

**PRESS
RELEASE****Results at 31 March 2019****Growth acceleration in Q1 2019:
business expansion, revenue
diversification and market recovery.**

- Net profit at €66.6 million (+36%)
- Total revenues at €133.6 million (+17%)
- Operating expenses at €50 million (+7.5%)

Sharp growth of assets and net inflows

- Total assets at €61.1 billion (+8%)
- Pro-forma total assets¹ at over €63.0 billion
- 1Q 2019 net inflows at €1.4 billion YTD
- April net inflows at €545 million

**Solid capital ratios
(including charges related to IFRS 16 first-time adoption)**

- IFRS 16: one-off impact of 87 bps on TCR
- CET1 ratio at 16.6% and TCR ratio at 18%

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Milan, 8 May 2019 – The Board of Directors of Banca Generali, chaired by Giancarlo Fancel, approved the consolidated results at 31 March 2019.

Chief Executive Officer and General Manager Gian Maria Mossa stated: *“We are very satisfied with our growth in these first three months of the year, not only for our strong business expansion, which is leading our assets to hit a new record, with very positive signs from net inflows and the acquisition of new clients, but above all in terms of the quality of these numbers, which reflect increasing revenue diversification. We are reaping the benefits of the hard work carried out in recent months, when we laid the foundation for a new model of sustainable growth with a focus on quality and maximum transparency in the financial advisor-client relationship, for which we are being rewarded, as also shown by the existing network’s contribution to net inflows, the response to advanced*

¹ Including the assets of Valeur and Nextam

advisory service and the new diversification solutions, in addition to the new sub-funds of the LUX IM Sicav. We have a series of very interesting new developments in the pipeline in terms of both managed solution and digital dialogue with households, as in the case of the recent launch of an innovative new mobile banking app. In light of the above, we are looking at Bank's prospects for the coming months with great confidence and optimism."

P&L RESULTS AT 31 MARCH 2019

In Q1 2019, the Bank reported a significant business and income expansion, driven by a quality and flexible offer that allowed private bankers to seize the opportunities opened up by market recovery. **Managed assets and AUC grew to €61.1 billion (+8%)** with net inflows amounting to €1.4 billion (9.7% of initial assets on an annualised basis). Taking into account April net inflows, the figure neared €2 billion.

Pro-forma assets, i.e., including those of the recently acquired Valeur and Nextam, were well above €63 billion at the end of March.

Net profit rose by 36% to €66.6 million, thus recording the second best quarter ever. This result was attributable to the growing recurring business, more diversified revenue sources and the recovery of investments on the markets. Q1 2019 net profit also included a net positive impact of €1.7 million from the application of the new IFRS 15 and IFRS 16.

In further detail:

Net banking income increased by 17% to €133.6 million (+15% net of the adjustment for the new accounting Standards). This performance was driven by the increase in net interest income and net fees — the latter including a €35.2 million rise in variable fees (performance fees) due to changed stock prices.

Management fees amounted to €155.0 million, in line with the Q4 2018 results (-2% compared to the previous year). This figure reflects the overall decline in customer portfolios' risk exposure and the parallel increase in deposits reported in 2018 as a consequence of market volatility. This trend — a typical phenomenon in times of uncertainty — is about to gradually normalise.

Banking and entry fees (€17.8 million; +7.1%) grew thanks to the increasing contribution of new initiatives that strengthened diversification, such as the advanced advisory service (BGPA), certificate distribution and private placement.

Net financial income totalled €19.9 million compared to €28.5 million for the previous year. The change is chiefly due to the Q1 2019 different contribution of the most volatile items, namely trading activities (€4 million compared to €15.2 million for the previous year). By contrast, **net interest income increased sharply to €15.9 million (+19.9%)**; this result is even more positive in light of the €0.85 million negative impact arising from the application of the new IFRS 16 (on a like-for-like basis, net interest income was €16.7 million; +26.3%).

The increase in net interest income was attributable to the gradual reinvestment of liquidity at year-end 2018 and the expiring securities. This positive trend is expected to continue throughout 2019. At the end of March, the treasury portfolio (99% in bonds) rose to €6.5 billion (+14% YTD), due to both the gradual reinvestment of liquidity and the further acquisition of new assets during the period

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(deposits: +3.1%). The portfolio profile continued to be prudent, with total duration of 1.8 years and maturity of 3.4 years.

