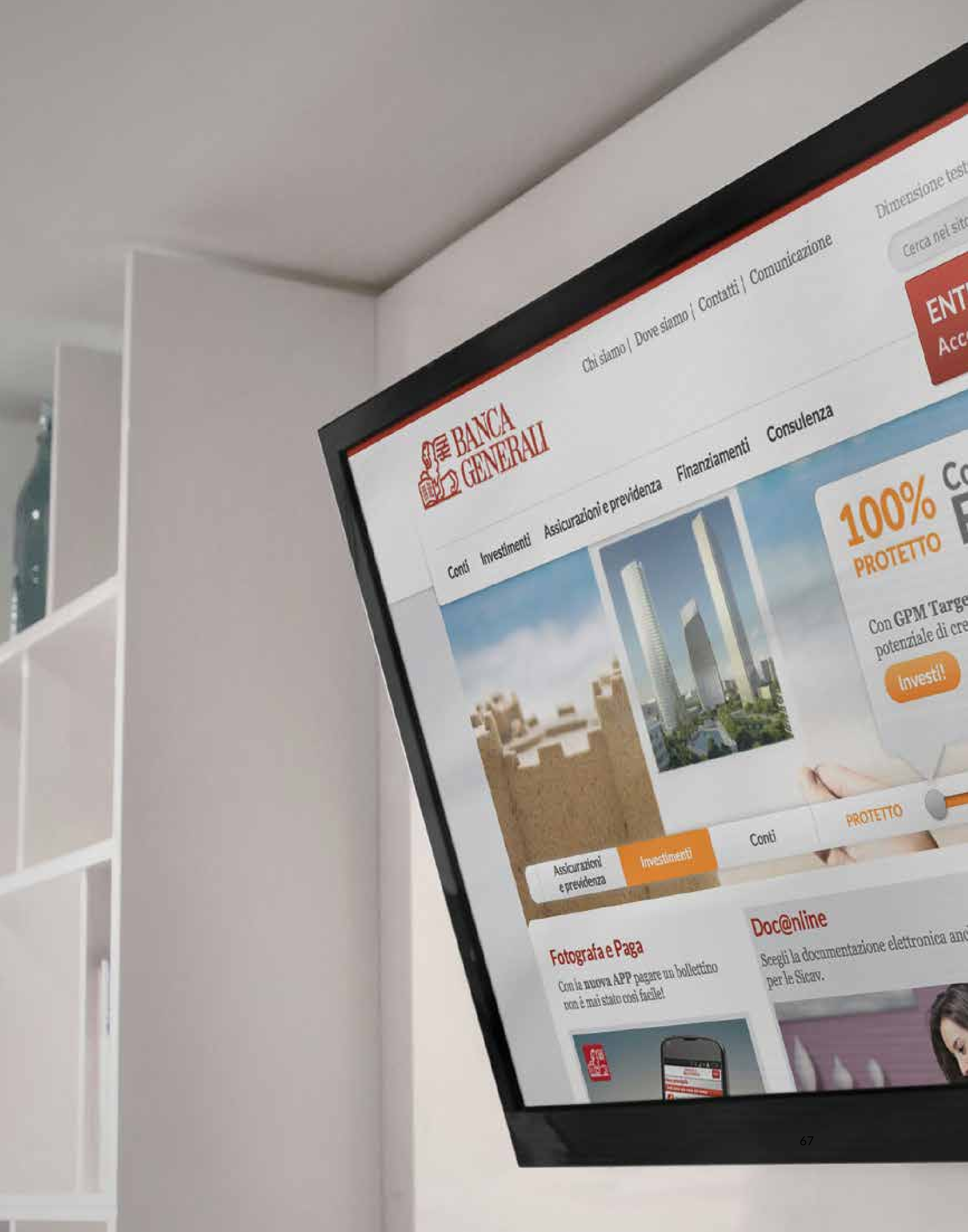
A market such as that of Financial Advisors is characterised by potentially high growth margins, but at the same time is increasingly complex and competitive, which requires greater and greater investments to improve the advisory network quality, to integrate and expand products and services, to make use of increasingly advanced technology.
Consequently, also in the second half of 2015 the Banking Group will aim at increasing revenues by fostering the growth of asset management inflows, developing new customers and consolidating the profitability of assets under management, through measures such as:

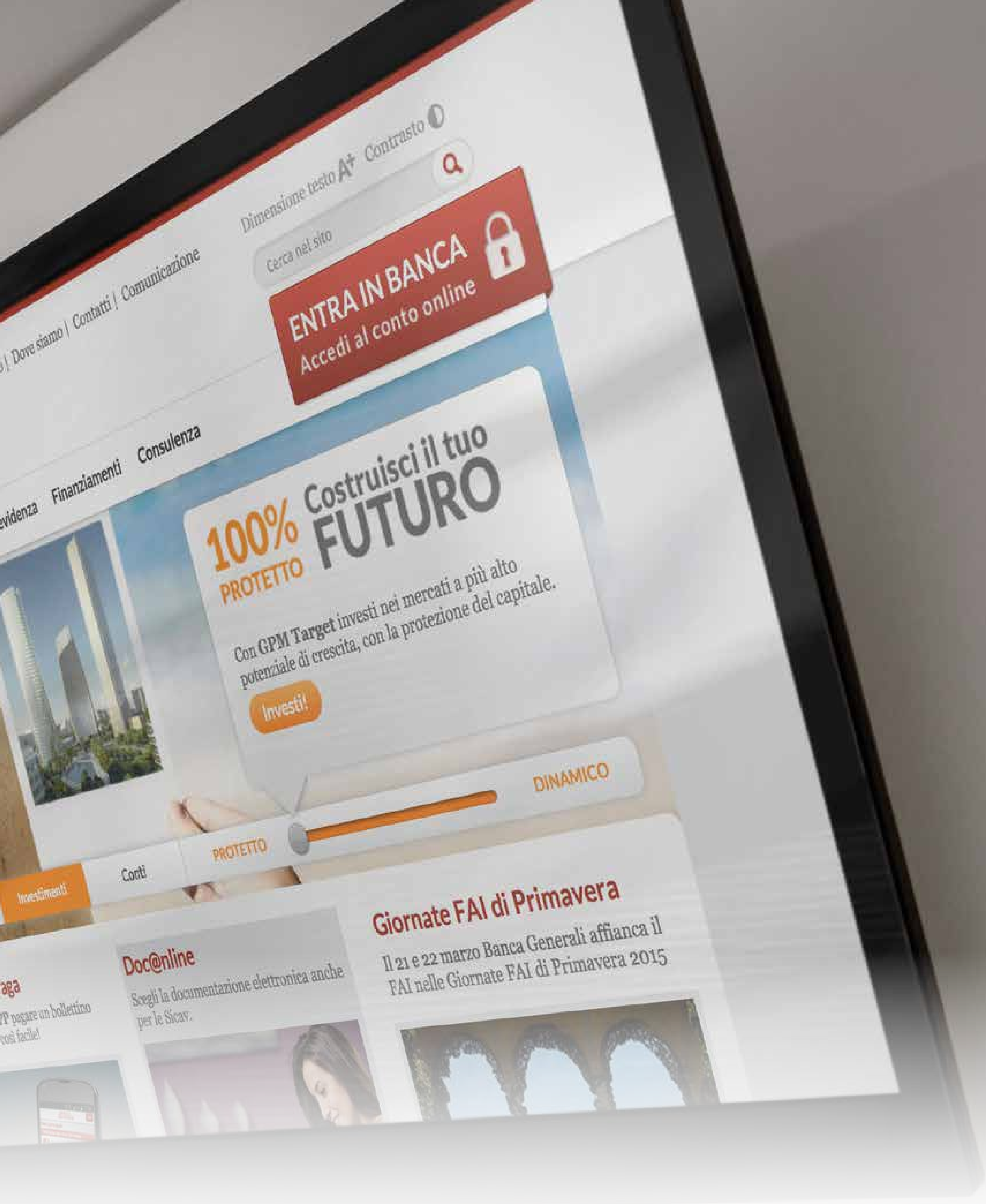
- dynamic marketing policies reflecting market developments, aimed at innovating and implementing the product line in order to meet customers' financial needs;
- expansion of placement and reallocation of the existing portfolio towards products that are consistent with new market scenarios, pursuing high diversification, liquidity and risk control;
- the completion of the **new advisory service model** involving a more complete and in-depth approach to customers' needs, in particular through the **ability to focus on the total "wealth" possessed by customers** by offering collateral services through third-party operators (family office, tax advice, property analysis, succession planning, etc.);
- new investments in the network's technology and know-how capable of providing a true competitive advantage in the sale of financial products, especially for the electronic signature and the new platform created within the new service model.

Finally, in the second half of 2015, the bank will continue to pursue its current strategy aimed at containing cost growth well below revenue growth. More specifically, the increase in costs will be primarily applied to the development of useful products and services that help further improve the quality of advice given to customers and the network's productivity, with specific focus on technology investments.

Trieste, 28 July 2015

The Board of Directors


Chi siamo | Dove siamo | Contatti | Comunicazione
BANCA GENERALI
Conti
Investimenti
Assicurazioni e previdenza
Finanziamenti
Consulenza
100% PROTETTO
Investi!
PROTETTO
Conti
Investimenti
Assicurazioni e previdenza
Doc@nline
per le Sicav.
Fotografa e Paga
Con la nuova APP pagare un bollettino non è mai stato così facile!


Dove siamo | Contatti | Comunicazione
Dimensione testo A+ Contrasto
Cerca nel sito
ENTRA IN BANCA
Accedi al conto online
Finanziamenti
Consulenza
100% PROTETTO
Costruisci il tuo FUTURO
Con GPM Target investi nei mercati a più alto potenziale di crescita, con la protezione del capitale.
Investi!
DINAMICO
PROTETTO
Investimenti
Conti
Giornate FAI di Primavera
Il 21 e 22 marzo Banca Generali affianca il FAI nelle Giornate FAI di Primavera 2015
Doc@nline
Scegli la documentazione elettronica anche per le Sicav.

CONDENSED HALF-YEAR FINANCIAL STATEMENTS

as of 30.06.2015

BOARD OF DIRECTORS 28 JULY 2015

Consolidated accounting statements

CONSOLIDATED BALANCE SHEET

Assets

(€ THOUSAND)		30.06.2015	31.12.2014
10.	Cash and deposits	13,451	80,450
20.	HFT financial assets	155,833	32,840
30.	Financial assets at fair value	-	-
40.	AFS financial assets	2,414,029	2,235,408
50.	HTM financial assets	465,937	1,403,123
60.	Loans to banks	572,539	285,620
70.	Loans to customers	1,917,967	1,794,959
120.	Property and equipment	3,939	3,829
130.	Intangible assets	88,399	89,965
	of which:		
	- goodwill	*66,065*	*66,065*
140.	Tax receivables	51,513	40,801
	a) current	2,161	2,180
	b) prepaid	49,352	38,621
	b1) as per Law No. 214/2011	*12,346*	*13,012*
160.	Other assets	190,174	173,242
	Total Assets	**5,873,781**	**6,140,237**

Net Equity and Liabilities

(€ THOUSAND)		30.06.2015	31.12.2014
10.	Due to banks	234,668	1,038,889
20.	Due to customers	4,667,873	4,285,398
40.	HFT financial liabilities	2,063	2,655
80.	Tax payables	21,881	27,612
	a) current	16,260	17,232
	b) deferred	5,621	10,380
100.	Other liabilities	277,589	149,770
110.	Employee termination indemnities	5,078	5,250
120.	Provisions for liabilities and contingencies:	119,892	94,355
	b) other provisions	119,892	94,355
140.	Valuation reserves	-2,630	17,983
170.	Reserves	244,362	196,209
180.	Additional paid-in capital	47,101	45,575
190.	Share capital	115,818	115,677
200.	Treasury shares (-)	-41	-41
210.	Minority interests (+/-)	-	-
220.	Net profit (loss) for the period (+/-)	140,127	160,905
	Total Net Equity and Liabilities	**5,873,781**	**6,140,237**

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Items (€ THOUSAND)		30.06.2015	30.06.2014
10.	Interest income and similar revenues	37,704	62,609
20.	Interest expense and similar charges	-1,819	-7,328
30.	**Net interest income**	**35,885**	**55,281**
40.	Fee income	363,119	222,786
50.	Fee expense	-129,112	-94,507
60.	**Net fees**	**234,007**	**128,279**
70.	Dividends and similar income	1,142	772
80.	Net income (loss) from trading activities	3,084	2,761
100.	Gain (loss) from sale or repurchase of:	22,057	42,233
	a) receivables	3,359	2,969
	b) AFS financial assets	18,698	39,264
110.	Net result of financial assets and liabilities measured at fair value	-	-
120.	**Net banking income**	**296,175**	**229,326**
130.	Net adjustments/reversals due to impairment of:	-3,327	-4,491
	a) receivables	-2,149	-3,724
	b) AFS financial assets	-1,418	-402
	c) HTM financial assets	23	-365
	d) other financial transactions	217	-
140.	**Net result of financial operations**	**292,848**	**224,835**
180.	General and administrative expense:	-102,141	-97,352
	a) staff expenses	-38,924	-37,372
	b) other general and administrative expense	-63,217	-59,980
190.	Net provisions for liabilities and contingencies	-41,728	-25,797
200.	Net adjustments/reversals of property and equipment	-579	-672
210.	Net adjustments/reversals of intangible assets	-1,664	-1,402
220.	Other operating expenses/income	22,510	20,982
230.	**Operating expenses**	**-123,602**	**-104,241**
270.	Gains (loss) from disposal of investments	-1	-10
280.	**Net profit (loss) from operating activities before income taxes**	**169,245**	**120,584**
290.	Income taxes for the period on operating activities	-29,118	-31,881
300.	**Net profit (loss) after income taxes**	**140,127**	**88,703**
310.	Income (loss) of disposal groups, net of taxes	-	2,867
320.	**Net profit (loss) for the period**	**140,127**	**91,570**
330.	Minority interests for the period	-	-3,127
340.	**Net profit (loss) for the period of the Parent Company**	**140,127**	**88,443**

STATEMENT OF COMPREHENSIVE INCOME

Items

(€ THOUSAND)		30.06.2015	30.06.2014
10.	**Net profit for the period**	**140,127**	**91,570**
	Other income, net of income taxes		
	without transfer to profit or loss account		
40.	Actuarial gains (losses) from defined benefit plans	-29	-254
	with transfer to profit or loss account		
100.	AFS financial assets	-20,584	14,229
130.	**Total other income, net of income taxes**	**-20,613**	**13,975**
140.	**Comprehensive income**	**119,514**	**105,545**
150.	Comprehensive income attributable to Minority Interests	-	-3,127
160.	**Consolidated comprehensive income attributable to the Parent Company**	**119,514**	**102,418**

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 31.12.2014	**115,677**	**-**	**45,575**	**188,808**	**7,401**	**17,983**	**-**	**-**	**-41**	**160,905**	**536,308**	**536,308**	**-**
Change in opening balances	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount at 01.01.2015	115,677	-	45,575	188,808	7,401	17,983	-	-	-41	160,905	536,308	536,308	-
Allocation of net income of the previous year:	-	-		47,474	-	-	-	-	-	-160,905	-113,431	-113,431	-
- Reserves	-	-	-	47,474	-	-	-	-	-	-47,474	-	-	-
- Dividends and other allocations	-	-	-	-	-	-	-	-	-	-113,431	-113,431	-113,431	-
Change in reserves	-	-	-	- 1	785	-	-	-	-	-	784	784	-
Transactions on net equity:	141	-	1,526	-	- 105	-	-	-	-	-	1,562	1,562	-
- Issue of new shares	141	-	1,526	-	- 180	-	-	-	-	-	1,487	1,487	-
- Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
- Interim dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
- Extraordinary dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
- Change in equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
- Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
- Stock options	-	-	-	-	75	-	-	-	-	-	75	75	-
Comprehensive income	-	-	-	-	-	-20,613	-	-	-	140,127	119,514	119,514	-
Net equity at 30.06.2015	**115,818**	**-**	**47,101**	**236,281**	**8,081**	**-2,630**	**-**	**-**	**-41**	**140,127**	**544,737**	**544,737**	**-**
Net equity, Group	**115,818**	**-**	**47,101**	**236,281**	**8,081**	**-2,630**	**-**	**-**	**-41**	**140,127**	**544,737**	**-**	**-**
Net equity, Minority interest	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

(€ 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 31.12.2013	**116,817**	**-**	**37,302**	**159,006**	**7,047**	**5,460**	**-**	**-2,400**	**-41**	**145,941**	**469,132**	**463,093**	**6,039**
Change in opening balances	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount at 01.01.2014	116,817	-	37,302	159,006	7,047	5,460	-	-2,400	-41	145,941	469,132	463,093	6,039
Allocation of net income of the previous year:	-	-		33,918	-	-	-	2,400	-	-145,941	-109,623	-109,623	-
- Reserves	-	-	-	33,918	-	-	-	-	-	-33,918	-	-	-
- Dividends and other allocations	-	-	-	-	-	-	-	2,400	-	-112,023	-109,623	-109,623	-
Change in reserves	-	-	-	-	271	-	-	-	-	-	271	270	1
Transactions on net equity:	533	-	5,578	-	-1,001	-	-	-	-	-	5,110	5,110	-
- Issue of new shares	533	-	5,578	-	-1,148	-	-	-	-	-	4,963	4,963	-
- Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
- Interim dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
- Extraordinary dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
- Change in equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
- Derivatives on treasury shares	-	-	-	-	-	-	-	-	-		-	-	-
- Stock options	-	-	-	-	147	-	-	-	-	-	147	147	-
Comprehensive income	-	-	-	-	-	13,975	-	-	-	91,570	105,545	102,418	3,127
Net equity at 30.06.2014	**117,350**	**-**	**42,880**	**192,924**	**6,317**	**19,435**	**-**	**-**	**-41**	**91,570**	**470,435**	**461,268**	**9,167**
Net equity, Group	**115,428**	**-**	**42,880**	**188,806**	**6,317**	**19,435**	**-**	**-**	**-41**	**88,443**	**461,268**	**-**	**-**
Net equity, Minority interest	**1,922**	**-**	**-**	**4,118**	**-**	**-**	**-**	**-**	**-**	**3,127**	**9,167**	**-**	**-**

