BANCA GENERALI

ANNUAL INTEGRATED REPORT

2023

THE REPORT INCLUDES
THE CONSOLIDATED NON-FINANCIAL
STATEMENT PURSUANT
TO LEGISLATIVE DECREE NO. 254/2016

TIME TO CHANGE






Time to Change is Banca Generali's photographic project dedicated to exploring the world of sustainability through the universal matrix of the 17 SDGs that make up the UN 2030 Agenda.

Photographer Stefano Guindani worked for two years with the aim of tangibly representing, through his poetic shots, the topic of sustainability, essential for the survival of our planet and a key pillar of the Bank's Vision.

In 2023, the publication of the project's images and stories was completed, leading to the launch of the new impact phase, with major social initiatives able to generate concrete effects on the Communities.




Annual Integrated Report
at 31 December 2023

BOARD OF DIRECTORS
5 MARCH 2024

This document is in addition to the official version pursuant to Commission Delegated Regulation (EU) 2020/815 on the European Single Electronic Format (ESEF Regulation) published on the website: www.bancagenerali.com/en/investors/reports-and-relations.

This Annual Integrated Report has been translated from that issued in Italy, from the Italian into the English language, solely for the convenience of international readers. The Italian version remains the definitive version.

BANCA GENERALI

Banca Generali S.p.A.

Administrative and control bodies

Board of Directors - 5 March 2024

Board of Directors	Antonio Cangeri	Chairman
	Gian Maria Mossa	Chief Executive Officer
	Azzurra Caltagirone	Director
	Lorenzo Caprio	Director
	Roberta Cocco	Director
	Alfredo Maria De Falco*	Director
	Ilaria Romagnoli	Director
	Cristina Rustignoli	Director
	Vittorio Emanuele Terzi	Director
Board of Statutory Auditors	Natale Freddi	Chairman
	Mario Francesco Anaclerio	
	Flavia Minutillo	
General Manager	Gian Maria Mossa	
Manager in Charge of Preparing the Company's Financial Reports	Tommaso Di Russo	

* Director co-opted on 8 March 2023.

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Letter to Stakeholders

Antonio Cangeri
Chairman

The year 2023 was complex and full of challenges that Banca Generali successfully overcame, as testified by the results achieved in terms of consistent and profitable growth — the best ever in its history. Net inflows for 2023 neared 5.9 billion euros, whereas total assets under management and under administration amounted to 92.8 billion euros. The Bank's net profit rose by 53% to 326 million euros — the best result ever both by value and quality. The recurring component accounted for 98% of the total.

The Bank's ability to grow did not impact its traditional capital solidity, which in fact continued to strengthen. Total Capital Ratio was 19.0%, or 6.7 pps above the specific capital requirement. In light of these results, the Board of Directors proposed to distribute a 251 million euro dividend — the highest ever in the Bank's history — totally paid in cash.

Last year's good figures appear even more significant when considering that they were achieved in a challenging context. Central Banks' restrictive monetary policies and the ensuing sharp yield increase, the US banks' liquidity crisis, the Credit Suisse bankruptcy and growing geopolitical tensions were complex challenges for the entire asset management sector. This was in addition to the impact of a particularly difficult 2022 — one of the worst years for financial markets in more than half a century, with investors squeezed between double-digit negative returns of both shares and bonds and significant inflationary pressures.

Banca Generali succeeded in coping with this difficult scenario thanks to its flexible business model and its service model diversification strategy, including in particular the decision to focus on comprehensive advanced advisory to manage its Costumers' overall wealth (both financial and non-financial). Once again, the quality of our Financial Advisors made the difference: the existing network's productivity — which was already a distinctive feature of the Bank — further grew, generating more than 85% of the overall net inflows. This value reflects the excellence of our professionals and confirms the Bank's competitiveness in a context where households increasingly demand specialised advisory services.

In addition to the results achieved, the year 2023 will also be remembered for the strategic shift towards international expansion. In fact, the Company received the banking licence to operate in Switzerland, which will make it possible to grow on both the Italian and Swiss markets, optimising its position in the private banking and wealth management sectors.

The significant growth achieved by the Bank also extended to its commitment to sustainability objectives. These efforts culminated in various recognitions, including the overall improvement of the ESG ratings assigned by the main international agencies and Sustainalytics' confirmation of Banca Generali's top position in the "Diversified Financial" segment.

Our approach to offering sustainable solutions remained one of our distinctive elements and continued to meet with great attention amongst customers. Total ESG assets under Articles 8 and 9 of Regulation (EU) No. 2019/2088 both as direct investment and as underlying of financial and insurance investment solutions exceeded 16 billion euros, equal to 37.6% of total managed solutions. The Bank offers sustainable strategies that range from trends such as the circular economy and sustainable and medical technology to new methods of digital communication and social impact approaches.

Banca Generali also formalised its participation in the UN Global Compact, with whose principles it was already aligned. In accordance with the commitments made by signing the PRI and in compliance with leading market practices, the sustainable investment framework was further strengthened in 2023 through the adoption of the Active Ownership Policy, which defines the engagement and voting procedures with regard to the main issuers or funds under management in the portfolios of Banca Generali Group companies.

In addition, at the end of November 2023, the new Sustainable Advisor role was presented. This role is filled by selected, highly specialised Financial Advisors dedicated to supporting and reinforcing the ESG commercial proposition and focused mainly on sustainable solutions. The initiative complements the path organised exclusively with MIP (Graduate School of Business of Politecnico di Milano), aimed at EFPA ESG Advisor certification, which involved 279 Financial Advisors in the past three years.

In 2023, particular attention was also paid to the Environment and Climate — a topic that was central to ESG training courses for Board members, Employees and Financial Advisors. Banca Generali's commitment involves constant monitoring of the carbon footprint of direct investments and the relative emissions associated with the Bank's operations. In confirmation of this, the project involving sustainable renovation of several branches and offices continued, with the goal of reaching a recycling rate (IRA) of > 95%.

With regard to sustainable commitments, the Company also implemented specific ESG due diligence relating to lending to companies engaged in high climate impact and high transition risk industries, as well as to all companies that have caused proved damage to the environment. As a result, the approach already adopted with regard to investments was also applied to lending policies.

People and their development are a priority in the Bank's policies. Over the years, the Company has developed a solid programme of training and activity measurement, which involves transparent revision of the remuneration, incentive, and performance management models, also linked to ESG objectives. Last year, particular attention was devoted to initiatives focusing on gender and on the development of young people. In 2023, under-35 new recruits accounted for over 70% of new hires.

Moreover, last October the Global Pulse Survey was conducted on all Banca Generali Group Employees. The survey recorded a response rate of 94% and an engagement rate of 87%. Both rates grew compared to the previous edition, once more sending a positive, proactive message that confirms the strong sharing of the Bank's overall goals and values. A sense of belonging and a strong company culture focused on shared goals and values are certainly highly distinctive factors of our Bank.

I would also like to underline that internal control adequacy and reliability were further strengthened, thanks to the implementation of various projects designed to guarantee that the Board of Directors has an increasingly complete vision of the Bank's operations, fostering constant, constructive dialogue among all the Bank's corporate officers and ensuring that company decisions are strongly supported by all.

To conclude, I would like to thank all the Financial Advisors, Employees, the Chief Executive Officer and his management team, whose work and dedication succeeded in turning a complex year into yet another year of extraordinary successes, growth, and value creation for all the Bank's Stakeholders. I would also like to sincerely thank my colleagues, members of the Board of Directors, and the members of the Board of Statutory Auditors for their constant commitment and for ensuring the expertise and vision that succeed, year after year, to bring Banca Generali towards increasingly ambitious objectives.

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DIRECTORS' REPORT ON OPERATIONS

Zambia. The Gwembe pupils may add to their traditional porridge (nshima) some fresh vegetables like collard greens.

Highlights 2023

TOTAL CLIENT ASSETS

92.8

BILLION EUROS

NET INFLOWS

5,855

MILLION EUROS

OWN FUNDS

839.7

MILLION EUROS

NET EQUITY

1,213.3

MILLION EUROS

TOTAL CAPITAL RATIO

19.0%

TIER 1

19.0%

NUMBER OF CUSTOMERS

349,192

ESG AUM

37.6%

ON TOTAL MANAGED SOLUTIONS

CO_2 EMISSIONS (tCO_2e)
(SCOPE 1: 433 t, SCOPE 2+3: 605 t)

-16%

VS BASELINE 2019
(MARKET-BASED)

INVESTMENT CARBON FOOTPRINT

-51%

VS BASELINE 2019

FINANCIAL EDUCATION

1,500

STUDENTS INVOLVED

NET OPERATING INCOME

788.2

MILLION EUROS

NET OPERATING EXPENSES

276.7

MILLION EUROS

OPERATING RESULT

511.5

MILLION EUROS

PROFIT BEFORE TAXATION

443.8

MILLION EUROS

NET PROFIT

326.1

MILLION EUROS

GROSS GLOBAL ADDED VALUE DISTRIBUTED

1,197.6

MILLION EUROS

NO. OF EMPLOYEES

1,065

OF WHOM 48% WOMEN

EMPLOYEE TRAINING HOURS

65,995

NO. OF FINANCIAL ADVISORS (ASSORETI SCOPE)

2,260

OF WHOM 20% WOMEN

NETWORK TRAINING HOURS

132,147

HYBRID WORK

100%

OF ELIGIBLE EMPLOYEES

(EXCL. SALES AND FRONT OFFICE PERSONNEL)

Statement of Methods

Banca Generali is committed to driving economic, social and environmental sustainability in the banking and financial sector. Despite benefiting from the exemption provided under Legislative Decree No. 254/2016 on the reporting of non-financial and diversity information, in 2023 the Bank continued to comply voluntarily with the provisions of the decree to ensure full, transparent and accredited disclosure of its ESG (environmental, social and governance) performance, for the benefit of the entire financial community and the Banking Group's numerous stakeholders.

Well aware of the role of sustainability as strategic to creating value over time, for the past six years Banca Generali has been pursuing increasingly integrated reporting, presenting its non-financial information together with its financial information in its Annual Integrated Report (AIR).

Accordingly, the Banca Generali Group's Annual Integrated Report contains non-financial information in compliance with the provisions of Legislative Decree No. 254 of 30 December 2016, implementing EU Directive No. 2014/95. In line with the approach adopted in previous years, this information can be clearly identified in the Annual Integrated Report thanks to the specific infographics used, which allows a better understating of all data. For further details, reference should be made to the GRI Content Index, which identifies the information included in the Annual Integrated Report that refers to the Non-Financial Statement.

In 2020, Banca Generali chose to begin further consolidating this approach by implementing the principles of the Integrated Reporting Framework. In particular, the contents of the Annual Integrated Report were organised so as to further emphasise the interconnection and interdependency of the various types of capital on which the Bank's business model is based, with a view to creating shared value in the short, medium and long term for the various players involved.

With regard to the most significant changes presented, the section dedicated to the European Taxonomy, pursuant to Article 8 of Regulation (EU) No. 2020/852 and to the related obligations expressed in the Delegated Acts (Commission Delegated Regulation (EU) No. 2021/2178, Commission Delegated Regulation (EU) No. 2021/2139, Commission Delegated Regulation (EU) 2021/2485 and Commission Delegated Regulation (EU) No. 2023/2486), was expanded by listing eligible activities contributing to all climate and environmental objectives and aligned activities contributing to climate objectives. In the dedicated chapter ("Regulation (EU) 2020/852 on Taxonomy Disclosure") and in Annex 2, Banca Generali outlines the analyses carried out in 2023 to provide its stakeholders — through the templates provided by the Regulator — with data regarding exposures to Taxonomy-aligned economic activities for the first 2 environmental objectives (climate change mitigation and climate change adaptation) and to Taxonomy-eligible economic activities for the remaining 4 objectives (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems). The analysis examined all the assets required by the European Regulator, broken down by assets covered and not covered by the calculation of specific KPIs (i.e., Green Asset Ratio, hereinafter "GAR"). As of this year, the disclosure has also covered off-balance-sheet exposures (financial guarantees and assets under management).

Similarly, the section devoted to sustainable finance refers to the obligations in effect as of 10 March 2021, introduced by European Regulation on sustainability-related disclosures in the financial services sector (Regulation (EU) No. 2019/2088 or SFDR) and by Commission Delegated Regulation (EU) No. 2022/1288, effective as of 1 January 2023 and integrating the SFDR. Leveraging the rules applicable to the various categories of financial operators with regard to ESG-related disclosures, Banca Generali describes its sustainability strategy — focused on maximum transparency towards its investors — by providing information concerning its approach to investment in the decision-making process, the management of risks and their impacts, and ESG products.

Report Scope and Reporting Process

The Banca Generali Group's Consolidated Non-Financial Statement (NFS) has been prepared in accordance with the guidelines of the GRI Sustainability Reporting Standards (GRI Standards) — "in accordance" option — issued in 2021 by the Global Reporting Initiative, which represent the most commonly adopted sustainability reporting standards at the international level.

The figures presented refer to 2023 (from 1 January to 31 December, in line with the financial year) and are compared, where possible, with the results for the 2021-2022 two-year period, except for the chapter "Economic-financial capital", where 2023 data are compared exclusively with those for 2022. This qualitative and quantitative information comes from direct surveys, with the exception of certain estimates — duly highlighted in the document — that do not however affect the accuracy of the information. All of the corporate structures have contributed to defining the contents of this Statement, whereas data gathering was coordinated by the CFO & Strategy Area, which also oversees the financial and capital performance of the Business Units.

The reporting scope includes Banca Generali S.p.A., BG Fund Management Luxembourg S.A., Generfid S.p.A., BG Valeur S.A. and BG (Suisse) Private Bank S.A., and coincides with the consolidation scope of equity investments in wholly owned subsidiaries presented in the Consolidated Financial Statements of Banca Generali at 31 December 2023.

The environmental figures regarding corporate sites and operations, due to availability and significance, only refer to the offices of Milan (Piazza Tre Torri) and Trieste (Corso Cavour).

All changes with respect to this reporting scope and any revisions of information applied in previous reporting periods, including the reasons for the revisions, are duly reported in the document.

The Consolidated Non-Financial Statement, included in the Annual Integrated Report, is subject to limited assurance by the firm KPMG S.p.A.

The Independent Auditors' Report on the Consolidated Non-Financial Statement is given at the end of the Consolidated Financial Statements of Banca Generali at 31 December 2023.

It should also be noted that in this document:

- the term "Banca Generali" is used to indicate the entire Banca Generali Group, also referred to by the expression "Banking Group";
- where it is necessary to refer to Banca Generali individually as the Parent Company, the full company name "Banca Generali S.p.A." is used;
- the expression "Generali Group" is used to indicate the entire Assicurazioni Generali Group, of which the Banca Generali Group is a part.

Materiality Analysis

In drafting its Consolidated Non-Financial Statement, Banca Generali conducted a materiality analysis aimed at identifying and prioritizing the economic, environmental, social and governance aspects deemed material and significant to its business and its stakeholders.

These topics qualify as "material" on the basis of their **materiality** and the positive or negative, actual or potential, short-term or long-term **impact** that the undertaking's activities correlated to them could have on the economy, environment, and people [1].

In order to efficiently identify the sustainability topics material to its Organisation, between the end of 2022 and early 2023, Banca Generali developed a structured process in compliance with the provisions of GRI 3 2021 and articulated in the 4 phases outlined in the figure below. The outcomes of this process were described in the Annual Integrated Report 2022. Overall, the desk analysis conducted in 2023 in order to assess and update the Organisation's internal and external context confirmed the results obtained in the previous reporting period. The outcomes were presented to the Managing Committee and were validated by Banca Generali's Nomination, Governance and Sustainability Committee on 29 February 2024.

1 - Analysis of relevant sources → 2 - Identification of material topics → 3 - Assessment of material topics → 4 - Prioritisation of topics

In compliance with the requirements set forth in the Sustainability Policy, the definition of the ESG material topics started by analysing a wide range of **internal** and **external sources** of information, including:

- the 2022-2024 Strategic Plan and other useful documents relating to the strategic objectives approved by Banca Generali's Board of Directors, including the Charter of Sustainability Commitments;
- the regulatory and legal framework in force, as well as the guidelines, recommendations and other non-binding documents applicable to the banking and financial services sector;
- the sustainability topics as defined by EFRAG within the framework of the European Sustainability Reporting Standards, also used in the risk materiality assessment;
- the reporting on alleged breaches, if any, of the Internal Code of Conduct gathered through whistleblowing mechanisms;
- the stakeholder engagement activities, which in 2022 included two surveys focused on ESG topics, one targeted to a FA Network sample (approximately 500 Financial Advisors involved) and the other analysing a sample of Bank employees (about 300 respondents);
- requests by shareholders, rating agencies and ESG analysts and investors, including disclosure requirements set forth by international reporting standards;
- public analysis documents on the ESG megatrends identified, inter alia, by international organisations, industrial associations, think-tanks, consulting firms, forums and multi-stakeholders' initiatives in which the Banking Group participates;
- media and Web monitoring;
- benchmarking activities with companies operating in the same business areas as the Banking Group.

[1] This approach, called "impact materiality", implies an "inside-out" perspective, focused on the impacts that the organisation's activities generate on the social-economic context in which it operates. In accordance with the "double materiality" model introduced by the Corporate Sustainability Reporting Directive (CSRD), this approach should be integrated using the "outside-in" perspective, i.e., "financial materiality", which focuses on the nature and relevance of economic-financial impacts (whether positive or negative) that the organisation's more or less efficient management of ESG aspects may generate on its performance, competitive positioning and enterprise value.

As already mentioned, in 2023 document sources were updated — where possible and appropriate — to assess the validity and consistency of the previous year's results.

The documents thus generated, which provided the information on which the entire updating of the materiality analysis has been based, were organised in two main clusters referred to the main stakeholders — the Banca Generali Universe and the external stakeholders — according to a top-down approach.

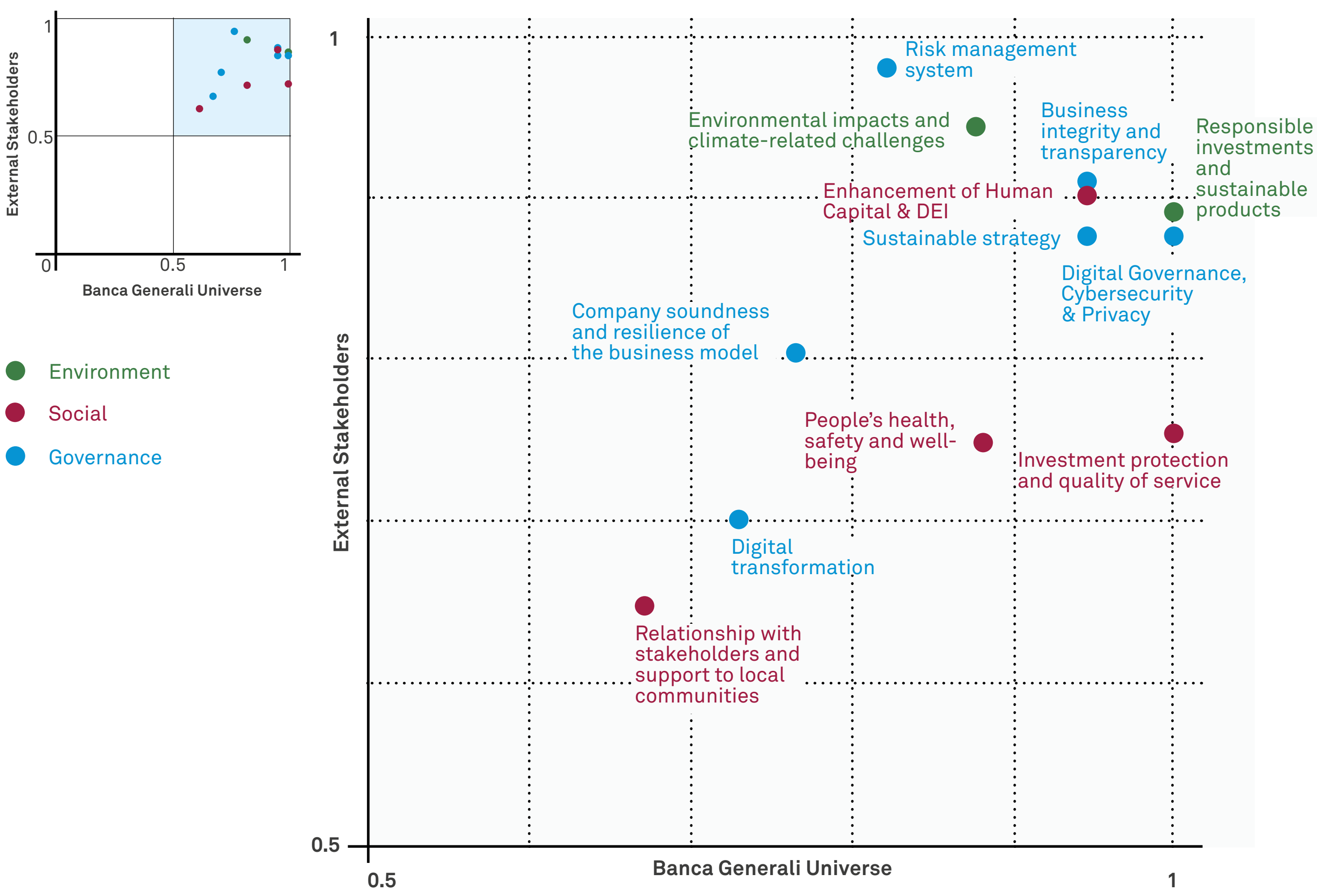
Banca Generali Universe	External Stakeholders		
Board of Directors and Top Managers Clients Financial Advisors Employees Risks - EFRAG	International guidelines Recommendations Expectations Megatrends	Rating agencies Reporting standards Investors' requests	Benchmarking of best-in-class players of the banking and insurance sectors
Internal documentation approved by the Board of Directors regarding the Bank's strategy and analysis of the results of stakeholder engagement activities.	Analyses of guidelines, international frameworks, recommendations and expectations, as well as public documents about megatrends.	Analyses of requests from shareholders, rating agencies, ESG analysts and investors, including disclosure requirements set forth by international reporting standards.	Sustainability reports or non-financial statements by best-in-class players in the Italian wealth management, banking and insurance sectors on disclosed topics.

The analysis of the above-mentioned documents led to confirm a set of **12 topics**, identified on the basis of their **materiality** and the positive or negative, actual or potential, short-term or long-term **impact** that the undertaking's activities correlated to them could have on the economy, environment, and people. Each topic was also linked to one of the E, S or G areas and to one of the Pillars of the Strategic Plan.

In order to assess the **materiality** of the topics and the related impacts, a **score** in the range of 0 to 1 was assigned to each topic based on their increasing materiality and taking into account their material impacts on the economy, environment and people.

Stakeholders were also assigned an individual specific weight, based on their different degree of materiality for the Bank. The score of each topic was then weighted accordingly.

The **materiality matrix** displays the topics on **two dimensions** — the **internal** (Banca Generali Universe) and the **external** (external stakeholders) dimensions — and positions them based on the respective scores obtained. The **top right-hand corner plots the 12 priority topics**, i.e., those with a score exceeding 0.5 in both analysis dimensions.



The position of each material topic did not change significantly compared to the 2022 matrix.

With particular reference to the Banca Generali Universe, the analysis confirmed as the most relevant topics **responsible investments and sustainable products, digital governance, cybersecurity & privacy and investment protection and quality of service**.

Considering the standpoint of external shareholders alone, a greater relevance was placed on the **risk management system, environmental impacts and climate-related challenges,** and **business integrity and transparency**.

Combining both universes, the most **relevant topics were responsible investments and sustainable products, digital governance, cybersecurity & privacy, business integrity** and **transparency, and enhancement of Human Capital & DEI.**

The following table provides a detailed description of the material topics and their classification to the E, S or G areas.

MATERIAL TOPIC	ESG AREA	DESCRIPTION
Environmental impacts and climate-related challenges	E	Efficient management of natural resources and consumption, thanks to the adoption of policies and practices aimed at reducing CO_2 emissions
Responsible investments and sustainable products	E	Development of investment strategies, services and products that integrate environmental, social and governance matters in line with new regulatory developments, in order to improve the risk/return profiles of portfolios and further raise awareness among customers regarding sustainability matters
Relationship with stakeholders and support to local communities	S	Constant listening and engagement of stakeholders through corporate citizenship programmes, sponsorships and partnerships so as to contribute to the framework of communities
Enhancement of Human Capital & DEI (Diversity, Equity & Inclusion)	S	Development of a company model capable of attracting talent and of an inclusive and fair work environment, in addition to the definition of training paths and adoption of adequate remuneration policies aimed at rewarding people
People's health, safety and well-being	S	Development of a company model that focuses on workers' health, safety and well-being
Investment protection and quality of service	S	Protection and management of customers' investments through a one-to-one commercial model able to also promote financial education and through a portfolio management approach focused on return and on protection against all potential risks that may, directly or indirectly, compromise value over time
Digital transformation	G	Investment on innovation and the development of new technological infrastructures to support the launch of a new range of products and services
Risk management system	G	Adoption of a framework for identifying, assessing and managing risks that integrates ESG factors and complies with the broad and dynamic regulatory context
Sustainable strategy	G	Integration of ESG factors in the company strategy to create medium/long-term value for the different stakeholders
Company soundness and resilience of the business model	G	Adoption of new organisational and service models that allow to ensure a sound performance over time and to face the challenges posed by the market
Business integrity and transparency	G	Adoption of standards, processes and codes aimed at guaranteeing integrity in business conduct and transparency of information, as well as respect for human rights and compliance with anti-corruption and anti-money laundering regulations
Digital governance, cybersecurity & privacy	G	Implementation and/or strengthening of tools, technologies and the related internal regulatory framework to ensure IT data and system confidentiality

The following table describes, for each material topics: the ESG areas to which the topic is linked; the main impacts associated with the topic and the activity generating the impact; the main risks correlated to the topic analysed; the main policies adopted by Banca Generali to monitor the topic and prevent or contain the negative impacts associated with it; the Strategic Plan targets; and the related monitoring processes.

ESG AREA	MATERIAL TOPICS	CORRELATED IMPACT	ACTIVITY GENERATING THE IMPACT	ASSOCIATED RISKS
E	Environmental impacts and climate-related challenges	Possibility of having a positive or negative impact on: • Conservation of ecosystems at the base of the entire economic and social system in which Banca Generali operates (e.g., in terms of quality of the atmosphere, soil and water bodies) in terms of availability of raw materials and energy and water resources, health and well-being of local communities, etc. • Contribution to climate change mitigation • Contribution to adjustment to climate change • Sustainability level of actual and future company returns for proprietary portfolios and for portfolios managed on behalf of third parties	• Thorough and responsible consumption management (energy, water, etc.) under the direct control of Banca Generali (e.g., supply of electricity from renewable sources, increasing the efficiency of natural gas used for the air conditioning of premises, etc.) • Responsible management of the proprietary portfolio • Provisions of financial products and services whose concept integrates environmental responsibility principles	• Reputational risk • Credit risk • Operational risk • Liquidity risk • Market risk
E	Responsible investments and sustainable products	Possibility of having a positive or negative impact on: • Availability on the market of products and services with high environmental/social performance and ensuing impacts on the ESG factors included in investment strategies and in the products developed • ESG sensitivity and awareness of customers and the market	• Provision of innovative products and services, whose concept integrates environmental, social and governance sustainability principles • Implementation of the Active Ownership strategy through engagement and proxy voting activities regarding investees so at to strengthen the responsible investment approach	• Reputational risk • Market risk • Strategic risk
S	Relationship with stakeholders and support to local communities	Possibility of having a positive or negative impact on: • Social and economic development of the communities in which the Company operates, through active listening • ESG sensitivity and awareness of customers and the market	• Listening and engagement channels for stakeholders (e.g., surveys, gathering of messages and reports, etc.) • Dialogue with investors • Engagement and empowerment initiatives for local communities on matters such as financial education, sustainability, etc. • Charity/sponsorships/ donations/etc. • Publication, on a yearly basis, of the Annual Integrated Report	• Reputational risk • Strategic risk
S	People's health, safety and well-being	Possibility of having a positive or negative impact on: • Protection of the mental-physical well-being, health and safety of employees and all individuals whose operating activity is directly controlled by the organisation (e.g., temporary staff, project-based researchers, interns, etc.) • Opportunity for each collaborator to fully unleash his or her potential	• Updating and execution of Banca Generali's People Strategy • Initiatives aimed at ensuring an health work environment to all personnel • Corporate welfare initiatives • Personnel training and initiatives to raise awareness of these topics	• Operational risk in terms of incorrect organisational balance, increase in accidents and work-related stress • Reputational risk
S	Enhancement of Human Capital & DEI (Diversity, Equity & Inclusion)	Possibility of having a positive or negative impact on: • Stable jobs for the company personnel • Opportunity for each collaborator to fully unleash his or her potential • Evolution of the gender gap in terms of opportunities, competencies, salary, etc. • Gender equal opportunities • Intergenerational exchange • Diversity promotion • Occurrence of all the impacts listed in the previous points, not only within the Banking Group, but also in the businesses/projects/ activities that benefit from its investments	• Updating and execution of Banca Generali's People Strategy • Development of training plans • Performance management models and tools • Career development plans • Remuneration policies and mechanisms • Implementation of projects/ initiatives based on specific focus groups, including following surveys	• Reputational risk, including in terms of loss of the trust of employees • Reputational and strategic risk, in terms of loss of clients and competitiveness • Strategic risk, in terms of loss of competitiveness • Operational risk, in terms of turnover increase

[2] A list of the GRI disclosures reported with regard to individual material topics is given in the GRI Context Index on page 278.

POLICIES AND MONITORING TOOLS	STRATEGIC PLAN TARGETS [2]	MONITORING PROCEDURES
• Charter of Sustainability Commitments • Policy for the Environment and Climate • Environmental Management System (EMS) monitoring platform • Responsible Investment Policy • Responsible Investment Policy - proprietary portfolio • Sustainability Dashboard • Procedure for measuring the carbon footprint of direct investments • Procedure for identifying consumption and emissions	• Reduction of the carbon footprint of investments • Phase-out of investments in companies operating in the fossil fuel sector • Net zero emissions by 2040 • Asset manager engagement initiatives • Signing of PRI • TCFD reporting	• Monitoring of progress compared to the targets set in the 2022-2024 Strategic Plan using an information tools called Sustainability Dashboard • Activities of Banca Generali's Nomination, Governance and Sustainability Committee • Preparation and assurance, on a yearly basis, of the Annual Integrated Report • Integration of climate and environmental risks in the company culture and strategy, as well as in the risk appetite framework
• Commercial and Product Governance Policy • Responsible Investment Policy - proprietary portfolio • Responsible Investment Policy • Active Ownership Policy • 2022-2024 Strategic Plan • Sustainability Dashboard • Quarterly Sustainability Report	• % of ESG AUM to managed solutions • Specific engagement policies for asset managers	• Monitoring and information reporting pursuant to the Sustainable Finance Disclosure Regulation (Regulation EU No. 2019/2088) • Monitoring of progress compared to the targets set in the 2022-2024 Strategic Plan using an information tools called Sustainability Dashboard and the Quarterly Sustainability Report
• Internal Code of Conduct • Ethical Code for Suppliers of Generali Group • Policy for Managing Engagement with All Shareholders • Sustainability Dashboard • Active Ownership Policy	• Community engagement initiatives • Social impact initiatives	• Monitoring of progress compared to the targets set in the 2022-2024 Strategic Plan using an information tools called Sustainability Dashboard
• Internal Code of Conduct • The European Social Charter of Generali Group • Charter of Sustainability Commitments • Circular No. 269 "Management of obligations related to health and safety at work" • Company union agreements on work-life balance and welfare (remote working contracts, BG company contract, etc.) • Dedicated "Working safely" section in the company Intranet	• % of employees in hybrid work (Smart Working Next Normal)	• Periodic Global Engagement Surveys and annual Pulse Surveys focused on people engagement and well-being within the Organisation
• Internal Code of Conduct • The European Social Charter of Generali Group • The Ten Principles of the UN Global Compact • Charter of Sustainability Commitments • Ethical Code for Suppliers of Generali Group • Report on Remuneration Policy and Payments • Job rotation guidelines (job posting golden rules of Generali Group) • Diversity Policy for Members of Company Bodies • Financial Advisor Manual • Processes for professional development and career advancement (e.g., Group Performance Management, Talent Management, etc.) • Sustainability Dashboard • Charter " Donne in Banca: valorizzare la diversità di genere" (Women in Bank: enhancing gender diversity), promoted by the Italian Banking Association (ABI) • Membership of the international community WEPs (Women's Empowerment Principles) • Membership of the Women & Tech e SHETech associations	• % of under-35 hires • % of Financial Advisors with advanced ESG expertise or EFPA certification • % of Financial Advisors with annual ESG training • % of employees involved in digital transformation and sustainability impact projects	• Monitoring of progress compared to the targets set in the 2022-2024 Strategic Plan using an information tool called Sustainability Dashboard • Periodic Global Engagement Surveys and annual Pulse Surveys focused on people engagement and well-being within the Organisation • Activities of Banca Generali's Remuneration Committee • Report on Remuneration Policy and Compensations Paid • Periodic report (biennial) on the situation of the male and female workforce • Generali Group's guidelines for implementing the Group Performance Management (GPM) • Declaration pursuant to Italian Law No. 68/99 (Annual declaration on people with disability)

ESG AREA	MATERIAL TOPICS	CORRELATED IMPACT	ACTIVITY GENERATING THE IMPACT	ASSOCIATED RISKS
S	Investment protection and quality of service	Possibility of having a positive or negative impact on: • Ability to protect customers' assets and investments as a result of an economic performance able to ensure Banca Generali's resilience and competitiveness in the economic system of reference • Level of sensitivity and awareness of customers and the market on risks and opportunities associated with an efficient management of their financial resources, with ensuing impacts on their well-being and economic stability • Level of ESG sensitivity and awareness of customers and the market	• Provision of services to efficiently support the Financial Advisor Network (e.g., training, development of digital tools, etc.) • Customer care services	• Reputational risk, in terms of loss of the trust of clients and investors • Risk of loss of competitiveness • Strategic risk • Operational risk • Compliance risk
G	Digital transformation	Possibility of having a positive or negative impact on: • Availability on the market of products and services with high environmental/social performance • Stable jobs for the company personnel as a result of the resilience and competitiveness that Banca Generali will be able to maintain by further consolidating the digital transformation underway • Protection of investors and customers as a result of an economic performance able to ensure Banca Generali's resilience and competitiveness in the economic system of reference	• Development and execution of innovation and digitalisation strategies • Provision of services to efficiently support the Financial Advisor Network (e.g., training, development of digital tools, etc.)	• Strategic risk, in terms of loss of competitiveness and exclusion/failure to enter specific markets
G	Risk management system	Possibility of having a positive or negative impact on: • Stable jobs for the company personnel as a result of the resilience and ability to prevent non-compliance • Protection of investors as a results of Banca Generali's ability to ensure resilience and competitiveness in the economic system of reference and to prevent non-compliance • Protection of legality and prevention of illegal behaviour in areas such as the reuse of profits deriving from illegal activities, events of extortion, anti-competitive behaviour, etc. • Ability to protect customers' assets and investments	• Ability to manage traditional risks, emerging risks and ESG risks through specific frameworks	• Compliance risk • Reputational risk • Strategic risk • Market risk • Liquidity risk • Operational risk • Credit and concentration risk • Exchange rate risk
G	Company soundness and resilience of the business model	Possibility of having a positive or negative impact on: • Stable jobs for the company personnel as a result of Banca Generali's resilience and competitiveness in the economic system of reference • Protection of investors and customers thanks both to an economic performance able to ensure Banca Generali's resilience and competitiveness in the economic system of reference and to the Bank's control of corporate processes through its governance system • Level of market presence, with the ensuing creation of jobs and employment opportunities for people of the local communities	• Development and execution of an effective strategy based on constructive discussion (also actively involving the Banking Group's main stakeholders) on the internal and external context of reference • Provision of services to efficiently support the Financial Advisor Network (e.g., training, development of digital tools, etc.)	• Strategic risk • Reputational risk • Liquidity risk

POLICIES AND MONITORING TOOLS	STRATEGIC PLAN TARGETS [2]	MONITORING PROCEDURES
• Internal Code of Conduct • Charter of Sustainability Commitments • Commercial and Product Governance Policy • Policy on the Provision of Investment Advisory Service • Security Policy • Customer Relations Charter • Internal Disputes and Complaints Policy • Data Protection Policy • Reputational Risk Management Policy • Strategic Risk Management Policy • Internal Control System Policy		• Monitoring and managing the reports made through the Contact Centre • Monitoring and managing the reports made through the Network Support service available to Financial Advisors
• Internal Code of Conduct • The Ten Principles of the UN Global Compact • Charter of Sustainability Commitments • Security Policy • Data Governance & Quality Policy	• % of employees involved in digital transformation and sustainability projects • Innovation Pillar of the Strategic Plan	• Monitoring of progress compared to the targets set in the 2022-2024 Strategic Plan using an information tools called Sustainability Dashboard • Implementation of structured stakeholder engagement initiatives to constantly map expectations, concerns, suggestions, etc.
• Risk Management Regulation • Risk Appetite Framework • Strategic Risk Management Policy • Reputational Risk Management Policy • Operational Risk Management Policy • Financial Portfolio Risk Management Policy (market, counterparty and credit risks of financial instruments) • Credit Risk Management Policy • Liquidity Risk Management Policy • Management Policy on the Interest Rate Risk on the Banking Book • Organisational and Management Model pursuant to Legislative Decree No. 231 • Internal Control System Policy • Business Continuity and Disaster Recovery Policy	• TCFD membership • Signing of PRI	• Stress tests and quantitative models applied by the Risk Management Area • Controls carried out by the Internal Audit Function • Activities of Banca Generali's Internal Audit and Risk Committee • Controls carried out by the Supervisory Board
• 2022-2024 Strategic Plan • Internal Code of Conduct • Commercial and Product Governance Policy • Responsible Investment Policy - proprietary portfolio • Ethical Code for Suppliers of Generali Group • The Ten Principles of the UN Global Compact • Risk Appetite Framework • ICAAP • ILAAP • Pillar 3 • Operational Risk Management Policy • Credit Risk Management Policy • Strategic Risk Management Policy • Reputational Risk Management Policy • Financial Portfolio Risk Management Policy (market, counterparty and credit risks of financial instruments) • Business Continuity and Disaster Recovery Policy	• Sustainability Pillar of the Strategic Plan	• Monitoring of progress compared to the targets set in the 2022-2024 Strategic Plan • Implementation of structured stakeholder engagement initiatives to constantly map expectations, concerns, suggestions, etc.

ESG AREA	MATERIAL TOPICS	CORRELATED IMPACT	ACTIVITY GENERATING THE IMPACT	ASSOCIATED RISKS
G	Sustainable strategy	Possibility of having a positive or negative impact on: • Stable jobs for the company personnel as a result of Banca Generali's resilience and competitiveness in the economic system of reference • Protection of investors and customers as a result of a strategy able to ensure Banca Generali's resilience and competitiveness in the economic system of reference • Availability on the market of products and services with high environmental/social performance and ensuing impacts on the ESG factors included in investment strategies and in the products developed • ESG sensitivity and awareness of customers and the market	• Ability to manage the business drawing inspiration from and formally adopting internationally recognised and established frameworks (e.g., PRI, TCFD, SDGs, etc.)	• Strategic risk, including in terms of failure to enter specific markets and failure to acquire potential new clients
G	Business integrity and transparency	Possibility of having a positive or negative impact on: • Protection of legality and prevention of illegal behaviour in areas such as the reuse of profits deriving from illegal activities, events of extortion, anti-competitive behaviour, etc. • Protection of investors thanks to the Bank's control of corporate processes through its governance system • Impacts on the social-economic development of the communities in which the Company operates and of the stakeholders with which it interacts in managing disputes and potential corruption events • Ensuring of a transparent disclosure of the information concerning Banca Generali's operations • Availability of products and services on the market able to positively or negatively impact aspects such as child labour, rights of indigenous peoples, work conditions in the different supply chains, etc.	• Adoption of integrity and transparency standards compliant with the laws and regulation applicable to Banca Generali (including voluntary regulations) • Provision of anti-corruption training in accordance with the Organisational and Management Model pursuant to Legislative Decree No. 231 • Adoption of a transparent tax approach	• Reputational risk, in terms of loss of the trust of investors, clients and lenders • Strategic risk • Operational risk, in terms of fraud risk • Compliance risk • AML risk
G	Digital governance, cybersecurity & privacy	Possibility of having a positive or negative impact on: • Ability to protect personal data and confidential information provided by customers and by all parties with which Banca Generali interacts • Ability to protect customers' assets and investments • Environmental impacts (e.g., printed documents, toner, etc.) depending on the digitalisation level of banking processes and transactions	• Implementation of technological (e.g., adoption of the RSA AAoP anti-fraud system), cultural, managerial and organisational changes necessary to deploy digital and tech solutions designed to protect data and IT systems in terms of availability, confidentiality and integrity	• Operating risk, in terms of the disclosure of sensitive information and data • Reputational risk, in terms of loss of the trust of clients and investors • Operational risk, in terms of IT risk • Compliance risk

POLICIES AND MONITORING TOOLS	STRATEGIC PLAN TARGETS [2]	MONITORING PROCEDURES
• Internal Code of Conduct • Organisational and Management Model pursuant to Legislative Decree No. 231 • Internal Audit Model • The European Social Charter of Generali Group • The Ten Principles of the UN Global Compact • Charter of Sustainability Commitments • Policy for the Environment and Climate • Sustainability Policy • Strategic Risk Management Policy • Tax Strategy • Commercial and Product Governance Policy • Report on Remuneration Policy and Payments • Responsible Investment Policy - proprietary portfolio • Responsible Investment Policy • Active Ownership Policy	• Sustainability Pillar of the Strategic Plan	• Preparation and assurance, on a yearly basis, of the Annual Integrated Report • Monitoring and information reporting pursuant to the Sustainable Finance Disclosure Regulation (Regulation EU No. 2019/2088) • Monitoring and information reporting pursuant to EU Taxonomy (Regulation EU No. 2020/852) • Report on Remuneration Policy and Payments
• Internal Code of Conduct • Organisational and Management Model pursuant to Legislative Decree No. 231 • The Ten Principles of the UN Global Compact • Charter of Sustainability Commitments • Ethical Code for Suppliers of Generali Group • Security Policy • Internal Control System Policy • Internal Liquidity Adequacy Assessment Process • Internal Fraud Policy • Data Protection Policy • Strategic Risk Management Policy • Reputational Risk Management Policy • Operational Risk Management Policy • Financial Portfolio Risk Management Policy (market, counterparty and credit risks of financial instruments) • Tax Control Framework • Business Continuity and Disaster Recovery Policy • Tax Compliance Policy • Tax Strategy • Tax Transparency Report • Whistleblowing Policy	• Sustainability Pillar of the Strategic Plan	• Activities of Banca Generali's Nomination, Governance and Sustainability Committee • Controls carried out by the Supervisory Board • Task Risk Officer's audit and monitoring activity in compliance with the Tax Control Framework • Preparation and assurance, on a yearly basis, of the Annual Integrated Report • Annual Report on the Proper Functioning of the Whistleblowing System
• Internal Code of Conduct • Charter of Sustainability Commitments • Ethical Code for Suppliers of Generali Group • Data Protection Policy • Security Policy • Reputational Risk Management Policy • Operational Risk Management Policy • Business Continuity and Disaster Recovery Policy • Data Governance & Quality Policy	• Innovation Pillar of the Strategic Plan	• On-site audits at the main IT service outsourcers in compliance with the 2023 Audit Plan • Security and BCP Service's monitoring activity

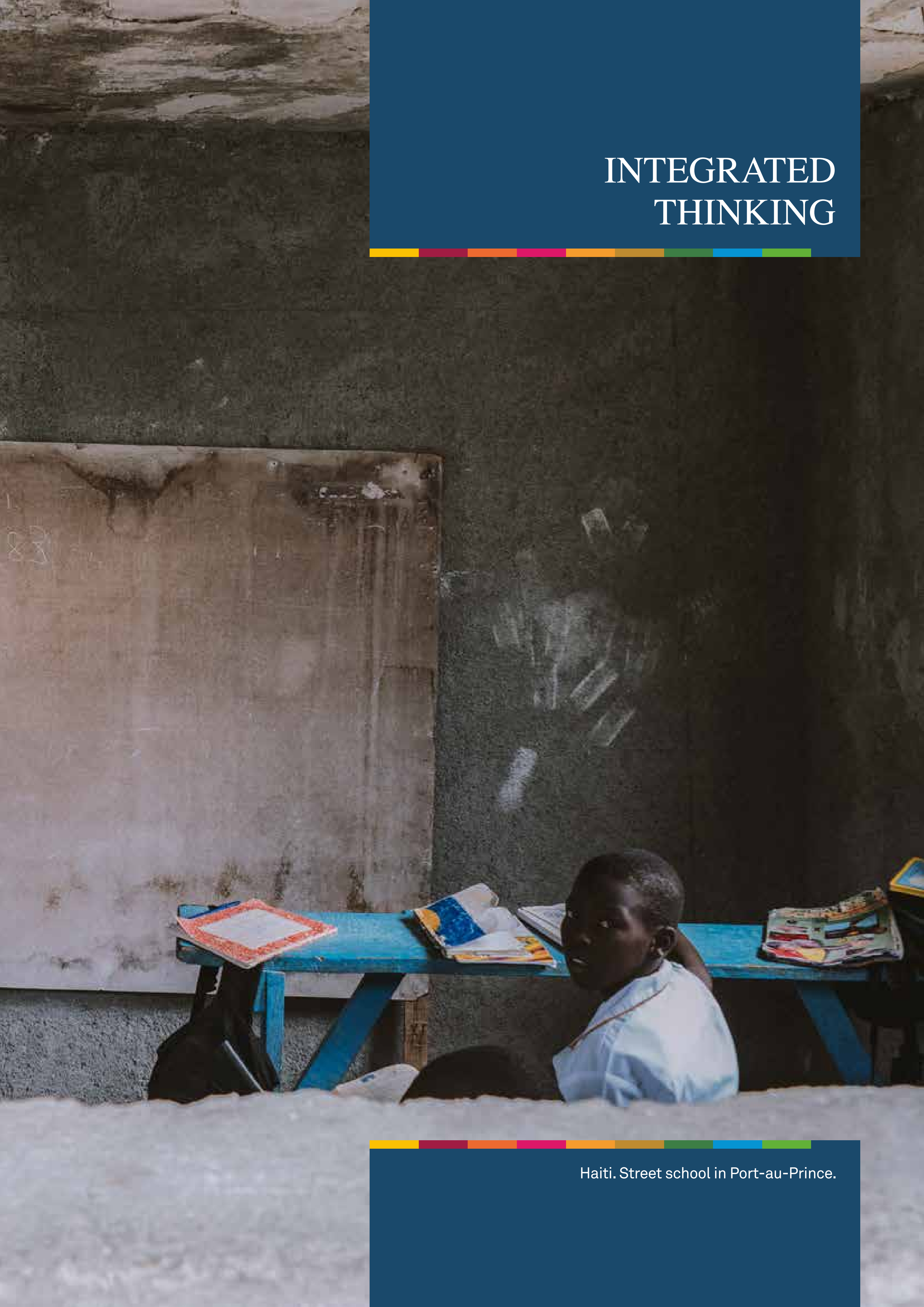
In the following table, all material topics have been associated to the UN SDGs of priority interest for Banca Generali, to the types of Capital identified in the Integrated Reporting Framework, to the matters provided for in Article 3 of Italian Legislative Decree No. 254/2016 on non-financial reporting and to the Sustainability Pillars of the 2022-2024 Strategic Plan.

MATERIAL TOPIC	SDGS [3]	IR FRAMEWORK	MATTERS AS PER ARTICLE 3 OF LEGISLATIVE DECREE NO. 254/2016	STRATEGIC PLAN
Environmental impacts and climate-related challenges	6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION	Natural Capital	Environmental matters; social matters	Community & Future Generations
Responsible investments and sustainable products	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 17 PARTNERSHIPS FOR THE GOALS	Intellectual Capital	Environmental matters; respect for human rights	Clients and FAs
Relationship with stakeholders and support to local communities	4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH; 11 SUSTAINABLE CITIES AND COMMUNITIES; 17 PARTNERSHIPS FOR THE GOALS	Relationship Capital	Social matters; respect for human rights	Community & Future Generations
People's health, safety and well-being	3 GOOD HEALTH AND WELL-BEING; 10 REDUCED INEQUALITIES	Human Capital	Social matters; employee matters; respect for human rights	Employees
Enhancement of Human Capital & DEI (Diversity, Equity & Inclusion)	4 QUALITY EDUCATION; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH	Human Capital	Social matters; employee matters; respect for human rights	Employees
Investment protection and quality of service	8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Relationship Capital	Social matters	Clients and FAs
Digital transformation	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Intellectual Capital	Social matters; employee matters	Employees
Risk management system	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 13 CLIMATE ACTION; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Human Capital	Environmental matters; social matters; respect for human rights; anti-corruption matters	Shareholders & Authorities
Company soundness and resilience of the business model	8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Economic-financial Capital	Anti-corruption matters	Shareholders & Authorities
Sustainable strategy	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 17 PARTNERSHIPS FOR THE GOALS	Human Capital	Environmental matters; social matters	Shareholders & Authorities
Business integrity and transparency	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Human Capital	Anti-corruption matters; respect for human rights	Shareholders & Authorities
Digital governance, cybersecurity & privacy	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Relationship Capital	Social matters; employee matters; respect for human rights	Clients and FAs

[3] This column contains the 13 SDGs to which Banca Generali believes it can contribute the most in light of the nature of its business, its sustainability strategy and, above all, its Mission, Vision and Purpose.


9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
7 AFFORDABLE AND CLEAN ENERGY
10 REDUCED INEQUALITIES
5 GENDER EQUALITY
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
3 GOOD HEALTH AND WELL-BEING
11 SUSTAINABLE CITIES AND COMMUNITIES
17 PARTNERSHIPS FOR THE GOALS
8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
6 CLEAN WATER AND SANITATION
13 CLIMATE ACTION
4 QUALITY EDUCATION

INTEGRATED THINKING

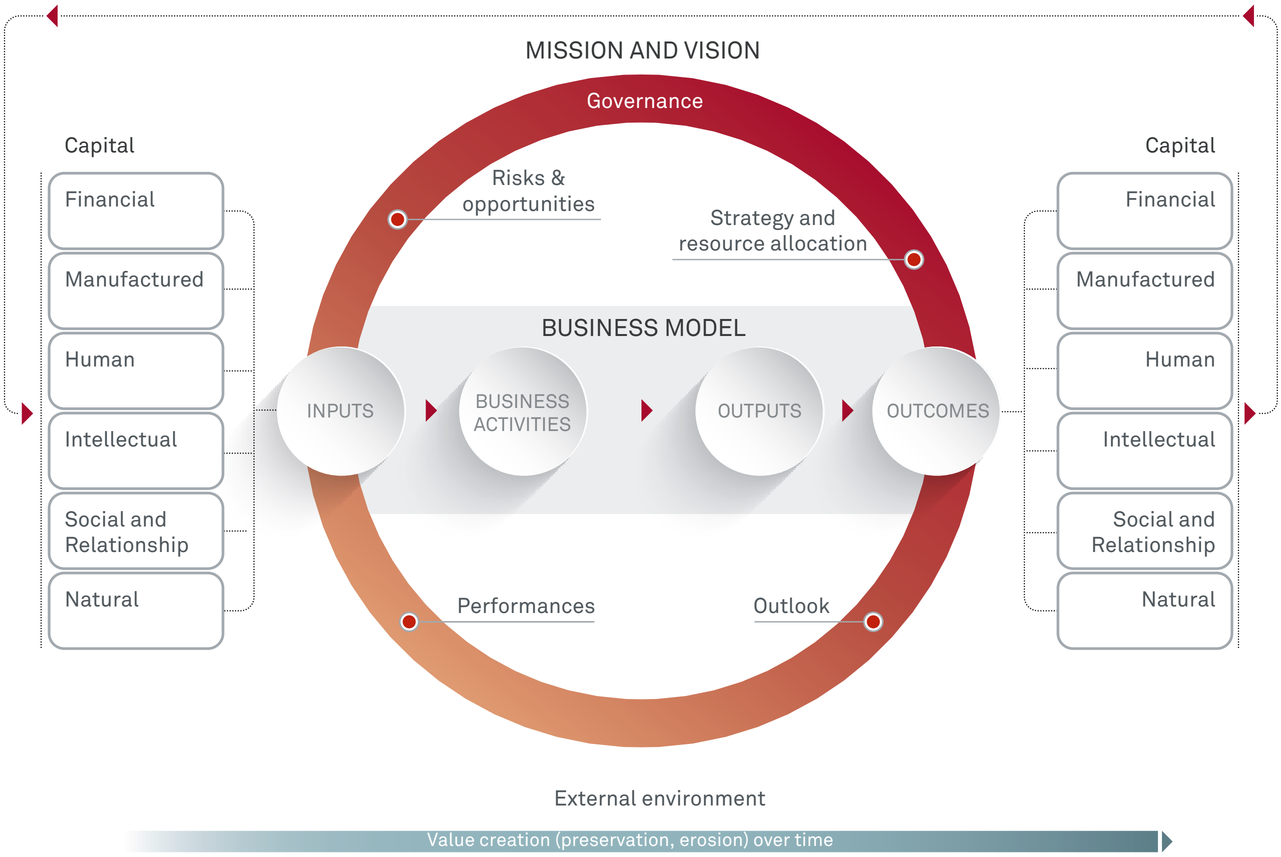


Haiti. Street school in Port-au-Prince.

The multiple elements of complexity and uncertainty of recent years have left people with an awareness that they are strongly interdependent and interconnected, while also revealing the systemic and functional role of large companies. Companies engage in co-evolutionary relations, not only with other players from their own business sectors, but also with the society as a whole, more broadly construed, in its political, institutional, social, technological and cultural complexity, as well as with ecosystems and individuals.

Becoming fully aware of these elements led Banca Generali to organise its Annual Integrated Report according to the multi-capital structure proposed in the **International Integrated Framework**[4]: an approach to company reporting that demonstrates the close ties between strategy, financial performance and the social, environmental and economic context in which the Organisation operates, but above all a stimulus to revise its business model in the direction of an **"integrated thinking"** approach, i.e., an awareness that the value created by an Organisation is manifest in the exchange, growth, decrease and constant transformation of the types of capital that it uses and influences, with its stakeholders and all of society.

THE VALUE CREATION PROCESS (IR FRAMEWORK)



4 Integrated reporting framework published in December 2013 by the International Integrated Reporting Council (IIRC) which includes the basic concepts, guiding principles and key contents of integrated reporting.

The **capitals** envisaged in the IR Framework are:

Financial Capital	The pool of funds that is available to an organisation for use in the production of goods or the provision of services. They are obtained through financing, such as debt, equity or bonds, or generated through operations or investment results.
Manufactured Capital	Manufactured physical objects (as distinct from natural physical objects) that are available to an organisation for use in the production of goods or the provision of services. Manufactured capital is often created by other organisations, but includes assets manufactured by the reporting organisation for sale or when they are retained for its own use.
Human Capital	People's competencies, capabilities and experience, and their motivations to innovate, including their: alignment with and support for an organisation's governance framework, risk management approach, and ethical values; ability to understand, develop and implement an organisation's strategy; loyalties and motivations for improving processes, goods and services, including their ability to lead, manage and collaborate.
Intellectual Capital	Organisational, knowledge-based intangibles, including: intellectual property, such as patents, copyrights, software, rights and licences; organisational capital such as tacit knowledge, systems, procedures and protocols.
Social and Relationship Capital	The institutions and the relationships within and between communities, groups of stakeholders and other networks, and the ability to share information to enhance individual and collective well-being. Relationship capital includes: shared norms, and common values and behaviours; key stakeholder relationships, and the trust and willingness to engage that an organisation has developed and strives to build and protect for the benefit of external stakeholders; intangibles associated with the brand and reputation that an organisation has developed; an organisation's social licence to operate.
Natural Capital	All renewable and non-renewable environmental resources and processes that provide goods or services that support the past, current or future prosperity of an organisation.

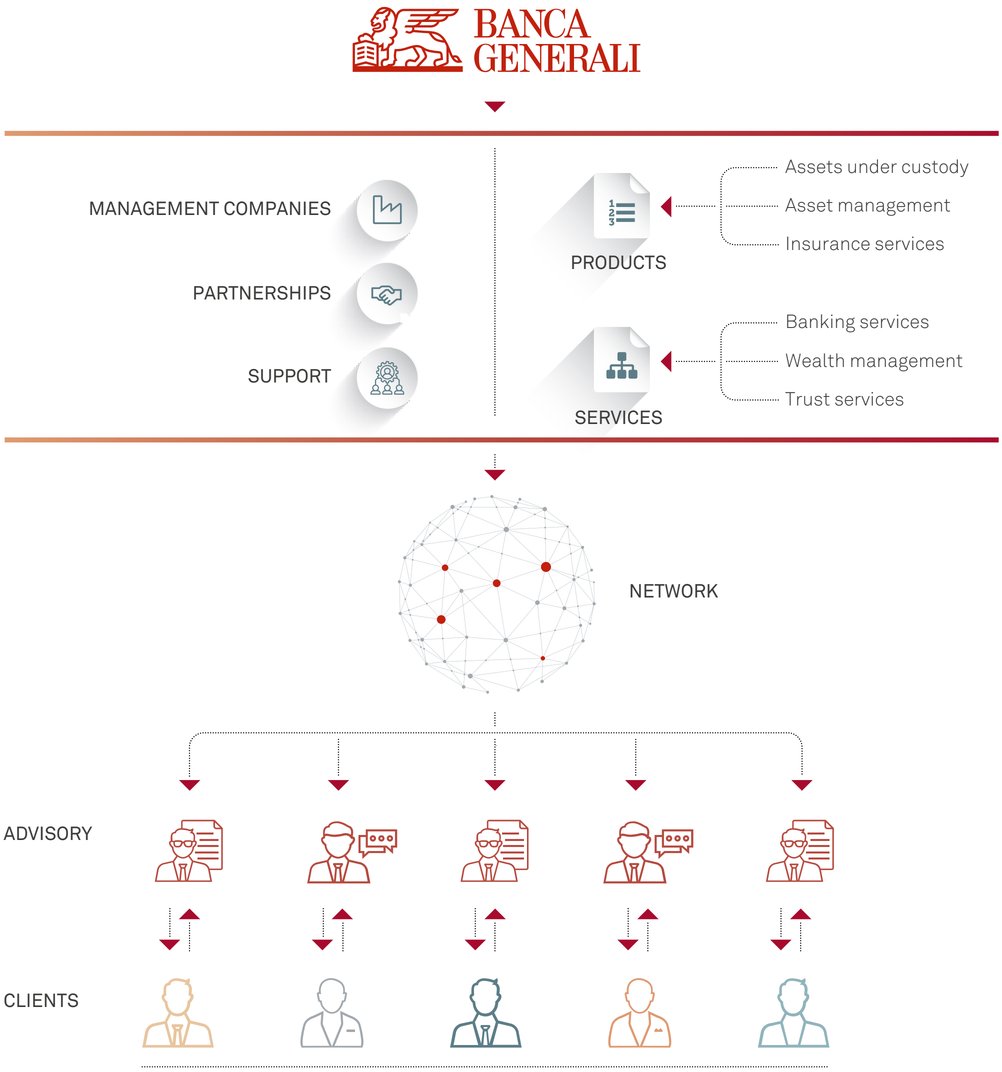
In preparing its Annual Integrated Report, Banca Generali identified **five types of capital** (corresponding to five macro-chapters in the Report) according to its business model:

- **Economic and Financial Capital**, within which the performance in terms of result of operations, financial and capital position of the Banking Group and the Parent Company during the year is presented;
- **Human Capital**, which includes all information, activities and initiatives carried out for the benefit of Banca Generali's employees and the professionals who are part of its Financial Advisor Network;
- **Intellectual Capital**, which focuses on the innovative aspects tied to the products and services that the Bank offers its customers, as well as services in support of the Financial Advisor Network and company processes;
- **Social and Relationship Capital**, which focuses on the initiatives in support of the community carried out by the Banking Group in 2022;
- **Natural Capital**, within which the figures for the direct and indirect environmental impacts of Banca Generali's activity are presented.

Shared Value Creation Model

Business Model

Banca Generali stands out within the Italian finance sector for the central role of the financial advisory and wealth planning services it offers to the **Private** and **Affluent** client segments through a **network of Financial Advisors** ranked at the top of the industry by competency and professionalism. The bond of trust between the Financial Advisor and the client is key and is complemented by the range of products, services and support models made available by the Bank.

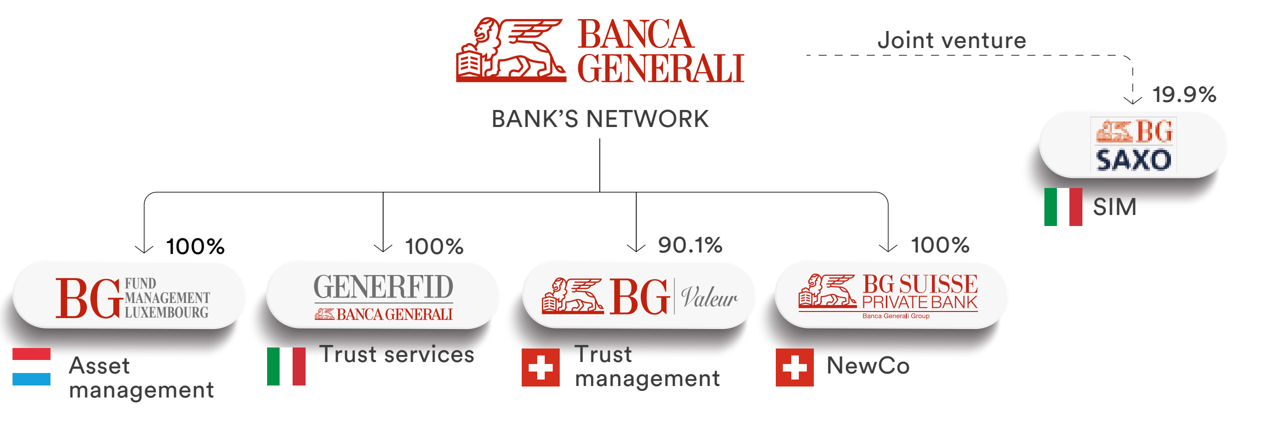


Banca Generali offers:

› **Banking services:** the Bank provides its clients with a range of bespoke banking accounts and services that make doing day-to-day business simple and efficient, thanks to a line of innovative options that ensure the utmost security in online and mobile payments and banking;
› **Assets under Administration:** Banca Generali tends to the assets under administration of its clients' portfolios by providing advice on the purchase and sale of securities on the secondary and primary markets, in addition to offering certificates. Banca Generali can offer its Financial Advisors and customers one of the best performing and most comprehensive trading platforms on the market thanks to BG Saxo Sim, a joint venture between Banca Generali and the Danish company Saxo Bank;
› **Asset management:** Banca Generali offers a wide range of mutual funds, as part of an open architecture that benefits from expert selection of the best solutions that thousands of international asset managers have to offer. The open-architecture products offered are rounded out by the in-house range (Luxembourg Sicavs and discretionary mandates) that make it possible to build bespoke solutions, while keeping risk protection as a priority;
› **Insurance investments:** in the field of insurance investments, and in particular in the use of asset management to protect and personalise investments, Banca Generali relies on the synergies and expertise offered by Generali Group, complemented by its own experience and striving for innovation;
› **Wealth management and trust services:** the Bank offers a wide array of wealth advisory solutions that extend the dialogue with households beyond investment issues to encompass pension planning, corporate finance, real estate and art advisory, with an eye to potential optimisation of protection for future contingencies and challenges relating to generational transfer (family protection).

This range has been designed and is offered to the client with the support of a value chain consisting of:

› **Financial Advisor Networks:** the relationship with clients occurs through a Financial Advisor Network (made up of Financial Planners, Private Bankers, Wealth Managers and Relationship Managers), able to best meet the different needs of Financial Advisors and Clients;
› **Management companies:** in addition to offering banking services, the Group controls a number of management companies in order to offer its customers the best solutions in some specific segments. These companies include: BG Fund Management Luxembourg S.A., a Luxembourg-based management company responsible for offering in-house funds; Generfid S.p.A., which offers trust services; BG Saxo Sim, a joint venture with the Danish bank Saxo Bank offering advance trading services; and BG Valeur, a boutique financial advisory and asset management firm based in Switzerland. BG (Suisse), incorporated in 2021, obtained the Swiss banking licence in 2023 and will soon start its business activity;
› **Partnerships:** to bring its clients the best specialist services the market has to offer in terms of products, wealth management and technology, Banca Generali has formed selected partnerships with other firms in Italy and internationally.



Context, Challenges and Opportunities

In 2023, global growth was more resilient than expected, also thanks to the U.S. soft landing. However, economic growth slowed significantly compared to the post-pandemic recovery. This trend was triggered by marked interest rate hikes in advanced economies, China's fragile economy and geopolitical tensions. The European Union, and in particular Italy, recorded weak growth. Italy's economic future remains uncertain and strongly tied to its National Recovery and Resilience Plan.

In the meantime, inflation is slowing, as the supply side absorbs these shocks. It is therefore believed that, after one of the fastest and most intense upward cycles ever recorded, interest rates in the US and in the EU have now reached their peak, with the ECB expected to cut rates in the coming year.

Within this context, the negative trend that had begun in 2022 for the fixed-income sector continued in 2023. Equity markets recovered their 2022 losses thanks to the rally of the last month of 2023 alone, and were marked by persistent volatility. Performance was concentrated on a few large tech companies, and was weighted down both by long-term rate hikes and by risk aversion due to the outbreak of Middle East tensions and the Chinese real-estate crisis.

From a regulatory standpoint, there were ongoing developments in the field of sustainability, with the Sustainable Finance Disclosure Regulation (SFDR) and the Corporate Sustainability Reporting Directive (CSRD). In addition, the European regulator paid increasing attention to protecting the interests of retail investors, with the Retail Investment Strategy (RIS) and the concept of Value for Money.

In terms of technological innovation, in the year that will be remembered for AI developments, the two main Italian banks have started to shift to a digital service model to more efficiently serve the basis of their Customer pyramid.

With reference to the Italian asset management sector, the economic slowdown and the rising cost of living have exerted pressure on the household savings rate, which has plunged to its lowest level in two decades. The strong rate hike cycle, accompanied by stock market uncertainties, has also caused a marked rethinking of investment choices of savers, who favoured assets under administration — particularly government bonds — over assets under management.

In this context, the banking industry experienced a strong slowdown in net inflows and a mix deterioration. The "competition" of government bonds led to significant outflows from deposits, where households had accumulated excess liquidity during the pandemic period. To cope with this phenomenon, banks therefore went back to competing on the cost of net inflows. In addition, the attractiveness of government bonds led to outflows from traditional life insurance policies based on segregated management. Net inflows from managed products of the banking sector were also negative.

In the banking industry, financial advisory networks have not been immune to these dynamics. However, the sector succeeded in keeping a relatively better performance than traditional banks, by continuing to increase its market shares, thanks to a specialised service model and closer relationships with clients, and by stemming asset management outflows more efficiently.

The 2022-2024 Strategic Plan

The ambition for the three-year period

The strategic ambition underlying the Plan drawn up for the 2022-2024 three-year period is to maintain Banca Generali on a path of rapid, profitable and remunerative growth for its shareholders, in continuity and improvement compared to the excellent results already achieved.

The three pillars of the strategy

THE THREE PILLARS OF THE STRATEGY

PILLAR 1

VALUE OF SERVICE

1. Range of targeted solutions:
   - HNW and Private clients
   - Affluent clients
2. New service models:
   - Enhanced
   - Guided
   - Self
3. Data-driven network management approach:
   - Client
   - Financial Advisor
   - Territory

PILLAR 2

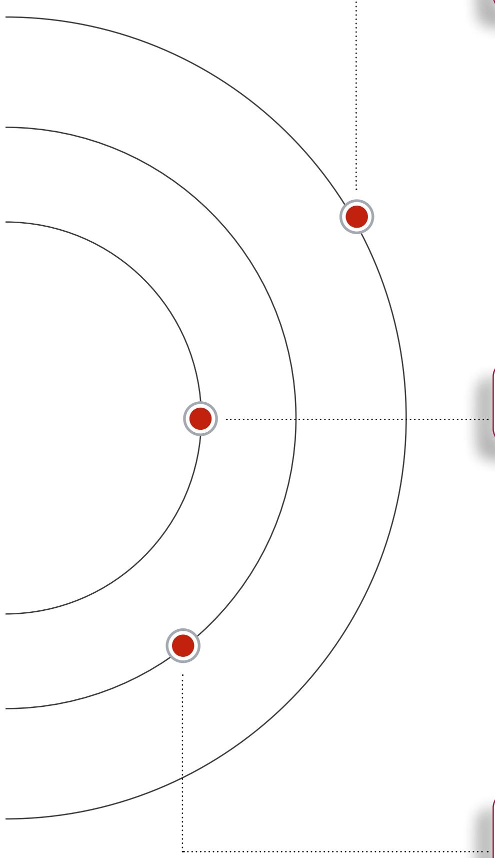
INNOVATION

1. Implementation of a data-driven bank
2. Development of digital platforms
3. Partnership ecosystem

PILLAR 3

SUSTAINABILITY

Towards:
- Clients and Financial Advisors
- Employees
- Shareholders and Authorities
- Communities and Future Generations



COMMERCIAL AND FINANCIAL TARGETS

CONSISTENT GROWTH

The Bank aims to generate total cumulated net inflows in the range of 18.0 billion euros and 22.0 billion euros

PROFITABLE GROWTH

The Bank aims to generate a compound annual growth rate (CAGR) of recurring profit equal to 10-15%

REMUNERATIVE GROWTH

Banca Generali intends to distribute steadily growing dividends (cash view) over the Plan period

The strategy to achieve this ambition is based on three pillars, deeply rooted in the Bank's vision: t**o be the No. 1 Private Bank by value of service, innovation and sustainability**.

The **first pillar** of Banca Generali's strategy aims to increase the value of service, bringing the Bank even closer to its Financial Advisor Network and its clients. The strategic guidelines provide for:

- developing a **range of targeted solutions** that, building on the ecosystem of products, services and platforms already in place in the private segment, enables to better meet the needs of a wider client base — from Affluent clients to High-Net-Worth Individuals (HNWI);
- the introduction of **new service models** that, in a context marked by financial advisor-centric models, allow to enhance Financial Advisors' actions through a greater support by the Bank in managing their clients;
- the implementation of a new **data-driven network management approach** that, based on an estimate of the growth potential of clients, Financial Advisors and districts, and on the identification of the main gaps, drives the coordinated action of the Bank, its network managers and individual Financial Advisors.

With the strategy's **second pillar,** Banca Generali intends to develop an increasingly innovative model, building a data-driven, digital and open Bank. The strategic guidelines provide for:

- the creation of a **data-driven bank:** systemising the Bank's huge amount of data to implement B2C-like data analytics techniques in a financial advisor-centric context;
- the development of **digital platforms** in order to:
  - i) increase the commercial process personalisation through bespoke platforms for Financial Advisors, as a support to the different service models;
  - ii) enhance operating process efficiency and scalability by further developing Business Process Automation, also through Robotic Process Automation (RPA), so as to fully digitalise all operating processes;
  - iii) improve the digital customer experience through the integration of new digital services in client channels;
- enhancement of the **partnership ecosystem**: identifying and coordinating the best partners in specific verticals that allow the Bank to consolidate its position with respect to the main industry trends and benefiting from ongoing innovation flows.

Through the **third pillar** of its strategy, Banca Generali aims to consolidate its position in terms of sustainability, becoming a point of reference on ESG themes for its stakeholders.

2022-2024 commercial and financial targets

Despite the turbulence and uncertainly observed in 2022 and in 2023, the Bank's performance remains in line with the targets for the 2022-2024 three-year period announced at the 2022 Investor Day:

- **Consistent Growth**: for the 2022-2024 three-year period, the Bank aims to generate total cumulated net inflows in the range of 18.0 billion euros and 22.0 billion euros, most of which — approximately two thirds of the total (13-16 billion euros) — must be generated organically by the existing network through the increase of the share of wallet and the acquisition of new Clients;
- **Profitable Growth**: the Bank aims to generate a compound annual growth rate (CAGR) of recurring profit equal to 10-15% over the 2022-2024 three-year period;
- **Remunerative Growth**: Banca Generali intends to distribute steadily growing dividends (cash view) over the Plan period, aiming to reduce profit volatility through a greater payout flexibility. For this purpose, the future Dividend Policy has been set according to the following methods:
  - i) dividend payout set according to the following criteria:
    - 70-80% on the portion of recurring net profit;
    - 50-100% on the portion of variable net profit;
  - ii) two-tranche mechanism for dividend payment:
    - 1st tranche: Year T/Q2;
    - 2nd tranche: Year (T+1)/Q1.

Based on the above and in light of profit forecasts, the Bank expects to be able to distribute cumulative dividends of 7.5-8.5 euros per share in the 2022-2025 period (cash view).
FY 2023 results confirm that the Bank is well positioned to reach the targets it has set for itself.

Strategic Focus on Sustainability

Consistent with its Vision, Banca Generali reiterates its commitment towards sustainability matters, in line with the documents guiding and reflecting its sustainable approach, such as the Charter of Sustainability Commitments and the Sustainability Policy. In line with this path, the Bank constantly considers the interests of its stakeholders and the economic, environmental and social impacts of its activities when formulating its sustainable company strategy and designing its policies. As early as in 2019, Banca Generali started a strategic development and sustainability project that not only covers the area closely linked to ESG investments, but a full-fledged "re-thinking" process of the whole Organisation based on the active engagement of all Corporate Functions.

Banca Generali adopted a "Sustainability by design" approach, whose main areas of interest and development are: **People**; the **ESG solutions** made available to its customers thanks to the valuable contribution of an informed and aware Financial Advisor Network; **Governance**, which guides and monitors ESG factors, reporting on them transparently in respect of Authorities and Institutions, also through participation in international initiatives; and the dissemination of the **Sustainability Culture**, which fosters control of the environmental impact and promotes local social impact initiatives.

These **four pillars** have been clearly identified and described in the **objectives of the 2022-2024 Strategic Plan**, disclosed to the market on 14 February 2022, with the aim of integrating sustainability at all corporate levels.

CLIENTS AND FINANCIAL ADVISORS

>40%
ESG AUM on managed solutions (Articles 8 and 9 of SFDR) thanks to launch of solutions in line with the taxonomy

>50%
FAs with advanced expertise on ESG or with EFPA ESG certificate

>90%
FAs taking part in annual training on ESG topics

SHAREHOLDERS AND AUTHORITIES

Increase ESG disclosure through reporting framework

Becoming a signatory of

Signatory of: PRI Principles for Responsible Investment

TCFD

Ongoing Stakeholder engagement, keeping communication open to best meet investors' demands

EMPLOYEES

50%
Hires under 35

70%
Employees involved in projects on digital transformation and sustainability impact

100%
Employees in hybrid work (excluding front office and sales)

COMMUNITIES AND FUTURE GENERATIONS

By 2025: reduction of carbon footprint by 25% vs 2019 in relation to direct investments managed by BG

By 2030: phase out of all investments in corporates linked to fossil fuel

By 2040: net zero emissions

Asset Managers' engagement policies

Increased community engagement and launch of social impact initiatives

• People

Banca Generali's approach to sustainability is characterised by a strong drive for personal development, pursued not only by harnessing a solid training programme, but also through transparency and revision of remuneration, incentive and performance management systems.

Banca Generali considers **employee training** to be a fundamental tool for supporting the Company's success and competitiveness, in the short, medium and long term: in line with its corporate values, training is provided through continuous paths over time that are consistent with People's needs and talents, guiding them towards individual responsibility and motivation. Offering quality training, both through classroom sessions and remotely (through webinars or e-learning), is a prerequisite for supporting the development of all employees and making Banca Generali an increasingly recognised player in the market[5]. In order to forge ahead with the specialised training path launched in 2022 for those teams most involved in ESG projects, in 2023 the following initiatives were developed:

- two **advanced training programmes** on **green, social and sustainability bonds**;
- a programme to delve into the **new European regulations on ESG reporting** (Corporate Sustainability Reporting Directive and the new EFRAG standard);
- a programme with a focus on **environment and climate**, both in terms of strategic actions and initiatives and through a risk-based approach;
- a programme reserved to BGFML specialists aimed at further analysing **ESG risk** topics.

The **awareness programme** on **sustainability** (**Banca Generali and Sustainability**), involving the entire company population, continued in 2023. Launched in the second half of 2022, this programme is aimed at illustrating Banca Generali's ESG approach and offering an in-depth analysis on sustainable finance.

To further raise awareness on the Strategic Plan, in 2023 an **outdoor** training session that also included an ESG session was held for **the Banking Group's management**.

The initiatives linked to the **digital innovation** world also continued, with the "Digital Minds" programme as the key project supporting change, with sessions on AI, blockchain, cybersecurity, advanced analytics, fintech and experience design. At December 2023, 94% of the population participated in at least a classroom course dedicated to digital initiatives.

Banca Generali's sustainable growth also recognises the fundamental importance of **Diversity, Equity & Inclusion (DEI)** as factors for union and dialogue within the Organisation. In an increasingly complex, globalised and interconnected world, the management of diversity within the Company represents an essential requirement, also for the Organisation's success. In support of gender equality and the enhancement of the role of women in society and in the business world, the Bank **signed commitments for the promotion and enhancement of female talent**, such as the Charter "Donne in Banca: valorizzare la diversità di genere" (Women in Bank: enhancing gender diversity), promoted by the Italian Banking Association (ABI), the international community **WEPs (Women's Empowerment Principles)**, **Women & Tech**, a network of companies and people to realise women's potential in innovation, **SHETech** and the **Women&Tech Association**.

In 2023, Banca Generali also confirmed its commitment towards the new generations, with ad-hoc initiatives and **over 70%** of **new hires under 35**. To support inclusion and with a view to improving **work-life balance**, Banca Generali consolidated the "New-Normal" concept, introduced in 2021: a hybrid work model for the benefit of 100% of personnel that combines in-presence work with remote working[6]. In October 2023, the Bank also conducted a survey (Pulse Survey) to gauge the engagement level and uncover People's opinion with regard to job satisfaction.

• ESG solutions offered to Customers and Financial Advisors

The dissemination of the culture of sustainability also significantly influences the Bank's commercial approach, its wealth advisory service and, in general, its entire range of products and services. In order to develop products and services able to meet the threefold purpose of excellence in customer service, innovation and sustainable growth, Banca Generali complemented its traditional financial allocation methodology with a new approach based on the United Nations 17 Sustainable Development Goals (SDGs): clients, supported by Financial Advisors, can actively select through targeted choices, available within Banca Generali's proprietary platform for creating portfolios (**BG Personal Portfolio**). The platform is continuously upgraded in order to introduce new features in line with regulatory developments and market trends. Within a complex and constantly evolving market context, also on a regulatory level, **Financial Advisors' ESG training**[7] represents, together with the development of the advisory platform, an important driver for the achievement of medium/long-term strategic objectives.

In 2023, the **BG LAb training platform** provided Financial Advisors with several innovative training modules, conceived and developed to support the Financial Advisor Network in understanding all the products and services Banca Generali offers its customers. This portal was also enhanced with an **innovative section called "ESG HOME"**, aimed to promote and delve into sustainability-related topics with a focus on the UN 17 SDGs.

In addition to the **two mandatory courses**, the path organised exclusively with MIP (Graduate School of Business of Politecnico di Milano) aimed at **EFPA ESG Advisor certification** was also confirmed in the training catalogue: the fifth and sixth editions, consisting of 12 2-hour virtual modules, were successfully carried out, involving 279 Financial Advisors in the past three years. In addition, in line with 2022, eight training programmes of 8 hours each were developed in 2023 in collaboration with **MainStreet Partners** involving selected Financial Advisors to consolidate ESG knowledge and skills. Total Financial Advisors who attended this specific training numbered 489 at the end of 2023. These two different initiatives contributed to rising the **advanced training target** with regard to the network, **exceeding 30% of Financial Advisors** at year-end.

Testifying to the fundamental importance of sustainability to Banca Generali Group, an event attended by the Bank's top managers at the end of November saw the presentation of the new **Sustainable Advisor** position, which is filled by selected, highly specialised Financial Advisors whose com-

5 For further information, reference should be made to chapter "Human Capital: Employees", section "Training and Development of Human Capital: the Continuous Growth of Skills".
6 For further details, see chapter "Human Capital: Employees", sections "Cultures" and "Diversity & Inclusion".
7 For further information, see chapter "Human Capital: Financial Advisor Network", section "Training".

mercial activities focus particularly on ESG products and services. Moreover, the recent reorganisation of the Financial Advisor Network, aimed at enhancing and better supporting clients throughout Italy, involved the introduction of new strategic managerial functions, one of whom is dedicated to the support and cascading of ESG initiatives within the Network.

Again in 2023, a network **engagement initiative**, which saw in particular the organisation of a contest aimed at building a "sustainable" portfolio, was carried out at the annual convention that is attended by nearly half of the Financial Advisors.

With regard to its **ESG range**, defined by adding a score prepared by an external provider of at least 3 on a scale of 1 to 5 to the regulatory taxonomy pursuant to Articles 8 and 9 of Regulation (EU) No. 2019/2088, Banca Generali forged ahead with its development activity in accordance with the guidelines of the Strategic Plan, responding to the needs emerging from changed market conditions and in line with major market trends, above all sustainability.

At 31 December 2023, the Bank's **investments in ESG products accounted for 37.6% of total managed solutions**, up 5.4 percentage points compared to 2022, of which 24.6% referring to Articles 8 and 9, narrowly defined, and 13% to UCITS pursuant to Articles 8 and 9 underlying financial and insurance investment solutions that, in turn, do not fall within the meaning of Article 8 or Article 9.

Analysing the sustainability aspects in respect to each segment of the products and services offered:

- the products of the **Luxembourg-based Sicavs** managed by BG Fund Management Luxembourg were developed and revised taking into account the growing attention to sustainability and to ESG product ranges, bringing the total number of sustainable strategies to 45 (42 within Lux IM and 3 within BG Collection Investments);
- the number of the **portfolio management lines**, characterised by investment policies that combine the goal of a traditional financial return with social and environmental parameters aligned with the Goals promoted by the United Nations, amounted to 7. These Lines fall within the meaning of Article 8 pursuant to Regulation (EU) No. 2019/2088 and considering the principal adverse impacts (PAIs) on sustainability factors;
- with regard to **open-architecture funds**, in 2023 the Bank continued to revise its range. Sustainability and the search for new trends were the main guiding elements of the catalogue revision, which led to the inclusion of ESG and thematic funds focusing on new generation trends and high-potential markets;
- the **insurance ESG range**, represented by the BG Oltre Policy, a whole-life hybrid insurance policy offered mainly to affluent customers that offers the ability to invest in long-term trends relating to sustainability through three internal thematic funds, benefited from a commercial activity that reduced the cost of traditional life insurance products for the first two years.

Sustainability plays a key role in terms of investments, as also confirmed by the ESG advisory portfolios with different risk profiles and by the placement of the ESG bond of the fixed-rate callable Sustainable Development Bond issued by the World Bank in 2023.

In 2023, Banca Generali further developed its commitment to sustainable and responsible investment by strengthening its investment decision approach. In line with its Vision, the commitments undertaken by signing the UN Principles for Responsible Investments, which place engagement among the main responsible investment strategies, and market leading practices, the Bank has adopted an **Active Ownership Policy**.

Active Ownership Policy

With a view to strengthening the integration of sustainability factors into the investment process of managed portfolios and to encouraging investee companies to adopt sustainable business policies and good governance practices, Banca Generali has adopted an Active Ownership Policy. With regard to the products related to the provision of individual portfolio management and collective asset management services classified under Articles 8 and 9 of EU Regulation 2019/2088, established and managed by Banca Generali or its subsidiaries, the Policy defines a framework aimed at identifying the procedures for exercising voting rights and the related policies, the engagement procedures to be adopted with corporate issuers or managers, the roles and responsibilities of the various corporate functions, the methods of managing any situations in which conflicts of interest may arise, and the transparency commitments and methods for disclosing the results of the Active Ownership strategy.

The range of products and services also extends to some **areas that are not strictly financial**, in particular, with the creation of new partnerships, including the partnership with IR Top Consulting. As of second quarter of 2023, Banca Generali, through its **Corporate Advisory** structure, has been supporting its corporate clients in their path towards improved sustainability positioning, thanks to the **ESG Advisory services of IR Top Consulting**. In 2023, the Bank, together with IR Top Consulting and Studio Legale Pavia e Ansaldo, participated in the drafting of the paper "**IPO Sostenibile** – Linee Guida per la raccolta di capitali delle PMI" (**Green IPO - Guidelines for raising capital for SMEs**), which has the ultimate goal of defining a reference framework for SMEs intending to start an ESG path in the phases towards the IPO process.

With regard to **lending**, as early as in 2021 Banca Generali had introduced in its internal regulatory framework provisions in line with the Bank's sustainable approach and with the principles enshrined in its Sustainability Policy: these provisions integrate into the assessment of the risks underlying the loans also risks linked to ESG factors. In addition, in cases of loan origination by companies operating in controversial sectors or involved in controversial conduct[8], enhanced due diligence is to be applied, with the aim of verifying the risks and benefits of granting such loan.

With regard to the lending sector, in 2022, the monthly monitoring and the quarterly reporting activities started to include also an ESG assessment of financial guarantees, with the introduction of a specific relevant indicator of the Risk Appetite Framework. In the context of EBA guidelines on loan origination and monitoring, such indicator is a requirement in formulating credit policies.

• ESG Governance and Transparency Towards Authorities and Institutions

In accordance with the legal and regulatory framework and its strategic model, which focuses on sustainable growth and the achievement of stable, satisfactory financial and commercial results in the long term, Banca Generali amended its **Articles of Association** acknowledging the consideration of **sustainable development** by the Board of Directors in formulating company strategies. These amendments are in addition to the introduction of sustainability to its Managing Committee and the allocation of the related competence to each Board Committee, each for the areas falling within their remit[9].

Since 2018, the **General Counsel and Sustainability Area** has been responsible for sustainability matters. Its coordination and guiding role in liaising among the various internal structures and Banking Group's structures is implemented through a "hybrid" organisational model, in light of the Bank of Italy's supervisory expectations for climate-related and environmental risks[10].

This ESG governance model is based on a wide set of **internal regulations** that in recent years has also integrated **sustainability considerations and assessments**, such as the definition of ESG indicators linked to Banca Generali's strategy within the Risk Appetite Framework.

BG Sustainability Policy

The Policy aims to integrate into business processes the Banking Group's sustainability model outlined in the "Charter of Sustainability Commitments", which defines, in line with the principles established by the Internal Code of Conduct and main related legislation, the long-term strategic goals for doing business responsibly, contributing to developing a healthy, resilient and sustainable society.

In particular, the Sustainability Policy outlines the system to identify, assess and manage the ESG Factors-related risks, setting out the rules for:
› identifying and prioritising the ESG Factors that are relevant for the business activities or over which the Group can have most influence;
› managing the risks and opportunities connected with the relevant ESG Factors;
› monitoring and reporting on the risks and opportunities connected with the relevant ESG Factors.

The Banking Group's ESG Governance always places the **main stakeholders** at the centre, basing all actions on **dialogue** and **transparency**. The Policy for Managing Engagement with All Shareholders formalises the commitment to **shareholders** through fair, transparent and differentiated forms of engagement. In fact, the Bank believes that the establishment and maintenance of a constant and continuous relationship with all stakeholders is in its own specific interest, as well as a duty towards the market.

In light of the relevance of this issue, as also confirmed by the supervisory authorities' requirements and the developments of the regulatory framework, the Bank forged ahead with the programme of **in-depth training on ESG matters**, launched in 2022 and aimed at strengthening the

[8] It should be noted that the specific criteria are stated in the Credit Regulations and are aligned with the provisions set forth in the Responsible Investment Policy.
[9] Nomination, Governance and Sustainability Committee, Internal Audit and Risk Committee, Remuneration Committee, Credit Committee.
[10] Thematic Survey of the degree of alignment of LSIs with supervisory expectations for climate-related and environmental risks, November 2022.

competencies of the members of the **corporate bodies**: in May, a session was held dedicated to the risks to which the Parent Company's Board of Directors is exposed, with a focus on ESG risks. Throughout 2023, induction sessions on ESG matters were also organised for the Boards of Directors of the companies within Banca Generali Group (BGFML, BG Valeur and GenerFid).

In July, the Nomination, Governance and Sustainability Committee attended a training session aimed at presenting the **main ESG projects** underway and illustrating Banca Generali's position with regard to the recent regulatory requirements in the sustainability area.

Throughout the year, the Bank further developed the action plan so as to comply with the **Bank of Italy**'s supervisory expectations on the integration of climate-related and environmental risks into corporate strategies, governance and control systems, the risk management framework and the disclosure of supervised banking and financial intermediaries. The actions implemented included projects aimed at strengthening the **ESG data governance** control measures through development of a tool to monitor ESG scores used for investment services.

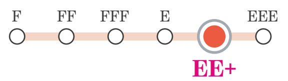
To **strengthen the ESG KPI monitoring and reporting process**, an **ESG dashboard** was developed for the Bank's top management and the Nomination, Governance and Sustainability Committee: with half-year frequency, it measures the Strategic Plan's KPIs and other sustainability indicators instrumental to the achievement of the strategic objectives. In addition, a **quarterly report** was drawn up with a focus on products and customers' sustainability preferences.

With regard to **remuneration**, the commitment to sustainability was confirmed for short-term remuneration plans through the updating of the short-, medium- and long-term qualitative and quantitative indicators focused on a wide range of ESG matters, and for long-term incentive plans through the definition of additional ESG objectives. The inclusion of compliance with sustainable finance regulations in the malus and claw-back clauses was also confirmed.

In 2023, Banca Generali continued to ensure dialogue with major **ESG ratings agencies**, which assigned the Bank positive ratings on its sustainability performance, its exposure to ESG risk and the transparency of the information to its stakeholders.

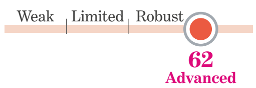
In detail, the Bank was analysed by the following ratings agencies:

standard ethics rating

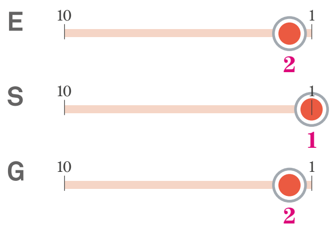


› In 2023, Banca Generali's Corporate Standard Ethics Rating (SER) remained **EE+ Very Strong,** with a 12-month **stable outlook**.

Moody's Analytics



› In 2023, Banca Generali received an ESG Overall Score of **62/100 (Advanced)** in Moody's Analytics ESG Assessment. On the basis of this assessment, Banca Generali has been included in the **MIB ESG index**[11], to which it was admitted on 17 October 2021.



› To date, Banca Generali has been awarded the following ESG ratings:
- › a Social Score of "1", on a scale in which 1 is the highest level of disclosure and 10 is the lowest, thus obtaining the "QualityScore Top Badge Social" reserved for highest ranked companies;
- › a Governance Score of "2", on a scale in which 1 is the lowest level of risk and 10 is the highest level of risk;
- › an Environment Score of "2", on a scale in which 1 is the highest level of disclosure and 10 is the lowest.

[11] The methodology underlying the index involves drawing up rankings of the 40 top companies on the basis of ESG criteria, selected from among the 60 most liquid Italian companies, excluding those involved in activities not compatible with ESG investments. The composition of the index is revised with quarterly frequency and the Bank's presence in the index was confirmed in December 2021. It should also be noted that Moody's is the data provider for ESG filters and is not responsible for the methodology of the Index, which is owned by Euronext.

MORNINGSTAR SUSTAINALYTICS	Severe High Med Low — 7.77 Negligible	› In 2023 , Banca Generali S.p.A.'s ESG Risk Rating further improved from 9.17 to **7.77** equal to a **Negligible level of risk** of experiencing material financial impacts from ESG factors[12]. Moreover, in 2024 Banca Generali S.p.A. was recognised by Sustainalytics as an ESG Industry Top Rated company and as an ESG Region Top Rated company.
MSCI ESG RATINGS	CCC B BB BBB A AA AAA — A	› In 2023, the **A** rating (on a scale from AAA to CCC) was confirmed by MSCI ESG Ratings[13].
S&P Global	0 – 100 — 60	› Banca Generali scored **60** (out of 100) in the 2023 S&P Global Corporate Sustainability Assessment (CSA Score as of 27 October 2023) and was included in the S&P Global Sustainability Yearbook 2024 for "Diversified Financial Services and Capital Markets".
CDP DISCLOSURE INSIGHT ACTION	D- D C- C B- B A- A — A-	› Banca Generali was awarded a score of **A-**[14] within the framework of climate change reporting for 2023.

At the beginning of 2024, Banca Generali also joined the **UN Global Compact**, a voluntary initiative launched by the United Nations to encourage businesses the world over to define an economic, social and environmental framework aimed at promoting a sound and sustainable global economy from which everyone can benefit.

To this end, as a participant, Banca Generali is committed to share, support and apply within its sphere of influence the ten fundamental principles regarding human rights, work standards, environmental protection and fight against corruption.

In addition to extensive dialogue with ESG ratings agencies, the Bank's commitment towards **transparency** also translated into constant updating of the **institutional website**[15] and into drafting and publishing of **a presentation focusing on Banca Generali's ESG path**[16].

In the context of ESG matters, in their broadest meaning, Banca Generali has also pursued a **tax transparency approach** with respect to all stakeholders. Within this framework, as of tax year 2022, Banca Generali has been preparing a specific report on taxation (**Tax Transparency Report**).

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[13] The use by Banca Generali of any data of MSCI ESG Research LLC or of its affiliates ("MSCI"), and the use of MSCI logos, trademarks, service marks or index names herein do not constitute a sponsorship, endorsement, recommendation, or promotion of Banca Generali by MSCI. MSCI services and data are the property of MSCI or of its information providers, and are provided 'as-is' and without any warranty. MSCI names and logos are trademarks or service marks of MSCI.
[14] On a scale from D- (worse score) to A (best score).
[15] www.bancagenerali.com/.
[16] www.bancagenerali.com/sustainability/sustainability-documents.

Adherence to the Principles for Responsible Investments

Signatory of:

PRI Principles for Responsible Investment

Banca Generali is a signatory the **PRI** (Principles for Responsible Investments) promoted by the United Nations, confirming the commitment formalised in the Strategic Plan, in line with its Vision of aiming "To Be the No. 1 Private Bank by Value of Service, Innovation and Sustainability". The Bank is categorised as an Investment Manager and Single Consolidated Group signatory, including in its scope of disclosure Banca Generali, BG Fund Management Luxembourg and BG Valeur.

In accordance with PRI signatory guidelines, Banca Generali Group meets the minimum accountability requirements as:

- over the years it has adopted an investment policy (Responsible Investment Policy, hereinafter "Policy") that outlines in detail the Group's responsible investment approach and covers at least 50% of AUM;
- it has appointed internal/external staff in charge of implementing the Policy;
- it has set up adequate senior-level commitment and accountability mechanisms for implementing the Policy.

Banca Generali's Responsible Investment Policy is publicly available in excerpt form, **applies to 100% of assets under management**[17] and represents the framework of reference for all Group companies, which in turn have adopted a consistent policy framework that takes into account their specific business requirements. In compliance with the PRI requirements, the Policy defines the governance system, responsibilities and accountability mechanisms applicable to the various functions.

In order to improve its positioning as a signatory of the PRI and increase its potential score, in 2023 the Group has strengthened its sustainable investment approach through adoption of an Active Ownership Policy, for which reference should be made to section "ESG solutions offered to Customers and Financial Advisors" in this chapter.

Sustainability Culture

Banca Generali aims to become an ESG reference for its stakeholders. To achieve this ambitious goal, over the years it has implemented policies and tangible actions geared at contributing positively to the United Nations Sustainable Development Goals (SDGs). The 2022-2024 Strategic Plan reflected the commitment made to the Community, in both **social and environmental** terms.

For years, Banca Generali has been socially committed, through both awareness-raising campaigns conducted through the **The Human Safety Net** Foundation and support for research and the academic world. In 2023 as well, it continued to pursue a **financial education** and awareness-raising project on ESG matters entitled "Un salvadanaio per amico" ("My Moneybox Friend") in partnership with FEduF (Foundation for Financial Education and Saving). The online meetings organised as part of this project involved approximately 1,500 students in primary schools and first-level secondary schools and saw the participation of both Banca Generali's personnel and Financial Advisors as teachers.

#BG4SDGs
Time to change

Also regarding **financial education**, a partnership was established with the **ELIS Centre**, an association focusing on youth job training, to convey educational information related to the **UN 2030 Agenda** at schools. The **sustainability education tour**, linked to the BG4SDGs - Time to Change project, involves students of the 3rd, 4th and 5th years of high schools in various regions of Italy, and will be carried out throughout the year 2024. The Bank also confirmed its financial support to the **research project on sustainability topics**, in collaboration with Bicocca University of Milan.

Banca Generali maintained its commitment to financial education through a continuous active collaboration with several prestigious universities. In 2021, one such collaboration gave rise to the "O-Fire" Observatory[18], a leading scientific centre that develops and promotes university research in the field of green finance, sustainable and responsible investments (SRIs) and ESG activities, in partnership with Bicocca University of Milan and AIFI (Italian Association of Private Equity, Venture Capital and Private Debt). In November 2022, the Observatory presented its first Annual Report, focusing on the EU Taxonomy[19] and offering an overview of its effects on the corporate and asset management world.

[17] Exceptions are available for specific asset types only.
[18] Observatory on Impact Finance and its Economic Implications.
[19] Simplified reading of the European taxonomy and first assessment of its implications.

In addition, Banca Generali forged ahead its collaboration with LIUC Cattaneo University, leading to the creation of Italy's first **permanent Private Banking Observatory**, whose purpose is to monitor the sector, examine relevant topics and provide a precise picture of the private banking market, focusing each year on individual topic. In 2023, the eighth Annual Report of the Observatory analysed the contribution that the private banking industry can provide to Italian SMEs in the delicate discontinuity phase represented by the generational transition.

Similarly, the **Observatory on SME Governance**, a project involving Banca Generali and SDA Bocconi dedicated to the dissemination of governance best practices for Italian SMEs, continued its activities.

Furthermore, together with ARTE Generali, the Bank sponsored the Observatory on **Art Assets & Sustainability** by the University of Pavia in collaboration with Deloitte, an initiative aimed at **investigating the link between art collections, sustainability and social impact**. The Observatory's objective is to verify the ways in which profit and non-profit organisations manage their art collections, investigating how they are disclosed in non-financial reports and stakeholder communications with reference to the relevant SDGs.

Two years after its launch, the first phase of BG4SDGS - Time to Change — a photography project carried out in partnership with photographer Stefano Guindani[20] and aimed at **raising the awareness of the Communities on the 17 SDGs of the UN 2030 Agenda** — was completed. Guindani's work led to the publication of the book "Time to Change" and inspired the docufilm with the same title, premièred in September during the **Venice Film Festival** at **Procuratie Vecchie**, headquarters of the Generali Group Foundation, The Human Safety Net. The latter received the **funds raised** from the book sales and from donations related to the purchase of digital postcards, in **favour of the ESIR Project and Aula 162 Project with the Red Cross for refugee training and employment**. The most representative photographs were displayed at a series of travelling exhibitions in the main Italian cities, that will also continue in stages throughout 2024.

The year 2023 also saw the continuation of the **financial education project "EduFin 3.0 – Marco Montemagno for Banca Generali"**, launched in September 2022. This important project aims to cover a major topic in financial education each week, from those of a traditional nature to new developments in the investment sector, such as crypto currencies, blockchain and the metaverse, so as to familiarise the general public and young people to the world of finance through social media.

Banca Generali demonstrated its commitment to the communities also through an initiative focused on food waste organised at some major corporate events. In detail, in 2023 and at the beginning of 2024, thanks to the collaboration with several local associations, food recovery allowed to prepare 683 certified meals for solidarity purposes to be donated to people in need.

Since 2019, Banca Generali has been reiterating its **institutional role** in the sustainability world participating in the Forum per la Finanza Sostenibile (FFS), the most authoritative Italian network in promoting the knowledge and practice of sustainable finance, and in Eurosif[21]. In detail, in November 2023, the Bank confirmed its participation in **Salone SRI** within the **SRI Weeks** event organised by the Forum.

With respect to **climate change**, Banca Generali committed to achieving ambitious medium- and long-term targets, starting with its investment portfolio, and as early as 2021 launched an operating project focusing on sustainable restructuring[22]. In addition, through its operations, the Bank contributes to achieving Assicurazioni Generali's emission reduction target, which is set at -35% by 2025 compared to 2019.

With reference to environmental protection, Banca Generali once again participated for the sixth consecutive year in the "M'illumino di meno" initiative, an awareness-raising campaign on energy saving and sustainable lifestyles organised by a major telecommunications player. To this end, the lights are switched off for 30 minutes in some of the Generali Group offices, such as at the Hadid

[20] For more information on the above-mentioned initiatives, reference should be made to section "Relational Capital: Initiatives in Support of Local Communities".
[21] The pan-European association that supports the growth of socially responsible investments in the financial markets of the EU and that is in turn a member of the Global Sustainable Investment Alliance (GSIA), an organisation that acts on a global scale, bringing together sustainable finance networks on all continents.
[22] For more detailed information, reference is made to chapter "Natural Capital".

Tower HQ in Milan, as a symbolic gesture with a concrete and positive impact on the planet and its inhabitants, aimed at reaffirming the Group's commitment.

In recognition of its commitment, Banca Generali has received major awards testifying to the quality of its services and to its sustainability efforts. In particular, in 2023 the Bank was recognised "Best Private Bank in Italy" by the Financial Times Group and received several recognitions by Deutsche Institut für Qualität und Finanzen, namely "Best Green Asset Managers 2023", "Best Financial Advisor Network for Customer Satisfaction", "Italy's Best Asset Manager 2023" and "Italy's Best Employer 2023" in Private Banking.

Integrated Reporting

In accordance with Banca Generali's decision to report the non-financial information provided for in Italian Legislative Decree No. 254/2016, despite qualifying for an exemption (see the Statement of Methods), starting in reporting year 2018 the information provided for in the said Decree will be included in the aforementioned Annual Integrated Report, also available from the address: www.bancagenerali.com/en/investors/reports-and-relations.

According to the provisions of Article 41, paragraph 5, of Legislative Decree No. 136/2015 of 18 August 2015, the Consolidated Report on Operations and the Separate Report on Operations of the Company may be presented as a single document. The Consolidated Report on Operations therefore includes a chapter that provides the data and information specifically required by the Separate Report on Operations.

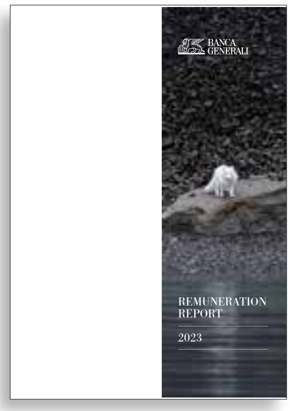
The financial statement documents are also accompanied by legally mandated additional documentation that contains more detailed information regarding specific aspects of the Banking Group's business:
› the Report on Corporate Governance and Company Ownership;
› the Annual Remuneration Report;
› the Pillar 3 public disclosure;
› Country by Country Reporting.

Annual Report on Corporate Governance and Company Ownership

The Annual Report on Corporate Governance and Company Ownership drafted in accordance with Article 123-bis of the Consolidated Law on Finance (TUF) contains a broad set of information regarding, inter alia, the structure of share capital and relevant shareholdings, the structure and functioning of the Board of Directors and the Board Committees, the role of the Board of Statutory Auditors, the functioning of the Shareholders' Meeting and an overview of the functioning of the internal control and risk management system.

As permitted by Article 123-bis of TUF, this information is presented in a separate report, approved by the Board of Directors and published together with this Report.

The Annual Report on Corporate Governance and Company Ownership can be consulted in the Corporate Governance section of Banca Generali's corporate website www.bancagenerali.com/en/governance/corporate-documents.



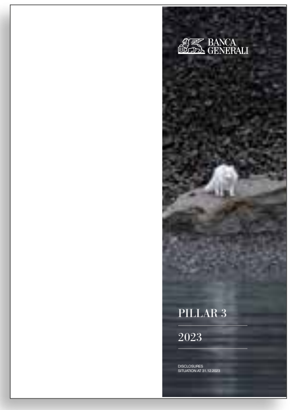
Remuneration Report

Drawn up pursuant to Article 123-ter of TUF and Consob Resolution No. 18049 of 23 December 2011, this Report analyses in detail the Group's Remuneration and Incentive policies and reports on the application of remuneration and incentive policies in the year under review.

In addition, this Report includes the information required by the Bank of Italy (Circular No. 285/2013 – "Supervisory Provisions Concerning Banks", Part I, Title IV, Chapter 2 – Compensation and incentive mechanisms) and by Article 450 of Regulation EU No. 575/2013 (Basel 3).

Banca Generali Group publishes its Remuneration Report on its website in the Corporate Governance section dedicated to the Shareholders' Meeting. The 2023 Remuneration Report is available at the following link: www.bancagenerali.com/en/governance/agm.

Pillar 3 Public Disclosure



Within the framework of the banking regulatory system governed by the Basel Accords (Basel 3), Pillar 3 represents the "disclosure requirements" that complement the regulatory capital requirement (Pillar 1) and supervisory review process (Pillar 2).

The document includes a wealth of qualitative and quantitative information, structured so as to provide to market operators as complete as possible an overview of the risks assumed, the characteristics of the related systems aimed at identifying, measuring and managing the said risks and the capital adequacy of the Banca Generali Banking Group.

Public disclosure is governed directly by European Regulation No. 575/2013 (CRR), Part 8 "Disclosure by institutions" (Articles 431-455), the Commission Delegated Regulations and the Bank of Italy Supervisory Regulations (Circular No. 285 of 17 December 2013, Part II, Chapter 13).

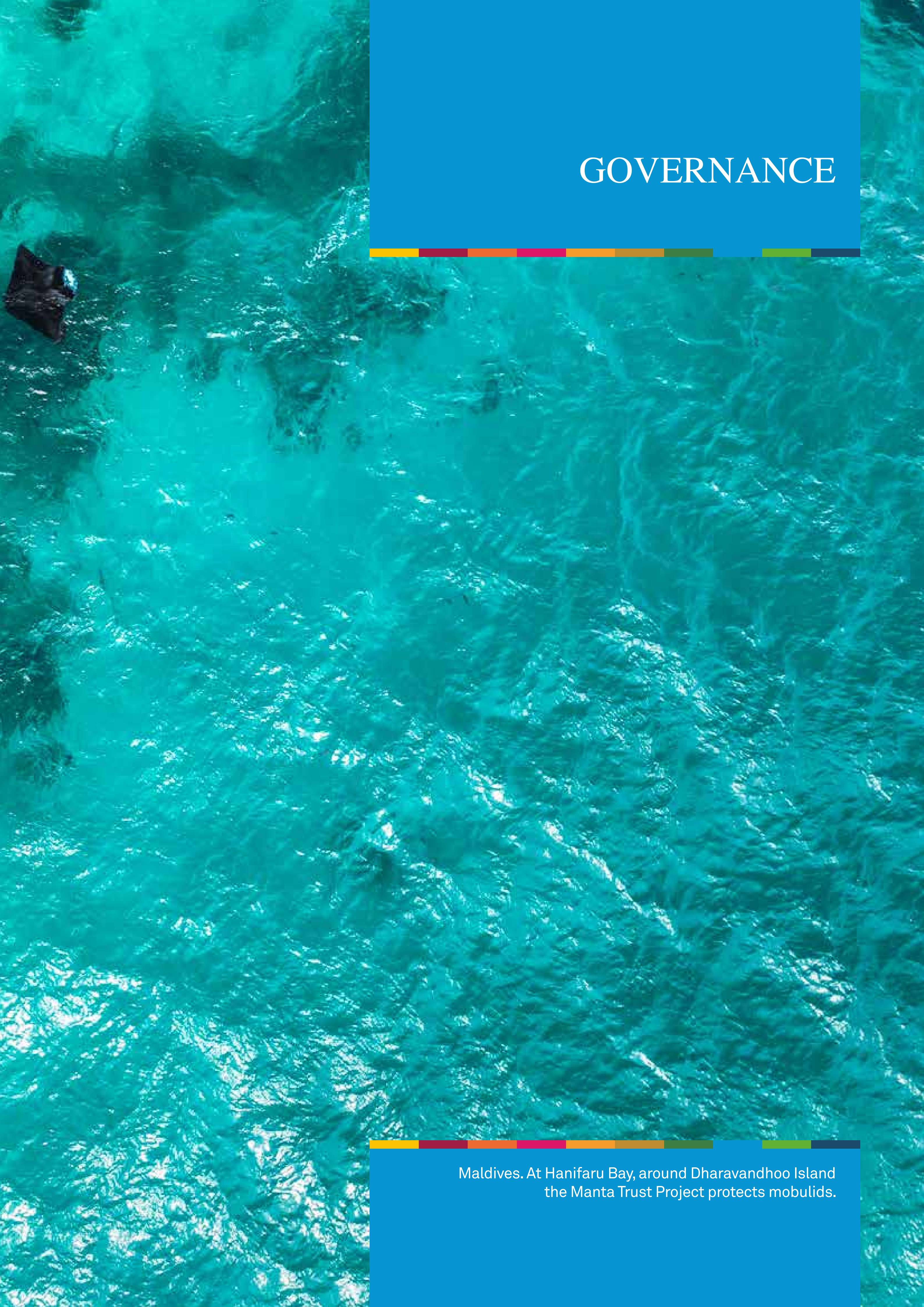
The public disclosure is drafted at the consolidated level by the Banking Group Parent Company and shall be published on at least an annual basis, along with the financial reporting documents. With effect from reporting year 2018, following the entry into force of the fifth update to Circular No. 262/2005, which sets out the rules for the preparation of bank financial statements, detailed disclosures on the composition of own funds, capital requirements and regulatory ratios is included solely in Pillar 3.

Banca Generali Group regularly publishes its public Pillar 3 disclosure on its website, at the following address: www.bancagenerali.com/en/investors/reports-and-relations.

Country by Country Reporting

In accordance with the provisions set forth in Circular No. 285 issued by the Bank of Italy on 17 December 2013 (Part I, Title III, Charter 2), information on operations by country to be disclosed by the Banking Group, pursuant to Article 89 of Directive No. 2013/36/EU dated 26 June 2013, is available on the corporate website of Banca Generali: www.bancagenerali.com/en/governance/corporate-documents.

GOVERNANCE



Maldives. At Hanifaru Bay, around Dharavandhoo Island the Manta Trust Project protects mobulids.

History

Banca Generali's history is a history of growth marked by a mix of skills stimulated by internal innovation and an ability to incorporate external realities:

Expansion through acquisitions and mergers of several companies with Financial Advisor Networks

Increase in business efficiency, focus on market

1998 - 2000
A new bank
Banca Generali started operations on 1 December 1997, following the acquisition of 90% of the share capital of Cassa di Risparmio di Trieste Specialcredito S.p.A. by Assicurazioni Generali

2000 - 2001
Merger with Prime and creation of the multi-channel bank. Acquisition of Altinia Sim e INA Sim

2003
Acquisition of Banca Primavera's network

2005
Acquisition of Intesa Fiduciaria Sim

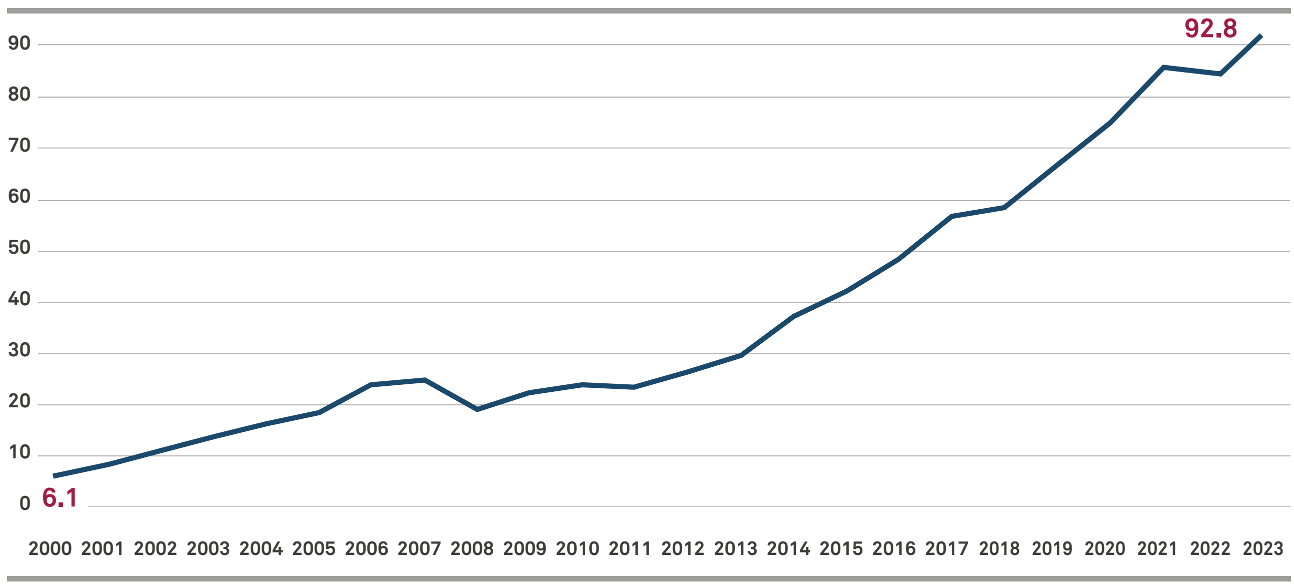
2006
Enhancement of wealth management activities and listing on the stock exchange. Acquisition of a management company, BG SGR. Acquisition of the share capital of Banca BSI Italia (the Italian company of BSI S.A.). Acquisition from BSI of a static trust company, S. Alessandro Fiduciaria (now Generfid). Début of Banca Generali shares on the Milan stock exchange on 15 November

2007
Incorporation of the management company BG Investments Luxembourg

2008
Acquisition of Banca del Gottardo Italia

2009
Creation of Generali Fund Management

BANCA GENERALI - TOTAL ASSETS: 2000-2023 TREND (€ billion)



high-end and development of a wealth management hub

New structure thanks to targeted high-end acquisitions

2010 Introduction of the Banca Generali Private Banking division

2011 Merger of BG SGR into Banca Generali

2014 Acquisition of the Italian private-banking unit of Credit Suisse. Creation of the new BG Fund Management Luxembourg

2016 Tenth anniversary of Banca Generali's listing on the Italian stock exchange

2017 Merger of BG Fiduciaria. Creation of the Banca Generali Private trademark and three network divisions: Financial Planner, Private Banking and the new Wealth Management

2018 Definition of the partnership between Banca Generali and Saxo Bank to create BG Saxo. Start of procedures for the acquisition of Nextam Partners and Valeur Fiduciaria S.A.

2019 Acquisition of Nextam Partners and Valeur Fiduciaria S.A., now BG Valeur S.A.

2020 Merger of Nextam Partners SGR and Nextam Partner S.p.A. into Banca Generali

2021 Incorporation of the NewCo BG (Suisse) S.A.

2023 Start of the bank activity (effective 1 December 2023) of BG (Suisse) Private Bank S.A. (formerly BG (Suisse) S.A.)

Recognitions Received

- Best Financial Advisor Network for Customer Satisfaction - Deutsche Institut für Qualität und Finanzen (2016, 2017, 2018, 2019, 2020, 2021, 2023, 2024)
- Best Distribution Network – Italian Certificate Awards – ICA (2021, 2022, 2023)
- Gold medal as Italy's Best Asset Manager (2021, 2022, 2023/2024) – Deutsches Institut für Qualität und Finanzen
- Gold medal as Best Green Asset Manager (2023) – Deutsches Institut für Qualität und Finanzen (2nd place in 2022)
- Best Employer (2021, 2022) – Deutsches Institut für Qualität und Finanzen
- Best Private Bank in Europe for use of Technology – Financial Times Group
- Best Private Bank in Italy – Financial Times Group (2014, 2016, 2017, 2019, 2020, 2021, 2023)
- 2022 Best Private Bank for Digital Wealth Planning in Europe – Financial Times Group
- 2022 Best Private Bank for Diversity & Inclusion Italy – World Economic Magazine
- 2022 Banking Awards - Best Sustainable Private Bank – Italy 2022 – Capital Finance International
- Italian Top Manager Reputation by Reputation Science – Gian Maria Mossa in 1st place among networks and sole representative of advisory services in the financial top 10 – Bluerating

Governance and Organisational Structure

Governance Structure

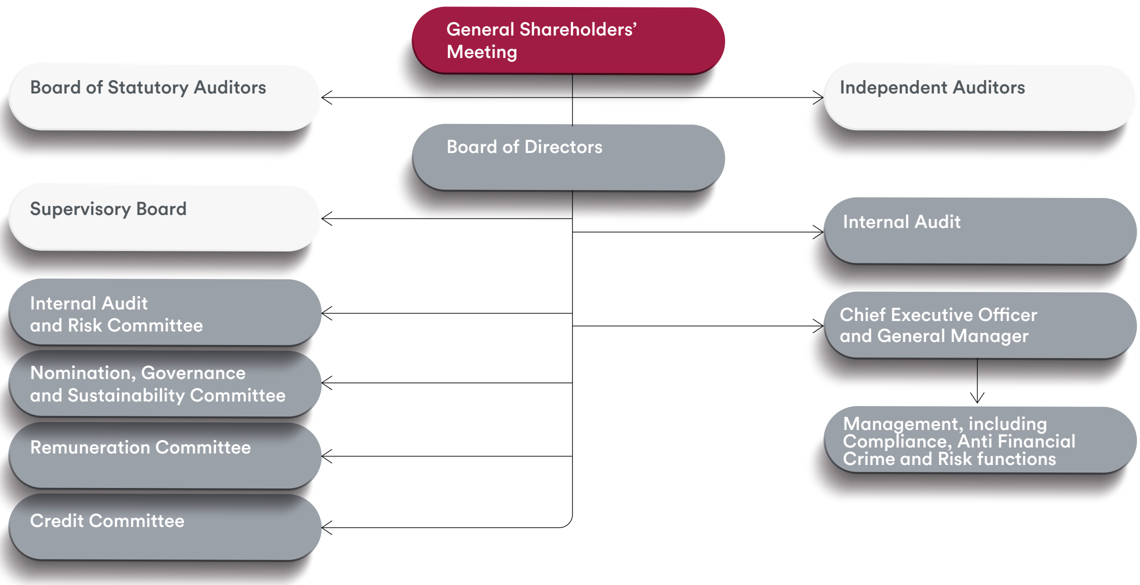
Banca Generali S.p.A.'s governance structure is based on the **traditional model**, which consists of the following corporate bodies: Shareholders' Meeting, Board of Directors and Board of Statutory Auditors.

The **Board of Directors**, appointed by the Shareholders' Meeting on 22 April 2021, is composed of 9 members, of which 4 Non-Independent Directors (including the Chair and the Chief Executive Officer) and 5 Independent Directors, in accordance with laws and regulations currently in force.

Four Board committees have been set up within the Board of Directors: the Remuneration Committee, the Nomination, Governance and Sustainability Committee, the Internal Audit and Risk Committee and the Credit Committee.

As the strategic oversight body, the Board of Directors (BoD) leads the Company pursuing its sustainable success, which consists in creating long-term value for the benefit of shareholders, taking into account the interests of other stakeholders relevant to the Company, formulating consistent strategies for the Bank and the Banking Group accordingly, and verifying and monitoring their implementation on an ongoing basis.

The **Board of Statutory Auditors**, appointed by resolution of the Shareholders' Meeting of 22 April 2021, is made up of three Acting Auditors and two Alternate Auditors and has a control function, in accordance with laws and regulations currently in force.



Procedures for selecting and appointing the members of the Board of Directors and Board Committees

Procedures for appointing the members of the Board of Directors

Pursuant to Article 15 of the Articles of Association, Banca Generali is managed by a Board made up of no less than seven and no more than twelve members, appointed by the Shareholders' Meeting after determination of the number of members. Members of the Board of Directors hold office for a maximum of three financial years. Their term ends on the date of the meeting approving the Financial Statements of the last financial year of said term and they are eligible for reappointment. If appointments are made during the Board's mandate, the term of the newly elected members comes to an end together with the serving members. Board members must possess the eligibility requirements and criteria for performing their duties (including those referring to time commitment and limits on the number of concurrent positions held) established by applicable legislation and regulations in force from time to time.

Members of the Board of Directors are appointed on the basis of lists of candidates. Those shareholders who alone or in conjunction with other shareholders represent the percentage of share capital envisaged for the Company by current applicable regulations are entitled to submit a list. The appointment mechanism based on the so-called voting lists ensures transparency, as well as timely and adequate information on the personal and professional profiles of the candidates for directorships.

Pursuant to the Articles of Association, each shareholder may submit, either on their own or jointly with other shareholders, directly or through third party intermediaries, or trust companies, a single list of candidates, on pain of disqualification of the list. The lists must contain a number of candidates, capable of ensuring gender balance, no higher than the number of members to be elected, listed by progressive number with a specific indication of the candidates who meet the statutory requirements of independence. Each shareholder is entitled to vote for only one list.

The outgoing Board of Directors may also submit its own list; in this case, the Nomination, Governance and Sustainability Committee must express an opinion on the appropriateness of the candidates proposed by the said Board.

Should only one list be submitted, all the members of the Board of Directors shall be appointed from the said list. Should, on the other hand, more than one list be submitted, the first candidates on the list obtaining the greatest number of votes, equal to eight ninths of the number of members of the Board of Directors determined by the Shareholders' Meeting, will be elected Board members. In the case where the number of Board members belonging to the gender less represented, and appearing on the list that obtained the highest number of votes, is lower than the number required under applicable statutory provisions, the elected candidate with the highest serial number, and belonging to the more represented gender, shall be replaced by the following candidate belonging to the gender less represented and appearing on the same list as the replaced candidate. The directors belonging to the gender less represented still missing to reach the required number are appointed by the General Shareholders' Meeting, by majority vote. The remaining directors will be taken from other lists, not linked in any way, not even indirectly, with the shareholders who submitted or voted for the list which gained the highest number of votes, and to this end the votes obtained by said lists will subsequently be divided by one, two, three and so on, according to the number of directors to be elected. The ratios obtained in this way will be progressively assigned to the candidates of each of the lists, according to the respectively established order of said lists. In the event of votes being equal between two or more lists, the younger candidates will be elected until all the posts to be assigned have been filled.

Should it emerge, at the end of voting, that a sufficient number of independent directors, within the meaning of applicable regulations, has not been elected, the director bearing the highest serial number in the list that obtained the greatest number of votes, and who does not meet the requirements of independence, shall be replaced by the next candidate on the same list, who does meet the said requirements. If necessary, this procedure may be repeated until all the vacancies of independent directors on the Board have been filled. Should it not be possible to cover all the vacancies on the Board, even after following the procedure mentioned above, the Shareholders' Meeting shall proceed with the appointment, at the proposal of the shareholders in attendance and by resolution approved by simple majority.

If during the term of office one or more Board members should leave office for whatever reason, they will be replaced according to the procedures established by law. If the leaving director was taken from the minority list that had obtained the greatest number of votes, replacement will occur with appointment of the first eligible candidate taken from the same list as the outgoing director and willing to accept office or, where this is not possible, with the appointment of the first eligible candidate who is willing to accept office and taken, in serial order, from the list to which the first unappointed candidate belonged. The term of the replacement director shall expire together with the term of the directors in office at the time of the replacement director's appointment to the Board. In the event of termination of office of an independent director, the replacement director must possess the independence requirements provided for by the applicable laws and regulations.

Where it is not possible to proceed as described above, either because of too few candidates being presented on the lists or as a result of non-acceptance of appointments, the Board of Directors shall co-opt, within the meaning of Article 2386 of the Italian Civil Code, a director selected by the Board in accordance with the criteria established under law. In the event of termination of office of an independent director, the replacement director, co-opted by the Board of Directors or appointed by the Shareholders' Meeting, must possess the independence requirements provided for by the applicable laws and regulations. The director thus co-opted shall remain in office through to the next Shareholders' Meeting that shall either confirm or replace him or her following the ordinary procedures and with ordinary majorities, in departure from the list-based voting system mentioned in Article 15 of the Articles of Association.

Board of Directors

Shareholders

(with % of share capital envisaged by current applicable regulations)

presentation of lists of candidates

(meeting statutory requirements and ensuring gender balance)

voting

(each shareholder is entitled to vote for only one list)

election of members

(no less than 7 and no more than 12 members ensuring gender balance)

election of the Chair

the Nomination, Governance and Sustainability Committee

supports to the BoD in nomination and co-optation activities

The Bank's Nomination, Governance and Sustainability Committee is involved in the appointment process described above and, *inter alia*, supports the Board of Directors in activities concerning the appointment or co-option of directors: in particular, as described below, it plays an advisory role in the prior identification of the qualitative-quantitative composition of the Board of Directors and the Board Committees considered optimal for the purpose of appointing or co-opting the directors and subsequent verification that the optimal composition corresponds to the actual composition resulting from the appointment process, expressing its opinion on the appropriateness of the candidates identified by the Board.

In accordance with the Articles of Association, the Chair may be elected by the Shareholders' Meeting or, when not appointed by the Shareholders' Meeting, by the Board of Directors. **The Chair in office was appointed by the General Shareholders' Meeting held on 22 April 2021**, as the first candidate on the list who obtained the majority of votes. The Chair in office is an Executive of the parent company Assicurazioni Generali S.p.A.

The Board is also required to appoint a Secretary and establish his or her term of office. The Secretary need not necessarily be a Board member.

Assessment of the BoDs' performance

step. 1
self-assessment questionnaire

↓

step. 2
individual interviews

Procedures for assessing the Board of Directors' performance
In line with the regulatory provisions applicable, the Board of Directors of Banca Generali, with at least annual frequency and with support from the external professional Egon Zehnder — appointed as independent expert for the current three years of the term of the Board —, expresses an opinion on the functioning of the Board of Directors and Board Committees (also with regard to the assessment of ESG aspects and impacts on all its main stakeholders). It also expresses an opinion on their size and composition, also considering factors such as the professional characteristics, experience and gender of its members, as well as their length of service. The procedures for conducting the self-assessment process of the Board of Directors are established in Annex 1 to "*Rules of the Board of Directors and the Board Committees*".

The self-assessment process for the financial year 2023 was carried out between November 2023 and February 2024.

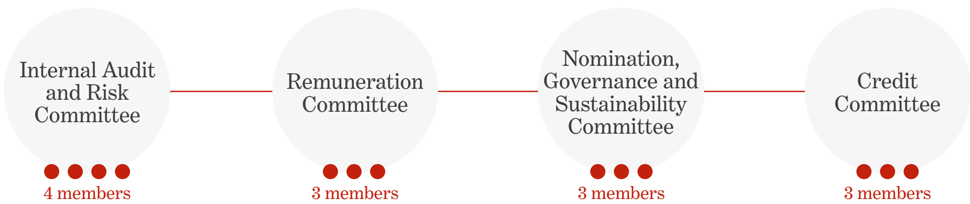
Continuing on from previous years, the methodology adopted — in line with Italian and international best practices — provided for both the completion of a personalised self-assessment questionnaire on Banca Generali's characteristics, and individual and confidential interviews of all the Directors with the Egon Zehnder consultant, to further analyse the issues covered by the self-assessment and collect further contributions and information.

At the end of the activities carried out, a largely positive picture emerged in terms of both functioning and dynamics within the Board of Directors and Board Committees.

Procedures for appointing the members of the Board Committees
In accordance with the provisions set forth in Bank of Italy Circular No. 285 of 17 December 2013 (hereinafter "Bank of Italy Circular No. 285") and in the Corporate Governance Code for Listed Companies of Borsa Italiana adopted by the Bank (hereinafter the "Corporate Governance Code"), in order to improve its functioning, **the Board of Directors** convened on **22 April 2021 resolved to set up** the following **Board Committees (vested with preliminary, consultative and advisory functions):**

i) Internal Audit and Risk Committee (made up of 4 members);
ii) Remuneration Committee (made up of 3 members);
iii) Nomination, Governance and Sustainability Committee (made up of 3 members);
iv) Credit Committee (made up of 3 members),

establishing that all the said Committees shall be exclusively made up of Non-executive and Independent Directors.



Following the establishment of the aforementioned Board Committees, as well as the installation of the new Board of Directors, the administrative body approved the "*Rules of the Board of Directors and the Board Committees*" containing — in addition to a description of each Board Committee's purview and competencies — the rules of operation also of the said Committees, including the procedures for minuting and the procedures for managing information to the directors who compose them, specifying the terms for the prior sending of information and the means of protecting the confidentiality of the data and information provided, so as not to prejudice the timeliness and completeness of information flows.

If one or more members of the Board Committees should leave office for whatever reason, the Board of Directors shall replace them selecting the members from among its own members who meet the requirements for the office in the relevant Board Committee.

The following sections describe the composition of the Board Committees.

Criteria for selecting and appointing the members of the Board of Directors

The appointment of the members of the Board of Directors reflects first and foremost the views of the Bank's shareholders, who, as previously mentioned, are entitled to present lists of candidates.

In order to serve in their role, the members of the Bank's Board of Directors must possess the requisites provided for in current legislation. In particular, in compliance with the provisions of current applicable legislation[23], those who hold positions in administrative and control bodies within the Bank must meet the following requirements and eligibility criteria:

integrity	propriety	professionalism
expertise	independence	independence of mind
limit on the number of concurrent positions held	appropriateness of the body's composition	interlocking ban[24]

In addition, on 11 May 2021, the Board of Directors with the advisory support of the Nomination, Governance and Sustainability Committee verified and confirmed that all the Directors met the respective requirements and fulfilled the criteria provided for by the applicable legislation and complied with the optimal qualitative-quantitative composition priorly approved by the administrative body on 23 February 2021.

In 2022, following the resignations of Directors Annalisa Pescatori and Massimo Lapucci, the Board of Directors initiated the process for replacing the leaving Directors and resolved, on 13 October 2022 and on 8 March 2023, respectively, on the unanimous proposal of the Nomination, Governance and Sustainability Committee, to co-opt Ilaria Romagnoli and Alfredo Maria De Falco as Non-executive and Independent Directors, after having verified they met the requirements set forth by applicable laws.

On 19 April 2023, the General Shareholders' Meeting approved the appointment of the aforementioned co-opted Directors Ilaria Romagnoli and Alfredo Maria De Falco, who will remain in office until the end of the term of the current Board, and therefore until the Shareholders' Meeting called to approve the Financial Statements for financial year 2023.

In particular, the principles relating to competencies and training, as well as the professional profile of the members of the corporate bodies, are also regulated by the "Diversity Policy for the Members of the Company Bodies" (hereinafter, the "**Diversity Policy**"). In fact, Banca Generali has always placed great emphasis on diversity and inclusion issues, and this in addition to the obligations imposed by primary legislation. In this regard, it bears recalling that its Board of Directors includes four members of the less represented gender (exceeding the regulatory threshold applicable for the year in which the company bodies in office were renewed).

Within this context, in line with the Diversity Policy and in order to ensure adequate balance of Diversity, Equity & Inclusion aspects, Banca Generali:
› ensures proper turnover of Board members;

[23] Article 26 of Italian Legislative Decree No. 385 of 1 September 1993 (hereinafter "TUB") and the Decree of the Italian Minister of Economy and Finance No. 169 of 23 November 2020 (hereinafter the "MEF Decree"), in addition to the provisions of the Italian Civil Code, Italian Legislative Decree No. 58 of 24 February 1998 (hereinafter "TUF"), Bank of Italy Circular No. 285 of 17 December 2013, the Corporate Governance Code and Italian Legislative Decree No. 201 of 6 December 2011 concerning "Urgent provisions for growth, equity and the consolidation of the public accounts," converted, with amendments, by Law No. 214 of 22 December 2011 (hereinafter the "Save Italy Decree").
[24] It means the ban on assuming or exercising offices between competing companies or groups of companies operating in the credit, insurance or financial markets (Article 36 of the Save Italy Decree).

- recommends that shareholders take into consideration candidates belonging to different age ranges and that they consider the candidature of a suitable number of directors who are already serving to ensure continuity of Board of Directors and Board Committee operations;
- establishes that — where a different rate is not provided for by law — at least a third of directors must belong to the less represented gender;
- guarantees that the less represented gender will have access to the Board of Directors, establishing that the lists including more than two candidates must contain a sufficient number of candidates to ensure an adequate gender balance.

In addition to ensuring a suitably diversified composition of the corporate bodies, this approach, *inter alia*:
- stimulates discussion and debate within the bodies;
- encourages the definition of multiple approaches and perspectives in analysing the issues and in decision-making;
- effectively supports the business processes for developing strategies, managing activities and risks and controlling the work of top management;
- takes into account the multiple interests that contribute to the Bank's sound and prudent management.

In line with the Bank's integrated approach to sustainability, and in accordance with the recommendations of the Board of Directors whose term ended with the Shareholders' Meeting that approved the Financial Statements for the year ended 31 December 2020, the Board of Directors — in establishing its Board Committees — identified sustainability profiles and principles transversally to the areas within the purview of all Board Committees for a more in-depth analysis and integration into all discussions. For a more detailed description of the aforementioned competencies, reference should be made to section "ESG expertise of the Board Committees".

Remuneration policies reserved for members of the Board of Directors and top managers

Board member's remuneration is determined at the time of appointment by the General Shareholders' Meeting, in accordance with Article 2389, paragraph 1, of the Italian Civil Code, as a fixed sum plus refund of any out-of-pocket expenses incurred in the performance of their duties, also taking due account of industry-specific surveys and analyses.

Non-executive Directors (including the Chair) and independent members of the Board of Directors are entitled only to fixed remuneration, in addition to a refund of out-of-pocket expenses incurred for the performance of their duties, and, accordingly, are not entitled to any form of variable remuneration linked to the attainment of specific objectives. Directors who are not vested with delegated executive powers (including the Chair) are not entitled to any form of share-based incentives.

Directors who also sit on Board Committees are entitled to additional emoluments — in the form of either a pre-established lump-sum, or otherwise, attendance fees for each Board meeting they attend — over and above the remuneration they receive as Board members, in light of the tasks assigned to the Board Committees in question, and the commitment that membership of such committees entails, especially in terms of attendance at meetings and preparatory activities to be completed ahead of committee meetings; said additional emoluments must be established taking due account of industry-specific surveys and analyses of the remuneration of directors, and more specifically, directors sitting on Board Committees.

The Remuneration Policy applicable to the Chair provides for fixed annual remuneration, determined also on the basis of comparative analyses of the remunerative practices for similar positions.

With specific regard to the positions of Chief Executive Officer and General Manager (currently filled by the same person), total remuneration consists of:
- a recurring fixed remuneration component as Chief Executive Officer and an annual gross remuneration (RAL) as General Manager;
- a short-term variable remuneration, linked to the degree to which the performance objectives — expressed in the relevant Balanced Scorecard — are achieved. This may reach a maximum of 75% of the RAL (equal to a 60% ratio of the short-term variable remuneration to the total fixed remuneration), if the maximum level of total performance is achieved and does not provide for any guaranteed minimum. Said variable remuneration is subject to the access gate scheme, the bonus deferral scheme and the payment in Banca Generali shares, as well as to the malus and clawback mechanisms;
- a Long Term Incentive, the bonus range for which is set at between 0% and 175% of the fixed component;
- participation in retention and/or loyalty plans.

The ratio of the variable to fixed component of the remuneration, subject to Shareholders' approval, shall not exceed 2:1; any amount in excess shall be subjected to the cap mechanism.

The Balanced Scorecard includes both quantitative and qualitative financial and non-financial objectives for short-term variable remuneration. In particular, these include:
- quantitative objectives linked to the Bank's three-year Strategic Plan and business objectives;
- qualitative objectives linked to the strategy (relating to project initiatives associated with implementation of the Banking Group's strategy), development and growth of people and sustainability initiatives.

The Balanced Scorecards of the Chief Executive Officer and the other top managers (Managers with Strategic Responsibilities and Key Personnel[25] in charge of the main lines of activity, including CEOs/General Managers of the main relevant subsidiaries) are defined both on the basis of financial and ESG sustainability indicators to be assessed over the annual period.

It should also be noted that the current Chief Executive Officer and General Manager holds both a directorship (with a term of three years, subject to renewal from time to time by the Shareholders' Meeting) and a permanent position as an employed manager (governed, as in the case of the other Managers with Strategic Responsibilities, by the Collective Contract for Credit Sector Executives, and to which a notice period of the length provided for in the said collective contract thus applies in accordance with the law).

[25] Personnel whose professional activity has, or may have, a material impact on the Company's risk profile.

The individual contract in place at the reporting date with the Chief Executive Officer/General Manager contains a specific standard termination clause that — in specifically identified cases of termination of employment as an executive (or revocation of the position or delegated authority) — provides for the disbursement, in addition to the notice period required by law and the collective contract (or the disbursement of the applicable indemnity in lieu of notice, calculated in accordance with the law and the collective contract), of an amount to be calculated on the basis of a pre-defined formula.

In line with the provisions applying to all the employees, the Chief Executive Officer and General Manager may be granted a severance indemnity exclusively in the event of termination of relationship due to withdrawal by the Company without cause or in case of resignation for cause[26].

The contract also provides, following termination (except for some specific cases, and in particular, cases of termination at the Company's initiative without cause or resignation for cause), for a non-competition agreement of six months, in return for consideration equal to the fixed remuneration provided for the corresponding period of reference and a penalty of twice that amount.

The Bank defines severance pursuant to the applicable legislation in effect and according to the specific general criteria, weighted and balanced in the light of the particularities of each concrete case.

Further information is available in chapter "Human Capital: Employees", section "Compensation and Benefits".

ESG expertise of the Board Committees

In defining the corporate strategies, the Board of Directors takes into account the sustainable finance goals and the integration of ESG factors into company decision-making processes. The sustainability profiles and principles are adapted transversally across the areas of responsibility of all Board Committees, so as to further analyse and integrate the ESG elements in each discussion[27] as follows:

i) the **Nomination, Governance and Sustainability Committee**, *inter alia*, pursuant to its own regulation:
   a) supports the Board with integrating sustainability into the formulation of business strategies, with particular regard to the analysis of issues relevant to ensuring the generation of long-term value for the Company and the Banking Group, as well as the definition of material topics;
   b) oversees all sustainability matters related to the Banking Group's operations and the ways in which it interacts with all stakeholders, also fostering a culture of sustainability within the Bank and the Banking Group companies;
   c) proposes to the Board any updates to the Sustainability Policy adopted by the Company and to all other internal policy documents that are connected to the latter and designed to pursue the sustainable success of the Company and the Banking Group;
   d) examines the general outline of the Consolidated Non-Financial Statement contained in the Annual Integrated Report and its content organisation, as well as the completeness and transparency of the information it provides, expressing its observations in this regard to the Board of Directors called to approve the said Report;
   e) formulates opinions and proposals regarding other decisions to be made regarding the corporate governance of the Company and the Banking Group and in the area of sustainability that fall within the remit of the Board (including those relating to limits on investment in sectors that, on the basis of the Bank's strategy and the international principles to which it adheres, are considered to have high sustainability risks);

ii) the **Internal Audit and Risk Committee**, *inter alia*, pursuant to its own regulation, ensures that, where applicable, aspects relating to ESG factors are taken into due account in the framework of its risk assessments, in line with internal regulations in force and applicable from time to time;

iii) the **Remuneration Committee**, *inter alia*, pursuant to its own regulation, formulates proposals regarding company plans, targets, rules and procedures relating to social and environmental issues and, more generally, sustainability, in line with applicable laws and regulations:
   1. promoting the progressive adoption of short- and medium/long-term qualitative and quantitative indicators focused on ESG matters;
   2. supporting the identification of performance targets, to which the provision is linked of predetermined, measurable variable components that are tied to a significant extent to a long-term horizon and that are consistent with the Bank's strategic objectives and designed to promote its sustainable success, also including non-financial parameters, where relevant;
   3. integrating compliance with laws governing sustainable finance;
   4. contributing to the preparation of a remuneration policy consistent with sustainability risk, from the standpoint of both individual performance and of alignment with the interests of shareholders, investors and stakeholders;

iv) the **Credit Committee**, *inter alia*, pursuant to its own regulation, supports the Board to the extent of its remit, and ensures that the Board may adopt all appropriate lending resolutions in accordance with an assessment of the risks underlying the loans that also take account of the risks connected to environmental, social and governance (ESG) factors, as laid down in the Sustainability Policy adopted by the Bank and pursuant to the Credit Regulation.

Composition of the Board of Directors of Banca Generali S.p.A. and of other Banking Group companies

The Company's Board of Directors in office at 31 December 2023 was appointed through the list voting system by the Shareholders' Meeting held on 22 April 2021 and its term will end on the date of approval of the Financial Statements for the year ended 31 December 2023. In this regard, it should be noted that *(i)* the proposal for the appointment of the members was submitted to the aforementioned Shareholders' Meeting after determination of their number (set at nine) and definition of their term of office, and that, *(ii)* following resignation of two Directors, the Board of Directors was integrated by co-opting two Directors, as resolved upon on 13 October 2022 and 8 March 2023, respectively, and confirmed by the Shareholders' Meeting of 19 April 2023.

[26] This specific case includes the event of substantial negative change in the role held or the weight in the organisational structure, including after removal from office or revoking of powers.
[27] While maintaining the responsibilities currently assigned to the Nomination, Governance and Sustainability Committee.

Nine Directors were in office at 31 December 2023.

The following table illustrates the composition of Banca Generali S.p.A.'s Board of Directors — body responsible for strategic supervision — at 31 December 2023, following above-mentioned resignations and co-options:

NAME AND SURNAME (GENDER)	ROLE	APPOINTED BY	NO. OF OTHER RELEVANT POSITIONS HELD (*)	RELEVANT COMPETENCIES (**)														
				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Antonio Cangeri (M)	Chairman Non-executive Director	Shareholders' Meeting of 22 April 2021 Majority list	5 (of which 4 in Generali Group)	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Gian Maria Mossa (M)	Executive Director	Shareholders' Meeting of 22 April 2021 Majority list	1	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Azzurra Caltagirone (W)	Independent and Non-executive Director	Shareholders' Meeting of 22 April 2021 Majority list	20 (all of which in companies belonging to the same group)	●		●	●			●		●		●	●	●	●	
Lorenzo Caprio (M)	Independent and Non-executive Director	Shareholders' Meeting of 22 April 2021 Majority list	-	●	●	●	●	●	●	●	●		●	●		●		
Roberta Cocco (W)	Independent and Non-executive Director	Shareholders' Meeting of 22 April 2021 Majority list	3	●		●	●		●		●	●	●	●	●			●
Alfredo Maria De Falco (M)	Independent and Non-executive Director	Shareholders' Meeting of 19 April 2023 (***)	2	●	●	●	●	●		●	●	●		●		●	●	●
Ilaria Romagnoli (W)	Independent and Non-executive Director	Shareholders' Meeting of 19 April 2023 (****)	2	●	●	●	●	●	●	●	●	●	●	●	●			●
Cristina Rustignoli (W)	Non-executive Director	Shareholders' Meeting of 22 April 2021 Majority list	9 (all of which in Generali Group)	●	●	●	●	●	●	●		●	●	●	●	●	●	
Vittorio Emanuele Terzi (M)	Independent and Non-executive Director	Shareholders' Meeting of 22 April 2021 Minority list	2	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

1 Financial markets
2 Banking and financial sector regulations
3 Guidance and strategic planning
4 Organisational structures and corporate governance
5 Risk management
6 Internal control systems
7 Banking and financial activity and products
8 Accounting and financial reporting
9 Knowledge of digital, innovation, fintech and alternative investment issues
10 ESG
11 Business strategy and model
12 Human Capital/Human resources area
13 Experience and knowledge of the fields of reference in which the Bank operates
14 Experience with markets and investments with an international perspective
15 IT

(*) For purposes of calculating the relevant positions indicated in this table, the positions such as directors or acting auditors in companies other than the Bank have been taken into account (thus excluding, by way of example, the positions held in foundations or associations, non-profit organisations and inactive companies).
It should also be noted that the table also specifies the positions held by each member in companies belonging to the same group (including the group headed by Assicurazioni Generali S.p.A.).

(**) The relevant competencies indicated in the table reflect the content of the statements made by each Director during the candidacy process. These competencies meet the criteria pursuant to Article 10 of the MEF Decree, as well as the additional competencies identified by the outgoing Board of Directors whose term expired with the Shareholders' Meeting approving the Financial Statements for the year ended 31 December 2020 in its recommendation on the optimal qualitative-quantitative composition of the Board. In addition, it should be noted that:
- in 2021, following the appointment of the Board of Directors currently in office, induction sessions were held to provide an introductory overview of the Bank, of the Group reporting to it and of the main sectors in which the former operates, including a focus on products, the Strategic Plan, and the internal control and risk management system, with deep dives relating to corporate governance and the approach to sustainability, and of the reference business sector (induction also extended to Ilaria Romagnoli and Alfredo Maria De Falco following their appointment as Directors);
- in 2022, again with a view to enriching Directors' expertise, the inductions concerned, among other things, blockchain and digital assets, IT strategy and sustainable finance;
- in 2023, the induction sections covered the following topics: *(i)* Anti-Financial Crime training; *(ii)* digital experience and operational and sustainability-related risks; *(iii)* strategic positioning (background and updated of the Strategic Plan).

(***) Director already co-opted through Board resolution dated 8 March 2023.
(****) Director already co-opted through Board resolution dated 13 October 2022.

The following tables illustrate the composition of the Boards of Directors of all Banca Generali Group companies, highlighting their level of diversity in terms of gender and age.

COMPANY BODIES BY GENDER

	31.12.2023			31.12.2022			31.12.2021		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Banca Generali BoD (*)	4	5	9	4	4	8	4	5	9
Generfid BoD	2	3	5	2	3	5	2	3	5
BGFML BoD	2	4	6	2	3	5	2	3	5
Nextam Ltd. (**) BoD	-	-	-	-	-	-	-	-	-
BG Valeur BoD	2	5	7	2	4	6	2	4	6
BG (Suisse) Private Bank S.A. BoD	2	3	5	2	3	5	-	2	2
Total	**12**	**20**	**32**	**12**	**17**	**29**	**10**	**17**	**27**
Percentage	**37%**	**63%**	**100%**	**41%**	**59%**	**100%**	**37%**	**63%**	**100%**

(*) At 31 December 2022, the Board of Directors of Banca Generali was made up of 8 members as, at that date the process was underway for selecting the new Director, who was co-opted on 8 March 2023 (to replace the Director who resigned on 18 November 2022) and confirmed by the Shareholders' Meeting on 19 April 2023.
(**) Company wound up. The winding up procedures were completed on 6 October 2023.

CORPORATE BODIES BY AGE

	31.12.2023				31.12.2022				31.12.2021			
	< 30 YEARS	30-50 YEARS	> 50 YEARS	TOTAL	< 30 YEARS	30-50 YEARS	> 50 YEARS	TOTAL	< 30 YEARS	30-50 YEARS	> 50 YEARS	TOTAL
Banca Generali BoD (*)	-	2	7	9	-	2	6	8	-	2	7	9
Generfid BoD	-	1	4	5	-	1	4	5	-	1	4	5
BGFML BoD	-	_	6	6	-	-	5	5	-	-	5	5
Nextam Ltd. (**) BoD	-	-	-	-	-	-	-	-	-	-	-	-
BG Valeur BoD	-	2	5	7	-	2	4	6	-	2	4	6
BG (Suisse) Private Bank S.A. BoD	-	2	3	5	-	2	3	5	-	1	1	2
Total	**-**	**7**	**25**	**32**	**-**	**7**	**22**	**29**	**-**	**6**	**21**	**27**
Percentage	**-**	**22%**	**78%**	**100%**	**-**	**24%**	**76%**	**100%**	**-**	**22%**	**78%**	**100%**

(*) At 31 December 2022, the Board of Directors of Banca Generali was made up of 8 members as, at that date the process was underway for selecting the new Director, who was co-opted on 8 March 2023 (to replace the Director who had resigned on 18 November 2022) and confirmed by the Shareholders' Meeting on 19 April 2023.
(**) Company wound up. The winding up procedures were completed on 6 October 2023.

Composition of the Board Committees of Banca Generali S.p.A.

The following table shows the composition of the Board Committees of Banca Generali S.p.A. at 31 December 2023.

	NOMINATION, GOVERNANCE AND SUSTAINABILITY COMMITTEE (IT PROVIDES ADVICE AND SUBMITS PROPOSALS)	REMUNERATION COMMITTEE (IT EXPRESSES OPINIONS AND SUBMITS PROPOSALS)	INTERNAL AUDIT AND RISK COMMITTEE (IT PROVIDES ADVICE AND SUBMITS PROPOSALS)	CREDIT COMMITTEE (IT PROVIDES PRELIMINARY FUNCTIONS, ADVICE AND SUBMITS PROPOSALS)
Lorenzo Caprio			P	X
Roberta Cocco	P	X		
Alfredo Maria De Falco	X	X	X	
Ilaria Romagnoli	X		X	P
Vittorio Emanuele Terzi		P	X	X

C: Chair
X: member

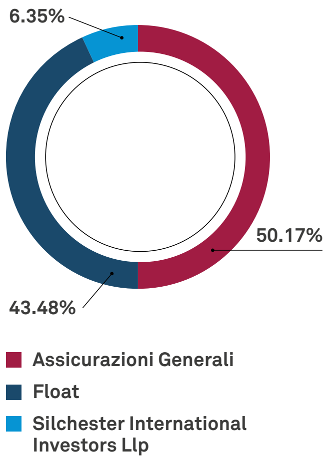
Procedure adopted by the Board of Directors for managing conflicts of interest

One of the responsibilities of the Bank's Board of Directors is to ensure the prevention of conflicts of interest. In order to facilitate decision-making, especially with regard to the sectors of activity in which the conflict of interest risk is highest, the Board of Directors may avail itself of the Internal Audit and Risk Committee's support when evaluating specific transactions.

Within Board meetings, Directors abstain from resolutions in which they have a conflicting interest, on their own behalf or on behalf of third parties, without prejudice to the obligations provided for in Article 2391, paragraph 1, of the Italian Civil Code. In fact, the Director may not undertake obligations of any kind or perform purchase or sale transactions, directly or indirectly, with the Bank, without the prior unanimous resolution of the Board of Directors and with the favourable vote of all members of the control body[28].

With a view to avoiding and mitigating conflict of interest situations, the Bank's Board of Directors has also adopted a **Policy on Conflicts of Interest Management** that governs the issue of conflicts of interest in the provision of investment and ancillary services, incorporates the provisions on conflicts of interest relating to insurance investment products and takes into account the supervisory provisions of Bank of Italy Circular No. 285[29], which aims to monitor instead the risk that the closeness of certain parties to the Bank's decision-making centres could compromise the objectivity and impartiality of decisions regarding the transactions involving the said parties, and potentially create distortions in the resource-allocation process, exposing the Bank to risks that are not adequately measured or controlled, including possible conflicts of interest, and/or resulting in harm and losses to depositors and shareholders.

Ownership Structure



Assicurazioni Generali, through Alleanza Assicurazioni S.p.A., Generali Italia S.p.A., Generali Vie S.A., Genertel S.p.A. and Genertellife S.p.A., currently holds 50.17% of Banca Generali's share capital. It should also be noted that the shareholder Silchester International Investors LLP holds a 6.35% interest in the share capital. The remaining 43.48% is the free float. No shares bearing special rights of control have been issued.

Organisational Structure

In 2022, Banca Generali continued with its ongoing work to raise the efficiency of the organisational structure and bring it into line with the external competitive context and the related technological challenges, serving the strategies to increase and diversify the products and services offered by the Bank, as well as the development of the Financial Advisor Network.

The organisational changes carried out in 2021 had made it possible to complete a number of organisational refinements to consolidate specific structures and focus on the areas most involved in the objectives set out in the 2022-2024 Strategic Plan.

In addition to the second-line control functions, the CEO coordinates the General Management, which includes the following structures:

- **General Counsel & Sustainability Area**: it includes the structures of the Legal Counsel and Litigations Department, Legal Banking and Financial Advice Department, Corporate Affairs and Relations with Authorities Department, the Group Sustainability Service and the Strategic Transactions Legal Affairs Service;
- **Human Resources Department**: it oversees the Human Resources Administration structure and the Human Resources Management and Development structure (HR Business Partner);
- **Marketing and External Relations Department**: it focuses on managing promotional initiatives and on promoting and protecting the Bank's image, both within the Organisation and with the external world, in addition to coordinating all promotional and communication activities on digital channels;

[28] Without prejudice to the obligations arising under the Italian Civil Code in respect of the interests of directors and related party transactions, in compliance with Article 136 of TUB.
[29] Bank of Italy Circular No. 285 concerning risk assets and conflicts of interest in relation to connected parties.

- **CFO (Chief Financial Officer) & Strategy Area**: it coordinates the economic, commercial and strategic planning activities, initiatives in the finance and accounting-administrative field, as well as the Investor Relations structure that represents the Bank with the national and international financial community. The CFO also holds the role of Manager in charge of financial information;
- **COO (Chief Operating Officer) & Innovation Area**: the COO coordinates the Bank's operations, including the development, assessment and selection of innovations in the field of tools and services. In addition, the COO oversees the IT & Operations, Organisation & Outsourcing, Project Governance & Innovation and Data Management structures;
- **Deputy General Manager Products, Wealth and Asset Management**: the Deputy General Manager is tasked with synergistically increasing the availability of the Bank's products and services, with a primary focus on clients, so as to constantly improving the commercial service model offered. The Deputy General Manager Products, Wealth and Asset Management coordinates the Wealth Management the Asset Management Areas and the Products, Loans, Network and Clients Digital Platforms and Network Development and Training structures;
- **Deputy General Manager Financial Advisor Networks**, **Alternative and Support Channels**: to facilitate synergies and interactions between organisational structure and the Financial Advisor Network universe, the Deputy General Manager coordinates — through the FA Network Area — the networks of Financial Advisors who are not employees (Financial Planners, Private Bankers and Wealth Advisors), providing them with commercial and operational support, the Private Relationship Manager Area (employed FAs) and the Alternative and Support Channel Area, which is tasked with providing the best possible assistance to network activities and customer requirements, including by managing the Branches and the Contact Centre Service.

Mission, Vision, Values

VISION

To be the No. 1 Private Bank, Unique by Value of Service, Innovation and Sustainability.

MISSION

Trusted professionals always by the customers' side, developing and looking after their life plans.

PURPOSE

PROTECTING AND IMPROVING THE LIVES OF PEOPLE AND BUSINESSES
by enhancing the management of their assets and savings.

VALUES

Banca Generali Values are in line with those of the Generali Group:

DELIVER ON THE PROMISE

We want to build a long-term relationship of trust with people: employees, customers and stakeholders. The objective of our work is to improve our customers' lives, turning a promise into reality.

LIVE THE COMMUNITY

We are proud to belong to a Group that operates throughout the world with a major focus on social responsibility matters. We feel at home in all markets.

VALUE OUR PEOPLE

We give value to people, promote diversity and invest in encouraging ongoing learning and professional growth to create an environment that is transparent, collaborative and accessible to all.

BE OPEN

We are curious, proactive and dynamic people with open, diverse minds that want to look at the world from another viewpoint.

For further information, reference is made to Banca Generali's Internal Code of Conduct, available on the corporate website www.bancageneralі.com (updated version).

I behaviours

Behaviours describe how the Bank wants to go about its activity every day and are what differentiate it from others. They represent the commitment, as a group and as individuals, and how we want to measure how results are achieved.

OWNERSHIP
working proactively and passionately to achieve an excellent performance

SIMPLIFICATION
simplifying, adapting quickly and making smart decisions

HUMAN TOUCH
collaborating with others, showing empathy and team spirit

INNOVATION
embracing differences to create innovation

Risk Management and Business Management Transparency

Risks and Uncertainties

The risks and uncertainties associated with higher interest rates are emerging within a macroeconomic context filled with uncertainties.

Over the past two years, geopolitical tensions have increased following the invasion of Ukraine and the sudden flare-up of the Israel-Palestine conflict. Central banks and many international economic organisations are closely monitoring geopolitical developments, which are deemed fundamental to determining political and investment decisions.

The increase in ECB key interest rates translated into rising funding costs for all economic sectors, and more severe lending conditions are being reflected throughout the production system. Higher funding costs affect not only households and businesses, but also governments that need to roll over their debt as it matures.

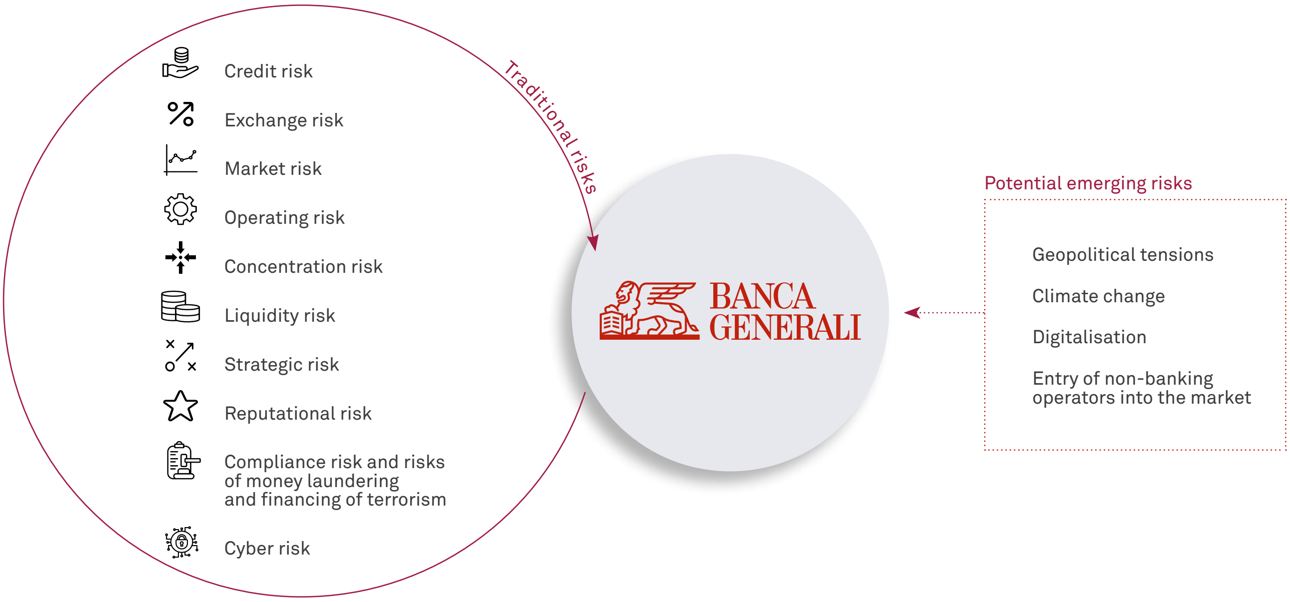
Although the ECB's monetary policy appears to have reached its target levels, the pace of the inflation slowdown remains uncertain, giving rise to a risky and unpredictable short- and medium-term rate trends.

With regard to economic growth, within this context, European GDP is expected to slightly recover, whereas the US GDP is forecast to record a positive trend.

In addition to the current economic and financial scenario, which heightens **traditional risks** (credit, interest rate, market, operational and liquidity), the Bank pays attention to possible **scenario developments** and **potential emerging risks** capable of adversely affecting the Bank's development strategy. These include:

- **geopolitical tensions**, understood as the risk of further market fragmentation, as a consequence of the intensification and spread of geopolitical tensions (including, in addition to the war in Ukraine, the conflict in Israel, which increases concerns relating to energy and commodity prices). This risk is covered through constant monitoring of the Bank's loans and investments in customers' portfolios in the most vulnerable sectors and countries;
- **climate change**, the perceived likelihood of which has risen in recent years, due in part to the intensification of the extreme weather events that have recently struck Italy. For an analysis of the Bank's system of governance and management of the risk in question, reference is made to the following section on ESG risks;
- **digitalisation**: massive use of big data and cloud storage increases the Bank's vulnerability to potential cyber attacks or dependency on third parties. To mitigate these risks, the Bank implements and maintains specific control measures, extending its audit activity to also include IT outsourcers (cf. the section on cyber risk in this chapter). In addition, the spread of innovative technologies with a disruptive effect on all sectors of the economy, such as artificial intelligence and blockchain, places the emphasis on possible strategic consequences (delays in innovation), as well as on legal, operational and reputational issues;
- **entry of non-banking operators into the market**: non-banking financial institutions (NBFIs) are constantly increasing their weight within the global financial system, benefiting from lesser — if not entirely absent — regulatory constraints. In addition to such institutions, there is a risk of possible entry into the market of large global technology companies (e.g., Amazon and Google), which could exploit their technological advantage and broad customer base. This phenomenon has repercussions on monetary policy and on the systemic stability of the financial system and represents a threat to the banks' competitiveness (strategic risk).

In this context, the Bank confirms its commitment to monitoring its risks, as briefly described here below, as well as to coordinating its capital management activity for long-term business sustainability.



› **Credit risk**: it is the risk associated with the possibility that a counterparty may become insolvent, or the likelihood that a borrower may fail to fulfil its obligations or fulfil its obligations on a delayed basis with respect to predetermined due dates. In detail, credit risk is the risk that an unexpected change in the creditworthiness of a counterparty, in the value of the guarantees it has provided, or in the margins it has used in the event of default, may generate an unexpected change in the value of the Bank's credit position.

In accordance with Banca Generali Group's business model, this type of risk chiefly arises from liquidity invested in money markets (interbank deposits and repurchase agreements), financial instruments (mainly government bonds) held in portfolios measured at amortised cost or fair value and loans to customers (revocable and/or fixed-term credit). With regard to the latter, in line with the provisions of the Risk Appetite Framework and in accordance with the Business Model and the lending policies adopted, credit activity is an ancillary means of achieving the priority objectives in the private banking sector. In this context, the Bank prefers a customer target with a strong capital position, mainly focused on natural persons. In fact, there is a clear prevalence of exposures to the retail segment (made up primarily of private and affiliated customers), compared to the corporate segment.

As regards the composition of the Group's portfolio, the HTC component consists mainly of debt security exposures to public administration. With regard to institutional borrowers, credit risk management is based on the allocation of appropriate credit lines, which are monitored by the Risk Management Department and established with the objective of maintaining a portfolio's risk profile that is consistent with the strategies and risk appetite approved by the Board of Directors.

Operational limits on the amounts of credit lines granted to institutional counterparties are governed by Group policies, which set out the maximum credit that may be extended to each counterparty based on its rating class. The overall consistency of ECAI ratings with internal credit assessments is verified by the Risk Management Department at least annually. Credit lines are reviewed at least every year; this involves updating existing credit lines for counterparties that are already borrowing from the Bank or examining new credit line proposals with a view to diversifying the proprietary portfolio and developing new business linked to market opportunities.

With a view to further strengthening the management and monitoring of the credit risk profile, the Bank has adopted a portfolio management policy that, in addition to the aforementioned credit lines, provides, *inter alia*, for minimum and maximum investment limits on specific geographical-industry clusters and minimum thresholds for investments in government securities or securities with a high credit standing. This framework also sets specific maximum maturity limits for investments in the proprietary bond portfolio and strict limitations on exposures to complex instruments or hard-to-value assets.

Overall, the weight of non-performing exposures on the customer loan portfolio was modest, lower than that of the Italian banking system.

The portfolio of NPLs to customers is mostly secured by pledges of securities and bank guarantees and has a good coverage level in the residual cases in which the collateral is insufficient.

The portfolio of performing loans to customers is mainly composed of exposures to natural persons (83%), whereas the remainder is composed of exposures to legal entities, in both cases with high creditworthiness. Credit is primarily provided in the form of revocable facilities and Lombard loans, which together account for around 79% of the total exposure. In accordance with the Bank's lending policies and risk appetite, credit is mostly secured by pledges of highly liquid financial instruments and products.

In addition, the Group also continued to strengthen its origination and monitoring processes in accordance with the EBA Guidelines on loan origination and monitoring (GL EBA LOM).

› **Interest rate risk**: it arises from changes in the value of assets and liabilities, the valuation of which is sensitive to unfavourable changes in the term structure or volatility of interest rates. In particular, this risk arises due to the possibility that an interest rate change will reflect negatively on the reduction in net interest or in a reduction in economic value.

The Group uses derivatives for hedge accounting purposes (e.g., Interest Rate Swaps and Cross Currency Swaps), both in order to safeguard the banking book against adverse changes in the fair value of loans attributable to movements in rate curves, and to contain duration levels in view of changing trends in the proprietary portfolio.

The Bank measures the rate risk profile of its banking book through the periodic calculation of specific metrics linked to it, such as the shift sensitivity of the economic value and the sensitivity of net interest, compared to the limits established by the Board of Directors when approving the Risk Appetite Framework. Particular attention is also paid to the evolution of the proprietary portfolio's duration, through the monitoring of specific thresholds or through stress tests that aim to detect in advance the significant sources of risk when adverse situations occur.

To support management and regulatory monitoring, scenarios are applied with parallel and non-parallel instantaneous rate shocks to the yield curve, in line with the standards of the Basel Committee on Banking Supervision Standards. Regulatory scenarios are also applied that are envisaged in the Supervisory Outlier Test (SOT) and are consistent with the EBA Guidelines.

For the purpose of calculating the above metrics, the Bank applies behavioural models to represent items contractually classified as on-demand, using a model designed to reflect the characteristics of stability of assets and their stickiness to changes in market rates.

› **Market risk**: it stems mainly from the trading by the Parent Company of financial instruments on its own account; it is currently limited and residual. Market risk is represented by the possibility to suffer losses due to variations in the value of a financial instrument or a portfolio of financial instruments associated with unexpected variations in market conditions (share prices, interest rates, exchange rates, the prices of goods and the volatility of risk factors).

Market risks are maintained within appropriate operational limits, which are monitored by the Risk Management Department. Such limits are established with the objective of maintaining a level of risk that is consistent with the strategies and risk appetite defined by the Board of Directors.

› **Operational risk**: the exposure across the various legal entities in the Group is closely linked to the type and volume of activities, as well as the operational procedures adopted. In detail, the operations undertaken (primarily portfolio management and the distribution of the Group's own and third-party investment products), the use of information technology systems, the definition of operational procedures, interaction with parties protected by the law, the marketing structure adopted (chiefly Financial Advisors) and the direct involvement of all employees in operations structurally expose the Group to operational risk, which is defined as the possibility of sustaining financial losses deriving from the inadequacy or improper functioning of procedures, employees, internal systems or external events. This type of risk includes, *inter alia*, losses due to fraud, human error, interruptions of operation, unavailability of systems, breach of contract, natural disasters and legal risk.

In this area, the Risk Management Department is responsible for:
- › identifying and assessing the operational risks inherent in company processes through the Risk Self-Assessment, whose main goals are:
  - – identifying/monitoring the risks to which the Bank is most exposed and its root causes;
  - – responding to the regulatory requirements established by prudential supervisory regulations;
  - – facilitating and developing a culture of operational risk at the level of the Group's Top Management and Organisational Structures;
  - – identifying and monitoring the actions to mitigate significant operational risk events;
- › identifying the operational risk accidents/events through loss data collection and carrying out analyses

and monitoring of the same;
- overseeing a dashboard of indicators (known as "KRIs" or "Key Risk Indicators") that it has defined for monitoring the areas of greatest risk so as to report in advance a deterioration of the Bank's risk level, thereby enabling the prompt implementation of possible mitigating action.

In particular, the Bank's operational risk management framework allows to:
- constantly pay attention to the control and monitoring of the risk of fraud/conduct, a risk of particular importance to the Bank, given its organisational structure;
- identify and manage the risks related to the processes for managing the products/services offered and related development projects;
- monitor and manage all risks arising from third-party agreements (outsourcing);
- devote the utmost attention to cybersecurity and system security.

With respect to the latter, special attention is being paid to cyber risks and cybersecurity, given the Bank's very fast growth path, with a strong push towards digitisation. With this in mind, and considering the open-architecture system that the Bank has adopted:
- in terms of monitoring IT services outsourcing, the Bank has implemented appropriate control measures designed to ensure the efficient functioning of application procedures and IT systems supporting organisational processes;
- in terms of IT security governance, the Bank has adopted specific methodologies, rules and standards on the subject. In this context, the Bank continuously focuses on developing security measures both using applications with the development of ad-hoc solutions/tools, and in training terms through continuous awareness-raising activities on the topic.

Moreover, Banca Generali Group has adopted an insurance coverage for operational risks deriving from acts of third parties or caused to third parties, as well as adequate clauses covering damages caused by providers of infrastructure and services; it also approved a Business Continuity Plan.

- **Concentration risk**: it results from the exposure to groups of related counterparties and counterparties operating in the same sector/geographical area. The Bank reports a good level of diversification, consistent with its business model and with a lending activity targeted primarily at Italian private clients and well distributed at geographical level. In addition, the Bank guarantees *ex-ante* compliance with the regulatory limits regarding the level of exposure towards related parties and major risks.

- **Liquidity risk:** it derives from funding and lending transactions in the course of the Group's ordinary business. Such risk takes the form of default of payment obligations, which may be caused by an inability to procure funding (funding liquidity risk) or the existence of limits on the divestment of assets (market liquidity risk). Liquidity risk also includes the risk of fulfilling payment obligations at above-market costs, incurring a high cost of funding or — and, in some occasions, simultaneously — incurring capital losses on the divestment of assets.

In addition to the short-term and intraday dimension, liquidity risk management also takes into account the medium/long-term dimension relating to imbalance between funding sources and their usage. The excessive financial leverage risk profile is also specifically monitored within the framework of structural liquidity.

The liquidity risk control and management systems are governed by the Liquidity Management Policy, which, in line with the provisions of the Risk Appetite Framework, identifies the maximum risk tolerance limits and aims to ensure the maintenance of an adequate liquidity position to cope with periods of tension, even prolonged ones, in the funding market, thus ensuring the maintenance of both an adequate buffer consisting of high quality liquid assets that can be easily liquidated or refinanced with the ECB, as well as a high level of stable deposits.

With reference to the short-term risk profile, i.e., within 12 months, the Risk Appetite Framework provides for specific thresholds on the Liquidity Coverage Ratio, which are accompanied by thresholds on the Survival Period and the Asset Encumbrance ratio. As regards, instead, the monitoring of the structural balance profile, specific thresholds on the Net Stable Funding Ratio promote greater use of stable funding.

The Finance Department is responsible for managing treasury and proprietary investment cash flows with the aim of ensuring thorough diversification of financing sources and monitoring cash flows and daily liquidity. Any liquidity needs are primarily managed through recourse to the money market (interbank deposits and repurchase agreements) and, to a secondary degree, where available, through the refinancing transactions promoted by the ECB. The funding structure is mainly focused on net inflows from retail customers that are characterised by a stable performance, and on institutional sources of funding.

The Bank's Risk Management Department is called upon to perform second-line controls, thus ensuring the measurement, including forward-looking measurement, of the Bank's liquidity risk exposure. It also applies stress scenarios and, if the thresholds set by the Framework and/or the limits approved by the Board of Directors are exceeded, activates specific reporting and escalation procedures, monitoring the recovery actions approved by the competent Bodies.

The Group has a Contingency Funding Plan in order to ensure the orderly management of any systemic and idiosyncratic liquidity crises, the safeguarding of the Bank's assets and a guarantee of business continuity. This Plan detects, through early warning monitoring, any signs of liquidity tension and identifies the actions or tools to be activated.

On an annual basis, the Bank also initiates and prepares a self-assessment on liquidity risk management during the ILAAP process, providing the results to the supervisory authorities.

› **Strategic risk**: the actual or prospective risk of a decrease in profits or capital arising from changes in the operational context or poor company decisions, the inadequate implementation of decisions, or insufficient reaction to changes in the competitive scenario. The first pillar of the framework for strategic risk management is Governance, which ensures constant monitoring for the traceability of decisions. The strategic risk is tackled by policies and procedures in which the most important decisions are reported to the Board of Directors and supported by specific preventive impact analyses in terms of capital adequacy and liquidity, consistency with the Risk Appetite Framework and sustainability of the business model. The positioning and strategic risk analysis also takes into account developments in the legislation, especially European legislation, on sustainable finance, the evolution of market and customer preferences with respect to sustainable investment products and solutions, and the potential repercussions that these may have on the Group's competitive positioning. The Board of Directors has approved specific strategic planning guidelines, which regulate the CRO/CFO interaction for the purpose of defining and updating the Strategic Plan and the Risk Appetite Framework, and the ensuing approval of the budget for first year of the Plan.

› **Reputational risk**: the current or prospective risk of a decrease in profits or capital arising from a negative perception of the corporate image by clients, counterparties, shareholders, investors or supervisory authorities. Banca Generali Group is structurally exposed to reputational risk due to the Group's distinctive operations, which focus on offering and placing financial and insurance products with its clients through its own Financial Advisor Network. To monitor this risk, the Bank has adopted specific codes of conduct and codes of ethics that govern the Group's operations and its dealings with its main stakeholders.

Banca Generali has adopted a dedicated reputational risk management framework, which provides for the identification of risks potentially prejudicial to the corporate image and the assessment of the associated exposure, also through the monitoring of risk indicators by business area, thematic area and type of stakeholder, to which a governance and escalation process is applied for the identification and implementation of measures and controls to mitigate the risk.

Banca Generali has launched a process designed to identify in advance possible situations of risk relating to its main business operations, in particular during the new product development or partner selection phase, in which to conduct an analysis of potential reputational risks relating to the specific operations in order to permit the informed assumption and, insofar as possible, mitigation of the type of risk concerned by implementing control measures that minimise their impact on the Bank's image.

In addition, reputational risk is also taken into consideration in the Risk Appetite Framework assessment of Banca Generali, confirming its commitment to monitoring and containing this risk. To this end, specific indicators are monitored in order to identify any possible critical events that should occur and that could harm the Bank's reputation.

The reputational risk management framework is integrated with sustainability risk considerations (or ESG risks). Starting from an analysis of ESG risk drivers deemed most significant owing to their potential impact on risk categories already included in the Group's framework, other factors are identified as especially relevant from a reputational standpoint, which are related to the corporate identity and to the Group's positioning on sustainability issues, including with respect to how they are perceived externally by the stakeholders. ESG factors that may affect the performance of investments managed as part of Portfolio Management are also considered significant, with consequent repercussions on the Group's image in the asset management services area.

With a view to mitigating reputational and strategic risks, Banca Generali is constantly committed to managing the operational and financial aspects of its business with a focus on social and environmental responsibility and the sustainability for future generations. To this end, Banca Generali aims to:

- pursue sustainable growth in the long term, while reducing the risks tied to the volatility of the economic scenario in which the Bank operates;
- realise the full potential of all those who work at the Bank, by developing their skills and providing the proper recognition of each individual's contribution to the organisation's success;
- focus on the social context in which it is based by participating in welfare, cultural and sports initiatives in favour of the community;
- favour the reduction of direct and indirect environmental impacts by taking steps to minimise the consumption of energy, paper and water, and lower pollutant emissions.

The commitment to preventing and combating fraud is also to be regarded as a factor mitigating operational and reputational risk, thereby ensuring the sustainability of the business.

Mapping of Banca Generali's ESG positioning

The Group is engaged in a dynamic environment that pays increasing attention to sustainability issues, also in light of the worsening of the climate crisis, giving rise to risks and opportunities for the financial sector.

Testifying to the importance attached to ESG matters, sustainability has been identified as a pillar of Banca Generali Group's 2022-2024 Strategic Plan with the ultimate goal of integrating all ESG factors into the Bank's strategy, core business and processes, assessing both market risks and opportunities and taking into account the expectations of all stakeholders. To this end, the Bank has set out the following guidelines:

- enriching its own value proposition by expanding the ESG product range and launching specific sustainability training courses dedicated to Financial Advisors;
- promoting transparency and engagement with shareholders and institutions;
- promoting work-life balance and Diversity, Equity & Inclusion initiatives for its people;
- actively contributing to social impact initiatives and engaging responsibly with the community with a particular focus on climate change.

In the **environmental field**, the Group is committed to promoting and raising awareness among its people towards a responsible business model, with specific regard to combating climate change, through the management of the related risks, and to reducing its direct and indirect environmental impacts through a conscious use of natural resources, proper waste management and the integration of ESG factors in its business practices.

Based on the Principles for Responsible Investment (PRI) and the Principles for Responsible Banking (PRB), Banca Generali has also adopted its Responsible Investment Policy, confirming the integration of ESG factors in both lending (cf. Credit Regulations) and investments. Investment and lending restrictions are provided for companies engaged in high climate impact and high transition risk industries, such as mining and utilities companies that derive a significant share of turnover or electricity generation from coal, as well as for companies that have caused serious damage to the environment.

In 2023:

i) the carbon footprint of investments — both the banking book and portfolio management/in-house funds — with respect to the Group target continued to be monitored;
ii) a corporate induction session on the Environment and Climate was held both in presence (at the Milan headquarters) and online;
iii) the operational project for the sustainable refitting of a number of branches and operating sites continued, with the aim of reaching a recycling index of >95%, complemented by the logistics reorganisation initiative at the Hadid Tower office and the closure of corporate sites to save energy;
iv) in line with the commitments undertaken as a PRI signatory and the market lending practices, the sustainable investment framework was further strengthened by adopting an Active Ownership Policy[30];
v) an action plan was defined with a view to complying with supervisory expectations on climate-related risks.

In the **social field**, the Group is committed to caring for its people by enhancing their well-being and equal opportunities, to preserving customers' wealth by developing quality investment solutions, and to protecting the communities in which it operates by taking into account their needs and requirements.

Banca Generali constantly monitors environmental and social matters, integrating them into the Group's offering and developing ESG strategies with a focus on trends such as the circular economy, sustainable and medical technology, new communication methods and impactful approaches.

In 2023, in addition to the completion of the BG4SDGs – Time to Change project (for which reference is made to section "Sustainability culture" in "Strategic Focus on Sustainability"), social initiatives included the organisation of classrooms for secondary school students, valid for the purposes of the "work-school" training programme (PCTO).

With regard to **governance**, the Group is committed to adopting ethical conduct and good practices, with a view to business integrity and transparency, including through internal awareness raising and promotion of ESG factors. The sustainability profiles and principles have been adopted transversally in the areas within the remit of all the Board Committees and the Managing Committee has been entrusted with implementing the sustainability strategy. ESG Governance has been further strengthened by amending the Articles of Association, with a view to expressly acknowledging the Board of Directors' consideration of sustainable development when defining corporate strategies.

To strengthen the monitoring process, in 2023 an ESG Dashboard was implemented (with half-year frequency, it is submitted to the Managing Committee and the Sustainability Committee), with an analysis of the degree to which the strategic targets have been achieved on key areas: customers and Financial Advisors, shareholders and authorities, people, communities and future generations.

Specific ESG induction sessions were organised throughout 2023 for the Board members of the Parent Company and the subsidiaries (BG Valeur and BGFML).

In accordance with Article 4(3) of Regulation (EU) No. 2019/2088, in June 2023 the Bank published on its website the "Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors" (so-called "PAIs"), which include the measurement of performance indicators and adverse impacts, as well as the description of the measures that the Bank implemented and intends to implement to prevent or reduce the PAIs identified.

[30] For more details on the Active Ownership Policy, reference is made to the section bearing the same title in chapter "Strategic Focus on Sustainability".

ESG risk governance model

In 2021, the Group started a path aimed at including the impacts of sustainability drivers on the risk areas identified in its vertical risk policies.

Managing ESG risks requires consideration not only of the impact of these risks on the Bank's organisation, but also of the potential risks to which the Bank exposes its stakeholders and the environment through its operations.

The Group therefore adopts a holistic approach to ESG matters, based on:

- definition of a Group ESG strategy according to the guidelines provided by the Corporate Bodies and supported by the Internal Governance Structures: Banca Generali wants to be "the No. 1 private bank by service value, innovation and sustainability", aware that innovation, the development of new products and services and the sustainable action of companies can help reduce the impacts of phenomena such as climate change and social inequalities;
- management of sustainability matters in sensitive sectors through its own regulatory framework, also aimed at defining criteria for limiting and excluding lending to or investing in business sectors considered most exposed to ESG risks;
- identification and management of potential direct and indirect impacts related to climate change and the development of metrics for measuring indirect impacts;
- integration of ESG factors into the general risk management framework and, in particular, the provision within the Risk Appetite Framework of a specific section dedicated to ESG and climate change risks that defines specific limits and criteria.

Within the regulatory and prudential supervisory framework, the Bank of Italy considers the process of integrating and managing climate-related and environmental risks as an aspect of fundamental importance. The path towards the environmental transition entails in fact risks and opportunities for the economy and financial institutions, while the physical risks caused by extreme environmental phenomena, gradual climate changes or environmental deterioration may generate significant impacts on the real economy and the financial sector.

Accordingly, supervised institutions are required to integrate climate-related and environmental risks into their overall risk management system so as to monitor, mitigate and transparently disclose them. The identification, assessment, measurement and monitoring of climate-related and environmental risks are entrusted to the Risk Management Department, which also coordinates the measurement and monitoring of climate-related risk factors with regard to the main risks, in accordance with the risk map used in the materiality assessment.

Identification of climate-related risks – updating of the risk map

The process for identifying ESG risks to which the Group is potentially exposed was partly revised and strengthened in 2023 to fully understand the impact of climate-related risks on the main categories of existing risks.

In detail, climate-related risks are understood to comprise two concepts, i.e., physical risk and transition risk:

- **physical risk**: impact of a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as of environmental degradation, such as air, water and land pollution, water stress, biodiversity loss and deforestation. Physical risk is therefore categorised as "acute" when it arises from extreme events, such as droughts, floods and storms, and "chronic" when it arises from progressive shifts, such as increasing temperatures, sea-level rises, water stress, biodiversity loss, land use change, habitat destruction and resource scarcity;
- **transition risk**: an institution's financial loss that can result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy. This could be triggered, for example, by a relatively abrupt adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences.

The transmission channels through which the climate-related and environmental factors affect the traditional risk categories are:

- **credit risk**: climate-related and environmental risk factors may have impacts on the counterparties' creditworthiness and on collateral valuations, and in particular repercussions of extreme weather events on the value of real-estate property securing mortgage loans, the performance of securities pledged to secure Lombard loans and the impact on business continuity and financial performance of the corporate customers financed;
- **market risk**: climate-related and environmental risks may have adverse repercussions on business continuity or the performance of investee companies and government entities (loss of value of their equities and bonds);
- **operational risk**: climate-related and environmental risk factors — and in particular physical risk — may give rise to impacts on the Bank's business continuity, as a result of potential damages to owned properties or suppliers' operating facilities (e.g., the fitness for use of buildings, the reliability of supply, etc.). Transition risk includes the potential additional or higher costs of maintenance and renovation of the Group's offices, branches, and other physical assets due to new laws and regulations, such as those regarding emissions and energy efficiency;
- **liquidity risk**: climate-related and environmental risks may affect the liquidity risk in terms of direct and/or indirect impacts on the Bank's liquidity position;
- **strategic/reputational risk**: climate-related and environmental risk factors may influence the economic sustainability of some business lines and cause strategic risk tied to non-development and non-distribution

of products arising from specific investment processes and instruments to take into account ESG factors, with particular regard to the management of climate-related risks, including in alignment with the criteria set by the EU Taxonomy of environmentally sustainable activities. These factors may also cause possible impacts on performance, and thus on the range of products and services offered and on reputational positioning, as a result of an inability to adequately assess a counterparty's creditworthiness in relation to its exposure to climate-related physical and transition risks.

MATERIALITY ASSESSMENT: FOCUS ON CLIMATE-RELATED AND ENVIRONMENTAL RISKS

In order to integrate climate-related and environmental risks into the Risk Management Framework, the materiality assessment has been updated using a quantitative approach. This annual assessment is performed on loan and investment portfolios — both proprietary portfolios and those managed on behalf of third parties — and on the properties of the Bank and of its suppliers to evaluate the materiality of exposure to such risks.

In detail, a structured IPCC (Intergovernmental Panel on Climate Change) approach has been defined to assess the materiality of the different risk factors — both physical and transition risks — based on three drivers, i.e., hazard, exposure, and vulnerability.

In 2023, this methodology was further developed through:

physical risk analysis:
- extension of the assessment to include operational risk, through supplier analysis;
- increase in the number of acute risks assessed and introduction of chronic risk analyses;
- introduction of scenario-based projections, based on the IPCC's three main climate scenarios (RCP2.6-SSP1-2.6; RCP4.5-SSP2-4.5; RCP8.5-SSP5-8.5) and different time horizons (historical, 2030 and 2050) to assess non-credit risks;

transition risk analysis:
- integration of the transition risk exposure assessment also into the government bond asset class within a Net-Zero2050 scenario;
- extension of the transition risk analysis to include corporate loans.

The following is the outcome of the analysis performed to assess the climate-related risk drivers for each category of portfolio and prudential risk:
- **Loans portfolio**: the materiality assessment of ESG risks on the portfolio of loans to customers is based on external information regarding acute physical risk and chronic physical risk, measured by specific scores. The analysis for the year 2023 was carried out by identifying the relevant portfolios on the basis of Banca Generali's business model, and by measuring the acute physical risk and chronic physical risk on both the corporate segment and the retail segment for the property component, and the transition risk on the corporate segment. More in detail:
  1. **determination of portfolios relevant for purposes of materiality assessment of Climate-related and Environmental risks**: relevant portfolios for materiality assessment (corporate, retail or both) are determined on the basis of the amount used. In short, a relevant portfolio for purposes of Materiality assessment may be:
     - a retail portfolio, for which only an analysis of the physical risk on the properties securing the loans is conducted;
     - a corporate portfolio, for which an analysis is conducted of the physical risk relating to the physical location of the legal entity and the sectors in which the counterparty operates in terms of transition risk; the latter was introduced in 2023;
     - a Lombard loan portfolio, for which only an analysis of the transition risk on financial collateral is conducted;
  2. **assessment of materiality of acute[31] and chronic[32] physical risk** on the corporate and retail portfolio (for the part of the properties mortgaged), carried out on the basis of the overall score that represents the degree of exposure of the enterprise or property to acute/chronic risks, as a function of geographical hazard. This score is estimated on the basis of the RCP 4.5 climate scenario, over a time horizon extending until 2040. For corporate counterparties, sector vulnerability is also relevant, in order to take account of the different way in which hazards may affect the enterprise as the sector in which it operates changes;
  3. **the assessment of materiality of transition risk** on the corporate scope is conducted using the overall score, supplied by an external provider, which expresses the degree of exposure, determined by observing the impact on financial reporting fundamentals in the net zero scenario (source: Oxford Economics[33]) over the time horizon until 2050, as a function of the ATECO (Italian classification of economic activities) sector in which the counterparty operates.

[31] Hazards considered include: heat wave, cold wave, forest fires, windstorm, drought, heavy precipitation, landslide and flooding.
[32] Hazards considered include: temperature change, thawing of permafrost, heat stress, change in wind patterns, change in precipitation patterns, sea level rise, water stress, soil and coastal erosion and soil degradation.
[33] In this scenario, the initiatives required for transition are implemented, resulting in zero net carbon emissions by 2050 (and containment of the rise of global warming at approximately 1.5°).

The scores considered are expressed according to the following risk scale: Low (1), Moderate (2), Medium (3), High (4), Very High (5). The share of exposures in the corporate portfolio subject to physical risk (score of 5) is approximately 0.5% of the total loan portfolio, whereas the share of exposures subject to transition risk (score of 5) is equal to approximately 0.5% of the total loan portfolio. Within the retail scope, real-estate properties subject to physical risk (score of 5) are associated with an exposure equal to approximately 0.1% of the total loan portfolio.

The materiality assessment also includes the financial collateral portfolio, which has a limited exposure to sectors and/or countries more exposed to transition risk.

The percentage of the value of collateral acquired in pledge of Lombard loans most exposed to climate-relevant sectors in terms of transition risk amounted to approximately 10%.

The relevance of ESG risks for Banca Generali is also reflected in its Risk Appetite Framework, which includes indicators for monitoring the exposure to corporate counterparties at very high transition risk or very high physical risk and for monitoring the portfolio of collateral acquired in pledge of Lombard loans, through the use of an ESG score supplied by an external infoprovider.

- **Market/strategic/reputational risk**: the analyses of the transition risk of direct and indirect investments in corporate bonds and listed equities were executed using the Paris Agreement Capital Transition Assessment (PACTA) tool. This tool allows investors to obtain a granular view of the alignment of analysed portfolios by climate-relevant sectors and the related technologies, with the aim of identifying exposure to risks associated with a disorderly transition to a low-carbon economy.

  To complement the analyses conducted on corporate bonds and listed equities using PACTA, a further analysis was carried out on direct and indirect investments in government and supranational bonds. This additional analysis availed of the Climate Action Tracker, which allows to measure the alignment of UN countries' targets, policies and mitigation actions against the targets of the Paris Agreement.

  The percentage exposure to climate-relevant sectors for the Portfolio management and Assets under Administration segments was at about 10%, whereas that of the Banking book was 0.23%. According to the analysis, the exposure to climate-relevant sector is less material.

- **Operational risk**: scores provided by external infoproviders are used to assess properties owned by the Bank and its suppliers, with reference to physical risk factors[34].

  With regard to properties owned by the Bank, a modest materiality of acute/chronic risk was identified, also considering business continuity plans and insurance policies. In fact, properties that have at least very high exposure to acute/chronic physical risks analysed for the baseline scenario accounted for 5.5% of the total. With regard to suppliers' operating facilities, the materiality of acute/chronic risk was also less significant, considering the economic impact of the suppliers as a proxy for significance. Specifically, monetary exposures of suppliers at very high acute/chronic risk reached 8% for the baseline scenario. The analysis of suppliers also includes outsourcers. For the latter, the service provider must certify the existence and updating of adequate business continuity plans, as this constitutes an element of further risk mitigation.

- **Liquidity risk**: the Bank quantitatively assessed its exposure to acute physical climate-related factors with regard to liquidity risk. According to the analyses, the exposure of average balances to very high risks was 8.4% in the baseline scenario. The results of the analysis did not highlight significant critical issues with reference to the various risk categories, as the Bank's exposures are not concentrated excessively in specific high climatic hazard areas.

[34] Source EY CAP.

Measurement and monitoring of climate-related and environmental risks

Through its Risk Appetite Framework, the Group defines its risk appetite and tolerance, also in respect to ESG factors, including in its assessments all the elements that may be relevant for sustainable success, in line with the Banking Group's strategic targets.

- **Compliance risk and risks of money laundering and financing of terrorism**: the compliance risk is the risk that Banca Generali may incur legal or administrative penalties, significant financial losses or reputational damages as a result of the breach of laws, regulations or voluntary codes of conduct, as well as money laundering and terrorist financing activity (defined as the risk of involvement, also unintentional, of Banca Generali in such offences). The efficient management of these risks requires a company culture that promotes integrity, propriety and compliance with the spirit of the law in accordance with the principle of proportionality and the entity's size and specific operational characteristics.

  "Compliance" is a process that permeates each Banking Group company's activities and organisation, beginning with the definition of company values and strategies and extending to influencing the definition of policies, internal procedures, operational practices and conduct. Likewise, an effective prevention and management of money laundering and terrorism financing risks necessarily require an adequate definition of internal policies and procedures aimed at combating these events.

  Accordingly, the said risk monitoring is most effectively pursued in a company context that emphasises the principles of honesty and integrity, by constantly involving all Corporate Bodies, Committees, the Compliance function, as well as the Anti-Financial Crime function, each to the extent of their respective remit, and, more generally, all Banca Generali People, in constantly pursuing regulatory compliance to improve operational procedures and company practices, with ensuing positive effects on process efficiency and effectiveness.

- **Cyber risk:** the risk of incurring capital and/or financial losses due to accidental or malicious events affecting the IT system.

  All organisations, regardless of their sector of activity, use at least one PC, server, database, e-mail system and a mobile device: each of these is a point of entry through which threats may enter the company and cause damage. The main threats that may potentially damage and/or render inoperative the company IT system are as follows:
  - human error creating an opportunity for viruses and malware;
  - an accidental event that compromises the IT system;
  - malicious action by third parties (e.g., theft of information and data by internal or external persons, hacking attacks, ransomware, etc.).

  These threats may cause various types of damages, such as direct and material damages to electronic and IT systems, damages due to business disruption, compensation claims from third parties, reputational damages and loss of customers and suppliers and emerging costs of professional services, to name but a few.

  In collaboration with its IT suppliers, Banca Generali uses various tools to manage and monitor this risk:
  - specialised training courses to raise IT risk awareness within the company culture;
  - drafting, maintenance and verification of the Business Continuity Plan for efficient management of emergencies;
  - strengthening of the internal procedures necessary to timely respond to potentially damaging cyber events.

In line with the trend of the past two years, 2023 saw an increase in the number of cyber attacks and, as a result, in the level of attention to cyber risk.

To cope with this risk, the Bank extended the number of opportunities for discussion and collaboration between the structures, namely the Risk Management, BCP Security and Internal Audit structures.

The 2023 Audit Plan provided for specific controls on the main IT outsourcer CSE, conducted at consortium level with the support of independent companies. The activities carried out highlighted improvement actions, implemented by the CSE structures in charge and monitored by the Internal Audit Function, in order to mitigate the consequences of possible cyber attacks.

Internal Control System

Banca Generali S.p.A.'s Internal Control System is composed of the set of rules, functions, structures, resources, processes and procedures that aim, through an adequate process of identification, measurement, management and monitoring of the main risks, to ensure that the following aims are achieved, in accordance with sound, prudent management:

- verification of the implementation of company strategies and policies;
- containment of risk within the limits indicated in the framework of reference for determining the Bank's risk appetite (Risk Appetite Framework);
- safeguarding of the value of assets and protection against losses;
- effectiveness and efficiency of corporate processes;
- reliability and security of company information and IT procedures;
- prevention of the risk that the Bank may be involved, even involuntarily, in unlawful activities (with particular regard to activities relating to money-laundering, usury and financing of terrorism);
- operational compliance with the law and supervisory provisions, as well as policies, regulations and internal procedures.

The Banking Group has implemented an internal control system in line with best practices at the national and international levels, aimed to reduce the risks of inefficiency, overlapping of roles, sub-optimal system performance and loss of system efficiency. The Internal Control System is defined and regularly updated by Banca Generali's Board of Directors in accordance with any changes in the law and the Bank's operations.

The Internal Control structure is divided into the following three levels:

- **Line controls,** i.e., first-line controls, aimed at ensuring that activities are conducted properly. These are carried out by the operating structures themselves, including through units dedicated solely to control duties that report to the heads of these structures, or by back-office company areas and units; to the extent possible, line controls are incorporated into IT procedures;
- **Risks and compliance controls** (so called "second-line controls"), performed by functions not involved in production and broken down as follows:
  - Risk management controls: these are part of the process of determining risk measurement methods, with a view to ensuring compliance with the thresholds assigned to the various operating functions, as well as in order to maintain the operations of individual production units in line with the risk/return targets set for each type of risk;
  - Compliance controls: these focus on the compliance of operations with laws, measures by supervisory authorities and the Bank's self-regulation provisions; controls of the operation of the Financial Advisor Network fall into this category;
  - Anti-money laundering controls: these assess compliance with laws and provisions by supervisory authorities concerning money-laundering and prevention of financing of terrorism, as well as compliance with the related Bank's self-regulation provisions governing operations and safeguards aimed at ensuring full knowledge of the customer, the traceability of financial transactions and the identification of suspicious transactions;

INTERNAL CONTROL SYSTEM

CONTROLS	CONTROLS	CONTROLS
1ST LEVEL	2ND LEVEL	3RD LEVEL
Line controls	Risk Management Compliance Anti-money Laundering	Internal Audit

Supported by:

Law 262 Organisational Unit
Supervisory Board
Chief Security Officer

- **Internal Audit** (so called "third-line controls"), performed with the aim of providing assurance that the risks identified are appropriately monitored, while offering advice on emerging risks, including those resulting from the use of new technologies. The Internal Audit function collaborates and communicates with the second lines of defence (second-line controls) in order to implement a holistic vision of risks and the compliance system, while also promoting a culture of risk. Moreover, Internal Audit controls are aimed at detecting breaches of rules and procedures, in addition to periodically assessing the completeness, adequacy, functionality (in terms of efficiency and effectiveness) and reliability of the Internal Control System and IT system.

The Internal Control System is completed by:
- the Law 262 Organisational Unit, which acts as a point of reference, orienting and coordinating the management of all the Group's administrative and accounting risks, for the intents and purposes of Law No. 262/2005;
- the Supervisory Board, set up pursuant to Italian Legislative Decree No. 231/2001;
- the CSO (Chief Security Officer); the IT Security Function within the COO & Innovation Area that defines and implements the Bank's security strategy, with the mission of protecting all the Company's physical and IT resources and cultural assets, defining a common approach for managing security elements and promoting a culture of security within the Group.

The structure of the Bank's Internal Control System is intended to:
- ensure appropriate control oversight of all of the Group's activities and proper disclosure on this subject, in pursuit of the values of substantive and procedural fairness and transparency;
- ensure the efficiency, traceability and auditability of transactions, and more generally all management activities, the reliability of accounting and management data, compliance with laws and regulations, and the protection of the integrity of the Company's assets, especially with a view to prevent fraud against the Bank and the financial markets;
- foster an informed attitude in risk management;
- provide assurance and adequate protection of client information;
- promote processes of innovation.

The circulation of information amongst and within Corporate Bodies and Control Functions allows to meet the targets of efficient management and effective controls, thus representing a fundamental mechanism for the integrated Internal Control System.

In accordance with the provisions of the Basel Committee and EU regulations, and in compliance with the supervisory instructions issued by the Bank of Italy[35], **the Banking Group has defined an internal process** (ICAAP – Internal Capital Adequacy Assessment Process) **for independently assessing its capital adequacy**, i.e., the adequacy, in current and prospective terms, of the overall capital at its disposal to meet the relevant risks to which it is exposed and support its strategic decisions. That process presupposes a solid corporate governance system, a clear, appropriate organisational structure and the definition and implementation of all processes required for the effective identification, management, monitoring and reporting of risks and the presence of adequate internal control mechanisms.

The Banking Group has formally defined a policy for each of the risks identified that lays down:
- the general principles, roles and responsibilities of the Company Bodies and Functions involved in risk management;
- the guidelines regarding risk management in accordance with the business model, the risk appetite, the Internal Control System, the System of Delegated Powers defined by the Board of Directors and provisions of the Supervisory Authority.

In order to prevent conduct contrary to the principles of propriety, legality and transparency in the handling of operations by personnel, and to avoid the attribution of administrative liability to companies for offences committed by personnel in the interest or to the benefit of those companies, the **Banking Group has adopted and implemented** an **Organisational and Management Model**, pursuant to Italian Legislative Decree No. 231/01, as further amended.

The Model is an integral part of the set of rules, procedures and control systems developed by Banca Generali, and contributes to the overall structured and comprehensive organisational framework that is designed to prevent unlawful conducts, and in particular those envisaged by the legislation in question.

The proper understanding and dissemination of the content and underlying principles of that Model are ensured by specific training initiatives provided through e-learning systems targeted at all employees and Financial Advisors, so as to ensure that all human resources are duly trained. The Model is updated whenever there are regulatory and/or organisational changes and is submitted to the Board of Directors for analysis and approval.

Given that Banca Generali promotes and facilitates the spread of a company's rule-of-law culture characterised by proper behaviour and ensures effective and efficient measures to prevent, manage and, where necessary, report any irregularities or breaches of the rules governing the company's activity, the Bank has also implemented a whistleblowing system based on secure, confidential channels. In this regard, in 2023 the Bank also adopted a new Whistleblowing Policy — publicly available on its institutional website — governing the whistleblowing procedure (in this regard, the reader is referred to the section "Integrity and Anti-corruption"). Whistleblowing channels are intended for the Bank's employees, self-employed persons/collaborators/freelance professionals/consultants/volunteers/interns working at the Bank and for shareholders/persons with administrative, managing and control functions within the Bank. The Internal Control System ensures a constantly evolving approach to counter and prevent fraud, money laundering offences, usury or financing of terrorism. In addition, the security of customer information is under constant analysis and alignment with industry regulations and guidelines, as well as best practices.

[35] See Bank of Italy Circular No. 285 dated 17 December 2013 "Supervisory Provisions for Banks".

NFI procedures project

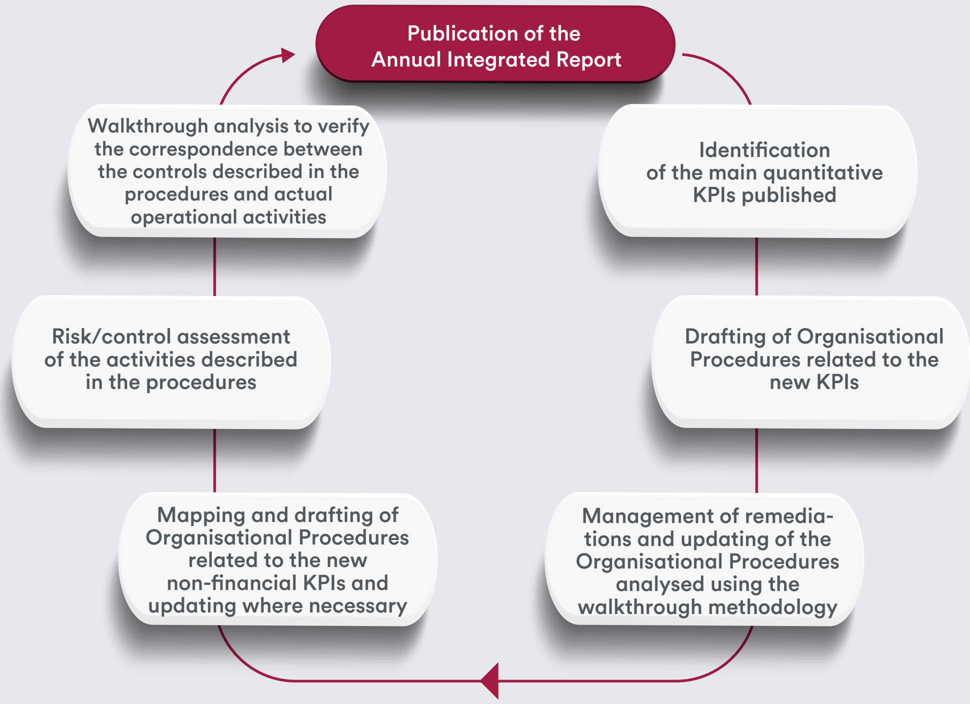
In order to regulate and ensure a more robust non-financial reporting process, since 2019 the Parent Company, Banca Generali, in line with the existing financial reporting procedures (pursuant to Italian Law No. 262/2005), has prepared and updated its Organisational Procedures designed to ensure the soundness of the process for disclosing quantitative non-financial information in the Annual Integrated Report.

In January 2023, following up on the activities carried out in 2022, a walkthrough activity was performed on the information published in the Annual Integrated Report 2022: no gaps emerged between the controls described in the procedures and actual controls.

Subsequently, further activities were organised to identify additional KPIs published in the Annual Integrated Report 2022, draft the related Organisational Procedures and, where necessary, revise those already mapped.

With regard to the new Organisational Procedures, all the activities aimed to disclose the carbon footprint of direct investments were included in the scope of monitoring.

As regard sustainable investment products, Banca Generali took action to systematically comply with regulatory requirements and updated the specific Organisational Procedure to ensure the accuracy, reliability and completeness of the information shared with all of its stakeholders.



Internal Audit Activity

Banca Generali's Internal Audit Function carries out independent, objective assurance and advisory activity aimed at improving the Organisation's efficiency and effectiveness. To this end, it:

- provides management and top managers with improvement actions for the implementation of control measures aimed at mitigating company risks;
- promotes an effective governance process, with a view to ensuring the long-term stability and sustainability of the Banking Group.

On the one hand, the Function expresses an opinion on the completeness, adequacy, functionality and reliability of the overall Internal Control System and the ICT system, checking, also through onsite audits, the regular conduct of operations and the evolution of risks, and on the other, it supports the Board of Directors, the Board of Statutory Auditors, the Internal Audit and Risk Committee and Top Managers in defining the structure of the Internal Control System and Corporate Governance and highlights possible improvements area within risk management.

Audit work is performed on the basis of the methodologies and internal and external standards specified in the function's Rules and Procedures, including:

- the Bank of Italy's supervisory instructions;
- international professional standards of the Association of Internal Auditors;
- Borsa Italiana's Corporate Governance Code;
- Basel Committee on Banking Supervision, June 2012 and July 2015;
- Consob-Bank of Italy Joint Regulation;
- Evolutions of the new Supervisory Review and Evaluation Process (SREP) and "Guidelines on common procedures and methodologies for the supervisory review and evaluation process", EBA (2014);
- CoSO Report, ERM (Enterprise Risk Management) model and CobiT-Pam methodology.

The risk governance activity involves ongoing collaboration between the corporate control functions, to encourage cooperation across priority topics and provide the Internal Audit and Risk Committee with an increasingly integrated and complete reporting system.

In 2022, the Bank had been the object of an ordinary inspection by the Bank of Italy, which ended with a positive opinion about Governance and the Internal Control System. In detail, no criticalities had emerged regarding the activity carried out by the Internal Audit Department.

Promptly following up on the insights from the Bank of Italy's inspection, the project to harmonise the Corporate Control Functions was completed in 2022, in compliance with the commitments undertaken with the Bank of Italy, leading to the drafting of the first Integrated Report of Control Functions in the second quarter of 2023. This Report is submitted to the Bank's Governance Bodies and Top Managers on a quarterly basis.

Within the scope of its functions, the Internal Audit Function continued to identify any shortcomings of the Internal Control System downstream the planned activities and to monitor the completion of the related remedial actions.

Integrity and Anti-Corruption

IN 2023, 2,159 FINANCIAL ADVISORS RECEIVED TRAINING ON ANTI-CORRUPTION

Banca Generali aims at actively contributing to economic and social development based on respect for human rights, professional ethics and business transparency, both on the short and long term, integrating these goals within its behaviours, in compliance with the Internal Code of Conduct. Operating in the asset management market — a context requiring high ethical and transparency standards to be met in business activities —, Banca Generali constantly acts in accordance with legislation, policies, internal regulations and professional ethics. In order to ensure a highly positive impact arising from compliance with laws, Banca Generali S.p.A. has specifically adopted an Internal Code of Conduct, drawn up in accordance with the principles set forth in the Generali Group Code of Conduct and aimed at clearly defining rules of conduct which administrative and control bodies and BG People must commit to comply with. The Code also pays attention to the fight against corruption and specifically prohibits the offering or acceptance of undue payments, gifts, entertainment or other benefits.

In addition, the Group also focuses on guaranteeing full transparency in its relations with customers, with the market and with suppliers. The values of the rigorous selection approach adopted by the Bank are based on the Internal Code of Conduct and the "relationship value", as well as on the Ethical Code for Suppliers of the Generali Group, which sets out the general principles for managing relations with the contractual partners in a correct and productive manner.

The Internal Code of Conduct is an integral part of the 231 Organisational and Management Model, which represents the right tool for ensuring a strong focus on compliance with Italian Legislative Decree No. 231/2001 on vicarious corporate liability. As a Company whose shares are listed on the market managed and organised by Borsa Italiana S.p.A., Banca Generali has also decided to adhere to Borsa Italiana's Corporate Governance Code for Listed Companies.

With regard to the aspects able to contain possible corruption events, Banca Generali has adopted measures to regulate and monitor the following areas:

› MiFID 2 Directive;
› Supervisory provisions on banking transparency;
› Insurance Distribution Directive ("IDD Directive");
› 5th Anti-Money Laundering Directive;
› tax due diligence;
› whistleblowing;
› Organisational and Management Model;
› Tax Compliance Policy.

The above-mentioned policies and procedures are communicated to all the People and members of the individual Boards of Directors of the Banking Group.

In 2023, Banca Generali adopted a new Whistleblowing Policy in compliance with EU Directive No. 2019/193 and Italian Legislative Decree No. 24 of 10 March 2023, and drawing inspiration from Generali Group's Guidelines. Pursuant to this Policy, dedicated electronic whistleblowing channels and relevant information have been made available to all those concerned.

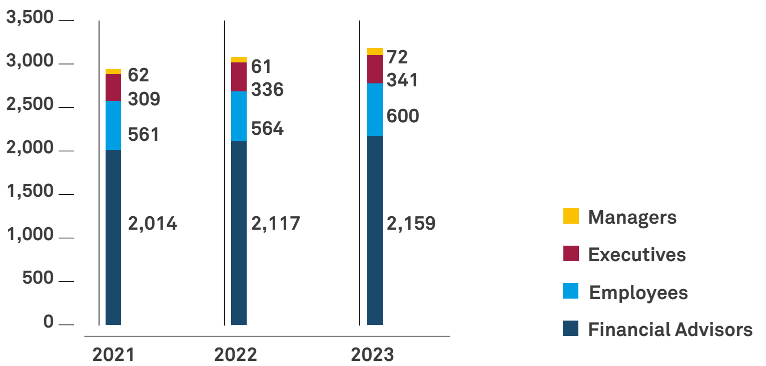
Regarding anti-corruption training, a course relating to Italian Legislative Decree No. 231/2001[36] was organised in the year. Among other topics, the course covered the crime of corruption.

ANTI-CORRUPTION TRAINING BY NUMBER OF PARTICIPANTS

	2023						2022				2021			
	NUMBER ITALY	PERCENTAGE ITALY	NUMBER ABROAD CH[37]	PERCENTAGE ABROAD CH	NUMBER ABROAD LUX	PERCENTAGE ABROAD LUX	NUMBER ITALY[38]	PERCENTAGE ITALY	NUMBER ABROAD	PERCENTAGE ABROAD[39]	NUMBER ITALY	PERCENTAGE ITALY	NUMBER ABROAD	PERCENTAGE ABROAD
Managers	63	98.4%	6	75%	3	100%	58	95.1%	3	100.0%	59	100.0%	3	75.0%
Executives	332	97.1%	n.a.	n.a.	9	100%	325	98.2%	11	100.0%	301	98.4%	8	80.0%
Employees	578	99.1%	5	71.4%	17	77.3%	545	98.7%	19	95.2%	545	98.4%	16	88.9%
Financial Advisors	2,159	98.3%	n.a.	n.a.	n.a.	n.a.	2,117	99.1%	n.a.	n.a.	2,014	97.0%	n.a.	n.a.

No non-compliance events with respect to laws and regulations falling within the purview of the Compliance Function were observed in the reporting year.

ANTI-CORRUPTION TRAINING



It should also be noted that in 2023 no incidents of corruption were confirmed.

Tax Approach

Tax governance, control and risk management

On 27 December 2021, the Italian Tax Authority admitted Banca Generali, with effect from the tax period ended on 31 December 2020, to the **Cooperative Compliance Program** instituted by Italian Legislative Decree No. 128 of 2015. The Program is aimed to establish stronger relations with the tax authorities by transitioning from a relationship based on tax audits subsequent to fulfilment of tax obligations to a system of ongoing exchange, in which the taxpayer and tax authority engage in dialogue to reach, where possible, a prior common assessment of decisions relating to management of the tax variable.

In the review of the application for admission by the Italian Tax Authority in 2021, examination focused on the structure of Banca Generali's internal tax risk control system, the **Tax Control**

[36] With regard to the Luxembourg-based BGFML, an "Antibribery and Corruption" training course was activated.
[37] With regard to Switzerland, training refers to BG (Suisse) S.A. only, where an "Antibribery and Corruption" training course was held.
[38] With regard to Italy, training refers to Banca Generali and Generfid.
[39] With reference to 2022, the term "abroad" refers to the Luxembourg-based BGFML.

Framework (TCF), adoption of which is a pre-requisite for admission to the Cooperative Compliance Program.

In line with the instructions from the Organisation for Economic Co-operation and Development (OECD), as transposed by the Italian Tax Authority into the rules governing the Cooperative Compliance Program, Banca Generali's TCF consists of:

a) a **tax strategy**, approved by the Board of Directors on 23 June 2020, setting out the principles for managing the tax variable and the strategic guidelines aimed at ensuring compliance with tax rules.
 In detail, the tax strategy defines Banca Generali's commitment to operating in accordance with the following principles:
 - compliance with tax laws applicable in the countries in which it operates and responsible tax risk management;
 - prohibition to engaging in conduct and transactions that translate into merely artificial constructions and do not reflect the business or may reasonably be expected to yield undue tax advantages;
 - transparency and propriety in relations with the tax authorities;
 - pricing of intercompany transactions based on the arm's-length principle.

 By approving the tax strategy, Banca Generali's Board of Directors assumed the responsibility for ensuring dissemination and application thereof, while also performing the specific task of spreading the underlying culture and values.
 The tax strategy entered into force from the day after that of its approval and was published on Banca Generali's corporate website: www.bancagenerali.com/en/sustainability/sustainability-documents;

b) a **governance** model that applies to: (i) roles and responsibilities relating to taxation, and (ii) information flows envisaged for managing tax risk addressed to the administrative body (i.e., annual report).
 TCF governance is defined by the Tax Compliance Policy, adopted by Banca Generali's Board of Directors on 4 November 2022 and aligned with the tax strategy.
 The implementation of the TCF involved, inter alia, the provision of a process control system, which is entrusted to the specifically dedicated position of Tax Risk Officer (TRO). At annual intervals, the TRO prepares, together with the Tax Organisational Unit (OU), the Report on the Tax Control Framework, which is presented to the Internal Audit and Risk Committee by the TRO on the invitation of the Chief Financial Officer and, through the Committee itself, to the Board of Directors. The Tax OU and the TRO provide the Compliance and Anti-Financial Crime Department with all the data necessary for preparation of the relevant report, which is also submitted to the corporate bodies for their evaluation within the broader scope of the management of non-compliance risks to which the Bank is exposed;

c) a system for **mapping, controlling, measuring** and **managing tax risk** to ensure the accuracy and correctness of the fulfilment of tax obligations (calculation, payment and tax return) and the monitoring of the interpretative choices made.
 The TCF adopted by Banca Generali is designed to mitigate the **tax law compliance risks** contained in the related Risk Map, updated and tested by the TRO to provide assurance regarding the internal control system for tax risk. The Tax OU, together with the TRO, monitors the release of new tax arrangements that could have an impact on the Internal Control System to mitigate tax risks. The TRO assesses any need to update the Risk Map. In the event of regulatory changes, the TRO activates the operational functions responsible for the formalisation/updating of corporate processes. The TRO and the Tax OU support the competent operational functions in the assessment of compliance with tax legislation of new processes that are introduced or changed from time to time. In particular, it is the responsibility of the business functions and central functions to promptly report to the TRO and the Tax OU the processes within their remit that have been newly introduced or have undergone operational changes.
 As for risk profiles relating to proper interpretation of tax law (interpretation risk), the Rules for Managing Interpretation Risk — appended to the Tax Compliance Policy approved by the Board of Directors — lay down a specific risk identification process underlying ongoing interpretative choices and the related quantitative and qualitative measurement, including evaluating the reputational aspects that could damage the Bank if the event associated occurs. The mitigation of interpretation risk is structured as both an internal decision-making escalation process — depending on the scope of the risk — and activation of preliminary discussions with the Italian Tax Authority on tax risks that exceed the materiality threshold, which is still being defined, in agreement with the said Tax Authority.

Banca Generali's TCF was duly introduced and integrated within the Internal Control and Risk Management System (hereinafter "ICRMS") that the Bank adopted, in light of the regulatory framework in which it operates, to improve profitability, protect capital solidity, ensure compliance with external and internal legislation and codes of conduct, promote transparency towards the market through oversight of the risks assumed. In accordance with the prudential supervisory provisions set forth in Bank of Italy Circular No. 285 of 2013 (Part I, Title, Chapter 3), the ICRMS oversees, inter alia, the risk of non-compliance with tax regulations. In particular, Banca Generali's TCF functions in a manner complementary to the ICRMS by covering tax risk areas not managed by the Bank's other internal control systems and, in particular, mapping tax compliance risk and managing the tax interpretation risk.

Relations with the Tax Authorities and stakeholder engagement

Banca Generali ensures transparency and propriety in its relations with the tax authorities. In order to consolidate a collaborative approach with the tax authorities, the Bank adopts transfer pricing documentation rules, in accordance with the provisions of the OECD Transfer Pricing Guidelines.

The approach of openness and transparency towards the Tax Authorities is designed to ensure accurate, timely communication. If an error is identified, Banca Generali is committed to proactively providing the relevant explanations and reach an adequate solution. Moreover, in defence of its company interest and that of its shareholders, Banca Generali deems it legitimate to uphold, including in litigation, a reasonable interpretation of the law, should there be differences of interpretation with the competent tax authorities.

In addition, Banca Generali continues to adopt an approach based on tax transparency towards all stakeholders, within the framework of broader ESG matters. Within this framework, Banca Generali received excellent ratings from the main ESG ratings agencies, such as MSCI, S&P, Sustainalytics and Moody's (for which reference is made to chapter "Integrated Thinking", section "ESG Governance and Transparency Towards Authorities and Institutions"), including with regard to tax management parameters.

To further improve tax transparency, Banca Generali draws up a **Tax Transparency Report**.

Country-by-Country Report (CbCR)[40]

Within its tax approach, Banca Generali S.p.A. draws up a Country-by-Country Report to provide a concise and transparent disclosure of key financial, economic and tax information, separately for each tax jurisdiction in which individual group entities are considered resident.

The purpose of the report is to present economic and operational figures representative of the volume of the Banking Group's activities within each tax jurisdiction that, taken into account together with the other information contained in this Annual Integrated Report, provide a concise and transparent disclosure of the level of taxes accrued and paid in a jurisdiction.

The data presented below refer to the financial year ended 31 December 2023 and to this Annual Integrated Report, prepared on the basis of the IAS/IFRS applied in preparing this Annual Integrated Report. Therefore, as regard profit and loss and balance sheet aggregates, data may differ from the values recorded by individual entities in each jurisdiction on the basis of the applicable local accounting standards.

With reference to the reporting scope, detailed information on entities included in the Consolidated Financial Statements and their tax jurisdiction is given in the Notes and Comments to the Consolidated Financial Statements, Part A.1 – Section 3.

TAX JURISDICTION (AMOUNTS IN € THOUSAND, EXCEPT FOR THE NO. OF EMPLOYEES)	1. NAMES OF RESIDENT ENTITIES	2. CORE BUSINESS	3. NO. OF EMPLOYEES	4. INCOME FROM SALES TO THIRD PARTIES	5. INCOME FROM INTRAGROUP TRANSACTIONS WITH OTHER TAX JURISDICTIONS	6. PROFIT (LOSS) BEFORE TAXATION	7. PROPERTY AND EQUIPMENT	8. COMPANIES' INCOME TAXES ACCRUED (CURRENT)	9. COMPANIES' INCOME TAXES PAID ON A CASH BASIS
Italy	Reference is made to the Consolidated Note Part A.1 Section 3 for a detailed list description of the entities included in the Consolidated Financial Statements and the related tax jurisdictions	Banking activities	818	1,077,877	119,145	262,682	137,941	*93,627*	79,871
of which: Banca Generali S.p.A.[41]		*Banking activities*	*813*	*1,076,466*	*119,145*	*262,632*	*137,616*	*93,627*	*79,838*
Luxembourg[42]		Asset management	29	341,109	460	175,348	1,379	21,933	69,646
Switzerland		Asset management	36	9,447	-	- 8,510	2,351	-	-
Total Report			**883**	**1,428,433**	**119,605**	**429,520**	**141,671**	**115,559**	**149,516**
Reconciliation (consolidation adjustments, intragroup dividends and related taxes)[43]			-	-	-119,605	14,327	-238	5,744	5,744
Consolidated Financial Statements			**883**	**1,428,433**	**-**	**443,847**	**141,433**	**121,303**	**155,260**

The following definitions should be considered when assessing the figures in the above table:

- **No. employees**: number of employees in the year, calculated on a full-time equivalent basis;
- **Income from sales to third parties**: income from transactions with entities not belonging to Banca Generali Group (i.e., entities not included in the Consolidated Financial Statements of Banca Generali S.p.A.). The term "income" is to be construed broadly as corresponding to net banking income gross of interest expense and fee expense. Dividends received from other group entities are not included;
- **Intragroup revenues with other tax jurisdictions**: revenues generated by transactions between group entities resident in different tax jurisdictions. Dividends received from other group entities are not included;
- **Profit/Loss before taxation**: profit gross of taxes. Dividends received from other group entities are not included;
- **Property and equipment** (other than cash and cash equivalents): net carrying amount of property and equipment. Pursuant to IFRS 16, property and equipment includes

[40] As highlighted in the chapter "Integrated Reporting" in this Report, Banca Generali publishes annually, on its corporate website, the specific Country-by-Country Report provided for the banking sector by Article 89 of Directive No. 2013/36/EU (CRD IV), as governed by Bank of Italy Circular No. 285/2013.

[41] Reference is made to the corresponding items in Banca Generali S.p.A.'s Separate Financial Statements for a reconciliation of the amounts reported in the table. In this regard, it should be noted that the sum of income from sales to third parties and intragroup transactions corresponds to the following items of Banca Generali S.p.A.'s Separate Financial Statements: net banking income gross of interest expense and fee expense. Dividends received from other group entities (148,220 thousand euros) and revenues from group entities within the same tax jurisdiction (9 thousand euros) are not included.

[42] Taxes paid in 2023 in Luxembourg included (i) the balance of taxes due for the 2021 tax period amounting to 19,486 thousand euros and (ii) the tax advances for the 2023 tax period amounting 50,159 thousand euros. It should be noted that the significant amount of said advances, which were calculated on the basis of the 2021 results (a year in which BG Fund Management Luxembourg S.A. reported a particularly positive performance), was in excess of the actual taxes due on the basis of the 2023 results. The company initiated the process with the local Tax Authorities to seek for a refund of the excess paid.

[43] The differences that emerge from the total amounts of the Country-by-Country Report and the Consolidated Financial Statements refer to (i) consolidation adjustments made in application of the accounting standards adopted in preparing the Consolidated Financial Statements, and (ii) the exclusion from the Country-by-Country Report of the amounts relating to dividends received from other group entities and the related taxes paid and accrued.

rights of use arising from property and other equipment lease transactions. Cash and cash equivalents, intangible assets and financial assets (equity investments) are not included;

- **Companies' income taxes paid on a cash basis**: corporate income taxes paid (on a cash basis) in the reporting year, regardless of the year to which the taxes refer. Companies' income taxes paid do not include taxes paid on dividends received from other group entities (5,744 thousand euros). In the interest of completeness, it should be noted that the stated amount includes (i) prior years' taxes (421 thousand euros) paid for the tax settlement agreement finalised in July 2023 and concerning minor claims for the 2014 tax period, fully expensed in the Consolidated Financial Statements by drawing from the allocated tax dispute provision and (ii) taxes paid to the Assicurazioni Generali Italian national tax consolidation program (61,642 thousand euros);
- **Companies' income taxes, accrued (current)**: corporate income taxes calculated on the taxable income for the year (current taxes). Prior-year current taxes (a 1,299 thousand euro decrease), deferred tax assets, deferred tax liabilities and any provisions for uncertain tax liabilities (uncertain tax positions) are not included. Taxes accrued on dividends received from other group entities (5,744 thousand euros) are also not included.

As regard the reasons for the difference between (i) the tax burden — expressed in terms of both actual taxes and accrued (current) taxes and (ii) theoretical tax (i.e., tax due for the purposes of GRI 207-4-b-x), see Part C – Section 21 "Income tax for the year from operating activities" – Item 300 in the Notes and Comments to the Consolidated Financial Statements as regard the Group as a whole, and to Part C - Section 19 "Income tax for the year from operating activities" – Item 270 in the Notes and Comments to the Separate Financial Statements of Banca Generali S.p.A.

In addition, the following table shows the actual tax rate and the cash tax rate of Banca Generali, as reported in the Consolidated and Separate Financial Statements of Banca Generali. For further information, reference should be made to the aforementioned sections in the Consolidated and Separate Financial Statements.

ACCOUNTING STATEMENTS	NET PROFIT BEFORE INCOME TAXES (A)[44]	INCOME TAXES FOR THE YEAR[45] (B)	INCOME TAXES PAID (C)[46]	ACTUAL TAX RATE (B/A)	CASH TAX RATE (C/A)[47]
Consolidated Financial Statements	443,847	117,769	155,260	26.5%	35.0%
Separate Financial Statements	410,852	95,975	85,292	23.4%	20.8%

Sustainable Finance Disclosure Regulation

In a context marked by a deep transformation of European financial market regulations on transparency, guided by European Regulation No. 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR), Banca Generali has continued to pursue a number of projects that have integrated and reinforced its procedures, policies and methodologies in accordance with a constantly evolving regulatory framework.

In particular, the regulation on disclosure in the financial services sector was subsequently reinforced by Regulation (EU) No. 2020/852 on the taxonomy of environmentally sustainable activities, which lays down the criteria for determining whether an activity may be considered environmentally sustainable, and Commission Delegated Regulation (EU) No. 2022/1288, which lays down regulatory technical standards (RTS) specifying the information regarding financial instruments that invest in sustainable and environmentally sustainable economic activities.

Within this context, and in relation to its status as signatory of the Principles for Responsible Investments (PRI)[48], Banca Generali regards it as of fundamental importance to integrate ESG factors into its investment process, out of the conviction that these elements, in addition to fostering sustainable economic and social development, may contribute positively to the financial results of the portfolios of its customers, while also mitigating the related risks.

In 2021, Banca Generali Group drafted its Level 1 disclosures pursuant to the SFDR and made them available on the relevant websites with a view to ensuring transparency[49].

With the aim of reinforcing its responsible and sustainable investment practices, in early 2021 Banca Generali adopted its Responsible Investment Policy; it constantly assesses whether to update the Policy to ensure it is consistent with the regulatory framework on sustainability. The Policy requires that the traditional investment analyses based on financial criteria incorporate an analysis focused on sustainability risks and the adverse impacts of investments on sustainability factors: i.e., environmental, social and governance matters such as reducing pollution, combating climate change, respecting human rights, staff development and issues relating to the fight

[44] Profit before taxation including, as regard Banca Generali S.p.A.'s Separate Financial Statements, dividends received from other Banca Generali Group entities.
[45] Income taxes for the year, as reported in the Consolidated and Separate Financial Statements of Banca Generali ("reported taxes"). This item includes current taxes (including those on dividends received from other Banca Generali Group entities), prior years' taxes, deferred tax assets and liabilities and any provisions for uncertain tax liabilities (uncertain tax positions).
[46] Income taxes paid including taxes on dividends received from other Banca Generali Group entities, prior year's taxes paid, and taxes paid to the Assicurazioni Generali Italian national tax consolidation program.
[47] For a definition of the consolidated tax cash, reference is made to note 3 above.
[48] Banca Generali became a PRI signatory in December 2022.
[49] For further information, reference should be made to the websites of BG Private (section on ESG reporting) and of BGFML.

against active and passive corruption.

This integration process involved the use of indicators, such as the ESG rating, and of negative screening tools, such as the restricted list and watch list, developed also with support from external advisors. Such indicators and tools enhance the due diligence process in order to identify any exposures to controversial sectors or violations of the United Nations Global Compact.

In addition, with the entry into force of Commission Delegated Regulation (EU) No. 2022/1288 (RTS), in 2022 Banca Generali Group defined qualifying criteria for designing investment products that, compared to the range of products offered, stand out for their focus on environmental, social and/or good governance aspects, or because they promote sustainability characteristics (Article 8 of the SFDR), or have sustainable investment objectives (Article 9 of the SFDR). These investment solutions are:

- 7 investment lines of Banca Generali's discretionary mandates, which promote environmental and social characteristics pursuant to Article 8 of SFDR[50];
- 45 sub-funds of BG Fund Management Luxembourg[51] S.A., of which 44 that promote environmental or social characteristics pursuant to Article 8 of the SFDR and 1 sub-fund that has sustainable investment as its objective pursuant to Article 9 of the SFDR.

