



Interim Report
as of 31.03.2016

Banca Generali S.p.A.

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Corporate bodies

Board of Directors 11 May 2016

Banca Generali S.p.A.

Administration and control bodies

Board of Directors	Paolo Vagnone Giovanni Brugnoli Philippe Donnet Giancarlo Fancel Anna Gervasoni Massimo Lapucci Giovanni Luca Perin Annalisa Pescatori Vittorio Emanuele Terzi	Chairman Director Director Director Director Director Director Director Director
Board of Statutory Auditors	Massimo Cremona Mario Francesco Anaclerio Flavia Minutillo	Chairman
General Manager	Gian Maria Mossa	
Manager in charge of preparing the Company's Financial Reports	Stefano Grassi	

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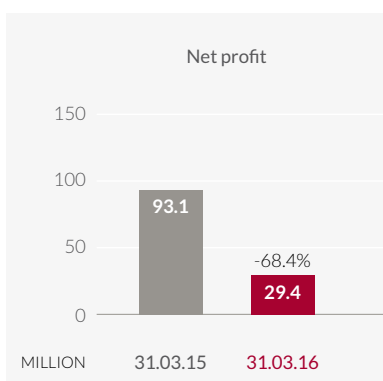
Group economic and financial highlights

Consolidated figures

(€ MILLION)	31.03.2016	31.03.2015	CHANGE %
Net interest income	15.1	18.8	-19.5
Net fees	65.3	137.0	-52.4
Net income (loss) from trading activities and dividends	14.5	24.6	-41.3
Net banking income	94.9	180.5	-47.4
Staff expenses	-20.5	-19.6	4.6
Other general and administrative expense	-32.4	-31.5	2.6
Amortisation and depreciation	-1.2	-1.1	3.9
Other operating income/expenses	10.7	10.8	-0.6
Net operating expenses	-43.3	-41.5	4.4
Operating result	51.6	139.0	-62.9
Provisions	-11.4	-21.6	-47.1
Adjustments	-1.2	-3.3	-62.9
Profit before taxation	38.9	114.1	-65.9
Net profit	29.4	93.1	-68.4

PERFORMANCE INDICATORS	31.03.2016	31.03.2015	CHANGE %
Cost/Income ratio	44.4%	22.4%	98.7
EBTDA	52.7	140.1	-62.4
ROE (a)	5.5%	20.3%	-72.8
ROA (b)	0.07%	0.24%	-71.4
EPS - Earnings per share (euros)	0.254	0.805	-68.5

- (a) Net return on equity, excluding net profit (share capital, share premium, reserves, valuation reserves, treasury shares) at the end of the reporting period and the same period of the previous year.
 (b) Return on assets calculated on the average of Assoreti's non-annualised quarterly AUM.



Net Inflows

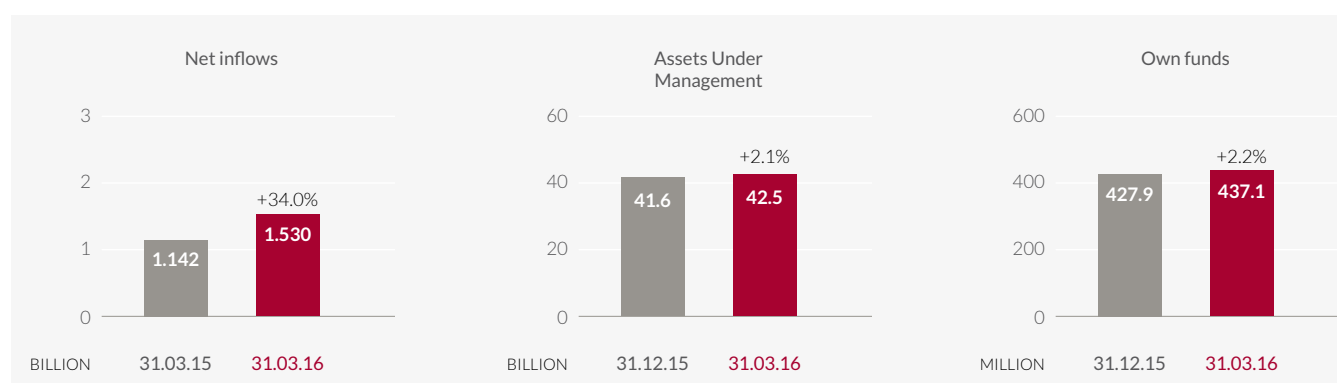
(€ MILLION)(ASSORETI DATA)	31.03.2016	31.03.2015	CHANGE %
Mutual funds and Sicavs	-85	298	-128.5
Asset management	56	39	43.6
Insurance / Pension funds	867	763	13.6
Securities / Current accounts	692	42	1,547.6
Total	1,530	1,142	34.0

Assets Under Management & Custody (AUM/C)

(€ BILLION) (ASSORETI DATA)	31.03.2016	31.12.2015	CHANGE %
Mutual funds and Sicavs	10.5	10.9	-3.9
Asset management	3.6	3.6	-1.0
Insurance / Pension funds	18.1	17.3	5.1
Securities / Current accounts	10.3	9.8	4.8
Total	42.5	41.6	2.1

Net equity

(€ MILLION)	31.03.2016	31.12.2015	CHANGE %
Net equity	658.8	636.8	3.5
Own funds	437.1	427.9	2.2
Excess capital	214.2	212.8	0.6
Total capital ratio	15.7%	15.9%	-1.5



Consolidated accounting statements

Consolidated Balance Sheet

ASSETS (€ THOUSAND)	31.03.2016	31.12.2015	CHANGE	
			AMOUNT	%
HFT financial assets	29,324	28,004	1,320	4.7%
AFS financial assets	2,993,056	2,939,211	53,845	1.8%
HTM financial assets	500,249	423,586	76,663	18.1%
Loans to banks	1,069,753	419,508	650,245	155.0%
Loans to customers	1,992,319	1,922,020	70,299	3.7%
Equity investments	1,977	2,152	-175	-8.1%
Property, equipment and intangible assets	92,012	93,114	-1,102	-1.2%
Tax receivables	55,290	61,992	-6,702	-10.8%
Other assets	195,807	226,430	-30,623	-13.5%
Total assets	6,929,787	6,116,017	813,770	13.3%

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

NET EQUITY AND LIABILITIES (€ THOUSAND)	31.03.2016	31.12.2015	CHANGE	
			AMOUNT	%
Due to banks	433,127	333,954	99,173	29.7%
Due to customers	5,472,099	4,839,613	632,486	13.1%
Financial liabilities held for trading and hedging	2,095	463	1,632	352.5%
Tax payables	18,619	22,575	-3,956	-17.5%
Other liabilities	218,760	163,188	55,572	34.1%
Special purpose provisions	126,256	119,426	6,830	5.7%
Valuation reserves	13,981	22,424	-8,443	-37.7%
Reserves	451,420	247,214	204,206	82.6%
Additional paid-in capital	50,446	50,063	383	0.8%
Share capital	116,128	116,093	35	-
Treasury shares (-)	-2,555	-2,555	-	-
Net profit (loss) for the period	29,411	203,559	-174,148	-85.6%
Total net equity and liabilities	6,929,787	6,116,017	813,770	13.3%

Consolidated Profit and Loss Account

(€ THOUSAND)	31.03.2016	31.03.2015	CHANGE	
			AMOUNT	%
Net interest income	15,141	18,820	-3,679	-19.5%
Net fees	65,272	137,042	-71,770	-52.4%
Dividends	99	59	40	67.8%
Net income (loss) from trading activities and dividends	14,368	24,568	-10,200	-41.5%
Net operating income	94,880	180,489	-85,609	-47.4%
Staff expenses	-20,490	-19,593	-897	4.6%
Other general and administrative expense	-32,373	-31,540	-833	2.6%
Net adjustments of property, equipment and intangible assets	-1,151	-1,108	-43	3.9%
Other operating expenses/income	10,711	10,781	-70	-0.6%
Net operating expenses	-43,303	-41,460	-1,843	4.4%
Operating result	51,577	139,029	-87,452	-62.9%
Net adjustments for non-performing loans	-491	-1,512	1,021	-67.5%
Net adjustments of other assets	-751	-1,834	1,083	-59.1%
Net provisions	-11,409	-21,561	10,152	-47.1%
Gain (loss) from equity investments	-9	-	-9	n.a.
Operating profit before taxation	38,917	114,122	-75,205	-65.9%
Income taxes for the period	-9,506	-21,003	11,497	-54.7%
Net profit	29,411	93,119	-63,708	-68.4%

Statement of Comprehensive Income

(€ THOUSAND)	31.03.2016	31.03.2015	CHANGE	
			AMOUNT	%
Net profit (loss)	29,411	93,119	-63,708	-68.4%
Other income, net of income taxes:				
with transfer to profit and loss account				
Exchange gains and losses	-151	-	-151	n.a.
AFS assets	-8,215	3,285	-11,500	-350.1%
without transfer to profit and loss account:				
Actuarial gains (losses) from defined benefit plans	-77	-177	100	-56.5%
Total other income, net of taxes	-8,443	3,108	-11,551	-371.7%
Comprehensive income	20,968	96,227	-75,259	-78.2%



Interim Report

as of 31.03.2016

Board of Directors
11 May 2016

1. Summary of Q1 2016 operations

The Banca Generali Group closed the first quarter of 2016 with a net profit amounting to 29.4 million euros and total net inflows of 1.5 billion euros.

While the profit for the period was strongly impacted by the adverse market conditions witnessed early in the year, in comparison to the exceptionally favourable scenario of 2015, this situation also provided new opportunities for the Bank to attract inflows.

Market volatility, also driven by credit system uncertainties and increasingly lower bond returns, coupled with the spreading of negative interest rates of most reliable stocks, generated concern among households, who are increasingly viewing Banca Generali as a solid and professional point of reference to protect and grow their investments.

Total net inflows thus exceeded by 34% the 2015 Q1 result, recording, together with the previous quarter, the best results ever achieved by the Bank.

This performance stemmed from an internal path, headed by CEO Piermario Motta – who untimely passed away at the end of March – that in the past four years led to an over 70% rise in AUM and constant growth of the number of high-standing professionals who choose the Bank to continue their activity.

Net banking income amounted to 94.9 million euros, down by 85.6 million euros (-47.4%) compared to the first quarter of 2015, due to market factors.

The sharp correction of financial markets in the first few months of the year resulted in a sharp decrease in the non-recurring components of operating result, which in the first quarter of 2015 had benefited from the extraordinary increase in incentive fee income (-71.1 million euros).

Constantly falling interest rates, intensified by the recent ECB's action aimed at reinforcing its quantitative easing (QE) measures, also resulted in a further and partially expected decrease in net interest income (-3.7 million euros), whereas the positive result of trading activities and dividends still fell short of the first quarter of 2015 (-10.2 million euros).

However, within this scenario management fees performed well, increasing by 8.5% – evidence of the solidity of the Banking Group's growth in recent years.

Net operating expenses grew more slightly to 43.3 million euros (+4.4%).

Provisions and net adjustments amounted to 12.7 million euros, down sharply compared to the first quarter of 2015, primarily due to the decreased weight of individual and collective portfolio adjustments to financial assets and a decrease in net provisions for incentives and contractual indemnities for the sales network.

At 31 March 2016, the total value of the Group's AUM – reference figure for reports to Asso-reti – amounted to 42.5 billion euros, up 2.1% compared to year-end 2015, placing the Group at the top of the market of reference, with a share of 17.7% of net inflows and 9.6% of total assets under management.

In addition, managed assets also included 1.4 billion euros in deposits of assets under administration of companies of the Generali Group and 1.4 billion euros in funds and Sicavs distributed directly by management companies, for an overall total of 45.3 billion euros.

To provide a better understanding of the factors that influenced the Banking Group's results, before analysing the commercial and operating results achieved in the first quarter of 2016, this report provides macroeconomic information about the main economic areas of the world.

It should be recalled that Legislative Decree No. 25 of 15 February 2016 entered into force, adopting the most recent European transparency regulations and superseding the pre-existing reporting obligations for quarterly results. Pending the approval of the Consob Regulation on the subject of periodic financial reporting, the Interim Report as of 31 March 2016 and subsequent interim reports are to be considered provided on a voluntary basis.

