



SPAFID CONNECT

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Vedi allegato.

**PRESS
RELEASE**

Annual results

ANNUAL INTEGRATED REPORT INCLUDING DRAFT SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR 2019 APPROVED

- Preliminary consolidated result approved
- Consolidated net profit: €272 million (+51%)
- Net profit of the Parent: €248 million (+31%)
- Global Value Added at €986 million (+19%)

PROPOSED DIVIDEND: €1.55 PER SHARE IN MAY 2020 AND €0.30 PER SHARE IN JANUARY 2021

Milan, 9 March 2020 - The Board of Directors of Banca Generali, chaired by Giancarlo Fancel, approved the Annual Integrated Report 2019 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"), the dividend proposal and the call of the General Shareholders' Meeting to be held on 23 April 2020.

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 on 10 February 2020: **consolidated net profit** for 2019 amounted to **€272.1 million (+51.1%)** — the best result in the Bank's history — and total assets reached a new all-time high at €69.0 billion, thanks to the contribution of robust net inflows amounting to €5.1 billion, the positive effect of market performance (+€4.2 billion), and the €2.2 billion contribution of assets under management resulting from the acquisition of the Nextam Partners group and the Swiss company BG Valeur S.A.

Net of variable items (performance fees, non-recurring trading income, one-off costs and provisions, and M&As for 2019), **recurring net profit** rose by 12.7% to €150 million, thus testifying to the efficacy of the many initiatives taken to strengthen growth sustainability.

Net banking income stood at €578.0 million (up 28.6% compared to 2018), thanks to the healthy trend of net interest income and recurring fees (management, underwriting and banking fees). The result was also driven by the variable revenue components linked to financial market trends and the

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good performance generated for the Bank's customers (net performance: +7.2%; performance of managed products: +11%).

Net financial income was €88.2 million, up 4.9% compared to 2018. The result was attributable to the increase in net interest income, which benefited from higher average interest-bearing assets in the period, and in particular of higher returns on the Bank' financial assets (82 bps; +9 bps).

Operating expenses were €221.1 million (+12.5% compared to 2018). The increase was mainly due to the effect of some one-off items (€9.1 million) associated with the acceleration of the three-year plan's strategic projects, M&A costs and the relocation of the administrative offices, as well as the consolidation of Nextam and Valeur (€6.9 million). Net of these items, core expenses showed a 4.8% organic growth.

With reference to capital ratios, Banca Generali confirmed the **soundness of its regulatory aggregates**. CET1 ratio stood at 14.7% and Total Capital Ratio was 16.1%.

(ii) **Draft Separate Financial Statements**

Banca Generali closed 2019 with **net profit of €248.4 million**, up 31% compared to €189.1 million for the previous year. The increase was mainly attributable to the higher contribution of dividends distributed, both in advance and as balance payment, by the Luxembourg subsidiary BG Fund Management Luxembourg S.A., partly offset by higher one-off costs related to the Bank's many strategic growth projects.

Net banking income amounted to €307.3 million, increasing by nearly €17.0 million (+5.8%) compared to the previous year, primarily due to the rise in net fees (+€12.8 million) and in net interest income (+€14.1 million), partly offset by the decrease in net income from trading activities and dividends (-€9.9 million), which in the first half of 2018 had benefited from the Bank's banking book de-risking strategy.

Total **operating expenses** amounted to €206.7 million, up €16.8 million overall compared to the previous year (+8.9%). This item was however impacted by several non-recurring components associated with the acceleration of extraordinary strategic projects, the integration of the companies acquired by the Banking Group and the relocation of the offices.

Profit before taxation was €281.3 million (+30%) and benefited from lower net adjustments following the easing of tensions on the market of Italian government bonds and the aforementioned higher dividends distributed by the Bank's subsidiaries.



(iii) **Annual Integrated Report**

The publication of the **Annual Integrated Report** reflects the acceleration on sustainability issues that had already started in 2018. In addition to reporting all financial data previously discussed in the Directors' Report on Operations, this document also contains the **non-financial reporting pursuant to Legislative Decree No. 254/2016¹** with regard to environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, as well as the **principles of the International Framework**.

To this end, the Bank designed an organic project aimed at integrating within its operations, on a structured basis, a set of measurable and monitorable parameters related to ESG indicators and the Sustainability Development Goals (SDGs). This project covers all the Bank's management areas, encompassing wealth management, the Financial Advisor network, human resources, governance, communications, stakeholder engagement and integrated financial reporting.