In managing such products, the Group — in order to satisfy the environmental, social or good governance criteria they promote and to achieve sustainable goals — has designed an investment approach based not only on exclusions — whether by sector or due to controversial activities — but also on a holistic assessment of the ESG practices of the financial instruments underlying the portfolios, summarised by an ESG rating assigned by an external provider.

With regard to products for which management has been delegated to a third party, the Group applies the ESG policy of the delegated investment manager together with its policies on exclusions and management of controversial activities. The third party investment manager is subject to periodic due diligence, which is also necessary to ensure compliance of its processes with the Sustainable Investment Policy.

Pursuant to Article 4 of the SFDR, Banca Generali and BG Fund Management Luxembourg S.A. adopted the comply principle to assess principal adverse impacts (PAIs) and, on 30 June 2023, published, respectively, their first PAI Statement (Statement on principal adverse impacts of investment decisions on sustainability factors). The PAI Statement illustrates the financial analyses of the investment risk/return profiles offered to customers with adequate methodologies for assessing, managing and mitigating the principal adverse impacts of investment decisions on environmental and social factors.

This Statement was drawn up in line with the RTS, based on the minimum information required under Articles 4-10 and on the template defined under Annex I. In detail, Banca Generali and BG Fund Management Luxembourg S.A. reported the performance of PAI indicators for the period 1 January 2022 - 31 December 2022. PAI indicators were calculated based on the underlying AUM of portfolio products of the respective companies and taking into account the indicators average on four reporting dates (31 March, 30 June, 30 September and 31 December).

In addition to quantitative indicators, the Statement provided a description of the main management and mitigation measures implemented and/or planned to reduce the reported impacts with regard to the actions envisaged by internal regulations (Responsible Investment Policy), such as, without limitation, integrating the PAI assessment in the ESG score and excluding companies falling into the Restricted Lists. In accordance with the qualitative information required under technical standards, the Statement also provided a description of the methods used to identify and prioritise PAIs on sustainability factors, any adherence to codes of conduct and codes of corporate citizenship (e.g., PRI, PRB, NZBA, etc.) and data sources, the PAI calculation methods and any use of estimates.

[50] For further information on the promotion of environmental and/or social characteristics by Banca Generali's portfolio management services, reference is made to the online disclosure pursuant to Article 10 of the SFDR available at the following link: www.bancageneraliprivate.it/sostenibilità/trasparenza-finanza-sostenibile.

[51] With regard to the investment sub-funds offered by BG Fund Management Luxembourg S.A. pursuant to Articles 8 and 9 of the SFDR, further information on the promotion of environmental and/or social characteristics and investment objectives is available on the online disclosures pursuant to Article 10 of the SFDR at the following link www.bgfml.lu/site/home/sostenibilita.html.

Regulation (EU) No. 2020/852 on Taxonomy disclosure

The European Taxonomy (Regulation EU No. 2020/852) provides a system for classifying environmentally sustainable economic activities and introduces disclosure obligations on said activities for financial and non-financial undertakings, subject to the Non-Financial Reporting Directive (NFRD)[52]. Economic activities are classified according to six environmental objectives:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control;
- the protection and restoration of biodiversity and ecosystems.

The technical-scientific criteria (so-called "technical screening criteria") regarding the objectives of the Taxonomy are defined in specific Delegated Acts[53]. The European Taxonomy classifies economic activities as follows[54]:

- *Taxonomy-non-eligible economic activities*, i.e., activities not described in Delegated Acts;
- *Taxonomy-eligible economic activities*, i.e., activities described in Delegated Acts, irrespective of whether those economic activities meet the technical screening criteria;
- *Taxonomy-aligned activities*, i.e., activities that comply with the following criteria:
  - significant contribution to one of the aforementioned environmental objectives;
  - compliance with the principle DNSH ('Do Not Significant Harm') to the other environmental objectives;
  - observance of the minimum safeguards, namely compliance with the OECD (Organisation for Economic Co-operation and Development) Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, the eight ILO (International Labour Organization) fundamental Conventions covered by the ILO Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

In order to facilitate uniform application of the disclosure requirements established by the Taxonomy, the European Regulator required financial undertakings subject to the NFRD to report on environmentally sustainable economic activities according to the following regulatory deadlines:

- from 1 January 2020 to 31 December 2023, financial undertakings disclosed information regarding their exposures to **Taxonomy-eligible** economic activities;
- from 1 January 2024 to 31 December 2025, financial undertakings are to disclose data relating to exposures to **Taxonomy-aligned** economic activities for the two climate objectives (climate change mitigation and adaptation) and data relating to exposures to **Taxonomy-eligible** economic activities for the remaining four environmental objectives (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems)[55]. Credit institutions use a specific KPI called Green Asset Ratio (GAR);
- with effect from 1 January 2026, credit institutions shall also provide KPIs related to their trading book portfolio and fees and commissions income from services other than lending and asset management.

Banca Generali's approach

Banca Generali adopts a holistic approach to sustainability that integrates ESG considerations into its investments, its range of products and services and its customer relationships. In particular, with regard to its commercial approach, the Bank has integrated its traditional risk-based financial advisory with an approach based on the 17 UN Sustainable Development Goals (SDGs): thanks to the proprietary BG Personal Portfolio platform, customers — with Financial Advisors' support — can express their sustainability preferences and build climate protection-oriented and Taxonomy-aligned portfolios.

52 The NFRD introduces non-financial disclosure obligations for some large undertakings. This Directive has been transposed into Italian law through Legislative Decree No. 254/2016.

53 Commission Delegated Regulation (EU) No. 2023/2485 and Commission Delegated Regulation (EU) No. 2023/2486, published on 21 November 2023, amended and supplemented Commission Delegated Regulation (EU) No. 2021/2139, which establishes the criteria for the first two climate objectives, and determine the technical screening criteria for the other four environmental objectives.

54 Pursuant to Commission Delegated Regulation (EU) No. 2021/2178.

55 This provision reflects an amendment to Commission Delegated Regulation (EU) No. 2021/2178 introduced by Article 5 of Commission Delegated Regulation (EU) No. 2023/2486.

Similarly, the product development process also take into account ESG matters starting with an analysis of target customers' sustainability preferences: the gradual development of Taxonomy-oriented products will be possible, in line with data availability, quality and breadth.

In developing its Taxonomy reporting methodological approach, Banca Generali considered the most recent regulatory developments pursuant to Commission Delegated Regulation (EU) No. 2021/2178 and the clarifications provided by the European Regulator[56].

In 2023, Banca Generali conducted specific analyses to provide its stakeholders a disclosure based on precise, granular data relating both to its on-balance sheet assets and to its off-balance sheet assets.

The Taxonomy Regulation requires credit institutions to prepare their disclosure using the templates provided for in Annex VI of Regulation (EU) No. 2021/2178 and the related KPIs. The templates call for disclosure of data on exposures to Taxonomy-eligible and Taxonomy-aligned economic activities, with the related breakdowns by objective and by type of counterparty. More specifically:

- **Template 0 – Summary of KPIs:** it includes all information to be disclosed by credit institutions under Article 8 Taxonomy Regulation;
- **Template 1 – Assets for the calculation of GAR**: it is the main template for collecting data in millions of euros regarding assets covered for GAR calculation;
- **Template 2 – GAR sector information**: it includes information on exposures towards sectors covered by the Taxonomy (excluded from Banca Generali's FY 2023 reporting scope due to lack of information);
- **Template 3 – GAR KPI stock**: it includes data on stock of exposures calculated based on the data disclosed in Template 1. This template shall be disclosed based on the turnover and CapEx KPIs of the counterparties;
- **Template 4 – GAR KPI flow**: it includes data on the flow of new exposures calculated based on the data disclosed in Template 1. This template shall be disclosed based on the turnover and CapEx KPIs of the counterparties;
- **Template 5 – KPI off-balance sheet exposures**: it includes data on off-balance-sheet exposures (financial guarantees and AUM) calculated based on the data disclosed in Template 1. This template shall be duplicated to disclose stock and flow KPIs. Both versions shall be based on the turnover and CapEx KPIs of the counterparties.

In addition, effective 1 January 2024, the Regulator also requires to disclose information on the Bank's nuclear energy and fossil gas related activities in accordance with the instructions provided for in Annex XII to Commission Delegated Regulation (EU) No. 2021/2178.

Detailed information on each GAR KPI and on the methodology used is appended to this Report (Annex 2 – Disclosure pursuant to Annex VI of Commission Delegate Regulation (EU) No. 2021/2178).

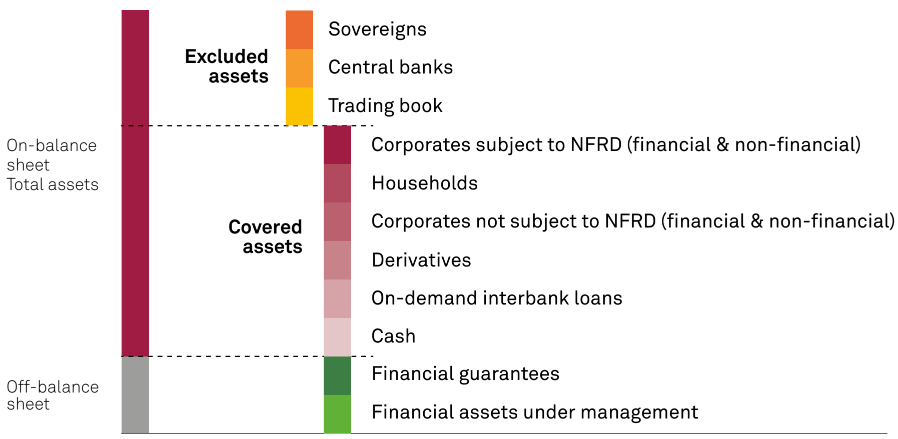
Disclosure of templates and the related KPIs for calculating the GAR on on-balance sheet assets is based on the following reporting scopes:

- ***Total assets***: the scope of Banca Generali S.p.A.'s assets, required by regulations;
- ***Covered assets***: the reporting scope for calculating Taxonomy-eligible and Taxonomy-aligned economic activities; these do not include trading books, exposures to central governments, supranational issuers and central banks;
- ***Excluded assets***: the part of the scope of assets including trading books, exposures to central governments, supranational issuers and central banks; these assets are defined as "excluded" as they are not taken into account in calculating Taxonomy-eligible and Taxonomy-aligned economic activities.

The following sample scheme summarises the reporting scope for on- and off-balance sheet assets, taking into account the aforementioned regulatory obligations.

[56] The document — published in December 2023 and entitled "Draft Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets" — is the third Commission Notice published by the European Commission that provides clarifications on the regulatory provisions contained in Commission Delegated Regulation (EU) No. 2021/2178. In light of the date of publication of this document and the ensuing inability to timely adopt all the guidelines contained therein, Banca Generali has acknowledged the document's provisions and has considered them only partially for the purposes of this report.

SAMPLE SCHEME OF THE REPORTING SCOPE



Banca Generali's reporting scope regarding Banca Generali S.p.A.'s total on-balance sheet assets includes:

- **loans and advances, debt securities, equity instruments and collaterals**, specifically considering both financial assets measured at amortised cost and financial assets measured at fair value, as well as investments in subsidiaries, real estate collaterals, derivatives, on-demand interbank loans, cash and cash-related assets;
- **sovereign securities**;
- **exposures to central banks**;
- **trading book**.

Disclosure of templates and the related KPIs for calculating the GAR on off-balance sheet assets is based on the following reporting scope:

- **financial guarantees** backing loans and advances and other debt instruments towards undertakings;
- **assets under management (AUM)**, including individual and collective portfolio management.

The following table describes in detail the Turnover-based and CapEx-based total assets for on- and off-balance-sheet exposures, as required by the Taxonomy Regulation, providing the FY 2022 delta, where available[57].

TURNOVER-BASED AND CAPEX-BASED ASSETS (€ MILLION)	FY 2023 AMOUNT	FY 2022 AMOUNT	2023/2022
Total on-balance sheet assets	**12,142.85**	**14,161.66**	**-14%**
Of which: covered assets	3,625.12	4,627.02	-22%
(% on total on-balance sheet assets)	29.85%	32.67%	
Of which: excluded assets	8,517.74	9,534.66	-11%
(% on total on-balance sheet assets)	70.15%	67.33%	
Total off-balance sheet covered assets	**28,385.19**		

In addition, for comparative purposes, the following table shows the 2023 adjustment of the indicators required by the Taxonomy Regulation for the 2022 reporting with regard to the proportion of exposures to Taxonomy-eligible and Taxonomy- non-eligible activities.

57 The YoY delta is provided where the disclosure was mandatory for the previous financial year.

TAXONOMY-ELIGIBILITY INDICATORS	DESCRIPTION	2023 € MILLION	2023 % PROPORTION	2022 € MILLION	2022 % PROPORTION
Proportion of exposures to Taxonomy-eligible activities	Exposures to Taxonomy-eligible activities over covered assets	584.59	16.13%	660.50	14.27%
	Exposures to Taxonomy-eligible activities over total assets *		4.81%		4.66%
Proportion of exposures to Taxonomy-non-eligible activities	Exposures to Taxonomy-non-eligible activities over covered assets	3,040.53	83.87%	3,966.51	85.73%
	Exposures to Taxonomy-non-eligible activities over total assets *		25.04%		28.01%

* The Covered Ratio is 29.85%, whereas ratio of excluded assets is 70.15%, as per Regulation.

The level of **Taxonomy-eligibility**, equal to **16.13%**, is calculated on total covered assets. The level of Taxonomy-non-eligibility, which was also calculated on total covered assets, was 83.87%.

It bears also noting that in 2023 the methodology for calculating Taxonomy-eligibility and Taxonomy-alignment indicators was further developed with a view to continuous improvement and in light of the updates introduced by the European Regulator.

The following table shows for the first time Banca Generali's KPIs on environmentally sustainable assets (so-called "Taxonomy-aligned"). Based on the Bank's assets disclosed in Template 1 (total on-balance sheet GAR assets), Taxonomy-aligned exposures accounted for 1.22%. For a detailed description of exposures pursuant to the templates provided for by applicable regulations, reference is made to Annex 2 herein (Disclosure pursuant to Annex VI of Commission Delegate Regulation (EU) No. 2021/2178).

0. SUMMARY OF KPIS TO BE DISCLOSED BY CREDIT INSTITUTIONS UNDER ARTICLE 8 TAXONOMY REGULATION

	TOTAL ENVIRONMENTALLY SUSTAINABLE ASSETS	TURNOVER KPI	CAPEX KPI	% COVERAGE (OVER TOTAL ASSETS)	% OF ASSETS EXCLUDED FROM THE NUMERATOR OF THE GAR	% OF ASSETS EXCLUDED FROM THE DENOMINATOR OF THE GAR
Main KPI						
GAR stock	147.77	4.08%	0.16%	29.85%	12.13%	70.15%

	TOTAL ENVIRONMENTALLY SUSTAINABLE ASSETS	TURNOVER KPI	CAPEX KPI	% COVERAGE (OVER TOTAL ASSETS)	% OF ASSETS EXCLUDED FROM THE NUMERATOR OF THE GAR	% OF ASSETS EXCLUDED FROM THE DENOMINATOR OF THE GAR
Additional KPIs						
GAR (flow)	53.23	8.79%	0.00%	23.52%	12.01%	76.48%
Trading book						
Financial guarantees	0.00	0.00%	0.00%			
Assets under management	761.98	2.69%	1.91%			
Fees and commissions income						

Stakeholder Engagement

Banca Generali liaises with numerous stakeholders that differ by type, requirements and needs expressed. The Bank recognises as stakeholders all those parties (Institutions, Organisations, groups or individuals) which, in a framework of shared but not always naturally converging interests, can influence or be influenced by its activities.

In accordance with the guidelines defined by the AccountAbility 1000 (AA1000) standard, the identification of stakeholders of priority interest for the Bank is carried out taking into consideration the following criteria:

RESPONSIBILITY

Parties to whom Banca Generali has (legal, financial, operational, etc.) responsibilities formalised in contracts, company policies, laws, etc.

INFLUENCE

Parties who, in the current or future context, can influence the Bank's decision-making processes.

PROXIMITY

Parties with whom Banca Generali has established lasting relationships, and parties on which the Organisation depends to ensure its day-to-day operations.

REPRESENTATION

Parties who, for legal/cultural/other reasons, play a representative role for the benefit of other individuals.

STRATEGY

Parties with whom Banca Generali establishes relationships by virtue of the pursuance of its policies or strategic choices.

Overall, stakeholder listening and engagement activities are carried out mainly in order to:
- understand the needs and expectations of stakeholders of priority interest in the medium to long term to support strategic planning;
- anticipate risks of a different nature (operational, reputational, etc.);
- monitor the level of satisfaction and check the extent to which the different stakeholder categories have a positive perception of their relationship with the Bank;
- seize new opportunities through the joint identification of solutions capable of creating shared value for the Organisation and its stakeholders.

The main engagement channels for the different stakeholder categories are listed here under:

BG EMPLOYEES

CHANNELS FOR DIALOGUE

- Periodic engagement survey
- Dedicated portal
- Monthly communications and newsletters
- Individual performance evaluation interviews and joint determination of development goals
- Roundtables with unions and workers' representatives
- Annual meeting with all employees
- Internal meetings and cascading initiatives
- Training activities and team building
- Survey on ESG matters
- Dedicated focus groups

INTERNATIONAL & FINANCIAL SECTOR (INCLUDING COMPANIES, MEDIA, OPINION LEADERS, PROFESSIONAL ASSOCIATIONS, NON-PROFIT ORGANISATIONS AND THE WELFARE INDUSTRY)

CHANNELS FOR DIALOGUE

- Local conventions on financial education
- Press conferences
- Company points of contact dedicated to media and institutional relations
- Meetings with institutions
- Multistakeholder meetings
- Social activities in favour of community

SHAREHOLDERS & AUTHORITIES (INCLUDING SHAREHOLDERS, INVESTORS, ANALYSTS, PROXY ADVISORS)

CHANNELS FOR DIALOGUE

- General Shareholders' Meeting
- Quarterly reports
- Capital Market Days
- Meetings and interviews with analysts, investors and proxy advisors
- International roadshows
- Media news
- Digital channels and social media

CUSTOMERS

CHANNELS FOR DIALOGUE

- Surveys on the level of satisfaction
- Market researches
- Dialogue with consumer associations
- Communications channels devoted to customers (website, e-mail, toll-free phone number)
- Media
- Dedicated events
- Advertising campaigns
- Periodic documentation and in-depth reporting
- Social media

SUPPLIERS & STRATEGIC PARTNERS

CHANNELS FOR DIALOGUE

- Meetings with the Bank and networks
- Working groups on common projects
- Participation in local meetings
- Media
- Events

FINANCIAL ADVISORS (NETWORK)

CHANNELS FOR DIALOGUE

- Survey on ESG matters
- Dedicated portal
- Monthly newsletter
- Dedicated conventions
- Survey on the level of satisfaction
- Website and apps for mobile devices
- Media
- Training
- Local events

COMMUNITIES

CHANNELS FOR DIALOGUE

- Partnerships with observatories and research centres
- Dialogue with universities (e.g., Fintech & Insurtech Observatory of Milan Polytechnic; CeTIF Cattolica University of Milan)
- Website and social media
- Event organisation and participation in, sponsorship of and contribution to third-party events, such as collaborative projects on financial education (FEduF – Foundation for Financial Education and Saving; Abi Edufin3.0) and cultural projects [BG Art Talent and Milano ArtWeek together with the Municipality of Milan; Banca Generali - Un Campione per Amico (A Champion for a Friend)]

PERFORMANCE AND CREATION OF SUSTAINABLE VALUE

at 31.12.2023

India. Pupils of Ranjitsinh Disale, the Global Teacher Prize recipient of 2020, at Paritewadi.

Summary of Operations

Banca Generali Banking Group closed financial year 2023 with a **consolidated net profit of 326.1 million euros** compared to 213.0 million euros for the previous year (+53.1%), driven by the sharp increase in **recurring net profit**, which reached **320.3 million euros** (+45%), far exceeding the three-year Plan's target, thus marking a new historic record in the Bank's sustainable development path.

Profitability benefited from the positive contribution of net interest income, attributable to the gradual upwards revisions of the Bank's asset yields following interest rate rises, from the numerous successful initiatives undertaken to diversify fee income and from the policy of cost containment in a context of persistent inflation pressure.

Net profit growth was also supported by a further business expansion, with **total assets** at an all-time high of **92.8 billion euros (+11.8%),** and the ongoing strengthening of capital and liquidity ratios, already well above regulatory requirements.

Net banking income stood at **788.2 million euros, up 148.3 million euros compared to the previous year** (+23.2%), driven by the sharp increase in **net financial income** (321.3 million euros; +90.9%) against slightly declining **net recurring fees** (447.6 million euros; -1.0%). By contrast, variable fees showed signs of a recovery in the fourth quarter, resulting in line with the previous year (19.2 million euros).

Despite the inflationary pressures, **operating expenses** amounted to 276.7 million euros (+7.9% on an annual basis), including **8.1 million euro** one-off charges mainly linked to feasibility analyses related to possible M&As. **Core operating expenses** totalled **246.8 million euros**, up 6.0%, of which 7.4 million euros generated by the launch of BG (Suisse) (6.1 million euros in 2022), in line with the three-year Plan's guidance. This aggregate's increase was chiefly due to higher IT expenses aimed at strengthening the in-house range and to the initiatives for developing the affluent channel.

Operating efficiency indicators remained at excellent levels: the ratio of **total costs to total assets** decreased to 30 bps and the **cost/income ratio,** adjusted for non-recurring items, further improved to 34.9% compared to 40.8% for the previous year.

Provisions, contributions and charges related to the banking system and **net adjustments** amounted to **66.5 million euros,** up compared to **53.0 million euros** for 2022 (+25.4%), as a result of higher provisions for liabilities and contingencies (+22.7 million euros), only partly offset by the reversals of adjustments to receivables due to the improvement of the portfolio risk profile (-7.8 million euros) and of contributions and charges related to the banking system (-1.5 million euros).
The change in this item was mainly attributable to the increase in provisions for contractual indemnities for the Financial Advisor Network (+24.5 million euros), which were mainly impacted by the alignment of discount rates used to measure actuarial provisions, whose positive contribution declined from 26.7 million euros of the previous year to 5.1 million euros for 2023 (-21.6 million euros). Net of this external effect of discount rates, the year-end aggregate figure changed slightly compared to the previous year (55 million euros compared to 53.8 million euros in 2022; +2.2%).

Operating profit before taxation was 443.8 million euros, up 113.7 million euros compared to the previous year (+34.4%).

Core loans amounted to 14.4 billion euros, down 1.7 billion euros compared to the end of 2022 (-10.5%) due to the concurrent decline in net inflows from customers (-1.7 billion euros; -11.3%).

The **banking book financial assets** stood at 10.7 billion euros (-9.8% compared to the end of 2022). Over 95% of the assets were invested in bonds with a duration of 1.2 years and 52% in floating-rate securities; this allowed to benefit from the sharp interest rate increase underway.
Exposures composed of **loans to customers** reached 2.3 billion euros (-8.8% compared to 2022).
The **interbank position,** net of the bond component, declined to 0.8 billion euros, slightly down compared to the previous year (-2.8%).

With reference to **capital requirements,** the Bank confirmed the soundness of its regulatory aggregates: CET1 ratio was **17.8%** and Total Capital Ratio was **19.0%,** calculated including the proposal to distribute a dividend of 2.15 euros per share, for an overall total amount of **251.2 million euros.** These ratios were above the specific requirements set by the Bank of Italy for the Group (i.e., CET1 ratio at 8% and Total Capital Ratio at 12.3%) for the SREP – Supervisory Review and Evaluation.

With regard to the so-called Windfall Tax for Banks and, on the basis of the provisions introduced upon conversion into law of Italian Legislative Decree No. 104/2023, the Bank opted to allocate the tax to strengthening the Group's capital. Banca Generali's Board of Directors therefore resolved to propose to book, when approving the 2023 Financial Statements, a 26.6 million euro non-distributable equity reserve fully computable in CET1.

Net inflows amounted to **5.9 billion euros** (+2.6% compared to 2022) owing to the impact of market volatility and interest rate dynamics on managed solutions (funds and insurance and financial wrappers), offset by an increase in Assets under Administration (with a rise in assets under custody, driven by BTP, against a decline in current account liquidity).
Managed solutions totalled 0.8 billion euros, accounting for 13.7% of total net inflows compared to 34.6% for 2022.

Overall, **Assets under Advisory** reached **9.6 billion euros** at the end of December, significantly up (+29.8%) compared to year-end 2022. Their ratio to total assets rose to 10.3% (8.9% at year-end 2022).

Total client assets managed by the Group stood at **92.8 billion euros** overall (+11.8%) at 31 December 2023, including the 1.0 billion euro contribution deriving from the assets managed by BG Valeur S.A. In addition, managed assets also included **1.1 billion euros** in Assets under Administration of the Generali Group companies and 4.2 billion euros in funds and Sicavs distributed directly by BGFML, for an overall total of **98.1 billion euros.**

Group Economic and Financial Highlights

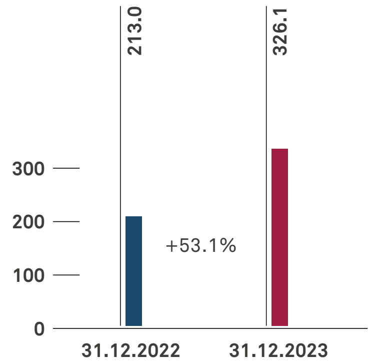
CONSOLIDATED ECONOMIC AND FINANCIAL HIGHLIGHTS

(€ MILLION)	31.12.2023	31.12.2022	CHANGE %
Net interest income	304.4	145.0	110.0
Net financial income	**321.3**	**168.3**	**90.9**
Net fees	466.8	471.5	-1.0
Net banking income	**788.2**	**639.8**	**23.2**
Net operating expenses [d]	**-276.7**	**-256.5**	**7.9**
of which: staff expenses	*-124.4*	*-114.8*	*8.3*
Operating result	**511.5**	**383.3**	**33.4**
Provisions and charges related to the banking system [d] and other one-off charges	-66.0	-44.7	47.6
Adjustments to non-performing loans	-0.5	-8.3	-93.7
Profit before taxation	**443.8**	**330.2**	**34.4**
Net profit	**326.1**	**213.0**	**53.1**

PERFORMANCE INDICATORS

	31.12.2023	31.12.2022	CHANGE %
Cost/income ratio [d] [f]	35.1%	40.1%	-12.4
Operating Costs/Total Assets – annualised [e]	0.30%	0.31%	-3.5
EBITDA [d]	551.2	420.0	31.2
ROE [a]	28.6%	19.6%	45.9
ROA [b]	0.35%	0.26%	37.0
EPS – Earning per share (euros)	2.86	1.86	53.8

NET PROFIT
(€ million)



NET INFLOWS

(€ MILLION) (ASSORETI DATA)	31.12.2023	31.12.2022	CHANGE %
Funds and Sicavs	87	693	-87.4
Financial wrappers	699	1,000	-30.1
Insurance wrappers	15	279	-94.6
Managed solutions	**801**	**1,972**	**-59.4**
Traditional insurance products	**-1,167**	**-814**	**43.4**
Assets under administration	**6,221**	**4,549**	**36.8**
Total	**5,855**	**5,707**	**2.6**

TOTAL CLIENT ASSETS

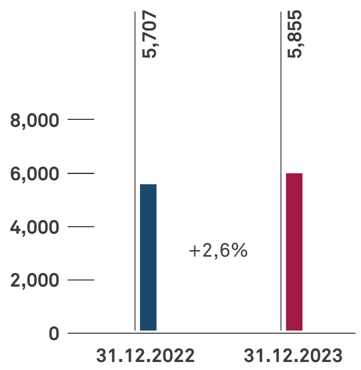
(€ BILLION)	31.12.2023	31.12.2022	CHANGE %
Funds and Sicavs (c)	22.0	20.6	6.5
Financial wrappers (c)	10.5	9.4	12.5
Insurance wrappers	10.6	10.1	4.7
Managed solutions	**43.1**	**40.1**	**7.5**
Traditional insurance products	**14.3**	**15.3**	**-6.7**
Assets under administration	**35.4**	**27.6**	**28.3**
Total (c)	**92.8**	**83.1**	**11.8**

NET EQUITY

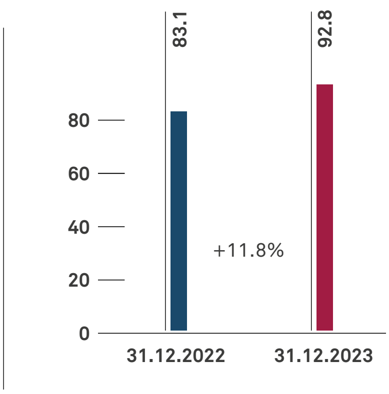
	31.12.2023	31.12.2022	CHANGE %
Net equity (€ million)	1,213.3	1,068.5	13.5
Own funds (€ million)	839.7	762.2	10.2
Excess capital (€ million)	294.8	199.5	47.7
Total Capital Ratio	19.0%	16.7%	13.8

(a) Ratio of net result to the arithmetic average of net equity, including net profit, at the end of the year and at the end of the previous year.
(b) Ratio of net result for the year to Assoreti's year-end exact assets and BG Valeur's AUM, annualised.
(c) Total Assoreti's assets were increased by BG Valeur's assets not included in Assoreti's scope.
(d) For a greater understanding of operating performance, mandatory contributions (of both an ordinary and extraordinary nature) paid to the Italian Interbank Deposit Protection Fund, the European Single Resolution Fund and Italian National Resolution Fund have been reclassified from the administrative expenses aggregate to a separate item. The restatement better represents the evolution of the costs linked to the Bank's operating structure by separating them from the systemic charges incurred.
(e) Ratio of operating expenses, gross of non-recurring components, to Assoreti's year-end exact assets and BG Valeur's assets, annualised.
(f) The cost/income ratio measures the ratio of operating expenses to net operating income.

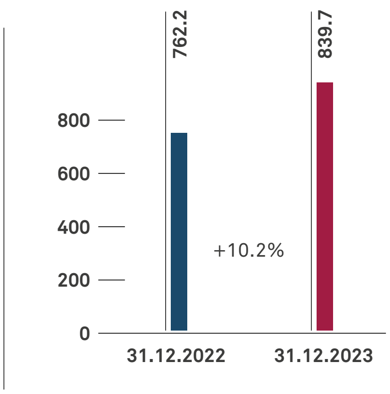
NET INFLOWS
(€ million)



TOTAL CLIENT ASSETS
(€ billion)



OWN FUNDS
(€ million)



Macroeconomic Context and Positioning

Macroeconomic Scenario and Future Prospects

In 2023, both equity and bond markets delivered a positive performance.

The positive returns exhibited by main global equity indexes, together with the capital gains recorded on the main bond yield curves, were triggered by the expectations on the upcoming moves by main central banks.

In 2023, the yield performance of the main government bond curves went through two phases.

In the first ten months of the year, the German ten-year yields showed an upward trend, reaching its high at 3% in October. Afterwards, the trend reversed due to more dovish statements by central banks, with Bund and U.S. Treasury yields declining through November and December.

In light of the decline in inflation data in the United States and the Eurozone (from 6.4% to 3.1% and from 8.6% to 2.4%, respectively), the European Central Bank and the Federal Reserve, after having raised rates by 200 bps and 100 bps, respectively, during the year, seem close to more expansionary monetary policies.

During the year, the spread-based asset class was considerably impacted by the instability generated by the collapse of Credit Suisse and by the US regional banking crisis. Following these events, spreads on investment grade and high yield issues reached their highs at 200 bps and 560 bps, respectively. In March, the spread of AT1 bonds reached approximately 770 bps, followed by a gradual shrinking of credit spreads from then on.

The BTP-Bund spread reached its high for the period in October, exceeding 210 bps, to then close the year at about 155 bps.

With regard to the equity market, 2023 was characterised by positive performances on the main global equity indexes. The S&P 500 rose by approximately 20% compared to year-start (24% in USD), overperforming the Eurostoxx 50 (+19%), albeit by a small extent. This performance was largely driven by the so-called “Magnificent Seven” (Apple, Alphabet, Amazon, Meta, Microsoft, Nvidia, Tesla), accounting for about 80% of the said index’s rise in the year.

Emerging countries underperformed developed economies, with approximately +3% in euros since the beginning of the year (compared to +18% of the MSCI World). This underperformance was largely due to particularly negative returns recorded by Chinese equity indices — -18% for the CSI 300 and -19% for the Hang Seng — due to the real-estate crisis that hit the country and the lack of a post-pandemic consumption recovery. On the other hand, India contributed positively to the index’s performance in emerging countries, gaining around 15% in euro compared to the beginning of the year. At the sector level, the growth segment overperformed the value sector, also as a result of the positive performance of AI-related companies. In detail, the NASDAQ 100 recorded its best year since 1999, with a yield rate of about 50%.

With regard to currencies, the euro gained approximately 3.6% against the US dollar in the year. The euro/dollar exchange rate remained essentially stable in the first half of the year. This trend came to an end in July, following publication of strong US macroeconomic data, which resulted in the strengthening of the dollar. In October, the US dollar began to lose ground against the euro due to the FED’s more dovish statements compared to the ECB on the end of the rate-hike cycle.

In 2023, the prices of the commodities general index declined, with the change concentrated in its cyclical component. This weakness extended throughout the year, albeit with a summer rebound, which was later completely reabsorbed.

The energy sector was particularly weak: not even the prudent supply policy enacted by the OPEC Plus oil-producing countries was enough to offset the many signs of a global economic slowdown, particularly in China. The weakness of the sector was also shaped by concerns as to the possible effects of acceleration of environmental transition policies on future fossil energy demand.

Similar dynamics were also seen at the level of industrial commodities, which are traditionally highly China-driven.

By contrast, precious metals delivered a positive performance. In this latter case, the expectations that arose above all near year-end of the possible launch of an expansionary monetary cycle by the main Western central banks had a positive impact. Agricultural commodities remained stable overall.

Competitive Positioning

Banca Generali is a leading Italian distributor of financial products and services for affluent and private customers through Financial Advisors. The Group's markets of reference are asset management and distribution through its Financial Advisor Networks.

The asset management market

The Italian asset management industry closed financial year 2023 with net outflows of -18.5 billion euros, mainly due to the outflows from long-term flexible and balanced funds.

Assets under management amounted to 1,281 billion euros (net of assets invested in collective management solutions), of which 1,124 billion euros (88%) was invested in Italian and foreign funds and 156 billion euros in retail portfolio management solutions.

Long-term funds accounted for almost all open-ended funds (96.2% in December 2023). These funds included the following categories:
› bond funds (35.6% of total assets or 399.7 billion euros) with 23.7 billion euro net inflows in the year;
› equity funds (32.5% of total assets or 365.3 billion euros), with net outflows of approximately -0.03 billion euros;
› flexible funds (16.3% of total assets or 183.0 billion euros), with net outflows of -25.4 billion euros;
› balanced funds (11.7% of total assets or 131.9 billion euros), with outflows of -17.0 billion euros in the year;
› hedge funds (0.1% of total assets or 1.2 billion euros), with outflows of -0.3 billion euros in the year.

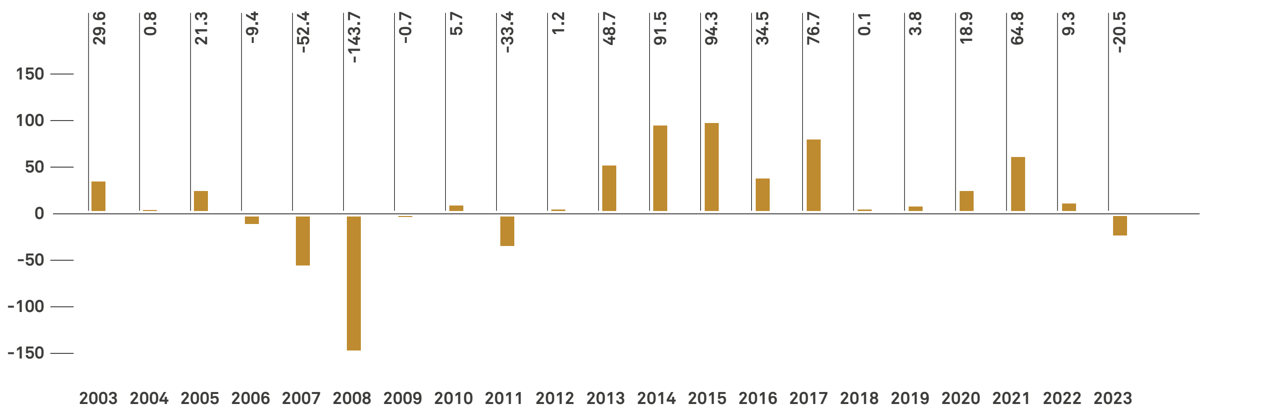
Assets invested in money-market funds amounted to 43.0 billion euros, accounting for 3.8% of total assets, with year-to-date net outflows of -1.6 billion euros overall.

EVOLUTION OF NET INFLOWS AND ASSETS UNDER MANAGEMENT

	NET INFLOWS					ASSETS				
(€ MILLION)	12.2023	12.2022	12.2021	12.2020	12.2019	12.2023	12.2022	12.2021	12.2020	12.2019
Italian funds	5,484	66	5,848	-5,618	-11,362	250,550	228,259	259,028	241,858	245,671
Foreign funds	-26,028	9,272	58,921	24,487	15,151	873,469	846,450	1,004,303	874,624	817,480
Total funds	**-20,544**	**9,338**	**64,769**	**18,869**	**3,789**	**1,124,019**	**1,074,709**	**1,263,331**	**1,116,482**	**1,063,151**
GP Retail	**2,030**	**7,316**	**12,021**	**3,050**	**919**	**156,495**	**144,428**	**164,343**	**136,704**	**132,338**
Total	**-18,514**	**16,654**	**76,790**	**21,919**	**4,708**	**1,280,514**	**1,219,137**	**1,427,674**	**1,253,186**	**1,195,489**

Source: Assogestioni.

THE UCITS[58] MARKET IN ITALY



The Assoreti market

In 2023, the Assoreti market's net inflows amounted to 43.9 billion euros, with a 0.1 billion euro increase (+0.2%) compared to the previous year.

Net inflows from assets under management stood at 5.4 billion euros, declining compared to the previous year. In this segment, the contribution of mutual funds and Sicavs was 3.0 billion euros, whereas that of portfolio management was 2.4 billion euros.

Net inflows from insurance products declined to -2.6 billion euros compared to approximately 8.2 billion euros in December 2022 (unit-linked policies represented the main component of overall net inflows from insurance products).

Market uncertainties and interest rate trends in 2023 drove customers towards assets under administration, which reached 41.0 billion euros, up approximately 13.3 billion euros compared to the previous year (+47.9%). With regard to net inflows from assets under administration, liquidity recorded -5.7 billion euros net outflows, whereas assets under custody reached 46.7 billion euros net inflows.

58 Undertakings for Collective Investment (source: Assogestioni data).

TOTAL NET INFLOWS (ASSORETI)

(€ MILLION)	31.12.2023	31.12.2022	2023-2022 % CHANGE
Total assets under management	5,396	7,862	-31.4%
Total insurance products	-2,588	8,172	-131.7%
Total assets under administration	41,043	27,743	47.9%
Total	**43,850**	**43,777**	**0.2%**

Source: Assoreti.

Banca Generali

In 2023, Banca Generali's net inflows amounted to 5.9 billion euros (+2.6% compared to 2022) owing to the impact of market volatility and interest rate dynamics on managed solutions (funds and insurance and financial wrappers), offset by an increase in assets under administration (with an increase in securities deposits, driven by BTP, against a decline in current account liquidity).

Managed solutions totalled 0.8 billion euros, accounting for 13.7% of total net inflows compared to 34.6% for 2022.

Unlike the previous year, when third-party solutions had been the main component of net inflows from funds and Sicavs (490 million euros at December 2022 vs -312 million euros at December 2023), in 2023 customers were mainly interested in in-house solutions, which totalled 399 million euros (203 million euros in December 2022). This further confirmed the soundness of the initiatives taken to innovate the BGFML range of products. Among managed products, financial wrappers stood out for their result (699 million euros), thanks both to their personalisation options and the new lines aimed at exploiting bond market investment opportunities. Insurance wrappers (BG Stile Libero, Lux Protection Life, BG Oltre and BG Insieme Progetti di Vita) reported 15 million euro net inflows overall — a positive result considering the market trends, though below that of 2022 (-94.6%).

Net inflows from traditional life insurance policies stood at -1,167 million euros (down compared to -814 million euros in 2022), in line a market that favoured assets under administration over insurance solutions.

Net inflows from assets under administration amounted to 6.2 billion euros (up +36.8% compared to 4.5 billion euros for the previous year), driven by investments in securities amounting to 7.5 billion euros.

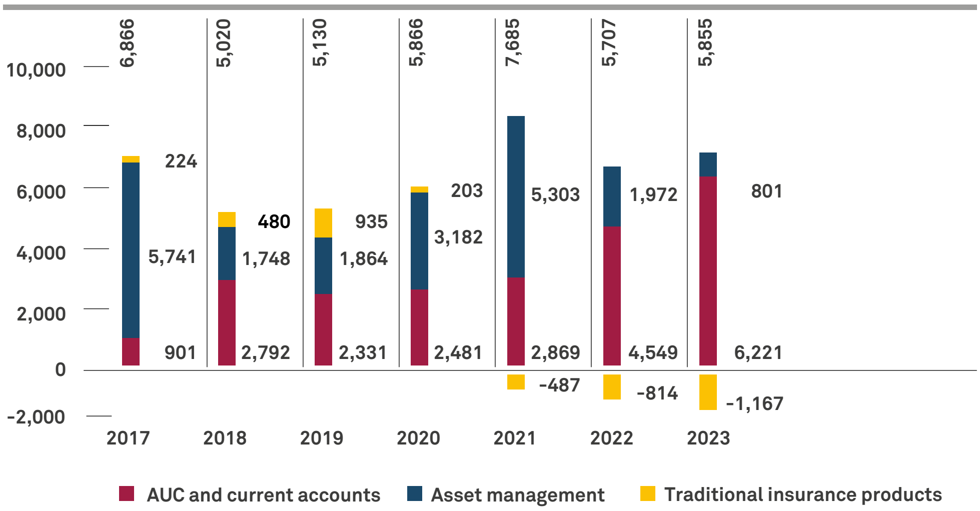
BANCA GENERALI'S NET INFLOWS

	BG GROUP		Y/Y CHANGES VS 31.12.2022	
(€ MILLION)	31.12.2023	31.12.2022	AMOUNT	%
BG Group funds and Sicavs	399	203	196	96.6%
Third-party funds and Sicavs	-312	490	-802	-163.7%
Financial wrappers	699	1,000	-301	-30.1%
Insurance wrappers	15	279	-264	-94.6%
Total assets under management	**801**	**1,972**	**-1,171**	**-59.4%**
Total traditional life insurance policies	-1,167	-814	-353	43.4%
Total assets under administration	6,221	4,549	1,672	36.8%
Total net inflows from products placed by the network	**5,855**	**5,707**	**148**	**2.6%**

The following chart shows how Banca Generali has succeeded in constantly and continuously attracting net inflows, although the market context has profoundly changed in recent years. As already mentioned above, in 2023 the interest rate dynamic and the uncertain market scenario drove customers towards investments in securities, increasing the ratio of net inflows from assets under administration to total net inflows, in line with the previous quarters.

The evolution of net inflows highlights the negative performance of insurance products, mainly attributable to traditional life insurance policies, in line with the market trend.

BANCA GENERALI'S NET INFLOWS EVOLUTION 2017-2023 (€ MILLION)

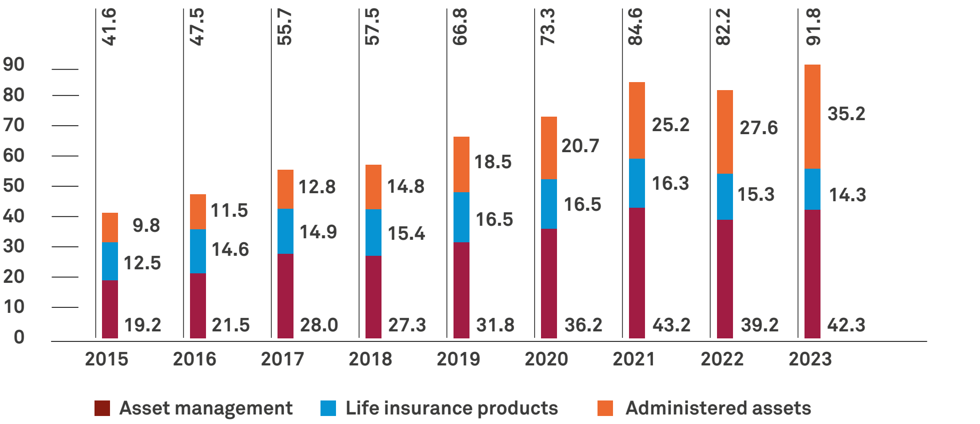


BANCA GENERALI'S AUM (TOTAL ASSORETI AUM)

	BG GROUP		CHANGES VS 31.12.2022	
(€ MILLION)	31.12.2023	31.12.2022	AMOUNT	%
Funds and Sicavs	21,975	20,510	1,465	7.1%
Financial wrappers	9,676	8,594	1,082	12.6%
Insurance wrappers	10,603	10,130	473	4.7%
Total assets under management	**42,254**	**39,234**	**3,020**	**7.7%**
Other life insurance policies	14,314	15,340	-1,026	-6.7%
Total assets under administration	35,231	27,598	7,633	27.7%
Total AUM placed by the network	**91,800**	**82,171**	**9,628**	**11.7%**

At 31 December 2023, Banca Generali's AUM (excluding BG Valeur) amounted to 91.8 billion euros (+11.7%), with managed solutions remaining the main component of its asset mix, accounting for 46.0% of AUM. Traditional life insurance policies declined and accounted for 15.6% of total assets (down compared to 18.7% at 31 December 2022), favouring assets under administration, which accounted for 38.4% of total assets compared to 33.6% at December 2022.

BANCA GENERALI'S TOTAL ASSETS EVOLUTION 2015-2023 (ASSORETI SCOPE)
(€ BILLION)



Considering BG Valeur as well, at 31 December 2023, Banca Generali's AUM amounted to 92.8 billion euros (+11.8%), with managed solutions remaining the main component of its asset mix, accounting for 46.4% of AUM. The component including managed solutions, insurance products and assets under investment also grew (62.9 billion euros; +6.8%), accounting for 67.8% of total assets (assets under advisory amounted to 9.6 billion euros at 31 December 2023).

ASSETS UNDER INVESTMENT

	BG GROUP		CHANGES VS 31.12.2022	
(€ MILLION)	31.12.2023	31.12.2022	AMOUNT	%
Funds and Sicavs	21,975	20,628	1,347	6.5%
Financial wrappers	10,535	9,364	1,171	12.5%
Insurance wrappers	10,603	10,130	473	4.7%
Total managed solutions	**43,113**	**40,121**	**2,992**	**7.5%**
Other life insurance policies	14,314	15,340	-1,026	-6.7%
Total assets under administration	35,396	27,598	7,798	28.3%
Total assets (including BG Valeur)	**92,823**	**83,059**	**9,764**	**11.8%**
Assets under investment (*)	**62,896**	**58,880**	**4,017**	**6.8%**

(*) Assets under management and insurance products + AUC under advanced advisory.

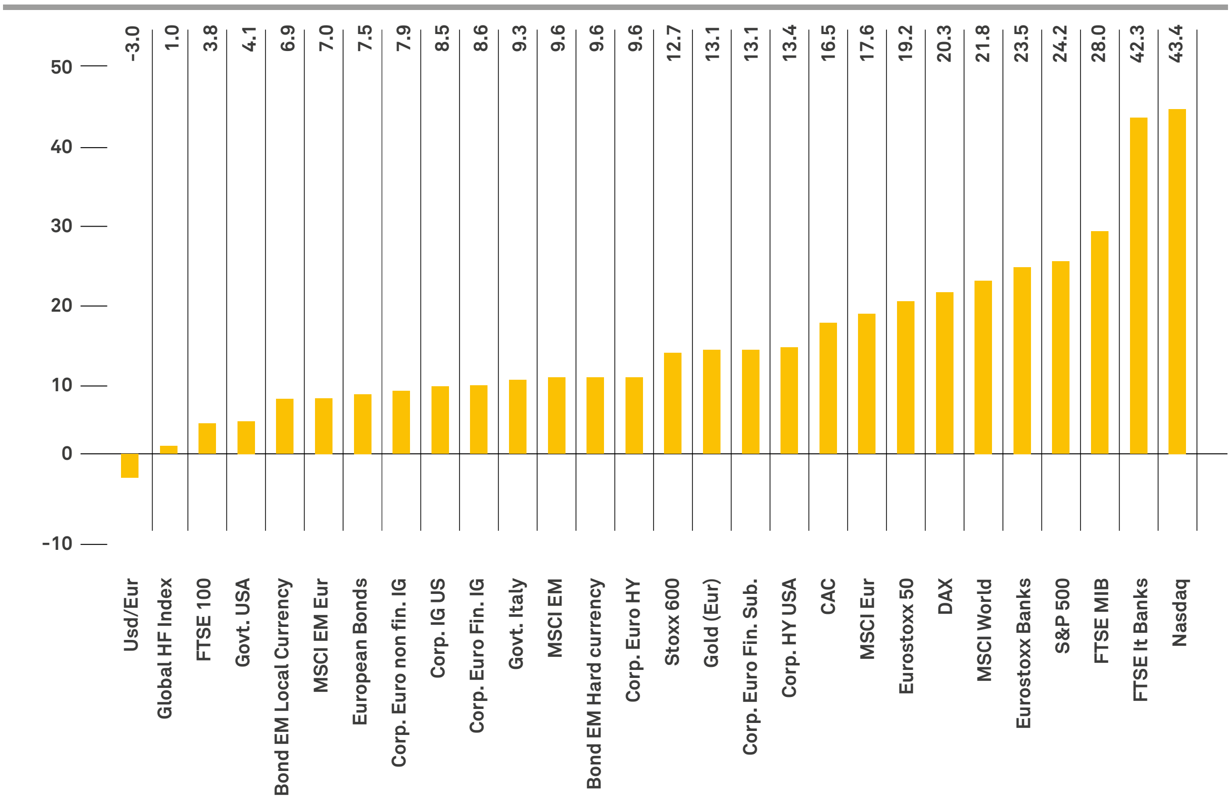
Banca Generali Stock Performance

In 2023, despite a highly volatile context, international equity markets rebounded, recording a positive performance and partly recovering the losses suffered in 2022. The main equity indices rallied to near all-time highs, driven above all by large-caps, with robust gains in both Europe (Euro Stoxx 600 +12.7%, Euro Stoxx 50 +19.2%) and the US (Nasdaq +43.4%, S&P500 +24.2%). Turning to the bond market, near the end of the year government bonds recovered from their negative performances in 2022 and much of 2023, recording positive performances overall (European bonds +7.5%, Corporate Euro High Yield +9.6%, Corporate USA High Yield +13.4%).

Market performance in 2023 was complex, shaped by investors' expectations regarding the monetary policy stances of the main central banks and accompanied by episodes of extreme volatility tied to macroeconomic variables, banking crises and geopolitical tensions. The monetary tightening launched by the FED and ECB in mid-2022 characterised most of the year. The rate hikes were effective at slowing inflation growth in 2023, and this tendency gradually reinforced the prospect of an equity market recovery.

The financial market upswing was concentrated in the final months of the year, reflecting the growing conviction — fuelled by macroeconomic data — that central banks were poised to gain control of the inflationary spiral and that not only was the cycle of interest rate increases over, but that an opposite process of rate cuts was about to begin.

PERFORMANCE OF THE WORLD'S INDEXES IN 2023



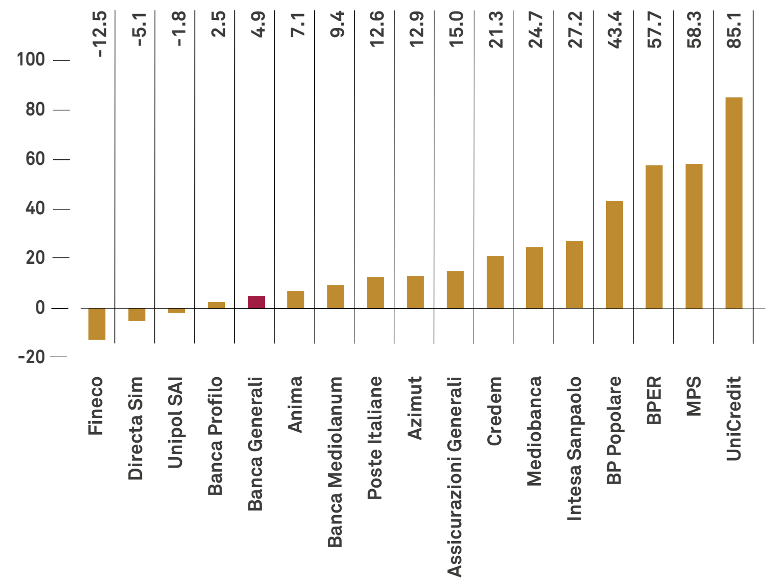
Note: performance expressed in the currency of reference; source: Bloomberg.

The European banking sector strongly benefited from the high interest rate context, and it was no coincidence that it recorded the best equity performances of the year, along with the US technology sector.

Retail banks reported record profits thanks to the favourable effects of higher rates on net interest income — their main income component — and thus yielded very high shareholder remuneration levels. In particular, Italian banks benefitted from this trend, which led to robust gains by the sector index (+42.3%), which in turn supported the increase in the FTSE MIB (+28.0%), driving it above the threshold of 30,000 points for the first time since June 2008.

By contrast, the Italian asset management sector showed a more complex dynamics, slowed by slower demand for high added-value asset management and insurance products and a shift towards assets under administration, considered of lower quality. This trend resulted in a de-rating of the sector from its historical average. Within this context, sector securities recorded a modest average performance (+3.7%[59]).

PERFORMANCE OF THE MAIN FINANCIAL STOCKS ON THE ITALIAN MARKET IN 2023 (%)

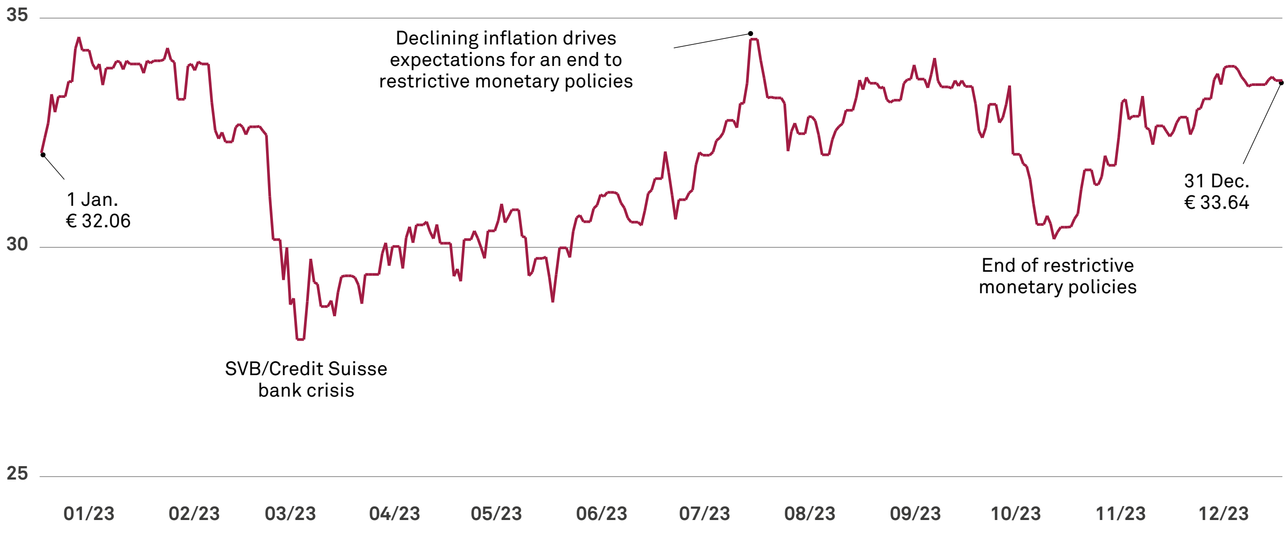


Source: Bloomberg.

Banca Generali's stock performance was volatile during the year, in line with industry trends. After recovering at year-start compared to the 2022 sharp decline, the Bank's share price decreased, in line with the whole financial sector, as a result of the concerns triggered by the baking crises in the United States and in Switzerland in mid-March, reaching its low of 27.99 euros (17 March). The shares then recovered constantly, closing the year at 33.64 euros, up 4.9% from 32.06 euros at the end of the previous year.

[59] Average performance of Azimut, Banca Mediolanum, Banca Generali and Finecobank stocks.

BANCA GENERALI STOCK PERFORMANCE IN 2023



Source: Bloomberg.

At the end of 2023, the Bank's capitalisation was 3,931 million euros.

MARKET PRICES OF BANCA GENERALI SHARES – SUMMARY

€	2023	2022	2021	2020	2019
Maximum	34.59	38.88	43.20	33.00	31.86
Minimum	27.99	24.01	25.54	16.86	18.24
Average	31.99	30.88	34.32	25.90	25.41
Year-end	**33.64**	**32.06**	**38.75**	**27.24**	**28.96**
Capitalisation (€ million)	**3,931**	**3,746**	**4,528**	**3,183**	**3,384**

The Bank's shares amounted to 116,851,637, of which 50.1% held by Assicurazioni Generali. At year-end 2023, the number of treasury shares was 2,920,001, accounting for 2.5% of share capital. These shares are intended for the service of long-term remuneration plans for the Bank's Key Personnel, thus strengthening the alignment of remuneration policies with long-term value creation.

AUTHORISED SHARE CAPITAL

	2023	2022	2021	2020	2019
Number of shares issued	116,851,637	116,851,637	116,851,637	116,851,637	116,851,637
Number of outstanding shares at year-end (*)	113,931,636	114,042,140	114,632,168	115,083,961	115,384,058
Treasury shares	2,920,001	2,809,497	2,219,469	1,767,676	1,467,579

(*) Net of treasury shares.

Business Outlook

In 2024, the macroeconomic scenario will likely be characterised by a slowdown in the United States' economic growth and subdued growth in European Union countries, with central banks that, although still committed to the fight against inflation, should launch a process for loosening monetary policies as soon as mid-year. However, there continue to be risks relating to energy prices, the stability of sovereign debt and, above all, ongoing geopolitical tensions (Russia-Ukraine and Israel-Palestine wars), in addition to risks linked to the US presidential elections, which could generate adverse effects on expected scenarios.

From the standpoint of financial markets, in light of declining inflation and the ensuing loosening of the monetary tightening stance, the macroeconomic context expected for 2024 appears favourable for both bond and equity markets, which will continue to move in sync, although risks inherent the geopolitical situation could impact market volatility.

This macroeconomic scenario is overlaid with certain **dynamics in the financial intermediation sector** that increase its complexity and related risks, potentially impacting results: in particular, several potentially impactful dynamics persist:
- regulatory discontinuity (MiFID 2 Directive, crypto assets regulations);
- the increasing relevance of technology as a factor for success in the business (AI Act, Financial Data Access);
- the evolution of customers in terms of digital and financial literacy, as well as awareness of ESG matters (CSRD).

In this context — which is certainly complex and marked by uncertainties, with customers focused on advisory services and wealth protection, but not devoid of excellent growth opportunities — **choices focusing on service and product innovation**, implementation of stronger financial planning and advisory skills, the higher quality of the Bank's network and the emphasis on internationalisation will continue to prove the winning elements for ensuring that Banca Generali enjoys **sustainable growth** and works to gain further market shares in the investment sector.

In light of the above, and consistently with the 2022-2024 Strategic Plan, in 2024, the Banking Group will **focus its attention on increasing the value of service** bringing the Bank even closer to its Financial Advisor Network and its clients and increasing its commitment towards **sustainability** matters, while constantly ensuring greater dedication to developing **innovative** model solutions.

In line with the pillars of the 2022-2024 Strategic Plan, the main measures to be taken in 2024 will concern:
- **deeply restructuring** the Financial Advisor Network with the aim of increasing closeness, synergy and collaboration to meet customers' needs as part of the evolution of the role of Financial Advisors, with ever increasing sustainability specialisation and expertise in the use of technologies to support their activities;
- developing a **range of targeted solutions** that, building on the ecosystem of products, services and platforms already in place in the private segment, enables to better meet the needs of a wider client base — from Affluent clients to High-Net-Worth (HNW) individuals — with a focus not only on asset management and insurance investment solutions, but also on new generational transfer services and new products and services linked to the project of the newly-established BG (Suisse);
- implementing a new **data-driven network management approach** that, based on an estimate of the growth potential of clients, Financial Advisors and districts and on the identification of the main gaps, drives the coordinated action of the Bank, its Network Managers and Financial Advisors;
- **innovating** the Bank's model by creating a data-driven, digital and open bank through the development and simplification of digital platforms to enhance customer experience;
- developing **AI** processes to improve the assistance, quality and efficiency of services and activities;
- consolidating its position in terms of **sustainability**, becoming a point of reference on ESG matters for all stakeholders. In particular, the Bank will be mainly committed to expanding the sustainable product range offered to its customers and to improving the advisory service quality, in which the continuous ESG training of Financial Advisors plays a fundamental role. As regard human resources, it will continue its efforts to create a work environment that promotes DEI principles and work-life balance, in addition to the active contribution to climate protection and responsible actions towards communities;

› **internationalising** the Banking Group with the start of operations at BG (Suisse), which has obtained the banking licence from the Swiss supervisory authority at the end of 2023.

Despite the inflationary scenario expected in 2024, which naturally drives operating expenses up, Banca Generali will focus on containing the increase in such costs to levels far below revenue growth, mainly orienting such costs to digital innovation and the development of useful products and services that help further improve the quality of advice provided to customers and the network's productivity, as well as to the consolidation of its position in terms of sustainability.

Seizing the opportunities offered throughout 2024 by the new market context and, above all, continuing to implementing the aforementioned actions, the Bank will be able to meet its targets in line with the objectives set for the 2022-2024 three-year period, disclosed to the market at the Investor Day 2022:

› **Consistent Growth**: cumulated net inflows estimated in the range between 18.0 billion euros and 22.0 billion euros 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 steadily growing dividends over the Plan period, based on the approved Dividend Policy, for total cumulative dividends of 7.5-8.5 euros per share in the 2022-2025 period (cash view).

Economic-Financial Capital

Operating Results at Group Level and by Line of Business

Group's Results

Banca Generali Banking Group closed the financial year 2023 with a **consolidated net profit of 326.1 million euros** compared to 213.0 million euros for the previous year (+53.1%), driven by the sharp increase in **recurring net profit**, which reached **320.3 million euros** (+45%), far exceeding the three-year Plan's target, thus marking a new historic record in the Bank's sustainable development path.

Profitability benefited from the positive contribution of net interest income, attributable to the gradual upwards revisions of the Bank's asset yields following interest rate rises, from the numerous successful initiatives undertaken to diversify fee income and from the policy of cost containment in a context of persistent inflation pressure.

Non-recurring net profit amounted to 5.8 million euros compared to a -8.2 million euro loss for 2022, mainly attributable to the impact of prior years' one-off tax charges amounting to 35.3 million euros, as defined under the framework agreement entered into with the Italian Tax Authorities on 19 September 2022.

PROFIT AND LOSS ACCOUNT

			CHANGE	
(€ THOUSAND)	2023	2022	AMOUNT	%
Net interest income	304,400	144,979	159,421	110.0%
Net income (loss) from trading activities and dividends	16,943	23,330	-6,387	-27.4%
Net financial income	**321,343**	**168,309**	**153,034**	**90.9%**
Recurring fee income	958,022	940,689	17,333	1.8%
Fee expense	-510,411	-488,473	-21,938	4.5%
Net recurring fees	**447,611**	**452,216**	**-4,605**	**-1.0%**
Variable fee income	19,225	19,316	-91	-0.5%
Net fees	**466,836**	**471,532**	**-4,696**	**-1.0%**
Net banking income	**788,179**	**639,841**	**148,338**	**23.2%**
Staff expenses	-124,371	-114,789	-9,582	8.3%
Other general and administrative expenses (net of duty recoveries)	-122,910	-116,576	-6,334	5.4%
Net adjustments of property, equipment and intangible assets	-39,727	-36,668	-3,059	8.3%
Other operating expenses/income	10,285	11,488	-1,203	-10.5%
Net operating expenses	**-276,723**	**-256,545**	**-20,178**	**7.9%**
Operating result	**511,456**	**383,296**	**128,160**	**33.4%**
Net adjustments to non-performing loans	-528	-8,334	7,806	-93.7%
Net provisions for liabilities and contingencies	-49,844	-27,101	-22,743	83.9%
Contributions and charges related to the banking system	-16,128	-17,595	1,467	-8.3%
Gains (losses) from equity investments valued at equity	-1,109	-107	-1,002	n.a.
Operating profit before taxation	**443,847**	**330,159**	**113,688**	**34.4%**
Income taxes for the year	-117,769	-81,856	-35,913	43.9%
One-off charges for tax settlement procedures	-	-35,330	35,330	-100.0%
Net profit attributable to minority interests	-58	-61	3	-4.9%
Net profit	**326,136**	**213,034**	**113,102**	**53.1%**

Net banking income amounted to **788.2 million euros**, up 23.2% as a result of the following factors:

- the increase in **net financial income** (321.3 million euros; +90.9%), driven by the strong increase in interest rates that had begun in the fourth quarter of 2022 and thanks to a financial asset structure focusing on a bond portfolio with a short duration (1.2 years) and a high exposure to variable rates (52.0% of the total);
- the resilience of **gross recurring fees** (958 million euros; +1.8%), which confirmed their recovery trend compared to the previous year, driven in particular by:
  - a slight decline in investment fees[60] (846.0 million euros; -0.3%), which, as a result of a modest change in traditional gross management fees (804.6 million euros;-1.0%), nonetheless benefited from the acceleration of the advisory component (41.3 million euros; +15.2%);
  - the growth of **other recurring fees** (112.0 million euros; +21.9%) thanks to the positive performance of bond placement and the rebound of customers' trading activities;
- the signs of a recovery in **variable fees**, which — thanks to the fourth quarter increase (+8.9 million euros) — reached **19.2 million euros**, in line with 2022.

Despite inflationary pressures, **operating expenses** amounted to 276.7 million euros (+7.9% on an annual basis), including **8.1 million euro** one-off charges mainly linked to feasibility analyses related to possible M&As. **Core operating expenses**[61] totalled **246.8 million euros**, up 6.0%, of which 7.4 million euros generated by the launch of BG (Suisse) (6.1 million euros in 2022), in line with the three-year Plan's guidance. This aggregate's increase was chiefly due to higher IT expenses aimed at strengthening the in-house range and to the initiatives for developing the affluent channel.

Operating efficiency indicators remained at excellent levels: the ratio of **total costs to total assets** decreased to 30 bps and the **cost/income ratio**, adjusted for non-recurring items, further improved to 34.9% compared to 40.8% for the previous year.

Provisions, contributions and charges related to the banking system and **net adjustments** amounted to **66.5 million euros**, up compared to **53.0 million euros** for 2022 (+25.4%), as a result of higher provisions for liabilities and contingencies (+22.7 million euros), only partly offset by the reversals of adjustments to receivables due to the improvement of the portfolio risk profile (-7.8 million euros) and of contributions and charges related to the banking system (-1.5 million euros).

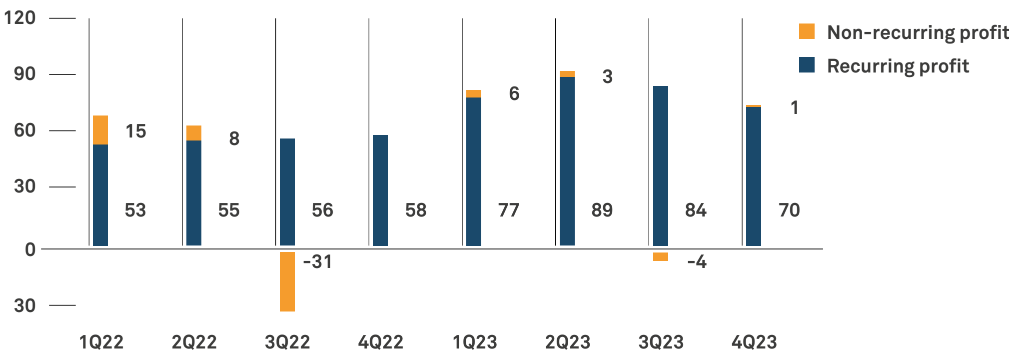
The change in this item was mainly attributable to the increase in provisions for contractual indemnities for the Financial Advisor Network (+24.5 million euros), which were mainly impacted by the alignment of discount rates used to measure actuarial provisions, whose positive contribution declined from 26.7 million euros of the previous year to 5.1 million euros for 2023 (-21.6 million euros). Net of this external effect of discount rates, the year-end aggregate figure changed slightly compared to the previous year (55 million euros compared to 53.8 million euros in 2022; +2.2%).

Operating profit before taxation was 443.8 million euros, up 113.7 million euros compared to the previous year (+34.4%).

The **tax burden for the year** amounted to **117.8 million euros**, up 35.9 million euros compared to the previous year (+43.9%). The overall tax rate was 26.5%, sharply up compared to 24.8% for 2022, mainly as a result of the marked increase in net interest income and the ensuing higher contribution of Italian entities to the Group's result.

[60] The new aggregate of investment fees includes management fees and advisory fees linked to the BG Personal Advisory (BGPA) service. This definition reflects the new approaches in terms of regulatory provisions.
[61] Operating expenses, net of non-recurring items, amounting to 8.1 million euros (3.5 million euros in 2022), and of costs related to sales personnel amounting to 21.8 million euros (20.2 million euros in 2022).

QUARTERLY NET PROFIT (€ MILLION)



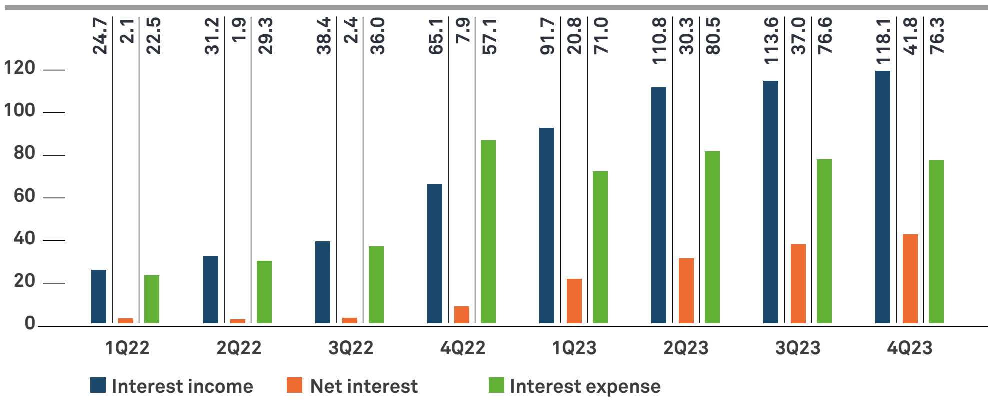
QUARTERLY EVOLUTION OF THE PROFIT AND LOSS ACCOUNT

(€ THOUSAND)	4Q23	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22
Net interest income	76,320	76,626	80,502	70,952	57,142	35,993	29,309	22,535
Net income (loss) from trading activities and dividends	4,061	3,066	5,860	3,956	2,486	5,186	11,035	4,623
Net financial income	**80,381**	**79,692**	**86,362**	**74,908**	**59,628**	**41,179**	**40,344**	**27,158**
Recurring fee income	241,244	237,997	240,668	238,113	232,688	229,397	233,988	244,616
Fee expense	-131,303	-123,650	-130,602	-124,856	-123,866	-117,396	-122,564	-124,647
Net recurring fees	**109,941**	**114,347**	**110,066**	**113,257**	**108,822**	**112,001**	**111,424**	**119,969**
Variable fee income	8,887	2,773	2,558	5,007	1,740	2,022	1,894	13,660
Net fees	**118,828**	**117,120**	**112,624**	**118,264**	**110,562**	**114,023**	**113,318**	**133,629**
Net banking income	**199,209**	**196,812**	**198,986**	**193,172**	**170,190**	**155,202**	**153,662**	**160,787**
Staff expenses	-34,065	-30,393	-30,200	-29,713	-29,651	-27,753	-28,641	-28,744
Other general and administrative expenses	-40,856	-27,279	-28,675	-26,100	-36,277	-27,556	-29,251	-23,492
Net adjustments of property, equipment and intangible assets	-10,689	-9,818	-9,820	-9,400	-10,038	-9,013	-8,934	-8,683
Other operating income/expenses	2,403	1,250	5,091	1,541	1,311	2,336	6,853	988
Net operating expenses	**-83,207**	**-66,240**	**-63,604**	**-63,672**	**-74,655**	**-61,986**	**-59,973**	**-59,931**
Operating result	**116,002**	**130,572**	**135,382**	**129,500**	**95,535**	**93,216**	**93,689**	**100,856**
Net adjustments to non-performing loans	458	-426	-1,715	1,155	-862	-2,615	-2,792	-2,065
Net provisions	-22,525	-8,612	-8,478	-10,229	-16,093	350	-6,359	-4,999
Contributions and charges related to the banking system	1,681	-11,964	155	-6,000	-595	-11,118	-	-5,882
Gains (losses) from equity investments valued at equity	-869	-145	-92	-3	6	-55	-432	374
Operating profit before taxation	**94,747**	**109,425**	**125,252**	**114,423**	**77,991**	**79,778**	**84,106**	**88,284**
Income taxes for the year	-23,727	-29,370	-33,283	-31,389	-20,383	-20,372	-21,103	-19,998
One-off charges for tax settlement procedures	-	-	-	-	-	-35,330	-	-
Net profit attributable to minority interests	-15	5	-11	-37	-41	-5	-2	-13
Net profit	**71,035**	**80,050**	**91,980**	**83,071**	**57,649**	**24,081**	**63,005**	**68,299**

Net interest income

At the of 2023, net interest income amounted to 304.4 million euros, up 159.4 million euros (+110.0%) compared to the previous year, driven by the sharp increase in market interest rates, launched by major central banks in the fourth quarter of 2022 and still ongoing.

NET INTEREST (€ MILLION)



In particular, the debt securities portfolio showed a 188.2 million euro rise in interests accrued (+172.3%), mainly attributable to its structure, which allowed it to rapidly align with the new market context.

The Bank could fully benefit from the strong increase in bond yields, thanks to a financial asset structure focusing on a bond portfolio with a short duration (1.2 years) and a high exposure to variable rates (52.0% of the total), despite a modest contraction in average loan volume (-3.2%).

The average yield of the bond portfolio stood at around 278 bps in the reporting period, sharply up compared to nearly 100 bps at the end of 2022 (+184%).

Within this context, interest on loans to customers, most of which are benchmarked on the Euribor, also rose sharply by 67.2 million euros (+185.3%), chiefly driven by the increase in the average loan rates, which went from 146 bps to 430 bps.

The marked reversal of the interbank interest rate trend also impacted exposures to banks that, despite a strong reduction in average loan volumes (-44.8%), reported higher interest income for 26.5 million euros. This aggregate was mainly driven by transactions with the ECB, namely overnight deposits[62] and the minimum reserve[63] (+11.6 million euros), and by income from repurchase agreement transactions (+8.7 million euros).

The interest rate performance led however to a leap in the cost of funding, which went from just above 14.4 million euros at the end of 2022 to 129.8 million euros, as a result of both the interest expense, benchmarked on Euribor, recognised on net inflows from customers' current account deposits (+57.5 million euros) and interest on repurchase agreement transactions with banks and customers (+59.9 million euros).

At the end of the year, net inflows from repurchase agreements with customers, mainly composed of very short-term Treasury transactions with Cassa di Compensazione e Garanzia S.p.A., and with banks reached 1.6 billion euros, decreasing compared to the end of 2022 (1.8 billion euros), thus contributing to offsetting net outflows from customers' current account deposits due to the high return offered by investments in assets under administration and net outflows due to the end of TLTROs in the fourth quarter of 2022.

[62] Transactions with the ECB on overnight deposits were launched in September 2022.
[63] As of the reserve maintenance period starting in September 2023, the ECB stopped remuneration of minimum reserves.

NET INTEREST INCOME

(€ THOUSAND)	2023	2022	CHANGE AMOUNT	CHANGE %
Financial assets measured at fair value through profit or loss	94	114	-20	-17.5%
Financial assets measured at fair value through other comprehensive income (*)	20,318	75	20,243	n.a.
Financial assets measured at amortised cost (*)	277,046	109,031	168,015	154.1%
Total financial assets	**297,458**	**109,220**	**188,238**	**172.3%**
Loans to banks	17,653	2,801	14,852	n.a.
Loans to the ECB and the Italian NCB	15,137	3,490	11,647	333.7%
Loans to customers	103,439	36,256	67,183	185.3%
Other assets	555	253	302	119.4%
Negative interest expense on other liabilities	-	7,385	-7,385	-100.0%
Total interest income	**434,242**	**159,405**	**274,837**	**172.4%**
Due to banks	1,324	866	458	52.9%
Repurchase agreements – banks	16,867	491	16,376	n.a.
Due to customers	62,001	4,475	57,526	n.a.
Repurchase agreements – customers	46,315	2,783	43,532	n.a.
IFRS 16-related financial liabilities	3,335	3,200	135	4.2%
Other liabilities and negative interest income on other assets	-	2,611	-2,611	-100.0%
Total interest expense	**129,842**	**14,426**	**115,416**	**n.a.**
Net interest income	**304,400**	**144,979**	**159,421**	**110.0%**

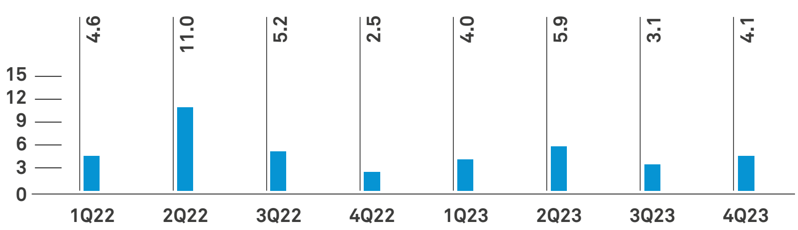
(*) Including hedging differentials.

The negative interest expense paid by counterparties on the Bank's funding operations and the negative interest income paid to counterparties on loans reduced to zero; in the same period of 2022, they had amounted to +7.4 million euros and -2.6 million euros, respectively.

Net income from trading activities and dividends

Net income from trading activities and dividends is composed of the net income on financial assets and liabilities held for trading and other assets measured at fair value through profit or loss, realised gains and losses from the disposal of financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost, dividends and any gain or loss on hedging.

NET RESULT OF FINANCIAL OPERATIONS (€ MILLION)



At the end of 2023, the item was positive for 16.9 million euros, although decreasing by 6.4 million euros (-27.4%) compared to the previous year.

NET RESULT OF FINANCIAL OPERATIONS

(€ THOUSAND)	2023	2022	CHANGE AMOUNT	CHANGE %
Dividends and income on UCITS	**1,215**	**1,145**	**70**	**6.1%**
Trading of financial assets and equity derivatives	-28	-55	27	-49.1%
Trading of financial assets and derivatives on debt securities and interest rates	312	14	298	n.a.
Trading of UCITS units	29	-	29	n.a.
Securities transactions	313	-41	354	n.a.
Currency and currency derivative transactions	3,627	3,600	27	0.8%
Net income (loss) from trading activities	**3,940**	**3,559**	**381**	**10.7%**
Equity securities and UCITS	4,736	-11,941	16,677	-139.7%
Debt securities	-62	16	-78	-487.5%
Financial Advisors' policies and other financial assets	388	359	29	8.1%
Net income (loss) on assets measured at fair value through profit and loss	**5,062**	**-11,566**	**16,628**	**-143.8%**
Net income (loss) from hedging	**1,183**	**1,884**	**-701**	**-37.2%**
Gains (losses) from disposal on HTC and HTCS debt securities	**5,543**	**28,308**	**-22,765**	**-80.4%**
Net result of financial operations	**16,943**	**23,330**	**-6,387**	**-27.4%**

Net income from **trading activities** amounted to 3.9 million euros, due to the higher contribution of debt securities transactions.

Net income of assets mandatorily measured at fair value through profit or loss contributed a positive 5.1 million euros, sharply increasing compared to 2022 (+16.6 million euros), chiefly attributable to the fair value adjustment of the important investment in the Forward Fund (+5.0 million euros compared to -10.8 million euros at the end of 2022).

The treasury management of debt securities allocated to the HTCS and HTC portfolios recorded **gains on disposals** for the year amounting to 5.5 million euros, markedly down on 2022 (-22.8 million euros; -80.4%), mostly attributable to the turnover of the HTC portfolio.

Net income from hedging amounted to 1.2 million euros, attributable to the early unwinding of some asset swap transactions.

Fee income

Fee income totalled 977.2 million euros, up compared to 2022 (+1.8%) mainly due to the expansion of recurring fees (+1.8%), offset by essentially stable variable fees (-0.5%).

(€ THOUSAND)	2023	2022	CHANGE AMOUNT	CHANGE %
Management fees	804,637	812,907	-8,270	-1.0%
BGPA advisory fees	41,340	35,891	5,449	15.2%
Recurring investment fees	**845,977**	**848,798**	**-2,821**	**-0.3%**
Underwriting fees	41,098	30,487	10,611	34.8%
Fees for other services	70,947	61,397	9,550	15.6%
Other recurring fees	**112,045**	**91,884**	**20,161**	**21.9%**
Performance fees	19,225	19,323	-98	-0.5%
Total fee income	**977,247**	**960,005**	**17,242**	**1.8%**

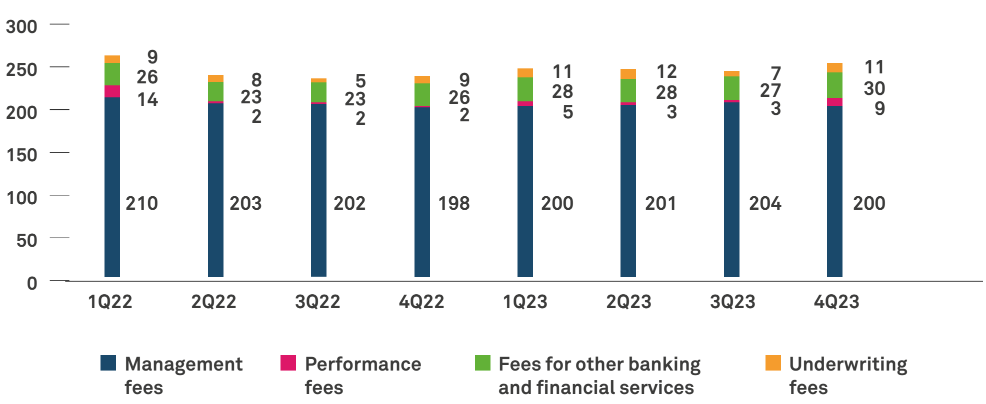
The new aggregate of **investment fees** include both management fees and BG Personal Advisory (BGPA) advisory fees and amounted to **846.0 million euros**, in line with the previous year. It benefited from the acceleration of the advisory component (41.3 million euros; +15.2%), in addition to traditional gross management fees.

With regard to recurring fees, **management fees** continued to show a reduction that is being reabsorbed (-1.0%), partly as a result of the negative performance of the insurance segment (-7.2%) and, for the remainder, of the subdued dynamics of average total assets managed (-1.2%[64]) and of their profitability compared to 2022.

Underwriting fees (+34.8%) benefited in particular from the good performance of bond placements (+7.4 million euros) and the sharp recovery of the **certificate** placement activity (+4.9 million euros; +31.9%), offset just by a decline in fees for the placement of UCITS (-4.4%).

Fees for other services, of a banking and financial nature, net of BGPA advisory fees, grew by 15.6% mainly thanks to the income generated by retail brokerage (+33.8%).

BREAKDOWN OF FEE INCOME (€ MILLION)



Fee income from the solicitation of investment and asset management reached **865.0 million euros** and, net of the aforementioned non-recurring component, rose slightly compared to the previous year (+0.3%).

ASSET MANAGEMENT FEE INCOME

(€ THOUSAND)	2023	2022	CHANGE AMOUNT	CHANGE %
1. Collective portfolio management	339,767	344,752	-4,985	-1.4%
2. Individual portfolio management	108,880	93,518	15,362	16.4%
Fees for portfolio management	**448,647**	**438,270**	**10,377**	**2.4%**
1. Placement of UCITS	136,861	138,099	-1,238	-0.9%
of which: UCITS promoted by the Group	*5,208*	*4,937*	*271*	*5.5%*
2. Placement of bonds and equity securities	33,162	20,898	12,264	58.7%
of which: certificates	*20,194*	*15,311*	*4,883*	*31.9%*
3. Distribution of third-party asset management products (GPM/GPF, pension funds)	1,379	1,175	204	17.4%
4. Distribution of third-party insurance products	244,411	263,631	-19,220	-7.3%
5. Distribution of other third-party financial products	500	645	-145	-22.5%
Fees for the placement and distribution of financial services	**416,313**	**424,448**	**-8,135**	**-1.9%**
Asset management fee income	**864,960**	**862,718**	**2,242**	**0.3%**

[64] Data referring to the yearly change in average AUM related to managed solutions, including BG Valeur and BG-FML's direct AUM.

With reference to the **Sicavs** promoted by the Banking Group, **management fees** — net of the effect of non-recurring performance components — decreased moderately by 1.7%, slightly in contrast with the performance of average AUM managed by the Group's Luxembourg-based management company BGFML (+0.86%).

Overall, at the end of the year total assets managed by BGFML amounted to 10.4 billion euros, up 10.0% compared to the end of 2022.

Fee income from **distribution of insurance products(-7.3%)** and **placement of third-party UCITS (-1.1%)** were instead weighted down by lower average AUM and reported a 5.6% and a 0.1% decline, respectively, in average AUM, as well as by a sharp decrease in underwriting fees (insurance products at -18.3% and third-part UCITS at -10.2%).

In contrast with the above-mentioned aggregates, **individual portfolio management** grew by 16.4% in terms of income and by 10.1% in terms of AUM.

Fee income for other services, of a banking and financial nature, including BGPA advisory fees, stood at 112.3 million euros, mainly thanks to the rise in advance advisory (+15.0%) and fees for trading (+25.1%).

FEE INCOME FOR OTHER SERVICES

(€ THOUSAND)	2023	2022	CHANGE AMOUNT	CHANGE %
BG Personal Advisory fees	41,340	35,940	5,400	15.0%
Advisory fees for AG Group's unit-linked products and other fees	10,188	9,546	642	6.7%
Investment advisory fees	**51,528**	**45,486**	**6,042**	**13.3%**
Fees for trading and custody	46,767	37,393	9,374	25.1%
Fees for collection and payment services	4,543	4,840	-297	-6.1%
Fee income and account-keeping expenses	4,310	5,459	-1,149	-21.0%
Fees for other services	5,139	4,109	1,030	25.1%
Fees for other banking services	**60,759**	**51,801**	**8,958**	**17.3%**
Total fee income for other services	**112,287**	**97,287**	**15,000**	**15.4%**

With regard to investment advisory, income from **BG Personal Advisory (BGPA) advisory fees** amounted to 41.3 million euros, up 15.0% thanks to the increase in Assets under Advisory, which totalled **9.6 billion euros** overall (+29.8%), with a ratio to total assets of 10.3% (8.9% at the end of 2022).

Other advisory services referred mainly to unit-linked insurance products of the Insurance Group and amounted to 10.2 million euros (+6.7%).

Fee expense

Fee expense, including fee provisions[65], amounted to 510.4 million euros, up 4.5% compared to 2022, with a more marked increase than that of the fee income aggregate.

[65] In order to ensure a better understanding of operating performance, in the reclassified consolidated Profit and Loss Account the provisions for incentives related to sales and recruitment plans have been reclassified within the net fee aggregate. As a result, net provisions were restated net of these items for an amount of 14.9 million euros for 2023 and 18.8 million euros for 2022.

Net of fees paid back on net interest income[66], the Bank's ratio of total payout to total fee income (net of performance fees) was 52.0%, in line with 51.7% at the end of 2022.

FEE EXPENSE

(€ THOUSAND)	2023	2022	CHANGE AMOUNT	CHANGE %
Ordinary payout	314,832	302,804	12,028	4.0%
Extraordinary payout	99,631	102,475	-2,844	-2.8%
Other network maintenance expenses	37,145	28,548	8,597	30.1%
Fee expense for off-premises offer	**451,608**	**433,827**	**17,781**	**4.1%**
Fees for portfolio management	37,530	36,896	634	1.7%
Other fee expense	21,273	17,750	3,523	19.8%
Total	**510,411**	**488,473**	**21,938**	**4.5%**

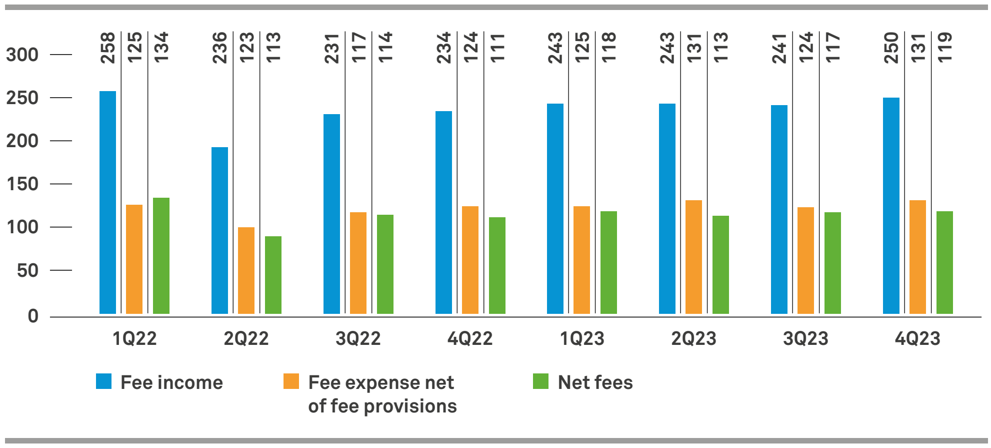
Fee expense for off-premises offer paid to the Financial Advisor Network amounted to 451.6 million euros (+4.1%) as a result of the increased ordinary payout (+12.0 million euros), which was impacted, *inter alia*, by higher fees on net interest income (+10.1 million euros) and other expenses incurred for the network (+8.6 million euros).

The slight decline in extraordinary payout was instead attributable to the slowdown of the recruitment activity (-23.7%), almost fully offset by a significant progress in the remuneration of organic growth (22.0%).

Fees for portfolio management stood at 37.5 million euros and mostly referred to administration and third-party management fees incurred by the Group's management company for the management of the Sicavs under administration.

Other **fee expense for other services, of both a banking and financial nature**, totalled 21.3 million euros, mainly including fee expense for custody and trading and fees for collection and payment services, and grew by 19.8% chiefly as a result of trading activities.

BREAKDOWN OF QUARTERLY FEE INCOME (€ MILLION)



[66] The numerator of the total payout ratio does not includes 12.0 million euro fee expense, which as of the fourth quarter of 2022 has been paid back to the Financial Advisor Network, calculated on the basis of net interest income (1.9 million euros at the end of 2022). At 31 December 2023, the ratio of said fees to net interest income was 3.9%.

Operating expenses

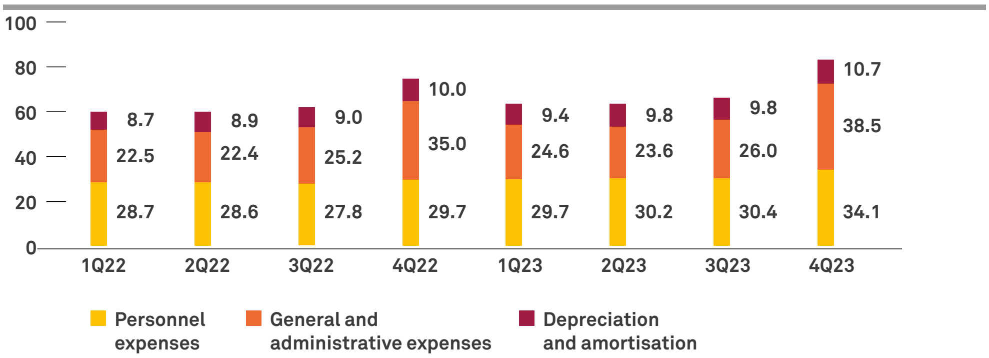
Despite the inflationary pressures, **operating expenses** amounted to 276.7 million euros (+7.9% on an annual basis), including **8.1 million euro** one-off charges mainly linked to feasibility analyses related to possible M&As. **Core operating expenses**[67] totalled **246.8 million euros**, up 6.0%, of which 7.4 million euros generated by the launch of BG (Suisse) (6.1 million euros in 2022), in line with the three-year Plan's guidance. This aggregate's increase was chiefly due to higher IT expenses aimed at strengthening the in-house range and to the initiatives for developing the affluent channel.

Operating efficiency indicators remained at excellent levels: the ratio of **total costs to total assets** was 30 bps and the **cost/income ratio**, adjusted for non-recurring items, further improved to 34.9% compared to 40.8% for the previous year.

OPERATING EXPENSES

			CHANGE	
(€ THOUSAND)	2023	2022	AMOUNT	%
Staff expenses	124,371	114,789	9,582	8.3%
General and administrative expenses and other net income	112,625	105,088	7,537	7.2%
Net adjustments of property, equipment and intangible assets	39,727	36,668	3,059	8.3%
Operating expenses	**276,723**	**256,545**	**20,178**	**7.9%**

OPERATING COST STRUCTURE (€ MILLION)



Within this aggregate, **staff expenses**, including employees, interim staff and directors, reached 124.4 million euros, up 9.6 million euros (+8.3%) mainly as a result of the further organic growth of the Group's workforce (+6.5 million euros) and, to a lower extent, of the incidence of variable remuneration (+2.3 million euros).

[67] Operating expenses, net of non-recurring items, amounting to 8.1 million euros (3.5 million euros in 2022), and of costs related to sales personnel amounting to 21.8 million euros (20.2 million euros in 2022).

STAFF EXPENSES

(€ THOUSAND)	2023	2022	CHANGE AMOUNT	CHANGE %
1) Employees	**122,575**	**113,229**	**9,346**	**8.3%**
Ordinary remuneration	90,700	84,218	6,482	7.7%
Variable remuneration and incentives	24,030	21,758	2,272	10.4%
Other employee benefits	7,845	7,253	592	8.2%
2) Other staff	**-11**	**-131**	**120**	**-91.6%**
3) Directors and Auditors	**1,807**	**1,691**	**116**	**6.9%**
Total	**124,371**	**114,789**	**9,582**	**8.3%**

The Group's employees totalled 1,065 at the end of the year, 43 more compared to 2022 (+4.2%), against an increase by 42 in the average headcount for the reporting period (+4.2%).

EMPLOYEES

	31.12.2023	31.12.2022	CHANGE AMOUNT	CHANGE %	WEIGHTED AVERAGE (*) 2023	WEIGHTED AVERAGE (*) 2022
Managers	78	73	5	6.8%	76	71
Executives	371	360	11	3.1%	369	359
Employees at other levels	616	589	27	4.6%	591	564
Total	**1,065**	**1,022**	**43**	**4.2%**	**1,036**	**994**

(*) Quarterly weighted average, with part-time employees considered at 50% by convention.

Other general and administrative expenses and other net income totalled 112.6 million euros, with a 7.5 million euro increase compared to the previous year, chiefly attributable to the aforementioned non-recurring components, consisting of legal and advisory expenses linked to the recent M&As, and to higher costs for the IT infrastructure and logistics for the remainder.

Net provisions

Net provisions not related to fees[68] totalled 49.8 million euros, up 22.7 million euros compared to the previous year, mainly due to the significant increase in provisions to cover contractual commitments to the Financial Advisor Network (+24.5 million euros), only partly offset by the reversal of provisions to cover contractual commitments for legal disputes (-3.5 million euros), and against a high level of other provisions for liabilities and contingencies for both reporting periods.

The increase in provisions for contractual indemnities to the Financial Advisor Network was mainly due to higher actuarial provisions (+22.3 million euros), which were mainly impacted by the alignment of discount rates used to measure actuarial provisions, whose positive contribution declined from 26.7 million euros of the previous year to 5.1 million euros for 2023 (-21.6 million euros)[69].

[68] Fee provisions, which amounted to 14.9 million euros (18.8 million euros in 2022), are recognised under the fee expense aggregate.

[69] The discount rate applied to actuarial provisions is determined on the basis of the average EURIRS rates applicable to the average life of the population, increased by the spread between the ten-year BTP and ten-year EURIRS measured at the end of the quarter and of the three prior quarters. The increase in the discount rate used therefore reflected the increase in interest rates and government bond spreads in the period March 2023-December 2023 (4.26%) compared to the previous measurement for the period March 2022-December 2022 (3.76%) used for the valuation of actuarial provisions at 31 December 2022.

The continuation of the three-year incentive plan generated an impact of 5.0 million euros on the Profit and Loss Account, leading to higher provisions compared to the previous year amounting to 1.6 million euros[70].

The provisions for other liabilities and contingencies decreased slightly by 0.8 million euros compared to the previous year and included an additional 21.1 million euro prudential provision to cover commercial activities aimed at restoring customers' potential losses resulting from investments made in illiquid assets distributed by the Bank that were marked by investment repayment issues and to sustain customer retention, including provisions for credit risk relating to guarantees issued amounting to 9.4 million euros.

NET PROVISIONS

			CHANGE	
(€ THOUSAND)	2023	2022	AMOUNT	%
Provision for staff liabilities and contingencies	1,059	-375	1,434	-382.4%
Restructuring provisions – Voluntary redundancy plan	1,500	985	515	52.3%
Provision for legal disputes	4,644	3,976	668	16.8%
Provision for contractual indemnities to the Financial Advisor Network	19,693	-4,802	24,495	n.a.
Provision for tax and contribution disputes	-1,145	2,371	-3,516	-148.3%
Other provisions for liabilities and contingencies	24,093	24,946	-853	-3.4%
of which: provisions for risks relating to guarantees issued and commitments	*9,540*	*9*	*9,531*	*n.a.*
Total	**49,844**	**27,101**	**22,743**	**83.9%**

Provision for tax and contribution disputes includes the re-absorption through profit and loss of the 1.4 million euro provisions for the litigation that had been pending at the Trieste Tax Court, following finalisation of the agreement with the Italian Tax Authorities in July.

Adjustments

At the end of 2023, **net adjustments to non-performing loans** amounted to 0.5 million euros, sharply improving compared to 8.3 million euros at the end of the previous year.

NET ADJUSTMENTS TO NON-PERFORMING LOANS

(€ THOUSAND)	VALUE ADJUSTMENTS	REVERSALS	2023	2022	CHANGE
Specific adjustments/reversals	**-2,768**	**571**	**-2,197**	**-2,711**	**514**
Non-performing loans of the banking book	-2,259	524	-1,735	-2,127	392
Operating loans to customers	-509	47	-462	-584	122
Portfolio adjustments/reversals	**-644**	**2,313**	**1,669**	**-5,623**	**7,292**
Performing debt securities	-	2,256	2,256	-4,655	6,911
Performing loans to customers and banks	-644	57	-587	-968	381
Total	**-3,412**	**2,884**	**-528**	**-8,334**	**7,806**

[70] The fees accruing on the three-year incentive plan are tied to net inflow targets, and therefore qualify as costs of obtaining a contract pursuant to IFRS 15 and are expensed over a five-year period, like other similar incentives granted to the Financial Advisor Network. The provision recognised in the Profit and Loss Account thus represents the portion of the overall incentives assigned to the Financial Advisor Network accrued in the twelve months of the year.

Provisions for expected credit losses (ECLs) on the portfolio of debt securities reported net reversals for 2.3 million euros, improving by 6.9 million euros compared to 2022 mainly as a result of the decrease in the risk profile of the portfolio of government and corporate securities.

Net provision for expected losses on performing loans to customers and banks (Stage 1 and Stage 2) showed net adjustments for 0.6 million euros, attributable to the improvement of the macroeconomic forecasts included in the models used and the distribution of the rating classes.

Net specific adjustments totalled 2.2 million euros and referred primarily to new positions classified as past-due (-2.1 million euros) and to the impairment or write-off of past advances to Financial Advisors and operating loans for services rendered to customers (0.5 million euros). The impact of bad loans and unlikely to pay positions was instead not material.

Contributions and charges related to the banking system

Expenses related to the contributions to the Italian National Resolution (FRN) and Interbank Deposit Protection Funds (FITD) amounted to **16.1 million euros**, decreasing by 1.5 million euros compared to the previous year.

This aggregates included ordinary contributions to the **Single Resolution Fund** amounting to 5.8 million euros and the contributions paid to the **Interbank Deposit Protection Funds** (FITD) in the amount of 10.3 million euros, including 3.8 million euro additional contributions necessary to the gradual replenishment of outlays linked to the bail-outs carried out in the previous years[71].

CONTRIBUTIONS AND CHARGES RELATED TO THE BANKING SYSTEM

(€ THOUSAND)	2023	2022	CHANGE AMOUNT	CHANGE %
BRRD - SRF: ordinary contributions	5,809	5,847	-38	-0.6%
DGSD - FITD: ordinary and additional contributions	6,531	7,823	-1,292	-16.5%
DGSD - FITD: additional contributions for interventions (Carige, Banca Popolare di Bari)	3,788	3,925	-137	-3.5%
Contributions and charges related to the banking system	**16,128**	**17,595**	**-1,467**	**-8.3%**

Income taxes

Income taxes for the year on a current and deferred basis, excluding the one-off component related to the tax settlement finalised at the end of September of the previous year (35.3 million euros), amounted to 117.8 million euros, up 35.9 million euros compared to the end of 2022 (+43.9%)[72].

Total tax rate was 26.5%, up compared to the end of the previous year (24.8%), mainly as a result of the marked increase in net interest income and the ensuing higher contribution of Italian entities to the Group's result.

71 Reference is made in particular to the interventions in favour of Carige in 2019 and of Banca Popolare di Bari in 2020, whose effects on the FITD resources have been divided in instalments up to 2024.

72 For further information on the tax settlement, reference is made to the Annual Integrated Report at 31 December 2022.

INCOME TAXES

(€ THOUSAND)	2023	2022	CHANGE AMOUNT	CHANGE %
Current taxes for the year	-121,303	-85,502	-35,801	41.9%
Prior years' taxes	1,299	1,099	200	18.2%
Changes of prepaid taxation (+/-)	2,822	2,744	78	3.0%
Changes of deferred taxation (+/-)	-587	-197	-390	198.0%
Total	**-117,769**	**-81,856**	**-35,913**	**43.9%**

Windfall Tax on banks' interest margins

Italian Decree-Law No. 104 of 10 August 2023 ("Omnibus Decree"), converted with amendments into Law No. 136 of 9 October 2023 (published in the Italian Official Journal No. 236 of 9 October 2023), introduced, for financial year 2023 only, a tax to be levied on excess profits arising from banks' net interest income. In detail, Article 26 of the said Decree-Law calls for:

› calculating the tax by applying a rate of 40% to the amount of net interest income, recognised in item 30 of the profit and loss account of the 2023 financial statements, which exceeds by at least 10% the corresponding net interest income recognised in 2021 (at individual level);
› a tax cap equal to 0.26% of the risk-weighted assets (RWAs) recognised in the financial statements for the year ended 31 December 2022;
› the option, in lieu of the relevant tax cash out, if the annual shareholders' meeting, when approving the financial statements and allocating net profit for financial year 2023, resolves to book a non-distributable equity reserve of 2.5 times the amount of the tax, drawn from that same net profit (or, if this is not sufficient, from other available reserves). This equity reserve may not be used to distribute dividends, but may absorb any losses and, consequently, is eligible for inclusion in Common Equity Tier 1 (CET1). Should this reserve be subsequently distributed, the Bank will have to pay within 30 days the entire tax due and, in addition, the accrued interest.

With reference to the latter point, the Board of Directors of Banca Generali S.p.A., also in accordance with the ECB's observations, decided to opt for strengthening the Bank's regulatory capital and has therefore resolved to propose to the next annual General Shareholders' Meeting called to approve the 2023 Financial Statements to book a non-distributable reserve equal to 2.5 times the tax amount to be drawn from the portion of net profit for the year to be allocated to reserves.

In this regard, it should be noted that this tax, which complies with the cap provided for by the law, i.e., 0.26% of RWAs recognised in Banca Generali's Financial Statements at 31 December 2022, would amount to 10,642 thousand euros; the non-distributable reserve to be therefore set up upon approval of the Financial Statements at 31 December 2023 will amount to 26,606 thousand euros.

Earnings per share

At year-end 2023, basic net earnings per share were 2.86 euros.

	2023	2022	CHANGE AMOUNT	CHANGE %
Consolidated net profit (€ thousand)	326,136	213,034	113,102	53.1%
Earnings attributable to ordinary shares (€ thousand)	326,136	213,034	113,102	53.1%
Average number of outstanding shares (thousand)	114,081	114,564	-484	-0.4%
EPS – Earnings per share (euros)	**2.86**	**1.86**	**1.00**	**53.7**
Average number of outstanding shares	114,081	114,564	-484	-0.4%
With diluted share capital EPS – Diluted earnings per share (euros)	**2.86**	**1.86**	**1.00**	**53.7%**

Comprehensive income

The Banking Group's comprehensive income is determined by the consolidated net profit and all other components that contribute to company performance without being reflected in the Profit and Loss Account, such as changes in valuation reserves for securities measured at fair value through other comprehensive income.

At the end of 2023, the latter component provided a positive overall contribution of 9.1 million euros, against a net negative change of 10.3 million euros recorded at the end of the previous year.

In detail, HTCS debt securities portfolio valuation reserves increased by 7.9 million euros as a result of the following factors:

› an increase in net valuation capital gains totalling 8.6 million euros, net of 0.4 million euros referring to reversal of collective reserves;
› the reduction of pre-existing net negative reserves due to re-absorption through profit or loss upon realisation (3.1 million euros);
› a negative net tax effect associated with the above changes and mainly resulting from net decreases in DTAs (-3.8 million euros).

COMPREHENSIVE INCOME ATTRIBUTABLE TO THE GROUP

(€ THOUSAND)	2023	2022	CHANGE AMOUNT	CHANGE %
Net profit	**326,078**	**212,973**	**113,105**	**53.1%**
Other income, net of income taxes:				
with transfer to Profit and Loss Account:				
Exchange differences	1,757	384	1,373	357.6%
Financial assets measured at fair value through other comprehensive income	7,931	-12,562	20,493	-163.1%
without transfer to Profit and Loss Account:				
Financial assets measured at fair value through other comprehensive income	531	125	406	326.3%
Actuarial gains (losses) from defined benefit plans	-1,092	1,743	-2,835	-162.7%
Total other income, net of taxes	**9,127**	**-10,310**	**19,437**	**-188.5%**
Comprehensive income	**335,205**	**202,663**	**132,542**	**65.4%**
Consolidated comprehensive income attributable to minority interests	-106	123	-229	-186.0%
Consolidated comprehensive income attributable to the Group	**335,311**	**202,539**	**132,772**	**65.6%**

Results by line of business

In application of IFRS 8, Banca Generali Group's segment reporting is based on information that management used in the year to make its operating decisions[73].

The **Private Banking CGU (PB CGU)** consists of the assets attributable to the network of Financial Advisors managing total client assets of less than 50 million euros, as well as the assets attributable to Relationship Managers and the respective clients.

The **Wealth Management CGU (WM CGU)** consists of the assets attributable to the network of Financial Advisors managing total client assets of more than 50 million euros, in addition to Swiss operations.

In light of the business nature, the Group assessed the performance of its operating segments on the basis of the performance of the net banking income attributable to such segments.

The financial aggregates presented for each segment therefore consist of net interest, net fees and income from trading activities and dividends. They include both components arising from transactions with third parties external to the Group ("external revenues"), and those deriving from transactions with other segments ("internal revenues").

The interest expense incurred by the segments mentioned below was determined on the basis of the actual interest paid on each segment's direct net inflows. Interest income for the segments includes the actual interest accrued on the loans issued to customers in each segment. Both components are recognised net of the share of the "notional interest" calculated on the basis of the LTP (Liquidity Transfer Pricing) and attributed to the Corporate Center segment.

Performance fees have been directly allocated to the business areas which place the products. All the revenue components presented are measured using the same accounting principles adopted to prepare the Group's Consolidated Financial Statements so that segment data can be reconciled more easily with consolidated data.

The following table shows the consolidated profit and loss results of each of the three operating segments, stated net of intra-segment eliminations. For the purpose of a better understanding of the economic data reported below, it is worth recalling that changes also reflect the reallocations among CGUs performed in the year.

[73] Management approach.

BANCA GENERALI GROUP - PROFIT AND LOSS ACCOUNT BY BUSINESS SEGMENT

	2023				2022			
	PB CGU	WM CGU	CORPORATE CENTER	TOTAL	PB CGU	WM CGU	CORPORATE CENTER	TOTAL
Net interest income	**225,397**	**87,193**	**-8,190**	**304,400**	**47,629**	**22,229**	**75,121**	**144,979**
Fee income	600,100	305,571	71,576	977,247	594,884	291,849	73,272	960,005
of which: underwriting	*26,508*	*13,707*	*838*	*41,053*	*21,651*	*8,398*	*437*	*30,487*
of which: management	*506,841*	*252,504*	*45,316*	*804,660*	*512,966*	*252,727*	*47,214*	*812,907*
of which: performance	*10,605*	*5,553*	*3,068*	*19,225*	*9,801*	*4,003*	*5,519*	*19,323*
of which: other	*56,146*	*33,808*	*22,354*	*112,308*	*50,466*	*26,721*	*20,101*	*97,288*
Fee expense	-326,064	-170,170	-14,177	-510,411	-313,746	-159,323	-15,404	-488,473
of which: incentives	*-11,316*	*-3,576*	*-*	*-14,892*	*-13,483*	*-5,351*	*-*	*-18,834*
Net fees	**274,036**	**135,401**	**57,398**	**466,836**	**281,138**	**132,527**	**57,868**	**471,532**
Net income (loss) from trading activities and dividends	-	-	16,943	16,943	-	-	23,330	23,330
Net banking income	**499,433**	**222,594**	**66,151**	**788,179**	**328,767**	**154,756**	**156,318**	**639,841**
Staff expenses				-124,371				-114,789
Other general and administrative expenses				-240,786				-217,470
Adjustments of property, equipment and intangible assets				-39,726				-36,668
Other operating expenses/income				112,032				94,787
Net operating expenses				**-292,850**				**-274,140**
Operating result				**495,328**				**365,702**
Adjustments of other assets				-528				-8,334
Net provisions				-49,844				-27,101
Gains (losses) from investments and equity investments				-1,109				-107
Operating profit before taxation				**443,847**				**330,159**
Income taxes – operating activities[74]				-117,769				-117,186
Profit (loss) from HFS assets				-				-
Net profit (loss) for the year attributable to minority interests				-58				-61
Net profit				**326,136**				**213,034**

Private Banking CGU

PB CGU

	2023	2022	CHANGE
Net interest income	225,397	47,629	373.23%
Net fees	274,036	281,138	-2.53%
Net banking income	**499,433**	**328,767**	**51.91%**
Total assets Private Banking	58,132	52,624	10.47%
Net inflows	3,796	3,594	5.64%
Financial Advisors	1,864	1,832	1.75%
Total assets Private Banking/FA	31.19	28.73	8.57%
Net inflows/FA	2.04	1.96	3.83%

[74] The 2022 figure included 35.3 million euro one-off charges borne as a result of the framework agreement reached with the Italian Tax Authorities on 19 September 2022.

At 31 December 2023, total assets of this CGU amounted to 58.1 billion euros, up about 5.5 billion euros (+10.5%) compared to the previous year. This result was attributable to the positive performance of financial markets, which led to an approximately 1.7 billion euro increase in total assets, in addition to positive net inflows of about 3.8 billion euros, up 5.6% on the previous year. The growth of total assets Private Banking also drove an increase in PB CGU Financial Advisors' average portfolio, which stood at 31.2 million euros (28.7 million euros at 31 December 2022).

In 2023, this CGU's net banking income was 499.4 million euros (328.8 million euros in 2022). This result was attributable to the following factors:

- net interest income, net of notional interest attributable to the Corporate Center CGU, soared more than fourfold as a result of the favourable impact of the LTP curve mainly on net inflows and, to a lower extent, on loans;
- net fees amounted to 274.0 million euros (281.1 million euros at 31 December 2022). This result was mainly attributable to the decline in management fees due to lower assets managed, reflecting customers' propensity to invest in assets under administration solutions. All other fee income components (underwriting, performance and other fees) grew driven by placement fees and fees for advanced advisory services. In 2023, fee expense increased also as a result of the payout to Financial Advisors, calculated on net interest income.

The CGU accounted for 63% of consolidated net banking income, up significantly compared to the previous year due to the higher contribution of net interest income.

Wealth Management CGU

WM CGU

	2023	2022	CHANGE
Net interest income	87,193	22,229	292.24%
Net fees	135,401	132,527	2.17%
Net banking income	**222,594**	**154,756**	**43.84%**
Total assets WM	33,907	29,691	14.20%
Net inflows	2,059	2,113	-2.56%
Financial Advisors	407	384	5.99%
Total assets WM/FA	83.31	77.32	7.75%
Net inflows/FA	5.06	5.50	-8.07%

At 31 December 2023, total assets of the WM CGU amounted to 33.9 billion euros, up by over 4.2 billion euros compared to 2022 (29.7 billion euros). Total assets of the WM CGU was driven by an essentially equal contribution in terms of market performance and net inflows (approximately 2.1 billion euros). Thanks to these trends, the average portfolio per Financial Advisor rose to approximately 83 million euros (77 million euros at 2022 year-end).

In 2023, this CGU's net banking income was 222.6 million euros (154.8 million euros in 2022), up by about 44%. Like the PB CGU, this CGU's growth was mainly attributable to the contribution of net interest income, which benefited from the favourable impact of the LTP curve mainly on net inflows and, to a lower extent, on loans. In 2023, the contribution of net fees was more modest, with dynamics similar to those of the PB CGU: an increase in fee income offset by a concurrent rise in fee expense, due to the above-mentioned payout to Financial Advisors, calculated on net interest income.

The higher weight of net interest income led to an increase in the WM CGU's contribution to overall net banking income (28% compared to 24% in 2022).

Corporate Center CGU

CORPORATE CENTER

	2023	2022	CHANGE
Net interest income	-8,190	75,121	-110.90%
Net fees	57,398	57,868	-0.81%
Net income (loss) from trading activities and dividends	16,943	23,330	-27.38%
Net banking income	**66,151**	**156,318**	**-57.68%**
Total assets Corporate Center	6,084	5,388	12.92%
Net inflows	n.a.	n.a.	n.a.
Financial Advisors	n.a.	n.a.	n.a.

At 31 December 2023, total assets Corporate Center amounted to 6.1 billion euros (5.4 billion euros at 31 December 2022). In 2023, the Corporate channel's net banking income reached 66.2 million euros (156.3 million euros in 2022), significantly declining as a result of:
- a negative result in terms of net interest income, offsetting the positive impact of the LTP curve on the CGU;
- net income (loss) from trading activities and dividends at about 17 million euros, down compared to the previous year due to the interest rate trends;
- net fees essentially stable at 57.4 million euro at 31 December 2023 (57.9 million euros at 31 December 2022), attributable to a slight decline in management and performance fees and the concurrent increase in other component.

The decline in net financial income contributed to reducing the CGU's weight on overall net banking income, which stood at 8% (24% in 2022).

Creation and Distribution of Value Added

The creation of value for all its stakeholders is one of Banca Generali's key objectives.

Most of the economic value generated is distributed to the various stakeholders with which Banca Generali comes into contact in the course of its day-to-day operations, including Shareholders, Suppliers, Financial Advisors, Employees, the Government and, finally, the communities and the environment.

The economic value retained, calculated as the difference between the economic value generated and economic value distributed, represents the set of resources intended for productive investments aimed to permit economic growth and financial stability, as well as to ensure the creation of new wealth for the benefit of stakeholders.

The economic value generated and distributed was analysed by determining the value added, calculated by restating the items of the 2023 Consolidated Profit and Loss Account on the basis of the guidelines issued by ABI (Italian Banking Association) and the GRI (Global Reporting Initiative).

The economic value generated is equal to the difference between total revenues and total costs for the purchase of goods and services, less the portion of costs incurred for the benefit of the various categories of stakeholders.

Therefore, the economic value distributed includes charges in support of the banking system, inclusive of contributions to the National Resolution and Interbank Deposit Protection Funds amounting to 16.1 million euros and recognised, upon distribution of value added, according to the view that they are a form of taxation.

During the distribution process, net provisions for incentives and indemnities for the network, recoveries of expenses and indemnities charged to Financial Advisors and net provisions for staff were classified in the respective stakeholder category.

In 2023, the economic value generated by the Group's overall operations reached 1,338.6 million euros, up 16.6% compared to the previous year.

ECONOMIC VALUE GENERATED, DISTRIBUTED AND RETAINED

			CHANGE	
(€ THOUSAND)	2023	2022	AMOUNT	%
Economic value generated	**1,338,621**	**1,148,258**	**190,363**	**16.6%**
Economic value distributed	**1,197,608**	**1,062,512**	**135,096**	**12.7%**
Employees, collaborators and Financial Advisors	585,643	532,565	53,078	10.0%
Suppliers	117,316	111,784	5,532	4.9%
Shareholders and third parties	251,175	192,744	58,431	30.3%
Government, entities, institutions and communities	243,474	225,419	18,055	8.0%
Economic value retained	**141,013**	**85,746**	**55,267**	**64.5%**

This value was distributed to stakeholders as follows:

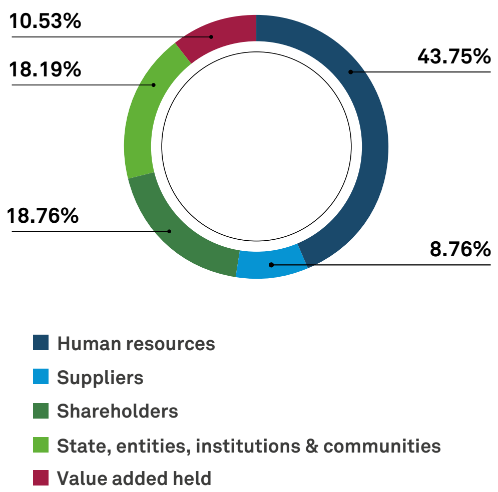
- **Employees and collaborators**, including **Financial Advisors**, benefited from approximately **43.8%** of the economic value generated, in the total amount of about 585.6 million euros (up 10.0% compared to the previous year). Employees benefited from 123.8 million euros (+9.5% on 2022) and Financial Advisors from 461.8 million euros (+10.1% compared to the previous year), inclusive of net provisions for incentives, recruitment plans and other contractual indemnities amounting to 34.6 million euros;
- **Shareholders** received **18.8%** of the economic value generated, due in part to payment of a dividend of 2.15 euros per share, with a 77.0% payout ratio calculated on 2023 consolidated net profit;
- **Suppliers** benefited from **8.8%** of the 117.3 million euro economic value generated, down compared to 9.7% in 2022;
- the **Italian Government, institutions and communities** received approximately **18.2%** of the economic value generated, amounting to approximately 243.5 million euros, up compared to the previous year (+8.0%); this aggregate also includes the charges in support of the banking system and the stamp duty on current accounts and financial instruments. It should also be noted that in 2022 data had also included the one-off charges incurred following the tax settlement agreement finalised on 19 September 2022 with the Italian Tax Authority, Regional Direction of Friuli-Venezia Giulia, for the settlement of the transfer pricing tax claims for the tax periods from 2014 to 2019.

Accordingly, the business system also retained — in the form of retained earnings, depreciation and amortisation, residual provisions for risks and changes in deferred tax assets and liabilities — the total amount of 141.0 million euros, or 10.5% of the economic value generated. The amount is to be regarded as an investment that the other categories of stakeholders make each year in order to keep the Company in efficient condition and foster its development.

DISTRIBUTION OF THE ECONOMIC VALUE GENERATED

	2023	2022
Employees and collaborators	43.75%	46.38%
Suppliers	8.76%	9.74%
Shareholders	18.76%	16.79%
Government, entities, institutions and communities	18.19%	19.63%
Economic value retained	10.53%	7.47%
Total	**100.00%**	**100.00%**

BREAKDOWN OF VALUE ADDED



The following table shows in particular the process of creation of the Group's economic value and its distribution among stakeholders.

STATEMENT OF DETERMINATION OF THE TOTAL ADDED VALUE

	ITEMS (€ THOUSAND)	2023	2022	CHANGE	%
10.	Interest income and similar revenues	434,242	159,405	274,837	172.4%
20.	Interest expense and similar charges [7]	-129,842	-14,426	-115,416	n.a.
40.	Fee income	977,247	960,005	17,242	1.8%
50.	Fee expense (net of expenses related to Financial Advisor Network) [1]	-58,803	-54,646	-4,157	7.6%
70.	Dividends and similar income	1,215	1,145	70	6.1%
80.	Net income (loss) from trading activities	3,940	3,559	381	10.7%
90.	Net income (loss) from hedging	1,183	1,884	-701	-37.2%
100.	Gains (losses) on disposal or repurchase of:	5,544	28,308	-22,764	-80.4%
	a) financial assets measured at amortised cost	5,324	42,426	-37,102	-87.5%
	b) financial assets measured at fair value through other comprehensive income	220	-14,118	14,338	-101.6%
110.	Net income (loss) from other financial assets and liabilities measured at fair value through profit and loss:	5,061	-11,566	16,627	-143.8%
	b) financial assets and liabilities mandatorily measured at fair value	5,061	-11,566	16,627	-143.8%
130.	Net adjustments/reversals due to credit risk relating to:	-528	-8,334	7,806	-93.7%
	a) financial assets measured at amortised cost	-692	-7,918	7,226	-91.3%
	b) financial assets measured at fair value through other comprehensive income	164	-416	580	-139.4%
230.	Other operating expenses/income [4]	99,444	82,928	16,516	19.9%
280.	Gains (losses) on disposal of equity investments	-82	-4	-78	n.a.
	A. TOTAL ECONOMIC VALUE GENERATED	**1,338,621**	**1,148,258**	**190,363**	**16.6%**
190.b	Other general and administrative expenses [2]	-117,316	-111,784	-5,532	4.9%
	ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS	**-117,316**	**-111,784**	**-5,532**	**4.9%**
190.a	Staff expenses	-123,836	-113,076	-10,760	9.5%
50.	Fee expense – expenses and advances to external networks (cost of Financial Advisors) [5]	-461,807	-419,489	-42,318	10.1%
	ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES AND COLLABORATORS	**-585,643**	**-532,565**	**-53,078**	**10.0%**
340.	Net profit (loss) for the year attributable to minority interests	58	61	-3	-4.9%
	ECONOMIC VALUE DISTRIBUTED TO THIRD PARTIES	**58**	**61**	**-3**	**-4.9%**
	Profit distributed to shareholders	-251,233	-192,805	-58,428	30.3%
	ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS	**-251,233**	**-192,805**	**-58,428**	**30.3%**
190.b	Other general and administrative expenses: indirect and direct taxes [6]	-104,334	-85,930	-18,404	21.4%
190.b	Other general and administrative expenses: contributions to the Italian National Resolution and Interbank Deposit Protection Funds [6]	-16,128	-17,595	1,467	-8.3%
300.	Income taxes for the year on operating activities (portion related to current taxes)	-120,004	-119,733	-271	0.2%
	ECONOMIC VALUE DISTRIBUTED TO CENTRAL AND LOCAL GOVERNMENTS	**-240,466**	**-223,258**	**-17,208**	**7.7%**
190.b	Other general and administrative expenses: contributions to communities and the environment and charitable gifts [6]	-3,008	-2,161	-847	39.2%
	ECONOMIC VALUE DISTRIBUTED TO COMMUNITIES AND THE ENVIRONMENT	**-3,008**	**-2,161**	**-847**	**39.2%**
	B. TOTAL ECONOMIC VALUE DISTRIBUTED	**-1,197,608**	**-1,062,512**	**-135,096**	**12.7%**
200.	Net provisions for liabilities and contingencies: [3]	-27,592	-31,293	3,701	-11.8%
	a) commitments and guarantees issued	-7,384	-9	-7,375	n.a.
	b) other net provisions [3]	-20,208	-31,284	11,076	-35.4%
210.	Net adjustments/reversals of property and equipment	-23,868	-22,448	-1,420	6.3%
220.	Net adjustments/reversals of intangible assets	-15,858	-14,220	-1,638	11.5%
250.	Gains (losses) from equity investments (portion of valuational component)	-1,027	-103	-924	n.a.
300.	Income taxes for the year on operating activities (change in deferred tax assets and liabilities)	2,235	2,547	-312	-12.2%
	Profit allocated to reserves	-74,903	-20,229	-54,674	n.a.
	C. TOTAL ECONOMIC VALUE RETAINED	**-141,013**	**-85,746**	**-55,267**	**64.5%**

(1) This figure differs from that included in the Profit and Loss Account in the Financial Statements, as the remuneration for the Financial Advisor Network has been reclassified to "Staff expenses".
(2) This figure differs from that included in the Profit and Loss Account in the Financial Statements, due to the exclusion of indirect and direct taxes, contributions to the National Resolution and Interbank Deposit Protection Funds and charitable gifts (which have been stated in the related specific items).
(3) This figure differs from that included in the Profit and Loss Account in the Financial Statements, due to the exclusion of net provisions for incentives and indemnities in favour of the Financial Advisor Network and net provisions for personnel.
(4) This figure differs from that included in the Profit and Loss Account in the Financial Statements, due to the exclusion of expenses recovered from Financial Advisors and staff contingencies (which have been stated in the related specific items).
(5) This figure differs from that included in the Profit and Loss Account in the Financial Statements, as it includes remuneration paid to the Financial Advisor Network and the related provisions.
(6) This figure is stated as a specific item in the statement of determination of added value.
(7) The 2022 figure differs from that included in the Profit and Loss Account in the Financial Statements as interest expense due to late payment regarding to the tax settlement with the Italian Tax Authority finalised in September 2022 was reclassified to item 300. Income taxes for the year on operating activities (portion related to current taxes).

Group's Capital and Financial Position

At the end of 2023, total consolidated assets amounted to 15.5 billion euros, down by 1.7 billion euros (-10.1%) compared to the end of 2022.

Total net inflows reached 13.5 billion euros, down 2.0 billion euros overall, largely as a result of the decrease in net inflows from customers (-1.7 billion euros), against a lower impact of interbank funding.
Core loans thus totalled 14.4 billion euros, down 1.7 billion euros (-10.5%).

CONSOLIDATED BALANCE SHEET

ASSETS (€ THOUSAND)	31.12.2023	31.12.2022	CHANGE AMOUNT	CHANGE %
Financial assets at fair value through profit or loss	509,407	507,346	2,061	0.4%
Financial assets at fair value through other comprehensive income	1,000,936	1,120,101	-119,165	-10.6%
Financial assets measured at amortised cost:	12,905,455	14,478,596	-1,573,141	-10.9%
a) loans to banks (*)	2,846,425	3,284,113	-437,688	-13.3%
b) loans to customers	10,059,030	11,194,483	-1,135,453	-10.1%
Hedging derivatives	161,955	286,776	-124,821	-43.5%
Equity investments	1,975	3,091	-1,116	-36.1%
Property, equipment and intangible assets	292,054	295,279	-3,225	-1.1%
Tax receivables	108,113	72,266	35,847	49.6%
Other assets	537,267	503,394	33,873	6.7%
Total assets	**15,517,162**	**17,266,849**	**-1,749,687**	**-10.1%**

(*) Demand deposits with banks and demand deposits with the ECB have been reclassified among loans to banks.

LIABILITIES AND NET EQUITY (€ THOUSAND)	31.12.2023	31.12.2022	CHANGE AMOUNT	CHANGE %
Financial liabilities measured at amortised cost:	13,503,015	15,503,979	-2,000,964	-12.9%
a) due to banks	231,684	544,531	-312,847	-57.5%
b) due to customers	13,271,331	14,959,448	-1,688,117	-11.3%
Financial liabilities held for trading and hedging	132,821	123,604	9,217	7.5%
Tax liabilities	46,088	44,577	1,511	3.4%
Other liabilities	353,037	281,248	71,789	25.5%
Special purpose provisions	268,936	244,921	24,015	9.8%
Valuation reserves	-797	-9,972	9,175	-92.0%
Equity instruments	50,000	50,000	-	-
Reserves	752,749	724,536	28,213	3.9%
Share premium reserve	52,992	53,767	-775	-1.4%
Share capital	116,852	116,852	-	-
Treasury shares (-)	-85,005	-80,139	-4,866	6.1%
Net equity attributable to minority interests	338	442	-104	-23.5%
Consolidated net profit	326,136	213,034	113,102	53.1%
Total liabilities and net equity	**15,517,162**	**17,266,849**	**-1,749,687**	**-10.1%**

QUARTERLY EVOLUTION OF CONSOLIDATED BALANCE SHEET

ASSETS (€ THOUSAND)	31.12.2023	30.09.2023	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021
Financial assets at fair value through profit or loss	509,407	506,691	507,179	504,991	507,346	423,583	426,181	426,789	415,558
Financial assets at fair value through other comprehensive income	1,000,936	991,393	958,875	1,020,267	1,120,101	1,635,970	2,134,674	2,643,207	2,543,065
Financial assets measured at amortised cost:	12,905,455	12,869,116	13,057,631	14,341,714	14,478,596	14,596,770	14,160,038	13,127,518	12,447,258
a) loans to banks	2,846,425	2,665,380	2,463,233	3,239,432	3,284,113	3,560,506	3,408,299	2,916,354	2,811,785
b) loans to customers	10,059,030	10,203,736	10,594,398	11,102,282	11,194,483	11,036,264	10,751,739	10,211,164	9,635,473
Hedging derivatives	161,955	272,492	232,891	245,363	286,776	305,216	175,432	84,243	11,357
Equity investments	1,975	2,781	2,927	3,008	3,091	3,081	3,098	3,261	2,048
Property, equipment and intangible assets	292,054	283,139	289,474	294,089	295,279	283,319	287,441	288,470	295,184
Tax receivables	108,113	99,132	91,429	86,040	72,266	70,077	69,955	67,233	72,627
Other assets	537,267	522,861	536,585	508,377	503,394	440,433	428,493	374,910	401,819
HFS assets	-	-	-	-	-	-	-	-	2,694
Total assets	**15,517,162**	**15,547,605**	**15,676,991**	**17,003,849**	**17,266,849**	**17,758,449**	**17,685,312**	**17,015,631**	**16,191,610**

LIABILITIES AND NET EQUITY (€ THOUSAND)	31.12.2023	30.09.2023	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021
Financial liabilities measured at amortised cost:	13,503,015	13,682,584	13,783,954	15,205,464	15,503,979	16,004,867	15,612,346	15,120,875	14,412,354
a) due to banks	231,684	483,931	526,633	821,661	544,531	808,094	843,741	795,433	818,734
b) due to customers	13,271,331	13,198,653	13,257,321	14,383,803	14,959,448	15,196,773	14,768,605	14,325,442	13,593,620
Financial liabilities held for trading and hedging	132,821	98,050	107,757	134,378	123,604	103,144	158,499	222,931	171,871
Tax liabilities	46,088	58,901	33,618	58,487	44,577	43,788	37,427	31,830	28,320
Other liabilities	353,037	318,056	439,338	200,656	281,248	366,023	638,111	238,515	242,037
HFS liabilities	-	-	-	-	-	-	-	-	318
Special purpose provisions	268,936	255,879	249,588	247,751	244,921	224,394	234,222	231,984	230,843
Valuation reserves	-797	-5,232	-6,445	-8,292	-9,972	-11,421	-10,215	-5,926	522
Equity instruments	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Reserves	752,749	749,147	746,862	941,473	724,536	721,191	718,454	948,825	624,033
Share premium reserve	52,992	52,908	52,784	53,767	53,767	53,759	53,771	55,860	55,866
Share capital	116,852	116,852	116,852	116,852	116,852	116,852	116,852	116,852	116,852
Treasury shares (-)	-85,005	-85,005	-72,745	-80,139	-80,139	-70,034	-55,941	-64,816	-64,822
Net equity attributable to minority interests	338	364	377	381	442	501	482	402	313
Consolidated net profit	326,136	255,101	175,051	83,071	213,034	155,385	131,304	68,299	323,103
Total liabilities and net equity	**15,517,162**	**15,547,605**	**15,676,991**	**17,003,849**	**17,266,849**	**17,758,449**	**17,685,312**	**17,015,631**	**16,191,610**

Direct inflows from customers

Total direct inflows from customers amounted to 13.3 billion euros, down by 1,688 million euros (-11.3%) compared to 31 December 2022, mainly as a result of the partial re-absorption of current account deposits (-1,875 million euros in the reporting period) due to significant inflows towards assets under administration, which were again greatly appreciated following the rapid interest rate increase.

In this regard, it should be noted that the significant outflows of liquidity from retail customers within the Assoreti scope[75] essentially stopped in the second half of the year as well (+95 million euros) thanks to the commercial initiatives launched by the Bank, compared to overall outflows amounting to 1,394 million euros in the first half of 2023, and to 848 million in the fourth quarter of 2022.

By contrast, net inflows from assets under administration grew by 7.5 billion euros in 2023.

Outflows were partly offset by the increase in repurchase agreements with retail customers, which rose by 214 million euros, and by an initiative on current account deposits reserved for corporate customers launched in the last month of the year (241 million euros).

By contrast, treasury repurchase agreement transactions with very short maturities effected on the MTS Repo market, managed by Cassa di Compensazione e Garanzia, declined to 1,107 million euros, down 214 million euros.

Liabilities relating to daily variation margins received on the Eurex market also declined to 125 million euros (-55.3%), offset by the performance of the hedging derivative transactions.

DUE TO CUSTOMERS

(€ THOUSAND)	31.12.2023	31.12.2022	CHANGE AMOUNT	CHANGE %
1. Current accounts and demand deposits	11,097,187	12,972,643	-1,875,456	-14.5%
2. Term deposits	241,730	-	241,730	n.a.
2. Financing	1,507,866	1,652,307	-144,441	-8.7%
Repurchase agreements with CC&G (MTS Repo)	1,106,790	1,320,571	-213,781	-16.2%
Repurchase agreements with customers	275,859	51,522	224,337	n.a.
Other (collateral margins)	125,217	280,214	-154,997	-55.3%
3. Other debts	424,548	334,498	90,050	26.9%
IFRS 16-related lease liabilities	141,074	153,656	-12,582	-8.2%
Operating debts to Financial Advisor Network	150,157	131,040	19,117	14.6%
Other debts (money orders, amounts at the disposal of customers)	133,317	49,802	83,515	167.7%
Total due to customers	**13,271,331**	**14,959,448**	**-1,688,117**	**-11.3%**

Captive inflows generated from the treasury management of the companies within Assicurazioni Generali Group recorded net inflows of over 142 million euros, amounting to 519 million euros at the end of the year and accounting for 3.9% of total inflows.

[75] Net of its reinvestments in repurchase agreement transactions with the Bank.

INFLOWS FROM CUSTOMERS

(€ THOUSAND)	31.12.2023	31.12.2022	CHANGE AMOUNT	CHANGE %
Total inflows from Generali Group	518,911	376,330	142,581	37.9%
of which: current accounts	*453,146*	*302,460*	*150,686*	*49.8%*
of which: IFRS 16-related lease financial liabilities and other debts	*65,765*	*73,870*	*-8,105*	*-11.0%*
Inflows from other parties	12,752,420	14,583,118	-1,830,698	-12.6%
of which: current accounts	*10,644,041*	*12,670,183*	*-2,026,142*	*-16.0%*
of which: repurchase agreements and term deposits	*1,558,868*	*1,298,478*	*260,390*	*20.1%*
of which: other debts	*549,511*	*614,457*	*-64,946*	*-10.6%*
Total inflows from customers	**13,271,331**	**14,959,448**	**-1,688,117**	**-11.3%**

The non-interest-bearing debt position consisted of accounts payable to the Financial Advisor Network for the placement of financial products and services, as well as of other sums made available to customers, primarily relating to claims settlement activity by the Group's companies (money orders), up nearly 67 million euros.

Core loans

Core loans totalled 14.4 billion euros overall, with a net decrease of 1,690 million euros compared to 31 December 2022 (-10.5%).

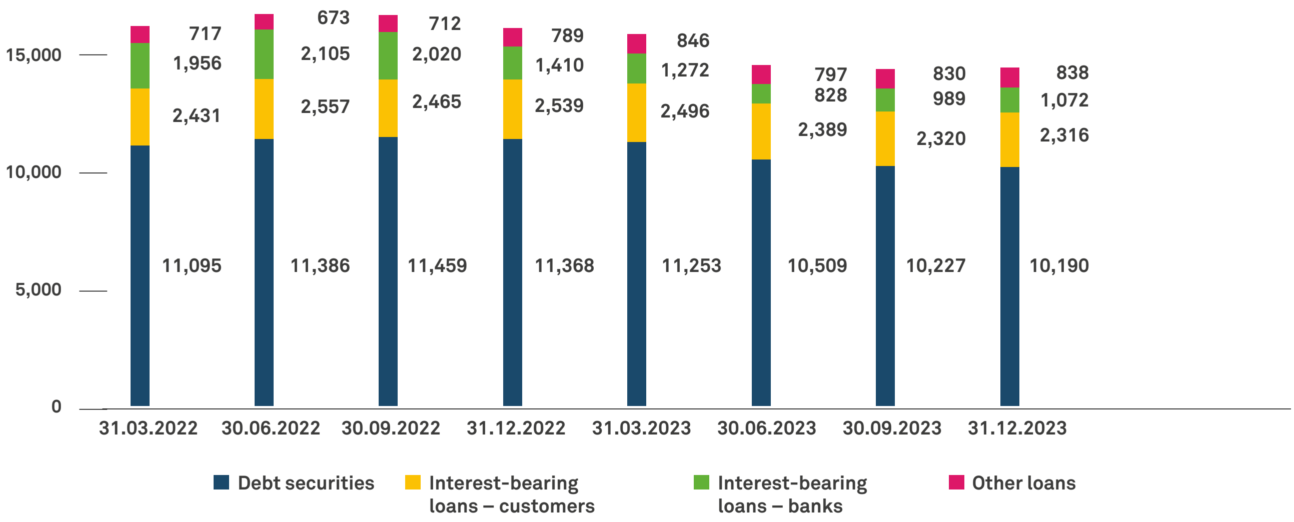
All components declined: exposures to banks, in particular, dropped markedly by 337 million euros (-23.9%), investments in the portfolio of financial assets decreased by 1,167 million euros (-9.8%) and loans to customers by 223 million euros (-8.8%).

INTEREST-BEARING FINANCIAL ASSETS AND LOANS

(€ THOUSAND)	31.12.2023	31.12.2022	CHANGE AMOUNT	CHANGE %
Financial assets measured at fair value through profit or loss	509,407	507,346	2,061	0.4%
Financial assets measured at fair value through other comprehensive income	1,000,936	1,120,101	-119,165	-10.6%
Financial assets measured at amortised cost	9,211,941	10,261,614	-1,049,673	-10.2%
Financial assets	**10,722,284**	**11,889,061**	**-1,166,777**	**-9.8%**
Loans to and deposits with banks (*)	1,072,461	1,409,738	-337,277	-23.9%
Loans to customers	2,316,087	2,539,480	-223,393	-8.8%
Operating loans and other loans	304,966	267,764	37,202	13.9%
Total interest-bearing financial assets and loans	**14,415,798**	**16,106,043**	**-1,690,245**	**-10.5%**

(*) Include demand deposits with banks and demand deposits with the ECB.

QUARTERLY EVOLUTION OF LOANS (€ MILLION)



Overall, investments in financial instruments accounted for 74.4% of total core loans, slightly increasing compared to 73.8% at the end of 2022, and continued to focus on the portfolio of securities issued by governments and supranational and other public institutions, accounting for three fourths of the total portfolio. This has long been supported by a careful diversification process regarding investments on debt securities issued by credit institutions, and particularly covered bonds.

FINANCIAL ASSETS

(€ THOUSAND)	31.12.2023	31.12.2022	CHANGE AMOUNT	CHANGE %
Government securities	7,253,834	7,948,873	-695,039	-8.7%
Supranational and other public institutions	677,558	798,225	-120,667	-15.1%
Securities issued by banks	1,847,782	2,018,625	-170,843	-8.5%
Securities issued by other issuers	410,451	601,815	-191,364	-31.8%
Equity securities and other securities	532,659	521,523	11,136	2.1%
Total financial assets	**10,722,284**	**11,889,061**	**-1,166,777**	**-9.8%**

The residual component of equity securities, UCITS and other similar securities chiefly referred to the investment, for a total of 483.5 million euros, of the units of the Forward Fund, an Italian fund (AIF) managed by Gardant SGR and specialised in illiquid investments[76].
The held-to-collect (HTC) portfolio, driven by financial assets measured at amortised cost and held for long-term investment purposes, amounted to over 9.2 billion euros at the end of the year, accounting for 86.0% of total financial asset and largely offsetting the decline in portfolio investments (-1,050 million euros; -10.2%).
The held-to-collect-and-sell (HTCS) portfolio, i.e., financial assets measured at fair value with a balancing entry to net equity without any particular time constraints, declined by 0.1 billion euros (-10.6%) to 1.0 billion euros.

In the year, the Bank actively continued to operate in asset swap derivatives, trading interest rate swaps to hedge debt securities, mostly Italian and foreign fixed-rate and index-linked government bonds allocated to the HTCS and HTC portfolios.

[76] For further details on the restructuring transaction of a portfolio of senior bonds issued by some special purpose vehicles for healthcare receivable securitisation that Banca Generali acquired from its customers and concurrently transferred to the Forward Fund, by subscribing its units, reference should be made to the Annual Integrated Report 2021, specifically to Part E of the Notes and Comments to the Consolidated and Separate Financial Statements, and to section “One-off charges” in the Director’s Report.

For each hedging derivative, a specific highly effective fair value hedging relationship is formed. At the end of 2023, the notional amounts of the hedging derivatives outstanding amounted to 3,282 million euros (-19.5% compared to 2022), of which 60 million euros relating to the HTCS portfolio. The net balance of the asset swap portfolio was 3,312 million euros overall, essentially in line with its fair value (3,311 million euros).

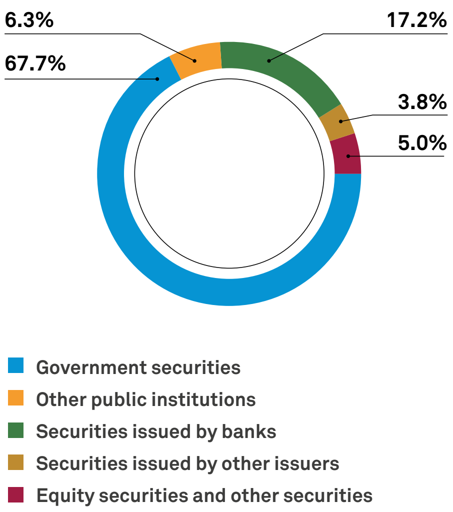
The portfolio of debt securities remained focused on sovereign and supranational debt, which accounted for 74.0% of total investments in financial instruments, and showed an 816 million euro decline at the end of the year, fully absorbed by the foreign portfolio.
The portion of the portfolio invested in Italian government bonds grew slightly to 5.6 billion euros (+1.6%), with a 70.6% ratio to total volumes.
Foreign sovereign debt amounted to 2.3 billion euros, which a more marked change (-902 million euros; -27.9%) and accounting for 29.4% of the total government portfolio.
At year-end, this component was more concentrated on the HTC portfolio (2.1 billion euros) than on the HTCS portfolio (0.23 billion euros), of which it accounted for over 26%. From a geographical standpoint, investments in foreign bonds were primarily allocated on EU issues, with a particular focus on the Iberian Peninsula and France.

EXPOSURE TO THE SOVEREIGN RISK BY PORTFOLIO

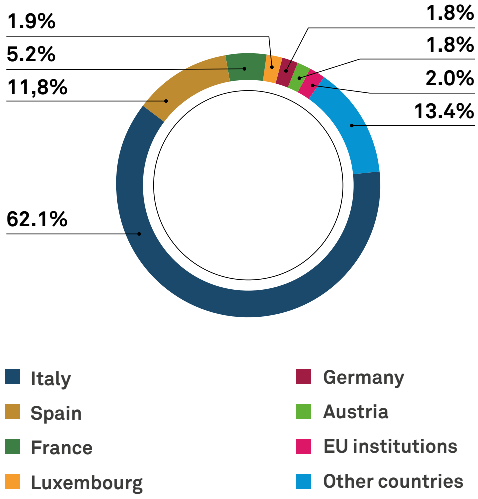
			CHANGE	
(€ THOUSAND)	31.12.2023	31.12.2022	AMOUNT	%
Financial assets measured at fair value through other comprehensive income	890,055	906,753	-16,698	-1.8%
Financial assets measured at amortised cost	7,041,337	7,840,345	-799,008	-10.2%
Total	**7,931,392**	**8,747,098**	**-815,706**	**-9.3%**
Total foreign government bonds	**2,333,391**	**3,235,190**	**-901,799**	**-27.9%**
Total Italian government bonds	**5,598,001**	**5,511,908**	**86,093**	**1.6%**

The overall geographical breakdown of the debt securities portfolio therefore showed a greater incidence of investments in Italian securities, which rose from 54.6% at the end of 2022 to 62.1%, followed by the exposures to issuers of the Iberian Peninsula (11.8%).

BREAKDOWN OF FINANCIAL ASSETS PORTFOLIO



GEOGRAPHICAL BREAKDOWN OF FINANCIAL ASSETS PORTFOLIO

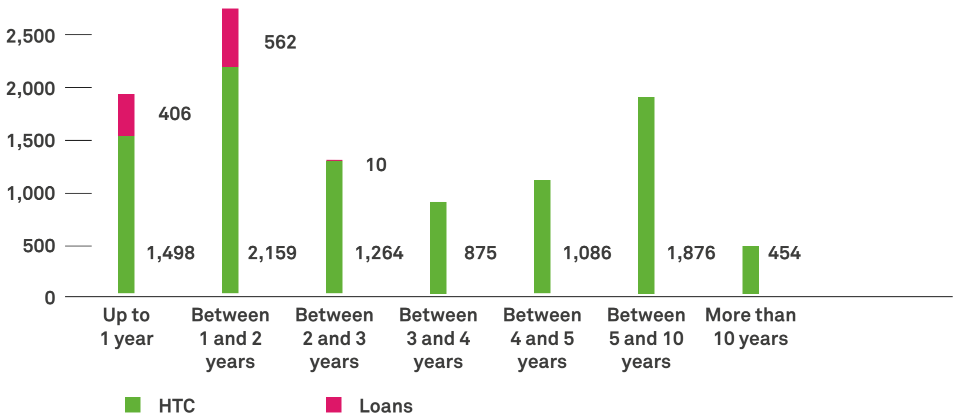


At the end of 2023, the share of financial assets with a maturity of more than 3 years was 42.1%, slightly down compared to the end of 2022 (44.2%).

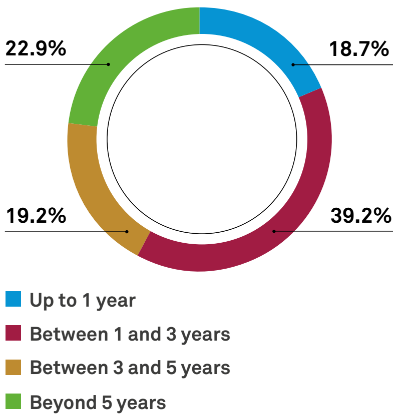
The portfolio of debt securities had an overall average residual life of about 3.7 years. In particular, the average maturity of the HTC portfolio was 4.1 years, whereas the average maturity of the HTCS portfolio increased to 1.0 years.

52% of the portfolio was made up of issues with variable-rate or inflation-linked coupons, including hedged securities, and 48% of fixed-rate issues.

BONDS PORTFOLIO MATURITY (€ MILLION)



BREAKDOWN OF BONDS PORTFOLIO BY MATURITY AT 31.12.2023



Loans to customers amounted to **2,316 million euros**, declining by 223 million euros compared to the end of 2022 (-8.8%), as a result of both current account exposures and transactions regarding mortgages and personal loans.

In particular, Lombard loans, made up of current account exposures fully secured by pledges on financial instruments, totalled 1,354 million euros, down 105 million euros compared to the end of 2022 (-7.2%).

Other loans grew owing to new loans to exports.

LOANS, OPERATING LOANS AND OTHER LOANS

(€ THOUSAND)	31.12.2023	31.12.2022	CHANGE AMOUNT	CHANGE %
Current accounts	1,694,681	1,793,523	-98,842	-5.5%
Mortgages and personal loans	609,918	740,442	-130,524	-17.6%
Other financing and loans not in current accounts	11,489	5,515	5,974	108.3%
Loans	**2,316,088**	**2,539,480**	**-223,392**	**-8.8%**
Operating loans to management companies	141,305	133,975	7,330	5.5%
Sums advanced to Financial Advisors	58,452	56,330	2,122	3.8%
Stock exchange interest-bearing daily margin	84,001	57,412	26,589	46.3%
Charges to be debited and other loans	12,560	7,961	4,599	57.8%
Operating loans and other loans	**296,318**	**255,678**	**40,640**	**15.9%**

Operating loans and other loans grew by 15.9%, primarily attributable to collateral margins on repurchase agreements and hedging transactions.

Net **non-performing exposures** on loans to customers amounted to **28.9 million euros**, or **1.25%** of total loans reported in the table above.
The aggregate includes all the exposures originating in the portfolio of Banca del Gottardo Italia, fully covered by the loan indemnity granted by BSI S.A. (now EFG Bank AG) upon the sale of the said company and chiefly secured to that end by cash collateral payments by the counterparty.
Net of these positions, non-performing exposures on loans to customers amounted to **19.3 million euros** and consisted for over 88% of credit facilities secured by financial collaterals mainly in the form of pledges on financial instruments and/or similar products, such as mandate to policy redemption.
Unsecured exposures on loans to customers, for which risk is effectively borne by the Bank, amounted to just **2.3 million euros**, or around **0.10%** of total loans to customers.

The portfolio of non-performing loans (loans to customers excluding operating loans and debt securities) dropped by **8.7 million euros** as a result of the decline in positions guaranteed by indemnity (-8.8 million euros) and in unlikely-to-pay positions (-5.9 million euros), offset by the increase in bad loans not guaranteed by indemnity (+4.2 million euros) and in positions past due or expired (+1.8 million euros).

NON-PERFORMING EXPOSURES

	31.12.2023				31.12.2022				CHANGE	
(€ THOUSAND)	BAD LOANS	UNLIKELY TO PAY	PAST-DUE AND/OR EXPIRED EXPOSURES	TOTAL	BAD LOANS	UNLIKELY TO PAY	PAST-DUE AND/OR EXPIRED EXPOSURES	TOTAL	DELTA	CHANGE %
Gross exposure	24,950	6,284	13,378	44,612	29,123	12,457	10,196	51,776	-7,164	-14%
Adjustments	10,214	2,117	3,357	15,688	9,734	2,414	1,994	14,142	1,546	11%
Total net exposure	**14,736**	**4,167**	**10,021**	**28,924**	**19,389**	**10,043**	**8,202**	**37,634**	**-8,710**	**-23%**
Gross exposure	17,746	-	-	17,746	26,531	-	-	26,531	-8,785	-33%
Adjustments	8,140	-	-	8,140	8,097	-	-	8,097	43	1%
Exposure guaranteed by net indemnity	**9,606**	**-**	**-**	**9,606**	**18,434**	**-**	**-**	**18,434**	**-8,828**	**-48%**
Gross exposure	7,204	6,284	13,378	26,866	2,592	12,457	10,196	25,245	1,621	6%
Adjustments	2,074	2,117	3,357	7,548	1,637	2,414	1,994	6,045	1,503	25%
Exposure net of indemnity	**5,130**	**4,167**	**10,021**	**19,318**	**955**	**10,043**	**8,202**	**19,200**	**118**	**1%**
Net guaranteed exposure	5,076	3,806	8,131	17,013	910	9,669	7,051	17,630	-617	-3%
Net exposure not guaranteed	**54**	**361**	**1,890**	**2,305**	**45**	**374**	**1,151**	**1,570**	**735**	**47%**

At 31 December 2023, the interbank position, net of the securities portfolio and operating loans, showed a net credit balance of nearly 841 million euros, down slightly compared to a net exposure of 865 million euros at the end of the previous year, chiefly due to the combined effect of:

› the reduction in the net exposure to central banks (-160 million euros), mainly including overnight deposits in service of treasury transactions;
› the decrease in net amounts due to banks (-136 million euros), as a result of the decline in lending and funding repurchase agreements with banks (-137 million euros) and in net exposures on deposits and transfer accounts (-10.5 million euros), partially offset by the change and collateral margins on OTC derivatives and repurchase agreements (+9.4 million euros).

NET INTERBANK POSITION

(€ THOUSAND)	31.12.2023	31.12.2022	CHANGE AMOUNT	CHANGE %
1. Repayable on demand	**589,034**	**747,443**	**-158,409**	**-21.2%**
Demand deposits with ECB and Bank of Italy (*)	514,303	645,000	-130,697	-20.3%
Transfer accounts	74,731	102,443	-27,712	-27.1%
2. Time deposits	**483,427**	**662,295**	**-178,868**	**-27.0%**
Minimum reserve	108,186	137,889	-29,703	-21.5%
Term deposits	25,566	13,650	11,916	87.3%
Repurchase agreements	229,056	397,723	-168,667	-42.4%
Collateral margins	120,619	113,033	7,586	6.7%
Total loans to banks	**1,072,461**	**1,409,738**	**-337,277**	**-23.9%**
1. Due to Central Banks	**-**	**-**	**-**	**n.a.**
2. Due to banks	**231,684**	**544,531**	**-312,847**	**-57.5%**
Transfer accounts	35,346	31,897	3,449	10.8%
Repurchase agreements	171,320	477,028	-305,708	-64.1%
Collateral margins	15,202	17,055	-1,853	-10.9%
Other debts	9,816	18,551	-8,735	-47.1%
Total due to banks	**231,684**	**544,531**	**-312,847**	**-57.5%**
Net interbank position	**840,777**	**865,207**	**-24,430**	**-2.8%**

(*) Reclassified from Item 10 – Demand loans to Central Banks.

Provisions

Special purpose provisions amounted to nearly 268.9 million euros overall, moderately increasing compared to the previous year (+9.8%), mainly as a result of provisions for contractual indemnities to the Financial Advisor Network and other provisions for liabilities and contingencies.

PROVISIONS

(€ THOUSAND)	31.12.2023	31.12.2022	CHANGE AMOUNT	CHANGE %
Provision for termination indemnity	3,772	3,705	67	1.8%
Provisions for pensions and similar obligations	2,476	1,365	1,111	81.4%
Other provisions for liabilities and contingencies	**262,688**	**239,851**	**22,837**	**9.5%**
Provisions for staff expenses	8,640	10,979	-2,339	-21.3%
Provision for the redundancy incentive plan	1,500	1,000	500	50.0%
Provisions for legal disputes	12,283	14,512	-2,229	-15.4%
Provisions for contractual indemnities to the Financial Advisor Network	170,856	152,550	18,306	12.0%
Provisions for Financial Advisor Network incentives	29,048	32,160	-3,112	-9.7%
Provisions for tax and contributions/pension disputes	274	2,445	-2,171	-88.8%
Other provisions for liabilities and contingencies	40,087	26,205	13,882	53.0%
of which: provisions for risks relating to guarantees issued and commitments	*9,591*	*52*	*9,539*	*n.a.*
Total provisions	**268,936**	**244,921**	**24,015**	**9.8%**

Provisions for contractual indemnities to the Financial Advisor Network referred to:

- provisions to cover Financial Advisor termination indemnities provided for under Article 1751 of the Italian Civil Code, assessed on an actuarial basis, in the amount of 83.1 million euros;
- other indemnities relating to termination of the agency or management position (management development indemnity, portfolio development indemnity, retirement eligibility bonus) of 27.4 million euros;
- the provision in service of the annual cycles of the 2017-2026 Framework Loyalty Programme for the Financial Advisor Network, in the amount of 35.3 million euros;
- the new provision in service of the three-year incentive plan for the Financial Advisor Network, in the amount of 24.9 million euros.

The Framework Loyalty Programme for the Financial Advisor Network was suspended at the end of 2021 and therefore no additional annual cycles have been activated since 2022. The provisions relating to the latter programme refer to 50% of the accrued indemnity to be paid in cash, whereas the portion payable in Banca Generali shares has been accounted for pursuant to IFRS 2.

In 2022, a 34.3 million euro financial advance related to the bonuses to be paid in cash was granted to the beneficiaries of the Loyalty Framework Programme drawing from the provision recognised and valued at 30 June 2022. This advance is subject to the same accrual conditions provided for by the Programme and the beneficiaries will be definitively entitled to it in the first half of 2027.

The 2022-2024 three-year incentive plan, approved by the Board of Directors on 18 March 2022, is in addition to the annual incentives for the Financial Advisor Network and is tied to the achievement of both several overall objectives set at the Banking Group level in terms of total net inflows and recurring fee income, established in the new Strategic Plan, and individual objectives.

In particular, at the end of the Plan no incentives may be disbursed without full achievement of the three-year net inflow targets and of at least 90% of the cumulative recurring fee target at the end of 2024.

Special rules also apply to Financial Advisors eligible to participate in the previous Loyalty Framework Programme, for which a bonus floor applies, to be paid at the end of the three-year period if other conditions are met, but only in the absence of net outflows.

The three-year bonus will be paid in 2026, provided that on 31 December 2025 the net inflow targets reached are no less than 90% of net inflows reached at the end of the three-year plan period.

The incentives accruing on a multi-year basis, tied to net inflow targets, qualify as costs of obtaining a contract pursuant to IFRS 15 and are expensed over a five-year period, like other similar incentives granted to the Financial Advisor Network.

In addition, the Plan calls for the payment of the cash bonus only, with the sole exception of beneficiaries qualifying as Key Personnel in the three-year period, to whom the specific provisions of the Remuneration Policies (deferral, shared-based payment, etc.) apply.

The 18.3 million euro net change in provisions for contractual indemnity to the Financial Advisor Network was chiefly attributable to the increase in actuarial provisions amounting to 9.8 million euros[77] and provisions allocated in service of the three-year incentive plan for the Financial Advisor Network amounting to 8.1 million euros, of which 3.1 million euros set to accrue in subsequent years. At the end of the year, the increase in the discount rates used to measure actuarial provisions led to a re-absorption of the latter for approximately 5.1 million euros compared to 26.7 million euros of the previous year (+21.6 million euros).

Other provisions for liabilities and contingencies include 35.2 million euros to cover commercial activities aimed at restoring customers' potential losses resulting from investments made in illiquid products distributed by the Bank that were marked by investment repayment issues, and to sustain customer retention, including provisions for credit risk relating to guarantees issued amounting to 9.4 million euros.

[77] Actuarial provisions include, in addition to termination indemnities regarding Financial Advisors in service, the portfolio development indemnity, the retirement eligibility bonus, the management development indemnity and the Loyalty Framework Programme. In the year, non-actuarial residual provisions changed by 0.4 million euros.

Tax dispute

On 11 July 2023, Banca Generali signed a framework agreement with the Italian Tax Authorities – Friuli Venezia Giulia Regional Department aimed at settling the litigation still pending at the Trieste Tax Court and concerning the minor claims notified with the assessment notices for the tax periods 2014 and 2015. These regard claims not settled as part of the previous tax settlement signed in September 2022, which regarded solely the claims related to relations with the subsidiary BGFML[78].

In detail, with reference to the claim of over 2.7 million euros, the parties reached a settlement for the payment of a greater amount of taxes for 784 thousand euros, however recognising Banca Generali's right to submit requests for refunds with regard to the greater amount of taxes on the write-down of securities for 2014, which had already been expensed in the profit and loss account for the following tax periods, for an amount of 454 thousand euros. The net charge of said settlement thus amounted to 330 thousand euros, in addition to penalties and interest for about 286 thousand euros[79], already entirely covered by specific provisions.

Accordingly, the provision allocated to account for this tax dispute, amounting to 2.0 million euros, was fully expensed by using 0.6 million euros, with recognition through profit or loss of a residual excess amount of 1.4 million euros.

New additional prudential provisions amounting to 274 thousand euros were also allocated due to claimed tax assessments and social contributions.

Net equity and regulatory aggregates

At 31 December 2023, the Banking Group's consolidated net equity, including net profit for the year, exceeded 1,213 million euros, net of the 2023 dividend payout resolved upon by the General Shareholders' Meeting on 19 April 2023 for a total amount of 192.8 million euros, which was partly already paid on 24 May 2023, whereas and the remaining part will be paid in February 2024.

CONSOLIDATED NET EQUITY

			CHANGE	
(€ THOUSAND)	31.12.2023	31.12.2022	AMOUNT	%
Share capital	116,852	116,852	-	-
Share premium reserve	52,992	53,767	-775	-1.4%
Reserves	752,749	724,536	28,213	3.9%
(Treasury shares)	-85,005	-80,139	-4,866	6.1%
Valuation reserves	-797	-9,972	9,175	-92.0%
Equity instruments	50,000	50,000	-	-
Net profit (loss) for the year	326,136	213,034	113,102	53.1%
Consolidated net equity	**1,212,927**	**1,068,078**	**144,849**	**13.6%**
Net equity attributable to minority interests	338	442	-104	-23.5%
Banking Group net equity	**1,213,265**	**1,068,520**	**144,745**	**13.5%**

The Group's net equity therefore rose by 144,745 thousand euros, attributable both to the portion of the 2022 net profit allocated to dividend distribution and to the 2023 net profit and, to a lesser extent, to the plan to buy back treasury shares completed in September[80], other components such as the increase in valuation reserves taken to other comprehensive income (OCI) and the change in reserves for share-based payments (IFRS 2), as shown in the following table.

[78] In this regard, reference should be made to the Annual Integrated Report 2021.
[79] The sanctions were determined based on the so-called facilitated conciliation introduced by Law No. 197 of 29 December 2022, which allows to settle the litigation pending in first or second instance through the signing of a conciliation agreement by 30 September 2023 with a reduction of the ensuing penalties based on the settlement agreement to one eighteenth of the legal minimum
[80] Reference is made to the following section "Treasury shares".

CONSOLIDATED NET EQUITY

(€ THOUSAND)	31.12.2023
Net equity at year-start	**1,068,520**
Provisions for prior year dividends	-192,806
Purchase and sale of treasury shares	-12,247
Change in IFRS 2 reserves	12,028
Change in OCI valuation reserves	9,127
Changes and dividends on AT1 equity instruments	-1,631
Consolidated net profit	326,078
Dividends not paid on treasury shares	4,804
Other effects	-608
Net equity at year-end	**1,213,265**
Change	**144,745**

Valuation reserves grew by 9.2 million euros compared to the previous year, mainly due to the re-absorption of capital losses of the bond portfolio measured at fair value through other comprehensive income (HTCS) and to the reserves for exchange differences related to equity investments in Swiss subsidiaries.

VALUATION RESERVES

	31.12.2023			31.12.2022	
(€ THOUSAND)	POSITIVE RESERVE	NEGATIVE RESERVE	NET RESERVE	NET RESERVE	CHANGE
Valuation reserves - HTCS debt securities	871	-2,808	-1,937	-9,867	7,930
Valuation reserves - OCI equity securities	1,052	-1,234	-182	-713	531
Exchange differences	2,461	-	2,461	713	1,748
Actuarial gains (losses) from defined benefit plans	1,063	-2,202	-1,139	-105	-1,034
Total	**5,447**	**-6,244**	**-797**	**-9,972**	**9,175**

Consolidated own funds amounted to 839.7 million euros, up 77.5 million euros compared to the end of the previous year (+10.2%), whereas capital absorption declined by 11.5 million euros (-3.2%).

At the end of the year, CET1 ratio reached 17.8%, compared to a minimum requirement of 8%, and Total Capital Ratio (TCR) reached 19.0%, compared to the SREP minimum requirement of 12.31%[81].

[81] On 23 January 2024, upon conclusion of the SREP – Supervisory Review and Evaluation Process carried out annually by the competent Supervisory Authority, the Bank of Italy confirmed to Banca Generali the following specific capital requirements to be applied to the Banking Group commencing with the reporting on Own Funds at 31 December 2023:
- a Common Equity Tier 1 (CET1) ratio of 8%, consisting of an Overall Capital Requirement (OCR) of 5.50% (of which 4.5% as minimum regulatory requirement and 1% as additional requirement following the SREP) and a capital conservation buffer for the remainder (2.5%);
- a Tier 1 ratio (T1 ratio) of 9.90% (previously set at 9.85%), consisting of an Overall Capital Requirement (OCR) of 7.40% (of which 6% as minimum regulatory requirement and 1.40% as additional requirement following the SREP) and a capital conservation buffer for the remainder;
- a Total Capital Ratio (TCR) of 12.30%, consisting of an Overall Capital Requirement (OCR) of 9.80% (of which 8% as minimum regulatory requirement and 1.80% as additional requirement following the SREP) and a capital conservation buffer for the remainder.

The Supervisory Authority however expects that Banca Generali maintains its capital ratios equal to at least 8% for CET1 ratio, to 10.90% for Tier 1 ratio and to 13.30% for Total Capital Ratio.

OWN FUNDS AND CAPITAL RATIOS

(€ THOUSAND)	31.12.2023 PHASE-IN	31.12.2022	CHANGE AMOUNT	CHANGE %
Common Equity Tier 1 capital (CET1)	789,702	712,159	77,543	10.9%
Additional Tier 1 capital (AT1)	50,000	50,000	-	-
Tier 2 capital (T2)	-	-	-	n.a.
Total own funds	**839,702**	**762,159**	**77,543**	**10.2%**
Credit and counterparty risk	256,008	277,424	-21,416	-7.7%
Market risk	3	10	-7	-71.9%
Operational risk	98,042	88,138	9,904	11.2%
Total absorbed capital (Pillar I)	**354,053**	**365,571**	**-11,519**	**-3.2%**
Total SREP minimum requirements (Pillar II)	**544,887**	**562,615**	**-17,728**	**-3.2%**
Excess over SREP minimum requirements	294,815	199,544	95,271	47.7%
Risk-weighted assets	4,425,658	4,569,644	-143,986	-3.2%
CET1/Risk-weighted assets	17.8%	15.6%	2.3%	14.5%
Tier 1/Risk-weighted assets	19.0%	16.7%	2.3%	13.8%
Total own funds/Risk-weighted assets (Total Capital Ratio)	**19.0%**	**16.7%**	**2.3%**	**13.8%**

The change in Own Funds was mainly attributable to the inclusion of the portion of net profit for the year not allocated to dividend distribution (+74.9 million euros), the conclusion of the plan for the buy-back of treasury shares (-12.2 million euros), the dividends on treasury shares not paid out (+4.8 million euros), the reserve allocated to share-based payment plans (+12.0 million euros) and other net negative capital and prudential effects for -1.9 million euros, as highlighted in the following table.

CHANGES IN OWN FUNDS

(€ THOUSAND)

Own funds at 31.12.2022	**762,159**
Estimated regulatory provisions for retained earnings	74,905
Purchase and sale of treasury shares	-12,247
Change in IFRS 2 reserves	12,028
Dividend not paid out on treasury shares	4,805
Change in OCI reserves on HTCS	6,400
Change in other OCI reserves	-1,688
Change in goodwill and intangible assets (net of related DTLs)	-4,431
DTAs through P&L not arising on temporary differences (tax losses)	-104
Negative prudential filters (prudent valuation - simplified method)	117
Changes and dividends on AT1 equity instruments	-1,631
Other effects (other reserves)	-611
Total changes in Tier 1 capital	**77,543**
Own funds at 31.12.2023	**839,702**
Change	**77,543**

The change in OCI reserves on securities of the HTCS portfolio (+4.7 million euros) was also penalised by the non-renewal of the preferential phase-in regime for the prudential valuation of reserves on government securities (-5.5 million euros)[82].

With regard to the portion of retained earnings, in accordance with the risk profile identified in the Risk Appetite Framework and overall capital adequacy, the 2022-2024 Dividend Policy calls for the distribution of a dividend composed as follows to mitigate the effects of the variability of non-recurring components:

› a component calculated at between 70% and 80% of recurring consolidated net profit;
› a component calculated at between 50% and 100% of non-recurring consolidated net profit.

In this regard, it should be noted that at the end of 2023 the Bank's recurring consolidated net profit amounted to 320.3 million euros, whereas the non-recurring consolidated net profit amounted to 5.8 million euros.

In light of the results reported, the Board of Directors decided to submit for the approval of the General Shareholders' Meeting the distribution of a dividend equal to the sum of 75% of recurring consolidated net profit and 100% of non-recurring consolidated net profit, for a total amount of 251.2 million euros, equal to a 77% payout, calculated on the consolidated net profit for financial year 2023.

The 11.5 million euro reduction in capital absorption was attributable to a decline in capital absorbed due to credit risk, partially offset by the increase in operational risk, following the significant business expansion.

In detail, the change in credit risk was due both to the decline in original exposures to corporate and retail customers (-14.4 million euros) and to the reduced weighting of exposures to covered bonds (-2.3 million euros), the Forward Fund (-1.7 million euros) and other assets (-3.0 million euros).

The Bank's liquidity ratios maintained excellent levels, with the Liquidity Coverage Ratio (LCR) at 335% and Net Stable Funding Ratio (NSFR) at 214%. The Bank's leverage ratio stood at 5.4%.

[82] It should also be noted that in the fourth quarter of 2022 Banca Generali had implemented the optional phase-in regime that makes it possible to exclude from the calculation of CET1 a share of unrealised gains and losses relating to exposures to public administrations and authorities recognised as of 31 December 2019.
On the basis of this regime, Banca Generali had sterilised for prudential purposes 40% of the decrease in net valuation equity reserves for government debt securities, amounting to 5.5 million euros, recognised with respect to 31 December 2019.
The amount of the related net DTAs recognised as counterentry to such reserves (2.1 million euros), normally subject to a weighting coefficient of 250%, had also been sterilised for the purposes of determining RWAs, resulting in an effect on the credit risk capital requirement of just over 0.4 million euros.
The phase-in filter, introduced with Commission Delegated Regulation (EU) No. 2020/873, published in the OJEU on 26 June 2020, in relation to the Covid-19 emergency, had nonetheless applied until the reporting deadline of 31 December 2022 and had not been subsequently extended by European authorities.

RECONCILIATION STATEMENT BETWEEN THE PARENT COMPANY BANCA GENERALI'S NET EQUITY AND CONSOLIDATED NET EQUITY

	31.12.2023		
(€ THOUSAND)	SHARE CAPITAL AND RESERVES	NET PROFIT	NET EQUITY
Net equity of Banca Generali	**804,588**	**314,877**	**1,119,465**
Differences between net equity and book value of companies consolidated using the line-by-line method	60,354	124	60,478
- Profit carried forward of consolidated companies	52,277	-	52,277
- Goodwill	8,707	-	8,707
- Other changes	-630	124	-506
Dividends from consolidated companies	27,220	-148,220	-121,000
Consolidated companies' result for the year	-	145,179	145,179
Net profit attributable to minority interests	396	-58	338
Result of associates valued at equity	-187	193	6
Sterilisation of impaired equity investments	-	13,983	13,983
Valuation reserves - consolidated companies	1,062	-	1,062
Exchange differences	2,461	-	2,461
Goodwill	-8,707	-	-8,707
Consolidation adjustments	-58	58	-
Net equity of the Banking Group	**887,129**	**326,136**	**1,213,265**

Cash flows

At the end of 2023, operating activities generated a total liquidity of 94.9 million euros, significantly reversing the trend compared to the previous year.

In detail, the decline in net inflows from customers (-1,715 million euros), in the interbank segment and in other operating assets generated outflows of 1,864 million euros, offset by operating activities (329 million euros), the release of the financial asset portfolio (+1,393 million euros) and, to a lesser extent, loans to customers (+238 million euros), for a total of 1,959 million euros.

Cash flows generated from operating activities are therefore reduced by cash outflows generated by funding activities, consisting of dividends paid — represented by the second tranche of the 2021 dividend, the first tranche of the 2022 dividend and the AT1 financial instrument coupon — for an amount of 210 million euros, and to a lesser extent, by the buy-back of treasury share and investment activities.

Cash and cash equivalents at year-end amounted to 619 million euros, with a 155 million euro decrease compared to the end of 2022.

CASH FLOWS

(€ THOUSAND)	31.12.2023	31.12.2022	CHANGE
Liquidity generated by operations	**328,767**	**245,990**	**82,778**
Financial assets	1,392,822	-1,611,651	3,004,473
Loans to banks	178,781	-129,858	308,639
Loans to customers	237,528	-172,178	409,706
Other operating assets	-43,289	-69,522	26,233
Total assets	**1,765,842**	**-1,983,209**	**3,749,051**
Amounts due to banks	-312,892	-283,747	-29,145
Amounts due to customers	-1,715,593	1,374,916	-3,090,508
Other operating liabilities	28,806	53,917	-25,111
Total liabilities	**-1,999,679**	**1,145,086**	**-3,144,765**
Liquidity generated by/used for operating activities	**94,931**	**-592,133**	**687,064**
Investments	-27,563	-19,838	-7,725
Acquisition and disposal of business units and equity investments	89	-663	752
Liquidity generated by/used for investing activities	**-27,474**	**-20,501**	**-6,973**
Dividends paid	-210,476	-209,076	-1,400
Issue/purchase of treasury shares and financial instruments	-12,247	-24,385	12,138
Liquidity generated by/used for financing activities	**-222,723**	**-233,461**	**10,738**
Net liquidity generated/used	**-155,266**	**-846,095**	**690,829**
Cash and cash equivalents	**618,973**	**774,239**	**-155,266**

Parent Company's Operations and Performance of Subsidiaries

Parent Company's operations

Considering Banca Generali Group's operating structure, the report on consolidated figures better meets the needs of valid representation of earnings and financial position performance than an analysis of the Bank's aggregates alone.

Accordingly, these comments complete the consolidated information to which primary reference should be made.

Operating Result

Banca Generali closed 2023 with net profit of 314.9 million euros, up compared to 226.2 million euros at the end of the previous year, mainly as a result of the increased net interest income following the reversal of the interest rate trend launched by central banks in the fourth quarter of 2022 to stem the previous year's outbreak of strong inflationary pressure.

INCOME STATEMENT

(€ THOUSAND)	2023	2022	CHANGE AMOUNT	CHANGE %
Net interest income	**302,873**	**145,131**	**157,742**	**108.7%**
Net income (loss) from trading activities	15,821	22,217	-6,396	-28.8%
Dividends	149,435	168,928	-19,493	-11.5%
of which: dividends from equity investments	*148,220*	*167,783*	*-19,563*	*-11.7%*
Net financial income	**468,129**	**336,276**	**131,853**	**39.2%**
Fee income	745,445	723,286	22,159	3.1%
Fee expense	-472,486	-451,559	-20,927	4.6%
Net fees	**272,959**	**271,727**	**1,232**	**0.5%**
Net banking income	**741,088**	**608,003**	**133,085**	**21.9%**
Staff expenses	-105,835	-97,175	-8,660	8.9%
Other general and administrative expenses (net of duty recoveries)	-114,630	-109,955	-4,675	4.3%
Net adjustments of property, equipment and intangible assets	-37,604	-34,732	-2,872	8.3%
Other operating expenses/income	9,617	11,439	-1,822	-15.9%
Net operating expenses	**-248,452**	**-230,423**	**-18,029**	**7.8%**
Operating result	**492,636**	**377,580**	**115,056**	**30.5%**
Net adjustments to non-performing loans	-528	-8,327	7,799	-93.7%
Net provisions	-49,843	-27,101	-22,742	83.9%
Contributions and charges related to the banking system	-16,128	-17,595	1,467	-8.3%
Gains (losses) on disposal of equity investments	-15,285	-4,044	-11,241	n.a.
Operating profit before taxation	**410,852**	**320,513**	**90,339**	**28.2%**
Income taxes for the year on operating activities	-95,975	-58,995	-36,980	62.7%
One-off charges for tax settlement procedures	-	-35,330	35,330	-100.0%
Net profit	**314,877**	**226,188**	**88,689**	**39.2%**

Advance and balance **dividends** paid by the Luxembourg-based subsidiary BG Fund Management Luxembourg S.A. went from 167.8 million euros overall for 2022 to the current 148.2 million euros.

Reclassified **net banking income**[83], net of the dividends distributed by the Banking Group's investees, rose by approximately 152.6 million euros (+34.7%) compared to the previous year, primarily due to the aforementioned increase in net interest income (+157.7 million euros). By contrast, net income from trading activities declined by 6.4 million euros. Net fees remained substantially stable (+1.2 million euros).

Net interest income amounted to 319.9 million euros, marking an increase driven mainly by securities trading (+188.2 million euros) and the expansion of loans to customers (+67.2 million euros), albeit offset by increased interest expense on customers' current accounts and repurchase agreement transactions (+101.4 million euros). The contribution of transactions with the ECB stood at +15.1 million euros.

Net fees totalled 272.9 million euros, in line with the previous year (+0.5%).

83 In order to ensure a better understanding of operating performance, in the Profit and Loss Account the provisions for sales incentives and recruitment plans have been reclassified within the net fee aggregate. As a result, net provisions were restated net of these items for an amount of 14.9 million euros for 2023 and 18.8 million euros for 2022.

NET FEES

(€ THOUSAND)	2023	2022	CHANGE AMOUNT	CHANGE %
Fees for portfolio management	100,932	86,002	14,930	17.4%
Fees for placement of securities and UCITS	286,576	276,134	10,442	3.8%
Fees for distribution of third-party financial products	246,298	265,465	-19,167	-7.2%
Fees for trading, receipt of orders, and custody of securities and currencies	45,882	36,200	9,682	26.7%
Advisory fees	52,629	45,516	7,113	15.6%
Fees for collection and payment services	4,543	4,840	-297	-6.1%
Fees for other banking services	8,585	9,129	-544	-6.0%
Total fee income	**745,445**	**723,286**	**22,159**	**3.1%**
Fees for off-premises offer	450,300	432,766	17,534	4.1%
Fees for collection and payment services	3,880	4,339	-459	-10.6%
Fees for trading and securities custody	9,721	9,488	233	2.5%
Fees for portfolio management	926	1,047	-121	-11.6%
Fees for other banking services	7,659	3,919	3,740	95.4%
Total fee expense	**472,486**	**451,559**	**20,927**	**4.6%**
Net fees	**272,959**	**271,727**	**1,232**	**0.5%**

Fee income from the solicitation of investment and asset management of households reached 633.8 million euros, slightly increasing compared to 2022 (+1.0%). Within this aggregate, fees for placement of UCITS units declined (-1.9 million euros; -0.7%) as did fee income for distribution of insurance products (-19.2 million euros; -7.3%), due to lower average total assets managed. Fees for portfolio management grew to 100.9 million euros, up +17.4% compared to the previous year. Fee income for bond placement also increased (+12.3 million euros; +63.5%).

ASSET MANAGEMENT FEE INCOME

(€ THOUSAND)	2023	2022	CHANGE AMOUNT	CHANGE %
1. Individual portfolio management	100,932	86,002	14,930	17.4%
Fees for portfolio management	**100,932**	**86,002**	**14,930**	**17.4%**
1. Placement of Banking Group's UCITS units	123,244	123,604	-360	-0.3%
2. Placement of UCITS units	131,660	133,165	-1,505	-1.1%
3. Bond placement	31,672	19,366	12,306	63.5%
of which: certificates	*20,194*	*15,311*	*4,883*	*31.9%*
4. Distribution of portfolio management services	1,379	1,175	204	17.4%
5. Distribution of insurance products	244,411	263,631	-19,220	-7.3%
6. Distribution of other third-party financial services	508	658	-150	-22.8%
Fees for the placement and distribution of third-party products	**532,874**	**541,599**	**-8,725**	**-1.6%**
Total	**633,806**	**627,601**	**6,205**	**1.0%**

Fee expense, including fee provisions, amounted to 472.5 million euros, up 4.6% compared to the previous year, mostly due to the increase in fees paid to the Financial Advisor Network for off-premises offers (+17.5 million euros; +4.1%).

The Bank's total payout ratio to total fee income was thus 63.4%, up from 62.4% in 2022.
The payout ratio for off-premises offers alone, calculated on the basis of asset management fees, amounted to 71.0%, up compared to 69.0% for the previous year.

Other net fees from banking services offered to customers included fees for trading, order collection, custody and administration fees, advisory fees and fees charged to customers for account-keeping expenses and other services. This aggregate stood at 89.5 million euros, up approximately 12.6 million euros compared to the previous year, thanks to the expansion of advisory services for both retail customers (advanced advisory) and for Generali Group companies and the increase in financial brokerage activities.

Operating expenses[84], including staff expenses, other general and administrative expenses, amortisation and depreciation and other operating income and expenses, amounted to 248.5 million euros, increasing by 18.0 million euros compared to the previous year (+7.8%).

The **cost/income ratio**, which measures the ratio of operating expenses to net operating income, amounted to 35.6%, compared to 44.4% reported at the end of 2022.

OPERATING EXPENSES

			CHANGE	
(€ THOUSAND)	2023	2022	AMOUNT	%
Staff expenses	105,835	97,175	8,660	8.9%
Other general and administrative expenses (net of duty recoveries)	114,630	109,955	4,675	4.3%
Net adjustments of property, equipment and intangible assets	37,604	34,732	2,872	8.3%
Other income and expenses (net of duty recoveries)	-9,617	-11,439	1,822	-15.9%
Operating expenses	**248,452**	**230,423**	**18,029**	**7.8%**

Staff expenses, including employees, interim staff and directors, reached about 105.8 million euros, up 8.7 million euros (+8.9%) compared to the previous year, as a result of the organic workforce growth.

Bank employees were 985 at the end of 2023, with an increase of 45 compared to 2022.

Other general and administrative expenses, net of recoveries of taxes paid by clients, amounted to 114.6 million euros, increasing by 4.7 million euros (+4.3%) compared to the previous year. The increase was largely attributable to higher costs incurred for IT outsourcing and financial data bases, whereas consultancy costs declined.

Provisions, contributions and charges related to the banking system and net adjustments totalled 66.5 million euros compared to 53.0 million euros for 2022 (+25.4%).

In detail, net provisions not related to fees[85] amounted to 49.8 million euros, up 22.7 million euros compared to the previous year.

The increase in provisions for liabilities and contingencies was primarily due to higher provisions to cover contractual commitments to the Financial Advisor Network (+24.5 million euros), only partly offset by the reversal of provisions to cover contractual commitments for legal disputes (-3.5 million euros), and against a high level of other provisions for liabilities and contingencies for both reporting periods.

The increase in provisions to cover contractual commitments to the Financial Advisor Network was largely attributable to actuarial provisions (+22.9 million euros), which were impacted by lower reversals of the discounted value following the slowdown in the increase of discount rates used to evaluate actuarial provisions[86] compared to 2022 (+5.1 million euros).

84 In order to facilitate the understanding of operating performance, in the presentation of the Profit and Loss Account, taxes recovered from customers have been reclassified to the other general and administrative expenses aggregate. As a result, the other income aggregate was restated net of these items for an amount of 101.6 million euros for 2023 and 83.1 million euros for 2022. In addition, the costs of the mandatory contributions paid by the Bank, pursuant to the DSGD and BRRD for the protection of the banking system (contributions to the Italian Interbank Deposit Protection Fund, European Single Resolution Fund and the Italian National Resolution Fund for previous interventions) have been separated from the general and administrative expenses aggregate and reclassified to a separate item in order to better represent the performance of the costs most closely connected to the Bank's operating structure.

85 Fee provisions, which amounted to 14.9 million euros (18.8 million euros in 2022), are recognised under the fee expense aggregate.

86 The discount rate applied to actuarial provisions is determined on the basis of the annual average EURIRS rates applicable to the average life of the population, increased by the spread between the ten-year BTP and ten-year EURIRS. The increase in the discount rate used therefore reflected the increase in interest rates and government bond spreads in the period March 2023-December 2023 (4.26%) compared to the previous measurement for the period March 2022-December 2022 (3.76%) used for the valuation of actuarial provisions at 31 December 2022.

The provisions for other liabilities and contingencies decreased slightly by 0.8 million euros compared to the previous year and included an additional 21.1 million euro prudential provision to cover commercial activities aimed at restoring customers' potential losses resulting from illiquid assets distributed by the Bank that have were marked by investment repayment issues and to sustain customer retention, including provisions for credit risk relating to guarantees issued amounting to 9.4 million euros.

Adjustments amounted to approximately 0.5 million euros, down 7.8 million euros compared to 2022, almost fully attributable to reversals on the debt securities portfolio, chiefly as a result of a reduction in the risk profile of the portfolio of government and corporate securities.

Contributions and charges related to the banking system, which included the contributions to the funds for the protection of the banking system paid in 2023, totalled 16.1 million euros, slightly decreasing compared to 31 December 2022 (-1.5 million euros).

Income taxes for the year were about 96.0 million euros and increased by 37.0 million euros compared to the tax burden estimated at the end of 2022.

The Bank's overall tax rate was 23.4%, up compared to 2022 (18.4%) as a result of the lower contribution of the foreign entities to the Group's result.

With regard to the so-called Windfall Tax for Banks and, on the basis of the provisions introduced upon conversion into law of Italian Legislative Decree No. 104/2023, the Bank opted to allocate the tax to strengthening the Group's capital. Banca Generali's Board of Directors therefore resolved to propose to constitute, when approving the 2023 Financial Statements, a 26.6 million euro non-distributable equity reserve fully computable in CET1.

Performance of the main balance sheet aggregates

At the end of 2023, total assets amounted to 15.4 billion euros, decreasing by 1.8 billion euros compared to the end of 2022 (-10.4%).

Total net inflows reached 13.5 billion euros (-13.2%); the most significant reduction was reported by loans to customers (-1.7 billion euros), largely attributable to lower current account deposits. Net inflows from banks also dropped, chiefly as a result of the decline in repurchase agreement transactions (-305.7 million euros).

The volume of core loans at the end of the year was 14.3 billion euros (-10.7%).

ASSETS

			CHANGE	
(€ THOUSAND)	31.12.2023	31.12.2022	AMOUNT	%
Financial assets at fair value through profit or loss	509,407	507,346	2,061	0.4%
Financial assets at fair value through other comprehensive income	1,000,936	1,120,101	-119,165	-10.6%
Financial assets measured at amortised cost:	12,801,328	14,403,854	-1,602,526	-11.1%
a) loans to banks (*)	2,800,892	3,261,886	-460,994	-14.1%
b) loans to customers	10,000,436	11,141,968	-1,141,532	-10.2%
Hedging derivatives	161,955	286,776	-124,821	-43.5%
Equity investments	58,747	32,158	26,589	82.7%
Property, equipment and intangible assets	268,992	274,489	-5,497	-2.0%
Tax receivables	70,081	71,123	-1,042	-1.5%
Other assets	532,914	501,225	31,689	6.3%
Total assets	**15,404,360**	**17,197,072**	**-1,792,712**	**-10.4%**

(*) Demand deposits with the ECB and current accounts and demand deposits with banks have been reclassified among loans to banks.

LIABILITIES AND NET EQUITY

(€ THOUSAND)	31.12.2023	31.12.2022	CHANGE AMOUNT	CHANGE %
Financial liabilities measured at amortised cost:	13,494,806	15,538,621	-2,043,815	-13.2%
a) due to banks	231,659	544,498	-312,839	-57.5%
b) due to customers	13,263,147	14,994,123	-1,730,976	-11.5%
HFT financial liabilities	159	-	159	n.a.
Hedging derivatives	132,662	123,604	9,058	7.3%
Tax liabilities	44,709	31,989	12,720	39.8%
Other liabilities	346,276	273,463	72,813	26.6%
Special purpose provisions	266,282	243,184	23,098	9.5%
Valuation reserves	-4,320	-12,620	8,300	-65.8%
Equity instruments	50,000	50,000	-	-
Reserves	674,070	632,163	41,907	6.6%
Share premium reserve	52,992	53,767	-775	-1.4%
Share capital	116,852	116,852	-	-
Treasury shares (-)	-85,005	-80,139	-4,866	6.1%
Net profit (loss) for the year (+/-)	314,877	226,188	88,689	39.2%
Total liabilities and net equity	**15,404,360**	**17,197,072**	**-1,792,712**	**-10.4%**

Direct Inflows from customers amounted to approximately 13.3 billion euros, down 1.7 billion euros compared to 31 December 2022, as a result of the aforementioned decline in current account deposits (-1.9 billion euros; -14.7%) and lower collateral margins on repurchase agreements and derivatives (-155.0 million euros). Term deposits grew significantly to 241.7 million euros at 31 December 2023, following the launch of a new promotional initiative reserved for corporate customers in November.

LOANS TO CUSTOMERS

(€ THOUSAND)	31.12.2023	31.12.2022	CHANGE AMOUNT	CHANGE %
1. Current accounts and demand deposits	11,103,239	13,022,118	-1,918,879	-14.7%
2. Term deposits	241,730	-	241,730	n.a.
3. Financing	1,507,866	1,652,307	-144,441	-8.7%
Repurchase agreements	1,382,649	1,372,093	10,556	0.8%
Intragroup loans	-	-	-	n.a.
Collateral margins	125,217	280,214	-154,997	-55.3%
4. Other debts	410,312	319,698	90,614	28.3%
Operating debts to Financial Advisor Network	139,200	120,522	18,678	15.5%
IFRS 16-related lease liabilities	137,795	149,375	-11,580	-7.8%
Other (money orders, amounts at the disposal of customers)	133,317	49,801	83,516	167.7%
Total due to customers	**13,263,147**	**14,994,123**	**-1,730,976**	**-11.5%**

Captive inflows from subsidiaries and the companies within Assicurazioni Generali Group, net of IFRS 16-related financial liabilities (64.5 million euros), increased by 97.7 million euros to approximately 521.7 million euros at the year-end, thus accounting for 3.9% of total inflows.

INFLOWS FROM CUSTOMERS

(€ THOUSAND)	31.12.2023	31.12.2022	CHANGE AMOUNT	CHANGE %
Inflows from subsidiaries	6,052	49,459	-43,407	-87.8%
Inflows from Parent Company	46,738	74,677	-27,939	-37.4%
Inflows from other subsidiaries	404,408	227,783	176,625	77.5%
IFRS 16-related lease financial liabilities	64,504	72,100	-7,596	-10.5%
Total inflows from Generali Group	**521,702**	**424,019**	**97,683**	**23.0%**
Inflows from other parties	12,741,445	14,570,104	-1,828,659	-12.6%
of which: current accounts	*10,646,041*	*12,670,199*	*-2,024,158*	*-16.0%*
Total inflows from customers	**13,263,147**	**14,994,123**	**-1,730,976**	**-11.5%**

Net inflows from customers external to the Insurance and Banking Group continued to be driven by demand current account deposits, which reported a decrease of 2.0 billion euros and amounted to 10,646 million euros.

The non-interest-bearing debt position consisted of other sums available to customers, primarily relating to claims settlement activity by the Group's insurance companies (money orders), as well as of accounts payable to the Financial Advisor Network for the placement of financial products and services. This segment grew sharply, largely due to the increase in money orders issued at the end of December on behalf of insurance companies.

Core loans totalled 14.3 billion euros overall, down 1.7 billion euros (-10.7%) compared to 31 December 2022, as a consequence of the decrease in investments in financial asset portfolios, which declined by 1.2 billion euros (-9.8%), and of lower loans to banks and customers (-0.6 billion euros; -14.9%).

INTEREST-BEARING LOANS

(€ THOUSAND)	31.12.2023	31.12.2022	CHANGE AMOUNT	CHANGE %
Financial assets measured at fair value through profit or loss	509,407	507,346	2,061	0.4%
Financial assets measured at fair value through other comprehensive income	1,000,936	1,120,101	-119,165	-10.6%
Financial assets measured at amortised cost	12,801,328	14,403,854	-1,602,526	-11.1%
a) Loans to banks	2,800,892	3,261,886	-460,994	-14.1%
Deposits and financing (*)	1,026,928	1,387,511	-360,583	-26.0%
Debt securities	1,765,317	1,862,289	-96,972	-5.2%
Other operating loans	8,647	12,086	-3,439	-28.5%
b) Loans to customers	10,000,436	11,141,968	-1,141,532	-10.2%
Loans	2,316,385	2,539,480	-223,095	-8.8%
Debt securities	7,446,623	8,399,324	-952,701	-11.3%
Other operating loans	237,428	203,164	34,264	16.9%
Total interest-bearing financial assets and loans	**14,311,671**	**16,031,301**	**-1,719,630**	**-10.7%**

(*) ECB demand deposits included.

Loans to customers reached 2,316.4 million euros, down compared to year-end 2022 (-8.8%), as a result of the decline in account credit facilities and in mortgages and personal loans.

LOANS, OPERATING LOANS AND OTHER LOANS

			CHANGE	
(€ THOUSAND)	31.12.2023	31.12.2022	AMOUNT	%
Current accounts	1,694,975	1,793,523	-98,548	-5.5%
Mortgages and personal loans	609,921	740,442	-130,521	-17.6%
Other financing and loans not in current accounts	11,489	5,515	5,974	108.3%
Short-term term deposits on the new MIC	-	-	-	n.a.
Reverse repurchase agreements	-	-	-	n.a.
Total loans	**2,316,385**	**2,539,480**	**-223,095**	**-8.8%**
Operating loans to management companies	82,429	81,473	956	1.2%
Sums advanced to Financial Advisors	58,452	56,330	2,122	3.8%
Stock exchange interest-bearing daily margin	84,001	57,412	26,589	46.3%
Charges to be debited and other loans	12,546	7,949	4,597	57.8%
Operating loans and other loans	**237,428**	**203,164**	**34,264**	**16.9%**
Debt securities	**7,446,623**	**8,399,324**	**-952,701**	**-11.3%**
Total loans to customers	**10,000,436**	**11,141,968**	**-1,141,532**	**-10.2%**

Net non-performing exposures amounted to 28.9 million euros, accounting for 1.25% of total loans to customers, declining slightly compared to the previous year (-8.7 million euros).
The aggregate includes 9.6 million euros referring to exposures originating in the portfolio of Banca del Gottardo Italia, fully covered by the loan indemnity granted by BSI S.A.[87] upon the sale of the said company and chiefly secured to that end by cash collateral payments by the counterparty.

Net of this aggregate, non-performing exposures on loans to customers amounted to approximately 19.3 million euros and consisted for 88% of credit facilities secured by financial collaterals mainly in the form of pledges of financial instruments and/or similar products, such as mandate to policy redemption.

Unsecured exposures on loans to customers, for which risk is effectively borne by the Bank, amounted to just 2.3 million euros, or around 0.1% of total loans to customers.

At 31 December 2023, the **interbank position**, net of the securities portfolio and operating loans, showed a net credit balance of 795.3 million euros, down compared to a net credit imbalance of 843.0 million euros at the end of the previous year.

[87] As of 7 April 2017, the Swiss operations of BSI S.A. were totally transferred to EFG Bank AG - Lugano Branch, as per the Swiss law on mergers.

This result was essentially attributable to the decline in demand deposit with the ECB and the Bank of Italy (-168.3 million euros) and the decrease in reverse repurchase agreements (-168.7 million euros) and repurchase agreements (-305.7 million euros).

NET INTERBANK POSITION

(€ THOUSAND)	31.12.2023	31.12.2022	CHANGE AMOUNT	CHANGE %
1. Repayable on demand	**543,669**	**726,867**	**-183,198**	**-25.2%**
Demand deposits with ECB and Bank of Italy (*)	476,709	645,000	-168,291	-26.1%
Transfer accounts	66,960	81,867	-14,907	-18.2%
2. Time deposits	**483,259**	**660,644**	**-177,385**	**-26.9%**
Minimum reserve	108,186	137,889	-29,703	-21.5%
Term deposits and current accounts	25,398	11,999	13,399	111.7%
Repurchase agreements	229,056	397,723	-168,667	-42.4%
Collateral margins	120,619	113,033	7,586	6.7%
Total loans to banks	**1,026,928**	**1,387,511**	**-360,583**	**-26.0%**
1. Due to Central Banks	**-**	**-**	**-**	**n.a.**
2. Due to banks	**231,659**	**544,498**	**-312,839**	**-57.5%**
Transfer accounts	35,346	31,897	3,449	10.8%
Repurchase agreements	171,320	477,028	-305,708	-64.1%
Collateral margins	15,202	17,055	-1,853	-10.9%
Other debts	9,791	18,518	-8,727	-47.1%
Total due to banks	**231,659**	**544,498**	**-312,839**	**-57.5%**
Net interbank position	**795,269**	**843,013**	**-47,744**	**-5.7%**
3. Debt securities	**1,765,317**	**1,862,289**	**-96,972**	**-5.2%**
4. Other operating loans	**8,647**	**12,086**	**-3,439**	**-28.5%**
Total interbank position	**2,569,233**	**2,717,388**	**-148,155**	**-5.5%**

(*) Reclassified from Item 10 – Demand loans to Central Banks.

Provisions for liabilities and contingencies rose by 23.1 million euros, due to higher provision for contractual indemnities to the Financial Advisor Network and other provisions for liabilities and contingencies.

Net equity and regulatory aggregates

At 31 December 2023, net equity, including net profit for the year, amounted to 1,119.5 million euros compared to 986.2 million euros at the end of the previous year.

NET EQUITY

(€ THOUSAND)	31.12.2023	31.12.2022	CHANGE AMOUNT	CHANGE %
Share capital	116,852	116,852	-	-
Share premium reserve	52,992	53,767	-775	-1.4%
Reserves	674,070	632,163	41,907	6.6%
(Treasury shares)	-85,005	-80,139	-4,866	6.1%
Valuation reserves	-4,320	-12,620	8,300	-65.8%
Equity instruments	50,000	50,000	-	-
Net profit (loss) for the year	314,877	226,188	88,689	39.2%
Total net equity	**1,119,466**	**986,211**	**133,255**	**13.5%**

The change in net equity during the reporting period was influenced by the portion of dividends paid, the change in the reserves for share-based payments (IFRS 2), the change in fair value valuation reserves for the portfolio of HTCS financial assets and other reserves included in other comprehensive income, in addition to the net profit for the year.

CHANGES IN NET EQUITY

(€ THOUSAND)	31.12.2023
Net equity at year-start	**986,211**
Dividends approved and distributed	-188,001
Dividend on AT1 equity instruments	-1,631
Buy-back/disposal of treasury shares	-12,061
Matured IFRS 2 reserves for Remuneration Policy	11,772
Change in valuation reserves	8,299
Net profit (loss) for the year	314,877
Net equity at year-end	**1,119,466**
Change	**133,255**

Fair value valuation reserves for the portfolio of financial assets measured at fair value through other comprehensive income (HTCS) showed a net increase of about 8.5 million euros, primarily due to the portfolio of government bonds, for which net reserves amounted to -1.4 million euros compared to -7.5 million euros at the end of the previous year.

The aggregate had an overall negative balance of -4.3 million euros compared to -12.6 million euros at the end of 2022 (+8.3 million euros).

Own funds amounted to 758.4 million euros, with an increase of 66.7 million euros compared to 31 December 2022.

(€ THOUSAND)	31.12.2023
Own funds at year-start	**691,703**
Buy-back of treasury shares	-12,061
Reallocation to equity reserve of the previous year's dividend	4,804
Dividend payout on equity instruments	-1,631
Regulatory provisions for retained earnings for the year	63,646
IFRS 2 reserves – Bank's stock option and stock grant plans (LTIPs)	11,772
Change in OCI reserves	3,929
Change in IAS 19 reserves	-92
Change in goodwill and other intangible, net of DTLs	-3,804
Negative prudential filters and other negative items	117
Own funds at year-end	**758,384**
Change	**66,681**

At year-end, the aggregate capital for regulatory purposes recorded 335.8 million euros in excess of the amount required to cover credit, market, and operational risks. Total Capital Ratio (TCR) was 18.8% compared to the minimum requirement of 10.5%.

Capital absorption due to credit risk decreased by 18.8 million euros compared to the previous year.

OWN FUNDS AND RATIOS

(€ THOUSAND)	31.12.2023	31.12.2022 PHASE-IN	CHANGE AMOUNT	CHANGE %
Total Common Equity Tier 1 capital (CET1)	708,384	641,703	66,681	10.4%
Total Additional Tier 1 capital (AT1)	50,000	50,000	-	-
Total Tier 2 capital (T2)	-	-	-	n.a.
Total Own funds	**758,384**	**691,703**	**66,681**	**9.64%**
Credit risk	253,303	272,119	-18,816	-6.9%
Market risk	3	10	-7	-70.0%
Operational risk	68,654	55,336	13,318	24.1%
Total own funds absorbed (Pillar I)	**321,960**	**327,465**	**-5,505**	**-1.7%**
Total SREP minimum requirements (Pillar II)	**422,573**	**429,798**	**-7,225**	**-1.7%**
Excess over SREP minimum requirements	335,812	261,905	73,906	28.2%
Risk-weighted assets	4,024,500	4,093,313	-68,813	-1.7%
CET1/Risk-weighted assets	17.6%	15.7%	1.9%	12.3%
Tier 1/Risk-weighted assets	18.8%	16.9%	1.9%	11.5%
Own funds/Risk-weighted assets (Total Capital Ratio)	**18.8%**	**16.9%**	**1.9%**	**11.5%**

Treasury shares

At 31 December 2023, the Parent Company, Banca Generali, held 2,920,001 treasury shares, equal to 2.5% of share capital, with a value of 85,005 thousand euros, intended solely for the service of Remuneration Policies for the Banking Group's Key Personnel.
On 19 April 2023, the General Shareholders' Meeting also authorised the repurchase of a maximum of 369,260 treasury shares, for a maximum amount of 15.6 million euros, in service of remuneration plans for Key Personnel for 2023 and the new Long Term Incentive Plan (LTIP) for the three-year period 2023-2027.
The plan for the buy-back of treasury shares, authorised by the Supervisory Authority on 28 June 2023, was launched on 2 August 2023 and completed on 25 September 2023 with the repurchase of 369,260 treasury shares at an average price of 33.166 euros per share, for a total amount of 12.2 million euros.

In the year, on the basis of the achievement of the performance objectives set out in the Remuneration Policy, 258,756 treasury shares, with a value of 7,380 thousand euros, of which 42,803 shares in service of the first tranche of the 2020 LTIP, were also allotted to the Banking Group's employees and Financial Advisors qualifying as Key Personnel, as well as to network managers.
At the end of the year, the Parent Company, Banca Generali, thus held 2,920,001 treasury shares, with a value of 85.0 million euros, intended solely for the service of Remuneration Policies for the Banking Group's Key Personnel.

During the year, treasury shares showed the following movements:

CHANGES IN TREASURY SHARES

	NO. OF SHARES	VALUE	AVERAGE PRICE	AVERAGE NO. OF SHARES
Amount at year-start	**2,809,497**	**80,139,161**	**28.52**	**2,809,497**
Allotments	-258,756	-7,380,978	28.52	-161,472
Purchases	369,260	12,247,029	33.17	123,071
Amount at year-end 2023	**2,920,001**	**85,005,212**	**29.11**	**2,771,096**

Pursuant to Article 2357-*ter* of the Italian Civil Code, as amended by Legislative Decree No 139/2015, and without prejudice to Bank of Italy Circular No. 262/2015, the value of treasury shares was recognised in the Financial Statements as a reduction to net equity in Item 200 of Liabilities.

Parent Company shares

At 31 December 2023, Banca Generali held 61,854 shares in the Parent Company, Assicurazioni Generali, broken down as follows:
- 45,955 shares, originally acquired for the service of stock-option plans and with no restrictions;
- 15,899 shares repurchased, in the capacity of fund charged with the repurchase of fractions of Assicurazioni Generali shares from free capital increases and with no restrictions.

In the reporting year, the Parent Company shares remained virtually unchanged. At 31 December 2023, they were measured at fair value in the amount of 1,183 thousand euros. Pursuant to Article 2359-*bis* of the Italian Civil Code, a restricted reserve was allocated in relation to the ownership of Parent Company shares.

Performance of subsidiaries

Performance of BG Fund Management Luxembourg S.A.

BG Fund Management Luxembourg S.A. (hereinafter BGFML) is a company under Luxembourg law specialising in the administration and management of the Sicavs promoted by Banca Generali Group (Lux IM Sicav and BG Collection Investments[88]) and the Sicav BG Private Markets, reserved for institutional investors.

BGFML ended 2023 with a net profit of 153.4 million euros, down slightly compared to 157.7 million euros reported at the end of the previous year (-4.3 million euros).

The decline was mainly driven by performance fees, which fell by 1.3 million euros to 18.0 million euros, and management fees, which amounted to 321.7 million euros compared to 325.4 million euros in 2022.

Net banking income amounted to 185.8 million euros (-4.7 million euros compared to 2022). Operating expenses were 10.4 million euros (+0.2 million euros), of which 6.3 million euro staff expenses.

The company's net equity amounted to 91.1 million euros, net of a dividend payout of 148.2 million euros, as payment in advance for 2023 and balance payment for 2022.

Overall, assets under management at 31 December 2023 amounted to 20,411 million euros, up 1,849 million euros compared to 18,562 million euros at 31 December 2022.

Performance of Generfid S.p.A.

Generfid, a company specialising in custodian capacity of assets, ended 2023 with a slight net profit and net equity amounting to about 1.0 million euros.

Net banking income amounted to approximately 1.4 million euros and virtually covered operating expenses.

Assets under management totalled 1,370 million euros (1,328 million euros at 31 December 2022).

Performance of BG Valeur S.A.

BG Valeur S.A., which became part of Banca Generali Group on 15 October 2019, is a private banking and wealth management boutique based in Lugano, Switzerland.

[88] New company name of BG Selection Sicav, effective 22 April 2022.

The company ended 2023 with a net loss of CHF 616.2 thousand (634.3 thousand euros), calculated based on local GAAP.

Revenues, generated mainly from asset management and advisory services, amounted to approximately CHF 9.1 million, whereas operating expenses totalled CHF 8.5 million (of which CHF 6.5 million staff expenses).

BG Valeur S.A.'s net equity recognised in its statutory financial statements totalled CHF 2.3 million at 31 December 2023.

At 31 December 2023, assets under management amounted to 1,024 million euros, up compared to 887 million euros at 31 December 2022.

Performance of BG (Suisse) S.A.

BG (Suisse) S.A., a joint-stock company under Swiss law based in Lugano, incorporated by Banca Generali on 8 October 2021 through an initial contribution of CHF 10 million with the aim of creating a new cross-border private service hub able to exploit the Swiss market's discontinuity due to the significant regulatory changes introduced to comply with the European regulations on financial services.
To this end, in January 2022, the company filed with the Swiss Financial Market Supervisory Authority (FINMA) an application to obtain the banking licence necessary to operate on the Swiss market.

On 5 September 2023, the company finally obtained the FINMA's preliminary authorisation to start the banking activity, subject to compliance with certain requirements, including an adequate level of own funds.

Accordingly, on 14 September 2023, Banca Generali carried out a further capital increase of CHF 40 million aimed at increasing the company's statutory share capital as required by the new Articles of Association bringing the share capital fully paid-up since incorporation to CHF 60 million.
After satisfaction of the said requirements, the final authorisation was issued on 7 November 2023 and the new bank started operating on 1 December 2023.
Starting March 2024, the company will thus be able to extend the distribution of its banking services also to Italian clients.

In 2023, the company — still in its start-up phase — continued its personnel recruitment activity and the development of its technological and operating infrastructure, instrumental to launching the banking activities. BG (Suisse) S.A. closed the year with a net loss of approximately CHF 7.9 million (8.1 million euros), calculated based on local GAAP.
Operating expenses totalled CHF 8.0 million (of which CHF 4.2 million staff expenses).
BG (Suisse) S.A.'s net equity recognised in its statutory financial statements stood at CHF 43.5 million at 31 December 2023.

Related Party Transactions

In accordance with Article 2391-*bis* of the Italian Civil Code, the Consob Regulation containing provisions relating to transactions with related parties[89] and the provisions of Part III, Chapter 11, of Bank of Italy Circular No. 285, as further amended, Banca Generali's Board of Directors has adopted the "Policy for Transactions with Related Parties, Connected Parties and Corporate Officers pursuant to Article 136 of TUB" (hereinafter the "**RPT Policy**"). The RPT Policy is intended to implement the aforementioned Consob and Bank of Italy regulations, by adopting, at the Banking Group level, rules on transactions with related parties and connected parties governing the related investigation, approval, reporting and disclosure activities.

Moreover, since Banca Generali belongs to Generali Group, any and all transactions effected with related parties of the parent company Assicurazioni Generali must be identified and managed in accordance with the provisions of the Procedures adopted by Assicurazioni Generali in such regard, with the result that, in certain cases, the said transactions may be subject to prior approval by the Parent Company, where necessary.

[89] Adopted by Consob through Resolution No. 17221 of 12 March 2010, as further amended.

Disclosure on Related Party Transactions

Unusual, atypical or extraordinary transactions

No atypical and/or unusual related party transactions were carried in 2023 that were likely to have "effects on the safeguarding of the company assets or the completeness and accuracy of information, including accounting information, concerning the issuer."

Transactions of greater importance

In 2023, the Group carried out the following transaction qualifying as "transaction of greater importance":

› on 19 April 2023, Banca Generali's Board of Directors resolved upon a transaction concerning (i) the distribution of new insurance products as part of the existing distribution agreement between Banca Generali and Generali Italia S.p.A. (and joined also by Genertellife S.p.A.) and, again as part of the above-mentioned distribution agreement, (ii) the increase in the ceiling for retention initiatives concerning existing traditional life insurance products.

As a transaction of greater importance, in accordance with the Policy, the Internal Audit and Risk Committee was requested to express a prior binding opinion and the Information Document was drawn up pursuant to Article 5 of "Regulations containing provisions relating to transactions with related parties" adopted by Consob with Resolution No. 17221 of 12 March 2010, as further amended through Consob Resolution No. 17389 of 23 June 2010.

Other significant transactions

In 2023, the following transactions were approved that could be qualified as "transactions of lesser importance" (i.e., transactions of amounts exceeding the significance threshold, but below that of transactions of greater importance, as defined pursuant to the RPT Policy and identified case by case on a quarterly basis):

1. on 9 February 2023, the Board of Directors of Banca Generali resolved to grant a real-estate Lombard loan to a Manager with Strategic Responsibilities of the parent company Assicurazioni Generali S.p.A.;
2. on 27 March 2023, the Board of Directors of Banca Generali resolved upon the revision of several terms and conditions of some insurance products distributed under the Distribution Agreement between Banca Generali and Generali Italia S.p.A., entered into in 2018 (which was also joined by Genertellife S.p.A.);
3. on 11 May 2023, the Board of Directors of Banca Generali approved as part of the AG Group Executives Agreement, an increase in the amount of a secured account overdraft facility in favour of a manager of the parent company Assicurazioni Generali and his spouse;
4. on 22 June 2023, the Board of Directors of Banca Generali approved the outsourcing of a critical or important function entrusted with archiving and correspondence management to Generali Italia S.p.A., following the merger of Generali Business Solutions S.c.p.a. (for which the outsourcing contract was already in place) into Generali Italia S.p.A. on 1 July 2023;
5. again on 22 June 2023, the Board of Directors of Banca Generali approved a service agreement governing real-estate/miscellaneous services and, in particular, facility management services consisting in the management and ordinary and extraordinary maintenance of the head offices in favour of Generali Italia S.p.A., following the merger of Generali Business Solutions S.c.p.a. (for which the contract was already in place) into Generali Italia S.p.A. on 1 July 2023;
6. on 19 October 2023, the Board of Directors of Banca Generali resolved, as part of the AG Group Executives Agreement, upon the increase in the amount of a secured account overdraft facility in favour of a manager of the parent company Assicurazioni Generali;
7. again on 19 October 2023, the Board of Directors of Banca Generali resolved upon the revision of several terms and conditions of some insurance products distributed under the Distribution Agreement between Banca Generali and Generali Italia S.p.A., entered into in 2018 (which was also joined by Genertellife S.p.A.).

Ordinary or recurring transactions

Transactions of an ordinary or recurring nature carried out in 2023 with related parties fall within the Group's ordinary course of business and are carried out at arm's length and are, in any case, based on mutual economic advantage, in compliance with the internal procedures mentioned above.

As regard these transactions, there were no changes in the situation of related party transactions described in more detail in the Financial Statements at 31 December 2023 that might have a material effect on the financial situation and the results of the Company and the Banking Group.

The developments of ordinary transactions with related parties are presented in the specific section of the Notes and Comments to the Separate and Consolidated Financial Statements at 31 December 2023, along with other information on related party transactions.

Intra-group related party transactions are not included in the above-mentioned disclosure, since they are eliminated upon consolidation.

Proposal for the Distribution of Profits

Shareholders,

In 2023, Banca Generali S.p.A. reported a net profit amounting to 314,877,430 euros. In submitting the Financial Statements for the year ended 31 December 2023 for your approval, we propose allocating the net profit for the year as follows:

Net profit for the year	**314,877,430**
> allocation to the restricted reserve pursuant to Article 6, paragraph 1(a), of Italian Legislative Decree No. 38/2005	-
> allocation to the restricted reserve pursuant to Article 26, paragraph 5-*bis*, of Italian Law No. 136 of 9 October 2023	26,606,553
> allocation to retained earnings	37,039,857
> allocation to each of the 116,851,637 ordinary shares issued of	
– a dividend of 1.55 euros per share, to be paid in May 2024	181,120,037
– a dividend of 0.60 euros per share, to be paid in February 2025	70,110,982
> for a total of	**251,231,020**

The dividend policy for the three years covered by the 2022-2024 Strategic Plan and approved by the Bank's Board of Directors on 14 February 2022 allows for the possibility of proposing to the Shareholders' Meeting that approves the Financial Statements of each year of the Plan the distribution of a portion of the net profit reported in each year of the Plan, identified as the sum of the two following components:

- a portion calculated at between 70% and 80% of recurring consolidated net profit;
- a portion calculated at between 50% and 100% of non-recurring consolidated net profit.

To this end, the recurring consolidated profit component — as it is already determined and reported on the market with quarterly frequency — consists of: *(i)* the consolidated net profit for each year, net of certain variable components such as performance fees and net income from trading the proprietary portfolio, and *(ii)* negative and/or positive one-off components not included in the 2022-2024 Strategic Plan.

The actual dividend distribution in the amount indicated was in any event conditional on the maintenance over time of a Total Capital Ratio in excess of the tolerance threshold provided for in the Risk Appetite Framework from time to time.

The policy also states that the dividend is to be paid in two coupons with different payment and record dates: the first is to be set by the end of the second quarter of the same year in which the Shareholders' Meeting approves the Financial Statements for each year of the Plan, and the second by the first quarter of the year after that in which the Financial Statements for each year of the Plan are approved.

In this regard, it should be noted that at the end of 2023 the Bank's consolidated net profit amounted to **326.1 million euros**, broken down as follows:

- recurring consolidated net profit: **320.3 million euros**;
- non-recurring consolidated net profit: **5.8 million euros**.

In light of the results reported, it is therefore proposed to the Board of Directors to submit for the approval of the General Shareholders' Meeting the distribution of a dividend equal to the sum of **76.6%** of recurring consolidated net profit and **100%** of non-recurring consolidated net profit, for a total amount of **251.2 million euros**, equal to a **77% payout**, calculated on the consolidated net profit for financial year 2023.

It should be therefore noted that the Board of Directors will propose to the Shareholders' Meeting to allocate the Bank's statutory net profit for 2023, amounting to **314.9 million euros**, as follows:

- **251.2 million euros** to dividend distribution, as per the terms specified below;
- **26.6 million euros** to the non-distributable equity reserve pursuant to Article 26, paragraph 5-bis, of Italian Law No. 136/2023 (so-called Windfall Tax for Banks);
- the remaining **37.0 million euros** to retained earnings.

The proposed dividend provides a shareholder remuneration consistent with the Group's sustainable profitability, while also ensuring that the Bank and the Banking Group are adequately capitalised. The above is true both from the perspective of the set of Rules known as Basel 3 and the recommendations made by the Bank of Italy and the ECB. In fact, the individual and consolidated capital requirements determined on the basis of the content of this proposal are well in excess of the mandatory levels set by EU authorities and the Supervisory Authority.

It should be noted that, if the proposal is approved, **consolidated CET1 ratio and TCR** at 31 December 2023 will amount to **17.8% and 19.0%**, respectively, compared to SREP minimum requirements of 8% and 12.30%, respectively.

Based on the provisions of the Dividend Policy currently in force, if the proposal is approved, shareholders will be paid a dividend of **2.15 euros** per share (gross of legal withholdings) for each of the 116,851,637 shares issued by the Bank, as follows:
› **1.55 euros** per share, ex-date 20 May 2024; record date 21 May 2024, and payment date 22 May 2024;
› **0.60 euros** per share, ex-date 24 February 2025; record date 25 February 2025, and payment date 26 February 2025.

It should also be noted that any treasury shares the Bank may hold at the record date and outstanding shares for which limits on the distribution of dividends apply under the applicable Remuneration Policies will not be subject to any distribution. The portion of dividends associated with such shares will therefore be allocated to retained earnings.

Proposal for booking a non-distributable equity reserve pursuant to Article 26, paragraph 5-*bis*, of Italian Law No. 136 of 9 October 2023 converting Italian Decree-Law No. 104 of 10 August 2023 (so-called Windfall Tax for Banks)

It is worth recalling that Italian Decree-Law No. 104 of 10 August 2023 (“Omnibus Decree”), converted with amendments into Law No. 136 of 9 October 2023 (published in the *Italian Official Journal* No. 236 of 9 October 2023), introduced, for financial year 2023 only, a tax to be levied on excess profits arising from banks’ net interest income. In detail, Article 26 of the said Decree-Law calls for:
› calculating the tax by applying a rate of 40% to the amount of net interest income, recognised in item 30 of the profit and loss account of the 2023 financial statements, which exceeds by at least 10% the corresponding net interest income recognised in 2021 (at individual level);
› a tax cap equal to 0.26% of the risk-weighted assets (RWAs) recognised in the financial statements for the year ended 31 December 2022;
› the option, in lieu of the relevant tax cash out, if the annual shareholders’ meeting, when approving the financial statements and allocating net profit for financial year 2023, resolves to book a non-distributable equity reserve of 2.5 times the amount of the tax, drawn from that same net profit (or, if this is not sufficient, from other available reserves). This equity reserve may not be used to distribute dividends, but may absorb any losses and, consequently, is eligible for inclusion in Common Equity Tier 1 (CET1). Should this reserve be subsequently distributed, the Bank will have to pay within 30 days the entire tax due and, in addition, the accrued interest (Article 26, paragraph 5-bis, of Decree-Law No. 104 of 10 August 2023).

With reference to the latter point, the Board of Directors of Banca Generali S.p.A., in its meeting of 13 November 2023, already resolved to avail of the option provided for by Article 26, paragraph 5-bis, of the aforementioned Decree-Law and opted to allocate the tax to strengthening the Group’s capital.

In this regard, it should be noted that this tax, which complies with the cap provided for by the law, i.e., 0.26% of RWAs recognised in Banca Generali’s Financial Statements at 31 December 2022, would amount to **10,642 thousand euros**; the non-distributable reserve to be therefore booked upon approval of the Financial Statements at 31 December 2023 shall be **2.5 times** the amount of the tax, for an amount of **26,606 thousand euros**.

It is therefore proposed to the Board of Directors to submit for the approval of the General Shareholders’ Meeting the constitution of a non-distributable equity reserve amounting to **26,606 thousand euros**, through allocation of a corresponding amount of the Bank’s net profit for 2023 not distributed to shareholders.

Reserve pursuant to Article 6, paragraph 1(a), of Legislative Decree No. 38/2005

Pursuant to Article 6, paragraph 1(a), of Legislative Decree No. 38/2005 currently in force, a portion of net profit for the year corresponding to the capital gains recognised in the Profit and Loss Account, net of the related tax charges and other than those associated with trading financial instruments and exchange and hedging transactions, based on the application of the fair value criterion, must be allocated to a restricted reserve. This reserve is reduced based on the amount of capital gains realised, also through amortisation, or no longer material due to impairment.

At 31 December 2023, the restricted reserve amounted to 1,797,112 euros and must therefore be increased, with respect to the amount previously allocated by 306,744 euros to be drawn from the retained earnings reserve, and thus without the need to allocate a portion of the net profit for the year.

Trieste, 5 March 2024

The Board of Directors

Intellectual Capital

Products

In 2023, Banca Generali developed its product range in accordance with the guidelines of its Strategic Plan, responding to the needs emerging from changed market conditions and in line with major market trends, above all sustainability. With regard to the latter, at 31 December 2023 the Bank's ESG investment component accounted for 37.6% of total managed solutions.

Asset management

BG Collection Investments

10 multi-asset strategies

3 sustainable strategies

20 sub-funds

9 BGFML
11 delegated

Starting in February 2023, four target date strategies with pre-set, limited placement windows were launched within the BG Collection Investments, the BGFML Sicav, to seize market opportunities as they arise.

At the end of 2023, 10 active management multi-asset strategies — with a long track record and differentiated based on their risk profile and equity exposure — were available for placement, with investment management delegated to major asset managers.

At 31 December 2023, BG Collection Investments had a total of 20 sub-funds, of which 9 managed by BG Fund Management Luxembourg and 11 with investment management delegated to leading international asset managers.

Lux IM

4 class assets

42 sustainable strategies

83 sub-funds

20 BGFML
63 delegated

In 2023, Lux IM, the BGFML Sicav, evolved into a platform that provides access to the expertise of the world's top asset managers, through building blocks and strategies capable of covering every asset class and thus making it possible to build the best asset allocations to suit each client's profile.

The whole range is structured into 4 main asset classes, broken down into sub-categories based on the specific features of each type:

- **equity strategies** whose goal is to capture growth trends, classified based on investment style, geographical focus and theme;
- **bond strategies**, whose goal is to seize opportunities and extract value from managers specialised in this market segment; they are classified based on their duration and on the market segment in which they invest;
- **multi-asset strategies**, whose goal is to manage phases of uncertainty, also with an opportunistic approach, while maintaining a moderate risk profile; they are divided by equity exposure and geographical focus;
- **alternative strategies**, whose goal is to improve the portfolio's efficiency and diversification by adding elements of decorrelation.

At 31 December 2023, Lux IM had 83 sub-funds, of which 20 managed by BG Fund Management Luxembourg and 63 with investment management delegated to leading international investment firms.

October 2023 saw also the launch of a new edition of **BG Twin Solution**, the remunerated current account linked to an accumulation plan to gradually invest in the Lux IM Sicav sub-funds.

The products of the Luxembourg-based Sicavs managed by BG Fund Management Luxembourg were also developed and revised in 2023, taking into account the growing ESG perspectives and attention to ESG product ranges, bringing the total number of sustainable strategies to 45 (42 within Lux IM and 3 within BG Collection Investments).

Open architecture

In line with the aim of constantly improving its level of service, in 2023 the Bank started a review of the funds offered within the open architecture model. On the one hand, sustainability and the search for new trends were the main guiding elements of the strategy for revising the catalogue. On the other hand, following the natural increase of asset managers included in the Banca Generali product range as a result of the growth in terms of volumes and AUM in recent years, Banca Generali decided to rationalise its product catalogue, positioning some counterparties in post-sales focusing on fewer players viewed as more significant to the Bank.

UCITS

4,500

Overall, at 31 December 2023, Banca Generali's retail offer included over 4,500 UCITS under active management, managed by approximately 30 management companies.

30 management companies

Portfolio management

Banca Generali offers a comprehensive range of distributed discretionary mandates, composed of BG Solution, BG Solution Top Client and BG Next. They cover all investment strategies, with a strong emphasis on customisation — a need typical of HNW customers and in line with the current economic scenario.

In 2023, the Bank forged ahead with process of expanding the range.

In order to continue to take advantage of higher bond yields, with a gradual investment in equity, six fund-raising periods were opened throughout the year for the portfolio management solution "Smart Target", designed to protect capital over 10 years through investment in 10-year Italian bonds (BTP), and progressive investment in Lux IM equity sub-funds, until an expected target level of equity market exposure of approximately 30% is gradually reached.

The placement period of the Recovery line was extended during the year. Although the line has already delivered value since launch, it still represents an interesting investment opportunity, given that some of the assets in portfolio, which were strongly affected by market conditions, have yet to reach their intrinsic value or still have excellent potential for recovery in the medium term.

In October 2023, the discretionary mandate range was further expanded to include the following lines:

- Dynamic Equities, part of the BG Solution, BG Solution Top Client and BG Solution Special mandates: management relies on the quantitative model already used for the other dynamic lines to identify active trends, with the aim of achieving a positive return over a time horizon of at least 5 years and with high volatility, using ETFs, equities and, to a lesser extent, funds;
- Credit Alternative, part of the BG Next mandate reserved for professional and well-informed investors: the line invests in a diversified portfolio of bond strategies (approximately 70% bonds and approximately 30% units of harmonised bond UCITS) to protect invested capital and generate income over a time horizon of at least 3 years, in keeping with bond market conditions.

To increase solutions that meet customers' needs, the access thresholds/minimum investment amounts were structurally reduced for the lines of the BG Solution, BG Solution Special and BG Solution Top Client mandates.

The number of the portfolio management lines, characterised by investment policies that combine the goal of a traditional financial return with social and environmental parameters aligned with the goals promoted by the UN Agenda, amounted to 7.

7 management lines

Alternative products

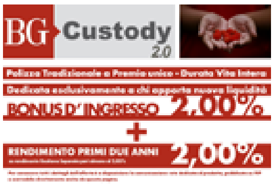
The distribution of BG Private Markets - SIF, a Luxembourg vehicle promoted by BGFML and operating since 2017, continued in the first half of 2023 for the Bank's professional customers only.

In detail, the placement of three new sub-funds was launched, including new investment solutions in the main alternative asset classes (private equity, private debt, infrastructure and real estate), developed in partnership with Generali Group and specialised third-party managers recognised at the global level.

With regard to private markets, the distribution of the fund Generali Europe Income Holding (GEIH), promoted by Generali Investments Luxembourg S.A. and managed by Generali Real Estate, also continued for Banca Generali's professional customers only. This is an alternative real-estate fund established in 2015 with a portfolio of over 4.0 billion euros that invests in prime real-estate assets located in major European cities and leased to tenants of high standing.

Insurance products

In the first months of 2023, in light of the changed market conditions, and particularly of the interest rate rise, Banca Generali launched a **campaign of commercial initiatives** to support net inflows and offer low-risk investment solutions. In particular, the **traditional policy BG Custody 2023 was launched**, with a minimum retained of 0.40% for the first three revaluations and of 1.20% for the subsequent revaluations — or even smaller for investments of highly significant amounts.



On 5 June, the placement was launched for **BG Custody 2.0**, the traditional policy dedicated to customers bringing new liquidity that invests in the Ri.Alto BG general account. This policy offers a **2% subscription bonus**, which is immediately allocated as initial capital.

With regard to hybrid products, a **commercial initiative** was launched for **BG Stile Libero 40 Plus** that led to the elimination of the fees of the segregated account component and to a cost reduction for the unit-linked component for the first two years.

As of 24 October, the BG VITA hybrid product range saw the introduction of **BG Stile Libero 50 Plus 2.0 and BG Stile Libero 50 Plus 2.0 Private Insurance**, the new Stile Libero solutions that allow up to 50% of the amount subscribed to be allocated to the segregated account, while also offering a financial component that takes advantage of the flexibility of investing in sub-funds of Lux IM, BG Collection and third parties, with a new investable universe that includes over 450 funds and ETFs covering all main asset classes. Upon subscription, the policy also offers the possibility to activate the **innovative Ribilancia Service**, which envisages periodic and automatic switches from the Ri.Attiva general account to customer-selected UCITS.

