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Results

Testo del comunicato

Vedi allegato.

**PRESS
RELEASE**

Preliminary results at 31 December 2021

New all-time high in net profit at the end of the 2019-2021 three-year Plan

- Net profit: €323.1 million (+18%)
- Recurring net profit¹: €176.6 million (+15%)
- Total revenues: €779.3 million (+26%)
- 'Core' operating costs: €214.1 million (+4.9%)

Total assets and net inflows at the highest level ever

- Total assets: €85.7 billion (+15%)
- Assets under Advisory: €7.3 billion (+21%)
- 2021 net inflows: €7.7 billion (+31%)
- January 2022 net inflows: €483 million

Proposed dividend: €1.95 per share

- Dividend to be paid in May 2022 (€1.15) and February 2023 (€0.80)
- Payout at 70.5% on the 2021 net profit
- Capital solidity confirmed with CET1 ratio at 16.3% and TCR at 17.4%

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Milan, 10 February 2022 — The Board of Directors of Banca Generali approved the preliminary consolidated results at 31 December 2021.

Chief Executive Officer and General Manager Gian Maria Mossa stated: *"We are proud of the growth of our Bank, which has exceeded all the ambitious targets set by our three-year Plan, leading us to close 2021 with our best ever result. The professionalism of our bankers and the dedication of all the Bank's personnel have made it possible to be close to households at a complex time and the market increasingly recognises us for this. In addition to our people, operating and managerial efficiency and the efficacy of our unique range of products and services have led the Bank to new*

¹ Profit net of performance fees, non-recurring trading income and other one-off items

highs in terms of profitability, capital solidity and business expansion. The sustainability of our business model is confirmed by our results, but above all by our clients' appreciation and trust, which translates in ever growing returns for all our stakeholders. On the eve of the presentation of our new Industrial Plan, we are charting out an important new growth path for our Bank based on the strength of these distinctive elements and the contribution of innovation."

Consolidated P&L results at 31 December 2021

Financial year 2021 closed with a **consolidated net profit of €323.1 million**, up 18% compared to the previous year. This result marks a new all-time high in the Bank's growth path, testifying to the successful achievement of the 2019-2021 Plan targets, focused on business expansion, revenue diversification and sustainability.

Net profit improved constantly: the **recurring component** totalled **€176.6 million**, up 15% compared to the previous year. This performance was driven by the sharp increase in total assets (€85.7 billion; +15%) and their improved mix, which drove double-digit revenue growth. Cost discipline and the business model scalability further supported recurring operating growth.

The **non-recurring** component stood at €146.5 million. This result was mainly attributable to: 1) €220.5 million variable fees linked to the favourable market trend and the good average performance generated for clients (5.8% in 2021 and 23.8% for the three-year period²); and 2) a €8.5 million³ tax benefit for realigning goodwill, trademarks and intangible assets. This income was partly absorbed by the extraordinary charges of €80.6⁴ million, already announced at the approval of 1H 2021 results, aimed at protecting clients from potential losses on investments in illiquid securities.

The Bank's **capital solidity** continued to far exceed the requirements set by the Bank of Italy for the Bank in its Supervisory Review and Evaluation Process (SREP).

In further detail:

Net banking income rose by 26.2% to €779.3 million, chiefly benefiting from the double-digit growth of net fees.

Net financial income amounted to €112.0 million (+2.2%), driven by income from treasury management, including €11.0 million linked to the rebalancing of the financial investment portfolio in the third quarter of 2021. The Q4 net interest income decline resulting from these divestments and from the management of the liquidity generated is expected to be partially offset in the next quarters.

The Bank's financial assets stood at €10.6 billion, up 18% compared to the previous year. 96% of the portfolio is invested in bonds with a duration of 1.4 years and 54% of securities is floating rate, and thus well positioned to benefit from any rate increase.

² SICAVs' net weighted performance, net of all related fees

³ Value revised compared to the previous estimate of €13.1 million due to changes in applicable laws

⁴ The H1 2021 value of -€79.9 million was increased by -€0.7 million following year-end assessments

Total net fees grew to €667.3 million (+31.4%), with recurring net fees sharply increasing to €446.8 million (+22.0%).

