



SPAFID
CONNECT

Informazione Regolamentata n. 0856-4-2021	Data/Ora Ricezione 10 Febbraio 2021 12:46:17	MTA
---	--	-----

Societa' : BANCA GENERALI
Identificativo : 142375
Informazione
Regolamentata
Nome utilizzatore : BCAGENERALIN03 - Pastore
Tipologia : 1.1
Data/Ora Ricezione : 10 Febbraio 2021 12:46:17
Data/Ora Inizio : 10 Febbraio 2021 12:46:18
Diffusione presunta
Oggetto : PR: Banca Generali Preliminary Results
2020

Testo del comunicato

Vedi allegato.

**PRESS
RELEASE**

Preliminary results at 31 December 2020

Net profit to new highs driven by the strength and quality of growth, despite non-operating one-off charges

- Net profit: €274.9 million (+1%)
- Recurring net profit¹: €158.8 (+7%)
- Q4 net profit: €79.1 million (+4%)
- Total revenues: €617.6 million (+7%)
- 'Core' operating expenses: €191.3 million (+3%)

New highs in total assets and net inflows

- Total assets: €74.5 billion (+8%)
- Assets under Advisory: €6.0 billion (+27%)
- 2020 net inflows: €5.9 billion (+14%)
- January 2021 net inflows: €393 million (-10%)
- Net inflows of managed and insurance products
€201 million (+41%)

Dividend at €3.3 per share and pay-out at 70% on 2019-2020 cumulative net profit

- Payment of two dividends: 1) €2.7 per share from 15 October to 31 December 2021; 2) €0.6 per share from 15 January to 31 March 2022

CONTACTS:

www.bancagenerali.com

Media Relations

Michele Seghizzi

Tel. +39 02.40826683

michele.seghizzi@bancagenerali.it

Investor Relations

Giuliana Pagliari

Tel: +39 02 408 26548

giuliana.pagliari@bancagenerali.it

Milan, 10 February 2021 – The Board of Directors of Banca Generali, chaired by Giancarlo Fancel, approved the preliminary consolidated results at 31 December 2020.

¹ Profit net of performance fees, non-recurring trading income, one-off charges and change in consolidation scope (Nextam and Valeur)

Chief Executive Officer and General Manager Gian Maria Mossa stated: *"We are proud of the very solid result achieved, as it confirms our commitment and determination, for which I would like to thank all of our bankers and colleagues. In such a complex year, marked by the health emergency and the economic crisis, we were able to be even closer to our clients, and best protect wealth, as shown by the upward spikes in total assets, net inflows and assets under advanced advisory. Despite the one-off charges and the higher tax rate, we recorded the best year in the Bank's history. We will submit to the Shareholders' General Meeting a proposal for a significant dividend, thus confirming our business model based on sustainable growth and creation of shareholder value. We have entered the final year of our three-year plan, convinced that we can meet our pre-set targets, and in many cases even exceed them, thanks to our constant revenue growth and diversification and our strong operating leverage, with growing assets and solid cost control. Regardless of the pandemic-related uncertainties, the attention shown by many experienced professionals working in the private banking and wealth management sector and clients' strong demand for advisory make us look to 2021 with optimism."*

Consolidated P&L results at 31 December 2020

In 2020, **net profit amounted to €274.9 million (+1%)**, further improving the previous year's excellent results, with growth across all the main items, fully in line with the three-year plan targets, in terms of both business expansion and revenue diversification and sustainability.

Recurring net profit (**€158.8 million; +6.9%**) confirmed the solid growth thanks to the many efficient initiatives undertaken to diversify the range of products and services, and to the sound cost discipline. Net profit also reflected some non-recurring one-off provisions and a higher tax rate, which impacted the overall increase.

Growth was mostly driven by the **rise in total assets (€74.5 billion; +8%)** attributable to a strong and high quality service model that — despite an unprecedented context due to the outbreak of the Covid-19 pandemic — effectively responded to the clients' increased demand for financial and non-financial wealth advisory, particularly in the private banking segment.

