

PRESS RELEASE

Quarterly results**SHARP GROWTH OF TOTAL ASSETS,
REVENUES AND PROFIT IN Q1 2017**

- Total assets at €50.1 billion (+18%)
- Net banking income at €134.7 million (+42%)
- Net profit at €56.2 million (+91%)

ACCELERATION OF NET INFLOWS IN APRIL

- Net inflows for the month: €692 million (+61%)
- Net inflows YTD: €2,531 million (+29%)

Milan, 9 May 2017 – The Board of Directors of Banca Generali, chaired by Giancarlo Fancel, approved the consolidated results at 31 March 2017.

Chief Executive Officer Gian Maria Mossa stated: " *This has been an excellent quarter for the strength and quality of the results achieved. We are outperforming our industry trends in terms of growth of total assets, thanks to our clear and distinctive strategy, which enhances the talent of our financial advisors and supports their development with innovative and high-quality solutions. The appreciation of our clients is shown by the new peaks in net inflows and the solidity of recurring revenues. We are looking with confidence towards the current recovery and the challenges posed by the evolution of the industry and aim to become the main point of reference for protecting households' wealth.*"

CONTACTS:

www.bancagenerali.com

Media Relations
Michele Seghizzi
Tel. +39 02 6076 5683

michele.seghizzi@bancagenerali.it

Investor Relations
Giuliana Pagliari
Tel. +39 02 6076 5548

giuliana.pagliari@bancagenerali.it

Q1 2017 recorded **€56.2 million net profit**, nearly double the amount for Q1 2016 (+91%). The strong commercial development drove an increase in total assets and a double-digit rise in recurring business, which confirmed the solidity and efficacy of the business model. The favourable trend of global stock markets also contributed to the improvement in variable items and thus the achievement of the net profit. The results were particularly positive also in light of the bank's ongoing significant investments for growth and new projects aimed at further improving service quality for the customers and support for its network of professionals, as well as at strengthening the bank's prestige.

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In further detail, **net banking income** was €134.7 million (+41.9%). All revenue components grew with the exception of net income from trading activities, which instead declined, in line with the performance of Italian and European government bonds.

Among recurring revenues, **management fees** rose sharply (€135.3 million, +16%), driven by the increase in the asset base and the stability of margins. A good performance was also recorded for entry, banking and trading fees (€14.3 million, +41%) and performance fees (€42.8 million).

Net interest income reversed the last quarters' trend and started growing again, rising to €15.7 million (+4% YoY and +9% compared to Q4 2016). The turnaround chiefly reflected the boost in volumes, the improvement of lending margins and more stable returns from the Banking book. More specifically, the latter item amounted to €5.8 billion, of which 99% invested in bonds (89% Italian government bonds, 57% at floating rate) with short durations (2.1 years).

Net operating expenses rose more moderately compared to revenues (€46.9 million, +8.3%), although impacted at year-start by the assets growth, the investments in operating and technological projects, and the twofold increase in the contribution to the Single Resolution Fund (FRU/BRRD). Net of sales staff expenses and the aforementioned FRU/BRRD contribution, the increase compared to the previous year shrinks to 4.6%. The attention toward efficiency and cost discipline is clearly reflected in the ratio of costs — net of charges for bank rescues — to total assets (0.36% compared to 0.37% at year-end 2016). The cost/income ratio reached best practice levels at 33.6%.

Net profit amounted to €56.2 million, also accounting for the €2.5 million write-down of the Alitalia 2020 corporate bond (93% write-off of the position).

At 31 March 2017, Banca Generali Group's **total balance sheet assets** grew to €8,569 million (+24% YoY), mainly thanks to the increase in customer deposits and, to a small extent, the participation into the TLTRO programme (€400 million overall).

Consolidated **net equity** rose to **€680.6 million** (compared to €658.8 million in Q1 2016).