In line with the year-start commercial initiatives, the cost of the segregated component was reduced for the first two years of BG Oltre, the single-premium hybrid insurance policy that invests in long-term trends relating to sustainability and digital transformation through People, Planet and Digital Transformation internal funds with a small minimum investment.

The reporting period also saw the continuation of the placement of the recurring-premium hybrid policy BG Insieme - Progetti di Vita, whose goal is celebrating the most important milestones in clients' lives, thus integrating a significant purpose dimension into their investments such as: diploma, degree, first home purchase, marriage, birth of the first child.

Turning to offerings for HNWI and UHNWI customers, in 2023 Banca Generali continued to distribute Lux Protection Life, the Generali Luxembourg hybrid private insurance policy that combines the need for protection with flexibility and customisation and constitutes an efficient succession-planning instrument.

Banking

In order to maintain the high standard of innovation that characterises the entire Banca Generali range, during the year solutions and initiatives were launched to meet the new needs of private-banking customers, generated by a context influenced by, *inter alia*, the sudden increase in interest rates that had started in 2022 and continued throughout 2023.

Specifically, the main solutions and initiatives concerned:

- **Nexi Debit Card**: the process for migrating old BG debit cards to the new Nexi Debit continued. The goal is to transfer the entire stock of 240,000 debit cards to this innovative new product;
- **Business Nexi Debit Card**: added to the catalogue in May 2023, it is similar to the Nexi Debit Card reserved for individuals, but with specific additional features dedicated to business customers;

- **Multiple Securities Deposits**: the new BG Privilege Plus and BG Top Premier Plus current accounts were added to the range in November 2023. Holders of these accounts can open multiple securities deposits that settle through the same single current account (up to a maximum of 10);
- **Deposit Account**: Banca Generali launched two initiatives relating to the BG Private Deposit Account in 2023:
  1. customers up to age 40 who decided to have their salaries deposited with Banca Generali (8 June - 31 July 2023) had the possibility, for new liquidity (transferred from other institutions), of setting up a 6-month time deposit, bearing interest at a gross rate of 4% per annum;
  2. business customers (23 November - 31 December 2023) had the possibility, for new liquidity (transferred from other institutions), of setting up time deposits of 3, 6 and 12 months, bearing interest at a gross rate of 4% per annum.

The initiatives launched in 2023 included:
- in the first half of the year, a promotional activity was extended in the area of the exemption from stamp duty for current and new customers who transfer financial instruments to Banca Generali, in addition to confirming the mechanism for determining the bonus (aimed at rewarding not only the new transfers, but also the assets already included in portfolios);
- with regard to the mortgage product, the reporting agreement with Intesa Sanpaolo Group was confirmed;
- several initiatives were promoted for the subscription of repurchase agreements and aimed at supporting the Network in gathering net inflows from customers in a changed scenario of high interest rates.

Certificates and bonds

In 2023, Banca Generali continued to expand its platform of issuers, optimise costs and innovate its products and services. In particular, Banca Generali confirmed its focus on improving pre- and post-placement services for its Financial Advisors and customers. The new **BG Certificate & Bond Dashboard**, which was made available to the Financial Advisor Network, collects all certificates and the information on the bonds placed by Banca Generali.

In terms of volumes placed on the primary market, 2023 was a record year, reporting over 990 million euros for certificates and over 290 million euros for bonds. Banca Generali's HNWI customers continued to show interest in tailor-made solutions in private placement, with 240 million euros placed, accounting for 25% of total volumes in certificates.

The range of products and services offered on the primary market was able to seize all the opportunities created by the market and met different customer needs, ranging from defensive solutions such as protected-capital products on ESG indices, to conditionally protected-capital strategies based on interesting periodic yields and fixed periodic premiums, thus confirming Banca Generali customers' interest for these solutions.

Holistic Advisory Service

The complexity and heterogeneous nature of large wealth require a high degree of specialisation in various fields. Banca Generali takes a **holistic approach** with regard to the services it provides its customers, offering comprehensive advice that extends beyond the financial component of customers' wealth to also encompass the non-financial dimension.

In line with its philosophy of developing, protecting and transferring its customers' "total wealth" in all of its forms (e.g., financial, corporate, real estate and art assets), the Bank's **Corporate, Real Estate and Art & Passion Investment Advisory services** help meet customers' needs for access, with the support of their Financial Advisors, to a **range of products and services** provided by Banca Generali's **third-party Partners**.

Corporate Advisory

Corporate Advisory supports corporate customers in growing and developing their businesses, approaching entrepreneurial needs from the broadest possible perspective. On the basis of a thorough macro-scenario analysis, Banca Generali directs customers to Partners able to provide their businesses with a case-based advice, capable of meeting complex, diverse requirements, while also identifying any needs still to be met, through activities ranging from M&A support to debt advisory, monitoring of subsidised financing solutions, access to credit services for SMEs and im-

plementation of long-term sustainability processes. In particular, Corporate Advisory facilitates customers' access to:
- M&A buy-side and sell-side advisory;
- strategic and financial advisory;
- funding activities for corporate development (club deals, mini-bonds, private equity, listing, etc.);
- subsidised finance for access to tax incentives and relief measures;
- lending services not in competition with Banca Generali's products (guaranteed M/LT loans, factoring, leases and rentals);
- debt advisory (debt restructuring, support in dealing with banks, etc.);
- advisory services on ESG positioning and preparation of the sustainability report;
- valuation of companies, business units and/or equity investments.

Real Estate Advisory

Real Estate Advisory supports customers in valuating and managing their real estate assets. Through selected partnerships, Banca Generali puts its customers in contact with parties specialised in the typical services of the sector, from technical, appraisal and valuation services, to leasing, buying and selling advice. The goal is to support customers in maximising the profitability of their real estate assets by putting them into contact with Partners specialised in activities such as:
- analysis of asset characteristics;
- definition of a portfolio strategy specifically adapted to each property and designed to optimise profitability;
- renewal of lease agreements as they expire, renegotiation of contractual conditions, management of relationships with tenants and proposal of alternative forms of short rental;
- management of maintenance activities, with an appropriate planning strategy for both repairs and refitting;
- management of technical and regulatory obligations;
- management of divestment and investment processes based on an analysis of current market trends and changes, or following a renovation process capable of generating significant value increases;
- provision of information regarding market trends.

Art & Passion Investment Advisory

As part of its range of Art & Passion Investment Advisory services, Banca Generali has developed an advisory approach for the art assets of its private-banking/UHNWI customers. The partnerships developed within the framework of Art & Passion Investment Advisory services are designed to foster customers' access to:
- conservation, restoration and transport of works of art and valuables;
- valuation and appraisal of works of art and valuables;
- insurance coverage;
- digital cataloguing service;
- valuation of collections.

Innovation and Digitalisation to Support the Network, Customers and Business

Digital tools supporting the Financial Advisor Network

Innovation is a fundamental driver to remain competitive on the market and meet the customers' changing needs in order to create value in the long term.

To this end, the **process of renewal, simplification and rationalisation of the entire digital application ecosystem** available to Banca Generali's Financial Advisors began in 2023.

The multi-year project is divided into several phases, with progressive releases and self-consistent deliverables:
- the first stream of the project will involve day-by-day operational support for Financial Advisors through guided activities that will simplify the launch of the various operational processes and the subsequent tracking of cases opened, as part of a single, fully integrated and centralised feature, characterised by simple, intuitive user experience;
- the second stream of the project will result in simplification and rationalisation of the consultation of the information and content most relevant to the daily activity of Financial Advisors

and Network Managers, through a single point of access and a unified overview, fully integrated with the Banca Generali application ecosystem and personalisable to meet each Financial Advisor's specific needs.

The process of gradual innovation of the technological architecture will continue in parallel, in order to seize the opportunities and advantages arising from new market trends. The first releases will occur in 2024.

With reference innovation, another **data-driven** project based on sophisticated machine-learning and advanced-analytics algorithms has been launched to provide support to the Financial Advisor Network, enabling FAs to identify customers with high development potential and analyse their individual motivations that could result in a change of segment, through the automatic analysis of a broad set of customer information and behaviour.

In 2023, within the framework of the advanced advisory service **BG Personal Advisory**, several initiatives were carried out to reinforce and further innovate the services offered to Banca Generali customers, particularly with regard to digital tools supporting Financial Advisors.

Specifically, technological initiatives focused on two areas:
- the possibility, through the Financial Advisor Portal, of opening multiple Securities Deposits linked to a single current account, for a simplified and optimised management of investments in multiple portfolios of assets under administration dedicated to Advanced Advisory;
- the development of features for activating the advanced advisory service BG Personal Advisory and post-sale transaction management (e.g., activation of ancillary services or changes in pricing levels), with the extension of digital features also to contracts in the name of legal entities and the management of digital signatures for all transactions.

The BG Personal Advisory platform was also further expanded throughout 2023 to gradually extend to Financial Advisors the innovative **business intelligence tool** that uses advanced data analysis techniques (e.g., semantic text analysis, machine and deep learning) for automated processing of commercial inputs for Financial Advisors relating to family companies associated with the Bank's customers.

Moreover, as part of the broader project on the **Enhanced service model** for HNW customers, a technology platform has been created to support Financial Advisors and HQ specialist structures. This new platform can be used to analyse the total assets of the most important households in various areas (according to a complete, aggregate approach typical of family offices), as well as to manage and plan their needs and life projects.

Within the framework of the digital tools available to the Financial Advisor Network in support of advisory activity, the thorough restyling of **BG Personal Portfolio** continued in 2023. This tool is dedicated to simulation and analysis of investment solutions capable of supporting traditional valuation metrics of a specific financial nature in the ESG arena, so as to provide customers with an overview of the impacts of their investments on the 17 United Nations Sustainable Development Goals (SDGs).

The new version of BG Personal Portfolio, in addition to aligning the tool to the most innovative user experience trends, also introduced major developments in terms of technology and functionality, further increasing the performance of the tool, which can be set up and adapted to suit the specific needs of individual Financial Advisors and their customers.

Within this context of constant innovation of BG Personal Portfolio, in 2023 the following new features were made available to the Financial Advisors Network: a new feature for comparing individual financial instruments and a full overhaul of features for simulation analysis (based on both strictly financial metrics and ESG indicators) and simulation archiving (with the possibility of consultation, modification, comparison and aggregation of the simulations saved).

The process of innovation and progressive digitalisation of tools in support of the Financial Advisor Network also continued in other areas, such as:
- a series of **changes to the Financial Advisor Portal** to enable management, including in fully digital mode, of requests for:
  - transferring financial instruments from another financial intermediary;
  - internal transfer of securities between securities deposits held with Banca Generali;

  - commercial exceptions and allowances for customers;
  - operations for managing payment instruments, such as prepaid card topping-up;
- **expansion of the scope of transactions that may be fully approved through digital signature,** including first subscriptions of accumulation plans of third-party asset managers and applications for changes in the scope of advisory;
- creation of a new feature in Front End Private to allow an optimised and simplified **monitoring** by Financial Advisors of all proposals sent to their customers via **Digital Collaboration,** through an aggregate view of all proposals broken down by type of transaction and state of progress, as well as the possibility of setting research filters for the proposals in question.

New technologies in service of customers

Innovation is one of the key elements of Banca Generali's 2022-2024 Strategic Plan, which aims to constantly invest in digital in order to generate economic value and strengthen the trusted relationship between Financial Advisors and customers.

In 2023, Banca Generali continued to **strengthen and improve the digital services offered to its customers:** during the year, significant technological solutions were developed so at to provide customers with increasingly innovative tools that facilitate a simple and intuitive browsing experience, respecting high standards of service quality and paying particular attention to **security** and **sustainability.**

In order to **further improve the security posture** and ensure customers a high-quality user experience when using digital tools, the new **"push notifications"** feature has been released in the **Mobile Banking App.** It allows users to be updated quickly and easily on the main self-service operations performed in the reserved area to monitor their account balance and to customise the activation of notifications by type and amount. This new alerting service will be expanded over the next few months with a series of updates aimed at further extending the scope of the types of notifications available (e.g., on trading).

In line with the previous year, Banca Generali continued its awareness-raising **campaign on customer behaviour** in the prudent and conscious use of digital tools, promoting the activation of **Mobile Tokens,** the authorisation tool integrated into the Mobile Banking App, with which it is possible to authorise access and confirm transactions through biometrics or by typing in a password chosen by the customer. With the aim of increasing activation of this tool, which is simpler and more immediate than secure call authentication (calls to the toll-free number and OTP confirmation), the Mobile Token tool has been made **mandatory for all new customers.** A new feature has also been created in the Mobile Banking App (Security Profile Change) to further improve user-friendliness for customers who want to switch from Secure Calls to Mobile Tokens.

Digital also plays a key role in the field of **sustainability.** In 2023, a number of improvements were made to enhance customer digital services that contributed to boosting the **dematerialisation process** in which the Bank has been investing for several years. One of the main projects completed concerned **Doc@nline,** the service with which customers can digitally receive and consult the Bank's documentation and communications in the Reserved Area. The improvement took the form of the release of the Doc@nline Settings feature in the Mobile Banking App to allow customers to manage the activation of this service for each type of contract in complete autonomy.

In 2023, the digital service that best interprets Banca Generali's sustainability concept was again **Digital Collaboration.** This service, which allows customers to confirm orders submitted by their Financial Advisors remotely and in a fully digital manner, is the key element of management of relations between Financial Advisors and customers. Digital Collaboration is a successful service thanks to an increasingly broad range of investment products and transaction types that may be confirmed simply and quickly using the Mobile Banking App or the home banking service. Thanks to Digital Collaboration, during the year, an average of approximately 54,220 transactions were dematerialised a month, for a total amount of 12.4 billion euros.

In line with the previous years, the Mobile Banking App continued to be the digital tool most used by Banca Generali's customers in terms of consultation and transactions. Accordingly, customers were offered an increasingly wide range of features, with priority given to the types of operations most used in the Home Banking service. The following changes were therefore introduced in 2023:
› new **Internal Transfer** feature to make transfers to other Banca Generali current accounts more rapidly and easily;
› management and booking of **Ri.Ba** (collection order) payment transactions;
› ability to make a **CBILL** payment by simply framing the **QR Code** with the camera of one's own device;
› new **Direct Debit List** section to view and independently manage direct debits within Banca Generali;
› new **Fines** section among digital payments that allows customers to pay a traffic penalty, with the ability to automatically acquire all the necessary data by directly framing the paper copy with the camera of one's own device;
› new **Digital Signature** feature that allows Customers to independently activate the digital signature in the Mobile Banking App in order to use the **BG Link** service, the single aggregator of current accounts that allows customers to consult the balance and movements of current accounts held with other banks and to arrange transfers.

Banca Generali's process of innovation aimed at enabling customers to enjoy an increasingly complete experience on digital platforms has also led to the introduction of two new features in the Mobile Banking App and the Home Banking service. In fact, with the aim of providing support to the Customer connected to the Reserved Area, the following have been released:
› **Customer Care Password Recovery,** which allows the customer to recover the identification codes required to use the Mobile Banking service in complete autonomy;
› the new **Assistance** section, where the customer can consult the supporting material that contains the main useful information for navigating and operating in the Mobile Banking App and the Home Banking service.

Contact Centre

The Contact Centre consists of two operational units that offer, respectively, assistance to customers, managed by the Customer Care service, and to Financial Advisors, managed by the Network Support service.

As known, customers contact the Customer Care service for assistance with Internet browsing, for information/assistance relating to passwords and/or access codes, for information and/or transactions involving accounts, for support with debit/credit cards and financial investments, and for assistance with the trading platform and management/assistance of BG Saxo Sim customers.

Managers and Financial Advisors contact the Network Support service for support with platforms and applications reserved to them, for information and assistance on customers' positions and for operational support on new products.

In 2023, the Customer Care service guaranteed excellent operational levels: the volumes of calls offered per operator declined compared to the previous two years as a result of the optimisations and new features implemented during the year on the dedicated platforms. This made customers even more autonomous in managing navigation on the website and on the dedicated app and in handling instructions, reducing the volumes of calls offered per operator with further improvement in response times and, as a result, in the percentage of dropped calls.

With regard to assistance to Financial Advisors, in 2023 there was an increase in calls offered per operator as a result of the new recruits who joined the Financial Advisor Network, new products and the releases of related tools for using the platforms.

Despite the increase in call volumes, the average response time halved to well below one minute compared to the previous two year, also thanks to the gradual extension of the CallBack feature, which not only improved the response time, but also significantly lowered the percentage of dropped calls.

CUSTOMER CARE SERVICE

CUSTOMERS	2023	2022	2021
Total number of calls handled by IVR	353,891	392,874	389,528
Number of calls offered per operator	162,900	175,502	181,150
Response times (seconds)	22''	23''	26"
Percentage of calls dropped per operator	2.2%	2.4%	2.5%

NETWORK SUPPORT SERVICE

FINANCIAL ADVISORS	2023	2022	2021
Total number of calls handled by IVR	300,144	277,079	269,348
Number of calls offered per operator	206,304	188,829	180,596
Response times (seconds)	45''	95''	102''
Percentage of calls dropped per operator	5.5%	9.2%	9.5%

In the case of the Network Support assistance service, response time considers that relating to inbound calls; for further details regarding the response time for assistance managed in callback mode, reference is made to the table reported below.

FINANCIAL ADVISORS: BREAKDOWN BY MANAGEMENT PROCEDURE

	2023	2022	2021
Inbound calls			
Calls offered	161,154	139,113	153,854
Calls answered	149,894	121,735	139,244
% of calls dropped	7.0%	12.5%	9.5%
Average response time	45''	95''	102"
Callback calls			
Callback calls requested	45,150	49,716	26,742
Callback calls made	45,096	49,676	26,722
% of unsuccessful callback calls	0.1%	0.1%	0.1%
Average callback time	1,016''	819''	808"

In 2023, the average callback time, albeit slightly increasing compared to 2022, remained below 20 minutes. High-level managers and Financial Advisors were instead ensured a callback time of just below 8 minutes.

Internal support processes for company business

Operations

The continuous improvement path of simplifying key processes operation continued in 2023, increasing the degree of automation of processing phases, reducing the underlying operational risks and optimising the resources employed. The most significant initiative related to the digitalisation of the "Financial Instrument Transfer" process, which allows to submit a request for transferring securities and UCITS and concurrently generating traditional pre-filled forms or TDT[90] forms. In the latter case, the customer can sign using the digital signature, with considerable benefits also for the Financial Advisors managing the commercial relationship and with a view to paperless operations.

Security

The Security and BCP (Business Continuity Plan) Service function has developed various security measures, both in terms of solutions and of awareness and monitoring activities. The main areas of activity aimed at increasing the Bank's security include:

- **fraud management:** in 2023, Banca Generali reinforced its antifraud control measures with efforts in different areas.
  The Bank further reinforced and perfected its antifraud engine (RSA AAoP), an application based on artificial intelligence designed to analyse customer transactions on the basis of historical data. In the year, technical improvements were introduced to increase the efficacy and accuracy of control measures through ongoing analysis of results, definition of new rules for identifying fraudulent transactions and fine-tuning of existing rules. These measures allow to optimise results and eliminate a considerable percentage of the false positives identified by the antifraud engine.
  Internal processes were updated and formalised and analyses aimed at adopting new fraud detection tools were reinforced.
  In addition, the Bank continued to actively participate in the working groups, discussions and refreshers organised by CERTFin for Italian banks and financial institutions;
- **security solutions:** in 2023, the Security and BCP Service continued the programme of transforming information technology security by adopting additional measures and processes to reinforce the security posture of the Bank and its subsidiaries. These initiatives aimed at:
  - improving the monitoring and management of security events and incidents (SIEM – Security Information and Event Management, SOC – Security Operations Center and IRT – Incident Response Team);
  - reinforcing the security of endpoints (e.g., encryption, EDR, vulnerability assessment);
  - ensuring the highest security levels in the event of remote working (e.g., MFA and cloud proxy);
  - consolidating the management and protection of data through adoption of advanced policies for document classification and sharing;
  - increasing the awareness of the whole population of the Bank and its subsidiaries through the provision of specific training (e.g., cloud security for technical experts) and thematic workshops (e.g., security workshops) at the premises of the Parent Company and of its subsidiaries;
  - conducting two risk assessment campaigns, namely the Cyber Risk Assessment (CRA) and the IT Risk Assessment (ITRA), aimed at identifying and managing risks associated with the use of critical applications supporting the processes that are essential to the Bank and its subsidiaries;
  - reinforcing the methods of access and authentication to Banca Generali systems;
  - reinforcing the corporate and physical security strategy.

  Specifically, in addition to the initiatives already implemented in recent years (e.g., BitLocker cryptography, external tags for e-mails from outside senders, network access control (NAC), Azure Information Protection (AIP) base policy and multi-factor authentication (MFA) for Office365, for both the network and devices used by Banca Generali employees and/or Financial Advisors), additional technical solutions were implemented, including: advanced policies for document and e-mail classification (Azure Information Protection custom rules), MFA measures for accessing VPNs (Citrix) internet-exposed critical applications, cloud proxy to ensure and provide higher protection for remote browsing, advanced security measures for mobile device management (MDM), installation of agents for running vulnerability scans on the active directory, on the domain controller authentication traffic and on the endpoints.
  With a view to ensuring constant monitoring of third parties, audits of the actual security levels of the backup & restore processes and of the cloud services provided by the key suppliers of the Parent Company (e.g., CSE and Accenture Song) and of its subsidiaries (e.g., TXT and Avaloq in Switzerland and Sopra/Post in Luxembourg) were carried out. Penetration tests were also planned and conducted on some critical applications, in line with the Group's security expectations.
  In addition, to increase the connection between logical and physical security, third-party suppliers were required to specifically verify the quality of the security management policies at the Bank's physical premises;

[90] Standard transfer of financial instruments.

- **corporate and physical security solutions:** in 2023, in compliance with Group recommendations, measures were implemented in the following areas:
  - physical security: two assessments were concluded for the offices in Trieste (Corso Cavour) and Milan (Piazza Sant'Alessandro 6), effectively concluding the security assessments for all Banca Generali S.p.A.'s HQ offices. The assessments analysed consistency with the security arrangements envisaged by Generali Group. The minimum gaps identified will be the subject of targeted actions in 2024. This important activity, aimed at protecting the safety of Banca Generali's employees and assets, is one of the activities planned for the 2023-2026 three-year period that include, among other things, an assessment of the security of secondary offices and the approval of a specific protocol for bank branches, which by their nature have several typical specificities (the main one being cash handling);
  - event security: the event risk and security assessment model was defined and applied. This provides for the application of additional measures for the so-called "major" events", i.e., those that due to their characteristics, impact or relevance are marked by higher complexity and risks, and are therefore managed with greater care;
  - travel safety: a collaboration was signed with the supplier that guarantees the safety of Banca Generali's employees engaged in international business trips for the Group; it provides for dedicated training and verification of the skills gained. In addition to the use of applications able to communicate directly with travellers and provide information or dedicated assistance 24/7 based on the reported emergency, or even geolocation in the case of need, the service also includes an alert system that is active nationwide;
- **business continuity:** the following activities aimed at increasing business continuity:
  - strengthening of Business Impact Analysis (BIA) activities in order to identify, quantify and fully qualify the business impacts of the interruption/loss of activities through training sessions for process owners and specific interviews;
  - review of Risk Identification & Assessment (RIA) processes with the aim of achieving a systematic risk assessment through a review of the risk catalogue, risk assessment criteria and associated threats;
  - consolidating the Business Continuity Strategy and the Emergency and Crisis Plan, ensuring consistency with the new methodologies and processes adopted;
  - strengthening of the Disaster Recovery (DR) plan currently in use, also setting up semi-automated collection of information useful for structuring the plan;
  - consolidation and enrichment of the methods of executing Business Continuity and Disaster Recovery Tests on multi-year plans, through the thorough execution of different scenarios and test methods (such as simulations and walkthroughs) that will also include the participation of specific critical functions;
- **security rules framework:** the process of revising the rules framework are a direct consequence of the implementation of updated security requirements due to projects managed by the Security and BCP Service and the introduction of new activities performed by the Security Function. These activities resulted in the revision of processes and procedures for which the Security Function is responsible and the formulation and updating of various rules documents, including:
  - **business continuity management:** as part of the ongoing updating of the BCP, the Board of Directors approved the 2023 Business Continuity Plan, which also includes the documents defined in 2022 (Business Continuity and Disaster Recovery Policy and the related strategy);
  - **incident management:** the "IT incident management" circular was published, setting the general guidelines to be applied in defining and managing the processes for the application of any security measures;
  - **identity and access management:** the IT User Management and Security Levels Circular was revised and updated in line with the security measures set by the Parent Company;
  - **corporate and physical security:** the "Physical Security" circular was published, which defines the physical security measures to be implemented in order to ensure an adequate and standardised level of protection for Banca Generali's physical assets. In collaboration with the HR Department, the "Travels and Trips" circular was also updated by reviewing the provisions relating to national and international travel, as well as providing guidance on the behaviour to be followed to preserve one's safety abroad. The year 2023 also saw the publication of the "Event Security" circular, which defines the specific requirements and rules for proper planning and management of the security of corporate and institutional events, ensuring adequate protection of all participants, assets and confidential information involved in the event;
- **security awareness:** to increase the awareness of security-related issues across the Banking Group's entire population, the Security and BCP Service is developing an awareness plan for 2024, in line with Bank of Italy Circular No. 285 and DORA Regulation. This plan will entail a

series of activities for employees, top managers, Board members, third parties and Financial Advisors, in line with the specific risk profile defined for their individual function.
In addition, in 2023, several anti-phishing campaigns were organised involving the Parent Company's employees (2 campaigns organised by Generali Group and 4 campaigns directly organised by Banca Generali S.p.A.), whereas the campaigns aimed at the subsidiaries' employees are currently being defined.
The Security and BCP Services also promoted participation in security awareness courses on the WeLearn platform, and, with support from the HR function, defined and then provided a series of workshops on cybersecurity topics. These workshops were held in person at both the Parent Company's offices (Trieste and Milan) and at the offices of foreign subsidiaries (Lugano and Luxembourg), reporting excellent participation rates and a very positive feedback.

Innovation

In line with the evolution path on which Banca Generali has embarked to become an increasingly data-driven Company, activities for consolidating the new Amazon cloud data architecture continued.

In 2023, work continued to expand the wealth of information available in the AWS (Amazon Web Services) cloud platform, the activity for extracting value from data through advanced analytics models was launched, the automation scope of the reports available in PowerBI was extended, and a prototype was created aimed at scoring customers' potential through an analysis of spending behaviour and income and asset profile.

Moreover, the new platform dedicated to Network Managers for the consultation of commercial data was re-engineered and developed internally.

Commercial

On the basis of the results of the projects carried out in 2022, two priorities for increasing the efficiency of the network generational turnover and specialisation process were shared in 2023:

- **Youth Project,** with the aim of introducing new talents to facilitate generational turnover. Through the support of a senior Financial Advisor, the project aims to progressively train young Financial Advisors who, at the end of the plan, will potentially be ready to receive part of senior Financial Advisors' portfolios to be restructured and/or developed. In 2023, about 18% of new Financial Advisors were hired thanks to the Youth Project, recording a significant increase compared to 7% in 2022;
- **Sustainable Advisor training,** dedicated to Banca Generali Private's Financial Advisors who have particularly distinguished themselves in the field of sustainable investments. The project entails a very specific commitment to the study and analysis of sustainable best practices at international level; the selected group will be involved in dedicated masters' degree programmes, webinars on corporate issues and the third sector as a target interested in sustainable asset management, events, roundtables and periodic publications with dedicated newsletters on green content.

Administration

In terms of magnitude and significance, it is worth mentioning the initiatives, requested by the Regulators, concerning automation of Banca Generali's pricing policy through the adoption of Sintea's Galileo platform integrated in the CSE IT system that allows the receipt and evaluation of prices from various providers (Bloomberg, Telekurs, CED Borsa, etc.) to be included in a hierarchical structure of priorities in the supply of the various asset classes; this project was completed, including the operational fine-tuning phase. In 2023, targeted interventions were performed to make the individual phases of the operational process even more efficient.

Loans

The initiatives implemented in 2023 were primarily the result of the changed economic context, which after a long period of stability saw central banks, including the European Central Bank (ECB), take restrictive measures through constant increases in interest rates to combat high inflation levels.

Within this area, to support employees with mortgage loans in mitigating the effects of such increases, the following initiatives were launched:

- **mortgage extension:** possibility of amortising the cost increase over time, allowing employees with variable-rate mortgages to apply for extensions of their mortgages for a maximum period of 10 additional years beyond the original term, but in any case not beyond the borrower's max-

imum age of 80 at the maturity of the new plan;
- **cap:** application, with effect from 1 January 2024, of a cap of 3.25% to the annual variable interest rate currently envisaged in mortgage loan contracts reserved for Banca Generali Group employees pursuant to supplementary company bargaining (CIA)[91].

In accordance with the **Italian Budget Law No. 197 of 29 December 2022,** the Bank introduced, among other measures to compensate for interest rate increases, the possibility for all individual borrowers to apply, by 31 December 2023 and subject to certain requirements (e.g., ISEE economic situation indicator < 35,000 euros and original mortgage amount < 200,000 euros), for an **extension of the amortisation schedule and/or for a renegotiation of the interest rate from variable to fixed,** with the option to define the switch as temporary with respect to the entire residual maturity of the loan and then to go back to a variable rate.

With the aim of **increasing the efficiency** of internal processes by raising the level of automation, reducing operational risks and complying with new laws and regulations, the Bank also added new features to its systems.

Among the changes made to the origination phase, mention should be made to developments relating to the integrated system for managing the electronic lending procedure, and specifically:
- automation of the process for notifying the correspondent bank Allfunds Bank pledges of Sicavs acquired;
- further integration of the Decision-Making Authority Questionnaire to automate the identification of the competent decision-maker for lending procedures so as to integrate the new "traffic light logic" in the Anti-Financial Crime area;
- automation of the process needed to restrict and manage the liquidity arising from the liquidation of pledge products during the process of changing guarantees;
- integration of the use of the contractual covenant management application into the lending approval phase.

With regard to **monitoring throughout the ongoing phase,** measures undertaken included in particular:
- integration of new monitoring indicators to identify any signs of potential decline in creditworthiness, while ensuring a proactive management of credit positions;
- introduction of a prioritisation logic in the management of positions to detect the potentially highest-risk positions (significance of case vs. predictiveness of indicator);
- integration into MC of the feature for approving UTP and pre-bad debt positions, with automatic alignment with the Syges application.

Analyses and implementation of further measures were also undertaken to ensure ongoing stability of products acquired under pledge from a qualitative standpoint (concentration limits defined in the Bank's RAF), through the integration of operational blocks into the system that prevent the acquisition and/or transfer of instruments in pledge relationships that exceed pre-defined limits.

In addition, in accordance with the Guidelines issued by the European Banking Authority (EBA), the implementation of initiatives aimed at reinforcing **the "proactive" approach to credit management** continued by means of:
- automation of the recovery of internal and external databases and display of the ensuing outcome in the credit portal;
- integration of the feature for calculating the counterparty's ESG score through the use of CSE applications designed to ensure proper management and capitalisation of information received from the external provider.

The goal is to ensure high credit quality from origination and contain the risk level of loans, while providing a quality service to customers.

Asset management

In 2023, the range of products and services offered was further expanded:
- **BG Solution GPM Dynamic Equities line,** to take advantage of the Dynamic range's quantitative model and use it on an equity portfolio that also invests in single securities;
- **BG Next Credit Alternative line,** to offer a new alternative investment solution dedicated in particular to customers with the three-year Credit Coupon II, which in 2023 reached the end of its investment time horizon;

[91] For further information on supplementary company bargaining (CIA), reference should be made to chapter "Human Capital: Employees".

- **six new windows to subscribe for the Smart Target** solution that offers capita protection at maturity, so as to seize the opportunities offered by the high returns of the ten-year Italian bonds (BTP);
- **reopening of subscriptions for the Recovery line,** to take advantage of all recovery opportunities for asset classes penalised by the market in recent months.

More generally, to extend the number of customers choosing the BG Solution discretionary mandates, the minimum investments required for access to discretionary mandates investing in movables (GPM) were lowered from 250,000 euros to a total of 100,000 euros.

The Bank provided BGFML with its asset management expertise by extending the advisory contract to two new sub-funds of the Lux IM Sicav:
- ESG Flexible Global Equities;
- ESG World Equities.

In 2023, a new feature was released to allow managers to perform first-line controls on compliance with maximum risk levels (in terms of synthetic risk indicators or RSIs) associated to each model portfolio. In addition, a project was launched to develop the features of the OPM management platform (in particular to automate the process for creating periodic reports and activating new features to support the ordinary management activity).

Legal compliance

In 2023, efforts to bringing organisational processes and the IT system into line with new provisions of law covered the following areas:
- "Anomaly indicators of Italy's Financial Intelligence Unit" – Bank of Italy Order of 12 May 2023 on combating money laundering and terrorist financing;
- amendments to "Bank of Italy's provisions on the organisation, procedures and internal controls aimed at preventing money laundering" – Bank of Italy Order of 1 August 2023;
- "Guidelines for parties subject to the application of anti-money laundering obligations in the provision of private-banking services and activities" of the Bank of Italy of 3 August 2023;
- Decree of the Italian Ministry of Enterprises and Made in Italy of 29 September 2023, attesting to the entry into force of the systems for disclosure of beneficial owners: it establishes obligations to report information concerning beneficial owners to the Companies Register kept by the competent local chamber of commerce, for the purposes of its consultation by the Bank, during customer due diligence activities;
- European provision on the development of sustainable finance (Regulation EU No. 2019/2088 on sustainability-related disclosures in the financial services sector, Regulation EU No. 2020/852 on the taxonomy of sustainable economic activities, Commission Delegated Directive EU No. 2021/1253 amending Commission Delegated Regulation EU No. 2017/565, Commission Delegated Regulation EU No. 2021/1269 amending Commission Delegated Directive EU No. 2017/593, and all other ESG regulations and laws impacting the Bank's operations): activities were focused on ensuring compliance with provisions that are being consolidated and on continuing activities for defining and fine tuning of operational processes linked to these provisions;
- 40th update to Bank of Italy Circular No. 285/2013 providing banks with new rules for ICT and security risk management and control, in line with "EBA Guidelines on ICT and security risk management" (EBA/GL/2019/04);
- Directive (EU) 2021/338 (so-called "MiFID Quick Fix Directive"), transposed into Italian legislation with Legislative Decree No. 31 of 10 March 2023, which entered into force on 8 April 2023, concerning methods for electronic information transmission to customers;
- Italian Legislative Decree No. 24 of 10 March 2023, implementing Directive (EU) 2019/1937 on whistleblowing, which required to align internal policies, implement internal whistleblowing systems and share the related information on Internet and Intranet sites, in addition to internal communication initiatives.

In the year, the first impact analyses were launched with regard to the Regulation of the European Parliament and of the Council on markets in crypto-assets (so-called MiCAR), the European Commission's proposal to amend the Retail Investment Strategy Directive and the draft Financial Data Access Regulation (so-called FiDA) on Open Finance.

Marketing Activities

Banca Generali has a wide range of data regarding its customers, including demographic information, financial goals, spending patterns, details of financial transactions and much more. The **digitalisation process** begun by the Bank involves constant **valorisation of this data.** Accordingly, the processing method becomes crucial to generating **new local growth and development opportunities,** as well as to **consolidating the relationship of trust with its customers.**

In 2022-2023 two-year period, the Bank launched and developed a **strategic project for centralising its customer information asset** through a cloud-based data lake capable of processing a great quantity of information, useful in offering an increasingly customised, effective service.

The goal is to facilitate data democratisation by putting all those involved into the position to use the information by drawing on a common base. An in-depth analysis of the data help provide a full overview of each customer's situation and preferences. Analysis of customers' behaviours and lifestyle can be leveraged to provide even better support to Financial Advisors in understanding their customers' needs and provide increasingly bespoke services.

Data thus becomes the enabler of portfolio development and optimisation. Defining share of wallet draws attention to growth opportunities and allows Financial Advisors to focus on the most appropriate marketing strategy. It can also be used to craft **specific messages for the target public, for more effective marketing activities.** Through audience segmentation according to various criteria, it is possible to offer experiences tailored to specific interests to further reinforce the relationship.

The **long-term strategic project for data centralisation and optimisation** involves a phase of **experimentation of the application with a limited number of Financial Advisors, with the goal of extending its use to the entire network in 2024.**

Brand strategy

The **brand awareness** strategy is based on the communication pillars, which focus on **Banca Generali's positioning in the private banking and wealth management segments in terms of sustainable growth, innovation, investment planning and protection of customer wealth.**

For each element, **ad-hoc strategies** have been developed and conveyed through the Bank's media channels, with the organisation of supporting events.

In particular, the Bank's commitment to **sustainable growth and innovation** — central to its growth strategy — has led to the execution of major projects, including:

› completion of the **Time to Change project,** launched in 2021 and developed to raise sustainability awareness among all stakeholders. The social reportage of the famous photographer Stefano Guindani, aimed to **represent the 17 SDGs of the UN 2030 Agenda,** translated into suggestive pictures, taken to shed light on global emergencies and on people's capacity to positively respond to the many cries for help coming from the environment and contemporary society. The most beautiful photographs were displayed at **exhibitions throughout Italy** and inspired a **photographic book, digital postcards** and a **docufilm** (directed by Emanuele Imbucci), which was premièred during the Venice Film Festival and screened at **events organised in several Italian cities,** with new dates scheduled for 2024;

› the renewed commitment to financial education, thanks to the **EduFin 3.0** initiative, in collaboration with entrepreneur and influencer Marco Montemagno. Conceived for a transversal audience, embracing new and older generations, this **financial education project** saw the **publication of talks on all main social media profiles of Montemagno and of the Bank,** with reposting by several Italian specialised and general interest media;

› the new edition of **Banca Generali's "Un campione per amico" (A Champion for a Friend),** a travelling event across Italian cities dedicated to children. In each stage of the event, sport and its values were the elements for socially integrating many youngsters and the occasion for sharing several **fundamentals of financial education and sustainability, in collaboration with FEduF** (the Italian Banking Association's Foundation for Financial Education and Saving);

› the **partnership with some of the leading Italian Universities** (SDA Bocconi, Politecnico di Milano, Milano Bicocca, LIUC, University of Pavia), also thanks to the setting up of permanent observatories focusing of topics of common interest such as technological innovation, corporate finance, wealth management, art and sustainability;

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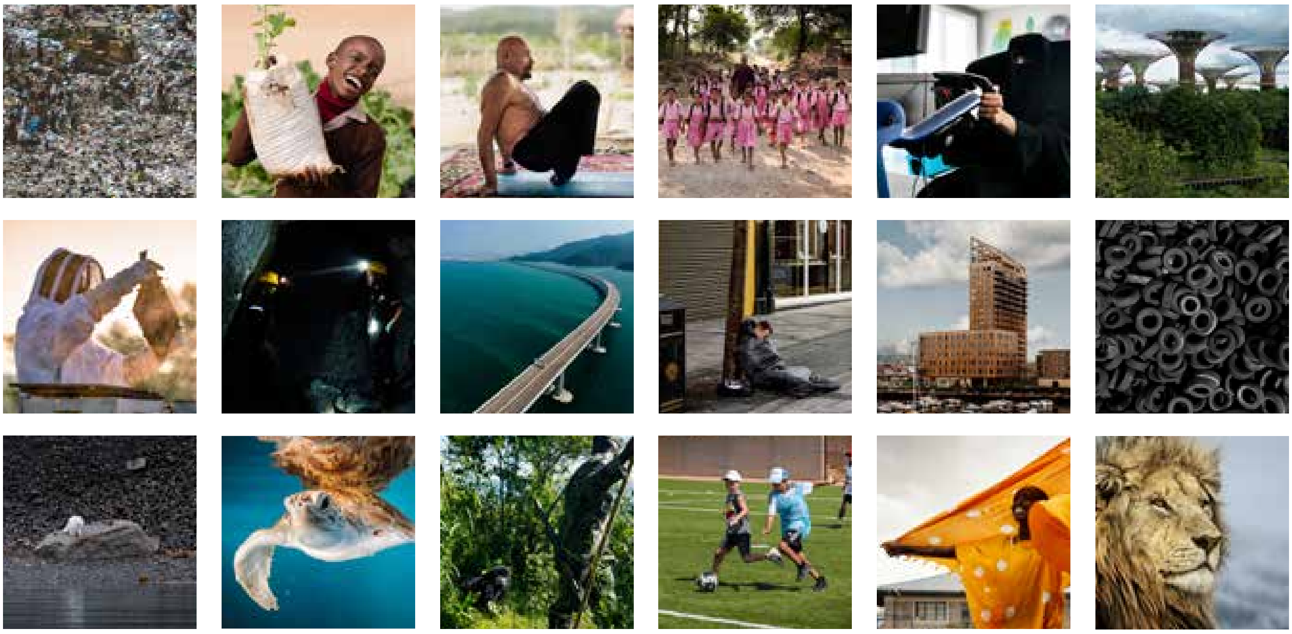
1-2 EduFin 3.0 project
3-4 The collaboration with Italian universities
5-6 Press conference for Milano Art Week presentation



TIME TO CHANGE

The new impact phase of the **BG4SDGs – Time to Change** project intends to showcase the wealth of images and experiences that internationally renowned photographer Stefano Guindani captured in the two years he devoted to recounting the 17 SDGs of the UN 2030 Agenda, concretely representing the topics that are considered strategic for the future of our planet.

The photographs were collected in an exclusive book, available for sale on the project's dedicated website (bg4sdgs.com), where it is also possible to purchase the most iconic pictures in the NFF format.

The story of Stefano Guindani's work for Banca Generali has also inspired a docufilm in collaboration with Rai Cinema — directed by Emanuele Imbucci and narrated by actress Rocio Muñoz Morales — which was premièred during the Venice Film Festival at the Procuratie Vecchie, headquarters of the Generali Group Foundation, The Human Safety Net. The docufilm is at the centre of an initiative that involves many Italian primary and secondary schools to raise the awareness of new generations about a more sustainable mindset.

A selection of 17 pictures was given central stage in a fascinating photographic exhibition premièred at the Forum Ambrosetti 2023. From September to December, the exhibition travelled to the cities of Venice, Milan, Vicenza and Ancona. And the tour will continue in 2024.

BG4SDGs
TIME TO CHANGE


BANCA GENERALI
5 SETTEMBRE 2023
ANTEPRIMA NAZIONALE
TIME TO CHANGE
DOCUFILM
REALIZZATO IN COLLABORAZIONE
CON IL FOTOGRAFO
STEFANO GUINDANI
NARRATO DA
ROCÍO MUÑOZ MORALES


TIME
TO
CHANGE

- the **main partnership for the fifth year running with Milano Art Week,** the week of special art gatherings and events held in Milan, including a day of free admittance to the 20th Century Art Museum.

Media Relations

The year 2023 was filled with events in the relationship between Banca Generali and the media. In the year, the Bank issued **40 institutional press releases** (both in Italian and in English), which covered monthly net inflows results, quarterly results and all main corporate events.

The Chief Executive Officer, the Deputy General Managers and the main top managers made themselves constantly available to the media in order to increase knowledge of the Bank's distinctive features and help the public understand the main events of general interest.

Banca Generali also took part in **major industry events**, from the Salone del Risparmio to ANASF gatherings, focused on the subjects of private banking and network banks: crucial opportunities for meeting and discussion between professionals regarding trends, innovations and future challenges in the private banking and asset management sectors. There was also a strong commitment to spreading and promoting debate regarding **social matters**, with participation in conferences at Salone SRI and other events promoted by industry media.

The main events covered by traditional and digital media included:
- **the start of operation of BG (Suisse) Private Bank S.A.** and presentation of the multi-booking model;
- **the most significant new products supporting** customers' investments in a very challenging market context, such as **the launch of BG Collection Investments,** the **restyling of the Lux IM range** and the Bank's **new discretionary mandate lines;**
- **the new organisation of the Financial Advisor Network presented in December** — the most important since the Bank's listing 15 years ago;
- **the awareness campaign on ESG matters,** such as the launch of the Time To Change project, completed in 2023, the story of the new category of Sustainable Advisors, and the many initiatives aimed at starting the debate in Italian schools;
- **the numerous initiatives carried out locally by the Banca Generali Private network,** promptly communicated in the local media, with moments for dialogue aimed at amplifying the reach especially of social and educational projects.

The editorial activity on the **Protezione&Risparmio (Protection&Savings) blog** was implemented with in-depth analyses of the major issues of savings, changes and trends that will characterise the future, always using simple, clear and direct language. There was also constant updating of the **Bank's social media channels** (Facebook, LinkedIn, Instagram, Twitter and YouTube), which hosted, among other things, a series of sustainability **talks** with speeches by various experts, leaders in scientific research and innovative projects focused on planet protection and people enhancement.

With the start of operations at **BG (Suisse) Private Bank S.A.,** the **new bgsuissebank.ch website** and the **LinkedIn profile** dedicated to Banca Generali's new Swiss company were put online.

Communications with customers and the network

The Bank's communications to Financial Advisors and customers was developed in line with the desire to ensure **continuous closeness and sharing, through constant information on the business, institutional activities and the numerous events organised during the year.**

In the first part of the year, the Bank's top managers met with the entire network on two occasions:
- the **Area Meetings** in January, during which common objectives and lines of action were shared;
- the special **Roadshow** dedicated to the new **BG Collection Investments** Sicav and to **insurance solutions** capable of providing concrete answers with reference to the specific market context.

A series of **in-depth materials (videos, brochures, mailing texts, etc.)** were specifically dedicated to the **new investment solutions** with the aim of illustrating their purposes and contextualising them within the current market trends.

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1-2 Un Campione per Amico
3 The new headoffice of BG (Suisse) Private Bank in Lugano
4 Press conference for Time to Change project presentation
5 Conference organised by Wall Street Journal

To support the value of service within the range of solutions conceived for the Affluent segment, the **new video reporting dedicated to BG Collection and BG Oltre was implemented.** This **uses short multimedia clips to tell customers about market trends and analyse product strategies.**

The positioning in terms of sustainability and innovation and the targeted internal and external awareness-raising activity led to **a gradual increase in the conversion rate from paper to digital of periodic customer statements,** with a consequent reduction in the environmental impact.

In September, the traditional Financial Advisor **Convention** was held, accompanied by a few **days dedicated to training and the sharing of experiences and information on the Bank's activities and objectives.**

The collaboration with the Italian daily newspaper Il Sole 24 Ore evolved thanks to the **24CReA newsletter,** which was extended to cover Corporate and Art issues, as well as Real Estate.

The interface of the **new BG Family Office technology platform** was developed to support the Enhanced service model for HNW customers, and the **below-the-line marketing materials supporting this customer category were created.**

In November, the **first group of Financial Advisors** authorised to use the **Sustainable Advisor** label was presented. These are professionals who are particularly sensitive to the issue of sustainable investments, as already mentioned in section "ESG solutions offered to Customers and Financial Advisors" in "Strategic Focus on Sustainability".

In December, the Bank streamed the presentation of its **new organisation of the Financial Advisor Network,** operational from January 2024, which brings network skills closer to those of HQ offices with the primary objective of further enhancing the work of bankers and the development of local talent. The **objectives pursued by the new organisation** — which intends to enhance and better support people at local level, introduce new Managerial Team approaches and maximise the implementation of strategic projects — were **circulated to and shared** with the Financial Advisors.

Internal communications

The **main objectives** pursued during 2023 by internal communications were the following:
- **consolidating internal engagement and a sense of belonging** to the BG team by continuing to experience the offices from a Next Normal perspective;
- **informing employees about the main corporate activities and the progress of the Strategic Plan,** also with opportunities for discussion and dialogue with Top Managers;
- **fostering a diversified and inclusive work environment,** maximising knowledge of the initiatives and sharing future development plans, guided by the Bank's mission and vision, **with particular attention to sustainability and innovation.**

The **Employee Meetings** held in Milan and Trieste in February were a key moment, allowing an alignment on core issues, such as the Strategic Plan and the BG People Strategy, and on the year's objectives.

Three activities developed in the year deserve particular attention:
- **"A coffee with ... live!",** a new series of meetings between Top Managers and employees to align everyone on a number of key activities in progress, with Q&A sessions to explore topics and matters of special interest;
- **"NOI facciamo Rete!",** a project designed to create greater opportunities for contact, closeness and knowledge between HQ employees and Network Managers/Financial Advisors;
- **Digital Minds activities,** a change management path that aims to enhance six strategic digital skills required to face the digital challenge;
- **the Time to Change project's communication plan for employees.** Among the many initiatives, in particular, employees had the opportunity to attend exclusive screenings of the docu-film in Milan and Trieste at the presence of photographer Stefano Guindani;
- **the second edition of the Generali Global Pulse Survey,** the Generali Group people listening tool that joins the now well-established Generali Global Engagement Survey. The Survey reached an engagement rate of 87%, up on the previous edition.

All the improvement actions that emerged from the results of the last Generali Global Engagement Survey, conceived by employees during the BG Challenge held in 2022, were also implemented in the year.

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1 “Il tram dell’innovazione” project
2 Voxonus Festival
3 “Noi Facciamo Rete!” project with the Group’s Financial Advisor Network

The content of the EduFin 3.0 project was made **publicly available on the InSite portal** and on the training platform BGLab

The communication activity maintained a **close connection and provided support to the many training initiatives promoted in collaboration with the HR Department and the Business Unit.**

Ambassadors

In 2023, Banca Generali's relationship with its ambassadors, champions, masters and talents ranging from the sporting to the culinary field was consolidated, reaffirming **the attention that the Bank has always paid to talent,** the ability to work as a team and its commitment to excellence.

The historic testimonial **Federica Brignone,** an athlete who in women's skiing — with 24 gold medals — stands out for her **Italian record of victories in the World Cup — continued to bring great joys.** In addition to Federica, **Guglielmo Bosca,** the emerging talent **Beatrice Sola** and the talented Paralympic skier **Martina Vozza,** who in 2023 mounted the podium with her guide Ilenia Sabidussi, bring the Banca Generali logo to ski slopes around the world.

Again in the sports field, in 2023 the two padel athletes and BG ambassadors **Emily Stellato and Lorenzo Di Giovanni** were crowned champions of Italy winning the finals of the **It's Padel Time Circuit** that took place in Milan, after the **12** nationwide **stages** that saw the participation of some of the Bank's Financial Advisors and their customers.

In 2023, Michelin-starred chef **Davide Oldani** continued to accompany the Bank in numerous initiatives to promote talent and culture, with a particular focus on sustainability.

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1 Federica Brignone
2 Davide Oldani

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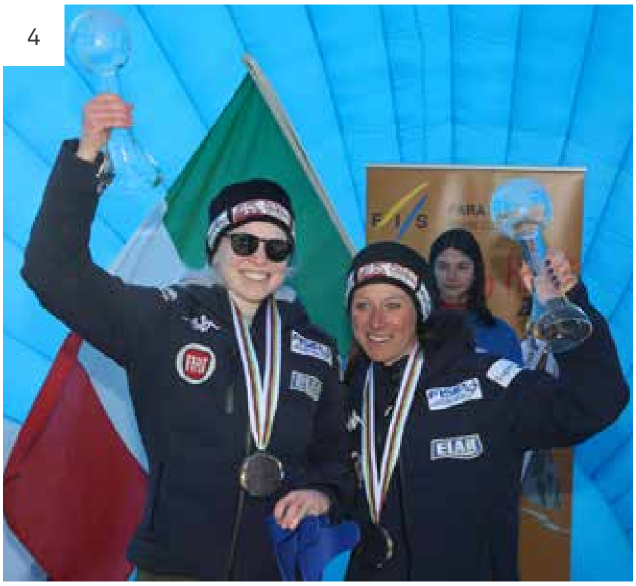

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1 Guglielmo Bosca
2 Lorenzo Di Giovanni and Emily Stellato

3 Beatrice Sola
4 Martina Vozza and Ylenia Sabidussi

5 The finalists of It's Padel time circuit

Human Capital: Employees

48% 52%

1,065 employees

65,995
total training hours

100% of employees
eligible for hybrid work

Average
employee age of
45
years

94% of new hires under
permanent contract

>70% new hires
under 35

87% engagement score
of the 2023 Pulse Survey

In 2023, Banca Generali consolidated many of the initiatives undertaken with the launch of its 2022-2024 Strategic Plan.

People remained a distinctive element for achieving the Plan's challenging three-year goals.

Accordingly, in line with its values and with the projects carried out in previous years, in 2023 Banca Generali continued to devote close attention to investments in people development, growth and management by further consolidating its company culture, founded on shared values, diversity promotion, creation of an inclusive environment and the need to ensure the Bank's sustainability in the short, medium and long term.

In detail, the Bank continued to monitor the KPIs disclosed to the market and relating to the Banking Group's people management and development policies, particularly focusing on DEI matters (diversity, equity and inclusion), young talent enhancement, hybrid working and development of the skills needed for the change defined in the Strategic Plan.

The People Strategy adopted in the previous year upon the launch of the Strategic Plan was confirmed in 2023 with its 4 pillars (Culture, DEI, Skills, and Organisation). The strategic priorities identified were the management of the new hybrid model, DEI initiatives and sustainable growth, with a view to working, on the one hand, on the development of a culture based on inclusion and meritocracy and, on the other hand, the management of new work methods and the development of new competencies, above all with regard to all aspects of digital change.

All the development, training and engagement initiatives that involved the Banking Group's population in 2023 were organised according to these principles and priorities.

Specifically, Banca Generali Group continued to work on the DEI matters as an integral part of the corporate culture, striving to value and recognise the distinctive features of each employee as a strategic lever for value creation.

Uniqueness in terms of age, gender, personality, experience, sexual and emotional orientation, among other things, was the driving force behind the Bank's commitment to providing an inclusive work environment able to support people in best contributing, both at individual and team levels, to achieving the strategic objectives of the Plan.

To turn inclusive policies into action, facilitate work-life balance and build an increasingly fair work environment able to offer equal opportunities to all, based on merit and without discriminations, the Bank defined specific measures such as the activation and implementation of moments devoted to listening to everyone's needs, projects, training initiatives and targeted development paths. Furthermore, DEI values have always been the foundation of all HR processes — from selection, training and management to remuneration and career development policies.

In 2023, the Group focused in particular on increasing women's development and empowerment, promoting young talent development and ensuring equal pay through several ad-hoc initiatives.

With a view to inclusion, for instance, the Bank provided webinars to raise its people's awareness of topics such as inclusive language and disability.

To promote integration and inclusion, in 2023 the "Noi Facciamo Rete!" project was launched, aimed at building knowledge, synergies and inclusion between the world of employees and that of the Financial Advisor Network, so at to streamline processes and simplifying relationships. In line with the above, in order to further enhance Human Capital, develop self-empowerment and further boost job rotation through the job posting channel — which allows all employees to apply for open positions within Generali Group both at Italian companies and foreign subsidiaries —, the visibility of vacancies within the Banking Group was further promoted. This fostered internal mobility and talent development within the organisation.

In order to achieve the Plan's goals, in 2023 Banca Generali invested significantly in upskilling and reskilling programmes, developing technical and managerial training courses. The use of e-learning platforms and the implementation of virtual classroom activities combined with the return to face-to-face activities made it possible to reach all the Banking Group's employees in a widespread and timely manner, confirming the positive trend witnessed also in previous years as regards personnel engagement in training and information activities.

In particular, innovation, artificial intelligence (AI) and digital skills were some of the main topics covered by programmes dedicated to selected population groups and aimed at talent development within the organisation.

Moreover, to support the development of a culture based on meritocracy and the enhancement of in-house talent, the Performance Management cycle remained a fundamental pillar. In 2023 as well, it brought about the correct cascading of objectives across the entire company population, further confirming itself as a tool for People Manager-Employee* dialogue, with a view to continuous development and feedback. The introduction of the self-evaluation phase certainly propelled the process in this direction.

The year 2023 was also characterised by the consolidation of the "hybrid model", which allows to best support people's work-life balance. This working model highlighted the need to find a different way of communicating with and developing, training and managing people. To this end, an important project was implemented to transition to the new Next Normal model that involved the entire population, in order to support this important change of cultural mindset by applying it to the day-by-day work.

Within this new hybrid way of working, the trade union agreement on remote working signed at the end of 2021 was fully implemented. The agreement had introduced the new hybrid working mode, whereby office working and remote working coexist in the management of day-to-day activity and business in general. In 2023, this agreement, set to expire on 31 March 2023, was extended to 31 March 2024, in line with the term defined for all Generali Group's Italian companies. To support energy saving measures, this extension also increased the number of days of remote working per month (from 10 to 12 for HQ offices, where it was decided to work remotely on Fridays and in periods of higher energy consumption).

*** ABOUT THE TERM "EMPLOYEES"**

In this section, the term 'employees' is capitalised ('Employees') when it refers to members of a specific professional category, so as to distinguish the latter from members of the professional categories of 'Managers' and 'Executives'. The same term is lowercase ('employees') when it refers, more generally, to a portion or all of the Group's employees, regardless of the professional category to which they belong.

In this context, however, the Banking Group has never stopped paying particular attention to the safety and health of its people. In line with the provisions gradually issued by the Italian government[92], it implemented tangible actions for the management of office attendance and events. As in the years of the pandemic, also the post-pandemic context led to people protection and personal and professional development being identified as two of the main priorities for ensuring business continuity.

In this scenario, Banca Generali continued to work on the challenges defined in the Strategic Plan, with a view to sustainable growth, accompanied by intense trade union activity, through:

- implementation of the commitments undertaken upon signing of the Supplementary Bargaining Renewal Agreement (CIA) with specific regard to work-life balance and, at the end of 2023, the adoption of an initiative for renegotiating mortgages in favour of employees;
- the above-mentioned extension of the Smart Working/Energy Crisis Agreement, which saw Banca Generali S.p.A. and Generfid S.p.A. — which have always been sensitive to environmental sustainability and social responsibility issues — adhere to Generali Group's broad and structured energy-saving plan implemented at the HQ offices, in line with government and EU guidelines.

Again regarding social responsibility, 2023 as well saw the implementation of volunteer activities such as "The Human Safety Net" (THSN), sponsored by Generali Group, in which employees participate in volunteering initiatives during the working day. In line with the new ways of working, the THSN initiatives were also reviewed and adapted to the new needs, without affecting the passion and involvement of employees who have enthusiastically joined the programme.

The year 2023 also ended with the second edition of the Pulse Survey, which aims to gauge the level of people engagement more frequently. As for 2022, the survey achieved a high employee response rate, both in terms participation (over 94%) and in terms of engagement score (87%), which further grew compared to the previous year, thus confirming the passion, dedication and sense of belonging of the Banking Group's population.

[92] By way of example: social distancing, use of PPE, flexible working hours, sanitisation of workplace environments.

People Strategy

The BG People Strategy sets Banca Generali Group's priorities and initiatives for the 2022-2024 three-year period and supports people in achieving the strategic objectives.

2023 was therefore the second year of implementation of the People Strategy.

The 2022-2024 Strategic Plan included employees among the main stakeholders for the first time (along with customers, Financial Advisors, shareholders and authorities, communities and future generations), and set tangible and challenging objectives also in this area.

CLIENTS AND FINANCIAL ADVISORS

>40%
ESG AUM on managed solutions (Articles 8 and 9 of the SFDR) thanks to the launch of solutions in line with the taxonomy

>50%
FAs with advanced expertise of ESG or with EFPA ESG certificate

>90%
FAs taking part in annual training on ESG topics

SHAREHOLDERS AND AUTHORITIES

Increase ESG disclosure through reporting framework

Becoming a signatory of

Signatory of: PRI Principles for Responsible Investment

TCFD

Ongoing Stakeholder engagement, keeping communication open to best meet investors' demands

EMPLOYEES

50%
Hires under 35

70%
employees involved in projects on digital transformation and sustainability impact

100%
employees in hybrid work
(excluding front office and sales)

COMMUNITIES AND FUTURE GENERATIONS

By 2025: reduction of carbon footprint by 25% vs 2019 in relation to direct investments managed by BG

By 2030: phase out of all investments in corporates linked to fossil fuel

By 2040: net zero emissions

Asset managers' engagement policies

Increased community engagement and launch of social impact initiatives

The 2022-2024 BG People Strategy aims to enhance the potential of Banca Generali's people, supporting the new strategy and drawing inspiration from Generali Group's priorities. It is based on four pillars:

CULTURE
Promoting a culture based on service quality, innovation, sustainability and meritocracy

DIVERSITY, EQUITY, INCLUSION (DEI)
Enhancing diversity, guaranteeing inclusion and equal opportunities in the work environment

SKILLS
Investing on technical and digital skills to promote the growth of our people

ORGANIZATION
Building an effective organisation that embraces a hybrid work mode, which includes digital and in presence

As the 2022-2024 People Strategy is of utmost importance to Banca Generali, in 2023 all initiatives associated with it were confirmed as assessment areas for managers' annual scorecards, with a view to creating increasingly higher engagement and active participation also in areas that are not strictly linked to the business.

Culture

Creating a common culture based on the value of people, where each individual feels valued, included and empowered in terms of competencies to best face the future.

Banca Generali intends to nurture a work environment that values sustainability, supports people in the new hybrid work model and is driven by meritocracy in every action.

2023 was the year of "closeness" after much time of distance; this year saw the restart of in-person events, of classroom training and of many other initiatives involving greater face-to-face interactions.

Banca Generali holds a profound conviction that sharing the strategy and the procedures for implementing it is one of the key elements for achieving the goals set in the Strategic Plan e for the Banking Group's sustainable growth.

Team building

As mentioned above, 2023 was characterised by the restart of face-to-face activities, physical meetings, lunches and coffees taken together and no longer just virtually. "Closeness" and "Together" were the two key words that supported the activities during the year.

After years of remote work, in 2023 many teams felt the need to organise outdoor sessions to strengthen team building, share ideas on specific projects, or simply to spend time with their colleagues.

Energy and well-being programmes

Banca Generali is engaged in many training initiatives, aimed at pursuing the mental and physical well-being of the employee, not only as a worker but also as a person. Smart webinars are provided both live and on demand, as they are available on the internal training platform.

In particular, in 2023, in addition to finding detailed information dedicated to parents always available on the platform, all employees were able to follow a series of webinars dedicated to caregivers. The ageing of the population and the ever-increasing retirement age are two factors that could lead to the Bank's employees being involved as caregivers. Hence, the aim of the series was to provide support on how to manage such situations, featuring practical cases and useful tips.

In addition, at Generali Group level, all employees can use the company gyms available at the Milan and Trieste offices, both in person and remotely: a platform allows personnel to book the lesson and then enjoy courses and lessons when and how they prefer, both in the gym and from home.

Next Normal and Smart Working

In 2023 as well, Banca Generali supported its population in adopting the Next Normal model based on hybrid, flexible, and sustainable work that maximises people's potential, supports the achievement of strategic ambitions, and generates benefits for all.

The transition to the Next Normal model requires a cultural revolution based on ownership and trust to support sustainable productivity and facilitate the work-life balance.

Banca Generali adopted a series of measures and facilities to improve the work-life balance of its people.

While 2022 had seen the definition of the BG Smart Working Guidelines, in 2023 the entire population was involved in in-person and remote workshops aimed at establishing, for each guideline identified, virtuous behaviours to be observed by both Collaborators and People Managers.

For more details on work-life balance, reference should be made to the section bearing the same title in this Chapter.

Digital on-boarding

Implementation of digital on-boarding sessions dedicated to new employees to provide information, understand procedures and processes, and learn about the distinctive patterns of behaviour to adopt to become an integral part of Banca Generali Group.

Headquarters-Network Integration

The **NOI facciamo Rete!** project was launched in July 2023 and was aimed at favouring greater integration between Banca Generali's two core worlds: the Headquarters and the FA network.

Employees were involved in various in-depth initiatives to learn more about the role of Banca Generali's Financial Advisors, and Network Managers met with employees to tell about their work.

The project will continue in 2024 with new dates and initiatives.

A coffee with …

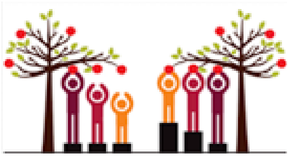
In 2023, the "A coffee with ..." meetings met with great success: open to the entire BG population and organised thanks to the participation of Top Managers, they allowed to learn more about certain Bank areas and projects through "open conversations" with points of contact and managers.

In 2023, meetings were held in person in the two main HQ offices (Milan and Trieste) and streamed for colleagues who, for any need or reason, were unable to attend physically.

These moments of sharing and dialogue were in addition to other alignment and cascading initiatives, organised in 2023 as well, that involved different population groups and aimed to raise awareness and empower employees regarding the Company's objectives and strategy.

Diversity, Equity & Inclusion

Diversity
All that makes us unique and incomparable, including our age, style, gender, cultural background



Equity
The guarantee that the company's processes and programmes enhance the characteristics of each employee

Inclusion
Recognition, understanding, enhancement of resources, by creating a physical and social environment that is fair and welcoming

Banca Generali's ambition is to be recognised, internally and externally, as an inclusive Company that promotes the uniqueness of its people with a view to sustainable growth.

The enhancement of people, diversity promotion and inclusion policies are essential elements of the Bank's People Strategy.

In 2023 as well, Banca Generali Group reiterated its commitment to **promoting an inclusive culture** through the implementation of initiatives to support a work environment **based on trust, respect and the value of uniqueness.**

The workplace needs to be an **inclusive, fair and safe** environment, where everyone has access to the same opportunities, feels able to take responsibility, defy bias, and drive transformation by protecting and fostering relationships among colleagues, Financial Advisors, customers, and the community.

In order to promote a culture based on equal treatment, **each HR process** (selection, recruitment, management, career path development and meritocratic approach) has as its driver the **recognition of the value and contribution of each individual**, based on meritocracy and equal opportunities.

Diversity

In 2023, initiatives mainly focused on gender and youth (under 35) matters. Also selection and recruitment processes are based on diversity and inclusion principles, thus ensuring gender heterogeneity with **at least 25% of female** short-listed **candidates**, both internal and external (i.e., the gender least represented in the individual selection) and with particular attention also to the **under-35 universe (>70% for the KPI of new hires under 35).**

In reflecting the diversity of the Company's workforce, **total equality between male and female employees**, particularly at top management level, was preserved and promoted. The Banking Group guaranteed equal treatment also in defining career paths and in terms of remuneration (see section "Compensations and Benefits").

>70% under-35 new hires

Generations
The coexistence of several generations at Banca Generali is considered an asset to be enhanced through mutual collaboration. Older generations can bring experience, more developed skills, and

a strong sense of belonging; younger generations can contribute by showing different dynamism and energy, openness to change and sustainability, and strong digital confidence.

For Banca Generali Group, it is important to **create a bridge** between the different **generations** to ensure **a virtuous co-existence between them**, fostering an inclusive culture.

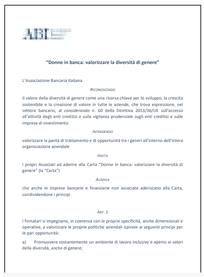
Gender

In order to enhance female talent and foster the creation of inclusive work environments, a **series of development initiatives** to support women's empowerment were implemented in 2023.

Specifically, courses dedicated to talented women in the organisation were provided with the aim of supporting women's empowerment, intended as a process of growth and strengthening dedicated to increasing women's sense of power and confidence in their own abilities and resources and in achieving their goals.

In support of gender equality and the enhancement of the role of women in society and in the business world, with particular attention also to the new generations, the Bank **signed commitments for the promotion and enhancement of female talent**:

› **Women's Charter - enhancing gender diversity**: Banca Generali Group is among the signatories of the Charter "Donne in Banca: valorizzare la diversità di genere" (Women in Bank: enhancing gender diversity) promoted by the Italian Banking Association (ABI). In accordance with the principles promoted by the association, the Bank is committed to enhancing its corporate policies according to the principle of equal opportunities, promoting an inclusive work environment, open to all the values of diversity, strengthening its processes to promote gender equality and full female participation at all levels of the Company.
› **Women&Tech – Association for Women and Technology**: this is a network of companies and people who pool their skills to realise women's potential in innovation with the goal of promoting projects and actions against gender stereotypes and discrimination. The Bank's support has developed through the availability of some female BG Managers in mentoring activities in favour of young professionals, organised by the association.
› **SheTech**: a non-profit organisation with the goal of tangibly bridging the gender gap in the digital and tech sectors. SheTech contributes every day to positively changing the job world with regard to tech and digital areas, through networking, training and awareness-raising initiatives. Banca Generali supported the participation of a young women talent pool in the association's events, training and activities.


"Donne in banca: valorizzare la diversità di genere"

WOMEN'S EMPOWERMENT PRINCIPLES

- **WEPs (Women's Empowerment Principles)**: Banca Generali Group is a signatory of the Women's Empowerment Principles[93]. These UN principles set out the business guidelines on which to base tangible actions for gender equality and female empowerment. According to these principles, companies commit themselves to promoting gender equality and to ensuring, with transparency, professional development, safety, well-being and health for all women and men workers.

Equity

The Group's ongoing commitment to the **elimination** of the **pay gap** is reflected in an **integrated approach** that includes actions focused on remuneration policies and broader initiatives, which reflect the professional skills, abilities and experience of each employee, thereby ensuring the application of the principle of equal opportunities. The objective is to pursue equal pay without distinction of age, gender, sexual orientation, marital status, religion, language, ethnic or national origin, physical or mental disability, pregnancy, maternity or paternity status (including adoptive parent status), personal beliefs, political opinions, trade union membership or activity (for further information, see section "Compensations and Benefits").

Inclusion

Spreading an inclusive culture is a key element of Banca Generali Group's DEI strategy and translates into training, communication and awareness-raising initiatives for all people, at all organisational levels.

In detail, the "Do you speak Inclusion?" webinar on inclusive language was organised to introduce and delve into this topic by involving the entire population.

Following this webinar, a survey was conducted so as to identify the topics to be covered throughout 2024.

Inclusion is also supported through the above-mentioned Noi Facciamo Rete! Project, which aims to improve the relationships between the HQ world and the world of the FA network, in addition to boosting the sense of belonging to Banca Generali.

There were also many **listening initiatives** that, through dedicated focus groups, involved the entire corporate population with the aim of understanding their perceptions and needs, providing valuable insights for the definition of the Group's inclusion action plans.

In 2023 as well, the many initiatives carried out in the areas of **well-being and work-life balance**, starting from the recognition of the needs of different population groups, fostered the consolidation of a highly inclusive work environment (for further information, reference is made to section "Compensations and Benefits").

Group company buildings are subject to constant checks to ensure compliance with **specific architectural constraints** and with **the need to provide all employees with suitable workstations.** For instance, at the HQ offices, parking spaces are guaranteed in the immediate vicinity, reserved for people with disabilities or employees with significantly reduced motor ability[94], in addition to workstations designed for specific needs (for further information, reference is made to section "Health and Safety in the Workplace").

[93] www.weps.org/.
[94] Including temporary disability or on the indication of the competent company physician.

With regard to disabilities, this year as well, on the occasion of the **International Day of persons with disabilities**, Banca Generali Group participated in the **Embrace Your Abilities | Be All Of You** initiative, a webinar that, thanks also to the testimony of a journalist with disability, made it possible to discuss the theme of disability.

Skills

Banca Generali provides all its employees with the knowledge and tools they need to continue to grow and succeed in the new digital environment, supporting strategic business priorities in a sustainable way, through upskilling and reskilling paths, with a focus on digital, technical, business and behavioural skills.

Digital Minds – Digital and Innovation Transformation Programme: competence mapping, training and participation in specific projects

The Digital Minds project, which accompanies the entire 2022-2024 Strategic Plan, is based on the principle that digital skills are and will be key to achieving new business challenges and strongly aims to promote and strengthen the development of core digital skills by involving the entire population.

Launched in 2022, the project started with the Digital Awareness Survey, a self-assessment of key digital skills, as a result of which each employee received a personalised report describing their profile. In 2023, it continued with transversal and vertical initiatives on the following six competencies: AI, blockchain, cybersecurity, advanced analytics, fintech, and experience design. At December 2023, 89% of the population participated in at least a Digital Minds session.

In addition to training activities, digital projects were defined and are being implemented at the level of the cross-functional team.

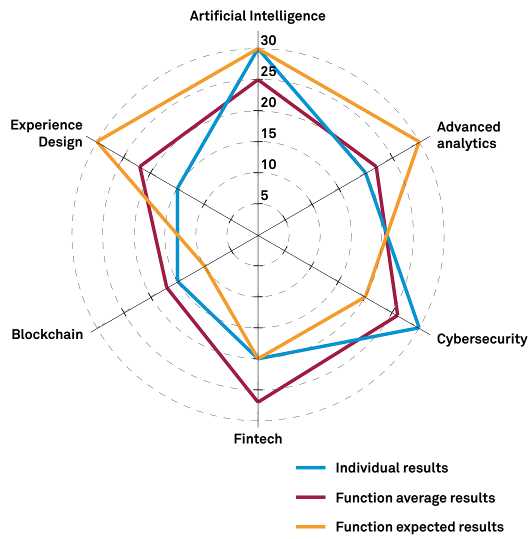
Training and innovation projects will continue in 2024 as well.

Digital Minds

Self-Assessment on 6 key digital competencies: IA, Blockchain, Cybersecurity, Advanced Analytics, Fintech. Experience Design.

Personalised report (Investigator, Explorer, Innovator) and representation of one's own profile with respect of one's own function.

Training on the 6 digital competencies, based on the role and profile identified, and **Digital Projects**.



Sustainability insights at Banca Generali

Sustainability is one of the three pillars of the 2022-2024 Strategic Plan and, in line with its Vision and Mission, Banca Generali set for itself tangible and ambitious sustainability targets for 2023 as well.

To support the achievement of these objectives, a path has been structured, dedicated to all employees, to raise awareness of the ESG world called "Banca Generali and Sustainability". This initiative focused on topics such as sustainable finance, sustainable investments, Banca Generali's environmental commitment and the Bank's ESG initiatives, to name but a few.

Moreover, important vertical in-depth sessions were introduced in 2023 on specific topics (Induction: Green Bonds, Environmental Sustainability, The New CSRD) that involved population groups from selected structures.

ESG TRAINING

Key features

- The percentage of employees involved in initiatives linked to **digital and/or sustainability-related topics was in line with the three-year target of 70%.**
- At 31 December 2023, **94%** of people was involved in **digital training courses** and **87% in ESG training activities**. The Bank's initiatives in these two fields will continue throughout 2024.

Organisation

To support an agile, effective and efficient work environment, where people can work at their best, Banca Generali has planned, on the one hand, an **organisational review in line with the Strategic** Plan through the implementation of new ways of working and collaboration and, on the other, the introduction of tools and initiatives to make interaction, knowledge exchange and professional enrichment more flexible and agile. Like in the previous year, in 2023 Banca Generali continued to work to facilitate the implementation of the hybrid work model in support of an increasingly faster organisation, without overlooking the importance of closeness among people and teams.

Cross-functional projects

To strengthen the cross-cutting relationships among the different structures of Banca Generali Group and to pool the experience and expertise of different organisational functions, thereby ensuring innovation from different mindsets and enabling shared results to be achieved, within the activities provided for in the People Strategy, particular importance is given to cross-functional projects.

Among these projects, the organisation's **micro-internships** are particularly interesting. Banca Generali Group's employees can activate micro-internship programmes with other corporate functions within their development plan. The programme is aimed at:

- breaking down the boundaries among functions in favour of a broader cross-func-

tional perspective;
- improving knowledge among teams and understanding of activities in the different business areas;
- gathering new suggestions to improve the effectiveness of processes and activities;
- encouraging dialogue between employees of different structures.

Next Normal: process revision for a new hybrid work model

To seize all the opportunities offered by the Next Normal model, the Bank is moving towards a hybrid work model, in which Banca Generali Group's people will have more flexibility, greater accountability in the achievement of results and a better work-life balance.

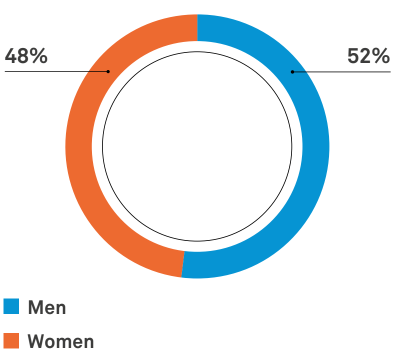
In 2023, the entire population was involved in defining the virtuous behaviours in support of the BG Smart Working Guidelines. This process raised their awareness of aspects relevant to the proper implementation of the hybrid way of working. Virtuous behaviours were identified for People Managers and collaborators with regard to topics such as collaboration, planning, communication, meeting management, and individual and collective well-being, to name but a few.

This will be possible by also improving the employees' digital experience, which will enable them to seamlessly manage their work also remotely, ensuring results and People engagement.

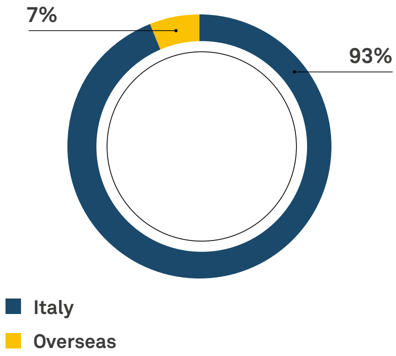
Banca Generali employees' Convention

Number and Type[95]

EMPLOYED PERSONS BY GENDER



EMPLOYED PERSONS BY GEOGRAPHICAL AREA



EMPLOYED PERSONS BY TYPE OF CONTRACT AND GENDER

	31.12.2023 (YE HC)			31.12.2022 (YE HC)			31.12.2021 (YE HC)		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Permanent contract	485	515	**1,000**	488	503	**991**	464	485	**949**
Fixed-term contract	28	37	**65**	14	17	**31**	19	18	**37**
Total employees	513	552	**1,065**	**502**	**520**	**1,022**	**483**	**503**	**986**

In 2023, the number of employees recorded a net increase of 43.

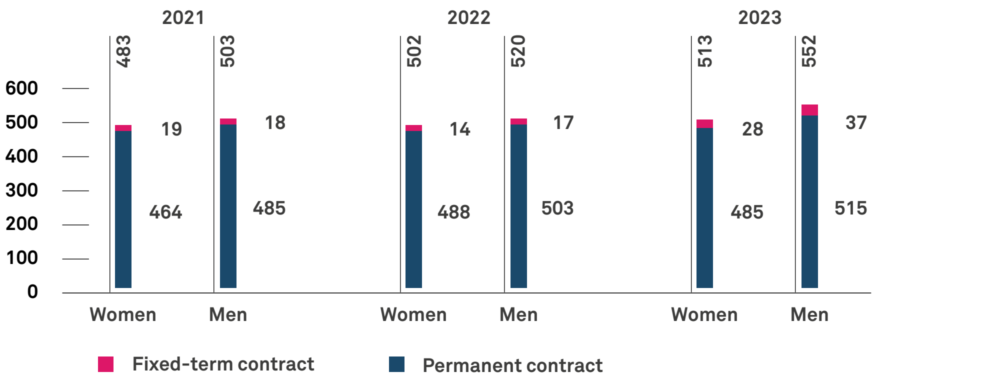
In detail, compared to the end of 2022, at the end of 2023 the number of employees with a permanent contract rose by 9 and that of fixed-term employees by 34 (more than half of whom will be confirmed as employees with a permanent contract as soon as January 2024).

Also following the internationalisation projects launched in previous years, the number of employees reported an overall net increase in the 2021-2023 three-year period of 79, confirming the Banking Group's commitment to strengthening and consolidating employees with a permanent contract. The increase also included 66 contracts transformed from fixed- to permanent (of which 17 in 2023, 38 in 2022 and 11 in 2021), in order to both cover new positions and to replace staff who have left previously. Where possible, the Banking Group's policy is geared towards strengthening employment relationships with a view to enhancing the potential of young people and investments in human capital.

In order to enable young people to reach their potential and quickly acquire more technical skills, they are also supported by individual and collective development paths and high-level training courses offered by the Bank, in partnership with national and international universities and training institutions.

[95] The number of employees is calculated based on the Headcount (HC) methodology and data presented refers to 31 December of each year (YE).

EMPLOYED PERSONS BY TYPE OF CONTRACT AND GENDER



The percentage of workforce with a permanent contract was 94% at the end of 2023 (97% in 2022, 96% in 2021).

EMPLOYED PERSONS BY TYPE OF CONTRACT AND GEOGRAPHICAL AREA

	31.12.2023 (YE HC)			31.12.2022 (YE HC)			31.12.2021 (YE HC)		
	ITALY	ABROAD	TOTAL	ITALY	ABROAD	TOTAL	ITALY	ABROAD	TOTAL
Permanent contract	927	73	**1,000**	918	73	**991**	886	63	**949**
Fixed-term contract	63	2	**65**	29	2	**31**	36	1	**37**
Total employees	**990**	**75**	**1,065**	**947**	**75**	**1,022**	**922**	**64**	**986**

In line with 2022, 93% of the Banking Group's employees worked within the Italian territory, whilst the remaining 7% was based in Luxembourg and Switzerland[96] (6% in 2021).

EMPLOYED PERSONS BY TYPE OF EMPLOYMENT AND GENDER

	31.12.2023 (YE HC)			31.12.2022 (YE HC)			31.12.2021 (YE HC)		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Full-time	470	550	**1,020**	455	518	**973**	432	498	**930**
Part-time	43	2	**45**	47	2	**49**	51	5	**56**
Total employees	**513**	**552**	**1,065**	**502**	**520**	**1,022**	**483**	**503**	**986**

Part-time employees accounted for 4% of the total (5% in 2022 and 6% in 2021). Those choosing to work part-time are mainly employees with specific physical needs.

EMPLOYED PERSONS BY TYPE OF EMPLOYMENT AND GEOGRAPHICAL AREA

	31.12.2023 (YE HC)			31.12.2022 (YE HC)			31.12.2021 (YE HC)		
	ITALY	ABROAD	TOTAL	ITALY	ABROAD	TOTAL	ITALY	ABROAD	TOTAL
Full-time	948	72	**1,020**	901	72	**973**	872	58	**930**
Part-time	42	3	**45**	46	3	**49**	50	6	**56**
Total employees	**990**	**75**	**1,065**	**947**	**75**	**1,022**	**922**	**64**	**986**

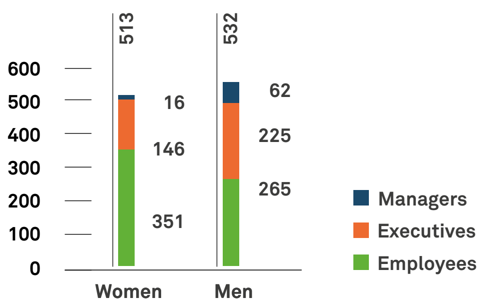
[96] Employees based in Italy in 2022 included one employee who was hired in Italy with a permanent contract and then seconded to Luxembourg from 2021 to 2022. Employees based abroad in 2023 included one employee who was hired in Italy and then seconded to Luxembourg.

EMPLOYED PERSONS BY PROFESSIONAL POSITION AND GENDER

	31.12.2023 (YE HC)			31.12.2022 (YE HC)			31.12.2021 (YE HC)		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Managers	16	62	**78**	18	55	**73**	16	51	**67**
Executives	146	225	**371**	141	220	**361**	131	206	**337**
Employees	351	265	**616**	343	245	**588**	336	246	**582**
Total	**513**	**552**	**1,065**	**502**	**520**	**1,022**	**483**	**503**	**986**
Percentage	**48%**	**52%**	**100%**	**49%**	**51%**	**100%**	**49%**	**51%**	**100%**

In Banca Generali Group, 36% of positions of responsibility (Managers and Executives) are held by women, essentially in line with the two previous years (37% in 2022 and 36% in 2021). Overall, 70% of women fell into the Employee category (68% in 2023 and 2022 and 70% in 2021).

EMPLOYED PERSONS BY GENDER AND PROFESSIONAL POSITION



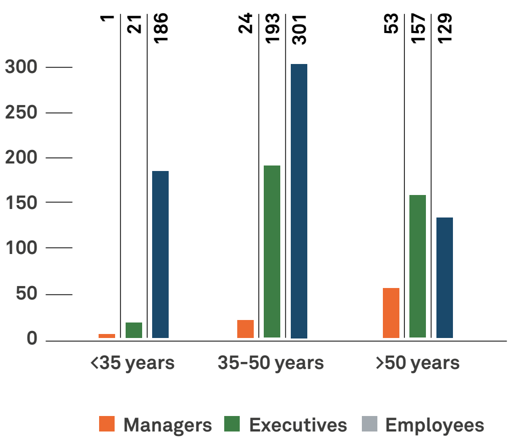
EMPLOYED PERSONS BY PROFESSIONAL POSITION AND AGE[97]

	31.12.2023 (YE HC)				31.12.2022 (YE HC)				31.12.2021 (YE HC)			
	< 35 YEARS	35-50 YEARS	> 50 YEARS	TOTAL	< 35 YEARS	35-50 YEARS	> 50 YEARS	TOTAL	< 35 YEARS	35-50 YEARS	> 50 YEARS	TOTAL
Managers	1	24	53	**78**	-	24	49	**73**	1	24	42	**67**
Executives	21	193	157	**371**	27	190	144	**361**	22	175	140	**337**
Employees	186	301	129	**616**	155	321	112	**588**	145	342	95	**582**
Total	**208**	**518**	**339**	**1,065**	**182**	**535**	**305**	**1,022**	**168**	**541**	**277**	**986**
Percentage	**19%**	**49%**	**32%**	**100%**	**18%**	**52%**	**30%**	**100%**	**17%**	**55%**	**28%**	**100%**

At year-end, workforce's average age was 45 (Managers' average age was 53, that of Executives was 48, whereas that of Employees was 42).

[97] In representing the distribution of staff by age group, starting with the Annual Integrated Report 2022, it was chosen to set the first threshold at 35 years instead of 30. This decision was made with a view to developing an as consistent as possible disclosure with the objectives defined in the Bank's Strategic Plan, including the target of at least 50% of new recruits made up of under-35 professionals.

EMPLOYED PERSONS BY AGE AND PROFESSIONAL POSITION



PROTECTED CLASSES BY PROFESSIONAL POSITION AND GENDER[98]

	31.12.2023 (YE HC)			31.12.2022 (YE HC)			31.12.2021 (YE HC)		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Managers	-	-	**-**	-	-	**-**	1	-	**1**
Executives	3	3	**6**	2	3	**5**	2	3	**5**
Employees	25	18	**43**	24	19	**43**	24	20	**44**
Total	**28**	**21**	**49**	**26**	**22**	**48**	**27**	**23**	**50**
Percentage	**57%**	**43%**	**100%**	**54%**	**46%**	**100%**	**54%**	**46%**	**100%**

Banca Generali continues to focus on the enhancement of people, attention and commitment towards collaborators, respect for human dignity, freedom and equality, and equal opportunity in the workplace and on career paths, without any kind of discrimination.

According to this approach, any confirmed episodes of discrimination could give rise to disciplinary charges and penalties. However, in 2023 there were no such events or circumstances to report.

Finally, in line with the aforementioned principles of inclusion and gender equality, Banca Generali Group ensures full respect of fundamental human rights, in accordance with its internal Policies on this matter. In light of the nature of the Company's business and the location of the operations undertaken, no transactions subject to auditing or human right impact assessment were performed during the period.

To carry out its activities, Banca Generali sometimes uses temporary staff to deal with peak workloads or specific projects.

EMPLOYED PERSONS WITH A ZERO-HOUR CONTRACT BY GEOGRAPHICAL AREA

	31.12.2023 (YE HC)			31.12.2022 (YE HC)			31.12.2021 (YE HC)		
	ITALY	ABROAD	TOTAL	ITALY	ABROAD	TOTAL	ITALY	ABROAD	TOTAL
External temporary contracts	2	1	**3**	-	1	**1**	4	1	**5**

[98] The figures provided in the table are consistent with the criteria adopted when preparing the reports to the competent bodies. The "protected categories" include all people with disabilities and employees featured on the list of protected categories.

EMPLOYED PERSONS WITH A ZERO-HOUR CONTRACT BY GENDER

	31.12.2023 (YE HC)			31.12.2022 (YE HC)			31.12.2021 (YE HC)		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
External temporary contracts	1	2	**3**	1	-	**1**	1	4	**5**

With reference to staff turnover, the tables below show the changes in onboarding and offboarding employees and the related percentage rates[99].

ITALY – TURNOVER

	ITALY								
	WOMEN				MEN				
2023	< 35 YEARS	35-50 YEARS	> 50 YEARS	TOTAL WOMEN	< 35 YEARS	35-50 YEARS	> 50 YEARS	TOTAL MEN	TOTAL
No. of employees	100	252	141	**493**	92	235	170	**497**	**990**
No. of hirings	33	7	1	**41**	42	13	3	**58**	**99**
No. of terminations	11	11	8	**30**	14	5	7	**26**	**56**
Hiring rate	33%	3%	1%	**8%**	46%	6%	2%	**12%**	**10%**
Turnover rate	11%	4%	6%	**6%**	15%	2%	4%	**5%**	**6%**

	ITALY								
	WOMEN				MEN				
2022	< 35 YEARS	35-50 YEARS	> 50 YEARS	TOTAL WOMEN	< 35 YEARS	35-50 YEARS	> 50 YEARS	TOTAL MEN	TOTAL
No. of employees	86	271	125	**482**	78	231	156	**465**	**947**
No. of hirings	35	6	-	**41**	35	10	5	**50**	**91**
No. of terminations	9	5	12	**26**	25	7	9	**41**	**67**
Hiring rate	41%	2%	-	**9%**	45%	4%	3%	**11%**	**10%**
Turnover rate	10%	2%	10%	**5%**	32%	3%	6%	**9%**	**7%**

	ITALY								
	WOMEN				MEN				
2021	< 35 YEARS	35-50 YEARS	> 50 YEARS	TOTAL WOMEN	< 35 YEARS	35-50 YEARS	> 50 YEARS	TOTAL MEN	TOTAL
No. of employees	70	282	115	**467**	83	226	146	**455**	**922**
No. of hirings	29	8	1	**38**	37	4	1	**42**	**80**
No. of terminations	18	4	5	**27**	26	6	7	**39**	**66**
Hiring rate	41%	3%	1%	**8%**	45%	2%	1%	**9%**	**9%**
Turnover rate	26%	1%	4%	**6%**	31%	3%	5%	**9%**	**7%**

[99] The hiring rate in this table is calculated as the ratio of newly hired personnel to total personnel at the end of the reporting year. The turnover rate is calculated as the ratio of terminations to total headcount at the end of the reporting year.

ABROAD – TURNOVER

2023	ABROAD								
	WOMEN				MEN				
	< 35 YEARS	35-50 YEARS	> 50 YEARS	TOTAL WOMEN	< 35 YEARS	35-50 YEARS	> 50 YEARS	TOTAL MEN	TOTAL
No. of employees	5	8	7	**20**	11	23	21	**55**	**75**
No. of hirings	1	2	-	**3**	4	4	2	**10**	**13**
No. of terminations	1	1	1	**3**	5	4	1	**10**	**13**
Hiring rate	20%	25%	-	**15%**	36%	17%	10%	**18%**	**17%**
Turnover rate	20%	13%	14%	**15%**	45%	17%	5%	**18%**	**17%**

2022	ABROAD								
	WOMEN				MEN				
	< 35 YEARS	35-50 YEARS	> 50 YEARS	TOTAL WOMEN	< 35 YEARS	35-50 YEARS	> 50 YEARS	TOTAL MEN	TOTAL
No. of employees	5	7	8	**20**	13	26	16	**55**	**75**
No. of hirings	2	2	3	**7**	5	5	7	**17**	**24**
No. of terminations	-	1	2	**3**	2	5	2	**9**	**12**
Hiring rate	40%	29%	38%	**35%**	38%	19%	44%	**31%**	**32%**
Turnover rate	-	14%	25%	**15%**	15%	19%	13%	**16%**	**16%**

2021	ABROAD								
	WOMEN				MEN				
	< 35 YEARS	35-50 YEARS	> 50 YEARS	TOTAL WOMEN	< 35 YEARS	35-50 YEARS	> 50 YEARS	TOTAL MEN	TOTAL
No. of employees	4	6	6	**16**	11	27	10	**48**	**64**
No. of hirings	1	2	1	**4**	6	3	1	**10**	**14**
No. of terminations	1	1	-	**2**	1	-	1	**2**	**4**
Hiring rate	25%	33%	17%	**25%**	55%	11%	10%	**21%**	**22%**
Turnover rate	25%	17%	-	**13%**	9%	-	10%	**4%**	**6%**

It should be noted that turnover figures include not only hirings and terminations for fixed-term contracts (including replacements for different leaves), but also transfers to and from other companies within Generali Group.

In 2023, Banca Generali Group's hiring rate was 11%, in line with 2022 and up compared to 10% in 2021.

Testifying to the Banking Group's willingness to pursue sustainable growth over time by investing especially on younger generations, the highest hiring rate was reported for personnel aged under 35 (71%), followed by personnel aged between 35 and 50 (23%).

Regarding the sustainability-related areas for intervention envisaged in the **2022-2024 Strategic Plan**, it should be noted that the expectation is for more than 50% of new hires to be in the **under-35 age group**. Excluding from the 112 total hires made in 2023 i) hires effected to replace personnel absent due to various leaves (9) and ii) the number of intra-group hires (1), and iii) considering the number of contracts of people previously hired to replace personnel absent due to various leaves and whose contracts were transformed into permanent contracts (4), the total number of hires was 106, of which 75 related to people under the age of 35. The rate of hires under the age of 35 was therefore **71%**.

In 2023, 39% of hirings were women; of these, 77% were under 35.

The rate of new hires shows how the Banking Group remained highly attractive. With a view to continuous improvement and the pursuit of excellence, in 2023 the practice of carrying out first interviews remotely through the use of digital channels was consolidated within the selection process. The consolidation of this process into the selection procedure made it possible to be faster and to be able to scrutinise a greater number of candidates with a structured interview, thus achieving highly qualified selection shortlists.

In the Talent Acquisition processes for under-35 professionals, Banca Generali applies several tools to ensure brand visibility and appeal, such as dedicated events specifically developed through joint ventures and sponsorships. This was in addition to the social network channels (e.g., LinkedIn) that the Top Managers used to disseminate business content. Initiatives such as those described above allow Banca Generali to be recognised as a dynamic brand, which is digitally oriented and projected into the future, attracting new generations.

In addition, the Bank also attended the Career Days at the main Italian universities in collaboration with the other Generali Group companies so as to maintain a direct dialogue with young talent.

Furthermore, to ensure speed, focus on content and rapid feedback to candidates, a highly digitised candidate selection process was implemented, which provides for the first contacts to be made through digital collaboration and assessment platforms, fully in virtual mode.

With regard to terminations, 48% of them related to women (37% in 2022 and 41% in 2021). In detail, 27% of the women who left employment were aged over 50, whereas the remaining 73% were equally divided between the categories “35-50 years” and “under 35”.

Training and Development of Human Capital: the Continuous Growth of Skills

65,995
TRAINING HOURS
(**+9.7%** VS 2022)

People are the essential element for achieving Banca Generali’s strategic goals and success. Therefore, all employees are supported through training and awareness-raising paths aimed at enhancing and developing diversified professional profiles based on the rapidly changing financial context and increasing their technical and behavioural competencies, while promoting an inclusive, listening-oriented environment.

Training programmes are dedicated and reserved to the entire company population (including part-time employees, employees with fixed-term contracts, interns).

Banca Generali pays great attention to its people and therefore implemented paths to encourage the development of new skills, the evolution of talent, and the enhancement of passions and personal attitudes. Banca Generali aims to build and spread an environment of trust and to support the development of skills and competencies, with a view to continuous improvement, across the organisation.

In 2023, a total of 65,995 training hours were provided (60,153 in 2022 and 55,145 in 2021), of which 679 hours were targeted to young interns.

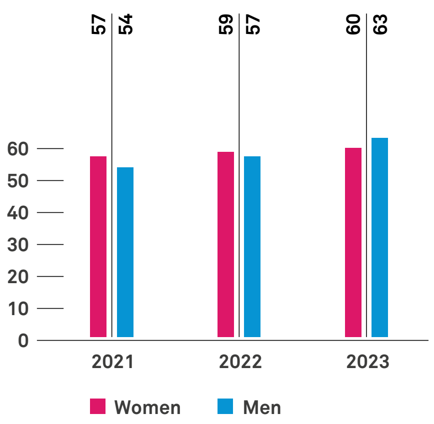
In line with the previous years’ trend, average training hours received by each employee rose to 61 in 2023.

AVERAGE TRAINING HOURS BY GENDER AND PROFESSIONAL POSITION[100]

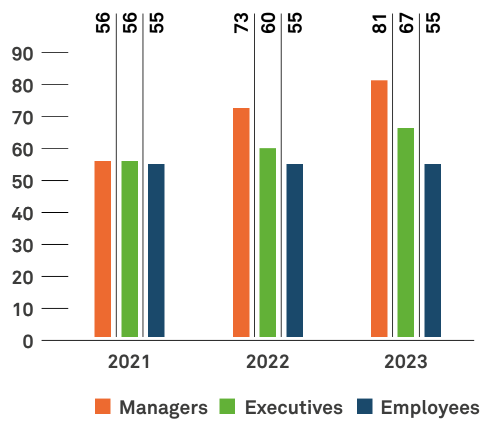
	31.12.2023	31.12.2022	31.12.2021
Average training hours per employed person	61	58	56
Average training hours per woman	60	59	57
Average training hours per man	63	57	54
Average training hours per Manager	81	73	56
Average training hours per Executive	67	60	56
Average training hours per Employee	55	55	55

[100] The 2022 consolidation scope included the whole Banca Generali Group.

AVERAGE TRAINING HOURS PROVIDED



AVERAGE TRAINING HOURS PER PROFESSIONAL POSITION



These figures bear witness to the Bank's ongoing focus on development and continuous updating of employees' technical and managerial skills, preserving conviviality and developing a strong sense of belonging to the Banking Group, stimulating individuals' desire to grow and fostering the creation of a positive work environment marked by high engagement, facilitating relationships of trust and increasing people engagement.

Training, professional updating and knowledge sharing are cornerstones of change and development: in addition to supporting the New Normal hybrid way of working (achieved through specific training for both People Managers and Employees), the digital skills development project (structured with Digital Minds) as well as well-being initiatives and numerous awareness activities for the population on DEI issues, the Bank provides rolling training courses and initiatives involving all employees throughout the year.

In 2023 as well, numerous training initiatives were organised, as they are now essential for the constant growth of the competencies of the entire population:

› **Regulatory/Safety Training**, to make the Bank sustainable in the long-term and protect its employees and the organisation.
  Training and updating activities on regulatory issues continued throughout 2023. The activities of this cluster included certifications (e.g., annual MiFID 2 certification) and trainings (initial training or updating), related to both legal and security matters;

› **Training to develop technical skills**, to continue to ensure a widespread technical leadership within the Organisation and competitive on the market.
  The focus of 2023 was on the competencies supporting the introduction of technologies and digital tools. In addition to specific certifications granted to selected staff, the year saw also the continuation of training courses dedicated to the mass introduction of the Power BI tool, linked to data representation and analysis, and to the introduction of RPA systems, used to automate the performance of repetitive operational functions in work, in order to accelerate digital transformation in Banca Generali.
  Banca Generali Group refunds the enrolment expenses incurred by its personnel to attend training programmes related to its business such as the CFA (Chartered Financial Analyst) certification and/or trainings that issue an attendance certification after passing a final exam;

› **Training aimed at developing managerial and behavioural skills**, to support people in the major strategic changes and build a unique managerial style.
  In 2023 as well, during the performance management process, the entire Banking Group population enjoyed access to the dedicated training and development catalogue "Development Linked to Performance", based on the organisation's strategic needs and aimed at defining annual individual development plans (IDPs).

Banca Generali collaborates with major Italian and international universities and business schools to define ad-hoc courses or to participate in training initiatives and master courses.

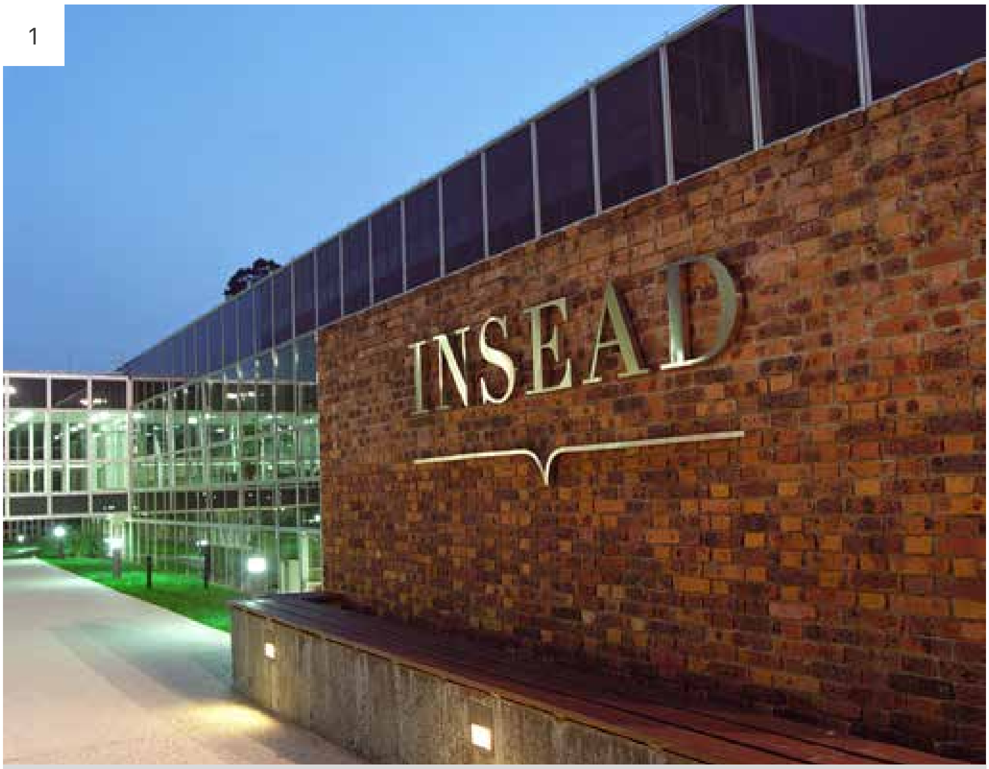
The training activities implemented in 2023 included in particular two important projects that involved a selected population.

The first initiative was "Innovation Essentials: from Idea Generation to Risk Management", an intensive program developed and organized in collaboration with INSEAD Business School. It was dedicated to a pool of young talent under 35 who had the possibility to delve into topics related to innovation (technological, operational, etc.) with a link to possible associated risks.

The participants then followed a programme to on Banca Generali's business model through meetings with Top Managers.

The second initiatives, "Mental Economy Training®" was dedicated to a pool of senior talent and was based on the implementation of a mental training pathway that, thanks to the use of technological tools, aims at improving brain efficiency through objective methods based on numerical quantifications.

During the course, thanks to the support of a team of mental trainers and psychologists, participants could challenge themselves and strengthen their key competencies to reach elevated standards of mental performance with low consumption of brain energy, and better management of stress, emotions and psychological pressure, while also cleaning up the brain so as to avoid external influences when performing challenging activities.



1-2 Innovation Essentials: From Idea Generation to Risk Management (January 2023 - Fontainebleau. France)

Training and Development of Human Capital: Evaluation Procedure

A company's success is based on constant development of the people that comprise it. Banca Generali Group has a long track record of performance management, which has always been a key element of the relationship of trust among staff and their managers.

The Group Performance Management (hereinafter also "GPM") is the process for assigning and assessing objectives that involve all Banca Generali Group People.

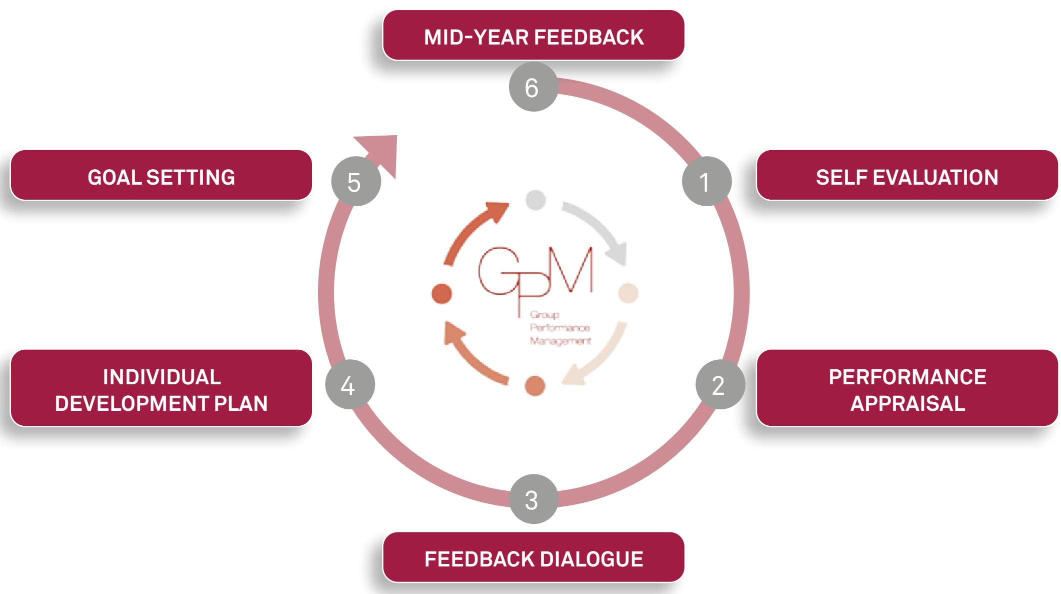
The GPM seeks to involve and motivate all Banca Generali People to achieve important objectives, promoting constant professional development and a culture of excellent performance[101].

The initiative also seeks to ensure that all employees receive structured feedback on their performances and are able to build individual professional development plans through transparent, open dialogue.

Within the context of the Next Normal work model, in 2023 the GPM process was revised and integrated in order to:

- improve the experience of collaborators and People Managers throughout the different phases of the process, thus facilitating greater closeness;
- encourage collaborators' accountability along the entire process, increasing their participation and engagement;
- increase flexibility, equity, development and ease of achievement of planned results;
- facilitate and encourage ongoing feedback within the organisation. To this end, the process already implemented in previous years was extended to include two new phases: Self Evaluation and Mid-Year Feedback.

THE GPM PROCESS



This process, already trialled in previous years within the parent company Banca Generali and Generfid S.p.A., has also been recently introduced for BGFML employees, and in 2024 will be extended to the subsidiaries BG (Suisse) Private Bank S.A. and BG Valeur.

In 2023, nearly all eligible employees received a performance evaluation (see the comment in the next table), confirming the interest of People Managers and all employees in the process, creating greater closeness and trust between them.

[101] For further details on Behaviours, see "Mission, Vision, Values" in the Governance section.

IN 2023
100% OF ELIGIBLE EMPLOYEES
RECEIVED A PERFORMANCE ASSESSMENT

PERCENTAGE OF EMPLOYED PERSONS WHO UNDERWENT A PERFORMANCE ASSESSMENT[102]

	31.12.2023		31.12.2022		31.12.2021	
	WOMEN (%)	MEN (%)	WOMEN (%)	MEN (%)	WOMEN (%)	MEN (%)
Managers	92%	98%	100%	100%	92%	93%
Executives	98%	100%	95%	99%	97%	99%
Employees	100%	100%	100%	100%	99%	100%
Total	**99%**	**100%**	**99%**	**100%**	**99%**	**99%**

Talent development and growth are also promoted and supported through participation in Development Center projects organised locally and at the level of Generali Group, allowing Banca Generali Group's people to become aware of the possibility of holding roles in broader, more international and more complex roles. In order to further accelerate meritocracy, along with a sustainable approach to people development within the Company, the tool is useful in working on the management pipeline, discovering new talent and supporting constant personal growth.

Engagement

Among the various events and occasions for contact with and listening to employees, surveys allow to constantly measure people engagement. Surveys are a valuable tool for active listening and a major source of useful inputs for setting up new improvement plans and practical actions to be carried out starting with the feedback of Banca Generali Group people.

Thanks to the findings of the survey, Banca Generali wants to accelerate towards excellence by leveraging its strengths and promptly seizing opportunities for improvement.

This year again, the **Pulse Survey 2023** was held in October: a more streamlined survey aimed at understanding how people are within the organisation, especially in this historic moment of cultural change when new hybrid ways of working are adopted.

The Pulse Survey 2023 reported a response rate of 94% (+2% compared to Pulse Survey 2022) and an engagement score of 87% for Banca Generali Group (+1% compared to 2022), an important figure that testifies to people's very strong sense of belonging to Banca Generali.

The priorities to be further analysed were identified (Efficiency, Development and DEI), and a cascading activity will be performed across all structures in the first months of 2024 to engage the entire population on the areas for improvement identified and the strengths that support engagement.

The projects developed following the previous surveys were implemented within the organisation in 2023 and led to significant improvements:

- **BG Maps**: creation of a dynamic organisation chart that provides an updated view on people allocation and tasks within the organisation;
- **BG Collector**: implementation of a digital "ideas box" in which each employee can propose ideas for raising operational efficiency against bureaucracy and in favour of smarter operations;
- **Welcome to BG**: presentation of new hires to the rest of the company population, through the creation of a dedicated monthly communication that contains personalised presentation videos.

Thanks to the annual Pulse Survey, the organisation can move from one engagement survey to the next with a view to continuous improvement. The new engagement survey to be carried out in 2024 will include a higher number of questions.

[102] In line with the approach taken in 2019, the percentage is calculated on the employees of Banca Generali, Generfid and BGFML actually involved in the skills assessment process: employees with permanent contract as of 31 January 2022 and employed for at least six months. Maternity leaves and long absences are not included.

Compensations and Benefits

Remuneration

Banca Generali Banking Group's Remuneration and Incentive Policy has been defined with the aim of attracting, motivating and enhancing all individuals with the professional qualities required by the Group's activities. Incentive systems are based on the principles of fairness, equity and meritocracy.

Banca Generali Group's Policy, a key tool for the Group's strategy, is aimed at ensuring the best possible alignment of the interests of the Banking Group's shareholders, investors, customers, personnel and all stakeholders, through careful risk management and the consistent pursuit of long-term strategies.

It is believed that the annual formulation of adequate remuneration and incentive mechanisms for the Bank's executive directors and personnel may foster competitiveness, effective governance of the Banking Group and the achievement of the objectives outlined in the Strategic Plan, with a particular focus on sustainability as an essential element of the pursuit of objectives.

In an increasingly complex context and in light of the Banking Group's growing internationalisation, remuneration, especially with regard to Key Personnel, is also useful in terms of attracting and retaining people with the professional profiles and skills best suited to the needs and development of the Company.

In this regard, the Remuneration Policy for personnel and, in particular, for managers of Banca Generali Group is determined in compliance with the vision illustrated in the following graph.

VALUES OF THE BANKING GROUP

Deliver on the promise
Value our people
Live the community
Be open

VISION
To be the No. 1 Private Bank, Unique
by Value of Service, Innovation and Sustainability.

GOVERNANCE OF THE BANKING GROUP

- Timely and constant compliance with standards
- Compliance with the relationship methods between the governing bodies and the various corporate structures
- Compliance with, appropriateness and simplification of existing processes based on the applicable control and risk management system

PRIORITIES OF THE 2022-2024 STRATEGIC PLAN

- Sustainability: becoming a point of reference for all stakeholders with regard to ESG issues
- Enhancement of human capital through DE&I policies designed to promote inclusion and give prominence to the individual's contribution to the achievement of plan results, including through suitable remuneration systems that ensure long-term consistency and, at the same time, discourage conduct that could lead to high risk exposure

The primary objective of the Remuneration Policy is to guarantee fair and adequate remuneration for sustainable performances. Towards such end, any action taken as part of the personnel remuneration policies is informed and shaped by the following principles:

INTERNAL FAIRNESS

The remuneration is similar for comparable levels of job responsibility, taking due account of the industrial sector, the role held, the responsibilities assigned, the competences and skills demonstrated, and geographical area of reference, as well as other factors that could impact remuneration levels from time to time and that are gender-neutral.
Our mission is to provide all our people with a fair work environment, based on inclusiveness, meritocracy, the development of new digital skills and the promotion of Diversity, Equity & Inclusion.

COMPETITIVENESS

The remuneration level is balanced with reference to that of the markets of reference, whose practices are constantly monitored.

SUSTAINABILITY

Our Remuneration Policy is an integral part of the Group's strategy, which attributes significant weight to sustainability towards all stakeholders. Sustainability objectives also include that of promoting a sustainable, inclusive work environment and remuneration systems that are able to ensure the sustainability of both the Group's and individual performance.

MERITOCRACY & PERFORMANCE

The systems aimed at rewarding merit and performance are consistent with the results and the behaviour held to attain the same, which must be oriented to unwavering compliance with applicable regulations and procedures, as well as constant and focused risk assessment, enhancing talent and professional and personal growth.

In practical terms, the sustainability of remuneration mechanisms features:

- predetermined governance mechanisms involving a variety of bodies, functions and persons to ensure structured and controlled processes that can be verified ex post;
- overall remuneration based on a balanced fixed and variable pay mix depending on the company role, which does not lead to risky and short-term oriented behaviour, complemented by forms of corporate welfare aimed at the needs and well-being of employees and their families;
- an ongoing commitment to provide an equal pay level that reflects the skills, abilities and professional experience of each employee, thus ensuring application of the equal opportunities principle, with the objective of pursuing equal pay without distinction of age, gender, sexual orientation, marital status, religion, language, ethnic or national origin, physical or mental disability, pregnancy, maternity or paternity status (including adoptive status), personal beliefs, political opinions, membership or trade union activity;
- a structure of short- and long-term incentives based on risk-adjusted indicators aligned with the Risk Appetite Framework, with a view to business continuity and long-term sustainability of results that combine balanced and flexible growth in the belief that ethics and profit should not be in conflict;
- integration of sustainability in the Group's business and financial strategies in the short and long term;
- variable remuneration caps;
- constant benchmarking of the remuneration package positioning with respect to the reference market, also with the support of specialised advisors;
- individual performance assessed in a clear and transparent manner, on a meritocratic basis and according to the equal opportunities principle, enhancing the talent and professional and personal growth of all Group employees;
- deferral and payment of variable remuneration over a long-term horizon, including through share-based payments to link incentives to long-term value creation;
- ex ante and ex post risk adjustment, through malus and claw-back remuneration mechanisms;
- predetermined and transparent procedures for severance pay, with predefined caps in terms of maximum monthly payments to be assigned;
- transparent reporting.

The medium-/long-term incentive plans — reserved for the Chief Executive Officer/General Manager, some Managers with Strategic Responsibilities and other managers identified by virtue of the significance of their roles — are one of the tools aimed at remunerating and reflecting the Group's medium-/long-term objectives, prepared in coordination with Generali Group's objectives, to be paid fully in shares of the Bank.

The Balanced Scorecards (BSC) of the Chief Executive Officer and the other top managers (strategic managers and Key Personnel heading up the main lines of activity, including General Managers/General Directors of the main relevant subsidiaries) are defined both on the basis of economic/financial and qualitative ESG sustainability indicators to be assessed over the annual period.

Banca Generali Banking Group's Remuneration and Incentive Policy has been drawn up with a view to ensuring simultaneous compliance with the provisions governing remuneration policies within the banking industry (Bank of Italy's Provisions in force from time to time), the regulations applicable to issuers (Consob Resolution No. 11971 of 14 May 1999, as subsequently amended) and the Corporate Governance Code for Listed Companies.

The Human Resources Department plays a coordinating role in defining the Banking Group's remuneration and incentive policies and coordinates the selection, integration and development processes through appropriate paths that enhance people and retain talents, increasing the sense of belonging to the Group and ensuring flexibility and timeliness in covering key roles. It also ensures that all the Bank's employees are treated without distinction or exclusion, including in terms of remuneration, supplementary pension schemes and benefits.

As the Parent Company, Banca Generali prepares the Remuneration and Incentive Policy document for the entire Banking Group, ensures that it is appropriate overall and verifies that it is properly applied, while taking due account of the characteristics of each Group company, in accordance with the legal, market and sector context in which the subsidiaries operate.

In order to comply with and adopt directly applicable sector/country legislation, individual Group companies may draw up a separate Remuneration Policy, provided that they duly implement the guidelines set by the Bank.

The Report on Remuneration Policy and Compensations Paid illustrates all the related details.

In particular, the Report is divided into two sections:

- the first concerns the Remuneration Policy set by the Bank for the Banking Group and the procedures for adopting and implementing such Policy, with regard to:
  - company bodies;
  - the Group's employees and contractors, with a particular focus on the Banking Group's Managers with Strategic Responsibilities and Key Personnel;
- the second section provides individual and aggregate quantitative information, by role and function, relating to the application of the Remuneration Policy.

Banca Generali attaches great importance to annual analysis of the outcomes of shareholders' meeting votes and the opinions of the main addressees of its Remuneration Policy in pursuit of constant improvement in the adoption of market best practices by gradually incorporating feedback from shareholders, investors and proxy advisors.

The results of the vote at the Shareholders' Meeting always provides the Bank with a valuable point of reference for assessing its policies and is analysed within the framework of overall governance that characterises the Company's remuneration and incentive policies and systems.

The Banking Group's Remuneration and Incentive Policy is approved on an annual basis by the General Shareholders' Meeting. In its capacity of body with strategic oversight function, the Board of Directors drafts, resolves upon and submits the Banking Group's Remuneration and Incentive Policy to the Shareholders' Meeting and reviews it at least annually, and is responsible for the proper implementation of that same Policy. Banca Generali has set up a Remuneration Committee within the Board of Directors. This Committee is tasked with assisting the Board of Directors in laying down Company's policies in respect of the determination of the remuneration of the Company's Key Personnel holding the highest offices and those responsible for control functions. The above-mentioned Committee is currently composed of three non-executive, independent members of the Board of Directors, and is responsible for advising and making recommendations to the Board of Directors on matters pertaining to remuneration.

In 2023 as well, Banca Generali remained committed to consolidating the relationship between sustainability and the Remuneration Policy, confirming the process of integrating ESG objectives into its incentive systems. In addition, the Remuneration Policy features a renewed structure for ease of assessment by stakeholders, including a focus on the ESG commitment, and thus on how the sustainability strategy is integrated into the annual incentive system and short- and long-term incentive plans.

The remuneration patterns are monitored, taking due account of trends recorded both internally and on the reference markets and with regard to the fixed and variable remuneration components, availing, for key managers and professionals, of the service of external independent consultancy firms (for 2023, Mercer Italia and Morrow Sodali).

More specifically:
- with regard to Key Personnel[103], specific analyses in relation to a group of peers, determined on the basis of Banca Generali's profile, are carried out, including upon request by the Remuneration Committee;
- the ABI's annual industry-wide study is used for all other personnel.

With reference to job grading, a model incorporating Willis Towers Watson job levelling methodology is currently applied. Using this methodology, in 2023 a detailed analysis was conducted on all positions to define a baseline for several actions in the area of remuneration and, more broadly, rewarding policies.

The ratio of the total annual remuneration[104] of the Chief Executive Officer and General Manager to the median total annual remuneration of all employees (excluded the said person) was 30.09.

The ratio of the percentage increase of the total annual remuneration of the Chief Executive Officer and General Manager to the percentage increase of the median total annual remuneration of all employees (excluded the said person) was -3.50.

As mentioned above, the Remuneration Policy reflects principles of neutrality to ensure equal treatment regardless of gender, as well as any other form of diversity, basing the evaluation and remuneration criteria exclusively on merit and professional skills.

RATIO OF REMUNERATION OF WOMEN TO THAT OF MEN[105]

	31.12.2023			31.12.2022			31.12.2021		
	ITALY [106]	LUXEMBOURG	SWITZERLAND	ITALY	LUXEMBOURG	SWITZERLAND	ITALY	LUXEMBOURG	SWITZERLAND[107]
Managers	0.76	-	0.97	0.73	1.51	0.73	0.71	1.56	0.93
Executives	0.84	1.18	0.46	0.79	1.28	0.72	0.77	1.20	0.72
Employees	0.98	0.95	0.64	0.97	0.85	0.92	0.96	0.84	1.12

Italy's ratio improved overall.

More in detail, the total remuneration of women Managers was lower than that of men because key strategic responsibility positions were chiefly held by men.

Among Executives, the total remuneration of men was greater than that of women because this category included most of sales personnel and asset managers — mainly men — who benefited from an MBO bonus system or a system linked to commercial objectives.

Among Employees, the gap in Italy between the total remuneration of women and that of men was due to the presence of part-time contracts (almost fully related to women).

In Luxembourg, it was not possible to calculate the remuneration ratio as there were no women in the Executive category. For the category of Managers, the ratio was influenced by the number of women in roles of responsibility. Among Employees, the gap between the total remuneration of women and that of men was due to the presence of part-time contracts (almost fully related to women).

[103] Personnel whose professional activity has, or may have, a material impact on the Company's risk profile.
[104] Remuneration was calculated based on the provisions of GRI 2-21 and therefore taking into account the total annual remuneration, in terms of both variable and fixed remuneration; the latter was also considered for the share-based component. The calculation considered all employees, regardless of their percentage of employment, who were in service for all the 12 months of the years examined, excluding therefore employee turnover and employees who were absent in the periods under review due to maternity or other leaves.
[105] Annual amount paid to employees that includes the amount established by the National Collective Labour Agreement (gross of any deductions for leaves) and the supplementary agreement, in addition to any other types of additional remuneration linked to seniority of service, overtime, bonuses, allowances and other benefits.
[106] Figures referring to Italy include one employee of Banca Generali S.p.A. seconded to Luxembourg.
[107] Figures referring to BG (Suisse) — a newly incorporated company whose corporate processes were still in the start-up phase at 31 December 2021 — are excluded.

Figures referring to Switzerland included also BG (Suisse) Private Bank S.A., a company that is currently starting-up its banking activity. To date, for the category of Managers, the ratio was influenced by the number of women in roles of responsibility. As regard Managers, the total remuneration of men was higher than that of women due to the same reasons indicated for Italy. For Employees, the ratio was influenced by the positions covered and the seniority of service.

The DEI values are an integral part of the corporate culture and are considered fundamental drivers for the Bank's business, growth, capacity for innovation and performance. The commitment to paying constant attention to diversity and possible vulnerabilities has led the Bank to define actions aimed at making the working environment inclusive and open to all employees.

For Banca Generali Group, diversity is the natural expression of characteristics such as culture, age, gender, cognitive and behavioural skills and all the other traits that identify people and make them unique. Their recognition and appreciation guide Banca Generali Group in implementing inclusion initiatives to create a stimulating and innovative environment, open to debate and the exchange of expertise. These initiatives include training programmes on inclusive leadership, with a particular focus on the generational issue, to ensure virtuous co-existence of the various generations, strengthening the pipeline of young talent. In particular, the development of female professionals and managers involved the creation of training programmes designed to support and hone self-leadership, including through mentoring and gender-mentoring processes.

In order to promote an inclusive, fair and safe work environment, all management and development processes have as their driver the recognition of the value and contribution of each individual, based on meritocracy and equal opportunities. Accordingly, remuneration at the individual level is set on a gender-neutral basis.

The Group's commitment to eliminating the pay gap is reiterated through an integrated approach that also includes actions focused on remuneration policies and broader initiatives to provide effective support to women in accessing professional opportunities and in their career paths.

In this regard, to ensure the neutrality of remuneration policies, with the support of the Remuneration Committee, Banca Generali's Board of Directors analyses the gender-neutrality of remuneration policies and verifies the gender pay gap and its evolution over time.

In order to promote a culture based on gender equality and equal pay, Banca Generali participates in and supports Generali Group in the project designed to verify the Gender Pay Gap[108] and the Equal Pay Gap[109], prior to developing specific actions to mitigate the gaps identified, with the aim of progressively reducing the gaps observed. These actions include initiatives designed to generate positive effects on gender balance and pay equity, both at local level and in relation to the Group's DEI strategy.

To facilitate the implementation of gender-neutral policies, assess their efficacy and thoroughly monitor the application of pay equality criteria in accordance with gender neutrality, Banca Generali was constantly committed to further developing the analyses and methodology used at the Group level. In line with market best practices, it added a regression analysis model that, in addition to professional family and organisational level, contemplates the objective factors that are most relevant in terms of salary gap and that are gender-neutral and representative of local remuneration policies.

This analysis was instrumental to the development of specific measures to mitigate any gaps identified. The mitigation actions included initiatives aimed at positively influencing gender balance and equal pay, in line with the objectives defined by the Group's strategy and with the promotion of the diversity and inclusion values. The remedial actions that could be implemented or refined included reviewing recruitment processes, defining programmes to accelerate women's careers, developing mentoring and sponsorship paths and implementing awareness-raising programmes on Diversity issues and unconscious bias.

For further information, reference is made to the Report on Remuneration Policy and Compensations Paid[110].

[108] Understood as equal treatment in terms of the pay gap between women and men throughout the organisation, regardless of the job.
[109] Understood as equal pay in terms of the pay gap between men and women for the same job or jobs with the same value, calculated using a specific statistic model based on regression.
[110] The Report is available at the following address: https://www.bancagenerali.com/en/governance/agm.

We SHARE

With the ambition of promoting a meritocratic environment able to promote alignment with the strategic objectives and the participation of all employees in the value creation process, in 2023 the Bank personnel — as defined by the Board of Directors — (excluding Managers with Strategic Responsibilities and Key Personnel) was invited to participate in a Generali Group employee share scheme, which allows employees to purchase Generali shares at favourable conditions, according to the terms indicated in detail in the documentation published by Assicurazioni Generali[111].

Benefits & Welfare

All Banca Generali employees enjoy a series of benefits, the cost of which is normally fully borne by the Company.

More specifically, the benefits offered to employees based in Italy (i.e., of Banca Generali S.p.A. and Generfid S.p.A.) relate to numerous aspects of welfare and, in light of their completeness and widespread adoption, **make the Group a best practice** both within and outside the financial sector. These benefits refer to:

- **healthcare:** this provides reimbursements for various cases of health expenses (e.g., major procedures, hospitalisation, dental expenses, specialist examinations and treatments, oncology expenses, etc.) incurred by employees or their dependent family members and, in certain situations, by other family members. The employee may also extend these “base” benefits to non-dependants by personally paying the related amount. In this case, maximum coverage is increased. It should be noted that an “ultractivity” (extended activity) of the health insurance is envisaged for employees entitled to retirement or for employees above 55 who have terminate their employment relationship consensually;
- **supplementary pensions:** by adding to the contribution provided by the Company a personal contribution, including of a minimum amount, employees can create a private pension position (also made possible by Generali Group’s Pension Funds), designed to supplement their government pension. This mechanism also makes it possible for employees to meet major personal needs (e.g., purchase of a first home, extraordinary healthcare expenses, etc.), by applying for specific advances, including during the contribution phase;
- **economic indemnity for death, permanent total disability and dread disease:** this is an extremely important social protection mechanism through which the Company, in the most serious cases that may affect its employees and thus their families, provides significant sums calculated according to the employee’s age, remuneration (basic pay as per the National Collective Labour Agreement and seniority increases) and family composition;
- **professional accident policy:** this mechanism, which is designed to cover cases of death and permanent total disability, also represents a fundamental tool for protecting both employees and their families;
- **company bonus with welfare option:** thanks to the opportunities offered by tax legislation, since 2016 (for Executives and Employees) it has been possible to “convert” the company cash bonus into welfare, thereby creating the so-called ‘welfare credit’. As of 2019, through the introduction of the STAIBENEFIT Portal by Generali Welion, designed like an e-commerce site, employees enjoy access to an extremely wide range of well-being and wellness goods and services (flexible benefits). In 2023, this option was confirmed and presented to employees via several online welfare days sessions designed to inform and raise their awareness of the possible advantages, including in light of the option to carry forward the welfare credit without a pre-set time limit. With regard to DEI matters, it bears recalling that the welfare credit may be used to obtain a refund for children’s education expenses (from nursery schools to university master’s degrees) and summer camps, as well as to pay the assistance for family members with disabilities or aged over 75;
- **“pure” welfare:** Employees under permanent contract receive annual one-off amounts (differing for executives and other personnel) to be used through the Welfare Portal for the reimbursement and/or purchase of the services described above. The carry forward principle also applies to these amounts;
- **preferential-rate mortgages and loans:** all employees under permanent contract have also access to preferential-rate mortgages and loans. Since 2022, in light of the sudden, considerable increase in the ECB rate, the above-mentioned employees have been offered the option of extending their mortgages and, in implementation of the provisions of the 2023 Budget Law, to

[111] The Share Plan for Generali Group Employees is available at the following link: https://www.generali.com/governance/AGM-2023/annual-general-meeting-2023-documents

renegotiate or extend their mortgages by applying the IRS rate on a fixed basis. In addition, to further mitigate the impact of mortgage costs, Banca Generali has planned to introduce a rate cap of 3.25% on the variable-rate mortgages contracted before 31 December 2023 and future mortgages contracted under the relevant trade union agreements, effective as of 1 January 2024.

In order to enhance employees' knowledge of the benefits due to them, thus creating and strengthening the sense of belonging to and engagement with the Company, the STAIBENEFIT portal has significantly expanded its functionality.

Through STAIBENEFIT each employee can view the benefits due, presented in an integrated mode according to the following classification:
› *core benefits*: due under the National Collective Labour Agreement, the company supplementary contract or unilateral company regulations;
› *flexible benefits*: welfare credit deriving from the conversion of the company bonus or available as pure welfare one-off amounts;
› *conventions*: discounts/concessions normally provided for all employees under commercial agreements entered into by Generali Group or by individual companies.

Two **training sessions** were also planned, on the occasion of the company bonus payout which also may entail a welfare option, to inform all employees wishing to attend about the implications of the welfare option choice and to present the portal's potential and functions.

With regard to foreign companies, the benefits introduced are in line with local laws and practices, also considering each company's size. More in detail, depending on the legal entity in question and its nationality, benefits may refer to:
› **healthcare:** it provides reimbursements for various types of health expenses incurred by employees or their family members in certain situations;
› **supplementary pensions:** by adding to the contribution provided by the Company a personal contribution, employees can create a private pension position designed to supplement their government pension;
› **professional accident policy:** it is designed to cover cases of death or disability regarding employees and their beneficiaries;
› **reimbursement of interest on mortgage loans:** employees under permanent contracts in service for at least one year are entitled to annual reimbursement of interest on mortgage loans for the purchase of their first homes, up to a pre-established annual amount;
› **rail season ticket:** full reimbursement is provided of the cost of rail season tickets for collaborators who commute by train within Italy;
› **training initiatives:** refunds of enrolment expenses incurred by personnel to attend training programmes related to the business such as the CFA certification and/or courses that issue an attendance certification after passing a final exam, in addition to English, German and French advanced courses;
› **flat-rate meal allowance;**
› **contribution to insurance for loss of earnings due to illness**, borne fully by the employer.

Work-life balance

During 2023, people and their wellbeing continued to be central also in terms of work-life balance. The so-called Smart Working Next Normal was extended, with some improvements, until 31 March 2024 and continued to be fully recognised as an opportunity for increasing employee satisfaction and improving awareness of the importance of work-life balance. In the year, nearly **all employees falling within the eligible corporate functions** (e.g., all functions in Italy with the exception of front-end functions operating with customers and logistics support functions) **signed the agreement and used this new work model, in line with** the sustainability targets identified in the **2022-2024 Strategic Plan**.

The Smart Working Next Normal model is intended as a new approach to the way of working and is based on a **"hybrid" model of work organisation** concept for Employees and Executives, based on the voluntary choice of the employee (formalised by individual agreement) to work remotely[112] up to a maximum of 3 days a week and 10 days a month[113], according to a planned schedule defined precisely and in a timely manner by the employee's own manager.

[112] From their own home or from another location agreed with their manager.
[113] Taking into account also the specific provisions on the subject contained in the National Collective Labour Agreement for the Credit sector.

Other fundamental aspects of the Next Normal agreement concern:
- the **right to disconnect** which, for example, is made explicit by restricting meetings to the working hours;
- the provision of **meal vouchers** even on remote working days (this is an improvement on the provisions of the National Collective Labour Agreement for the Credit sector);
- a one-off bonus of 300 euros gross per annum.

In addition, in order to give the utmost importance to work-life balance and in application of the DEI principles, the agreement states that employees may be entitled to an additional number of remote-work days in the following cases:

a) employed women in the three years following the end of the maternity leave set forth by Article 16 of the Unified Text of legislative provisions on protection and support to maternity and paternity as per Italian Legislative Decree No. 151 of 26 March 2001;
b) employed women and men in the three years following the end of the parental leave set forth by Article 32 of the Unified Text of legislative provisions on protection and support to maternity and paternity as per Italian Legislative Decree No. 151 of 26 March 2001;
c) employed women and men with children with disabilities pursuant to Article 3, paragraph 3, of Law No. 104 of 5 February 1992;
d) sole parent with a dependent child under 14;
e) new parents with children up to 36 months;
f) employed women/men with a disability rating above 46%;
g) employed women/men victim of domestic abuse;
h) employed women/men suffering from cancer diseases;
i) employed women/men subject to life-saving treatments;
j) employed women/men certified under Article 3, paragraph 1, of Italian Law No. 104/1992;
l) employed women/men who have requested an assessment for the purpose of certification as per Article 3, paragraph 1, of Italian Law No. 104/1992 and are awaiting for the final official decision;
m) employed women/men who care (caregivers) for a spouse, a relative or a close relative of the first degree who suffer from a certified severe disability pursuant to Article 3 of Italian Law No. 104/1992.

With regard to other work-life balance developments, in the reporting year, the trade union agreement of 27 February 2023 expanded the benefits for employees, in addition to the already wide range of provisions on the matter set forth by the law and the National Collective Labour Agreement for the Credit sector. In particular, the following measures were implemented with a view to DEI promotion:
- **flexible working hours**: flexible working hours were set up (for non-front office HQ functions and for functions not organised in shifts) to allow full-time Employees to work according to monthly and not daily hour limits, as compatible with job requirements. This provision will come into effect following the phasing out of the provision currently in effect at Generali Group level allowing for the current maximum flexibility of the time of starting work (8:00-10:30) and of ending work accordingly;
- **mandatory part-time work** for the following needs:
  - birth/adoption of children (up to 14 years of age), with a duration of up to 8 total years of part-time work;
  - serious health, personal and/or family reasons, with a duration linked to the reasons for the request.

These provisions are applicable — within percent limits — to all company functions, with the exception of those in contact with the public and those with a limited number of personnel.
- **Additional leaves or improved economic conditions,** with particular regard to the aspect of parenthood, established by the following measures:
  a) increase of mandatory (paid) paternity leave from 10 to 12 days;
  b) unlimited unpaid leave for sick children up to 10 years of age or, for children of a spouse, de facto partner or cohabiting partner only, up to 3 years of age;
  c) 5 days of unpaid leave a year for induction of children to a daycare centre/nursery school. Extension of leave (3 days a year) for bereavement/serious illness of a family member, including in cases of de facto couples;
  d) with respect to parental leave, without prejudice to the legal duration of a maximum of 11 months cumulatively for parents and the possibility of use by hours on the basis of the National Collective Labour Agreement for the Credit sector, an increase, to be borne by the company in the amount of 10% of the INPS social security indemnity for the first month of parental leave, provided that it is used in full immediately after mandatory leave (by law, equal to 5 months for the mother);
  e) integration to 100% of the INPS social security indemnity in the case of early maternity (in advance of what was subsequently provided for in the renewal of the National Collective Labour Agreement for the Credit sector).

- **Paid leave for medical examinations/diagnostic examinations** that cannot be carried out outside of working hours (adequately documented).
- **Possibility of providing self-justification for absence due to illness** not exceeding 1 day (except for specific situations, such as illness near a holiday).

Banca Generali employees in Italy can also benefit, for the use of **childcare facilities both within the Company and private facilities with which the latter entered into special agreements**, of the favourable terms applied to Generali Group staff, including discounted rates, as well as the payment by the Company of annual subscription fees.

Among the initiatives dedicated to employees, with a view to enhancing generational turnover in favour of the Bank's long-term sustainability, the Company allows workers who are less than 5 years away from retirement and who explicitly request it, the possibility of consensually leaving the company early.

Industrial and Trade Union Relations

Banca Generali always observes trade union rights and freedom, with regard to both corporate and local unions and the rights of individual employees.

At the end of 2023, the rate of trade union membership[114] for the Banking Group was 33% (32% in 2022 and 2021).

93% of employees is subject to social and national legislation and the provisions of the National Collective Labour Agreement (CCNL) for the Credit sector or for credit Managers. The sole exceptions are the employees of BGFML, BG Valeur S.A. and BG (Suisse) Private Bank S.A., to whom the local legislation applies.

The CCNL for the credit sector provides a well-structured system of union relations to be activated in the form of information-gathering, consultation or bargaining meetings, in order to allow trade unions to carry out their role in the Company.

It bears recalling that, on 23 November 2023, the Italian Banking Association (ABI) and the national trade unions **signed the renewal agreement for the CCNL for the credit sector**, which will be valid until 31 March 2026.

The renewal in question, which followed on the intense negotiations conducted in the second half of the year, is characterised by the following main aspects:

- sharp increase in contractual minimums (approximately +15% in the 2023-2026 period for the average level of job classification) to recoup inflation and as a function of systemic productivity, with the recovery of 5 months of back pay in 2023 and with restoration from July 2023 of the basis for calculating termination indemnity on all contractual remuneration items (Article 86 of the CCNL for the credit sector);
- greater synergy between the various sector funds (Solidarity Fund and Credit Fund) dedicated to the aspects of employment and training, to facilitate the various reorganisational dynamics that will characterise the credit sector, particularly as a result of constantly increasing digitalisation and technological innovation;
- reduction of the weekly working week of Employees (37 weekly hours);
- maintenance of full flexibility/fungibility of employment of Executives, regardless of the economic level to which they belong.

With respect to supplementary company bargaining, in 2023 **commitments** to formalise additional work-life balance benefits **were met**, as discussed in the specific chapter.

In addition, the new features already agreed upon in the areas of first-home mortgages, personal loans and current accounts at favourable terms were fully implemented with effect from December 2022.

- **Current account at favourable** terms for all employees;
- **Employee home mortgage:** subsidised loan for purchase and renovation of one's home;
- **Personal loans and loans** at favourable conditions.

[114] Employees registered with unions vs the total workforce in Italy.

These provisions are intended to benefit the employees of Banca Generali S.p.A. and Generfid S.p.A. and may also be extended to employees of other Banca Generali subsidiaries who have employment relationships pursuant to Italian legislation and collective bargaining.

All arrangements introduced with the agreements signed on 25 October and 2 November 2021 remained valid, namely:

- **Company bonus for the years 2021-2023**
- **One-off welfare payment 2022-2024**
- **Meal vouchers**

- **Supplementary pensions**
- **Health insurance**
- **Indemnity for death, permanent total disability and dread disease**
- **Accident policy** for occupational risks

Without prejudice to specific dates of entry into force, the Supplementary Company Bargaining Agreement (CIA) expires in its entirety on 30 June 2024, but provision is made for its automatic annual extension unless cancelled in a timely manner by one of the Parties.

Since it is the result of collective bargaining, it applies to all employees in the professional area category (Employees) and to Executives. The only exceptions concern employees with fixed-term contracts, who cannot access the benefits regarding first home mortgages, personal loans, as well as one-off welfare payments.

To cope with the energy crisis, Banca Generali — which has always been sensitive to **environmental sustainability and social responsibility** issues — has subscribed to the extensive and structured energy saving plan launched by Generali Group at HQ offices (**Smart Working/Energy Crisis Agreement**) in line with government and EU guidelines. In this complex scenario, the individual planning of remote workdays underwent a change. The provisions called for identifying **periods** when HQ offices are **closed** (on Fridays and around long holiday breaks). With a view to guaranteeing business operational continuity, the Company undertook to ensure, in any event, that a nearby office was available close to the HQ offices (subject to temporary closure), so as to allow those unable to work remotely from home to choose the mode and the place where the work could carried out, including on a temporary basis.

In addition to these absolutely key issues, trade union relations have also developed through the following meetings provided for by law or by the CCNL for the Credit sector:

- **annual meeting pursuant to Article 12 of the CCNL for the Credit sector**, relating to strategic perspectives (balance sheet and business data) and the HR structural profile, in which aggregate information on staff, inbound/outbound personnel, professional and career growth and training were shared;
- **meeting on the payout of the company bonus for the 2022 financial year (paid in June 2023):** on this occasion, the unit amounts by job classification level were precisely identified and the welfare option was confirmed at both the 50% and 100% rates for 2023 as well, ensuring a flexible approach regarding the specific needs of employees;
- in November 2023, the company bonus agreement for financial year 2024 was signed (2025 payout);
- in June company union representatives were informed of the new **WE SHARE** plan, after which a trade union agreement was entered into on the use of **termination indemnity** to participate in the plan;
- in July, information on the application of the new **whistleblowing** regulations was provided, in particular to the recipients of whistleblowing procedures and modalities;
- in September, the company trade union representatives were informed of the new edition of the **Pulse Survey** conducted at the end of 2023;
- moreover, in implementation of CCNL, the activity of Fondazione **Prosolidar**, which is involved in solidarity projects at an international level, was promoted registering the membership of over 60% of employees.

Health and Safety in the Workplace

The Company constantly guarantees the best working conditions ensuring a safe and healthy environment in accordance with occupational health and safety legislation in force, complying with all specific legal requirements applicable to Italian companies and always considering the physical safety of its workers to be a priority.

Group company buildings are subject to constant checks to ensure compliance with specific architectural constraints and with the need to provide all employees with suitable workstations.

For instance, in HQ offices parking spaces are guaranteed in the immediate vicinity reserved for people with disabilities or employees with significantly reduced motor ability[115], in addition to workstations designed for specific needs.

The necessary provisions are constantly applied also with the specific support of a team of professionals from a third-party firm — which carries out its activities by collaborating with Generali Group so that procedures, methods and rules are uniformly applied — appointed to the role by Banca Generali S.p.A. and Generfid S.p.A. with the signing of an outsourcing contract for safety issues.

The activities of the third-party firm appointed to the task by Banca Generali S.p.A. and Generfid S.p.A. are constantly monitored through specific SLAs[116]/KPIs, as part of the duties of the company Head of the Prevention and Protection Service (RSPP), responsible for health surveillance pursuant to Article 26 of Italian Legislative Decree No. 81/2008 at the Trieste office in Corso Cavour 3 and 5. In addition, an Activity Owner belonging to same third-party firm was appointed for the HQ offices and tasked with managing all fire safety obligations (controls pursuant to Italian Presidential Decree No. 151/11, verification of renewals of the Fire Prevention Certificate - CPI).

In terms of the processes available to workers to report any hazards or dangerous situations at work, the circular "Management of obligations in the field of health and safety at work" specifies that there are personnel responsible for reporting to the employer or delegated managers any hazardous conditions or a failure to apply legislation and, that, if a worker is involved in a near-accident or missed accident, he or she can immediately notify HR, the personnel in charge and the Head of the Prevention and Protection Service (RSPP) in writing, specifying what happened (dynamics of the event, place and time and elements that prevented the event from developing into an accident or incident).

To ensure and define the necessary processes for hazard identification, risk assessment and accident investigation, the **main risks indicated in Italian Legislative Decree No. 81/08 have been defined and evaluated** (as explained in detail below).

In areas at risk of attacks, specific crime prevention measures and deterrents are implemented, such as access control systems, alarms and video surveillance at the Milan and Trieste offices. The banking branches have also implemented active and passive security systems (interblocking entrance doors, cash in-out) and organisational measures, including devices to protect deposits, safes, keys, systems, security and emergency equipment.

Banca Generali S.p.A. is a member of **OS.SI.F. – Associazione per lo sviluppo dell'Osservatorio dell'ABI sulla sicurezza fisica** whose activities include liaising with the Prefectures to promote useful initiatives to prevent and combat any form of criminal activity against banks and customers. In this regard, it should be noted that the Banca Generali S.p.A. has signed specific **Protocols of Understanding between the Italian Banking Association and the individual Prefectures** in the provinces where the Bank's branches are located. The main contents of the Protocols provide for Banca Generali S.p.A. to play an active role in reporting the particular risk situations to the competent Police forces (e.g., serious and unforeseeable shortcomings in the security measures, suspicious movements of people inside and outside bank premises, exceptional aggravations of risk. etc.); they also require Banca Generali S.p.A. to equip each branch with at least 5 security measures, always including, without exception, video-recording and a delayed-opening safe custody device or timed cash dispensing device, as well as other minimum measures indicated in the Protocols.

In addition, it should be noted that the Security and BCP Service (COO and Innovation Area) ensures the implementation of security policies and collaborates also with other Banca Generali S.p.A. structures to arrange measures aimed at raising awareness of these matters and at devel-

[115] Including temporary disability or on the indication of the competent company physician.
[116] Service Level Agreements.

oping the company culture.

In order to always ensure a rapid response, the Employer appoints and sets up the **Emergency Teams,** formed of colleagues with training on first aid and fire safety (training differs on the basis of the type of fire risk of the different company offices), as well as on the use of semi-automatic defibrillator (Milan and Trieste offices).

Furthermore, at HQ offices, emergency management is also entrusted to third-party personnel (maintenance staff, security staff, receptionists), who are always present at each shift, and to the Emergency Management Coordinator.

Personnel working in the branches (whether with one or more employees) and private offices nationwide are also emergency-trained (first aid course and fire safety course).

In 2023, all personnel eligible for health supervision (i.e., “exposed” personnel, including employees regardless of their professional role, interns and temporary workers) was invited to undergo **medical health examinations** according to the protocol established in current legislation for the associated company risk group. In total, 490 medical examinations were carried out (252 men and 238 women), involving 35 different offices throughout Italy, in addition to the HQ offices in Milan and Trieste: 246 employees in Milan, 177 in Trieste and 67 in other cities were examined. In addition to periodic examinations due in 2023 and first examinations for new recruits, this figure also includes examinations performed by the company physician, both when specifically requested by the employee and upon changing assignments, returning from a period of absence for illness or injury of more than 60 days or absence due to Covid-19 related hospitalisation or in case of reasonable adjustment for employees with disabilities, in accordance with the law. In line with previous years, the results showed clearly that most staff were fit to work without any limitations and/or special precautions.

The Company provides **specific** workstation **safeguards**[117] and ensures that the organisational prescriptions certified by the company physician are observed, while raising the related managers’ awareness on the health prescriptions.

Personnel at the Trieste, Mogliano Veneto, Milan, Turin, and Rome offices enjoys access (during working hours) to the services in the **multipurpose nursing centres** set up by Generali Group.

Building on the initiatives undertaken in previous years, in 2023 all people were again offered the opportunity to receive a flu shot free of charge at the company offices or in any medical/healthcare centre collaborating with Welion, thus throughout Italy.

Banca Generali has always devoted great attention to its people’s security, health and safety through the adoption of good practices and ongoing training. Banca Generali is constantly committed to updates and new training on issues relating to the protection of health and safety in the workplace in order to keep risk factors to a minimum.

Training programmes continued throughout 2023 via virtual classrooms and/or in e-learning mode, for the courses available on the online platforms, in accordance with law provisions and recent regulatory improvements.

All employees are regularly trained and kept abreast of risk prevention laws and regulations, and recommended procedures in the case of a fire or other emergency through information materials, made available also on the corporate Intranet.

Specific training is provided on an ongoing basis, at the intervals established by law, for the roles specifically indicated in Italian Legislative Decree No. 81/2008 and identified within the Company (Executives, Safety Supervisors, Emergency Team Members, Members of the Prevention and Protection Service and Workers’ Safety Representatives).

Banca Generali S.p.A. and Generfid S.p.A. provide a structured process to carry out hazard identification and risk assessment. More specifically:

› risk assessment identifies, measures and weights risk;
› risk identification is the phase that looks for, identifies and describes the risk;
› measurement places a value on the extent of the risk;
› weighting compares and measures risk against specific criteria.

[117] Based on prescriptions by the company physician following a health check-up.

According to the provisions of Article 15 of Legislative Decree No. 81/08, Banca Generali S.p.A. and Generfid S.p.A. adopt the following general measures to protect the occupational health and safety of its workers:

- assessment of all health and safety risks;
- prevention planning, aimed at a set of actions that integrate the Company's technical production conditions, as well as the influence of environmental factors and work organisation, into the prevention process in a coherent manner;
- the elimination of risks and, where this is not possible, their minimisation in relation to knowledge acquired based on technical progress;
- compliance with ergonomic principles in work organisation, workstation design, choice of equipment and definition of working and production methods, particularly in order to reduce the health effects of monotonous and repetitive work;
- reducing risks at source;
- replacing what is hazardous with what is not, or is less hazardous;
- limiting to a minimum the number of workers who are, or may be, exposed to the risk;
- the limited use of chemical, physical and biological agents in the workplace;
- the priority of collective protection measures over individual protection measures;
- health checks for workers;
- removing workers from exposure to the risk for health reasons specific to them and their transfer, where possible, to another job;
- adequate information and training for workers, managers and supervisors;
- appropriate information and training for workers' safety representatives;
- appropriate instructions for workers;
- participation and consultation of workers and workers' safety representatives;
- planning measures deemed appropriate to ensure the improvement of safety levels over time, also through the adoption of codes of conduct and good practices;
- emergency measures to be implemented in the event of first aid, firefighting, evacuation of workers and serious and immediate danger;
- the use of warning and safety signage;
- the regular maintenance of environments, equipment, installations, with particular regard to safety devices in accordance with the manufacturer's instructions.

These measures are supplemented and implemented also through the additional actions adopted and implemented by the Company pursuant to Art. 18 and 30, summarised as follows:

- Generali Group's Code of Ethics;
- Generali Group's Code of Conduct;
- Corporate H&S procedures.

Internal circulars ("Management of obligations in the field of health and safety at work") also define all the specific procedures to be adopted for managing all aspects envisaged on the matter.

The methodology used for the "qualitative P x D" (Probability x Damage) risk assessment allows the concept of risk to be represented in a synthetic and direct way and provides good comparability between different risks. It takes place by associating each risk with the probability of occurrence of an accident (P), caused by a source, and an expected magnitude of resulting damage (D). Multiplying the probability and damage values gives certain scores that correspond to different modes of intervention. Downstream this risk assessment activity, the processes for identifying prevention and protection measures are activated based on the ALARA (As Low As Reasonably Achievable) approach and an improvement programme is defined that takes into account the intervention priorities resulting from the risk level identified and establishes timing and responsibilities.

The Company monitors the accident trend in order to identify possible prevention and protection measures and consequently supplement the risk assessment document. The data have been organised by highlighting the two main types of accidents, namely those occurring on the road (home-work travel) and those occurring in the workplace, in order to better describe the specific risk for the different homogeneous and transversal groups.

The annual data collected show that there were no cases of death, permanent disability or occupational illness and that almost all accidents did not occur at work or in the workplace but on the road[118].

In 2023, 3 accidents on the road occurred in Italy, involving 1 woman and 2 men.

None of these accidents caused death, serious or permanent injury, or an occupational illness to the workers involved.

As no workplace accidents were recorded in 2023, the rate of recordable workplace accidents[119] was 0.00 (0.61 in 2022 and 1.24[120] in 2021).

[118] The recurrent causes of accidents occurring in the workplace or on the road are constituted by:
- driving vehicles (car, motorbike, scooter, bicycle);
- slipping to the ground by falling or tripping;
- going up and down stairs;
- other causes not covered by the above.

[119] The rate of recordable workplace accidents is calculated as follows: (Recordable workplace accidents/worked hours) x 1,000,000.

[120] The 2021 indicator was calculated with reference to the entire Banking Group, except for BG (Suisse) Private Bank S.A. — a company whose corporate processes were still in the start-up phase at 31 December 2021.

The Occupational Medicine Medical Coordinator (MCC) and the Occupational Medicine Physicians (MC) aim to protect workers' health and promote a safe working environment. They perform different functions to help identify and eliminate hazards and minimise risks, namely risk assessment, advice, health surveillance and management of occupational illness cases.

At least once a year, the employer convenes a meeting, which in accordance with the provisions of Article 35 of Italian Legislative Decree No. 81/08 is attended by the Head of the Prevention and Protection Service (RSPP), the Occupational Medicine Medical Coordinator (MCC), the Workers' Safety Representatives (RLS) and workers. At this meeting, they are consulted and their requests considered with regard to:
- the Risk Assessment Document (DVR);
- trends in occupational accidents and illnesses and health surveillance; the selection criteria, technical characteristics and effectiveness of individual protection devices, and information and training programmes for managers, health supervisors and workers for the safety and protection of their health.

The Risk Assessment Document currently in force was drawn up on 10 March 2023 and is in its seventh revision. The latest revision was carried out following the election and appointment of the new Workers' Safety Representatives (RLS) and in view of the regulatory amendments imposed by Italian Law Decree No. 146/2021.

As a result of the Work-Related Stress (WRS) assessment conducted in 2023, the Risk Assessment Document (DVR) will be updated with the data collected.

The WRS assessment was performed considering 4 homogeneous groups of workers and applying the instructions defined by INAIL (Italian National Institute for Insurance against accidents at work), namely verifying all sentinel events for each group and distributing to a representative sample of each group a qualitative questionnaire on the work context and content. The results were shared with all those who participated in the work group.

The approach taken to avoid and mitigate significant negative impacts on occupational health and safety directly related to the operations, products or services of Banca Generali S.p.A. and Generfid S.p.A. through commercial relationships is generally known as Corporate Social Responsibility (CSR). In general, CSR is based on the consideration that Banca Generali S.p.A. has a responsibility towards society and the environment in which it operates, and that it must take this into account in its activities and decisions. In the field of occupational health and safety, this means that the Company must take measures to protect workers and minimise the risks associated with their activities, products or services.

To adopt a CSR approach to occupational health and safety, Banca Generali S.p.A. and Generfid S.p.A. can:
- identify the hazards and risks associated with the activities and assess the impact they may have on the health and safety of workers and the community;
- take preventive measures to protect workers and minimise the risks associated with activities, products or services;
- communicate workplace health and safety information in a transparent manner, for example, by publishing annual CSR reports or providing information on risks and how risks are managed;
- collaborate with suppliers and business partners to promote occupational health and safety and share best practices;
- provide for the implementation of occupational health and safety management systems to monitor and evaluate the effectiveness of the preventive measures adopted;
- comply with local laws and regulations on occupational health and safety.

By following these steps, Banca Generali S.p.A. and Generfid S.p.A. prove their social responsibility towards the health and safety of workers and the community, and help to create a safer and healthier working environment.

No specific training courses on serious diseases have been planned, but the risk assessment regarding workers' exposure to asbestos, biological agents, legionella, radon, atex, electromagnetic fields, physical risks and chemical risks is regularly updated. Data on workers' exposure to health and safety risks are summarised in the Risk Assessment Document. They did not evidence high or medium risk levels.

In addition to assessing risks and managing emergencies in the workplace, Banca Generali S.p.A. and Generfid S.p.A. also managed possible risk scenarios at certain external events, attended by company personnel and, in certain cases, guests. For such events, a specific document is drafted and shared with the hosting facility and, where present, with third-party firms, so as to protect workers' health and safety also outside the work environment.

Management of Covid-19 health emergency

In 2023, in light of government guidelines issued from time to time and of the evolution of the national health situation, the approach taken was always preferably geared towards greater protection according to the principle of prudence, which has allowed the Bank to ensure effective people protection over the long pandemic period.

During the year, several notices were issued to all personnel in order to specify which behaviours to observe within the Company (more stringent than in the social context), such as protection of pregnant women, confirmed until 31 March 2023, remote working 5 days a week for certified "frail" people until 31 December 2023, application of the specific derogations contemplated under Article 5 of the Next Normal Agreement, and smart working for at least 5 full days in the event of a positive test result.

To facilitate the process of worker participation, the Workers' Safety Representatives and the Social and Healthcare Officers (OOSS) were always consulted through meetings on the Teams platform, in order to communicate news or updates on Safety in a timely manner.

The aforementioned rules and provisions are disseminated from time to time to all Banca Generali Group companies that operate outside Italy and that therefore comply with the procedures in force in their country and with the applicable local legislation.

Litigation Management

There were four disputes running in 2023 with regard to employment positions: the first consisted of recovering an amount due to the Company by a former employee; the second was a court litigation relating to the appeal filed against the employment termination applied following disciplinary procedures; the third was an out-of-court dispute initiated by the employees of the consortia founded by Banca Generali Network's Financial Advisors and relating to alleged rights claimed towards Banca Generali; and the fourth was an out-of-court dispute against the employer and Banca Generali, as the contracting party that had joint responsibility, initiated by an employee of a company whose services were contracted by the Bank.

One these disputes was settled following agreement between a worker and the employer (Consorzio dei Consulenti Finanziari) with waiver of any and all claims, including towards Banca Generali, which had answered to the offence notified by rejecting the acknowledgement of any employment relationship.

At 31 December 2023, there were therefore three disputes underway regarding employment relationships.

With regard to the management of court and out-of-court litigation (against the Company or to be initiated) regarding this matter, all specific activities implemented following reporting are regulated by the disputes and complaints organisational procedure. The HR Department is involved constantly in the event of litigation regarding this matter, to ensure that the context of the dispute is reconstructed correctly.

Banca Generali uses leading expert firms for the judicial management of such disputes and to provide an objective assessment of the complaints and the Bank's position.

If it appears that the content of the complaints made by former employees cannot be opposed, the option of a settlement agreement is always taken into consideration as a matter of good practice instead of ineffective and more expensive legal proceedings.

At quarterly intervals, the Board of Directors is given an overall report on the Company's litigation and complaints status. Upon presentation of this report, proposals are put forward for risk provisions to be set aside and for the write-down of receivables recognised in the financial statements for litigation positions, so as to ensure that the risks connected with the litigation and/or the non-recoverability of receivables are adequately covered.

Human Capital: Financial Advisor Network

20% 80%

2,260 Financial Advisors (Assoreti scope)

132,147 total training hours (58 average training hours per Financial Advisor)

2.5 million euros per-capita net inflows

Average assets

40.6 million euros managed on average by each Financial Advisor

ESG

>30% of the network has received ESG advanced training

Features, Size and Composition

The quality and efficiency of the Financial Advisor Network determine the customer satisfaction level. Since they work in a sector where reputation is the most valuable asset, Financial Advisors play a very delicate role. The range of products and services, supported by advice from qualified professionals, places Affluent and Private customers[121] at the heart of Banca Generali's mission.

Therefore, the Bank dedicates the utmost attention to the selection of its Network's Financial Advisors and to their subsequent personal and professional development, supporting it with the most modern technology and a multi-channel approach.

Over the years, Banca Generali's Financial Advisor Network evolved through both the aggregation of various Financial Advisor Networks and private banks, and the progressive recruitment of highly-skilled professionals on the financial services distribution market, attracted by the Bank's business model.

Composition

Banca Generali's Financial Advisor Network is entirely based in Italy and consists of two categories of collaborators:

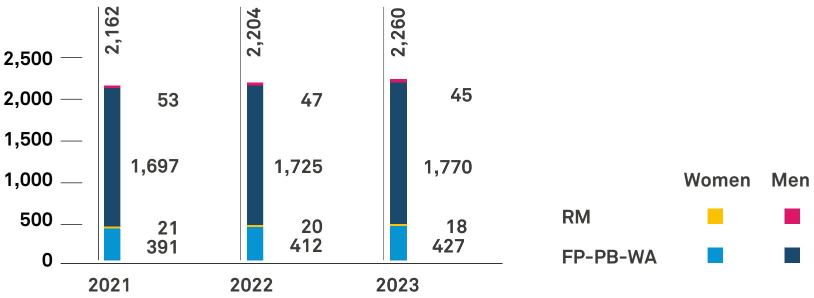
- the Private Bankers (PBs), the Financial Planners (FPs) and the Wealth Advisors (WAs); they collaborate with the Company as freelance professionals;
- the Relationship Managers (RMs), who are company employees.

FINANCIAL ADVISORS BY GENDER

	31.12.2023			31.12.2022			31.12.2021		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
FPs-PBs-WAs	427	1,770	**2,197**	412	1,725	**2,137**	391	1,697	**2,088**
RMs	18	45	**63**	20	47	**67**	21	53	**74**
Total Financial Advisors	**445**	**1,815**	**2,260**	**432**	**1,772**	**2,204**	**412**	**1,750**	**2,162**

[121] These categories identify the customers who have advanced needs due to the size and quality of their wealth.

FINANCIAL ADVISORS BY GENDER



At Assoreti system level, the number of Financial Advisors operating in the main companies surveyed increased by about 1% in 2023, from 22,769 Financial Advisors recorded at the end of 2022 to 22,956 at the end of 2023. In detail, Banca Generali owns one of the most important Financial Advisor Networks in Italy: at 31 December 2023, its network included 2,260 Financial Advisors and Relationship Managers, with an increase of 56 compared to the same period of 2022 (+2.5%). This improvement was mainly due to the recruiting activity performed in 2023, which led to the hiring of 81 new professionals with sound experience in the sector. This increase allowed Banca Generali to confirm its fifth place within the Assoreti market, with a market share of 9.8%.

The increase in the number of Financial Advisors operating within the network and Banca Generali's leadership within the Assoreti market, both in terms of net inflows and assets per-capita, are also a proof of the improvement in network quality.

The female presence in Banca Generali's Financial Advisor Network increased steadily (both in absolute and percentage terms) and accounted for about 20% of total. Overall, the number of women choosing financial advisory as a professional field has sharply increased in recent years, with a significant part of them coming from the traditional banking world.

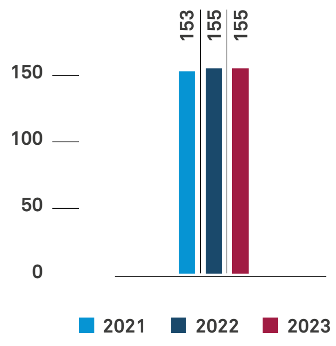
The low turnover rate is the result of the network's high retention level (as illustrated by the average length of service) and Banca Generali's attractive proposal compared to the market.

CUSTOMERS' ASSETS

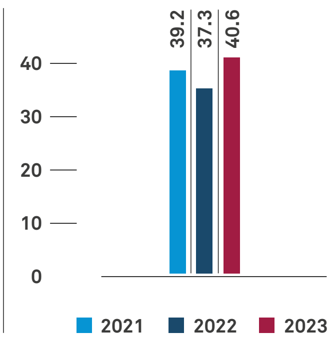
	2023	2022	2021	% CHANGE 2023-2022	% CHANGE 2022-2021
Average No. of customers per FA	154.5	155.0	153.0	-0.3%	+1.3%
Average assets per FA (€ million)	40.6	37.3	39.2	+8.9%	-4.8%
Average net inflows per FA (€ million)	2.5	2.6	3.6	-1.7%	-27.2%

In 2023, Banca Generali's per-capita net inflows amounted to 2.5 million euros, 33% above the industry's average (1.9 million euros). Per-capita net inflows from managed and insurance products (approximately -0.2 million euros) were below market average (0.1 million euros). The per-capita average asset figure stood at the top of the market as well, with a value 19% higher than the average figure reported (40.6 million euros as against a market average of 34.2 million euros).

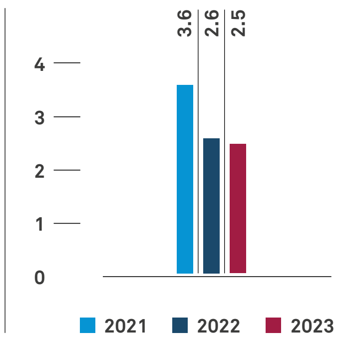
AVERAGE NO. OF CUSTOMERS PER FA



AVERAGE ASSETS AND AVERAGE NET INFLOWS PER FA (€ MILLION)



AVERAGE NET INFLOWS PER FINANCIAL ADVISOR (€ MILLION)



NUMBER OF FINANCIAL ADVISORS BY AGE BRACKET

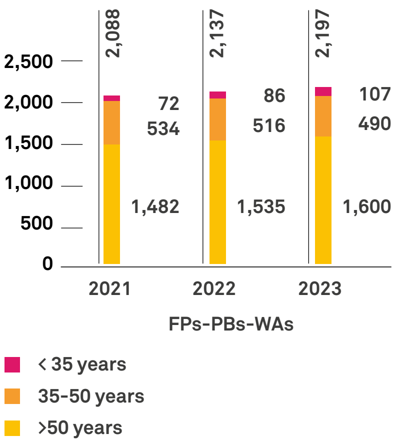
	31.12.2023				31.12.2022				31.12.2021			
	<35 YEARS	35-50 YEARS	>50 YEARS	TOTAL	<35 YEARS	35-50 YEARS	>50 YEARS	TOTAL	<35 YEARS	35-50 YEARS	>50 YEARS	TOTAL
FPs-PBs-WAs	107	490	1,600	**2,197**	86	516	1,535	**2,137**	72	534	1,482	**2,088**
RMs	2	20	41	**63**	2	22	43	**67**	5	24	45	**74**
Total Financial Advisors	**109**	**510**	**1,641**	**2,260**	**88**	**538**	**1,578**	**2,204**	**77**	**558**	**1,527**	**2,162**
Percentage	**5%**	**23%**	**73%**	**100%**	**4%**	**24%**	**72%**	**100%**	**4%**	**26%**	**71%**	**100%**

AVERAGE AGE AND AVERAGE LENGTH OF SERVICE OF FINANCIAL ADVISORS

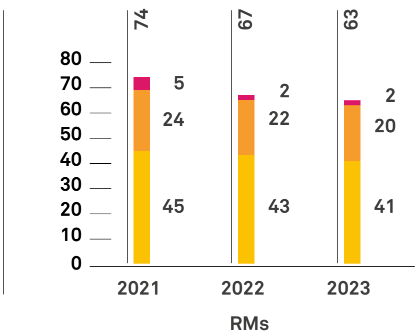
				AVERAGE AGE (YEARS)			AVERAGE LENGTH OF SERVICE (YEARS)		
FPS-PBS-WAS	RMS	TOTAL	% WOMEN	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
2,197	63	**2,260**	20%	55.1	52.7	**54.6**	13.7	10.5	**13.0**

The average length of service was about 13.0 years. This figure — also in light of the Bank's "young age" — bears further witness to the network's stability in terms of high retention rate and low turnover rate.

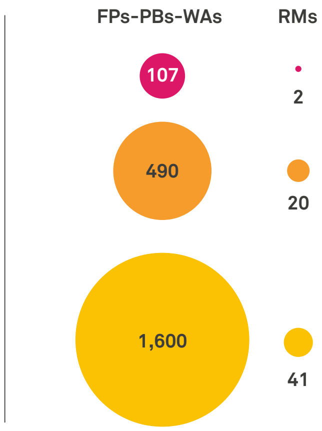
FPS-PBS-WAS BY AGE BRACKET



RMS BY AGE BRACKET



FAS BY AGE BRACKET- 2023



Network's organisational structure

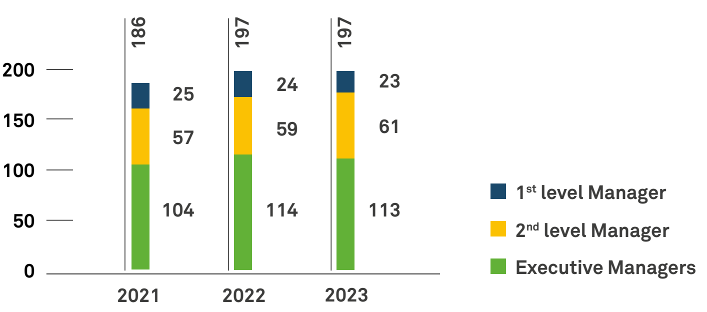
Banca Generali's network management structure is one of its main strengths and reflects the merit-based career development offered. Managers, narrowly defined[122], accounted for about 4% of the network total.

Compared to the previous year, in 2023 the number of such managers remained stable over time with respect to the total number of Financial Advisors, which instead increased as a result of the recruitment of professionals exclusively tasked with customers relationships.

FINANCIAL ADVISOR NETWORK'S ORGANISATIONAL STRUCTURE

	2023	2022	2021
1st level Managers	23	24	25
2nd level Managers	61	59	57
Executive Managers	113	114	104
Financial Advisors	2,063	2,007	1,976

FINANCIAL ADVISOR NETWORK'S ORGANISATIONAL STRUCTURE



Multi-channel nature of the service

Banca Generali's Financial Advisor Network stands out for its broad distribution throughout Italy, supported by 231 local structures (bank branches and FA offices). In accordance with the distribution of Italian population's wealth, Financial Advisors were more concentrated in the regions of Central-Northern Italy.

Banca Generali has 52 bank branches that ensure customers in main urban centres enjoy direct access to key banking services. Bank branches also host employed Private Bankers (Relationship Managers), who assist private-banking clients alongside the other Financial Advisors. In addition to the bank branches, there are 179 offices that are home to the network's administrative, training and information activity and represent another possible point of reference for customers.

Financial Advisors generally engage in typical off-premises activity directly at the customers' location. Moreover, the multi-channel approach is also complemented by online and call-centre services.

NUMBER OF BRANCHES AND OFFICES

	BRANCHES	OFFICES	TOTAL
Total	**52**	**179**	**231**

[122] 1st and 2nd level Managers, i.e., those who perform roles of administration and coordination of the collaborators dedicated solely to customer relations.

Sales Policies and Incentives

Sales policies

Customer satisfaction is pursued by applying high quality standards — both to the personnel in charge of customer relations and to the products and services offered — and by constantly adjusting them to suit new needs and expectations.

The Bank pays constant attention to improving its internal procedures and developing sophisticated information technology. Tools such as the electronic signature and digital collaboration enable the Financial Advisor Network to complete contractual tasks without using paper media.

Dedicated communication tools are available to support the work of Financial Advisors. These include websites, the Intranet, periodic publications and circular letters containing behavioural directives for performing the work, with a particular focus on legislation relating to financial brokerage (adequacy principle).

Reference is also made to Banca Generali's Internal Code of Conduct, requesting the networks to apply the principles set forth therein. Sales departments also monitor the application of guidelines, periodically supporting Financial Advisors in verifying that business is conducted in accordance with laws and regulations.

Contractual relations and communications with customers must be guided by the principles of integrity, honesty, professionalism, transparency and cooperation in the search for the solutions best suited to their needs. The information provided during pre-contractual negotiations must be complete, transparent and comprehensible to allow the customer to make informed choices based on the awareness of costs and possible risks, as well as on the quality of the products and services offered. In addition, pursuant to Regulation (EU) No. 2019/2088 (SFDR), sustainable products and services include additional information aimed at informing the investor about the integration of sustainability characteristics or objectives, as well as the management of ESG risks and their impacts.

To this end, a scrupulous, thorough application of the MiFID 2 rules involving the completion of informational questionnaires and the systematic, automated assessment of the proposed solutions provides the guidelines for the brokerage and advisory services rendered by the network.

In this context, surveying properly and thoroughly the customer's expectations and characteristics is crucial to formulating a proposal that is adequate to the requirements reported and the needs expressed. In order to support the entire Financial Advisor Network, the advanced BG Personal Advisory model is available: it extends customer advice service to include all the customer's wealth (financial and real-estate), with the aim of maximising income performance, protection, succession issues, taxation and so forth. Following the release of the platform to the Financial Advisor Network, this model was further developed throughout the years, with the aim of increasing knowledge of the customer in terms of total assets, family situation and risk appetite, so as to offer an integrated, balanced approach to manage customers' assets and risks. In 2023, net inflows from BG Personal Advisory advance service amounted to 1,691 million euros. At the end of 2023, BGPA assets stood at 9,586 million euros.

Financial Advisors act in an objective and balanced manner in dealing with prospects and prevent personal gain from influencing their conduct or independence of mind. HQ structures tasked with Financial Advisor Network management not only asses sales activity in the field, but are also responsible for conducting timely reviews of complaints from customers as part of their ordinary operational support duties and sample-based inspections. Where necessary (e.g., following complaints), recommendations concerning the conduct in which to engage are reiterated to individual collaborators and responsible managerial structures. Agency agreements contain clauses allowing them to be terminated in cases of irregularities or breaches of rules of conduct, laws or regulations.

Incentives and development

The recognition of individual contributions to a company's success is a fundamental part of solid personnel relations.

The incentive programmes, which in the industry are typically a critical factor, do not make any reference to the placement of specific products, but rather, reward the ability of generally increasing the scope of offerings, for example by acquiring new prospects or developing existing customers. The disbursement of incentives is contingent upon the satisfaction of the general requirements of professionalism, propriety, risks containment and investment diversification. These are in addition to specific prerequisites, such as not being subject to disciplinary measures and the achievement by the Bank of certain capital thresholds, aimed at safeguarding more general consistency between individual and collective results.

Training

In 2023, the market context remained particularly complex: sudden interest rate hikes, inflation peaks and market turbulences led Banca Generali to intensify training sessions, both in-person and online, in order to provide the tools and training opportunities for each Financial Advisor to be able to promptly and professionally meet customers' needs.

In this perspective, for instance, many in-depth webinars were organised with analysts, managers and university lecturers who helped provide a clear overview of the market phases.

The year 2023 saw the launch of the innovative **My Academy** project, **the Academy offering Banca Generali's strategic training courses** on the topics identified by MiFID 2 Directive.

Welcome to **MY ACADEMY**
The new BG Academy for an all-round training

Academic Approach with **Personalised** programmes based on the core competencies to be developed over a **Multi-Year** horizon

A true Academy focused on **Technical** and **Relational Skills**

Outstanding Lecturers and exclusive partnership with Borsa Italiana

Participation of our partner **Premium Third-Party Asset Managers**

The project was structured in partnership with Borsa Italiana Euronext: at the **Training & Innovation HUB,** excellent teachers delved into technical and relational topics to accompany each Financial Advisor of the Network on a personalised and long-term training pathway.

The completion of the Training Orientation Questionnaire allowed all Financial Advisors to have a personal mapping of their knowledge and skills and to access the personalised professional development path with a view to skilfully meeting customers' increasingly complex needs.

This year, the **BG LAb training platform** continued to provide Financial Advisors with several innovative training modules, conceived and developed to support the network in understanding all the products and services Banca Generali offers its customers. The portal was enhanced with an innovative section called "**ESG HOME**": as the Bank's priority is to train on, promote and delve into all sustainability-related topics, ESG Home allows to thoroughly examine all topics related to the UN 17 SDGs.

In general, the training programmes targeted to the Network are organised based on two main areas:

- **managerial and relationship training,** in support of the role of Financial Advisors and for developing the skills and behaviour that set them apart from the rest of the market;
- **high-profile technical/commercial and institutional training,** which takes account of the customers' evolving needs over time and the regulatory developments.

Managerial and relationship training is structured so as to strengthen Financial Advisors' role through greater understanding and knowledge of communication techniques and behaviour to be used with customers and to strengthen the leadership of the various managerial positions, guiding them through continuous development training.

Training course for new recruits, BG New Generation	In line with the importance that Banca Generali attaches to supporting new Financial Advisors and young generations in their professional growth, the BG New Generation training course aimed at young new recruits continued, allowing them to understand the main commercial negotiation management techniques and learn more about Banca Generali's tools and services. The course, already including three days in the classroom and an online session with videos dedicated to Banca Generali's tools, was enhanced with an additional follow-up day to strengthen relational and negotiation skills aimed at effective customer complaint and customer relationship management.
The role of the Financial Advisor in the current context	To help Financial Advisors fully understand the added value of the advanced services of BG Personal Advisory, the training course "The role of the Financial Advisor in the current context" continued. This one-day in-person training course aims at helping Financial Advisors become aware and analyse the current context of change and fully understand their role, overcoming possible resistance to new situations. Key topics analysed include the development of effective behaviours and training on the management of customer complaints related to the current context. This session was followed by another one-day training course dedicated to DISC, a model that analyses individuals' behaviour with respect to their environment or in specific situations, identifying the 4 main profiles that create the model's acronym.
Managerial development programmes	The enhancement of the management team, consisting of Area Managers, Deputy and District Managers, and Executive Managers for some areas, continued as in previous years with personalised team coaching courses aimed at supporting the persons in question in the development and implementation of their teams' professional growth plans.
D-Training DAYS: Commercial Planning and Recruitment	To consolidate the role of Manager Coaches and train an Agile Leadership, the training events of the D-Training DAYS dedicated to the managerial structure's Deputy and District Managers resumed also in 2023, with four classroom days and an online follow-up webinar, personalised based on the role's seniority of service. This pathway allowed to enhance new competencies and operational tools and provided a common method for best managing Recruitment and Commercial Planning, useful for improving leadership and coaching to support the team in achieving objectives.
My Academy	The new My Academy training course, covering the relational field, focused on behaviour and communication with the customer in response to different market events and contexts, and aimed to hone Financial Advisors' own skills in this area, so that they can become increasingly trusted by customers and maintain successful relationships.
EM Meeting	An EM Meeting was organised to enhance the role of Executive Managers, who were involved in the two-day meeting dedicated to deepening training and business content and strengthening their commercial and managerial action. The initiative, which alternated plenary and roundtable sessions with active discussion, aimed to strengthen people engagement and effective team management, working on the motivation and engagement of Financial Advisors, and to reinforce the recruitment process. A motivational speech was also made by an international sports ambassador to give new thought-provoking ideas, insights and key/strategic content in terms of business and leadership.

Commercial training is focused on product and service themes to reinforce the Network's competencies and knowledge and its ability to provide a holistic advisory service to meet customers' needs.

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1 BGP Convention- September 2023
2 “Il futuro del Consulente” initiative
3 The BG Training & Innovation Hub entrance
4 “Incontriamoci in Hub” meeting
5 Insurance and BG Collection roadshow– February-March 2023
6 2023 Kick Off
7 BG LAb platform’s cards dedicated to sustainability topics

My Academy	With regard to the new My Academy training project, in the technical field, the course featured in-depth classroom sessions on four thematic macro-areas (Macro and Scenario Analysis, Investment Products and Strategies, Succession Planning and Non-Financial Services) in order to consolidate the knowledge and skills of Financial Advisors based on their individual training needs.
Private Markets	The BG Private Markets training course was developed in the first half of 2023. With training classrooms and webinars, it involved all local areas and focused on Private Markets investment instruments. The sessions saw the participation of teachers from AIPB (Italian Private Banking Association) for a technical analysis of these instruments, and of Banca Generali's Products Department, which coordinated speeches from Generali Real Estate, Generali Investments (Lion River) and Carlyle for a specific focus on the most suitable solutions for customers.
The added value of Advanced Advisory	In 2023, in line with the previous year, attention continued to be devoted to the advanced services of BG Personal Advisory. In the reporting year, the training course was again held in the classroom (duration: one full day) at the Training&Innovation Hub. Training sessions were dedicated to selected groups of Financial Advisors, for each area. The one-day sessions examined in detail the main aspects of BG Personal Advisory's value proposition, the services it offers and its pricing model. All the Heads of the Departments and Services that contributed to the Advanced Advisory development and management, with regard to both financial and non-financial services, were involved as speakers.
ESG Advanced training: **1) EFPA ESG Advisor certification** **2) "Parlare Bene della Sostenibilità" training sessions**	The main topic of sustainability continued to be a central focus also in 2023, with a training catalogue that helped increase to over 30% the ESG advanced training target with regard to the Network. The training course carried out exclusively with MIP (Graduate School of Business of Politecnico di Milano) and aimed at EFPA ESG Advisor certification remained a strategic path. This well-established partnership, in its fifth and sixth edition this year, was an important opportunity for a pool of selected Financial Advisors to increasingly improve their dialogue with customers on ESG matters, incorporating the range of sustainable solutions into their offer. These two editions saw again Financial Advisors offered 12 virtual modules each of 2 hours, held by PoliMi teachers with extensive ESG expertise. Training focused on analysing the topic of sustainability in all its main aspects (regulatory and scenario context, strategic relevance, taxonomy of tools, management strategies). The six course editions organised up to now in the three-year period 2021-2023 involved and trained 279 Financial Advisors overall. In order to support the development of advanced training on the world of sustainability within the Bank, eight training classrooms were also developed in collaboration with MainStreet Partners involving selected Financial Advisors to consolidate ESG knowledge and skills Training sessions involved a total of 489 Financial Advisors to date.
GED (Advanced Data Management) project	Five training sessions were also run throughout the year targeted at selected Financial Advisors, who had the opportunity to examine the new application available within the BGPA platform regarding the GED (Advanced Data Management for services to family businesses) project, a new tool able to optimise and streamline data management.
On-demand webinars	In addition to the pre-set training plan, a number of on-demand virtual classrooms dedicated to key topics or new products and solutions were delivered in the year, in collaboration with the Product Department.

The mandatory training provided in 2023 included professional refresher courses for all Financial Advisors on MiFID 2 compliance. An online quality course programme was developed on the BG Lab training platform not only to ensure compliance with the provisions of current legislation, but also to enhance Financial Advisors' competencies and knowledge.

The training programme, hosted in collaboration with expert teachers and prestigious partners, included a set of e-learning courses lasting a total of 30 hours, with a final test at the end of each training module. In line with the Bank's Strategic Plan, within the framework of the annual training refresher courses, all Financial Advisors took a mandatory course on **ESG matters,** particularly on the effects of the energy crisis on ESG investments.

After successfully attending all MiFID 2 courses, the Financial Advisor received a certification to provide the advisory service in 2024.

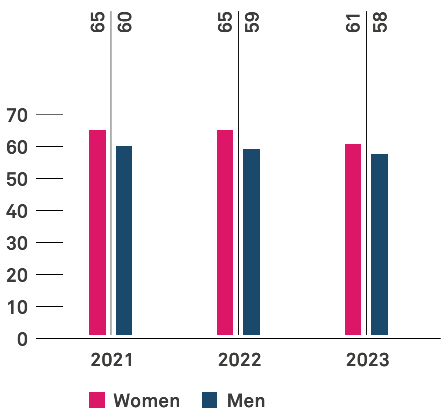
In line with the provisions of the Italian Institute for the Supervision of Insurance (IVASS), the professional updating of the entire network was also completed, through the delivery of e-learning courses within the BG Lab digital channel, lasting a total of 30 hours. Topics such as new insurance products and training on the PRIIPs Regulation were addressed, focusing in particular on the advantages of a **digital mindset** respectful of IT security and data protection.

In collaboration with the Anti Financial Crime Service, this year again a training course was organised with a focus on the **main risks relating to money-laundering and financing of terrorism,** in addition to the preventive control measures implemented by the Bank: a programme dedicated to the entire network and provided in the form of 1.5-hour live webinars, run by authoritative teachers who focused primarily on examining real-world cases.

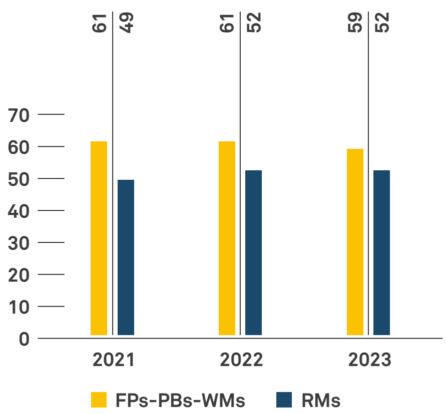
The 2-hour online course on Italian Law No. 231 on the administrative responsibility of entities was again made available this year, within the mandatory training plan provided for the network. The course was made available to 2,197 Financial Advisors (the RM Network was excluded, as it was invited to the same course by the HR Function) and was attended by 2,159 Financial Advisors (98% of the total).

The **Welcome Program** project, dedicated to all Financial Advisors entering the Banca Generali world for the first time, continued in the year. This project included two face-to-face days within the Generali Tower in Milan, designed so that new Financial Advisors can get to know the Heads of the main Departments, who are there to talk about the universe of services, products and solutions offered by the Bank, and meet the needs of customers even more effectively.

AVERAGE TRAINING HOURS PROVIDED TO THE NETWORK



AVERAGE TRAINING HOURS BY TYPE OF FINANCIAL ADVISOR



AVERAGE TRAINING HOURS PROVIDED TO FINANCIAL ADVISORS

AVERAGE TRAINING HOURS	31.12.2023	31.12.2022	31.12.2021
Total training hours provided to Financial Advisors	132,147	133,072	131,867
Total FAs	2,260	2,204	2,162
Average training hours per FA	**58.47**	**60.38**	**60.99**
Total training hours provided to female FAs	27,191	28,277	26,923
Total female FAs	445	432	412
Average training hours per female FA	**61.10**	**65.46**	**65.35**
Total training hours provided to male FAs	104,956	104,795	104,944
Total male FAs	1,815	1,772	1,750
Average training hours per male FA	**57.82**	**59.14**	**59.97**
Total training hours provided to FAs (PBs-FPs/WMs)	128,872	129,605	128,193
Total FAs	2,197	2,137	2,087
Average training hours provided to FAs	**58.65**	**60.65**	**61.42**
Total training hours provided to RMs	3,275	3,467	3,674
Total RMs	63	67	75
Average training hours per RM	**51.98**	**51.75**	**48.99**

Total training hours in 2023 amounted to 132,147, in line with 2022. Average training hours per Financial Advisor were approximately 60, provided both online and through classroom sessions, the latter being predominant thanks both to the launch of the new My Academy project and to the final lifting of the measures for the containment of Covid-19 health emergency.

Dialogue with the Financial Advisor Networks

In 2023, as in the previous year, Banca Generali continued to organise in-person meetings and conferences, and also took advantage of the benefits that digitalisation has brought in recent years, enabling it to combine the opportunities of face-to-face sessions with convenient remote meetings.

As in the past, the main occasions for meeting and dialogue were the monthly meetings between Banca Generali's first line managers and top managers, during which the news and most relevant updates of all ongoing projects were presented. Alongside these recurring occasions, Banca Generali also organised the usual meeting between top manages and second line managers, in order to share managerial actions and commercial planning, in addition to a meeting with the network's top Financial Advisors for a discussion on the main commercial issues.

As in previous years, Banca Generali continued to organise numerous focus groups dedicated to the most impactful commercial projects, carried out both physically and remotely, so as to gather the opinions of the best Financial Advisors.

This year training classrooms continued to be held in-person, allowing, where possible, a parallel use of technology during in-depth webinars created ad-hoc, such as those focused on the launch of new products and commercial initiatives. Therefore, this allowed a high and fruitful level of interaction and engagement to be maintained.

The year 2023 saw also the continuation of the initiative, launched in the previous year, for the Network's Financial Advisors and Top Managers to meet and listen at the Training & Innovation Hub in Milan, with the aim of discussing the challenges of the present and the future: 4 events throughout the year to share and address in practical terms the core issues to be developed and improved, as well as a moment for considering any ideas emerging from customer needs.

In September 2023, the annual Premier League training event was held, involving the Banca Generali network's best Financial Advisors — a unique opportunity to further strengthen the Group's spirit of cohesion and receive a preview of the innovations coming. In preparation for the event, a FA survey was also organised to collect their feedback on the topics of greatest interest to be explored during the 2023 Convention with a view to identifying potential consequences on the Financial Advisor profession, customers and the Bank itself.

In line with a business model focused on sustainability and innovation, the sustainability event held by the Bank at the end of November 2023 is worth mentioning, as in the presence of top managers and distinguished ESG partners, it introduced the new role of Sustainable Advisor, Banca Generali's Financial Advisor specialised in ESG products, tools and best practices. The project, launched in a pilot phase with about twenty Financial Advisors, aims to further strengthen the Bank's leadership in sustainability.

In addition, as happens every year, one of the most prestigious institutions in the sector carried out a survey in which Financial Advisors confirmed the appreciation and excellence of the Bank and the Group.

Litigation management

With reference to the agency relationship of Banca Generali's Financial Advisors authorised to make off-premises offers, in 2023 there were 107 disputes (55 in 2022 and 37 in 2021), each involving legal proceedings. Disputes pertained exclusively to agency contracts that had been terminated and mainly entailed financial issues related to the termination of the relationship. In 2023, 25 positions were closed. Therefore, at 31 December 2023 the litigation relating to the Financial Advisor agency relationship consisted of 82 outstanding disputes.

For further details on litigation management, reference should be made to section "Litigation Management" in chapter "Human Capital: Employees".

Relationship Capital: Suppliers

1,546 suppliers

NEW

36 new qualified relevant suppliers

152,383 thousand euros in purchases

83.3% of the procurement value towards Italian suppliers

Supplier Base

In 2023, Banca Generali Group engaged in **dealings with 1,546 suppliers**, generating a total value of 152.38 million euros, broken down as follows:

- 126.932 million euros (83.30% of the total) referring to Italian suppliers;
- 25.451 million euros (16.70% of the total) referring to foreign suppliers.

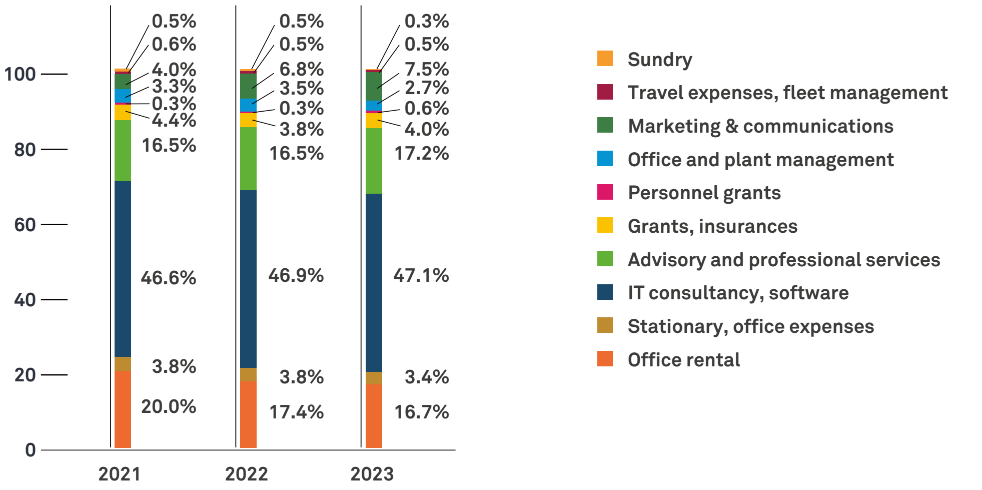
Banca Generali offers its suppliers a standard payment term of 60 days from invoice date, accepting changes should the conditions apply. Special payment terms in line with market conditions are agreed for certain supplies (e.g., rentals).

In accordance with the provisions of the Growth Decree (Italian Law No. 58 of 28 June 2019) and Article 7-ter of Italian Legislative Decree No. 231/2002 on combating late payments in commercial transactions, it should be noted that an analysis of transactions carried out by Banca Generali in the reporting year showed that 40 days was the average time for payments to its suppliers (in line with 2022). The few delays recorded were generally limited (5 calendar days compared to 6 in 2022) and almost exclusively linked to the fact that the Bank prepares payment flows on a weekly basis. Subsidiaries were also committed to meeting payment deadlines.

BREAKDOWN OF SUPPLIERS BY TYPE AND PERCENTAGE VALUE OF THE SUPPLY

	2023	2022	2021
Number of suppliers	**1,546**	**1,499**	**1,494**
Expenditure/suppliers (€ thousand)	**152,383**	**135,825**	**117,528**
Office rental	16.7%	17.4%	20.0%
Stationery, office expenses	3.4%	3.8%	3.8%
IT consultancy, software	47.1%	46.9%	46.6%
Advisory and professional services	17.2%	16.5%	16.5%
Grants, insurance	4.0%	3.8%	4.4%
Personnel grants	0.6%	0.3%	0.3%
Office and plant management	2.7%	3.5%	3.3%
Hardware, infrastructure costs	-	-	-
Marketing & communications	7.5%	6.8%	4.0%
Travel expenses, fleet management	0.5%	0.5%	0.6%
Sundry	0.3%	0.5%	0.5%

SUPPLIERS BY VALUE OF THE SUPPLY



Quality and Compliance

Banca Generali develops contractual relationships only with qualified suppliers, i.e., whose credentials are such as to provide it with a good degree of reliability and efficiency: the creation of a long-lasting and mutually beneficial network of relationships is indeed a strategic objective and a source of competitive success since it allows product and service quality to be kept high at all times.

Regarding IT suppliers, Banca Generali prefers those who meet the best international standards. In fact, its main IT suppliers, CSE and GOSP, meet the requirements of standard ISO 27001:2005 to protect information resources.

In 2023, a gap analysis was conducted with a view to complying with the EU DORA (Digital Operational Resilience Act) Regulation, to be applied as of January 2025. The regulation defines a holistic and comprehensive approach to end-to-end ICT and cyber risk management, establishing for all the financial service sectors operational and governance activities for security and ICT, as well as for supplier management. The DORA Regulation also intends to improve and simplify the management of ICT and cyber risks and requires in-depth interpretative analyses from a regulatory point of view of the impacts introduced with respect to the various topics covered and the regulations in force. The gap analysis made it possible to:

› identify the maturity level reached with regard to the DORA Regulation;
› provide an overview of the requirements fulfilled with a view to multi-compliance and in line with Regulators' development expectations;
› define the steps of the Bank's strategic alignment, to be executed in 2024.

In 2023, the Bank also prepared the integrating documents to ensure that its agreements were duly compliant with the regulatory requirements set forth in the 40th update to Circular No. 285 of 17 December 2013 "Supervisory Provisions for Banks" enacting "EBA Guidelines on ICT and security risk management" (EBA/GL/2019/04). In introducing a common framework of measures for managing ICT and security risks and the security measures that banks need to adopt, the 40th update defines a series of contractual requirements to be mandatorily implemented in supplier agreements.

Procurement Process

In line with the criteria defined by Generali Group, the Bank asks its contractual partners to align themselves with its management policies when carrying out their own activity and to ensure that these policies are observed at all levels of the supply chain.

In an increasingly complex operating context, Banca Generali constantly continued the process of improving the efficiency of active suppliers:

› on the one hand, by supporting a network of lasting and mutually satisfactory relationships with qualified contractual partners and promoting dialogue with the latter;
› on the other hand, by developing an increasingly automatised supply management process and encouraging the use of digital tools (e.g., favouring the digital archiving of contracts).

With a view to continuous improvement, outsourcing services were constantly monitored, with particular attention to the maintenance of an adequate service quality.

The procurement process is governed by a specific and constantly updated internal regulation, which provides the guidelines for proper purchasing management and for supplier selection and supply contract award procedures. A special procedure is also envisaged not only for related party transactions and transactions involving a potential conflict of interest, but also for supplies qualifying as outsourced activities and services, pursuant to applicable legislation.

During 2023, the control of the internal regulations was reinforced with regard to the formalisation of contracts with third parties so as to minimise legal and non-compliance risks, which can typically translate into compensation arising from contractual liability and also into sanctions, financial losses and reputational damage resulting from the breach of self-regulatory and external rules.

For each purchase, Banca Generali requests and compares several offers through an appropriate evaluation and selection process involving suppliers considered to be suitable (qualified) and using a special scoring system defined in concert with Generali Group. The qualification system takes account of financial data, risk assessment and quality analysis of the goods/services supplied. In order to mitigate risks, regular controls and audits are performed allowing to record and automatically update any changes that may affect the outcome of the qualification and evaluation of the supplier concerned.

The process of selecting suppliers is based on clear, well-defined and non-discriminatory procedures, through the exclusive use of objective, documentable and transparent parameters tied to the quality of the products and services offered. For purchases over 40,000 euros excluding VAT, it is provided for that at least three qualified suppliers are involved in the selection process and their offers are examined so as to identify the most advantageous source in terms of total purchase cost, quality, delivery times and service performance.

In 2023, 36 new relevant suppliers[123] were selected that, as they met the criteria established, were accordingly included in the List of Qualified Suppliers. To ensure that the qualification process was completed correctly, relevant suppliers were asked to commit to acting in accordance with Generali Group's policies on ethics, integrity, fairness, transparency and impartiality, as well as on environmental and social matters.

In any event, suppliers are excluded and/or suspended if they fall within one of the following categories:

a) bankruptcy, compulsory liquidation, composition with creditors and all procedures aimed at securing an official declaration of such situations;
b) procedures for applying preventive measures or judgements against the supplier's owners/top management;
c) cases of serious error or gross negligence, evidenced in any way by Generali Group and committed in the provision of previously awarded services or in the conduct of professional activity;
d) violation of tax obligations according to the laws of the country of residence and/or non-payment of employee salaries and social security charges;
e) failure to honour payment obligations to Tax Authorities and pensions bodies;
f) violations of the principles indicated in the **Ethical Code for Suppliers of the Generali Group** and/or failure to meet the so-called "minimum obligatory sustainability requirements";
g) legal actions and/or judicial proceedings brought by the supplier against Generali Group;
h) any other conditions imposed by the Group or Local Compliance office.

In order to reduce the risks, regular controls and checks are in place for all suppliers, even those not included in the full qualification process which is, by contrast, mandatory for relevant suppliers.

[123] Relevant supplier" refers to a supplier whose activities with the Banking Group has an estimated value of over 150,000 euros per year.

Without prejudice to the primary need to meet the requesting office's requirements, and without running any type of supplier-related risk[124], the founding principle for selecting and choosing the supplier is to ensure the best economic supply conditions, through competition between several qualified suppliers and in full compliance with the Internal Code of Conduct adopted by the Bank.

The Sustainability Policy defines the objectives and undertakings that guide the Group's choices and actions, including in procurement activities, in order to make a positive contribution to sustainable development. Accordingly, preference is given to suppliers with social responsibility policies that adopt ecological criteria (e.g., use of green technologies and procedures).

In line with the Ethical Code for Suppliers of Generali Group, which states the general principles that must underlie fruitful relationships with contractual partners, the Bank is committed to increasingly integrating ESG matters in the supply process.

In collaboration with Generali Group and with support from a third-party infoprovider (IntegrityNext), in 2023 the Bank activated the ESG Assessment Service with the aim of involving all suppliers with a turnover in excess of 200,000 euros by 2024. This initiative calls for the assignment of an ESG rating to be used for selecting suppliers in the sourcing process and, above all, in the contract award procedure. Based on the answers given, there are four possible evaluations and the classification is based on four pillars, each with a specific series of questions and certifications to be submitted:
1. Human rights and Labour rights;
2. Health and safety;
3. Environmental protection;
4. Responsible supply chain.

[124] E.g., defect levels, delays, non-compliance, indirect damages, conflict situations, breaches of legislative obligations.

Relationship Capital: Customers

349,192 customers
(+2% vs 2022)

23.8% of customers
with at least 4 products

Total client assets

91.8 billion euros
(+11.7%)
(Assoreti scope)

Banca Generali intends to use its own service model and commercial offer to fully meet its clients' investment needs, adopting multiple technical resources and identifying, through its Financial Advisors and with the support of specially developed IT procedures, the most suitable solutions for each customer. In order to achieve this objective, the Group's strategy is to adopt a holistic advisory approach to propose a wide range of financial, banking and insurance advisory solutions, services and products, which can be subdivided as follows:

- **asset management** products, which allow Banca Generali to offer its customers a full range of investment solutions based on the open-architecture model and featuring flexibility and personalisation, so as to meet the different needs in terms of financial planning objectives, risk tolerance and asset allocation;
- the **insurance** product range, which is concentrated on Traditional Life and Pension Insurance, meeting protection and planning goals for generational transfer;
- **banking services** and **assets under administration solutions**, which provide access to a complete range of cross-border products (current accounts, payment services and tools) and investment products (security deposit and trading of securities and loans);
- **wealth management and trust services**, which extend the dialogue with households beyond investment issues to encompass pension planning, corporate finance, real estate and art advisory, with an eye to potential optimisation of protection for future contingencies and challenges relating to generational transfer (family protection).

Considering that for the commercial offer to be developed properly it is necessary, on the one hand, to identify the needs of customers and homogeneous groups of target customers and, on the other, to study the features of each new product and analyse its suitability for meeting the needs identified, Banca Generali has developed a well-structured process for studying, constructing and launching new products.

The following factors are particularly important for purposes of identifying customer features and investment needs:

- the type of customer (retail, professional, qualified counterparty);
- customers' knowledge and experience;
- customers' financial situation and ability to sustain losses;
- customers' risk tolerance;
- customers' objectives and needs (protection/growth/income/time horizon, specific needs);
- preference for sustainable products.

In order to evaluate the suitability of the products distributed to meet the relevant investment needs, a direct knowledge of customers is essential, and in particular of their product knowledge and product experience, their financial situation and their investment objectives. This information serves to give every customer a financial profile, which allows to check the investor's capacity to understand the nature and features of the product and assess its adequacy and appropriateness, through a specially developed IT support procedure. In particular, the factors contributing to the adequacy assessment are the customer's financial profile, the product risk profile, the portfolio risk profile, the frequency of the number of transactions within a given period of time and the size of the transaction with respect to the customer's portfolio. In the case of assets under administration solutions/products, an additional factor is the concentration of financial instruments by security issuers. Moreover, in the event of a transaction recommended to a retail customer that concerns illiquid and/or complex financial products, specific enhanced control measures are envisaged for investor protection purposes. The Bank's adequacy assessment also implies to verify that customers' sustainability preference is consistent with the ESG score of the financial product to be acquired.

Clientele Characteristics

Knowledge of individual customers is based on their direct relationship with the Financial Advisors, as well as on the analysis of trends and indicators transversal to all clients.

In 2023, Banca Generali succeeded in increasing the number of its customers from 341,732 to 349,192 (+2.2%).

NUMBER OF CUSTOMERS AND TOTAL CLIENT ASSETS

	2023	2022	2021	% CHANGE 2023-2022	% CHANGE 2022-2021
Number of customers	349,192	341,732	331,646	2.2%	3.0%
Total client assets (€ billion)	91.8	82.2	84.5	11.7%	-2.9%

Breaking customers down by gender, 51% were men and 43% were women, whereas 6% refers to Customers that cannot be classified by gender (e.g., legal entities, clients with trustee mandates, etc.). Although the breakdown by age bracket remained essentially stable over the years, the following tables shows that the number of under-35 customers and customers aged 60-70 grew slightly, to the detriment of clients aged 35-50 and 50-60.

BREAKDOWN OF CUSTOMERS BY GENDER

	% 2023	% 2022	% 2021
Women	43%	43%	43%
Men	51%	53%	53%
Other	6%	4%	4%
Overall total	**100%**	**100%**	**100%**

BREAKDOWN OF CUSTOMERS BY AGE BRACKET

AGE	2023	2022	2021
Up to 35	11%	10%	10%
35-50	17%	18%	19%
50-60	23%	24%	24%
60-70	20%	19%	19%
Over 70	24%	24%	24%
Other	5%	4%	4%
Overall total	**100%**	**100%**	**100%**

The geographical distribution of customers shows their concentration in Northern Italy (about 62% of the total).

BREAKDOWN OF CUSTOMERS BY GEOGRAPHICAL AREA

GEOGRAPHICAL AREA	% 2023	% 2022	% 2021
Abroad	1%	1%	1%
Centre	19%	19%	19%
Islands	3%	3%	3%
North-east	31%	31%	31%
North-west	31%	32%	31%
South	15%	15%	15%
Overall total	**100%**	**100%**	**100%**

Customer Relations

In line with the provisions set forth in the Code of Ethics of Generali Group, the principles guiding customer relations are:

- conducting business in compliance with the law, internal regulations and professional ethics;
- promoting the culture of sustainability in all of its spheres of influence to contribute concretely to economic and social development based on environmental protection and respect for fundamental human rights and labour;
- processing personal data in a manner respectful of data protection rights, while ensuring it is inaccessible to third parties, except for fully justified reasons or in the presence of a specific external mandate;
- avoiding any conflicts of interest and, where it is not possible to do so, managing them in such a way as not to result in harm to the Bank or its customers;
- guaranteeing free competition — a fundamental factor for the development of company business and results;
- providing comprehensive and accurate financial disclosures, as well as information on products and services, so that customers can make informed decisions;
- combating all forms of bribery and corruption;
- opposing any conduct that could be intended as supportive of money laundering and financing of terrorism;
- pursuing customer satisfaction — a key factor to the Bank's strategic vision.

Dialogue with customers and customer satisfaction

Regular monitoring of customer satisfaction is a key factor in Banca Generali's strategic vision and is implemented through the use of specific indicators. Compared to prior years' data, 2023 retention rate slightly declined, whereas the average duration of the contractual relationship, which was 11 years 8 months, increased slightly.

Customers' perception of the Bank's financial services improved: while the number of single-product customers gradually declined, the number of customers with at least four products increased gradually.

CUSTOMER SATISFACTION

	NO. PRODUCTS	2023	2022	2021
Customer retention rate		94.7%	95.6%	95.9%
Average duration of the contractual relationship(*)		11 years and 8 months	11 years and 5 months	11 years and 4 months
Cross selling	1	34.57%	36.60%	37.4%
	2-3	41.66%	40.9%	40.9%
	4+	23.77%	22.5%	21.7%

(*) The figures refer to persons who have been Banca Generali customers for at least one year.

In 2023 as well, the network organised numerous initiatives throughout Italy to retain existing customers and acquire new ones.

In this context, the network took action nationwide organising over 170 initiatives, reaching about 8,000 customers in compliance with the precautionary measures defined.

Most of the activities focused on financial issues and aimed to further examine the evolution of macroeconomic scenarios, the financial market situation, the post-pandemic recovery, inflation, geopolitical balances, market volatility, sustainable economy and innovations and solutions in investment choices.

In the year, ample room was given to cultural initiatives by promoting art exhibitions and concerts in partnership with prestigious asset management firms.

Interest towards ESG initiatives was confirmed in 2023 as well: Financial Advisors organised and sponsored about fifteen meetings focused on topics such as sustainable development investments, sustainable mobility, corporate governance and responsible communications.

The network also took action in the charity field, supporting several Italian associations. These initiatives included, for instance, a fundraising campaign in favour of the Italian National Cancer Institute, charity evenings to finance the assistance to families with children suffering from cancer diseases, and solidarity and social utility events.

Management of customer disputes and complaints

Banca Generali's Litigations and Complaints Network Legal Advice Service receives customer complaints regarding both investments services and banking products and services. Customers may lodge complaints in writing by post, fax, telegram, e-mail, certified electronic mail or by hand-delivered letter addressed to the branches, private centres, as well as representatives or other offices of the Bank.

Complaints received are managed in compliance with applicable laws and regulations. In addition to becoming a member of Conciliatore Bancario Finanziario (Italian financial-banking Ombudsman)[125], which offers out-of-court dispute resolution procedures, the Bank adopted an internal disputes and complaints policy and an organisational procedure aimed at identifying the activities involved in handling complaints, from recording them in a dedicated database to sending the letter of response.

Complaints are logged based on the category to which they belong. In particular, it can be noted that:

- banking complaints[126] provide for a 60-day processing time limit. With regard to payment services, the Bank must answer within 15 business days from receipt;
- financial complaints[127] provide for a 90-day processing time limit when the complaint concerns questions outside the scope of the Italian financial-banking Ombudsman, and a 60-day limit if the complaint refers to disputes for which an appeal could be brought before the financial-banking Ombudsman;
- insurance complaints[128] provide for a 45-day processing time limit.

The organisational procedure also identifies the activities involved in dispute management. This phase normally develops as the result of the complaints received being rejected.

For further details on the management of disputes, reference should be made to paragraph "Litigation Management" in the chapter "Human Capital: Employees".

[125] Association for Alternative Dispute Resolution (ADR) focusing specifically on banking, financial and corporate matters.

[126] Complaints concerning any malfunction, complaint, omission, expression of dissatisfaction or objection regarding the Bank's operations related to banking or financial services as identified in Title VI, Chapter I, of Italian Legislative Decree No. 385/93 of TUB – Consolidated Law on Banking, also regarding to transparency matters, presented in writing by subject who can be uniquely identified.

[127] Complaints concerning any malfunction, complaint, omission, expression of dissatisfaction or objection regarding the Bank's operations related to investment services and activities and ancillary services as identified in Part I, Article 1, of Italian Legislative Decree No. 58/1998 of TUF – Consolidated Law on Finance).

[128] Complaints concerning any malfunction, complaint, omission, expression of dissatisfaction or objection regarding the Bank's operations related to insurance contracts and services falling within the scope of IVASS pursuant to Article 4, paragraph 1, of ISVAP Regulation No. 24/2008.

Clientele Protection

Wealth protection

Protecting customer wealth has long been one of the pillars on which Banca Generali has based the definition of its product and service range, also as a tangible and concrete proof of its commitment to corporate social responsibility and sustainability. As the market context remains highly complex, uncertain and variable, Banca Generali continues to consider it a priority, and essential to provide its customers with wealth protection and investment planning solutions.

This premise is the basis of the model for developing the dedicated services and specific solutions offered, which in 2023 included improvements to insurance products, for which reference is made to “Insurance products” in section “Products” in the chapter “Intellectual Capital”.

The most significant additions to non-insurance products and services were:

- in the area of financial advisory services, the range of assets under administration portfolios was expanded with additional investment solutions so as to better support customers in their approach to financial markets, also in a context characterised by a high degree of uncertainty and volatility;
- access to the planning tool known as Family Protection & Planning, available within the BGPA platform, was further extended. This tool — albeit indirectly — is an efficient protection measure that Financial Advisors can use to map the customer’s entire wealth (financial, real-estate or corporate assets or other valuable assets), in order to offer specific, in-depth advice, also with support from the specialist in-house structure for the most complex cases. The platform can be used to analyse portfolio composition, plan allocation and assess tax impact and cost of holding. The procedure allows to monitor positions with joint holders and to highlight donations made, designations as policy beneficiary and liabilities associated with the inherited estate, in order to simulate the allocations desired by the customer, assessing whether they are compliant in terms of reserved share and the weight of tax liabilities;
- the **collaboration with some of the leading Italian professional firms operating in the sector of asset protection, planning and management of wealth transmission, and corporate reorganisation** continued; these dedicated solutions enable Banca Generali to provide its customers with the best professional expertise existing nationwide for all matters regarding wealth protection in general, generational transfer and the definition of an optimal corporate governance, instrumental to ensuring stability and ability to govern both during phases of growth and generational transfers, as well as in the event of extraordinary transactions;
- moreover, Banca Generali is proud to **have supported, for the fifth year running, the observatory on the governance of unlisted companies**, curated by SDA Bocconi in partnership with PwC, which studies the ownership and control structures of the major Italian companies (more than 6,100 companies with a turnover exceeding 50 million euros) and provides an annual report indicating the best governance methods in relation to economic results, with the aim of offering customers sound statistical support in identifying best practices depending on whether the form of investment in the company or the company’s governance and operational rules are being examined;
- the **ongoing training of Financial Advisors was promoted through sessions dedicated to further analysing wealth protection concepts and developing the ability to identify the latent or manifest needs expressed by customers**; in this sense, in the year, the Bank exploited the possibility to organised face-to-face meetings so as to examine in a more efficient way the most interesting and current topics and ensure that the Financial Advisor Network was able to be close to customers with practical and tangible answers (see section “Training” in chapter “Human Capital: Financial Advisor Network”);
- **the Bank provided access to a service for filing estate tax returns in partnership with a leading financial services firm to allow estate assets to be released more quickly**, thereby preventing assets from being frozen pending the preparation of a consolidated inheritance return, which inevitably entails much longer timescales, and is thus exposed to market volatility, in order to support heirs at a time that is inherently critical due to the death of a family member;
- **the Bank improved the process of managing inheritance, transitioning from a paper-only approach to an integrated electronic management**, which allows remote entry of documents by Financial Advisors, validation by central departments, generation of the pertinent caseloads for the offices involved and tracking of activities. Thanks to the conversion of the process to electronic form, average case handling times (excluding the 10% longest inheritance cases with anomalies, complexity or disputes between heirs) were estimated to have decreased by over 30%, with a trend towards further improvement.

Data protection

Banca Generali considers safeguarding its information assets as fundamental to protecting its business and its relation of trust with its customers.

Proper management of the privacy of the parties with whom it has relationships (whether customers, collaborators or third parties) in compliance with external regulations means intending to contribute to ensuring a high level of data integrity protection, as well as data processing in line with the data provider's intentions.

With regard to the initiatives suitable for containing potential violations of personal data, Banca Generali has adopted the following main mitigation and prevention control measures:

- adoption of policies on data protection, IT security and strategic direction on the matter of information communication technology (ICT);
- use of specific systems and tools such as firewalls and antimalware and antivirus programmes, etc.;
- provision of specific people training courses;
- periodic revision of the control measures adopted in accordance with industry legislation;
- constant assessment of the risks associated with the new personal data processing methods introduced by the Company;
- initiatives to raise the awareness of people and customers on data protection and security to prevent any attempt of fraud by third parties.

Banca Generali has adopted the principles defined in the data protection legislation in force, in line with the **General Data Protection Regulation (GDPR)**, integrating the provisions contained therein into its internal regulations.

A **Data Protection Officer (DPO)** has been appointed within the Company and tasked with overseeing the processing and protection of personal data. In addition, the **Compliance Function**, which serves as a second-line control, is also involved in monitoring and assessing the risk of non-compliance in this regard.

In 2023, 4 complaints were made with regard to Banca Generali, as a result of which there was no need to compensate the parties involved.

In the same period, a limited case of data breach regarding customer data was recorded. Banca Generali activated the appropriate communication channels with the Data Protection Authority and with some parties involved (customers) and provided appropriate recommendations to keep a keen watch for similar phenomena.

In addition, with effect from 2019, Banca Generali implemented a framework for constantly monitoring the potential risk of fraud against the Banking Group and its customers in order to ensure the efficacy of the system for preventing and managing this phenomenon and pursuing the following aspects of social responsibility:

- protecting the solidity and profitability of the Banking Group and the brand's reputation;
- transparency in management of the business and the adequacy of the governance structures and Internal Control System;
- protecting customers' wealth and data against possible internal and/or external fraud (cyber attacks);
- responsible remuneration and incentives for personnel.

Relationship Capital: Initiatives in Support of Local Communities

In 2023, the Bank's **closeness to local communities** was supported by a series of **initiatives, conferences, exhibitions and events** that strengthened its commitment to and its relationships with them, generating positive experiences and important opportunities for sharing values.

Projects ranged from **financial education to sports, from art to music, from social support to integration and promotion of diversity**, without ever neglecting the importance of sustainability and constant support to the community.

The most important initiatives included:

- **meetings organised in collaboration with FEduF at primary and secondary schools** to share financial education fundamentals and promote sustainability principles;
- the **photographic exhibition "Time To Change"** premièred in 2023 in Erba (at the Forum Ambrosetti), Milan, Brescia, Ancona and Cagliari;
- the **première of the docufilm "Time to Change"** screened at exclusive events in Milan, Trieste, Bari, Fermo, Grosseto and Lucca;
- the organisation of **conferences and roundtables moderated by Banca Generali's investment partners** and dedicated to ESG matters, including the events held in Bari, Fermo, Venice and L'Aquila;
- the **nine stages of the "It's Padel Time" circuit** in Lecce, Rome, Milan, Turin, Florence, Busto Arsizio, Treviso, Carugo and Noale, with the final match played in Milan;
- the **exclusive evening events** reserved for the Bank's customers to **visit art exhibitions of international standing**;
- **important events within Generali Group's exclusive venues** to delve into economic, financial and sustainability-related topics.

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1 Initiative to support THSN Foundation in Bari
2 Van Gogh Immersive exposition, dedicated to Bank's customers
2 Candle Night – Concerto in Portogruaro
3 "Impresa e Sostenibilità" conference in L'Aquila

Relationship Capital: Banca Generali's Memberships

	ASSOCIATION	DESCRIPTION	ACTIVE ENGAGEMENT
	ABI – Associazione Bancaria Italiana (Italian Banking Association)	ABI is a non-profit banking association, whose purpose is to represent and defend the interests of its member banks and financial intermediaries. Its main activities include the development of studies and debates on banking issues and the provisions of information and technical assistance to its member banks.	Active participation in different work groups. In addition, the CEO and General Manager of Banca Generali sits on ABI's Board of Directors
	ABI Lab	ABI Lab is the Centre of Research and Innovation for Banks sponsored by ABI (the Italian Banking Association) with a view to encouraging dialogue and exchange of information between banks and ICT and energy partners.	Banca Generali is among the 122 organisations — banks and financial intermediaries — that stand out for their "Passion for Innovation"
	AIFI – Associazione Italiana del Private Equity, Venture Capital e Private Debt (Italian Association of Private Equity, Venture Capital and Private Debt)	The Italian Private Equity, Venture Capital and Private Debt Association was founded in order to promote, develop and institutionally represent private equity and venture capital activity in Italy.	Partnership to establish O-Fire (Observatory on Impact Finance and its Economic Implications)
	AIPB – Associazione Italiana Private Banking (Italian Private Banking Association)	Founded in 2004, the Italian Private Banking Association is an association that brings together the main national and international operators of Private Banking, Universities, Research centres, Service companies, Industry Associations, Tax and Legal firms.	Banca Generali's Deputy General Manager is President of AIPB
	AMF Italia – Associazione Intermediari Mercati Finanziari (Italian Association of Financial Intermediaries)	AMF Italia carries out research and training activities and represents its members in debates promoted by Consob and the Bank of Italy on regulatory and financial issues.	Active participation in different work groups
	Assogestioni	Assogestioni, the Italian association of asset managers, represents the majority of Italian and foreign asset management companies operating in Italy, as well as banks and insurance companies active in the individual and collective asset management	Active participation in different work groups. In addition, the CEO of the Asset & Wealth Management BU of Generali Group is President of Assogestioni
	Assoreti – Associazione Nazionale delle Società di Collocamento di Prodotti Finanziari e di Servizi di Investimento (Italian National Association of Financial Products and Investment Services Placing Firms)	Assoreti is the Italian association of banks and investment firms that provide investment advice service.	The CEO and General Manager of Banca Generali sits on Assoreti's Board of Directors
	CeTIF – Centro di Ricerca su Tecnologie, Innovazione e Servizi Finanziari (Research Center on Technologies, Innovation and Financial Services) – Cattolica University of Milan	The CeTIF has been carrying out studies and promoting research since 1990 on the strategic and organisational change in the financial, banking and insurance sectors.	Banca Generali's active participation in the Digital Wealth Management HUB
	Conciliatore Bancario Finanziario (Italian financial-banking Ombudsman)	A non-profit association specialised in financial and corporate banking disputes.	
	ECGI (European Corporate Governance Institute)	Founded in 2002, the ECGI is an international scientific non-profit association providing a forum for debate and dialogue among academics, legislators and practitioners, focusing on major corporate governance issues. Its primary role is to disseminate leading research on corporate governance.	Banca Generali is an institutional member of ECGI

ASSOCIATION	DESCRIPTION	ACTIVE ENGAGEMENT
Etica News/E.T. Group	E.T. Group represents a unique case in the field of journalism and research on sustainability issues. The purpose of the project is to create a publishing world based on the specialisation of its journalistic skills and research activity in an innovative field such as sustainability, studied and monitored from the corporate and financial standpoints.	Banca Generali is partner of ESG Governance LAB. It also participated in the ESG Business Conference held on 14 June 2023 (General Counsel) and in Salone SRI held on 15 November 2023, conference “Le rivoluzioni ESG, come cambia la consulenza” (*ESG revolutions: the way in which advisory is changing*)
FEduF- Fondazione per l’educazione finanziaria e al risparmio (Foundation for Financial Education and Saving)	The Foundation, established by the Italian Banking Association (ABI), is a non-profit legal entity under private law that pursues purposes of social utility by promoting Financial Education, in the broader meaning of Education to conscious and active Economic Citizenship, to develop and disseminate financial and economic knowledge.	Partnership for the financial education project “Un Salvadanaio per Amico” (My Moneybox Friend), which involves Banca Generali employees and Financial Advisors as teachers.
Fondo Nazionale di Garanzia (Italian National Compensation Fund)	The National Compensation Fund, whose members are financial intermediaries, is an institution with legal personality under private law and autonomous capital established in 1991 and later recognised as a compensation scheme. The aim of the Fund is to guarantee a compensation to the investor clients of the members in case of compulsory administrative liquidation, bankruptcy or composition with creditors involving the above-mentioned parties.	
Forum per la Finanza Sostenibile (Italian Sustainable Investment Forum)	The Italian Sustainable Investment Forum is a non-profit association founded in 2001 with the aim of encouraging the inclusion of environmental, social and governance (ESG) criteria in financial products and processes.	Banca Generali is an ordinary member of the Italian Sustainable Investment Forum
ICMA (International Capital Market Association)	The ICMA is the self-regulatory body that represents financial institutions active in the capital markets.	
PRI (Principles for Responsible Investments)	The Principles for Responsible Investments were launched by the UN in 2006 with the intention of fostering the spread of sustainable and responsible investment among institutional investors.	Banca Generali is a single-consolidated group and investment manager signatory
Pri.Banks – Associazione Nazionale Banche Private (Italian National Private Banks Association)	Pri.Banks was established in 1954 to represent banks with exclusively private ownership, in a context where banks were predominantly state-owned.	The Deputy General Manager of Banca Generali sits on Pri.Banks’ Board of Directors
UN Global Compact	A voluntary initiative launched by the United Nations that encourages businesses the world over to define an economic, social and environmental framework aimed at promoting a sound and sustainable global economy that gives back to all people.	
Women&Tech – Association for Women and Technology	Founded in 1999 as a CSR project, in 2009 the initiative became an association shared by a network of companies and people whose mission is to value female talent in technology, innovation and scientific research, promoting projects and actions aimed at combating gender stereotypes and discrimination, contributing to the orientation of young people towards the professions of the future and towards sustainable business models.	Bank’s active support through the availability of some female Managers in mentoring activities in favour of young female professionals, organised by the Association

Natural Capital

Scope 1 emissions: +4.79% vs 2019 baseline (equal to 433 tCO_{2e})
Scope 2 emissions: -33.93% vs 2019 baseline (equal to 142 tCO_{2e}),
Scope 3 emissions: -23.97% vs 2019 baseline (equal to 463 tCO_{2e})

100% of the electricity purchased comes from renewable sources

Investment Carbon Footprint: -51% vs 2019 baseline (equal to 53 tCO_{2e}/€mn)

100% of white paper is green and certified

96.68%
recycling index obtained following the eco-friendly renovation

Safeguarding the environment as a primary good is one of the values pursued by Banca Generali, which is committed to directing its decisions in such a way as to ensure consistency between its activities and the environmental requirements, while taking on an active role in shaping a sustainable future.

Environmental Policies

Banca Generali's Internal Code of Conduct, drawn up in compliance with the principles contained in Generali Group's Code of Conduct, states explicitly that economic and social development should be based not only on respect for fundamental human and labour rights, but also on environmental protection, to which Banca Generali contributes by fostering a reduction of the direct and indirect environmental impacts associated with its value chain, first and foremost with investments.

To this regard, in 2018 Banca Generali's Board of Directors adopted the Policy for the Environment and Climate, which identifies the guiding principles by which the strategies and goals of environmental management must abide.

In line with this, in 2020, Banca Generali adopted a Sustainability Policy[129], which outlines the procedure for identifying, assessing and managing the risks and opportunities connected with ESG factors, in keeping with the sustainability model defined in the Charter of Sustainability Commitments.

The topic of environmental impact and climate challenges was classified as material by several stakeholders. In assessing environmental aspects, Banca Generali takes also into account the quality and functioning of the environment and natural systems, in addition to other elements, including:

- greenhouse effect and climate change;
- the availability of natural resources, including energy and water;
- changes in the use of soil and urbanisation;
- quality of the air, water and soil;
- the production and management of waste;
- the protection of natural habitats and biodiversity.

[129] For further information, reference should be made to section "Sustainability Policy" in "Strategic Focus on Sustainability".

In recent years, Banca Generali has also embarked on a path of gradually integrating ESG factors into its risk framework, focusing in particular on climate risks: this approach falls within a path aimed at promoting a responsible business model and raise its people's awareness thereof and about the reduction of direct and indirect environmental impacts[130]. In fact, the Bank pays attention to environmental protection also in the context of procurement processes, as stated in the Ethical Code for Suppliers of Generali Group adopted by Banca Generali's Board of Directors: suppliers are expressly required to reduce the impacts of their activities through an efficient use of natural resources, preference for energy from renewable sources, proper disposal of waste and reduction of greenhouse gas emissions. To ensure that these requirements are met, suppliers are subject to monitoring processes that also assess the related risk profiles[131].

The Environmental Management System (EMS), based on the ISO 14001 standard, is the tool that Banca Generali uses to manage the environmental impacts linked to operations, in line with the provisions set forth in its Sustainability Policy.

With the launch of the 2022-2024 Strategic Plan, Banca Generali also confirmed and strengthened its commitment to the environment, defining a number of targets relating to climate change aimed at achieving net zero emissions by 2040, in line with its Responsible Investment Policy and the internal ESG regulatory framework adopted[132].

The following have been identified as areas in which to take action:

- **company building and facility management,** which increasingly occurs by combining constant improvement of the operational comfort of personnel with the efficient use of natural resources. The following are pursued with the aim of minimising adverse impacts on the environment:
  - reduced consumption of electricity, water and paper;
  - more efficient management of waste, with an increase in waste sorting;
  - a reduction in ambient temperature that still ensures thermal comfort for employees, but which can at the same time limit consumption and emissions;
- the confirmation of the "Next Normal" model, which is a tool having a dual value, as, on the one hand, it impacts work-life balance and, on the other, in light of the essentially stable average attendance at the Milan and Trieste offices compared to 2022, it ensures a tangible reduction in consumption inside the buildings and limits people's use of their own vehicles to commute;
- as a natural consequence to the previous point, a plan was issued in November 2023 for the Generali Tower calling for a total net reduction in the occupied floor area from 17.86% to 14.28% with the aim of further rationalising consumption and dispersions;
- limiting office opening: it was decided to close offices on working Fridays and around long holiday breaks, in addition to all working days in August, thus totalling 74 days of closing in 2023;
- **sustainable renovation,** as, in addition to monitoring and actively controlling its consumption, the Bank consolidated a sustainable approach in developing its local logistics network — a process that involves renovating and fitting out the bank branches and Financial Advisors' offices; As these have a potential significant impact on the environment, Banca Generali has set itself the goal of approaching renovations with drivers typical of sustainable architecture, in other words, ensuring a lower environmental impact in favour of energy efficiency and improvement of health and comfort, through:
  - a constantly evolving new mindset focused on "people", "buildings" and the "environment", based on ongoing research, analysis and an innovative design approach;
  - building materials that meet environmental and economic sustainability and recyclability criteria.

  All these principles are contained in a technical specification document that contains the information relating to the materials used to carry out the renovation and/or fitting out;
- the **corporate mobility management**, governed by the Group's Travel Policy and the Bank's Travel and Trip Guidelines, that, in pursuit of sustainable management of the business travel needs of administrative personnel, envisage:
  - containment of travel through increasing use of audio and video conferencing, e-learning training courses, etc.;
  - preference for the use of public or collective transport (company shuttle buses, car pooling, etc.);

[130] For further details, reference should be made to section "Mapping of Banca Generali's ESG positioning".
[131] For further details, reference should be made to chapter "Relationship Capital: Suppliers".
[132] For further information, reference should be made to section "Carbon footprint of Banca Generali Group's investments".

- introduction of the "Next Normal" model, i.e., the option of working remotely (generally from home).

Banca Generali is aware that it can pay attention to environmental issues also through its stakeholders. In particular, the Bank can exert its influence in the relationships with its suppliers (procurement ecology), customers (product ecology) and issuers (investment ecology):

› **procurement ecology:** to ensure the integrity of its supply chains, Banca Generali has established, in line with Generali Group's provisions, operational mechanisms (e.g., penalty clauses that, in the event of a breach, may result in the termination of the contracts) intended to ensure compliance by all suppliers and their procurement chains with applicable legislation on occupational health and safety and environmental protection, as well as with the Group's ethical principles. In 2023, in collaboration with Generali Group, an ESG Assessment Service was launched that will engage, by 2024, all suppliers with a turnover exceeding 200,000 euros, with the aim of assigning them an ESG rating useful for supplier selection purposes[133];
› **product ecology:** to encourage the adoption of environmentally friendly behaviour by its existing or prospect customers, the Bank has built an ESG offer model and has set up appropriate information and awareness-raising actions[134];
› **investment ecology:** Banca Generali has adopted an investment policy and laid down ethical guidelines that seek to prevent the risk of supporting companies involved in severe damage to the environment by investing in them.

The environmental scope analysis included:

› the entire Italian employee network for data on mobility;
› the two HQ offices only for all other data.

