

Bit Market Services

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Testo del comunicato

Vedi allegato.

**PRESS
RELEASE****First-half results****Net profit at €67.3 million****Management fees at €237.1 million****Total AUM at €43.6 billion****Net inflows at €2.9 billion****Total Capital Ratio at 16.0%****Sustainability Report approved: Global Added Value (GAV) amounted to €661.5 million**

Milan, 26 July 2016 – The Board of Directors of Banca Generali, chaired by Giancarlo Fancel, has approved the consolidated results for the first half of 2016.

General Manager Gian Maria Mossa stated: " We are proud of our great work in supporting our customers and developing innovative instruments in the first half of the year which has been a rather challenging period. The new record figures of net inflows, total customers' assets and solidity confirm that the bank is widely perceived as a point of reference, with cutting-edge wealth and household protection solutions through tailor-made advisory for affluent and private customers. The focus on technology and the evolution of internal processes brought about by the recent reorganisation make us even faster and more competitive in facing the challenges of the second half of the year when, we are confident, we will reach new, important goals."

Consolidated P&L results at 30 June 2016

H1 2016 results were achieved in an uncertain context, which particularly worsened in June, following the historic vote in favour of Brexit. Like the previous quarter, the market context was more critical and complex compared to that of the same period of the previous year. However, the Bank succeeded in achieving its best ever net inflows results (+30% to €2.9 billion) and growth of customers' assets (+9% to €43.6 billion). The bank's **core business also improved, as shown by the 6% rise of management fees to a new record height of €237.1 million; this item reflects the business performance excluding the volatile trading components.**

As had previously happened in January and February, the renewed strong volatility in June further weakened the international macro-economic environment, heightening risk aversion and the ensuing downtrend in government bond yields, which reached new lows and in certain cases even turned negative. In this scenario, variables related to trading activities and performance fees fell by 65%. **Q2 net profit grew 29% (€37.9 million) compared to Q1**, but the impact of the

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decrease in variable components that had already characterised the first quarter of the year led to a H1 net profit of €67.3 million compared to €140.1 million in H1 2015.

With reference to other items of the financial statements: **net banking income** was €202.0 million (€296.2 million in H1 2015). The change was attributable to the different performance fee figure, the normalisation of trading and the end of the ECB's LTROs. Net of these variables, the result would show significantly strengthened core revenues, which went from 57% of last year to 78% in 2016. Particularly worthy of notice among recurring revenues, **management fees grew 6% to €237.1 million**, benefitting from the higher net inflows and better asset mix.

Net interest income amounted to €29.6 million compared to €35.9 million for the previous year, when it had been positively influenced by €3.1 million generated by the LTRO. **This item benefited from the sharp increase in volumes (€7.2 billion, +32% YOY)**, driven by the ongoing acquisition of new customers, which on the overall offset the downtrend in bond yields.

In H2, participation in the ECB's TLTRO II for an overall amount of €400 million will influence net interest income going forward. Lastly, with reference to proprietary investments, the bank continued to adopt a very prudent approach, with a prevalence of low maturity (4.1) and duration (2.0) for the bond component. Government bonds accounted for 85% of the total, with a cautious increase in corporate bonds for the remaining 15%.

Extraordinary items impacted **net operating expenses**, which rose by 9.5% to €89.7 million. The €2.0 million allocation to the Single Resolution Fund and the Interbank Deposit Protection Fund, in line with the Bank's contribution commitment for 2016, accounted for about 2% of the cost increase. Excluding this variable, administrative expenses rose slightly (+3%), despite the bank's significant IT investments aimed at improving solutions for its customers. By contrast, staff expenses rose (+12%) — though temporarily — due to the hiring of employed sales personnel (RMs) and higher variable remuneration (LTIP) arising on the bank's record results for 2015.

At 30 June 2016, Banca Generali Group's **total assets** grew by 24.6% to €7,620 million mainly thanks to the sharp increase of net inflows from retail customers for the period. The Bank's capital ratios further improved on the excellent figures reported at year-end 2015: **CET 1 ratio was 14.5%** (14.3% at year-end 2015) **and Total Capital ratio stood at 16.0%** (15.9% at year-end 2015) on a phased-in basis.

Net Inflows and Assets Under Management (AUM)

Net inflows for the first half of 2016 totalled €2,917 million, up 30% on top of the excellent result achieved in the same period of the previous year.

Overall, net inflows of managed and insurance products reached €1,702 million, accounting for 58% of the total. In a highly volatile scenario, the company further innovated its range of products, introducing cutting-edge solutions, with a choice of dedicated instruments both for affluent and private customers. In just a few months from its launch, the new BG Solution gathered net inflows of €423 million, in addition to €558 million of the effective BG Stile Libero "wrappers" of insurance products, which totalled €5.3 billion net inflows (+22% YTD, +41% YOY) since inception in March 2014.



