



BANCA GENERALI S.P.A.

INTERIM REPORT

as of 30.09.2015



INTERIM REPORT

as of 30.09.2015

BOARD OF DIRECTORS 29 OCTOBER 2015

Banca Generali S.p.A.

Administration and control bodies

BOARD OF DIRECTORS

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

BOARD OF STATUTORY AUDITORS

| | |
|----------------------------------|-------------------|
| Massimo Cremona | Chairman |
| Mario Francesco Anaclerio | Acting Auditor |
| Flavia Minutillo | Acting Auditor |
| Anna Bruno | Alternate Auditor |

GENERAL MANAGER

Piermario Motta

MANAGER IN CHARGE OF PREPARING THE COMPANY'S FINANCIAL REPORTS

Stefano Grassi

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GROUP ECONOMIC AND FINANCIAL HIGHLIGHTS

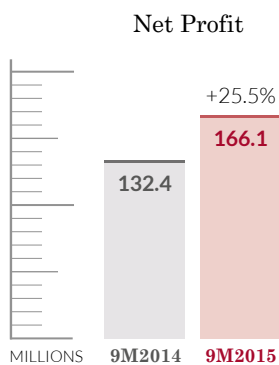
Group economic and financial highlights

Consolidated figures

| (€ MILLION) | 9M2015 | 9M2014 | CHANGE % |
|---|---------------|---------------|-------------|
| Net interest income | 51.3 | 82.3 | -37.7 |
| Net fees | 289.3 | 196.2 | 47.4 |
| Net income (loss) from trading activities and dividends | 26.3 | 52.1 | -49.5 |
| Net banking income | 366.9 | 330.6 | 11.0 |
| Staff expenses | -59.7 | -55.7 | 7.3 |
| Other general and administrative expense | -94.3 | -90.6 | 4.1 |
| Amortisation and depreciation | -3.4 | -3.1 | 8.6 |
| Other operating income/expense | 34.7 | 29.1 | 19.4 |
| Net operating expenses | -122.7 | -120.3 | 2.0 |
| Operating profit | 244.3 | 210.3 | 16.1 |
| Provisions | -37.4 | -29.8 | 25.6 |
| Adjustments | -5.8 | -5.3 | 10.2 |
| Profit before taxation | 201.0 | 175.2 | 14.7 |
| Net profit | 166.1 | 132.4 | 25.5 |

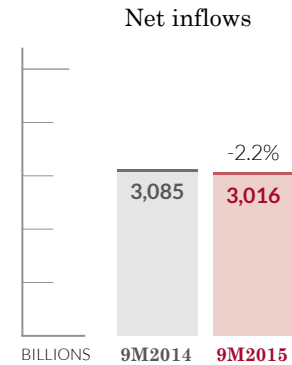
Performance indicators

| | 9M2015 | 9M2014 | CHANGE % |
|---------------------------------|--------|--------|----------|
| Cost/Income ratio | 32.5% | 35.4% | -8.3 |
| EBTDA | 247.6 | 213.4 | 16.0 |
| ROE | 41.6% | 37.8% | 9.9 |
| ROA | 2.9% | 2.0% | 46.2 |
| EPS - Earnings per Share (euro) | 1.435 | 1.147 | 25.0 |



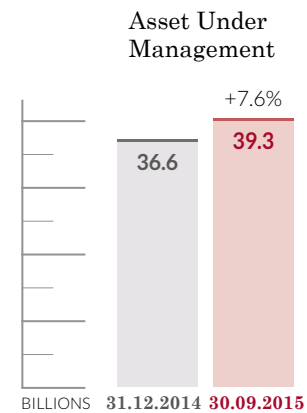
Net inflows

| (ASSORETI DATA) (€ MILLION) | 9M2015 | 9M2014 | CHANGE % |
|-------------------------------|--------------|--------------|-------------|
| Mutual funds and Sicavs | 735 | 588 | 25.0 |
| Asset management | -161 | 158 | -201.9 |
| Insurance / Pension funds | 2,121 | 2,168 | -2.2 |
| Securities / Current accounts | 321 | 171 | 87.7 |
| Total | 3,016 | 3,085 | -2.2 |



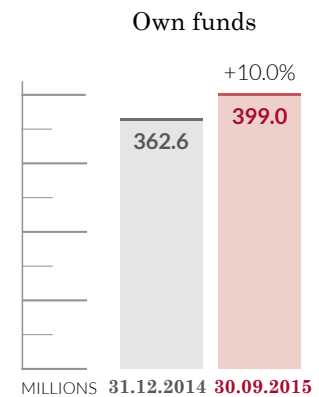
Assets Under Management & Custody (AUM/C)

| (ASSORETI DATA) (€ BILLION) | 30.09.2015 | 31.12.2014 | CHANGE % |
|-------------------------------|-------------|-------------|------------|
| Mutual funds and Sicavs | 10.5 | 10.0 | 5.2 |
| Asset management | 3.6 | 3.8 | -5.4 |
| Insurance / Pension funds | 15.9 | 13.7 | 16.4 |
| Securities / Current accounts | 9.3 | 9.1 | 2.5 |
| Total | 39.3 | 36.6 | 7.6 |



Net equity

| (€ MILLION) | 30.09.2015 | 31.12.2014 | CHANGE % |
|---------------------|------------|------------|----------|
| Net equity | 590.1 | 536.3 | 10.0 |
| Own funds | 399.0 | 362.6 | 10.0 |
| Excess capital | 187.0 | 157.9 | 18.4 |
| Total capital ratio | 15.1% | 14.2% | 6.2 |





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Raccolta totale 2014.

Banca Generali ha chiuso il 2014 con una raccolta netta totale di € 4,02 miliardi di euro (+78% a/a), il miglior dato nella storia della banca.

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In primo piano

16/02/2015 - Banca Generali e l'Università di Brescia insieme per la formazione dei professionisti

Banca Generali e l'Università degli Studi di Brescia lanciano il primo corso in Italia dedicato interamente alle tematiche del "passaggio generazionale". Al centro degli approfondimenti le criticità correlate nel trasferimento di competenze all'interno delle aziende dove dalle statistiche solo una su tre sopravvive al passaggio dalla

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Investor Relations

11/03/2015

Esame risultati preliminari d'esercizio 2014

Banca Generali ha presentato alla conferenza call che si è tenuta mercoledì 11 febbraio 2015 alle ore 14.00 i risultati preliminari d'esercizio 2014.

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CONSOLIDATED ACCOUNTING STATEMENTS

CONSOLIDATED BALANCE SHEET

| Assets (€ THOUSAND) | 30.09.2015 | 31.12.2014 | CHANGE | |
|---|------------------|------------------|----------------------|--------------|
| | | | AMOUNT | % |
| | | | HFT financial assets | 52,384 |
| AFS financial assets | 2,562,806 | 2,235,408 | 327,398 | 14.6% |
| HTM financial assets | 496,254 | 1,403,123 | -906,869 | -64.6% |
| Loans to banks | 390,855 | 353,620 | 37,235 | 10.5% |
| Loans to customers | 1,869,211 | 1,794,959 | 74,252 | 4.1% |
| Property, equipment and intangible assets | 91,635 | 93,794 | -2,159 | -2.3% |
| Tax receivables | 44,508 | 40,801 | 3,707 | 9.1% |
| Other assets | 187,657 | 185,692 | 1,965 | 1.1% |
| Total assets | 5,695,310 | 6,140,237 | -444,927 | -7.2% |

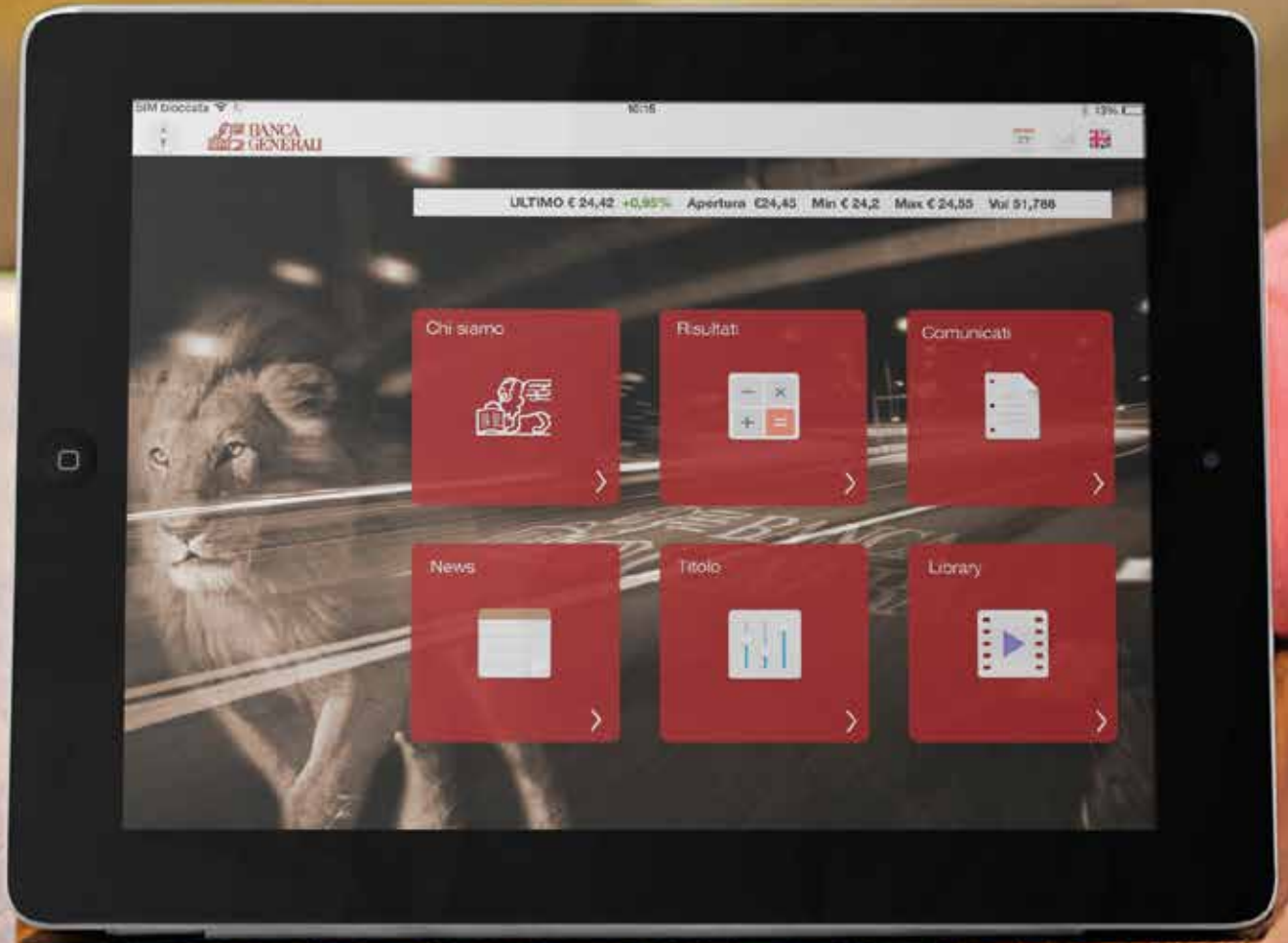
| Net equity and liabilities (€ THOUSAND) | 30.09.2015 | 31.12.2014 | CHANGE | |
|--|------------------|------------------|-----------------|--------------|
| | | | AMOUNT | % |
| | | | Due to banks | 333,472 |
| Due to customers | 4,437,476 | 4,285,398 | 152,078 | 3.5% |
| Financial liabilities held for trading and hedging | 1,655 | 2,655 | -1,000 | -37.7% |
| Tax payables | 24,993 | 27,612 | -2,619 | -9.5% |
| Other liabilities | 189,449 | 149,770 | 39,679 | 26.5% |
| Special purpose provisions | 118,125 | 99,605 | 18,520 | 18.6% |
| Valuation reserves | 13,791 | 17,983 | -4,192 | -23.3% |
| Reserves | 244,662 | 196,209 | 48,453 | 24.7% |
| Additional paid-in capital | 49,553 | 45,575 | 3,978 | 8.7% |
| Share capital | 116,045 | 115,677 | 368 | 0.3% |
| Treasury shares (-) | -41 | -41 | - | 0.0% |
| Net profit (loss) for the period | 166,130 | 160,905 | 5,225 | 3.2% |
| Total net equity and liabilities | 5,695,310 | 6,140,237 | -444,927 | -7.2% |

CONSOLIDATED PROFIT AND LOSS ACCOUNT

| Item | 9M2015 | 9M2014 | CHANGE | |
|--|-----------------|-----------------|----------------|---------------|
| | | | AMOUNT | % |
| (€ THOUSAND) | | | | |
| Net interest income | 51,285 | 82,268 | -30,983 | -37.7% |
| Net fees | 289,331 | 196,235 | 93,096 | 47.4% |
| Dividends | 1,174 | 817 | 357 | 43.7% |
| Net income (loss) from trading activities | 25,149 | 51,329 | -26,180 | -51.0% |
| Net operating income | 366,939 | 330,649 | 36,290 | 11.0% |
| Staff expenses | -59,739 | -55,682 | -4,057 | 7.3% |
| Other general and administrative expense | -94,288 | -90,610 | -3,678 | 4.1% |
| Net adjustments of property, equipment and intangible assets | -3,395 | -3,126 | -269 | 8.6% |
| Other operating expenses/income | 34,733 | 29,079 | 5,654 | 19.4% |
| Net operating expenses | -122,689 | -120,339 | -2,350 | 2.0% |
| Operating profit | 244,250 | 210,310 | 33,940 | 16.1% |
| Net adjustments for non-performing loans | -2,468 | -4,578 | 2,110 | -46.1% |
| Net adjustments of other assets | -3,344 | -697 | -2,647 | 379.8% |
| Net provisions | -37,442 | -29,815 | -7,627 | 25.6% |
| Gain (loss) from equity investments | -1 | -10 | 9 | -90.0% |
| Operating profit before taxation | 200,995 | 175,210 | 25,785 | 14.7% |
| Income taxes for the period | -34,865 | -43,563 | 8,698 | -20.0% |
| Gains from non-current assets held for sale | - | 715 | -715 | -100.0% |
| Profit attributable to minority interests | - | - | - | n.a. |
| Net profit | 166,130 | 132,362 | 33,768 | 25.5% |

STATEMENT OF COMPREHENSIVE INCOME

| (€ THOUSAND) | 9M2015 | 9M2014 | CHANGE | |
|---|----------------|----------------|----------------|----------------|
| | | | AMOUNT | % |
| Net profit (loss) | 166,130 | 132,362 | 33,768 | 25.5% |
| Other income, net of income taxes: | | | | |
| <i>with transfer to profit and loss account</i> | | | | |
| AFS assets | -4,324 | 17,087 | -21,411 | -125.3% |
| <i>without transfer to profit and loss account:</i> | | | | |
| Actuarial gains (losses) from defined benefit plans | 132 | -436 | 568 | -130.3% |
| Total other income, net of taxes | -4,192 | 16,651 | -20,843 | -125.2% |
| Comprehensive income | 161,938 | 149,013 | 12,925 | 8.7% |



INTERIM REPORT

1. Summary of operations for the first nine months of the year

The Banca Generali Group closed the first nine months of 2015 with a net profit of 166.1 million euros, up by 25.5% on the already excellent result reported for the same period of 2014, and reaching a new record result in the Group's history.