CASH FLOW STATEMENT

Indirect method

(€ THOUSAND)	30.06.2015	30.06.2014
A. OPERATING ACTIVITIES		
1. Operations	**129,118**	**96,696**
Net profit (loss) for the period	140,127	91,570
Gain/loss on HFT financial assets and liabilities	497	- 535
Gain/loss on hedging assets	-	-
Net adjustments due to impairment	3,327	4,491
Net adjustments of property, equipment and intangible assets	2,243	2,074
Net provisions for liabilities and contingencies and other costs/revenues	25,537	12,948
Taxes and duties not paid	-6,383	2,880
Adjustments of discontinued operations	-	260
Other adjustments	-36,230	-16,992
2. Liquidity generated by/used for financial assets (+/-)	**-743,042**	**-849,423**
HFT financial assets	-121,738	200,595
Financial assets measured at fair value	-	-
AFS financial assets	-216,872	-276,761
Loans to banks: repayable on demand	-257,235	-246,430
Loans to banks: other receivables	-30,749	-368,516
Loans to customers	-120,721	-126,797
Other assets	4,273	-31,513
3. Liquidity generated by/used for financial liabilities (+/-)	**-266,794**	**465,184**
Due to banks: repayable on demand	-1,306	-49,782
Due to banks: other payables	-791,006	-465,986
Due to customers	403,546	927,454
Securities issued	-	-
HFT financial liabilities	-1,851	- 815
Financial liabilities measured at fair value	-	-
Other liabilities	123,823	54,313
Net liquidity generated by/used for operating activities	**-880,718**	**-287,543**

Indirect method

(€ THOUSAND)	30.06.2015	30.06.2014
B. INVESTING ACTIVITIES		
1. Liquidity generated by:	**926,451**	**505,580**
Disposal of equity investments	-	-
Dividends received	-	-
Disposal of HTM financial assets	926,451	505,580
Disposal of property and equipment	-	-
Disposal of intangible assets	-	-
Disposal of business units	-	-
2. Liquidity used for:	**- 788**	**-111,654**
Purchase of equity investments	-	-
Purchase of HTM financial assets	-	-111,208
Purchase of property and equipment	- 690	- 373
Purchase of intangible assets	-98	-73
Purchase of business units and equity investments in subsidiaries	-	-
Net liquidity generated by/used for investing activities	**925,663**	**393,926**
C. FUNDING ACTIVITIES		
Issue/purchase of treasury shares	1,487	4,963
Issue/purchase of equity instruments	-	-
Distribution of dividends and other	-113,431	-109,623
Net liquidity generated by/used for funding activities	**-111,944**	**-104,660**
NET LIQUIDITY GENERATED BY/USED FOR IN THE PERIOD	**-66,999**	**1,723**
Reconciliation		
Cash and cash equivalents at period-start	80,450	9,613
Liquidity generated /used in the period	-66,999	1,723
Cash and cash equivalents – effects of exchange rate fluctuations	-	-
Cash and cash equivalents at period-end	**13,451**	**11,336**

Notes and comments

PART A - ACCOUNTING POLICIES

A.1 General

The consolidated half-year financial statements have been drawn-up in compliance with article 154-ter of Italian 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:

- **the Condensed Half-year Financial Statements** prepared in a consolidated form, 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** in charge of preparing the Company's financial reports 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 Consolidated 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 Consolidated 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;
- **a Statement of Other Comprehensive Income (OCI)**, 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 and Comments** 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 Comments. There were no derogations of the application of international accounting standards (IASs/IFRSs).

In detail, IAS 34 – *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 latest 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 Condensed Consolidated Half-year Financial Statements were prepared in euros. The amounts included in the Financial Statements and the figures in the Notes and Comments are expressed in thousands of euro. Unless otherwise stated, the amounts reported in the interim Report on Operations are expressed in thousands of euro.

The measurement standards have been adopted on a going-concern basis and are shaped by the principles of accruals-basis accounting and the relevance and meaningfulness of accounting disclosures. Economic substance takes precedence over legal form.
In further detail, the directors are reasonably certain that the Bank will continue to operate in its current form for the foreseeable future (at least 12 months) and have prepared the Financial Statements on a going-concern basis.
Any uncertainty detected has not been deemed material and does not cast doubt on the Group's ability to operate as a going concern.

Contents 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 third update published on 22 December 2014.

Accounts that do not include items pertaining to the year under review or the previous year 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 loss attributable to minority interests is presented with a positive sign.
In application of IAS 34, Notes and Comments include only the most significant sections and tables. Sections or tables with nil amounts are not included in the Notes and Comments.

The Statement of Other Comprehensive Income consists of items that present changes in the value of assets reported during the year 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* 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 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 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 fees; 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 advisors and employees and any related advance payments.

A.1.3 Scope of consolidation and business combinations

1. Scope of consolidation

The companies consolidated by the Group in accordance with IFRS 10 include the Parent Company, Banca Generali S.p.A., and the following subsidiaries:

COMPANY NAME	REGISTERED OFFICE	TYPE OF CONTROL	SHAREHOLDING RELATIONSHIP		% OF VOTES AT ORDINARY SHAREHOLDERS' MEETING
			INVESTOR	% OF OWNERSHIP INTEREST	
A. Companies in consolidated accounts					
A.1 recognised using the line-by-line method					
BG Fiduciaria SIM S.p.A.	Trieste	1	Banca Generali	100.00%	100.00%
BG Fund Management Luxembourg S.A.	Luxembourg	1	Banca Generali	100.00%	100.00%
Generfid S.p.A.	Milan	1	Banca Generali	100.00%	100.00%

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

The consolidated accounts include the separate accounts of the Parent Company and its subsidiaries at 30 June 2015, reclassified and adjusted where necessary to take account of consolidation requirements. The most important intra-Group transactions, influencing both the balance sheet and profit and loss account, were eliminated. Unreconciled amounts were recognised in other assets/liabilities and other revenues/expenses, respectively.

2. Other information

Consolidation methods

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

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

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

The most important intra-Group transactions, influencing both the balance sheet and profit and loss account, were eliminated. Unreconciled amounts were recognised in other assets/liabilities and other revenues/expenses, respectively.

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

Business combinations

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

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

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

Business combinations of entities under common control

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

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

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

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

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

The Consolidated Half-year Financial Statements were approved by the Board of Directors of Banca Generali on 28 July 2015 and its publication was authorised, pursuant to IAS 10, as of the same date.

No events occurred after 30 June 2015 and until the date of approval of the Consolidated Half-year Financial Statements that would make it necessary to adjust the results presented in the consolidated half-year report at that date.

A.1.5 Other information

Measurement

The preparation of the Consolidated Half-year Financial Statements 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 judgments, 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 receivables from product companies for the placement of financial products and services (pay in);
- the quantification of the financial advisor network's remuneration (pay out) for June 2015 and fee-based incentive measures for the first six months of the year;
- the quantification of provisions for personnel incentives;
- the quantification of provisions for administrative expenses and the stamp duty;
- the quantification of provisions for liabilities and contingencies;
- the determination of the fair value of financial instruments used for reporting purposes and any required reports;
- the determination of value adjustments and reversals 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 2014 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 2015. For further information on this subject, the reader is referred to the 2014 Financial Statements.

Non-recurring Significant Events and Transactions

During the half 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).

Effects of the de-merger of the former GIL business unit

On 1 July 2014, the partial de-merger by the Luxembourg subsidiary BGFML S.A. of the business unit responsible for managing funds/Sicavs placed by the Generali Group's insurance companies (former GIL business unit) was finalised; the said unit was therefore excluded from the Banking Group's scope of consolidation.
For this reason, in the comparative consolidated Profit and Loss Account as of 30 June 2014 the profit and loss components of the business line reported in the half year were reclassified together in the Profit and Loss Statement item "Profit (loss) of disposal groups".
In this regard, it should be noted that an equal amount of the result of the former GIL business line was recognised in profit attributable to minority interests.
Since the transaction was undertaken with retroactive effect for accounting purposes from 1 January 2014, in the Consolidated Interim Report on Operations as of 30 June 2015 the comparative accounting situation was restated and presented net of the profit and loss items associated with the business unit sold.

Audit

BDO S.p.A. carried out a limited audit of the Consolidated Half-year Financial Statements.

A.2 Accounting standards adopted by the Banca Generali Group

This Section sets out the accounting standards adopted for the preparation of the Consolidated Condensed Half-year Financial Statements as of 30 June 2015, 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 2014, 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 2015, several amendments to the IASs/IFRSs entered into force.

International Accounting Standards endorsed in 2014 and effective as of 2015	ENDORSEMENT REGULATIONS	PUBLICATION DATE	EFFECTIVE DATE
IFRIC 21 – Levies	634/2014	14.06.2014	01.01.2015
Annual Improvements to IFRSs 2011–2013 Cycle: IFRS 3 - 13, IAS 40	1361/2014	19.12.2014	01.01.2015
Annual Improvements to IFRSs 2010–2012 Cycle: IFRS 2 -3 - 8; IAS 16 -24 - 38	28/2015	09.01.2015	01.01.2015
Amendments to IAS 19: Defined Benefit Plans: Employee Contributions	28/2015	09.01.2015	01.01.2015

A.3 Information on fair value

IFRS 13 requires that entities that apply IASs/IFRSs make adequate disclosure of the fair value measurements used for each class of financial instruments, and in particular:

1) the level in the fair value hierarchy into which the fair value measurements are categorised, segregating instruments belonging to different categories;
2) any significant transfers between Level 1 and Level 2 during the year;
3) for instruments measured in Level 3, a reconciliation from the beginning balances to the ending balances, disclosing separately changes in profit and loss (in the profit and loss account and net equity), purchases and sales, and transfers out of Level 3 due to the use of market data.

The criteria and procedures for determining fair value used to measure portfolios of financial assets and liabilities in these Consolidated Half-Year Financial Statements are the same as those applied in the preparation of the Consolidated Financial Statements at 31 December 2014 and illustrated in Part A, Section 4, of the Notes and Comments to those Financial Statements.

Fair value hierarchy

International accounting standard IFRS 13 requires that financial assets be classified according to a hierarchy of levels (the "fair-value hierarchy") that reflects the significance of the inputs used in valuation.

- **Level 1**: quoted prices in active markets, as defined in IFRS 13, for identical instruments;
- **Level 2**: inputs other than the price quotations indicated above, observable on the market (level 2) either directly (prices) or indirectly (price-derived data);
- **Level 3**: inputs not based on observable market data.

Transfers between levels refer to the end of the accounting period of reference (half-yearly or annual), in an independent manner, and generally enter into effect from the beginning of the year of reference. Transfers to and from Level 3 are infrequent and primarily involve the occurrence of situations of default, in which the Bank's subjective assessment of the recoverability of the debt takes pre-eminence.

A.3.1 Breakdown by fair-value levels of assets and liabilities measured at fair value on a recurring basis

	30.06.2015				
ASSETS/LIABILITIES AT FAIR VALUE	L1	L2	L3	AT COST	TOTAL
1. HFT financial assets	127,658	15,147	13,028	-	**155,833**
2. Financial assets at fair value	-	-	-	-	**-**
3. AFS financial assets	2,376,388	26,519	3,700	7,422	**2,414,029**
4. Hedging derivatives	-	-		-	**-**
5. Property and equipment	-	-	-	-	**-**
6. Intangible assets	-	-	-	-	**-**
Total	**2,504,046**	**41,666**	**16,728**	**7,422**	**2,569,862**
1. HFT financial liabilities	795	1,268	-	-	**2,063**
2. Financial liabilities at fair value	-	-	-	-	**-**
3. Hedging derivatives	-	-	-	-	**-**
Total	**795**	**1,268**	**-**	**-**	**2,063**

	31.12.2014				
ASSETS/LIABILITIES AT FAIR VALUE	L1	L2	L3	AT COST	TOTAL
1. HFT financial assets	2,777	16,098	13,965	-	**32,840**
2. Financial assets at fair value	-	-	-	-	**-**
3. AFS financial assets	2,191,943	30,888	3,434	9,143	**2,235,408**
4. Hedging derivatives	-	-	-	-	**-**
5. Property and equipment	-	-	-	-	**-**
6. Intangible assets	-	-	-	-	**-**
Total	**2,194,720**	**46,986**	**17,399**	**9,143**	**2,268,248**
1. HFT financial liabilities	-	2,655	-	-	**2,655**
2. Financial liabilities at fair value	-	-	-	-	**-**
3. Hedging derivatives	-	-	-	-	**-**
Total	**-**	**2,655**	**-**	**-**	**2,655**

A.3.2 Annual changes in assets measured at fair value on a recurring basis (level 3)

	FINANCIAL ASSETS		
	TRADING	AFS AT FAIR VALUE	AFS AT COST
1. Amount at period-start	**13,965**	**3,434**	**9,143**
2. Increases	**-**	**266**	**225**
2.1 Purchases	-	250	225
2.2 Gains through:			
2.2.1 Profit and loss	-	-	-
of which: capital gains	-	-	-
2.2.2 Net equity	-	8	-
2.3 Transfers from other levels	-	8	-
2.4 Other increases	-	-	-
of which business combinations			
3. Decreases	**937**	**-**	**1,946**
3.1 Disposals	-	-	528
3.2 Redemptions	937	-	-
3.3 Losses through:			
3.3.1 Profit and loss	-	-	1,418
of which: capital losses	-	-	*1,418*
3.3.2 Net equity	-	-	-
3.4 Transfers to other levels	-	-	-
3.5 Other decreases	-	-	-
4. Amount at period-end	**13,028**	**3,700**	**7,422**

A.3.3 Breakdown by fair-value levels of assets and liabilities not measured at fair value or measured at fair value on a recurring basis

FINANCIAL ASSETS/LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS	30.06.2015			
	BV	L1	L2	L3
1. HTM financial assets	465,937	490,587	11,986	-
2. Loans to banks	572,539	34,874	541,077	-
3. Loans to customers	1,917,967	27,714	1,088,420	797,196
4. Property and equipment held as investments	-	-	-	-
5. Non-current assets available for sale and disposal groups	-	-	-	-
Total	**2,956,443**	**553,175**	**1,641,483**	**797,196**
1. Due to banks	234,668	-	234,676	-
2. Due to customers	4,667,873	-	4,623,881	43,629
3. Securities issued	-	-	-	-
4. Liabilities associated to assets held for sale	-	-	-	-
Total	**4,902,541**	**-**	**4,858,557**	**43,629**

FINANCIAL ASSETS/LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS	31.12.2014			
	BV	L1	L2	L3
1. HTM financial assets	1,403,123	1,438,225	14,106	-
2. Loans to banks	285,620	97,883	193,086	-
3. Loans to customers	1,794,959	34,671	1,042,657	760,646
4. Property and equipment held as investments	-	-	-	-
5. Non-current assets available for sale and disposal groups	-	-	-	-
Total	**3,483,702**	**1,570,779**	**1,249,849**	**760,646**
1. Due to banks	1,038,889	-	1,038,889	-
2. Due to customers	4,285,398	-	4,242,129	42,263
3. Securities issued	-	-	-	-
4. Liabilities associated to assets held for sale	-	-	-	-
Total	**5,324,287**	**-**	**5,281,018**	**42,263**

PART B - INFORMATION ON THE CONSOLIDATED BALANCE SHEET

1. Assets

1.1 Held-for-trading financial assets and liabilities - Item 20

1.1.1 HFT financial assets: debtors/issuers

ITEMS/VALUES	30.06.2015	31.12.2014
A. Cash assets		
1. Debt securities	**147,234**	**21,627**
a) Governments and Central Banks	125,183	396
b) Other public institutions	-	-
c) Banks	9,022	7,266
d) Other issuers	13,029	13,965
2. Equity securities	**1,362**	**1,244**
a) Banks	8	1
b) Other issuers	1,354	1,243
- insurance companies	713	655
- financial companies	-	-
- non-financial companies	641	588
- other entities	-	-
3. UCITS units	**5,507**	**6,147**
4. Loans	**-**	**-**
a) Governments and Central Banks	-	-
b) Other public institutions	-	-
c) Banks	-	-
d) Other issuers	-	-
Total A	**154,103**	**29,018**
B. Derivatives		
a) Banks	1,052	1,865
b) Customers	678	1,957
Total B	**1,730**	**3,822**
Total (A+B)	**155,833**	**32,840**

Trading of UCITS units for the period refers to the acquisition and sales of third-party monetary funds for temporary treasury balance investment purposes.
At 30 June 2015, UCITS units referred for 4.8 million euros to BG Selection and BG Sicav sub-funds and for 0.7 million euros to an ETF Lyxor fund. During the first half of 2015, the hedge instrument Finint was reimbursed.

