

**PRESS
RELEASE**

Results at 30 June 2022

Banca Generali overcomes uncertainty and volatility thanks to its solid revenues and recurring profit

- Net profit: €131.3 million (-31%)
- Recurring net profit¹: €107.9 million (+30%)
- Total revenues: €314.4 million (-27%)
- Net recurring fees: €231.4 million (+9%)
- 'Core' operating costs²: €108.1 million (+6%)

Positive net inflows results confirm the quality of the network and services offered to customers

- Total assets: €80.9 billion (+1%)
- Assets under Advisory: €6.7 billion (-2%)
- H1 2022 net inflows: €3.0 billion

Capital solidity confirmed

- CET1 ratio at 15.2% and TCR Ratio at 16.3%

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Milan, 28 July 2022 - The Board of Directors of Banca Generali approved the consolidated results at 30 June 2022.

Chief Executive Officer and General Manager Gian Maria Mossa stated: *"The second quarter was once again marked by the great work carried out by our professionals, with overall net inflows of €3 billion in the first half of the year. The recurring P&L component proved resilient thanks to our highly flexible business model, the recovery of net interest income and the resilient profitability of the managed component. In addition, July is also confirming the excellent results of the previous*

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

² Operating costs excluding sales personnel costs and other one-off items

months, despite the highly uncertain context, thanks to our Bank's strong positioning in assisting households with financial advisory and wealth protection solutions. The operating focus and the commitment to developing the important projects set out in our Strategic Plan have characterised the past few months, in which good progress was already made towards achieving our planned objectives. All of the above, together with the interest rates prospects and the ongoing innovation of our services and products, makes us confident that we can continue to grow and achieve the ambitious targets we have set."

P&L RESULTS AT 30 JUNE 2022

H1 2022 closed with **consolidated net profit at €131.3 million**, compared to €190.1 million for the same period of the previous year (-31%). The comparison is not uniform: the first six months of 2022 were impacted by one of the worst financial crisis of all times, in sharp contrast to the financial markets' expansionary trend reported in the previous year. The severe international geopolitical tensions, the restrictive policies launched by Central Banks to counter inflationary pressures and the growing fears of an economic recession have led to a sharp contraction of both equity financial markets (MSCI World: -21.2%; Eurostoxx 50: -19.6%) and bond markets (European bonds: -13.1%; US Treasury bonds: -9.1%) in the first half of 2022.

In this context, Banca Generali's commitment to more sustainable financial results bore fruit, as highlighted upon the recent launch of the Bank's 2022-2024 Strategic Plan. In fact, the Bank's **recurring net profit**, excluding variable revenue items and other one-off items, amounted to **€107.9 million, up +30%** compared to the previous year. This performance was the result of the strong drive towards growth shown over the years, the flexibility of the Bank's business model and a constant operating cost discipline. Overall, recurring profit accounted for 82% of net profit for the period, compared to just 44% of the total for the same period of the previous year.

In further detail:

Net banking income totalled €314.4 million compared to €432.7 million for the previous year. The result was driven by the sharp increase in both **net financial income** (€67.5 million; +22.1%) and **net recurring fees** (€231.4 million; +8.9%), whereas variable fees (€15.6 million; -90.6%) were impacted by the collapse of equity and bond markets in the period.

Specifically, **net interest income** (€51.8 million; +18.1% YoY) benefited from the strong increase in bond yields in recent months, thanks to a financial asset structure focusing on a bond portfolio with a short duration (1.4 years) and a high exposure to variable rates (51% of the total). The increase in net interest income was also attributable to the growth of interest-bearing assets (€16.5 billion; +14.4% YoY and +9.4% YTD) and the constant expansion of deposits in the period.

Gross recurring fees amounted to €478.6 million (+6.5% compared to the same period of the previous year). This performance was mainly due to the increase in **gross management fees** to €413.3 million (+8.6%) attributable to both higher average total assets in the period and their greater profitability.

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Banking and entry fees amounted to **€65.3 million**, declining compared to €68.7 million in the first half of 2021 as a result of activities more closely linked to market trends (funds entry fees and greater exposure to bond trading), offset by the increase in revenues generated by advisory services and banking activities.

Operating costs totalled €119.9 million (+6.7%), including €1.5 million one-off charges. 'Core' operating costs amounted to €108.1 million (+5.9% YoY), including €2.8 million generated by the launch of BG Suisse, net of which the growth would have been 4.4%, confirming a thorough cost discipline.

The ratio of operating costs to total assets remained at an excellent level of 0.30%, slightly up as a result of the decline in total assets. The **cost/income ratio**, net of non-recurring items, was 39.6% (41.8% in H1 2021).