2. Macroeconomic context

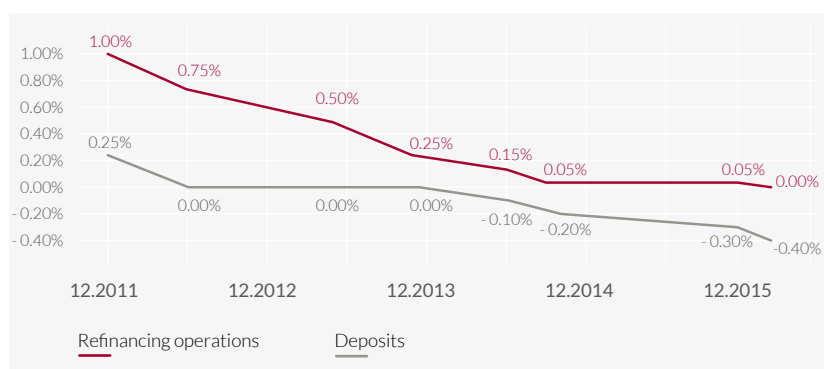
In the first quarter of 2016, general economic data outlined a global economy marked by partial slowdown. After weakening in the fourth quarter of 2015, the **United States** registered an uneven performance at the level of the various indicators: on the one hand, both private consumption and investments were weaker than expected, while on the other, the job market continued to show sound improvement, and bank lending to the economy increased further. In the **Euro Area**, leading metrics and economic indicators improved, but at a slower rate than in the previous quarter: consumption increased, benefiting from lower energy prices and very low overall inflation, while unemployment continued to fall. In **Asia**, Japan began to decline again, whereas China's economy stabilised at the values recorded at the end of the year, thus quelling concerns regarding a new growth slowdown. Within this scenario, and thanks to an environment of continuing very low inflation, **central banks** maintained an expansionary stance: after its first rate increase at the end of the year, the Federal Reserve decided to wait to announce further increases, indicating that it wished to proceed with caution; the ECB decided to increase its support for the economy with an additional package of monetary policy measures. The sharp decline in oil prices recorded in the first few weeks of the year permitted a further decrease in inflation, although the structural components showed a certain degree of stabilisation.

In early March, the **ECB** took further expansionary monetary policy measures in response to weaker inflation data than expected, while also reducing its growth and inflation forecasts for all of 2016 and 2017. On the one hand, it lowered its refinancing rate to zero (-5 bps) and decreased its deposit rate by 10 bps to -0.40%, while also announcing three unexpected decisions:

- > it increased the monthly amount of its bond purchases from 60 billion euros to 80 billion euros;
- > it expanded the scope of its purchases to include investment grade securities;
- > in the context of its TLTROs, it decided to offer retail banks long-term funds (four years) at negative rates for the first time. According to this mechanism, the more banks lend to the real economy, the closer their refinancing rate with the ECB will be to the negative deposit rate, with the aim of establishing a virtuous cycle of intensifying support for the Euro Area's economy.

During the period, the three-month Euribor gradually decreased, falling from -0.13 at the end of 2015 to -0.24 at the end of the quarter. After the announcement of the additional expansionary measures, the EONIA swap rate, which in the first two months of the year had fluctuated around -0.25%, fell to -0.35%, with upwards peaks at the end of each month.

Eurosystem official interest rates



TLTROs (Targeted Longer Term Refinancing Operations) took place in March, June, September and December, for a total amount of 205 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.

Bond yields on the markets of reference (Treasuries and Bunds) continued to trend downwards, to a greater extent in Europe as a result of the highly expansionary monetary policy.

In the Euro Area, yields reached lows at the end of February. After the decision to further ease monetary policy, yields recovered modestly, only to then retrace their decline. In particular, the

two-year yield fell to -0.49% from -0.34% at year-end, with a minimum of -0.58%; the ten-year yield closed the quarter at 0.15% from 0.63%, with a minimum of 0.11%.

In the United States, bond yields were in line with the lows reached in the first half of February: two-year rates declined to 0.75% at the end of March (from 1.04% at the end of the previous year), with a minimum of 0.65%, while ten-year rates fell from 2.27% to 1.78% (with a minimum of 1.66%).

Spreads between member states of the European Monetary Union continued to widen after minimum levels recorded in November and maximum levels reached in February, closing the quarter at levels not very different than those recorded at year-end 2015. In particular, Italy's spread increased from 96 points at year-end 2015 to a maximum of 153 points, closing the period at 107 points.

Weaker economic data than expected and the uncertainty surrounding the direction of U.S. monetary policy had a negative impact on **financial markets** in the first two months of the year, whereas in March there was a general rebound: equity market prices dropped in almost all countries, and yields on long-term government bonds continued to decline.

The MSCI World index fell by 5.3%, the S&P500 by 3.6% and the Topix by 10.5%.

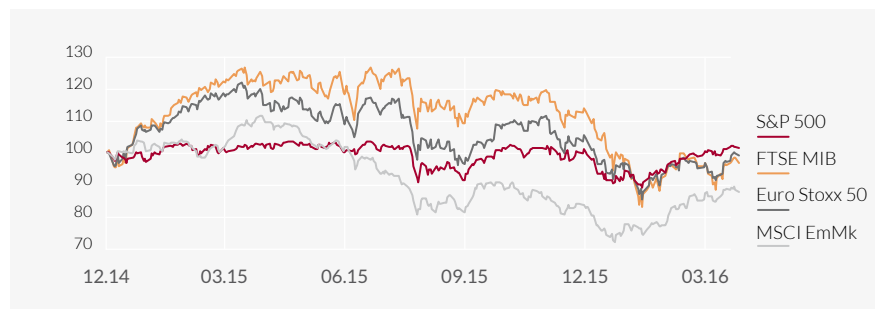
In Europe, the benchmark index DJ Stoxx 600 decreased by -7.7%; the Italian market index declined by -15.4%.

During the period, emerging market stock exchanges reported a performance in euro varying by reference area: +0.8% overall (the MSCI Emerging Markets index), -6.8% in India, -9% in China, and +9.9% in Eastern Europe.

Overall, the market sectors that performed best in Europe were raw materials, energy, construction, personal and household goods, while banks, insurances, health and cars posted below-average performance.

Evolution of stock exchange performance

Quotation at 01.01.2015 = 100



On **currency markets**, the divergence between the monetary policies implemented by the ECB (highly expansionary) and the Federal Reserve (generally restrictive) narrowed after the Federal Reserve took a more cautious attitude in continuing to increase rates, thus fostering an increase in the euro/dollar exchange rate: the euro climbed from the level of 1.09 at year-end, with frequent fluctuations in both directions, to a high of 1.14 at the end of March. The independent strengthening of the yen brought the euro/yen exchange rate from 131.1 to 127.9.

Finally, the performances of prices were uneven. The price of oil (WTI) declined sharply until mid-February, falling to nearly 26 dollars a barrel, only to then gradually return to its starting point by the end of March. The price of gold rose significantly, increasing from 1,060 dollars an ounce at the end of 2015 to 1,234 at the end of the quarter and reaching a high of 1,274 at the beginning of March.

Outlook

Forecasts of the major international organisations for the coming months call for a growth slowdown, assuming a slight recovery in Developed Countries. Global growth trend is expected to be in line with 2015, due to the uncertainties surrounding international trade and investments. In relation to the Euro Area in particular, the ECB expects that the expansion of the quantitative easing programme will provide support for the economic cycle by further easing financing conditions for businesses and households and lowering real rates.

3. Banca Generali's competitive positioning

Banca Generali is a leading manager, producer and distributor of financial services and products for Affluent and Private customers through its Financial Advisor network.

In 2015, the industry of asset management and distribution through Financial Advisor networks confirmed that it has reached a point of balance characterised by a high degree of concentration and competition, which translate into high levels of efficiency and productivity. At the end of 2015, the top three companies accounted for 51.5% of total assets. The same general trend, but to a more pronounced degree, may also be observed at the level of annual net inflow performance: the top three companies by volume of assets under management accounted for 35.1% of the entire industry's inflows (41.8% in 2014).

3.1 The asset management market

The asset management market performed very strongly in 2015, continuing the growth trends that began in the previous two-year period. The European Central Bank's decision to keep interest rates at all-time lows in order to provide incentives for the weak economic recovery in the Euro Area and to combat deflationary pressure continued, on the one hand, to make it increasingly less attractive for investors to invest in low-risk financial assets and, on the other, to keep prospective returns on traditional lending activity for banks at lower levels. Hence, the increased orientation of Italian households to invest in asset management products and the greater willingness of banks to support this same demand. Both factors spurred additional growth in the industry, extending to all segments of the market.

Within this framework, the distribution policies adopted by interaverageries who rely on financial advisors authorised to make off-premises offers were characterised by a clearer orientation to assume "guided" open offering architecture models, primarily involving products and services created within the distributor's group, but that are structured in such a way as to round out the available range with third-party products.

In the first quarter of 2016, the asset management market recorded net inflows amounting to 12.8 billion euros.

The following table shows the evolution of assets under management during the first quarter of 2016, compared to the whole of 2015, in terms of product/service type and the associated net inflows.

Evolution of Net Inflows and Assets under Management

(€ MILLION)	NET INFLOWS		AUM	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
Italian funds	-1,409	26,280	229,155	234,442
Foreign funds	14,304	67,984	620,003	608,143
Total open-ended funds	12,895	94,264	849,158	842,585
GP Retail	-128	16,643	121,552	124,498
Total	12,767	110,907	970,710	967,083

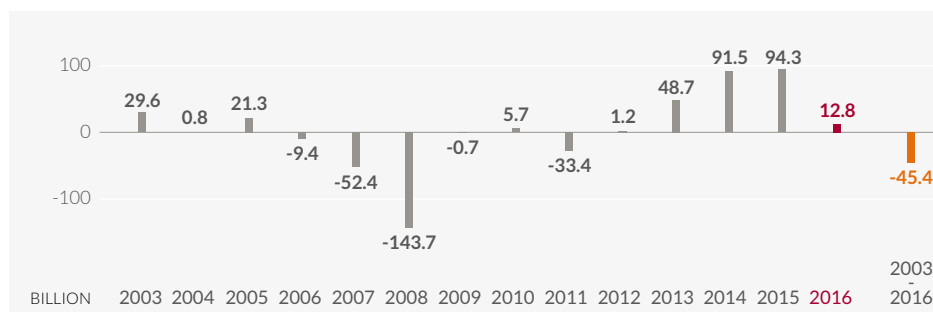
Source: Assogestioni.

In detail, in the first quarter of 2016 the networks' contribution to the UCITS market was 556.5 million euros, accounting for 4.32% of the entire system, with 1.6 billion euros (or 22% of the entire system) in March alone.

The UCITS market in Italy in the past ten years

€ billion

Source: Assogestioni figures updated as of 31 March 2016.



3.2 The Assoreti Market

In March 2016, as observed by the trade association Assoreti, Financial Advisor networks recorded net inflows of 2.8 billion euros, down slightly compared to February 2016, a month characterised by severe volatility and instability on financial markets.

In particular, the performance observed by Assoreti in March 2016 is attributable to investments in asset management products, which drew investments of 1.9 billion euros for the month and 2.6 billion euros YTD, whereas inflows of assets under administration and custody declined, albeit remaining at very significant levels (880 million euros in March), amounting to 6 billion euros on a cumulative basis.