The following pages shows the Bank's environmental data. The reporting scope does not include:

› foreign companies (BG Valeur, BG (Suisse) and BG Fund Management Luxembourg);
› the bank branches, excluded due to the marginal extent of their consumption;
› the Financial Advisor offices (operations sites), since these are local logistics facilities over which the Bank does not exercise complete financial and operational control and to which it applies various management models and cost allocation/apportionment models.

Consumption

The year 2023 confirmed a slight yet gradual decline in electricity consumption as a result of the measures adopted by the Bank and described in the previous section "Environmental Policies).

Electricity, natural gas and heat from district heating

PERFORMANCE 2023:
10,066 GJ
TOTAL ENERGY CONSUMPTION
(11,374 GJ IN 2022)

18.7 GJ
PER CAPITA CONSUMPTION

In 2023, Banca Generali consumed a total of 10,066 GJ of energy. Electricity consumption accounted for approximately 52% of energy consumption (electricity and heat from district heating): the two offices included in the Environmental Management System reported an overall consumption of 1,598,424 kWh (-491,408 kWh compared to 2019), with a per-capita consumption of 2,023 kWh (-35% compared to 2019).

All the electricity consumed is derived from renewable sources. The Milan office, located in the Generali Hadid Tower, is also connected to a district heating network that supplies hot water for space heating and sanitary applications. With regard to the district heating system, in 2023 Banca Generali consumed 456,360 kWh (-27% compared to 2019), with a per-capita consumption of 1,032 kWh (-41% compared to 2019).

Overall consumption of gas — used exclusively at the Trieste office — amounted to 69,180 Sm3 (-36% compared to 2019), with a per-capita consumption of 199 Sm3 (-41% compared to 2019). Natural gas is used both for heating and for air-conditioning in the summer season (using a chilled beams system).

[133] For further details, reference should be made to chapter "Relationship Capital: Suppliers".
[134] For further information, reference is made to chapter "Intellectual Capital".

2023 PERFORMANCE[135]

TYPE	2023 CONSUMPTION (GJ)	2022 CONSUMPTION (GJ)	2021 CONSUMPTION (GJ)	2019 CONSUMPTION[136] (GJ)	% CHANGE 2023-2022	% CHANGE 2023-2019	2023 PER-CAPITA CONSUMPTION (GJ)	2022 PER-CAPITA CONSUMPTION (GJ)	2021 PER-CAPITA CONSUMPTION (GJ)
Electricity	5,754	5,838	6,053	7,523	-1.44%	-23.51%	7.28	8.00	8.25
Natural gas	2,662	3,361	4,049	3,705	-20.79%	-28.14%	7.65	10.00	12.46
Heat (district heating)	1,643	2,178	3,124	2,240	-24.56%	-26.65%	3.72	5.00	7.64
Diesel oil for engine-generators	6.84	7.13	6.00	n.a.	-4.15%	n.a.	0.02	0.02	0.01

Paper

Paper is the material most used in the banking sector. To reduce its consumption, Banca Generali has consolidated the following measures:

- electronic archiving and dematerialisation of documents;
- use of e-mail and messaging in communications between companies, branches, Financial Advisor offices and customers;
- introduction of an IT feature, called Digital Collaboration, aimed at enabling Financial Advisors to send investment proposals to customers, who in turn can confirm the instructions digitally without using paper/print material;
- activation, for clients who use the home banking services, of the Doc@online feature, which can be used for the digital transmission of all communications from the Bank (e.g., account statements, term sheets, accounting documents, information memoranda, etc.).

Where possible, Banca Generali buys material with a lower unit weight than normal in order to contain the weight of the paper consumed. In addition, Banca Generali promotes the purchase of low environmental-impact stationery and toner cartridges (e.g., pens with water-based, solvent-free ink, pencils made of wood from sustainably managed forests, toner cartridges that are remanufactured or produced with recycled material).

PERFORMANCE 2023:

53 quintals

PAPER CONSUMPTION
(38 QUINTALS IN 2022)
(-80% VS 2019)

7 kg

PER CAPITA CONSUMPTION

2023 PERFORMANCE

2023 PAPER CONSUMPTION (QUINTALS)	2022 PAPER CONSUMPTION (QUINTALS)	2021 PAPER CONSUMPTION (QUINTALS)	2019 PAPER CONSUMPTION (QUINTALS)	% CHANGE 2023-2022	% CHANGE 2023-2019	2023 PER-CAPITA PAPER CONSUMPTION (QUINTALS)	2022 PER-CAPITA PAPER CONSUMPTION (QUINTALS)	2021 PER-CAPITA PAPER CONSUMPTION (QUINTALS)
53	38	115	267	+39%	-80%	0.07	0.05	0.16

In this case again, the extensive use of remote working contributed to significantly reducing paper consumption in the offices included in the EMS compared to 2019.

Water

Banca Generali considers water to be an important resource and is committed to using it sparingly in all the Group's offices. Water is used primarily for the purposes of hygiene and sanitation and to supply the heating and air-conditioning systems. At the Milan office, aquifer water is used, drawn from deep below ground, which has the advantage of being naturally purified by its passage through the permeable layers of the terrain. In this case, the water is pressurised and used directly for the hydrant network for cleaning, toilets and humidifiers. At the Trieste offices, almost all the water that is consumed comes from municipal or state mains.

PERFORMANCE 2023:

6,659 m^3

WATER CONSUMPTION
(7,083 M^3 IN 2022)
(-21% VS 2019)

8.43 m^3

PER CAPITA CONSUMPTION

[135] Natural gas is used exclusively at the Trieste office, whereas district heating and diesel oil are used at the Milan office alone. Therefore, the denominator used to calculate pro-capita consumption included only the people working in the offices where each source of energy was used.

[136] It bears recalling that the year 2019 was identified as the baseline to compare the quantitative data presented in this chapter.

2023 PERFORMANCE

2023 WATER CONSUMPTION (M³)	2022 WATER CONSUMPTION (M³)	2021 WATER CONSUMPTION (M³)	2019 WATER CONSUMPTION (M³)	% CHANGE 2023-2022	% CHANGE 2023-2019	2023 PER-CAPITA WATER CONSUMPTION (M³)	2022 PER-CAPITA WATER CONSUMPTION (M³)	2021 PER-CAPITA WATER CONSUMPTION (M³)
6,659	7,083	3,883	8,412	-5.99	-20.84	8.43	9.25	5.29

In this regard as well, the extensive use of remote working contributed to reducing water consumption in the offices included in the EMS compared to 2019.

Waste

PERFORMANCE 2023:

297.2 quintals

OF WASTE GENERATED
(208.3 QUINTALS IN 2022)

38 kg

OF PER CAPITA
WASTE GENERATED

Banca Generali conducted a number of campaigns to raise awareness amongst its employees of the issue of proper waste management and sorting. Each corporate site has separate waste containers for paper and cardboard (which represent the highest portion of waste generated by the Bank), plastic, glass and aluminium.

Banca Generali also focuses closely on the three Rs (reduce, reuse and recycle) for long-term assets, above all in logistics processes involving the closing, transfer or restyling of branches or agency offices.

In such cases, it proceeds by considering the following management methods (reported in decreasing order of priority of action):

› potential reuse of the asset in the new location or at other properties, considering both the cost-effectiveness of recovery and the aesthetic/functional result;
› involvement, through network managerial structures, of local communities (e.g., non-profit organisations, associations, entities, etc.) for the recovery of assets no longer of interest to the Bank;
› disposal of assets in public dumps to begin the industrial recycling process for the asset disposed of.

2023 PERFORMANCE[137]

WASTE GENERATED IN 2023 (QUINTALS)	WASTE GENERATED IN 2022 (QUINTALS)	WASTE GENERATED IN 2021 (QUINTALS)	WASTE GENERATED IN 2019 (QUINTALS)	% CHANGE 2023-2022	% CHANGE 2023-2019	PER-CAPITA WASTE GENERATED IN 2023 (QUINTALS)	PER-CAPITA WASTE GENERATED IN 2022 (QUINTALS)	PER-CAPITA WASTE GENERATED IN 2021 (QUINTALS)
297.23	208.25	115.33	367.00	43%	-19.01%	0.38	0.27	0.16

BREAKDOWN OF 2023 WASTE COLLECTED (%)

TYPE OF WASTE COLLECTION	2023 BREAKDOWN (%)	2022 BREAKDOWN (%)	2021 BREAKDOWN (%)
Separate collection	59%	50%	29%
Unsorted collection[138]	41%	50%	71%

[137] It should be noted that data referring to 2019, 2021 and 2022 has been corrected compared to that published in the Annual Integrated Report 2022, in light of an expansion of the reporting scope.
[138] Unsorted waste collection data also includes waste destined for authorised public disposal sites consisting mainly of "bulky" items, which to a large extent are then sorted appropriately on site (disposal of furniture, ferrous materials, electrical/electronic materials and components, etc.) for the subsequent recycling phases.

Mobility

Banca Generali is committed to cutting down GHG emissions through sustainable mobility management as well, reducing employees' travels and encouraging video conferencing. At all site included in the EMS, video conference calls may also be made from individual workstations thanks to the availability of dedicated tools such as Microsoft Teams.

The Travel Policy adopted by Banca Generali Group encourages the use of public transport, above all the least polluting ones (e.g., trains rather than planes), instead of personal cars. The Group's car policy calls for maximum carbon dioxide limits for company cars.

Thanks to the agreements entered into with the main public transport operators for the Province of Milan, Banca Generali guaranteed to its employees a reduction in the cost of annual season tickets for public transport (buses, trams, metro and trains) and completed the building of reserved bicycle parking for employees so as to encourage bicycle use for getting to work.

In addition, as of 2022, the previous diesel-powered "pooled cars" (available to employees for business trips) have been replaced by "mild hybrid" cars, which perform better in terms of lower CO_2 emissions.

2023 PERFORMANCE[139] [140]

KM TRAVELLED BY CAR, TRAIN AND PLANE BY EMPLOYEES IN 2023	KM TRAVELLED BY CAR, TRAIN AND PLANE BY EMPLOYEES IN 2022	KM TRAVELLED BY CAR, TRAIN AND PLANE BY EMPLOYEES IN 2021	KM TRAVELLED BY CAR, TRAIN AND PLANE BY EMPLOYEES IN 2019	% CHANGE 2023-2022	% CHANGE 2023-2019	PER-CAPITA KM TRAVELLED BY CAR, TRAIN AND PLANE BY EMPLOYEES IN 2023	PER-CAPITA KM TRAVELLED BY CAR, TRAIN AND PLANE BY EMPLOYEES IN 2022	PER-CAPITA KM TRAVELLED BY CAR, TRAIN AND PLANE BY EMPLOYEES IN 2021
3,347,959	2,621,086	1,914,858	3,787,969	+28%	-11.62%	3,144	2,565	1,942

Data relating to the company fleet (excluding pooled cars) are determined in litres of fuel and electricity consumed. This value was converted into km using an average conversion factor of 18 km per litre and 13.5/100 per kWh.

BREAKDOWN OF TOTAL KM TRAVELLED IN 2023 (%)

MEANS OF TRANSPORT	2023 BREAKDOWN (%)	2022 BREAKDOWN (%)	2021 BREAKDOWN (%)
Train	33%	28%	21%
Plane	14%	11%	7%
Personal cars	8%	10%	10%
Company fleet vehicles	46%	51%	62%

PERFORMANCE 2023:

3,347,959 km

TRAVELLED
(2,621,086 KM IN 2022)

3,144 km

TRAVELLED

PER CAPITA

[139] Data refers to all Banca Generali Banking Group's employees, including those who are based outside the EMS scope.
[140] It should be noted that data referring to 2019, 2021 and 2022 has been corrected compared to that published in the Annual Integrated Report 2022, in light of the expansion of the reporting scope.

Emissions[141]

PERFORMANCE 2023:
1,037 tCO_{2eq}
OF TOTAL GHG EMISSIONS
(-16.1% VS 2019 - MARKET-BASED)

In accordance with the Parent Company's strategies, Banca Generali has also decided to quantify and report GHG emissions by including in the reporting scope only properties used as headquarters and covered by Generali Group's Environmental Management System. In fact, the Bank has complete financial and operational oversight over these properties, which it exercises also through Generali Group's Facility Management function.

The analysis system changed substantially in 2022, when Generali Group identified a new common data collection software (Sphera) for all legal entities that is fed by individual owners and allows emissions for each segment to be extracted automatically. This software is an integral part of the "Generali roadmap for climate action" and, in addition to facilitating access to data for each stakeholder, provides for the use of new and updated emission categories and standardised calculation methodologies. For this reason, and in light of the ever changing distribution of emission data, it is necessary to update the historical values on an annual basis so as to allow to interpret data in a way that always ensures a realistic comparison of the results.

Moreover, it should be noted that the emission values will be expressed according to two different methodologies:
› the "**market-based**" approach, which requires the GHG emissions resulting from the purchase of electricity and heat to be determined considering the specific emission factors communicated by suppliers[142]. For purchases of electricity from renewable sources, an emission factor of zero is attributed with regard to Scope 2;
› the "**location-based**" approach, which, on the other hand, accounts for emissions from electricity consumption applying national average emission factors.

The analysis scope remained instead unchanged and included the Bank's two main sites, namely the Milan headquarters (Generali Hadid Tower, located in Piazza Tre Torri 1) and the Trieste offices (Corso Cavour 5/a). Overall, these facilities are employees' place of work, hosting 74% of the Banking Group's workforce (in line with the previous years). At both head offices, a facility management service is provided by Generali Italia, a Generali Group company responsible for, among other aspects, the operation and scheduled maintenance of technological and special installations and management of utilities and waste.

Consumption information has been surveyed by GI and then allocated to Banca Generali according to the percent occupation of the buildings (95% for the Trieste office and 17% for the Hadid Generali Tower). In fact, of the 43 total useable above-ground floors in the innovative Hadid Generali Tower, only six are occupied by Banca Generali personnel (in addition to one used as a branch). In November 2023, Banca Generali released a plan and the percentage occupation felt to 14%.

[141] From the Annual Integrated Report 2022, the emission and conversion factors are included directly by Generali Group's Sustainability & Social Responsibility Department in the Sphera programme. This platform processes and manages Scope 1, Scope 2 and Scope 3 analyses and reporting for the entire Assicurazioni Generali Group.
[142] If the level of emission intensity is not specified in the contractual documentation, the AIB residual mix factors may be used for the market-based calculation. (Source: WRI GHG Protocol).

LOCATION-BASED GHG EMISSIONS IN TONNES OF CO_2 EQUIVALENT[143]

	2023	2022	2021	2019 (BASELINE)	% CHANGE 2023-2022	% CHANGE 2023-2019
Scope 1 Direct emissions produced by heating fuels and the kilometres travelled by the fleet of company cars	433	446	449	413	-3.07%	+4.79%
Scope 2 Indirect emissions caused by energy consumption associated with the use of electricity and district heating	643	683	740	850	-5.81%	-24.29%
Scope 3[144] Other indirect emissions caused by energy consumption associated with employees' business trips, paper and water consumption, as well as waste disposal (including toner cartridges)	463	449	444	608	3.06%	-23.97%
Total	**1,538**	**1,578**	**1,633**	**1,871**	**-2.51%**	**-17.77%**

MARKET-BASED GHG EMISSIONS IN TONNES OF CO2 EQUIVALENT[145]

	2023	2022	2021	2019 (BASELINE)	% CHANGE 2023-2022	% CHANGE 2023-2019
Scope 1 Direct emissions produced by heating fuels and the kilometres travelled by the fleet of company cars	433	446	449	413	-3.07%	+4.79%
Scope 2 Indirect emissions caused by energy consumption associated with the use of electricity and district heating	142	188	263	215	-24.38%	-33.93%
Scope 3[146] Other indirect emissions caused by energy consumption associated with employees' business trips, paper and water consumption, as well as waste disposal (including toner cartridges)	463	449	444	608	+3.06%	-23.97%
Total	**1,037**	**1,083**	**1,155**	**1,236**	**-4.22%**	**-16.09%**

BREAKDOWN OF 2021-2022-2023 GHG EMISSIONS (%)

SOURCE	2023	2022	2021
Electricity	16%	16%	15%
Natural gas	19%	23%	28%
Heat (district heating)	15%	19%	25%
Refrigerant gases	6%	5%	2%
Mobility (personal cars and company fleet vehicles, plane, train)	43%	36%	29%
Other (paper, waste, water, etc.)	1%	1%	1%

It bears noting that, since the calculation methodologies have been updated and more up-to-date and accurate primary data has been used, Scopes 1, 2 and 3 of the previous years, including the baseline reported in the tables above, have changed. All the previous years' Scopes have been updated in order to have a correct and objective analysis of the changes.

[143] The calculation of emissions includes the following gases: Carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O).
[144] Employee mobility includes the use of personal cars only.
[145] The calculation of emissions includes the following gases: Carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O).
[146] Employee mobility includes the use of personal cars only.

Carbon footprint of Banca Generali Group's investments

Banca Generali undertakes to promote a gradual, just and inclusive transition to a low-carbon economy. In line with the principles of environmental transition and the commitment to climate change, the carbon footprint assessment has become an integral part of the investment process, with the aim of achieving the target of zero net emissions by 2040, as defined in the Strategic Plan. In detail, the environmental targets identified are:

- 25% reduction of the carbon footprint by 2025 (compared to the 2019 baseline) with regard to corporate securities;
- coal phase-out by 2030 for all corporate investments;
- zero net emissions by 2040.

To this end, Banca Generali started to monitor the exposure of its portfolio to high-carbon companies. The following table shows the various indicators monitored and their change compared to the baseline (2019) with regard to Banca Generali's direct investment portfolio.

SCOPE[147] AND METRICS[148]

	31.12.2023	31.12.2022	31.12.2019	% CHANGE 2023-2022	% CHANGE 2023-2019
Portfolio of direct investments in listed equities and corporate bonds (€ billion)	13.75	11.08	6.31	+24.1%	+118%
Absolute emissions (tCO_{2e})[149]	631,494	628,588	684,325	+0.5%	-8%
Carbon footprint (tCO_{2e}/€ million)	53	63	108	-15.9%	-51%
Coverage	87%	90%	82%	-3.33%	+7%

[147] Banca Generali's banking book, the portfolio management schemes and BGFML's UCITS were included in the scope of these analyses. Assets managed by BG Valeur were excluded.

[148] To calculate the carbon footprint, the Bank uses the data provided by MainStreet Partners. CO2e emissions data refer to the most recent information provided by the issuer, with a maximum 2-year lookback period in respect of the year of analysis (for the analysis at 31 December 2023, data used have been compared to data at 31 December 2022 or 31 December 2021). The EVIC, used to calculate carbon intensity, refers to the most up-to-date information available on the market at the time of the analysis.

[149] Absolute emissions: GHG emissions associated with a portfolio, in tonnes of CO_2 equivalent.

Absolute emissions at a point in time (t) are calculated as: $\sum_{i=1}^{N} \text{Counterparty emissions} \times \frac{\text{BG exposure vs counterparty i}}{\text{Counterparty EVIC i}}$

Where:

- (t): Date of reference (e.g., year-end 2023);
- Counterparty i emissions: tonnes of CO_2 equivalent generated by the organisation (Scope 1 and Scope 2);
- BG exposure vs counterparty: total investment in million euros in the organisation, held in the portfolios included in the scope of reference (the Group's general account direct insurance investments in listed equity and bond securities);
- Counterparty EVIC: the organisation's Enterprise Value Including Cash in million euros, calculated as market capitalisation + preference shares + minority interests + total debt.

Annexes to the Financial Statements

ANNEX 1 - Human Capital: Employees

Number and Type: Banca Generali S.p.A.

EMPLOYED PERSONS BY TYPE OF CONTRACT AND GENDER: BANCA GENERALI S.P.A

	31.12.2023 (YE HC)			31.12.2022 (YE HC)			31.12.2021 (YE HC)		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Permanent contract	460	462	**922**	463	448	**911**	442	436	**878**
Fixed-term contract	28	35	**63**	14	15	**29**	19	17	**36**
Total employees	**488**	**497**	**985**	**477**	**463**	**940**	**461**	**453**	**914**

EMPLOYED PERSONS BY TYPE OF EMPLOYMENT AND GENDER: BANCA GENERALI S.P.A

	31.12.2023 (YE HC)			31.12.2022 (YE HC)			31.12.2021 (YE HC)		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Full-time	477	496	**943**	432	462	**894**	412	452	**864**
Part-time	41	1	**42**	45	1	**46**	49	1	**50**
Total employees	**488**	**497**	**985**	**477**	**463**	**940**	**461**	**453**	**914**

EMPLOYED PERSONS WITH A ZERO-HOUR CONTRACT BY GENDER: BANCA GENERALI S.P.A.

	31.12.2023 (YE HC)			31.12.2022 (YE HC)			31.12.2021 (YE HC)		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
External temporary contracts	-	2	**2**	-	-	**-**	-	4	**4**

EMPLOYED PERSONS BY PROFESSIONAL POSITION AND GENDER: BANCA GENERALI S.P.A.

	31.12.2023 (YE HC)			31.12.2022 (YE HC)			31.12.2021 (YE HC)		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Managers	13	52	**65**	14	47	**61**	14	46	**60**
Executives	138	203	**341**	137	194	**331**	126	180	**306**
Employees	337	242	**579**	326	222	**548**	321	227	**548**
Total	**488**	**497**	**985**	**477**	**463**	**940**	**461**	**453**	**914**
Percentage	**50%**	**50%**	**100%**	**51%**	**49%**	**100%**	**50%**	**50%**	**100%**

EMPLOYED PERSONS BY PROFESSIONAL POSITION AND AGE: BANCA GENERALI S.P.A.

	31.12.2023 (YE HC)				31.12.2022 (YE HC)				31.12.2021 (YE HC)			
	<35 YEARS	35-50 YEARS	>50 YEARS	TOTAL	<35 YEARS	35-50 YEARS	>50 YEARS	TOTAL	<35 YEARS	35-50 YEARS	>50 YEARS	TOTAL
Managers	1	18	46	**65**	-	20	41	**61**	1	22	37	**60**
Executives	21	178	142	**341**	26	172	133	**331**	20	157	129	**306**
Employees	169	286	124	**579**	137	305	106	**548**	130	324	94	**548**
Total	**191**	**482**	**312**	**985**	**163**	**497**	**280**	**940**	**151**	**503**	**260**	**914**
Percentage	**19%**	**49%**	**32%**	**100%**	**17%**	**53%**	**30%**	**100%**	**17%**	**55%**	**28%**	**100%**

PROTECTED CLASSES BY PROFESSIONAL POSITION AND GENDER[150]: BANCA GENERALI S.P.A.

	31.12.2023 (YE HC)			31.12.2022 (YE HC)			31.12.2021 (YE HC)		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Managers	-	-	**-**	-	-	**-**	1	-	**1**
Executives	3	3	**6**	2	3	**5**	2	3	**5**
Employees	25	18	**43**	24	19	**43**	24	20	**44**
Total	**28**	**21**	**49**	**26**	**22**	**48**	**27**	**23**	**50**
Percentage	**57%**	**43%**	**100%**	**54%**	**46%**	**100%**	**54%**	**46%**	**100%**

TURNOVER 2023: BANCA GENERALI S.P.A.[151]

	ITALY								
	WOMEN				MEN				
2023	<35 YEARS	35-50 YEARS	>50 YEARS	TOTAL WOMEN	<35 YEARS	35-50 YEARS	>50 YEARS	TOTAL MEN	TOTAL
Headcount	99	248	141	**488**	92	234	171	**497**	**985**
No. of hirings	33	7	1	**41**	42	13	4	**59**	**100**
No. of terminations	11	11	8	**30**	14	5	6	**25**	**55**
Hiring rate	33%	3%	1%	**8%**	46%	6%	2%	**12%**	**10%**
Turnover rate	11%	4%	6%	**6%**	15%	2%	4%	**5%**	**6%**

TURNOVER 2022: BANCA GENERALI S.P.A.

	ITALY								
	WOMEN				MEN				
2022	<35 YEARS	35-50 YEARS	>50 YEARS	TOTAL WOMEN	<35 YEARS	35-50 YEARS	>50 YEARS	TOTAL MEN	TOTAL
Headcount	85	267	125	**477**	78	230	155	**463**	**940**
No. of hirings	35	6	-	**41**	35	10	5	**50**	**91**
No. of terminations	8	5	12	**25**	25	6	9	**40**	**65**
Hiring rate	41%	2%	-	**9%**	45%	4%	3%	**11%**	**10%**
Turnover rate	9%	2%	10%	**5%**	32%	3%	6%	**9%**	**7%**

[150] The figures provided in the table are consistent with the criteria adopted when preparing the reports to the competent bodies. The "protected categories" include all staff with disabilities and employees featured on the list of protected categories.
[151] The hiring rate in this table is calculated as the ratio of newly-hired personnel to total personnel at the end of the reporting year. The turnover rate in this table is calculated as the ratio of personnel terminated to total personnel at the end of the reporting year. This methodology has been applied for the 3 years.

TURNOVER 2021: BANCA GENERALI S.P.A.

	ITALY								
	WOMEN				MEN				
2021	<35 YEARS	35-50 YEARS	>50 YEARS	TOTAL WOMEN	<35 YEARS	35-50 YEARS	>50 YEARS	TOTAL MEN	TOTAL
Headcount	68	278	115	**461**	83	225	145	**453**	**914**
No. of hirings	29	8	1	**38**	37	4	1	**42**	**80**
No. of terminations	16	3	5	**24**	25	6	7	**38**	**62**
Hiring rate	43%	3%	1%	**8%**	45%	2%	1%	**9%**	**9%**
Turnover rate	24%	1%	4%	**5%**	30%	3%	5%	**8%**	**7%**

Training and Development of Human Capital: Banca Generali S.p.A.

AVERAGE TRAINING HOURS BY GENDER AND TYPE OF PROFESSIONAL POSITION: BANCA GENERALI S.P.A.

	31.12.2023	31.12.2022	31.12.2021
Average training hours per employee	63	60	58
Average training hours per female employee	61	61	59
Average training hours per male employee	64	60	57
Average training hours per Manager	87	76	58
Average training hours per Executive	70	62	60
Average training hours per Employee	56	56	57

Industrial and Trade Union Relations: Banca Generali S.p.A.

In 2023, the rate of trade union membership[152] was 33% for the Parent Company Banca Generali S.p.A.

Health and Safety in the Workplace: Banca Generali S.p.A.

In 2023, there were no accident on workplace. The rate of recordable workplace accidents for 2023 was 0.00 (vs 0.67 in 2022 and 1.33 in 2021)[153].

[152] Employees registered with unions vs the total workforce.
[153] The rate of recordable workplace accidents is calculated as follows: (Recordable workplace accidents/worked hours) x 1,000,000.

ANNEX 2 – Disclosure pursuant to Annex VI of Commission Delegated Regulation (EU) No. 2021/2178

Sources, data and methodology

For the third reporting year, Banca Generali focused on developing an analysis and methodology capable of providing its stakeholders with mandatory disclosure based on data that is as granular, complete, accurate and comparable as possible. Although this disclosure did not rely on estimates, it bears noting that current analyses are limited and simplified due to:

› unavailability or lack of information necessary to calculate KPIs regarding some counterparties;
› unavailability or lack of information on Taxonomy-aligned economic activities of financial counterparties, as they are bound to disclose such KPIs as of 1 January 2024;
› unavailability or lack of information on Taxonomy-aligned economic activities with regard to the "climate change adaptation" objective;
› unavailability or lack of precise and specific information to calculate the level of Taxonomy-alignment of the loans portfolio.

Data collection and the related analyses were conducted thanks to the collaboration of the different bank structures and with support from a data provider and an external collaborator.

This analysis methodology was applied in continuity with the previous year and took into account the developments of regulatory requirements and the ensuing extension of the reporting scope. The main steps of the methodological approach applied in FY 2023 were:

› **Preliminary analysis of the Bank's assets**

The preliminary analysis consisted in defining the reporting scope and then collecting data on the Bank's on- and off-balance-sheet exposures, as required by the regulation.
Banca Generali's internal accounting items were then reconciled with the items required by law, so as to proceed with a first entry of data into the templates. In this step, assets "covered by" and "excluded from" the calculation were identified, so as to determine the gross carrying amount of the denominators of the KPIs.
The preliminary assessment was also instrumental to creating a database of "covered assets", which the external provider analysed to calculate Taxonomy-alignment and Taxonomy-eligibility.
Unlike in the previous year, for FY 2023 Banca Generali also provided the disclosure on off-balance-sheet exposures, as required by EU regulatory provisions. The reporting scope was therefore extended to include:

- **financial guarantees**, i.e., backing loans, advances, and other debt instruments towards undertakings (financial and non-financial);
- **assets under management**, which include Banca Generali S.p.A.'s individual portfolio management schemes and the collective portfolio management schemes of the subsidiary BGFML (BG Fund Management Luxembourg S.A.).

In compliance with the EU regulatory requirements, for FY 2023 Banca Generali also provided disclosures of stock and flow. The methodology used for each type of assets was as follows:

- **debt securities and equity instruments**: the disclosure of stock was based on the total gross carrying amount at 31 December 2023, whereas the disclosure of flow was based on the gross flow, i.e., taking into account all purchases made from 1 January to 31 December 2023;
- **loans and advances**: disclosures of stock and flow were based on the total gross carrying amount at 31 December 2023, calculated on the amount used for lending; a screening by date of approval (1 January - 31 December 2023) was conducted to identify new exposures;
- **derivatives**: derivatives with a positive fair value at 31 December 2023 were considered for calculating the stock KPI; for calculating the flow KPI, currency derivatives were identified based on the date of issue (1 January – 31 December 2023) and hedging derivatives based on the 2023 upfront payments;

- **cash and cash-related assets**: the stock value was equal to the gross carrying amount of current accounts with other banks at 31 December 2023, whereas the flow value was calculated on total new inflows made in 2023;
- **financial guarantees**: the value was calculated using the FINREP table of reference for financial guarantees provided (FinGar KPI) (e.g., to central banks, central governments, credit institutions, other financial undertakings, non-financial undertakings, and households). The stock value was equal to the value of guarantees to financial and non-financial undertakings[154], whereas the flow value was calculated on those guarantees provided in 2023;
- **assets under management**: the stock value was equal to the market value at 31 December 2023, whereas the value of the flow KPI took into consideration total purchases made from 1 January to 31 December 2023.

› Assessing Taxonomy-eligibility and Taxonomy-alignment

The assessment of Taxonomy-alignment and Taxonomy-eligibility was conducted as follows:

- **on Banca Generali's investment portfolio and assets under management:**
  - the **Taxonomy-eligibility** analysis was based on the relevant data reported by companies at the corporate level, where available. Where data was missing, the European Commission's official mapping of the NACE sectors of the six environmental objectives of the Taxonomy was applied. The application of the methodology just described was fundamental to calculating the proportion of Taxonomy-eligible activities for the four environmental objectives, since otherwise there would not have been any available data in view of applicability starting in 2024;
  - the **Taxonomy-alignment** analysis referred to both equity and bond issuers. Banca Generali considered the alignment of projects with allocation of debt instruments that specifically use their proceeds for environmental issues (Green Bonds or Sustainability Bonds). In such cases, data was considered as known use of proceeds. This methodology was adopted for Turnover-based calculations, whereas the information was not available for CapEx-based data. In the other cases (equity instruments and debt instruments other than Green Bonds or Sustainability Bonds), Banca Generali considered the level of Taxonomy-alignment reported at the company level by each issuer in its Non-Financial Statement for the most recent year available. In order to avoid double counting, where the Taxonomy-alignment regarded two or more objectives, data of total amounts reported in the templates were calculated allocating the Taxonomy-aligned activity to the most relevant objective;
- **Banca Generali's loan portfolio** was subject to a screening of counterparties' NACE codes against the codes listed in the Taxonomy Delegated Acts in order to determine their **eligibility**. In addition, loans to households collateralised by residential immovable property or granted for house renovation purposes were allocated to the climate change mitigation objective with regard to the activities 7.1, 7.2, 7.3, 7.4, 7.5, 7.6, 7.7 listed under Annex I of Commission Delegated Regulation (EU) No. 2021/2139. With regard to the **Taxonomy-alignment** analysis, given the currently insufficient granular information, it was not possible to carry out a thorough analysis.

Key performance indicators (KPIs)

The KPIs required under Commission Delegated Regulation (EU) No. 2021/2178 are summarised in the following table, as specified in Annex VI to the said Regulation. Considering the complexity of the templates provided by the European Regulators, and given that for the reporting period ESEF tagging was not mandatory, columns not reported for FY 2023 were removed from the tables in order to improve the legibility of information for stakeholders. In addition, given some inconsistencies identified among the templates in Annex VI and the calculation methodology described in the Regulation in Annex V, the tables set out below present some structural changes compared to Annex VI.

[154] Data considered referred to the nominal amount of financial guarantees given to undertakings pursuant to IFRS 9 impairment (Stage 1 - financial instruments whose credit risk has not increased significantly since initial recognition).

1. ASSETS FOR THE CALCULATION OF GAR

	(€ MILLION)	31.12.2023					
		TOTAL (GROSS) CARRYING AMOUNT	CLIMATE CHANGE MITIGATION (CCM)				
			OF WHICH ELIGIBLE				
				OF WHICH ALIGNED			
					OF WHICH USE OF PROCEEDS	OF WHICH TRANSI-TIONAL	OF WHICH ENABLING
	GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2,151.60	574.52	147.77	147.70	-	-
2	**Financial undertakings**	1,858.92	306.50	133.43	133.43	-	-
3	Credit institutions	1,701.44	294.37	133.43	133.43	-	-
4	Loans and advances	-	-	-	-	-	-
5	Debt securities, including UoP	1,701.44	294.37	133.43	133.43	-	-
6	Equity instruments	-	-	-	-	-	-
7	Other financial corporations	157.48	12.13	-	-	-	-
8	of which investment firms	156.30	11.98	-	-	-	-
9	Loans and advances	-	-	-	-	-	-
10	Debt securities, including UoP	156.30	11.98	-	-	-	-
11	Equity instruments	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-
16	of which insurance undertakings	1.18	0.15	-	-	-	-
17	Loans and advances	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-
19	Equity instruments	1.18	0.15	-	-	-	-
20	**Non-financial undertakings**	42.85	18.20	14.34	14.27	-	-
21	Loans and advances	-	-	-	-	-	-
22	Debt securities, including UoP	42.85	18.20	14.34	14.27	-	-
23	Equity instruments	-	-	-	-	-	-
24	**Households**	249.82	249.82	-	-	-	-
25	of which loans collateralised by residential immovable property	247.97	247.97	-	-	-	-
26	of which building renovation loans	1.85	1.85	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-
32	**ASSETS EXCLUDED FROM THE NUMERATOR FOR GAR CALCULATION (COVERED IN THE DENOMINATOR)**	1,473.52	-	-	-	-	-
33	**Financial and Non-financial undertakings**	1,219.02					
34	SME and undertakings (other than SMEs) not subject to NFRD disclosure obligations	1,017.50					
35	Loans and advances	340.32					
36	of which loans collateralised by commercial immovable property	13.96					
37	of which building renovation loans	1.41					
38	Debt securities	176.45					
39	Equity instruments	500.74					
40	Non-EU country counterparties not subject to NFRD disclosure obligations	201.52					
41	Loans and advances	0.09					
42	Debt securities	188.40					

31.12.2023												
CLIMATE CHANGE ADAPTATION (CCA)				WATER AND MARINE RESOURCES (WTR) OF WHICH ELIGIBLE	CIRCULAR ECONOMY (CE) OF WHICH ELIGIBLE	POLLUTION (PPC) OF WHICH ELIGIBLE	BIODIVERSITY AND ECOSYSTEMS (BIO) OF WHICH ELIGIBLE	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
OF WHICH ELIGIBLE								OF WHICH ELIGIBLE				
	OF WHICH ALIGNED								OF WHICH ALIGNED			
		OF WHICH USE OF PROCEEDS	OF WHICH ENABLING							OF WHICH USE OF PROCEEDS	OF WHICH TRANSITIONAL	OF WHICH ENABLING
4.00	-	-	-	-	24.27	-	-	584.59	147.77	147.70	-	-
-	-	-	-	-	-	-	-	306.50	133.43	133.43	-	-
-	-	-	-	-	-	-	-	294.37	133.43	133.43	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	294.37	133.43	133.43	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	12.13	-	-	-	-
-	-	-	-	-	-	-	-	11.98	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	11.98	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	0.15	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	0.15	-	-	-	-
4.00	-	-	-	-	24.27	-	-	28.27	14.34	14.27	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
4.00	-	-	-	-	24.27	-	-	28.27	14.34	14.27	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-		-	-	-	249.82	-	-	-	-
-	-	-	-	-	-	-	-	247.97	-	-	-	-
-	-	-	-	-	-	-	-	1.85	-	-	-	-
								-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-

	(€ MILLION)	31.12.2023					
		TOTAL (GROSS) CARRYING AMOUNT	CLIMATE CHANGE MITIGATION (CCM)				
			OF WHICH ELIGIBLE				
				OF WHICH ALIGNED			
					OF WHICH USE OF PROCEEDS	OF WHICH TRANSI-TIONAL	OF WHICH ENABLING
43	Equity instruments	13.03					
44	**Derivatives**	162.11					
45	**On demand interbank loans**	-					
46	**Cash and cash-related assets**	66.97					
47	**Other categories of assets (e.g. goodwill, commodities, etc.)**	25.42					
48	**Total GAR assets**	**3,625.12**	**574.52**	**147.77**	**147.70**	**-**	**-**
49	**ASSETS NOT COVERED FOR GAR CALCULATION**	8,517.74					
50	**Central governments and Supranational issuers**	7,932.99					
51	**Central banks exposure**	584.74					
52	**Trading book**	0.01					
53	**TOTAL ASSETS**	12,142.85	574.52	147.77	147.70	-	-
	OFF-BALANCE SHEET EXPOSURES						
54	Financial guarantees	40.47	0.07	-	-	-	-
55	Assets under management	28,344.72	7,080.61	761.98	452.85	-	-
56	Of which debt securities	6,076.50	2,083.44	510.33	452.85	-	-
57	Of which equity instruments	11,965.93	4,997.17	251.65	-	-	-

31.12.2023												
CLIMATE CHANGE ADAPTATION (CCA)				WATER AND MARINE RESOURCES (WTR) OF WHICH ELIGIBLE	CIRCULAR ECONOMY (CE) OF WHICH ELIGIBLE	POLLUTION (PPC) OF WHICH ELIGIBLE	BIODIVERSITY AND ECOSYSTEMS (BIO) OF WHICH ELIGIBLE	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
OF WHICH ELIGIBLE									OF WHICH ELIGIBLE			
	OF WHICH ALIGNED									OF WHICH ALIGNED		
		OF WHICH USE OF PROCEEDS	OF WHICH ENABLING							OF WHICH USE OF PROCEEDS	OF WHICH TRANSITIONAL	OF WHICH ENABLING
4.00	**-**	**-**	**-**	**-**	**24.27**	**-**	**-**	**584.59**	**147.77**	**147.70**	**-**	**-**
4.00	-	-	-	-	24.27	-	-	584.59	147.77	147.70	-	-
-	-	-	-	-	-	-	-	0.07	-	-	-	-
6,403.81	-	-	-	297.54	7,956.49	1,020.31	81.89	12,407.78	761.98	452.85	-	-
1,254.67	-	-	-	53.37	1,260.04	153.21	26.25	2,791.98	510.33	452.85	-	-
5,149.13	-	-	-	244.17	6,696.45	867.11	55.64	9,615.81	251.65	-	-	-

3. GAR KPI STOCK (TURNOVER)

	% (COMPARED TO TOTAL COVERED ASSETS IN THE DENOMINATOR)	31.12.2023				
		CLIMATE CHANGE MITIGATION (CCM)				
		PROPORTION OF ELIGIBILITY				
			PROPORTION OF ALIGNMENT			
				OF WHICH USE OF PROCEEDS	OF WHICH TRANSI-TIONAL	OF WHICH ENABLING
	GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	15.8%	4.1%	4.1%	0.0%	0.0%
2	**Financial undertakings**	8.5%	3.7%	3.7%	0.0%	0.0%
3	Credit institutions	8.1%	3.7%	3.7%	0.0%	0.0%
4	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
5	Debt securities, including UoP	8.1%	3.7%	3.7%	0.0%	0.0%
6	Equity instruments	0.0%	0.0%		0.0%	0.0%
7	Other financial corporations	0.3%	0.0%	0.0%	0.0%	0.0%
8	of which investment firms	0.3%	0.0%	0.0%	0.0%	0.0%
9	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
10	Debt securities, including UoP	0.3%	0.0%	0.0%	0.0%	0.0%
11	Equity instruments	0.0%	0.0%		0.0%	0.0%
12	of which management companies	0.0%	0.0%	0.0%	0.0%	0.0%
13	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
14	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%
15	Equity instruments	0.0%	0.0%		0.0%	0.0%
16	of which insurance undertakings	0.0%	0.0%	0.0%	0.0%	0.0%
17	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
18	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%
19	Equity instruments	0.0%	0.0%		0.0%	0.0%
20	**Non-financial undertakings**	0.5%	0.4%	0.4%	0.0%	0.0%
21	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
22	Debt securities, including UoP	0.5%	0.4%	0.4%	0.0%	0.0%
23	Equity instruments	0.0%	0.0%		0.0%	0.0%
24	**Households**	6.9%	0.0%	0.0%	0.0%	0.0%
25	of which loans collateralised by residential immovable property	6.8%	0.0%	0.0%	0.0%	0.0%
26	of which building renovation loans	0.1%	0.0%	0.0%	0.0%	0.0%
27	of which motor vehicle loans	0.0%	0.0%	0.0%	0.0%	0.0%
28	**Local governments financing**	0.0%	0.0%	0.0%	0.0%	0.0%
29	Housing financing	0.0%	0.0%	0.0%	0.0%	0.0%
30	Other local government financing	0.0%	0.0%	0.0%	0.0%	0.0%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.0%	0.0%	0.0%	0.0%	0.0%
32	**Total GAR assets**	**15.8%**	**4.1%**	**4.1%**	**0.0%**	**0.0%**

31.12.2023													
CLIMATE CHANGE ADAPTATION (CCA)				WATER AND MARINE RESOURCES (WTR) PROPORTION OF ELIGIBILITY	CIRCULAR ECONOMY (CE) PROPORTION OF ELIGIBILITY	POLLUTION (PPC) PROPORTION OF ELIGIBILITY	BIODIVERSITY AND ECOSYSTEMS (BIO) PROPORTION OF ELIGIBILITY	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					PROPORTION OF TOTAL ASSETS COVERED
PROPORTION OF ELIGIBILITY								PROPORTION OF ELIGIBILITY					
	PROPORTION OF ALIGNMENT								PROPORTION OF ALIGNMENT				
		OF WHICH USE OF PROCEEDS	OF WHICH ENABLING							OF WHICH USE OF PROCEEDS	OF WHICH TRANSITIONAL	OF WHICH ENABLING	
0.1%	0.0%	0.0%	0.0%	0.0%	0.7%	0.0%	0.0%	16.1%	4.1%	4.1%	0.0%	0.0%	59.4%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.5%	3.7%	3.7%	0.0%	0.0%	51.3%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.1%	3.7%	3.7%	0.0%	0.0%	46.9%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.1%	3.7%	3.7%	0.0%	0.0%	46.9%
0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	4.3%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	4.3%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	4.3%
0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
0.1%	0.0%	0.0%	0.0%	0.0%	0.7%	0.0%	0.0%	0.8%	0.4%	0.4%	0.0%	0.0%	1.2%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.1%	0.0%	0.0%	0.0%	0.0%	0.7%	0.0%	0.0%	0.8%	0.4%	0.4%	0.0%	0.0%	1.2%
0.0%	0.0%		0.0%		0.0%			0.0%	0.0%		0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%		0.0%			6.9%	0.0%	0.0%	0.0%	0.0%	6.9%
0.0%	0.0%	0.0%	0.0%		0.0%			6.8%	0.0%	0.0%	0.0%	0.0%	0.1%
0.0%	0.0%	0.0%	0.0%		0.0%			0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
								0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.1%	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.7%**	**0.0%**	**0.0%**	**16.1%**	**4.1%**	**4.1%**	**0.0%**	**0.0%**	**100.0%**

3. GAR KPI FLOW (CAPEX)

	% (COMPARED TO TOTAL COVERED ASSETS IN THE DENOMINATOR)	31.12.2023				
		CLIMATE CHANGE MITIGATION (CCM)				
		PROPORTION OF ELIGIBILITY				
			PROPORTION OF ALIGNMENT			
				OF WHICH USE OF PROCEEDS	OF WHICH TRANSI-TIONAL	OF WHICH ENABLING
	GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR					
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	9.8%	0.2%	0.0%	0.0%	0.0%
2	**Financial undertakings**	2.6%	0.0%	0.0%	0.0%	0.0%
3	Credit institutions	2.5%	0.0%	0.0%	0.0%	0.0%
4	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
5	Debt securities, including UoP	2.5%	0.0%	0.0%	0.0%	0.0%
6	Equity instruments	0.0%	0.0%		0.0%	0.0%
7	Other financial corporations	0.1%	0.0%	0.0%	0.0%	0.0%
8	of which investment firms	0.1%	0.0%	0.0%	0.0%	0.0%
9	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
10	Debt securities, including UoP	0.1%	0.0%	0.0%	0.0%	0.0%
11	Equity instruments	0.0%	0.0%		0.0%	0.0%
12	of which management companies	0.0%	0.0%	0.0%	0.0%	0.0%
13	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
14	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%
15	Equity instruments	0.0%	0.0%		0.0%	0.0%
16	of which insurance undertakings	0.0%	0.0%	0.0%	0.0%	0.0%
17	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
18	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%
19	Equity instruments	0.0%	0.0%		0.0%	0.0%
20	**Non-financial undertakings**	0.2%	0.2%	0.0%	0.0%	0.0%
21	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
22	Debt securities, including UoP	0.2%	0.2%	0.0%	0.0%	0.0%
23	Equity instruments	0.0%	0.0%		0.0%	0.0%
24	**Households**	6.9%	0.0%	0.0%	0.0%	0.0%
25	of which loans collateralised by residential immovable property	6.8%	0.0%	0.0%	0.0%	0.0%
26	of which building renovation loans	0.1%	0.0%	0.0%	0.0%	0.0%
27	of which motor vehicle loans	0.0%	0.0%	0.0%	0.0%	0.0%
28	**Local governments financing**	0.0%	0.0%	0.0%	0.0%	0.0%
29	Housing financing	0.0%	0.0%	0.0%	0.0%	0.0%
30	Other local government financing	0.0%	0.0%	0.0%	0.0%	0.0%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.0%	0.0%	0.0%	0.0%	0.0%
32	**Total GAR assets**	**9.8%**	**0.2%**	**0.0%**	**0.0%**	**0.0%**

31.12.2023													
CLIMATE CHANGE ADAPTATION (CCA)				WATER AND MARINE RESOURCES (WTR)	CIRCULAR ECONOMY (CE)	POLLUTION (PPC)	BIODIVERSITY AND ECOSYSTEMS (BIO)	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					PROPORTION OF TOTAL ASSETS COVERED
PROPORTION OF ELIGIBILITY				PROPORTION OF ELIGIBILITY	PROPORTION OF ELIGIBILITY	PROPORTION OF ELIGIBILITY	PROPORTION OF ELIGIBILITY	PROPORTION OF ELIGIBILITY					
	PROPORTION OF ALIGNMENT								PROPORTION OF ALIGNMENT				
		OF WHICH USE OF PROCEEDS	OF WHICH ENABLING							OF WHICH USE OF PROCEEDS	OF WHICH TRANSITIONAL	OF WHICH ENABLING	
0.1%	0.0%	0.0%	0.0%	0.0%	0.7%	0.0%	0.0%	10.3%	0.2%	0.1%	0.0%	0.0%	59.4%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.6%	0.0%	0.0%	0.0%	0.0%	51.3%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.5%	0.0%	0.0%	0.0%	0.0%	46.9%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.5%	0.0%	0.0%	0.0%	0.0%	46.9%
0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	4.3%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	4.3%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	4.3%
0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
0.1%	0.0%	0.0%	0.0%	0.0%	0.7%	0.0%	0.0%	0.8%	0.2%	0.1%	0.0%	0.0%	1.2%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.1%	0.0%	0.0%	0.0%	0.0%	0.7%	0.0%	0.0%	0.8%	0.2%	0.1%	0.0%	0.0%	1.2%
0.0%	0.0%		0.0%		0.0%			0.0%	0.0%		0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%		0.0%			6.9%	0.0%	0.0%	0.0%	0.0%	6.9%
0.0%	0.0%	0.0%	0.0%		0.0%			6.8%	0.0%	0.0%	0.0%	0.0%	6.8%
0.0%	0.0%	0.0%	0.0%		0.0%			0.1%	0.0%	0.0%	0.0%	0.0%	0.1%
0.0%								0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.1%	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.7%**	**0.0%**	**0.0%**	**10.3%**	**0.2%**	**0.1%**	**0.0%**	**0.0%**	**100.0%**

4. GAR – KPI FLOW (TURNOVER)

	% (COMPARED TO TOTAL NEW ASSETS COVERED)	31.12.2023				
		CLIMATE CHANGE MITIGATION (CCM)				
		PROPORTION OF ELIGIBILITY				
			PROPORTION OF ALIGNMENT			
				OF WHICH USE OF PROCEEDS	OF WHICH TRANSI-TIONAL	OF WHICH ENABLING
	GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	16.6%	8.8%	8.8%	0.0%	0.0%
2	**Financial undertakings**	13.3%	8.8%	8.8%	0.0%	0.0%
3	Credit institutions	13.3%	8.8%	8.8%	0.0%	0.0%
4	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
5	Debt securities, including UoP	13.3%	8.8%	8.8%	0.0%	0.0%
6	Equity instruments	0.0%	0.0%		0.0%	0.0%
7	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%
8	of which investment firms	0.0%	0.0%	0.0%	0.0%	0.0%
9	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
10	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%
11	Equity instruments	0.0%	0.0%		0.0%	0.0%
12	of which management companies	0.0%	0.0%	0.0%	0.0%	0.0%
13	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
14	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%
15	Equity instruments	0.0%	0.0%		0.0%	0.0%
16	of which insurance undertakings	0.0%	0.0%	0.0%	0.0%	0.0%
17	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
18	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%
19	Equity instruments	0.0%	0.0%		0.0%	0.0%
20	**Non-financial undertakings**	0.0%	0.0%	0.0%	0.0%	0.0%
21	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
22	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%
23	Equity instruments	0.0%	0.0%		0.0%	0.0%
24	**Households**	3.3%	0.0%	0.0%	0.0%	0.0%
25	of which loans collateralised by residential immovable property	3.1%	0.0%	0.0%	0.0%	0.0%
26	of which building renovation loans	0.2%	0.0%	0.0%	0.0%	0.0%
27	of which motor vehicle loans	0.0%	0.0%	0.0%	0.0%	0.0%
28	**Local governments financing**	0.0%	0.0%	0.0%	0.0%	0.0%
29	Housing financing	0.0%	0.0%	0.0%	0.0%	0.0%
30	Other local government financing	0.0%	0.0%	0.0%	0.0%	0.0%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.0%	0.0%	0.0%	0.0%	0.0%
32	**Total GAR assets**	**16.6%**	**8.8%**	**8.8%**	**0.0%**	**0.0%**

	31.12.2023													
	CLIMATE CHANGE ADAPTATION (CCA)				WATER AND MARINE RESOURCES (WTR)	CIRCULAR ECONOMY (CE)	POLLUTION (PPC)	BIODIVERSITY AND ECOSYSTEMS (BIO)	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					PROPORTION OF TOTAL NEW ASSETS COVERED
	PROPORTION OF ELIGIBILITY				PROPORTION OF ELIGIBILITY	PROPORTION OF ELIGIBILITY	PROPORTION OF ELIGIBILITY	PROPORTION OF ELIGIBILITY	PROPORTION OF ELIGIBILITY					
		PROPORTION OF ALIGNMENT								PROPORTION OF ALIGNMENT				
			OF WHICH USE OF PROCEEDS	OF WHICH ENABLING							OF WHICH USE OF PROCEEDS	OF WHICH TRANSITIONAL	OF WHICH ENABLING	
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	16.6%	8.8%	8.8%	0.0%	0.0%	48.9%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	13.3%	8.8%	8.8%	0.0%	0.0%	45.7%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	13.3%	8.8%	8.8%	0.0%	0.0%	42.5%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	13.3%	8.8%	8.8%	0.0%	0.0%	42.5%
	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.1%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.1%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.1%
	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%		0.0%			3.3%	0.0%	0.0%	0.0%	0.0%	3.3%
	0.0%	0.0%	0.0%	0.0%		0.0%			3.1%	0.0%	0.0%	0.0%	0.0%	3.1%
	0.0%	0.0%	0.0%	0.0%		0.0%			0.2%	0.0%	0.0%	0.0%	0.0%	0.2%
									0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.0%	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**16.6%**	**8.8%**	**8.8%**	**0.0%**	**0.0%**	**100.0%**

4. GAR – KPI FLOW (CAPEX)

	% (COMPARED TO TOTAL NEW ASSETS COVERED)	31.12.2023				
		CLIMATE CHANGE MITIGATION (CCM)				
		PROPORTION OF ELIGIBILITY				
			PROPORTION OF ALIGNMENT			
				OF WHICH USE OF PROCEEDS	OF WHICH TRANSI-TIONAL	OF WHICH ENABLING
	GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	7.7%	0.0%	0.0%	0.0%	0.0%
2	**Financial undertakings**	4.4%	0.0%	0.0%	0.0%	0.0%
3	Credit institutions	4.4%	0.0%	0.0%	0.0%	0.0%
4	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
5	Debt securities, including UoP	4.4%	0.0%	0.0%	0.0%	0.0%
6	Equity instruments	0.0%	0.0%		0.0%	0.0%
7	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%
8	of which investment firms	0.0%	0.0%	0.0%	0.0%	0.0%
9	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
10	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%
11	Equity instruments	0.0%	0.0%		0.0%	0.0%
12	of which management companies	0.0%	0.0%	0.0%	0.0%	0.0%
13	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
14	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%
15	Equity instruments	0.0%	0.0%		0.0%	0.0%
16	of which insurance undertakings	0.0%	0.0%	0.0%	0.0%	0.0%
17	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
18	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%
19	Equity instruments	0.0%	0.0%		0.0%	0.0%
20	**Non-financial undertakings**	0.0%	0.0%	0.0%	0.0%	0.0%
21	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
22	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%
23	Equity instruments	0.0%	0.0%		0.0%	0.0%
24	**Households**	3.3%	0.0%	0.0%	0.0%	0.0%
25	of which loans collateralised by residential immovable property	3.1%	0.0%	0.0%	0.0%	0.0%
26	of which building renovation loans	0.2%	0.0%	0.0%	0.0%	0.0%
27	of which motor vehicle loans	0.0%	0.0%	0.0%	0.0%	0.0%
28	**Local governments financing**	0.0%	0.0%	0.0%	0.0%	0.0%
29	Housing financing	0.0%	0.0%	0.0%	0.0%	0.0%
30	Other local government financing	0.0%	0.0%	0.0%	0.0%	0.0%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.0%	0.0%	0.0%	0.0%	0.0%
32	**Total GAR assets**	**7.7%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

5. KPI FLOW OFF-BALANCE-SHEET EXPOSURES (TURNOVER)

% (COMPARED TO TOTAL RESPECTIVE OFF-BALANCE SHEET ASSETS)	31.12.2023				
	CLIMATE CHANGE MITIGATION (CCM)				
	PROPORTION OF ELIGIBILITY				
		PROPORTION OF ALIGNMENT			
			OF WHICH USE OF PROCEEDS	OF WHICH TRANSI-TIONAL	OF WHICH ENABLING
Financial guarantees (Financial Guarantees KPI)	0.2%	0.0%	0.0%	0.0%	0.0%
Assets under management (Asset Under Management KPI)	25.0%	2.7%	1.6%	0.0%	0.0%

31.12.2023													
CLIMATE CHANGE ADAPTATION (CCA)				WATER AND MARINE RESOURCES (WTR) PROPORTION OF ELIGIBILITY	CIRCULAR ECONOMY (CE) PROPORTION OF ELIGIBILITY	POLLUTION (PPC) PROPORTION OF ELIGIBILITY	BIODIVERSITY AND ECOSYSTEMS (BIO) PROPORTION OF ELIGIBILITY	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					PROPORTION OF TOTAL NEW ASSETS COVERED
PROPORTION OF ELIGIBILITY								PROPORTION OF ELIGIBILITY					
	PROPORTION OF ALIGNMENT								PROPORTION OF ALIGNMENT				
		OF WHICH USE OF PROCEEDS	OF WHICH ENABLING							OF WHICH USE OF PROCEEDS	OF WHICH TRANSITIONAL	OF WHICH ENABLING	
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.7%	0.0%	0.0%	0.0%	0.0%	49.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.4%	0.0%	0.0%	0.0%	0.0%	45.7%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.4%	0.0%	0.0%	0.0%	0.0%	42.5%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.4%	0.0%	0.0%	0.0%	0.0%	42.5%
0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.1%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.1%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.1%
0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%		0.0%			3.3%	0.0%	0.0%	0.0%	0.0%	3.3%
0.0%	0.0%	0.0%	0.0%		0.0%			3.1%	0.0%	0.0%	0.0%	0.0%	3.1%
0.0%	0.0%	0.0%	0.0%		0.0%			0.2%	0.0%	0.0%	0.0%	0.0%	0.2%
								0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**7.7%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**100.0%**

31.12.2023												
CLIMATE CHANGE ADAPTATION (CCA)				WATER AND MARINE RESOURCES (WTR) PROPORTION OF ELIGIBILITY	CIRCULAR ECONOMY (CE) PROPORTION OF ELIGIBILITY	POLLUTION (PPC) PROPORTION OF ELIGIBILITY	BIODIVERSITY AND ECOSYSTEMS (BIO) PROPORTION OF ELIGIBILITY	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
PROPORTION OF ELIGIBILITY								PROPORTION OF ELIGIBILITY				
	PROPORTION OF ALIGNMENT								PROPORTION OF ALIGNMENT			
		OF WHICH USE OF PROCEEDS	OF WHICH ENABLING							OF WHICH USE OF PROCEEDS	OF WHICH TRANSITIONAL	OF WHICH ENABLING
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%
22.6%	0.0%	0.0%	0.0%	1.0%	28.1%	3.6%	0.3%	43.8%	2.7%	1.6%	0.0%	0.0%

5. KPI STOCK OFF-BALANCE-SHEET EXPOSURES (CAPEX)

% (COMPARED TO TOTAL RESPECTIVE OFF-BALANCE SHEET ASSETS)	31.12.2023				
	CLIMATE CHANGE MITIGATION (CCM)				
	PROPORTION OF ELIGIBILITY				
		PROPORTION OF ALIGNMENT			
			OF WHICH USE OF PROCEEDS	OF WHICH TRANSI-TIONAL	OF WHICH ENABLING
Financial guarantees (Financial Guarantees KPI)	0.2%	0.0%	0.0%	0.0%	0.0%
Assets under management (Asset Under Management KPI)	25.0%	1.9%	0.3%	0.0%	0.0%

5. KPI FLOW OFF-BALANCE-SHEET EXPOSURES (TURNOVER)

% (COMPARED TO TOTAL RESPECTIVE NEW OFF-BALANCE SHEET ASSETS)	31.12.2023				
	CLIMATE CHANGE MITIGATION (CCM)				
	PROPORTION OF ELIGIBILITY				
		PROPORTION OF ALIGNMENT			
			OF WHICH USE OF PROCEEDS	OF WHICH TRANSI-TIONAL	OF WHICH ENABLING
Financial guarantees (Financial Guarantees KPI)	0.0%	0.0%	0.0%	0.0%	0.0%
Assets under management (Asset Under Management KPI)	24.6%	1.9%	0.9%	0.0%	0.0%

5. KPI FLOW OFF-BALANCE-SHEET EXPOSURES (CAPEX)

% (COMPARED TO TOTAL RESPECTIVE NEW OFF-BALANCE SHEET ASSETS)	31.12.2023				
	CLIMATE CHANGE MITIGATION (CCM)				
	PROPORTION OF ELIGIBILITY				
		PROPORTION OF ALIGNMENT			
			OF WHICH USE OF PROCEEDS	OF WHICH TRANSI-TIONAL	OF WHICH ENABLING
Financial guarantees (Financial Guarantees KPI)	0.0%	0.0%	0.0%	0.0%	0.0%
Assets under management (Asset Under Management KPI)	24.7%	1.9%	0.2%	0.0%	0.0%

The following table reports in detail Banca Generali's nuclear energy and fossil gas related activities, as required by Annex XII of Delegated Regulation (EU) 2021/2178 (standard templates for the communication to public of the information as per article 8, para. 6 and 7). No exposures of this type were identifies as granular data were not available.

TEMPLATE 1 – NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES

	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	NO

31.12.2023												
CLIMATE CHANGE ADAPTATION (CCA)				WATER AND MARINE RESOURCES (WTR) PROPORTION OF ELIGIBILITY	CIRCULAR ECONOMY (CE) PROPORTION OF ELIGIBILITY	POLLUTION (PPC) PROPORTION OF ELIGIBILITY	BIODIVERSITY AND ECOSYSTEMS (BIO) PROPORTION OF ELIGIBILITY	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
PROPORTION OF ELIGIBILITY								PROPORTION OF ELIGIBILITY				
	PROPORTION OF ALIGNMENT								PROPORTION OF ALIGNMENT			
		OF WHICH USE OF PROCEEDS	OF WHICH ENABLING							OF WHICH USE OF PROCEEDS	OF WHICH TRANSITIONAL	OF WHICH ENABLING
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%
22.6%	0.0%	0.0%	0.0%	1.0%	28.1%	3.6%	0.3%	43.8%	1.9%	0.3%	0.0%	0.0%

31.12.2023												
CLIMATE CHANGE ADAPTATION (CCA)				WATER AND MARINE RESOURCES (WTR) PROPORTION OF ELIGIBILITY	CIRCULAR ECONOMY (CE) PROPORTION OF ELIGIBILITY	POLLUTION (PPC) PROPORTION OF ELIGIBILITY	BIODIVERSITY AND ECOSYSTEMS (BIO) PROPORTION OF ELIGIBILITY	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
PROPORTION OF ELIGIBILITY								PROPORTION OF ELIGIBILITY				
	PROPORTION OF ALIGNMENT								PROPORTION OF ALIGNMENT			
		OF WHICH USE OF PROCEEDS	OF WHICH ENABLING							OF WHICH USE OF PROCEEDS	OF WHICH TRANSITIONAL	OF WHICH ENABLING
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
22.6%	0.0%	0.0%	0.0%	1.1%	28.3%	3.4%	0.2%	43.0%	1.9%	0.9%	0.0%	0.0%

31.12.2023												
CLIMATE CHANGE ADAPTATION (CCA)				WATER AND MARINE RESOURCES (WTR) PROPORTION OF ELIGIBILITY	CIRCULAR ECONOMY (CE) PROPORTION OF ELIGIBILITY	POLLUTION (PPC) PROPORTION OF ELIGIBILITY	BIODIVERSITY AND ECOSYSTEMS (BIO) PROPORTION OF ELIGIBILITY	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
PROPORTION OF ELIGIBILITY								PROPORTION OF ELIGIBILITY				
	PROPORTION OF ALIGNMENT								PROPORTION OF ALIGNMENT			
		OF WHICH USE OF PROCEEDS	OF WHICH ENABLING							OF WHICH USE OF PROCEEDS	OF WHICH TRANSITIONAL	OF WHICH ENABLING
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
22.6%	0.0%	0.0%	0.0%	1.1%	28.3%	3.4%	0.2%	43.0%	1.9%	0.2%	0.0%	0.0%

CONSOLIDATED NON-FINANCIAL STATEMENT

Singapore. Pensile gardens provide a better quality of life by their green biodiversity.

The Banca Generali Group's Annual Integrated Report contains non-financial information in accordance with the provisions of Legislative Decree No. 254 of 30 December 2016, implementing Directive No. 2014/95. In line with the approach adopted in the previous years, information can be clearly identified in the Annual Integrated Report thanks to the specific infographics used, which allows a better understating of all data. For further details, reference should be made to section "Statement of Methods" and to the GRI Guideline Table, which identifies the information included in the Annual Integrated Report that refers to the Non-Financial Statement.

GRI Content Index

Statement of use	The Banca Generali Group prepared this Non-Financial Statement in accordance with the GRI Standards for the period 1 January 2023 - 31 December 2023.
GRI 1	GRI 1 - Foundation version 2021
Applicable GRI Sector Standard	Any applicable GRI Sector Standard

GRI SUSTAINABILITY REPORTING STANDARD			PAGE	OMISSION		
				REQUIREMENTS OMITTED	REASON	EXPLANATION
GENERAL DISCLOSURES						
GRI 2: General Disclosures 2021	**2-1**	Organizational details	15, 32-33, 52-61	*Reasons for omissions are not allowed for the purpose of the disclosure*		
	2-2	Entities included in the organization's sustainability reporting	14-15, 33			
	2-3	Reporting period, frequency and contact point	14-15			
	2-4	Restatements of information	14-15			
	2-5	External assurance	15, 477-479			
	2-6	Activities, value chain and other business relationships	32-34, 35-36, 92-95, 96-97, 162-175, 235-238, 239-241			
	2-7	Employees	198-204, 257-259			
	2-8	Workers who are not employees	224-227			
	2-9	Governance structure and composition	52-61			
	2-10	Nomination and selection of the highest governance body	52-56			
	2-11	Chair of the highest governance body	57-59			
	2-12	Role of the highest governance body in overseeing the management of impacts	54-55, 57			
	2-13	Delegation of responsibility for managing impacts	40-43, 57			
	2-14	Role of the highest governance body in sustainability reporting	16-26, 57			
	2-15	Conflicts of interest	55-56, 60, 236-238, 239-240			
	2-16	Communication of critical concerns	52-61, 74-78, 244			
	2-17	Collective knowledge of the highest governance body	52-60			
	2-18	Evaluation of the performance of the highest governance body	54			

GRI SUSTAINABILITY REPORTING STANDARD			PAGE	OMISSION		
				REQUIREMENTS OMITTED	REASON	EXPLANATION
	2-19	Remuneration policies	56-57, 104			
	2-20	Process to determine remuneration	209-217			
	2-21	Annual total compensation ratio	212			
	2-22	Statement on sustainable development strategy	8-9			
	2-23	Policy commitments	20-25, 30-31, 37-45, 62-63, 246-247			
	2-24	Embedding policy commitments	20-25, 30-31, 37-45, 62-63, 182-184, 209-213, 229-233, 246-247			
	2-25	Processes to remediate negative impacts	20-25, 37-45, 64-73, 74-76, 223, 228-229, 243, 244			
	2-26	Mechanisms for seeking advice and raising concerns	74-78, 88-89, 208, 217-218, 223, 234, 241-242			
	2-27	Compliance with laws and regulations	74-78			
	2-28	Membership associations	246-247			
	2-29	Approach to stakeholder engagement	20-25, 88-89, 208, 234, 239-242			
	2-30	Collective bargaining agreements	217-218, 259			

MATERIAL TOPIC

GRI 3: Material topics 2021	3-1	Process to determine material topics	16-18	*Reasons for omissions are not allowed for the purpose of the disclosure*		
	3-2	List of material topics	19-26			
Company soundness and resilience of the business model						
GRI 3: Material topics 2021	3-3	Management of material topics	22-23, 32-34, 35-36, 37-45, 64-73, 74-78, 88-89, 170-175, 228-234			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	125-128			
GRI 204: Procurement practices 2016	204-1	Proportion of spending on local suppliers	235-238			
Business integrity and transparency						
GRI 3: Material topics 2021	3-3	Management of material topics	24-25, 52-61, 62-63, 74-78, 78-81, 81-82			
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	77-78			
	205-3	Confirmed incidents of corruption and actions taken	78			
GRI 207: Tax 2019	207-1	Approach to tax	78-81			
	207-2	Tax governance and risk control and management	78-81			
	207-3	Stakeholder engagement and management of concerns related to tax	78-81			
	207-4	Country-by-country reporting	80-81			

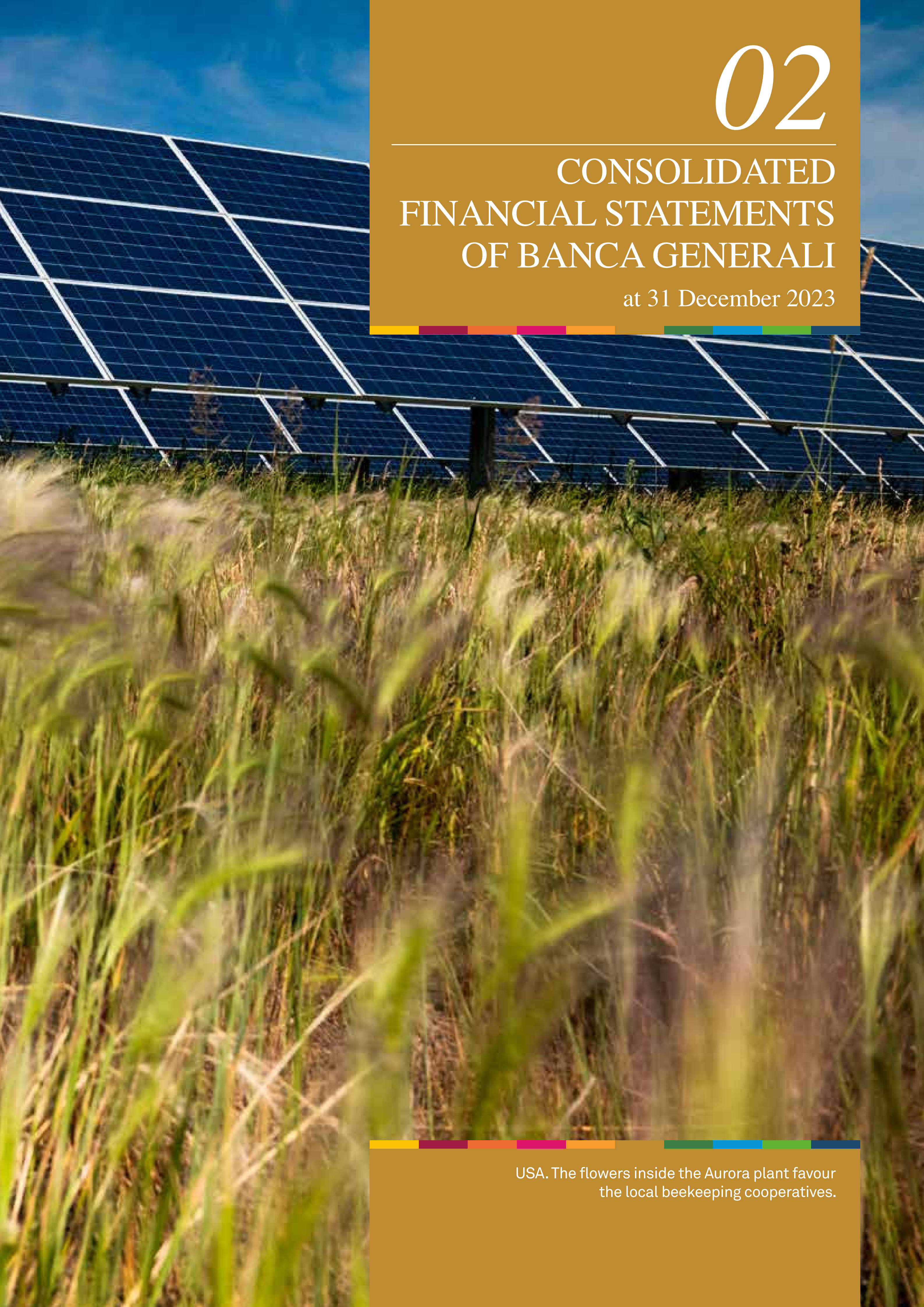
GRI SUSTAINABILITY REPORTING STANDARD			PAGE	OMISSION		
				REQUIREMENTS OMITTED	REASON	EXPLANATION
Environmental impacts and climate-related challenges						
GRI 3: Material topics 2021	**3-3**	Management of material topics	20-21, 38-40, 83-87, 248-256, 260-275			
GRI 302: Energy 2016	**302-1**	Energy consumption within the organization	250-251			
GRI 305: Emissions 2016	**305-1**	Direct (Scope 1) GHG emissions	254-255			
	305-2	Energy indirect (Scope 2) GHG emissions	254-255			
	305-3	Other indirect (Scope 3) GHG emissions	256			
	305-5	Reduction of GHG emissions	248-250, 254-256			
Enhancement of Human Capital & DEI (Diversity, Equity & Inclusion)						
GRI 3: Material topics 2021	**3-3**	Management of material topics	20-21, 186-197, 204-223, 228-234			
GRI 401: Employment 2016	**401-1**	New employee hires and employee turnover	202-204, 258-259			
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	209-218			
GRI 404: Training and Education 2016	**404-1**	Average hours of training per year per employee	204-206, 229-233, 259			
	404-3	Percentage of employees receiving regular performance and career development reviews	207-208			
GRI 405: Diversity and Equal Opportunity 2016	**405-1**	Diversity of governance bodies and employees	58-59,198-201, 224-225, 257-258			
	405-2	Ratio of basic salary and remuneration of women to men	212			
GRI 406: Non-discrimination 2016	**406-1**	Incidents of discrimination and corrective actions taken	201			
People's health, safety and well-being						
GRI 3: Material topics 2021	**3-3**	Management of Material Topics	20-21, 219-223, 259			
GRI 403: Occupational Health and Safety 2018	**403-1**	Occupational health and safety management system	219-223			
	403-2	Hazard identification, risk assessment, and incident investigation	219-223			
	403-3	Occupational health services	219-223			
	403-4	Worker participation, consultation, and communication on occupational health and safety	219-223			
	403-5	Worker training on occupational health and safety	205, 219-223			
	403-6	Promotion of worker health	219-223			
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	219-223			
	403-8	Workers covered by an occupational health and safety management system	219-223			
	403-9	Work-related injuries	219-223, 259			
	403-10	Work-related ill health	221			

GRI SUSTAINABILITY REPORTING STANDARD			PAGE	OMISSION		
				REQUIREMENTS OMITTED	REASON	EXPLANATION
Digital Governance, Cybersecurity & Privacy						
GRI 3: Material topics 2021	**3-3**	Management of material topics	24-25, 64-73, 166-175, 195-196, 229-233, 236, 244			
GRI 418: Customer Privacy 2016	**418-1**	Substantiated complaints concerning breaches of customer privacy and losses of customer data	244			
Responsible investments and sustainable products						
GRI 3: Material topics 2021	**3-3**	Management of material topics	20-21, 38-40, 83-87, 162-175, 260-275			
Investment protection and quality of service						
GRI 3: Material topics 2021	**3-3**	Management of material topics	22-23, 166-175, 180-182, 239-244			
Sustainable strategy						
GRI 3: Material topics 2021	**3-3**	Management of material topics	24-25, 26, 32-33, 35-36, 37-45, 64-73, 83-87, 88-89, 162-185, 186-197, 229-233, 240-244, 246-247, 256, 260-275			
Relationship with stakeholders and support to local communities						
GRI 3: Material topics 2021	**3-3**	Management of material topics	20-21, 88-89, 245			
Digital innovation						
GRI 3: Material topics 2021	**3-3**	Management of material topics	22-23, 166-175, 190-191, 195, 229-233, 241-244			
Risk management system						
GRI 3: Material topics 2021	**3-3**	Management of material topics	22-23, 64-73			

02

CONSOLIDATED FINANCIAL STATEMENTS OF BANCA GENERALI

at 31 December 2023



USA. The flowers inside the Aurora plant favour the local beekeeping cooperatives.

Accounting Statements

CONSOLIDATED BALANCE SHEET

ASSETS

(€ THOUSAND)	31.12.2023	31.12.2022
10. Cash and deposits	618,973	774,239
20. Financial assets measured at fair value through profit or loss:	509,407	507,346
a) HFT financial assets	166	1,991
c) other financial assets mandatorily measured at fair value	509,241	505,355
30. Financial assets measured at fair value through other comprehensive income	1,000,936	1,120,101
40. Financial assets measured at amortised cost:	12,316,421	13,731,153
a) loans to banks	2,257,391	2,536,670
b) loans to customers	10,059,030	11,194,483
50. Hedging derivatives	161,955	286,776
70. Equity investments	1,975	3,091
90. Property and equipment	141,433	154,865
100. Intangible assets	150,621	140,414
of which:		
– *goodwill*	*88,073*	*88,073*
110. Tax receivables:	108,113	72,266
a) current	37,835	1,498
b) prepaid	70,278	70,768
130. Other assets	507,328	476,598
Total assets	**15,517,162**	**17,266,849**

LIABILITIES AND NET EQUITY

(€ THOUSAND)	31.12.2023	31.12.2022
10. Financial liabilities measured at amortised cost:	13,503,015	15,503,979
a) due to banks	231,684	544,531
b) due to customers	13,271,331	14,959,448
20. HFT financial liabilities	159	-
40. Hedging derivatives	132,662	123,604
60. Tax liabilities:	46,088	44,577
a) current	39,582	38,871
b) deferred	6,506	5,706
80. Other liabilities	353,037	281,248
90. Employee termination indemnities	3,772	3,705
100. Provisions for liabilities and contingencies:	265,164	241,216
a) commitments and guarantees issued	9,591	52
b) pensions and similar obligations	2,476	1,365
c) other provisions for liabilities and contingencies	253,097	239,799
120. Valuation reserves	-797	-9,972
140. Equity instruments	50,000	50,000
150. Reserves	752,749	724,536
160. Share premium reserve	52,992	53,767
170. Share capital	116,852	116,852
180. Treasury shares (-)	-85,005	-80,139
190. Net equity attributable to minority interests (+/-)	338	442
200. Net profit (loss) for the year (+/-)	326,136	213,034
Total net equity and liabilities	**15,517,162**	**17,266,849**

CONSOLIDATED PROFIT AND LOSS ACCOUNT

ITEMS

(€ THOUSAND)		2023	2022
10.	Interest income and similar revenues	434,242	159,405
20.	Interest expense and similar charges	-129,842	-22,237
30.	**Net interest income**	**304,400**	**137,168**
40.	Fee income	977,247	960,005
50.	Fee expense	-495,519	-469,639
60.	**Net fees**	**481,728**	**490,366**
70.	Dividends and similar income	1,215	1,145
80.	Net income (loss) from trading activities	3,940	3,559
90.	Net income (loss) from hedging	1,183	1,884
100.	Gain (loss) on disposal or repurchase of:	5,544	28,308
	a) financial assets measured at amortised cost	5,324	42,426
	b) financial assets measured at fair value through other comprehensive income	220	-14,118
110.	Net income (loss) from financial assets and liabilities measured at fair value through profit and loss:	5,061	-11,566
	b) other financial assets mandatorily measured at fair value	5,061	-11,566
120.	**Net banking income**	**803,071**	**650,864**
130.	Net adjustments/reversals due to credit risk relating to:	-528	-8,334
	a) financial assets measured at amortised cost	-692	-7,918
	b) financial assets measured at fair value through other comprehensive income	164	-416
150.	**Net income (loss) from trading activities**	**802,543**	**642,530**
190.	General and administrative expenses:	-365,157	-332,259
	a) staff expenses	-124,371	-114,789
	b) other general and administrative expenses	-240,786	-217,470
200.	Net provisions for liabilities and contingencies:	-64,736	-45,935
	a) commitments and guarantees issued	-9,540	-9
	b) other net provisions	-55,196	-45,926
210.	Net adjustments/reversals of property and equipment	-23,868	-22,448
220.	Net adjustments/reversals of intangible assets	-15,858	-14,220
230.	Other operating expenses/income	112,032	94,787
240.	**Operating expenses**	**-357,587**	**-320,075**
250.	Gains (losses) from equity investments	-1,027	-103
280.	Gains (losses) on disposal of equity investments	-82	-4
290.	**Net profit before income taxes**	**443,847**	**322,348**
300.	Income taxes for the year on operating activities	-117,769	-109,375
310.	**Net profit after income taxes**	**326,078**	**212,973**
330.	**Net profit for the year**	**326,078**	**212,973**
340.	Net profit (loss) for the year attributable to minority interests	-58	-61
350.	**Net profit (loss) for the year attributable to the Parent Company**	**326,136**	**213,034**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

ITEMS

(€ THOUSAND)		2023	2022
10.	**Net profit for the year**	**326,078**	**212,973**
	Other income net of income taxes, without transfer to Profit and Loss Account		
20.	Equity securities designated at fair value through other comprehensive income	531	125
70.	Defined benefit plans	-1,092	1,743
	Other income net of income taxes, with transfer to Profit and Loss Account		
120.	Exchange differences	1,757	384
150.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	7,931	-12,562
200.	**Total other income net of income taxes**	**9,127**	**-10,310**
210.	**Comprehensive income**	**335,205**	**202,663**
220.	Consolidated comprehensive income attributable to minority interests	-106	123
230.	**Consolidated comprehensive income attributable to the Parent Company**	**335,311**	**202,539**

CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY

ITEMS

(€ THOUSAND)	SHARE CAPITAL A) ORDINARY SHARES	SHARE CAPITAL B) OTHER	SHARE PREMIUM RESERVE	RESERVES A) RETAINED EARNINGS	RESERVES B) OTHER	VALUATION RESERVES	EQUITY INSTRU-MENTS	INTERIM DIVIDENDS	TREASURY SHARES	NET PROFIT (LOSS) FOR THE YEAR	NET EQUITY	GROUP NET EQUITY	NET EQUITY ATTRI-BUTABLE TO MINORITY INTERESTS
Net equity at 31.12.2022	**117,127**	**-**	**53,767**	**691,660**	**32,842**	**-9,710**	**50,000**	**-**	**-80,139**	**212,973**	**1,068,520**	**1,068,078**	**442**
Change in opening balances	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount at 01.01.2023	117,127	-	53,767	691,660	32,842	-9,710	50,000	-	-80,139	212,973	1,068,520	1,068,078	442
Allocation of net profit for the previous year:	-	-	-	18,537	-	-	-	-	-	-212,973	-194,436	-194,436	-
- Reserves	-	-	-	20,168	-	-	-	-	-	-20,168	-	-	-
- Dividends and other allocations	-	-	-	-1,631	-	-	-	-	-	-192,805	-194,436	-194,436	-
Change in reserves	-	-	-	-607	-	-1	-	-	-	-	-608	-610	2
Transactions on net equity:	-	-	-775	4,803	5,422	-	-	-	-4,866	-	4,584	4,584	-
- Issue of new shares	-	-	-775	-	-6,606	-	-	-	7,381	-	-	-	-
- Purchase of treasury shares	-	-	-	-	-	-	-	-	-12,247	-	-12,247	-12,247	-
- Interim dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
- Extraordinary dividends	-	-	-	4,803	-	-	-	-	-	-	4,803	4,803	-
- Change in equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
- Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
- Stock options	-	-	-	-	12,028	-	-	-	-	-	12,028	12,028	-
- Change in ownership interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive income	-	-	-	-	-	9,127	-	-	-	326,078	335,205	335,311	-106
Net equity at 31.12.2023	**117,127**	**-**	**52,992**	**714,393**	**38,264**	**-584**	**50,000**	**-**	**-85,005**	**326,078**	**1,213,265**	**1,212,927**	**338**
Group net equity	**116,852**	**-**	**52,992**	**714,492**	**38,257**	**-797**	**50,000**	**-**	**-85,005**	**326,136**	**1,212,927**		
Net equity attributable to minority interests	**275**	**-**	**-**	**-99**	**7**	**213**	**-**	**-**	**-**	**-58**	**338**		

(€ THOUSAND)	SHARE CAPITAL A) ORDINARY SHARES	SHARE CAPITAL B) OTHER	SHARE PREMIUM RESERVE	RESERVES A) RETAINED EARNINGS	RESERVES B) OTHER	VALUATION RESERVES	EQUITY INSTRU-MENTS	INTERIM DIVIDENDS	TREASURY SHARES	NET PROFIT (LOSS) FOR THE YEAR	NET EQUITY	GROUP NET EQUITY	NET EQUITY ATTRI-BUTABLE TO MINORITY INTERESTS
Net equity at 31.12.2021	**117,127**	**-**	**55,866**	**594,508**	**29,482**	**599**	**50,000**	**-**	**-64,822**	**323,107**	**1,105,867**	**1,105,554**	**313**
Change in opening balances	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount at 01.01.2022	117,127	-	55,866	594,508	29,482	599	50,000	-	-64,822	323,107	1,105,867	1,105,554	313
Allocation of net profit for the previous year:	-	-	-	93,615	-	-	-	-	-	-323,107	-229,492	-229,492	-
- Reserves	-	-	-	95,246	-	-	-	-	-	-95,246	-	-	-
- Dividends and other allocations	-	-	-	-1,631	-	-	-	-	-	-227,861	-229,492	-229,492	-
Change in reserves	-	-	-	-	-1,000	1	-	-	-	-	-999	-1,005	6
Transactions on net equity:	-	-	-2,099	3,537	4,360	-	-	-	-15,317	-	-9,519	-9,519	-
- Issue of new shares	-	-	-2,099	-	-6,880	-	-	-	8,979	-	-	-	-
- Purchase of treasury shares	-	-	-	-	-89	-	-	-	-24,296	-	-24,385	-24,385	-
- Interim dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
- Extraordinary dividends	-	-	-	3,537	-	-	-	-	-	-	3,537	3,537	-
- Change in equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
- Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
- Stock options	-	-	-	-	11,329	-	-	-	-	-	11,329	11,329	-
- Change in ownership interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive income	-	-	-	-	-	-10,310	-	-	-	212,973	202,663	202,540	123
Net equity at 31.12.2022	**117,127**	**-**	**53,767**	**691,660**	**32,842**	**-9,710**	**50,000**	**-**	**-80,139**	**212,973**	**1,068,520**	**1,068,078**	**442**
Group net equity	**116,852**	**-**	**53,767**	**691,694**	**32,842**	**-9,972**	**50,000**	**-**	**-80,139**	**213,034**	**1,068,078**		
Net equity attributable to minority interests	**275**	**-**	**-**	**-34**	**-**	**262**	**-**	**-**	**-**	**-61**	**442**		

CONSOLIDATED CASH FLOW STATEMENT

INDIRECT METHOD

(€ THOUSAND)	2023	2022
A. OPERATING ACTIVITIES		
1. Operations	**328,766**	**245,990**
Net profit (loss) for the year	326,078	212,973
Gain/loss on HFT financial assets and other assets and liabilities measured at fair value through profit or loss	-11,649	11,263
Gain/loss on hedging assets	6,222	-1,561
Net adjustments/reversals due to credit risk	528	8,334
Net adjustments/reversals of property, equipment and intangible assets	39,726	36,668
Net provisions for liabilities and contingencies and other costs/revenues	23,424	24,242
Taxes, duties and tax credits not paid	-37,591	15,269
Adjustments/Reversals of discontinued operations	-	-158
Other adjustments	-17,971	-61,040
2. Liquidity generated by/used for financial assets (+/-)	**1,765,842**	**-1,983,209**
HFT financial assets	1,998	4,560
Financial assets designated at fair value	-	-
Other financial assets mandatorily measured at fair value	7,744	-107,611
Financial assets measured at fair value through other comprehensive income	133,757	1,406,025
Financial assets measured at amortised cost:	1,665,631	-3,216,662
Loans to banks	*339,963*	*-1,396,723*
Loans to customers	*1,325,668*	*-1,819,939*
Other assets	-43,289	-69,522
3. Liquidity generated by/used for financial liabilities (+/-)	**-1,999,678**	**1,145,086**
Financial liabilities measured at amortised cost:	-2,028,485	1,091,169
Due to banks	*-312,892*	*-283,747*
Due to customers	*-1,715,593*	*1,374,916*
Securities issued	-	-
HFT financial liabilities	3	-4,551
Financial liabilities designated at fair value	-	-
Other liabilities	28,804	58,468
Net liquidity generated by/used for operating activities	**94,931**	**-592,133**

(€ THOUSAND)	2023	2022
B. INVESTING ACTIVITIES		
1. Liquidity generated by	**89**	**133**
Disposal of equity investments	89	-
Dividends received	-	-
Disposal of property and equipment	-	-
Disposal of intangible assets	-	-
Disposal of subsidiaries and business units	-	133
2. Liquidity used for	**-27,563**	**-20,634**
Purchase of equity investments	-	-796
Purchase of property and equipment	-1,502	-1,376
Purchase of intangible assets	-26,061	-18,462
Purchase of subsidiaries and business units	-	-
Net liquidity generated by/used for investing activities	**-27,474**	**-20,501**
C. FUNDING ACTIVITIES		
Issue/purchase of treasury shares	-12,247	-24,385
Issue/purchase of equity instruments	-	-
Distribution of dividends and other	-210,476	-209,076
Disposal/Purchase of controlling interests	-	-
Net liquidity generated by/used for funding activities	**-222,723**	**-233,461**
NET LIQUIDITY GENERATED/USED IN THE YEAR	**-155,266**	**-846,095**

Reconciliation		
Cash and cash equivalents at year-start	774,239	1,620,334
Total liquidity generated/used in the year	-155,266	-846,095
Cash and cash equivalents – effects of exchange rate fluctuations	-	-
Cash and cash equivalents at year-end	618,973	774,239

Legend
(+) Liquidity generated
(-) Liquidity used

Notes and Comments

PART A – ACCOUNTING POLICIES

Part A.1 – General

Section 1 – Declaration of Compliance with International Accounting Standards

These Consolidated Financial Statements have been drawn up in compliance with Italian Legislative Decree No. 38 of 28 February 2005, based on the International Accounting Standards issued by the International Accounting Standards Board (IASB) and interpretation of the International Financial Reporting Interpretations Committee (IFRIC), and endorsed by the European Commission with Regulation No. 1606 of 19 July 2002.

In preparing the Consolidated Financial Statements, Banca Generali adopted the IAS/IFRS in force at the reference date of the report (including SIC and IFRIC interpretations), as endorsed by the European Union.

It should be noted that, following the completion of the endorsement procedure, as of 1 January 2023, several amendments to the IAS/IFRS and IFRIC were adopted and new IFRIC were issued.

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED IN PREVIOUS YEARS AND EFFECTIVE AS OF 2023

	ENDORSEMENT REGULATIONS	PUBLICATION DATE	EFFECTIVE DATE
IFRS 17 – *Insurance Contracts* (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)	2021/2036	23.11.2021	01.01.2023
Amendments to IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* (issued on 12 February 2021)	2022/357	03.03.2022	01.01.2023
Amendments to IAS 1 – *Presentation of Financial Statements* and IFRS Practice Statement 2: *Disclosure of Accounting Policies* (issued on 12 February 2021)	2022/357	03.03.2022	01.01.2023
Amendments to IFRS 17 – *Insurance Contracts: Initial Application of IFRS 17* and IFRS 9 – *Comparative Information* (issued on 9 December 2021)	2022/1491	09.09.2022	01.01.2023

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED IN 2023 AND EFFECTIVE AS OF 2023

	ENDORSEMENT REGULATIONS	PUBLICATION DATE	EFFECTIVE DATE
Amendments to IAS 12 – *Income taxes: International Tax Reform – Pillar Two Model Rules* (issued on 23 May 2023)	2023/2468	09.11.2023	01.01.2023

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED BUT NOT EFFECTIVE YET

	ENDORSEMENT REGULATIONS	PUBLICATION DATE	EFFECTIVE DATE
Amendments to IFRS 16 – *Leases: Lease Liability in a Sale and Leaseback* (issued on 22 September 2022)	2023/2579	21.11.2023	01.01.2024
Amendments to IAS 1 – *Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current* (issued on 23 January 2020); *Classification of Liabilities as Current or Non-Current – Deferral of Effective Date* (issued on 15 July 2020); and *Non-current Liabilities with Covenants* (issued on 31 October 2022)	2023/2822	19.11.2023	01.01.2024

The date of entry into force of some of the already endorsed standards has been postponed until subsequent years. The early application option has not been exercised for those standards.

The standards and interpretations that entered into force in 2023 did not have a significant impact on the Group's balance sheet and profit and loss account.

Section 2 – Preparation Criteria

The Consolidated Financial Statements consist of the following documents:
- Balance Sheet;
- Profit and Loss Account;
- Statement of Other Comprehensive Income;
- Statement of Changes in Net equity;
- Cash Flow Statement;
- Notes and Comments.

The accounts are accompanied by a Directors' report on the Banking Group's operations, financial situation, profit and loss and balance sheet results.

In compliance with the requirements of Article 5 of Italian Legislative Decree No. 38/2005, the Consolidated Financial Statements were prepared in euros. All amounts in the Financial Statements and the figures in the Notes and Comments are denominated in thousands of euros. Unless otherwise specified, the figures reported in the Directors' Report on Operations are denominated in thousands of euros.

The Financial Statements and Notes and Comments include figures for the period under review, as well as comparative data at 31 December 2022.

The Financial Statements are prepared by applying the general standards set out in IAS 1 and the specific accounting standards approved by the European Commission, as illustrated in Part A.2 of these Notes and Comments.
International accounting standards have been applied in compliance with the Framework for the Preparation and Presentation of Financial Statements drafted by the IASB.
There were no derogations of the application of IAS/IFRS.

The Directors' Report on Operations and the Notes and Comments include the information required by international accounting standards, the law, the Bank of Italy and the Italian National Commission for Listed Companies and the Stock Exchange (Consob), as well as other non-compulsory information that was deemed necessary to provide an accurate and fair picture of the Banking Group's situation.

The measurement criteria have been adopted on a going-concern basis and are shaped by the principles of accrual-basis accounting and the relevance and meaningfulness of accounting disclosures. Economic substance takes precedence over legal form.
In further detail, the Directors are reasonably certain that the Bank will continue to operate in its current form for the foreseeable future (for at least 12 months) and have prepared the Financial Statements on a going-concern basis. Any uncertainty detected has not been deemed material and does not cast doubt on the Group's ability to operate as a going concern.

Content of the Financial Statements and the Notes and Comments

The Consolidated Financial Statements at 31 December 2023 were prepared based on the "Instructions for Preparing the Financial Statements and Consolidated Financial Statements of Banks and Parent Holding Companies of Banking Groups," which were issued by the Bank of Italy with order dated 22 December 2005 in the exercise of the powers established in Article 43 of Italian Legislative Decree No. 36/2015. Such instructions were issued in Circular No. 262/05, as further updated.
These Instructions set forth binding rules governing the presentation and preparation of financial statements and the minimum content of the Notes and Comments.
In detail, the 8th update to Circular No. 262/2005 was published on 17 November 2022. It governs the effects of the entry into force of IFRS 17 for banking conglomerates with equity interests in insurance companies, which has been applied as of financial statements ending on or after 31 December 2023.

Accounts that do not include items pertaining to the year under review or the previous year are not stated in the Balance Sheet and Profit And Loss Account. Likewise, sections or tables which include no values are not included in the Notes and Comments.

The Statement of Comprehensive Income begins with the net profit (loss) for the year and then presents components of profit and loss recognised through valuation reserves, net of the related tax effect, in accordance with international accounting standards.
Consolidated comprehensive income is presented by providing a separate account of components of profit and loss that will not be reversed to the profit and loss account in the future, and components that may subsequently be reclassified to net profit (loss) for the year under certain conditions.
As for the balance sheet and profit and loss account, items with nil amounts in both the reporting year and previous year are not presented.

The Statement of Changes in Consolidated Net Equity is presented by inverting the rows and columns with respect to the presentation requested by Bank of Italy Circular No. 262/2005.

The statement presents the composition of and changes in net equity accounts during the reporting year and the previous year, broken down into share capital, capital reserves, earnings reserves, asset and liability valuation reserves, and net profit. Treasury shares are recorded as a reduction to net equity.

The Cash Flow Statement was prepared using the indirect method, according to which cash flows from operating activities are derived by adjusting net profit for the effects of non-cash transactions.

Cash flows are broken down into:
- cash flows from operating activities, including cash flows from operations and cash flows from increases and decreases in financial assets and liabilities;
- cash flows generated by (used for) investing activities involving fixed assets;
- cash flows generated by (used for) funding activities linked to the acquisition of own funds and their remuneration.

Specifically, Sections 2 and 3 include only cash generated by (used for) the decrease (increase) in financial assets or the increase (decrease) in financial liabilities resulting from new transactions or reimbursements related to existing transactions.
Accordingly, these sections do not include items such as changes in value (value adjustments/reversal), amortisation and depreciation, the net balance of unpaid taxes (current and deferred), interest and unpaid or uncollected fees; these items have been disclosed separately and classified under operating activities.
Moreover, these cash flows also do not include changes in operating assets and liabilities, but include those relating to financing activities, such as changes in operating loans and amounts payable to Financial Advisors and employees and any related advance payments.

Annual Financial Report

The Consolidated Financial Statements are published in accordance with Article 154-*ter* of Italian Legislative Decree No. 58/1998.
The statute requires that, within four months of the end of the year, listed issuers incorporated in Italy make an **Annual Financial Report** including the following items available to the public at their registered offices, on their websites and in the other ways specified by Consob in a regulation:
- the Consolidated Financial Statements;
- the Annual Financial Statements of the Company;
- the Report on Operations; and
- the Attestation as per Article 154-*bis*, paragraph 5.

The Independent Auditors' Report and the Board of Statutory Auditors' Report pursuant to Article 153 of the Consolidated Law on Finance (TUF) are published in their entirety with the Annual Financial Report.
In addition, no fewer than 21 days must lapse between the date of publication of the Annual Financial Report and the date of the General Shareholders' Meeting.

According to the provisions of Article 41, paragraph 5-*bis*, of Italian Legislative Decree No. 136/2015 of 18 August 2015, implementing Directive No. 2013/34/EU, the Consolidated Report on Operations and the Separate Report on Operations of the company may be presented as a single document, in which additional attention is dedicated to issues relevant to the entirety of the companies within the scope of consolidation, as appropriate.
Banca Generali elected to exercise this option by presenting a single document. Consequently, the Consolidated Report on Operations also includes the information required for the Separate Report on Operations.

Non-Financial Statement

Italian Legislative Decree No. 254 of 30 December 2016, which implemented Directive 2014/95/EU as regards disclosure of non-financial and diversity information, introduced an obligation for large groups to publish a Non-Financial Statement that covers environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, and represents the management and organisation model for the activities, policies applied and main risks in these areas.
Despite not being subject to this obligation, in 2017 Banca Generali voluntarily began to prepare a Consolidated Non-Financial Statement, which was included in its Sustainability Report.
Starting in 2018, the information required by the above Decree were therefore included in the Annual Financial Report, which was renamed **Annual Integrated Report**.
The Consolidated Non-Financial Statement is therefore supplemented to include information of a financial nature, within the framework of the Consolidated Report on Operations.

Section 3 – Consolidation Scope and Methods

3.1 Scope of Consolidation

The companies consolidated by the Group in accordance with IFRS 10 include the Parent Company, Banca Generali S.p.A., and the following subsidiaries:

COMPANY NAME	REGISTERED OFFICE	OPERATING OFFICE	TYPE OF CONTROL	SHAREHOLDING RELATIONSHIP		% OF VOTE IN ORDINARY SHARE-HOLDER'S MEETING
				OWNERSHIP	% OF INTEREST	
Banca Generali S.p.A.	Trieste	Trieste, Milan		Parent company		
BG Fund Management Luxembourg S.A.	Luxembourg	Luxembourg	1	Banca Generali	100.00%	100.00%
Generfid S.p.A.	Milan	Milan	1	Banca Generali	100.00%	100.00%
BG (Suisse) Private Bank S.A.	Lugano	Lugano	1	Banca Generali	100.00%	100.00%
BG Valeur S.A.	Lugano	Lugano	1	Banca Generali	90.1%	90.1%

Legend: type of control:
(1) Control pursuant to Article 2359, paragraph 1(1), of the Italian Civil Code (majority of voting rights at General Shareholders' Meetings).

The consolidated accounts include the separate accounts of the Parent Company and its subsidiaries at 31 December 2023, reclassified and adjusted where necessary to take account of IAS/IFRS adopted by the Parent Company and the consolidation requirements. The most significant intra-Group transactions, influencing both the balance sheet and profit and loss account, were eliminated. Unreconciled amounts were recognised in other assets/liabilities and other revenues/expenses, respectively.

The member's voluntary liquidation procedure of Nextam Partners Ltd., a 100% UK subsidiary inactive since the end of 2020, was completed in the fourth quarter of 2023. Banca Generali collected the final tranche of the liquidation balance of approximately 8 thousand euros and is now awaiting only the formal striking of the company's name off the UK Companies House, expected by March. The company had already been excluded from the consolidation scope with effect from 2022 as it was not material.

On 5 September 2023, the Swiss subsidiary BG Suisse finally obtained the FINMA's preliminary authorisation to start the banking activity, subject to compliance with certain requirements, including an adequate level of own funds. After satisfaction of the said requirements, the final authorisation was issued on 7 November 2023 and the new bank changed its name into BG (Suisse) Private Bank, starting operating on 1 December 2023.

3.2 Significant judgements and assumptions used in determining the scope of consolidation

3.2.1 Subsidiaries

Entities, including structured entities, over which the Group has a direct or indirect control, are subsidiaries.
Control over an entity exists when the Group has the power to influence the variable returns to which the Group is exposed from its involvement with the investee.

To determine that control exists, the Group considers the following factors:
› the investee's purpose and design, to identify the entity's purpose, the activities that determine its returns and how decisions about such activities are made;
› power, to understand whether the Group has contractual rights that give the Group the ability to direct the relevant activities; for this purpose, only substantive rights entailing practical ability to direct the investee are considered;
› exposure in the investee, to establish whether the Group has relations with the investee whose returns can vary based on changes in the investee's performance;
› existence of possible principal/agent relationships.

Where relevant activities are directed through voting rights, the following factors are evidence of control:
› ownership, direct or indirect through subsidiaries, of more than half of the voting rights of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control;
› ownership of half or less of the votes that can be exercised in the General Shareholders' Meeting and the effective power to unilaterally govern significant activities through:
  – control over more than half of the voting rights by virtue of an agreement with other investors;
  – the power to govern the financial and operating policies of the entity under a statute or an agreement;
  – the power to appoint or remove the majority of the members of the board of directors or equivalent governing body, and the entity is managed by that board or body;
  – the power to cast the majority of votes at meetings of the board of directors or equivalent governing body, and the entity is controlled by that board or body.

The existence and effect of potential voting rights, if substantive, are taken into consideration when assessing whether a party has the power to direct the financial and management policies of another entity.

Subsidiaries may also include "structured entities" in which voting rights are not significant in assessing the existence of control, including special purpose entities (SPEs) and investment funds.

Structured entities are considered as subsidiaries when:
› the Group has power arising from contractual rights to direct relevant activities;
› the Group is exposed to variable returns arising from such activities.

For further details on the assessments conducted in respect of the investment in the Forward Fund, a closed-ended, reserved alternative investment fund (AIF), subscribed in 2021 within the framework of a transaction to restructure a portfolio of senior notes arising from the securitisation of health receivables, in which Banca Generali holds an interest equal to 98% of assets, reference should be made to the information provided in “Part E – Information on Risks and Risk Hedging Policies”, Section 2 “Prudential consolidation risks”, Subsection D “Transfers”, paragraph C “Prudential consolidation - transferred financial assets fully derecognised”, if the Annual Integrated Report at 31 December 2021.

3.2.2 Associate Companies

An associate company is one over which the investor has significant influence and that is neither a subsidiary nor a joint venture.

Significant influence is assumed when the investor:

› holds, directly or indirectly, 20% or more of the share capital in the investee, or
› has significant influence over the investee, also by way of shareholders’ agreements, through:
    a) representation on the governing body of the investee;
    b) participation in policy making processes, including with regard to decisions on dividends and other distributions;
    c) material transactions;
    d) interchange of management personnel;
    e) provision of essential technical information.

Equity investments in associates are valued using the equity method.

As of 31 December 2023, the Banking Group’s scope of consolidation included just one equity investment in an associate company, namely:

› Nextam Partners SIM S.p.A., in which Banca Generali holds a minority interest of 19.9%, and which is classified as such following the sale of 80.1% of the share capital to a group of investors including some of the former shareholders of the Nextam Group, which took place on 20 January 2022.

The equity investment in IOCA Entertainment Ltd., a company under the UK law in which Banca Generali acquired a 35% interest in 2015 that was then fully written down, was sold in the year.

3.2.3 Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control.
Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Under IFRS 11, joint arrangements are classified as either a joint operation or a joint venture based on the Group’s contractual rights or obligations:

› a joint operation is a joint arrangement whereby the parties have rights to the assets and obligations for the liabilities relating to the arrangement;
› a joint venture is a joint arrangement whereby the parties have rights to the net assets of the arrangement.

Equity investments in joint arrangements are valued using the equity method.

As at 31 December 2023, the scope of the Banking Group included a single equity investment in a company subject to joint control:

› BG Saxo SIM S.p.A., an investment firm formed as part of the joint venture with Saxo Bank, in which Banca Generali acquired a 19.9% equity interest on 31 October 2019.

Banca Generali – Saxo Bank A/S joint venture

The process for creating the joint venture began on 9 March 2018, when the Board of Directors of Banca Generali approved the final agreements with Saxo Bank to set up a joint arrangement for the development of online trading market and related digital services in Italy.

The objective of the partnership, which has a duration of eight years and may be renewed upon expiry, is to offer clients, on an exclusive basis for the Italian market, access to an innovative platform for advanced trading based on Saxo Bank’s technology.
Banca Generali makes available its banking platform and its leading market position in private banking to foster synergies and develop new opportunities for its Financial Advisors and clients, who will thus enjoy access to one of the most comprehensive suites of global trading tools.
The Bank also provides outsourced services to the new brokerage firm (SIM), specifically various back-office activities relating to customer order receipt and execution services.
Saxo Bank instead provides the new SIM with its multi-assets platform that enhances the range of trading and dynamic hedging services, with a particular expertise in FX.

Under the terms of the agreements, the new venture is to be conducted through a newly formed company, BG Saxo SIM, of which Banca Generali is a co-owner with a 19.9% stake.
After being authorised by Consob and entered into the Register of Securities Brokerage Firms on 28 December 2018, the new brokerage firm became operational in 2019.

After an initial test phase, in June 2019 the company officially began to operate with Banca Generali's customers who decided to open the new account BG Extra, associated with the contract that such customers had entered into with BG Saxo SIM for own account trading services, execution of orders on account of customers and order receipt and transmission.

The process of establishing the joint venture was concluded on 31 October 2019, when, after having obtained the required authorisations, Banca Generali acquired the aforementioned 19.9% stake from Saxo Bank A/S.

It should be noted that an overall revision of the joint venture agreement with Saxo Bank will be completed in February 2024. This process will entail an increase in Banca Generali's equity investment to 49.9% of share capital and the sale en bloc, pursuant to Article 68, paragraph 7, of TUB, of a portfolio of securities account contracts with customers, considered autonomous in functional terms from other relationships between Banca Generali and its customers (online trading customers).

A new unbundled business model is also to be adopted as part of this process. Under this model:
› BG Saxo SIM will directly provide its customers who use the online trading platform with securities custody and administration services and may also hold sums belonging to customers;
› Banca Generali will no longer have the exclusive right to market BG Saxo SIM's trading services and will no longer carry out customer onboarding activities. Accordingly, the bank's customers will also no longer be able to operate through the Financial Advisors of the same;
› within the framework of the new distribution agreement between BG Saxo SIM and the Bank, in return for the services provided by the latter, and in reference to customers receiving portfolio aggregation and monitoring service, a fee will be paid based on total revenues.

According to the assessment conducted, BG Saxo SIM is deemed to qualify as a joint arrangement, and in particular as a joint venture, pursuant to IFRS 11, and therefore, in accordance with paragraphs 24 and 26 of IFRS 11, it is recognised:
a) in the consolidated financial statements by applying the equity method in accordance with IAS 28;
b) in the separate financial statements, in accordance with IAS 27, paragraph 10, using the cost method.

3.3 Significant non-controlling interests in subsidiaries

At 31 December 2023, all the Group's equity investments were in wholly owned subsidiaries, with the exception of BG Valeur S.A., in which the previous shareholders retain a non-controlling interest of 9.9%.
Accordingly, there are no significant non-controlling interests in subsidiaries.

3.3.1 Non-controlling interests, potential voting rights and dividends distributed to third parties

COMPANY NAME	NON-CONTROLLING INTERESTS %	POTENTIAL VOTING RIGHTS %	DIVIDENDS DISTRIBUTED TO THIRD PARTIES
BG Valeur S.A.	9.9%	9.9%	-

3.4 Significant restrictions

At 31 December 2023, there were no significant restrictions of a legal, contractual, or statutory nature on the Parent Company's ability to access the Group's assets or to use them to discharge the Group's liabilities.

3.5 Other information

None of the financial statements of the subsidiaries used in preparing the Consolidated Financial Statements have a different reporting date than the Consolidated Financial Statements.

Consolidation methods

Full consolidation method

Subsidiaries are included in the accounts using the full consolidation method, whereby the balance sheet and profit and loss items are consolidated on a line-by-line basis.
After the attribution to minority interests of any portion of net equity and profit and loss results, the value of the equity investment is cancelled due to the residual value of the subsidiary's net equity.
The resulting differences are allocated to the assets or liabilities — including intangible assets — of the subsidiary in question and any remaining balances, if positive, are recorded as goodwill under Intangible Assets. Any negative differences are charged to the profit and loss account.

The most significant intra-Group transactions, influencing both the balance sheet and profit and loss account, were eliminated. Unreconciled amounts were recognised in other assets/liabilities and other revenues/expenses, respectively.
Dividends distributed by subsidiaries were eliminated from the consolidated profit and loss account and a corresponding adjustment was made to earnings reserves.

Equity method

Associate companies are consolidated according to the concise equity method.
Under the equity method, an equity investment is initially recognised at acquisition cost, inclusive of goodwill, and subsequently adjusted according to the investor's share in the investee's net equity.

Upon acquisition, the difference between the cost of the equity investment and the share of the net fair value of the investee's identifiable assets and liabilities must be determined and recognised as goodwill, if positive, or as income, if negative.

The carrying amount is then increased or decreased to recognise the investor's share of the gains or losses of the investee recorded after the acquisition date under Item 250 – "Gains (losses) from equity investments" of the profit and loss account.

That share is adjusted to reflect:
- gains and losses on transactions with the associate company, in proportion to the percent interest in the associate company;
- depreciation and amortisation of depreciable assets at their respective fair values at the acquisition date and impairment losses on goodwill and any other non-monetary elements.

Dividends received from an investee reduce the carrying amount of the equity investment.

Changes in the valuation reserves of associate companies are presented separately in the statement of comprehensive income.
If the associate company prepares its financial statements in a foreign currency, the translation differences at the reporting date are recognised in a specific valuation reserve for monetary conversion in other comprehensive income.

When there is indication of a possible loss in value of an equity investment, the recoverable amount of the investment is estimated based on the present value of future cash flows that the company could generate, including the final disposal value of the equity investment. If the recoverable amount is less than the carrying amount, the difference is recognised in profit or loss.

Translation of financial statements denominated in currencies other than the euro

The financial statements of companies operating in areas other than the Euro Area are translated into euro by applying the current exchange rates at period-end to assets and liabilities and average exchange rates for the year to items of profit and loss.
The foreign exchange differences of the financial statements of such companies on the application of different exchange rates to assets and liabilities and profit and loss are recognised among Valuation reserves in net equity. Foreign exchange differences on investees' net equity are also recognised among Valuation reserves.

Section 4 – Events Occurred After the Consolidated Balance Sheet Date

The draft Consolidated Financial Statements of Banca Generali were approved by the Board of Directors on 5 March 2024, when the Board also authorised its disclosure pursuant to IAS 10.

No events occurred after 31 December 2023 and until 5 March 2024 that would significantly impact the Banking Group's financial performance and financial position reported in these Consolidated Financial Statements.

However, it should be noted that on **8 February 2024** Banca Generali's Board of Directors approved a proposal for a thorough revision of the partnership between Banca Generali and Saxo Bank A/S.
The new joint venture agreement, which will replace the agreement signed in 2018, includes, *inter alia*, updates to the governance of BG Saxo SIM S.p.A. and the adoption by the latter of a new business model.

Specifically, the agreement provides that:
- BG Saxo SIM introduce a new unbundled business model that ensures it greater operational autonomy in commercial terms, in offering its services and in managing relationships with its customers, also through the extension of the range of services offered for custody and administration of financial instruments, currently carried out exclusively by Banca Generali;
- Banca Generali acquire an additional equity investment in BG Saxo SIM, bringing its stake in the latter up to 49%, with a new shareholders' agreement to be entered into concurrently.

Within this context, Banca Generali will finalise the subsequent sale en bloc to BG Saxo SIM, pursuant to Article 58 of TUB, of relationships involving securities account services offered to its customers active on BG Saxo SIM's trading platform and the signing of a new commercial distribution agreement with a term of eight years.

The finalisation of the agreement, which requires the authorisation of the competent supervisory authorities, is expected in the first half of 2024, and in any event no later than 31 December 2024.

Moreover, in 2024 a new reorganisation of the Financial Advisor Networks was launched, entailing:
1. the separation of the new **Senior Partner Network**, consisting of Financial Advisors with assets under management of more than 150 million euros and teams with assets under management of more than 350 million euros;
2. the incorporation of the Private Banking and Wealth Management Networks into the new **Private & Wealth Network**, within the framework of which, however, the organisational structures of the former networks will retain their peculiarities, under the supervision of a new top management position, the Network Sales Manager, focused on local coordination and commercial guidance of the various network's Area Managers.

Section 5 – Other Aspects

Accounting standards that have been endorsed and will enter into effect this year

No new international accounting standards, amendments to existing standards or related interpretations with a material impact on the Banking Group's operations entered into effect in financial year 2023, with the exception of those reported hereunder.

Amendments to IAS 12 –Income taxes: International Tax Reform – Pillar Two Model Rules

On 23 May 2023, the IASB published "Amendments to IAS 12[1] – *International Tax Reform – Pillar Two Model Rules*" to clarify the application of IAS 12 – *Income Taxes* to income taxes arising from tax laws enacted or substantially enacted to implement the OECD Pillar Two Model Rules[2], according to which multinational enterprises with revenues above 750 million euros must pay tax of at least 15% on the income arising in each of the jurisdictions in which they operate.

The OECD Pillar Two rules were converted in Union law by Directive (EU) 2022/2523 of 14 December 2022, with the aim of ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union and was transposed into Italian legislation by Italian Legislative Decree No. 209 of 27 December 2023, which entered into force on 1 January 2024.
Banca Generali Banking Group falls within the scope of application of this tax system, as it is included in the broader consolidation scope of the multinational Assicurazioni Generali Insurance Group.
Under this system, the Banking Group companies will contribute, together with the other Generali Insurance Group companies, to the determination of the taxable income and the average global tax rate calculated based on the jurisdictions in which they operate.

The Amendments introduced:
- a mandatory temporary exception — the use of which is to be mandatorily disclosed — to the accounting for and disclosure of information about deferred taxes arising from the jurisdictional implementation of the Pillar Two Model Rules;
- an obligation to disclose separately the amount of current taxes related to the application of the Pillar Two Model Rules;
- requirements to disclose (qualitative and quantitative) information for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date; and
- if the disclosure requirements cannot be reasonably estimated, the possibility to disclose a statement on the progress in assessing the exposure to Pillar Two Model Rules impacts.

The mandatory temporary exception — the use of which is required to be disclosed — applies retroactively and immediately upon issuance of the Amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

Pursuant to the provision of section 4.A of the Amendments to IAS 12, the Banking Group applies the exception both upon the recognition and upon the disclosure of deferred tax assets and liabilities relating to income taxes arising from the implementation of the Pillar Two Model Rules.

In addition, current taxes were not recognised in connection with income taxes deriving from the application of the Pillar Two Model Rules, since the standard was not effective at the reporting date.

Exposure to the income taxes in question is based on the level of actual taxation generated by all Generali Insurance Group companies and by all jointly controlled entities within each jurisdiction.
This exposure in turn depends on various interconnected factors, foremost among which are the income earned, the nominal tax rate, the tax rules for determining the tax base and the provision, form and entitlement conditions of tax incentives or other tax benefits.
In addition, in view of the novelty and complexity inherent in determining the level of actual taxation, the Pillar Two Model Rules legislation permits the application, for periods starting before 31 December 2026 and ending on or before 30 June 2028, of a simplified regime ("transitional safe harbours") based mainly on accounting information available for each relevant jurisdiction that, where at least one of the three tests is passed[3], entails a reduction in compliance burdens and the elimination of taxes arising from the application of the Pillar Two Model Rules.

[1] The model was endorsed on 9 November 2023.
[2] OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two Model Rules.
[3] Reference is made in particular to the de minimis test, the effective tax rate test and the routine profits test.

On the basis of the information that is known or may reasonably be estimated at the reporting date, the Banking Group's exposure to income taxes deriving from the application of the Pillar Two Model Rules is considered not material, including in view of the ability of group companies to qualify for the simplified regime, since they are located in jurisdictions that pass at least one of the three tests provided for by transitional safe harbours.

Within the framework of Assicurazioni Generali Insurance Group, the companies of the Banking Group are cooperating with the Insurance Group as part of the project launched by the latter to prepare to comply with the new obligations imposed by the regulatory framework by implementing adequate systems and procedures.

Accounting standards endorsed that will enter into effect after 31 December 2023

There are no international accounting standards and related interpretations endorsed but not effective yet as of 31 December 2023 that could have a material impact on the Banking Group's operations.

Use of estimates and assumptions in the preparation of the Consolidated Financial Statements

The preparation of the Consolidated Financial Statements requires the use of estimates and assumptions that could influence the amounts reported in the consolidated balance sheet and profit and loss account and the disclosure of contingent assets and liabilities therein.
The estimates and related assumptions used are based on the information available on operations and subjective judgements, which may be based on historical trends.
Given their nature, the estimates and assumptions used may vary from year to year, meaning that reported amounts may differ materially due to changes in the subjective judgements used.

The main areas for which management is required to use subjective judgements include:
- determining the amount of provisions for liabilities and contingencies;
- determining the expenses of personnel productivity bonuses;
- determining the amount of incentive fees to be paid to the Financial Advisor Network as an annual incentive and of incentives related to recruitment plans;
- determining the deferred incentives granted to the Financial Advisor Network, when linked to defined net inflow targets;
- determining the fair value of cash financial instruments and derivatives to be used in financial statement, when not based on current prices drawn from active markets;
- determining the analytical and collective impairment of financial instruments;
- determining the value adjustments and reversals of non-performing loans and the collective provision for performing loans;
- preparing estimates and assumptions underlying the determination of current taxes, which may differ from the effective tax liability computed in conjunction with the payment of the balance of taxes for the year and the filing of the income tax return;
- preparing estimates and assumptions on the recoverability of deferred tax assets;
- evaluating the appropriateness of the amounts of goodwill and other intangible assets;
- classifying and evaluating the Forward fund[4].

Additional information regarding the estimation procedures used for specific cases is provided in Part A, Section 2, of the Notes and Comments on the Accounting Policies adopted by Banca Generali Group.

Measurement of goodwill

During the preparation of the 2023 Financial Statements, goodwill was tested for impairment and the carrying value was determined to be accurate.

Non-recurring significant events and transactions

During the year, there were no non-recurring transactions or events outside the scope of ordinary transactions that had a significant impact on the aggregate items of the balance sheet and profit and loss account, with the exception of the following:
- **Provisions for commercial initiatives involving illiquid products distributed by the Bank:** during the year, additional non-recurring provisions were made for an amount of 21.1 million euros. In addition to fostering customer retention, these provisions to cover commercial activities aimed at restoring customers' potential losses resulting from investments made in illiquid products distributed by the Bank that were marked by investment repayment issues — for which civil and criminal litigation is currently ongoing with the party that set up, marketed and managed these transactions — and to sustain customer retention.
  As a result of the foregoing, total provisions amounted to 35.2 million euros at year-end, inclusive of provisions covering credit risk on guarantees issued of 9.4 million euros.
  The provision made by the Bank refers in particular to commercial initiatives for customers, including guarantees issued, additional potential customer losses that the Bank might cover in part for the reasons stated above and the legal fees for the litigation with the parties that set up, marketed and managed the financial instruments purchased by customers.
- **BG Suisse's capital increase:** incorporated in October 2021, the company only obtained the authorisation to start its banking activity from the Swiss Financial Market Supervisory Authority (FINMA) on 5 September 2023, subject to compliance with certain requirements, including an adequate level of own funds.

[4] Reference should be made to the information provided in "Part E – Information on Risks and Risk Hedging Policies, Section 2 "Prudential consolidation risks", Subsection D "Transfers", paragraph C "Prudential consolidation - transferred financial assets fully derecognised".

Accordingly, on 14 September 2023, Banca Generali carried out a capital increase of CHF 40 million aimed at increasing the company's statutory share capital, bringing the share capital fully paid-up since incorporation to CHF 60 million. After satisfaction of the said requirements, the final authorisation was issued on 7 November 2023 and the new bank started operating on 1 December 2023.

No other atypical and unusual transactions were undertaken, i.e., all transactions that due to their significance/materiality, the nature of the counterparties, the subject matter of the transaction (including in relation to ordinary operations), the transfer pricing method and/or timing of occurrence (near the end of the reporting period) may give rise to doubts as to the accuracy/completeness of the information presented in the financial statements, conflicts of interest, the safeguarding of company assets and the protection of minority shareholders (Consob Communication No. DEM/6064293 of 28 July 2006).

National Tax Consolidation option

In 2004, the Parent Company, Assicurazioni Generali, and some Italian companies belonging to Assicurazioni Generali Group, including Banca Generali S.p.A., began participating in the National Tax Consolidation governed by Articles 117-129 of TUIR (Italy's income tax code), which was introduced into Italy's fiscal legislation by Italian Legislative Decree No. 344/2003.
Under the scheme, Banca Generali transfers its taxable profit (or tax losses) to the parent company, Assicurazioni Generali S.p.A., which computes a single taxable profit (or a single tax loss) for the Group as the sum of the profits and/or losses of the individual companies, and reports a single tax receivable from or payable to the Tax Authorities.

Formation of Assicurazioni Generali VAT Group

On 23 September 2019, as Representative of the Group's Italian subsidiaries, Assicurazioni Generali exercised the option to adopt the Group's VAT rules (set out in Articles 70-*bis et seqq.* of Italian Presidential Decree No. 633/72) with effect from 1 January 2020. Accordingly, with effect from that date all companies included in the VAT Group will use only the VAT registration number assigned by the Italian Tax Authorities to the Group: 01333550323.

Relations between the individual participants and the Group's Representative (Assicurazioni Generali S.p.A.) are governed by a specific contract. In particular, obligations to document and register VAT input and/or output transactions will continue to be discharged by the individual participants, whereas the additional obligations relating to "management" of the tax will be discharged solely by the Group Representative, in its capacity as single VAT-liable entity.
By express provision of law, the Group VAT Representative will be required to file periodic VAT returns and make the related payments, submit the periodic VAT filings (LIPE), file the annual VAT return and submit the other information required by the relevant legislation (e.g., *Esterometro* and Intrastat statistics).

Other information

Information on government grants pursuant to Article 1, paragraph 125, of Italian Law No. 124 of 4 August 2017 ("Annual market and competition law")

In compliance with Article 1, paragraph 125-*bis*, of Law No. 124/2017 (Annual market and competition law), as most recently amended by Article 35 of Decree-Law No. 34/2019 (Growth Decree), companies are required to disclose annually, in the Notes and Comments to their financial statements, the amount of government grants received, where grants are understood to refer to "subventions, subsidies, benefits, grants or aid, in cash or in kind, not of a general nature and not of the nature of consideration, remuneration or compensation, actually disbursed to them by public administrations."
The obligation applies solely to grants in excess of the threshold of 10,000 euros per grantor authority, whether of a monetary nature, on a cash basis, or of a non-monetary nature.

Paragraph 125-*quinquies* of the statute also establishes that in the case of State aid and *de minimis* aid included in the National State Aid Registry the registration and publication of the individual aid in the transparency section must take account of the publication obligations incumbent on the beneficiary companies, provided that the existence of aid subject to mandatory publication in the National State Aid Registry is disclosed in the Notes and Comments to the financial statements.
For further details on the grants received, reference should be made to the website of the National State Aid Registry for companies, which may be consulted at the link www.rna.gov.it/sites/PortaleRNA/it_IT/home.

In light of the foregoing, it should be noted that in 2023 Banca Generali received the following grants:

BENEFICIARY	TYPE OF GRANT	GRANTOR AUTHORITY	AMOUNTS RECEIVED (€ THOUSAND)
Banca Generali	Personnel training (*)	FBA Banks and Insurers' Fund (*)	200

(*) This sum refers to aids for personnel training applied for in 2020 and 2021 and paid in June and September 2023. It should be noted that the grants listed in the National State Aid Registry, available for free consultation on the relevant website, refer to grants with a grant date in or after 2022, for which no disbursements were made in 2023.

Audit

The Consolidated Financial Statements are subject to auditing by the firm KPMG S.p.A. in execution of the resolution passed by the Shareholders' Meeting on 22 April 2021.

Part A.2 – Main Financial Statements Aggregates

This section sets out the accounting policies adopted for the preparation of the Consolidated Financial Statements at 31 December 2023, as regards the stages of classification, recognition, measurement and derecognition of the various asset and liability items and the methods of recognition of costs and revenues.

With reference to the foregoing, it should be noted that during the reporting year, the accounting policies adopted by the Banking Group underwent no significant amendments and supplementations.

The accounting standards and measurement criteria used are the same as those used to prepare the Consolidated Financial Statements at 31 December 2022.

In light of the above, the consolidated accounting policies of Banca Generali Group are reported here below with an analysis of the main financial statements items.

1. Financial assets measured at fair value through profit or loss (FVTPL)

Classification

This category includes all financial assets other than those recognised among Financial assets measured at fair value through other comprehensive income and Financial asset measured at amortised cost.

In particular, the item includes:
- financial assets held for trading, essentially consisting of debt and equity securities and the positive value of derivative contracts held for trading; such assets are included in the regulatory trading book (the "trading book" pursuant to IFRS 9) and are also known as "hold-to-sell" or "HTS" assets;
- financial assets mandatorily measured at fair value, i.e., financial assets that do not meet the requirements for measurement at amortised cost or fair value through other comprehensive income. These are financial assets the contractual terms of which do not provide solely for payments of principal and interest ("SPPI test" not passed) or that are not held within a business model whose objective is to hold the assets to collect the contractual cash flows (a "hold-to-collect" business model) or whose objective is achieved by both collecting the contractual cash flows and selling the financial assets (a "hold-to-collect-and-sell" business model);
- financial assets designated at fair value, i.e., financial assets identified as such upon initial recognition, where the requirements have been met. In cases of this kind, upon recognition an entity may irrevocably designate a financial asset as measured at fair value through profit or loss if, and only if, so doing eliminates or significantly reduces a measurement or recognition inconsistency.

Accordingly, the following are included in this item:
- debt securities and loans that are held within an Other/Trading business model (i.e., not a hold-to-collect or hold-to-collect-and-sell business model) or that do not pass the SPPI test;
- equity securities — not qualifying as controlling interests in subsidiaries, associates and joint ventures — that are held for trading or that were not designated at fair value through other comprehensive income upon initial recognition;
- UCITS units.

The item also includes derivatives accounted for among financial assets held for trading, classified as assets if fair value is positive, and as liabilities if fair value is negative.
It is possible to set off current positive and negative values deriving from outstanding transactions with the same counterparty only if there is currently a legal right to set off the recognised amounts and the entity intends to settle the positions subject to offsetting on a net basis.

Derivatives also include those embedded in hybrid financial contracts, in which the host contract is a financial liability, and which have been separately recognised inasmuch as:
- their economic characteristics and risks are not closely related to the characteristics of the underlying contract;
- the embedded instruments considered separately meet the definition of a derivative;
- the hybrid instruments in which they are embedded are not measured at fair value and changes in fair value are recognised in profit or loss.

According to the general rules for the reclassification of financial assets (with the exception of equity securities, which cannot be reclassified) laid down by IFRS 9, reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for managing financial assets. In such cases, which are expected to be quite rare, financial assets may be reclassified from measured at fair value through profit or loss to one of the two other categories provided for in IFRS 9 (financial assets measured at amortised cost or financial assets measured at fair value through other comprehensive income). The transfer value is the fair value at the time of reclassification and the effects of reclassification apply prospectively from the reclassification date. In such cases, the effective interest rate of the reclassified financial asset is determined on the basis of its reclassification date fair value, and the reclassification date is taken as the date of initial recognition for allocation to the various credit risk stages (stage assessment) for impairment purposes.

Recognition

Debt and equity securities are initially recognised on the settlement date. Loans are initially recognised on the disbursement date, while derivative contracts on the date the contract is entered into.
Financial assets measured at fair value through profit and loss are initially recognised at fair value, less transaction costs or income directly related to the instrument itself.

Measurement

Subsequent to initial recognition, financial assets held for trading are recognised at fair value. The effects of the application of these measurement criteria are recognised in profit and loss.

The fair value of financial instruments traded in active markets is determined by referring to the appropriate quoted market price of such instruments.
A financial instrument is regarded as listed in an active market if quoted prices represent actual and regularly occurring market transactions on an arm's length basis over a normal reference period and those prices are readily and regularly available from an exchange, dealer, broker, industry company, pricing service or authorised entity.

In the absence of an active market, alternative valuation methods based on market data are used, such as quotes drawn from inactive markets, or on markets where similar instruments are traded, the notional value of financial instruments, quotes from brokers or placing agents involved in the issue of financial instruments, quotes from info providers specialised in specific sectors, and values drawn from recent comparable transactions.

The cost criterion is used for equity securities and derivative instruments that have as their underlying equity securities, not listed on an active market, as an estimate of fair value solely to a residual degree and limited to a few cases, such as cases in which all previously discussed measurement methods are not applicable, or where there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within the range.
Further information on the criteria used for determining fair value is given in Section "A.4 Information on fair value" of Part A of these Notes and Comments.

Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from the financial asset expire or when the financial asset, together with substantially all related risks and rewards, is transferred.
Conversely, if a significant share of the risks and rewards relating to the transferred financial assets is retained, these assets will continue to be carried in the financial statements, even though the ownership of said assets has been effectively transferred in legal terms.
In cases where the transfer of substantially all risks and rewards cannot be assessed, derecognition occurs when no control has been retained over such assets. Conversely, if even partial control is retained, the assets continue to be recognised in the financial statements to the extent of residual control, which is measured by the exposure to changes in the value of the transferred assets and related cash flows.
In addition, transferred financial assets are also derecognised from the financial statements if contractual rights to receive the asset's cash flows are retained, but a contractual obligation to pay, without a significant delay, those (and only those) cash flows to a third party is assumed.

2. Financial assets measured at fair value through other comprehensive income (FVOCI)

Classification

This category includes financial assets that satisfy both of the following conditions:
- the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets (a "hold-to-collect-and-sell" business model); and
- the contractual terms of the financial asset give rise, on specific dates, to cash flows consisting solely of payments of principal and interest ("SPPI test" passed).

The item also includes equity instruments not held for trading electively designated at fair value through other comprehensive income upon initial recognition.

Specifically, it includes:
- debt securities and loans held within a hold-to-collect-and-sell business model that have passed the SPPI test;
- equity interests, equity investments and capital contributions of various kinds not qualifying as controlling interests in subsidiaries, associates and joint arrangements, not held for trading purposes, designated at fair value through other comprehensive income.

According to the general rules for the reclassification of financial assets (with the exception of equity securities, which cannot be reclassified) laid down by IFRS 9, reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for managing financial assets.

In such cases, which are expected to be quite rare, financial assets may be reclassified from measured at fair value through other comprehensive income to one of the two other categories provided for in IFRS 9 (financial assets measured at amortised cost or financial assets measured at fair value through profit or loss). The transfer value is the fair value at the time of reclassification and the effects of reclassification apply prospectively from the reclassification date. In the event of reclassification from this category to that at amortised cost, the cumulative gain (loss) recognised in the valuation reserve is taken as an adjustment of the financial asset's fair value at the reclassification date. In the event of reclassification to fair value through profit or loss, the cumulative gain (loss) previously recognised in the valuation reserve is reclassified from net equity to net profit (loss) for the year.

Recognition

Debt and equity securities are initially recognised on the settlement date. Loans are initially recognised at the disbursement date. Assets are initially recognised at fair value, including transaction costs or income directly related to the instrument.

Measurement

After initial recognition, assets designated at fair value through other comprehensive income other than equity securities are measured at fair value and the impact of the application of amortised cost, the effects of impairment and any foreign exchange effect are taken to profit or loss, whereas other gains or losses due to changes in fair value are entered to a specific equity reserve until the financial asset is derecognised.
Upon total or partial derecognition, cumulative gains or losses in the valuation reserve are recognised, fully or partially, through profit or loss.

Equity securities that have been classified to this category on an elective basis are measured at fair value through other comprehensive income (net equity) and cannot be transferred to profit and loss thereafter, even in the event of disposal. The only component attributable to the equity instruments in question that may be recognised in profit or loss is the related dividends.
Fair value is determined on the basis of the criteria set out above for financial assets measured at fair value through profit or loss.
In the case of equity securities included in this category not listed on an active market, the cost criterion is only used to estimate fair value on a residual basis, limited to a few circumstances, i.e., where all previously discussed measurement methods do not apply, or where there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within the range.
Further information on the criteria used for determining fair value is given in Section "A.4 Information on fair value" of Part A of these Notes and Comments.

Derecognition

Financial assets are derecognised from the financial statements only if the transfer results in the transfer of substantially all risks and rewards connected to such assets. Conversely, if a significant share of the risks and rewards relating to the transferred financial assets is retained, these assets will continue to be carried in the financial statements, even though the ownership of said assets has been effectively transferred in legal terms.
In cases where the transfer of substantially all risks and rewards cannot be assessed, derecognition occurs when no control has been retained over such assets. Conversely, if even partial control is retained, the assets continue to be recognised in the financial statements to the extent of residual control, which is measured by the exposure to changes in the value of the transferred assets and related cash flows.
In addition, transferred financial assets are also derecognised from the financial statements if contractual rights to receive the asset's cash flows are retained, but a contractual obligation to pay, without a significant delay, those (and only those) cash flows to a third party is assumed.

3. Financial assets measured at amortised cost

Classification

This category includes financial assets (and in particular loans and debt securities) that satisfy both of the following conditions:
› the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows (a "hold-to-collect" business model); and
› the contractual terms of the financial asset give rise, on specific dates, to cash flows consisting solely of payments of principal and interest ("SPPI test" passed).

In further detail, the following are classified to this item:
› loans to banks in various forms that meet the requirements set out in the foregoing paragraph;
› loans to customers in various forms that meet the requirements set out in the foregoing paragraph;
› debt securities that meet the requirements set out in the foregoing paragraph.

This category also includes operating loans associated with the provision of financial assets and services, as defined in the Consolidated Law on Banking (TUB) and the Consolidated Law on Finance (TUF) (e.g., the distribution of financial products and servicing activities). This latter category also includes receivables from management companies and receivables from the Financial Advisor Network for advances on fees paid.

According to the general rules for the reclassification of financial assets laid down by IFRS 9, reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for managing financial assets. In such cases, which are expected to be quite rare, financial assets may be reclassified from the category measured at amortised cost to one of the two other categories provided for in IFRS 9 (Financial assets measured at fair value through other comprehensive income or Financial assets measured at fair value through profit or loss). The transfer value is the fair value at the time of reclassification and the effects of reclassification apply prospectively from the reclassification date. Gains or losses resulting from the difference between the amortised cost and fair value of a financial asset are taken to profit or loss in the event of reclassification to financial assets measured at fair value through profit or loss, and to a specific valuation reserve in net equity in the event of reclassification to financial assets measured at fair value through other comprehensive income.

Eligibility of the sale of financial instruments classified to the HTC portfolio
The accounting standard IFRS 9 recognises the eligibility of the sale of financial instruments classified to the HTC portfolio, assets in which are normally held to collect their contractual cash flows until maturity, as a condition for the ordinary management of such portfolios, without calling the goal of the business model into question.

In particular, sales are deemed fully consistent with the model in the event of a significant increase in credit risk, other negative changes of a regulatory or tax nature, proximity to maturity or, in the absence of such reasons, where the sales are:
› infrequent, even if significant in value;
› not significant in value (whether separately or collectively), although frequent.

Within this framework, in the new business conditions in which Banca Generali finds itself to operate, characterised by a more severe stress situation and a more volatile context, a suitability assessment of the size of current and prospective financial investment portfolios provided for in the Strategic Plan and a comparison with the most common management practices on the market identified the need to proceed with a revision of the thresholds for the eligibility of sales, which for 2023 were as follows:
› extension of the materiality thresholds for sales considered non-significant to 14.5% of the total portfolio (13% in 2022) and to 5% of the individual ISIN, and for infrequent sales to 24.6% of the total portfolio;
› adoption of a method for determining limits based not only on historical sales, but also current and future sales;
› identification of specific grounds for eligibility of sales in rare, unexpected and unforeseeable conditions;
› adjustment of the period of eligibility of sales near maturity to 12 months prior to the maturity of the financial instrument.

Recognition
Debt securities are initially recognised on the settlement date, whereas loans are initially recognised on the disbursement date. Assets are initially recognised at fair value, including transaction costs or income directly related to the instrument.
In the case of loans, in particular, the date of disbursement normally coincides with the date of execution of the contract. If the two dates do not coincide, a commitment to disburse funds terminating on the date of disbursement of the loan is added when the contract is executed. A loan is initially recognised on the basis of the fair value of the same, which is equal to the amount disbursed or the subscription price, including costs/income directly attributable to the individual loan that may be determined at the inception of the transaction, even if settled at a later time. Costs with the above-described characteristics are excluded if they are to be repaid by a third-party borrower or can be considered normal, internal, general and administrative expenses.

Measurement
After initial recognition, these financial assets are measured at amortised cost using the effective interest-rate method. Accordingly, such assets are measured at an amount equal to their initial recognition value, minus capital redemptions, plus or minus cumulative amortisation (calculated according to the aforementioned effective interest-rate method) of the difference between that initial amount and its value at maturity (typically derived from the costs/income directly attributable to the individual asset) and adjusted by loss allowance, if any. The effective interest rate is the rate that equates the present value of discounted future cash outflows (for principal and interest payments) with the amount disbursed including the costs and income relating to the said financial asset. This method of recognition allows, by applying a financial logic, the financial effect of the costs and income directly attributable to a financial asset to be distributed across its expected residual life.

The amortised cost method is not used for assets measured at historical cost whose short durations suggest that the effects of discounting would be negligible, nor is it applied to assets without fixed maturities or revocable lines of credit.

The measurement criteria are closely connected to the inclusion of the instruments in question in one of the three stages (credit risk stages) provided for in IFRS 9, the last of which (stage 3) includes non-performing financial assets, and the remainder (stages 1 and 2) performing financial assets.

In terms of the accounting treatment of the above measurement effects, adjustments attributable to this type of asset are taken to profit or loss:
- upon initial recognition, in an amount equal to the expected loss at twelve months;
- upon subsequent measurement of the asset, where credit risk has not increased significantly compared with initial recognition, in respect of changes in the amount of adjustments for expected losses in the following twelve months;
- upon subsequent measurement of the asset, where the credit risk has increased significantly with respect to initial recognition, in respect of the recognition of adjustments for expected credit losses attributable to the asset's entire expected residual contractual life;
- upon subsequent measurement of the asset, where, after a significant increase in credit risk with respect to initial recognition, this increase has ceased to be significant in respect of the adjustment of cumulative impairment losses to account for the transition from an expected loss over the entire residual lifetime of the instrument to the expected loss over a twelve-month period.

Where performing, the financial assets in question are measured with the aim of determining the impairment losses to be recognised at the level of each individual credit relationship (or "tranche" of a security) on the basis of the risk parameters of probability of default (PD), loss given default (LGD) and exposure at default (EAD).

If, in addition to a significant increase in credit risk, there is objective evidence of impairment, the amount of the loss is measured as the difference between the carrying amount of the asset — classified as "non-performing" along with all other relationships with the counterparty in question — and the present value of the estimated future cash flows, discounted at the original effective interest rate.
The amount of the loss, to be recognised in profit or loss, is determined on the basis of a measurement process performed for individual assets or uniform categories of assets, and then allocated to each position.

Non-performing loans include financial instruments classified as follows:
1. bad loans: this category refers to formally non-performing loans, consisting of exposures to customers who are in a state of insolvency, regardless of whether confirmed by a court, or in similar situations;
2. unlikely to pay: these are on- and off-balance sheet exposures for which the conditions have not been met for classification as bad loans and for which it is deemed unlikely that the borrower will be capable of fulfilling all of its debt obligations (in terms of principal and/or interest) in the absence of actions such as the enforcement of guarantees. This assessment is conducted regardless of the presence of any past due and unpaid amounts or instalments.
   Classification as unlikely to pay is not necessarily tied to the explicit presence of anomalies (non-payment), but rather is linked to the existence of elements indicative of a situation of risk of default of the borrower;
3. non-performing overdrawn or past-due exposures: these are on-balance sheet exposures other than those classified as bad debts or unlikely to pay loans that are overdrawn or past due by more than 90 days at the reporting date. Non-performing overdrawn or past-due exposures may be identified in reference to either the individual borrower or individual transaction.

Expected cash flows take account of expected collection times and the presumed realisable value of any underlying guarantees.
The original effective interest rate of each asset remains unchanged over time, even if a renegotiation of the terms results in a change of the contractual rate, including if the contract becomes non-interest-bearing.

If the reasons for impairment cease to exist due to an event occurring after the impairment was recognised, the impairment loss is reversed and the reversal is recognised in profit or loss. The reversal may not exceed the amortised cost that would have been attributable to the asset had the impairment not been recognised. Reversals due to the passage of time are taken in net interest income.
In some cases, over the lifetimes of the financial assets in question, and in particular over those of loans, the original contractual conditions are modified at the will of the parties to the contract.
When contractual terms are modified in the course of an instrument's life, it must be verified whether the original asset is to continue to be recognised in the financial statements or the original instrument is instead to be derecognised and a new financial instrument recognised.
When the modifications of financial assets are "substantial", the original asset is generally derecognised and a new asset is instead recognised. A modification is determined to be "substantial" on the basis of both qualitative and qualitative elements. In some cases, in fact, it may be clear, without the need for complex analyses, that the changes made substantially modify an asset's contractual characteristics and/or cash flows, whereas in other cases additional analyses (including of a quantitative nature) must be conducted to measure the effects of such modifications and verify whether the asset should be derecognised and a new financial instrument recognised.

Accordingly, the qualitative and quantitative analyses, aimed at determining whether contractual modifications of a financial asset are substantial, must be based on:
- the purposes of the modifications: for example, renegotiations for commercial reasons and forbearance measures due to financial difficulties by the counterparty;
  1. the former, aimed at "retaining" the customer, involve a debtor not in a situation of financial difficulty. This category also encompasses all renegotiation transactions aimed at adjusting the cost of debt to market conditions. Such transactions

entail a modification of the original terms of the contract, typically at the debtor's request, relating to aspects affecting the cost of the debt, with the resulting economic benefit for the debtor. It is generally held that, whenever the bank renegotiates in order to avoid losing a customer, such renegotiation must be considered substantial inasmuch as, had it not occurred, the customer could have obtained financing from another intermediary and the bank would have incurred a loss of expected future revenues;

2. the latter, undertaken for "reasons of credit risk" (forbearance measures), are attributable to the bank's attempt to maximise the recovery of the cash flows from the original loan. Substantially all the underlying risks and rewards are typically not transferred as a result of such modifications. Accordingly, the accounting treatment that provides the most relevant information for the readers of the financial statements (without prejudice to the remarks presented below regarding objective elements) is that based on "modification accounting", which entails the recognition in profit or loss of the difference between the carrying amount and the present value of the modified cash flows, discounted at the original interest rate, and not through derecognition;

› the presence of specific objective elements ("triggers") that affect the contractual characteristics and/or cash flows of the financial instrument (including, but not limited to, a change of currency or modification of the type of risk exposure, where correlated with equity and commodity parameters) and that are believed to entail derecognition by virtue of their impact (expected to be significant) on the original contractual cash flows.

Derecognition

Financial assets are derecognised from the financial statements only if the transfer results in the transfer of substantially all risks and rewards connected to such assets. Conversely, if a significant share of the risks and rewards relating to the transferred financial assets is retained, these assets will continue to be carried in the financial statements, even though the ownership of said assets has been effectively transferred in legal terms.
In cases where the transfer of substantially all risks and rewards cannot be assessed, derecognition occurs when no control has been retained over such assets. Conversely, if even partial control is retained, the assets continue to be recognised in the financial statements to the extent of residual control, which is measured by the exposure to changes in the value of the transferred assets and related cash flows.
In addition, transferred financial assets are also derecognised from the financial statements if contractual rights to receive the asset's cash flows are retained, but a contractual obligation to pay, without a significant delay, those (and only those) cash flows to a third party is assumed.

4. Hedging transactions

Types of hedging transactions

The objective of hedging is to eliminate possible losses on a specific item or group of items that could be incurred as a result of a certain risk with gains on another item or group of items in cases where that specific risk actually occurs.

Possible types of hedges include:

› fair-value hedges, intended to hedge exposure to changes in the fair value of a financial statement item attributable to a particular risk;
› cash-flow hedge, intended to hedge exposure to changes in future cash flows of financial statement items attributable to particular risks;
› hedges of a net investment in a foreign operation, intended to hedge the foreign currency exposure of an investment in a foreign enterprise.

Measurement

Hedging derivatives are measured at fair value. Specifically:

› in the case of a fair-value hedge, the change in the fair value of the hedged item is offset by the change in the fair value of the hedging instrument. Both the change in value of the hedged item (with reference to changes due to the underlying risk factor) and the change in value of the hedging instrument are recognised in profit or loss. Any difference between the two represents an element of ineffectiveness of the hedge and determines the net effect on net profit or loss;
› in the case of cash-flow hedges, the effective portion of changes in the fair value of the derivative is recognised immediately in net equity and recognised in profit or loss only when there are changes in the cash flows of the hedged item;
› hedges of a foreign currency investment are accounted for similarly to cash-flow hedges.

Derivatives qualify as hedging instruments when the relationship between the hedged item and the hedging instrument is formally documented and the hedge is effective at inception and is expected to be effective on an ongoing basis over the term of the hedge.

The effectiveness of the hedge depends on the degree to which changes in the fair value or cash flows of the hedged item are offset by changes in the fair value or cash flows of the hedging instrument. Effectiveness is thus assessed by comparing these changes in light of the intentions expressed by the enterprise at the hedge's inception.

The Bank must verify whether the relationship meets the hedge effectiveness requirements at inception and then on an ongoing basis.
The assessment must be performed, at least, at each reporting date or, where earlier, when a material change in the circumstances that influence the hedge effectiveness requirements occurs.
The assessment is based on expectations regarding hedge effectiveness. It is thus merely indicative of expected developments and is based on an exclusively forward-looking analysis. The method adopted may consist of a qualitative or quantitative assessment.

If these tests do not confirm the effectiveness of a hedge, the hedge accounting procedures described above are discontinued and the derivative instrument is reclassified as a trading instrument.

5. Equity investments

This item includes equity investments in associates and joint ventures.

Entities subject to significant influence (associates) are those entities in which the Bank holds at least 20% or more of the voting rights (including "potential" rights), or in which — although holding a lower voting power, in light of specific legal ties, such as Shareholders' agreements — it has the power to participate in the financial and management policy-making process or can exercise governance rights that are not limited to capital interests.
Companies subject to joint control (joint ventures) are entities over which control is shared, on a contractual basis, by the Bank and another entity or other entities external to the Group, or for which decisions regarding important activities require the unanimous consent of all parties that share control.

Recognition

Equity investments in associates and joint ventures are recognised at the transaction settlement date, i.e., the date the acquisition becomes effective. Equity investments are initially recognised at purchase cost.

Measurement

In the Consolidated Financial Statements, equity investments in joint ventures and associates are valued using the equity method.
When there is indication of a possible loss in value of an equity investment, the recoverable amount of the investment is estimated based on the present value of future cash flows that the company could generate, including the disposal value of the equity investment.
If the recoverable amount is less than the carrying amount, the difference is recognised through profit or loss.

If the reasons for impairment cease to exist due to an event occurring after the impairment was recognised, the impairment loss is reversed and the reversal is recognised in profit or loss.

Derecognition

Equity investments are derecognised when the contractual rights to receive the cash flows from the financial asset expire or when the financial asset, together with substantially all related risks and rewards, is transferred.

6. Property and equipment

Classification

Property and equipment include technical systems, furniture, furnishings and equipment of any type.
They also include assets held exclusively for operating purposes, to be used in the production or provision of goods and services or to be leased to third parties or for administrative purposes and that are expected to be used for more than one year.
Property and equipment also include rights of use ("ROUs") acquired in lease transactions within the scope of application of IFRS 16 and relating to the use, as lessee, of assets in this category (real estate, motor vehicles, equipment, etc.). For a more detailed analysis of the accounting criteria adopted by the Bank in respect of IFRS 16, reference should be made to Section 15 "Other information".

Recognition

Property and equipment are initially recognised at cost, which includes the purchase price, as well as all directly related ancillary costs necessary to purchase the asset and bring it into working condition.

Extraordinary maintenance costs that increase the future economic benefits of the asset are added to the carrying amount of the asset to which they relate, while routine maintenance costs are recognised through profit or loss.

Measurement

Property and equipment, including those not used in production, are measured at cost less depreciation and impairment losses.
They are systematically depreciated over their estimated useful life using the straight-line method.

At each annual or interim reporting date, if there is indication that an asset may be impaired, its carrying amount is compared to its recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use, i.e., the present value of future cash flows expected to be generated by the asset. Impairment losses are recognised in the profit and loss account.

If the reasons for impairment cease to exist, the impairment loss is reversed; the new amount cannot exceed the carrying amount the asset would have had after depreciation, had no previous impairment loss been recognised.

Derecognition

Property and equipment are removed from the balance sheet upon disposal or when permanently withdrawn from use and no future economic benefits are expected from their disposal.

7. Intangible assets

Classification

An intangible asset is an identifiable non-monetary asset controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity.
In order to be identifiable, an asset must be separable, i.e., capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, or must arise from contractual or other legal rights, regardless of whether those rights are transferrable or separable from the entity or from other rights and obligations.

An entity controls an asset if the entity has the power to obtain the future economic benefits flowing from the underlying resource and simultaneously restrict the access of others to those benefits.
The capacity of an entity to control the future economic benefits from an intangible asset would normally stem from legal rights that are enforceable in a court of law.

The application of IFRS 3 in accounting for acquisition transactions may entail the recognition, in the purchase price allocation (PPA) process of new intangible assets and goodwill.
Goodwill represents the positive difference between the purchase cost and the fair value of the acquiree's assets and liabilities.

Intangible assets with an indefinite useful life also include the value of the trademarks recognised following the acquisition of Nextam Partners Group and BG Valeur S.A.

The other intangible assets also include the value of the contractual relationships with customers identified within the framework of the acquisitions of Banca del Gottardo Italia (2008), the Credit Suisse Italy business unit (2014), Nextam Partners Group and BG Valeur S.A. (both in 2019).

Customer relationships are intangible assets within the scope of application of IAS 38, from which it is probable that future economic benefits will flow to the acquirer. The value of such relationships has been determined, as at the acquisition date, on the basis of an estimate of the profitability of assets under management (AUM) associated with the customers acquired, measured separately for each asset class.

The useful lives of such assets, determined on the basis of the expected decay rates for assets under management (AUM), have been estimated as follows:
- Banca del Gottardo Italia: 10 years;
- Credit Suisse Italy: 15 years;
- Nextam Partners Group: 16 years;
- BG Valeur S.A.: 10 years.

The remaining intangible assets are application software intended for long-term use, including the expenses of modifying the legacy system and the intangible assets in progress at the end of the year.

Software costs recorded as intangible assets refer to application software developed by third parties for company use (software development contracts) or purchased with a multi-year licence for use.
Software costs recognised among intangible assets include, at certain conditions, also charges for the development of the IT system used by the Bank based on the outsourcing contract with CSE (legacy, front-end Financial Advisors and front-end customers, etc.).
Such charges are capitalised when they refer to the development of innovative components of the system that are not part of consortium projects, for which it is possible to identify a control situation, and from which future economic rewards are expected.
Expenses related to corrective maintenance and evolution of IT procedures and the website already in use are usually recognised through profit and loss in the year in which they are borne.

Recognition

Goodwill

An intangible asset can be classified as goodwill when the positive difference between the fair value of the assets and liabilities acquired and the cost of the investment (including ancillary expenses) is representative of the investee company's ability to generate future income (goodwill).
In case of badwill, or if the goodwill is not representative of the investee company's ability to generate future income, the difference is recognised directly through profit and loss.

Other intangible assets

Other intangible assets are recorded at cost less any ancillary expenses when it is probable that the asset will produce future economic benefits and if the cost of the asset can be reliably determined. When this is not the case, the cost of the intangible asset is recognised in the profit and loss account in the period in which it is incurred.

Measurement

Intangible assets are amortised on a straight-line basis over their useful lives.
Software costs are typically amortised over a three-year period.
Other capitalised costs associated with legacy systems are amortised over a three-year period.
With reference to contractual relations with customers, acquired as a result of the above-mentioned business combinations, the useful lives have been estimated at 10 years for Banca del Gottardo Italia and BG Valeur S.A., at 15 years for Credit Suisse Italy and at 16 years for Nextam Partners Group.
Intangible assets with indefinite useful lives are not amortised, but are periodically reviewed to assess the appropriateness of their carrying amount.

Impairment

Goodwill

In accordance with IAS 36, goodwill is no longer amortised, but is tested for impairment at least annually.
For the purposes of impairment testing, goodwill is allocated to cash-generating units (CGUs), which, in accordance with the limitation on the maximum level of aggregation, may be no larger than the segments identified for management reporting.
To determine the amount of impairment, the carrying amount of the CGU is compared with its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.
The impairment test for goodwill is presented in Section "Retrospective Adjustments" in Part G of these Notes and Comments.

Other intangible assets

At each reporting date, if impairment is indicated, the recoverable amount of the asset is estimated. The amount of impairment, which is recognised in the Profit and Loss Account, is the amount by which the asset's carrying amount exceeds its recoverable amount.

Derecognition

Intangible assets are removed from the Balance Sheet on disposal or when no future economic benefits are expected from their use.

8. Non-current assets held for sale or disposal groups

The asset item "Non-current assets held for sale or disposal groups" and liability item "Liabilities associated with assets held for sale or disposal groups" include non-current assets or groups of assets/liabilities for which a disposal process has been initiated and the sale of which is deemed highly likely. Such assets/liabilities are measured at the lesser of their carrying value and fair value less costs to sell.
The net balance of income and expenses (net of the tax effect) attributable to a group of assets held for sale or a group of assets recognised as held for sale during the year is taken through profit and loss under a specific separate item, "Income (Loss) of disposal groups, net of taxes."

9. Current and deferred taxes

Income taxes are recognised in the profit and loss account, with the exception of those relating to items posted directly to net equity.
Provisions for income taxes are made based on a prudential estimate of current taxes, and deferred tax assets and liabilities, which are calculated using prevailing tax rates.

Specifically, deferred tax assets and liabilities are calculated based on the temporary differences — without time limits — between the carrying amount of assets and liabilities and their corresponding values for tax purposes.
Deferred tax assets are recognised to the extent that it is probable that they will be recovered, which is determined based on the ability of the company in question or the parent company Assicurazioni Generali — as a result of its exercise of the option provided by the Italian tax consolidation scheme — to generate ongoing taxable income.

Deferred tax liabilities are recognised in the financial statements, except for the main assets pending taxation, represented by equity investments.
Deferred tax assets and liabilities are shown separately in the balance sheet and are not offset; deferred tax assets are recorded under "Tax assets" and deferred tax liabilities are recorded under "Tax liabilities".

Deferred taxes resulting from consolidation are recognised where it is probable that they will give rise to a tax charge for one of the consolidated enterprises. Such taxes mainly arise when positive differences resulting from consolidation are allocated to the assets of the subsidiary in question.
Deferred tax assets and liabilities are systematically assessed to take account of any changes in tax legislation or rates, as well as changes to the specific situations.
Provisions for taxes also include allocations made to cover charges that could arise from tax assessments already notified or litigation underway with Tax Authorities.

Accounting effects of the redemption of goodwill and other intangible assets pursuant to Italy's tax laws

In recent years, the tax regime applicable to corporate reorganisation transactions has undergone considerable changes aimed at allowing the recognition of surplus amounts (e.g., goodwill) following an extraordinary transaction involving contribution, merger or de-merger to be recognised for income-tax purposes, as well as through the payment of a substitute tax.

Italian Law No. 244 of 24 December 2007 (2008 Finance Law) introduced paragraph 2-*ter* into Article 176 of the Consolidated Income Tax Law (hereinafter TUIR) that allows entities to recognise for income-tax purposes the greater amounts recognised in the accounts following a corporate reorganisation transaction in relation to intangible assets, including goodwill, and property and equipment (so-called "ordinary redemption").
That provision requires that the entity pay a substitute tax, determined according to three income brackets, on the basis of the realigned amounts (12% up to 5 million euros, 14% up to 10 million euros and 16% for amounts in excess of the latter bracket, respectively) in lieu of the ordinary rates of IRES and IRAP.
The substitute tax is to be paid in three annual instalments beginning on the term of payment of the balance of income taxes for the year in which the extraordinary transaction is undertaken, whereas the greater amounts are recognised for the purposes of the tax-deductibility of depreciation and amortisation charges beginning in the tax period in progress when the option for payment of substitute tax is exercised on the tax return, that is to say in the year in which the first instalment is paid.

Italian Law Decree No. 185 of 29 November 2008 (Anti-Crisis Decree), converted to Law No. 2 of 28 January 2009 and then further amended, subsequently introduced a new system of optional realignment of tax and carrying values (so-called "special regime"). The provision, set forth in Article 15, paragraph 10, of the cited Decree, states that, in derogation of the substitute-tax regime introduced by the 2008 Finance Law, taxpayers may obtain recognition for tax purposes of the greater amounts attributed to goodwill, trademarks and other intangible assets with finite useful lives in the financial statements by paying a substitute tax in lieu of IRES and IRAP at the fixed rate of 16%, that is to say without any reference to income brackets and the possibility of paying in instalments.
However, the greater amounts attributed to goodwill and trademarks could have been recovered through the off-balance procedure for amortising goodwill in ten annual instalments instead of the 18 ordinary instalments required under Article 103 of TUIR, beginning in the tax period after that in which the tax is paid.
Article 17 of Italian Law Decree No. 83/2015 then precluded the possibility of converting into tax credits the DTAs referring to the value of goodwill and other intangible assets, recognised for the first time in the financial statements for the year ended 27 June 2015, reducing the off-balance amortisation period from ten to five years.

For the special redemption option as well, that statute also requires that the option be exercised by paying the substitute tax by the term of payment for income taxes for the year in which the extraordinary transactions in question are finalised.

In addition, paragraphs 12 to 14 of Article 23 of Italian Law Decree No. 98/2011 (known as the "Summer Manoeuvre") introduced the new paragraphs 10-*bis* and 10-*ter* to Article 10 of Law Decree No. 185/2008, thus allowing an extension of the "special redemption" procedure to goodwill recognised at the consolidated level only, due to not being presented in the carrying amount of the equity investment.
As originally formulated, the statute provided that, for the purposes of redemption of transactions carried out before 31 December 2010, the 16% substitute tax was to be paid by 30 November 2011, whereas the off-balance deduction of goodwill, in ten equal instalments, was to occur starting in financial year 2013 — a date that was then postponed by Article 1, paragraph

502, of Italian Law No. 228 of 24 December 2012 (2013 Finance Law) to the year after that in progress as at 31 December 2017[5].

Banca Generali has undertaken the following transactions in connection with the aforementioned options afforded by the tax code:

1. redemption of the mismatch between the carrying amounts and book values of goodwill arising from the merger of Banca del Gottardo Italia into Banca BSI S.p.A. (subsequently merged into Banca Generali effective 1 January 2010), closed in 2010 on the basis of the provisions of Article 15, paragraph 10, of Law Decree No. 185/2008;
2. redemption of other intangible assets (client relationships) arising from the above transaction undertaken in 2010 on the basis of the amounts carried in the financial statements of Banca BSI Italia at 31 December 2009 according to the ordinary procedure outlined in Article 176, paragraph 2-*ter*, of TUIR;
3. redemption of goodwill recognised on a consolidated basis in connection with the full equity investment in the subsidiary BG Fiduciaria SIM S.p.A. undertaken in 2011[6].

Most recently, Article 110 of Italian Law Decree no. 104 of 14 August 2020 (the "August Decree"), as amended by the 2021 Budget Law (Article 1, paragraph 83, of Law no. 178 of 30 December 2020), with the aim of facilitating stronger capital positions and mitigating the consequences on financial statements of the economic crisis caused by the Covid-19 pandemic, introduced — including for entities that adopt IAS/IFRS — the possibility of realigning the accounting and tax values of goodwill and other intangible assets recognised in the financial statements for the year in progress at 31 December 2019 (Article 110, paragraph 8-*bis*), to the extent in which they were still present at the closing of the 2020 financial statements.

The option was to be exercised through:

› the payment of a 3% substitute tax, in a maximum of three instalments of equal amounts, by the due date for payment of the balance of the 2020 income tax return and the reporting in the income tax return of incomes relating to financial year 2020;
› the application of a restriction on balance-sheet reserves in an amount corresponding to the greater values subject to realignment, net of the substitute tax, to which the provisions for tax-suspended reserves envisaged for revaluation balances applies.

The effects of the realignment of goodwill and other intangible assets are recognised for tax purposes with effect from financial year 2021 and the off-balance amortisation of goodwill should have been therefore deducted in 18 years (paragraph 3-*bis*).

However, Article 1, paragraphs 622 to 624, of the 2022 Budget Law retroactively amended, in derogation from the taxpayers' statute, the emergency redemption provisions set out in Article 110 of Law Decree No. 104 of 14 August 2020 ("August Decree"), essentially providing for three options:

a) extension of the amortisation period from 18 to 50 years;
b) "repeat redemption" of goodwill redeemed at 3% by applying an increase on the basis of the rate brackets governed by the ordinary provisions of Article 176 of TUIR;
c) revocation of the redemption transaction, according to the methods to be established by order of the Italian Tax Authorities, applying for a refund for or offsetting the sums already paid.

In 2021, Banca Generali also proceeded to exercise the option to carry out the following realignments of the carrying and tax values of goodwill, trademarks and other intangible assets:

› realignment of misalignments resulting from previous years' goodwill stated in the Financial Statements at 31 December 2019, pursuant to Article 110 of Law Decree No. 104/2020 (so-called "August Decree"), as amended by the 2021 Budget Law, through payment of a 3% substitute tax, and subsequent right to benefit from the ensuing off-balance sheet amortisation in the ordinary period of 50 years;
› realignment of the carrying values for goodwill, trademarks and intangible assets, resulting from the merger — effective 1 January 2020 for accounting and tax purposes — of the subsidiaries Nextam Partners S.p.A. and Nextam Partners SGR, carried out pursuant to:
  – Article 15 of Law Decree No. 185/2008 (special redemption), by payment of a substitute tax of 16% and subsequent amortisation over 5 years;
  – Article 176, paragraph 2-*ter*, of TUIR (ordinary redemption), limited to intangible assets, with payment of a substitute tax based on related tax brackets (12%-14%) and recognition of amortisation throughout the residual life of the intangible asset.

5 The following additional legislation was recently passed on this subject:
Article 1, paragraph 1079, of Italian Law No. 145/2018 (2019 Budget Law) introduced a change to the amortisation rates of goodwill and other intangible assets that gave rise to the recognition of deferred tax assets subject to the paragraphs 55, 56-*bis*, 56-*bis*.1 and 56-*ter* of Article 2 of Italian Decree Law No. 225 of 29 December 2010 not yet deducted until the tax period in progress at 31 December 2017 in ten variable annual instalments from 31 December 2019 — from 2019 (5%) to 2020 (3%) — and until 31 December 2029 (10%), without prejudice to previously applicable amortisation, where of a lesser amount;
Article 23 of Italian Decree Law No. 98/2011 (paragraphs 12-14) had introduced the possibility of proceeding with "special" redemption (new paragraph 10-ter of Article 15 of Italian Decree Law No. 185/2008) of goodwill and other intangible assets recognised solely at the consolidated level before 31 December 2010, by paying a substitute tax of 16% and deducting the related amortisation in ten annual instalments starting on 1 January 2013. However, Article 1, paragraph 502, of Italian Law No. 228 of 24 December 2012 (2013 Financial Law) then deferred the deductibility of amortisation charges from the tax period after that in progress at 31 December 2017, with a suspension of amortisation of five years, followed by a further change in 2018 (previous note);
Article 1, paragraph 714, of Italian Law No. 160/2019 (2020 Stability Law) then provided for the deferral of the deduction of the 5% share of the portion of negative components referring to amortisation charges relating to the value of goodwill and other intangible assets, originally provided for 2019, to the tax period in progress at 31 December 2025 and the four following periods.

6 The goodwill of BG Fiduciaria was redeemed on 30 November 2011, but effectively became deductible only in financial year 2020, at the rate of 3% instead of the original 10%.

The accounting treatment of the payment of substitute tax on goodwill is susceptible to varying interpretations, given that there is no specific provision of IAS 12 regarding the taxable element of goodwill after initial recognition.
IAS 12 merely prohibits the recognition of deferred tax assets on initial recognition of goodwill from acquisitions not relevant for tax purposes.

The analyses conducted by the OIC (Italian Accounting Standard Setter) — summarised in application document No. 1 of 27 February 2009 entitled "Accounting treatment of substitute tax on the redemption of goodwill in accordance with Article 15, paragraph 10, of Law Decree No. 185 of 29 November 2008 (converted into Law No. 2 of 28 January 2009) for entities that prepare financial statements in accordance with IAS/IFRS", which can however be extended to other special redemption cases envisaged by tax laws — have led to three different accounting treatments being considered compatible with IFRS:
1. recognition through profit and loss of substitute tax only, without recognising deferred tax assets;
2. immediate recognition through profit and loss of both substitute tax and the deferred tax assets representing the future tax benefit; and
3. recognition of substitute tax as a tax credit under assets and subsequent recognition through profit and loss over the years to coincide with the off-balance deduction of the redeemed amortised amounts.

In this regard, it should be noted that the accounting policy adopted by Banca Generali is based on the second method, which allows the attribution of the entire tax benefit, equal to the difference between the substitute tax paid and the deferred tax assets recognised (IRES and IRAP) during the year to which the redemption transaction refers.

During the years in which the redeemed goodwill is deducted on a straight-line basis, the entity releases the previously recognised deferred tax assets to profit and loss on a straight-line basis, in accordance with the specific system adopted (ten or eighteen amortisation instalments), thereby neutralising the decrease in current taxes.

Any impairment losses to the goodwill are not relevant to measuring the recognised deferred tax asset, provided that the value of that asset continues to be believed to be recoverable on the basis of future taxable income.

With regard to the realignment performed pursuant to Article 110 of Italian Law Decree No. 104/2020, DTAs that may be recovered over a longer time horizon than the ordinary off-balance amortisation of 18 years have not been recognised in the financial statements.

10. Provisions for liabilities and contingencies

Provisions for commitments and guarantees issued

The sub-item of provisions for liabilities and contingencies in question includes provisions for credit risk recognised on the basis of loan commitments and guarantees issued that come within the scope of application of impairment rules pursuant to IFRS 9.
Such cases are generally subject to the same methods of allocation to the three credit risk stages and calculation of expected losses presented in regard to financial assets measured at amortised cost or at fair value through other comprehensive income.

Other provisions

Other provisions for liabilities and contingencies include allocations relating to provisions for legal contractual or non-contractual obligations or legal disputes, including tax disputes, arising from a past event where fulfilment of such obligation is likely to require an outflow of financial resources, provided that the amount of the outflow can be reliably estimated.

Therefore, a provision is recognised only when:
- there is a present obligation (legal or constructive) as a result of a past event;
- it is likely that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount relating to the fulfilment of the obligation.

The amount recognised as provision corresponds to the best estimate of the expenditure required to settle the obligation existing at the reporting date and accounts for all the risks and uncertainties that are inevitably entailed in certain events and circumstances.
Where the effect of the time value of money is material, provisions are discounted using current market rates. Provisions and increases due to the time value of money are recognised in the profit and loss account.

Provisions are periodically reviewed and, where necessary, adjusted to reflect the best current estimate. If, upon review, it is determined that it is unlikely that a cost will be incurred, the provision is reversed.

Other provisions for liabilities and contingencies include, in particular:
- provisions for contractual indemnities for the Financial Advisor Network (termination indemnity, portfolio overfee indemnity, management development indemnity, and other similar indemnities), measured according to the actuarial of financial method;
- provisions for Financial Advisors and Relationship Managers serving the obligations assumed in relation to the 2017-2026 Framework Loyalty Programme for the sales network;

- several types of provisions for incentive or recruitment bonuses (recruitment plans) for Financial Advisors;
- provisions for long-term employee benefits;
- provisions for restructuring plans.

In some circumstances, provisions for liabilities and contingencies (e.g., charges relating to staff expenses) have been presented in a separate item of the profit and loss account to best reflect their nature.

Termination indemnity for Financial Advisors

The provision covering the cost of termination indemnities for Financial Advisors is assessed in compliance with IAS 37 according to an actuarial approach, pursuant to the law (Article 1751 of the Italian Civil Code) and the specific disbursement criteria set by the Bank.

In detail, the indemnity to be paid to a Financial Advisor is calculated on the basis of the annual average direct and indirect fees paid to the Financial Advisor during his or her final five years of service (Article 1751 of the Italian Civil Code), net of:
- the total amount paid to Enasarco's retirement bonus fund (FIRR) each year by the Bank until the date of termination;
- the contractual lump-sum reduction which gradually declines with the length of service at the date of retirement or termination (with the exception of cases of death and permanent disability).

In cases of withdrawal for cause with service, the indemnity may be further reduced as a function of the decline in AUM during the post-termination observation period.

The assessment is then conducted according to actuarial methods on the basis of demographic parameters, expected turnover rates, with and without the right to service, assumptions regarding the age of entry into the compulsory general insurance (AGO) system and the retirement age.

The procedure also takes account of:
a) the percent fee reduction expected as a function of the estimated period of past service at the date of termination;
b) the prospective termination indemnity fund (FIRR), i.e., the payments that the Bank is to make each year directly to the Enasarco Foundation by way of termination indemnity contributions for the Financial Advisor's entire period of service and that, in the end, are to be deducted from the gross indemnity owed.

Portfolio overfee indemnity

The portfolio overfee scheme calls for Financial Advisors with at least five years of service who leave service permanently due to retirement, serious disability, death or voluntary removal from the Register to be entitled to an indemnity commensurate to the profitability of the portfolio previously managed.
The indemnity, which is governed by an appendix to the agency agreement, is only due on the condition that the outgoing Financial Advisor formally undertakes to conduct a hand-over to an incoming Financial Advisor identified by the Company and discharges the obligation for removal from the Register. Conversely, the incoming Financial Advisor undertakes to pay the Company an indemnity commensurate to that obtained from the outgoing Financial Advisor.
In relation to recent market practices in the area, a thorough contractual revision of the scheme entered into effect on 1 January 2012 was carried out.
The system introduces a rule, namely that the indemnity collected by the outgoing Financial Advisor is to correspond exactly to the indemnity paid by the recipients of the hand-over, thus limiting the principal's role to the service represented by handling the cash flows between the parties.
Therefore, on the basis of the new rules, the outgoing Financial Advisor may only collect the agreed indemnity provided that it has actually been paid to the Bank by the incoming Financial Advisor, thereby fostering greater involvement of the interested parties in the successful completion of the transaction and an appropriate hand-over of customer relationships.

However, the Bank's guarantee is maintained in cases of the reassignment of customer relationships due to the death or permanent disability of the Financial Advisor to whom they had been assigned. In such cases, the Bank will immediately pay out the entire indemnity to the outgoing Financial Advisor's beneficiary or heirs and then recover the amount from the incoming Financial Advisors under an instalment plan, in the reduced amount of 75% in consideration of the increased expense associated with the impossibility of conducting an appropriate hand-over.

The specific provision covering the obligations associated with the scheme is determined through an assessment conducted according to statistical and actuarial methods on the basis of an estimate, carried out through IT procedures, of the development coefficient for the assets managed by the Financial Advisors at the reference date, the historical percentages of indemnity payouts, network turnover rates and other demographic, social security and financial variables.

According to IAS 1, paragraph 234 b), provisions are presented net of contractually established reimbursements to be provided by incoming Financial Advisors.

Framework Loyalty Programme for the Sales Network

The aggregate referring to provisions for long-term contractual indemnities also includes the provision covering the 2017-2026 Framework Loyalty Programme for the Sales Network ("Framework Programme"), approved by the Board of Directors on 21

March 2017 and ratified by the General Shareholders' Meeting on 20 April 2017. Said Programme is aimed at improving the retention of the Network and the customers acquired over time and creating value for the Group by attracting stable, high-quality net inflows.
The Framework Programme originally provided for the possibility to activate during the 2017-2026 period eight individual annual plans set to expire on 31 December 2026 and of decreasing lengths, from a maximum of eight years to a minimum of one year, with the authorisation of Banca Generali Group's corporate bodies and in accordance with its remuneration policies.
However, it should be noted that Banca Generali decided to suspend the implementation of the above Loyalty Framework Programme, for which the sixth 2022-2026 cycle was therefore not activated.

The Framework Programme called for an indemnity to be paid to Financial Advisors and Relationship Managers with a minimum level of seniority of service who met certain AUM and net inflow parameters at the end of the year of activation of the plan in which they participated. The indemnities thus accrued in respect of the individual plans will be disbursed cumulatively to the beneficiaries, in accordance with the Banking Group's current remuneration policies, in the first half of 2027, within 60 days of the approval of the 2026 Financial Statements.
However, departure from the Banking Group's scope entails the loss of entitlement to disbursement of the bonuses accrued, except in the event of death, permanent disability or eligibility to receive a pension. Even in the above circumstances, the indemnity will still be paid at the end of the Programme.

A part of the bonus, up to 50% of its value, for each of the individual plans in the Framework Programme may be paid in Banca Generali shares. In accordance with the Banking Group's Remuneration Policy, the number of shares is determined according to the average price of Banca Generali shares during the 90 days prior to the date of the meeting of the Board of Directors called to approve the draft Financial Statements for the year prior to that of activation of the individual plan. The Banca Generali shares for each individual plan are thus purchased on the market after authorisation is granted, from one year to the next, by the corporate bodies (Board of Directors and General Shareholders' Meeting) and the Regulator, and are cumulatively assigned to beneficiaries.

The amount of the provision for the portion of the indemnity to be paid in cash is measured on the basis of the indemnity accrued as at the reporting date, taking account of the time value of money for the period until the date of disbursement and the forecast rate of turnover, without entitlement to benefits, for the beneficiary population. The portion to be paid in shares is subject to the accounting treatment provided for in IFRS 2 and accrues annually in proportion to the length of the vesting period for the various annual plans activated.

In addition, following the suspension of the Programme, in July 2022 an advance on the bonuses to be paid in cash as provisioned for and revalued as at 30 June 2022 was paid to the beneficiaries of the annual plans already activated, for a total amount of 34.2 million euros. This advance is tied to the right to receive the bonus and will therefore definitively accrue in the first half of 2027 following verification of the vesting conditions established by the Programme.

Three-year Incentive Plan

The 2022-2024 three-year incentive plan, approved by the Board of Directors on 18 March 2022, is in addition to the annual incentives for the Financial Advisor Network and is tied to the achievement of both several overall objectives set at the Banking Group level in terms of total net inflows and recurring fee income, established in the Strategic Plan, and individual objectives.

In particular, at the end of the Plan no incentives may be disbursed without full achievement of the three-year net inflow targets and of at least 90% of the cumulative recurring fee target at the end of 2024.
At the level of the individual beneficiary, accrual of the bonus is tied to individual net inflow and advanced net inflow targets on a three-year basis to be reached collectively, with a floor below which the incentive is not awarded.
Special rules also apply to Financial Advisors eligible to participate in the previous Loyalty Framework Programme, for which a bonus floor applies, to be paid at the end of the three-year period if other conditions are met, but only in the absence of net outflows.

All Financial Advisors, Relationship Managers and Network Managers in service at 31 December 2019 are entitled to the three-year incentives.

The three-year bonus will be paid in 2026, provided that on 31 December 2025 the net inflow targets reached are no less than 90% of net inflows reached at the end of the three-year plan period.

The incentives accruing on a multi-year basis, tied to net inflow targets, qualify as costs of obtaining a contract pursuant to IFRS 15 and are expensed over a five-year period, like other similar incentives granted to the Financial Advisor Network.

The accrual of the bonus at the end of the three-year period is contingent on achieving the Banking Group access gates, as defined by the Remuneration Policy.

In addition, the Plan calls for the payment of the cash bonus only, with the sole exception of beneficiaries qualifying as Key Personnel in the three-year period, to whom the specific provisions of the Remuneration Policies (deferral, shared-based payment, etc.) apply.

11. Financial liabilities measured at amortised cost

Classification

Due to banks, Due to customers and Securities issued include the various forms of interbank funding and direct customer inflows, as well as funding through certificates of deposit and the issue of bond securities, net of any amounts repurchased.
Due to banks and Due to customers also include operating debts from financial services.

Recognition

These items are initially recognised when funding is received or the debt securities are issued.
Initial recognition is at the fair value of the liabilities, which is normally the amount received or the issue price plus any costs or income directly attributable to the each funding transaction or issuance and not repaid by the creditor. Internal general and administrative expenses are excluded.
For financial liabilities issued below market value, the fair value is estimated and the difference with respect to the market value is recognised directly in the profit and loss account.

Measurement

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method, with the exception of short-term liabilities where the time value of money is not material. These are measured at the amount received, and any costs incurred are recognised in the profit and loss account on a straight-line basis for the contractual duration of the liability.

Derecognition

Financial liabilities are written off when they mature or are settled, or when previously issued securities are repurchased. The difference between the carrying amount of the liability and the amount paid for repurchase is recognised in the profit and loss account.
Placing securities again on the market after their repurchase is considered a new issue; such securities are therefore measured at the new placement price without any effect on net profit and loss.

12. Financial liabilities held for trading

This item includes the negative value of trading derivative contracts measured at fair value.
If the fair value of a financial asset falls below zero due to trading, it is recorded as a financial liability held for trading.

13. Financial liabilities designated at fair value

There are currently no financial liabilities measured at fair value.

14. Foreign currency transactions

Initial recognition measurement criteria

On initial recognition, foreign currency transactions are recorded in the functional currency using the exchange rate at the date of the transaction.

Subsequent recognition measurement criteria

At each annual or interim reporting date, monetary items denominated in foreign currency are translated using the exchange rate as follows:

- monetary items are translated using the exchange rate at the reporting date;
- non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value are translated using the exchange rate at the reporting date.

Exchange rate differences that result from the settlement of monetary items or the translation of monetary items at a rate that is different from the one used for initial translation or for translating the previous year's Financial Statements are recognised through profit or loss in the period in which they arise.

15. Other information

Cash and deposits

The portion of the balance of the settlement account held with the Bank of Italy that is not restricted according to the mandatory reserve rules is recognised as demand deposits with the Central Bank and has therefore been reclassified to item 10 of the Balance Sheet, Cash and deposits.

Treasury shares

Treasury shares are recognised at their purchase cost under a specific item as a reduction to net equity and are not subject to measurement. Where subsequently sold, any difference between the purchase cost and sale price is recognised among the components of net equity.

Equity instruments

Equity instruments are instruments that represent an equity interest in the Bank pursuant to IAS 32.
The classification of an instrument issued as an equity investment requires the absence of contractual obligations to make payments in the form of repayment of principal, payment of interest or other forms of return.

In particular, instruments that present the following characteristics are classified as equity investments:
- duration is unlimited or equal to the company's duration;
- the issuer has full discretion over paying coupons or repaying principal, including prematurely.

This category also includes Additional Tier 1 instruments compliant with the provisions of Regulation (EU) No. 575/2013 (CRR) on the prudential requirements for credit institutions and investment firms that, in addition to presenting the characteristics described above, in any event:
- allow the issuer to retain full discretion over whether to recognise a reversal of nominal value (write-up) following a capital event that has resulted in a decline in nominal value (write-down);
- do not incorporate must-pay clauses for the issuer as a result of authentic events within the parties' control.

Equity instruments other than ordinary or savings shares are classified to item "140. Equity instruments" in the amount received, inclusive of the transaction costs that are directly attributable to the transaction concerned.
Any coupons paid, net of the related taxes, are deducted from item "150. Reserves".
Any differences between the amount paid to discharge or repurchase these instruments and their carrying amount are recognised in item "150. Reserves".

Repurchase agreements

Securities received under a transaction involving a contractual obligation to resell said securities and securities delivered under a transaction involving a contractual obligation to repurchase said securities are not recognised and/or derecognised inasmuch as the associated risks/rewards are not transferred.
Consequently, if securities are purchased under a resale agreement, the amount paid is recognised as a loan to customers or banks. If securities are sold under a repurchase agreement, the liability is recognised as an amount due to banks or customers.
Investment income, in the form of coupons accrued on securities and the difference between the spot and forward price of said securities, is recognised to the profit and loss account items associated with interest on an accrual basis.

Leasehold improvements

Costs associated with refurbishing properties owned by third parties are capitalised due to the fact that, for the duration of the lease, the company using the property has control of the assets and can therefore receive the related future economic benefits.
The above costs, which have been classified among "Other assets", as required by the Bank of Italy's Instructions, are amortised for a period that may not exceed the term of the lease agreement.

Leases (IFRS 16)

As lessee

At the inception of a contract, the Group must assess whether it is, or contains, a lease.
A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset in exchange for consideration for a period of time.
In addition to lease contracts, recognised as such, the definition of "lease contract" also includes rental, loans for use and all other contracts that may contain a lease.

For each contract that is, or contains, a lease, the Group allocates the agreed consideration to the following, on the basis of the individual prices of each transaction:
- the lease components (pure lease payment);
- the components relating to other services to be recognised according to other standards (e.g., condominium fees, non-deductible VAT, late payment interest, duty stamps, insurance expenses, vehicle maintenance costs, etc.).

The Group settles the lease components separately from the other service components, unless it is not readily feasible to do so.

The Group recognises a right of use and the related lease liability for all lease contracts in which it is the lessee, except for:
- short-term contracts (i.e., lease contracts with a term of 12 months or less); and
- leases of low-value assets (assets with a value of less than 5,000 euros when new).

The Group accounts for payments relating to the latter as operating expenses on a straight-line basis over the term of the contract, unless another method is more representative.

Lease liabilities
Lease liabilities are initially recognised at the present value of the lease payments that are not paid at the commencement date of the lease, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, at the lessee's incremental borrowing rate.

Since most lease contracts entered into by the Group do not include an implicit interest rate, the discount rate to be applied to future lease payments is generally based on the risk-free rate for the currency in which the contracts are denominated, applicable by maturity, commensurate to the term of the contract concerned, plus a specific credit spread applicable to the lessee.
In particular, the risk-free rate curve (swap curve) is used, with the addition of a spread representative of the Insurance Group's credit risk, calculated periodically on the basis of the quoted prices of credit default swaps (CDSs) referring to the parent company, Assicurazioni Generali.

The lease payments accounted for in the value of the lease liability include:
- fixed payments, including lease payments contractually structured as variable but essentially fixed (in-substance fixed payments), less any incentives received from the lessor;
- variable lease payments that depend on an index or a rate (e.g., inflation), initially measured using the index or rate as at the commencement date of the contract;
- amounts expected to be payable by the lessee under residual value guarantees, where provided for by contract;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease prematurely, if the lease term reflects the lessee exercising an option to terminate the lease, and exercise of the option is deemed reasonably certain.

After initial recognition of the lease liability at amortised cost, the carrying amount of the liability is increased by the interest on the lease (according to the effective interest method) and decreased to reflect the payments made under the lease contract.

The Group remeasures the balance of the lease liability (and applies an adjustment to the corresponding value of the right of use, where significant) if either:
- there is a change in the lease term or there is a change in the assessment of an option right, in which case the lease liability is remeasured by discounting the lease payments at the revised discount rate;
- there is a change in lease payments resulting from a change in an index or a rate or there is a change in the amounts expected to be payable under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments at the initial discount rate (unless the change in lease payments results from a change in floating interest rates, in which case a revised discount rate is used);
- a lease contract has been modified and the modification does not qualify for recognition as a separate contract, in which case the lease liability is remeasured by discounting the revised lease payments at the revised interest rate.

Rights of use
The Group recognises rights of use and the related lease liabilities at the commencement date of the contract.

Right-of-use assets are initially measured at cost, including:
- the initial measurement of the lease liability;
- the lease payments made at or before the commencement date of the contract;
- initial direct costs incurred to obtain the contract (legal, notarial, real-estate agency, etc.).

A provision for risks is recognised and measured according to IAS 37 when the Group is obligated to bear the costs of returning an asset in a condition required by the terms of the contract. This cost is included in the value of the right of use.

The right of use is then recognised net of depreciation and any impairment losses.

The right of use is depreciated on a straight-line basis over the period from the commencement date of the contract to the sooner of the end of the lease term and of the residual useful life of the underlying asset.

If the lease contract transfers ownership of the relevant asset or the cost of the right of use reflects the Group's intention to exercise the purchase option, the right of use is depreciated over the useful life of the asset.

The Group applies IAS 36 – Impairment of Assets to identify the presence of any impairment losses.

Variable lease payments that do not depend on an index or a rate are not included in the value of the lease liability or the value of the right of use. The related payments are recognised on an accrual basis and are included in item "Other operating costs" of the Profit and Loss Account.

As lessor
The Group does not act as lessor in lease transactions.

Share-based payments

These are payments to employees or other similar persons, such as Financial Advisors, as consideration for services rendered, based on the equity instruments of the banking or ultimate parent company.

Such plans may provide for either:
- the right to subscribe for rights issues at a pre-determined price (stock-option plans);
- the free assignment of a certain number of shares, generally repurchased (stock-granting plans).

In accordance with IFRS 2 – *Share-Based Payments*, share-based benefit plans for personnel and Financial Advisors are recognised as costs on the Profit and Loss Account based on the fair value of the shares on the assignment date, spreading out the charges over the period covered in the plan.

In light of the difficulty inherent in reliably measuring the fair value of the services received in return for equity instruments, reference is made to the fair value of such instruments measured at the assignment date.

The fair value of options is measured using a model whose inputs are exercise price, time to maturity, the current share price, expected volatility, expected dividend, the risk-free interest rate, and the specific features of the plan in effect. The pricing model measures distinctly the option and the probability that the conditions on which basis the option was assigned will be realised. The combination of the two amounts generates the fair value of the assigned instrument.

In cases of stock-granting plans, the fair value of the shares granted is determined on the basis of market prices on the date of the resolution of the Shareholders' Meeting authorising the plans.
Any reduction in the number of financial instruments assigned is recognised as a cancellation of part of them.
Charges relating to shared-based payment plans are recognised as a cost for the period in the profit and loss account under item 190.a) "General and administrative expenses: staff expenses", where they relate to employment services, and under item 50. "Fee expense", where they relate to contractual relationships with Financial Advisors. In both cases, such charges have their counterentry in item 150. "Equity reserves"[7].

Employee termination indemnities

Employee termination indemnities, which are governed by Article 2220 of the Italian Civil Code, constitute "**post-employment benefits**" as defined in IAS 19 – *Employee Benefits*.

Following the entry into force of Italy's 2007 Finance Law, which brought forward to 1 January 2007 the supplementary pension reform enacted by Italian Legislative Decree No. 252 of 5 December 2005, the portions of employees' termination indemnities accrued starting from 1 January 2007 must — depending on the employees' choice — be allocated to a supplementary pension fund or maintained within the company and — in the case of companies with at least 50 employees — transferred to a special fund managed by Italy's national security institute (INPS).

Accordingly, obligations to employees have taken on a twofold nature from an accounting standpoint:
- "a defined contribution plan" for termination indemnities accrued by personnel starting on 1 January 2007 whether the employee chooses to redirect such amount to a supplementary pension fund or allocate it to the INPS treasury fund.
  For such portions, the amount recognised amongst staff expenses is determined on the basis of the contributions owed, without the application of actuarial calculation methods.
  The portions paid to supplementary pension funds are recognised in the specific item, whilst the portions paid to the INPS fund are reclassified to the item "employee termination indemnities" by convention;
- "a defined-benefit plan" for the portion of termination indemnities accrued by personnel through 31 December 2006, which is thus recognised on the basis of the actuarial value of the expected future benefit, determined according to the **projected unit credit method**.

According to this method, the amount already accrued is to be increased by the unit amount accrued annually (current service cost) projected into the future through the date of expected termination of employment then discounted at the reference date. The unit amount accrued is also determined on the basis of the employee's entire expected working life.

In the specific case, however, the past liability is assessed without pro-rating past service because the service cost of the termination indemnity has already fully accrued. Accordingly, the annual accrual consists solely of the interest cost relating to the revaluation of the expected benefit due to the passage of time.

[7] For further information on the accounting treatment and the characteristics of the individual plans, including quantitative information, reference should be made to Part I — Payment Agreements Based on Own Equity Instruments of these Notes and Comments.

The rate used for discounting is determined by reference to market yields on high quality corporate bonds, taking into account the average time-to-maturity of the liability, and calculated using the percentage paid and advanced for each contractual period compared to the total amount to be paid and paid in advance until the final settlement of the entire obligation.
Considering that IAS 19R requires that the discount rate is to be determined by reference to the yields on "high-quality corporate bonds," it was decided to use the iBoxx EUR Corp index, formed of AA series.
The plan's service costs have been recognised amongst staff expenses under item "provisions for termination indemnity."

Following the entry into force of IAS 19R, from 1 January 2013, with the aim of improving financial statement comparability, it was decided to eliminate the option of adopting different treatments for **actuarial gains and losses** deriving from the assessment of the obligation, i.e., decreases or increases in liabilities deriving from changes in the parameters used for the actuarial assessment (change in the discount rates, estimate of expected staff turnover rates, salary increases, etc.).

In fact, changes in liabilities due to actuarial assessments are now required to be mandatorily recognised in full in the other comprehensive income, and thus with a balancing entry to an equity reserve, net of the associated tax effect.
By contrast, in the previous accounting arrangement adopted by the Bank the above item had been recognised in the profit and loss account according to the corridor method, i.e., the amount of cumulative actuarial gains/losses resulting at the end of the previous year in excess of 10% of the present value of the benefits generated by the plan.

The elimination of this method entailed an impact on the Bank's net equity from the date of first-time adoption of the new Standard due to the recognition of actuarial gains or losses not previously booked in application of the corridor method.
In addition, actuarial assessments of the provision are conducted net of the 11% substitute tax and 0.50% contribution, which are thus reclassified to the profit and loss account during the year of accrual under a specific item.

Productivity bonuses for salaried employees

Productivity bonuses to be paid to salaried employees during the following year are generally to be allocated to the item "Other liabilities."

More specifically, in accordance with IAS 19 – Employee Benefits, the following are allocated to current liabilities:
- the share of variable remuneration to be paid to managers and employees for which there are legal obligations that may be reliably estimated, such as bonuses relating to the supplementary company agreement, managerial bonuses associated with balance scorecards (MBO) and other individual incentive plans of a contractual nature, such as those for sales personnel and managers;
- incentives not subject to contractual agreement for which there is objective evidence of their customary nature, giving rise to a constructive obligation for the Bank.

For these items, a reliable estimate has been prepared of the expense owed to staff under the formal conditions of the individually assigned incentive plans and the probability that the quantitative and qualitative targets set out therein will be met.

Pursuant to IAS 19, the Company also recognises among staff expenses in the Profit and Loss Account the following types of expenses that do not constitute certain short-term liabilities and thus have the item for provisions for liabilities and contingencies as their balancing entry in the balance sheet:
the share of the variable remuneration of managers of the Banking Group deferred up to five years, and conditional upon the satisfaction of the access gates requirements established in the Banking Group's new remuneration policy.

Expenses functionally related to staff

In accordance with IAS 19, item 190 a) "Staff expenses" only includes costs representing remuneration for professional services rendered, thus excluding those representing pure reimbursement of the expenses incurred by the employee for the benefit of the enterprise in the performance of professional activity.

Accordingly, indirect expenses functionally related to activity performed by staff are recognised under item 190 b) "Other general and administrative expenses". Such expenses also include:
- documented, specific reimbursements of the costs of room and board incurred by employees during business trips;
- documented, specific mileage reimbursements, calculated on the basis of rates recognised as valid (e.g., Automobile Club d'Italia) and the mileage actually travelled;
- costs of check-ups conducted when staff are hired and the costs of compulsory examinations of staff required by law.

By contrast, amongst other items, the costs of professional refresher courses for employees continue to be recognised under staff expenses.

Recognition of revenues and costs

Revenues are recognised when they are realised or when it is probable that the related future benefits will be received and such benefits can be reliably measured. More specifically:
- interest payable is recognised on a pro-rated basis according to contractual interest rate, or the effective interest rate if amortised cost is used;

- default interest accrued on the basis of contractual terms is recognised in the profit and loss account only when received;
- dividends are recognised in the profit and loss account when dividend payout is approved;
- service revenue fees are recognised, on the basis of the existence of contractual agreements, during the period in which the services in question are rendered; in further detail, trading fees on securities trading are recognised when the service is rendered. Portfolio management, advisory and mutual fund management fees are recognised according to the length of the service. Fees considered among amortised cost for the purposes of determining the effective interest rate are excluded and are recognised among interest.

Costs are taken through profit or loss during the periods in which the associated revenues are recognised. If the above matching can only be done generally or indirectly, then the costs are allocated to more than one accounting period according to rational procedures and on a systematic basis. Those costs that cannot be matched with the related revenues are immediately taken through profit and loss.

Recognition of the costs of obtaining and fulfilling a contract

Beginning from the end of 2018, the amortisation period for acquisition and fulfilment costs for contracts with customers was modified from a time horizon based on the payback criterion to a time horizon more consistent with the average duration of contractual relationships with customers, determined to be five years.
These changes, implemented in part owing to the greater flexibility of IFRS 15, made it possible to align the accounting treatment of incremental costs paid to Financial Advisors in relation to the organic growth of assets under management with the treatment of recruitment incentives tied to the acquisition of new customers (amortised over five years), thereby ensuring a more effective correlation between total fee expenses and the fee income generated by customer investments.
In particular, the modification affected the accounting treatment of ordinary sales incentives tied to the net inflow targets paid to the Financial Advisor Network, which had been previously accounted for according to the practical expedient of taking them in full to the profit and loss account for the year.
The modification, which qualifies as a change in accounting estimate in respect of the amortisation period for incentives, was applied prospectively in accordance with IAS 8.

Calculation of impairment losses

Impairment losses of financial assets

At each reporting date, in accordance with IFRS 9, financial assets other than those measured at fair value through profit or loss are tested for evidence that their carrying amounts may not be fully recoverable. Similar tests are also performed for loan commitments and guarantees issued that come within the scope of impairment testing pursuant to IFRS 9.

Where such evidence of impairment exists, the financial assets in question are considered impaired and included in stage 3, along with all remaining assets associated with the same counterparty, if any. Such exposures, represented by financial assets classified, in accordance with Bank of Italy Circular No. 262/2005, as bad loans, unlikely-to-pay loans and exposures past-due by more than 90 days must be accounted for by recognising impairment losses equivalent to the expected losses over their entire residual lifetimes.

Impairment losses of performing financial assets

For financial assets for which there is no evidence of impairment (performing financial instruments), it must be verified whether there are any indicators that the credit risk associated with each transaction has increased significantly with respect to initial recognition. The consequences of this assessment, from the standpoint of classification (or, to be more precise, "staging") and measurement, are as follows:

- where such indicators exist, the financial asset is classified as stage 2. In such case, in accordance with international accounting standards, and despite the absence of a manifest decline in value, measurement involves recognising impairment losses equal to the expected losses over the financial instrument's entire residual lifetime;
- where such indicators do not exist, the financial asset is classified as stage 1. In such case, in accordance with international accounting standards, and despite the absence of a manifest decline in value, measurement involves recognising impairment losses equal to the expected losses for the specific financial instrument over the following twelve months.

Such impairment losses are revised on each subsequent reporting date to verify periodically that they are consistent with constantly updated loss estimates and to take account of the changed forecasting period for calculating the expected loss, in the event of changes in indicators signalling a "significantly increased" credit risk.

With regard to the tracking of credit quality, in accordance with the provisions of the Standard and the Supervisory Authority's instructions as to how to apply the Standard in the case of less significant institutions, a detailed analysis was conducted for each relationship, whether in the form of a security or a loan.

To identify whether there has been a "significant deterioration" of credit quality since initial recognition and there is thus a need for classification to stage 2 and, vice versa, whether the conditions have been met for reclassification from stage 2 to stage 1, it has been decided to make a comparison, at each reporting date, between the credit quality of the financial instrument at the time of measurement and at the time of initial disbursement or purchase (stage assignment).

In view of the above, the factors that will be decisive when determining transitions between the various stages are as follows:
- a change in rating class with respect to the moment of initial recognition of the financial asset. In other words, this is an assessment according to a “relative” criterion;
- the presence of a position past-due by at least 30 days. Where such positions exist, in other words, the credit risk of the exposure is presumed to have “significantly increased” and the position is thus reclassified to stage 2;
- the presence of forbearance measures, which entail the classification of the exposure as among those whose credit risk has “significantly increased” with respect to initial recognition.

Some particular considerations apply to the staging of securities. In the case of this type of exposure — as opposed to loans — purchase transactions following an initial purchase of securities with the same ISIN may be a customary part of ordinary management of such positions (resulting in the need to establish an approach to identify sales and redemptions to determine the residual balances of individual transactions with which to associate a credit quality/rating upon origination to be compared with that as at the reporting date). The “first-in-first-out” (“FIFO”) method has thus been deemed to contribute to more transparent management of the portfolio, including from the standpoint of front-office personnel, thus also permitting assessments of creditworthiness to be updated constantly on the basis of new purchases.

In addition, Banca Generali has adopted the low credit risk exemption (LCRE) provided for in IFRS 9 for certain financial assets, namely debt instruments issued by governments and public administrations. Accordingly, exposures that are rated investment grade or above as at the reporting date will be deemed low credit risk exposures and thus classified to stage 1.

Once exposures have been allocated to the various credit risk stages, expected credit losses (ECLs) are determined for each transaction or tranche of a security, on the basis of the parameters of probability of default (PD), loss given default (LGD) and exposure at default (EAD).

The measurement of financial assets also reflects the best estimate of the effects of future conditions — above all those of the economic context — with an impact on forward-looking PD and LGD.

Modifications to stage assignment

IFRS 9 requires that the assessment of expected credit losses on financial instruments measured at amortised cost allocated to the HTC and HTCS portfolios be closely connected to their inclusion in one of the three stages (credit risk stages), the last of which (stage 3) includes non-performing financial assets and the remainder of which (stages 1 and 2) include performing financial assets.

In particular, financial instruments are classified to stage 2 if on the reporting date they have undergone a significant increase in risk compared to origination, determined by reaching a rating class deemed excessively risky or by a significant rating notch difference.

In response to the Covid-19 emergency, international organisations and governments implemented extensive support programmes for the banking system and real economy, including, above all, the banking package promoted by the European Union and the public moratoria. The supervisory authorities also requested that financial institutions modify their processes for managing and hence for approving loans, so as to ensure, even in shock conditions, the proper assessment of temporary increases in risk profile, while also decreasing the procyclical effect of assessment models.

In adopting this regulatory framework, which thus views the Covid-19 emergency as a temporary phenomenon not destined to last over time, and in line with industry practices recently established amongst Italian financial institutions, the Banking Group decided to make significant changes to the current stage assignment model for the securities portfolio, as detailed below:
- introduction of a module that formalises the legitimate use of temporary model changes in extraordinary conditions of use until conditions of normality are restored;
- introduction of a rule against downgrading sovereign securities, where justified in terms of temporariness, validity, extraordinariness and severity; with regard to this latter point, a limit was identified in the form of a downgrade not resulting in a rating class lower than credit quality class 4 (equivalent to BB) (ECB Press Release of 22 April 2020);
- replacement of the current rating assignment rule according to a predefined order (1. Moody’s, 2. S&P and 3. Fitch) with the ECAI First Best Rating assignment rule, acknowledging that a security downgrade is only admitted if formulated unanimously by all rating agencies: Moody’s, S&P, Fitch and DBRS;
- addition of the ratings agency DBRS to the ECAIs Moody’s, S&P and Fitch.

These changes are in line with the new regulatory requirement formulated in EBA “Statement on the application of the prudential framework regarding Default, Forbearance and IFRS 9 in light of COVID-19 measures”, 25 March 2020, and in EBA “Guidelines EBA/GL/2020/02”, 2 April 2020, which requires prudence in assessing the increase in risk profile, where not representative of the counterparty’s long-term status.

Impairment losses of non-performing financial assets

Non-performing loans are measured as follows:
- individual measurement of all exposures classified as bad loans;
- individual measurement of all exposures classified as unlikely-to-pay (UTP) and overdrawn/past-due of amounts in excess of 10 thousand euros and secured positions under 10 thousand euros;

- statistical measurement for all positions classified as unlikely-to-pay (UTP) and overdrawn/past-due below the above thresholds.

Individual measurement is performed by managers on individual positions on the basis of a qualitative and quantitative analysis of the debtor's financial performance and position, the risk level of the credit relationship and any mitigating factors (guarantees), while also taking account of the financial effect of the time estimated to be necessary for recovery.

In the case of bad loans in particular, significance is attached to a series of elements — present to varying degrees depending on the characteristics of the positions — to be assessed as thoroughly and prudently as possible, including, but not limited to:
- the nature of the loan, i.e., preferred or unsecured;
- the net assets of the obligors/third-party guarantors;
- the complexity of ongoing or potential litigation and/or the underlying legal matters;
- exposure of obligors to the banking system and other creditors;
- most recent available financial statements;
- legal status of obligors and pending insolvency and/or individual procedures.

Statistical assessments are conducted on the basis of the parameters set out in the ECB guidelines. Residual exposures of amounts beneath a predetermined threshold are fully written off.
The financial effect of time (time value) is not taken into account for exposures classified as overdrawn/past due by more than 90 days due to the high frequency of return to performing status in the short term.

Contributions to deposit guarantee systems and resolution mechanisms
Through Directives 2014/49/EU of 16 April 2014 and 2014/59/EU of 15 May 2014, respectively, the "Deposit Guarantee Schemes Directive (DGSD)" and "Bank Recovery and Resolution Directive (BRRD)", and the institution of the Single Resolution Mechanism (Regulation (EU) No. 806/2014 of 15 July 2014), European lawmakers made significant changes to the rules concerning banking crises with the strategic aim of strengthening the single market and ensuring systemic stability. As illustrated in further detail below, the above legislative changes had a significant impact on financial performance and financial position as a result of the obligation to establish specific funds with financial resources that must be provided by contributions from financial institutions starting in 2015.

Contributions deriving from the Deposit Guarantee Schemes Directive (DGSD)
Directive 2014/49/EU, effective as of 3 July 2015, harmonises the levels of protection offered by national deposit guarantee schemes (DGSs) and their methods of intervention, with the aim of eliminating possible competitive disparities within the European market. To that end, the Directive provides that national DGSs (in Italy, the Interbank Deposit Protection Fund or FITD) must endow themselves with means commensurate to the deposits protected, which must be provided through mandatory contributions from financial institutions. The new element for Italian banks is the new mechanism for financing the fund: the previous after-the-fact contribution system, in which funds had been requested in case of need, was replaced by a mixed system, in which funds must be paid in advance, so as to reach, within ten years of the entry into force of the Directive (3 July 2024), a minimum target level of **0.8% of the deposits guaranteed**.
The contributions from each entity are calculated as a function of the ratio of the amount of own deposits to the total protected deposits in the country.
Article 10 of Directive 2014/49/EU provides that contributions are to be paid by banks with at least annual frequency.
In its extraordinary meeting of 26 November 2015, the FITD then amended its Articles of Association to comply with the new contribution rules and regulatory framework.
The Directive was then transposed into Italian law through Legislative Decree No. 30/2016.

Contribution charges deriving from the Bank Recovery and Resolution Directive (BRRD)
Directive 2014/59/EU establishes the new resolution rules, applicable from 1 January 2015 to all European Union banks in a state of current or prospective default. These rules, which introduce the "bail-in" principle, require, under certain circumstances, that funding for resolution may also be supported by a national resolution fund instituted by each of the 28 European Union Member States and managed by a national resolution authority.

To that end, the Directive provides that the national resolution funds be endowed with financial means provided through mandatory advance contributions from authorised financial institutions.
In particular, the funds are to be paid in advance until reaching a minimum target level, over a period of ten years, i.e., by 31 December 2024, of **1% of guaranteed deposits**[8].

The contributions from each entity are calculated as a function of the ratio of its total eligible liabilities, i.e., net of own funds and the guaranteed deposits, to the total liabilities of all authorised financial institutions in the country.

In this context, on 16 November 2015 Italian Legislative Decrees Nos. 180/2015 and 181/2015 were enacted, introducing the National Resolution Fund into the Italian legal system and assigning the Bank of Italy the role of National Resolution Authority.

[8] Also in this case, in order to achieve the target level, the financial means provided by the credit institutions may include payment commitments up to a maximum of 30%.

In particular, Articles 78 *et seqq.* of Legislative Decree No. 180/15 provide that such funds are to be financed by, among other sources:

a) ordinary contributions paid on an annual basis in the amount determined by the Bank of Italy in accordance with Directive 2014/59/EU (Article 103) and commensurate for the purposes of reaching the fund's target funding level;
b) extraordinary contributions when ordinary contributions are insufficient to cover losses, costs or other expenses incurred to achieve resolution objectives, up to an amount of three times annual average ordinary contributions.

The new European Single Resolution Fund (SRF) provided for in Regulation No. 806/2014, instituting the Single Resolution Mechanism (SRM) and managed by a new European resolution authority, formed within the ECB (Single Resolution Board – SRB), began to function on 1 January 2016.
From 1 January 2016 to 31 December 2023 (a period of eight years), the Single Resolution Fund must reach a target level of means of at least 1% of the amount of the protected deposits of all authorised entities in the Banking Union. The contribution rules for the period 2016-2023 are established in Article 8 of Implementing Regulation No. 81 of 2015.
Accordingly, the banks of Member States of the Banking Union (including Italian banks) contributed to the National Resolution Fund in 2015 and contributed to the Single Resolution Fund starting in 2016 (until 2023). During the initial period, when calculating each institution's individual contributions, this transfer will be taken into account.

Accounting treatment of contribution charges deriving from the BRRD and DGSD

The accounting and reporting treatment applicable to contributions to resolution funds was the subject of the Bank of Italy's notice dated 20 January 2016, as well as of a notice dated 25 January 2017 specifically relating to "Additional contributions to the national resolution fund".
Similar conclusions were reached by ESMA in its Opinion 2015/ESMA/1462 "Application of the IFRS requirements in relation to the recognition of contributions to Deposit Guarantee Schemes in IFRS accounts" of 25 September 2015 with regard to non-reimbursable cash contributions to be paid in advance into deposit guarantee funds.

For financial reporting purposes, reference should be made to IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* and the Interpretation IFRIC 21 – *Levies*, which entered into force on 1 January 2015.
The Interpretation concerns the accounting treatment of a liability for a levy where the liability falls within the scope of application of IAS 37.
As defined in IFRIC 21, "a levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation".
Obligations to contribute to the National Resolution Fund, in both ordinary and extraordinary form, are imposed by legislation, and thus fall within the scope of "levies" as defined in IFRIC 21.

IAS 37 and IFRIC 21 provide that a liability must be recognised when the obligating event that gives rise to a present obligation occurs. Since the Decree does not provide for contributions to be reduced or refunded to intermediaries, in whole or in part, whenever the obligating event occurs the liability relating to the contributions in question must be recognised for the full amount.

Since it is not possible to account for the liability through either an intangible asset pursuant to IAS 38 or a prepayment asset, the contributions must be recognised in profit and loss.

In this regard, the Bank of Italy has clarified that the item to which to classify such contributions, which for accounting purposes may be regarded as levies, is sub-item 160 b "General and administrative expenses – other general and administrative expenses" of the profit and loss account in the separate financial statements, and sub-item 190 b of the consolidated financial statements, which is also used to account for the indirect levies and taxes (paid and unpaid) accrued during the year.

Business combinations

Business combinations are regulated by the IFRS 3 – *Business Combinations*.
Based on this standard, any acquisition of companies is accounted for using the purchase method, whereby the assets, liabilities, and contingent liabilities of the acquired company are recognised at fair value on the acquisition date. Any positive difference of the price paid over fair value is recognised as goodwill or other intangible assets; if the price is less, the difference is recognised in the Profit and Loss Account.
The purchase method is applied as of the acquisition date, i.e., from the time effective control of the acquired company is obtained. Accordingly, the results of subsidiaries acquired during the year are included in the Consolidated Financial Statements from the date of acquisition. Also the profit and loss results of a subsidiary which has been disposed of are included in the Consolidated Financial Statements, up to the date control is transferred.

Business combinations of entities under common control are not included in the scope of IFRS 3, nor are they covered by other IFRS. They are accounted for in accordance with IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*.
The IAS/IFRS provide specific guidelines for transactions not covered by IFRS (described in paragraphs 10-12 of IAS 8); according to these guidelines, management is required to consider the most recent pronouncements of other regulatory bodies that use a similar conceptual framework to define accounting standards.
In fulfilment of this requirement, it should be noted that the Financial Accounting Standards Board (FASB) has published an accounting standard regarding business combinations (FAS 141) that in some respects is similar to IFRS 3. Unlike IFRS 3, however, FAS 141 includes an appendix containing limited accounting guidelines for transactions under common control that were

previously included in the Accounting Principles Board's (APB) Opinion 16. According to the pooling of interest method, for this type of transaction the assets and liabilities of business combinations are stated at historical (book) value instead of fair value, and goodwill is not recognised.

This solution was essentially adopted at national level by Assirevi, with documents OPI No. 1R on the accounting treatment of business combinations of entities under common control, and OPI No. 2R on the accounting treatment of mergers.

Intra-group combinations or other combinations of entities under common control within Banca Generali Group are therefore accounted for based on the book value of the entity transferred. Any difference between the consideration paid for the acquisition of the equity interest and the book value of the entity transferred (based on the goodwill recognised) is deducted from the net equity of the acquirer, and the transaction is classified as an extraordinary distribution of reserves.
In a similar way, if an entity is disposed of, the amount received is directly recognised in an equity reserve, as it is a capital contribution by other companies of the Group to which it belongs.

Part A.4 – Information on fair value

With the introduction of IFRS 13, the definition of **fair value** has been modified with respect to IAS 39, with a view to a more market-based approach.
According to the new standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using another valuation technique.
Fair value is thus not an entity-specific measurement, but rather a market-based measurement.

In detail, measurement at fair value:
- presumes that the asset or liability is exchanged in an orderly transaction between market operators under current market conditions;
- refers to a particular asset or liability and must take account of the characteristics of the asset or liability that market participants take into account when pricing the asset or liability;
- assumes that market participants act in their economic best interest;
- assumes that the sale of the asset or the transfer of the liability takes place:
  - a) in the principal market for the asset or liability; or
  - b) in the most advantageous market, in the absence of a principal market.

Fair value hierarchy

International accounting standard IFRS 13 requires that financial assets be classified according to a hierarchy of levels (the "fair value hierarchy") that reflects the significance of the inputs used in valuation:
- **Level 1:** quoted prices (unadjusted) in an active market, as defined by IFRS 13;
- **Level 2:** inputs other than the price quotations indicated above, observable on the market either directly (prices) or indirectly (price-derived data);
- **Level 3:** inputs not based on observable market data.

For the purposes of the fair value hierarchy, inputs may thus be classified as:
- **observable**, when the information used in the measurement techniques is based on market data obtained from sources independent of the Bank and available on the market;
- **unobservable**, when they reflect assumptions by the Bank reached by drawing on the best available information in such circumstances.

Valuation criteria of the fair value of financial instruments

In 2010, Banca Generali adopted its Fair Value Policy, which sets out the procedures for measuring the fair value of financial instruments and entrusts responsibility for the measurement process to the Lending Department and review and validation of the data to the Risk Management Department.
The procedure lays down a decision-making process aimed at identifying the best measurement method in the context of the classification of available price sources in the three levels of the fair-value hierarchy.

The fair value of financial instruments is determined through the use of prices obtained from capital markets, if the instruments are quoted on active markets (mark-to-market approach) or through the use of valuation procedures for other financial instruments (mark-to-model approach), based on the analysis of recent transactions involving similar instruments (comparable approach) or, failing the latter, on valuation models.

When determining a financial instrument's fair value, it is thus fundamental to verify whether the market on which that instrument is traded may be considered active, i.e., whether the quoted prices observed represent actual, regular market transactions undertaken during a normal reference period and are promptly and regularly available through exchanges, intermediaries, brokers, industry companies, quotation services and other authorised entities.
Bonds (government bonds and securitisations), equity securities and exchange-traded funds (ETFs) listed on regulated markets and listed financial derivatives are normally considered to be listed on an active market that meets the foregoing requirements.
However, quotation on a regulated or official market does not in itself guarantee the presence of significant prices owing to the limited, sporadic nature of transactions (illiquid securities) on certain securities exchanges, such as that of Luxembourg, whereas there are market types that are unregulated yet show significant daily exchanges in terms of volumes that are suitable to providing prices on an ongoing basis.

Accordingly, most bonds are considered listed on an active market if objective parameters such as the following may be observed:
- an adequate number of counterparties that presents a minimum number of executable ask and bid offers;
- a spread between the ask and bid price that falls within an interval deemed appropriate; and
- continuity of quotations on both sides of the market.

For financial instruments listed on active markets, the current bid price is used for financial assets and the current ask price for financial liabilities.

For equity securities, ETFs and government bonds listed on regulated markets, for which the bid-ask spread is not particularly material, the official closing price for the last trading day is also used.

A.4.1 Fair value Level 2 and Level 3: valuation techniques and inputs used

Financial instruments measured at fair value on a recurring and non-recurring basis

Level 2 of the fair value hierarchy includes all financial instruments whose fair value, despite not being directly observable on the market, may be estimated using valuation models based on:
- inputs directly observable on the market (e.g., executable prices, interest rates or yield curves observable within various buckets, volatilities, credit spreads, etc.);
- inputs indirectly observable on the market or based on observable market data and supported by strong evidence of correlation with observable market data (market-corroborated inputs).

With regard to **bond securities** (including government bonds and securitisations), the price sources to be used, where available, to determine fair value in the absence of an active market are as follows:
- Bloomberg Generic Number (BGN), which represents Bloomberg's market consensus price and is calculated using both executable prices and indicative prices contributed to Bloomberg;
- the Bloomberg Valuation Service (BVAL), which provides a valuation of bonds based on a three-stage pricing process: 1) observation of market data; 2) analysis of observed prices for similar instruments; and 3) valuation based on non-arbitrage models (for comparable yield curve models). The BVAL is considered a Level 2 price source when there is evidence that it is based on directly observable market data.

In all other cases, it will be considered a Level 3 price source;
- other consensus prices provided by Bloomberg, Telekurs or other Information Providers;
- contributors' executable prices that do not meet the significance requirements;
- valuation models developed by Banca Generali, implemented on front-office systems or provided by third-party providers, based on observable significant inputs, which have been validated by the Risk Management Department.

UCITS not listed on regulated markets are normally not considered listed on active markets.
UCITS characterised by significant levels of transparency and liquidity are considered Level 2 and valued on the basis of the NAVs provided by the management company/fund administrator.
UCITS relating to private equity, private debt and similar activities are considered Level 3 and measured on the basis of the most recent available NAV, adjusted, where applicable, to take account of events not incorporated into unit value or on the basis of specific valuations, where it is necessary to reflect a different valuation of the fund's underlying assets.

With reference to the valuation method used for the Forward Fund, reference should be made to the information provided in Part E "Information on Risks and Risk Hedging Policies", Section 2 "Prudential consolidation risks", Subsection D "Transfers", paragraph C "Prudential consolidation - transferred financial assets fully derecognised" of these Notes and Comments.

As regard derivative instruments, valuation models are used that have been developed by Banca Generali, implemented on front-office systems or provided by third-party providers, based on observable significant inputs, which have been validated by the Risk Management Department.

Since it is impossible or inappropriate to use the comparable approach for OTC financial derivatives, the Group uses widespread valuation techniques commonly used by financial operators, including:
- the analysis of discounted cash flows;
- option pricing models.

In addition, the class L3 of financial instruments measured according to non-observable market parameters includes securities measured according to prices and market data obtained from brokers.

Level 3 also includes certain financial instruments measured at cost in the absence of reliable estimates of fair value. These consist mainly of "minor equity investments" in companies with which the Group has service relationships, and disposal of which is not conceivable (CSE, GBS, Caricese, SWIFT, etc.).

Other financial assets and liabilities not measured at fair value on a recurring basis

The fair value and hierarchical classification of financial assets other than debt securities, equity securities and units of UCITS, as well as of financial and operating receivables classified amongst loans to banks and customers, are determined as follows.

Demand, uncommitted and short-term loans
The fair value of this class of assets, which essentially consists of uncommitted current account exposures, demand deposits or short-term time deposits, as well as operating receivables, is not believed to differ significantly from its carrying amount. Considering that the measurement process does not contemplate significant unobservable inputs, such instruments are typically classified as L2.

Loans with medium/long-term fixed contractual maturity
This class of assets consists primarily of medium- or long-term mortgages or loans with financial instruments as collateral.

The fair value of loans with amortisation schedules is calculated according to a discounted cash flow model that calls for the cash flows expected on the basis of the contractual amortisation schedule to be discounted at the proper rate for the risks associated with the instrument. This correction consists of a spread to be added to the risk-free discount rate for the cash flows.

The spread in question is to be defined in such a way as to include the following components of risk:
- the cost of credit risk (the cost of covering expected losses in relation to credit risk);
- the cost of funding (the cost of funding positions);
- the cost of capital (the cost of covering unexpected losses in relation to credit risk);
- operating costs (any other costs, specific to the type of loan, that are to be considered in the exit price).

The cost of credit risk is calculated on the basis of multi-period historic PDs related to the rating of the counterparty in the transaction and the LGD specific to the type of instrument.
Loans with a fixed contractual maturity are classified to Level 3 of the fair value hierarchy, in consideration of the significant presence of unobservable inputs (spreads determined on the basis of internal PD and LGD).

Non-performing exposures
When non-performing loans — bad loans, UTP positions and past-due loans — are separately assessed, their book value is believed to be a reasonable approximation of their fair value.
Such loans are classified to Level 3 of the fair value hierarchy.

Other financial liabilities
Financial liabilities classified as amounts due to customers and banks consist mainly of demand deposits, short-term time deposits and operating payables.
Such liabilities also include repurchase agreements that are set to mature within the year and, in the case of interbank funding, fully collateralised, with the determination of daily margins of change.

Such financial liabilities are subject to fair value measurement criteria similar to those applied to other demand or uncommitted financial assets.

A.4.2 Processes and sensitivity of measurements

For recurring fair value measurements categorised within Level 3 of the fair value hierarchy, IFRS 13 requires a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement.
The unobservable inputs capable of affecting the measurement of instruments categorised within Level 3 consist mainly of estimates and assumptions underlying the models used to measure investments in equities and other UCITS. For such investments, no quantitative analysis has been prepared of the sensitivity of the fair value to changes in unobservable inputs, given that the fair value either has been drawn from third sources without any adjustments or is the result of a model, the inputs to which are specific to the entity subject to measurement (i.e., the company's asset values) and for which the use of alternative values is not reasonably feasible.

The case in question does not apply to Level 3 financial instruments classified as assets measured at OCI and FVOCI. The reader is referred to the detailed analysis of individual positions provided in the subsequent section concerning quantitative information.

A.4.3 Fair value hierarchy

IFRS 13, recalling the contents of IFRS 7, requires that entities that apply IAS/IFRS make adequate disclosure of the fair value measurements used for each class of financial instruments, and in particular:
- the level in the fair value hierarchy into which the fair value measurements are categorised, segregating instruments belonging to different categories;
- any significant transfers between Level 1 and Level 2 during the year;
- for instruments measured in Level 3, a reconciliation from the beginning balances to the ending balances, disclosing separately changes in profit and loss (in the Profit and Loss Account and net equity), purchases and sales, and transfers out of Level 3 due to the use of market data.

In this regard, it should be noted that transfers between levels refer to the end of the accounting period of reference (half-year or annual), in an independent manner, and generally enter into effect from the beginning of the year of reference.
Transfers to and from Level 3 are infrequent and primarily involve the occurrence of situations of default, in which the Bank's subjective assessment of debt recoverability takes pre-eminence.

A.4.4 Other information

No cases envisaged in IFRS 13, paragraphs 48, 93(i) and 96, are reported in these Financial Statements.

Quantitative Information

A.4.5 Fair value hierarchy

A.4.5.1 Breakdown by fair value levels of assets and liabilities measured at fair value on a recurring basis

	31.12.2023				
FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	L1	L2	L3	AT COST	TOTAL
1. Financial assets measured at fair value through profit or loss:					
a) HFT financial assets	10	156	-	-	166
b) financial assets designated at fair value	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	1,183	17,731	490,327	-	509,241
2. Financial assets measured at fair value through other comprehensive income	975,538	106	-	25,292	1,000,936
3. Hedging derivatives	-	161,955	-	-	161,955
4. Property and equipment	-	-	-	-	-
5. Intangible assets	-	-	-	-	-
Total	**976,731**	**179,948**	**490,327**	**25,292**	**1,672,298**
1. HFT financial liabilities	-	159	-	-	159
2. Financial liabilities designated at fair value	-	-	-	-	-
3. Hedging derivatives	-	132,662	-	-	132,662
Total	**-**	**132,821**	**-**	**-**	**132,821**

	31.12.2022				
ASSETS/LIABILITIES MEASURED AT FAIR VALUE	L1	L2	L3	AT COST	TOTAL
1. Financial assets measured at fair value through profit or loss					
a) HFT financial assets	1,991	-	-	-	1,991
b) financial assets designated at fair value	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	1,031	18,262	486,062	-	505,355
2. Financial assets measured at fair value through other comprehensive income	1,051,651	50,275	-	18,175	1,120,101
3. Hedging derivatives	-	286,776	-	-	286,776
4. Property and equipment	-	-	-	-	-
5. Intangible assets	-	-	-	-	-
Total	**1,054,673**	**355,313**	**486,062**	**18,175**	**1,914,223**
1. HFT financial liabilities	-	-	-	-	-
2. Financial liabilities designated at fair value	-	-	-	-	-
3. Hedging derivatives	-	123,604	-	-	123,604
Total	**-**	**123,604**	**-**	**-**	**123,604**

At the reporting date, Banca Generali's portfolios measured at fair value, i.e., the portfolio of financial assets measured at fair value through profit or loss, the portfolio of financial assets measured at fair value through other comprehensive income (HTCS) and hedging derivatives comprised 58.4% of financial assets eligible for allocation to class L1, in line with the previous year (55.1%). This category continues to be concentrated on the sovereign debt, with the highest component made up of bonds issued by EU countries (Iberian Peninsula, Germany and Greece). It also includes other debt securities (85.6 million euros) chiefly referring to the credit sector (82.5 million euros), and listed securities totalling 1.2 million euros.

The financial assets allocated to the L2 class, on the other hand, consist chiefly of hedging derivatives and of unit-linked policies that, due to failing the SPPI Test, have been reclassified among other financial assets mandatorily measured at fair value.

In the reporting year, no significant transfers of financial assets were performed between class L1 and class L2.

A.4.5.2 Year changes in financial assets measured at fair value on a recurring basis (level L3)

	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS							
	TOTAL	OF WHICH: A) HFT FINANCIAL ASSETS	OF WHICH: B) FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	OF WHICH: C) OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	HEDGING DERIVATIVES	PROPERTY AND EQUIPMENT	INTANGIBLE ASSETS
1. Amount at year-start	**486,062**	**-**	**-**	**486,062**	**18,175**			
2. Increases	**5,221**	**-**	**-**	**5,221**	**7,477**			
2.1 Purchases	-	-	-	-	6,805			
2.2 Gains through:	5,130	-	-	5,130	672			
2.2.1 profit or loss	5,130	-	-	5,130	-			
of which:								
- capital gains	*5,130*	-	-	*5,130*	-			
2.2.2 net equity	-	-	-	X	672			
2.3 Transfers from other levels	-	-	-	-	-			
2.4 Other increases	91	-	-	91	-			
3. Decreases	**956**	**-**	**-**	**956**	**360**			
3.1 Disposals	362	-	-	362	260			
3.2 Redemptions	-	-	-	-	-			
3.3 Losses through:	594	-	-	594	100			
3.3.1 Profit or loss	594	-	-	594	-			
of which:								
- capital losses	*594*	-	-	*594*	-			
3.3.2 Net equity	-	-	-	X	100			
3.4 Transfers to other levels	-	-	-	-	-			
3.5 Other decreases	-	-	-	-	-			
4. Amount at year-end	**490,327**	**-**	**-**	**490,327**	**25,292**			

Other L3 financial assets mandatorily measured at fair value include:

- the investment in the Luxembourg vehicle Algebris of 1,185 thousand euros, and the units of the MIP I Fund, of 1,219 thousand euros;
- the convertible loan to Conio Inc., acquired in December 2020, which at the end of 2023 had a value of 2,038 thousand euros;
- the Forward Fund, subscribed in October 2021 for an initial amount of 378 million euros, as part of the restructuring of a portfolio of senior notes issued by several special-purpose vehicles in the securitisation of healthcare receivables. Additional units for 112 million euros had been subscribed in 2022. At the end of 2023, the value of the fund was 483,500 thousand euros, with a 4,998 thousand euro capital gain;
- the equity investments in TECREF S.àr.l. (1,998 thousand euros) and in Hope (389 thousand euros).

By contrast, L3 financial assets in the portfolio of Financial assets measured at fair value through other comprehensive income, for a total amount of 25,292 thousand euros, consist of:

- the equity investment, in MainStreet Partners, a company specialising in ESG ratings and advisory, that the Bank acquired in the first quarter of 2023 to strengthen its sustainability positioning, for a total consideration of 6,835 thousand euros at 31 December 2023;
- the equity investment in Conio Inc., a company operating in the cryptocurrency industry, acquired in December 2020, and that at 31 December 2023 had a value of 6,198 thousand euros;
- the equity investment in the independent asset management company 8A+ Investimenti SGR, in which the Bank controls 19.5% of share capital for a value of 912 thousand euros at 31 December 2023;
- some equity investments, which continued to be measured at purchase cost, in the absence of reliable estimates of fair value; these are the so-called “minor investments” in companies with which the Bank has long-term strategic service arrangements (CSE, Caricese, SWIFT, etc.) or commercial partnerships (Tosetti Value), for a total of 11.2 million euros;
- the equity investment in Beyond S.p.A., amounting to 110 thousand euros.

A.4.5.4 Breakdown by fair-value levels of assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis

ASSETS/LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS	31.12.2023			
	VB	L1	L2	L3
1. Financial assets measured at amortised cost	12,316,421	8,929,227	2,601,910	703,484
2. Property and equipment held as investments	-	-	-	-
3. Non-current assets available for sale and disposal groups	-	-	-	-
Total	**12,316,421**	**8,929,227**	**2,601,910**	**703,484**
1. Financial liabilities measured at amortised cost	13,503,015	-	13,503,015	-
2. Liabilities associated to assets held for sale	-	-	-	-
Total	**13,503,015**	**-**	**13,503,015**	**-**

ASSETS/LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS	31.12.2022			
	VB	L1	L2	L3
1. Financial assets measured at amortised cost	13,731,153	9,691,208	2,911,969	859,258
2. Property and equipment held as investments	-	-	-	-
3. Non-current assets available for sale and disposal groups	-	-	-	-
Total	**13,731,153**	**9,691,208**	**2,911,969**	**859,258**
1. Financial liabilities measured at amortised cost	15,503,979	-	15,503,979	-
2. Liabilities associated to assets held for sale	-	-	-	-
Total	**15,503,979**	**-**	**15,503,979**	**-**

Part A.5 – Disclosure about so-called “Day-one profit/loss”

IFRS 7, paragraph 28, governs the specific case in which, following the purchase of a financial instrument measured at fair value but not listed on an active market, the transaction price, which generally represents the best estimate of fair value at initial recognition, differs from the fair value according to the valuation technique used by the entity. In this case, there is a valuation gain/loss upon acquisition of which adequate disclosure must be given by financial instrument class.