This performance was achieved thanks to both favourable market conditions – which were especially robust, particularly in the first five months of the year – and solid domestic growth throughout the first nine months of 2015.

Since the beginning of the year, increasingly credible expectations of the ECB's launch of quantitative easing (QE) programmes have resulted in a sharp reduction in interest rates all along the curve, in addition to triggering a sustained financial market rally. However, in the second quarter of the year, the tensions generated first by the re-emergence of the Greek crisis and then by the great Chinese financial market crisis, not to mention the slowing international economic growth and, most recently, the Dieselgate scandal, resulted in a situation of high volatility and a sharp market correction in the last quarter.

Against this background, Banca Generali's expert network and high-quality financial planning solutions were able to meet stronger 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.

At the end of September, total net inflows thus exceeded 3 billion euros, continuing to show a solid growth trend in the third quarter, which was characterised by increasing volatility and persistent stock market uncertainty, in addition to the usual seasonal effect.

Clients continued to show interest in the versatility of managed solutions, especially the multi-line policy BG Stile Libero, which registered net inflows of nearly 1.9 billion euros, and the funds/Sicavs segment (+25.0%).

Net banking income rose to 366.9 million euros, with a sizeable increase of 36.3 million euros compared to 2014 (+11.0%), driven both by the non-recurring components, which particularly influenced the first quarter of the year, and the strong performance of asset management fee income. The latter rose by over 78.6 million euros (+30.0%), in line with the growth reported in the Banking Group's AUM.

Favourable market conditions also led to an excellent result of trading activities and dividends (26.3 million euros), which nonetheless did not replicate the record results reported for the first half of 2014. By contrast, net interest income continued to decline to an increasingly severe degree (-37.7%), as a result of both the persistent scenario of low interest rates induced by the QE and the decrease in assets resulting from the end of LTROs.

Net operating expenses grew slightly to 122.7 million euros (+2.0%).

By contrast, provisions and net adjustments increased to 43.3 million euros (+8.2 million euros), as a result of higher provisions for incentives, development and contractual indemnities of the Financial Planner network.

At 30 September 2015, the total value of the Group's AUM – reference figure for Assoreti reports – amounted to 39.3 billion euros, up 7.6% compared to year-end 2014, placing the Group at the top of the market of reference.

In addition, managed assets also included 1.1 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 41.6 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 nine months of the year, global growth fell short of expectations due to the slowdown in emerging countries and weaker growth in advanced economies.

After a weak first quarter, the U.S. economy resumed positive growth in the second and third quarters, driven by consumption, the recovery of the real-estate sector and the expansion of bank credit. Overall, the U.S. economy was solid, limiting the negative impact of the strengthening of the dollar and the slowdown of Chinese growth, supported in particular by the constant improvement of the job market.

In the third quarter, the Euro Area's economy continued the trend towards a recovery witnessed in the first half of 2015. Economic fundamentals remain solid: the job market improved, credit growth resumed and falling oil prices and depreciation of the euro continued to contribute positively. Due to the tensions caused by the risk of a Grexit and the slowdown of the Chinese economy, growth estimates were revised marginally downwards, yet remained highly positive and consistent with a scenario of gradual recovery.

In China, the trend towards slowing economic growth continued. While not indicating abruptly slowing growth (hard landing), economic data (industrial production, investments, new orders, retail sales, etc.) confirmed their tendency towards slowing, concentrated in manufacturing and investments, while consumption and services continued to post solid growth. The authorities carried forward the implementation of a monetary policy aimed at supporting the economy by further lowering interest rates and mandatory reserve ratios for banks. In August, the way in which the yuan exchange rate is determined was revised, resulting in strong concerns on global markets of a possible launch of a policy of depreciation of the Chinese currency. At present, these concerns have yet to materialise, and after an initial depreciation of 3% on the dollar, the exchange rate stabilised and then recouped part of the losses.

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 generally 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 deficits of foreign accounts, high inflation rates and currency weakness 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 severe recession, having been penalised by the fall in oil prices and Ukraine-related international sanctions.

Within this scenario, the **equity markets** of developed countries outperformed those of emerging countries. Among advanced economies, the European and Japanese stock exchanges posted the strongest returns, supported by the expansionary policies of their central banks: the DJ Eurostoxx index was up 1.62% and the Topix up by 0.26% in yen terms. The U.S. stock exchange had negative returns in the local currency (S&P 500: -6.74%; NASDAQ: -2.45%), but the figures in euro are positive due to the appreciation of the dollar.

Emerging markets had an overall return of -10.24% in euro (MSCI Emerging Markets). The strongest performances were seen in emerging European markets (+6.52%), whereas Asia and Latin America had significant losses (-7.24% and -24.73%, respectively).

On **bond markets**, interest rates had a sideways trend, closing the period essentially unchanged in both the United States and the Eurozone, where there was greater volatility due to the QE programme announced by the ECB in the first half of the year, and then to the tensions surrounding the risk of a Grexit. U.S. ten-year bond rates fell from 2.17% at the beginning of the year to 2.06%, while the rate on German ten-year bonds rose from 0.54% to 0.59%. The ten-year BTP yield dropped from 1.89% to 1.73%, whereas the spread on German bonds decreased from 135 basis points to 114 basis points.

As regards **monetary policy**, the ECB kept refinancing rates and deposit rates unchanged, respectively at 0.05% and -0.2%. TLTROs (Targeted Longer Term Refinancing Operations) took

place in March, June and September, for a total amount of 188 billion euros and at a fixed rate of 0.05% (Source: ECB); these operations provided additional liquidity to the banking system in order to encourage lending to the real economy.

The quantitative easing programme announced by the ECB in January and launched in March with the aim of mitigating constantly slowing inflation performance resulted in average purchases of 60 billion euros a month, of which approximately 40 billion euros committed to the purchase of government bonds (source: ECB data). The ECB also emphasised the flexibility of the programme, without ruling out adjustments to the scope, duration and composition of its purchases if the economic scenario should require additional stimulus.

The policies implemented by the ECB are beginning to yield their first results: the ECB's monthly Lending Survey showed that banks have loosened their lending standards and demand for credit is improving.

As a result of the huge amount of liquidity injected into the system, rates in the interbank market continued their downward trend to then dip into negative territory. The 3-month Euribor went from 0.08% at the beginning of the year to -0.04% at the end of September.

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, emerging currencies depreciated overall against the currencies of developed economies, as a result of growth that fell short of expectations, expansionary monetary policies and, in some cases, persistent deficits of foreign accounts.

Overall, the euro was weak against the currencies of other developed economies (USD, GBP and YEN), in response to low rates and expansionary quantitative policies. The euro/dollar exchange rate went from 1.21 at the beginning of the year to 1.12 at period-end, with the euro depreciating by 7.73% versus the U.S. currency. On the other hand, the euro appreciated against both emerging currencies, weakened by the factors indicated above, and the currencies of developed economies exposed to the commodity cycle (CAD, AUD and NOK), which were penalised by declines in commodity prices.

The prices of raw materials, which had a sideways trend overall early in the year, subsequently declined sharply, primarily relating to the slowdown of Chinese growth, and, in many cases, excessive supply. The CRB index, representative of commodities, declined by 15.74%.

Gold fell from 1,184 dollars per ounce to 1,115 at the end of September (-6.2%), whereas oil (WTI) declined from 53.27 dollars at the beginning of the year to 45.09, a drop of 15.36%, driven not only by downwards revisions of economic growth, but also expectations of the return of Iranian oil to the market following the lifting of export restrictions.

Outlook

According to major international organisations, the slowdown of emerging economies will undermine global growth projections in the coming months, therefore calling for a further revision downwards. In particular, the slowdown in China and other major emerging economies, such as Brazil and Russia, is among the main causes of uncertainty surrounding global growth prospects. The IMF estimates global GDP growth of 3.1% in 2015 and of 3.6% in 2016. Amongst advanced economies, the Eurozone will continue to benefit from expansionary monetary policies, currency depreciation and low oil prices. Growth is projected to amount to 1.50% in 2015 and 1.60% in 2016; Italian GDP is expected to grow by 0.80% in 2015 and 1.30% in 2016.

In the United States, the IMF estimates that growth will remain solid (2.6% in 2015 and 2.8% in 2016), owing in part to an appreciation of the currency and an increase of rates by the Fed.

Overall, emerging economies are projected to grow by 4.0% in 2015, with a further increase to 4.5% in 2016. Growth is expected to speed up in India and slow gradually in China, while Russia and Brazil will remain in a downtrend.

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.

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 positive trend shown by the retail asset management segment in 2014 continued in the first nine months of 2015.

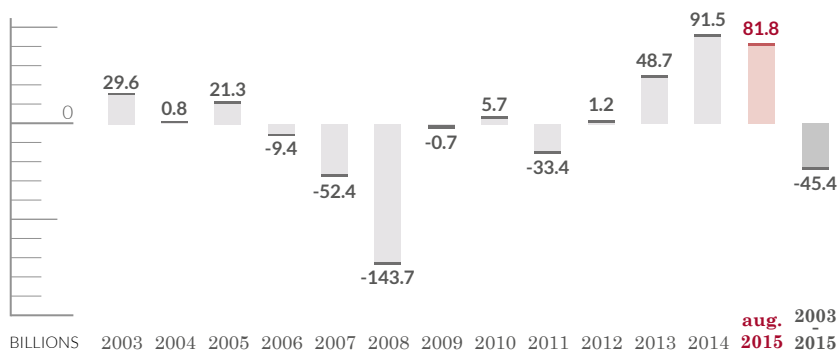
In particular, since the beginning of the year, the UCITS market recorded net inflows of 81.8 billion euros, and the turbulence that shook global markets in mid-August did not result in a slowdown of placement activity by networks and banks, nor did it discourage clients' spirit of initiative. As has now been the case for several months, the foremost contribution to net inflows in August was provided by open-ended UCITSs, through which Financial Advisor networks gathered 1.3 billion euros, compared to 3.1 billion euros reported by bank branches. Since

the beginning of the year, Financial Advisor networks have recorded net inflows from assets under management amounting to 16.4 billion euros, while bank branches have gathered 65.4 billion euros. A more in-depth analysis of fund and Sicav performance shows that in August Financial Advisors' clients continued to focus on equities, switching out of bond products, whereas bank branch customers behaved in a completely different manner, disinvesting from equities to focus on flexible and money-market funds.

The persistent low-interest rate scenario continued to drive the asset management market.

The UCITS market in Italy since 2003

(€ billion)



Source: Assogestioni data updated as of August 2015.

3.2 The Assoreti market

Net inflows of the Assoreti market (which measures the distribution activity carried out through the network of financial advi-

sors) in the first eight months of 2015 also exceeded by 24% the highly positive results recorded in 2014.

| (€ MILLION) | 31.08.2015 | 31.08.2014 | CHANGE |
|---|---------------|---------------|--------------|
| Asset management | 7,079 | 8,311 | -1,232 |
| Insurance products | 9,993 | 7,225 | 2,768 |
| Assets under administration and custody | 2,228 | 84 | 2,144 |
| Total | 19,300 | 15,620 | 3,680 |

Source: Assoreti data updated as of August 2015 (€ million).

With specific regard to the Financial Advisor market, investment decisions continued to favour asset management and insurance products, which collectively recorded net inflows of 17 billion euros, whereas net inflows from assets under administration amounted to 2.2 billion euros. The insurance segment grew com-

pared to the same period of 2014, primarily involving unit-linked policies (9.3 billion euros in 2015 vs. 5.5 billion euros in 2014) and the growth of assets under administration, driven above all by money-market products (3.6 billion euros in 2015 vs. 2.1 billion euros in 2014).

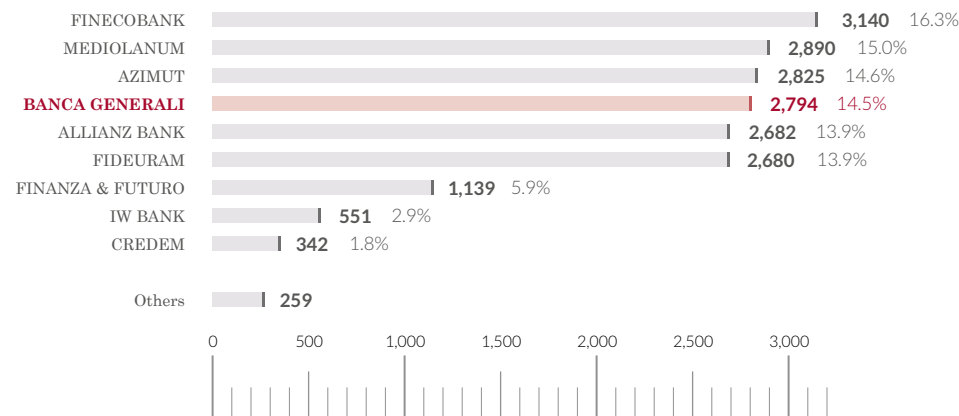
3.3 Banca Generali

In this highly positive scenario, Banca Generali continues to be one of the market leaders in terms of net inflows through Financial Advisors, with cumulative net inflows of over 2.8 billion

euros in August and market share of 14.5%, which is among the highest levels on the market (most recent figures available at the reporting date).

Total net inflows Assoreti – 19.3 billion euros

August 2015 (€ million)



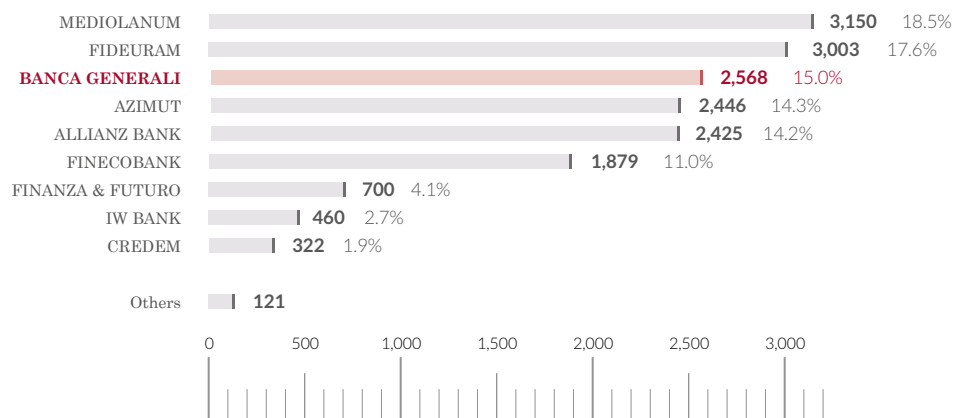
Source: Assoreti.

