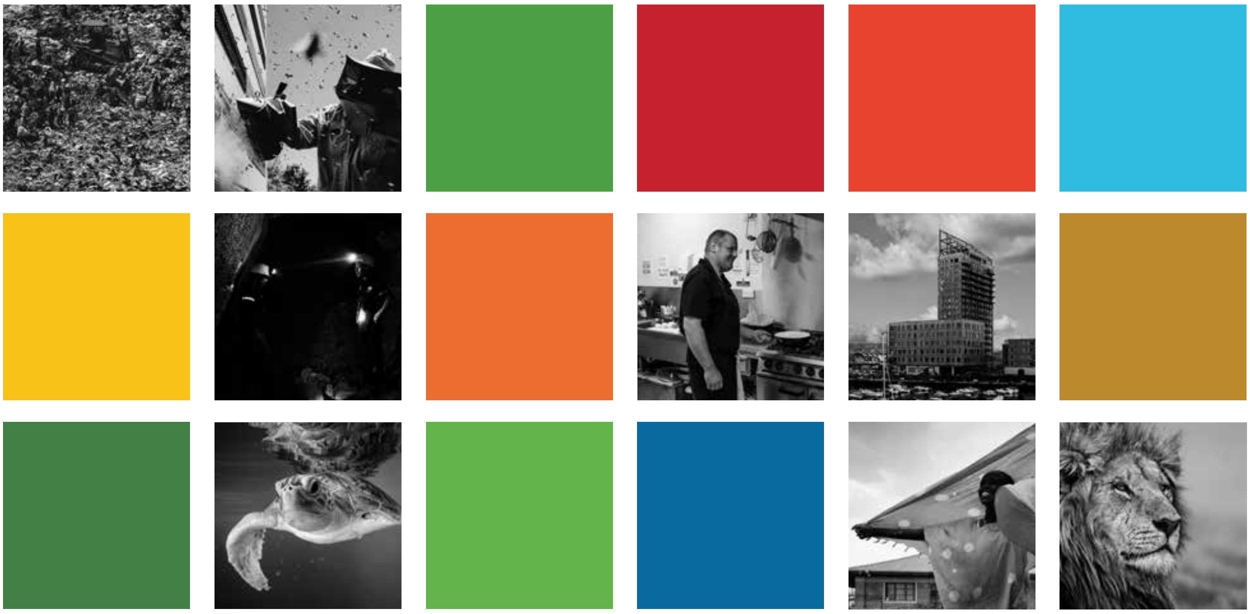
BANCA GENERALI



# CONSOLIDATED INTERIM REPORT

AT 30 JUNE 2023

# TIME TO CHANGE






**Time to Change** is the project in which Banca Generali and Stefano Guindani investigate on the state of achievement of the 17 SDGs of the UN 2030 Agenda. For each of them, the photographer's key is twofold: on the one hand, the focus is on highlighting the negative action of humankind on the environment and the community, and on the other hand, how humankind itself has an extraordinary capacity to recover through innovative and sustainable solutions. In his three-year research project, Guindani will go beyond the borders of Italy, searching for critical cases and situations of excellence abroad: Brazil, Norway and Australia, but also the United States and South Africa. He will be accompanied by an exceptional companion, Alberto Salza, one of the world's most respected anthropologists, who will edit the project's texts and suggest some of the projects to be monitored.




# Consolidated Interim Report at 30 June 2023

Board of Directors
27 July 2023

*This Document 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 S.p.A.

## Administration and Control Bodies

Board of Directors - 27 July 2023

| | | |
|---|---|---|
| **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 | |

# Contents

# *01*

# GROUP ECONOMIC AND FINANCIAL HIGHLIGHTS

# Group Economic and Financial Highlights

## CONSOLIDATED ECONOMIC AND FINANCIAL HIGHLIGHTS

| (€ MILLION) | 30.06.2023 | 30.06.2022 | CHANGE % |
|---|---|---|---|
| Net interest income | 151.5 | 51.8 | 192.1 |
| **Net financial income** | **161.3** | **67.5** | **138.9** |
| Net fees | 230.9 | 246.9 | -6.5 |
| **Net banking income** | **392.2** | **314.4** | **24.7** |
| **Net operating expenses** (a) | **-127.3** | **-119.9** | **6.1** |
| *of which: staff expenses* | *-59.9* | *-57.4* | *4.4* |
| **Operating result** | **264.9** | **194.5** | **36.2** |
| Provisions and charges related to the banking system (a) and other one-off charges | -24.6 | -17.2 | 42.4 |
| Adjustments to non-performing loans | -0.6 | -4.9 | -88.5 |
| **Profit before taxation** | **239.7** | **172.4** | **39.0** |
| **Net profit** | **175.1** | **131.3** | **33.3** |

## PERFORMANCE INDICATORS

| | 30.06.2023 | 30.06.2022 | CHANGE % |
|---|---|---|---|
| Cost/income ratio (a) (b) | 32.5% | 38.1% | -14.9 |
| Operating Costs/Total Assets (AUM) – annualised (c) | 0.29% | 0.30% | -3.9 |
| EBTDA (a) | 284.1 | 212.2 | 33.9 |
| ROE (d) | 32.9% | 24.9% | 32.0 |
| ROA (e) | 0.40% | 0.33% | 20.7 |
| EPS - Earnings per share (euros) | 1.53 | 1.14 | 33.8 |

## NET INFLOWS

| (€ MILLION) (ASSORETI FIGURES) | 30.06.2023 | 30.06.2022 | CHANGE % |
|---|---|---|---|
| Funds and Sicavs | 274 | 463 | -40.8 |
| Financial wrappers | 355 | 377 | -5.8 |
| Insurance wrappers | 50 | 264 | -81.1 |
| **Managed solutions** | **679** | **1,104** | **-38.5** |
| **Traditional insurance products** | **-969** | **-232** | **317.7** |
| **AUC and current accounts** | **3,559** | **2,175** | **63.6** |
| **Total** | **3,269** | **3,047** | **7.3** |

(a) 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 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.
(b) The cost/income ratio measures the ratio of operating expenses to net operating income.
(c) Ratio of operating expenses, gross of non-recurring components, to Assoreti's period-end exact AUM and AUM arising from new acquisitions, annualised.
(d) Ratio of net result to the arithmetic average of net equity, including net profit, at the end of the period and at the end of the previous year.
(e) Ratio of net result for the period to Assoreti's period-end exact AUM and AUM arising from new acquisitions, annualised.

## ASSETS UNDER MANAGEMENT & CUSTODY

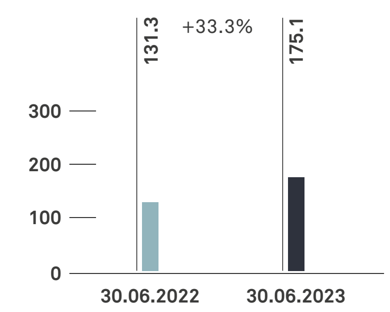
| (€ BILLION) | 30.06.2023 | 31.12.2022 | CHANGE % |
|---|---|---|---|
| Funds and Sicavs [f] | 21.5 | 20.6 | 4.2 |
| Financial wrappers [f] | 10.1 | 9.4 | 7.3 |
| Insurance wrappers | 10.5 | 10.1 | 3.2 |
| **Managed solutions** | **42.0** | **40.1** | **4.7** |
| **Traditional insurance products** | **14.5** | **15.3** | **-5.8** |
| **AUC and current accounts** | **31.8** | **27.6** | **15.3** |
| **Total** [f] | **88.2** | **83.1** | **6.2** |

## NET EQUITY

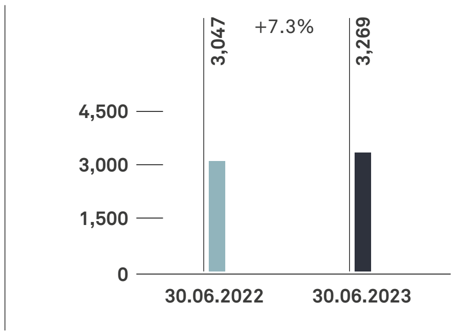
| | 30.06.2023 | 31.12.2022 | CHANGE % |
|---|---|---|---|
| Net equity (€ million) | 1,062.7 | 1,068.5 | -0.5 |
| Own funds (€ million) | 809.7 | 762.2 | 6.2 |
| Excess capital (€ million) | 269.5 | 199.5 | 35.1 |
| Total Capital Ratio | 18.5% | 16.7% | 10.6 |

(f) Total Assoreti's AUM were increased by AUM not included in Assoreti's scope.

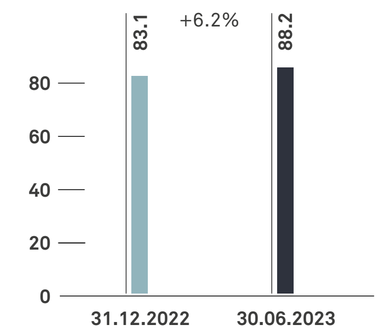
NET PROFIT
(€ million)



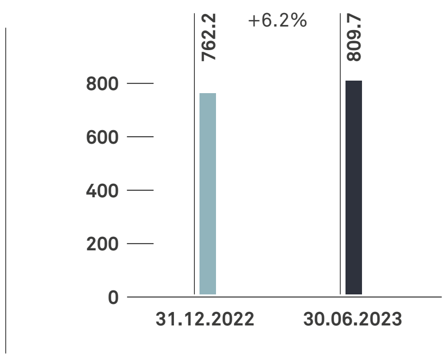

NET INFLOWS
(€ million)




ASSETS UNDER MANAGEMENT
(€ billion)




OWN FUNDS
(€ million)



# 02

# INTERIM REPORT ON OPERATIONS

## AL 30 JUNE 2023

**BOARD OF DIRECTORS**
**27 JULY 2023**

# 1. Summary of half-year operations

The Banca Generali Group closed the first half of 2023 with a **consolidated net profit of 175.1 million euros**, sharply up compared to the first half of 2022 (+33.3%).
This result was achieved in an economic context marked by persistent inflation and high interest rates, with further expected hikes by central banks, as well as by markedly recovering stock markets compared to the lows of the previous year, albeit still impacted by strong volatility and macroeconomic and geopolitical uncertainties.

Within this scenario, **recurring net profit** reached **166.1 million euros**, jumping by nearly 54% compared to the first half of the previous year, whereas non-recurring items stood at 9.0 million euros (-61.7%).

Despite the markets' strong volatility and the ensuing prudent approach to investments, **net inflows** reached **3.3 billion euros**, with a resilient performance of **managed solutions** (funds and financial wrappers), which totalled **629 million euros**.
With regard to **net inflows from insurance products**, traditional life insurance products were negative at **969 million euros**, markedly down compared to the first half of 2022, whereas innovative **insurance wrappers** rose slightly by **50 million euros** at the end of the period.
However, most net inflows in the first half of the year were concentrated on AUC solutions and deposits, which amounted to **3,559 million euros** YTD, with investments in financial instruments under custody for **4,953 million euros**, offset by a **1,394 million euros** decrease in current accounts.

**Assets under Advisory** performed very well, with total AUM at **8.5 billion euros**, increasing by 14.5% compared to 7.4 billion euros at the end of 2022.

**Net banking income** totalled **392.2 million euros** compared to 314.4 million euros for the first half of 2022. The significant increase was driven by the **net financial income** acceleration (161.3 million euros; +138.9%), offset by **net recurring fees** slightly declining to 223.3 million euros (-3.5%) and variable fees still sharply weighted down by the previous year' s market volatility (7.6 million euros; -51.4%).

Despite the inflationary pressures, **operating expenses** amounted to 127.3 million euros (+6.1% on an annual basis), including 2.2 million euro one-off charges, thus confirming the Bank's operational efficiency. **Core**[1] **operating expenses** totalled **114.5 million euros**, up 5.9%, of which 3.1 million euros attributable to the start-up phase of BG Suisse, in line with the Plan's projections. The aggregate's increase was mainly attributable to higher IT and logistics costs.

Operating efficiency indicators remained at excellent levels: the ratio of **total costs to total assets** decreased to 29 bps and the **cost/income ratio**, adjusted for non-recurring items[2], further improved to 32.5% compared to 39.6% for the same period of the previous year.

**Provisions, contributions and charges related to the banking system** and **net adjustments** amounted to **25.1 million euros**, up compared to **22.1 million euros** for the first half of 2022, as a result of higher provisions for liabilities and contingencies (+7.3 million euros compared), only partly offset by the reversals of adjustments to receivables due to the improvement of the portfolio risk profile (-4.3 million euros).
The change in provisions was mainly attributable to the strong increase in actuarial provisions (+5.9 million euros), impacted by a reduced increase in the discount rates used to evaluate them compared to the first half of 2022.

**Core loans** amounted to 14.5 billion euros, down 1.6 billion euros compared to the end of 2022 (-9.8%) due to the concurrent decline in net inflows from customers (-1.7 billion euros; -11.4%).
The **banking book financial assets** stood at 11.0 billion euros (-7.1% compared to the end of 2022). Nearly 96% of the assets were invested in bonds with a duration of 1.2 years and 52.3% in floating-rate securities; this allowed to benefit from the sharp interest rate increase underway.

[1] Operating expenses, net of non-recurring items, amounting to 2.2 million euros (1.5 million euros in 2022), and of costs related to sales personnel amounting to 10.6 million euros (10.4 million euros in 2022).
[2] The adjusted cost/income ratio is calculated by comparing net operating expenses, excluding one-off charges, and net operating income, excluding performance fees.

Exposures composed of loans to customers reached 2.4 billion euros (-5.9% compared to 2022). The interbank position, net of the bond component, declined to 0.8 billion euros, markedly decreasing compared to the previous year (-41.2%) as a result of the decline in deposits with the ECB and in repurchase agreement transactions.

The solidity of the **capital position** continued to far exceed the requirements set by the Bank of Italy for the Bank in its Supervisory Review and Evaluation Process (SREP), even in a context marked by higher absorption due to the Bank's business expansion, the diversification of the financial asset portfolio and the setting up of the new alternative investment portfolio at the end of the previous year, as well as the continuation of a generous dividend policy.
At 30 June 2023, CET1 ratio was 17.3% and Total Capital Ratio (TCR) was 18.5%, compared to SREP minimum requirements of 8.0% and 12.3%, respectively.

The Group's total **assets under management** (AUM) amounted to **88.2 billion euros** overall, including the around 1.0 billion euro contribution deriving from the assets managed by BG Valeur. In addition, managed assets also included 1.0 billion euros in AUC products and deposits of Generali Group companies and 4.0 billion euros in funds and Sicavs distributed directly by BGFML, for an overall total of **93.2 billion euros.**

# 2. Macroeconomic Context

In the first half of the year, the major stock markets rallied at global level, driven, on the one hand, by the perception that the central banks were finally close to the rate hike peak, and, on the other, by GDP growth, which was above analysts' expectations both in Europe and the United States.

Despite the rate hike implemented by the central banks, inflation expectations remained high during the period. As a result, both the Federal Reserve and the ECB continued with their restrictive policy. In particular, the Federal Reserve and the European Central Bank increased the cost of money by 75 bps and 150 bps, respectively, in the first half of the year. At its last meeting, the US Fed kept the key interest rate unchanged, but on the understanding that there will be further hikes over the next few months.

With regards to the equity market, technology sector companies were the absolute leaders in the first half of the year. In particular, the NASDAQ Index recorded a performance of around 29% in euros, benefiting largely from the growth of companies exposed to artificial intelligence. Europe also had a positive performance, with the EuroStoxx closing the period at around +12% and Italy ranking first in Europe with a return of about 19%. However, it should be noted that the US stock market was particularly driven by three sectors: information technology, communications services and consumer discretionary, and, within these, by only a few stocks. In particular, seven stocks contributed to the approximately 14% rise in euros of the S&P 500 this year: Nvidia, Tesla, Google (Alphabet), Microsoft, Apple, Amazon and Meta. The Chinese equity market underperformed in the first half of the year, with negative yields at approximately -8% in euros. The performance of the second global power was adversely impacted by the downward revisions in its GDP growth, as they were not followed by an adequate response from the Chinese government in terms of economic stimulus. At geographical level, Europe continued to offer better valuations than the United States, with a P/E ratio of 14 and 21 for EuroStoxx50 and S&P500, respectively. At microeconomic level, Q1 reports showed that most companies had so far benefited from the inflationary environment by boosting their margins.

On the bond front, the Federal Reserve raised interest rates by 500 bps since March 2022, bringing the cost of money to 5.25%. Similarly, the ECB increased its key rates to 4%. Both set themselves the priority objective of controlling the inflationary spiral that had first started with the pandemic and then exploded with the war in Ukraine. In this context, two-year and ten-year Treasury yields peaked at about 5% and 4.20%, respectively, whilst those on the corresponding German government bonds reached around 3.30% and 2.75%, respectively. As regards Eurozone spreads, there was a contraction that led, in particular, to a BTP-Bund spread at around 168 bps at the end of the period. The BTP's good performance was attributable, *inter alia*, to the confirmation of the Italian rating, which was under review by the main rating agencies. On the bond market, the investment-grade sector showed stable spreads, whilst the high-yield bond spreads contracted, with yield levels in Europe at 5% and 8%, respectively. At currency level, following the dollar's strong appreciation that took place in the previous year, the exchange rate underwent a phase of volatility that led the euro, after the first half of the year, to appreciate against the US currency by about 2%. This was due to the central banks' different monetary perspective compared to the Fed, which — as analysts forecasted — paused the rate hike before the ECB. The Japanese Yen depreciated against the dollar and major currencies, with USD/JPY falling from 130 to around 144.

During the first half of the year, the general raw materials index recorded a marked decline (about -7.5% in euros). This was mainly due to expectations intensifying regarding a weakening in the global macroeconomic cycle resulting from the restrictive stance of the main central banks' monetary policies.

The ongoing conflict in Ukraine, with the impacts on supply generated in 2022, weighted further on prices.

The energy sector was particularly negative, as it is traditionally very sensitive to the macroeconomic cycle.

By contrast, the agriculture and precious metals sectors were slightly positive, the latter being supported by the first signs of a possible end to Fed's rate hikes.

# 3. Banca Generali's 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.

## 3.1 The asset management market

The Italian asset management industry closed the first five months of 2023 with net outflows of -0.5 billion euros, mainly due to the outflows from long-term flexible and balanced funds.

Assets under management amounted to 1,254 billion euros (net of assets invested in collective asset management solutions), of which 1,104 billion euros (88%) was invested in Italian and foreign funds and 150 billion euros in retail portfolio management solutions.

Long-term funds accounted for almost all open-ended funds (96% in May 2023). These funds included the following categories:

› bond funds (33.8% of total assets or 372.7 billion euros) with 8.9 billion euro net inflows in the first five months of the year;
› equity funds (32.1% of total assets or 354.0 billion euros), with net inflows of approximately 3.0 billion euros;
› flexible funds (17.6% of total assets or 194.0 billion euros), with net outflows of -8.8 billion euros;
› balanced funds (12.5% of total assets or 138.5 billion euros), with a year-to-date decline of -5.5 billion euros;
› hedge funds (0.1% of total assets or 1.4 billion euros), with year-to-date net outflows of -0.09 billion euros.

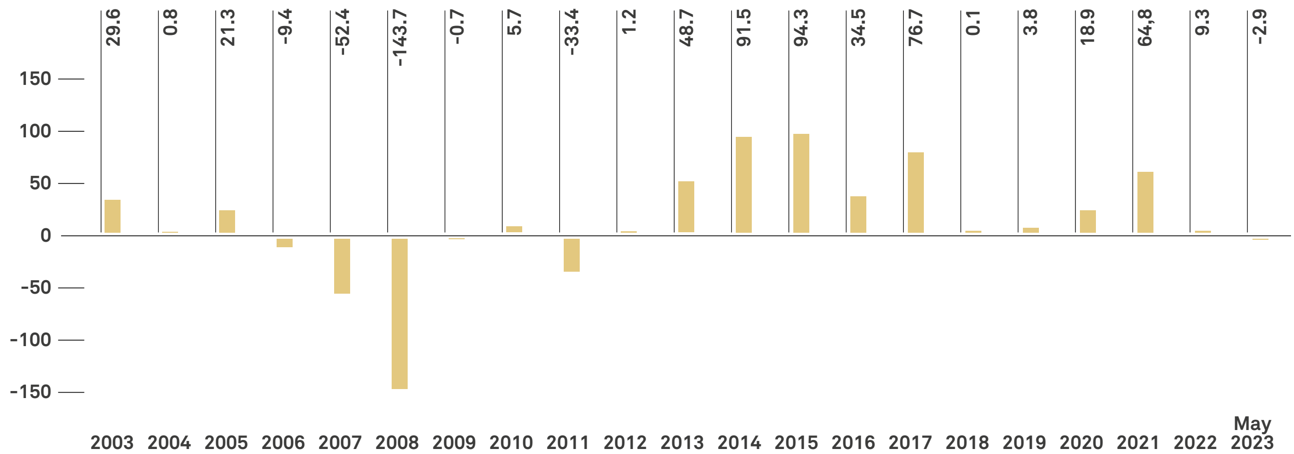
Money-market funds, with invested assets of 43.3 billion euros (3.9% of total assets). Year-to-date net outflows of this aggregate totalled -0.5 billion euros overall.

EVOLUTION OF NET INFLOWS AND ASSETS UNDER MANAGEMENT

| | NET INFLOWS | | ASSETS | |
|---|---|---|---|---|
| (€ MILLION) | MAY 2023 YTD | MAY 2022 YTD | MAY 2023 YTD | MAY 2022 YTD |
| Italian funds | 1,919 | 25 | 236,830 | 240,973 |
| Foreign funds | -4,856 | 13,937 | 866,938 | 948,340 |
| **Total open-ended funds** | **-2,937** | **13,962** | **1,103,768** | **1,189,313** |
| **GP Retail** | **2,390** | **4,597** | **150,474** | **155,812** |
| **Total** | **-547** | **18,559** | **1,254,242** | **1,345,125** |

Source: Assogestioni data updated May 2023 (€ million).

THE OPEN-ENDED (UCITS) MARKET IN ITALY (€ BILLION)




Source: Assogestioni data updated May 2023.

## 3.2 The Assoreti market

Net inflows amounted to 22.3 billion euros in the first five months of 2023, with a 0.9 billion euro increase (+4.3%) compared to the same period of the previous year.

Net inflows from assets under management stood at 3.5 billion euros, essentially in line with the same period of the previous year. In this segment, the contribution of mutual funds and Sicavs was 2.2 billion euros, whereas that of discretionary mandates was 1.3 billion euros.

Net inflows from insurance products declined to -2.4 billion euros compared to approximately 5 billion euros in May 2022 (hybrid and unit-linked products represented the main component of overall net inflows from insurance products).

AUC and current accounts rose to 21.2 billion euros, increasing by approximately 8.6 billion euros compared to the same period of the previous year (+68.3%). Net inflows from AUC and current accounts included liquidity for -1.9 billion euros and net inflows of securities for 23.1 billion euros.

NET INFLOWS - ASSORETI MARKET

| | ASSORETI MARKET | | |
|---|---|---|---|
| (€ MILLION) | MAY 2023 YTD | MAY 2022 YTD | CHANGE |
| Assets under management | 3,457 | 3,783 | -325 |
| Insurance products | -2,380 | 4,984 | -7,364 |
| AUC and current accounts | 21,193 | 12,592 | 8,601 |
| **Total** | **22,270** | **21,359** | **912** |

Source: Assoreti data updated May 2023.

# 3.3 Banca Generali

In the first half of 2023, Banca Generali's net inflows amounted to 3.3 billion euros (+7.3% compared to the same period of the previous year) as a result of the impact of market volatility on managed solutions (funds and insurance and financial wrappers), offset by an increase in AUC and current accounts (with an increase in securities deposits, driven by BTP, against a decline in current account deposits).

Managed solutions totalled 0.7 billion euros, accounting for 20.8% of total net inflows compared to 36.2% for the same period of 2022.

In the first half of 2023, discretionary mandates were the main component of net inflows from managed products (355 million euros), whereas in the previous year it had consisted of third-party funds and Sicavs (389 million euros). Insurance wrappers (BG Stile Libero, Lux Protection Life, BG Oltre and BG Insieme Progetti di Vita) recorded 50 million euro net inflows overall, down compared to the same period of 2022 (-81.1%).

Net inflows from traditional life insurance products stood at -969 million euros (-232 million euros in the first half of 2022).

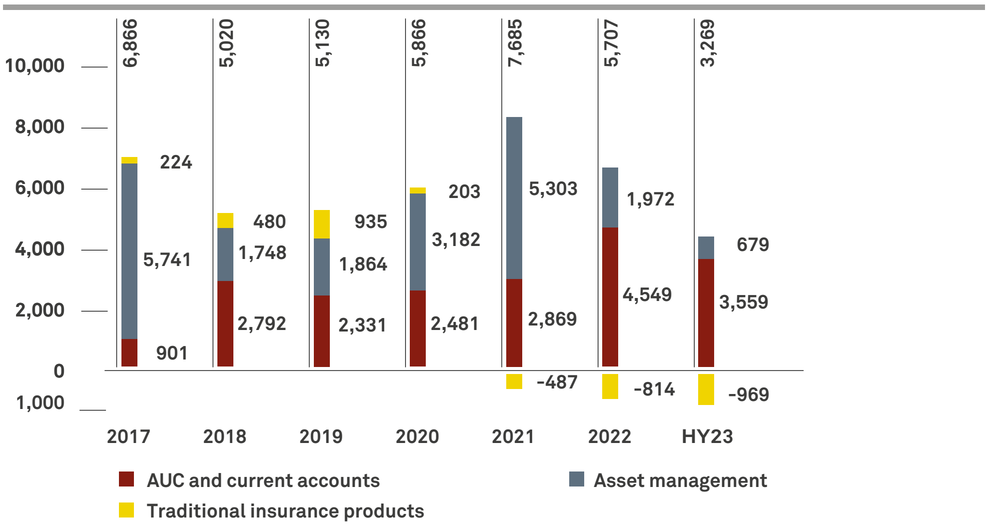
In the first half of 2023, net inflows from AUC and current accounts amounted to 3.6 billion euros, increasing by +63.6% compared to 2.2 billion euros for the same period of the previous year.

Assets under Advisory amounted to 8.5 billion euros at 30 June 2023 (6.7 billion euros at the end of June 2022).

BANCA GENERALI'S NET INFLOWS

| | BG GROUP | | CHANGES VS 30.06.2022 | |
|---|---|---|---|---|
| (€ MILLION) | 30.06.2023 | 30.06.2022 | AMOUNT | % |
| Funds and Sicavs | 274 | 463 | -189 | -40.8% |
| Financial wrappers | 355 | 377 | -22 | -5.8% |
| Insurance wrappers | 50 | 264 | -214 | -81.1% |
| **Total assets under management** | **679** | **1,104** | **-425** | **-38.5%** |
| **Other life insurance policies** | **-969** | **-232** | **-737** | **317.7%** |
| **Total AUC and current accounts** | **3,559** | **2,175** | **1,384** | **63.6%** |
| **Total net inflows from products placed by the network** | **3,269** | **3,047** | **222** | **7.3%** |

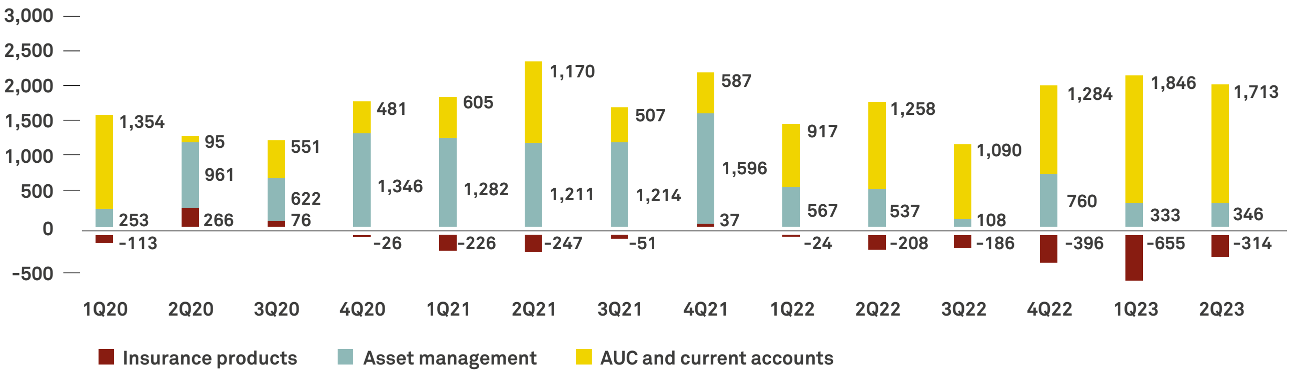
BREAKDOWN OF ANNUAL NET INFLOWS (€ MILLION)



The following chart shows how Banca Generali has consistently succeeded in attracting increasing levels of net inflows in recent years. As already mentioned above, in the second quarter of 2023, the uncertain market scenario led to an increase in the ratio of net inflows from AUC and current accounts to total net inflows, accounting for 108.9% of the latter compared to 71.4% for the second quarter of 2022.

Compared to the first quarter of the year, although the market dynamic drove customers towards AUC and current accounts, net inflows of insurance wrappers recovered slightly (net outflows nearly halved on the first two quarters of the year) and net inflows of financial wrappers grew by approximately 4%.

BREAKDOWN OF QUARTERLY NET INFLOWS (€ MILLION)




BANCA GENERALI'S AUM (TOTAL ASSORETI AUM)

| | BG GROUP | | CHANGES VS 31.12.2022 | |
|---|---|---|---|---|
| (€ MILLION) | 30.06.2023 | 31.12.2022 | AMOUNT | % |
| Funds and Sicavs | 21,485 | 20,510 | 975 | 4.8% |
| Financial wrappers | 9,071 | 8,594 | 477 | 5.5% |
| Insurance wrappers | 10,451 | 10,130 | 321 | 3.2% |
| **Total assets under management** | **41,007** | **39,234** | **1,773** | **4.5%** |
| **Other life insurance policies** | **14,450** | **15,340** | **-889** | **-5.8%** |
| **Total AUC and current accounts** | **31,808** | **27,598** | **4,210** | **15.3%** |
| **Total AUM placed by the network** | **87,265** | **82,171** | **5,094** | **6.2%** |

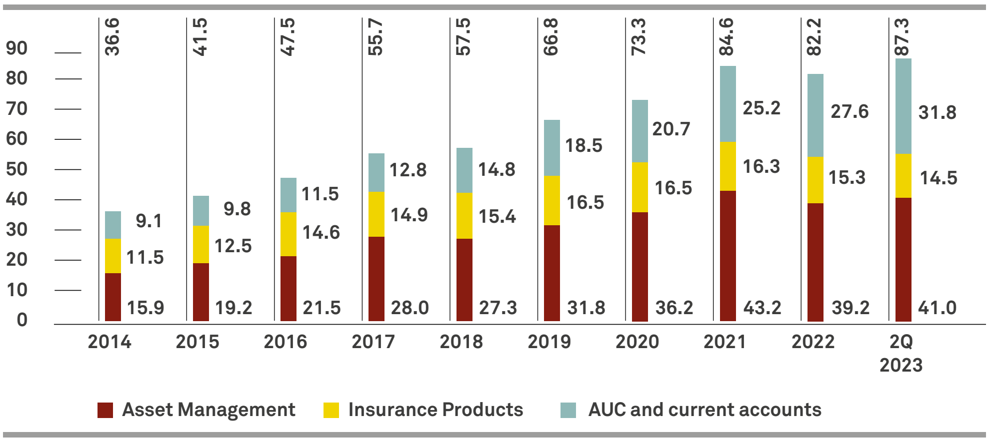
At 30 June 2023, Banca Generali's AUM (excluding BG Valeur) amounted to 87.3 billion euros (+6.2%), with managed solutions remaining the main component of its asset mix, with 47.0% of AUM (slightly down on 47.7% at 31 December 2022). Traditional life insurance products accounted for 16.6% of the total, decreasing compared to 31 December 2022 (18.7%). The ratio of AUC and current accounts to total assets grew, accounting for 36.4% compared to 33.6% in December 2022.

In detail, an increase was recorded in managed solutions (+4.5%) and AUC and current accounts (+15.3%), whereas the traditional insurance component declined by -5.8%.

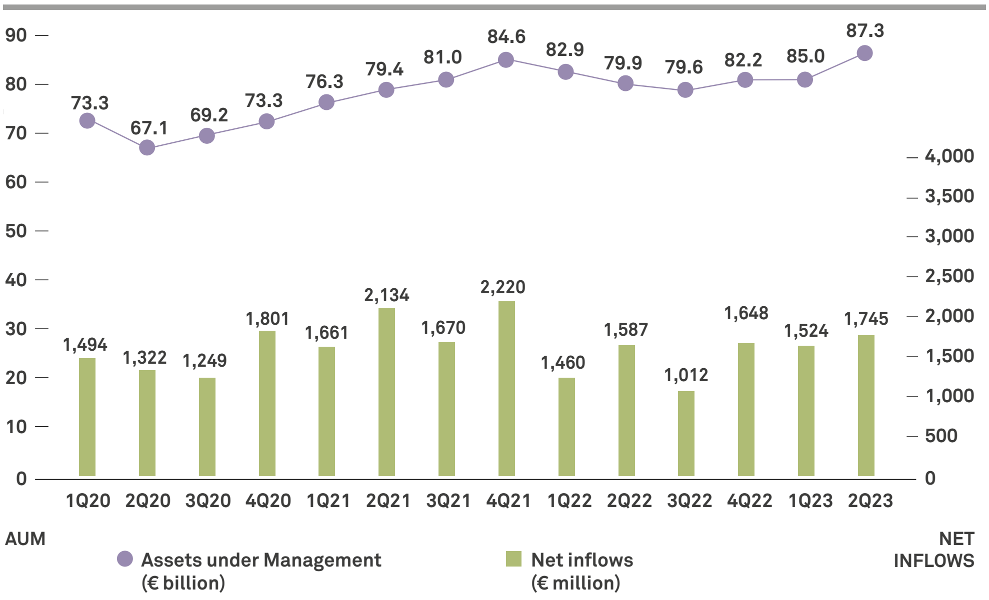
## Banca Generali's total assets 2014-Q2 2023

The following tables illustrate the quarterly evolution of Banca Generali's net inflows and AUM, and provide a breakdown of net inflows by macro-components.

ASSETS UNDER MANAGEMENT (€ BILLION)




EVOLUTION OF AUM AND NET INFLOWS



Considering BG Valeur as well, at 30 June 2023, Banca Generali's AUM amounted to 88.2 billion euros (+6.2%), with managed solutions remaining the main component of its asset mix, with 47.6% of AUM (slightly down on 48.3% at 31 December 2022). The component including managed solutions, insurance products and fee generating assets also grew (+3.4%), accounting for 69.0% of total assets.

AUM BANCA GENERALI (ASSORETI PERIMETER)

| | BG GROUP | | CHANGES VS 31.12.2022 | |
|---|---|---|---|---|
| (€ MILLION) | 30.06.2023 | 31.12.2022 | AMOUNT | % |
| Funds and Sicavs | 21,485 | 20,628 | 857 | 4.2% |
| Financial wrappers | 10,053 | 9,364 | 689 | 7.4% |
| Insurance wrappers | 10,451 | 10,130 | 321 | 3.2% |
| **Total assets under management** | **41,988** | **40,121** | **1,867** | **4.7%** |
| **Other life insurance policies** | **14,450** | **15,340** | **-889** | **-5.8%** |
| **Total AUC and current accounts** | **31,808** | **27,598** | **4,210** | **15.3%** |
| **Total AUM (including Valeur)** | **88,247** | **83,059** | **5,188** | **6.2%** |
| **Fee generating assets** (*) | **60,888** | **58,880** | **2,008** | **3.4%** |

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

# 4. Group indirect inflows

## Asset management products of the Banking Group

In the first six months of 2023, in the asset management segment the Banking Group conducted wealth management operations through individual portfolio management of Banca Generali and collective asset management of BG Fund Management Luxembourg S.A.

| | BG GROUP | | CHANGES VS 31.12.2022 | |
|---|---|---|---|---|
| (€ MILLION) | 30.06.2023 | 31.12.2022 | AMOUNT | % |
| Funds and Sicavs | 19,587 | 18,680 | 907 | 4.9% |
| GPF/GPM | 10,040 | 9,351 | 689 | 7.4% |
| **Total Group's managed assets** | **29,627** | **28,032** | **1,595** | **5.7%** |
| ***of which*** | | | | |
| *– UCITS attributable to the Banking Group GPF* | *1,690* | *1,631* | *59* | *3.6%* |
| **Total assets managed by the Banking Group, net of discretionary mandates, included in the GPF of the Banking Group** | **27,937** | **26,401** | **1,536** | **5.8%** |

The Banking Group's collective asset management products (funds and Sicavs) were represented by the Luxembourg Sicavs placed by BG Fund Management Luxembourg S.A. for approximately 19.6 billion euros, with a 0.9 billion euro increase (+4.9%) compared to year-end 2022.

Total individual portfolio management (GPF/GPM) of the Banking Group stood at 10.0 billion euros, up compared to year-end 2022 (+7.4%). It consisted of Banca Generali's discretionary mandates for about 9.1 billion euros and discretionary mandates of Valeur for approximately 1 billion euros.

### Third-party asset management products

As part of its product brokerage and placement operations, the Group places third-party products in both the asset management and insurance areas.
In further detail, within its Italian mutual funds segment, Banca Generali distributes the products of the Assicurazioni Generali Group and various third companies, in addition to the products of numerous international investment firms in the international UCITS segment. In June 2023, third-party assets amounted to 11.9 billion euros, up +3.2% compared to year-end 2022. Third-party funds accounted for approximately 55% of the funds placed by the Banking Group (Assoreti scope). This was due to the adoption of the open architecture model, which affords customer access to a very wide range of investment products, including at an international level.

In addition, with reference to the placement of third-party products, it should also be noted that over the years investments directed towards the collective asset management solutions of BG Fund Management Luxembourg S.A. developed significantly. These products are placed directly by the Banca Generali Group, but invest primarily in third-party UCITS. Moreover, and in confirmation of the product's multi-manager orientation, at the end of 2009 and during the following years, management of a large number of sub-funds has been entrusted directly to several leading international investment firms, using their own brands, thereby significantly expanding the diversification of the asset management portfolios held by the Bank's customers. A similar strategy has been recently adopted for the sub-funds of Lux IM, a Luxembourg-based Sicav launched in April 2018 that leverages on the Generali Group's management experience in the markets offering sub-funds broken down by asset class and specialised by geographical area and ESG matters.

| (€ MILLION) | BG GROUP 30.06.2023 | BG GROUP 31.12.2022 | CHANGES VS 31.12.2022 AMOUNT | CHANGES VS 31.12.2022 % |
|---|---|---|---|---|
| Funds and Sicavs | 11,846 | 11,481 | 365 | 3.2% |
| GPF/GPM | 13 | 12 | - | 1.6% |
| **Total third-party asset management products** | **11,859** | **11,494** | **365** | **3.2%** |

### Third-party insurance products

Almost all assets invested in insurance and pension products consist of traditional and hybrid policies of Genertellife, a company of the Assicurazioni Generali Group, placed under the brand BG Vita. In June 2023, assets stood at 23.8 billion euros, down -2.8% compared to year-end 2022. The residual portion of insurance products offered by third parties and placed by Banca Generali amounted to 1.1 billion euros at June 2023, up compared to the end of 2022 (+12.9%).

| (€ MILLION) | BG GROUP 30.06.2023 | BG GROUP 31.12.2022 | CHANGES VS 31.12.2022 AMOUNT | CHANGES VS 31.12.2022 % |
|---|---|---|---|---|
| Insurance products BG Vita (unit-linked, traditional life policies, etc.) | 23,808 | 24,501 | -693 | -2.8% |
| Insurance products offered by third companies | 1,094 | 969 | 125 | 12.9% |
| **Total third-party insurance products** | **24,901** | **25,470** | **-568** | **-2.2%** |

Net inflows from insurance products amounted to -0.9 billion euros in the first six months of 2023 (of which 0.05 billion euros in the hybrid policies BG Stile Libero, BG Oltre and Lux Protection Life).

## 4.2 Assets Under Administration and Custody

Indirect net inflows of AUC consist of securities deposited by retail and corporate customers for custody and administration with the Parent Company, Banca Generali.

At 30 June 2023, indirect net inflows amounted to 22.0 billion euros at market value, compared to 16.1 billion euros at the end of 2022 (+36.5%).

| (€ MILLION) | BG GROUP 30.06.2023 | BG GROUP 31.12.2022 | CHANGES VS 31.12.2022 AMOUNT | CHANGES VS 31.12.2022 % |
|---|---|---|---|---|
| Indirect inflows of AUC of the Banking Group at market values | 22,013 | 16,125 | 5,887 | 36.5% |
| *of which:* | | | | |
| – *securities of the Banca Generali Group's customers* | *614* | *579* | *35* | *6.0%* |
| – *other customers' securities portfolios* | *21,399* | *15,546* | *5,853* | *37.6%* |

# 5. Operating result and performance of the main net equity aggregates

## 5.1 Profit and Loss results[3]

Banca Generali Group closed the first half of 2023 with a **consolidated net profit of 175.1 million euros**, sharply up compared to the first half of 2022 (+33.3%).
This result was achieved in an economic context marked by persistent inflation and high interest rates, with further expected hikes by central banks, as well as by markedly recovering stock markets compared to the lows of the previous year, albeit still impacted by strong volatility and macroeconomic and geopolitical uncertainties.

| | | | CHANGE | |
|---|---|---|---|---|
| (€ THOUSAND) | 30.06.2023 | 30.06.2022 | AMOUNT | % |
| Net interest income | 151,454 | 51,844 | 99,610 | 192.1% |
| Net income (loss) from trading activities and dividends | 9,816 | 15,658 | -5,842 | -37.3% |
| **Net financial income** | **161,270** | **67,502** | **93,768** | **138.9%** |
| Recurring fee income | 478,781 | 478,604 | 177 | 0.0% |
| Fee expense | -255,458 | -247,211 | -8,247 | 3.3% |
| **Net recurring fees** | **223,323** | **231,393** | **-8,070** | **-3.5%** |
| Variable fee income | 7,565 | 15,554 | -7,989 | -51.4% |
| **Net fees** | **230,888** | **246,947** | **-16,059** | **-6.5%** |
| **Net banking income** | **392,158** | **314,449** | **77,709** | **24.7%** |
| Staff expenses | -59,913 | -57,385 | -2,528 | 4.4% |
| Other general and administrative expenses (net of duty recoveries) | -54,775 | -52,743 | -2,032 | 3.9% |
| Net adjustments of property, equipment and intangible assets | -19,220 | -17,617 | -1,603 | 9.1% |
| Other operating expenses/income | 6,632 | 7,841 | -1,209 | -15.4% |
| **Net operating expenses** | **-127,276** | **-119,904** | **-7,372** | **6.1%** |
| **Operating result** | **264,882** | **194,545** | **70,337** | **36.2%** |
| Net adjustments to non-performing loans | -560 | -4,857 | 4,297 | -88.5% |
| Net provisions for liabilities and contingencies | -18,707 | -11,358 | -7,349 | 64.7% |
| Contributions and charges related to the banking system | -5,845 | -5,882 | 37 | -0.6% |
| Gains (losses) from investments and equity investments | -95 | -58 | -37 | 63.8% |
| **Operating profit before taxation** | **239,675** | **172,390** | **67,285** | **39.0%** |
| Income taxes for the period | -64,672 | -41,101 | -23,571 | 57.3% |
| Net profit attributable to minority interests | -48 | -15 | -33 | n.a. |
| **Net profit** | **175,051** | **131,304** | **43,747** | **33.3%** |

Within this scenario, **recurring net profit** reached **166.1 million euros**, jumping by nearly 54% compared to the first half of the previous year, whereas non-recurring items stood at 9.0 million euros (-61.7%).