It should be noted that no such cases occur in these Financial Statements.

PART B – INFORMATION ON THE CONSOLIDATED BALANCE SHEET - ASSETS [9]

Section 1 – Cash and deposits - Item 10

1.1 Breakdown of cash and deposits

	31.12.2023	31.12.2022
a) Cash	29,939	26,796
b) Current accounts and demand deposits with Central Banks	514,302	645,000
b) Current accounts and demand deposits with banks	74,732	102,443
Total	**618,973**	**774,239**

Item b) Current accounts and demand deposits with Central Banks includes the value of the overnight deposit with the ECB and the deposits with the Bank of Italy, which were not restricted according to the mandatory reserve rules.

Section 2 – Financial assets measured at fair value through profit or loss - Item 20

2.1 HFT financial assets: categories

	31.12.2023			31.12.2022		
ITEMS/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A. Cash assets						
1. Debt securities	2	-	-	1,991	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	2	-	-	1,991	-	-
2. Equity securities	1	-	-	-	-	-
3. UCITS units	7	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total A	**10**	**-**	**-**	**1,991**	**-**	**-**
B. Derivatives						
1. Financial	-	156	-	-	-	-
1.1 Trading	-	156	-	-	-	-
1.2. Related to the fair value option	-	-	-	-	-	-
1.3 Other	-	-	-	-	-	-
2. Credit	-	-	-	-	-	-
2.1 Trading	-	-	-	-	-	-
2.2. Related to the fair value option	-	-	-	-	-	-
2.3 Other	-	-	-	-	-	-
Total B	**-**	**156**	**-**	**-**	**-**	**-**
Total (A + B)	**10**	**156**	**-**	**1,991**	**-**	**-**

9 A more detailed analysis of the fair value hierarchy of financial instruments (L1, L2, L3) is given in Part A.4 – Information on fair value of these Notes and Comments.

2.2 HFT financial assets: debtors/issuers/counterparties

ITEMS/VALUES	31.12.2023	31.12.2022
A. Cash assets		
1. Debt securities	**2**	**1,991**
a) Central Banks	-	-
b) General governments	-	-
c) Banks	-	1,989
d) Other financial corporations	-	-
of which:		
- *insurance companies*	-	-
e) Non-financial corporations	2	2
2. Equity securities	**1**	**-**
a) Banks	-	-
b) Other financial corporations	-	-
of which:		
- *insurance companies*	-	-
c) Non-financial corporations	1	-
d) Other issuers	-	-
3. UCITS units	**7**	**-**
4. Loans	**-**	**-**
a) Central Banks	-	-
b) General governments	-	-
c) Banks	-	-
d) Other financial corporations	-	-
of which:		
- insurance companies	-	-
e) Non-financial corporations	-	-
f) Households	-	-
Total A	**10**	**1,991**
B. Derivatives		
a) Central counterparties	-	-
b) Other	156	-
Total B	**156**	**-**
Total (A + B)	**166**	**1,991**

2.5 Other financial assets mandatorily measured at fair value: categories

	31.12.2023			31.12.2022		
ITEMS/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	-	-	2,038	-	-	2,007
1.1 Structured securities	-	-	2,038	-	-	2,007
1.2 Other debt securities	-	-	-	-	-	-
2. Equity securities	1,183	-	2,387	1,031	-	2,593
3. UCITS units	-	187	485,903	-	707	481,462
4. Loans	-	17,543	-	-	17,555	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	17,543	-	-	17,555	-
Total	**1,183**	**17,730**	**490,328**	**1,031**	**18,262**	**486,062**

2.6 Other financial assets mandatorily measured at fair value: debtors/issuers

ITEMS/VALUES	31.12.2023	31.12.2022
1. Equity securities	**3,570**	**3,624**
of which:		
- *banks*	-	-
- *other financial corporations*	*3,570*	*3,624*
- *other non-financial corporations*	-	-
2. Debt securities	**2,038**	**2,007**
a) Central Banks	-	-
b) General governments	-	-
c) Banks	-	-
d) Other financial corporations	-	-
of which:		
- *insurance companies*	-	-
e) Non-financial corporations	2,038	2,007
3. UCITS units	**486,090**	**482,169**
4. Loans	**17,543**	**17,555**
a) Central Banks	-	-
b) General governments	-	-
c) Banks	-	-
d) Other financial corporations	16,607	16,619
of which:		
- *insurance companies*	*16,607*	*16,619*
e) Non-financial corporations	936	936
f) Households	-	-
Total	**509,241**	**505,355**

The UCITS portfolio includes the Forward Fund, a newly formed Italian AIF managed by Gardant SGR, specialised in illiquid investments. The fund was subscribed in October 2021 in the amount of 378 million euros, as part of the restructuring of a portfolio of senior notes issued by several special-purpose vehicles in the securitisation of healthcare receivables (past-due or related to disputes), which Banca Generali purchased from its customers to protect them against possible losses, and concurrently transferred to the Fund, subscribing 98% of its units. Additional units for 112 million euros were subscribed in 2022. At the end of 2023, the value of the Fund was 483,500 thousand euros. A 4,998 thousand euro capital gain on the Fund was recorded in 2023.

The residual UCITS portfolio is comprised for 1,185 thousand euros of the investment in the Luxembourg vehicle Algebris, for 187 thousand euros of the units of the Tenax Italian Credit Fund, managed by the Irish firm Tenax Capital Ltd., and for 1,219 thousand euros to the units of the closed alternative real-estate investment fund MIP I, managed by Milano Investment Partners SGR S.p.A.

The investments in the shares of TECREF S.àr.l., acquired by Banca Generali in 2021, was 1,998 thousand euros at 31 December 2023.

Equity investments in shares of the parent company Assicurazioni Generali S.p.A. amounted to 1,183 thousand euros at year-end.

The Bank's portfolio also included shares of Hope Sicaf S.B. S.p.A. for a year-end amount of 389 thousand euros.

Debt securities refer to the convertible bond issued by Conio Inc. on 9 December 2020, with maturity set on 31 May 2025.

Section 3 – Financial assets measured at fair value through other comprehensive income - Item 30

3.1 Financial assets measured at fair value through other comprehensive income: categories

	31.12.2023			31.12.2022		
ITEMS/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	975,538	106	-	1,051,651	50,275	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	975,538	106	-	1,051,651	50,275	-
2. Equity securities	-	-	25,292	-	-	18,175
3. Financing	-	-	-	-	-	-
Total	**975,538**	**106**	**25,292**	**1,051,651**	**50,275**	**18,175**

3.2 Financial assets measured at fair value through other comprehensive income: debtors/issuers

ITEMS/VALUES	31.12.2023	31.12.2022
1. Debt securities	**975,644**	**1,101,926**
a) Central Banks	-	-
b) General governments	890,055	906,753
c) Banks	82,465	154,347
d) Other financial corporations	2,152	35,003
of which:		
- *insurance companies*	-	-
e) Non-financial corporations	972	5,823
2. Equity securities	**25,292**	**18,175**
a) Banks	-	-
b) Other issuers	25,292	18,175
- other financial corporations	3,139	3,095
of which:		
- *insurance companies*	-	-
- non-financial corporations	22,153	15,073
- other	-	7
3. Loans	**-**	**-**
a) Central Banks	-	-
b) General governments	-	-
c) Banks	-	-
d) Other financial corporations	-	-
of which:		
- *insurance companies*	-	-
e) Non-financial corporations	-	-
f) Households	-	-
Total	**1,000,936**	**1,120,101**

Item “Debt securities” includes assets sold but not written off, which refer to own securities used in repurchase agreements amounting to 44,377 thousand euros.

The equity securities portfolio included 25,292 thousand euros referring to “minor equity investments”, which are largely related to service agreements concluded by the Group (CSE, Caricese, SWIFT, etc.) or agreements of a commercial nature (Tosetti Value SIM, 8a+ SGR, Conio Inc., MainStreet Capital Partners Ltd.), usually not listed and non-negotiable.

These equity investments are measured at purchase cost, recognising any impairment loss.

The interest acquired in Conio falls within the wider corporate and commercial partnership with the Californian fintech company founded in 2015, which has positioned itself as a wallet provider that offers custody, negotiation and reporting services, currently focused on Bitcoins, on the Italian market, thought its investee Conio S.r.l.

During the first quarter of 2023, Banca Generali acquired an equity investment in MainStreet Partners, a company specialising in ESG ratings and advisory, to strengthen its sustainability positioning, for a total value of 6,835 thousand euros at 31 December 2023.

In May, the annual 100 thousand euro outright tranche was paid on the minority interest in Beyond Investment S.p.A., an investment holding company owned by the Bank and a group of leading Italian entrepreneurial families with the aim of undertaking private equity, venture capital and real estate investments. The value of the shares amounted to 110 thousand euros, after recognising approximately 300 thousand euro capital losses.

3.3 Financial assets measured at fair value through other comprehensive income: gross value and total adjustments

	GROSS VALUE					TOTAL ADJUSTMENTS				
	STAGE 1	OF WHICH: LOW CREDIT RISK INSTRUMENTS	STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGINATED	STAGE 1	STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGINATED	OVERALL PARTIAL WRITE-OFFS
Debt securities	975,841	890,219	-	-	-	197	-	-	-	-
Financing	-	-	-	-	-	-	-	-	-	-
Total at 31.12.2023	**975,841**	**890,219**	**-**	**-**	**-**	**197**	**-**	**-**	**-**	**-**
Total at 31.12.2022	**1,102,488**	**906,932**	**-**	**-**	**-**	**562**	**-**	**-**	**-**	**-**

In respect of the model for measuring expected credit losses (ECLs) provided for in IFRS 9, at 31 December 2023 collective reserves of 197 thousand euros were recognised in the debt securities portfolio, of which 164 thousand euros relating to the portfolio of government securities.

Section 4 – Financial assets measured at amortised cost - Item 40

4.1 Financial assets measured at amortised cost: categories of loans to banks

	31.12.2023						31.12.2022					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
TYPE OF TRANSACTIONS/VALUES	STAGE 1 AND STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGINATED	L1	L2	L3	STAGE 1 AND STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGINATED	L1	L2	L3
A. Loans to Central Banks	**108,186**	**-**	**-**	**-**	**108,186**	**-**	**137,889**	**-**	**-**	**-**	**137,889**	**-**
1. Term deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Minimum reserve	108,186	-	-	X	X	X	137,889	-	-	X	X	X
3. Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	-	-	-	X	X	X	-	-	-	X	X	X
B. Loans to banks	**2,149,205**	**-**	**-**	**1,665,843**	**451,965**	**2,001**	**2,398,781**	**-**	**-**	**1,723,161**	**604,806**	**-**
1. Loans	383,888	-	-	-	383,888	-	536,492	-	-	-	536,492	-
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2 Term deposits	25,566	-	-	X	X	X	13,650	-	-	X	X	X
1.3 Other loans:	358,322	-	-	X	X	X	522,842	-	-	X	X	X
- repurchase agreements	229,056	-	-	X	X	X	397,723	-	-	X	X	X
- lease loans	-	-	-	X	X	X	-	-	-	X	X	X
- other	129,266	-	-	X	X	X	125,119	-	-	X	X	X
2. Debt securities	1,765,317	-	-	1,665,843	68,077	2,001	1,862,289	-	-	1,723,161	68,314	-
2.1 Structured securities	514	-	-	510	-	-	525	-	-	504	-	-
2.2 Other debt securities	1,764,803	-	-	1,665,333	68,077	2,001	1,861,764	-	-	1,722,657	68,314	-
Total	**2,257,391**	**-**	**-**	**1,665,843**	**560,151**	**2,001**	**2,536,670**	**-**	**-**	**1,723,161**	**742,695**	**-**

The item “Other loans - other” includes 120,619 thousand euros (113,033 thousand euros at 31 December 2022) relating to guarantee margins paid to banking counterparties for derivatives transactions. The remaining 8 million euros is almost entirely attributable to operating receivables relating to placement and distribution of financial products, collected in the first few months of the following year.

4.2 Financial assets measured at amortised cost: categories of loans to customers

	31.12.2023						31.12.2022					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
TYPE OF TRANSACTIONS/VALUES	STAGE 1 AND STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGINATED	L1	L2	L3	STAGE 1 AND STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGINATED	L1	L2	L3
1. Loans	**2,581,416**	**28,924**	**2,066**	**-**	**1,971,136**	**648,330**	**2,757,523**	**37,634**	**-**	**-**	**2,031,707**	**780,788**
1. Current accounts	1,679,358	15,319	-	X	X	X	1,778,492	15,031	-	X	X	X
2. Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
3. Mortgages	585,692	12,330	-	X	X	X	701,838	22,297	-	X	X	X
4. Credit cards, personal loans and loans on wages	-	6	-	X	X	X	-	6	-	X	X	X
5. Lease loans	-	-	-	X	X	X	-	-	-	X	X	X
6. Factoring	-	-	-	X	X	X	-	-	-	X	X	X
7. Other loans	316,366	1,269	2,066	X	X	X	277,193	300	-	X	X	X
2. Debt securities	**7,446,624**	**-**	**-**	**7,263,384**	**70,623**	**53,153**	**8,399,326**	**-**	**-**	**7,968,047**	**137,567**	**78,469**
1. Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2. Other debt securities	7,446,624	-	-	7,263,384	70,623	53,153	8,399,326	-	-	7,968,047	137,567	78,469
Total	**10,028,040**	**28,924**	**2,066**	**7,263,384**	**2,041,759**	**701,483**	**11,156,849**	**37,634**	**-**	**7,968,047**	**2,169,274**	**859,257**

Item 2.2, relating to debt securities, includes 115,752 thousand euros of senior notes issued in securitisation transactions. The ABS component decreased on the previous year (140,765 thousand euros) due to the partial reimbursement of the Credimi and Prado VIII securitisations. Detailed information on the securitised notes is given in Part E of these Notes and Comments.

The item "Debt securities" includes encumbered assets used as collateral for ECB refinancing operations totalling 211,328 thousand euros and securities held in deposit with Cassa di Compensazione e Garanzia amounting to 267,358 thousand euros. This item also includes own securities used in repurchase agreements amounting to 1,544,607 thousand euros.

Item 1.7 "Other loans" includes operating receivables relating to the placement and distribution of financial and insurance products in the amount of 141,307 thousand euros, consisting solely of short-term receivables from managing companies and insurance companies belonging to Generali Group, collected in the early months of the following year.

Breakdown of loans to customers - other transactions

TYPE OF TRANSACTIONS/VALUES	31.12.2023	31.12.2022
Other grants	13,288	17,639
Loans on promissory notes	10,093	4,177
Stock exchange interest-bearing daily margin	84,001	57,412
Sums advanced to Financial Advisors	58,452	56,330
Operating loans	141,307	133,975
Interest-bearing caution deposits	1,003	969
Amounts to be collected and other loans	11,557	6,991
Total	**319,701**	**277,493**

Pursuant to IFRS 15, paragraph 116 a), the previous table includes the opening and closing balances of receivables within the scope of this Standard (operating receivables and amounts to be collected).
In reference to paragraph 118 of IFRS 15, the change in receivables during the year was due to the Group's normal operations and therefore was not attributable to contractual amendments or changes in the time required for the right to the consideration to become unconditional.

Sums advanced to Financial Advisors enrolled with the Register of Financial Advisors include non-performing positions for a net amount of 2,286 thousand euros, largely attributable to advances to former Financial Advisors who have left service due to a dispute or pre-dispute.

4.3 Financial assets measured at amortised cost: breakdown of loans to customers by debtors/issuers

TYPE OF TRANSACTIONS/VALUES	31.12.2023 STAGE 1 AND STAGE 2	31.12.2023 STAGE 3	31.12.2023 IMPAIRED ACQUIRED OR ORIGINATED	31.12.2022 STAGE 1 AND STAGE 2	31.12.2022 STAGE 3	31.12.2022 IMPAIRED ACQUIRED OR ORIGINATED
1. Debt securities	**7,446,624**	**-**	**-**	**8,399,325**	**-**	**-**
a) General governments	7,041,337	-	-	7,840,346	-	-
b) Other financial corporations	358,300	-	-	491,714	-	-
of which:						
- *insurance companies*	-	-	-	-	-	-
c) Non-financial corporations	46,987	-	-	67,265	-	-
2. Loans to:	**2,581,416**	**28,924**	**2,066**	**2,757,524**	**37,634**	**-**
a) General governments	5	-	-	7	-	-
b) Other financial corporations	298,386	588	-	292,280	6,503	-
of which:						
- *insurance companies*	*23,089*	-	-	*24,889*	-	-
c) Non-financial corporations	275,286	17,649	2,066	307,697	18,371	-
d) Households	2,007,739	10,687	-	2,157,540	12,760	-
Total	**10,028,040**	**28,924**	**2,066**	**11,156,849**	**37,634**	**-**

4.4 Financial assets measured at amortised cost: gross value and total adjustments

	GROSS VALUE STAGE 1	GROSS VALUE OF WHICH: LOW CREDIT RISK INSTRU-MENTS	GROSS VALUE STAGE 2	GROSS VALUE STAGE 3	GROSS VALUE IMPAIRED ACQUIRED OR ORIGINATED	TOTAL ADJUSTMENTS STAGE 1	TOTAL ADJUSTMENTS STAGE 2	TOTAL ADJUSTMENTS STAGE 3	TOTAL ADJUSTMENTS IMPAIRED ACQUIRED OR ORIGINATED	OVERALL PARTIAL WRITE-OFFS
Debt securities	9,193,452	-	22,162	2,642	-	3,641	32	2,642	-	-
Loans	2,843,283	-	235,053	44,611	2,069	3,528	1,318	15,687	3	-
Total at 31.12.2023	**12,036,735**	**-**	**257,215**	**47,253**	**2,069**	**7,169**	**1,350**	**18,329**	**3**	**-**
Total at 31.12.2022	**13,439,983**	**-**	**264,656**	**54,418**	**-**	**9,416**	**1,704**	**16,784**	**-**	**-**

In respect of the model for assessing expected credit losses (ECLs) provided for in IFRS 9, at 31 December 2023 performing loans measured at amortised cost, classified to Stage 1 and Stage 2, are recognised net of the collective reserves for a total of 8,522 thousand euros, of which:

- 3,673 thousand euros relating to the debt securities portfolio;
- 4,849 thousand euros relating to other loans.

Within this item, total value adjustments of exposures to banks amounted to 1,553 thousand euros, of which 1,388 thousand euros on debt securities and 164 thousand euros on other loans.

The provision for expected losses on debt securities refers instead to the government bond portfolio in the amount of 1,597 thousand euros.

The item relating to non-performing "Debt securities" (Stage 3) refers to the Alitalia bond. This bond known as "Dolce Vita", amounting to 2,642 thousand euros, was fully written down in the previous years due to the airline's serious state of crisis, which resulted in a court declaration of the company's insolvency and the commencement of the extraordinary administration procedure.

The provision for expected losses on trade receivables, measured in accordance with IFRS 9 5.5.15, was not material in view of the short-term nature of the exposures concerned, all of which were collected in full in the first few months of the following year.

4.4a Loans measured at amortised cost subject to Covid-19 support measures: gross value and total adjustments

	GROSS VALUE					TOTAL ADJUSTMENTS				
	STAGE 1	OF WHICH: LOW CREDIT RISK INSTRU-MENTS	STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGINATED	STAGE 1	STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGINATED	OVERALL PARTIAL WRITE-OFFS
4. Newly originated loans	49,851	-	232	4,309	-	-	-	789	-	-
Total at 31.12.2023	**49,851**	**-**	**232**	**4,309**	**-**	**-**	**-**	**789**	**-**	**-**
Total at 31.12.2022	**76,964**	**-**	**1,602**	**7,704**	**-**	**13**	**10**	**1,065**	**-**	**-**

Section 5 – Hedging derivatives - Item 50

5.1 Breakdown of hedging derivatives by type of hedge and hierarchy levels

	31.12.2023				31.12.2022			
	FAIR VALUE			NOTIONAL VALUE	FAIR VALUE			NOTIONAL VALUE
TYPE OF TRANSACTIONS/VALUES	L1	L2	L3		L1	L2	L3	
A) Financial derivatives	**-**	**161,955**	**-**	**1,786,000**	**-**	**286,776**	**-**	**2,348,500**
1) Fair value	-	161,955	-	1,786,000	-	286,776	-	2,348,500
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B) Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**161,955**	**-**	**1,786,000**	**-**	**286,776**	**-**	**2,348,500**

5.2 Breakdown of hedging derivatives by portfolios hedged and type of hedge

	FAIR VALUE							CASH FLOWS		
	SPECIFIC									
HEDGING TRANSACTIONS/TYPE	DEBT SECURITIES AND INTEREST RATES	EQUITY SECURITIES AND EQUITY INDICES	CURREN-CIES AND GOLD	CREDIT	GOODS	OTHER	GENERAL	SPECIFIC	GENERAL	FOREIGN INVEST-MENTS
1. Financial assets measured at fair value through other comprehensive income	1,803	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	160,152	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**161,955**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

Section 7 – Equity investments - Item 70

7.1 Equity investments: disclosure on type of relations

COMPANY NAME	REGISTERED OFFICE	OPERATING OFFICE	TYPE OF RELATION	SHAREHOLDING		% OF VOTING RIGHTS
				INVESTOR COMPANY	% HELD	
A. Subsidiaries under common control						
1. BG Saxo SIM S.p.A.	Milan	Milan	Associate company	Banca Generali	19.9%	19.9%
B. Companies subject to significant influence						
1. Nextam Partners SIM S.p.A.	Milan	Milan	Associate company	Banca Generali	19.9%	19.9%

At 31 December 2023, there were two equity investments:

- BG Saxo SIM S.p.A. is an investment firm formed as part of the joint venture with Saxo Bank, in which Banca Generali acquired a 19.9% stake on 31 October 2019 for 1,995 thousand euros, plus additional costs. Banca Generali and Saxo Bank entered into an agreement to set up an exclusive partnership specialising in online trading and digital services. The deal aims to offer Italian customers exclusive access to an innovative advanced trading platform based on Saxo Bank's technology and managed by BG Saxo SIM.
  At 31 December 2023, the portion of loss attributable to Banca Generali amounted to approximately 841 thousand euros;
- on 5 March 2021, Banca Generali's Board of Directors approved the sale of an 80.1% interest in the share capital of Nextam Partners SIM S.p.A. to a new corporate structure led by the main key manager of Nextam Group.
  After having received the prior authorisation by the Bank of Italy, the disposal transaction was finalised on 20 January 2022. Banca Generali thus remains the holder of a 19.9% equity interest in the company, qualifying as an associate.

The equity investment in the company incorporated under UK laws IOCA Entertainment Ltd, in which Banca Generali had subscribed 35% of share capital on 19 October 2015 was transferred in the first half of 2023 for a consideration of 80 thousand euros. The equity investment was fully written off at the end of 2020 due to the failure to achieve the commercial targets and the lack of tangible future economic prospects.

The member's voluntary liquidation procedure of Nextam Partners Ltd., a 100% UK subsidiary inactive since the end of 2020, was completed in the fourth quarter of 2023. Banca Generali collected the final tranche of the liquidation balance of approximately 8 thousand euros and is now awaiting only the formal striking of the company's name off the UK Companies House, expected by February.

7.4 Non-significant equity investments: accounting information

COMPANY NAME	BOOK VALUE OF EQUITY INVESTMENTS	TOTAL ASSETS	TOTAL LIABILITIES	TOTAL REVENUES	PROFIT (LOSS) FROM OPERATING ACTIVITIES NET OF TAXES	PROFIT (LOSS) FROM OPERATING ASSETS NET OF TAXES	NET PROFIT (LOSS) FOR THE YEAR (1)	OTHER INCOME COMPONENTS NET OF TAXES (2)	COMPREHENSIVE INCOME (3) = (1) + (2)
A. Subsidiaries under common control									
1. BG Saxo SIM S.p.A.	1,500	10,777	4,751	903	-1,366	-	-1,366	-	-1,366
B. Companies subject to significant influence									
1. Nextam Partners SIM S.p.A.	475	2,661	531	1,769	29	-	29	-	29
Total	**1,975**	**13,438**	**5,282**	**2,672**	**-1,337**	**-**	**-1,337**	**-**	**-1,337**

7.5 Equity investments: year changes

	31.12.2023	31.12.2022
A. Amount at year-start	**3,091**	**2,048**
B. Increases	**5**	**1,274**
B.1 Purchases	-	796
B.2 Reversals	-	-
B.3 Revaluations	5	-
B.4 Other changes	-	478
C. Decreases	**1,121**	**231**
C.1 Sales	9	0
C.2 Adjustments	271	231
C.3 Write-downs	841	-
C.4 Other changes	-	-
D. Amount at year-end	**1,975**	**3,091**
E. Total revaluations	**-**	**-**
F. Total adjustments	**1,894**	**2,982**

Impairment tests of equity investments

In accordance with IAS/IFRS, equity investments were tested for impairment in order to verify whether there was objective evidence that the carrying amounts of the assets concerned may not be fully recoverable.
The impairment testing process for equity investments in associates and joint ventures involves verifying whether there are any impairment indicators and determining the amount of the impairment loss, if any.

The impairment indicators used for such unlisted equity investments are:

- qualitative indicators, such as an operating loss or a significant deviation from budget objectives, the announcement of restructuring plans or the commencement of insolvency procedures;
- quantitative indicators represented by a carrying amount of the equity investment in the separate financial statements that is significantly higher, for an extended period, than the carrying amount of the investee's net assets and goodwill in the consolidated financial statements.

Where there are impairment indicators, the recoverable amount is determined as the greater of the fair value net of costs to sell and value in use, and if this is lower than the carrying amount an impairment loss is recognised. The analyses carried out are described in the corresponding section of Part B in the Notes and Comments to the Separate Financial Statements of Banca Generali S.p.A.

The assessment performed on BG Saxo SIM in the Separate Financial Statement of Banca Generali for 1.3 million euros also had an impact on the Banking Group's Consolidated Financial Statements of 0.8 million euros, due to the presence of prior differences between the carrying amount of the equity investment measured according to IAS 28 and the share of the company's net equity.

7.7 Commitments attributable to equity investments in joint ventures

In accordance with paragraphs 23 and B18-B20 of IFRS 12, there are no commitments by the Banking Group in the joint venture BG Saxo SIM S.p.A. to be reported in these financial statements, nor are there contingent liabilities relating to its equity investments in the said company.

However, in 2024, during negotiations of deeds to amend the joint venture agreement, Banca Generali agreed to pay BG Saxo a contribution towards profitability for financial year 2023.

Since the new agreement will only be signed in 2024, Banca Generali thus recognised the commitment during the finalisation phase in the amount of 2.1 million euros, by making an allocation to a provision for liabilities and contingencies.

Section 9 – Property and equipment - Item 90

9.1 Breakdown of operating property and equipment: assets measured at cost

ASSETS/VALUES	31.12.2023	31.12.2022
1. Owned assets	**7,127**	**7,434**
a) Land	-	-
b) Buildings	-	-
c) Furniture	5,868	6,078
d) Electronic equipment	241	262
e) Other	1,018	1,094
2. Rights of use acquired through leases	**134,306**	**147,431**
a) Land	-	-
b) Buildings	133,277	146,548
c) Furniture	-	-
d) Electronic equipment	-	-
e) Other	1,029	883
Total	**141,433**	**154,865**
of which:		
- *obtained through the enforcement of guarantees received*	-	-

9.6 Operating property and equipment: year changes

	RIGHTS OF USE ACQUIRED THROUGH LEASES – BUILDINGS	RIGHTS OF USE ACQUIRED THROUGH LEASES – OTHER	FURNITURE	ELECTRONIC EQUIPMENT	OTHER	TOTAL
A. Gross amount at year-start	**218,363**	**2,023**	**29,098**	**7,302**	**10,302**	**267,088**
A.1 Total net impairment	71,815	1,140	23,020	7,040	9,208	**112,223**
A.2 Net amount at year-start	**146,548**	**883**	**6,078**	**262**	**1,094**	**154,865**
B. Increases	**8,264**	**644**	**1,069**	**119**	**401**	**10,497**
B.1 Purchases	7,363	294	1,056	112	401	9,226
B.2 Capitalised improvement costs	-	-	-	-	-	-
B.3 Reversals	-	-	-	-	-	-
B.4 Fair value positive changes in:	-	-	-	-	-	-
a) Net equity	-	-	-	-	-	-
b) Profit and Loss Account	-	-	-	-	-	-
B.5 Exchange gains	97	2	13	7	-	119
B.6 Transfers from buildings held as investments	-	-	-	-	-	-
B.7 Other changes	804	348	-	-	-	1,152
C. Decreases	**21,535**	**498**	**1,279**	**140**	**477**	**23,929**
C.1 Sales	-	-	-	-	-	-
C.2 Depreciation	21,535	468	1,263	140	462	**23,868**
C.3 Adjustments for impairment in:	-	-	-	-	-	-
a) Net equity	-	-	-	-	-	-
b) Profit and Loss Account	-	-	-	-	-	-
C.4 Fair value negative changes in:	-	-	-	-	-	-
a) Net equity	-	-	-	-	-	-
b) Profit and Loss Account	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) property and equipment held as investments	-	-	-	-	-	-
b) non-current assets available for sale and disposal groups	-	-	-	-	-	-
C.7 Other changes	-	30	16	-	15	**61**
D. Net amount at year-end	**133,277**	**1,029**	**5,868**	**241**	**1,018**	**141,433**
D.1 Total net impairment	90,966	1,310	24,202	7,205	9,640	**133,323**
D.2 Gross amount at year-end	**224,243**	**2,339**	**30,070**	**7,446**	**10,658**	**274,756**
E. Measured at cost	133,277	1,029	5,868	241	1,018	141,433

Section 10 – Intangible assets - Item 100

10.1 Breakdown of intangible assets by categories

	31.12.2023		31.12.2022	
ASSETS/VALUES	DEFINITE LIFE	INDEFINITE LIFE	DEFINITE LIFE	INDEFINITE LIFE
A.1 Goodwill	**X**	**88,073**	**X**	**88,073**
A1.1 Attributable to the Group	X	87,211	X	87,211
A1.2 Attributable to minority interests	X	862	X	862
A.2 Other intangible assets	**61,788**	**760**	**51,606**	**735**
of which:				
- *software*	*28,819*	-	*22,801*	-
A.2.1 Assets measured at cost:	61,788	760	51,606	735
a) internally generated intangible assets	-	-	-	-
b) other assets	61,788	760	51,606	735
A.2.2 Assets measured at fair value:	-	-	-	-
a) internally generated intangible assets	-	-	-	-
b) other assets	-	-	-	-
Total	**61,788**	**88,833**	**51,606**	**88,808**

10.2 Intangible assets: year changes

		OTHER INTANGIBLE ASSETS				
		INTERNALLY GENERATED		OTHER		
	GOODWILL	DEFINITE LIFE	INDEFINITE LIFE	DEFINITE LIFE	INDEFINITE LIFE	TOTAL
A. Gross amount at year-start	**88,073**	**-**	**735**	**142,249**	**-**	**231,057**
A.1 Total net impairment	-	-	-	90,643	-	**90,643**
A.2 Net amount at year-start	**88,073**	**-**	**735**	**51,606**	**-**	**140,414**
B. Increases	**-**	**-**	**25**	**26,070**	**-**	**26,095**
B.1 Purchases	-	-	-	25,712	-	**25,712**
B.2 Increases in internal intangible assets	X	-	-	-	-	**-**
B.3 Reversals	X	-	-	-	-	**-**
B.4 Fair value positive changes	-	-	-	-	-	**-**
- Net equity	X	-	-	-	-	**-**
- Profit and Loss Account	X	-	-	-	-	**-**
B.5 Exchange gains	-	-	25	358	-	**383**
B.6 Other changes	-	-	-	-	-	**-**
C. Decreases	-	-	-	15,888	-	**15,888**
C.1 Sales	-	-	-	-	-	**-**
C.2 Adjustments	-	-	-	15,858	-	**15,858**
- Amortisation	X	-	-	15,858	-	**15,858**
- Write-downs	-	-	-	-	-	**-**
+ Net equity	X	-	-	-	-	**-**
+ Profit and Loss Account	-	-	-	-	-	**-**
C.3 Fair value negative changes	-	-	-	-	-	**-**
- Net equity	X	-	-	-	-	**-**
- Profit and Loss Account	X	-	-	-	-	**-**
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	**-**
C.5 Exchange losses	-	-	-	-	-	**-**
C.6 Other changes	-	-	-	30	-	**30**
D. Net amount at year-end	**88,073**	**-**	**760**	**61,788**	**-**	**150,621**
D.1 Total net adjustments	-	-	-	106,792	-	**106,792**
E. Gross amount at year-end	**88,073**	**-**	**760**	**168,580**	**-**	**257,413**
F. Measured at cost	88,073	-	760	61,788	-	**150,621**

10.3 Intangible assets: other information

Breakdown of consolidated goodwill

(€ THOUSAND)	31.12.2023	31.12.2022
Prime Consult SIM e INA SIM	2,991	2,991
BG Fiduciaria SIM S.p.A.	4,289	4,289
Banca del Gottardo	31,352	31,352
Credit Suisse Italy	27,433	27,433
Nextam S.p.A. group	12,202	12,202
Valeur S.A.	8,706	8,706
Binck Bank N.V. business unit	1,100	1,100
Total	**88,073**	**88,073**

Breakdown of intangible assets - other assets

(€ THOUSAND)	31.12.2023	31.12.2022
Charges associated with the implementation of legacy CSE procedures	20,828	18,137
Customer relationships (former Credit Suisse Italy)	6,720	7,872
Customer relationships (former Nextam S.p.A. Group)	6,449	7,005
Transactions with customers (former BG Valeur S.A.)	2,125	2,349
Other software costs	7,992	4,664
Advance payments on intangible assets	17,674	11,579
Total	**61,788**	**51,606**

Intangible assets recognised in respect of contractual relationships governing total client assets refer to business combinations undertaken by Banca Generali in the course of the years and represent an economic assessment of the expected cash flows from those relationships on the basis of specific profitability coefficients and appropriate default rates, identified from time to time within the framework of purchase price allocation (PPA) procedures.

In this regard, it should be noted that:
- the consideration paid to acquire in 2014 the former Credit Suisse's business unit amounting to 44,713 thousand euros was initially allocated for 17,280 thousand euros to intangible assets and for 27,433 thousand euros to goodwill;
- the consideration paid to acquire Nextam Partners Group in 2019 was initially recognised for 8.9 million euros to intangible assets, attributable to the contractual relationships with customers of Nextam Group and amortised over a total period of 16 years, for 0.3 million euros to the value of the Nextam trademark, and for 12.2 million euros to goodwill;
- the consideration paid to acquire BG Valeur S.A. in 2019 was originally allocated for 3.2 million euros to the intangible assets attributable to contractual relationships with customers and amortised over a total period of ten years, for 0.4 million euros to the value of the Valeur trademark, and for 8.7 million euros to goodwill;
- the consideration paid to acquire the retail banking business unit of the Italian branch from Binck Bank N.V., a Danish lending institution owned by Saxo Bank Group, on 16 October 2021, upon completion of PPA, was fully recognised to goodwill.

Impairment testing of goodwill

During the preparation of the 2023 Financial Statements, goodwill was tested for impairment and the carrying amount was determined to be accurate. In this regard, reference should be made to Part G, Section 3, of the Notes and Comments.

Section 11 – Tax assets and liabilities - Item 110 (Assets) and Item 60 (Liabilities)

Breakdown of item 110 (Assets): tax assets

TYPE OF TRANSACTIONS/VALUES	31.12.2023	31.12.2022
Current taxation	**37,835**	**1,498**
Sums due for taxes to be refunded	1,103	921
IRES and foreign direct taxes	36,375	-
IRES surtax	353	577
IRAP	4	-
Deferred tax assets	**70,278**	**70,768**
With impact on Profit and Loss Account	68,219	64,784
IRES	56,546	53,851
IRAP	11,673	10,933
With impact on Net Equity	2,059	5,984
IRES	1,843	5,189
IRAP	216	795
Total	**108,113**	**72,266**

Current tax assets and liabilities represent the positive or negative imbalance between the estimated income taxes due for the year and the associated tax credits due to overpayments in previous tax periods, prepayments made and amounts withheld.

In further detail, for Banca Generali current IRES (corporate income) tax assets and liabilities take the form of account receivable from or payable to, respectively, the consolidating entity, Assicurazioni Generali S.p.A. Due to Banca Generali's participation in Assicurazioni Generali's tax consolidation program, the former's taxable profits or losses for IRES purposes, along with the tax credits to which it is entitled and sums withheld from it, are transferred to the consolidating entity, which then figures and pays the tax owed by the Group. The consolidating entity is also responsible for paying the taxes owed by or to the credit of the consolidated entity and requesting the associated prepayments.

Sums due for taxes to be refunded include applications for refunds of IRES and IRAP of 454 thousand euros relating to previous years granted by the Italian Tax Authorities within the framework of the tax settlement agreement finalised in July 2023. The aggregate also includes 571 thousand euros of foreign taxes withheld in the course of ordinary investment in debt securities, for which a full refund was applied under the relevant treaties for the avoidance of double taxation (216 thousand euros in 2022).

Breakdown of item 60 (Liabilities): tax liabilities

TYPE OF TRANSACTIONS/VALUES	31.12.2023	31.12.2022
Current taxation	**39,582**	**38,871**
IRES arising on National Tax Consolidation scheme	28,360	22,338
IRES (surtax for banks)	4,191	3,396
IRES and other foreign income taxes	-	12,041
IRAP	7,031	1,096
Deferred tax liabilities	**6,506**	**5,706**
With impact on Profit and Loss Account	5,594	4,424
IRES deferred tax liabilities and foreign income taxes	4,179	3,204
IRAP	1,415	1,220
With impact on Net Equity	912	1,282
IRES deferred tax liabilities and foreign income taxes	789	1,150
IRAP	123	132
Total	**46,088**	**44,577**

11.1 Breakdown of deferred tax assets

TYPE OF TRANSACTIONS/VALUES	31.12.2023	PURSUANT TO LAW NO. 214/2011	31.12.2022	PURSUANT TO LAW NO. 214/2011
With impact on Profit and Loss Account	**68,219**	**4,658**	**64,784**	**5,813**
Provisions for liabilities and contingencies	56,642	-	51,492	-
Write-downs of loans to customers before 2015	1,153	1,153	1,719	1,719
Redeemed goodwill of former Banca del Gottardo (Art. 15, para. 10, of Decree Law 185/08)	1,905	1,905	2,268	2,268
Goodwill of former BG Fiduciaria SIM (Art. 15, para. 10-*ter*)	924	924	1,062	1,062
Redeemed goodwill of former BG SGR (Art. 176, para. 2-*ter*, of TUIR)	676	676	764	764
Redeemed goodwill of former Nextam Partners (Art. 15, para. 10, of Law Decree 185/08)	2,311	-	3,117	-
Redeemed goodwill of former Banca del Gottardo (Art.110 of Law Decree 104/21)	2,117	-	2,258	-
Collective write-downs (ECLs) on loans to customers and banks	347	-	450	-
Other	1,129	-	754	-
Group companies' tax losses	275	-	154	-
BVG pension fund	740	-	746	-
With impact on Net Equity	**2,059**	**-**	**5,984**	**-**
Measurement at fair value of HTCS financial assets	1,361	-	5,391	-
Actuarial losses (IAS 19) on termination indemnity	698	-	557	-
Other	-	-	36	-
Total	**70,278**	**4,658**	**70,768**	**5,813**

The DTAs eligible for conversion into tax credits pursuant to Italian Law No. 214/2011 include:

a) assets relating to goodwill and other intangible assets subject to redemption pursuant to Article 10, paragraph 10 and paragraph 10-*ter*, of Law Decree 185/08 and Article 176, paragraph 2-*ter*, of TUIR (Consolidated Income Tax Law), relating to the redemption transactions undertaken before 2015; on the other hand, DTAs accrued in respect of realignment transactions undertaken in financial year 2021 cannot be transformed;

b) assets related to adjustments on loans not deducted from taxes as at 31 December 2015, for which Decree Law No. 83/2015, by introducing a system of full deductibility of value adjustments with effect from that year, had remodulated deductibility percentages according to a thorough ten-year recovery scheme, originally set from 2016 to 2025, based on variable annual quotas.

The 2019 Budget Law (Italian Law No. 145 of 30 December 2018) and the 2020 Budget Law (Italian Law No. 160 of 30 December 2019) and, most recently, Article 42 of Italian Law Decree No. 17 of 1 March 2022 once again deferred the deduction of the goodwill and previous adjustments that had given rise to the recognition of deferred tax assets eligible for conversion into tax credits.

In particular, with regard to goodwill, they provided for:

› the remodulation of the deductibility of part of the goodwill and other intangible assets not deducted as at 31 December 2017 over a ten-year period, from 2019 to 2029, at different tax rates (Italian Law No. 145 of 30 December 2018);
› the deferral until 2025 and the four subsequent years of the amortisation charges referring to the 2019 tax period (tax originally set at 5%) of goodwill and other intangible assets, which gave rise to the recognition of deferred tax assets eligible for conversion into tax credits.

Accordingly, no DTAs eligible for conversion into tax credits were recovered in 2018 and 2019.

With reference to value adjustments, they provided for:

› the deferral until 2026 of the deduction of the portion of adjustments to loans not deducted as at 31 December 2015 that accrued in 2018, set by Law Decree No. 83/2015 at 10% as at 31 December 2026, subsequently brought forward to 2022 and set at 53%;
› the deferral until 2022 and the three subsequent years of the deduction of the portion of adjustments to loans not deducted as at 31 December 2015 that accrued in 2019 (originally set at 12%);
› the deferral of the deductibility of 12% of the value adjustments for the tax period in progress on 31 December 2022, on a straight-line basis, to the tax period in progress on 31 December 2023 and the three following years.

The 2024 Budget Law (Italian Law No. 13 of 30 December 2023) then established to defer until 2027 and the subsequent tax period the deduction of the portion of adjustments to loans previously deferred until 2024 (set at 1%) and until 2026 (set at 3%).

By way of partial derogation from the mechanism of full deduction of adjustments to loans recognised as loans to customers, the 2019 Budget Law and the 2020 Stability Law introduced a mechanism for deferring income components resulting from the application of the expected credit loss (ECL) model recognised upon first-time adoption of IFRS 9. In particular, the 2018 Budget Law had established that such components were deductible in ten straight-line instalments over the tax periods from 2018 to 2027, whereas the 2020 Budget Law provided for the deferral until 2028 of the deduction of the portion accrued in 2019 relating to the first-time adoption of IFRS 9. DTAs relating to the adjustments in question are not among those eligible for conversion into tax credits and amounted to 140 thousand euros at 31 December 2023.

DTAs relating to goodwill and not eligible for conversion into tax credits include DTAs deriving from the realignment operations carried out in 2021[10].

In 2021, Banca Generali proceeded to exercise the option to carry out the following operations to realign the carrying and tax values of goodwill, trademarks and other intangible assets, through payment of the related substitute taxes by the income tax payment deadline for the 2020 tax period:

› realignment of the carrying values for goodwill, trademarks and intangible assets, resulting from the merger — effective 1 January 2020 for accounting and tax purposes — of the subsidiaries Nextam Partners S.p.A. and Nextam Partners SGR, carried out pursuant to:
  – Article 15 of Law Decree No. 185/2008 (special redemption), by payment of a substitute tax of 16% and subsequent amortisation over 5 years;
  – Article 176, paragraph 2-*ter*, of the TUIR (ordinary redemption), limited to intangible assets, with payment of a substitute tax based on related tax brackets (12%-14%) and recognition of amortisation throughout the residual life of the intangible asset;
› realignment of misalignments resulting from previous years' goodwill stated in the Financial Statements at 31 December 2019 and still present at 31 December 2020, pursuant to Article 110 of Decree Law No. 104/2020 (so-called "August Decree"), as amended by the 2021 Budget Law, through payment of a 3% substitute tax, and a subsequent right to benefit from the ensuing off-balance sheet amortisation initially set at 18 years and then subsequently extended to 50 years.

With regard to this special treatment, the 2022 Budget Law (Law 234 of 30 December 2021) extended the duration of tax amortisation from 18 to 50 years, without prejudice to the possibility of maintaining the initial term of 18 years by paying the greater tax due for the ordinary redemption transactions or revoking the transaction in full with a refund of the substitute tax paid. As a consequence of these changes, Banca Generali derecognised the DTAs the reversal period of which exceeds the initial term of 18 years, for a total of 4.5 million euros.

[10] For further information, reference should be made to the relevant section of the Notes and Comments to the Separate Financial Statements of Banca Generali at 31 December 2021.

Following the above-mentioned realignment operations, the previous year saw:

- the release of the deferred tax liabilities (DTLs) for the accounting items deriving from taxable transactions (purchase of business units) for which the off-balance sheet amortisation of the tax value has already been made, for an amount of 6.2 million euros;
- the recognition, based on the method indicated in the OIC document application No. 1 of February 2009, of deferred tax assets (DTAs), for the accounting items deriving from non-taxable transactions (mergers), for an amount of 6.5 million euros against 10.9 million euros overall receivable for the transactions carried out.

DTAs for tax losses carryforward amounted to 275 thousand euros and referred to net losses reported by BG Valeur S.A.

11.2 Breakdown of deferred tax liabilities

TYPE OF TRANSACTIONS/VALUES	31.12.2023	31.12.2022
With impact on Profit and Loss Account	**5,594**	**4,424**
Off-balance sheet goodwill deduction	2,213	1,633
Intangible assets recognised upon PPA (trademarks and client relationships)	472	509
Financial assets mandatorily measured at fair value through profit and loss (equity securities and policies)	614	533
Provision for termination indemnity (IAS 19)	152	152
Other	491	123
Retained earnings of subsidiaries (IAS 12, para. 38 40)	1,652	**1,474**
With impact on Net Equity	**912**	**1,282**
Measurement at fair value of HTCS financial assets	495	732
IAS 19-related actuarial gains on BVG pension fund	417	**550**
Total	**6,506**	**5,706**

The DTLs relating to goodwill deducted on an off-balance sheet basis referred for 209 thousand euros to goodwill redeemed in accordance with Article 10 of Italian Legislative Decree No. 104/2021, and for 2,000 thousand euros to goodwill recognised following the acquisition of the business units of the former Credit Suisse and Binck Bank.

The DTLs relating to financial assets mandatorily measured at fair value refer to the revaluation of equity instruments and unit-linked policies, the tax relevance of which is deferred until realisation.

11.3 Change in deferred tax assets (offsetting entry to the Profit and Loss Account)

	31.12.2023	31.12.2022
1. Amount at year-start	**64,784**	**61,965**
2. Increases	**21,608**	**19,471**
2.1 Deferred tax assets recognised in the year:	20,998	19,471
a) related to prior years	-	-
b) change in accounting criteria	-	-
c) reversals	-	-
d) other	20,998	19,471
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	610	-
3. Decreases	**18,173**	**16,652**
3.1 Deferred tax assets eliminated in the year:	17,780	16,608
a) transfers	17,780	15,529
b) write-downs for non-recoverability	-	412
c) change in accounting criteria	-	-
d) other	-	667
3.2 Decreases in tax rates	-	-
3.3 Other decreases:	393	44
a) conversion into tax credits pursuant to Law No. 214/2011	-	-
b) other	393	44
4. Amount at year-end	**68,219**	**64,784**

11.4 Change in deferred tax assets pursuant to Law No. 214/2011

	31.12.2023	31.12.2022
1. Amount at year-start	**5,813**	**6,663**
2. Increases	**-**	**-**
3. Decreases	**1,155**	**850**
3.1 Transfers	1,155	850
3.2 Conversion into tax credits:	-	-
a) due to losses for the year	-	-
b) due to tax losses	-	-
3.3 Other decreases	-	-
4. Amount at year-end	**4,658**	**5,813**

11.5 Change in deferred tax liabilities (offsetting entry to the Profit and Loss Account)

	31.12.2023	31.12.2022
1. Amount at year-start	**4,424**	**4,195**
2. Increases	**2,452**	**1,698**
2.1 Deferred tax liabilities recognised in the year:	1,869	1,698
a) related to prior years	-	-
b) change in accounting criteria	-	-
c) other	1,869	1,698
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	583	-
3. Decreases	**1,282**	**1,469**
3.1 Deferred tax liabilities eliminated in the year:	1,282	1,469
a) transfers	275	108
b) change in accounting criteria	-	-
c) other	1,007	1,361
3.2 Decreases in tax rates	-	-
3.3 Other decreases	-	-
4. Amount at year-end	**5,594**	**4,424**

11.6 Changes in deferred tax assets (offsetting entry to Net Equity)

	31.12.2023	31.12.2022
1. Amount at year-start	**5,984**	**1,039**
2. Increases	**230**	**5,820**
2.1 Deferred tax assets recognised in the year:	230	5,820
a) related to prior years	-	-
b) change in accounting criteria	-	-
c) other	230	5,820
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**4,155**	**875**
3.1 Deferred tax assets eliminated in the year:	1,544	411
a) transfers	1,544	411
b) write-downs for non-recoverability	-	-
c) change in accounting criteria	-	-
d) other	-	-
3.2 Decreases in tax rates	-	-
3.3 Other decreases	2,611	464
4. Amount at year-end	**2,059**	**5,984**

The item 3.3 "Other decreases" refers to the reduction in deferred tax assets following the re-absorption of deductible temporary differences as a result of reversals of assets in the HTCS portfolio.

11.7 Changes in deferred tax liabilities (offsetting entry to Net Equity)

	31.12.2023	31.12.2022
1. Amount at year-start	**1,282**	**1,892**
2. Increases	**2,912**	**774**
2.1 Deferred tax liabilities recognised in the year:	2,912	774
a) related to prior years	-	-
b) change in accounting criteria	-	-
c) other	2,912	774
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**3,282**	**1,384**
3.1 Deferred tax liabilities eliminated in the year:	671	996
a) transfers	671	996
b) change in accounting criteria	-	-
c) other	-	-
3.2 Decreases in tax rates	-	-
3.3 Other decreases	2,611	388
4. Amount at year-end	**912**	**1,282**

The item 3.3 "Other decreases" refers to the reduction in deferred tax liabilities following the re-absorption of deductible temporary differences as a result of higher value adjustments of assets in the HTCS portfolio.

Section 12 – Non-current assets available for sale and disposal groups and associated liabilities - Item 120 (Assets) and Item 70 (Liabilities)

At 31 December 2023, no non-current assets available for sale and disposal groups and associated liabilities were recognised.

Section 13 – Other assets - Item 130

13.1 Breakdown of other assets

	31.12.2023	31.12.2022
Fiscal items	**130,747**	**153,694**
Advances paid to Tax Authorities – stamp duty	51,221	85,201
Advances of substitute tax on capital gains	46,604	51,189
Other advances paid to and sums due from Tax Authorities	948	645
Tax Authorities/VAT	67	67
Tax Authorities/Superbonus	30,343	16,098
Sums due from Tax Authorities for other taxes to be refunded	1,564	494
Leasehold improvements	**8,927**	**8,706**
Operating loans not related to financial transactions	**355**	**526**
Sundry advances to suppliers and employees	**6,282**	**4,545**
Cheques under processing	**11,496**	**9,974**
Money orders and other amounts receivable	11,496	9,974
Other amounts to be debited under processing	**91,786**	**51,554**
Amounts to be settled in the clearing house (debits)	851	2,361
Clearing accounts for securities and funds procedure	51,949	38,419
Other amounts to be debited under processing	15,821	10,215
Assets from reclassification of portfolio subject to collection (SBF)	23,165	559
Amounts receivable for legal disputes not related to credit transactions	**344**	**126**
Trade receivables from customers and banks that cannot be traced back to specific items	**57,233**	**50,242**
Other amounts	**200,158**	**197,231**
Prepayments for the new supplementary fees for Financial Advisor Network	65,277	71,759
Prepayments for ordinary incentives	97,476	92,325
Prepayments for three-year incentives	16,593	13,447
Other accrued income and deferred charges that cannot be traced back to specific items	20,439	19,222
Sundry amounts	373	478
Total	**507,328**	**476,598**

Receivables from Tax Authorities for withholdings on current accounts represent the positive imbalance between payments on account and the related payable to Tax Authorities.

Other assets include assets associated with the incremental costs of obtaining a contract or incurred to fulfil a contract with customers set out in IFRS 15, paragraphs 91-104.

Prepayments for the supplementary fees for Financial Advisor Network refer to incremental fee expense of acquiring new customers paid to new Financial Advisors within the framework of recruitment programmes and based on the achievement of specific net inflows targets.

Prepayments for ordinary incentives paid to the Financial Advisor Network qualify instead as incremental costs for obtaining a contract or costs incurred to fulfil a contract and consist of fees paid annually to the existing Financial Advisor Network based on the achievement of net inflow targets, irrespective of whether they have been achieved by acquiring new customers or by strengthening relationships already in place with existing customers.

Costs are systematically amortised over a time horizon corresponding to the transfer to the customer of the goods or services to which the asset refers, estimated to amount to five years.

The changes in the main deferred charges during the year are shown below.

	31.12.2022	AMORTISATION	OF WHICH: RELATED TO THE PREVIOUS YEAR	INCREASES	OTHER CHANGES	31.12.2023
Supplementary fees	71,759	-29,466	-23,895	22,984	-	65,277
Ordinary incentives	92,325	-45,156	-34,904	51,264	-957	97,476
Three-year incentives	13,447	-4,989	-3,362	8,135	-	16,593
Total network incentives	**177,531**	**-79,611**	**-62,161**	**82,383**	**-957**	**179,346**
Entry bonus on BG Solution portfolio management	9,468	-4,275	-3,528	4,231	77	9,501
Bonus on JPM funds	113	-74	-69	18	-	57
Total other acquisition costs	**9,581**	**-4,349**	**-3,597**	**4,249**	**77**	**9,558**
Total	**187,112**	**-83,960**	**-65,758**	**86,632**	**-880**	**188,904**

Other deferred charges that cannot be traced back to specific items include for 10,881 thousand euros prepaid expenses not accrued during the period and refer in particular to lease prepayments, insurance premiums and other general and administrative expenses.

PART B – INFORMATION ON THE CONSOLIDATED BALANCE SHEET - LIABILITIES

Section 1 – Financial liabilities measured at amortised cost - Item 10

1.1 Financial liabilities measured at amortised cost: due to banks – categories

TYPE OF TRANSACTIONS/VALUES	31.12.2023				31.12.2022			
		FV				FV		
	BOOK VALUE	L1	L2	L3	BOOK VALUE	L1	L2	L3
1. Due to Central Banks	-	X	X	X	-	X	X	X
2. Due to banks	**231,684**	X	X	X	**544,531**	X	X	X
2.1 Current accounts and demand deposits	35,346	X	X	X	31,897	X	X	X
2.2 Term deposits	-	X	X	X	-	X	X	X
2.3 Loans	186,522	X	X	X	494,083	X	X	X
2.3.1 Repurchase agreements	171,320	X	X	X	477,028	X	X	X
2.3.2 Other	15,202	X	X	X	17,055	X	X	X
2.4 Liabilities for repurchase commitments of own equity instruments	-	X	X	X	-	X	X	X
2.5 Lease debts	-	X	X	X	-	X	X	X
2.6 Other debts	9,816	X	X	X	18,551	X	X	X
Total	**231,684**	**-**	**231,684**	**-**	**544,531**	**-**	**544,531**	**-**

The item "Other debts" almost entirely refers to deposits made by EFG Bank S.A. as a guarantee for some non-performing exposures arising on the acquisition of Banca del Gottardo Italia (collateral deposits).

1.2 Financial liabilities measured at amortised cost: due to customers – categories

TYPE OF TRANSACTIONS/VALUES	31.12.2023				31.12.2022			
		FV				FV		
	BOOK VALUE	L1	L2	L3	BOOK VALUE	L1	L2	L3
1. Current accounts and demand deposits	11,097,187	X	X	X	12,972,643	X	X	X
2. Term deposits	241,730	X	X	X	-	X	X	X
3. Loans	1,507,866	X	X	X	1,652,307	X	X	X
3.1 Repurchase agreements	1,382,649	X	X	X	1,372,093	X	X	X
3.2 Other	125,217	X	X	X	280,214	X	X	X
4. Liabilities for repurchase commitments of own equity instruments	-	X	X	X	-	X	X	X
5. Lease debts	141,074	X	X	X	153,656	X	X	X
6. Other debts	283,474	X	X	X	180,842	X	X	X
Total	**13,271,331**	**-**	**13,271,331**	**-**	**14,959,448**	**-**	**14,959,448**	**-**

Item 5 "Lease debts" includes the liability relating to lease payments determined on the basis of IFRS 16 – *Leases*, which entered into force on 1 January 2019.

Item 6 "Other debts" refers for 99,256 thousand euros to the stock of money orders issued by the parent company Banca Generali in relation to claims payment of Generali Group insurance companies and, for the remaining amount, to other sums made available to customers and trade payables to the Financial Advisor Network.

1.6 Lease debts

Lease debts recognised in the Financial Statements at 31 December 2023 amounted to 141,074 thousand euros.

The following table shows the maturity of these lease debts in accordance with paragraphs 53(g) and 58 of IFRS 16 – *Leases*:

RESIDUAL LEASE DEBTS – YEAR	AMOUNT
2024	20,824
2025	19,531
2026	18,505
2027	16,490
2028	14,620
2029	12,269
2030	11,089
2031	9,873
2032	9,500
2033	5,178
2034	1,921
2035	957
2036	317

Section 2 – Financial liabilities held for trading - Item 20

2.1 HFT financial liabilities: categories

	31.12.2023					31.12.2022				
		FV					FV			
TYPE OF TRANSACTIONS/VALUES	NV	L1	L2	L3	FV (*)	NV	L1	L2	L3	FV (*)
A. Cash liabilities										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total A	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
B. Derivatives										
1. Financial	**-**	**-**	**159**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Trading	X	-	159	-	X	X	-	-	-	X
1.2 Related to the fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	-	-	X	X	-	-	-	X
2. Credit		-	-	-	-	-	-	-	-	-
2.1 Trading	X	-	-	-	X	X	-	-	-	X
2.2 Related to the fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total B	**X**	**-**	**159**	**-**	**X**	**X**	**-**	**-**	**-**	**X**
Total (A + B)	**X**	**-**	**159**	**-**	**X**	**X**	**-**	**-**	**-**	**X**

(*) FV measured without taking account of issuer's creditworthiness changes compared to issue date.

HFT financial liabilities consist for 159 thousand euros of hedged trading transactions relating to currency outrights with customers as counterparty, fully offset in Item 20 – Assets.

Section 4 – Hedging derivatives - Item 40

In the second half of 2019, the Bank began to operate in asset swap derivatives, trading interest rate swaps to hedge debt securities, mostly Italian and foreign fixed-rate and index-linked government bonds allocated to the HTCS and HTC portfolios.

For each hedging derivative, a specific highly effective fair value hedging relationship is formed.

At year-end, the notional value of the hedging derivatives outstanding amounted to approximately 3,282.5 million euros, of which 60 million euros relating to the HTCS portfolio with a positive fair value of 161.9 million euros and a negative fair value of 132.7 million euros.

4.1 Breakdown of hedging derivatives by type of hedge and hierarchy levels

	31.12.2023				31.12.2022			
	FAIR VALUE			NOTIONAL VALUE	FAIR VALUE			NOTIONAL VALUE
	L1	L2	L3		L1	L2	L3	
A) Financial derivatives	**-**	**132,662**	**-**	**1,496,500**	**-**	**123,604**	**-**	**1,727,500**
1) Fair value	-	132,662	-	1,496,500	-	123,604	-	1,727,500
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**132,662**	**-**	**1,496,500**	**-**	**123,604**	**-**	**1,727,500**

4.2 Breakdown of hedging derivatives by portfolios hedged and type of hedge

	FAIR VALUE							CASH FLOWS		
	SPECIFIC									
HEDGING TRANSACTIONS/TYPE	DEBT SECURITIES AND INTEREST RATES	EQUITY SECURITIES AND STOCK INDICES	CURRENCIES AND GOLD	CREDIT	GOODS	OTHER	GENERAL	SPECIFIC	GENERAL	FOREIGN INVESTMENTS
1. Financial assets measured at fair value through other comprehensive income	-	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	132,662	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**132,662**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**-**	**X**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**X**
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

Section 6 – Tax liabilities - Item 60

Section 11 (Assets) provides an analysis.

Section 8 – Other liabilities - Item 80

8.1 Breakdown of other liabilities

	31.12.2023	31.12.2022
Trade payables	**33,991**	**23,858**
Due to suppliers	33,618	23,381
Due for payments on behalf of third parties	373	477
Due to staff and social security institutions	**29,889**	**30,242**
Due to staff for accrued holidays, etc.	4,239	4,184
Due to staff for productivity bonuses to be paid out	16,387	17,140
Contributions to be paid to social security institutions	4,065	3,853
Contributions to Financial Advisors to be paid to Enasarco	5,198	5,065
Tax Authorities	**42,761**	**42,194**
Withholding taxes to be paid to Tax Authorities on behalf of employees and contract workers	7,073	6,101
Current account withholdings	12,671	1,147
Withholding taxes to be paid to Tax Authorities on behalf of customers	8,665	6,680
Notes to be paid into collection services	7,834	23,431
VAT payables	6,417	4,822
Tax liabilities – other (stamp duty and substitute tax on medium-/long-term loans)	101	13
Amounts to be debited under processing	**158,890**	**82,829**
Bank transfers, cheques and other sums payable	2,645	1,304
Amounts to be settled in the clearing house (credits)	47,044	37,994
Liabilities from reclassification of portfolio subject to collection (SBF)	128	169
Other amounts to be debited under processing	109,073	43,362
Sundry items	**87,506**	**102,125**
Amounts to be credited	4,881	1,791
Sundry items	2,247	1,841
Amounts due to Shareholders for dividends to be distributed	75,954	96,191
Accrued expenses and deferred income that cannot be traced back to specific items	3,116	1,912
Sums made available to customers	1,308	390
Total	**353,037**	**281,248**

Pursuant to paragraphs 116 a) and 116 b) of IFRS 15, it is reported that the item deferred income includes liabilities associated with contracts within the scope of application of IFRS 15 and relating to three-year up-front fees received in connection with the placement of certain classes of foreign UCITS.

Opening balance at 01.01.2023	**187**
Increases	28
Decreases due to the transfer to profit and loss	-115
of which:	
- *relating to prior years*	-110
Closing balance at 31.12.2023	**100**

Section 9 – Provisions for termination indemnity - Item 90

9.1 Provisions for termination indemnity: year changes

	31.12.2023	31.12.2022
A. Amount at year-start	3,705	4,335
B. Increases	355	27
B.1 Provisions for the year	131	27
B.2 Other increases	224	-
C. Decreases	288	657
C.1 Amounts paid	288	421
C.2 Other decreases	-	236
D. Amount at year-end	**3,772**	**3,705**

9.2 Other information

The amount of termination indemnity for employees can be considered as a non-financial defined benefit plan after the termination of the employment, in accordance with IAS 19.

The provision was measured based on the actuarial value using the methods described in Part. A.2 of these Notes and Comments.

The following are the main actuarial assumptions used and the breakdown of the provision for the year and actuarial gains/(losses):

	31.12.2023	31.12.2022
Discount rate (*)	3.07%	3.54%
Annual inflation rate	2.00%	2.00%
Salary increase rate	2.00%	2.00%
Average duration (years)	8	8

(*) Rate applied to Banca Generali.

	31.12.2023	31.12.2022
1. Provisions:	131	27
- current service cost	6	7
- interest cost	125	20
2. Actuarial gains and losses:	224	-236
- based on financial assumptions	120	-932
- based on actuarial demographic assumptions	104	696
Total provisions for the year	**355**	**-209**
Actuarial value	**3,772**	**3,705**
Value calculated re. Article 2120 of the Italian Civil Code	**3,903**	**4,062**

Section 10 – Provisions for liabilities and contingencies - Item 100

10.1 Breakdown of provisions for liabilities and contingencies

ITEMS/COMPONENTS	31.12.2023	31.12.2022
1. Provisions for credit risk relating to commitments and financial guarantees issued	9,591	52
2. Provisions for other commitments and other guarantees issued	-	-
3. Company provisions for pensions	2,476	1,365
4. Other provisions for liabilities and contingencies	253,097	239,799
4.1 Legal and tax disputes	12,558	16,957
4.2 Staff	10,140	11,979
4.3 Other	230,399	210,863
Total	**265,164**	**241,216**

Breakdown of other provisions for liabilities and contingencies

	31.12.2023	31.12.2022
Provisions for staff expenses	**10,140**	**11,979**
Provision for restructuring plan	1,500	1,000
Provision for staff expenses – other	8,640	10,979
Provisions for legal disputes	**12,283**	**14,512**
Provision for risks related to legal disputes connected with Financial Advisor Network's embezzlements	3,339	7,653
Provision for risks related to legal disputes with the Financial Advisor Network	1,002	1,232
Provision for other legal disputes	7,942	5,627
Provisions for termination indemnity of Financial Advisors	**170,856**	**152,550**
Provision for termination indemnity of the Financial Advisor Network	83,103	74,753
Provision for management development indemnity	12,419	11,922
Provision for portfolio overfee indemnities	6,666	6,549
Provision for pension bonuses	8,366	8,214
Provisions for Framework Loyalty Programme	35,358	34,304
Provision for three-year incentives	24,944	16,808
Provisions for Financial Advisor Network incentives	**29,048**	**32,160**
Provision for Financial Advisor Network development plans	21,139	24,171
Provision for deferred bonus	60	56
Provision for managers' incentives with access gate	273	826
Provision for sales incentives	2,009	2,155
Provision for fees – travel incentives	5,300	4,700
Provision for other fee plans	267	252
Provisions for tax and contributions/pension dispute	**274**	**2,445**
Other provisions for liabilities and contingencies	**30,496**	**26,153**
Total	**253,097**	**239,799**

10.2 Provisions for liabilities and contingencies: year changes

	PROVISIONS FOR CREDIT RISK RELATING TO COMMITMENTS AND FINANCIAL GUARANTEES ISSUED	PROVISIONS FOR PENSIONS	OTHER PROVISIONS FOR LIABILITIES AND CONTINGENCIES	TOTAL
A. Amount at year-start	**52**	**1,365**	**239,799**	**241,216**
B. Increases	**9,539**	**1,829**	**64,545**	**75,913**
B.1 Provisions for the year	9,539	439	64,545	74,523
B.2 Changes due to the passage of time	-	-	-	-
B.3 Changes due to different discount rates	-	-	-	-
B.4 Other increases	-	1,390	-	1,390
C. Decreases	**-**	**718**	**51,247**	**51,965**
C.1 Use in the year	-	-	43,847	43,847
C.2 Changes due to different discount rates	-	-	-	-
C.3 Other decreases	-	718	7,400	8,118
D. Amount at year-end	**9,591**	**2,476**	**253,097**	**265,164**

Other provisions for liabilities and contingencies – details of movements

	31.12.2022	USES	SURPLUS	OTHER CHANGES	PROVISIONS	31.12.2023
Provision for staff expenses	**11,979**	**-3,200**	**-2,029**	**-806**	**4,196**	**10,140**
Provision for restructuring plan	1,000	-396	-	-604	1,500	1,500
Provisions for staff expenses – other	10,979	-2,804	-2,029	-202	2,696	8,640
Provisions for legal disputes	**14,512**	**-6,873**	**-1,582**	**-**	**6,226**	**12,283**
Provision for risks related to legal disputes connected with Financial Advisor Network's embezzlements	7,653	-3,587	-1,008	-	281	3,339
Provision for risks related to legal disputes with the Financial Advisor Network	1,232	-459	-212	-	441	1,002
Provision for other legal disputes	5,627	-2,827	-362	-	5,504	7,942
Provisions for termination indemnity of Financial Advisors	**152,550**	**-4,534**	**-1,580**	**3,147**	**21,273**	**170,856**
Provision for termination indemnity of the Financial Advisor Network	74,753	-1,946	-1,272	-	11,568	83,103
Provision for portfolio overfee indemnities	6,549	-26	-102	-	245	6,666
Provision for management development indemnity	11,922	-2,285	-174	-	2,956	12,419
Provision for pension bonuses	8,214	-277	-32	-	461	8,366
Provision for Framework Loyalty Programme	34,303	-	-	-	1,055	35,358
Provision for three-year incentives	16,809	-	-	3,147	4,988	24,944
Provisions for Financial Advisor Network incentives	**32,160**	**-18,004**	**-2,331**	**-**	**17,223**	**29,048**
Provision for Financial Advisor Network development plans	24,171	-12,438	-2,246	-	11,652	21,139
Provision for deferred bonus	56	-	-	-	4	60
Provision for managers' incentives with access gate	826	-553	-	-	-	273
Provision for sales incentives	2,155	-146	-	-	-	2,009
Provision for fees – travel incentives	4,700	-4,700	-	-	5,300	5,300
Provision for fee plans	252	-167	-85	-	267	267
Provisions for tax and contributions/ pension disputes	**2,445**	**-1,026**	**-1,384**	**-**	**239**	**274**
Other provisions for liabilities and contingencies	**26,153**	**-10,210**	**-835**	**-**	**15,388**	**30,496**
Total	**239,799**	**-43,847**	**-9,741**	**2,341**	**64,545**	**253,097**

10.3 Provisions for credit risk relating to commitments and financial guarantees issued

	PROVISIONS FOR CREDIT RISK RELATING TO COMMITMENTS AND FINANCIAL GUARANTEES ISSUED				
	STAGE 1	STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGINATED	TOTAL
1. Commitments to disburse funds	-	-	-	-	**-**
2. Financial guarantees issued	134	56	-	9,401	**9,591**
Total	**134**	**56**	**-**	**9,401**	**9,591**

The provision for credit risk relating to financial guarantees issued, considered impaired at the acquisition date, refers to several agreements entered into by the Bank to cover possible losses suffered by its customers in relation to the non-repayment, within the contractual terms, of the principal of some illiquid products distributed by the Bank that were marked by investment repayment issues, and for which the Bank had acted as distributor.
Based on the agreements with customers, the guarantees came due and were enforced in early 2024.
At 31 December 2023, a provision for expected losses was set aside for the guarantees issued, measured pursuant to IFRS 9, paragraph 5.5.1.

10.5 Defined benefit company pension funds

10.5.1 Characteristics of the funds and related risks

The item “Pension funds” refers to the supplementary pension plan for employees of BG Valeur S.A. and BG Suisse Private Bank S.A., which under local pension legislation (LLP) provides mandatory supplementary benefits upon meeting pension requirements or an adverse event (death or disability).
Pension obligations are covered by segregated assets, managed under a contractual relationship between the company and Swiss Life Collection Foundation BVG.
In turn, the Foundation fully reinsures all disability, death and longevity risks, including investment risk, with the insurer Swiss Life S.A., which invests the capital, guaranteeing the repayment of 100% of capital plus interest at a guaranteed rate.
In 2023, the guaranteed rate was 1.00% for the mandatory cover and 0.25% for the optional cover.

Contributions to the plan are paid by employees and the employer, with regard to both pension entitlement and coverage of the death and disability risk benefits. The cumulative balance of the pension account is based on the pension contributions made by the employee and employer and the interest accrued. The amount of the pension payable upon retirement is calculated by applying an annuity conversion rate established by the law and plan rules to the cumulative balance of each participant’s pension account.
Although the Swiss supplementary pension system operates as a defined-contribution plan pursuant to local legislation, under IAS 19 – *Employee Benefits* it is accounted for as a defined benefit pension plan, due to the presence of the guaranteed return on investment, fixed rate of conversion of the pension amount into a life annuity and the obligation for the participants to intervene if the plan is underfunded.

The liability and cost relating to this plan are calculated on the basis of actuarial assumptions applying the Projected Unit Credit Method. This method calls for future outlays to be projected on the basis of historical statistical and demographic curve analyses and discounting of the cash flows in question at a market interest rate. The contributions paid in each year are considered separate units, recognised and measured individually to determine the final obligation.
The rate used for discounting is determined by reference to the yields on “high quality corporate bonds”, and in particular yields observed on the Swiss market for maturities between 15 and 20 years.
The present value of the obligation at the reporting date is also stated net of the fair value of the assets in service of the plan.
Actuarial gains and losses on defined benefit plans are taken to the statement of other comprehensive income (OCI).

10.5.2 Year changes in net defined benefit liabilities (assets) and reimbursement rights

The following table shows the changes in liabilities and assets associated with the defined benefit plan in 2023:

	LIABILITIES OF THE DBO PENSION FUND	ASSETS IN SERVICE OF THE PLAN (FAIR VALUE)	PROVISIONS FOR PENSIONS
Amount at year-start	**-15,329**	**13,964**	**-1,365**
Current service cost	-408	-	-408
Interest (expense)/income	-372	341	-31
Other increases	-952	868	-84
Return on assets, net of interest	-	-71	-71
Actuarial gains (losses) arising from changes in financial assumptions	-1,234	-	-1,234
Employer contributions paid	-	631	631
Employer contributions paid to meet benefits directly	-532	532	-
Plan beneficiaries' contributions	-1,639	1,639	-
Indemnities paid	485	-486	-1
Other decreases	87	-	87
Amount at year-end	**-19,894**	**17,418**	**-2,476**

10.5.3 Fair value of the assets in service of the plan

The assets in service of the plan consist solely of the value of the insurance policy covering the plan.

10.5.4 Description of the main actuarial assumptions

The following table presents the main actuarial assumptions and reference rates used:

	31.12.2023 BG VALEUR S.A.	31.12.2023 BG SUISSE PRIVATE BANK S.A.
Discount rate	1.50%	1.50%
Salary increase rate	1.20%	1.20%
Men's retirement age	65 anni	65 anni
Women's retirement age	64 anni	64 anni
Demographic tables used	BVG 2020 GT	BVG 2020 GT
Average duration (years)	8.8	9.7

10.5.5 Amount, timing and uncertainty of cash flows

The sensitivity analysis was conducted on the DBO value presented in Table 10.5.2 above.
The results presented below express the percent change in the defined benefit obligation resulting from a +/-50 bps change in the discounting rate or the salary increase rate or a change in life expectancy of +/-1 year:

SENSITIVITY ANALYSIS	% CHANGE OF BG VALEUR S.A.	% CHANGE OF BG SUISSE PRIVATE BANK S.A.
Sensitivity analysis on discount rate		
Discount rate +0.50%	-7.00%	-7.10%
Discount rate -0.50%	8.00%	8.00%
Sensitivity analysis on salary increase rate		
Salary increase rate +0.50%	0.40%	0.00%
Salary increase rate -0.50%	-0.40%	-0.10%
Sensitivity analysis on mortality assumptions		
Life expectancy +1 year	1.00%	1.10%
Life expectancy -1 year	-1.00%	-1.10%

The average duration of the defined benefit obligation was 9.7 years for BG Suisse Private Bank S.A. and 8.8 years for BG Valeur S.A.

10.6 Provisions for liabilities and contingencies – other provisions

10.6.1 Provisions for staff expenses

Provisions for staff expenses include the following amounts:

- the share of the variable compensation of managers of the Banking Group deferred up to two years and conditional upon continuing satisfaction of the predetermined quantitative levels of asset solidity and liquidity (access gates) established in compliance with the Banking Group's Remuneration Policy;
- allocations to the provision for the recruitment plans regarding new employed Relationship Managers (RMs), valued also based on the specific contractual conditions agreed upon and on the probability to achieve the net inflow targets set;
- allocations for post-employment medical benefits of Group's managers, valued using the actuarial method pursuant to IAS 19;
- the provision related to the performance bonus, if at the reporting date the company supplementary contract (CIA) has expired or has not been renewed yet.

The above-mentioned provisions have as their balancing entries item "Staff expenses".

Provisions for staff expenses also include, to a lesser extent, provisions outside the scope of IAS 19 but for which IAS 37 applies and that have therefore as their balancing entries net provisions for liabilities and contingencies.

10.6.2 Restructuring provisions - Redundancy incentives plan

The voluntary redundancy plan covered by the specific company restructuring provision was launched at the end of 2015 to encourage the rotation of resources through incentives for voluntary departure for groups of employees nearest to retirement age and the filling of the resulting vacant positions with professional and/or managerial profiles more suited to the specific skills now required from a business standpoint.

In December 2023, the Board of Directors extended the voluntary redundancy plan, for a final provision amounting to 1.5 million euros.

10.6.3 Provisions for legal disputes

This type of provisions for risks includes provisions for pending litigations connected with Financial Advisor Network's embezzlements after insurance coverage, as well as those with disputes currently underway with the Financial Advisor Network and employees and other court and out-of-court disputes with customers and other entities.

10.6.4 Provisions for contractual indemnities for the Financial Advisor Network

These include provisions for termination indemnities paid to the Financial Advisor Network, portfolio overfee indemnities, pension bonus, the provisions associated with the Framework Loyalty Programme (approved by the General Shareholders' Meeting on 20 April 2017) and the provisions for management development indemnity, in addition to the provisions for three-year incentives.

The provision covering the cost of the **termination indemnity** of Financial Advisors with an agency agreement is valued as provided for by the law (Article 1751 of the Italian Civil Code) and the specific disbursement criteria defined by Banca Generali. Further details on the latter are provided in Part A.2 of the Notes and Comments to the Consolidated Financial Statements for the year ended on 31 December 2023.

The expenses associated with obligations extant at year-end relating to Financial Advisors are valued using the statistical-actuarial method, with the advice of independent professionals.

The following are the main actuarial assumptions adopted:

TERMINATION INDEMNITY	31.12.2023	31.12.2022
Discount rate [11]	4.3%	3.8%
Turnover rate (professionals)	0.91%	1.40%
Average duration (years)	12 years	13 years
IAS 37 DBOs/Indemnity provision at the measurement date	56.71%	54.36%

[11] The discount rate was determined on the basis of an average EURIRS curve for the last four quarters, increased linearly by the spread between the EURIRS rate and 10-year BTP.
The rate represented is the rate that corresponds to the average duration of the relevant liabilities, i.e., 12 years.

The ratio of *Deferred benefit obligations* (DBOs) to the nominal value of the accrued obligation towards Financial Advisors is given using the value of the provision after one-off deductions related to seniority of service.

The increase in the provision for termination indemnities accrued to Financial Advisors during the year was due to the combined effect of the increase in the discount rates applied and the rise in fee bases.

A specific measurement is made for Financial Advisors who have already left service.

The DBO already accrued by Financial Advisors formerly employed by Credit Suisse, totalling 2.4 million euros, is still based on the payment criteria established by the previous employer and was recognised under provisions for risks. Their DBO accrued with Banca Generali will be due only for the amount exceeding that accrued with Credit Suisse, if any.

The **portfolio overfee indemnities** are instead a scheme (further details are provided in Part A.2 of the Notes and Comments to the Consolidated Financial Statements at 31 December 2023) that calls for Financial Advisors with at least five years of seniority who leave service permanently to be entitled to an indemnity commensurate to the profitability of the portfolio previously managed, in case of reassignment of the latter.

The indemnity due to the outgoing FA is entirely borne by the incoming FA identified by the Company, except for a residual guarantee by the Bank — equal to 25% of the total indemnity — in the event of termination for death or permanent disability.

Even in this case, the charge is determined based on the statistical actuarial method, with the support of independent experts and with reference to the percentage of the Bank's residual risk, i.e., 25% of the indemnity due in case of death or permanent disability.

The "**pension bonus**" is a component of the Financial Advisor Network's indemnity plans, which entailed the yearly provision of an amount based on the achievement of pre-set sales objectives and to be paid only upon final termination for retirement or permanent disability. The actuarial method is used also for this type of evaluation. This incentive has been discontinued as of 2016, without prejudice to the rights acquired by the beneficiaries in previous years.

Within the framework of provisions for contractual indemnities, on 21 March 2017 the Board of Directors granted its final approval for a **Framework Loyalty Programme for the Sales Network** aimed at improving the retention of the Network and the customers acquired over time, and creating value for the Group by promoting stable, high-quality net inflows.

The Framework Loyalty Programme was initially divided into eight separate plans, all set to expire on 31 December 2026 and of decreasing lengths, which could be activated from one year to the next, with the authorisation of Banca Generali Group's corporate bodies and in accordance with its remuneration policies.

On 21 April 2022, the General Shareholders' Meeting resolved to suspend the Loyalty Framework Programme for the Financial Advisor network and accordingly the 6th 2022-2026 cycle was not activated.

The individual plans of the Framework Loyalty Program for the Sales Network already underway will all expire on 31 December 2026, after decreasing lengths, and each will allow part of the bonus to be paid in cash and part in shares of Banca Generali (max 50%), after having assessed their effects at the level of capital ratios and free float. The Banca Generali shares for each of the plans will be purchased on the market after authorisation is granted, from one year to the next, by the corporate bodies (Board of Directors and Shareholders' Meeting) and the Regulator.

Provisions for contractual indemnities refer also to the charge relating to the **management development indemnity** mechanism, approved by the Board of Directors in June 2018 and intended to ensure fair treatment of all network managers in the event of dismissal from their additional roles.

The 2022-2024 **three-year incentive plan**, approved by the Board of Directors on 18 March 2022, is in addition to the annual incentives for the Financial Advisor Network and is tied to the achievement of both several overall objectives set at the Banking Group level in terms of total net inflows and recurring fee income, established in the Strategic Plan, and individual objectives.

In particular, at the end of the Plan no incentives may be disbursed without full achievement of the three-year net inflow targets and of at least 90% of the cumulative recurring fee target at the end of 2024.

At the level of the individual beneficiary, accrual of the bonus is tied to individual net inflow and advanced inflow targets on a three-year basis to be reached collectively, with a floor below which the incentive is not awarded.

Special rules also apply to Financial Advisors eligible to participate in the previous Loyalty Framework Programme, for which a bonus floor applies, to be paid at the end of the three-year period if other conditions are met, but only in the absence of net outflows.

All Financial Advisors, Relationship Managers and Network Managers in service at 31 December 2019 are entitled to the three-year incentives.

The three-year bonus will be paid in 2026, provided that on 31 December 2025 the net inflow targets reached are no less than 90% of net inflows reached at the end of the three-year plan period.

The incentives accruing on a multi-year basis, tied to net inflow targets, qualify as costs of obtaining a contract pursuant to IFRS 15 and are expensed over a five-year period, like other similar incentives granted to the Financial Advisor Network.

The accrual of the bonus at the end of the three-year period is contingent on achieving the Banking Group access gates, as defined by the Remuneration Policy.
In addition, the Plan calls for the payment of the cash bonus only, with the sole exception of beneficiaries qualifying as Key Personnel in the three-year period, to whom the specific provisions of the Remuneration Policies (deferral, shared-based payment, etc.) apply.

10.6.5 Provisions for Financial Advisor Network incentives

This aggregate includes:

- the estimated charges accrued in relation with several recruitment plans for middle-term expansion of managed portfolios. These plans envisage different kinds of incentives (entry bonus, deferred bonus, total assets bonus, etc.) related to the achievement of net inflow targets and the presence in the Company for one or more years (up to 5 or 7 years);
- the share of network managers' annual incentives deferred up to two years and conditional upon continuing satisfaction of the predetermined quantitative levels of asset solidity and liquidity (access gates) established in compliance with the Banking Group's Remuneration Policy;
- provisions for incentive plans based on the network's performance for the period, including the BG Premier Club trip and other special fee plans (supplementary allowances, stabilisers, target-achievement bonuses, etc.) that involve the payment of benefits or increases in advances paid when certain conditions are met, such as continuous service on the network or the achievement of sales targets.

10.6.6 Tax dispute

On 11 July 2023, Banca Generali signed a framework agreement with the Italian Tax Authorities – Friuli Venezia Giulia Regional Department aimed at settling the litigation still pending at the Trieste Tax Court and concerning the minor claims notified with the assessment notices for the tax periods 2014 and 2015. These regard claims not settled as part of the previous tax settlement signed in September 2022, which regarded solely the claims related to relations with the subsidiary BGFML[12].
In detail, with reference to the claim of over 2.7 million euros, the parties reached a settlement for the payment of a greater amount of taxes for 784 thousand euros, however recognising Banca Generali's right to submit requests for refunds with regard to the greater amount of taxes on the write-down of securities for 2014, which had already been expensed in the profit and loss account for the following tax periods, for an amount of 454 thousand euros. The net charge of said settlement thus amounted to 330 thousand euros, in addition to penalties and interest for about 286 thousand euros[13], already entirely covered by specific provisions.
Accordingly, the provision allocated to account for this tax dispute, amounting to 2.0 million euros, was fully expensed by using 0.6 million euros, with recognition through profit or loss of a residual excess amount of 1.4 million euros.

New additional prudential provisions amounting to 274 thousand euros were also allocated due to claimed tax assessments and social contributions.

10.6.7 Other provisions for liabilities and contingencies

Other provisions for liabilities and contingencies include provisions for operating risks.
In detail, these provisions included a provision of 25.8 million euros to cover commercial activities aimed at restoring customers' potential losses resulting from investments made in illiquid products distributed by the Bank that were marked by investment repayment issues and to sustain customer retention.

[12] In this regard, reference should be made to the Annual Integrated Report 2021.
[13] The sanctions were determined based on the so-called facilitated conciliation introduced by Italian Law No. 197 of 29 December 2022, which allows to settle the litigation pending in first or second instance through the signing of a conciliation agreement by 30 September 2023 with a reduction of the ensuing penalties based on the settlement agreement to one eighteenth of the legal minimum.

Section 13 – Group net equity - Items 120, 130, 140, 150, 160, 170 and 180

13.1 Breakdown of share capital and treasury shares

	UNIT VALUE (€)	NUMBER	BOOK VALUE (€ THOUSAND)
Share capital			
- ordinary shares	1.00	116,851,637	116,852
Treasury shares			
- ordinary shares	1.00	-2,920,001	-85,005
Total		**113,931,636**	**31,847**

13.2 Share capital - Number of shares of the Parent Company: year changes

ITEMS/TYPES	ORDINARY	OTHER
A. Existing shares at year-start	**116,851,637**	**-**
- paid up	116,851,637	-
- partially paid	-	-
A.1 Treasury shares (-)	-2,809,497	-
A.2 Outstanding shares: at year-start	**114,042,140**	**-**
B. Increases	**258,756**	**-**
B.1 Newly issued shares		
- against payment:	-	-
- business combinations	-	-
- bonds conversion	-	-
- exercise of warrants	-	-
- other:	-	-
- for free:	-	-
- to staff	-	-
- to directors	-	-
- other	-	-
B.2 Sale of treasury shares	258,756	-
B.3 Other decreases	-	-
C. Decreases	**-369,260**	**-**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	-369,260	-
C.3 Disposal of companies	-	-
C.4 Other changes	-	-
D. Outstanding shares: at year-end	**113,931,636**	**-**
D.1 Treasury shares (+)	2,920,001	-
D.2 Existing shares at year-end	**116,851,637**	**-**
- paid up	116,851,637	-
- partially paid	-	-

13.3 Share capital: other information

At the reporting date, the share capital of the Bank consisted of 116,851,637 ordinary shares with no nominal value, with regular dividend entitlement, and it was fully paid up.

13.4 Earnings reserves: other information

	31.12.2022	PROFIT ALLOCATION – DIVIDEND DISTRIBUTION	PURCHASES/ SALES OF TREASURY SHARES	ISSUE OF NEW SHARES	STOCK OPTION PLANS AND OTHER IFRS 2 CHARGES	STOCK GRANT PLANS LTIP	OTHER CHANGES	31.12.2023
Legal reserve	23,370	-	-	-	-	-	-	23,370
Restricted reserve for shares of the Parent Company	1,031	-	-	-	-	-	152	1,183
Merger surplus reserve – BG SGR	3,853	-	-	-	-	-	-	3,853
Merger surplus reserve – BG Fiduciaria	10,901	-	-	-	-	-	-	10,901
Merger deficit reserve – Netxam S.p.A.	-802	-	-	-	-	-	-	-802
Reserves for IFRS 9 and IFRS 15 FTA	4,768	-	-	-	-	-	-	4,768
Share-based payments reserve (IFRS 2) – plans ended	507	-	-	-	-	-	-	507
IFRS 2 reserves – LTIP cycles ended (1)	10,550	-	-	-	-	-	-	10,550
IFRS 2 reserves – LTI plans based on BG shares	2,902	-	-682	-	2,153	-	-	4,373
IFRS 2 reserve – share-based plan	507	-	-	-	-	254	-	761
IFRS 2 reserve – Key Personnel remuneration	7,531	-	-5,809	-	6,775	-	-	8,497
IFRS 2 reserve – Framework Loyalty Programme	8,204	-	-	-	2,730	-	-	10,934
Reserve for AT1 BG Perpetual coupon	-4,894	-	-	-	-	-	-1,631	-6,525
Reserve from profit (loss) carried forward – Parent Company	558,897	33,383	-	-	-	-	4,494	596,774
Reserve from profit carried forward – consolidated	92,325	-13,154	-	-	-	-	-132	79,039
Equity reserve from the transfer of the funds business unit	3,710	-	-	-	-	-	-	3,710
Restricted reserve pursuant to Article 6, para. 1(a), of Leg. Decree No. 38/2005	1,332	-	-	-	-	-	158	1,490
Reserve for issuance of BG Suisse treasury shares	-156	-	-	-	-	-	-478	-634
Total	**724,536**	**20,229**	**-6,491**	**-**	**11,658**	**254**	**2,563**	**752,749**

(1) This reserve shows the increase in capital ensuing from share-based payments to employees and Directors through assignment of shares of the parent company Assicurazioni Generali S.p.A.

Reserves subject to a tax restriction imposed on a portion of the reserve from profit carried forward

Item “Reserve from profit carried forward” includes a portion of earnings subject to a tax restriction pursuant to Article 110, paragraph 8, of Italian Decree Law No. 104/2021, amounting to 31,827 thousand euros.

In 2021[14], Banca Generali had elected to realign the accounting and tax values of goodwill recognised at 31 December 2021, pursuant to Article 110 of Decree Law No. 104/2021.
However, implementing this option required, on pain of inefficacy, that a tax restriction be placed on a portion of reserves in the Financial Statements at 31 December 2020, in an amount corresponding to the higher values subject to realignment, net of the substitute tax (Article 110, paragraph 8).
The rules governing tax-suspended reserves for revaluation balances apply to the portion of the reserve for profit carried forward subject to this restriction. In particular, in the event of distribution of the reserve, the amounts allocated to shareholders form the taxable income of the Company, which is entitled to a tax credit equal to the 3% substitute tax paid, and that of the shareholders.

Furthermore, as indicated by the Italian Tax Authorities in its response No. 539 of 9 August 2021 and the recent Circular No. 6/E of 1 March 2022, since the option was exercised after the date of approval of the Financial Statements for the year ended 31 December 2020, the application of the restriction was approved, at the proposal of the Bank’s Board of Directors, by the Shareholders’ Meeting on 21 April 2022, when approving the Financial Statements for the year ended 31 December 2021.
The restricted reserve amounted to 31,827 thousand euros, taking into account differences subject to realignment of 32,811 thousand euros and tax due of 984 thousand euros.

Tax-suspended reserve pursuant to Art. 110, para. 8, of Decree Law 104/2021	
Accounting differences subject to realignment	32,811,223
Substitute tax due	-984,337
Restricted portion of reserve for profit carried forward	**31,826,886**

13.5 Breakdown of equity instruments: year changes

On 23 December 2019, Banca Generali finalised the issue of an Additional Tier 1 Perpetual bond of 50 million euros that under IAS 32 is considered an equity instrument and meets the requirements under regulatory capital rules in force for being recognised as Additional Tier 1 instrument in the Issuer’s financial statements.

The issue was fully subscribed in private placement by two German insurance companies of the Generali Group. The bonds are perpetual and callable, at the issuer’s sole discretion, from the sixth year from issue, and they yield — subject to authorisation from the competent supervisory authority and under the conditions established in applicable legislation — a non-cumulative half-yearly coupon at a fixed rate of 4.5% per annum for the first five years.

(€ THOUSAND)	31.12.2023	31.12.2022
Amount at year-start	**50,000**	**50,000**
Issue-related increases	-	-
Decreases for reimbursements	-	-
Amount at year-end	**50,000**	**50,000**

Section 14 – Net equity attributable to minority interests - Item 190

14.1 Breakdown of Item 190 – Net equity attributable to minority interests

(€ THOUSAND)	31.12.2023	31.12.2022
Other equity investments		
1. BG Valeur S.A.	338	442
Total	**338**	**442**

[14] For further information on the realignment operations, reference should be made to the Notes and Comments, Part B, Section 10 – Tax assets and liabilities in the Separate Financial Statements of Banca Generali at 31 December 2021.

PART B – INFORMATION ON THE BALANCE SHEET - OTHER INFORMATION

1. Commitments and financial guarantees issued

TRANSACTIONS	NOMINAL VALUE OF COMMITMENTS AND FINANCIAL GUARANTEES ISSUED STAGE 1	STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGINATED	31.12.2023	31.12.2022
1. Commitments to disburse funds	**100**	**-**	**-**	**-**	**100**	**200**
a) Central Banks	-	-	-	-	-	-
b) General governments	-	-	-	-	-	-
c) Banks	-	-	-	-	-	-
d) Other financial corporations	100	-	-	-	100	200
e) Non-financial corporations	-	-	-	-	-	-
f) Households	-	-	-	-	-	-
2. Financial guarantees issued	**90,719**	**2,998**	**63**	**23,330**	**117,110**	**75,650**
a) Central Banks	-	-	-	-	-	-
b) General governments	-	-	-	-	-	-
c) Banks	-	-	-	-	-	-
d) Other financial corporations	11,137	100	-	23,330	34,567	6,440
e) Non-financial corporations	30,203	1,157	63	-	31,423	20,395
f) Households	49,379	1,741	-	-	51,120	48,815
Total	**90,819**	**2,998**	**63**	**23,330**	**117,210**	**75,850**

Commitments to disburse funds include commitments subject to mandatory and optional use towards customers and refer to irrevocable lines of credit already granted.
At 31 December 2023, financial guarantees issued, considered impaired at the acquisition date, referred to some agreements entered into by the Bank to cover possible losses suffered by its customers in relation to the non-repayment, within the contractual terms, of the principal of some illiquid products distributed by the Bank that were marked by investment repayment issues, and for which the Bank had acted as distributor.
On the basis of the agreements with customers, the guarantees came due and were enforced in early 2024.

2. Other commitments and other guarantees issued

TRANSACTIONS	NOMINAL VALUE 31.12.2023	31.12.2022
1. Other guarantees issued	**-**	**-**
of which:	-	-
- *credit exposures to non-performing loans*	-	-
a) Central Banks	-	-
b) General governments	-	-
c) Banks	-	-
d) Other financial corporations	-	-
e) Non-financial corporations	-	-
f) Households	-	-
2. Other commitments	**1,054,149**	**1,095,935**
of which:		
- *credit exposures to non-performing loans*	*686*	-
a) Central Banks	-	-
b) General governments	-	-
c) Banks	-	4
d) Other financial corporations	33,695	30,797
e) Non-financial corporations	161,366	205,868
f) Households	859,088	859,266
Total	**1,054,149**	**1,095,935**

3. Assets pledged as collateral for own liabilities and commitments

PORTFOLIOS	31.12.2023 REPURCHASE AGREEMENTS	ECB	CC&G + OTHER	TOTAL	31.12.2022 REPURCHASE AGREEMENTS	ECB	CC&G + OTHER	TOTAL
1. Financial assets measured at fair value through profit or loss	-	-	-	-	-	-	-	-
2. Financial assets measured at fair value through other comprehensive income	44,377	-	-	44,377	257,339	-	-	257,339
3. Financial assets measured at amortised cost	1,544,607	211,328	267,358	2,023,293	1,638,206	95,926	283,223	2,017,355
4. Property and equipment	-	-	-	-	-	-	-	-
of which:								
- *assets constituting inventories*	-	-	-	-	-	-	-	-
Total	**1,588,984**	**211,328**	**267,358**	**2,067,670**	**1,895,545**	**95,926**	**283,223**	**2,274,694**

Financial assets pledged as collateral for own liabilities and commitments refer to repurchase agreement transactions with a repurchase commitment with customers and banks and to collaterals pledged for refinancing transactions with the ECB. This amount also includes financial instruments pledged with Cassa di Compensazione e Garanzia, Eurex, Euroclear and ETD for ordinary operations.

5. Management and trading of financial instruments on behalf of third parties

TYPE OF SERVICE	31.12.2023	31.12.2022
1. Execution of orders on behalf of customers	**35,683,455**	**27,090,641**
a) Purchases	**23,837,971**	**16,606,914**
1. Settled	23,356,890	16,410,756
2. To be settled	481,081	196,158
b) Sales	11,845,484	10,483,727
1. Settled	11,547,909	10,414,408
2. To be settled	297,575	69,319
2. Portfolio management	**29,244,077**	**26,075,573**
a) Individual	9,714,965	8,256,440
b) Collective	19,529,112	17,819,133
3. Custody and administration of securities	**62,845,713**	**48,479,527**
a) Third-party securities held in deposit: related to services provided as depository bank (excluding portfolio management)	-	-
1. Securities issued by companies included in the consolidation area	-	-
2. Other	-	-
b) Third-party securities held in deposit (excluding portfolio management): other	**26,079,887**	**18,220,346**
1. Securities issued by companies included in the consolidation area	15,781	16,098
2. Other	26,064,106	18,204,248
c) Third-party securities deposited with third parties	26,033,819	18,174,096
d) Own securities deposited with third parties	10,732,007	12,085,085
4. Other transactions	**-**	**-**

Securities under custody and administration are recognised at nominal value.

6. Financial assets offset in the financial statements or falling within the scope of master netting agreements or similar agreements

TECHNICAL TYPE	GROSS AMOUNT OF FINANCIAL ASSETS (A)	AMOUNT OF FINANCIAL LIABILITIES OFFSET IN THE FINANCIAL STATEMENTS (B)	NET AMOUNT OF FINANCIAL ASSETS RECOGNISED IN THE FINANCIAL STATEMENTS (C = A - B)	CORRELATED AMOUNT NOT OFFSET IN THE FINANCIAL STATEMENTS: FINANCIAL INSTRUMENTS (D)	CORRELATED AMOUNT NOT OFFSET IN THE FINANCIAL STATEMENTS: CASH DEPOSITS AS COLLATERAL (E)	NET AMOUNT AT 31.12.2023 (F = C - D - E)	NET AMOUNT AT 31.12.2022
1. Derivatives	13,098	-	13,098	11,302	2,090	-294	311
2. Repurchase agreements	229,056	-	229,056	227,506	1,508	42	-491
3. Securities loans	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
Total at 31.12.2023	**242,154**	**-**	**242,154**	**238,808**	**3,598**	**-252**	**X**
Total at 31.12.2022	**409,305**	**-**	**409,305**	**392,429**	**17,056**	**X**	**-180**

7. Financial liabilities offset in the financial statements or falling within the scope of master netting arrangements or similar agreements

TECHNICAL TYPE	GROSS AMOUNT OF FINANCIAL LIABILITIES (A)	AMOUNT OF FINANCIAL ASSETS OFFSET IN THE FINANCIAL STATEMENTS (B)	NET AMOUNT OF FINANCIAL LIABILITIES RECOGNISED IN THE FINANCIAL STATEMENTS (C = A - B)	CORRELATED AMOUNT NOT OFFSET IN THE FINANCIAL STATEMENTS: FINANCIAL INSTRUMENTS (D)	CORRELATED AMOUNT NOT OFFSET IN THE FINANCIAL STATEMENTS: CASH DEPOSITS AS COLLATERAL (E)	NET AMOUNT AT 31.12.2023 (F = C - D - E)	NET AMOUNT AT 31.12.2022
1. Derivatives	125,956	-	125,956	11,302	119,617	-4,963	4,774
2. Repurchase agreements	1,553,969	-	1,553,969	1,553,969	1,524	-1,524	-2,682
3. Securities loans	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
Total at 31.12.2023	**1,679,925**	**-**	**1,679,925**	**1,565,271**	**121,141**	**-6,487**	**X**
Total at 31.12.2022	**1,968,441**	**-**	**1,968,441**	**1,859,372**	**106,977**	**X**	**2,092**

IFRS 7 requires a detailed disclosure on financial instruments that have been offset in the Balance Sheet pursuant to IAS 32 or financial instruments that can be potentially set off, under certain conditions, but have been recognised in the Balance Sheet without any offsetting as they fall within the scope of master netting arrangements or similar agreements that do not meet all the requirements under IAS 32, paragraph 42.

In this regard, it should be noted that Banca Generali has not entered into any netting arrangements that meet the requirements of IAS 32.42 on offsetting in the financial statements.

With reference to financial instruments that can be potentially set off under certain conditions, it should be noted that, as far as repurchase agreements (REPOs) are concerned, Banca Generali currently participates in the MTS S.p.A. Repo market through a Clearing Agreement with Cassa Compensazione e Garanzia (CC&G) concerning the centralised management of transaction clearing.

With reference to financial instruments that can be potentially set off under certain conditions, Banca Generali entered into bilateral netting arrangements that enable offsetting of credit and debt positions related to financial and credit derivatives in case of default of the counterparty, as well as into transactions such as Securities Financing Transactions (SFTs). In detail, ISDA (International Swaps and Derivatives Association) agreements and GMRAs (Global Market Purchase Agreements) are in place.

As regard REPOs with banks, Banca Generali has in place master netting arrangements that enable offsetting of credit and debt positions in case of default of the counterparty and compliant with international standards (Global Master Repurchase Agreement – GMRA). Such transactions are also covered by GMRA-compliant financial guarantee agreements, envisaging the bilateral exchange of collaterals in cash and/or government bonds.

These agreements, in the case of repurchase agreements, mitigate the liquidity risk by offsetting the debt to the counterparty up to the fair value of the collateral.

In the table, repurchase agreements are measured at amortised cost, whereas financial instruments used as collateral are measured at fair value up to the amount of the guaranteed liability.

Banca Generali has entered into International Swap and Derivatives Association (ISDA) master netting arrangements as its main technique for mitigating the credit risk and the related impacts on fair value associated with OTC derivatives contracts with institutional counterparties. These arrangements as well envisage the bilateral exchange of cash collateral. These arrangements reduce the capital they absorb, in accordance with the conditions established in supervisory regulations. The ISDA master netting arrangements entered into with the main institutional counterparties to OTC derivatives have been appropriately reported to the Bank of Italy.

Since September 2022, Banca Generali has been subject to initial margin exchange requirements for OTC derivatives as provided for in Commission Delegated Regulation (EU) No. 2016/2251. To fulfil these obligations, the Bank has entered into specific collateral exchange contracts with active institutional counterparties, identifying Euroclear as the main triparty agent responsible for segregation of collateral assets.

PART C – INFORMATION ON THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

Section 1 – Interests - Items 10 and 20

1.1 Breakdown of interest income and similar revenues

ITEMS/TECHNICAL TYPES	DEBT SECURITIES	FINANCING	OTHER TRANSACTIONS	2023	2022
1. Financial assets measured at fair value through profit or loss:	**94**	**-**	**-**	**94**	**114**
1.1 HFT financial assets	1	-	-	1	4
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	93	-	-	93	110
2. Financial assets measured at fair value through other comprehensive income	**19,519**	**-**	**X**	**19,519**	**20,025**
3. Financial assets measured at amortised cost	**236,055**	**136,229**	**X**	**372,284**	**189,027**
3.1 Loans to banks	32,735	32,790	X	65,525	19,685
3.2 Loans to customers	203,320	103,439	X	306,759	169,342
4. Hedging derivatives	X	X	41,790	**41,790**	**-57,400**
5. Other assets	X	X	555	**555**	**253**
6. Financial liabilities	X	X	X	**-**	**7,386**
Total	**255,668**	**136,229**	**42,345**	**434,242**	**159,405**
of which:					
- *interest income on impaired financial assets*	-	*549*	-	*549*	*486*
- *interest income on finance leases*	-	-	-	-	-

By convention, at 31 December 2022, interest income on “Financial liabilities” had included the negative interest expense accrued on funding transactions, as broken down in the following table.

Breakdown of negative interest expense

	2023	2022
Interest income on bank deposits and current accounts	-	4
TLTRO	-	4,398
Repurchase agreements with banks	-	168
Repurchase agreements with customers	-	647
Interest income on customer deposit and current accounts	-	2,169
Total interest income on financial liabilities	**-**	**7,386**

1.2 Interest income and similar revenues: other information

1.2.1 Interest income on financial assets in foreign currencies

	2023	2022
1.2.1 Interest income on financial assets in foreign currencies	1,903	541
Total	**1,903**	**541**

1.3 Breakdown of interest expense and similar charges

ITEMS/TECHNICAL TYPES	DEBTS	SECURITIES	OTHER TRANSACTIONS	2023	2022
1. Financial liabilities measured at amortised cost	**129,842**	**-**	**-**	**129,842**	**11,815**
1.1 Due to Central Banks	-	X	X	-	-
1.2 Due to banks	18,191	X	X	18,191	1,356
1.3 Due to customers	111,651	X	X	111,651	10,459
1.4 Securities issued	X	-	X	-	-
2. HFT financial liabilities	**-**	**-**	**-**	**-**	**-**
3. Financial liabilities designated at fair value	**-**	**-**	**-**	**-**	**-**
4. Other liabilities and funds	**X**	**X**	**-**	**-**	**7,815**
5. Hedging derivatives	**X**	**X**	**-**	**-**	**-**
6. Financial assets	**X**	**X**	**X**	**-**	**2,607**
Total	**129,842**	**-**	**-**	**129,842**	**22,237**
of which:					
- interest expense relating to lease debts	*3,394*	*-*	*-*	*3,394*	*3,200*

The Item 1.3 "Financial liabilities measured at amortised cost – Due to customers" includes a 3.4 million euro interest accrued on lease payment debts calculated in accordance with the provisions of IFRS 16.

By convention, at 31 December 2022, interest expense on "Financial assets" had included the negative interest income accrued on lending transactions, as broken down in the following table:

Breakdown of negative interest income

	2023	2022
Interest expense on deposits with the ECB	-	721
Interest expense on current accounts and deposits with banks	-	782
Repurchase agreements with banks	-	272
Repurchase agreements with customers	-	3
Interest expense on customer deposits	-	829
Total	**-**	**2,607**

1.4 Interest expense and similar charges: other information

1.4.1 Interest expense on liabilities in foreign currencies

	2023	2022
1.4.1 Interest expense on liabilities in foreign currencies	2,288	733
1.4.2 Interest expense on finance lease transactions	-	-
Total	**2,288**	**733**

1.5 Hedging differentials

VOCI	2023	2022
A. Hedging gains	86,465	67,367
B. Hedging losses	44,675	124,767
C. Total (A - B)	**41,790**	**-57,400**

Hedging differentials refer to interest-rate swaps (IRSs) and inflation IRSs entered into in relation to fair-value hedging transactions for fixed-rate or inflation-linked debt securities.

The balance includes 40,992 thousand euros attributable to the hedging of debt securities classified to the portfolio of financial assets measured at amortised cost (37,450 thousand euros in 2022), with the remainder referring to debt securities classified to the portfolio of financial assets measured at fair value through other comprehensive income.

Section 2 – Fees - Items 40 and 50

2.1 Breakdown of fee income

TYPE OF SERVICE/VALUES	2023	2022
a) Financial instruments	**323,042**	**287,427**
1. Placement of securities	**170,022**	**158,997**
1.1 With direct underwriting and/or a firm commitment	-	-
1.2 Without a firm commitment	170,022	158,997
2. Receipt and transmission of orders and execution of orders on customers' behalf	**44,139**	**34,912**
2.1 Receipt and transmission of orders for one or more financial instruments	7,028	7,616
2.2 Execution of orders on customers' behalf	37,111	27,296
3. Other fees related to activities linked to financial instruments	**108,881**	**93,518**
of which:		
- *trading for own account*	-	-
- *individual portfolio management*	*108,881*	*93,518*
b) Corporate finance	-	-
1. Consultancy on mergers and acquisitions	-	-
2. Treasury services	-	-
3. Other fees related to corporate finance services	-	-
c) Investment advisory	**51,528**	**45,486**
d) Offsetting and settlement services	**-**	**-**
e) Collective portfolio management	**339,767**	**344,752**
f) Custody and administration services	**418**	**383**
1. Depository bank	-	-
2. Other fees related to custody and administration services	418	383
g) Centralised administration services for collective portfolio management	-	-
h) Trust services	-	-
i) Payment services	**8,853**	**10,299**
1. Current accounts	4,310	5,459
2. Credit cards	-	-
3. Debit cards and other payment cards	285	380
4. Bank transfers and other payment services	1,456	1,370
5. Other fees linked to payment services	2,802	3,090
j) Distribution of third-party services	**248,499**	**267,549**
1. Collective portfolio management	1,353	1,149
2. Insurance products	244,411	263,631
3. Other products	2,735	2,769
of which:		
- *individual portfolio management*	*34*	*26*
- *BG Saxo services*	*2,209*	*2,099*
k) Structured finance	**-**	**-**
l) Servicing related to securitisations	**-**	**-**
m) Commitments to disburse funds	**-**	**-**
n) Financial guarantees issued	**671**	**536**
of which:		
- *credit derivatives*	-	-
o) Financing transactions	-	-
of which:		
- *factoring-related services*	-	-
p) Currency trading	-	-
q) Goods	-	-
r) Other fee income	**4,468**	**3,573**
of which:		
- *management of multilateral trading facilities*	-	-
- *management of organised trading facilities*	-	-
Total	**977,247**	**960,005**

Table 2.1 relating to the breakdown of fee income includes revenues arising from financial services falling within the scope of IFRS 15, broken down by type of service rendered. With reference to the provisions of IFRS 15, paragraph 113, fee income may be further divided into the following four categories:

(€ THOUSAND)	2023	2022
Underwriting fees	41,098	30,487
Management fees	804,636	812,907
Performance fees	19,226	19,323
Fees for other services	112,287	97,288
Total fee income	**977,247**	**960,005**

Underwriting, management and performance fees refer, in particular, to individual (discretionary) and collective (Sicavs promoted by the Banking Group) portfolio management, placement of securities and distribution of third-party services.

Fees for BG Saxo services refer to the offering to the Bank's customers of the trading and order collection services rendered by BG Saxo SIM S.p.A. They were classified under banking products.

	UNDERWRITING FEES	MANAGEMENT FEES	PERFORMANCE FEES	OTHER	2023	2022
Individual portfolio management	- 2,676	110,514	1,043	-	108,881	93,518
Collective portfolio management	-	321,745	18,022	-	339,767	344,752
Placement of UCITS	9,117	129,072	161	-	138,350	139,630
Placement of securities	31,672	-	-	-	31,672	19,366
Distribution of third-party services	2,985	243,305	-	-	246,290	265,451
Other services and banking products	-	-	-	112,286	112,286	97,288
Total fee income	**41,098**	**804,636**	**19,226**	**112,286**	**977,247**	**960,005**

Underwriting fees refer to the support provided by the Bank's Financial Advisor Network to customers for the purchase of financial products and services and their useful lives end when the products and services concerned are subscribed. In particular, the item includes the distribution and private placement of certificates.

Variable performance fees refer mainly to the management of the Sicavs promoted by the Banking Group — they are applied on the basis of the rules set out in the prospectuses for the Sicavs concerned — and, to a lesser extent, to the individual portfolio management of Banca Generali and to advisory services.

Management fees refer to:

› discretionary management of financial assets on behalf of customers according to the conditions specified in individual mandates, accruing on a quarterly basis;
› collective management of the assets of the Sicavs managed by the Banking Group's management company (Lux IM Sicav, BG Selection Sicav and BG Alternative Sicav) on the basis of the conditions established for each sub-fund in the relevant prospectuses, accruing on a monthly basis;
› the ongoing customer support activity carried out by the Financial Advisor Network with regard to the placement of units of third-party UCITS and the distribution of insurance products.

Fees for other services include revenues on traditional banking services (custody and trading of financial instruments, collection and payment services, current account keeping and management services, etc.) and advisory fees, mostly consisting of recurring fees.

Fee income consist solely of short-term items, normally collected on a monthly or quarterly basis and therefore do not include a component of a financial nature relating to the passage of time.

In reference to IFRS 15, paragraph 116 b), fee income on the placement of securities includes revenues of 115 thousand euros on the recycling to the profit and loss account for the year of liabilities included in the opening balance attributable to contracts (deferred income).

2.2 Breakdown of fee expense

TYPE OF SERVICE/VALUES	2023	2022
a) **Financial instruments**	**6,560**	**7,232**
of which:		
- *trading of financial instruments*	*5,634*	*6,185*
- *placement of financial instruments*	-	-
- *individual portfolio management*	*926*	*1,047*
Own portfolio	926	1,047
Third-party portfolio	-	-
b) **Offsetting and settlement services**	-	-
c) **Collective portfolio management**	**36,605**	**35,849**
1. Own portfolio	36,605	35,849
2. Third-party portfolio	-	-
d) **Custody and administration services**	**4,087**	**3,303**
e) **Collection and payment services**	**3,880**	**4,339**
of which:		
- *credit cards, debit cards and other payment cards*	*1,038*	*1,456*
f) **Servicing related to securitisations**	-	-
g) **Commitments to receive funds**	-	-
h) **Financial guarantees received**	-	-
of which:		
- *credit derivatives*	-	-
i) **Off-premises offer of financial instruments, products and services**	**436,715**	**414,993**
j) **Currency trading**	-	-
k) **Other fee expense**	**7,672**	**3,923**
Total	**495,519**	**469,639**

Fee expense for off-premises offer includes the costs incurred to obtain or fulfil contracts with customers of 83,960 thousand euros, of which 65,758 thousand euros relating to previous years.

Section 3 – Dividends and similar income - Item 70

3.1 Breakdown of dividends and similar income

	2023		2022	
ITEMS/INCOME	DIVIDENDS	SIMILAR INCOME	DIVIDENDS	SIMILAR INCOME
A. HFT financial assets	-	-	-	-
B. Other financial assets mandatorily measured at fair value	72	-	66	19
C. Financial assets measured at fair value through other comprehensive income	1,143	-	1,060	-
D. Equity investments	-	-	-	-
Total	**1,215**	**-**	**1,126**	**19**

Section 4 – Net income (loss) from trading activities - Item 80

4.1 Breakdown of net income (loss) from trading activities

TRANSACTIONS/INCOME COMPONENTS	CAPITAL GAINS	INCOME FROM TRADING	CAPITAL LOSSES	LOSSES FROM TRADING	NET RESULT 2023
1. HFT financial assets	**1**	**454**	**-**	**135**	**320**
1.1 Debt securities	1	348	-	37	312
1.2 Equity securities	-	72	-	93	-21
1.3 UCITS units	-	34	-	5	29
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. HFT financial liabilities	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Debts	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**3,629**
4. Derivatives	**-**	**3**	**-**	**10**	**-9**
4.1 Financial	-	3	-	10	-9
- on debt securities and interest rates	-	-	-	-	-
- *interest rate swaps*	-	-	-	-	-
- *government bond forwards*	-	-	-	-	-
- on equity securities and stock indexes	-	3	-	10	-7
- *options*	-	*3*	-	*7*	*-4*
- *futures*	-	-	-	3	*-3*
- on currency and gold [(1)]	X	X	X	X	-2
- other	-	-	-	-	-
4.2 Credit	-	-	-	-	-
of which:					
- *natural hedging related to the fair value option*	*X*	*X*	*X*	*X*	-
Total	**1**	**457**	**-**	**145**	**3,940**

(1) It includes currency options and currency outrights.

Section 5 – Net income (loss) from hedging - Item 90

5.1 Breakdown of net income (loss) from hedging

INCOME COMPONENTS/VALUES	2023	2022
A. Income from:		
A.1 Fair value hedge derivatives	102,671	384,915
A.2 Hedged financial assets (fair value)	103,911	13,813
A.3 Hedged financial liabilities (fair value)	-	-
A.4 Cash flow hedge derivatives	-	-
A.5 Assets and liabilities denominated in foreign currencies	-	-
Total income from hedging (A)	**206,582**	**398,728**
B. Charges from:		
B.1 Fair value hedge derivatives	105,306	8,618
B.2 Hedged financial assets (fair value)	100,093	388,226
B.3 Hedged financial liabilities (fair value)	-	-
B.4 Cash flow hedge derivatives	-	-
B.5 Assets and liabilities denominated in foreign currencies	-	-
Total charges from hedging (B)	**205,399**	**396,844**
C. Net income (loss) from hedging (A – B)	**1,183**	**1,884**
of which:		
- *result of hedging of net positions*		

Section 6 – Gains (losses) on disposal/repurchase - Item 100

6.1 Breakdown of gains (losses) on disposal/repurchase

	2023			2022		
ITEMS/INCOME COMPONENTS	GAINS	LOSSES	NET RESULT	GAINS	LOSSES	NET RESULT
A. Financial assets						
1. Financial assets measured at amortised cost	**8,916**	**3,592**	**5,324**	**42,488**	**62**	**42,426**
1.1 Loans to banks	1,222	1,281	-59	46	16	30
1.2 Loans to customers	7,694	2,311	5,383	42,442	46	42,396
2. Financial assets measured at fair value through other comprehensive income	**6,463**	**6,243**	**220**	**4,212**	**18,330**	**-14,118**
2.1 Debt securities	6,463	6,243	220	4,212	18,330	-14,118
2.2 Loans	-	-	-	-	-	-
Total assets	**15,379**	**9,835**	**5,544**	**46,700**	**18,392**	**28,308**
B. Financial liabilities measured at amortised cost						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Securities issued	-	-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**

Equity reserves transferred back to the profit and loss account due to the disposal of pre-existing equity reserves of the HTCS portfolio are illustrated in the following table.

	POSITIVE	NEGATIVE	NET
Debt securities	1,567	-4,690	-3,123
Total	**1,567**	**-4,690**	**-3,123**

Section 7 – Net gains (losses) of other financial assets and liabilities measured at fair value through profit and loss - Item 110

7.2 Net change of other financial assets and liabilities measured at fair value through profit or loss: breakdown of other financial assets mandatorily measured at fair value

TRANSACTIONS/INCOME COMPONENTS	CAPITAL GAINS	GAINS ON DISPOSAL	CAPITAL LOSSES	LOSSES ON DISPOSAL	NET RESULT
1. Financial assets	**5,671**	**13**	**561**	**-**	**5,123**
1.1 Debt securities	-	-	-	-	-
1.2 Equity securities	274	-	262	-	12
1.3 UCITS units	5,008	11	296	-	4,723
1.4 Loans	389	2	3	-	388
2. Financial assets in foreign currencies: exchange differences	X	X	X	X	**-62**
Total	**5,671**	**13**	**561**	**-**	**5,061**

Section 8 – Net adjustments/reversals for credit risk - Item 130

8.1 Breakdown of net adjustments for credit risk relating to financial assets measured at amortised cost

	ADJUSTMENTS						REVERSALS					
			STAGE 3		IMPAIRED ACQUIRED OR ORIGINATED							
TRANSACTIONS/INCOME COMPONENTS	STAGE 1	STAGE 2	WRITE-OFFS	OTHER	WRITE-OFFS	OTHER	STAGE 1	STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGI-NATED	2023	2022
A. Loans to banks	**-**	**-**	**-**	**-**	**-**	**-**	**1,061**	**25**	**-**	**-**	**1,086**	**-1,824**
Loans	-	-	-	-	-	-	32	25	-	-	57	-34
Debt securities	-	-	-	-	-	-	1,029	-	-	-	1,029	-1,790
B. Loans to customers	**811**	**-**	**39**	**2,729**	**-**	**-**	**966**	**264**	**571**	**-**	**-1,778**	**-6,094**
Loans	811	-	39	2,729	-	-	-	167	571	-	-2,841	-3,646
Debt securities	-	-	-	-	-	-	966	97	-	-	1,063	-2,448
Total	**811**	**-**	**39**	**2,729**	**-**	**-**	**2,027**	**289**	**571**	**-**	**-692**	**-7,918**

Specific adjustments to loans to customers classified under "Stage 3" amounted to 2,729 thousand euros and included 2,056 thousand euros for positions past-due by more than 90 days, 91 thousand euros for unlikely-to-pay positions, and, for the remainder, other operating loans and loans to the Financial Advisor Network.

These write-downs were partially offset through reversals relating to positions past-due at the end of the previous year (329 thousand euros) and reclassified out of the non-performing category, to bad loans (101 thousand euros) and to unlikely-to-pay exposures (93 thousand euros).

8.1a Breakdown of net adjustments for credit risk relating to loans measured at amortised cost subject to Covid-19 support measures

	NET ADJUSTMENTS							
			STAGE 3		IMPAIRED ACQUIRED OR ORIGINATED			
TRANSACTIONS/INCOME COMPONENTS	STAGE 1	STAGE 2	WRITE-OFFS	OTHER	WRITE-OFFS	OTHER	2023	2022
4. Newly issued loans	-12	-9	-	-276	-	-	-297	1,086
Total at 31.12.2023	**-12**	**-9**	**-**	**-276**	**-**	**-**	**-297**	**X**
Total at 31.12.2022	**12**	**9**	**-**	**1,065**	**-**	**-**	**X**	**1,086**

8.2 Breakdown of net adjustments for credit risk relating to financial assets measured at fair value through other comprehensive income

	ADJUSTMENTS						REVERSALS					
			STAGE 3		IMPAIRED ACQUIRED OR ORIGINATED							
TRANSACTIONS/INCOME COMPONENTS	STAGE 1	STAGE 2	WRITE-OFFS	OTHER	WRITE-OFFS	OTHER	STAGE 1	STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGINATED	2023	2022
A. Debt securities	-	-	-	-	-	-	164	-	-	-	164	-416
B. Loans	-	-	-	-	-	-	-	-	-	-	-	-
- to customers	-	-	-	-	-	-	-	-	-	-	-	-
- to banks	-	-	-	-	-	-	-	-	-	-	-	-
of which:												
- *acquired or originated impaired financial assets*	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**164**	**-**	**-**	**-**	**164**	**-416**

Section 12 – General and administrative expenses - Item 190

Breakdown of general and administrative expenses

		2023	2022
190 a)	Staff expenses	124,371	114,789
190 b)	Other general and administrative expenses	240,786	217,470
Total		**365,157**	**332,259**

12.1 Breakdown of staff expenses

TYPE OF EXPENSE/SECTORS	2023	2022
1) Employees	**122,575**	**113,229**
a) Wages and salaries	66,803	61,687
b) Social security charges	16,200	15,619
c) Termination indemnity	344	719
d) Retirement benefit plans	-	-
e) Provision for termination indemnity	140	91
f) Provision for pensions and similar obligations:	337	588
- defined contribution	-	-
- defined benefit	337	588
g) Amounts paid to supplementary external pension funds:	6,876	5,514
- defined contribution	6,876	5,514
- defined benefit	-	-
h) Costs related to payment agreements based on own equity instruments	4,078	2,891
i) Other employee benefits	27,797	26,120
2) Other staff	**-112**	**-205**
3) Directors and Auditors	**1,807**	**1,691**
4) Retired personnel	**101**	**74**
Total	**124,371**	**114,789**

12.2 Average number of employees by category (*)

	2023	2022
Employees	**1,036**	**1,012**
a) Managers	76	70
b) Executives	369	354
c) Employees at other levels	591	588
Other personnel	**3**	**3**
Total	**1,039**	**1,015**

(*) Quarterly weighted average, with part-time employees considered at 50% by convention.

12.2.1 Breakdown of personnel

	2023	2022
Employees	**1,065**	**1,022**
a) Managers	78	73
b) Total executives	371	360
of which:		
- *3rd and 4th level*	185	189
c) Employees at other levels	616	589
Other personnel	**-1**	**1**
Total	**1,064**	**1,023**

12.3 Defined benefit company pension funds: costs and income

Costs incurred in 2023 for defined benefit company pension funds amounted to 337 thousand euros, broken down as follows:

	2023
Current service cost	391
Past service cost	-84
Interest expense	30
Total	**337**

12.4 Other employee benefits

	2023	2022
Short-term productivity bonuses	**19,430**	**18,488**
Long-term benefits	**547**	**379**
Charges for Relationship Manager recruitment plans	5	79
Charges for deferred variable remuneration (managers' MBO)	518	300
Charges for post-employment medical care plans	24	-
Other benefits	**7,820**	**7,253**
Charges for staff supplementary pensions	4,584	4,412
Amounts replacing cafeteria indemnities	1,061	1,152
Training expenses	1,378	1,009
Contributions to employees	159	149
Transfer incentives and other indemnities	302	246
Other expenses	336	285
Total	**27,797**	**26,120**

Short-term productivity bonuses include the portion of non-deferred variable remuneration payable in cash (MBO) for office and sales managers and portfolio managers, the performance bonus envisaged in company supplementary contracts and allocations in service of the plan for 2023 measures.

12.5 Breakdown of other general and administrative expenses

	2023	2022
Administration	**27,214**	**27,622**
Advertising	4,063	3,751
Audit fees	15,686	16,834
Auditing firms	963	758
Insurance	4,339	4,177
Entertainment expenses	463	685
Membership contributions	1,231	1,256
Charity	469	161
Operations	**28,692**	**27,489**
Rent and usage of premises and management of property	5,471	5,775
Outsourced administrative services	6,366	5,852
Post and telephone	2,393	2,340
Print material	1,243	1,218
Other expenses for sales network management	5,983	5,234
Other expenses and purchases	5,101	5,262
Other indirect staff expenses	2,135	1,808
Information system and equipment	**64,419**	**58,833**
Expenses related to outsourced IT services	41,389	37,942
Fees for IT services and databases	12,121	10,661
Software maintenance and servicing	9,305	8,053
Fees for equipment hired and software used	378	384
Other maintenance	1,226	1,793
Indirect taxation	**104,333**	**85,931**
Stamp duty on financial instruments	102,798	84,303
Substitute tax on medium/long-term financing	325	211
Other indirect taxes to be paid by the Bank	1,210	1,417
Contributions to the Italian National Resolution Fund and the Interbank Protection Fund	**16,128**	**17,595**
Total	**240,786**	**217,470**

The administrative expenses aggregate includes the costs of short-term leases (less than 12 months), consisting primarily of lease payments for parking spaces and low-value leases (less than 5 thousand euros), consisting of lease payments for photocopiers and faxes, for which the Bank has availed itself of the option not to apply the accounting treatment provided for in IFRS 16, as detailed below. There are no costs for variable payments other than those included in the measurement of lease liabilities.

	2023	2022
Lease costs < 5,000 euros	370	383
Lease costs < 12 months	141	111

The aggregate also includes other costs arising from lease transactions, but attributable to contractual components other than lease payments and not relevant to the valuation of lease liabilities, such as fees for additional services and non-deductible VAT, which amounted to 4,288 thousand euros.

Section 13 – Net provisions for liabilities and contingencies - Item 200

13.1 Breakdown of net provisions for credit risk relating to commitments to disburse funds and financial guarantees issued

	2023			2022		
	PROVISIONS	SURPLUS	NET	PROVISIONS	SURPLUS	NET
Provisions for commitments and financial guarantees issued	9,540	-	**9,540**	9	-	**9**
Total	**9,540**	**-**	**9,540**	**9**	**-**	**9**

13.3 Breakdown of net provisions to other provisions for liabilities and contingencies

	2023			2022		
	PROVISIONS	SURPLUS	NET	PROVISIONS	SURPLUS	NET
Provision for staff expenses	**3,585**	**-1,026**	**2,559**	**2,436**	**-1,825**	**611**
Provision for restructuring plan	1,500	-	1,500	985	-162	823
Provision for staff expenses – Other [1]	2,085	-1,026	1,059	1,451	-1,663	-212
Provisions for legal disputes	**6,226**	**-1,582**	**4,644**	**4,281**	**-304**	**3,977**
Provision for risks related to legal disputes connected with Financial Advisor Network's embezzlements	281	-1,008	-727	742	-101	641
Provision for risks related to legal disputes with the Financial Advisor Network	441	-212	229	337	-27	310
Provision for other legal disputes	5,504	-362	5,142	3,202	-176	3,026
Provisions for termination indemnity of Financial Advisors	**21,273**	**-1,580**	**19,693**	**6,590**	**-11,392**	**-4,802**
Provision for risks related to termination indemnity of the Financial Advisor Network	11,568	-1,272	10,296	1,135	-7,851	-6,716
Provision for management incentive indemnity	2,956	-174	2,782	1,577	-355	1,222
Provision for portfolio overfee indemnities	245	-102	143	21	-1,232	-1,211
Provision for pension bonuses	461	-32	429	-	-1,954	-1,954
Provisions for Framework Loyalty Programme	1,055	-	1,055	495	-	495
Provision for three-year incentive fees	4,988	-	4,988	3,362	-	3,362
Provisions for Financial Advisor Network incentives	**17,223**	**-2,331**	**14,892**	**21,657**	**-2,825**	**18,832**
Provision for Financial Advisor Network development plans	11,652	-2,246	9,406	16,705	-2,822	13,883
Provision for deferred bonus	4	-	4	-	-3	-3
Provision for incentive travels	5,300	-	5,300	4,700	-	4,700
Provision for fee plans	267	-85	182	252	-	252
Provision for tax and contributions dispute	**239**	**-1,384**	**-1,145**	**2,371**	**-**	**2,371**
Other provisions for liabilities and contingencies	**15,388**	**-835**	**14,553**	**24,937**	**-**	**24,937**
Total	**63,934**	**-8,738**	**55,196**	**62,272**	**-16,346**	**45,926**

(1) Provisions for staff expenses do not include the items that are classified as "Staff expenses – Other benefits" in accordance with IAS 19.

Section 14 – Net adjustments/reversals of property and equipment - Item 210

14.1 Breakdown of net adjustments of property and equipment

ASSETS/INCOME COMPONENTS	DEPRECIATION (A)	ADJUSTMENTS FOR IMPAIRMENT (B)	REVERSALS (C)	NET RESULT 2023 (A + B - C)
A. Property and equipment	**23,868**	**-**	**-**	**23,868**
1. Operating:	**23,868**	**-**	**-**	**23,868**
- owned	1,865	-	-	1,865
- rights of use acquired through leases	22,003	-	-	22,003
2. Held as investments	-	-	-	-
- owned	-	-	-	-
- rights of use acquired through leases	-	-	-	-
3. Inventories	X	-	-	-
Total	**23,868**	**-**	**-**	**23,868**

Section 15 – Net adjustments/reversals of intangible assets - Item 220

15.1 Breakdown of net adjustments of intangible assets

ASSETS/INCOME COMPONENTS	DEPRECIATION (A)	ADJUSTMENTS FOR IMPAIRMENT (B)	REVERSALS (C)	NET RESULT 2023 (A + B - C)
A. Intangible assets	**15,858**	**-**	**-**	**15,858**
of which:				
- *software*	*13,796*	-	-	*13,796*
A.1 Owned	15,858	-	-	15,858
- generated in-house	-	-	-	-
- other	15,858	-	-	15,858
A.2 Rights of use acquired through leases	-	-	-	-
Total	**15,858**	**-**	**-**	**15,858**

Breakdown of adjustments of intangible fixed assets – amortisation

	2023
Charges associated with the implementation of legacy CSE procedures	13,430
Customer relationships	2,062
Other intangible fixed assets	366
Total	**15,858**

Section 16 – Other operating income and expenses - Item 230

16.1 Breakdown of other operating expenses

	2023	2022
Adjustments of leasehold improvements	3,039	2,837
Write-downs of other assets	-	13
Indemnities and compensation for litigation and claims	659	872
Charges from accounting adjustments with customers	2,509	2,541
Charges for card compensation and guarantees	1	-
Costs associated with tax disputes, penalties and fines	123	89
Other contingent liabilities and non-existent assets	927	695
Other operating expenses	-	528
Consolidation adjustments	-67	-30
Total	**7,191**	**7,545**

16.2 Breakdown of other operating income

	2023	2022
Recovery of taxes from customers	101,748	83,299
Recovery of expenses from customers	554	671
Fees for outsourced services	128	106
Charge-back of portfolio overfee indemnity to incoming Financial Advisors	5,024	5,009
Indemnities for Financial Advisors' termination without notice	710	1,398
Other recoveries of fees and costs from Financial Advisors	3,759	3,129
Contingent assets related to provisions for staff expenses	2,751	2,104
Contributions to provision for employment in the banking sector (FOC) and the fund for staff training (FBA)	343	219
Other contingent assets and non-existent liabilities	3,011	5,592
Insurance compensation and indemnities	555	419
Tax credits (film partnership, sanitisation and PPE, investments in new capital goods)	296	96
Other income	344	290
Total	**119,223**	**102,332**
Total other net income	**112,032**	**94,787**

Section 17 – Gains (losses) from equity investments - Item 250

17.1 Breakdown of gains (losses) from equity investments

INCOME COMPONENTS/SECTORS	2023	2022
1) Companies subject to joint control		
A. Gains	-	-
1. Revaluations	-	-
2. Gains on disposal	-	-
3. Reversals	-	-
4. Other gains	-	-
B. Charges	-1,112	-261
1. Write-downs	-271	-261
2. Adjustments to non-performing loans	-841	-
3. Losses on disposal	-	-
4. Other charges	-	-
Net result	**-1,112**	**-261**
2) Companies subject to significant influence		
A. Gains	85	158
1. Revaluations	5	-
2. Gains on disposal	80	158
3. Reversals	-	-
4. Other gains	-	-
B. Charges	-	-
1. Write-downs	-	-
2. Adjustments to non-performing loans	-	-
3. Losses on disposal	-	-
4. Other charges	-	-
Net result	**85**	**158**
Total	**-1,027**	**-103**

Write-downs of and adjustment to equity investments in companies subject to joint control amounted to 1,112 thousand euros and related to the measurement using the equity method of BG Saxo SIM.

The income of 80 thousand euros recognised in 2023 resulted from the sale of the equity investment in IOCA Entertainment Ltd.

Section 20 – Gains (losses) on disposal of investments - Item 280

20.1 Breakdown of gains (losses) on disposal of investments

INCOME COMPONENTS/SECTORS	2023	2022
A. Buildings	-	-
- Gains on disposal	-	-
- Losses on disposal	-	-
B. Other assets	-82	-4
- Gains on disposal	-	-
- Losses on disposal	-82	-4
Net result	**-82**	**-4**

Section 21 – Income taxes for the year from operating activities - Item 300

21.1 Breakdown of income taxes for the year from operating activities

INCOME COMPONENTS/SECTORS		2023	2022
1.	Current taxation (-)	-121,303	-82,960
2.	Change in prior years' current taxes (+/-)	1,299	-28,962
3.	Reduction of current taxes for the year (+)	-	-
3.bis	Reduction of current taxes for the year arising on tax credits, pursuant to Law No. 214/2011 (+)	-	-
4.	Changes of prepaid taxation (+/-)	2,822	2,744
5.	Changes of deferred taxation (+/-)	-587	-197
6.	**Taxes for the year (-)**	**-117,769**	**-109,375**

21.2 Reconciliation between theoretical and actual tax expense

The following table reconciles the total amount of taxes due for the year, including both current and deferred taxes, as indicated in Item 300 of the Profit and Loss Account, and the theoretical corporate income tax IRES calculated by applying the 27.5% current applicable tax rate to profit before taxation.
It should be noted that the effects of the reduction of the IRES tax rate from 27.50% to 24% introduced by the 2016 Stability Law with effect from 1 January 2017 for tax periods after that in progress at 31 December 2016 were neutralised for the Bank as a result of the introduction by that same Law of a surtax of 3.5 percentage points on credit and financial institutions in respect of the same tax periods.

The reconciliation statement is therefore expressed based on higher or lower current and deferred taxes debited or credited to the Profit and Loss Account compared to the theoretical taxation.

	2023	2022
Current taxation	**-121,303**	**-82,960**
IRES and corporate taxes	-100,570	-68,593
IRAP	-20,733	-14,367
Prepaid and deferred taxation	**2,235**	**2,547**
IRES and corporate taxes	1,691	1,826
IRAP	544	721
Prior years' taxes	**1,299**	**-28,962**
Prior years' income taxes	1,299	1,099
Charges for tax dispute	-	-30,061
Income taxes	**-117,769**	**-109,375**

Theoretical tax rate	**27.5%**	**27.5%**
Profit (loss) before taxation	**443,847**	**322,348**
Theoretical taxation	**-122,058**	**-88,646**
Non-taxable income (+)		
Dividends	317	294
ACE	1,494	1,548
Other decreases	387	402
Non-deductible charges (-)		
Double taxation on Group's dividends	-2,038	-2,307
Write-down of equity securities PEX and equity investments	-231	-41
Other non-deductible costs	-1,282	-2,796
Other effects (+/-)		
IRAP	-20,189	-13,646
Prior years' taxes	1,299	1,099
Taxes related to the tax settlement (net of provisions for tax dispute)	-	-30,061
Rate change of companies under foreign law	26,246	27,182
Non-income deferred tax assets and liabilities on tax losses	-2,139	-2,330
Other adjustments (DTAs/DTLs non-income-based)	501	101
Other consolidation adjustments	-76	-174
Actual tax expense	**-117,769**	**-109,375**
Total actual tax rate	**26.5%**	**33.9%**
Actual tax rate (IRES only)	**22.3%**	**20.7%**
Actual tax rate (IRAP only)	**4.5%**	**4.2%**

The total tax rate for the year was 26.5%. At the end of the previous year, the estimated tax rate had been 20.7%, inclusive of the net charges related to tax litigation, amounting to 30,061 thousand euros net of the withdrawals from the provisions allocated for tax disputes. Net of the charges related to the tax settlement, the total tax rate for 2022 would have been 24.6%, therefore recording a slight progress in 2023.
The change was mainly attributable to the marked increase in net interest income and the ensuing higher contribution of Italian entities to the Group's result.

The tax burden for the year did not include the charges related to the tax settlement agreement finalised in July 2023 to settle certain minor claims for 2014 amounting to 330 thousand euros, in addition to penalties and interest, as fully covered by the amount allocated to the provision for tax dispute.

Section 23 – Net profit (loss) for the year attributable to minority interests - Item 340

23.1 Breakdown of Item 340 "Net profit (loss) for the year attributable to minority interests"

	2023	2022
Other equity investments		
1. BG Valeur S.A.	-58	-61
Total	**- 58**	**- 61**

Section 25 – Earnings per share

25.1 Average number of ordinary shares with diluted capital

	2023	2022
Net profit for the year (€ thousand)	326,136	213,034
Earnings attributable to ordinary shares (€ thousand)	326,136	213,034
Average number of outstanding shares (thousand)	114,081	114,564
EPS - Earnings per share (euros)	**2.86**	**1.86**
Average number of outstanding shares with diluted capital (thousand)	114,081	114,564
EPS – Diluted earnings per share (euros)	**2.86**	**1.86**

PART D – CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Analytical Consolidated Statement of Comprehensive Income

ITEMS	2023	2022
10. Net profit (loss) for the year	**326,078**	**212,973**
Other income, without transfer to Profit and Loss Account	**-561**	**1,868**
20. Equity securities designated at fair value through other comprehensive income:	**565**	**133**
a) fair value changes	565	133
b) transfers to other net equity components	-	-
30. Financial liabilities designated at fair value through profit or loss (change in own creditworthiness)	**-**	**-**
a) fair value changes	-	-
b) transfers to other net equity components	-	-
40. Equity security hedges designated at fair value through other comprehensive income:	**-**	**-**
a) fair value changes (hedged instrument)	-	-
b) fair value changes (hedging instrument)	-	-
50. Property and equipment	**-**	**-**
60. Intangible assets	**-**	**-**
70. Defined benefit plans	**-1,364**	**2,169**
80. Non-current assets available for sale and disposal groups	**-**	**-**
90. Share of valuation reserves of equity investments valued at equity	**-**	**-**
100. Finance income or expenses related to insurance contracts issued	**-**	**-**
110. Income taxes on other income, without transfer to Profit and Loss Account	**238**	**-434**
Other income, with transfer to Profit and Loss Account	**9,688**	**-12,178**
120. Hedges of foreign investments:	**-**	**-**
a) fair value changes	-	-
b) transfer to Profit and Loss Account	-	-
c) other changes	-	-
130. Exchange differences:	**1,757**	**384**
a) value changes	-	-
b) transfer to Profit and Loss Account	-	-
c) other changes	1,757	384
140. Cash-flow hedges:	**-**	**-**
a) fair value changes	-	-
b) transfer to Profit and Loss Account	-	-
c) other changes	-	-
of which:		
- *result of net positions*	-	-
150. Hedging instruments (non-designated items):	**-**	**-**
a) value changes	-	-
b) transfer to Profit and Loss Account	-	-
c) other changes	-	-

ITEMS	2023	2022
160. Financial assets (other than equity securities) measured at fair value through other comprehensive income	**11,689**	**-18,514**
a) fair value changes	8,930	-16,863
b) transfer to Profit and Loss Account	2,759	-1,651
1. adjustments due to credit risk	-364	170
2. gains (losses) on disposal	3,123	-1,821
c) other changes	-	-
170. Non-current assets available for sale and disposal groups:	**-**	**-**
a) fair value changes	-	-
b) transfer to Profit and Loss Account	-	-
c) other changes	-	-
180. Share of valuation reserves of equity investments valued at equity:	**-**	**-**
a) fair value changes	-	-
b) transfer to Profit and Loss Account	-	-
1. adjustments due to impairment	-	-
2. gains (losses) on disposal	-	-
c) other changes	-	-
190. Finance income or expenses related to insurance contracts issued;	**-**	**-**
a) fair value changes	-	-
b) transfer to Profit and Loss Account	-	-
c) other changes	-	-
200. Finance income or expenses related to reinsurance contracts held:	**-**	**-**
a) fair value changes	-	-
b) transfer to Profit and Loss Account	-	-
c) other changes	-	-
210. Income taxes on other income, with transfer to Profit and Loss Account	**-3,758**	**5,952**
220. Total other income components	**9,127**	**-10,310**
230. Comprehensive income (Item 10 + 220)	**335,205**	**202,663**
240. Consolidated comprehensive income attributable to minority interests	**-106**	**123**
250. Consolidated comprehensive income attributable to the Parent Company	**335,311**	**202,539**

PART E – INFORMATION ON RISKS AND RISK HEDGING POLICIES

Foreword

Incorporated in Switzerland on 8 October 2021, BG (Suisse) Private Bank S.A. obtained the authorisation from the Swiss Financial Market Supervisory Authority (FINMA) to start its banking activity on 7 November 2023.
On 10 November 2023, after the banking licence certificate was issued, registration of BG (Suisse) Private Bank S.A. with the Commercial Register of Ticino was completed.
On that same date, the Bank of Italy added BG (Suisse) Private Bank S.A. to the list of entities belonging to the Banking Group pursuant to Article 64 of TUB.

Accordingly, at 31 December 2023 BG (Suisse) Private Bank S.A. is subject to the Basel 3 regulatory framework and thus is included in the scope of prudential consolidation.

Section 1 – Accounting consolidation risks

See Section 2 – Prudential consolidation risks here below for the qualitative information required by Circular No. 262 of 22 December 2005 (8th update).

Quantitative information

A. Credit quality

A.1 Credit exposures to non-performing and performing loans: balances, adjustments, performance and income breakdown

For the purposes of quantitative information about credit quality, credit exposures include the entire financial asset portfolio, regardless of the portfolio of allocation for accounting purposes, with the exception of equities and units of UCITS.
For further information on credit assets underlying the Forward Fund (mainly non-performing loans to the Italian National Healthcare System), reference should be made to Section 2, Subsection D.

A.1.1 Breakdown of financial assets by portfolio and credit quality (book value)

PORTFOLIOS/QUALITY	BAD LOANS	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE EXPOSURES	PERFORMING PAST-DUE EXPOSURES	OTHER PERFORMING EXPOSURES	TOTAL
1. Financial assets measured at amortised cost	14,736	4,167	10,021	9,711	12,277,787	12,316,422
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	975,644	975,644
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	19,581	19,581
5. HFS financial assets	-	-	-	-	-	-
Total at 31.12.2023	**14,736**	**4,167**	**10,021**	**9,711**	**13,273,012**	**13,311,647**
Total at 31.12.2022	**19,389**	**10,043**	**8,202**	**17,142**	**14,796,377**	**14,851,153**

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net amounts)

PORTFOLIOS/QUALITY	NON-PERFORMING				PERFORMING			TOTAL (NET EXPOSURE)
	GROSS EXPOSURE	TOTAL ADJUSTMENTS	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS	GROSS EXPOSURE	TOTAL ADJUSTMENTS	NET EXPOSURE	
1. Financial assets measured at amortised cost	47,254	18,330	28,924	-	12,296,019	8,521	12,287,498	12,316,422
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	975,841	197	975,644	975,644
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	19,581	19,581
5. HFS financial assets	-	-	-	-			-	-
Total at 31.12.2023	**47,254**	**18,330**	**28,924**	**-**	**13,271,860**	**8,718**	**13,282,723**	**13,311,647**
Total at 31.12.2022	**54,418**	**16,784**	**37,634**	**-**	**14,805,646**	**11,689**	**14,813,519**	**14,851,153**

PORTFOLIOS/QUALITY	ASSETS WITH CLEARLY POOR CREDIT QUALITY		OTHER ASSETS
	CUMULATIVE CAPITAL LOSSES	NET EXPOSURE	NET EXPOSURE
1. HFT financial assets	-	-	158
2. Hedging derivatives	-	-	161,955
Total at 31.12.2023	**-**	**-**	**162,113**
Total at 31.12.2022	**-**	**-**	**288,767**

B. Information on structured entities (other than securitisation companies)

The consolidation scope of Banca Generali Banking Group does not include structured entities consolidated for accounting or prudential purposes.

B.2.2 Other structured entities

Qualitative information

Pursuant to IFRS 12, other structured entities consist solely of units of Italian and foreign UCITS.

The UCITS portfolio includes the Forward Fund, a closed-ended, reserved alternative investment fund (AIF) managed by Gardant SGR, specialised in illiquid investments. The fund was subscribed in October 2021 in the amount of 378 million euros, as part of the restructuring of a portfolio of senior notes issued by several special-purpose vehicles in the securitisation of healthcare past-due or unpaid receivables, which Banca Generali purchased from its customers to protect them against possible losses, and concurrently transferred to the Fund, subscribing 98% of its units. Additional units for 112 million euros were subscribed in 2022. At the end of 2023, the value of the Fund was 483.5 million euros.
For a detailed analysis of the transaction and the related accounting treatment, reference should be made to the information provided in "Part E – Information on Risks and Risk Hedging Policies, Section 2 "Prudential consolidation risks", Subsection D "Transfers", paragraph C "Prudential consolidation - Transferred financial assets fully derecognised" of the Annual Integrated Report at 31 December 2021 and of these Notes and Comments.

Quantitative information

The following table presents the assets, liabilities and off-balance sheet exposures towards structured entities represented by units of UCITS.

ITEMS/TYPE OF STRUCTURED ENTITY	ACCOUNTING PORTFOLIOS – ASSETS	TOTAL ASSETS (A)	ACCOUNTING PORTFOLIOS – NET EQUITY AND LIABILITIES	TOTAL NET EQUITY AND LIABILITIES (B)	NET BOOK VALUE (C = A – B)	MAXIMUM EXPOSURE TO RISK OF LOSS (D)	DIFFERENCE BETWEEN EXPOSURE TO RISK OF LOSS AND BOOK VALUE (E = D – C)
UCITS	20. a) Financial assets mandatorily held for trading	7	-	-	7	7	-
UCITS	20. c) Financial assets mandatorily measured at fair value through profit or loss	486,090	-	-	486,090	486,090	-
Total		**486,097**	**-**	**-**	**486,097**	**486,097**	**-**

	31.12.2023
Algebris NPL Partnership SCS (AIF)	1,185
MIP I Fund (FIA) - Milano Investment Partners SGR	1,218
Tenax Italian Credit fund Plc (IE Sicav)	187
Forward Fund CL A	483,500
Total	**486,090**

Section 2 – Prudential consolidation risks

The development of a genuine risk culture within Banca Generali is based upon an understanding of the risks that the Bank assumes and how they are managed, while always taking full account of the risk tolerance threshold defined in the Bank's Risk Appetite Framework (RAF).
In this context, the internal control system plays a key role in the risk management process, as well as in the Bank's corporate governance generally.

The internal control system is a set of organisational rules, procedures and structures aimed at ensuring compliance with company strategies, while also seeking to achieve:
- the efficiency and effectiveness of work processes;
- the maintenance of asset value and protection against losses;
- the reliability and integrity of accounting and operating information;
- operational compliance with the law and supervisory regulations;
- policies, plans, regulations and internal procedures; and
- the dissemination of a culture of control involving training initiatives for the various levels.

Banca Generali Banking Group has designed an internal control model consistent with best practices at the national and international levels and structured on three different organisational levels:
- first-line controls: they are performed by production or back-office company areas and organisational units, with the support of information technology procedures, where envisaged, and take the form of hierarchical or line checks;
- second-line controls: they aim at preventing and mitigating risks of different nature through prior risk assessment of products and business practices, and the development of ex-ante support to operating activities. The aforementioned checks are performed by the following functions:
  - Risk Management Department: it is tasked with identifying, measuring/evaluating and monitoring all types of risks to which the Banking Group is exposed in terms of its own assets (excluding the risks of non-compliance, money laundering and financing of terrorism), providing relevant information and thereby contributing to the definition and implementation of the Risk Appetite Framework, as well as all related risk management policies. The Department acts with a view to maintaining risk levels within the limits and tolerance thresholds indicated in the risk profile and strategies established by the Board of Directors in the Risk Appetite Framework; it assures that risks are fully and transversally analysed, and to this end it applies a strategic, consistent and prospective approach and duly provides periodic reports;
  - Compliance Service: it is tasked with verifying the observance of obligations relating to the provision of services for the Banking Group companies and with preventing and managing the risk of non-compliance with applicable legislation;
  - Anti-Financial Crime Service: it is responsible, within the Banking Group, for preventing and combating transactions involving money laundering and financing of terrorism;

› third-line controls: they are conducted by the Internal Audit Department and are aimed at an independent verification of the operating efficacy and quality of control systems and the verification of any conduct departing from the established rules.

The proper functioning of the risk governance system adopted by Banca Generali Group is ensured by consistency from the standpoint of organisational structure, competencies and a guarantee of the independence of functions.

Within the internal control system, it is possible to identify the second line as the home to an internal risk management culture that then effectively translates into company behaviour and choices.

The following entities operate within the Internal Control System, in addition to the tasks assigned to the Board of Directors, the Control Body and the independent auditors (which are responsible for accounting control):
› the Internal Audit and Risk Committee, which was set up pursuant to the Corporate Governance Code for Listed Companies and supervisory provisions, and is tasked with performing a supporting role, with investigative, propositional and advisory duties in relation to the Board of Directors and the Board of Statutory Auditors, in particular on matters of internal control and risk management, related parties and connected parties, statutory auditing and equity investments. The tasks and functions of the Committee, as well as the frequency of its meetings and the operating procedures to be followed to ensure that its duties are efficiently and effectively performed, shall be regulated pursuant to specific Internal Audit and Risk Committee Rules;
› the Risk Committee, which is charged with ensuring coordinated coverage of the system for managing and controlling the risks assumed by the Group in compliance with the Risk Appetite Framework; it is vested with specific responsibility for monitoring the Group's risks, such as the management of risk mitigation measures, as well as decision-making powers for identifying and implementing said measures;
› the Supervisory Board, which is the corporate body in charge of updating the Organisational and Management Model and monitoring the implementation of and compliance with the said Model;
› the Law 262 Organisational Unit, which acts as a point of reference, orienting and coordinating the management of all the Banking Group's administrative and accounting risks, for the intents and purposes of Italian Law No. 262/2005.

1.1 Credit risk

Qualitative Information

1. General aspects

Credit risk refers to the possibility that a counterparty will become insolvent or a borrower will be unable to meet its obligations or unable to meet them on time. More specifically, credit risk is the possibility that an unexpected change in the creditworthiness of a counterparty, to which an exposure exists, may generate a corresponding unexpected change in the market value of the associated exposure.

As part of its credit risk management process, the Group has established a formal Credit Risk Management Policy and Financial Portfolio Risk Management Policy, which lay down the general principles and the roles of corporate bodies and functions involved in managing risks associated with loans granted to customers and institutional counterparties and deriving from investment in financial instruments. The Policies also include the Group's credit risk management guidelines in accordance with its business model, the risk appetite, the system of delegated powers established by the Board of Directors, the internal control system in force from time to time, and the instructions of the Supervisory Authority.

In accordance with Banca Generali Group's business model, this type of risk chiefly arises from liquidity invested in money markets (interbank deposits), financial instruments (mainly government bonds) held in portfolios measured at amortised cost or in FVOCI and loans to customers (uncommitted and/or fixed-term credit). With regard to the latter, in line with the provisions of the Risk Appetite Framework and in accordance with the Business Model and the lending policies adopted, credit activity is an ancillary means of achieving the priority objectives in the private banking sector. In this context, the Bank prefers a customer target with a strong capital position, mainly focused on natural persons. In fact, there is a clear prevalence of exposures to the private segment (made up primarily of private customers and customers subject to special agreements), compared to the corporate segment.

With regard to institutional borrowers, credit risk management is based on the allocation of appropriate credit lines, which are monitored by the Risk Management Department and established with the objective of maintaining a portfolio's risk profile that is consistent with the strategies and risk appetite approved by the Board of Directors.
Operational limits on the amounts of credit lines granted to institutional counterparties are governed by Group policies, which set out the maximum credit that may be extended to a counterparty based on its rating class. The overall consistency of ECAI ratings with internal credit assessments is verified by the Risk Management Department at least annually.
The review of the credit lines involves updating existing credit lines for counterparties that are already borrowing from the Bank or examining new credit line proposals with a view to diversifying the proprietary portfolio and developing new business linked to market opportunities.

The credit risk associated with business with customers is primarily managed by monitoring the performance of the overall portfolio and individual positions and by setting operating and process limits defined in the Risk Appetite Framework. More specifically:

- loans to customers: the portfolio in question consists primarily in debt securities measured at amortised cost and loans to private customers, in the form of Lombard loans, uncommitted current accounts, fixed-term loans and mortgage loans (in the latter case, for customers subject unto special agreements). Overall, the weight of non-performing exposures on the portfolio remained low when compared to the banking system;
- non-performing loans: the portfolio of NPLs to customers, which includes lines of non-performing uncommitted and/or fixed-term credit, is mostly secured by pledges of securities and bank and government guarantees and has a good level of provisions in the residual cases in which the collateral is insufficient;
- performing loans: the portfolio of uncommitted and/or fixed-term loans to customers is approximately 85% composed of exposures to natural persons, whereas the remainder is composed of exposures to companies. Credit is primarily provided in the form of uncommitted facilities and Lombard loans, which together account for around 70% of the used exposure. In accordance with the Bank's lending policies and risk appetite, credit is mostly secured by pledges of highly liquid financial instruments and products.

The Credit Department and the Finance Department carry out first-line control activities. The Finance Department is responsible for lending to institutional counterparties (loans to banks) and investment in financial instruments considered in determining the Group's overall credit exposure.
The second-line control activities are the responsibility of the Risk Management Department, which ensures the consistency of the processes, strategies and Risk Appetite Framework (RAF), yearly approved by the Bank's Board of Directors. In the specific case of portfolios of loans to private and corporate investors, the Risk Management Department is tasked with assessing, monitoring and managing credit risk through monitoring of the performance of the overall portfolio, the control of the rules set forth by the Risk Appetite Framework, the drawing up of a prompt and adequate internal report to be submitted to the Bank and its corporate bodies.
Moreover, particular importance is placed on managing the credit risk associated with institutional borrowers. These borrowers are allocated appropriate credit lines, which are monitored by the Risk Management Department and established with the objective of always maintaining a level of risk of the portfolio that is consistent with the strategies and the Risk Appetite Framework.

Third-line controls are conducted by the Internal Audit Service, in accordance with the Internal Rules.

The Risk Committee is a collegial body responsible for a shared vision of the global performance of the credit risk management and control system and for deciding which actions are to be taken in response to any critical situations, deficiencies and/or anomalies that emerge from analyses and/or assessments conducted by the Risk Management Department.

Loans subject to Covid measures

In response to the pandemic emergency that broke out in 2020, the Group took various initiatives in support of the real economy, to inject liquidity in Italy's businesses, participating in the initiatives launched by the Government in March and April 2020 ("Cure Italy Decree" and "Liquidity Decree"). These initiatives included the issue of loans guaranteed by the Mediocredito Centrale SME Guarantee Fund to obtain the guarantees provided for in the Liquidity Decree for loans to Italian companies according to the definition provided in the Decree (companies with fewer than 500 employees, including microenterprises and independent contractors, artisans and self-employment professionals).

2. Credit risk management policies

2.1 Organisational aspects

The Bank's processes provide for the private and corporate customer credit activity to be run by the Credit Department and loans to institutional counterparties and banks to be run by Banca Generali's Finance Department.

The Credit Department is in charge of the processing of loan applications and the management of overdraft facilities granted by the Bank, as established and governed by the specific Credit Regulation, with a view to ensuring compliance with the law and regulations and the quality of approved loans and to maintaining the risk/return targets established by the Board of Directors.

2.2 Management, measurement and control systems

In addition to issuing loans, the Credit Department is also charged with credit management and first-line control, with a proactive approach aimed at anticipating and preventing the deterioration of the loan portfolio.
Within the Credit Department, responsibility for monitoring is assigned to specialised individual units on the basis of the supervisory classification of customers (performing and non-performing). The purpose of this is to maximise the efficacy of the actions aimed at monitoring and mitigating credit risk throughout the customer relationship.
The current NPL portfolio stands at moderate values compared to the total exposure, is primarily secured and has been written down for the unsecured portion, resulting in moderate residual risk. Nearly 41% of the NPL portfolio consists of exposures originating in the portfolio (so-called "ex-indemnity") of Banca del Gottardo Italia, fully covered by the loan indemnity granted by BSI S.A. (now EFG Bank AG) upon the sale of the said company and chiefly secured to that end by cash collateral payments by the counterparty. The NPL portfolio declined compared to the end of 2022, mainly due to the reduction of the stock of bad loans, due partly to the closure of former indemnity positions.

The exposure to credit risk associated with the securities portfolio is mostly originated by investments in government bonds (approximately 70%) and investment-grade bank securities. The corporate securities in the portfolio are negligible.

2.3 Expected loss measurement methods

In compliance with IFRS 9, the Bank has adopted an impairment model based on the concept of expected losses, which makes it possible to determine adjustments to loans on the basis of the parameters of PD (probability of default) and LGD (loss given default) in forward-looking and point-in-time terms, conditional upon macroeconomic scenario models. Such value adjustments are determined over a time horizon of one year in the event of positions classified to Stage 1, or on a lifetime horizon, in the event of positions classified to Stage 2.

The stage assignment criteria for the portfolio of loans to customers in the form of uncommitted and fixed-term loans take account of the counterparty's status, any forbearance measures, decline in creditworthiness compared with origination and limits exceeded for more than 30 days.
When calculating impairment, the probability of default is determined on the basis of the counterparty's rating class (the Bank adopts a management rating model developed with the CSE consortium) and the residual term of the loan. The parameter LGD is largely determined on the basis of loan type and counterparty type and whether certain guarantees are present. In addition, the parameter EAD (Exposure At Default) is equal to the accounting balance for demand positions, individual contractual cash flows discounted according to the internal rate of return (IRR) for term positions and the accounting balance adjusted by the regulatory Credit Conversion Factor (CCF) for off-balance sheet exposures.

Within the debt securities portfolio, securities classified to the classified to the Held-To-Collect and the Held-To-Collect-and-Sell portfolios that have passed the SPPI test are tested for impairment.
When calculating impairment, it is fundamental to classify the staging of individual positions in order to identify any decline in creditworthiness (credit quality) between the purchase of the security and the reporting date. This process (stage assignment) determines the residual quantities and the date with which to associate the credit quality/rating upon purchase, to be compared with the credit quality/rating observed at the reporting date for the purposes of identifying any "significant decline" in credit quality.

The impairment of securities subject to the IFRS 9 rules is calculated according to the following variables:

› PD: the model adopted for calculating the probability of default (PD) to be applied to the proprietary portfolio within the impairment scope is based on an estimate of a term structure default probability for each security. The component representing the remuneration for operators' risk aversion is eliminated from default probability measures so as to isolate the credit component (so-called "real world approach");
› LGD: the estimate of the loss given default (LGD) to be applied to the portfolio is calculated according to a deterministic approach in which the LGD parameter is assumed to be constant over the financial asset's entire time horizon as a function of the ranking of the instrument and the classification of the issuer's country;
› EAD: in the case of the proprietary finance portfolio, reference is made to the nominal value, inclusive of the coupon accrued at the measurement date, discounting both values at the security's rate of return.

In the year, the Group continued with its projects to improve its calculation and what-if and stress analyses to test portfolio securities for impairment, minimising operational process risks and ensuring an improvement in the methodologies used to calculate the parameters described above.

2.4. Credit risk mitigation techniques

With regard to the portfolio of loans to private and corporate customers, in order to mitigate credit risk toward customers and in line with its lending policies, the Bank mainly acquires collaterals and, only secondarily, personal guarantees provided by natural persons. These are in addition to the personal guarantees provided by the Mediocredito Centrale SME Guarantee Fund to secure credit facilities granted to support the economy in the Covid-19 pandemic scenario.

Collaterals are chiefly in the form of pledges on securities, such as Funds and Sicavs, discretionary mandates, assets under administration and insurance products.

As limited to customers subject to special agreements, the Bank also acquires mortgages, almost exclusively in residential properties used as a primary residence.

Banca Generali also benefits from an additional master guarantee, known as an indemnity, provided by BSI S.A., now EFG Bank AG as a result of the merger of the two institutions in 2017, for the entire loan portfolio originating with Banca del Gottardo Italia acquired by BSI Italia S.p.A. on 1 October 2008.

This guarantee, which is similar to a first-demand bank guarantee, covers all loans and any associated losses sustained from acquisition until 31 December 2009. After such date, the indemnity was maintained for those positions managed with the aim of recovery and those positions that showed a default event for which payment of the indemnity was requested from the guarantor, BSI S.A., today EFG Bank AG.

At 31 December 2023, indemnity positions amounted to approximately 17,746 thousand euros, which net of adjustment declined to about 9,606 thousand euros (see section 3. Credit exposures to non-performing loans)

3. Credit exposures to non-performing loans

3.1 Management strategies and policies

Non-performing financial assets are classified into several non-performing categories in accordance with the instructions issued by the Supervisory Authority, as provided for in Bank of Italy Circular No. 272 dated 20 July 2008 (as subsequently updated), which refers to the provisions of the European regulation as regards the definition of default.
The process of identifying doubtful positions requires constant monitoring of positions. When limits are exceeded, various debt procedures are triggered to recover the credit. In general, considering that the vast majority of positions are secured by pledges of financial instruments, there are no residual debt exposures once the enforcement procedure has been concluded. If the exposure is unsecured or there is a residual unsecured exposure, the Bank activates the process for recovering it.
Expected losses are formulated specifically for each position on the basis of all relevant valuation elements (debtor's assets, earned income, date of expected recovery, etc.), with the exception of unsecured positions classified as past due and unlikely to pay of amounts less than 10 thousand euros, which are subject to impairment at a standard rate.

Net non-performing cash loans (hereinafter also referred as "NPLs") totalled 28,924 thousand euros, of which:

› net bad loans amounting to 14,736 thousand euros referring to financing, of which 9,606 thousand euros (65%) covered by indemnities, 5,075 thousand euros (34%) secured by mortgages and similar guarantees (Mediocredito Centrale SME Guarantee Fund) and 55 thousand euros (0.1%) unsecured;
› net unlikely-to-pay loans of 4,167 thousand euros, of which just 361 thousand euros (9%) actually at risk, and the remaining 3,806 thousand euros (91%) secured by collateral (pledges or mortgages) or similar guarantees (mandate to policy-related collections or guarantee from the Mediocredito Centrale SME Guarantee Fund);
› net past-due non-performing loans of 10,021 thousand euros, of which 8,131 thousand euros (81%) secured by collateral (mortgage and pledge) or equivalent guarantees (mandate to policy-related collections, guarantee from the Mediocredito Centrale SME Guarantee Fund and SACE policy) and 1,890 thousand euros (19%) unsecured.

Net non-performing loans in the form of financing may be broken down as follows:

› about 33% (9,606 thousand euros) of exposures referring to Banca del Gottardo Italia's customers and guaranteed by indemnity issued by the seller BSI S.A., now EFG Bank AG; as described above, these exposures do not entail any risk for the Bank. Therefore, no further adjustments were made to these positions with respect to the impairment already carried out by Banca del Gottardo Italia;
› about 67% (19,318 thousand euros) of exposures for which the Bank is at risk, mostly secured by pledges or mortgages.

Excluding positions covered by indemnities — which, as mentioned above, do not entail any risk for Banca Generali — non-performing cash positions amounted to 19,318 thousand euros. However, considering positions secured by collateral or similar guarantees, which at 17,013 thousand euros make up approximately 88% of total net non-performing loans, a residual total amount of 2,305 thousand euros of net non-performing loans are not secured by collateral, representing 11% of total net non-performing loans and an entirely marginal fraction of total net loans to customers (0.02%).
In 2023, the NPL portfolio declined on 2022 due to the elimination of several positions of significant amount from the bad loans category, as well as due to reclassifications to performing status and repayment of several positions classified as unlikely-to-pay.

3.2 Write-offs

The Banking Group has not adopted any write-off policy.

3.3 Acquired or originated impaired financial assets

At 31 December 2023, the Banking Group's portfolio included acquired or originated impaired financial assets of a residual amount of 2.1 million euros.
This item refers solely to the transfer by the Bank's customers of usufruct rights to the 2023 coupons on several illiquid products distributed by the Bank that were marked by investment repayment issues.
These exposures have been reclassified as originated impaired since they relate to financial instruments for which, at the date of transfer, the SPV had not complied with the contractual repayment terms.
In 2023, coupons of 1.0 million euros, or approximately one-third of the original amount, were collected in respect of such usufruct rights.

4. Financial assets subject to commercial renegotiations and forborne exposures

A forbearance measure is an amendment of the original contractual conditions or refinancing granted to a customer in a situation of financial distress in respect of a credit position, which would not have been granted if the customer had not been in such a situation and/or that, conversely, would have resulted in default by the customer had they not been granted.

The Bank takes an individual measurement approach to each exposure. The Bank considers an exposure forborne when one of the following conditions has been met:
a) the amended contract has been fully or partially past due by more than 30 days at least once in the three months prior to the contractual amendment or would have been fully or partially past due by more than 30 days without the amendment;
b) at or around the same time as an additional loan is granted, the customer repays the principal or pays the interest on another contract fully or partially past due by 30 days at least once in the three months prior to the refinancing;
c) the Bank approves the use of embedded clauses in which the customer is past due by 30 days or the debtor would have been past due by 30 days without the exercise of such clauses.

This assessment is performed by a specific specialised unit of the Credit Department as regards the portfolio portion of loans to customers.

At 31 December 2023, outstanding forborne exposures in the portfolio of loans to customers were mostly classified as performing positions (88%), with the remainder classified as non-performing (12%). Nearly all positions were secured by collateral (primarily pledges and, to a marginal extent, mandate to policy-related collections).
Exposures subject to forbearance measures at 31 December 2023 mostly consisted (approximately 73%) of exposures in amortisation and, to a lesser extent, uncommitted cash exposures. As for the impact on the net present value of the contractual cash flows of the forbearance measures granted over a period of 24 months, given the nature of the renegotiation transactions subject to forbearance measures, represented essentially by the renegotiation of the uncommitted cash exposure in amortising loans with a final variable rate, the impact of such exposures on net present value is believed not to be material.

Quantitative information

A. Credit quality

A.1 Credit exposures to non-performing and performing loans: balances, adjustments, performance and income breakdown

For the purposes of quantitative information about credit quality, credit exposures include the entire financial asset portfolio, regardless of the portfolio of allocation for accounting purposes, with the exception of equities and units of UCITS.

A.1.1 Prudential consolidation - Breakdown of financial assets by maturity brackets (book value)

	STAGE 1			STAGE 2			STAGE 3			ACQUIRED OR ORIGINATED IMPAIRED		
PORTFOLIOS/ RISK STAGES	OVER 1 DAY, UP TO 30 DAYS	OVER 30 DAYS, UP TO 90 DAYS	OVER 90 DAYS	OVER 1 DAY, UP TO 30 DAYS	OVER 30 DAYS, UP TO 90 DAYS	OVER 90 DAYS	OVER 1 DAY, UP TO 30 DAYS	OVER 30 DAYS, UP TO 90 DAYS	OVER 90 DAYS	OVER 1 DAY, UP TO 30 DAYS	OVER 30 DAYS, UP TO 90 DAYS	OVER 90 DAYS
1. Financial assets measured at amortised cost	3,304	-	-	3,854	2,383	482	247	136	21,723	-	-	-
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. HFS financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Total at 31.12.2023	3,304	-	-	3,854	2,383	482	247	136	21,723	-	-	-
Total at 31.12.2022	10,851	64	2	2,598	2,970	759	181	73	28,788	-	-	-

A.1.2 *Prudential consolidation: financial assets, commitments to disburse funds and financial guarantees issued - changes in total adjustments and total provisions*

	TOTAL ADJUSTMENTS																							TOTAL PROVISIONS FOR COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES ISSUED				
	ASSETS ALLOCATED TO STAGE 1						ASSETS ALLOCATED TO STAGE 2						ASSETS ALLOCATED TO STAGE 3						ACQUIRED OR ORIGINATED IMPAIRED FINANCIAL ASSETS									
CAUSES/RISK STAGES	DL	AC	OCI	HFS	IW	SC	DL	AC	OCI	HFS	IW	SC	DL	AC	OCI	HFS	IW	SC	AC	OCI	HFS	IW	SC	S1	S2	S3	C	TOT.
Total adjustments at year-start	**36**	**9,182**	**562**	**-**	**-**	**9,780**	**50**	**1,939**	**-**	**-**	**-**	**1,989**	**-**	**16,783**	**-**	**-**	**16,783**	**-**	**-**	**-**	**-**	**-**	**-**	**47**	**5**	**-**	**-**	**28,604**
Increases from acquired or originated financial assets	-	1,699	110	-	-	1,809	-	384	-	-	-	384	-	-	-	-	-	-	X	X	X	X	X	-	-	-	-	2,193
Cancellations other than write-offs	-10	-1,627	-200	-	-	-1,837	-	-939	-	-	-	-939	-	2	-	-	2	-	-	-	-	-	-	-	-	-	-	-2,774
Net adjustments/ reversals for credit risk (+/-)	-4	-2,085	-275	-	-	-2,364	41	-31	-	-	-	10	-	1,837	-	-	1,837	-	-	-	-	-	-	87	51	-	9,401	9,022
Contractual changes without cancellations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the assessment methods	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not directly recognised through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-293	-	-	-293	-	-	-	-	-	-	-	-	-	-	-293
Total adjustments at year-end	**22**	**7,169**	**197**	**-**	**-**	**7,388**	**91**	**1,353**	**-**	**-**	**-**	**1,444**	**-**	**18,329**	**-**	**-**	**18,329**	**-**	**-**	**-**	**-**	**-**	**-**	**134**	**56**	**-**	**9,401**	**36,752**
Recovery from collection of written off financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs directly recognised through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	180	-	-	180	-	-	-	-	-	-	-	-	-	-	180

DL: Demand loans to banks and central banks
AC: Financial assets measured at amortised cost
OCI: Financial assets measured at fair value through other comprehensive income
HFS: HFS financial assets
IW: of which: individual write-downs
CW: of which: collective write-downs
S1: Stage 1
S2: Stage 2
S3: Stage 3
C: Commitments to disburse funds and financial guarantees issued, acquired or originated impaired

Pursuant to IFRS 7, paragraph 35H, letter b) (iii), it is reported that the final total adjustments to Stage 2 trade receivables amounted to approximately 80 thousand euros, slightly down compared to their initial levels.

Total final adjustments on the securities portfolio amounted to 6,512 thousand euros and improved by approximately 3,394 thousand euros, mainly due to the reduced risk profile of the portfolio of government and corporate bonds.

A.1.3 Prudential consolidation: financial assets, commitments to disburse funds and financial guarantees issued – transfers between the different credit risk stages (gross and nominal values)

	GROSS AMOUNTS/NOMINAL VALUE					
	TRANSFERS BETWEEN STAGE 1 AND STAGE 2		TRANSFERS BETWEEN STAGE 2 AND STAGE 3		TRANSFERS BETWEEN STAGE 1 AND STAGE 3	
PORTFOLIOS/RISK STAGES	FROM STAGE 1 TO STAGE 2	FROM STAGE 2 TO STAGE 1	FROM STAGE 2 TO STAGE 3	FROM STAGE 3 TO STAGE 2	FROM STAGE 1 TO STAGE 3	FROM STAGE 3 TO STAGE 1
1. Financial assets measured at amortised cost	51,920	59,447	4,511	411	5,508	2,506
2. Financial assets measured at fair value through other comprehensive income	-		-	-	-	-
3. HFS financial assets	-	-	-	-	-	-
4. Commitments to disburse funds and financial guarantees issued	1,708	94	-	-	-	-
Total at 31.12.2023	**53,628**	**59,541**	**4,511**	**411**	**5,508**	**2,506**
Total at 31.12.2022	**95,790**	**74,378**	**6,506**	**7**	**6,345**	**305**

A.1.3a Loans subject to Covid-19 support measures: transfers between the different credit risk stages (gross and nominal values)

Exposures subject to Covid-19 support measures transferred from Stage 1 to Stage 2 amounted to approximately 160 thousand euros, whereas exposures transferred from Stage 2 to Stage 1 amounted to 209 thousand euros; they related solely to loans to SMEs secured by the Mediocredito Centrale SME Guarantee Fund.

	GROSS VALUES					
	TRANSFERS BETWEEN STAGE 1 AND STAGE 2		TRANSFERS BETWEEN STAGE 2 AND STAGE 3		TRANSFERS BETWEEN STAGE 1 AND STAGE 3	
PORTFOLIOS/RISK STAGES	FROM STAGE 1 TO STAGE 2	FROM STAGE 2 TO STAGE 1	FROM STAGE 2 TO STAGE 3	FROM STAGE 3 TO STAGE 2	FROM STAGE 1 TO STAGE 3	FROM STAGE 3 TO STAGE 1
A. Loans measured at amortised cost	**160**	**209**	**-**	**-**	**-**	**-**
A.1 Subject to forbearance in accordance with the GLs	-	-	-	-	-	-
A.2 Subject to moratorium no longer in accordance with the GLs and not measured as subject to forbearance	-	-	-	-	-	-
A.3 Subject to other forbearance measures	-	-	-	-	-	-
A.4 Newly issued loans	160	209	-	-	-	-
B. Financial assets measured at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Subject to forbearance in accordance with the GLs	-	-	-	-	-	-
B.2 Subject to moratorium no longer in accordance with the GLs and not measured as subject to forbearance	-	-	-	-	-	-
B.3 Subject to other forbearance measures	-	-	-	-	-	-
B.4 Newly issued loans	-	-	-	-	-	-
Total at 31.12.2023	**160**	**209**	**-**	**-**	**-**	**-**
Total at 31.12.2022	**1,686**	**171**	**252**	**-**	**7,497**	**-**

A.1.4 Prudential consolidation: cash and off-balance sheet credit exposures with banks - gross and net values

TYPES OF EXPOSURES/VALUES	GROSS EXPOSURE					TOTAL ADJUSTMENTS AND TOTAL PROVISIONS					NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS
		STAGE 1	STAGE 2	STAGE 3	ACQUIRED OR ORIGINATED IMPAIRED		STAGE 1	STAGE 2	STAGE 3	ACQUIRED OR ORIGINATED IMPAIRED		
A. Cash credit exposures												
A.1 Demand	589,148	577,631	11,517	-	-	114	22	92	-	-	589,034	-
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	589,148	577,631	11,517	X	-	114	22	92	X	-	589,034	-
A.2 Other	2,341,441	2,335,939	5,502	-	-	1,585	1,540	45	-	-	2,339,856	-
a) Bad loans	-	X	-	-	-	-	X	-	-	-	-	-
of which:												
- forborne exposures	-	*X*	-	-	-	-	*X*	-	-	-	-	-
b) Unlikely to pay	-	X	-	-	-	-	X	-	-	-	-	-
of which:												
- forborne exposures	-	*X*	-	-	-	-	*X*	-	-	-	-	-
c) Non-performing past-due exposures	-	X	-	-	-	-	X	-	-	-	-	-
of which:												
- forborne exposures	-	*X*	-	-	-	-	*X*	-	-	-	-	-
d) Performing past-due exposures	-	-	-	X	-	-	-	-	X	-	-	-
of which:												
- forborne exposures	-	-	-	*X*	-	-	-	-	*X*	-	-	-
e) Other performing exposures	2,341,441	2,335,939	5,502	X	-	1,585	1,540	45	X	-	2,339,856	-
of which:												
- forborne exposures	-	-	-	*X*	-	-	-	-	*X*	-	-	-
Total A	**2,930,589**	**2,913,570**	**17,019**	**-**	**-**	**1,699**	**1,562**	**137**	**-**	**-**	**2,928,890**	**-**
B. Off-balance sheet credit exposures												
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	161,955	-	-	X	-	-	-	-	X	-	161,955	-
Total B	**161,955**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**161,955**	**-**
Total (A + B)	**2,930,589**	**2,913,570**	**17,019**	**-**	**-**	**1,699**	**1,562**	**137**	**-**	**-**	**3,090,845**	**-**

Cash exposures with banks include all cash financial assets claimed from banks, regardless of the portfolio of allocation for accounting purposes: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, financial assets designated at fair value and other financial assets mandatorily measured at fair value.
Off-balance sheet exposures include all financial transactions other than cash transactions, such as financial derivatives, guarantees issued and commitments, that entail the assumption of credit risk, determined on the basis of the measurement criteria established by the Bank of Italy.

A.1.5 Prudential consolidation: cash and off-balance sheet credit exposures with customers - gross and net values

	GROSS EXPOSURE					TOTAL ADJUSTMENTS AND TOTAL PROVISIONS						
TYPES OF EXPOSURES/VALUES		STAGE 1	STAGE 2	STAGE 3	ACQUIRED OR ORIGINATED IMPAIRED		STAGE 1	STAGE 2	STAGE 3	ACQUIRED OR ORIGINATED IMPAIRED	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS
A. Cash credit exposures												
a) Bad loans	27,592	X	-	27,592	-	12,856	X	-	12,856	-	14,736	-
of which:												
- forborne exposures	-	*X*	-	-	-	-	*X*	-	-	-	-	-
b) Unlikely to pay	6,284	X	-	6,284	-	2,117	X	-	2,117	-	4,167	-
of which:												
- forborne exposures	*919*	*X*	-	*919*	-	*317*	*X*	-	*317*	-	*602*	-
c) Non-performing past-due exposures	13,377	X	-	13,377	-	3,356	X	-	3,356	-	10,021	-
of which:												
- forborne exposures	*64*	*X*	-	*64*	-	*13*	*X*	-	*13*	-	*51*	-
d) Performing past-due exposures	9,847	3,326	6,521	X	-	136	22	114	X	-	9,711	-
of which:												
- forborne exposures	*8*	-	*8*	*X*	-	-	-	-	*X*	-	*8*	-
e) Other performing exposures	10,940,146	10,668,790	245,199	X	2,069	6,999	5,805	1,191	X	3	10,933,147	-
of which:												
- forborne exposures	*7,122*	-	*7,122*	*X*	-	*75*	-	*75*	*X*	-	*7,047*	-
Total A	**10,997,246**	**10,672,116**	**251,720**	**47,253**	**2,069**	**25,464**	**5,827**	**1,305**	**18,329**	**3**	**10,971,782**	**-**
B. Off-balance sheet credit exposures												
a) Non-performing	24,078	X	-	748	23,330	9,401	X	-	-	9,401	14,677	-
b) Performing	1,159,403	1,133,881	2,998	X	-	190	134	56	X	-	1,159,213	-
Total B	**1,183,481**	**1,133,881**	**2,998**	**748**	**23,330**	**9,591**	**134**	**56**	**-**	**9,401**	**1,173,890**	**-**
Total (A + B)	**12,180,727**	**11,805,997**	**254,718**	**48,001**	**25,399**	**35,055**	**5,961**	**1,361**	**18,329**	**9,404**	**12,145,672**	**-**

Cash exposures with customers include all cash financial assets claimed from customers, regardless of the portfolio of allocation for accounting purposes: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, financial assets designated at fair value and other financial assets mandatorily measured at fair value.
Off-balance sheet exposures include all financial transactions other than cash transactions, such as financial derivatives, guarantees issued and commitments, that entail the assumption of credit risk, determined on the basis of the measurement criteria established by the Bank of Italy.
All non-performing off-balance sheet exposures refer to positions entirely secured by pledges.

The classification of non-performing loans to customers relating to the HTC accounting portfolio is shown below; loans and debt securities that reached maturity are thus included.

Bad loans

Gross bad loans to customers amounted to 27,592 thousand euros and included 12,856 thousand euros of value adjustments; therefore, net bad loans recognised totalled 14,736 thousand euros. Of this amount, 9,606 thousand euros (65% of net bad loans alone) related to positions attributable to former Banca del Gottardo Italia's customers, fully covered by cash collateral deposits granted by BSI S.A., now EFG Bank AG, as part of the indemnity guarantee.

Excluding "ex-indemnity" positions, net bad loans to ordinary customers thus amounted to 5,130 thousand euros, equal to about 35% of total net bad loans and 0.01% of total net loans to customers. Considering bad loans secured by guarantees (mortgages of 908 thousand euros and guarantee provided by the Mediocredito Centrale SME Guarantee Fund of 4,167 thousand euros), residual net bad loans amounted to 55 thousand euros.

The portfolio of bad loans also includes the exposure in debt instruments, amounting to 2,642 thousand euros gross, allocated to the HTC portfolio and deemed almost entirely irrecoverable.

The aggregate (see Table A.1.9) declined by 4,173 thousand euros gross due to the combined effects of: 1) increases due to transfers from other categories of non-performing exposure of 4,556 thousand euros, increases of 727 thousand euros, mainly due to greater draw-downs on positions already classified as bad loans due to the charging of interest and, marginally, reclassifications from other categories of non-performing exposures of 72 thousand euros; 2) decreases attributable for 8,996 thousand euros to "ex-indemnity" positions sold without recourse to EFG Bank S.A., for 431 thousand euros to collections and for 101 thousand euros to write-offs.

Unlikely to pay

At 31 December 2023, the gross amount of the item "Unlikely to pay" was 6,284 thousand euros, of which 5,155 thousand euros (82%) attributable to positions secured by collateral or equivalent guarantees (mandate to policy-related collections or guarantee from the Mediocredito Centrale SME Guarantee Fund), and it included 2,117 thousand euros of adjustments, for a net balance of 4,167 thousand euros.

The aggregate (see Table A.1.9) decreased by 6,173 thousand euros compared to 31 December 2022 as a result of:

- decreases of 8,757 thousand euros, due mostly to collections of 2,217 thousand euros, referring to counterparties with exposures secured by collateral and similar guarantees, definitively recovered due to repayment and discharge of the exposure, as well as reclassifications to performing exposures of 1,983 thousand euros and transfers to other categories of non-performing exposures (reclassification to bad loans) for 4,556 thousand euros;
- increases of 2,584 thousand euros, consisting of new positions transferred from other performing categories amounting to 124 thousand euros and relating to originally performing positions that deteriorated during the year and were classified as unlikely to pay, transfers from other categories of non-performing exposures for 2,184 thousand euros relating to positions already past due reclassified as unlikely to pay, and greater draw-downs from positions already classified as UTP of 276 thousand euros.

Non-performing past-due exposures

Non-performing past-due exposures amounted to 13,377 thousand euros, including adjustments of 3,356 thousand euros, yielding a net balance of 10,021 thousand euros. The net aggregate mainly includes: i) exposures mainly secured by collateral (mortgage and pledge) or equivalent guarantees (mandate to policy-related collections, guarantee from the Mediocredito Centrale SME Guarantee Fund and SACE policy) totalling 9,583 thousand euros; ii) other unsecured exposures with an average balance per position of approximately 2 thousand euros.

The aggregate (see Table A.1.9) increased by 3,181 thousand euros compared to 31 December 2022 as a result of:

- increases of 11,200 thousand euros, primarily attributable to new reclassifications from performing positions of 9,823 thousand euros and to increases in already non-performing positions of 1,377 thousand euros;
- decreases of 8,019 thousand euros, mainly consisting of collections on past-due positions with full repayment of the exposure of 4,823 thousand euros, transfers to other categories of non-performing exposures of 2,184 thousand euros relating to positions reclassified as unlikely to pay, return to performing status of past-due exposures due to repayment for 934 thousand euros, and write-offs with concurrent recognition of a credit loss for a total of 78 thousand euros.

Performing past-due exposures

Performing past-due exposures also include positions overdrawn or past due by more than 90 days, and for which the amount past due does not exceed the significance thresholds set following the entry into force of the new definition of default established by the European Regulation on prudential requirements for credit institutions and investment firms (Article 178 of Regulation No. 575/2013).
In almost all cases, these are positions guaranteed by pledges found to be past due at the reporting date and currently being repaid.

Loans subject to Covid measures

With regard to Covid-19 support measures at 31 December 2023, loans to SMEs secured by the Mediocredito Centrale SME Guarantee Fund and granted until 2021, amounted to 53,603 thousand euros (of which 3,520 thousand euro non-performing loans).

A.1.5a Loans subject to Covid-19 measures: gross and net values

	GROSS EXPOSURE					TOTAL ADJUSTMENTS AND TOTAL PROVISIONS						
TYPE OF EXPOSURES/VALUES		STAGE 1	STAGE 2	STAGE 3	ACQUI-RED OR ORIGINATED IMPAIRED		STAGE 1	STAGE 2	STAGE 3	ACQUI-RED OR ORIGINATED IMPAIRED	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS
A. Bad loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Subject to forbearance measures in accordance with GLs	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to moratorium no longer in accordance with the GLs and not measured as subject to forbearance	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) Newly issued loans	-	-	-	-	-	-	-	-	-	-	-	-
B. Unlikely to pay	**3,124**	**-**	**-**	**3,124**	**-**	**671**	**-**	**-**	**671**	**-**	**2,453**	**-**
a) Subject to forbearance measures in accordance with GLs	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to moratorium no longer in accordance with the GLs and not measured as subject to forbearance	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) Newly issued loans	3,124	-	-	3,124	-	671	-	-	671	-	2,453	-
C. Non-performing past-due loans	**1,185**	**-**	**-**	**1,185**	**-**	**117**	**-**	**-**	**117**	**-**	**1,068**	**-**
a) Subject to forbearance measures in accordance with GLs	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to moratorium no longer in accordance with the GLs and not measured as subject to forbearance	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) Newly issued loans	1,185	-	-	1,185	-	117	-	-	117	-	1,068	-
D. Performing loans	**348**	**302**	**46**	**-**	**-**	**1**	**1**	**-**	**-**	**-**	**347**	**-**
a) Subject to forbearance measures in accordance with GLs	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to moratorium no longer in accordance with the GLs and not measured as subject to forbearance	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) Newly issued loans	348	302	46	-	-	1	1	-	-	-	347	-
E. Other performing loans	**49,735**	**49,549**	**186**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**49,735**	**-**
a) Subject to forbearance measures in accordance with GLs	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to moratorium no longer in accordance with the GLs and not measured as subject to forbearance	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) Newly issued loans	49,735	49,549	186	-	-	-	-	-	-	-	49,735	-
Total (A + B + C + D + E)	**54,392**	**49,851**	**232**	**4,309**	**-**	**789**	**1**	**-**	**788**	**-**	**53,603**	**-**

A.1.7 Prudential consolidation: cash credit exposures with customers - changes in gross non-performing exposures

CAUSES/CATEGORIES	BAD LOANS	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE EXPOSURES
A. Gross exposure at year-start	**31,765**	**12,457**	**10,196**
- *of which: exposures transferred but not written off*	-	-	-
B. Increases	**5,355**	**2,584**	**11,200**
B.1 New reclassifications from performing exposures	72	124	9,823
B.2 New reclassifications from acquired or originated impaired financial assets	-	-	-
B.3 Transfers from other categories of non-performing exposures	4,556	2,184	-
B.4 Contractual changes without cancellations	-	-	-
B.5 Other increases	727	276	1,377
C. Decreases	**9,528**	**8,757**	**8,019**
C.1 Reclassification to performing exposures	-	1,983	934
C.2 Write-offs	101	1	78
C.3 Repayments received	431	2,217	4,823
C.4 Gains on disposals	8,996	-	-
C.5 Losses on disposals	-	-	-
C.6 Transfers to other categories of non-performing exposures	-	4,556	2,184
C.7 Contractual changes without cancellations	-	-	-
C.8 Other decreases	-	-	-
D. Gross exposure at year-end	**27,592**	**6,284**	**13,377**
- *of which: exposures transferred but not written off*	-	-	-

A.1.7 bis Prudential consolidation: cash credit exposures with customers - changes in gross forborne exposures, broken down by credit quality

CAUSES/QUALITY	NON-PERFORMING FORBORNE EXPOSURES	PERFORMING FORBORNE EXPOSURES
A. Gross exposure at year-start	**2,372**	**6,463**
- *of which: exposures transferred but not written off*	-	-
B. Increases	**680**	**4,423**
B.1 New reclassifications from performing non-forborne exposures	-	4,274
B.2 New reclassifications from performing forborne exposures	-	X
B.3 New reclassifications from non-performing forborne exposures	X	87
B.4 Other increases	680	62
C. Decreases	**2,069**	**3,756**
C.1 Reclassifications to performing non-forborne exposures	X	2,020
C.2 Reclassifications to performing forborne exposures	87	X
C.3 Reclassifications to non-performing forborne exposures	X	-
C.4 Write-offs	-	-
C.5 Repayments received	210	1,736
C.6 Gains on disposals	-	-
C.7 Losses on disposals	-	-
C.8 Other decreases	1,772	-
D. Gross exposure at year-end	**983**	**7,130**
- *of which: exposures transferred but not written off*	-	-

Forborne exposures

Gross forborne exposure, amounting to 8,113 thousand euros, consisted largely of performing positions amounting to 7,130 thousand euros gross (accounting for 88% of total forborne exposures), almost all of which were secured by collateral or similar guarantees, whose increase on 2022 (from 6,463 thousand euros) was attributable to: i) new reclassifications for 4,274 thousand euros relating to performing positions that had been granted a new forbearance measure (new finance or refinancing of existing debt); ii) reclassifications for 87 thousand euros of non-performing forborne positions whose cure period had ended; and iii) increases of 62 thousand euros for reclassifications of performing positions already classified as forborne. Decreases were due to: eliminations of positions for 2,020 thousand euros for which the probation period has elapsed and collections of 1,736 thousand euros referring to repayment and write-off of forborne exposures.

The residual share consisted of non-performing forborne exposures of 983 thousand euros gross (accounting for 12% of total forborne exposures).

The non-performing cash forborne positions aggregate declined by 1,389 thousand euros overall (in gross terms), as a result of:

› decreases due to repayment and write-off of forborne exposures on non-performing positions reclassified to performing of 1,772 thousand euros, collections of 210 thousand euros and eliminations of 87 thousand euros referring to non-performing forborne positions whose cure period had ended;
› increases of 680 thousand euros due to: granting of a forbearance measure to an already non-performing position for 654 thousand euros and new reclassifications for 21 thousand euros.

1.1.9 Prudential consolidation: non-performing cash credit exposures with customers: changes in total adjustments

	BAD LOANS		UNLIKELY TO PAY		NON-PERFORMING PAST-DUE EXPOSURES	
CAUSES/CATEGORIES	TOTAL	OF WHICH: FORBORNE EXPOSURES	TOTAL	OF WHICH: FORBORNE EXPOSURES	TOTAL	OF WHICH: FORBORNE EXPOSURES
A. Total adjustments at year-start	**12,376**	**-**	**2,414**	**253**	**1,994**	**12**
- *of which: exposures transferred but not written off*	-	-	-	-	-	-
B. Increases	**696**	**-**	**431**	**120**	**2,056**	**1**
B.1 Adjustments to acquired or originated impaired financial assets	-	X	-	X	-	X
B.2 Other adjustments	228	-	217	120	2,056	1
B.3 Losses on disposals	1	-	1	-	-	-
B.4 Transfers from other categories of non-performing exposures	467	-	213	-	-	-
B.5 Contractual changes without cancellations	-	X	-	X	-	X
B.6 Other increases	-	-	-	-	-	-
C. Decreases	**216**	**-**	**728**	**56**	**693**	**-**
C.1. Reversals of adjustments	106	-	198	55	119	-
C.2 Reversals of collections	9	-	10	1	222	-
C.3 Gains on disposals	-	-	-	-	-	-
C.4 Write-offs	101	-	1	-	78	-
C.5 Transfers to other categories of non-performing exposures	-	-	467	-	213	-
C.6 Contractual changes without cancellations	-	X	-	X	-	X
C.7 Other decreases	-	-	52	-	61	-
A. Total adjustments at year-end	**12,856**	**-**	**2,117**	**317**	**3,357**	**13**
- *of which: exposures transferred but not written off*	-	-	-	-	-	-

Besides the exposures included in the previous tables, other non-performing positions are recognised in the Financial Statements for a net amount of 2,317 thousand euros, attributable to operating receivables not involving lending transactions, mostly relating to disputes and pre-dispute positions against former Financial Advisors (terminated or expired contracts).

OPERATING RECEIVABLES UNDER DISPUTE	31.12.2023		
	GROSS	WRITE-DOWNS	NET
Receivables related to FA litigation	3,754	1,468	2,286
Advances to FAs	79	79	-
Write-downs of receivables from FAs	**3,833**	**1,547**	**2,286**
Write-downs of operating receivables	494	463	31
Write-downs of operating receivables	**494**	**463**	**31**
Total write-downs	**4,327**	**2,010**	**2,317**

A.2 Classification of exposures based on internal and external ratings

Banca Generali has always regarded lending as ancillary to its ability to attract and manage its customers' assets. Accordingly, the Bank has not traditionally used an internal rating system to assess its customers' creditworthiness. The Bank therefore largely uses external ratings published by the main rating companies (Moody's, S&P and Fitch) in making portfolio decisions regarding its trading activities.

A.2.1 Prudential consolidation - Breakdown of financial assets, commitments to disburse funds and financial guarantees issued by external rating classes (gross values)

EXPOSURES	EXTERNAL RATING CLASSES						WITHOUT RATING	TOTAL
	AAA/AA-	A+/A-	BBB+/BBB-	BB+/BB-	B+/B-	< B-		
A. Financial assets measured at amortised cost	**1,864,512**	**697,611**	**6,479,179**	**102,686**	**-**	**-**	**3,199,284**	**12,343,272**
- Stage 1	1,862,571	697,611	6,479,179	102,686	-	-	2,894,687	12,036,734
- Stage 2	1,941	-	-	-	-	-	255,275	257,216
- Stage 3	-	-	-	-	-	-	49,322	49,322
- Acquired or originated impaired	-	-	-	-	-	-	-	-
B. Financial assets measured at fair value through other comprehensive income	**102,538**	**6,446**	**847,181**	**19,676**	**-**	**-**	**-**	**975,841**
- Stage 1	102,538	6,446	847,181	19,676	-	-	-	975,841
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Acquired or originated impaired	-	-	-	-	-	-	-	-
C. HFS financial assets	-	-	-	-	-	-	-	**-**
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Acquired or originated impaired	-	-	-	-	-	-	-	-
Total (A + B + C)	**1,967,050**	**704,057**	**7,326,360**	**122,362**	**-**	**-**	**3,199,284**	**13,319,113**
D. Commitments to disburse funds and financial guarantees issued								
- Stage 1	-	-	567	-	-	-	90,252	90,819
- Stage 2	-	-	-	-	-	-	2,998	2,998
- Stage 3	-	-	-	-	-	-	63	63
- Acquired or originated impaired	-	-	-	-	-	-	23,330	23,330
Total D	**-**	**-**	**567**	**-**	**-**	**-**	**116,643**	**117,210**
Total (A + B + C + D)	**1,967,050**	**704,057**	**7,326,927**	**122,362**	**-**	**-**	**3,315,927**	**13,436,323**

Financial assets measured at amortised cost without rating include trade receivables and advances to Financial Advisors totalling 206,707 thousand euros.

A.3 Breakdown of guaranteed credit exposures by type of guarantee

A.3.1 Prudential consolidation - Guaranteed cash and off-balance sheet credit exposures with banks

	EXPOSURE		COLLATERALISED GUARANTEES (1)				PERSONAL GUARANTEES (2)									
							CREDIT DERIVATIVES					SIGNATURE LOANS				
								OTHER DERIVATIVES								
	GROSS	NETT	BUILDINGS – MORTGAGES	BFL	SECURITIES	OTHER COLLATERALISED GUARANTEES	CLNS	CC	BK	OTHER FINANCIAL CORP.	OTHER ENTITIES	GENERAL GOVERNMENTS	BK	OTHER FINANCIAL CORP.	OTHER ENTITIES	TOTAL (1) + (2)
1. Guaranteed cash credit exposures	**354,067**	**353,988**	**-**	**-**	**229,056**	**-**	**-**	**-**	**-**	**-**	**-**	**124,932**	**-**	**-**	**-**	**353,988**
1.1 Totally guaranteed	338,923	338,846	-	-	229,056	-	-	-	-	-	-	109,790	-	-	-	338,846
- *of which: non-performing*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Partially guaranteed	15,144	15,142	-	-	-	-	-	-	-	-	-	15,142	-	-	-	15,142
- *of which: non-performing*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Guaranteed off-balance sheet credit exposures	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Totally guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- *of which: non-performing*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Partially guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- *of which: non-performing*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Legend:
BFL: Buildings - Finance leases
CC: Central counterparties
BK: Banks

A.3.2 Prudential consolidation - Guaranteed cash and off-balance sheet credit exposures with customers

	EXPOSURE		COLLATERALISED GUARANTEES (1)				PERSONAL GUARANTEES (2)									
							CREDIT DERIVATIVES					SIGNATURE LOANS				
								OTHER DERIVATIVES								
	GROSS	NETT	BUILDINGS – MORTGAGES	BFL	SECURITIES	OTHER COLLATERALISED GUARANTEES	CLNS	CC	BK	OTHER FINANCIAL CORP.	OTHER ENTITIES	GENERAL GOVERNMENTS	BK	OTHER FINANCIAL CORP.	OTHER ENTITIES	TOTAL (1) + (2)
1. Guaranteed cash credit exposures	**2,309,164**	**2,293,479**	**302,058**	**-**	**1,609,001**	**238,750**	**-**	**-**	**-**	**-**	**-**	**134,025**	**-**	**332**	**3,281**	**2,287,447**
1.1 Totally guaranteed	2,260,055	2,246,515	300,006	-	1,595,350	227,795	-	-	-	-	-	121,724	-	330	1,311	2,246,516
- *of which: non-performing*	*29,272*	*20,559*	*9,756*	-	*4,659*	*3,177*	-	-	-	-	-	*3,632*	-	-	*42*	*21,266*
1.2 Partially guaranteed	49,109	46,964	2,052	-	13,651	10,955	-	-	-	-	-	12,301	-	2	1,970	40,931
- *of which: non-performing*	*8,464*	*6,454*	-	-	*1,039*	*148*	-	-	-	-	-	*4,974*	-	-	*269*	*6,430*
2. Guaranteed off-balance sheet credit exposures	**967,553**	**967,370**	**-**	**-**	**776,759**	**183,059**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**838**	**471**	**961,127**
2.1 Totally guaranteed	931,416	931,253	-	-	758,117	171,907	-	-	-	-	-	-	-	838	390	931,252
- *of which: non-performing*	*441*	*441*	-	-	*373*	*68*	-	-	-	-	-	-	-	-	-	*441*
2.2 Partially guaranteed	36,137	36,117	-	-	18,642	11,152	-	-	-	-	-	-	-	-	81	29,875
- *of which: non-performing*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Legend:
BFL: Buildings - Finance leases
CC: Central counterparties
BK: Banks

All assets held as guarantee (whether financial or non-financial) may only be liquidated in the event of default by the primary debtor, subject to formal notification to the guarantor. Accordingly, the Bank cannot sell or reuse as guarantee such assets unless the debtor defaults.

B. Breakdown and concentration of credit exposures

B.1 Prudential consolidation - Sector breakdown of cash and off-balance sheet credit exposures with customers

EXPOSURES/COUNTERPARTY	NET EXPOSURE	TOTAL ADJUSTMENTS
A. Cash exposures		
1. General governments	**7,931,396**	**1,761**
A.1 Bad loans	-	-
- *of which: forborne exposures*	-	-
A.2 Unlikely to pay	-	-
- *of which: forborne exposures*	-	-
A.3. Non-performing past-due exposures	1	1
- *of which: forborne exposures*	-	-
A.4 Performing exposures	7,931,395	1,760
- *of which: forborne exposures*	-	-
2. Financial corporations	**676,037**	**1,480**
A.1 Bad loans	25	82
- *of which: forborne exposures*	-	-
A.2 Unlikely to pay	263	223
- *of which: forborne exposures*	-	-
A.3 Non-performing past-due exposures	300	178
- *of which: forborne exposures*	-	-
A.4 Performing exposures	675,449	997
- *of which: forborne exposures*	*71*	*2*
3. Financial corporations (of which insurance companies)	**39,697**	**-**
A.1 Bad loans	-	-
- *of which: forborne exposures*	-	-
A.2 Unlikely to pay	-	-
- *of which: forborne exposures*	-	-
A.3 Non-performing past-due exposures	-	-
- *of which: forborne exposures*	-	-
A.4 Performing exposures	39,697	-
- *of which: forborne exposures*	-	-
4. Non-financial corporations	**345,934**	**14,115**
A.1 Bad loans	12,500	12,037
- *of which: forborne exposures*	-	-
A.2 Unlikely to pay	2,494	707
- *of which: forborne exposures*	*41*	*1*
A.3 Non-performing past-due exposures	2,654	418
- *of which: forborne exposures*	-	-
A.4 Performing exposures	328,286	953
- *of which: forborne exposures*	*3,157*	*15*
5. Households	**2,018,424**	**8,108**
A.1 Bad loans	2,211	737
- *of which: forborne exposures*	-	-
A.2 Unlikely to pay	1,416	1,187
- *of which: forborne exposures*	*561*	*316*
A.3 Non-performing past-due exposures	7,068	2,760
- *of which: forborne exposures*	*51*	*13*
A.4 Performing exposures	2,007,729	3,424
- *of which: forborne exposures*	*3,890*	*58*
Total A - Cash exposures	**10,971,791**	**25,464**

EXPOSURES/COUNTERPARTY	NET EXPOSURE	TOTAL ADJUSTMENTS
B. Off-balance sheet exposures		
1. General governments	**-**	**-**
B.1 Non-performing exposures	-	-
B.2 Performing exposures	-	-
2. Financial corporations	**58,925**	**9,437**
B.1 Non-performing exposures	13,944	9,401
B.2 Performing exposures	44,981	36
3. Financial corporations (of which insurance companies)	**2,164**	**3**
B.1 Non-performing exposures	-	-
B.2 Performing exposures	2,164	3
4. Non-financial corporations	**204,826**	**85**
B.1 Non-performing exposures	63	-
B.2 Performing exposures	204,763	85
5. Households	**910,139**	**69**
B.1 Non-performing exposures	670	-
B.2 Performing exposures	909,469	69
Total B - Off-balance sheet exposures	**1,173,890**	**9,591**

	NET EXPOSURE	TOTAL ADJUSTMENTS
General governments	7,931,396	1,761
Financial corporations	734,962	10,917
Financial corporations (of which insurance companies)	41,861	3
Non-financial corporations	550,760	14,200
Households	2,928,563	8,177
Overall total (A + B) at 31.12.2023	**12,145,681**	**35,055**
Overall total (A + B) at 31.12.2022	**13,325,313**	**25,373**

B.2 Prudential consolidation - Geographical breakdown of cash and off-balance-sheet credit exposures with customers

EXPOSURES/GEOGRAPHICAL AREAS	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS
A. Cash credit exposures										
A.1 Bad loans	14,736	12,133	-	723	-	-	-	-	-	-
A.2 Unlikely to pay	4,167	2,117	-	-	-	-	-	-	-	-
A.3 Non-performing past-due exposures	8,924	3,314	37	42	356	-	-	-	704	-
A.4 Other performing exposures	8,098,948	6,061	2,228,166	854	54,878	89	81,271	45	479,604	86
Total A	**8,126,775**	**23,625**	**2,228,203**	**1,619**	**55,234**	**89**	**81,271**	**45**	**480,308**	**86**
B. Off-balance sheet credit exposures										
B.1 Non-performing exposures	748	-	13,929	9,401	-	-	-	-	-	-
B.2 Performing exposures	1,133,739	190	24,157	-	479	-	48	-	790	-
Total B	**1,134,487**	**190**	**38,086**	**9,401**	**479**	**-**	**48**	**-**	**790**	**-**
Total at 31.12.2023	**9,261,262**	**23,815**	**2,266,289**	**11,020**	**55,713**	**89**	**81,319**	**45**	**481,098**	**86**
Total at 31.12.2022	**9,477,549**	**21,995**	**3,376,815**	**2,982**	**75,583**	**189**	**96,818**	**79**	**298,549**	**130**

B.3 Prudential consolidation - Geographical breakdown of cash and off-balance-sheet credit exposures with banks

EXPOSURES/GEOGRAPHICAL AREAS	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS
A. Cash exposures										
A.1 Bad loans	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-	-	-
A.3 Non-performing past-due exposures	-	-	-	-	-	-	-	-	-	-
A.4 Other performing exposures	1,281,797	824	1,630,826	863	16,267	12	-	-	-	28
Total A	**1,281,797**	**824**	**1,630,826**	**863**	**16,267**	**12**	**-**	**-**	**-**	**28**
B. Off-balance sheet exposures										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	150,348	-	11,607	-	-	-	-	-	-	-
Total B	**150,348**	**-**	**11,607**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total at 31.12.2023	**1,432,145**	**824**	**1,642,433**	**863**	**16,267**	**12**	**-**	**-**	**-**	**28**
Total at 31.12.2022	**1,509,055**	**1,755**	**2,057,972**	**1,362**	**24,660**	**12**	**-**	**-**	**130,921**	**107**

B.4 Large exposures

Regulation (EU) No. 575/2013 (CRR) and Directive No. 2013/36/EU (CRD IV), published on the *Official Journal of the European Union* on 27 June 2013, enacted the new rules defined by the Basel Committee on banking supervision governing “Large Exposures”. On 17 December 2013, the Bank of Italy applied the above provisions by issuing Circular No. 285 “New Prudential Supervisory Provisions Concerning Banks” — further updated in various years (latest update, No. 44, dated 19 December 2023) — and Circular No. 286 “Instructions for the Compilation of Prudential Reports for Banks and Securities Brokerage Companies”. The latter Circular as well was subject to several updates during the years (latest update, No. 16, on 28 November 2023). In detail, according to the aforementioned rules, exposure values of a bank to a counterparty or to a group of connected counterparties must be defined as a “large exposure” if it is equal to or above 10% of the bank’s Tier 1 capital.
Based on CRR 575/2013, “Tier 1 capital” is defined as the sum of Total Common Equity Tier 1 capital and Additional Tier 1 capital of the entity.

The exposure value of an asset item shall be its accounting value and not its weighted value. Therefore, the risk positions that fall within the meaning of “Large Exposure” are recognised at both book value and weighted value.

BIG RISKS	31.12.2023	31.12.2022
a) Amount of the exposure	12,342,298	13,602,197
b) Weighted amount	587,117	487,161
c) Number	16	17

C. Securitisation

Qualitative information

Banca Generali's appetite for investments in securitised instruments is very limited (the exposure is 1.15% of the total banking book bond portfolio). All investments undertaken were directed towards the most senior tranches of the securitised structures.

Quantitative information

C.2 Prudential consolidation - Breakdown of exposures resulting from main third-party securitisations by type of securitised assets and type of exposure

TYPE OF UNDERLYING ASSETS/EXPOSURES	CASH EXPOSURES						FINANCIAL GUARANTEES ISSUED						LINES OF CREDIT					
	SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR	
	BV	AR	BV	AR	BV	AR	BV	AR	BV	AR	BV	AR	BV	AR	BV	AR	BV	AR
GIM NL LUX 12.06.2018	20,125	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PRADO VIII FRN 2055	2,617	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PRISMA SPV FRN 2039	10,915	120	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CREDIMI 20.07.2026	29,064	312	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LANTERNA M FRN 2065	7,316	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ERIDANO II SPV FRN 3	1,926	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PROG QUIN 36 A 1 FR	1,282	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CORDATUS VIII FRN 34	7,573	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EURO-GAL VII FRN 35	7,563	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AQUEDUCT EUROPEAN CL	6,236	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RRME 2X A1R	6,058	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AURIUM VIII FRN 2034	7,503	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
INVESCO VI FRN 2035	7,573	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Legend
BV = book value
AR = Adjustments/Reversals

D. Transfers

D.1 Prudential consolidation - Transferred financial assets fully recognised and related financial liabilities: book value

	TRANSFERRED FINANCIAL ASSETS FULLY RECOGNISED				RELATED FINANCIAL LIABILITIES		
	BOOK VALUE	OF WHICH: SECURITISED	OF WHICH: REVERSE REPURCHASE AGREEMENTS	OF WHICH: NON-PERFORMING	BOOK VALUE	OF WHICH: SECURITISED	OF WHICH: REVERSE REPURCHASE AGREEMENTS
A. HFT financial assets	**-**	**-**	**-**	**X**	**-**	**-**	**-**
1. Debt securities	-	-	-	X	-	-	-
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	X	-	-	-
4. Derivatives	-	-	-	X	-	-	-
B. Other financial assets mandatorily measured at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
C. Financial assets designated at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Loans	-	-	-	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income	**44,377**	**-**	**44,377**	**-**	**44,371**	**-**	**44,371**
1. Debt securities	44,377	-	44,377	-	44,371	-	44,371
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
E. Financial assets measured at amortised cost	**1,543,607**	**-**	**1,543,607**	**-**	**1,509,598**	**-**	**1,509,598**
1. Debt securities	1,543,607	-	1,543,607	-	1,509,598	-	1,509,598
2. Loans	-	-	-	-	-	-	-
Total at 31.12.2023	**1,587,984**	**-**	**1,587,984**	**-**	**1,553,969**	**-**	**1,553,969**
Total at 31.12.2022	**1,895,545**	**-**	**1,895,545**	**-**	**1,849,121**	**-**	**1,849,121**

C. Prudential consolidation - transferred financial assets fully derecognised

In accordance with the Bank of Italy Communication of 23 December 2019, this section contains information regarding the restructuring of a portfolio of senior notes issued by SPVs in the securitisation of healthcare receivables by Banca Generali in 2021 as it is considered to constitute a transfer of a loan portfolio to a mutual investment fund with concurrent subscription of the units by the transferring intermediary.
For further information on the restructuring process, reference should be made to the corresponding Section of the Financial Statements at 31 December 2021.

The healthcare receivable restructuring operation

In 2021, Banca Generali had performed an extensive restructuring of a portfolio of senior notes issued by an SPV of securitised healthcare receivables, with a notional value of 478.5 million euros, held by its professional clients. In particular, the restructuring of the portfolio entailed the following:

1. the purchase of the securitised senior notes from the clients for an amount of 457.6 million euros [15] [16];
2. the simultaneous sale of the notes thus purchased to a newly formed Italian fund (AIF), the “Forward Fund”, managed by Gardant Investor SGR, for 377.7 million euros, with the Bank recognising a trading loss of 79.9 million euros, accounting for approximately 79% of the principal amount outstanding of these notes;

[15] In particular, Banca Generali promoted a purchase offer addressed to all interested clients in reference to the full outstanding amount of the senior notes relating to the Astrea Due, Astrea Tre, Astrea Quattro and Chiron Due and Argo securitisations for a consideration of 95% of the principal amount outstanding (97.5% for Argo).

[16] The total outstanding amount of the securitisations amounted to 542 million euros, inclusive of mezzanine notes not distributed to customers of the Bank and junior notes held by the arranger of the transaction.

3. the subscription by the Bank of the majority of the shares of the above Fund, with a 98% stake, equal to 490 million euros (A shares), of which 378 million euros already paid at the time of purchase of the notes, whereas the remaining 10 million euros (B shares) were subscribed by Gardant S.p.A., the parent company of the management firm that promoted the formation and assumed full, independent management of the fund.

The strategic goal of the restructuring was thus essentially to protect customers against a potential loss on the investments concerned by transferring the aforementioned notes to a specialised, independent professional operator with specific expertise in managing illiquid portfolios and the servicing of securitisations, capable of optimising the process of recovering the cash flows generated by the notes by restructuring their maturities and ensuring better management of the repayment of the underlying receivables and concurrent reinvestment of the proceeds of such payments.
The securitisations subject to transfer did not refer to underlying transactions originated by Banca Generali and had not been previously held by the Bank. Rather, the Bank only acquired title to them on an entirely temporary basis at the time of the twofold transfer.
In fact, the Bank acted only as Placement Agent in these securitisation transactions, but it has nonetheless decided to undertake the restructuring operation to protect its clients and strengthen its trust-based relationship with them.

The portfolio of transferred receivables

At the end of 2021, the assets underlying the securitisations had amounted to 595.1 million euros and had included 509.1 million euro healthcare receivables from local healthcare authorities, with a residual share consisting of receivables from the Italian general government (e.g., municipalities, regions, ministries, etc.) and 86.0 million euro cash balance.
In particular, exposures to healthcare companies also included types of receivables with a high risk profile, such as "out-of-budget" healthcare receivables (268 million euros) and late payment interest from past-due healthcare receivables (162.5 million euros, of which 62.0 million euros transferred without the originating receivables).
Most of the receivables underlying the securitisations could therefore be deemed to be non-performing as overdrawn or under dispute, with the exception of the liquidity and a minor revolving loans component.

Recoverable amounts had been estimated at approximately 397 million euros (311 million euros net of cash held in the notes), and their fair value had been estimated at 377.3 million euros (291.3 million euros net of cash).
In the first half of 2022, the asset management company prepared a business plan, subsequently updated on a half-yearly basis, based on the analysis of each position, which permitted an improvement, compared to the initial hypothesis, in the expected recoverable amount of the underlying receivables, albeit over more diluted timescales.

At 31 December 2023, the value of the exposure to healthcare receivables within the Forward Fund thus amounted to 342.1 million euros, divided into receivables from General governments of 198.2 million euros and receivables from transferors[17] of 143.9 million euros.

In 2023, the loans portfolio changed mainly as a result of the reimbursement collected, amounting to approximately to 21.5 million euros, and of the positive performance of some positions under dispute.

The portfolio fair value was 261.5 million euros (287 million euros at the end of 2022).

The Forward Fund

The Forward Fund is a reserved, closed-end Italian alternative investment fund (AIF), formed by Gardant Investor SGR S.p.A. following the authorisation received on 2 August 2021.

In accordance with the Fund Regulation, approved by the related Board of Directors on 10 September 2021, two classes of units were issued that grant their holders different economic and governance prerogatives:
› 490 class A units, subscribed by Banca Generali, in the total amount of 490 million euros, of which 378 million euros paid in cash upon the purchase of the senior notes by the Fund[18], and the remaining 112 million euros called in 2022 and aimed at constructing an alternative investment portfolio[19];
› 10 class B units, subscribed by Gardant S.p.A., the parent company of the asset management company, in the total amount of 10 million euros.

The A and B units enjoy the same **economic rights**, except for the right of the B investor to an increase in the accrued income, by way of incentive, of 15% of the fund's return in excess of 3%, with effect from the fifth year and solely on the investments undertaken directly by the management company.
With reference to the **governance**, the Fund Rules provide that within the framework of the guidelines established, all powers relating to relevant decisions regarding management of the fund be irrevocably transferred to the management company, which

[17] These are off- or out-of-budget receivables, default interest not recognised by local health authorities that at the end of the debt acknowledgement process with negative outcome will need to be recovered from the transferors. Net of the longer recovery times, according to the inquiries made the transferors are all operational, solvent "entitled entities" with dealings with the General Government
[18] The Fund's units were subscribed on 30 September 2021. On 1 October 2021, the management company then drew down its commitments for the subscription of the first 378 of the 490 units subscribed by Banca Generali with settlement date of 7 October 2021.,
[19] In particular, consideration for the remaining units subscribed were paid up for 17 million euros with a value date of 30 March 2022 and for 95 million euros with a value date of 5 December 2022.

may therefore operate in full autonomy, reserving only rights of a protective nature for the Bank, as the A investor.

The fund, which has an initial duration of 15 years[20], pursues the twofold goal of:
- optimising the process of recovering the cash flows generated by the receivables, through the restructuring of maturities and better management of repayment of the underlying receivables and concurrent reinvestment of their proceeds;
- managing a complex portfolio of alternative investments, also including infrastructure and corporate lending investments[21], up to a maximum investment of 550 million euros, in order to achieve an expected total return of between 2% and 4% over the life of the Fund.

At the end of 2023, the Fund's net assets amounted to 493.4 million euros and consisted of four classes of assets:
- healthcare receivables underlying the securitisation vehicles, with a recoverable amount of 342.1 million euros and a fair value of 261.5 million euros;
- investments in units of infrastructure funds with a fair value of 41.5 million euros (commitment of 63 million euros);
- corporate lending of 67.9 million euros; and
- total cash of 120.6 million euros, of which 83.05 million euros invested in short-term European government bonds.

In view of the current macroeconomic scenario of severe economic and geopolitical uncertainty, the investment continues to be subject to possible revaluation effects due to the increase in interest rates and the ability of the asset management company to recover cash flows from the underlying healthcare receivables, according to the times and amounts (recovery rate) envisaged by the business plan.

With regard to the estimated FV of the notes with underlying healthcare receivables, a DCF model was applied on the basis of the flows estimated by the special servicer/the management company, discounted in light of their risk profile, at an average rate of approximately 6.5%.

In light of the nature of the instrument, i.e., units of a closed-ended, unlisted (illiquid) mutual fund, and the mark-to-model valuation approach for determining fair value (FV), based on inputs that are not fully observable, it was assigned to Level 3 of the FV hierarchy.
Accordingly, a sensitivity analysis was conducted exclusively on healthcare receivables, assuming a change in the discount rate of +100 bps and a change in the collection of underlying receivables of -5%. The analysis identified a decline of approximately 10.3 million euros in relation to the increase in discount rates (+100 bps) and a decrease of approximately 12.8 million euros in relation to a lower recovery of receivables from debtors (-5%).

At 31 December 2023, the fair value of the investment in the Forward Fund (490 of 500 total units) was estimated at 483.5 million euros (+5.0 million euros), with a cumulative capital loss that therefore declined to 6.5 million euros from 11.5 million euros in 2022, mainly due to the revaluation of infrastructure investments and, to a lesser extent, the positive performance of recoveries on healthcare receivables and a modest increase in market rates.

1.2 Market risks

The Bank's exposure to market risk is mainly due to the trading of financial instruments on its own account. Market risk is represented by the possibility to suffer losses due to variations in the value of a financial instrument or a portfolio of financial instruments associated with unexpected variations in market conditions (share prices, interest rates, exchange rates, the prices of goods and the volatility of risk factors).

The Bank monitors market risks with reference both to the banking book and the trading book. Specifically, as regards monitoring this risk the Risk Management Department applies the regulatory method to the trading book, whilst the rate risk on the banking book follows the regulations specified in Annex C of Bank of Italy Circular No. 285/2013 and subsequent updates.
With regard to market risk management, the Bank has formally defined a Financial Portfolio Risk Management Policy, which specifies the general principles, the roles of the corporate bodies and functions involved in risk management, the Group's risk management guidelines on its business model, the risk appetite, the system of delegated powers established by the Board of Directors, the internal control system in force from time to time, and the instructions of the Supervisory Authority. The Finance Department conducts first-line management and monitoring of Banca Generali's exposure to market risk in accordance with predefined operating limits detailed in the Parent Company's Regulation of limits and escalation process.

[20] The Fund has an overall duration of 15 years, subject to extension by a maximum of two years, with a first investment period with a duration of 8 years and a management and collection period of 7 years.
[21] In particular, the Fund's investment policy calls for the cash flows from the repayment of the senior notes and the additional share of 120 million euros of the commitments entered into by the subscribers be invested in:
(i) fundamental infrastructure funds and networks; and
(ii) lending activities to:
(a) corporate lending with a focus on secured lending to Italian companies with adequate guarantees of cash generation not reclassified as non-performing and, possibly,
(b) performing senior real estate lending with adequate guarantees (i.e., first-degree mortgage with advance level of up to 60% of the market value of the asset).

Second-line controls are a responsibility of the Risk Management Department, as is the monitoring of operating limits aimed at maintaining a level of risk that is consistent with the strategies and risk appetite defined by the Board of Directors.

The Internal Audit Department conducts independent controls (third-line controls) on transactions undertaken by the Departments/Functions involved in the management of market risk in accordance with the Parent Company's Internal Rules.

The Risk Committee is a collegial body responsible for a shared vision of the global performance of the market risk management and control system and for deciding which actions are to be taken in response to any critical situations, deficiencies and/or anomalies that emerge from analyses and/or assessments conducted by the Risk Management Department.
The proprietary bond portfolio is mainly invested in government securities, securities issued by domestic and international banks and, to only a lesser extent, in securities of corporate issuers and ABSs. With a view to further strengthening the management and monitoring of the credit risk profile, the Bank has adopted a portfolio management policy that, in addition to the above-mentioned credit lines, provides, *inter alia*, for certain minimum and maximum investment limits on specific geographical-industry clusters and minimum thresholds for investments in government securities or securities with a high credit standing. This framework also sets specific maximum maturity limits for investments in the proprietary bond portfolio and strict limitations on exposures to complex instruments or hard-to-value assets. In addition, to complement its market risk analyses, the Bank performs scenario analyses by both exploiting the macroeconomic forecasts published by institutions and research centres and drawing on internal calculations and management tools.

The portfolio's exposure to the equity market remains modest.
The Group uses derivatives for hedge accounting purposes (e.g., Interest Rate Swaps), both in order to safeguard the banking book against adverse changes in the fair value of loans caused by movements in rate curves, and to contain duration levels in view of changing trends in the proprietary portfolio.

The main objective of exchange rate operations is to contain open positions in foreign currencies. Regarding the rate activity, the main objective is to align balance sheet assets and liabilities. Banca Generali holds marginal amounts of securities denominated in foreign currencies.

1.2.1 Interest rate and price risk – Regulatory trading book

Qualitative information

A. General aspects

The exposure of the trading book is residual.

B. Management processes and interest rate and price risk measurement techniques

Market risks are measured for management purposes according to a daily sensitivity analysis, prudentially monitored at the level of the Bank's entire proprietary portfolio with the aim of identifying interest rate and spread risk. These are supplemented by the monitoring of deterministic measurements (level measurements such as the notional and Mark to Market values) defined in the "Regulation of Limits and Escalation Process".

In detail, the model adopted by the Risk Management Department to conduct the sensitivity analysis is based on the Fundamental Review of Trading Book rules and has been developed to calculate sensitivity:
- on interest-rate risk: the possibility of calculating sensitivity according to a full-evaluation approach, based on shocks to the base risk-free curve in foreign currency;
- on country risk: the possibility of calculating sensitivity according to a full-evaluation approach, based on shocks to loan/sector curves.

The sensitivities of the two components described above are calculated as a parallel shock of +100 bps on all nodes of the curve, with regard to both the interest-rate risk and country risk portions.

The following table shows the interest-rate risk sensitivity of the entire trading book (HTS portfolio) at 31 December 2023:

(€ THOUSAND)	HTS
Interest-rate risk sensitivity	-0.1

Quantitative information

1. Regulatory trading book: breakdown by time-to-maturity (repricing date) of cash financial assets and liabilities and financial derivatives

TYPE/TIME-TO-MATURITY	DEMAND	UP TO 3 MONTHS	OVER 3 MONTHS, UP TO 6 MONTHS	OVER 6 MONTHS, UP TO 1 YEAR	OVER 1 YEAR, UP TO 5 YEARS	OVER 5 YEARS, UP TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED MATURITY
1. Cash assets	**-**	**-**	**-**	**-**	**2**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	2	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	2	-	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. Cash liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Repurchase agreements	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial derivatives	**-**	**141,704**	**-**	**-**	**-**	**-**	**-**	**-**
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options		-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives		-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	141,704	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	141,704	-	-	-	-	-	-
+ long positions	-	70,852	-	-	-	-	-	-
+ short positions	-	70,852	-	-	-	-	-	-

2. Regulatory trading book: breakdown of exposures in equity securities and stock indices by main countries on the market of listing

Price risk consists of the risk that the fair value or future cash flows of a given financial instrument may fluctuate as a result of changes in market prices (other than changes triggered by **interest-rate risk** or **exchange-rate risk**), regardless of whether such changes are the result of factors specific to the instrument or issuer in question, or are due to factors that influence all similar financial instruments traded on the market.

Price risk arises mainly as a result of the trading of equity instruments such as shares, stock-index and/or stock futures, stock-index and/or stock options, warrants, covered warrants, option rights, etc. and in relation to UCITS units held in the portfolio.

However, the Group's exposure to this risk is moderate given the limited weight of such securities in its portfolio of HFT financial assets.

TYPE OF TRANSACTION/INDEX	LISTED				NOT LISTED
	ITALY	USA	GERMANY	OTHER	
A. Equity securities	1	-	-	-	-
- long positions	1	-	-	-	-
- short positions	-	-	-	-	-
A. Equity security purchases/sales to be settled	-	-	-	-	-
- long positions	-	-	-	-	-
- short positions	-	-	-	-	-
A. Other derivatives on equity securities	-	-	-	-	-
- long positions	-	-	-	-	-
- short positions	-	-	-	-	-
D. Stock-index derivatives	-	-	-	-	-
- long positions	-	-	-	-	-
- short positions	-	-	-	-	-

3. Regulatory trading book: internal models and other methods of sensitivity analysis

Sensitivity analysis was also employed to assess the market risks originating in the trading book.
This sort of analysis quantifies the change in the value of a financial portfolio as a result of variation in the primarily risk factors, which for Banca Generali Group are interest-rate and price risk.
In calculating interest-rate risk, the analysis assumed a parallel, uniform shift of +100/-100 basis points in the rate curve.
The next stage involves establishing the potential effects on the profit and loss account both in terms of the actual change in the fair value of the portfolio under analysis at the reporting date and the change in the net interest income for the current year.
In calculating the price risk associated with equities, a 10% change in market prices was considered. On this basis, the actual impact of such a change on the current equities portfolio was then determined.

On the whole, a change in market prices of +10%/-10% would result in the recognition through profit or loss of non-material capital gains/losses on the trading book, consisting mainly of equity securities.

A change in interest rates of +100/-100 basis points would have an overall effect on the fair value of the debt securities trading book of -0.1/+0.1 thousand euros, gross of the tax effect.

(€ THOUSAND)	HTS
FV equity delta (+10%)	-
FV equity delta (-10%)	-
FV bonds delta (+1%)	-0.1
FV bonds delta (-1%)	+0.1

1.2.2 Interest rate and price risk – Banking book

Qualitative information

A. General aspects and interest rate and price risk management processes and measurement techniques

The interest rate risk to which the banking book is exposed consists of the risk of incurring losses due to potential fluctuations in interest rates.

This risk is generated by the gaps between the maturities and time required to reset the interest rate on the Bank's assets and liabilities. Where such gaps are present, fluctuations in interest rates result in variations of net income, and therefore projected profit, as well as variations in the market value of the assets and liabilities, and, in turn, the value of net equity.