This performance appears equally impressive if one considers assets under management and insurance segments together, with Banca Generali recording net inflows of approximately 2.6

billion euros and market share of 15%, among the highest levels on the market.

Net AUM and insurance inflows Assoreti – 17.1 billion euros

August 2015 (€ million)



Source: Assoreti.

As of 30 September 2015, Banca Generali's net inflows exceeded 3 billion euros, in line with the excellent performance recorded in the same period of 2014, owing in part to the extensive recruitment of former Simgenia advisors in the first half of the year. Overall, net inflows of asset management and insurance seg-

ments accounted for 95% (2.9 billion euros) of Banca Generali's total net inflows. Net inflows in 2015 continue to be driven by the multi-line policy BG Stile Libero, which in the first nine months recorded net inflows of 1.9 billion euros.

Net inflows of Banca Generali

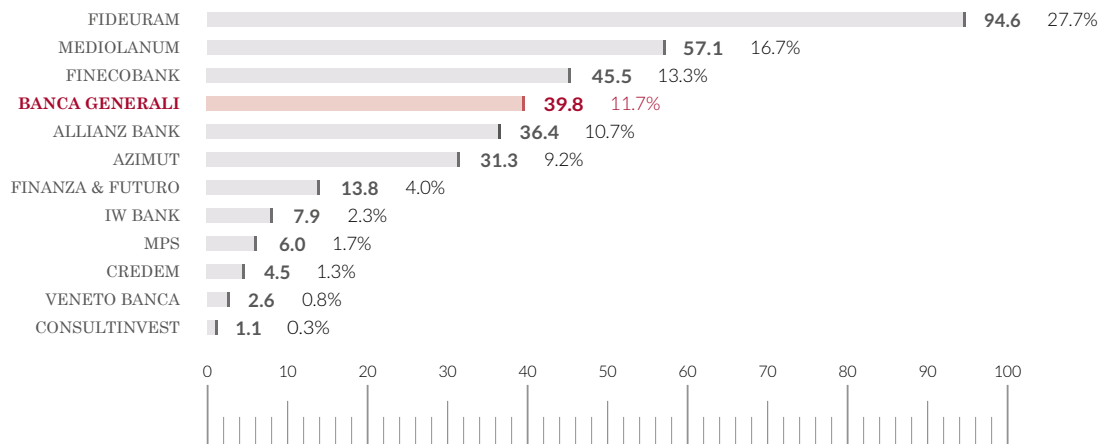
| (€ MILLION) | BG GROUP 30.09.2015 | BG GROUP 30.09.2014 | YY CHANGE VS 30.09.2014 | |
|--|------------------------|------------------------|-------------------------|-------------|
| | | | AMOUNT | % |
| Total assets under management | 574 | 746 | -172 | -23% |
| Funds and Sicavs | 735 | 588 | 147 | 25% |
| GPF/GPM | -161 | 158 | -319 | -202% |
| Total insurance products | 2,121 | 2,168 | -47 | -2% |
| Total assets under administration and custody | 321 | 171 | 150 | 88% |
| Total assets placed by the network | 3,016 | 3,085 | -69 | -2% |

Based on latest data available at June 2015, Banca Generali was once again one of the top competitors in the market in terms of

Assets Under Management, with a market share of 11.7%.

Assoreti total assets – 341 billion euros

June 2015 (€ billion)



Source: Assoreti.

Considering the September AUM figures of Banca Generali only – as illustrated in the summary table containing a breakdown by macro-aggregate – and comparing them with the figures from December 2014, it may be observed that Assets Under Management increased by approximately 8% during the nine months under review. The assets in question refer to the Assoreti market,

i.e., the market related to the Financial Advisor operating area.

The increase in the portfolio may also be attributed to the net inflows during the reporting period, although the turbulence that shook the markets in recent months partly undermined the strong performances achieved in the first half of the year.

Assets Under Management of Banca Generali

| (€ MILLION) | BG GROUP 30.09.2015 | BG GROUP 31.12.2014 | Y/Y CHANGE VS 31.12.2014 | |
|--|------------------------|------------------------|--------------------------|-------------|
| | | | AMOUNT | % |
| Total assets under management | 14,079 | 13,772 | 307 | 2.2 |
| Funds and Sicavs | 10,471 | 9,955 | 516 | 5.2 |
| GPF/GPM | 3,609 | 3,817 | -208 | -5.5 |
| Total insurance products | 15,936 | 13,694 | 2,242 | 16.4 |
| Total assets under administration and custody | 9,323 | 9,097 | 226 | 2.5 |
| Total AUM placed by the network | 39,338 | 36,563 | 2,775 | 7.6 |

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

4.1 Profit and loss results

The Group's net result for the first nine months of 2015 was 166.1 million euros, up 25.5% compared to the same period of 2014⁽¹⁾ and up sharply compared to the record result for full year 2014⁽¹⁾.

| (€ THOUSAND) | 9M2015 | 9M2014 (*) | CHANGE | |
|--|-----------------|-----------------|----------------|---------------|
| | | | AMOUNT | % |
| Net interest | 51,285 | 82,268 | -30,983 | -37.7% |
| Net fees | 289,331 | 196,235 | 93,096 | 47.4% |
| Dividends | 1,174 | 817 | 357 | 43.7% |
| Net income (loss) from trading activities | 25,149 | 51,329 | -26,180 | -51.0% |
| Net operating income | 366,939 | 330,649 | 36,290 | 11.0% |
| Staff expenses | -59,739 | -55,682 | -4,057 | 7.3% |
| Other general and administrative expense | -94,288 | -90,610 | -3,678 | 4.1% |
| Net adjustments of property, equipment and intangible assets | -3,395 | -3,126 | -269 | 8.6% |
| Other operating expenses/income | 34,733 | 29,079 | 5,654 | 19.4% |
| Net operating expenses | -122,689 | -120,339 | -2,350 | 2.0% |
| Operating profit | 244,250 | 210,310 | 33,940 | 16.1% |
| Net adjustments for non-performing loans | -2,468 | -4,578 | 2,110 | -46.1% |
| Net adjustments of other assets | -3,344 | -697 | -2,647 | 379.8% |
| Net provisions | -37,442 | -29,815 | -7,627 | 25.6% |
| Gain (loss) from equity investments | -1 | -10 | 9 | -90.0% |
| Operating profit before taxation | 200,995 | 175,210 | 25,785 | 14.7% |
| Income taxes for the period | -34,865 | -43,563 | 8,698 | -20.0% |
| Gains from non-current assets held for sale | - | 715 | -715 | -100.0% |
| Net profit | 166,130 | 132,362 | 33,768 | 25.5% |

⁽¹⁾ On 1 July 2014, the partial de-merger by the Luxembourg subsidiary BGF SA 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 366.9 million euros, with an increase of 36.3 million euros (+11.0%) compared to the previous year, influenced by several internal and market factors:

- the sharp increase in **management fees** by 78.6 million euros (+30.0%), driven by the significant rise in average AUM compared to the first nine months of 2014, attributable to the positive results achieved in terms of net inflows and the quality of the assets managed;
- the contribution of the **non-recurring components** of net operating income, recorded primarily in the first quarter of the year, owing to the extraordinary rise in incentive fees (+59.1 million euros) and an excellent result of trading activity and dividends (26.3 million euros), both of which were supported by the equity and bond market rallies, triggered by expectations concerning the ECB's quantitative easing programme;
- the decline in **net interest income** (-31.0 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.

Net operating expenses were 122.7 million euros, marking a very modest increase (+2.0%), even taking account of the non-recurring charges incurred in the previous year in respect of the acquisition of the Credit Suisse business unit. The **cost/income ratio**, which measures the ratio of operating expenses (gross of adjustments to tangible and intangible assets) to net operating income, amounted to 32.5% compared to 35.4% for the first nine months 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 43.3 million euros, up by 8.2 million euros compared to the same period of 2014, as a result of the provisions for incentives, development and

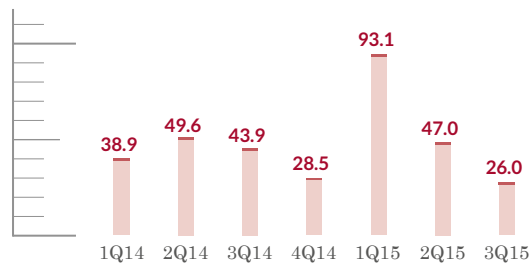
retention of the network, and the adjustments associated with changes in the contractual indemnities measured through actuarial methods. Impairment losses were recognised on equities allocated to the AFS portfolios, and value adjustments were made to non-performing loans.

Operating profit before taxation was 201.0 million euros, up by 25.8 million euros compared to the same period of 2014.

By contrast, the tax burden for the period decreased by 8.7 million euros, with an overall tax rate of 17.3%.

Net profit for the **third quarter of 2015** was 26.0 million euros, down compared to the previous quarter (-21.0 million euros), primarily due to the absence of non-recurring components tied to incentive fees. However, it should be noted that, despite the sharp financial market correction, the contribution of management fees remained at the high levels of the previous quarter (116.8 million euros), due to the quality of the assets managed and solid net inflow performance.

Quarterly net profit (€ million)



Quarterly evolution of the profit and loss account

| (€ THOUSAND) | 3Q2015 | 2Q2015 | 1Q2015 | 4Q2014 | 3Q2014 | 2Q2014 (*) | 1Q2014 (*) |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Net interest | 15,400 | 17,065 | 18,820 | 24,737 | 26,987 | 26,608 | 28,673 |
| Net fees | 55,324 | 96,965 | 137,042 | 61,033 | 67,956 | 70,677 | 57,602 |
| Dividends | 32 | 1,083 | 59 | 1,753 | 45 | 751 | 21 |
| Net income (loss) from trading activities | 8 | 573 | 24,568 | 1,041 | 6,335 | 26,688 | 18,306 |
| Net operating income | 70,764 | 115,686 | 180,489 | 88,564 | 101,323 | 124,724 | 104,602 |
| Staff expenses | -20,815 | -19,331 | -19,593 | -18,500 | -18,310 | -19,298 | -18,074 |
| Other general and administrative expense | -31,071 | -31,677 | -31,540 | -37,848 | -30,630 | -29,423 | -30,557 |
| Net adjustments of property, equipment and intangible assets | -1,152 | -1,135 | -1,108 | -1,294 | -1,052 | -1,043 | -1,031 |
| Other operating expenses/income | 12,223 | 11,729 | 10,781 | 12,187 | 8,097 | 10,627 | 10,355 |
| Net operating expenses | -40,815 | -40,414 | -41,460 | -45,455 | -41,895 | -39,137 | -39,307 |
| Operating profit | 29,949 | 75,272 | 139,029 | 43,109 | 59,428 | 85,587 | 65,295 |
| Net adjustments for non-performing loans | -319 | -637 | -1,512 | -2,952 | -854 | -3,379 | -345 |
| Net adjustments of other assets | -2,166 | 656 | -1,834 | -2,768 | 70 | -178 | -589 |
| Net provisions | 4,286 | -20,167 | -21,561 | -10,453 | -4,018 | -15,410 | -10,387 |
| Gain (loss) from equity investments | - | -1 | - | -8 | - | - | -10 |
| Operating profit before taxation | 31,750 | 55,123 | 114,122 | 26,928 | 54,626 | 66,620 | 53,964 |
| Income taxes for the period | -5,747 | -8,115 | -21,003 | -721 | -11,682 | -17,293 | -14,588 |
| Gains from non-current assets held for sale | - | - | - | 2,336 | 975 | 228 | -488 |
| Net profit | 26,003 | 47,008 | 93,119 | 28,543 | 43,919 | 49,555 | 38,888 |

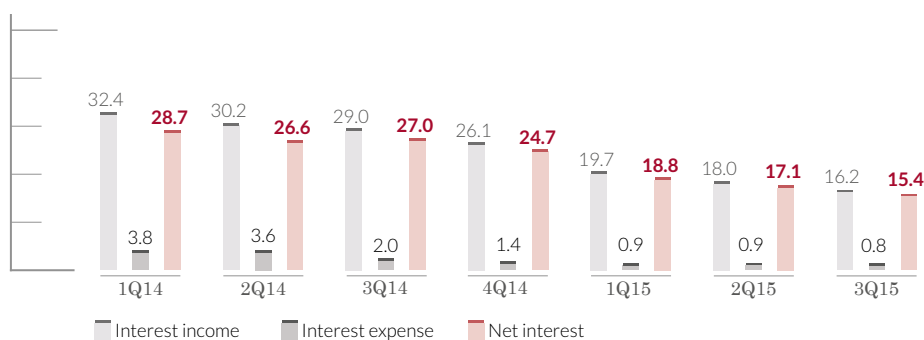
(*) Profit and Loss Account restated net of the contribution of the former GIL demerged business unit.

4.1.1 Net interest

Net interest income was 51.3 million euros, down by 31.0 million euros compared to the same period of 2014 (-37.7%), due both to the decline of assets linked to the end of LTROs last February,

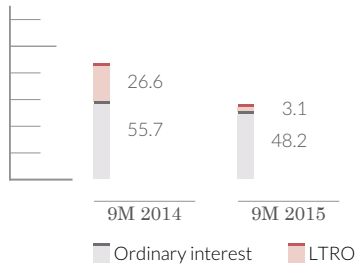
and the constant decline in the profitability of investments as a result of the ongoing downtrend in interest rates.

Net interest (€ million)



In particular, the residual net interest income attributable to the LTROs now ended fell to approximately 3.1 million euros in 2015, a decrease of over 23 million euros compared to the end of the third quarter of 2014.

Breakdown of Net interest (€ million)



In the first nine months of 2015, interest rate performance in the Euro Area was significantly influenced by the 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.

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.

After a brief reversal of the trend at the end of the first half of the year, due to the turbulence caused by the Greek crisis, the decline in government bond yields resumed, driven by expectations of the enhancement of the QE in response to the weak signs of increased inflation and the slowing economic performance.

