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Informazione Regolamentata n. 0856-12-2022	Data/Ora Ricezione 09 Marzo 2022 12:51:17	Euronext Milan
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Societa' : BANCA GENERALI
Identificativo : 158222
Informazione
Regolamentata
Nome utilizzatore : BCAGENERALIN03 - Pastore
Tipologia : 1.1
Data/Ora Ricezione : 09 Marzo 2022 12:51:17
Data/Ora Inizio : 09 Marzo 2022 12:51:18
Diffusione presunta
Oggetto : PR: Banca Generali approves annual
integrated report 2021

Testo del comunicato

Vedi allegato.

**PRESS
RELEASE****Annual results****ANNUAL INTEGRATED REPORT INCLUDING
DRAFT SEPARATE AND CONSOLIDATED
FINANCIAL STATEMENTS FOR 2021
APPROVED**

- Preliminary consolidated results confirmed
- Consolidated net profit: €323.1 million (+18%)
- Net profit of the Parent: €342.2 million (+18%)

**PROPOSED A CUMULATIVE DIVIDEND OF
€1.95 PER SHARE****SUSTAINABILITY INCREASINGLY
INTEGRATED IN THE COMPANY'S
BUSINESS**

- €6.5 billion invested in ESG managed solutions
- Adoption of responsible investment policies subject to 'negative screening'
- New Smart Working/Next Normal banking contract
- Training hours for employees (+15%) and Financial Advisors (+17%)
- Adherence to the Women's Empowerment Principles

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Milan, 9 March 2022 - The Board of Directors of Banca Generali approved the Annual Integrated Report 2021 containing the Consolidated Report on Operations, the Separate Report on Operations and the Non-Financial Statement, prepared in compliance with Legislative Decree No. 254/2016 (so called "integrated report") and the dividend proposal.

In detail, the following documents have been presented:

(i) **Draft Consolidated Financial Statements**

The Draft Consolidated Financial Statements confirm the preliminary results presented to the Board of Directors on 10 February 2021, and in particular a **consolidated net profit** for 2021 of €323.1 million, up 17.5% compared to the previous year. This figure marks a new all-time high for the Bank and reflects the successful achievement of the targets set in the 2019-2021 Plan.

This result was driven by the significant **growth in total assets** (€85.7 billion; +15%) and the improved asset mix. Net inflows also significantly contributed to the result, as they proved particularly robust, reaching a total of €7.7 billion.

Net banking income rose by 26.2% to €779.3 million, benefiting from the double-digit growth of recurring and non-recurring net fees. With regard to recurring fees, the sharp growth of fees was attributable to both the increase in total assets and the improved asset mix, as well as to the effective diversification initiatives undertaken. **Net financial income** amounted to €112.0 million (+2.2%), continuing to provide a stable contribution, despite the reduced interest on financial assets due to the context of reference, marked by very low and/or negative interest rates for the period.

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

Operating efficiency indicators further improved, remaining at best practice levels: the ratio of **total costs to total assets** declined to 28 bps (30 bps at 2020 year-end) and the **cost/income ratio**, adjusted for one-off items, was 35.8% (26.5% on a reported basis).

Operating result rose to €537.0 million, up 37.6% compared to the previous year.

Ordinary provisions totalled €45.4 million compared to €30.8 million for the previous year, taking into account higher provisions for network loyalty plans, given the strong development of net inflows for the year, and other prudential provisions for risks and contingencies. Contributions related to banking funds also increased to €15.5 million (€11.3 million for the previous year).

The 2021 results take into account two one-off items: i) the **one-off charge** amounting to €80.6 million¹ already accounted for in H1 2021 results, regarding the acquisition of notes from securitisations of healthcare receivables reserved for professional clients and held by clients. For accounting purposes, this item has been recognised among trading losses in the annual financial statements; ii) the **extraordinary tax benefit** amounting to €8.5 million² for realigning goodwill, trademarks and intangible assets.

Consolidated capital ratios were far above the requirements set by banking supervisory authorities, with CET1 at 17.1% and Total Capital Ratio at 18.4%. Capital ratios are calculated net of the proposed dividend of €1.95 per share (gross of legal withholdings).

¹ The H1 amount of -€79.9 million was increased by -€0.7 million following year-end assessments.

² The difference compared to the €13.1 million previously announced was attributable to the revisions required under the recent 2021-2022 Italian Budget Law.

(ii) **Draft Separate Financial Statements**

Banca Generali closed FY 2021 with **net profit of €342.2 million**, up 18.3% compared to the end of the previous year, thanks to the significant progress of the operating result following the double-digit growth of net banking income driven by a careful operating cost discipline.