Net inflows from assets under administration in current accounts and securities accounts rose sharply (€1.2 billion compared to €206 million of the previous year), thanks to the intense acquisition of new customers, who are increasingly appreciating the quality and diversification of the products, the value of the service and the strong solidity of the bank, as confirmed by the quality of its assets.

Managed assets and assets under administration at 30 June 2016 increased by 9% YOY reaching **€43.6 billion (up 5% YTD)**. The figure stands out in the Italian scenario, in light of the difficult market conditions, thus confirming the bank's prudent and attentive approach in customer portfolio management. The ratio of managed products to total assets was 76%, with €33.0 billion at the end of June.

2015 Sustainability Report

The Board of Directors also approved the 2015 Sustainability Report, which has reached its seventh edition. This confirms the bank's longstanding development process and attention to sustainability and environmental issues.

In 2015, the Sustainability Report was prepared taking into account several important themes that will be at the basis of the Bank's strategy. These themes were identified based on the 17 UN Sustainable Development Goals. This further highlights the attention the bank has always paid to sustainable and responsible behaviour towards the community and the environment. The significant growth of Global Added Value (**GAV**) to **€661.5 million (+18.6% in the year)** is the result of the Bank's commitment to creating sustainable and widespread wellbeing for its stakeholders.

The company has always paid great attention to all of its employees. It has worked to favour their professional growth and training in a work environment that rather than being impacted by the occupational tensions that have hit the traditional banking sector, has succeeded in creating new jobs (**+3.6% employees in 2015**). The commitment towards the community continues to be crucial, with events throughout Italy aimed at spreading the sport culture, enhancing artistic heritage and, last but not least, supporting several non-profit organisations that help the weakest members of our society.

Lastly, the company shares the strong environmental commitment of the Generali Group, as highlighted upon the 21st Conference of the Parties (COP) on Climate Change in Paris. In detail, several long-standing initiatives aimed at actively controlling the environmental impacts of the bank's activities have led to a **reduction in green-house gas emissions (-9.74% from 2013), electrical power consumption (-4.91% from 2013) and paper consumption (-18.4% from 2013)**.

Standard Ethics, the independent sustainability rating company that assesses corporate ethical and transparency levels, assigned 'EE-' Rating to Banca Generali, as a component of the Standard Ethics Italian Banks Index. The positive rating stems from the Bank's implementation of sustainability policies in its strategies. Standard Ethics also mentioned the governance system, which stands out in the industry as the majority of members of the Board of Directors is



independent and its composition is in line with gender equality as recommended by the EU and OECD, even exceeding competitors in this regard, as four out of nine directors are women.

Business Outlook

Geo-political unknowns, the uncertainties triggered by the Brexit referendum as well as the volatility generated by the monetary policies and the US elections next autumn are leading investors to adopt a cautious approach. The scenario is challenging also in light of growth trend revisions by several international bodies, decreasing government bond yields and the highs reached by some stocks. Against this background, the bank has confirmed with its figures that it is outperforming the market growth, by acquiring an increasing number of new customers. Volatility forecasts for the coming months are heightening the need for a "professional" support in wealth management, especially in the private segment targeted by Banca Generali. The Bank is indeed increasingly becoming a point of reference as the first true private bank listed in Italy in terms of value of the service and innovation. The net inflows growth rate is exceeding initial year-start forecasts and is solidly based also for the coming months, thanks to the success of the new products and the tools developed for the bank's professionals.

Presentation to the Financial Community

A **conference call** for the financial community will be held today, at **2:00 p.m. CET**, to analyze the results for the first half of 2016.

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 Group – Consolidated Profit and Loss Statement at 30 June 2016
2. Banca Generali Group - Consolidated Profit and Loss Statement for the Second Quarter of 2016
3. Banca Generali Group – Reclassified Consolidated Balance Sheet at 30 June 2016
4. Total AUM at 30 June 2016

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The Manager responsible for preparing the company's financial reports (Stefano Grassi) 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.

Stefano Grassi (CFO of Banca Generali)

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**1) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT
AT 30 JUNE 2016**

