

PRESS RELEASE

**Nine month results****NET PROFIT AT €166.1 MILLION (+26%)**

- Management fees at €341 million (+30%)
- Operating expenses at €122.7 million (+2%)

**STRONG SIZE EXPANSION**

- Total assets at €39.3 billion (+17%)
- Net inflows at €3.0 billion for the nine-month period (+24%)
- Recruitment: 86 new recruits since year-start

**GROWTH IN CAPITAL RATIOS**

- CET1 ratio at 13.4%, Total Capital ratio at 15.1%

Milan, 29 October 2015 – The Board of Directors of Banca Generali, chaired by Paolo Vagnone, today approved the consolidated results for the first nine months of 2015.

The CEO of Banca Generali, Piermario Motta, commented: *“In nine months, we exceeded the result for FY 2014 — which had been our best year ever — while also improving all the main financial and capital ratios. Last summer’s strong volatility further heightened investors’ appreciation for the quality of our asset management and investment protection solutions, as well as for our highly professional financial advisors. The product mix and advisory service innovation are distinctive features that enhance our skills and are leading us towards a likely excellent last part of the year.”*

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**Consolidated P&L results at 30 September 2015**

The interim report at 30 September 2015 showed very significant size growth, operating result and capital solidity. **Moreover, the €166.1 million net profit already exceeded that for FY 2014, with a 26% growth over the same period of the previous year.**

The most noteworthy aspects for the nine-month period were: the sharp increase in net inflows and total assets to €3.016 billion and €39.3 billion, respectively; the increase in recurring fees, mirroring the solidity of the Bank's business, which strengthened its core component and achieved

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revenue sustainability despite of market volatility; the tight cost discipline, with kept costs nearly unchanged despite the significant innovation and technology investments; and, last but not least, stronger capital ratios, which position the bank as a top player in its sector, ahead of the introduction of banking law amendments on 1 January 2016.

In detail:

**Net banking income** rose by 11% to €366.9 million. Net fees increased by 47% to €289.3 million largely offsetting the anticipated decline of net interest income after repayment of the ECB's LTROs. Also trading operations decreased compared to the same period of the previous year when they had benefitted from the extraordinary recovery of Italian bonds.

**Gross fees (€491.3 million, +39%)** were positively influenced by total asset growth and a greater demand for asset management products. Management fees sharply increased by 30% to €340.5 million, confirming business soundness and revenue sustainability. As expected, fees tied to financial markets trends declined.

**Net interest income** exceeded €51.3 million (€82.3 million for the previous year) following the end of the ECB's LTRO last February, which accounted for €23 million revenues for the same period of 2014. By contrast, Lombard lending further increased, offsetting lower interest rates in the banking book, where the bank continues to adopt a prudent management approach, with an average duration of 1.7 years.

**Net operating expenses** reflect excellent cost management, **as the item rose by a mere 2% to €122.7 million** despite a 17% increase in total assets. This outstanding result was achieved thanks to a tight cost containment policy, particularly with reference to general and administrative expenses (€59.3 million, -3.1%) through outsourcing, technological efficiency and corporate reorganisation. Staff expenses were influenced by the development of the private banking division and the strengthened structure supporting sales networks.

**Consolidated net equity** was €590.1 million (+10% YTD). **Capital ratios** continued to be at top industry levels: Tier 1 Capital ratio was 13.4% (12.2% at 31 December 2014) and total capital ratio was 15.1% (14.2% at 31 December 2014). Excess capital amounted to €187.1 million (+18.5% YTD).

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**Consolidated P&L results for Q3 2015**

Q3 2015 was marked by strong financial market volatility: the Morgan Stanley World Index declined by 9.1% in the quarter (compared to a 5.6% increase for Q3 2014).

As in past critical situations, Banca Generali showed its ability to seize significant opportunities thanks to its closeness to clients and its versatile solutions, even during sharp stock market fluctuations. Its high-quality services led to a new peak of **net inflows in the quarter to €780 million**, thus exceeding net inflows for the same period of 2014, which had been marked by more favourable market conditions.

