

**PRESS
RELEASE****Results at 30 June 2024****Sharp increase in Banca Generali's interim net profit, driven by growth in total assets and in performance delivered to clients**

- Net profit: €239.6 million (+37%)
- Recurring net profit¹: €170.4 million (+3%)
- Net interest income: €157.5 million (+4%)
- Net recurring fees: €233.7 million (+5%)
- 'Core' operating costs: €121.8 million (+6%)

Record total assets driven by net inflows increase

- Total assets: €99.0 billion (+12% YoY)
- Assets under Advanced Advisory: €10.3 billion (+21%)
- 1H 2024 net inflows: €3.6 billion (+11%)

Capital solidity and leverage ratio further strengthened

- CET1 ratio at 22.3% and TCR at 23.7%
- LCR at 333% and NSFR at 216%

Milan, 25 July 2024 - The Board of Directors of Banca Generali approved the consolidated results at 30 June 2024.

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



Chief Executive Officer and General Manager Gian Maria Mossa stated: *“This was a very strong first half of the year, with clear signs of normalisation in the insurance sector, net inflow mix and recruitment. Thanks to our ability to stand by the side of entrepreneurs and households in developing their wealth and to our outstanding professionals, we are propelling into the second half of the year with optimism and determination. This is the last year of our Plan, and we intend to close also this three-year period by achieving all of our targets and laying the foundations for a new phase of sustainable growth: innovative new investment solutions, enhancement of data-driven projects and the launch of our Swiss operations represent a competitive advantage that has still to be reflected in our results. The record levels of the first half of the year and the strong demand from our clients, as well as from professionals of other companies, allow us to look to the coming months with great confidence, also in terms of stakeholder satisfaction.”*

P&L RESULTS AT 30 JUNE 2024

Banca Generali's **consolidated net profit** amounted to **€239.6 million** in 1H 2024, up 37% compared to the previous year.

This result benefited from the Bank's ongoing business expansion, which brought **total assets** to nearly €100 billion **at the end of the period (€99.0 billion; +12% YoY)**, as well as from service diversification initiatives and a tight cost discipline. The favourable financial market context, owing both to the gradual normalisation of interest rates and to the performance of international equity market in particular, also contributed to the result.

Recurring net profit totalled **€170.4 million**, consolidating the 2023 excellent result (€166.1 million in 1H 2023), whereas **variable net profit** amounted to **€69.1 million** (€9.0 million in 1H 2023), thanks to the improved financial market climate and asset management capabilities.

In further detail:

Net banking income rose to €494.3 million (+26.0% YoY), driven by the significant contribution of **net financial income** (€166.7 million; +3.3% YoY) and of **recurring net fees** (€233.7 million; +4.6% YoY).

Net interest income amounted to €157.5 million (+4.0% YoY), consolidating the extraordinary growth of the previous year, when this item had tripled thanks to the increase in yields of interest-bearing assets, as a result of interest rate hikes. 1H 2024 therefore continued to benefit from this context, albeit slightly declining compared to the highs of the previous year, and from the stabilisation of retail clients' average deposit volumes. With regard to financial assets, it should be noted that it was decided to increase the fixed-rate bond component to 59% of the total (48% at the end of 2023) and to extend duration to 1.5 years (1.2 years at year-end 2023) with maturity at 3.8 years (3.7 years at year-end 2023), so as to further stabilise future yields.

Gross recurring fees rose to €514.5 million (+7.5% YoY), as a result of the following:

- **investment fees**² grew to €443.2 million (+5.4% YoY) benefiting from the recovery of gross management fees (€419.0 million; +4.6% YoY) and from the uptrend of advisory fees (€24.2 million; +22.9% YoY), both linked to the increase in total assets;

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² Investment fees include management fees and advisory fees. This definition reflects the new approaches in terms of regulatory provisions and market practices.

- **other recurring fees (banking, brokerage and entry)** rose by 22.1% to €71.2 million, thanks to the increase in assets under custody and the numerous initiatives aimed at diversifying products and services launched in recent years.