Assoreti Market – Net Inflows

(€ MILLION)	NET INFLOWS		CHANGE	
	31.03.2016	31.03.2015	AMOUNT	%
Mutual funds and portfolio management	-593	3,260	-4,447	-118%
Insurance	3,161	3,894	-2,079	-19%
Asset management	2,568	7,154	-6,526	-64%
Assets under administration and custody	6,075	364	4,831	1,569%
Total	8,643	7,518	-1,695	15%

3.3 Banca Generali

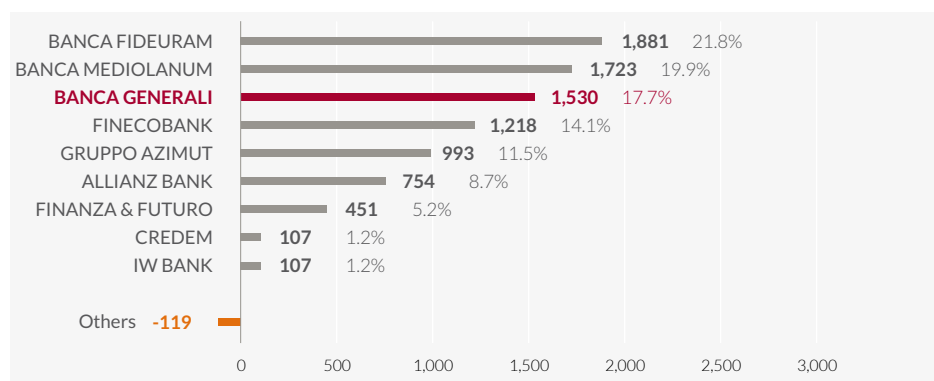
In this context of very uncertain financial markets, Banca Generali remained among the market leaders in terms of net inflows achieved through Financial Advisors authorised to make off-premises offers. In March 2016, net inflows reported by Banca Generali's network of Financial Advisors amounted to 1.530 billion euros.

The first quarter of 2016 closed with another outstanding result for Banca Generali, with net inflows up by 34% compared to the same period of 2015 and by 90% on 2014 levels.

Total net Inflows Assoreti
8,64 billion euros

€ million

Source: Assoreti figures as of 31 March 2016



Specifically, Banca Generali's net inflows for the first quarter of 2016 were driven by insurance products and assets under administration and custody, although during March products such as funds, Sicavs and multi-line policies were again in the spotlight thanks to the opportunities they offer.

On a quarterly basis, assets under administration and custody continued to record strong inflows (144 million euros in March; 692 million euros YTD) as a result of the constant acquisition of new customers who first transfer their securities accounts and subsequently assess financial planning opportunities.

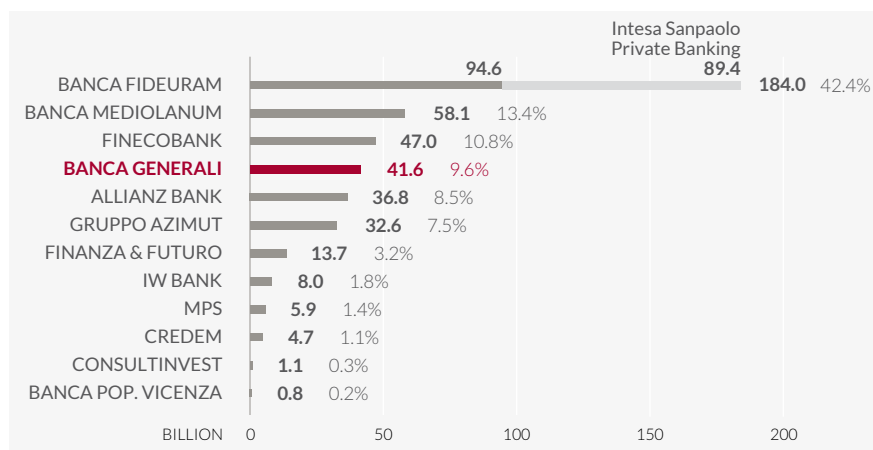
Net Inflows of Banca Generali

(€ MILLION)	BG GROUP		CHANGE	
	31.03.2016	31.03.2015	AMOUNT	%
Funds and Sicavs	-85	298	-383	-128.5%
GPF/GPM	56	39	17	43.6%
Mutual funds and portfolio management	-29	337	-366	-108.6%
Insurance products	867	763	104	13.6%
Total asset management	838	1,100	-262	-23.8%
Total assets under administration and custody	692	42	650	1,547.6%
Total Net inflows	1,530	1,142	388	34.0%

Banca Generali also ranked among the top five competitors on the Assoreti market in terms of assets under management at the end of 2015 (latest available data), with a 9.6% market share and an amount of 41.6 billion euros.

At 31 March 2016, AUM grew further compared to year-end 2015, reaching 42.5 billion euros.

Assoreti total AUM 434 billion euros



Source: Assoreti at 31 December 2015

The following table summarises Banca Generali's AUM (updated March 2016), which closed at 42.5 billion euros, a new all-time record and a 2.1% increase on December 2015. These data refer to the Assoreti market, and therefore to the Financial Advisor operating area.

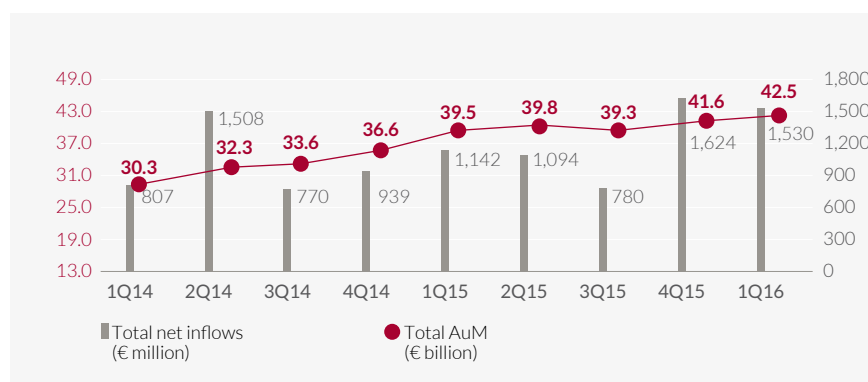
The following table shows the change in assets by general category: in particular, total assets under management rose by +1.3% compared to December 2015, which in turn showed a 3.2% decrease in mutual funds and portfolio management and a 5.1% increase in the value of the insurance portfolio. This growth is attributable to the net inflows reported in the table above.

AUM of Banca Generali

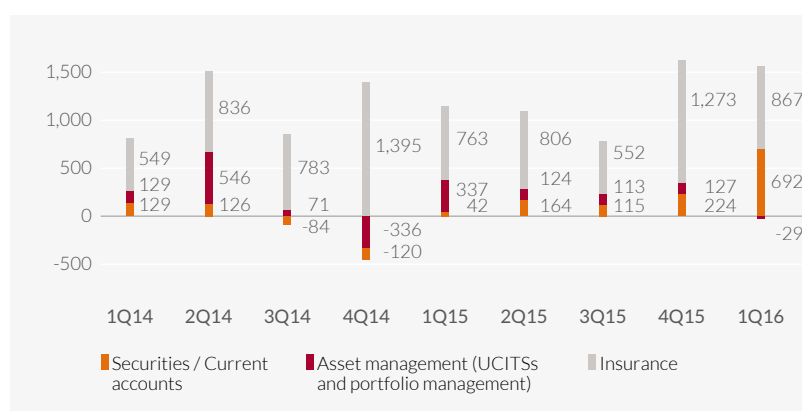
(€ MILLION)	BG GROUP		CHANGE	
	31.03.2016	31.12.2015	AMOUNT	%
Mutual funds and portfolio management	14,096	14,560	-464	-3.2%
Funds and Sicavs	10,495	10,923	-428	-3.9%
GPF/GPM	3,601	3,637	-36	-1.0%
Insurance products	18,146	17,263	883	5.1%
Total asset management	32,242	31,823	419	1.3%
Total assets under administration and custody	10,250	9,782	468	4.8%
Total Assets Under Management	42,492	41,605	887	2.1%

The following tables illustrate the trend in the net inflows and AUM for Banca Generali during the quarter and provides a breakdown of net inflows by general category.

AUM trend and net inflows



Quarterly net inflows



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

4.1 Profit and loss results

The Group's net profit for the first quarter of 2016 was 29.4 million euros, significantly down compared to the same period of the previous year, as a result of the adverse market conditions recorded at the beginning of the year, compared to the exceptionally favourable conditions witnessed in 2015.

(€ THOUSAND)	31.03.2016	31.03.2015	CHANGE	
			AMOUNT	%
Net interest income	15,141	18,820	-3,679	-19.5%
Net fees	65,272	137,042	-71,770	-52.4%
Dividends	99	59	40	67.8%
Net income (loss) from trading activities and dividends	14,368	24,568	-10,200	-41.5%
Net operating income	94,880	180,489	-85,609	-47.4%
Staff expenses	-20,490	-19,593	-897	4.6%
Other general and administrative expense	-32,373	-31,540	-833	2.6%
Net adjustments of property, equipment and intangible assets	-1,151	-1,108	-43	3.9%
Other operating expenses/income	10,711	10,781	-70	-0.6%
Net operating expenses	-43,303	-41,460	-1,843	4.4%
Operating result	51,577	139,029	-87,452	-62.9%
Net adjustments for non-performing loans	-491	-1,512	1,021	-67.5%
Net adjustments of other assets	-751	-1,834	1,083	-59.1%
Net provisions	-11,409	-21,561	10,152	-47.1%
Gain (loss) from equity investments	-9	-	-9	n.a.
Operating profit before taxation	38,917	114,122	-75,205	-65.9%
Income taxes for the period	-9,506	-21,003	11,497	-54.7%
Gains from non-current assets held for sale	-	-	-	n.a.
Net profit	29,411	93,119	-63,708	-68.4%

Net operating income amounted to 94.9 million euros, with a decline of 85.6 million euros (-47.4%) compared to the same period of the previous year, determined by the following factors:

- > the sharp reduction of the **non-recurring components** of operating result (-71.1 million euros), which in the first quarter of 2015 had benefitted of an extraordinary rise in incentive fees and a higher contribution from trading activities and dividends (-10.2 million euros), both of which were supported by the equity and bond market rallies, triggered by ECB's quantitative easing programme;
- > the further and partly expected decline in **net interest income** (-3.7 million euros), affected both by the dramatic decline in returns offered by the Italian government bond market and the last effects of the end of the LTROs, which occurred in February 2015.

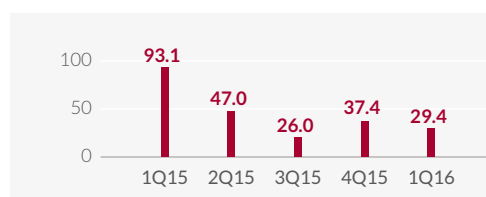
Within this context, however, attention should be drawn to the positive performance of management fees, which despite a sharp correction of the financial markets – especially marked in the first two months of the year – increased by 8.5%, bearing witness to the solidity of the growth of the Banking Group in recent years.

By contrast, net **operating expenses** showed a very moderate increase to 43.3 million euros (+4.4%). The **cost/income ratio**, which measures the ratio of operating expenses (gross of adjustments to property, equipment and intangible assets) to net operating income, amounted to 44.4%.

Provisions and net adjustments amounted to 12.7 million euros, down sharply compared to the first quarter of 2015, primarily due to the decreased weight of individual and collective portfolio adjustments to financial assets and a decrease in net provisions for incentives and contractual indemnities for the commercial network.

Operating profit before taxation thus stood at 38.9 million euros, down by 75.2 million euros compared to 2015. By contrast, the tax burden for the year decreased by 11.4 million euros, with an overall tax rate of 24.4%.

Quarterly net profit
(€ million)



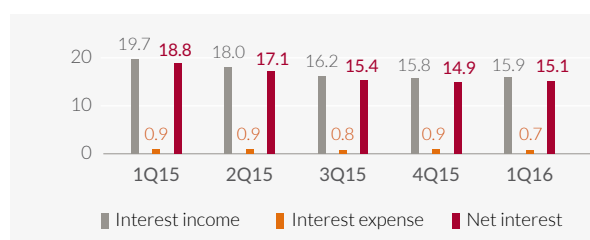
Quarterly evolution of the Profit and Loss Account

(€ THOUSAND)	1Q16	4Q15	3Q15	2Q15	1Q15
Net interest	15,141	14,945	15,400	17,065	18,820
Net fees	65,272	81,431	55,324	96,965	137,042
Dividends	99	1,946	32	1,083	59
Net income (loss) from trading activities and dividends	14,368	641	8	573	24,568
Net operating income	94,880	98,963	70,764	115,686	180,489
Staff expenses	-20,490	-21,210	-20,815	-19,331	-19,593
Other general and administrative expense	-32,373	-39,732	-31,071	-31,677	-31,540
Net adjustments of property, equipment and intangible assets	-1,151	-1,915	-1,152	-1,135	-1,108
Other operating expenses/income	10,711	9,987	12,223	11,729	10,781
Net operating expenses	-43,303	-52,870	-40,815	-40,414	-41,460
Operating result	51,577	46,093	29,949	75,272	139,029
Net adjustments for non-performing loans	-491	1,347	-319	-637	-1,512
Net adjustments of other assets	-751	-2,006	-2,166	656	-1,834
Net provisions	-11,409	-8,143	4,286	-20,167	-21,561
Gain (loss) from equity investments	-9	-45	-	-1	-
Operating profit before taxation	38,917	37,246	31,750	55,123	114,122
Income taxes for the year	-9,506	183	-5,747	-8,115	-21,003
Net profit	29,411	37,429	26,003	47,008	93,119

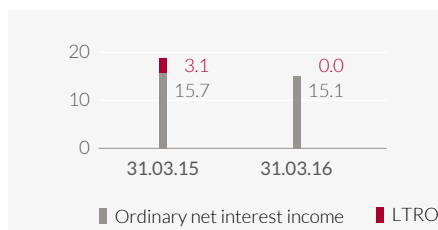
4.1.1 Net interest

Net interest income was 15.1 million euros, down by 3.7 million euros compared to the first quarter of 2015 (-19.5%), due to the constant decline in the profitability of investments as a result of the ongoing downtrend in interest rates.