Operating expenses stood at €50 million (+7.5% YoY) as a result of business expansion, M&As and the acceleration of the strategic projects underway. This item includes the impact of some one-off components such as the relocation of the administrative offices to the Hadid Tower in the Milan Citylife district and part of the recent acquisitions (€1.2 million one-off charges, partially offset by the application of the new IFRS 16, which contributed €0.4 million).

Net of these effects, the Bank's operating expenses showed a 5.8% change, essentially in line with the guidance, which calls for an increase of core expenses in the range of 3-5% at operating level².

The ratio of costs to total assets further improved to 33 bps (34 bps at year-end 2018), whereas the **adjusted cost/income ratio³, particularly with regard to performance fees**, declined to 40.2% (42.3% at year-end 2018), thus confirming the Bank's operating efficiency.

Net adjustments and provisions for Q1 2019 totalled €2.1 million, significantly decreasing compared to the same period of the previous year (€4.6 million) as a result of the improved risk profile of the Italian government bonds in portfolio arising from the application of IFRS 9.

IFRS 16: FIRST-TIME ADOPTION

The new IFRS 16, which entered into effect on 1 January 2019, governs the accounting treatment of all lease contracts. In detail, the Standard requires that in the balance sheet a liability be recognised at the present value of the future lease payments, as offsetting entry of the right of use (RoU) of the asset being leased.

After initial recognition, the right of use (RoU) asset is depreciated over the term of the contract or the useful life of the leased asset, while the liability is progressively reduced as a result of the lease payments and the interest on the liability is recognised in the statement of profit or loss. Banca Generali's RoU was defined in the amount of €136 million to be depreciated over an eight-year period. The rate curve to be used to determine the interest expense was calculated on the basis of the swap rate curve as at 1 January 2019 increased by a spread equal to the Assicurazioni Generali Group's credit risk — as derived from the CDS performance — and applied based on the expected residual term of the lease.

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Accordingly, compared to the previous accounting treatment in profit or loss, Banca Generali's general and administrative expense declined (-€4.7 million) due to the decrease in lease payments, offset by an increase in depreciation (+€4.4 million) and in interest expense (-€0.85 million) on the financial liabilities recognised.

² Total operating expenses net of sales staff expenses.

³ Cost/Income ratio net of one-off items (performance fees, BRRD bank rescue funds, one-off components)

CAPITAL RATIOS AT 31 MARCH 2019

IFRS 16 first-time adoption resulted in a **one-off impact 80 bps and 87bps on CET1 ratio and on Total Capital Ratio (TCR), respectively**. The impact refers to RoU assets included among credit risks at 100% risk weighting, similar to the treatment for tangible assets.

At 31 March 2019, **CET 1 ratio** was 16.6%, **Total Capital ratio (TCR)** was 18.0%.

BUSINESS RESULTS

Total assets at 31 March 2019 grew reaching a new **all-time high at €61.1 billion** (+8% YoY; +6% YTD). Pro-forma total assets — i.e., including the recent acquisitions, which are about to be finalised, of Nextam and Valeur — exceeded €63 billion.

In Q1 2019, total assets showed a significant increase in **deposits and AUC** (€16.1 billion; +22% YoY; +9% YTD), reflecting customers' strong risk aversion in the last 12 months.

Managed solutions rose to €29 billion (+3% YoY; +6% YTD), confirming a good performance for the year and a sharp acceleration in the last quarter that reflected the market recovery. Among managed solutions, worth of mentioned is the new LUX IM Sicav, which led to the Group's SICAVs that reached €5.9 billion assets overall. **Wrapper solutions** totalled €14.6 billion, with a constant increase particularly in insurance products (BG Stile Libero: €8.1 billion; +9%).

Traditional life policies also continued to report a solid performance with assets at €16.0 billion (+6% YoY; +3.5% YTD).

Assets under Advisory (BGPA) reached €3.0 billion at the end of March, up by €700 million in Q1 2019 and accounting for 5.0% of total assets.