1.1.2 HFT financial assets: year changes

	DEBT SECURITIES	EQUITY SECURITIES	UCITS UNITS	FINANCING	TOTAL
A. Amount at period-start	**21,627**	**1,244**	**6,147**	**-**	**29,018**
B. Increases	**157,123**	**3,692**	**1,734,176**	**-**	**1,894,991**
B1. Purchases	156,202	3,429	1,733,716	-	**1,893,347**
B2. Fair value increases	22	127	242	-	**391**
B3. Other changes	899	136	218	-	**1,253**
C. Decreases	**31,516**	**3,574**	**1,734,816**	**-**	**1,769,906**
C1. Sales	29,993	3,507	1,734,810	-	**1,768,310**
C2. Reimbursements	1,352	-	-	-	**1,352**
C3. Decreases in fair value	88	12	3	-	**103**
C4. Transfer from other portfolios	-	-	-	-	**-**
C5. Other changes	83	55	3	-	**141**
D. Amount at period-end	**147,234**	**1,362**	**5,507**	**-**	**154,103**

1.2 Available-for-sale financial assets - Item 40

1.2.1 AFS financial assets: debtors/issuers

ITEMS/VALUES	30.06.2015	31.12.2014
1. Debt securities	**2,373,888**	**2,184,209**
a) Governments and Central Banks	2,163,501	1,995,244
b) Other public institutions	-	-
c) Banks	173,390	148,487
d) Other issuers	36,997	40,478
2. Equity securities	**19,361**	**20,311**
a) Banks	3,880	3,444
b) Other issuers	15,481	16,867
- insurance companies	747	783
- financial companies	2,555	2,913
- non-financial companies	12,179	13,164
- other entities	-	7
3. UCITS units	**20,780**	**30,888**
4. Loans	**-**	**-**
a) Governments and Central Banks	-	-
b) Other public institutions	-	-
c) Banks	-	-
d) Other issuers	-	-
Total	**2,414,029**	**2,235,408**

1.2.2 AFS financial assets: year changes

	DEBT SECURITIES	EQUITY SECURITIES	UCITS UNITS	FINANCING	TOTAL
A. Amount at period-start	**2,184,209**	**20,311**	**30,888**	**-**	**2,235,408**
B. Increases	**1,032,156**	**1,267**	**2,881**	**-**	**1,036,304**
B1. Purchases	1,007,964	232	1,250	-	**1,009,446**
B2. Increases in fair value	2,152	1,035	550	-	**3,737**
B3. Reversals	-	-	-	-	**-**
- P&L	-	X	-	-	**-**
- net equity	-	-	-	-	**-**
B4. Transfer from other portfolios	-	-	-	-	**-**
B5. Other changes	22,040	-	1,081	-	**23,121**
C. Decreases	**842,477**	**2,217**	**12,989**	**-**	**857,683**
C1. Sales	558,077	537	12,802	-	**571,416**
C2. Reimbursements	236,676	-	-	-	**236,676**
C3. Decreases in fair value	18,140	262	29	-	**18,431**
C4. Impairment losses	-	1,418	-	-	**1,418**
- P&L	-	1,418	-	-	**1,418**
- net equity	-	-	-	-	**-**
C5. Transfer to other portfolios	-	-	-	-	**-**
C6. Other changes	29,584	-	158	-	**29,742**
D. Amount at period-end	**2,373,888**	**19,361**	**20,780**	**-**	**2,414,029**

The equity securities portfolio includes for 6,589 thousand euros "minor equity investments" and largely related to service agreements concluded by the Group (CSE, GBS Caricese, SWIFT, etc.), usually non-negotiable. Those interests are measured at purchase cost in the absence of reliable estimates of fair value.

The investment in Simgenia Sim Spa (15% of share capital), a company of the Generali group held for sale (528 thousand euros), was sold to the subsidiary Alleanza Assicurazione for a consideration of 337 thousand euros, with a capital loss of 191 thousand euros. Previously during the six-month period a payment into the loss coverage account was made in the amount of 225 thousand euros.

The equity segment includes the capital contribution to the profit-sharing agreement for a movie production in 2014 for the making of the movie "Le leggi del Desiderio". This investment was written down for impairment in the amount of 1,418 thousand euros, based on the box office results of the movie at 30 June 2015. In any event, the tax credit of 840 thousand euros accrued on that result has been recognised among other net operating income.

The UCITS portfolio includes 14,395 thousand euros related to an interest of about 19% (equal to 3.3% of voting rights) in Tyndaris European Commercial Real Estate S.A. (TECREF), an alternative fund under Luxembourg law, which through the master fund invests in financial instruments linked to the European business real estate market, particularly in mezzanine instruments. The investment has an expected contractual duration of 5 years.
The first half of 2015 also witnessed the purchase of a minority interest in Algebris fund for 250 thousand euros.
The remaining portion of the UCITS portfolio is entirely comprised of sub-funds of the Sicav BG Selection Sicav.

1.3 Held-to-maturity financial assets – Item 50

1.3.1 HTM financial assets: debtors/issuers

ITEMS/VALUES	30.06.2015	31.12.2014
1. Debt securities	**465,937**	**1,403,123**
a) Governments and Central Banks	428,859	1,354,154
b) Other public institutions	-	-
c) Banks	22,901	31,478
d) Other issuers	14,177	17,491
2. Loans	**-**	**-**
a) Governments and Central Banks	-	-
b) Other public institutions	-	-
c) Banks	-	-
d) Other issuers	-	-
Total	**465,937**	**1,403,123**

Held-to-maturity financial assets were subjected to analytical impairment testing and no impairment was detected. The portfolio is also hedged by a collective reserve established to cover contingent losses, as limited to the non-governmental portion, for an overall amount of 417 thousand euros.

1.3.2 HTM financial assets: year changes

	DEBT SECURITIES	FINANCING	TOTAL
A. Amount at period-start	**1,403,123**	**-**	**1,403,123**
B. Increases	**23**	**-**	**23**
B1. Purchases	-	-	**-**
B2. Reversals	23	-	**23**
B3. Transfer from other portfolios	-	-	**-**
B4. Other changes	-	-	**-**
C. Decreases	**937,209**	**-**	**937,209**
C1. Sales	-	-	**-**
C2. Reimbursements	926,451	-	**926,451**
C3. Adjustments	-	-	**-**
C4. Transfer to other portfolios	-	-	**-**
C5. Other changes	10,758	-	**10,758**
D. Amount at period-end	**465,937**	**-**	**465,937**

1.4 Loans to banks – Item 60

1.4.1 Loans to banks: categories

TYPE OF TRANSACTIONS/VALUES	30.06.2015 BV	31.12.2014 BV
A. Loans to Central Banks	**117,141**	**45,891**
1. Term deposits	-	-
2. Mandatory reserve	117,141	45,891
3. Repurchase agreements	-	-
4. Other	-	-
B. Loans to banks	**455,398**	**239,729**
1. Loans	352,721	91,626
1.1 Current accounts and demand deposits	276,577	91,453
1.2 Term deposits	75,084	83
1.3. Other:	1,060	90
Repurchase agreements	-	-
Finance lease	-	-
Other	1,060	90
2. Debt securities	102,677	148,103
2.1 Structured securities	-	-
2.2. Other debt securities	102,677	148,103
Total (book value)	**572,539**	**285,620**

A specific impairment test was conducted on debt portfolio classified among loans to banks and no impairment was detected. Moreover, a 615 thousand euros collective reserve was allocated for contingent losses on the securities portfolio that was not subjected to analytical impairment.

1.5 Loans to customers – Item 70

1.5.1 Loans to customers: categories

(€ THOUSAND)	30.06.2015	31.12.2014
Current accounts	919,532	931,341
Personal loans	776,804	693,619
Other financing and loans not in current accounts	9,783	11,612
Short-term term deposits on the new MIC	55,000	-
Loans	**1,761,119**	**1,636,572**
Total loans	**1,761,119**	**1,636,572**
Operating loans to product companies	89,336	81,166
Sums advanced to Financial Advisors	23,870	30,545
Stock exchange interest-bearing daily margin	3,936	2,092
Changes to be debited and other loans	5,108	9,239
Operating loans and other loans	**122,250**	**123,042**
Debt securities	**34,598**	**35,345**
Total loans to customers	**1,917,967**	**1,794,959**

At period-end, loans were made on the interbank new MIC (Mercato Interbancario Collateralizzato) for a total amount of 55 million euros. This market is managed by *Cassa Compensazione e Garanzia* (CC&G), which also operates as a central counterparty to assume the credit risk.

A specific impairment test was conducted on debt portfolio classified among loans to customers and no impairment was detected. Moreover, a 4,223 thousand euro collective reserve was allocated for contingent losses on the securities portfolio that was not subjected to analytical impairment.

Net non-performing loans amounted to 36.1 million euros (1.9% of total loans to customers).

Non-performing loans consist mainly of positions originating in the portfolio of Banca del Gottardo Italia, fully covered by the loan guarantee granted by BSI upon the sale of the foregoing company (indemnity) and chiefly secured to that end by cash collateral payments by the counterparty. Net of that portfolio, the weight of non-performing exposures declined to 0.45%.
The increase in bad loans was essentially attributable to positions covered by indemnities of approximately 8.2 million euros, previously classified as substandard loans.

The most significant position in this category is a loan of 11.2 million euros to Investimenti Marittimi (gross of default interest), subject to an impairment loss of 8.4 million euros.

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

(€ THOUSAND)	GROSS EXPOSURE	VALUE ADJUSTMENTS	NET EXPOSURE 2015	NET EXPOSURE 2014	CHANGE		INDEMITY-BACKED EXPOSURE	RESIDUAL UNSECURED
					AMOUNT	%		
Bad loans	40,579	-16,384	24,195	15,733	8,462	53.8%	22,501	1,694
of which loans	*37,170*	*-13,703*	*23,467*	*14,942*	*8,525*	*57.1%*	*22,501*	*966*
of which operating loans	*3,409*	*-2,681*	*728*	*791*	*-63*	*-8.0%*	*-*	*728*
Probable defaults	18,554	-9,487	9,067	19,307	-10,240	-53.0%	4,947	4,120
of which non-performing forborne exposures	*1,846*	*-642*	*1,204*	*1,223*	*-19*	*-1.6%*	*-*	*1,204*
Expired loans/outstanding over 90 days	3,108	-289	2,819	6,198	-3,379	-54.5%	-	2,819
Total non-performing loans	**62,241**	**-26,160**	**36,081**	**41,238**	**-5,157**	**-12.5%**	**27,448**	**8,633**
Performing loans	1,883,570	-1,684	1,881,886	1,753,721				
Total loans to customers	**1,945,811**	**-27,844**	**1,917,967**	**1,794,959**				

Net non-performing exposures relating to operating loans amounted instead to 728 thousand euros and referred primarily to litigation or pre-litigation positions against former Financial Advisors.

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

1.6.1 Breakdown of property, equipment and intangible assets

(€ THOUSAND)	30.06.2015	31.12.2014
A. Property and equipment		
1. Operating		
1.1 Owned assets		
- Furniture and fittings	2,762	2,563
- ADP machines and equipment	619	621
- Miscellaneous machines and equipment	558	645
1.2 Leased		
Total property and equipment	**3,939**	**3,829**
B. Intangible assets		
with indefinite lives		
- Goodwill	66,065	66,065
with finite lives – at cost		
- Relations with customers of the former Banca del Gottardo, former CSI	18,896	19,948
- Charges for legacy systems	1,052	1,610
- Other software costs	169	124
- No-load fees to be amortised	-	-
- Other assets and assets in progress	2,217	2,218
Total intangible assets	**88,399**	**89,965**
Total property, equipment and intangible assets	**92,338**	**93,794**

1.6.2 Property, equipment and intangible assets: changes

	GOODWILL	INTANGIBLE ASSETS	PROPERTY AND EQUIPMENT	30.06.2015
Net amount at period period-start	**66,065**	**23,900**	**3,829**	**93,794**
Increases	**-**	**98**	**689**	**787**
Purchases	-	98	689	787
Other changes	-	-	-	-
of which business combinations	-	-	-	-
Decreases	**-**	**1,664**	**579**	**2,243**
Sales	-	-	-	-
Adjustments	-	1,664	579	2,243
of which:				
a) amortisation/depreciation	-	*1,664*	*579*	*2,243*
b) write-downs	-	-	-	-
Other changes	-	-	-	-
Amount at period-end	**66,065**	**22,334**	**3,939**	**92,338**

1.7 Other Assets – Item 160

1.7.1 Breakdown of other assets

ITEMS/VALUES	30.06.2015	31.12.2014
Fiscal items	**39,436**	**36,400**
Advances paid to fiscal authorities – current account withholdings	1,397	1,524
Advances paid to fiscal authorities – stamp duty	35,876	16,973
Sums due from fiscal authorities for advances on capital gains	-	16,109
Excess payment of substitute tax for tax shield	634	634
Fiscal authorities / VAT	-	447
Sums due from fiscal authorities for taxes to be refunded - other	883	89
Other sums due from fiscal authorities	646	624
Leasehold improvements	**2,007**	**1,228**
Sundry advances to suppliers and employees	**11,406**	**12,460**
Operating receivables not related to financial transactions	**834**	**671**
Cheques under processing	**15,681**	**17,161**
C/a cheques drawn on third parties under processing	139	188
Our c/a cheques under processing c/o service	12,426	10,321
Cheques - other amounts under processing	3,116	6,652
Other amounts to be debited under processing	**32,753**	**19,298**
Amounts to be settled in the clearing house (debits)	2,219	279
Clearing accounts for securities and funds procedure	28,049	16,866
Other amounts to be debited under processing	2,485	2,153
Amounts receivable for legal disputes related to non-credit transactions	**3,641**	**4,094**
Trade receivables from customers and banks that cannot be traced back to specific items	**19,208**	**27,287**
Other amounts	**65,208**	**54,643**
Prepayments for the new supplementary commissions for FAs	60,498	50,670
Prepayments of exclusive portfolio management fees	1,942	2,363
Other accrued income and deferred charges	2,752	1,607
Sundry amounts	16	3
Total	**190,174**	**173,242**

Receivables from fiscal authorities for withholdings on current accounts and stamp duty represent the positive unbalance between payments on account ant the related payable to fiscal authorities.

1.8 Deferred tax assets and liabilities - Item 140 (Assets) and Item 80 (Liabilities)

1.8.1 Breakdown of item 140 (Assets): tax receivables

TYPE OF TRANSACTIONS/VALUES	30.06.2015	31.12.2014
Current taxation	**2,161**	**2,180**
- Sums due for taxes to be refunded	79	79
- IRES arising on National Tax Consolidation scheme	1,965	1,965
- IRES	115	136
- IRAP	2	-
Deferred tax assets	**49,352**	**38,621**
With impact on profit and loss account	**43,534**	**37,946**
- IRES	37,567	33,095
- IRAP	5,967	4,851
With impact on net equity	**5,818**	**675**
- IRES	5,024	630
- IRAP	794	45
Total	**51,513**	**40,801**

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.

1.8.2 Breakdown of item 80 (Liabilities): tax payables

TYPE OF TRANSACTIONS/VALUES	30.06.2015	31.12.2014
Current taxation	**16,260**	**17,232**
- IRES arising on National Tax Consolidation scheme	1,622	5,081
- IRES and corporate taxes	12,876	8,833
- IRAP	1,762	3,318
Deferred tax payables	**5,621**	**10,380**
With impact on profit and loss account	**1,707**	**1,549**
- IRES	1,560	1,445
- IRAP	147	104
With impact on net equity	**3,914**	**8,831**
- IRES	3,240	7,481
- IRAP	674	1,350
Total	**21,881**	**27,612**

1.8.3 Breakdown of deferred tax assets

	30.06.2015		31.12.2014	
		PURSUANT TO LAW 214/2011		PURSUANT TO LAW 214/2011
With impact on profit and loss account	**43,534**	**12,346**	**37,946**	**13,012**
Previous fiscal losses	-	-	-	-
Provisions for liabilities and contingencies	30,888	-	24,589	-
Write-downs of securities in the trading portfolio before 2008	11	-	11	-
Write-downs of securities in the AFS portfolio	-	-	-	-
Write-downs on debt securities	-	-	-	-
Credit devaluation	3,244	3,202	3,094	3,076
Redeemed goodwill (pursuant to Art. 15, para. 10, of Legislative Decree No. 185/2008)	5,544	5,544	6,048	6,048
Consolidated goodwill of BG Fiduciaria (Art. 15, para. 10-ter)	1,189	1,189	1,233	1,233
Redeemed goodwill (Art. 176, para. 2-ter of TUIR)	1,379	1,379	1,379	1,379
Other goodwill	1,032	1,032	1,276	1,276
Other operating expenses	247	-	316	-
With impact on net equity	**5,818**	**-**	**675**	**-**
Measurement at fair value of AFS financial assets	5,439	-	308	-
Actuarial losses IAS19	379	-	367	-
Total	**49,352**	**12,346**	**38,621**	**13,012**

The DTAs eligible for conversion into tax credits pursuant to Law No. 214/2011 include:

a) assets associated with goodwill redeemed in accordance with Article 10 of Legislative Decree No. 185/08 and Article 172 of TUIR;
b) assets related to goodwill recognised for tax purposes but not for accounting purposes as they refer to business combinations “under common control” (Circular Letter Assonime No. 33/2013, paragraph 3.3.2);
c) assets associated with write-downs in excess of 0.30% in connection with the banking portfolio, pursuant to article 106, para. 3 of TUIR, in the version effective until 2012 (previously eligible for deduction over 18 years on a straight-line basis);
d) assets associated with write-downs of loans to customers recognised in the financial statements in accordance with Article 106, paragraph 3, as reformulated by the 2014 Financial Stability Law, applicable for financial years 2013 and 2014 (formerly deductible in the financial year of reference and in the following four years using the straight-line method);
e) assets related to 25% of value adjustments of loans operated in 2015 pursuant to new Article 106, paragraph 3, introduced by Law Decree No. 83 of 27 June 2015.

The above-mentioned Legislative Decree No. 83/2015, made effective the full deductibility of value adjustments of loans in the year in which they are recognised and changed the deductibility percentages of prior write-downs yet to be deducted at 31 December 2014 (and by 25% of value adjustments for 2015). It also envisages a ten-year time horizon – from 2016 to 2025 – with variable annual rates for total repayment.