With regard to the management of the interest rate risk of the banking book, the Bank has formally defined a Policy, which specifies the general principles, the roles of the corporate bodies and functions involved in risk management, the Group's risk management guidelines on its business model, the risk appetite, the system of delegated powers established by the Board of Directors, the internal control system in force from time to time, and the instructions of the Supervisory Authority.

The Finance Department and the Credit Department conduct first-line controls on the management of interest rate risk.
The Risk Management Department is responsible for second-line controls with the aim of conducting specific independent measurement, control and monitoring of the interest rate risk to which the banking book is exposed. It is also responsible for updating the models and metrics, including on the basis of analyses of legal requirements, market best practices and the contributions of the business functions involved (and the Finance Department in particular).
The Internal Audit Department is responsible for third-line controls on lending and funding activities.

The Risk Committee is a collegial body responsible for a shared vision of the global performance of the management and control system for interest rate risk in the banking book and for deciding which actions are to be taken in response to any critical situations, deficiencies and/or anomalies that emerge from analyses and/or assessments conducted by the Risk Management Department.

During the year, the Bank monitored its interest rate risk profile by applying its control framework, checking the exposure against the limits approved by the Board of Directors upon approval of the Risk Appetite Framework. Containment of the risk to changes in interest rates is also based on monitoring of the duration of the Bank's proprietary portfolio or on stress tests that aim to identify in advance significant sources of risk upon the occurrence of adverse situations.
In line with Supervisory Provisions, the Bank also determines the exposure to interest rate risk of the banking book by reference to net interest income or expected profits.
During the year, the Group adopted advanced tools for monitoring interest rate risk, which increased the efficiency of the processes of risk data processing and reporting, final and forward-looking risk analytics calculation and detailed analysis of specific financial statement items (e.g., current accounts) in support of the business and/or commercial actions.

Most of the interest rate risk in the Bank's banking book arises from:
- trading on the collateralised deposits market (REPOs);
- customer lending activities; and
- investing activities regarding the debt securities portfolio held as treasury investment, which can cause a mismatch in the repricing dates and currencies of assets compared to those of liabilities associated with funding activities, with a negative impact on the Group's objectives in terms of net interest income.

B. Fair value and cash flow hedging

The Bank currently uses fair value hedging strategies to contain the interest rate risk on the banking book. These strategies are formulated according to the Bank's risk appetite and are designed to keep banking book's duration within the established limits by using hedging derivative instruments such as interest rate swaps.
In particular, by establishing hedging relationships, the Bank seeks to stabilise the fair value of the bond in respect of changes in interest rates and to decrease the duration of the hedged bond.
All derivative instruments are designated as hedges against the specific risk hedged, as identified for each hedging relationship and pursuant to IFRS 9.

There are currently no cash flow hedging transactions generated by the Bank's operations.

Quantitative information

1. Banking book: breakdown by time-to-maturity (repricing date) of financial assets and liabilities

TYPE/TIME-TO-MATURITY	DEMAND	UP TO 3 MONTHS	OVER 3 MONTHS, UP TO 6 MONTHS	OVER 6 MONTHS, UP TO 1 YEAR	OVER 1 YEAR, UP TO 5 YEARS	OVER 5 YEARS, UP TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED MATURITY
1. Cash assets	**3,323,350**	**1,623,428**	**3,270,040**	**839,520**	**3,612,315**	**883,976**	**348,053**	**-**
1.1 Debt securities	-	1,259,472	3,267,491	836,701	3,599,165	881,010	345,784	-
- with early repayment option	-	180,902	22,224	13,469	59,815	12,497	-	-
- other	-	1,078,570	3,245,267	823,232	3,539,350	868,513	345,784	-
1.2 Loans to banks	718,262	362,846	-	-	-	-	-	-
1.3 Loans to customers	2,605,088	1,110	2,549	2,819	13,150	2,966	2,269	-
- current accounts	1,694,201	20	337	94	25	-	-	-
- other loans	910,887	1,090	2,212	2,725	13,125	2,966	2,269	-
- with early repayment option	594,907	476	165	210	2,237	2,959	2,269	-
- other	315,980	614	2,047	2,515	10,888	7	-	-
2. Cash liabilities	**11,609,232**	**1,416,042**	**229,297**	**148,619**	**571**	**-**	**-**	**-**
2.1 Due to customers	11,548,587	1,245,002	229,297	148,619	571	-	-	-
- current accounts	11,095,745	27,324	66,659	148,619	571	-	-	-
- other debts	452,842	1,217,678	162,638	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	452,842	1,217,678	162,638	-	-	-	-	-
2.2 Due to banks	60,645	171,040	-	-	-	-	-	-
- current accounts	34,938	-	-	-	-	-	-	-
- other debts	25,707	171,040	-	-	-	-	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial derivatives	**10,000**	**1,394,000**	**3,418,574**	**145,000**	**659,150**	**542,000**	**412,500**	**-**
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	10,000	1,394,000	3,418,574	145,000	659,150	542,000	412,500	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	10,000	1,394,000	3,418,574	145,000	659,150	542,000	412,500	-
+ long positions	10,000	1,284,000	1,918,574	20,000	58,074	-	-	-
+ short positions	-	110,000	1,500,000	125,000	601,076	542,000	412,500	-
4. Other off-balance sheet transactions	**1,822,324**	**1,822,324**	**-**	**-**	**-**	**-**	**-**	**-**
+ long positions	1,822,324	-	-	-	-	-	-	-
+ short positions	-	1,822,324	-	-	-	-	-	-

2. Banking book: internal models and other methods of sensitivity analysis

The sensitivity analysis was conducted only for the interest rate risk component also for the banking book, with regard to the portfolio of financial assets measured at fair value through other comprehensive income, the portfolio of financial assets measured at amortised cost, and the portfolio of loans to customers and banks.

As regards the price risk, a shock of +100/-100 basis points would yield a change in the valuation reserves on debt securities in the HTCS category of -3.9/+3.9 million euros, gross of the tax effect.
The fair value delta component associated with the government bonds in the HTCS portfolio would amount to -3.7/+3.7 million euros as a result of the hypothesised shift in the rate curve, or about 95% of the fair value delta of the entire HTCS bond portfolio.

To provide a complete information, the following table shows the effect of a similar price shock in the fair value of portfolios recognised at amortised cost.

(€ THOUSAND)	HTCS	HTC	LOANS (*)	TOTAL
FV bonds delta (+1%)	-3,890	-114,833	-9,550	-128,273
- *of which: government bonds*	*-3,712*	*-73,498*	-	*-77,210*
FV bonds delta (-1%)	3,890	114,833	10,925	129,648
- *of which: government bonds*	*3,712*	*73,498*	-	*77,210*

(*) Loans to banks and Loans to customers.

The same criteria were also applied to a sensitivity analysis of net interest income of the entire banking book. It resulted in a potential impact on the Profit and Loss Account of +44.8 million euros, gross of the tax effect, in case of increase in interest rates by 1%, and -45.1 million euros in case of decrease by the same amount.

(€ THOUSAND)	ASSETS	LIABILITIES	NET
Net interest income delta (+1%) (*)	71,291	-26,531	44,759
Net interest income delta (-1%) (*)	-71,906	26,757	-45,150

(*) Sensitivity analysis calculated using a constant balance sheet, considering current funding pricing conditions.

1.2.3 Exchange rate risk

Qualitative information

A. General aspects and exchange rate risk management processes and measurement techniques

Exchange rate risk is the possibility of incurring losses due to adverse fluctuations in the value of foreign currencies on all positions held by the Bank, regardless of the portfolio to which they have been allocated.
With regard to exchange rate risk management, the Group has formally defined a Financial Portfolio Risk Management Policy, which specifies the general principles, the roles of the corporate bodies and functions involved in risk management, the Group's risk management guidelines in accordance with its business model, the risk appetite, the system of delegated powers established by the Board of Directors, the internal control system in force from time to time, and the instructions of the Supervisory Authority.

The Finance Department performs first-line controls of exchange rate risk management.
The Risk Management Department is responsible for second-line controls with the aim of conducting specific independent measurement, control and monitoring of the exchange rate risk.
The Internal Audit Department is responsible for third-line controls on lending and funding activities in foreign currency.
The Risk Committee is a collegial body responsible for a shared vision of the global performance of the exchange rate risk management and control system and for deciding which actions are to be taken in response to any critical situations, deficiencies and/or anomalies that emerge from analyses and/or assessments conducted by the Risk Management Department.

Most of the exchange rate risk arises from:
› trading of securities and other financial assets in foreign currency;
› interest to be collected and/or paid, reimbursements, fees or dividends in foreign currency;
› bank transfers in foreign currency to customers (institutional and retail customers);
› currency trading on behalf of customers.

The main objective of exchange rate operations is to contain open positions in foreign currencies, as limited to currency account currencies.
Exchange rate risk is mitigated through funding activities in the same currency as that of lending transactions.

The exchange rate risk associated with BG Valeur and BG Suisse is due to the fact that most of its revenues are in a different currency than its administrative costs (CHF). The subsidiaries' open positions in the Swiss franc account for 0.4% of total consolidated assets, and therefore are not a material exposure at the Group level.

Quantitative information

1. Breakdown by currency of denomination of assets, liabilities and derivatives

	CURRENCIES						
ITEMS	US DOLLAR	JAPANESE YEN	SWISS FRANC	POUND STERLING	CANADIAN DOLLAR	AUSTRALIAN DOLLAR	OTHER CURRENCIES
A. Financial assets	**74,355**	**1,809**	**19,955**	**12,996**	**2,479**	**1,037**	**1,104**
A.1 Debt securities	35,884	-	12,975	-	-	-	-
A.2 Equity securities	6,198	-	-	6,835	-	-	-
A.3 Loans to banks	32,271	1,809	2,991	6,160	2,479	1,037	1,104
A.4 Loans to customers	2	-	3,989	1	-	-	-
A.5 Other financial assets	-	-	-	-	-	-	-
B. Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C. Financial liabilities	**59,748**	**1,565**	**16,523**	**5,791**	**2,530**	**1,142**	**1,666**
C.1 Due to banks	1,817	-	106	123	-	3	920
C.2 Due to customers	57,931	1,565	16,417	5,668	2,530	1,139	746
C.3 Debt securities	-	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-	-
D. Other liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**
E. Financial derivatives	**-8,670**	**27**	**-24**	**-97**	**-29**	**-6**	**-33**
- Options	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-
- Other derivatives	-8,670	27	-24	-97	-29	-6	-33
- long positions	33,817	27	270	1,008	65	99	243
- short positions	42,487	-	294	1,105	94	105	276
Total assets	**108,172**	**1,836**	**20,225**	**14,004**	**2,544**	**1,136**	**1,347**
Total liabilities	**102,235**	**1,565**	**16,817**	**6,896**	**2,624**	**1,247**	**1,942**
Excess	**5,937**	**271**	**3,408**	**7,108**	**-80**	**-111**	**-595**

2. Internal models and other methods of sensitivity analysis

The sensitivity analysis discussed in the foregoing section has been also conducted on assets and liabilities denominated in currencies other than the euro, regardless of the portfolio to which they have been allocated.

A shock of +10%/-10% on equity instruments denominated in currencies other than the euro would have an effect on the fair value of approximately +1.2/-1.2 million euros, whereas a shock of +100/-100 bps in rates would have an effect on the fair value of debt securities and assets other than equity instruments in foreign currency of -772/+772 thousand euros, gross of the tax effect.

(€ THOUSAND)	ASSETS
FV equity delta (+10%)	1,201
FV equity delta (-10%)	-1,201
FV non-equity delta (+1%)	-772
FV non-equity delta (-1%)	+772

By contrast, an interest rate movement of +100/-100 bps would have an effect of +282/-284 thousand euros on the flow of interest on assets and liabilities denominated in currencies other than the euro.

(€ THOUSAND)	TOTAL ITEMS
Net interest income delta (+1%)	+282
Net interest income delta (-1%)	-284

1.3 Derivatives and Hedging Policies

1.3.1 Trading derivatives

A. Financial derivatives

A.1 HFT financial derivatives: notional values at year-end

UNDERLYING ASSETS/ TYPES OF DERIVATIVES	31.12.2023				31.12.2022			
	OVER THE COUNTER				OVER THE COUNTER			
		WITHOUT CENTRAL COUNTERPARTIES				WITHOUT CENTRAL COUNTERPARTIES		
	CENTRAL COUNTER-PARTIES	WITH NETTING ARRANGE-MENTS	WITHOUT NETTING ARRANGE-MENTS	ORGANISED MARKETS	CENTRAL COUNTER-PARTIES	WITH NETTING ARRANGE-MENTS	WITHOUT NETTING ARRANGE-MENTS	ORGANISED MARKETS
1. Debt securities and interest rates	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity securities and stock indices	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold	**-**	**5,469**	**5,469**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	5,469	5,469	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Goods	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**5,469**	**5,469**	**-**	**-**	**-**	**-**	**-**

A.2 HFT financial derivatives: positive and negative gross fair value - breakdown by products

	31.12.2023				31.12.2022			
	OVER THE COUNTER				OVER THE COUNTER			
		WITHOUT CENTRAL COUNTERPARTIES				WITHOUT CENTRAL COUNTERPARTIES		
TYPE OF DERIVATIVES	CENTRAL COUNTER-PARTIES	WITH NETTING ARRANGE-MENTS	WITHOUT NETTING ARRANGE-MENTS	ORGANISED MARKETS	CENTRAL COUNTER-PARTIES	WITH NETTING ARRANGE-MENTS	WITHOUT NETTING ARRANGE-MENTS	ORGANISED MARKETS
1. Positive fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	-	-	-	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	156	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-
Total	**-**	**156**	**-**	**-**	**-**	**-**	**-**	**-**
1. Negative fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	-	-	-	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	-	159	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-
Total	**-**	**-**	**159**	**-**	**-**	**-**	**-**	**-**

A.3 OTC HFT financial derivatives: breakdown of notional values and positive and negative gross fair value by counterparties

UNDERLYING ASSETS	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL CORPORATIONS	OTHER ENTITIES
Contracts other than netting arrangements				
1) Debt securities and interest rates				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
2) Equity securities and stock indices				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional value	X	-	-	5,469
- positive fair value	X	-	-	-
- negative fair value	X	-	-	159
4) Goods				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other values				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts within the scope of netting arrangements				
1) Debt securities and interest rates				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2) Equity securities and stock indices				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional value	-	5,469	-	-
- positive fair value	-	156	-	-
- negative fair value	-	-	-	-
4) Goods				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other values				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Time-to-maturity of OTC HFT financial derivatives: notional values

UNDERLYING ASSETS/RESIDUAL LIFE	UP TO 1 YEAR	OVER 1 YEAR, UP TO 5 YEARS	OVER 5 YEARS	TOTAL
A.1 Financial derivatives on debt securities and interest rates	-	-	-	-
A.2 Financial derivatives on equity securities and stock indices	-	-	-	-
A.3 Financial derivatives on currencies and gold	10,939	-	-	10,939
A.4 Financial derivatives on goods	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total at 31.12.2023	**10,939**	**-**	**-**	**10,939**
Total at 31.12.2022	**-**	**-**	**-**	**-**

1.3.2 Hedging instruments

The proprietary portfolio managed by the Bank includes hedging derivatives entered into both through a central counterparty (CCP) clearing house and on a bilateral basis under a CSA, affected by the benchmark interest rate reform introduced by Regulation (EU) No. 34 of 15 January 2020.
For such contracts, which normally call for the use of Eonia rates, the transition to the new overnight rate, €STR, was therefore completed in 2021.

Since 1 September 2022, concurrently with the parent company, Assicurazioni Generali, the Bank has been subject to an obligation to apply all risk mitigation techniques mandated by the EMIR Regulation in reference to contracts not subject to clearing through central counterparties. Specifically, the Bank entered into contracts for the exchange of collateral to hedge the initial margins in OTC derivatives with each counterparty, indicating Euroclear as the Triparty Agent with which to segregate the securities hedging the exposure. The Bank has also adopted ACADIA software for calculating the initial margins of existing positions, with daily monitoring of both observance of regulatory thresholds and covering margin calls.

Quantitative information

A. Hedging financial derivatives

A.1 Hedging financial derivatives: notional values at year-end

	31.12.2023				31.12.2022			
	OVER THE COUNTER				OVER THE COUNTER			
		WITHOUT CENTRAL COUNTERPARTIES				WITHOUT CENTRAL COUNTERPARTIES		
TYPE OF DERIVATIVES	CENTRAL COUNTER-PARTIES	WITH NETTING ARRANGE-MENTS	WITHOUT NETTING ARRANGE-MENTS	ORGANISED MARKETS	CENTRAL COUNTER-PARTIES	WITH NETTING ARRANGE-MENTS	WITHOUT NETTING ARRANGE-MENTS	ORGANISED MARKETS
1. Debt securities and interest rates	**-**	**3,272,500**	**-**	**-**	**-**	**4,076,000**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	3,272,500	-	-	-	4,076,000	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity securities and stock indices	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold	**-**	**9,038**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	9,038	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Goods	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**3,281,538**	**-**	**-**	**-**	**4,076,000**	**-**	**-**

A.2 Hedging financial derivatives: positive and negative gross fair value - breakdown by products

TYPE OF DERIVATIVES	FAIR VALUE POSITIVO E NEGATIVO								CHANGE IN VALUE USED TO MEASURE THE HEDGE INEFFECTIVENESS	
	31.12.2023				31.12.2022					
	OVER THE COUNTER				OVER THE COUNTER					
		WITHOUT CENTRAL COUNTERPARTIES				WITHOUT CENTRAL COUNTERPARTIES				
	CENTRAL COUNTER-PARTIES	WITH NETTING ARRANGE-MENTS	WITHOUT NETTING ARRANGE-MENTS	ORGANISED MARKETS	CENTRAL COUNTER-PARTIES	WITH NETTING ARRANGE-MENTS	WITHOUT NETTING ARRANGE-MENTS	ORGANISED MARKETS	31.12.2023	31.12.2022
1. Positive fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	161,886	-	-	-	286,776	-	-	-	-
c) Cross currency swaps	-	69	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	-	**161,955**	**-**	-	**-**	**286,776**	**-**	**-**	-	-
1. Negative fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	132,662	-	-	-	123,604	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	-	**132,662**	**-**	-	**-**	**123,604**	**-**	**-**	-	-

A.3 OTC financial derivatives: breakdown of notional values and positive and negative gross fair value by counterparties

UNDERLYING ASSETS	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL CORPORATIONS	OTHER ENTITIES
Contracts other than netting arrangements				
1) Debt securities and interest rates				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
2) Equity securities and stock indices				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
4) Goods				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts within the scope of netting arrangements				
1) Debt securities and interest rates				
- notional value	-	3,272,500	-	-
- positive fair value	-	161,886	-	-
- negative fair value	-	132,662	-	-
2) Equity securities and stock indices				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional value	-	9,038	-	-
- positive fair value	-	69	-	-
- negative fair value	-	-	-	-
4) Goods				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Time-to-maturity of OTC hedging financial derivatives: notional values

UNDERLYING ASSETS/RESIDUAL LIFE	UP TO 1 YEAR	OVER 1 YEAR, UP TO 5 YEARS	OVER 5 YEARS	TOTAL
A.1 Financial derivatives on debt securities and interest rates	65,000	1,463,000	1,744,500	3,272,500
A.2 Financial derivatives on equity securities and stock indices	-	-	-	-
A.3 Financial derivatives on currencies and gold	-	9,038	-	9,038
A.4 Financial derivatives on goods	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total at 31.12.2023	**65,000**	**1,472,038**	**1,744,500**	**3,281,538**
Total at 31.12.2022	**335,000**	**1,267,500**	**2,473,500**	**4,076,000**

D. Hedged instruments

D.1 Fair value hedging

	SPECIFIC HEDGES					
	SPECIFIC HEDGES: CARRYING AMOUNT	SPECIFIC HEDGES – NET POSITIONS: CARRYING AMOUNT OF ASSETS OR LIABILITIES (BEFORE NETTING)	CUMULATIVE FAIR VALUE CHANGES OF THE HEDGED INSTRUMENT	TERMINATION OF HEDGING POSITION: RESIDUAL CUMULATIVE FAIR VALUE CHANGES	CHANGE IN VALUE USED TO MEASURE THE HEDGE INEFFECTIVENESS	GENERIC HEDGES: CARRYING AMOUNT
A. Assets						
1. Financial assets measured at fair value through other comprehensive income – hedging of:	**58,486**	**-**	**-812**	**-**	**-**	**-**
1.1 Debt securities and interest-rates	58,486	-	-812	-	-	X
1.2 Equity securities and stock indices	-	-	-	-	-	X
1.3 Currencies and gold	-	-	-	-	-	X
1.4 Loans	-	-	-	-	-	X
1.5 Other	-	-	-	-	-	X
2. Financial assets measured at amortised cost – hedging of:	**3,224,304**	**-**	**-85,014**	**-**	**-**	**-**
1.1 Debt securities and interest-rates	3,215,226	-	-84,977	-	-	X
1.2 Equity securities and stock indices	-	-	-	-	-	X
1.3 Currencies and gold	9,078	-	-37	-	-	X
1.4 Loans	-	-	-	-	-	X
1.5 Other	-	-	-	-	-	X
Total at 31.12.2023	**3,282,790**	**-**	**-85,826**	**-**	**-**	**-**
Total at 31.12.2022	**3,929,371**	**-**	**-289,526**	**-**	**-**	**-**
B. Liabilities						
1. Financial liabilities measured at amortised cost – hedging of:	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities and interest-rates	-	-	-	-	-	X
1.2 Currencies and gold	-	-	-	-	-	X
1.3 Other	-	-	-	-	-	X
Total at 31.12.2023	**-**	**-**	**-**	**-**	**-**	**-**
Total at 31.12.2022	**-**	**-**	**-**	**-**	**-**	**-**

1.3.3 Other information on derivatives (held for trading and for hedging)

A. Financial and credit derivatives

A.1 OTC financial and credit derivatives: breakdown of net fair value by counterparties

	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL CORPORATIONS	OTHER ENTITIES
A. Financial derivatives				
1) Debt securities and interest rates				
- notional value	-	3,272,500	-	-
- positive fair value	-	1,618,866	-	-
- negative fair value	-	132,662	-	-
2) Equity securities and stock indices				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional value	-	14,507	-	5,469
- positive fair value	-	225	-	-
- negative fair value	-	-	-	159
4) Goods				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
B. Credit derivatives				
1) Purchase and protection				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2) Sale and protection				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

1.4 Liquidity risk

Qualitative information

A. General aspects and liquidity risk management processes and measurement techniques

Exposure to liquidity risk derives from funding and lending transactions in the course of the Bank's ordinary business, as well as from the presence of unlisted financial instruments in its proprietary portfolios. Such risk takes the form of default on payment obligations, which may be caused by an inability to raise funds (funding liquidity risk) or the existence of limits on the divestment of assets (market liquidity risk). Liquidity risk also includes the risk that an entity may be forced to meet its own payment obligations at non-market costs, that is to say while incurring a high cost of funding or (and in some cases concurrently) sustaining capital losses when divesting assets.

The structure of the liquidity risk management system is intended to ensure sound and prudent management of liquidity and liquidity risk and purses the following goals:

› ensuring that the Bank remains solvent in both the ordinary course of business and crisis conditions;
› complying with instructions from the Supervisory Authority and the guidelines on banking supervision issued by the various international authorities, while also taking account of the specificity of the Bank's business;

- maintaining a liquidity profile that is consistent with the risk tolerance statements issued by its administrative bodies;
- ensuring liquidity levels capable of allowing the Group to fulfil its contractual commitments at any times, maximising the cost of funding with respect to current and forecast market conditions.

In particular, the liquidity risk management and monitoring policy implemented by the Group at the consolidated level is in turn divided into:
- managing **operating liquidity** risk, i.e., events that affect the Group's liquidity position on the short-term time horizon, with the primary objective of maintaining the Group's capacity to meet its ordinary and extraordinary payment obligations, while minimising the related costs;
- managing **structural liquidity** risk, i.e., all events that affect the Group's liquidity position, including in the medium/long term, with the primary objective of maintaining an adequate relationship between liabilities and assets on the various time horizons. In particular, the management of structural liquidity allows to avoid pressure on current and prospective sources of liquidity and to optimise the cost of funding.

Both risk profiles are measured on a going concern basis and in stress scenarios and are analysed from a current and a prospective standpoint (forward looking).

With regard to liquidity risk management, the Bank has formally defined a policy, which specifies the general principles, the roles of the corporate bodies and functions involved in risk management, the Group's risk management guidelines in accordance with its business model, the risk appetite, the system of delegated powers established by the Board of Directors, the internal control system in force from time to time, and the instructions of the Supervisory Authority.

The Finance Department is responsible for first-line controls and managing treasury and proprietary investment cash flows with the aim of ensuring thorough diversification of sources of financing and monitoring cash flows and daily liquidity. Liquidity needs are primarily managed through recourse to the money market (interbank deposits and repurchase agreements) and, to a secondary degree, where available, through the measures proposed by the ECB. The funding structure is mainly focused on net inflows from retail customers, which are characterised by a stable performance, and on institutional sources of funding. In addition, the Group maintains a portfolio of listed, highly liquid financial instruments (high quality liquid assets) in order to respond to potential crisis scenarios characterised by a sudden interruption of net inflows.

The Risk Management Department is responsible for second-line controls. Liquidity risk is managed within appropriate short-term and structural (beyond one year) limits, monitored by the Department, assuming that financial markets will either continue to function normally or in conditions of particular stress, so as to ensure that the risk level expressed is consistent with the strategies and risk appetite established by the Board of Directors.

The Internal Audit Department is responsible for third-line controls on lending and funding activities.
The Risk Committee is a collegial body responsible for a shared vision of the global performance of the liquidity risk management and control system and for deciding which actions are to be taken in response to any critical situations, deficiencies and/or anomalies that emerge from analyses and/or assessments conducted by the Risk Management Department.

Moreover, the Group has a Contingency Funding Plan in order to ensure the orderly management of any systemic and idiosyncratic liquidity crises, the safeguarding of the Bank's assets and a guarantee of business continuity. This Plan detects, through early warning monitoring, any signs of liquidity tension and identifies the actions or tools to be activated. On an annual basis, the Bank also initiates and prepares a self-assessment on liquidity risk management during the ILAAP process, providing the results to the supervisory authorities.
The liquidity risk is also monitored using a maturity ladder designed on the basis of the guidelines set out in the prudential supervisory provisions governing the measurement of net financial position. Through the maturity ladder, the Bank assesses the matching of expected cash flows, by balancing assets and liabilities whose maturity falls within each maturity range; the balances and therefore the mismatches between expected inflows and outflows within each maturity range allow, through the construction of cumulative mismatches, the calculation of the net balance of funding requirement (or surplus) over the holding period considered.

The Bank's LCR at 31 December 2023 amounted to 335%, far in excess of the current mandatory minimum level, thanks to high quality liquid assets (HQLAs) of approximately 7.7 billion euros, primarily Italian government bonds, offsetting the estimated net cash outflows in the following 30 days.
During the year, the structural regulatory indicator (Net Stable Funding Ratio) also remained consistently above the established limits, amounting to 214% as at 31 December 2023, owing to long-term stable funding in excess of the on-balance sheet assets requiring such long-term stable funding.
During the year, the Group adopted advanced tools for monitoring liquidity risk, which increased the efficiency of the processes of risk data processing and reporting, final and forward-looking risk analytics calculation and detailed analysis of specific financial statement items (e.g., current accounts) in support of the business and/or commercial actions.

As a participant in payment, settlement and netting systems, the Group is exposed to intraday liquidity risk due to a mismatch in the timing of daily payment inflows and outflows, which may in turn give rise to potentially large temporary imbalances than expected at the end of the day.
Intraday liquidity management is the responsibility of the Treasury and Portfolio Management Service and seeks to ensure that available liquidity is constantly sufficient to cover cash outflows. The Risk Management Department is responsible for ex-post second-line controls.

Structural liquidity risk is also measured by adopting Additional Liquidity Monitoring Metrics (pursuant to Article 415, paragraph 3(b), of Regulation (EU) No. 575/2013), involving an analysis of the concentration of borrowings by counterparty and product type. These analyses enable a more complete vision of the liquidity risk profile, providing the level of diversification of sources of funding in the wholesale and retail markets in order to emphasise excessive dependency on individual product types, which could be subject to severe outflows during a liquidity crisis.

In the year, the Bank constantly monitored its short- and long-term liquidity profile through the application of its control framework, ensuring prudent and sound management.

Quantitative information

1. Breakdown of financial assets and liabilities by time to contractual maturity

ITEM/TIME-TO-MATURITY	DEMAND	OVER 1 DAY, UP TO 7 DAYS	OVER 7 DAYS, UP TO 15 DAYS	OVER 15 DAYS, UP TO 1 MONTH	OVER 1 MONTH, UP TO 3 MONTHS	OVER 3 MONTHS UP TO 6 MONTHS	OVER 6 MONTHS, UP TO 1 YEAR	OVER 1 YEAR, UP TO 5 YEARS	OVER 5 YEARS	UNSPECIFIED MATURITY
A. Cash assets										
A.1 Government securities	313	300	56,078	6,812	318,059	716,073	659,068	4,390,735	1,894,894	-
A.2 Other debt securities	2,500	124	1,204	66,829	79,934	66,977	127,702	1,499,628	483,304	-
A.3 UCITS units	486,097	-	-	-	-	-	-	-	-	-
A.4 Financing	2,221,633	26,378	11,405	200,348	51,963	36,362	78,045	249,927	238,169	108,186
- to banks	204,713	25,714	-	200,049	28,965	-	-	-	-	108,186
- to customers	2,016,920	664	11,405	299	22,998	36,362	78,045	249,927	238,169	-
Total	**2,710,543**	**26,802**	**68,687**	**273,989**	**449,956**	**819,412**	**864,815**	**6,140,290**	**2,616,367**	**108,186**
A. Cash liabilities										
B.1 Deposits and current accounts	11,130,447	342	439	931	25,922	68,120	156,714	571	-	-
- from banks	35,346	-	-	-	-	-	-	-	-	-
- from customers	11,095,101	342	439	931	25,922	68,120	156,714	571	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	577,396	1,135,212	51,609	90,497	111,400	162,638	-	-	-	-
Total	**11,707,843**	**1,135,554**	**52,048**	**91,428**	**137,322**	**230,758**	**156,714**	**571**	**-**	**-**
C. Off-balance sheet transactions										
C.1 Financial derivatives with capital swap	-	119,826	-	-	21,878	260	260	18,112	-	-
- long positions	-	59,913	-	-	10,939	-	-	9,074	-	-
- short positions	-	59,913	-	-	10,939	260	260	9,038	-	-
C.2 Financial derivatives without capital swap	-	758	1,100	2,784	10,297	48,338	46,950	-	-	-
- long positions	-	758	283	2,589	10,184	48,104	45,356	-	-	-
- short positions	-	-	817	195	113	234	1,594	-	-	-
C.3 Deposits and loans receivable	1,822,324	1,814,495	-	7,829	-	-	-	-	-	-
- long positions	1,822,324	-	-	-	-	-	-	-	-	-
- short positions	-	1,814,495	-	7,829	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds	85,448	-	-	-	-	11	720	923	122	-
- long positions	41,836	-	-	-	-	11	720	923	122	-
- short positions	43,612	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	36,318	-	-	-	-	1,417	878	14,108	11,226	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with capital swap	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without capital swap	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
Total	**1,944,090**	**1,935,079**	**1,100**	**10,613**	**32,175**	**50,026**	**48,808**	**33,143**	**11,348**	**-**

1.5 Operational risks

Qualitative information

A. General aspects and operational risk management processes and measurement techniques

The exposure to operational risks is closely linked to the type and volume of business conducted, as well as the operating procedures implemented. In detail, the operations undertaken (primarily management of third-party assets and the distribution of the Group's own and third-party investment products), the use of information technology systems, the definition of operating procedures, interaction with parties protected by the law, the commercial structure adopted (chiefly Financial Advisors) and the direct involvement of all employed personnel in operations structurally expose the Group to operational risk, which is defined as the possibility of sustaining financial losses deriving from the inadequacy or improper functioning of procedures, human resources, internal systems or external events. This type of risk includes, *inter alia*, losses due to fraud, human error, interruptions of operations, unavailability of systems, breach of contract, natural disasters and legal risk.

With regard to operational risk management, the Bank has formally defined an Operational Risk Management Policy, which specifies the general principles, the roles of the corporate bodies and functions involved in risk management, the Group's risk management guidelines in accordance with its business model, the risk appetite, the system of delegated powers established by the Board of Directors, the internal control system in force from time to time, and the instructions of the Supervisory Authority.

The functions dealing with Organisation, IT Management and Security guarantee the efficient functioning of application procedures and information systems that support organisational processes. They also evaluate the physical and logical security conditions within the Bank and, if necessary, implement measures to guarantee a higher general level of security.
The Risk Management Department carries out risk assessment and scoring activities, monitors incidents/operational risk events and the related and loss data collection processes. It also monitors the action plans adopted to mitigate material risks and has defined and controls KRIs (Key Risk Indicators) instrumental to monitoring of the areas of highest risk.
The Internal Audit function supervises the regular conduct of the Bank's operations and processes, and assesses the efficacy and efficiency of the overall internal control system established to monitor activities exposed to risk.

The Risk Committee is a collegial body responsible for a shared vision of the global performance of the operational risk management and control system and for deciding which actions are to be taken in response to any critical situations, deficiencies and/or anomalies that emerge from analyses and/or assessments conducted by the Risk Management Department.

Moreover, Banca Generali has insurance coverage for operational risks deriving from acts of third parties or caused to third parties and adequate contractual clauses covering damages caused by providers of infrastructure and services and has approved a Business Continuity Plan.

Quantitative information

The impact of operating losses in 2023 is broken down below by business line and by event type (€ thousand):

BUSINESS LINE	ET 01 – INTERNAL FRAUD	ET 02 – EXTERNAL FRAUD	ET 03 – EMPLOYMENT PRACTICES AND WORKPLACE SAFETY	ET 04 – CLIENTS, PRODUCTS AND BUSINESS PRACTICES	ET 05 – DAMAGE TO PHYSICAL ASSETS	ET 06 – BUSINESS DISRUPTION AND SYSTEM FAILURES	ET 07 – EXECUTION, DELIVERY AND PROCESS MANAGEMEN	TOTAL
Asset management	-	-	-	-	-	-	15	**15**
Commercial Banking	-	-	-	-	-	-	6	**6**
Corporate Finance	-	-	-	22,511	-	-	-	**22,511**
Corporate Items	326	180	325	281	-	50	506	**1,669**
Payment and Settlement	-174	102	-	5	-	-	21	**-45**
Retail Banking	115	-	-	21	-	-	-84	**52**
Retail Brokerage	6,202	100	-	717	-	39	67	**7,124**
Trading and Sales	-20	-	-	-	-	-	25	**5**
Overall total	**6,450**	**383**	**325**	**23,534**	**-**	**89**	**556**	

Breakdown of frequency ratio by business line and type of event:

BUSINESS LINE	ET 01 – INTERNAL FRAUD	ET 02 – EXTERNAL FRAUD	ET 03 – EMPLOYMENT PRACTICES AND WORKPLACE SAFETY	ET 04 – CLIENTS, PRODUCTS AND BUSINESS PRACTICES	ET 05 – DAMAGE TO PHYSICAL ASSETS	ET 06 – BUSINESS DISRUPTION AND SYSTEM FAILURES	ET 07 – EXECUTION, DELIVERY AND PROCESS MANAGEMENT	TOTAL
Asset management	-	-	-	-	-	-	2	**2**
Commercial Banking	-	-	-	-	-	-	1	**1**
Corporate Finance	-	-	-	8	-	-	-	**8**
Corporate Items	1	12	3	7	-	2	8	**33**
Payment and Settlement	4	17	-	1	-	-	3	**25**
Retail Banking	1	-	-	2	-	-	1	**4**
Retail Brokerage	4	1	-	1	-	2	10	**18**
Trading and Sales	-	-	-	-	-	-	2	**2**
Overall total	**10**	**30**	**3**	**19**	**-**	**4**	**27**	

The event type recording the highest impact was the Event Type “ET 04 – Clients, products and business practices”; this category includes losses arising from an unintentional or negligent failure to meet a professional obligation to specific clients by the Bank or its Financial Advisors.

Significant impact is also attributable to “ET 01 – Internal fraud”, which includes losses due to acts of a type intended to defraud, misappropriate property or circumvent regulations, the law or company policy by internal staff, including Financial Advisors, in the performance of their duties and which also involves the Bank in that it is liable for the actions of its employees. The Bank carefully examines the individual disputes and complaints and, where necessary, makes an appropriate provision for the risk of legal disputes and continually monitors any developments, adjusting the amount set aside as circumstances change.

All other event types reported minor losses.

The cases reported under “ET 02 – External fraud” include losses due to acts of a type intended to defraud, misappropriate property or circumvent the law by persons outside the Bank and are mostly attributable to counterfeit of payment instruments and cyber risks (e.g., smishing/vishing).

Item “ET 03 – Employment practices and workplace safety” reported losses due to labour disputes.

“ET 07 – Execution, delivery and process management” includes losses from failed transaction processing or process management with regard to the Bank’s operations and losses from relations with commercial counterparties and vendors.

There were no losses due to damages to property and equipment, whereas those of event type “ET 06 – Business disruption and system failures” were residual. This latter category includes events resulting from the blockage or malfunction of the IT systems used by the Bank as a consequence of which operating losses and events with damages to property and equipment are recorded.

PART F – INFORMATION ON CONSOLIDATED NET EQUITY

Section 1 – Consolidated net equity

A. Qualitative information

Banca Generali Group's capital management strategy mainly aims to ensure that the capital and ratios of Banca Generali and the banks and financial companies it controls are consistent with its risk profile and regulatory requirements.

Banca Generali Group and the financial companies belonging to it are subject to the capital adequacy requirements established by the Basel Committee in accordance with the rules defined by the EU (CRR/CRD IV) and applied by the Bank of Italy.
Such rules envisage the concept of "Own Funds", which is separate from the net equity stated in the financial statements. Own Funds are calculated as the sum of positive and negative items, which are included in the calculation based on the quality of capital attributed to them.

Compliance with minimum capital requirements is monitored by the Risk Management Service, whereas the Regulatory Reporting function is responsible for calculating and disclosing of Own Funds and capital requirements on a regular basis, as well as safeguarding the related databases (historical regulatory archive).

The Parent Company's compliance with capital adequacy ratios is monitored throughout the year and on a quarterly basis, and the necessary measures are taken to ensure control over the balance sheet items.
Additional analyses and control of the capital adequacy is also carried out upon any extraordinary transactions (e.g., acquisitions, transfers, etc.). In these cases, information concerning the transaction is used to estimate its impact on the capital ratios, and any actions that may be necessary to comply with the requirements of the Supervisory Authorities are planned.

Distribution of 2021 and 2022 dividend

In 2023, the second instalment of the 2021 dividend was distributed, for a total amount of 91.2 million euros, net of the portion attributable to treasury shares.
In addition, the first instalment of the 2022 dividend was also distributed, for a total amount of 114.3 million euros, net of the portion to be assigned to treasury shares.
As approved by the Shareholders' Meeting on 19 April 2023, the second instalment of the 2022 dividend will be paid in February 2024, for a total amount of 75.9 million euros.

Scope of regulatory consolidation
Incorporated in Switzerland on 8 October 2021, BG (Suisse) Private Bank S.A. obtained the authorisation from the Swiss Financial Market Supervisory Authority (FINMA) to start its banking activity on 7 November 2023.
On 10 November 2023, after the banking licence certificate was issued, registration of BG (Suisse) Private Bank S.A. with the Commercial Register of Ticino was completed.

On that same date, the Bank of Italy added BG (Suisse) Private Bank S.A. to the list of entities belonging to the Banking Group pursuant to Article 64 of TUB.

Accordingly, at 31 December 2023 BG (Suisse) Private Bank S.A. was subject to the Basel 3 regulatory framework and thus is included in the scope of prudential consolidation for the purposes of COREP and FINREP reporting.

B. Quantitative information

At 31 December 2023, consolidated net equity, including net profit for the year, amounted to 1,213.3 million euros compared to 1,068.5 million euros at the end of the previous year.

(€ THOUSAND)	31.12.2023	31.12.2022	CHANGE AMOUNT	CHANGE %
1. Share capital	116,852	116,852	-	-
2. Share premium reserve	52,992	53,767	-775	-1.4%
3. Reserves	752,749	724,536	28,213	3.9%
4. (Treasury shares)	-85,005	-80,139	-4,866	6.1%
5. Valuation reserves	-797	-9,972	9,175	n.a.
6. Equity instruments	50,000	50,000	-	-
7. Net equity attributable to minority interests	338	442	-104	-23.5%
8. Net profit (loss) for the year	326,136	213,034	113,102	53.1%
Total net equity	**1,213,265**	**1,068,520**	**144,745**	**13.5%**

The +144.7 million euro increase in net equity in 2023 was attributable to the above-mentioned allocation to: the 2022 dividend approved by the General Shareholders' Meeting on 19 April 2023 for an amount of 192.8 million euros; the plan to buy-back treasury shares completed at the end of September; the positive performance of fair value valuation reserves for the portfolio of financial assets measured at fair value through other comprehensive income (HTCS) and other reserves included in other comprehensive income; the change in reserves for share-based payments (IFRS 2); and consolidated net profit, as shown in the following table.

(€ THOUSAND)	31.12.2023	31.12.2022
Net equity at year-start	**1,068,520**	**1,105,867**
Dividend paid	-188,002	-224,324
Buy-back and disposal of treasury shares	-12,247	-24,385
Matured IFRS 2 reserves (from stock option plans and remuneration policies)	12,028	11,329
Matured IFRS 2 reserves on AG Group's IFRS 2 related plans	-	99
Change in OCI valuation reserves	9,127	-10,310
Dividends on AT1 equity instruments	-1,631	-1,631
Consolidated net profit	326,078	212,973
Other effects	-608	-1,098
Net equity at year-end	**1,213,265**	**1,068,520**
Change	**144,745**	**-37,347**

In the year, on the basis of the achievement of the performance objectives set out in the Remuneration Policy, 258,756 treasury shares, with a value of 7,381 thousand euros, of which 42,803 shares in service of the first instalment of the 2020 LTIP, were also allotted to the Banking Group's employees and Financial Advisors qualifying as Key Personnel, as well as to network managers.

On 19 April 2023, the General Shareholders' Meeting also authorised the repurchase of a maximum of 369,260 treasury shares, for a maximum amount of 15.6 million euros, in service of remuneration plans for Key Personnel for 2023 and the new Long Term Incentive Plan (LTIP) for the three-year period 2023-2027.
The plan for the buy-back of treasury shares, authorised by the Supervisory Authority on 28 June 2023, was launched on 2 August 2023 and completed on 25 September 2023 with the repurchase of 369,260 treasury shares at an average price of 33.166 euros per share, for a total amount of 12.2 million euros.

At 31 December 2023, the Parent Company, Banca Generali, thus held 2,920,001 treasury shares, with a value of 85,005 thousand euros.

Fair value valuation reserves for the portfolio of financial assets measured at fair value through other comprehensive income (HTCS) showed an increase of 8.5 million euros.

B.1 Consolidated net equity: breakdown by type of company

ITEMS OF NET EQUITY (€ THOUSAND)	SCOPE OF REGULATORY CONSOLIDATION	INSURANCE COMPANIES	OTHER COMPANIES	CANCELLATIONS AND ADJUSTMENTS FOR CONSOLIDATION PURPOSES	TOTAL AT 31.12.2023
1. Share capital	117,127	-	-	-	117,127
2. Share premium reserve	52,992	-	-	-	52,992
3. Reserves	752,657	-	-	-	752,657
4. Equity instruments	50,000	-	-	-	50,000
5. (Treasury shares)	-85,005	-	-	-	-85,005
6. Valuation reserves	-584	-	-	-	-584
Equity securities designated at fair value through other comprehensive income	-182	-	-	-	-182
Equity security hedges designated at fair value through other comprehensive income	-	-	-	-	-
Financial assets (other than equity securities) measured at fair value through other comprehensive income	-1,937	-	-	-	-1,937
Property and equipment	-	-	-	-	-
Intangible assets	-	-	-	-	-
Hedges of foreign investments	-	-	-	-	-
Cash flow hedges	-	-	-	-	-
Hedging instruments	-	-	-	-	-
Exchange differences	2,491	-	-	-	2,491
Non-current assets available for sale and disposal groups	-	-	-	-	-
Financial liabilities designated at fair value through profit or loss (change in own credit-worthiness)	-	-	-	-	-
Actuarial gains (losses) from defined benefit plans	-956	-	-	-	-956
Share of valuation reserves of equity investments valued at equity	-	-	-	-	-
Finance income or expenses related to insurance contracts issued	-	-	-	-	-
Finance income or expenses related to reinsurance contracts held	-	-	-	-	-
Special revaluation laws	-	-	-	-	-
7. Net profit (loss) for the year (+/-) attributable to the Group and minority interests	326,078	-	-	-	326,078
Total net equity	**1,213,265**	**-**	**-**	**-**	**1,213,265**

B.2 Breakdown of valuation reserves of financial assets measured at fair value through other comprehensive income

Valuation reserves of financial assets measured at fair value through other comprehensive income (OCI) account for the unrealised capital gains and losses, net of the associated tax effect, on the assets allocated to that portfolio and recognised at fair value. The change in these reserves contributes to determining the overall company performance in relation to OCI, without passing through Profit and Loss.
However, when gains or losses are realised or an impairment loss is recognised, the cumulative amount of the reserve is reclassified to the Profit and Loss Account in the year of reference.

Fair value valuation reserves of the portfolio of financial assets measured at fair value through OCI grew compared to the end of the previous year, primarily due to the increase in debt securities reserves.

The aggregate had an overall negative balance of -2.1 million euros, up 8.5 million euros compared to year-end 2022.
This increase was influenced by the portfolio of Italian government bonds, for which net reserves amounted to -1.4 million euros compared to -7.2 million euros at year-end 2022.

ASSETS/VALUES	SCOPE OF REGULATORY CONSOLIDATION		INSURANCE COMPANIES		OTHER COMPANIES		CANCELLATIONS AND ADJUSTMENTS FOR CONSOLIDATION PURPOSES		TOTAL	
	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE
1. Debt securities	871	-2,808	-	-	-	-	-	-	871	-2,808
2. Equity securities	1,052	-1,234	-	-	-	-	-	-	1,052	-1,234
3. Financing	-	-	-	-	-	-	-	-	-	-
Total at 31.12.2023	**1,923**	**-4,042**	**-**	**-**	**-**	**-**	**-**	**-**	**1,923**	**-4,042**
Total at 31.12.2022	**1,984**	**-12,565**	**-**	**-**	**-**	**-**	**-**	**-**	**1,984**	**-12,565**

B.3 Valuation reserves of financial assets measured at fair value through other comprehensive income: year changes

Valuation reserves on the HTCS portfolio showed a net increase of 8.5 million euros in 2023, as a result of the following factors:

- an increase in net valuation capital gains totalling +9.1 million euros, net of 0.4 million euros referring to reversal of collective reserves;
- the reduction of pre-existing net negative reserves due to re-absorption through profit or loss upon realisation (3.1 million euros);
- a negative net tax effect associated with the above changes and mainly resulting from net decreases in DTAs (-3.8 million euros).

(€ THOUSAND)	31.12.2023				
	DEBT SECURITIES		EQUITY SECURITIES	FINANCING	TOTAL
	CORPORATE	GOVERNMENT			
1. Amount at year-start	**-2,649**	**-7,219**	**-713**	**-**	**-10,581**
Adjustment of opening balances	**240**	**-240**	**-**	**-**	**-**
1. Amount at year-start	**-2,409**	**-7,459**	**-713**	**-**	**-10,581**
2. Increases	**3,280**	**10,878**	**671**	**-**	**14,829**
2.1 Fair value increases	2,364	6,827	665	-	9,856
2.2 Adjustments for credit risk	-	-	X	-	-
2.3 Transfer to Profit and Loss Account of negative reserves: due to disposal	807	3,883	X	-	4,690
2.4 Transfer to other net equity components (equity securities)	-	-	-	-	-
2.5 Other changes	109	168	6	-	283
3. Decreases	**1,359**	**4,868**	**140**	**-**	**6,367**
3.1 Fair value decreases	6	254	100	-	360
3.2 Reversals for credit risk	324	40	-	-	364
3.3 Transfer to Profit and Loss Account of positive reserves due to disposal	10	1,557	X	-	1,567
3.4 Transfer to other net equity components (equity securities)	-	-	-	-	-
3.5 Other changes	1,019	3,017	40	-	4,076
4. Amount at year-end	**-488**	**-1,449**	**-182**	**-**	**-2,119**

B.4 Valuation reserves relating to defined benefit plans: year changes

	31.12.2023		
	RESERVE	DTAS	NET RESERVE
1. Amount at year-start	**-105**	**240**	**135**
2. Increases	-715	131	-584
Decreases of actuarial losses	-715	131	-584
Other increases	-	-	-
3. Decreases	-649	142	-507
Increases of actuarial losses	-649	142	-507
Other decreases	-	-	-
4. Amount at year-end	**-1,469**	**513**	**-956**

Section 2 – Own Funds and Banking Capital Ratios

In accordance with Circular No. 262 of 22 December 2005, 8th update of 17 November 2022, for the details of Own Funds and regulatory capital ratios, reference is made to the information regarding Own Funds and capital adequacy provided in the Pillar 3 Disclosure provided at the consolidated level, available from Banca Generali's corporate website at the address www.bancagenerali.com.

PART G – BUSINESS COMBINATIONS OF COMPANIES OR BUSINESS UNITS

This section includes both transactions within the scope of IFRS 3 and business combinations between entities under common control.
The results of impairment testing of the Banking Group's goodwill are also stated in the interest of consistency of presentation.

Section 1 – Transactions undertaken during the year

In 2023, no new business combination transactions were undertaken.

Section 2 – Transactions after the end of the reporting period

No business combination transactions were finalised after 31 December 2023 and until the date of approval of the Consolidated Financial Statements.

Section 3 – Retrospective adjustments

No retrospective adjustments to business combinations carried out by the Banking Group in previous years were recognised in 2023 pursuant to paragraphs 61 and B7 of IFRS 3.
The latter provision also requires that the amount of goodwill during the year be reconciled, including an indication of any impairment of goodwill recognised.

Consolidated goodwill has been generated over time after the following business combinations:

- merger of subsidiary Prime Consult SIM S.p.A. and INA SIM S.p.A. into Banca Generali carried out in 2002;
- acquisition of Banca del Gottardo Italia S.p.A. in 2008, subsequently merged into BSI Italia, and then into the parent company Banca Generali in 2010;
- acquisition of BG Fiduciaria in 2006, subsequently merged into the parent company Banca Generali with effect from 1 January 2018;
- Bank's acquisition at the end of 2014 of the Italian Affluent and Upper Affluent private banking operations of Credit Suisse Italy S.p.A.;
- acquisition of Nextam Partners Group on 25 July 2019;
- acquisition of BG Valeur S.A. on 15 October 2019;
- acquisition of the retail banking business unit of the Italian branch from Binck Bank N.V., a Danish lending institution owned by the Danish Saxo Bank Group, on 16 October 2021.

At 31 December 2023, the Banking Group's goodwill totalled 88.1 million euros, broken down as follows:

(€ THOUSAND)	YEAR OF CONSOLIDATION	31.12.2023	PB CGU	WM CGU	31.12.2022
Merger of Prime Consult and INA SIM	2002	2,991	2,343	648	2,991
Acquisition of BG Fiduciaria SIM S.p.A.	2006	4,289	3,360	929	4,289
Acquisition of Banca del Gottardo Italia	2008	31,352	24,558	6,794	31,352
Acquisition of Credit Suisse Italy's business unit	2014	27,433	21,488	5,945	27,433
Acquisition of Nextam Group	2019	12,202	-	12,202	12,202
Acquisition of BG Valeur S.A.	2019	8,706	-	8,706	8,706
Acquisition of Binck Bank Italy business unit	2021	1,100	1,100	-	1,100
Total	**Totale**	**88,073**	**52,849**	**35,224**	**88,073**

Impairment test

In accordance with IAS 36, goodwill is no longer amortised, but is reviewed at least annually for impairment.
For the purposes of impairment testing, goodwill must be allocated to cash-generating units (CGUs), which, in accordance with the limitation on the maximum level of aggregation, may be no larger than the operating segments identified for management reporting purposes, pursuant to IFRS 8.

In this regard, it bears recalling that following the reorganisation of the sales networks approved in late 2017, effective as of 1 January 2018, the networks of non-employed Financial Advisors — whose structure had up to then reflected the historical stratification of Banca Generali's acquisitions — had been revised according to specialisation and reorganised into two macro-divisions on the basis of the total AUM managed by each Financial Advisor:

- the Wealth Management network, which brings together Financial Advisors in the highest asset bracket (i.e., with AUM of more than 50 million euros);
- the Private Banking network, which includes all other Financial Advisors.

The two sales divisions also correspond to the operating segments identified by the company management for management reporting purposes, to which the overall goodwill recognised in Banca Generali's Consolidated Financial Statements had been reallocated, on the basis of the relative economic weight assigned to the new CGUs at the date of reorganisation.

In 2019, following the acquisitions of the equity investments in Nextam Partners Group and BG Valeur S.A. within the framework of the customary purchase price allocation (PPA) procedures, new goodwill totalling 20.9 million euros had been recognised, of which 12.2 million euros for Nextam Group and 8.7 million euros for BG Valeur, both allocated to the Wealth Management CGU due to the profile of the customers acquired and the synergies that may be achieved with this CGU.
Within the framework of the same business combination transactions, intangible assets (client relationships and trademark) had also been initially recognised for 13.4 million euros, of which 9.9 million euros for Nextam Group and 3.5 million euros for BG Valeur.
In 2020, the UCITS unit of Nextam Partners SGR had also been sold, but without any significant impacts on the WM CGU.

At the end of 2021, following the acquisition of the retail banking business unit of the Italian branch from Binck Bank N.V., an additional 1.0 million euro goodwill had also been recognised, which was finally allocated to the Private Banking CGU in the following year in light of the type of customers acquired.

Moreover, in 2024 a new reorganisation of the Financial Advisor Networks was launched, entailing:

1. the separation of the new **Senior Partner Network**, consisting of Financial Advisors with assets under management of more than 150 million euros and teams with assets under management of more than 350 million euros;
2. the incorporation of the Private Banking and Wealth Management Networks into the new **Private & Wealth Network**, within the framework of which, however, the organisational structures of the former networks will retain their peculiarities, under the supervision of a new top management position, the Network Sales Manager, focused on local coordination and commercial guidance of the various network's Area Managers.

Starting on 2024, the network reorganisation is likely to lead to a revision of the Bank's operating segments for reporting management purposes pursuant to IFRS 8 and of the CGUs used for impairment testing.

Definition and identification of the CGUs[22]

The **Private Banking CGU** (PB CGU) comprises the assets attributable to the Financial Advisors identified within Banca Generali's overall FA Network with total client assets of less than 50 million euros included in the Private Banker (PB), Financial Planner (FP) and Financial Planner Agent (FPA) networks, within the Financial Advisor Networks Area[23], and the assets attributable to the employed Financial Advisors included in the Private Relationship Manager Area and their clients.

At 31 December 2023, this CGU included 1,864 Financial Advisors managing assets amounting to 58.1 billion euros (+4.6% compared to the previous year), with net banking income exceeding 499 million euros and an estimated net result of 212 million euros.
In light of economic-financial forecasts based on the 2024-2026 Economic and Financial Plan, assumptions for the CGU entail a growth of 8.1% per year in the mean portfolio of assets under management (AUM) at the end of the three-year period (CAGR), with net banking income decreasing slightly by 1.4% and an estimated mean decline of the CGU's net result of 7.8% per annum, as a result of the gradual reabsorption of the net interest income generated in 2023 following the interest rate stabilisation.

At 31 December 2023, the goodwill allocated to the Private Banking CGU amounted to 52.8 million euros, as defined following the aforementioned reorganisation of operating segments, in addition to intangible assets totalling 2.8 million euros.

[22] On this regard, see also Part L – Segment Reporting of these Notes and Comments and the corresponding chapter of the Consolidated Annual Integrated Report.
[23] The sales networks are under the responsibility of the Deputy General Manager Commercial Networks, Alternative and Support Channels, who supervises both the Financial Advisors Network Area and the Private Relationship Manager Area. The said the Deputy General Manager also oversees the Commercial Development and Network Support Department, which coordinates the Financial Advisors Networks through PB and FP Business Support and WM Business Support services.

The **Wealth Management CGU (WM CGU)** consists of the assets attributable to the Financial Advisors identified within Banca Generali's overall FA Network as managing total client assets of more than 50 million euros and the respective clients, assigned to the new WM network within the Financial Advisor Networks Area.

At 31 December 2023, this CGU included 407 Wealth Managers managing assets amounting to 33.9 billion euros (+14.1% compared to the previous year), with net banking income of nearly 223 million euros and an estimated net result of 98 million euros.
In light of economic-financial forecasts based on the 2024-2026 Economic and Financial Plan, assumptions for the CGU entail a growth of 11.9% per year in the mean portfolio of assets under management (AUM) at the end of the three-year period (CAGR), with net banking income up by 1.9% and an estimated mean decrease of the CGU's net result of 6.0% per annum due to the effect mentioned above.
At 31 December 2023, the goodwill allocated to the Wealth Management CGU amounted to 35.2 million euros, in addition to intangible assets totalling 13.2 million euros.

Approach to determining the values of the CGUs

To determine the recoverable amount, both market assessments (to calculate fair value) and basic methodologies (to calculate value in use) were considered.
Value in use was calculated by employing an analytical method (used as the main method), whereas fair value was calculated by employing an empirical method (used as the control method).

In detail, the analytical method employed was the Dividend Discount Model (DDM), specifically the Excess Capital variant of said model, on the basis of which the value of an asset is a function of:
a) current value of future cash flows generated within a specific time period and available for distribution to shareholders (dividends);
b) the perpetual capitalisation of the expected normalised dividend from the final year of the financial plan of reference, on the basis of a payout consistent with ordinary profitability.

The control method employed was the comparable market multiples method.

The operating and financial projections for the CGUs were based on the 2024-2026 Plan's forecast data, approved by the Board of Directors of Banca Generali.

The expected long-term growth rate after the explicit forecasting period employed to calculate the terminal value (perpetual yield) was set at 2%, in line with the International Monetary Fund's (IMF) last estimates for Italy.

The **cost of capital** used to discount cash flows was **10.3%** both for the PB CGU and the WM CGU. This ratio was established by applying the Capital Asset Pricing Model (CAPM), on the basis of the following assumptions:
a) risk-free rate of **4.3%**, equivalent to the annual gross return on 10-year BTPs (Italian government bonds) at 29 December 2023;
b) market risk premium of **5.5%**, established on the basis of the difference in long-term yields between equity securities and bonds on international financial markets;
c) a value of **1.1** assigned to the Beta coefficient measuring the extent to which the performance of any given stock is likely to depart from market trends, and determined on the basis of a sample of comparable companies, duly weighted for their respective market capitalisation values.

The figurative capital allocated to the PB and WM CGUs was calculated by applying the Total Capital Ratio (TCR) to their Risk Weighted Assets (RWAs) with a view to reaching the fully loaded ratio required to Banca Generali by the Supervisory Authority following the SREP, equal to **13.3%**.

The foregoing assumptions are substantially in line with the estimates and variables used during the previous financial year[24].

The value analyses of the aforementioned CGUs carried out by the Bank as at 31 December 2023, as part of the impairment test, were supported by a fairness opinion issued by a major consulting firm and submitted for approval to Banca Generali's Board of Directors on 8 February 2024.

Outcome of the impairment tests

Impairment tests carried out on the CGUs specified did not indicate any goodwill impairment.
The value according to the analytical method exceeded the carrying amounts of the CGUs, inclusive of intangible assets, goodwill and capital allocated.
The analyses performed for each CGU are detailed below.

The **WM CGU's** carrying amount was **168.9** million euros, while the value in use obtained by applying the analytical method described above amounted to a minimum of **733** million euros and a maximum of **917** million euros, with an average value of **825** million euros.
Therefore, the tests performed on the CGU did not detect any goodwill impairment.

[24] The cost of capital declined slightly compared to 2022 (11.0%), mainly as a result of the decrease in the risk free rate (4.6% in 2022) and in the market risk premium (6.0% in 2022).

The **PB CGU's** carrying amount was **257.4** million euros, while the value in use obtained by applying the analytical method described above amounted to a minimum of **1,597** million euros and a maximum of **2,211** million euros, with an average value of **1,904** million euros.

Therefore, the tests performed on the CGU did not detect any goodwill impairment.

	FIGURATIVE CAPITAL	GOODWILL	OTHER INTANGIBLE ASSETS	CARRYING AMOUNT AT 31.12.2023	RECOVERABLE AMOUNT AT 31.12.2023			EXCESS VS CARRYING AMOUNT
					MIN	MID	MAX	
PB CGU	201.8	52.8	2.8	257.4	1,597.2	1,903.9	2,210.5	1,646.5
WM CGU	120.5	35.2	13.2	168.9	732.8	825.1	917.3	656.2
Total	322.2	88.0	16.0	426.2	2,330.0	2,729.0	3,127.8	2,302.8

The test performed using the control method based on market multiples also confirmed that the carrying amount remained largely stable in both cases.

In accordance with IAS 36, paragraph 134(f), and in order to capture the heightened uncertainty during the current period and respond to needs arising from the regulatory context, sensitivity analyses were conducted as a function of the change in the parameters cost of capital (Ke), long-term growth rate and CET1 ratio.
- Ke +/-0.5%;
- g +/-0.25%;
- CET1 +/-1.0%.

In particular, for the sensitivity analysis conducted as a function of the parameters cost of capital (Ke) and long-term growth rate, the ranges of variation used were 9.8%-10.8% and 1.8%-2.3%, respectively, whereas for the sensitivity at the level of CET1 the range of variation identified was between 12.3% and 14.3%.

In addition, it should be noted that the impairment test conducted at the level of the Consolidated Financial Statements also included a test of the value of the goodwill and intangible assets recognised in Banca Generali S.p.A.'s Separate Financial Statements.

PART H – RELATED PARTY TRANSACTIONS

Procedural aspects

In accordance with Article 2391-bis of the Italian Civil Code, the Consob Regulation containing provisions relating to transactions with related parties[25] and the provisions of Part III, Chapter 11, of Bank of Italy Circular No. 285, as further amended, Banca Generali's Board of Directors approved its "Policy for Transactions with Related Parties, Connected Parties and Corporate Officers pursuant to Article 136 of TUB", which was lastly updated on 22 June 2023 and entered into effect on 1 July 2023. The procedure is intended to implement Consob and Bank of Italy regulations, by adopting, at the Banking Group level, rules on transactions with Banca Generali's related parties and connected parties governing the related investigation, approval, reporting and disclosure activities.

Moreover, since Banca Generali belongs to Generali Group, any and all transactions effected with related parties of the parent company Assicurazioni Generali must be identified and managed in accordance with the provisions of the Procedures adopted by Assicurazioni Generali in such regard, with the result that, in certain cases, the said transactions may be subject to prior approval by the Parent Company, where necessary.

The related party perimeter

Based on Consob Regulation, the Provisions issued by the Supervisory Authority, and the aforementioned Procedure, the following parties are considered as Banca Generali's related parties:

- subsidiaries of the Banking Group;
- the ultimate parent Assicurazioni Generali S.p.A., its subsidiaries (companies subject to common control), including the direct parent Generali Italia S.p.A., and pension funds established for the benefit of the Generali Group companies' employees;
- Managers with Strategic Responsibilities of the Bank and the parent company Assicurazioni Generali (Key Managers), close relatives of the said personnel and the related relevant subsidiaries (entities in which one of these persons exercises control, joint control or significant influence or holds, directly or indirectly, a significant shareholding of no less than 20% of the voting rights).

Under IAS 24, whose revised version is in force since 1 January 2011, the associate companies of the Banking Group and Generali Insurance Group are also considered related parties.

With specific regard to **Key Managers**, the following persons have been designated as such:

- the Directors and the members of the Board of Statutory Auditors of the Banking Group's companies;
- the members of the Top Management, as defined in the Remuneration Policies of the Banking Group[26], namely the Chief Executive Officer/General Manager and the two Deputy General Managers[27];
- top managers of the parent company Assicurazioni Generali S.p.A. identified as Managers with Strategic Responsibilities in the corresponding Procedure regarding transactions with related parties adopted by the Insurance Group.

Significance thresholds of Related Party transactions

The procedure lays down specific provisions on decision-making authority, obligation to provide justification and documentation to be prepared depending on the type of transaction.

More specifically:

- **transactions of Greater Importance** — i.e., transactions exceeding the threshold of 5% of at least one of the significance indicators of the countervalue of the transaction, as provided by Consob Resolution No. 17221, reduced to 2.5% for transactions carried out with the Parent Company that is listed on regulated markets or with parties related thereto which are in turn related to the Company — must be approved by the Board of Directors, upon the binding favourable opinion of the Internal Audit and Risk Committee;
- **transactions of Lesser Importance** — i.e., transactions with related parties the amount of which falls between that of Transactions of Small Amount and that of Transactions of Greater Importance — are approved pursuant to the system of delegated powers in force from time to time, only after hearing the non-binding opinion of the Internal Audit and Risk Committee The aforesaid transactions must be presented with a full and in-depth information about the reasons underlying each and every transaction in question, as well as the advisability of proceeding with the latter in light of the substantive fairness and propriety of the related terms and conditions;
- **transactions of Small Amount** — i.e., transactions whose value, defined pursuant to the Bank of Italy's Provisions, cannot exceed the amount of 250,000 euros for banks with Own Funds below 1 million euros — are excluded from the scope of application of the approval and disclosure transparency rules.

[25] Adopted by Consob Resolution No. 17221 of 12 March 2010, as further amended.
[26] Banking Group's Remuneration and Incentive Policies approved by the General Shareholders' Meeting on 19 April 2023.
[27] Chief Executive Officer/General Manager, Deputy General Manager Wealth Management Markets and Products, Deputy General Manager Commercial Networks, Alternative and Support Channels.

In addition to Transactions of Small Amount, in accordance with Consob Regulation, there are additional circumstances that are not subject to the specific approval procedures:

- **remuneration plans based on financial instruments** approved by the General Shareholders' Meeting within the meaning of Article 114-*bis* of TUF, and related implementing transactions;
- **resolutions on the remuneration of Directors** entrusted with specific tasks other than those determined on an overall basis pursuant to Article 2389, paragraph 3, of the Italian Civil Code, and **resolutions regarding the remuneration of Managers with Strategic Responsibilities**, provided that the Company has adopted a remuneration policy with certain characteristics;
- **ordinary transactions** carried out during the normal course of operating activities and the related financial activities, and that are concluded at market or standard equivalent conditions. Pursuant to the Bank of Italy's provisions, all transactions that exceed the threshold set of Transactions of Greater Importance, even if concluded at market or standard equivalent conditions, should be considered as extraordinary transactions;
- **transactions with or between Subsidiaries and Associates**, provided that none of the Company's other related parties holds any significant interest in the Subsidiaries or Associates in question.

On the basis of the indicator consisting of the consolidated Own Funds, the threshold of Transactions of Greater Importance currently stands at around **41.9 million euros**, reduced to **21 million euros** for transactions with the parent company Assicurazioni Generali and the latter's related entities.

Moreover, the provisions issued by the Bank of Italy impose prudential limits, based on Own Funds, on risk assets in relation to Connected Parties. The limits vary according to the different types of Connected Parties, in proportion with the level of involvement in the relationship and the potential impact of the resulting risks on sound and prudent management. In light of the greater risks associated with conflicts of interest in bank-industry relations, more stringent limits are envisaged for risk assets with regard to entities qualifying as non-financial related parties. Exposure in respect of Generali Group's connected parties, on the other hand, is capped at **7.5%** of consolidated Own funds.
Even if the above-mentioned consolidated cap is not exceeded, Banca Generali's exposure in respect of any given group of connected parties may in no event exceed **20%** of individual Own Funds.

1. Disclosure of remuneration of Directors and Executives

As required by IAS 24, the total remuneration recorded in the Profit and Loss Account for the year is disclosed below, broken down by personnel category and type.

	31.12.2023					
(€ THOUSAND)	POST-EMPLOYMENT BENEFITS (2)	STATUTORY AUDITOR	MANAGERS WITH STRATEGIC RESPONSIBILITIES	TOTAL	31.12.2022	CHANGE
Short-term benefits (current remuneration and social security charges) [1]	1,432	312	1,957	3,701	3,585	116
Post-employment benefits [2]	-	-	291	291	295	-4
Other long-term benefits [3]	-	-	259	259	277	-18
Severance indemnities	-	-	-	-	-	-
Share-based payments [4]	-	-	1,600	1,600	1,276	324
Total	**1,432**	**312**	**4,107**	**5,851**	**5,433**	**418**
Total at 31.12.2022	**1,409**	**240**	**3,784**	**5,433**		

(1) Includes current remuneration and the related social security charges payable by the Company and the portion of short-term variable remuneration.
(2) Includes the Company's pension fund contribution and allocation to the provisions for termination indemnity provided for by the law and company regulations.
(3) Includes 40% of the bonus with access gate.
(4) Includes the estimated cost for share-based payment plans, determined based on IFRS 2 criteria and recognised in the financial statements.

The table presents the total expenses recognised in the Profit and Loss Account presented in the Consolidated Financial Statements on the basis of the application of international accounting standards (IAS/IFRS). It therefore also includes the social security charges for which the Company is liable, the allocation to the provisions for termination indemnity, the expenses associated with share-based payment plan determined in accordance with IFRS 2, and the estimate of the variable remuneration accrued during the year on the basis of the *Remuneration and Incentive Policy for the Key Personnel of the Banking Group*.
It should also be noted that the amounts are net of recoverable remuneration associated with services rendered to other companies.

In further detail, the item "Other long-term benefits" includes the estimate of the portion of variable remuneration for the year payable on a deferred basis over the following years, contingent upon specific access gate conditions being met, in accordance with the aforementioned Remuneration Policy.
The item "Short-term benefits" includes the fixed remuneration and the portion of variable remuneration accrued in the reporting year and payable in the following one.

For detailed information concerning Remuneration Policies, reference is made to the specific document concerning Remuneration Policies prepared as per Consob Resolution No. 18049 of 23 December 2011.
A 50% portion of the variable remuneration — both current and deferred — is paid in Banca Generali shares.
The plan for payments based on own financial instruments are analysed in further detail in Part I to these Notes and Comments.

The item "Share-based payments" accounts for the costs associated with IFRS 2 accrued in the year and regarding:
› the three LTI Plans based on Banca Generali S.p.A. shares for a total of 1.3 million euros;
› the share-based payments envisaged in the Remuneration Policy for 0.3 million euros.

The plan for payments based on own financial instruments are analysed in further detail in Part I to these Notes and Comments.

2. Disclosure on Related Party Transactions

As part of its normal business operations, Banca Generali carries out numerous financial and commercial transactions with related parties included in the scope of consolidation of Generali Group.

Banca Generali is a direct subsidiary of Generali Italia S.p.A., the holding of all the Insurance Group's operations in Italy. However, the company engaging in management and coordination activities pursuant to Article 2497 of the Italian Civil Code continues to be the ultimate Parent Company, Assicurazioni Generali S.p.A. This is the reason why reference is made to the latter when speaking of the "Parent Company" of Banca Generali, in compliance with IAS 24.

In the banking area, such activities include relationships referring to current accounts, the custody and administration of securities, stock brokerage and commercial portfolio collection.

As regard the distribution and offer of investment products, a number of agreements were established regarding the Financial Advisors Network's placement of asset management and insurance products, as well as banking products and services.
To a lesser extent, advisory and wealth management activities are also carried out, with reference to underlying assets of insurance products placed by the companies of the Insurance Group.

In addition, as part of its normal operations, the Bank also maintains relationships pertaining to outsourcing of IT and administrative services, insurance and leasing relationships, as well as other minor relationships with Generali Group companies.
Transactions with related parties outside Generali Group are mostly confined to direct and indirect funding and lending activities to Key Managers (and their relatives) of the Bank and its Parent Company. These transactions are carried out at market conditions. Banca Generali's direct investments in activities on which such related parties exercise significant influence or control are absolutely not material.

2.1 Extraordinary and non-recurring transactions

Unusual, atypical or extraordinary transactions

There were no atypical and/or unusual transactions to be reported in 2023, nor were such transactions undertaken with parties other than related parties such as intra-group entities or third parties.
Pursuant to Consob Notices Nos. 98015375 of 27 February 1998 and 1025564 of 6 April 2001, atypical and unusual transactions are defined as all transactions that due to their significance/materiality, the nature of the counterparties, the subject matter of the transaction (including in relation to ordinary operations), the transfer pricing method and timing of occurrence (near the end of the period) may give rise to doubts as to the accuracy/completeness of the information presented in the financial statements, conflicts of interest, the safeguarding of company assets and the protection of minority shareholders.

Transactions of Greater Importance

In 2023, a transaction qualifying as a transaction of greater importance was effected, for which reference should be made to the Consolidated Report on Operations.

As a transaction of greater importance, in accordance with the Policy, the Internal Audit and Risk Committee was requested to express a prior binding opinion and the Information Document was drawn up pursuant to Article 5 of "Regulations containing provisions relating to transactions with related parties" adopted by Consob with Resolution No. 17221 of 12 March 2010, as further amended through Consob Resolution No. 17389 of 23 June 2010.

Other significant transactions

In 2023, 7 transactions were approved qualifying as "Transactions of Lesser Importance", which are subject to the prior non-binding opinion of the Internal Audit and Risk Committee; in this regard, reference is made to the dedicated section of the Report on Operations.

2.2 Ordinary or recurring transactions

The developments of ordinary transactions with related parties during 2023 are presented in the following sections.

Transactions with Assicurazioni Generali Group

Balance Sheet data

(€ THOUSAND)	SUBSIDIARIES AND ASSOCIATES OF THE INSURANCE GROUP	ASSOCIATES SUBJECT TO JOINT CONTROL OR SIGNIFICANT INFLUENCE	31.12.2023	31.12.2022	% WEIGHT 2023
Financial assets measured at fair value through profit or loss:	1,183	-	1,183	1,031	0.2%
c) other financial assets mandatorily measured at fair value	1,183	-	1,183	1,031	0.2%
Financial assets measured at fair value through other comprehensive income	-	-	-	246	-
Financial assets measured at amortised cost:	24,125	382	24,507	26,483	0.2%
b) loans to customers	24,125	382	24,507	26,483	0.2%
Equity investments	-	1,975	1,975	3,082	100.0%
Property, equipment and intangible assets	61,439	-	61,439	69,876	21.0%
Other assets	333	2	335	732	-
Total assets	**87,080**	**2,359**	**89,439**	**101,450**	**0.6%**
Financial liabilities measured at amortised cost:	516,911	5,038	521,949	382,844	3.9%
b) due to customers	516,911	5,038	521,949	382,844	3.9%
Tax liabilities (AG tax consolidation)	28,360	-	28,360	22,338	61.5%
Other liabilities	4,604	-	4,604	3,673	1.3%
Provisions for liabilities and contingencies	-	2,097	2,097	-	0.8%
Equity instruments	50,000	-	50,000	50,000	100.0%
Total liabilities	**599,875**	**7,135**	**607,010**	**458,855**	**3.9%**
Guarantees issued	**4,273**	**-**	**4,273**	**2,091**	**4.9%**

The total exposure to the Parent Company, **Assicurazioni Generali**, of companies subject to its control, including the direct parent, Generali Italia S.p.A., and its associate companies, amounted to 87.1 million euros compared to the 97.9 million euros recognised at the end of 2022, equal to 0.6% of Banca Generali Group's total balance sheet assets.
The item "Property and equipment" includes the net value of the rights of use (ROUs) of 61.4 million euros (relating primarily to the lease payments for the Milan and Trieste administrative offices and the commercial network offices), following the introduction of IFRS 16 with effect from 1 January 2019.
By contrast, the total debt position reached 599.9 million euros, accounting for 3.9% of total liabilities, up by 147.2 million euros (+32.5%) compared to the end of the previous year, mainly due to the change in temporary liquidity in the Group companies' current accounts.
ollowing the introduction of IFRS 16 with effect from 1 January 2019, amounts due to customers included 65.5 million euros due to the recognition of the corresponding lease liabilities.

As part of assets, **financial assets mandatorily measured at fair value through other comprehensive income (FVOCI)** claimed from the parent company refer to Assicurazioni Generali shares held in the corresponding portfolio of Banca Generali.

The item **"Associates subject to joint control or significant influence"** includes the 19.9% interest in the share capital of BG Saxo SIM S.p.A. that was acquired on 31 October 2019, and the interest held in Nextam SIM S.p.A., with regard to which on 20 January 2022, after obtaining prior authorisation by the Bank of Italy, Banca Generali finalised the sale of its 80.1% interest to a new corporate structure led by the main key manager of Nextam Group.
The residual equity investment of 19.9% was recognised at 0.5 million euros and, in light of the relations between the two companies, classified as an equity investment in an associate.
The value of the equity investment in BG Saxo SIM S.p.A. was written down by 1.3 million euros at the end of 2023 and amounted to 1.5 million euros at 31 December 2023.

With regard to the equity investment in BG Saxo SIM S.p.A., at 31 December 2023 the share of loss for the year recognised by Banca Generali amounted to approximately 841 thousand euros.

Exposures to Generali Group companies recognised as **loans to customers** amounted to 24.1 million euros and refer to the following transactions:

			31.12.2023		31.12.2022	
COMPANY	RELATIONSHIP	TYPE OF TRANSACTION	AMOUNT	REVENUES	AMOUNT	REVENUES
Genertellife	Subsidiaries of AG Group	Operating loans	20,204	-	22,051	-
Assicurazioni Generali	Parent company	Operating loans	347	5	-	-
Other companies of Generali Group	Subsidiaries of AG Group	Operating loans	3,041	-	3,319	-
Other companies of Generali Group	Subsidiaries of AG Group	Medium/Long-term loans	528	31	659	17
Other exposures with Group companies	Subsidiaries of AG Group	Temporary current account exposures	5	32	7	207
Total			**24,125**	**68**	**26,036**	**224**

Operating receivables are comprised of transitional items including fees accrued over the last quarter for the distribution of insurance and financial products of Group companies.

Amounts due to **customers attributable** to Generali Group's related parties totalled 516.9 million euros at year-end compared to 376.7 million euros for the previous year and included amounts due to the parent company Assicurazioni Generali S.p.A. for 46.7 million euros, and amounts due to Generali Italia S.p.A. for 63.6 million euros, in addition to lease liabilities arising from the lease contracts for the administrative offices and the commercial network offices for 65.5 million euros.

Amounts due to the Parent Company and classified as **tax liabilities** consisted of Banca Generali S.p.A.'s net tax debt resulting from the balance between tax prepayments, withholdings and tax credits and the estimated IRES tax due at the end of 2023.

It should also be noted that on 23 December 2019 Banca Generali had finalised the issue of an Additional Tier 1 Perpetual bond of 50 million euros, which under IAS 32 is considered an **equity instrument** and meets the requirements under regulatory capital rules for being included among Additional Tier 1 instruments in the issuer's financial statements. The issue was fully subscribed in private placement by two German insurance companies of Generali Group. The bonds are perpetual and callable, at the issuer's sole discretion, from the sixth year from issue, and they yield — subject to authorisation from the competent Supervisory Authority and under the conditions established in applicable legislation — a non-cumulative half-yearly coupon at a fixed rate of 4.5% per annum for the first five years. On 23 June 2023 and 27 December 2023, the instalments amounting to 1,125 thousand euros each were paid, following those already paid in the previous years.

In addition, a total of 4.3 million euros signature loans were issued to Generali Group companies, of which 0.7 million euros to Assicurazioni Generali S.p.A. and 3.5 million euros to Citylife S.p.A.

Profit and Loss Account data

At 31 December 2023, the profit and loss components recognised in the Financial Statements with regard to transactions with Generali Group companies amounted to 222.6 million euros, or 43.6% of operating profit before taxation.

(€ THOUSAND)	SUBSIDIARIES AND ASSOCIATES OF THE INSURANCE GROUP	ASSOCIATES SUBJECT TO JOINT CONTROL OR SIGNIFICANT INFLUENCE	2023	2022	% WEIGHT 2023
Interest income	68	18	86	261	-
Interest expense	-11,476	-136	-11,612	-1,701	8.9%
Net interest income	**-11,408**	**-118**	**-11,526**	**-1,440**	**-3.8%**
Fee income	256,322	2,209	258,531	276,162	26.5%
Fee expense	-951	-	-951	-1,070	0.2%
Net fees	**255,371**	**2,209**	**257,580**	**275,092**	**53.5%**
Dividends	72	-	72	66	5.9%
Operating income	**244,035**	**2,091**	**246,126**	**273,718**	**30.6%**
Staff expenses	412	16	428	402	-0.3%
General and administrative expenses	-14,153	-	-14,153	-13,804	5.9%
Net adjustments/reversals of property and equipment	-7,787	-	-7,787	-7,368	19.6%
Other net operating income	58	85	143	-401	0.1%
Net operating expenses	**-21,470**	**101**	**-21,369**	**-21,171**	**7.3%**
Operating result	**222,565**	**2,192**	**224,757**	**252,547**	**44.1%**
Net provisions for liabilities and contingencies	-	-2,097	-2,097	-	3.2%
Gains (losses) from the disposal of investments and equity investments	-	-1,107	-1,107	-103	99.8%
Operating profit	**222,565**	**-1,012**	**221,553**	**252,444**	**49.9%**
Net profit (loss) for the year	**222,565**	**-1,012**	**221,553**	**252,444**	**67.9%**
Net profit (loss) for the year attributable to the Parent Company	**222,565**	**-1,012**	**221,553**	**252,444**	**67.9%**

Net interest income accrued in dealings with companies of the Insurance Group was negative at 11.4 million euros overall, accounting for 3.8% of the total item recognised in the Profit and Loss Account.
Interest expense amounted to 11.5 million euros, equal to 8.8% of the total amount recognised in the Profit and Loss Account, and referred mainly to the interest expense on current accounts (9.9 million euros) and to interests accrued on the IFRS 16-related liability (1.5 million euros).

Fee income paid back by companies of the Insurance Group amounted to 256.3 million euros, equal to 26.2% of the aggregate amount, and was broken down as follows:

	GENERALI GROUP	ASSOCIATES SUBJECT TO JOINT CONTROL OR SIGNIFICANT INFLUENCE	2023	GENERALI GROUP	ASSOCIATES SUBJECT TO JOINT CONTROL OR SIGNIFICANT INFLUENCE	2022	CHANGE ABSOLUTE	CHANGE %
Fees for the placement of UCITS	4,778	-	4,778	4,868	-	4,868	-90	-1.8%
Fees for distribution of insurance products	241,156	-	241,156	261,372	-	261,372	-20,216	-7.7%
Fees for distribution of discretionary mandates	1,391	-	1,391	1,135	-	1,135	256	22.6%
Advisory fees	8,919	-	8,919	6,595	-	6,595	2,324	35.2%
Other banking fees	78	2,209	2,287	93	2,099	2,192	95	4.3%
Total	**256,322**	**2,209**	**258,531**	**274,063**	**2,099**	**276,162**	**-17,631**	**-6.4%**

The most significant component consisted of fees for the **distribution of insurance products** paid back by **Genertellife**, reaching 241.2 million euros, down by 7.7% compared to the same period of the previous year.

Fees for the placement of units of UCITS of the Insurance Group were largely related to the income on the distribution of GI Focus funds, promoted by Generali Investments Europe SGR.

Furthermore, Banca Generali advises on, or directly manages through portfolio management, a portion of the underlying assets of the Group's insurance products.
In this regard, in 2023 fee income for advisory services rendered to Alleanza Assicurazioni S.p.A., Generali Italia S.p.A. and GIAM SGR S.p.A. amounted to 8.9 million euros.

Other banking fees referred both to SDD collection activity on behalf of Group companies and current account keeping fees.

It should also be noted that Banca Generali renders trading and order receipt services to Italian and international UCITS administered by management companies that belong to the Banking and Insurance Group. Such fees are generally charged directly against the assets of the UCITS, which are considered entities beyond the scope of IAS 24.

To hedge obligations towards the insured, the insurance wrappers of the Insurance Group companies (BG Stile Libero, Valore Futuro) also invest a portion of the reserves in UCITS units managed by the Banking Group's management company (BGFML), which receives the related management fees.

The Bank also directly collects from customers — through the correspondent bank — underwriting fees for the Sicavs promoted by the Group (Lux IM Sicav, BG Selection Sicav, Generali Investments Sicav).

Net **operating expenses** recognised in relation to transactions with related parties of Generali Group amounted to 21.5 million euros, accounting for 7.3% of the aggregate total, and referred to outsourced services in the insurance, leasing, administrative and IT areas.

	GENERALI GROUP	ASSOCIATES SUBJECT TO JOINT CONTROL OR SIGNIFICANT INFLUENCE	2023	GENERALI GROUP	ASSOCIATES SUBJECT TO JOINT CONTROL OR SIGNIFICANT INFLUENCE	2022	CHANGE	
							ABSOLUTE	%
Insurance services	2,943	-	2,943	2,948	-	2,948	-5	-0.2%
Property services	300	-	300	401	-	401	-101	-25.2%
Administration, IT and logistics services	10,852	-85	10,767	10,376	480	10,856	-89	-0.8%
Staff services	-412	-16	-428	-333	-69	-402	-26	6.5%
Depreciation of ROUs (IFRS 16)	7,787	-	7,787	7,368	-	7,368	419	5.7%
Total general and administrative expenses	**21,470**	**-101**	**21,369**	**20,760**	**411**	**21,171**	**198**	**0.9%**

Following the introduction of IFRS 16, property services relate solely to additional costs of leases and rentals of motor vehicles and ATMs (former condominium fees, VAT and sundry additional expenses).
Administrative expenses incurred in relation to Generali Italia S.p.A. amounted to 2.8 million euros and mainly referred to insurance services.

Expenses relating to IT, administration and logistics related chiefly to services rendered by Generali Italia (formerly Generali Business Solution S.c.ar.l.) on the basis of current outsourcing agreements.

The 7.8 million euro value adjustments of property and equipment refers to the depreciation of the IFRS 16-related right of use.

Transactions with other related parties

Exposure in respect of **Key Managers** of the Bank and its parent company Assicurazioni Generali mainly referred to residential mortgages subject to the same terms and conditions applied to similar mortgages held by other Executives of the Banking and Insurance Group.
Amounts due to such parties consist of the balances of correspondent accounts with Banca Generali and are regulated on the basis of conditions applicable to employees of the Banking and Insurance Group.

(€ THOUSAND)	ASSOCIATES AND MANAGERS WITH STRATEGIC RESPONSIBILITIES
Loans to customers	19,615
Amounts due to customers	14,462
Interest income	420
Interest expense	-333
Fee income	5
Guarantees issued	60

Direction and coordination

Pursuant to Article 2497-*bis* of the Italian Civil Code, Banca Generali is subject to Assicurazioni Generali S.p.A.'s "management and coordination" activities.

2022 highlights of Assicurazioni Generali

The highlights of the parent company Assicurazioni Generali S.p.A shown above were taken from the company's Financial Statements for the year ended 31 December 2022. These are available together with the Independent Auditors' Report as provided for by the law. Consequently, these figures of the Parent Company are not subject to audit performed by the auditing firm engaged by Banca Generali.

(€ MILLION)	2022
Net profit	**2,820.5**
Aggregate dividend	1,790.0
Increase	5.9%
Total net premiums	2,188.0
Total gross premiums	4,026.0
Total gross premiums from direct business	1,035.4
Increase on equivalent terms (a)	
Total gross premiums from indirect business	2,990.6
Increase on equivalent terms (a)	
Acquisition and administration costs	416.1
Expense ratio (b)	19.0%
Life business	
Life net premiums	1,100.1
Life gross premiums	1,629.6
Increase on equivalent terms (a)	
Life gross premiums from direct business	189.7
Increase on equivalent terms (a)	
Life gross premiums from indirect business	1,439.9
Increase on equivalent terms (a)	
Life acquisition and administration costs	183.6
Expense ratio (b)	16.7%
Non-life business	
Non-life net premiums	1,087.8
Non-life gross premiums	2,396.4
Increase on equivalent terms (a)	
Non-life gross premiums from direct business	845.7
Increase on equivalent terms (a)	
Non-life gross premiums from indirect business	1,550.7
Increase on equivalent terms (a)	
Non-life acquisition and administration costs	232.5
Expense ratio (b)	21.4%
Loss ratio (c)	60.2%
Combined ratio (d)	81.6%
Current financial result	**3,635.7**
Technical provisions	7,013.5
Life segment technical provisions	3,701.4
Non-life segment technical provisions	3,312.1
Investments	43,733.2
Capital and reserves	15,767.1

(a) At constant exchange rates.
(b) Ratio of administration costs to total premiums.
(c) Ratio of accrued claims to accrued premiums.
(d) Total (b) + (c).

PART I – PAYMENT AGREEMENTS BASED ON OWN EQUITY INSTRUMENTS

At 31 December 2023, Banca Generali activated the following payment agreements based on own equity instruments:
- the plans launched with respect to the Banca Generali Group's *Remuneration and Incentive Policy*, in effect from time to time, which calls for a part of the variable remuneration of Key Personnel to be paid by assigning Banca Generali's own financial instruments;
- the plans launched in service of the *Framework Loyalty Programme 2017-2026*, approved by the General Shareholders' Meeting on 20 April 2017 and now in its fifth annual cycle (2021-2026), which calls for a maximum of 50% of the indemnity accrued to be paid using own financial instruments;
- the *LTI (Long term Incentive)* plans for the Banking Group's top managers, based on Banca Generali shares, launched in 2018.

Qualitative Information

1. Share-based payment plans linked to the variable component of remuneration based on performance objectives

The *Remuneration and Incentive Policy for the Key Personnel of Banca Generali Group* — adopted in compliance with the Supervisory Provisions[28]currently in force — requires a portion of the variable component of remuneration, both current and deferred, to be paid by assigning Banca Generali's own financial instruments, based on the rules annually submitted for approval to the General Shareholders' Meeting of the Bank.

In addition to Top Managers, who qualify as Managers with Strategic Responsibilities, Key Personnel includes employees with special managerial responsibilities, Financial Advisors who serve as network managers and Financial Advisors whose total remuneration is a particularly high amount.

As of 2022, if the variable component of the Key Personnel's remuneration exceeds 50 thousand euros and one third of ordinary remuneration, at least 40% of it is subject to deferred payment systems for a period of time of no less than four years and will be at least 50% paid in Banca Generali shares according to the following assignment and retention mechanism:
- 60% of the bonus is paid up-front, normally by the first half of the year after that of reference, 50% in cash and 50% in Banca Generali shares, which will be subject to a retention period of one calendar year;
- 40% of the bonus will be paid according to a linear pro-rated approach and will be further deferred by four years from the payment of the first instalment, 50% in cash and 50% in Banca Generali shares, which will be subject to a retention period of one calendar year.

For Non-Top Key Personnel whose variable remuneration is a particularly high amount, the portion subject to deferral is increased to 60%, without prejudice to the payment of 50% of it in Banca Generali shares, whereas for Top Key Personnel the deferral period is increased to five years, with a 56% paid in shares.

Up to 2021, 40% of Key Personnel's variable remuneration, exceeding the threshold of 75 thousand euros, had been subject to deferral but for a period of no less than 2 years, with a 25% paid in Banca Generali shares according to the following assignment and retention mechanism:
- 60% of the bonus was paid up-front during the year after that of reference, 75% in cash and 25% in Banca Generali shares, which were subject to a retention period until the end of the year of assignment;
- 40% of the bonus was paid in two instalments of equal amount and deferred for one year and for two years, respectively, to be paid 75% in cash and 25% in Banca Generali shares, subject to a retention period until the end of the year of assignment.

In calculating the number of shares to be assigned, a method is applied where:
- the numerator is the portion of variable remuneration subject to payment in shares accrued in relation to the achievement of objectives set for the year in question; and
- the denominator is equal to the average price of Banca Generali shares during the three months prior to the meeting of the Board of Directors that approves the draft Separate and Consolidated Financial Statements for the year prior to that in which the cycle in question begins.

The payment in shares is executed after the Board of Directors verifies the earnings results for the year in question and is conditional not only upon the achievement of the pre-set objectives[29], but also to the satisfaction of access gates established from time to time by the Banking Group (CET1 ratio and LCR – Liquidity Coverage Ratio) for the year in which the remuneration is accrued and, where appropriate, for the following years of deferral.

[28] Bank of Italy Circular No. 285/2013, "Supervisory Provisions for Banks", Part I, Title IV, Chapter 2, Compensation and incentive mechanisms, as updated on 24 November 2021 (37th update).
[29] Provided for by the Management by Objectives (MBO) mechanism or by specific incentive/recruitment plans.

The Banking Group's Remuneration Policy for the reference year together with the authorisation to buy back treasury shares to be used to service it are submitted annually to the General Shareholders' Meeting that approves the previous year's Financial Statements. The resolution authorising the buy-back of treasury shares is also subject to authorisation by the Bank of Italy.

These plan categories also include any other compensation paid in the form of shares related to:
- ordinary sales incentives and recruitment plan for Financial Advisors other than the main network managers and employed sales personnel;
- agreements entered into in view of or upon the early termination of the employment or agency relationship, with regard to the beneficiaries falling within the category of Key Personnel.

1.1 Measurement of fair value and accounting treatment

The mechanisms to recognise variable remuneration — discussed in the previous section — are considered as equity-settled share-based payment transactions, falling within the scope of application of IFRS 2 – *Share-based Payments*.

The accounting treatment set forth for these transactions requires an entity to reflect in its accounts, under the most appropriate items (staff expenses, fee expense), the estimated expense associated with services received, determined on the basis of the fair value of the rights granted (stock options/stock grants), as an offsetting entry to an increase in net equity through allocation to a specific equity reserve.

As the agreements relating to share-based payments based on the above-mentioned plans do not call for an exercise price, they can be considered similar to a stock grant and recognised in compliance with the rules set forth for this category of transactions.
The overall expense regarding said agreements is therefore determined based on the number of shares expected to be assigned, multiplied by the fair value of the Banca Generali stock at the date of assignment.

The fair value of Banca Generali stock at the assignment date is measured based on the market price reported at the date of the General Shareholders' Meeting that is called annually to approve the Remuneration Policy for the year of reference, adjusted to account for the estimate of expected dividends, that will not be received by the beneficiaries during the deferral period.

The recognition through the equity reserve of the value of the plans — determined as described above — is measured *pro-rata temporis*, based on the vesting conditions, i.e., the period between assignment and final maturity of the right to receive the shares, likewise taking into account the probability that exercise conditions will not be realised for all beneficiaries.
Since the plans are organised into different instalments with differentiated vesting periods, each plan is valued separately.
In detail, the vesting period for the first instalment paid up-front assigned after the approval of the Financial Statements for the year of reference lasts from 1 January to 31 December of the year of reference of the remuneration (12 months). The vesting period of the subsequent instalments, whose payment is conditional upon both the continuation of service and the satisfaction of the access gates established on an annual basis, is further extended to 31 December of the year preceding that in which the shares are actually disbursed, according to a graded vesting criteria[30] [31].

However, the number of shares actually granted to beneficiaries may change based on the assessment of satisfaction of the individual objectives.

The IFRS 2 expense relating to any beneficiaries belonging to Banking Group companies other than the parent company Banca Generali is recognised directly by those companies. However, when the treasury shares bought back are actually assigned to them, the Bank charges back to the companies involved an amount corresponding to the fair value of the relevant plans[32].

1.2 Information on the share-based payment plans in connection to the Remuneration Policies

At 31 December 2023, there are three active cycles of share-based plans in connection to the Remuneration Policies relating to 2021, 2022 and 2023, whereas the 2020 cycle ended in the year, with the payment of the second deferred instalment.
Moreover, a limited number of non-standardised entry plans envisaging a longer, multi-year deferment are active.

[30] On the basis of the new Remuneration Policy in effect from 2022, the vesting period of portions of deferred variable remuneration may be extended from 24 to 72 months for Top Key Personnel with a particularly high remuneration.
[31] Since 2018, IFRS 2-related charges regarding ordinary incentives accrued by Financial Advisors and linked to objectives of net inflows or acquisition of new customers, where paid in shares, are expensed over the longer time period of 5 years. In addition, share grants relating to various recruitment plans for Financial Advisors who are included among Key Personnel only after the plan is concluded may be covered by other provisions for liabilities and contingencies previously allocated.
[32] The amount includes, in particular, the bonuses paid in shares to Key Personnel and some managers of the subsidiary BGFML and the Key Personnel of BG Valeur and BG Suisse.

The main features of the share-based plan, linked to the **2020** Remuneration Policies and approved by the General Shareholders' Meeting on **23 April 2020**, are as follows:

- for the purpose of determining the number of shares to be assigned, the price of reference of Banca Generali shares, calculated as the average official market price during the period 9 December 2019 to 9 March 2020, had been determined to be **29.71 euros**;
- the fair value of Banca Generali stock at the assignment date had been equal to the market price reported on 23 April 2020 (approximately **20.76 euros**), subsequently adjusted to account for the loss of dividends expected in the deferral period.

In that cycle, total shares assigned to Key Personnel had amounted to **152.8 thousand**, for a total fair value of **2.8 million euros**. In 2023, **28.7 thousand** shares referring to the second deferred instalment were assigned and the plan then ended.

The main features of the share-based plan, linked to the **2021** Remuneration Policies and approved by the General Shareholders' Meeting on **22 April 2021**, are as follows:

- for the purpose of determining the number of shares to be assigned, the price of reference of Banca Generali shares, calculated as the average official market price during the period 7 December 2020 to 5 March 2021, had been determined to be **27.58 euros**;
- the fair value of Banca Generali stock at the assignment date had been equal to the market price reported on 22 April 2021 (approximately **30.69 euros**), subsequently adjusted to account for the loss of dividends expected in the deferral period.

In that cycle, the total shares to be assigned to Key Personnel had amounted to **191.8 thousand**, for a total fair value of approximately **5.1 million euros**.
In 2023, **40.4 thousand shares**, referring to the first deferred instalment, were paid to the beneficiaries.
Shares still to be assigned amounted to 39.9 thousand and refer to the second deferred instalment that will become payable in 2024.

The main features of the share-based plan, linked to the **2022** Remuneration Policies and approved by the General Shareholders' Meeting on **21 April 2022**, are as follows:

- for the purpose of determining the number of shares to be assigned, the price of reference of Banca Generali shares, calculated as the average official market price during the period 9 December 2021 to 9 March 2022, had been determined to be **36.0 euros**;
- the fair value of Banca Generali stock at the assignment date had been equal to the market price reported on 22 April 2021 (approximately **32.35 euros**), subsequently adjusted to account for the loss of dividends expected in the longer deferral period.

In that cycle, the total shares to be assigned to Key Personnel had amounted to **250 thousand**, for a total fair value of approximately **7.1 million euros**.
In 2023, **139.3 thousand shares**, referring to the up-front portion, were paid to the beneficiaries.
Shares still to be assigned amounted to **110.7 thousand** and refer to the deferred instalments that will become payable from 2024 to 2028, respectively.

The main features of the share-based plan, linked to the **2023** Remuneration Policies and approved by the General Shareholders' Meeting on **19 April 2023**, are as follows:

- for the purpose of determining the number of shares to be assigned, the price of reference of Banca Generali shares, calculated as the average official market price during the period 8 December 2022 to 8 March 2023, was determined to be **33.18 euros**;
- the fair value of Banca Generali stock at the assignment date was equal to the market price reported on 19 April 2023 (approximately **30.34 euros**), subsequently adjusted to account for the loss of dividends expected in the longer deferral period.

In respect of the assessment of the achievement by Key Personnel of the objectives set for 2023, it was estimated that the portion of variable remuneration subject to share-based payment amounted to approximately **227.8 thousand shares**, for a total plan fair value of **6.0 million euros**.

The estimate of the shares in the process of accruing referring to the 2022-2024 three-year incentive plan launched by the Bank in 2022 that can be allotted to Key Personnel within Financial Advisors and Relationship Managers amounted to 98.3 thousand, for a total value of 2.1 million euros.

Other plans

There are other share-based plans, activated within the framework of the Remuneration Policies in force from time to time, which call for longer deferral periods of several years greater than those in effect when the plans were activated or, in any case, for vesting periods not in line with those envisaged in the Remuneration Policies.
In relation to such plans, the shares to be assigned to Key Personnel are estimated at a total of 35.3 thousand, corresponding to a fair value of 0.9 million euros, of which 18.8 thousand shares already allotted to the beneficiaries.

Quantitative information

In the reporting year, on the basis of the achievement of the performance objectives set out in the 2020, 2021 and 2022 Remuneration Policy, **215,953** treasury shares were granted to company managers and network managers, of which **176,073** shares assigned to Area Managers and Financial Advisors, **33,127** shares allotted to employees, and **6,753** shares to other beneficiaries of Banking Group companies.
In particular, the shares assigned for 2020 and 2021 related, respectively, to the first and second instalments deferred by one year (20%), whereas the shares assigned for 2022 related to the up-front amount (60%); a residual amount of shares were granted under previous years' plans with different deferral mechanisms.

(THOUSANDS OF SHARES)	DEFERRAL	DATE OF SHARE-HOLDERS' MEETING	BANK OF ITALY'S AUTHORI-SATION	ASSIGN-MENT PRICE	WEIGHTED AVERAGE FV	TOTAL SHARES (/000)	SHARES ALREADY ASSIGNED (/000)	OF WHICH ASSIGNED IN 2022	SHARES TO BE ASSIGNED (/000)	FAIR VALUE (€ MILLION)	IFRS 2 RESERVE (€ MILLION)
Year 2020	2021-2023	23.04.2020	16.07.2020	29.71	18.07	152.4	-123.3	-28.7	0.4	2.8	0.0
Year 2021	2022-2024	22.04.2021	01.07.2021	27.58	26.36	191.8	-111.5	-40.4	39.9	5.1	1.0
Year 2022	2022-2027	22.04.2022	01.07.2022	36.00	28.24	250.0	0.0	-139.3	110.7	7.1	1.9
Year 2023	2023-2028	19.04.2023	01.07.2022	33.18	26.44	227.8	0.0	0.0	227.8	6.0	4.4
Year 2022 three-year incentives	2022-2028	22.04.2022	28.06.2023	36.00	21.61	98.3	0.0	0.0	98.3	2.1	0.7
Other long-term plans					26.42	56.3	-17.7	-7.6	31.1	1.5	0.6
Total						**976.6**	**-252.6**	**-216.0**	**508.1**	**24.5**	**8.5**

2. Framework Loyalty Programme for the Sales Network 2017-2026

The *2017-2026 Framework Loyalty Programme for the Sales Network* was approved by the Board of Directors on 21 March 2017 and ratified by the General Shareholders' Meeting on 20 April 2017.

The Framework Loyalty Programme is divided into eight annual individual plans, all set to expire on 31 December 2026 and of decreasing lengths, to be activated following prior authorisation by the General Shareholders' Meeting of Banca Generali.
The indemnities accrued over the term of the Programme will be, in any event, paid out in one instalment, within 60 days from the General Shareholders' Meeting called to approve the 2026 Financial Statements.

For each plan, a portion of the accrued indemnity may be paid out in Banca Generali shares (up to a maximum of 50%), following an assessment of the potential effects at the level of capital ratios and floating capital by the corporate bodies (Board of Directors and General Shareholders' Meeting).

Participation in each of the plans envisaged by the Programme is reserved for Financial Advisors and Relationship Managers who have at least five years of company seniority by 31 December of the financial year before the reference year for each plan.
To be eligible to access the benefits of the plans activated it is necessary to:
› achieve at the end of the reference year a minimum volume of total AUM and qualified AUM increasing over time and with no net outflows (vesting condition);
› be regularly employed and not in a notice period on the disbursement date, except when the termination of employment is caused by death or permanent incapacity, retirement or withdrawal from the relationship by Banca Generali not for cause (service condition).

In the event of death, the indemnities accrued are understood to be permanently acquired, but are payable to the heirs under the same conditions specified for the other beneficiaries.

In addition, the accrued indemnity is commensurate for each individual plan with a rate for verified AUM and is differentiated according to the type of person (Financial Advisor/RM) and service seniority until a cap is reached.
Recognition of the indemnities on the disbursement date is also subject to the Banking Group's access gates being exceeded as defined in the Remuneration Policies applicable from time to time and the rules of propriety.

The number of Banca Generali shares due is determined in the same way as for the share-based payment plans connected with the Remuneration Policies, namely based on the average price of Banca Generali shares during the three months prior to the meeting of the Board of Directors that approves the draft Separate and Consolidated Financial Statements for the year prior to that of the annual plan of reference.

2.1 Measurement of fair value and accounting treatment

Without prejudice to the accounting framework already analysed in point 1.1 above, set out below are the specific details of the share-based payment plans that can be activated as part of the Loyalty Programme.

The fair value of Banca Generali share for plan valuation purposes is determined based on the market stock price reported on the date of the General Shareholders' Meeting that approves their activation, adjusted to take account of the estimate of expected dividends that the Bank will distribute along all the time horizon, decreasing for each successive plan, running up to the date the shares are actually assigned.

The plans' impact on the profit and loss account is measured *pro-rata temporis* based on the vesting period, which decreases for each successive plan, i.e., the period between the year of reference and final maturity of the right to receive the shares, taking also into account the probability that the vesting conditions for the year will not be realised for all beneficiaries.

2.2 Information on the share-based payment plans linked to the Framework Loyalty Programme

For all the annual plans launched up to the reporting date, 50% of the indemnity accrued can be paid out in shares.
The accrued indemnity value was determined based on the AUM of the plan's potential beneficiaries at end of the year of reference, whilst the number of financial instruments that can be assigned was determined based on the same reference value as the Banca Generali stock applied for the Remuneration Policies in force in the respective years.

Overall, the total number of shares, either assigned or in the process of accruing, in service of the five plans amounted to about 1,415 thousand (1,375 thousand net of the estimated turnover), for a total value of 20.2 million euros, of which 10.9 million euros already recognised through profit and loss.

	MAXIMUM NO. OF SHARES	NO. OF SHARES NET OF THE ESTIMATED TURNOVER	PLAN'S FAIR VALUE	IFRS 2 RESERVE	2023 EXPENSE
	THOUSANDS OF SHARES		€ MILLION		
2017-2026 Plan	204	198	2.4	1.6	0.3
2018-2026 Plan	162	158	2.3	1.4	0.3
2019-2026 Plan	334	324	4.4	2.6	0.5
2020-2026 Plan	278	270	2.7	1.4	0.4
2021-2026 Plan	437	424	8.4	3.8	1.3
Total	**1,415**	**1,375**	**20.2**	**10.9**	**2.7**

3. Long Term Incentive (LTI) Plans

The Long Term Incentive (LTI) Plan, based exclusively on Banca Generali S.p.A. shares, is governed by Banca Generali's Remuneration Policies for Key Personnel and is approved annually by the Shareholders' Meeting of the Bank[33].
The plan aims at increasing the value of Banca Generali shares, by further strengthening the link between the remuneration of beneficiaries and the performance of the Banking Group, without prejudice to the consistency required with the expected results set forth in the Insurance Group's strategic plan.

This incentive instrument was introduced in 2018 to replace an incentive of a similar nature activated annually by the parent company Assicurazioni Generali for an extensive group of Key Managers of the Insurance Group and based on the assignment of Assicurazioni Generali shares.

Within this framework, the performance objectives envisaged by the plans assign a weight of 80% to the Banking Group's objectives and 20% to the Insurance Group's objectives.

The performance indicators identified, to which various weights are assigned, may vary year by year and present the following characteristics:
› Banking Group's objectives (80%): tROE and adjusted EVA, ESG AUM ratio;
› Insurance Group's objectives (20%): ROE (Return on Equity), rTSR (relative Total Shareholders' Return compared to a peer group), net cash flows, sustainability indicators.

The main characteristics of the plans approved as of 2020 are:
› the maximum number of the shares to be granted is determined at the beginning of the period of reference using a multiplier of the beneficiary's current remuneration;
› each year, it is determined that the access gate conditions of the Banking Group and of the Insurance Group have been met with regard to the specific year of the plan and the attainment of the objectives set at the beginning of the three-year period is assessed;
› at the end of the three years, once it has been determined that the access gates have been exceeded, the overall level of achievement of the objectives set at the beginning of the three years is assessed on the basis of the average annual results achieved in order to determine the actual number of shares due;
› the total shares accrued are then disbursed to the plan beneficiaries, provided that there is still a professional relationship between the beneficiary and a Banking Group company (service condition), through the free allotment of ordinary treasury shares bought back on the market (stock granting), in two instalments:
  – o 50% of the shares is assigned immediately, subject to a further retention period of one year;

[33] For further details on the Plan, reference should be made to the Report on Remuneration Policy and Compensations Paid approved annually by the Shareholders' Meeting and published on the Bank's website.

- the remaining 50% is subject to a deferral of two additional years, without prejudice to a retention period of an additional year;
- › the plan does not include dividend equivalent mechanisms, in accordance with the law and common practice in the banking sector;
- › the plans envisage the customary malus and claw-back clauses.

The level of achievement of objectives, expressed in percent terms, is determined separately for each basket, consisting in an indicator and the weight assigned to it, using the linear interpolation method on the basis of the reference levels set at the outset of the plan (minimum, target and maximum)[34].
Here below is a presentation of the performance indicators defined for the plans activated up to now.

3.1 Measurement of fair value and accounting treatment

Without prejudice to the accounting framework already analysed in point 1.1 above, set out below are the specific details of the share-based payment plans that can be activated as part of the LTI plans launched by Banca Generali.

The number of shares due shall be valued separately for each plan year and for each of the weighted baskets linked to the objectives of the Banking Group and the Insurance Group.

In particular, baskets tied to the performance indicator formed by the Insurance Group's rTSR contain a market condition, whereas the other baskets are based on achievement of performance conditions.

	WEIGHT OF BANKING/ INSURANCE GROUP'S KPIS	ACCESS GATES		OBJECTIVES	
		BANKING GROUP'S	INSURANCE GROUP'S	BANKING GROUP'S	INSURANCE GROUP'S
2020 LTI	80%-20%			1. tROE (50%), 2. Adjusted EVA (50%)	1. rTSR (50%), 2. Net Holding cash flow (50%)
2021 LTI	80%-20%	Total Capital Ratio (TCR) Liquidity Coverage Ratio (LCR)	Regulatory Solvency ratio	1. tROE (50%), 2. Adjusted EVA (50%); 3. ESG AUM (correction factor from 0.8 to 1.2) [g]	1. rTSR (50%), 2. Net Holding cash flow (50%), 3. ESG indicators (correction factor from 0.8 to 1.2)
2022 LTI	80%-20%			1. tROE (40%), 2. Adjusted EVA (40%); 3. ESG AUM (20%) [h]	1. rTSR (45%), 2. Net Holding cash flow (35%), 3. ESG indicators (20%)
2023 LTI	80%-20%	CET1 Ratio Liquidity Coverage Ratio (LCR) [*]		1. tROE (40%), 2. Adjusted EVA (40%); 3. ESG AUM (20%) [i]	1. rTSR (55%), 2. Net Holding cash flow (25%), 3. ESG indicators (20%)

a) tROE (tangible – Return on equity): the ratio of net profit and average net equity, excluding net profit for the year and intangible assets.
b) Recurring income, net profit less the following one-off components: gains/losses on the proprietary securities portfolio, performance fees, one-off component of the contributions to the FITD/BRRD bank rescue funds and the income and costs related to the extraordinary transactions completed during the reference period.
c) Adjusted EVA – Embedded value added: an indicator that expresses the value creation as the difference between recurring net profit (as defined above) and the cost of capital (Ke * average absorbed capital).
d) Net ROE (return on equity): ratio of consolidated net result and IFRS consolidated net equity of Generali Group (excluding item "Other Comprehensive Income").
e) rTSR – relative Total Shareholder Return: the total return on shareholder investment, calculated as the change in the market price of Generali Group shares, in which distributions or dividends reinvested in the shares are included, as compared to a peer group of competitors included in the STOXX Euro Insurance index.
h) Net Holding cash flow (Generali Group): net cash flows available at the level of the parent company in a given period, after holding expenses and interest expense. Its main components, from a cash perspective, are: remittances from subsidiaries; the result of centralised reinsurance; interest on borrowings; and expenses and taxes paid or reimbursed at the level of the Parent Company.
g) 2021 ESG indicators:
 1) Banking Group: Assets Under Management (AUM) of retail funds and insurance and financial underlying with ESG (Environmental, Social e Governance) rating by an external provider. The parameter is applied as a multiplier from 0.8 to 1.2 based on the period-end volume of the ESG component of AUM;
 2) Insurance Group: i) ESG rating assigned by MSCI (Morgan Stanley Capital International) in the multi-line insurance & brokerage sector; ii) positioning of the score assigned by Standard & Poor's Global Corporate Sustainability Assessment for the banking sector. The parameter is applied as a multiplier from 0.8 to 1.2 based on the rating assigned.
h) 2022 ESG indicators:
 1) Banking Group: Assets Under Management (AUM) of retail funds and insurance and financial underlying with ESG (Environmental, Social e Governance) rating by an external provider. The parameter is applied as a multiplier from 0.8 to 1.2 based on the period-end volume of the ESG component of AUM (in a range of 8%-13% of the AUM of reference);
 2) Insurance Group: i) new green and sustainable bond investments (10% weight); ii) % of women managers in management positions on total management positions (10% weight).
i) 2023 ESG indicators:
 1) Banking Group: ESG Assets Under Management (AUM), i.e., the ratio of Assets Under Management to AUM invested in (i) "eligible" financial and insurance products/services pursuant to Articles 8 or 9 in accordance with the MiFID ESG approach, and (ii) financing that, although included in portfolio management schemes or insurance policies that do not fall under Articles 8 or 9, actually qualify as pursuant to Articles 8 or 9 with an MIFID-ESG score of >3;
 2) Insurance Group: i) the CO_2 Emissions Reduction Target for Group Operations, which refers to the percent reduction in CO_2-equivalent emissions generated by the Group's operations, measured comparing the year 2025 with the 2019 baseline; ii) % of women managers in management positions on total management positions.
(*) In detail, the 2023 banking access gates were CET1 ratio >=11% and LCR >=150%, whereas the insurance access gate was Regulatory Solvency Ratio (RSR) >150%.

[34] In particular, the maximum performance level is associated with a percentage of 175%.

Market conditions are assessed solely at the assignment date on the basis of a statistical model that estimates the probable future positioning of the rTSR for Generali shares compared to a peer group identified by the STOXX Euro Insurance Index for each plan year. The fair value of the rights associated with this plan component is thus determined by multiplying the fair value of a Banca Generali share at the assignment date by the level of achievement of the objective associated with the resulting positioning.

Baskets associated with the achievement of performance conditions are assessed on the basis of the fair value of a Banca Generali share and the number of shares potentially assignable.

In this case as well, the fair value of the Banca Generali share used for evaluating the plans is determined starting from the market stock price reported on the date of the General Shareholders' Meeting that approves their activation, adjusted to take account of the estimate of expected dividends that the Bank will distribute along all the time horizon, running up to the date the shares are actually assigned.

The total cost of the LTI plans is therefore equal to the sum of the cost calculated for each basket on the basis of the fair value of rights assigned, determined according to the above methods, multiplied by the number of shares that may potentially be granted in respect of the level of achievement of the performance condition, the market condition, the likelihood that the service condition will be met and the achievement of the minimum access gate.

The recognition through the equity reserve of the value of the plans — determined as described above — is measured pro-rata temporis, based on the vesting conditions, i.e., the period between assignment and final maturity of the right to receive the shares, likewise taking into account the probability that exercise conditions will not be realised for all beneficiaries.
In particular, for plans activated from 2020 onwards, the vesting period of the first instalment is three years from the year of approval of the plan to the end of the final year of the three years of reference, whereas the vesting period of the second instalment extends to the end of the year before that of the actual assignment of the shares (five years).

3.2 Information on the LTI (Long Term Incentive) share-based payment plans

In 2023, the shares relating to the first instalment of the second 2020-2023 LTI Plan were assigned. In detail, based on the objectives reached, a total of 42,803 shares were assigned out of a maximum number of 85,606 shares. The second instalment will be assigned in 2025.

Overall, the total number of shares in the process of accruing for the four plans underway amounted to about 385 thousand, for a total value of 8.7 million euros, of which 5.1 million euros already recognised through profit or loss (2.1 million euros for 2023).

	MAX NO. OF SHARES (THOUSANDS OF SHARES)		PLAN'S FAIR VALUE	IFRS 2 RESERVE	2023 EXPENSE
	TOTAL	ASSIGNED	(€ MILLION)		
2020-2022 Plan (2023-2025 allotments)	85.6	42.8	1.2	1.1	0.2
2021-2023 Plan (2024-2026 allotments)	123.4	-	2.6	2.0	0.6
2022-2024 Plan (2025-2027 allotments)	105.1	-	2.4	1.3	0.7
2023-2025 Plan (2026-2028 allotments)	114.0	-	2.4	0.7	**0.7**
Total plans underway	**428.2**	**42.8**	**8.7**	**5.1**	**2.2**

Quantitative Information

The value of treasury shares assigned during the year was 7.4 million euros, against IFRS 2 reserves totalling 6.6 million euros, with a negative net effect on the share premium reserve of about 0.8 million euros.
New provisions were also allocated to the reserve for 11.8 million euros.

At 31 December 2023, total IFRS 2 reserves allocated therefore amounted to 23.8 million euros, of which:

- 8.3 million euros in relation to the Remuneration Policy;
- 10.9 million euros in relation to the Loyalty Programme;
- 4.4 million euros in relation to the Long Term Incentive Plans of Banca Generali;
- 0.2 million euros in relation to foreign subsidiaries.

PART L – SEGMENT REPORTING

In application of IFRS 8, Banca Generali Group's segment reporting is based on information that management uses to make its operating decisions (so-called "management approach").

Following the extensive reorganisation of the sales networks approved by the Board of Directors of 8 November 2017, the corporate management identified the relevant operating segments for purposes of management reporting. In particular, effective as of 1 January 2018, the networks of non-employed Financial Advisors have been revised according to specialisation and reorganised into two macro-divisions on the basis of the total AUM managed by each Financial Advisor, with the introduction of the new Wealth Management network, which brings together Financial Advisors in the highest asset bracket (i.e., with AUM of more than 50 million euros).

The **Wealth Management CGU (WM CGU)** consists of the assets attributable to the Financial Advisors identified within Banca Generali's overall FA Network as managing total client assets of more than 50 million euros and the respective clients. In addition, the assets of BG Valeur S.A., operating in the private banking and investment banking segment, were fully allocated to the Wealth Management CGU.

The **Private Banking CGU (PB CGU)** consists of the assets attributable to the Financial Advisors identified within Banca Generali's overall FA Network as managing total client assets of less than 50 million euros, as well as the assets attributable to Relationship Managers and the related clients.

The periodical reports analysed by the management requires the Group to assess the performance of its operating segments on the basis of the performance of the net banking income attributable to such segments. The financial aggregates presented for each segment therefore consist of net interest, net fees and the net income (loss) from trading activity including dividends. They include both components arising from transactions with third parties external to the Group ("external revenues"), and those deriving from transactions with other segments ("internal revenues").

It should be noted in this regard that internal revenues can be identified solely with reference to net interest income; in fact, since net fees are generated directly by volumes of gross net inflows and assets under management relating to the individual segments, they are generated in full as external revenues.

The interest expense incurred by the segments mentioned below was determined on the basis of the actual interest paid on each segment's direct net inflows. Interest income for the segments includes the actual interest accrued on the loans issued to customers in each segment. Both components are recognised net of the share of the "notional interest" calculated on the basis of the LTP (Liquidity Transfer Pricing) and attributed to the Corporate Center segment.

Performance fees have been directly allocated to the business areas that place the products. All the revenue components presented are measured using the same accounting standards adopted to prepare the Group's Consolidated Financial Statements so that segment data can be reconciled more easily with consolidated data.

The following table shows the consolidated profit and loss results of each of the three operating segments, stated net of intra-segment eliminations.

BANCA GENERALI GROUP PROFIT AND LOSS ACCOUNT BY BUSINESS SEGMENT	2023 PB CGU	2023 WM CGU	2023 CORPORATE CENTER	2023 TOTAL	2022 PB CGU	2022 WM CGU	2022 CORPORATE CENTER	2022 TOTAL
Net interest income	**225,397**	**87,193**	**-8,190**	**304,400**	**47,629**	**22,229**	**75,121**	**144,979**
Fee income	600,100	305,571	71,576	977,247	594,884	291,849	73,272	960,005
of which:								
- underwriting	*26,508*	*13,707*	*838*	*41,053*	*21,651*	*8,398*	*437*	*30,487*
- management	*506,841*	*252,504*	*45,316*	*804,660*	*512,966*	*252,727*	*47,214*	*812,907*
- performance	*10,605*	*5,553*	*3,068*	*19,225*	*9,801*	*4,003*	*5,519*	*19,323*
- other	*56,146*	*33,808*	*22,354*	*112,308*	*50,466*	*26,721*	*20,101*	*97,288*
Fee expense	-326,064	-170,170	-14,177	-510,411	-313,746	-159,323	-15,404	-488,473
of which:								
- incentives	*-11,316*	*-3,576*	*-*	*-14,892*	*-13,483*	*-5,351*	*-*	*-18,834*
Net fees	**274,036**	**135,401**	**57,398**	**466,836**	**281,138**	**132,527**	**57,868**	**471,532**
Net income (loss) from trading activities and dividends	-	-	16,943	16,943	-	-	23,330	23,330
Net banking income	**499,433**	**222,594**	**66,151**	**788,179**	**328,767**	**154,756**	**156,318**	**639,841**
Staff expenses				-124,371				-114,789
Other general and administrative expenses				-240,786				-217,470
Adjustments of property, equipment and intangible assets				-39,726				-36,668
Other operating expenses/income				112,032				94,787
Net operating expenses				**-292,850**				**-274,140**
Operating result				**495,328**				**365,702**
Adjustments of other assets				-528				-8,334
Net provisions				-49,844				-27,101
Gains (losses) from investments and equity investments				-1,109				-107
Operating profit before taxation				**443,847**				**330,159**
Income taxes – operating activities				-117,769				-117,186
Profit (loss) from HFS assets				-				-
Net profit (loss) for the year attributable to minority interests				-58				-61
Net profit				**326,136**				**213,034**
(€ MILLION)								
Assets Under Management	58,132	33,907	6,084	98,122	52,624	29,691	5,388	87,703
Net inflows	3,796	2,059	n.a.	5,855	3,594	2,113	n.a.	5,707
No. of FAs/RMs	1,864	407	n.a.	2,271	1,832	384	n.a.	2,216

(1) Interest income includes negative interest income classified under Item 20 of the Profit and Loss Account (Interest expense).
(2) Interest expense includes negative interest expense classified under Item 10 of the Profit and Loss Account (Interest income).
(3) The financial data in the segment reporting are stated in accordance with the management approach, reclassifying fee provisions to the item Fee expense.

With respect to the information about assets and liabilities required by IFRS 8, it should be noted that the Group's management does not present or analyse the data in question in a format that differs from that as approved in the Consolidated and Separate Financial Statements.

Accordingly, for comments on the Group's balance sheet figures, reference is made to the other sections of these Notes and Comments.

The following table shows the breakdown of the balance of consolidated intangible assets by segment, with particular reference to the Goodwill component.

(€ THOUSAND)	31.12.2023 PB CGU	WM CGU	TOTAL
Goodwill	52,848	35,225	88,073
Intangible assets (customer relationships and trademarks)	2,822	13,232	16,054
Total	**55,670**	**48,457**	**104,127**

In accordance with the requirements of IFRS 8.33, it bears recalling that the Group's business is substantially evenly distributed throughout Italy. Management does not receive any reports on performance by geographical area.

In accordance with the requirements indicated in IFRS 8.34, it is specified that the Group has no customers that allow revenues of more than 10% of consolidated revenues to be obtained, the only exception being the product insurance distribution activity of the subsidiary Genertellife for which reference is made to Part H of these Notes and Comments.

PART M – INFORMATION ON LEASES

Section 1 – Lessee

Qualitative information

With regard to qualitative information required pursuant to paragraphs 59 and 60 of IFRS 16, reference should be made to Part A, namely Part A.1 – General, Section 5 – Other Aspects and Part A.2 – Main Financial Statements Aggregates, Point 15 – Other information of these Notes and Comments.

Quantitative information

As regards quantitative information, reference should be made to the details given in these Notes and Comments, and in particular:
- **Rights of use acquired through leases** in Part B, Section 9 – Property and equipment – Item 90, Table 9.1 Breakdown of operating property and equipment: assets measured at cost;
- **Lease debts** in Part B, Section 1 – Financial liabilities measured at amortised cost – Item 10, Table 1.6 Lease debts;
- **Interest expense on lease liabilities/debts** in Part C, Section 1 – Interests – Items 10 and 20, Table 1.3 Breakdown of interest expense and similar charges;
- **Other costs associated with rights of use acquired through leases** in Part C, Section 12 – General and administrative expenses – Item 190, Table 12.5 Breakdown of other general and administrative expenses;
- **Depreciation of rights of use acquired through leases** in Part C, Section 14 – Net adjustments/reversals of property and equipment – Item 210, Table 14.1 Breakdown of net adjustments of property and equipment.

Trieste, 5 March 2024

The Board of Directors

Independent Auditors' Report on the Consolidated Financial Statements

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(The accompanying translated consolidated financial statements of the Banca Generali Group constitute a non-official version which is not compliant with the provisions of Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Banca Generali S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Banca Generali Group (the "group"), which comprise the consolidated balance sheet as at 31 December 2023, the consolidated profit and loss account, the consolidated statement of other comprehensive income, the consolidated statement of changes in net equity and the consolidated cash flow statement for the year then ended and notes thereto, which include material information on the accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Banca Generali Group as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Banca Generali S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Banca Generali Group
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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Classification and measurement of financial assets and liabilities at fair value

Notes to the consolidated financial statements "Part A – Accounting policies": paragraphs A.2.1 "Financial assets measured at fair value through profit or loss (FVTPL)", A.2.2 "Financial assets at fair value through other comprehensive income (FVOCI)", A.2.4 "Hedging transactions", A.2.12 "Financial liabilities held for trading" and A.4 "Information on fair value"

Notes to the consolidated financial statements "Part B - Information on the consolidated balance sheet - Assets": sections 2 "Financial assets measured at fair value through profit or loss ", 3 "Financial assets measured at fair value through other comprehensive income" and 5 "Hedging derivatives"

Notes to the consolidated financial statements "Part B - Information on the consolidated balance sheet - Liabilities": sections 2 "Financial liabilities held for trading" and 4 "Hedging derivatives"

Notes to the consolidated financial statements "Part C - Information on the consolidated profit and loss account": sections 4 "Net income (loss) from trading activities", 5 "Net income (loss) from hedging" and 7 "Net gains (losses) of other financial assets and liabilities measured at fair value through profit or loss"

Notes to the consolidated financial statements "Part E - Information on risks and risk hedging policies": paragraphs 1.1 "Credit risk - subsection D "Transfers" - paragraphs C "Prudential consolidation: Transferred financial assets fully derecognised", 1.2 "Market risks" and 1.3 "Derivatives and hedging policies"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2023 include financial assets and financial liabilities at fair value totalling €1,672.3 million and €132.8 million, respectively. These financial assets and liabilities comprise assets and liabilities measured at fair value of €695.6 million and €132.8 million, respectively, for which there is no quoted price on an active market and which the directors have classified at levels 2 and 3 of the fair value hierarchy. Classifying and, especially, measuring fair value levels 2 and 3 financial instruments require a high level of judgement given the complexity of the models and parameters used. For the above reasons, we believe that the classification and measurement of financial assets and liabilities at fair value are a key audit matter.	Our audit procedures included: — gaining an understanding of the parent's and group companies' processes and IT environments in relation to the trading, classification and measurement of financial instruments; — assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls, especially in relation to the classification and measurement of financial instruments with fair value levels 2 and 3. We carried out these procedures with the assistance of experts of the KPMG network; — checking, on a sample basis, that the financial instruments had been correctly classified on the basis of their fair value level; — for a sample of financial instruments with fair value levels 2 and 3, assessing the reasonableness of

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	the main parameters used by the directors for their measurement. We carried out this procedure with the assistance of experts of the KPMG network; — analysing the changes in the composition of the financial instrument portfolios compared to the previous year end and discussing the results with the relevant internal departments; — assessing the appropriateness of the disclosures about financial instruments and related fair value levels.

Measurement of provisions for liabilities and contingencies

Notes to the consolidated financial statements "Part A - Accounting policies": paragraph A.2.10 "Provisions for liabilities and contingencies"

Notes to the consolidated financial statements "Part B - Information on the consolidated balance sheet - Liabilities": section 10 "Provisions for liabilities and contingencies"

Notes to the consolidated financial statements "Part C - Information on the consolidated profit and loss account": section 13 "Net provisions for liabilities and contingencies"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2023 include provisions for liabilities and contingencies of €265.2 million. These include €199.9 million relating to financial advisors' termination indemnities and incentive schemes. Measuring provisions for the financial advisors' termination indemnities and incentive schemes is a complex activity, with a high degree of uncertainty, and also entails directors' actuarial-based estimates about the probability of payments, the expected payment timing and other historical and statistical parameters relating to the financial advisors. For the above reasons, we believe that measuring provisions for liabilities and contingencies is a key audit matter.	Our audit procedures included: — understanding the process for the measurement of the provisions for liabilities and contingencies, assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls; — analysing the discrepancies between last year's and current year's estimates of the provisions for liabilities and contingencies and discussing the results with the relevant internal departments; — analysing the reasonableness of the assumptions, actuarial assumptions and methods used by the directors to estimate the liability for financial advisors' termination indemnities. We carried out these procedures with the assistance of experts of the KPMG network; — assessing the appropriateness of the disclosures about the other provisions for liabilities and contingencies.

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Other matters - Management and coordination

The parent's directors disclosed the key figures from the latest financial statements of the company that manages and coordinates it in the notes to its own consolidated financial statements. Our opinion on the consolidated financial statements of the Banca Generali Group does not extend to such data.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 22 April 2021, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2021 to 31 December 2029.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

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Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements at 31 December 2023 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements at 31 December 2023 have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's reports on operations and on corporate governance and ownership structure at 31 December 2023 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the report on operations and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2023 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the report on operations and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 31 December 2023 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

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Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16

The directors of Banca Generali S.p.A. are responsible for the preparation of a consolidated non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such consolidated non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the non-financial statement separately.

Trieste, 27 March 2024

KPMG S.p.A.

(signed on the original)

Pietro Dalle Vedove
Director of Audit

Independent Auditors' Report on the Consolidated Non-Financial Statement

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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

To the board of directors of
Banca Generali S.p.A.

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5.1.g) of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2023 consolidated non-financial statement of the Banca Generali Group (the "group") prepared in accordance with article 4 of the decree, presented in the specific section of the Directors' Report in Operations and approved by the board of directors on 5 March 2024 (the "NFS").

Our procedures did not cover the information set out in the "*Regulation (EU) No. 2020/852 on Taxonomy disclosure"* and the related *"Annex 2 – Disclosure pursuant to Annex VI of Commission Delegate Regulation (EU) No. 2021/2178*" section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Banca Generali S.p.A. (the "parent") for the NFS

The directors are responsible for the preparation of an NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), which they have identified as the reporting standards.

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

Banca Generali Group
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The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group's policies and the identification and management of the risks generated or borne.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards, the IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applied International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintained a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the NFS with those included in the group's consolidated financial statements.
4. Gaining an understanding of the following:
   - the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;

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Banca Generali Group
Independent auditors' report
31 December 2023

- the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
- the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

   Specifically, we held interviews and discussions with the parent's management personnel. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

   Furthermore, with respect to significant information, considering the group's business and characteristics, at parent and subsidiaries level:

   a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
   b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
   c) we obtained documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2023 consolidated non-financial statement of the Banca Generali Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

Our conclusion does not extend to the information set out in the "*Regulation (EU) No. 2020/852 on Taxonomy disclosure"* and the related *"Annex 2 – Disclosure pursuant to Annex VI of Commission Delegate Regulation (EU) No. 2021/2178*" section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Trieste, 27 March 2024

KPMG S.p.A.

(signed on the original)

Pietro Dalle Vedove
Director of Audit

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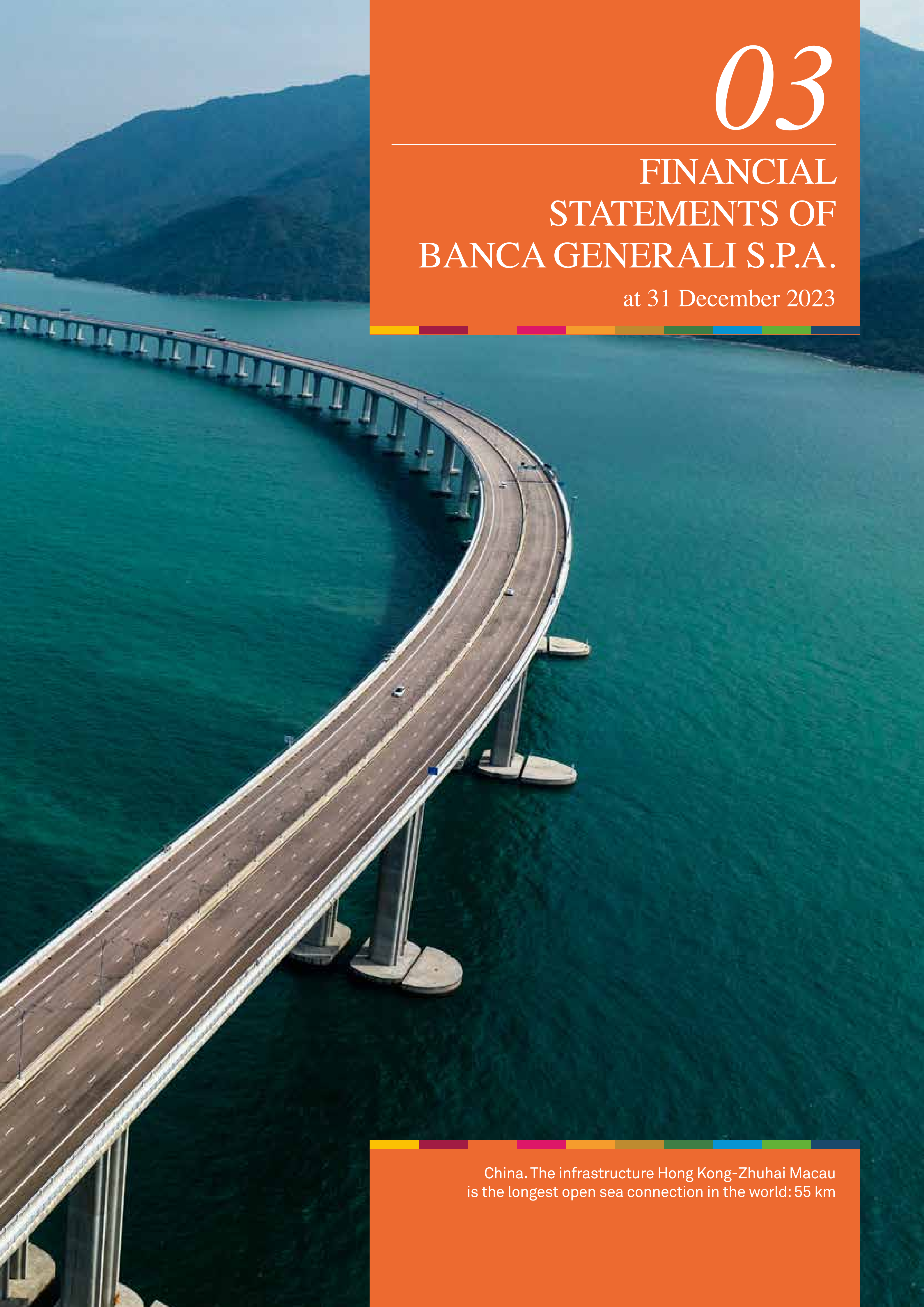

03

FINANCIAL STATEMENTS OF BANCA GENERALI S.P.A.

at 31 December 2023

China. The infrastructure Hong Kong-Zhuhai Macau
is the longest open sea connection in the world: 55 km

Economic and Financial Highlights

ECONOMIC AND FINANCIAL HIGHLIGHTS

(€ MILLION)	31.12.2023	31.12.2022	% CHANGE
Net interest income	302.9	145.1	108.7
Net financial income	319.9	168.5	89.9
Net fees	273.0	271.7	0.5
Dividends and net income (loss) from trading activities	17.0	23.4	-27.1
Net banking income	**592.9**	**440.2**	**34.7**
Staff expenses	-105.8	-97.2	8.9
Other net general and administrative expenses	-114.6	-110.0	4.3
Amortisation and depreciation	-37.6	-34.7	8.3
Other operating income and expenses	9.6	11.4	-15.9
Net operating expenses [c]	**-248.5**	**-230.4**	**7.8**
of which:			
– *staff expenses*	*-105.8*	*-97.2*	*8.9*
Operating result	**344.4**	**209.8**	**64.2**
Provisions and charges related to the banking system [c]	-66.0	-44.7	47.6
Provisions	-49.8	-27.1	83.9
Dividends and income from equity investments	148.2	167.8	-11.7
Adjustments to non-performing loans	-0.5	-8.3	-93.7
Profit before taxation	**410.9**	**320.5**	**28.2**
Net profit	**314.9**	**226.2**	**39.2**

PERFORMANCE INDICATORS

	31.12.2023	31.12.2022	% CHANGE
Cost income ratio [c] [d]	41.9%	52.3%	-19.9
EBTDA [c]	382.0	244.5	56.2
ROE [a]	29.9%	22.6%	32.1
ROA [b]	0.3%	0.3%	24.6
EPS - Earnings per share (euros)	2.76	1.97	39.8

(a) Ratio of net result to the arithmetic average of net equity, including net profit, at the end of the year and the end of the previous year.
(b) Ratio of net result for the year to Assoreti's year-end exact total assets, annualised.
(c) For a greater understanding of operating performance, mandatory contributions (of both an ordinary and extraordinary nature) paid to the Italian Interbank Deposit Protection Fund (FITD), the European Single Resolution Fund and Italian National Resolution Fund have been reclassified from the general and administrative expenses aggregate to a separate item. The restatement better represents the evolution of the costs linked to the Bank's operating structure by separating them from the systemic charges incurred
(d) The cost/income ratio measures the ratio of operating expenses to net operating income.

NET INFLOWS

(€ MILLION) (ASSORETI DATA)	31.12.2023	31.12.2022	% CHANGE
Funds and Sicavs	87	693	-87.4
Financial wrappers	699	1,000	-30.1
Insurance wrappers	15	279	-94.6
Managed solutions	**801**	**1,972**	**-59.4**
Traditional insurance products	-1,167	-814	-43.4
Assets under administration	6,221	4,549	36.8
Total	**5,855**	**5,707**	**2.6**

TOTAL CLIENT ASSETS

(€ BILLION) (ASSORETI DATA)	31.12.2023	31.12.2022	% CHANGE
Funds and Sicavs	22.0	20.5	7.1
Financial wrappers	9.7	8.6	12.6
Insurance wrappers	10.6	10.1	4.4
Managed solutions	42.2	39.2	7.6
Traditional insurance products	14.3	15.3	-6.5
Assets under administration	35.2	27.6	27.7
Total	**91.8**	**82.2**	**11.7**

NET EQUITY

(€ MILLION)	31.12.2023	31.12.2022	% CHANGE
Net equity	1,119.5	986.2	13.5
Own funds	758.4	691.7	9.6
Excess capital	338.1	261.9	29.1
Total Capital Ratio	**18.9%**	**16.9%**	**12.1**

Accounting Statements

BALANCE SHEET

ASSETS

(EUROS)		31.12.2023	31.12.2022
10.	Cash and deposits	573,573,467	753,658,136
20.	Financial assets measured at fair value through profit or loss:	509,407,283	507,345,911
	a) HFT financial assets	166,197	1,991,075
	c) other financial assets mandatorily measured at fair value	509,241,086	505,354,836
30.	Financial assets measured at fair value through other comprehensive income	1,000,935,508	1,120,100,646
40.	Financial assets measured at amortised cost:	12,257,659,275	13,676,986,946
	a) loans to banks	2,257,223,244	2,535,019,113
	b) loans to customers	10,000,436,031	11,141,967,833
50.	Hedging derivatives	161,955,281	286,775,558
70.	Equity investments	58,746,777	32,158,115
80.	Property and equipment	137,616,288	150,182,765
90.	Intangible assets	131,375,986	124,305,797
	of which:		
	- *goodwill*	*79,366,416*	*79,366,416*
100.	Tax receivables:	70,080,523	71,122,712
	a) current	1,454,369	1,495,374
	b) prepaid	68,626,154	69,627,338
120.	Other assets	503,009,226	474,435,451
	Total assets	**15,404,359,614**	**17,197,072,036**

LIABILITIES AND NET EQUITY

(EUROS)		31.12.2023	31.12.2022
10.	Financial liabilities measured at amortised cost:	13,494,805,885	15,538,621,235
	a) due to banks	231,658,847	544,498,391
	b) due to customers	13,263,147,038	14,994,122,844
20.	HFT financial liabilities	158,659	-
40.	Hedging derivatives	132,661,592	123,604,404
60.	Tax liabilities:	44,709,241	31,989,127
	a) current	39,582,955	27,465,060
	b) deferred	5,126,286	4,524,067
80.	Other liabilities	346,276,597	273,462,699
90.	Employee termination indemnities	3,744,002	3,679,521
100.	Provisions for liabilities and contingencies:	262,538,207	239,504,129
	a) commitments and guarantees issued	9,590,962	51,926
	c) other provisions for liabilities and contingencies	252,947,245	239,452,203
110.	Valuation reserves	-4,320,255	-12,619,570
130.	Equity instruments	50,000,000	50,000,000
140.	Reserves	674,069,558	632,162,877
150.	Share premium reserve	52,992,230	53,767,376
160.	Share capital	116,851,637	116,851,637
170.	Treasury shares (-)	-85,005,169	-80,139,118
180.	Net profit (loss) for the year	314,877,430	226,187,720
	Total net equity and liabilities	**15,404,359,614**	**17,197,072,036**

PROFIT AND LOSS ACCOUNT

ITEMS

(EUROS)	2023	2022
10. Interest income and similar revenues	433,137,540	159,474,220
20. Interest expense and similar charges	-130,264,834	-22,153,746
30. Net interest income	**302,872,706**	**137,320,473**
40. Fee income	745,445,396	723,285,893
50. Fee expense	-457,593,983	-432,724,829
60. Net fees	**287,851,413**	**290,561,064**
70. Dividends and similar income	149,435,295	168,927,667
80. Net income (loss) from trading activities	4,033,043	3,589,829
90. Net income (loss) from hedging	1,183,449	1,884,368
100. Gain (loss) on disposal or repurchase of:	5,543,418	28,308,430
a) financial assets measured at amortised cost	5,323,719	42,426,746
b) financial assets measured at fair value through other comprehensive income	219,699	-14,118,316
110. Net income (loss) from financial assets and liabilities measured at fair value through profit and loss:	5,061,327	-11,565,989
b) other financial assets mandatorily measured at fair value	5,061,327	-11,565,989
120. Net banking income	**755,980,650**	**619,025,842**
130. Net adjustments/reversals due to credit risk:	-528,202	-8,327,065
a) financial assets measured at amortised cost	-692,621	-7,911,101
b) financial assets measured at fair value through other comprehensive income	164,418	-415,964
150. Net income (loss) from trading activities	**755,452,448**	**610,698,778**
160. General and administrative expenses:	-338,190,019	-307,808,737
a) staff expenses	-105,834,714	-97,174,670
b) other general and administrative expenses	-232,355,305	-210,634,067
170. Net provisions for liabilities and contingencies:	-64,735,577	-45,935,478
a) commitments and guarantees issued	-9,539,036	-9,010
b) other net provisions	-55,196,541	-45,926,468
180. Net adjustments/reversals of property and equipment	-22,456,862	-21,040,071
190. Net adjustments/reversals of intangible assets	-15,146,741	-13,692,212
200. Other operating expenses/income	111,213,928	94,523,485
210. Operating expenses	**-329,315,272**	**-293,953,013**
220. Gains (losses) from equity investments	-15,202,422	-4,040,341
250. Gains (losses) on disposal of equity investments	-82,709	-4,123
260. Profit from operating activities before income taxes	**410,852,045**	**312,701,301**
270. Income taxes for the year on operating activities	-95,974,616	-86,513,581
280. Profit from operating activities after income taxes	**314,877,430**	**226,187,720**
300. Net profit (loss) for the year	**314,877,430**	**226,187,720**

STATEMENT OF OTHER COMPREHENSIVE INCOME

ITEMS (EUROS)		2023	2022
10.	**Net profit for the year**	**314,877,430**	**226,187,720**
	Other income net of income taxes, without transfer to Profit and Loss Account		
20.	Equity securities designated at fair value through other comprehensive income	530,861	124,620
70.	Defined benefit plans	-162,496	201,242
	Other income net of income taxes, with transfer to Profit and Loss Account		
140.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	7,930,950	-12,561,873
170.	**Total other income net of income taxes**	**8,299,315**	**-12,236,011**
180.	**Comprehensive income (Items 10 + 170)**	**323,176,745**	**213,951,709**

STATEMENT OF CHANGES IN EQUITY

ITEMS

	SHARE CAPITAL			RESERVES						
(EUROS)	A) ORDINARY SHARES	B) OTHER	SHARE PREMIUM RESERVE	A) RETAINED EARNINGS	B) OTHER	VALUATION RESERVES	EQUITY INSTRUMENTS	TREASURY SHARES	NET PROFIT (LOSS)	NET EQUITY
Net equity at 31.12.2022	**116,851,637**	**-**	**53,767,376**	**598,456,926**	**33,705,951**	**-12,619,570**	**50,000,000**	**-80,139,118**	**226,187,720**	**986,210,922**
Change in opening balances	-	-	-	-	-	-	-	-	-	-
Amount at 01.01.2023	116,851,637	-	53,767,376	598,456,926	33,705,951	-12,619,570	50,000,000	-80,139,118	226,187,720	986,210,922
Allocation of net profit for the previous year	-	-	-	31,751,269	-	-	-	-	-226,187,720	-194,436,451
- Reserves	-	-	-	33,382,519	-	-	-	-	-33,382,519	-
- Dividends and other allocations	-	-	-	-1,631,250	-	-	-	-	-192,805,201	-194,436,451
Change in reserves	-	-	-	-	-	-	-	-	-	-
Transactions on net equity:	-	-	-775,146	4,803,664	5,351,748	-	-	-4,866,051	-	4,514,215
- issue of new shares	-	-	-775,146	-	-6,420,367	-	-	7,380,978	-	185,465
- Purchase of treasury shares	-	-	-	-	-	-	-	-12,247,029	-	-12,247,029
- Extraordinary distribution of dividends	-	-	-	4,803,664	-	-	-	-	-	4,803,664
- Change in equity instruments	-	-	-	-	-	-	-	-	-	-
- Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-
- Stock options	-	-	-	-	11,772,115	-	-	-	-	11,772,115
Comprehensive income	-	-	-	-	-	8,299,315	-	-	314,877,430	323,176,745
Net equity at 31.12.2023	**116,851,637**	**-**	**52,992,230**	**635,011,859**	**39,057,699**	**-4,320,255**	**50,000,000**	**-85,005,169**	**314,877,430**	**1,119,465,431**

	SHARE CAPITAL			RESERVES						
(EUROS)	A) ORDINARY SHARES	B) OTHER	SHARE PREMIUM RESERVE	A) RETAINED EARNINGS	B) OTHER	VALUATION RESERVES	EQUITY INSTRUMENTS	TREASURY SHARES	NET PROFIT (LOSS)	NET EQUITY
Net equity at 31.12.2021	**116,851,637**	**-**	**55,866,035**	**482,164,880**	**29,285,787**	**-383,561**	**50,000,000**	**-64,822,379**	**342,247,370**	**1,011,209,769**
Change in opening balances	-	-	-	-	-	-	-	-	-	-
Amount at 01.01.2022	116,851,637	-	55,866,035	482,164,880	29,285,787	-383,561	50,000,000	-64,822,379	342,247,370	1,011,209,769
Allocation of net profit for the previous year	-	-	-	112,755,428	-	-	-	-	-342,247,370	-229,491,942
- Reserves	-	-	-	114,386,678	-	-	-	-	-114,386,678	-
- Dividends and other allocations	-	-	-	-1,631,250	-	-	-	-	-227,860,692	-229,491,942
Change in reserves	-	-	-	-	98,583	2	-	-	-	98,585
Transactions on net equity:	-	-	-2,098,659	3,536,618	4,321,581	-	-	-15,316,739	-	-9,557,199
- Issue of new shares	-	-	-2,098,659	-	-6,758,709	-	-	8,979,038	-	121,670
- Purchase of treasury shares	-	-	-	-	-88,781	-	-	-24,295,777	-	-24,384,558
- Extraordinary distribution of dividends	-	-	-	3,536,618	-	-	-	-	-	3,536,618
- Change in equity instruments	-	-	-	-	-	-	-	-	-	-
- Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-
- Stock options	-	-	-	-	11,169,071	-	-	-	-	11,169,071
Comprehensive income	-	-	-	-	-	-12,236,011	-	-	226,187,720	213,951,709
Net equity at 31.12.2022	**116,851,637**	**-**	**53,767,376**	**598,456,926**	**33,705,951**	**-12,619,570**	**50,000,000**	**-80,139,118**	**226,187,720**	**986,210,922**

CASH FLOW STATEMENT

INDIRECT METHOD

(EUROS)	2023	2022
A. OPERATING ACTIVITIES		
1. Operations	**244,489,843**	**79,305,573**
Net profit (loss) for the year	314,877,430	226,187,720
Gain/loss on HFT financial assets and other assets and liabilities measured at fair value through profit or loss	-17,036,384	11,478,770
Gain/loss on hedging assets	6,220,342	-1,559,650
Net adjustments/reversals due to credit risk	528,202	8,327,065
Net adjustments/reversals of property, equipment and intangible assets	37,603,603	34,732,283
Net provisions for liabilities and contingencies and other costs/revenues	23,650,197	23,778,755
Taxes, duties and tax credits not paid	10,392,634	23,092,128
Net adjustments/reversals of discontinued operations	-	-555,823
Other adjustments	-131,746,181	-246,175,674
2. Liquidity generated by/used for financial assets (+/-)	**1,748,257,711**	**-1,989,310,087**
HFT financial assets	1,999,172	4,559,012
Financial assets designated at fair value	-	-
Other financial assets mandatorily measured at fair value	13,153,001	-107,609,929
Financial assets measured at fair value through other comprehensive income	133,755,197	1,406,025,953
Financial assets measured at amortised cost:	1,663,850,303	-3,223,900,833
Loans to banks	*337,394,637*	*-1,401,117,294*
Loans to customers	*1,326,455,666*	*-1,822,783,539*
Other assets	-64,499,963	-68,384,289
3. Liquidity generated by/used for financial liabilities (+/-)	**-2,033,129,727**	**1,155,783,296**
Financial liabilities measured at amortised cost:	-2,060,626,418	1,097,649,839
Due to banks	*-312,891,834*	*-283,746,411*
Due to customers	*-1,747,734,584*	*1,381,396,250*
Securities issued	-	-
HFT financial liabilities	-	-4,794,419
Financial liabilities designated at fair value	-	-
Other liabilities	27,496,692	62,927,876
Net liquidity generated by/used for operating activities	**-40,382,173**	**-754,221,217**

(EUROS)	2023	2022
B. INVESTING ACTIVITIES		
1. Liquidity generated by	**148,309,347**	**167,977,155**
Disposal of equity investments	89,347	194,155
Dividends received	148,220,000	167,783,000
Disposal of property and equipment	-	-
Disposal of intangible assets	-	-
Disposal of business units	-	-
2. Liquidity used for	**-65,475,706**	**-25,742,917**
Purchase of equity investments	-41,880,431	-10,906,201
Purchase of property and equipment	-1,378,345	-1,104,000
Purchase of intangible assets	-22,216,930	-13,732,716
Acquisition of business units	-	-
Net liquidity generated by/used for investing activities	**82,833,641**	**142,234,239**
C. FUNDING ACTIVITIES		
Issue/purchase of treasury shares	-12,061,564	-24,262,888
Issue/purchase of equity instruments	-	-
Distribution of dividends and other	-210,474,574	-209,075,331
Net liquidity generated by/used for funding activities	**-222,536,138**	**-233,338,219**
NET LIQUIDITY GENERATED/USED IN THE YEAR	**-180,084,669**	**-845,325,197**
+ Liquidity generated (-) Liquidity used		
Reconciliation		
Cash and cash equivalents at year-start	**753,658,136**	**1,598,983,333**
Total liquidity generated/used in the year	-180,084,669	-845,325,197
Cash and cash equivalents – effects of exchange rate fluctuations	-	-
Cash and cash equivalents at year-end	**573,573,467**	**753,658,136**

Legend
(+) Liquidity generated
(-) Liquidity used

Notes and Comments

PART A – ACCOUNTING POLICIES

Part A.1 – General

Section 1 – Declaration of Compliance with International Accounting Standards

These Financial Statements have been drawn up in compliance with Italian Legislative Decree No. 38 of 28 February 2005, based on the International Accounting Standards issued by the International Accounting Standards Board (IASB) and interpretation of the International Financial Reporting Interpretations Committee (IFRIC), and endorsed by the European Commission with Regulation No. 1606 of 19 July 2002.

In preparing these Financial Statements, Banca Generali adopted the IAS/IFRS in force at 31 December 2023 (including SIC and IFRIC interpretations), as endorsed by the European Union.

It should be noted that, following the completion of the endorsement procedure, as of 1 January 2023, several amendments to the IAS/IFRS and IFRIC were adopted and new IFRIC were issued.

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED IN PREVIOUS YEARS AND EFFECTIVE AS OF 2023

	ENDORSEMENT REGULATIONS	PUBLICATION DATE	EFFECTIVE DATE
IFRS 17 *Insurance Contracts* (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)	2021/2036	23.11.2021	01.01.2023
Amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* (issued on 12 February 2021)	2022/357	03.03.2022	01.01.2023
Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2: *Disclosure of Accounting policies* (issued on 12 February 2021)	2022/357	03.03.2022	01.01.2023
Amendments to IFRS 17 *Insurance contracts: Initial Application of IFRS 17* and IFRS 9 – *Comparative Information* (issued on 9 December 2021)	2022/1491	09.09.2022	01.01.2023

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED IN 2023 AND EFFECTIVE AS OF 2023

	ENDORSEMENT REGULATIONS	PUBLICATION DATE	EFFECTIVE DATE
Amendments to IAS 12 *Income taxes: International Tax Reform – Pillar Two Model Rules* (issued on 23 May 2023)	2023/2468	09.11.2023	01.01.2023

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED BUT NOT EFFECTIVE YET

	ENDORSEMENT REGULATIONS	PUBLICATION DATE	EFFECTIVE DATE
Amendments to IFRS 16 *Leases: Lease Liability in a Sale and Leaseback* (issued on 22 September 2022)	2023/2579	21.11.2023	01.01.2024
Amendments to IAS 1 *Presentation of Financial Statements: - Classification of Liabilities as Current or Noncurrent* (issued on 23 January 2020); - *Classification of Liabilities as Current or Noncurrent - Deferral of Effective Date* (issued on 15 July 2020); and - *Non-current Liabilities with Covenants* (issued on 31 October 2022)	2023/2822	19.11.2023	01.01.2024

The date of entry into force of some of the already endorsed standards has been postponed until subsequent years. The early application option has not been exercised for those standards.

The standards and interpretations that entered into force in 2023 did not have a significant impact on the Bank's balance sheet and profit and loss account.

Section 2 – Preparation Criteria

The Financial Statements consist of the following documents:
› Balance Sheet;
› Profit and Loss Account;
› Statement of Other Comprehensive Income;
› Statement of Changes in Net equity;
› Cash Flow Statement;
› Notes and Comments.

The accounts are accompanied by a Directors' report on the Bank's operations, financial situation, profit and loss and balance sheet results.

According to the provisions of Article 41, paragraph 5-*bis*, of Italian Legislative Decree No. 136/2015 of 18 August 2015, implementing Directive No. 2013/34/EU, the Consolidated Report on Operations and the Separate Report on Operations of the company may be presented as a single document, in which additional attention is dedicated to issues relevant to the entirety of the companies within the scope of consolidation, as appropriate.
Banca Generali elected to exercise this option by presenting a single document. Consequently, the Consolidated Report on Operations also includes the information required for the Separate Report on Operations.

In compliance with the requirements of Article 5 of Italian Legislative Decree No. 38/2005, the Financial Statements were prepared in euros. All amounts in the Accounting Statements are expressed in euro units, while the figures in the Notes and Comments and Directors' Report on Operations, unless otherwise specified, are expressed in thousands of euros.

The Financial Statements and Notes and Comments include figures for the period under review, as well as comparative data at 31 December 2022.

The Financial Statements are prepared by applying the general standards set out in IAS 1 and the specific accounting standards approved by the European Commission, as illustrated in Part A.2 of these Notes and Comments.
International accounting standards have been applied in compliance with the Framework for the Preparation and Presentation of Financial Statements drafted by the IASB.
There were no derogations of the application of IAS/IFRS.

The Directors' Report on Operations and the Notes and Comments include the information required by international accounting standards, the law, the Bank of Italy and the Italian National Commission for Listed Companies and the Stock Exchange (Consob), as well as other non-compulsory information that was deemed necessary to provide an accurate and fair picture of the Bank's situation.

The measurement criteria have been adopted on a going-concern basis and are shaped by the principles of accrual-basis accounting and the relevance and meaningfulness of accounting disclosures. Economic substance takes precedence over legal form.
In further detail, the Directors are reasonably certain that the Bank will continue to operate in its current form for the foreseeable future (for at least 12 months) and have prepared the Financial Statements on a going-concern basis. Any uncertainty detected has not been deemed material and does not cast doubt on the Group's ability to operate as a going concern.

Content of the Financial Statements and the Notes and Comments

The Financial Statements at 31 December 2023 were prepared based on the "Instructions for Preparing the Financial Statements and Consolidated Financial Statements of Banks and Parent Holding Companies of Banking Groups," which were issued by the Bank of Italy with order dated 22 December 2005 in the exercise of the powers established in Article 43 of Italian Legislative Decree No. 36/2015. Such instructions were issued in Circular No. 262/05, as further updated.
These Instructions set forth binding rules governing the presentation and preparation of financial statements and the minimum content of the Notes and Comments.
In detail, the 8th update to Circular No. 262/2005 was published on 17 November 2022. It governs the effects of the entry into force of IFRS 17 for banking conglomerates with equity interests in insurance companies, which has been applied as of financial statements ending on or after 31 December 2023.

Accounts that do not include items pertaining to the year under review or the previous year are not stated in the Balance Sheet and Profit And Loss Account. Likewise, sections or tables which include no values are not included in the Notes and Comments.

The Statement of Comprehensive Income begins with the net profit (loss) for the year and then presents components of profit and loss recognised through valuation reserves, net of the related tax effect, in accordance with international accounting standards.
Comprehensive income is presented by providing a separate account of components of profit and loss that will not be reversed to the profit and loss account in the future, and components that may subsequently be reclassified to net profit (loss) for the year under certain conditions.
As for the balance sheet and profit and loss account, items with nil amounts in both the reporting year and previous year are not presented.

The Statement of Changes in Net Equity is presented by inverting the rows and columns with respect to the presentation requested by Bank of Italy Circular No. 262/2005.

The statement presents the composition of and changes in net equity accounts during the reporting year and the previous year, broken down into share capital, capital reserves, earnings reserves, asset and liability valuation reserves, and net profit. Treasury shares are recorded as a reduction to net equity.

The Cash Flow Statement was prepared using the indirect method, according to which cash flows from operating activities are derived by adjusting net profit for the effects of non-cash transactions.

Cash flows are broken down into:
- cash flows from operating activities, including cash flows from operations and cash flows from increases and decreases in financial assets and liabilities;
- cash flows generated by (used for) investing activities involving fixed assets;
- cash flows generated by (used for) funding activities linked to the acquisition of own funds and their remuneration.

Specifically, Sections 2 and 3 include only cash generated by (used for) the decrease (increase) in financial assets or the increase (decrease) in financial liabilities resulting from new transactions or reimbursements related to existing transactions.
Accordingly, these sections do not include items such as changes in value (value adjustments/reversal), amortisation and depreciation, the net balance of unpaid taxes (current and deferred), interest and unpaid or uncollected fees; these items have been disclosed separately and classified under operating activities.
Moreover, these cash flows also do not include changes in operating assets and liabilities, but include those relating to financing activities, such as changes in operating loans and amounts payable to Financial Advisors and employees and any related advance payments.

Section 3 – Events Occurred After the Balance Sheet Date

The draft Financial Statements of Banca Generali were approved by the Board of Directors on 5 March 2024, when the Board also authorised its disclosure pursuant to IAS 10.

No events occurred after 31 December 2023 and until 5 March 2024 that would significantly impact the Bank's financial performance and financial position reported in these Financial Statements.

However, it should be noted that on **8 February 2024** Banca Generali's Board of Directors approved a proposal for a thorough revision of the partnership between Banca Generali and Saxo Bank A/S.
The new joint venture agreement, which will replace the agreement signed in 2018, includes, *inter alia*, updates to the governance of BG Saxo SIM S.p.A. and the adoption by the latter of a new business model.

Specifically, the agreement provides that:
- BG Saxo SIM introduce a new unbundled business model that ensures it greater operational autonomy in commercial terms, in offering its services and in managing relationships with its customers, also through the extension of the range of services offered for custody and administration of financial instruments, currently carried out exclusively by Banca Generali;
- Banca Generali acquire an additional equity investment in BG Saxo SIM, bringing its stake in the latter up to 49%, with a new shareholders' agreement to be entered into concurrently.

Within this context, Banca Generali will finalise the subsequent sale en bloc to BG Saxo SIM, pursuant to Article 58 of TUB, of relationships involving securities account services offered to its customers active on BG Saxo SIM's trading platform and the signing of a new commercial distribution agreement with a term of eight years.
The finalisation of the agreement, which requires the authorisation of the competent supervisory authorities, is expected in the first half of 2024, and in any event no later than 31 December 2024.

Moreover, in 2024 a new reorganisation of the Financial Advisor Networks was launched, entailing:
1. the separation of the new **Senior Partner Network**, consisting of Financial Advisors with assets under management of more than 150 million euros and teams with assets under management of more than 350 million euros;
2. the incorporation of the Private Banking and Wealth Management Networks into the new **Private & Wealth Network**, within the framework of which, however, the organisational structures of the former networks will retain their peculiarities, under the supervision of a new top management position, the Network Sales Manager, focused on local coordination and commercial guidance of the various network's Area Managers.

Section 4 – Other Aspects

Accounting standards that have been endorsed and will enter into effect this year

No new international accounting standards, amendments to existing standards or related interpretations with a material impact on the Bank's operations entered into effect in financial year 2023, with the exception of those reported hereunder.

Accounting standards endorsed that will enter into effect after 31 December 2023

There are no international accounting standards and related interpretations endorsed but not effective yet as of 31 December 2023 that could have a material impact on the Bank's operations.

Use of estimates and assumptions in the preparation of the Financial Statements

The preparation of the Financial Statements requires the use of estimates and assumptions that could influence the amounts reported in the balance sheet and profit and loss account and the disclosure of contingent assets and liabilities therein.
The estimates and related assumptions used are based on the information available on operations and subjective judgements, which may be based on historical trends.
Given their nature, the estimates and assumptions used may vary from year to year, meaning that reported amounts may differ materially due to changes in the subjective judgements used.

The main areas for which management is required to use subjective judgements include:

- determining the amount of provisions for liabilities and contingencies;
- determining the expenses of personnel productivity bonuses;
- determining the amount of incentive fees to be paid to the Financial Advisor Network as an annual incentive and of incentives related to recruitment plans;
- determining the deferred incentives granted to the Financial Advisor Network, when linked to defined net inflow targets;
- determining the fair value of cash financial instruments and derivatives to be used in financial statement, when not based on current prices drawn from active markets;
- determining the analytical and collective impairment of financial instruments;
- determining the value adjustments and reversals of non-performing loans and the collective provision for performing loans;
- preparing estimates and assumptions underlying the determination of current taxes, which may differ from the effective tax liability computed in conjunction with the payment of the balance of taxes for the year and the filing of the income tax return;
- preparing estimates and assumptions on the recoverability of deferred tax assets;
- evaluating the appropriateness of the amounts of goodwill and other intangible assets;
- classifying and evaluating the Forward fund[1].

Additional information regarding the estimation procedures used for specific cases is provided in Part A, Section 2, of the Notes and Comments on the Accounting Policies adopted by Banca Generali.

Measurement of goodwill

During the preparation of the 2023 Financial Statements, goodwill was tested for impairment and the carrying value was determined to be accurate.

Non-recurring significant events and transactions

During the year, there were no non-recurring transactions or events outside the scope of ordinary transactions that had a significant impact on the aggregate items of the balance sheet and profit and loss account, with the exception of the following:

- **provisions for commercial initiatives involving illiquid products distributed by the Bank:** during the year, additional non-recurring provisions were made for an amount of 21.1 million euros. These provisions are aimed to cover commercial activities aimed at restoring customers' potential losses resulting from investments made in illiquid products distributed by the Bank that were marked by investment repayment issues — for which civil and criminal litigation is currently ongoing with the party that set up, marketed and managed these transactions — and to sustain customer retention.
  As a result of the foregoing, total provisions amounted to 35.2 million euros at year-end, inclusive of provisions covering credit risk on guarantees issued of 9.4 million euros.
  The provision made by the Bank refers in particular to commercial initiatives for customers, including guarantees issued, additional potential customer losses that the Bank might cover in part for the reasons stated above and the legal fees for the litigation with the parties that set up, marketed and managed the financial instruments purchased by customers;
- **BG Suisse's capital increase:** incorporated in October 2021, the company only obtained the authorisation to start its banking activity from the Swiss Financial Market Supervisory Authority (FINMA) on 5 September 2023, subject to compliance with certain requirements, including an adequate level of own funds.
  Accordingly, on 14 September 2023, Banca Generali carried out a capital increase of CHF 40 million aimed at increasing the company's statutory share capital, bringing the share capital fully paid-up since incorporation to CHF 60 million. After satisfaction of the said requirements, the final authorisation was issued on 7 November 2023 and the new bank started operating on 1 December 2023.
  At 31 December 2023, the carrying amount of the subsidiary was tested for impairment and showed an impairment loss of 14.0 million euros.

In should be noted that the difference between the carrying amount of the equity investment recognised in Banca Generali's Separate Financial Statements and the recoverable amount was essentially due to:

- the protracted FINMA authorisation process throughout 2023, which led to pre-operating losses related to the costs incurred to start up and maintain the company's operating structure;

[1] Reference should be made to the information provided in "Part E – Information on Risks and Risk Hedging Policies, Section 2 "Prudential consolidation risks", Subsection D "Transfers", paragraph C "Prudential consolidation - transferred financial assets fully derecognised".

- the significant capital for prudential regulatory purposes required by FINMA that has to be maintained over a long-term horizon and that, in view of the plan's horizon, is deemed to be fully recoverable on the basis of the cash flows expected to be generated in the company's development phase. The BG Suisse project is in fact a greenfield initiative that requires several years to become fully operational and break even.

No other atypical and unusual transactions were undertaken, i.e., all transactions that due to their significance/materiality, the nature of the counterparties, the subject matter of the transaction (including in relation to ordinary operations), the transfer pricing method and/or timing of occurrence (near the end of the reporting period) may give rise to doubts as to the accuracy/completeness of the information presented in the financial statements, conflicts of interest, the safeguarding of company assets and the protection of minority shareholders (Consob Communication No. DEM/6064293 of 28 July 2006).

National Tax Consolidation option

In 2004, the Parent Company, Assicurazioni Generali, and some Italian companies belonging to Assicurazioni Generali Group, including Banca Generali S.p.A., began participating in the National Tax Consolidation governed by Articles 117-129 of TUIR (Italy's income tax code), which was introduced into Italy's fiscal legislation by Italian Legislative Decree No. 344/2003.
Under the scheme, Banca Generali transfers its taxable profit (or tax losses) to the parent company, Assicurazioni Generali S.p.A., which computes a single taxable profit (or a single tax loss) for the Group as the sum of the profits and/or losses of the individual companies, and reports a single tax receivable from or payable to the Tax Authorities.

Formation of Assicurazioni Generali VAT Group

On 23 September 2019, as Representative of the Group's Italian subsidiaries, Assicurazioni Generali exercised the option to adopt the Group's VAT rules (set out in Articles 70-*bis et seqq.* of Italian Presidential Decree No. 633/72) with effect from 1 January 2020. Accordingly, with effect from that date all companies included in the VAT Group will use only the VAT registration number assigned by the Italian Tax Authorities to the Group: 01333550323.

Relations between the individual participants and the Group's Representative (Assicurazioni Generali S.p.A.) are governed by a specific contract. In particular, obligations to document and register VAT input and/or output transactions will continue to be discharged by the individual participants, whereas the additional obligations relating to "management" of the tax will be discharged solely by the Group Representative, in its capacity as single VAT-liable entity.
By express provision of law, the Group VAT Representative will be required to file periodic VAT returns and make the related payments, submit the periodic VAT filings (LIPE), file the annual VAT return and submit the other information required by the relevant legislation (e.g., *Esterometro* and Intrastat statistics).

Other information

Information on government grants pursuant to Article 1, paragraph 125, of Italian Law No. 124 of 4 August 2017 ("Annual market and competition law")

In compliance with Article 1, paragraph 125-*bis*, of Law No. 124/2017 (Annual market and competition law), as most recently amended by Article 35 of Decree-Law No. 34/2019 (Growth Decree), companies are required to disclose annually, in the Notes and Comments to their financial statements, the amount of government grants received, where grants are understood to refer to "subventions, subsidies, benefits, grants or aid, in cash or in kind, not of a general nature and not of the nature of consideration, remuneration or compensation, actually disbursed to them by public administrations."
The obligation applies solely to grants in excess of the threshold of 10,000 euros per grantor authority, whether of a monetary nature, on a cash basis, or of a non-monetary nature.

Paragraph 125-*quinquies* of the statute also establishes that in the case of State aid and *de minimis* aid included in the National State Aid Registry the registration and publication of the individual aid in the transparency section must take account of the publication obligations incumbent on the beneficiary companies, provided that the existence of aid subject to mandatory publication in the National State Aid Registry is disclosed in the Notes and Comments to the financial statements.
For further details on the grants received, reference should be made to the website of the National State Aid Registry for companies, which may be consulted at the link www.rna.gov.it/sites/PortaleRNA/it_IT/home.

In light of the foregoing, it should be noted that in 2023 Banca Generali received the following grants:

BENEFICIARY	TYPE OF GRANT	GRANTOR AUTHORITY	AMOUNTS RECEIVED (€ THOUSAND)
Banca Generali	Personnel training (*)	FBA Banks and Insurers' Fund (*)	200

(*) This sum refers to aids for personnel training applied for in 2020 and 2021 and paid in June and September 2023. It should be noted that the grants listed in the National State Aid Registry, available for free consultation on the relevant website, refer to grants with a grant date in or after 2022, for which no disbursements were made in 2023.

Audit

The Financial Statements are subject to auditing by the firm KPMG S.p.A. in execution of the resolution passed by the Shareholders' Meeting on 22 April 2021.

Part A.2 – Main Financial Statements Aggregates

A.2 Accounting Standards

This section sets out the accounting policies adopted for the preparation of the Financial Statements at 31 December 2023, as regards the stages of classification, recognition, measurement and derecognition of the various asset and liability items and the methods of recognition of costs and revenues.
With reference to the foregoing, it should be noted that during the reporting year, the accounting policies adopted by the Bank underwent no significant amendments and supplementations.
The accounting standards and measurement criteria used are the same as those used to prepare the Financial Statements at 31 December 2022.
In light of the above, the accounting policies of Banca Generali are reported here below with an analysis of the main financial statements items.

1. Financial assets measured at fair value through profit or loss (FVTPL)

Classification

This category includes all financial assets other than those recognised among Financial assets measured at fair value through other comprehensive income and Financial asset measured at amortised cost.

In particular, the item includes:
› financial assets held for trading, essentially consisting of debt and equity securities and the positive value of derivative contracts held for trading; such assets are included in the regulatory trading book (the “trading book” pursuant to IFRS 9) and are also known as “hold-to-sell” or “HTS” assets;
› financial assets mandatorily measured at fair value, i.e., financial assets that do not meet the requirements for measurement at amortised cost or fair value through other comprehensive income. These are financial assets the contractual terms of which do not provide solely for payments of principal and interest (“SPPI test” not passed) or that are not held within a business model whose objective is to hold the assets to collect the contractual cash flows (a “hold-to-collect” business model) or whose objective is achieved by both collecting the contractual cash flows and selling the financial assets (a “hold-to-collect-and-sell” business model);
› financial assets designated at fair value, i.e., financial assets identified as such upon initial recognition, where the requirements have been met. In cases of this kind, upon recognition an entity may irrevocably designate a financial asset as measured at fair value through profit or loss if, and only if, so doing eliminates or significantly reduces a measurement or recognition inconsistency.

Accordingly, the following are included in this item:
› debt securities and loans that are held within an Other/Trading business model (i.e., not a hold-to-collect or hold-to-collect-and-sell business model) or that do not pass the SPPI test;
› equity securities — not qualifying as controlling interests in subsidiaries, associates and joint ventures — that are held for trading or that were not designated at fair value through other comprehensive income upon initial recognition;
› UCITS units.

The item also includes derivatives accounted for among financial assets held for trading, classified as assets if fair value is positive, and as liabilities if fair value is negative.
It is possible to set off current positive and negative values deriving from outstanding transactions with the same counterparty only if there is currently a legal right to set off the recognised amounts and the entity intends to settle the positions subject to offsetting on a net basis.

Derivatives also include those embedded in hybrid financial contracts, in which the host contract is a financial liability, and which have been separately recognised inasmuch as:
› their economic characteristics and risks are not closely related to the characteristics of the underlying contract;
› the embedded instruments considered separately meet the definition of a derivative;
› the hybrid instruments in which they are embedded are not measured at fair value and changes in fair value are recognised in profit or loss.

According to the general rules for the reclassification of financial assets (with the exception of equity securities, which cannot be reclassified) laid down by IFRS 9, reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for managing financial assets. In such cases, which are expected to be quite rare, financial assets may be reclassified from measured at fair value through profit or loss to one of the two other categories provided for in IFRS 9 (financial assets measured at amortised cost or financial assets measured at fair value through other comprehensive income). The transfer value is the fair value at the time of reclassification and the effects of reclassification apply prospectively from the reclassification date. In such cases, the effective interest rate of the reclassified financial asset is determined on the basis of its reclassification date fair value, and the reclassification date is taken as the date of initial recognition for allocation to the various credit risk stages (stage assessment) for impairment purposes.

Recognition

Debt and equity securities are initially recognised on the settlement date. Loans are initially recognised on the disbursement date, while derivative contracts on the date the contract is entered into.
Financial assets measured at fair value through profit and loss are initially recognised at fair value, less transaction costs or income directly related to the instrument itself.

Measurement

Subsequent to initial recognition, financial assets held for trading are recognised at fair value. The effects of the application of these measurement criteria are recognised in profit and loss.

The fair value of financial instruments traded in active markets is determined by referring to the appropriate quoted market price of such instruments.
A financial instrument is regarded as listed in an active market if quoted prices represent actual and regularly occurring market transactions on an arm's length basis over a normal reference period and those prices are readily and regularly available from an exchange, dealer, broker, industry company, pricing service or authorised entity.

In the absence of an active market, alternative valuation methods based on market data are used, such as quotes drawn from inactive markets, or on markets where similar instruments are traded, the notional value of financial instruments, quotes from brokers or placing agents involved in the issue of financial instruments, quotes from info providers specialised in specific sectors, and values drawn from recent comparable transactions.

The cost criterion is used for equity securities and derivative instruments that have as their underlying equity securities, not listed on an active market, as an estimate of fair value solely to a residual degree and limited to a few cases, such as cases in which all previously discussed measurement methods are not applicable, or where there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within the range.
Further information on the criteria used for determining fair value is given in Section "A.4 Information on fair value" of Part A of these Notes and Comments.

Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from the financial asset expire or when the financial asset, together with substantially all related risks and rewards, is transferred.
Conversely, if a significant share of the risks and rewards relating to the transferred financial assets is retained, these assets will continue to be carried in the financial statements, even though the ownership of said assets has been effectively transferred in legal terms.
In cases where the transfer of substantially all risks and rewards cannot be assessed, derecognition occurs when no control has been retained over such assets. Conversely, if even partial control is retained, the assets continue to be recognised in the financial statements to the extent of residual control, which is measured by the exposure to changes in the value of the transferred assets and related cash flows.
In addition, transferred financial assets are also derecognised from the financial statements if contractual rights to receive the asset's cash flows are retained, but a contractual obligation to pay, without a significant delay, those (and only those) cash flows to a third party is assumed.

2. Financial assets measured at fair value through other comprehensive income (FVOCI)

Classification

This category includes financial assets that satisfy both of the following conditions:
- the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets (a "hold-to-collect-and-sell" business model); and
- the contractual terms of the financial asset give rise, on specific dates, to cash flows consisting solely of payments of principal and interest ("SPPI test" passed).

The item also includes equity instruments not held for trading electively designated at fair value through other comprehensive income upon initial recognition.

Specifically, it includes:
- debt securities and loans held within a hold-to-collect-and-sell business model that have passed the SPPI test;
- equity interests, equity investments and capital contributions of various kinds not qualifying as controlling interests in subsidiaries, associates and joint arrangements, not held for trading purposes, designated at fair value through other comprehensive income.

According to the general rules for the reclassification of financial assets (with the exception of equity securities, which cannot be reclassified) laid down by IFRS 9, reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for managing financial assets.

In such cases, which are expected to be quite rare, financial assets may be reclassified from measured at fair value through other comprehensive income to one of the two other categories provided for in IFRS 9 (financial assets measured at amortised cost or financial assets measured at fair value through profit or loss). The transfer value is the fair value at the time of reclassification and the effects of reclassification apply prospectively from the reclassification date. In the event of reclassification from this category to that at amortised cost, the cumulative gain (loss) recognised in the valuation reserve is taken as an adjustment of the financial asset's fair value at the reclassification date. In the event of reclassification to fair value through profit or loss, the cumulative gain (loss) previously recognised in the valuation reserve is reclassified from net equity to net profit (loss) for the year.

Recognition

Debt and equity securities are initially recognised on the settlement date. Loans are initially recognised at the disbursement date. Assets are initially recognised at fair value, including transaction costs or income directly related to the instrument.

Measurement

After initial recognition, assets designated at fair value through other comprehensive income other than equity securities are measured at fair value and the impact of the application of amortised cost, the effects of impairment and any foreign exchange effect are taken to profit or loss, whereas other gains or losses due to changes in fair value are entered to a specific equity reserve until the financial asset is derecognised.
Upon total or partial derecognition, cumulative gains or losses in the valuation reserve are recognised, fully or partially, through profit or loss.

Equity securities that have been classified to this category on an elective basis are measured at fair value through other comprehensive income (net equity) and cannot be transferred to profit and loss thereafter, even in the event of disposal. The only component attributable to the equity instruments in question that may be recognised in profit or loss is the related dividends.
Fair value is determined on the basis of the criteria set out above for financial assets measured at fair value through profit or loss. In the case of equity securities included in this category not listed on an active market, the cost criterion is only used to estimate fair value on a residual basis, limited to a few circumstances, i.e., where all previously discussed measurement methods do not apply, or where there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within the range.
Further information on the criteria used for determining fair value is given in Section "A.4 Information on fair value" of Part A of these Notes and Comments.

Derecognition

Financial assets are derecognised from the financial statements only if the transfer results in the transfer of substantially all risks and rewards connected to such assets. Conversely, if a significant share of the risks and rewards relating to the transferred financial assets is retained, these assets will continue to be carried in the financial statements, even though the ownership of said assets has been effectively transferred in legal terms.
In cases where the transfer of substantially all risks and rewards cannot be assessed, derecognition occurs when no control has been retained over such assets. Conversely, if even partial control is retained, the assets continue to be recognised in the financial statements to the extent of residual control, which is measured by the exposure to changes in the value of the transferred assets and related cash flows.
In addition, transferred financial assets are also derecognised from the financial statements if contractual rights to receive the asset's cash flows are retained, but a contractual obligation to pay, without a significant delay, those (and only those) cash flows to a third party is assumed.

3. Financial assets measured at amortised cost

Classification

This category includes financial assets (and in particular loans and debt securities) that satisfy both of the following conditions:
- the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows (a "hold-to-collect" business model); and
- the contractual terms of the financial asset give rise, on specific dates, to cash flows consisting solely of payments of principal and interest ("SPPI test" passed).

In further detail, the following are classified to this item:
- loans to banks in various forms that meet the requirements set out in the foregoing paragraph;
- loans to customers in various forms that meet the requirements set out in the foregoing paragraph;
- debt securities that meet the requirements set out in the foregoing paragraph.

This category also includes operating loans associated with the provision of financial assets and services, as defined in the Consolidated Law on Banking (TUB) and the Consolidated Law on Finance (TUF) (e.g., the distribution of financial products and servicing activities). This latter category also includes receivables from management companies and receivables from the Financial Advisor Network for advances on fees paid.

According to the general rules for the reclassification of financial assets laid down by IFRS 9, reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for managing financial assets. In such cases, which are expected to be quite rare, financial assets may be reclassified from the category measured at amortised cost to one of the two other categories provided for in IFRS 9 (Financial assets measured at fair value through other comprehensive income or Financial assets measured at fair value through profit or loss). The transfer value is the fair value at the time of reclassification and the effects of reclassification apply prospectively from the reclassification date. Gains or losses resulting from the difference between the amortised cost and fair value of a financial asset are taken to profit or loss in the event of reclassification to financial assets measured at fair value through profit or loss, and to a specific valuation reserve in net equity in the event of reclassification to financial assets measured at fair value through other comprehensive income.

Eligibility of the sale of financial instruments classified to the HTC portfolio

The accounting standard IFRS 9 recognises the eligibility of the sale of financial instruments classified to the HTC portfolio, assets in which are normally held to collect their contractual cash flows until maturity, as a condition for the ordinary management of such portfolios, without calling the goal of the business model into question.

In particular, sales are deemed fully consistent with the model in the event of a significant increase in credit risk, other negative changes of a regulatory or tax nature, proximity to maturity or, in the absence of such reasons, where the sales are:

- infrequent, even if significant in value;
- not significant in value (whether separately or collectively), although frequent.

Within this framework, in the new business conditions in which Banca Generali finds itself to operate, characterised by a more severe stress situation and a more volatile context, a suitability assessment of the size of current and prospective financial investment portfolios provided for in the Strategic Plan and a comparison with the most common management practices on the market identified the need to proceed with a revision of the thresholds for the eligibility of sales, which for 2023 were as follows:

- extension of the materiality thresholds for sales considered non-significant to 14.5% of the total portfolio (13% in 2022) and to 5% of the individual ISIN, and for infrequent sales to 24.6% of the total portfolio;
- adoption of a method for determining limits based not only on historical sales, but also current and future sales;
- identification of specific grounds for eligibility of sales in rare, unexpected and unforeseeable conditions;
- adjustment of the period of eligibility of sales near maturity to 12 months prior to the maturity of the financial instrument.

Recognition

Debt securities are initially recognised on the settlement date, whereas loans are initially recognised on the disbursement date. Assets are initially recognised at fair value, including transaction costs or income directly related to the instrument.
In the case of loans, in particular, the date of disbursement normally coincides with the date of execution of the contract. If the two dates do not coincide, a commitment to disburse funds terminating on the date of disbursement of the loan is added when the contract is executed. A loan is initially recognised on the basis of the fair value of the same, which is equal to the amount disbursed or the subscription price, including costs/income directly attributable to the individual loan that may be determined at the inception of the transaction, even if settled at a later time. Costs with the above-described characteristics are excluded if they are to be repaid by a third-party borrower or can be considered normal, internal, general and administrative expenses.

Measurement

After initial recognition, these financial assets are measured at amortised cost using the effective interest-rate method. Accordingly, such assets are measured at an amount equal to their initial recognition value, minus capital redemptions, plus or minus cumulative amortisation (calculated according to the aforementioned effective interest-rate method) of the difference between that initial amount and its value at maturity (typically derived from the costs/income directly attributable to the individual asset) and adjusted by loss allowance, if any. The effective interest rate is the rate that equates the present value of discounted future cash outflows (for principal and interest payments) with the amount disbursed including the costs and income relating to the said financial asset. This method of recognition allows, by applying a financial logic, the financial effect of the costs and income directly attributable to a financial asset to be distributed across its expected residual life.

The amortised cost method is not used for assets measured at historical cost whose short durations suggest that the effects of discounting would be negligible, nor is it applied to assets without fixed maturities or revocable lines of credit.

The measurement criteria are closely connected to the inclusion of the instruments in question in one of the three stages (credit risk stages) provided for in IFRS 9, the last of which (stage 3) includes non-performing financial assets, and the remainder (stages 1 and 2) performing financial assets.

In terms of the accounting treatment of the above measurement effects, adjustments attributable to this type of asset are taken to profit or loss:

- upon initial recognition, in an amount equal to the expected loss at twelve months;
- upon subsequent measurement of the asset, where credit risk has not increased significantly compared with initial recognition, in respect of changes in the amount of adjustments for expected losses in the following twelve months;
- upon subsequent measurement of the asset, where the credit risk has increased significantly with respect to initial recognition, in respect of the recognition of adjustments for expected credit losses attributable to the asset's entire expected residual contractual life;

› upon subsequent measurement of the asset, where, after a significant increase in credit risk with respect to initial recognition, this increase has ceased to be significant in respect of the adjustment of cumulative impairment losses to account for the transition from an expected loss over the entire residual lifetime of the instrument to the expected loss over a twelve-month period.

Where performing, the financial assets in question are measured with the aim of determining the impairment losses to be recognised at the level of each individual credit relationship (or "tranche" of a security) on the basis of the risk parameters of probability of default (PD), loss given default (LGD) and exposure at default (EAD).

If, in addition to a significant increase in credit risk, there is objective evidence of impairment, the amount of the loss is measured as the difference between the carrying amount of the asset — classified as "non-performing" along with all other relationships with the counterparty in question — and the present value of the estimated future cash flows, discounted at the original effective interest rate.
The amount of the loss, to be recognised in profit or loss, is determined on the basis of a measurement process performed for individual assets or uniform categories of assets, and then allocated to each position.

Non-performing loans include financial instruments classified as follows:
1) bad loans: this category refers to formally non-performing loans, consisting of exposures to customers who are in a state of insolvency, regardless of whether confirmed by a court, or in similar situations;
2) unlikely to pay: these are on- and off-balance sheet exposures for which the conditions have not been met for classification as bad loans and for which it is deemed unlikely that the borrower will be capable of fulfilling all of its debt obligations (in terms of principal and/or interest) in the absence of actions such as the enforcement of guarantees. This assessment is conducted regardless of the presence of any past due and unpaid amounts or instalments.
   Classification as unlikely to pay is not necessarily tied to the explicit presence of anomalies (non-payment), but rather is linked to the existence of elements indicative of a situation of risk of default of the borrower;
3) non-performing overdrawn or past-due exposures: these are on-balance sheet exposures other than those classified as bad debts or unlikely to pay loans that are overdrawn or past due by more than 90 days at the reporting date. Non-performing overdrawn or past-due exposures may be identified in reference to either the individual borrower or individual transaction.

Expected cash flows take account of expected collection times and the presumed realisable value of any underlying guarantees.
The original effective interest rate of each asset remains unchanged over time, even if a renegotiation of the terms results in a change of the contractual rate, including if the contract becomes non-interest-bearing.

If the reasons for impairment cease to exist due to an event occurring after the impairment was recognised, the impairment loss is reversed and the reversal is recognised in profit or loss. The reversal may not exceed the amortised cost that would have been attributable to the asset had the impairment not been recognised. Reversals due to the passage of time are taken in net interest income.

In some cases, over the lifetimes of the financial assets in question, and in particular over those of loans, the original contractual conditions are modified at the will of the parties to the contract.
When contractual terms are modified in the course of an instrument's life, it must be verified whether the original asset is to continue to be recognised in the financial statements or the original instrument is instead to be derecognised and a new financial instrument recognised.
When the modifications of financial assets are "substantial", the original asset is generally derecognised and a new asset is instead recognised. A modification is determined to be "substantial" on the basis of both qualitative and qualitative elements. In some cases, in fact, it may be clear, without the need for complex analyses, that the changes made substantially modify an asset's contractual characteristics and/or cash flows, whereas in other cases additional analyses (including of a quantitative nature) must be conducted to measure the effects of such modifications and verify whether the asset should be derecognised and a new financial instrument recognised.

Accordingly, the qualitative and quantitative analyses, aimed at determining whether contractual modifications of a financial asset are substantial, must be based on:
› the purposes of the modifications: for example, renegotiations for commercial reasons and forbearance measures due to financial difficulties by the counterparty;
   1. the former, aimed at "retaining" the customer, involve a debtor not in a situation of financial difficulty. This category also encompasses all renegotiation transactions aimed at adjusting the cost of debt to market conditions. Such transactions entail a modification of the original terms of the contract, typically at the debtor's request, relating to aspects affecting the cost of the debt, with the resulting economic benefit for the debtor. It is generally held that, whenever the bank renegotiates in order to avoid losing a customer, such renegotiation must be considered substantial inasmuch as, had it not occurred, the customer could have obtained financing from another intermediary and the bank would have incurred a loss of expected future revenues;
   2. the latter, undertaken for "reasons of credit risk" (forbearance measures), are attributable to the bank's attempt to maximise the recovery of the cash flows from the original loan. Substantially all the underlying risks and rewards are typically not transferred as a result of such modifications. Accordingly, the accounting treatment that provides the most relevant information for the readers of the financial statements (without prejudice to the remarks presented below regarding

objective elements) is that based on "modification accounting", which entails the recognition in profit or loss of the difference between the carrying amount and the present value of the modified cash flows, discounted at the original interest rate, and not through derecognition;
- the presence of specific objective elements ("triggers") that affect the contractual characteristics and/or cash flows of the financial instrument (including, but not limited to, a change of currency or modification of the type of risk exposure, where correlated with equity and commodity parameters) and that are believed to entail derecognition by virtue of their impact (expected to be significant) on the original contractual cash flows.

Derecognition

Financial assets are derecognised from the financial statements only if the transfer results in the transfer of substantially all risks and rewards connected to such assets. Conversely, if a significant share of the risks and rewards relating to the transferred financial assets is retained, these assets will continue to be carried in the financial statements, even though the ownership of said assets has been effectively transferred in legal terms.
In cases where the transfer of substantially all risks and rewards cannot be assessed, derecognition occurs when no control has been retained over such assets. Conversely, if even partial control is retained, the assets continue to be recognised in the financial statements to the extent of residual control, which is measured by the exposure to changes in the value of the transferred assets and related cash flows.
In addition, transferred financial assets are also derecognised from the financial statements if contractual rights to receive the asset's cash flows are retained, but a contractual obligation to pay, without a significant delay, those (and only those) cash flows to a third party is assumed.

4. Hedging transactions

Types of hedging transactions

The objective of hedging is to eliminate possible losses on a specific item or group of items that could be incurred as a result of a certain risk with gains on another item or group of items in cases where that specific risk actually occurs.

Possible types of hedges include:
- fair-value hedges, intended to hedge exposure to changes in the fair value of a financial statement item attributable to a particular risk;
- cash-flow hedge, intended to hedge exposure to changes in future cash flows of financial statement items attributable to particular risks;
- hedges of a net investment in a foreign operation, intended to hedge the foreign currency exposure of an investment in a foreign enterprise.

Measurement

Hedging derivatives are measured at fair value. Specifically:
- in the case of a fair-value hedge, the change in the fair value of the hedged item is offset by the change in the fair value of the hedging instrument. Both the change in value of the hedged item (with reference to changes due to the underlying risk factor) and the change in value of the hedging instrument are recognised in profit or loss. Any difference between the two represents an element of ineffectiveness of the hedge and determines the net effect on net profit or loss;
- in the case of cash-flow hedges, the effective portion of changes in the fair value of the derivative is recognised immediately in net equity and recognised in profit or loss only when there are changes in the cash flows of the hedged item;
- hedges of a foreign currency investment are accounted for similarly to cash-flow hedges.

Derivatives qualify as hedging instruments when the relationship between the hedged item and the hedging instrument is formally documented and the hedge is effective at inception and is expected to be effective on an ongoing basis over the term of the hedge.

The effectiveness of the hedge depends on the degree to which changes in the fair value or cash flows of the hedged item are offset by changes in the fair value or cash flows of the hedging instrument. Effectiveness is thus assessed by comparing these changes in light of the intentions expressed by the enterprise at the hedge's inception.

The Bank must verify whether the relationship meets the hedge effectiveness requirements at inception and then on an ongoing basis.
The assessment must be performed, at least, at each reporting date or, where earlier, when a material change in the circumstances that influence the hedge effectiveness requirements occurs.
The assessment is based on expectations regarding hedge effectiveness. It is thus merely indicative of expected developments and is based on an exclusively forward-looking analysis. The method adopted may consist of a qualitative or quantitative assessment.

If these tests do not confirm the effectiveness of a hedge, the hedge accounting procedures described above are discontinued and the derivative instrument is reclassified as a trading instrument.

5. Equity investments

This item includes equity investments in subsidiaries, associates and joint ventures.

Entities subject to significant influence (associates) are those entities in which the Bank holds at least 20% or more of the voting rights (including "potential" rights), or in which — although holding a lower voting power, in light of specific legal ties, such as Shareholders' agreements — it has the power to participate in the financial and management policy-making process or can exercise governance rights that are not limited to capital interests.

Companies subject to joint control (joint ventures) are entities over which control is shared, on a contractual basis, by the Bank and another entity or other entities external to the Group, or for which decisions regarding important activities require the unanimous consent of all parties that share control.

Recognition

Equity investments are recognised at the transaction settlement date, i.e., the date the acquisition becomes effective. Equity investments are initially recognised at purchase cost.

Measurement

Equity investments are measured at cost, adjusted for impairment where applicable.
When there is indication of a possible loss in value of an equity investment, the recoverable amount of the investment is estimated based on the present value of future cash flows that the company could generate, including the disposal value of the equity investment.
If the recoverable amount is less than the carrying amount, the difference is recognised through profit or loss.

If the reasons for impairment cease to exist due to an event occurring after the impairment was recognised, the impairment loss is reversed and the reversal is recognised in profit or loss.

Derecognition

Equity investments are derecognised when the contractual rights to receive the cash flows from the financial asset expire or when the financial asset, together with substantially all related risks and rewards, is transferred.

6. Property and equipment

Classification

Property and equipment include technical systems, furniture, furnishings and equipment of any type.
They also include assets held exclusively for operating purposes, to be used in the production or provision of goods and services or to be leased to third parties or for administrative purposes and that are expected to be used for more than one year.
Property and equipment also include rights of use ("ROUs") acquired in lease transactions within the scope of application of IFRS 16 and relating to the use, as lessee, of assets in this category (real estate, motor vehicles, equipment, etc.). For a more detailed analysis of the accounting criteria adopted by the Bank in respect of IFRS 16, reference should be made to Section 15 "Other information".

Recognition

Property and equipment are initially recognised at cost, which includes the purchase price, as well as all directly related ancillary costs necessary to purchase the asset and bring it into working condition.

Extraordinary maintenance costs that increase the future economic benefits of the asset are added to the carrying amount of the asset to which they relate, while routine maintenance costs are recognised through profit or loss.

Measurement

Property and equipment, including those not used in production, are measured at cost less depreciation and impairment losses. They are systematically depreciated over their estimated useful life using the straight-line method.

At each annual or interim reporting date, if there is indication that an asset may be impaired, its carrying amount is compared to its recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use, i.e., the present value of future cash flows expected to be generated by the asset. Impairment losses are recognised in the profit and loss account.
If the reasons for impairment cease to exist, the impairment loss is reversed; the new amount cannot exceed the carrying amount the asset would have had after depreciation, had no previous impairment loss been recognised.

Derecognition

Property and equipment are removed from the balance sheet upon disposal or when permanently withdrawn from use and no future economic benefits are expected from their disposal.

7. Intangible assets

Classification

An intangible asset is an identifiable non-monetary asset controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity.
In order to be identifiable, an asset must be separable, i.e., capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, or must arise from contractual or other legal rights, regardless of whether those rights are transferrable or separable from the entity or from other rights and obligations.
An entity controls an asset if the entity has the power to obtain the future economic benefits flowing from the underlying resource and simultaneously restrict the access of others to those benefits.
The capacity of an entity to control the future economic benefits from an intangible asset would normally stem from legal rights that are enforceable in a court of law.

The application of IFRS 3 in accounting for acquisition transactions may entail the recognition, in the purchase price allocation (PPA) process of new intangible assets and goodwill.
Goodwill represents the positive difference between the purchase cost and the fair value of the acquiree's assets and liabilities.

Intangible assets with an indefinite useful life also include the value of the trademarks recognised following the acquisition of Nextam Partners Group.

The other intangible assets also include the value of the contractual relationships with customers identified within the framework of the acquisitions of Banca del Gottardo Italia (2008), the Credit Suisse Italy business unit (2014) and Nextam Partners Group (2019).

Customer relationships are intangible assets within the scope of application of IAS 38, from which it is probable that future economic benefits will flow to the acquirer. The value of such relationships has been determined, as at the acquisition date, on the basis of an estimate of the profitability of assets under management (AUM) associated with the customers acquired, measured separately for each asset class.

The useful lives of such assets, determined on the basis of the expected decay rates for assets under management (AUM), have been estimated as follows:
- Banca del Gottardo Italia: 10 years;
- Credit Suisse Italy: 15 years;
- Nextam Partners Group: 16 years.

The remaining intangible assets are application software intended for long-term use, including the expenses of modifying the legacy system and the intangible assets in progress at the end of the year.

Software costs recorded as intangible assets refer to application software developed by third parties for company use (software development contracts) or purchased with a multi-year licence for use.
Software costs recognised among intangible assets include, at certain conditions, also charges for the development of the IT system used by the Bank based on the outsourcing contract with CSE (legacy, front-end Financial Advisors and front-end customers, etc.).

Such charges are capitalised when they refer to the development of innovative components of the system that are not part of consortium projects, for which it is possible to identify a control situation, and from which future economic rewards are expected.
Expenses related to corrective maintenance and evolution of IT procedures and the website already in use are usually recognised through profit and loss in the year in which they are borne.

Recognition

Goodwill

An intangible asset can be classified as goodwill when the positive difference between the fair value of the assets and liabilities acquired and the cost of the investment (including ancillary expenses) is representative of the investee company's ability to generate future income (goodwill).
In case of badwill, or if the goodwill is not representative of the investee company's ability to generate future income, the difference is recognised directly through profit and loss.

Other intangible assets

Other intangible assets are recorded at cost less any ancillary expenses when it is probable that the asset will produce future economic benefits and if the cost of the asset can be reliably determined. When this is not the case, the cost of the intangible asset is recognised in the profit and loss account in the period in which it is incurred.

Measurement

Intangible assets are amortised on a straight-line basis over their useful lives.
Software costs are typically amortised over a three-year period.

Other capitalised costs associated with legacy systems are amortised over a three-year period.
With reference to contractual relations with customers, acquired as a result of the above-mentioned business combinations, the useful lives have been estimated at 10 years for Banca del Gottardo Italia, at 15 years for Credit Suisse Italy and at 16 years for Nextam Partners Group.
Intangible assets with indefinite useful lives are not amortised, but are periodically reviewed to assess the appropriateness of their carrying amount.

Impairment

Goodwill

In accordance with IAS 36, goodwill is no longer amortised, but is tested for impairment at least annually.
For the purposes of impairment testing, goodwill is allocated to cash-generating units (CGUs), which, in accordance with the limitation on the maximum level of aggregation, may be no larger than the segments identified for management reporting.
To determine the amount of impairment, the carrying amount of the CGU is compared with its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.
The impairment test for goodwill is presented in Section "Retrospective Adjustments" in Part G of these Notes and Comments.

Other intangible assets

At each reporting date, if impairment is indicated, the recoverable amount of the asset is estimated. The amount of impairment, which is recognised in the Profit and Loss Account, is the amount by which the asset's carrying amount exceeds its recoverable amount.

Derecognition

Intangible assets are removed from the Balance Sheet on disposal or when no future economic benefits are expected from their use.

8. Non-current assets held for sale or disposal groups

The asset item "Non-current assets held for sale or disposal groups" and liability item "Liabilities associated with assets held for sale or disposal groups" include non-current assets or groups of assets/liabilities for which a disposal process has been initiated and the sale of which is deemed highly likely. Such assets/liabilities are measured at the lesser of their carrying value and fair value less costs to sell.
The net balance of income and expenses (net of the tax effect) attributable to a group of assets held for sale or a group of assets recognised as held for sale during the year is taken through profit and loss under a specific separate item, "Income (Loss) of disposal groups, net of taxes."

9. Current and deferred taxes

Income taxes are recognised in the profit and loss account, with the exception of those relating to items posted directly to net equity.
Provisions for income taxes are made based on a prudential estimate of current taxes, and deferred tax assets and liabilities, which are calculated using prevailing tax rates.
Specifically, deferred tax assets and liabilities are calculated based on the temporary differences — without time limits — between the carrying amount of assets and liabilities and their corresponding values for tax purposes.

Deferred tax assets are recognised to the extent that it is probable that they will be recovered, which is determined based on the ability of the company in question or the parent company Assicurazioni Generali — as a result of its exercise of the option provided by the Italian tax consolidation scheme — to generate ongoing taxable income.

Deferred tax liabilities are recognised in the financial statements, except for the main assets pending taxation, represented by equity investments.
Deferred tax assets and liabilities are shown separately in the balance sheet and are not offset; deferred tax assets are recorded under "Tax assets" and deferred tax liabilities are recorded under "Tax liabilities".

Deferred taxes resulting from consolidation are recognised where it is probable that they will give rise to a tax charge for one of the consolidated enterprises. Such taxes mainly arise when positive differences resulting from consolidation are allocated to the assets of the subsidiary in question.
Deferred tax assets and liabilities are systematically assessed to take account of any changes in tax legislation or rates, as well as changes to the specific situations.
Provisions for taxes also include allocations made to cover charges that could arise from tax assessments already notified or litigation underway with Tax Authorities.

Accounting effects of the redemption of goodwill and other intangible assets pursuant to Italy's tax laws

In recent years, the tax regime applicable to corporate reorganisation transactions has undergone considerable changes aimed at allowing the recognition of surplus amounts (e.g., goodwill) following an extraordinary transaction involving contribution, merger or de-merger to be recognised for income-tax purposes, as well as through the payment of a substitute tax.

Italian Law No. 244 of 24 December 2007 (2008 Finance Law) introduced paragraph 2-*ter* into Article 176 of the Consolidated Income Tax Law (hereinafter TUIR) that allows entities to recognise for income-tax purposes the greater amounts recognised in the accounts following a corporate reorganisation transaction in relation to intangible assets, including goodwill, and property and equipment (so-called "ordinary redemption").
That provision requires that the entity pay a substitute tax, determined according to three income brackets, on the basis of the realigned amounts (12% up to 5 million euros, 14% up to 10 million euros and 16% for amounts in excess of the latter bracket, respectively) in lieu of the ordinary rates of IRES and IRAP.
The substitute tax is to be paid in three annual instalments beginning on the term of payment of the balance of income taxes for the year in which the extraordinary transaction is undertaken, whereas the greater amounts are recognised for the purposes of the tax-deductibility of depreciation and amortisation charges beginning in the tax period in progress when the option for payment of substitute tax is exercised on the tax return, that is to say in the year in which the first instalment is paid.

Italian Law Decree No. 185 of 29 November 2008 (Anti-Crisis Decree), converted to Law No. 2 of 28 January 2009 and then further amended, subsequently introduced a new system of optional realignment of tax and carrying values (so-called "special regime"). The provision, set forth in Article 15, paragraph 10, of the cited Decree, states that, in derogation of the substitute-tax regime introduced by the 2008 Finance Law, taxpayers may obtain recognition for tax purposes of the greater amounts attributed to goodwill, trademarks and other intangible assets with finite useful lives in the financial statements by paying a substitute tax in lieu of IRES and IRAP at the fixed rate of 16%, that is to say without any reference to income brackets and the possibility of paying in instalments.
However, the greater amounts attributed to goodwill and trademarks could have been recovered through the off-balance procedure for amortising goodwill in ten annual instalments instead of the 18 ordinary instalments required under Article 103 of TUIR, beginning in the tax period after that in which the tax is paid.
Article 17 of Italian Law Decree No. 83/2015 then precluded the possibility of converting into tax credits the DTAs referring to the value of goodwill and other intangible assets, recognised for the first time in the financial statements for the year ended 27 June 2015, reducing the off-balance amortisation period from ten to five years.

For the special redemption option as well, that statute also requires that the option be exercised by paying the substitute tax by the term of payment for income taxes for the year in which the extraordinary transactions in question are finalised.

In addition, paragraphs 12 to 14 of Article 23 of Italian Law Decree No. 98/2011 (known as the "Summer Manoeuvre") introduced the new paragraphs 10-*bis* and 10-*ter* to Article 10 of Law Decree No. 185/2008, thus allowing an extension of the "special redemption" procedure to goodwill recognised at the consolidated level only, due to not being presented in the carrying amount of the equity investment.
As originally formulated, the statute provided that, for the purposes of redemption of transactions carried out before 31 December 2010, the 16% substitute tax was to be paid by 30 November 2011, whereas the off-balance deduction of goodwill, in ten equal instalments, was to occur starting in financial year 2013 — a date that was then postponed by Article 1, paragraph 502, of Italian Law No. 228 of 24 December 2012 (2013 Finance Law) to the year after that in progress as at 31 December 2017[2].

Banca Generali has undertaken the following transactions in connection with the aforementioned options afforded by the tax code:
1) redemption of the mismatch between the carrying amounts and book values of goodwill arising from the merger of Banca del Gottardo Italia into Banca BSI S.p.A. (subsequently merged into Banca Generali effective 1 January 2010), closed in 2010 on the basis of the provisions of Article 15, paragraph 10, of Law Decree No. 185/2008;
2) redemption of other intangible assets (client relationships) arising from the above transaction undertaken in 2010 on the basis of the amounts carried in the financial statements of Banca BSI Italia at 31 December 2009 according to the ordinary procedure outlined in Article 176, paragraph 2-ter, of TUIR;
3) redemption of goodwill recognised on a consolidated basis in connection with the full equity investment in the subsidiary BG Fiduciaria SIM S.p.A. undertaken in 2011[3].

Most recently, Article 110 of Italian Law Decree no. 104 of 14 August 2020 (the "August Decree"), as amended by the 2021 Budget Law (Article 1, paragraph 83, of Law no. 178 of 30 December 2020), with the aim of facilitating stronger capital positions and mitigating the consequences on financial statements of the economic crisis caused by the Covid-19 pandemic, introduced — including

[2] The following additional legislation was recently passed on this subject:
Article 1, paragraph 1079, of Italian Law No. 145/2018 (2019 Budget Law) introduced a change to the amortisation rates of goodwill and other intangible assets that gave rise to the recognition of deferred tax assets subject to the paragraphs 55, 56-bis, 56-bis.1 and 56-ter of Article 2 of Italian Decree Law No. 225 of 29 December 2010 not yet deducted until the tax period in progress at 31 December 2017 in ten variable annual instalments from 31 December 2019 — from 2019 (5%) to 2020 (3%) — and until 31 December 2029 (10%), without prejudice to previously applicable amortisation, where of a lesser amount;
Article 23 of Italian Decree Law No. 98/2011 (paragraphs 12-14) had introduced the possibility of proceeding with "special" redemption (new paragraph 10-ter of Article 15 of Italian Decree Law No. 185/2008) of goodwill and other intangible assets recognised solely at the consolidated level before 31 December 2010, by paying a substitute tax of 16% and deducting the related amortisation in ten annual instalments starting on 1 January 2013. However, Article 1, paragraph 502, of Italian Law No. 228 of 24 December 2012 (2013 Financial Law) then deferred the deductibility of amortisation charges from the tax period after that in progress at 31 December 2017, with a suspension of amortisation of five years, followed by a further change in 2018 (previous note);
Article 1, paragraph 714, of Italian Law No. 160/2019 (2020 Stability Law) then provided for the deferral of the deduction of the 5% share of the portion of negative components referring to amortisation charges relating to the value of goodwill and other intangible assets, originally provided for 2019, to the tax period in progress at 31 December 2025 and the four following periods.
[3] The goodwill of BG Fiduciaria was redeemed on 30 November 2011, but effectively became deductible only in financial year 2020, at the rate of 3% instead of the original 10%.

for entities that adopt IAS/IFRS — the possibility of realigning the accounting and tax values of goodwill and other intangible assets recognised in the financial statements for the year in progress at 31 December 2019 (Article 110, paragraph 8-*bis*), to the extent in which they were still present at the closing of the 2020 financial statements.

The option was to be exercised through:
› the payment of a 3% substitute tax, in a maximum of three instalments of equal amounts, by the due date for payment of the balance of the 2020 income tax return and the reporting in the income tax return of incomes relating to financial year 2020;
› the application of a restriction on balance-sheet reserves in an amount corresponding to the greater values subject to realignment, net of the substitute tax, to which the provisions for tax-suspended reserves envisaged for revaluation balances applies.

The effects of the realignment of goodwill and other intangible assets are recognised for tax purposes with effect from financial year 2021 and the off-balance amortisation of goodwill should have been therefore deducted in 18 years (paragraph 3-*bis*).

However, Article 1, paragraphs 622 to 624, of the 2022 Budget Law retroactively amended, in derogation from the taxpayers' statute, the emergency redemption provisions set out in Article 110 of Law Decree No. 104 of 14 August 2020 ("August Decree"), essentially providing for three options:
a) extension of the amortisation period from 18 to 50 years;
b) "repeat redemption" of goodwill redeemed at 3% by applying an increase on the basis of the rate brackets governed by the ordinary provisions of Article 176 of TUIR;
c) revocation of the redemption transaction, according to the methods to be established by order of the Italian Tax Authorities, applying for a refund for or offsetting the sums already paid.

In 2021, Banca Generali also proceeded to exercise the option to carry out the following realignments of the carrying and tax values of goodwill, trademarks and other intangible assets:
› realignment of misalignments resulting from previous years' goodwill stated in the Financial Statements at 31 December 2019, pursuant to Article 110 of Law Decree No. 104/2020 (so-called "August Decree"), as amended by the 2021 Budget Law, through payment of a 3% substitute tax, and subsequent right to benefit from the ensuing off-balance sheet amortisation in the ordinary period of 50 years;
› realignment of the carrying values for goodwill, trademarks and intangible assets, resulting from the merger — effective 1 January 2020 for accounting and tax purposes — of the subsidiaries Nextam Partners S.p.A. and Nextam Partners SGR, carried out pursuant to:
  – Article 15 of Law Decree No. 185/2008 (special redemption), by payment of a substitute tax of 16% and subsequent amortisation over 5 years;
  – Article 176, paragraph 2-*ter*, of TUIR (ordinary redemption), limited to intangible assets, with payment of a substitute tax based on related tax brackets (12%-14%) and recognition of amortisation throughout the residual life of the intangible asset.

The accounting treatment of the payment of substitute tax on goodwill is susceptible to varying interpretations, given that there is no specific provision of IAS 12 regarding the taxable element of goodwill after initial recognition.
IAS 12 merely prohibits the recognition of deferred tax assets on initial recognition of goodwill from acquisitions not relevant for tax purposes.

The analyses conducted by the OIC (Italian Accounting Standard Setter) — summarised in application document No. 1 of 27 February 2009 entitled "Accounting treatment of substitute tax on the redemption of goodwill in accordance with Article 15, paragraph 10, of Law Decree No. 185 of 29 November 2008 (converted into Law No. 2 of 28 January 2009) for entities that prepare financial statements in accordance with IAS/IFRS", which can however be extended to other special redemption cases envisaged by tax laws — have led to three different accounting treatments being considered compatible with IFRS:
› recognition through profit and loss of substitute tax only, without recognising deferred tax assets;
› immediate recognition through profit and loss of both substitute tax and the deferred tax assets representing the future tax benefit; and
› recognition of substitute tax as a tax credit under assets and subsequent recognition through profit and loss over the years to coincide with the off-balance deduction of the redeemed amortised amounts.

In this regard, it should be noted that the accounting policy adopted by Banca Generali is based on the second method, which allows the attribution of the entire tax benefit, equal to the difference between the substitute tax paid and the deferred tax assets recognised (IRES and IRAP) during the year to which the redemption transaction refers.

During the years in which the redeemed goodwill is deducted on a straight-line basis, the entity releases the previously recognised deferred tax assets to profit and loss on a straight-line basis, in accordance with the specific system adopted (ten or eighteen amortisation instalments), thereby neutralising the decrease in current taxes.

Any impairment losses to the goodwill are not relevant to measuring the recognised deferred tax asset, provided that the value of that asset continues to be believed to be recoverable on the basis of future taxable income.

With regard to the realignment performed pursuant to Article 110 of Italian Law Decree No. 104/2020, DTAs that may be recovered over a longer time horizon than the ordinary off-balance amortisation of 18 years have not been recognised in the financial statements.

10. Provisions for liabilities and contingencies

Provisions for commitments and guarantees issued

The sub-item of provisions for liabilities and contingencies in question includes provisions for credit risk recognised on the basis of loan commitments and guarantees issued that come within the scope of application of impairment rules pursuant to IFRS 9.
Such cases are generally subject to the same methods of allocation to the three credit risk stages and calculation of expected losses presented in regard to financial assets measured at amortised cost or at fair value through other comprehensive income.

Other provisions

Other provisions for liabilities and contingencies include allocations relating to provisions for legal contractual or non-contractual obligations or legal disputes, including tax disputes, arising from a past event where fulfilment of such obligation is likely to require an outflow of financial resources, provided that the amount of the outflow can be reliably estimated.

Therefore, a provision is recognised only when:
› there is a present obligation (legal or constructive) as a result of a past event;
› it is likely that an outflow of resources embodying economic benefits will be required to settle the obligation; and
› a reliable estimate can be made of the amount relating to the fulfilment of the obligation.

The amount recognised as provision corresponds to the best estimate of the expenditure required to settle the obligation existing at the reporting date and accounts for all the risks and uncertainties that are inevitably entailed in certain events and circumstances.
Where the effect of the time value of money is material, provisions are discounted using current market rates. Provisions and increases due to the time value of money are recognised in the profit and loss account.

Provisions are periodically reviewed and, where necessary, adjusted to reflect the best current estimate. If, upon review, it is determined that it is unlikely that a cost will be incurred, the provision is reversed.

Other provisions for liabilities and contingencies include, in particular:
› provisions for contractual indemnities for the Financial Advisor Network (termination indemnity, portfolio overfee indemnity, managerial development indemnity, and other similar indemnities), measured according to the actuarial of financial method;
› provisions for Financial Advisors and Relationship Managers serving the obligations assumed in relation to the 2017-2026 Framework Loyalty Programme for the Sales Network;
› several types of provisions for incentive or recruitment bonuses (recruitment plans) for Financial Advisors;
› provisions for long-term employee benefits;
› provisions for restructuring plans.

In some circumstances, provisions for liabilities and contingencies (e.g., charges relating to staff expenses) have been presented in a separate item of the profit and loss account to best reflect their nature.

Termination indemnity for Financial Advisors

The provision covering the cost of termination indemnities for Financial Advisors is assessed in compliance with IAS 37 according to an actuarial approach, pursuant to the law (Article 1751 of the Italian Civil Code) and the specific disbursement criteria set by the Bank.

In detail, the indemnity to be paid to a Financial Advisor is calculated on the basis of the annual average direct and indirect fees paid to the Financial Advisor during his or her final five years of service (Article 1751 of the Italian Civil Code), net of:
a) the total amount paid to Enasarco's retirement bonus fund (FIRR) each year by the Bank until the date of termination;
b) the contractual lump-sum reduction which gradually declines with the length of service at the date of retirement or termination (with the exception of cases of death and permanent disability).

In cases of withdrawal for cause with service, the indemnity may be further reduced as a function of the decline in AUM during the post-termination observation period.

The assessment is then conducted according to actuarial methods on the basis of demographic parameters, expected turnover rates, with and without the right to service, assumptions regarding the age of entry into the compulsory general insurance (AGO) system and the retirement age.

The procedure also takes account of:
a) the percent fee reduction expected as a function of the estimated period of past service at the date of termination;
b) the prospective termination indemnity fund (FIRR), i.e., the payments that the Bank is to make each year directly to the Enasarco Foundation by way of termination indemnity contributions for the Financial Advisor's entire period of service and that, in the end, are to be deducted from the gross indemnity owed.

Portfolio overfee indemnity

The portfolio overfee scheme calls for Financial Advisors with at least five years of service who leave service permanently due to retirement, serious disability, death or voluntary removal from the Register to be entitled to an indemnity commensurate to the profitability of the portfolio previously managed.
The indemnity, which is governed by an appendix to the agency agreement, is only due on the condition that the outgoing Financial Advisor formally undertakes to conduct a hand-over to an incoming Financial Advisor identified by the Company and discharges the obligation for removal from the Register. Conversely, the incoming Financial Advisor undertakes to pay the Company an indemnity commensurate to that obtained from the outgoing Financial Advisor.
In relation to recent market practices in the area, a thorough contractual revision of the scheme entered into effect on 1 January 2012 was carried out.
The system introduces a rule, namely that the indemnity collected by the outgoing Financial Advisor is to correspond exactly to the indemnity paid by the recipients of the hand-over, thus limiting the principal's role to the service represented by handling the cash flows between the parties.
Therefore, on the basis of the new rules, the outgoing Financial Advisor may only collect the agreed indemnity provided that it has actually been paid to the Bank by the incoming Financial Advisor, thereby fostering greater involvement of the interested parties in the successful completion of the transaction and an appropriate hand-over of customer relationships.

However, the Bank's guarantee is maintained in cases of the reassignment of customer relationships due to the death or permanent disability of the Financial Advisor to whom they had been assigned. In such cases, the Bank will immediately pay out the entire indemnity to the outgoing Financial Advisor's beneficiary or heirs and then recover the amount from the incoming Financial Advisors under an instalment plan, in the reduced amount of 75% in consideration of the increased expense associated with the impossibility of conducting an appropriate hand-over.

The specific provision covering the obligations associated with the scheme is determined through an assessment conducted according to statistical and actuarial methods on the basis of an estimate, carried out through IT procedures, of the development coefficient for the assets managed by the Financial Advisors at the reference date, the historical percentages of indemnity payouts, network turnover rates and other demographic, social security and financial variables.

According to IAS 1, paragraph 234 b), provisions are presented net of contractually established reimbursements to be provided by incoming Financial Advisors.

Framework Loyalty Programme for the Sales Network

The aggregate referring to provisions for long-term contractual indemnities also includes the provision covering the 2017-2026 Framework Loyalty Programme for the Sales Network ("Framework Programme"), approved by the Board of Directors on 21 March 2017 and ratified by the General Shareholders' Meeting on 20 April 2017. Said Programme is aimed at improving the retention of the Sales Network and the customers acquired over time and creating value for the Group by attracting stable, high-quality net inflows.

The Framework Programme originally provided for the possibility to activate during the 2017-2026 period eight individual annual plans set to expire on 31 December 2026 and of decreasing lengths, from a maximum of eight years to a minimum of one year, with the authorisation of Banca Generali Group's corporate bodies and in accordance with its remuneration policies.
However, it should be noted that Banca Generali decided to suspend the implementation of the above Loyalty Framework Programme, for which the sixth 2022-2026 cycle was therefore not activated.

The Framework Programme called for an indemnity to be paid to Financial Advisors and Relationship Managers with a minimum level of seniority of service who met certain AUM and net inflow parameters at the end of the year of activation of the plan in which they participated. The indemnities thus accrued in respect of the individual plans will be disbursed cumulatively to the beneficiaries, in accordance with the Banking Group's current remuneration policies, in the first half of 2027, within 60 days of the approval of the 2026 Financial Statements.
However, departure from the Banking Group's scope entails the loss of entitlement to disbursement of the bonuses accrued, except in the event of death, permanent disability or eligibility to receive a pension. Even in the above circumstances, the indemnity will still be paid at the end of the Programme.

A part of the bonus, up to 50% of its value, for each of the individual plans in the Framework Programme may be paid in Banca Generali shares. In accordance with the Banking Group's Remuneration Policy, the number of shares is determined according to the average price of Banca Generali shares during the 90 days prior to the date of the meeting of the Board of Directors called to approve the draft Financial Statements for the year prior to that of activation of the individual plan. The Banca Generali shares for each individual plan are thus purchased on the market after authorisation is granted, from one year to the next, by the corporate bodies (Board of Directors and General Shareholders' Meeting) and the Regulator, and are cumulatively assigned to beneficiaries.

The amount of the provision for the portion of the indemnity to be paid in cash is measured on the basis of the indemnity accrued as at the reporting date, taking account of the time value of money for the period until the date of disbursement and the forecast rate of turnover, without entitlement to benefits, for the beneficiary population. The portion to be paid in shares is subject to the accounting treatment provided for in IFRS 2 and accrues annually in proportion to the length of the vesting period for the various annual plans activated.

In addition, following the suspension of the Programme, in July 2022 an advance on the bonuses to be paid in cash as provisioned for and revalued as at 30 June 2022 was paid to the beneficiaries of the annual plans already activated, for a total amount of 34.2 million euros. This advance is tied to the right to receive the bonus and will therefore definitively accrue in the first half of 2027 following verification of the vesting conditions established by the Programme.

Three-year Incentive Plan

The 2022-2024 three-year incentive plan, approved by the Board of Directors on 18 March 2022, is in addition to the annual incentives for the Financial Advisor Network and is tied to the achievement of both several overall objectives set at the Banking Group level in terms of total net inflows and recurring fee income, established in the Strategic Plan, and individual objectives.

In particular, at the end of the Plan no incentives may be disbursed without full achievement of the three-year net inflow targets and of at least 90% of the cumulative recurring fee target at the end of 2024.
At the level of the individual beneficiary, accrual of the bonus is tied to individual net inflow and advanced net inflow targets on a three-year basis to be reached collectively, with a floor below which the incentive is not awarded.
Special rules also apply to Financial Advisors eligible to participate in the previous Loyalty Framework Programme, for which a bonus floor applies, to be paid at the end of the three-year period if other conditions are met, but only in the absence of net outflows.

All Financial Advisors, Relationship Managers and Network Managers in service at 31 December 2019 are entitled to the three-year incentives.

The three-year bonus will be paid in 2026, provided that on 31 December 2025 the net inflow targets reached are no less than 90% of net inflows reached at the end of the three-year plan period.

The incentives accruing on a multi-year basis, tied to net inflow targets, qualify as costs of obtaining a contract pursuant to IFRS 15 and are expensed over a five-year period, like other similar incentives granted to the Financial Advisor Network.

The accrual of the bonus at the end of the three-year period is contingent on achieving the Banking Group access gates, as defined by the Remuneration Policy.
In addition, the Plan calls for the payment of the cash bonus only, with the sole exception of beneficiaries qualifying as Key Personnel in the three-year period, to whom the specific provisions of the Remuneration Policies (deferral, shared-based payment, etc.) apply.

11. Financial liabilities measured at amortised cost

Classification

Due to banks, Due to customers and Securities issued include the various forms of interbank funding and direct customer inflows, as well as funding through certificates of deposit and the issue of bond securities, net of any amounts repurchased.
Due to banks and Due to customers also include operating debts from financial services.

Recognition

These items are initially recognised when funding is received or the debt securities are issued.
Initial recognition is at the fair value of the liabilities, which is normally the amount received or the issue price plus any costs or income directly attributable to the each funding transaction or issuance and not repaid by the creditor. Internal general and administrative expenses are excluded.
For financial liabilities issued below market value, the fair value is estimated and the difference with respect to the market value is recognised directly in the profit and loss account.

Measurement

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method, with the exception of short-term liabilities where the time value of money is not material. These are measured at the amount received, and any costs incurred are recognised in the profit and loss account on a straight-line basis for the contractual duration of the liability.

Derecognition

Financial liabilities are written off when they mature or are settled, or when previously issued securities are repurchased. The difference between the carrying amount of the liability and the amount paid for repurchase is recognised in the profit and loss account.
Placing securities again on the market after their repurchase is considered a new issue; such securities are therefore measured at the new placement price without any effect on net profit and loss.

12. Financial liabilities held for trading

This item includes the negative value of trading derivative contracts measured at fair value.
If the fair value of a financial asset falls below zero due to trading, it is recorded as a financial liability held for trading.

13. Financial liabilities designated at fair value

There are currently no financial liabilities measured at fair value.

14. Foreign currency transactions

Initial recognition measurement criteria

On initial recognition, foreign currency transactions are recorded in the functional currency using the exchange rate at the date of the transaction.

Subsequent recognition measurement criteria

At each annual or interim reporting date, monetary items denominated in foreign currency are translated using the exchange rate as follows:
- monetary items are translated using the exchange rate at the reporting date;
- non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value are translated using the exchange rate at the reporting date.

Exchange rate differences that result from the settlement of monetary items or the translation of monetary items at a rate that is different from the one used for initial translation or for translating the previous year's Financial Statements are recognised through profit or loss in the period in which they arise.

15. Other information

Cash and deposits

The portion of the balance of the settlement account held with the Bank of Italy that is not restricted according to the mandatory reserve rules is recognised as demand deposits with the Central Bank and has therefore been reclassified to item 10 of the Balance Sheet, Cash and deposits.

Treasury shares

Treasury shares are recognised at their purchase cost under a specific item as a reduction to net equity and are not subject to measurement. Where subsequently sold, any difference between the purchase cost and sale price is recognised among the components of net equity.

Equity instruments

Equity instruments are instruments that represent an equity interest in the Bank pursuant to IAS 32.
The classification of an instrument issued as an equity investment requires the absence of contractual obligations to make payments in the form of repayment of principal, payment of interest or other forms of return.

In particular, instruments that present the following characteristics are classified as equity investments:
- duration is unlimited or equal to the company's duration;
- the issuer has full discretion over paying coupons or repaying principal, including prematurely.

This category also includes Additional Tier 1 instruments compliant with the provisions of Regulation (EU) No. 575/2013 (CRR) on the prudential requirements for credit institutions and investment firms that, in addition to presenting the characteristics described above, in any event:
- allow the issuer to retain full discretion over whether to recognise a reversal of nominal value (write-up) following a capital event that has resulted in a decline in nominal value (write-down);
- do not incorporate must-pay clauses for the issuer as a result of authentic events within the parties' control.

Equity instruments other than ordinary or savings shares are classified to item "130. Equity instruments" in the amount received, inclusive of the transaction costs that are directly attributable to the transaction concerned.
Any coupons paid, net of the related taxes, are deducted from item "140. Reserves".
Any differences between the amount paid to discharge or repurchase these instruments and their carrying amount are recognised in item "140. Reserves".

Repurchase agreements

Securities received under a transaction involving a contractual obligation to resell said securities and securities delivered under a transaction involving a contractual obligation to repurchase said securities are not recognised and/or derecognised inasmuch as the associated risks/rewards are not transferred.
Consequently, if securities are purchased under a resale agreement, the amount paid is recognised as a loan to customers or banks. If securities are sold under a repurchase agreement, the liability is recognised as an amount due to banks or customers.
Investment income, in the form of coupons accrued on securities and the difference between the spot and forward price of said securities, is recognised to the profit and loss account items associated with interest on an accrual basis.