[3] The following reclassifications have been made in the presentation of the reclassified Consolidated Profit and Loss Account in order to facilitate understanding of operating performance:
1) reclassification to the net fee aggregate of the provisions for incentives related to sales and recruitment plans; the net provisions aggregate was restated net of these items, amounting to 7.3 million euros in 2023 and 9.0 million euros in 2022;
2) reclassification to the other general and administrative expenses aggregate of taxes recovered from customers, accounted for among other operating income and expenses and amounting to 40.1 million euros in 2023 and 41.2 million euros in 2022;
3) reclassification of 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), from the general and administrative expenses aggregate to a separate item not included in the net operating expenses aggregate; this restatement aligns the Bank's disclosure with the most widespread market practice and enables a better presentation of the performance of costs more closely connected to the Bank's operating structure, separated from the amount of the systemic costs incurred.

**Net banking income** amounted to **392.2 million euros**, up 24.7% as a result of the following factors:

- the improvement of **net financial income** (161.3 million euros; +138.9%), which benefited from the strong increase in bond yields in recent months and still ongoing, 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 (52.3% of the total);
- the resilience of **gross recurring fees** (478.8 million euros), in line with the same period of the previous year, also thanks to the Q2 performance, which confirmed a sharp increase, driven in particular by:
  - the slight decline in **management fee income** (400.7 million euros; -3.0%), partly attributable to the negative performance of the insurance segment (-6.9%) and, for the remainder, to a modest increase in average total assets managed (+0.9%) and in their profitability compared to the first half of 2022;
  - the recovery of **other banking and entry fees** (78.0 million euros; +19.4%) thanks to the positive performance of bond placement, the rebound of customers' trading activities and the ongoing increase in advisory service inflows;
- the persistent weakness of **variable fees**, which were impacted by the market conditions and amounted to **7.6 million euros** (-51.1% compared to the first half of 2022).

Despite the inflationary pressures, **operating expenses** amounted to 127.3 million euros (+6.1% on an annual basis), including 2.2 million euro one-off charges, thus confirming the Bank's operational efficiency. **Core**[4] **operating expenses** totalled **114.5 million euros**, up 5.9%, of which 3.1 million euros attributable to the start-up phase of BG Suisse, in line with the Plan's projections. The aggregate's increase was mainly attributable to higher IT and logistics costs.

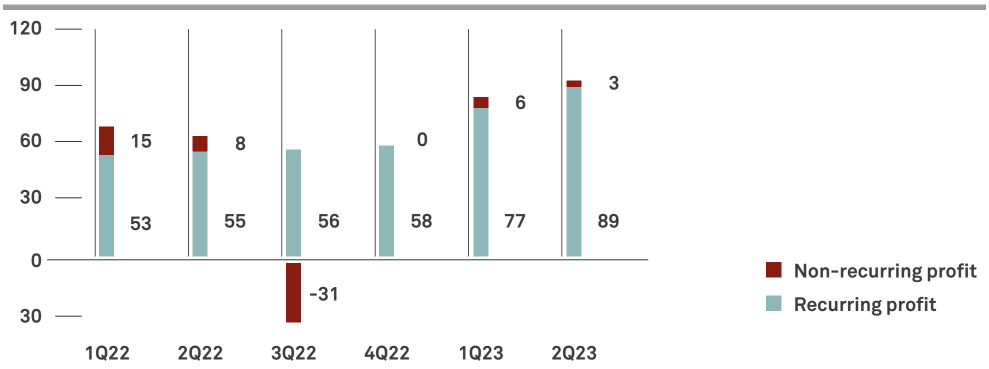
Operating efficiency indicators remained at excellent levels: the ratio of **total costs to total assets** decreased to 29 bps and the **cost/income ratio**, adjusted for non-recurring items[5], further improved to 32.5% compared to 39.6% for the same period of the previous year.

**Provisions, contributions and charges related to the banking system** and **net adjustments** amounted to **25.1 million euros**, up compared to **22.1 million euros** for the first half of 2022, as a result of higher provisions for liabilities and contingencies (+7.3 million euros compared), only partly offset by the reversals of adjustments to receivables due to the improvement of the portfolio risk profile (-4.3 million euros).
The change in provisions was mainly attributable to the strong increase in actuarial provisions (+5.9 million euros), impacted by a reduced increase in the discount rates used to evaluate them compared to the first half of 2022.

**Operating profit before taxation** was 239.7 million euros, up 67.3 million euros compared to the same period of the previous year (+39.0%).

The **tax burden** for the period was **64.7 million euros**, with an overall tax rate of 27.0%, sharply increasing compared to 23.8% in 2022, mainly due to the lower contribution of the foreign entities to the Group's result.

QUARTERLY NET PROFIT (€ MILLION)




[4] Operating expenses, net of non-recurring items, amounting to 2.2 million euros (1.5 million euros in 2022), and of costs related to sales personnel amounting to 10.6 million euros (10.4 million euros in 2022).
[5] The adjusted cost/income ratio is calculated by comparing net operating expenses, excluding one-off charges, and net operating income, excluding performance fees.

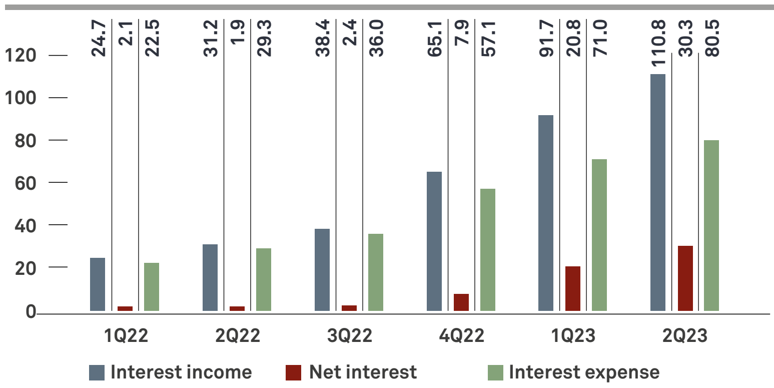
QUARTERLY EVOLUTION OF THE PROFIT AND LOSS ACCOUNT

| (€ THOUSAND) | 2Q23 | 1Q23 | 4Q22 | 3Q22 | 2Q22 | 1Q22 |
|---|---|---|---|---|---|---|
| Net interest income | 80,502 | 70,952 | 57,142 | 35,993 | 29,309 | 22,535 |
| Net income (loss) from trading activities and dividends | 5,860 | 3,956 | 2,486 | 5,186 | 11,035 | 4,623 |
| **Net financial income** | **86,362** | **74,908** | **59,628** | **41,179** | **40,344** | **27,158** |
| Recurring fee income | 240,668 | 238,113 | 232,688 | 229,397 | 233,988 | 244,616 |
| Fee expense | -130,602 | -124,856 | -123,866 | -117,396 | -122,564 | -124,647 |
| **Net recurring fees** | **110,066** | **113,257** | **108,822** | **112,001** | **111,424** | **119,969** |
| Variable fee income | 2,558 | 5,007 | 1,740 | 2,022 | 1,894 | 13,660 |
| **Net fees** | **112,624** | **118,264** | **110,562** | **114,023** | **113,318** | **133,629** |
| **Net banking income** | **198,986** | **193,172** | **170,190** | **155,202** | **153,662** | **160,787** |
| Staff expenses | -30,200 | -29,713 | -29,651 | -27,753 | -28,641 | -28,744 |
| Other general and administrative expenses | -28,675 | -26,100 | -36,277 | -27,556 | -29,251 | -23,492 |
| Net adjustments of property, equipment and intangible assets | -9,820 | -9,400 | -10,038 | -9,013 | -8,934 | -8,683 |
| Other operating income/expenses | 5,091 | 1,541 | 1,311 | 2,336 | 6,853 | 988 |
| **Net operating expenses** | **-63,604** | **-63,672** | **-74,655** | **-61,986** | **-59,973** | **-59,931** |
| **Operating result** | **135,382** | **129,500** | **95,535** | **93,216** | **93,689** | **100,856** |
| Net adjustments to non-performing loans | -1,715 | 1,155 | -862 | -2,615 | -2,792 | -2,065 |
| Net provisions | -8,478 | -10,229 | -16,093 | 350 | -6,359 | -4,999 |
| Contributions and charges related to the banking system | 155 | -6,000 | -595 | -11,118 | - | -5,882 |
| Gains (losses) from investments and equity investments | -92 | -3 | 6 | -55 | -432 | 374 |
| **Operating profit before taxation** | **125,252** | **114,423** | **77,991** | **79,778** | **84,106** | **88,284** |
| Income taxes for the period | -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 | -11 | -37 | -41 | -5 | -2 | -13 |
| **Net profit** | **91,980** | **83,071** | **57,649** | **24,081** | **63,005** | **68,299** |

### 5.1.1 Net interest income

At the end of the first half of 2023, net interest income amounted to 151.5 million euros, up 99.6 million euros (+192.1%) compared to the same period of the previous year, driven by the steady 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 101.2 million euro rise in interests accrued (+272.7%), 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 in recent months, 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 (52.3% of the total).
The average yield of the bond portfolio stood at around 250 bps in the reporting period, significantly up compared both to 68 bps for the first half of 2022 (+268%) and to 100 bps for the full-year 2022.

Within this context, interest on loans to customers, most of which are benchmarked on the Euribor, also rose sharply by 35.3 million euros (+277.6%), chiefly driven by the increase in the average loan rates, which went from by just above 103 bps to nearly 390 bps.

The marked reversal of the interbank interest rate trend also impacted exposures to banks (+16.1 million euros), due both to the new overnight deposits with the ECB started in September of the previous year (+7.5 million euros) and income from repurchase agreement transactions (+5.5 million euros).

The interest rate performance led however to a leap in the cost of net inflows, which went from just above 4.0 million euros for the first half of 2022 to 51.1 million euros, as a result of both the interest expense, benchmarked on Euribor, recognised on net inflows from customers' current account deposits (+23.9 million euros) and interest expense on repurchase agreement transactions with banks and customers (+24.6 million euros).

At the end of the period, 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 1.7 billion euros, slightly decreasing compared to the end of 2022 (1.8 billion euros), offsetting net outflows from customers' current account deposits due to the high return offered by AUC investments and outflows due to the end of TLTROs in the fourth quarter of 2022.

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, compared to +6.0 million euros and -2.0 million euros, respectively, for the first half of 2022.

NET INTEREST INCOME

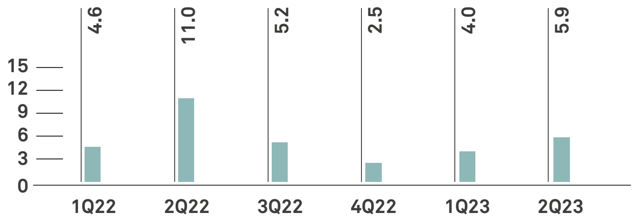
| | | | CHANGE | |
|---|---|---|---|---|
| (€ THOUSAND) | 30.06.2023 | 30.06.2022 | AMOUNT | % |
| Financial assets measured at fair value through profit or loss | 47 | 65 | -18 | -27.7% |
| Financial assets measured at fair value through other comprehensive income (*) | 5,936 | -1,919 | 7,855 | n.a. |
| Financial assets measured at amortised cost (*) | 132,398 | 38,988 | 93,410 | 239.6% |
| Total financial assets | 138,381 | 37,134 | 101,247 | 272.7% |
| Loans to banks | 16,149 | 48 | 16,101 | n.a. |
| Loans to customers | 47,963 | 12,701 | 35,262 | 277.6% |
| Other assets | 63 | 64 | -1 | -1.6% |
| Negative interest expense on other liabilities | - | 5,956 | -5,956 | -100.0% |
| **Total interest income** | **202,556** | **55,903** | **146,653** | **262.3%** |
| Due to banks | 662 | 414 | 248 | 59.9% |
| Repurchase agreements – banks | 8,660 | - | 8,660 | n.a. |
| Due to customers | 24,093 | 169 | 23,924 | n.a. |
| Repurchase agreements – customers (**) | 15,987 | - | 15,987 | n.a. |
| IFRS 16-related financial liabilities | 1,700 | 1,582 | 118 | 7.5% |
| Other liabilities and negative interest income on other assets | - | 1,894 | -1,894 | -100.0% |
| **Total interest expense** | **51,102** | **4,059** | **47,043** | **n.a.** |
| **Net interest income** | **151,454** | **51,844** | **99,610** | **192.1%** |

(*) Including hedging differentials.
(**) Including transactions with Cassa di Compensazione e Garanzia S.p.A.

## 5.1.2 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 the first half of 2023, the item was positive for 9.8 million euros, although decreasing by 5.8 million euros (-37.3%) compared to the previous year.

NET RESULT OF FINANCIAL OPERATIONS

| (€ THOUSAND) | 30.06.2023 | 30.06.2022 | CHANGE AMOUNT | CHANGE % |
|---|---|---|---|---|
| **Dividends and income on UCITS** | **1,215** | **1,125** | **90** | **8.0%** |
| Trading of financial assets and equity derivatives | -22 | -47 | 25 | -53.2% |
| Trading of financial assets and derivatives on debt securities and interest rates | 174 | -30 | 204 | n.a. |
| Trading of UCITS units | 4 | 6 | -2 | -33.3% |
| **Securities transactions** | **156** | **-71** | **227** | **-319.7%** |
| **Currency and currency derivative transactions** | **1,031** | **1,438** | **-407** | **-28.3%** |
| **Net income (loss) from trading activities** | **1,187** | **1,367** | **-180** | **-13.2%** |
| Equity securities and UCITS | 2,092 | -1,238 | 3,330 | -269.0% |
| Debt securities | -33 | 161 | -194 | -120.5% |
| Financial Advisors' policies and other financial assets | 57 | 37 | 20 | 54.1% |
| **Net income (loss) of assets mandatorily measured at fair value through profit and loss** | **2,116** | **-1,040** | **3,156** | **303.5%** |
| **Net income (loss) from hedging** | **418** | **2,078** | **-1,660** | **-79.9%** |
| Debt securities | 4,880 | 12,128 | -7,248 | -59.8% |
| **Gains (losses) from disposal on HTC and HTCS debt securities** | **4,880** | **12,128** | **-7,248** | **-59.8%** |
| **Net result of financial operations** | **9,816** | **15,658** | **-5,842** | **-37.3%** |

Net income from **trading activities** amounted to 1.2 million euros, due to the lower contribution of currency transactions.
Outside of the trading book, **net income of assets mandatorily measured at fair value** through profit or loss contributed a positive 2.1 million euros, sharply increasing compared to the first half of 2022 (+3.2 million euros), chiefly attributable to the fair value adjustment of the important investment in the Forward Fund (+2.5 million euros compared to -1.0 million for the first half of 2022).

The treasury management of debt securities allocated to the HTCS and HTC portfolios recorded **gains on disposals** for the period amounting to 4.9 million euros, markedly down on the first half of 2022 (-7.2 million euros; -59.8%), mostly attributable to the turnover of the HTC portfolio.

**Net income from hedging** amounted to 0.4 million euros, attributable to the early unwinding of some asset swap transactions.

## 5.1.3 Fee income

Fee income totalled **486.3 million euros**, down compared to the first half of 2022 (-1.6%) mainly due to the further decline in variable fees (-51.1%), offset by overall stable **recurring fees**.

| (€ THOUSAND) | 30.06.2023 | 30.06.2022 | CHANGE AMOUNT | CHANGE % |
|---|---|---|---|---|
| Underwriting fees | 22,906 | 16,258 | 6,648 | 40.9% |
| Management fees | 400,712 | 413,266 | -12,554 | -3.0% |
| Fees for other services | 55,112 | 49,080 | 6,032 | 12.3% |
| **Recurring fees** | **478,730** | **478,604** | **126** | **0.0%** |
| Performance fees | 7,616 | 15,554 | -7,938 | -51.0% |
| **Total fee income** | **486,346** | **494,158** | **-7,812** | **-1.6%** |

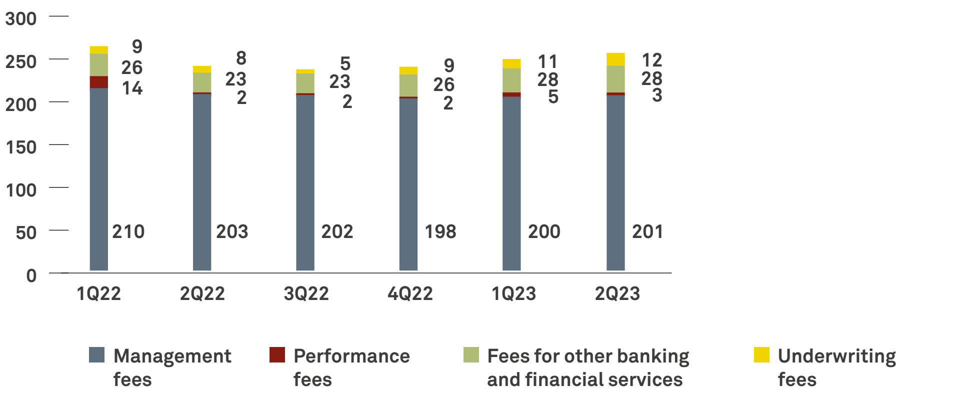
With regard to recurring fees, **management fees** decreased (-3.0%), partly as a result of the negative performance of the insurance segment (-6.9%) and, for the remainder, of a modest increase in average total assets managed (+0.9%[6]) and in their profitability compared to the first half of 2022.

Other **underwriting and banking fees** amounted to 78.0 million euros, up 19.4% compared to 2022, owing both to the good performance of bond placements and the income generated by the trading activity and advisory services.

**Underwriting fees** (+40.9%) benefited in particular from the good performance of bond placements and the sharp recovery of the **certificate** placement activity (+8.6%), offset only by a decline in income from the placement of UCITS (-12.3%).

**Fees for other services, of a banking and financial nature**, grew by 12.3% thanks mainly to the income generated by investment advisory (+13.5%) and retail brokerage activities (+14.2%).

BREAKDOWN OF FEE INCOME (€ MILLION)




**Fee income from the solicitation of investment and asset management** of households reached **431.2 million euros** and, net of the aforementioned non-recurring component, declined slightly compared to the previous year (-1.4%).

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

## ASSET MANAGEMENT FEE INCOME

| (€ THOUSAND) | 30.06.2023 | 30.06.2022 | CHANGE AMOUNT | CHANGE % |
|---|---|---|---|---|
| 1. Collective portfolio management | 168,038 | 183,374 | -15,336 | -8.4% |
| 2. Individual portfolio management | 52,153 | 46,698 | 5,455 | 11.7% |
| **Fees for portfolio management** | **220,191** | **230,072** | **-9,881** | **-4.3%** |
| 1. Placement of UCITS | 67,667 | 70,195 | -2,528 | -3.6% |
| – *of which: UCITS promoted by the Group* | *2,461* | *2,432* | *29* | *1.2%* |
| 2. Placement of bonds and equity securities | 19,119 | 11,400 | 7,719 | 67.7% |
| – *of which: certificates* | *10,543* | *9,704* | *839* | *8.6%* |
| 3. Distribution of third-party asset management products (GPM/GPF, pension funds) | 625 | 578 | 47 | 8.1% |
| 4. Distribution of third-party insurance products | 123,345 | 132,486 | -9,141 | -6.9% |
| 5. Distribution of other third-party financial products | 287 | 346 | -59 | -17.1% |
| **Fees for the placement and distribution of financial services** | **211,043** | **215,005** | **-3,962** | **-1.8%** |
| **Asset management fee income** | **431,234** | **445,077** | **-13,843** | **-3.1%** |

With reference to the **Sicavs** promoted by the Banking Group, **management fees** — net of the effect of non-recurring performance components — decreased by 5.3% due to the decline in average AUM managed by the Group's Luxembourg-based management company BGFML (-5.1%) compared to the first half of 2022.

However, within this context, the recovery reported by the **Lux IM** Sicav continued, reaching 15.8 billion euro AUM at the end of the period (of which 7.1 billion euros relating to retail funds placed by the Financial Advisors' network). Worth of mention is also the relaunch of the other Sicav promoted by the Group, which changed its name in BG Collection Investments in April 2022 and was enhanced to feature new monobrand sub-funds, managed directly by renowned, highly specialised third-party partners, with 3.6 billion euro AUM, of which 2.4 billion euros for retail funds.

The reduction in average total assets managed compared to the first half of 2022 also impacted fee income from **distribution of insurance products** (-6.9%) and **placement of third-party UCITS** (-3.8%), which were weighted down by a 6.8% and a 3.6% decline, respectively, in average AUM, as well as by a sharp decrease in underwriting fees (insurance products at -12.8% and third-part UCITS at -22.6%).

In contrast with the above-mentioned aggregates, **individual portfolio management** grew by 11.7% in terms of income and by 6.2% in terms of AUM.

**Fee income for other services, of a banking and financial nature**, stood at 55.1 million euros, mainly thanks to the rise in advance advisory (+13.5%) and fees for trading (+14.2%).

## FEE INCOME FOR OTHER SERVICES

| (€ THOUSAND) | 30.06.2023 | 30.06.2022 | CHANGE AMOUNT | CHANGE % |
|---|---|---|---|---|
| Fees for trading and custody | 22,510 | 19,703 | 2,807 | 14.2% |
| Investment advisory fees | 24,731 | 22,175 | 2,556 | 11.5% |
| – *of which: BG Advisory* | *20,270* | *17,863* | *2,407* | *13.5%* |
| Fees for collection and payment services | 2,381 | 2,258 | 123 | 5.4% |
| Fee income and account-keeping expenses | 2,869 | 2,667 | 202 | 7.6% |
| Fees for other services | 2,621 | 2,277 | 344 | 15.1% |
| **Total fee income for other services** | **55,112** | **49,080** | **6,032** | **12.3%** |

With regard to investment advisory, fee income from BG Personal Advisory reached 20.3 million euros, up 13.5%, whereas other advisory services for the Insurance Group's unit-linked insurance policies stood at 4.5 million euros (+3.5%).

At the end of the first half of the year, **Assets under Advisory** recorded total AUM of **8.5 billion euros**, increasing by 14.5% compared to 7.4 billion euros at the end of 2022.

### 5.1.4 Fee expense

Fee expense, including fee provisions[7], amounted to 255.5 million euros, up 3.3% compared to the first half of 2022, in contrast with the dynamic of the fee income aggregate.

The Bank's ratio of total payout to total fee income (net of performance fees and fees on net interest income) was thus 52.2%[8] up compared to 51.6% for the same period of 2022.

FEE EXPENSE

| (€ THOUSAND) | 30.06.2023 | 30.06.2022 | CHANGE AMOUNT | CHANGE % |
|---|---|---|---|---|
| Ordinary payout | 159,816 | 155,875 | 3,941 | 2.5% |
| Extraordinary payout | 49,752 | 50,000 | -248 | -0.5% |
| Other network maintenance expenses | 17,133 | 13,198 | 3,935 | 29.8% |
| **Fee expense for off-premises offer** | **226,701** | **219,073** | **7,628** | **3.5%** |
| Fees for portfolio management | 18,483 | 18,651 | -168 | -0.9% |
| Other fee expense | 10,274 | 9,487 | 787 | 8.3% |
| **Total** | **255,458** | **247,211** | **8,247** | **3.3%** |

**Fee expense for off-premises offer** paid to the Financial Advisor network amounted to 226.7 million euros (+3.5%) as a result of the increased ordinary payout (+3.9 million euros), which was impacted, *inter alia*, by higher fees on net interest income (+5.5 million euros) and expenses incurred for the network (+3.9 million euros).

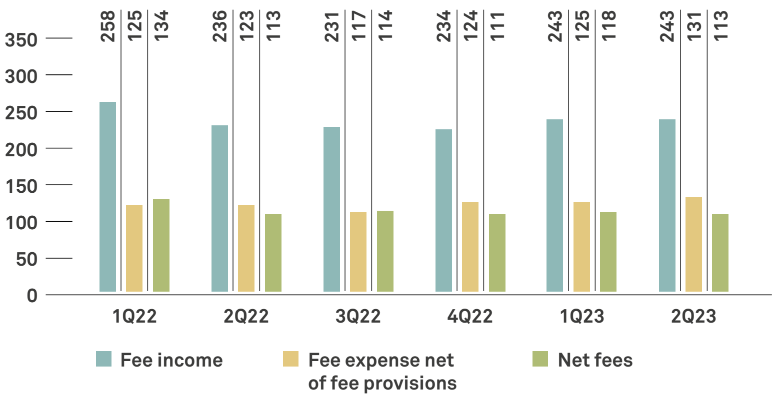
**Fees for portfolio management** stood at 18.5 million euros and mostly referred to administration and third-party management fees incurred by the Group's management company for the management of the Sicavs under administration.

Other **fee expense for other services, of both a banking and financial nature**, totalled 10.3 million euros, mainly including fee expense for custody and trading and fees for collection and payment services.

7 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 7.3 million euros for 2023 and 9.0 million euros for 2022.

8 The numerator of the total payout ratio does not include 5.5 million euro fee expense, which as of the fourth quarter of 2022 has been paid back to the sales network, calculated on the basis of net interest income. At 30 June 2023, the ratio of said fees to net interest income was 3.7%.

QUARTERLY NET FEES (€ MILLION)




## 5.1.5 Operating expenses

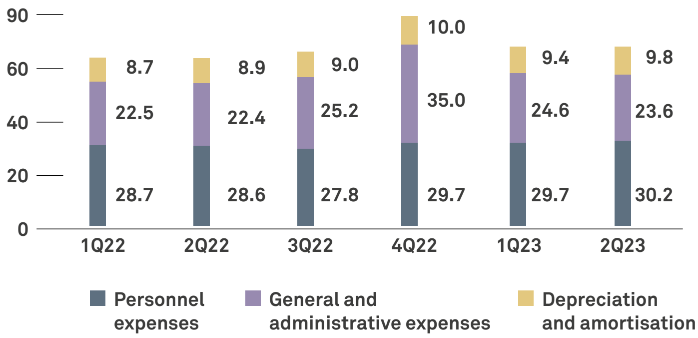
Despite the inflationary pressures, **operating expenses** amounted to 127.3 million euros (+6.1% on an annual basis), including **2.2 million euro** one-off charges, thus confirming the Bank's operational efficiency. **Core**[9] **operating expenses** totalled **114.5 million euros**, up 5.9%, of which 3.1 million euros attributable to the start-up phase of BG Suisse, in line with the Plan's projections. The aggregate's increase was mainly attributable to higher IT and logistics costs.

Operating efficiency indicators remained at excellent levels: the ratio of **total costs to total assets** was 29 bps and the **cost/income ratio**, adjusted for non-recurring items[10], further improved to 32.5% compared to 39.6% for the same period of the previous year.

OPERATING EXPENSES

| (€ THOUSAND) | 30.06.2023 | 30.06.2022 | CHANGE AMOUNT | CHANGE % |
|---|---|---|---|---|
| Staff expenses | 59,913 | 57,385 | 2,528 | 4.4% |
| General and administrative expenses and other net income | 48,143 | 44,902 | 3,241 | 7.2% |
| Net adjustments of property, equipment and intangible assets | 19,220 | 17,617 | 1,603 | 9.1% |
| **Operating expenses** | **127,276** | **119,904** | **7,372** | **6.1%** |

OPERATING COST STRUCTURE (€ MILLION)




[9] Operating expenses, net of non-recurring items, amounting to 2.2 million euros (1.5 million euros in 2022), and of costs related to sales personnel amounting to 10.6 million euros (10.4 million euros in 2022).

[10] The adjusted cost/income ratio is calculated by comparing net operating expenses, excluding one-off charges, and net operating income, excluding performance fees.

Within this aggregate, **staff expenses**, including employees, interim staff and directors, reached 59.9 million euros, up 2.5 million euros (+4.4%) mainly as a result of the further organic growth of the Group's workforce (+2.1 million euros), without material changes in the incidence of variable remuneration (+0.2 million euros).

STAFF EXPENSES

| (€ THOUSAND) | 30.06.2023 | 30.06.2022 | CHANGE AMOUNT | CHANGE % |
|---|---|---|---|---|
| **1) Employees** | **59,079** | **56,679** | **2,400** | **4.2%** |
| Ordinary remuneration | 43,922 | 41,816 | 2,106 | 5.0% |
| Variable remuneration and incentives | 11,935 | 11,762 | 173 | 1.5% |
| Other employee benefits | 3,222 | 3,101 | 121 | 3.9% |
| **2) Other staff** | **-117** | **-84** | **-33** | **39.3%** |
| **3) Directors and Auditors** | **951** | **790** | **161** | **20.4%** |
| **Total** | **59,913** | **57,385** | **2,528** | **4.4%** |

The Group's employees totalled 1,066 at the end of the first half of the year, 51 more compared to the same period of 2022 (+5.0%), against an increase by 41 in the half-yearly average headcount (+4.3%).

EMPLOYEES

| | 30.06.2023 | 30.06.2022 | CHANGE AMOUNT | CHANGE % | 31.12.2022 | WEIGHTED AVERAGE (*) 2023 | WEIGHTED AVERAGE (*) 2022 |
|---|---|---|---|---|---|---|---|
| Managers | 75 | 71 | 4 | 5.6% | 73 | 74 | 69 |
| Executives | 376 | 368 | 8 | 2.2% | 360 | 364 | 348 |
| – *3rd and 4th level executives* | *192* | *193* | *-1* | *-0.5%* | *189* | *189* | *187* |
| – *1st and 2nd level executives* | *184* | *175* | *9* | *5.1%* | *171* | *176* | *162* |
| Employees at other levels | 615 | 576 | 39 | 6.8% | 589 | 581 | 560 |
| *of whom: part-time* | *50* | *55* | *-5* | *-9.1%* | *48* | *49* | *49* |
| **Total** | **1,066** | **1,015** | **51** | **5.0%** | **1,022** | **1,019** | **978** |

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

**Other general and administrative expenses and other net income** totalled 48.1 million euros, with a 3.2 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.

## 5.1.6 Net provisions

**Net provisions** not related to fees[11] totalled 18.7 million euros, up 7.3 million euros compared to the same period of the previous year, mainly due to the significant increase in provisions to cover contractual commitments to the sales network, only partly offset by the reversal of provisions to cover contractual commitments to employees, 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 sales network, amounting to 8.8 million euros, was mainly due to higher actuarial provisions (+5.9 million euros), which were impacted

[11] Fee provisions, which amounted to 7.3 million euros (9.0 million euros in 2022), are recognised under the fee expense aggregate.

by lower reversals of the discounted value following the slowdown in the increase of discount rates used to evaluate actuarial provisions[12] compared to the first half of 2022 (+7.8 million euros).
The continuation of the three-year incentive plan generated an impact of 3.8 million euros on the Profit and Loss Account in the reporting period, leading to higher provisions amounting to 2.7 million euros[13].

The provisions for other liabilities and contingencies declined slightly compared to the previous year (-0.6 million euros), but included an additional 8 million euro provision to cover commercial activities aimed at restoring customers' potential losses resulting from investments made in products distributed by the Bank and to sustain customer retention, compared to 10 million euros allocated at the end of the first half of 2022.

NET PROVISIONS

| (€ THOUSAND) | 30.06.2023 | 30.06.2022 | CHANGE AMOUNT | CHANGE % |
|---|---|---|---|---|
| Provision for staff liabilities and contingencies | 872 | 2,082 | -1,210 | -58.1% |
| Provision for legal disputes | 1,589 | 1,437 | 152 | 10.6% |
| Provision for contractual indemnities to the sales network | 5,163 | -3,655 | 8,818 | -241.3% |
| Other provisions for liabilities and contingencies | 10,973 | 11,479 | -506 | -4.4% |
| Guarantees and commitments | 110 | 15 | 95 | n.a. |
| **Total** | **18,707** | **11,358** | **7,349** | **64.7%** |

Other provisions included the partial re-absorption through profit and loss of the 1.4 million euro provision for tax dispute arising from the positive settlement of the litigation pending at the Trieste Tax Court, following the agreement reached with the Italian Tax Authorities and finalised at the beginning of July.

## 5.1.7 Adjustments

In the first half of 2023, **net adjustments for non-performing loans** amounted to 0.6 million euros, sharply improving compared to 4.9 million euros at the end of the same period of the previous year.

NET ADJUSTMENTS TO NON-PERFORMING LOANS

| (€ THOUSAND) | VALUE ADJUSTMENTS | REVERSALS | 30.06.2023 | 30.06.2022 | CHANGE |
|---|---|---|---|---|---|
| **Specific adjustments/reversals** | **-2,751** | **415** | **-2,336** | **-1,319** | **-1,017** |
| Non-performing loans of the banking book | -2,513 | 398 | -2,115 | -1,067 | -1,048 |
| Operating loans to customers | -238 | 17 | -221 | -252 | 31 |
| **Portfolio adjustments/reversals** | **-321** | **2,097** | **1,776** | **-3,538** | **5,314** |
| Performing debt securities | - | 1,971 | 1,971 | -3,507 | 5,478 |
| Performing loans to customers and banks | -321 | 126 | -195 | -31 | -164 |
| **Total** | **-3,072** | **2,512** | **-560** | **-4,857** | **4,297** |

12 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 September 2022 – June 2023 (4.286%) 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. It should be noted that in the first half of 2022 the discount rate used, calculated on the period September 2021 – June 2022, had been 2.051%, compared to the previous figure of 1.02%.

13 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 sales network. The provision recognised in the Profit and Loss Account thus represents the portion of the overall incentives assigned to the sales network accrued in the first half of the year..

Provisions for expected credit losses (ECLs) on the portfolio of debt securities showed net reversals for 2.0 million euros, improving by nearly 5.5 million euros compared to the first half of 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 0.2 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 2.3 million euros and referred primarily to new positions classified as past-due (-2.1 million euros) and the impairment or write-off of past advances to Financial Advisors and operating receivables for services rendered to customers (0.2 million euros). The impact of bad loans and unlikely to pay positions was instead not material.

### 5.1.8 Contributions and charges related to the banking system

In accordance with international accounting standards (IFRIC 21), and the Bank of Italy's technical standards, **expenses related to the contributions to the Italian National Resolution (FRN) and Interbank Deposit Protection Funds (FITD)** included exclusively the ordinary contributions due to the Single Resolution Fund, for an estimated amount of 5.8 million euros, with no significant changes compared to the previous year.

### 5.1.9 Income taxes

**Income taxes** for the reporting period on a current and deferred basis were estimated at 64.7 million euros, up 23.6 million euros compared to the estimated taxes at the end of the same period of 2022.
The estimated total tax rate was 27.0%, up compared to the same period of the previous year (23.8%), mainly due to the lower contribution of the foreign entities to the Group's result.

INCOME TAXES

| | | | CHANGE | |
|---|---|---|---|---|
| (€ THOUSAND) | 30.06.2023 | 30.06.2022 | AMOUNT | % |
| Current taxes for the period | -63,834 | -42,480 | -21,354 | 50.3% |
| Changes of prepaid taxation (+/-) | -870 | 912 | -1,782 | -195% |
| Changes of deferred taxation (+/-) | 32 | 467 | -435 | -93% |
| **Total** | **-64,672** | **-41,101** | **-23,571** | **57.3%** |

### 5.1.10 Earnings per share

At the end of the first half of 2023, basic net earnings per share were 1.53 euros.

| | | | CHANGE | |
|---|---|---|---|---|
| | 30.06.2023 | 30.06.2022 | AMOUNT | % |
| Consolidated net profit (€ thousand) | 175,051 | 131,304 | 43,747 | 33.3% |
| Earnings attributable to ordinary shares (€ thousand) | 175,051 | 131,304 | 43,747 | 33.3% |
| Average number of outstanding shares (thousand) | 114,287 | 114,730 | -444 | -0.4% |
| **EPS – Earnings per share (euros)** | **1.53** | **1.14** | **0.39** | **33.8%** |
| Average number of outstanding shares with diluted share capital | 114,287 | 114,730 | -444 | -0.4% |
| **EPS – Diluted earnings per share (euros)** | **1.53** | **1.14** | **0.39** | **33.8%** |

### 5.1.11 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 the first half of 2023, the latter component provided a positive overall contribution of 3.5 million euros, against a net negative change of 10.6 million euros recorded at the end of the same period of the previous year.

In detail, HTCS debt securities portfolio valuation reserves increased by 3.5 million euros as a result of the following factors:
- an increase in net valuation capital gains totalling 3.8 million euros, net of 0.3 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 (1.4 million euros);
- a negative net tax effect associated with the above changes and mainly resulting from net decreases in DTLs (-1.7 million euros).

COMPREHENSIVE INCOME ATTRIBUTABLE TO THE GROUP

| | | | CHANGE | |
|---|---|---|---|---|
| (€ THOUSAND) | 30.06.2023 | 30.06.2022 | AMOUNT | % |
| **Net profit** | **175,003** | **131,289** | **43,714** | **33.3%** |
| **Other income, net of income taxes:** | | | | |
| **With transfer to Profit and Loss Account:** | | | | |
| Exchange differences | 256 | 286 | -30 | -10.5% |
| Financial assets measured at fair value through other comprehensive income | 3,542 | -12,837 | 16,379 | -127.6% |
| **Without transfer to Profit and Loss Account:** | | | | |
| Financial assets measured at fair value through other comprehensive income | 52 | 457 | -405 | -88.6% |
| Actuarial gains (losses) from defined benefit plans | -340 | 1,541 | -1,881 | -122.1% |
| **Total other income, net of taxes** | **3,510** | **-10,553** | **14,063** | **-133.3%** |
| **Comprehensive income** | **178,513** | **120,736** | **57,777** | **47.9%** |
| Consolidated comprehensive income attributable to minority interests | -66 | 169 | -235 | -138.8% |
| **Consolidated comprehensive income attributable to the Group** | **178,579** | **120,567** | **58,012** | **48.1%** |

## 5.2 Balance sheet and net equity aggregates

At the end of the first half of 2023, total consolidated assets amounted to 15.7 billion euros, down by 1.6 billion euros (-9.2%) compared to the end of 2022.

Total net inflows reached 13.8 billion euros, down 1.7 billion euros overall, largely as a result of the decrease in customer's current account deposits (-1.5 billion euros), against an essentially stable interbank funding.

Core loans thus totalled 14.5 billion euros, down 1.6 billion euros (-9.8%).

## CONSOLIDATED BALANCE SHEET

| ASSETS (€ THOUSAND) | 30.06.2023 | 31.12.2022 | CHANGE AMOUNT | CHANGE % |
|---|---|---|---|---|
| Financial assets at fair value through profit or loss | 507,179 | 507,346 | -167 | 0.0% |
| Financial assets at fair value through other comprehensive income | 958,875 | 1,120,101 | -161,226 | -14.4% |
| Financial assets measured at amortised cost: | 13,057,631 | 14,478,596 | -1,420,965 | -9.8% |
| a) loans to banks (*) | 2,463,233 | 3,284,113 | -820,880 | -25.0% |
| b) loans to customers | 10,594,398 | 11,194,483 | -600,085 | -5.4% |
| Hedging derivatives | 232,891 | 286,776 | -53,885 | -18.8% |
| Equity investments | 2,927 | 3,091 | -164 | -5.3% |
| Property, equipment and intangible assets | 289,474 | 295,279 | -5,805 | -2.0% |
| Tax receivables | 91,429 | 72,266 | 19,163 | 26.5% |
| Other assets | 536,585 | 503,394 | 33,191 | 6.6% |
| **Total assets** | **15,676,991** | **17,266,849** | **-1,589,858** | **-9.2%** |

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

| LIABILITIES AND NET EQUITY (€ THOUSAND) | 30.06.2023 | 31.12.2022 | CHANGE AMOUNT | CHANGE % |
|---|---|---|---|---|
| Financial liabilities measured at amortised cost: | 13,783,954 | 15,503,979 | -1,720,025 | -11.1% |
| a) due to banks | 526,633 | 544,531 | -17,898 | -3.3% |
| b) due to customers | 13,257,321 | 14,959,448 | -1,702,127 | -11.4% |
| Financial liabilities held for trading and hedging | 107,757 | 123,604 | -15,847 | -12.8% |
| Tax liabilities | 33,618 | 44,577 | -10,959 | -24.6% |
| Other liabilities | 439,338 | 281,248 | 158,090 | 56.2% |
| Special purpose provisions | 249,588 | 244,921 | 4,667 | 1.9% |
| Valuation reserves | -6,445 | -9,972 | 3,527 | -35.4% |
| Equity instruments | 50,000 | 50,000 | - | - |
| Reserves | 746,862 | 724,536 | 22,326 | 3.1% |
| Share premium reserve | 52,784 | 53,767 | -983 | -1.8% |
| Share capital | 116,852 | 116,852 | - | - |
| Treasury shares (-) | -72,745 | -80,139 | 7,394 | -9.2% |
| Net equity attributable to minority interests | 377 | 442 | -65 | -14.7% |
| Net profit (loss) for the period (+/-) | 175,051 | 213,034 | -37,983 | -17.8% |
| **Total liabilities and net equity** | **15,676,991** | **17,266,849** | **-1,589,858** | **-9.2%** |

QUARTERLY EVOLUTION OF CONSOLIDATED BALANCE SHEET

| ASSETS (€ THOUSAND) | 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 | 507,179 | 504,991 | 507,346 | 423,583 | 426,181 | 426,789 | 415,558 |
| Financial assets at fair value through other comprehensive income | 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: | 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 | 2,463,233 | 3,239,432 | 3,284,113 | 3,560,506 | 3,408,299 | 2,916,354 | 2,811,785 |
| b) loans to customers | 10,594,398 | 11,102,282 | 11,194,483 | 11,036,264 | 10,751,739 | 10,211,164 | 9,635,473 |
| Hedging derivatives | 232,891 | 245,363 | 286,776 | 305,216 | 175,432 | 84,243 | 11,357 |
| Equity investments | 2,927 | 3,008 | 3,091 | 3,081 | 3,098 | 3,261 | 2,048 |
| Property, equipment and intangible assets | 289,474 | 294,089 | 295,279 | 283,319 | 287,441 | 288,470 | 295,184 |
| Tax receivables | 91,429 | 86,040 | 72,266 | 70,077 | 69,955 | 67,233 | 72,627 |
| Other assets | 536,585 | 508,377 | 503,394 | 440,433 | 428,493 | 374,910 | 401,819 |
| **Total assets** | **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) | 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: | 13,783,954 | 15,205,464 | 15,503,979 | 16,004,867 | 15,612,346 | 15,120,875 | 14,412,354 |
| a) due to banks | 526,633 | 821,661 | 544,531 | 808,094 | 843,741 | 795,433 | 818,734 |
| b) due to customers | 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 | 107,757 | 134,378 | 123,604 | 103,144 | 158,499 | 222,931 | 171,871 |
| Tax liabilities | 33,618 | 58,487 | 44,577 | 43,788 | 37,427 | 31,830 | 28,320 |
| Other liabilities | 439,338 | 200,656 | 281,248 | 366,023 | 638,111 | 238,515 | 242,037 |
| Special purpose provisions | 249,588 | 247,751 | 244,921 | 224,394 | 234,222 | 231,984 | 230,843 |
| Valuation reserves | -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 |
| Reserves | 746,862 | 941,473 | 724,536 | 721,191 | 718,454 | 948,825 | 624,033 |
| Share premium reserve | 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 |
| Treasury shares (-) | -72,745 | -80,139 | -80,139 | -70,034 | -55,941 | -64,816 | -64,822 |
| Net equity attributable to minority interests | 377 | 381 | 442 | 501 | 482 | 402 | 313 |
| Net profit (loss) for the period (+/-) | 175,051 | 83,071 | 213,034 | 155,385 | 131,304 | 68,299 | 323,103 |
| **Total liabilities and net equity** | **15,676,991** | **17,003,849** | **17,266,849** | **17,758,449** | **17,685,312** | **17,015,631** | **16,191,610** |

## 5.2.1 Direct inflows from customers

Total direct inflows from customers amounted to 13.3 billion euros, decreasing by 1,702 million euros (-11.4%) compared to 31 December 2022, mainly as a result of the partial re-absorption of current account deposits (-1,535 million euros in the reporting period) due to significant inflows towards AUC and current accounts, which were again greatly appreciated following the rapid interest rate increase.