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The Bank's solidity remained at excellent levels. On a phased-in basis, **CET 1 ratio** stood at 16.5% (+240 bps YoY) and **Total Capital ratio** at 18.1% (+240 bps YoY). With reference to regulatory requirements, excess capital on a phased-in basis amounted to €266 million (+24%).

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Net Inflows and Assets Under Management (AUM)

In Q1 2017, net inflows amounted to €1.8 billion (+20%), thus further improving compared to the excellent results reported for the previous year. The uptrend further accelerated in **April, with €692 million net inflows for the month, bringing the total YTD to €2,531 million (+29% YoY).**

Net inflows primarily focused on managed solutions, particularly the innovative financial (BG Solution) and insurance (BG Stile Libero) wrapper solutions, thanks to the protection and customisation opportunities they offer. Net inflows of funds and Sicavs also grew as a result of an increasingly wider offer (54 asset managers and over 5,000 different funds and Sicavs). Overall, net inflows of managed and insurance products reached €2.1 billion, accounting for 84% of total net inflows, whereas net inflows of assets under administration and custody were €416 million as a result of new customers' deposits.

Managed assets and assets under administration at 31 March 2017 were €50.1 billion (+18% YoY; +5.3% YTD), 76% of which allocated to managed and insurance solutions.

Traditional insurance solutions accounted for 29%, slightly declining compared to 31% at year-end 2016, although still representing the backbone of current bond offer.

Business Outlook

Banca Generali expects a sharp growth in demand for financial and non-financial advisory in the future. The innovative service model, based on proprietary platforms and exclusive partnerships, guarantees an all-round advisory service, including support to real-estate, corporate finance and generational transfer planning as well. The advisory evolution is perceived as a significantly distinctive element by all professionals, who are now able to strengthen their relationships with customers. The service appeal, complemented by a range of bespoke quality solutions even for the most demanding customers, has met with growing success, as confirmed by the acceleration of net inflows. The cutting-edge projects underway boost the strategy aimed at positioning Banca Generali as the No. 1 listed private bank in Italy. Excluding all uncertainties associated with market variables, the Bank looks towards the coming months with great optimism.

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Presentation to the Financial Community

A **conference call** for the financial community will be held today, at **3:00 p.m. CET**, to analyse the results for the first quarter of 2017.

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).

* * *

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)

* * *

Annexes:

- 1) Banca Generali – Consolidated Profit and Loss Statement at 31 March 2017
- 2) Banca Generali – Reclassified Consolidated Balance Sheet at 31 March 2017 (€ million)
- 3) Total AUM at 31 March 2017
- 4) Net Inflows and Life New Business - April 2017

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1) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT AT 31 MARCH 2017

(€ mil.)	1Q16	1Q17	% Chg
Net Interest Income	15.1	15.7	3.9%
Gross fees	127.8	192.4	50.6%
Fee expenses	-62.5	-76.8	22.9%
Net Fees	65.3	115.6	77.1%
Net income (loss) from trading activities	14.4	3.1	-78.2%
Dividends	0.1	0.2	138.4%
Net income (loss) from trading activities and Dividends	14.5	3.4	-76.8%
Net Banking Income	94.9	134.7	41.9%
Staff expenses	-20.5	-20.7	1.2%
Other general and administrative expense	-32.4	-35.0	8.0%
	-52.9	-55.7	5.3%
Depreciation and amortisation	-1.2	-1.7	49.6%
Other net operating income (expense)	10.7	10.5	-2.1%
Net Operating Expenses	-43.3	-46.9	8.3%
Operating Profit	51.6	87.8	70.2%
Net adjustments for impair.loans and other assets	-1.2	-3.2	154.3%
Net provisions for liabilities and contingencies	-11.4	-18.2	59.3%
Profit Before Taxation	38.9	66.4	70.6%
Direct income taxes	-9.5	-10.2	7.0%
Net Profit	29.4	56.2	91.2%
Cost/Income Ratio	44.4%	33.6%	-10.8 p.p.
EBITDA	52.7	89.5	69.7%
Tax rate	24.4%	15.3%	-9.1 p.p.

