

PRESS RELEASE

First-half results**NET PROFIT AT €140 MILLION (+58%)**

- Total revenues at €296 million (+29%)
- Management fees at €224 million (+33%)
- Operating expenses at €81.9 million (+4%)

ASSETS AT €39.8 BILLION (+23%)

- Managed assets at €30.4 billion (+28%)
- Net inflows at €2.2 billion (+34%)

STRONG CAPITAL RATIOS

- Tier 1 ratio at 12.9% and total capital ratio at 14.6%
- Excess capital at €177 million (+21%)

Milan, 28 July 2015 – The Board of Directors of Banca Generali, chaired by Paolo Vagnone, has approved the consolidated results for the first half of 2015.

The CEO of Banca Generali, Piermario Motta, commented: *“The Bank recorded its best half year ever, with a speed-up in the rate of growth thanks to the quality of our offer and of the solid results of our portfolio management activity. In a very volatile and complex market scenario impacted by the absence of satisfactory risk-free returns, we succeeded in effectively meeting the needs of our clients through versatile and innovative solutions. Our commitment towards advisory development and our focus on skilled professionals able to provide exclusive services to customers proved to be distinctive features and growth drivers for our bank. We look towards the challenges of the coming months with great enthusiasm and optimism.”*

CONTACTS:

www.bancagenerali.com

Media Relations
Michele Seghizzi

Tel. +39 02 6076 5683

michele.seghizzi@bancagenerali.it

Investor Relations
Giuliana Pagliari
Tel. +39 02 6076 5548

giuliana.pagliari@bancagenerali.it

Consolidated P&L results at 30 June 2015

In H1 2015, Banca Generali reported an unprecedented growth, successfully meeting households' strong demand for financial advisory resulting from the historic reduction in Italian bond returns.

H1 2015 net inflows rose by 34% to €2,236 million on a like-for-like consolidation basis. Notably, assets under management and custody reached €39.8 billion, up 23% over the past 12 months.

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The ability to develop strong customers' relations and to manage market complexities coupled with a tight operating cost discipline led to a significant increase in net earnings. **Net profit reached indeed the highest half-year level ever, increasing by 58% to €140.1 million.** Once again, the bottom-line growth was accompanied by a stronger capital solidity, which has placed the bank amongst the top-ranking in its industry, thanks to its prudent asset management policy.

In detail, the following P&L figures are noteworthy:

Gross fees increased to €363.1 million (+63%), as a result of the strong expansion of assets, particularly managed assets. **Management fees, which are the core component for the Bank, rose by 33% to €223.6 million.** It should be noted that this item has been steadily growing for the past three and a half years, thus confirming the soundness of a strategy focused on business and revenue sustainability. The quality of investment solutions and the effective selection of the best fund management expertise have yielded positive results despite the highly volatile context, thus guaranteeing excellent returns of active asset management products to our clients.

As expected, **net interest income** amounted to €35.9 million compared to €55.3 million last year, due to the further interest rate decrease and as a result of the full repayment of the three-year ECB's LTRO.

Banking book management continued to be characterised by a conservative approach, as shown by the maturity (3.3) and duration (1.8) of the bond portfolio. At the same time, the targeted expansion of Lombard lending to private customers continued, reaching €1.7 billion (+16%) in H1 2015, with revenues of €11.5 million (+22%), equal to about one third of the entire net interest income.

Operating expenses grew more slightly (**€81.9 million, +4.4%**) despite the significant expansion of the bank's size. In H1 2015, cost containment was tightened and was even more significant in light of the increase in assets (+23%) and revenues (+29%). The ratio of expenses to total assets decreased markedly from 0.49% in H1 2014 to the current 0.41%. Expenses include sizeable investments in IT and digital development projects that are deemed a priority in the strategy aimed at offering excellent services to the bank's clients.

Group's **total assets** at 30 June 2015 were €5,874 million (-4% YTD). The reduction was due to the repayment of the three-year ECB's LTRO. **Consolidated net equity** was €544.7 million (compared to €470.4 million in H1 2014). Tier 1 Capital ratio was 12.9% (compared to 12.2% at year-end 2014) and Total Capital ratio was 14.6% (compared to 14.2% at year-end 2014).

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Consolidated P&L Results for Q2 2015

Net profit for Q2 2015 amounted to €47 million, compared to €49.6 million for the same period of the previous year.

This result was driven by the significant growth of recurring fees to €135.9 million (+27%). This increase was mainly linked to the trend in **management fees (€116 million, + 35% YOY, +8% compared to the previous quarter)**, mirroring the growth in assets managed on behalf of customers (+9% YTD)

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Moreover, it should be recalled that in the reporting quarter the contribution of the three-year ECB's financing (LTRO) definitively ended. In Q2 2014 it had amounted to €8.6 million.