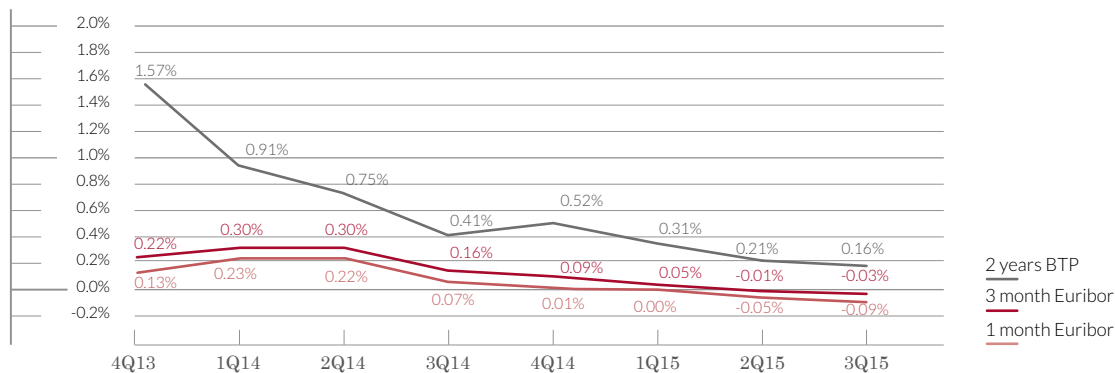
The interest rate requested by the ECB to primary refinancing operations has been since last year at an all-time low of 0.05%, whereas the rates paid on deposit operations with the same have been lowered further into negative territory, to -0.20%.

Overall, this situation resulted in further flattening of the entire interest-rate curve, generating an anomalous situation of positive funding rates but negative lending rates on the interbank market.

Short-term interbank rates, which were at minimum levels at the end of December, further decreased to negative levels (one-month Euribor of -0.11% and three-month Euribor of -0.04% in September).

Returns of Italian bonds with a residual maturity of two years decreased to 0.13% in September, following a slight increase to 0.29% in June. Overall, the reduction in returns for the first nine months of 2015 exceeded 67% on average compared to those for the same period of 2014.

Interest rate evolution (quarterly average)



In this context, interest income decreased by 37.7 million euros, due 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 nine months of 2014, though lower rates were applied.

Symmetrically, the cost of net inflows decreased to substantially not significant levels (-71.6%), with a general decline in expenses across all sectors of operation, from interbank transactions and transactions in the form of repurchase agreements (-1.7 million euros), to ordinary net inflows from customers (-4.3 million euros), with the sole exception of subordinated loans.

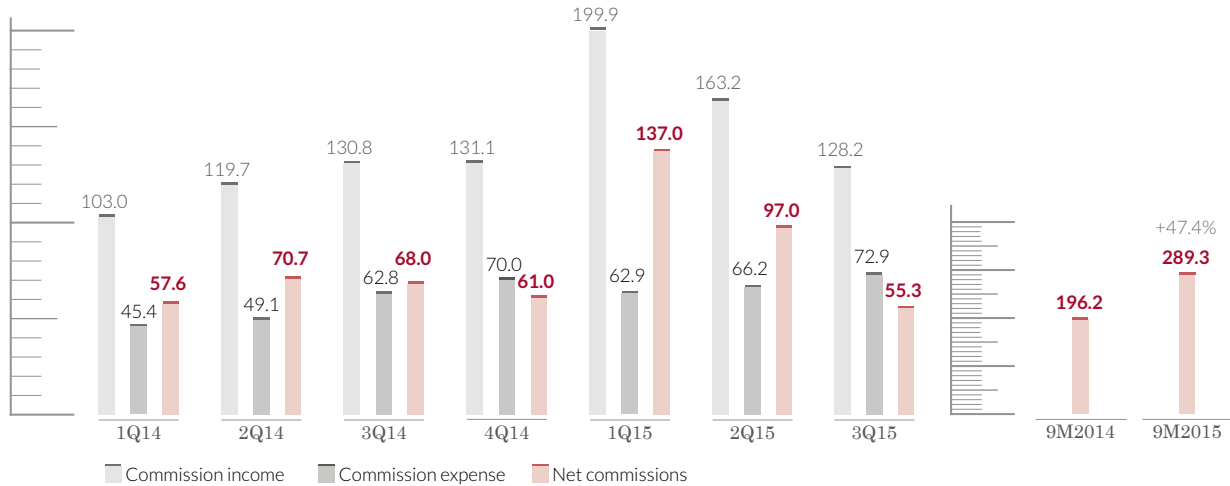
| (€ THOUSAND) | 9M2015 | 9M2014 | CHANGE | |
|---|---------------|---------------|----------------|---------------|
| | | | AMOUNT | % |
| HFT financial assets | 192 | 498 | -306 | -61.4% |
| AFS financial assets | 17,796 | 21,581 | -3,785 | -17.5% |
| HTM financial assets | 15,811 | 47,261 | -31,450 | -66.5% |
| Financial assets classified among loans | 2,026 | 3,422 | -1,396 | -40.8% |
| Total financial assets | 35,825 | 72,762 | -36,937 | -50.8% |
| Loans to banks | 80 | 585 | -505 | -86.3% |
| Loans to customers | 18,041 | 18,276 | -235 | -1.3% |
| Other assets | - | 2 | -2 | -100.0% |
| Total interest income | 53,946 | 91,625 | -37,679 | -41.1% |
| Due to ECB | 49 | 1,685 | -1,636 | -97.1% |
| Due to banks | 509 | 334 | 175 | 52.4% |
| Repurchase agreements – banks | 92 | 1,980 | -1,888 | -95.4% |
| Due to customers | 702 | 4,777 | -4,075 | -85.3% |
| Repurchase agreements – customers | - | 211 | -211 | -100.0% |
| Subordinated loan | 1,309 | 370 | 939 | 253.8% |
| Total interest expense | 2,661 | 9,357 | -6,696 | -71.6% |
| Net interest | 51,285 | 82,268 | -30,983 | -37.7% |

4.1.2 Net fees

The fee aggregate amounted to 289.3 million euros, increasing by 47.4% compared to the same period of 2014.

| (€ THOUSAND) | 9M2015 | 9M2014 | CHANGE | |
|--|----------------|----------------|----------------|--------------|
| | | | AMOUNT | % |
| Collective and individual portfolio management fees | 301,897 | 205,721 | 96,176 | 46.8% |
| Fees on the placement of securities and UCITs | 47,499 | 45,368 | 2,131 | 4.7% |
| Fees on the distribution of third-party financial products | 115,760 | 78,912 | 36,848 | 46.7% |
| Fees on trading and securities custody | 16,507 | 16,858 | -351 | -2.1% |
| Fees for other banking services | 9,683 | 6,697 | 2,986 | 44.6% |
| Total fee income | 491,346 | 353,556 | 137,790 | 39.0% |
| Fees for external offer | 176,749 | 136,072 | 40,677 | 29.9% |
| Fees for dealing in securities and custody | 5,193 | 5,279 | -86 | -1.6% |
| Fees for portfolio management | 18,280 | 13,429 | 4,851 | 36.1% |
| Fees for other banking services | 1,793 | 2,541 | -748 | -29.4% |
| Total fee expense | 202,015 | 157,321 | 44,694 | 28.4% |
| Net fees | 289,331 | 196,235 | 93,096 | 47.4% |

Net fees (€ million)

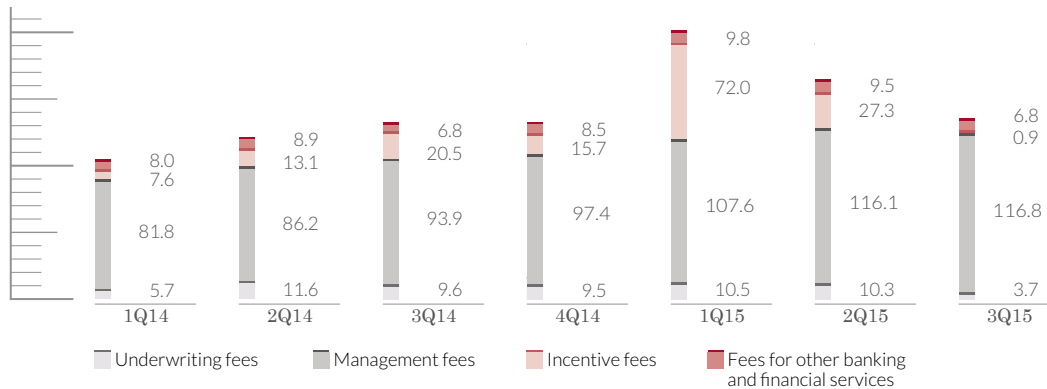


Fee income increased by 137.8 million euros (+39.0%) overall, driven by the sharp growth of management fees (+30.0%) and the extraordinary contribution of incentive fees (+143.6%), in this latter case primarily in the first quarter of the year. In further detail, management fees rose by 78.6 million euros, driven by the significant increase in average AUM compared to the previous year (+29%), only partially offset by the overall market correction in the third quarter. By contrast, incentive fee performance was influenced by the ex-

traordinary financial market rally that began in early 2015, as a result of the expectations generated by the QE programme. However, starting at the end of the second quarter of the year, tensions surrounding the new Greek crisis and then the great Chinese financial market crisis, along with expectations of a slowing global economic cycle, resulted in heightened volatility, essentially offsetting the effect of the market rally. On the other hand, underwriting fees declined compared to 2014 due to the effect of the lesser contribution of bond placement.

| (€ THOUSAND) | 9M2015 | 9M2014 | CHANGE | |
|---|----------------|----------------|----------------|--------------|
| | | | AMOUNT | % |
| Underwriting fees | 24,429 | 26,942 | -2,513 | -9.3% |
| Management fees | 340,463 | 261,901 | 78,562 | 30.0% |
| Incentive fees | 100,264 | 41,158 | 59,106 | 143.6% |
| Fees for other banking and financial services | 26,190 | 23,555 | 2,635 | 11.2% |
| Total | 491,346 | 353,556 | 137,790 | 39.0% |

Fee income structure (€ million)



Fee income on solicitation of investment and asset management for households increased by 135.2 million euros (+41.0%), driven by the excellent results recorded in all segments of the Group's core business.

| | 9M2015 | 9M2014 | CHANGE | |
|--|----------------|----------------|----------------|--------------|
| | | | AMOUNT | % |
| 1. Collective asset management | 271,727 | 177,385 | 94,342 | 53.2% |
| 2. Individual asset management | 30,170 | 28,336 | 1,834 | 6.5% |
| Asset management fees | 301,897 | 205,721 | 96,176 | 46.8% |
| 1. Placement of UCITSs | 46,473 | 37,282 | 9,191 | 24.7% |
| <i>of which placement of UCITSs promoted by the Group</i> | 8,334 | 5,304 | 3,030 | 57.1% |
| 3. Placement of bonds and equity securities | 1,026 | 8,086 | -7,060 | -87.3% |
| 4. Distribution of third-party asset management products | 553 | 525 | 28 | 5.3% |
| 5. Distribution of third-party insurance products | 115,029 | 78,308 | 36,721 | 46.9% |
| 6. Distribution of other third-party financial products | 178 | 79 | 99 | 125.3% |
| Fees for the placement and distribution of financial services | 163,259 | 124,280 | 38,979 | 31.4% |
| Asset management fee income | 465,156 | 330,001 | 135,155 | 41.0% |

The excellent result recorded by the **Sicavs** promoted by the Banking Group (+94.3 million euros or 53.2%) benefitted from both the aforementioned extraordinary contribution of performance fees and the constant structural growth of management fees.

Even net of non-recurring components, the management fees associated with Sicavs increased by 35.2 million euros (+25.2%), due to the rise in the volume of assets under management, which reached 10.9 billion euros (+34.0% compared to the end of the first nine months of 2014).

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 1,867 million euros during the nine-month period, equal to nearly 90% of total insurance net inflows. The distribution of the insurance products of **Genertellife** thus reached 113.9 million euros, with an increase of 45.6% (+35.7 million euros) compared to the same period of 2014. Moreover, the first nine months of 2015 proved extremely positive for the placement of UCITSs, which showed a 24.7% improvement compared to 2014 (+9.2 million euros).

Lastly, individual asset management benefitted from the contribution of former Credit Suisse mandates.

Fee expense amounted to 202.0 million euros, up 44.7 million euros compared to the previous year (+28.4%), bringing the Group's total pay-out ratio to recurring fee income to 51.7%, with an increase of 1.3 percentage points compared to the same period of 2014.

Distribution fee expense reached 176.7 million euros, increasing by 40.7 million euros compared to the same period of 2014 (+29.9%), due chiefly to the following factors:

- management fees (+28.4%), correlated to the rise in the network's average AUM compared to the previous year;
- the significant increase in incentive fees (+51.4%) in relation to the results of the recruitment plans implemented during the current and previous years.

In this regard, it should be noted that in the first nine months of 2015 recruitment activity resulted in the acquisition of 86 new top-quality professionals, with an average portfolio transferred of 14 million euros as of 30 September.

| (€ THOUSAND) | 9M2015 | 9M2014 | CHANGE | |
|-----------------|----------------|----------------|---------------|--------------|
| | | | AMOUNT | % |
| Front-end fees | 17,001 | 16,476 | 525 | 3.2% |
| Management fees | 107,930 | 84,087 | 23,843 | 28.4% |
| Incentive fees | 32,993 | 21,795 | 11,198 | 51.4% |
| Other fees | 18,825 | 13,714 | 5,111 | 37.3% |
| Total | 176,749 | 136,072 | 40,677 | 29.9% |

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 18.3 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 19.2 million euros, up 22.0% compared to the same period 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*.