1.8.4 Breakdown of deferred tax liabilities

	30.06.2015	31.12.2014
With impact on profit and loss account	**1,707**	**1,549**
Capital gains by instalments from the transfer of the funds business unit	422	563
Provision for termination indemnity	155	155
Goodwill	1,130	831
With impact on net equity	**3,914**	**8,831**
Measurement at fair value of AFS financial assets	3,914	8,831
Total	**5,621**	**10,380**

1.8.5 Change in deferred tax assets (offsetting entry to the Profit and Loss Account)

	30.06.2015	31.12.2014
1. Amount at period-start	**37,946**	**33,687**
2. Increases	**12,416**	**15,321**
2.1 Deferred tax assets for the period	12,416	15,263
a) relative to prior years	178	245
b) change in accounting criteria	-	-
c) reversal value	-	-
d) other	12,238	15,018
2.2 New taxes or increases in tax rates	-	58
2.3 Other increases	-	-
3. Decreases	**6,828**	**11,062**
3.1 Deferred tax assets eliminated in the period	6,828	11,062
a) transfers	6,828	10,542
b) write-downs for non-recoverability	-	520
c) change in accounting criteria	-	-
3.2 Decreases in tax rates	-	-
3.3 Other decreases	-	-
a) conversion into tax credits pursuant to Law No. 214/2011	-	-
b) other	-	-
4. Amount at period-end	**43,534**	**37,946**

1.8.6 Change in deferred tax assets pursuant to Law No. 214/2011

	30.06.2015	31.12.2014
1. Amount at period-start	**13,012**	**11,617**
2. Increases	**125**	3,965
of which business combinations	-	-
3. Decreases	**791**	2,570
3.1 Transfers	791	2,311
3.2 Conversion into tax credits	-	-
a) due to losses for the period	-	-
b) due to fiscal losses	-	-
3.3 Other decreases	-	259
4. Amount at period-end	**12,346**	**13,012**

1.8.7 Change in deferred tax liabilities (offsetting entry to the Profit and Loss Account)

	30.06.2015	31.12.2014
1. Amount at period-start	**1,549**	**2,035**
2. Increases	**298**	**128**
2.1 Deferred tax liabilities for the period	298	128
a) relative to prior years	-	-
b) change in accounting criteria	-	-
c) reversal value	-	-
d) other	298	128
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**140**	**614**
3.1 Deferred tax liabilities eliminated in the period	140	614
a) transfers	140	281
b) change in accounting criteria	-	-
c) other	-	333
3,2 Decreases in tax rates	-	-
3.3 Other decreases	-	-
4. Amount at period-end	**1,707**	**1,549**

1.8.8 Changes in deferred tax assets (offsetting entry to the Net Equity)

	30.06.2015	31.12.2014
1. Amount at period-start	**675**	**1,106**
2. Increases	**5,865**	**574**
2.1 Deferred tax liabilities for the period	5,865	574
a) relative to prior years	-	-
b) change in accounting criteria	-	-
c) other	5,865	574
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**722**	**1,005**
3.1 Deferred tax liabilities eliminated in the period	58	728
a) transfers	58	728
b) write-downs for non-recoverability	-	-
c) change in accounting criteria	-	-
3.2 Decreases in tax rates	-	-
3.3 Other decreases	664	277
4. Amount at period-end	**5,818**	**675**

The item 3.3 “Other decreases” refers to the reduction in deferred tax assets following the re-absorption of deductible temporary differences as a result of reversals of assets in the AFS portfolio.

1.8.9 Changes in deferred tax liabilities (offsetting entry to the Net Equity)

	30.06.2015	31.12.2014
1. Amount at period-start	**8,831**	**3,417**
2. Increases	**931**	**8,284**
2.1 Deferred tax liabilities for the period	931	8,284
a) relative to prior years	-	-
b) change in accounting criteria	-	-
c) other	931	8,284
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**5,848**	**2,870**
3.1 Deferred tax liabilities eliminated in the period	5,848	2,870
a) transfers	5,183	2,870
b) change in accounting criteria	-	-
c) other	665	-
3.2 Decreases in tax rates	-	-
3.3 Other decreases	-	-
4. Amount at period-end	**3,914**	**8,831**

2. Net equity and liabilities

2.1 Due to banks – Item 10

2.1.1 Due to banks: categories

TYPE OF TRANSACTIONS/VALUES	30.06.2015	31.12.2014
1. Due to Central Banks	**-**	**811,645**
2. Due to banks	**234,668**	**227,244**
2.1 Current accounts and demand deposits	4,107	5,409
2.2 Term deposits	6,341	6,792
2.3 Loans	200,465	200,734
2.3.1 Repurchase agreements	200,465	200,734
2.3.2 Other	-	-
2.4 Liabilities for repurchase commitments of own equity instruments	-	-
2.5 Other debts	23,755	14,309
Total	**234,668**	**1,038,889**

At 31 December 2014, the item "Due to central banks" referred to a LTRO entered into in 2012 and repaid in February 2015.
The item "Other debts" refers for 23,124 thousand euros to deposits made by BSI S.A. as a guarantee for some non-performing loans, arising on the acquisition of Banca del Gottardo Italia (collateral deposits), and for the remainder (614 thousand euros) to collateral margins received from counterparties in reverse repurchase agreements (100 thousand euros in 2014).

2.2 Due to customers – Item 20

2.2.1 Due to customers: categories

TYPE OF TRANSACTIONS/VALUES	30.06.2015	31.12.2014
1. Current accounts and demand deposits	4,525,275	4,090,696
2. Term deposits	-	-
3. Loans	52,176	51,312
3.3.1 Repurchase agreements	-	-
3.3.2 Other	52,176	51,312
4. Liabilities for repurchase commitments of own equity instruments	-	-
5. Other debts	90,422	143,390
Total	**4,667,873**	**4,285,398**

The item 5 "Other debts" refers for 15,925 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, other amounts available to customers and, for the remaining amount, to trade payables to the sales network.
The item 3.3.2 "Other" amounted to 52,176 thousand euros, referring entirely to the subordinated loans illustrated in the following table.

TYPE OF TRANSACTIONS/VALUES	30.06.2015	31.12.2014
Due to customers subordinated debts	**52,176**	**51,312**
Generali Versicherung subordinated loan	8,172	8,058
Generali Beteiligungs GmbH subordinated loan	44,004	43,254

Subordinated debts to customers consist of the following:

- a subordinated loan in the original amount of 40 million euros granted by the German insurance company Generali Versicherung AG to the merged company Banca BSI Italia S.p.A. The said loan, under the contractual form known as Schuldschein (loan), provides for a repayment schedule that calls for five annual instalments, the fourth of which paid on 1 October 2014, 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;
- a subordinated loan in the amount of 43 million euros from the German company Generali Beteiligungs GmbH to fund the acquisition of the Credit Suisse (Italy) S.p.A. business unit. The loan, entered into on 30 October 2014, has a ten-year term and is repayable on maturity in one instalment. Provision is also made for an early repayment option, as from the sixth year, subject to the supervisory authority's prior approval. The interest rate for the first 5 years is fixed and equal to 3.481% per annum, corresponding to the 5-year mid swap rate identified at the contract execution date, plus a spread of 300 bps; from the start of the sixth year the rate will be reparameterised to the 3-month Euribor, plus the same spread identified when the original fixed rate was determined. The loan is subordinated in the event of a default by the bank.

2.3 Financial liabilities held for trading – Item 40

2.3.1 Breakdown of HFT financial liabilities

(€ THOUSAND)	30.06.2015	31.12.2014
A. Financial liabilities	**–**	**–**
1. Due to banks	–	–
2. Due to customers	–	–
3. Debt securities	–	–
B. Derivatives	**2,063**	**2,655**
1. Financial	2,063	2,655
2. Credit	–	–
Total financial liabilities held for trading	**2,063**	**2,655**

Financial liabilities held for trading consist chiefly of trading transactions relating to currency outrights with customers as counterparty. This item has its balancing entry in assets classified under Item 20.

2.4 Other liabilities – Item 100

2.4.1 Breakdown of other liabilities

ITEMS/VALUES	30.06.2015	31.12.2014
Trade payables	**31,699**	**32,894**
Due to suppliers	27,340	29,771
Due for payments on behalf of third parties	4,359	3,123
Due to staff and social security institutions	**14,365**	**16,075**
Due to staff for accrued holidays etc.	3,990	3,669
Due to staff for productivity bonuses to be paid out	4,882	7,541
Contributions to be paid to social security institutions	2,250	2,164
Contributions to advisors to be paid to Enasarco	3,243	2,701
Tax authorities	**107,035**	**29,362**
Withholding taxes to be paid to tax authorities on behalf of employees and contract workers	4,525	4,193
Withholding taxes to be paid to tax authorities on behalf of customers	11,960	8,405
Notes to be paid into collection services	88,367	16,764
VAT payables	787	-
Tax liabilities - other (stamp duty and substitute tax on medium-/long-term loans)	1,396	-
Amounts to be debited under processing	**117,844**	**66,590**
Bank transfers, cheques and other sums payable	15,764	17,240
Amounts to be settled in the clearing house (credits)	45,378	34,212
Liabilities from reclassification of portfolio subject to collection (SBF)	1,233	601
Other amounts to be debited under processing	55,469	14,537
Sundry items	**6,646**	**4,849**
Accrued expenses and deferred income that cannot be traced back to specific items	3,328	1,443
Sums made available to customers	752	909
Sundry items	1,342	1,346
Amounts to be credited	898	608
Payables for non-performing signature loans	326	543
Total	**277,589**	**149,770**

Based on the instructions included in Circular Letter No. 262/05, write-downs of signature loans are commonly recognised among other liabilities. At 30 June 2015, this item referred only to the collective reserve for performing signature loans.

2.5 Special purpose provisions – Items 110 and 120

2.5.1 Breakdown of provisions for liabilities and contingencies

(€ THOUSAND)	30.06.2015	31.12.2014
Provision for termination indemnity	5,078	5,250
Other provisions for liabilities and contingencies	**119,892**	**94,355**
Provisions for staff expenses	8,599	11,919
Provisions for legal disputes	15,073	14,820
Provisions for contractual indemnities to the sales network	36,898	26,731
Provisions for sales network incentives	53,193	37,060
Other provisions for liabilities and contingencies	6,129	3,825
Total provisions	**124,970**	**99,605**

2.5.2 Changes in provisions for termination indemnities

	30.06.2015	31.12.2014
A. Amount at period-start	**5,250**	**4,585**
Change in opening balance	**-**	**-**
B. Increases	**82**	**803**
B.1 Provisions for the period	41	168
B.2 Other increases	41	635
of which business combination transactions	*-*	*18*
C. Decreases	**254**	**138**
C.1 Amounts paid	254	137
C.2 Other decreases	-	1
of which business combination transactions	*-*	*-*
D. Amount at period-end	**5,078**	**5,250**

The amount of termination indemnity can be considered as a non-financial defined benefit plan after the termination of the employment, in accordance with IAS 19.
The provisions were measured on the actuarial value.

The following are the main actuarial assumptions and the breakdown of the provision for the reporting period and actuarial gains/(losses):

	30.06.2015	31.12.2014
Discount rate	1.53%	1.53%
Annual inflation rate	1.50%	1.50%
Salary increase rate	1.50%	1.50%
Average duration (years)	11	11

		30.06.2015	31.12.2014
1.	Provisions:	41	168
	current service cost	2	17
	interest cost	38	151
2.	Actuarial gains and losses:	41	635
	based on financial assumptions	29	777
	based on actuarial demographic assumptions	12	-142
Total provisions for the period		**81**	**803**
Actuarial value		**5,078**	**5,250**
Value calculated Re. Article 2120 of the Italian Civil Code		**4,911**	**5,097**

2.5.3 Provisions for liabilities and contingencies: details of movements

	31.12.2014	OTHER CHANGES	USES	SURPLUS	PROVISIONS	30.06.2015
Provision for staff expenses	**11,919**	**-**	**-5,099**	**-241**	**2,020**	**8,599**
Provision for legal disputes	**14,820**	**-**	**-1,045**	**-556**	**1,854**	**15,073**
Provision for risks related to litigations connected with FAs' embezzlements	10,471	-	-215	-369	1,035	10,922
Provision for risks related to legal disputes with FAs	1,525	-	-300	-48	304	1,481
Provision for risks related to legal disputes with staff	739	-	-	-	40	779
Provision for other legal disputes	2,085	-	-530	-139	475	1,891
Provision for termination indemnity of Financial Advisors	**26,731**	**-**	**-47**	**-334**	**10,548**	**36,898**
Provision for termination indemnity	20,978	-	-47	-292	7,806	28,445
Provision for portfolio overfee indemnities	2,009	-	-	-16	107	2,100
Provisions for pension bonuses for financial advisors	3,744	-	-	-26	2,635	6,353
Provisions for risks related to network incentives	**37,060**	**-**	**-10,834**	**-380**	**27,347**	**53,193**
Provision for network development plans	15,415	-	-4,380	-380	6,603	17,258
Provision for deferred bonus	4,434	-	-1,559	-	166	3,041
Provisions for managers with access gate	3,574	100	-1,194	-	-	2,480
Provision for sales incentives	2,691	-100	-891	-	19,037	20,737
Provision for fees – travel incentives	2,601	-	-2,463	-	1,325	1,463
Provision for commission plans	348	-	-347	-	216	217
Provision for loyalty programme	7,997	-	-	-	-	7,997
Other provisions for liabilities and contingencies	**3,825**	**-**	**-976**	**-**	**3,280**	**6,129**
Total	**94,355**	**-**	**-18,001**	**-1,511**	**45,049**	**119,892**

2.5.4 Provisions for liabilities and contingencies – further information

Provisions for staff expenses

Provisions for staff expenses include the following amounts:

- 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;
- provisions for post-employment medical benefits of Group executives;
- the provision related to the performance bonus envisaged in the company supplementary contract (CIA).

The above-mentioned provisions have as their balancing entries personnel expenses.

Provisions for personnel also include provisions for a company reorganisation plan referring to the Relationship Managers, the estimated increase in informal incentives linked to the results for FY 2014 and other charges for the classification of personnel to which IAS 19 does not apply.

Provisions for legal disputes

This type of provisions for risks includes provisions for pending litigations connected with FAs' embezzlements after insurance coverage, as well as those with disputes currently underway with Financial Advisors and employees and other legal and extra-legal disputes with customers and other entities.

Provisions for contractual indemnities for Financial Advisors

These include provisions for termination indemnities paid to the sales network, the portfolio development indemnity and the social-security bonus.

Provisions covering the cost of Financial Advisors' termination indemnity is valued as provided for by the law (Article 1751 of the Italian Civil Code) and the specific disbursement criteria defined by Banca Generali. Further details on the latter are provided in Part A.2 of the Notes and Comments.

The expense associated with obligations extant at period-end relating to Financial Advisors is valued using the statistical-actuarial method, with the advice of independent professionals.

The following are the main actuarial assumptions:

TERMINATION INDEMNITY	30.06.2015	31.12.2014
Discount rate (Eur IRS + 200 bps)	3.00%	3.50%
Turnover rate (professionals)	1.65%	1.65%
Average duration (years)	18	18
DBO IAS 37/Indemnity provision at the measurement date	47.20%	38.20%

For Financial Advisors who have left service, a specific measurement is carried out.

The DBO already accrued by Financial Advisors formerly employed by Credit Suisse, totalling 3.3 million euros, is still based on the payment criteria established by the previous employer and was recognised as a debt payable to the acquired sales network. Their DBO accrued with Banca Generali will be due only for the amount exceeding that accrued with Credit Suisse, if any.

The portfolio development indemnity is a scheme (further details are provided in Part A.2 of the Notes and Comments) that calls for Financial Advisors with at least five years of service who leave service permanently to be entitled to an indemnity commensurate to the profitability of the portfolio previously managed, in case of reallocation of the latter.

The indemnity due to the outgoing FA is entirely borne by the incoming FA identified by the Company, except for a residual guarantee by the Bank – equal to 25% of the total indemnity – in the event of termination for death or permanent disability.

Even in this case, the charge is determined based on the statistical-actuarial method, with the support of independent experts and with reference to the percentage of the bank's residual risk, i.e., 25% of the indemnity due in case of death or permanent disability.

Finally, the "pension bonus" is a component of the sales network's indemnity plans which entails the yearly provision of an amount based on the achievement of pre-set sales objectives and to be paid only upon final termination for retirement or permanent disability. The actuarial method is used also for this type of evaluation.

Provisions for incentives for Financial Advisors

This aggregate includes:

- the estimate of the charges accrued in relation with several recruitment plans for middle-term expansion of managed portfolios. These plans envisage different kinds of incentives (entry bonus, deferred bonus, volume bonus, etc.) 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);
- the share of network managers' annual incentives 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;
- the share of annual incentives (particular transactions), contingent upon the maintenance over time of the inflow targets achieved;
- provision for half-year incentives parameterised to the net inflow results up to 31 July 2015;

- provisions for incentive plans based on the network's performance for the period, including the BG Premier Club trip and other special 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;
- provisions for sales network's retention plans and loyalty programmes.

Other provisions for liabilities and contingencies

Lastly, other provisions for liabilities and contingencies include provisions made at the end of the previous year to cover the tax dispute (2.6 million euros), as well as other provisions for operating risks.

In the first half of 2015, a provision totalling 3.3 million euros was recognised for the 2015 contribution due in relation to the new Italian National Resolution Fund for banking crises, introduced by Directive No. 59/2014 (BRRD – *Bank Recovery and Resolution Directive*) and to the charge for extraordinary operations approved by FITD (interbank deposit protection fund), to which the Bank could be required to take part in the current financial year.

Tax disputes

With reference to the tax dispute, provisions refer to the tax audit of the parent company, Banca Generali, pertaining to tax year 2010 carried out by the Regional Department for Friuli Venezia Giulia of the Italian Revenue Service and completed last July. A single assessment audit has been served thus far in relation to this audit, in the amount of 56 thousand euros, and with reference to the substitute tax on bonuses. The alleged irregularities presented by the revenue authorities in the auditors' report on findings served upon the conclusion of the audit primarily centre on the applicability of the VAT exemption to a financial brokerage transaction and have been accounted for by provisioning prudentially in light of the authorities' possible claims.

Taking account of the terms of prescription of the financial year to which the tax audit referred, the dispute is expected to be closed during 2015.

At 30 June 2015, Banca Generali was not involved in further tax disputes with the revenue authorities.