Net banking income was €727.0 million (+24.7%) and, net of the growth of dividends from the Group's equity investments, chiefly benefited from the good fee growth (€280.7 million; +19.7%), whereas net interest income declined slightly (€84.0 million; -6.7%), as a result of the decrease in financial asset returns due to financial market trends. Dividends distributed, both in advance and at the end of the year, by the Luxembourg-based subsidiary BG Fund Management Luxembourg S.A. amounted to €333.6 million (+40.0% compared to the previous year).

Operating costs amounted to €221.8 million (+6.7%), with a much lower increase than that of revenues. The change was mainly due to the administrative expenses linked to IT and advisory costs. The **cost/income ratio**, which measures the ratio of operating expenses (gross of adjustments of property, equipment and intangible assets) to net operating revenues, amounted to 25.8%, compared to 30.3% reported in 2020.

The result for the period was impacted by the two factors already mentioned above regarding: i) the **one-off charges** amounting to €80.6 million related to the acquisition of notes from securitisations of healthcare receivables held by professional clients in order to protect them from potential losses; and ii) the **extraordinary tax benefit** amounting to €8.5 million for realigning goodwill, trademarks and intangible assets, carried out in June 2021.

(iii) **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, to allocate 2021 net profit as follows:

- to pay dividends for a total of €227.9 million, equal to €1.95 per share (gross of legal withholdings) for each of the 116,851,637 shares issued and corresponding to a payout of 70.5% of the 2021 consolidated net profit, in line with the dividend policy for the three-year period 2019-2021, previously approved by Banca Generali's Board of Directors;
- the remaining €114.4 million to retained earnings.

If approved by the General Shareholders' Meeting, the dividends will be paid 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.

The sums paid will be subject to the ordinary tax regime for dividend distribution.

It should also be noted that any treasury shares the Bank may hold at the record date and outstanding shares for which limits on the distribution of dividends apply under the applicable Remuneration Policies will not be subject to any distribution. The portion of dividends associated with such shares will therefore be allocated to retained earnings.

Based on the closing price of Banca Generali's stock on 4 March 2022, i.e., €28.6 per share, the proposal calls for an overall dividend yield of 6.8%.

(iv) **Annual Integrated Report**

The Annual Integrated Report was organised according to the different types of capital as proposed by the **International Integrated Reporting Framework** (hereinafter IR Framework), used by the Bank as of last year.

The IR Framework is based on 11 material topics identified by the Bank following an analysis that involved the most relevant stakeholders (including all employees). These topics have been linked to 11 UN Sustainable Development Goals that the Bank intends to pursue with greater priority in line with its Mission, Vision and Purpose.

The main actions taken in 2021 in keeping with these material topics were:

- i) **Personal Development** – Banca Generali prepared a series of diversified initiatives aimed at the health protection, enhancement and growth of all of its people (both employees and Financial Advisors). Among the many initiatives, mention should be made of the Smart Working/Next Normal contract, one of the first agreements in the banking industry to introduce a hybrid approach to work, where physical presence and remote working will coexist in managing the business. The Bank also identified various guidelines on which to further focus its attention, and in particular training and development and diversity and inclusion (D&I). Training and development activity is considered a priority. The Bank provided 55,145 training hours (+13% on 2020) for HQ employees, in addition to 131,867 hours (+17% on 2020) for Financial Advisors. Specifically, the technical and managerial training courses provided also extended to information and training activities in support of the Next Normal project, specific topics and annual development plans, support for engagement and the spread of Banca Generali's culture and activities relating to the personal sphere. Many initiatives were also supported by the launch of the new BG Lab e-learning platform available to employees. On the D&I front, Banca Generali launched dedicated paths to inclusive leadership, with particular regard to the female universe (BG Impact People, Women's Empowerment), in addition to joining the WEPs (Women Empowerment Principles) community, promoted by the UN. A programme was also set up for a dedicated group of UNDER 35s. There was a focus on hiring employees under age 30, who accounted for 60% of total new employees hired. In addition, 45% of new employees hired were women (41% in 2020). Banca Generali also actively participated in the initiatives sponsored by the Generali Group (#BeBoldforInclusion and DiverseAbility). Network sustainability training activity also continued during the year to increase sustainable investment expertise.
- ii) **ESG products** – Banca Generali has integrated sustainability topics since 2019, taking a distinctive approach in relation to the 17 UN Sustainable Development Goals (SDGs) during analysis, selection and reporting of its products. On this basis, Banca Generali continues to develop its dedicated ESG platform year after year. In 2021, Banca Generali offered 269 ESG funds (59% Article 8 and 41% Article 9). Assets invested in ESG investment solutions reached €6.5 billion (14.6% of managed solutions). In 2021, Banca Generali was strongly committed to bringing its in-house

offerings into compliance with Article 8 and Article 9 of Regulation (EU) No. 2019/2088. During the year, Banca Generali adopted specific responsible investment policies inspired by international best practices³ and in line with the commitments made by the Generali Group in this area⁴ for the management of third-party investments. At present, 100% of in-house products comply with negative screening policies. In 2021, the Lending Rules were also amended in accordance with the principles of the Bank's Sustainability Policy, involving a negative screening analysis also conducted in the context of loan disbursement.

