

**PRESS  
RELEASE**

Results at 31 March 2022

## **Banca Generali withstood market volatility: recurring revenues and net profit grew driven by solidity and operating efficiency**

- Net profit: €68.3 million (-50%)
- Recurring net profit<sup>1</sup>: €53.2 million (+43%)
- Total revenues: €160.8 million (-33%)
- Net recurring fees: €120.0 million (+15%)
- 'Core' operating costs<sup>2</sup>: €54.2 million (+6%)

## **Further business expansion**

- Total assets: € 84.0 billion (+8%)
- Assets under Advisory: € 7.1 billion (+10%)
- Q1 2022 net inflows: €1.5 billion
- YTD net inflows: €1.9 billion<sup>3</sup>

## **Capital solidity confirmed**

- CET1 ratio at 16.2% and TCR Ratio at 17.3%
- Implicit dividend payout at 84%

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Milan, 13 May 2022 — The Board of Directors of Banca Generali approved the consolidated results at 31 March 2022.

Chief Executive Officer and General Manager Gian Maria Mossa stated: *"A solid start to the year, in which all the main recurring components of our business grew, further confirming the efficiency and quality of our work. Total assets continue to rise on a yearly base, as do net inflows, thanks to*

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

<sup>2</sup> Operating costs excluding sales personnel costs and other extraordinary items

<sup>3</sup> Cumulative data at 30 April 2022.

*our bankers' excellent work alongside households, each day, assisting them through the challenges of protecting and diversifying against risk variables such as inflation and severe market volatility. In an uncertain context marked by geopolitical and economic complexity, prudent management and operating efficiency were our guidelines, without compromising on strategic and commercial development. We continue to expand our advisory solutions by investing in our range of products and digital tools. In light of the professionals' positive response and the many new clients acquired in this first part of the year, we are confident we will continue to grow faster than our reference market."*

### **P&L RESULTS AT 31 MARCH 2022**

**Consolidated net profit amounted to €68.3 million** in the first quarter of 2022, compared to €135.4 million for the same period of the previous year (-50%). The change reflects the financial market trend in the period, which led variable fees to an extraordinary decline from the peak of €111 million reported in the first quarter of 2021 to €13.7 million in the first quarter of 2022. **Net of these most volatile components, the quality of the result improved sharply.**

In fact, **recurring profit** amounted to **€53.2 million (+43%** compared to the previous year), marking a significant improvement in the profitability profile. This result was mainly attributable to the strong expansion of total assets (€84.0 billion; +8%), the business model scalability and the tight cost discipline. Overall, recurring profit accounted for 78% of net profit for the period, compared to 27% for the first quarter of the previous year.

In further detail:

**Net banking income** amounted to €160.8 million compared to €239.9 million for the previous year. This result was driven by the increase in **net financial income** (€27.2 million; +10.0%) and **recurring net fees** (€120.0 million; +15.2%), despite the decline in variable fees (€13.7 million; -87.7%) due to the negative performance of financial markets in the period.

Specifically, **net interest income** (€22.5 million; +3.7% YoY; +22.7% QoQ) benefited from the new international scenario marked by rising interest rates, that has consolidated in recent months. As the Bank's bond portfolio has a short duration (1.3 years) and a high percentage of floating-rate securities (52% of total), it is ideally positioned to take advantage of the currently rising yields. Income from the proprietary trading book (€4.6 million; +56.8%) also contributed to the result.

**Gross recurring fees** amounted to €244.7 million (+10.6% compared to the same period of the previous year). This performance was chiefly driven by **gross management fees** which grew to €209.9 million (+12%) thanks to the increase in total assets over the period. **Banking and entry fees** rose to **€34.8 million (+3%)**, mainly as a result of fees linked to Assets under Advisory.

**Operating costs** totalled €59.9 million (+7.0%), confirming the Bank's very thorough and tight cost discipline. 'Core' costs reached €54.2 million (+5.9% YoY) and included €1.5 million associated with the launch of BG Suisse as part of the international expansion plan (€0.4 million for the first quarter of 2021).