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**Management fees** remarkably reached €116.9 million, up 25% compared to the same period of 2014 and 1% over the previous quarter.

**Net banking income** — as explained above — was impacted by the lower net interest income achieved after the end of the ECB's LTROs (which contributed €9.2 million in the previous year) and strong pressures from assets tied to financial market trends, whose influence, albeit slightly positive, was not as exciting as in 2014.

Finally, Q3 results mirrored the performance for the nine months, confirming the focus on cost control (-2.6% to €40.8 million), especially with reference to general and administrative expenses (-16%).

**Net Inflows and Assets Under Management (AUM)**

Net inflows for the first nine months of 2015 exceeded €3.0 billion, up 24% compared to the record result of 2014, which was influenced by non-recurring items. In the July-September period, volatility did not cause concerns among clients who were supported by our prompt and accurate professionals' advice on prudent diversification.

Net inflows for the period were mainly generated by managed and insurance products (89% of total). Among individual solutions, **BG Stile Libero** continued to meet with great success. Launched at the beginning of March 2014, the multi-line policy gathered €4,052 million net inflows in 19 months only (€432 million for Q3 2015). The product is highly appreciated thanks to its flexibility, as it combines insurance segregated accounts and a wide range of funds.

**Total assets** rose by 17% to **€39.3 billion**. Managed and insurance assets reached **€30 billion, up 20% YoY**. Their ratio to total assets grew to 76% (75% for the first nine months of 2014).

**Assets under administration** rose to €9.3 billion (+9.1%), reflecting the constant acquisition of new clients and a higher share of wallet of existing clients.

**Business Outlook**

Banca Generali's third quarter was marked by its ability to achieve a double-digit percentage growth in all key profitability and capital ratios, notwithstanding the extraordinary market volatility and uncertainty about economic and monetary prospects. The Bank reached all-time records in net inflows, total assets, and recruitment of highly experienced professionals. The focus on the household segment, particularly private customers, is marked by the Bank's commitment to developing customized solutions for both investment products and financial advisory services. The focused and consistent approach adopted in our growth process is increasingly welcomed by clients, who in the summer season showed their confidence in and appreciation for our expertise. Advisors wishing to enhance their talent also provided excellent feedback.

From an economic standpoint, global slowdown signs dampened speculation related to the FED's possible intervention on interest rates, refocusing attention to the expansionary measures of the main governments and central banks to support economic recovery. The Bank's prudent

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approach to asset management was confirmed by short durations and the selection of government bonds. The ability to generate innovation and leverage technology to offer high value-added solutions is increasingly becoming a distinctive feature of Banca Generali's business, which is also attracting highest-end clients. The first weeks of the fourth quarter continued to highlight the Bank's strengths: its effectively diversified asset management solutions and its ability to build strong customer relations and attract high-standing professionals. Based on these factors, the last part of the year will very likely be marked by further growth.

**Presentation to the Financial Community**

A conference call for the financial community will be held today, at **2:00 pm CET (1:00 pm GMT)** to analyse the results for the first nine months of 2015.

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

**from Italy and other non-specified countries: + 39 02 802 09 11;**

**from the UK: 44 121 281 8004;**

**from the USA: 1 718 705 8796 / +1 855 265 6958 (toll-free)**

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

*Stefano Grassi (CFO of Banca Generali)*

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Annexes:

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

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**Banca Generali**

Banca Generali is a leading player in Italy in the field of integrated distribution of financial, banking and insurance products through Financial Advisor networks. The company's strategy is based on four key elements: qualified advice from professionals ranked at the top in their fields in terms of skills and experience, one of the broadest and soundest product portfolios on the market, with a transparent structure open to prestigious solutions from third-party firms, the competitiveness of its banking service platform and the guarantee of solidity and reliability that the Generali brand represents for all of its customers. Listed on the Milan stock exchange since November 2006, Banca Generali is 51% controlled by Assicurazioni Generali. Banca Generali is present throughout Italy with 45 bank branches and 141 offices for its 1,694 Financial Advisors.