Provisions, contributions related to banking funds and net adjustments amounted to €22.2 million compared to €28.9 million for the previous year (-23%), excluding the previous year's one-off provisions. The decline was mainly due to lower provisions for contractual indemnities of an actuarial nature following the rise in the discount rates applied for the statistical-actuarial assessment.

CAPITAL RATIOS AT 30 JUNE 2022

At 30 June 2022, **CET1** ratio was 15.2% and **Total Capital ratio (TCR)** was 16.3%. Capital ratios were far above the minimum required by SREP – Supervisory Review and Evaluation Process (i.e., CET1 at 8.0% and TCR at 12.3%).

The change in capital ratios takes into account the commitment to buy back treasury shares, in service of incentive and loyalty plans. At the end of the H1 period, the Bank held 2,121,281 million treasury shares, all allocated to the remuneration policies for the Banking Group's key personnel.

The **leverage ratio** at the end of the first half of the year was 4.1%, slightly decreasing since year-start as a result of the sharp increase in assets over the period.

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P&L RESULTS FOR Q2 2022

Q2 2022 net profit stood at €63.0 million, up +15.2% compared to €54.7 million for the same period of the previous year. The recurring component amounted to €54.7 million, accounting for 86,8% of net profit for the period. The overall result was particularly significant in light of the negative market performance in the second quarter of the year³.

³ Q2 2022: European bonds: -7.1%; MSCI World: -16.6%; Eurostoxx 600: -10.7%

Net banking income amounted to €153.7 million (-20.3%) compared to €192.8 million for the second quarter of 2021. In the quarter, variable fees dropped sharply (€1.9 million compared to €54 million for the previous year), partly offset by the increase in net interest income (€29.3 million; +32.3%) and in net recurring fees (€111.4 million; +2.9%).

Operating costs totalled €60.0 million compared to €56.3 million for Q2 2021, including €1.0 million one-off items. 'Core' operating costs amounted to €53.9 million (5.9% YoY), including €1.3 million costs for developing the international growth plan; excluding the latter, the increase compared to the previous year would have been 4.9%.

Operating result amounted to €93.7 million compared to €136.5 million in Q2 2021. However, the recurring component rose sharply to €91.8 million, up 11.2% compared to the same period of 2021.

Profit before taxation was €84.1 million compared to €45.0 million for the previous year, after recognising minor items for ordinary and one-off provisions.

COMMERCIAL RESULTS

At period-end, Banca Generali's **total assets** amounted to **€80.9 billion**, up 0.6% compared to the same period of the previous year. In an extremely complex scenario marked by high volatility and a negative performance of nearly all asset classes⁴, total assets maintained a good resilience and solidity and, despite declining by 5.6% YTD, confirmed their fundamental role in the business expansion process that the Bank has long been pursuing.

Managed solutions (funds/Sicavs and financial and insurance wrappers) reached €39.8 billion (-3.5% YoY; -10.0% YTD). Their ratio to total assets was 49.2%, down compared to 51.3% for the previous year and to 51.6% at year-end 2021. Among managed solutions, ESG products grew, amounting to €6.0 billion at period-end (+1.0% YoY) and accounting for 15.0% of the total, constantly increasing compared to 14.3% for H1 2021 and 14.6% at year-end 2021.

Traditional LOB 1 insurance products amounted to €15.9 billion, virtually stable compared to the previous year (-0.3% YoY; -2.1% YTD).

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AUC products and current accounts amounted to €25.2 billion (+8.6% YoY; -0.2% YTD). **AUC** continued to increase, reaching €12.5 billion and increasing by 1.5% compared to the same period of the previous year (-6.0% YTD), benefiting from the ongoing expansion and diversification of products and services offered. **Current accounts** rose to €12.7 billion, up 6.3% YTD and 16.7% compared to the first half of 2021, as a result of a temporary increase in liquidity due to the financial market volatility in the period.

It should be noted that total assets of BGFML, Banca Generali's Luxembourg-based fund management company, totalled €18.6 billion (-7.5% compared to the previous year; -13.1% YTD).

⁴ H1 2022: European bonds: -13.1%; MSCI World: -21.2%; Eurostoxx 600: -16.5%

At period-end, **Assets under Advanced Advisory (BGPA)** reached €6.7 billion (-1.8% YoY; -8.0% YTD), accounting for 8.3% of total assets.

Total net inflows for H1 2022 exceeded €3.0 billion (-19.7% compared to the previous year), confirming the solidity of the trend, despite a particularly challenging market context.

The net inflows mix was impacted by the financial trends, reflecting investors' higher risk aversion in the period. This led to an increase in net inflows from AUC solutions (approximately €1.3 billion) and in current accounts (€0.9 billion).