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

2.6.1 Changes in the number of shares of the Parent Company

ITEMS/TYPE	ORDINARY	OTHER
A. Existing shares at period-start	**115,677,077**	**-**
- paid up	115,677,077	-
- partially paid	-	-
A.1 Treasury shares (-)	-10,071	-
A.2 Outstanding shares: at period-start	**115,667,006**	**-**
B. Increases	**140,467**	**-**
B.1 Newly issued shares		
- against payment:	140,467	-
- business combinations	-	-
- bonds conversion	-	-
- exercise of warrants	140,467	-
- other	-	-
- for free	-	-
- to staff	-	-
- to directors	-	-
- other	-	-
B.2 Sale of treasury shares	-	-
B.3 Other changes	-	-
C. Decreases	**-**	**-**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	-	-
C.3 Disposal of companies	-	-
C.4 Other changes	-	-
D. Outstanding shares: at period-end	**115,807,473**	**-**
D.1 Treasury shares (+)	10,071	-
D.2 Existing shares at period-end	**115,817,544**	**-**
- paid up	115,817,544	-
- partially paid	-	-

At the end of the first half of 2015, the share capital of the parent company Banca Generali consisted of 10,071 treasury shares for total carrying amount of 41 thousand euros. The Shareholders' Meeting of 23 April 2015 reassigned the shares to pay the portion of variable remuneration linked to performance objectives by granting Banca Generali shares.

2.7 Other information

2.7.1 Guarantees and commitments

TRANSACTION	30.06.2015	31.12.2014
1) Financial guarantees issued	71,957	62,324
a) Banks	249	249
b) Customers	71,708	62,075
2) Commercial guarantees issued	57,429	56,803
a) Banks	-	-
b) Customers	57,429	56,803
3) Irrevocable commitment to dispense funds	8,347	3,952
a) Banks:	258	188
i) of certain use	258	188
ii) of uncertain use	-	-
b) Customers:	8,089	3,764
i) of certain use	4,462	-
ii) of uncertain use	3,627	3,764
4) Underlying commitments to credit derivatives: hedging sales	-	-
5) Assets pledged as collateral of third-party bonds	3,936	2,092
6) Other commitments	4,335	-
of which: securities receivable for put options issued	*4,335*	-
Total	**146,004**	**125,171**

Financial guarantees to banks include the commitment to FITD (interbank deposit protection fund) amounting to 249 thousand euros.
Commitments to grant certain-use funds to banks and customers only refer to financial commitments for securities receivable.
Uncertain-use commitments to customers refer to margins available on irrevocable credit lines granted to customers.

Assets pledged as collateral of third-party bonds consist of the default fund contributed to cover possible losses of defaulted operators within the New MIC and transactions concerning customers' securities and derivatives.

Commercial guarantees include 31.5 million euros for the loan to *Cooperative Operaie di Trieste Istria e Friuli*, relating to the guarantee in favour of lending members of the cooperative to back 30% of the loan from the said members pursuant to current laws (Resolution CICR 19 July 2005). On 14 October 2014, this company was put under temporary receivership by the Court of Trieste. It subsequently filed request for admission to the pre-composition procedure (with blank option), which was subsequently authorised by the Court in 2015. This position was therefore classified as substandard. The guarantee, formally expired on 31 December 2014, remained valid inasmuch as the company was authorised to start the pre-composition procedure entailing the transfer of assets. The guarantee was executed on 15 July 2015. However, it should be noted that the guarantee was entirely covered by a pledge on a Cooperative's portfolio under management by the Banca Generali. Therefore, the Bank did not incur any charge for its execution.

2.7.2 Assets pledged as collateral for own liabilities and commitments

PORTFOLIO	30.06.2015	31.12.2014
1. HFT financial assets	-	-
2. Financial assets at fair value	-	-
3. AFS financial assets	613,444	686,331
4. HTM financial assets	451,889	1,314,683
5. Loans to banks	11,458	16,388
6. Loans to customers	-	-
7. Property and equipment	-	-
8. Intangible assets	-	-
Total	**1,076,791**	**2,017,402**

Financial assets pledged as collateral for own liabilities and commitments refer to repurchase agreement transactions with a commitment to repurchase with customers and banks and collateral for refinancing transactions with ECB. This amount also includes financial instruments pledged with *Cassa di Compensazione e Garanzia* for possible operations on the new MIC for ordinary operations.

PART C – INFORMATION ON THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

1. Interest - Items 10 and 20

1.1 Breakdown of interest income and similar revenues

ITEMS/VALUES	DEBT SECURITIES	LOANS	OTHER OPERATIONS	30.06.2015	30.06.2014
1. HFT financial assets	109	-	-	109	446
2. Financial assets at fair value	-	-	-	-	-
3. AFS financial assets	12,302	-	-	12,302	14,787
4. HTM financial assets	11,755	-	-	11,755	32,364
5. Loans to banks	1,103	40	-	1,143	2,407
6. Loans to customers	209	12,186	-	12,395	12,603
7. Hedging derivatives	-	-	-	-	-
8. Other assets	-	-	-	-	2
Total	**25,478**	**12,226**	**-**	**37,704**	**62,609**

1.2 Breakdown of interest expense and similar charges

ITEMS/VALUES	DEBT SECURITIES	LOANS	OTHER OPERATIONS	30.06.2015	30.06.2014
1. Due to Central Banks	49	-	-	49	1,325
2. Due to banks	416	-	-	416	1,813
3. Due to customers	1,354	-	-	1,354	4,190
4. Securities issued	-	-	-	-	-
5. HFT financial liabilities	-	-	-	-	-
6. Financial liabilities measured at fair value	-	-	-	-	-
7. Other liabilities and funds	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	-
Total	**1,819**	**-**	**-**	**1,819**	**7,328**

2. Fees – Items 40 and 50

2.1 Breakdown of fee income

ITEMS/VALUES	30.06.2015	30.06.2014
a) Guarantees issued	286	148
b) Credit derivatives	-	-
c) Management, brokerage and consultancy services:	359,079	218,944
1. Trading of financial instruments	8,709	8,799
2. Currency trading	-	-
3. Asset management:	234,555	128,043
3.1 individual	21,805	18,577
3.2 collective	212,750	109,466
4. Custody and administration of securities	194	237
5. Depositary bank	-	-
6. Placement of securities	33,687	28,296
7. Order collection	4,008	3,471
8. Consultancy activities:	2,426	501
8.1 Investment advice	2,426	501
8.2 Advice on financial structure	-	-
9. Distribution of third-party services:	75,501	49,597
9.1 Asset management:	374	268
9.1.1 individual	131	55
9.1.2 collective	243	213
9.2 Insurance products	75,029	49,265
9.3 Other products	98	64
d) Collection and payment services	1,558	1,780
e) Servicing related to securitisations	-	-
f) Factoring-related services	-	-
g) Tax collection services	-	-
h) Management of multilateral trading facilities	-	-
i) Keeping and management of current accounts	1,225	1,371
j) Other services	970	542
of which: all-inclusive fees on credit lines	*696*	*501*
Total	**363,119**	**222,786**

2.2 Breakdown of fee expense

ITEMS/VALUES	30.06.2015	30.06.2014
a) Guarantees received	78	59
b) Credit derivatives	-	-
c) Management and brokerage services	127,937	92,842
1. Trading of financial instruments	3,620	3,119
2. Currency trading	-	-
3. Asset management:	11,899	8,661
3.1 own portfolio	11,899	8,661
3.2 third-party portfolio	-	-
4. Custody and administration of securities	740	589
5. Placement of financial instruments	-	-
6. External offer of financial instruments, products, and services	111,678	80,473
d) Collection and payment services	957	1,542
e) Other services	140	64
Total	**129,112**	**94,507**

3. Dividends – Item 70

3.1 Breakdown of dividends and similar income

ITEMS/VALUES	30.06.2015		30.06.2014	
	DIVIDENDS	PROCEEDS FROM UCITS UNITS	DIVIDENDS	PROCEEDS FROM UCITS UNITS
A. HFT financial assets	51	1	45	32
B. AFS financial assets	1,090	-	695	-
C. Financial assets measured at fair value	-	-	-	-
D. Shareholdings	-	X	-	X
Total	**1,141**	**1**	**740**	**32**

4. Net profit from trading - Item 80

4.1 Breakdown of net profit from trading

TRANSACTIONS/INCOME COMPONENTS	CAPITAL GAINS	INCOME FROM TRADING	CAPITAL LOSS	LOSS FROM TRADING	NET RESULT 30.06.2015	NET RESULT 30.06.2014
1. Financial assets	**391**	**754**	**103**	**87**	**955**	**860**
1.1 Debt securities	22	395	88	27	302	558
1.2. Equity securities	127	140	12	57	198	38
1.3. UCITS units	242	219	3	3	455	264
1.4 Loans	-	-	-	-	-	-
1.5 Other	-	-	-	-	-	-
2. HFT financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-	-
2.2 Debts	-	-	-	-	-	-
2.3 Other	-	-	-	-	-	
3. Other financial assets and liabilities: exchange gains and losses	**X**	**X**	**X**	**X**	**1,803**	**1,529**
4. Derivatives	**33**	**705**	**421**	**-**	**326**	**372**
4.1 Financial	33	705	421	-	326	372
- on debt securities and interest rates:	**-**	**-**	**-**	**-**	**-**	**369**
- *interest rate swaps*	-	-	-	-	-	-
- *government bond forwards*	-	-	-	-	-	*369*
- on equity securities and stock indexes	**33**	**705**	**421**	**-**	**317**	**1**
- *options*	*33*	*705*	*421*	-	*317*	*1*
- on currency and gold (1)	**X**	**X**	**X**	**X**	**9**	**2**
- other	**-**	**-**	**-**	**-**	**-**	**-**
4.2 Credit derivatives	-	-	-	-	-	-
Total	**424**	**1,459**	**524**	**87**	**3,084**	**2,761**

Note:
1) It includes currency options and currency outrights.

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

5.1 Breakdown of gain (loss) from transfer/repurchase

	30.06.2015			30.06.2014		
	GAINS	LOSSES	NET RESULT	GAINS	LOSSES	NET RESULT
Financial assets						
1. Loans to banks	2,182	-	2,182	1,322	-	1,322
2. Loans to customers	1,177	-	1,177	1,647	-	1,647
3. AFS financial assets	19,948	1,250	18,698	41,585	2,321	39,264
3.1 Debt securities	18,867	877	17,990	41,509	2,305	39,204
3.2 Equity securities	-	192	-192	76	16	60
3.3 UCITS units	1,081	181	900	-	-	-
3.4 Loans	-	-	-	-	-	-
4. HTM financial assets	-	-	-	-	-	-
Total assets	**23,307**	**1,250**	**22,057**	**44,554**	**2,321**	**42,233**
Financial liabilities						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Securities issued	-	-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**

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

	POSITIVE	NEGATIVE	NET
Debt securities	15,961	-	15,961
Equity securities	-	-	-
UCITS UNITS	157	-181	- 24
Total	**16,118**	**-181**	**15,937**

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

6.1 Breakdown of net adjustments to non-performing loans

TRANSACTIONS/INCOME COMPONENTS	ADJUSTMENTS			REVERSALS				30.06.2015	30.06.2014
	SPECIFIC		PORTFOLIO	SPECIFIC		PORTFOLIO			
	WRITE-OFFS	OTHER		FROM INTEREST	OTHER REVERSALS	FROM INTEREST	OTHER REVERSALS		
A. Loans to banks	**-**	**-**	**592**	**-**	**-**	**-**	**-**	**- 592**	**- 492**
- Loans	-	-	-	-	-	-	-	-	-
- Debt securities	-	-	592	-	-	-	-	- 592	- 492
B. Loans to customers	**43**	**1,761**	**21**	**3**	**259**	**-**	**6**	**-1,557**	**-3,232**
Non-performing loans purchased	-	-	-	-	-	-	-	-	-29
- Loans	-	-	-	-	-	-	-	-	-
- Debt securities	-	-	-	-	-	-	-	-	-29
Other	43	1,761	21	3	259	-	6	-1,557	-3,203
- Loans	43	1,758	21	3	259	-	-	-1,560	-3,112
- Operating loans	-	3	-	-	-	-	-	-3	-91
- Debt securities	-	-	-	-	-	-	6	-6	-
C. Total	**43**	**1,761**	**613**	**3**	**259**	**-**	**6**	**-2,149**	**-3,724**

Other specific adjustments to loans refer for 1,676 thousand euros (of which 449 thousand euros regarding default interests) to the adjustment to the write-down of the loan to Investimenti Marittimi S.p.A. The loan provides for a principal of 10,780 thousand euros made up of a share of a pool loan expired on 31 December 2014 and fully backed by Premuda shares. As a result of the continuing situation of difficulty experienced by the Premuda Group and the deterioration of the collateral held by the Bank, an impairment loss of approximately 2.8 million euros was recognised.
Other write-downs, amounting to 82 thousand euros, refer to other non-performing positions (probable defaults).

In the first half of 2015, the collective reserve on performing loans was adjusted for 21 thousand euros.

Value adjustments to operating loans primarily refer to write-downs of advanced fees to former Financial Advisors.

Portfolio reversals of debt securities classified under “Loans to customers” (6 thousand euros) and portfolio adjustments to debt securities classified under “Loans to banks” (592 thousand euros) refer to the adjustments of the collective reserve allocated to account for contingent impairment on the bond portfolio.

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

TRANSACTIONS/INCOME COMPONENTS	ADJUSTMENTS			REVERSALS				30.06.2015	30.06.2014
	SPECIFIC		PORTFOLIO	SPECIFIC		PORTFOLIO			
	WRITE-OFFS	OTHER		FROM INTEREST	OTHER REVERSALS	FROM INTEREST	OTHER REVERSALS		
A. Debt securities	-	-	-	-	-	-	-	-	-
B. Equity securities	-	1,418	-	-	-	-	-	-1,418	-402
C. UCITS units	-	-	-	-	-	-	-	-	-
D. Loans to banks	-	-	-	-	-	-	-	-	-
E. Loans to customers	-	-	-	-	-	-	-	-	-
F. Total	**-**	**1,418**	**-**	**-**	**-**	**-**	**-**	**-1,418**	**-402**

An impairment loss was recognised on the capital contribution made at the end of 2014 to the joint venture formed to produce the movie "Le leggi del Desiderio". The 1,418 thousand euro impairment of equity securities was determined based on box office results achieved by the movie up to 30 June 2015. In light of this outcome, a tax credit of 840 thousand euros was recognised under "Other net operating income".

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

TRANSACTIONS/INCOME COMPONENTS	ADJUSTMENTS			REVERSALS				30.06.2015	30.06.2014
	SPECIFIC		PORTFOLIO	SPECIFIC		PORTFOLIO			
	WRITE-OFFS	OTHER		FROM INTEREST	OTHER REVERSALS	FROM INTEREST	OTHER REVERSALS		
A. Debt securities	-	-	-	-	-	-	23	23	-365
B. Loans to banks	-	-	-	-	-	-	-	-	-
C. Loans to customers	-	-	-	-	-	-	-	-	-
D. Total	**-**	**-**	**-**	**-**	**-**	**-**	**23**	**23**	**-365**

Portfolio reversals on debt securities classified under "HTM financial assets" amounted to 23 thousand euros and refer to the adjustments of the collective reserve allocated to account for contingent losses on the bond portfolio.

6.4 Breakdown of net adjustments for impairment of other financial transactions

TRANSACTIONS/INCOME COMPONENTS	ADJUSTMENTS			REVERSALS				30.06.2015	30.06.2014
	SPECIFIC		PORTFOLIO	SPECIFIC		PORTFOLIO			
	WRITE-OFFS	OTHER		FROM INTEREST	OTHER REVERSALS	FROM INTEREST	OTHER REVERSALS		
A. Guarantees issued	-	-	-	-	-	-	217	217	-
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Commitments to grant funds	-	-	-	-	-	-	-	-	-
D. Other transactions	-	-	-	-	-	-	-	-	-
D. Total	**-**	**-**	**-**	**-**	**-**	**-**	**217**	**217**	**-**

7. General and administrative expense - Item 180

7.1 Breakdown of staff expenses

	30.06.2015	30.06.2014
1) Employees	**37,993**	**36,582**
a) Wages and salaries	21,428	20,311
b) Social security charges	5,645	5,378
c) Termination indemnity	236	225
d) Retirement benefit plans	-	-
e) Provision for termination indemnity	44	69
f) Provision for pensions and similar costs:	-	-
- defined contribution	-	-
- defined benefit	-	-
g) Amounts paid to supplementary external pension funds:	2,055	1,491
- defined contribution	2,055	1,491
- defined benefit	-	-
h) Costs related to payment agreements based on own equity instruments	792	282
i) Other employee benefits	7,793	8,826
2) Other staff	**98**	**52**
3) Directors and Auditors	**833**	**732**
4) Retired personnel	**-**	**6**
Total	**38,924**	**37,372**

7.2 Breakdown of headcount

	30.06.2015	30.06.2014
Employees	**856**	**841**
a) Managers	46	43
b) Total executives	234	229
of which: 3rd and 4th level	*137*	*137*
c) Employees at other levels	576	569
Other employees	**6**	**11**
Total	**862**	**852**

7.3 Breakdown of other employee benefits

	30.06.2015	30.06.2014
Short-term productivity bonuses payable (result-based bonuses, managers' non-deferred MBO remuneration)	5,090	5,961
Long-term incentives (LTIP, managers' deferred MBO remuneration)	708	708
Post-employment medical care plans	50	41
Charges for staff supplementary pensions	1,192	1,310
Amounts replacing cafeteria indemnities	419	358
Transfer incentives and other indemnities	19	83
Training expenses	207	309
Allowances and charitable gifts	55	30
Other expenses	53	26
Total	**7,793**	**8,826**

