

**PRESS
RELEASE****Annual results****DRAFT PARENT AND CONSOLIDATED
FINANCIAL STATEMENTS FOR 2017
APPROVED**

- Consolidated results approved on 9 February 2018 confirmed
- Consolidated net profit at €204.1 million (+31%)
- Management fees at €587 million (+19%)
- CET1 ratio at 18.5% (+180 bps)
- Total Capital ratio at 20.2% (+180 bps)

**PROPOSED DIVIDEND: 125 EUROCENT PER
SHARE****CONSOLIDATED NON-FINANCIAL
STATEMENT ALSO APPROVED**

- Adoption of ESG best practices
- Global Value Added: €748.8 million (+21%)

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Milan, 1 March 2018 – The Board of Directors of Banca Generali, chaired by Giancarlo Fancel, approved the draft Parent and Consolidated Financial Statements for the year ended 31 December 2017. The preliminary results for the year had already been examined and disclosed on 9 February 2018. The Board of Directors also approved the Corporate Governance and Ownership Structure Report as part of the Report on Operations. The documents will be made available in accordance with the terms established by law.



The draft Financial Statements confirmed **the preliminary consolidated net profit at €204.1 million, up 31% compared to 2016.**

Net banking income amounted to €450.0 million (+18.8%), mainly driven by the sharp growth in net fees to €370.5 million (+29.8%), where recurring fees were increasingly diversified. Net interest income amounted to €61.4 million (+4.7%) positively contributing to the year result, as did the variable fees linked to financial markets (€115 million), although partially offset by a reduction in net income from trading activities and dividends (-47.9%).

Net operating expenses continued to grow moderately (€187.9 million, +3.2%), with a further marked decrease in their ratio to **total assets to 34 bps** (38 bps at year-end 2016), whereas **reported cost/income ratio was 39.9%** (down by 6.6 percentage points in 2017). Net of extraordinary and non-recurring items, cost/income ratio was 52.3% (53.9% in 2016).

Consolidated **net equity** grew to **€736 million (+14% YTD)** and the Bank's solidity further strengthened. On a phased-in basis, **CET 1 ratio** grew to **18.5% (+180 bps YTD)** and **Total Capital ratio** to **20.2% (+180 bps YTD)**, both far exceeding the specific requirements set by the Bank of Italy.

Financial Statements of Banca Generali S.p.A.

Net profit of the Parent company amounted to **€206.4 million, up 42.6%** compared to the previous year.

Net banking income was €423.9 million, up 23.1% thanks to the increase in net fees (€142.6 million, +18.2%) and in the dividends primarily distributed by the Luxembourg-based subsidiary (€204.5 million, +54.4%). These two items benefited from both the increase in total assets and the favourable performance of financial markets.

Net operating expenses amounted to €178.9 million, with a modest 3.1% increase compared to the sharp growth in total assets and revenues for the year. This performance confirmed the Bank's tight cost discipline and its ability to maximise the operating leverage while expanding business.

Dividends

In light of the Bank's financial results and capital solidity, the Board of Directors resolved to propose to the forthcoming General Shareholders' Meeting to distribute a dividend of €1.25 euros per share on each of the 116,379,062 outstanding ordinary shares for a total payout of €145 million. The implied dividend yield is 4.6% based on the closing price on 26 February.

The dividend payment date will be 23 May, with ex-date 21 May and record date 22 May, pursuant to Article 83-terdecies of Consolidated Law on Finance.



Consolidated Non-financial Statement

Starting with the 2017 Financial Statements, the corporate social responsibility report – now in its ninth edition – will be fully integrated in the annual financial report.

Banca Generali has decided **to comply with Legislative Decree No. 254/2016** and thus to implement increasingly integrated and thorough reporting to all of its stakeholders. It bears recalling that Legislative Decree No. 254/2016 transposed into Italian law European Directive No. 2014/95 on disclosure of non-financial information with particular regard to environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters.