Variable fees contribution was €94.0 million in the period (€7.6 million in 1H 2023), thanks to the positive net performance generated for clients.

Operating costs amounted to €136.6 million (+7.3% for the 12 months), of which €3.1 million one-off charges. 'Core' operating costs totalled €121.8 million (+6.4% YoY), in line with the 2022-2024 three-year Plan's guidance, even taking into account:

- €1.7 million linked to the renewal of the National Collective Labour Agreement for the Credit Sector;
- €5.8 million referring to BG Suisse and the expansion project for the Swiss market.

Net of these items, 'core' operating costs rose by 2.6% YoY.

The ratio of **operating costs to total assets** fell to 28 bps (30 bps at the end of 2023), whereas the **cost/income ratio**, adjusted for non-recurring items, was 33.3% (34.9% at year-end 2023), both confirming levels in line with industry best practices.

Provisions, contributions to banking funds and net adjustments totalled €39.5 million in 1H 2024 compared to €25.2 million for the previous year. The change takes into account higher provisions for banking funds³ of €10.2 million (€5.8 million in 1H 2023) and a €1.2 million provision for the new guarantee fund for the insurance sector. Actuarial provisions grew (€7.9 million compared to €1.1 million in 1H 2023), mainly as a result of the €4.9 million change attributable to the adjustment of discount rates to market rates, in addition to further prudential provisions.

The **tax rate** for the period decreased to 24.7% compared to 27.0% for the same period of the previous year, mainly due to the higher contribution of the foreign entities to the Group's result attributable to the increase in variable fees.

P&L RESULTS FOR 2Q 2024

2Q 2024 net profit grew by 27.8% to €117.6 million. Specifically, recurring net profit amounted to €88.5 million (-0.7% YoY), thus consolidating the record absolute levels reported in 2Q 2023. **Variable net profit** stood at €29.1 million (€2.9 million in the previous year), driven by the strong performance of financial markets in the period.

Net banking income grew sharply by 19.4% to €237.6 million. Net recurring fees rose to €115.3 million (+4.8% YoY) thanks to the increase in total assets and to the diversification of services. By contrast, the first signs of a decline in interest rates led to a slight decrease in net financial income to €82.7 million (-4.2% YoY).

Variable fees amounted to €39.6 million (€2.6 million in 2Q 2023) owing to the positive performance of financial markets, and primarily equity markets.

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³ The contribution to the Interbank Deposit Protection Fund (FITD) amounted to €10.2 million compared to €5.8 million recognised for the same period of the previous year as the final contribution to the Single Resolution Fund.

Operating costs totalled €68.3 million (+7.4% YoY), with the 'core' component accounting for €60.7 million (+6.4% YoY), including €2.9 million costs for the development of BG Suisse and €0.8 million linked to the increase as per the National Collective Labour Agreement for the Credit Sector. Net of these items, 'core' operating costs for the quarter rose by 2.7% YoY. **Operating result** reached €169.3 million, up 25.1% compared to 2Q 2023.

Profit before taxation grew by 25.5% to €157.2 million, after recognising provisions, contributions to banking funds and net adjustments for €12.1 million compared to €10.1 million for the previous year.

CAPITAL RATIOS AT 30 JUNE 2024

At 30 June 2024, Banca Generali's **CET1 ratio** rose to 22.3% and **TCR** to 23.7%, far above the minimum required by SREP – Supervisory Review and Evaluation Process (i.e., CET1 at 8.0% and TCR at 12.635%). Capital ratios were calculated assuming an expected 86% 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 5.9%, well above the 3% minimum requirement.

Banca Generali will thus have excellent capital solidity in view of the implementation of the new, stricter **Basel IV** regulatory framework for the banking sector. Even in the most restrictive scenarios and assuming no severe extraordinary market changes, the Bank expects to be able to confirm a **TCR at >20%** even when the new rules enter into effect, calculated based on the results at year-end 2025.

