

PRESS RELEASE

Annual results

DRAFT PARENT AND CONSOLIDATED FINANCIAL STATEMENTS FOR 2016 APPROVED

- Preliminary consolidated results approved on 10 February 2017 confirmed
- Consolidated net profit at €155.9 million
- Management fees at €492.3 million
- Tier 1 ratio at 16.7%
- Total Capital ratio at 18.4%

PROPOSED DIVIDEND: 107 EUROCENT PER SHARE

Milan, 10 March 2017 – The Board of Directors of Banca Generali, chaired by Giancarlo Fancel, approved the draft Parent and Consolidated Financial Statements for 2016. The preliminary results for the year had already been examined and disclosed on 10 February 2017. 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 to the public in accordance with the terms established by law.

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Banca Generali's results for 2016 showed a sharp assets growth and a tight cost discipline, although in a market context that proved significantly less favourable and more complex than the year before.

The **draft Financial Statements confirmed the preliminary consolidated net profit** for 2016 (€155.9 million) as already disclosed, with minor changes mainly due to the revision of staff expenses and trading-related items, which however had a neutral impact on the net result.

As mentioned above, **net banking income** was marked by a strong growth of management fees (€492.3 million; +7%) for the 20th consecutive quarter, making future results more predictable and sustainable. In contrast, performance fees declined compared to the extraordinarily favourable conditions of the previous year. Net interest income recorded a lower contribution from external

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components with just €0.9 million generated by LTRO/TLTRO compared to €3.1 million for the previous year and totalled €58.7 million (€66.2 million in 2015).

Operating expenses (€182.0 million; +3.7%) grew moderately, as already announced, despite the speed-up of the Bank's development projects and the company reorganisation. Overall, the ratio of costs — net of charges for bank rescues — to total assets further declined (0.37% compared to 0.40% for the previous year), thus confirming the tight cost discipline. The 43.7% cost/income ratio was again one of the best in the industry.

Banca Generali Group's **total balance sheet assets** at 31 December 2016 rose by 36.6% to €8,357 million, thanks to the acquisition of new customers. The contribution of the ECB's TLTRO amounted to €400 million.

At year-end 2016, **consolidated net equity** further increased to **€646.5 million** (compared to €636.8 million at year-end 2015). At the forthcoming Shareholders' Meeting, in light of the capital position the Board of Directors will propose a dividend payout of €1.07 per share, with an implied dividend yield of 4.5%, based on the closing price on 3 March.

The Bank's solidity is therefore even stronger than the previous year. On a phased-in basis, **CET 1 ratio** stood at 16.7% (+240 bps in the year) and **Total Capital ratio** at 18.4% (+250 bps in the year). With reference to regulatory requirements, excess capital on a phased-in basis amounted to €262 million (+23%), accounting for 57% of total Basel 3-compliant own funds.

Financial Statements of Banca Generali S.p.A.

Net profit of the Parent company amounted to **€144.8 million**, and — like the Group's result — included the €8.2 million charge for bank rescues.

Net banking income was €368.2 million compared to €417 million for the previous year. The result was attributable to the increase in fee income (€412.6 million; +3.2%), which partly offset the expected reduction in net interest income and lower dividends distributed by the Luxembourg-based subsidiary.

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Operating expenses (€173.6 million, +4.2%) were in line with the figures already announced, growing moderately compared to the sharp growth for the year of the network, the customers and managed assets and assets under administration, in addition to significant IT and digital investments.

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Dividends

The Board of Directors resolved to propose to the General Shareholders' Meeting to distribute a **dividend of 107 eurocents** per share on each of the 116,517,819 outstanding ordinary shares for a total payout of €124.7 million.

The dividend payment date will be 24 May, with ex-date 22 May and record date 23 May, pursuant to Article 83-*terdecies* of Consolidated Law on Finance.

