

INTERIM REPORT

AT 30 SEPTEMBER 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.



Interim Report at 30 September 2023

Board of Directors
13 November 2023

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

Banca Generali S.p.A.

Administration and Control Bodies

Board of Directors - 13 November 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 |
| Board of Statutory Auditors | Vittorio Emanuele Terzi | Director |
| | 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 | |

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01

GROUP ECONOMIC AND FINANCIAL HIGHLIGHTS



Group Economic and Financial Highlights

GROUP ECONOMIC AND FINANCIAL HIGHLIGHTS

| (€ MILLION) | 30.09.2023 | 30.09.2022 | CHANGE % |
|--|---------------|---------------|--------------|
| Net interest income | 228.1 | 87.8 | 159.7 |
| Net financial income | 241.0 | 108.7 | 121.7 |
| Net fees | 348.0 | 361.0 | -3.6 |
| Net banking income | 589.0 | 469.7 | 25.4 |
| Net operating expenses ^(d) | -193.5 | -181.9 | 6.4 |
| <i>of which: staff expenses</i> | <i>-90.3</i> | <i>-85.1</i> | <i>6.1</i> |
| Operating result | 395.5 | 287.8 | 37.4 |
| Provisions and charges related to the banking system ^(d) and other one-off charges | -45.1 | -28.0 | 61.1 |
| Adjustments to non-performing loans | -1.0 | -7.5 | -86.8 |
| Profit before taxation | 349.1 | 252.2 | 38.4 |
| Net profit | 255.1 | 155.4 | 64.2 |

PERFORMANCE INDICATORS

| | 30.09.2023 | 30.09.2022 | CHANGE % |
|--|------------|------------|----------|
| Cost/income ratio ^{(d)(f)} | 32.9% | 38.7% | -15.2 |
| Operating Costs/Total Assets (AUM) – annualised ^(e) | 0.29% | 0.30% | -3.6 |
| EBITDA ^(d) | 424.5 | 314.4 | 35.0 |
| ROE ^(a) | 30.9% | 19.5% | 58.2 |
| ROA ^(b) | 0.38% | 0.26% | 48.7 |
| EPS - Earnings per share (euros) | 2.24 | 1.35 | 65.1 |

NET INFLOWS

| (€ MILLION) (ASSORETI DATA) | 30.09.2023 | 30.09.2022 | CHANGE % |
|---------------------------------------|---------------|--------------|--------------|
| Funds and Sicavs | 289 | 504 | -42.7 |
| Financial wrappers | 525 | 471 | 11.5 |
| Insurance wrappers | 28 | 237 | -88.2 |
| Managed solutions | 842 | 1,212 | -30.5 |
| Traditional insurance products | -1,291 | -418 | 208.9 |
| Administered assets | 4,793 | 3,265 | 46.8 |
| Total | 4,344 | 4,059 | 7.0 |

- (a) Ratio of net result to the arithmetic average of net equity, including net profit, at the end of the period and of the previous period.
- (b) Ratio of net result for the period to Assoreti's period-end exact AUM and AUM arising from new acquisitions, annualised.
- (d) For a greater understanding of operating performance, mandatory contributions (of both an ordinary and extraordinary nature) paid to the Italian Interbank Deposit Protection Fund, the European Single Resolution Fund and Italian National Resolution Fund have been reclassified from the administrative expenses aggregate to a separate item. The restatement better represents the evolution of the costs linked to the Bank's operating structure by separating them from the systemic charges incurred.
- (e) Ratio of operating expenses, gross of non-recurring components, to Assoreti's period-end exact AUM and AUM arising from new acquisitions, annualised.
- (f) The cost/income ratio measures the ratio of operating expenses to net operating income.

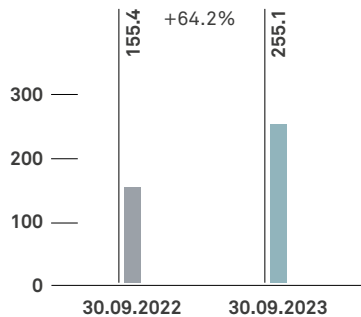
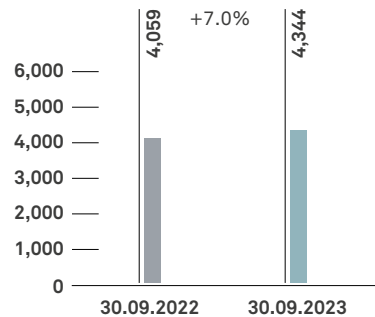
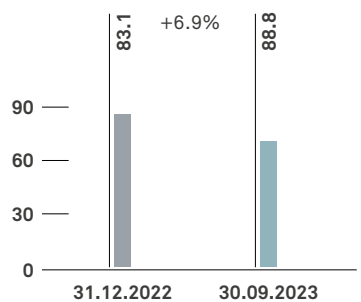
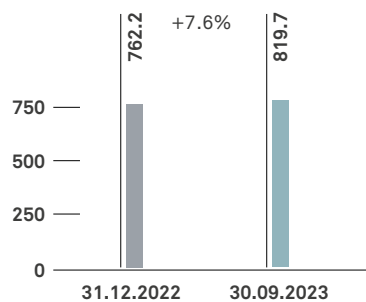
ASSETS UNDER MANAGEMENT & CUSTODY