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

(€ mil.)	9M14	9M15	% Chg
<b>Net Interest Income</b>	<b>82.3</b>	<b>51.3</b>	<b>-37.7%</b>
Gross fees	353.6	491.3	39.0%
Fee expenses	-157.3	-202.0	28.4%
<b>Net Fees</b>	<b>196.2</b>	<b>289.3</b>	<b>47.4%</b>
Net income (loss) from trading activities	51.3	25.1	-51.0%
Dividends	0.8	1.2	43.8%
<b>Net income (loss) from trading activities and Dividends</b>	<b>52.1</b>	<b>26.3</b>	<b>-49.5%</b>
<b>Net Banking Income</b>	<b>330.6</b>	<b>366.9</b>	<b>11.0%</b>
Staff expenses	-55.7	-59.7	7.3%
Other general and administrative expense	-90.6	-94.3	4.1%
	<b>-146.3</b>	<b>-154.0</b>	<b>5.3%</b>
Depreciation and amortisation	-3.1	-3.4	8.6%
Other net operating income (expense)	29.1	34.7	19.4%
<b>Net Operating Expenses</b>	<b>-120.3</b>	<b>-122.7</b>	<b>2.0%</b>
<b>Operating Profit</b>	<b>210.3</b>	<b>244.3</b>	<b>16.1%</b>
Net adjustments for impair.loans and other assets	-5.3	-5.8	10.2%
Net provisions for liabilities and contingencies	-29.8	-37.4	25.6%
<b>Profit Before Taxation</b>	<b>175.2</b>	<b>201.0</b>	<b>14.7%</b>
Direct income taxes	-43.6	-34.9	-20.0%
Income/(losses) after tax on assets held for sales	0.7	0.0	-100.0%
Minorities interest	0.0	0.0	
<b>Net Profit</b>	<b>132.4</b>	<b>166.1</b>	<b>25.5%</b>
<b>Cost/Income Ratio</b>	<b>35.4%</b>	<b>32.5%</b>	<b>-2.9 p.p.</b>
<b>EBITDA</b>	<b>213.4</b>	<b>247.6</b>	<b>16.0%</b>
<b>Tax rate</b>	<b>24.9%</b>	<b>17.3%</b>	<b>-7.6 p.p.</b>

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

(€ mil.)	3Q 14	3Q 15	% Chg
<b>Net Interest Income</b>	<b>27.0</b>	<b>15.4</b>	<b>-42.9%</b>
Gross fees	130.8	128.2	-1.9%
Fee expenses	-62.8	-72.9	16.1%
<b>Net Fees</b>	<b>68.0</b>	<b>55.3</b>	<b>-18.6%</b>
Net income (loss) from trading activities	6.3	0.0	n.m.
Dividends	0.0	0.0	n.m.
Net income (loss) from trading activities and Dividends	6.4	0.0	n.m.
<b>Net Banking Income</b>	<b>101.3</b>	<b>70.8</b>	<b>-30.2%</b>
Staff expenses	-18.3	-20.8	13.7%
Other general and administrative expense	-30.6	-31.1	1.4%
	<b>-48.9</b>	<b>-51.9</b>	<b>6.0%</b>
Depreciation and amortisation	-1.1	-1.2	9.6%
Other net operating income (expense)	8.1	12.2	51.0%
<b>Net Operating Expenses</b>	<b>-41.9</b>	<b>-40.8</b>	<b>-2.6%</b>
<b>Operating Profit</b>	<b>59.4</b>	<b>29.9</b>	<b>-49.6%</b>
Net adjustments for impair.loans and other assets	-0.8	-2.5	217.0%
Net provisions for liabilities and contingencies	-4.0	4.3	-206.7%
<b>Profit Before Taxation</b>	<b>54.6</b>	<b>31.7</b>	<b>-41.9%</b>
Direct income taxes	-11.7	-5.7	-50.8%
Income/(losses) after tax on assets held for sales	1.0	0.0	n.m.
Minorities interest	0.0	0.0	
<b>Net Profit</b>	<b>43.9</b>	<b>26.0</b>	<b>-40.8%</b>
<b>Cost/Income Ratio</b>	<b>40.3%</b>	<b>56.0%</b>	<b>15.7 p.p.</b>
<b>EBITDA</b>	<b>60.5</b>	<b>31.1</b>	<b>-48.6%</b>
<b>Tax rate</b>	<b>21.4%</b>	<b>18.1%</b>	<b>-3.3 p.p.</b>