The Bank's liquidity ratios at period-end remained at the top of the sector: **LCR (Liquidity Coverage Ratio)** was **333% (335% at year-end 2023)** and **NSFR (Net Stable Funding Ratio)** was **216% (214% at year-end 2023)**, considering a 233pps buffer for the LCR requirement and a 112pps buffer for the NSFR requirement.

COMMERCIAL RESULTS

At the end of June, Banca Generali's **total assets managed and administered on behalf of clients** grew by 12.2% to €99.0 billion, setting a **new all-time high** for the Bank. YTD growth was +6.6%, of which 3.7% generated by net inflows for the period.

In detail, **Assets under Investment** rose by 5.4% to €66.3 billion in 1H 2024, accounting for 67.0% of total assets. The progress was driven by managed solutions, which reached €45.8 billion (+6.2% YTD). Among these, worth of mention were financial wrappers (€11.6 billion; +9.7% YTD) and in-house funds (€11.1 billion; +9.8% YTD), both managed directly by Banca Generali. The increase in Assets under Investment was also driven by the positive contribution of AUC & Banking under Advisory, which amounted to €6.0 billion, up +10.3% YTD.

Other Assets totalled €32.7 billion, up 9.1% YTD, mainly attributable to the increase in Assets under Custody (AUC) not under advanced advisory (€22.3 billion; +11.3% YTD). Deposits stabilised

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at €10.4 billion (+4.8% YTD), confirming the current normalisation in the trend of reinvesting excess liquidity.

At June-end, **Assets under Advanced Advisory** amounted to €10.3 billion (+21.3% YoY; +7.1% YTD), accounting for 10.4% of total assets (10.3% at year-end 2023).

With regard to the Luxembourg-based management company, BGFML's assets rose to €22.1 billion (+12.8% YoY; +8.3% YTD).

ESG assets grew to €19.7 billion, accounting for 43.1% of managed solutions at 30 June 2024 (+5.5 percentage points YTD). The increase in ESG assets takes into account the approximately €2.3 billion expansion of the fund scope analysed, net of products excluded from the scope.

Total net inflows for 1H 2024 were €3.6 billion (€2.0 billion in 2Q 2024), up 11.3% compared to 1H 2023, thus confirming the gradual improvement in the product mix to the benefit of AUM products.

In fact, **net inflows from Assets under Investment** amounted to €1.4 billion in the period, actually doubled compared to the previous year, mainly driven by the growth of **financial wrappers** (€717 million; +102% YoY) and the positive performance of **in-house funds** (€430 million; +42% YoY) thanks to the launch of new investment lines and the quality offered.

In 1H 2024, net inflows from **Other Assets** remained significant in absolute terms at €2.2 billion, showing a sharp decline in demand for assets under administration, which decreased to €1.95 billion (-51% YoY), and stable deposits at €243 million, compared to outflows of €1.3 billion for the same period of the previous year, thus confirming the stabilisation underway.

BUSINESS OUTLOOK

The geopolitical context remains uncertain due to persistent conflicts and commercial tensions at international level. The US elections in November are the most significant variable taken into account to outline new scenarios. In this macroeconomic context, growth and inflation are expected to slow both in the United States and in the Eurozone. This should facilitate gradual interest rate cuts in the coming months on both sides of the Atlantic, albeit to a lower extent than expected at year-start.

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In light of the positive results of the first six months of 2024 and considering the forecast rate cuts in the forthcoming months, Banca Generali expects **net inflows** for 2024 to **exceed €6.5 billion, with Assets under Investment accounting for 40-60% of the net inflows mix. The target has thus been revised upwards compared to €6 billion set at year-start.**

As regards profitable growth, Banca Generali updates its expectation for **net interest income** for **FY 2024 to €300 million** (previously €280 million) in light of the Central Banks' interest rate cuts, which are more modest than year-start projections.

The Company confirms an average **management fee margin at ≥1.42%** for the current year (above the average ≥1.41% guidance for the period set upon launching the 2022-2024 three-year Plan).



In light of the above and of the net profit already recorded, Banca Generali updates its shareholder remuneration target, aiming at distributing **cumulative dividends of €8.0-€8.5 per share in the 2022-2025 period (cash view)** compared to the previously set €7.5-€8.5 per share (cash view).