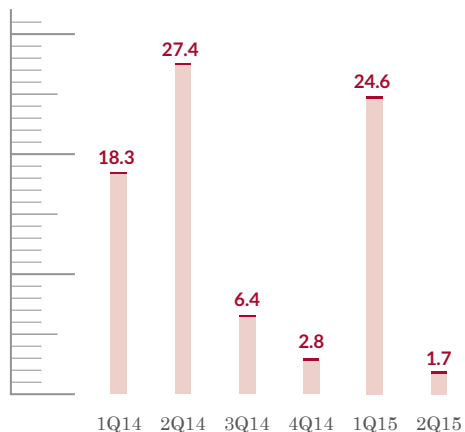
| (€ THOUSAND) | 9M2015 | 9M2014 | CHANGE | |
|--|---------------|---------------|--------------|---------------|
| | | | AMOUNT | % |
| Dealing in securities and currencies | 11,463 | 11,524 | -61 | -0.5% |
| Order collection and securities custody fees | 5,043 | 5,334 | -291 | -5.5% |
| Collection and payment services | 2,348 | 2,590 | -242 | -9.3% |
| Fee income and account-keeping expenses | 1,834 | 2,061 | -227 | -11.0% |
| Advisory fees | 3,507 | 586 | 2,921 | 498.5% |
| Other services | 1,995 | 1,460 | 535 | 36.6% |
| Total traditional banking operations | 26,190 | 23,555 | 2,635 | 11.2% |
| Fees for securities trading and custody | -5,193 | -5,279 | 86 | -1.6% |
| Collection and payment services | -1,500 | -2,354 | 854 | -36.3% |
| Other services | -293 | -187 | -106 | 56.7% |
| Total fee expense | -6,986 | -7,820 | 834 | -10.7% |
| Net fees | 19,204 | 15,735 | 3,469 | 22.0% |

4.1.3 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 nine months of 2015, this aggregate showed a positive contribution of 26.3 million euros, chiefly achieved in the first quarter of the year.

| (€ THOUSAND) | 9M2015 | 9M2014 | CHANGE | |
|---|---------------|---------------|----------------|---------------|
| | | | AMOUNT | % |
| Dividends from trading | 84 | 123 | -39 | -31.7% |
| Trading of financial assets and equity derivatives | 345 | 38 | 307 | 807.9% |
| Trading of financial assets and derivatives on debt securities and interest rates | 96 | 1,080 | -984 | -91.1% |
| Trading of UCITS units | 1 | 267 | -266 | -99.6% |
| Securities transactions | 526 | 1,508 | -982 | -65.1% |
| Currency and currency derivative transactions | 2,488 | 2,259 | 229 | 10.1% |
| Net income (loss) from trading activities | 3,014 | 3,767 | -753 | -20.0% |
| Net profit from hedging | - | - | - | n.a. |
| Dividends from AFS assets | 1,090 | 694 | 396 | 57.1% |
| Gains and losses on equity securities and UCITSs | 702 | 60 | 642 | 1,070.0% |
| Gains and losses on AFS and HTM debt securities and loans | 21,517 | 47,625 | -26,108 | -54.8% |
| Net income (loss) from trading activities and dividends | 26,323 | 52,146 | -25,823 | -49.5% |

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 | 9M2015 | 9M2014 | CHANGE |
|---|--------------|---------------|----------------------|---------------|---------------|----------------|
| AFS financial assets | 3,843 | -1,138 | 16,155 | 18,860 | 44,566 | -25,706 |
| Debt securities | 2,921 | -942 | 16,179 | 18,158 | 44,506 | -26,348 |
| Equity securities | - | -192 | - | -192 | 60 | -252 |
| UCITS units | 922 | -4 | -24 | 894 | - | 894 |
| Financial assets classified among loans | 3,359 | - | - | 3,359 | 3,120 | 239 |
| HTM financial assets | - | - | - | - | - | - |
| Total | 7,202 | -1,138 | 16,155 | 22,219 | 47,686 | -25,467 |

The overall result of trading was also positive (2.9 million euros) mainly due to the contribution of currency trading. There were

also FTSE MIB index transactions.

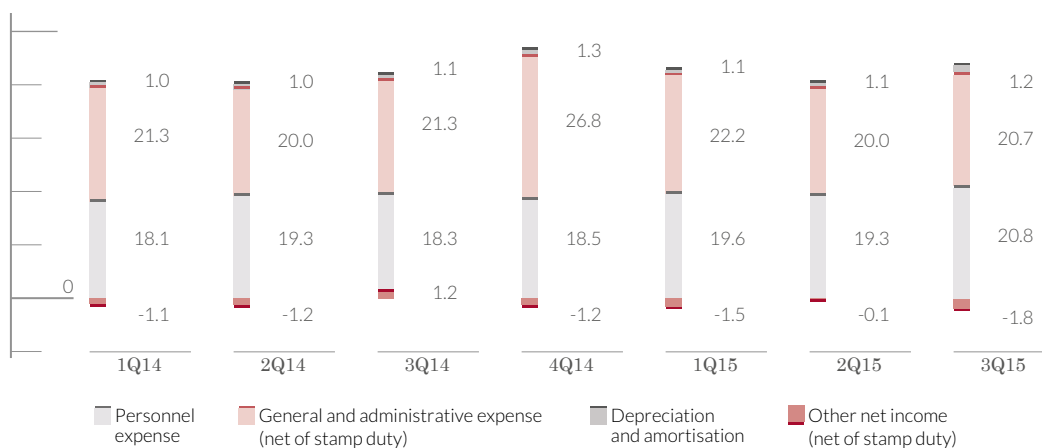
| (€ THOUSAND) | CAPITAL GAINS | CAPITAL LOSSES | GAINS | LOSSES | NET RESULT 9M2015 | NET RESULT 9M2014 | CHANGE |
|---------------------------------|---------------|----------------|--------------|--------------|-------------------|-------------------|-------------|
| 1. Financial assets | 54 | 474 | 764 | 153 | 191 | 975 | -784 |
| Debt securities | 7 | 217 | 390 | 84 | 96 | 674 | -578 |
| Equity securities | 46 | 34 | 145 | 63 | 94 | 34 | 60 |
| UCITS units | 1 | 223 | 229 | 6 | 1 | 267 | -266 |
| 2. Derivatives | 66 | 746 | 2,464 | 1,513 | 271 | 410 | -139 |
| Interest rate swaps | - | - | - | - | - | - | - |
| Forward contracts | - | - | - | - | - | 406 | -406 |
| Options on equity securities | 66 | 746 | 931 | - | 251 | - | 251 |
| Options on currencies and gold | - | - | 1,533 | 1,513 | 20 | 4 | 16 |
| 3. Currency transactions | - | - | 2,468 | - | 2,468 | 2,259 | 209 |
| Total | 120 | 1,220 | 5,696 | 1,666 | 2,930 | 3,644 | -714 |

4.1.4 Operating expenses

Operating expenses, including staff expenses, other general and administrative expense, amortisation and depreciation and other operating income and expenses, amounted to 122.7 million euros, marking an overall increase of 2.3 million euros compared to the same period of the previous year (+2.0%).

| (€ THOUSAND) | 9M2015 | 9M2014 | CHANGE | |
|--|----------------|----------------|--------------|-------------|
| | | | AMOUNT | % |
| Staff expenses | 59,739 | 55,682 | 4,057 | 7.3% |
| Other general and administrative expense | 94,288 | 90,610 | 3,678 | 4.1% |
| Net adjustments of property, equipment and intangible assets | 3,395 | 3,126 | 269 | 8.6% |
| Other income and expenses | -34,733 | -29,079 | -5,654 | 19.4% |
| Operating expenses | 122,689 | 120,339 | 2,350 | 2.0% |

Operating expense (€ million)

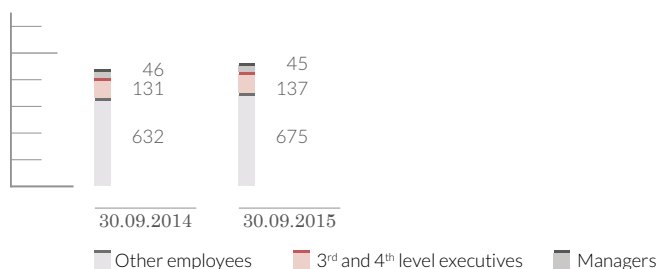


Staff expenses, including full-time employees, interim staff and directors, totalled 59.7 million euros (+7.3%), chiefly due to the increase in the headcount and the incentive component. Group's employees totalled 857 at the end of the reporting pe-

riod, with exact headcount increasing by 48. Average headcount rose by 31 resources (+3.8%) compared to the third quarter of the previous year.

| | 9M2015 | 9M2014 | CHANGE | | AVERAGE 2015 | AVERAGE 2014 |
|--|------------|------------|-----------|-------------|--------------|--------------|
| | | | AMOUNT | % | | |
| Managers | 45 | 46 | -1 | -2.2% | 45 | 46 |
| 3 rd and 4 th level executives | 137 | 131 | 6 | 4.6% | 136 | 130 |
| Other employees | 675 | 632 | 43 | 6.8% | 656 | 630 |
| Total | 857 | 809 | 48 | 5.9% | 837 | 806 |

Staff



The recurring component of remuneration grew (+2.5 million euros), whereas the rise in variable remuneration – composed of current and deferred managerial MBO plans, RM sales incentives, individual bonuses and performance bonuses (+1.3 million euros) – was primarily due to recruitment plans for the sales network.

The costs of stock-option/stock-granting plans (+0.7 million euros) were entirely attributable to the incentive plans reserved to 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) | 9M2015 | 9M2014 | CHANGE | |
|--|---------------|---------------|--------------|---------------|
| | | | AMOUNT | % |
| 1. Employees | 58,181 | 54,444 | 3,737 | 6.9% |
| Salaries and social security charges | 39,962 | 38,043 | 1,919 | 5.0% |
| Provision for termination indemnity and supplementary pension funds | 3,444 | 2,850 | 594 | 20.8% |
| Costs related to payment agreements based on own financial instruments | 1,341 | 607 | 734 | 120.9% |
| Short-term productivity bonuses (MBO, CIA, incl. sales) | 9,363 | 8,304 | 1,059 | 12.8% |
| Other long-term incentives (LTIP, MBO) | 1,054 | 1,534 | -480 | -31.3% |
| Other employee benefits | 3,017 | 3,106 | -89 | -2.9% |
| 2. Other staff | 213 | 104 | 109 | 104.8% |
| 3. Directors and Auditors | 1,345 | 1,134 | 211 | 18.6% |
| Total | 59,739 | 55,682 | 4,057 | 7.3% |

Other general and administrative expense amounted to 94.3 million euros, with a slight decrease of 1.1 million euros, net of stamp duty recovery from customers on current accounts and financial instruments, compared to the same period of the previous year (-1.7%).

The modest increase in the aggregate compared to the first nine months of 2014 was influenced by the slight rise in IT expenses,

as a result of measures aimed at increasing the efficiency of the operating structure and significantly reducing consultancy advice expense, which in the previous year was also tied to the non-recurring expenses relating to the legal services obtained in support of the acquisition of the Italian business unit of Credit Suisse.

| (€ THOUSAND) | 9M2015 | 9M2014 | CHANGE | |
|---|----------------|----------------|---------------|--------------|
| | | | AMOUNT | % |
| Administration | 9,053 | 9,939 | -886 | -8.9% |
| Advertising | 2,953 | 2,498 | 455 | 18.2% |
| Advisory | 2,867 | 4,265 | -1,398 | -32.8% |
| Auditing | 416 | 326 | 90 | 27.6% |
| Insurance | 2,156 | 2,039 | 117 | 5.7% |
| Other general costs (insurance; T&E) | 661 | 811 | -150 | -18.5% |
| Operations | 25,592 | 24,699 | 893 | 3.6% |
| Rent and usage of premises | 12,877 | 12,013 | 864 | 7.2% |
| Outsourced services | 3,621 | 3,300 | 321 | 9.7% |
| Post and telephone | 2,262 | 2,170 | 92 | 4.2% |
| Print material and contracts | 694 | 710 | -16 | -2.3% |
| Other indirect staff expenses | 1,967 | 1,834 | 133 | 7.3% |
| Other operating expenses | 4,171 | 4,672 | -501 | -10.7% |
| Information system and equipment | 27,614 | 27,316 | 298 | 1.1% |
| Outsourced IT services | 20,030 | 19,657 | 373 | 1.9% |
| Fees for financial databases and other IT services | 4,888 | 4,313 | 575 | 13.3% |
| Software maintenance and servicing | 2,118 | 2,548 | -430 | -16.9% |
| Other expenses (equipment rental, maintenance, etc.) | 578 | 798 | -220 | -27.5% |
| Taxes and duties | 32,029 | 28,656 | 3,373 | 11.8% |
| <i>of which virtual stamp duty and other taxes borne by customers</i> | 31,784 | 28,019 | 3,765 | 13.4% |
| Total other general and administrative expense | 94,288 | 90,610 | 3,678 | 4.1% |
| Recovery of stamp duty from customers | -31,382 | -26,628 | -4,754 | 17.9% |
| Total administrative expense, net of stamp duties recovered | 62,906 | 63,982 | -1,076 | -1.7% |

4.1.5 Provisions and adjustments

Net provisions amounted to 37.4 million euros, with an increase by 7.6 million euros compared to the same period of 2014.

| (€ THOUSAND) | 9M2015 | 9M2014 | CHANGE | |
|--|---------------|---------------|--------------|--------------|
| | | | AMOUNT | % |
| Provision for staff liabilities and contingencies | -41 | 500 | -541 | -108.2% |
| Provisions for legal disputes | 1,298 | 2,881 | -1,583 | -54.9% |
| Provision for incentive fees | 20,788 | 17,517 | 3,271 | 18.7% |
| Provisions for termination indemnity and portfolio development indemnities | 11,357 | 4,917 | 6,440 | 131.0% |
| Other provisions for liabilities and contingencies | 4,040 | 4,000 | 40 | 1.0% |
| Total | 37,442 | 29,815 | 7,627 | 25.6% |

Provisions consisted of 9.7 million euros relating to network development plans (7.6 million euros in 2014) and 11.1 million euros relating to current and deferred incentives set to accrue (9.9 million euros in 2014).

Within net provisions for FA contractual indemnities, in light of a decline in the market rates used for discounting, as of the first quarter of 2015 a notable adjustment has been made to the provision for termination indemnity of Financial Advisors (+5.2 million euros) and to the other actuarial provisions.

Provisions for other risks and charges include an estimation of the contribution due in 2015 with reference to the Fund for the National resolution of banking crises introduced with Directive No. 59/2014 (BRRD - Bank Recovery and Resolution Directive) and an estimate of the extraordinary interventions approved by

the FITD and in which the Bank can be called to participate during the year.

On 30 July 2015, the Rome Special Tax Police Unit of the Italian Finance Police initiated an audit concerning several financial transactions undertaken by the Bank in 2010 and 2011 in its trading of derivative financial instruments on Italian equities traded on regulated markets. As of the date of approval of this Interim Report, the audit process was still ongoing and no notice of any alleged irregularities has been given.

Net adjustments to non-performing loans amounted to 5.8 million euros at the end of the reporting period, up by 0.5 million euros compared to the previous year, and referred to the portfolio of financial assets for 4.3 million euros.

| (€ THOUSAND) | VALUE ADJUSTMENTS | REVERSALS | 9M2015 | 9M2014 | CHANGE |
|--|-------------------|------------|---------------|---------------|---------------|
| | | | | | |
| Equity securities | -1,426 | - | -1,426 | -402 | -1,024 |
| Debt securities (AFS, HTM, Loans) | - | - | - | - | - |
| Non-performing loans of the banking portfolio | -1,827 | 221 | -1,606 | -3,588 | 1,982 |
| Operating loans to customers | -19 | - | -19 | -91 | 72 |
| Portfolio adjustments/reversals | -2,979 | 217 | -2,762 | -1,194 | -1,568 |
| Debt securities (Loans, HTM) | -2,859 | - | -2,859 | -684 | -2,175 |
| Performing loans and guarantees of the banking portfolio | -120 | 217 | 97 | -510 | 607 |
| Total | -6,250 | 438 | -5,812 | -5,275 | -537 |

The impairment losses in the portfolio of AFS equities refer primarily to the loss recognised in the first half of 2015 on a capital contribution to a cinematographic joint venture entered into at the end of 2014. This transaction was closed in the third quarter without further impact on the profit and loss account. In any event, the tax credit of 0.8 million euros accrued on that result

has been recognised among other net operating income.