Managed solutions, penalised by the negative market performance, accounted for 36.2% of total net inflows for the period. Among these solutions, **in-house managed solutions** (in-house funds, financial and insurance wrappers) recorded positive results in relative terms, accounting for 64.8% of net inflows from managed solutions in H1 2022.

BUSINESS OUTLOOK

Banca Generali confirms its full commitment to achieving the financial and strategic targets it has set in its three-year 2022-2024 Plan, presented in February 2022, despite the drastic change in the macro-economic context and geopolitical balances due to the outbreak of the war in Ukraine, the deterioration of the economic context, and the heightened inflationary tensions. In detail, Banca Generali reiterates its **central focus on growth in any market context** as a development driver in terms of size, revenue and stakeholders' remuneration.

From a strategic and operating standpoint, after the success of its private banking positioning, Banca Generali confirms that it intends to open up to a wider client target group and further develop the customisation of its services through the advisor-technology combination.

Financial targets are fully confirmed at all levels, despite the highest financial market volatility seen in decades. The current interest rate hike is an opportunity that had not been taken into consideration in the Plan's projections and can thus significantly contribute to profitability in the coming years.

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PRESENTATION TO THE FINANCIAL COMMUNITY

The half-yearly results will be presented to the financial community during a **conference call** scheduled today, 28 July 2022 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 2022
2. Banca Generali – Consolidated Profit and Loss Statement for the Second Quarter of 2022
3. Banca Generali – Reclassified Consolidated Balance Sheet at 30 June 2022
4. Total Assets at 30 June 2022

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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 – CONSOLIDATED PROFIT AND LOSS STATEMENT AT 30 JUNE 2022

m/€	6M 2021	6M 2022	% Chg
Net Interest Income	43.9	51.8	18.1%
Net income (loss) from trading activities and Dividends	11.4	15.7	37.6%
Net Financial Income	55.3	67.5	22.1%
Gross recurring fees	449.2	478.6	6.5%
Fee expenses	-236.8	-247.2	4.4%
Net recurring fees	212.4	231.4	8.9%
Variable fees	165.0	15.6	-90.6%
Total Net Fees	377.4	246.9	-34.6%
Total Banking Income	432.7	314.4	-27.3%
Staff expenses	-53.3	-57.4	7.7%
Other general and administrative expense	-46.9	-52.7	12.4%
Depreciation and amortisation	-17.1	-17.6	3.1%
Other net operating income (expense)	5.0	7.8	58.0%
Total operating costs	-112.3	-119.9	6.7%
Operating Profit	320.4	194.5	-39.3%
Net adjustments for impair.loans and other assets	-4.1	-4.9	19.9%
Net provisions for liabilities and contingencies	-18.6	-11.4	-39.1%
Extraordinary provision	-79.9	0.0	n.m.
Contributions to banking funds	-6.1	-5.9	-4.2%
Gain (loss) from disposal of equity investments	-0.1	-0.1	-46.8%
Profit Before Taxation	211.5	172.4	-18.5%
Direct income taxes	-21.4	-41.1	-91.9%
Net Profit	190.1	131.3	-30.9%
Cost/income ratio	26.0%	38.1%	+12.1 p.p.
EBITDA	337.5	212.2	-37.1%
Tax rate	10.1%	23.8%	13.7 p.p.

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2) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE SECOND QUARTER OF 2022

m/€	2Q 2021	2Q 2022	% Chg
Net Interest Income	22.1	29.3	32.3%
Net income (loss) from trading activities and Dividends	8.4	11.0	30.9%
Net Financial Income	30.6	40.3	31.9%
Gross recurring fees	228.1	234.0	2.6%
Fee expenses	-119.8	-122.6	2.3%
Net recurring fees	108.3	111.4	2.9%
Variable fees	54.0	1.9	-96.5%
Total Net Fees	162.3	113.3	-30.2%
Total Banking Income	192.8	153.7	-20.3%
Staff expenses	-26.8	-28.6	6.7%
Other general and administrative expense	-24.6	-29.3	18.9%
Depreciation and amortisation	-8.9	-8.9	0.7%
Other net operating income (expense)	4.0	6.9	70.0%
Total operating costs	-56.3	-60.0	6.5%
Operating Profit	136.5	93.7	-31.4%
Net adjustments for impair.loans and other assets	-2.7	-2.9	6.7%
Net provisions for liabilities and contingencies	-7.3	-6.4	-13.3%
Extraordinary provision	-79.9	0.0	n.m.
Contributions to banking funds	-1.5	0.0	n.m.
Gain (loss) from disposal of equity investments	0.0	-0.4	n.m.
Profit Before Taxation	45.0	84.1	86.7%
Direct income taxes	9.6	-21.1	n.m.
Net Profit	54.7	63.0	15.2%
Cost /Income Ratio	29.2%	39.0%	9.8 p.p.
EBITDA	145.4	102.6	-29.4%
Tax rate	-21.3%	25.1%	46.4 p.p.