In further detail:

Net banking income grew to **€617.6 million (+6.9%)** thanks to the increase in net financial income (€109.6 million; +24.3%) and recurring fees (€366.3 million; +7.0%), whereas the contribution of variable fees (€141.8 million; -3.8%) decreased slightly compared to the highs of the previous year.

Net interest income amounted to €89.6 million (+21.1%). The result benefited from the overall increase in interest-bearing assets (€12.2 million; +12%), the resilient yield on the securities portfolio (81 bps; -1 bp) and the even more efficient liquidity management, also owing to the appropriate use of the tiering system. TLTRO-related income also contributed a total of €2.6 million to the result².

Net income from trading activities and dividends (€19.9 million; +40.7%) was driven by the optimisation of the financial portfolio.

The solid growth of **gross recurring fees** (€782.4 million; +6.6%) was driven by **management fees** (€675.4 million; +4.5%), which rose steadily from the lows caused by the bearish markets in March,

² Income regarding the €500 million TLTRO issued at the end of June 2020.

with a quarterly figure exceeding that reported before the outbreak of the pandemic. It should be noted that the marginal contribution of the management fees rose gradually on a quarterly basis to 140 bps for the fourth quarter, and thus standing within the 138-142 bps range set as the 2021 profitability target in the three-year plan.

Recurring fees also benefited from the increase in **banking and entry fees (€106.9 million; +22.6%)** thanks to the result of the new Advanced Advisory (BGPA) initiatives, the placement of structured products and the contribution of retail brokerage, all of which reported 2020 year-end results in line with or exceeding the 2021 revenue targets.

Operating costs³ amounted to €227.2 million, with a 6.7% increase that reflected the change in the consolidation scope following the acquisition of the former Nextam Group and Valeur, in addition to one-off charges of €1.0 million in Covid-19-related donations. Net of these items, organic growth of core expenses was 3%.

Operating efficiency indicators further improved, with a ratio of **total costs to total assets** at 30 bps (compared with 31 bps at year-end 2019) and a **cost/income ratio** that, even net of non-recurring items such as variable fees, stood at 37.8% (31.5% on a reported basis), thus confirming the Bank's outstanding operating efficiency.

Provisions, net adjustments and contributions and charges related to banking funds amounted to €42.8 million, of which €8.1 million referring to one-off items. In detail, €5.9 million was associated with the decline in the discount rate applied to the statistical-actuarial assessment of pension funds and €2.2 million with the recent extraordinary contribution to the Interbank Deposit Protection Fund for the rescue of Carige and Banca Popolare di Bari.

In addition, the **average tax rate rose to 20.8%** compared to 16.3% for the previous year, in line with the medium-term projections.

P&L results for Q4 2020

Net profit for the fourth quarter of 2020 was **€79.1 million (+4%)**, slightly up compared to the previous year despite the decrease in variable fees (€41.3 million; -19%) and a significant increase in the tax burden (+4.2 pps).

This was one of the best quarterly performances in the Bank's history, driven by a sharp acceleration of **recurring revenues** and, in particular, **net financial income** (€22.5 million; +12%) and **management fees** (€178.6 million; +5.5%), buoyed in turn by the increase in managed solutions.

Operating expenses declined to €63.3 million, thus decreasing in absolute value compared to €64.5 million for the previous quarter, as one-off charges for integrating the newly acquired companies were no longer present.

³ For a greater understanding of operating performance, mandatory contributions (of both an ordinary and extraordinary nature) paid to the Italian Interbank Deposit Protection Fund, the European Single Resolution Fund and Italian National Resolution Fund have been reclassified from the administrative expenses aggregate to a separate item. The restatement better represents the evolution of the costs linked to the Bank's operating structure by separating them from the systemic charges incurred.