General Shareholders' Meeting

The Board of Directors has also convened an Ordinary Shareholders' Meeting on Thursday 20 April 2017 (first call) to be held in Trieste, at Via Machiavelli 6 at 9:30 a.m. (CET) and Friday 21 April 2017 (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 2016, the remuneration policies (including the proposal to raise the ratio between the variable and fixed components of some company functions' remuneration to 2:1), a 2017 network loyalty plan and the authorization to buy back own shares aimed at implementing the remuneration policies, and the appointment of three directors.

The notice of calling of the Shareholders' Meeting will be published on the Company's website (www.bancagenerali.com) on 21 March 2017 and, on the same date, in the daily newspaper Milano Finanza.

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) and on Borsa Italiana Spa's website (www.borsaitaliana.it), as well as through the authorised storage mechanism www.emarketstorage.com.

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The Manager responsible for preparing the company's financial reports (Paolo Tamagnini) 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.

Paolo Tamagnini (Banca Generali CFO)

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Annexes:

- 1) Banca Generali – Consolidated Profit and Loss Statement at 31 December 2016
- 2) Banca Generali – Consolidated Profit and Loss Statement for the Fourth Quarter 2016
- 3) Banca Generali – Reclassified Consolidated Balance Sheet at 31 December 2016
- 4) Banca Generali – Reclassified Cash Flow Statement at 31 December 2016
- 5) Banca Generali S.p.A. – Profit and Loss Statement at 31 December 2016
- 6) Banca Generali S.p.A. – Reclassified Balance Sheet at 31 December 2016
- 7) Banca Generali S.p.A. – Reclassified Cash Flow Statement at 31 December 2016

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

(€ mil.)	12M 15	12M 16	% Chg
Net Interest Income	66.2	58.7	-11.4%
Gross fees	652.0	604.7	-7.3%
Fee expenses	-281.2	-295.7	5.1%
Net Fees	370.8	309.0	-16.7%
Net income (loss) from trading activities	25.8	32.8	27.0%
Dividends	3.1	2.0	-37.1%
Net income (loss) from trading activities and Dividends	28.9	34.7	20.1%
Net Banking Income	465.9	402.4	-13.6%
Staff expenses	-80.9	-80.5	-0.6%
Other general and administrative expense	-134.0	-140.1	4.6%
	-215.0	-220.6	2.6%
Depreciation and amortisation	-5.3	-5.9	11.9%
Other net operating income (expense)	44.7	44.5	-0.4%
Net Operating Expenses	-175.6	-182.0	3.7%
Operating Profit	290.3	220.4	-24.1%
Net adjustments for impair.loans and other assets	-6.5	-0.8	-88.0%
Net provisions for liabilities and contingencies	-45.6	-34.7	-23.8%
Profit Before Taxation	238.2	184.8	-22.4%
Direct income taxes	-34.7	-28.9	-16.6%
Net Profit	203.5	155.9	-23.4%
Cost/Income Ratio	36.5%	43.7%	7.2 p.p.
EBITDA	295.7	226.3	-23.4%
Tax rate	14.6%	15.7%	1.1 p.p.

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**2) BANCA GENERALI- CONSOLIDATED PROFIT AND LOSS STATEMENT FOR
THE FOURTH QUARTER 2016**

(€ mil.)	4Q 15	4Q 16	% Chg
Net Interest Income	14.9	14.4	-3.7%
Gross fees	160.6	158.3	-1.5%
Fee expenses	-79.2	-96.9	22.4%
Net Fees	81.4	61.3	-24.7%
Net income (loss) from trading activities	0.6	3.8	489.9%
Dividends	1.9	0.3	-84.6%
Net income (loss) from trading activities and Dividends	2.6	4.1	57.8%
Net Banking Income	99.0	79.8	-19.3%
Staff expenses	-21.2	-15.8	-25.5%
Other general and administrative expense	-39.7	-41.8	5.1%
	-60.9	-57.6	-5.5%
Depreciation and amortisation	-1.9	-2.4	25.1%
Other net operating income (expense)	10.0	16.6	66.0%
Net Operating Expenses	-52.9	-43.4	-17.9%
Operating Profit	46.1	36.4	-21.0%
Net adjustments for impair.loans and other assets	-0.7	0.0	-100.7%
Net provisions for liabilities and contingencies	-8.1	7.0	-185.7%
Profit Before Taxation	37.2	43.4	16.5%
Direct income taxes	0.2	-6.1	-3432.1%
Net Profit	37.4	37.3	-0.4%
Cost/Income Ratio	51.5%	51.4%	-0.1 p.p.
EBITDA	48.0	38.8	-19.1%
Tax rate	-0.5%	14.1%	14.6 p.p.

