

**PRESS
RELEASE**

Results at 31 March 2023

Banca Generali accelerates growth in Q1 2023

- Net profit: €83.1 million (+22%)
- Recurring net profit¹: €77.0 million (+45%)
- Net interest income: €71.0 million (+215%)
- Net recurring fees: €113.3 million (-6%)
- 'Core' operating costs: €57.4 million (+6%)

Total assets hit a new all-time high

- Total assets: €85.9 billion (+2%)
- Assets under Advisory: €7.8 billion (+10%)
- Q1 2023 net inflows: €1.5 billion (+4%)
- YTD net inflows: €2.0 billion² (+4%)

Top solidity and liquidity in the industry

- CET1 ratio at 16.0% and TCR at 17.1%
- LCR at 326% and NSFR at 224%

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Milan, 11 May 2023 - The Board of Directors of Banca Generali approved the consolidated results at 31 March 2023.

Chief Executive Officer and General Manager Gian Maria Mossa stated: *"We are very satisfied with the result, which further confirms our ability to grow in any context. We have achieved a historic high in terms of client portfolios, with over 70% of them generating recurring fees. The demand for higher value-added investment services hit new record levels, with fee-based financial wrappers and advisory services exceeding €17 billion overall. Net inflows also rose in the first quarter, with a significant contribution by the Bank's existing network, confirming our Financial Advisors' quality and the growing advisory needs of high-standing clients. In a period marked by ongoing volatility*

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

² Cumulative data at 30 April 2023.

and a complex interest rate scenario, we recorded the best quarter ever in terms of recurring net profit. Recurring fees proved rather resilient, also thanks to the value generated by AUC solutions, which reached a historic high in line with the monetary policy cycle. We look to the market economic and financial challenges for the coming months with caution, but we are confident we can continue to grow in line with the Plan's targets on the strength of our unique positioning and of a service level that is increasingly recognised and appreciated by our clients."

P&L RESULTS AT 31 MARCH 2023

Q1 2023 closed with **consolidated net profit at €83.1 million**, up 22% compared to €68.3 million for the same period of the previous year. This result was achieved in a context marked by gradually recovering stock markets compared to the lows of the previous year, albeit still impacted by strong volatility and macroeconomic and geopolitical uncertainties. Leveraging its diversified products and services and the quality of its professional network, Banca Generali best seized market opportunities, accelerating its path towards its business and profitability growth targets.

In the reporting period, net profit quality further improved, testifying to the Bank's constant steps forwards towards sustainable financial growth. **Recurring net profit** rose by 45% to **€77.0 million**, reaching a **new all-time quarterly high**. This result was achieved thanks to the numerous initiatives aimed at fostering revenue sustainability and diversification, as well as to the favourable interest rate normalisation and the Bank's customary cost discipline. Overall, **the recurring component accounted for 93% of net profit for the period, compared to 78% for the same period of the previous year.**

In further detail:

Net banking income totalled €193.2 million compared to €160.8 million for Q1 2022. The significant increase was driven by the **net financial income** acceleration (€74.9 million; +175.8%), offset by **net recurring fees** amounting to €113.3 million (-5.6%) and the lower contribution of variable fees (€5.0 million; -63.3%) due to market volatility.

In particular, **net interest income** (€71.0 million; +214.9% YoY; +24.2 % QoQ) benefited from the increase in assets' yields, in line with the rise in market interest rates. Margins were mainly driven by a bond portfolio characterised by a short duration (1.2 years) and a high percentage of variable-rate securities (53% of the total). Interest-bearing assets amounted to €15.5 billion at period-end, slightly down on the end of the year (-1.8%).

Gross recurring fees amounted to €238.1 million (-2.7% compared to the same period of the previous year). In detail, **gross management fees** totalled €199.8 million compared to €209.9 million for the previous year as a result of lower average total assets managed in highly complex market conditions characterised by severe pressures. By contrast, **banking and entry fees** rose to €38.3 million (+10.2%), with a robust growth supported by the Bank's revenue diversification initiatives and the clients' interest in AUC solutions.

Despite the inflationary pressures, **operating costs** amounted to €63.7 million (+6.2% on an annual basis), including €1.1 million one-off charges, thus confirming the Bank's operational efficiency.

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'Core' operating costs amounted to €57.4 million (+6.0% YoY), of which €1.5 million generated by the launch of BG Suisse, in line with the Plan's projections.