In this regard, it should be noted that in the second quarter of the year as well, net outflows from retail customers' current accounts within the Assoreti scope totalled 520 million euros. This item however declined compared both to the first quarter of 2023 (-874 million euros) and the fourth quarter of 2022 (-848 million euros).
By contrast, net inflows from AUC and current accounts grew by nearly 5.0 billion euros in the first half of 2023 compared to 3.1 billion euros for the second half of 2022.

Outflows were partly offset by the increase in repurchase agreements, which however declined slightly overall at the end of the reporting period (-73 million euros).

In detail, while the treasury repurchase agreement transactions with very short maturities effected on the MTS Repo market, managed by Cassa di Compensazione e Garanzia (CC&G), declined by 184 million euros to 1,136 million euros, new promotional transactions in repurchase agreements aimed at retaining customers were launched for a total amount of 111 million euros.

Liabilities relating to daily variation margins received on the Eurex market also declined to 212 million euros, offset by the performance of the hedging derivative transactions.

DUE TO CUSTOMERS

| | | | CHANGE | |
|---|---|---|---|---|
| (€ THOUSAND) | 30.06.2023 | 31.12.2022 | AMOUNT | % |
| 1. Current accounts | 11,436,711 | 12,972,643 | -1,535,932 | -11.8% |
| 2. Term deposits | 8,708 | - | 8,708 | n.a. |
| 3. Financing | 1,511,266 | 1,652,307 | -141,041 | -8.5% |
| Repurchase agreements with CC&G (MTS Repo) | 1,136,339 | 1,320,571 | -184,232 | -14.0% |
| Repurchase agreements with customers | 162,523 | 51,522 | 111,001 | 215.4% |
| Other (collateral margins) | 212,404 | 280,214 | -67,810 | -24.2% |
| 4. Other debts | 300,636 | 334,498 | -33,862 | -10.1% |
| IFRS 16-related lease liabilities | 153,760 | 153,656 | 104 | 0.1% |
| Operating debts to sales network | 126,106 | 131,040 | -4,934 | -3.8% |
| Other debts (money orders, amounts at the disposal of customers) | 20,770 | 49,802 | -29,032 | -58.3% |
| **Total due to customers** | **13,257,321** | **14,959,448** | **-1,702,127** | **-11.4%** |

Captive inflows generated from the treasury management of the companies within the Assicurazioni Generali Group recorded net inflows of nearly 43 million euros, amounting to 419 million euros at the end of the period and accounting for 3.2% of total inflows. This aggregate mainly includes current account deposits.

INFLOWS FROM CUSTOMERS

| | | | CHANGE | |
|---|---|---|---|---|
| (€ THOUSAND) | 30.06.2023 | 31.12.2022 | AMOUNT | % |
| Inflows from Parent Company | 84,823 | 74,677 | 10,146 | 13.6% |
| Inflows from other subsidiaries of the Generali Group | 259,967 | 228,038 | 31,929 | 14.0% |
| IFRS 16-related lease financial liabilities | 74,560 | 73,615 | 945 | 1.3% |
| **Total inflows from Generali Group** | **419,350** | **376,330** | **43,020** | **11.4%** |

The non-interest-bearing debt position consisted of accounts payable to the sales 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).

## 5.2.2 Core loans

Core loans totalled 14.5 billion euros overall, with a net decrease of 1,582 million euros compared to 31 December 2022 (-9.8%).

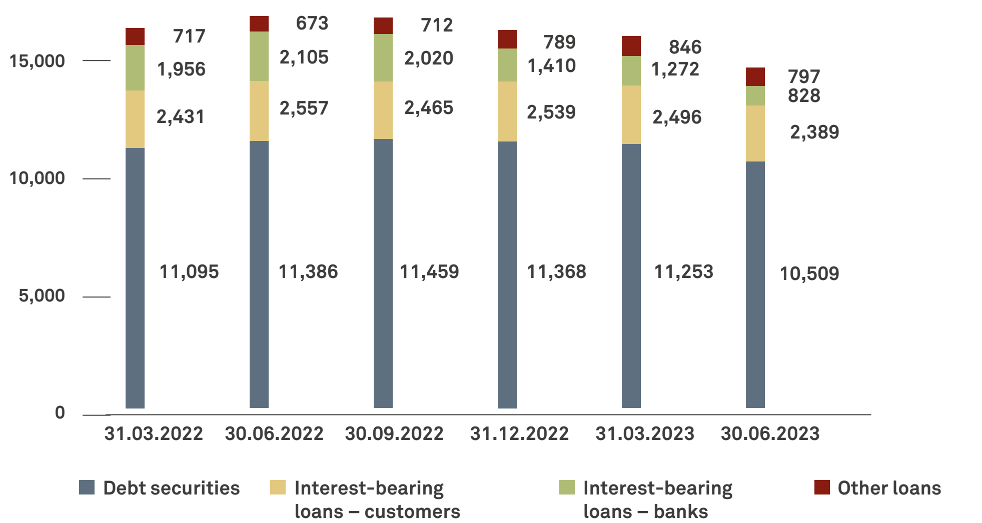
All components declined: exposures to banks, in particular, dropped markedly by 581 million euros (-41.2%), investments in the portfolio of financial assets decreased by 850 million euros (-7.1%) and loans to customers by approximately 151 million euros (-5.9%).

## INTEREST-BEARING FINANCIAL ASSETS AND LOANS

| (€ THOUSAND) | 30.06.2023 | 31.12.2022 | CHANGE AMOUNT | CHANGE % |
|---|---|---|---|---|
| Financial assets measured at fair value through profit or loss | 507,179 | 507,346 | -167 | 0.0% |
| Financial assets measured at fair value through other comprehensive income | 958,875 | 1,120,101 | -161,226 | -14.4% |
| Financial assets measured at amortised cost | 9,573,262 | 10,261,614 | -688,352 | -6.7% |
| **Financial assets** | **11,039,316** | **11,889,061** | **-849,745** | **-7.1%** |
| Loans to and deposits with banks (*) | 828,291 | 1,409,738 | -581,447 | -41.2% |
| Loans to customers | 2,388,547 | 2,539,480 | -150,933 | -5.9% |
| Operating loans and other loans | 267,531 | 267,764 | -233 | -0.1% |
| **Total interest-bearing financial assets and loans** | **14,523,685** | **16,106,043** | **-1,582,358** | **-9.8%** |

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

## QUARTERLY EVOLUTION OF LOANS (€ MILLION)




Overall, investments in financial instruments accounted for 76.1% 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) | 30.06.2023 | 31.12.2022 | CHANGE AMOUNT | CHANGE % |
|---|---|---|---|---|
| Government securities | 7,572,545 | 7,948,873 | -376,328 | -4.7% |
| Supranational and other public institutions | 765,065 | 798,225 | -33,160 | -4.2% |
| Securities issued by banks | 1,716,347 | 2,018,625 | -302,278 | -15.0% |
| Securities issued by other issuers | 455,420 | 601,815 | -146,395 | -24.3% |
| Equity securities and other securities | 529,939 | 521,523 | 8,416 | 1.6% |
| **Total financial assets** | **11,039,316** | **11,889,061** | **-849,745** | **-7.1%** |

The residual component of equity securities, UCITS and other similar securities chiefly referred to the investment, for a total of 481 million euros, of the units of the Forward Fund, an Italian fund (AIF) managed by Gardant SGR and specialised in illiquid investments[14].

The held-to-collect (HTC) portfolio, driven by financial assets measured at amortised cost and held for long-term investment purposes, amounted to over 9.6 billion euros at the end of the reporting period, accounting for 86.7% of total financial asset and largely offsetting the decline in portfolio investments (-688.4 million euros; -6.7%).
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 0.2 billion euros (-14.4%) to 0.96 billion euros.

In the reporting period, 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.
For each hedging derivative, a specific highly effective fair value hedging relationship is formed.
At the end of the first half of 2023, the notional amounts of the hedging derivatives outstanding amounted to 3,508 million euros, of which 160 million euros relating to the HTCS portfolio. The net balance of the asset swap portfolio was 3,572 million euros overall, essentially in line with its fair value (3,591 million euros).

The portfolio of debt securities remained focused on sovereign and supranational debt, which accounted for 75.5% of total investments in financial instruments, and showed a 409 million euro decline at the end of the period chiefly driven by the foreign portfolio.
The portion of the portfolio invested in Italian government bonds grew slightly to 5.6 billion euros (+1.5%), with a 67.1% ratio to total volumes.
Foreign sovereign debt amounted to 2.7 billion euros, which a more marked change (-493 million euros; -15.3%) and accounting for 32.9% of the total government portfolio.
At period-end, this component was more concentrated on the HTC portfolio (2.4 billion euros) than on the HTCS portfolio (0.38 billion euros), of which it accounted for over 46%. From a geographical standpoint, investments on foreign bonds were primarily allocated on EU issues, with a particular focus on the Iberian Peninsula, France and central-eastern European countries.

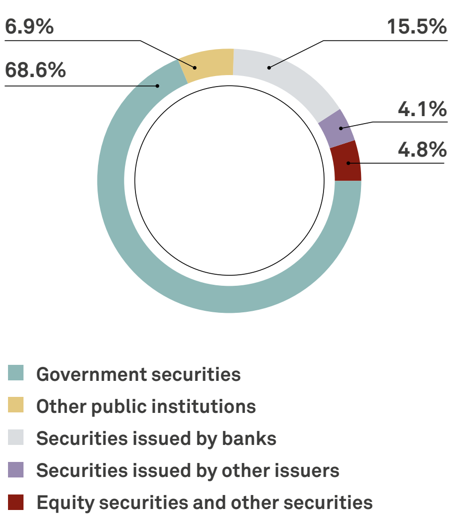
## EXPOSURE TO THE SOVEREIGN RISK BY PORTFOLIO

| | | | CHANGE | |
|---|---|---|---|---|
| (€ THOUSAND) | 30.06.2023 | 31.12.2022 | AMOUNT | % |
| **Exposure to the sovereign risk by portfolio:** | | | | |
| Financial assets measured at fair value through other comprehensive income | 832,810 | 906,753 | -73,943 | -8.2% |
| Financial assets measured at amortised cost | 7,504,800 | 7,840,345 | -335,545 | -4.3% |
| **Total** | **8,337,610** | **8,747,098** | **-409,488** | **-4.7%** |
| **Total foreign government bonds** | **2,741,782** | **3,235,190** | **-493,408** | **-15.3%** |
| **Total Italian government bonds** | **5,595,828** | **5,511,908** | **83,920** | **1.5%** |

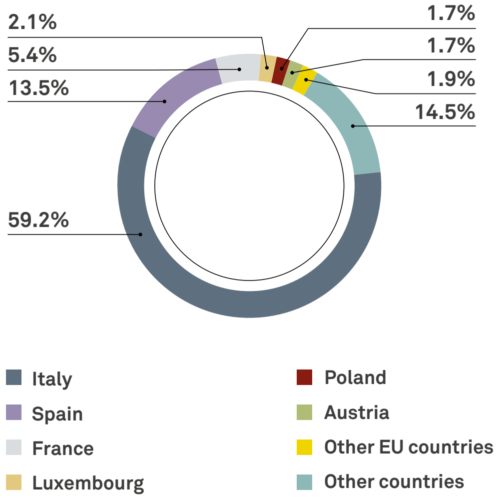
The overall geographical breakdown of the debt securities portfolio therefore showed a greater incidence of investments in Italian securities, which rose from 54.6% at the end of 2022 to 59.2%, followed by the exposures to issuers of the Iberian Peninsula (13.5%).

[14] 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.

BREAKDOWN OF FINANCIAL ASSETS PORTFOLIO AT 30.06.2023



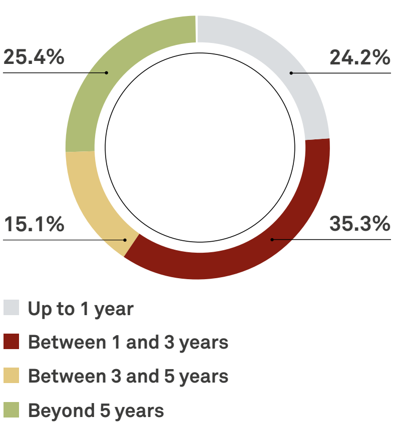

GEOGRAPHICAL BREAKDOWN OF FINANCIAL ASSETS PORTFOLIO AT 30.06.2023



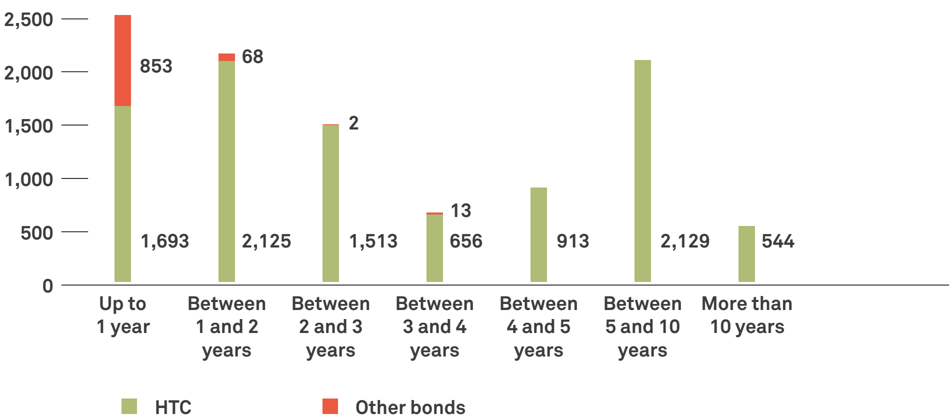

At the end of the first half of 2023, the share of financial assets with a maturity of more than 3 years was 40.5%, slightly down compared to the end of 2022 (44.2%).
The portfolio of debt securities had an overall average residual life of about 3.8 years. In particular, the average maturity of the HTC portfolio was 4.4 years, whereas the average maturity of the HTCS portfolio declined to 0.6 years.

52.3% of the portfolio was made up of issues with variable-rate or inflation-linked coupons, including hedged securities, and 47.8% of fixed-rate issues.

BREAKDOWN OF BONDS PORTFOLIO BY MATURITY AT 30.06.2023




BONDS PORTFOLIO MATURITY (€ MILLION)




**Loans to customers** amounted to **2,389 million euros**, declining by nearly 151 million euros compared to the end of 2022 (-5.9%), 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 **1,398 million euros**, down 61 million euros compared to the end of 2022 (-4.2%).

Other loans grew owing to new loans to exports.

## LOANS AND OPERATING LOANS AND OTHER LOANS

| (€ THOUSAND) | 30.06.2023 | 31.12.2022 | CHANGE AMOUNT | CHANGE % |
|---|---|---|---|---|
| Current accounts | 1,697,216 | 1,793,523 | -96,307 | -5.4% |
| Mortgages and personal loans | 680,170 | 740,442 | -60,272 | -8.1% |
| Other financing and loans not in current accounts | 11,161 | 5,515 | 5,646 | 102.4% |
| **Loans** | **2,388,547** | **2,539,480** | **-150,933** | **-5.9%** |
| Operating loans to management companies | 137,677 | 133,975 | 3,702 | 2.8% |
| Sums advanced to Financial Advisors | 54,536 | 56,330 | -1,794 | -3.2% |
| Stock exchange interest-bearing daily margin | 55,081 | 57,412 | -2,331 | -4.1% |
| Charges to be debited and other loans | 9,330 | 7,961 | 1,369 | 17.2% |
| **Operating loans and other loans** | **256,624** | **255,678** | **946** | **0.4%** |

**Operating loans** and other loans were stable (+0.4%), without significant changes to the aggregate's individual components.

Net **non-performing exposures** on loans to customers amounted to **46.9 million** euros, or **1.96%** 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 this aggregate, non-performing exposures on loans to customers amounted to **28.2 million euros** and consisted for nearly 91% 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 **2.4 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) grew by 9.3 million euros, mostly attributable to positions past due or expired (+10.9 million euros) and, to a lower extent, to bad loans (+3.5 million euros), partly offset by the decrease in unlikely-to-pay positions (-5.2 million euros).

## NON-PERFORMING EXPOSURES

| | 30.06.2023 | | | | 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 | 32,912 | 7,010 | 23,058 | 62,980 | 29,123 | 12,457 | 10,196 | 51,776 | 11,204 | 22% |
| Adjustments | 10,030 | 2,128 | 3,919 | 16,077 | 9,734 | 2,414 | 1,994 | 14,142 | 1,935 | 14% |
| **Total net exposure** | **22,882** | **4,882** | **19,139** | **46,903** | **19,389** | **10,043** | **8,202** | **37,634** | **9,269** | **25%** |
| Gross exposure | 26,797 | - | - | 26,797 | 26,531 | - | - | 26,531 | 266 | 1% |
| Adjustments | 8,097 | - | - | 8,097 | 8,097 | - | - | 8,097 | - | - |
| **Exposure guarantee by net indemnity** | **18,700** | **-** | **-** | **18,700** | **18,434** | **-** | **-** | **18,434** | **266** | **1%** |
| Gross exposure | 6,115 | 7,010 | 23,058 | 36,183 | 2,592 | 12,457 | 10,196 | 25,245 | 10,938 | 43% |
| Adjustments | 1,933 | 2,128 | 3,919 | 7,980 | 1,637 | 2,414 | 1,994 | 6,045 | 1,935 | 32% |
| **Exposure net of indemnity** | **4,182** | **4,882** | **19,139** | **28,203** | **955** | **10,043** | **8,202** | **19,200** | **9,003** | **47%** |
| **Net guaranteed exposure** | **4,129** | **4,508** | **17,144** | **25,781** | **910** | **9,669** | **7,051** | **17,630** | **8,151** | **46%** |
| **Net exposure not guaranteed** | **53** | **374** | **1,995** | **2,422** | **45** | **374** | **1,151** | **1,570** | **852** | **54%** |

At 30 June 2023, the interbank position, net of the securities portfolio and operating loans, showed a net credit balance of nearly 302 million euros, further declining 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 (-369 million euros), mainly including overnight deposits in service of treasury transactions;
- the decrease in net amounts due to banks (-195 million euros), attributable to the decline in lending repurchase agreements with banks, which exceeded funding repurchase agreements with banks (-121 million euros), to the changes in collateral deposits and margins on OTC derivatives and repurchase agreements and to other net current account exposures (-74 million euros).

NET INTERBANK POSITION

| (€ THOUSAND) | 30.06.2023 | 31.12.2022 | CHANGE AMOUNT | CHANGE % |
|---|---|---|---|---|
| **1. Repayable on demand** | **348,033** | **747,443** | **-399,410** | **-53.4%** |
| Demand deposits with ECB and Bank of Italy (*) | 293,641 | 645,000 | -351,359 | -54.5% |
| Transfer accounts | 54,392 | 102,443 | -48,051 | -46.9% |
| **2. Time deposits** | **480,258** | **662,295** | **-182,037** | **-27.5%** |
| Mandatory reserve | 120,297 | 137,889 | -17,592 | -12.8% |
| Term deposits | 26,609 | 13,650 | 12,959 | 94.9% |
| Repurchase agreements | 229,009 | 397,723 | -168,714 | -42.4% |
| Collateral margins | 104,343 | 113,033 | -8,690 | -7.7% |
| **Total loans to banks** | **828,291** | **1,409,738** | **-581,447** | **-41.2%** |
| **1. Due to Central Banks** | **-** | **-** | **-** | **n.a.** |
| **2. Due to banks** | **526,633** | **544,531** | **-17,898** | **-3.3%** |
| Transfer accounts | 61,032 | 31,897 | 29,135 | 91.3% |
| Repurchase agreements | 429,274 | 477,028 | -47,754 | -10.0% |
| Collateral margins | 17,414 | 17,055 | 359 | 2.1% |
| Other debts | 18,913 | 18,551 | 362 | 2.0% |
| **Total due to banks** | **526,633** | **544,531** | **-17,898** | **-3.3%** |
| **Net interbank position** | **301,658** | **865,207** | **-563,549** | **-65.1%** |

(*) Reclassified from Item 10 – Demand loans to Central Banks.

### 5.2.3 Provisions

Special purpose provisions amounted to nearly 249.6 million euros overall, moderately increasing compared to the previous year (+1.9%), mainly as a result of provisions for contractual indemnities to the sales network and other provisions for liabilities and contingencies.

PROVISIONS

| (€ THOUSAND) | 30.06.2023 | 31.12.2022 | CHANGE AMOUNT | CHANGE % |
|---|---|---|---|---|
| Provision for termination indemnity | 3,679 | 3,705 | -26 | -0.7% |
| Provisions for guarantees issued and commitments | 161 | 52 | 109 | 209.6% |
| Provisions for pensions and similar obligations | 1,559 | 1,365 | 194 | 14.2% |
| **Other provisions for liabilities and contingencies** | **244,189** | **239,799** | **4,390** | **1.8%** |
| Provisions for staff expenses | 8,856 | 10,979 | -2,123 | -19.3% |
| Provision for the redundancy incentive plan | 1,000 | 1,000 | - | - |
| Provisions for legal disputes | 13,523 | 14,512 | -989 | -6.8% |
| Provisions for contractual indemnities to the sales network | 160,918 | 152,550 | 8,368 | 5.5% |
| Provisions for sales network incentives | 27,109 | 32,160 | -5,051 | -15.7% |
| Provisions for tax and contributions/ pension disputes | 1,054 | 2,445 | -1,391 | -56.9% |
| Other provisions for liabilities and contingencies | 31,729 | 26,153 | 5,576 | 21.3% |
| **Total provisions** | **249,588** | **244,921** | **4,667** | **1.9%** |

Provisions for contractual indemnities to the sales 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 74.3 million euros;
- other indemnities relating to termination of the agency or management position (management development indemnity, portfolio development indemnity, retirement eligibility bonus) of 24.5 million euros;
- the provision for the service of the annual cycles of the 2017-2026 Framework Loyalty Programme for the Sales Network, in the amount of 34.5 million euros;
- the new provision for the service of the three-year incentive plan for the sales network, in the amount of 27.6 million euros.

The Framework Loyalty Programme for the Sales 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 cycle 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 34.2 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 sales 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 sales 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 net change in provisions for contractual indemnity to the sales network, amounting to 8.4 million euros, was the result of the decline in actuarial provisions (-1.8 million euros) and other provisions (0.7 million euros), in response to which the new provisions allocated in service of the three-year incentive plan for the sales network were recognised for a total of 10.8 million euros, of which 7.0 million euros set to accrue in subsequent years. At the end of the period, the increase in the discount rates used to measure actuarial provisions led to a re-absorption of the latter for approximately 4.6 million euros.

Provisions for other liabilities and contingencies included a prudential allocation of 25.4 million euros to cover commercial activities aimed at restoring customers' potential losses resulting from investments made in products distributed by the Bank and to sustain customer retention.

In the first half of 2023, a further 8 million euro prudential provision was made (10 million euros had been allocated at the end of the first half of 2022). At 30 June 2023, provisions for trade finance amounted to 25.4 million euros (following the 31 million euro total provisions allocated in 2022 and in the first half of 2023).

### 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.[15]

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 484 thousand euros. The net charge of said settlement thus amounted to 330 thousand euros, in addition to penalties and interest for about 278 thousand euros[16], already entirely covered by specific provisions. This figure however does not include interest income accruing on taxes claimed for refund, calculated on the basis of the refund periods, for an estimated amount of just above 50 thousand euros.
Accordingly, at 30 June 2023 the provision allocated to account for this tax dispute, amounting to 2.0 million euros, was reduced to 0.6 million euros, with re-absorption through profit or loss of an excess amount of 1.4 million euros.

## 5.2.4 Net equity and regulatory aggregates

At 30 June 2023, the Banking Group's consolidated net equity, including net profit for the period, exceeded 1,062 million euros, net of the 2022 dividend payout approved 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 and will be partly paid in February 2024.

CONSOLIDATED NET EQUITY

| | | | CHANGE | |
|---|---|---|---|---|
| (€ THOUSAND) | 30.06.2023 | 31.12.2022 | AMOUNT | % |
| Share capital | 116,852 | 116,852 | - | - |
| Share premium reserve | 52,784 | 53,767 | -983 | -1.8% |
| Reserves | 746,862 | 724,536 | 22,326 | 3.1% |
| (Treasury shares) | -72,745 | -80,139 | 7,394 | -9.2% |
| Valuation reserves | -6,445 | -9,972 | 3,527 | -35.4% |
| Equity instruments | 50,000 | 50,000 | - | - |
| Net profit (loss) for the period | 175,051 | 213,034 | -37,983 | -17.8% |
| **Consolidated net equity** | **1,062,359** | **1,068,078** | **-5,719** | **-0.5%** |
| Net equity attributable to minority interests | 377 | 442 | -65 | -14.7% |
| **Banking Group net equity** | **1,062,736** | **1,068,520** | **-5,784** | **-0.5%** |

The -5.8 million euro change in net equity in the first half of 2023, net of dividend approved, was chiefly attributable to the consolidated net profit for the period and, to a lesser extent, to 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.

[15] In this regard, reference should be made to the Annual Integrated Report 2022.
[16] 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.

## CHANGE IN NET EQUITY

| (€ THOUSAND) | 30.06.2023 |
|---|---|
| **Net equity at period-start** | **1,068,520** |
| Provisions for prior year dividends | -192,805 |
| Change in IFRS 2 reserves | 4,655 |
| Change in OCI valuation reserves | 3,510 |
| Changes and dividends on AT1 equity instruments | -815 |
| Consolidated net profit | 175,003 |
| Dividends not paid on treasury shares | 4,804 |
| Other effects | -136 |
| **Net equity at period-end** | **1,062,736** |
| **Change** | **-5,784** |

Fair value valuation reserves for the portfolio of financial assets measured at fair value through other comprehensive income (HTCS) showed a net increase of 3.5 million euros due to the increase in bond prices in the six-month period, driven by the decline in interest rates of government securities.

## VALUATION RESERVES

| | 30.06.2023 | | | 31.12.2022 | |
|---|---|---|---|---|---|
| (€ THOUSAND) | POSITIVE RESERVE | NEGATIVE RESERVE | NET RESERVE | NET RESERVE | CHANGE |
| Valuation reserves - HTCS debt securities | 651 | -6,976 | -6,325 | -9,867 | 3,542 |
| Valuation reserves - OCI equity securities | 573 | -1,234 | -661 | -713 | 52 |
| Exchange differences | 967 | - | 967 | 713 | 254 |
| Actuarial gains (losses) from defined benefit plans | -426 | - | -426 | -105 | -321 |
| **Total** | **1,765** | **-8,210** | **-6,445** | **-9,972** | **3,527** |

On 19 April 2023, the General Shareholders' Meeting also authorised the repurchase of a maximum of 369,260 treasury shares, for a maximum amount 15.9 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, has yet to be launched. Therefore, at 30 June 2023, a commitment to buy back treasury shares was recognised for an amount of 15.9 million euros.
In this regard, it should be noted that, pursuant to the provisions of Article 28(4), of Delegated Regulation (EU) 241/2014, as recently amended by Delegated Regulation (EU) 827/2023, this commitment is no longer considered when calculating Own Funds, as the purchases of treasury shares reserved for personnel are deducted from CET1 only for the period of the issuer's actual possession.

In the reporting period, on the basis of the achievement of the performance objectives set out in the Remuneration Policy, 255,385 treasury shares, with a value of 7,394 thousand euros, of which 42,803 shares in service of the 2020 LTIP, were also allotted to the Group's employees and Financial Advisors qualifying as Key Personnel, as well as to network managers.
At the end of the half-year, the Parent Company, Banca Generali, thus held 2,554,112 treasury shares, with a value of 72,745 thousand euros, intended solely for the service of Remuneration Policies for the Banking Group's Key Personnel.

| | NO. OF SHARES | VALUE | AVERAGE PRICE | AVERAGE NO. OF SHARES |
|---|---|---|---|---|
| Amount at period-start | 2,809,497 | 80,139,161 | 28.52 | 2,809,497 |
| Allotments | -255,385 | -7,393,715 | 28.95 | -244,622 |
| Purchases | - | - | - | - |
| **Amount at period-end** | **2,554,112** | **72,745,446** | **28.48** | **2,564,875** |

Consolidated own funds amounted to 809.7 million euros, up 47.6 million euros compared to the end of the previous year (+6.2%), whereas capital absorption declined by 14.5 million euros (-4.0%).

At the end of the six-month period, CET1 ratio reached 17.3%, compared to a minimum requirement of 8%, and Total Capital Ratio (TCR) reached 18.5%, compared to the SREP minimum requirement of 12.30%[17].

OWN FUNDS AND CAPITAL RATIOS

| | 30.06.2023 | 31.12.2022 | CHANGE | | 31.12.2022 |
|---|---|---|---|---|---|
| (€ THOUSAND) | | TRANSITIONAL | AMOUNT | % | FULLY PHASED |
| Common Equity Tier 1 capital (CET1) | 759,745 | 712,159 | 47,586 | 6.7% | 707,696 |
| Additional Tier 1 capital (AT1) | 50,000 | 50,000 | - | - | 50,000 |
| Tier 2 capital (T2) | - | - | - | n.a. | - |
| **Total own funds** | **809,745** | **762,159** | **47,586** | **6.2%** | **757,696** |
| Credit and counterparty risk | 262,885 | 277,424 | -14,539 | -5.2% | 277,847 |
| Market risk | - | 10 | -10 | -100.0% | 10 |
| Operational risk | 88,138 | 88,138 | - | - | 88,138 |
| **Total absorbed capital (Pillar I)** | **351,023** | **365,571** | **-14,548** | **-4.0%** | **365,994** |
| **Total SREP minimum requirements (Pillar II)** | **540,225** | **562,615** | **-22,390** | **-4.0%** | **541,672** |
| Excess over SREP minimum requirements | 269,520 | 199,544 | 69,976 | 35.1% | 216,024 |
| Risk-weighted assets | 4,387,789 | 4,569,644 | -181,855 | -4.0% | 4,574,931 |
| CET1/Risk-weighted assets | 17.3% | 15.6% | 1.7% | 11.1% | 15.5% |
| Tier 1/Risk-weighted assets | 18.5% | 16.7% | 1.8% | 10.6% | 16.6% |
| **Total own funds/Risk-weighted assets (Total Capital Ratio)** | **18.5%** | **16.7%** | **1.8%** | **10.6%** | **16.6%** |

The change in Own Funds was mainly attributable to the inclusion of the portion of retained earnings for the period (+33.2 million euros), the dividends on treasury shares not paid out (+4.8 million euros), the reserve allocated on share-based payment plans (+4.7 million euros) and other net positive capital and prudential effects for 5.8 million euros, net of the slight reduction in OCI reserves (-0.9 million euros), which were impacted by the non-renewal of the phase-in regime for the prudential valuation of OCI reserves for government securities (-5.5 million euros), as highlighted in the following table.

[17] On 20 May 2022, upon conclusion of the SREP – Supervisory Review and Evaluation Process carried out annually by the competent Supervisory Authority, the Bank of Italy communicated to Banca Generali the following specific capital requirements to be applied to the Banking Group commencing with the reporting on Own Funds at 30 June 2022:

- a Common Equity Tier 1 (CET1) ratio of 8% (previously set at 7.75%), 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;
- a Tier 1 ratio (T1 ratio) of 9.85% (previously set at 9.51%), consisting of an Overall Capital Requirement (OCR) of 7.35% (of which 6% as minimum regulatory requirement and 1.35% as additional requirement following the SREP) and a capital conservation buffer for the remainder;
- Total Capital Ratio (TCR) of 12.30% (previously set at 11.84%), 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 conservation capital buffer requirement envisaged in the ratios is equal to 2.5%.

CHANGES IN OWN FUNDS

(€ THOUSAND)

| | |
|---|---|
| **Own funds at 31.12.2022** | **762,159** |
| Estimated regulatory provisions for retained earnings | 33,221 |
| Change in IFRS 2 reserves | 4,655 |
| Prior years' dividend not paid out | 4,805 |
| Change in OCI reserves on HTCS | 39 |
| Change in other OCI reserves | -975 |
| Change in goodwill and intangible assets (net of related DTLs) | 6,746 |
| DTAs through P&L not arising on temporary differences (tax losses) | -115 |
| Negative prudential filters (prudent valuation - simplified method) | 161 |
| Changes and dividends on AT1 equity instruments | -815 |
| Other effects (other reserves) | -136 |
| **Total changes in TIER 1 capital** | **47,586** |
| **Own funds at period-end** | **809,745** |
| **Change** | **47,586** |

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.

For the first half of 2023, on the basis of the prudential provisions that require the upper part of the payout to be considered, just 20% of the recurring consolidated net profit for the period has therefore been included in own funds.

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.

The 14.5 million euro change in capital absorption was attributable both to the decline in original exposures to companies and covered bonds (-6.4 million euros) and to the reduced weighting of exposures to supervised intermediaries and companies and retail customers (-6.9 million euros), and of the Forward Fund (-2.7 million euros).

The Bank's liquidity ratios maintained excellent levels, with the Liquidity Coverage Ratio (LCR) at 343.8% and Net Stable Funding Ratio (NSFR) at 223.1%. The Bank's leverage ratio stood at 5.0%.

RECONCILIATION STATEMENT BETWEEN THE PARENT COMPANY BANCA GENERALI'S NET EQUITY AND CONSOLIDATED NET EQUITY

| | 30.06.2023 | | |
|---|---|---|---|
| (€ THOUSAND) | SHARE CAPITAL AND RESERVES | NET PROFIT | NET EQUITY |
| **Net equity of Banca Generali** | **805,648** | **186,524** | **992,172** |
| Differences between net equity and book value of companies consolidated using the line-by-line method: | 65,106 | - | 65,106 |
| – profit carried forward of consolidated companies | 56,299 | - | 56,299 |
| – goodwill | 8,707 | - | 8,707 |
| – other changes | 100 | - | 100 |
| Dividends from consolidated companies | 27,220 | -84,220 | -57,000 |
| Consolidated companies' result for the period | - | 76,011 | 76,011 |
| Net profit attributable to minority interests | 425 | -48 | 377 |
| Result of associates valued at equity | -9,505 | -3,264 | -12,769 |
| Sterilisation of impaired equity investments | 4,567 | - | 4,567 |
| Valuation reserves – consolidated companies | 2,979 | - | 2,979 |
| Goodwill | -8,707 | - | -8,707 |
| Consolidation adjustments | -48 | 48 | - |
| **Net equity of the Banking Group** | **887,685** | **175,051** | **1,062,736** |

## 5.2.5 Cash flows

In the first half of 2023, operating activities absorbed a total of 190 million euro cash flows.

In detail, the decline in inflows from customers generated outflows of 1,721 million euros, only partly offset by operating activities (137 million euros), the release of the financial asset portfolio (+944 million euros) and, to a lesser extent, loans to customers (+161 million euros) and the interbank segment (+164 million euros), for a total of 1,407 million euros. Other operating assets and liabilities generated temporary liquidity for 124 million euros as a result of the fees charged to customers at the end of the period and to be transferred to the Tax Authorities.

In addition to cash flows used for operating activities, cash outflows were 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 a total amount of 205.8 million euros, and, to a lesser extent, by investing activities.

Cash and cash equivalents at period-end amounted to 376 million euros, with a 398 million euro decrease compared to the end of 2022.

| (€ THOUSAND) | 30.06.2023 | 30.06.2022 | CHANGE |
|---|---|---|---|
| **Liquidity generated by operations** | **137,358** | **120,746** | **16,612** |
| Financial assets | 944,209 | -1,404,480 | 2,348,689 |
| Loans to banks | 182,096 | -180,515 | 362,611 |
| Loans to customers | 161,123 | -158,645 | 319,768 |
| Other operating assets | -48,803 | -6,402 | -42,401 |
| **Total assets** | **1,238,625** | **-1,750,041** | **2,988,666** |
| Amounts due to banks | -18,049 | 28,419 | -46,468 |
| Amounts due to customers | -1,720,881 | 1,211,150 | -2,932,031 |
| Other operating liabilities | 172,704 | 392,915 | -220,212 |
| **Total liabilities** | **-1,566,226** | **1,632,484** | **-3,198,710** |
| **Liquidity generated by/used for operating activities** | **-190,243** | **3,189** | **-193,431** |
| Investments | -2,502 | -1,397 | -1,105 |
| Acquisition and disposal of business units and equity investments | 80 | -796 | 876 |
| **Liquidity generated by/used for investing activities** | **-2,422** | **-2,193** | **-229** |
| Dividends paid | -205,831 | -202,079 | -3,753 |
| **Liquidity generated by/used for financing activities** | **-205,831** | **-202,079** | **-3,753** |
| **Net liquidity generated/used** | **-398,496** | **-201,083** | **-197,413** |
| **Cash and cash equivalents** | **375,743** | **1,419,251** | **-1,043,508** |

# 6. Performance of Group Companies

## 6.1 Performance of Banca Generali S.p.A.

Banca Generali closed the first half of 2023 with net profit of 186.5 million euros, up compared to 153.0 million euros at the end of the same period 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) | 30.06.2023 | 30.06.2022 | CHANGE AMOUNT | CHANGE % |
|---|---|---|---|---|
| **Net interest income** | **150,822** | **52,098** | **98,724** | **189.5%** |
| Net income (loss) from trading activities | 8,673 | 14,526 | -5,853 | -40.3% |
| Dividends | 85,435 | 106,909 | -21,474 | -20.1% |
| – *of which: dividends from equity investments* | *84,220* | *105,783* | *-21,563* | *-20.4%* |
| **Net financial income** | **244,930** | **173,533** | **71,397** | **41.1%** |
| Fee income | 371,533 | 366,460 | 5,073 | 1.4% |
| Fee expense | -236,931 | -228,588 | -8,343 | 3.6% |
| **Net fees** | **134,602** | **137,872** | **-3,270** | **-2.4%** |
| **Net banking income** | **379,532** | **311,405** | **68,127** | **21.9%** |
| Staff expenses | -50,860 | -49,015 | -1,845 | 3.8% |
| Other general and administrative expenses (net of duty recoveries) | -51,561 | -49,910 | -1,651 | 3.3% |
| Net adjustments of property, equipment and intangible assets | -18,220 | -16,658 | -1,562 | 9.4% |
| Other operating expenses/income | 6,504 | 7,899 | -1,395 | -17.7% |
| **Net operating expenses** | **-114,137** | **-107,684** | **-6,453** | **6.0%** |
| **Operating result** | **265,395** | **203,721** | **61,674** | **30.3%** |
| Net adjustments to non-performing loans | -560 | -4,858 | 4,298 | -88.5% |
| Net provisions | -18,707 | -11,358 | -7,349 | 64.7% |
| Contributions and charges related to the banking system | -5,845 | -5,882 | 37 | -0.6% |
| Gains (losses) from the disposal of equity investments | 69 | 556 | -487 | -87.6% |
| **Operating profit before taxation** | **240,352** | **182,179** | **58,173** | **31.9%** |
| Income taxes for the period on operating activities | -53,828 | -29,137 | -24,691 | 84.7% |
| **Net profit** | **186,524** | **153,042** | **33,482** | **21.9%** |

Advance and balance dividends paid by the Luxembourg-based subsidiary BG Fund Management Luxembourg S.A. went from 105.8 million euros overall for the first half of 2022 to the current 84.2 million euros.

Reclassified net banking income[18], net of the dividends distributed by the Banking Group's investees, rose by approximately 89.7 million euros (+43.6%) compared to the same period of the previous year, primarily due to the aforementioned increase in net interest income (+98.7 million euros). By contrast, net income from trading activities declined by 5.8 million euros. Net fees also decreased slightly (-3.3 million euros).

[18] 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 7.3 million euros for 2023 and 9.0 million euros for 2022.

**Net interest income** amounted to 150.8 million euros, marking an increase driven mainly by securities trading (+101.2 million euros) and the expansion of loans to customers (+35.3 million euros), albeit offset by increased interest expense on customers' current accounts and repurchase agreement transactions (+40.2 million euros). The net contribution of transactions with the ECB stood at +7.6 million euros.

Net fees totalled 134.6 million euros at period-end, down 2.4% compared to the first half of 2022. In detail, fee income grew by 5.1 million euros, primarily owing to the combined effect of the increase in fees for portfolio management (+5.6 million euros) and bond placement (+8.6 million euros), offset by a decline in fees for distribution of insurance products (-9.1 million euros) and placement of UCITS units (-5.2 million euros). Fee expense grew by 8.3 million euros due to the increase in fee for off-premises offer (+7.6 million euros).

Operating expenses[19], including staff expenses, other general and administrative expenses, amortisation and depreciation and other operating income and expenses, amounted to 114.1 million euros, increasing by 6.5 million euros compared to the same period of the previous year (+6.0%).

The cost/income ratio, which measures the ratio of operating expenses (gross of adjustments to property, equipment and intangible assets) to net operating income and dividends, amounted to 32.5%.

Provisions, net adjustments and contributions and charges relating to the banking system totalled 25.1 million euros, up 3.0 million euros compared to the same period of 2022, mainly due to higher provisions for liabilities and contingencies (+7.3 million euros) and lower adjustment to non-performing loans (-4.3 million euros compared to the first half of 2022).

Operating profit before taxation amounted to 240.4 million euros, up 31.9% compared to the same period of 2022.

Income taxes for the period totalled 53.8 million euros, increasing by 24.7 million euros compared to the tax burden estimated at 30 June 2022.
The Bank's overall tax rate was 22.4%, up compared to the first half of 2022 (16.0%) as a result of the lower contribution to the result of dividends from equity investments subject to reduced taxation.

Total AUM managed by the Bank on behalf of its customers — which is the figure used for communications to Assoreti — amounted to approximately 87.3 billion euros at 30 June 2023, up 6.2% compared to the previous year. Net inflows reached 3.3 billion euros, up 7.3% compared to the figures recorded at the end of the same period of 2022.

## 6.2 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 the Banca Generali Group (Lux IM Sicav and BG Collection Investments[20]) and the Sicav BG Private Markets, reserved for institutional investors.

BGFML ended the first half of 2023 with a net profit for the period of 76.4 million euros, down compared to 87.1 million euros reported at the end of the same period of the previous year (-10.7 million euros).