PRESENTATION TO THE FINANCIAL COMMUNITY

The half-yearly results will be presented to the financial community during a **conference call** scheduled today, 25 July 2024 at **14:00 CET**.

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Annexes:

1. Banca Generali – Consolidated Profit and Loss Account at 30 June 2024
2. Banca Generali – Consolidated Profit and Loss Statement for the Second Quarter of 2024
3. Banca Generali – Reclassified Consolidated Balance Sheet at 30 June 2024
4. Total Assets at 30 June 2024

* * *

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 2024

m/€	6M 2023	6M 2024	% Chg
Net Interest Income	151.5	157.5	4.0%
Net income (loss) from trading activities and Dividends	9.8	9.1	-7.1%
Net Financial Income	161.3	166.7	3.3%
Gross recurring fees	478.7	514.5	7.5%
Fee expenses	-255.5	-280.8	9.9%
Net recurring fees	223.3	233.7	4.6%
Variable fees	7.6	94.0	n.m.
Total Net Fees	230.9	327.6	41.9%
Total Banking Income	392.2	494.3	26.0%
Staff expenses	-59.9	-65.2	8.9%
Other general and administrative expense	-54.8	-57.4	4.7%
Depreciation and amortisation	-19.2	-20.0	4.2%
Other net operating income (expense)	6.6	6.0	-8.8%
Total operating costs	-127.3	-136.6	7.3%
Operating Profit	264.9	357.7	35.0%
Net adjustments for impair.loans and other assets	-0.6	0.8	n.m.
Net provisions for liabilities and contingencies	-18.7	-30.2	61.5%
Contributions to banking funds	-5.8	-10.2	74.4%
Gain (loss) from participations valued at equity	-0.1	0.1	n.m.
Profit Before Taxation	239.7	318.2	32.8%
Direct income taxes	-64.7	-78.6	21.6%
Net Profit	175.1	239.6	36.9%
Cost/income ratio	32.5%	27.6%	-4.9 p.p.
EBITDA	284.1	377.7	33.0%
Tax rate	27.0%	24.7%	-2.3 p.p.

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2) BANCA GENERALI – CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE SECOND QUARTER OF 2024

m/€	2Q 2023	2Q 2024	% Chg
Net Interest Income	80.5	78.1	3.0%
Net income (loss) from trading activities and Dividends	5.9	4.7	-20.6%
Net Financial Income	86.4	82.7	-4.2%
Gross recurring fees	240.6	257.6	7.1%
Fee expenses	-130.6	-142.3	9.0%
Net recurring fees	110.0	115.3	4.8%
Variable fees	2.6	39.6	n.m.
Total Net Fees	112.6	154.9	37.5%
Total Banking Income	199.0	237.6	19.4%
Staff expenses	-30.2	-33.0	9.4%
Other general and administrative expense	-28.7	-28.9	0.8%
Depreciation and amortisation	-9.8	-10.2	3.6%
Other net operating income (expense)	5.1	3.8	-25.6%
Total operating costs	-63.6	-68.3	7.4%
Operating Profit	135.4	169.3	25.1%
Net adjustments for impair.loans and other assets	-1.7	-0.7	-61.9%
Net provisions for liabilities and contingencies	-8.5	-11.5	36.2%
Contributions to banking funds	0.2	0.2	1.9%
Gain (loss) from participations valued at equity	-0.1	0.0	-53.3%
Profit Before Taxation	125.3	157.2	25.5%
Direct income taxes	-33.3	-39.6	19.1%
Net Profit	92.0	117.6	27.8%
Cost/income ratio	32.0%	28.8%	-3.2 p.p.
EBITDA	145.2	179.5	23.6%
Tax rate	26.6%	25.2%	-1.4 p.p.

