

**PRESS
RELEASE****Results at 31 March 2018****Sustainability, flexibility and efficiency
of the business model drive Q1 2018
results**

- Total assets at €56.4 billion (+13%)
- Assets under Advisory at €1.7 billion in 12 months

- Net profit: €49.0 million (-13%)
- Adjusted net profit¹: €31.8 million (+107%)

- Management fees at €158.1 million (+17%)
- Net operating expenses at €46.5 million (-1%)

- Sound business trend confirmed in the first days of April

Milan, 23 April 2018 – The Board of Directors of Banca Generali, chaired by Giancarlo Fancel, approved the consolidated results at 31 March 2018.

Chief Executive Officer and General Manager Gian Maria Mossa stated: *“The year kicked off on a very sound and satisfactory note. Despite heightened market uncertainties, commercial results and the overall size of the bank continue to expand. This confirms our professionals’ ability to assist clients also in cautious and volatile market contexts, with a high quality and flexible range of products that cater to all protection needs. Strong recurring items and a focus on operating efficiency testify to the sustainability of an increasingly stronger business model — as shown by the capital ratios —, driving innovation capacity. The rising success of our wealth management solutions and the new offering soon to be launched make us very confident about growth for the coming months.”*

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¹ Net of variable revenues (performance fees and trading)

Consolidated P&L results at 31 March 2018

In Q1 2018 the bank's significant expansion continued, with net inflows amounting to €1.6 billion and managed assets and AUC reaching €56.4 billion (+13%), confirming the strong demand for wealth advisory.

This growth occurred in a context of more volatile and challenging equities and currency markets. The Morgan Stanley World Index denominated in euros declined by 4% in the quarter, compared to a 7% increase in the same period of the previous year.

Net profit was €49.0 million (-13%), due to the lower contribution of more variable revenues as a result of market trends. Net of these items, net profit more than doubled to €31.8 million (+107%), confirming the strengthening, flexibility and sustainability of the bank's business model.

In further detail:

Net banking income totalled €114.1 million compared to €122.5 million for the previous year. Recurring items rose significantly (€91 million, +20%), whereas variable items decreased (€23 million, -50%) due to the short-term market trend.

Among recurring items, **gross management fees** (€158.1 million, +17%) and banking and entry fees (€16.6 million +16%) rose significantly as a result of AUM and AUC expansion. The increase in **net recurring fees** was even sharper (€78 million, +29%), thanks to a flexible business model that allows cost items to adapt to growth trends.

By contrast, variable fees shrank sharply to €7.6 million compared to €42.8 million for the previous year (-82%), due to higher market volatility and uncertainty.

Net interest income was €13.2 million (-16%), due to the context of low interest rates and the strategic choice to increase the defensive profile of the treasury portfolio at the beginning of 2018. This decision drove a rise in profits from trading, which led to a **net financial income** of €28.5 million (+49% compared to the same period of the previous year).

From the second half of March, part of the Treasury liquidity was reinvested in a process that will continue in the coming months, in line with the bank's traditional prudent strategy. At the end of Q1, the bond portfolio was €5.9 billion (+4% YTD), with a total duration of 2.0 years and maturity of 3.4 years.

Despite the revenue increase, operating efficiency enabled the bank to cut **operating costs by 1% to €46.5 million**. The ratio of **costs to total assets shrank further to 33 bps** (34 bps at year-end 2017), whereas the **cost/income ratio reached 39.0%** (down by almost a percentage point YTD). The cost/income ratio reduction to 39.3%, net of variable fees, was even more significant (52.3% in 2017).

In 2018, the Bank's **capital position further strengthened: consolidated net equity** rose to **€792.4 million (+8% YTD)**.

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Capital ratios further strengthened by 180 bps YTD: **CET 1 ratio** rose to **20.3%** and **Total Capital ratio** to **22.0%**. Both ratios far exceeded the specific requirements set for the company by the Bank of Italy for 2018 (CET1 ratio of 6.5% and a Total Capital Ratio of 10.2%), as the minimum required by the SREP – Supervisory Review and Evaluation Process).

With reference to regulatory requirements, **excess capital** amounted to €357 million (+14%).

Assets Under Management at 31 March 2018

Total assets at 31 March 2018 were **€56.4 billion**, up by 13% YOY.