[19] 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 40.1 million euros for 2023 and 41.1 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.

[20] New company name of BG Selection Sicav, effective 22 April 2022.

The decline was mainly driven by performance fees, which fell by 8.0 million euros to 7.6 million euros, and performance fees, which amounted to 160.5 million euros, compared to 167.8 million euros in the first half of 2022.
Net banking income amounted to 92.5 million euros (-11.8 million euros compared to the same period of 2022). Operating expenses were 5.1 million euros (+0.4 million euros), of which 3.2 million euro staff expenses.
The company's net equity amounted to 78.0 million euros, net of a dividend payout of 84.2 million euros, as payment in advance for 2023 and balance payment for 2022.
Overall, assets under management at 30 June 2023 amounted to 19,587 million euros, up 1,025 million euros compared to 18,562 million euros at 31 December 2022.

## 6.3 Performance of Generfid S.p.A.

Generfid, a company specialising in custodian capacity of assets, ended the first half of 2023 with a net profit at approximately 31 thousand euros net equity at about 0.9 million euros.
Net banking income amounted to approximately 0.7 million euros and virtually covered operating expenses.
Assets under management totalled 1,338 million euros (1,334 million euros at 31 December 2022).

## 6.4 Performance of BG Valeur S.A.

BG Valeur S.A., which became part of the Banca Generali Group on 15 October 2019, is a private banking boutique based in Lugano, Switzerland.

The company ended the first half of 2023 with net loss of CHF 518.8 thousand (526.4 thousand euros), calculated based on local GAAP.
Revenues, generated mainly from asset management and advisory services, amounted to approximately CHF 4.2 million, whereas operating expenses totalled CHF 4.2 million (of which CHF 3.2 million staff expenses).
BG Valeur S.A.'s net equity recognised in its statutory financial statements totalled CHF 3.7 million at 30 June 2023.

At 30 June 2023, assets under management amounted to 981 million euros, up compared to 887 million euros at 31 December 2022.

## 6.5 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, which should be issued in 2023.

On 10 November 2022, Banca Generali carried out a capital increase of an additional CHF 10 million to offset balance sheet losses and replenish the authorised share capital, as a result of the protracted FINMA authorisation process, which led to pre-operating losses related to the costs incurred to start up and maintain the company's operating structure.

In the first six months of 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 first half with a net loss of approximately CHF 3.1 million (3.1 million euros), calculated based on local GAAP.
Operating expenses totalled CHF 3.1 million (of which approximately CHF 2.0 million staff expenses).
BG Suisse S.A.'s net equity recognised in its statutory financial statements stood at CHF 8.3 million at 30 June 2023.

# 7. Related party transactions

## 7.1 Procedural aspects

In accordance with Article 2391-*bis* of the Italian Civil Code, the Consob Regulation containing provisions relating to transactions with related parties adopted with Resolution No. 17221 of 12 March 2010, as subsequently amended ("**Consob RPT Regulation**"), and the provisions of Part III, Chapter 11, of Bank of Italy Circular No. 285 of 17 December 2013, as subsequently amended, on 22 June 2023 Banca Generali's Board of Directors approved the new "*Policy for Transactions with Related Parties, Connected Parties and Corporate Officers pursuant to Article 136 of TUB*" (the "**RPT Policy**"), which repealed the previous corporate regulations "*Procedure for Related Party and Connected Party Transactions*" and "*Internal policies governing control mechanisms for risk assets and conflicts of interest involving Connected Parties*".
The aforementioned RPT Policy is intended to implement the aforementioned Consob and Bank of Italy provisions, by adopting, for all Banking Group companies, rules on transactions with Banca Generali's related and connected parties, governing the related investigation, approval, reporting and disclosure activities.

## 7.2 Disclosure on Related Party Transactions

Without prejudice to the disclosure requirements set forth by IAS 24, rules on periodic disclosure on related party transactions are provided for in Article 5, paragraph 8, of Consob RPT Regulation.

In detail, the interim report should provide the following disclosure:
a) each and every transaction of greater importance effected during the accounting period of reference;
b) other individual transactions with related parties "that have materially influenced" the financial position or results of the Company;
c) changes or developments in related party transactions described in the latest annual report that had a "material effect" on the financial position or results of the Company during the reporting period.

In this regard, the following should be noted.

### Unusual, atypical or extraordinary transactions

During the first half of 2023, no related party transactions were carried out that could be defined as atypical or unusual or likely to have "effects on the safeguarding of the company assets or the completeness and accuracy of information, including accounting information, concerning the issuer."

### Highly Significant Transactions

In the first half of 2023 the Group carried out only one transaction qualifying as "highly significant", non-ordinary transaction, entered into at non-market or non-standard conditions that entailed the obligation to publish the related market disclosure document (available on the Bank's website, section "Governance" > "Corporate Documents" > "Related Party Transactions").
In detail, the transaction — approved by the Bank's Board of Directors on 19 April 2023 (after receiving on 17 April 2023 a favourable opinion from the Internal Audit and Risks Committee, which is responsible for this matter) consists of: (i) distributing new insurance products as part of the distribution agreement already in place since 2018 between Banca Generali S.p.A. and Generali Italia S.p.A. (which was also joined by Genertellife S.p.A.) and, under the said distribution agreement, (ii) the increase in the ceiling for retention initiatives concerning existing traditional life insurance products already launched by the Bank.

The transaction is a related party transaction by virtue of the control exercised by Assicurazioni Generali over the entities involved in the Transaction, namely:
› Banca Generali (also through Generali Italia and Genertellife);
› Generali Italia S.p.A.; and
› Genertellife S.p.A.

The Transaction is a transaction of "greater importance" with related parties pursuant to the Consob RPT Regulation and the Bank's RPT Policy, as the equivalent-value relevance ratio — as defined in Article 1.1(a) of Annex 3 "*Identification of transactions of greater importance with related parties*" to the Consob RPT Regulation, and calculated on the basis of the estimates set out in paragraph 2.2 of the same — shows that the 2.5% threshold has been exceeded.

### Other significant transactions

In the first half of 2023, the following transactions were approved that could be qualified as transactions of "low value" (i.e., transactions of amounts exceeding the significance threshold but below that of highly significant transactions, as defined pursuant to the RPT Policy), non-ordinary transactions, entered into at non-market or non-standard conditions:

- on **9 February 2023**, the Board of Directors of Banca Generali approved the line of credit, as part of the "Assieme Agreement on guaranteed credit facilities for Executives of the Assicurazioni Generali Group", in favour of a manager of the parent company Assicurazioni Generali S.p.A.;
- on **27 March 2023**, the Board of Directors of Banca Generali approved the revision of the 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.);
- on **11 May 2023**, the Board of Directors of Banca Generali approved an increase in the amount of a line of credit, as part of the "Assieme Agreement on guaranteed credit facilities for Executives of the Assicurazioni Generali Group", in favour of a manager of the parent company Assicurazioni Generali S.p.A. and his spouse;
- on **22 June 2023**, the Board of Directors of Banca Generali approved the continuation of an outsourcing contract, previously concluded with Generali Business Solutions S.c.p.a., with Generali Italia S.p.A. (in view of the former's merger into the latter with effect from 1 July 2023);
- again on **22 June 2023**, the Board of Directors of Banca Generali approved the continuation of a service agreement, previously concluded with Generali Business Solutions S.c.p.a., with Generali Italia S.p.A. (in view of the former's merger into the latter with effect from 1 July 2023).

These transactions were approved by the Board of Directors, with a prior non-binding favourable opinion from the Internal Audit and Risk Committee (which has also functions as related party transactions committee).

### Ordinary or recurring transactions

Transactions of an ordinary or recurring nature carried out in the first half of 2023 with related parties fall within the Group's ordinary course of business and are usually carried out at arm's length and are, in any case, based on mutual economic advantage, in compliance with the above-mentioned internal procedures.

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 2022 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 during the first half of 2023 are presented in the specific section of the Condensed Half-Year Financial Statements at 30 June 2023, along with other information about related party transactions.
Intra-group related party transactions are not included in the above-mentioned disclosure, since they are eliminated upon consolidation.

# 8. Human resources and the Group's distribution network

## 8.1 Employees

At 30 June 2023, the Bank's workforce was 1,066, composed of 75 Managers, 192 3rd and 4th level Executives and 799 employees at other levels; of the last category, 185 were 1st and 2nd level Executives.

| | BANCA GENERALI | GENERFID | BGFML | BG VALEUR | BG SUISSE | TOTAL 30.06.2023 |
|---|---|---|---|---|---|---|
| Managers | 64 | - | 3 | 3 | 5 | 75 |
| 3rd and 4th level executives | 161 | 1 | 11 | 17 | 2 | 192 |
| Employees at other levels | 756 | 5 | 23 | 6 | 9 | 799 |
| **Total** | **981** | **6** | **37** | **26** | **16** | **1,066** |

Among the 1,066 employees at 30 June 2023, 58 were working under fixed-term contracts, 5 of which as replacements for employees on maternity leave or leaves of absence.

Workforce therefore increased by 44 compared to year-end 2022 as a result of the addition of
- 17 indefinite-term staff, following the confirmation of staff already working in the Company and recruitment from the market; and
- 27 fixed-term staff (net of a decline of 4 resources replacing employees on maternity leave or leaves of absence), following the hiring of resources who will serve as a support to handle work peaks due to extraordinary activities and projects and are expected to leave by the end of the year.

Regarding trade union relations, the following should be noted:
- on 27 February 2023, the trade union agreement on work-life balance was signed, introducing new rules on flexible working hours, part-time working and additional leave;
- on 2 May 2023, a trade union agreement was signed to extend, with important additions, the trade union agreement of 4 October 2021 relating to Smart Working (so-called Next Normal Contract) until 6 January 2024. on the same date, a trade union agreement was also signed to extend, again until 6 January 2024, the "energy saving" measures related to the issue of remote working;
- on 16 May 2023, the trade union agreement relating to the payout of the company bonus for the 2022 financial year was signed. Following this agreement, two webinars were organised regarding the possibility of converting the aforementioned bonus into welfare solutions, in order to maximise its economic effect;
- with regard to the We Share 2.0 Plan, on 3 May 2023 the trade union meeting was held to provide information on the Plan's features; subsequently, on 15 June 2023, a trade union agreement was signed allowing employees to use the termination indemnity set aside within the Company to subscribe to the Plan.;
- on 19 June 2023, pursuant to Article 13 of the National Collective Labour Agreement (CCNL) for the credit sector, the annual meeting was held for reporting to the company trade union representatives and discussing with them the strategic outlook and the main HR issues.

### 8.1.1 Training and development of employees

In line with its values and the projects carried out in previous years, in the first half of 2023 as well Banca Generali continued to devote close attention to investments in the development, growth and management of its human resources by further consolidating its company culture, founded on shared values, diversity and inclusion promotion and on the need to guarantee the sustainability of the Bank itself in the short, medium and long term.

2023 is the second year of the 2022-2024 Strategic Plan and is characterised by the continuation of important projects as part of the People Strategy, defined on 4 priorities: Culture; Diversity, Equity and Inclusion; Skills; and Organisation.

### Performance management

The Group Performance Management (GPM) process continued in 2023 with great attention by both People Managers and Personnel, remaining one of the most important moments in the Manager-Employee relationship for discussing results, objectives and expectations.
To support the new hybrid way of working, in 2023 the GPM process was revised and supplemented with two new fundamental stages: a qualitative self-evaluation by the employee and a mid-year feedback between manager and employee.
All Banca General Group employees continued to have the option to define an Individual Development Plan (IDP) during the performance management process using the dedicated training and development catalogue “Development Linked to Performance”, built on the basis of strategic needs.

### Training

Ongoing staff training activities continued with care and diligence in the first half of 2023.
Specifically, these first few months of 2023 were characterised by two major projects: accompanying the company population in returning to the workplace, implementing the new hybrid working mode Next Normal Contract, and strengthening the core digital skills within the organisation.
With regard to the first initiative, the entire population of the Banca Generali Group was involved in workshops to define behaviours in support of the BG Smart Working Guidelines: 10 guidelines that will accompany the daily lives of Banca Generali Group people in the new hybrid way of working.
With reference to the second initiative, the Digital Minds programme is aimed at the entire population of the Banca Generali Group with the objective of strengthening the 6 core digital skills within the organisation — Artificial Intelligence, Cybersecurity, Blockchain, Advanced Analytics, Customer Experience and Fintech — laying the foundation for seizing the opportunities offered by new technologies and supporting operations in terms of speed and efficiency.

The training activities that accompanied the first six months of 2023 were as follows:
› the Group continued to steadily provide constant update of and access to mandatory regulatory and security training to ensure the Bank’s sustainability in the long term. Also this training activity was delivered in e-learning mode through the dedicated platform or through virtual classrooms;
› given the current situation, cyber security remained a central issue, for which the information/training activities continued for the whole population, intended to further boost awareness about information security, highlighting the “alarm bells”, threats and IT crimes associated with the current way of working;
› great importance was attached, on the one hand, to technical-specialised training for each function and, on the other, to behavioural training;
› language training also continued with the launch of dedicated courses for both managers and the entire segment of the company population that has increased its contact with international counterparties.

In addition, the resumption of in-person work, greater office attendance, the need to boost engagement and the desire to see one another again and form teams led to the organisation of several outdoor/direction team building activities in which the use of metaphors not related to work helped reinforce trust within the teams and strengthen interpersonal relationships in order to achieve greater collaboration in reaching common objectives.

### Diversity, equity & inclusion

In the Diversity, Equity and Inclusion (DEI) field, Banca Generali continued its commitment to developing an inclusive culture with a particular focus on **women empowerment**.
May saw the end of the first part of the **empowerment and managerial acceleration process** aimed to strengthen identity and personal self-efficacy for a selected talent pool of 20 female People Managers. This path was developed in six in-presence meetings starting in October 2022 with the possibility of activating individual coaching sessions to put their development plan into practice.

On the occasion of International Women’s Day, the **#BeBoldforInclusion** initiative was launched with the ambassador Giada Zhang to build an open dialogue on the experience of a woman entrepreneur and on how the surrounding context (family, company and society) plays a key role in allowing women to fulfil their potential and develop their career in a company.

To support the overcoming of **cognitive biases** two paths were launched:
- continuation of the **Caregivers/Parents** webinars that had started in 2022, dedicated to spreading a culture of inclusion and integration to overcome gender biases also starting from the younger generations;
- launch, in May, of a training course for 150 HR Directors aimed at creating awareness in the management of biases that can occur in HR processes.

To ensure an ever-greater inclusion and closeness between HQ employees and the Financial Advisor network, a project was launched to bring them closer and build a solid and shared value system, harmonising and strengthening communication channels, digital tools and events.
This project intends to consolidate the wealth of knowledge within the organisation through formal and informal means, so as to improve the intellectual capabilities of resources and provide access and sharing of best knowledge and best practices within the Company.
The project is currently under development but important initiatives will be carried out in the coming months.

### Engagement

In accordance with the Banca Generali Group's strategic positioning, the involvement of employees represented a fundamental means of driving engagement and empowerment within the Company, in particular in the first half of 2023.

The Engagement Survey, carried out in October 2022, required also a major analysis and dissemination of the results that emerged. The implementation of a cascading project was significant in all the structures in which further analysis was carried out of the results at Banca Generali level and at the level of each individual structure.
Cascading activities continued to offer important moments for discussion, sharing and alignment within the teams both to analyse the emerging results and to define the actions and good practices to be implemented, with a view to continuous improvement.
The first few months of 2023 also brought to light all the projects related to BG Challenge, an initiative that followed the 2021 Generali Global Engagement Survey in which colleagues were able to participate in the creation of ideas closely linked to the priorities that emerged from the survey: Digitalisation, Efficiency and Next Normal. In this regard, the projects Welcome to BG, BG Maps and BG Collector were launched and are now available.

Again in 2023, the two company conventions were greatly appreciated by all Banca Generali Group employees. The face-to-face conventions organised supported the sense of belonging to the Banca Generali Group and offered an important opportunity for alignment and sharing of the Group's strategic projects.

All the activities offered and their level of attendance bear further witness to the focus by the Banca Generali Group and its top managers on issues relating to development, empowerment and continuous honing of the technical and managerial skills of Banca Generali's employees, who proved to be open to innovation, flexible to change and curious for learning.

## 8.2 Financial Advisors

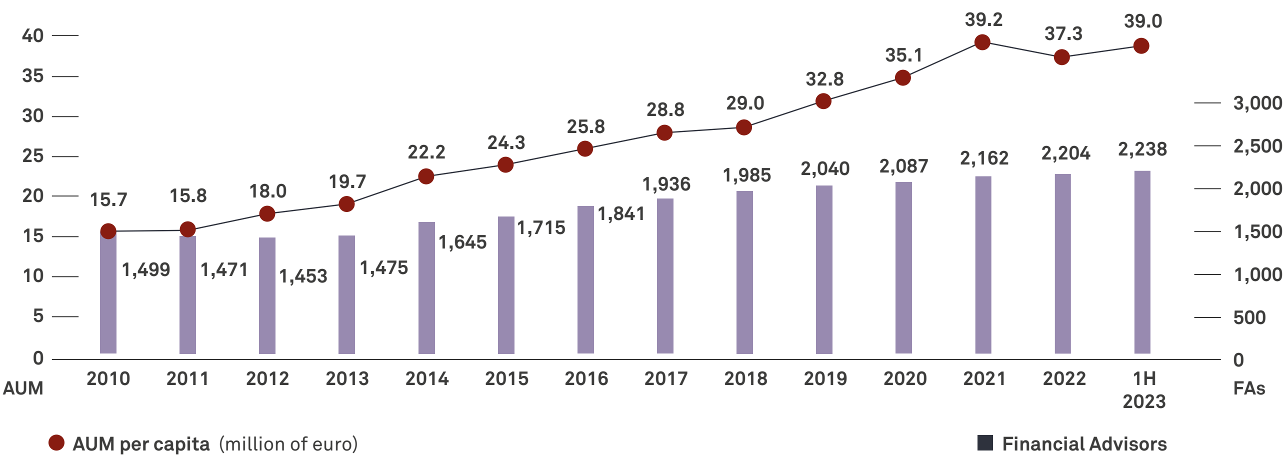
Banca Generali owns one of the most important FA distribution networks in Italy: at June 2023, it included 2,238 Financial Advisors and Relationship Managers, with an increase of 34 compared to year-end 2022.

The main data of Banca Generali's FA distribution network are summarised in the following tables, comparing figures for June 2023 and December 2022:

| | 30.06.2023 | | | 31.12.2022 | | |
|---|---|---|---|---|---|---|
| | NO. OF FAS | ASSET (€ MILLION) | ASSETS PER FA (€ MILLION) | NO. OF FAS | ASSET (€ MILLION) | ASSETS PER FA (€ MILLION) |
| FP-PB Division/FPA Division | 1,787 | 51,598 | 28.9 | 1,765 | 48,610 | 27.5 |
| WM Division | 389 | 31,362 | 80.6 | 372 | 28,803 | 77.4 |
| RM Division | 62 | 4,305 | 69.4 | 67 | 4,758 | 71.0 |
| **Total** | **2,238** | **87,265** | **39.0** | **2,204** | **82,171** | **37.3** |

The productivity of Banca Generali's commercial network was also confirmed by per-capita AUM, which amounted to 39.0 million euros in June 2023, up compared to year-end 2022.

AUM TREND AND FINANCIAL ADVISORS




## 8.2.1 Distribution Network Training

### Managerial training

The first half of 2023 saw the launch of the innovative **My Academy** project, the academy created in partnership with excellent teachers offering Banca Generali's strategic training courses on 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 tailor-made and personalised growth path, which will accompany them over the years in the development of their professionalism.
In particular, with regard to the relationship with the Client, the main topics developed were behavioural finance in advisory to strengthen the "Relationship Manager" role and facilitate the complex decisions of sophisticated Clients and communications, relational connection-building strategies aimed at being increasingly recognised as trusted Financial Advisors.

In line with the importance that Banca Generali attaches to the recruitment of young Financial Advisors and to their professional growth, the **BG New Generation** training course aimed at young, newly recruited Financial Advisors continued, conveying the most important dynamics for managing a commercial negotiation and learn more about Banca Generali's main 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 further strengthen relational and negotiation skills for effective management of the trusted relationship with Clients.

Always focused on the Financial Advisor's role and added value, and in line with the work carried out last year, the path dedicated to **The Role of the Financial Advisor in the current context** continued. This aims to help all professionals become more aware of their role in the currently uncertain scenario of uncertainty and continuous change and train them in managing the trusted relationship with the Client. This course offers a fundamental opportunity for discussion with other Financial Advisors and reflection on the different approaches to the current context.
In addition, following the feedback received from the participants in the first edition, a second **follow-up** session was introduced, to delve into useful approaches and techniques for understanding the different communication and behavioural styles, so as to increasingly refine the relationship with the Client.

As in every year, also in light of the increasingly complex context, work continued on strengthening the managerial team of Area Managers, Deputy and District Managers and, for some areas, of Executive Managers, with tailor-made **team coaching** courses. The sessions help strengthen the role of coach in managing the important challenges posed by the context and supports participants in ensuring the development and professional growth of their teams.

With the aim of enhancing new competencies and operational tools for Commercial Planning and Recruitment, the training events of the **D-Training DAYS** dedicated to the managerial structure's Deputy and District Managers resumed, with two classroom days and an online webinar, personalised based on the Role.
This pathway has provided a common method for best managing Recruitment and Commercial Planning, useful for training an Agile Leadership and improving leadership and coaching to support the team in achieving objectives.

## Commercial training

In the first half of 2023, Commercial Training also focused on various training projects that involved the Network both on an in-person and an online basis.

As part of the innovative **My Academy** project, training sessions were provided from the end of March to mid-July relating to the course's four technical modules, designed to enhance Financial Advisors' technical skills in the areas of wealth planning, macroeconomic analysis, products and strategies, and non-financial services.
Between mid-April and mid-May, training sessions were held dedicated to **BG Private Markets**, a training course that involved all local areas and covered 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 the Bank's commercial partner BGFML for a focus on products.
From March to May, a series of classroom sessions were also delivered relating to the **Added Value of Advanced Advisory** course, in which the main technical aspects and advanced services of BG Personal Advisory were analysed. The composition of the classrooms, unlike previous sessions, saw participants belonging to different local areas, thus allowing a constructive comparison between relatively different advisory situations. The course saw the participation of managers from those the structures involved in advanced advisory services.

Great attention continued to be paid to Network training in the field of sustainable investments, which, again this year, focused on two targeted initiatives.
In collaboration with the Politecnico di Milano, the training course was held in the first half of the year in preparation for obtaining EFPA ESG Advisor Certification. Among the numerous applications, about 50 Financial Advisors were selected and participated in the training sessions via webinar once a week from March to June, for a total 24 hours of training. At the end of the training, the Financial Advisors were able to access the EFPA exam.
In addition, in line with the previous year, some "**Parlare Bene della Sostenibilità**" training sessions were provided in May and June with a focus on sustainability topics and developed in collaboration with Mainstreet Partners. They involved Financial Advisors selected by the local areas to consolidate ESG knowledge and skills.

A number of training sessions were also run between January and June, 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.
In addition, a number of webinars dedicated to key topics or new products and solutions were delivered during the first half of the year, in collaboration with the Product Department.

### Institutional training

In conjunction with the annual IVASS update, **the refresher course on skills and knowledge for MiFID II purposes** was defined as per the Intermediaries Regulation issued at the beginning of 2018, emphasising the increasing importance of the ESG context and the role of the Financial Advisor in informing and supporting the interest of customers in sustainable and responsible investments.

The first half of 2023 saw the continuation of the training path on the main **risks of money laundering and financing of terrorism and the related prevention measures** implemented by Banca Generali, through short training videos recorded with lawyer Federico Canzi in collaboration with the AML Service. This remote learning course is also part of this year's IVASS and MiFID annual professional refresher, intended for the entire Sales Network.

The first half of the year also saw the continuation of the training activities aimed at the Financial Advisors who joined Banca Generali during the previous year. The **Welcome Program** aims to bring together and inform participants about all the Bank's most strategic areas. The Teachers on the two-day training session are all the Heads of the offices that operate in the field of Banca Generali's products, services and operations: this is an important opportunity for swift, in-depth learning of all that Financial Advisors need to know to best serve their Clients.

The BGLAb training refresher, which is dedicated to **newly recruited** Financial Advisors and offers an online self-training tool, continued also in the reporting period. The main topic covered were: Anti Money Laundering regulations, MiFID II, Data Protection, Legislative Decree No. 231/2001, Banking Transparency, Qualified Intermediary and Market Abuse.

### Tool supporting the Network of Financial Advisors: BGLAb

The gradual implementation of new features improved the use of the BGLAb training platform.
To support the **My Academy** project, a new personalised interface has been created within the portal's home page, where all Financial Advisors can view their positioning and progress throughout this long-term training pathway in real time, with an indication of which course they will have to take in the calendar year and the courses to be taken subsequently, based on the results of the Training Orientation Questionnaire.
The section **ESG Home** was enhanced, focussing entirely to the world of sustainability, within which, with a few simple steps, the Financial Advisor can view all the ESG training courses held both in the classroom and online and access a wide range of content, already pre-selected and kept up to date over time and addressing the main topics related to sustainability and the United Nations 17 SDGs.

# 9. Products and marketing

## 9.1 Asset management

In the first half of 2023, Banca Generali continued the process of innovating and seeking asset management solutions suited to meeting its clients' needs sustainably.

In order to provide solutions to liquidity management and investment needs, the Bank focused on the development of the BG Collection Investments range, which was expanded in the first half of 2023 with the launch of three new target date sub-funds:
- BG Collection Investments UBS Bond Europe 2026, a fund invested in individual investment-grade corporate bonds with a buy-and-hold approach and characterised by a broad diversification of issuers;
- BG Collection Investments Smart Target, which aims to preserve capital over a 10-year time horizon by actively participating in the performance of global markets with a smart progressive investment implemented tactically by the manager in order to optimise market timing both in the bond and equity components;
- BG Collection Investments Muzinich Target Date 2027, a bond fund that invests in debt securities with a buy-and-hold investment approach, characterised by a high diversification of issuers.

During the second half of the year, a further expansion of the BG Collection Investments range is planned, with the placement of other target date sub-funds.

The current multi-asset range consists of 10 actively managed sub-funds, each of which has a different management style, a portfolio highly diversified in terms of geographies and sectors, a distinct risk/return profile and a different equity exposure.

**At 30 June 2023, BG Collection Investments** had 19 sub-funds, of which 9 managed by BG Fund Management Luxembourg and 10 under mandate entrusted to leading international investment firms.

In addition, during the first half of 2023, activities were launched for redefining the current Lux IM range, which will be available as of the second half of the year.

**At 30 June 2023**, **Lux IM had 92 sub-funds**, of which 22 managed by BG Fund Management Luxembourg and 70 under mandate entrusted to leading international investment firms.

### Open architecture

In line with the aim of constantly improving its level of service, in 2022 the Bank had started a review of the funds offered within the open architecture model.

Sustainability and the search for new trends had been the main guiding elements of the strategy for revising the catalogue, leading to the inclusion of ESG and thematic funds focusing on new generation trends and high-potential markets.

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 so as to focus on fewer players viewed as more significant to the Bank for the purposes of its future development goals.

**Overall, at 30 June 2023 Banca Generali's retail offer included over 5,000 UCITS available for active placement**, managed by approximately 40 managing companies.

## 9.2 Portfolio management

Overall, Banca Generali offers a full portfolio of actively distributed discretionary mandates, composed of BG Solution (43 management lines), BG Solution Top Client (52 management lines) and BG Next (1 management line), which cover a wide range of investment strategies, with a strong emphasis on customisation — a need typical of high-net-worth customers and in line with the current economic scenario.

During 2023 the process of expanding the range of BG Solution and BG Solution Top Client portfolio management mandates continued, and the Smart Target IV, V, VI investment lines were made available for subscription: these are new editions of the investment solution that combines the objective of 10-year capital protection through investment in zero-coupon 10-year Italian bonds with the opportunities offered by market appreciation with a gradual Investment in equity markets (30% target).

In addition, as part of the BG Solution, BG Solution Special and BG Solution Top Client hybrid investment solutions, it was announced that the initiative to reduce the minimum thresholds per mandate/minimums by line to increase customer investment opportunities will continue until 30 September 2023.

## 9.3 Alternative products – BG Private Markets

With effect from 30 September 2022, BG Alternative Sicav, an investment company incorporated under Luxembourg law with a focus on illiquid asset classes, was rebranded and changed its name to **BG Private Markets Sicav-SIF**. Starting from 23 January 2023, 3 funds were made available for active placement in partnership with the Generali Group and third-party asset managers that are internationally recognised and characterised by a long track record.

With regard to private equity, it was decided to leverage the expertise of Generali Investment Partners with the advisor Lion River, introducing **Generali Private Equity Fund I**. This fund offers Banca Generali's clients the opportunity to co-invest with the Group, benefiting from annual liquidity windows after a 6-year lock-in period.
The private debt product was instead developed in partnership with Carlyle, hence the name **Carlyle Private Debt Fund**. Carlyle is currently one of the world's largest private market managers. The fund offers access to the US direct lending and global opportunistic credit market.

With regard to real estate, the partnership with Generali Real Estate (GRE) was strengthened through the introduction of the **Generali Real Estate Flagship Fund**. This fund invests in the European real-estate segment and has access to one of the best property portfolios built over the years by the Generali Group and that had so far been accessible only to insurance companies. The sub-fund offers exposure for about 80% to a Generali core fund (so-called GEIH, which can still be subscribed by the Bank's clients with a minimum investment ticket size set at 10 million euros) and for about 20% to a core plus fund managed by GRE.

All products belonging to the BG Private Markets Sicav-SIF can be subscribed by professional and retail clients (qualified as well-informed investors under Luxembourg laws) with a minimum investment ticket size set at 125 thousand euros. Subscription windows are time-limited for this type of product. A first closing is expected on 31 July 2023 with another 2 closings of 3 months each (with final closing to subscriptions set at around 31 January 2024).

## 9.4 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 BG Custody 2023 traditional life insurance product was launched, with minimum retained 0.40% for the first three revaluations and of 1.20% for the subsequent revaluations — or even smaller for investments of highly significant amounts.
With reference to hybrid products, BG Stile Libero 40 Plus — the policy that allows up to 40% of the amount subscribed to be allocated to the segregated portfolio, while also taking advantage of the flexibility of investing between sub-funds of Lux IM, BG Collection and third-party companies for the financial component — saw the elimination of the minimum retained premium on the segregated component, both in the basic and in the private versions, and a reduction in the cost of the united-link component for the first two years. With reference to 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 cost of the segregated component was reduced for the first two years.

Turning to offerings for HNWI and UHNWI customers, in the first half of 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. In May 2023, the policy was further enhanced through the introduction of 2 new internal funds managed by Banca Generali in addition to the existing 19, alongside the Segregated account schemes, External Funds and the Internal Collective Fund that invests in private markets.

The post-sale management service for existing policies continued in partnership with the major private insurance broker Firstance (formerly First Advisor). In February 2023, the service was enhanced thanks to the inclusion of additional products, thus expanding the possibilities for clients to transfer policies previously subscribed and boosting Banca Generali's net inflows.

The reporting period also saw the continuation of the placement of the recurring-premium policy BG Insieme - Progetti di Vita, whose main 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.

## 9.5 Assets under administration and custody

In the first half of 2023, the process of distributing open architecture certificates continued, with a service model that offers clients a range of products diversified based on the needs of Banca Generali customers, with the aim of offering attractive returns and/or with indexation to the markets without losing the partial or total protection of the capital at maturity.

In the current market environment, the bonds offer continued, alongside the certificates, with the aim of offering Banca Generali customers products that provide capital protection at maturity and a periodic return based on the different payoff structures.

With regard to the placement of government bonds, in March 2023 Banca Generali participated in the placement of the 19th edition of BTP Italia, which provided for a coupon flow linked to inflation and with provision for a loyalty bonus for clients who hold the security up to the 5-year maturity. In addition, in June 2023 Banca Generali participated in the placement of the first issue of BTP Valore dedicated exclusively to retail customers, and which provides for a step-up fixed coupon flow.

## 9.6 Banking products

In the first half of 2023, in order to ensure the high innovation standard for which all Banca Generali products have always been recognised, initiatives were launched to meet private-banking customers' new needs. Specifically, the main solutions concerned:

***Nexi Debit Business Card***

The debit card range has been enriched through the inclusion of the Nexi Debit Business card, dedicated to customers who carry out a professional and/or entrepreneurial activity and who wish to have a virtualisable payment instrument, enabled for the use of mobile payments (with smartphones or smartwatches).
The card provides insurance coverage with higher limits of liability than those offered by the Nexi Debit card dedicated to retail customers. Through HB, BG App and Nexi Pay App, clients can access various useful features, such as PIN display, temporary inhibition of card use in certain geographical areas or for certain product categories, reduction of credit limits, customisation of spending limits.

***Nexi Debit Card***

The project to replace Banca Generali debit cards with those issued by Nexi continued, aimed at replacing the entire BG co-badge debit card stock (Bancomat/Pagobancomat and Cirrus/Maestro circuits) with the new Nexi Debit cards.

*Other initiatives*
During the first half of 2023, to support net inflows, repurchase agreements were issued that can be subscribed exclusively through new investments by customers. In addition, in April, a repurchase agreement was issued to generate additional net inflows, with particularly advantageous conditions, reserved for customers who at the same time had subscribed to asset management or insurance solutions.
The promotional activity aimed at exempting stamp duty on securities deposits for all customers who transfer securities to Banca Generali was also renewed for the first half of 2023 (the initiative applies both to new transfers and to assets already included in portfolios).

## 9.7 Communications and external relations

**The sustainability path**, undertaken by Banca Generali with great determination and through actions with a significant business impact, is also **implemented in concrete terms in the communication approach**, oriented towards **transparency** and **ease of access** — an **expression of the Company's mission and vision, as well as of the Bank's values**.

**This approach guided communication in all its areas** in the first half of 2023, from relations with the media and clients to dialogue with employees and the network of Financial Advisors.

### External communications

In detail, in the field of **media relations**, the first six months of 2023 proved to be rich in activities both on a corporate and commercial level.

Starting with the announcement of the **quarterly results at 31 March**, which saw total assets reach a new all-time high, up to the **monthly updates on net inflows**, with May recognised as the best month in the Bank's history.

From a transparency standpoint, the contents conveyed over the six months were supported by the **broad availability of Top Managers** to comment on matters both relating to the Company and, more generally, to the complexities of the period concerned. The same approach was also confirmed in all other important half-year events, such as the press conference for the launch of the new edition of **"UCPA - Un Campione per Amico"** (A Champion for a Friend) and the Bologna event that saw CEO **Gian Maria Mossa** meet over **one hundred young people interested in understanding the financial advisory profession**, talking about the industry's challenges. In addition, numerous branches and operating sites were opened, including in Cuneo, Catania and L'Aquila, with the related events reported on the pages of the main local newspapers.

More generally, in the six-month period the Bank issued **20 press releases**, published in both Italian and English, to keep its stakeholders constantly informed on business results and developments.

Banca Generali also pursued its commitment to bringing more and more people closer to the major **investment-related** topics in digital terms, by facilitating understanding and access.

The **"Protezione & Risparmio**" (Protection and Savings) section of the www.bancagenerali.com website, an education-oriented blog on the main trends characterising (and changing) the economic and financial world, while offering in-depth analysis tools, was updated with **30 new contributions and insights**.
The initiative's success is due both to the constant publication of current issues and to the wide dissemination on social channels, also made possible through the direct involvement of the Bank's employees and Financial Advisors. The topics receiving the greatest attention on the "Protezione & Risparmio" blog were: the Silicon Valley banks' crisis with its social and economic implications which has not, however, impacted the solidity of European banks; inflation; the monetary policy of central banks currently characterised by the increase in rates; the risks of recession and the opportunities offered by the professional advisory service. Banca Generali undertook to explain clearly and accurately these issues, which filled the daily news.

The commitment to promoting a more **sustainable** approach in every area of society has been confirmed in the major **BG4SDGs – Time to Change** project. In fact, since the beginning of the year, together with photographer **Stefano Guindani**, Banca Generali has presented **7 new Sustainable Development Goals**, broadening the dialogue on some of the most important objectives of the UN 2030 Agenda. These include, for example, the issue of the **scarcity of resources** — **from water to energy** — **and how to preserve and valuing them**, in addition to the topic of **quality education,**

**which is not yet within everyone's reach**. Banca Generali's constant commitment to sustainability was recognised in the main industry rankings. At the same time, the digital talks continued and were subsequently disseminated through the official accounts on Facebook, Instagram, LinkedIn and YouTube, with **interviews with experts in the various fields such as scientific and social areas**.

In addition, **EduFin 3.0** with interviews dedicated to **financial education** saw the participation of the Bank's top managers together with other exceptional guests involved by the project partners to discuss issues that are always in the public debate, but with the aim of **addressing the new generations through use of the main social platforms**.

### Communication to Financial Advisors, Clients and Employees

Communication involving Financial Advisors started in January with the **Kick Offs**: Top Managers met all the Financial Advisors and covered the 2022 crucial topics and the Bank's important results achieved in a context of extreme uncertainty and volatility, outlining the **new developments for 2023**, designed to create customer value through a careful policy based on **a focus on the local area** and **active fund and asset management, with a particular focus on the bond component**.

It was precisely to reiterate the support to the Financial Advisors' activity and to examine the investment opportunities available that, at the end of February, a **Roadshow dedicated to BG Collection and insurance investment solutions**, was organised in the cities of **Turin, Milan, Padua, Bologna, Naples and Rome**, ending with the last event in **Pesaro** on Thursday 9 March.

Numerous training webinars were held during the half-year to share new product developments and strategy, so as to offer a valuable account of market trends and thus consolidating the trusted **relationship between Customers and Financial Advisors**.

The new developments relating to **BG Collection** and the **insurance products** were supported by dedicated communication plans, with the aim of offering **effective, simple and immediate tools to explain each solution and place it clearly in the context of customer needs**. To ensure **ongoing support to customers** who have subscribed to **BG Oltre and BG Collection**, **quarterly video reports** were implemented on BG Collection's individual actively managed multi-asset strategies and BG Oltre's People, Planet and Digital Transformation internal funds, with a focus on dynamic risk management and portfolio performance.

In terms of **internal communication activities**, the goal was to consolidate internal engagement and the sense of belonging to the Banca Generali team in the constantly evolving new normal context, in which physical office presence and the potential offered by the digital world continue to coexist and set new challenges and opportunities.

All the improvement actions that emerged from the results of the Generali Global Engagement Survey, conceived by employees during the **BG Challenge** held in 2022, were implemented. Alongside Welcome to BG, the project that aims to facilitate the induction of new hires, **BG Maps** and **BG Collector** were launched in early 2023.
BG Maps is a **digital and interactive organisation chart**, **useful for promoting** transversal visibility among colleagues and optimising interaction times in the Bank.
BG Collector, on the other hand, aims to **improve efficiency through active participation**. **In fact, the project revolves around an "ideas box" that allows anyone to propose ideas for improving efficiency.**

Regarding HQ employees, at the beginning of the year the **Employee Meetings** were an opportunity to meet Top Managers, take stock of the 2022-2024 Strategic Plan's development and outline the priorities for the year. The **BG People Strategy** was also analysed during these meetings, as a fundamental lever to support the Strategic Plan.

Particular attention was also given to **innovation-related topics**. With this in mind, the **Digital Minds** activities continued, with the aim of spreading the culture of innovation among employees through training and communication and engagement initiatives.

Linked to the theme of innovation, there was a major focus on **cybersecurity**, which translated into a series of communications, tips and videos to inform, train and raise awareness among employees on issues related to IT security.

In general, all the internal communication activities were closely tied to and supported the numerous training initiatives promoted in collaboration with the **HR Department** and the **Business**

**Unit**, aiming to maximise engagement and the spread of the strategic messages. Internal communication also amplified the communication initiatives promoted by the Generali Group and the Business Unit.

Following the tragic events relating to the **flood in the Emilia-Romagna region**, a **fundraising campaign** was launched that involved and received a great response from the Bank's employees and Financial Advisors.

### Events

In addition to the Kick Offs at the beginning of the year and the Roadshow dedicated to the Financial Advisor network, as well as the Employee Meetings for HQ colleagues, in February the **D-Meeting** dedicated to the first and second line network managers took place: it offered an important opportunity for getting together to share the focus on commercial strategies and business issues.
The meeting saw the involvement of a number of partner asset management firms to analyse in detail the market situation and discuss business and topical issues.

Always close to the world of culture, Banca Generali was the main sponsor for the fifth year running of **Milan ArtWeek 2023**, the week dedicated to art thanks to which it was also possible to see, at the headquarters in Piazza Sant'Alessandro, the **new works by Alessandro Pessoli and Patrizio Di Massimo**, part of the BG collection thanks to the **BG ArTalent** project.
For the occasion, the Bank also offered free admission to **Museo del Novecento**, with a total turnout of **over 2,200 visitors**. The Museum premises also accommodated a **roundtable on the Value of Art**, which saw **more than one hundred participants**.

One of the various nationwide commercial initiatives that deserves mention is "**Banca Generali – Un Campione per Amico**" (A Champion for a Friend), the largest event in Italy dedicated to **sports education**. The nationwide stages alongside the four legends of Italian sport (Adriano Panatta, Andrea Lucchetta, Ciccio Graziani and Martin Castrogiovanni) were accompanied by the financial education project **"Un Salvadanaio per Amico"** (A Moneybox for a Friend) that Banca Generali manages in collaboration with the Italian Banking Association Foundation for Financial Education – FEduF and involved the primary schools of all the cities visited by the event. In addition, many other schools joined the initiative by offering lessons to first and second year primary classes to develop together the aspects concerning sustainability and financial education.

The resumption of face-to-face events made it possible to organising again **meetings at a local level** both as regards **art**, with participation in **exclusive performances and exhibitions** accompanied by **ad-hoc evenings**, and as regards the organisation of **conferences of various kinds**, particularly focusing on economics and current affairs.
The commitment to **sports** was firmly reiterated through to the participation in various events, including important golf tournaments associated with prestigious brands such as Jaguar and Land Rover.

# 10. Auditing

Banca Generali's Internal Audit Department, a third-tier control function, carries out independent, objective assurance and advisory activity aimed at improving the organisation's efficacy and efficiency and implementing control measures aimed at mitigating company risks. The Department also promotes an effective governance process in view to the Bank's long-term stability and sustainability.
Internal Audit periodically assesses the overall Internal Control System and ICT system in terms of completeness, adequacy, functionality and reliability, by performing checks and on-site audits of the proper conduct of operations and the evolution of risks; it is also responsible for supporting company bodies, 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 and corporate governance system.

Audit work is performed in accordance with the methodologies and internal and external standards, including:
- the Bank of Italy's supervisory provisions;
- 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 SREP and "Guidelines on common procedures and methodologies for the supervisory review and evaluation process", EBA, 19 December 2014;
- CoSo Report, ERM (Enterprise Risk Management) model and CobiT-Pam methodology.

During the period, Internal Audit's attention was focused on assurance activity involving various topics, such as the ICAAP and ILAAP reports, the Banking Group's remuneration and incentivisation policies, Critical and Important Functions and the control measures to prevent internal and external fraud. The measures implemented in administrative and accounting processes and the IT applications dedicated to such processes were tested for efficacy.
Among internal audit activity, mention should also be made of audits regarding data protection issues and branches aimed at ensuring proper operational conduct by employees.