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3) BANCA GENERALI – RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 30 JUNE 2024

m/€

Assets	31/12/2023	30/06/2024	Change	% Change
Financial assets at fair value through P&L (FVPL)	509.4	509.5	0.1	0.0%
Financial assets at fair value through other comprehensive income (FVOCI)	1,000.9	863.1	-137.9	-13.8%
Financial assets at amortised cost	12,905.5	12,263.2	-642.2	-5.0%
<i>a) Loans to banks</i>	2,846.4	2,796.9	-49.6	-1.7%
<i>b) Loans to customers</i>	10,059.0	9,466.4	-592.7	-5.9%
Hedging derivatives	162.0	183.1	21.2	13.1%
Equity investments	2.0	4.1	2.2	109.0%
Property equipment and intangible assets	292.1	279.7	-12.4	-4.2%
Tax receivables	108.1	101.5	-6.6	-6.1%
Other assets	537.3	542.1	4.8	0.9%
Total Assets	15,517.2	14,746.4	-770.8	-5.0%

Liabilities and Shareholders' Equity	31/12/2023	30/06/2024	Change	% Change
Financial liabilities at amortised cost	13,503.0	12,743.9	-759.1	-5.6%
<i>a) Due to banks</i>	231.7	327.4	95.7	41.3%
<i>b) Direct inflows</i>	13,271.3	12,416.5	-854.8	-6.4%
Financial liabilities held for trading	132.8	122.7	-10.1	-7.6%
Tax payables	46.1	96.7	50.6	109.9%
Other liabilities	353.0	304.2	-48.8	-13.8%
Special purpose provisions	268.9	266.9	-2.0	-0.8%
Valuation reserves	-0.8	-0.3	0.5	n.m.
Capital instruments	50.0	50.0	0.0	0.0%
Reserves	752.7	830.7	78.0	10.4%
Additional paid-in capital	53.0	52.4	-0.6	-1.1%
Share capital	116.9	116.9	0.0	0.0%
Treasury shares (-)	-85.0	-77.4	7.6	-9.0%
Shareholders' equity attributable to minority interest	0.3	0.0	-0.3	n.m.
Net income (loss) for the period	326.1	239.6	-86.6	-26.5%
Total Liabilities and Shareholders' Equity	15,517.2	14,746.4	-770.8	-5.0%

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4) TOTAL ASSETS AT 30 JUNE 2024

m/€	Dec 2023	Jun 2024	Abs. Chg	Chg.
Assets under Investment	62,896	66,324	3,427	5.4%
Managed Solutions	43,113	45,789	2,675	6.2%
Mutual Funds and SICAVs	21,975	23,182	1,207	5.5%
of which In House Funds	10,091	11,078	987	9.8%
of which Third party Funds	11,884	12,104	220	1.8%
Financial Wrappers	10,535	11,551	1,017	9.7%
Insurance Wrappers	10,603	11,055	452	4.3%
Traditional Life Insurance Policies	14,314	14,501	187	1.3%
AUC & Banking under Advisory	5,469	6,034	565	10.3%
Other Assets	29,927	32,659	2,731	9.1%
Assets Under Custody	20,030	22,284	2,254	11.3%
Deposits	9,897	10,374	477	4.8%
Total Assets	92,823	98,982	6,159	6.6%

m/€	Jun 2023	Jun 2024	Abs. Chg	Chg.
Assets under Investment	60,888	66,324	5,436	8.9%
Managed Solutions	41,988	45,789	3,800	9.1%
Mutual Funds and SICAVs	21,485	23,182	1,697	7.9%
of which In House Funds	9,639	11,078	1,439	14.9%
of which Third party Funds	11,846	12,104	258	2.2%
Financial Wrappers	10,053	11,551	1,499	14.9%
Insurance Wrappers	10,451	11,055	604	5.8%
Traditional Life Insurance Policies	14,450	14,501	51	0.4%
AUC & Banking under Advisory	4,449	6,034	1,585	35.6%
Other Assets	27,359	32,659	5,300	19.4%
Assets Under Custody	17,525	22,284	4,759	27.2%
Deposits	9,834	10,374	540	5.5%
Total Assets	88,247	98,982	10,736	12.2%

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