Leasehold improvements

Costs associated with refurbishing properties owned by third parties are capitalised due to the fact that, for the duration of the lease, the company using the property has control of the assets and can therefore receive the related future economic benefits.
The above costs, which have been classified among "Other assets", as required by the Bank of Italy's Instructions, are amortised for a period that may not exceed the term of the lease agreement.

Leases (IFRS 16)

As lessee

At the inception of a contract, the Bank must assess whether it is, or contains, a lease.
A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset in exchange for consideration for a period of time.

In addition to lease contracts, recognised as such, the definition of "lease contract" also includes rental, loans for use and all other contracts that may contain a lease.

For each contract that is, or contains, a lease, the Bank allocates the agreed consideration to the following, on the basis of the individual prices of each transaction:
- the lease components (pure lease payment);
- the components relating to other services to be recognised according to other standards (e.g., condominium fees, non-deductible VAT, late payment interest, duty stamps, insurance expenses, vehicle maintenance costs, etc.).

The Bank settles the lease components separately from the other service components, unless it is not readily feasible to do so.

The Bank recognises a right of use and the related lease liability for all lease contracts in which it is the lessee, except for:
- short-term contracts (i.e., lease contracts with a term of 12 months or less); and
- leases of low-value assets (assets with a value of less than 5,000 euros when new).

The Bank accounts for payments relating to the latter as operating expenses on a straight-line basis over the term of the contract, unless another method is more representative.

Lease liabilities

Lease liabilities are initially recognised at the present value of the lease payments that are not paid at the commencement date of the lease, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, at the lessee's incremental borrowing rate.

Since most lease contracts entered into by the Bank do not include an implicit interest rate, the discount rate to be applied to future lease payments is generally based on the risk-free rate for the currency in which the contracts are denominated, applicable by maturity, commensurate to the term of the contract concerned, plus a specific credit spread applicable to the lessee.
In particular, the risk-free rate curve (swap curve) is used, with the addition of a spread representative of the Insurance Group's credit risk, calculated periodically on the basis of the quoted prices of credit default swaps (CDSs) referring to the parent company, Assicurazioni Generali.

The lease payments accounted for in the value of the lease liability include:
- fixed payments, including lease payments contractually structured as variable but essentially fixed (in-substance fixed payments), less any incentives received from the lessor;
- variable lease payments that depend on an index or a rate (e.g., inflation), initially measured using the index or rate as at the commencement date of the contract;
- amounts expected to be payable by the lessee under residual value guarantees, where provided for by contract;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease prematurely, if the lease term reflects the lessee exercising an option to terminate the lease, and exercise of the option is deemed reasonably certain.

After initial recognition of the lease liability at amortised cost, the carrying amount of the liability is increased by the interest on the lease (according to the effective interest method) and decreased to reflect the payments made under the lease contract.

The Bank remeasures the balance of the lease liability (and applies an adjustment to the corresponding value of the right of use, where significant) if either:
- there is a change in the lease term or there is a change in the assessment of an option right, in which case the lease liability is remeasured by discounting the lease payments at the revised discount rate;
- there is a change in lease payments resulting from a change in an index or a rate or there is a change in the amounts expected to be payable under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments at the initial discount rate (unless the change in lease payments results from a change in floating interest rates, in which case a revised discount rate is used);
- a lease contract has been modified and the modification does not qualify for recognition as a separate contract, in which case the lease liability is remeasured by discounting the revised lease payments at the revised interest rate.

Rights of use

The Bank recognises rights of use and the related lease liabilities at the commencement date of the contract.

Right-of-use assets are initially measured at cost, including:
- the initial measurement of the lease liability;
- the lease payments made at or before the commencement date of the contract;
- initial direct costs incurred to obtain the contract (legal, notarial, real-estate agency, etc.).

A provision for risks is recognised and measured according to IAS 37 when the Bank is obligated to bear the costs of returning an asset in a condition required by the terms of the contract. This cost is included in the value of the right of use.

The right of use is then recognised net of depreciation and any impairment losses.

The right of use is depreciated on a straight-line basis over the period from the commencement date of the contract to the sooner of the end of the lease term and of the residual useful life of the underlying asset.

If the lease contract transfers ownership of the relevant asset or the cost of the right of use reflects the Bank's intention to exercise the purchase option, the right of use is depreciated over the useful life of the asset.

The Bank applies IAS 36 – *Impairment of Assets* to identify the presence of any impairment losses.

Variable lease payments that do not depend on an index or a rate are not included in the value of the lease liability or the value of the right of use. The related payments are recognised on an accrual basis and are included in item "Other operating costs" of the Profit and Loss Account.

As lessor

The Bank does not act as lessor in lease transactions.

Share-based payments

These are payments to employees or other similar persons, such as Financial Advisors, as consideration for services rendered, based on the equity instruments of the banking or ultimate parent company.

Such plans may provide for either:
- the right to subscribe for rights issues at a pre-determined price (stock-option plans);
- the free assignment of a certain number of shares, generally repurchased (stock-granting plans).

In accordance with IFRS 2 – *Share-Based Payments*, share-based benefit plans for personnel and Financial Advisors are recognised as costs on the Profit and Loss Account based on the fair value of the shares on the assignment date, spreading out the charges over the period covered in the plan.

In light of the difficulty inherent in reliably measuring the fair value of the services received in return for equity instruments, reference is made to the fair value of such instruments measured at the assignment date.

The fair value of options is measured using a model whose inputs are exercise price, time to maturity, the current share price, expected volatility, expected dividend, the risk-free interest rate, and the specific features of the plan in effect. The pricing model measures distinctly the option and the probability that the conditions on which basis the option was assigned will be realised. The combination of the two amounts generates the fair value of the assigned instrument.
In cases of stock-granting plans, the fair value of the shares granted is determined on the basis of market prices on the date of the resolution of the Shareholders' Meeting authorising the plans.
Any reduction in the number of financial instruments assigned is recognised as a cancellation of part of them.

Charges relating to shared-based payment plans are recognised as a cost for the period in the profit and loss account under item 160.a) "General and administrative expenses: staff expenses", where they relate to employment services, and under item 50. "Fee expense", where they relate to contractual relationships with Financial Advisors. In both cases, such charges have their counter-entry in item 140. "Equity reserves"[4].

Employee termination indemnities

Employee termination indemnities, which are governed by Article 2220 of the Italian Civil Code, constitute "**post-employment benefits**" as defined in IAS 19 – *Employee Benefits*.

Following the entry into force of Italy's 2007 Finance Law, which brought forward to 1 January 2007 the supplementary pension reform enacted by Italian Legislative Decree No. 252 of 5 December 2005, the portions of employees' termination indemnities accrued starting from 1 January 2007 must — depending on the employees' choice — be allocated to a supplementary pension fund or maintained within the company and — in the case of companies with at least 50 employees — transferred to a special fund managed by Italy's national security institute (INPS).

Accordingly, obligations to employees have taken on a twofold nature from an accounting standpoint:

› "a defined contribution plan" for termination indemnities accrued by personnel starting on 1 January 2007 whether the employee chooses to redirect such amount to a supplementary pension fund or allocate it to the INPS treasury fund.
  For such portions, the amount recognised amongst staff expenses is determined on the basis of the contributions owed, without the application of actuarial calculation methods.
  The portions paid to supplementary pension funds are recognised in the specific item, whilst the portions paid to the INPS fund are reclassified to the item "employee termination indemnities" by convention;
› "a defined-benefit plan" for the portion of termination indemnities accrued by personnel through 31 December 2006, which is thus recognised on the basis of the actuarial value of the expected future benefit, determined according to the **projected unit credit method**.

According to this method, the amount already accrued is to be increased by the unit amount accrued annually (current service cost) projected into the future through the date of expected termination of employment then discounted at the reference date. The unit amount accrued is also determined on the basis of the employee's entire expected working life.

In the specific case, however, the past liability is assessed without pro-rating past service because the service cost of the termination indemnity has already fully accrued. Accordingly, the annual accrual consists solely of the interest cost relating to the revaluation of the expected benefit due to the passage of time.

The rate used for discounting is determined by reference to market yields on high quality corporate bonds, taking into account the average time-to-maturity of the liability, and calculated using the percentage paid and advanced for each contractual period compared to the total amount to be paid and paid in advance until the final settlement of the entire obligation.
Considering that IAS 19R requires that the discount rate is to be determined by reference to the yields on "high-quality corporate bonds," it was decided to use the iBoxx EUR Corp index, formed of AA series.

The plan's service costs have been recognised amongst staff expenses under item "provisions for termination indemnity."

Following the entry into force of IAS 19R, from 1 January 2013, with the aim of improving financial statement comparability, it was decided to eliminate the option of adopting different treatments for **actuarial gains and losses** deriving from the assessment of the obligation, i.e., decreases or increases in liabilities deriving from changes in the parameters used for the actuarial assessment (change in the discount rates, estimate of expected staff turnover rates, salary increases, etc.).

In fact, changes in liabilities due to actuarial assessments are now required to be mandatorily recognised in full in the other comprehensive income, and thus with a balancing entry to an equity reserve, net of the associated tax effect.
By contrast, in the previous accounting arrangement adopted by the Bank the above item had been recognised in the profit and loss account according to the corridor method, i.e., the amount of cumulative actuarial gains/losses resulting at the end of the previous year in excess of 10% of the present value of the benefits generated by the plan.

The elimination of this method entailed an impact on the Bank's net equity from the date of first-time adoption of the new Standard due to the recognition of actuarial gains or losses not previously booked in application of the corridor method.
In addition, actuarial assessments of the provision are conducted net of the 11% substitute tax and 0.50% contribution, which are thus reclassified to the profit and loss account during the year of accrual under a specific item.

Productivity bonuses for salaried employees

Productivity bonuses to be paid to salaried employees during the following year are generally to be allocated to the item "Other liabilities."

[4] For further information on the accounting treatment and the characteristics of the individual plans, including quantitative information, reference should be made to Part I — Payment Agreements Based on Own Equity Instruments of these Notes and Comments.

More specifically, in accordance with IAS 19 – *Employee Benefits*, the following are allocated to current liabilities:
- the share of variable remuneration to be paid to managers and employees for which there are legal obligations that may be reliably estimated, such as bonuses relating to the supplementary company agreement, managerial bonuses associated with balance scorecards (MBO) and other individual incentive plans of a contractual nature, such as those for sales personnel and managers;
- incentives not subject to contractual agreement for which there is objective evidence of their customary nature, giving rise to a constructive obligation for the Bank.

For these items, a reliable estimate has been prepared of the expense owed to staff under the formal conditions of the individually assigned incentive plans and the probability that the quantitative and qualitative targets set out therein will be met.

Pursuant to IAS 19, the Company also recognises among staff expenses in the Profit and Loss Account the following types of expenses that do not constitute certain short-term liabilities and thus have the item for provisions for liabilities and contingencies as their balancing entry in the balance sheet:
- the share of the variable remuneration of managers of the Banking Group deferred up to five years, and conditional upon the satisfaction of the access gates requirements established in the Banking Group's new remuneration policy.

Expenses functionally related to staff

In accordance with IAS 19, item 160 a) "Staff expenses" only includes costs representing remuneration for professional services rendered, thus excluding those representing pure reimbursement of the expenses incurred by the employee for the benefit of the enterprise in the performance of professional activity.

Accordingly, indirect expenses functionally related to activity performed by staff are recognised under item 160 b) "Other general and administrative expenses". Such expenses also include:
a) documented, specific reimbursements of the costs of room and board incurred by employees during business trips;
b) documented, specific mileage reimbursements, calculated on the basis of rates recognised as valid (e.g., Automobile Club d'Italia) and the mileage actually travelled;
c) costs of check-ups conducted when staff are hired and the costs of compulsory examinations of staff required by law.

By contrast, amongst other items, the costs of professional refresher courses for employees continue to be recognised under staff expenses.

Recognition of revenues and costs

Revenues are recognised when they are realised or when it is probable that the related future benefits will be received and such benefits can be reliably measured. More specifically:
- interest payable is recognised on a pro-rated basis according to contractual interest rate, or the effective interest rate if amortised cost is used;
- default interest accrued on the basis of contractual terms is recognised in the profit and loss account only when received;
- dividends are recognised in the profit and loss account when dividend payout is approved;
- service revenue fees are recognised, on the basis of the existence of contractual agreements, during the period in which the services in question are rendered; in further detail, trading fees on securities trading are recognised when the service is rendered. Portfolio management, advisory and mutual fund management fees are recognised according to the length of the service. Fees considered among amortised cost for the purposes of determining the effective interest rate are excluded and are recognised among interest.

Costs are taken through profit or loss during the periods in which the associated revenues are recognised. If the above matching can only be done generally or indirectly, then the costs are allocated to more than one accounting period according to rational procedures and on a systematic basis. Those costs that cannot be matched with the related revenues are immediately taken through profit and loss.

Recognition of the costs of obtaining and fulfilling a contract

Beginning from the end of 2018, the amortisation period for acquisition and fulfilment costs for contracts with customers was modified from a time horizon based on the payback criterion to a time horizon more consistent with the average duration of contractual relationships with customers, determined to be five years.
These changes, implemented in part owing to the greater flexibility of IFRS 15, made it possible to align the accounting treatment of incremental costs paid to Financial Advisors in relation to the organic growth of assets under management with the treatment of recruitment incentives tied to the acquisition of new customers (amortised over five years), thereby ensuring a more effective correlation between total fee expenses and the fee income generated by customer investments.
In particular, the modification affected the accounting treatment of ordinary sales incentives tied to the net inflow targets paid to the Financial Advisor Network, which had been previously accounted for according to the practical expedient of taking them in full to the profit and loss account for the year.
The modification, which qualifies as a change in accounting estimate in respect of the amortisation period for incentives, was applied prospectively in accordance with IAS 8.

Calculation of impairment losses

Impairment losses of financial assets

At each reporting date, in accordance with IFRS 9, financial assets other than those measured at fair value through profit or loss are tested for evidence that their carrying amounts may not be fully recoverable. Similar tests are also performed for loan commitments and guarantees issued that come within the scope of impairment testing pursuant to IFRS 9.

Where such evidence of impairment exists, the financial assets in question are considered impaired and included in stage 3, along with all remaining assets associated with the same counterparty, if any. Such exposures, represented by financial assets classified, in accordance with Bank of Italy Circular No. 262/2005, as bad loans, unlikely-to-pay loans and exposures past-due by more than 90 days must be accounted for by recognising impairment losses equivalent to the expected losses over their entire residual lifetimes.

Impairment losses of performing financial assets

For financial assets for which there is no evidence of impairment (performing financial instruments), it must be verified whether there are any indicators that the credit risk associated with each transaction has increased significantly with respect to initial recognition. The consequences of this assessment, from the standpoint of classification (or, to be more precise, "staging") and measurement, are as follows:

› where such indicators exist, the financial asset is classified as stage 2. In such case, in accordance with international accounting standards, and despite the absence of a manifest decline in value, measurement involves recognising impairment losses equal to the expected losses over the financial instrument's entire residual lifetime;
› where such indicators do not exist, the financial asset is classified as stage 1. In such case, in accordance with international accounting standards, and despite the absence of a manifest decline in value, measurement involves recognising impairment losses equal to the expected losses for the specific financial instrument over the following twelve months.

Such impairment losses are revised on each subsequent reporting date to verify periodically that they are consistent with constantly updated loss estimates and to take account of the changed forecasting period for calculating the expected loss, in the event of changes in indicators signalling a "significantly increased" credit risk.

With regard to the tracking of credit quality, in accordance with the provisions of the Standard and the Supervisory Authority's instructions as to how to apply the Standard in the case of less significant institutions, a detailed analysis was conducted for each relationship, whether in the form of a security or a loan.

To identify whether there has been a "significant deterioration" of credit quality since initial recognition and there is thus a need for classification to stage 2 and, vice versa, whether the conditions have been met for reclassification from stage 2 to stage 1, it has been decided to make a comparison, at each reporting date, between the credit quality of the financial instrument at the time of measurement and at the time of initial disbursement or purchase (stage assignment).

In view of the above, the factors that will be decisive when determining transitions between the various stages are as follows:

› a change in rating class with respect to the moment of initial recognition of the financial asset. In other words, this is an assessment according to a "relative" criterion;
› the presence of a position past due by at least 30 days. Where such positions exist, in other words, the credit risk of the exposure is presumed to have "significantly increased" and the position is thus reclassified to stage 2;
› the presence of forbearance measures, which entail the classification of the exposure as among those whose credit risk has "significantly increased" with respect to initial recognition.

Some particular considerations apply to the staging of securities. In the case of this type of exposure — as opposed to loans — purchase transactions following an initial purchase of securities with the same ISIN may be a customary part of ordinary management of such positions (resulting in the need to establish an approach to identify sales and redemptions to determine the residual balances of individual transactions with which to associate a credit quality/rating upon origination to be compared with that as at the reporting date). The "first-in-first-out" ("FIFO") method has thus been deemed to contribute to more transparent management of the portfolio, including from the standpoint of front-office personnel, thus also permitting assessments of creditworthiness to be updated constantly on the basis of new purchases.

In addition, Banca Generali has adopted the low credit risk exemption (LCRE) provided for in IFRS 9 for certain financial assets, namely debt instruments issued by governments and public administrations. Accordingly, exposures that are rated investment grade or above as at the reporting date will be deemed low credit risk exposures and thus classified to stage 1.

Once exposures have been allocated to the various credit risk stages, expected credit losses (ECLs) are determined for each transaction or tranche of a security, on the basis of the parameters of probability of default (PD), loss given default (LGD) and exposure at default (EAD).

The measurement of financial assets also reflects the best estimate of the effects of future conditions — above all those of the economic context — with an impact on forward-looking PD and LGD.

Modifications to stage assignment

IFRS 9 requires that the assessment of expected credit losses on financial instruments measured at amortised cost allocated to the HTC and HTCS portfolios be closely connected to their inclusion in one of the three stages (credit risk stages), the last of which (stage 3) includes non-performing financial assets and the remainder of which (stages 1 and 2) include performing financial assets.

In particular, financial instruments are classified to stage 2 if on the reporting date they have undergone a significant increase in risk compared to origination, determined by reaching a rating class deemed excessively risky or by a significant rating notch difference.

In response to the Covid-19 emergency, international organisations and governments implemented extensive support programmes for the banking system and real economy, including, above all, the banking package promoted by the European Union and the public moratoria. The supervisory authorities also requested that financial institutions modify their processes for managing and hence for approving loans, so as to ensure, even in shock conditions, the proper assessment of temporary increases in risk profile, while also decreasing the procyclical effect of assessment models.

In adopting this regulatory framework, which thus views the Covid-19 emergency as a temporary phenomenon not destined to last over time, and in line with industry practices recently established amongst Italian financial institutions, the Banking Group decided to make significant changes to the current stage assignment model for the securities portfolio, as detailed below:

- introduction of a module that formalises the legitimate use of temporary model changes in extraordinary conditions of use until conditions of normality are restored;
- introduction of a rule against downgrading sovereign securities, where justified in terms of temporariness, validity, extraordinariness and severity; with regard to this latter point, a limit was identified in the form of a downgrade not resulting in a rating class lower than credit quality class 4 (equivalent to BB) (ECB Press Release of 22 April 2020);
- replacement of the current rating assignment rule according to a predefined order (1. Moody's, 2. S&P and 3. Fitch) with the ECAI First Best Rating assignment rule, acknowledging that a security downgrade is only admitted if formulated unanimously by all rating agencies: Moody's, S&P, Fitch and DBRS;
- addition of the ratings agency DBRS to the ECAIs Moody's, S&P and Fitch.

These changes are in line with the new regulatory requirement formulated in EBA "Statement on the application of the prudential framework regarding Default, Forbearance and IFRS 9 in light of Covid-19 measures", 25 March 2020, and in EBA "Guidelines EBA/GL/2020/02", 2 April 2020, which requires prudence in assessing the increase in risk profile, where not representative of the counterparty's long-term status.

Impairment losses of non-performing financial assets

Non-performing loans are measured as follows:

- individual measurement of all exposures classified as bad loans;
- individual measurement of all exposures classified as unlikely-to-pay (UTP) and overdrawn/past-due of amounts in excess of 10 thousand euros and secured positions under 10 thousand euros;
- statistical measurement for all positions classified as unlikely-to-pay (UTP) and overdrawn/past-due below the above thresholds.

Individual measurement is performed by managers on individual positions on the basis of a qualitative and quantitative analysis of the debtor's financial performance and position, the risk level of the credit relationship and any mitigating factors (guarantees), while also taking account of the financial effect of the time estimated to be necessary for recovery.

In the case of bad loans in particular, significance is attached to a series of elements — present to varying degrees depending on the characteristics of the positions — to be assessed as thoroughly and prudently as possible, including, but not limited to:

- the nature of the loan, i.e., preferred or unsecured;
- the net assets of the obligors/third-party guarantors;
- the complexity of ongoing or potential litigation and/or the underlying legal matters;
- exposure of obligors to the banking system and other creditors;
- most recent available financial statements;
- legal status of obligors and pending insolvency and/or individual procedures.

Statistical assessments are conducted on the basis of the parameters set out in the ECB guidelines. Residual exposures of amounts beneath a predetermined threshold are fully written off.

The financial effect of time (time value) is not taken into account for exposures classified as overdrawn/past due by more than 90 days due to the high frequency of return to performing status in the short term.

Contributions to deposit guarantee systems and resolution mechanisms

Through Directives 2014/49/EU of 16 April 2014 and 2014/59/EU of 15 May 2014, respectively, the "Deposit Guarantee Schemes Directive (DGSD)" and "Bank Recovery and Resolution Directive (BRRD)", and the institution of the Single Resolution Mechanism (Regulation (EU) No. 806/2014 of 15 July 2014), European lawmakers made significant changes to the rules concerning banking crises with the strategic aim of strengthening the single market and ensuring systemic stability. As illustrated in further detail below, the above legislative changes had a significant impact on financial performance and financial position as a result of the obligation to establish specific funds with financial resources that must be provided by contributions from financial institutions starting in 2015.

Contributions deriving from the Deposit Guarantee Schemes Directive (DGSD)

Directive 2014/49/EU, effective as of 3 July 2015, harmonises the levels of protection offered by national deposit guarantee schemes (DGSs) and their methods of intervention, with the aim of eliminating possible competitive disparities within the European market. To that end, the Directive provides that national DGSs (in Italy, the Interbank Deposit Protection Fund or FITD) must endow themselves with means commensurate to the deposits protected, which must be provided through mandatory contributions from financial institutions. The new element for Italian banks is the new mechanism for financing the fund: the previous after-the-fact contribution system, in which funds had been requested in case of need, was replaced by a mixed system, in which funds must be paid in advance, so as to reach, within ten years of the entry into force of the Directive (3 July 2024), a minimum target level of **0.8% of the deposits guaranteed**.
The contributions from each entity are calculated as a function of the ratio of the amount of own deposits to the total protected deposits in the country.
Article 10 of Directive 2014/49/EU provides that contributions are to be paid by banks with at least annual frequency.
In its extraordinary meeting of 26 November 2015, the FITD then amended its Articles of Association to comply with the new contribution rules and regulatory framework.
The Directive was then transposed into Italian law through Legislative Decree No. 30/2016.

Contribution charges deriving from the Bank Recovery and Resolution Directive (BRRD)

Directive 2014/59/EU establishes the new resolution rules, applicable from 1 January 2015 to all European Union banks in a state of current or prospective default. These rules, which introduce the "bail-in" principle, require, under certain circumstances, that funding for resolution may also be supported by a national resolution fund instituted by each of the 28 European Union Member States and managed by a national resolution authority.

To that end, the Directive provides that the national resolution funds be endowed with financial means provided through mandatory advance contributions from authorised financial institutions.
In particular, the funds are to be paid in advance until reaching a minimum target level, over a period of ten years, i.e., by 31 December 2024, of **1% of guaranteed deposits**[5].

The contributions from each entity are calculated as a function of the ratio of its total eligible liabilities, i.e., net of own funds and the guaranteed deposits, to the total liabilities of all authorised financial institutions in the country.

In this context, on 16 November 2015 Italian Legislative Decrees Nos. 180/2015 and 181/2015 were enacted, introducing the National Resolution Fund into the Italian legal system and assigning the Bank of Italy the role of National Resolution Authority.

In particular, Articles 78 *et seqq.* of Legislative Decree No. 180/15 provide that such funds are to be financed by, among other sources:

a) ordinary contributions paid on an annual basis in the amount determined by the Bank of Italy in accordance with Directive 2014/59/EU (Article 103) and commensurate for the purposes of reaching the fund's target funding level;
b) extraordinary contributions when ordinary contributions are insufficient to cover losses, costs or other expenses incurred to achieve resolution objectives, up to an amount of three times annual average ordinary contributions.

The new European Single Resolution Fund (SRF) provided for in Regulation No. 806/2014, instituting the Single Resolution Mechanism (SRM) and managed by a new European resolution authority, formed within the ECB (Single Resolution Board – SRB), began to function on 1 January 2016.
From 1 January 2016 to 31 December 2023 (a period of eight years), the Single Resolution Fund must reach a target level of means of at least 1% of the amount of the protected deposits of all authorised entities in the Banking Union. The contribution rules for the period 2016-2023 are established in Article 8 of Implementing Regulation No. 81 of 2015.
Accordingly, the banks of Member States of the Banking Union (including Italian banks) contributed to the National Resolution Fund in 2015 and contributed to the Single Resolution Fund starting in 2016 (until 2023). During the initial period, when calculating each institution's individual contributions, this transfer will be taken into account.

Accounting treatment of contribution charges deriving from the BRRD and DGSD

The accounting and reporting treatment applicable to contributions to resolution funds was the subject of the Bank of Italy's notice dated 20 January 2016, as well as of a notice dated 25 January 2017 specifically relating to "Additional contributions to the national resolution fund".
Similar conclusions were reached by ESMA in its Opinion 2015/ESMA/1462 "Application of the IFRS requirements in relation to the recognition of contributions to Deposit Guarantee Schemes in IFRS accounts" of 25 September 2015 with regard to non-reimbursable cash contributions to be paid in advance into deposit guarantee funds.

For financial reporting purposes, reference should be made to IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* and the Interpretation IFRIC 21 – *Levies*, which entered into force on 1 January 2015.
The Interpretation concerns the accounting treatment of a liability for a levy where the liability falls within the scope of application of IAS 37.

[5] Also in this case, in order to achieve the target level, the financial means provided by the credit institutions may include payment commitments up to a maximum of 30%.

As defined in IFRIC 21, “a levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation”.
Obligations to contribute to the National Resolution Fund, in both ordinary and extraordinary form, are imposed by legislation, and thus fall within the scope of “levies” as defined in IFRIC 21.

IAS 37 and IFRIC 21 provide that a liability must be recognised when the obligating event that gives rise to a present obligation occurs. Since the Decree does not provide for contributions to be reduced or refunded to intermediaries, in whole or in part, whenever the obligating event occurs the liability relating to the contributions in question must be recognised for the full amount.

Since it is not possible to account for the liability through either an intangible asset pursuant to IAS 38 or a prepayment asset, the contributions must be recognised in profit and loss.

In this regard, the Bank of Italy has clarified that the item to which to classify such contributions, which for accounting purposes may be regarded as levies, is sub-item 160 b “General and administrative expenses – other general and administrative expenses” of the profit and loss account in the separate financial statements, and sub-item 190 b of the consolidated financial statements, which is also used to account for the indirect levies and taxes (paid and unpaid) accrued during the year.

Business combinations
Business combinations are regulated by the IFRS 3 – *Business Combinations*.
Based on this standard, any acquisition of companies is accounted for using the purchase method, whereby the assets, liabilities, and contingent liabilities of the acquired company are recognised at fair value on the acquisition date. Any positive difference of the price paid over fair value is recognised as goodwill or other intangible assets; if the price is less, the difference is recognised in the Profit and Loss Account.
The purchase method is applied as of the acquisition date, i.e., from the time effective control of the acquired company is obtained. Accordingly, the results of subsidiaries acquired during the year are included in the Consolidated Financial Statements from the date of acquisition. Also the profit and loss results of a subsidiary which has been disposed of are included in the Consolidated Financial Statements, up to the date control is transferred.

Business combinations of entities under common control are not included in the scope of IFRS 3, nor are they covered by other IFRS. They are accounted for in accordance with IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors.*
The IAS/IFRS provide specific guidelines for transactions not covered by IFRS (described in paragraphs 10-12 of IAS 8); according to these guidelines, management is required to consider the most recent pronouncements of other regulatory bodies that use a similar conceptual framework to define accounting standards.
In fulfilment of this requirement, it should be noted that the Financial Accounting Standards Board (FASB) has published an accounting standard regarding business combinations (FAS 141) that in some respects is similar to IFRS 3. Unlike IFRS 3, however, FAS 141 includes an appendix containing limited accounting guidelines for transactions under common control that were previously included in the Accounting Principles Board’s (APB) Opinion 16. According to the pooling of interest method, for this type of transaction the assets and liabilities of business combinations are stated at historical (book) value instead of fair value, and goodwill is not recognised.

This solution was essentially adopted at national level by Assirevi, with documents OPI No. 1R on the accounting treatment of business combinations of entities under common control, and OPI No. 2R on the accounting treatment of mergers.

Intra-group combinations or other combinations of entities under common control within Banca Generali Group are therefore accounted for based on the book value of the entity transferred. Any difference between the consideration paid for the acquisition of the equity interest and the book value of the entity transferred (based on the goodwill recognised) is deducted from the net equity of the acquirer, and the transaction is classified as an extraordinary distribution of reserves.
In a similar way, if an entity is disposed of, the amount received is directly recognised in an equity reserve, as it is a capital contribution by other companies of the Group to which it belongs.

Part A.4 – Information on fair value

With the introduction of IFRS 13, the definition of **fair value** has been modified with respect to IAS 39, with a view to a more market-based approach.
According to the new standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value is thus not an entity-specific measurement, but rather a market-based measurement.

In detail, measurement at fair value:
- presumes that the asset or liability is exchanged in an orderly transaction between market operators under current market conditions;
- refers to a particular asset or liability and must take account of the characteristics of the asset or liability that market participants take into account when pricing the asset or liability;
- assumes that market participants act in their economic best interest;
- assumes that the sale of the asset or the transfer of the liability takes place:
  - in the principal market for the asset or liability; or
  - in the most advantageous market, in the absence of a principal market.

Fair value hierarchy

International accounting standard IFRS 13 requires that financial assets be classified according to a hierarchy of levels (the "fair value hierarchy") that reflects the significance of the inputs used in valuation:
- **Level 1**: quoted prices (unadjusted) in an active market, as defined by IFRS 13;
- **Level 2**: inputs other than the price quotations indicated above, observable on the market either directly (prices) or indirectly (price-derived data);
- **Level 3**: inputs not based on observable market data.

For the purposes of the fair value hierarchy, inputs may thus be classified as:
- **observable**, when the information used in the measurement techniques is based on market data obtained from sources independent of the Bank and available on the market;
- **unobservable**, when they reflect assumptions by the Bank reached by drawing on the best available information in such circumstances.

Valuation criteria of the fair value of financial instruments

In 2010, Banca Generali adopted its Fair Value Policy, which sets out the procedures for measuring the fair value of financial instruments and entrusts responsibility for the measurement process to the Lending Department and review and validation of the data to the Risk Management Department.
The procedure lays down a decision-making process aimed at identifying the best measurement method in the context of the classification of available price sources in the three levels of the fair-value hierarchy.

The fair value of financial instruments is determined through the use of prices obtained from capital markets, if the instruments are quoted on active markets (mark-to-market approach) or through the use of valuation procedures for other financial instruments (mark-to-model approach), based on the analysis of recent transactions involving similar instruments (comparable approach) or, failing the latter, on valuation models.
When determining a financial instrument's fair value, it is thus fundamental to verify whether the market on which that instrument is traded may be considered active, i.e., whether the quoted prices observed represent actual, regular market transactions undertaken during a normal reference period and are promptly and regularly available through exchanges, intermediaries, brokers, industry companies, quotation services and other authorised entities.
Bonds (government bonds and securitisations), equity securities and exchange-traded funds (ETFs) listed on regulated markets and listed financial derivatives are normally considered to be listed on an active market that meets the foregoing requirements.

However, quotation on a regulated or official market does not in itself guarantee the presence of significant prices owing to the limited, sporadic nature of transactions (illiquid securities) on certain securities exchanges, such as that of Luxembourg, whereas there are market types that are unregulated yet show significant daily exchanges in terms of volumes that are suitable to providing prices on an ongoing basis.

Accordingly, most bonds are considered listed on an active market if objective parameters such as the following may be observed:
- an adequate number of counterparties that presents a minimum number of executable ask and bid offers;
- a spread between the ask and bid price that falls within an interval deemed appropriate; and
- continuity of quotations on both sides of the market.

For financial instruments listed on active markets, the current bid price is used for financial assets and the current ask price for financial liabilities.
For equity securities, ETFs and government bonds listed on regulated markets, for which the bid-ask spread is not particularly material, the official closing price for the last trading day is also used.

A.4.1 Fair value Level 2 and Level 3: valuation techniques and inputs used

Financial instruments measured at fair value on a recurring and non-recurring basis

Level 2 of the fair value hierarchy includes all financial instruments whose fair value, despite not being directly observable on the market, may be estimated using valuation models based on:

› inputs directly observable on the market (e.g., executable prices, interest rates or yield curves observable within various buckets, volatilities, credit spreads, etc.);
› inputs indirectly observable on the market or based on observable market data and supported by strong evidence of correlation with observable market data (market-corroborated inputs).

With regard to bond securities (including government bonds and securitisations), the price sources to be used, where available, to determine fair value in the absence of an active market are as follows:

› Bloomberg Generic Number (BGN), which represents Bloomberg's market consensus price and is calculated using both executable prices and indicative prices contributed to Bloomberg;
› the Bloomberg Valuation Service (BVAL), which provides a valuation of bonds based on a three-stage pricing process: 1) observation of market data; 2) analysis of observed prices for similar instruments; and 3) valuation based on non-arbitrage models (for comparable yield curve models). The BVAL is considered a Level 2 price source when there is evidence that it is based on directly observable market data.

In all other cases, it will be considered a Level 3 price source;

› other consensus prices provided by Bloomberg, Telekurs or other Information Providers;
› contributors' executable prices that do not meet the significance requirements;
› valuation models developed by Banca Generali, implemented on front-office systems or provided by third-party providers, based on observable significant inputs, which have been validated by the Risk Management Department.

UCITS not listed on regulated markets are normally not considered listed on active markets.
UCITS characterised by significant levels of transparency and liquidity are considered Level 2 and valued on the basis of the NAVs provided by the management company/fund administrator.
UCITS relating to private equity, private debt and similar activities are considered Level 3 and measured on the basis of the most recent available NAV, adjusted, where applicable, to take account of events not incorporated into unit value or on the basis of specific valuations, where it is necessary to reflect a different valuation of the fund's underlying assets.
With reference to the valuation method used for the Forward Fund, reference should be made to the information provided in Part E "Information on Risks and Risk Hedging Policies", Section 1 Credit Risk", Subsection E "Transfers", paragraph C "Transferred financial assets fully derecognised" of these Notes and Comments.

As regard derivative instruments, valuation models are used that have been developed by Banca Generali, implemented on front-office systems or provided by third-party providers, based on observable significant inputs, which have been validated by the Risk Management Department.

Since it is impossible or inappropriate to use the comparable approach for OTC financial derivatives, the Group uses widespread valuation techniques commonly used by financial operators, including:

› the analysis of discounted cash flows;
› option pricing models.

In addition, the class L3 of financial instruments measured according to non-observable market parameters includes securities measured according to prices and market data obtained from brokers.

Level 3 also includes certain financial instruments measured at cost in the absence of reliable estimates of fair value. These consist mainly of "minor equity investments" in companies with which the Group has service relationships, and disposal of which is not conceivable (CSE, GBS, Caricese, SWIFT, etc.).

Other financial assets and liabilities not measured at fair value on a recurring basis

The fair value and hierarchical classification of financial assets other than debt securities, equity securities and units of UCITS, as well as of financial and operating receivables classified amongst loans to banks and customers, are determined as follows.

Demand, uncommitted and short-term loans

The fair value of this class of assets, which essentially consists of uncommitted current account exposures, demand deposits or short-term time deposits, as well as operating receivables, is not believed to differ significantly from its carrying amount. Considering that the measurement process does not contemplate significant unobservable inputs, such instruments are typically classified as L2.

Loans with medium/long-term fixed contractual maturity

This class of assets consists primarily of medium- or long-term mortgages or loans with financial instruments as collateral.

The fair value of loans with amortisation schedules is calculated according to a discounted cash flow model that calls for the cash flows expected on the basis of the contractual amortisation schedule to be discounted at the proper rate for the risks associated with the instrument. This correction consists of a spread to be added to the risk-free discount rate for the cash flows.

The spread in question is to be defined in such a way as to include the following components of risk:
› the cost of credit risk (the cost of covering expected losses in relation to credit risk);
› the cost of funding (the cost of funding positions);
› the cost of capital (the cost of covering unexpected losses in relation to credit risk);
› operating costs (any other costs, specific to the type of loan, that are to be considered in the exit price).

The cost of credit risk is calculated on the basis of multi-period historic PDs related to the rating of the counterparty in the transaction and the LGD specific to the type of instrument.
Loans with a fixed contractual maturity are classified to Level 3 of the fair value hierarchy, in consideration of the significant presence of unobservable inputs (spreads determined on the basis of internal PD and LGD).

Non-performing exposures
When non-performing loans — bad loans, UTP positions and past-due loans — are separately assessed, their book value is believed to be a reasonable approximation of their fair value.
Such loans are classified to Level 3 of the fair value hierarchy.

Other financial liabilities
Financial liabilities classified as amounts due to customers and banks consist mainly of demand deposits, short-term time deposits and operating payables.
Such liabilities also include repurchase agreements that are set to mature within the year and, in the case of interbank funding, fully collateralised, with the determination of daily margins of change.

Such financial liabilities are subject to fair value measurement criteria similar to those applied to other demand or uncommitted financial assets.

A.4.2 Processes and sensitivity of measurements

For recurring fair value measurements categorised within Level 3 of the fair value hierarchy, IFRS 13 requires a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement.
The unobservable inputs capable of affecting the measurement of instruments categorised within Level 3 consist mainly of estimates and assumptions underlying the models used to measure investments in equities and other UCITS. For such investments, no quantitative analysis has been prepared of the sensitivity of the fair value to changes in unobservable inputs, given that the fair value either has been drawn from third sources without any adjustments or is the result of a model, the inputs to which are specific to the entity subject to measurement (i.e., the company's asset values) and for which the use of alternative values is not reasonably feasible.

The case in question does not apply to Level 3 financial instruments classified as assets measured at OCI and FVOCI. The reader is referred to the detailed analysis of individual positions provided in the subsequent section concerning quantitative information.

A.4.3 Fair value hierarchy

IFRS 13, recalling the contents of IFRS 7, requires that entities that apply IAS/IFRS make adequate disclosure of the fair value measurements used for each class of financial instruments, and in particular:
1. the level in the fair value hierarchy into which the fair value measurements are categorised, segregating instruments belonging to different categories;
2. any significant transfers between Level 1 and Level 2 during the year;
3. for instruments measured in Level 3, a reconciliation from the beginning balances to the ending balances, disclosing separately changes in profit and loss (in the Profit and Loss Account and net equity), purchases and sales, and transfers out of Level 3 due to the use of market data.

In this regard, it should be noted that transfers between levels refer to the end of the accounting period of reference (half-year or annual), in an independent manner, and generally enter into effect from the beginning of the year of reference.
Transfers to and from Level 3 are infrequent and primarily involve the occurrence of situations of default, in which the Bank's subjective assessment of debt recoverability takes pre-eminence.

A.4.4 Other information

No cases envisaged in IFRS 13, paragraphs 48, 93(i) and 96, are reported in these Financial Statements.

Quantitative Information

A.4.5 Fair value hierarchy

A.4.5.1 Breakdown by fair value levels of assets and liabilities measured at fair value on a recurring basis

	31.12.2023				
ASSETS/LIABILITIES MEASURED AT FAIR VALUE	L1	L2	L3	AT COST	TOTAL
1. Financial assets measured at fair value through profit or loss:					
a) HFT financial assets	10	156	-	-	166
b) financial assets designated at fair value	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	1,183	17,731	490,327	-	509,241
2. Financial assets measured at fair value through other comprehensive income	975,538	106	-	25,292	1,000,936
3. Hedging derivatives	-	161,955	-	-	161,955
4. Property and equipment	-	-	-	-	-
5. Intangible assets	-	-	-	-	-
Total	**976,731**	**179,948**	**490,327**	**25,292**	**1,672,298**
1. HFT financial liabilities	-	159	-	-	159
2. Financial liabilities designated at fair value	-	-	-	-	-
3. Hedging derivatives	-	132,662	-	-	132,662
Total	**-**	**132,821**	**-**	**-**	**132,821**

	31.12.2022				
ASSETS/LIABILITIES MEASURED AT FAIR VALUE	L1	L2	L3	AT COST	TOTAL
1. Financial assets measured at fair value through profit or loss:					
a) HFT financial assets	1,991	-	-	-	1,991
b) financial assets designated at fair value	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	1,031	18,262	486,061	-	505,354
2. Financial assets measured at fair value through other comprehensive income	1,051,651	50,275	-	18,175	1,120,101
3. Hedging derivatives	-	286,776	-	-	286,776
4. Property and equipment	-	-	-	-	-
5. Intangible assets	-	-	-	-	-
Total	**1,054,673**	**355,313**	**486,061**	**18,175**	**1,914,222**
1. HFT financial liabilities	-	-	-	-	-
2. Financial liabilities designated at fair value	-	-	-	-	-
3. Hedging derivatives	-	123,604	-	-	123,604
Total	**-**	**123,604**	**-**	**-**	**123,604**

At the reporting date, Banca Generali's portfolios measured at fair value, i.e., the portfolio of financial assets measured at fair value through profit or loss, the portfolio of financial assets measured at fair value through other comprehensive income (HTCS) and hedging derivatives comprised 58.4% of financial assets eligible for allocation to class L1, in line with the previous year (55.1%). This category continues to be concentrated on the sovereign debt, with the highest component made up of bonds issued by EU countries (Iberian Peninsula, Germany and Greece). It also includes other debt securities (85.6 million euros) chiefly referring to the credit sector (82.5 million euros), and listed securities totalling 1.2 million euros.

The financial assets allocated to the L2 class, on the other hand, consist chiefly of hedging derivatives and of unit-linked policies that, due to failing the SPPI Test, have been reclassified among other financial assets mandatorily measured at fair value.

In the reporting year, no significant transfers of financial assets were performed between class L1 and class L2.

A.4.5.2 Year changes in financial assets measured at fair value on a recurring basis (level L3)

	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS							
	TOTAL	OF WHICH: A) HFT FINANCIAL ASSETS	OF WHICH: B) FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	OF WHICH: C) OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPRE-HENSIVE INCOME	HEDGING DERIVATIVES	PROPERTY AND EQUIPMENT	INTANGIBLE ASSETS
1. Amount at year-start	**486,061**	**-**	**-**	**486,061**	**18,175**	**-**	**-**	**-**
2. Increases	**5,222**	**-**	**-**	**5,222**	**7,477**	**-**	**-**	**-**
2.1 Purchases	-	-	-	-	6,805	-	-	-
2.2 Gains through:	5,130	-	-	5,130	672	-	-	-
2.2.1 profit or loss	5,130	-	-	5,130	-	-	-	-
of which:								
- capital gains	*5,130*	-	-	*5,130*	-	-	-	-
2.2.2 net equity	-	X	X	X	672	-	-	-
2.3 Transfers from other levels	-	-	-	-	-	-	-	-
2.4 Other increases	92	-	-	92	-	-	-	-
3. Decreases	**956**	**-**	**-**	**956**	**360**	**-**	**-**	**-**
3.1 Disposals	362	-	-	362	260	-	-	-
3.2 Redemptions	-	-	-	-	-	-	-	-
3.3 Losses through:	594	-	-	594	100	-	-	-
3.3.1 profit or loss	594	-	-	594	-	-	-	-
of which:						-	-	-
- capital losses	*594*	-	-	*594*	-	-	-	-
3.3.2 net equity	-	X	X	X	100	-	-	-
3.4 Transfers to other levels	-	-	-	-	-	-	-	-
3.5 Other decreases	-	-	-	-	-	-	-	-
4. Amount at year-end	**490,327**	**-**	**-**	**490,327**	**25,292**	**-**	**-**	**-**

Other L3 financial assets mandatorily measured at fair value include:

- the investment in the Luxembourg vehicle Algebris of 1,185 thousand euros, and the units of the MIP I Fund, of 1,219 thousand euros;
- the convertible loan to Conio Inc., acquired in December 2020, which at the end of 2023 had a value of 2,038 thousand euros;
- the Forward Fund, subscribed in October 2021 for an initial amount of 378 million euros, as part of the restructuring of a portfolio of senior notes issued by some special-purpose vehicles in the securitisation of healthcare receivables. Additional units for 112 million euros had been subscribed in 2022. At the end of 2023, the value of the fund was 483,500 thousand euros, with a 4,998 thousand euro capital gain;
- the equity investments in TECREF S.àr.l. (1,998 thousand euros) and in Hope (389 thousand euros).

By contrast, L3 financial assets in the portfolio of Financial assets measured at fair value through other comprehensive income, for a total amount of 25,292 thousand euros, consist of:

- the equity investment, in MainStreet Partners, a company specialising in ESG ratings and advisory, that the Bank acquired in the first quarter of 2023 to strengthen its sustainability positioning, for a total consideration of 6,835 thousand euros at 31 December 2023;
- the equity investment in Conio Inc., a company operating in the cryptocurrency industry, acquired in December 2020, and that at 31 December 2023 had a value of 6,198 thousand euros;
- the equity investment in the independent asset management company 8A+ Investimenti SGR, in which the Bank controls 19.5% of share capital for a value of 912 thousand euros at 31 December 2023;
- some equity investments, which continued to be measured at purchase cost, in the absence of reliable estimates of fair value; these are the so-called “minor investments” in companies with which the Bank has long-term strategic service arrangements (CSE, Caricese, SWIFT, etc.) or commercial partnerships (Tosetti Value), for a total of 11.2 million euros;
- the equity investment in Beyond S.p.A., amounting to 110 thousand euros.

A.4.5.4 Breakdown by fair-value levels of assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis

ASSETS/LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS	31.12.2023			
	BV	L1	L2	L3
1. Financial assets measured at amortised cost	12,257,659	8,929,226	2,543,149	703,484
2. Property and equipment held as investments	-	-	-	-
3. Non-current assets available for sale and disposal groups	-	-	-	-
Total	**12,257,659**	**8,929,226**	**2,543,149**	**703,484**
1. Financial liabilities measured at amortised cost	13,494,806	-	13,494,806	-
2. Liabilities associated to assets held for sale	-	-	-	-
Total	**13,494,806**	**-**	**13,494,806**	**-**

ASSETS/LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS	31.12.2022			
	BV	L1	L2	L3
1. Financial assets measured at amortised cost	13,676,987	9,691,207	2,857,804	859,258
2. Property and equipment held as investments	-	-	-	-
3. Non-current assets available for sale and disposal groups	-	-	-	-
Total	**13,676,987**	**9,691,207**	**2,857,804**	**859,258**
1. Financial liabilities measured at amortised cost	15,538,621	-	15,538,621	-
2. Liabilities associated to assets held for sale	-	-	-	-
Total	**15,538,621**	**-**	**15,538,621**	**-**

Part A.5 – Disclosure about so-called “Day-one profit/loss”

IFRS 7, paragraph 28, governs the specific case in which, following the purchase of a financial instrument measured at fair value but not listed on an active market, the transaction price, which generally represents the best estimate of fair value at initial recognition, differs from the fair value according to the valuation technique used by the entity.

In this case, there is a valuation gain/loss upon acquisition of which adequate disclosure must be given by financial instrument class.

It should be noted that no such cases occur in these Financial Statements.

PART B – INFORMATION ON THE BALANCE SHEET - ASSETS [6]

Section 1 – Cash and deposits - Item 10

1.1 Breakdown of cash and deposits

	31.12.2023	31.12.2022
a) Cash	29,904	26,791
b) Current accounts and demand deposits with Central Banks	476,709	645,000
b) Current accounts and demand deposits with banks	66,960	81,867
Total	**573,573**	**753,658**

Item b) Current accounts and demand deposits with Central Banks includes the value of the overnight deposit with the ECB and the deposits with the Bank of Italy, which were not restricted according to the mandatory reserve rules.

Section 2 – Financial assets measured at fair value through profit or loss - Item 20

2.1 HFT financial assets: categories

	31.12.2023			31.12.2022		
ITEMS/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A. Cash assets						
1. Debt securities	2	-	-	1,991	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	2	-	-	1,991	-	-
2. Equity securities	1	-	-	-	-	-
3. UCITS units	7	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total A	**10**	**-**	**-**	**1,991**	**-**	**-**
B. Derivatives						
1. Financial	-	156	-	-	-	-
1.1 Trading	-	156	-	-	-	-
1.2 Related to the fair value option	-	-	-	-	-	-
1.3 Other	-	-	-	-	-	-
2. Credit	-	-	-	-	-	-
2.1 Trading	-	-	-	-	-	-
2.2 Related to the fair value option	-	-	-	-	-	-
2.3 Other	-	-	-	-	-	-
Total B	**-**	**156**	**-**	**-**	**-**	**-**
Total (A + B)	**10**	**156**	**-**	**1,991**	**-**	**-**

[6] A more detailed analysis of the fair value hierarchy of financial instruments (L1, L2, L3) is given in Part A.4 – Information on fair value of these Notes and Comments.

2.2 HFT financial assets: debtors/issuers/counterparties

ITEMS/VALUES	31.12.2023	31.12.2022
A. Cash assets		
1. Debt securities	**2**	**1,991**
a) Central Banks	-	-
b) General governments	-	-
c) Banks	-	1,989
d) Other financial corporations	-	-
of which:		
- insurance companies	-	-
e) Non-financial corporations	2	2
2. Equity securities	**1**	**-**
a) Banks	-	-
b) Other financial corporations	-	-
of which:		
- insurance companies	-	-
c) Non-financial corporations	1	-
d) Other issuers	-	-
3. UCITS units	**7**	**-**
4. Loans	-	-
a) Central Banks	-	-
b) General governments	-	-
c) Banks	-	-
d) Other financial corporations	-	-
of which:		
- insurance companies	-	-
e) Non-financial corporations	-	-
f) Households	-	-
Total A	**10**	**1,991**
B. Derivatives		
a) Central counterparties	-	-
b) Other	156	-
Total B	**156**	**-**
Total (A + B)	**166**	**1,991**

2.5 Other financial assets mandatorily measured at fair value: categories

	31.12.2023			31.12.2022		
ITEMS/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	-	-	2,038	-	-	2,007
1.1 Structured securities	-	-	2,038	-	-	2,007
1.2 Other debt securities	-	-	-	-	-	-
2. Equity securities	1,183	-	2,387	1,031	-	2,592
3. UCITS units	-	187	485,903	-	707	481,462
4. Loans	-	17,543	-	-	17,555	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	17,543	-	-	17,555	-
Total	**1,183**	**17,730**	**490,328**	**1,031**	**18,262**	**486,061**

2.6 Other financial assets mandatorily measured at fair value: debtors/issuers

ITEMS/VALUES			31.12.2023	31.12.2022
1.	**Equity securities**		**3,570**	**3,623**
	of which:			
	-	*banks*	-	-
	-	*other financial corporations*	*3,570*	*3,623*
	-	*non-financial corporations*	-	-
2.	**Debt securities**		**2,038**	**2,007**
	a)	Central Banks	-	-
	b)	General governments	-	-
	c)	Banks	-	-
	d)	Other financial corporations	-	-
		of which:		
		- *insurance companies*	-	-
	e)	Non-financial corporations	2,038	2,007
3.	**UCITS units**		**486,090**	**482,169**
4.	**Loans**		**17,543**	**17,555**
	a)	Central Banks	-	-
	b)	General governments	-	-
	c)	Banks	-	-
	d)	Other financial corporations	16,607	16,619
		of which:		
		- insurance companies	*16,607*	*16,619*
	e)	Non-financial corporations	936	936
	f)	Households	-	-
Total			**509,241**	**505,354**

The UCITS portfolio includes the Forward Fund, a newly formed Italian AIF managed by Gardant SGR, specialised in illiquid investments. The fund was subscribed in October 2021 in the amount of 378 million euros, as part of the restructuring of a portfolio of senior notes issued by several special-purpose vehicles in the securitisation of healthcare receivables (past-due or related to disputes), which Banca Generali purchased from its customers to protect them against possible losses, and concurrently transferred to the Fund, subscribing 98% of its units. Additional units for 112 million euros were subscribed in 2022. At the end of 2023, the value of the Fund was 483,500 thousand euros. A 4,998 thousand euro capital gain on the Fund was recorded in 2023.

The residual UCITS portfolio is comprised for 1,185 thousand euros of the investment in the Luxembourg vehicle Algebris, for 187 thousand euros of the units of the Tenax Italian Credit Fund, managed by the Irish firm Tenax Capital Ltd., and for 1,219 thousand euros to the units of the closed alternative real-estate investment fund MIP I, managed by Milano Investment Partners SGR S.p.A.

The investments in the shares of TECREF S.àr.l., acquired by Banca Generali in 2021, was 1,998 thousand euros at 31 December 2023.

Equity investments in shares of the parent company Assicurazioni Generali S.p.A. amounted to 1,183 thousand euros at year-end.

The Bank's portfolio also included shares of Hope Sicaf S.B. S.p.A. for a year-end amount of 389 thousand euros.

Debt securities refer to the convertible bond issued by Conio Inc. on 9 December 2020, with maturity set on 31 May 2025.

Section 3 – Financial assets measured at fair value through other comprehensive income - Item 30

3.1 Financial assets measured at fair value through other comprehensive income: categories

	31.12.2023			31.12.2022		
ITEMS/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	975,538	106	-	1,051,651	50,275	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	975,538	106	-	1,051,651	50,275	-
2. Equity securities	-	-	25,292	-	-	18,175
3. Loans	-	-	-	-	-	-
Total	**975,538**	**106**	**25,292**	**1,051,651**	**50,275**	**18,175**

3.2 Financial assets measured at fair value through other comprehensive income: debtors/issuers

ITEMS/VALUES	31.12.2023	31.12.2022
1. Debt securities	**975,644**	**1,101,926**
a) Central Banks	-	-
b) General governments	890,055	906,753
c) Banks	82,465	154,347
d) Other financial corporations	2,152	35,003
of which:		
- *insurance companies*	-	-
e) Non-financial corporations	972	5,823
2. Equity securities	**25,292**	**18,175**
a) Banks	-	-
b) Other issuers	25,292	18,175
- other financial corporations	3,139	3,095
of which:		
- *insurance companies*	-	-
- non-financial corporations	22,153	15,073
- other	-	7
3. Loans	-	-
a) Central Banks	-	-
b) General governments	-	-
c) Banks	-	-
d) Other financial corporations	-	-
of which:		
- *insurance companies*	-	-
e) Non-financial corporations	-	-
f) Households	-	-
Total	**1,000,936**	**1,120,101**

Item “Debt securities” includes assets sold but not written off, which refer to own securities used in repurchase agreements amounting to 44,377 thousand euros.

The equity securities portfolio included 25,292 thousand euros referring to “minor equity investments”, which are largely related to service agreements concluded by the Group (CSE, Caricese, SWIFT, etc.) or agreements of a commercial nature (Tosetti Value SIM, 8a+ SGR, Conio Inc., MainStreet Capital Partners Ltd.), usually not listed and non-negotiable.

These equity investments are measured at purchase cost, recognising any impairment loss.

The interest acquired in Conio falls within the wider corporate and commercial partnership with the Californian fintech company founded in 2015, which has positioned itself as a wallet provider that offers custody, negotiation and reporting services, currently focused on Bitcoins, on the Italian market, thought its investee Conio S.r.l.

During the first quarter of 2023, Banca Generali acquired an equity investment in MainStreet Partners, a company specialising in ESG ratings and advisory, to strengthen its sustainability positioning, for a total value of 6,835 thousand euros at 31 December 2023.

In May, the annual 100 thousand euro outright tranche was paid on the minority interest in Beyond Investment S.p.A., an investment holding company owned by the Bank and a group of leading Italian entrepreneurial families with the aim of undertaking private equity, venture capital and real estate investments. The value of the shares amounted to 110 thousand euros, after recognising approximately 300 thousand euro capital losses.

3.3 Financial assets measured at fair value through other comprehensive income: gross value and total adjustments

	GROSS VALUE					TOTAL ADJUSTMENTS				
	STAGE 1	OF WHICH: LOW CREDIT RISK INSTRUMENTS	STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGINATED	STAGE 1	STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGINATED	OVERALL PARTIAL WRITE-OFFS
Debt securities	975,841	890,219	-	-	-	197	-	-	-	-
Financing	-	-	-	-	-	-	-	-	-	-
Total at 31.12.2023	**975,841**	**890,219**	**-**	**-**	**-**	**197**	**-**	**-**	**-**	**-**
Total at 31.12.2022	**1,102,488**	**906,932**	**-**	**-**	**-**	**562**	**-**	**-**	**-**	**-**

In respect of the model for measuring expected credit losses (ECLs) provided for in IFRS 9, at 31 December 2023 collective reserves of 197 thousand euros were recognised in the debt securities portfolio, of which 164 thousand euros relating to the portfolio of government securities.

Section 4 – Financial assets measured at amortised cost - Item 40

4.1 Financial assets measured at amortised cost: categories of loans to banks

	31.12.2023						31.12.2022					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
TYPE OF TRANSACTIONS/VALUES	STAGE 1 AND STAGE 2	STAGE 3	ACQUIRED OR ORIGINATED IMPAIRED	L1	L2	L3	STAGE 1 AND STAGE 2	STAGE 3	ACQUIRED OR ORIGINATED IMPAIRED	L1	L2	L3
A. Loans to Central Banks	**108,186**	**-**	**-**	**-**	**108,186**	**-**	**137,889**	**-**	**-**	**-**	**137,889**	**-**
1. Term deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Minimum reserve	108,186	-	-	X	X	X	137,889	-	-	X	X	X
3. Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	-	-	-	X	X	X	-	-	-	X	X	X
B. Loans to banks	**2,149,037**	**-**	**-**	**1,665,843**	**451,797**	**2,001**	**2,397,130**	**-**	**-**	**1,723,161**	**603,155**	**-**
1. Loans	383,720	-	-	-	383,720	-	534,841	-	-	-	534,841	-
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2 Term deposits	25,398	-	-	X	X	X	11,999	-	-	X	X	X
1.3 Other loans:	358,322	-	-	X	X	X	522,842	-	-	X	X	X
- repurchase agreements	229,056	-	-	X	X	X	397,723	-	-	X	X	X
- lease loans	-	-	-	X	X	X	-	-	-	X	X	X
- other	129,266	-	-	X	X	X	125,119	-	-	X	X	X
2. Debt securities	1,765,317	-	-	1,665,843	68,077	2,001	1,862,289	-	-	1,723,161	68,314	-
2.1 Structured securities	514	-	-	510	-	-	525	-	-	504	-	-
2.2 Other debt securities	1,764,803	-	-	1,665,333	68,077	2,001	1,861,764	-	-	1,722,657	68,314	-
Total	**2,257,223**	**-**	**-**	**1,665,843**	**559,983**	**2,001**	**2,535,019**	**-**	**-**	**1,723,161**	**741,044**	**-**

The item “Other loans - other” includes 120,619 thousand euros (113,033 thousand euros at 31 December 2022) relating to guarantee margins paid to banking counterparties for derivatives transactions. The remaining 8 million euros is almost entirely attributable to operating receivables relating to placement and distribution of financial products, collected in the first few months of the following year.

4.2 Financial assets measured at amortised cost: categories of loans to customers

	31.12.2023						31.12.2022					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
TYPE OF TRANSACTIONS/VALUES	STAGE 1 AND STAGE 2	STAGE 3	ACQUIRED OR ORIGINATED IMPAIRED	L1	L2	L3	STAGE 1 AND STAGE 2	STAGE 3	ACQUIRED OR ORIGINATED IMPAIRED	L1	L2	L3
1. Loans	**2,522,823**	**28,924**	**2,066**	**-**	**1,912,543**	**648,330**	**2,705,009**	**37,635**	**-**	**-**	**1,979,193**	**780,788**
1.1 Current accounts	1,679,656	15,319	-	X	X	X	1,778,492	15,031	-	X	X	X
1.2 Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
1.3 Mortgages	585,692	12,330	-	X	X	X	701,838	22,297	-	X	X	X
1.4 Credit cards, personal loans and loans on wages	-	6	-	X	X	X	-	6	-	X	X	X
1.5 Lease loans	-	-	-	X	X	X	-	-	-	X	X	X
1.6 Factoring	-	-	-	X	X	X	-	-	-	X	X	X
1.7 Other loans	257,475	1,269	2,066	X	X	X	224,679	301	-	X	X	X
2. Debt securities	**7,446,623**	**-**	**-**	**7,263,383**	**70,623**	**53,153**	**8,399,324**	**-**	**-**	**7,968,045**	**137,567**	**78,469**
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	7,446,623	-	-	7,263,383	70,623	53,153	8,399,324	-	-	7,968,045	137,567	78,469
Total	**9,969,446**	**28,924**	**2,066**	**7,263,383**	**1,983,166**	**701,483**	**11,104,333**	**37,635**	**-**	**7,968,045**	**2,116,760**	**859,257**

Item 2.2., relating to debt securities, includes 115,752 thousand euros of senior notes issued in securitisation transactions. The ABS component decreased on the previous year (140,765 thousand euros) due to the partial reimbursement of the Credimi and Prado VIII securitisations. Detailed information on the securitised notes is given in Part E of these Notes and Comments.

The item "Debt securities" includes encumbered assets used as collateral for ECB refinancing operations totalling 211,328 thousand euros and securities held in deposit with Cassa di Compensazione e Garanzia amounting to 267,358 thousand euros. This item also includes own securities used in repurchase agreements amounting to 1,544,607 thousand euros.

Item 1.7 "Other loans" includes operating receivables relating to the placement and distribution of financial and insurance products in the amount of 82,429 thousand euros, consisting solely of short-term receivables from managing companies and insurance companies belonging to Generali Group, collected in the early months of the following year.

Breakdown of loans to customers - other transactions

TYPE OF TRANSACTIONS/VALUES	31.12.2023	31.12.2022
Other grants	13,288	17,639
Loans on promissory notes	10,093	4,177
Stock exchange interest-bearing daily margin	84,001	57,412
Sums advanced to Financial Advisors	58,452	56,330
Operating loans	82,429	81,473
Interest-bearing caution deposits	990	969
Amounts to be collected and other loans	11,557	6,980
Total	**260,810**	**224,980**

Pursuant to IFRS 15, paragraph 116 a), the previous table includes the opening and closing balances of receivables within the scope of this Standard (operating receivables and amounts to be collected). In reference to paragraph 118 of IFRS 15, the change in receivables during the year was due to the Bank's normal operations and therefore was not attributable to changes due to business combinations, contractual amendments or changes in the time required for the right to the consideration to become unconditional.

Sums advanced to Financial Advisors enrolled with the Register of Financial Advisors include non-performing positions for a net amount of 2,286 thousand euros, largely attributable to advances to former Financial Advisors who have left service due to a dispute or pre-dispute.

4.3 Financial assets measured at amortised cost: breakdown of loans to customers by debtors/issuers

	31.12.2023			31.12.2022		
TYPE OF TRANSACTIONS/VALUES	STAGE 1 AND STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGINATED	STAGE 1 AND STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGINATED
1. Debt securities	**7,446,623**	**-**	**-**	**8,399,324**	**-**	**-**
a) General governments	7,041,336	-	-	7,840,345	-	-
b) Other financial corporations	358,300	-	-	491,714	-	-
of which:						
- *insurance companies*	-	-	-	-	-	-
c) Non-financial corporations	46,987	-	-	67,265	-	-
2. Loans to:	**2,522,823**	**28,924**	**2,066**	**2,705,009**	**37,635**	**-**
a) General governments	5	-	-	7	-	-
b) Other financial corporations	242,775	588	-	242,153	6,503	-
of which:						
- *insurance companies*	*23,076*	-	-	*24,838*	-	-
c) Non-financial corporations	275,286	17,649	2,066	307,697	18,371	-
d) Households	2,004,757	10,687	-	2,155,152	12,761	-
Total	**9,969,446**	**28,924**	**2,066**	**11,104,333**	**37,635**	**-**

4.4 Financial assets measured at amortised cost: gross value and total adjustments

	GROSS VALUE					TOTAL ADJUSTMENTS				
	STAGE 1	OF WHICH: LOW CREDIT RISK IN-STRUMENTS	STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGINATED	STAGE 1	STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGINATED	OVERALL PARTIAL WRITE-OFFS
Debt securities	9,193,451	-	22,162	2,642	-	3,641	32	2,642	-	-
Loans	2,784,522	-	235,053	44,611	2,069	3,528	1,318	15,687	3	-
Total at 31.12.2023	**11,977,973**	**-**	**257,215**	**47,253**	**2,069**	**7,169**	**1,350**	**18,329**	**3**	**-**
Total at 31.12.2022	**13,385,817**	**-**	**264,655**	**54,419**	**-**	**9,416**	**1,704**	**16,784**	**-**	**-**

In respect of the model for assessing expected credit losses (ECLs) provided for in IFRS 9, at 31 December 2023 performing loans measured at amortised cost, classified to Stage 1 and Stage 2, are recognised net of the collective reserves for a total of 8,522 thousand euros, of which:

- 3,673 thousand euros relating to the debt securities portfolio;
- 4,849 thousand euros relating to other loans.

Within this item, total value adjustments of exposures to banks amounted to 1,553 thousand euros, of which 1,388 thousand euros on debt securities and 164 thousand euros on other loans.

The provision for expected losses on debt securities refers instead to the government bond portfolio in the amount of 1,597 thousand euros.

The item relating to non-performing "Debt securities" (Stage 3) refers to the Alitalia bond. This bond known as "Dolce Vita", amounting to 2,642 thousand euros, was fully written down in the previous years due to the airline's serious state of crisis, which resulted in a court declaration of the company's insolvency and the commencement of the extraordinary administration procedure.

The provision for expected losses on trade receivables, measured in accordance with IFRS 9 5.5.15, was not material in view of the short-term nature of the exposures concerned, all of which were collected in full in the first few months of the following year.

4.4a Loans measured at amortised cost subject to Covid-19 support measures: gross value and total adjustments

	GROSS VALUE					TOTAL ADJUSTMENTS				
	STAGE 1	OF WHICH: LOW CREDIT RISK IN-STRUMENTS	STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGINATED	STAGE 1	STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGINATED	OVERALL PARTIAL WRITE-OFFS
4. Newly originated loans	49,851	-	232	4,309	-	-	-	789	-	-
Total at 31.12.2023	**49,851**	**-**	**232**	**4,309**	**-**	**-**	**-**	**789**	**-**	**-**
Total at 31.12.2022	**76,964**	**-**	**1,602**	**7,704**	**-**	**13**	**10**	**1,065**	**-**	**-**

Section 5 – Hedging derivatives - Item 50

5.1 Breakdown of hedging derivatives by type of hedge and hierarchy levels

	31.12.2023				31.12.2022			
	FAIR VALUE				FAIR VALUE			
TYPE OF TRANSACTIONS/VALUES	L1	L2	L3	NOTIONAL VALUE	L1	L2	L3	NOTIONAL VALUE
A) Financial derivatives	**-**	**161,955**	**-**	**1,786,000**	**-**	**286,776**	**-**	**2,348,500**
1) Fair value	-	161,955	-	1,786,000	-	286,776	-	2,348,500
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B) Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**161,955**	**-**	**1,786,000**	**-**	**286,776**	**-**	**2,348,500**

5.2 Breakdown of hedging derivatives by portfolios hedged and type of hedge

	FAIR VALUE							CASH FLOWS		
	SPECIFIC									
HEDGING TRANSACTIONS/TYPE	DEBT SECURITIES AND INTEREST RATES	EQUITY SECURITIES AND EQUITY INDICES	CURREN-CIES AND GOLD	CREDIT	GOODS	OTHER	GENERAL	SPECIFIC	GENERAL	FOREIGN INVEST-MENTS
1. Financial assets measured at fair value through other comprehensive income	1,803	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	160,152	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**161,955**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

Section 7 – Equity investments - Item 70

7.1 Equity investments: disclosure on type of relations

COMPANY NAME	REGISTERED OFFICE	OPERATING OFFICE	% HELD	% OF VOTING RIGHTS
A. Wholly controlled subsidiaries				
1. BG Fund Management Luxembourg S.A.	Luxembourg	Luxembourg	100%	100%
2. Generfid S.p.A.	Milan	Milan	100%	100%
3. BG Suisse Private Bank S.A.	Lugano	Lugano	100%	100%
4. BG Valeur S.A.	Lugano	Lugano	90.1%	90.1%
B. Subsidiaries under common control				
1. BG Saxo Sim S.p.A.	Milan	Milan	19.9%	19.9%
C. Companies subject to significant influence				
1. Nextam Partners Sim S.p.A.	Milan	Milan	19.9%	19.9%

Significant equity investments - accounting information

	31.12.2023	31.12.2022	CHANGE
Generfid S.p.A.	245	245	-
BG Fund Management Luxembourg S.A.	2,000	2,000	-
Nextam Partners Ltd.	-	9	-9
BG Suisse Private Bank S.A.	43,300	15,402	27,898
BG Valeur S.A.	11,232	11,232	-
Total	**56,777**	**28,888**	**27,889**

On 8 October 2021, BG Suisse S.A., a joint-stock company under Swiss law based in Lugano, had been incorporated by Banca Generali through an initial contribution of CHF 10 million with the aim of creating a new cross-border private service hub able to exploit the Swiss market's discontinuity due to the significant regulatory changes introduced to comply with the European regulations on financial services.
To this end, in January 2022, the company had filed with the Swiss Financial Market Supervisory Authority (FINMA) an application to obtain the banking licence necessary to operate on the Swiss market.
On 5 September 2023, the company finally obtained the FINMA's preliminary authorisation to start the banking activity, subject to compliance with certain requirements, including an adequate level of own funds. Accordingly, on 14 September 2023, Banca Generali carried out a further capital increase of CHF 40 million aimed at increasing the company's statutory share capital as required by the new Articles of Association bringing the share capital fully paid-up since incorporation to CHF 60 million.
The final authorisation was issued on 7 November 2023 and the new bank started operating on 1 December 2023.

Following the impairment tests carried out at year-end, the equity investment was written down by 13,982 thousand euros, in addition to a 3,972 thousand euro write-down recognised in 2022.

The member's voluntary liquidation procedure of Nextam Partners Ltd., a 100% UK subsidiary inactive since the end of 2020, was completed in the fourth quarter of 2023. Banca Generali collected the final tranche of the liquidation balance of approximately 8 thousand euros and is now awaiting only the formal striking of the company's name off the UK Companies House, expected by March.

Subsidiaries under common control - accounting information

	31.12.2023	31.12.2022	CHANGE
BG Saxo SIM S.p.A.	1,500	2,800	-1,300
Total	**1,500**	**2,800**	**-1,300**

BG Saxo SIM S.p.A. is an investment firm formed as part of the joint venture with Saxo Bank, in which Banca Generali acquired a 19.9% stake on 31 October 2019 for 1,995 thousand euros, plus additional costs. Banca Generali and Saxo Bank entered into an agreement to set up an exclusive partnership specialising in online trading and digital services. The deal aims to offer Italian customers exclusive access to an innovative advanced trading platform based on Saxo Bank's technology and managed by BG Saxo

SIM. The platform allows to expand the range of offerings available to Banca Generali's Financial Advisors, granting access to tailor-made transactions and innovative dynamic hedging solutions that may be offered to both private and corporate customers.

Following the impairment tests carried out at year-end, the equity investment was written down by 1,300 thousand euros.

Companies subject to significant influence – accounting information

	31.12.2023	31.12.2022	CHANGE
Nextam Partners SIM S.p.A.	470	470	-
Total	**470**	**470**	**-**

On 5 March 2021, Banca Generali's Board of Directors approved the sale of an 80.1% interest in the share capital of Nextam Partners SIM S.p.A. to a new corporate structure led by the main key manager of Nextam Group.
After having received the prior authorisation by the Bank of Italy, the disposal transaction was finalised on 20 January 2022. Banca Generali thus remains the holder of a 19.9% equity interest in the company, qualifying as an associate.

The equity investment in the company incorporated under UK laws IOCA Entertainment Ltd, in which Banca Generali had subscribed 35% of share capital on 19 October 2015, was transferred in the first half of 2023 for a consideration of 80 thousand euros. The equity investment was fully written off at the end of 2020 due to the failure to achieve the commercial targets and the lack of tangible future economic prospects.

7.5 Equity investments: year changes

	31.12.2023	31.12.2022
A. Amount at year-start	**32,158**	**25,572**
B. Increases	**41,880**	**11,376**
B.1 Purchases	41,880	10,906
B.2 Reversals	-	-
B.3 Revaluations	-	-
B.4 Other changes	-	470
C. Decreases	**15,291**	**4,790**
C.1 Sales	9	194
C.2 Adjustments	15,282	4,596
C.3 Write-downs	-	-
C.4 Other changes	-	-
D. Amount at year-end	**58,747**	**32,158**
E. Total revaluations	**-**	**-**
F. Total adjustments	**19,849**	**8,026**

Impairment tests of equity investments

In accordance with IAS/IFRS, equity investments were tested for impairment in order to verify whether there was objective evidence that the carrying amounts of the assets concerned may not be fully recoverable.

The impairment testing process for equity investments in associates and joint ventures involves verifying whether there are any impairment indicators and determining the amount of the impairment loss, if any.

The impairment indicators used for such unlisted equity investments are:
- qualitative indicators, such as an operating loss or a significant deviation from budget objectives, the announcement of restructuring plans or the commencement of insolvency procedures;
- quantitative indicators represented by a carrying amount of the equity investment in the separate financial statements that is significantly higher, for an extended period, than the carrying amount of the investee's net assets and goodwill in the consolidated financial statements.

Where there are impairment indicators, the recoverable amount is determined as the greater of the fair value net of costs to sell and value in use, and if this is lower than the carrying amount an impairment loss is recognised.
In this regard, it should be noted that, following the impairment test of BG Saxo SIM, the equity investment was written down by approximately 1,300 thousand euros.

The controlling interests recognised in the Separate Financial Statements of Banca Generali are tested for impairment, whenever there is an indication that they may be impaired, by adopting uniform assessments at the parent company and consolidated level with regard to the goodwill implicit therein in respect of the relevant CGUs.
In fact, controlling interests are normally included in larger CGUs, the scope of which may be transversal to the activities that they perform.

In detail, at 31 December 2023, the controlling interest in BG Valeur S.A. and BG Suisse Private Bank S.A., as well as the equity investments in the associate company Nextam Partners SIM S.p.A. and in the joint venture BG Saxo SIM S.p.A. were tested on an individual basis, taking into account the relevance of their carrying amount.

To determine the recoverable amount of these companies, both basic (to determine the value in use) and market methodologies (to determine the fair value) were considered. To assess the value in use the Bank applied the Dividend Discount Model (DDM), specifically the Excess Capital variant of said model.

Estimates were based on the data of the 2024-2028 plan for BG Valeur, of the 2024-2031 plan for BG Suisse and of the 2024-2025 plan for BG Saxo and Nextam.

The long-term growth rate used to estimate the terminal value was 2.0% for BG Saxo and 1.5% for the Swiss subsidiaries. In addition, the cost of capital used to discount cash flows was 15.3% for BG Saxo, 11.5% for Nextam, 11.8% for BG Valeur and 10.0% for BG Suisse.

The comparable market multiples method was also employed as the empirical method[7].

(€ MILLION)	CARRYING AMOUNT 31.12.2023	VALUE IN USE 31.12.2023			FAIR VALUE AL 31.12.2023			EXCESS VS CARRYING AMOUNT (*)
		MIN	MID	MAX	MIN	MID	MAX	
BG Valeur	11.2	10.6	11.4	12.4	9.6	9.9	10.1	0.2
BG Suisse	57.3	24.2	26.0	28.2	41.5	43.3	45.1	-14.0
BG Saxo SIM	2.8	1.4	1.5	1.6	n.a.	n.a.	n.a.	-1.3
Nextam Partners SIM	0.5	0.6	0.6	0.7	0.4	0.5	0.5	0.1
Total	**71.8**	-	-	-	-	-	-	-

(*) With reference to the higher of the value in use and fair value.

The impairment tests carried out on the aforementioned equity investments resulted in the following impairment losses:
- for BG Suisse, 14.0 million euros with reference to the carrying amount;
- for BG Saxo, 1.3 million euros with reference to the carrying amount.

With regard to BG Suisse's impairment loss, the value in use was estimated at 26.0 million euros, whereas fair value, calculated using the comparable market multiples method[8], was estimated at 43.3 million euros. Considering that IAS 36 defines the recoverable amount as the higher of the two aforementioned values, a 14.0 million euro impairment loss was recognised.

The difference between the carrying amount of the equity investment recognised in Banca Generali's Separate Financial Statements and the recoverable amount was essentially due to:
- the protracted FINMA authorisation process throughout 2023, which led to pre-operating losses related to the costs incurred to start up and maintain the company's operating structure;
- the significant capital for prudential regulatory purposes required by FINMA that has to be maintained over a long-term horizon and that, in view of the plan's horizon, is deemed to be fully recoverable on the basis of the cash flows expected to be generated in the company's development phase. The BG Suisse project is in fact a greenfield initiative that requires several years to become fully operational and break even.

7 Except for BG Saxo, whose available data was not adequate. For the purposes of assessment, the comparable market multiples method was applied to similar transactions.
8 In particular, BG Suisse's fair value was estimated by applying the last available P/AUM multiple of a panel of companies with comparable businesses to the expected total client assets for the last year of the plan (2031) and considering a discounting factor of 47%.

The impairment loss recognised in Banca Generali's Separate Financial Statements will not have any impact on the Banking Group's Consolidated Financial Statements, to which the company's losses are fully transferred as it is consolidated in full.

BG Saxo's impairment loss was instead attributable to the losses it reported in 2023 and in previous years, as well as to a revision of the annual results estimated in the current strategic plan, which was however launched in 2023.

The 1.3 million euro impairment loss recognised in Banca Generali's Separate Financial Statement also had an impact on the Banking Group's Consolidated Financial Statements of 0.8 million euros, due to the presence of prior differences between the carrying amount of the equity investment measured according to IAS 28 and the share of the company's net equity.

The above-mentioned value analyses were supported by a fairness opinion issued by a major consulting firm and submitted for approval to Banca Generali's Board of Directors on 8 February 2024.

Section 8 – Property and equipment - Item 80

8.1 Breakdown of operating property and equipment: assets measured at cost

ASSETS/VALUES	31.12.2023	31.12.2022
1. Owned assets	6,513	6,930
a) Land	-	-
b) Buildings	-	-
c) Furniture	5,510	5,787
d) Electronic equipment	74	118
e) Other	929	1,025
2. Rights of use acquired through leases	131,103	143,253
a) Land	-	-
b) Buildings	130,180	142,548
c) Furniture	-	-
d) Electronic equipment	-	-
e) Other	923	705
Total	**137,616**	**150,183**
of which:		
- *obtained through the enforcement of guarantees received*	-	-

8.6 Operating property and equipment: year changes

	RIGHTS OF USE ACQUIRED THROUGH LEASES – BUILDINGS	RIGHTS OF USE ACQUIRED THROUGH LEASES – OTHER	FURNITURE	ELECTRONIC EQUIPMENT	OTHER	TOTAL
A. Gross amount at year-start	211,379	1,681	27,948	6,136	10,213	257,357
A.1 Total net impairment	68,831	976	22,161	6,018	9,188	107,174
A.2 Net amount at year-start	**142,548**	**705**	**5,787**	**118**	**1,025**	**150,183**
B. Increases	**7,976**	**619**	**944**	**16**	**366**	**9,921**
B.1 Purchases	7,363	271	944	16	366	8,960
B.2 Capitalised improvement costs	-	-	-	-	-	-
B.3 Reversals	-	-	-	-	-	-
B.4 Fair value positive changes in:	-	-	-	-	-	-
a) Net equity	-	-	-	-	-	-
b) Profit and Loss Account	-	-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Transfers from buildings held as investments	-	-	X	X	X	-
B.7 Other changes	613	348	-	-	-	961
C. Decreases	**20,344**	**401**	**1,221**	**60**	**462**	**22,488**
C.1 Sales	-	-	-	-	-	-
C.2 Depreciation	20,344	401	1,205	60	447	**22,457**
C.3 Adjustments for impairment in:	-	-	-	-	-	-
a) Net equity	-	-	-	-	-	-
b) Profit and Loss Account	-	-	-	-	-	-
B.4 Fair value negative changes in:	-	-	-	-	-	-
a) Net equity	-	-	-	-	-	-
b) Profit and Loss Account	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) property and equipment held as investments	-	-	X	X	X	-
b) non-current assets available for sale and disposal groups	-	-	-	-	-	-
C.7 Other changes	-	-	16	-	15	**31**
D. Net amount at year-end	**130,180**	**923**	**5,510**	**74**	**929**	**137,616**
D.1 Total net impairment	86,745	1,177	23,257	6,078	9,604	**126,861**
D.2 Gross amount at year-end	**216,925**	**2,100**	**28,767**	**6,152**	**10,533**	**264,477**
E. Measured at cost	130,180	923	5,510	74	929	137,616

Section 9 – Intangible assets - Item 90

9.1 Breakdown of intangible assets by categories

ASSETS/VALUES	31.12.2023		31.12.2022	
	DEFINITE LIFE	INDEFINITE LIFE	DEFINITE LIFE	INDEFINITE LIFE
A.1 Goodwill	**-**	**79,366**	**-**	**79,366**
A.2 Other intangible assets	**51,680**	**330**	**44,610**	**330**
of which:				
- *software*	*20,837*	-	*18,154*	-
A.2.1 Assets measured at cost:	51,680	330	44,610	330
a) internally generated intangible assets	-	-	-	-
b) other assets	51,680	330	44,610	330
A.2.2 Assets measured at fair value:	-	-	-	-
a) internally generated intangible assets	-	-	-	-
b) other assets	-	-	-	-
Total	**51,680**	**79,696**	**44,610**	**79,696**

9.2 Intangible assets: year changes

		OTHER INTANGIBLE ASSETS				
		INTERNALLY GENERATED		OTHER		
	GOODWILL	DEFINITE LIFE	INDEFINITE LIFE	DEFINITE LIFE	INDEFINITE LIFE	TOTAL
A. Gross amount at year-start	**79,366**	**-**	**330**	**133,759**	**-**	**213,455**
A.1 Total net impairment	-	-	-	89,149	-	89,149
A.2 Net amount at year-start	**79,366**	**-**	**330**	**44,610**	**-**	**124,306**
B. Increases	**-**	**-**	**-**	**22,217**	**-**	**22,217**
B.1 Purchases	-	-	-	22,217	-	**22,217**
B.2 Increases in internal intangible assets	X	-	-	-	-	**-**
B.3 Reversals	X	-	-	-	-	**-**
B.4 Fair value positive changes	-	-	-	-	-	**-**
- Net equity	X	-	-	-	-	**-**
- Profit and Loss Account	X	-	-	-	-	**-**
B.5 Exchange gains	-	-	-	-	-	**-**
B.6 Other changes	-	-	-	-	-	**-**
C. Decreases	**-**	**-**	**-**	**15,147**	**-**	**15,147**
C.1 Sales	-	-	-	-	-	**-**
C.2 Adjustments	-	-	-	15,147	-	**15,147**
- Amortisation	X	-	-	15,147	-	**15,147**
- Write-downs	-	-	-	-	-	**-**
+ Net equity	X	-	-	-	-	**-**
+ Profit and Loss Account	-	-	-	-	-	**-**
C.3 Fair value negative changes	-	-	-	-	-	**-**
- Net equity	X	-	-	-	-	**-**
- Profit and Loss Account	X	-	-	-	-	**-**
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	**-**
C.5 Exchange losses	-	-	-	-	-	**-**
C.6 Other changes	-	-	-	-	-	**-**
D. Net amount at year-end	**79,366**	**-**	**330**	**51,680**	**-**	**131,376**
D.1 Total net adjustments	-	-	-	104,296	-	**104,296**
E. Gross amount at year-end	**79,366**	**-**	**330**	**155,976**	**-**	**235,672**
F. Measured at cost	79,366	-	330	51,680	-	131,376

9.3 Intangible assets: other information

Breakdown of goodwill

(€ THOUSAND)	31.12.2023	31.12.2022
Merger of Consult SIM and INA SIM	2,991	2,991
Merger of Banca del Gottardo	31,352	31,352
Credit Suisse Italy's business unit	27,433	27,433
Merger of BG Fiduciaria SIM S.p.A.	4,289	4,289
Merger of Nextam SGR and Nextam S.p.A.	12,201	12,201
Binck Bank N.V. Italy business unit	1,100	1,100
Total	**79,366**	**79,366**

Breakdown of intangible assets – other assets

(€ THOUSAND)	31.12.2023	31.12.2022
Charges associated with the implementation of legacy CSE procedures	20,828	18,137
Customer relationships (former Credit Suisse Italy and former Nextam)	13,169	14,877
Other software costs	9	17
Advance payments on intangible assets	17,674	11,579
Total	**51,680**	**44,610**

Intangible assets recognised in respect of contractual relationships governing total client assets refer to business combinations undertaken by Banca Generali in the course of the years and represent an economic assessment of the expected cash flows from those relationships on the basis of specific profitability coefficients and appropriate default rates, identified from time to time within the framework of purchase price allocation (PPA) procedures.

In this regard, it should be noted that:
- the consideration paid to acquire in 2014 the former Credit Suisse's business unit amounting to 44,713 thousand euros was initially allocated for 17,280 thousand euros to intangible assets and for 27,433 thousand euros to goodwill;
- the consideration paid to acquire Nextam Partners Group in 2019 was initially recognised for 8.9 million euros to intangible assets, attributable to the contractual relationships with customers of Nextam Group and amortised over a total period of 16 years, for 0.3 million euros to the value of the Nextam trademark, and for 12.2 million euros to goodwill.

Impairment testing of goodwill

During the preparation of the 2023 Financial Statements, goodwill recognised in Banca Generali's Separate Financial Statements was tested for impairment and the carrying amount was determined to be accurate. In this regard, reference should be made to Part G, Section 3, of these Notes and Comments and the Notes and Comments to the Consolidated Financial Statements.

Section 10 – Tax assets and liabilities - Item 100 (Assets) and Item 60 (Liabilities)

Breakdown of item 100 (Assets): tax assets

TYPE OF TRANSACTIONS/VALUES	31.12.2023	31.12.2022
Current taxation	**1,454**	**1,495**
Sums due for taxes to be refunded	1,101	918
IRES in excess and surtax for banks	353	577
Deferred tax assets	**68,626**	**69,627**
With impact on Profit and Loss Account	66,703	63,736
IRES	55,030	52,803
IRAP	11,673	10,933
With impact on Net Equity	1,923	5,891
IRES	1,707	5,096
IRAP	216	795
Total	**70,080**	**71,122**

Current tax assets and liabilities represent the positive or negative imbalance between the estimated income taxes due for the year and the associated tax credits due to overpayments in previous tax periods, prepayments made and amounts withheld.

In further detail, for Banca Generali current IRES (corporate income) tax assets and liabilities take the form of account receivable from or payable to, respectively, the consolidating entity, Assicurazioni Generali S.p.A. Due to Banca Generali's participation in Assicurazioni Generali's tax consolidation scheme, the former's taxable profits or losses for IRES purposes, along with the tax credits to which it is entitled and sums withheld from it, are transferred to the consolidating entity, which then figures and pays the tax owed by the Group. The consolidating entity is also responsible for paying the taxes owed by or to the credit of the consolidated entity and requesting the associated prepayments.

Sums due for taxes to be refunded include applications for refunds of IRES and IRAP of 454 thousand euros relating to previous years granted by the Italian Tax Authorities within the framework of the tax settlement agreement finalised in July 2023. The aggregate also includes 571 thousand euros of foreign taxes withheld in the course of ordinary investment in debt securities, for which a full refund was applied under the relevant treaties for the avoidance of double taxation (216 thousand euros in 2022).

Breakdown of item 60 (Liabilities): tax liabilities

TYPE OF TRANSACTIONS/VALUES	31.12.2023	31.12.2022
Current taxation	**39,583**	**27,465**
IRES arising on National Tax Consolidation scheme	28,360	22,338
IRES (surtax for banks)	4,191	3,396
Substitute tax for realignments	-	639
IRAP	7,032	1,092
Deferred tax liabilities	**5,126**	**4,524**
With impact on Profit and Loss Account	4,631	3,792
IRES	3,217	2,572
IRAP	1,414	1,220
With impact on Net Equity	495	732
IRES	372	600
IRAP	123	132
Total	**44,709**	**31,989**

10.1 Breakdown of deferred tax assets

TYPE OF TRANSACTIONS/VALUES	31.12.2023	PURSUANT TO LAW NO. 214/2011	31.12.2022	PURSUANT TO LAW NO. 214/2011
With impact on Profit and Loss Account	**66,703**	**4,658**	**63,736**	**5,813**
Provisions for liabilities and contingencies	56,606	-	51,434	-
Write-downs of loans to customers before 2015, in instalments	1,153	1,153	1,719	1,719
Redeemed goodwill of former Banca del Gottardo (art. 15, para. 10, of Decree Law 185/08)	1,905	1,905	2,268	2,268
Redeemed goodwill of former BG SGR (art. 176, para. 2-*ter*, of TUIR)	676	676	764	764
Goodwill of former BG Fiduciaria SIM (art. 15, para. 10-*ter*, of Decree Law 185/2008)	924	924	1,062	1,062
Redeemed goodwill of former Nextam Partners (art. 15, para. 10, of Law Decree 185/08)	2,311	-	3,117	-
Redeemed goodwill of former Banca del Gottardo (art. 110 of Law Decree 104/21)	2,117	-	2,258	-
Collective write-downs (ECLs) on loans to customers and banks	347	-	450	-
Other	664	-	664	-
With impact on Net Equity	**1,923**	**-**	**5,891**	**-**
Measurement at fair value of HTCS financial assets	1,361	-	5,391	-
Actuarial losses (IAS 19) on termination indemnity	562	-	500	-
Total	**68,626**	**4,658**	**69,627**	**5,813**

The DTAs eligible for conversion into tax credits pursuant to Italian Law No. 214/2011 include:
a) assets relating to goodwill and other intangible assets subject to redemption pursuant to Article 10, paragraph 10 and paragraph 10-*ter*, of Law Decree 185/08 and Article 176, paragraph 2-*ter*, of TUIR (Consolidated Income Tax Law), relating to the redemption transactions undertaken before 2015; on the other hand, DTAs accrued in respect of realignment transactions undertaken in financial year 2021 cannot be transformed;
b) assets related to adjustments on loans not deducted from taxes as at 31 December 2015, for which Decree Law No. 83/2015, by introducing a system of full deductibility of value adjustments with effect from that year, had remodulated deductibility percentages according to a thorough ten-year recovery scheme, originally set from 2016 to 2025, based on variable annual quotas.

The 2019 Budget Law (Italian Law No. 145 of 30 December 2018) and the 2020 Budget Law (Italian Law No. 160 of 30 December 2019) and, most recently, Article 42 of Italian Law Decree No. 17 of 1 March 2022 once again deferred the deduction of the goodwill and previous adjustments that had given rise to the recognition of deferred tax assets eligible for conversion into tax credits.

In particular, with regard to goodwill, they provided for:
› the remodulation of the deductibility of part of the goodwill and other intangible assets not deducted as at 31 December 2017 over a ten-year period, from 2019 to 2029, at different tax rates (Italian Law No. 145 of 30 December 2018);
› the deferral until 2025 and the four subsequent years of the amortisation charges referring to the 2019 tax period (tax originally set at 5%) of goodwill and other intangible assets, which gave rise to the recognition of deferred tax assets eligible for conversion into tax credits.

Accordingly, no DTAs eligible for conversion into tax credits were recovered in 2018 and 2019.

With reference to value adjustments, they provided for:
› the deferral until 2026 of the deduction of the portion of adjustments to loans not deducted as at 31 December 2015 that accrued in 2018, set by Law Decree No. 83/2015 at 10% as at 31 December 2026, subsequently brought forward to 2022 and set at 53%;
› the deferral until 2022 and the three subsequent years of the deduction of the portion of adjustments to loans not deducted as at 31 December 2015 that accrued in 2019 (originally set at 12%);
› the deferral of the deductibility of 12% of the value adjustments for the tax period in progress on 31 December 2022, on a straight-line basis, to the tax period in progress on 31 December 2023 and the three following years.

The 2024 Budget Law (Italian Law No. 13 of 30 December 2023) then established to defer until 2027 and the subsequent tax period the deduction of the portion of adjustments to loans previously deferred until 2024 (set at 1%) and until 2026 (set at 3%).

By way of partial derogation from the mechanism of full deduction of adjustments to loans recognised as loans to customers, the 2019 Budget Law and the 2020 Stability Law introduced a mechanism for deferring income components resulting from the application of the expected credit loss (ECL) model recognised upon first-time adoption of IFRS 9. In particular, the 2018 Budget Law had established that such components were deductible in ten straight-line instalments over the tax periods from 2018 to 2027, whereas the 2020 Budget Law provided for the deferral until 2028 of the deduction of the portion accrued in 2019 relating to the first-time adoption of IFRS 9. DTAs relating to the adjustments in question are not among those eligible for conversion into tax credits and amounted to 140 thousand euros at 31 December 2023.

DTAs relating to goodwill and not eligible for conversion into tax credits include DTAs deriving from the realignment operations carried out in 2021[9].

In 2021, Banca Generali proceeded to exercise the option to carry out the following operations to realign the carrying and tax values of goodwill, trademarks and other intangible assets, through payment of the related substitute taxes by the income tax payment deadline for the 2020 tax period:

- realignment of the carrying values for goodwill, trademarks and intangible assets, resulting from the merger — effective 1 January 2020 for accounting and tax purposes — of the subsidiaries Nextam Partners S.p.A. and Nextam Partners SGR, carried out pursuant to:
  - Article 15 of Law Decree No. 185/2008 (special redemption), by payment of a substitute tax of 16% and subsequent amortisation over 5 years;
  - Article 176, paragraph 2-*ter*, of TUIR (ordinary redemption), limited to intangible assets, with payment of a substitute tax based on related tax brackets (12%-14%) and recognition of amortisation throughout the residual life of the intangible asset;
- realignment of misalignments resulting from previous years' goodwill stated in the Financial Statements at 31 December 2019 and still present at 31 December 2020, pursuant to Article 110 of Decree Law No. 104/2020 (so-called "August Decree"), as amended by the 2021 Budget Law, through payment of a 3% substitute tax, and a subsequent right to benefit from the ensuing off-balance sheet amortisation initially set at 18 years and then subsequently extended to 50 years.

With regard to this special treatment, the 2022 Budget Law (Law 234 of 30 December 2021) extended the duration of tax amortisation from 18 to 50 years, without prejudice to the possibility of maintaining the initial term of 18 years by paying the greater tax due for the ordinary redemption transactions or revoking the transaction in full with a refund of the substitute tax paid. As a consequence of these changes, Banca Generali derecognised the DTAs the reversal period of which exceeds the initial term of 18 years, for a total of 4.5 million euros.

Following the above-mentioned realignment operations, the previous year saw:

- the release of the deferred tax liabilities (DTLs) for the accounting items deriving from taxable transactions (purchase of business units) for which the off-balance sheet amortisation of the tax value has already been made, for an amount of 6.2 million euros;
- the recognition, based on the method indicated in the OIC document application No. 1 of February 2009, of deferred tax assets (DTAs), for the accounting items deriving from non-taxable transactions (mergers), for an amount of 6.5 million euros against 10.9 million euros overall receivable for the transactions carried out.

10.2 Breakdown of deferred tax liabilities

TYPE OF TRANSACTIONS/VALUES	31.12.2023	31.12.2022
With impact on Profit and Loss Account	**4,631**	**3,792**
Off-balance sheet goodwill deduction	2,213	1,633
Provision for termination indemnity (IAS 19)	152	152
Financial assets mandatorily measured at fair value through profit or loss	614	533
Retained earnings of subsidiaries (IAS 12, para. 38 40)	1,652	1,474
With impact on Net Equity	**495**	**732**
Measurement at fair value of HTCS financial assets	495	732
Total	**5,126**	**4,524**

The DTLs relating to goodwill deducted on an off-balance sheet basis referred for 209 thousand euros to goodwill redeemed in accordance with Article 10 of Italian Legislative Decree No. 104/2021, and for 2,000 thousand euros to goodwill recognised following the acquisition of the business units of the former Credit Suisse and Binck Bank.

The DTLs relating to financial assets mandatorily measured at fair value refer to the revaluation of equity instruments and unit-linked policies, the tax relevance of which is deferred until realisation.

[9] For further information, reference should be made to the relevant section of the Notes and Comments to the Separate Financial Statements of Banca Generali at 31 December 2021.

10.3 Change in deferred tax assets (offsetting entry to the Profit and Loss Account)

	31.12.2023	31.12.2022
1. Amount at year-start	**63,736**	**60,639**
2. Increases	**20,841**	**19,257**
2.1 Deferred tax assets recognised in the year:	20,841	19,257
a) related to prior years	-	-
b) change in accounting criteria	-	-
c) reversals	-	-
d) other	20,841	19,257
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**17,874**	**16,160**
3.1 Deferred tax assets eliminated in the year:	17,874	16,141
a) transfers	17,481	15,474
b) write-downs for non-recoverability	-	-
c) change in accounting criteria	-	-
d) other	393	667
3.2 Decreases in tax rates	-	-
3.3 Other decreases:	-	19
a) conversion into tax credits pursuant to Law No. 214/2011	-	-
b) other	-	19
4. Amount at year-end	**66,703**	**63,736**

10.3-*bis* Changes in deferred tax assets pursuant to Law No. 214/2011

	31.12.2023	31.12.2022
1. Amount at year-start	**5,813**	**6,663**
2. Increases	**-**	**-**
3. Decreases	**1,155**	**850**
3.1 Transfers	1,155	850
3.2 Conversion into tax credits:	-	-
a) due to losses for the year	-	-
b) due to tax losses	-	-
3.3 Other decreases	-	-
4. Amount at year-end	**4,658**	**5,813**

10.4 Changes in deferred tax liabilities (offsetting entry to the Profit and Loss Account)

	31.12.2023	31.12.2022
1. Amount at year-start	**3,792**	**3,518**
2. Increases	**1,869**	**1,665**
2.1 Deferred tax liabilities recognised in the year:	1,869	1,665
a) related to prior years	-	-
b) change in accounting criteria	-	-
c) other	1,869	1,665
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**1,030**	**1,391**
3.1 Deferred tax liabilities eliminated in the year:	1,030	1,391
a) transfers	23	30
b) change in accounting criteria	-	-
c) other	1,007	1,361
3.2 Decreases in tax rates	-	-
3.3 Other decreases	-	-
4. Amount at year-end	**4,631**	**3,792**

10.5 Changes in deferred tax assets (offsetting entry to Net Equity)

	31.12.2023	31.12.2022
1. Amount at year-start	**5,891**	**1,030**
2. Increases	**151**	**5,736**
2.1 Deferred tax assets recognised in the year:	151	5,736
a) related to prior years	-	-
b) change in accounting criteria	-	-
c) other	151	5,736
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**4,119**	**875**
3.1 Deferred tax assets eliminated in the year:	1,508	411
a) transfers	1,508	411
b) write-downs for non-recoverability	-	-
c) change in accounting criteria	-	-
d) other	-	-
3.2 Decreases in tax rates	-	-
3.3 Other decreases	2,611	464
4. Amount at year-end	**1,923**	**5,891**

The item 3.3 “Other decreases” refers to the reduction in deferred tax assets following the re-absorption of deductible temporary differences as a result of reversals of assets in the HTCS portfolio.

10.6 Changes in deferred tax liabilities (offsetting entry to Net Equity)

	31.12.2023	31.12.2022
1. Amount at year-start	**732**	**1,738**
2. Increases	**2,878**	**378**
2.1 Deferred tax liabilities recognised in the year:	2,878	378
a) related to prior years	-	-
b) change in accounting criteria	-	-
c) other	2,878	378
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**3,115**	**1,384**
3.1 Deferred tax liabilities eliminated in the year:	504	996
a) transfers	504	996
b) change in accounting criteria	-	-
c) other	-	-
3.2 Decreases in tax rates	-	-
3.3 Other decreases	2,611	388
4. Amount at year-end	**495**	**732**

The item 3.3 “Other decreases” refers to the reduction in deferred tax liabilities following the re-absorption of deductible temporary differences as a result of higher value adjustments of assets in the HTCS portfolio.

Section 11 – Non-current assets available for sale and disposal groups and associated liabilities - Item 110 (Assets) and Item 70 (Liabilities)

At 31 December 2023, no non-current assets available for sale and disposal groups and associated liabilities were recognised.

Section 12 – Other assets - Item 120

12.1 Breakdown of other assets

	31.12.2023	31.12.2022
Fiscal items	**129,494**	**153,198**
Advances paid to Tax Authorities – stamp duty	51,194	85,201
Advances of substitute taxes on capital gains	46,604	50,723
Other advances paid to and sums due from Tax Authorities	948	639
Tax Authorities/VAT	67	67
Tax Authorities/Superbonus	30,343	16,098
Sums due from Tax Authorities for other taxes to be refunded	338	470
Leasehold improvements	**8,829**	**8,603**
Operating loans not related to financial transactions	**342**	**489**
Sundry advances to suppliers and employees	**5,636**	**3,372**
Cheques under processing	**11,496**	**9,974**
Money orders and other amounts receivable	11,496	9,974
Other amounts to be debited under processing	**91,786**	**52,259**
Amounts to be settled in the clearing house (debits)	851	2,361
Clearing accounts for securities and funds procedure	51,949	38,419
Other amounts to be debited under processing	15,821	10,920
Assets from reclassification of portfolio subject to collection (SBF)	23,165	559
Amounts receivable for legal disputes not related to credit transactions	**344**	**126**
Trade receivables from customers and banks that cannot be traced back to specific items	**57,233**	**50,242**
Other amounts	**197,849**	**196,172**
Prepayments for the new supplementary fees for the Financial Advisor Network	65,277	71,759
Prepayments for ordinary incentives	97,476	92,325
Prepayments for three-year incentives	16,593	13,447
Other accrued income and deferred charges that cannot be traced back to specific items	18,338	18,396
Sundry amounts	165	245
Total	**503,009**	**474,435**

Receivables from Tax Authorities for withholdings on current accounts represent the positive imbalance between payments on account and the related payable to Tax Authorities.

Other assets include assets associated with the incremental costs of obtaining a contract or incurred to fulfil a contract with customers set out in IFRS 15, paragraphs 91-104.

Prepayments for the supplementary fees for the Financial Advisor Network refer to incremental fee expense of acquiring new customers paid to new Financial Advisors within the framework of recruitment programmes and based on the achievement of specific net inflows targets.

Prepayments for ordinary incentives paid to the Financial Advisor Network qualify instead as incremental costs for obtaining a contract or costs incurred to fulfil a contract and consist of fees paid annually to the existing Financial Advisor Network based on the achievement of net inflow targets, irrespective of whether they have been achieved by acquiring new customers or by strengthening relationships already in place with existing customers.

Costs are systematically amortised over a time horizon corresponding to the transfer to the customer of the goods or services to which the asset refers, estimated to amount to five years.

The changes in the main deferred charges during the year are shown below.

	31.12.2022	AMORTISATION	OF WHICH: RELATED TO THE PREVIOUS YEAR	INCREASES	OTHER CHANGES	31.12.2023
Supplementary fees	71,759	-29,466	-23,895	22,984	-	65,277
Ordinary incentives	92,325	-45,156	-34,904	51,264	-957	97,476
Three-year incentives	13,447	-4,989	-3,362	8,135	-	16,593
Total network incentives	**177,531**	**-79,611**	**-62,161**	**82,383**	**-957**	**179,346**
Entry bonus on BG Solution portfolio management	9,468	-4,275	-3,528	4,231	77	9,501
Bonus on JPM funds	113	-74	-69	18	-	57
Total other acquisition costs	**9,581**	**-4,349**	**-3,597**	**4,249**	**77**	**9,558**
Total	**187,112**	**-83,960**	**-65,758**	**86,632**	**-880**	**188,904**

Other deferred charges that cannot be traced back to specific items include for 8,780 thousand euros prepaid expenses not accrued during the year and refer in particular to lease prepayments, insurance premiums and other general and administrative expenses.

PART B – INFORMATION ON THE BALANCE SHEET - LIABILITIES

Section 1 – Financial liabilities measured at amortised cost - Item 10

1.1 Financial liabilities measured at amortised cost: due to banks - categories

	31.12.2023				31.12.2022			
		FV				FV		
TYPE OF TRANSACTIONS/VALUES	BOOK VALUE	L1	L2	L3	BOOK VALUE	L1	L2	L3
1. Due to Central Banks	**-**	X	X	X	**-**	X	X	X
2. Due to banks	**231,659**	X	X	X	**544,498**	X	X	X
2.1 Current accounts and demand deposits	35,346	X	X	X	31,897	X	X	X
2.2 Term deposits	-	X	X	X	-	X	X	X
2.3 Loans	186,522	X	X	X	494,083	X	X	X
2.3.1 Repurchase agreements	171,320	X	X	X	477,028	X	X	X
2.3.2 Other	15,202	X	X	X	17,055	X	X	X
2.4 Liabilities for repurchase commitments of own equity instruments	-	X	X	X	-	X	X	X
2.5 Lease debts	-	X	X	X	-	X	X	X
2.6 Other debts	9,791	X	X	X	18,518	X	X	X
Total	**231,659**	**-**	**231,659**	**-**	**544,498**	**-**	**544,498**	**-**

The item "Other debts" entirely refers to deposits made by EFG Bank S.A. as a guarantee for some non-performing exposures arising on the acquisition of Banca del Gottardo Italia (collateral deposits).

1.2 Financial liabilities measured at amortised cost: due to customers - categories

	31.12.2023				31.12.2022			
		FV				FV		
TYPE OF TRANSACTIONS/VALUES	BOOK VALUE	L1	L2	L3	BOOK VALUE	L1	L2	L3
1. Current accounts and demand deposits	11,103,239	X	X	X	13,022,118	X	X	X
2. Term deposits	241,730	X	X	X	-	X	X	X
3. Loans	1,507,866	X	X	X	1,652,307	X	X	X
3.1 Repurchase agreements	1,382,649	X	X	X	1,372,093	X	X	X
3.2 Other	125,217	X	X	X	280,214	X	X	X
4. Liabilities for repurchase commitments of own equity instruments	-	X	X	X	-	X	X	X
5. Lease debts	137,795	X	X	X	149,375	X	X	X
6. Other debts	272,517	X	X	X	170,323	X	X	X
Total	**13,263,147**	**-**	**13,263,147**	**-**	**14,994,123**	**-**	**14,994,123**	**-**

Item 5 "Lease debts" includes the liability relating to lease payments determined on the basis of IFRS 16 – *Leases*, which entered into force on 1 January 2019.

Item 6 "Other debts" refers for 99,256 thousand euros to the stock of money orders issued by the parent company Banca Generali in relation to claims payment of Generali Group insurance companies and, for the remaining amount, to other sums made available to customers and trade payables to the Financial Advisor Network.

1.6 Lease debts

Lease debts recognised in the Financial Statements at 31 December 2023 amounted to 137,795 thousand euros.

The following table shows the maturity of these lease debts in accordance with paragraphs 53(g) and 58 of IFRS 16 – *Leases*:

RESIDUAL LEASE DEBTS – YEAR	31.12.2023 AMOUNT
2024	19,755
2025	18,515
2026	17,892
2027	16,068
2028	14,534
2029	12,211
2030	11,074
2031	9,873
2032	9,500
2033	5,178
2034	1,921
2035	957
2036	317

Section 2 – Financial liabilities held for trading - Item 20

2.1 HFT financial liabilities: categories

	31.12.2023					31.12.2022				
		FV					FV			
TYPE OF TRANSACTIONS/VALUES	NV	L1	L2	L3	FV (*)	NV	L1	L2	L3	FV (*)
A. Cash liabilities										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total A	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivatives										
1. Financial	**-**	**-**	**159**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Trading	X	-	159	-	X	X	-	-	-	X
1.2 Related to the fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	-	-	X	X	-	-	-	X
2. Credit	-	-	-	-	-	-	-	-	-	-
2.1 Trading	X	-	-	-	X	X	-	-	-	X
2.2 Related to the fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total B	**X**	**-**	**159**	**-**	**X**	**X**	**-**	**-**	**-**	**X**
Total (A + B)	**X**	**-**	**159**	**-**	**X**	**X**	**-**	**-**	**-**	**X**

(*) FV measured without taking account of issuer's creditworthiness changes compared to issue date.

HFT financial liabilities consist for 159 thousand euros of hedged trading transactions relating to currency outrights with customers as counterparty, fully offset in Item 20 – Assets.

Section 4 – Hedging derivatives - Item 40

4.1 Breakdown of hedging derivatives by type of hedge and hierarchy levels

In the second half of 2019, the Bank began to operate in asset swap derivatives, trading interest rate swaps to hedge debt securities, mostly Italian and foreign fixed-rate and index-linked government bonds allocated to the HTCS and HTC portfolios.
For each hedging derivative, a specific highly effective fair value hedging relationship is formed.
At year-end, the notional value of the hedging derivatives outstanding amounted to approximately 3,282.5 million euros, of which 60 million euros relating to the HTCS portfolio with a positive fair value of 161.9 million euros and a negative fair value of 132.7 million euros.

	31.12.2023 - FAIR VALUE			NOTIONAL VALUE	31.12.2022 - FAIR VALUE			NOTIONAL VALUE
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives	**-**	**132,662**	**-**	**1,496,500**	**-**	**123,604**	**-**	**1,727,500**
1) Fair value	-	132,662	-	1,496,500	-	123,604	-	1,727,500
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**132,662**	**-**	**1,496,500**	**-**	**123,604**	**-**	**1,727,500**

4.2 Breakdown of hedging derivatives by portfolios hedged and type of hedge

	FAIR VALUE							CASH FLOWS		
	SPECIFIC									
HEDGING TRANSACTIONS/TYPE	DEBT SECURITIES AND INTEREST RATES	EQUITY SECURITIES AND STOCK INDICES	CURREN-CIES AND GOLD	CREDIT	GOODS	OTHER	GENERAL	SPECIFIC	GENERAL	FOREIGN INVEST-MENTS
1. Financial assets measured at fair value through other comprehensive income	-	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	132,662	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**132,662**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**-**	**X**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**X**
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

Section 6 – Tax liabilities - Item 60

Section 10 (Assets) provides an analysis.

Section 8 – Other liabilities - Item 80

8.1 Breakdown of other liabilities

	31.12.2023	31.12.2022
Trade payables	**33,082**	**21,872**
Due to suppliers	32,709	21,395
Due for payments on behalf of third parties	373	477
Due to staff and social security institutions	**26,396**	**26,027**
Due to staff for accrued holidays, etc.	3,900	3,634
Due to staff for productivity bonuses	13,722	14,235
Contributions to be paid to social security institutions	3,576	3,093
Contributions to Financial Advisors to be paid to Enasarco	5,198	5,065
Tax Authorities	**42,199**	**41,734**
Withholding taxes to be paid to Tax Authorities on behalf of employees and contract workers	6,920	6,007
Current account withholdings	12,671	1,147
Withholding taxes on investment return to be paid to Tax Authorities	8,648	6,614
Notes to be paid into collection services	7,834	23,431
VAT payables and other tax liabilities	6,126	4,535
Amounts to be debited under processing	**158,890**	**82,829**
Bank transfers, cheques and other sums payable	2,645	1,304
Amounts to be settled in the clearing house (credits)	47,044	37,994
Liabilities from reclassification of portfolio subject to collection (SBF)	128	169
Other amounts to be debited under processing	109,073	43,362
Sundry items	**85,709**	**101,001**
Amounts to be credited	4,881	1,791
Sundry items	2,224	1,760
Amounts due to Shareholders for dividends to be distributed	75,954	96,191
Accrued expenses and deferred income	1,342	869
Sums made available to customers	1,308	390
Total	**346,276**	**273,463**

Pursuant to paragraphs 116 a) and 116 b) of IFRS 15, it is reported that the item deferred income includes liabilities associated with contracts within the scope of application of IFRS 15 and relating to three-year up-front fees received in connection with the placement of certain classes of foreign UCITS.

Opening balance at 01.01.2023	**187**
Increases	28
Decreases due to the transfer to profit and loss	-115
of which:	
- *relating to prior years*	-110
Closing balance at 31.12.2023	**100**

Section 9 – Provisions for termination indemnity - Item 90

9.1 Provisions for termination indemnity: year changes

	31.12.2023	31.12.2022
A. Amount at year-start	**3,680**	**4,314**
B. Increases	**349**	**20**
B.1 Provisions for the year	125	20
B.2 Other increases	224	-
C. Decreases	285	654
C.1 Amounts paid	285	419
C.2 Other decreases	-	235
D. Amount at year-end	**3,744**	**3,680**

9.2 Other information

The amount of termination indemnity for employees can be considered as a non-financial defined benefit plan after the termination of the employment, in accordance with IAS 19.

The provision was measured based on the actuarial value using the methods described in Part. A.2 of these Notes and Comments.

The following are the main actuarial assumptions used and the breakdown of the provision for the year and actuarial gains/(losses):

	31.12.2023	31.12.2022
Discount rate	3.07%	3.54%
Annual inflation rate	2.00%	2.00%
Salary increase rate	2.00%	2.00%
Average duration (years)	8	8

	31.12.2023	31.12.2022
1. Provisions:	125	20
- current service cost	-	-
- interest cost	125	20
2. Actuarial gains and losses:	224	-235
- based on financial assumptions	120	-931
- based on actuarial demographic assumptions	104	696
Total provisions for the year	**349**	**-215**
Actuarial value	**3,744**	**3,680**
Value calculated re. Article 2120 of the Italian Civil Code	**3,875**	**4,036**

Section 10 – Provisions for liabilities and contingencies - Item 100

10.1 Breakdown of provisions for liabilities and contingencies

ITEMS/VALUES	31.12.2023	31.12.2022
1. Provisions for credit risk relating to commitments and financial guarantees issued	9,591	52
2. Provisions for other commitments and other guarantees issued	-	-
3. Company provisions for pensions	-	-
4. Other provisions for liabilities and contingencies	252,947	239,452
4.1 Legal and tax disputes	12,557	16,955
4.2 Staff	9,990	11,634
4.3 Other	230,400	210,863
Total	**262,538**	**239,504**

Breakdown of other provisions for liabilities and contingencies

	31.12.2023	31.12.2022
Provisions for staff expenses	**9,990**	**11,634**
Provision for restructuring plan	1,500	1,000
Provision for staff expenses – other	8,490	10,634
Provisions for legal disputes	**12,283**	**14,510**
Provision for risks related to legal disputes connected with Financial Advisor Network's embezzlements	3,339	7,653
Provision for risks related to legal disputes with the Financial Advisor Network	1,002	1,232
Provision for other legal disputes	7,942	5,625
Provisions for termination indemnity of Financial Advisors	**170,856**	**152,550**
Provision for Financial Advisor Network termination indemnity	83,103	74,753
Provision for management development indemnity	12,419	11,922
Provision for portfolio overfee indemnities	6,666	6,549
Provision for pension bonuses	8,366	8,214
Provisions for Framework Loyalty Programme	35,358	34,303
Provision for three-year incentives	24,944	16,809
Provisions for Financial Advisor Network incentives	**29,048**	**32,160**
Provision for Financial Advisor Network development plans	21,139	24,171
Provision for deferred bonus	60	56
Provision for managers' incentives with access gate	273	826
Provision for sales incentives	2,009	2,155
Provision for fees – travel incentives	5,300	4,700
Provision for fee plans	267	252
Provisions for tax and contributions/pension dispute	**274**	**2,445**
Other provisions for liabilities and contingencies	**30,496**	**26,153**
Total	**252,947**	**239,452**

10.2 Provisions for liabilities and contingencies: year changes

	PROVISIONS FOR CREDIT RISK RELATING TO COMMITMENTS AND FINANCIAL GUARANTEES ISSUED	PROVISIONS FOR PENSIONS	OTHER PROVISIONS FOR LIABILITIES AND CONTINGENCIES	TOTAL
A. Amount at year-start	**52**	**-**	**239,452**	**239,504**
B. Increases	**9,539**	**-**	**64,395**	**73,934**
B.1 Provisions for the year	9,539	-	64,395	73,934
B.4 Other increases	-	-	-	-
C. Decreases	**-**	**-**	**50,900**	**50,900**
C.1 Use in the year	-	-	43,533	43,533
C.3 Other decreases	-	-	7,367	7,367
D. Amount at year-end	**9,591**	**-**	**252,947**	**262,538**

Other provisions for liabilities and contingencies - details of movements

	31.12.2022	USES	SURPLUS	OTHER CHANGES	PROVISIONS	31.12.2023
Provisions for staff expenses – other	**11,634**	**-2,888**	**-1,996**	**-806**	**4,046**	**9,990**
Provision for restructuring plan	1,000	-396	-	-604	1,500	1,500
Provision for staff expenses – other	10,634	-2,492	-1,996	-202	2,546	8,490
Provisions for legal disputes	**14,510**	**-6,871**	**-1,582**	**-**	**6,226**	**12,283**
Provision for risks connected with the Financial Advisor Network's embezzlements	7,653	-3,587	-1,008	-	281	3,339
Provision for risks related to legal disputes with the Financial Advisor Network	1,232	-459	-212	-	441	1,002
Provision for other legal disputes	5,625	-2,825	-362	-	5,504	7,942
Provisions for termination indemnity of Financial Advisors	**152,550**	**-4,534**	**-1,580**	**3,147**	**21,273**	**170,856**
Provision for Financial Advisor Network termination indemnity	74,753	-1,946	-1,272	-	11,568	83,103
Provision for management development indemnity	11,922	-2,285	-174	-	2,956	12,419
Provision for portfolio overfee indemnities	6,549	-26	-102	-	245	6,666
Provision for pension bonuses	8,214	-277	-32	-	461	8,366
Provision for Framework Loyalty Programme	34,303	-	-	-	1,055	35,358
Provision for three-year incentives	16,809	-	-	3,147	4,988	24,944
Provisions for Financial Advisor Network incentives	**32,160**	**-18,004**	**-2,331**	**-**	**17,223**	**29,048**
Provision for Financial Advisor Network development plans	24,171	-12,438	-2,246	-	11,652	21,139
Provision for deferred bonus	56	-	-	-	4	60
Provision for managers' incentives with access gate	826	-553	-	-	-	273
Provision for sales incentives	2,155	-146	-	-	-	2,009
Provision for incentive travels	4,700	-4,700	-	-	5,300	5,300
Provision for fee plans	252	-167	-85	-	267	267
Provisions for tax and contributions/ pension disputes	**2,445**	**-1,026**	**-1,384**	**-**	**239**	**274**
Other provisions for liabilities and contingencies	**26,153**	**-10,210**	**-835**	**-**	**15,388**	**30,496**
Total	**239,452**	**-43,533**	**-9,708**	**2,341**	**64,395**	**252,947**

10.3 Provisions for credit risk relating to commitments and financial guarantees issued

	PROVISIONS FOR CREDIT RISK RELATING TO COMMITMENTS AND FINANCIAL GUARANTEES ISSUED				
	STAGE 1	STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGINATED	TOTAL
Commitments to disburse funds	-	-	-	-	**-**
Financial guarantees issued	134	56	-	9,401	**9,591**
Total	**134**	**56**	**-**	**9,401**	**9,591**

The provision for credit risk relating to financial guarantees issued, considered impaired at the acquisition date, refers to several agreements entered into by the Bank to cover possible losses suffered by its customers in relation to the non-repayment, within the contractual terms, of the principal of some illiquid products distributed by the Bank that were marked by investment repayment issues, and for which the Bank had acted as distributor.

Based on the agreements with customers, the guarantees came due and were enforced in early 2024.

At 31 December 2023, a provision for expected losses was set aside for the guarantees issued, measured pursuant to IFRS 9, paragraph 5.5.1.

10.6 Provisions for liabilities and contingencies – other provisions

10.6.1 Provisions for staff expenses

Provisions for staff expenses include the following amounts:

- the share of the variable compensation of managers of the Banking Group deferred up to two years and conditional upon continuing satisfaction of the predetermined quantitative levels of asset solidity and liquidity (access gates) established in compliance with the Banking Group's Remuneration Policy;
- allocations to the provision for the recruitment plans regarding new employed Relationship Managers (RMs), valued also based on the specific contractual conditions agreed upon and on the probability to achieve the net inflow targets set;
- allocations for post-employment medical benefits of Group's managers, valued using the actuarial method pursuant to IAS 19;
- the provision related to the performance bonus, if at the reporting date the company supplementary contract (CIA) has expired or has not been renewed yet.

The above-mentioned provisions have as their balancing entries item "Staff expenses".

Provisions for staff expenses also include, to a lesser extent, provisions outside the scope of IAS 19 but for which IAS 37 applies and that have therefore as their balancing entries net provisions for liabilities and contingencies.

10.6.2 Restructuring provisions – Redundancy incentives plan

The voluntary redundancy plan covered by the specific company restructuring provision was launched at the end of 2015 to encourage the rotation of resources through incentives for voluntary departure for groups of employees nearest to retirement age and the filling of the resulting vacant positions with professional and/or managerial profiles more suited to the specific skills now required from a business standpoint.

In December 2023, the Board of Directors extended the voluntary redundancy plan, for a final provision amounting to 1.5 million euros.

10.6.3 Provisions for legal disputes

This type of provisions for risks includes provisions for pending litigations connected with the Financial Advisor Network's embezzlements after insurance coverage, as well as those with disputes currently underway with the Financial Advisor Network and employees and other court and out-of-court disputes with customers and other entities.

10.6.4 Provisions for contractual indemnities for the Financial Advisor Network

These include provisions for termination indemnities paid to the Financial Advisor Network, portfolio overfee indemnities, pension bonus, the provisions associated with the Framework Loyalty Programme (approved by the General Shareholders' Meeting on 20 April 2017) and the provisions for management development indemnity, in addition to the provisions for three-year incentives.

The provision covering the cost of the **termination indemnity** of Financial Advisors with an agency agreement is valued as provided for by the law (Article 1751 of the Italian Civil Code) and the specific disbursement criteria defined by Banca Generali. Further details on the latter are provided in Part A.2 of the Notes and Comments to the Financial Statements for the year ended on 31 December 2023.

The expenses associated with obligations extant at year-end relating to Financial Advisors are valued using the statistical-actuarial method, with the advice of independent professionals.

The following are the main actuarial assumptions adopted:

TERMINATION INDEMNITY	31.12.2023	31.12.2022
Discount rate [10]	4.3%	3.8%
Turnover rate (professionals)	0.91%	1.40%
Average duration (years)	12 years	13 years
IAS 37 DBOs/Indemnity provision at the measurement date	56.71%	54.36%

The ratio of Deferred benefit obligations (DBOs) to the nominal value of the accrued obligation towards Financial Advisors is given using the value of the provision after one-off deductions related to seniority of service.

The increase in the provision for termination indemnities accrued to Financial Advisors during the year was due to the combined effect of the increase in the discount rates applied and the rise in fee bases.

A specific measurement is made for Financial Advisors who have already left service.

The DBO already accrued by Financial Advisors formerly employed by Credit Suisse, totalling 2.4 million euros, is still based on the payment criteria established by the previous employer and was recognised under provisions for risks. Their DBO accrued with Banca Generali will be due only for the amount exceeding that accrued with Credit Suisse, if any.

The **portfolio overfee indemnities** are instead a scheme (further details are provided in Part A.2 of the Notes and Comments to the Financial Statements at 31 December 2023) whereby Financial Advisors with at least five years of seniority who leave service permanently are entitled to an indemnity commensurate to the profitability of the portfolio previously managed, in case of reassignment of the portfolio.

The indemnity due to the outgoing FA is entirely borne by the incoming FA identified by the Company, except for a residual guarantee by the Bank — equal to 25% of the total indemnity — in the event of termination for death or permanent disability.

Even in this case, the charge is determined based on the statistical actuarial method, with the support of independent experts and with reference to the percentage of the Bank's residual risk, i.e., 25% of the indemnity due in case of death or permanent disability.

The "**pension bonus**" is a component of the Financial Advisor Network's indemnity plans, which entailed the yearly provision of an amount based on the achievement of pre-set sales objectives and to be paid only upon final termination for retirement or permanent disability. The actuarial method is used also for this type of evaluation. This incentive has been discontinued as of 2016, without prejudice to the rights acquired by the beneficiaries in previous years.

Within the framework of provisions for contractual indemnities, on 21 March 2017 the Board of Directors granted its final approval for a **Framework Loyalty Programme for the Sales Network** aimed at improving the retention of the Financial Advisor Network and the customers acquired over time, and creating value for the Group by promoting stable, high-quality net inflows.
The Framework Loyalty Programme was initially divided into eight separate plans, all set to expire on 31 December 2026 and of decreasing lengths, which could be activated from one year to the next, with the authorisation of Banca Generali Group's corporate bodies and in accordance with its remuneration policies.
On 21 April 2022, the General Shareholders' Meeting resolved to suspend the Loyalty Framework Programme for the Financial Advisor Network and accordingly the 6th 2022-2026 cycle was not activated.
The individual plans of the Framework Loyalty Program for the Sales Network already underway will all expire on 31 December 2026, after decreasing lengths, and each will allow part of the bonus to be paid in cash and part in shares of Banca Generali (max 50%), after having assessed their effects at the level of capital ratios and free float. The Banca Generali shares for each of the plans will be purchased on the market after authorisation is granted, from one year to the next, by the corporate bodies (Board of Directors and Shareholders' Meeting) and the Regulator.

Provisions for contractual indemnities refer also to the charge relating to the management **development indemnity mechanism**, approved by the Board of Directors in June 2018 and intended to ensure fair treatment of all network managers in the event of dismissal from their additional roles.

10 The discount rate was determined on the basis of an average EURIRS curve for the last four quarters, increased linearly by the spread between the EURIRS rate and 10-year BTP.
The rate represented is the rate that corresponds to the average duration of the relevant liabilities, i.e., 12 years.

The 2022-2024 **three-year incentive plan**, approved by the Board of Directors on 18 March 2022, is in addition to the annual incentives for the Financial Advisor Network and is tied to the achievement of both several overall objectives set at the Banking Group level in terms of total net inflows and recurring fee income, established in the Strategic Plan, and individual objectives.

In particular, at the end of the Plan no incentives may be disbursed without full achievement of the three-year net inflow targets and of at least 90% of the cumulative recurring fee target at the end of 2024.
At the level of the individual beneficiary, accrual of the bonus is tied to individual net inflow and advanced inflow targets on a three-year basis to be reached collectively, with a floor below which the incentive is not awarded.
Special rules also apply to Financial Advisors eligible to participate in the previous Loyalty Framework Programme, for which a bonus floor applies, to be paid at the end of the three-year period if other conditions are met, but only in the absence of net outflows.

All Financial Advisors, Relationship Managers and Network Managers in service at 31 December 2019 are entitled to the three-year incentives.

The three-year bonus will be paid in 2026, provided that on 31 December 2025 the net inflow targets reached are no less than 90% of net inflows reached at the end of the three-year plan period.

The incentives accruing on a multi-year basis, tied to net inflow targets, qualify as costs of obtaining a contract pursuant to IFRS 15 and are expensed over a five-year period, like other similar incentives granted to the Financial Advisor Network.

The accrual of the bonus at the end of the three-year period is contingent on achieving the Banking Group access gates, as defined by the Remuneration Policy.
In addition, the Plan calls for the payment of the cash bonus only, with the sole exception of beneficiaries qualifying as Key Personnel in the three-year period, to whom the specific provisions of the Remuneration Policies (deferral, shared-based payment, etc.) apply.

10.6.5 Provisions for Financial Advisor Network incentives

This aggregate includes:

- the estimated charges accrued in relation with several recruitment plans for middle-term expansion of managed portfolios. These plans envisage different kinds of incentives (entry bonus, deferred bonus, total assets bonus, etc.) related to the achievement of net inflow targets and the presence in the Company for one or more years (up to 5 or 7 years);
- the share of network managers' annual incentives deferred up to two years and conditional upon continuing satisfaction of the predetermined quantitative levels of asset solidity and liquidity (access gates) established in compliance with the Banking Group's Remuneration Policy;
- provisions for incentive plans based on the network's performance for the period, including the BG Premier Club trip and other special fee plans (supplementary allowances, stabilisers, target-achievement bonuses, etc.) that involve the payment of benefits or increases in advances paid when certain conditions are met, such as continuous service on the network or the achievement of sales targets.

10.6.6 Tax dispute

On 11 July 2023, Banca Generali signed a framework agreement with the Italian Tax Authorities – Friuli Venezia Giulia Regional Department aimed at settling the litigation still pending at the Trieste Tax Court and concerning the minor claims notified with the assessment notices for the tax periods 2014 and 2015. These refer to claims not settled as part of the previous tax settlement signed in September 2022, which regarded solely the claims related to relations with the subsidiary BGFML[11].
In detail, with reference to the claim of over 2.7 million euros, the parties reached a settlement for the payment of a greater amount of taxes for 784 thousand euros, however recognising Banca Generali's right to submit requests for refunds with regard to the greater amount of taxes on the write-down of securities for 2014, which had already been expensed in the profit and loss account for the following tax periods, for an amount of 454 thousand euros. The net charge of said settlement thus amounted to 330 thousand euros, in addition to penalties and interest for about 286 thousand euros[12], already entirely covered by specific provisions.
Accordingly, the provision allocated to account for this tax dispute, amounting to 2.0 million euros, was fully expensed by using 0.6 million euros, with recognition through profit or loss of a residual excess amount of 1.4 million euros.

New additional prudential provisions amounting to 274 thousand euros were also allocated due to claimed tax assessments and social contributions.

[11] In this regard, reference should be made to the Annual Integrated Report 2021.
[12] The sanctions were determined based on the so-called facilitated conciliation introduced by Italian Law No. 197 of 29 December 2022, which allows to settle the litigation pending in first or second instance through the signing of a conciliation agreement by 30 September 2023 with a reduction of the ensuing penalties based on the settlement agreement to one eighteenth of the legal minimum.

10.6.7 Other provisions for liabilities and contingencies

Other provisions for liabilities and contingencies include provisions for operating risks.
In detail, these provisions included a provision of 25.8 million euros to cover commercial activities aimed at restoring customers' potential losses resulting from investments made in illiquid products distributed by the Bank that were marked by investment repayment issues and to sustain customer retention.

Section 12 – Company net equity - Items 110, 130, 140, 150, 160, 170 and 180

12.1 Breakdown of share capital and treasury shares

	UNIT VALUE	NUMBER	BOOK VALUE (€ THOUSAND)
Share capital			
- ordinary shares	1	116,851,637	116,852
Treasury shares			
- ordinary shares	1	-2,920,001	-85,005
		113,931,636	**31,847**

12.2 Share capital - Number of shares: year changes

ITEMS/TYPES	ORDINARY	OTHER
A. Existing shares at year-start	**116,851,637**	**-**
- paid up	116,851,637	-
- partially paid	-	-
A.1 Treasury shares (-)	-2,809,497	-
A.2 Outstanding shares: at year-start	**114,042,140**	**-**
B. Increases	258,756	-
B.1 Newly issued shares		
- against payment:	-	-
- business combinations	-	-
- bonds conversion	-	-
- exercise of warrants	-	-
- other	-	-
- for free:	-	-
- to staff	-	-
- to directors	-	-
- other	-	-
B.2 Sale of treasury shares	258,756	-
B.3 Other decreases	-	-
C. Decreases	-369,260	-
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	-369,260	-
C.3 Disposal of companies	-	-
C.4 Other changes	-	-
D. Outstanding shares: at year-end	**113,931,636**	**-**
D.1 Treasury shares (+)	2,920,001	-
D.2 Existing shares at year-end	**116,851,637**	**-**
- paid up	116,851,637	-
- partially paid	-	-

12.3 Share capital: other information

At the reporting date, the share capital of the Bank consisted of 116,851,637 ordinary shares with no nominal value, with regular dividend entitlement, and it was fully paid up.

12.4 Earnings reserves: other information

	31.12.2022	PROFIT ALLOCATION – DIVIDEND DISTRIBUTION	PURCHASES/ SALES OF TREASURY SHARES	ISSUE OF NEW SHARES	STOCK OPTION PLANS AND OTHER IFRS 2 CHARGES	STOCK GRANT PLANS LTIP	OTHER CHANGES	31.12.2023
Legal reserve	23,370	-	-	-	-	-	-	23,370
Restricted reserve for shares of the Parent Company	1,031	-	-	-	-	-	152	1,183
Merger surplus reserve – BG SGR	3,853	-	-	-	-	-	-	3,853
Merger surplus reserve – BG Fiduciaria	10,901	-	-	-	-	-	-	10,901
Merger deficit reserve – Nextam S.p.A.	-802	-	-	-	-	-	-	-802
Reserves for IFRS 9 and IFRS 15 FTA	4,768	-	-	-	-	-	-	4,768
Share-based payments reserve (IFRS 2) – plans ended	507	-	-	-	-	-	-	507
IFRS 2 reserves – LTI plans based on BG shares	2,902	-	-682	-	2,153	-	-	4,373
IFRS 2 reserve – LTIP cycles ended	10,550	-	-	-	-	-	-	10,550
IFRS 2 reserve – Key Personnel remuneration	7,345	-	-5,738	-	6,646	-	-	8,253
IFRS 2 reserve – share-based plan	488	-	-	-	-	243	-	731
IFRS 2 reserve – Framework Loyalty Programme	8,204	-	-	-	2,730	-	-	10,934
Reserve for AT1 BG Perpetual coupon	-4,894	-	-	-	-	-	-1,631	-6,525
Restricted reserve pursuant to Article 6, para. 1(a), of Leg. Decree No. 38/2005	1,332	-	-	-	-	-	158	1,490
Reserve from profit (loss) carried forward	558,897	33,383	-	-	-	-	4,494	596,774
Equity reserve from the transfer of the funds business unit	3,710	-	-	-	-	-	-	3,710
Total	**632,162**	**33,383**	**-6,420**	**-**	**11,529**	**243**	**3,173**	**674,070**

12.4.1 Disclosure pursuant to Article 2427, paragraph 7-*bis*, of the Italian Civil Code

As required by Article 2427, paragraph 7-*bis*, of the Italian Civil Code, the following table contains an analytical illustration of net equity items, including an indication of their origins, possible draw-downs and distribution, as well as draw-downs made in previous years.

	31.12.2023	POSSIBLE DRAW-DOWNS (1)	RESTRICTED PORTION	UNRESTRICTED PORTION	DISTRIBUTABLE PORTION	DRAW-DOWNS 2023-2021 DIVIDENDS	DRAW-DOWNS 2023-2021 LOSSES
Share capital	**116,852**		**116,852**	**-**	**-**	**-**	**-**
Treasury shares	**-85,005**		**-85,005**	**-**	**-**	**-**	**-**
Share premium reserve	**52,992**	**A, B, C (3)**	**-**	**52,992**	**-**	**-**	**-**
Equity instruments	**50,000**		**50,000**	**-**	**-**	**-**	**-**
Reserves	**674,070**		**-4,654**	**678,724**	**631,063**	**89,982**	**-**
Legal reserve	23,370	B (4)	-	23,370	-	-	-
Restricted reserve for shares of the Parent Company	1,183	B	1,183	-	-	-	-
Merger surplus reserve – BG SGR	3,853	A, B, C	-	3,853	3,853	-	-
Merger surplus reserve – BG Fiduciaria	10,901	A, B, C	-	10,901	10,901	-	-
Merger deficit reserve – Nextam S.p.A.	-802		-802	-	-	-	-
Reserve for AT1 BG Perpetual coupon	-6,525		-6,525	-	-	-	-
Share-based payments reserve (IFRS 2) – plans ended	507	A, B, C	-	507	507	-	-
IFRS 2 reserves – LTIP cycles based on BG shares	4,373	A (5)	-	4,373	-	-	-
IFRS 2 reserve – LTIP cycles ended (6)	10,550	A, B, C	-	10,550	10,550	-	-
IFRS 2 reserve – Key Personnel remuneration	8,253	A (5)	-	8,253	-	-	-
IFRS 2 reserve – 2019-2022 share-based plan	731	A (5)	-	731	-	-	-
IFRS 2 reserve – Framework Loyalty Programme	10,934	A (5)	-	10,934	-	-	-
Restricted reserve pursuant to Article 6, para. 1(a), of Leg. Decree No. 38/2005	1,490		1,490	-	-	-	-
Reserve from profit (loss) carried forward	596,774	A, B, C (7)	-	596,774	596,774	89,982	-
Equity reserve from the transfer of the funds business unit	3,710	A, B, C	-	3,710	3,710	-	-
FTA reserve	4,768		-	4,768	4,768	-	-
Valuation reserves (2)	**-4,321**		**-4,321**	**-**	**-**	**-**	**-**
Reserve from valuation of actuarial gains and losses	-2,202		-2,202	-	-	-	-
Reserve from valuation of HTCS financial assets	-2,119		-2,119	-	-	-	-
Net profit (loss) for the year	**314,877**	**A, B, C**	**-**	**314,877**	**314,877**	**X**	**X**
Net equity for accounting purposes	**1,119,465**		**72,872**	**1,046,593**	**945,940**	**89,982**	**-**

(1) Availability refers to: A – capital increase; B – replenishment of losses; C – distribution to shareholders.
(2) Restricted reserve pursuant to Article 6 of Legislative Decree No. 38/2005.
(3) May not be distributed until the legal reserve has reached 1/5th of share capital (Article 2431 of Italian Civil Code).
(4) Draw-downs for capital increases and distributions may be effected exclusively for the portion, if any, exceeding 1/5th of share capital (Article 2430 of the Italian Civil Code).
(5) The reserve can only be used for stock option plans.
(6) This reserve shows the increase in capital ensuing from share-based payments to employees and Directors through assignment of shares of the parent company Assicurazioni Generali S.p.A.
(7) With regard to the realignments carried out in 2021 pursuant to Article 110 of Law Decree No. 104/2021, the implementation of this option had required that a tax restriction be placed on a portion of the reserve from profit (loss) carried forward in an amount corresponding to the higher values subject to realignment, net of the substitute tax. The restriction put in place was subsequently ratified by the General Shareholders' Meeting on 21 April 2022.

Pursuant to Article 2427, paragraphs 1-22-*septies*, 2023 net profit will be allocated as follows:
- 251,231 thousand euros as dividend distributed to Shareholders;
- 26,606 thousand euros to the restricted reserve pursuant to Article 26, paragraph 5-*bis*, of Italian Law No. 136 of 9 October 2023;
- 37,040 thousand euros to the reserve from profit (loss) carried forward.

With regard to the so-called Windfall Tax for Banks and, on the basis of the provisions introduced upon conversion into law of Italian Legislative Decree No. 104/2023, the Bank opted to allocate the tax to strengthening the Group's capital. Banca Generali's Board of Directors therefore resolved to propose to book, when approving the 2023 Financial Statements, a 26.6 million euro non-distributable equity reserve fully computable in CET1.

Reserves subject to a tax restriction imposed on a portion of the reserve from profit carried forward

Item "Reserve from profit carried forward" includes a portion of earnings subject to a tax restriction pursuant to Article 110, paragraph 8, of Italian Decree Law No. 104/2021, amounting to 31,827 thousand euros.

In 2021[13], Banca Generali had elected to realign the accounting and tax values of goodwill recognised at 31 December 2021, pursuant to Article 110 of Decree Law No. 104/2021.
However, implementing this option required, on pain of inefficacy, that a tax restriction be placed on a portion of reserves in the Financial Statements at 31 December 2020, in an amount corresponding to the higher values subject to realignment, net of the substitute tax (Article 110, paragraph 8).
The rules governing tax-suspended reserves for revaluation balances apply to the portion of the reserve for profit carried forward subject to this restriction. In particular, in the event of distribution of the reserve, the amounts allocated to shareholders form the taxable income of the Company, which is entitled to a tax credit equal to the 3% substitute tax paid, and that of the shareholders.

Furthermore, as indicated by the Italian Tax Authorities in its response No. 539 of 9 August 2021 and the recent Circular No. 6/E of 1 March 2022, since the option was exercised after the date of approval of the Financial Statements for the year ended 31 December 2020, the application of the restriction was approved, at the proposal of the Bank's Board of Directors, by the Shareholders' Meeting on 21 April 2022, when approving the Financial Statements for the year ended 31 December 2021.

The restricted reserve amounted to 31,827 thousand euros, taking into account differences subject to realignment of 32,811 thousand euros and tax due of 984 thousand euros.

Accounting differences subject to realignment	
Substitute tax due	32,811,223
Restricted portion of reserve for profit carried forward	-984,337
Restricted portion of reserve for profit carried forward	**31,826,886**

12.5 Breakdown of equity instruments: year changes

On 23 December 2019, Banca Generali finalised the issue of an Additional Tier 1 Perpetual bond of 50 million euros that under IAS 32 is considered an equity instrument and meets the requirements under regulatory capital rules in force for being recognised as Additional Tier 1 instrument in the Issuer's financial statements.

The issue was fully subscribed in private placement by two German insurance companies of the Generali Group. The bonds are perpetual and callable, at the issuer's sole discretion, from the sixth year from issue, and they yield — subject to authorisation from the competent supervisory authority and under the conditions established in applicable legislation — a non-cumulative half-yearly coupon at a fixed rate of 4.5% per annum for the first five years.

(€ THOUSAND)	31.12.2023	31.12.2022
Amount at year-start	50,000	50,000
Issue-related increases	-	-
Decreases for reimbursements	-	-
Amount at year-end	**50,000**	**50,000**

[13] For further information on the realignment operations, reference should be made to the Notes and Comments, Part B – Information on the Balance Sheet, Section 10 – Tax assets and liabilities in the Separate Financial Statements of Banca Generali at 31 December 2021.

PART B – INFORMATION ON THE BALANCE SHEET

Other information

1. Commitments and financial guarantees issued (other than those designated at fair value)

	NOMINAL VALUE OF COMMITMENTS AND FINANCIAL GUARANTEES ISSUED					
TRANSACTIONS	STAGE 1	STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGINATED	31.12.2023	31.12.2022
1. Commitments to disburse funds	**100**	**-**	**-**	**-**	**100**	**200**
a) Central Banks	-	-	-	-	-	-
b) General governments	-	-	-	-	-	-
c) Banks	-	-	-	-	-	-
d) Other financial corporations	100	-	-	-	100	200
e) Non-financial corporations	-	-	-	-	-	-
f) Households	-	-	-	-	-	-
2. Financial guarantees issued	**90,719**	**2,998**	**63**	**23,330**	**117,110**	**75,650**
a) Central Banks	-	-	-	-	-	-
b) General governments	-	-	-	-	-	-
c) Banks	-	-	-	-	-	-
d) Other financial corporations	11,137	100	-	23,330	34,567	6,440
e) Non-financial corporations	30,203	1,157	63	-	31,423	20,395
f) Households	49,379	1,741	-	-	51,120	48,815
Total	**90,819**	**2,998**	**63**	**23,330**	**117,210**	**75,850**

Commitments to disburse funds include commitments subject to mandatory and optional use towards customers and refer to irrevocable lines of credit already granted.

At 31 December 2023, financial guarantees issued, considered impaired at the acquisition date, referred to some agreements entered into by the Bank to cover possible losses suffered by its customers in relation to the non-repayment, within the contractual terms, of the principal of some illiquid products distributed by the Bank that were marked by investment repayment issues, and for which the Bank had acted as distributor.

On the basis of the agreements with customers, the guarantees came due and were enforced in early 2024.

2. Other commitments and other guarantees issued

TRANSACTIONS	NOMINAL VALUE 31.12.2023	31.12.2022
1. Other guarantees issued	**-**	**-**
of which:		
- *non-performing*	-	-
a) Central Banks	-	-
b) General governments	-	-
c) Banks	-	-
d) Other financial corporations	-	-
e) Non-financial corporations	-	-
f) Households	-	-
2. Other commitments	**1,054,149**	**1,095,935**
of which:		
- *non-performing*	*686*	-
a) Central Banks	-	-
b) General governments	-	-
c) Banks	-	4
d) Other financial corporations	33,695	30,797
e) Non-financial corporations	161,366	205,868
f) Households	859,088	859,266
Total	**1,054,149**	**1,095,935**

3. Assets pledged as collateral for own liabilities and commitments

PORTFOLIOS	31.12.2023 REPURCHASE AGREEMENTS	ECB	CC&G + OTHER	TOTAL	31.12.2022 REPURCHASE AGREEMENTS	ECB	CC&G + OTHER	TOTAL
1. Financial assets measured at fair value through profit or loss	-	-	-	-	-	-	-	-
2. Financial assets measured at fair value through other comprehensive income	44,377	-	-	44,377	257,339	-	-	257,339
3. Financial assets measured at amortised cost	1,544,607	211,328	267,358	2,023,293	1,638,206	95,926	283,223	2,017,355
4. Property and equipment	-	-	-	-	-	-	-	-
of which:								
- *assets constituting inventories*	-	-	-	-	-	-	-	-
Total	**1,588,984**	**211,328**	**267,358**	**2,067,670**	**1,895,545**	**95,926**	**283,223**	**2,274,694**

Financial assets pledged as collateral for own liabilities and commitments refer to repurchase agreement transactions with a repurchase commitment with customers and banks and to collaterals pledged for refinancing transactions with the ECB. This amount also includes financial instruments pledged with Cassa di Compensazione e Garanzia, Eurex, Euroclear and ETD for ordinary operations.

4. Management and trading of financial instruments on behalf of third parties

TYPE OF SERVICE	31.12.2023	31.12.2022
1. Execution of orders on behalf of customers	**35,683,455**	**27,090,641**
a) Purchases	23,837,971	16,606,914
1. Settled	23,356,890	16,410,756
2. To be settled	481,081	196,158
b) Sales	11,845,484	10,483,727
1. Settled	11,547,909	10,414,408
2. To be settled	297,575	69,319
2. Portfolio management	**9,714,965**	**8,256,440**
3. Custody and administration of securities	**62,845,713**	**48,479,527**
a) Third-party securities held in deposit: related to services provided as depository bank (excluding portfolio management)	-	-
1. Securities issued by the bank that prepares the financial statements	-	-
2. Other	-	-
b) Third-party securities held in deposit (excluding portfolio management) – other	26,079,887	18,220,346
1. Securities issued by the bank that prepares the financial statements	15,781	16,098
2. Other	26,064,106	18,204,248
c) Third-party securities deposited with third parties	26,033,819	18,174,096
d) Own securities deposited with third parties	10,732,007	12,085,085
4. Other transactions	**-**	**-**

Securities under custody and administration are recognised at nominal value.

5. Financial assets offset in the financial statements or falling within the scope of master netting agreements or similar agreements

TECHNICAL TYPE	GROSS AMOUNT OF FINANCIAL ASSETS (A)	AMOUNT OF FINANCIAL LIABILITIES OFFSET IN THE FINANCIAL STATEMENTS (B)	NET AMOUNT OF FINANCIAL ASSETS RECOGNISED IN THE FINANCIAL STATEMENTS (C = A - B)	CORRELATED AMOUNT NOT OFFSET IN THE FINANCIAL STATEMENTS		NET AMOUNT AT 31.12.2023 (F = C - D - E)	NET AMOUNT AT 31.12.2022
				FINANCIAL INSTRUMENTS (D)	CASH DEPOSITS AS COLLATERAL (E)		
1. Derivatives	13,098	-	13,098	11,302	2,090	-294	311
2. Repurchase agreements	229,056	-	229,056	227,506	1,508	42	-491
3. Securities loans	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
Total at 31.12.2023	**242,154**	**-**	**242,154**	**238,808**	**3,598**	**-252**	**X**
Total at 31.12.2022	**409,305**	**-**	**409,305**	**392,429**	**17,056**	**X**	**-180**

6. Financial liabilities offset in the financial statements or falling within the scope of master netting arrangements or similar agreements

TECHNICAL TYPE	GROSS AMOUNT OF FINANCIAL LIABILITIES (A)	AMOUNT OF FINANCIAL ASSETS OFFSET IN THE FINANCIAL STATEMENTS (B)	NET AMOUNT OF FINANCIAL LIABILITIES RECOGNISED IN THE FINANCIAL STATEMENTS (C = A - B)	CORRELATED AMOUNT NOT OFFSET IN THE FINANCIAL STATEMENTS		NET AMOUNT AT 31.12.2023 (F = C - D - E)	NET AMOUNT AT 31.12.2022
					CASH DEPOSITS AS COLLATERAL (E)		
1. Derivatives	125,956	-	125,956	11,302	119,617	-4,963	4,774
2. Repurchase agreements	1,553,969	-	1,553,969	1,553,969	1,524	-1,524	-2,682
3. Securities loans	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
Total at 31.12.2023	**1,679,925**	**-**	**1,679,925**	**1,565,271**	**121,141**	**-6,487**	**X**
Total at 31.12.2022	**1,968,441**	**-**	**1,968,441**	**1,859,372**	**106,977**	**X**	**2,092**

IFRS 7 requires a detailed disclosure on financial instruments that have been offset in the Balance Sheet pursuant to IAS 32 or financial instruments that can be potentially set off, under certain conditions, but have been recognised in the Balance Sheet without any offsetting as they fall within the scope of master netting arrangements or similar agreements that do not meet all the requirements under IAS 32, paragraph 42.

In this regard, it should be noted that Banca Generali has not entered into any netting arrangements that meet the requirements of IAS 32.42 on offsetting in the financial statements.

With reference to financial instruments that can be potentially set off under certain conditions, it should be noted that, as far as repurchase agreements (REPOs) are concerned, Banca Generali currently participates in the MTS S.p.A. Repo market through a Clearing Agreement with Cassa Compensazione e Garanzia (CC&G) concerning the centralised management of transaction clearing.

With reference to financial instruments that can be potentially set off under certain conditions, Banca Generali entered into bilateral netting arrangements that enable offsetting of credit and debt positions related to financial and credit derivatives in case of default of the counterparty, as well as into transactions such as Securities Financing Transactions (SFTs). In detail, ISDA (International Swaps and Derivatives Association) agreements and GMRAs (Global Market Purchase Agreements) are in place.

As regard REPOs with banks, Banca Generali has in place master netting arrangements that enable offsetting of credit and debt positions in case of default of the counterparty and compliant with international standards (Global Master Repurchase Agreement – GMRA). Such transactions are also covered by GMRA-compliant financial guarantee agreements, envisaging the bilateral exchange of collaterals in cash and/or government bonds.

These agreements, in the case of repurchase agreements, mitigate the liquidity risk by offsetting the debt to the counterparty up to the fair value of the collateral.

In the table, repurchase agreements are measured at amortised cost, whereas financial instruments used as collateral are measured at fair value up to the amount of the guaranteed liability.

Banca Generali has entered into International Swap and Derivatives Association (ISDA) master netting arrangements as its main technique for mitigating the credit risk and the related impacts on fair value associated with OTC derivatives contracts with institutional counterparties. These arrangements as well envisage the bilateral exchange of cash collateral. These arrangements reduce the capital they absorb, in accordance with the conditions established in supervisory regulations. The ISDA master netting arrangements entered into with the main institutional counterparties to OTC derivatives have been appropriately reported to the Bank of Italy.

Since September 2022, Banca Generali has been subject to initial margin exchange requirements for OTC derivatives as provided for in Commission Delegated Regulation (EU) No. 2016/2251. To fulfil these obligations, the Bank has entered into specific collateral exchange contracts with active institutional counterparties, identifying Euroclear as the main triparty agent responsible for segregation of collateral assets.

PART C – INFORMATION ON THE PROFIT AND LOSS ACCOUNT

Section 1 – Interests - Items 10 and 20

1.1 Breakdown of interest income and similar revenues

ITEMS/TECHNICAL TYPES	DEBT SECURITIES	FINANCING	OTHER TRANSACTIONS	2023	2022
1. Financial assets measured at fair value through profit or loss	**94**	**-**	**-**	**94**	**114**
1.1 HFT financial assets	1	-	-	1	4
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	93	-	-	93	110
2. Financial assets measured at fair value through other comprehensive income	**19,519**	**-**	**X**	**19,519**	**20,025**
3. Financial assets measured at amortised cost	**236,055**	**135,125**	**X**	**371,180**	**188,952**
3.1 Loans to banks	32,735	31,685	X	64,420	19,610
3.2 Loans to customers	203,320	103,440	X	306,760	169,342
4. Hedging derivatives	X	X	41,790	**41,790**	**-57,400**
5. Other assets	X	X	555	**555**	**253**
6. Financial liabilities	X	X	X	**-**	**7,530**
Total	**255,668**	**135,125**	**41,790**	**433,138**	**159,474**
of which:					
- *interest income on impaired financial assets*	-	*549*	-	*549*	*486*
- *interest income on finance leases*	-	-	-	-	-

By convention, at 31 December 2022, interest income on "Financial liabilities" had included the negative interest expense accrued on funding transactions, as broken down in the following table.

Breakdown of negative interest expense

	2023	2022
Interest income on bank deposits and current accounts	-	4
TLTRO	-	4,398
Repurchase agreements with banks	-	168
Repurchase agreements with customers	-	647
Interest income on customer deposit and current accounts	-	2,313
Total	**-**	**7,530**

1.2 Interest income and similar revenues: other information

1.2.1 Interest income on financial assets in foreign currencies

	2023	2022
Interest income on financial assets in foreign currencies	1,903	541
Total	**1,903**	**541**

1.3 Breakdown of interest expense and similar charges

ITEMS/TECHNICAL TYPES	DEBTS	SECURITIES	OTHER TRANSACTIONS	2023	2022
1. Financial liabilities measured at amortised cost	**130,265**	**-**	**-**	**130,265**	**11,732**
1.1 Due to Central Banks	-	X	X	-	-
1.2 Due to banks	18,178	X	X	18,178	1,228
1.3 Due to customers	112,087	X	X	112,087	10,504
1.4 Securities issued	X	-	X	-	-
2. HFT financial liabilities	**-**	**-**	**-**	**-**	**-**
3. Financial liabilities designated at fair value	**-**	**-**	**-**	**-**	**-**
4. Other liabilities and funds	**X**	**X**	**-**	**-**	**7,815**
5. Hedging derivatives	**X**	**X**	**-**	**-**	**-**
6. Financial assets	**X**	**X**	**X**	**-**	**2,607**
Total	**130,265**	**-**	**-**	**130,265**	**22,154**
of which:					
- *interest expense relating to lease debts*	*3,334*	-	-	*3,334*	*3,131*

The Item 1.3 “Financial liabilities measured at amortised cost – Due to customers” includes a 3.3 million euro interest accrued on lease payment debts calculated in accordance with the provisions of IFRS 16.

By convention, at 31 December 2022, interest expense on “Financial assets” had included the negative interest income accrued on lending transactions, as broken down in the following table:

Breakdown of negative interest income

	2023	2022
Interest expense on deposits with the ECB	-	721
Interest expense on current accounts and deposits with banks	-	782
Repurchase agreements with banks	-	272
Repurchase agreements with customers	-	3
Interest expense on customer deposits	-	829
Total	**-**	**2,607**

1.4 Interest expense and similar charges: other information

1.4.1 Interest expense on liabilities in foreign currencies

	2023	2022
Interest expense on liabilities in foreign currencies	2,288	733
Total	**2,288**	**733**

1.5 Hedging differentials

ITEMS	2023	2022
A. Hedging gains	86,465	67,367
B. Hedging losses	44,675	124,767
C. Total (A - B)	**41,790**	**-57,400**

Hedging differentials refer to interest-rate swaps (IRSs) and inflation IRSs entered into in relation to fair-value hedging transactions for fixed-rate or inflation-linked debt securities.

The balance includes 40,992 thousand euros attributable to the hedging of debt securities classified to the portfolio of financial assets measured at amortised cost (37,450 thousand euros in 2022), with the remainder referring to debt securities classified to the portfolio of financial assets measured at fair value through other comprehensive income.

Section 2 – Fees - Items 40 and 50

2.1 Breakdown of fee income

TYPE OF SERVICE/VALUES	2023	2022
a) Financial instruments	**430,762**	**395,854**
1. Placement of securities	**286,576**	**276,134**
1.1 With direct underwriting and/or a firm commitment	-	-
1.2 Without a firm commitment	286,576	276,134
2. Receipt and transmission of orders and execution of orders on customers' behalf	**43,254**	**33,718**
2.1 Receipt and transmission of orders for one or more financial instruments	7,028	7,616
2.2 Execution of orders on customers' behalf	36,226	26,102
3. Other fees related to activities linked to financial instruments	**100,932**	**86,002**
of which:		
- *trading for own account*	-	-
- *individual portfolio management*	*100,932*	*86,002*
b) Corporate finance	-	-
1. Consultancy on mergers and acquisitions	-	-
2. Treasury services	-	-
3. Other fees related to corporate finance services	-	-
c) Investment advisory	**52,629**	**45,516**
d) Offsetting and settlement services	**-**	**-**
e) Custody and administration services	**418**	**383**
1. Depository bank	-	-
2. Other fees related to custody and administration services	418	383
f) Centralised administration services for collective portfolio management	-	-
g) Trust services	-	-
h) Payment services	**8,853**	**10,299**
1. Current accounts	4,310	5,459
2. Credit cards	-	-
3. Debit cards and other payment cards	285	380
4. Bank transfers and other payment services	1,456	1,370
5. Other fees linked to payment services	2,802	3,090
i) Distribution of third-party services	**248,508**	**267,564**
1. Collective portfolio management	1,353	1,149
2. Insurance products	244,411	263,631
3. Other products	2,744	2,784
of which:		
- *individual portfolio management*	*34*	*41*
- *BG Saxo services*	*2,209*	*2,099*
j) Structured finance	**-**	**-**
k) Servicing related to securitisations	**-**	**-**
l) Commitments to disburse funds	**-**	**-**
m) Financial guarantees issued	**671**	**536**
of which:		
- *credit derivatives*	-	-
n) Financing transactions	-	-
of which:		
- *factoring-related services*	-	-
o) Currency trading	-	-
p) Goods	-	-
q) Other fee income	**3,604**	**3,134**
of which:		
- *management of multilateral trading facilities*	-	-
- *management of organised trading facilities*	-	-
Total	**745,445**	**723,286**

Table 2.1 relating to the breakdown of fee income includes revenues arising from financial services falling within the scope of IFRS 15, broken down by type of service rendered. With reference to the provisions of IFRS 15, paragraph 113, fee income may be further divided into the following four categories:

(€ THOUSAND)	2023	2022
Underwriting fees	39,609	28,949
Management fees	593,554	598,647
Performance fees	644	5
Other fees for banking and financial services	111,638	95,685
Total fee income	**745,445**	**723,286**

Underwriting, management and performance fees refer, in particular, to individual (discretionary) and collective (Sicavs promoted by the Banking Group) portfolio management, placement of securities and distribution of third-party services.

Fees for BG Saxo services refer to the offering to the Bank's customers of the trading and order collection services rendered by BG Saxo SIM S.p.A. They were classified under banking products.

	UNDERWRITING FEES	MANAGEMENT FEES	PERFORMANCE FEES	OTHER	2023	2022
Individual portfolio management	- 2,684	103,133	483	-	100,932	86,002
Placement of Group's UCITS	4,226	119,018	-	-	123,244	123,604
Placement of UCITS	3,402	128,098	161	-	131,661	133,164
Placement of securities and certificates	31,672	-	-	-	31,672	19,366
Distribution of third-party services	2,993	243,305	-	-	246,298	265,465
Other services and banking products	-	-	-	111,638	111,638	95,685
Total fee income	**39,609**	**593,554**	**644**	**111,638**	**745,445**	**723,286**

Underwriting fees refer to the support provided by the Bank's sales network to customers for the purchase of financial products and services and their useful lives end when the products and services concerned are subscribed. In particular, the item includes the distribution and private placement of certificates.

Variable performance fees refer to Banca Generali's individual portfolio management and advisory activities.

Management fees refer to:
› discretionary management of financial assets on behalf of customers according to the conditions specified in individual mandates, accruing on a quarterly basis;
› collective management of the assets of the Sicavs managed by the Banking Group's management company (Lux IM Sicav, BG Selection Sicav and BG Alternative Sicav) on the basis of the conditions established for each sub-fund in the relevant prospectuses, accruing on a monthly basis;
› the ongoing customer support activity carried out by the Financial Advisor Network with regard to the placement of units of third-party UCITS and the distribution of insurance products.

Fees for other services include revenues on traditional banking services (custody and trading of financial instruments, collection and payment services, current account keeping and management services, etc.) and advisory fees, mostly consisting of recurring fees.

Fee income consists solely of short-term items, normally collected on a monthly or quarterly basis and therefore do not include a component of a financial nature relating to the passage of time.

In reference to IFRS 15, paragraph 116 b), fee income on the placement of securities includes revenues of 115 thousand euros on the recycling to the profit and loss account for the year of liabilities included in the opening balance attributable to contracts (deferred income).

2.2 Fee income: distribution channels of products and services offered

CHANNELS/VALUES	2023	2022
a) Group branches	**4,328**	**1,914**
1. Portfolio management	-	-
2. Placement of securities	4,328	1,914
3. Third-party products and services	-	-
b) Off-premises offer	**631,688**	**627,786**
1. Portfolio management	100,932	86,002
2. Placement of securities	282,248	274,220
3. Third-party products and services	248,508	267,564
c) Other distribution channels	**-**	**-**
1. Portfolio management	-	-
2. Placement of securities	-	-
3. Third-party products and services	-	-
Total	**636,016**	**629,700**

2.3 Breakdown of fee expense

TYPE OF SERVICE/VALUES	2023	2022
a) Financial instruments	**6,560**	**7,232**
of which:		
- *trading of financial instruments*	*5,634*	*6,185*
- *placement of financial instruments*	-	-
- *individual portfolio management*	*926*	*1,047*
Own portfolio	926	1,047
Third-party portfolio	-	-
b) Offsetting and settlement services	**-**	**-**
c) Custody and administration services	**4,087**	**3,303**
d) Collection and payment services	**3,880**	**4,339**
of which:		
- *credit cards, debit cards and other payment cards*	*1,038*	*1,456*
e) Servicing related to securitisations	**-**	**-**
f) Commitments to receive funds	**-**	**-**
g) Financial guarantees received	**-**	**-**
of which:		
- *credit derivatives*	-	-
h) Off-premises offer of financial instruments, products and services	**435,408**	**413,932**
i) Currency trading	**-**	**-**
j) Other fee expense	**7,659**	**3,919**
Total	**457,594**	**432,725**

Fee expense for off-premises offer includes the costs incurred to obtain or fulfil contracts with customers of 83,960 thousand euros, of which 65,758 thousand euros relating to previous years.

Section 3 – Dividends and similar income - Item 70

3.1 Breakdown of dividends and similar income

	2023		2022	
ITEMS/INCOME	DIVIDENDS	SIMILAR INCOME	DIVIDENDS	SIMILAR INCOME
A. HFT financial assets	-	-	-	-
B. Other financial assets mandatorily measured at fair value	72	-	66	19
C. Financial assets measured at fair value through other comprehensive income	1,143	-	1,060	-
D. Equity investments	148,220	-	167,783	-
Total	**149,435**	**-**	**168,909**	**19**

Section 4 – Net income (loss) from trading activities– Item 80

4.1 Breakdown of net income (loss) from trading activities

TRANSACTIONS/INCOME COMPONENTS	CAPITAL GAINS	INCOME FROM TRADING	CAPITAL LOSSES	LOSSES FROM TRADING	NET RESULT 2023
1. HFT financial assets	**1**	**454**	**-**	**135**	**320**
1.1 Debt securities	1	348	-	37	312
1.2 Equity securities	-	72	-	93	-21
1.3 UCITS units	-	34	-	5	29
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. HFT financial liabilities	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Debts	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**3,722**
4. Derivatives	**-**	**3**	**-**	**10**	**-9**
4.1 Financial:	-	3	-	10	-9
- on debt securities and interest rates	-	-	-	-	-
- *interest rate swaps*	-	-	-	-	-
- *government bond forwards*	-	-	-	-	-
- on equity securities and stock indexes	-	3	-	10	-7
- *options*	-	*3*	-	*7*	*-4*
- *futures*	-	-	-	3	*-3*
- on currency and gold [(1)]	X	X	X	X	-2
- other	-	-	-	-	-
4.2 Credit	-	-	-	-	-
of which:					
- *natural hedging related to the fair value option*	*X*	*X*	*X*	*X*	-
Total	**1**	**457**	**-**	**145**	**4,033**

(1) It includes currency options and currency outrights.

Section 5 – Net income (loss) from hedging - Item 90

5.1 Breakdown of net income (loss) from hedging

INCOME COMPONENTS/VALUES	2023	2022
A. Income from:		
A.1 Fair-value hedge derivatives	102,671	384,915
A.2 Hedged financial assets (fair value)	103,911	13,813
A.3 Hedged financial liabilities (fair value)	-	-
A.4 Cash-flow hedge derivatives	-	-
A.5 Assets and liabilities denominated in foreign currencies	-	-
Total income from hedging (A)	**206,582**	**398,728**
B. Charges from:		
B.1 Fair-value hedge derivatives	105,306	8,618
B.2 Hedged financial assets (fair value)	100,093	388,226
B.3 Hedged financial liabilities (fair value)	-	-
B.4 Cash-flow hedge derivatives	-	-
B.5 Assets and liabilities denominated in foreign currencies	-	-
Total charges from hedging (B)	**205,399**	**396,844**
C. Net income (loss) from hedging (A - B)	**1,183**	**1,884**
of which:		
- *result of hedging of net positions*	-	-

Section 6 – Gains (losses) on disposal/repurchase - Item 100

6.1 Breakdown of gains (losses) on disposal/repurchase

	2023			2022		
ITEMS/INCOME COMPONENTS	GAINS	LOSSES	NET RESULT	GAINS	LOSSES	NET RESULT
A. Financial assets						
1. Financial assets measured at amortised cost	**8,916**	**3,592**	**5,324**	**42,488**	**62**	**42,426**
1.1 Loans to banks	1,222	1,281	-59	46	16	30
1.2 Loans to customers	7,694	2,311	5,383	42,442	46	42,396
2. Financial assets measured at fair value through other comprehensive income	**6,462**	**6,243**	**219**	**4,212**	**18,330**	**-14,118**
2.1 Debt securities	6,462	6,243	219	4,212	18,330	-14,118
2.2 Loans	-	-	-	-	-	-
Total assets	**15,378**	**9,835**	**5,543**	**46,700**	**18,392**	**28,308**
B. Financial liabilities measured at amortised cost						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Securities issued	-	-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**

Equity reserves transferred back to the profit and loss account due to the disposal of pre-existing equity reserves of the HTCS portfolio are illustrated in the following table.

	POSITIVE	NEGATIVE	NET
Debt securities	1,567	-4,690	-3,123
Total	1,567	-4,690	-3,123

Section 7 – Net gains (losses) of other financial assets and liabilities measured at fair value through profit and loss - Item 110

7.2 Net change of other financial assets and liabilities measured at fair value through profit or loss: breakdown of other financial assets mandatorily measured at fair value

TRANSACTIONS/INCOME COMPONENTS	CAPITAL GAINS	GAINS ON DISPOSAL	CAPITAL LOSSES	LOSSES ON DISPOSAL	NET RESULT
1. Financial assets	**5,671**	**13**	**561**	**-**	**5,123**
1.1 Debt securities	-	-	-	-	-
1.2 Equity securities	274	-	262	-	12
1.3 UCITS units	5,008	11	296	-	4,723
1.4 Loans	389	2	3	-	388
2. Financial assets in foreign currencies: exchange differences	**X**	**X**	**X**	**X**	**-62**
Total	**5,671**	**13**	**561**	**-**	**5,061**

Section 8 – Net adjustments/reversals for credit risk - Item 130

8.1 Breakdown of net adjustments for credit risk relating to financial assets measured at amortised cost

	ADJUSTMENTS						REVERSALS					
			STAGE 3		IMPAIRED ACQUIRED OR ORIGINATED							
TRANSACTIONS/INCOME COMPONENTS	STAGE 1	STAGE 2	WRITE-OFFS	OTHER	WRITE-OFFS	OTHER	STAGE 1	STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGINATED	2023	2022
A. Loans to banks	**-**	**-**	**-**	**-**	**-**	**-**	**1,061**	**25**	**-**	**-**	**1,086**	**-1,824**
Loans	-	-	-	-	-	-	32	25	-	-	57	-34
Debt securities	-	-	-	-	-	-	1,029	-	-	-	1,029	-1,790
B. Loans to customers	**811**	**-**	**39**	**2,729**	**-**	**-**	**966**	**263**	**571**	**-**	**-1,779**	**-6,087**
Loans	811	-	39	2,729	-	-	-	167	571	-	-2,841	-3,639
Debt securities	-	-	-	-	-	-	966	96	-	-	1,062	-2,448
Total	**811**	**-**	**39**	**2,729**	**-**	**-**	**2,027**	**288**	**571**	**-**	**-693**	**-7,911**

Specific adjustments to loans to customers classified under “Stage 3” amounted to 2,729 thousand euros and included 2,056 thousand euros for positions past-due by more than 90 days, 91 thousand euros for unlikely-to-pay positions, and, for the remainder, other operating loans and loans to the Financial Advisor Network.

These write-downs were partially offset through reversals relating to positions past due at the end of the previous year (329 thousand euros) and reclassified out of the non-performing category, to bad loans (101 thousand euros) and to unlikely-to-pay exposures (93 thousand euros).

8.1a Breakdown of net adjustments for credit risk relating to loans measured at amortised cost subject to Covid-19 support measures

TRANSACTIONS/INCOME COMPONENTS	NET ADJUSTMENTS							
			STAGE 3		IMPAIRED ACQUIRED OR ORIGINATED			
	STAGE 1	STAGE 2	WRITE-OFFS	OTHER	WRITE-OFFS	OTHER	2023	2022
4. Newly issued loans	-12	-9	-	-276	-	-	**-297**	**1,086**
Total at 31.12.2023	**-12**	**-9**	**-**	**-276**	**-**	**-**	**-297**	**X**
Total at 31.12.2022	**12**	**9**	**-**	**1,065**	**-**	**-**	**X**	**1,086**

8.2 Breakdown of net adjustments for credit risk relating to financial assets measured at fair value through other comprehensive income

TRANSACTIONS/INCOME COMPONENTS	ADJUSTMENTS						REVERSALS					
			STAGE 3		IMPAIRED ACQUIRED OR ORIGINATED							
	STAGE 1	STAGE 2	WRITE-OFFS	OTHER	WRITE-OFFS	OTHER	STAGE 1	STAGE 2	STAGE 3	IMPAIRED ACQUIRED OR ORIGINATED	2023	2022
A. Debt securities	-	-	-	-	-	-	164	-	-	-	164	-416
B. Loans	-	-	-	-	-	-	-	-	-	-	-	-
- to customers	-	-	-	-	-	-	-	-	-	-	-	-
- to banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**164**	**-**	**-**	**-**	**164**	**-416**

Section 10 – General and administrative expenses - Item 160

Breakdown of general and administrative expenses

		2023	2022
160 a)	Staff expenses	105,835	97,175
160 b)	Other general and administrative expenses	232,355	210,634
Total		**338,190**	**307,809**

10.1 Breakdown of staff expenses

TYPE OF EXPENSE/VALUES	2023	2022
1) Employees	**105,324**	**96,475**
a) Wages and salaries	56,347	52,136
b) Social security charges	14,964	13,992
c) Termination indemnity	800	720
d) Retirement benefit plans	-	-
e) Provision for termination indemnity	135	84
f) Provision for pensions and similar obligations:	-	-
- defined contribution	-	-
- defined benefit	-	-
g) Amounts paid to supplementary external pension funds:	6,096	5,422
- defined contribution	6,096	5,422
- defined benefit	-	-
h) Costs related to payment agreements based on own equity instruments	3,851	2,734
i) Other employee benefits	23,131	21,387
2) Other staff	**342**	**278**
3) Directors and Auditors	**1,250**	**1,193**
4) Retired personnel	**101**	**74**
5) Recovery of expenses for staff seconded to other companies	**-1,208**	**-982**
6) Repayments of expenses for staff seconded to the Company	**26**	**137**
Total	**105,835**	**97,175**

10.2 Average number of employees by category (*)

	2023	2022
Employees	**969**	**908**
a) Managers	63	60
b) Executives	338	318
c) Employees at other levels	568	530
Other personnel	**-8**	**-12**
Total	**961**	**896**

(*) Quarterly weighted average, with part-time employees considered at 50% by convention.

Breakdown of personnel

	2023	2022
Employees	**985**	**940**
a) Managers	65	61
b) Executives	341	331
of which:		
- *3rd and 4th level*	156	160
- *1st and 2nd level*	185	171
c) Employees at other levels	579	548
Other personnel	**-8**	**-8**
Contract and temporary workers	2	-
Staff seconded from other companies	-	1
Staff seconded to other companies	-10	-9
Total	**977**	**932**

10.4 Other employee benefits

	2023	2022
Short-term productivity bonuses	**15,411**	**14,251**
Long-term benefits	**462**	**379**
Charges for Relationship Manager recruitment plans	5	79
Charges for deferred variable remuneration (managers' MBO)	433	300
Charges for post-employment medical care plans	24	-
Other benefits	**7,258**	**6,757**
Charges for staff supplementary pensions	4,491	4,318
Amounts replacing cafeteria indemnities	942	1,039
Training expenses	1,349	990
Contributions to employees	159	149
Transfer incentives and other indemnities	302	246
Other expenses	15	15
Total	**23,131**	**21,387**

Short-term productivity bonuses include the portion of non-deferred variable remuneration payable in cash (MBO) for office and sales managers and portfolio managers, the performance bonus envisaged in company supplementary contracts and allocations in service of the plan for 2023 measures.

10.5 Breakdown of other general and administrative expenses

	2023	2022
Administration	**22,851**	**24,199**
Advertising	3,063	3,107
Audit fees	13,062	14,744
Auditing firms	599	438
Insurance	4,292	4,141
Entertainment expenses	463	574
Membership contributions	1,231	1,063
Charity	141	132
Operations	**29,061**	**27,944**
Rent and usage of premises and management of property	5,366	5,695
Outsourced administrative services	7,188	6,656
Post and telephone	2,231	2,237
Print material	1,214	1,162
Other expenses for sales network management	5,983	5,234
Other expenses and purchases	5,004	5,197
Other indirect staff expenses	2,075	1,763
Information system and equipment	**60,774**	**55,678**
Expenses related to outsourced IT services	39,894	36,549
Fees for IT services and databases	10,761	9,292
Software maintenance and servicing	8,566	7,712
Fees for equipment hired and software used	351	364
Other maintenance	1,202	1,761
Indirect taxation	**103,541**	**85,218**
Stamp duty on financial instruments	102,647	84,088
Substitute tax on medium/long-term financing	325	211
Other indirect taxes to be paid by the Bank	569	919
Contributions to the Italian National Resolution Fund and the Interbank Protection Fund	**16,128**	**17,595**
Total	**232,355**	**210,634**

The administrative expenses aggregate includes the costs of short-term leases (less than 12 months), consisting primarily of lease payments for parking spaces and low-value leases (less than 5 thousand euros), consisting of lease payments for photocopiers and faxes, for which the Bank has availed itself of the option not to apply the accounting treatment provided for in IFRS 16, as detailed below.
There are no costs for variable payments other than those included in the measurement of lease liabilities.

	2023	2022
Lease costs < 5,000 euros	351	364
Lease costs < 12 months	141	110

The aggregate also includes other costs arising from lease transactions, but attributable to contractual components other than lease payments and not relevant to the valuation of lease liabilities, such as fees for additional services and non-deductible VAT, which amounted to 4,150 thousand euros.

Section 11 – Net provisions for liabilities and contingencies - Item 170

11.1 Breakdown of net provisions for credit risk relating to commitments to disburse funds and financial guarantees issued

	2023			2022		
	PROVISIONS	SURPLUS	NET	PROVISIONS	SURPLUS	NET
Provisions for commitments and financial guarantees issued	9,539	-	9,539	9	-	9
Total	**9,539**	**-**	**9,539**	**9**	**-**	**9**

11.3 Breakdown of net provisions to other provisions for liabilities and contingencies

	2023			2022		
	PROVISIONS	SURPLUS	NET	PROVISIONS	SURPLUS	NET
Provision for staff expenses	**3,585**	**-1,026**	**2,559**	**2,436**	**-1,825**	**611**
Provision for restructuring plan	1,500	-	1,500	985	-162	823
Provision for staff expenses – Other [1]	2,085	-1,026	1,059	1,451	-1,663	-212
Provisions for legal disputes	**6,226**	**-1,582**	**4,644**	**4,281**	**-304**	**3,977**
Provision for risks related to legal disputes connected with the Financial Advisor Network's embezzlements	281	-1,008	-727	742	-101	641
Provision for risks related to legal disputes with the Financial Advisor Network	441	-212	229	337	-27	310
Provision for risks related to legal disputes with other parties	5,504	-362	5,142	3,202	-176	3,026
Provisions for Financial Advisor Network termination indemnity	**21,273**	**-1,580**	**19,693**	**6,590**	**-11,392**	**-4,802**
Provision for risks related to termination indemnity of the Financial Advisor Network	11,568	-1,272	10,296	1,135	-7,851	-6,716
Provision for management incentive indemnity	2,956	-174	2,782	1,577	-355	1,222
Provision for portfolio overfee indemnities	245	-102	143	21	-1,232	-1,211
Provision for pension bonuses	461	-32	429	-	-1,954	-1,954
Provisions for Framework Loyalty Programme	1,055	-	1,055	495	-	495
Provision for three-year incentives	4,988	-	4,988	3,362	-	3,362
Provisions for Financial Advisor Network incentives	**17,223**	**-2,331**	**14,892**	**21,657**	**-2,825**	**18,832**
Provision for Financial Advisor Network development plans	11,652	-2,246	9,406	16,705	-2,822	13,883
Provision for deferred bonus	4	-	4	-	-3	-3
Provision for incentive travels	5,300	-	5,300	4,700	-	4,700
Provision for fee plans	267	-85	182	252	-	252
Provision for tax and contributions dispute	**239**	**-1,384**	**-1,145**	**2,371**	**-**	**2,371**
Other provisions for liabilities and contingencies	**15,388**	**-835**	**14,553**	**24,937**	**-**	**24,937**
Total	**63,934**	**-8,738**	**55,196**	**62,272**	**-16,346**	**45,926**

(1) Provisions for staff expenses do not include the items that are classified as "Staff expenses – Other benefits" in accordance with IAS 19.

Section 12 – Net adjustments/reversals of property and equipment - Item 180

12.1 Breakdown of net adjustments of property and equipment

ASSETS/INCOME COMPONENTS	DEPRECIATION (A)	ADJUSTMENTS FOR IMPAIRMENT (B)	REVERSALS (C)	NET RESULT 2023 (A + B - C)
A. Property and equipment	**22,457**	**-**	**-**	**22,457**
1. Operating:	22,457	-	-	22,457
- owned	1,712	-	-	1,712
- rights of use acquired through leases	20,745	-	-	20,745
2. Held as investments	-	-	-	-
- owned	-	-	-	-
- rights of use acquired through leases	-	-	-	-
3. Inventories	X	-	-	-
Total	**22,457**	**-**	**-**	**22,457**

Section 13 – Net adjustments/reversals of intangible assets - Item 190

13.1 Breakdown of net adjustments of intangible assets

ASSETS/INCOME COMPONENTS	AMORTISATION (A)	ADJUSTMENTS FOR IMPAIRMENT (B)	REVERSALS (C)	NET RESULT 2023 (A + B - C)
A. Intangible assets	**15,147**	**-**	**-**	**15,147**
of which:				
- *software*	*13,438*	-	-	*13,438*
A.1 Owned	15,147	-	-	15,147
- generated in-house	-	-	-	-
- other	15,147	-	-	15,147
A.2Rights of use acquired through leases	-	-	-	-
Total	**15,147**	**-**	**-**	**15,147**

Breakdown of adjustments of intangible fixed assets - amortisation

	2023
Charges associated with the implementation of legacy CSE procedures	13,430
Customer relationships	1,709
Other intangible fixed assets	8
Total	**15,147**

Section 14 – Other operating income and expenses - Item 200

14.1 Breakdown of other operating expenses

	2023	2022
Adjustments of leasehold improvements	3,007	2,837
Write-downs of other assets	-	13
Indemnities and compensation for litigation and claims	659	872
Charges from accounting adjustments with customers	2,509	2,541
Charges for card compensation and guarantees	1	-
Costs associated with tax disputes, penalties and fines	119	89
Other contingent liabilities and non-existent assets	930	659
Other operating expenses	-	543
Total	**7,225**	**7,554**

14.2 Breakdown of other operating income

	2023	2022
Recovery of taxes from customers	101,597	83,084
Recovery of expenses from customers	554	671
Fees for outsourced services	266	243
Charge-back of portfolio overfee indemnity to incoming Financial Advisors	5,024	5,009
Indemnities for Financial Advisors' termination without notice	710	1,398
Other recoveries of fees and costs from Financial Advisors	3,755	3,129
Contingent assets related to staff expenses	2,142	2,098
Contributions to provision for employment in the banking sector (FOC) and the fund for staff training (FBA)	343	217
Other contingent assets and non-existent liabilities	2,883	5,409
Insurance compensation and indemnities	555	419
Tax credits (film partnership, sanitisation and PPE, investments in new capital goods)	296	96
Other income	314	304
Total	**118,439**	**102,077**
Total other net income	**111,214**	**94,523**

Section 15 – Gains (losses) from equity investments - Item 220

15.1 Breakdown of gains (losses) from equity investments

INCOME COMPONENTS/VALUES	2023	2022
A. Gains	**80**	**556**
1. Revaluations	-	-
2. Gains on disposal	80	556
3. Reversals	-	-
4. Other gains	-	-
B. Charges	**15,282**	**4,596**
1. Write-downs	15,282	4,596
2. Adjustments to non-performing loans	-	-
3. Losses on disposal	-	-
4. Other charges	-	-
Net result	**-15,202**	**-4,040**

Section 18 – Gains (losses) on disposal of investments - Item 250

18.1 Breakdown of gains (losses) on disposal of investments

INCOME COMPONENTS/VALUES	2023	2022
A. Buildings	-	-
- Gains on disposal	-	-
- Losses on disposal	-	-
B. Other assets	-83	-4
- Gains on disposal	-	-
- Losses on disposal	-83	-4
Net result	**-83**	**-4**

Section 19 – Income taxes for the year from operating activities - Item 270

19.1 Breakdown of income taxes for the year from operating activities

INCOME COMPONENTS/VALUES		2023	2022
1.	Current taxation (-)	-99,370	-60,372
2.	Change in prior years' current taxes (+/-)	1,269	-28,965
3.	Reduction of current taxes for the year (+)	-	-
3.*bis*	Reduction of current taxes for the year arising on tax credits, pursuant to Law No. 214/2011 (+)	-	-
4.	Changes of prepaid taxation (+/-)	2,966	3,097
5.	Changes of deferred taxation (+/-)	-840	-274
6.	**Taxes for the year (-)**	**-95,975**	**-86,514**

19.2 Reconciliation between theoretical and actual tax expense

The following table reconciles the total amount of taxes due for 2023, including both current and deferred taxes, as indicated in Item 270 of the Profit and Loss Account, and the theoretical corporate income tax IRES calculated by applying the 27.5% current applicable tax rate to profit before taxation.

It should be noted that the effects of the reduction of the IRES tax rate from 27.50% to 24% introduced by the 2016 Stability Law with effect from 1 January 2017 for tax periods after that in progress at 31 December 2016 were neutralised for the Bank as a result of the introduction by that same Law of a surtax of 3.5 percentage points on credit and financial institutions in respect of the same tax periods.

The reconciliation statement is therefore expressed based on higher or lower current and deferred taxes debited or credited to the Profit and Loss Account compared to the theoretical taxation.

	2023	2022
Current taxation	**-99,370**	**-60,372**
IRES	-78,637	-46,009
IRAP	-20,733	-14,363
Prepaid and deferred taxation	**2,126**	**2,823**
IRES	1,582	2,103
IRAP	544	720
Prior years' taxes	**1,269**	**-28,965**
Prior years' income taxes	1,269	1,096
Taxes related to tax dispute	-	-30,061
Income taxes	**-95,975**	**-86,514**
Theoretical tax rate	**27.5%**	**27.5%**
Profit (loss) before taxation	**410,852**	**312,701**
Theoretical taxation	**-112,984**	**-85,993**
Non-taxable income (+)		
Dividends	39,040	44,127
ACE	1,491	1,545
Other decreases (tax credits, PEX revaluation)	387	374
Non-deductible charges (-)		
Write-down of equity securities PEX	-4,203	-1,297
Other non-deductible costs	-1,271	-2,768
Other taxes (+/-)		
IRAP	-20,189	-13,643
Prior years' taxes	1,269	1,096
Taxes related to the tax settlement	-	-30,061
Other (foreign) taxes	-2	-
Change in deferred taxes without offsetting entry	487	106
Actual tax expense	**-95,975**	**-86,514**
Total actual tax rate	**23.4%**	**27.7%**
Actual tax rate (IRES only)	**18.8%**	**14.0%**
Actual tax rate (IRAP only)	**4.9%**	**4.4%**

The total tax rate for the year was 23.4%. At the end of the previous year, the estimated tax rate had been 27.7%, inclusive of the net charges related to tax litigation, amounting to 30,061 thousand euros net of the withdrawals from the provisions allocated for tax disputes. Net of the charges related to the tax settlement, the total tax rate for 2022 would have been 18.1%, therefore recording a sharp progress in 2023.
The change was mainly attributable to the marked increase in net interest income and the ensuing higher contribution of Italian entities to the Group's result.

The tax burden for the year did not include the charges related to the tax settlement agreement finalised in July 2023 to settle certain minor claims for 2014 amounting to 330 thousand euros, in addition to penalties and interest, as fully covered by the amount allocated to the provision for tax dispute.

Section 22 – Earnings per share

22.1 Average number of ordinary shares with diluted capital

	2023	2022
Net profit for the year (€ thousand)	314,877	226,188
Earnings attributable to ordinary shares (€ thousand)	314,877	226,188
Average number of outstanding shares (thousand)	114,081	114,564
EPS – Earnings per share (euros)	**2.76**	**1.97**
Average number of outstanding shares with diluted capital (thousand)	114,081	114,564
EPS – Diluted earnings per share (euros)	**2.76**	**1.97**

PART D – STATEMENT OF COMPREHENSIVE INCOME

Analytical Statement of Comprehensive Income

ITEMS		2023	2022
10.	**Net profit (loss) for the year**	**314,877**	**226,188**
	Other income, without transfer to Profit and Loss Account	**369**	**326**
20.	**Equity securities designated at fair value through other comprehensive income:**	**565**	**133**
	a) fair value changes	565	133
	b) transfers to other net equity components	-	-
30.	**Financial liabilities designated at fair value through profit or loss (change in own creditworthiness):**	**-**	**-**
	a) fair value changes	-	-
	b) transfers to other net equity components	-	-
40.	**Equity security hedges designated at fair value through other comprehensive income:**	**-**	**-**
	a) fair value changes (hedged instrument)	-	-
	b) fair value changes (hedging instrument)	-	-
50.	**Property and equipment**	**-**	**-**
60.	**Intangible assets**	**-**	**-**
70.	**Defined benefit plans**	**-224**	**277**
80.	**Non-current assets available for sale and disposal groups**	**-**	**-**
90.	**Share of valuation reserves of equity investments valued at equity**	**-**	**-**
100.	**Income taxes on other income, without transfer to Profit and Loss Account**	**28**	**-84**
	Other income, with transfer to Profit and Loss Account	**7,931**	**-12,562**
110.	**Hedges of foreign investments:**	**-**	**-**
	a) fair value changes	-	-
	b) transfer to Profit and Loss Account	-	-
	c) other changes	-	-
120.	**Exchange differences:**	**-**	**-**
	a) value changes	-	-
	b) transfer to Profit and Loss Account	-	-
	c) other changes	-	-
130.	**Cash-flow hedges:**	**-**	**-**
	a) fair value changes	-	-
	b) transfer to Profit and Loss Account	-	-
	c) other changes	-	-
	of which:		
	- *result of net positions*	-	-
140.	**Hedging instruments (non-designated items):**	**-**	**-**
	a) value changes	-	-
	b) transfer to Profit and Loss Account	-	-
	c) other changes	-	-
150.	**Financial assets (other than equity securities) measured at fair value through other comprehensive income:**	**11,689**	**-18,514**
	a) fair value changes	8,930	-16,863
	b) transfer to Profit and Loss Account	2,759	-1,651
	- adjustments due to credit risk	-364	170
	- gains (losses) on disposal	3,123	-1,821
	c) other changes	-	-
160.	**Non-current assets available for sale and disposal groups:**	**-**	**-**
	a) fair value changes	-	-
	b) transfer to Profit and Loss Account	-	-
	c) other changes	-	-
170.	**Share of valuation reserves of equity investments valued at equity:**	**-**	**-**
	a) fair value changes	-	-
	b) transfer to Profit and Loss Account	-	-
	- adjustments due to impairment	-	-
	- gains (losses) on disposal	-	-
	c) other changes	-	-
180.	**Income taxes on other income, with transfer to Profit and Loss Account**	**-3,758**	**5,952**
190.	**Total other income components**	**8,300**	**-12,236**
200.	**Comprehensive income (Item 10 +190)**	**323,177**	**213,952**

PART E – INFORMATION ON RISKS AND RISK HEDGING POLICIES

Foreword

The development of a genuine risk culture within Banca Generali is based upon an understanding of the risks that the Bank assumes and how they are managed, while always taking full account of the risk tolerance threshold defined in the Bank's Risk Appetite Framework (RAF).
In this context, the internal control system plays a key role in the risk management process, as well as in the Bank's corporate governance generally.

The internal control system is a set of organisational rules, procedures and structures aimed at ensuring compliance with company strategies, while also seeking to achieve:
- the efficiency and effectiveness of work processes;
- the maintenance of asset value and protection against losses;
- the reliability and integrity of accounting and operating information;
- operational compliance with the law and supervisory regulations;
- policies, plans, regulations and internal procedures; and
- the dissemination of a culture of control involving training initiatives for the various levels.

Banca Generali has designed an internal control model consistent with best practices at the national and international levels and structured on three different organisational levels:
- first-line controls: they are performed by production or back-office company areas and organisational units, with the support of information technology procedures, where envisaged, and take the form of hierarchical or line checks;
- second-line controls: they aim at preventing and mitigating risks of different nature through prior risk assessment of products and business practices, and the development of ex-ante support to operating activities. The aforementioned checks are performed by the following functions:
  - the Risk Management Department is tasked with identifying, measuring/evaluating and monitoring all types of risks to which the Banking Group is exposed in terms of its own assets (excluding the risks of non-compliance, money laundering and financing of terrorism), providing relevant information and thereby contributing to the definition and implementation of the Risk Appetite Framework, as well as all related risk management policies. The Department acts with a view to maintaining risk levels within the limits and tolerance thresholds indicated in the risk profile and strategies established by the Board of Directors in the Risk Appetite Framework; it assures that risks are fully and transversally analysed, and to this end it applies a strategic, consistent and prospective approach and duly provides periodic reports;
  - the Compliance Service is tasked with verifying the observance of obligations relating to the provision of services for the Banking Group companies and with preventing and managing the risk of non-compliance with applicable legislation;
  - the Anti-Financial Crime Service is responsible, within the Banking Group, for preventing and combating transactions involving money laundering and financing of terrorism;
- third-line controls: they are conducted by the Internal Audit Department and are aimed at an independent verification of the operating efficacy and quality of control systems and the verification of any conduct departing from the established rules.

The proper functioning of the risk governance system adopted by Banca Generali is ensured by consistency from the standpoint of organisational structure, competencies and a guarantee of the independence of functions.

Within the internal control system, it is possible to identify the second line as the home to an internal risk management culture that then effectively translates into company behaviour and choices.

The following entities operate within the Internal Control System, in addition to the tasks assigned to the Board of Directors, the Control Body and the independent auditors (which are responsible for accounting control):
- the Internal Audit and Risk Committee, which was set up pursuant to the Corporate Governance Code for Listed Companies and supervisory provisions, and is tasked with performing a supporting role, with investigative, propositional and advisory duties in relation to the Board of Directors and the Board of Statutory Auditors, in particular on matters of internal control and risk management, related parties and connected parties, statutory auditing and equity investments. The tasks and functions of the Committee, as well as the frequency of its meetings and the operating procedures to be followed to ensure that its duties are efficiently and effectively performed, shall be regulated pursuant to specific Internal Audit and Risk Committee Rules;
- the Risk Committee, which is charged with ensuring coordinated coverage of the system for managing and controlling the risks assumed by the Group in compliance with the Risk Appetite Framework; it is vested with specific responsibility for monitoring the Group's risks, such as the management of risk mitigation measures, as well as decision-making powers for identifying and implementing said measures;
- the Supervisory Board, which is the corporate body in charge of updating the Organisational and Management Model and monitoring the implementation of and compliance with the said Model;
- the Law 262 Organisational Unit, which acts as a point of reference, orienting and coordinating the management of all the Banking Group's administrative and accounting risks, for the intents and purposes of Italian Law No. 262/2005.

Section 1 – Credit risk

Qualitative information

1. General aspects

Credit risk refers to the possibility that a counterparty will become insolvent or a borrower will be unable to meet its obligations or unable to meet them on time. More specifically, credit risk is the possibility that an unexpected change in the creditworthiness of a counterparty, to which an exposure exists, may generate a corresponding unexpected change in the market value of the associated exposure.

As part of its credit risk management process, the Group has established a formal Credit Risk Management Policy and Financial Portfolio Risk Management Policy, which lay down the general principles and the roles of corporate bodies and functions involved in managing risks associated with loans granted to customers and institutional counterparties and deriving from investment in financial instruments. The Policies also include the Group's credit risk management guidelines in accordance with its business model, the risk appetite, the system of delegated powers established by the Board of Directors, the internal control system in force from time to time, and the instructions of the Supervisory Authority.

In accordance with Banca Generali Group's business model, this type of risk chiefly arises from liquidity invested in money markets (interbank deposits), financial instruments (mainly government bonds) held in portfolios measured at amortised cost or in FVOCI and loans to customers (uncommitted and/or fixed-term credit). With regard to the latter, in line with the provisions of the Risk Appetite Framework and in accordance with the Business Model and the lending policies adopted, credit activity is an ancillary means of achieving the priority objectives in the private banking sector. In this context, the Bank prefers a customer target with a strong capital position, mainly focused on natural persons. In fact, there is a clear prevalence of exposures to the retail segment (made up primarily of private customers and customers subject to special agreements), compared to the corporate segment.

With regard to the composition of Banca Generali's portfolio, the portion classified as HTC consists primarily of debt security exposures towards governments and, to a lesser extent, lines of uncommitted and/or fixed-term credit to retail and corporate clients.

With regard to institutional borrowers, credit risk management is based on the allocation of appropriate credit lines, which are monitored by the Risk Management Department and established with the objective of maintaining a portfolio's risk profile that is consistent with the strategies and risk appetite approved by the Board of Directors.
Operational limits on the amounts of credit lines granted to institutional counterparties are governed by Group policies, which set out the maximum credit that may be extended to a counterparty based on its rating class. The overall consistency of ECAI ratings with internal credit assessments is verified by the Risk Management Department at least annually.
Credit lines are reviewed at least every year; this involves updating existing credit lines for counterparties that are already borrowing from the Bank or examining new credit line proposals with a view to diversifying the proprietary portfolio and developing new business linked to market opportunities.

The credit risk associated with business with customers is primarily managed by monitoring the performance of the overall portfolio and individual positions and by setting operating and process limits defined in the Group's Risk Appetite Framework. More specifically:

- loans to customers: the portfolio in question consists primarily in debt securities measured at amortised cost and loans to retail customers, in the form of Lombard loans, uncommitted current accounts, fixed-term loans and mortgage loans (in the latter case, for customers subject unto special agreements). Overall, the weight of non-performing exposures on the portfolio remained low when compared to the banking system;
- non-performing loans: the portfolio of NPLs to customers, which includes lines of non-performing uncommitted and/or fixed-term credit, is mostly secured by pledges of securities and bank and government guarantees and has a good level of provisions in the residual cases in which the collateral is insufficient;
- performing loans: the portfolio of uncommitted and/or fixed-term loans to customers is approximately 85% composed of exposures to natural persons, whereas the remainder is composed of exposures to companies. Credit is primarily provided in the form of uncommitted facilities and Lombard loans, which together account for around 70% of the used exposure. In accordance with the Bank's lending policies and risk appetite, credit is mostly secured by pledges of highly liquid financial instruments and products.

With regard to the component of loans to retail and corporate customers in the forms of uncommitted and fixed-term loans, in 2023 the Group continued to strengthen its origination and monitoring processes in accordance with the EBA Guidelines on loan origination and monitoring (so-called GL EBA LOM).

First-line control activities are conducted by the Credit Department and the Finance Department, the latter being responsible for lending transactions with institutional counterparties (loans to banks) and for investments in financial instruments that are considered when defining the Group's overall credit exposure.
The second-line control activities are the responsibility of the Risk Management Department, which ensures the consistency of the processes, strategies and Risk Appetite Framework (RAF), yearly approved by the Bank's Board of Directors. In the specific

case of portfolios of loans to retail and corporate investors, the Risk Management Department is tasked with assessing, monitoring and managing credit risk through monitoring of the performance of the overall portfolio, the control of the rules set forth by the Risk Appetite Framework, the drawing up of a prompt and adequate internal report to be submitted to the Bank and its corporate bodies.
Moreover, particular importance is placed on managing the credit risk associated with institutional borrowers. These borrowers are allocated appropriate credit lines, which are monitored by the Risk Management Department and established with the objective of always maintaining a level of risk of the portfolio that is consistent with the strategies and the Risk Appetite Framework.

Third-line controls are conducted by the Internal Audit Service, in accordance with the Internal Rules.

The Risk Committee is a collegial body responsible for a shared vision of the global performance of the credit risk management and control system and for deciding which actions are to be taken in response to any critical situations, deficiencies and/or anomalies that emerge from analyses and/or assessments conducted by the Risk Management Department.

Loans subject to Covid measures
In response to the pandemic emergency that broke out in 2020, the Bank took various initiatives in support of the real economy, to inject liquidity in Italy's businesses, participating in the initiatives launched by the Government in March and April 2020 ("Cure Italy Decree" and "Liquidity Decree").
These initiatives included the issue of loans guaranteed by the Mediocredito Centrale SME Guarantee Fund to obtain the guarantees provided for in the Liquidity Decree for loans to Italian companies according to the definition provided in the Decree (companies with fewer than 500 employees, including microenterprises and independent contractors, artisans and self-employment professionals).

2. Credit Risk Management Policies

2.1 Organisational aspects
The Bank's processes provide for the retail and corporate customer credit activity to be run by the Credit Department and loans to institutional counterparties and banks to be run by Banca Generali's Finance Department.

The Credit Department is in charge of the processing of loan applications and the management of overdraft facilities granted by the Bank, as established and governed by the specific Credit Regulation, with a view to ensuring compliance with the law and regulations and the quality of approved loans and to maintaining the risk/return targets established by the Board of Directors.

2.2 Management, measurement and control systems
In addition to issuing loans, the Credit Department is also charged with credit management and first-line control, with a proactive approach aimed at anticipating and preventing the deterioration of the loan portfolio.
Within the Credit Department, responsibility for monitoring is assigned to specialised individual units on the basis of the supervisory classification of customers (performing and non-performing). The purpose of this is to maximise the efficacy of the actions aimed at monitoring and mitigating credit risk throughout the customer relationship.
The current NPL portfolio stands at moderate values compared to the total exposure, is primarily secured and has been written down for the unsecured portion, resulting in moderate residual risk. Nearly 41% of the NPL portfolio consists of exposures originating in the portfolio (so-called "ex-indemnity") of Banca del Gottardo Italia, fully covered by the loan indemnity granted by BSI S.A. (now EFG Bank AG) upon the sale of the said company and chiefly secured to that end by cash collateral payments by the counterparty. The NPL portfolio declined compared to the end of 2022, mainly due to the reduction of the stock of bad loans, due partly to the closure of former indemnity positions.

The exposure to credit risk associated with the securities portfolio is mostly originated by investments in government bonds (approximately 70%) and investment-grade bank securities. The corporate securities in the portfolio are negligible.

2.3 Expected loss measurement methods
In compliance with IFRS 9, the Bank has adopted an impairment model based on the concept of expected losses, which makes it possible to determine adjustments to loans on the basis of the parameters of PD (probability of default) and LGD (loss given default) in forward-looking and point-in-time terms, conditional upon macroeconomic scenario models. Such value adjustments are determined over a time horizon of one year in the event of positions classified to Stage 1, or on a lifetime horizon, in the event of positions classified to Stage 2.

The stage assignment criteria for the portfolio of loans to customers in the form of uncommitted and fixed-term loans take account of the counterparty's status, any forbearance measures, decline in creditworthiness compared with origination and limits exceeded for more than 30 days.

When calculating impairment, the probability of default is determined on the basis of the counterparty's rating class (the Bank adopts a management rating model developed with the CSE consortium) and the residual term of the loan. The parameter LGD is largely determined on the basis of loan type and counterparty type and whether certain guarantees are present. In addition, the parameter EAD (Exposure At Default) is equal to the accounting balance for demand positions, individual contractual cash flows discounted according to the internal rate of return (IRR) for term positions and the accounting balance adjusted by the regulatory Credit Conversion Factor (CCF) for off-balance sheet exposures.

Within the debt securities portfolio, securities classified to the classified to the Held-To-Collect and the Held-To-Collect-and-Sell portfolios that have passed the SPPI test are tested for impairment.

When calculating impairment, it is fundamental to classify the staging of individual positions in order to identify any decline in creditworthiness (credit quality) between the purchase of the security and the reporting date. This process (stage assignment) determines the residual quantities and the date with which to associate the credit quality/rating upon purchase, to be compared with the credit quality/rating observed at the reporting date for the purposes of identifying any "significant decline" in credit quality.

The impairment of securities subject to the IFRS 9 rules is calculated according to the following variables:
› PD: the model adopted for calculating the probability of default (PD) to be applied to the proprietary portfolio within the impairment scope is based on an estimate of a term structure default probability for each security. The component representing the remuneration for operators' risk aversion is eliminated from default probability measures so as to isolate the credit component (so-called "real world approach");
› LGD: the estimate of the loss given default (LGD) to be applied to the portfolio is calculated according to a deterministic approach in which the LGD parameter is assumed to be constant over the financial asset's entire time horizon as a function of the ranking of the instrument and the classification of the issuer's country;
› EAD: in the case of the proprietary finance portfolio, reference is made to the nominal value, inclusive of the coupon accrued at the measurement date, discounting both values at the security's rate of return.

In the year, the Group continued with its projects to improve its calculation and what-if and stress analyses to test portfolio securities for impairment, minimising operational process risks and ensuring an improvement in the methodologies used to calculate the parameters described above.

2.4 Credit risk mitigation techniques
With regard to the portfolio of loans to private and corporate customers, in order to mitigate credit risk toward customers and in line with its lending policies, the Bank mainly acquires collaterals and, only secondarily, personal guarantees provided by natural persons. These are in addition to the personal guarantees provided by the Mediocredito Centrale SME Guarantee Fund to secure credit facilities granted to support the economy in the Covid-19 pandemic scenario.

Collaterals are chiefly in the form of pledges on securities, such as Funds and Sicavs, discretionary mandates, assets under administration and insurance products.
As limited to customers subject to special agreements, the Bank also acquires mortgages, almost exclusively in residential properties used as a primary residence.

Banca Generali also benefits from an additional master guarantee, known as an indemnity, provided by BSI S.A., now EFG Bank AG as a result of the merger of the two institutions in 2017, for the entire loan portfolio originating with Banca del Gottardo Italia acquired by BSI Italia S.p.A. on 1 October 2008.
This guarantee, which is similar to a first-demand bank guarantee, covers all loans and any associated losses sustained from acquisition until 31 December 2009. After such date, the indemnity was maintained for those positions managed with the aim of recovery and those positions that showed a default event for which payment of the indemnity was requested from the guarantor, BSI S.A., today EFG Bank AG.

At 31 December 2023, indemnity positions amounted to approximately 17,746 thousand euros, which net of adjustment declined to about 9,606 thousand euros (see section 3. Credit exposures to non-performing loans).

3. Credit exposures to non-performing loans
3.1 Management strategies and policies
Non-performing financial assets are classified into several non-performing categories in accordance with the instructions issued by the Supervisory Authority, as provided for in Bank of Italy Circular No. 272 dated 20 July 2008 (as subsequently updated), which refers to the provisions of the European regulation as regards the definition of default.

The process of identifying doubtful positions requires constant monitoring of positions. When limits are exceeded, various debt procedures are triggered to recover the credit. In general, considering that the vast majority of positions are secured by pledges of financial instruments, there are no residual debt exposures once the enforcement procedure has been concluded. If the exposure is unsecured or there is a residual unsecured exposure, the Bank activates the process for recovering it.

Expected losses are formulated specifically for each position on the basis of all relevant valuation elements (debtor's assets, earned income, date of expected recovery, etc.), with the exception of unsecured positions classified as past due and unlikely to pay of amounts less than 10 thousand euros, which are subject to impairment at a standard rate.

Net non-performing cash loans (hereinafter also referred as "NPLs") totalled 28,924 thousand euros, of which:
› net bad loans amounting to 14,736 thousand euros referring to financing, of which 9,606 thousand euros (65%) covered by indemnities, 5,075 thousand euros (34%) secured by mortgages and similar guarantees (Mediocredito Centrale SME Guarantee Fund) and 55 thousand euros (0.1%) unsecured;

- net unlikely-to-pay loans of 4,167 thousand euros, of which just 361 thousand euros (9%) actually at risk, and the remaining 3,806 thousand euros (91%) secured by collateral (pledges or mortgages) or similar guarantees (mandate to policy-related collections or guarantee from the Mediocredito Centrale SME Guarantee Fund);
- net past-due non-performing loans of 10,021 thousand euros, of which 8,131 thousand euros (81%) secured by collateral (mortgage and pledge) or equivalent guarantees (mandate to policy-related collections, guarantee from the Mediocredito Centrale SME Guarantee Fund and SACE policy) and 1,890 thousand euros (19%) unsecured.

Net non-performing loans in the form of financing may be broken down as follows:
- about 33% (9,606 thousand euros) of exposures referring to Banca del Gottardo Italia's customers and guaranteed by indemnity issued by the seller BSI S.A., now EFG Bank AG; as described above, these exposures do not entail any risk for the Bank. Therefore, no further adjustments were made to these positions with respect to the impairment already carried out by Banca del Gottardo Italia;
- about 67% (19,318 thousand euros) of exposures for which the Bank is at risk, mostly secured by pledges or mortgages.

Excluding positions covered by indemnities — which, as mentioned above, do not entail any risk for Banca Generali — non-performing cash positions amounted to 19,318 thousand euros. However, considering positions secured by collateral or similar guarantees, which at 17,013 thousand euros make up approximately 88% of total net non-performing loans, a residual total amount of 2,305 thousand euros of net non-performing loans are not secured by collateral, representing 11% of total net non-performing loans and an entirely marginal fraction of total net loans to customers (0.02%).

In 2023, the NPL portfolio declined on 2022 due to the elimination of several positions of significant amount from the bad loans category, as well as due to reclassifications to performing status and repayment of several positions classified as unlikely-to-pay.

3.2 Write-offs
The Bank has not adopted any write-off policy.

3.3 Acquired or originated impaired financial assets
At 31 December 2023, the Banking Group's portfolio included acquired or originated impaired financial assets of a residual amount of 2.1 million euros.
This item refers solely to the transfer by the Bank's customers of usufruct rights to the 2023 coupons on several illiquid products distributed by the Bank that were marked by investment repayment issues.
These exposures have been reclassified as originated impaired since they relate to financial instruments for which, at the date of transfer, the SPV had not complied with the contractual repayment terms.
In 2023, coupons of 1.0 million euros, or approximately one-third of the original amount, were collected in respect of such usufruct rights.

4. Financial assets subject to commercial renegotiations and forborne exposures
A forbearance measure is an amendment of the original contractual conditions or refinancing granted to a customer in a situation of financial distress in respect of a credit position, which would not have been granted if the customer had not been in such a situation and/or that, conversely, would have resulted in default by the customer had they not been granted.

The Bank takes an individual measurement approach to each exposure. The Bank considers an exposure forborne when one of the following conditions has been met:
- the amended contract has been fully or partially past due by more than 30 days at least once in the three months prior to the contractual amendment or would have been fully or partially past due by more than 30 days without the amendment;
- at or around the same time as an additional loan is granted, the customer repays the principal or pays the interest on another contract fully or partially past due by 30 days at least once in the three months prior to the refinancing;
- the Bank approves the use of embedded clauses in which the customer is past due by 30 days or the debtor would have been past due by 30 days without the exercise of such clauses.

This assessment is performed by a specific specialised unit of the Credit Department as regards the portfolio portion of loans to customers.

At 31 December 2023, outstanding forborne exposures in the portfolio of loans to customers were mostly classified as performing positions (88%), with the remainder classified as non-performing (12%). Nearly all positions were secured by collateral (primarily pledges and, to a marginal extent, mandate to policy-related collections).
Exposures subject to forbearance measures at 31 December 2023 mostly consisted (approximately 73%) of exposures in amortisation and, to a lesser extent, uncommitted cash exposures. As for the impact on the net present value of the contractual cash flows of the forbearance measures granted over a period of 24 months, given the nature of the renegotiation transactions subject to forbearance measures, represented essentially by the renegotiation of the uncommitted cash exposure in amortising loans with a final variable rate, the impact of such exposures on net present value is believed not to be material.

Quantitative information

A. Credit quality

A.1 Credit exposures to non-performing and performing loans: balances, adjustments, performance and income breakdown

For the purposes of quantitative information about credit quality, credit exposures include the entire financial asset portfolio, regardless of the portfolio of allocation for accounting purposes, with the exception of equities and units of UCITS.
For further information on credit assets underlying the Forward Fund (mainly non-performing loans to the Italian National Healthcare System), reference should be made to Section 1, Subsection E.

A.1.1 Breakdown of financial assets by portfolio and credit quality (book value)

PORTFOLIOS/QUALITY	BAD LOANS	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE EXPOSURES	PERFORMING PAST-DUE EXPOSURES	OTHER PERFORMING EXPOSURES	TOTAL
1. Financial assets measured at amortised cost	14,736	4,167	10,021	9,711	12,219,024	12,257,659
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	975,644	975,644
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	19,581	19,581
5. HFS financial assets	-	-	-	-	-	-
Total at 31.12.2023	**14,736**	**4,167**	**10,021**	**9,711**	**13,214,249**	**13,252,884**
Total at 31.12.2022	**19,389**	**10,043**	**8,202**	**17,252**	**14,743,589**	**14,798,475**

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net amounts)

PORTFOLIOS/QUALITY	NON-PERFORMING				PERFORMING			
	GROSS EXPOSURE	TOTAL ADJUSTMENTS	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS (*)	GROSS EXPOSURE	TOTAL ADJUSTMENTS	NET EXPOSURE	TOTAL (NET EXPOSURE)
1. Financial assets measured at amortised cost	47,253	18,329	28,924	-	12,237,257	8,522	12,228,735	12,257,659
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	975,841	197	975,644	975,644
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	19,581	19,581
5. HFS financial assets	-	-	-	-	-	-	-	-
Total at 31.12.2023	**47,253**	**18,329**	**28,924**	**-**	**13,213,098**	**8,719**	**13,223,960**	**13,252,884**
Total at 31.12.2022	**54,418**	**16,784**	**37,634**	**-**	**14,752,960**	**11,681**	**14,760,841**	**14,798,475**

(*) Value to be indicated for disclosure purposes.

PORTFOLIOS/QUALITY	ASSETS WITH CLEARLY POOR CREDIT QUALITY		OTHER ASSETS
	CUMULATIVE CAPITAL LOSSES	NET EXPOSURE	NET EXPOSURE
1. HFT financial assets	-	-	158
2. Hedging derivatives	-	-	161,955
Total at 31.12.2023	**-**	**-**	**162,113**
Total at 31.12.2022	**-**	**-**	**288,767**

A.1.3 Breakdown of financial assets by maturity brackets (book value)

PORTFOLIOS/RISK STAGES	STAGE 1			STAGE 2			STAGE 3			ACQUIRED OR ORIGINATED IMPAIRED		
	OVER 1 DAY, UP TO 30 DAYS	OVER 30 DAYS, UP TO 90 DAYS	OVER 90 DAYS	OVER 1 DAY, UP TO 30 DAYS	OVER 30 DAYS, UP TO 90 DAYS	OVER 90 DAYS	OVER 1 DAY, UP TO 30 DAYS	OVER 30 DAYS, UP TO 90 DAYS	OVER 90 DAYS	OVER 1 DAY, UP TO 30 DAYS	OVER 30 DAYS, UP TO 90 DAYS	OVER 90 DAYS
1. Financial assets measured at amortised cost	3,304	-	-	3,854	2,383	482	247	136	21,723	-	-	-
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. HFS financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Total at 31.12.2023	**3,304**	**-**	**-**	**3,854**	**2,383**	**482**	**247**	**136**	**21,723**	**-**	**-**	**-**
Total at 31.12.2022	**10,851**	**64**	**2**	**2,598**	**2,970**	**759**	**181**	**73**	**28,788**	**-**	**-**	**-**

A.1.4 Financial assets, commitments to disburse funds and financial guarantees issued: changes in total adjustments and total provisions

CAUSES/RISK STAGES	TOTAL ADJUSTMENTS																								TOTAL PROVISIONS FOR COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES ISSUED				
	ASSETS ALLOCATED TO STAGE 1						ASSETS ALLOCATED TO STAGE 2						ASSETS ALLOCATED TO STAGE 3						ACQUIRED OR ORIGINATED IMPAIRED FINANCIAL ASSETS									
	DL	AC	OCI	HFS	IW	CW	DL	AC	OCI	HFS	IW	CW	DL	AC	OCI	HFS	IW	CW	AC	OCI	HFS	IW	CW	S1	S2	S3	C	TOT,
Total adjustments at year-start	**36**	**9,182**	**562**	**-**	**-**	**9,780**	**50**	**1,939**	**-**	**-**	**-**	**1,989**	**-**	**16,783**	**-**	**-**	**16,783**	**-**	**-**	**-**	**-**	**-**	**-**	**47**	**5**	**0**	**0**	**28,604**
Increases from acquired or originated financial assets	-	1,699	110	-	-	1,809	-	384	-	-	-	384	-	-	-	-	-	-	X	X	X	X	X	-	-	-	-	2,193
Cancellations other than write-offs	-10	-1,627	-200	-	-	-1,837	-	-939	-	-	-	-939	-	2	-	-	2	-	-	-	-	-	-	-	-	-	-	-2,774
Net adjustments/ reversals for credit risk (+/-)	-4	-2,085	-275	-	-	-2,364	41	-31	-	-	-	10	-	1,837	-	-	1,837	-	-	-	-	-	-	87	51	-	9,401	9,022
Contractual changes without cancellations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the assessment methods	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not directly recognised through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-293	-	-	-293	-	-	-	-	-	-	-	-	-	-	-293
Total adjustments at year-end	**22**	**7,169**	**197**	**-**	**-**	**7,388**	**91**	**1,353**	**-**	**-**	**-**	**1,444**	**-**	**18,329**	**-**	**-**	**18,329**	**-**	**-**	**-**	**-**	**-**	**-**	**134**	**56**	**-**	**9,401**	**36,752**
Recovery from collection of written off financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs directly recognised through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	180	-	-	180	-	-	-	-	-	-	-	-	-	-	180

DL: Demand loans to banks and central banks
AC: Financial assets measured at amortised cost
OCI: Financial assets measured at fair value through other comprehensive income
HFS: HFS financial assets
IW: of which: individual write-downs
CW: of which: collective write-downs
S1: Stage 1
S2: Stage 2
S3: Stage 3

Pursuant to IFRS 7, paragraph 35H, letter b) (iii), it is reported that the final total adjustments to Stage 2 trade receivables amounted to approximately 80 thousand euros, slightly down compared to their initial levels.

Total final adjustments on the securities portfolio amounted to 6,512 thousand euros and improved by approximately 3,394 thousand euros, mainly due to the reduced risk profile of the portfolio of government and corporate bonds.

A.1.5 Financial assets, commitments to disburse funds and financial guarantees issued: transfers between the different credit risk stages (gross and nominal values)

	GROSS AMOUNTS/NOMINAL VALUE					
	TRANSFERS BETWEEN STAGE 1 AND STAGE 2		TRANSFERS BETWEEN STAGE 2 AND STAGE 3		TRANSFERS BETWEEN STAGE 1 AND STAGE 3	
PORTFOLIOS/RISK STAGES	FROM STAGE 1 TO STAGE 2	FROM STAGE 2 TO STAGE 1	FROM STAGE 2 TO STAGE 3	FROM STAGE 3 TO STAGE 2	FROM STAGE 1 TO STAGE 3	FROM STAGE 3 TO STAGE 1
1. Financial assets measured at amortised cost	51,920	59,447	4,511	411	5,508	2,506
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. HFS financial assets	-	-	-	-	-	-
4. Commitments to disburse funds and financial guarantees issued	1,708	94	-	-	-	-
Total at 31.12.2023	**53,628**	**59,541**	**4,511**	**411**	**5,508**	**2,506**
Total at 31.12.2022	**95,790**	**74,378**	**6,506**	**7**	**6,345**	**305**

A.1.5a Loans subject to Covid-19 support measures: transfers between the different credit risk stages (gross and nominal values)

Exposures subject to Covid-19 support measures transferred from Stage 1 to Stage 2 amounted to approximately 160 thousand euros, whereas exposures transferred from Stage 2 to Stage 1 amounted to 209 thousand euros; they related solely to loans to SMEs secured by the Mediocredito Centrale SME Guarantee Fund.

	GROSS VALUES					
	TRANSFERS BETWEEN STAGE 1 AND STAGE 2		TRANSFERS BETWEEN STAGE 2 AND STAGE 3		TRANSFERS BETWEEN STAGE 1 AND STAGE 3	
PORTFOLIOS/RISK STAGES	FROM STAGE 1 TO STAGE 2	FROM STAGE 2 TO STAGE 1	FROM STAGE 2 TO STAGE 3	FROM STAGE 3 TO STAGE 2	FROM STAGE 1 TO STAGE 3	FROM STAGE 3 TO STAGE 1
A. Loans measured at amortised cost	**160**	**209**	**-**	**-**	**-**	**-**
A.1 Subject to forbearance in accordance with the GLs	-	-	-	-	-	-
A.2 Subject to moratorium no longer in accordance with the GLs and not measured as subject to forbearance	-	-	-	-	-	-
A.3 Subject to other forbearance measures	-	-	-	-	-	-
A.4 Loans	160	209	-	-	-	-
B. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
B.1 Subject to forbearance in accordance with the GLs	-	-	-	-	-	-
B.2 Subject to moratorium no longer in accordance with the GLs and not measured as subject to forbearance	-	-	-	-	-	-
B.3 Subject to other forbearance measures	-	-	-	-	-	-
B.4 Newly issued loans	-	-	-	-	-	-
Total at 31.12.2023	**160**	**209**	**-**	**-**	**-**	**-**
Total at 31.12.2022	**1,686**	**171**	**252**	**-**	**7,497**	**-**

A.1.6 Cash and off-balance sheet credit exposures with banks: gross and net values

	GROSS EXPOSURE					TOTAL ADJUSTMENTS AND TOTAL PROVISIONS						
TYPES OF EXPOSURES/VALUES		STAGE 1	STAGE 2	STAGE 3	ACQUIRED OR ORIGINATED IMPAIRED		STAGE 1	STAGE 2	STAGE 3	ACQUIRED OR ORIGINATED IMPAIRED	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS (*)
A. Cash credit exposures												
A.1 Demand	543,784	532,267	11,517	-	-	114	22	92	-	-	543,670	-
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	543,784	532,267	11,517	X	-	114	22	92	X	-	543,670	-
A.2 Other	2,341,273	2,335,771	5,502	-	-	1,585	1,540	45	-	-	2,339,688	-
a) Bad loans	-	X	-	-	-	-	X	-	-	-	-	-
of which:												
- forborne exposures	-	*X*	-	-	-	-	*X*	-	-	-	-	-
b) Unlikely to pay	-	X	-	-	-	-	X	-	-	-	-	-
of which:												
- forborne exposures	-	*X*	-	-	-	-	*X*	-	-	-	-	-
c) Non-performing past-due exposures	-	X	-	-	-	-	X	-	-	-	-	-
of which:												
- forborne exposures	-	*X*	-	-	-	-	*X*	-	-	-	-	-
d) Performing past-due exposures	-	-	-	X	-	-	-	-	X	-	-	-
of which:												
- forborne exposures	-	-	-	*X*	-	-	-	-	*X*	-	-	-
e) Other performing exposures	2,341,273	2,335,771	5,502	X	-	1,585	1,540	45	X	-	2,339,688	-
of which:												
- forborne exposures	-	-	-	*X*	-	-	-	-	*X*	-	-	-
Total A	**2,885,057**	**2,868,038**	**17,019**	**-**	**-**	**1,699**	**1,562**	**137**	**-**	**-**	**2,883,358**	**-**
B. Off-balance sheet credit exposures												
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	161,955	-	-	X	-	-	-	-	X	-	161,955	-
Total B	**161,955**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**161,955**	**-**
Total (A + B)	**3,047,012**	**2,868,038**	**17,019**	**-**	**-**	**1,699**	**1,562**	**137**	**-**	**-**	**3,045,313**	**-**

Cash exposures with banks include all cash financial assets claimed from banks, regardless of the portfolio of allocation for accounting purposes: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, financial assets designated at fair value and other financial assets mandatorily measured at fair value.

Off-balance sheet exposures include all financial transactions other than cash transactions, such as financial derivatives, guarantees issued and commitments, that entail the assumption of credit risk, determined on the basis of the measurement criteria established by the Bank of Italy.

A.1.7 Cash and off-balance sheet credit exposures with customers: gross and net values

TYPES OF EXPOSURES/VALUES	GROSS EXPOSURE					TOTAL ADJUSTMENTS AND TOTAL PROVISIONS						
		STAGE 1	STAGE 2	STAGE 3	ACQUIRED OR ORIGINATED IMPAIRED		STAGE 1	STAGE 2	STAGE 3	ACQUIRED OR ORIGINATED IMPAIRED	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS (*)
A. Cash credit exposures												
a) Bad loans	27,592	X	-	27,592	-	12,856	X	-	12,856	-	14,736	-
of which:												
- *forborne exposures*	-	*X*	-	-	-	-	*X*	-	-	-	-	-
b) Unlikely to pay	6,284	X	-	6,284	-	2,117	X	-	2,117	-	4,167	-
of which:												
- *forborne exposures*	*919*	*X*	-	*919*	-	*317*	*X*	-	*317*	-	*602*	-
c) Non-performing past-due exposures	13,377	X	-	13,377	-	3,356	X	-	3,356	-	10,021	-
of which:												
- *forborne exposures*	*64*	*X*	-	*64*	-	*13*	*X*	-	*13*	-	*51*	-
d) Performing past-due exposures	9,847	3,326	6,521	X	-	136	22	114	X	-	9,711	-
of which:												
- *forborne exposures*	*8*	-	*8*	*X*	-	-	-	-	*X*	-	*8*	-
e) Other performing exposures	10,881,562	10,610,196	245,199	X	2,069	6,998	5,804	1,191	X	3	10,874,564	-
of which:												
- *forborne exposures*	*7,122*	-	*7,122*	*X*	-	*75*	-	*75*	*X*	-	*7,047*	-
Total A	**10,938,662**	**10,613,522**	**251,720**	**47,253**	**2,069**	**25,463**	**5,826**	**1,305**	**18,329**	**3**	**10,913,199**	**-**
B. Off-balance sheet credit exposures												
a) Non-performing	24,078	X	-	748	23,330	9,401	X	-	-	9,401	14,677	-
b) Performing	1,159,403	1,133,881	2,998	X	-	190	134	56	X	-	1,159,213	-
Total B	**1,183,481**	**1,133,881**	**2,998**	**748**	**23,330**	**9,591**	**134**	**56**	**-**	**9,401**	**1,173,890**	**-**
Total (A + B)	**12,122,143**	**11,747,403**	**254,718**	**48,001**	**25,399**	**35,054**	**5,960**	**1,361**	**18,329**	**9,404**	**12,087,089**	**-**

Cash exposures with customers include all cash financial assets claimed from customers, regardless of the portfolio of allocation for accounting purposes: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, financial assets designated at fair value and other financial assets mandatorily measured at fair value.
Off-balance sheet exposures include all financial transactions other than cash transactions, such as financial derivatives, guarantees issued and commitments, that entail the assumption of credit risk, determined on the basis of the measurement criteria established by the Bank of Italy.
All non-performing off-balance sheet exposures refer to positions entirely secured by pledges.

The classification of non-performing loans to customers relating to the HTC accounting portfolio is shown below; loans and debt securities that reached maturity are thus included.

Bad loans

Gross bad loans to customers amounted to 27,592 thousand euros and included 12,856 thousand euros of value adjustments; therefore, net bad loans recognised totalled 14,736 thousand euros. Of this amount, 9,606 thousand euros (65% of net bad loans alone) related to positions attributable to former Banca del Gottardo Italia's customers, fully covered by cash collateral deposits granted by BSI S.A., now EFG Bank AG, as part of the indemnity guarantee.

Excluding "ex-indemnity" positions, net bad loans to ordinary customers thus amounted to 5,130 thousand euros, equal to about 35% of total net bad loans and 0.01% of total net loans to customers. Considering bad loans secured by guarantees (mortgages of 908 thousand euros and guarantee provided by the Mediocredito Centrale SME Guarantee Fund of 4,167 thousand euros), residual net bad loans amounted to 55 thousand euros.

The portfolio of bad loans also includes the exposure in debt instruments, amounting to 2,642 thousand euros gross, allocated to the HTC portfolio and deemed almost entirely irrecoverable.

The aggregate (see Table A.1.9) declined by 4,173 thousand euros gross due to the combined effects of: 1) increases due to transfers from other categories of non-performing exposure of 4,556 thousand euros, increases of 727 thousand euros, mainly due to greater draw-downs on positions already classified as bad loans due to the charging of interest and, marginally, reclassifications from other categories of non-performing exposures of 72 thousand euros; 2) decreases attributable for 8,996 thousand euros to "ex-indemnity" positions sold without recourse to EFG Bank S.A., for 431 thousand euros to collections and for 101 thousand euros to write-offs.

Unlikely to pay

At 31 December 2023, the gross amount of the item “Unlikely to pay” was 6,284 thousand euros, of which 5,155 thousand euros (82%) attributable to positions secured by collateral or equivalent guarantees (mandate to policy-related collections or guarantee from the Mediocredito Centrale SME Guarantee Fund), and it included 2,117 thousand euros of adjustments, for a net balance of 4,167 thousand euros.

The aggregate (see Table A.1.9) decreased by 6,173 thousand euros compared to 31 December 2022 as a result of:

› decreases of 8,757 thousand euros, due mostly to collections of 2,217 thousand euros, referring to counterparties with exposures secured by collateral and similar guarantees, definitively recovered due to repayment and discharge of the exposure, as well as reclassifications to performing exposures of 1,983 thousand euros and transfers to other categories of non-performing exposures (reclassification to bad loans) for 4,556 thousand euros;
› increases of 2,584 thousand euros, consisting of new positions transferred from other performing categories amounting to 124 thousand euros and relating to originally performing positions that deteriorated during the year and were classified as unlikely to pay, transfers from other categories of non-performing exposures for 2,184 thousand euros relating to positions already past due reclassified as unlikely to pay, and greater draw-downs from positions already classified as UTP of 276 thousand euros;

Non-performing past-due exposures

Non-performing past-due exposures amounted to 13,377 thousand euros, including adjustments of 3,356 thousand euros, yielding a net balance of 10,021 thousand euros. The net aggregate mainly includes: i) exposures mainly secured by collateral (mortgage and pledge) or equivalent guarantees (mandate to policy-related collections, guarantee from the Mediocredito Centrale SME Guarantee Fund and SACE policy) totalling 9,583 thousand euros; ii) other unsecured exposures with an average balance per position of approximately 2 thousand euros.