The fourth quarter also recorded some **write-ups** (€1.7 million compared to €3.1 million write-downs in the fourth quarter of 2019) of the securities portfolio thanks to the improved financial market context.

Dividend proposal and capital ratios

In 2020, Banca Generali decided to comply with the recommendations on dividends issued during the year by the banking authorities in light of the extraordinary economic and financial context generated by the outbreak of the pandemic, thus refraining from paying the planned dividend.

For this reason, in line with the recommendations of the competent banking authorities, the Board of Directors convened today decided not to proceed to the payment of the second tranche of the 2019 dividend, equal to €0.30 per share and authorised by the General Shareholders' Meeting of the Company held on 23 April 2020 (thus following up on the resolution dated 15 October 2020 the cancelling the first tranche).

However, Banca Generali confirms the importance of pursuing the dividend policy to which it committed to its institutional and retail investors when presenting its 2019-2021 three-year strategic plan.

From this perspective, and considering the robust reinforcement of the Bank's capital position in 2020, the significant improvement in its business results and, not least importantly, its net profit performance, Banca Generali fully reaffirms its dividend plan even in the current economic and financial context.

Therefore, the Board of Directors resolved to submit to the General Shareholders' Meeting scheduled on 22 April 2021 (first call) the proposal for distributing cash dividends for €385.6 million, equal to €3.30 per share (gross of legal withholdings) for each of the 116,851,637 shares issued and a payout of 70.5%, calculated on the consolidated cumulative profit for 2019 and 2020. This also takes account of the two authorised dividend tranches regarding financial year 2019 and amounting to €216.2 million cancelled following recommendations by the ECB and the Bank of Italy in 2020.

Subject to the Shareholders' Meeting's approval, the distribution will take place as follows:

- €2.70 per share between 15 October and 31 December 2021;
- €0.60 per share between 15 January and 31 March 2022.

The above-mentioned dividend distributions are subject to the Board of Directors' prior verification that: (i) no limits and conditions are dictated by the European Central Bank and the Bank of Italy that may conflict with or limit the distribution as determined above and, in any event, the distribution complies with the supervisory provisions and guidance in effect from time to time; and (ii) company and consolidated Total Capital Ratio exceeds the SREP minimum requirements plus a 1.7% buffer, thus equal to 9.7% and 13.5%, respectively.

Lastly, the Board of Directors has been granted the power to verify whether the above conditions have been met, with consequent payout to the shareholders (if the said conditions have been met)

or reallocation of the amounts concerned to equity reserves (if the said conditions have not been met).

Period-end **consolidated capital ratios** were calculated net of the proposal to distribute €3.30 per share (gross of legal withholdings). CET1 ratio was 17.1% and Total Capital Ratio was 18.4%, thus far above the requirements set by banking supervisory authorities. It should be noted that dividend distribution of €3.3 per share entailed a 10.5 pps reduction in 2020 year-end capital ratios.

The reinforcement of capital ratios over the year is tied to the partial net profit retention and efficiency-enhancing measures in the calculation of capital absorption, including as a result of the adoption of the Traditional Standardised Approach (TSA). The improvement in capital solidity is all the more significant considering the bank's business expansion, the diversification of its portfolio of financial securities beyond government bonds alone and its increased lending activity (albeit with collateral).

Moreover, liquidity ratios remained at excellent levels, with **LCR (Liquidity Coverage ratio) reaching 443% (from 441%) and NSFR (Net Stable Funding ratio) 223% (from 216%)**. Bank's **leverage** — net of dividends — stood at 5.1% (from 4.8%).

Net Inflows and Assets Under Management (AUM)

Total assets at the end of the period increased by 8% reaching **€74.5 billion**, compared to €69.0 billion at 2019 year-end, driven by both net inflows and the ongoing performance recovery from March lows.

Managed and insurance products amounted to €53.8 billion overall (+6.5%), driven by **managed solutions (€37.4 billion, +9.9%)** whereas traditional life policies remained stable at €16.5 billion.