- iii) **Governance** – The Bank further reinforced its sustainable approach to governance through the introduction in May 2021 of the new Rules of the Board of Directors and the Board Committees that calls for the introduction of ESG risk and opportunity analysis within the framework of the Managing Committee and all Board Committees⁵, while always ensuring the central role of the existing Nomination, Governance and Sustainability Committee. In 2021, the Bank also stepped up its commitment to sustainability in the area of remuneration policies by setting short-, medium- and long-term qualitative and quantitative indicators, thus tying management's variable remuneration to sustainability objectives. In December 2021, the Bank also approved the Policy for Managing Engagement with All Shareholders, formalising the already existing commitment to using transparent, differentiated forms of engagement. In addition, Banca Generali adopted specific responsible investment policies for managing its own investments, which are also subject to negative screening. The risk management framework was also integrated so as to take into account ESG risks and opportunities.
- iv) **Transparency** – Banca Generali strengthened its external communications policy to guarantee an ever greater transparency regarding its sustainability approach. These initiatives yielded clear positive results, as reflected in the increasingly positive judgements expressed by ESG ratings agencies.
- v) **Communities** – Among the most important new projects noteworthy is #BG4SDGs, which reflects initiatives strictly linked to the UN 2030 Agenda. The Bank firstly organised a series of meetings dedicated to shedding light on the progress of the individual SDGs identified by the United Nations: highly authoritative speakers laid out the challenges and competitive features required to meet environmental and social commitments. The project then continued with “BG4SDGs - Time to Change”, a photography project to raise awareness of the 17 SDGs, carried out in partnership with photographer Stefano Guindani. As permitted by the pandemic situation, the Bank participated in various initiatives dedicated to its main stakeholders in the area of sustainability. These include participation in the Sustainability Week organised by Borsa Italiana, participation in the "O-Fire" Observatory created in partnership with the

³ Among these, the Principles for Responsible Investment (PRI) and the Principles for Responsible Banking (PRB).

⁴ Specifically, the adoption of the Global Compact's Principles and the UN Principles for Responsible Investment (PRI).

⁵ Nomination, Governance and Sustainability Committee, Internal Audit and Risk Committee, Remuneration Committee, and Credit Committee.

Bicocca University of Milan and the AIFI association, and the sustainability Investment Challenge in collaboration with Reply and MIP - Polytechnic of Milan.

It should be noted that the **Global Value Added (GVA) generated in 2021 for stakeholders** reached €1,217.6 million, up by 15.3% on the previous year.

Annexes:

1. Banca Generali Group - Consolidated Profit and Loss Statement at 31 December 2021
2. Banca Generali Group - Reclassified Consolidated Balance Sheet at 31 December 2021
3. Banca Generali Group - Consolidated Cash Flow Statement at 31 December 2021
4. Banca Generali S.p.A. - Parent Profit and Loss Statement at 31 December 2021
5. Banca Generali S.p.A. - Parent Reclassified Balance Sheet at 31 December 2021
6. Banca Generali S.p.A. - Parent Reclassified Cash Flow Statement at 31 December 2021

* * *

The Manager responsible for preparing the company's financial reports (Tommaso di Russo) 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.

1) BANCA GENERALI GROUP – CONSOLIDATED PROFIT AND LOSS STATEMENT⁶ 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.

⁶ In order to ensure a better understanding of operating performance, in the reclassified Profit and Loss Account one-off charges regarding the transaction for acquiring notes from securitisations of healthcare receivables reserved for professional clients and held by clients (€80.6 million) were reclassified to a separate item. It should be noted that, at 30 June 2021 and at 30 September 2021, these charges were recognised under provisions for risks and contingences for the amount of €80 million.

2) BANCA GENERALI GROUP – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2021

m/€				
Assets	31.12.2020	31.12.2021	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	31.12.2020	31.12.2021	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%

3) BANCA GENERALI GROUP – RECLASSIFIED CASH FLOW STATEMENT AT 31 DECEMBER 2021

m/€	31/12/2020	31/12/2021
Net liquidity generated by operations	341.7	355.8
Liquidity generated by/used (-) for financial assets and liabilities of Trading and AFS	64.1	-186.0
Liquidity generated by/used (-) for loans to banks	-61.7	-617.7
Liquidity generated by/used (-) for loans to customers	-1,280.2	-1,138.4
Liquidity generated by/used (-) for due to banks	506.0	225.8
Liquidity generated by/used (-) for due to customers	476.9	2,514.2
Liquidity generated by/used (-) for other operating assets/liabilities	28.3	18.8
Net liquidity generated by/used (-) for operating activities	75.1	1,172.4
Net liquidity generated by/used (-) for investing activities	-15.6	93.4
Net liquidity generated by/used (-) for funding activities	-14.7	-311.4
Net liquidity generated by/used for in the year (-)	44.9	954.4
Cash and cash equivalents	665.9	1,620.3