The Bank's sustainability strategy focuses on sustainable development over time, people enhancement, sensitivity to social issues and a reduction of its direct and indirect impacts on the environment. Accordingly, in addition to traditional financial indicators, Banca Generali measures the wealth created and distributed to its stakeholders in the form of **Global Value Added (GVA)**. In 2017, GVA was **€748.8 million**, with a sharp **increase of 21%** compared to the previous year.

During the year, considerable emphasis was placed on the People Strategy, intended to focus on the people who work at Banca Generali, on promoting their development and sharing the company's culture and objectives. Particular attention was paid to training initiatives, with more than **21,000 hours of training provided, 63% more than in the previous year**, focusing on various areas (managerial training, dissemination of the strategic map, and informational and training workshops). Specific mention should be made of **Self Leadership programmes dedicated to women in managerial positions**. A number of initiatives were also held during the year for the company population as an opportunity for growth and family engagement (Kids' Day, Talent Day and BG Open, in which suggestions were solicited from all employees).

As in previous years, the Bank's social commitment led it to support a range of volunteer and sporting initiatives dedicated to young people and the underprivileged. Many projects of a cultural nature were also pursued. During the year, Banca Generali also joined **The Human Safety Net**, the Generali Group's large-scale community project that seeks to help disadvantaged people better their lives. Specifically, Banca Generali chose to focus on **supporting families** by contributing to specific non-profit organisations committed to aiding the needy.

In **environmental** matters, initiatives to reduce direct and indirect impacts led to a 13% reduction in GHG emissions, due in part to an emphasis on more sustainable transport options, and a 17% reduction in power consumption compared to 2013.

Out of its belief that ESG (environmental, social and governance) matters are of fundamental importance, Banca Generali has established a specific committee within its Board of Directors, the *Nomination, Governance and Sustainability Committee*, charged with specific sustainability responsibilities. This governance decision stems from the values enshrined in Banca Generali's *Sustainability Commitment Charter*. Renewing the Group's commitment to its stakeholders and society at large, the Charter defines Banca Generali's vision of "doing business" responsibly and contributing to creating a more sustainable world.



Banca Generali recognises and reaps the benefits of Diversity at the level of the Group, its Boards and its management, in all respects, including gender, age, qualification, competencies, training and professional background. Accordingly, Banca Generali has adopted a *Company Board Diversity Policy* with the aim of concretely implementing values of Diversity and Inclusion (D&I). To Banca Generali, 'Diversity' means understanding, recognising and making the most of differences; 'Inclusion' means being committed to attracting and developing talent, given value to all aspects of diversity, encouraging all those who are a part of the Group to realise their fullest potential.

General Shareholders' Meeting

The Board of Directors has convened an Ordinary Shareholders' Meeting on Thursday, 12 April 2018 (first call) to be held in Trieste, at Via Machiavelli 6 at 9:30 a.m. (CET), and Friday, 13 April 2018 (second call), at the same place and time.

The Ordinary Shareholders' Meeting will be called upon to resolve on the approval of the Financial Statements for the year ended 31 December 2017, the Financial Statements for the year ended 31 December 2017 of the merged company BG Fiduciaria SIM, the remuneration policies (including the proposal to raise the ratio between the variable and fixed components of some company functions' remuneration to 2:1), the renewal of corporate boards and the determination of their member's remuneration for 2018, 2019 and 2020, Banca Generali's Long-Term Incentivisation Plan, a 2018 network loyalty plan and the authorisation to buy back own shares aimed at implementing the remuneration policies.

The notice of calling of the General Shareholders' Meeting will be published on the Company's website (www.bancagenerali.com) on 2 March 2018 and, on the same date, in the daily newspaper *Il Sole 24 Ore*.

The full text of the proposed resolutions and of the Board of Directors' Reports concerning the items on the agenda, as well as all the related documents will be made available, in compliance with the terms established by law, at the Company's registered offices and will be published on the corporate website (www.bancagenerali.com), on Borsa Italiana S.p.A.'s website (www.borsaitaliana.it), and through the authorised storage mechanism www.emarketstorage.com.