The **AUC component** amounted to €20.7 billion, of which €9.7 billion (+7.8%) in sight deposits, while AUC solutions grew to €11 billion (+15.5%), driven by higher net inflows from both current and new clients thanks to the recent enhancement of the Bank's advisory and trading services.

At the end of September, **Assets under Advanced Advisory (BGPA) grew by 27% to €6.0 billion** (€4.7 billion at the end of 2019), accounting for 8.1% of total assets.

Net inflows in 2020 were €5.9 billion, up 14.3% compared to the previous year, despite the lockdown and the social distancing measures adopted for most of the year. Net inflows were mainly concentrated on managed solutions (€3.2 billion, +70.7%), including in particular the LUX IM Sicavs, and insurance and financial wrappers due to the high level of customisation they provide. Among managed products, in 2020 ESG managed solutions (funds and asset management) reported €1.1 billion net inflows, half of which in the last quarter of the year.

In the reporting period, **net inflows from the existing network**, thus excluding the contribution of the staff recruited in the last two years, **accounted for 77% of the total**, equal to €4.5 billion.

Net Inflows at 31 January 2021

Net inflows in January amounted to €393 million, of which €225 million in **managed solutions** (57% of the total) confirming the strong attention toward investment requalification within a context of low or negative interest rates. With regard to products, worthy of note is the excellent start of **insurance wrappers** with €109 million net inflows.

At the end of January, **Assets under Advisory (BGPA)** grew by €143 million reaching €6.15 billion at the end of the month.

Business Outlook

Banca Generali looks to 2021 from the strength of record total assets and constantly robust net inflows, despite persistent market volatility. The strong commitment by the existing organisation to supporting clients with their portfolio-planning decisions in 2020 was accompanied, near year-end, by the resumption of recruitment of high-profile private bankers to meet the strong demand for advisory services — and the first effects of this process are expected to be seen as early as the coming months. The hand-over at the White House, the launch of the vaccination campaign and the growing attention to the timing and measures of the ambitious European Recovery Fund are restoring investors' attention back to the prospects of a recovery. From this perspective, the extensive diversification of our solutions, with instruments ranging from private markets in support of the real economy and Italian SMEs to innovative thematic investment, complete the breadth of a range without equal in the advisory sector in terms of depth, versatility and possible customisation, and the response we are receiving from clients — particularly private-banking clients — continues to be strong. In projects, development of the new home banking instruments is being expedited and integration of the trading platform BG Saxo is opening up to new opportunities also in managing and covering AUC, as well as clients' personal diversification needs. As we await an easing of the effects of the pandemic, which continues to pervade everyone's lives, the bank has succeeded in strengthening its digital applications for remote operations and stands ready to face the final year of its three-year plan with strength and knowledge that it can achieve all the most important targets it has set.

Presentation to the Financial Community

The preliminary financial results at 31 December 2020 will be presented today to the financial community during a **conference call** scheduled at **2:00 p.m. CET**.

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)

* * *

Annexes:

1. Banca Generali - Consolidated Profit and Loss Statement at 31 December 2020
2. Banca Generali - Consolidated Profit and Loss Statement for the Fourth Quarter of 2020
3. Banca Generali - Reclassified Consolidated Balance Sheet at 31 December 2020
4. Total Assets (AUM) at 31 December 2020
5. Net Inflows and Life New Business at 31 January 2021