The ratio of **operating costs to total assets** improved to 30 bps (31 bps at the end of 2022), whereas the **cost/income ratio**, adjusted for non-recurring items, such as variable fees, declined markedly to 33.2% (40.8% at 2022 year-end and 40.4% in Q1 2022), further confirming the Bank's operating efficiency.

Provisions, contributions to banking funds and net adjustments totalled €15.0 million compared to €13.0 million for the previous year (+16.4%). The change was chiefly attributable to the higher prudential provision for liabilities and contingencies (€10.2 million compared to €5.0 million for the previous year).

The tax rate for the period was 27.4%, up compared to 22.7% for the same period of the previous year, mainly due to the lower contribution of the foreign entities to the Group's result, due to the lower variable fee component.

CAPITAL RATIOS AT 31 MARCH 2023

With reference to capital requirements, Banca Generali confirmed the soundness of its regulatory ratios: **CET1 ratio** was 16.0% and **Total Capital Ratio** was 17.1%. These capital ratios far exceeded the minimum requirements set by SREP – Supervisory Review and Evaluation Process (i.e., CET1 ratio at 8.0% and TCR at 12.3%). The Bank's **leverage ratio** stood at 4.5%, well above the minimum requirement.

The Bank's liquidity ratios remained high: **LCR (Liquidity Coverage Ratio) was 326%** (338% in 2022) and **NSFR (Net Stable Funding Ratio) was 224%** (203% in 2022). In addition, the Bank's level of liquidity proved solid, as confirmed by the amount of eligible assets for ECB refinancing operations, which reached €10.9 billion, accounting for 96% of the Bank's total securities portfolio.

COMMERCIAL RESULTS

At the end of March, Banca Generali's **total assets** grew to **€85.9 billion**, marking a new **all-time high** in the Bank's business expansion process (+2.3% YoY; +3.5% YTD). The result was fostered by solid net inflow volumes and the recovery of financial markets compared to year-start, following the sharp correction of the previous year's trend, with regard to both equity and bond markets.

Managed solutions (funds/Sicavs and financial and insurance wrappers) rose by 2.7% to €41.2 billion YTD as a result of the market recovery, driven in particular by the excellent results (in terms of net inflows and performance) of financial wrappers, whose range continued to be expanded with the addition of new solutions. Among them, **assets invested in ESG products** continued to grow, reaching €13.7 billion at the end of the quarter, compared to €12.9 billion at the end of 2022 and accounting for 33.2% of the total.

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Market and interest rate dynamics led to an increase in **Assets under Custody** (€18.9 billion; +44.0% YoY; +21.5% YTD), as in these conditions attention was drawn to liquidity reinvestment opportunities.

Within this context, the Bank enhanced its advisory services on bonds and bond portfolios through its Advanced Advisory solutions. The latter reached €7.8 billion assets at the end of March (+10.2% YoY; +6.2% YTD), increasing by over €450 million in the quarter and accounting for 9.1% of total assets. **In April, Assets under Advisory** further grew to **€8.0 billion (+8.3% YTD)**.

In the first months of the year, traditional life insurance products were penalised by the performance of other investment instruments linked to the rise in bond rates and stood at €14.7 billion (-4.0% YTD; -8.6% YoY). However, the Bank's subsequent initiatives brought the attention back to the demand side, as confirmed by the April figures.

With reference to the management company, BGFML's assets grew by 3% to €19.1 billion YTD (-4.9% YoY).

In the January-March period, **net inflows** proved very solid in terms of volumes, totalling €1.5 billion (+4.4% compared to the previous year). 86% of net inflows was gathered by the Bank's existing network³, further confirming the quality and close attention offered by Banca Generali's Financial Advisors.

In April, the **net inflows** trend continued to remain robust, further increasing to **€476 million**, bringing the **YTD** total to **€2.0 billion** (+4.4% compared to the previous year).

In terms of products, AUC solutions remained high in demand (€572 million in April; €3.3 billion YTD), in addition to an increasing interest for financial managed solutions (€95 million) and the stabilisation of demand for insurance products (-€71 million in April compared to -€220 million in March). Net inflows from Assets under Advisory continued to grow reaching €170 million, with a fourfold increase compared to the previous year (€505 million YTD).

