

PRESS RELEASE

Quarterly results**NET PROFIT AT €29.4 MILLION**

- Management fees at €116.7 million (+8.5%)
- Operating expenses at €43.3 million (+4.4%¹)

**TOTAL SIZE OF ASSETS AT €42.5 BILLION
(+8%)**

- Total net inflows at €1,959 million (+34%); including the April figure (€429 million)

STRONG CAPITAL SOLIDITY

- Excess capital at €214 million
- CET1 ratio at 14.1% and Total Capital Ratio at 15.7%

Milan, 11 May 2016 – The Board of Directors of Banca Generali, chaired by Paolo Vagnone, approved the consolidated results for the first quarter of 2016.

General Manager Gian Maria Mossa stated: *"Although market conditions were diametrically opposite to those of the same period of the previous year, core business growth accelerated thanks to the Bank's excellent positioning and the unique service model available to highly experienced professionals. The extraordinary volatility of the first weeks of 2016 led to caution, reducing opportunities arising from the variable items linked to the financial markets and their contribution to net profit; in terms of core business, however, this volatility enabled our professionals to approach new households who are welcoming the Bank's wide range of innovative solutions. Net inflows are exceeding our expectations, also thanks to the success with new recruits. Should net inflows continue at this rate, they are likely to exceed year-start forecasts. On this basis, we look forward to the prospects of the coming months with great enthusiasm and optimism."*

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¹ At 31 March 2016, Banca Generali allocated €0.9 million as contribution to the Single Resolution Fund calculated based on the Bank's contribution commitment for 2016. Net of this item, the increase in operating expenses was 2.2%.

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Consolidated P&L results at 31 March 2016

Q1 2016 results were achieved in a significantly different context than that of the same period of the previous year, nonetheless the Bank's **core revenues such as management fees continued to grow**. International macroeconomic uncertainties impacted financial markets in the first two months of the year, and March continued to be marked by households' concerns.

Market volatility was accompanied by extremely low, and for several Eurozone government bonds even below-zero, interest rates. Against this uncertain scenario, Banca Generali successfully positioned as the bank of choice for private customers thanks to its capital solidity and the service it offers. The unprecedented Q1 2016 growth of commercial results confirmed this distinctive business trend. Net inflows amounted to €1.5 billion at the end of March, up 34% compared to the already excellent result reported for the same period of the previous year. Including April figures, net inflows neared €2.0 billion.

With regard to net profit, market complexities — exogenous to the Bank — called for caution, thus reducing the variable items such as trading income and performance fees, which in the previous year had benefitted from the exceptional confidence generated by central banks' extraordinary stimulus measures (€72 million in Q1 2015). In the previous year, the Bank had benefitted from ECB's LTRO-related revenues, which, together with the aforementioned extraordinary factors, explains why net profit was €29.4 million in Q1 2016 as against €93.1 million for the same period of the previous year.

With reference to other key indicators, **net banking income** decreased to €94.9 million, compared to €180.5 million for Q1 2015. The change was attributable to the aforementioned decline in performance fees, the normalisation of trading and the end of the ECB's LTROs. Net of these effects, **net recurring revenues were stable at €79.5 million (€80.7 million in Q1 2015)**, showing good resilience despite the far less favourable economic context than last year.

Gross recurring fees amounted to €126.9 million, virtually flat compared to €127.9 million in Q1 2015, confirming the steady uptrend of the Bank's core business. **Management fees** significantly contributed to the result generating **€116.7 million, up 8.5% compared to the same period of the previous year** thanks to the increase in managed assets and their stable composition.

Net interest income was €15.1 million compared to €18.8 million in Q1 2015. Net of €3.1 million generated by the LTRO that contributed to the item in Q1 2015, net interest income was stable. **Volumes grew sharply (€6.5 billion, +28% YoY), driven by the intense acquisition of new customers**, and offset the gradual decline in bond yields, with negatively-yielding government bonds for maturities up to two years. The Bank's bond portfolio management approach remained defensive and cautious, as shown by the level of maturity (3.98) and duration (1.6). In this regard, it bears noting the prudent diversification of the banking portfolio towards corporate bonds (16% of the Bank's total portfolio).

Net operating expenses amounted to €43.3 million, up +4.4%. Net of €0.9 million allocated to the Single Resolution Fund calculated based on the Bank's contribution commitment for 2016, the

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increase was even lower (2.2%). In detail, staff expenses rose by 4.6%, chiefly due to the strengthening of the commercial network, while **G&A expenses were flat**, net of the aforesaid contribution to the Single Resolution Fund. This was a strong achievement given the ongoing expenses in strategic projects like digitalisation and the development costs associated to the expansion and strengthening of financial advisor network.

At 31 March 2016, Banca Generali Group's **total assets** grew by 13.3% to €6,930 million thanks to the strong increase in net inflows from retail customers for the period. The Bank's capital ratios were in line with the excellent figures reported at year-end 2015: CET1 ratio was 14.1% and Total Capital ratio was 15.7%.

Net Inflows and Assets Under Management (AUM)

Net inflows for the first four months of 2016 totalled €1,959 million, up 34% on top of the excellent result achieved in the same period of the previous year.

In terms of products, in the first months of the year financial market uncertainties favoured more defensive investment solutions, such as those offered by insurance segregate accounts. In March and April, the new products and the different market trends shifted households' attention on asset management solutions. The launch of the innovative portfolio management lines BG Solution (€173 million gathered since inception) and the cutting-edge real-estate portfolio management line (GP Real Estate) met with great interest from customers. In addition, the multi-line policy BG Stile Libero continued to be successful throughout the four months, generating €331 million net inflows YTD.

