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## 2016 results: Net income of €29.4 million

- Strong increase in real estate inflows
- First milestones for Odysée 2020
- Proposed dividend payment of €1.80 per share

### **Highlights:**

Despite a 10% drop in net income as the financial markets battled with sharp volatility, UFF has completed the first stages of its strategic plan launched in February 2016, Odysée 2020:

- **Greater distribution capacity** following the acquisition of independent wealth management advisors consortium, Infinitis, by its subsidiary CGP Entrepreneurs, making it the market leader with more than 300 affiliated independent financial advisors across France.
- **Transformation underway** with the launch of several projects to modernize support functions and the development of digital innovation to offer an exemplary customer experience that complies with all new regulatory requirements. A Chief Transformation Officer was appointed in September 2016 to oversee the different structurally-defining projects.
- **An enriched product offer** and targeted sales strategy leading to an increase of over 30% in transactions with High Net Worth clients from 2016.
- **Increased media coverage and visibility on social networks** following the publication of the book "Coach patrimonial" (Wealth Management Coach) by Editions du Cherche-Midi.

Several other projects are currently on the drawing board to drive Odysée 2020 and safeguard UFF earnings at a time of strong regulatory investment.

### **Business activity:**

Global inflow	2014	2015	2016	Change 2016/2015
- Employee network	1,304	1,501	1,500	0
- Independent advisors and partners network	56	65	80	0
<b>Total global inflow</b>	<b>1,360</b>	<b>1,566</b>	<b>1,580</b>	<b>0</b>

**A global inflow <sup>1</sup> of €1,580 million, up 1%** and reflecting the stark contrast between a very buoyant real estate market and sharp volatility on the financial products market.

- 2016 was another outstanding year in terms of inflows for UFF's **Employee network** thanks to the measures and efforts undertaken in the second half. Investment in securities (-21%) and, to a lesser

<sup>1</sup> Client payments on products marketed by UFF (Financial securities, Life insurance and Real estate) through its network of employees, independent advisors and partners.

extent, life insurance products (-6%) are the most affected by stock market fluctuations, whilst real estate investments continue to enjoy strong growth, both direct real estate investment (+14%) and new investments in REITs (+34%).

- **Independent advisor and partner networks** (excluding new acquisitions) continued to enjoy steady growth, which was particularly marked in 2016 (+23%) and was also underpinned by real estate investment. Whilst the Group's networks of independent advisors and partners currently account for a modest portion of inflows for UFF, this should increase substantially from 2017 with the integration of the Infinitis network.

### Financial results:

Financial results	2014	2015	2016	Change 2016/2015
<b>NBI (€ millions)</b>				
- Q1	45.1	50.5	47.5	-6%
- Q2	46.5	51.9	49.2	-5%
- Q3	47.6	54.6	49.8	-9%
- Q4	54.8	61.1	63.2	3%
<b>NBI (€ millions)</b>	<b>194.0</b>	<b>218.1</b>	<b>209.7</b>	<b>-4%</b>
- Commissions on investment inflows	84.5	95.6	99.7	4%
- Commissions on assets under management	108.5	121.6	110.3	-9%
<b>Operating income (€ millions)</b>	<b>34.3</b>	<b>49.6</b>	<b>39.2</b>	<b>-21%</b>
<b>Consolidated net income<sub>Group share</sub> (€ millions)</b>	<b>25.1</b>	<b>32.6</b>	<b>29.4</b>	<b>-10%</b>
<b>Assets under management - end of period (€ millions)</b>	<b>10.9</b>	<b>11.4</b>	<b>11.6</b>	<b>1%</b>