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

(€ millions)

Assets	Sept 30, 2015	Dec 31, 2014	Change	% Change
Financial assets held for trading	52.4	32.8	19.5	59.5%
Financial assets available for sale	2,562.8	2,235.4	327.4	14.6%
Financial assets held to maturity	496.3	1,403.1	-906.9	-64.6%
Loans to banks	390.9	353.6	37.2	10.5%
Loans to customers	1,869.2	1,795.0	74.3	4.1%
Property equipment and intangible assets	91.6	93.8	-2.2	-2.3%
Tax receivables	44.5	40.8	3.7	9.1%
Other assets	187.7	185.7	2.0	1.1%
Assets held for sales	0.0	0.0	0.0	
<b>Total Assets</b>	<b>5,695.3</b>	<b>6,140.2</b>	<b>-444.9</b>	<b>-7.2%</b>

Liabilities and Shareholders' Equity	Sept 30, 2015	Dec 31, 2014	Change	% Change
Due to banks	333.5	1,038.9	-705.4	-67.9%
Direct inflows	4,437.5	4,285.4	152.1	3.5%
Financial liabilities held for trading	1.7	2.7	-1.0	-37.7%
Tax payables	25.0	27.6	-2.6	-9.5%
Liabilities linked to assets held for sales	0.0	0.0	0.0	
Other liabilities	189.4	149.8	39.7	26.5%
Special purpose provisions	118.1	99.6	18.5	18.6%
Valuation reserves	13.8	18.0	-4.2	-23.3%
Reserves	244.7	196.2	48.5	24.7%
Additional paid-in capital	49.6	45.6	4.0	8.7%
Share capital	116.0	115.7	0.4	0.3%
Treasury shares (-)	0.0	0.0	0.0	0.0%
Shareholders' equity attributable to minority inter	0.0	0.0	0.0	
Net income (loss) for the period (+/-)	166.1	160.9	5.2	3.2%
<b>Total Liabilities and Shareholders' Equity</b>	<b>5,695.3</b>	<b>6,140.2</b>	<b>-444.9</b>	<b>-7.2%</b>

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#### 4) TOTAL AUM AT 30 SEPTEMBER 2015

<i>Billion of Euros</i>	<b>Sep 2015</b>	<b>Jun 2015</b>	<b>Abs. Chg</b>
Mutual Funds	10.47	11.08	-0.61
Portfolio Management	3.61	3.75	-0.14
<b>Managed Assets</b>	<b>14.08</b>	<b>14.83</b>	<b>-0.75</b>
<b>Life Insurance</b>	<b>15.94</b>	<b>15.62</b>	<b>0.32</b>
<i>of which BG STILE LIBERO</i>	3.97	3.76	0.21
<i>of which unit</i>	0.60	0.60	0.00
<i>of which multilinked</i>	0.09	0.13	-0.03
<b>Non Managed Assets</b>	<b>9.32</b>	<b>9.39</b>	<b>-0.07</b>
<i>of which: Securities</i>	6.00	6.10	-0.10
<b>Total</b>	<b>39.34</b>	<b>39.84</b>	<b>-0.50</b>

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