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Societa' : BANCA GENERALI

Identificativo : 179630

Informazione
Regolamentata

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Testo del comunicato

Vedi allegato.

**PRESS
RELEASE**

Results at 30 June 2023

Banca Generali's growth accelerates

- Net profit: €175.1 million (+33%)
- Recurring net profit¹: €166.1 million (+54%)
- Net interest income: €151.5 million (+192%)
- Net recurring fees: stable at €478.7 million
- 'Core' operating costs: €114.5 million (+6%)

Record total assets driven by net inflows increase

- Total assets: €88.2 billion (+9% YoY)
- Assets under Advanced Advisory: €8.5 billion (+26%)
- H1 2023 net inflows: €3.3 billion (+7%)

Strong solidity and liquidity

- CET1 ratio at 17.3% and TCR at 18.5%
- LCR at 344% and NSFR at 223%

Milan, 27 July 2023 - The Board of Directors of Banca Generali approved the consolidated results at 30 June 2023.

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Chief Executive Officer and General Manager Gian Maria Mossa stated: *"This was the Bank's best first half ever in terms of customers' total assets, net inflows gathered by the existing network and recurring profit. We are particularly satisfied with our professionals' great work in assisting households, as reflected in our H1 net inflows. Fee-based products and services, such as fee-based advanced advisory and financial wrappers, continued to prove to be excellent solutions able to attract growing interest among high-standing clients. AUC portfolio solutions also performed well, focussing on maturities within one year to seize the opportunities offered by rising short-term interest rates, as confirmed by the acceleration of specific primary market solutions such as structured products and certificates. Considering our solid net inflows and of the acceleration of the main revenue items in the second quarter of the year, we have reached the halfway mark in our three-*

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

year Plan with strength and optimism. We are in line with or above the ambitious targets we had set ourselves, confirming our ability to overperform the market of reference and create value for all of our stakeholders.”

P&L RESULTS AT 30 JUNE 2023

H1 2023 closed with **consolidated net profit at €175.1 million**, up 33% compared to €131.3 million for the same period of the previous year. This result was driven by the Bank's ongoing business expansion, its revenue diversification and tight cost discipline in a context of persistent inflation and interest rate normalisation.

Profit quality was clearly confirmed by the performance of the **recurring component**, which grew to **€166.1 million** (+54% YoY) accounting for 95% of the profit for the period and reaching an all-time high.

In further detail:

Net banking income rose by 24.7% to €392.2 million, driven by the sharp increase in **net financial income** (€161.3 million; +138.9%). **Net recurring fees** amounted to €223.3 million (-3.5%) and variable fees stood at €7.6 million (-51.1% compared to H1 2022), impacted by the market conditions.

In particular, **net interest income** nearly tripled to €151.5 million (+192.1% YoY) fuelled by the increase in assets' yields which reflected interest rate trends. Assets' yields benefited from a financial portfolio characterised by bonds with a short duration (1.2 years) and a high percentage of variable-rate securities (52% of the total) that allowed to swiftly adjust the portfolio's yields to the interest rates' growth in the recent quarters. Interest-bearing assets amounted to €14.3 billion, mainly including a securities portfolio of €11.0 billion and a portfolio of highly securitised customer loans of €2.4 billion. Exposure to mortgage loans was very limited, amounting to €312 million (13% of the loan portfolio and 2% of the interest-bearing assets).

Gross recurring fees amounted to €478.7 million, in line with the same period of the previous year. In detail, **gross management fees** totalled €400.7 million compared to €413.3 million for the previous year. The change was due to the performance of average total managed assets, which were impacted by the financial crisis of the reference period. Overall, the slight decline in gross fees was offset by the sharp increase in **banking and entry fees**, which grew by 19.4% to €78.0 million, confirming the validity of the revenue diversification initiatives that the Bank has long implemented and that have been supported by the clients' interest for AUC solutions following the interest rate dynamics.

Operating costs amounted to €127.3 million (+6.1% YoY), including €2.2 million one-off charges, reflecting the Bank's operational efficiency. Despite the inflationary pressures, the item proved under control and in line with the Plan's targets thanks to a tight cost discipline. 'Core' operating costs amounted to €114.5 million (+5.9% YoY), of which €3.1 million generated by the launch of BG Suisse as part of the international expansion project.

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The ratio of **operating costs to total assets** fell to 29 bps (31 bps at the end of 2022), whereas the **cost/income ratio**, adjusted for non-recurring items, such as variable fees, declined further to 32.5% (40.8% at 2022 year-end and 33.2% in Q1 2023).