Net interest (€ million)



However, the comparison with the first quarter of 2015 reflects the residual impact of the LTROs concluded in February 2015, net of which the decline in net interest income was 3.8%.

Breakdown of net interest income
(€ million)

In the first quarter of 2016, interest rate performance in the Euro Area continued to follow the downtrend triggered in the previous year by the launch of the unconventional Quantitative Easing policy.

The declining prices of oil and commodities and the slowing global economy averted expectations of a recovery of inflation in 2016, despite the massive government bond purchases undertaken for QE purposes.

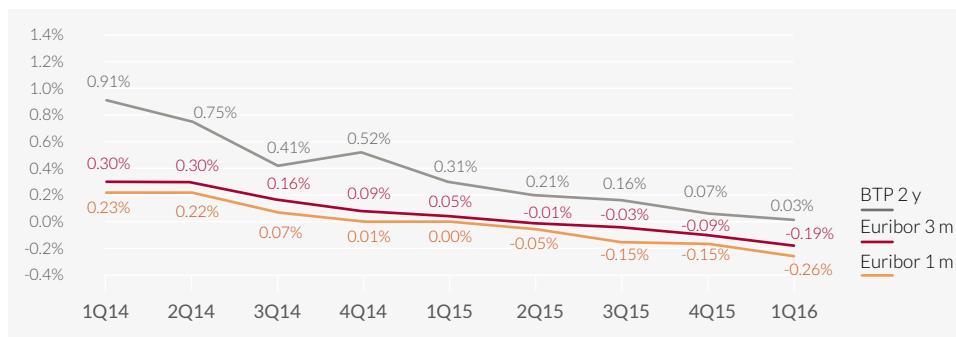
Within this scenario, at its meeting of 14 March, the ECB decided to further intensify its intervention through a series of incisive new measures:

- > an increase of its monthly securities purchases, now also open to investment grade corporate bonds, from 60 billion euros to 80 billion euros;
- > the interest rate reduction requested by the ECB to primary refinancing operations, from the all-time low of 0.05% to 0%, together with the increase of the negative interest rates requested for deposit operations with the same from -0.30% to an exceptional -0.40%;
- > the launch of four new TLTROs (Targeted-Long Term Refinancing Operations) intended for the banking industry, with a term of four years and interest rates of zero or at negative levels of up to -0.40%.

Overall, this resulted in further flattening of the entire interest-rate curve, generating an anomalous situation of positive funding rates but negative lending rates with less-than-12-month maturities on the interbank market.

Short-term interbank rates, which were at minimum levels at the end of December, further decreased in March 2016 reaching the average monthly of -0.31 % for the one-month Euribor and -0.23% for the three-month Euribor.

Yields on Italian government bonds with residual maturities of two years fell into negative territory in March, to 0.03%, whereas yields in excess of 1% may only be seen for maturities of more than eight to nine years.

Interest rate evolution
(quarterly average)

In this context, interest income decreased by 3.9 million euros compared to the previous year, due to lower yields, not offset by an increase of average loans.

The decline in interest income on the government securities portfolio was offset by a prudent extension of the maturities and a limited portfolio diversification, ensuring in any case an overall profitability above the 1% threshold.

In this new phase, interest on loans to customers, most of which are benchmarked on the Euribor, began to show signs of weakness (-7.2%).

Symmetrically, the cost of funding continued to decline (-19.8%), despite already having been at minimum levels at the end of the first quarter of 2015.

The negative interest income paid to banks on loans and negative interest expense paid by counterparties on the Bank's funding operations amounted to 17 thousand euros and 190 thousand euros, respectively, and refer primarily to deposits with the central bank and repurchase agreements.

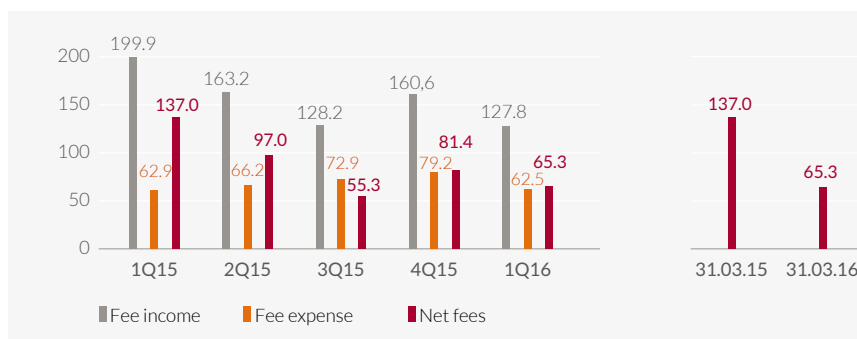
(€ THOUSAND)	31.03.2016	31.03.2015	CHANGE	
			AMOUNT	%
HFT financial assets	24	54	-30	-55.6%
AFS financial assets	5,415	5,190	225	4.3%
HTM financial assets	3,618	7,659	-4,041	-52.8%
Financial assets classified among loans	921	673	248	36.8%
Total financial assets	9,978	13,576	-3,598	-26.5%
Loans to banks	11	23	-12	-52.2%
Loans to customers	5,693	6,133	-440	-7.2%
Hedging derivatives	-	-	-	n.a.
Other assets	190	-	190	n.a.
Total interest income	15,872	19,732	-3,860	-19.6%
Due to ECB	-	49	-49	-100.0%
Due to banks	154	102	52	51.0%
Repurchase agreements - banks	-	43	-43	-100.0%
Due to customers	144	281	-137	-48.8%
Repurchase agreements - customers	-	-	-	n.a.
Subordinated loan	416	437	-21	-4.8%
Other liabilities	17	-	17	n.a.
Total interest expense	731	912	-181	-19.8%
Net interest income	15,141	18,820	-3,679	-19.5%

4.1.2 Net fees

The fee aggregate amounted to 65.3 million euros, down by 52.4% compared to the same period of 2015, mainly due to the absence of non-recurring components of performance fees.

In the first quarter of 2015, as a result of extraordinary market conditions – financial markets rallied owing to the ECB's quantitative easing measures – the performance fees generated by the Sicavs promoted by the Banking Group reached an all-time quarterly high since their inception (72 million euros), accounting for 56% of the total amount for FY 2015.

(€ THOUSAND)	31.03.2016	31.03.2015	CHANGE	
			AMOUNT	%
Collective and individual portfolio management fees	64,868	139,096	-74,228	-53.4%
Fees on the placement of securities and UCITs	13,792	15,536	-1,744	-11.2%
Fees on the distribution of third-party financial products	42,897	35,448	7,449	21.0%
Fees on trading and securities custody	3,354	7,441	-4,087	-54.9%
Fees for other banking services	2,889	2,386	503	21.1%
Total fee income	127,800	199,907	-72,107	-36.1%
Fees for off-premises offer	54,872	54,055	817	1.5%
Fees for dealing in securities and custody	784	2,703	-1,919	-71.0%
Fees for portfolio management	6,283	5,565	718	12.9%
Fees for other banking services	589	542	47	8.7%
Total fee expense	62,528	62,865	-337	-0.5%
Net fees	65,272	137,042	-71,770	-52.4%

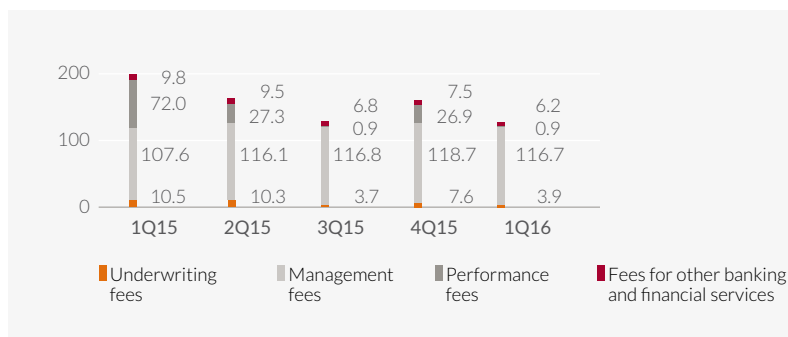
Quarterly net fees
(€ million)

Fee income amounted to 127.8 million euros, net of the aforementioned performance fee trend, slightly declining (-0.8%) compared to the first quarter of 2015.

Against this background, it should be noted that management fees showed a positive performance, improving by 9.2 million euros (+8.5%) thanks to the increase in average AUM invested in asset management and insurance products compared to the first quarter of 2015 (+11.5%), partially offset by the strong market correction reported during the first two months of 2016.

The reduction of underwriting fees (-6.5 million euros) extended to essentially all segments of the Banking Group's operations, with particular regard to portfolio management (-3.6 million euros), driven in the previous year by the non-recurring contribution of the line switch fees deriving from the rationalisation of the management lines marketed.

(€ THOUSAND)			CHANGE	
	31.03.2016	31.03.2015	AMOUNT	%
Underwriting fees	3,923	10,514	-6,591	-62.7%
Management fees	116,730	107,568	9,162	8.5%
Performance fees	904	71,998	-71,094	-98.7%
Fees for other banking and financial services	6,243	9,827	-3,584	-36.5%
Total	127,800	199,907	-72,107	-36.1%

Fee income structure
(€ million)

Fee income from the solicitation of investment and asset management for households amounted to 121.6 million euros and, net of the aforementioned performance fee trend reported, grew moderately compared to the first quarter of 2015 (+2.1%).

(€ THOUSAND)	31.03.2016	31.03.2015	CHANGE	
			AMOUNT	%
1. Collective asset management	56,642	126,105	-69,463	-55.1%
2. Individual asset management	8,226	12,992	-4,766	-36.7%
Asset management fees	64,868	139,097	-74,229	-53.4%
1. Placement of UCITs	13,091	15,181	-2,090	-13.8%
of which placement of UCITs promoted by the Group	1,224	2,751	-1,527	-55.5%
3. Placement of bonds and equity securities	701	355	346	97.5%
4. Distribution of third-party asset management products (GPM/GPF, pension funds)	184	180	4	2.2%
5. Distribution of third-party insurance products	42,616	35,246	7,370	20.9%
6. Distribution of other third-party financial products	97	21	76	361.9%
Fees for the placement and distribution of financial services	56,689	50,983	5,706	11.2%
Asset management fee income	121,557	190,080	-68,523	-36.0%

This result was driven by the **distribution of insurance products**, which improved by 20.9% compared to the same period of 2015, essentially in line with the rise in average AUM relating to this segment (+24.2%).

In the first quarter of 2016, net inflows of insurance products amounting to 0.9 billion euros were driven by Genertellife products characterised by capital protection and a low-risk profile (Stile Garantito, Cedola), but customers also continued to show appreciation for the multi-line policy **BG Stile Libero**, which since its launch in March 2014 has recorded net inflows of over 4.5 billion euros. The revenues generated by the distribution of **Genertellife** products thus amounted to 42.3 million euros.

The management fees on the **Sicavs** promoted by the Banking Group, net of the effect of non-recurring components, rose by 2.9% compared to the first quarter of 2015, which, however, reflected a slight reduction of profitability due to the greater weight in the portfolio of the underlying assets of insurance products.