Net Inflows and Assets Under Management (AUM)

Banca Generali's net inflows for **H1 2015 totalled €2,236 million**, up 34% on a like-for-like basis compared to the previous year, when they had already grown sharply.

The figure is even more significant when considering that it is entirely composed of direct net inflows gathered by Banca Generali's Financial Advisors and Private Bankers, without the contribution of institutional assets or net inflows from the online channel.

Net inflows from managed and insurance products totalled €2,030 million (+34%), accounting for 91% of total net inflows.

Amongst the individual products, the multi-line policy BG Stile Libero continued to meet with great success totaling **net inflows for €1,435 million in H1 2015 and €3,620 million since inception**. The product is highly appreciated thanks to its flexibility to combine insurance segregated accounts and a comprehensive range of funds and SICAVs.

Also with reference to insurance products, net inflows from traditional insurance products stabilised, with new business offsetting insurance maturities to ensure product profitability in a context of prolonged low-interest rates.

With reference to managed assets, demand for **funds/SICAVs** and portfolio management also grew significantly, with net inflows of €461 million for the period (compared to €127 million for H1 2014).

Total assets amounted to €39.8 billion (+23% compared to €32.3 billion for H1 2014, +9% YTD). In detail, **managed and insurance assets totaled €30.4 billion, up 28% compared to the previous year (+11% YTD)**. Their ratio to total assets grew to 76%, increasing by two percentage points compared to the same period of the previous year.

Assets under administration rose to €9.4 billion, reflecting the constant acquisition of new clients and a higher share of wallet of existing clients.

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Business Outlook

Banca Generali's first half of 2015 was marked by its ability to react to market trends and the households' growing appreciation of its investment and financial planning solutions. In the context of continued low-interest rates and stock market volatility, the Bank provided effective solutions to its clients, as proven by the positive trend of average portfolios and the substantial growth of assets, now nearing €40 billion. Net inflows, which grew even further compared to the record results of the previous year, reflect households' appreciation and the bank's ability to attract experienced professionals. The latter are increasingly recognising the bank's innovation- and quality-oriented approach they deem instrumental for the development of their talent, as can be

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inferred from the number of recruits. In the second half of the year, European interest rates are not expected to change from their current historic low levels due to the reassurance effect of ECB's role as "guardian" of the European debt. Against this background, we expect households to become increasingly aware of their needs for qualified investment advisory to protect their financial assets. On this basis, we decided to revise our net inflows forecasts for the full year to €3.0-€3.5 billion from to our year-start objective of €2.0-€2.5 billion.

Presentation to the Financial Community

A conference call for the financial community will be held today, at **2:00pm CET** to analyse the results for the first half of 2015.

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

from Italy and other non-specified countries: + 39 02 805 88 11;
from the UK: + 44 121 281 8003;
from the USA: + 1 718 7058794/+1 855 2656959 (toll-free)

* * *

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

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Annexes:

- 1) Banca Generali – Consolidated Profit and Loss Statement at 30 June 2015
- 2) Banca Generali – Consolidated Profit and Loss Statement for the Second Quarter of 2015
- 3) Banca Generali – Reclassified Consolidated Balance Sheet at 30 June 2015
- 4) Total AUM at 30 June 2015

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Banca Generali

Banca Generali is a leading player in Italy in the field of integrated distribution of financial, banking and insurance products through its Financial Advisor networks: Banca Generali Financial Planners and Banca Generali Private Banking. The company's strategy is based on four key elements: qualified advice from professionals ranked at the top in their fields in terms of skills and experience, one of the broadest and soundest product portfolios on the market, with a transparent structure open to prestigious solutions from third-party firms, the competitiveness of its banking service platform and the guarantee of solidity and reliability that the Generali brand represents for all of its customers. Listed on the Milan stock exchange since November 2006, Banca Generali is 51% controlled by Assicurazioni Generali. Banca Generali is present throughout Italy with 44 bank branches and 140 offices for its 1,680 Financial Advisors.

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**1) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT AT
30 JUNE 2015**

(€ mil.)	6M14	6M15	% Chg
Net Interest Income	55.3	35.9	-35.1%
Gross fees	222.8	363.1	63.0%
Fee expenses	-94.5	-129.1	36.6%
Net Fees	128.3	234.0	82.4%
Net income (loss) from trading activities	45.0	25.1	-44.1%
Dividends	0.8	1.1	47.9%
Net income (loss) from trading activities and Dividends	45.8	26.3	-42.6%
Net Banking Income	229.3	296.2	29.2%
Staff expenses	-37.4	-38.9	4.2%
Other general and administrative expense	-60.0	-63.2	5.4%
	-97.4	-102.1	4.9%
Depreciation and amortisation	-2.1	-2.2	8.1%
Other net operating income (expense)	21.0	22.5	7.3%
Net Operating Expenses	-78.4	-81.9	4.4%
Operating Profit	150.9	214.3	42.0%
Net adjustments for impair.loans and other assets	-4.5	-3.3	-25.9%
Net provisions for liabilities and contingencies	-25.8	-41.7	61.8%
Profit Before Taxation	120.6	169.2	40.4%
Direct income taxes	-31.9	-29.1	-8.7%
Income/(losses) after tax on assets held for sales	-0.3	0.0	-100.0%
Minorities interest	0.0	0.0	
Net Profit	88.4	140.1	58.4%
Cost/Income Ratio	33.3%	26.9%	-6.4 p.p.
EBITDA	153.0	216.5	41.6%
Tax rate	26.4%	17.2%	-9.2 p.p.