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3) BANCA GENERALI – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2016

(€ millions)

Assets	Dec 31, 2016	Dec 31, 2015	Change	% Change
Financial assets held for trading	38.6	28.0	10.6	37.7%
Financial assets available for sale	4,409.3	2,939.2	1,470.1	50.0%
Financial assets held to maturity	731.4	423.6	307.8	72.7%
Loans to banks	894.0	419.5	474.5	113.1%
Loans to customers	1,881.9	1,922.0	-40.1	-2.1%
Equity investments	2.0	2.2	-0.2	-7.6%
Property equipment and intangible assets	97.8	93.1	4.7	5.0%
Tax receivables	44.5	62.0	-17.5	-28.2%
Other assets	257.2	226.4	30.8	13.6%
Total Assets	8,356.7	6,116.0	2,240.7	36.6%

Liabilities and Shareholders' Equity	Dec 31, 2016	Dec 31, 2015	Change	% Change
Due to banks	802.7	334.0	468.8	140.4%
Direct inflows	6,648.2	4,839.6	1,808.6	37.4%
Financial liabilities held for trading	1.2	0.5	0.7	152.5%
Tax payables	17.1	22.6	-5.5	-24.2%
Other liabilities	118.9	163.2	-44.3	-27.2%
Special purpose provisions	122.2	119.4	2.7	2.3%
Valuation reserves	9.0	22.4	-13.4	-60.0%
Reserves	314.4	247.2	67.1	27.2%
Additional paid-in capital	53.8	50.1	3.7	7.5%
Share capital	116.4	116.1	0.3	0.3%
Treasury shares (-)	-2.9	-2.6	-0.4	14.8%
Net income (loss) for the period (+/-)	155.9	203.6	-47.7	-23.4%
Total Liabilities and Shareholders' Equity	8,356.7	6,116.0	2,240.7	36.6%

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**4) BANCA GENERALI – RECLASSIFIED CASH FLOW STATEMENT AT 31
DECEMBER 2016**

(€ millions)	31.12.2015	31.12.2016
Net liquidity generated by operations	173.8	165.6
Liquidity generated by/used (-) for financial assets and liabilities of Trading and AFS	-709.7	-1,501.9
Liquidity generated by/used (-) for loans to banks	-46.4	6.2
Liquidity generated by/used (-) for loans to customers	-98.4	38.7
Liquidity generated by/used (-) for due to banks	-693.3	470.2
Liquidity generated by/used (-) for due to customers	549.6	1,798.7
Liquidity generated by/used (-) for other operating assets/liabilities	-1.4	-41.5
Net liquidity generated by/used (-) for operating activities	-825.8	936.0
Net liquidity generated by/used (-) for investing activities	960.0	-318.6
Net liquidity generated by/used (-) for funding activities	-111.6	-137.1
Net liquidity generated by/used for in the year (-)	22.7	480.3
Cash and cash equivalents	103.1	583.4

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**5) BANCA GENERALI S.P.A. – PROFIT AND LOSS STATEMENT AT 31 DECEMBER
2016**