BUSINESS OUTLOOK

The financial and economic context shows numerous contrasting elements. On the one hand, global economic growth shows solid trends, with positive indicators regarding the job markets, energy cost reduction, consumption, and the positive effect of the reopening of the Chinese economy. Since year-start, all the main asset classes have recorded positive results, except for some significant cases. On the other hand, the persistence of geopolitical tensions, the need for combating the still-too-high inflation and the ongoing turbulences within the US banking sector call for prudent expectations.

Within this context, Banca Generali confirms its 2023 targets, with net inflows in the range of €5.7-€6.7 billion and recurring net profit growing by 15%-20% for the current year.

These objectives are in line with the financial targets defined in the 2022-2024 three-year Plan, disclosed to the market at the Investor Day 2022:

³ Banca Generali's Financial Advisors, excluding new recruits for the year and the previous year.

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- 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 2022-2024 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 quarterly results will be presented to the financial community during a **conference call** scheduled today, 11 May 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)

* * *

Annexes:

1. Banca Generali – Consolidated Profit and Loss Statement at 31 March 2023
2. Banca Generali – Reclassified Consolidated Balance Sheet at 31 March 2023
3. Total Assets at 31 March 2023
4. Net Inflows at 30 April 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)*

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**1) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT AT
31 MARCH 2023**

m/€	3M 2022	3M 2023	% Chg
Net Interest Income	22.5	71.0	n.m.
Net income (loss) from trading activities and Dividends	4.6	4.0	-14.4%
Net Financial Income	27.2	74.9	n.m.
Gross recurring fees	244.6	238.1	-2.7%
Fee expenses	-124.6	-124.9	0.2%
Net recurring fees	120.0	113.3	-5.6%
Variable fees	13.7	5.0	-63.3%
Total Net Fees	133.6	118.3	-11.5%
Total Banking Income	160.8	193.2	20.1%
Staff expenses	-28.7	-29.7	3.4%
Other general and administrative expense	-23.5	-26.1	11.1%
Depreciation and amortisation	-8.7	-9.4	8.3%
Other net operating income (expense)	1.0	1.5	56.0%
Total operating costs	-59.9	-63.7	6.2%
Operating Profit	100.9	129.5	28.4%
Net adjustments for impair.loans and other assets	-2.1	1.2	n.m.
Net provisions for liabilities and contingencies	-5.0	-10.2	n.m.
Extraordinary charges	0.0	0.0	n.m.
Contributions to banking funds	-5.9	-6.0	2.0%
Gain (loss) from disposal of equity investments	0.4	0.0	n.m.
Profit Before Taxation	88.3	114.4	29.6%
Direct income taxes	-20.0	-31.4	57.0%
Income/(losses) after tax on assets held for sales	0.0	0.0	n.m.
Minorities interest	0.0	0.0	n.m.
Extraordinary Tax agreement	0.0	0.0	n.m.
Net Profit	68.3	83.1	21.6%
Cost/income ratio	37.3%	33.0%	-4.3 p.p.
EBITDA	109.5	138.9	26.8%
Tax rate	22.7%	27.4%	4.7 p.p.

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2) BANCA GENERALI – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 31 MARCH 2023

m/€				
Assets	31/12/2022	31/03/2023	Change	% Change
Financial assets at fair value through P&L (FVPL)	507.3	505.0	-2.4	-0.5%
Financial assets at fair value through other comprehensive income (FVOCI)	1,120.1	1,020.3	-99.8	-8.9%
Financial assets at amortised cost	14,478.6	14,341.7	-136.9	-0.9%
<i>a) Loans to banks</i>	3,284.1	3,239.4	-44.7	-1.4%
<i>b) Loans to customers</i>	11,194.5	11,102.3	-92.2	-0.8%
Hedging derivatives	286.8	245.4	-41.4	-14.4%
Equity investments	3.1	3.0	-0.1	-2.7%
Property equipment and intangible assets	295.3	294.1	-1.2	-0.4%
Tax receivables	72.3	86.0	13.8	19.1%
Other assets	503.4	508.4	5.0	1.0%
Assets under disposal	0.0	0.0	0.0	n.m.
Total Assets	17,266.8	17,003.8	-263.0	-1.5%
Liabilities and Shareholders' Equity	31/12/2022	31/03/2023	Change	% Change
Financial liabilities at amortised cost	15,504.0	15,205.5	-298.5	-1.9%
<i>a) Due to banks</i>	544.531	821.7	277.1	50.9%
<i>b) Direct inflows</i>	14,959.4	14,383.8	-575.6	-3.8%
Financial liabilities held for trading	123.6	134.4	10.8	8.7%
Tax payables	44.6	58.5	13.9	31.2%
Other liabilities	281.2	200.7	-80.6	-28.7%
Liabilities under disposal	0	0.0	0.0	n.m.
Special purpose provisions	244.921	247.8	2.8	1.2%
Valuation reserves	-9.972	-8.3	1.7	n.m.
Capital instruments	50.0	50.0	0.0	0.0%
Reserves	724.5	941.5	216.9	29.9%
Additional paid-in capital	53.767	53.8	0.0	0.0%
Share capital	116.852	116.9	0.0	0.0%
Treasury shares (-)	-80.1	-80.1	0.0	0.0%
Shareholders' equity attributable to minority interest	0.442	0.4	-0.1	-13.8%
Net income (loss) for the period	213.034	83.1	-130.0	-61.0%
Total Liabilities and Shareholders' Equity	17,266.8	17,003.8	-263.0	-1.5%

