

# Bit Market Services

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Regolamentata  
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*Testo del comunicato*

Vedi allegato.

**PRESS  
RELEASE**

**3Q net profit: +97% to €51.3 million  
(9M net profit at €118.6 million)**

**Management fees at €362.3 million (+6%)**

**Total assets at €45.3 billion (+15%)**

**Net inflows for October at €400 million  
(€4.5 billion YTD, +31%)**

**Total Capital ratio rises to 16.9%**

Milan, 8 November 2016 – The Board of Directors of Banca Generali, chaired by Giancarlo Fancel, approved the consolidated results for the first nine months of 2016.

General Manager Gian Maria Mossa stated: *“We are very satisfied with these results that perfectly highlight not only the commercial strength and the solidity of the bank — as shown by the further strengthening of its capital ratios and the growth of recurring items — but also the validity of its innovative path that sets us apart as a real private bank. In a context of market uncertainty and after the significant reorganisation carried out by the bank during the summer, we have recorded the second best ever quarter and new record-high net inflows, and we boosted the exclusive services linked to the protection of our customers' assets. Despite future unknowns regarding the forthcoming political events, we are looking towards the challenges and objectives for the coming months with great confidence.”*

**Consolidated P&L results at 30 September 2016****CONTACTS:**

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During the first nine months of 2016, the Bank's growth accelerated despite the difficulties related to the complex and volatile market context.

The bank reported the strongest 9M business expansion: net inflows totalled €4,087 million (+36%), significantly outperforming the industry's average (-3%), whereas managed assets and assets under administration recorded a new all-time high at €45.3 billion (+9% YTD and +15% YOY).

October net inflows (€400 million) confirmed high demand levels, reaching nearly €4.5 billion YTD.

**Net profit** for 3Q nearly doubled compared to the same period of the previous year, recording **the Bank's second best ever result**. In the period from July to September, net profit **rose by 97% to €51.3 million**, which when added to the previously released H1 net profit, brings the 9-month total to €118.6 million (€166.1 million in the previous year).



The increase in total assets to €45.3 billion (+15%) boosted the growth of recurring fees, which bear witness to the solidity and sustainability of the business, and of overall revenues. At the same time, the persistent volatility and uncertainty of the financial markets continue to exert pressure on the variable components (performance fees: -47%), which in the previous year had benefited from a diametrically opposed scenario, particularly favourable above all in the first few months of the year.

With reference to other items of the financial statements: **net banking income** was €322.6 million (€366.9 million for the previous year). The change was attributable to the different performance fee figure, net of which the item amounted to €270 million, up 1.2%. **The growth of management fees (€362.3 million, +6%) was particularly worthy of note among recurring revenues** and benefitted from higher total assets and stable margins.

**Net interest income** amounted to €44.3 million compared to €51.3 million for the previous year, when it had been positively influenced by the residual €3.1 million generated by the LTRO. This item benefited from the significant increase in **banking assets (€6.9 billion, +31% YOY)**, which offset the downtrend in bond yields. The bank continued to adopt a prudent approach in its investment portfolio, with a prevalence of low maturity (4.3) and duration (1.9). Government bonds accounted for 87%, with the variable component accounting for 60% of the total.

**Net operating expenses** (€138.6 million, +13%) include extraordinary items amounting to €9.3 million, of which €4.2 million referring to the allocation to the Single Resolution Fund (BRRD) and the Interbank Deposit Protection Fund (FITD). Extraordinary items also included €3.6 million due to the hiring of a group of high-profile private bankers and expenses linked to the recent reorganization and to other non-core activities. Excluding these extraordinary items, operating expenses rose 5.3%, significantly lower than business expansion. Year-end growth is forecast in the range of 3-4%, in line with the long-term guidance.

At 30 September 2016, Banca Generali Group's **total assets** grew by 21.3% to €7,418 million thanks to the increase of net inflows from retail customers for the period. **The Bank's capital ratios further strengthened** on the excellent figures reported at year-end 2015: CET 1 ratio was 15.3% (14.3% at year-end 2015) **and Total Capital ratio stood at 16.9%** (15.9% at year-end 2015) on a phased-in basis.