Individual asset management, net of the non-recurring effect of the line switch fees recorded in the first quarter of 2015, showed a slight decrease compared to the average for the last two quarters of 2015 (-4.0%).

At the end of the reporting quarter, the launch of the new multi-line portfolio management scheme **BG Solution** essentially marked the conclusion of the process of revising the product line launched in the first half of 2015. The strong attention drawn by new management solutions, which allow for strong personalisation of investment lines and advantages tied to service profiling, supports good expectations of a rapid recovery of the industry as early as the next few months.

Lastly, **the placement of UCITs** amounted to 13.1 million euros, down by 13.8% compared to the first quarter of 2015, mainly attributable to the UCITs promoted by the Group.

Other 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 6.2 million euros.

Fees for the interaveragation and custody of customers' financial assets amounted to 3.4 million euros, down by 4.1 million euros (-55%) compared to the same period of 2015, essentially due to the decline of traded volumes that affected both Italian and international UCITs administered by the banking and insurance Group's management companies (-2.3 million euros) and business with retail customers and discretionary portfolio management.

However, with regard to this segment, it bears noting the growth of consultancy fees from operations with former CSI customers and the activities provided to the Generali Group regarding the underlying assets of the Valore Futuro policies.

(€ THOUSAND)	31.03.2016	31.03.2015	CHANGE	
			AMOUNT	%
Dealing in securities and currencies	2,683	4,778	-2,095	-43.8%
Order collection and securities custody fees	671	2,663	-1,992	-74.8%
Collection and payment services	693	725	-32	-4.4%
Fee income and account-keeping expenses	528	596	-68	-11.4%
Consultancy	999	479	520	108.6%
Other services	669	586	83	14.2%
Total traditional banking operations	6,243	9,827	-3,584	-36.5%

Fee expense amounted to 62.5 million euros, substantially stable compared to the same period of the previous year (-0.5%), bringing the Group's total pay-out ratio to recurring fee income to 49.3%.

Distribution fee expense reached 54.9 million euros, increasing by 0.8 million euros compared to the first quarter of 2015 (+1.5%), due chiefly to the following factors:

- > a decline in front-end fees (-65.0%), associated with the similar performance reported by underwriting fees;
- > growth in management fees (+11.3%), correlated to the rise in the network's average AUM compared to the same period of the previous year;
- > significant increase in incentive fees (+21.7%) in relation to the results of the recruitment plans implemented during the reporting period and previous years.

(€ THOUSAND)	31.03.2016	31.03.2015	CHANGE	
			AMOUNT	%
Front-end fees	2,437	6,963	-4,526	-65.0%
Management fees	37,712	33,879	3,833	11.3%
Incentive fees	6,864	5,642	1,222	21.7%
Other fees	7,859	7,571	288	3.8%
Total	54,872	54,055	817	1.5%

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

Within the fee expense aggregate, **asset management fees** amounted to 6.3 million euros (+12.9%) and referred substantially to fees for third-party assets under administration and custody regarding the Sicavs promoted by the Group.

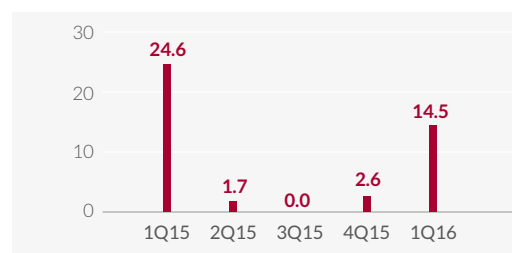
Lastly, **fee expense from traditional banking operations** decreased by 57.7% due to the aforementioned decline in trading operations.

(€ THOUSAND)	31.03.2016	31.03.2015	CHANGE	
			AMOUNT	%
Fees for securities trading and custody	-784	-2,703	1,919	-71.0%
Collection and payment services	-515	-451	-64	14.2%
Other services	-74	-91	17	-18.7%
Total fee expense	-1,373	-3,245	1,872	-57.7%

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)



In the first quarter of 2016, this aggregate was positive at 14.5 million euros.

(€ THOUSAND)			CHANGE	
	31.03.2016	31.03.2015	AMOUNT	%
Dividends from trading activities	-	1	-1	-100.0%
Trading of financial assets and equity derivatives	-1,002	886	-1,888	-213.1%
Trading of financial assets and derivatives on debt securities and interest rates	66	373	-307	-82.3%
Trading of UCITS units	-175	563	-738	-131.1%
Securities transactions	-1,111	1,823	-2,934	-160.9%
Currency and currency derivative transactions	719	1,105	-386	-34.9%
Net income (loss) from trading activities	-392	2,928	-3,320	-113.4%
Dividends from AFS assets	99	58	41	70.7%
Gains and losses on equity securities and UCITSs	-1	292	-293	-100.3%
Gains and losses on AFS and HTM debt securities and loans	14,761	21,349	-6,588	-30.9%
Net income (loss) from trading activities and dividends	14,467	24,627	-10,160	-41.3%

This result is mainly attributable to the gains realised on medium/long-term government bonds allocated to the AFS assets portfolio (13.7 million euros).

(€ THOUSAND)	GAINS	LOSSES	TRANSFER OF RESERVES			CHANGE
				31.03.2016	31.03.2015	
AFS financial assets	2,671	-526	12,599	14,744	18,282	-3,538
Debt securities	2,671	-526	12,600	14,745	17,990	-3,245
Equity securities	-	-	-1	-1	292	-293
UCITS units	-	-	-	-	-	-
Financial assets classified among loans	-	-	-	-	3,359	-3,359
Transfer of non-performing loans	-	-	-	-	-	-
HTM financial assets	22	-6	-	16	-	16
Total	2,693	-532	12,599	14,760	21,641	-6,881

Trading activities yielded a net loss (-0.4 million euros) due to the negative performance of certain options on the FTSE MIB index, partly offset by currency operations.

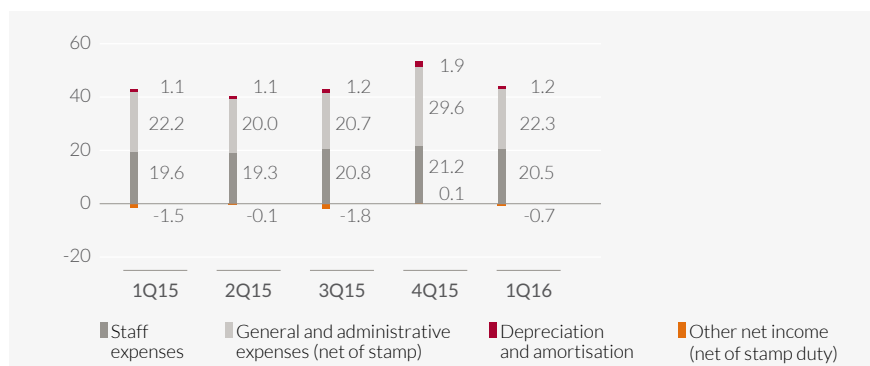
(€ THOUSAND)	CAPITAL GAINS	CAPITAL LOSSES	GAINS	LOSSES	1Q2016 NET RESULT	1Q2015 NET RESULT	CHANGE
1. Financial assets	59	331	162	64	-174	1,189	-1,363
Debt securities	59	22	35	6	66	373	-307
Equity securities	-	150	125	40	-65	253	-318
UCITS units	-	159	2	18	-175	563	-738
2. Derivatives	57	949	52	108	-948	619	-1,567
Options on equity securities	57	949	-	-	-892	633	-1,525
Options on currencies and gold	-	-	52	63	-11	-14	3
Futures	-	-	-	45	-45	-	-45
3. Currency transactions	-	-	732	2	730	1,119	-389
4. Total	116	1,280	946	174	-392	2,927	-3,319

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 43.3 million euros, increasing by 1.8 million euros overall compared to the same period of the previous year (+4.4%).

(€ THOUSAND)	31.03.2016	31.03.2015	AMOUNT	CHANGE %
Staff expenses	20,490	19,593	897	4.6%
Other general and administrative expense	32,373	31,540	833	2.6%
Net adjustments of property, equipment and intangible assets	1,151	1,108	43	3.9%
Other income and expenses	-10,711	-10,781	70	-0.6%
Operating expenses	43,303	41,460	1,843	4.4%

Operating expenses
(€ million)



Staff expenses, including full-time employees, interim staff and directors, totalled 20.5 million euros (+4.6%), chiefly due to the variable component of the remuneration and the incentive component.

Group's employees totalled 856 at the end of the reporting period, with exact headcount increasing by 14 compared to the same period of the previous year. Average headcount rose by 17 resources (+2.0%).

	31.03.2016	31.03.2015	AMOUNT	CHANGE %	AVERAGE 2016	AVERAGE 2015
Managers	42	45	-3	-6.7%	43.0	45.0
3 rd and 4 th level executives	143	135	8	5.9%	141.5	135.0
Other employees	671	662	9	1.4%	662.0	649.5
Total	856	842	14	1.7%	846.5	829.5

The costs of stock-option/stock-granting plans were mainly attributable to the incentive plans reserved to the Generali Group's strategic management (LTIP – Long term incentive plans), based solely on the award of shares of the Parent Company, Assicurazioni Generali.

(€ THOUSAND)	31.03.2016	31.03.2015	CHANGE	
			AMOUNT	%
1. Employees	19,872	19,202	670	3.5%
Salaries and social security charges	13,596	13,699	-103	-0.8%
Provision for termination indemnity and supplementary pension funds	1,080	1,163	-83	-7.1%
Costs related to payment agreements based on own financial instruments	612	353	259	73.4%
Short-term productivity bonuses (MBO, CIA, incl. sales)	3,144	2,552	592	23.2%
Other long-term incentives (MBO)	288	346	-58	-16.8%
Other employee benefits	1,152	1,089	63	5.8%
2. Other staff	114	71	43	60.6%
3. Directors and Auditors	504	320	184	57.5%
Total	20,490	19,593	897	4.6%

Total other general and administrative expense, net of recoveries of taxes paid by customers (stamp duty, substitute tax), amounted to 22.3 million euros, substantially in line with the same period of the previous year (+0.6%).

4.1.5 Provisions and adjustments

Net provisions amounted to 11.4 million euros, with a decrease by 10.2 million euros compared to the same period of 2015.

(€ THOUSAND)	31.03.2016	31.03.2015	CHANGE	
			AMOUNT	%
Provision for staff liabilities and contingencies	-	500	-500	-100.0%
Restructuring provisions – Redundancy incentives plan	-	-	-	n.a.
Provisions for legal disputes	1,000	1,500	-500	-33.3%
Provision for incentive fees	8,611	13,130	-4,519	-34.4%
Provisions for termination indemnity and overfees	1,437	4,383	-2,946	-67.2%
Other provisions for liabilities and contingencies	361	2,048	-1,687	-82.4%
Total	11,409	21,561	-10,152	-47.1%

Net provisions consisted of 1.7 million euros relating to network development plans (2.5 million euros in 2015) and 6.9 million euros relating to current and deferred incentives set to accrue (10.8 million euros in 2015).

At the level of provisions for contractual indemnities for the sales network, the decrease in the amount provisioned may essentially be attributed to the one-off effect in the first quarter of 2015 of the marked reduction of the discounting rates used to value liabilities.

Net adjustments to non-performing loans amounted to 1.2 million euros at the end of the reporting period, down by 2.1 million euros compared to the same period of the previous year, and referred to the portfolio of financial assets for 0.8 million euros.

(€ THOUSAND)	VALUE ADJUSTMENTS	REVERSALS	31.03.2016	31.03.2015	CHANGE
Equity securities	-184	-	-184	-1,836	1,652
Debt securities (AFS, HTM, Loans)	-	-	-	-	-
Non-performing loans of the banking portfolio	-697	335	-362	-240	-122
Operating loans to customers	-	-	-	-5	5
Portfolio adjustments/reversals	-745	49	-696	-1,265	569
Debt securities (Loans, HTM)	-745	49	-696	-1,099	403
Performing loans and guarantees of the banking portfolio	-	-	-	-166	166
Total	-1,626	384	-1,242	-3,346	2,104

Impairment losses on the portfolio of AFS equities of 0.2 million euros refer to smaller investments in entities recently listed on the AIM. It should also be noted that impairment losses of 1.5 million euro were recognised on the profit-sharing agreement to produce a film in the previous year.