7.4 Breakdown of other general and administrative expense

	30.06.2015	30.06.2014
Administration	**5,969**	**6,459**
Advertising	2,207	1,454
Consultancy and professional advice expenses	1,488	2,881
Corporate boards and auditing firms	352	268
Insurance	1,437	1,299
Entertainment expenses	116	134
Membership contributions	361	337
Charity	8	86
Operations	**16,595**	**16,279**
Rent and usage of premises and management of property	8,481	7,858
Outsourced services (administration, call centre)	2,225	2,687
Post and telephone	1,636	1,444
Print material	325	475
Other expenses for sales network management	1,390	1,695
Other expenses and purchases	1,217	819
Indirect personnel expenses	1,321	1,301
Information system and equipment	**19,274**	**18,405**
Expenses related to outsourced IT services	14,386	13,325
Fees for IT services and databases	3,244	3,033
Software maintenance and servicing	339	695
Fees for equipment hired and software used	969	835
Other maintenance	336	517
Indirect taxation	**21,379**	**18,837**
Stamp duty on financial instruments	20,856	18,341
Substitute tax on medium/long-term financial instruments	402	367
Other indirect taxes to be paid by the bank	121	129
Total	**63,217**	**59,980**

8. Net provisions for liabilities and contingencies – Item 190

8.1 Breakdown of net provisions

	30.06.2015			30.06.2014		
	PROVISIONS	REVERSALS	NET	PROVISIONS	REVERSALS	NET
Provision for risks related to staff expenses	**-**	**-31**	**-31**	**-**	**-**	**-**
Litigation	**1,854**	**-556**	**1,298**	**2,358**	**-655**	**1,703**
Provision for risks related to legal disputes with subscribers	1,035	-369	666	1,650	-	1,650
Provision for risks related to legal disputes with Financial Advisors	304	-48	256	135	-21	114
Provision for risks related to legal disputes with staff	40	-	40	106	-	106
Provision for risks related to legal disputes with other parties	475	-139	336	467	-634	-167
Provisions for termination indemnity for Financial Advisors	**10,548**	**-334**	**10,214**	**2,571**	**-85**	**2,486**
Provision for termination indemnity for Financial Advisors	7,806	-292	7,514	1,795	-71	1,724
Provision for portfolio overfee indemnities	107	-16	91	224	-6	218
Provision for retirement benefit plans	2,635	-26	2,609	552	-8	544
Provisions for risks related to network incentives	**27,347**	**-380**	**26,967**	**19,339**	**-346**	**18,993**
Provision for risks related to network development incentives	6,603	-380	6,223	4,151	-346	3,805
Provision for deferred bonus	166	-	166	180	-	180
Provisions for managers with access gate	-	-	-	-	-	-
Provision for sales incentives	19,037	-	19,037	13,683	-	13,683
Provision for travel incentives	1,325	-	1,325	1,325	-	1,325
Provision for other fee plans	216	-	216	-	-	-
Provision for loyalty programme	-	-	-	-	-	-
Other provisions for liabilities and contingencies	**3,280**	**-**	**3,280**	**2,615**	**-**	**2,615**
Total	**43,029**	**-1,301**	**41,728**	**26,883**	**-1,086**	**25,797**

Allocations to provisions for staff expenses do not include the items considered in IAS 19, reclassified as "Staff expenses - other benefits."

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

ITEMS/VALUES	DEPRECIATION	ADJUSTMENTS FOR IMPAIRMENT	REVERSALS	NET RESULT 30.06.2015	NET RESULT 30.06.2014
A. Property and equipment					
A.1 Owned	579	-	–	579	672
- operating	579	–	–	579	672
- investment	–	–	–	–	–
A.2 Leased	–	–	–	–	–
- operating	–	–	–	–	–
- investment	–	–	–	–	–
Total	**579**	**–**	**–**	**579**	**672**

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

ITEMS/VALUES	DEPRECIATION	ADJUSTMENTS FOR IMPAIRMENT	REVERSALS	NET RESULT 30.06.2015	NET RESULT 30.06.2014
A. Intangible assets					
A.1 Owned:	1,664	-	-	1,664	1,402
- generated in-house	-	-	-	-	-
- other	1,664	-	-	1,664	1,402
A.2 Leased	-	-	-	-	-
Total	**1,664**	**-**	**-**	**1,664**	**1,402**

11. Other operating income and expenses – Item 220

11.1 Breakdown of other operating expenses

ITEMS/VALUES	30.06.2015	30.06.2014
Adjustments of leasehold improvements	292	304
Write-downs of other assets	35	-
Indemnities and compensation for litigation and claims	178	-
Indemnities and compensation	-	31
Charges from accounting adjustments with customers	268	273
Charges for card compensation and guarantees	8	-
Costs associated with tax penalties and disputes	18	-
Other contingent liabilities and non-existent assets	719	110
Other operating expenses	1	-
Consolidation adjustments	-2	-
Total	**1,517**	**718**

11.2 Breakdown of other operating income

ITEMS/VALUES	30.06.2015	30.06.2014
Recovery of taxes from customers	20,987	18,477
Recovery of expenses from customers	295	277
Recovery of portfolio overfee indemnities from incoming FAs	514	654
Indemnities for advisors' notices	23	101
Other recoveries of repayments and costs from advisors	385	396
Contingent assets - staff expenses	244	564
Other contingent assets and non-existent liabilities	238	370
Insurance compensation and indemnities	69	43
Fees for outsourcing services	256	118
Tax credit related to movie production	840	-
Other income	176	700
Consolidation adjustments	-	-
Total	**24,027**	**21,700**
Total other net income	**22,510**	**20,982**

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		30.06.2015	30.06.2014
1.	Current taxation (-)	-34,824	-35,573
2.	Change in prior years' current taxes	277	176
3.	Reduction of current taxes for the period (+)	-	-
3.*bis*	Reduction of current taxes arising on tax credits, pursuant to Law No. 214/2011 (+)	-	-
4.	Changes of prepaid taxation (+/-)	5,586	3,067
5.	Changes of deferred taxation (+/-)	-157	449
6.	**Taxes for the period (-)**	**-29,118**	**-31,881**

12.2 Reconciliation between theoretical and actual tax expense

The following table reconciles the total amount of taxes due for the period, including both current and deferred taxes, as indicated in Item 260 of the Profit and Loss Account, and the theoretical corporate income tax IRES calculated by applying the 27.5% current applicable tax rate to pre-tax profit.

The reconciliation statement is therefore expressed based on higher or lower current and deferred taxes debited or credited to the P&L account compared to the theoretical taxation.

ITEMS/VALUES	30.06.2015	30.06.2014	CHANGES
Current taxation	**-34,824**	**-35,573**	**749**
IRES and equivalent foreign direct taxes	-28,470	-28,558	88
IRAP	-6,351	-7,012	661
Other	-3	-3	-
Prepaid and deferred taxation	**5,429**	**3,516**	**1,913**
IRES	4,356	3,345	1,011
IRAP	1,073	171	902
Taxes of prior years	**277**	**176**	**101**
IRES	-38	196	-234
IRAP	315	-20	335
Income taxes	**-29,118**	**-31,881**	**2,763**
Theoretical tax rate	27.5%	27.5%	
Current profit (loss) before taxation	169,245	120,584	48,662
Theoretical taxation	**-46,543**	**-33,161**	**-13,382**
Non-taxable income (+)			
Dividends from AFS equity investments with 95% exemption	285	190	95
ACE	723	338	385
IRAP deductible on labour cost and other	445	453	-8
Non-deductible charges (-)			
Double taxation on 5% of Group's dividends	-1,655	-950	-705
Non-deductible interest expense (4%)	-20	-81	61
Impairment of AFS equity securities PEX	-211	-111	-100
Other non-deductible costs	-914	-1,252	338
IRAP	-4,963	-6,861	1,898
Rate change of companies under foreign law	23,656	9,162	14,494
Taxes of prior years	-38	196	-234
Other taxes	-3	-3	-
Not related deferred tax assets and liabilities	120	**199**	**-79**
Other consolidation adjustments	-	-	-
Actual tax expense	**-29,118**	**-31,881**	**2,763**
Total actual tax rate	**17.2%**	**26.4%**	**-9.2%**
Actual rate (IRES and corporate taxes)	**14.3%**	**20.7%**	**-6.5%**
Actual tax rate (IRAP)	**2.9%**	**5.7%**	**-2.8%**

13. Income (loss) of disposal groups, net of taxes – Item 310

13.1 Breakdown of income (loss) of disposal groups, net of taxes

ITEMS/VALUES	30.06.2015	30.06.2014
1. Income	-	20,960
2. Charges	-	-17,445
3. Measurement of groups of assets available for sale and associated liabilities	-	-359
4. Gains (losses) on disposal	-	-
5. Taxes and duties	-	-289
Net profit (loss)	**-**	**2,867**

At 30 June 2014, net income of disposal groups referred for 3,127 thousand euros to the subsidiary Generali Fund Management Luxembourg S.A. business unit responsible for managing funds/Sicavs distributed by the Generali Group's insurance companies; the business unit was de-merged on 1 July 2014 with retroactive accounting effect from 1 January 2014.
Net loss of disposal groups amounted to 260 thousand euros and related to the classification of the shareholding in BG Dragon Sicav as a shareholding held exclusively for sale in the short term, pursuant to IFRS 5. The loss referred for -359 thousand euros to the classification of the net assets held by the Bank in the Sicav, and for 99 thousand euros to the fiscal effect.
In this regard, it should be recalled that BG Dragon Sicav is a UCITS launched by BGFM Luxembourg S.A. in the second half of 2013 in which Banca Generali underwrote 80,810 class A shares in the start-up phase for a total amount of 8,081 thousand euros. The investment was a shareholding in a subsidiary company held for sale and was accordingly classified pursuant to IFRS 5 and subjected to the related accounting treatment. The divestment took place in accordance with the above-mentioned IFRS.

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

14.1 Breakdown of Item 330 - Minority interests (+/-) for the period

ITEMS/VALUES	30.06.2015	30.06.2014
Generali Fund Management S.A. (GFM)	-	3,127
Profit attributable to minority interests	-	3,127

15. Earnings per share

15.1 Average number of ordinary shares after dilution

ITEMS/VALUES	30.06.2015	30.06.2014
Net profit for the period (€ thousand)	140,127	88,443
Net profit attributable to ordinary shares (€ thousand)	140,127	88,443
Average number of outstanding shares (thousand)	115,728	115,265
EPS - Earnings per share (euros)	**1.211**	**0.767**
Average number of outstanding shareswith diluted share capital (thousand)	116,102	116,113
EPS - Diluted earnings per share (euro)	**1.207**	**0.762**

PART D – COMPREHENSIVE INCOME

	ITEMS	GROSS AMOUNT	INCOME TAXES	NET AMOUNT
10.	**Net profit (loss) for the period**	**X**	**X**	**140,127**
	Other components of income, without reversal to profit or loss			
20.	Property and equipment	-	-	-
30.	Intangible assets	-	-	-
40.	Defined benefit plans	-41	12	-29
50.	Non-current assets held for sale	-	-	-
60.	Share of valuation reserves of investments valued at equity	-	-	-
	Other components of income, with reversal to profit or loss			
70.	**Hedges of foreign investments:**	**-**	**-**	**-**
	a) Fair value changes	-	-	-
	b) Transfer to Profit and Loss Account	-	-	-
	c) Other changes	-	-	-
80.	**Exchange differences:**	**-**	**-**	**-**
	a) Fair value changes	-	-	-
	b) Transfer to Profit and Loss Account	-	-	-
	c) Other changes	-	-	-
90.	**Cash-flow hedges**	**-**	**-**	**-**
	a) Fair value changes	-	-	-
	b) Transfer to Profit and Loss Account	-	-	-
	c) Other changes	-	-	-
100.	**AFS financial assets:**	**-30,632**	**10,048**	**-20,584**
	a) Fair value changes	-14,695	4,923	-9,772
	b) Transfer to Profit and Loss Account	-15,937	5,124	-10,813
	- Adjustments due to impairment	-	-	-
	- Gains (losses) on disposal	-15,937	5,124	-10,813
	c) Other changes	-	1	1
110.	**Non-current assets held for sale:**	**-**	**-**	**-**
	a) Fair value changes	-	-	-
	b) Transfer to Profit and Loss Account	-	-	-
	c) Other changes	-	-	-
120.	**Share of valuation reserves of investments valued at equity:**	**-**	**-**	**-**
	a) Fair value changes	-	-	-
	b) Transfer to Profit and Loss Account	-	-	-
	- Adjustments due to impairment	-	-	-
	- Gains (losses) on disposal	-	-	-
	c) Other changes	-	-	-
130.	**Total other income**	**-30,673**	**10,060**	**-20,613**
140.	**Comprehensive income (Items 10+130)**			**119,514**
150.	Consolidated comprehensive income attributable to minority interests			-
160.	**Consolidated comprehensive income attributable to the Parent Company**			**119,514**

PART E – INFORMATION ON NET EQUITY

1. Net equity

1.1 Breakdown of net equity

The Banca Generali Group's net equity amounted to 544.7 million euros at 30 June 2015 and may be broken down as follows:

(€ THOUSAND)	30.06.2015	31.12.2014	CHANGE	
			AMOUNT	%
Share capital	115,818	115,677	141	0.1%
Additional paid-in capital	47,101	45,575	1,526	3.3%
Reserves	244,362	196,209	48,153	24.5%
(Treasury shares)	-41	-41	-	-
Valuation reserves	-2,630	17,983	-20,613	-114.6%
Equity instruments	-	-	-	n.a.
Net profit (loss) for the period	140,127	160,905	-20,778	-12.9%
Group net equity	**544,737**	**536,308**	**8,429**	**1.6%**
Minority interests	-	-	-	n.a.
Consolidated net equity	**544,737**	**536,308**	**8,429**	**1.6%**

Net equity increased by 8.4 million euros, compared to the end of the previous year, due to the following changes:

	GROUP	MINORITIES	TOTAL
Net equity at period-start	**536,308**	**-**	**536,308**
Dividend paid	-113,431	-	-113,431
Stock option plans: issue of new shares	1,487	-	1,487
Stock option plans: charges as per IFRS 2	75	-	75
AG stock granting plans	784	-	784
Change in valuation reserves	-20,613	-	-20,613
Consolidated net profit	140,127	-	140,127
Net equity at period-end	**544,737**	**-**	**544,737**
Changes	**8,429**	**-**	**8,429**

1.2 Valuation reserves

1.2.1 Breakdown of valuation reserves

At period-end, fair value reserves for the portfolio of AFS financial assets were affected by the higher volatility of financial markets, which was partly attributable to the re-emergence of the Greek crisis, thus recording a clear trend reversal compared to the previous quarters.
As a result, the aggregate was negative for 2.6 million euros overall, decreasing by 20.6 million euros compared to year-end 2014. This performance was mainly attributable to the Italian government bond portfolio, the net reserves of which amounted to -3.4 million euros compared to +14.7 million di euros at year-end 2014.

(€ THOUSAND)	30.06.2015			31.12.2014	CHANGES
	POSITIVE RESERVE	NEGATIVE RESERVE	NET RESERVE	NET RESERVE	
1. Debt securities	7,606	-11,371	-3,765	17,912	-21,677
2. Equity securities	2,687	-164	2,523	1,799	724
3. UCITS units	292	-92	200	-169	369
AFS reserves	**10,585**	**-11,627**	**-1,042**	**19,542**	**-20,584**
Cash-flow hedges	-	-	-	-	-
Actuarial gains (losses) from defined benefit plans	-	-1,588	-1,588	-1,559	-29
Total	**10,585**	**-13,215**	**-2,630**	**17,983**	**-20,613**

1.2.2 Change in reserves from financial assets available for sale

Valuation reserves on the AFS portfolio showed a net decrease of 20.6 million euros for the first half of 2015, as a result of the following factors:

- an increase in net valuation losses of 14.7 million euros, due to the significant volatility at the end of the six-month period of the market values of financial assets, particularly of the Italian sovereign debt bonds held by the Bank;
- the reduction of pre-existing net positive reserves due to re-absorption through profit or loss upon realisation (-15.9 million euros);
- the positive net tax effect (DTAs) associated with the above changes (+10.0 million euros).

(€ THOUSAND)	30.06.2015				
	EQUITY SECURITIES	UCITS UNITS	DEBT SECURITIES		TOTAL
			CORPORATE	GOVERNMENT	
1. Amount at period-start	**1,799**	**-169**	**3,158**	**14,754**	**19,542**
2. Increases	**1,042**	**731**	**1,763**	**10,661**	**14,197**
2.1 Fair value increases	1,035	550	88	2,064	**3,737**
2.2 Transfer to profit and loss of negative reserves	-	-	-	-	**-**
due to impairment	-	-	-	-	**-**
due to disposal	-	*181*	-	-	***181***
2.3 Other changes	7	-	1,675	8,597	**10,279**
3. Decreases	**318**	**362**	**5,297**	**28,804**	**34,781**
3.1 Fair value decreases	262	29	2,193	15,947	**18,431**
3.2 Adjustments due to impairment	-	-	-	-	**-**
3.3 Transfer to profit and loss of positive reserves: due to disposal	-	158	3,104	12,857	**16,119**
3.4 Other changes	56	175	-	-	**231**
4. Amount at period-end	**2,523**	**200**	**-376**	**-3,389**	**-1,042**

1.3 Own funds

Own funds, calculated in accordance with the new Basel 3 transitional provisions (phase-in), amounted to 391.6 million euros, up by 29.0 million euros compared to the end of the previous year.

(€ THOUSAND)	30.06.2015		31.12.2014	CHANGE	
	FULL APPLICATION	PHASE-IN		AMOUNT	%
Common Equity Tier 1 capital (CET 1)	343,689	345,730	311,670	34,060	10.93%
Additional Tier 1 capital (AT1)	-	-	-	-	n.a.
Tier 2 capital	45,038	45,855	50,921	-5,066	-9.95%
Total own funds	**388,727**	**391,585**	**362,591**	**28,994**	**8.00%**

The composition of own funds is shown synthetically below, illustrating the effects of the prudential filters and the changes linked to the transitional provisions.
A detailed analysis including all the components of own funds (CET1, Tier1, Tier2) and relevant adjustments applicable in the phase-in is given in Part F of the Notes and Comments of the Consolidated Financial Statements for the year ended on 31 December 2014, to which reference is made.