In detail, the following activities were undertaken in 2019:

- implementing the sustainability project, through the definition of area-specific KPIs and the creation of an operating monitoring dashboard;
- mapping a set of internal organisational procedures in order to structure the whole non-financial reporting process on the basis of the method used for financial information;
- updating the materiality matrix through benchmark analyses on competitors, international frameworks and guidelines analyses and semantic analysis;
- reporting new information in line with the initiatives developed during the year or requested by the parent company Assicurazioni Generali.

As shown in the Report, **Global Value Added (VAG) generated in 2019 for stakeholders** stood at €986 million, up 18.6%, whereas economic value distributed was €891 million (+13.5%).

As a further proof of the increasing recognition of the efforts made on sustainability issues, Banca Generali received a full investment grade sustainability rating of EE (on a scale of EEE to F) awarded by the independent rating agency Standard Ethics, in addition to a rating of 1 for its corporate governance (on a scale of 1 to 5, where 1 is the lowest level of risk) by ISS.

¹ Legislative Decree No. 254/2016 has transposed into Italian law European Directive No. 2014/95 on disclosure of non-financial information with particular regard to environmental, social, anti-corruption and bribery, and employee matters, as well as respect for human rights,



(iv) **Dividend proposal**

In light of the Bank's financial results and capital solidity, the proposal to be submitted to the forthcoming General Shareholders' Meeting calls for distributing to the 116,851,637 shares issued the following dividend:

- a dividend of €1.55 per share to be paid as of 20 May 2020 for each of the 116,851,637 ordinary shares issued, with ex-date 18 May 2020 and record date 19 May 2020;
- a dividend of €0.30 per share to be paid as of 20 January 2021, with ex-date 18 January 2021 and record date 19 January 2021.

In light of the foregoing, it should be noted that the overall dividend proposed, amounting to €216.2 million, is equal to a payout ratio of 79%, thus within the range set forth by Banca Generali's dividend policy.

(v) **General Shareholders' Meeting**

The Board of Directors has resolved to convene an Ordinary Shareholders' Meeting on Thursday, 23 April 2020 (first call) to be held in Trieste, at 6 Via Machiavelli, at 9:30 a.m. (CET), and Friday, 24 April 2020 (second call), at the same place and time.

The Ordinary Shareholders' Meeting will be called upon to resolve on the approval of the Financial Statements for the year ended 31 December 2019, the remuneration policies (including the proposal to raise the ratio between the variable and fixed components of some company functions' remuneration to 2:1), a Banca Generali's Long-Term Incentive Plan, the Network Loyalty Plan for 2020, the share-based incentivisation system, the authorisation to buy back own shares aimed at implementing the remuneration policies and the supplementation of the fee payable to the auditing firm.

The notice of calling of the General Shareholders' Meeting will be published on the Company's website (www.bancagenerali.com) on 23 March 2020 and, on the same date, in the daily newspaper *Milano Finanza*.

The full text of the proposed resolutions and of the Board of Directors' Reports concerning the items on the agenda, as well as all the related documents will be made available, in compliance with the terms established by law, at the Company's registered offices and will be published on the corporate website (www.bancagenerali.com), on Borsa Italiana S.p.A.'s website (www.borsaitaliana.it), and through the authorised storage mechanism www.emarketstorage.com.



Annexes:

1. Banca Generali Group - Consolidated Profit and Loss Statement at 31 December 2019
2. Banca Generali Group - Reclassified Consolidated Balance Sheet at 31 December 2019
3. Banca Generali Group - Consolidated Cash Flow Statement at 31 December 2019
4. Banca Generali S.p.A. - Parent Profit and Loss Statement at 31 December 2019
5. Banca Generali S.p.A. - Parent Reclassified Balance Sheet at 31 December 2019
6. Banca Generali S.p.A. - Parent Reclassified Cash Flow Statement at 31 December 2019

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*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.
Tommaso di Russo (CFO of Banca Generali)*

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1) BANCA GENERALI GROUP – CONSOLIDATED PROFIT AND LOSS STATEMENT AT 31 DECEMBER 2019