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Annexes:

1. Banca Generali Group – Consolidated Profit and Loss Statement at 31 December 2017
2. Banca Generali Group – Consolidated P&L Statement for the Fourth Quarter of 2017
3. Banca Generali Group – Reclassified Consolidated Balance Sheet at 31 December 2017
4. Banca Generali Group – Reclassified Financial Statement at 31 December 2017
5. Banca Generali SpA – Parent Profit & Loss Statement at 31 December 2017
6. Banca Generali SpA – Reclassified Parent Balance Sheet at 31 December 2017
7. Banca Generali SpA – Reclassified Parent Financial Statement at 31 December 2017

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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)

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

(€ mil.)	12M 16	12M 17	% Chg
Net Interest Income	58.7	61.4	4.7%
Gross fees	604.7	760.5	25.8%
Fee expenses	-319.3	-390.0	22.1%
Net Fees	285.4	370.5	29.8%
Net income (loss) from trading activities	32.8	15.3	-53.1%
Dividends	2.0	2.7	39.8%
Net income (loss) from trading activities and Dividends	34.7	18.1	-47.9%
Net Banking Income	378.7	450.0	18.8%
Staff expenses	-80.5	-84.8	5.4%
Other general and administrative expense	-140.1	-149.8	6.9%
Depreciation and amortisation	-5.9	-8.1	37.1%
Other net operating income (expense)	44.5	54.9	23.2%
Net Operating Expenses	-182.0	-187.9	3.2%
Operating Profit	196.7	262.2	33.2%
Net adjustments for impair.loans and other assets	-0.8	-5.4	n.m.
Net provisions for liabilities and contingencies	-11.1	-18.0	62.2%
Gain (loss) from disposal of equity investments	-0.1	-0.2	210.7%
Profit Before Taxation	184.8	238.6	29.1%
Direct income taxes	-28.9	-34.5	19.1%
Net Profit	155.9	204.1	30.9%
Cost/Income Ratio	46.5%	39.9%	-6.6 p.p.
EBITDA	202.7	270.3	33.4%
Tax rate	15.7%	14.4%	-1.3 p.p.

¹ In order to ensure a better understanding of operating performance, the interim balances of 'fee expenses' and 'net provisions' have been restated. In detail, €41.2 million for 2017 and €23.7 million for 2016, previously recognised in net provisions, have been recognised as fee expenses. The restatement does not entail any changes in the balances of 'profit before taxation' and 'net profit'.

2) BANCA GENERALI GROUP – CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE FOURTH QUARTER OF 2017²

(€ mil.)	4Q 16	4Q 17	% Chg
Net Interest Income	14.4	14.3	-0.5%
Gross fees	158.3	206.3	30.3%
Fee expenses	-86.2	-108.8	26.2%
Net Fees	72.0	97.5	35.3%
Net income (loss) from trading activities	3.8	3.0	-19.6%
Dividends	0.3	1.0	225.6%
Net income (loss) from trading activities and dividends	4.1	4.0	-1.6%
Net Banking Income	90.5	115.8	27.9%
Staff expenses	-15.8	-21.5	36.0%
Other general and administrative expense	-41.8	-43.2	3.5%
Depreciation and amortisation	-2.4	-2.3	-3.4%
Other net operating income (expense)	16.6	18.4	10.9%
Net Operating Expenses	-43.4	-48.7	12.2%
Operating Profit	47.1	67.1	42.4%
Net adjustments for impair.loans and other assets	0.0	0.6	n.m.
Net provisions for liabilities and contingencies	-3.7	-4.1	9.9%
Gain (loss) from disposal of equity investments	0.0	-0.1	91.8%
Profit Before Taxation	43.4	63.5	46.5%
Direct income taxes	-6.1	-6.8	11.2%
Net Profit	37.3	56.8	52.2%
Cost/Income Ratio	45.3%	40.0%	-5.3 p.p.
EBITDA	49.5	69.4	40.2%
Tax rate	14.1%	10.7%	-3.4 p.p.