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2) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE SECOND QUARTER OF 2015

(€ mil.)	2Q 14	2Q 15	% Chg
Net Interest Income	26.6	17.1	-35.9%
Gross fees	119.7	163.2	36.3%
Fee expenses	-49.1	-66.2	35.0%
Net Fees	70.7	97.0	37.2%
Net income (loss) from trading activities	26.7	0.6	-97.9%
Dividends	0.8	1.1	44.2%
Net income (loss) from trading activities and Dividends	27.4	1.7	-94.0%
Net Banking Income	124.7	115.7	-7.2%
Staff expenses	-19.3	-19.3	0.2%
Other general and administrative expense	-29.4	-31.7	7.7%
	-48.7	-51.0	4.7%
Depreciation and amortisation	-1.0	-1.1	8.8%
Other net operating income (expense)	10.6	11.7	10.4%
Net Operating Expenses	-39.1	-40.4	3.3%
Operating Profit	85.6	75.3	-12.1%
Net adjustments for impair.loans and other assets	-3.6	0.0	-100.6%
Net provisions for liabilities and contingencies	-15.4	-20.2	30.9%
Profit Before Taxation	66.6	55.1	-17.3%
Direct income taxes	-17.3	-8.1	-53.1%
Income/(losses) after tax on assets held for sales	0.2	0.0	-100.0%
Net Profit	49.6	47.0	-5.2%
Cost/Income Ratio	30.5%	34.0%	3.5 p.p.
EBITDA	86.6	76.4	-11.8%
Tax rate	26.0%	14.7%	-11.3 p.p.

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3) BANCA GENERALI – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 30 JUNE 2015 (€ MILLION)

(€ millions)

Assets	June 30, 2015	Dec 31, 2014	Change	% Change
Financial assets held for trading	155.8	32.8	123.0	374.5%
Financial assets available for sale	2,414.0	2,235.4	178.6	8.0%
Financial assets held to maturity	465.9	1,403.1	-937.2	-66.8%
Loans to banks	572.5	353.6	218.9	61.9%
Loans to customers	1,918.0	1,795.0	123.0	6.9%
Property equipment and intangible assets	92.3	93.8	-1.5	-1.6%
Tax receivables	51.5	40.8	10.7	26.3%
Other assets	203.6	185.7	17.9	9.7%
Total Assets	5,873.8	6,140.2	-266.5	-4.3%

Liabilities and Shareholders' Equity	June 30, 2015	Dec 31, 2014	Change	% Change
Due to banks	234.7	1,038.9	-804.2	-77.4%
Direct inflows	4,667.9	4,285.4	382.5	8.9%
Financial liabilities held for trading	2.1	2.7	-0.6	-22.3%
Tax payables	21.9	27.6	-5.7	-20.8%
Other liabilities	277.6	149.8	127.8	85.3%
Special purpose provisions	125.0	99.6	25.4	25.5%
Valuation reserves	-2.6	18.0	-20.6	-114.6%
Reserves	244.4	196.2	48.2	24.5%
Additional paid-in capital	47.1	45.6	1.5	3.3%
Share capital	115.8	115.7	0.1	0.1%
Treasury shares (-)	0.0	0.0	0.0	0.0%
Net income (loss) for the period (+/-)	140.1	160.9	-20.8	-12.9%
Total Liabilities and Shareholders' Equity	5,873.8	6,140.2	-266.5	-4.3%

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4) TOTAL AUM AT 30 JUNE 2015

<i>Billion of Euros</i>	Giu 2015	Mar 2015	Abs. Chg
Mutual Funds	11.08	11.06	0.02
Portfolio Management	3.75	4.09	-0.34
Managed Assets	14.83	15.15	-0.32
Life Insurance	15.62	14.82	0.80
<i>of which BG STILE LIBERO</i>	3.76	3.05	0.71
<i>of which unit</i>	0.60	0.72	-0.12
<i>of which multilinked</i>	0.13	0.09	0.04
Non Managed Assets	9.39	9.51	-0.12
<i>of which: Securities</i>	6.10	6.48	-0.38
Total	39.84	39.48	0.36

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