AUM and AUC totalled €43.2 billion at the end of March, up by +13% YOY (77% of total assets). Among these, **wrapper solutions** reached €14.6 billion at the end of March, up by 25% compared to the previous year and accounting for 26% of total assets.

Traditional insurance policies totalled €15.0 billion, accounting for 27% of total assets, showing a YOY decline. However, renewed volatility in Q1 sparked more attention to these more defensive solutions.

AUC totalled €13.2 billion, up by 11% YOY, confirming the steady acquisition of new assets and new clients.

Lastly, it should be noted that **Assets under Advisory reached €1.7 billion in the first 12 months since their launch**, accounting for 3% of total assets.

Net inflows for Q1 2018 were €1,574 million, of which €0.8 billion attributable to managed solutions, €0.2 billion to traditional insurance policies and €0.6 billion to AUC. The composition of net inflows for the quarter reflects more conservative investment choices, in light of market volatility and pending the launch of the new SICAV, LUX IM, with its innovative investment strategies.

The **first April data** confirm the net inflows figures reported for the previous months: net inflows totalled €1.9 billion² YTD, with an increase in demand for wrapper solutions and a good interest for the new Luxembourg SICAV, LUX IM, accounting for over €700 million² net inflows.

Assets under Advisory also continued to show a good performance, reaching €1.8 billion². New professionals recruited to date were 48².

Business Outlook

The geopolitical uncertainty and renewed commercial tensions have brought the concept of risk back into sharp focus in light of increasing volatility. International economic observers are reporting potential obstacles to the recovery in progress due to risks linked to the high level of global indebtedness and the monetary normalization process announced by the central banks. In this context, the bank's financial advisory is increasingly successful with households who appreciate the

² Data at 19 April 2018

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diversification offered. For Banca Generali, which has a strong focus on wealth protection, client demand results in constant growth, as proven by the net inflows figures and new client acquisition through AUC opportunities. In the coming weeks the launch of new tools to enhance portfolio efficiency, such as the certificates dedicated platform, highly defensive management lines, and the anticipated new SICAV – LUX IM, with innovative content as part of a competitive offer in light of Mifid2 regulatory changes, provide financial advisors with new planning opportunities. In the same way, the interest in the bank's bespoke advanced advisory solutions and the wealth management services are proving to be a key strength in the advisory service. In a cautious market climate, the ability to innovate and the ongoing business expansion point to a positive outlook in terms of client attraction and net inflows development also in the coming months, in line with the bank's objectives.

* * *

In the meeting held on 20 April 2018, the Board of Statutory Auditors of Banca Generali S.p.A. appointed by the Ordinary Shareholders Meeting on 12 April 2018, in compliance with Consob's Rules for Issuers and the Corporate Governance Code for Listed Companies, verified that all acting auditors (Massimo Cremona, Flavia Daunia Minutillo and Mario Francesco Anaclerio) meet the independence requirements provided for by law (Article 148, paragraph 3, of the Finance Consolidation Law - TUF) and the Corporate Governance Code (Articles 3.C.1 and 8.C.1) for statutory auditors of companies with listed shares.

* * *

Presentation to the Financial Community

The results at 31 March 2018 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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Annexes:

1. Banca Generali – Consolidated Profit and Loss Statement at 31 March 2018
2. Banca Generali – Reclassified Consolidated Balance Sheet at 31 March 2018
3. Total AUM at 31 March 2018

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The Manager responsible for preparing the company's financial reports (Tommaso di Russo) declares, pursuant to Paragraph 2 of Article 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 2018**

(€ mil.)	1Q 2017	1Q 2018	% Chg
Net Interest Income	15.7	13.2	-15.9%
Net income (loss) from trading activities and Dividends	3.4	15.2	352.9%
Net Financial Income	19.1	28.5	49.1%
Gross fees	192.4	182.4	-5.2%
Fee expenses	-89.0	-96.7	8.7%
Net Fees	103.4	85.6	-17.2%
Net Banking Income	122.5	114.1	-6.9%
Staff expenses	-20.7	-21.1	2.0%
Other general and administrative expense	-35.0	-37.3	6.7%
Depreciation and amortisation	-1.7	-2.0	18.7%
Other net operating income (expense)	10.5	13.9	32.9%
Net Operating Expenses	-46.9	-46.5	-0.8%
Operating Profit	75.6	67.6	-10.7%
Net adjustments for impair.loans and other assets	-3.2	0.2	-106.1%
Net provisions for liabilities and contingencies	-6.0	-4.8	-20.7%
Gain (loss) from disposal of equity investments	0.0	-0.1	167.6%
Profit Before Taxation	66.4	62.9	-5.3%
Direct income taxes	-10.2	-13.8	36.0%
Net Profit	56.2	49.0	-12.8%
Cost/Income Ratio	36.9%	39.0%	2.1 p.p.
EBITDA	77.3	69.6	-10.0%
Tax rate	15.3%	22.0%	6.7 p.p.