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The ratio of operating costs to total assets remained at an excellent 0.29% at period-end (in line with the first quarter of the previous year), whereas the **cost/income ratio**, net of non-recurring items such as variable fees, declined further to 40.4% (43.0% at the end of 2021 and 43.4% in the first quarter of 2021).

**Provisions, contributions related to banking funds and net adjustments** totalled €13.0 million for the quarter, compared to €17.3 million for the previous year (-25%). The contributions to the funds for the protection of the banking system grew significantly in the quarter (€5.9 million; +27%), offset by the decline in the non-recurring component due both to the adjustment of discount rates applied to the statistical-actuarial assessment and to the loyalty plans, which reflected the commercial performance in the period.

Banca Generali's capital ratios continued to be solid, with **CET1 ratio** at 16.2% and **Total Capital Ratio (TCR)** at 17.3%, calculated net of the new dividend policy envisaged in the new 2022-2024 Strategic Plan. Capital ratios were far above the minimum required by SREP – Supervisory Review and Evaluation Process (i.e., CET1 at 7.75% and TCR at 11.84%). The Bank's **leverage ratio** was 4.4%, significantly above the regulatory minimum.

The Bank's liquidity ratios remained high. **LCR (Liquidity Coverage Ratio)** was **404%**(441% in 2021) and **NSFR (Net Stable Funding ratio)** was **221%**(228% in 2021).

## **COMMERCIAL RESULTS**

**Total assets** at period-end amounted to a **€84.0 billion**, up 8% compared to €77.5 billion for the first quarter of the previous year, testifying the solidity of the business expansion process that the Bank has long adopted and further reinforced through its new 2022-2024 Plan. Although declining by 2% YTD, total assets proved resilient despite the downtrend in financial markets<sup>4</sup> and the extraordinary volatility reported in the period.

**Managed solutions** (funds/Sicavs and financial and insurance wrappers) grew to €42.5 billion (+8.1% YoY; -4.1% YTD). Their ratio to total assets was 50.6%, stable compared to 50.7% for the previous year and declining slightly compared to 51.6% at the end of 2021. Among managed solutions, ESG products stood at €6.3 billion at period-end (+17% YoY), accounting for 14.9% of the total, up from 13.6% for Q1 2021 and 14.6% at year-end 2021.

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**Traditional LOB1 insurance products** remained virtually stable at €16.1 billion (-0.9% YoY and YTD).

**AUC products and current accounts** amounted to €25.5 billion (+15.9% YoY; +1% YTD), with **AUC** totalling €13.1 billion, up 10.8% compared to Q1 2021 (-1.4% YTD), benefiting from the expansion of the range, with the addition of the RO4AD advisory services. **Current accounts** reached €12.3 billion, up 3.6% YTD and 21.7% compared to the first quarter of 2021, as a result of a temporary increase in liquidity due to the financial market volatility in the period.

<sup>4</sup> *European bonds: -6.2%, MSCI World: -5.5%, Eurostoxx 600: -6.3% in the quarter.*

It should be noted that total assets of BGFML, Banca Generali's Luxembourg-based fund management company, totalled €20.1 billion (+4% compared to the previous year; -6% YTD).

At the end of the quarter, **Assets under Advisory (BGPA)** reached €7.1 billion (+10% YoY; -2% YTD), accounting for 8.5% of total assets. In **April**, Asset under Advisory stood at **€7.0 billion (+6% YoY)**.

**Net inflows** for Q1 2022 totalled €1.5 billion (-12% compared to the previous year), with a further increase of €457 million in April for an YTD total **exceeding €1.9 billion**.

Quarterly net inflows were mainly concentrated in **AUC and banking solutions**, whereas in April, thanks to the new initiatives launched, investments in managed products recovered, accounting for 56% of total net inflows in the month.

### **BUSINESS OUTLOOK**

Banca Generali is fully focused on achieving the financial and strategic targets set out in the 2022-2024 three-year Plan presented on 14 February 2022. Specifically, Banca Generali confirms the focus on **growth** as a driver of business expansion, profitability and shareholder remuneration.

From a strategic and operational standpoint, after its successful positioning in the private-banking market, Banca Generali has set itself the goal of becoming a partner of reference for a broader set of customers and further developing the personalisation of its service by focusing on the technology-financial advisor combination.