² In order to ensure a better understanding of operating performance, the interim balances of 'fee expenses' and 'net provisions' have been restated. In detail, €41.2 million for 2017 and €23.7 million for 2016, previously recognised in net provisions, have been recognised as fee expenses. The restatement does not entail any changes in the balances of 'profit before taxation' and 'net profit'.

3) BANCA GENERALI GROUP – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2017 (€M)

(€ millions)

Assets	Dec 31, 2016	Dec 31, 2017	Change	% Change
Financial assets held for trading	38.6	49.8	11.3	29.2%
Financial assets available for sale	4,409.3	4,612.7	203.4	4.6%
Financial assets held to maturity	731.4	979.8	248.4	34.0%
Loans to banks	894.0	880.9	-13.1	-1.5%
Loans to customers	1,881.9	1,970.4	88.4	4.7%
Equity investments	2.0	1.8	-0.2	-8.5%
Property equipment and intangible assets	97.8	98.4	0.6	0.6%
Tax receivables	44.5	45.7	1.2	2.7%
Other assets	257.2	351.4	94.2	36.6%
Total Assets	8,356.7	8,991.0	634.3	7.6%
Liabilities and Shareholders' Equity	Dec 31, 2016	Dec 31, 2017	Change	% Change
Due to banks	802.7	682.5	-120.2	-15.0%
Direct inflows	6,648.2	7,197.2	549.0	8.3%
Financial liabilities held for trading	1.2	0.2	-1.0	-82.4%
Tax payables	17.1	35.6	18.4	107.8%
Other liabilities	118.9	185.2	66.4	55.8%
Special purpose provisions	122.2	154.2	32.0	26.2%
Valuation reserves	9.0	21.6	12.7	141.1%
Reserves	314.4	348.5	34.2	10.9%
Additional paid-in capital	53.8	58.2	4.4	8.2%
Share capital	116.4	116.9	0.4	0.4%
Treasury shares (-)	-2.9	-13.3	-10.3	352.5%
Net income (loss) for the period (+/-)	155.9	204.1	48.2	30.9%
Total Liabilities and Shareholders' Equity	8,356.7	8,991.0	634.3	7.6%

**4) BANCA GENERALI GROUP – RECLASSIFIED FINANCIAL STATEMENT AT
31 DECEMBER 2017 (€M)**

(milioni di euro)	31.12.2016	31.12.2017
Liquidità generata dalla gestione reddituale	165,6	226,5
Liquidità generata/assorbita (-) da attività e passività finanziarie di Trading e AFS	-1.501,9	-206,1
Liquidità generata/assorbita (-) da crediti vs banche	6,2	-8,6
Liquidità generata/assorbita (-) da crediti vs clientela	38,7	-72,7
Liquidità generata/assorbita (-) da debiti vs banche	470,2	-124,0
Liquidità generata/assorbita (-) da debiti vs clientela	1.798,7	529,1
Liquidità generata/assorbita (-) da altre attività e passività operative	-41,5	26,7
Liquidità generata/assorbita (-) dall'attività operativa	936,0	371,1
Liquidità generata/assorbita (-) dall'attività di investimento	-318,6	-259,0
Liquidità generata/assorbita (-) dall'attività di provvista	-137,1	-132,0
Liquidità netta generata/assorbita (-)	480,3	-19,9
Cassa e disponibilità liquide	583,4	563,5