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3) BANCA GENERALI – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 30 JUNE 2022 (€M)

m/€				
Assets	Dec 31, 2021	Jun 30, 2022	Change	% Change
Financial assets at fair value through P&L (FVPL)	415.6	426.2	10.6	2.5%
Financial assets at fair value through other comprehensive income (FVOCI)	2,543.1	2,134.7	-408.4	-16.1%
Financial assets at amortised cost	12,447.3	14,160.0	1,712.8	13.8%
<i>a) Loans to banks</i>	2,811.8	3,408.3	596.5	21.2%
<i>b) Loans to customers</i>	9,635.5	10,751.7	1,116.2	11.6%
Equity investments	2.0	3.1	1.1	51.3%
Property equipment and intangible assets	295.2	287.4	-7.8	-2.6%
Tax receivables	72.6	70.0	-2.6	-3.6%
Other assets	413.2	603.9	190.7	46.2%
Assets under disposal	2.7	0.0	-2.7	n. m.
Total Assets	16,191.6	17,685.3	1,493.7	9.2%
Liabilities and Shareholders' Equity	Dec 31, 2021	Jun 30, 2022	Change	% Change
Financial liabilities at amortised cost	14,412.4	15,612.3	1,199.9	8.3%
<i>a) Due to banks</i>	818.7	843.7	25.0	3.1%
<i>b) Direct inflows</i>	13,593.6	14,768.6	1,175.0	8.6%
Financial liabilities held for trading	171.9	158.5	-13.4	-7.8%
Tax payables	28.3	37.4	9.1	32.2%
Other liabilities	242.0	638.1	396.1	n.m.
Liabilities under disposal	0.3	0.0	-0.3	n.m.
Special purpose provisions	230.8	234.2	3.4	1.5%
Valuation reserves	0.5	-10.2	-10.7	n.m.
Capital instruments	50.0	50.0	0.0	0.0%
Reserves	624.0	718.5	94.4	15.1%
Additional paid-in capital	55.9	53.8	-2.1	-3.8%
Share capital	116.9	116.9	0.0	0.0%
Treasury shares (-)	-64.8	-55.9	8.9	-13.7%
Shareholders' equity attributable to minority interest	0.3	0.5	0.2	54.0%
Net income (loss) for the period (+/-)	323.1	131.3	-191.8	-59.4%
Total Liabilities and Shareholders' Equity	16,191.6	17,685.3	1,493.7	9.2%

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4) TOTAL ASSETS AT 30 JUNE 2022

<i>m/€</i>	Dec 2021	Jun 2022	Abs. Chg	Chg.
Mutual Funds and SICAVs	23,594	20,640	-2,954	-12.5%
<i>of which - In House Funds</i>	10,445	9,118	-1,328	-12.7%
<i>of which - Third party Funds</i>	13,148	11,523	-1,626	-12.4%
Financial Wrappers	9,427	8,907	-520	-5.5%
Insurance Wrappers	11,247	10,296	-951	-8.5%
Managed Solutions	44,268	39,843	-4,425	-10.0%
Traditional life Insurance policies	16,251	15,905	-347	-2.1%
Managed solutions and life insurance	60,519	55,748	-4,771	-7.9%
Assets Under Custody	13,302	12,508	-794	-6.0%
Deposits	11,907	12,662	755	6.3%
AuC products and current accounts	25,209	25,170	-39	-0.2%
Total Assets	85,728	80,918	-4,810	-5.6%
Assets Under Management (YTD)				
<i>m/€</i>	Jun 2021	Jun 2022	Abs. Chg	Chg.
Mutual Funds and SICAVs	21,918	20,640	-1,278	-5.8%
<i>of which - In House Funds</i>	9,636	9,118	-518	-5.4%
<i>of which - Third party Funds</i>	12,282	11,523	-759	-6.2%
Financial Wrappers	8,726	8,907	181	2.1%
Insurance Wrappers	10,645	10,296	-349	-3.3%
Managed Solutions	41,288	39,843	-1,445	-3.5%
Traditional life Insurance policies	15,947	15,905	-43	-0.3%
Managed solutions and life insurance	57,236	55,748	-1,488	-2.6%
Assets Under Custody	12,327	12,508	181	1.5%
Deposits	10,854	12,662	1,808	16.7%
AuC products and current accounts	23,181	25,170	1,989	8.6%
Total Assets	80,417	80,918	501	0.6%

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