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3) TOTAL ASSETS AT 31 MARCH 2023

Assets Under Management (QTD)				
<i>m/€</i>	Dec 2022	Mar 2023	Abs. Chg	Chg.
Mutual Funds and SICAVs	20,628	21,316	688	3.3%
<i>of which - In House Funds</i>	9,147	9,329	183	2.0%
<i>of which - Third party Funds</i>	11,481	11,987	505	4.4%
Financial Wrappers	9,364	9,625	261	2.8%
Insurance Wrappers	10,130	10,255	126	1.2%
Managed Solutions	40,121	41,196	1,075	2.7%
Traditional life Insurance policies	15,340	14,719	-621	-4.0%
Managed solutions and life insurance	55,461	55,916	454	0.8%
Assets Under Custody (AUC)	15,546	18,895	3,349	21.5%
Deposits	12,051	11,133	-919	-7.6%
AUC products and current accounts	27,598	30,028	2,430	8.8%
Total Assets	83,059	85,944	2,885	3.5%
Managed solutions and life insurance - extended ⁴	58,880	59,844	965	1.6%

Assets Under Management (YoY)				
<i>m/€</i>	Mar 2022	Mar 2023	Abs. Chg	Chg.
Mutual Funds and SICAVs	22,285	21,316	-969	-4.3%
<i>of which - In House Funds</i>	9,868	9,329	-539	-5.5%
<i>of which - Third party Funds</i>	12,417	11,987	-430	-3.5%
Financial Wrappers	9,294	9,625	331	3.6%
Insurance Wrappers	10,872	10,255	-617	-5.7%
Managed Solutions	42,452	41,196	-1,255	-3.0%
Traditional life Insurance policies	16,102	14,719	-1,382	-8.6%
Managed solutions and life insurance	58,553	55,916	-2,638	-4.5%
Assets Under Custody (AUC)	13,121	18,895	5,774	44.0%
Deposits	12,339	11,133	-1,207	-9.8%
AUC products and current accounts	25,460	30,028	4,568	17.9%
Total Assets	84,013	85,944	1,930	2.3%
Managed solutions and life insurance - extended ⁴	61,445	59,844	-1,600	-2.6%

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⁴ Managed solutions and life insurance + Advanced Advisory on AUC.

4) NET INFLOWS - APRIL 2023

<i>Million of Euros</i>	Apr. 2023	Apr. 2022	Jan-Apr 2023	Jan-Apr 2022
Mutual Funds and SICAVs	27	130	253	343
<i>of which - In House Funds</i>	48	12	170	64
<i>of which - Third party Funds</i>	-21	118	83	279
Financial Wrappers	68	90	224	307
Insurance Wrappers	24	38	-25	174
Managed Solutions	119	258	452	824
Traditional life Insurance policies	-95	1	-750	-23
Managed solutions and life insurance	24	259	-298	801
Assets Under Custody	572	222	3,292	563
<i>of which: Structured products</i>	82	77	385	314
Deposits	-120	-24	-994	552
AuC products and current accounts	452	198	2,298	1,115
Total Net Inflows	476	457	2,000	1,916
	Apr. 2023	Apr. 2022	Jan-Apr 2023	Jan-Apr 2022
Advanced Advisory Net Inflows	170	41	505	141
Assets Under Advanced Advisory	-	-	8,002	6,992
	Apr. 2023	Apr. 2022	Jan-Apr 2023	Jan-Apr 2022
Investment services ⁵	163	108	702	418

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⁵ Investment services coming from financial wrappers and fee-based advisory.