Provisions, contributions to banking funds and **net adjustments** totalled €25.2 million in the first half of the year compared to €22.2 million for the previous year (+13.8%). The change was due to the lower contribution from the alignment of discount rates used to measure actuarial provisions, which in the previous year had contributed a positive €10.7 million for the half-year period compared to the current €4.6 million.

The tax rate for the period rose to 27.0% compared to 23.8% for the same period of the previous year, due to the lower contribution of the foreign entities to the Group's result attributable to the decline in variable fees.

CAPITAL RATIOS AT 30 JUNE 2023

At 30 June 2023, Banca Generali's **CET1 ratio** rose to 17.3% and **TCR** to 18.5%, far above the minimum required by SREP – Supervisory Review and Evaluation Process (i.e., CET1 at 8.0% and TCR at 12.3%). Capital ratios were calculated assuming an expected 81% payout of earnings generated, in line with the guidelines defined in the Dividend Policy upon launching the 2022-2024 three-year Strategic Plan.

The Bank's **leverage ratio** stood at 5.0%, well above the 3% minimum requirement.

The Bank's liquidity ratios remained high: **LCR (Liquidity Coverage Ratio)** was 344% (338% at the end of 2022) and **NSFR (Net Stable Funding Ratio)** was 223% (203% at the end of 2022).

P&L RESULTS FOR Q2 2023

Q2 2023 net profit grew by 46% to **€92.0 million** on an annual basis. This quality result was driven by the recurring component, which rose by 62.8% to **€89.1 million**.

Net banking income improved by 29.5% to €199.0 million, fuelled by the increase in net interest income (€80.5 million; +174.7%). Gross recurring fees reversed their trend growing to €240.6 million (+2.8%), because of the partial recovery of financial markets and the improvement of financial markets in the period.

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Operating costs totalled €63.6 million compared to €60.0 million for Q2 2022. 'Core' operating costs amounted to €57.0 million (+5.8% YoY), including €1.5 million development costs of BG Suisse.

Operating result reached €135.4 million, up 45% compared to Q2 2023, testifying to the strong reactive capacity of the business model.

Profit before taxation grew by 48.9% to €125.3 million, after recognising provisions, contribution to banking funds and net adjustments for €10.2 million compared to €9.6 million in the previous year.

COMMERCIAL RESULTS

Banca Generali's H1 **total assets** were **€88.2 billion**, up 9.1% compared to the same period of the previous year and 6.2% YTD, thanks to the extensive commercial activity of Banca Generali's network in a more favourable financial market context than the previous year, albeit still marked by severe volatility.

At 30 June, total assets hit a **new all-time high** in the Bank's business expansion process.

Managed solutions (funds/Sicavs and financial and insurance wrappers) grew by 4.7% to €42.0 billion YTD. This figure benefited in particular from the contribution of highly bespoke and diversified financial wrappers (+12.9% YoY; +7.4% YTD) and in-house funds (+5.7% YoY; +5.4% YTD). Among managed products, **assets invested in ESG solutions** continued to grow, reaching €14.1 billion at the end of the period, compared to €12.9 billion at the end of 2022 and accounting for 33.7% of the total.

Assets under Custody rose to €21.4 billion (+71.1% YoY; +37.6% YTD) fostered by the market context. This growth was supported by the strong acceleration of advisory on securities and bond portfolios through Advanced Advisory services. Assets under Advisory grew by over €1.0 billion in the period to €8.5 billion at the end of June (+26.1% YoY; +14.5% YTD), accounting for 9.6% of total assets.

Traditional life insurance products, which were penalised by the higher attractiveness of other investment instruments in a context of rising interest rates, amounted to €14.5 billion (-9.1% YoY; -5.8% YTD).

With specific reference to the management company, BGFML's assets grew by 5.5% to €19.6 billion YTD (+5.3% YoY).

H1 **net inflows** proved very solid with €3.3 billion (+7.3% compared to the previous year), of which 87% gathered by the existing network². This result further confirmed the Financial Advisors' quality and proactivity in seizing the opportunities offered by market recovery after a challenging 2022, in a context of affluent and private households' increasing demand for wealth management advisory services.

In terms of products, AUC solutions were high in demand (€4.9 billion YTD), in addition to a renewed interest for managed solutions able to grasp financial markets' opportunities (€629 million YTD). With regard to insurance products, net inflows were modest, yet still positive for insurance wrappers, while net inflows were negative for traditional life insurance policies.

Net inflows from Assets under Advisory performed particularly well, totalling €861 million YTD, thus more than fivefold the amount reported for the same period of the previous year.