**Financial targets are all fully confirmed at all levels**, although, around two months from the launch of the Plan, the macroeconomic context and geopolitical balances have shifted dramatically due to the outbreak of the conflict in Ukraine. Financial markets are facing a period of severe volatility that had not been seen in decades. The ongoing rise in interest rates is an opportunity that had not been reflected in the Plan forecasts and therefore may be an important component of profitability as markets remain volatile.

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## PRESENTATION TO THE FINANCIAL COMMUNITY

The quarterly results will be presented to the financial community during a **conference call** scheduled today, 13 May 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 02 805 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 March 2022
2. Banca Generali – Reclassified Consolidated Balance Sheet at 31 March 2022
3. Total Assets at 31 March 2022

\* \* \*

*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  
31 MARCH 2022**

m/€	3M 2021	3M 2022	% Chg
Net Interest Income	21.7	22.5	3.7%
Net income (loss) from trading activities and Dividends	2.9	4.6	56.8%
<b>Net Financial Income</b>	<b>24.7</b>	<b>27.2</b>	<b>10.0%</b>
Gross recurring fees	221.2	244.6	10.6%
Fee expenses	-117.0	-124.6	6.5%
<b>Net recurring fees</b>	<b>104.1</b>	<b>120.0</b>	<b>15.2%</b>
Variable fees	111.0	13.7	-87.7%
<b>Total Net Fees</b>	<b>215.2</b>	<b>133.6</b>	<b>-37.9%</b>
<b>Total Banking Income</b>	<b>239.9</b>	<b>160.8</b>	<b>-33.0%</b>
Staff expenses	-26.4	-28.7	8.7%
Other general and administrative expense	-22.3	-23.5	5.3%
Depreciation and amortisation	-8.2	-8.7	5.8%
Other net operating income (expense)	0.9	1.0	5.8%
<b>Total operating costs</b>	<b>-56.0</b>	<b>-59.9</b>	<b>7.0%</b>
<b>Operating Profit</b>	<b>183.8</b>	<b>100.9</b>	<b>-45.1%</b>
Net adjustments for impair.loans and other assets	-1.4	-2.1	49.0%
Net provisions for liabilities and contingencies	-11.3	-5.0	-55.8%
Contributions to banking funds	-4.6	-5.9	27.1%
Gain (loss) from disposal of equity investments	-0.1	0.4	n.m.
<b>Profit Before Taxation</b>	<b>166.4</b>	<b>88.3</b>	<b>-47.0%</b>
Direct income taxes	-31.0	-20.0	-35.5%
<b>Net Profit</b>	<b>135.4</b>	<b>68.3</b>	<b>-49.6%</b>
<b>Cost/income ratio adjusted</b>	<b>43.4%</b>	<b>40.4%</b>	<b>-3.0 p.p.</b>
<b>EBITDA</b>	<b>192.0</b>	<b>109.5</b>	<b>-43.0%</b>
<b>Tax rate</b>	<b>18.6%</b>	<b>22.7%</b>	<b>4.1 p.p.</b>

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## 2) BANCA GENERALI – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 31 MARCH 2022 (€M)