Net inflows for Q1 2019 were €1,411 million, of which €0.6 billion generated by managed and insurance solutions, and €0.8 billion by current accounts and AUC. Net inflows breakdown in Q1 2019 reflects a gradual increase in clients' interest towards medium-to-long term investment planning solutions.

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Business expansion continued at a robust pace in April: **net inflows** amounted to **€545 million**, bringing the total for the four months to nearly €2.0 billion. Clients' renewed interest toward managed solutions heightened in April. The Group's new Sicav, LUX IM, was particularly appreciated for the innovative and flexible solutions it offers. It reported €204 million net inflows in April and €590 million YTD.

Despite the recovery of demand for managed and insurance solutions, a good performance in terms of net inflows was also recorded by banking products (deposits and AUC) with €339 million in April (€1,140 million YTD), thus confirming the strong commitment to acquiring new clients who will be gradually supported in planning long-term investment choices.

BUSINESS OUTLOOK

The market recovery, driven by reassurance of ongoing support from central banks for the coming months, solid economic fundamentals in the United States and less critical ones in China than expected, drove down volatility, allowing investors to reconsider opportunities for diversification in asset management. The high level of deposits in this early part of 2019 is a sign of the growth potential of financial advisory guiding households through careful planning and wealth protection. Thanks to its versatile, diversified range, combined with the professional profile of its private bankers, Banca Generali is ideally positioned to grasp the opportunities this challenge presents. Business expansion continues at rates above the market average and the Bank's competitive position in bespoke solutions and innovative investment products have granted it an increasingly central role with private-banking customers as well, who now account for over 70% of the Bank's assets. This trend towards a rapid increase in net inflows continued in the first few weeks of April, and the interest in wealth management and advanced advisory is driving the development of new revenue sources. The market and geopolitical uncertainties that continue to dominate financial markets demand caution, but there are prospects for progressive growth of the Bank's key indicators.

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PRESENTATION TO THE FINANCIAL COMMUNITY

The First Quarter financial results will be presented to the financial community during a **conference call** scheduled today at **2:00 p.m. CET**.

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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The Manager responsible for preparing the company's financial reports (Tommaso di Russo) 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. Tommaso di Russo (CFO of Banca Generali)

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**1) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT AT
31 MARCH 2019**

(€ mil.)	1Q 2018	1Q 2019	% Chg
Net Interest Income	13.2	15.9	19.9%
Net income (loss) from trading activities and Dividends	15.2	4.0	-73.7%
Net Financial Income	28.5	19.9	-30.2%
Gross fees	182.4	208.0	14.0%
Fee expenses	-96.7	-94.3	-2.6%
Net Fees	85.6	113.7	32.8%
Net Banking Income	114.1	133.6	17.1%
Staff expenses	-21.1	-21.8	3.1%
Other general and administrative expense	-37.3	-35.2	-5.7%
Depreciation and amortisation	-2.0	-6.8	232.0%
Other net operating income (expense)	13.9	13.7	-1.6%
Net Operating Expenses	-46.5	-50.0	7.5%
Operating Profit	67.6	83.5	23.7%
Net adjustments for impair.loans and other assets	0.2	4.0	n.m.
Net provisions for liabilities and contingencies	-4.8	-6.1	28.0%
Gain (loss) from disposal of equity investments	-0.1	-0.1	-33,2%
Profit Before Taxation	62.9	81.4	29.4%
Direct income taxes	-13.8	-14.7	6.5%
Net Profit	49.0	66.6	35.8%
Cost/Income Ratio	39.0%	32.4%	-6.6 p.p.
EBITDA	69.6	90.3	29.8%
Tax rate	22.0%	18.1%	-3.9 p.p.

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2) BANCA GENERALI – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 31 MARCH 2019 (€M)

(€ millions)