The increase in recurring fees was driven by higher total assets and their improved mix, which reflected on **gross management fees** (€804.3 million; +19%). **Banking and entry fees** also rose (€138.3 million; +29%) thanks to the initiatives aimed at diversifying the Assets under Advisory (BGPA) range, the placement of structured products and the contribution of retail brokerage, all of which generated €79 million (+32%) overall, far exceeding the Plan targets.

Variable fees grew sharply to €220.5 million, compared to €141.8 million for the previous year, as a result of the favourable market trend for the year and the positive performance generated for clients.

Operating costs amounted to €242.3 million, up 6.6% overall and 4.9% in terms of 'core' items, i.e., net of sales personnel costs, changes in the consolidation scope and one-off items.

Operating costs thus showed a modest change, above all in light of the significant business expansion reported in the period. Operating efficiency indicators further improved, remaining at best practice levels: the ratio of **total costs to total assets** further declined to 28 bps (30 bps at 2020 year-end) and the **cost/income ratio**, adjusted for non-recurring items, was 35.8% (26.5% on a reported basis).

Operating result amounted to €537.0 million, improving by 37.6% compared to the previous year.

Ordinary provisions totalled €45.4 million compared to €30.8 million for the previous year. The change was attributable to higher provisions for network loyalty plans (€4.8 million) due to the robust network growth, as confirmed by the commercial results for the period, in addition to other provisions for risks and contingencies (€9.2 million).

With regard to the €80.6 million⁵ **extraordinary charges** already accounted for in H1 2021 results, it should be noted that the transaction for acquiring notes from securitisations of healthcare receivables, reserved for professional clients and held by clients, was completed on 7 October 2021. Accordingly, for accounting purposes, this item has been recognised among trading losses in the annual financial statements.

Adjustments amounted to €2.5 million, increasing by €1.9 million compared to the previous year, mainly due to the application of IFRS 9 to measure financial instrument positions in light of the changes in the macro-economic and financial context compared to the situation at the end of 2020.

Contributions related to banking funds (Italian National Resolution and Interbank Deposit Protection Funds) were €15.5 million, up 37.2% compared to the previous year.

It should also be noted that the 2021 net profit benefited of an **extraordinary tax benefit** of €8.5 million for realigning goodwill, trademarks and intangible assets. The difference compared to the €13.1 million previously announced was attributable to the revisions required under the recent 2021/2022 Italian Budget Law.

⁵ The H1 2021 amount of -€79.9 million was increased by -€0.7 million following year-end assessments

P&L results for Q4 2021

Net banking income stood at €166.4 million, slightly declining (-2.2%) compared to €170.2 million for the previous year, mainly as a result of the variable components.

Net recurring fees rose significantly in the quarter to €120.3 million (+24.8%), confirming the acceleration driven by the expansion and diversification of the Bank's operations.

The positive result was offset by the decrease in variable fees (€24.0 million; -42.1%) and trading income (€4.0 million; -60%), both particularly positive in the fourth quarter of the previous year. Net interest income also declined (€18.1 million; -20%) due to the effects of setting up the new Alternative Investment Fund.

Operating costs amounted to €71.2 million compared to €63.3 million for the previous year. The 'core' component reached €60.7 million (+5.8%). In the quarter, costs were impacted by the strong development of all the main projects, and IT investments (digital and data) in particular.

Provisions and adjustments for the quarter totalled €18.1 million overall, compared to €10.3 million for the previous year, as a result of higher provisions for loyalty plans, greater contributions related to banking funds, the increase in adjustments due to the worsening of the financial and macro-economic context and higher provisions for risks and contingencies.

Net profit for the quarter was €52.2 million, compared to €79.1 million in the previous year. The result was impacted by the €5 million reduction of the extraordinary tax benefit for realigning goodwill, trademarks and intangible assets so as to comply with the new provisions of the Italian Budget Law.

CAPITAL RATIOS AT 31 DECEMBER 2021

The Bank confirmed its capital solidity with **CET1 ratio** at **16.3%** (15.2% at 30 September 2021) and **Total Capital ratio (TCR)** at 17.4% (16.4% at 30 September 2021).

These ratios were above the specific requirements set by the Bank of Italy for the Group (i.e., CET1 ratio at 7.75% and Total Capital Ratio at 11.84%) for the SREP – Supervisory Review and Evaluation.

The Bank's **leverage ratio** at 31 December 2021 was 4.6% (5.1% at 2020 year-end), remaining well above the regulatory requirements, although declining slightly due to the volume increase.