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² Banca Generali's Financial Advisors, excluding new recruits for the year and the previous year.

BUSINESS OUTLOOK

Banca Generali confirms the financial targets defined in the 2022-2024 three-year Plan, disclosed to the market at the Investor Day 2022:

- Consistent Growth: cumulated net inflows estimated in the range between €18.0 billion and €22.0 billion for the 2022-2024 three-year period;
- Profitable Growth: generating a compound annual growth rate (CAGR) of recurring profit equal to 10-15% over the 2021-2024 three-year period;
- Remunerative Growth: distributing cumulated DPS of €7.5-€8.5 in the 2022-2025 period (cash view).

* * *

PRESENTATION TO THE FINANCIAL COMMUNITY

The half-yearly results will be presented to the financial community during a **conference call** scheduled today, 27 July 2023 at **14:00 CET**.

It will be possible to follow the event by dialling the following telephone numbers:

from Italy and other non-specified countries:	+39 02 3621 3011;
from the United Kingdom	+44 121 281 8003;
from the USA	+1 718 705 8794 (toll-free +1 855 265 6959)

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Annexes:

1. Banca Generali – Consolidated Profit and Loss Statement at 30 June 2023
2. Banca Generali – Consolidated Profit and Loss Statement for the Second Quarter of 2023
3. Banca Generali – Reclassified Consolidated Balance Sheet at 30 June 2023
4. Total Assets at 30 June 2023

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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)

1) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT AT 30 JUNE 2023

m/€	6M 2022	6M 2023	% Chg
Net Interest Income	51.8	151.5	n.m.
Net income (loss) from trading activities and Dividends	15.7	9.8	-37.3%
Net Financial Income	67.5	161.3	n.m.
Gross recurring fees	478.6	478.7	0.0%
Fee expenses	-247.2	-255.5	3.3%
Net recurring fees	231.4	223.3	-3.5%
Variable fees	15.6	7.6	-51.1%
Total Net Fees	246.9	230.9	-6.5%
Total Banking Income	314.4	392.2	24.7%
Staff expenses	-57.4	-59.9	4.4%
Other general and administrative expense	-52.7	-54.8	3.9%
Depreciation and amortisation	-17.6	-19.2	9.1%
Other net operating income (expense)	7.8	6.6	-15.4%
Total operating costs	-119.9	-127.3	6.1%
Operating Profit	194.5	264.9	36.2%
Net adjustments for impair.loans and other assets	-4.9	-0.6	-88.5%
Net provisions for liabilities and contingencies	-11.4	-18.7	64.7%
Contributions to banking funds	-5.9	-5.8	-0.6%
Gain (loss) from disposal of equity investments	-0.1	-0.1	62.5%
Profit Before Taxation	172.4	239.7	29.6%
Direct income taxes	-41.1	-64.7	57.3%
Net Profit	131.3	175.1	33.3%
Cost/income ratio	38.1%	32.5%	-5.7 p.p.
EBITDA	212.2	284.1	33.9%
Tax rate	23.8%	27.0%	3.2 p.p.

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2) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE SECOND QUARTER OF 2023

m/€	2Q 2022	2Q 2023	% Chg
Net Interest Income	29.3	80.5	n.m.
Net income (loss) from trading activities and Dividends	11.0	5.9	-46.9%
Net Financial Income	40.3	86.4	n.m.
Gross recurring fees	234.0	240.6	2.8%
Fee expenses	-122.6	-130.6	6.6%
Net recurring fees	111.4	110.0	-1.3%
Variable fees	1.9	2.6	37.7%
Total Net Fees	113.3	112.6	-0.6%
Total Banking Income	153.7	199.0	29.5%
Staff expenses	-28.6	-30.2	5.4%
Other general and administrative expense	-29.3	-28.7	-2.0%
Depreciation and amortisation	-8.9	-9.8	10.0%
Other net operating income (expense)	6.9	5.1	-25.7%
Total operating costs	-60.0	-63.6	6.1%
Operating Profit	93.7	135.4	44.5%
Net adjustments for impair.loans and other assets	-2.8	-1.7	-38.5%
Net provisions for liabilities and contingencies	-6.4	-8.5	33.3%
Contributions to banking funds	0.0	0.2	n.m.
Gain (loss) from disposal of equity investments	-0.4	-0.1	-78.8%
Profit Before Taxation	84.1	125.3	48.9%
Direct income taxes	-21.1	-33.3	57.7%
Extraordinary Tax agreement	0.0	0.0	n.m.
Net Profit	63.0	92.0	46.0%
Cost/income ratio	39.0%	32.0%	-7.0 p.p.
EBITDA	102.6	145.2	41.5%
Tax rate	25.1%	26.6%	1.5 p.p.