The aggregate (see Table A.1.9) increased by 3,181 thousand euros compared to 31 December 2022 as a result of:

› increases of 11,200 thousand euros, primarily attributable to new reclassifications from performing positions of 9,823 thousand euros and to increases in already non-performing positions of 1,377 thousand euros;
› decreases of 8,019 thousand euros, mainly consisting of collections on past-due positions with full repayment of the exposure of 4,823 thousand euros, transfers to other categories of non-performing exposures of 2,184 thousand euros relating to positions reclassified as unlikely to pay, return to performing status of past-due exposures due to repayment for 934 thousand euros, and write-offs with concurrent recognition of a credit loss for a total of 78 thousand euros.

Performing past-due exposures

Performing past-due exposures also include positions overdrawn or past due by more than 90 days, and for which the amount past due does not exceed the significance thresholds set following the entry into force of the new definition of default established by the European Regulation on prudential requirements for credit institutions and investment firms (Article 178 of Regulation No. 575/2013).

In almost all cases, these are positions guaranteed by pledges found to be past due at the reporting date and currently being repaid.

Loans subject to Covid measures

With regard to Covid-19 support measures at 31 December 2023, loans to SMEs secured by the Mediocredito Centrale SME Guarantee Fund and granted until 2021, amounted to 53,603 thousand euros (of which 3,520 thousand euro non-performing loans).

A.1.7a Loans subject to Covid-19 measures: gross and net values

TYPES OF EXPOSURES/VALUES	GROSS EXPOSURE					TOTAL ADJUSTMENTS AND TOTAL PROVISIONS					NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS(*)
		STAGE 1	STAGE 2	STAGE 3	ACQUIRED OR ORIGINATED IMPAIRED		STAGE 1	STAGE 2	STAGE 3	ACQUIRED OR ORIGINATED IMPAIRED		
A. Bad loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Subject to forbearance measures in accordance with GLs	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to moratorium no longer in accordance with the GLs and not measured as subject to forbearance	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) Newly issued loans	-	-	-	-	-	-	-	-	-	-	-	-
B. Unlikely to pay	**3,124**	**-**	**-**	**3,124**	**-**	**671**	**-**	**-**	**671**	**-**	**2,453**	**-**
a) Subject to forbearance measures in accordance with GLs	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to moratorium no longer in accordance with the GLs and not measured as subject to forbearance	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) Newly issued loans	3,124	-	-	3,124	-	671	-	-	671	-	2,453	-
C. Non-performing past-due loans	**1,185**	**-**	**-**	**1,185**	**-**	**117**	**-**	**-**	**118**	**-**	**1,068**	**-**
a) Subject to forbearance measures in accordance with GLs	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to moratorium no longer in accordance with the GLs and not measured as subject to forbearance	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) Newly issued loans	1,185	-	-	1,185	-	117	-	-	118	-	1,068	-
D. Performing loans	**348**	**302**	**46**	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**347**	**-**
a) Subject to forbearance measures in accordance with GLs	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to moratorium no longer in accordance with the GLs and not measured as subject to forbearance	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) Newly issued loans	348	302	46	-	-	1	-	-	-	-	347	-
E. Other performing loans	**49,735**	**49,549**	**186**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**49,735**	**-**
a) Subject to forbearance measures in accordance with GLs	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to moratorium no longer in accordance with the GLs and not measured as subject to forbearance	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) Newly issued loans	49,735	49,549	186	-	-	-	-	-	-	-	49,735	-
Total (A + B + C + D + E)	**54,392**	**49,851**	**232**	**4,309**	**-**	**789**	**-**	**-**	**789**	**-**	**53,603**	**-**

(*) Value to be indicated for disclosure purposes.

A.1.9 Cash credit exposures with customers: changes in gross non-performing exposures

CAUSES/CATEGORIES	BAD LOANS	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE EXPOSURES
A. Gross exposure at year-start	**31,765**	**12,457**	**10,196**
- *of which: exposures transferred but not written off*	-	-	-
B. Increases	**5,355**	**2,584**	**11,200**
B.1 New reclassifications from performing exposures	72	124	9,823
B.2 New reclassifications from acquired or originated impaired financial assets	-	-	-
B.3 Transfers from other categories of non-performing exposures	4,556	2,184	-
B.4 Contractual changes without cancellations	-	-	-
B.5 Other increases	727	276	1,377
C. Decreases	**9,528**	**8,757**	**8,019**
C.1 Reclassification to performing exposures	-	1,983	934
C.2 Write-offs	101	1	78
C.3 Repayments received	431	2,217	4,823
C.4 Gains on disposals	8,996	-	-
C.5 Losses on disposals	-	-	-
C.6 Transfers to other categories of non-performing exposures	-	4,556	2,184
C.7 Contractual changes without cancellations	-	-	-
C.8 Other decreases	-	-	-
D. Gross exposure at year-end	**27,592**	**6,284**	**13,377**
- *of which: exposures transferred but not written off*	-	-	-

A.1.9 bis Cash credit exposures with customers: changes in gross forborne exposures, broken down by credit quality

CAUSES/QUALITY	NON-PERFORMING FORBORNE EXPOSURES	PERFORMING FORBORNE EXPOSURES
A. Gross exposure at year-start	**2,372**	**6,463**
- *of which: exposures transferred but not written off*	-	-
B. Increases	**680**	**4,423**
B.1 New reclassifications from performing non-forborne exposures	-	4,274
B.2 New reclassifications from performing forborne exposures	-	X
B.3 New reclassifications from non-performing forborne exposures	X	87
B.4 Other increases	680	62
C. Decreases	**2,069**	**3,756**
C.1 Reclassifications to performing non-forborne exposures	X	2,020
C.2 Reclassifications to performing forborne exposures	87	X
C.3 Reclassifications to non-performing forborne exposures	X	-
C.4 Write-offs	-	-
C.5 Repayments received	210	1,736
C.6 Gains on disposals	-	-
C.7 Losses on disposals	-	-
C.8 Other decreases	1,772	-
D. Gross exposure at year-end	**983**	**7,130**
- *of which: exposures transferred but not written off*	-	-

Forborne exposures

Gross forborne exposure, amounting to 8,113 thousand euros, consisted largely of performing positions amounting to 7,130 thousand euros gross (accounting for 88% of total forborne exposures), almost all of which were secured by collateral or similar guarantees, whose increase on 2022 (from 6,463 thousand euros) was attributable to: i) new reclassifications for 4,274 thousand euros relating to performing positions that had been granted a new forbearance measure (new finance or refinancing of existing debt); ii) reclassifications for 87 thousand euros of non-performing forborne positions whose cure period had ended; and iii) increases of 62 thousand euros for reclassifications of performing positions already classified as forborne. Decreases were due to: eliminations of positions for 2,020 thousand euros for which the probation period has elapsed and collections of 1,736 thousand euros referring to repayment and write-off of forborne exposures.

The residual share consisted of non-performing forborne exposures of 983 thousand euros gross (accounting for 12% of total forborne exposures).

The non-performing cash forborne positions aggregate declined by 1,389 thousand euros overall (in gross terms), as a result of:

› decreases due to repayment and write-off of forborne exposures on non-performing positions reclassified to performing of 1,772 thousand euros, collections of 210 thousand euros and eliminations of 87 thousand euros referring to non-performing forborne positions whose cure period had ended;
› increases of 680 thousand euros due to: granting of a forbearance measure to an already non-performing position for 654 thousand euros and new reclassifications for 21 thousand euros.

A.1.11 Non-performing cash credit exposures with customers: changes in total adjustments

	BAD LOANS		UNLIKELY TO PAY		NON-PERFORMING PAST-DUE EXPOSURES	
CAUSES/CATEGORIES	TOTAL	OF WHICH: FORBORNE EXPOSURES	TOTAL	OF WHICH: FORBORNE EXPOSURES	TOTAL	OF WHICH: FORBORNE EXPOSURES
A. Total adjustments at year-start	**12,376**	**-**	**2,414**	**253**	**1,994**	**12**
- *of which: exposures transferred but not written off*	-	-	-	-	-	-
B. Increases	**696**	**-**	**431**	**120**	**2,056**	**1**
B.1 Adjustments to acquired or originated impaired financial assets	-	X	-	X	-	X
B.2 Other adjustments	228	-	217	120	2,056	1
B.3 Losses on disposals	1	-	1	-	-	-
B.4 Transfers from other categories of non-performing exposures	467	-	213	-	-	-
B.5 Contractual changes without cancellations	-	X	-	X	-	X
B.6 Other increases	-	-	-	-	-	-
C. Decreases	**216**	**-**	**728**	**56**	**694**	**-**
C.1 Reversals of adjustments	106	-	198	55	119	-
C.2 Reversals of collections	9	-	10	1	222	-
C.3 Gains on disposals	-	-	-	-	-	-
C.4 Write-offs	101	-	1	-	78	-
C.5 Transfers to other categories of non-performing exposures	-	-	467	-	213	-
C.6 Contractual changes without cancellations	-	X	-	X	-	X
C.7 Other decreases	-	-	52	-	62	-
A. Total adjustments at year-end	**12,856**	**-**	**2,117**	**317**	**3,356**	**13**
- *of which: exposures transferred but not written off*	-	-	-	-	-	-

Besides the exposures included in the previous tables, other non-performing positions are recognised in the Financial Statements for a net amount of 2,317 thousand euros, attributable to operating receivables not involving lending transactions, mostly relating to disputes and pre-dispute positions against former Financial Advisors (terminated or expired contracts).

OPERATING RECEIVABLES UNDER DISPUTE	31.12.2023 GROSS	WRITE-DOWNS	NET
Receivables related to FA litigation	3,754	1,468	2,286
Advances to FAs	79	79	-
Write-downs of receivables from FAs	**3,833**	**1,547**	**2,286**
Write-downs of operating receivables	494	463	31
Write-downs of operating receivables	**494**	**463**	**31**
Total write-downs	**4,327**	**2,010**	**2,317**

A.2 Classification of financial assets, commitments to disburse funds and financial guarantees issued based on external and internal rating

Banca Generali has always regarded lending as ancillary to its ability to attract and manage its customers' assets. Accordingly, the Bank has not traditionally used an internal rating system to assess its customers' creditworthiness. The Bank therefore largely uses external ratings published by the main rating companies (Moody's, S&P and Fitch) in making portfolio decisions regarding its trading activities.

A.2.1 Breakdown of financial assets, commitments to disburse funds and financial guarantees issued by external rating classes (gross values)

EXPOSURES	EXTERNAL RATING CLASSES AAA/AA-	A+/A-	BBB+/BBB-	BB+/BB-	B+/B-	< B-	WITHOUT RATING	TOTAL
A. Financial assets measured at amortised cost	**1,864,512**	**697,611**	**6,479,178**	**102,686**	**-**	**-**	**3,140,524**	**12,284,511**
- Stage 1	1,862,571	697,611	6,479,178	102,686	-	-	2,835,927	11,977,973
- Stage 2	1,941	-	-	-	-	-	255,275	257,216
- Stage 3	-	-	-	-	-	-	49,322	49,322
- Acquired or originated impaired	-	-	-	-	-	-	-	-
B. Financial assets measured at fair value through other comprehensive income	**102,538**	**6,446**	**847,181**	**19,676**	**-**	**-**	**-**	**975,841**
- Stage 1	102,538	6,446	847,181	19,676	-	-	-	975,841
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3								-
- Acquired or originated impaired	-	-	-	-	-	-	-	-
C. HFS financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Acquired or originated impaired	-	-	-	-	-	-	-	-
Total (A + B + C)	**1,967,050**	**704,057**	**7,326,359**	**122,362**	**-**	**-**	**3,140,524**	**13,260,352**
D. Commitments to disburse funds and financial guarantees issued	**-**	**-**	**567**	**-**	**-**	**-**	**116,643**	**117,210**
- Stage 1	-	-	567	-	-	-	90,252	90,819
- Stage 2	-	-	-	-	-	-	2,998	2,998
- Stage 3	-	-	-	-	-	-	63	63
- Acquired or originated impaired	-	-	-	-	-	-	23,330	23,330
Total (A + B + C + D)	**1,967,050**	**704,057**	**7,326,926**	**122,362**	**-**	**-**	**3,257,167**	**13,377,562**

Financial assets measured at amortised cost without rating include trade receivables and advances to Financial Advisors totalling 147,829 thousand euros.

A.3 Breakdown of guaranteed credit exposures by type of guarantee

A.3.1 Guaranteed cash and off-balance sheet credit exposures with banks

	EXPOSURE		COLLATERALISED GUARANTEES (1)				PERSONAL GUARANTEES (2)									
							CREDIT DERIVATIVES					SIGNATURE LOANS				
								OTHER DERIVATIVES								
	GROSS	NETT	BUILDINGS – MORTGAGES	BFL	SECURITIES	OTHER COLLATERALISED GUARANTEES	CLNS	CC	BK	OTHER FINANCIAL CORP.	OTHER ENTITIES	GENERAL GOVERNMENTS	BK	OTHER FINANCIAL CORP.	OTHER ENTITIES	TOTAL (1)+(2)
1. Guaranteed cash credit exposures	**354,067**	**353,988**	**-**	**-**	**229,056**	**-**	**-**	**-**	**-**	**-**	**-**	**124,932**	**-**	**-**	**-**	**353,988**
1.1 Totally guaranteed	338,923	338,846	-	-	229,056	-	-	-	-	-	-	109,790	-	-	-	338,846
- *of which: non-performing*			-	-	-	-	-	-	-	-	-		-	-	-	-
1.2 Partially guaranteed	15,144	15,142	-	-	-	-	-	-	-	-	-	15,142	-	-	-	15,142
- *of which: non-performing*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Guaranteed off-balance sheet credit exposures	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Totally guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- *of which: non-performing*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Partially guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- *of which: non-performing*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Legend:
BFL: Buildings - Finance leases
CC: Central counterparties
BK: Banks

A.3.2 Guaranteed cash and off-balance sheet credit exposures with customers

All assets held as guarantee (whether financial or non-financial) may only be liquidated in the event of default by the primary debtor, subject to formal notification to the guarantor. Accordingly, the Bank cannot sell or reuse as guarantee such assets unless the debtor defaults.

	EXPOSURE		COLLATERALISED GUARANTEES (1)				PERSONAL GUARANTEES (2)									
							CREDIT DERIVATIVES					SIGNATURE LOANS				
								OTHER DERIVATIVES								
	GROSS	NETT	BUILDINGS – MORTGAGES	BFL	SECURITIES	OTHER COLLATERALISED GUARANTEES	CLNS	CC	BK	OTHER FINANCIAL CORP.	OTHER ENTITIES	GENERAL GOVERNMENTS	BK	OTHER FINANCIAL CORP.	OTHER ENTITIES	TOTAL (1) + (2)
1. Guaranteed cash credit exposures	**2,309,164**	**2,293,479**	**302,058**	**-**	**1,609,001**	**238,750**	**-**	**-**	**-**	**-**	**-**	**134,025**	**-**	**332**	**3,281**	**2,287,447**
1.1 Totally guaranteed	2,260,055	2,246,515	300,006	-	1,595,350	227,795	-	-	-	-	-	121,724	-	330	1,311	2,246,516
- *of which: non-performing*	*29,976*	*20,559*	*9,052*	-	*4,659*	*3,177*	-	-	-	-	-	*3,632*	-	-	*42*	*20,562*
1.2 Partially guaranteed	49,109	46,964	2,052	-	13,651	10,955	-	-	-	-	-	12,301	-	2	1,970	40,931
- *of which: non-performing*	*8,464*	*6,454*	-	-	*1,039*	*148*	-	-	-	-	-	*4,974*	-	-	*269*	*6,430*
2. Guaranteed off-balance sheet credit exposures	**967,553**	**967,370**	**-**	**-**	**776,759**	**183,059**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**838**	**471**	**961,127**
2.1 Totally guaranteed	931,416	931,253	-	-	758,117	171,907	-	-	-	-	-	-	-	838	390	931,252
- *of which: non-performing*	*441*	*441*	-	-	*373*	*68*	-	-	-	-	-	-	-	-	-	*441*
2.2 Partially guaranteed	36,137	36,117	-	-	18,642	11,152	-	-	-	-	-	-	-	-	81	29,875
- *of which: non-performing*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Legend:
BFL: Buildings - Finance leases
CC: Central counterparties
BK: Banks

B. Breakdown and concentration of credit exposures

B.1 Sector breakdown of cash and off-balance sheet credit exposures with customers

EXPOSURES/COUNTERPARTY	NET EXPOSURE	TOTAL ADJUSTMENTS
A. Cash exposures		
1. General governments	**7,931,396**	**1,761**
A.1 Bad loans	-	-
- *of which: forborne exposures*	-	-
A.2 Unlikely to pay	-	-
- *of which: forborne exposures*	-	-
A.3 Non-performing past-due exposures	1	1
- *of which: forborne exposures*	-	-
A.4 Performing exposures	7,931,395	1,760
- *of which: forborne exposures*	-	-
2. Financial corporations	**620,423**	**1,480**
A.1 Bad loans	25	82
- *of which: forborne exposures*	-	-
A.2 Unlikely to pay	263	223
- *of which: forborne exposures*	-	-
A.3 Non-performing past-due exposures	300	178
- *of which: forborne exposures*	-	-
A.4 Performing exposures	619,835	997
- *of which: forborne exposures*	*71*	*2*
3. Financial corporations (of which insurance companies)	**39,684**	**-**
A.1 Bad loans	-	-
- *of which: forborne exposures*	-	-
A.2 Unlikely to pay	-	-
- *of which: forborne exposures*	-	-
A.3 Non-performing past-due exposures	-	-
- *of which: forborne exposures*	-	-
A.4 Performing exposures	39,684	-
- *of which: forborne exposures*	-	-
4. Non-financial corporations	**345,934**	**14,115**
A.1 Bad loans	12,500	12,037
- *of which: forborne exposures*	-	-
A.2 Unlikely to pay	2,494	707
- *of which: forborne exposures*	*41*	*1*
A.3 Non-performing past-due exposures	2,654	418
- *of which: forborne exposures*	-	-
A.4 Performing exposures	328,286	953
- *of which: forborne exposures*	*3,157*	*15*
5. Households	**2,015,446**	**8,107**
A.1 Bad loans	2,211	737
- *of which: forborne exposures*	-	-
A.2 Unlikely to pay	1,410	1,187
- *of which: forborne exposures*	*561*	*316*
A.3 Non-performing past-due exposures	7,066	2,759
- *of which: forborne exposures*	*51*	*13*
A.4 Performing exposures	2,004,759	3,424
- *of which: forborne exposures*	*3,890*	*58*
Total A – Cash exposures	**10,913,199**	**25,463**

EXPOSURES/COUNTERPARTY	NET EXPOSURE	TOTAL ADJUSTMENTS
B. Off-balance sheet exposures		
1. General governments	**-**	**-**
B.1 Non-performing exposures	-	-
B.2 Performing exposures	-	-
2. Financial corporations	**58,925**	**9,437**
B.1 Non-performing exposures	13,944	9,401
B.2 Performing exposures	44,981	36
3. Financial corporations (of which insurance companies)	**2,164**	**3**
B.1 Non-performing exposures	-	-
B.2 Performing exposures	2,164	3
4. Non-financial corporations	**204,826**	**85**
B.1 Non-performing exposures	63	-
B.2 Performing exposures	204,763	85
5. Households	**910,139**	**69**
B.1 Non-performing exposures	670	-
B.2 Performing exposures	909,469	69
Total B – Off-balance sheet exposures	**1,173,890**	**9,591**

EXPOSURES/COUNTERPARTY	NET EXPOSURE	TOTAL ADJUSTMENTS
General governments	7,931,396	1,761
Financial corporations	679,348	10,917
Financial corporations (of which insurance companies)	41,848	3
Non-financial corporations	550,760	14,200
Households	2,925,585	8,176
Overall total (A + B) at 31.12.2023	**12,087,089**	**35,054**
Overall total (A + B) at 31.12.2022	**13,272,797**	**25,367**

B.2 Geographical breakdown of cash and off-balance-sheet credit exposures with customers

	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
EXPOSURES/ GEOGRAPHICAL AREAS	NET EXPOSURE	TOTAL VALUE ADJUST-MENTS	NET EXPOSURE	TOTAL VALUE ADJUST-MENTS	NET EXPOSURE	TOTAL VALUE ADJUST-MENTS	NET EXPOSURE	TOTAL VALUE ADJUST-MENTS	NET EXPOSURE	TOTAL VALUE ADJUST-MENTS
A. Cash credit exposures										
A.1 Bad loans	14,736	12,133	-	723	-	-	-	-	-	-
A.2 Unlikely to pay	4,167	2,117	-	-	-	-	-	-	-	-
A.3 Non-performing past-due exposures	8,924	3,314	37	42	356	-	-	-	704	-
A.4 Other performing exposures	8,098,562	6,061	2,169,960	853	54,878	89	81,271	45	479,604	86
Total A	**8,126,389**	**23,625**	**2,169,997**	**1,618**	**55,234**	**89**	**81,271**	**45**	**480,308**	**86**
B. Off-balance sheet credit exposures										
B.1 Non-performing exposures	748	-	13,929	9,401	-	-	-	-	-	-
B.2 Performing exposures	1,133,739	190	24,157	-	479	-	48	-	790	-
Total B	**1,134,487**	**190**	**38,086**	**9,401**	**479**	**-**	**48**	**-**	**790**	**-**
Total at 31.12.2023	**9,260,876**	**23,815**	**2,208,083**	**11,019**	**55,713**	**89**	**81,319**	**45**	**481,098**	**86**
Total at 31.12.2022	**9,477,169**	**21,987**	**3,324,678**	**2,983**	**75,583**	**189**	**96,818**	**79**	**298,549**	**130**

B.3 Geographical breakdown of cash and off-balance-sheet credit exposures with banks

EXPOSURES/ GEOGRAPHICAL AREAS	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	TOTAL VALUE ADJUST-MENTS	NET EXPOSURE	TOTAL VALUE ADJUST-MENTS	NET EXPOSURE	TOTAL VALUE ADJUST-MENTS	NET EXPOSURE	TOTAL VALUE ADJUST-MENTS	NET EXPOSURE	TOTAL VALUE ADJUST-MENTS
A. Cash credit exposures										
A.1 Bad loans	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-	-	-
A.3 Non-performing past-due exposures	-	-	-	-	-	-	-	-	-	-
A.4 Other performing exposures	1,281,797	824	1,585,294	863	16,267	12	-	-	-	-
Total A	**1,281,797**	**824**	**1,585,294**	**863**	**16,267**	**12**	**-**	**-**	**-**	**-**
B. Off-balance sheet credit exposures										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	150,348	-	11,607	-	-	-	-	-	-	-
Total B	**150,348**	**-**	**11,607**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total at 31.12.2023	**1,432,145**	**824**	**1,596,901**	**863**	**16,267**	**12**	**-**	**-**	**-**	**-**
Total at 31.12.2022	**1,509,054**	**1,755**	**2,044,874**	**1,362**	**24,660**	**12**	**-**	**-**	**130,921**	**107**

B.4 Large exposures

Regulation (EU) No. 575/2013 (CRR) and Directive No. 2013/36/EU (CRD IV), published on the *Official Journal of the European Union* on 27 June 2013, enacted the new rules defined by the Basel Committee on banking supervision governing "Large Exposures". On 17 December 2013, the Bank of Italy applied the above provisions by issuing Circular No. 285 "New Prudential Supervisory Provisions Concerning Banks" — further updated in various years (latest update, No. 44, dated 19 December 2023) — and Circular No. 286 "Instructions for the Compilation of Prudential Reports for Banks and Securities Brokerage Companies". The latter Circular as well was subject to several updates during the years (latest update, No. 16, on 28 November 2023). In detail, according to the aforementioned rules, exposure values of a bank to a counterparty or to a group of connected counterparties must be defined as a "large exposure" if it is equal to or above 10% of the bank's Tier 1 capital.
Based on CRR 575/2013, "Tier 1 capital" is defined as the sum of Total Common Equity Tier 1 capital and Additional Tier 1 capital of the entity.

The exposure value of an asset item shall be its accounting value and not its weighted value. Therefore, the risk positions that fall within the meaning of "Large Exposure" are recognised at both book value and weighted value.

BIG RISKS	31.12.2023	31.12.2022
a) Amount of the exposure	12,667,563	13,820,286
b) Weighted amount	700,637	521,231
c) Number	20	20

C. Securitisation

Qualitative information

Banca Generali's appetite for investments in securitised instruments is very limited (the exposure is 1.15% of the total banking book bond portfolio). All investments undertaken were directed towards the most senior tranches of the securitised structures.

Quantitative information

C.2 Breakdown of exposures resulting from main third-party securitisations by type of securitised assets and type of exposure

	CASH EXPOSURES						GUARANTEES ISSUED						LINES OF CREDIT					
	SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR		SENIOR		MEZZANINE		JUNIOR	
TYPE OF UNDERLYING ASSETS/EXPOSURES	BV	AR	BV	AR	BV	AR	BV	AR	BV	AR	BV	AR	BV	AR	BV	AR	BV	AR
GIM NL LUX 12.06.2018	20,125	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PRADO VIII FRN 2055	2,617	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PRISMA SPV FRN 2039	10,915	120	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CREDIMI 20.07.2026	29,064	312	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LANTERNA M FRN 2065	7,316	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ERIDANO II SPV FRN 3	1,926	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PROG QUIN 36 A 1 FR	1,282	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CORDATUS VIII FRN 34	7,573	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EURO-GAL VII FRN 35	7,563	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AQUEDUCT EUROPEAN CL	6,236	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RRME 2X A1R	6,058	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AURIUM VIII FRN 2034	7,503	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
INVESCO VI FRN 2035	7,573	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Legend
BV = book value
AR = Adjustments/Reversals

D. Information on structured entities (other than securitisation vehicle companies) not consolidated for accounting purposes

For further qualitative and quantitative information on other structured entities, reference should be made to Part E, Section 1 – Accounting consolidation risks – B. Information on structured entities (other than securitisation companies) - B.2.2 Other structured entities of the Consolidated Financial Statements.

E. Transfers

E.1 Transferred financial assets fully recognised and related financial liabilities: book value

	TRANSFERRED FINANCIAL ASSETS FULLY RECOGNISED				RELATED FINANCIAL LIABILITIES		
	BOOK VALUE	OF WHICH: SECURITISED	OF WHICH: REVERSE REPURCHASE AGREEMENTS	OF WHICH: NON-PERFORMING	BOOK VALUE	OF WHICH: SECURITISED	OF WHICH: REVERSE REPURCHASE AGREEMENTS
A. HFT financial assets	**-**	**-**	**-**	**X**	**-**	**-**	**-**
1. Debt securities	-	-	-	X	-	-	-
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	X	-	-	-
4. Derivatives	-	-	-	X	-	-	-
B. Other financial assets mandatorily measured at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
C. Financial assets designated at fair value	-	-	-	-	-	-	-
1. Debt securities	-	-	-	-	-	-	-
2. Loans	-	-	-	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income	**44,377**	**-**	**44,377**	**-**	**44,371**	**-**	**44,371**
1. Debt securities	44,377	-	44,377	-	44,371	-	44,371
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
E. Financial assets measured at amortised cost	**1,543,607**	**-**	**1,543,607**	**-**	**1,509,598**	**-**	**1,509,598**
1. Debt securities	1,543,607	-	1,543,607	-	1,509,598	-	1,509,598
2. Loans	-	-	-	-	-	-	-
Total at 31.12.2023	**1,587,984**	**-**	**1,587,984**	**-**	**1,553,969**	**-**	**1,553,969**
Total at 31.12.2022	**1,895,545**	**-**	**1,895,545**	**-**	**1,849,121**	**-**	**1,849,121**

C. Prudential consolidation - Transferred financial assets fully derecognised

In accordance with the Bank of Italy Communication of 23 December 2019, this section contains information regarding the restructuring of a portfolio of senior notes issued by SPVs in the securitisation of healthcare receivables by Banca Generali in 2021 as it is considered to constitute a transfer of a loan portfolio to a mutual investment fund with concurrent subscription of the units by the transferring intermediary.
For further information on the restructuring process, reference should be made to the corresponding Section of the Financial Statements at 31 December 2021.

The healthcare receivable restructuring operation

In 2021, Banca Generali had performed an extensive restructuring of a portfolio of senior notes issued by an SPV of securitised healthcare receivables, with a notional value of 478.5 million euros, held by its professional clients. In particular, the restructuring of the portfolio entailed the following:

1. the purchase of the securitised senior notes from the clients for an amount of 457.6 million euros[14 15];
2. the simultaneous sale of the notes thus purchased to a newly formed Italian fund (AIF), the “Forward Fund”, managed by Gardant Investor SGR, for 377.7 million euros, with the Bank recognising a trading loss of 79.9 million euros, accounting for approximately 79% of the principal amount outstanding of these notes;
3. the subscription by the Bank of the majority of the shares of the above Fund, with a 98% stake, equal to 490 million euros (A shares), of which 378 million euros already paid at the time of purchase of the notes, whereas the remaining 10 million euros (B shares) were subscribed by Gardant S.p.A., the parent company of the management firm that promoted the formation and assumed full, independent management of the fund.

[14] In particular, Banca Generali promoted a purchase offer addressed to all interested clients in reference to the full outstanding amount of the senior notes relating to the Astrea Due, Astrea Tre, Astrea Quattro and Chiron Due and Argo securitisations for a consideration of 95% of the principal amount outstanding (97.5% for Argo).
[15] The total outstanding amount of the securitisations amounted to 542 million euros, inclusive of mezzanine notes not distributed to customers of the Bank and junior notes held by the arranger of the transaction.

The strategic goal of the restructuring was thus essentially to protect customers against a potential loss on the investments concerned by transferring the aforementioned notes to a specialised, independent professional operator with specific expertise in managing illiquid portfolios and the servicing of securitisations, capable of optimising the process of recovering the cash flows generated by the notes by restructuring their maturities and ensuring better management of the repayment of the underlying receivables and concurrent reinvestment of the proceeds of such payments.
The securitisations subject to transfer did not refer to underlying transactions originated by Banca Generali and had not been previously held by the Bank. Rather, the Bank only acquired title to them on an entirely temporary basis at the time of the twofold transfer.
In fact, the Bank acted only as Placement Agent in these securitisation transactions, but it has nonetheless decided to undertake the restructuring operation to protect its clients and strengthen its trust-based relationship with them.

The portfolio of transferred receivables
At the end of 2021, the assets underlying the securitisations had amounted to 595.1 million euros and had included 509.1 million euro healthcare receivables from local healthcare authorities, with a residual share consisting of receivables from the Italian general government (e.g., municipalities, regions, ministries, etc.) and 86.0 million euro cash balance.
In particular, exposures to healthcare companies also included types of receivables with a high risk profile, such as "out-of-budget" healthcare receivables (268 million euros) and late payment interest from past-due healthcare receivables (162.5 million euros, of which 62.0 million euros transferred without the originating receivables).
Most of the receivables underlying the securitisations could therefore be deemed to be non-performing as overdrawn or under dispute, with the exception of the liquidity and a minor revolving loans component.

Recoverable amounts had been estimated at approximately 397 million euros (311 million euros net of cash held in the notes), and their fair value had been estimated at 377.3 million euros (291.3 million euros net of cash).
In the first half of 2022, the asset management company prepared a business plan, subsequently updated on a half-yearly basis, based on the analysis of each position, which permitted an improvement, compared to the initial hypothesis, in the expected recoverable amount of the underlying receivables, albeit over more diluted timescales.

At 31 December 2023, the value of the exposure to healthcare receivables within the Forward Fund thus amounted to 342.1 million euros, divided into receivables from General governments of 198.2 million euros and receivables from transferors[16] of 143.9 million euros.

In 2023, the loans portfolio changed mainly as a result of the reimbursement collected, amounting to approximately to 21.5 million euros, and of the positive performance of some positions under dispute.

The portfolio fair value was 261.5 million euros (287 million euros at the end of 2022).

The Forward Fund
The Forward Fund is a reserved, closed-end Italian alternative investment fund (AIF), formed by Gardant Investor SGR S.p.A. following the authorisation received on 2 August 2021.
In accordance with the Fund Regulation, approved by the related Board of Directors on 10 September 2021, two classes of units were issued that grant their holders different economic and governance prerogatives:
› 490 class A units, subscribed by Banca Generali, in the total amount of 490 million euros, of which 378 million euros paid in cash upon the purchase of the senior notes by the Fund[17], and the remaining 112 million euros called in 2022 and aimed at constructing an alternative investment portfolio[18];
› 10 class B units, subscribed by Gardant S.p.A., the parent company of the asset management company, in the total amount of 10 million euros.

The A and B units enjoy the same **economic rights**, except for the right of the B investor to an increase in the accrued income, by way of incentive, of 15% of the fund's return in excess of 3%, with effect from the fifth year and solely on the investments undertaken directly by the management company.
With reference to the **governance**, the Fund Rules provide that within the framework of the guidelines established, all powers relating to relevant decisions regarding management of the fund be irrevocably transferred to the management company, which may therefore operate in full autonomy, reserving only rights of a protective nature for the Bank, as the A investor.

The fund, which has an initial duration of 15 years[19], pursues the twofold goal of:
› optimising the process of recovering the cash flows generated by the receivables, through the restructuring of maturities and better management of repayment of the underlying receivables and concurrent reinvestment of their proceeds;

[16] These are off- or out-of-budget receivables, default interest not recognised by local health authorities that at the end of the debt acknowledgement process with negative outcome will need to be recovered from the transferors. Net of the longer recovery times, according to the inquiries made the transferors are all operational, solvent "entitled entities" with dealings with the General Government.
[17] The Fund's units were subscribed on 30 September 2021. On 1 October 2021, the management company then drew down its commitments for the subscription of the first 378 of the 490 units subscribed by Banca Generali with settlement date of 7 October 2021.
[18] In particular, consideration for the remaining units subscribed were paid up for 17 million euros with a value date of 30 March 2022 and for 95 million euros with a value date of 5 December 2022.
[19] The Fund has an overall duration of 15 years, subject to extension by a maximum of two years, with a first investment period with a duration of 8 years and a management and collection period of 7 years.

› managing a complex portfolio of alternative investments, also including infrastructure and corporate lending investments[20], up to a maximum investment of 550 million euros, in order to achieve an expected total return of between 2% and 4% over the life of the Fund.

At the end of 2023, the Fund's net assets amounted to 493.4 million euros and consisted of four classes of assets:
› healthcare receivables underlying the securitisation vehicles, with a recoverable amount of 342.1 million euros and a fair value of 261.5 million euros;
› investments in units of infrastructure funds with a fair value of 41.5 million euros (commitment of 63 million euros);
› corporate lending of 67.9 million euros; and
› total cash of 120.6 million euros, of which 83.05 million euros invested in short-term European government bonds.

In view of the current macroeconomic scenario of severe economic and geopolitical uncertainty, the investment continues to be subject to possible revaluation effects due to the increase in interest rates and the ability of the asset management company to recover cash flows from the underlying healthcare receivables, according to the times and amounts (recovery rate) envisaged by the business plan.

With regard to the estimated FV of the notes with underlying healthcare receivables, a DCF model was applied on the basis of the flows estimated by the special servicer/the management company, discounted in light of their risk profile, at an average rate of approximately 6.5%.

In light of the nature of the instrument, i.e., units of a closed-ended, unlisted (illiquid) mutual fund, and the mark-to-model valuation approach for determining fair value (FV), based on inputs that are not fully observable, it was assigned to Level 3 of the FV hierarchy.
Accordingly, a sensitivity analysis was conducted exclusively on healthcare receivables, assuming a change in the discount rate of +100 bps and a change in the collection of underlying receivables of -5%. The analysis identified a decline of approximately 10.3 million euros in relation to the increase in discount rates (+100 bps) and a decrease of approximately 12.8 million euros in relation to a lower recovery of receivables from debtors (-5%).

At 31 December 2023, the fair value of the investment in the Forward Fund (490 of 500 total units) was estimated at 483.5 million euros (+5.0 million euros), with a cumulative capital loss that therefore declined to 6.5 million euros from 11.5 million euros in 2022, mainly due to the revaluation of infrastructure investments and, to a lesser extent, the positive performance of recoveries on healthcare receivables and a modest increase in market rates.

Section 2 – Market risks

The Bank's exposure to market risk is mainly due to the trading of financial instruments on its own account. Market risk is represented by the possibility to suffer losses due to variations in the value of a financial instrument or a portfolio of financial instruments associated with unexpected variations in market conditions (share prices, interest rates, exchange rates, the prices of goods and the volatility of risk factors).

The Bank monitors market risks with reference both to the banking book and the trading book. Specifically, as regards monitoring this risk the Risk Management Department applies the regulatory method to the trading book, whilst the rate risk on the banking book follows the regulations specified in Annex C of Bank of Italy Circular No. 285/2013 and subsequent updates.
With regard to market risk management, the Bank has formally defined a Financial Portfolio Risk Management Policy, which specifies the general principles, the roles of the corporate bodies and functions involved in risk management, the Group's risk management guidelines on its business model, the risk appetite, the system of delegated powers established by the Board of Directors, the internal control system in force from time to time, and the instructions of the Supervisory Authority. The Finance Department conducts first-line management and monitoring of Banca Generali's exposure to market risk in accordance with predefined operating limits detailed in the Parent Company's Regulation of limits and escalation process.
Second-line controls are a responsibility of the Risk Management Department, as is the monitoring of operating limits aimed at maintaining a level of risk that is consistent with the strategies and risk appetite defined by the Board of Directors.

The Internal Audit Department conducts independent controls (third-line controls) on transactions undertaken by the Departments/Functions involved in the management of market risk in accordance with the Parent Company's Internal Rules.
The Risk Committee is a collegial body responsible for a shared vision of the global performance of the market risk management and control system and for deciding which actions are to be taken in response to any critical situations, deficiencies and/or anomalies that emerge from analyses and/or assessments conducted by the Risk Management Department.

[20] In particular, the Fund's investment policy calls for the cash flows from the repayment of the senior notes and the additional share of 120 million euros of the commitments entered into by the subscribers be invested in:
(i) fundamental infrastructure funds and networks; and
(ii) lending activities to:
(a) corporate lending with a focus on secured lending to Italian companies with adequate guarantees of cash generation not reclassified as non-performing and, possibly,
(b) performing senior real estate lending with adequate guarantees (i.e., first-degree mortgage with advance level of up to 60% of the market value of the asset).

The proprietary bond portfolio is mainly invested in government securities, securities issued by domestic and international banks and, to only a lesser extent, in securities of corporate issuers and ABSs.
With a view to further strengthening the management and monitoring of the credit risk profile, the Bank has adopted a portfolio management policy that, in addition to the above-mentioned credit lines, provides, *inter alia*, for certain minimum and maximum investment limits on specific geographical-industry clusters and minimum thresholds for investments in government securities or securities with a high credit standing. This framework also sets specific maximum maturity limits for investments in the proprietary bond portfolio and strict limitations on exposures to complex instruments or hard-to-value assets.
In addition, to complement its market risk analyses, the Bank performs scenario analyses by both exploiting the macroeconomic forecasts published by institutions and research centres and drawing on internal calculations and management tools.
The portfolio's exposure to the equity market remains modest.

The Bank uses derivatives for hedge accounting purposes (e.g., Interest Rate Swaps), both in order to safeguard the banking book against adverse changes in the fair value of loans caused by movements in rate curves, and to contain duration levels in view of changing trends in the proprietary portfolio.

The main objective of exchange rate operations is to contain open positions in foreign currencies. Regarding the rate activity, the main objective is to align balance sheet assets and liabilities.
Banca Generali holds marginal amounts of securities denominated in foreign currencies.

2.1 Interest rate and price risk – Regulatory trading book

Qualitative information

A. General Aspects

The exposure of the trading book is residual.

B. Management processes and interest rate and price risk measurement techniques

Market risks are measured for management purposes according to a daily sensitivity analysis, prudentially monitored at the level of the Bank's entire proprietary portfolio with the aim of identifying interest rate and spread risk. These are supplemented by the monitoring of deterministic measurements (level measurements such as the notional and Mark to Market values) defined in the Bank's "Regulation of Limits and Escalation Process".

In detail, the model adopted by the Risk Management Department to conduct the sensitivity analysis is based on the Fundamental Review of Trading Book rules and has been developed to calculate sensitivity:
- on interest-rate risk: the possibility of calculating sensitivity according to a full-evaluation approach, based on shocks to the base risk-free curve in foreign currency;
- on country risk: the possibility of calculating sensitivity according to a full-evaluation approach, based on shocks to loan/sector curves.

The sensitivities of the two components described above are calculated as a parallel shock of +100 bps on all nodes of the curve, with regard to both the interest-rate risk and country risk portions.

The following table shows the interest-rate risk sensitivity of the entire proprietary HTS portfolio at 31 December 2023:

(€ THOUSAND)	HTS
Interest-rate risk sensitivity	-0.1

Quantitative information

Regulatory trading book: breakdown by time-to-maturity (repricing date) of cash financial assets and liabilities and financial derivatives

TYPE/TIME-TO-MATURITY	DEMAND	UP TO 3 MONTHS	OVER 3 MONTHS, UP TO 6 MONTHS	OVER 6 MONTHS, UP TO 1 YEAR	OVER 1 YEAR, UP TO 5 YEARS	OVER 5 YEARS, UP TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED MATURITY
1. Cash assets	**-**	**-**	**-**	**-**	**2**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	2	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	2	-	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. Cash liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Repurchase agreements	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial derivatives	**-**	**141,704**	**-**	**-**	**-**	**-**	**-**	**-**
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	141,704	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	141,704	-	-	-	-	-	-
+ long positions	-	70,852	-	-	-	-	-	-
+ short positions	-	70,852	-	-	-	-	-	-

2. Regulatory trading book: breakdown of exposures in equity securities and stock indices by main countries on the market of listing

Price risk consists of the risk that the fair value or future cash flows of a given financial instrument may fluctuate as a result of changes in market prices (other than changes triggered by **interest-rate risk** or **exchange-rate risk**), regardless of whether such changes are the result of factors specific to the instrument or issuer in question, or are due to factors that influence all similar financial instruments traded on the market.

Price risk arises mainly as a result of the trading of equity instruments such as shares, stock-index and/or stock futures, stock-index and/or stock options, warrants, covered warrants, option rights, etc. and in relation to UCITS units held in the portfolio.

However, the Bank's exposure to this risk is moderate given the limited weight of such securities in its portfolio of held-for-trading financial assets.

TYPE OF TRANSACTION/INDEX	LISTED				NOT LISTED
	ITALY	USA	GERMANY	OTHER	
A. Equity securities	1	-	-	-	-
- long positions	1	-	-	-	-
- short positions	-	-	-	-	-
B. Equity security purchases/sales to be settled	-	-	-	-	-
- long positions	-	-	-	-	-
- short positions	-	-	-	-	-
C. Other derivatives on equity securities	-	-	-	-	-
- long positions	-	-	-	-	-
- short positions	-	-	-	-	-
D. Stock-index derivatives	-	-	-	-	-
- long positions	-	-	-	-	-
- short positions	-	-	-	-	-

3. Regulatory trading book: internal models and other methods of sensitivity analysis

Sensitivity analysis was also employed to assess the market risks originating in the trading book.
This sort of analysis quantifies the change in the value of a financial portfolio as a result of variation in the primarily risk factors, which for Banca Generali are interest-rate and price risk.
In calculating interest-rate risk, the analysis assumed a parallel, uniform shift of +100/-100 basis points in the rate curve.
The next stage involves establishing the potential effects on the profit and loss account both in terms of the actual change in the fair value of the portfolio under analysis at the reporting date and the change in the net interest income for the current year.
In calculating the price risk associated with equities, a 10% change in market prices was considered. On this basis, the actual impact of such a change on the current equities portfolio was then determined.

On the whole, a change in market prices of +10%/-10% would result in the recognition through profit or loss of non-material capital gains/losses on the trading book, consisting mainly of equity securities.
A change in interest rates of +100/-100 basis points would have an overall effect on the fair value of the debt securities trading book of -0.10/+0.10 thousand euros, gross of the tax effect.

(€ THOUSAND)	HTS
FV equity delta (+10%)	-
FV equity delta (-10%)	-
FV bonds delta (+1%)	-0.10
FV bonds delta (-1%)	+0.10

2.2 Interest rate and price risk – Banking book

Qualitative information

A. General aspects and interest rate and price risk management processes and measurement techniques

The interest rate risk to which the banking book is exposed consists of the risk of incurring losses due to potential fluctuations in interest rates.

This risk is generated by the gaps between the maturities and time required to reset the interest rate on the Bank's assets and liabilities. Where such gaps are present, fluctuations in interest rates result in variations of net income, and therefore projected profit, as well as variations in the market value of the assets and liabilities, and, in turn, the value of net equity.

With regard to the management of the interest rate risk of the banking book, the Bank has formally defined a Policy, which specifies the general principles, the roles of the corporate bodies and functions involved in risk management, the Group's risk management guidelines on its business model, the risk appetite, the system of delegated powers established by the Board of Directors, the internal control system in force from time to time, and the instructions of the Supervisory Authority.

The Finance Department and the Credit Department conduct first-line controls on the management of interest rate risk.
The Risk Management Department is responsible for second-line controls with the aim of conducting specific independent measurement, control and monitoring of the interest rate risk to which the banking book is exposed. It is also responsible for updating the models and metrics, including on the basis of analyses of legal requirements, market best practices and the contributions of the business functions involved (and the Finance Department in particular).
The Internal Audit Department is responsible for third-line controls on lending and funding activities.

The Risk Committee is a collegial body responsible for a shared vision of the global performance of the management and control system for interest rate risk in the banking book and for deciding which actions are to be taken in response to any critical situations, deficiencies and/or anomalies that emerge from analyses and/or assessments conducted by the Risk Management Department.

During the year, the Bank monitored its interest rate risk profile by applying its control framework, checking the exposure against the limits approved by the Board of Directors upon approval of the Risk Appetite Framework. Containment of the risk to changes in interest rates is also based on monitoring of the duration of the Bank's proprietary portfolio or on stress tests that aim to identify in advance significant sources of risk upon the occurrence of adverse situations.
In line with Supervisory Provisions, the Bank also determines the exposure to interest rate risk of the banking book by reference to net interest income or expected profits.
During the year, the Group adopted advanced tools for monitoring interest rate risk, which increased the efficiency of the processes of risk data processing and reporting, final and forward-looking risk analytics calculation and detailed analysis of specific financial statement items (e.g., current accounts) in support of the business and/or commercial actions.

Most of the interest rate risk in the Bank's banking book arises from:

- trading on the collateralised deposits market (REPOs);
- customer lending activities; and
- investing activities regarding the debt securities portfolio held as treasury investment, which can cause a mismatch in the repricing dates and currencies of assets compared to those of liabilities associated with funding activities, with a negative impact on the Group's objectives in terms of net interest income.

B. Fair value and cash flow hedging

The Bank currently uses fair value hedging strategies to contain the interest rate risk on the banking book. These strategies are formulated according to the Bank's risk appetite and are designed to keep banking book's duration within the established limits by using hedging derivative instruments such as interest rate swaps.

In particular, by establishing hedging relationships, the Bank seeks to stabilise the fair value of the bond in respect of changes in interest rates and to decrease the duration of the hedged bond.

All derivative instruments are designated as hedges against the specific risk hedged, as identified for each hedging relationship and pursuant to IFRS 9.

There are currently no cash flow hedging transactions generated by the Bank's operations.

Quantitative information

1. Banking book: breakdown by time-to-maturity (repricing date) of financial assets and liabilities

TYPE/TIME-TO-MATURITY	DEMAND	UP TO 3 MONTHS	OVER 3 MONTHS, UP TO 6 MONTHS	OVER 6 MONTHS, UP TO 1 YEAR	OVER 1 YEAR, UP TO 5 YEARS	OVER 5 YEARS, UP TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED MATURITY
1. Cash assets	**3,219,392**	**1,623,260**	**3,270,039**	**839,520**	**3,612,314**	**883,976**	**348,053**	**-**
1.1 Debt securities	-	1,259,472	3,267,491	836,701	3,599,164	881,010	345,784	-
- with early repayment option	-	180,902	22,224	13,469	59,814	12,497	-	-
- other	-	1,078,570	3,245,267	823,232	3,539,350	868,513	345,784	-
1.2 Loans to banks	672,897	362,679	-	-	-	-	-	-
1.3 Loans to customers	2,546,495	1,109	2,548	2,819	13,150	2,966	2,269	-
- current accounts	1,694,499	20	337	94	25	-	-	-
- other loans	851,996	1,089	2,211	2,725	13,125	2,966	2,269	-
- with early repayment option	594,907	476	165	210	2,237	2,959	2,269	-
- other	257,089	614	2,047	2,515	10,888	7	-	-
2. Cash liabilities	**11,601,022**	**1,416,042**	**229,297**	**148,619**	**571**	**-**	**-**	**-**
2.1 Due to customers	11,540,403	1,245,002	229,297	148,619	571	-	-	-
- current accounts	11,101,797	27,324	66,659	148,619	571	-	-	-
- other debts	438,606	1,217,678	162,638	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	438,606	1,217,678	162,638	-	-	-	-	-
2.2 Due to banks	60,619	171,040	-	-	-	-	-	-
- current accounts	34,938	-	-	-	-	-	-	-
- other debts	25,681	171,040	-	-	-	-	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial derivatives	**10,000**	**1,394,000**	**3,418,574**	**145,000**	**659,150**	**542,000**	**412,500**	**-**
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	10,000	1,394,000	3,418,574	145,000	659,150	542,000	412,500	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	10,000	1,394,000	3,418,574	145,000	659,150	542,000	412,500	-
+ long positions	10,000	1,284,000	1,918,574	20,000	58,074	-	-	-
+ short positions	-	110,000	1,500,000	125,000	601,076	542,000	412,500	-
4. Other off-balance sheet transactions	**1,822,324**	**1,822,324**	**-**	**-**	**-**	**-**	**-**	**-**
+ long positions	1,822,324	-	-	-	-	-	-	-
+ short positions	-	1,822,324	-	-	-	-	-	-

2. Banking book: internal models and other methods of sensitivity analysis
The sensitivity analysis was conducted only for the interest rate risk component also for the banking book, with regard to the portfolio of financial assets measured at fair value through other comprehensive income, the portfolio of financial assets measured at amortised cost, and the portfolio of loans to customers and banks.

As regards the price risk, a shock of +100/-100 basis points would yield a change in the valuation reserves on debt securities in the HTCS category of -3.9/+3.9 million euros, gross of the tax effect.
The fair value delta component associated with the government bonds in the HTCS portfolio would amount to -3.7/+3.7 million euros as a result of the hypothesised shift in the rate curve, or about 95% of the fair value delta of the entire HTCS bond portfolio.

To provide a complete information, the following table shows the effect of a similar price shock in the fair value of portfolios recognised at amortised cost.

(€ THOUSAND)	HTCS	HTC	LOANS (*)	TOTAL
FV bonds delta (+1%)	-3,890	-114,833	-9,550	-128,273
- *of which: government bonds*	*-3,712*	*-73,498*	-	*-77,210*
FV bonds delta (-1%)	3,890	114,833	10,925	129,648
- *of which: government bonds*	*3,712*	*73,498*	-	*77,210*

(*) Loans to banks and Loans to customers.

The same criteria were also applied to a sensitivity analysis of net interest income of the entire banking book. It resulted in a potential impact on the Profit and Loss Account of +44.8 million euros, gross of the tax effect, in case of increase in interest rates by 1%, and -45.1 million euros in case of decrease by the same amount.

(€ THOUSAND)	ASSETS	LIABILITIES	NET
Net interest income delta (+1%) (*)	71,291	-26,531	44,759
Net interest income delta (-1%) (*)	-71,906	26,757	-45,150

(*) Sensitivity analysis calculated using a constant balance sheet, considering current funding pricing conditions.

2.3 Exchange rate risk

Qualitative information

A. General aspects and exchange rate risk management processes and measurement techniques
Exchange rate risk is the possibility of incurring losses due to adverse fluctuations in the value of foreign currencies on all positions held by the Bank, regardless of the portfolio to which they have been allocated.
With regard to exchange rate risk management, the Group has formally defined a Financial Portfolio Risk Management Policy, which specifies the general principles, the roles of the corporate bodies and functions involved in risk management, the Group's risk management guidelines in accordance with its business model, the risk appetite, the system of delegated powers established by the Board of Directors, the internal control system in force from time to time, and the instructions of the Supervisory Authority.

The Finance Department performs first-line controls of exchange rate risk management.
The Risk Management Department is responsible for second-line controls with the aim of conducting specific independent measurement, control and monitoring of the exchange rate risk.
The Internal Audit Department is responsible for third-line controls on lending and funding activities in foreign currency.
The Risk Committee is a collegial body responsible for a shared vision of the global performance of the exchange rate risk management and control system and for deciding which actions are to be taken in response to any critical situations, deficiencies and/or anomalies that emerge from analyses and/or assessments conducted by the Risk Management Department.

Most of the exchange rate risk arises from:
› trading of securities and other financial assets in foreign currency;
› interest to be collected and/or paid, reimbursements, fees or dividends in foreign currency;
› bank transfers in foreign currency to customers (institutional and retail customers);
› currency trading on behalf of customers.

The main objective of exchange rate operations is to contain open positions in foreign currencies, as limited to currency account currencies.
Exchange rate risk is mitigated through funding activities in the same currency as that of lending transactions.

Quantitative information

1. Breakdown by currency of denomination of assets, liabilities and derivatives

	CURRENCIES						
ITEMS	US DOLLAR	JAPANESE YEN	SWISS FRANC	POUND STERLING	CANADIAN DOLLAR	AUSTRALIAN DOLLAR	OTHER CURRENCIES
A. Financial assets	**74,337**	**1,809**	**14,892**	**12,996**	**2,479**	**1,037**	**1,104**
A.1 Debt securities	35,884	-	12,975	-	-	-	-
A.2 Equity securities	6,198	-	-	6,835	-	-	-
A.3 Loans to banks	32,253	1,809	521	6,160	2,479	1,037	1,104
A.4 Loans to customers	2	-	1,396	1	-	-	-
A.5 Other financial assets	-	-	-	-	-	-	-
B. Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C. Financial liabilities	**59,748**	**1,565**	**14,911**	**5,791**	**2,530**	**1,142**	**1,666**
C.1 Due to banks	1,817	-	109	123	-	3	920
C.2 Due to customers	57,931	1,565	14,802	5,668	2,530	1,139	746
C.3 Debt securities	-	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-	-
D. Other liabilities	**-**	**-**	**-**	**-**	**-**		**-**
E. Financial derivatives	**-8,670**	**27**	**-24**	**-97**	**-29**	**-6**	**-33**
Options	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-
- Other derivatives	-8,670	27	-24	-97	-29	-6	-33
- long positions	33,817	27	270	1,008	65	99	243
- short positions	42,487	-	294	1,105	94	105	276
Total assets	**108,154**	**1,836**	**15,162**	**14,004**	**2,544**	**1,136**	**1,347**
Total liabilities	**102,235**	**1,565**	**15,205**	**6,896**	**2,624**	**1,247**	**1,942**
Excess	**5,919**	**271**	**-43**	**7,108**	**-80**	**-111**	**-595**

2. Internal models and other methods of sensitivity analysis

The sensitivity analysis discussed in the foregoing section has been also conducted on assets and liabilities denominated in currencies other than the euro, regardless of the portfolio to which they have been allocated.

A shock of +10%/-10% on equity instruments denominated in currencies other than the euro would have an effect on the fair value of approximately +1.2/-1.2 million euros, whereas a shock of +100/-100 bps in rates would have an effect on the fair value of debt securities and assets other than equity instruments in foreign currency of -772/+772 thousand euros, gross of the tax effect.

(€ THOUSAND)	ASSETS
FV equity delta (+10%)	1,201
FV equity delta (-10%)	-1,201
FV non-equity delta (+1%)	-772
FV non-equity delta (-1%)	+772

By contrast, an interest rate movement of +100/-100 bps would have an effect of +282/-284 thousand euros on the flow of interest on assets and liabilities denominated in currencies other than the euro.

(€ THOUSAND)	TOTAL ITEMS
Net interest income delta (+1%)	+282
Net interest income delta (-1%)	-284

Section 3 – Derivatives and hedging policies

3.1 Trading derivatives

A. Financial derivatives

A.1 HFT financial derivatives: notional values at year-end

	31.12.2023				31.12.2022			
	OVER THE COUNTER				OVER THE COUNTER			
		WITHOUT CENTRAL COUNTERPARTIES				WITHOUT CENTRAL COUNTERPARTIES		
UNDERLYING ASSETS/ TYPE OF DERIVATIVES	CENTRAL COUNTERPAR-TIES	WITH NETTING ARRANGE-MENTS	WITHOUT NETTING ARRANGE-MENTS	ORGANISED MARKETS	CENTRAL COUNTERPAR-TIES	WITH NETTING ARRANGE-MENTS	WITHOUT NETTING ARRANGE-MENTS	ORGANISED MARKETS
1. Debt securities and interest rates	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity securities and stock indices	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold	**-**	**5,469**	**5,469**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	5,469	5,469	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Goods	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**5,469**	**5,469**	**-**	**-**	**-**	**-**	**-**

A.2 HFT financial derivatives: positive and negative gross fair value – breakdown by products

TYPE OF DERIVATIVES	31.12.2023				31.12.2022			
	OVER THE COUNTER				OVER THE COUNTER			
		WITHOUT CENTRAL COUNTERPARTIES				WITHOUT CENTRAL COUNTERPARTIES		
	CENTRAL COUNTER-PARTIES	WITH NETTING ARRANGE-MENTS	WITHOUT NETTING ARRANGE-MENTS	ORGANISED MARKETS	CENTRAL COUNTER-PARTIES	WITH NETTING ARRANGE-MENTS	WITHOUT NETTING ARRANGE-MENTS	ORGANISED MARKETS
1. Positive fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	-	-	-	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	156	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-
Total	**-**	**156**	**-**	**-**	**-**	**-**	**-**	**-**
1. Negative fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	-	-	-	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	-	159	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-
Total	**-**	**-**	**159**	**-**	**-**	**-**	**-**	**-**

A.3 OTC HFT financial derivatives: breakdown of notional values and positive and negative gross fair value by counterparties

UNDERLYING ASSETS	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL CORPORATIONS	OTHER ENTITIES
Contracts other than netting arrangements				
1) Debt securities and interest rates				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
2) Equity securities and stock indices				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional value	X	-	-	5,469
- positive fair value	X	-	-	-
- negative fair value	X	-	-	159
4) Goods				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts within the scope of netting arrangements				
1) Debt securities and interest rates				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2) Equity securities and stock indices				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional value	-	5,469	-	-
- positive fair value	-	156	-	-
- negative fair value	-	-	-	-
4) Goods				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Time-to-maturity of OTC HFT financial derivatives: notional values

UNDERLYING ASSETS/RESIDUAL LIFE	UP TO 1 YEAR	OVER 1 YEAR, UP TO 5 YEARS	OVER 5 YEARS	TOTAL
A.1 Financial derivatives on debt securities and interest rates	-	-	-	-
A.2 Financial derivatives on equity securities and stock indices	-	-	-	-
A.3 Financial derivatives on currencies and gold	10,939	-	-	10,939
A.4 Financial derivatives on goods	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total at 31.12.2023	**10,939**	**-**	**-**	**10,939**
Total at 31.12.2022	**-**	**-**	**-**	**-**

3.2 Hedging instruments

The proprietary portfolio managed by the Bank includes hedging derivatives entered into both through a central counterparty (CCP) clearing house and on a bilateral basis under a CSA, affected by the benchmark interest rate reform introduced by Regulation (EU) No. 34 of 15 January 2020.
For such contracts, which normally call for the use of Eonia rates, the transition to the new overnight rate, €STR, was therefore completed in 2021.

Since 1 September 2022, concurrently with the parent company, Assicurazioni Generali, the Bank has been subject to an obligation to apply all risk mitigation techniques mandated by the EMIR Regulation in reference to contracts not subject to clearing through central counterparties. Specifically, the Bank entered into contracts for the exchange of collateral to hedge the initial margins in OTC derivatives with each counterparty, indicating Euroclear as the Triparty Agent with which to segregate the securities hedging the exposure. The Bank has also adopted ACADIA software for calculating the initial margins of existing positions, with daily monitoring of both observance of regulatory thresholds and covering margin calls.

Quantitative information

A. Hedging financial derivatives

A.1 Hedging financial derivatives: notional values at year-end

	31.12.2023				31.12.2022			
	OVER THE COUNTER				OVER THE COUNTER			
		WITHOUT CENTRAL COUNTERPARTIES				WITHOUT CENTRAL COUNTERPARTIES		
UNDERLYING ASSETS/ TYPES OF DERIVATIVES	CENTRAL COUNTER-PARTIES	WITH NETTING ARRANGE-MENTS	WITHOUT NETTING ARRANGE-MENTS	ORGANISED MARKETS	CENTRAL COUNTER-PARTIES	WITH NETTING ARRANGE-MENTS	WITHOUT NETTING ARRANGE-MENTS	ORGANISED MARKETS
1. Debt securities and interest rates	**-**	**3,272,500**	**-**	**-**	**-**	**4,076,000**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	3,272,500	-	-	-	4,076,000	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity securities and stock indices	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold	**-**	**9,038**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	9,038	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Goods	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**3,281,538**	**-**	**-**	**-**	**4,076,000**	**-**	**-**

A.2 Hedging financial derivatives: positive and negative gross fair value - breakdown by products

	31.12.2023				31.12.2022				CHANGE IN VALUE USED TO MEASURE THE HEDGE INEFFECTIVENESS	
	OVER THE COUNTER				OVER THE COUNTER					
		WITHOUT CENTRAL COUNTERPARTIES				WITHOUT CENTRAL COUNTERPARTIES				
TYPE OF DERIVATIVES	CENTRAL COUNTER-PARTIES	WITH NETTING ARRANGE-MENTS	WITHOUT NETTING ARRANGE-MENTS	ORGANISED MARKETS	CENTRAL COUNTER-PARTIES	WITH NETTING ARRANGE-MENTS	WITHOUT NETTING ARRANGE-MENTS	ORGANISED MARKETS	31.12.2023	31.12.2022
1. Positive fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	161,886	-	-	-	286,776	-	-	-	-
c) Cross currency swaps	-	69	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	-	**161,955**	**-**	-	**-**	**286,776**	**-**	**-**	-	
1. Negative fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	132,662	-	-	-	123,604	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	-	**132,662**	**-**	-	**-**	**123,604**	**-**	**-**	-	

A.3 OTC financial hedging derivatives: breakdown of notional values and positive and negative gross fair value by counterparties

UNDERLYING ASSETS	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL CORPORATIONS	OTHER ENTITIES
Contracts other than netting arrangements				
1) Debt securities and interest rates				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
2) Equity securities and stock indices				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
4) Goods				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts within the scope of netting arrangements				
1) Debt securities and interest rates				
- notional value	-	3,272,500	-	-
- positive fair value	-	161,886	-	-
- negative fair value	-	132,662	-	-
2) Equity securities and stock indices				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional value	-	9,038	-	-
- positive fair value	-	69	-	-
- negative fair value	-	-	-	-
4) Goods				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Time-to-maturity of OTC hedging financial derivatives: notional values

UNDERLYING ASSETS/RESIDUAL LIFE	UP TO 1 YEAR	OVER 1 YEAR, UP TO 5 YEARS	OVER 5 YEARS	TOTAL
A.1 Financial derivatives on debt securities and interest rates	65,000	1,463,000	1,744,500	3,272,500
A.2 Financial derivatives on equity securities and stock indices	-	-	-	-
A.3 Financial derivatives on currencies and gold	-	9,038	-	9,038
A.4 Financial derivatives on goods	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total at 31.12.2023	**65,000**	**1,472,038**	**1,744,500**	**3,281,538**
Total at 31.12.2022	**335,000**	**1,267,500**	**2,473,500**	**4,076,000**

D. Hedged instruments

D.1 Fair value hedging

	SPECIFIC HEDGES: CARRYING AMOUNT	SPECIFIC HEDGES – NET POSITIONS: CARRYING AMOUNT OF ASSETS OR LIABILITIES (BEFORE NETTING)	SPECIFIC HEDGES: CUMULATIVE FAIR VALUE CHANGES OF THE HEDGED INSTRUMENT	SPECIFIC HEDGES: TERMINATION OF HEDGING POSITION: RESIDUAL CUMULATIVE FAIR VALUE CHANGES	SPECIFIC HEDGES: CHANGE IN VALUE USED TO MEASURE THE HEDGE INEFFECTIVENESS	GENERIC HEDGES: CARRYING AMOUNT
A. Assets						
1. Financial assets measured at fair value through other comprehensive income – hedging of:	**58,486**	**-**	**-812**	**-**	**-**	**-**
1.1 Debt securities and interest-rates	58,486	-	-812	-	-	X
1.2 Equity securities and stock indices	-	-	-	-	-	X
1.3 Currencies and gold	-	-	-	-	-	X
1.4 Loans	-	-	-	-	-	X
1.5 Other	-	-	-	-	-	X
2. Financial assets measured at amortised cost – hedging of:	**3,224,304**	**-**	**-85,014**	**-**	**-**	**-**
1.1 Debt securities and interest-rates	3,215,226	-	-84,977	-	-	X
1.2 Equity securities and stock indices	-	-	-	-	-	X
1.3 Currencies and gold	9,078	-	-37	-	-	X
1.4 Loans	-	-	-	-	-	X
1.5 Other	-	-	-	-	-	X
Total at 31.12.2023	**3,282,790**	**-**	**-85,826**	**-**	**-**	**-**
Total at 31.12.2022	**3,929,371**	**-**	**-289,526**	**-**	**-**	**-**
B. Liabilities						
1. Financial liabilities measured at amortised cost – hedging of:	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities and interest-rates	-	-	-	-	-	X
1.2 Currencies and gold	-	-	-	-	-	X
1.3 Other	-	-	-	-	-	X
Total at 31.12.2023	**-**	**-**	**-**	**-**	**-**	**-**
Total at 31.12.2022	**-**	**-**	**-**	**-**	**-**	**-**

3.3 Other information on derivatives (held for trading and for hedging)

A. Financial and credit derivatives

A.1 OTC financial and credit derivatives: breakdown of net fair value by counterparties

	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL CORPORATIONS	
A. Financial derivatives				
1) Debt securities and interest rates				
- notional value	-	3,272,500	-	-
- positive fair value	-	1,618,866	-	-
- negative fair value	-	132,662	-	-
2) Equity securities and stock indices				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional value	-	14,507	-	5,469
- positive fair value	-	225	-	-
- negative fair value	-	-	-	159
4) Goods				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
B. Credit derivatives				
1) Protection purchase	-	-	-	-
- notional value	-	-	-	-
- net positive fair value	-	-	-	-
- net negative fair value	-	-	-	-
2) Protection sale				
- notional value	-	-	-	-
- net positive fair value	-	-	-	-
- net negative fair value	-	-	-	-

Section 4 – Liquidity risk

Qualitative information

A. General aspects and liquidity risk management processes and measurement techniques

Exposure to liquidity risk derives from funding and lending transactions in the course of the Bank's ordinary business, as well as from the presence of unlisted financial instruments in its proprietary portfolios. Such risk takes the form of default on payment obligations, which may be caused by an inability to raise funds (funding liquidity risk) or the existence of limits on the divestment of assets (market liquidity risk). Liquidity risk also includes the risk that an entity may be forced to meet its own payment obligations at non-market costs, that is to say while incurring a high cost of funding or (and in some cases concurrently) sustaining capital losses when divesting assets.

The structure of the liquidity risk management system is intended to ensure sound and prudent management of liquidity and liquidity risk and purses the following goals:

› ensuring that the Bank remains solvent in both the ordinary course of business and crisis conditions;
› complying with instructions from the Supervisory Authority and the guidelines on banking supervision issued by the various international authorities, while also taking account of the specificity of the Bank's business;
› maintaining a liquidity profile that is consistent with the risk tolerance statements issued by its administrative bodies;
› ensuring liquidity levels capable of allowing the Group to fulfil its contractual commitments at any times, maximising the cost of funding with respect to current and forecast market conditions.

In particular, the liquidity risk management and monitoring policy implemented by the Group at the consolidated level is in turn divided into:

› managing **operating liquidity** risk, i.e., events that affect the Group's liquidity position on the short-term time horizon, with the primary objective of maintaining the Group's capacity to meet its ordinary and extraordinary payment obligations, while minimising the related costs;
› managing **structural liquidity** risk, i.e., all events that affect the Group's liquidity position, including in the medium/long term, with the primary objective of maintaining an adequate relationship between liabilities and assets on the various time horizons. In particular, the management of structural liquidity allows to avoid pressure on current and prospective sources of liquidity and to optimise the cost of funding.

Both risk profiles are measured on a going concern basis and in stress scenarios and are analysed from a current and a prospective standpoint (forward looking).

With regard to liquidity risk management, the Bank has formally defined a policy, which specifies the general principles, the roles of the corporate bodies and functions involved in risk management, the Group's risk management guidelines in accordance with its business model, the risk appetite, the system of delegated powers established by the Board of Directors, the internal control system in force from time to time, and the instructions of the Supervisory Authority.

The Finance Department is responsible for first-line controls and managing treasury and proprietary investment cash flows with the aim of ensuring thorough diversification of sources of financing and monitoring cash flows and daily liquidity. Liquidity needs are primarily managed through recourse to the money market (interbank deposits and repurchase agreements) and, to a secondary degree, where available, through the measures proposed by the ECB. The funding structure is mainly focused on net inflows from retail customers, which are characterised by a stable performance, and on institutional sources of funding. In addition, the Group maintains a portfolio of listed, highly liquid financial instruments (high quality liquid assets) in order to respond to potential crisis scenarios characterised by a sudden interruption of net inflows.

The Risk Management Department is responsible for second-line controls. Liquidity risk is managed within appropriate short-term and structural (beyond one year) limits, monitored by the Department, assuming that financial markets will either continue to function normally or in conditions of particular stress, so as to ensure that the risk level expressed is consistent with the strategies and risk appetite established by the Board of Directors.

The Internal Audit Department is responsible for third-line controls on lending and funding activities.
The Risk Committee is a collegial body responsible for a shared vision of the global performance of the liquidity risk management and control system and for deciding which actions are to be taken in response to any critical situations, deficiencies and/or anomalies that emerge from analyses and/or assessments conducted by the Risk Management Department.

Moreover, the Group has a Contingency Funding Plan in order to ensure the orderly management of any systemic and idiosyncratic liquidity crises, the safeguarding of the Bank's assets and a guarantee of business continuity. This Plan detects, through early warning monitoring, any signs of liquidity tension and identifies the actions or tools to be activated. On an annual basis, the Bank also initiates and prepares a self-assessment on liquidity risk management during the ILAAP process, providing the results to the supervisory authorities.

The liquidity risk is also monitored using a maturity ladder designed on the basis of the guidelines set out in the prudential supervisory provisions governing the measurement of net financial position. Through the maturity ladder, the Bank assesses the matching of expected cash flows, by balancing assets and liabilities whose maturity falls within each maturity range; the balances and therefore the mismatches between expected inflows and outflows within each maturity range allow, through the construction of cumulative mismatches, the calculation of the net balance of funding requirement (or surplus) over the holding period considered.

The Bank's LCR at 31 December 2023 amounted to 335%, far in excess of the current mandatory minimum level, thanks to high quality liquid assets (HQLAs) of approximately 7.7 billion euros, primarily Italian government bonds, offsetting the estimated net cash outflows in the following 30 days.
During the year, the structural regulatory indicator (Net Stable Funding Ratio) also remained consistently above the established limits, amounting to 214% as at 31 December 2023, owing to long-term stable funding in excess of the on-balance sheet assets requiring such long-term stable funding.
During the year, the Group adopted advanced tools for monitoring liquidity risk, which increased the efficiency of the processes of risk data processing and reporting, final and forward-looking risk analytics calculation and detailed analysis of specific financial statement items (e.g., current accounts) in support of the business and/or commercial actions.

As a participant in payment, settlement and netting systems, the Group is exposed to intraday liquidity risk due to a mismatch in the timing of daily payment inflows and outflows, which may in turn give rise to potentially large temporary imbalances than expected at the end of the day.
Intraday liquidity management is the responsibility of the Treasury and Portfolio Management Service and seeks to ensure that available liquidity is constantly sufficient to cover cash outflows. The Risk Management Department is responsible for ex-post second-line controls.

Structural liquidity risk is also measured by adopting Additional Liquidity Monitoring Metrics (pursuant to Article 415, paragraph 3(b), of Regulation (EU) No. 575/2013), involving an analysis of the concentration of borrowings by counterparty and product type. These analyses enable a more complete vision of the liquidity risk profile, providing the level of diversification of sources of funding in the wholesale and retail markets in order to emphasise excessive dependency on individual product types, which could be subject to severe outflows during a liquidity crisis.

In the year, the Bank constantly monitored its short- and long-term liquidity profile through the application of its control framework, ensuring prudent and sound management.

Quantitative information

1. Breakdown of financial assets and liabilities by time to contractual maturity

ITEM/TIME-TO-MATURITY	DEMAND	OVER 1 DAY, UP TO 7 DAYS	OVER 7 DAYS, UP TO 15 DAYS	OVER 15 DAYS, UP TO 1 MONTH	OVER 1 MONTH, UP TO 3 MONTHS	OVER 3 MONTHS UP TO 6 MONTHS	OVER 6 MONTHS, UP TO 1 YEAR	OVER 1 YEAR, UP TO 5 YEARS	OVER 5 YEARS	UNSPECIFIED MATURITY
A. Cash assets										
A.1 Government securities	313	300	56,078	6,812	318,059	716,073	659,068	4,390,734	1,894,894	-
A.2 Other debt securities	2,500	124	1,204	66,829	79,934	66,977	127,702	1,499,628	483,304	-
A.3 UCITS units	486,097	-	-	-	-	-	-	-	-	-
A.4 Financing	2,155,268	26,211	11,405	200,348	51,963	36,362	78,045	249,927	238,169	108,186
- to banks	196,942	25,547	-	200,049	28,965	-	-	-	-	108,186
- to customers	1,958,326	664	11,405	299	22,998	36,362	78,045	249,927	238,169	-
Total	**2,644,178**	**26,635**	**68,687**	**273,989**	**449,956**	**819,412**	**864,815**	**6,140,289**	**2,616,367**	**108,186**
B. Cash liabilities										
B.1 Deposits and current accounts	11,136,499	342	439	931	25,922	68,120	156,714	-	-	-
- from banks	35,346	-	-	-	-	-	-	-	-	-
- from customers	11,101,153	342	439	931	25,922	68,120	156,714	571	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	563,135	1,135,212	51,609	90,497	111,400	162,638	-	-	-	-
Total	**11,699,634**	**1,135,554**	**52,048**	**91,428**	**137,322**	**230,758**	**156,714**	**-**	**-**	**-**
C. Off-balance sheet transactions										
C.1 Financial derivatives with capital swap	-	119,826	-	-	21,878	260	260	18,112	-	-
- long positions	-	59,913	-	-	10,939			9,074	-	-
- short positions	-	59,913	-	-	10,939	260	260	9,038	-	-
C.2 Financial derivatives without capital swap	-	758	1,100	2,784	10,297	48,338	46,950	-	-	-
- long positions	-	758	283	2,589	10,184	48,104	45,356	-	-	-
- short positions	-	-	817	195	113	234	1,594	-	-	-
C.3 Deposits and loans receivable	1,822,324	1,814,495	-	7,829	-	-	-	-	-	-
- long positions	1,822,324	-	-	-	-	-	-	-	-	-
- short positions	-	1,814,495	-	7,829	-	-	-	-	-	-
C.4 Irrevocable commitment to disburse funds	85,448	-	-	-	-	11	720	923	122	-
- long positions	41,836	-	-	-	-	11	720	923	122	-
- short positions	43,612	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	36,318	-	-	-	-	1,417	878	14,108	11,226	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with capital swap	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without capital swap	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
Total	**1,944,090**	**1,935,079**	**1,100**	**10,613**	**32,175**	**50,026**	**48,808**	**33,143**	**11,348**	**-**

Section 5 – Operational risks

Qualitative information

A. General aspects and operational risk management processes and measurement techniques

The exposure to operational risks is closely linked to the type and volume of business conducted, as well as the operating procedures implemented. In detail, the operations undertaken (primarily management of third-party assets and the distribution of the Group's own and third-party investment products), the use of information technology systems, the definition of operating procedures, interaction with parties protected by the law, the commercial structure adopted (chiefly Financial Advisors) and the direct involvement of all employed personnel in operations structurally expose the Group to operational risk, which is defined as the possibility of sustaining financial losses deriving from the inadequacy or improper functioning of procedures, human resources, internal systems or external events. This type of risk includes, *inter alia*, losses due to fraud, human error, interruptions of operations, unavailability of systems, breach of contract, natural disasters and legal risk.

With regard to operational risk management, the Bank has formally defined an Operational Risk Management Policy, which specifies the general principles, the roles of the corporate bodies and functions involved in risk management, the Group's risk management guidelines in accordance with its business model, the risk appetite, the system of delegated powers established by the Board of Directors, the internal control system in force from time to time, and the instructions of the Supervisory Authority.

The functions dealing with Organisation, IT Management and Security guarantee the efficient functioning of application procedures and information systems that support organisational processes. They also evaluate the physical and logical security conditions within the Bank and, if necessary, implement measures to guarantee a higher general level of security.
The Risk Management Department carries out risk assessment and scoring activities, monitors incidents/operational risk events and the related and loss data collection processes. It also monitors the action plans adopted to mitigate material risks and has defined and controls KRIs (Key Risk Indicators) instrumental to monitoring of the areas of highest risk.
The Internal Audit function supervises the regular conduct of the Bank's operations and processes, and assesses the efficacy and efficiency of the overall internal control system established to monitor activities exposed to risk.

The Risk Committee is a collegial body responsible for a shared vision of the global performance of the operational risk management and control system and for deciding which actions are to be taken in response to any critical situations, deficiencies and/or anomalies that emerge from analyses and/or assessments conducted by the Risk Management Department.

Moreover, Banca Generali has insurance coverage for operational risks deriving from acts of third parties or caused to third parties and adequate contractual clauses covering damages caused by providers of infrastructure and services and has approved a Business Continuity Plan.

Quantitative information

The impact of operating losses in 2023 is broken down below by business line and by event type (€ thousand):

BUSINESS LINE	ET 01 – INTERNAL FRAUD	ET 02 – EXTERNAL FRAUD	ET 03 – EMPLOYMENT PRACTICES AND WORKPLACE SAFETY	ET 04 – CLIENTS, PRODUCTS AND BUSINESS PRACTICES	ET 05 – DAMAGE TO PHYSICAL ASSETS	ET 06 – BUSINESS DISRUPTION AND SYSTEM FAILURES	ET 07 – EXECUTION, DELIVERY AND PROCESS MANAGEMENT	TOTAL
Asset management	-	-	-	-	-	-	15	15
Commercial Banking	-	-	-	-	-	-	6	6
Corporate Finance	-	-	-	22,511	-	-	-	22,511
Corporate Items	326	180	325	281	-	50	506	1,669
Payment and Settlement	-174	102	-	5	-	-	21	-45
Retail Banking	115	-	-	21	-	-	-84	52
Retail Brokerage	6,202	100	-	717	-	39	67	7,124
Trading and Sales	-20	-	-	-	-	-	13	-7
Overall total	**6,450**	**383**	**325**	**23,534**	**-**	**89**	**544**	**-**

Breakdown of frequency ratio by business line and type of event:

BUSINESS LINE	ET 01 – INTERNAL FRAUD	ET 02 – EXTERNAL FRAUD	ET 03 – EMPLOYMENT PRACTICES AND WORKPLACE SAFETY	ET 04 – CLIENTS, PRODUCTS AND BUSINESS PRACTICES	ET 05 – DAMAGE TO PHYSICAL ASSETS	ET 06 – BUSINESS DISRUPTION AND SYSTEM FAILURES	ET 07 – EXECUTION, DELIVERY AND PROCESS MANAGEMENT	TOTAL
Asset management	-	-	-	-	-	-	2	2
Commercial Banking	-	-	-	-	-	-	1	1
Corporate Finance	-	-	-	8	-	-	-	8
Corporate Items	1	12	3	7	-	2	8	33
Payment and Settlement	4	17	-	1	-	-	3	25
Retail Banking	1	-	-	2	-	-	1	4
Retail Brokerage	4	1	-	1	-	2	10	18
Trading and Sales	-	-	-	-	-	-	1	1
Overall total	**10**	**30**	**3**	**19**	**-**	**4**	**26**	**-**

The event type recording the highest impact was the Event Type "ET 04 – Clients, products and business practices"; this category includes losses arising from an unintentional or negligent failure to meet a professional obligation to specific clients by the Bank or its Financial Advisors.

Significant impact is also attributable to "ET 01 – Internal fraud", which includes losses due to acts of a type intended to defraud, misappropriate property or circumvent regulations, the law or company policy by internal staff, including Financial Advisors, in the performance of their duties and which also involves the Bank in that it is liable for the actions of its employees. The Bank carefully examines the individual disputes and complaints and, where necessary, makes an appropriate provision for the risk of legal disputes and continually monitors any developments, adjusting the amount set aside as circumstances change.

All other event types reported minor losses.

The cases reported under "ET 02 – External fraud" include losses due to acts of a type intended to defraud, misappropriate property or circumvent the law by persons outside the Bank and are mostly attributable to counterfeit of payment instruments and cyber risks (e.g., smishing/vishing).

Item “ET 03 – Employment practices and workplace safety” reported losses due to labour disputes.

“ET 07 – Execution, delivery and process management” includes losses from failed transaction processing or process management with regard to the Bank’s operations and losses from relations with commercial counterparties and vendors.

There were no losses due to damages to property and equipment, whereas those of event type “ET 06 – Business disruption and system failures” were residual. This latter category includes events resulting from the blockage or malfunction of the IT systems used by the Bank as a consequence of which operating losses and events with damages to property and equipment are recorded.

PART F – INFORMATION ON NET EQUITY

Section 1 – Net equity

A. Qualitative information

The Bank's capital management strategy mainly aims to ensure that its capital and ratios are consistent with its risk profile and regulatory requirements.
The Bank is subject to the capital adequacy requirements established by the Basel Committee in accordance with the rules defined by the EU and applied by the Bank of Italy.

Such rules envisage the specific concept of "Own Funds", which is separate from the net equity stated in the financial statements. Own Funds are calculated as the sum of positive and negative items, for which commutability is admitted based on the quality of capital attributed to them.

Compliance with minimum capital requirements is monitored by the Risk Management Service, whereas the Regulatory Reporting function is responsible for calculating and disclosing of Own Funds and capital requirements on a regular basis, as well as safeguarding the related databases (historical regulatory archive).

The Parent Company's compliance with capital adequacy ratios is monitored throughout the year and on a quarterly basis, and the necessary measures are taken to ensure control over the balance sheet items.
Additional analyses and control of the capital adequacy is also carried out upon any extraordinary transactions (e.g., acquisitions, transfers, etc.). In these cases, information concerning the transaction is used to estimate its impact on the capital ratios, and any actions that may be necessary to comply with the requirements of the Supervisory Authorities are planned.

Distribution of 2021 and 2022 dividend

In 2023, the second instalment of the 2021 dividend was distributed, for a total amount of 91.2 million euros, net of the portion attributable to treasury shares.

In addition, the first instalment of the 2022 dividend was also distributed, for a total amount of 114.3 million euros, net of the portion to be assigned to treasury shares.

As approved by the Shareholders' Meeting on 19 April 2023, the second instalment of the 2022 dividend will be paid in February 2024, for a total amount of 75.9 million euros.

B. Quantitative information

At 31 December 2023, net equity, including net profit for the year, amounted to 1,119.5 million euros compared to 986.2 million euros at the end of the previous year.

(€ THOUSAND)	31.12.2023	31.12.2022	CHANGE	
			AMOUNT	%
1. Share capital	116,852	116,852	-	-
2. Share premium reserve	52,992	53,767	-775	-1.4%
3. Reserves	674,070	632,163	41,907	6.6%
4. (Treasury shares)	-85,005	-80,139	-4,866	6.1%
5. Valuation reserves	-4,320	-12,620	8,300	-65.8%
6. Equity instruments	50,000	50,000	-	-
7. Net profit (loss) for the year	314,877	226,188	88,689	39.2%
Total net equity	**1,119,466**	**986,211**	**133,255**	**13.5%**

The +133.3 million euro increase in net equity in 2023 was attributable to the above-mentioned allocation to: the 2022 dividend approved by the General Shareholders' Meeting on 19 April 2023 for an amount of 192.8 million euros; the plan to buy-back treasury shares completed at the end of September; the positive performance of fair value valuation reserves for the portfolio of financial assets measured at fair value through other comprehensive income (HTCS) and other reserves included in other comprehensive income; the change in reserves for share-based payments (IFRS 2); and net profit, as shown in the following table.

	31.12.2023	31.12.2022
Net equity at year-start	**986,211**	**1,011,210**
Dividends approved and distributed	-188,001	-224,324
Dividend on AT1 equity instruments	-1,631	-1,631
Buy-back/disposal of treasury shares	-12,061	-24,263
Matured IFRS 2 reserves (from stock option plans and remuneration policies)	11,772	11,168
Matured IFRS 2 reserves on AG Group's IFRS 2 related plans	-	99
Change in OCI valuation reserves	8,299	-12,236
Net profit (loss) for the year	314,877	226,188
Net equity at year-end	**1,119,466**	**986,211**
Change	**133,255**	**-24,999**

In the year, on the basis of the achievement of the performance objectives set out in the Remuneration Policy, 258,756 treasury shares, with a value of 7,381 thousand euros, of which 42,803 shares in service of the first instalment of the 2020 LTIP, were also allotted to the Banking Group's employees and Financial Advisors qualifying as Key Personnel, as well as to network managers.

On 19 April 2023, the General Shareholders' Meeting also authorised the repurchase of a maximum of 369,260 treasury shares, for a maximum amount of 15.6 million euros, in service of remuneration plans for Key Personnel for 2023 and the new Long Term Incentive Plan (LTIP) for the three-year period 2023-2027.
The plan for the buy-back of treasury shares, authorised by the Supervisory Authority on 28 June 2023, was launched on 2 August 2023 and completed on 25 September 2023 with the repurchase of 369,260 treasury shares at an average price of 33.166 euros per share, for a total amount of 12.2 million euros.

At 31 December 2023, the Parent Company, Banca Generali, thus held 2,920,001 treasury shares, with a value of 85,005 thousand euros.

Fair value valuation reserves for the portfolio of financial assets measured at fair value through other comprehensive income (HTCS) showed an increase of 8.5 million euros.

B.1 Breakdown of net equity

ITEMS/VALUES	31.12.2023	31.12.2022
1. Share capital	116,852	116,852
2. Share premium reserve	52,992	53,767
3. Reserves	674,070	632,163
- retained earnings	635,012	598,457
a) legal reserve	23,370	23,370
b) statutory reserve	-	-
c) treasury shares	-	-
d) other	611,642	575,087
- Other	39,058	33,706
4. Equity instruments	50,000	50,000
5. (Treasury shares)	-85,005	-80,139
6. Valuation reserves	-4,320	-12,620
Equity securities designated at fair value through other comprehensive income	-182	-713
Equity security hedges designated at fair value through other comprehensive income	-	-
Financial assets (other than equity securities) measured at fair value through other comprehensive income	-1,937	-9,868
Property and equipment	-	-
Intangible assets	-	-
Hedges of foreign investments	-	-
Cash flow hedges	-	-
Hedging instruments		
Exchange differences	-	-
Non-current assets available for sale and disposal groups	-	-
Financial liabilities designated at fair value through profit or loss (change in own creditworthiness)	-	-
Actuarial gains (losses) from defined benefit plans	-2,201	-2,039
Share of valuation reserves relating to investee companies valued at equity	-	-
Special revaluation laws	-	-
7. Net profit (loss) for the year	314,877	226,188
Total	**1,119,466**	**986,211**

B.2 Breakdown of valuation reserves of financial assets measured at fair value through other comprehensive income

Valuation reserves of financial assets measured at fair value through other comprehensive income (OCI) account for the unrealised capital gains and losses, net of the associated tax effect, on the assets allocated to that portfolio and recognised at fair value. The change in these reserves contributes to determining the overall company performance in relation to OCI, without passing through Profit and Loss.
However, when gains or losses are realised or an impairment loss is recognised, the cumulative amount of the reserve is reclassified to the Profit and Loss Account in the year of reference.

Fair value valuation reserves of the portfolio of financial assets measured at fair value through OCI grew compared to the end of the previous year, primarily due to the increase in debt securities reserves.

The aggregate had an overall negative balance of -2.1 million euros, up 8.5 million euros compared to year-end 2022.
This increase was influenced by the portfolio of Italian government bonds, for which net reserves amounted to -1.4 million euros compared to -7.2 million euros at year-end 2022.

	31.12.2023		31.12.2022	
ASSETS/VALUES	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE
1. Debt securities	871	-2,808	1,457	-11,325
2. Equity securities	1,052	-1,234	527	-1,240
Total	**1,923**	**-4,042**	**1,984**	**-12,565**

B.3 Valuation reserves of financial assets measured at fair value through other comprehensive income: year changes

Valuation reserves on the HTCS portfolio showed a net increase of 8.5 million euros in 2023, as a result of the following factors:

- an increase in net valuation capital gains totalling +9.1 million euros, net of 0.4 million euros referring to reversal of collective reserves;
- the reduction of pre-existing net negative reserves due to re-absorption through profit or loss upon realisation (3.1 million euros);
- a negative net tax effect associated with the above changes and mainly resulting from net decreases in DTAs (-3.8 million euros).

	31.12.2023				
	DEBT SECURITIES				
	CORPORATE	GOVERNMENT	EQUITY SECURITIES	FINANCING	TOTAL
1. Amount at year-start	**-2,649**	**-7,219**	**-713**	**-**	**-10,581**
Adjustment of opening balances	**240**	**-240**	**-**	**-**	**-**
1. Amount at year-start	**-2,409**	**-7,459**	**-713**	**-**	**-10,581**
2. Increases	**3,280**	**10,878**	**671**	**-**	**14,829**
2.1 Fair value increases	2,364	6,827	665	-	9,856
2.2 Adjustments for credit risk	-	-	X	-	-
2.3 Transfer to Profit and Loss Account of negative reserves	807	3,883	X	-	4,690
2.4 Transfer to other net equity components (equity securities)	-	-	-	-	-
2.5 Other changes	109	168	6	-	283
3. Decreases	**1,359**	**4,868**	**140**	**-**	**6,367**
3.1 Fair value decreases	6	254	100	-	360
3.2 Reversals for credit risk	324	40	-	-	364
3.3 Transfer to Profit and Loss Account of positive reserves: due to disposal	10	1,557	X	-	1,567
3.4 Transfer to other net equity components (equity securities)	-	-	-	-	-
3.5 Other changes	1,019	3,017	40	-	4,076
4. Amount at year-end	**-488**	**-1,449**	**-182**	**-**	**-2,119**

B.4 Valuation reserves relating to defined benefit plans: year changes

	31.12.2023		
	RESERVE	DTAS	NET RESERVE
1. Amount at year-start	**-2,773**	**734**	**-2,039**
2. Increases	**-**	**-**	**-**
Decreases of actuarial losses	-	-	-
Other increases	-	-	-
3. Decreases	**-225**	**63**	**-162**
Increases of actuarial losses	-225	63	-162
Other decreases	-	-	-
4. Amount at year-end	**-2,998**	**797**	**-2,201**

Section 2 – Own Funds and banking capital ratios

In accordance with Circular No. 262 of 22 December 2005, 8th update of 17 November 2022, for the details of Own Funds and regulatory capital ratios, reference is made to the information regarding Own Funds and capital adequacy provided in the Pillar 3 Disclosure provided at the consolidated level, available from Banca Generali's corporate website at the address www.bancagenerali.com.

PART G – BUSINESS COMBINATIONS OF COMPANIES OR BUSINESS UNITS

This section includes both transactions within the scope of IFRS 3 and business combinations between entities under common control.
The results of impairment testing on goodwill recognised in the Financial Statements of Banca Generali S.p.A. are also stated for purposes of consistency of presentation.

Section 1 – Transactions undertaken during the year

In 2023, no new business combination transactions were undertaken.

Section 2 – Transactions after the end of the reporting period

No business combination transactions were finalised after 31 December 2023 and until the date of approval of Banca Generali's Financial Statements by the Board of Directors.

Section 3 – Retrospective adjustments

No retrospective adjustments to business combinations carried out by the Banking Group in previous years were recognised in 2023 pursuant to paragraphs 61 and B7 of IFRS 3.

The latter provision also requires that the amount of goodwill during the year be reconciled, including an indication of any impairment of goodwill recognised.

At 31 December 2023, Banca Generali's goodwill totalled 79.4 million euros, unchanged compared to the previous year.

(€ THOUSAND)	31.12.2023	31.12.2022
Merger of Prime Consult and INA SIM	2,991	2,991
Merger of Banca del Gottardo	31,352	31,352
Acquisition of Credit Suisse Italy's business unit	27,433	27,433
Merger of BG Fiduciaria SIM S.p.A.	4,289	4,289
Merger of Nextam SGR and Nextam S.p.A.	12,201	12,201
Acquisition of Binck Bank Italy business unit	1,100	1,100
Total	**79,366**	**79,366**

Impairment test

In accordance with IAS 36, goodwill is no longer amortised, but is reviewed at least annually for impairment.
For the purposes of impairment testing, goodwill must be allocated to cash-generating units (CGUs), which, in accordance with the limitation on the maximum level of aggregation, may be no larger than the operating segments identified for management reporting purposes, pursuant to IFRS 8.

The identification of CGUs must reflect the reporting methods used by the Parent Company's management and their operating characteristics. In particular, Banca Generali's management has adopted an integrated model that applies without regard to the structure of the individual legal entities and that aggregates into larger CGUs the activities of these entities together with the operating activities carried out directly by the Parent Company.

The CGUs identified by the Bank are therefore:

› the Wealth Management CGU (WM CGU), formed by the part of the activities of Banca Generali and all the Group's management companies serving all of the Bank's Wealth Managers that comprises all Financial Advisors with total client assets of more than 50 million euros;
› the Private Banking CGU (PB CGU), consisting of the part of the activities of Banca Generali and all the Group's management companies serving the Financial Advisor Network of Financial Advisors and employed Relationship Managers.

The impairment testing of goodwill at the consolidated level is therefore also relevant at the parent company level.
For information regarding impairment testing of goodwill, see Part G, Section 3, of the Notes and Comments to the Consolidated Financial Statements.

If the goodwill attributable to a certain CGU is found to have become impaired at the consolidated level, the impairment loss must be allocated at the parent company level to assets attributable to the same CGU that have not already been separately tested, or the goodwill must be recognised directly or reflected in the carrying amounts of the controlling interests.

As described in Part G, Section 3, of the Notes and Comments to the Consolidated Financial Statements, there was not found to be any need for impairment at the CGU level in the Consolidated Financial Statements. Accordingly, on the basis of the results of the impairment testing at the consolidated level, there was not found to be any need for impairment at the parent company level.

PART H – RELATED PARTY TRANSACTIONS

Procedural aspects

In accordance with Article 2391-*bis* of the Italian Civil Code, the Consob Regulation containing provisions relating to transactions with related parties[21] and the provisions of Part III, Chapter 11, of Bank of Italy Circular No. 285, as further amended, Banca Generali's Board of Directors approved its "Policy for Transactions with Related Parties, Connected Parties and Corporate Officers pursuant to Article 136 of TUB", which was lastly updated on 22 June 2023 and entered into effect on 1 July 2023. The procedure is intended to implement Consob and Bank of Italy regulations, by adopting, at the Banking Group level, rules on transactions with Banca Generali's related parties and connected parties governing the related investigation, approval, reporting and disclosure activities.
Moreover, since Banca Generali belongs to Generali Group, any and all transactions effected with related parties of the parent company Assicurazioni Generali must be identified and managed in accordance with the provisions of the Procedures adopted by Assicurazioni Generali in such regard, with the result that, in certain cases, the said transactions may be subject to prior approval by the Parent Company, where necessary.

The related party perimeter

Based on Consob Regulation, the Provisions issued by the Supervisory Authority, and the aforementioned Procedure, the following parties are considered as Banca Generali's related parties:

- subsidiaries of the Banking Group;
- the ultimate parent Assicurazioni Generali S.p.A., its subsidiaries (companies subject to common control), including the direct parent Generali Italia S.p.A., and pension funds established for the benefit of the Generali Group companies' employees;
- Managers with Strategic Responsibilities of the Bank and the parent company Assicurazioni Generali (Key Managers), close relatives of the said personnel and the related relevant subsidiaries (entities in which one of these persons exercises control, joint control or significant influence or holds, directly or indirectly, a significant shareholding of no less than 20% of the voting rights).

Under IAS 24, whose revised version is in force since 1 January 2011, the associate companies of the Banking Group and Generali Insurance Group are also considered related parties.

With specific regard to Key Managers, the following persons have been designated as such:

- the Directors and the members of the Board of Statutory Auditors of the Banking Group's companies;
- the members of the Top Management, as defined in the Remuneration Policies of the Banking Group[22], namely the General Manager and the two Deputy General Managers[23];
- top managers of the parent company Assicurazioni Generali S.p.A. identified as Managers with Strategic Responsibilities in the corresponding Procedure regarding transactions with related parties adopted by the Insurance Group.

Significance thresholds of Related Party transactions

The procedure lays down specific provisions on decision-making authority, obligation to provide justification and documentation to be prepared depending on the type of transaction.
More specifically:

- **Transactions of Greater Importance** — i.e., transactions exceeding the threshold of 5% of at least one of the significance indicators of the countervalue of the transaction, as provided by Consob Resolution No. 17221, reduced to 2.5% for transactions carried out with the Parent Company that is listed on regulated markets or with parties related thereto which are in turn related to the Company — must be approved by the Board of Directors, upon the binding favourable opinion of the Internal Audit and Risk Committee;
- **Transactions of Lesser Importance** — i.e., transactions with related parties the amount of which falls between that of Transactions of Small Amount and that of Transactions of Greater Importance — are approved pursuant to the system of delegated powers in force from time to time, only after hearing the non-binding opinion of the Internal Audit and Risk Committee The aforesaid transactions must be presented with a full and in-depth information about the reasons underlying each and every transaction in question, as well as the advisability of proceeding with the latter in light of the substantive fairness and propriety of the related terms and conditions;
- **Transactions of Small Amount** — i.e., transactions whose value, defined pursuant to the Bank of Italy's Provisions, cannot exceed the amount of **250,000 euros** for banks with Own Funds below 1 million euros — are excluded from the scope of application of the approval and disclosure transparency rules.

21 Adopted by Consob Resolution No. 17221 of 12 March 2010, as further amended.
22 Banking Group's Remuneration and Incentive Policies approved by the General Shareholders' Meeting on 19 April 2023.
23 Chief Executive Officer/General Manager, Deputy General Manager Wealth Management Markets and Products, Deputy General Manager Commercial Networks, Alternative and Support Channels.

In addition to Transactions of Small Amount, in accordance with Consob Regulation, there are additional circumstances that are not subject to the specific approval procedures:

- **remuneration plans based on financial instruments** approved by the General Shareholders' Meeting within the meaning of Article 114-bis of TUF, and related implementing transactions;
- **resolutions on the remuneration of Directors** entrusted with specific tasks other than those determined on an overall basis pursuant to Article 2389, paragraph 3, of the Italian Civil Code, and **resolutions regarding the remuneration of Managers with Strategic Responsibilities**, provided that the Company has adopted a remuneration policy with certain characteristics;
- **ordinary transactions** carried out during the normal course of operating activities and the related financial activities, and that are concluded at market or standard equivalent conditions. Pursuant to the Bank of Italy's provisions, all transactions that exceed the threshold set of Transactions of Greater Importance, even if concluded at market or standard equivalent conditions, should be considered as extraordinary transactions;
- **transactions with or between Subsidiaries and Associates**, provided that none of the Company's other related parties holds any significant interest in the Subsidiaries or Associates in question.

On the basis of the indicator consisting of the consolidated Own Funds, the threshold of Transactions of Greater Importance currently stands at around **41.9 million euros**, reduced to **21 million euros** for transactions with the parent company Assicurazioni Generali and the latter's related entities.

Moreover, the provisions issued by the Bank of Italy impose prudential limits, based on Own Funds, on risk assets in relation to Connected Parties. The limits vary according to the different types of Connected Parties, in proportion with the level of involvement in the relationship and the potential impact of the resulting risks on sound and prudent management. In light of the greater risks associated with conflicts of interest in bank-industry relations, more stringent limits are envisaged for risk assets with regard to entities qualifying as non-financial related parties. Exposure in respect of Generali Group's connected parties, on the other hand, is capped at 7.5% of consolidated Own funds.
Even if the above-mentioned consolidated cap is not exceeded, Banca Generali's exposure in respect of any given group of connected parties may in no event exceed **20%** of individual Own Funds.

1. Disclosure of remuneration of Directors and Executives

As required by IAS 24, the total remuneration recorded in the Profit and Loss Account for the year is disclosed below, broken down by personnel category and type.

	31.12.2023					
	DIRECTORS	STATUTORY AUDITOR	OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES	TOTAL	31.12.2022	CHANGES
Short-term benefits (current remuneration and social security charges) (1)	899	285	1,957	3,141	3,032	109
Post-employment benefits (2)	-	-	291	291	295	-4
Other long-term benefits (3)	-	-	259	259	277	-18
Severance indemnities	-	-	-	-	-	-
Share-based payments (4)	-	-	1,600	1,600	1,276	324
Total	**899**	**285**	**4,107**	**5,291**	**4,880**	**411**
Total at 31.12.2022	**882**	**214**	**3,784**	**4,880**		

(1) Includes current remuneration and the related social security charges payable by the Company and the portion of short-term variable remuneration.
(2) Includes the Company's pension fund contribution and allocation to the provisions for termination indemnity provided for by the law and company regulations.
(3) Includes 40% of the bonus with access gate.
(4) Includes the estimated cost for share-based payment plans, determined based on IFRS 2 criteria and recognised in the financial statements.

The table presents the total expenses recognised in the Profit and Loss Account presented in the Separate Financial Statements on the basis of the application of international accounting standards (IAS/IFRS). It therefore also includes the social security charges for which the Company is liable, the allocation to the provisions for termination indemnity, the expenses associated with share-based payment plan determined in accordance with IFRS 2, and the estimate of the variable remuneration accrued during the year on the basis of the Remuneration and Incentive Policy for the Key Personnel of the Banking Group.
It should also be noted that the amounts are net of recoverable remuneration associated with services rendered to other companies.

In further detail, the item "Other long-term benefits" includes the estimate of the portion of variable remuneration for the year payable on a deferred basis over the following years, contingent upon specific access gate conditions being met, in accordance with the aforementioned Remuneration Policy.

The item “Short-term benefits” includes the fixed remuneration and the portion of variable remuneration accrued in the reporting year and payable in the following one.
For detailed information concerning Remuneration Policies, reference is made to the specific document concerning Remuneration Policies prepared as per Consob Resolution No. 18049 of 23 December 2011.
A 50% portion of the variable remuneration — both current and deferred — is paid in Banca Generali shares.
The plan for payments based on own financial instruments are analysed in further detail in Part I to these Notes and Comments.

The item “Share-based payments” accounts for the costs associated with IFRS 2 accrued in the year and regarding:
› the three LTI Plans based on Banca Generali S.p.A. shares for a total of 1.3 million euros;
› the share-based payments envisaged in the Remuneration Policy for 0.3 million euros.

2. Disclosure on Related Party Transactions

As part of its normal business operations, Banca Generali carries out numerous financial and commercial transactions with related parties included in the scope of consolidation of Generali Group.

Banca Generali is a direct subsidiary of Generali Italia S.p.A., the holding of all the Insurance Group’s operations in Italy. However, the company engaging in management and coordination activities pursuant to Article 2497 of the Italian Civil Code continues to be the ultimate Parent Company, Assicurazioni Generali S.p.A. This is the reason why reference is made to the latter when speaking of the “Parent Company” of Banca Generali, in compliance with IAS 24.

In the banking area, such activities include relationships referring to current accounts, the custody and administration of securities, stock brokerage and commercial portfolio collection.

As regard the distribution and offer of investment products, a number of agreements were established regarding the Financial Advisors Network’s placement of asset management and insurance products, as well as banking products and services.
To a lesser extent, advisory and wealth management activities are also carried out, with reference to underlying assets of insurance products placed by the companies of the Insurance Group.

In addition, as part of its normal operations, the Bank also maintains relationships pertaining to outsourcing of IT and administrative services, insurance and leasing relationships, as well as other minor relationships with Generali Group companies.
Transactions with related parties outside Generali Group are mostly confined to direct and indirect funding and lending activities to Key Managers (and their relatives) of the Bank and its Parent Company. These transactions are carried out at market conditions. Banca Generali’s direct investments in activities on which such related parties exercise significant influence or control are absolutely not material.

2.1 Extraordinary and non-recurring transactions

Unusual, atypical or extraordinary transactions

There were no atypical and/or unusual transactions to be reported in 2023, nor were such transactions undertaken with parties other than related parties such as intra-group entities or third parties.
Pursuant to Consob Notices Nos. 98015375 of 27 February 1998 and 1025564 of 6 April 2001, atypical and unusual transactions are defined as all transactions that due to their significance/materiality, the nature of the counterparties, the subject matter of the transaction (including in relation to ordinary operations), the transfer pricing method and timing of occurrence (near the end of the period) may give rise to doubts as to the accuracy/completeness of the information presented in the financial statements, conflicts of interest, the safeguarding of company assets and the protection of minority shareholders.

Transactions of Greater Importance

In 2023, a transaction qualifying as a transaction of greater importance was effected, for which reference should be made to the Consolidated Report on Operations.

As a transaction of greater importance, in accordance with the Policy, the Internal Audit and Risk Committee was requested to express a prior binding opinion and the Information Document was drawn up pursuant to Article 5 of “Regulations containing provisions relating to transactions with related parties” adopted by Consob with Resolution No. 17221 of 12 March 2010, as further amended through Consob Resolution No. 17389 of 23 June 2010.

Intra-group Transactions of Greater Importance of the Bank

With respect to intra-group Transactions of Greater Importance of the Bank — which, pursuant to the Procedure on Related Party Transactions, are exempt from the escalated decision-making process and the obligation to publish a market disclosure document, unless there are significant interests in the subsidiary by other related parties — no transactions were undertaken in the reporting year.

Other significant transactions

In 2023, 7 transactions were approved qualifying as "Transactions of Lesser Importance" (the amount of which exceeded the significance threshold), which are subject to the prior non-binding opinion of the Internal Audit and Risk Committee; in this regard, reference is made to the dedicated section of the Consolidated Report on Operations.

2.2 Ordinary or recurring transactions

The developments of ordinary transactions with related parties during 2023 are presented in the following sections.

Transactions with Assicurazioni Generali Group

Balance Sheet data

(€ THOUSAND)	SUBSIDIARIES OF THE BANKING GROUP	SUBSIDIARIES AND ASSOCIATES OF THE INSURANCE GROUP	ASSOCIATES SUBJECT TO JOINT CONTROL OR SIGNIFICANT INFLUENCE	31.12.2023	31.12.2022	% WEIGHT 2023
Financial assets measured at fair value through profit or loss:	-	1,183	-	1,183	1,031	0.2%
c) other financial assets mandatorily measured at fair value	-	1,183	-	1,183	1,031	0.2%
Financial assets measured at fair value through other comprehensive income	-	-	-	-	246	-
Financial assets measured at amortised cost:	30,735	24,112	382	55,229	54,858	0.5%
b) loans to customers	30,735	24,112	382	55,229	54,858	0.6%
Equity investments	56,777	-	1,970	58,747	32,158	100.0%
Property, equipment and intangible assets	-	60,593	-	60,593	68,619	22.5%
Other assets	147	320	2	469	754	-
Total assets	**87,659**	**86,208**	**2,354**	**176,221**	**157,666**	**1.1%**
Financial liabilities measured at amortised cost:	6,053	515,650	5,038	526,741	430,549	3.9%
b) due to customers	6,053	515,650	5,038	526,741	430,549	4.0%
Other liabilities	1,046	4,604	-	5,650	4,523	1.6%
Tax liabilities	-	28,360	-	28,360	22,338	63.4%
Other provisions for liabilities and contingencies	-	-	2,097	2,097	-	0.8%
Equity instruments	-	50,000	-	50,000	50,000	100.0%
Total liabilities	**7,099**	**598,614**	**7,135**	**612,848**	**507,410**	**4.0%**
Guarantees issued	**-**	**4,273**	**-**	**4,273**	**2,091**	**4.9%**

The total exposure to the parent company, **Assicurazioni Generali**, of companies subject to its control, including the direct parent, Generali Italia S.p.A., and its associate companies, amounted to 86.2 million euros compared to 96.6 million euros recognised at the end of 2022, equal to 0.6% of Banca Generali's total balance sheet assets.
This exposure includes 60.6 million euros referring to the net value of the ROU recognised under property and equipment pursuant to IFRS 16 and relating primarily to the lease payments for the Milan and Trieste administrative offices and the commercial network offices.
By contrast, the total debt position reached 598.6 million euros, accounting for 3.9% of total liabilities, up by 147.7 million euros (+32.8%) compared to the end of the previous year, mainly due to the change in temporary liquidity in the Group companies' current accounts.
Following the introduction of IFRS 16 with effect from 1 January 2019, amounts due to customers included lease liabilities for 64.5 million euros.
As part of assets, **financial assets mandatorily measured at fair value through other comprehensive income (FVOCI)** claimed from the parent company refer to Assicurazioni Generali shares held in the corresponding portfolio of Banca Generali.

At 31 December 2023, **equity investments** amounted to 58.7 million euros, up by 26.6 million euros compared to the end of 2022.

This increase was largely due to the contribution to BG Suisse S.A.'s capital increase effected on 14 September 2023 and amounting to 41.9 million euros (CHF 40 million), after that on 5 September 2023, the company obtained the FINMA's preliminary authorisation to start the banking activity, subject to compliance with certain requirements, including an adequate level of own funds. At the end of the year, this equity investment was written down by approximately 14 million euros. At 31 December 2023, the value of the equity investment in BG (Suisse) Private Bank S.A. therefore amounted to 43.3 million euros.

The item “Associates subject to joint control or significant influence” includes the 19.9% interest in the share capital of BG Saxo SIM S.p.A. that was acquired on 31 October 2019, and the interest held in Nextam Partners SIM S.p.A., with regard to which on 20 January 2022, after obtaining prior authorisation by the Bank of Italy, Banca Generali finalised the sale of its 80.1% interest to a new corporate structure led by the main key manager of Nextam Group. The residual equity investment of 19.9% was recognised at 0.5 million euros and, in light of the relations between the two companies, classified as an equity investment in an associate.
The value of the equity investment in BG Saxo SIM S.p.A. was written down by 1.3 million euros at the end of 2023 and amounted to 1.5 million euros at 31 December 2023.

Exposures to Generali Group companies recognised as **loans to customers** amounted to 24.1 million euros and refer to the following transactions:

			31.12.2023		31.12.2022	
COMPANY	RELATIONSHIP	TYPE OF TRANSACTION	AMOUNT	REVENUES	AMOUNT	REVENUES
Genertellife	Subsidiaries of AG Group	Operating loans	20,191	-	22,000	-
Assicurazioni Generali	Parent company	Operating loans	347	5	-	-
Other companies of Generali Group	Subsidiaries of AG Group	Operating loans	3,041	-	3,319	-
Other companies of Generali Group	Subsidiaries of AG Group	Medium/Long-term loans	528	31	659	17
Other exposures with Group companies	Subsidiaries of AG Group	Temporary current account exposures	5	32	7	207
Total			**24,112**	**68**	**25,985**	**224**

Operating receivables are comprised of transitional items including fees accrued over the last quarter for the distribution of insurance and financial products of Group companies.

Amounts due to customers attributable to Generali Group’s related parties amounted to approximately 515.6 million euros at the year-end and included amounts due to the parent company Assicurazioni Generali S.p.A. for 46.7 million euros, and amounts due to Generali Italia S.p.A. for 63.6 million euros, in addition to lease liabilities arising from the lease contracts for the HQ offices and the commercial network offices for 64.5 million euros.

Amounts due to the Parent Company and classified as **tax liabilities** consisted of Banca Generali S.p.A.’s net tax debt resulting from the balance between tax prepayments, withholdings and tax credits and the estimated IRES tax due at the end of 2023.

It should also be noted that on 23 December 2019 Banca Generali had finalised the issue of an Additional Tier 1 Perpetual bond of 50 million euros, which under IAS 32 is considered an **equity instrument** and meets the requirements under regulatory capital rules for being included among Additional Tier 1 instruments in the issuer’s financial statements. The issue was fully subscribed in private placement by two German insurance companies of Generali Group. The bonds are perpetual and callable, at the issuer’s sole discretion, from the sixth year from issue, and they yield — subject to authorisation from the competent Supervisory Authority and under the conditions established in applicable legislation — a non-cumulative half-yearly coupon at a fixed rate of 4.5% per annum for the first five years. On 23 June 2023 and 27 December 2023, the instalments amounting to 1,125 thousand euros each were paid, following those already paid in the previous years.

In addition, a total of 4.3 million euros signature loans were issued to Generali Group companies, of which 0.6 million euros to Assicurazioni Generali S.p.A. and 3.5 million euros to Citylife S.p.A.

Profit and Loss Account data

At 31 December 2023, the profit and loss components recognised with regard to transactions with Generali Group companies amounted to 224.1 million euros, or 54.6% of operating profit before taxation.

(€ THOUSAND)	SUBSIDIARIES OF THE BANKING GROUP	SUBSIDIARIES AND ASSOCIATES OF THE INSURANCE GROUP	ASSOCIATES SUBJECT TO JOINT CONTROL OR SIGNIFICANT INFLUENCE	2023	2022	% WEIGHT 2023
Interest income	1	68	18	87	406	-
Interest expense	-496	-11,472	-136	-12,104	-1,808	9.3%
Net interest income	**-495**	**-11,404**	**-118**	**-12,017**	**-1,402**	**-4.0%**
Fee income	119,154	256,321	2,209	377,684	394,876	50.7%
Net fees	**119,154**	**256,321**	**2,209**	**377,684**	**394,876**	**131.2%**
Dividends	-	72	-	72	66	5.9%
Operating income	**118,659**	**244,989**	**2,091**	**365,739**	**393,540**	**60.2%**
Staff expenses	728	412	16	1,156	770	-1.1%
General and administrative expenses	-900	-14,034	-	-14,934	-14,576	6.4%
Net adjustments/reversals of property and equipment	-	-7,255	-	-7,255	-6,861	19.3%
Other net operating income	154	6	85	245	-217	0.2%
Net operating expenses	**-18**	**-20,871**	**101**	**-20,788**	**-20,884**	**7.9%**
Operating result	**118,641**	**224,118**	**2,192**	**344,951**	**372,656**	**100.5%**
Net provisions for liabilities and contingencies	-	-	-2,097	-2,097	-	3.2%
Dividends and income from equity investments	148,220	-	-	148,220	167,783	100.0%
Gains (losses) from equity investments	-13,902	-	-1,300	-15,202	-4,040	100.0%
Operating profit	**252,959**	**224,118**	**-1,205**	**475,872**	**536,399**	**115.8%**
Net profit (loss) for the year	**252,959**	**224,118**	**-1,205**	**475,872**	**536,399**	**151.1%**

Net interest income generated with regard to Insurance Group companies was negative overall and amounted to 11.4 million euros, equal to 3.8% of the total amount recognised in the Profit and Loss Account, and referred mainly to the interest expense on current accounts (9.9 million euros) and to interests accrued on the IFRS 16-related liability (1.5 million euros).

Fee income paid back by companies of the Insurance Group amounted to 256.3 million euros, equal to 34.4% of the aggregate amount, and was broken down as follows:

	SUBSIDIARIES OF THE BANKING GROUP	SUBSIDIARIES AND ASSOCIATES OF THE INSURANCE GROUP	ASSOCIATES SUBJECT TO JOINT CONTROL OR SIGNIFICANT INFLUENCE	2023	SUBSIDIARIES OF THE BANKING GROUP	SUBSIDIARIES AND ASSOCIATES OF THE INSURANCE GROUP	ASSOCIATES SUBJECT TO JOINT CONTROL OR SIGNIFICANT INFLUENCE	2022	ABSOLUTE CHANGE	%
Fees for the placement of UCITS	119,145	4,778	-	123,923	118,700	4,868	-	123,568	355	0.3%
Fees for distribution of insurance products	-	241,156	-	241,156	-	261,372	-	261,372	-20,216	-7.7%
Fees for distribution of discretionary mandates	9	1,391	-	1,400	14	1,135	-	1,149	251	21.8%
Advisory fees	-	8,919	-	8,919	-	6,595	-	6,595	2,324	35.2%
Other banking fees	-	77	2,209	2,286	-	93	2,099	2,192	94	4.3%
Total	**119,154**	**256,321**	**2,209**	**377,684**	**118,714**	**274,063**	**2,099**	**394,876**	**-17,192**	**-4.4%**

The most significant component consisted of fees for the **distribution of insurance products** paid back by **Genertellife**, reaching 241.2 million euros, down by 7.7% compared to the same period of the previous year.

Fees on the placement of units of UCITS of the Insurance Group were largely related to the income on the distribution of GI Focus funds, promoted by Generali Insurance Asset Management S.p.A. SGR.

Furthermore, Banca Generali advises on, or directly manages through portfolio management, a portion of the underlying assets of the Group's insurance products. In this regard, in 2023 fee income for advisory services rendered to Alleanza Assicurazioni S.p.A., Generali Italia S.p.A. and GIAM SGR S.p.A. amounted to 8.9 million euros.

Other banking fees referred both to SDD collection activity on behalf of Group companies and current account keeping fees.

It should also be noted that Banca Generali renders trading and order receipt services to Italian and international UCITS administered by management companies that belong to the Banking and Insurance Group. Such fees are generally charged directly against the assets of the UCITS, which are considered entities beyond the scope of IAS 24.
The Bank also directly collects from customers — through the correspondent bank — underwriting fees for the Sicavs promoted by the Group (Lux IM Sicav, BG Selection Sicav, Generali Investments Sicav).

The **net operating expenses** recognised by the Bank in relation to transactions with related parties of Generali Group amounted to 20.8 million euros, accounting for 7.9% of the aggregate total, and referred to outsourced services in the insurance, leasing, administrative and IT areas.

	BANKING GROUP	GENERALI GROUP	ASSOCIATES SUBJECT TO JOINT CONTROL OR SIGNIFICANT INFLUENCE	2023	BANKING GROUP	GENERALI GROUP	ASSOCIATES SUBJECT TO JOINT CONTROL OR SIGNIFICANT INFLUENCE	2022	CHANGE ABSOLUTE	CHANGE %
Insurance services	-	2,827	-	2,827	-	2,850	-	2,850	-23	-0.8%
Property services	-	300	-	300	-	401	-	401	-101	-25.2%
Administration, IT and logistics services	711	10,901	-85	11,527	638	10,422	481	11,541	-14	-0.1%
Staff services	-693	-412	-16	-1,121	-367	-333	-69	-769	-352	45.8%
Depreciation of ROUs (IFRS 16)	-	7,255	-	7,255	-	6,861	-	6,861	394	5.7%
Total general and administrative expenses	**18**	**20,871**	**-101**	**20,788**	**271**	**20,201**	**412**	**20,884**	**-96**	**-0.5%**

Following the introduction of IFRS 16, property services relate solely to additional costs of leases and rentals of motor vehicles and ATMs (former condominium fees, VAT and sundry additional expenses).
Administrative expenses incurred in relation to Generali Italia S.p.A. amounted to 2.8 million euros and mainly referred to insurance services.

Expenses relating to IT, administration and logistics related chiefly to services rendered by Generali Italia (formerly Generali Business Solution S.c.ar.l.) on the basis of current outsourcing agreements.

The 7.3 million euro value adjustments of property and equipment refer to the depreciation of the IFRS 16-related right of use.

Transactions with other related parties

Exposure in respect of **Key Managers** of the Bank and its parent company Assicurazioni Generali mainly referred to residential mortgages subject to the same terms and conditions applied to similar mortgages held by other Executives of the Banking and Insurance Group.

Amounts due to such parties consist of the balances of correspondent accounts with Banca Generali and are regulated on the basis of conditions applicable to employees of the Banking and Insurance Group.

(€ THOUSAND)	ASSOCIATES AND MANAGERS WITH STRATEGIC RESPONSIBILITIES
Loans to customers	19,615
Amounts due to customers	14,462
Interest income	420
Interest expense	-333
Fee income	5
Guarantees issued	60

Transactions with the Banking Group's companies

Within the Banking Group, the exposure to subsidiaries amounted to 87.7 million euros compared to 57.4 million euros in 2022, of which 56.8 million euros referred to the Parent Company's equity investments and 30.7 million euros to operating receivables associated with financial product distribution activity.

Inflows from Group companies amounted to 7.1 million euros and consist solely of the balances of current account deposits.

The profit and loss components recognised in the Financial Statements with regard to transactions with companies of the Banking Group amounted to approximately 253.0 million euros overall and primarily consist of:

- interest expense applied to the deposit of the Luxembourg-based subsidiary BGFML, amounting to 460 thousand euros, and of the subsidiary Generfid S.p.A, amounting to 35 thousand euros;
- fee income given back to the Group's management companies in connection with the distribution of financial products and services by such companies (119.2 million euros);
- dividends distributed by the Luxembourg-based subsidiary BGFML (148.2 million euros).

With respect to the aggregate of operating expenses, the services rendered by the Parent Company to the companies the Banking Group are highly limited and essentially refer to the secondment of staff and the outsourcing of key administrative services. Adjustments of equity investments amounted to 13.9 million euros, attributable to the write-down of the equity investment in BG Suisse S.A., as mentioned above.

Direction and coordination

Pursuant to Article 2497-bis of the Italian Civil Code, Banca Generali is subject to Assicurazioni Generali S.p.A.'s "management and coordination" activities.

2022 highlights of Assicurazioni Generali

The highlights of the parent company Assicurazioni Generali S.p.A shown above were taken from the company's Financial Statements for the year ended 31 December 2022. These are available together with the Independent Auditors' Report as provided for by the law. Consequently, these figures of the Parent Company are not subject to audit performed by the auditing firm engaged by Banca Generali.

(€ MILLION)	2022
Net profit	**2,820.5**
Aggregate dividend	1,790.0
Increase	5.9%
Total net premiums	2,188.0
Total gross premiums	4,026.0
Total gross premiums from direct business	1,035.4
Increase on equivalent terms (a)	
Total gross premiums from indirect business	2,990.6
Increase on equivalent terms (a)	
Acquisition and administration costs	416.1
Expense ratio (b)	19.0%
Life business	
Life net premiums	1,100.1
Life gross premiums	1,629.6
Increase on equivalent terms (a)	
Life gross premiums from direct business	189.7
Increase on equivalent terms (a)	
Life gross premiums from indirect business	1,439.9
Increase on equivalent terms (a)	
Life acquisition and administration costs	183.6
Expense ratio (b)	16.7%
Non-life business	
Non-life net premiums	1,087.8
Non-life gross premiums	2,396.4
Increase on equivalent terms (a)	
Non-life gross premiums from direct business	845.7
Increase on equivalent terms (a)	
Non-life gross premiums from indirect business	1,550.7
Increase on equivalent terms (a)	
Non-life acquisition and administration costs	232.5
Expense ratio (b)	21.4%
Loss ratio (c)	60.2%
Combined ratio (d)	81.6%
Current financial result	**3,635.7**
Technical provisions	7,013.5
Life segment technical provisions	3,701.4
Non-life segment technical provisions	3,312.1
Investments	43,733.2
Capital and reserves	15,767.1

(a) At constant exchange rates.
(b) Ratio of administration costs to total premiums.
(c) Ratio of accrued claims to accrued premiums.
(d) Total (b) + (c).

PART I – PAYMENT AGREEMENTS BASED ON OWN EQUITY INSTRUMENTS

At 31 December 2023, Banca Generali activated the following payment agreements based on own equity instruments:
- the plans launched with respect to Banca Generali Group's *Remuneration and Incentive Policy*, in effect from time to time, which calls for a part of the variable remuneration of Key Personnel to be paid by assigning Banca Generali's own financial instruments;
- the plans launched in service of the *Framework Loyalty Programme 2017-2026*, approved by the General Shareholders' Meeting on 20 April 2017 and now in its fifth annual cycle (2021-2026), which calls for a maximum of 50% of the indemnity accrued to be paid using own financial instruments;
- the *LTI (Long term Incentive)* plans for the Banking Group's top managers, based on Banca Generali shares, launched in 2018.

Qualitative Information

1. Share-based payment plans linked to the variable component of remuneration based on performance objectives

The *Remuneration and Incentive Policy for the Key Personnel of Banca Generali Group* — adopted in compliance with the Supervisory Provisions[24] currently in force — requires a portion of the variable component of remuneration, both current and deferred, to be paid by assigning Banca Generali's own financial instruments, based on the rules annually submitted for approval to the General Shareholders' Meeting of the Bank.

In addition to Top Managers, who qualify as Managers with Strategic Responsibilities, Key Personnel includes employees with special managerial responsibilities, Financial Advisors who serve as network managers and Financial Advisors whose total remuneration is a particularly high amount.

As of 2022, if the variable component of the Key Personnel's remuneration exceeds 50 thousand euros and one third of ordinary remuneration, at least 40% of it is subject to deferred payment systems for a period of time of no less than four years and will be at least 50% paid in Banca Generali shares according to the following assignment and retention mechanism:
- 60% of the bonus is paid up-front, normally by the first half of the year after that of reference, 50% in cash and 50% in Banca Generali shares, which will be subject to a retention period of one calendar year;
- 40% of the bonus will be paid according to a linear pro-rated approach and will be further deferred by four years from the payment of the first instalment, 50% in cash and 50% in Banca Generali shares, which will be subject to a retention period of one calendar year.

For Non-Top Key Personnel whose variable remuneration is a particularly high amount, the portion subject to deferral is increased to 60%, without prejudice to the payment of 50% of it in Banca Generali shares, whereas for Top Key Personnel the deferral period is increased to five years, with a 56% paid in shares.

Up to 2021, 40% of Key Personnel's variable remuneration, exceeding the threshold of 75 thousand euros, had been subject to deferral but for a period of no less than 2 years, with a 25% paid in Banca Generali shares according to the following assignment and retention mechanism:
- 60% of the bonus was paid up-front during the year after that of reference, 75% in cash and 25% in Banca Generali shares, which were subject to a retention period until the end of the year of assignment;
- 40% of the bonus was paid in two instalments of equal amount and deferred for one year and for two years, respectively, to be paid 75% in cash and 25% in Banca Generali shares, subject to a retention period until the end of the year of assignment.

In calculating the number of shares to be assigned, a method is applied where:
- the numerator is the portion of variable remuneration subject to payment in shares accrued in relation to the achievement of objectives set for the year in question; and
- the denominator is equal to the average price of Banca Generali shares during the three months prior to the meeting of the Board of Directors that approves the draft Separate and Consolidated Financial Statements for the year prior to that in which the cycle in question begins.

The payment in shares is executed after the Board of Directors verifies the earnings results for the year in question and is conditional not only upon the achievement of the pre-set objectives[25], but also to the satisfaction of access gates established from time to time by the Banking Group (CET1 ratio and LCR – Liquidity Coverage Ratio) for the year in which the remuneration is accrued and, where appropriate, for the following years of deferral.

[24] Bank of Italy Circular No. 285/2013, "Supervisory Provisions for Banks", Part I, Title IV, Chapter 2, Compensation and incentive mechanisms, as updated on 24 November 2021 (37th update).
[25] Provided for by the Management by Objectives (MBO) mechanism or by specific incentive/recruitment plans.

The Banking Group's Remuneration Policy for the reference year together with the authorisation to buy back treasury shares to be used to service it are submitted annually to the General Shareholders' Meeting that approves the previous year's Financial Statements. The resolution authorising the buy-back of treasury shares is also subject to authorisation by the Bank of Italy.

These plan categories also include any other compensation paid in the form of shares related to:

- ordinary sales incentives and recruitment plan for Financial Advisors other than the main network managers and employed sales personnel;
- agreements entered into in view of or upon the early termination of the employment or agency relationship, with regard to the beneficiaries falling within the category of Key Personnel.

1.1 Measurement of fair value and accounting treatment

The mechanisms to recognise variable remuneration — discussed in the previous section — are considered as equity-settled share-based payment transactions, falling within the scope of application of IFRS 2 – *Share-based Payments*.

The accounting treatment set forth for these transactions requires an entity to reflect in its accounts, under the most appropriate items (staff expenses, fee expense), the estimated expense associated with services received, determined on the basis of the fair value of the rights granted (stock options/stock grants), as an offsetting entry to an increase in net equity through allocation to a specific equity reserve.

As the agreements relating to share-based payments based on the above-mentioned plans do not call for an exercise price, they can be considered similar to a stock grant and recognised in compliance with the rules set forth for this category of transactions.
The overall expense regarding said agreements is therefore determined based on the number of shares expected to be assigned, multiplied by the fair value of the Banca Generali stock at the date of assignment.

The fair value of Banca Generali stock at the assignment date is measured based on the market price reported at the date of the General Shareholders' Meeting that is called annually to approve the Remuneration Policy for the year of reference, adjusted to account for the estimate of expected dividends, that will not be received by the beneficiaries during the deferral period.

The recognition through the equity reserve of the value of the plans — determined as described above — is measured *pro-rata temporis*, based on the vesting conditions, i.e., the period between assignment and final maturity of the right to receive the shares, likewise taking into account the probability that exercise conditions will not be realised for all beneficiaries.
Since the plans are organised into different instalments with differentiated vesting periods, each plan is valued separately.
In detail, the vesting period for the first instalment paid up-front assigned after the approval of the Financial Statements for the year of reference lasts from 1 January to 31 December of the year of reference of the remuneration (12 months). The vesting period of the subsequent instalments, whose payment is conditional upon both the continuation of service and the satisfaction of the access gates established on an annual basis, is further extended to 31 December of the year preceding that in which the shares are actually disbursed, according to a graded vesting criteria[26] [27].

However, the number of shares actually granted to beneficiaries may change based on the assessment of satisfaction of the individual objectives.

The IFRS 2 expense relating to any beneficiaries belonging to Banking Group companies other than the parent company Banca Generali is recognised directly by those companies. However, when the treasury shares bought back are actually assigned to them, the Bank charges back to the companies involved an amount corresponding to the fair value of the relevant plans[28].

1.2 Information on the share-based payment plans in connection to the Remuneration Policies

At 31 December 2023, there are three active cycles of share-based plans in connection to the Remuneration Policies relating to 2021, 2022 and 2023, whereas the 2020 cycle ended in the year, with the payment of the second deferred instalment.
Moreover, a limited number of non-standardised entry plans envisaging a longer, multi-year deferment are active.

[26] On the basis of the new Remuneration Policy in effect from 2022, the vesting period of portions of deferred variable remuneration may be extended from 24 to 72 months for Top Key Personnel with a particularly high remuneration.
[27] Since 2018, IFRS 2-related charges regarding ordinary incentives accrued by Financial Advisors and linked to objectives of net inflows or acquisition of new customers, where paid in shares, are expensed over the longer time period of 5 years. In addition, share grants relating to various recruitment plans for Financial Advisors who are included among Key Personnel only after the plan is concluded may be covered by other provisions for liabilities and contingencies previously allocated.
[28] The amount includes, in particular, the bonuses paid in shares to Key Personnel and some managers of the subsidiary BGFML and the Key Personnel of BG Valeur and BG Suisse.

The main features of the share-based plan, linked to the **2020** Remuneration Policies and approved by the General Shareholders' Meeting on **23 April 2020**, are as follows:

- for the purpose of determining the number of shares to be assigned, the price of reference of Banca Generali shares, calculated as the average official market price during the period 9 December 2019 to 9 March 2020, had been determined to be **29.71 euros**;
- the fair value of Banca Generali stock at the assignment date had been equal to the market price reported on 23 April 2020 (approximately **20.76 euros**), subsequently adjusted to account for the loss of dividends expected in the deferral period.

In that cycle, total shares assigned to Key Personnel had amounted to **152.8 thousand**, for a total fair value of **2.8 million euros**. In 2023, **28.7 thousand** shares referring to the second deferred instalment were assigned and the plan then ended.

The main features of the share-based plan, linked to the **2021** Remuneration Policies and approved by the General Shareholders' Meeting on **22 April 2021**, are as follows:

- for the purpose of determining the number of shares to be assigned, the price of reference of Banca Generali shares, calculated as the average official market price during the period 7 December 2020 to 5 March 2021, had been determined to be **27.58 euros**;
- the fair value of Banca Generali stock at the assignment date had been equal to the market price reported on 22 April 2021 (approximately **30.69 euros**), subsequently adjusted to account for the loss of dividends expected in the deferral period.

In that cycle, the total shares to be assigned to Key Personnel had amounted to **191.8 thousand**, for a total fair value of approximately **5.1 million euros**.
In 2023, **40.4 thousand shares**, referring to the first deferred instalment, were paid to the beneficiaries.
Shares still to be assigned amounted to **39.9 thousand** and refer to the second deferred instalment that will become payable in 2024.

The main features of the share-based plan, linked to the **2022** Remuneration Policies and approved by the General Shareholders' Meeting on **21 April 2022**, are as follows:

- for the purpose of determining the number of shares to be assigned, the price of reference of Banca Generali shares, calculated as the average official market price during the period 9 December 2021 to 9 March 2022, had been determined to be **36.0 euros**;
- the fair value of Banca Generali stock at the assignment date had been equal to the market price reported on 22 April 2021 (approximately **32.35 euros**), subsequently adjusted to account for the loss of dividends expected in the longer deferral period.

In that cycle, the total shares to be assigned to Key Personnel had amounted to **250 thousand**, for a total fair value of approximately **7.1 million euros**.
In 2023, **139.3 thousand shares**, referring to the up-front portion, were paid to the beneficiaries.
Shares still to be assigned amounted to **110.7 thousand** and refer to the deferred instalments that will become payable from 2024 to 2028, respectively.

The main features of the share-based plan, linked to the **2023** Remuneration Policies and approved by the General Shareholders' Meeting on **19 April 2023**, are as follows:

- for the purpose of determining the number of shares to be assigned, the price of reference of Banca Generali shares, calculated as the average official market price during the period 8 December 2022 to 8 March 2023, was determined to be **33.18 euros**;
- the fair value of Banca Generali stock at the assignment date was equal to the market price reported on 19 April 2023 (approximately **30.34 euros**), subsequently adjusted to account for the loss of dividends expected in the longer deferral period.

In respect of the assessment of the achievement by Key Personnel of the objectives set for 2023, it was estimated that the portion of variable remuneration subject to share-based payment amounted to approximately **227.8 thousand shares**, for a total plan fair value of **6.0 million euros**.

The estimate of the shares in the process of accruing referring to the 2022-2024 three-year incentive plan launched by the Bank in 2022 that can be allotted to Key Personnel within the overall FA Network (Financial Advisors and Relationship Managers) amounted to 98.3 thousand, for a total value of 2.1 million euros.

Other plans
There are other share-based plans, activated within the framework of the Remuneration Policies in force from time to time, which call for longer deferral periods of several years greater than those in effect when the plans were activated or, in any case, for vesting periods not in line with those envisaged in the Remuneration Policies.
In relation to such plans, the shares to be assigned to Key Personnel are estimated at a total of 35.3 thousand, corresponding to a fair value of 0.9 million euros, of which 18.8 thousand shares already allotted to the beneficiaries.

Quantitative information

In the reporting year, on the basis of the achievement of the performance objectives set out in the 2020, 2021 and 2022 Remuneration Policy, **215,953** treasury shares were granted to company managers and network managers, of which **176,073** shares assigned to Area Managers and Financial Advisors, **33,127** shares allotted to employees, and 6,753 shares to other beneficiaries of Banking Group companies.
In particular, the shares assigned for 2020 and 2021 related, respectively, to the first and second instalments deferred by one year (20%), whereas the shares assigned for 2022 related to the up-front amount (60%); a residual amount of shares were granted under previous years' plans with different deferral mechanisms.

(THOUSANDS OF SHARES)	DEFERRAL	DATE OF SHARE-HOLDERS' MEETING	BANK OF ITALY'S AUTHO-RISATION	ASSIGN-MENT PRICE	WEIGHTED AVERAGE FV	TOTAL SHARES (/000)	SHARES ALREADY ASSIGNED (/000)	OF WHICH ASSIGNED IN 2022	SHARES TO BE ASSIGNED (/000)	FAIR VALUE (€ MILLION)	IFRS 2 RESERVE (€ MILLION)
Year 2020	2021-2023	23.04.2020	16.07.2020	29.71	18.07	152.4	-123.3	-28.7	0.4	2.8	-
Year 2021	2022-2024	22.04.2021	01.07.2021	27.58	26.36	191.8	-111.5	-40.4	39.9	5.1	1.0
Year 2022	2022-2027	22.04.2022	01.07.2022	36.00	28.24	250.0	-	-139.3	110.7	7.1	1.9
Year 2023	2023-2028	19.04.2023	01.07.2022	33.18	26.44	227.8	-	-	227.8	6.0	4.4
Year 2022 three-year incentives	2022-2028	22.04.2022	28.06.2023	36.00	21.61	98.3	-	-	98.3	2.1	0.7
Other long-term plans					26.42	56.3	-17.7	-7.6	31.1	1.5	0.6
Total						**976.6**	**-252.6**	**-216.0**	**508.1**	**24.5**	**8.5**

2. Framework Loyalty Programme for the Sales Network 2017-2026

The *2017-2026 Framework Loyalty Programme for the Sales Network* was approved by the Board of Directors on 21 March 2017 and ratified by the General Shareholders' Meeting on 20 April 2017.

The Framework Loyalty Programme is divided into eight annual individual plans, all set to expire on 31 December 2026 and of decreasing lengths, to be activated following prior authorisation by the General Shareholders' Meeting of Banca Generali.
The indemnities accrued over the term of the Programme will be, in any event, paid out in one instalment, within 60 days from the General Shareholders' Meeting called to approve the 2026 Financial Statements.

For each plan, a portion of the accrued indemnity may be paid out in Banca Generali shares (up to a maximum of 50%), following an assessment of the potential effects at the level of capital ratios and floating capital by the corporate bodies (Board of Directors and General Shareholders' Meeting).

Participation in each of the plans envisaged by the Programme is reserved for Financial Advisors and Relationship Managers who have at least five years of company seniority by 31 December of the financial year before the reference year for each plan.

To be eligible to access the benefits of the plans activated it is necessary to:
› achieve at the end of the reference year a minimum volume of total AUM and qualified AUM increasing over time and with no net outflows (vesting condition);
› be regularly employed and not in a notice period on the disbursement date, except when the termination of employment is caused by death or permanent incapacity, retirement or withdrawal from the relationship by Banca Generali not for cause (service condition).

In the event of death, the indemnities accrued are understood to be permanently acquired, but are payable to the heirs under the same conditions specified for the other beneficiaries.

In addition, the accrued indemnity is commensurate for each individual plan with a rate for verified AUM and is differentiated according to the type of person (Financial Advisor/RM) and service seniority until a cap is reached.
Recognition of the indemnities on the disbursement date is also subject to the Banking Group's access gates being exceeded as defined in the Remuneration Policies applicable from time to time and the rules of propriety.

The number of Banca Generali shares due is determined in the same way as for the share-based payment plans connected with the Remuneration Policies, namely based on the average price of Banca Generali shares during the three months prior to the meeting of the Board of Directors that approves the draft Separate and Consolidated Financial Statements for the year prior to that of the annual plan of reference.

2.1 Measurement of fair value and accounting treatment

Without prejudice to the accounting framework already analysed in point 1.1 above, set out below are the specific details of the share-based payment plans that can be activated as part of the Loyalty Programme.

The fair value of Banca Generali share for plan valuation purposes is determined based on the market stock price reported on the date of the General Shareholders' Meeting that approves their activation, adjusted to take account of the estimate of expected dividends that the Bank will distribute along all the time horizon, decreasing for each successive plan, running up to the date the shares are actually assigned.

The plans' impact on the profit and loss account is measured *pro-rata temporis* based on the vesting period, which decreases for each successive plan, i.e., the period between the year of reference and final maturity of the right to receive the shares, taking also into account the probability that the vesting conditions for the year will not be realised for all beneficiaries.

2.2 Information on the share-based payment plans linked to the Framework Loyalty Programme

For all the annual plans launched up to the reporting date, 50% of the indemnity accrued can be paid out in shares.
The accrued indemnity value was determined based on the AUM of the plan's potential beneficiaries at end of the year of reference, whilst the number of financial instruments that can be assigned was determined based on the same reference value as the Banca Generali stock applied for the Remuneration Policies in force in the respective years.

Overall, the total number of shares, either assigned or in the process of accruing, in service of the five plans amounted to about 1,415 thousand (1,375 thousand net of the estimated turnover), for a total value of 20.2 million euros, of which 10.9 million euros already recognised through profit and loss.

	MAXIMUM NO. OF SHARES	NO. OF SHARES NET OF THE ESTIMATED TURNOVER	PLAN'S FAIR VALUE	IFRS 2 RESERVE	2023 EXPENSE
	THOUSANDS OF SHARES		€ MILLION		
2017-2026 Plan	204	198	2.4	1.6	0.3
2018-2026 Plan	162	158	2.3	1.4	0.3
2019-2026 Plan	334	324	4.4	2.6	0.5
2020-2026 Plan	278	270	2.7	1.4	0.4
2021-2026 Plan	437	424	8.4	3.8	1.3
Total	**1,415**	**1,375**	**20.2**	**10.9**	**2.7**

3. Long Term Incentive (LTI) Plans

The Long Term Incentive (LTI) Plan, based exclusively on Banca Generali S.p.A. shares, is governed by Banca Generali's Remuneration Policies for Key Personnel and is approved annually by the Shareholders' Meeting of the Bank[29].
The plan aims at increasing the value of Banca Generali shares, by further strengthening the link between the remuneration of beneficiaries and the performance of the Banking Group, without prejudice to the consistency required with the expected results set forth in the Insurance Group's strategic plan.

This incentive instrument was introduced in 2018 to replace an incentive of a similar nature activated annually by the parent company Assicurazioni Generali for an extensive group of Key Managers of the Insurance Group and based on the assignment of Assicurazioni Generali shares.

Within this framework, the performance objectives envisaged by the plans assign a weight of 80% to the Banking Group's objectives and 20% to the Insurance Group's objectives.

The performance indicators identified, to which various weights are assigned, may vary year by year and present the following characteristics:
› Banking Group's objectives (80%): tROE and adjusted EVA, ESG AUM ratio;
› Insurance Group's objectives (20%): ROE (Return on Equity), rTSR (relative Total Shareholders' Return compared to a peer group), net cash flows, sustainability indicators.

The main characteristics of the plans approved as of 2020 are:
› the maximum number of the shares to be granted is determined at the beginning of the period of reference using a multiplier of the beneficiary's current remuneration;
› each year, it is determined that the access gate conditions of the Banking Group and of the Insurance Group have been met with regard to the specific year of the plan and the attainment of the objectives set at the beginning of the three-year period is assessed;
› at the end of the three years, once it has been determined that the access gates have been exceeded, the overall level of achievement of the objectives set at the beginning of the three years is assessed on the basis of the average annual results achieved in order to determine the actual number of shares due;
› the total shares accrued are then disbursed to the plan beneficiaries, provided that there is still a professional relationship between the beneficiary and a Banking Group company (service condition), through the free allotment of ordinary treasury shares bought back on the market (stock granting), in two instalments:
  – 50% of the shares is assigned immediately, subject to a further retention period of one year;
  – the remaining 50% is subject to a deferral of two additional years, without prejudice to a retention period of an additional year;

[29] For further details on the Plan, reference should be made to the Report on Remuneration Policy and Compensations Paid approved annually by the Shareholders' Meeting and published on the Bank's website.

- the plan does not include dividend equivalent mechanisms, in accordance with the law and common practice in the banking sector;
- the plans envisage the customary malus and claw-back clauses.

The level of achievement of objectives, expressed in percent terms, is determined separately for each basket, consisting in an indicator and the weight assigned to it, using the linear interpolation method on the basis of the reference levels set at the outset of the plan (minimum, target and maximum)[30].
Here below is a presentation of the performance indicators defined for the plans activated up to now.

3.1 Measurement of fair value and accounting treatment

Without prejudice to the accounting framework already analysed in point 1.1 above, set out below are the specific details of the share-based payment plans that can be activated as part of the LTI plans launched by Banca Generali.

The number of shares due shall be valued separately for each plan year and for each of the weighted baskets linked to the objectives of the Banking Group and the Insurance Group.

In particular, baskets tied to the performance indicator formed by the Insurance Group's rTSR contain a market condition, whereas the other baskets are based on achievement of performance conditions.

	WEIGHT OF BANKING/ INSURANCE GROUP'S KPIS	BANKING GROUP'S ACCESS GATES	INSURANCE GROUP'S ACCESS GATES	BANKING GROUP'S OBJECTIVES	INSURANCE GROUP'S OBJECTIVES
2020 LTI	80%-20%			1. tROE (50%), 2. Adjusted EVA (50%)	1. rTSR (50%), 2. Net Holding cash flow (50%)
2021 LTI	80%-20%	Total Capital Ratio (TCR) Liquidity Coverage Ratio (LCR)	Regulatory Solvency ratio	1. tROE (50%), 2. Adjusted EVA (50%); 3. ESG AUM (correction factor from 0.8 to 1.2) [g]	1. rTSR (50%), 2. Net Holding cash flow (50%), 3. ESG indicators (correction factor from 0.8 to 1.2)
2022 LTI	80%-20%			1. tROE (40%), 2. Adjusted EVA (40%); 3. ESG AUM (20%) [h]	1. rTSR (45%), 2. Net Holding cash flow (35%), 3. ESG indicators (20%)
2023 LTI	80%-20%	CET1 Ratio Liquidity Coverage Ratio (LCR) [*]		1. tROE (40%), 2. Adjusted EVA (40%); 3. ESG AUM (20%) [i]	1. rTSR (55%), 2. Net Holding cash flow (25%), 3. ESG indicators (20%)

a) tROE (tangible – Return on equity): the ratio of net profit and average net equity, excluding net profit for the year and intangible assets.
b) Recurring income, net profit less the following one-off components: gains/losses on the proprietary securities portfolio, performance fees, one-off component of the contributions to the FITD/BRRD bank rescue funds and the income and costs related to the extraordinary transactions completed during the reference period.
c) Adjusted EVA – Embedded value added: an indicator that expresses the value creation as the difference between recurring net profit (as defined above) and the cost of capital (Ke * average absorbed capital).
d) Net ROE (return on equity): ratio of consolidated net result and IFRS consolidated net equity of Generali Group (excluding item "Other Comprehensive Income").
e) rTSR – relative Total Shareholder Return: the total return on shareholder investment, calculated as the change in the market price of Generali Group shares, in which distributions or dividends reinvested in the shares are included, as compared to a peer group of competitors included in the STOXX Euro Insurance index.
h) Net Holding cash flow (Generali Group): net cash flows available at the level of the parent company in a given period, after holding expenses and interest expense. Its main components, from a cash perspective, are: remittances from subsidiaries; the result of centralised reinsurance; interest on borrowings; and expenses and taxes paid or reimbursed at the level of the Parent Company.
g) 2021 ESG indicators:
   1) Banking Group: Assets Under Management (AUM) of retail funds and insurance and financial underlying with ESG (Environmental, Social e Governance) rating by an external provider. The parameter is applied as a multiplier from 0.8 to 1.2 based on the period-end volume of the ESG component of AUM;
   2) Insurance Group: i) ESG rating assigned by MSCI (Morgan Stanley Capital International) in the multi-line insurance & brokerage sector; ii) positioning of the score assigned by Standard & Poor's Global Corporate Sustainability Assessment for the banking sector. The parameter is applied as a multiplier from 0.8 to 1.2 based on the rating assigned.
h) 2022 ESG indicators:
   1) Banking Group: Assets Under Management (AUM) of retail funds and insurance and financial underlying with ESG (Environmental, Social e Governance) rating by an external provider. The parameter is applied as a multiplier from 0.8 to 1.2 based on the period-end volume of the ESG component of AUM (in a range of 8%-13% of the AUM of reference);
   2) Insurance Group: i) new green and sustainable bond investments (10% weight); ii) % of women managers in management positions on total management positions (10% weight).
i) 2023 ESG indicators:
   1) Banking Group: ESG Assets Under Management (AUM), i.e., the ratio of Assets Under Management to AUM invested in (i) "eligible" financial and insurance products/services pursuant to Articles 8 or 9 in accordance with the MiFID ESG approach, and (ii) financing that, although included in portfolio management schemes or insurance policies that do not fall under Articles 8 or 9, actually qualify as pursuant to Articles 8 or 9 with an MIFID-ESG score of >3;
   2) Insurance Group: i) the CO_2 Emissions Reduction Target for Group Operations, which refers to the percent reduction in CO_2-equivalent emissions generated by the Group's operations, measured comparing the year 2025 with the 2019 baseline; ii) % of women managers in management positions on total management positions.
(*) In detail, the 2023 banking access gates were CET1 ratio >=11% and LCR >=150%, whereas the insurance access gate was Regulatory Solvency Ratio (RSR) >150%.

[30] In particular, the maximum performance level is associated with a percentage of 175%.

Market conditions are assessed solely at the assignment date on the basis of a statistical model that estimates the probable future positioning of the rTSR for Generali shares compared to a peer group identified by the STOXX Euro Insurance Index for each plan year. The fair value of the rights associated with this plan component is thus determined by multiplying the fair value of a Banca Generali share at the assignment date by the level of achievement of the objective associated with the resulting positioning.

Baskets associated with the achievement of performance conditions are assessed on the basis of the fair value of a Banca Generali share and the number of shares potentially assignable.

In this case as well, the fair value of the Banca Generali share used for evaluating the plans is determined starting from the market stock price reported on the date of the General Shareholders' Meeting that approves their activation, adjusted to take account of the estimate of expected dividends that the Bank will distribute along all the time horizon, running up to the date the shares are actually assigned.

The total cost of the LTI plans is therefore equal to the sum of the cost calculated for each basket on the basis of the fair value of rights assigned, determined according to the above methods, multiplied by the number of shares that may potentially be granted in respect of the level of achievement of the performance condition, the market condition, the likelihood that the service condition will be met and the achievement of the minimum access gate.

The recognition through the equity reserve of the value of the plans — determined as described above — is measured pro-rata temporis, based on the vesting conditions, i.e., the period between assignment and final maturity of the right to receive the shares, likewise taking into account the probability that exercise conditions will not be realised for all beneficiaries.
In particular, for plans activated from 2020 onwards, the vesting period of the first instalment is three years from the year of approval of the plan to the end of the final year of the three years of reference, whereas the vesting period of the second instalment extends to the end of the year before that of the actual assignment of the shares (five years).

3.2 Information on the LTI (Long Term Incentive) share-based payment plans

In 2023, the shares relating to the first instalment of the second 2020-2023 LTI Plan were assigned. In detail, based on the objectives reached, a total of 42,803 shares were assigned out of a maximum number of 85,606 shares. The second instalment will be assigned in 2025.

Overall, the total number of shares in the process of accruing for the four plans underway amounted to about 385 thousand, for a total value of 8.7 million euros, of which 5.1 million euros already recognised through profit or loss (2.1 million euros for 2023).

	MAX NO. OF SHARES (THOUSANDS OF SHARES)		PLAN'S FAIR VALUE	IFRS 2 RESERVE	2023 EXPENSE
	TOTAL	ASSIGNED	(€ MILLION)		
2020-2022 Plan (2023-2025 allotments)	85.6	42.8	1.2	1.1	0.2
2021-2023 Plan (2024-2026 allotments)	123.4	-	2.6	2.0	0.6
2022-2024 Plan (2025-2027 allotments)	105.1	-	2.4	1.3	0.7
2023-2025 Plan (2026-2028 allotments)	114.0	-	2.4	0.7	0.7
Total plans underway	**428.2**	**42.8**	**8.7**	**5.1**	**2.2**

Quantitative Information

The value of treasury shares assigned during the year was 7.4 million euros, against IFRS 2 reserves totalling 6.6 million euros, with a negative net effect on the share premium reserve of about 0.8 million euros.
New provisions were also allocated to the reserve for 11.8 million euros.

At 31 December 2023, total IFRS 2 reserves allocated therefore amounted to 23.6 million euros, of which:

- 8.3 million euros in relation to the Remuneration Policy;
- 10.9 million euros in relation to the Loyalty Programme;
- 4.4 million euros in relation to the Long Term Incentive Plans of Banca Generali.

PART M – INFORMATION ON LEASES

Section 1 – Lessee

Qualitative information

With regard to qualitative information required pursuant to paragraphs 59 and 60 of IFRS 16, reference should be made to Part A.2 – Main Financial Statements Aggregates, Point 15 – Other information of these Notes and Comments.

Quantitative information

As regards quantitative information, reference should be made to the details given in these Notes and Comments, and in particular:

- Rights of use acquired through leases in Part B – Information on the Consolidated Balance Sheet – Assets, Section 8 – Property and equipment – Item 80, Table 8.1 Breakdown of operating property and equipment: assets measured at cost;
- Lease debts in Part B – Information on the Consolidated Balance Sheet – Liabilities, Section 1 – Financial liabilities measured at amortised cost – Item 10, Table 1.6 Lease debts;
- Interest expense on lease liabilities/debts in Part C, Section 1 – Interests – Items 10 and 20, Table 1.3 Breakdown of interest expense and similar charges;
- Other costs associated with rights of use acquired through leases in Part C, Section 10 – General and administrative expenses – Item 160, Table 10.5 Breakdown of other general and administrative expenses;
- Depreciation of rights of use acquired through leases in Part C, Section 12 – Net adjustments/reversals of property and equipment – Item 180, Table 12.1 Breakdown of net adjustments of property and equipment.

Trieste, 5 March 2024

The Board of Directors

Independent Auditors' Report on the Financial Statements

KPMG S.p.A.
Revisione e organizzazione contabile
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(The accompanying translated separate financial statements of Banca Generali S.p.A. constitute a non-official version which is not compliant with the provisions of Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Banca Generali S.p.A.

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Banca Generali S.p.A. (the "bank"), which comprise the balance sheet as at 31 December 2023, the profit and loss account, the statement of other comprehensive income, the statement of changes in net equity and the cash flow statement for the year then ended and notes thereto, which include material information on the accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Banca Generali S.p.A. as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the separate financial statements*" section of our report. We are independent of the bank in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Banca Generali S.p.A.
Independent auditors' report
31 December 2023

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the separate financial statements of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Classification and measurement of financial assets and liabilities at fair value

Notes to the separate financial statements "Part A – Accounting policies": paragraphs A.2.1 "Financial assets measured at fair value through profit or loss (FVTPL)", A.2.2 "Financial assets at fair value through other comprehensive income (FVOCI)", A.2.4 "Hedging transactions", A.2.12 "Financial liabilities held for trading" and A.4 "Information on fair value"

Notes to the separate financial statements "Part B - Information on the consolidated balance sheet - Assets": sections 2 "Financial assets measured at fair value through profit or loss ", 3 "Financial assets measured at fair value through other comprehensive income" and 5 "Hedging derivatives"

Notes to the separate financial statements "Part B - Information on the consolidated balance sheet - Liabilities": sections 2 "Financial liabilities held for trading" and 4 "Hedging derivatives"

Notes to the separate financial statements "Part C - Information on the consolidated profit and loss account": sections 4 "Net income (loss) from trading activities", 5 "Net income (loss) from hedging" and 7 "Net gains (losses) of other financial assets and liabilities measured at fair value through profit or loss"

Notes to the separate financial statements "Part E - Information on risks and risk hedging policies": sections 1 "Credit risk - subsection E "Transfers" - paragraph C "Transferred financial assets fully derecognised", 2 "Market risks" and 3 "Derivatives and hedging policies"

Key audit matter	Audit procedures addressing the key audit matter
The separate financial statements at 31 December 2023 include financial assets and financial liabilities at *fair value* totalling €1,672.3 million and €132.8 million, respectively. These financial assets and liabilities comprise assets and liabilities measured at fair value of €695.6 million and €132.8 million, respectively, for which there is no quoted price on an active market and which the bank's directors have classified at levels 2 and 3 of the fair value hierarchy. Classifying and, especially, measuring fair value levels 2 and 3 financial instruments require a high level of judgement given the complexity of the models and parameters used. For the above reasons, we believe that the classification and measurement of financial assets and liabilities at fair value are a key audit matter.	Our audit procedures included: — gaining an understanding of the bank's processes and IT environment in relation to the trading, classification and measurement of financial instruments; — assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls, especially in relation to the classification and measurement of financial instruments with fair value levels 2 and 3. We carried out these procedures with the assistance of experts of the KPMG network; — checking, on a sample basis, that the financial instruments had been correctly classified on the basis of their fair value level; — for a sample of financial instruments with fair value levels 2 and 3, assessing the reasonableness of the main parameters used by the directors for their measurement. We carried out this procedure with the assistance of experts of the KPMG network; — analysing the changes in the composition of the financial instrument portfolios compared to the

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	previous year end and discussing the results with the relevant internal departments; — assessing the appropriateness of the disclosures about financial instruments and related fair value levels.

Measurement of provisions for liabilities and contingencies

Notes to the separate financial statements "Part A - Accounting policies": section 10 "Provisions for liabilities and contingencies"

Notes to the separate financial statements "Part B - Information on the consolidated balance sheet - Liabilities": section 10 "Provisions for liabilities and contingencies"

Notes to the separate financial statements "Part C - Information on the consolidated profit and loss account": section 11 "Net provisions for liabilities and contingencies"

Key audit matter	Audit procedures addressing the key audit matter
The separate financial statements at 31 December 2023 include provisions for liabilities and contingencies of €262.5 million. These include €199.9 million relating to financial advisors' termination indemnities and incentive schemes. Measuring provisions for the financial advisors' termination indemnities and incentive schemes is a complex activity, with a high degree of uncertainty, and also entails directors' actuarial-based estimates about the probability of payments, the expected payment timing and other historical and statistical parameters relating to the financial advisors. For the above reasons, we believe that measuring provisions for liabilities and contingencies is a key audit matter.	Our audit procedures included: — understanding the process for the measurement of the provisions for liabilities and contingencies, assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls; — analysing the discrepancies between last year's and current year's estimates of the provisions for liabilities and contingencies and discussing the results with the relevant internal departments; — analysing the reasonableness of the assumptions, actuarial assumptions and methods used by the directors to estimate the liability for personal financial advisors' termination indemnities and incentive schemes. We carried out these procedures with the assistance of experts of the KPMG network; — assessing the appropriateness of the disclosures about the other provisions for liabilities and contingencies.

Other matters - Management and coordination

As required by the law, the bank's directors disclosed the key figures from the latest financial statements of the company that manages and coordinates it in the notes to its own separate financial statements. Our opinion on the separate financial statements of Banca Generali S.p.A. does not extend to such data.

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Responsibilities of the bank's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the bank's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the bank or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the bank's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the bank to cease to continue as a going concern;

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- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 22 April 2021, the bank's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2021 to 31 December 2029.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the bank in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The bank's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the separate financial statements at 31 December 2023 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the separate financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the separate financial statements at 31 December 2023 have been prepared in XHTML format in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The bank's directors are responsible for the preparation of the reports on operations and on corporate governance and ownership structure at 31 December 2023 and for the consistency of such reports with the related financial statements and their compliance with the applicable law.

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We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the report on operations and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the bank's separate financial statements at 31 December 2023 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the report on operations and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the bank's separate financial statements at 31 December 2023 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Trieste, 27 March 2024

KPMG S.p.A.

(signed on the original)

Pietro Dalle Vedove
Director of Audit

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Report of the Board of Statutory Auditors

pursuant to Article 153 of Legislative Decree No. 58/1998

Shareholders,

The Board of Statutory Auditors (the "**Board**") is required to report to the General Shareholders' Meeting of Banca Generali S.p.A. (hereinafter also "**Banca Generali**", the "**Bank**" or the "**Company**"), convened, *inter alia*, to approve the Financial Statements for the year ended 31 December 2023, on the supervisory activity performed and any omissions and censurable facts identified, pursuant to Article 153 of Legislative Decree No. 58/1998 ("**TUF**"). This activity was carried out in accordance with the code of conduct recommended by the Roll of Certified Public Accountants and Commercial Experts, while also taking account of the provisions issued by Consob and the Bank of Italy, the instructions set out in the Corporate Governance Code and the provisions of Article 19 of Legislative Decree No. 39/10. The following information also takes account of Consob recommendations contained in Communication No. 1025564/2001.
It bears recalling that on 22 April 2021 the General Shareholders' Meeting of Banca Generali had appointed this Board of Statutory Auditors until the approval of the Financial Statements for the year ended 31 December 2023, in the persons of Natale Freddi (Chairman), Flavia Daunia Minutillo and Mario Francesco Anaclerio (Acting Auditors). On the same date, the Board of Directors also granted the Board of Statutory Auditors the functions attributed to the Supervisory Board pursuant to Article 6 of Legislative Decree No. 231/2001.
During the year, the Board of Statutory Auditors met 19 times and 6 times in its capacity as Supervisory Body. It also took part in 16 meetings of the Board of Directors, 18 meetings of the Internal Audit and Risks Committee, 12 meetings of the Remuneration Committee, 10 meetings of the Nomination, Governance and Sustainability Committee and 14 meetings of the Credit Committee. The Board of Statutory Auditors also took part in the induction programme for members of the Bank's corporate bodies.

1. Supervisory activity concerning compliance with the law and Articles of Association

The Board of Statutory Auditors periodically obtained information from the Directors — including by participating in the meetings of the Board of Directors and its Board Committees — regarding the activity carried out and management acts undertaken. On the basis of the information available, it may reasonably confirm that those activities and acts were implemented in compliance with the law and the Articles of Association.

The material events during the year that the Board of Statutory Auditors deems appropriate for mention in light of their importance include:

- the resilience of the 2022-2024 Strategic Plan, which — despite the turbulence and uncertainties of 2022-2023 — remained in line with the targets disclosed to the market on the 2022 Investor Day;
- the FINMA authorisation obtained by the subsidiary BG Suisse S.A., incorporated in 2021, to start the banking activity. Banca Generali subsequently carried out a further capital increase of CHF 40 million aimed at increasing the company's statutory share capital as required by the new Articles of Association. The bank started its operations on 1 December 2023 and changed its company name into BG (Suisse) Private Bank S.A.;
- the approval by Banca Generali's Board of Directors, on 8 February 2024, of the revision of the joint venture agreement with Saxo Bank that will entail, *inter alia* and following the Bank of Italy's prior authorisation, an increase in Banca Generali's equity investment (currently equal to 19.9%) to 49.9% of share capital and the sale en bloc, pursuant to Article 68 of TUB, of a portfolio of securities account contracts with customers, considered autonomous in functional terms from other relationships between Banca Generali and its online trading customers.

It should also be noted that, at 31 December 2023, the consolidated CET1 ratio was 17.8% and Total Capital Ratio (TCR) was 19.0%, compared to the SREP minimum requirement of 8% and 12.3%, respectively. The main information on capital adequacy, risk exposure and the general characteristics of the systems implemented to identify, measure and manage said risks are illustrated in the Pillar 3 disclosures prepared pursuant to Part VIII of Regulation (EU) No. 575/2013.
With regard to the Russia-Ukraine conflict, it bears noting that Banca Generali is not exposed to the countries involved in the conflict, either with its own securities portfolio, or with the customer loans portfolio. In addition, the exposure of the Bank's clients is also quite limited.
With regard to relations with the supervisory authorities, the Board of Statutory Auditors was updated by the responsible company functions regarding the requests and inquiries made and the responses given. In turn, when requested, it provided responses to the above Authorities on specific topics relating to the reports received and the audits carried out by the Board of Statutory Auditors.

2. Supervisory activity concerning compliance with the principles of sound management

The Board of Statutory Auditors acknowledged and supervised the compliance with the principles of sound management by obtaining information from the Heads of the competent Control Functions and the Manager in Charge of preparing the Company's financial reports, as well as from meetings with the Independent Auditors as part of the mutual exchange of relevant data and information. In the year, it also met several times with the Chief Executive Officer, the Deputy General Managers and other top managers at the Board Committees' meetings or at other ad-hoc meetings, to obtain information regarding operating performance, the internal control system and main company risks. During such meetings, the Board of

Statutory Auditors observed the regular, constant flow of information from the main corporate operating functions and, in the case of the Board of Directors, its constant updating.
The Board of Statutory Auditors may therefore reasonably state that the transactions carried out are inspired by the principles of sound management, and that management decisions were made on the basis of adequate flows of information and awareness of their risk level.
In particular, as regard the most significant economic, financial and equity transactions implemented by the Bank, subject to supervisory activity, the Board of Statutory Auditors may reasonably confirm that they were implemented in compliance with the law and the Articles of Association and were not manifestly imprudent, risky, in conflict with the resolutions passed by the Shareholders' Meeting or such as to compromise the integrity of the Company's assets. The transactions in which Directors had an interest were approved in accordance with the law, regulations and Articles of Association. As part of the information provided on the preparation of the annual and half-yearly financial statements, the information pursuant to Article 150 of TUF was provided by the Chief Executive Officer and also by the Manager in charge of preparing the Company's financial reports.
In addition, the Board of Statutory Auditors determined that there had been no atypical and/or unusual transactions with companies of Banca Generali Banking Group (the "**Group**"), third parties or related parties, i.e., transactions that, in view of their characteristics, may give rise to doubts as to the correctness/completeness of the information in the financial statements, conflict of interest, integrity of company assets and the protection of minority shareholders.
No critical issues came to light from the meetings held with the Chairman of the Board of Statutory Auditors of Generfid S.p.A. and the control bodies of BG Fund Management Luxembourg S.A. and BG Valeur S.A. or from the examination of the Directors' reports included in the financial statements. Likewise, at such meetings, no issues were reported relating to the activities carried out, where required, in our capacity as Supervisory Body pursuant to Legislative Decree No. 231/2001.

3. Supervisory activity concerning adequacy of the organisational structure

The Board of Statutory Auditors supervised the adequacy of the Bank's organisational structure by holding meetings with the Bank's operating functions, and in particular with the COO & Innovation Area and the Organisation Department, in order to verify the adequacy of the company structure, system of delegated powers, internal control and risk management system and information flows.

The Bank's organisational structure did not change substantially during the year, although the process of rationalising some of its internal structures continued. With regard to the operating structures, worth of mention are:

- the setting up of the new "*second-line control function for the ICT and security risk*", assigning the related responsibilities to the Risk Management Department, which established its new internal ICT and Security Risk Management Service;
- the setting up of the Strategic Transactions Legal Affairs Service tasked with providing legal support for the Bank's strategic transactions;
- the new organisation of the Financial Advisor Network, which will be inspired by three principles of change: (i) a single local structure within the network, entailing greater synergies and lesser competition; (ii) introduction of a mechanism whereby each local professional no longer has a single point of contact, but is part of a team in which transversal and strategic managers integrate the work of managers on specific topics (e.g., sustainability); (iii) creation of a closer relationship between the Headquarters and the network; and (iv) the establishment of the Investee Coordination OU, reporting directly to the Head of the CFO & Strategy Area, tasked with supervising the financial and income information flows of investees through specific reports;
- the rationalisation of the Wealth Management Area, with the establishment of the Wealth Advisory Department dedicated to advice regarding non-financial services, alongside the Financial Advisory Department, which is responsible for advice regarding financial services and products;
- the creation of the Strategy, Planning and Control Department, which combines the Planning and Control structures with the function dedicated to Strategic Planning and M&A activities.

With regard to the Products and Service Management Committee, Active Ownership competencies were expanded so as to support of the General Counsel & Sustainability Area in engaging issuers of financial instruments on ESG and CSR matters.
The Board of Statutory Auditors also supervised the proper performance of the management and coordination activities carried out by the Bank as Parent Company and has no observations to make in this regard.

In fact, the Parent Company performs its steering and governance tasks and provides support to its subsidiaries, in accordance with the Consolidated Law on Banking (TUB), supervisory regulations and Group regulations, adopting risk management procedures and internal control mechanisms that ensure coordinated, unified management of the various Group companies in order to:

- ensure satisfaction of the requirements imposed by supervisory regulations at Group level;
- safeguard the profitability and value of the equity investments of the Parent Company and all its subsidiaries;
- avoid any harm to the integrity of the assets of each Group entity by also providing instructions through specific instruments, such as Group regulations and policies on specific subjects.

The Board of Statutory Auditors supervised the adequacy of the instructions provided by the Company to its subsidiaries pursuant to Article 114, paragraph 2, of TUF.

4. Corporate governance

The Board of Statutory Auditors assessed the methods whereby the Borsa Italiana's Corporate Governance Code adopted by the Bank was implemented, according to the terms illustrated in the "2023 Report on Corporate Governance and Ow-

nership Structures" (the "**Corporate Governance Report**"). It bears noting that the company bodies also acknowledged the latest recommendations formulated in the letter from the Chair of the Corporate Governance Committee of 13 December 2023, as well as of the "Guidelines on the composition and functioning of the Board of Directors in the LSIs" published on 13 November 2023 by the Bank of Italy.
In line with the legislation of reference, Banca Generali's Board of Directors, with support from the external professional Egon Zehnder — appointed as independent expert for the entire three years of the term — launched the Board Review 2023, i.e., the annual self-assessment on the functioning of the Board and Board Committees, as well as of their size and composition. The Board Review involved the participation of all Directors in office and the Chairman of the Board of Statutory Auditors (who shared the self-assessment exercise with the two other Acting Auditors).
The Board of Statutory Auditors as well performed its 2023 annual self-assessment to evaluate its functioning, size and composition, also taking account of the process for appointing the next Board of Statutory Auditors. In fact, the Board of Statutory Auditors, in view of the end of its term of office, drafted the "Recommendations on the Optimal Qualitative and Quantitative Composition of the Board of Statutory Auditors" defining the individual and collective requirements that Statutory Auditors must meet in accordance with current laws and regulations. These Recommendations were made available to the Board of Directors and the Shareholders on the Bank's website.
The results of the two assessments are reported in detail in the Corporate Governance Report.
Furthermore, during the year the Board of Statutory Auditors verified that the Statutory Auditors met the relevant requirements in accordance with the MEF Decree No. 169 of 23 November 2020, as well as, in general, with the applicable legal, regulatory and self-regulatory provisions in force.
In detail, pursuant to Article 23 of the MEF Decree, the Board of Statutory Auditors conducted new specific assessments of the continuing satisfaction of eligibility requirements and criteria, including that of independence, by its members, where supervening events might have affected possession of such requisites.
Additionally, during the year the Board of Statutory Auditors verified the proper application of the assessment criteria and procedures adopted by the Board of Directors to assess possession of the fit and proper requirements of its members, pursuant to applicable legislation.

5. Supervisory activity concerning transactions with related and connected parties

The Board of Statutory Auditors supervised the compliance with applicable legislation of the Policy for Transactions with Related Parties, Connected Parties and Corporate Officers pursuant to Article 136 of TUB (the "**Policy**") adopted by the Bank on this matter (as most recently updated on 22 June 2023) and its proper application, participating in all the meetings of the Internal Audit and Risk Committee — which also functions as the Committee for the preliminary review of transactions with related and connected parties and is tasked with issuing the related opinions required by applicable legislation — set up in accordance with the relevant Policy, periodically receiving and analysing information regarding the transactions performed. The Board of Statutory Auditors has no record of related and connected party transactions undertaken in conflict with the Company's interest.
Approval of the new text of the Policy was necessary to adapt the text to the new format of the Bank's internal rules and to combine, in a single text, the two previous existing documents ("Procedure for Related Party and Connected Party Transactions" and "Internal Policies Governing Controls of Risk Assets and Conflicts of Interest in Relation to Connected Parties") so as to reinforce the control measures in this area at the level of the Banking Group.
One "transaction of greater importance" was undertaken with related parties during the year. The transaction involved the distribution of new insurance products as part of the existing distribution agreement between Banca Generali and Generali Italia S.p.A., joined also by Genertellife S.p.A., and, again as part of the above-mentioned distribution agreement, to the increase in the ceiling for retention initiatives concerning existing traditional life insurance products.
In addition, transactions qualifying as "transactions of lesser importance" were undertaken with related parties, as illustrated in detail in the Report on Operations, in addition to "ordinary or recurring transactions" effected at arm's length, the effects of which are analysed in the dedicated section of Notes and Comments.
The Board of Statutory Auditors verified that in the Report on Operations and the Notes and Comments the Board of Directors provided adequate disclosure of transactions with related and connected parties and intragroup transactions in light of applicable legislation.
Following a review of the activity carried out by the various functions involved in the Policy and discussions with the Internal Audit Function, the Board of Statutory Auditors believes that transactions with related and connected parties are adequately supervised and, to the best of its knowledge, that the Policy has been properly applied.

6. Supervisory activity concerning the internal control and risk management system

The Board of Statutory Auditors supervised the adequacy of the internal control and risk management system through:

- meetings with the Bank's top managers, the purpose of which included examining the internal control and risk management system;
- periodic meetings with the Heads of the Internal Audit, Compliance and Anti-Money Laundering, and Risk Management Functions (hereinafter the "**Control Functions**") in order to assess the methods of planning of the work, based on identifying and assessing the main risks present in processes and organisational units;
- examination of periodic reports (Tableaux de Bord) of the Control Functions and periodic information on the results of monitoring of the implementation of the corrective actions identified;
- acquisition of information from the Heads of other Company Functions;
- meetings with the control bodies of the main subsidiaries pursuant to paragraphs 1 and 2 of Article 151 of TUF during which the Board of Statutory Auditors obtained information on the matters deemed material, affecting Group companies and the internal control system;

- discussion of the results of the Independent Auditors' work;
- participation in the proceedings of the Internal Audit and Risks Committee, acquiring information on the criticalities considered of particular interest to the Board of Statutory Auditors' activity.

Banca Generali has long adopted an internal control system policy that identifies the bodies and functions involved in the definition of the internal control system, the methods and tools for identifying and assessing risks, coordination between control functions, the Banking Group's internal control system and reports and flows of information. The system is structured on three levels: the first level performs line controls aimed at ensuring the proper performance of transactions; the second level concerns the monitoring of risks and compliance; and the third is aimed at identifying breaches of procedures and internal regulations.
With reference to the first-line controls, Banca Generali has operational procedures in place (process flows) that relate to all activities carried out and identify the activities, roles, tools and line controls according to the company process tree. These procedures are constantly updated by the Organisation Department to bring them into line with changes in external and internal rules and regulations, the organisational structure and operating methods and to incorporate the suggestions for improvement that emerge from the activities performed by the Control Functions.
With regard to the second- and third-line controls, the Board of Statutory Auditors engaged in constant dialogue with the Control Functions in carrying out its activities. In addition to the Business Functions and Control Functions, the functioning of the control system involves other corporate functions, such as the Head of the Security and BCP Service, who acts as the Chief Security Officer (CSO) and whose roles also include that of the Bank's Chief Information Security Officer (CISO), and the Supervisory Body of the Parent Company pursuant to Legislative Decree No. 231/2001; the latter's activity is described in a subsequent chapter.
The Control Functions submit periodic reports to the Board of Directors and the Board of Statutory Auditors on the activities performed and their main observations. Each quarter, Tableaux de Bord are presented; these are informational documents that provide an update on the risks and state of progress of the annual plan of each Function. At the end of the year, as required by the law, the Functions submit an annual Report, which in addition to underscoring the work done during the year, conclude with a concise assessment of the adequacy of the internal control system with regard to matters within their purview.
The year saw the conclusion of the project to harmonise Control Functions and the Remediation Integrated Report launched in 2022, also following the results of the inspection by the Bank of Italy. The project sought to further expand the activities of the internal control system functions with regard to the uniformity of assessment of remediations and the related remedial measures, monitoring and escalation in the event of identification of issues and delays in managing remediation measures, uniformity of the logic for identifying the organisational structures responsible for remediation measures and the amendment of the policies of the individual Control Functions. In 2023, a Control Function Integrated Report was prepared, drawn up on a quarterly basis, that provides an integrated overview of information regarding all types of remediations.
The Board of Statutory Auditors acknowledges that the annual reports of the Compliance, AML and Risk Management Control Functions, each for the aspects within their respective remit, conclude with a mostly adequate opinion of the structure of the Company's internal control system. With regard to the Internal Audit Function Report, the assessment of the internal control system takes account not only of the findings of the Function's activity, but also of the outcome of the of second-level Functions' activities. The Internal Audit Function Report thus concludes with a mostly adequate opinion in terms of the completeness, adequacy, functionality and reliability of the internal control system.
The Board of Statutory Auditors also acknowledged the Board of Director's assessment of the internal control system, which was deemed mostly adequate, also in light of the Internal Audit and Risk Committee's opinion.
The final report on the **Internal Audit Function**'s activity during the year indicates that all activities planned had been concluded at the date of this report. No significant critical issues emerged from this activity. However, the control activities performed (including at Group level) identified a need for the competent Company Functions to implement remedial actions to mitigate the risks inherent in some processes and operating practices, typical of all banking business, without jeopardising the reliability of the internal control system as a whole, which is thus confirmed to be mostly adequate.
Interaction between the Board of Statutory Auditors and the Internal Audit Function was constant over the year, as the Function took part in most meetings of the Board of Statutory Auditors. In any case, the Function informs the Board of Statutory Auditors promptly of any issues or areas of concerns emerged from its activities.
With regard to external quality assurance activities, in 2023 Banca Generali's Internal Audit Function underwent an External Quality Assessment Review (EQAR) conducted by a major consultancy firm. Overall, Banca Generali's Internal Audit Function was found to be "generally conform" to the IIA Standards, the Core Principles, the definition of "Internal Audit" and the Code of Ethics in force at the time of the external assessment.
In addition, during the year there was a regular change of the person holding the position of Head of the Internal Audit Function.

In the ex-post audits conducted in the year, the **Compliance Function** found an overall medium-low exposure to non-compliance risk with regard to the overall design and effective operational development of company processes, reiterating the need to ensure constant oversight of processes deemed to be at greatest risk of non-compliance, such as investment advisory processes and the portfolio management, new product development and management of market placement services. The Function confirms the need for constantly and thoroughly monitoring the scheduling of remedial actions.

The Compliance Function also supported the Data Protection Officer with the activities set out in the GDPR and the external and internal data protection regulations in effect from time to time. The annual report was presented to the Board of Directors on 5 March 2024. It sets out the activities carried out in 2023, and in particular the updating and monitoring of regulatory developments, consultancy for the Data Controller and the Points of Contact, verification of the compliance of personal data processing with applicable regulations and the function responsible for liaising and cooperating with the Personal Data Protection Supervisory Authority and data subjects. In 2023, the Function reported a personal data breach relating to a fraudulent call to which four Financial Advisors fell victim, allowing the attackers to view and enter into possession of common personal data concerning the Bank's customers. The necessary notices were served to the Personal Data Protection Supervisory Authority and the Data Subjects within the terms set forth by law.

The Compliance Function prepared the "*Annual Report on the Proper Functioning of the Whistleblowing System*" for 2023, in which it is stated that the project to ensure compliance with Italian Legislative Decree No. 24/23 implementing the EU Whistleblowing Directive was completed through the adoption of Generali Group's dedicated IT platform, the release of the Whistleblowing Policy and the related dissemination, disclosure and information processes.
In 2023, no problems were detected with regard to the functioning of internal whistleblowing systems, including in the tests performed on the systems in question. However, one report received gave rise to the necessary inquiries, resulting in dismissal of the report in early February 2024.

With regard to control activity relating to the distribution network, there continues to be a need to keep high levels of supervision, in addition to further reinforcing them to pursue constant improvement in the efficient monitoring of various risk elements. Within this framework, attention should also be drawn to the constant efforts to raise the awareness of the distribution network of the implementation of the remediations requested by the Network Control Function.
With reference to complaints — relating to both investors and consumers — each quarter the Function presents a report stating the number of complaints, those that resulted in litigation and reimbursements paid by the Bank during the period. Overall, in 2023 the number of complaints received decreased compared to the previous period, which had also been characterised by extraordinary circumstances.
In light of the limited number of complaints and the absence of concentration regarding specific types, the Function does not detect any new compliance-related criticalities in the processes analysed.
With specific regard to the start of operations by BG (Suisse) Private Bank S.A. and to the conclusion of the authorisation process for freedom to provide services (FPS) in Italy, the Function highlights the particular importance of adopting all control measures needed and it reserves the right to conduct specific verification of the methods for implementing the FPS through the Financial Advisor Network.
In its year-end report, the **Anti-Money Laundering Function** underlines the increasing effort devoted to oversight and control activities, with an impact on the core processes of the Anti-Money Laundering Function. This is due to the combined effect of various factors: (i) a higher percentage of customers with higher risk profiles, due in part to the changes in external regulations (e.g., recent indications from the Bank of Italy concerning private banking); (ii) the significant growth of the Bank's operating volumes and thus of the ensuing controls; (iii) the intensification of exchanges of information regarding common customers and reporting with Assicurazioni Generali Group; (iv) the increase in the control measures and coordination activities of the Banking Group's foreign subsidiaries and the start of operations at BG Suisse Private Bank S.A.; (v) the completion of the so-called "AML Initiatives", i.e., areas of improvement defined following the 2022 inspection by the Bank of Italy; (vi) support for the process of setting parameters, testing and launching the new AML first- and second-level control tools (Netech in replacement of Gianos, and Faraday); and (vii) support for the development of new project initiatives in the course of being activated, such as "Insure-banking" (an agreement with Generali Italia for the distribution of certain banking products and services).

Following ex-post verifications, due diligence, data storage controls, controls of the monitoring and reporting of suspicious transactions, controls of international sanctions and training controls, the Function concluded with an opinion of overall adequacy.

The self-assessment, conducted with the support of a methodological tool updated in 2023, confirmed that the risk of money laundering and financing of terrorism is MEDIUM. Said assessment is the result of various ongoing improvement actions, primarily attributable to the development of IT systems in support of anti-money laundering controls, and several new actions arising from the quality assurance process with Assicurazioni Generali, recently completed. In the coming year, particular attention will be devoted to monitoring the above initiatives and the planned developments in the relevant external regulations.

The **Risk Management Function**'s activity is aimed at ensuring that Banca Generali Group's risk levels be maintained within the risk strategies and profile, and in line with the risk limits and tolerance thresholds established by the Board of Directors in the Risk Appetite Framework (RAF) and in the Recovery Plan. No significant issues worthy of attention were brought to light during the work done in the year.

Among the projects carried out and concluded during the year, attention should be drawn to those involving implementation of risk digital analytics tools, integration of the project relating to the Bank's trading of listed derivatives, consolidation of the IT risk regulatory component, contributing to formalising the process of analysing and managing ICT and IT security risk in close collaboration with the technical Functions. With the goal of further reinforcing IT risk governance, the Function reported that with effect from 1 January 2024 it had formed a new internal ICT and Security Risk Management Service, which defines the framework for managing such risks in terms of identifying, assessing and mitigating them in accordance with the Bank's risk appetite.

The Board of Statutory Auditors examined the Internal Capital Adequacy Assessment Process (ICAAP) documents, which quantify the current and prospective internal capital to be held for the risks to which the Group is exposed, as well as those for liquidity (ILAAP), which aim to assess the adequacy of the liquidity held by the Bank, both approved by the Board of Directors on 19 April 2023. The ICAAP and ILAAP confirm the adequacy of the Bank's capital and liquidity. The Board of Statutory Auditors formulated its observations also on the basis of the Report of the Internal Audit Function, which acknowledges compliance with regulations.
The Board of Statutory Auditors examined the new Risk Appetite Framework (RAF), which indicates the Bank's risk appetite, with effect from 2024, taking account of the recommendations of the Supervisory Authorities and regulatory indications. The structure of the primary and complementary indicators remained unchanged compared to the previous year, with the exception of the Capital Absorption Ratio, replaced by a significant RAF limit, calculated in relation to Tier 1 capital. Several thresholds were modified in accordance with the new plan projections. The RAF confirms the Bank's solidity, with capital and liquidity ratios above the minimum regulatory requirements.

Adequacy of Control Functions

In order to assess the internal control system, particular importance is attached to the analysis of the operational procedures and methods that the Control Functions adopt to pursue their objectives, as well as the adequacy of their staff. The Control Functions operate on the basis of procedures that are approved by the Board of Directors and kept up to date that list in detail the activity to be carried out. With regard to resources, the Board of Statutory Auditors consulted all Control Functions and expressed its opinion on the appropriateness of resources at the end of 2023 in consideration of the Functions' activity plan for 2024, requesting constant updates on their adequacy.
The Board of Statutory Auditors oversaw the remuneration of the control functions, for purposes of the variable component payment. In concert with the Remuneration Committee, it analysed the assessment records of their qualitative performance in terms of the objectives set for 2023.

Business continuity and cyber risk

The Bank revised the control framework for oversight of ICT and IT security risk, formalised with an update of the related internal regulation (ICT and IT Security Risk Analysis and Management Policy), to complete the process of complying with the 40th update to Bank of Italy Circular No. 285.
A pilot assessment for testing the updated framework was performed in the period February-March 2024. Based on the pilot assessment's results, which are currently being analysed, no particular issues were identified in the area of ICT and IT security risk. However, improvement actions were identified for the ICT and IT security governance system and for several applications included in the analysis scope. The results are being shared with first-level structures. They will then be formalised in the Summary Report on the ICT and Security Risk Situation.
With regard to the implementation status of security initiatives, particular attention was paid to strengthening the activities carried out in the cyber and information security areas. No serious high or critical incidents within the meaning to Circular No. 285/2013 were detected in 2023. Only one incident, related to unauthorised access and involving several Financial Advisors, was classified as medium severity incident.

In addition, the Bank also launched a programme to comply with the DORA, involving specific requirements for further developing the ICT and IT security risk management framework.

At the level of business continuity, in 2023 and the first quarter of 2024 ten business continuity and disaster recovery test sessions were conducted to assess the ability to restore IT systems after catastrophic events. The positive results obtained confirmed the soundness of the strategies and procedures implemented by the Bank. These tests were also extended to the main providers and outsourcers, as well as to the organisation' internal processes. During the year, several users of a corporate office reported total absence of network connection (Intranet and Internet), resulting in the launch of the appropriate mitigation plans. The positive results obtained in terms of business continuity confirmed the soundness of the strategies and procedures implemented.
The three-year testing plan, which is currently being defined, will be revised in view of the new provisions introduced by the entry into force of the DORA, thus ensuring alignment with the latest regulatory developments.
As mentioned above, in 2022, the Bank had been subject to a comprehensive ordinary inspection by the Bank of Italy that had focused, *inter alia*, on the efficiency of the governance arrangement of the Bank and Group, as well as on their risk management and control systems, with particular reference to operational, reputational and legal risks. With regard to inspection activity, the Board of Statutory Auditors underlines that the remediation measures planned had been all concluded, with a sole exception concerning customer profiling methods, the planned solution for which had been replacement of the Gianos platform with the Netech platform. The originally scheduled deadline had been postponed to the end of 2024.

Based on the work carried out, the information acquired, the content of the half-yearly and annual reports of the Control Functions, and particularly the overall favourable opinion expressed by the Control Functions regarding the internal control system, the Board of Statutory Auditors considers that there are no significant critical elements such as to affect the structure of the internal control and risk management system.

7. Supervisory activities regarding the administrative accounting system and the financial reporting process

The Board of Statutory Auditors, in its capacity as Internal Audit and Risk Committee pursuant to Article 19, paragraph 2(c), of Legislative Decree No. 39/2010, monitored the process and checked the effectiveness of the internal control and risk management systems with regard to financial reporting, overseeing compliance with the general principles on financial reporting adopted by the Group, based on the provisions of the Group Policy on the subject.
The financial reporting is monitored by the Manager in charge of preparing the Company's financial reports (hereinafter the "**Manager in charge**"), adopting models that refer to best market practice and that provide reasonable security on the reliability of financial reporting, on the effectiveness and efficiency of operating activities and on compliance with laws and internal regulations. The processes and controls are reviewed and updated annually.

The year 2023 saw work continue on keeping the mapping of processes up to date in line with the projects carried out, the new operating methods and organisational changes.
Control of the proper functioning of the Bank's model is ensured by a series of checks carried out on a self-assessment basis by the individual process owners, supplemented by checks conducted by the Independent Auditors.
The Board of Statutory Auditors met the Manager in Charge at regular intervals to exchange information on the reliability of the administrative-accounting system for purposes of representing operating events correctly and verified the Attestation of the Annual Integrated Report pursuant to Article 154-*bis* of TUF, issued by the Chief Executive Officer and the Manager in Charge, which certifies the adequacy and effective application of the administrative and accounting procedures for preparing the Annual Integrated Report during the 2023 financial year.

With regard to the preparation of the financial statements and consolidated financial statements, it should be noted that they were prepared, in accordance with Legislative Decree No. 38/2005, according to the international IAS/IFRS standards issued by the IASB (International Accounting Standard Board) that have been endorsed by the European Commission, as established by Community Regulation No. 1606/2002, and following the indications of Circular No. 262/2005 issued by the Bank of Italy. The Board of Statutory Auditors reports the following:

- no new international accounting standards, amendments to existing standards or related interpretations with a material impact on the Banking Group's operations entered into effect in financial year 2023;
- the Bank holds in its UCITS portfolio the Forward Fund, an Italian AIF managed by Gardant SGR. The fund was subscribed in 2021 as part of the restructuring of a portfolio of senior notes issued by several special-purpose vehicles in the securitisation of healthcare receivables (past-due or disputed), which Banca Generali purchased from its customers and concurrently transferred to the Fund. At the end of 2023, the value of the Fund was 483,500 thousand euros. A 4,998 thousand euro capital gain on the Fund was recorded in 2023;
- during the year, additional non-recurring provisions were made for an amount of 21.1 million euros. These provisions are aimed to cover commercial activities aimed at restoring customers' potential losses resulting from investments made in illiquid products distributed by the Bank that were marked by investment repayment issues, for which civil and criminal litigation is currently ongoing with the party that set up, marketed and managed these transactions. Total provisions amounted to 35.2 million euros at year-end, inclusive of provisions covering credit risk on guarantees issued of 9.4 million euros;
- on 11 July 2023, Banca Generali signed a framework agreement with the Italian Tax Authorities – Friuli Venezia Giulia Regional Department aimed at settling the litigation still pending at the Trieste Tax Court and concerning the minor claims notified with the assessment notices for the tax periods 2014 and 2015. These regard claims not settled as part of the previous tax settlement signed in September 2022, which had regarded solely the claims related to relations with the subsidiary BGFML. The net charge of said settlement amounted to 330 thousand euros, in addition to penalties for about 286 thousand euros, already entirely covered by specific provisions;
- at its meeting on 8 February 2024, the Board of Directors approved the impairment process, as required by the joint Bank of Italy/Consob/ISVAP document of 3 March 2010.

With regard to tax risks, the Board of Statutory Auditors draws attention to the contents of the Notes and Comments to the Consolidated Financial Statements regarding settled and ongoing tax disputes.
The Independent Auditors, in regular meetings with the Board of Statutory Auditors, have not reported elements that could affect the internal control system concerning administrative and accounting procedures.
The Board of Statutory Auditors ascertained that the flows provided by the non-EU subsidiaries of significant importance are adequate to conduct the control of the annual and interim accounts as required by Article 15 of the Market Rules.
Based on the above, no evidence emerged of significant deficiencies that could affect the judgement of the internal control system's adequacy with regard to the financial reporting process and the reliability of administrative-accounting procedures in representing the operating events.

8. Oversight of the statutory audit activity

In accordance with the provisions of Article 19 of Legislative Decree No. 39/2010, the Board of Statutory Auditors carried out the prescribed supervisory activities regarding the Independent Auditors' operations.
KPMG S.p.A. ("KPMG" or the "Independent Auditors") is the firm to which the Ordinary Shareholders' Meeting of 22 April 2021 awarded the statutory audit of the financial statements and consolidated financial statements of Banca Generali S.p.A. up to the financial statements for the year ending 31 December 2029. The assignment also includes responsibility for verifying the proper keeping of company accounts, the correct recognition of operating events in the accounting records, the limited audit of the half-yearly report and interim reports, the checks related to signing tax returns and the attestations issued to the National Guarantee Fund.
The Board of Statutory Auditors met the Independent Auditors several times also pursuant to Article 150 of TUF in order to exchange information about the Independent Auditors' activity, taking particular account of the Audit Plan, timing of activities and dedicated resources. Particular attention was devoted to the activities carried out on "key audit matters" that, in continuity with the previous year, referred to *Classification and measurement of financial assets and liabilities at fair value* and *Measurement of provisions for liabilities and contingencies*, as well as on the risks associated with the goodwill recognised in the consolidated financial statements, the adequacy of the accounting standards applied and possible fraud risks.

In these meetings, the Independent Auditors never highlighted events deemed to be censurable or irregularities such as to require reporting pursuant to Article 155, paragraph 2 of TUF.

On 2 March 2024, the Independent Auditors issued, pursuant to article 14 of Legislative Decree No. 39/2010, the Audit Reports on the financial statements and consolidated financial statements for the year ended 31 December 2023. With regard to the opinions and attestations, the Independent Auditors in the Audit Report on the financial statements:

- issued an opinion showing that Banca Generali's financial statements and consolidated financial statements provide a true and fair view of the financial performance and position of Banca Generali and the Group at 31 December 2023, of the operating result and cash flows for the year ended on that date in accordance with the International Financial Reporting Standards adopted by the European Union, as well as the measures issued in implementation of Article 9 of Legislative Decree No. 38/05 and Article 43 of Legislative Decree 136/15;
- presented the key aspects of the audit that, according to their professional judgement, are most significant and that contribute to the formation of the overall opinion on the financial statements;
- issued a consistency opinion showing that the Reports on Operations accompanying the financial statements and

the consolidated financial statements at 31 December 2023 and certain specific information contained in the “Report on Corporate Governance and Ownership Structure” indicated in Article 123-*bis*, paragraph 4, of TUF, responsibility for which lies with the Bank’s directors, are prepared in accordance with the law;
- attested that the Group’s separate and consolidated financial statements have been prepared in XHTML format and that the consolidated financial statements have been marked up, in all material respects, in compliance with the provisions of the ESEF Regulation;
- declared, with regard to any material errors in the Reports on Operations, based on a knowledge and understanding of the business and the related context acquired during the audit activity, that it has nothing to report;

- verified the approval by the Directors of the Consolidated Non-Financial Statement.

On 27 March 2024, the Independent Auditors also submitted to the Board of Statutory Auditors the Additional Report provided for in Article 11) of Regulation (EU) No. 537/2014. As an annex to this Report, the Independent Auditors submitted to the Board of Statutory Auditors the declaration relating to independence, as required by Article 6 of Regulation (EU) No. 537/2014, which revealed no situations that could compromise their independence. Finally, the Board of Statutory Auditors took note of the Transparency Report at 30 September 2023, prepared by the Independent Auditors and published on their website pursuant to Article 18 of Legislative Decree No. 39/2010.

Banca Generali has adopted a specific “Procedure for the assignment of non-audit services to the Independent Auditors” which regulates the award to the Independent Auditors and their network of tasks additional to those involved in the statutory audit activities pursuant to Article 14 of Legislative Decree No. 39/2010. For these assignments, which legislation states must be authorised in advance by the Board of Statutory Auditors and — if they are not incompatible with the statutory audit — cannot in any case exceed 70% of the average remuneration for the last 3 financial years for the statutory audit (fee-cap), the aforementioned procedure provides for a prior process of authorisation and monitoring by the Board of Statutory Auditors in order to oversee the independence of the Independent Auditors, consistent with the provisions of Legislative Decree No. 39/2010.

The Manager in charge submits regularly for the attention of the Board of Statutory Auditors a report on the services provided to the Group by the main Independent Auditors and their network as well as information on the amount of the annual cap used, as defined by the fee-cap rule. The Board of Statutory Auditors has complied with the provisions of current legislation on the approval of the services conferred on the main Independent Auditors and other companies belonging to their network. The services charged to the consolidated Profit and Loss Account, also shown in the annex to the Financial Statements, as required by Article 149-*duodecies* of the Issuers’ Regulation, are as follows:

TYPE OF SERVICE EURO/000	KPMG BANCA GENERALI	KPMG NETWORK BANCA GENERALI	KPMG NETWORK SUBSIDIARIES
Attestation services	96	-	34
Other services	61	38	-
Total	**157**	**38**	**34**

The main activities referred to the limited review of the 2022 Consolidated Non-Financial Statement, the 2022 annual report on the Description Document as per Part 3 of MiFID II concerning the deposit and sub-deposit of the assets of customers and intermediaries and other agreed-upon procedures. For further details on these activities, reference is mated to the Annual Integrated Report.

Taking into account the non-audit assignments awarded to KPMG and its network by Banca Generali and Group companies, their nature and the total fees paid, as well as, more generally, the procedures adopted by KPMG regarding independence, the Board of Statutory Auditors does not see any critical issues regarding the independence of KPMG S.p.A.

The Independent Auditors also confirmed to the Board of Statutory Auditors that during the year they did not issue opinions pursuant to the law, as no conditions occurred as to warrant their issue.

9. Omissions or censurable events, opinions given and initiatives taken

The Board of Statutory Auditors did not receive any reports pursuant to Article 2408 of the Italian Civil Code.

The Board of Statutory Auditors is not aware of any other events or matters to report to the Shareholders’ Meeting.

The Board of Statutory Auditors, in addition to the matters already indicated in this Report, issued opinions or expressed observations that current legislation and supervisory provisions for banks state are within its remit. In particular, the Board of Statutory Auditors expressed:
- its comments on the Annual Reports and Tableaux de Bord submitted by the control functions;
- its observations on the ICAAP and ILAAP reports;
- its opinion on the processes and procedures relating to the remuneration of Directors when required. In particular, the remuneration of the Chief Executive Officer and Board Committee members, the proposal to raise the variable remuneration component to 2:1, the 2024 long-term incentive plan;
- its opinion on the occasion of the presentation to the Board of Directors of transactions falling within the scope of Article 136 of the TUB;
- considerations on the Annual Report regarding the outsourcing of important operational functions.

In the course of the activity carried out and based on the information obtained, no omissions, censurable matters, irregularities or significant circumstances were found that needed to be reported to the Supervisory Authorities or mentioned in this Report.

10. Consolidated Non-Financial Statement

The Board of Statutory Auditors, in the exercise of its functions, oversaw compliance with the provisions contained in Legislative Decree No. 254 of 30 December 2016, and Consob Regulation implementing the Decree adopted by Resolution No. 20267 of 18 January 2018, in particular with reference to the drafting process and the content of the Consolidated Non-Financial Statement (“**CNFS**”) drawn up by Banca Generali.
Although the Bank is not subject to this obligation, it has prepared its CNFS on a voluntary basis and this has been included in the body of the Annual Financial Report, which has become the Annual Integrated Report.
In 2023, the Group strengthened its approach to sustainable investments through the adoption of an Active Ownership Policy, in line with the commitments undertaken by signing the UN Principles for Responsible Investments. Moreover, at the beginning of 2024 Banca Generali joined the UN Global Compact, a voluntary initiative launched by the United Nations to encourage businesses to define an economic, social and environmental framework aimed at promoting a sound and sustainable global economy.
Banca Generali also pursued an approach of tax transparency towards all stakeholders within the framework of broader ESG matters, preparing the second annual Tax Transparency Report.
At an event held at the end of November 2023, the Bank also presented the new Sustainable Advisor position, which is filled by selected, highly specialised Financial Advisors, whose commercial activities focus particularly on ESG products and services.
The Independent Auditors, which have been assigned the task of carrying out the limited audit of the CNFS pursuant to Article 3, paragraph 10, of Legislative Decree No. 254/2016, in the report issued on 27 March 2024, state that no elements have come to their attention to suggest that Banca Generali’s NFS for the year ended 31 December 2023 has not been drawn up, in all significant aspects, in accordance with the requirements of Articles 3 and 4 of Legislative Decree No. 254/2016 and by the “Global Reporting Initiative Sustainability Reporting Standards”.
The Board of Statutory Auditors has not become aware of violations of the relevant regulatory provisions.

11. Supervisory Board

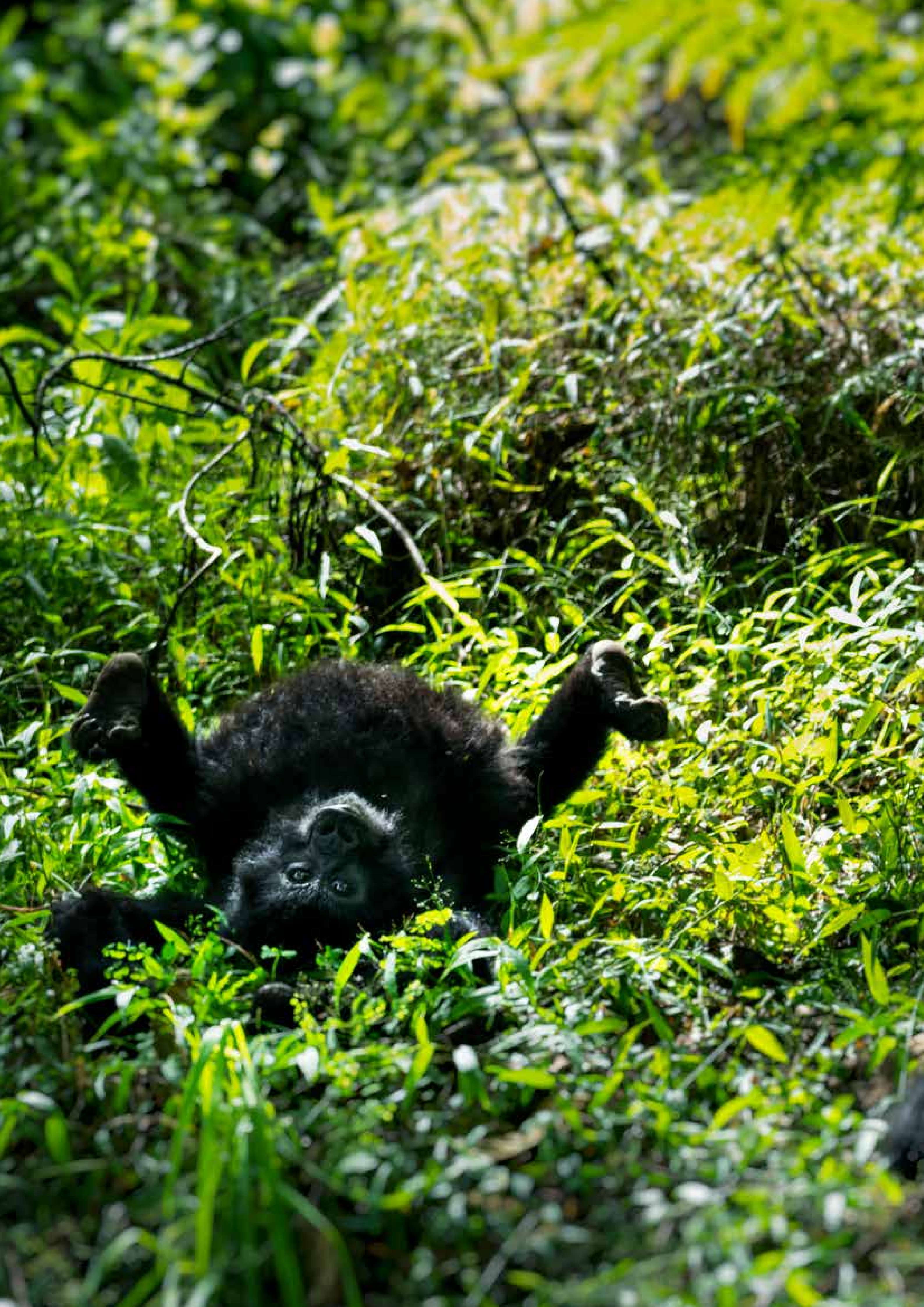
After being assigned the functions attributable to the Supervisory Board referred to in Article 6, paragraph 4-*bis* of Legislative Decree no. 231/2001 on the administrative liability of entities, the Board of Statutory Auditors has overseen the functioning and compliance with the Model 231 adopted by the Bank and analysed the periodic information flows received from the Control Functions.
The Model 231 currently in force was adopted by the Board of Directors at its meeting on 15 March 2024 and endorsed, following the periodic updating activity, the new predicated offences introduced by the statutes issued up to that date. In particular, Italian Legislative Decree No. 19/2023 of 7 March 2023 introduced the offence of “false or omitted statements for the issuance of the pre-operation certificate”, while Italian Law No. 137/2023 extended administrative liability to the offences of “fraudulent transfer of values”, “bid rigging” and “interference with the tender process”, and tightened up the penalties provided for in relation with some environmental offences. The Model was also updated to include the amendments to the Whistleblowing Policy and the organisational changes made after the previous update.
No reports of violations of the Organisational and Management Model pursuant to Legislative Decree 231/01 were received through the dedicated e-mail account during the period. One report was received through the whistleblowing channels set up pursuant to the Whistleblowing Policy, but no elements relevant for the purposes of Legislative Decree 231/01 were identified. In this regard, the necessary inquiries were conducted, resulting in dismissal of the report.
The Board of Statutory Auditors, in its capacity as Supervisory Board, reported on the activities carried out during the year ended 31 December 2023 without reporting any critical issues, illustrating an overall satisfactory situation and substantial alignment with the provisions of Model 231 adopted by the Bank.

12. Outcome

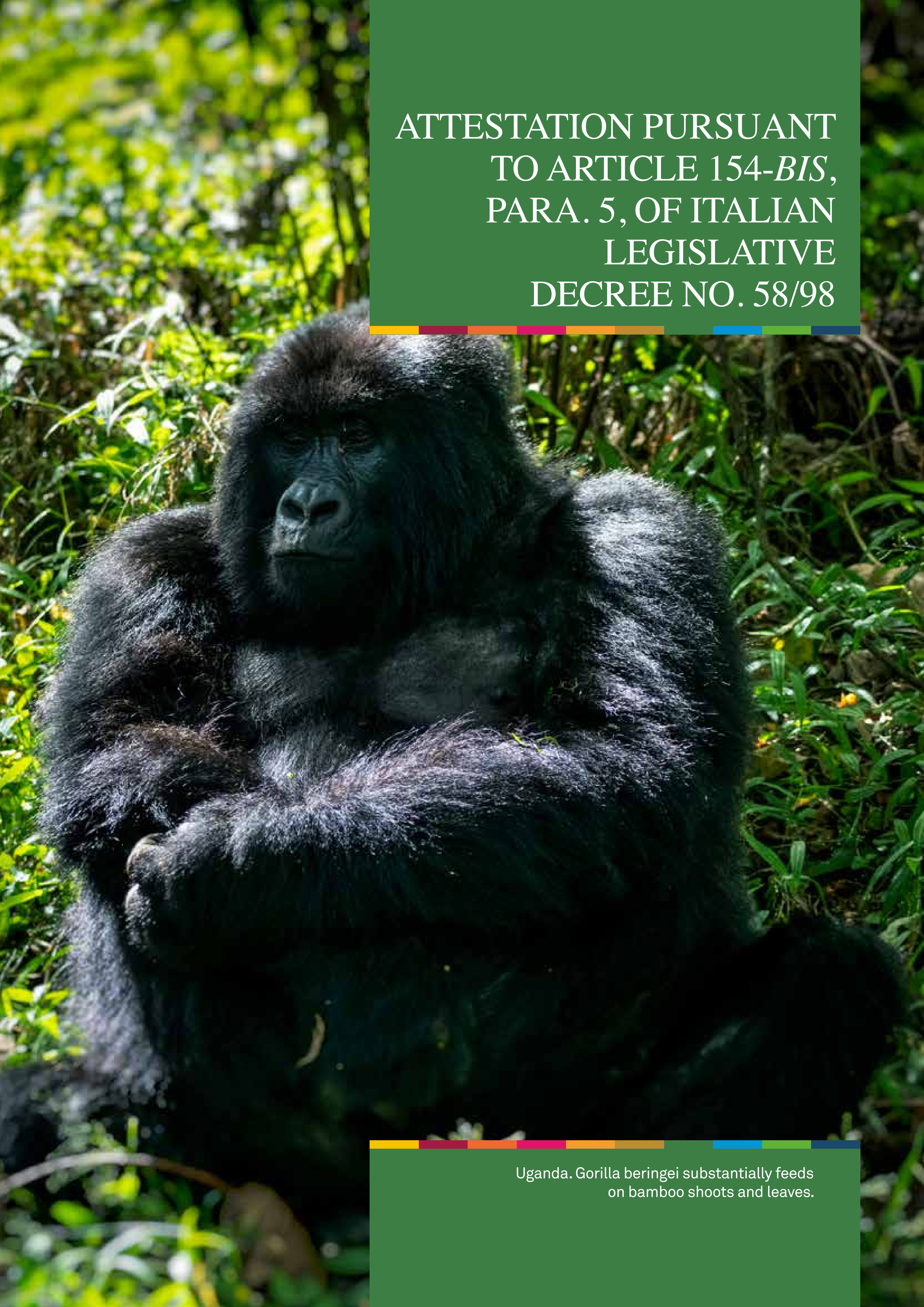
In view of the Ordinary Shareholders’ Meeting convened, in first call, on 18 April 2024 (as per the notice of calling published on 8 March 2024), the Board of Statutory Auditors, without prejudice to the specific duties and responsibilities of the Independent Auditors in terms of auditing the accounts and verifying the reliability of the financial statements, has no comments to make to the Shareholders’ Meeting, pursuant to Article 153 of TUF, regarding the approval of the Financial Statements as at 31 December 2023, accompanied by the Annual Integrated Report, as presented by the Board of Directors and the proposal for the distribution of the profit for the year.
Dear Shareholders, we thank you for the trust you have placed in us and we hereby remind you that the Statutory Auditors’ term of office is set to end with the approval of the 2023 Financial Statements. We therefore invite you to resolve on this matter.

Milan, 27 March 2024

The Board of Statutory Auditors



ATTESTATION PURSUANT TO ARTICLE 154-*BIS*, PARA. 5, OF ITALIAN LEGISLATIVE DECREE NO. 58/98



Uganda. Gorilla beringei substantially feeds on bamboo shoots and leaves.

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Attestation

pursuant to Article 154-*bis*, paragraph 5, of Italian Legislative Decree No. 58/98

BANCA GENERALI

Attestation to the Annual Integrated Report pursuant to the provisions of art. 154-*bis*, paragraph 5, of Legislative Decree 58 of 24 February 1998 and art. 81-*ter* of CONSOB Regulation 11971 of 14 May 1999, as amended

1. The undersigned Gian Maria Mossa, in his capacity as Chief Executive Officer, and Tommaso Di Russo, in his capacity as Manager in charge of the Financial Reports of Banca Generali S.p.A., taking into account the provisions set out in article 154-*bis*, paragraphs 3 and 4, of the Legislative Decree dated 24 February 1998, Nr. 58, hereby declare that the administrative and accounting procedures for preparing the Annual Integrated Report for the year 2023:
   - are appropriate in light of the features of the company, and
   - have been actually applied.

2. The appropriateness of administrative and accounting procedures for preparing the Annual Integrated Report at 31 December 2023 was assessed using a process established by Banca Generali S.p.A. based on the *Internal Control – Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Treadway Commission*, which is generally accepted as a reference framework worldwide.

3. The undersigned further declare that:

3.1 the Annual Integrated Report at 31 December 2023:

a) was prepared in compliance with the applicable international accounting standards recognized in the European Community pursuant to Regulation (EC) Nr. 1606/2002 of the European Parliament and Council of 19 July 2002, as well as the provisions of the Italian Civil Code, and of Legislative Decree Nr. 38 of 28 February 2005, and og Legislative Decree Nr. 254/2016 and further applicable provisions, regulations and circular letters issued by the Supervisory Board;

b) reflects the accounting books and records;

c) provides a true and fair view of the asset, liabilities, profit or loss and financial position of the issuer and all its consolidated companies.

3.2 The Directors' report on operations includes a reliable analysis of the business trends, operating result and financial situation of the issuer and all the companies included in the scope of consolidation, as well as a description of the main risks and uncertainties to which they are exposed.

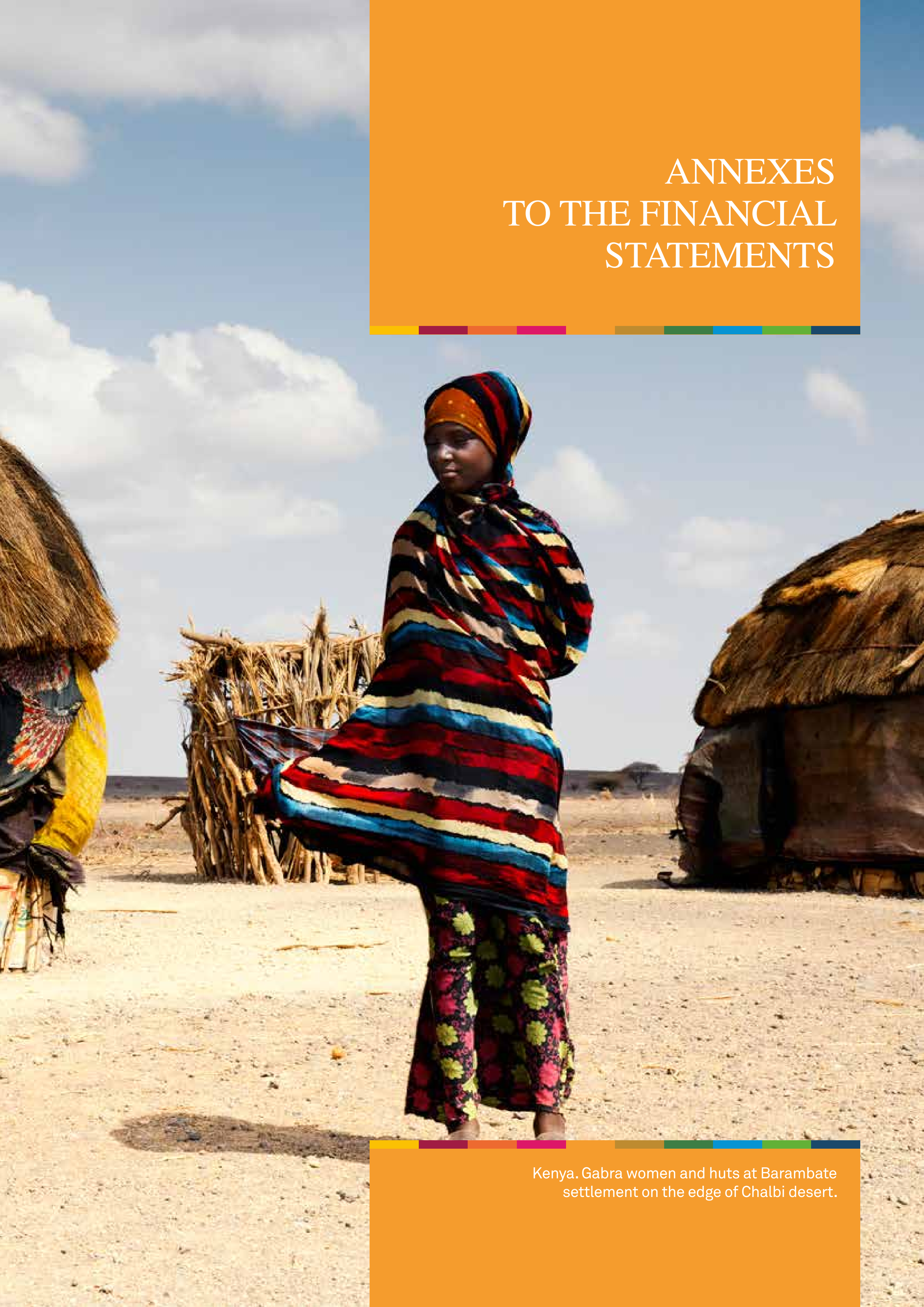
Trieste, 05 March 2024

Gian Maria Mossa
Chief Executive Officer

BANCA GENERALI S.p.A.

Tommaso Di Russo
Manager in Charg of
the Company's Financial Reports
BANCA GENERALI S.p.A

ANNEXES TO THE FINANCIAL STATEMENTS



Kenya. Gabra women and huts at Barambate settlement on the edge of Chalbi desert.

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Annex 1

Disclosure of compensation for auditing pursuant to Article 149-duodecies of Consob Resolution No. 11971/1999

The following table shows a breakdown of the fees paid by the Banca Generali Group companies to the independent auditors KPMG S.p.A. engaged to audit the Financial Statements in accordance with Italian Legislative Decree No. 58/98, as well as to the Italian and foreign entities in the network to which the auditing firm belongs.

	KPMG SPA		OTHER COMPANIES WITHIN THE KPMG NETWORK		TOTAL
	PARENT COMPANY	SUBSIDIARIES	PARENT COMPANY	SUBSIDIARIES	
Audit	378	18	-	226	**622**
Attestation services	96	-	-	34	**130**
Other services	61	-	38	-	**99**
Total	535	18	**38**	**259**	**850**

The amounts reported in the table above refer to the fees paid for services rendered in the year, recognised in the 2023 Consolidated Financial Statements net of expense reimbursements, non-deductible VAT and Consob contributions, if any.
With regard to the Parent Company Banca Generali, the amounts of 535 thousand euros and 38 thousand euros reported in the table refer to:

- audit for 378 thousand euros, of which 164 thousand euros for the audits carried out in 2023 in relation with the 2022 Financial Statements, 143 thousand euros advance payment for the audits regarding the 2023 Financial Statements, and 71 thousand euros for the limited review of the half-yearly report and the quarterly interim reports for 2023;
- attestation services for 96 thousand euros, of which 49 thousand euros regarding the limited review of the Non-Financial Statement, 2 thousand euros for the aggregates for the Italian National Compensation Fund, 12 thousand euros for the compliance certification for the tax returns and 32 thousand euros for the issuance of the ISAE 3000 report on the Description Document as per Part 3 of the MiFID II;
- other services for 61 thousand euros regarding agreed-upon procedures to support Banca Generali's Law 262 Organisational Unit;
- other services for 38 thousand euros rendered by KPMG Advisory S.p.A. for supporting activities regarding the risk of money laundering and financing of terrorism.

Fees for auditing services rendered to Italian and foreign subsidiaries amounted to 244 thousand euros, of which 18 thousand euros referring to Generfid S.p.A., 87 thousand euros to BGFML S.A., 41 thousand euros to BG Valeur SA, and 98 thousand euros to BG (Suisse) private Bank S.A.

Attestation services rendered to other Group companies, amounting to 34 thousand euros, refer exclusively to BGFML S.A. and consisted of the reports required to the company's independent auditors by local supervisory authorities pursuant to CSSF Circulars Nos. 21/788 and 21/789, in addition to the reports provided for by law for the purposes of interim dividend distribution.

Annex 2

Reconciliation between official and reclassified statements

Reconciliation between the reclassified consolidated balance sheet and the consolidated balance sheet.

RECLASSIFIED BALANCE SHEET ITEMS - ASSETS	CONSOLIDATED BALANCE SHEET ITEMS - ASSETS	31.12.2023	31.12.2022
Financial assets at fair value through profit or loss		**509,407**	**507,346**
	Item 20. Financial assets measured at fair value through profit or loss	509,407	507,346
Financial assets at fair value through other comprehensive income		**1,000,936**	**1,120,101**
	Item 30. Financial assets measured at fair value through other comprehensive income	1,000,936	1,120,101
Financial assets measured at amortised cost		**12,905,455**	**14,478,596**
a) Loans to banks		**2,846,425**	**3,284,113**
	Item 40. a) Financial assets measured at amortised cost – loans to banks	2,257,391	2,536,670
	Item 10. (partial) Demand deposits with central banks and banks	589,034	747,443
b) Loans to customers		**10,059,030**	**11,194,483**
	Item 40 b) Financial assets measured at amortised cost – loans to customers	10,059,030	11,194,483
Hedging derivatives		*161,955*	*286,776*
	Item 50. Hedging derivatives	161,955	286,776
Equity investments		**1,975**	**3,091**
	Item 70. Equity investments	1,975	3,091
Property, equipment and intangible assets		**292,054**	**295,279**
	Item 90. Property and equipment	141,433	154,865
	Item 100. Intangible assets	150,621	140,414
Tax assets		**108,113**	**72,266**
	Item 110. Tax assets	108,113	72,266
Other assets		**537,267**	**503,394**
	Item 10. Cash and deposits	618,973	774,239
	Item 10. (partial) Demand deposits with central banks	-589,034	-747,443
	Item 130. Other assets	507,328	476,598
Total assets	**Total assets**	**15,517,162**	**17,266,849**

RECLASSIFIED CONSOLIDATED BALANCE SHEET ITEMS - LIABILITIES AND NET EQUITY	CONSOLIDATED BALANCE SHEET ITEMS - LIABILITIES AND NET EQUITY	31.12.2023	31.12.2022
Financial liabilities measured at amortised cost		**13,503,015**	**15,503,979**
a) Due to banks		231,684	544,531
	Item 10. a) Financial liabilities measured at amortised cost – due to banks	231,684	544,531
b) Due to customers		13,271,331	14,959,448
	Item 10. b) Financial liabilities measured at amortised cost – due to customers	13,271,331	14,959,448
Financial liabilities held for trading and hedging		**132,821**	**123,604**
	Item 20. Financial liabilities held for trading	159	-
	Item 40. Hedging derivatives	132,662	123,604
Tax liabilities		**46,088**	**44,577**
	Item 60. Tax liabilities	46,088	44,577
Other liabilities		**353,037**	**281,248**
	Item 80. Other liabilities	353,037	281,248
Special purpose provisions		**268,936**	**244,921**
	Item 90. Provisions for termination indemnity	3,772	3,705
	Item 100. Provisions for liabilities and contingencies	265,164	241,216
Valuation reserves		**-797**	**-9,972**
	Item 120. Valuation reserves	-797	-9,972
Equity instruments		**50,000**	**50,000**
	Item 140. Equity instruments	50,000	50,000
Reserves		**752,749**	**724,536**
	Item 150. Reserves	752,749	724,536
Share premium reserve		**52,992**	**53,767**
	Item 160. Share premium reserve	52,992	53,767
Share capital		**116,852**	**116,852**
	Item 170. Share capital	116,852	116,852
Treasury shares (-)		**-85,005**	**-80,139**
	Item 180. Treasury shares (-)	-85,005	-80,139
Net equity attributable to minority interests		**338**	**442**
	Item 190. Net equity attributable to minority interests (+/-)	338	442
Net profit (loss) for the year (+/-)		**326,136**	**213,034**
	Item 200. Net profit (loss) for the year	326,136	213,034
Total liabilities	**Total liabilities and net equity**	**15,517,162**	**17,266,849**

Reconciliation between the reclassified consolidated Profit and Loss Account and the consolidated Profit and Loss Account.

RECLASSIFIED CONSOLIDATED PROFIT AND LOSS ACCOUNT ITEMS	CONSOLIDATED PROFIT AND LOSS ACCOUNT ITEMS	2023	2022
Net interest		**304,400**	**144,979**
	Item 30. Net interest income	304,400	137,168
	(Minus) Item 20. Interest expense (partial) – tax late payment interest		7,811
Net income (loss) from trading activities and dividends		**16,943**	**23,330**
	Item 70. Dividends and similar income	1,215	1,145
	Item 80. Net income (loss) from trading activities	3,940	3,559
	Item 90. Net income (loss) from hedging	1,183	1,884
	Item 100. Gains (losses) on disposal/repurchase of financial assets measured at fair value through other comprehensive income	5,544	28,308
	Item 110. Net gains (losses) of other financial assets and liabilities measured at fair value through profit and loss	5,061	-11,566
Net financial income		**321,343**	**168,309**
Recurring fee income		**958,022**	**940,689**
	Item 40. Fee income	977,247	960,005
	(Minus) Item 40. (partial) Variable fee income	-19,225	-19,316
Fee expense		-510,411	-488,473
	Item 50. Fee expense	-495,519	-469,639
	Plus: Item 200. (partial) Provisions for fee plans	-14,892	-18,834
Net recurring fees		**447,611**	**452,216**
Variable fee income		19,225	19,316
	Plus: Item 40. (partial) Variable fee income	19,225	19,316
Net fees		**466,836**	**471,532**
Net banking income		**788,179**	**639,841**
Staff expenses		**-124,371**	**-114,789**
	Item 190. a) Staff expenses	-124,371	-114,789
Other general and administrative expenses		**-122,910**	**-116,576**
	Item 190 b) Other general and administrative expenses	-240,786	-217,470
	(Minus) Item 190. b) (partial) Charges related to the banking system	16,128	17,595
	(Minus) Item 230. (partial) Recovery of indirect and direct taxes	101,748	83,299
Net adjustments of property, equipment and intangible assets		**-39,726**	**-36,668**
	Item 210. Net adjustments/reversals of property and equipment	-23,868	-22,448
	Item 220. Net adjustments/reversals of intangible assets	-15,858	-14,220
Other operating expenses/income		**10,284**	**11,488**
	Item 230. Other operating income and expenses	112,032	94,787
	(Minus) Item 230. (partial) Recovery of indirect and direct taxes	-101,748	-83,299
Net operating expenses		**-276,723**	**-256,545**
Operating result		**511,456**	**383,296**
Net adjustments to non-performing loans		**-528**	**-8,334**
	Item 130. Net adjustments/reversals for credit risk	-528	-8,334
Net provisions		**-49,844**	**-27,101**
	Item 200. Net provisions for liabilities and contingencies	-64,736	-45,935
	(Minus) Item 200. (partial) Provisions for fee plans	14,892	18,834

RECLASSIFIED CONSOLIDATED PROFIT AND LOSS ACCOUNT ITEMS	CONSOLIDATED PROFIT AND LOSS ACCOUNT ITEMS	2023	2022
Contributions and charges related to the banking system		**-16,128**	**-17,595**
	Plus: Item 190. b) (partial) Charges related to the banking system	-16,128	-17,595
Gains (losses) from investments and equity investments		**-1,109**	**-107**
	Item 250. Gains (losses) from equity investments	-1,027	-103
	Item 280. Gains (losses) on disposal of investments	-82	-4
Operating profit before taxation		**443,847**	**330,159**
One-off charges due to tax dispute		**-**	**-35,331**
	Plus: Item 300. Income taxes from operating activities (partial) - prior years' taxes	-	-30,061
	Plus: Item 20. Interest expense (partial) - tax late payment interest	-	-7,811
	Plus: Item 300. Income taxes from operating activities (partial) - tax effect of interest deduction	-	-2,542
Income taxes for the year on operating activities		**-117,769**	**-81,856**
	Item 300. Income taxes for the year from operating activities	-117,769	-109,375
	(Minus) Item 300. Income taxes from operating activities (partial) - prior years' taxes	-	27,519
Net profit (loss) for the year		**326,078**	**212,973**
Net profit (loss) attributable to minority interests		**-58**	**-61**
	Item 340. Net profit (loss) for the year attributable to minority interests	-58	-61
Net profit (loss) for the year attributable to the Parent Company		**326,136**	**213,034**

Banca Generali S.p.A.

Registered office
Via Machiavelli 4 - 34132 Trieste - Italy

Share capital
Authorised 119,378,836 euros
Subscribed and paid 116,851,637 euros

Tax code and Trieste register
of companies: 00833240328
VAT number: 01333550323

Company managed and coordinated
by Assicurazioni Generali S.p.A.
Bank which is a member of the Interbank Deposit Protection
Fund Registration
with the bank register of the Bank
of Italy under No. 5358
Parent Company of the Banca Generali Banking Group
registered in the banking group register
ABI code 03075.9

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