5) BANCA GENERALI SPA - PARENT PROFIT & LOSS STATEMENT AT 31 DECEMBER 2017

(€ mil.)	12M 16	12M 17	% Chg
Net Interest Income	58.7	61.5	4.8%
Gross fees	412.6	500.3	21.2%
Fee expenses	-292.0	-357.7	22.5%
Net Fees	120.6	142.6	18.2%
Net income (loss) from trading activities	32.8	15.3	-53.2%
Dividends	132.4	204.5	54.4%
Net income (loss) from trading activities and Dividends	165.2	219.9	33.1%
Net Banking Income	344.5	423.9	23.1%
Staff expenses	-74.5	-78.6	5.5%
Other general and administrative expense	-136.5	-145.9	6.9%
Depreciation and amortisation	-5.9	-8.1	37.5%
Other net operating income (expense)	43.3	53.7	23.9%
Net Operating Expenses	-173.6	-178.9	3.1%
Operating Profit	170.9	245.0	43.3%
Net adjustments for impair.loans and other assets	-0.9	-5.4	n.m.
Net provisions for liabilities and contingencies	-11.0	-17.5	58.2%
Gain (loss) from disposal of equity investments	0.0	0.0	-170.5%
Profit Before Taxation	159.0	222.1	39.7%
Direct income taxes	-14.2	-15.7	10.1%
Net Profit	144.8	206.4	42.6%
Cost/Income Ratio	48.7%	40.3%	-8.4 p.p.
EBITDA	176.8	253.1	43.1%
Tax rate	9.0%	7.1%	-1.9 p.p.

6) BANCA GENERALI SPA – RECLASSIFIED PARENT BALANCE SHEET AT 31 DECEMBER 2017 (€M)

(€ millions)

Assets	Dec 31, 2016	Dec 31, 2017	Change	% Change
Financial assets held for trading	38.6	49.8	11.3	29.2%
Financial assets available for sale	4,409.3	4,612.7	203.4	4.6%
Financial assets held to maturity	731.4	979.8	248.4	34.0%
Loans to banks	887.3	860.5	-26.8	-3.0%
Loans to customers	1,843.2	1,923.5	80.2	4.4%
Equity investments	16.2	16.2	0.0	0.0%
Property equipment and intangible assets	93.4	94.0	0.6	0.6%
Tax receivables	44.0	45.4	1.3	3.1%
Other assets	248.4	348.8	100.4	40.4%
Total Assets	8,311.9	8,930.7	618.8	7.4%

Liabilities and Shareholders' Equity	Dec 31, 2016	Dec 31, 2017	Change	% Change
Due to banks	802.7	682.5	-120.2	-15.0%
Direct inflows	6,738.7	7,276.4	537.7	8.0%
Financial liabilities held for trading	1.2	0.2	-1.0	-82.4%
Tax payables	9.3	22.3	13.0	139.0%
Other liabilities	116.4	182.1	65.8	56.5%
Special purpose provisions	121.4	153.1	31.7	26.1%
Valuation reserves	9.2	21.8	12.7	138.5%
Reserves	201.0	224.0	22.9	11.4%
Additional paid-in capital	53.8	58.2	4.4	8.2%
Share capital	116.4	116.9	0.4	0.4%
Treasury shares (-)	-2.9	-13.3	-10.3	352.5%
Net income (loss) for the period (+/-)	144.8	206.4	61.7	42.6%
Total Liabilities and Shareholders' Equity	8,311.9	8,930.7	618.8	7.4%



7) BANCA GENERALI SPA – RECLASSIFIED PARENT FINANCIAL STATEMENT AT 31 DECEMBER 2017 (€M)

(€ millions)	31.12.2016	31.12.2017
Net liquidity generated by operations	25.6	17.0
Liquidity generated by/used (-) for financial assets and liabilities of Trading and AFS	-1,500.9	-206.1
Liquidity generated by/used (-) for loans to banks	-34.6	4.4
Liquidity generated by/used (-) for loans to customers	36.1	-68.7
Liquidity generated by/used (-) for due to banks	470.2	-119.2
Liquidity generated by/used (-) for due to customers	1,845.0	521.0
Liquidity generated by/used (-) for other operating assets/liabilities	-35.9	20.8
Net liquidity generated by/used (-) for operating activities	805.5	169.2
Net liquidity generated by/used (-) for investing activities	-188.1	-57.2
Net liquidity generated by/used (-) for funding activities	-137.1	-131.9
Net liquidity generated by/used for in the year (-)	480.2	-19.9
Cash and cash equivalents	583.4	563.5