Audit activities also focused on verifying the internal control environment of CSE's IT systems, IT security audits and the analysis of the cybersecurity incident management.

Auditing activities regarding subsidiaries were also carried out during the half-year, in accordance with the internal audit plan, prepared based on an audit-priority approach relating to mandatory and risk-based processes.
Engagement between Internal Audit and second-tier functions continued with the aim of ensuring a constant analysis of known and emerging risks. The improvement paths identified as a result of previous audits were monitored (follow-up activity). In the half-year period, the project to harmonise the management of the Control Functions remedial plans was implemented. The project allows integrated reporting to the Board and Managers regarding all the current remedial plans for all the Internal Control Functions.

# 11. Organisation and ICT

In line with the previous year, a Project Plan was defined for 2023 to implement the strategic guidelines defined by the Bank within the 2022-2024 Strategic Plan. In particular, the projects focused on the Bank's evolution in accordance with the three pillars of the Strategic Plan: Value of Service, Innovation and Sustainability.
The main initiatives undertaken in the first half of the year are discussed below.

### *BG Suisse*

In line with the project launched in 2021, the activities implemented in the first half of the year concerned the start-up of operations of the new Swiss entity, BG Suisse, established in October 2021, with the aim of obtaining the banking license from the Swiss regulatory bodies in 2023.

The main ongoing activities are as follows:

- discussions with FINMA to handle requests for clarification/amendment of the application submitted in January 2022;
- consolidation of the core service range and the related operating model;
- further recruitment of personnel;
- definition of the activation plan with the IT vendor based on the date the license is obtained;
- bottom-up update of the Business Plan.

### *Booking Center Integration*

The activities carried out in the first half of the year focused on completing the IT developments for the new project called "BG Solution International". This project aims at creating a new service that offers Banca Generali's discretionary mandates with the deposit of customer assets with BG Suisse, once the latter obtains the banking license and the Freedom to Provide Service from the Swiss and Italian regulatory bodies.
The second half of the year will see the start of the test phase and the definition of the operational support processes.

### *ESG*

Banca Generali's ESG path continued in 2023, with the decision to measure and report at an entity level the indicators relating to Principal Adverse Impacts (PAIs).

The PAI Statement, a statement to be published by 30 June each year in a dedicated section of the website entitled "Statement on principal adverse impacts on sustainability", contains the following information:

- information about policies on the identification and prioritisation of principal adverse sustainability impacts and indicators;
- a description of the principal adverse sustainability impacts and of any actions in relation thereto taken or, where relevant, planned;
- brief summaries of engagement policies;
- a reference to adherence to responsible business conduct codes and internationally recognised standards.

### *Financial advisor's desk*

With the aim of developing a new platform that will become the single access point for all the digital features offered by the Bank to its Financial Advisors, the Financial Advisor's Desk Programme is designed to group a series of initiatives under a single project framework. In particular, the two areas launched as a priority were:

- Home Page: a new single entry point for the Network that collects the tools most used by Financial Advisors and the most useful features for their daily operations;
- Operational dashboard: a new dashboard available to Financial Advisors for the simplified execution of operational processes through guided paths.

### *Digital Data Risk*

This project was launched with the aim of providing the Bank with advanced risk analytics monitoring, reporting and calculation tools, in particular for monitoring interest rate and liquidity risk (AML) and credit risk of the proprietary portfolio and for managing prospective simulations of the financial statements.
At the same time, work started on defining a new model for managing demand items, more consistent with Banca Generali's specific characteristics.

The provider Prometeia was therefore identified as the counterparty for integrating into the Bank's IT architecture advanced tools aimed at pursuing the objectives described.

### *DORA*

Given the growing importance of information and communication technologies (ICT) in the provision of financial services by financial entities, European and Italian legislators have placed the issues of Governance and ICT & Cyber Risk Management at the centre of their regulatory body.
The DORA (Digital Operational Resilience Act) Regulation aims to define a detailed and complete framework of rules for the identification and management of ICT risks, encouraging the application of strategies, procedures and tools in the field of digital operational resilience.
In this context, Banca Generali carried out a multi-compliance assessment in order to evaluate the Bank's compliance with the DORA Regulation and define a Strategic Roadmap of interventions to adapt to the relevant regulatory provisions of the Regulation.

### *EVOLUTIVE OPM*

In the fourth quarter of 2022, a feasibility study had been carried out to estimate the interventions necessary to improve the operations of managers within the OPM platform.
37 priority features had been identified with the aim of increasing the platform's efficiency and simplifying operations for Banca Generali's Asset Managers.
During the first half of the year, activities focused on completing functional analyses with the CSE Consortium with the aim of starting user tests in the second half of 2023.

### *AML and AV Measures*

Within the framework of anti-money laundering and due diligence compliance, mention should be made of the continuation and launch of the working groups and analyses, which reached the following phases:

- activation of the new Faraday procedure for transaction monitoring (Q1 2023). Fine-tuning is underway;
- in progress, according to the plan communicated to the Bank of Italy following the 2022 inspection, the implementation of oversight and monitoring measures in line with the renewal of the Adequate Verification questionnaires and activation of the AML "traffic light logic" to be applied to the credit approval process;
- the current replacement of the Gianos 3D system with the new Netech suite;
- launch of the project and the interventions requested by GAFC of Assicurazioni Generali for alignment with the GIRS Guidelines and the outcome of the Quality Assurance activity carried out by the Parent Company in Q4 2022.

### *EBA LOM*

On 20 June 2019, the European Banking Authority (EBA) launched a public consultation on "Draft Guidelines on Loan Origination and Monitoring".
In this context, Banca Generali launched an ad-hoc project, which led to the completion, in July 2022, of the measures to align its framework with the requirements of the guidelines through solutions that are not yet fully integrated into the systems. In 2023 and 2024, with the help of IT outsourcers, Banca Generali will implement solutions more integrated into its core systems, in order to reduce any operational risks and improve operational efficiency.

### *MiFID II*

In line with the previous year, the first half of 2023 saw the continuation of the measures undertaken to align with Consob's provisions included in the Technical Note appended to its communication of 4 June 2021.

Project activities were divided into the following key streams with the objectives of:

- introducing greater controls in terms of product governance, launching the remediation activities identified to verify compliance with a minimum level of diversification and dynamic disclosure, with evidence of the individual drivers involved in the sale in the grey TM;
- introducing non-self-assessment questions and bail-ins aimed at effectively deepening the level of knowledge and the implementation of an adequate and distinct enhancement of all the Profiling variables;
- strengthening adequacy assessments by activating the assessment on selling instructions, triggering an alert based on the portfolio diversification parameter and activating controls on concentration for each issuer or financial product;
- fine-tuning the developments of the dynamic suitability report, which, in the instruction phase of the transaction, provides the customer with timely feedback on the assessment carried out according to the profile and tool selected.

### *Data project*

The process of implementing the new data architecture was forged ahead, laying the foundation of the development path initiated by Banca Generali according to its data driven company approach. In this regard, the first data analytics projects were launched with a particular focus on the Clustering of Customers, Bankers and Customer Potential.
From the point of view of Data architecture, the enrichment of the information assets available on the new Cloud platform continued, fed by the Bank's internal and external flows.
The advanced reporting features also continued to be implemented on the areas defined as the greatest priority on the basis of the requests of the Bank's different structures.
In addition, the Bank also introduced specific professional figures, including Data Scientists, Data Engineers, Business Intelligence Specialists and Data Automation Specialists, in order to create a multidisciplinary team able to support the Bank's data-related activities.

### *Fast operations*

The project aims to improve the user experience of back office structures, adopting the Pegasystems platform for the management of operational processes.

The main measure undertaken concern the following areas:
- end-to-end digitalisation: evolution of inbound management and communication processes to Financial Advisors for end-to-end digitalisation (Electronic Bill/Anomaly Management);
- intelligent operations: new ways of working thanks to a data-driven management (Internal Dashboard/Task Assignment/Case Tracking).

The project provides for an ample time horizon with progressive releases expected in the 2023-2024 two-year period.

### *Network improvements*

With the aim of bringing the needs of the Commercial Network closer to the evolution-oriented software activities, regular focus groups were planned in 2023 as well in order to collect the main reports, identify resolution actions and plan remediation activities with the support of suppliers. Subsequently, the action plan and related releases necessary to meet all the needs identified are shared and communicated periodically to the Network management structures.

### *IT strategy*

In order to better support the Strategic Plan for the 2022-2024 three-year period, the Bank launched an IT strategy aimed at defining the evolution of the technological platform, its architecture and the organisational methods with which it is governed. This was implemented with the key objective of exploiting the potential of its technologies to improve operational efficiency, innovation and satisfaction of the various stakeholders and, in general, to support the achievement of the plan targets and market positioning.
Continuing the action already taken in previous years, in the first half of 2023 the Bank worked on two fronts. On the one hand, in technological and architectural terms, it continued with specific in-depth studies on the innovative technologies to be adopted and with the design of architectural solutions for their integration into the general IT system. On the other hand, the past few months were devoted to consolidate ad-hoc partnership agreements for the transformation programme envisaged by the strategy.

### *Security*

In order to improve Banca Generali's security posture, in the first half of 2023 the Security and BCP Service completed various activities with a focus on the Banking Group's governance and reinforcement of security measures.
To this end, the Service managed and monitored the implementation of the various initiatives as part of the global programme designed to reinforce all security control measures in place. With a view to strengthening the Banking Group, the Service increased its security-related supervision of subsidiaries (BGFML and BG Valuer).

The main initiatives related to:
- **Technological solutions:** as part of the Security Strategic Program, a series of technological solutions and security control measures, already implemented during the Cyber Security Transformation Program 2.0, were developed and strengthened. The new initiatives focused, in particular, on the following areas:
  - strengthening of threat detection, analysis and response capabilities (e.g., expanding the SIEM perimeter, implementing new threat intelligence and incident response solutions);
  - implementation of advanced measures to ensure the security of smart working (e.g., cloud proxy, MFA over VPN) and prevent threats and attacks based on credential compromise (identity protection);

- configuration of advanced security solutions for information classification (information classification enforcement);
- implementation of advanced security solutions for the protection of critical applications exposed on the Internet (WAF);
- advanced security solutions for the protection of mobile devices (decoupling, MDM);

› **Management of subsidiaries**: all subsidiaries were actively involved in the implementation of the measures and controls envisaged by the Security Strategic Program;

› **Risk and vulnerability management**: based on the Risk Management Framework, the 2023 Cyber Risk Assessment is underway with the aims of identifying any risks regarding Banca Generali's main critical applications. In the first half of 2023, vulnerability assessments were also carried out on Banca Generali's internal scope of application and on a selection of cloud applications used by the Bank. The results received, relating to the internal scope of application and to a cloud application, did not detect any vulnerability of significant severity;

› **Security awareness**: in the first half of 2023, Banca Generali carried out various security awareness activities with the aim of increasing the awareness of its employees. Banca Generali and its subsidiaries took part in several phishing campaigns, also in collaboration with the Insurance Group, and activated training courses (e.g., cloud security) and workshops on issues related to phishing, threats to mobile devices and data security aimed at the Banking Group's entire population. In addition, security tips were defined to help the Bank population protect themselves from phishing attacks;

› **Business Continuity Management**: in the first half of 2023, Banca Generali revised its Business Continuity Plan (BCP) in order to:
- update roles and responsibilities as required by the new Business Continuity and Disaster Recovery Policy and by Banca Generali's Internal Rules;
- update the Business Impact Analysis (BIA) in order to define Banca Generali's critical processes;
- update the Risk Impact Analysis (RIA) and unmanaged residual risks;
- permanently consolidate remote work in the corporate regulatory framework of the Business Continuity Plan;
- implement the updates that emerged from the activities referred to in the previous points in the Emergency and Crisis Plan, which identifies in detail the actions to be taken if a state of crisis is declared;
- integrate the BCM Strategy, the Emergency and Crisis Management Model and the Disaster Recovery Plan into the overall framework of the Business Continuity Plan;

› **Corporate and physical security**: in the first half of 2023, Banca Generali completed the implementation of the Guidelines for the management of corporate and physical security issues. More specifically, the Travel, Event and Physical Security Circulars were defined, pending publication. The completion of the implementation of services related to the following topics will be finalised during the second half of 2023.

# 12. Main risks and uncertainties

In the first six months of the year, the weakness of the world economy and international trade continued due to the persisting geopolitical tensions and high levels of inflation, which the Supervisory Authorities countered by continuing to support a restrictive monetary policy.

In addition, in the first quarter of the year, worsening conditions on the international financial markets generated a crisis of market confidence due to the lack of resilience on the part of the most exposed banks, culminating in the default of some banking intermediaries in the United States and Switzerland and a sudden increase in risk aversion and volatility.

This scenario increases the risk of uncertainties on the credit market: in fact, companies, already weakened by the last two years of the pandemic, have to cope with rising costs and supply chain bottlenecks. In addition, banks have to address interest rate risk and liquidity risk.

The uncertainty tied to the current context of reference requires constant monitoring of the main risk factors to which the Banking Group is exposed, as summarised below.

- The Bank's exposure to **credit** risk mainly arises from its investments in the money market (interbank deposits), financial instruments held in portfolios measured at amortised cost and financial assets at fair value through other comprehensive income, and loans to customers (both corporate and retail). Credit risk refers to 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 possibility that an unexpected change in a counterparty's creditworthiness may generate a corresponding unexpected change in the market value of the associated exposure.
  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 Function and 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.
- In continuity with the previous year, loans to customers are characterised by a low NPL percentage within the overall portfolio, particularly considering the provisions made and guarantees received. In line with the Group's business model, these guarantees are primarily collateral and secondarily personal (sureties).
- The **interest rate** risk exposure arises from changes in the value of assets and liabilities, the valuation of which is sensitive to changes in the term structure or volatility of interest rates.
  In light of its significant position in government securities (about 80% of the proprietary portfolio), the Bank is particularly sensitive to the spread/country risk, which is constantly monitored using sensitivity analyses.
- The Bank's exposure to **market** risk stems mainly from the trading by the Parent Company, Banca Generali, 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).
  In particular, securities measured at fair value and classified in the portfolios of Financial assets measured at fair value through profit or loss and Financial assets at fair value through other comprehensive income are exposed to market risk, as fluctuations in their prices impact the Group's Profit and Loss Account and net equity.
  Market risks are maintained within appropriate operating limits, which are monitored by the Risk Management Adequacy 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.
- The Bank's exposure to **operational** risks across the various legal entities in the Group is closely linked to the type and volume of activities, as well as the operating procedures adopted. 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 marketing structure adopted (chiefly Financial Advisors) and the direct involvement of all 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.
The Risk Management function carries out risk assessment and scoring activities and Loss Data Collection processes, monitors the action plans adopted to mitigate material risks, and defines and controls KRIs (Key Risk Indicators), instrumental to monitoring of the areas of highest risk.
Moreover, the 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.
The Bank is also paying attention to IT and security risks, through the continuous monitoring of its IT outsourcers, the launch of measures aimed at strengthening security safeguards and the development of an awareness programme.

› Exposure to the risk of **excessive leverage** is caused by a particularly high level of debt, with the resulting risk that any decreases in the value of an asset (e.g., impairment of securities) may result in the high erosion of capital.
The level of the leverage risk indicator (the ratio of net equity to assets) is periodically monitored by the Risk Management Function in order to ensure that the Bank's targets are met and the legal limits are observed.
› In relation to the **concentration risk**, resulting 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. In addition, the Bank guarantees *ex-ante* compliance with the regulatory limits regarding the level of exposure towards related parties and major risks.
› The Bank's exposure to **liquidity** risk derives from funding and lending transactions in the course of the Group's ordinary business, as well as from the presence of unlisted financial instruments in its owned portfolios. 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.
The Finance Department is responsible for 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. In addition, the Group maintains a portfolio of listed, highly liquid financial instruments in order to respond to potential crisis scenarios characterised by a sudden interruption of net inflows.
Liquidity risk is managed through appropriate short-term and structural (beyond one year) operating limits, monitored by the Risk Management Function, aimed at maintaining a level of risk deemed consistent with the strategies and risk appetite set by the Board of Directors.
The Group also implemented a Contingency Funding Plan aimed at anticipating and handling liquidity crises at both the systemic and idiosyncratic level.

In addition to the aforementioned risks, the Group also ensures monitoring of the following risks:

› **strategic risk**: the actual or prospective risk of a decrease in profits or capital arising from changes in the operating context or poor company decisions, the inadequate implementation of decisions, or insufficient reaction to changes in the competitive scenario.
In order to manage strategic risk, the Bank has formally defined a specific management policy and dedicate guidelines on the strategic planning process. 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;
› **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.
The 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 a specific policy and a dedicated management framework, in addition to specific codes of conduct and codes of ethics that govern the Group's

operations and its dealings with its main stakeholders. In addition, specific organisational structures exist inside the Bank to safeguard the corporate image, each one responsible for the areas within its remit (presentations to the financial community and investors, new product launch, complaints and dispute management, etc.).

The reputational risk management framework is integrated with sustainability risk considerations (with particular reference to climate risks).

# 13. Outlook for the second half of 2023

In second half of 2023, the macroeconomic scenario will continue to be characterised by the decisions of the central banks, still engaged in the fight against inflation with restrictive monetary policies that are gradually bringing inflation back to a downward phase in a context in which the growth of gross domestic product has proved to be higher than expected both in Europe and in the United States. However, there continue to be risks relating to energy prices, the stability of sovereign debt and ongoing geopolitical tensions, which could have a negative impact on expected scenarios.

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 potential impact dynamics persist:

- regulatory discontinuity (including the entry into force of the MiFID II Directive);
- the increasing relevance of technology as a factor for success in the business;
- the evolution of customers in terms of digital and financial literacy, as well as awareness of ESG matters.

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 the second half of 2023, the Banking Group will continue to focus its attention on increasing **the value of service bringing the Bank even closer to its Financial Advisor network and its clients** and reinforcing its commitment towards **sustainability** matters, while constantly ensuring greater dedication to developing **innovative** model solutions.

In line with the pillars of the new 2022-2024 Strategic Plan, the main measures to be taken in the second half of 2023 will continue to concern:

- 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;
- introducing **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;
- 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 of digital platforms to enhance customer experience, and building new partnerships in specific fields that allow the Bank to consolidate its position with respect to key industry trends;
- consolidating its position in terms of **sustainability**, becoming a point of reference on ESG themes for all stakeholders. In particular, the Bank will be mainly committed to enhancing its value proposition based on SDGs through ongoing expansion of its ESG offering and Financial Advisors' training, creating a work environment that promotes diversity and inclusion and work-life balance, actively contributing to climate protection and acting responsibly towards communities.

The **Plan's financial targets are fully confirmed at all levels**, despite the high financial market volatility and the macroeconomic context. In particular, with regard to the targets disclosed to the market for the 2022-2024 three-year period, the results reported at 30 June 2023, the halfway mark in the plan's term, confirmed data in line with the net inflows and DPS targets, whereas the profitability growth target, represented by the recurring net profit, exceeded by 47% the plan target calculated based on the time passed.

Trieste, 27 July 2023

The Board of Directors

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# 03

# CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

## AT 30 JUNE 2023

**BOARD OF DIRECTORS**
**27 JULY 2023**

# Consolidated Accounting Statements

## CONSOLIDATED BALANCE SHEET

### ASSETS

| (€ THOUSAND) | | 30.06.2023 | 31.12.2022 |
|---|---|---|---|
| 10. | Cash and deposits | 375,743 | 774,239 |
| 20. | Financial assets measured at fair value through profit or loss: | 507,179 | 507,346 |
| | a) HFT financial assets | 118 | 1,991 |
| | c) other financial assets mandatorily measured at fair value | 507,061 | 505,355 |
| 30. | Financial assets measured at fair value through other comprehensive income | 958,875 | 1,120,101 |
| 40. | Financial assets measured at amortised cost: | 12,709,598 | 13,731,153 |
| | a) loans to banks | 2,115,200 | 2,536,670 |
| | b) loans to customers | 10,594,398 | 11,194,483 |
| 50. | Hedging derivatives | 232,891 | 286,776 |
| 70. | Equity investments | 2,927 | 3,091 |
| 90. | Property and equipment | 154,412 | 154,865 |
| 100. | Intangible assets | 135,062 | 140,414 |
| | *of which:* | | |
| | - *goodwill* | *88,073* | *88,073* |
| 110. | Tax receivables: | 91,429 | 72,266 |
| | a) current | 23,528 | 1,498 |
| | b) prepaid | 67,901 | 70,768 |
| 130. | Other assets | 508,875 | 476,598 |
| | **Total assets** | **15,676,991** | **17,266,849** |

### LIABILITIES AND NET EQUITY

| (€ THOUSAND) | | 30.06.2023 | 31.12.2022 |
|---|---|---|---|
| 10. | Financial liabilities measured at amortised cost: | 13,783,954 | 15,503,979 |
| | a) due to banks | 526,633 | 544,531 |
| | b) due to customers | 13,257,321 | 14,959,448 |
| 20. | HFT financial liabilities | 118 | - |
| 40. | Hedging derivatives | 107,639 | 123,604 |
| 60. | Tax liabilities: | 33,618 | 44,577 |
| | a) current | 28,355 | 38,871 |
| | b) deferred | 5,263 | 5,706 |
| 80. | Other liabilities | 439,338 | 281,248 |
| 90. | Employee termination indemnities | 3,679 | 3,705 |
| 100. | Provisions for liabilities and contingencies: | 245,909 | 241,216 |
| | a) commitments and guarantees issued | 161 | 52 |
| | b) pensions and similar obligations | 1,559 | 1,365 |
| | c) other provisions | 244,189 | 239,799 |
| 120. | Valuation reserves | -6,445 | -9,972 |
| 140. | Equity instruments | 50,000 | 50,000 |
| 150. | Reserves | 746,862 | 724,536 |
| 160. | Share premium reserve | 52,784 | 53,767 |
| 170. | Share capital | 116,852 | 116,852 |
| 180. | Treasury shares (-) | -72,745 | -80,139 |
| 190. | Net equity attributable to minority interests (+/-) | 377 | 442 |
| 200. | Net profit (loss) for the period (+/-) | 175,051 | 213,034 |
| | **Total liabilities and net equity** | **15,676,991** | **17,266,849** |

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

## ITEMS

| (€ THOUSAND) | | 30.06.2023 | 30.06.2022 RESTATED |
|---|---|---|---|
| 10. | Interest income and similar revenues | 202,556 | 55,903 |
| 20. | Interest expense and similar charges | -51,102 | -4,059 |
| **30.** | **Net interest income** | **151,454** | **51,844** |
| 40. | Fee income | 486,346 | 494,158 |
| 50. | Fee expense | -248,204 | -238,177 |
| **60.** | **Net fees** | **238,142** | **255,981** |
| 70. | Dividends and similar income | 1,215 | 1,126 |
| 80. | Net income (loss) from trading activities | 1,187 | 1,367 |
| 90. | Net income (loss) from hedging | 418 | 2,078 |
| 100. | Gain (loss) on disposal or repurchase of: | 4,880 | 12,128 |
| | a) financial assets measured at amortised cost | 4,774 | 19,982 |
| | b) financial assets measured at fair value through other comprehensive income | 106 | -7,854 |
| 110. | Net income (loss) from financial assets and liabilities measured at fair value through profit and loss: | 2,116 | -1,041 |
| | b) other financial assets mandatorily measured at fair value | 2,116 | -1,041 |
| **120.** | **Net banking income** | **399,412** | **323,483** |
| 130. | Net adjustments/reversals due to credit risk relating to: | -560 | -4,857 |
| | a) financial assets measured at amortised cost | -790 | -4,339 |
| | b) financial assets measured at fair value through other comprehensive income | 230 | -518 |
| **150.** | **Net income (loss) from trading activities** | **398,852** | **318,626** |
| 190. | General and administrative expenses: | -160,709 | -157,192 |
| | a) staff expenses | -59,913 | -57,385 |
| | b) other general and administrative expenses | -100,796 | -99,807 |
| 200. | Net provisions for liabilities and contingencies: | -25,961 | -20,392 |
| | a) commitments and guarantees issued | -110 | -15 |
| | b) other net provisions | -25,851 | -20,377 |
| 210. | Net adjustments/reversals of property and equipment | -11,919 | -11,071 |
| 220. | Net adjustments/reversals of intangible assets | -7,301 | -6,546 |
| 230. | Other operating expenses/income | 46,808 | 49,023 |
| **240.** | **Operating expenses** | **-159,082** | **-146,178** |
| 250. | Gains (losses) from equity investments | -84 | -58 |
| 280. | Gains (losses) on disposal of investments | -11 | - |
| **290.** | **Net profit before income taxes** | **239,675** | **172,390** |
| 300. | Income taxes for the period on operating activities | -64,672 | -41,101 |
| **310.** | **Net profit after income taxes** | **175,003** | **131,289** |
| **330.** | **Net profit for the period** | **175,003** | **131,289** |
| 340. | Net profit (loss) for the period attributable to minority interests | -48 | -15 |
| **350.** | **Net profit (loss) for the period attributable to the Parent Company** | **175,051** | **131,304** |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## ITEMS

| (€ THOUSAND) | | 30.06.2023 | 30.06.2022 |
|---|---|---|---|
| **10.** | **Net profit for the period** | **175,003** | **131,289** |
| | **Other income net of income taxes, without transfer to Profit and Loss Account** | | |
| 20. | Equity securities designated at fair value through other comprehensive income | 52 | 457 |
| 70. | Defined benefit plans | -340 | 1,541 |
| | **Other income net of income taxes, with transfer to Profit and Loss Account** | | |
| 110. | Exchange differences | 256 | 286 |
| 140. | Financial assets (other than equity securities) measured at fair value through other comprehensive income | 3,542 | -12,837 |
| **170.** | **Total other income net of income taxes** | **3,510** | **-10,553** |
| **180.** | **Comprehensive income** | **178,513** | **120,736** |
| 190 | Consolidated comprehensive income attributable to minority interests | -66 | 169 |
| **200.** | **Consolidated comprehensive income attributable to the Parent Company** | **178,579** | **120,567** |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## ITEMS

| (€ THOUSAND) | SHARE CAPITAL | | | RESERVES | | | | | | | | | NET EQUITY ATTRIBUTABLE TO MINORITY INTERESTS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | A) ORDINARY SHARES | B) OTHER | SHARE PREMIUM RESERVE | A) RETAINED EARNINGS | B) OTHER | VALUATION RESERVES | EQUITY INSTRUMENTS | INTERIM DIVIDENDS | TREASURY SHARES | NET PROFIT (LOSS) FOR THE PERIOD | NET EQUITY | GROUP NET EQUITY | |
| **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: | - | - | - | 19,353 | - | - | - | - | - | -212,973 | -193,620 | -193,620 | - |
| - Reserves | - | - | - | 20,168 | - | - | - | - | - | -20,168 | - | - | - |
| - Dividends and other allocations | - | - | - | -815 | - | - | - | - | - | -192,805 | -193,620 | -193,620 | - |
| Change in reserves | - | - | - | -136 | 2 | -2 | - | - | - | - | -136 | -137 | 1 |
| Transactions on net equity: | - | - | -983 | 4,804 | -1,756 | - | - | - | 7,394 | - | 9,459 | 9,459 | - |
| - Issue of new shares | - | - | -983 | - | -6,411 | - | - | - | 7,394 | - | - | - | - |
| - Purchase of treasury shares | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - Interim dividends | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - Extraordinary dividends | - | - | - | 4,804 | - | - | - | - | - | - | 4,804 | 4,804 | - |
| - Change in equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - Derivatives on treasury shares | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - Stock options | - | - | - | - | 4,655 | - | - | - | - | - | 4,655 | 4,655 | - |
| - Change in ownership interests | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Comprehensive income | - | - | - | - | - | 3,510 | - | - | - | 175,003 | 178,513 | 178,579 | -66 |
| **Net equity at 30.06.2023** | **117,127** | **-** | **52,784** | **715,681** | **31,088** | **-6,202** | **50,000** | **-** | **-72,745** | **175,003** | **1,062,736** | **1,062,359** | **377** |
| **Group net equity** | **116,852** | **-** | **52,784** | **715,780** | **31,082** | **-6,445** | **50,000** | **-** | **-72,745** | **175,051** | **1,062,359** | - | - |
| **Net equity attributable to minority interests** | **275** | **-** | **-** | **-99** | **6** | **243** | **-** | **-** | **-** | **-48** | **377** | - | - |

| (€ THOUSAND) | SHARE CAPITAL | | | RESERVES | | | | | | | | | NET EQUITY ATTRIBUTABLE TO MINORITY INTERESTS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | A) ORDINARY SHARES | B) OTHER | SHARE PREMIUM RESERVE | A) RETAINED EARNINGS | B) OTHER | VALUATION RESERVES | EQUITY INSTRUMENTS | INTERIM DIVIDENDS | TREASURY SHARES | NET PROFIT (LOSS) FOR THE PERIOD | NET EQUITY | GROUP NET EQUITY | |
| **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: | - | - | - | 94,431 | - | - | - | - | - | -323,107 | -228,676 | -228,676 | - |
| - Reserves | - | - | - | 95,246 | - | - | - | - | - | -95,246 | - | - | - |
| - Dividends and other allocations | - | - | - | -815 | - | - | - | - | - | -227,861 | -228,676 | -228,676 | - |
| Change in reserves | - | - | - | - | -1,033 | - | - | - | - | - | -1,033 | -1,033 | - |
| Transactions on net equity: | - | - | -2,095 | 3,537 | -2,509 | - | - | - | 8,881 | - | 7,814 | 7,814 | - |
| - Issue of new shares | - | - | -2,095 | - | -6,786 | - | - | - | 8,881 | - | - | - | - |
| - Purchase of treasury shares | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - Interim dividends | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - Extraordinary dividends | - | - | - | 3,537 | - | - | - | - | - | - | 3,537 | 3,537 | - |
| - Change in equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - Derivatives on treasury shares | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - Stock options | - | - | - | - | 4,277 | - | - | - | - | - | 4,277 | 4,277 | - |
| - Change in ownership interests | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Comprehensive income | - | - | - | - | - | -10,554 | - | - | - | 131,289 | 120,735 | 120,566 | 169 |
| **Net equity at 30.06.2022** | **117,127** | **-** | **53,771** | **692,476** | **25,940** | **-9,955** | **50,000** | **-** | **-55,941** | **131,289** | **1,004,707** | **1,004,225** | **482** |
| **Group net equity** | **116,852** | **-** | **53,771** | **692,514** | **25,940** | **-10,215** | **50,000** | **-** | **-55,941** | **131,304** | **1,004,225** | - | - |
| **Net equity attributable to minority interests** | **275** | **-** | **-** | **-38** | **-** | **260** | **-** | **-** | **-** | **-15** | **482** | - | - |

# CONSOLIDATED CASH FLOW STATEMENT

## INDIRECT METHOD

| (€ THOUSAND) | 30.06.2023 | 30.06.2022 |
|---|---|---|
| **A. OPERATING ACTIVITIES** | | |
| **1. Operations** | **137,358** | **120,746** |
| Net profit (loss) for the period | 175,003 | 131,289 |
| Gain/loss on HFT financial assets and other assets and liabilities measured at fair value through profit or loss | -14,029 | 762 |
| Gain/loss on hedging assets | 8,583 | -26,121 |
| Net adjustments/reversals due to credit risk | 560 | 4,857 |
| Net adjustments/reversals of property, equipment and intangible assets | 19,220 | 17,617 |
| Net provisions for liabilities and contingencies and other costs/revenues | 12,026 | 5,460 |
| Taxes, duties and tax credits not paid | -38,813 | 17,905 |
| Adjustments/reversals of discontinued operations | - | -158 |
| Other adjustments | -25,192 | -30,864 |
| **2. Liquidity generated by/used for financial assets (+/-)** | **1,238,625** | **-1,750,041** |
| HFT financial assets | 2,006 | 4,557 |
| Financial assets designated at fair value | - | - |
| Other financial assets mandatorily measured at fair value | 12,306 | -15,698 |
| Financial assets measured at fair value through other comprehensive income | 164,589 | 391,719 |
| Financial assets measured at amortised cost: | 1,108,526 | -2,124,218 |
| *Loans to banks* | *450,945* | *-831,156* |
| *Loans to customers* | *657,581* | *-1,293,063* |
| Other assets | -48,803 | -6,402 |
| **3. Liquidity generated by/used for financial liabilities (+/-)** | **-1,566,226** | **1,632,484** |
| Financial liabilities measured at amortised cost: | -1,738,930 | 1,239,569 |
| *Due to banks* | *-18,049* | *28,419* |
| *Due to customers* | *-1,720,881* | *1,211,150* |
| *Securities issued* | - | - |
| HFT financial liabilities | - | -4,552 |
| Financial liabilities designated at fair value | - | - |
| Other liabilities | 172,704 | 397,467 |
| **Net liquidity generated by/used for operating activities** | **-190,243** | **3,189** |

| (€ THOUSAND) | 30.06.2023 | 30.06.2022 |
|---|---|---|
| **B. INVESTING ACTIVITIES** | | |
| **1. Liquidity generated by** | **80** | **-** |
| Disposal of equity investments | 80 | - |
| Dividends received | - | - |
| Disposal of property and equipment | - | - |
| Disposal of intangible assets | - | - |
| Disposal of subsidiaries and business units | - | - |
| **2. Liquidity used for** | **-2,502** | **-2,193** |
| Purchase of equity investments | - | -796 |
| Purchase of property and equipment | -553 | -377 |
| Purchase of intangible assets | -1,949 | -1,020 |
| Purchase of subsidiaries and business units | - | - |
| **Net liquidity generated by/used for investing activities** | **-2,422** | **-2,193** |
| **C. FUNDING ACTIVITIES** | | |
| Issue/purchase of treasury shares | - | - |
| Issue/purchase of equity instruments | - | - |
| Distribution of dividends and other | -205,831 | -202,079 |
| Disposal/Purchase of controlling interests | - | - |
| **Net liquidity generated by/used for funding activities** | **-205,831** | **-202,079** |
| **NET LIQUIDITY GENERATED/USED IN THE PERIOD** | **-398,496** | **-201,083** |
| **Reconciliation** | | |
| Cash and cash equivalents at period-start | **774,239** | **1,620,334** |
| Total liquidity generated/used in the period | -398,496 | -201,083 |
| Cash and cash equivalents – effects of exchange rate fluctuations | - | - |
| Cash and cash equivalents at period-end | **375,743** | **1,419,251** |

Legend
(+) Liquidity generated
(-) Liquidity used

# Notes and Comments

# PART A – ACCOUNTING POLICIES

## Part A.1 – General

The consolidated half-year financial statements have been drawn up in compliance with Article 154-*ter* of Legislative Decree No. 58/98, enacted by Legislative Decree No. 25 dated 15 February 2016.

In particular, paragraphs 2, 3 and 4 of the Article require that, within three months from the end of the first half of the financial year, listed companies having Italy as their member state of origin publish a half-year financial report including:

› the **Condensed Half-year Financial Statements** prepared in a consolidated form, if the listed company is required to prepare Consolidated Financial Statements in compliance with the international accounting standards;
› an **Interim Report on Operations**, including a description of important events occurred during the half-year period and their impact on the condensed half-year financial statements, the main risks and uncertainties for the remaining six months of the year and information on related parties;
› an **Attestation by the Manager in charge** of preparing the Company's financial reports as per paragraph 5 of Article 154-*bis*;
› a **Report by the independent auditing firm** on the Condensed Half-year Financial Statements, to be published within the same time limit.

### Section 1 – Declaration of compliance with International Accounting Standards

These consolidated condensed half-year 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 Condensed Half-year 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 |

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 such 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 Condensed Consolidated Half-Year Financial Statements are comprised of:

› a **Balance Sheet** as of the end of the interim period under review and a comparative balance sheet as of the end of the previous financial year;
› a **Profit and Loss Account** for the interim reporting period, with a comparative profit and loss account for the same interim period of the previous financial year;

- the **Other Comprehensive Income (OCI) statement**, which includes the profit and loss items for the period recognised directly in net equity, for the interim reporting period as compared to the same period of the previous year;
- a **Statement of Changes in Equity** for the period extending from the beginning of the financial year to the end of the half-year period under review, with a comparative statement for the same period of the previous year;
- a **Cash Flow Statement** for the period extending from the beginning of the financial year to the end of the half-year period under review, with a comparative statement for the same period of the previous year;
- **Notes and Comments** containing references to the accounting standards used and other notes explaining transactions carried out during the period.

The Consolidated Condensed Half-year Financial Statements are prepared by applying IAS 34 on interim disclosures, the general standards set out in IAS 1 and the specific accounting standards approved by the European Commission, as illustrated in Part 2 of these Notes and Comments, and in line with the general assumptions set out in the *Framework for the Preparation and Presentation of Financial Statements* drafted by the IASB. There were no derogations of the application of international accounting standards (IAS/IFRS).

In detail, IAS 34 on interim financial reporting states that, in the interest of time, the interim financial statements can contain a condensed version of the information provided in the annual report ("condensed financial statements") that provides an update to the latest complete annual report.

In application of this principle, the option to prepare the financial statements for the period in a condensed form has been therefore exercised instead of presenting the complete financial statements as those prepared for the year.

In compliance with the requirements of Article 5 of Legislative Decree No. 38/2005, the Condensed Consolidated Half-year Financial Statements were prepared in euros. The amounts included in the Financial Statements and the figures in the Notes and Comments are expressed in thousands of euro. Unless otherwise stated, the amounts reported in the interim Report on Operations are given in thousands of euro.

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 and the Notes and Comments have been prepared in accordance with Bank of Italy Circular No. 262/2005 and the seventh update published on 2 November 2021 and entered into force as of the financial statements for the year ended 31 December 2021[1].

Accounts that do not include items pertaining to the period under review or the previous period are not stated in the balance sheet and profit and loss account. In the consolidated profit and loss account, net profit attributable to minority interests is presented with a negative sign, whereas loss attributable to minority interests is presented with a positive sign.

The Notes and Comments include only the most significant sections and tables. Sections or tables which include no values are not included in the Notes and Comments.

The Statement of Other Comprehensive Income consists of items that present changes in the value of assets reported during the half-year through valuation reserves, net of the associated tax effect and distinguishing between any income attributable to the Parent Company and minority interests.

The amendment to IAS 1 – *Presentation of Items of Other Comprehensive Income* also requires the separate recognition in the Statement of the components and the relevant taxes that may or may not be reclassified to profit or loss.

As for the balance sheet and profit and loss account, items with nil amounts in both the reporting period and previous period are not presented.

The Consolidated Statement of Changes in 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 changes in total consolidated net equity, showing separately the final carrying amounts of the net equity attributable to the Group and minority interests and aggregate changes in those items.

[1] The eighth update to Circular No. 262 issued on 18 November 2022 governs the effects of the entry into force of IFRS 17 for banking conglomerates with equity investments in insurance companies, which will enter into effect for financial statements ending on or after 31 December 2023.

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 generated in the period are recognised without plus or minus signs, whereas cash flows used in the year are preceded by a minus sign.

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 that alter the company's capital and its 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 (adjustments, reversal values), 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 – Scope of consolidation and business combinations

### 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:

| | | | | SHAREHOLDING RELATIONSHIP | | % OF VOTES IN ORDINARY SHAREHOLDERS' MEETING |
|---|---|---|---|---|---|---|
| COMPANY NAME | REGISTERED OFFICE | OPERATING OFFICE | TYPE OF CONTROL | INVESTOR | % OF OWNERSHIP 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 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' Meeting).

In the first six months of 2023, the consolidation scope did not change.

The consolidated accounts include the separate accounts of the Parent Company and its subsidiaries at 30 June 2023, properly reclassified and adjusted where necessary to take account of 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.

### 2. Significant judgements and assumptions used in determining the scope of consolidation

#### *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 of more than half of the voting rights by virtue of an agreement with other investors;
  - the power to determine 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.

With regard to the assessments conducted in respect of the investment in the Forward Fund, a closed-ended, reserved alternative investment fund (AIF), subscribed during 2021 within the framework of a transaction to restructure a portfolio of senior securities arising from the securitisation of health receivables, in which Banca Generali holds an interest equal to 98% of assets, an analysis conducted by the Bank confirmed that the latter exercises no control on the Fund's activities. For further details, reference should be made to the information provided in "Part E – Information on Risks and the Risk Hedging Policies, Section 2 "Prudential consolidation risks", Subsection D "Transfers", paragraph C "Transferred financial assets fully derecognised" of the Annual Integrated Report at 31 December 2021.

### *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.

On 30 June 2023, this scope included 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 also including some of the former shareholders of the Nextam Group, which took place on 20 January 2022.

In March, the equity investment in IOCA Entertainment Ltd., a company under the UK law, in which Banca Generali acquired a 35% interest in 2015 was transferred.

### *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.

*Banca Generali - Saxo Bank A/S joint venture*
As at 30 June 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% stake on 31 October 2019 for 1,995 thousand euros, plus additional costs.

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 the 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, at the end of a long authorisation procedure, Banca Generali was allowed to acquire the aforementioned 19.9% stake from Saxo Bank A/S for 1,995 thousand euros, plus the additional costs associated with the transfer.

According to the assessment conducted, it is believed that BG Saxo SIM may qualify under IFRS 11 as a joint arrangement, and in particular as a joint venture. As a result, in accordance with paragraphs 24 and 26 of IFRS 11, Banca Generali will have to recognise its 19.90% equity investment in the company's share capital as follows:
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 as provided for by IFRS 9, or by applying the equity method as provided for by IAS 28.

## 3. Significant non-controlling interests in subsidiaries

As at 30 June 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.

### *3.1 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% | - |

## 4. Significant restrictions

At 30 June 2023, there were no significant restrictions of a legal, contractual or regulatory nature on the ability of the Parent Company to access the Group's assets or to use them to discharge the Group's liabilities, with the exception of Nextam Partners Ltd. in liquidation, for which access to residual cash deposits is subject to authorisation from the liquidators.

### 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. 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 income 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 profits or losses of the investee recorded after the acquisition date under item 220 "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 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 reporting date

The Consolidated Half-year Financial Statements were approved by the Board of Directors of Banca Generali on 27 July 2023 and its publication was authorised, pursuant to IAS 10, as of the same date.

No events occurred after 30 June 2023 and until the date of approval of the Consolidated Half-year Financial Statements that would make it necessary to adjust the results presented in the consolidated half-year report at that date.

## Section 5 – Other information

### 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 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 sales network as an annual incentive and of incentives related to recruitment plans;
- determining the deferred incentives granted to the sales 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[2].

### Measurement of goodwill

During the preparation of the 2022 Financial Statements, goodwill was tested for impairment and the carrying value was determined to be accurate.

For further information on this subject, reference should be made to the consolidated Financial Statements at 31 December 2022.

Upon preparation of the Half-year Report, it was checked whether any trigger events existed. The analyses conducted did not identify any such trigger events.

### Non-recurring significant events and transactions

During the first half of 2023, there were no non-recurring transactions or events outside the scope of ordinary operations that had a significant impact on the aggregate items of the balance sheet and profit and loss account.

In addition, no 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).

[2] 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 "Transferred financial assets fully derecognised" of the Annual Integrated Report at 31 December 2021.