OWN FUNDS BASEL III	30.06.2015			31.12.2014	CHANGES
	FULL APPLICATION	ADJUSTMENTS	PHASE IN		
CET1 instruments	158,523	-	158,523	161,211	-2,688
Reserves	244,362	-	244,362	196,209	48,153
Net profit (loss) for the period	33,901	-	33,901	47,551	-13,650
Other components of other comprehensive income (OCI)	-2,630	2,041	-589	-1,227	638
Capital and reserves	434,156	2,041	436,198	403,744	32,454
Goodwill	-64,936	-	-64,936	-65,234	298
Intangible assets	-22,334	-	-22,334	-23,900	1,566
Other negative items (neutralisation of DTAs arising on multiple prepayment of taxes on goodwill)	-626	-	-626	-670	44
Intangible assets	-87,896	-	-87,896	-89,804	1,908
Negative prudential filters	-2,572	-	-2,572	-2,271	-301
Total	**343,689**	**2,041**	**345,730**	**311,670**	**34,061**
Portion exceeding non significant investments (<10%) in CET 1 instruments	-	-	-	-	-
Portion exceeding significant investments (>10%) in CET 1 instruments	-	-	-	-	-
General deduction with threshold 17.65% - 15%				**-**	**-**
General deduction – portion exceeding DTAs	-	-	-	-	-
General deduction – portion exceeding significant investments	-	-	-	-	-
50% deduction – portion exceeding significant investments to be deducted from CET1	-	-	-	-	-
Total Common Equity Tier 1 capital (CET 1)	**343,689**	**2,041**	**345,730**	**311,670**	**34,061**
Total Additional Tier 1 capital (AT1)	**-**	**-**	**-**	**-**	**-**
T2 instruments (subordinated liabilities)	45,038	-	45,038	49,005	-3,967
Significant investments: 50% excess portion deducted from Tier 1 capital	-	-	-	-	-
50% positive AFS reserves – transitional provisions – T2 impact (80%)	-	817	817	1,916	-1,099
Total Tier 2 capital	**45,038**	**817**	**45,855**	**50,921**	**-5,066**
Total own funds	**388,727**	**2,858**	**391,585**	**362,590**	**28,995**

In the reporting period, the performance of the aggregate was mainly influenced by the regulatory provisions for **retained earnings**, calculated on the net profit for the period net of the foreseeable dividends to be distributed to shareholders at the end of the financial year.
To this end, reference was made to the provisions set forth in Article 2 of the Commission Delegated Regulation (EU) No. 241 of 7 January 2014 providing for the methods to be applied in deducting dividends from the net profit for the period, specifying the hierarchy of approved methodologies.

Dividends paid by Banca Generali are generally based on the consolidated net profit for the year rather than the Bank's net profit.
Where the institution's management body has not formally taken a decision or in the absence of an approved dividend policy, the Regulation calls for the application of a dividend pay-out ratio which shall be based on the highest of the following:

a) the average dividend pay-out ratio over the three years prior to the year under consideration (2012-2014), equal to 75.8%;
b) the dividend pay-out ratio of the year preceding the year under consideration, equal to 70.5%.

The foreseeable dividends were therefore determined by calculating 75.8% (106.2 million euros) of the consolidated net profit for the reporting year, amounting to 140.1 million euros.

Changes in the CET1 were attributable to the recognition, as deduction from this item, of **repurchase commitments of own CET1 instruments** for an amount of 4.4 million euros.
The aforementioned commitments were the result of the resolution passed by the Shareholders' Meeting held on 23 April 2015, which approved the buy-back of a maximum number of 88,213 treasury shares within an 18-month period. These shares are to be grated to key management personnel and main network managers as variable remuneration, in accordance with the company's remuneration policy.
By resolution dated 3 June 2015, the Bank of Italy authorised the transaction, and also ordered its deduction from the Banca Generali's own funds effective the same date.

It should be noted that Banca Generali 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 measuring Own funds, as allowed under Bank of Italy Order of 18 May 2010.
This option was renewed also by the new prudential supervisory system of the Basel 3 framework, effective 1 January 2014, as allowed by the Bank of Italy, until the entry into force of the international accounting standard IFRS 9 in 2018.

Own Funds at 31 December 2014	**362,591**
Change in Tier 1 capital	
Repurchase commitments of CET1 instruments	-4,355
Bank's stock option and stock grant plans (LTIPs)	2,346
2014 dividend payout	-77
Regulatory provisions for retained earnings 2015	33,901
Transitional provisions: change in AFS positive and negative reserves	709
Change in IAS 19 reserves (net of the filter)	-71
Change in goodwill and intangibles	1,908
Negative prudential filters	-301
Deductions for significant investments, DTAs; general deductions	-
Transitional provisions CET1	-
Total changes in TIER 1 capital	34,060
Change in Tier 2 capital	
Tier 2 subordinated loans (regulatory amortisation)	-3,967
Transitional provisions: change in AFS positive reserves	-1,099
Other effects	-
Total change in TIER 2 capital	**-5,066**
Own funds at 30 June 2015	**391,585**
Changes	**28,994**

1.4 Capital adequacy

A minimum CET1 ratio of 4.5%, a Tier 1 ratio of 6% and a Total Capital Ratio of 8% are envisaged for 2015. In addition to these minimum ratios, the new regulations state that banks must also hold a capital conservation buffer (CCB) equal to 2.5% of the bank's overall risk exposure, consisting of Common Equity Tier 1 capital.
These ratios are determined by relating the corresponding category of own funds to the Group's overall risk exposure (RWA, Risk weighted assets).
In particular, own funds of Banca Generali must represent at least 8% of total weighted assets in relation to the **credit risk** profile, valued based on the category of debtor counterparties, term, country risk and guarantees received (credit and counterparty risk).
Banks are also required to comply with regulatory capital requirements connected to trading activities; related **market risks** are calculated on the entire trading portfolio for each different type of risk: debt securities risk, equity securities risk, settlement risk, counterparty risk and concentration risk. Furthermore, exchange-rate risk and commodity-price risk must be determined for all financial statement items.
Internal models may be used to calculate capital requirements for market risk; however, Banca Generali uses standard methods under all circumstances.

Lastly, banks are required to set aside part of their own funds to cover **operating risk**, which in the case of Banca Generali is calculated using the basic method and is equal to 15% of the three-year average of the relevant indicator, pursuant to Article 316 of CRR (Bank of Italy's Circular Letter No. 285/2013 Part II, chapter 8).
Pursuant to this regulation, as of 2015, the relevant indicator used to determine the requisite is the aggregate of net interest income, net fees, gains and/or losses from financial operations, income from shares, units or other variable income securities, and other operating income. By contrast, until 2014 the relevant indicator was the net banking income, as allowed by the Bank of Italy. The change did not have any significant impacts.
At the end of the reporting period, the aggregate capital for regulatory purposes recorded 177.4 million euros in excess of the amount required to cover credit, market, and operating risks. Total Capital Ratio (TCR) was 14.6%, compared to the minimum requirement of 8% and the capital conservation buffer of 2.5%.

	30.06.2015		31.12.2014		CHANGES	
	FULL APPLICATION	PHASE-IN	FULL APPLICATION	PHASE-IN	AMOUNT	%
Total Common Equity Tier 1 capital (CET 1)	343,689	345,730	330,880	311,670	34,060	10.93%
Total Additional Tier 1 capital (AT1)	-	-	-	-	-	n.a.
Total Tier 2 capital	45,038	45,855	49,005	50,921	-5,066	-9.95%
Total own funds	**388,727**	**391,585**	**379,885**	**362,591**	**28,994**	**8.00%**
Credit risk	152,711	152,711	144,493	144,493	8,218	5.69%
Market risk	3,296	3,296	3,558	3,558	-262	-7.36%
Other prudential requirements (concentration risk)	-	-	-	-	-	n.a.
Operating risk	58,141	58,141	56,615	56,615	1,526	2.70%
Total own funds absorbed	**214,148**	**214,148**	**204,666**	**204,666**	**9,482**	**4.63%**
Pos. margin excess over absorbed capital	174,579	177,437	175,219	157,925	19,512	12.36%
Risk-weighted assets	2,676,850	2,676,850	2,558,325	2,558,325	118,525	4.63%
Tier 1 capital /Risk-weighted assets (Tier 1 capital ratio)	12.84%	12.92%	12.93%	12.18%	0.73%	6.02%
Own funds/Risk-weighted assets (Total capital ratio)	**14.50%**	**14.60%**	**14.80%**	**14.20%**	**0.46%**	**3.21%**

The increase in absorbed capital compared to the previous year (+9.4 million euros) is primarily to be attributed to the growth of requirements for covering credit risks (+8.2 million euros). Moreover, a significant increase in the capital absorbed by operating risk, commensurate with the three-year performance of net banking income (+1.5 million euros) was also recorded.
Consolidated own funds, calculated in accordance with Basel 3 rules, which will become fully applicable as of 1 January 2019, were 388.7 million euros, with Total Capital Ratio at 14.5%.

PART F – RELATED PARTY TRANSACTIONS

1. Disclosure of related party transactions

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

Banca Generali is a direct subsidiary of Generali Italia S.p.A., the holding of all the Insurance Group's operations in Italy. However, the company engaging in management and coordination activities pursuant to Article 2497 of the Italian Civil Code continues to be the ultimate Parent Company, Assicurazioni Generali S.p.A. This is the reason why reference is made to the latter when speaking of the "Parent Company" of Banca Generali.
In the banking area, such relationships include current accounts, the custody and administration of securities, stock brokerage and commercial portfolio collection.

As regards the distribution and sale of financial services, a number of agreements were established regarding the placement by the Financial Advisors of asset-management and insurance products, as well as banking products and services.
To a lesser extent, advisory and wealth management activities are also carried out, with reference to underlying assets of insurance products placed by the companies of the Insurance Group.

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

Transactions with related parties outside the Generali Group are mostly confined to direct and indirect inflows activities and loans to Key Management Personnel (and their relatives) of the Bank and its Parent Company. These transactions are carried out at arms length. Banca Generali's direct investments in activities on which such related parties exercise significant influence or control are absolutely not material.

Unusual, atypical or extraordinary transactions
During the first half of 2015, 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 2015, the Bank did not carry out any transactions qualifying as "highly significant", non-ordinary transactions, entered into at non-market or non-standard conditions which, in accordance with the Procedure on Related Party Transactions, would have been subject to market disclosure and the obligation of publishing an information memorandum.

Other significant transactions
During the first half of 2015, three transactions were approved qualifying as "moderately significant" transactions, and thus subject to the prior non-binding opinion of the Internal Audit and Risk Committee (the amount of which exceeded 250 thousand euros), and were as follows.

TRANSACTION	RELEVANT PARTY	DATE	AMOUNT (EURO/000)
Lease contract GI 9020 500071 with Generali Properties S.p.A.	Generali Properties S.p.A.	01.05.2015	1,456
Disposal of the stake in Simgenia SIM S.p.A. held by Banca Generali S.p.A. to Alleanza Assicurazioni S.p.A.	Alleanza Assicurazioni S.p.A.	09.03.2015	337

Ordinary or recurring transactions
The developments of ordinary transactions with related parties during 2015 are presented in the following sections.

1.1 Balance sheet data

(€ THOUSAND)	PARENT COMPANY ASSICURAZIONI GENERALI	A.G. GROUP SUBSIDIARIES	30.06.2015	31.12.2014	% WEIGHT 2015	% WEIGHT 2014
HFT financial assets	259	-	259	271	0.17%	0.83%
AFS financial assets	747	246	993	1,332	0.04%	0.06%
HTM financial assets	-	-	-	-	-	-
Loans to banks	-	880	880	708	0.15%	0.25%
Loans to customers	95	16,382	16,477	17,628	0.86%	0.98%
Equity investments	-	-	-	-	-	-
Property, equipment and intangible assets	-	-	-	-	-	-
Tax assets (AG tax consolidation)	1,965	-	1,965	1,966	3.81%	4.82%
Other assets	-	1,127	1,127	628	0.55%	0.25%
Assets held for sale	-	-	-	-	-	-
Total assets	**3,066**	**18,635**	**21,701**	**22,533**	**0.37%**	**0.37%**
Due to banks	-	23,129	23,129	14,582	9.86%	1.40%
Due to customers	336,533	619,683	956,216	1,263,645	20.49%	29.49%
HFT financial liabilities	-	-	-	-	-	-
Tax liabilities (AG tax consolidation)	1,622	-	1,622	5,081	7.41%	18.40%
Other liabilities	-	16,044	16,044	10,352	5.78%	6.91%
Liabilities held for sale	-	-	-	-	-	-
Special purpose provisions	-	-	-	-	-	-
Net equity	-	-	-	-	-	-
Total liabilities	**338,155**	**658,856**	**997,011**	**1,293,660**	**16.97%**	**21.07%**
Guarantees issued	**-**	**3,289**	**3,289**	**3,289**	**2.55%**	**2.77%**

Equity transactions with Assicurazioni Generali Group

The total exposure to the Parent Company, **Assicurazioni Generali**, of companies subject to its control, including the direct parent, Generali Italia S.p.A., and its associate companies, amounted to 21.7 million euros, compared to 22.5 million euros recognised at the end of 2014, equal to 0.4% of the Banking group's total assets. By contrast, the total debt position reached 997.0 million euros, accounting for 16.9% of liabilities, down by 296.7 million euros (-22.9%) compared to the previous year.

With reference to assets, **HFT and AFS financial assets** claimed from the Parent Company refer to shares of Assicurazioni Generali held in the corresponding portfolios of Banca Generali. As part of the AFS portfolio, shareholdings in subsidiaries of the Generali insurance group refer to the shares held in the consortia of the GBS Group (Generali Business Solutions) and GCS (Generali Corporate Services).

The investment in Simgenia Sim S.p.A. (15% of share capital), a company of the Generali Group which was no longer operating and was held for sale (528 thousand euros), was sold to the subsidiary Alleanza Assicurazione for a consideration of 337 thousand euros, with a capital loss of 191 thousand euros. Previously in the six-month period, a payment into the loss coverage account was made in the amount of 225 thousand euros.

The balance of **loans to Generali Group banks** at period-end was not material and refers solely to the positive foreign currency account balances held with BSI S.A. and used to hedge positions payable in foreign currencies towards customers.

COMPANY	RELATIONSHIP	TYPE OF TRANSACTION	30.06.2015		31.12.2014	
			AMOUNT	REVENUES	AMOUNT	REVENUES
BSI S.A.	Controlled by AG	Currency deposits	880	-	108	8
BSI S.A.	Controlled by AG	Operating receivables	-	-	600	-
			880	**-**	**708**	**8**

Exposures to Generali Group companies recognised as **loans to customers** amounted to 16.5 million euros and refer to the following transactions:

COMPANY	RELATIONSHIP	TYPE OF TRANSACTION	30.06.2015		31.12.2014	
			AMOUNT	REVENUES	AMOUNT	REVENUES
Generali Italia	Subsidiary of the AG Group	Gesav policy	-	-	-	400
Citylife S.r.l.	Subsidiary of the AG Group	Short-term grant in current account	-	-	-	164
Investimenti Marittimi	Associate of the AG Group	Medium/Long-term grant in current account	2,803	449	4,030	623
Genertellife	Subsidiary of the AG Group	Operating receivables	12,875	-	11,651	-
Assicurazioni Generali	Parent Company	Operating receivables	95	-	27	-
Other (Generali Inv. Europe, Simgenia)	Subsidiary of the AG Group	Operating receivables	703	-	1,908	-
Other exposures with Group companies	Subsidiary of the AG Group	Temporary current account exposures	1	42	12	27
			16,477	**491**	**17,628**	**1,214**

The company **Investimenti Marittimi** is included in the scope of related parties since it is an associate of the Parent Company, Assicurazioni Generali, holding a 30% direct investment in the same.
The above firm is a holding company that owns exclusively a controlling interest in the shipping company Premuda, which is experiencing a period of financial difficulty, in light of which it has requested a bank debt restructuring. In the fourth quarter of 2013, the company suspended payment of the interest owed on the loan and was classified among probable defaults.
Following the failure to obtain the guarantees required by the Board of Directors of the Bank at the end of 2014, the loan renegotiation transaction was not finalised and the loan expired on 31 December 2014.
The exposure, amounting to 11.2 million euros gross of default interest, is made up of a share (18%) of a pool loan with Banca Carige fully backed up by a pledge on the Premuda equity stake.
As a result of the continuing situation of difficulty experienced by the Premuda Group and the further deterioration of the collateral held by the Bank, the value of the receivable was adjusted to the realisable value, equal to 2.8 million euros. This position has therefore been written down for approximately 8.4 million euros, including 0.4 million euros associated with the arrears interest accrued at 30 June 2015.
Operating receivables are comprised of transitional items including fees accrued over the last quarter for the distribution of insurance and financial products of Group companies.

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 presented a debt position of 1.6 million euros towards the tax consolidation programme, net of the advances paid, in relation to the estimated taxes for the year.

Amounts due to customers attributable to Generali Group's related parties reached 956.2 million euros at the end of the year and included amounts due to the parent company Assicurazioni Generali S.p.A. for 336.5 million euros and amounts due to Generali Italia S.p.A. for 209.8 million euros.

Amounts due to customers also include the subordinated loan granted by Generali Versicherung totalling 8.1 million euros, gross of accrued interest, and the new subordinated loan with Generali Beteiligungs GmbH taken up to at the end of 2014 to acquire the Credit Suisse Italy S.p.A.'s business line, for a total amount of 44.0 million euros, gross of accrued interest.

Amounts due to banks of the insurance group consisted for 23.1 million euros of deposits made by BSI S.A. as a guarantee for some non-performing loans arising on the acquisition of Banca del Gottardo Italia (collateral deposits).

Finally, a total of 3.2 million euros in personal guarantees was issued for Generali Group companies, of which 2.5 million euros related to Citylife.

Transactions with other related parties

Exposure in respect of the Key Management Personnel of the Banking Group and its parent company Assicurazioni Generali 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. This aggregate remained substantially unchanged since the end of 2014.