It bears noting that the **capital ratios** level continued to be fully satisfactory, including in a context marked by higher absorption due to the Bank's business expansion, the diversification of the financial asset portfolio and the setting up of the new alternative investment portfolio, as well as the continuation of a generous dividend policy.

The Bank's liquidity ratios were confirmed at excellent levels: **Liquidity Coverage ratio (LCR)** was 378% (404% at 30 September 2021) and **Net Stable Funding ratio (NSFR)** was 222% (231% at 30 September 2021).

DIVIDEND PROPOSAL

The Board of Directors resolved to submit to the General Shareholders' Meeting, to be held in first call on 21 April 2022, as per the financial calendar, a dividend proposal for paying a total amount of €227.9 million, equal to €1.95 per share (gross of legal withholdings) for each of the 116,851,637 shares outstanding and a payout of 70.5% on the 2021 consolidated net profit.

If approved by the General Shareholders' Meeting, the payment will be as follows:

- €1.15 per share, ex-date 23 May 2022; record date 24 May 2022, and payment date 25 May 2022;
- €0.80 per share, ex-date 20 February 2023; record date 21 February 2023, and payment date 22 February 2023.

Based on the proposed dividend and the closing price of the Banca Generali stock on 8 February 2022 of €35.64 per share, the dividend yield amounts to 5.5%.

NOTICE ON 2019-2020 DIVIDEND PAYMENT

In today's meeting, the Board of Directors also assessed the satisfaction of the conditions for the payment of the **second tranche** of dividend, equal to **€0.60 per share**, for a total of €70,110,982, referring entirely to previous years' retained earnings.

Having therefore assessed (i) the absence of limits and conditions set forth by the European Central Bank and the Bank of Italy that could conflict with or limit the dividend payment resolved upon by the Shareholders' Meeting, and, in any event, compliance with the supervisory regulations and guidelines applicable from time to time; and that (ii) the Total Capital Ratio at the company and

consolidated level continues to exceed the SREP minimum requirements plus a 1.7% buffer, thus equal to 9.7% and 13.5%, respectively, Banca Generali will pay the aforementioned dividend.

Ex-date 21 February 2022, record date 22 February 2022 and payment date 23 February 2022 are confirmed as previously announced.

COMMERCIAL RESULTS

At 31 December 2021, Banca Generali's **total assets** amounted to €85.7 billion, up 15% compared to the previous year. In detail, **managed solutions** grew by 18% to €44.3 billion, increasing their ratio to total assets from 50.2% in 2020 to 51.6%. **Traditional life insurance policies** remained essentially stable at €16.2 billion (-1%).

AuC products and current accounts rose to €25.2 billion (+22%), driven by the increase in net inflows from both existing and new clients thanks to the recent expansion of the Bank's range of advisory and trading services. In detail, AUC products grew by 21% to €13.3 billion. Current accounts reached €11.9 billion, up 23% compared to the previous year.

Assets under Advisory (BGPA) amounted to €7.3 billion at the end of December, increasing by 21% compared to 2020 year-end. Their ratio to total assets rose to 8.5% (8.1% at 2020 year-end).

Total net inflows for 2021 were €7.7 billion, up +31% compared to the end of 2020. In detail, net inflows were chiefly generated by managed solutions, which accounted for €5.3 billion in the year, increasing by 67% compared to the previous year.

Strong net inflows were also recorded for AUC solutions (approximately €0.9 billion) and current accounts, the latter exceeding €1.9 billion, almost twice the amount of €1.0 billion for the previous year.

Net Inflows at 31 January 2022

January net inflows amounted to €483 million. Current accounts rose sharply in January (€315 million) as a result of the strong financial market volatility over the month.

Net inflows from managed solutions totalled €181 million, with a significant contribution by **financial and insurance wrappers**, which recorded €154 million net inflows overall.

At the end of January, **Assets under Advisory (BGPA)** declined by €164 million to €7.13 billion, mainly due to a negative performance effect.