* * *

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 2020

(€ mil.)	31.12.2019	31.12.2020	% Chg
Net Interest Income	74.0	89.6	21.1%
Net income (loss) from trading activities and Dividends	14.2	19.9	40.7%
Net Financial Income	88.2	109.6	24.3%
Gross recurring fees	733.6	782.4	6.6%
Fee expenses	-391.2	-416.1	6.4%
Net recurring fees	342.3	366.3	7.0%
Variable fees	147.4	141.8	-3.8%
Total Net Fees	489.8	508.0	3.7%
Total Banking Income	578.0	617.6	6.9%
Staff expenses	-97.2	-104.3	7.3%
Other general and administrative expense	-91.3	-94.6	3.6%
Depreciation and amortisation	-30.0	-33.0	10.0%
Other net operating income (expense)	5.5	4.6	-17.0%
Total operating costs	-212.9	-227.2	6.7%
Operating Profit	365.1	390.4	6.9%
Net adjustments for impair.loans and other assets	-5.4	-0.7	-87.7%
Net provisions for liabilities and contingencies	-24.3	-30.8	27.0%
Contributions to banking funds	-8.2	-11.3	37.2%
Gain (loss) from disposal of equity investments	-1.9	-0.3	-82.3%
Profit Before Taxation	325.3	347.3	6.8%
Direct income taxes	-53.2	-72.4	36.1%
Net Profit	272.1	274.9	1.0%
Cost /Income Ratio	31.7%	31.5%	-0.2 p.p.
EBITDA	395.0	423.3	7.2%
Tax rate	16.3%	20.8%	4.5 p.p.

2) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE FOURTH QUARTER OF 2020

(€ mil.)	4Q 2019	4Q 2020	% Chg
Net Interest Income	20.1	22.6	12.0%
Net income (loss) from trading activities and Dividends	4.9	9.9	n.m.
Net Financial Income	25.0	32.4	29.7%
Gross recurring fees	196.8	207.1	5.2%
Fee expenses	-103.3	-110.7	7.2%
Net recurring fees	93.5	96.4	3.1%
Variable fees	51.1	41.3	-19.1%
Total Net Fees	144.6	137.8	-4.7%
Total Banking Income	169.6	170.2	0.3%
Staff expenses	-29.6	-27.8	-6.1%
Other general and administrative expense	-28.6	-27.6	-3.4%
Depreciation and amortisation	-8.8	-9.5	7.6%
Other net operating income (expense)	2.5	1.6	-35.5%
Total operating costs	-64.5	-63.3	-1.9%
Operating Profit	105.1	106.9	1.7%
Net adjustments for impair.loans and other assets	-3.1	1.7	n.m.
Net provisions for liabilities and contingencies	-11.3	-12.0	5.7%
Contributions to banking funds	-1.0	-0.1	-85.9%
Gain (loss) from disposal of equity investments	-1.6	-0.2	-87.5%
Profit Before Taxation	88.1	96.3	9.3%
Direct income taxes	-12.0	-17.2	42.8%
Net Profit	76.1	79.1	4.0%
Cost /Income Ratio	32.8%	31.6%	-1.2 p.p.
EBITDA	113.9	116.4	2.2%
Tax rate	13.6%	17.8%	4.2 p.p.

3) BANCA GENERALI – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2020 (€M)

(€ millions)

Assets	31.12.2019	31.12.2020	Change	% Change
Financial assets at fair value through P&L (FVPL)	65.0	48.5	-16.5	-25.5%
Financial assets at fair value through other comprehensive income (FVOCI)	2,778.8	2,730.1	-48.7	-1.8%
Financial assets at amortised cost	8,206.5	9,657.4	1,450.8	17.7%
<i>a) Loans to banks</i>	1,130.7	1,236.6	105.8	9.4%
<i>b) Loans to customers</i>	7,075.8	8,420.8	1,345.0	19.0%
Equity investments	2.1	1.7	-0.3	-16.7%
Property equipment and intangible assets	298.4	288.6	-9.8	-3.3%
Tax receivables	51.2	49.8	-1.3	-2.6%
Other assets	363.6	400.9	37.4	10.2%
Assets under disposal	0.0	0.0	0.0	0.0%
Total Assets	11,765.6	13,177.0	1,411.6	12.0%