(€ mil.)	6M 15	6M 16	% Chg
Net Interest Income	35.9	29.6	-17.6%
Gross fees	363.1	284.5	-21.7%
Fee expenses	-129.1	-131.7	2.0%
Net Fees	234.0	152.8	-34.7%
Net income (loss) from trading activities	25.1	18.1	-28.0%
Dividends	1.1	1.5	30.0%
Net income (loss) from trading activities and Dividends	26.3	19.6	-25.5%
Net Banking Income	296.2	202.0	-31.8%
Staff expenses	-38.9	-43.4	11.6%
Other general and administrative expense	-63.2	-64.0	1.2%
	-102.1	-107.4	5.2%
Depreciation and amortisation	-2.2	-2.3	3.9%
Other net operating income (expense)	22.5	20.1	-10.9%
Net Operating Expenses	-81.9	-89.7	9.5%
Operating Profit	214.3	112.3	-47.6%
Net adjustments for impair.loans and other assets	-3.3	-1.6	-51.0%
Net provisions for liabilities and contingencies	-41.7	-28.5	-31.8%
Profit Before Taxation	169.2	82.1	-51.5%
Direct income taxes	-29.1	-14.8	-49.1%
Net Profit	140.1	67.3	-52.0%
Cost/Income Ratio	26.9%	43.3%	16.4 p.p.
EBITDA	216.5	114.6	-47.1%
Tax rate	17.2%	18.1%	0.9 p.p.



2) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE SECOND QUARTER OF 2016

(€ mil.)	2Q 15	2Q 16	% Chg
Net Interest Income	17.1	14.4	-15.5%
Gross fees	163.2	156.7	-4.0%
Fee expenses	-66.2	-69.1	4.3%
Net Fees	97.0	87.6	-9.7%
Net income (loss) from trading activities	0.6	3.7	n.m.
Dividends	1.1	1.4	28.0%
Net income (loss) from trading activities and Dividends	1.7	5.1	n.m.
Net Banking Income	115.7	107.1	-7.4%
Staff expenses	-19.3	-23.0	18.7%
Other general and administrative expense	-31.7	-31.6	-0.2%
	-51.0	-54.6	6.9%
Depreciation and amortisation	-1.1	-1.2	3.9%
Other net operating income (expense)	11.7	9.4	-20.3%
Net Operating Expenses	-40.4	-46.4	14.8%
Operating Profit	75.3	60.7	-19.4%
Net adjustments for impair.loans and other assets	0.0	-0.4	n.m.
Net provisions for liabilities and contingencies	-20.2	-17.0	-15.5%
Profit Before Taxation	55.1	43.2	-21.6%
Direct income taxes	-8.1	-5.3	-34.4%
Net Profit	47.0	37.9	-19.4%
Cost/Income Ratio	34.0%	42.2%	8.2 p.p.
EBITDA	76.4	61.9	-19.0%
Tax rate	14.7%	12.3%	-2.4 p.p.

3) BANCA GENERALI – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 30 JUNE 2016 (€ MILLION)

Assets	June 30, 2016	Dec 31, 2014	Change	% Change
Financial assets held for trading	31.9	28.0	3.9	14.0%
Financial assets available for sale	4,010.4	2,939.2	1,071.1	36.4%
Financial assets held to maturity	515.1	423.6	91.5	21.6%
Loans to banks	766.9	419.5	347.4	82.8%
Loans to customers	1,916.6	1,922.0	-5.4	-0.3%
Equity investments	2.0	2.2	-0.1	-5.9%
Property equipment and intangible assets	91.7	93.1	-1.5	-1.6%
Tax receivables	55.1	62.0	-6.9	-11.2%
Other assets	230.8	226.4	4.4	1.9%
Total Assets	7,620.3	6,116.0	1,504.3	24.6%

Liabilities and Shareholders' Equity	June 30, 2016	Dec 31, 2014	Change	% Change
Due to banks	942.7	334.0	608.8	182.3%
Direct inflows	5,720.4	4,839.6	880.8	18.2%
Financial liabilities held for trading	2.8	0.5	2.4	510.4%
Tax payables	19.2	22.6	-3.4	-15.1%
Other liabilities	242.5	163.2	79.3	48.6%
Special purpose provisions	136.8	119.4	17.4	14.6%
Valuation reserves	12.4	22.4	-10.0	-44.8%
Reserves	312.4	247.2	65.2	26.4%
Additional paid-in capital	50.7	50.1	0.6	1.3%
Share capital	116.1	116.1	0.0	0.0%
Treasury shares (-)	-2.9	-2.6	-0.4	14.8%
Net income (loss) for the period (+/-)	67.3	203.6	-136.2	-66.9%
Total Liabilities and Shareholders' Equity	7,620.3	6,116.0	1,504.3	24.6%



4) TOTAL AUM AT 30 JUNE 2016

<i>Billion of Euros</i>	<u>June 2016</u>	<u>March 2016</u>	<u>Abs. Chg</u>
Mutual Funds	10.39	10.50	-0.10
Portfolio Management	3.82	3.60	0.22
Managed Assets	14.21	14.10	0.12
Life Insurance	18.81	18.15	0.66
<i>of which BG STILE LIBERO</i>	<i>4.78</i>	<i>4.52</i>	<i>0.26</i>
Non Managed Assets	10.57	10.25	0.32
<i>of which: Securities</i>	<i>6.04</i>	<i>6.09</i>	<i>-0.04</i>
Total	43.59	42.49	1.10

Fine Comunicato n.0856-60

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