### **Consolidated P&L results for 3Q 2016**

3Q 2016 showed a growth of 97.3% to **€51.3 million**, marking the best result of the past 6 quarters and the second best ever.

This result was mostly based on the strong expansion of the Bank's managed assets and assets under administration, a cautious approach to risk through managed and insurance solutions, and virtually stable margins. These factors resulted in a further increase in recurring revenue items, such as **management fees (€125.2 million, +7% YOY and +4% compared to the previous quarter)**. Net banking income also benefitted from partly more favourable financial market conditions compared to the first half of the year.

### **Net Inflows and Assets Under Management (AUM)**

Net inflows for the first nine months of 2016 totalled €4,087 million, up 36%, thus clearly outperforming the industry trend (Assoreti), which declined 3% in the period compared to the previous year.

The innovative drive of the Bank's products proved rewarding in the wake of the strong risk aversion which had characterized the early months of the year. In the nine months, the new financial wrapper BG Solution and the insurance wrapper BG Stile Libero totalled €856 million and €864 million net inflows, respectively.

The positive trend continued in October, when net inflows amounted to €400 million, 90% of which gathered by managed products. The growth of the new financial wrappers further accelerated compared to the average recorded in the previous months, bringing total net inflows of the two solutions to **€2.0 billion (€1,005 million for BG Solutions and €995 million for BG Stile Libero)**.

**Overall, net inflows at the end of October were €4,487 billion (+31%), a figure close to the FY2015 total (€4.6 billion).**

**Managed assets and assets under administration** at 30 September 2016 rose by 15% YOY reaching **€45.3 billion (up 9% 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 remained at 76%, with €34.6 billion (+15% YOY)

### **Business Outlook**

Volatility is again taking center stage after a summer in which there was no shortage of uncertainty as a result of the Brexit vote, and where speculations concerning the state of health of the European banking system came in addition to pressures on central banks, whose actions became the focal point of international political debate. The imminent elections in several countries represent an unknown variable that investors are considering very carefully. Likewise, expectations of further rate changes by the Federal Reserve and projections of inflation if energy prices recover are causing bond market turmoil. In this scenario, Banca Generali is in a highly competitive position, poised to best seize the opportunities offered by the demand for trusted advisors with proven track records. Its new wrapper solutions combine careful risk control with tailor-made strategies, resulting in more effective portfolios. The ongoing development of its advisory model features new tools and technologies capable of best leveraging the contributions of its financial advisors to protect customers' overall wealth. In a context of economic uncertainty and growing households' attention to safeguarding their assets, the bank stands at the forefront with its exhaustive range of distinctive solutions aimed at meeting this need. Efficient management and a flexible business model ensure that the bank is readier than ever to rise to the challenges posed by the changing regulatory environment and to seize non-organic growth opportunities. The outlook remains highly promising from both a commercial and operational standpoint, thanks to the innovative new solutions.



### **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 nine months 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 September 2016
2. Banca Generali Group – Consolidated P&L Statement for the Third Quarter of 2016
3. Banca Generali Group – Consolidated Balance Sheet at 30 September 2016
4. Total AUM at 30 September 2016
5. Total Net Inflows – October 2016