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2) BANCA GENERALI – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 31 MARCH 2018 (€M)

(€ millions)

Assets	Dec 31, 2017	Mar 31, 2018	Change	% Change
Financial assets at fair value through P&L (FVPL)	49.8	114.2	64.3	129.2%
Financial assets at fair value through other comprehensive income (FVOCI)	4,612.7	4,376.2	-236.5	-5.1%
Financial assets at amortised cost	3,831.1	4,396.4	565.3	14.8%
<i>a) Loans to banks</i>	923.1	1,093.2	170.2	18.4%
<i>b) Loans to customers</i>	2,908.0	3,303.2	395.1	13.6%
Equity investments	1.8	1.7	-0.1	-4.6%
Property equipment and intangible assets	98.4	96.8	-1.6	-1.6%
Tax receivables	45.7	46.4	0.7	1.4%
Other assets	351.4	291.6	-59.8	-17.0%
Total Assets	8,991.0	9,323.3	332.3	3.7%

Liabilities and Shareholders' Equity	Dec 31, 2017	Mar 31, 2018	Change	% Change
Financial liabilities at amortised cost	7,879.8	8,186.6	306.9	3.9%
<i>a) Due to banks</i>	682.5	505.1	-177.4	-26.0%
<i>b) Due to customers</i>	7,197.2	7,681.5	484.3	6.7%
Financial liabilities held for trading and hedging	0.2	0.3	0.1	40.8%
Tax payables	35.6	42.6	7.0	19.7%
Other liabilities	185.2	143.2	-42.1	-22.7%
Special purpose provisions	154.2	158.3	4.1	2.7%
Valuation reserves	21.6	24.2	2.5	11.6%
Reserves	348.5	557.4	208.8	59.9%
Additional paid-in capital	58.2	58.2	0.0	-0.1%
Share capital	116.9	116.9	0.0	0.0%
Treasury shares (-)	-13.3	-13.2	0.1	-0.4%
Shareholders' equity attributable to minority interest	0.0	0.0	0.0	
Net income (loss) for the period (+/-)	204.1	49.0	-155.1	-76.0%
Total Liabilities and Shareholders' Equity	8,991.0	9,323.3	332.3	3.7%

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3) TOTAL AUM AT 31 MARCH 2018

Assets Under Management (QTD) <i>Billion of Euros</i>	Mar 2018	Dec 2017	Abs. Chg	Chg.
Mutual Funds	13,571	13,611	-40.49	-0.3%
Portfolio Management	7,143	7,102	41.98	0.6%
Managed Assets	20,714	20,713	1.49	0.0%
Life Insurance <i>of which BG STILE LIBERO</i>	22,462 7,428	22,178 7,282	283.33 146.03	1.3% 2.0%
Non Managed Assets <i>of which: Securities</i>	13,239 6,906	12,793 6,851	445.96 55.80	3.5% 0.8%
Total	56,415	55,684	730.78	1.3%
Assets Under Management (YoY) <i>Billion of Euros</i>	Mar 2018	Mar 2017	Abs. Chg	Chg.
Mutual Funds	13,571	11,927	1,644.28	13.8%
Portfolio Management	7,143	5,448	1,695.88	31.1%
Managed Assets	20,714	17,374	3,340.16	19.2%
Life Insurance <i>of which BG STILE LIBERO</i>	22,462 7,428	20,815 6,200	1,646.85 1,227.66	7.9% 19.8%
Non Managed Assets <i>of which: Securities</i>	13,239 6,906	11,879 6,477	1,359.68 429.00	11.4% 6.6%
Total	56,415	50,068	6,346.70	12.7%

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