Moreover, prudential adjustments were made to collective provisions for performing debt securities allocated to the HTM portfolio and for securities classified to the loans portfolio (+0.7 million euro) in connection with the risk (rating/residual life) profile of the new investments undertaken.

Finally, net adjustments to non-performing loans in the banking portfolio amounted to 0.4 million euros and were mostly attributable to prudential impairment of non-performing positions not characterised by significant critical issues (past due).

4.1.6 Consolidated net result, taxes and earnings per share

Taxes for the period on a current and deferred basis have been estimated at 9.5 million euros, down 11.5 million euros compared to estimated taxes for the same period of the previous year.

(€ THOUSAND)	31.03.2016	31.03.2015	CHANGE	
			AMOUNT	%
Current taxes for the period	-10,676	-24,567	13,891	-56.5%
Prior year taxes	-	-	-	n.a.
Changes of prepaid taxation (+/-)	1,239	3,653	-2,414	-66.1%
Changes of deferred taxation (+/-)	-69	-89	20	-22.5%
Total	-9,506	-21,003	11,497	-54.7%

The estimated total tax rate is 24.4%, down compared to the end of the first quarter of 2015, due to the lower share of profit earned outside of Italy.

The first quarter of 2016 thus closed with basic net earnings per share of 0.254 euros.

	31.03.2016	31.03.2015	CHANGE	
			AMOUNT	%
Net profit for the period (€ thousand)	29,411	93,119	-63,708	-68.4%
Earnings attributable to ordinary shares (€ thousand)	29,411	93,119	-63,708	-68.4%
Average number of outstanding shares	116,016	115,719	298	0.3%
EPS - Earnings per share (euros)	0.254	0.805	-0.551	-68.5%
Average number of outstanding shares with diluted share capital	116,120	116,193	-73	-0.1%
EPS - Diluted earnings per share (euro)	0.253	0.801	-0.548	-68.4%

4.2 Balance sheet and net equity aggregates

At the end of the first quarter of 2016, total consolidated assets amounted to 6.9 billion euros, increasing by 0.8 billion euros compared to the end of 2015.

Total net inflows amounted to 5.9 billion euros at the end of the reporting period (+14.1%) and were driven by a sharp increase in net inflows from customers (+0.6 billion euros) and a more modest growth in interbank inflows in the form of repurchase agreements (+0.1 billion euros).

The volume of core loans, totalling 6.9 billion euros at the end of the reporting quarter, showed an essentially similar performance (+14.9%), characterised by the rise in interbank market short-term treasury exposures and longer-term exposures of the HTM and AFS portfolios.

ASSETS (€ THOUSAND)	31.03.2016	31.12.2015	CHANGE	
			AMOUNT	%
HFT financial assets	29,324	28,004	1,320	4.7%
AFS financial assets	2,993,056	2,939,211	53,845	1.8%
HTM financial assets	500,249	423,586	76,663	18.1%
Loans to banks	1,069,753	419,508	650,245	155.0%
Loans to customers	1,992,319	1,922,020	70,299	3.7%
Equity investments	1,977	2,152	-175	-8.1%
Property, equipment and intangible assets	92,012	93,114	-1,102	-1.2%
Tax receivables	55,290	61,992	-6,702	-10.8%
Other assets	195,807	226,430	-30,623	-13.5%
Total assets	6,929,787	6,116,017	813,770	13.3%

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

NET EQUITY AND LIABILITIES (€ THOUSAND)	31.03.2016	31.12.2015	CHANGE	
			AMOUNT	%
Due to banks	433,127	333,954	99,173	29.7%
Due to customers	5,472,099	4,839,613	632,486	13.1%
Financial liabilities held for trading and hedging	2,095	463	1,632	352.5%
Tax liabilities	18,619	22,575	-3,956	-17.5%
Other liabilities	218,760	163,188	55,572	34.1%
Special purpose provisions	126,256	119,426	6,830	5.7%
Valuation reserves	13,981	22,424	-8,443	-37.7%
Reserves	451,420	247,214	204,206	82.6%
Additional paid-in capital	50,446	50,063	383	0.8%
Share capital	116,128	116,093	35	-
Treasury shares (-)	-2,555	-2,555	-	-
Net profit (loss) for the period	29,411	203,559	-174,148	-85.6%
Total net equity and liabilities	6,929,787	6,116,017	813,770	13.3%

Quarterly evolution of consolidated balance sheet

ASSETS (€ THOUSAND)	31.03.2016	31.12.2015	30.09.2015	30.06.2015	31.03.2015	31.12.2014
HFT financial assets	29,324	28,004	52,384	155,833	31,776	32,840
AFS financial assets	2,993,056	2,939,211	2,562,806	2,414,029	2,185,006	2,235,408
HTM financial assets	500,249	423,586	496,254	465,937	665,926	1,403,123
Loans to banks (*)	1,069,753	419,508	390,855	572,539	499,196	353,620
Loans to customers	1,992,319	1,922,020	1,869,211	1,917,967	1,820,439	1,794,959
Equity investments	1,977	2,152	-	-	-	-
Property, equipment and intangible assets	92,012	93,114	91,635	92,338	93,084	93,794
Tax receivables	55,290	61,992	44,508	51,513	63,657	40,801
Other assets	195,807	226,430	187,657	203,625	170,395	185,692
Total assets	6,929,787	6,116,017	5,695,310	5,873,781	5,529,479	6,140,237

NET EQUITY AND LIABILITIES (€ THOUSAND)	31.03.2016	31.12.2015	30.09.2015	30.06.2015 RESTATED	31.03.2015 RESTATED	31.12.2014
Due to banks	433,127	333,954	333,472	234,668	225,856	1,038,889
Due to customers	5,472,099	4,839,613	4,437,476	4,667,873	4,264,524	4,285,398
Financial liabilities held for trading and hedging	2,095	463	1,655	2,063	3,149	2,655
Tax liabilities	18,619	22,575	24,993	21,881	69,985	27,612
Other liabilities	218,760	163,188	189,449	277,589	215,407	149,770
Special purpose provisions	126,256	119,426	118,125	124,970	116,803	99,605
Valuation reserves	13,981	22,424	13,791	-2,630	21,091	17,983
Reserves	451,420	247,214	244,662	244,362	357,397	196,209
Additional paid-in capital	50,446	50,063	49,553	47,101	46,433	45,575
Share capital	116,128	116,093	116,045	115,818	115,756	115,677
Treasury shares (-)	-2,555	-2,555	-41	-41	-41	-41
Net profit (loss) for the period (+/-)	29,411	203,559	166,130	140,127	93,119	160,905
Total net equity and liabilities	6,929,787	6,116,017	5,695,310	5,873,781	5,529,479	6,140,237

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

4.2.1 Direct inflows from customers

Direct inflows from customers amounted to 5.5 billion euros, with an increase of 632.5 million euros compared to the figure at 31 December 2015, chiefly attributable to the sharp rise in inflows from retail customers.

(€ THOUSAND)	31.03.2016	31.12.2015	CHANGE	
			AMOUNT	%
1. Current accounts and demand deposits	5,323,405	4,655,750	667,655	14.3%
2. Term deposits	-	-	-	n.a.
3. Financing	43,699	43,283	416	1.0%
Repurchase agreements	-	-	-	n.a.
Subordinated loans	43,699	43,283	416	1.0%
Term deposits on the New MIC	-	-	-	n.a.
4. Other debts	104,995	140,580	-35,585	-25.3%
Operating debts to sales network	86,128	89,560	-3,432	-3.8%
Other (money orders, amounts at the disposal of customers)	18,867	51,020	-32,153	-63.0%
Total due to customers (Item 20)	5,472,099	4,839,613	632,486	13.1%

Captive inflows from the companies within the Assicurazioni Generali Group and the Institutional funds promoted by the same nonetheless grew by 95.6 million euros to 1,007.6 million euros at the end of the reporting quarter; thus accounting for 18.4% of total inflows.

The aggregate includes 43.7 million euros for the Tier-2 subordinated loan issued by the subsidiary Generali Beteiligungs GmbH in 2014.

(€ THOUSAND)	31.03.2016	31.12.2015	CHANGE	
			AMOUNT	%
Net inflows from Parent Company	96,740	100,394	-3,654	-3.6%
Net inflows from other subsidiaries of the Generali Group	645,906	811,664	-165,758	-20.4%
Net inflows from Funds promoted by the Generali Group	265,000	-	265,000	n.a.
Total net inflows from Generali Group	1,007,646	912,058	95,588	10.5%
Net inflows from other parties	4,464,453	3,927,555	536,898	13.7%
Total net inflows from customers	5,472,099	4,839,613	632,486	13.1%

The 572.4 million euros increase in net inflows from customers outside the insurance group was fully attributable to current account balances and was mostly generated by the acquisition of new customers by the sales network.

By contrast, there was a marked decline in the non-interest-bearing debt position (-35.6 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 6.6 billion euros overall and increased by 852.3 million euros (+14.9%) compared to 31 December 2015.

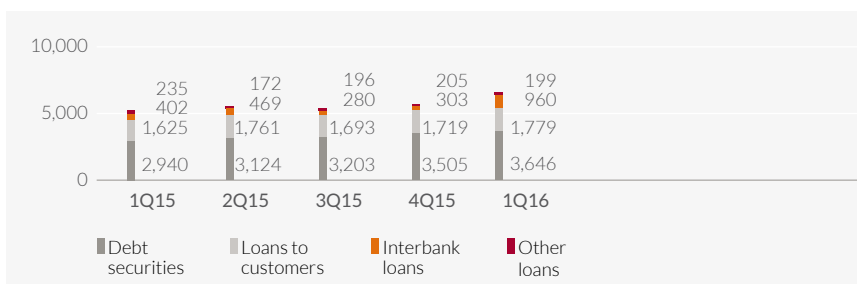
Deposits with the central bank and short-term treasury loans on the interbank market rose by 657 million euros at the end of the month, most of which was reabsorbed in the first few days of the following month.

This was also the context for the increase in loans to customers, essentially attributable to very short-term loans undertaken at the end of the month on the collateralised interbank market (MIC) managed by Cassa di Compensazione e Garanzia (60 million euros).

Finally, the share of assets represented by financial assets increased by 141.1 million euros (+4.0%), with a recovery of investments in the portfolio of financial assets held to maturity (+18.1%).

In the first quarter of 2016, the group pursued a prudent policy of diversifying its investments in the corporate segment and extending maturities, with the aim of combating the spread of negative rates to Italian government bond maturities of up to two years.

(€ MILLION)	31.03.2016	31.12.2015	CHANGE	
			AMOUNT	%
HFT financial assets	29,324	28,004	1,320	4.7%
AFS financial assets	2,993,056	2,939,211	53,845	1.8%
HTM financial assets	500,249	423,586	76,663	18.1%
Financial assets classified among loans	174,819	165,568	9,251	5.6%
Financial assets	3,697,448	3,556,369	141,079	4.0%
Loans to and deposits with banks	959,781	302,819	656,962	216.9%
Loans to customers	1,779,415	1,718,938	60,477	3.5%
Operating loans and other loans	148,057	154,203	-6,146	-4.0%
Total interest-bearing financial assets and loans	6,584,701	5,732,329	852,372	14.9%

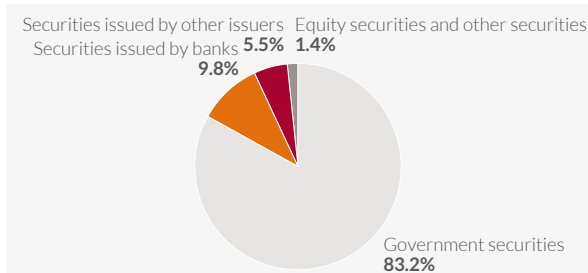
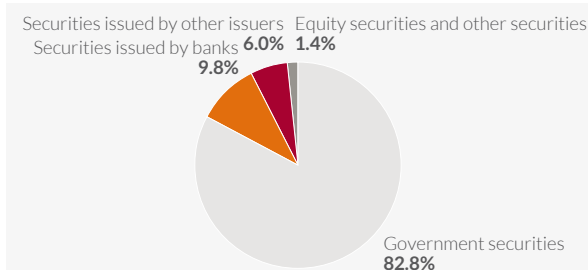
Evolution of loans
(€ million)

Overall, financial assets accounted for 56.2% of core loans, down compared to 62.0% at year-end 2015.