### National Tax Consolidation option

In 2004, the Parent Company, Assicurazioni Generali, and some Italian companies belonging to the Assicurazioni Generali Group, including Banca Generali S.p.A., began participating in the National Tax Consolidation governed by Articles 117-129 of the 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 algebraic 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 the Assicurazioni Generali VAT Group

On 23 September 2019, as Representative of the Group's Italian subsidiaries, Assicurazioni Generali S.p.A. exercised the option to adopt the Group's VAT rules (set out in Articles 70-*bis et seqq.* of 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 Authority to the Group: 01333550323.

### Audit

The Consolidated Half-Year Financial Statements are subject to limited auditing by the firm KPMG S.p.A. in execution of the Resolution passed by the Shareholders' General Meeting on 22 April 2021.

# Part A.2 – Accounting Standards adopted by the Banca Generali Group

During the first half of 2023, the accounting policies adopted by the Group underwent no significant amendments and supplementations.

Accordingly, the accounting policies used for preparing the Consolidated Condensed Half-year Financial Statements at 30 June 2023, with particular reference to the classification, recognition, measurement and derecognition of assets and liabilities, as well as the methods used for recognising revenues and expenses, are the same as those adopted for the Annual Integrated Report at 31 December 2022, to which the reader is referred to for comprehensive details.

The accounting statements and the Notes and Comments presented herein must therefore be read together with the Accounting Standards listed in the Annual Report.

# Part A.3 – Information on fair value

IFRS 13 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 opening balances to the closing 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.

The criteria and procedures for determining fair value used to measure portfolios of financial assets and liabilities in these Consolidated Half-year Financial Statements are the same as those applied in the preparation of the Consolidated Financial Statements at 31 December 2022, as illustrated in Part A, Section 4, of the Notes and Comments to those Financial Statements.

### Fair value hierarchy

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 in active markets, as defined in IFRS 13, for identical instruments;
› **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.

Transfers between levels refer to the end of the accounting period of reference (half-yearly 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.3.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by fair-value levels

| | 30.06.2023 | | | | |
|---|---|---|---|---|---|
| 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 | 3 | 115 | - | - | 118 |
| b) financial assets designated at fair value | - | - | - | - | - |
| c) other financial assets mandatorily measured at fair value | 1,154 | 18,100 | 487,807 | - | 507,061 |
| 2. Financial assets measured at fair value through other comprehensive income | 930,743 | 3,349 | - | 24,783 | 958,875 |
| 3. Hedging derivatives | - | 232,891 | - | - | 232,891 |
| 4. Property and equipment | - | - | - | - | - |
| 5. Intangible assets | - | - | - | - | - |
| **Total** | **931,900** | **254,455** | **487,807** | **24,783** | **1,698,945** |
| 1. HFT financial liabilities | - | 118 | - | - | 118 |
| 2. Financial liabilities designated at fair value | - | - | - | - | - |
| 3. Hedging derivatives | - | 107,639 | - | - | 107,639 |
| **Total** | **-** | **107,757** | **-** | **-** | **107,757** |

| ASSETS/LIABILITIES MEASURED AT FAIR VALUE | 31.12.2022 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** |

## A.3.2 Year changes in assets measured at fair value on a recurring basis (Level 3)

| | 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 |
| **1. Amount at period-start** | **486,062** | **-** | **-** | **486,062** | **18,175** |
| **2. Increases** | **2,544** | **-** | **-** | **2,544** | **7,073** |
| 2.1 Purchases | - | - | - | - | 6,805 |
| 2.2 Gains through: | 2,498 | - | - | 2,498 | 268 |
| 2.2.1 Profit and loss | 2,498 | - | - | 2,498 | - |
| *of which:* | | | | | |
| *– of which: capital gains* | *2,498* | - | - | *2,498* | - |
| 2.2.2 Net equity | - | - | - | X | 268 |
| 2.3 Transfers from other levels | - | - | - | - | - |
| 2.4 Other increases | 46 | - | - | 46 | - |
| **3. Decreases** | **799** | **-** | **-** | **799** | **465** |
| 3.1 Disposals | 224 | - | - | 224 | 260 |
| 3.2 Redemptions | - | - | - | - | - |
| 3.3 Losses through: | 575 | - | - | 575 | 205 |
| 3.3.1 Profit and loss | 575 | - | - | 575 | - |
| *of which:* | | | | | |
| *– of which: capital losses* | *575* | - | - | *575* | - |
| 3.3.2 Net equity | - | - | - | X | 205 |
| 3.4 Transfers to other levels | - | - | - | - | - |
| 3.5 Other decreases | - | - | - | - | - |
| **4. Amount at period-end** | **487,807** | **-** | **-** | **487,807** | **24,783** |

## A.3.3 Breakdown by fair-value levels of assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis

| FINANCIAL ASSETS/LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS | 30.06.2023 | | | |
|---|---|---|---|---|
| | BV | L1 | L2 | L3 |
| 1. Financial assets measured at amortised cost | 12,709,598 | 9,206,106 | 2,536,420 | 788,176 |
| 2. Property and equipment held as investments | - | - | - | - |
| 3. Non-current assets available for sale and disposal groups | - | - | - | - |
| **Total** | **12,709,598** | **9,206,106** | **2,536,420** | **788,176** |
| 1. Financial liabilities measured at amortised cost | 13,783,954 | - | 13,783,954 | - |
| 2. Liabilities associated to assets held for sale | - | - | - | - |
| **Total** | **13,783,954** | **-** | **13,783,954** | **-** |

| FINANCIAL 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 | 13,731,153 | 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 B – INFORMATION ON THE CONSOLIDATED BALANCE SHEET

## 1. Assets

### 1.1 Cash and deposits - Item 10

#### 1.1.1 Breakdown of cash and deposits

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| a) Cash | 27,710 | 26,796 |
| b) Current accounts and demand deposits with Central Banks | 293,641 | 645,000 |
| c) Current accounts and demand deposits with banks | 54,392 | 102,443 |
| **Total** | **375,743** | **774,239** |

Item b) Current accounts and demand deposits with Central Banks represents 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.

### 1.2 Financial assets measured at fair value through profit or loss - Item 20

#### 1.2.1 HFT financial assets: debtors/issuers/counterparties

| ITEMS/VALUES | 30.06.2023 | 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 | 1 | - |
| b) Other financial corporations | - | - |
| *of which:* | | |
| – *insurance companies* | - | - |
| c) Non-financial corporations | - | - |
| d) Other issuers | - | - |
| **3. UCITS units** | **-** | **-** |
| **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** | **3** | **1,991** |
| **B. Derivatives** | | |
| a) Central counterparties | - | - |
| b) Other | 115 | - |
| **Total B** | **115** | **-** |
| **Total (A + B)** | **118** | **1,991** |

### 1.2.2 Other financial assets mandatorily measured at fair value: debtors/issuers

| ITEMS/VALUES | 30.06.2023 | 31.12.2022 |
|---|---|---|
| **1. Equity securities** | **3,541** | **3,624** |
| *of which:* | | |
| - *banks* | - | - |
| - *other financial corporations* | *3,541* | *3,624* |
| - *other non-financial corporations* | - | - |
| **2. Debt securities** | **2,021** | **2,007** |
| a) Central Banks | - | - |
| b) General governments | - | - |
| c) Banks | - | - |
| d) Other financial corporations | - | - |
| *of which:* | | |
| – *insurance companies* | - | - |
| e) Non-financial corporations | 2,021 | 2,007 |
| **3. UCITS units** | **484,120** | **482,169** |
| **4. Loans** | **17,379** | **17,555** |
| a) Central Banks | - | - |
| b) General governments | - | - |
| c) Banks | - | - |
| d) Other financial corporations | 16,443 | 16,619 |
| *of which:* | | |
| – *insurance companies* | *16,443* | *16,619* |
| e) Non-financial corporations | 936 | 936 |
| f) Households | - | - |
| **Total** | **507,061** | **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. During 2022, it subscribed additional shares for 112 million euros. At the end of the first half of 2023, the value of the fund was 481,000 thousand euros. A 2,498 thousand euro capital gain on the fund was recorded in 2023.

The residual UCITS portfolio is comprised for 1,230 thousand euros of the investment in the Luxembourg vehicle Algebris, for 720 thousand euros of the units of the Tenax Italian Credit Fund, managed by the Irish firm Tenax Capital Ltd., and for 1,170 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 30 June 2023.

Equity investments in shares of the parent company Assicurazioni Generali S.p.A. amounted to 1,154 thousand euros at period-end.

The Bank’s portfolio also includes shares in the company Hope Sicaf S.B. S.p.A., for a value of 389 thousand euros at period-end.

Debt securities refer to the convertible bond issued by Conio Inc. on 9 December 2020, with maturity set on 31 May 2025.

## 1.3 Financial assets measured at fair value through other comprehensive income - Item 30

### 1.3.1 Financial assets measured at fair value through other comprehensive income: debtors/issuers

| ITEMS/VALUES | 30.06.2023 | 31.12.2022 |
|---|---|---|
| **1. Debt securities** | **934,092** | **1,101,926** |
| a) Central Banks | - | - |
| b) General governments | 832,810 | 906,753 |
| c) Banks | 92,312 | 154,347 |
| d) Other financial corporations | 4,095 | 35,003 |
| *of which:* | | |
| – *insurance companies* | - | - |
| e) Non-financial corporations | 4,875 | 5,823 |
| **2. Equity securities** | **24,783** | **18,175** |
| a) Banks | - | - |
| b) Other issuers | 24,783 | 18,175 |
| – other financial corporations | 10,060 | 3,095 |
| *of which:* | | |
| – *insurance companies* | - | - |
| – non-financial corporations | 14,723 | 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** | **958,875** | **1,120,101** |

The equity securities portfolio included 24,783 thousand euros referring to “minor equity investments”, which are largely related to service agreements concluded by the Group (CSE, GBS, Caricese, SWIFT, etc.) or agreements of a commercial nature (Tosetti Value SIM, 8a+ SGR, Conio Inc., MainStreet Capital Partners Limited), usually not listed and non-negotiable.

Those interests are measured at purchase cost with recognition of any impairment losses.

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 regarding Bitcoins only, on the Italian market, through 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 6,921 thousand euros at 30 June 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.

### 1.3.2 Financial assets measured at fair value through other comprehensive income: gross value and total adjustments

| | GROSS VALUE | | TOTAL ADJUSTMENTS | |
|---|---|---|---|---|
| | STAGE 1 AND STAGE 2 | STAGE 3 | STAGE 1 AND STAGE 2 | STAGE 3 |
| Debt securities | 934,315 | - | 223 | - |
| Financing | - | - | - | - |
| **Total at 30.06.2023** | **934,315** | **-** | **223** | **-** |
| **Total at 31.12.2022** | **1,102,488** | **-** | **562** | **-** |

## 1.4 Financial assets measured at amortised cost — Item 40

### 1.4.1 Financial assets measured at amortised cost: categories of loans to banks

| TYPE OF TRANSACTIONS/VALUES | 30.06.2023 BOOK VALUE | 31.12.2022 BOOK VALUE |
|---|---|---|
| **A. Loans to Central Banks** | **120,297** | **137,889** |
| 1. Term deposits | - | - |
| 2. Mandatory reserve | 120,297 | 137,889 |
| 3. Repurchase agreements | - | - |
| 4. Other | - | - |
| **B. Loans to banks** | **1,994,903** | **2,398,781** |
| 1. Loans | 370,868 | 536,492 |
| 1.1 Current accounts | - | - |
| 1.2 Term deposits | 26,609 | 13,650 |
| 1.3. Other loans: | 344,259 | 522,842 |
| – repurchase agreements | 229,009 | 397,723 |
| – lease loans | - | - |
| – other | 115,250 | 125,119 |
| 2. Debt securities | 1,624,035 | 1,862,289 |
| 2.1 Structured securities | 512 | 525 |
| 2.2 Other debt securities | 1,623,523 | 1,861,764 |
| **Total** | **2,115,200** | **2,536,670** |

The item “Other financing - Other” includes 104,343 thousand euros (113,033 thousand euros at 31 December 2022) relating to guarantee margins paid to banking counterparties for derivatives transactions. The remaining 11 million euros was almost entirely attributable to operating receivables relating to placement and distribution of financial products, collected in the following quarter.

### 1.4.2 Financial assets measured at amortised cost: categories of loans to customers

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| **Loans** | **2,388,547** | **2,539,480** |
| Current accounts | 1,697,216 | 1,793,523 |
| Mortgages and personal loans | 680,170 | 740,442 |
| Repos with CC&G on MTS REPO | - | - |
| Other financing and loans not in current accounts | 11,161 | 5,515 |
| **Debt securities** | **7,949,227** | **8,399,325** |
| **Other transactions** | **256,624** | **255,678** |
| Operating loans to management companies | 137,677 | 133,975 |
| Sums advanced to Financial Advisors | 54,536 | 56,330 |
| Stock exchange interest-bearing daily margin | 55,081 | 57,412 |
| Charges to be debited and other loans | 9,330 | 7,961 |
| **Total loans to customers** | **10,594,398** | **11,194,483** |

### 1.4.3 Doubtful loans

| (€ THOUSAND) | GROSS EXPOSURE | VALUE ADJUST-MENTS | NET EXPOSURE 2023 | NET EXPOSURE 2022 | CHANGE AMOUNT | CHANGE % | EXPOSURE SECURED BY INDEMNITY | EXPOSURE NET OF INDEMNITY | INDEMNITY 2022 |
|---|---|---|---|---|---|---|---|---|---|
| **Bad loans** | **40,186** | **-14,869** | **25,317** | **21,552** | **3,765** | **17.5%** | **18,700** | **6,617** | **18,433** |
| Financing | 32,912 | -10,030 | 22,882 | 19,389 | 3,493 | 18.0% | 18,700 | 4,182 | 18,433 |
| Debt securities | 2,642 | -2,642 | - | - | - | n.a. | - | - | - |
| Operating loans | 4,632 | -2,197 | 2,435 | 2,163 | 272 | 12.6% | - | 2,435 | - |
| **Unlikely to pay** | **7,010** | **-2,128** | **4,882** | **10,043** | **-5,161** | **-51.4%** | **-** | **4,882** | **-** |
| **Past-due exposures - over 90 days** | **23,058** | **-3,919** | **19,139** | **8,202** | **10,937** | **133.3%** | **-** | **19,139** | **-** |
| **Total non-performing loans** | **70,254** | **-20,916** | **49,338** | **39,797** | **9,541** | **24.0%** | **18,700** | **30,638** | **18,433** |

Net non-performing loans amounted to 49.3 million euros, equal to 0.47% of total loans to customers, and up by about 9.5 million euros compared to the figure at 31 December 2022.

They are attributable to:
- 46,903 thousand euros of financing;
- 2,435 thousand euros of operating loans.

*Financing*
The positions reclassified as a result of this process are mostly revocable account credit exposures secured by financial collateral in the form of pledges of financial instruments and/or financial products; there are only a few cases of mortgage loans with real estate as collateral or unsecured account overdraft facilities, or covered only by personal guarantees.

The largest increase is in the category of non-performing unlikely-to-pay (UTP) and past-due loans, amounting to 10.9 million euros, and to a lower extent in that of bad loans (+3.5 million euros). Positions classified as unlikely-to-pay decreased by about 5.2 million euros compared to the end of the previous year.

At the end of the period, non-performing loans included 18.7 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. (now EFG Bank AG) upon the sale of the said company and mainly secured to that end by cash collateral payments by the counterparty. Net of this portfolio, which accounted for nearly 38% of net non-performing exposures, the weight of non-performing exposures to total loans to customers decreased to 30.6 million euros.

At the end on the first half of the year, the forborne positions stood at approximately 8.6 million euros, of which 0.7 million euros referring to non-performing positions.

*Debt securities*
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.

*Operating loans*
Net non-performing exposures relating to operating loans amounted to 2,435 thousand euros and referred primarily to litigation or pre-litigation positions of former Financial Advisors.

### 1.4.4 Financial assets measured at amortised cost: gross value and total adjustments

| | GROSS VALUE | | TOTAL ADJUSTMENTS | |
|---|---|---|---|---|
| | STAGE 1 AND STAGE 2 | STAGE 3 | STAGE 1 AND STAGE 2 | STAGE 3 |
| Debt securities – banks | 1,625,857 | - | 1,822 | - |
| Debt securities – customers | 7,951,789 | 2,642 | 2,562 | 2,642 |
| Loans to banks | 491,273 | - | 108 | - |
| Loans to customers | 2,600,324 | 67,612 | 4,491 | 18,274 |
| **Total at 30.06.2023** | **12,669,243** | **70,254** | **8,983** | **20,916** |
| **Total at 31.12.2022** | **13,704,639** | **54,418** | **11,120** | **16,784** |

In respect of the model for assessing expected credit losses (ECLs) provided for in IFRS 9, at 30 June 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 8,983 thousand euros, of which:

› 4,384 thousand euros relating to the debt securities portfolio;
› 4,599 thousand euros relating to other loans.

Within this item, total value adjustments of exposures to banks amounted to 1,930 thousand euros, of which 1,822 thousand euros on debt securities and 108 thousand euros on other loans.

The provision for expected losses on debt securities - customers refers instead to the government bond portfolio in the amount of 1,723 thousand euros.

## 1.5 Hedging derivatives - Item 50

### 1.5.1 Hedging derivatives: breakdown by type of hedge and hierarchy levels

| | 30.06.2023 | | | | 31.12.2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | FAIR VALUE | | | | FAIR VALUE | | | |
| TYPE OF TRANSACTIONS/VALUES | L1 | L2 | L3 | NOTIONAL VALUE | L1 | L2 | L3 | NOTIONAL VALUE |
| **A) Financial derivatives** | **-** | **232,891** | **-** | **2,424,500** | **-** | **286,776** | **-** | **2,348,500** |
| 1) Fair value | - | 232,891 | - | 2,424,500 | - | 286,776 | - | 2,348,500 |
| 2) Cash flows | - | - | - | - | - | - | - | - |
| 3) Foreign investments | - | - | - | - | - | - | - | - |
| **B) Credit derivatives** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 1) Fair value | - | - | - | - | - | - | - | - |
| 2) Cash flows | - | - | - | - | - | - | - | - |
| **Total** | **-** | **232,891** | **-** | **2,424,500** | **-** | **286,776** | **-** | **2,348,500** |

### 1.5.2 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 | 2,945 | - | - | - | X | X | X | - | X | X |
| 2. Financial assets measured at amortised cost | 229,946 | X | - | - | X | X | X | - | X | X |
| 3. Portfolio | X | X | X | X | X | X | - | X | - | X |
| 4. Other transactions | - | - | - | - | - | - | X | - | X | - |
| **Total assets** | **232,891** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 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 | - | - |

## 1.6 Equity investments - Item 70

### 1.6.1 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** | | | | | | |
| 2. Nextam Partners SIM S.p.A. | Milan | Milan | Associate company | Banca Generali | 19.9% | 19.9% |

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 value of the equity investment in BG Saxo SIM S.p.A. changed during 2022 as a result of the company's capital increase authorised in April and subscribed by Banca Generali S.p.A. for the relevant share equal to 796 thousand euros.

At 30 June 2023, the portion of loss for the period attributable to Banca Generali amounted to approximately 133 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 the 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 item Equity investments also includes the residual value of the investment in Nextam Partners Ltd., a 100% UK subsidiary and inactive since the end of 2020 for which the liquidation procedure was substantially completed in September 2022; in the consolidated financial statements, the equity investment was therefore maintained at cost for a value corresponding to the last tranche of the liquidation balance still to be received, amounting to approximately 9 thousand euros.

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.

### 1.6.2 Non-significant equity investments: accounting information

| COMPANY NAME | BOOK VALUE OF EQUITY INVEST-MENTS | TOTAL ASSETS | TOTAL LIABILITIES | TOTAL REVENUES | PROFIT (LOSS) FROM OPERATING ACTIVITIES AFTER INCOME TAXES | PROFIT (LOSS) FROM OPERATING ASSETS NET OF TAXES | NET PROFIT (LOSS) FOR THE PERIOD | OTHER INCOME COMPO-NENTS, NET OF TAXES (2) | COMPRE-HENSIVE INCOME (3) = (1) + (2) |
|---|---|---|---|---|---|---|---|---|---|
| **A. Subsidiaries under common control** | | | | | | | | | |
| 1. BG Saxo SIM S.p.A. | 2,480 | 12,786 | 6,060 | 491 | -669 | - | -669 | - | -669 |
| **B. Companies subject to significant influence** | | | | | | | | | |
| 2. Nextam Partners SIM S.p.A. | 438 | 2,385 | 537 | 602 | -155 | - | -155 | - | -155 |
| **Total** | **2,918** | **15,171** | **6,597** | **1,093** | **-824** | **-** | **-824** | **-** | **-824** |

### 1.6.3 Equity investments: year changes

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| **A. Amount at period-start** | **3,091** | **2,048** |
| **B. Increases** | **-** | **1,274** |
| B1. Purchases | - | 796 |
| B2. Reversals | - | - |
| B3. Revaluations | - | - |
| B4. Other changes | - | 478 |
| **C. Decreases** | **164** | **231** |
| C1. Sales | - | - |
| C2. Adjustments | 164 | 231 |
| C3. Write-downs | - | - |
| C4. Other changes | - | - |
| **D. Amount at period-end** | **2,927** | **3,091** |
| **E. Total revaluations** | **-** | **-** |
| **F. Total adjustments** | **2,610** | **2,446** |

## 1.7 Property, equipment and intangible assets - Items 90 and 100

### 1.7.1 Breakdown of property, equipment and intangible assets

| | | | CHANGE | |
|---|---|---|---|---|
| (€ THOUSAND) | 30.06.2023 | 31.12.2022 | AMOUNT | % |
| **A. Property and equipment** | | | | |
| **1. Operating** | **154,412** | **154,865** | **-453** | **-0.3%** |
| **1.1 Owned assets:** | **7,093** | **7,434** | **-341** | **-4.6%** |
| - Furniture and fittings | 5,819 | 6,078 | -259 | -4.3% |
| - EAD machines and equipment | 277 | 262 | 15 | 5.7% |
| - Miscellaneous machines and equipment | 997 | 1,094 | -97 | -8.9% |
| **1.2 Rights of use acquired through leases:** | **147,319** | **147,431** | **-112** | **-0.1%** |
| - Buildings | 146,497 | 146,548 | -51 | - |
| - Other | 822 | 883 | -61 | -6.9% |
| **Total property and equipment** | **154,412** | **154,865** | **-453** | **-0.3%** |
| **B. Intangible assets** | | | | |
| **With unspecified maturity:** | **88,813** | **88,808** | **5** | **-** |
| - Goodwill | 88,073 | 88,073 | - | - |
| - Trademarks | 740 | 735 | 5 | 0.7% |
| **With specified maturity – measured at cost:** | **46,249** | **51,606** | **-5,357** | **-10.4%** |
| - Relationship with former customers (Credit Suisse Italy, Nextam S.p.A. Group, BG Valeur S.A.) | 16,223 | 17,226 | -1,003 | -5.8% |
| - Charges associated with the implementation of legacy CSE procedures | 17,618 | 18,137 | -519 | -2.9% |
| - Other software costs | 6,443 | 4,664 | 1,779 | 38.1% |
| - Assets in progress | 5,965 | 11,579 | -5,614 | -48.5% |
| **Total intangible assets** | **135,062** | **140,414** | **-5,352** | **-3.8%** |
| **Total property, equipment and intangible assets** | **289,474** | **295,279** | **-5,805** | **-2.0%** |

## 1.7.2 Changes in property, equipment and intangible assets

| | GOODWILL | OTHER INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE (TRADE-MARKS) | OTHER INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE | PROPERTY AND EQUIPMENT OWNED | RIGHTS OF USE ACQUIRED THROUGH LEASES | 30.06.2023 | 31.12.2022 |
|---|---|---|---|---|---|---|---|
| **Net amount at period-start** | **88,073** | **735** | **51,606** | **7,434** | **147,431** | **295,279** | **295,184** |
| **Increases** | **-** | **5** | **1,993** | **576** | **10,931** | **13,505** | **37,115** |
| Purchases | - | - | 1,993 | 576 | 4,990 | 7,559 | 28,053 |
| Other changes | - | 5 | - | - | 5,941 | 5,946 | 9,062 |
| **Decreases** | **-** | **-** | **7,350** | **917** | **11,043** | **19,310** | **37,020** |
| Sales | - | - | - | - | - | - | - |
| Adjustments | - | - | 7,301 | 906 | 11,013 | 19,220 | 36,668 |
| *of which:* | | | | | | | |
| *a) amortisation/depreciation* | - | - | *7,301* | *906* | *11,013* | *19,220* | *36,668* |
| *b) write-downs* | - | - | - | - | | - | - |
| Other change | - | - | 49 | 11 | 30 | 90 | 352 |
| **Amount at period-end** | **88,073** | **740** | **46,249** | **7,093** | **147,319** | **289,474** | **295,279** |

## 1.7.3 Breakdown of consolidated goodwill

| (€ THOUSAND) | 30.06.2023 | 31.12.2022 | CHANGE AMOUNT | CHANGE % |
|---|---|---|---|---|
| Prime Consult SIM and 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 Group | 12,202 | 12,202 | - | - |
| Valeur S.A. | 8,706 | 8,706 | - | - |
| Binck Bank N.V. Italy business unit | 1,100 | 1,100 | - | - |
| **Total** | **88,073** | **88,073** | **-** | **-** |

## 1.7.4 Breakdown of customer relationships

| (€ THOUSAND) | 30.06.2023 | 31.12.2022 | CHANGE AMOUNT | CHANGE % |
|---|---|---|---|---|
| Nextam Group | 6,727 | 7,005 | -278 | -4.0% |
| Credit Suisse Italy | 7,296 | 7,872 | -576 | -7.3% |
| Valeur S.A. | 2,200 | 2,349 | -149 | -6.3% |
| **Total** | **16,223** | **17,226** | **-1,003** | **-5.8%** |

## 1.8 Tax assets and liabilities - Item 110 (Assets) and Item 60 (Liabilities)

### 1.8.1 Breakdown of item 110 (Assets): tax assets

| TYPE OF TRANSACTIONS/VALUES | 30.06.2023 | 31.12.2022 |
|---|---|---|
| **Current taxation** | **23,528** | **1,498** |
| Sums due for taxes to be refunded | 321 | 295 |
| IRES arising on National Tax Consolidation scheme | - | - |
| IRES and foreign direct taxes | 22,276 | - |
| IRES surtax | 929 | 1,203 |
| IRAP | 2 | - |
| **Deferred tax assets** | **67,901** | **70,768** |
| **With impact on Profit and Loss Account** | **63,925** | **64,784** |
| IRES | 53,227 | 53,851 |
| IRAP | 10,698 | 10,933 |
| **With impact on Net Equity** | **3,976** | **5,984** |
| IRES | 3,474 | 5,189 |
| IRAP | 502 | 795 |
| **Total** | **91,429** | **72,266** |

### 1.8.2 Breakdown of item 60 (Liabilities): tax liabilities

| TYPE OF TRANSACTIONS/VALUES | 30.06.2023 | 31.12.2022 |
|---|---|---|
| **Current taxation** | **28,355** | **38,871** |
| IRES arising on National Tax Consolidation scheme | 23,275 | 22,338 |
| IRES (surtax for banks) | - | 3,396 |
| IRES and other foreign income taxes | - | 12,041 |
| IRAP | 5,080 | 1,096 |
| **Deferred tax liabilities** | **5,263** | **5,706** |
| **With impact on Profit and Loss Account** | **4,398** | **4,424** |
| IRES deferred tax liabilities and foreign income taxes | 3,318 | 3,204 |
| IRAP | 1,080 | 1,220 |
| **With impact on Net Equity** | **865** | **1,282** |
| IRES deferred tax liabilities and foreign income taxes | 781 | 1,150 |
| IRAP | 84 | 132 |
| **Total** | **33,618** | **44,577** |

### 1.8.3 Breakdown of deferred tax assets

| TYPE OF TRANSACTIONS/VALUES | 30.06.2023 | PURSUANT TO LAW NO. 214/2011 | 31.12.2022 | PURSUANT TO LAW NO. 214/2011 |
|---|---|---|---|---|
| **With impact on Profit and Loss Account** | **63,925** | **5,236** | **64,784** | **5,813** |
| Provisions for liabilities and contingencies | 51,655 | - | 51,492 | - |
| Write-downs of loans to customers before 2015 | 1,437 | 1,437 | 1,719 | 1,719 |
| Redeemed goodwill of former Banca del Gottardo (Article 15, para. 10, of Leg. Decree 185/08) | 2,087 | 2,087 | 2,268 | 2,268 |
| Goodwill of former BG Fiduciaria SIM (Article 15, para. 10-*ter*) | 992 | 992 | 1,062 | 1,062 |
| Redeemed goodwill of former BG SGR (Article 176, para. 2-*ter*, of TUIR) | 720 | 720 | 764 | 764 |
| Redeemed goodwill of former Nextam Partners (Article 15, para. 10, of Decree Law 185/08) | 2,715 | - | 3,117 | - |
| Redeemed goodwill of former Banca del Gottardo (Article 110 of Decree Law 104/21) | 2,187 | - | 2,258 | - |
| Collective write-downs (ECLs) on loans to customers and banks | 384 | - | 450 | - |
| Other | 727 | - | 754 | - |
| Group companies' tax losses | 268 | - | 154 | - |
| BGV pension funds | 753 | - | 746 | - |
| **With impact on Net Equity** | **3,976** | **-** | **5,984** | **-** |
| Measurement at fair value of HTCS financial assets | 3,368 | - | 5,391 | - |
| Actuarial losses (IFRS 19) on termination indemnity | 572 | - | 557 | - |
| Other | 36 | - | 36 | - |
| **Total** | **67,901** | **5,236** | **70,768** | **5,813** |

### 1.8.4 Breakdown of deferred tax liabilities

| TYPE OF TRANSACTIONS/VALUES | 30.06.2023 | 31.12.2022 |
|---|---|---|
| **With impact on Profit and Loss Account** | **4,398** | **4,424** |
| Off-balance sheet goodwill deduction | 1,923 | 1,633 |
| Intangible assets recognised upon PPA (trademarks and client relationships) | 482 | 509 |
| Financial assets mandatorily measured at fair value through profit and loss (equity securities and policies) | 542 | 533 |
| Provision for termination indemnity (IAS 19) | 152 | 152 |
| Other | 121 | 123 |
| Retained earnings of subsidiaries (IAS 12, para. 38 40) | 1,178 | 1,474 |
| **With impact on Net Equity** | **865** | **1,282** |
| Measurement at fair value of HTCS financial assets | 359 | 732 |
| IAS 19-related actuarial gains on BGV pension funds | 506 | 550 |
| **Total** | **5,263** | **5,706** |

### 1.8.5 Change in deferred tax assets (offsetting entry to the Profit and Loss Account)

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| **1. Amount at period-start** | **64,784** | **61,965** |
| **2. Increases** | **9,862** | **19,471** |
| 2.1 Deferred tax assets for the period: | 9,862 | 19,471 |
| a) related to prior years | - | - |
| b) change in accounting criteria | - | - |
| c) reversals | - | - |
| d) other | 9,862 | 19,471 |
| 2.2 New taxes or increases in tax rates | - | - |
| 2.3 Other increases | - | - |
| **3. Decreases** | **10,721** | **16,652** |
| 3.1 Deferred tax assets eliminated in the period: | 10,721 | 16,608 |
| a) transfers | 10,519 | 15,529 |
| b) write-downs for non-recoverability | - | 412 |
| c) change in accounting criteria | - | - |
| d) other | 202 | 667 |
| 3.2 Decreases in tax rates | - | - |
| 3.3 Other decreases: | - | 44 |
| a) conversion into tax credits pursuant to Law No. 214/2011 | - | - |
| b) other | - | 44 |
| **4. Amount at period-end** | **63,925** | **64,784** |

### 1.8.6 Change in deferred tax assets pursuant to Law No. 214/2011 (offsetting entry to the Profit and Loss Account)

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| **1. Amount at period-start** | **5,813** | **6,663** |
| **2. Increases** | **-** | **-** |
| **3. Decreases** | **577** | **850** |
| 3.1 Transfers | 577 | 850 |
| 3.2 Conversion into tax credits: | - | - |
| a) due to losses for the period | - | - |
| b) due to tax losses | - | - |
| 3.3 Other decreases | - | - |
| **4. Amount at period-end** | **5,236** | **5,813** |

### 1.8.7 Change in deferred tax liabilities (offsetting entry to the Profit and Loss Account)

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| **1. Amount at period-start** | **4,424** | **4,195** |
| **2. Increases** | **1,024** | **1,698** |
| 2.1 Deferred tax liabilities recognised in the period: | 1,024 | 1,698 |
| a) related to prior years | - | - |
| b) change in accounting criteria | - | - |
| c) other | 1,024 | 1,698 |
| 2.2 New taxes or increases in tax rates | - | - |
| 2.3 Other increases | - | - |
| **3. Decreases** | **1,050** | **1,469** |
| 3.1 Deferred tax liabilities eliminated in the period: | 1,050 | 1,469 |
| a) transfers | 13 | 108 |
| b) change in accounting criteria | - | - |
| c) other | 1,037 | 1,361 |
| 3.2 Decreases in tax rates | - | - |
| 3.3 Other decreases | - | - |
| **4. Amount at period-end** | **4,398** | **4,424** |

### 1.8.8 Change in deferred tax assets (offsetting entry to the Net Equity)

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| **1. Amount at period-start** | **5,984** | **1,039** |
| **2. Increases** | **262** | **5,820** |
| 2.1 Deferred tax assets for the period: | 262 | 5,820 |
| a) related to prior years | - | - |
| b) change in accounting criteria | - | - |
| c) other | 262 | 5,820 |
| 2.2 New taxes or increases in tax rates | - | - |
| 2.3 Other increases | - | - |
| **3. Decreases** | **2,270** | **875** |
| 3.1 Deferred tax assets eliminated in the period: | 665 | 411 |
| a) transfers | 665 | 411 |
| b) write-downs for non-recoverability | - | - |
| c) change in accounting criteria | - | - |
| d) other | - | - |
| 3.2 Decreases in tax rates | - | - |
| 3.3 Other decreases | 1,605 | 464 |
| **4. Amount at period-end** | **3,976** | **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.

### 1.8.9 Change in deferred tax liabilities (offsetting entry to the Net Equity)

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| **1. Amount at period-start** | **1,282** | **1,892** |
| **2. Increases** | **1,433** | **774** |
| 2.1 Deferred tax liabilities recognised in the period: | 1,433 | 774 |
| a) related to prior years | - | - |
| b) change in accounting criteria | - | - |
| c) other | 1,433 | 774 |
| 2.2 New taxes or increases in tax rates | - | - |
| 2.3 Other increases | - | - |
| **3. Decreases** | **1,850** | **1,384** |
| 3.1 Deferred tax liabilities eliminated in the period: | 201 | 996 |
| a) transfers | 201 | 996 |
| b) change in accounting criteria | - | - |
| c) other | - | - |
| 3.2 Decreases in tax rates | - | - |
| 3.3 Other decreases | 1,649 | 388 |
| **4. Amount at period-end** | **865** | **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.

## 1.9 Other assets - Item 130

### 1.9.1 Breakdown of other assets

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| **Fiscal items** | **154,282** | **153,694** |
| Advances paid to fiscal authorities – current account withholdings | 24 | - |
| Advances paid to fiscal authorities – stamp duty | 85,481 | 85,201 |
| Advances of substitute tax on capital gains | 34,127 | 51,189 |
| Other advances paid to and sums due from tax authorities | 619 | 645 |
| Tax Authorities/VAT | 67 | 67 |
| Tax Authorities/Superbonus | 33,642 | 16,098 |
| Sums due from tax authorities for other taxes to be refunded | 322 | 494 |
| **Leasehold improvements** | **7,770** | **8,706** |
| **Operating loans not related to financial transactions** | **390** | **526** |
| **Sundry advances to suppliers and employees** | **1,989** | **4,545** |
| **Cheques under processing** | **15,130** | **9,974** |
| Money orders and other amounts receivable | 15,130 | 9,974 |
| **Other amounts to be debited under processing** | **81,790** | **50,995** |
| Amounts to be settled in the clearing house (debits) | 1,375 | 2,361 |
| Clearing accounts for securities and funds procedure | 46,667 | 38,419 |
| Other amounts to be debited under processing | 33,748 | 10,215 |
| **Amounts receivable for legal disputes related to non-credit transactions** | **328** | **126** |
| **Trade receivables from customers and banks that cannot be traced back to specific items** | **26,413** | **50,242** |
| **Other amounts** | **220,783** | **197,790** |
| Prepayments for the new supplementary fees for sales network | 66,988 | 71,759 |
| Prepayments for ordinary incentives | 97,829 | 92,325 |
| Prepayments for three-year incentives | 20,429 | 13,447 |
| Other accrued income and deferred charges that cannot be traced back to specific items | 35,161 | 19,222 |
| Sundry amounts | 376 | 1,037 |
| **Total** | **508,875** | **476,598** |

Receivables from fiscal authorities for withholdings on current accounts represent the positive imbalance between payments on account and the related payable to fiscal authorities.

Other assets include assets associated with the incremental costs of obtaining a contract or incurred to fulfil a contract with customers as set out in IFRS 15, paragraphs 91-104.

Prepayments for the supplementary fees for sales 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 to the sales network constitute incremental costs of obtaining a contract or costs incurred to fulfil a contract and consist of fees paid annually to the existing sales network based on the achievement of net inflows 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 prepaid expenses during the reporting period are shown below.

| | 31.12.2022 | AMORTISATION | OF WHICH RELATIVE TO THE PREVIOUS YEAR | INCREASES | OTHER CHANGES | 30.06.2023 |
|---|---|---|---|---|---|---|
| Supplementary fees | 71,759 | -15,323 | -12,941 | 10,552 | - | 66,988 |
| Ordinary incentives | 92,325 | -23,389 | -17,610 | 28,893 | - | 97,829 |
| Three-year incentives | 13,447 | -3,847 | -1,681 | 10,829 | - | 20,429 |
| **Total network incentives** | **177,531** | **-42,559** | **-32,232** | **50,274** | **-** | **185,246** |
| Entry bonus on BG Solution portfolio management | 9,468 | -1,937 | -1,760 | 2,325 | 77 | 9,933 |
| Bonus on JPM funds | 113 | -35 | -34 | 9 | - | 87 |
| **Total other acquisition costs** | **9,581** | **-1,972** | **-1,794** | **2,334** | **77** | **10,020** |
| **Total** | **187,112** | **-44,531** | **-34,026** | **52,608** | **77** | **195,266** |

Other prepaid expenses include for 25,141 thousand euros prepaid expenses not accrued during the period and refer in particular to lease prepayments, insurance premiums and other general and administrative expenses.

# 2. Net Equity and Liabilities

## 2.1 Financial liabilities measured at amortised cost - Item 10

### 2.1.1 Financial liabilities measured at amortised cost: due to banks – categories

| TYPE OF TRANSACTIONS/VALUES | 30.06.2023 BOOK VALUE | 31.12.2022 BOOK VALUE |
|---|---|---|
| **1. Due to Central Banks** | **-** | **-** |
| **2. Due to banks** | **526,633** | **544,531** |
| 2.1 Current accounts and demand deposits | 61,032 | 31,897 |
| 2.2 Term deposits | - | - |
| 2.3 Financing: | 446,688 | 494,083 |
| 2.3.1 Repurchase agreements | 429,274 | 477,028 |
| 2.3.2 Other | 17,414 | 17,055 |
| 2.4 Liabilities for repurchase commitments of own equity instruments | - | - |
| 2.5 Lease debts | - | - |
| 2.6 Other debts | 18,913 | 18,551 |
| **Total** | **526,633** | **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).

### 2.1.2 Financial liabilities measured at amortised cost: due to customers – categories

| TYPE OF TRANSACTIONS/VALUES | 30.06.2023 BOOK VALUE | 31.12.2022 BOOK VALUE |
|---|---|---|
| 1. Current accounts and demand deposits | 11,436,711 | 12,972,643 |
| 2. Term deposits | 8,708 | - |
| 3. Financing | 1,511,266 | 1,652,307 |
| 3.1 Repurchase agreements | 1,298,862 | 1,372,093 |
| 3.2 Other | 212,404 | 280,214 |
| 4. Liabilities for repurchase commitments of own equity instruments | - | - |
| 5. Lease debts | 153,760 | 153,656 |
| 6. Other debts | 146,876 | 180,842 |
| **Total** | **13,257,321** | **14,959,448** |

Item 5 “Lease debts” includes the liability relating to lease payments determined on the basis of the IFRS 16 - *Leases*, which entered into force on 1 January 2019.

Item 6 “Other debts” refers for 6,302 thousand euros to the stock of money orders issued by the parent company Banca Generali in relation to claims payment of insurance companies of the Generali Group, and, for the remaining amount, to other sums made available to customers and trade payables to the sales network.

## 2.2 Financial liabilities held for trading - Item 20

### 2.2.1 HFT financial liabilities: categories

| | 30.06.2023 | | | | | 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 | X | - | 118 | - | - | X | - | - | - | - |
| 1.1 Trading | X | - | 118 | - | X | X | - | - | - | X |
| 1.2 Related to the fair value option | X | - | - | - | X | X | - | - | - | X |
| 1.3 Other | X | - | - | - | X | X | - | - | - | X |
| 2. Credit | X | - | - | - | - | X | - | - | - | - |
| 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** | **-** | **118** | **-** | **X** | **X** | **-** | **-** | **-** | **X** |
| **Total (A + B)** | **X** | **-** | **118** | **-** | **X** | **X** | **-** | **-** | **-** | **X** |

(*) FV measured without taking account of issuer's creditworthiness changes compared to issue date.

HFT financial liabilities consist for 118 thousand euros of trading transactions relating to currency outrights with customers as counterparty. This item has its balancing entry in assets classified under Item 20.

## 2.3 Hedging derivatives - Item 40

### 2.3.1 Breakdown of hedging derivatives by type of hedge and hierarchy levels

| | 30.06.2023 | | | | 31.12.2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | FAIR VALUE | | | NOTIONAL VALUE | FAIR VALUE | | | NOTIONAL VALUE |
| | L1 | L2 | L3 | | L1 | L2 | L3 | |
| **A) Financial derivatives** | **-** | **107,639** | **-** | **1,084,000** | **-** | **123,604** | **-** | **1,727,500** |
| 1) Fair value | - | 107,639 | - | 1,084,000 | - | 123,604 | - | 1,727,500 |
| 2) Cash flows | - | - | - | - | - | - | - | - |
| 3) Foreign investments | - | - | - | - | - | - | - | - |
| **B. Credit derivatives** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 1) Fair value | - | - | - | - | - | - | - | - |
| 2) Cash flows | - | - | - | - | - | - | - | - |
| **Total** | **-** | **107,639** | **-** | **1,084,000** | **-** | **123,604** | **-** | **1,727,500** |

### 2.3.2 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 | 107,639 | X | - | - | X | X | X | - | X | X |
| 3. Portfolio | X | X | X | X | X | X | - | X | - | X |
| 4. Other transactions | - | - | - | - | - | - | X | - | X | - |
| **Total assets** | **107,639** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 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 | - | - |

## 2.4 Tax liabilities - Item 60

### 2.4.1 Breakdown of tax liabilities - Item 60

Section 1.8 (Assets) provides an analysis.