(€ mil.)	12M 18	12M 19 Reported	% Chg
Net Interest Income	60.0	74.0	23.4%
Net income (loss) from trading activities and Dividends	24.1	14.2	-41.2%
Net Financial Income	84.1	88.2	4.9%
Gross fees	741.7	881.0	18.8%
Fee expenses	-376.3	-391.2	4.0%
Net Fees	365.3	489.8	34.1%
Net Banking Income	449.4	578.0	28.6%
Staff expenses	-84.2	-97.2	15.4%
Other general and administrative expense	-162.5	-162.7	0.1%
Depreciation and amortisation	-9.3	-30.0	n.m.
Other net operating income (expense)	59.4	68.7	15.6%
Net Operating Expenses	-196.6	-221.1	12.5%
Operating Profit	252.8	356.8	41.1%
Net adjustments for impair.loans and other assets	-7.3	-5.4	-26.1%
Net provisions for liabilities and contingencies	-25.4	-24.3	-4.4%
Equity (loss) on equity investments	-0.4	-1.9	n.m.
Profit Before Taxation	219.8	325.3	48.0%
Direct income taxes	-39.6	-53.2	34.2%
Net Profit	180.1	272.1	51.1%
<i>Cost/Income Ratio</i>	<i>41.7%</i>	<i>33.1%</i>	<i>-8.6 p.p.</i>
EBITDA	262.1	386.7	47.5%
<i>Tax rate</i>	<i>18.0%</i>	<i>16.3%</i>	<i>-1.7 p.p.</i>

2) BANCA GENERALI GROUP – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2019 (€M)

(€ millions)

Assets	Dec 31, 2018	Dec 31, 2019 Reported	Change	% Change
Financial assets at fair value through P&L (FVPL)	90.6	65.0	-25.6	-28.3%
Financial assets at fair value through other comprehensive income (FVOCI)	1,987.3	2,778.8	791.5	39.8%
Financial assets at amortised cost	7,166.2	8,206.5	1,040.4	14.5%
<i>a) Loans to banks</i>	1,434.5	1,130.7	-303.8	-21.2%
<i>b) Loans to customers</i>	5,731.6	7,075.8	1,344.2	23.5%
Equity investments	1.7	2.1	0.4	24.1%
Property equipment and intangible assets	101.8	298.4	196.5	n.m.
Tax receivables	52.8	51.2	-1.6	-3.1%
Other assets	335.5	363.6	28.2	8.4%
Total Assets	9,735.9	11,765.6	2,029.7	20.8%

Liabilities and Shareholders' Equity	Dec 31, 2018	Dec 31, 2019 Reported	Change	% Change
Financial liabilities at amortised cost	8,675.6	10,504.0	1,828.4	21.1%
<i>a) Due to banks</i>	128.7	94.8	-33.9	-26.3%
<i>b) Direct inflows</i>	8,546.9	10,409.2	1,862.3	21.8%
Financial liabilities held for trading	0.4	8.7	8.3	n.m.
Tax payables	18.0	13.6	-4.4	-24.4%
Other liabilities	142.2	147.1	4.9	3.5%
Special purpose provisions	164.8	174.5	9.7	5.9%
Valuation reserves	-11.6	3.8	15.4	n.m.
Capital instruments	0.0	50.0	50.0	0.0%
Reserves	414.4	454.5	40.1	9.7%
Additional paid-in capital	57.9	57.7	-0.2	-0.3%
Share capital	116.9	116.9	0.0	0.0%
Treasury shares (-)	-22.7	-37.4	-14.6	64.4%
Assets of third parties	0.0	0.0	0.0	0.0%
Net income (loss) for the period (+/-)	180.1	272.1	92.0	51.1%
Total Liabilities and Shareholders' Equity	9,735.9	11,765.6	2,029.7	20.8%

3) BANCA GENERALI GROUP – RECLASSIFIED CASH FLOW STATEMENT AT 31 DECEMBER 2019 (€M)

(€ millions)	31.12.2018	31.12.2019
Net liquidity generated by operations	157.3	234.6
Liquidity generated by/used (-) for financial assets and liabilities of Trading and AFS	977.0	-730.2
Liquidity generated by/used (-) for loans to banks	-65.9	-181.1
Liquidity generated by/used (-) for loans to customers	-1,261.8	-1,299.2
Liquidity generated by/used (-) for due to banks	-551.4	-34.3
Liquidity generated by/used (-) for due to customers	1,359.9	1,685.8
Liquidity generated by/used (-) for other operating assets/liabilities	5.7	-4.4
Net liquidity generated by/used (-) for operating activities	620.7	-328.6
Net liquidity generated by/used (-) for investing activities	-13.0	-46.2
Net liquidity generated by/used (-) for funding activities	-158.3	-112.7
Net liquidity generated by/used for in the year (-)	449.4	-487.5
Cash and cash equivalents	1,012.9	525.4