Overall, net inflows of managed and insurance products reached €1,117 million, accounting for 57% of the total. The sharp growth in net inflows from assets under administration in current and securities accounts was driven by the intense acquisition of new customers, who are increasingly appreciating quality-oriented companies with strong capital position such as Banca Generali.

Managed assets and assets under administration at 31 March 2016 increased by 8% YOY reaching **€42.5 billion (up 2% YTD)**. **The ratio of managed products to total assets was stable at 76%, with €32.2 billion at the end of March**. Assets under administration alone (current and securities accounts) amounted to €10.3 billion at the end of March 2016, up 8% compared to Q1 2015.

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Business Outlook

Uncertainty continues to dominate financial markets, which are questioning the growth solidity in the main global regions. In view of the coming months' volatility, the bank's efforts will continue to be oriented towards guaranteeing the best diversification solutions and protection of the customers' portfolios. The ability to develop distinctive and personalised services, such as the new portfolio management solutions and the positioning increasingly oriented towards private customers continue to drive growth and attract professionals intending to enhance their talent in a highly solid bank marked by quality assets such as Banca Generali. **The rate of net inflows**

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growth continues to overperform market trend and FY net inflows are expected to exceed year-start expectations.

Presentation to the Financial Community

A conference call for the financial community will be held today, at 4:30 p.m. CET, to analyse the results for the first quarter of 2016.

It will be possible to follow the event by dialling the following telephone numbers:
from Italy and other non-specified countries: +39 02 805 88 11;
from the United Kingdom +44 121 281 8003;
from the USA +1 718 705 8794 (toll-free +1 855 265 6959).

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Annexes:

- 1) Banca Generali – Consolidated Profit and Loss Statement at 31 March 2016
- 2) Banca Generali – Reclassified Consolidated Balance Sheet at 31 March 2016
- 3) Total AUM at 31 March 2016

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

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1) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT AT 31 MARCH 2016

(€ mil.)	3 M 15	3 M 16	% Chg
Net Interest Income	18.8	15.1	-19.5%
Gross fees	199.9	127.8	-36.1%
Fee expenses	-62.9	-62.5	-0.5%
Net Fees	137.0	65.3	-52.4%
Net income (loss) from trading activities	24.6	14.4	-41.5%
Dividends	0.1	0.1	66.8%
Net income (loss) from trading activities and Dividends	24.6	14.5	-41.3%
Net Banking Income	180.5	94.9	-47.4%
Staff expenses	-19.6	-20.5	4.6%
Other general and administrative expense	-31.5	-32.4	2.6%
	-51.1	-52.9	3.4%
Depreciation and amortisation	-1.1	-1.2	3.9%
Other net operating income (expense)	10.8	10.7	-0.6%
Net Operating Expenses	-41.5	-43.3	4.4%
Operating Profit	139.0	51.6	-62.9%
Net adjustments for impair.loans and other assets	-3.3	-1.2	-62.9%
Net provisions for liabilities and contingencies	-21.6	-11.4	-47.1%
Profit Before Taxation	114.1	38.9	-65.9%
Direct income taxes	-21.0	-9.5	-54.7%
Net Profit	93.1	29.4	-68.4%
Cost/Income Ratio	22.4%	44.4%	22 p.p.
EBITDA	140.1	52.7	-62.4%
Tax rate	18.4%	24.4%	6 p.p.

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2) BANCA GENERALI – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 31 MARCH 2016 (€ MILLION)

(€ millions)

Assets	Mar 31, 2016	Dec 31, 2015	Change	% Change
Financial assets held for trading	29.3	28.0	1.3	4.7%
Financial assets available for sale	2,993.1	2,939.2	53.8	1.8%
Financial assets held to maturity	500.2	423.6	76.7	18.1%
Loans to banks	1,069.8	419.5	650.2	155.0%
Loans to customers	1,992.3	1,922.0	70.3	3.7%
Equity investments	2.0	2.2	-0.2	-8.1%
Property equipment and intangible assets	92.0	93.1	-1.1	-1.2%
Tax receivables	55.3	62.0	-6.7	-10.8%
Other assets	195.8	226.4	-30.6	-13.5%
Total Assets	6,929.8	6,116.0	813.8	13.3%

Liabilities and Shareholders' Equity	Mar 31, 2016	Dec 31, 2015	Change	% Change
Due to banks	433.1	334.0	99.2	29.7%
Direct inflows	5,472.1	4,839.6	632.5	13.1%
Financial liabilities held for trading	2.1	0.5	1.6	352.5%
Tax payables	18.6	22.6	-4.0	-17.5%
Other liabilities	218.8	163.2	55.6	34.1%
Special purpose provisions	126.3	119.4	6.8	5.7%
Valuation reserves	14.0	22.4	-8.4	-37.7%
Reserves	451.4	247.2	204.2	82.6%
Additional paid-in capital	50.4	50.1	0.4	0.8%
Share capital	116.1	116.1	0.0	0.0%
Treasury shares (-)	-2.6	-2.6	0.0	0.0%
Net income (loss) for the period (+/-)	29.4	203.6	-174.1	-85.6%
Total Liabilities and Shareholders' Equity	6,929.8	6,116.0	813.8	13.3%

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3) TOTAL AUM AT 31 MARCH 2016

<i>Billion of Euros</i>	Mar 2016	Dec 2015	Abs. Chg
Mutual Funds	10.50	10.92	-0.43
Portfolio Management	3.60	3.64	-0.04
Managed Assets	14.10	14.56	-0.47
Life Insurance	18.15	17.26	0.88
<i>of which BG STILE LIBERO</i>	<i>4.52</i>	<i>4.34</i>	<i>0.18</i>
Non Managed Assets	10.25	9.78	0.47
<i>of which: Securities</i>	<i>6.09</i>	<i>6.20</i>	<i>-0.12</i>
Total	42.49	41.60	0.89

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