(€ mil.)	12M 15	12M 16	% Chg
Net Interest Income	66.2	58.7	-11.4%
Gross fees	399.7	412.6	3.2%
Fee expenses	-255.2	-268.3	5.2%
Net Fees	144.6	144.3	-0.2%
Net income (loss) from trading activities	25.8	32.8	27.0%
Dividends	180.5	132.4	-26.6%
Net income (loss) from trading activities and Dividends	206.3	165.2	-19.9%
Net Banking Income	417.0	368.2	-11.7%
Staff expenses	-74.9	-74.5	-0.5%
Other general and administrative expense	-130.3	-136.5	4.7%
	-205.2	-211.0	2.8%
Depreciation and amortisation	-5.3	-5.9	11.8%
Other net operating income (expense)	44.0	43.3	-1.4%
Net Operating Expenses	-166.5	-173.6	4.2%
Operating Profit	250.5	194.6	-22.3%
Net adjustments for impair.loans and other assets	-6.5	-0.9	-85.7%
Net provisions for liabilities and contingencies	-45.5	-34.7	-23.7%
Profit Before Taxation	198.6	159.0	-19.9%
Direct income taxes	-14.3	-14.2	-0.5%
Net Profit	184.3	144.8	-21.5%
Cost/Income Ratio	38.7%	45.5%	6,8 p.p.
EBITDA	255.8	200.5	-21.6%
Tax rate	7.2%	9.0%	1,8 p.p.

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**6) BANCA GENERALI S.P.A. – RECLASSIFIED BALANCE SHEET AT 31
DECEMBER 2016**

(€ millions)

Assets	Dec. 31, 2016	Dec. 31, 2015	Change	% Change
Financial assets held for trading	38.6	28.0	10.6	37.7%
Financial assets available for sale	4,409.3	2,939.2	1,470.1	50.0%
Financial assets held to maturity	731.4	423.6	307.8	72.7%
Loans to banks	887.3	374.8	512.5	136.8%
Loans to customers	1,843.2	1,871.6	-28.3	-1.5%
Equity investments	16.2	16.2	0.0	0.0%
Property equipment and intangible assets	93.4	88.7	4.7	5.3%
Tax receivables	44.0	61.7	-17.7	-28.6%
Other assets	248.4	222.5	25.9	11.7%
Total Assets	8,311.9	6,026.3	2,285.6	37.9%

Liabilities and Shareholders' Equity	Dec. 31, 2016	Dec. 31, 2015	Change	% Change
Due to banks	802.7	333.9	468.8	140.4%
Direct inflows	6,738.7	4,883.3	1,855.4	38.0%
Financial liabilities held for trading	1.2	0.5	0.7	152.5%
Tax payables	9.3	12.9	-3.5	-27.5%
Other liabilities	116.4	153.7	-37.3	-24.3%
Special purpose provisions	121.4	118.4	3.0	2.5%
Valuation reserves	9.2	22.5	-13.3	-59.3%
Reserves	201.0	153.2	47.8	31.2%
Additional paid-in capital	53.8	50.1	3.7	7.5%
Share capital	116.4	116.1	0.3	0.3%
Treasury shares (-)	-2.9	-2.6	-0.4	14.8%
Net income (loss) for the period (+/-)	144.8	184.3	-39.5	-21.5%
Total Liabilities and Shareholders' Equity	8,311.9	6,026.3	2,285.6	37.9%

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7) BANCA GENERALI S.P.A. – RECLASSIFIED CASH FLOW STATEMENT FOR 2016

(€ millions)	31.12.2015	31.12.2016
Net liquidity generated by operations	-24.7	25.6
Liquidity generated by/used (-) for financial assets and liabilities of Trading and AFS	-710.1	-1,500.9
Liquidity generated by/used (-) for loans to banks	-10.9	-34.6
Liquidity generated by/used (-) for loans to customers	-97.8	36.1
Liquidity generated by/used (-) for due to banks	-693.3	470.2
Liquidity generated by/used (-) for due to customers	528.4	1,845.0
Liquidity generated by/used (-) for other operating assets/liabilities	5.1	-35.9
Net liquidity generated by/used (-) for operating activities	-1,003.2	805.5
Net liquidity generated by/used (-) for investing activities	1,137.4	-188.1
Net liquidity generated by/used (-) for funding activities	-111.6	-137.1
Net liquidity generated by/used for in the year (-)	22.7	480.2
Cash and cash equivalents	103.1	583.4

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