Moreover, it should be recalled that, during the second quarter, the equity interest in the subsidiary Simgenia S.p.A. 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 loans portfolio (+2.8 million euros) in connection with the risk profile of the new investments undertaken.

The write-downs of non-performing loans in the banking book reached 1.6 million euros, 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 0.5 million for default interests being accrued.

4.1.6 Consolidated net result, taxes and earnings per share

Income taxes for the reporting period on a current and deferred basis were estimated at 34.9 million euros, up 8.7 million euros

compared to estimated taxes at the end of the same period of the previous year.

| (€ THOUSAND) | 9M2015 | 9M2014 | CHANGE | |
|------------------------------------|----------------|----------------|--------------|---------------|
| | | | AMOUNT | % |
| Current taxes for the period | -38,279 | -46,148 | 7,869 | -17.1% |
| Prior year taxes | 989 | 197 | 792 | 402.0% |
| Changes of prepaid taxation (+/-) | 2,651 | 1,885 | 766 | 40.6% |
| Changes of deferred taxation (+/-) | -226 | 503 | -729 | -144.9% |
| Total | -34,865 | -43,563 | 8,698 | -20.0% |

The estimated total tax rate was 17.3%, down compared to the end of the first nine months of 2014, owing both to the reduction of the IRAP charge – due to the greater deductibility of labour costs under the 2015 Stability Act – and the increased share of profit earned outside of Italy.

Accordingly, the third quarter of 2015 closed with a consolidated net profit of 166.1 million euros. Basic net earnings per share currently being accrued increased from 1.147 eurocents to 1.435 eurocents.

| | 9M2015 | 9M2014 | CHANGE | |
|---|--------------|--------------|--------------|--------------|
| | | | AMOUNT | % |
| Net profit for the period (€ thousand) | 166,130 | 132,362 | 33,768 | 25.5% |
| Earnings attributable to ordinary shares | 166,130 | 132,362 | 33,768 | 25.5% |
| Average number of outstanding shares | 115,805 | 115,358 | 447 | 0.4% |
| EPS – Earnings per share (euros) | 1.435 | 1.147 | 0.287 | 25.0% |
| Average number of outstanding shares with diluted share capital | 116,723 | 116,051 | 672 | 0.6% |
| EPS – Diluted earnings per share (euros) | 1.423 | 1.141 | 0.283 | 24.8% |

4.1.7 Comprehensive income

At the end of the first nine months 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 161.9 million euros, up compared to 149.0 million euros reported for the same period of the previous year.

In further detail, compared to a growth of 17.1 million euros recorded at the end of the third quarter of 2014, valuation reserves on the AFS portfolio presented a net reduction of 4.3

million euros for the first nine months of 2015 as a result of the following factors:

- an increase in net valuation gains of 9.6 million euros, due to the significant recovery of the market values of financial assets, and particularly of the Italian sovereign debt bonds held by the Bank, in the third quarter;
- the reduction of pre-existing net positive reserves due to re-absorption through profit or loss upon realisation (-16.1 million euros);
- the positive net tax effect (DTAs) associated with the above changes (+2.3 million euros).

| (€ THOUSAND) | 9M2015 | 9M2014 | CHANGE | |
|---|----------------|----------------|----------------|----------------|
| | | | AMOUNT | % |
| Net profit (loss) | 166,130 | 132,362 | 33,768 | 25.5% |
| Other income, net of income taxes: | | | | |
| <i>with transfer to profit and loss account:</i> | | | | |
| AFS assets | -4,324 | 17,087 | -21,411 | -125.3% |
| <i>without transfer to profit and loss account:</i> | | | | |
| Actuarial gains (losses) from defined benefit plans | 132 | -436 | 568 | 130.3% |
| Total other income, net of taxes | -4,192 | 16,651 | -20,843 | -125.2% |
| Comprehensive income | 161,938 | 149,013 | 12,925 | 8.7% |

4.2 Balance sheet and net equity aggregates

At the end of the first nine months of 2015, total consolidated assets amounted to 5.7 billion euros, down by 0.4 billion euros compared to year-end 2014 (-7.2%), and far below the top levels reported at the end of Q1 2014 (7.5 billion euros).

At the end of September, total net inflows amounted to 4.8 billion euros (-10.4%), reflecting the sharp reduction in interbank inflows (-67.9%) following the total repayment (800 million euros) of LTROs set to mature in February 2015, partly offset by the

increase in interbank inflows and inflows from retail customers.

The volume of core loans, totalling 5.4 billion euros at the end of the quarter (-7.7%), 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) | 30.09.2015 | 31.12.2014 | CHANGE | |
|---|------------------|------------------|-----------------|--------------|
| | | | AMOUNT | % |
| HFT financial assets | 52,384 | 32,840 | 19,544 | 59.5% |
| AFS financial assets | 2,562,806 | 2,235,408 | 327,398 | 14.6% |
| HTM financial assets | 496,254 | 1,403,123 | -906,869 | -64.6% |
| Loans to banks (*) | 390,855 | 353,620 | 37,235 | 10.5% |
| Loans to customers | 1,869,211 | 1,794,959 | 74,252 | 4.1% |
| Property, equipment and intangible assets | 91,635 | 93,794 | -2,159 | -2.3% |
| Tax receivables | 44,508 | 40,801 | 3,707 | 9.1% |
| Other assets | 187,657 | 185,692 | 1,965 | 1.1% |
| Total assets | 5,695,310 | 6,140,237 | -444,927 | -7.2% |

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

| NET EQUITY AND LIABILITIES (€ THOUSAND) | 30.09.2015 | 31.12.2014 | CHANGE | |
|--|------------------|------------------|-----------------|--------------|
| | | | AMOUNT | % |
| Due to banks | 333,472 | 1,038,889 | -705,417 | -67.9% |
| Due to customers | 4,437,476 | 4,285,398 | 152,078 | 3.5% |
| Financial liabilities held for trading and hedging | 1,655 | 2,655 | -1,000 | -37.7% |
| Tax payables | 24,993 | 27,612 | -2,619 | -9.5% |
| Other liabilities | 189,449 | 149,770 | 39,679 | 26.5% |
| Special purpose provisions | 118,125 | 99,605 | 18,520 | 18.6% |
| Valuation reserves | 13,791 | 17,983 | -4,192 | -23.3% |
| Reserves | 244,662 | 196,209 | 48,453 | 24.7% |
| Additional paid-in capital | 49,553 | 45,575 | 3,978 | 8.7% |
| Share capital | 116,045 | 115,677 | 368 | 0.3% |
| Treasury shares (-) | -41 | -41 | - | - |
| Net profit (loss) for the period | 166,130 | 160,905 | 5,225 | 3.2% |
| Total net equity and liabilities | 5,695,310 | 6,140,237 | -444,927 | -7.2% |

Quarterly evolution of consolidated balance sheet

| ASSETS (€ THOUSAND) | 30.09.2015 | 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 | 52,384 | 155,833 | 31,776 | 32,840 | 29,479 | 28,994 | 126,970 | 229,905 |
| AFS financial assets | 2,562,806 | 2,414,029 | 2,185,006 | 2,235,408 | 1,916,852 | 1,921,589 | 2,337,695 | 1,626,121 |
| HTM financial assets | 496,254 | 465,937 | 665,926 | 1,403,123 | 1,904,529 | 2,253,150 | 2,541,438 | 2,652,687 |
| Loans to banks | 390,855 | 572,539 | 499,196 | 353,620 | 797,338 | 901,152 | 614,294 | 291,379 |
| Loans to customers | 1,869,211 | 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 | 91,635 | 92,338 | 93,084 | 93,794 | 47,518 | 48,399 | 49,119 | 50,090 |
| Tax receivables | 44,508 | 51,513 | 63,657 | 40,801 | 38,086 | 38,820 | 37,839 | 38,260 |
| Other assets | 187,657 | 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 | 5,695,310 | 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) | 30.09.2015 | 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 | 333,472 | 234,668 | 225,856 | 1,038,889 | 1,387,881 | 1,716,732 | 1,935,835 | 2,230,871 |
| Due to customers | 4,437,476 | 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 | 1,655 | 2,063 | 3,149 | 2,655 | 1,448 | 188 | 282 | 597 |
| Tax payables | 24,993 | 21,881 | 69,985 | 27,612 | 45,202 | 36,492 | 45,746 | 27,768 |
| Other liabilities | 189,449 | 277,589 | 215,407 | 149,770 | 189,953 | 211,471 | 194,473 | 142,598 |
| Liabilities held for sale | - | - | - | - | 78,757 | 61,397 | 60,533 | 66,252 |
| Special purpose provisions | 118,125 | 124,970 | 116,803 | 99,605 | 91,651 | 90,011 | 84,477 | 76,736 |
| Valuation reserves | 13,791 | -2,630 | 21,091 | 17,983 | 22,111 | 19,435 | 19,600 | 5,460 |
| Reserves | 244,662 | 244,362 | 357,397 | 196,209 | 195,253 | 195,123 | 304,572 | 164,221 |
| Additional paid-in capital | 49,553 | 47,101 | 46,433 | 45,575 | 44,977 | 42,880 | 42,608 | 37,302 |
| Share capital | 116,045 | 115,818 | 115,756 | 115,677 | 115,621 | 115,428 | 115,403 | 114,895 |
| Treasury shares (-) | -41 | -41 | -41 | -41 | -41 | -41 | -41 | -41 |
| Minority interests | - | - | - | - | - | - | - | 6,039 |
| Net profit (loss) for the period (+/-) | 166,130 | 140,127 | 93,119 | 160,905 | 132,362 | 88,443 | 38,888 | 141,256 |
| Total net equity and liabilities | 5,695,310 | 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.

4.2.1 Direct inflows from customers

Direct inflows from customers amounted to 4,437.5 million euros, with an increase of 152.1 million euros compared to 31 December 2014, due to the significant growth in net inflows from retail customers, which largely offset the downtrend reported by Generali Group's operations.

| (€ THOUSAND) | 30.09.2015 | 31.12.2014 | CHANGE | |
|---|------------------|------------------|----------------|---------------|
| | | | AMOUNT | % |
| 1. Current accounts and demand deposits | 4,289,406 | 4,090,696 | 198,710 | 4.9% |
| 2. Term deposits | - | - | - | n.a. |
| 3. Financing | 52,620 | 51,312 | 1,308 | 2.5% |
| Repurchase agreements | - | - | - | n.a. |
| Subordinated loan Generali Versicherung- Generali Beteiligungs | 52,620 | 51,312 | 1,308 | 2.5% |
| 4. Other debts | 95,450 | 143,390 | -47,940 | -33.4% |
| Operating debts to sales network | 73,852 | 84,920 | -11,068 | -13.0% |
| Other (money orders, amounts at the disposal of customers) | 21,598 | 58,470 | -36,872 | -63.1% |
| Total due to customers (Item 20) | 4,437,476 | 4,285,398 | 152,078 | 3.5% |

Captive inflows from the parent company, Assicurazioni Generali, and the Italian and foreign subsidiaries of Assicurazioni Generali Group decreased by 544 million euros overall to 719.1 million euros at period-end (16.2% of total net inflows). The aggregate includes 52.6 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 approximately 744 million euros, mostly attributable to the acquisition of new clients by the sales network.

| (€ THOUSAND) | 30.09.2015 | 31.12.2014 | CHANGE | |
|--|------------------|------------------|-----------------|---------------|
| | | | AMOUNT | % |
| Net inflows from parent company | 68,720 | 276,313 | -207,593 | -75.1% |
| Net inflows from other subsidiary companies | 650,401 | 986,913 | -336,512 | -34.1% |
| Total net inflows from Generali Group | 719,121 | 1,263,226 | -544,105 | -43.1% |
| Net inflows from other parties | 3,718,355 | 3,022,172 | 696,183 | 23.0% |
| Total net inflows from customers | 4,437,476 | 4,285,398 | 152,078 | 3.5% |

By contrast, there was a decline in the non-interest-bearing debt position (-47.9 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.

4.2.2 Core loans

Core loans totalled 5.4 billion euros, decreasing by 0.4 billion euros overall compared to 31 December 2014 (-7.7%).

In this context, the share of assets invested in financial assets declined significantly by 592.3 million euros (-15.4%), primarily owing to the flow of redemptions of government securities allocat-

ed to the HTM portfolio and connected to the maturing LTROs. As of the second quarter, medium/long-term investments allocated to the AFS portfolio started to increase, totalling a positive net balance of 327.9 million euros at period-end.

By contrast, the movements of the trading portfolio were essentially related to very short-term treasury investments in money-

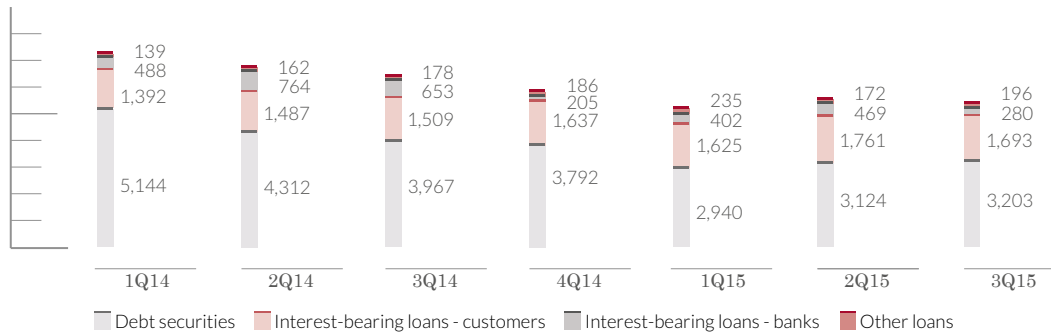
market government securities with a residual maturity of less than 1 month.

Within this context, a growth was also reported in treasury

short-term loans on the interbank market (+74.5 million euros) and in loans to customers (+56.4 million euros).

| (€ THOUSAND) | 30.09.2015 | 31.12.2014 | CHANGE | |
|--|------------------|------------------|-----------------|---------------|
| | | | AMOUNT | % |
| HFT financial assets | 52,384 | 32,840 | 19,544 | 59.5% |
| AFS financial assets | 2,562,806 | 2,235,408 | 327,398 | 14.6% |
| HTM financial assets | 496,254 | 1,403,123 | -906,869 | -64.6% |
| Financial assets classified among loans | 151,029 | 183,448 | -32,419 | -17.7% |
| Financial assets | 3,262,473 | 3,854,819 | -592,346 | -15.4% |
| Loans to banks | 279,911 | 205,427 | 74,484 | 36.3% |
| Loans to customers | 1,693,022 | 1,636,572 | 56,450 | 3.4% |
| Operating loans and other loans | 136,104 | 123,132 | 12,972 | 10.5% |
| Total interest-bearing financial assets and loans | 5,371,510 | 5,819,950 | -448,440 | -7.7% |

Evolution of loans (€ million)



Overall, financial assets accounted for 60.7% of the interest-bearing financial assets, down compared to 66.2% at year-end 2014.