Annexes:

1. Banca Generali – Consolidated Profit and Loss Statement at 31 December 2021
2. Banca Generali - Consolidated Profit and Loss Statement for the Fourth Quarter of 2021
3. Banca Generali – Reclassified Consolidated Balance Sheet at 31 December 2021
4. Total Assets (AUM) at 31 December 2021
5. Net Inflows and Life New Business at 31 January 2022

* * *

The Manager responsible for preparing the company's financial reports (Tommaso di Russo) declares, pursuant to Paragraph 2 of Article 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 – CONSOLIDATED PROFIT AND LOSS STATEMENT AT 31 DECEMBER 2021

m/€	2020	2021	% Chg
Net Interest Income	89.6	83.3	-7.0%
Net income (loss) from trading activities and Dividends	19.9	28.7	43.8%
Net Financial Income	109.6	112.0	2.2%
Gross recurring fees	782.4	942.7	20.5%
Fee expenses	-416.1	-495.9	19.2%
Net recurring fees	366.3	446.8	22.0%
Variable fees	141.8	220.5	55.6%
Total Net Fees	508.0	667.3	31.4%
Total Banking Income	617.6	779.3	26.2%
Staff expenses	-104.3	-107.8	3.4%
Other general and administrative expense	-94.6	-103.7	9.6%
Depreciation and amortisation	-33.0	-35.7	8.2%
Other net operating income (expense)	4.6	4.9	6.0%
Total operating costs	-227.2	-242.3	6.6%
Operating Profit	390.4	537.0	37.6%
Net adjustments for impair.loans and other assets	-0.7	-2.5	n.m.
Net provisions for liabilities and contingencies	-30.8	-45.4	47.2%
Extraordinary charges	0.0	-80.6	n.m.
Contributions to banking funds	-11.3	-15.5	37.2%
Gain (loss) from disposal of equity investments	-0.3	-0.3	-12.7%
Profit Before Taxation	347.3	392.7	13.1%
Direct income taxes	-72.4	-69.6	-3.8%
Net Profit	274.9	323.1	17.5%
Cost /Income Ratio	31.5%	26.5%	-5.0 p.p.
EBITDA	423.3	572.7	35.3%
Tax rate	20.8%	17.7%	-3.1 p.p.

2) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE FOURTH QUARTER OF 2021

m/€	4Q 2020	4Q 2021	% Chg
Net Interest Income	22.6	18.1	-19.6%
Net income (loss) from trading activities and Dividends	9.9	4.0	-59.6%
Net Financial Income	32.4	22.1	-31.8%
Gross recurring fees	207.1	254.3	22.8%
Fee expenses	-110.7	-134.0	21.0%
Net recurring fees	96.4	120.3	24.8%
Variable fees	41.3	24.0	-42.1%
Total Net Fees	137.8	144.3	4.7%
Total Banking Income	170.2	166.4	-2.2%
Staff expenses	-27.8	-27.8	0.0%
Other general and administrative expense	-27.6	-32.9	19.2%
Depreciation and amortisation	-9.5	-9.8	3.9%
Other net operating income (expense)	1.6	-0.6	n.m.
Total operating costs	-63.3	-71.2	12.5%
Operating Profit	106.9	95.2	-10.9%
Net adjustments for impair.loans and other assets	1.7	1.8	6.1%
Net provisions for liabilities and contingencies	-12.0	-19.2	60.7%
Extraordinary charges	0.0	-0.7	n.m.
Contributions to banking funds	-0.1	-1.0	n.m.
Gain (loss) from disposal of equity investments	-0.2	-0.1	-44.9%
Profit Before Taxation	96.3	76.0	-21.1%
Direct income taxes	-17.2	-23.7	38.2%
Net Profit	79.1	52.2	-34.0%
Cost /Income Ratio	31.6%	36.9%	5.3 p.p.
EBITDA	116.4	105.1	-9.7%
Tax rate	17.8%	31.1%	13.3 p.p.

3) BANCA GENERALI – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2021 (€M)

m/€

Assets	Dec 31, 2020	Dec 31, 2021	Change	% Change
Financial assets at fair value through P&L (FVPL)	48.5	415.6	367.1	n.m.
Financial assets at fair value through other comprehensive income (FVOCI)	2,730.1	2,543.1	-187.0	-6.9%
Financial assets at amortised cost	9,657.4	12,447.3	2,789.9	28.9%
<i>a) Loans to banks</i>	1,236.6	2,811.8	1,575.2	n.m.
<i>b) Loans to customers</i>	8,420.8	9,635.5	1,214.6	14.4%
Equity investments	1.7	2.0	0.3	19.3%
Property equipment and intangible assets	288.6	295.2	6.6	2.3%
Tax receivables	49.8	72.6	22.8	45.7%
Other assets	400.9	413.2	12.3	3.1%
Assets under disposal	0.0	2.7	2.7	n.m.
Total Assets	13,177.0	16,191.6	3,014.6	22.9%