m/€				
Assets	Dec 31, 2021	Mar 31, 2022	Change	% Change
Financial assets at fair value through P&L (FVPL)	415.6	426.8	11.2	2.7%
Financial assets at fair value through other comprehensive income (FVOCI)	2,543.1	2,643.2	100.1	3.9%
Financial assets at amortised cost	12,447.3	13,127.5	680.3	5.5%
<i>a) Loans to banks</i>	2,811.8	2,916.4	104.6	3.7%
<i>b) Loans to customers</i>	9,635.5	10,211.2	575.7	6.0%
Equity investments	2.0	3.3	1.2	59.2%
Property equipment and intangible assets	295.2	288.5	-6.7	-2.3%
Tax receivables	72.6	67.2	-5.4	-7.4%
Other assets	413.2	459.2	46.0	11.1%
Assets under disposal	2.7	0.0	-2.7	n.m.
<b>Total Assets</b>	<b>16,191.6</b>	<b>17,015.6</b>	<b>824.0</b>	<b>5.1%</b>
Liabilities and Shareholders' Equity	Dec 31, 2021	31/03/2022	Variaz.	Variaz. %
Financial liabilities at amortised cost	14,412.40	15,120.9	708.5	4.9%
<i>a) Due to banks</i>	818.7	795.4	-23.3	-2.8%
<i>b) Direct inflows</i>	13,593.60	14,325.4	731.8	5.4%
Financial liabilities held for trading	171.9	222.9	51.1	29.7%
Tax payables	28.3	31.8	3.5	12.4%
Other liabilities	242.0	238.5	-3.5	-1.5%
Liabilities under disposal	0.3	0.0	-0.3	n.m.
Special purpose provisions	230.8	232.0	1.1	0.5%
Valuation reserves	0.5	-5.9	-6.4	n.m.
Capital instruments	50.0	50.0	0.0	0.0%
Reserves	624.0	948.8	324.8	52.0%
Additional paid-in capital	55.9	55.9	0.0	0.0%
Share capital	116.9	116.9	0.0	0.0%
Treasury shares (-)	-64.8	-64.8	0.0	0.0%
Shareholders' equity attributable to minority interest	0.3	0.4	0.1	28.4%
Net income (loss) for the period (+/-)	323.1	68.3	-254.8	-78.9%
<b>Total Liabilities and Shareholders' Equity</b>	<b>16,191.6</b>	<b>17,015.6</b>	<b>824.0</b>	<b>5.1%</b>

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### 3) TOTAL ASSETS AT 31 MARCH 2022

<i>m/€</i>	<b>Dec 2021</b>	<b>Mar 2022</b>	<b>Abs. Chg</b>	<b>Chg.</b>
Mutual Funds and SICAVs	23,594	22,285	-1,309	-5.5%
<i>of which - In House Funds</i>	10,445	9,868	-577	-5.5%
<i>of which - Third party Funds</i>	13,148	12,417	-732	-5.6%
Financial Wrappers	9,427	9,294	-133	-1.4%
Insurance Wrappers	11,247	10,872	-375	-3.3%
<b>Managed Solutions</b>	<b>44,268</b>	<b>42,452</b>	<b>-1,816</b>	<b>-4.1%</b>
<b>Traditional life Insurance policies</b>	<b>16,251</b>	<b>16,102</b>	<b>-149</b>	<b>-0.9%</b>
<b>Managed solutions and life insurance</b>	<b>60,519</b>	<b>58,553</b>	<b>-1,966</b>	<b>-3.2%</b>
Assets Under Custody	13,302	13,121	-181	-1.4%
Deposits	11,907	12,339	433	3.6%
<b>AuC products and current accounts</b>	<b>25,209</b>	<b>25,460</b>	<b>251</b>	<b>1.0%</b>
<b>Total Assets</b>	<b>85,728</b>	<b>84,013</b>	<b>-1,714</b>	<b>-2.0%</b>

#### Assets Under Management (YTD)

<i>m/€</i>	<b>Mar 2021</b>	<b>Mar 2022</b>	<b>Abs. Chg</b>	<b>Chg.</b>
Mutual Funds and SICAVs	20,736	22,285	1,549	7.5%
<i>of which - In House Funds</i>	9,196	9,868	672	7.3%
<i>of which - Third party Funds</i>	11,541	12,417	876	7.6%
Financial Wrappers	8,424	9,294	870	10.3%
Insurance Wrappers	10,101	10,872	771	7.6%
<b>Managed Solutions</b>	<b>39,262</b>	<b>42,452</b>	<b>3,190</b>	<b>8.1%</b>
<b>Traditional life Insurance policies</b>	<b>16,230</b>	<b>16,102</b>	<b>-128</b>	<b>-0.8%</b>
<b>Managed solutions and life insurance</b>	<b>55,492</b>	<b>58,553</b>	<b>3,061</b>	<b>5.5%</b>
Assets Under Custody	11,837	13,121	1,284	10.8%
Deposits	10,139	12,339	2,201	21.7%
<b>AuC products and current accounts</b>	<b>21,976</b>	<b>25,460</b>	<b>3,485</b>	<b>15.9%</b>
<b>Total Assets</b>	<b>77,468</b>	<b>84,013</b>	<b>6,546</b>	<b>8.4%</b>

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