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3) BANCA GENERALI – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 30 JUNE 2023

m/€				
Assets	31/12/2022	30/06/2023	Change	% Change
Financial assets at fair value through P&L (FVPL)	507.3	507.2	-0.2	0.0%
Financial assets at fair value through other comprehensive income (FVOCI)	1,120.1	958.9	-161.2	-14.4%
Financial assets at amortised cost	14,478.6	13,057.6	-1,421.0	-9.8%
<i>a) Loans to banks</i>	3,284.1	2,463.2	-820.9	-25.0%
<i>b) Loans to customers</i>	11,194.5	10,594.4	-600.1	-5.4%
Hedging derivatives	286.8	232.9	-53.9	-18.8%
Equity investments	3.1	2.9	-0.2	-5.3%
Property equipment and intangible assets	295.3	289.5	-5.8	-2.0%
Tax receivables	72.3	91.4	19.2	26.5%
Other assets	503.4	536.6	33.2	6.6%
Total Assets	17,266.8	15,677.0	-1,589.9	-9.2%
Liabilities and Shareholders' Equity	31/12/2022	30/06/2023	Change	% Change
Financial liabilities at amortised cost	15,504.0	13,784.0	-1,720.0	-11.1%
<i>a) Due to banks</i>	544.531	526.6	-17.9	-3.3%
<i>b) Direct inflows</i>	14,959.4	13,257.3	-1,702.1	-11.4%
Financial liabilities held for trading	123.6	107.8	-15.8	-12.8%
Tax payables	44.6	33.6	-11.0	-24.6%
Other liabilities	281.2	439.3	158.1	56.2%
Special purpose provisions	244.921	249.6	4.7	1.9%
Valuation reserves	-9.972	-6.4	3.5	-35.4%
Capital instruments	50.0	50.0	0.0	0.0%
Reserves	724.5	746.9	22.3	3.1%
Additional paid-in capital	53.767	52.8	-1.0	-1.8%
Share capital	116.852	116.9	0.0	0.0%
Treasury shares (-)	-80.1	-72.7	7.4	-9.2%
Shareholders' equity attributable to minority interest	0.442	0.4	-0.1	-14.7%
Net income (loss) for the period	213.034	175.1	-38.0	-17.8%
Total Liabilities and Shareholders' Equity	17,266.8	15,677.0	-1,589.9	-9.2%

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4) TOTAL ASSETS AT 30 JUNE 2023

<i>m/€</i>	Dec 2022	Jun 2023	Abs. Chg	Chg.
Mutual Funds and SICAVs	20,628	21,485	857	4.2%
<i>of which - In House Funds</i>	9,147	9,639	492	5.4%
<i>of which - Third party Funds</i>	11,481	11,846	365	3.2%
Financial Wrappers	9,364	10,053	689	7.4%
Insurance Wrappers	10,130	10,451	321	3.2%
Managed Solutions	40,121	41,988	1,867	4.7%
Traditional life Insurance policies	15,340	14,450	-889	-5.8%
Managed solutions and life insurance	55,461	56,439	978	1.8%
Assets Under Custody	15,546	21,399	5,853	37.6%
Deposits	12,051	10,409	-1,643	-13.6%
AuC products and current accounts	27,598	31,808	4,210	15.3%
Total Assets	83,059	88,247	5,188	6.2%
Fee generating assets³	58,880	60,888	2,008	3.4%
Assets Under Management (YoY)				
<i>m/€</i>	Jun 2022	Jun 2023	Abs. Chg	Chg.
Mutual Funds and SICAVs	20,640	21,485	845	4.1%
<i>of which - In House Funds</i>	9,118	9,639	521	5.7%
<i>of which - Third party Funds</i>	11,523	11,846	323	2.8%
Financial Wrappers	8,907	10,053	1,146	12.9%
Insurance Wrappers	10,296	10,451	155	1.5%
Managed Solutions	39,843	41,988	2,145	5.4%
Traditional life Insurance policies	15,905	14,450	-1,454	-9.1%
Managed solutions and life insurance	55,748	56,439	691	1.2%
Assets Under Custody	12,508	21,399	8,891	71.1%
Deposits	12,662	10,409	-2,253	-17.8%
AuC products and current accounts	25,170	31,808	6,638	26.4%
Total Assets	80,918	88,247	7,329	9.1%
Fee generating assets³	58,465	60,888	2,423	4.1%

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³ Managed solutions and life insurance + Advanced Advisory on AUC.

Fine Comunicato n.0856-40

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