\* \* \*

*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 (CFO of Banca Generali)*

\* \* \*

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

(€ mil.)	9M 15	9M 16	% Chg
<b>Net Interest Income</b>	<b>51.3</b>	<b>44.3</b>	<b>-13.7%</b>
Gross fees	491.3	446.4	-9.1%
Fee expenses	-202.0	-198.7	-1.6%
<b>Net Fees</b>	<b>289.3</b>	<b>247.7</b>	<b>-14.4%</b>
Net income (loss) from trading activities	25.1	29.0	15.2%
Dividends	1.2	1.6	41.7%
<b>Net income (loss) from trading activities and Dividends</b>	<b>26.3</b>	<b>30.6</b>	<b>16.4%</b>
<b>Net Banking Income</b>	<b>366.9</b>	<b>322.6</b>	<b>-12.1%</b>
Staff expenses	-59.7	-64.7	8.2%
Other general and administrative expense	-94.3	-98.4	4.3%
	<b>-154.0</b>	<b>-163.0</b>	<b>5.8%</b>
Depreciation and amortisation	-3.4	-3.5	4.4%
Other net operating income (expense)	34.7	28.0	-19.5%
<b>Net Operating Expenses</b>	<b>-122.7</b>	<b>-138.6</b>	<b>13.0%</b>
<b>Operating Profit</b>	<b>244.3</b>	<b>184.0</b>	<b>-24.7%</b>
Net adjustments for impair.loans and other assets	-5.8	-0.8	-86.5%
Net provisions for liabilities and contingencies	-37.4	-41.7	11.4%
<b>Profit Before Taxation</b>	<b>201.0</b>	<b>141.4</b>	<b>-29.6%</b>
Direct income taxes	-34.9	-22.8	-34.5%
<b>Net Profit</b>	<b>166.1</b>	<b>118.6</b>	<b>-28.6%</b>
<b>Cost/Income Ratio</b>	<b>32.5%</b>	<b>41.9%</b>	<b>9.4 p.p.</b>
<b>EBITDA</b>	<b>247.6</b>	<b>187.5</b>	<b>-24.3%</b>
<b>Tax rate</b>	<b>17.3%</b>	<b>16.2%</b>	<b>-1.1 p.p.</b>

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

(€ mil.)	3Q 15	3Q 16	% Chg
<b>Net Interest Income</b>	<b>15.4</b>	<b>14.7</b>	<b>-4.5%</b>
Gross fees	128.2	161.9	26.3%
Fee expenses	-72.9	-67.1	-8.0%
<b>Net Fees</b>	<b>55.3</b>	<b>94.8</b>	<b>71.4%</b>
Net income (loss) from trading activities	0.0	10.9	<i>n.s.</i>
Dividends	0.0	0.2	452.4%
Net income (loss) from trading activities and Dividends	<b>0.0</b>	<b>11.1</b>	<i>n.s.</i>
<b>Net Banking Income</b>	<b>70.8</b>	<b>120.6</b>	<b>70.4%</b>
Staff expenses	-20.8	-21.2	1.9%
Other general and administrative expense	-31.1	-34.4	10.6%
	<b>-51.9</b>	<b>-55.6</b>	<b>7.2%</b>
Depreciation and amortisation	-1.2	-1.2	5.3%
Other net operating income (expense)	12.2	7.9	-35.3%
<b>Net Operating Expenses</b>	<b>-40.8</b>	<b>-48.9</b>	<b>19.8%</b>
<b>Operating Profit</b>	<b>29.9</b>	<b>71.7</b>	<b>139.4%</b>
Net adjustments for impair.loans and other assets	-2.5	0.8	-134.1%
Net provisions for liabilities and contingencies	4.3	-13.3	-409.3%
<b>Profit Before Taxation</b>	<b>31.7</b>	<b>59.3</b>	<b>86.8%</b>
Direct income taxes	-5.7	-8.0	39.4%
<b>Net Profit</b>	<b>26.0</b>	<b>51.3</b>	<b>97.3%</b>
<b>Cost/Income Ratio</b>	<b>56.0%</b>	<b>39.5%</b>	<b>-16.5 p.p.</b>
<b>EBITDA</b>	<b>31.1</b>	<b>72.9</b>	<b>134.4%</b>
<b>Tax rate</b>	<b>18.1%</b>	<b>13.5%</b>	<b>-4.6 p.p.</b>

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

Assets	Sept 30, 2016	Dec 31, 2014	Change	% Change
Financial assets held for trading	36.2	28.0	8.2	29.2%
Financial assets available for sale	4,132.5	2,939.2	1,193.3	40.6%
Financial assets held to maturity	533.1	423.6	109.5	25.9%
Loans to banks	422.3	419.5	2.8	0.7%
Loans to customers	1,914.1	1,922.0	-7.9	-0.4%
Equity investments	2.0	2.2	-0.1	-6.0%
Property equipment and intangible assets	91.3	93.1	-1.8	-2.0%
Tax receivables	52.5	62.0	-9.5	-15.3%
Other assets	233.8	226.4	7.4	3.3%
<b>Total Assets</b>	<b>7,417.8</b>	<b>6,116.0</b>	<b>1,301.8</b>	<b>21.3%</b>