However, this aggregate also includes an equity investment, whose amount is not material, in Dea Capital held in the Bank's AFS portfolio and attributable to a key manager of the Parent Company, Assicurazioni Generali S.p.A. In the first half of 2015, this equity investment earned dividends of 90 thousand euros.

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.

(€ THOUSAND)	KEY MANAGEMENT PERSONNEL	ENTITIES UNDER CONTROL OR SIGNIFICANT INFLUENCE
AFS financial assets	-	431
Loans to customers	1,530	-
Due to customers	2,934	-
Dividends	-	90
Guarantees issued	45	-
Guarantees received	-	-

1.2 Profit and Loss account data

Profit and loss relationships with Generali Group companies

At 30 June 2015, the profit and loss components recognised in the Financial Statements with regard to transactions with Generali Group's related parties amounted to 67 million euros, or 39.6% of operating profit before taxation.

(€ THOUSAND)	PARENT COMPANY ASSICURAZIONI GENERALI	A.G. GROUP SUBSIDIARIES	30.06.2015	30.06.2014	% WEIGHT 2015	% WEIGHT 2014
Interest income	-	491	491	850	1.30%	0.72%
Interest expense	-26	-1,253	-1,279	-2,773	70.31%	25.90%
Net interest	**-26**	**-762**	**-788**	**-1,923**	**-2.20%**	**-1.80%**
Fee income	191	77,499	77,690	51,427	21.40%	10.61%
Fee expense	-	-737	-737	-1,053	0.57%	0.46%
Net fees	**191**	**76,762**	**76,953**	**50,374**	**32.88%**	**19.58%**
Dividends	37	-	37	-	3.24%	-
Gain (loss) on trading	-	-191	-191	-	-6.19%	-
Operating income	**202**	**75,809**	**76,011**	**48,451**	**27.73%**	**11.56%**
Staff expenses	-	292	292	284	-0.75%	-0.38%
General and administrative expense	-832	-7,079	-7,911	-7,645	12.51%	5.95%
Other operating income and expenses	-	261	261	135	1.16%	0.33%
Net operating expenses	**-832**	**-6,526**	**-7,358**	**-7,226**	**8.99%**	**4.36%**
Operating result	**-630**	**69,283**	**68,653**	**41,225**	**35.71%**	**16.27%**
Reversal value of loans	-	-1,676	-1,676	-1,685	-138.50%	22.40%
Adjustments of other assets	-	-	-	-402	-	11.60%
Operating profit	**-630**	**67,607**	**66,977**	**39,138**	**39.60%**	**19.40%**
Profit (loss) from non-current assets, net of taxes	-	-	-	-1,740	n.a	-57.00%
Net profit (loss) for the period	**-630**	**67,607**	**66,977**	**37,398**	**47.80%**	**23.20%**

Overall **net interest income** accrued in dealings with members of the insurance Group is negative and amounted to 0.7 million euros, with interest paid to such companies (1.3 million euros) accounting for 70.3% of the total item recognised in the profit and loss account and showing a decline of 1.1 million euros compared to the same period of the previous year.
Within this item, the interest paid in relation with the subordinated loans of Generali Versicherung and Generali Beteiligungs-GmbH amounted to 0.9 million euros, the interest accrued on collateral deposits of BSI S.A. amounted to 0.3 million euros, while interest on the funding provided by other Generali Group companies was 0.1 million euros.

Fee income paid back by companies of the insurance Group amounted to 77.7 million euros, equal to 21.4% of the aggregate amount and was broken down as follows:

ITEMS/VALUES	30.06.2015	30.06.2014	CHANGE	
			ABSOLUTE	%
Fees for asset management	2,148	1,341	807	60.2%
Distribution of insurance products	74,262	49,429	24,833	50.2%
Consultancy	995	309	686	n.a.
Other bank fees	285	348	-63	n.a.
Total	**77,690**	**51,427**	**26,263**	**51.1%**

The main components were the fees for distribution of insurance products paid back to **Genertellife**, which grew significantly compared to the previous year thanks to the successful new multi-line policy BG Stile Libero, launched in early March 2014. The policy's net inflows totalled 1,435 million euros in the first half of the year, equal to 90% of total insurance net inflows. The distribution of the insurance products of **Genertellife** thus reached 74.3 million euros, with an increase of 50.2% (+24.8 million euros) compared to the first half of 2014.

Fees on the placement of units of UCITSs of the insurance group were largely related to the income on the distribution of BG Focus funds, promoted by Generali Investments Europe SGR.
Furthermore, Banca Generali advises on, or directly manages through portfolio management, a portion of the underlying assets of the Group's insurance products. In this regard, in 2015 fee income amounted to 1.0 million euros advisory fees from Alleanza and Generali Italia.

The other bank fees refer primarily to direct debit collection activity on behalf of Group companies.

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 fees, amounting to 4.3 million euros, are generally charged directly against the assets of the UCITS, which are considered entities beyond the scope of IAS 24.
The Bank also directly collects from customers subscription fees for the Sicav GIS - Generali Investments Sicav, promoted by the insurance group's asset management companies (SGR).

Net operating expenses recognised by the Bank in relation to transactions with related parties of the Generali Group amounted to 7.3 million euros and refer for 9% to outsourced services in the insurance, leasing, administrative and information technology sectors.

ITEMS/VALUES	30.06.2015	30.06.2014	CHANGE	
			ABSOLUTE	%
Insurance services	1,030	976	54	5.5%
Property services	3,477	3,254	223	6.9%
Administration, IT and logistics services	3,143	3,280	-137	-4.2%
Financial services	-	-	-	-
Staff services	-292	-284	-8	2.8%
Total administrative expense	**7,358**	**7,226**	**132**	**1.8%**

Administrative expense incurred in relation to the parent company Assicurazioni Generali S.p.A. amounted to 0.8 million euros and refer to insurance services.
Administrative expense incurred in relation to Generali Italia S.p.A. amounted to 0.8 million euros, of which 0.2 million euros refer to insurance services and the remainder to rentals for former INA property leases.
The cost of property services relating to the lease of offices, branch network and the bank's operating outlet premises totalled 3.5 million euros and referred to Generali Italia S.p.A., as well as to Generali Properties (1.4 million euros), Fondo Mascagni (0.7 million euros) and Generali immobiliare SGR (0.6 million euros).
Expenses relating to IT, administration and logistics refer chiefly to services rendered by Generali Business Solutions S.r.l. (GBS) on the basis of current outsourcing agreements.

Adjustments to loans entirely refer to the Investimenti Marittimi position, already illustrated in the previous section.

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

1. Qualitative information

1.1 Stock option plans for Financial Advisors, Relationship Managers and employed managers

At 30 June 2015 the payment agreements based on own equity instruments activated by Banca Generali consisted of:

- two stock-option plans, one reserved for Financial Advisors and the other for network managers and Relationship Managers (employees) of Banca Generali, approved by the General Shareholders' Meeting held on 21 April 2010;
- one stock-option plan 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 (currently in their final phase).

The stock option plans launched in 2006 reached the end of their vesting period and, in the case of the component associated with Financial Advisors, the option exercise period as well. The options assigned to employees of the Banking group may be instead exercised by 15 December 2015.

The stock option plans approved in 2010 are structured in six instalments with annual vesting periods, the first four of which had already become fully exercisable, whereas the fifth became exercisable beginning on 1 July 2015.

For a more detailed analysis of the above-mentioned plans, please refer to Part I of the Notes to the Financial Statements at 31 December 2014.

1.2 Variable components of remuneration in connection to performance objectives

In accordance with the Supervisory Provisions set forth in the 7th update of Bank of Italy's Circular Letter No. 285/2013 issued on 18 November 2014, the 2015 Remuneration and Incentivisation Policy of the Banca Generali Group — submitted to the Shareholders' Meeting of 23 April 2015 for approval — provides that the remuneration package for Key Management Personnel be made up of fixed and variable components, and that a part of the variable remuneration be paid by assigning Banca Generali's financial instruments.

In detail, Key Management Personnel and main network managers who accrue a variable remuneration linked to short-term objectives exceeding 75 thousand euros in financial year 2015 will be entitled, in addition to the deferral of the disbursement of 40% of the variable component, also to the payment of 25% of the said component through assignment of Banca Generali's shares, based on the following stock-granting and retention mechanism:

- 60% of the bonus will be paid up-front in the year following that under review: 75% in cash and 25% in Banca Generali shares, which will be subject to a retention period of one year;
- 20% of the bonus will be deferred for one year: 75% in cash and 25% in Banca Generali shares, which will be subject to a retention period of one year;
- the remaining 20% of the bonus will be deferred by two years: 75% in cash and 25% in Banca Generali shares, which will be subject to a retention period of one year.

Therefore, the payment in shares will be conditional not only upon the achievement of the pre-set objectives defined in the MBO mechanism, but also to the satisfaction of access gates established by the Banking Group (TCR - *Total Capital Ratio*, LCR - *Liquidity Coverage Ratio*) for the year in which the remuneration is accrued and the following two-year period of retention.

In light of the foregoing, on 23 April 2015 the Shareholders' Meeting resolved to repurchase a maximum number of 88,213 treasury shares within an 18-month period, to be granted to Key Management Personnel and main network managers as variable remuneration.

By resolution dated 3 June 2015, the Bank of Italy authorised the transaction, and also ordered its deduction from the Banca Generali's own funds effective the same date.

2. Quantitative information

	TOP MANAGERS	AVERAGE PRICES (EURO)	FINANCIAL PLANNER	AVERAGE PRICES (EURO)	EMPLOYED MANAGERS	AVERAGE PRICES (EURO)	TOTAL	AVERAGE PRICES (EURO)	AVERAGE MATURITY (YEARS)
A. Amount at period-start	**-**	**-**	**1,087,438**	**10.38**	**118,749**	**9.92**	**1,206,187**	**10.34**	**2.86**
B. Increases	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**x**
B.1 Newly issued shares	-	-	-	-	-	-	**-**	-	x
B.2 Other changes	-	-	-	9.00	-	-	**-**	-	x
C. Decreases	**-**	**-**	**-128,031**	**10.71**	**-27,981**	**10.07**	**-156,012**	**10.60**	**x**
C.1 Cancelled	-	-	-6,640	10.71	-	-	**-6,640**	10.71	x
C.2 Exercised	-	-	-121,391	10.71	-27,981	10.07	**-149,372**	10.59	x
C.3 Expired	-	-	-	-	-	-	**-**	-	x
C.4 Other changes	-	-	-	-	-	-	**-**	-	x
D. Amount at period-end	**-**	**-**	**959,407**	**10.71**	**90,768**	**10.35**	**1,050,175**	**10.68**	**2.47**
E. Options that can be exercised at period-end	**-**	**-**	**249,286**	**10.71**	**25,610**	**9.41**	**274,896**	**10.59**	**2.39**
Strike price	**-**	**-**	**69**	**X**	**6**	**X**	**75**	**X**	**X**
IFRS 2 reserve	**-**	**-**	**1,227**	**X**	**264**	**X**	**1,491**	**X**	**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 Advisors/ Financial Planners reporting to the Financial Planner Division;
- the Private Channel, which refers to the total earnings generated for the Group by the network of Private Bankers and Relationship Managers, and their respective Divisions;
- 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, as well as all revenues and costs not attributable to the sales channels.

The interest expense incurred by the Affluent and Private segments was determined on the basis of the actual interest paid on each segment's direct inflows. Interest income for the two segments includes, in addition to the actual interest accrued on the loans issued to customers in each segment, a share of the "notional interest" attributed to the Corporate segment. Figures for 2014 were restated using the same criteria.
Beginning in December 2014, performance fees previously attributed to the Corporate area have been directly allocated to the business areas which place the products; figures at 30 June 2014 have therefore been restated accordingly. All the revenue components presented are measured using the same accounting principles adopted to prepare the Group's Consolidated Financial Statements so that segment data can be reconciled more easily with consolidated data.
The following table shows the consolidated profit and loss results of each of the three operating segments, stated net of intrasegment eliminations.

BANCA GENERALI GROUP PROFIT AND LOSS ACCOUNT (€ THOUSAND)	30.06.2015				30.06.2014			
	AFFLUENT CHANNEL	PRIVATE CHANNEL	CORPORATE CHANNEL	TOTAL	AFFLUENT CHANNEL	PRIVATE CHANNEL	CORPORATE CHANNEL	TOTAL
Interest income and similar revenues	5,786	4,251	27,667	**37,704**	4,037	2,328	56,245	**62,609**
Notional interest	6,627	3,743	-10,370	**-**	7,284	3,491	-10,776	**-**
Interest expense and similar charges	-180	-67	-1,572	**-1,819**	-711	-465	-6,153	**-7,328**
Net interest income	**12,234**	**7,927**	**15,725**	**35,885**	**10,610**	**5,354**	**39,316**	**55,281**
Fee income	217,467	125,229	20,424	**363,119**	132,062	80,965	9,760	**222,786**
of which								
subscriptions	*17,058*	*3,692*	*28*	***20,777***	*9,873*	*2,418*	*4,970*	***17,261***
management	*135,764*	*81,971*	*5,886*	***223,621***	*100,756*	*64,008*	*3,229*	***167,992***
performance	*57,810*	*33,835*	*7,700*	***99,345***	*12,513*	*8,169*	*-*	***20,682***
other	*6,835*	*5,732*	*6,810*	***19,376***	*8,920*	*6,371*	*1,561*	***16,851***
Fee expense	-82,158	-40,734	-6,220	**-129,112**	-58,219	-31,148	-5,139	**-94,507**
Net fees	**135,309**	**84,495**	**14,204**	**234,007**	**73,843**	**49,817**	**4,621**	**128,279**
Net income (loss) from trading activities	-	-	25,141	**25,141**	-	-	44,994	**44,994**
Dividends	-	-	1,142	**1,142**	-	-	772	**772**
Net banking income	**147,542**	**92,422**	**56,212**	**296,175**	**84,452**	**55,171**	**89,703**	**229,326**
Staff expenses				**-38,924**				**-37,372**
Other general and administrative expense				**-63,217**				**-59,980**
Net adjustments/reversal of property, equipment and intangible assets				**-2,243**				**-2,074**
Other operating expenses/ income				**22,510**				**20,982**
Net operating expenses				**-81,874**				**-78,444**
Operating profit				**214,300**				**150,882**
Reversal value of loans								
Adjustments of other assets				**-3,327**				**-4,491**
Net provisions				**-41,728**				**-25,797**
Gains (losses) from the disposal of equity investments				**-1**				**-10**
Operating profit before taxation				**169,243**				**120,584**
Income taxes for the period on current operations				**-29,118**				**-31,881**
Profit (loss) from AFS assets				**-**				**-260**
Minority interests (+/-) for the period				**-**				**-**
Net profit				**140,127**				**88,443**
(€ MILLION)								
Assets Under Management	23,067	16,777	1,501	**41,344**	19,391	12,897	1,618	**33,907**
Net Inflows	1,280	956	n.a.	**2,236**	1,758	557	n.a.	**2,315**
No. of FAs/RMs	1,260	420	n.a.	**1,680**	1,234	342	n.a.	**1,576**

Trieste, 28 July 2015
The Board of Directors

BANCA GENERALI

Attestation to the Condensed Half-year Financial Statements Pursuant to Article 81-*ter* of Consob Regulation 11971 Dated 14 May 1999, as Amended

1. The undersigned Piermario Motta, in his capacity as Chief Executive Officer, and Stefano Grassi, in his capacity as Manager in charge of preparing the accounting documents of Banca Generali S.p.A., hereby declare, taking into account the provisions set out in article 154-*bis*, paragraphs 3 and 4 of the legislative decree dated 24 February 1998, No.58, that the administrative and accounting procedures adopted to prepare the condensed half-year report for the first half of 2015

   - are appropriate in light of the features of the company, and
   - have been applied.

2. The appropriateness of administrative and accounting procedures for preparing the condensed half-year financial statements at 30 June 2015 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 Organisations 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 2015:

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, 28 July 2015

Piermario Motta
Chief Executive Officer

BANCA GENERALI S.p.A.

Stefano Grassi
Manager in charge of preparing
the company's financial documents
BANCA GENERALI S.p.A

Tel: +39 0459690472
Fax: +39 0459690474
www.bdo.it

Via Dietro Listone, 16
37121 Verona
e-mail: verona@bdo.it

Auditors' review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
Banca Generali S.p.A.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements, comprising the balance sheet, the statements of income, the statement of comprehensive income, the changes in shareholders' equity, the statement of cash flows and the related explanatory notes, of Banca Generali S.p.A. and its subsidiaries (the "Banca Generali Group") as of June 30, 2015. Directors of Banca Generali S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution No. 10867 of July 31, 1997. A review of interim condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Banca Generali Group as of June 30, 2015 are not prepared, in all material respects, in conformity with International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Other Matter

The consolidated financial statements for the year ended December 31, 2014 and the interim condensed consolidated financial statements for the period ended June 30, 2014 were respectively audited and reviewed by another auditor who, on March 27, 2015, expressed an unmodified opinion on those consolidated financial statements, and on August 1, 2014, expressed an unmodified conclusion on these interim condensed consolidated financial statements.

Verona, August 4, 2015

BDO Italia S.p.A.

Signed by Alfonso Iorio
(Partner)

This report has been translated into English language solely for the convenience of international readers.

Banca Generali S.p.A.

REGISTERED OFFICE

Via Machiavelli 4 - 34132 Trieste - Italy

SHARE CAPITAL

Authorised 119,378,836 euro

Subscribed and paid-up 115,934,446 euro

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 3075.9 code

Coordination, design and layout **Sege Srl**

BANCA GENERALI

REGISTERED OFFICE
Via Machiavelli, 4
I - 34132 Trieste

MILAN HEAD OFFICE
Via Ugo Bassi, 6
I - 20159 Milan
+39 02 6076 5411

TRIESTE HEAD OFFICE
Corso Cavour, 5/a
I - 34132 Trieste
+39 040 7777 111

CALL CENTER
Toll free number
800 155 155

www.bancagenerali.com