4) BANCA GENERALI - PARENT PROFIT AND LOSS STATEMENT AT 31 DECEMBER 2021

m/€	31.12.2020	31.12.2021	% Chg
Net Interest Income	90.1	84.0	-6.7%
Net income (loss) from trading activities and Dividends	258.3	362.3	40.3%
Net Financial Income	348.4	446.4	28.1%
Gross recurring fees	619.6	739.2	19.3%
Fee expenses	-385.8	-459.9	19.2%
Net recurring fees	233.8	279.3	19.5%
Variable fees	0.7	1.3	n.m.
Total Net Fees	234.5	280.7	19.7%
Total Banking Income	582.9	727.0	24.7%
Staff expenses	-90.1	-94.5	4.9%
Other general and administrative expense	-90.6	-99.6	9.9%
Depreciation and amortisation	-31.5	-33.8	7.4%
Other net operating income (expense)	4.3	6.1	43.5%
Total operating costs	-207.9	-221.8	6.7%
Operating Profit	375.1	505.3	34.7%
Net adjustments for impair.loans and other assets	-0.3	-2.0	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	-1.4	0.0	-98.5%
Profit Before Taxation	331.3	361.8	9.2%
Direct income taxes	-42.1	-19.6	-53.6%
Net Profit	289.2	342.2	18.3%
<i>Cost /Income Ratio</i>	30.3%	25.8%	-1.2 p.p.
EBITDA	406.6	458.5	12.8%
<i>Tax rate</i>	12.7%	5.4%	-7.3 p.p.

5) BANCA GENERALI – PARENT RECLASSIFIED BALANCE SHEET AT 31 DECEMBER 2021

m/€

Assets	31.12.2020	31.12.2021	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	9,576.6	12,356.3	2,779.7	29.0%
<i>a) Loans to banks</i>	1,213.4	2,782.6	1,569.2	n.m.
<i>b) Loans to customers</i>	8,363.2	9,573.7	1,210.5	14.5%
Equity investments	16.8	25.6	8.7	52.0%
Property equipment and intangible assets	270.6	278.4	7.8	2.9%
Tax receivables	48.1	71.1	23.0	47.8%
Other assets	399.8	412.6	12.7	3.2%
Assets under disposal	0.0	1.1	1.1	n.m.
Total Assets	13,090.5	16,103.6	3,013.1	23.0%

Liabilities and Shareholders' Equity	31.12.2020	31.12.2021	Change	% Change
Financial liabilities at amortised cost	11,563.1	14,449.4	2,886.3	25.0%
<i>a) Due to banks</i>	598.1	818.7	220.6	36.9%
<i>b) Direct inflows</i>	10,965.0	13,630.7	2,665.7	24.3%
Financial liabilities held for trading	69.4	171.9	102.5	n.m.
Tax payables	21.9	8.0	-13.9	-63.5%
Other liabilities	176.3	235.5	59.2	33.6%
Disposal liabilities	0.0	0.0	0.0	0.0%
Special purpose provisions	188.3	227.7	39.4	20.9%
Valuation reserves	4.2	-0.4	-4.5	n.m.
Capital instruments	50.0	50.0	0.0	0.0%
Reserves	599.5	511.5	-88.0	-14.7%
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%
Net income (loss) for the period (+/-)	289.2	342.2	53.0	18.3%
Total Liabilities and Shareholders' Equity	13,090.5	16,103.6	3,013.1	23.0%

6) BANCA GENERALI – PARENT RECLASSIFIED CASH FLOW STATEMENT AT 31 DECEMBER 2021

m/€	31/12/2020	31/12/2021
Net liquidity generated by operations	78.1	31.3
Liquidity generated by/used (-) for financial assets and liabilities of Trading and AFS	64.1	-186.0
Liquidity generated by/used (-) for loans to banks	-61.1	-608.5
Liquidity generated by/used (-) for loans to customers	-1,277.5	-1,136.4
Liquidity generated by/used (-) for due to banks	505.8	225.8
Liquidity generated by/used (-) for due to customers	491.2	2,504.7
Liquidity generated by/used (-) for other operating assets/liabilities	26.8	18.7
Net liquidity generated by/used (-) for operating activities	-172.6	849.4
Net liquidity generated by/used (-) for investing activities	220.1	417.8
Net liquidity generated by/used (-) for funding activities	-14.9	-311.2
Net liquidity generated by/used for in the year (-)	32.6	956.0
Cash and cash equivalents	642.9	1,599.0

Fine Comunicato n.0856-12

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