Liabilities and Shareholders' Equity	Dec 31, 2020	Dec 31, 2021	Change	% Change
Financial liabilities at amortised cost	11,506.6	14,412.4	2,905.8	25.3%
<i>a) Due to banks</i>	598.1	818.7	220.6	36.9%
<i>b) Direct inflows</i>	10,908.5	13,593.6	2,685.2	24.6%
Financial liabilities held for trading	69.4	171.9	102.5	n.m.
Tax payables	42.5	28.3	-14.2	-33.4%
Other liabilities	181.7	242.0	60.3	33.2%
Liabilities under disposal	0.0	0.3	0.3	n.m.
Special purpose provisions	192.3	230.8	38.6	20.1%
Valuation reserves	4.1	0.5	-3.6	-87.4%
Capital instruments	50.0	50.0	0.0	0.0%
Reserves	726.5	624.0	-102.4	-14.1%
Additional paid-in capital	57.1	55.9	-1.2	-2.1%
Share capital	116.9	116.9	0.0	0.0%
Treasury shares (-)	-45.2	-64.8	-19.6	43.5%
Shareholders' equity attributable to minority interest	0.2	0.3	0.1	27.2%
Net income (loss) for the period (+/-)	274.9	323.1	48.2	17.5%
Total Liabilities and Shareholders' Equity	13,177.0	16,191.6	3,014.6	22.9%

4) TOTAL ASSETS (AUM) AT 31 DECEMBER 2021

<i>m/€</i>		Dec 2021	Sept 2021	Abs. Chg	Chg.
Mutual Funds and SICAVs		23,594	22,389	1,205	5.4%
	<i>of which LUX IM</i>	7,329	6,716	613	9.1%
Financial Wrappers		9,427	8,908	518	5.8%
Insurance Wrappers		11,247	10,788	459	4.3%
Managed Solutions		44,268	42,085	2,183	5.2%
Traditional life Insurance policies		16,251	16,132	119	0.7%
Managed solutions and life insurance		60,519	58,216	2,302	4.0%
Assets Under Custody		13,302	12,653	650	5.1%
Deposits		11,907	11,186	721	6.4%
AuC products and current accounts		25,209	23,839	1,370	5.7%
Total Assets		85,728	82,055	3,673	4.5%
Assets Under Management (YTD)					
<i>m/€</i>		Dec 2021	Dec 2020	Abs. Chg	Chg.
Mutual Funds and SICAVs		23,594	19,625	3,968	20.2%
	<i>of which LUX IM</i>	7,329	5,567	1,762	31.6%
Financial Wrappers		9,427	8,164	1,263	15.5%
Insurance Wrappers		11,247	9,592	1,655	17.3%
Managed Solutions		44,268	37,381	6,886	18.4%
Traditional life Insurance policies		16,251	16,453	-202	-1.2%
Managed solutions and life insurance		60,519	53,834	6,684	12.4%
Assets Under Custody		13,302	10,985	2,317	21.1%
Deposits		11,907	9,669	2,237	23.1%
AuC products and current accounts		25,209	20,654	4,555	22.1%
Total Assets		85,728	74,488	11,239	15.1%

5) NET INFLOWS AND LIFE NEW BUSINESS - JANUARY 2022

	<i>Million of Euros</i>	Jan	Jan	Jan-Jan	Jan-Jan
		2022	2021	2022	2021
Mutual Funds and SICAVs		27	108	27	108
	of which LUX IM	31	69	31	69
Financial Wrappers		89	8	89	8
Insurance Wrappers		65	109	65	109
Managed Solutions		181	225	181	225
Traditional life Insurance policies		-82	-24	-82	-24
Managed solutions and life insurance		99	201	99	201
Assets Under Custody		69	39	69	39
	of which: Structured products, Securitisations	81	53	81	53
Deposits		315	153	315	153
AuC products and current accounts		384	192	384	192
Total Net Inflows		483	393	483	393

	Jan	Jan	S.I. to	S.I. to
	2022	2021	Jan 2022	Jan 2021
Assets Under Advanced Advisory	-164	143	7,130	6,159

	Jan	Jan	Jan-Jan	Jan-Jan
	2022	2021	2022	2021
Life New Business	206	140	206	140

Fine Comunicato n.0856-4

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