The sovereign debt exposure, consisting solely of bonds issued

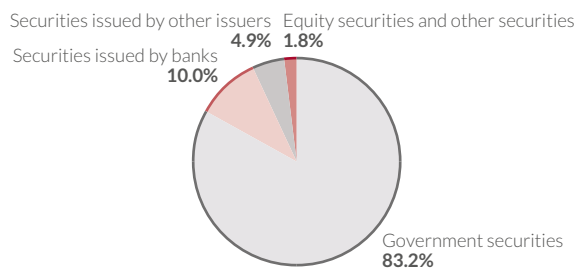
by the Italian government, declined by 634.1 million euros, with a ratio of 83.2% to total investments in financial assets, slightly shrinking compared to year-end 2014.

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

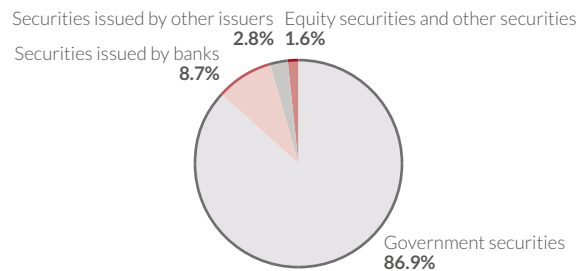
Breakdown of sovereign debt exposure by IAS portfolio

| (€ THOUSAND) | 30.09.2015 | 31.12.2014 | CHANGE | |
|---|------------------|------------------|-----------------|---------------|
| | | | AMOUNT | % |
| Exposure to the sovereign risk by portfolio: | | | | |
| HFT financial assets | 25,195 | 396 | 24,799 | 6,262.4% |
| AFS financial assets | 2,262,154 | 1,995,244 | 266,910 | 13.4% |
| HTM financial assets | 428,383 | 1,354,153 | -925,770 | -68.4% |
| Total | 2,715,732 | 3,349,793 | -634,061 | -18.9% |

Breakdown of financial assets portfolio at 30.09.2015



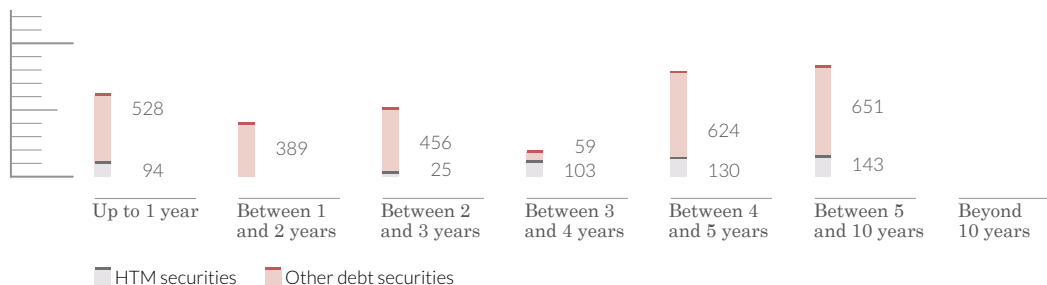
Breakdown of financial assets portfolio at 31.12.2014



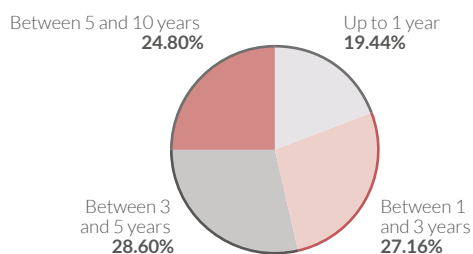
The overall geographical breakdown of the portfolio of debt securities thus showed a high concentration of investments relating to national securities (95.5%). The portfolio of debt securities had an overall average residual

life of about 3.3 years and 51.7% of it was made up of variable rate issues, and for the remainder, of fixed-rate issues and zero coupon.

Bonds portfolio maturity (€ million)



Breakdown of Bonds portfolio by maturity



Loans to customers amounted to 1,869.2 million euros, a net rise compared to the end of 2014, mainly thanks to the loans seg-

ment (+12.4%), which in the nine-month period saw new loans totalling 149 million euros.

| (€ THOUSAND) | 30.09.2015 | 31.12.2014 | CHANGE | |
|---|------------------|------------------|---------------|--------------|
| | | | AMOUNT | % |
| Current accounts | 904,784 | 931,341 | -26,557 | -2.9% |
| Personal loans | 779,837 | 693,619 | 86,218 | 12.4% |
| Other financing and loans not in current accounts | 8,401 | 11,612 | -3,211 | -27.7% |
| Loans | 1,693,022 | 1,636,572 | 56,450 | 3.4% |
| Total loans | 1,693,022 | 1,636,572 | 56,450 | 3.5% |
| Operating loans to product companies | 90,725 | 81,206 | 9,519 | 11.7% |
| Sums advanced to Financial Advisors | 38,023 | 30,545 | 7,478 | 24.5% |
| Stock exchange interest-bearing daily margin | 3,010 | 2,092 | 918 | 43.9% |
| Changes to be debited and other loans | 4,259 | 9,199 | -4,940 | -53.7% |
| Operating loans and other loans | 136,017 | 123,042 | 12,975 | 10.5% |
| Debt securities | 40,172 | 35,345 | 4,827 | 13.7% |
| Total loans to customers | 1,869,211 | 1,794,959 | 74,252 | 4.1% |

Among **operating loans**, commercial loans matured or currently maturing for the placement and distribution of financial and insurance products grew, as did the financial advances provided to the Financial Advisor network for half-year incentives.

Net non-performing loans amounted to 37.8 million euros (1.9% of total loans to customers).

The aggregate includes 27.6 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 and totaling 11.2 million euros (gross of default interest), which was written down by 8.4 million euros.

| (€ THOUSAND) | GROSS EXPOSURE | VALUE ADJUSTMENT | NET EXPOSURE 2015 | NET EXPOSURE 2014* | CHANGE | | INDEMNITY BACKED EXPOSURES | RESIDUAL UNSECURED |
|---|----------------|------------------|-------------------|--------------------|---------------|--------------|----------------------------|--------------------|
| | | | | | AMOUNT | % | | |
| Bad loans | 39,314 | -14,893 | 24,421 | 15,733 | 8,688 | 55.2% | 22,649 | 1,772 |
| <i>of which:</i> | | | | | | | | |
| <i>Financing</i> | 35,972 | -12,321 | 23,651 | 14,942 | 8,709 | 58.3% | 22,649 | 1,002 |
| <i>Operating loans</i> | 3,342 | -2,572 | 770 | 791 | -21 | -2.7% | - | 770 |
| Probable defaults | 18,393 | -9,356 | 9,037 | 19,307 | -10,270 | -53.2% | 5,006 | 4,031 |
| <i>of which non-performing forborne exposures</i> | 1,846 | -642 | 1,204 | 1,223 | -19 | -1.6% | - | 1,204 |
| Expired loans/outstanding over 90 days | 4,624 | -326 | 4,298 | 6,198 | -1,900 | -30.7% | - | 4,298 |
| Total non-performing loans | 62,331 | -24,575 | 37,756 | 41,238 | -3,482 | -8.4% | 27,655 | 10,101 |

(*) 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 debt balance of 53.6 million euros at the end of first nine months of 2015, compared to 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 increase in net inflows in the form of repurchase agreements, undertaken in the last quarter at negative rates (+101.2);
- the net increase in short-term interbank loans, in current accounts and overnight deposits, of 74.4 million euros.

| (€ THOUSAND) | 30.09.2015 | 31.12.2014 | CHANGE | |
|--|----------------|------------------|-----------------|----------------|
| | | | AMOUNT | % |
| 1. Repayable on demand | 219,034 | 159,453 | 59,581 | 37.4% |
| Demand deposits with ECB | - | 68,000 | -68,000 | -100.0% |
| Demand deposits with credit institutions | 25,000 | - | 25,000 | n.a. |
| Transfer accounts | 194,034 | 91,453 | 102,581 | 112.2% |
| 2. Time deposits | 60,877 | 45,974 | 14,903 | 32.4% |
| Mandatory reserve | 60,793 | 45,891 | 14,902 | 32.5% |
| Term deposits | 84 | 83 | 1 | 1.2% |
| Total due to banks | 279,911 | 205,427 | 74,484 | 36.3% |
| 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 | 333,472 | 227,244 | 106,228 | 46.7% |
| Transfer accounts | 2,025 | 5,409 | -3,384 | -62.6% |
| Term deposits | 5,682 | 6,792 | -1,110 | -16.3% |
| Repurchase agreements | 301,936 | 200,734 | 101,202 | 50.4% |
| Collateral margins | 614 | 100 | 514 | 514.0% |
| Other debts | 23,215 | 14,209 | 9,006 | 63.4% |
| Total due to banks | 333,472 | 1,038,889 | -705,417 | -67.9% |
| Net interbank position | -53,561 | -833,462 | 779,901 | -93.6% |
| 3. Debt securities | 110,857 | 148,103 | -37,246 | -25.1% |
| 4. Other operating receivables | 87 | 90 | -3 | -3.3% |
| Total interbank position | 57,383 | -685,269 | 742,652 | -108.4% |

(*) Reclassified from Item 10 – Loans repayable on demand to Central Banks.

4.2.3 Net equity

At 30 September 2015, consolidated net equity, including net profit for the period, amounted to 590.1 million euros compared to 536.3 million euros at the end of the previous year.

| (€ THOUSAND) | 30.09.2015 | 31.12.2014 | CHANGE | |
|----------------------------------|----------------|----------------|---------------|--------------|
| | | | AMOUNT | % |
| Share capital | 116,045 | 115,677 | 368 | 0.3% |
| Additional paid-in capital | 49,553 | 45,575 | 3,978 | 8.7% |
| Reserves | 244,662 | 196,209 | 48,453 | 24.7% |
| (Treasury shares) | -41 | -41 | - | - |
| Valuation reserves | 13,791 | 17,983 | -4,192 | -23.3% |
| Net profit (loss) for the period | 166,130 | 160,905 | 5,225 | 3.2% |
| Consolidated net equity | 590,140 | 536,308 | 53,832 | 10.0% |

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' General 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 | 3,903 |
| Stock option plans: charges as per IFRS 2 | 90 |
| AG stock granting plans | 1,332 |
| Change in valuation reserves | -4,192 |
| Consolidated net profit | 166,130 |
| Net equity at period-end | 590,140 |
| Change | 53,832 |

At the end of September, fair value valuation reserves for the portfolio of AFS financial assets showed a rapid recovery compared to the abrupt decline recorded at the end of June due to the severe financial market volatility associated with the re-emergence of the Greek crisis.

The aggregate item had an overall positive value of 15.2 million euros, up by 16.0 million euros compared to 30 June 2015, but down by 4.3 million euros compared to year-end 2014. This trend was mainly influenced by the portfolio of Italian government bonds, for which net reserves amounted to 13.9 million euros compared to 14.7 million euros at year-end 2014.

| (€ THOUSAND) | 30.09.2015 | | | 31.12.2014 | |
|---|------------------|------------------|---------------|---------------|---------------|
| | POSITIVE RESERVE | NEGATIVE RESERVE | NET RESERVE | NET RESERVE | CHANGE |
| 1. Debt securities | 15,678 | -2,681 | 12,997 | 17,912 | -4,915 |
| 2. Equity securities | 2,507 | -181 | 2,326 | 1,799 | 527 |
| 3. UCITS units | 214 | -319 | -105 | -169 | 64 |
| AFS reserves | 18,399 | -3,181 | 15,218 | 19,542 | -4,324 |
| Actuarial gains (losses) from defined benefit plans | - | -1,427 | -1,427 | -1,559 | 132 |
| Total | 18,399 | -4,608 | 13,791 | 17,983 | -4,192 |

Consolidated own funds, calculated in accordance with the new Basel 3 transitional rules (phase in), amounted to 399.0 million euros, up by 36.4 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 187.0 million euros in excess of the amount required to cover credit, market, and operating risks. Total Capital Ratio (TCR) was 15.1%, compared to the minimum requirement of 8% and the capital conservation buffer of 2.5%.

| (€ THOUSAND) | 30.09.2015 | | 31.12.2014 | CHANGE | |
|---|------------------|----------------|----------------|---------------|--------------|
| | FULL APPLICATION | PHASE-IN | | PHASE-IN | AMOUNT |
| Common Equity Tier 1 (CET 1) | 370,309 | 355,277 | 311,670 | 43,607 | 14.0% |
| Additional Tier 1 capital (AT1) | - | - | - | - | n.a. |
| Tier 2 capital | 43,022 | 43,688 | 50,921 | -7,233 | -14.2% |
| Total own funds | 413,331 | 398,965 | 362,591 | 36,374 | 10.0% |
| Credit and counterparty risk | 148,325 | 148,325 | 144,493 | 3,832 | 2.7% |
| Market risk | 5,493 | 5,493 | 3,558 | 1,935 | 54.4% |
| Operating risk | 58,141 | 58,141 | 56,615 | 1,526 | 2.7% |
| Total absorbed capital | 211,959 | 211,959 | 204,666 | 7,293 | 3.6% |
| Excess over absorbed capital | 201,372 | 187,006 | 157,925 | 29,081 | 18.4% |
| Risk-weighted assets | 2,649,488 | 2,649,488 | 2,558,325 | 91,163 | 3.6% |
| Tier 1 /Risk-weighted assets (Tier 1 capital ratio) | 14.0% | 13.4% | 12.2% | 1.2% | 10.1% |
| Total own funds/Risk-weighted assets (Total capital ratio) | 15.6% | 15.1% | 14.2% | 0.9% | 6.2% |

The increase in absorbed capital compared to the previous year (+7.2 million euros) is primarily to be attributed to the growth of requirements for covering credit risks (+3.8 million euros).

In the third quarter of the year, an analysis was also completed of guarantees eligible for hedging credit risks, which resulted in a reduction of the capital absorbed compared to the situation reported as of 30 June of approximately 4.4 million euros.

Moreover, a significant increase was also recorded in the capital absorbed by operating risk, commensurate with the three-year average operating margin set forth by regulations implementing Basel 3 (+1.5 million euros).

Consolidated own funds, calculated in accordance with Basel 3

rules, which will become fully applicable as of 1 January 2019, were 212.0 million euros, with Total Capital Ratio at 15.6%.