## 2.5 Other liabilities - Item 80

### 2.5.1 Breakdown of other liabilities

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| **Trade payables** | **20,003** | **23,858** |
| Due to suppliers | 19,350 | 23,381 |
| Due for payments on behalf of third parties | 653 | 477 |
| **Due to staff and social security institutions** | **21,833** | **30,242** |
| Due to staff for accrued holidays, etc. | 4,883 | 4,184 |
| Due to staff for productivity bonuses to be paid out | 9,072 | 17,140 |
| Contributions to be paid to social security institutions | 3,375 | 3,853 |
| Contributions to Financial Advisors to be paid to Enasarco | 4,503 | 5,065 |
| **Tax authorities** | **184,896** | **42,194** |
| Withholding taxes to be paid to tax authorities on behalf of employees and contract workers | 5,986 | 6,101 |
| Current account withholdings | 4,458 | 1,147 |
| Withholding taxes to be paid to tax authorities on behalf of customers | 12,882 | 6,680 |
| Notes to be paid into collection services | 156,091 | 23,431 |
| VAT payables | 5,479 | 4,822 |
| Tax payables - other (stamp duty and substitute tax on medium-/long-term loans) | - | 13 |
| **Amounts to be debited under processing** | **120,745** | **82,829** |
| Bank transfers, cheques and other sums payable | 4,467 | 1,304 |
| Amounts to be settled in the clearing house (credits) | 50,884 | 37,994 |
| Liabilities from reclassification of portfolio subject to collection (SBF) | 7,000 | 169 |
| Other amounts to be debited under processing | 58,394 | 43,362 |
| **Sundry items** | **91,861** | **102,125** |
| Accrued expenses and deferred income that cannot be traced back to specific items | 6,774 | 1,912 |
| Sums made available to customers | 2,732 | 390 |
| Sundry items | 2,059 | 1,841 |
| Amounts to be credited | 810 | 1,791 |
| Amounts due to shareholders for dividends | 79,486 | 96,191 |
| **Total** | **439,338** | **281,248** |

Pursuant to paragraphs 116 a) and 116 b) of IFRS15, it is reported that the item deferred income includes liabilities associated with contracts within the scope of application of IFRS15 and relating to three-year up-front fees received in connection with the distribution of certain classes of international UCITS.

| | |
|---|---|
| **Opening balance at 01.01.2023** | **187** |
| Increases | 16 |
| Decreases due to the transfer to profit and loss | -57 |
| *of which:* | |
| - *relating to prior years* | *-56* |
| **Closing balance at 30.06.2023** | **146** |

## 2.6 Provisions for termination indemnity - Item 90

### 2.6.1 Provisions for termination indemnity: year changes

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| **A. Amount at period-start** | **3,705** | **4,335** |
| **Change in opening balance** | - | - |
| **B. Increases** | **171** | **27** |
| B.1 Provisions for the period | 55 | 27 |
| B.2 Other increases | 116 | - |
| *of which:* | | |
| – *business combinations* | - | - |
| **C. Decreases** | **197** | **657** |
| C.1 Amounts paid | 197 | 421 |
| C.2 Other decreases | - | 236 |
| *of which:* | | |
| – *business combinations* | - | - |
| **D. Amount at period-end** | **3,679** | **3,705** |

### 2.6.2 Other information

The amount of termination indemnity 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 the Notes and Comments to the Consolidated Financial Statements as of 31 December 2022.

The following are the main actuarial assumptions and the breakdown of the provision for the year and of actuarial gains/(losses):

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Discount rate (*) | 3.54% | 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.

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| 1. Provisions: | 55 | 27 |
| Current service cost | 4 | 7 |
| Interest cost | 51 | 20 |
| 2. Actuarial gains and losses | 113 | -236 |
| – *based on financial assumptions* | *-1* | *-932* |
| – *based on actuarial demographic assumptions* | *114* | *696* |
| **Total provisions for the period** | **168** | **-209** |
| **Actuarial value** | **3,679** | **3,705** |
| **Value calculated re. Article 2120 of the Italian Civil Code** | **3,943** | **4,062** |

## 2.7 Provisions for liabilities and contingencies - Item 100

### 2.7.1 Breakdown of provisions for liabilities and contingencies

| ITEMS/VALUES | 30.06.2023 | 31.12.2022 |
|---|---|---|
| 1. Provisions for credit risk relating to commitments and financial guarantees issued | 161 | 52 |
| 2. Provisions for other commitments and other guarantees issued | - | - |
| 3. Company provisions for pensions | 1,559 | 1,365 |
| 4. Other provisions for liabilities and contingencies: | 244,189 | 239,799 |
| 4.1 Legal and tax disputes | 14,577 | 16,957 |
| 4.2 Staff | 9,856 | 11,979 |
| 4.3 Other | 219,756 | 210,863 |
| **Total** | **245,909** | **241,216** |

### 2.7.2 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 period-start** | **52** | **1,365** | **239,799** | **241,216** |
| **B. Increases** | **109** | **567** | **36,830** | **37,506** |
| B.1 Provisions for the period | 109 | 204 | 29,848 | 30,161 |
| B.4 Other increases | - | 363 | 6,982 | 7,345 |
| **C. Decreases** | **-** | **373** | **32,440** | **32,813** |
| C.1 Use in the period | - | - | 27,767 | 27,767 |
| C.3 Other decreases | - | 373 | 4,673 | 5,046 |
| **D. Amount at period-end** | **161** | **1,559** | **244,189** | **245,909** |

## 2.7.3 Other provisions for liabilities and contingencies – details of movements

| | 31.12.2022 | USES | SURPLUS | OTHER CHANGES | PROVISIONS | 30.06.2023 |
|---|---|---|---|---|---|---|
| **Provision for staff expenses** | **11,979** | **-2,319** | **-955** | **-** | **1,151** | **9,856** |
| Provision for restructuring plan | 1,000 | - | - | - | - | 1,000 |
| Provision for staff expenses - other | 10,979 | -2,319 | -955 | - | 1,151 | 8,856 |
| **Provisions for legal disputes** | **14,512** | **-2,577** | **-928** | **-** | **2,516** | **13,523** |
| Provision for risks related to legal disputes connected with sales network's embezzlements | 7,653 | -622 | -534 | - | 129 | 6,626 |
| Provision for risks related to legal disputes with sales network | 1,232 | -459 | -201 | - | 71 | 643 |
| Provision for other legal disputes | 5,627 | -1,496 | -193 | - | 2,316 | 6,254 |
| **Provision for Financial Advisors' contract indemnity risks** | **152,550** | **-3,778** | **-890** | **6,982** | **6,054** | **160,918** |
| Provision for termination indemnity of sales network | 74,753 | -1,305 | -458 | - | 1,308 | 74,298 |
| Provision for portfolio overfee indemnities | 6,549 | -21 | -54 | - | 117 | 6,591 |
| Provision for managerial development indemnity | 11,922 | -2,286 | -174 | - | 579 | 10,041 |
| Provision for pension bonuses | 8,214 | -166 | -204 | - | - | 7,844 |
| Provisions for Framework Loyalty Programme | 34,304 | - | - | - | 204 | 34,508 |
| Provision for three-year incentives | 16,808 | - | - | 6,982 | 3,846 | 27,636 |
| **Provisions for network incentives** | **32,160** | **-12,305** | **-509** | **-** | **7,763** | **27,109** |
| Provision for network development plans | 24,171 | -6,739 | -509 | - | 5,262 | 22,185 |
| Provision for deferred bonus | 56 | - | - | - | 1 | 57 |
| 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 | - | - | 2,500 | 2,500 |
| Provision for fee plans | 252 | -167 | - | - | - | 85 |
| **Provisions for tax and contributions/ pension disputes** | **2,445** | **-** | **-1,391** | **-** | **-** | **1,054** |
| **Other provisions for liabilities and contingencies** | **26,153** | **-6,788** | **-** | **-** | **12,364** | **31,729** |
| **Total** | **239,799** | **-27,767** | **-4,673** | **6,982** | **29,848** | **244,189** |

## 2.7.4 Provisions for credit risk relating to commitments and financial guarantees issued

| | STAGE 1 | STAGE 2 | STAGE 3 | TOTAL |
|---|---|---|---|---|
| 1. Commitments to disburse funds | - | - | - | **-** |
| 2. Financial guarantees issued | 85 | 76 | - | **161** |
| **Total** | **85** | **76** | **-** | **161** |

## 2.7.5 Provisions for liabilities and contingencies – other provisions

### *2.7.5.1 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 balance sheet date the company supplementary contract (CIA) has expired or has not been renewed yet.

The above-mentioned provisions have as their balancing entries item 190.a) "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.

#### *2.7.5.2 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 2022, the Board of Directors extended the voluntary redundancy plan, for a final provision amounting to 1 million euros.

#### *2.7.5.3 Provisions for legal disputes*

This type of provisions for risks includes provisions for pending litigations connected with sales network's embezzlements after insurance coverage, as well as those with disputes currently underway with the sales network and employees and other court and out-of-court disputes with customers and other entities.

#### *2.7.5.4 Provisions for contractual indemnities for the sales network*

These include provisions for termination indemnities paid to the sales 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 managerial development indemnity, in addition to the provisions for three-year incentives.

Provisions 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 2022.

The expenses associated with obligations extant at period-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 | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Discount rate[3] | 4.3% | 3.8% |
| Turnover rate (professionals) | 1.40% | 1.40% |
| Average duration (years) | 12 years | 13 years |
| IAS 37 DBOs/Indemnity provision at the measurement date | 52.91% | 54.36% |

The ratio of Deferred benefit obligations (DBOs) to nominal value of the accrued obligation towards Financial Advisors is given using the value of the provision after one-off deductions related to seniority.

The increase in the provision for termination indemnities accrued to Financial Advisors during the period 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 as at 31 December 2022) 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.

[3] 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 "**pension bonus**" is a component of the sales 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 attracting stable, high-quality net inflows.

The Framework Loyalty Programme initially was divided into eight separate plans, all set to expire on 31 December 2026 and of decreasing lengths, which may be activated from one year to the next, with the authorisation of the Banca Generali Group's company 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 6$^{th}$ 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 company bodies (Board of Directors and Shareholders' Meeting) and the Regulator.

Provisions for contractual indemnities refer also to the charge relating to the **managerial 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 new 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 sales 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.

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 minimum bonus (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 sales 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.

#### 2.7.5.5 Provisions for sales 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, volume 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.

#### *2.7.5.6 Tax dispute*

Provisions for tax and contributions/pension disputes included, for 0.6 million euros, the provisions allocated to account for the tax dispute relating to direct taxation for tax periods 2014 and 2015, excluded from the tax settlement concluded in September 2022.

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[4].

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 484 thousand euros. The net charge of said settlement thus amounted to 330 thousand euros, in addition to penalties and interest for about 278 thousand euros[5], already entirely covered by specific provisions.

Accordingly, at 30 June 2023 the provision allocated to account for this tax dispute, amounting to 2.0 million euros, was reduced to 0.6 million euros, with re-absorption through profit or loss of an excess amount of 1.4 million euros.

#### *2.7.5.7 Other provisions for liabilities and contingencies*

Other provisions for liabilities and contingencies include provisions for operating risks.

In particular, these provisions included a prudential allocation of 25.4 million euros to cover commercial activities aimed at restoring customers' potential losses resulting from investments made in products distributed by the Bank and to sustain customer retention.

In the first half of 2023, a further 8 million euro prudential provision was made (10 million euros had been allocated at the end of the first half of 2022). At 30 June 2023, provisions for trade finance amounted to 25.4 million euros (following the 31 million euro total provisions allocated in 2022 and in the first half of 2023).

## 2.8 Company net equity - Items 120, 130, 140, 150, 160, 170 and 180

### 2.8.1 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 | -2,554,112 | -72,745 |
| | | **114,297,525** | **44,107** |

[4] In this regard, reference should be made to the Annual Integrated Report 2022.
[5] 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.

### 2.8.2 Share capital – Number of shares of the Parent Company: year changes

| ITEMS/TYPES | ORDINARY | OTHER |
|---|---|---|
| **A. Existing shares at period-start** | **116,851,637** | **-** |
| - paid up | 116,851,637 | - |
| - partially paid | - | - |
| A.1 Treasury shares (-) | -2,809,497 | - |
| **A.2 Outstanding shares: at period-start** | **114,042,140** | **-** |
| **B. Increases** | **255,385** | **-** |
| 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 | 255,385 | - |
| B.3 Other changes | - | - |
| **C. Decreases** | **-** | **-** |
| C.1 Cancellation | - | - |
| C.2 Purchase of treasury shares | - | - |
| C.3 Disposal of companies | - | - |
| C.4 Other changes | - | - |
| **D. Outstanding shares: at period-end** | **114,297,525** | **-** |
| D.1 Treasury shares (+) | 2,554,112 | - |
| **D.2 Existing shares at period-end** | **116,851,637** | **-** |
| - paid up | 116,851,637 | - |
| - partially paid | - | - |

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.

# PART C – INFORMATION ON THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

## 1. Interests - Items 10 and 20

### 1.1 Breakdown of interest income and similar revenues

| ITEMS/TECHNICAL TYPES | DEBT SECURITIES | FINANCING | OTHER TRANSACTIONS | 30.06.2023 | 30.06.2022 |
|---|---|---|---|---|---|
| **1. Financial assets measured at fair value through profit or loss:** | **48** | **-** | **-** | **48** | **65** |
| 1.1 HFT financial assets | 1 | - | - | 1 | 2 |
| 1.2 Financial assets designated at fair value | - | - | - | - | - |
| 1.3 Other financial assets mandatorily measured at fair value | 47 | - | - | 47 | 63 |
| **2. Financial assets measured at fair value through other comprehensive income** | **6,031** | **-** | **X** | **6,031** | **9,063** |
| **3. Financial assets measured at amortised cost:** | **129,545** | **64,112** | **X** | **193,657** | **65,830** |
| 3.1 Loans to banks | 16,246 | 16,149 | X | 32,395 | 3,084 |
| 3.2 Loans to customers | 113,299 | 47,963 | X | 161,262 | 62,746 |
| **4. Hedging derivatives** | **X** | **X** | **2,757** | **2,757** | **-25,075** |
| **5. Other assets** | **X** | **X** | **63** | **63** | **64** |
| **6. Financial liabilities** | **X** | **X** | **X** | **-** | **5,956** |
| **Total** | **135,624** | **64,112** | **2,820** | **202,556** | **55,903** |
| *of which:* | | | | | |
| – *interest income on impaired financial assets* | - | *366* | - | *366* | *218* |

By convention, at 30 June 2023 Interest on Financial liabilities includes the negative interest expense accrued on funding transactions, as broken down in the following table.

### 1.2 Interest income and similar revenues: further information

| | 30.06.2023 | 30.06.2022 |
|---|---|---|
| Interest income on bank deposits and current accounts | - | 10 |
| TLTRO | - | 3,451 |
| Repurchase agreements with banks | - | 115 |
| Repurchase agreements with customers | - | 438 |
| Interest income on customer deposits and current accounts | - | 1,675 |
| Other financial liabilities | - | 267 |
| **Total** | **-** | **5,956** |

## 1.3 Breakdown of interest expense and similar charges

| ITEMS/TECHNICAL TYPES | DEBTS | SECURITIES | OTHER TRANSACTIONS | 30.06.2023 | 30.06.2022 |
|---|---|---|---|---|---|
| **1. Financial liabilities measured at amortised cost:** | **51,102** | - | - | **51,102** | **2,165** |
| 1.1 Due to central banks | - | X | X | - | - |
| 1.2 Due to banks | 9,321 | X | X | 9,321 | 414 |
| 1.3 Due to customers | 41,781 | X | X | 41,781 | 1,751 |
| 1.4 Securities issued | X | - | X | - | - |
| **2. HFT financial liabilities** | - | - | - | **-** | **-** |
| **3. Financial liabilities designated at fair value** | - | - | - | **-** | **-** |
| **4. Other liabilities and funds** | X | X | - | **-** | **-** |
| **5. Hedging derivatives** | X | X | - | **-** | **-** |
| **6. Financial assets** | X | X | X | **-** | **1,894** |
| **Total** | **51,102** | **-** | **-** | **51,102** | **4,059** |
| *of which:* | | | | | |
| – *interest expense relating to lease debts* | *1,700* | - | - | *1,700* | *1,592* |

The Item 1.3 “Financial liabilities measured at amortised cost – Due to customers” includes 1.7 million euro interest accrued on lease payment debts calculated in accordance with the provisions of IFRS 16.

By convention, interest on “Financial assets” at 30 June 2023 includes the negative interest income accrued on lending transactions, as broken down in the following table:

## 1.4 Interest expense and similar charges: further information

| | 30.06.2023 | 30.06.2022 |
|---|---|---|
| Interest expense on deposits with the ECB | - | 732 |
| Interest expense on deposits with banks | - | 160 |
| Repurchase agreements with banks | - | 429 |
| Interest expense on customer deposits | - | 24 |
| Derivatives | - | 549 |
| **Total** | **-** | **1,894** |

## 1.5 Hedging differentials

| ITEMS | 30.06.2023 | 30.06.2022 |
|---|---|---|
| A. Hedging gains | 19,284 | 28,440 |
| B. Hedging losses | 16,527 | 53,515 |
| **C. Total (A - B)** | **2,757** | **-25,075** |

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.

# 2. Fees - Items 40 and 50

## 2.1 Breakdown of fee income

| TYPE OF SERVICE/VALUES | 30.06.2023 | 30.06.2022 |
|---|---|---|
| **a) Financial instruments** | **160,248** | **146,646** |
| 1. Placement of securities | 86,786 | 81,596 |
| 1.1 With direct underwriting and/or a firm commitment | - | 994 |
| 1.2 Without a firm commitment | 86,786 | 80,602 |
| 2. Receipt and transmission of orders and execution of orders on customers' behalf | 21,309 | 18,361 |
| 2.1 Receipt and transmission of orders for one or more financial instruments | 3,617 | 4,335 |
| 2.2 Execution of orders on customers' behalf | 17,692 | 14,026 |
| 3. Other fees related to activities linked to financial instruments | 52,153 | 46,689 |
| *of which:* | | |
| – *trading for own account* | - | - |
| – *individual portfolio management* | *52,153* | *46,689* |
| **b) Corporate finance** | **-** | **-** |
| 1. Consultancy on mergers and acquisitions | - | - |
| 2. Treasury services | - | - |
| 3. Other fees related to corporate finance services | - | - |
| **c) Investment advisory** | **24,731** | **22,175** |
| **d) Offsetting and settlement services** | **-** | **-** |
| **e) Collective portfolio management** | **168,038** | **183,374** |
| **f) Custody and administration services** | **144** | **134** |
| 1. Depository Bank | - | - |
| 2. Other fees related to custody and administration services | 144 | 134 |
| **g) Centralised administration services for collective portfolio management** | **-** | **-** |
| **h) Trust services** | **-** | **-** |
| **i) Payment services** | **5,250** | **4,924** |
| 1. Current accounts | 2,869 | 2,666 |
| 2. Credit cards | - | - |
| 3. Debit cards and other payment cards | 145 | 154 |
| 4. Bank transfers and other payment services | 701 | 658 |
| 5. Other fees linked to payment services | 1,535 | 1,446 |
| **j) Distribution of third-party services** | **125,315** | **134,628** |
| 1. Collective portfolio management | 613 | 564 |
| 2. Insurance products | 123,345 | 132,487 |
| 3. Other products | 1,357 | 1,577 |
| *of which:* | | |
| – *individual portfolio management* | *12* | *23* |
| – *BG Saxo services* | *1,058* | *1,208* |
| **k) Structured finance** | **-** | **-** |
| **l) Servicing related to securitisations** | **-** | **-** |
| **m) Commitments to disburse funds** | **-** | **-** |
| **n) Financial guarantees issued** | **297** | **246** |
| *of which:* | | |
| – *credit derivatives* | - | - |
| **o) Financing transactions** | **-** | **-** |
| *of which:* | | |
| – *factoring-related services* | - | - |
| **p) Currency trading** | **-** | **-** |
| **q) Goods** | **-** | **-** |
| **r) Other fee income** | **2,323** | **2,031** |
| *of which:* | | |
| – *management of multilateral trading facilities* | - | - |
| – *management of organised trading facilities* | - | - |
| **Total** | **486,346** | **494,158** |

### 2.2 Breakdown of fee expense

| TYPE OF SERVICE/VALUES | 30.06.2023 | 30.06.2022 |
|---|---|---|
| a) **Financial instruments** | **3,360** | **4,514** |
| *of which:* | | |
| – *trading of financial instruments* | *2,885* | *4,011* |
| – *placement of financial instruments* | - | - |
| – *individual portfolio management:* | *475* | *503* |
| – *own portfolio* | *475* | *503* |
| – *third-party portfolio* | - | - |
| b) **Offsetting and settlement services** | **-** | **-** |
| c) **Collective portfolio management** | **18,008** | **18,148** |
| 1. Own portfolio | 18,008 | 18,148 |
| 2. Third-party portfolio | - | - |
| d) **Custody and administration services** | **1,998** | **1,670** |
| d) **Collection and payment services** | **2,115** | **2,057** |
| *of which:* | | |
| – *credit cards, debit cards and other payment cards* | *611* | *690* |
| 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** | **219,446** | **210,038** |
| j) **Currency trading** | **-** | **-** |
| k) **Other fee expense** | **3,277** | **1,750** |
| **Total** | **248,204** | **238,177** |

## 3. Dividends and similar income - Item 70

### 3.1 Breakdown of dividends and similar income

| | 30.06.2023 | | 30.06.2022 | |
|---|---|---|---|---|
| ITEMS/INCOME | DIVIDENDS | SIMILAR INCOME | DIVIDENDS | SIMILAR INCOME |
| A. Other financial assets mandatorily measured at fair value | 72 | - | 66 | - |
| B. Financial assets measured at fair value through other comprehensive income | 1,143 | - | 1,060 | - |
| **Total** | **1,215** | **-** | **1,126** | **-** |

# 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 |
|---|---|---|---|---|---|
| **1. HFT financial assets** | **1** | **237** | **-** | **75** | **163** |
| 1.1 Debt securities | - | 186 | - | 12 | 174 |
| 1.2 Equity securities | 1 | 46 | - | 62 | -15 |
| 1.3 UCITS units | - | 5 | - | 1 | 4 |
| 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** | **1,034** |
| **4. Derivatives** | **-** | **3** | **-** | **10** | **-10** |
| 4.1 Financial | - | 3 | - | 10 | -10 |
| - 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 | -3 |
| - Other | - | - | - | - | - |
| 4.2 Credit | - | - | - | - | - |
| *of which:* | | | | | |
| – *natural hedging related to the fair value option* | *X* | *X* | *X* | *X* | - |
| **Total** | **1** | **240** | **-** | **85** | **1,187** |

(1) It includes currency options and currency outrights.

# 5. Net income (loss) from hedging - Item 90

## 5.1 Breakdown of net income (loss) from hedging

| INCOME COMPONENTS/VALUES | 30.06.2023 | 30.06.2022 |
|---|---|---|
| **A. Income from:** | | |
| A.1 Fair-value hedge derivatives | 95,023 | 222,551 |
| A.2 Hedged financial assets (fair value) | 18,234 | 25,066 |
| 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)** | **113,257** | **247,617** |
| **B. Charges from:** | | |
| B.1 Fair-value hedge derivatives | 19,069 | 23,277 |
| B.2 Hedged financial assets (fair value) | 93,770 | 222,262 |
| 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)** | **112,839** | **245,539** |
| **C. Net income (loss) from hedging (A - B)** | **418** | **2,078** |

# 6. Gains (losses) on disposal/repurchase - Item 100

## 6.1 Breakdown of gains (losses) on disposal/repurchase

| ITEMS/INCOME COMPONENTS | 30.06.2023 GAINS | 30.06.2023 LOSSES | 30.06.2023 NET RESULT | 30.06.2022 GAINS | 30.06.2022 LOSSES | 30.06.2022 NET RESULT |
|---|---|---|---|---|---|---|
| **A. Financial assets** | | | | | | |
| **1. Financial assets measured at amortised cost** | **6,993** | **2,219** | **4,774** | **20,042** | **60** | **19,982** |
| 1.1 Loans to banks | 1,013 | 1,044 | -31 | 38 | 16 | 22 |
| 1.2 Loans to customers | 5,980 | 1,175 | 4,805 | 20,004 | 44 | 19,960 |
| **2. Financial assets measured at fair value through other comprehensive income** | **2,786** | **2,680** | **106** | **1,495** | **9,349** | **-7,854** |
| 2.1 Debt securities | 2,786 | 2,680 | 106 | 1,495 | 9,349 | -7,854 |
| 2.2 Loans | - | - | - | - | - | - |
| **Total assets** | **9,779** | **4,899** | **4,880** | **21,537** | **9,409** | **12,128** |
| **B. Financial liabilities measured at amortised cost** | | | | | | |
| 1. Due to banks | - | - | - | - | - | - |
| 2. Due to customers | - | - | - | - | - | - |
| 3. Securities issued | - | - | - | - | - | - |
| **Total liabilities** | **-** | **-** | **-** | **-** | **-** | **-** |

HTCS equity reserves transferred back to the profit and loss account are illustrated in the following table:

| | POSITIVE | NEGATIVE | NET |
|---|---|---|---|
| Debt securities | 625 | -2,069 | -1,444 |
| **Total** | **625** | **-2,069** | **-1,444** |

# 7. Net gains (losses) of other financial assets and liabilities measured at fair value through profit and loss - Item 110

## 7.1 Net change of other financial assets and liabilities measured at fair value through profit and loss account: 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** | **2,748** | **1** | **600** | **-** | **2,149** |
| 1.1 Debt securities | - | - | - | - | - |
| 1.2 Equity securities | 179 | - | 262 | - | -83 |
| 1.3 UCITS units | 2,511 | - | 336 | - | 2,175 |
| 1.4 Loans | 58 | 1 | 2 | - | 57 |
| **2. Financial assets in foreign currencies: exchange differences** | X | X | X | X | **-33** |
| **Total** | **2,748** | **1** | **600** | **-** | **2,116** |

# 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

| TRANSACTIONS/INCOME COMPONENTS | ADJUSTMENTS | | | REVERSALS | | 30.06.2023 | 30.06.2022 |
|---|---|---|---|---|---|---|---|
| | STAGE 1 AND STAGE 2 | STAGE 3 | | STAGE 1 AND STAGE 2 | STAGE 3 | | |
| | | WRITE-OFF | OTHER | | | | |
| **A. Loans to banks** | **-** | **-** | **-** | **735** | **-** | **735** | **-1,275** |
| Loans | - | - | - | 126 | - | 126 | -3 |
| Debt securities | - | - | - | 609 | - | 609 | -1,272 |
| **B. Loans to customers** | **321** | **34** | **2,717** | **1,132** | **415** | **-1,525** | **-3,064** |
| Loans | 321 | 34 | 2,717 | - | 415 | -2,657 | -1,347 |
| Debt securities | - | - | - | 1,132 | - | 1,132 | -1,717 |
| **Total** | **321** | **34** | **2,717** | **1,867** | **415** | **-790** | **-4,339** |

Specific adjustments to loans to customers classified under “Stage 3” amounted to 2,717 thousand euros and included 2,414 thousand euros for positions past due by more than 90 days, 47 thousand euros for unlikely-to-pay positions, and, for the remainder, other operating loans and loans to the sales network.

These write-downs were partially offset through reversals relating to positions past due at the end of the previous year (415 thousand euros) and reclassified out of the non-performing category, of which past due by more than 90 days (263 thousand euros) and to unlikely-to-pay exposures (130 thousand euros).

## 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 | | 30.06.2023 | 30.06.2022 |
|---|---|---|---|---|---|---|---|
| | STAGE 1 AND STAGE 2 | STAGE 3 | | STAGE 1 AND STAGE 2 | STAGE 3 | | |
| | | WRITE-OFF | OTHER | | | | |
| **A. Debt securities** | **-** | **-** | **-** | **230** | **-** | **230** | **-518** |
| **B. Loans** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| – to customers | - | - | - | - | - | - | - |
| – to banks | - | - | - | - | - | - | - |
| **Total** | **-** | **-** | **-** | **230** | **-** | **230** | **-518** |

# 9. General and administrative expenses - Item 190

## 9.1 Breakdown of general and administrative expenses

| | | 30.06.2023 | 30.06.2022 |
|---|---|---|---|
| 190 a) | Staff expenses | 59,913 | 57,385 |
| 190 b) | Other general and administrative expenses | 100,796 | 99,807 |
| **Total** | | **160,709** | **157,192** |

## 9.2 Breakdown of staff expenses

| TYPE OF EXPENSES/VALUES | 30.06.2023 | 30.06.2022 |
|---|---|---|
| **1) Employees** | **59,079** | **56,679** |
| a) wages and salaries | 32,099 | 30,822 |
| b) social security charges | 8,241 | 7,747 |
| c) termination indemnity | 328 | 512 |
| d) retirement benefit plans | - | - |
| e) provision for termination indemnity | 54 | 13 |
| f) provision for pensions and similar obligations: | 125 | 144 |
| – defined benefit | 125 | 144 |
| g) amounts paid to supplementary external pension funds: | 3,075 | 2,578 |
| – defined contribution | 3,075 | 2,578 |
| – defined benefit | - | - |
| h) costs related to payment agreements based on own equity instruments | 1,727 | 1,399 |
| i) other employee benefits | 13,430 | 13,464 |
| **2) Other staff** | **-159** | **-114** |
| **3) Directors and Auditors** | **951** | **790** |
| **4) Retired personnel** | **42** | **30** |
| **Total** | **59,913** | **57,385** |

## 9.3 Breakdown of personnel

| | 30.06.2023 | 30.06.2022 |
|---|---|---|
| **Employees** | **1,066** | **1,015** |
| a) Managers | 75 | 71 |
| b) Total executives | 376 | 368 |
| *of which:* | | |
| – *3rd and 4th level* | *192* | *193* |
| c) Employees at other levels | 615 | 576 |
| **Total** | **1,066** | **1,015** |

## 9.4 Other employee benefits

| | 30.06.2023 | 30.06.2022 |
|---|---|---|
| **Short-term productivity bonuses** | **9,901** | **9,373** |
| **Long-term benefits** | **307** | **990** |
| Charges for Relationship Manager recruitment plans | - | 157 |
| Charges for deferred variable remuneration (managers' MBO) | 307 | 833 |
| **Other benefits** | **3,222** | **3,101** |
| Charges for staff supplementary pensions | 2,303 | 2,229 |
| Amounts replacing cafeteria indemnities | 510 | 519 |
| Training expenses | 253 | 135 |
| Contributions to employees | 57 | 68 |
| Transfer incentives and other indemnities | - | 59 |
| Other expenses | 99 | 91 |
| **Total** | **13,430** | **13,464** |

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 measures for the first half of 2023.

### 9.5 Breakdown of other general and administrative expenses

| | 30.06.2023 | 30.06.2022 |
|---|---|---|
| **Administration** | **9,455** | **11,751** |
| Advertising | 1,499 | 1,589 |
| Audit fees | 4,791 | 7,102 |
| Corporate boards and auditing firms | 501 | 384 |
| Insurance | 1,805 | 1,874 |
| Entertainment expenses | 299 | 193 |
| Membership contributions | 537 | 569 |
| Charity | 23 | 40 |
| **Operations** | **13,231** | **12,178** |
| Rent and usage of premises and management of property | 2,685 | 2,648 |
| Outsourced administrative services | 3,334 | 2,949 |
| Post and telephone | 1,266 | 1,313 |
| Print material | 541 | 639 |
| Other expenses for sales network management | 1,567 | 1,458 |
| Other expenses and purchases | 2,707 | 2,377 |
| Other indirect staff expenses | 1,131 | 794 |
| **Information system and equipment** | **30,810** | **27,935** |
| Expenses related to outsourced IT services | 19,793 | 18,032 |
| Fees for IT services and databases | 5,853 | 5,099 |
| Software maintenance and servicing | 4,222 | 3,872 |
| Fees for equipment hired and software used | 119 | 102 |
| Other maintenance | 823 | 830 |
| **Indirect taxation** | **41,455** | **42,061** |
| Stamp duty on financial instruments | 40,906 | 41,528 |
| Substitute tax on medium/long-term financing | 117 | 96 |
| Other indirect taxes to be paid by the Bank | 432 | 437 |
| **Contributions to the Italian National Resolution Fund and the Interbank Protection Fund** | **5,845** | **5,882** |
| **Total** | **100,796** | **99,807** |

# 10. Net provisions for liabilities and contingencies - Item 200

## 10.1 Breakdown of net provisions for credit risk relating to commitment to disburse funds and financial guarantees issued

| | 30.06.2023 | | | 30.06.2022 | | |
|---|---|---|---|---|---|---|
| | PROVISIONS | SURPLUS | NET | PROVISIONS | SURPLUS | NET |
| Provisions for commitments and financial guarantees issued | 110 | - | **110** | 15 | - | **15** |
| **Total** | **110** | **-** | **110** | **15** | **-** | **15** |

### 10.2 Breakdown of net provisions to other provisions for liabilities and contingencies

| | 30.06.2023 | | | 30.06.2022 | | |
|---|---|---|---|---|---|---|
| | PROVISIONS | SURPLUS | NET | PROVISIONS | SURPLUS | NET |
| **Provision for staff expenses** | **872** | **-** | **872** | **2,082** | **-** | **2,082** |
| Provision for staff expenses – Other [1] | 872 | - | 872 | 2,082 | - | 2,082 |
| **Provisions for legal disputes** | **2,516** | **-928** | **1,588** | **1,555** | **-118** | **1,437** |
| Provision for risks related to legal disputes connected with sales network's embezzlements | 129 | -534 | -405 | 375 | -58 | 317 |
| Provision for risks related to legal disputes with sales network | 71 | -201 | -130 | 35 | -27 | 8 |
| Provision for other legal disputes | 2,316 | -193 | 2,123 | 1,145 | -33 | 1,112 |
| **Provisions for termination indemnity – Financial Advisors** | **6,054** | **-890** | **5,164** | **1,811** | **-5,467** | **-3,656** |
| Provision for termination indemnity of sales network | 1,308 | -458 | 850 | 277 | -1,978 | -1,701 |
| Provision for manager incentive indemnity | 579 | -174 | 405 | 240 | -161 | 79 |
| Provision for portfolio overfee indemnities | 117 | -54 | 63 | 196 | -668 | -472 |
| Provision for pension bonuses | - | -204 | -204 | - | -926 | -926 |
| Provisions for Framework Loyalty Programme | 204 | - | 204 | - | -1,734 | -1,734 |
| Provision for three-year incentives | 3,846 | - | 3,846 | 1,098 | - | 1,098 |
| **Provisions for network incentives** | **7,763** | **-509** | **7,254** | **9,945** | **-911** | **9,034** |
| Provision for network development plans | 5,262 | -509 | 4,753 | 7,938 | -907 | 7,031 |
| Provision for deferred bonus | 1 | - | 1 | - | -4 | -4 |
| Provision for incentive travels | 2,500 | - | 2,500 | 2,000 | - | 2,000 |
| Provision for fee plans | - | - | - | 7 | - | 7 |
| **Provision for tax and contributions dispute** | **-** | **-1,391** | **-1,391** | **24** | **-** | **24** |
| **Other provisions for liabilities and contingencies** | **12,364** | **-** | **12,364** | **11,456** | **-** | **11,456** |
| **Total** | **29,569** | **-3,718** | **25,851** | **26,873** | **-6,496** | **20,377** |

(1) Provisions for staff expenses do not include the items that are classified as "Staff expenses - Other benefits" in accordance with IAS 19.

# 11. Net adjustments/reversals of property and equipment - Item 210

### 11.1 Breakdown of net adjustments of property and equipment

| ASSETS/INCOME COMPONENTS | DEPRECIATION (A) | ADJUSTMENTS FOR IMPAIRMENT (B) | REVERSALS (C) | NET RESULT 30.06.2023 (A + B - C) | NET RESULT 30.06.2022 |
|---|---|---|---|---|---|
| **A. Property and equipment** | **11,919** | **-** | **-** | **11,919** | **11,071** |
| 1. Operating: | **11,919** | **-** | **-** | **11,919** | **11,071** |
| – owned | 906 | - | - | 906 | 998 |
| – rights of use acquired through leases | 11,013 | - | - | 11,013 | 10,073 |
| 2. Held as investments: | - | - | - | - | - |
| – owned | - | - | - | - | - |
| – rights of use acquired through leases | - | - | - | - | - |
| 3. Inventories | X | - | - | - | - |
| **Total** | **11,919** | **-** | **-** | **11,919** | **11,071** |

# 12. Net adjustments/reversals of intangible assets - Item 220

## 12.1 Breakdown of net adjustments of intangible assets

| ASSETS/INCOME COMPONENTS | AMORTISATION (A) | ADJUSTMENTS FOR IMPAIRMENT (B) | REVERSALS (C) | NET RESULT 30.06.2023 (A + B - C) | NET RESULT 30.06.2022 |
|---|---|---|---|---|---|
| **A. Intangible assets** | **7,301** | **-** | **-** | **7,301** | **6,546** |
| *of which:* | | | | | |
| – *software* | 6,327 | - | - | *6,327* | *5,525* |
| A.1 Owned: | **7,301** | **-** | **-** | **7,301** | **6,546** |
| – generated in-house | - | - | - | - | - |
| – other | 7,301 | - | - | 7,301 | 6,546 |
| A.2 Rights of use acquired through leases | **-** | **-** | **-** | **-** | **-** |
| **Total** | **7,301** | **-** | **-** | **7,301** | **6,546** |

# 13. Other operating income and expenses - Item 230

## 13.1 Breakdown of other operating expenses

| | 30.06.2023 | 30.06.2022 |
|---|---|---|
| Adjustments of leasehold improvements | 1,261 | 1,169 |
| Indemnities and compensation for litigation and claims | 251 | 596 |
| Charges from accounting adjustments with customers | 1,182 | 1,125 |
| Charges for card compensation and guarantees | 1 | - |
| Costs associated with tax disputes, penalties and fines | 80 | 16 |
| Other contingent liabilities and non-existent assets | 411 | 434 |
| Other operating expenses | - | 9 |
| Consolidation adjustments | 1 | - |
| **Total** | **3,187** | **3,349** |

## 13.2 Breakdown of other operating income

| | 30.06.2023 | 30.06.2022 |
|---|---|---|
| Recovery of taxes from customers | 40,176 | 41,181 |
| Recovery of expenses from customers | 303 | 285 |
| Fees for outsourced services | 63 | 39 |
| Charge-back of portfolio overfee indemnities to incoming Financial Advisors | 2,886 | 2,743 |
| Indemnities for Financial Advisors' termination without notice | 154 | 649 |
| Other recoveries of repayments and costs from Financial Advisors | 1,725 | 1,503 |
| Contingent assets related to staff expenses | 2,173 | 1,272 |
| Contributions to provision for employment in the banking sector (FOC) and the fund for staff training (FBA) | 216 | 185 |
| Other contingent assets and non-existent liabilities | 1,788 | 4,118 |
| Insurance compensation and indemnities | 293 | 263 |
| Other income | 218 | 134 |
| **Total** | **49,995** | **52,372** |
| **Total other net income** | **46,808** | **49,023** |

# 14. Gains (losses) from equity investments - Item 250

## 14.1 Breakdown of gains (losses) from equity investments

| INCOME COMPONENTS/VALUES | 30.06.2023 | 30.06.2022 |
|---|---|---|
| **1) Companies subject to joint control** | | |
| A. Gains | - | - |
| 1. Revaluations | - | - |
| 2. Gains on disposal | - | - |
| 3. Reversals | - | - |
| 4. Other gains | - | - |
| B. Charges | -133 | -143 |
| 1. Write-downs | -133 | -143 |
| 2. Adjustments for impairment losses | - | - |
| 3. Losses on disposal | - | - |
| 4. Other charges | - | - |
| **Net result** | **-133** | **-143** |
| **2) Companies subject to significant influence** | | |
| A. Gains | 80 | 158 |
| 1. Revaluations | - | - |
| 2. Gains on disposal | 80 | 158 |
| 3. Reversals | - | - |
| 4. Other gains | - | - |
| B. Charges | -31 | -73 |
| 1. Write-downs | -31 | -73 |
| 2. Adjustments for impairment losses | - | - |
| 3. Losses on disposal | - | - |
| 4. Other charges | - | - |
| **Net result** | **49** | **85** |
| **Total** | **-84** | **-58** |

Write-downs of equity investments in companies subject to joint control amounted to 133 thousand euros and related to the measurement using the equity method of BG Saxo SIM S.p.A.

Write-downs of equity investments in companies subject to significant influence amounted to 31 thousand euros and related to the measurement of Nextam Partners SIM S.p.A. using the equity method.

The income recognised in the first half of 2023 resulted from the sale of the equity investment in IOCA Entertainment Ltd.