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2) BANCA GENERALI – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 31 MARCH 2017

(€ millions)

Assets	Dec 31, 2016	March 31, 2017	Change	% Change
Financial assets held for trading	38.6	42.3	3.7	9.7%
Financial assets available for sale	4,409.3	4,654.3	245.0	5.6%
Financial assets held to maturity	731.4	1,005.4	274.0	37.5%
Loans to banks	894.0	494.8	-399.2	-44.7%
Loans to customers	1,881.9	1,932.9	51.0	2.7%
Equity investments	2.0	2.0	0.0	-1.7%
Property equipment and intangible assets	97.8	97.4	-0.4	-0.4%
Tax receivables	44.5	52.7	8.2	18.3%
Other assets	257.2	287.6	30.3	11.8%
Total Assets	8,356.7	8,569.3	212.5	2.5%

Liabilities and Shareholders' Equity	Dec 31, 2016	March 31, 2017	Change	% Change
Due to banks	802.7	1,034.6	231.9	28.9%
Direct inflows	6,648.2	6,530.1	-118.1	-1.8%
Financial liabilities held for trading	1.2	1.1	-0.1	-6.2%
Tax payables	17.1	20.8	3.7	21.7%
Other liabilities	118.9	165.9	47.0	39.6%
Special purpose provisions	122.2	136.1	14.0	11.4%
Valuation reserves	9.0	-16.1	-25.0	-278.9%
Reserves	314.4	470.6	156.2	49.7%
Additional paid-in capital	53.8	56.2	2.4	4.4%
Share capital	116.4	116.6	0.2	0.2%
Treasury shares (-)	-2.9	-2.9	0.0	0.0%
Net income (loss) for the period (+/-)	155.9	56.2	-99.7	-63.9%
Total Liabilities and Shareholders' Equity	8,356.7	8,569.3	212.5	2.5%



3) TOTAL AUM AT 31 MARCH 2017

<i>Billion of Euros</i>	<u>Mar 2017</u>	<u>Dec 2016</u>	<u>Abs. Chg</u>
Mutual Funds	11.9	11.2	.8
Portfolio Management	5.5	4.7	.8
Managed Assets	17.4	15.9	1.5
Life Insurance	20.8	20.2	.6
<i>of which BG STILE LIBERO</i>	6.2	5.6	.6
Non Managed Assets	11.9	11.5	.4
<i>of which: Securities</i>	6.5	6.2	.3
Total	50.1	47.5	2.5

4) NET INFLOWS AND LIFE NEW BUSINESS – APRIL 2017

<i>Million of Euros</i>	Apr 2017	Mar 2017	Abs. Chg
Mutual Funds	155	231	-76
Managed Portfolio	297	332	-35
Mutual Funds and Managed Portfolio	452	563	-111
Life Insurance	104	146	-42
<i>of which BG STILE LIBERO</i>	107	159	-52
Managed Assets	555	709	-154
Non Managed Assets	136	2	134
<i>of which: Securities</i>	-53	-28	-25
Total	692	711	-19
	Jan-Apr 2017	Jan-Apr 2016	Abs. Chg
Mutual Funds	586	-89	675
Managed Portfolio	945	138	807
Mutual Funds and Managed Portfolio	1,531	49	1,482
Life Insurance	584	1,068	-484
<i>of which BG STILE LIBERO</i>	555	331	224
Managed Assets	2,115	1,117	998
Non Managed Assets	416	842	-426
<i>of which: Securities</i>	64	249	-185
Total	2,531	1,959	572
Life New Business	Apr 2017	Mar 2017	Abs. Chg
Life New Business	247	319	-72
	Jan-Apr 2017	Jan-Apr 2016	Abs. Chg
Life New Business	1,098	1,462	-364