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) | 30.09.2015 | | |
|---|----------------------|----------------|----------------|
| | CAPITAL AND RESERVES | NET PROFIT | NET EQUITY |
| Net equity of Banca Generali | 330,075 | 161,858 | 491,933 |
| Differences between net equity and book value of companies consolidated using the line-by-line method | 73,224 | - | 73,224 |
| - Goodwill | 4,289 | - | 4,289 |
| - Income carried forward of consolidated companies | 68,983 | - | 68,983 |
| - Reserve for actuarial losses IAS 19 | -66 | - | -66 |
| - Other changes | 18 | - | 18 |
| Dividends from consolidated companies | 25,000 | -145,360 | -120,360 |
| Consolidated companies' result for the period | - | 149,632 | 149,632 |
| Minority interests | - | - | - |
| Valuation reserves - consolidated companies | - | - | - |
| Consolidation adjustments | -4,289 | - | -4,289 |
| - Goodwill | -4,289 | - | -4,289 |
| Net equity of the Banca Generali Group | 424,010 | 166,130 | 590,140 |

5. Performance of Group companies

5.1 Banca Generali performance

Banca Generali closed the first nine months of 2015 with net profit of 161.9 million euros, increasing compared to 142.1 million euros reported at the end of the same period of the previous year, chiefly due to the contribution of dividends for 145.4 million euros (+50.3 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 191.8 million euros, down compared to the same period of the previous year (-38.2 million euros) mainly due to the lower income from trading activities (-25.8 million euros) and the decrease in net interest income (-30.9 million euros), only partly offset by the increase in fee margin (+18.5%).

Net operating expenses were 116.3 million euros, marking a more moderate increase (+0.5%), owing in part to the non-recurring expenses incurred in the previous year in connection with the acquisition of the Credit Suisse business unit.

Net provisions and adjustments amounted to 43.1 million euros, up by 8.5 million euros compared to the same period 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.

As of 30 September, Banca Generali's **own funds**, calculated in accordance with the new Basel 3 transitional rules (phase in), amounted to 302.9 million euros, up by 37.2 million euros compared to the end of the previous year.

The aggregate capital for regulatory purposes recorded 103.3 million euros in excess of the amount required to cover credit, market, and operating risks. Tier 1 ratio was 10.4%, while Total Capital Ratio (TCR) amounted to 12.2%, 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 Assoresi – amounted to 39.3 billion euros at 30 September 2015. Net inflows amounted to 3,016 million euros, compared to 3,085 million euros at the end of the same period of 2014 (-2.2%).

5.2 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 S.A. (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 nine months of 2014 used for comparison purposes is given net of such items.

BGFML ended the first nine months of 2015 with net profit of 148.1 million euros, up by 64.2 million euros compared to the same period of 2014, due both to the growth in net recurring fees arising from the Sicavs promoted and managed by the Banking Group (+14.2 million euros) and the uptrend in performance fees (+59.1 million euros). Net banking income thus amounted to 170.3 million euros, sharply up from the 97.1 million euros reported for 2014. Total operating expenses amounted to 3.9 mil-

lion euros (2.9 million euros of which consisted of staff expenses) with a marked increase compared to the same period of the previous year (+38.4%), attributable to the reduction in expenses recovered in connection with the business support activity following the de-merger of GIL.

The Company's net equity amounted to 91.9 million euros, net of a dividend payout of 145.4 million euros, as payment in advance for the 2015 result and total payment for 2014.

Overall, assets under management at 30 September 2015 amounted to 10,864 million euros, compared to 8,861 million euros at 31 December 2014 (+2,003 million euros).

5.3 Performance of BG Fiduciaria SIM

BG Fiduciaria, a company specialising in individual GPF and GPM portfolios, mainly in a custodial capacity, closed the first nine months of 2015 with net profit of 1.5 million euros and net equity of 15.2 million euros.

Net banking income amounted to 4.1 million euros, whereas

operating expenses were 1.7 million euros, including 1.0 million euros for staff expenses.

Total assets under management amounted to 769 million euros, against 817 million euros at 31 December 2014.

5.4 Performance of Generfid S.p.A.

Generfid, a company specialising in custodial capacity of assets, closed the first nine months of 2015 substantially even and with net equity amounting to about 0.8 million euros.

Net banking income amounted to 0.7 million euros, whereas op-

erating expenses were 0.7 million euros. Assets under management amounted to 1,028 million euros (961 million euros at the end of 2014).

6. Basis of preparation

The interim report for the third quarter of 2015 was prepared in accordance with Article 154-ter, paragraph 5, of Italian Legislative Decree No. 58/98.

The Interim Report provides:

- a) a general description of the balance sheet situation and profit and loss performance of the issuer and its subsidiaries during the period of reference;
- b) an illustration of the significant events and transactions that occurred during the period of reference and their impact on the balance sheet of the issuer and its subsidiaries.

This document contains the following quantitative data on the balance sheet situation and profit and loss performance at the end of the third quarter of the year:

- the consolidated condensed balance sheet at period-end compared with the figures at the end of the previous year;
- the consolidated condensed profit and loss account for the period, compared with data for the same period of the previous year;
- the statement of comprehensive income for the period, compared with data for the same period of the previous year.

The Consolidated Balance Sheet is presented in a format that summarises the primary asset and liability items. The Consolidated Profit and Loss Account is presented in a condensed, reclassified format and states the intermediate profit margins that make up net profit.

The Report also includes explanatory notes that refer to the accounting standards employed and other specific explanatory notes pertaining to transactions undertaken during the period. The amounts included in the financial statements and notes are expressed in thousands of euros, unless otherwise indicated.

The consolidated financial position illustrated in the Interim Report has been prepared according to the IASs/IFRSs issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with EC Regulation No. 1606 of 19 July 2002.

The Interim Report on Operations is subject to a limited audit by the independent auditors for the purposes of determining net profit for the period to be included in Common Equity Tier 1 capital, as required by Article 26, paragraph 2, of the Regulation (EU) No. 575/2013.

6.1 Accounting standards

The accounting standards and measurement criteria used are the same as those used to prepare the Consolidated Financial Statements at 31 December 2014.

The financial statements presented herein must therefore be

read together with those documents.

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 |

The new standards and interpretations that entered into force do not have a significant impact on the operations of Banca Generali.

Measurement

The preparation of the Interim Report requires the use of estimates and assumptions that could influence the amounts reported in the Balance Sheet and Profit and Loss Account and the disclosure of contingent assets and liabilities therein.

The estimates and assumptions used are based on the information available on operations and subjective judgments, which may be based on historical trends.

Given their nature, the estimates and assumptions used may vary from year to year, meaning that the actual amounts reported herein may differ materially due to changes in the subjective judgements used.

The main areas for which management is required to use subjective judgements include:

tive judgements include:

- the quantification of allocations for staff incentives and provisions for liabilities and contingencies;
- the quantification of incentives for the distribution network currently being accrued;
- the determination of the fair value of financial instruments and derivatives used for reporting purposes;
- the determination of value adjustments and reversals of non-performing loans and the provision for performing loans;
- the evaluation of the appropriateness of the amount of goodwill;
- estimates and assumptions used to determine current and deferred taxation.

6.2 Consolidated companies and business combinations

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 IN ORD. SHAREHOLDERS' MEETING |
|---|-------------------|-----------------|---------------------------|-------------------------|--|
| | | | INVESTOR | % OF OWNERSHIP INTEREST | |
| A. Companies in consolidated accounts | | | | | |
| <i>A.1 Recognised using the line-by-line method</i> | | | | | |
| 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 Article 2359, paragraph 1(1), of the Italian Civil Code (majority of voting rights at General Shareholders' Meeting).

The consolidated accounts include the separate accounts of the Parent Company and the subsidiaries at 30 September 2015, reclassified and adjusted where necessary to take account of consolidation requirements. The most important intra-Group

transactions, affecting both the balance sheet and profit and loss account, were eliminated. Unreconciled amounts were recognised in other assets/liabilities and other revenues/expenses, respectively.

Trieste, 29 October 2015

The Board of Directors

ANNEX:
RECLASSIFIED ACCOUNTING
STATEMENTS OF THE
PARENT COMPANY
BANCA GENERALI S.P.A.

Trieste, 29 October 2015

RECLASSIFIED BALANCE SHEET

| Assets | (€ THOUSAND) | 30.09.2015 | 31.12.2014 | CHANGE | |
|---|--------------|------------------|------------------|-----------------|---------------|
| | | | | AMOUNT | |
| | | | | | % |
| HFT financial assets | | 52,189 | 32,444 | 19,745 | 60.86% |
| AFS financial assets | | 2,562,802 | 2,235,403 | 327,399 | 14.65% |
| HTM financial assets | | 496,253 | 1,403,122 | -906,869 | -64.63% |
| Loans to banks | | 376,534 | 344,080 | 32,454 | 9.43% |
| Loans to customers | | 1,835,912 | 1,756,610 | 79,302 | 4.51% |
| Equity investments | | 14,025 | 14,025 | - | - |
| Property, equipment and intangible assets | | 87,277 | 89,416 | -2,139 | -2.39% |
| Tax receivables | | 44,223 | 40,473 | 3,750 | 9.27% |
| Other assets | | 183,562 | 181,614 | 1,948 | 1.07% |
| Total assets | | 5,652,777 | 6,097,187 | -444,410 | -7.29% |

| Net equity and liabilities | (€ THOUSAND) | 30.09.2015 | 31.12.2014 | CHANGE | |
|--|--------------|------------------|------------------|-----------------|---------------|
| | | | | AMOUNT | |
| | | | | | % |
| Due to banks | | 333,458 | 1,038,870 | -705,412 | -67.90% |
| Due to customers | | 4,509,089 | 4,352,877 | 156,212 | 3.59% |
| Financial liabilities held for trading and hedging | | 1,655 | 2,655 | -1,000 | -37.66% |
| Tax payables | | 12,736 | 18,767 | -6,031 | -32.14% |
| Other liabilities | | 186,826 | 143,225 | 43,601 | 30.44% |
| Special purpose provisions | | 117,080 | 98,415 | 18,665 | 18.97% |
| Valuation reserves | | 13,857 | 18,054 | -4,197 | -23.25% |
| Reserves | | 150,661 | 95,653 | 55,008 | 57.51% |
| Additional paid-in capital | | 49,553 | 45,575 | 3,978 | 8.73% |
| Share capital | | 116,045 | 115,677 | 368 | 0.32% |
| Treasury shares (-) | | -41 | -41 | - | - |
| Net profit (loss) for the period (+/-) | | 161,858 | 167,460 | -5,602 | -3.35% |
| Total liabilities and net equity | | 5,652,777 | 6,097,187 | -444,410 | -7.29% |

RECLASSIFIED PROFIT AND LOSS ACCOUNT

| Item | (€ THOUSAND) | 9M2015 | 9M2014 | CHANGE | |
|---|--------------|-----------------|-----------------|----------------|---------------|
| | | | | AMOUNT | % |
| Interest income | | 53,944 | 91,613 | -37,669 | -41.1% |
| Interest expense | | -2,662 | -9,419 | 6,757 | -71.7% |
| Net interest | | 51,282 | 82,194 | -30,912 | -37.6% |
| Fee income | | 297,430 | 238,974 | 58,456 | 24.5% |
| Fee expense | | -183,230 | -143,305 | -39,925 | 27.9% |
| Net fees | | 114,200 | 95,669 | 18,531 | 19.4% |
| Dividends | | 1,174 | 817 | 357 | 43.7% |
| Net income (loss) from trading activities | | 25,148 | 51,330 | -26,182 | -51.0% |
| Net operating income | | 191,804 | 230,010 | -38,206 | -16.6% |
| Staff expenses | | -55,294 | -52,104 | -3,190 | 6.1% |
| Other general and administrative expense | | -91,452 | -88,068 | -3,384 | 3.8% |
| Net adjustments of property, equipment and intangible assets | | -3,361 | -3,092 | -269 | 8.7% |
| Other operating expenses/income | | 33,757 | 27,538 | 6,219 | 22.6% |
| Net operating expenses | | -116,350 | -115,726 | -624 | 0.5% |
| Operating profit | | 75,454 | 114,284 | -38,830 | -34.0% |
| Net adjustments for non-performing loans | | -2,468 | -4,578 | 2,110 | -46.1% |
| Net adjustments of other assets | | -3,344 | -697 | -2,647 | 379.8% |
| Net provisions | | -37,311 | -29,381 | -7,930 | 27.0% |
| Dividends and gains from equity investments | | 145,360 | 95,096 | 50,264 | 52.9% |
| Gains (losses) from the disposal of equity investments | | -1 | -10 | 9 | -90.0% |
| Operating profit before taxation | | 177,690 | 174,714 | 2,976 | 1.7% |
| Income taxes for the period on current operations | | -15,832 | -32,774 | 16,942 | -51.7% |
| Profit (loss) from non-current assets, net of taxes | | - | 124 | -124 | -100.0% |
| Net profit | | 161,858 | 142,064 | 19,794 | 13.9% |

STATEMENT OF OTHER COMPREHENSIVE INCOME

| Item | (€ THOUSAND) | 9M2015 | 9M2014 | CHANGE | |
|---|--------------|----------------|----------------|----------------|----------------|
| | | | | AMOUNT | % |
| Net profit (loss) | | 161,858 | 142,064 | 19,794 | 13.9% |
| Other income, net of income taxes: | | | | | |
| <i>with transfer to profit and loss account:</i> | | | | | |
| AFS assets | | -4,325 | 17,087 | -21,412 | -125.3% |
| <i>without transfer to profit and loss account:</i> | | | | | |
| Actuarial gains (losses) from defined benefit plans | | 128 | -408 | 536 | 131.2% |
| Total other income, net of taxes | | -4,197 | 16,679 | -20,876 | -125.2% |
| Comprehensive income | | 157,661 | 158,743 | -1,082 | -0.7% |

Contatti | Comunicazione

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Giornate FAI di Primavera

Il 21 e 22 marzo Banca Generali affianca il FAI nelle Giornate FAI di Primavera 2015



DECLARATION PURSUANT
TO ARTICLE 154-*BIS*, PARAGRAPH 2,
OF LEGISLATIVE DECREE NO. 58
OF 24 FEBRUARY 1998

Declaration pursuant to Article 154-*bis*, paragraph 2, of Legislative Decree No. 58 of 24 February 1998

The undersigned, Stefano Grassi, Chief Financial Officer and Manager in charge of preparing the Company's financial reports of Banca Generali S.p.A., with registered offices in Trieste, Via Machiavelli 4, registered with the Trieste Company Register under No. 103698 - to the best of his knowledge as Manager in charge of the Company's financial reports - does hereby

declare that

for the intents and purposes of Article 154-*bis*, paragraph 2, of Legislative Decree No. 58 of 24 February 1998, the Interim Report at 30 September 2015 corresponds to the Company's books, records and accounting documents.

Trieste, 29 October 2015

*Stefano Grassi
Manager in Charge of Preparing
the Company's Financial Reports*

Banca Generali S.p.A.

Banca Generali S.p.A.

REGISTERED OFFICE

Via Machiavelli 4 - 34132 Trieste - Italy

SHARE CAPITAL

Authorised 119.378.836 euro

Subscribed and paid-up 116.056.328 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 Code 03075.9



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