Liabilities and Shareholders' Equity	Sept 30, 2016	Dec 31, 2014	Change	% Change
Due to banks	999.5	334.0	665.5	199.3%
Direct inflows	5,510.3	4,839.6	670.6	13.9%
Financial liabilities held for trading	2.3	0.5	1.8	389.2%
Tax payables	22.0	22.6	-0.6	-2.6%
Other liabilities	122.0	163.2	-41.2	-25.3%
Special purpose provisions	143.4	119.4	24.0	20.1%
Valuation reserves	19.7	22.4	-2.7	-12.0%
Reserves	314.2	247.2	67.0	27.1%
Additional paid-in capital	52.6	50.1	2.5	5.0%
Share capital	116.3	116.1	0.2	0.2%
Treasury shares (-)	-2.9	-2.6	-0.4	14.8%
Net income (loss) for the period (+/-)	118.6	203.6	-84.9	-41.7%
<b>Total Liabilities and Shareholders' Equity</b>	<b>7,417.8</b>	<b>6,116.0</b>	<b>1,301.8</b>	<b>21.3%</b>





#### 4) TOTAL AUM AT 30 SEPTEMBER 2016

<i>Billion of Euros</i>	<u>Sept 2016</u>	<u>June 2016</u>	<u>Abs. Chg</u>
Mutual Funds	10.83	10.39	0.44
Portfolio Management	4.23	3.82	0.41
<b>Managed Assets</b>	<b>15.06</b>	<b>14.21</b>	<b>0.85</b>
<b>Life Insurance</b>	<b>19.49</b>	<b>18.81</b>	<b>0.68</b>
<i>of which BG STILE LIBERO</i>	<i>5.16</i>	<i>4.78</i>	<i>0.38</i>
<b>Non Managed Assets</b>	<b>10.77</b>	<b>10.57</b>	<b>0.20</b>
<i>of which: Securities</i>	<i>6.12</i>	<i>6.04</i>	<i>0.08</i>
<b>Total</b>	<b>45.32</b>	<b>43.59</b>	<b>1.73</b>



## 5) TOTAL NET INFLOWS – OCTOBER 2016

<i>Million of Euros</i>	<b>Oct 2016</b>	<b>Sep 2016</b>	<b>Abs. Chg</b>
Mutual Funds	18	-22	40
Managed Portfolio	117	94	23
<b>Mutual Funds and Managed Portfolio</b>	<b>135</b>	<b>72</b>	<b>63</b>
Life Insurance	233	174	59
<i>of which BG STILE LIBERO</i>	131	102	29
<b>Managed Assets</b>	<b>368</b>	<b>246</b>	<b>122</b>
<b>Non Managed Assets</b>	<b>32</b>	<b>13</b>	<b>19</b>
<i>of which: Securities</i>	-71	-28	-43
<b>Total</b>	<b>400</b>	<b>259</b>	<b>141</b>
	<b>Jan-Oct 2016</b>	<b>Jan-Oct 2015</b>	<b>Abs. Chg</b>
Mutual Funds	51	791	-740
Managed Portfolio	761	-170	931
<b>Mutual Funds and Managed Portfolio</b>	<b>812</b>	<b>621</b>	<b>191</b>
Life Insurance	2,362	2,346	16
<i>of which BG STILE LIBERO</i>	995	1,970	-975
<b>Managed Assets</b>	<b>3,174</b>	<b>2,967</b>	<b>207</b>
<b>Non Managed Assets</b>	<b>1,313</b>	<b>464</b>	<b>849</b>
<i>of which: Securities</i>	145	-306	451
<b>Total</b>	<b>4,487</b>	<b>3,431</b>	<b>1,056</b>
<b>Life New Business</b>			
	<b>Oct 2016</b>	<b>Sep 2016</b>	<b>Abs. Chg</b>
Life New Business	318	226	92
	<b>Jan-Oct 2016</b>	<b>Jan-Oct 2015</b>	<b>Abs. Chg</b>
Life New Business	3,207	3,345	-138

Fine Comunicato n.0856-78

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