Liabilities and Shareholders' Equity	31.12.2019	31.12.2020	Change	% Change
Financial liabilities at amortised cost	10,504.0	11,506.6	1,002.6	9.5%
<i>a) Due to banks</i>	94.8	598.1	503.3	n.m.
<i>b) Direct inflows</i>	10,409.2	10,908.5	499.3	4.8%
Financial liabilities held for trading	8.7	69.4	60.7	n.m.
Tax payables	13.6	42.5	28.9	n.m.
Other liabilities	147.1	181.7	34.7	23.5%
Liabilities under disposal	0.0	0.0	0.0	0.0%
Special purpose provisions	174.5	192.3	17.8	10.2%
Valuation reserves	3.8	4.1	0.3	8.5%
Capital instruments	50.0	50.0	0.0	0.0%
Reserves	454.5	726.5	272.0	59.9%
Additional paid-in capital	57.7	57.1	-0.7	-1.2%
Share capital	116.9	116.9	0.0	0.0%
Treasury shares (-)	-37.4	-45.2	-7.8	21.0%
Shareholders' equity attributable to minority interest	0.0	0.2	0.2	n.m.
Net income (loss) for the period (+/-)	272.1	274.9	2.8	1.0%
Total Liabilities and Shareholders' Equity	11,765.6	13,177.0	1,411.6	12.0%

4) TOTAL ASSETS (AUM) AT 31 DECEMBER 2020

<i>Million of Euros</i>		Dec 2020	Sept 2020	Abs. Chg	Chg.
Mutual Funds		19,625	17,712	1,914	10.8%
	of which Lux IM	5,567	4,799	768	16.0%
<hr/>					
Portfolio Management		8,164	7,820	344	4.4%
<hr/>					
Insurance Wrappers		9,592	8,929	663	7.4%
<hr/>					
Managed Assets		37,381	34,460	2,921	8.5%
<hr/>					
Traditional Life Policies		16,453	16,648	-195	-1.2%
<hr/>					
Non Managed Assets		20,654	19,319	1,336	6.9%
	<i>of which Securities</i>	10,985	10,020	965	9.6%
<hr/>					
Total		74,488	70,427	4,062	5.8%

Assets Under Management (YTD)

<i>Million of Euros</i>		Dec 2020	Dec 2019	Abs. Chg	Chg.
Mutual Funds		19,625	16,916	2,710	16.0%
	of which Lux IM	5,567	3,593	1,974	54.9%
<hr/>					
Portfolio Management		8,164	8,428	-265	-3.1%
<hr/>					
Insurance Wrappers		9,592	8,672	920	10.6%
<hr/>					
Managed Assets		37,381	34,016	3,365	9.9%
<hr/>					
Traditional Life Policies		16,453	16,534	-81	-0.5%
<hr/>					
Non Managed Assets		20,654	18,482	2,172	11.8%
	<i>of which Securities</i>	10,985	9,510	1,475	15.5%
<hr/>					
Total		74,488	69,032	5,457	7.9%

5) NET INFLOWS AND LIFE NEW BUSINESS AT 31 JANUARY 2021

<i>Million of Euros</i>	Jan.	Jan.	Jan-Jan	Jan-Jan
	2021	2020	2021	2020
Mutual Funds and SICAVs	108	109	108	109
of which LUX IM	69	166	69	166
Financial Wrappers	8	-25	8	-25
Insurance Wrappers	109	99	109	99
Managed Solutions	225	183	225	183
Traditional life Insurance policies	-24	-40	-24	-40
Managed solutions and life insurance	201	143	201	143
Assets Under Custody	39	79	39	79
of which: Structured products, Securitisations	53	90	53	90
Deposits	153	216	153	216
AuC products and current accounts	192	295	192	295
Total Net Inflows	393	438	393	438

	Jan.	Jan.	S.I. to	S.I. to
	2021	2020	Jan. 2020	Jan. 2019
Assets Under Advanced Advisory	143	142	6,159	4,862

	Jan.	Jan.	Jan-Jan	Jan-Jan
	2021	2020	2021	2020
Life New Business	140	144	140	144

Fine Comunicato n.0856-4

Numero di Pagine: 14