# 15. Income tax for the period from operating activities - Item 300

## 15.1 Breakdown of income tax for the period from operating activities

| INCOME COMPONENTS/SECTORS | 30.06.2023 | 30.06.2022 |
|---|---|---|
| 1. Current taxation (-) | -63,834 | -42,480 |
| 4. Changes of prepaid taxation (+/-) | -871 | 912 |
| 5. Changes of deferred taxation (+/-) | 33 | 467 |
| **6. Taxes for the period (-)** | **-64,672** | **-41,101** |

## 15.2 Reconciliation between theoretical and actual tax expense

The following table reconciles the total amount of taxes due for the period, 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.

| | 30.06.2023 | 30.06.2022 |
|---|---|---|
| **Current taxation** | **-63,834** | **-42,479** |
| IRES and other income taxes | -52,999 | -34,812 |
| IRAP | -10,835 | - |
| Other | - | -7,667 |
| **Prepaid and deferred taxation** | **-838** | **1,378** |
| IRES and other income taxes | -743 | 925 |
| IRAP | -95 | 453 |
| **Income taxes** | **-64,672** | **-41,101** |
| **Theoretical tax rate** | **27.5%** | **27.5%** |
| **Profit (loss) before taxation** | **239,675** | **172,390** |
| **Theoretical taxation** | **-65,911** | **-47,407** |
| **Non-taxable income (+)** | | |
| Dividends | 317 | 294 |
| ACE | 843 | 835 |
| Other decreases (including tax credit related to movie production) | 173 | 206 |
| **Non-deductible charges (-)** | | |
| Double taxation on dividends | -1,158 | -1,455 |
| Impairment of equity securities PEX | - | -57 |
| Other non-deductible costs | -808 | -991 |
| **Other taxes (+/-)** | | |
| IRAP | -10,930 | -7,214 |
| Rate change of companies under foreign law | 13,052 | 14,645 |
| Tax losses | -866 | -20 |
| Non-income deferred tax assets and liabilities and tax losses | - | 219 |
| Other consolidation adjustments | 616 | -156 |
| **Actual tax expense** | **-64,672** | **-41,101** |
| **Total actual tax rate** | **27.0%** | **23.8%** |
| **Actual IRES rate** | **22.4%** | **19.4%** |
| **Actual IRAP rate** | **4.6%** | **-0.3%** |

# 16. Earnings per Share

## 16.1 Average number of ordinary shares with diluted capital

| | 30.06.2023 | 30.06.2022 |
|---|---|---|
| Net profit for the period (€ thousand) | 175,051 | 131,304 |
| Earnings attributable to ordinary shares (€ thousand) | 175,051 | 131,304 |
| Average number of outstanding shares (thousand) | 114,287 | 114,730 |
| **EPS – Earning per share (euros)** | **1.53** | **1.14** |
| Average number of outstanding shares with diluted capital (thousand) | 114,287 | 114,730 |
| **EPS – Diluted earnings per share (euros)** | **1.53** | **1.14** |

# PART D – CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## Analytical Consolidated Statement of Comprehensive Income

| ITEMS | 30.06.2023 | 30.06.2022 |
|---|---|---|
| **10. Net profit (loss) for the period** | **175,003** | **131,289** |
| **Other income, without transfer to Profit and Loss Account** | **-288** | **1,998** |
| **20. Equity securities designated at fair value through other comprehensive income:** | **55** | **457** |
| a) fair value changes | 55 | 457 |
| b) transfers to other net equity components | - | - |
| **30. Financial liabilities designated at fair value through profit or loss (change in the 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** | **-430** | **1,900** |
| **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** | **87** | **-359** |
| **Other income, with transfer to Profit and Loss Account** | **3,798** | **-12,551** |
| **110. Hedges of foreign investments:** | **-** | **-** |
| a) fair value changes | - | - |
| b) transfer to Profit and Loss Account | - | - |
| c) other changes | - | - |
| **120. Exchange differences:** | **256** | **286** |
| a) value changes | - | - |
| b) transfer to Profit and Loss Account | 256 | 286 |
| 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* | - | - |

| ITEMS | 30.06.2023 | 30.06.2022 |
|---|---|---|
| **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:** | **5,221** | **-18,920** |
| a) fair value changes | 4,115 | -18,778 |
| b) transfer to Profit and Loss Account | 1,106 | -142 |
| – adjustments due to credit risk | -338 | 377 |
| – gains (losses) on disposal | 1,444 | -519 |
| 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** | **-1,679** | **6,083** |
| **190. Total other income components** | **3,510** | **-10,553** |
| **200. Comprehensive income (Items 10 + 190)** | **178,513** | **120,736** |
| **210. Comprehensive income attributable to minority interests** | **-66** | **169** |
| **220. Comprehensive income attributable to the Group** | **178,579** | **120,567** |

# PART E – INFORMATION ON CONSOLIDATED NET EQUITY

## 1. Consolidated net equity

### 1.1 Breakdown of net equity

At 30 June 2023, Banca Generali's net equity, inclusive of the net profit for the period, amounted to 1,063 million euros and was broken down as follows:

| | | | CHANGE | |
|---|---|---|---|---|
| (€ THOUSAND) | 30.06.2023 | 31.12.2022 | AMOUNT | % |
| 1. Share capital | 116,852 | 116,852 | - | - |
| 2. Share premium reserve | 52,784 | 53,767 | -983 | -1.8% |
| 3. Reserves | 746,862 | 724,536 | 22,326 | 3.1% |
| 4. (Treasury shares) | -72,745 | -80,139 | 7,394 | -9.2% |
| 5. Valuation reserves | -6,445 | -9,972 | 3,527 | -35.4% |
| 6. Equity instruments | 50,000 | 50,000 | - | - |
| 7. Net profit (loss) for the period | 175,051 | 213,034 | -37,983 | -17.8% |
| **Consolidated net equity** | **1,062,359** | **1,068,078** | **-5,719** | **-0.5%** |
| 8. Net equity attributable to minority interests | 377 | 442 | -65 | -14.7% |
| **Net equity attributable to the Banking Group** | **1,062,736** | **1,068,520** | **-5,784** | **-0.5%** |

Net equity decreased by 5.8 million euros, compared to the end of the previous year, due to the following changes:

| (€ THOUSAND) | 30.06.2023 |
|---|---|
| **Net equity at period-start** | **1,068,520** |
| Provisions for prior year dividends | -192,805 |
| Change in IFRS 2 reserves | 4,655 |
| Change in OCI valuation reserves | 3,510 |
| Changes and dividends on AT1 equity instruments | -815 |
| Consolidated net profit | 175,003 |
| Dividends not paid on treasury shares | 4,804 |
| Other effects | -136 |
| **Net equity at period-end** | **1,062,736** |
| **Change** | **-5,784** |

The increase 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 period.

## 1.2 Valuation reserves

### 1.2.1 Breakdown of valuation reserves

Fair value valuation reserves for the portfolio of financial assets measured at fair value through other comprehensive income (HTCS) showed a net increase of 3.6 million euros due to the increase in bond prices in the six-month period, driven by the decline in interest rates of government securities.

| | 30.06.2023 | | | 31.12.2022 | |
|---|---|---|---|---|---|
| (€ THOUSAND) | POSITIVE RESERVE | NEGATIVE RESERVE | NET RESERVE | NET RESERVE | CHANGE |
| Valuation reserves - HTCS debt securities | 651 | -6,976 | -6,325 | -9,867 | 3,542 |
| Valuation reserves - OCI equity securities | 573 | -1,234 | -661 | -713 | 52 |
| Exchange differences | 967 | - | 967 | 713 | 254 |
| Actuarial gains (losses) from defined benefit plans | -426 | - | -426 | -105 | -321 |
| **Total** | **1,765** | **-8,210** | **-6,445** | **-9,972** | **3,527** |

### 1.2.2 Valuation reserves of financial assets measured at fair value through other comprehensive income: change

The 3.6 million euro increase of the valuation reserves of the HTCS portfolio was due to the following factors:

1) an increase in net valuation capital gains totalling 3.8 million euros, net of 0.3 million euros referring to reversal of collective reserves;
2) the reduction of pre-existing net negative reserves due to re-absorption through profit or loss upon realisation (+1.4 million euros);
3) a negative net tax effect associated with the above changes and mainly resulting from net decreases in DTAs (-1.7 million euros).

| | 30.06.2023 | | | | |
|---|---|---|---|---|---|
| | | | DEBT SECURITIES | | |
| (€ THOUSAND) | EQUITY SECURITIES | FINANCING | CORPORATE | GOVERNMENT | TOTAL |
| **1. Amount at period-start** | **-713** | **-** | **-2,649** | **-7,219** | **-10,581** |
| **Adjustment of opening balances** | **-** | **-** | **240** | **-240** | **-** |
| **1. Amount at period-start** | **-713** | **-** | **-2,409** | **-7,459** | **-10,581** |
| **2. Increases** | **266** | **-** | **1,633** | **5,566** | **7,465** |
| 2.1 Fair value increases | 260 | - | 1,038 | 3,709 | 5,007 |
| 2.2 Adjustments for credit risk | - | - | - | - | - |
| 2.3 Transfer to Profit and Loss Account of negative reserves due to disposal | - | - | 513 | 1,556 | 2,069 |
| 2.4 Other changes | 6 | - | 82 | 301 | 389 |
| **3. Decreases** | **214** | **-** | **759** | **2,897** | **3,870** |
| 3.1 Fair value decreases | 205 | - | 3 | 628 | 836 |
| 3.2 Reversals for credit risk | - | - | 248 | 90 | 338 |
| 3.3 Transfer to Profit and Loss Account of positive reserves due to disposal | - | - | 10 | 615 | 625 |
| 3.4 Other changes | 9 | - | 498 | 1,564 | 2,071 |
| **4. Amount at period-end** | **-661** | **-** | **-1,535** | **-4,790** | **-6,986** |

# 2. Own funds and regulatory capital ratios

In accordance with Circular No. 262 of 22 December 2005, 7th update of 29 October 2021, 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 F – RELATED PARTY TRANSACTIONS

## 1. Information 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 the 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 relationships include current accounts, the custody and administration of securities, stock brokerage and commercial portfolio collection.

As regard the distribution and sale of financial services, 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.

Finally, as part of its normal operations, the Bank also maintains relationships pertaining to outsourcing, IT and administration, insurance and leasing relationships, as well as other minor relationships with Generali Group companies.

Transactions with related parties outside the Generali Group are mostly confined to direct and indirect net inflows activities and loans to Managers with Strategic Responsibilities (and their relatives) of the Bank and its Parent Company. These transactions are carried out at arm's length. Banca Generali's direct investments in activities on which such related parties exercise significant influence or control are absolutely not material.

### 1.1 Extraordinary and non-recurring transactions

#### Unusual, atypical or extraordinary transactions

There were no atypical and/or unusual transactions to be reported in the first half of 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.

#### Highly significant transactions

In the first half of 2023, the Bank carried out a transaction qualifying as "highly significant", information on which are provided in the Director's Report on Operations.

#### Other significant transactions

In the first half of 2023, some transactions were approved that qualified as "moderately significant" transactions, which are subject to the prior non-binding opinion of the Internal Audit and Risk Committee; in this regard, the reader is referred to the dedicated section of the Report on Operations.

## 1.2 Ordinary or recurring transactions

The developments of ordinary transactions with related parties for the first half of 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 | 30.06.2023 | 31.12.2022 | % WEIGHT 2023 |
|---|---|---|---|---|---|
| Financial assets measured at fair value through profit or loss: | 1,154 | - | 1,154 | 1,031 | 0.2% |
| c) other financial assets mandatorily measured at fair value | 1,154 | - | 1,154 | 1,031 | 0.2% |
| Financial assets measured at fair value through other comprehensive income | - | - | - | 246 | - |
| Financial assets measured at amortised cost: | 26,177 | 1,446 | 27,623 | 26,483 | 0.2% |
| b) loans to customers | 26,177 | 1,446 | 27,623 | 26,483 | 0.3% |
| Equity investments | - | 2,917 | 2,917 | 3,082 | 99.7% |
| Property, equipment and intangible assets | 70,631 | - | 70,631 | 69,876 | 24.4% |
| Other assets | 273 | 6 | 279 | 732 | - |
| **Total assets** | **98,235** | **4,369** | **102,604** | **101,450** | **0.7%** |
| Financial liabilities measured at amortised cost: | 419,350 | 12,804 | 432,154 | 382,844 | 3.1% |
| b) due to customers | 419,350 | 12,804 | 432,154 | 382,844 | 3.3% |
| Tax liabilities (AG tax consolidation) | 23,275 | - | 23,275 | 22,338 | 69.2% |
| Other liabilities | 1,123 | - | 1,123 | 3,673 | 0.3% |
| Equity instruments | 50,000 | - | 50,000 | 50,000 | 100.0% |
| **Total liabilities** | **493,748** | **12,804** | **506,552** | **458,855** | **3.2%** |
| **Guarantees issued** | **773** | **-** | **773** | **2,091** | **1.0%** |

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 98.2 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 70.6 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 493.7 million euros, accounting for 3.1% of liabilities, up by 41.1 million euros (+9.1%) compared to the end of the previous year.

Following the introduction of IFRS 16 with effect from 1 January 2019, amounts due to customers include 74.6 million euros due to the recognition of lease liabilities.

As part of assets, **financial assets mandatorily measured at fair value through other comprehensive income (OCI FV)** claimed from the parent company refer to shares of Assicurazioni Generali held in the corresponding portfolio of Banca Generali. In the portfolio of **financial assets measured at fair value through other comprehensive income (HTCS)**, the equity investment in the consortium of the GBS (Generali Business Solutions) Group was written off as GBS was transferred to Generali Italia S.p.A. in April 2023, with a gain of about 7.4 thousand euros.

The item **Associates subject to joint control or significant influence** includes the interest in BG Saxo SIM S.p.A. and that in Nextam SIM S.p.A., both for 19.9% of share capital of the respective companies.

The value of the equity investment in BG Saxo SIM S.p.A. amounted to 2.5 million euros at 30 June 2023, whereas the share of loss attributable to Banca Generali amounted to approximately 133 thousand euros. With regard to the equity investment in Nextam SIM S.p.A., the share of loss attributable to Banca Generali was 31 thousand euros.

Exposures to Generali Group companies recognised as **loans to customers** amounted to 26.2 million euros and refer to the following transactions:

| COMPANY | RELATIONSHIP | TYPE OF TRANSACTION | 30.06.2023 | | 31.12.2022 | | AMOUNT CHANGE | | REVENUE CHANGE | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | AMOUNT | REVENUES | AMOUNT | REVENUES | ABSOLUTE | % | ABSOLUTE | % |
| Genertellife | Subsidiary of the AG Group | Operating loans | 19,899 | - | 22,051 | - | -2,152 | -10% | - | n.a. |
| Other companies of the Generali Group | Subsidiary of the AG Group | Operating loans | 5,681 | - | 3,319 | - | 2,362 | 71% | - | n.a. |
| Other companies of the Generali Group | Subsidiary of the AG Group | Medium/Short-term loans | 593 | 15 | 659 | 17 | -66 | n.a. | -2 | -11.8% |
| Other exposures with Group companies | Subsidiary of the AG Group | Temporary current account exposures | 4 | 6 | 7 | 207 | -3 | -43% | -201 | -97.1% |
| | | | 26,177 | 21 | 26,036 | 224 | 141 | 1% | -203 | -90.6% |

**Operating loans** 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 419.4 million euros at the end of period, compared to 376.7 million euros for the previous year and included amounts due to the parent company Assicurazioni Generali S.p.A. for 84.8 million euros, and amounts due to Generali Italia S.p.A. for 37.1 million euros and lease liabilities arising from the lease contracts for the administrative offices and the commercial network offices for 74.6 million euros.

Amounts payable to Parent Company and classified as **tax liabilities** consisted of Banca Generali S.p.A.'s net tax debt resulting from the balance of advance payments, tax prepayments, withholdings and credits and the IRES tax calculated at the end of the first half of 2023.

It should also be noted that on 23 December 2019 Banca Generali 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 in force 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 the Generali Group. The securities are perpetual and callable, at the issuer's sole discretion, from the sixth year after issuance, by paying, subject to the approval of the relevant supervisory authority and under the conditions as per the applicable laws, a half-yearly, non-cumulative coupon for the first five at a rate of 4.5% per annum. The instalment for an overall amount of 1,125 thousand euros was paid on 23 June 2023, following those already paid in 2021 and 2022.

In addition, a total of 0.7 million euros signature loans were issued to Generali Group companies, of which 0.6 million euros to Assicurazioni Generali S.p.A.

### Profit and Loss Account data

At 30 June 2023, the profit and loss components recognised in the Financial Statements with regard to transactions with companies of the Generali Group amounted to 113.9 million euros, or 65.7% of operating profit before taxation.

| (€ THOUSAND) | SUBSIDIARIES AND ASSOCIATES OF THE INSURANCE GROUP | ASSOCIATES SUBJECT TO JOINT CONTROL OR SIGNIFICANT INFLUENCE | 30.06.2023 | 30.06.2022 | % WEIGHT 2023 |
|---|---|---|---|---|---|
| Interest income | 21 | 9 | 30 | 552 | 0.0% |
| Interest expense | -5,543 | -56 | -5,599 | -808 | 11.0% |
| **Net interest income** | **-5,522** | **-47** | **-5,569** | **-256** | **-3.7%** |
| Fee income | 130,910 | 1,058 | 131,968 | 138,438 | 27.1% |
| Fee expense | -462 | - | -462 | -719 | 0.2% |
| **Net fees** | **130,448** | **1,058** | **131,506** | **137,719** | **55.2%** |
| Dividends | 72 | - | 72 | 66 | 5.9% |
| **Operating income** | **124,998** | **1,011** | **126,009** | **137,529** | **31.5%** |
| Staff expenses | 166 | 9 | 175 | 246 | -0.3% |
| General and administrative expenses | -7,319 | - | -7,319 | -6,752 | 7.3% |
| Net adjustments/reversals of property and equipment | -4,014 | - | -4,014 | -3,758 | 20.9% |
| Other net operating income | 39 | 46 | 85 | 54 | 0.2% |
| **Net operating expenses** | **-11,128** | **55** | **-11,073** | **-10,210** | **8.3%** |
| **Operating result** | **113,870** | **1,066** | **114,936** | **127,319** | **43.2%** |
| **Operating profit** | **113,870** | **1,066** | **114,936** | **127,319** | **48.0%** |
| **Net profit (loss) for the period** | **113,870** | **1,066** | **114,936** | **127,319** | **65.7%** |
| **Net profit (loss) for the period attributable to the Parent Company** | **113,870** | **1,066** | **114,936** | **127,319** | **65.7%** |

Overall **net interest income** accrued in dealings with members of the Insurance Group was negative at 5.5 million euros, or 3.7% of the total item recognised in the Profit and Loss Account, and is composed of 4.7 thousand euro interest expense on current account deposits of the Group companies, and of a 0.8 thousand euro interest accrued on IFRS 16-related lease liabilities.

**Fee income** paid back by companies of the Insurance Group amounted to 130.9 million euros, equal to 27.1% of the aggregate amount and was broken down as follows:

| | GENERALI GROUP | ASSOCIATES SUBJECT TO JOINT CONTROL OR SIGNIFICANT INFLUENCE | 30.06.2023 | GENERALI GROUP | ASSOCIATES SUBJECT TO JOINT CONTROL OR SIGNIFICANT INFLUENCE | 30.06.2022 | CHANGE ABSOLUTE | CHANGE % |
|---|---|---|---|---|---|---|---|---|
| Fees for the placement of UCITS | 3,297 | - | 3,297 | 2,241 | - | 2,241 | 1,056 | 47.1% |
| Fees for distribution of insurance products | 123,134 | - | 123,134 | 131,533 | - | 131,533 | -8,399 | -6.4% |
| Fees for distribution of discretionary mandates | 19 | - | 19 | 14 | - | 14 | 5 | 35.7% |
| Advisory fees | 4,425 | - | 4,425 | 3,390 | - | 3,390 | 1,035 | 30.5% |
| Other banking fees | 35 | 1,058 | 1,093 | 52 | 1,208 | 1,260 | -167 | -13.3% |
| **Total** | **130,910** | **1,058** | **131,968** | **137,230** | **1,208** | **138,438** | **-6,470** | **-4.7%** |

Fees for **distribution of insurance products,** whose main component were fees paid back by **Genertellife** amounting to 121.8 million euros, reached 123.1 million euros, down by 6.4% 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 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 the first half of 2023 fee income for advisory service rendered to Alleanza Assicurazioni S.p.A., Generali Italia S.p.A. and GIAM SGR S.p.A. amounted to 4.4 million euros.

Other bank fees refer 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 (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).

The **net operating expenses** recognised by the Banca Generali Group in relation to transactions with related parties of the Generali Group amounted to 11.1 million euros and refer for 8.4% to outsourced services in the insurance, leasing, administrative and IT sectors.

| | GENERALI GROUP | ASSOCIATES SUBJECT TO JOINT CONTROL OR SIGNIFICANT INFLUENCE | 30.06.2023 | GENERALI GROUP | ASSOCIATES SUBJECT TO JOINT CONTROL OR SIGNIFICANT INFLUENCE | 30.06.2022 | CHANGE ABSOLUTE | CHANGE % |
|---|---|---|---|---|---|---|---|---|
| Insurance services | 1,473 | - | 1,473 | 1,400 | - | 1,400 | 73 | 5.2% |
| Property services | 237 | - | 237 | 219 | - | 219 | 18 | 8.2% |
| Administration, IT and logistics services | 5,570 | -46 | 5,524 | 5,096 | -15 | 5,081 | 443 | 8.7% |
| Staff services | -166 | -9 | -175 | -186 | -60 | -246 | 71 | -28.9% |
| Amortisation of RoUs (IFRS 16) | 4,014 | - | 4,014 | 3,756 | - | 3,756 | 258 | 6.9% |
| **Total administrative expenses** | **11,128** | **-55** | **11,073** | **10,285** | **-75** | **10,210** | **863** | **8.5%** |

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 1.4 million euros and refer almost exclusively to insurance services.

Expenses relating to IT, administration and logistics related chiefly to services rendered by Generali Business Solutions S.r.l. (GBS) on the basis of current outsourcing agreements.

The 4.0 million euro value adjustments of property and equipment refers to the amortisation 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) | MANAGERS WITH STRATEGIC RESPONSIBILITIES |
|---|---|
| Loans to customers | 8,405 |
| Amounts due to customers | 9,516 |
| Interest income | 130 |
| Interest expense | -52 |
| Fee income | 2 |
| 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.

# PART G – 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").

The networks of non-employed Financial Advisors are organised into two macro-divisions on the basis of the total AUM managed by each Financial Advisor:

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.

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 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 result of 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 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 TIT (Internal Transfer Rate) 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.

| BANCA GENERALI GROUP PROFIT AND LOSS ACCOUNT BY BUSINESS SEGMENT | 30.06.2023 | | | | 30.06.2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | PB CGU | WM CGU | CORPORATE CENTER | TOTAL | PB CGU | WM CGU | CORPORATE CENTER | TOTAL |
| **Net interest income** | **97,659** | **38,723** | **15,071** | **151,454** | **6,351** | **3,818** | **41,675** | **51,845** |
| Fee income | 299,253 | 152,062 | 35,032 | 486,346 | 303,807 | 148,134 | 42,218 | 494,159 |
| *of which:* | | | | | | | | |
| – *underwriting* | *14,988* | *7,798* | *120* | *22,906* | *10,903* | *4,031* | *1,324* | *16,258* |
| – *management* | *252,722* | *126,042* | *21,948* | *400,712* | *260,184* | *128,021* | *25,054* | *413,259* |
| – *performance* | *3,381* | *1,705* | *2,530* | *7,616* | *7,094* | *2,900* | *5,567* | *15,561* |
| – *other* | *28,162* | *16,516* | *10,434* | *55,112* | *25,626* | *13,182* | *10,273* | *49,080* |
| Fee expense | -164,631 | -83,910 | -6,916 | -255,458 | -156,989 | -79,914 | -10,308 | -247,211 |
| *of which:* | | | | | | | | |
| – *incentives* | *-6,195* | *-1,059* | *-* | *-7,254* | *-6,299* | *-2,735* | *-* | *-9,034* |
| **Net fees** | **134,621** | **68,151** | **28,115** | **230,888** | **146,818** | **68,220** | **31,909** | **246,947** |
| Net income (loss) from trading activities and dividends | - | - | 9,816 | 9,816 | - | - | 15,658 | 15,658 |
| **Net banking income** | **232,281** | **106,875** | **53,003** | **392,158** | **153,169** | **72,038** | **89,243** | **314,450** |
| Staff expenses | | | | -59,913 | | | | -57,385 |
| Other general and administrative expenses | | | | -100,796 | | | | -99,807 |
| Adjustments of property, equipment and intangible assets | | | | -19,220 | | | | -17,617 |
| Other operating expenses/income | | | | 46,808 | | | | 49,023 |
| **Net operating expenses** | | | | **-133,121** | | | | **-125,786** |
| **Operating result** | | | | **259,037** | | | | **188,664** |
| Adjustments of other assets | | | | -560 | | | | -4,857 |
| Net provisions | | | | -18,707 | | | | -11,358 |
| Gains (losses) from investments and equity investments | | | | -95 | | | | -58 |
| **Operating profit before taxation** | | | | **239,675** | | | | **172,390** |
| Income taxes - operating activities | | | | -64,672 | | | | -41,101 |
| Net profit (loss) for the period attributable to minority interests | | | | -48 | | | | -15 |
| **Net profit** | | | | **175,051** | | | | **131,304** |

| (€ MILLION) | 30.06.2023 | | | | 30.06.2022 | | | |
|---|---|---|---|---|---|---|---|---|
| Assets Under Management | 55,120 | 32,343 | 5,719 | 93,182 | 51,156 | 28,971 | 5,243 | 85,371 |
| Net inflows | 2,112 | 1,158 | n.a. | 3,269 | 1,917 | 1,131 | n.a. | 3,047 |
| No. of FAs/RMs | 1,849 | 401 | n.a. | 2,250 | 1,833 | 386 | n.a. | 2,219 |

(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 segment reporting are stated in accordance with Top management's view, reclassifying fee provisions to the item Fee expense.

Trieste, 27 July 2023

The Board of Directors

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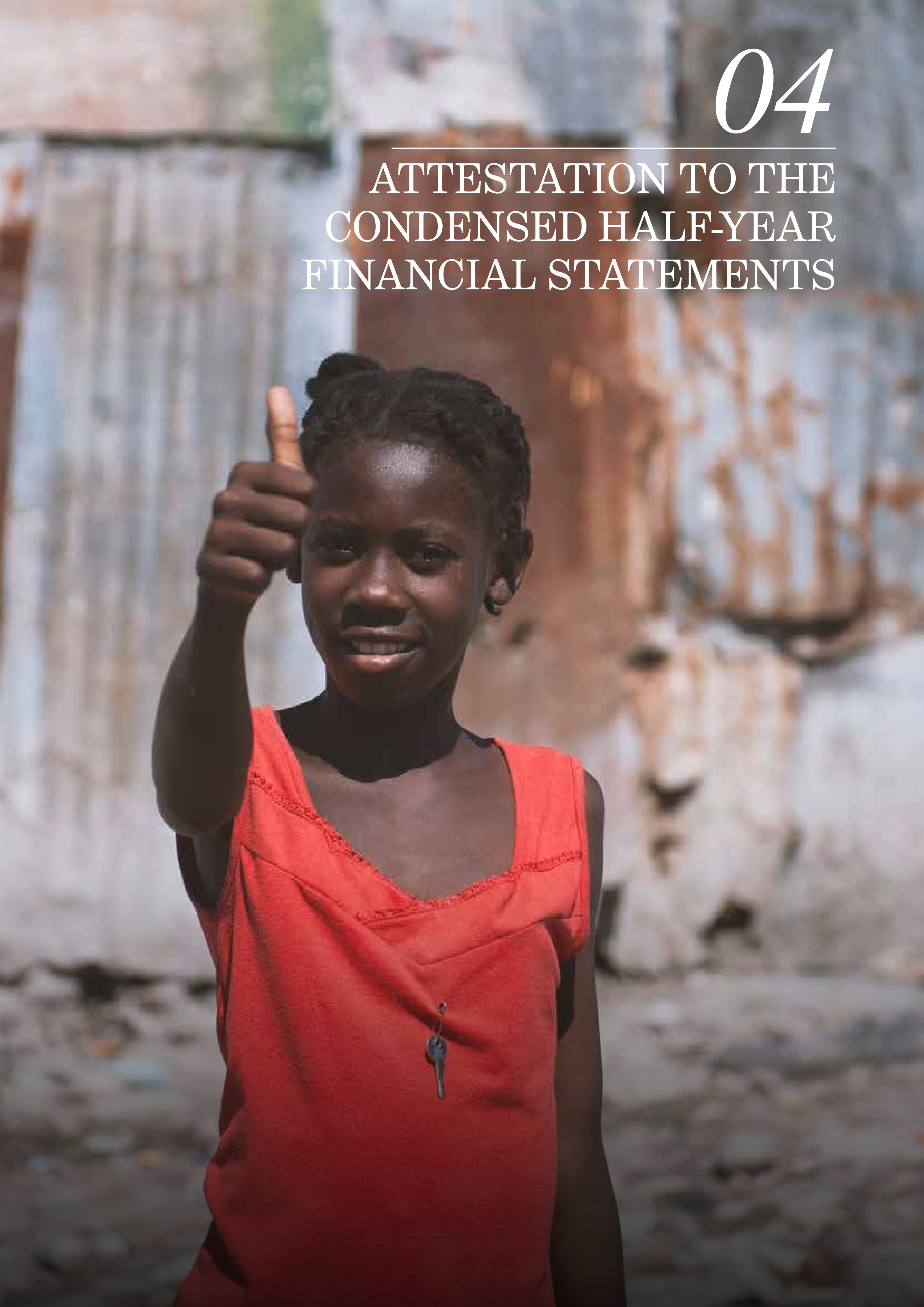
# 04

# ATTESTATION TO THE CONDENSED HALF-YEAR FINANCIAL STATEMENTS



# Attestation to the Condensed Half-year Financial Statements

BANCA GENERALI

**Attestation to the Condensed Half-year Financial Statements Pursuant to Article 81-*ter* of Consob Regulation 11971 Dated 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 preparing the accounting documents of Banca Generali S.p.A., hereby declare, taking into account the provisions set out in article 154-*bis*, paragraphs 3 and 4 of the legislative decree dated 24 February 1998, No.58, that the administrative and accounting procedures adopted to prepare the condensed half-year report for the first half of 2023

   - are appropriate in light of the features of the company, and
   - have been applied.

2. The appropriateness of administrative and accounting procedures for preparing the condensed half-year financial statements at 30 June 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 Organisations of the Treadway Commission, which is generally accepted as a reference framework worldwide.

3. The undersigned further declare that:

3.1 the condensed half-year financial statements at 30 June 2023:

   a) were prepared in compliance with the applicable international accounting standards recognised in the European Community pursuant to regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002, as well as the provisions of Legislative Decree No. 38 of 28 February 2005, and further applicable provisions, regulations and circular letters issued by the Supervisory Board;

   b) reflect the accounting books and records;

   c) provide a true and fair view of the assets, liabilities, profit or loss and financial position of the issuer and all consolidated companies.

3.2 The interim report includes a reliable analysis of references to important events occurred in the first six months of the year, and to their impact on the condensed half-year financial statements; it also includes a description of the main risks and uncertainties regarding the coming six months of the year. The interim report also includes a reliable analysis of information on significant related-party transactions.

Trieste, 27 July 2023

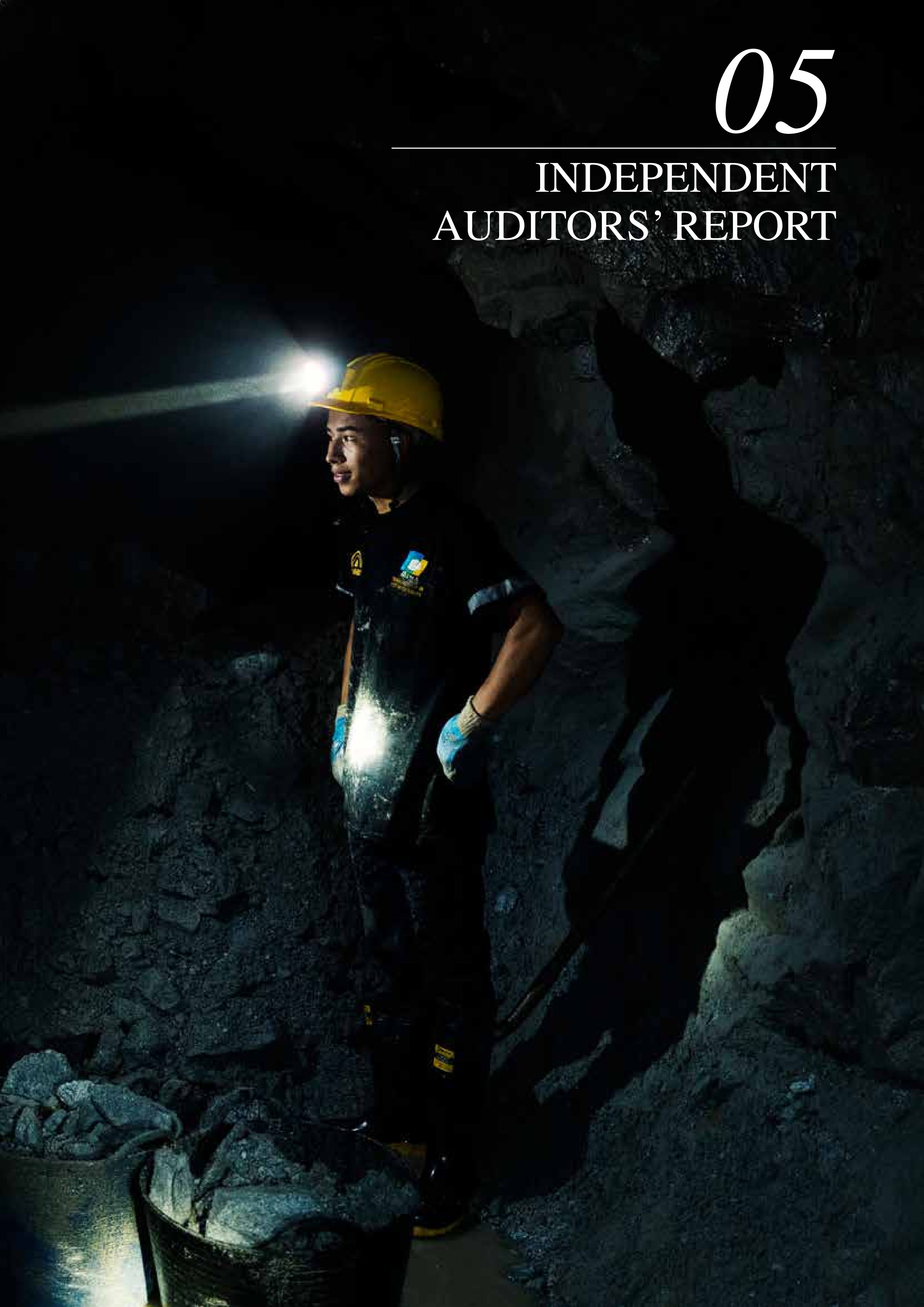
Dott. Gian Maria Mossa
Chief Executive Officer

BANCA GENERALI S.p.A.

Dott. Tommaso Di Russo
Manager in charge of preparing
the Company's Financial Documents
BANCA GENERALI S.p.A

# 05

# INDEPENDENT AUDITORS' REPORT



KPMG S.p.A.
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**(Translation from the Italian original which remains the definitive version)**

# Report on review of condensed consolidated half-year financial statements

*To the Shareholders of*
*Banca Generali S.p.A.*

## Introduction

We have reviewed the accompanying condensed consolidated half-year financial statements of Banca Generali Group comprising the consolidated balance sheet, the consolidated profit and loss account and consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows statement and notes and comments thereto, as at and for the six months ended June 30, 2023. The company's parent's directors are responsible for the preparation of these condensed consolidated half-year financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these consolidated half-year financial statements based on our review.

## Scope of Review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed consolidated half-year financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated half-year financial statements.

***Banca Generali Group***
*Report on review of condensed consolidated half-year financial statements*
*June 30, 2023*

## *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated half-year financial statements of Banca Generali Group as at and for the six months ended June 30, 2023 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Trieste, August 4, 2023

KPMG S.p.A.

(signed on the original)

Pietro Dalle Vedove
Director of Audit

# 06

# ANNEXES

**BOARD OF DIRECTORS**
**27 JULY 2023**

# ANNEX 1 – RECONCILIATION BETWEEN OFFICIAL AND RECLASSIFIED STATEMENTS

## RECONCILIATION BETWEEN THE RECLASSIFIED CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED BALANCE SHEET

| RECLASSIFIED CONSOLIDATED BALANCE SHEET ITEMS - ASSETS | CONSOLIDATED BALANCE SHEET ITEMS - ASSETS | 30.06.2023 | 31.12.2022 |
|---|---|---|---|
| **Financial assets at fair value through profit or loss** | | **507,179** | **507,346** |
| | Item 20. Financial assets measured at fair value through profit or loss | 507,179 | 507,346 |
| **Financial assets at fair value through other comprehensive income** | | **958,875** | **1,120,101** |
| | Item 30. Financial assets measured at fair value through other comprehensive income | 958,875 | 1,120,101 |
| **Financial assets measured at amortised cost** | | **13,057,631** | **14,478,596** |
| **a) Loans to banks** | | **2,463,233** | **3,284,113** |
| | Item 40. a) Financial assets measured at amortised cost – loans to banks | 2,115,200 | 2,536,670 |
| | Item 10. (partial) Demand deposits with central banks and banks | 348,033 | 747,443 |
| **b) Loans to customers** | | **10,594,398** | **11,194,483** |
| | Item 40. b) Financial assets measured at amortised cost – loans to customers | 10,594,398 | 11,194,483 |
| **Hedging derivatives** | | **232,891** | **286,776** |
| | Item 50. Hedging derivatives | 232,891 | 286,776 |
| **Equity investments** | | **2,927** | **3,091** |
| | Item 70. Equity investments | 2,927 | 3,091 |
| **Property, equipment and intangible assets** | | **289,474** | **295,279** |
| | Item 90. Property and equipment | 154,412 | 154,865 |
| | Item 100. Intangible assets | 135,062 | 140,414 |
| **Tax assets** | | **91,429** | **72,266** |
| | Item 110. Tax assets | 91,429 | 72,266 |
| **Other assets** | | **536,585** | **503,394** |
| | Item 10. Cash and cash equivalents | 375,743 | 774,239 |
| | Item 10. (partial) Demand deposits with central banks | -348,033 | -747,443 |
| | Item 130. Other assets | 508,875 | 476,598 |
| **HFS assets** | | **-** | **-** |
| | Item 120. Non-current assets available for sale and disposal groups | - | - |
| **Total assets** | **Total assets** | **15,676,991** | **17,266,849** |

| RECLASSIFIED CONSOLIDATED BALANCE SHEET ITEMS - LIABILITIES AND NET EQUITY | CONSOLIDATED BALANCE SHEET ITEMS - LIABILITIES AND NET EQUITY | 30.06.2023 | 31.12.2022 |
|---|---|---|---|
| **Financial liabilities measured at amortised cost** | | **13,783,954** | **15,503,979** |
| **a) Due to banks** | | **526,633** | **544,531** |
| | Item 10. a) Financial liabilities measured at amortised cost – due to banks | 526,633 | 544,531 |
| **b) Due to customers** | | **13,257,321** | **14,959,448** |
| | Item 10. b) Financial liabilities measured at amortised cost – due to customers | 13,257,321 | 14,959,448 |
| **Financial liabilities held for trading and hedging** | | **107,757** | **123,604** |
| | Item 20. HFT financial liabilities | 118 | - |
| | Item 40. Hedging derivatives | 107,639 | 123,604 |
| **Tax liabilities** | | **33,618** | **44,577** |
| | Item 60. Tax liabilities | 33,618 | 44,577 |
| **Liabilities associated with disposal groups** | | **-** | **-** |
| | Item 70. Liabilities associated with disposal groups | - | - |
| **Other liabilities** | | **439,338** | **281,248** |
| | Item 80. Other liabilities | 439,338 | 281,248 |
| **Special purpose provisions** | | **249,588** | **244,921** |
| | Item 90. Provisions for termination indemnity | 3,679 | 3,705 |
| | Item 100. Provisions for liabilities and contingencies | 245,909 | 241,216 |
| **Valuation reserves** | | **-6,445** | **-9,972** |
| | Item 120. Valuation reserves | -6,445 | -9,972 |
| **Equity instruments** | | **50,000** | **50,000** |
| | Item 140. Equity instruments | 50,000 | 50,000 |
| **Reserves** | | **746,862** | **724,536** |
| | Item 150. Reserves | 746,862 | 724,536 |
| **Share premium reserve** | | **52,784** | **53,767** |
| | Item 160. Share premium reserve | 52,784 | 53,767 |
| **Share capital** | | **116,852** | **116,852** |
| | Item 170. Share capital | 116,852 | 116,852 |
| **Treasury shares (-)** | | **-72,745** | **-80,139** |
| | Item 180. Treasury shares (-) | -72,745 | -80,139 |
| **Net equity attributable to minority interests** | | **377** | **442** |
| | Item 190. Net equity attributable to minority interests (+/-) | 377 | 442 |
| **Net profit (loss) for the period (+/-)** | | **175,051** | **213,034** |
| | Item 200. Net profit (loss) for the period | 175,051 | 213,034 |
| **Total liabilities** | **Total liabilities and net equity** | **15,676,991** | **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 | 30.06.2023 | 30.06.2022 |
|---|---|---|---|
| **Net interest** | | **151,454** | **51,844** |
| | Item 30. Net interest income | 151,454 | 51,844 |
| **Net income (loss) from trading activities and dividends** | | **9,816** | **15,658** |
| | Item 70. Dividends and similar income | 1,215 | 1,126 |
| | Item 80. Net income (loss) from trading activities | 1,187 | 1,367 |
| | Item 90. Net income (loss) from hedging | 418 | 2,078 |
| | Item 100. Gain (loss) on disposal or repurchase of financial assets measured at fair value through other comprehensive income | 4,880 | 12,128 |
| | Item 110. Net result on other financial assets and liabilities measured at fair value through profit and loss | 2,116 | -1,041 |
| **Net financial income** | | **161,270** | **67,502** |
| **Recurring fee income** | | 478,781 | 478,604 |
| | Item 40. Fee income | 486,346 | 494,158 |
| | (Minus) Item 40. (partial) Variable fee income | -7,565 | -15,554 |
| **Fee expense** | | -255,458 | -247,211 |
| | Item 50. Fee expense | -248,204 | -238,177 |
| | Plus: Item 200. (partial) Provisions | -7,254 | -9,034 |
| **Net recurring fees** | | **223,323** | **231,393** |
| **Variable fee income** | | **7,565** | **15,554** |
| | Plus: Item 40. (partial) Variable fee income | 7,565 | 15,554 |
| **Net fees** | | **230,888** | **246,947** |
| **Net banking income** | | **392,158** | **314,449** |
| **Staff expenses** | | **-59,913** | **-57,385** |
| | Item 190.a) Staff expenses | -59,913 | -57,385 |
| **Other general and administrative expenses** | | **-54,775** | **-52,743** |
| | Item 190.b) Other general and administrative expenses | -100,796 | -99,807 |
| | (Minus) Item 190.b) (partial) Charges related to the banking system | 5,845 | 5,882 |
| | (Minus) Item 230. (partial) Recovery of indirect and direct taxes | 40,176 | 41,182 |

| RECLASSIFIED CONSOLIDATED PROFIT AND LOSS ACCOUNT ITEMS | CONSOLIDATED PROFIT AND LOSS ACCOUNT ITEMS | 30.06.2023 | 30.06.2022 |
|---|---|---|---|
| **Net adjustments of property, equipment and intangible assets** | | **-19,220** | **-17,617** |
| | Item 210. Net adjustments/reversals of property and equipment | -11,919 | -11,071 |
| | Item 220. Net adjustments/reversals of intangible assets | -7,301 | -6,546 |
| **Other operating expenses/income** | | **6,632** | **7,841** |
| | Item 230. Other operating expenses/income | 46,808 | 49,023 |
| | (Minus) Item 230. (partial) Recovery of indirect and direct taxes | -40,176 | -41,182 |
| **Net operating expenses** | | **-127,276** | **-119,904** |
| **Operating result** | | **264,882** | **194,545** |
| **Net adjustments to non-performing loans** | | **-560** | **-4,857** |
| | Item 130. Net adjustments/reversals due to credit risk | -560 | -4,857 |
| **Net provisions** | | **-18,707** | **-11,358** |
| | Item 200. Net provisions for liabilities and contingencies | -25,961 | -20,392 |
| | (Minus) Item 200. (partial) Provisions | 7,254 | 9,034 |
| **Contributions and charges related to the banking system** | | **-5,845** | **-5,882** |
| | Plus: Item 190. b) (partial) Charges related to the banking system | -5,845 | -5,882 |
| **Gains (losses) from investments and equity investments** | | **-95** | **-58** |
| | Item 250. Gains (losses) from equity investments | -84 | -58 |
| | Item 280. Gains (losses) on disposal of investments | -11 | - |
| **Operating profit before taxation** | | **239,675** | **172,390** |
| **Income taxes for the period on operating activities** | | **-64,672** | **-41,101** |
| | Item 300. Income taxes for the period on operating activities | -64,672 | -41,101 |
| **Net profit (loss) for the period** | | **175,003** | **131,289** |
| **Net profit (loss) attributable to minority interests** | | **-48** | **-15** |
| | Item 340. Net profit (loss) for the period attributable to minority interests | -48 | -15 |
| **Net profit (loss) for the period attributable to the Parent Company** | | **175,051** | **131,304** |

# 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

Consultancy and coordination
Sege S.r.l. / zero3zero9 S.r.l.
Layout - t&t
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Internal photographies - Stefano Guindani

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