Sovereign debt exposure mostly consisted of bonds issued by the Italian Republic, with the only exception of a Spanish bond issue (25 million euros), set to expire in 2018. This aggregate increased by 103.2 million euros, continuing to account for 82.8% of total investments in financial assets, slightly down compared to year-end 2015.

Sovereign debt exposure may be broken down by portfolio of allocation as follows.

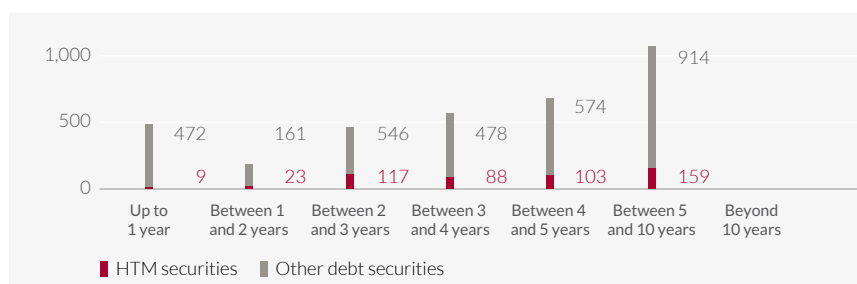
(€ THOUSAND)	31.03.2016	31.12.2015	CHANGE	
			AMOUNT	%
Exposure to the sovereign risk by portfolio:				
HFT financial assets	-	-	-	n.a.
AFS financial assets	2,646,335	2,594,480	51,855	2.0%
HTM financial assets	415,148	363,835	51,313	14.1%
Total	3,061,483	2,958,315	103,168	3.5%

Breakdown of financial assets portfolio
at 31.12.2015Breakdown of financial assets portfolio
at 31.03.2016

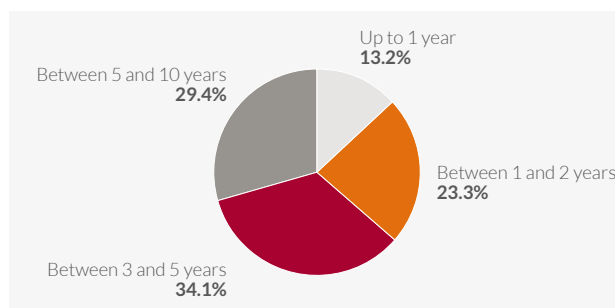
The overall geographical breakdown of the portfolio of debt securities thus showed a high concentration of investments relating to Italian securities (92%).

The portfolio of debt securities had an overall average residual life of about 4.0 years and 52.5% of it was made up of variable rate issues, and for the remainder, of fixed-rate and zero coupon issues.

Bonds portfolio maturity (€ million)



Breakdown of bonds portfolio by maturity



Loans to customers amounted to 1,779.4 million euros, up compared to year-end 2015, as a result of the very short-term loans on the New MIC, as illustrated above.

The mortgage segment reported new disbursements amounting to 33 million euros.

Among **operating loans**, commercial loans matured or currently maturing for the placement and distribution of financial and insurance products decreased, partially offset by the growth in financial advances provided to the Financial Advisor network for the fees currently accruing.

(€ THOUSAND)	31.03.2016	31.12.2015	CHANGE	
			AMOUNT	%
Current accounts	922,072	928,894	-6,822	-0.7%
Personal loans	791,752	781,665	10,087	1.3%
Other financing and loans not in current accounts	5,591	8,379	-2,788	-33.3%
Short-term term deposits on the New MIC	60,000	-	60,000	n.a.
Financing	1,779,415	1,718,938	60,477	3.5%
Gesav policy	-	-	-	n.a.
Total financing	1,779,415	1,718,938	60,477	3.5%
Operating loans to product companies	85,861	106,364	-20,503	-19.3%
Sums advanced to Financial Advisors	53,923	36,294	17,629	48.6%
Stock exchange interest-bearing daily margin	3,626	3,383	243	7.2%
Changes to be debited and other loans	4,414	7,966	-3,552	-44.6%
Operating loans and other loans	147,824	154,007	-6,183	-4.0%
Debt securities	65,080	49,075	16,005	32.6%
Total loans to customers	1,992,319	1,922,020	70,299	3.7%

Net non-performing loans amounted to 4.1 million euros, accounting for 2.1% of total loans to customers, up compared to the previous year (+7.9 million euros), primarily due to the reclassification as past-due exposures of two significant positions currently subject to regularisation. By contrast, bad loans declined by 1.6 million euros, primarily due to repayments and the closure of positions subject to indemnities.

At the end of the first quarter of 2016, non-performing loans included 27.2 million euros referring to exposures 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 said company and mainly secured to that end by cash collateral payments by the counterparty. Net of that portfolio, the weight of non-performing exposures declined to 0.75%.

(€ THOUSAND)	GROSS EXPOSURE	VALUE ADJUSTMENTS	NET EXPOSURE 2016	NET EXPOSURE 2015	AMOUNT	CHANGE		SECURED POSITIONS SUBJECT TO INDEMNITY	RESIDUAL UNSECURED
							%		
Bad loans	39,862	-15,862	24,000	25,697	-1,697	-6.6%		22,122	1,878
Financing	36,245	-13,190	23,055	24,728	-1,673	-6.8%		22,122	933
Operating loans	3,617	-2,672	945	969	-24	-2.5%		-	945
Unlikely to pay	5,263	-163	5,100	5,104	-4	-0.1%		5,070	30
Past-due exposures - over 90 days	13,752	-756	12,996	3,372	9,624	285.4%		-	12,996
Total non-performing loans	58,877	-16,781	42,096	34,173	7,923	23.2%		27,192	14,904
Performing loans	1,952,801	-2,578	1,950,223	1,887,847					
Total loans to customers	2,011,678	-19,359	1,992,319	1,922,020					

At 31 March 2016, the **interbank position**, net of the securities portfolio and operating loans, showed a net credit balance of 526.7 million euros, compared to a net debt balance of 31.1 million euros at the end of the previous year.

This situation was essentially due to the concentration of cash flows at the end of the month, due to divestments of treasury assets and deposits by institutional investors, and was rapidly reabsorbed in the first few days of the following month.

In addition, the reporting period showed an increase in inflows in the form of repurchase agreements, undertaken at negative rates (+100.3 million euros).

(€ THOUSAND)	31.03.2016	31.12.2015	CHANGE	
			AMOUNT	%
1. Repayable on demand	909,132	252,439	656,693	260.1%
Demand deposits with ECB and Bank of Italy	563,619	89,222	474,397	531.7%
Demand deposits with credit institutions	152,000	-	152,000	n.a.
Transfer accounts	193,513	163,217	30,296	18.6%
2. Time deposits	50,649	50,380	269	0.5%
Mandatory reserve	50,565	49,991	574	1.1%
Term deposits	84	83	1	1.2%
Collateral margins	-	306	-306	-100.0%
Total due to banks	959,781	302,819	656,962	216.9%
1. Due to Central Banks	-	-	-	n.a.
2. Due to banks	433,127	333,954	99,173	29.7%
Transfer accounts	189	1,393	-1,204	-86.4%
Term deposits	5,215	5,261	-46	-0.9%
Repurchase agreements	404,240	303,927	100,313	33.0%
Collateral margins	1,112	-	1,112	n.a.
Other debts	22,371	23,373	-1,002	-4.3%
Total due to banks	433,127	333,954	99,173	29.7%
Net interbank position	526,654	-31,135	557,789	-1,791.5%
3. Debt securities	109,739	116,493	-6,754	-5.8%
4. Other operating receivables	233	196	37	18.9%
Total interbank position	636,626	85,554	551,072	644.1%

(*) Reclassified from Item 10 - Demand loans to Central Banks.

4.2.3 Net equity and regulatory aggregates

At 31 March 2016, consolidated net equity, including net profit for the period, amounted to 658.8 million euros compared to 636.8 million euros at the end of the previous year.

This figure does not take account of the effects arising on the distribution of dividends for 2015 of approximately 139.2 million euros approved by the Shareholders at the Ordinary Meeting held on 21 April 2016.

(€ THOUSAND)	31.03.2016	31.12.2015	CHANGE	
			AMOUNT	%
Share capital	116,128	116,093	35	-
Additional paid-in capital	50,446	50,063	383	0.8%
Reserves	451,420	247,214	204,206	82.6%
(Treasury shares)	-2,555	-2,555	-	-
Valuation reserves	13,981	22,424	-8,443	-37.7%
Net profit (loss) for the period	29,411	203,559	-174,148	-85.6%
Group net equity	658,831	636,798	22,033	3.5%

The increase in net equity was due not only to the net profit being accrued, but also the performance of valuation reserves and, to a lesser extent, the effects of the payment plans based on own financial instruments and those of the parent company Assicurazioni Generali (capital increases and recognition of IFRS 2 reserves).

At the end of the first quarter, the parent company Banca Generali held 79,177 treasury shares in service of the new remuneration plans for the Banking Group's key personnel, as introduced by the new 2015 Remuneration Policy in compliance with Supervisory Provisions.

	GROUP
Net equity at period-start	636,798
Dividend paid	-
Purchase and sale of treasury shares	-
Stock option plans: capital increases	378
IFRS 2 reserves	15
IFRS 2 reserve on LTIP	672
Change in valuation reserves	-8,443
Consolidated net profit	29,411
Net equity at period-end	658,831
Change	22,033

Fair value valuation reserves for AFS financial asset portfolio decreased sharply compared to the end of the previous year, due to the release to the profit and loss account of pre-existing positive reserves as a result of trading activity.

The aggregate had an overall positive balance of 14.0 million euros, down by 8.4 million euros compared to year-end 2015.

This trend was mainly influenced by the portfolio of Italian government bonds, for which net reserves amounted to 14.5 million euros compared to 21.6 million euros at year-end 2015.

(€ THOUSAND)	31.03.2016			31.12.2015	CHANGE
	POSITIVE RESERVE	NEGATIVE RESERVE	NET EXPOSURE	NET EXPOSURE	
1. Debt securities	16,058	-1,475	14,583	22,006	-7,423
2. Equity securities	1,694	-460	1,234	2,174	-940
3. UCITS units	254	-365	-111	-259	148
AFS reserves	18,006	-2,300	15,706	23,921	-8,215
Exchange gains and losses	-	-159	-159	-8	-151
Actuarial gains (losses) from defined benefit plans	-	-1,566	-1,566	-1,489	-77
Total	18,006	-4,025	13,981	22,424	-8,443

Consolidated own funds, calculated in accordance with the Basel 3 transitional rules (phase in), amounted to 437.1 million euros, up by 9.3 million euros compared to the end of the previous year, chiefly owing to the portion of retained earnings.

At the end of the first quarter, the aggregate capital for regulatory purposes recorded 214.2 million euros in excess of the amount required to cover credit, market, and operating risks. CET1 ratio reached 14.1%, compared to a minimum requirement of 7%, and Total Capital Ratio (TCR) reached 15.7%, compared to the SREP minimum requirement of 10.6%.

The increase in absorbed capital compared to the previous year (+7.9 million euros) is primarily due to increase in the requirements for covering credit risks.

Consolidated own funds, calculated in accordance with the regulation, which will become fully applicable as of 1 January 2019, were 451.7 million euros, with Total Capital Ratio estimated at 16.2%.

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.