4) BANCA GENERALI - PARENT PROFIT AND LOSS STATEMENT AT 31 DECEMBER 2019

(€ mil.)	12M 18	12M 19	% Chg
Net Interest Income	60.2	74.3	23.4%
Net income (loss) from trading activities and Dividends	172.8	226.8	31.2%
Net Financial Income	233.0	301.1	29.2%
Gross fees	554.2	582.0	5.0%
Fee expenses	-348.1	-363.2	4.3%
Net Fees	206.0	218.8	6.2%
Net Banking Income	439.1	519.9	18.4%
Staff expenses	-79.3	-86.5	9.0%
Other general and administrative expense	-160.3	-159.4	-0.6%
Depreciation and amortisation	-9.2	-28.8	n.m.
Other net operating income (expense)	59.0	68.1	15.3%
Net Operating Expenses	-189.8	-206.7	8.9%
Operating Profit	249.2	313.2	25.7%
Net adjustments for impair.loans and other assets	-7.3	-5.4	-26.0%
Net provisions for liabilities and contingencies	-25.3	-24.2	-4.4%
Gain (loss) from disposal of equity investments	-0.3	-2.3	n.m.
Profit Before Taxation	216.3	281.3	30.0%
Direct income taxes	-27.3	-32.9	20.8%
Net Profit	189.1	248.4	31.4%
Cost/Income Ratio	41.1%	34.2%	-6.9 p.p.
EBITDA	258.5	342.1	32.3%
Tax rate	12.6%	11.7%	-0.9 p.p.

5) BANCA GENERALI – PARENT RECLASSIFIED BALANCE SHEET AT 31 DECEMBER 2019 (€M)

(€ millions)

Assets	Dec 31, 2018	Dec 31, 2019	Change	% Change
Financial assets at fair value through P&L (FVPL)	90.6	65.0	-25.6	-28.3%
Financial assets at fair value through other comprehensive income (FVOCI)	1,987.3	2,778.8	791.5	39.8%
Financial assets at amortised cost	7,087.8	8,134.9	1,047.2	14.8%
<i>a) Loans to banks</i>	1,391.8	1,119.7	-272.1	-19.6%
<i>b) Loans to customers</i>	5,696.0	7,015.3	1,319.3	23.2%
Equity investments	4.4	37.5	33.0	n.m.
Property equipment and intangible assets	101.4	259.0	157.6	n.m.
Tax receivables	52.8	49.3	-3.5	-6.6%
Other assets	334.6	360.5	26.0	7.8%
Total Assets	9,658.9	11,685.1	2,026.1	21.0%

Liabilities and Shareholders' Equity	Dec 31, 2018	Dec 31, 2019	Change	% Change
Financial liabilities at amortised cost	8,706.4	10,565.2	1,858.8	21.3%
<i>a) Due to banks</i>	128.7	94.8	-34.0	-26.4%
<i>b) Direct inflows</i>	8,577.7	10,470.4	1,892.7	22.1%
Financial liabilities held for trading	0.4	8.7	8.3	n.m.
Tax payables	14.2	9.6	-4.6	-32.5%
Other liabilities	140.9	190.2	49.3	35.0%
Special purpose provisions	164.5	169.8	5.3	3.3%
Valuation reserves	-11.5	4.0	15.5	n.m.
Reserves	303.0	352.0	49.0	16.2%
Additional paid-in capital	57.9	57.7	-0.2	-0.3%
Share capital	116.9	116.9	0.0	0.0%
Treasury shares (-)	-22.7	-37.4	-14.6	64.4%
Net income (loss) for the period (+/-)	189.1	248.4	59.3	31.4%
Total Liabilities and Shareholders' Equity	9,658.9	11,685.1	2,026.1	21.0%

6) BANCA GENERALI – PARENT RECLASSIFIED CASH FLOW STATEMENT AT 31 DECEMBER 2019 (€M)

(€ millions)	31.12.2018	31.12.2019
Net liquidity generated by operations	-30.9	87.3
Liquidity generated by/used (-) for financial assets and liabilities of Trading and AFS	977.0	-724.8
Liquidity generated by/used (-) for loans to banks	-20.8	-216.1
Liquidity generated by/used (-) for loans to customers	-1,263.5	-1,309.0
Liquidity generated by/used (-) for due to banks	-556.2	-34.0
Liquidity generated by/used (-) for due to customers	1,354.5	1,685.7
Liquidity generated by/used (-) for other operating assets/liabilities	11.5	-30.9
Net liquidity generated by/used (-) for operating activities	471.6	-541.7
Net liquidity generated by/used (-) for investing activities	136.1	166.8
Net liquidity generated by/used (-) for funding activities	-158.3	-112.5
Net liquidity generated by/used for in the year (-)	449.4	-487.5
Cash and cash equivalents	1,012.9	525.4

Fine Comunicato n.0856-11

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