Assets	Dec 31, 2018	March 31, 2019	Change	% Change
Financial assets at fair value through P&L (FVPL)	90.6	103.9	13.3	14.7%
Financial assets at fair value through other comprehensive income (FVOCI)	1,987.3	2,224.6	237.3	11.9%
Financial assets at amortised cost	7,166.2	7,057.5	-108.7	-1.5%
<i>a) Loans to banks</i>	1,434.5	849.5	-585.0	-40.8%
<i>b) Loans to customers</i>	5,731.6	6,208.0	476.3	8.3%
Equity investments	1.7	1.6	0.0	-1.9%
Property equipment and intangible assets	101.8	235.4	133.5	131.1%
Tax receivables	52.8	48.8	-4.0	-7.5%
Other assets	335.5	356.5	21.1	6.3%
Total Assets	9,735.9	10,028.4	292.5	3.0%
Liabilities and Shareholders' Equity	Dec 31, 2018	March 31, 2019	Change	% Change
Financial liabilities at amortised cost	8,675.6	8,879.3	203.7	2.3%
<i>a) Due to banks</i>	128.7	100.3	-28.4	-22.1%
<i>b) Direct inflows</i>	8,546.9	8,779.1	232.2	2.7%
Financial liabilities held for trading	0.4	0.5	0.1	31.8%
Tax payables	18.0	22.6	4.6	25.4%
Other liabilities	142.2	154.9	12.7	9.0%
Special purpose provisions	164.8	162.7	-2.1	-1.3%
Valuation reserves	-11.6	-6.0	5.7	-48.7%
Reserves	414.4	595.6	181.3	43.7%
Additional paid-in capital	57.9	57.8	-0.1	-0.1%
Share capital	116.9	116.9	0.0	0.0%
Treasury shares (-)	-22.7	-22.7	0.1	-0.3%
Net income (loss) for the period (+/-)	180.1	66.6	-113.5	-63.0%
Total Liabilities and Shareholders' Equity	9,735.9	10,028.4	292.5	3.0%

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3) TOTAL ASSETS AT 31 MARCH 2019

<i>Milion of Euros</i>	Mar 2019	Dec 2018	Abs. Chg	Chg.
Mutual Funds	14,365	13,219	1,146	8.7%
Portfolio Management	6,518	6,426	92	1.4%
Managed Assets	20,883	19,645	1,238	6.3%
Life Insurance	24,051	23,098	953	4.1%
<i>of which BG STILE LIBERO</i>	<i>8,102</i>	<i>7,693</i>	<i>409</i>	<i>5.3%</i>
Non Managed Assets	16,116	14,791	1,325	9.0%
<i>of which: Securities</i>	<i>8,615</i>	<i>7,647</i>	<i>968</i>	<i>12.7%</i>
Total	61,051	57,534	3,517	6.1%

Assets Under Management (YoY)

<i>Billion of Euros</i>	Mar 2019	Mar 2018	Abs. Chg	Chg.
Mutual Funds	14,365	13,571	794	5.9%
Portfolio Management	6,518	7,143	-625	-8.8%
Managed Assets	20,883	20,714	169	0.8%
Life Insurance	24,051	22,462	1,590	7.1%
<i>of which BG STILE LIBERO</i>	<i>8,102</i>	<i>7,428</i>	<i>674</i>	<i>9.1%</i>
Non Managed Assets	16,116	13,239	2,878	21.7%
<i>of which: Securities</i>	<i>8,615</i>	<i>6,906</i>	<i>1,708</i>	<i>24.7%</i>
Total	61,051	56,415	4,636	8.2%

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4) APRIL 2019 NET INFLOWS

	<i>Million of Euros</i>	Apr 2019	Mar 2019	Abs. Chg
Mutual Funds		143	114	29
	<i>of which LUX IM</i>	204	220	-16
Managed Portfolio		-39	-65	26
Mutual Funds and Managed Portfolio		104	49	55
Life Insurance		102	149	-47
Managed Assets		206	198	8
Non Managed Assets		339	338	1
	<i>of which: Securities</i>	78	160	-82
Total		545	536	9
		Jan - Apr 2019	Jan - Apr 2018	Abs. Chg
Mutual Funds		400	404	-4
	<i>of which LUX IM</i>	590	47	543
Managed Portfolio		-254	275	-529
Mutual Funds and Managed Portfolio		146	679	-533
Life Insurance		670	603	67
Managed Assets		816	1,282	-466
Non Managed Assets		1,140	766	374
	<i>of which: Securities</i>	557	203	354
Total		1,956	2,048	-92
Life New Business		Apr 2019	Mar 2019	Abs. Chg
Life New Business		231	294	-63
		Jan - Apr 2019	Jan - Apr 2018	Abs. Chg
Life New Business		1,197	1,017	180

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