(€ THOUSAND)	31.03.2016		31.12.2015	CHANGE	
	FULL APPLICATION	TRANSITIONAL	TRANSITIONAL	AMOUNT	%
Common Equity Tier 1 (CET 1)	408,690	393,906	384,178	9,728	2.5%
Additional Tier 1 capital (AT1)	-	-	-	-	n.a.
Tier 2 capital (T2)	43,000	43,237	43,698	-461	-1.1%
Total own funds	451,690	437,143	427,876	9,267	2.2%
Credit and counterparty risk	156,259	156,259	148,306	7,954	5.4%
Market risk	2,457	2,457	2,505	-48	-1.9%
Operating risk	64,254	64,254	64,254	-	-
Total absorbed capital	222,970	222,970	215,064	7,906	3.7%
Excess over absorbed capital	228,720	214,173	212,812	1,361	0.6%
Risk-weighted assets	2,787,125	2,787,125	2,688,303	98,823	3.7%
Tier 1 /Risk-weighted assets (Tier 1 capital ratio)	14.7%	14.1%	14.3%	-0.2%	-1.1%
Total own funds/Risk-weighted assets (Total capital ratio)	16.2%	15.7%	15.9%	-0.2%	-1.5%

The leverage ratio at the end of the first quarter 2016 reached 5.5%, down compared to the end of the previous year (6.3%) due to the significant increase in total assets recognised.

5. Performance of Group companies

5.1 Banca Generali performance

Banca Generali closed the first quarter of 2016 with net profit of 49.1 million euros, sharply decreasing compared to 79.8 million euros reported at the end of the same period of the previous year, chiefly due to the lower contribution of dividends, dropping from 70 million euros to 40 million euros, distributed both in advance and at the end of the year by the Luxembourg subsidiary BG Fund Management Luxembourg S.A.

Net operating income, excluding dividends from the banking Group's equity investments, amounted to 70.0 million euros, with a decrease of 14.7 million euros (-17.3%) compared to the same period of the previous year, due to several factors:

- > the decline in net interest income (-3.7 million euros), affected both by the dramatic decline in returns offered by the Italian government bond market and the last effects generated by LTROs, ended in February 2015;
- > the decrease in trading activities and dividends (-10.1 million euros).

Net fees amounted to 40.4 million euros, declining slightly by 0.8 million euros (-2.0%) compared to the same period of the previous year, mainly attributable to trading (-2.2 million euros), whereas fees from asset management reported a modest increase (+1.8%) thanks to the performance of the distribution of insurance products.

Net operating expenses amounted to 41.1 million euros, showing a more moderate increase (+4.5%). The cost/income ratio, which measures the ratio of operating expenses (gross of adjustments to property, equipment and intangible assets) to net operating income, stood at 36.1%.

Provisions and net adjustments amounted to 12.7 million euros, down sharply compared to the first quarter of 2015 (-12.3 million euros), primarily due to the decreased weight of individual and collective portfolio adjustments to financial assets and a decrease in net provisions for incentives and contractual indemnities for the commercial network.

Operating profit before taxation amounted to 56.2 million euros, down 34.0 million euros compared to the same period of 2015. Tax burden for the period was 7.1 million euros, with an overall tax rate at 12.7%, slightly up due to a lower weight of dividends.

Own funds, calculated in accordance with the Basel 3 transitional rules (phase in), amounted to 348.1 million euros, up by 29.1 million euros compared to the end of the previous year, chiefly due to the portion of retained earnings.

At the end of the reporting quarter, the aggregate capital for regulatory purposes recorded 153.9 million euros in excess of the amount required to cover credit, market, and operating risks. The CET1 ratio reached 12.6%, compared to a minimum regulatory requirement of 7%, and Total Capital Ratio reached 14.3%, compared to a minimum requirement of 10.5%.

Total AUM managed by the Group on behalf of its customers - which is the figure used for communications to Assoreti - amounted to 42.5 billion euros at 31 March 2016, up 2.1% compared to the end of the previous year. Net inflows amounted to 1,530 million euros, compared to 1,142 million euros at the end of 2015 (+34.0%).

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.

BGFML ended the first quarter of 2016 with net profit of 19.9 million euros, down 63.0 million euros compared to the same period of the previous year, chiefly due to the decrease in performance fees (-71.1 million euros).

Net banking income amounted to 23.3 million euros (-70.8 million euros). Total operating expenses amounted to 1.4 million euros (1.0 million euros of which consisted of staff expenses) with a moderate increase compared to the same period of the previous year (+16.6%), which had benefitted from the recovery of expenses related to the business support activity following the de-merger of GIL.

The Company's net equity amounted to 86.3 million euros, net of a dividend pay-out of 40 million euros, as payment in advance for the 2016 result and total payment for 2015.

Overall, asset under management at 31 March 2016 amounted to 11,472 million euros, down 377 million euros compared to 11,849 million euros reported at 31 December 2015, due to the market correction in the first quarter of 2016.

5.3 Performance of BG Fiduciaria SIM

BG Fiduciaria, a company specialised in individual portfolio management in the form of securities and funds, primarily through trusts, ended the first quarter of 2016 with net profit at 0.4 million euros and net equity of 16.0 million euros.

Net banking income amounted to 1.2 million euros, whereas operating expenses were 0.6 million euros, including 0.3 million euros for staff expenses.

Total assets under management amounted to 751 million euros, compared to 747 million euros at 31 December 2015.

5.4 Performance of Generfid S.p.A.

Generfid, a company specialising in custodial capacity of assets, ended the first quarter of 2016 virtually even, with net equity amounting to about 0.9 million euros.

Net banking income amounted to about 0.3 million euros, whereas operating expenses were 0.3 million euros. Assets under management amounted to 1,138 million euros (1,045 million euros at the end of 2015).

6. Basis of preparation

The interim report for the first quarter of 2016 was prepared in accordance with the provisions set forth in Article 154-*ter*, paragraph 5, of Italian Legislative Decree No. 58/98.

In this regard, it should be noted that on 16 February 2016, Italian legislators, as part of the process of transposing Directive No. 2013/50/EU (Transparency 2), enacted Legislative Decree No. 25/2016, which thoroughly amends the aforementioned statute by:

- > eliminating the requirement to publish an interim report;
- > allowing for the reinstatement of the obligation to publish additional periodic quarterly disclosure under certain conditions and on the basis of a cost/benefit analysis.

In this regard, on 14 April Consob launched a consultation process concerning an analysis of the impact of a possible reinstatement of quarterly reports on listed companies.

Pending the completion of Consob's decision-making process, the Banking Group therefore decided to proceed with the publication of a quarterly accounting document having the same characteristics as the previous interim report.

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 and profit and loss performance:

- > the consolidated condensed balance sheet at the end of the reporting quarter compared with the figures at the end of the previous year;
- > the consolidated condensed profit and loss account for the reporting quarter compared with data for the same period of the previous year;
- > the statement of comprehensive income for the reporting quarter, compared with 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 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 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 2015.

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 2016, several amendments to the IASs/IFRSs entered into force.

International Accounting Standards endorsed in 2015 and effective as of 2016

	ENDORSEMENT REGULATION	PUBLICATION DATE	EFFECTIVE DATE
Amendments to IAS 27 – <i>Equity Method in Separate Financial Statements</i>	2441/2015	23.12.2015	01.01.2016
Amendments to IAS 1 – <i>Disclosure Initiative</i>	2404/2015	19.12.2015	01.01.2016
Annual Improvements to IFRSs 2012–2014 Cycle (IFRS 1, IFRS 5, IFRS 7, IAS 19, IAS 34)	2343/2015	16.12.2015	01.01.2016
Amendments to IAS 16 and IAS 38 – <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	2231/2015	03.12.2015	01.01.2016
Amendments to IFRS 11 – <i>Accounting for Acquisitions of Interests in Joint Operations</i>	2173/2015	25.11.2015	01.01.2016
Amendments to IAS 16 and IAS 41 – <i>Bearer Plants</i>	2113/2015	23.11.2015	01.01.2016

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:

- > 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;
- > 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		
			INVESTOR	% OF OWNERSHIP INTEREST	% OF VOTES IN ORDINARY SHAREHOLDERS' MEETING
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	100.0%	100.0%
BG Fund Management Luxembourg S.A.	Luxembourg	1	Banca Generali	100.0%	100.0%
Generfid S.p.A.	Milano	1	Banca Generali	100.0%	100.0%

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 its subsidiaries at 31 March 2016, reclassified and adjusted where necessary to take account of consolidation requirements. The most important intra-Group transactions, influencing both the balance sheet and profit and loss account, were eliminated. Unreconciled amounts were recognised in other assets/liabilities and other revenues/expenses, respectively.

Trieste, 11 May 2016

The Board of Directors

Annex: reclassified accounting statements of the parent company Banca Generali S.p.A.

Reclassified balance sheet

ASSETS (€ THOUSAND)	31.03.2016	31.12.2015	CHANGE	
			AMOUNT	%
HFT financial assets	29,324	28,004	1,320	4.7%
AFS financial assets	2,993,052	2,939,207	53,845	1.8%
HTM financial assets	500,248	423,585	76,663	18.1%
Loans to banks (*)	1,042,384	374,776	667,608	178.1%
Loans to customers	1,959,624	1,871,577	88,047	4.7%
Equity investments	16,225	16,225	-	-
Property, equipment and intangible assets	87,620	88,718	-1,098	-1.2%
Tax receivables	54,975	61,679	-6,704	-10.9%
Other assets	192,595	222,481	-29,886	-13.4%
Total assets	6,876,047	6,026,252	849,795	14.1%

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

NET EQUITY AND LIABILITIES (€ THOUSAND)	31.03.2016	31.12.2015	CHANGE	
			AMOUNT	%
Due to banks	433,114	333,941	99,173	29.7%
Due to customers	5,524,370	4,883,329	641,041	13.1%
Financial liabilities held for trading and hedging	2,095	463	1,632	352.5%
Tax payables	9,748	12,857	-3,109	-24.2%
Other liabilities	216,088	153,689	62,399	40.6%
Special purpose provisions	125,122	118,390	6,732	5.7%
Valuation reserves	14,214	22,500	-8,286	-36.8%
Reserves	338,128	153,190	184,938	120.7%
Additional paid-in capital	50,446	50,063	383	0.8%
Share capital	116,128	116,093	35	-
Treasury shares (-)	-2,555	-2,555	-	-
Net profit (loss) for the period	49,149	184,292	-135,143	-73.3%
Total net equity and liabilities	6,876,047	6,026,252	849,795	14.1%

Reclassified profit and loss account

(€ THOUSAND)	31.03.2016	31.03.2015	CHANGE	
			AMOUNT	%
Interest income	15,872	19,731	-3,859	-19.6%
Interest expense	-731	-914	183	-20.0%
Net interest	15,141	18,817	-3,676	-19.5%
Fee income	96,357	98,368	-2,011	-2.0%
Fee expense	-55,958	-57,135	1,177	-2.1%
Net fees	40,399	41,233	-834	-2.0%
Dividends	99	59	40	67.8%
Net income (loss) from trading activities and dividends	14,370	24,567	-10,197	-41.5%
Net operating income	70,009	84,676	-14,667	-17.3%
Staff expenses	-18,951	-18,135	-816	4.5%
Other general and administrative expense	-31,180	-30,598	-582	1.9%
Net adjustments of property, equipment and intangible assets	-1,138	-1,096	-42	3.8%
Other operating expenses/income	10,400	10,356	44	0.4%
Net operating expenses	-40,869	-39,473	-1,396	3.5%
Operating result	29,140	45,203	-16,063	-35.5%
Net adjustments for non-performing loans	-491	-1,512	1,021	-67.5%
Net adjustments of other assets	-751	-1,834	1,083	-59.1%
Net provisions	-11,635	-21,562	9,927	-46.0%
Dividends and income from equity investments	40,000	70,000	-30,000	-42.9%
Gains (losses) from the disposal of equity investments	14	-	14	-
Operating profit before taxation	56,277	90,295	-34,018	-37.7%
Income taxes	-7,128	-10,525	3,397	-32.3%
Net profit	49,149	79,770	-30,621	-38.4%

Statement of other comprehensive income

(€ THOUSAND)	31.03.2016	31.03.2015	CHANGE	
			AMOUNT	%
Net profit (loss)	49,149	79,770	-30,621	-38.4%
Other income, net of income taxes:				
with transfer to profit and loss account				
AFS assets	-8,216	3,285	-11,500	-350.1%
without transfer to profit and loss account:				
Actuarial gains (losses) from defined benefit plans	-70	-157	87	-55.2%
Total other income, net of taxes	-8,286	3,128	-11,414	-364.9%
Comprehensive income	40,863	82,898	-42,035	-50.7%

Trieste, 11 May 2016

The Board of Directors

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 office 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

declares 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 31 March 2016 corresponds to the Company's books, records and accounting documents.

Trieste, 11 May 2016

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

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