- **Net inflows<sup>2</sup> of €71 million** that were hit hard by substantial payouts as funds reach maturity (€96 million). Terminated funds excluded, net inflows amounted to €167 million, down 37% on 2015, primarily as a result of a 9% increase in redemptions.
- **Assets under management<sup>3</sup> at period end of €11.6 billion, up 1%** thanks to the recovery in the financial markets at the end of the year, enabling UFF to offset the impact of sharp price fluctuations which had a penalizing effect throughout the most part of the year.
- **A Net banking Income of €209.7 million, down 4%** despite an excellent fourth quarter. The 4% increase in commissions from investment inflows stems from the increase in commissions on direct property and REITs. Commissions on assets under management (-9%) were severely affected by adverse market conditions which benefited euro-denominated funds at the expense of unit-linked products which generate higher returns.
- **An operating profit of €39.2 million, down 21%.** Expenses were kept under control and the 2% increase is mainly due to the impact on commercial remuneration of strong sales in real estate products.
- **A net income of €29.4 million (-10%).** The cost of risk was virtually nil for the period and the share of earnings in 30%-held Primonial Reim jumped to €4.5 million (€2.7 million in 2015), boosted by strong demand for REITs.

<sup>2</sup> Client investments, net of client disinvestments, in assets under management over the period

<sup>3</sup> Client investments in financial securities or life insurance managed by the UFF Group.

### **Proposed dividend payment of €1.80 per share**

The Board of Directors, which met on 28 February 2017, has approved the Group's financial statements. In line with its commitment to continue improving shareholder returns, UFF intends to distribute the full amount of consolidated net income, and will be proposing a dividend of €1.80 per share at its Annual General Meeting of Shareholders on 18 May 2017. Based on the average share price for 2016, the proposed dividend represents a return of 7.5% on the year.

Subject to approval of the General Meeting, and in light of the distribution of an interim dividend of €0.60 on 3 November 2016, a final dividend for the year of €1.20 per share would be paid on 25 May 2017.

UFF's consolidated balance sheet remains healthy, with carefully-managed cash assets (investments and liquid assets) of €117 million (compared with €112 million on 31 December 2015) that are 54%-invested in money market funds. In addition, all operating payables and receivables are short-term.

Consolidated shareholders' equity, before distribution of earnings, remains unchanged on 31 December 2015 at €102 million.

**All of these factors reflect UFF's sound financial footing**, which more than meets current regulatory requirements, with a Basel 3 CRD IV solvency ratio of 13% and a one-month liquidity ratio (LCR) of 678%.

### **Outlook**

*"UFF has invested many years in developing the widely-acclaimed expertise in real estate that has enabled us to weather today's extremely unstable financial markets and maintain our solid financial results. Odyssée 2020 will allow us to further consolidate our business model, diversify our revenue sources and seek out new growth drivers at the very heart of our value chain. Our broader offer will enable advisors to not only extend their reach amongst existing wealth management clients, but also to capture and seek out new targets and segments"* said Paul Younès, UFF's Chief Executive Officer.

In 2017, the Group's priorities will focus on:

- Product innovation and an accelerated move up market;
- The expansion of its network of independent advisors and partners;
- The transformation of the Group's information systems for greater agility and to underpin its development;
- Ongoing investment in compliance, both in line with new regulations but also as means of differentiating itself from its competitors.

Cost control will also remain a primary concern given the need for further IT and regulatory investment.

### **Other information**

The operational integration of the Group's businesses mean individual company figures are difficult to interpret. Individual net income for the Union Financière de France Banque amounted to €22.9 million for 2016.

The statutory auditors have reviewed the group's annual consolidated financial statements. Their reports will be published once the management report has been checked and all other requisite procedures have been completed.

Aviva France Group, the parent company of Union Financière de France Banque, qualifies as a "related party". The operational relations between companies of Union Financière de France Banque Group and Aviva France Group concern life insurance, the financial management of certain UCITS, investment activities and information technology services.

**UFF in brief**

*Set up in 1968, Union Financière de France Banque is a provider of wealth management services and products for individual and corporate clients. UFF's product range, developed through an open architecture approach, includes real estate, financial securities, and life insurance, as well as a wide range of products for companies (retirement savings plans, employee savings plans, medium-term cash management, etc.).*

*With 1,500 employees including more than 1,200 financial advisors, Union Financière de France has an extensive network covering all of France.*

*On 31 December 2016, Union Financière de France had a customer base of 211,000 clients (186,000 individuals and 25,000 corporate clients).*

Union Financière de France Banque is listed on Euronext Paris (Segment B)  
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