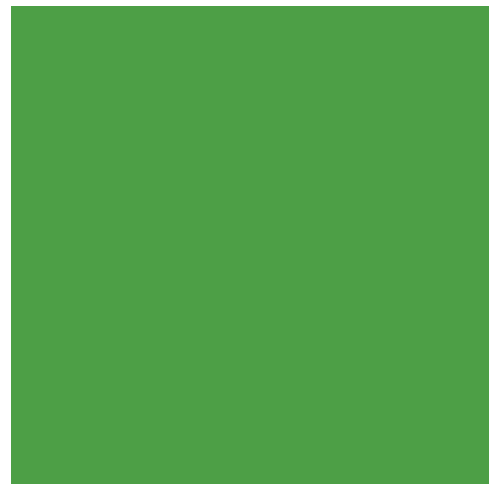
| (€ BILLION) | 30.09.2023 | 31.12.2022 | CHANGE % |
|-----------------------------------|-------------|-------------|------------|
| Funds and Sicavs ^(c) | 21.1 | 20.6 | 2.43 |
| Financial wrappers ^(c) | 10.2 | 9.4 | 9.0 |
| Insurance wrappers | 10.3 | 10.1 | 1.4 |
| Managed solutions | 41.6 | 40.1 | 3.7 |
| Traditional insurance products | 14.2 | 15.3 | -7.6 |
| Administered assets | 33.0 | 27.6 | 19.5 |
| Total ^(c) | 88.8 | 83.1 | 6.9 |

NET EQUITY

| | 30.09.2023 | 31.12.2022 | CHANGE % |
|----------------------------|------------|------------|----------|
| Net equity (€ million) | 1,134.1 | 1,068.5 | 6.1 |
| Own funds (€ million) | 819.7 | 762.2 | 7.6 |
| Excess capital (€ million) | 273.0 | 199.5 | 36.8 |
| Total Capital Ratio | 18.5% | 16.7% | 10.7 |

(c) 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

CONSOLIDATED FINANCIAL STATEMENTS



Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

ASSETS

| (€ THOUSAND) | 30.09.2023 | 31.12.2022 | CHANGE | |
|---|-------------------|-------------------|-------------------|---------------|
| | | | AMOUNT | % |
| Financial assets at fair value through profit or loss | 506,691 | 507,346 | -655 | -0.1% |
| Financial assets at fair value through other comprehensive income | 991,393 | 1,120,101 | -128,708 | -11.5% |
| Financial assets measured at amortised cost: | 12,869,116 | 14,478,596 | -1,609,480 | -11.1% |
| a) loans to banks ^(*) | 2,665,380 | 3,284,113 | -618,733 | -18.8% |
| b) loans to customers | 10,203,736 | 11,194,483 | -990,747 | -8.9% |
| Hedging derivatives | 272,492 | 286,776 | -14,284 | -5.0% |
| Equity investments | 2,781 | 3,091 | -310 | -10.0% |
| Property, equipment and intangible assets | 283,139 | 295,279 | -12,140 | -4.1% |
| Tax receivables | 99,132 | 72,266 | 26,866 | 37.2% |
| Other assets | 522,861 | 503,394 | 19,467 | 3.9% |
| Total assets | 15,547,605 | 17,266,849 | -1,719,244 | -10.0% |

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

LIABILITIES AND NET EQUITY

| (€ THOUSAND) | 30.09.2023 | 31.12.2022 | CHANGE | |
|--|-------------------|-------------------|-------------------|---------------|
| | | | AMOUNT | % |
| Financial liabilities measured at amortised cost: | 13,682,584 | 15,503,979 | -1,821,395 | -11.7% |
| a) due to banks | 483,931 | 544,531 | -60,600 | -11.1% |
| b) due to customers | 13,198,653 | 14,959,448 | -1,760,795 | -11.8% |
| Financial liabilities held for trading and hedging | 98,050 | 123,604 | -25,554 | -20.7% |
| Tax liabilities | 58,901 | 44,577 | 14,324 | 32.1% |
| Other liabilities | 318,056 | 281,248 | 36,808 | 13.1% |
| Special purpose provisions | 255,879 | 244,921 | 10,958 | 4.5% |
| Valuation reserves | -5,232 | -9,972 | 4,740 | -47.5% |
| Equity instruments | 50,000 | 50,000 | - | - |
| Reserves | 749,147 | 724,536 | 24,611 | 3.4% |
| Share premium reserve | 52,908 | 53,767 | -859 | -1.6% |
| Share capital | 116,852 | 116,852 | - | - |
| Treasury shares (-) | -85,005 | -80,139 | -4,866 | 6.1% |
| Net equity attributable to minority interests | 364 | 442 | -78 | -17.6% |
| Net profit (loss) for the period (+/-) | 255,101 | 213,034 | 42,067 | 19.7% |
| Total liabilities and net equity | 15,547,605 | 17,266,849 | -1,719,244 | -10.0% |

CONSOLIDATED PROFIT AND LOSS ACCOUNT

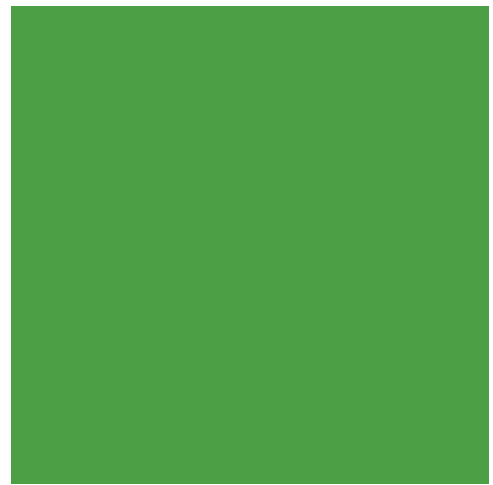
ITEMS

| (€ THOUSAND) | 30.09.2023 | 30.09.2022 | CHANGE | |
|--|-----------------|-----------------|----------------|---------------|
| | | | AMOUNT | % |
| Net interest income | 228,080 | 87,837 | 140,243 | 159.7% |
| Net income (loss) from trading activities and dividends | 12,882 | 20,844 | -7,962 | -38.2% |
| Net financial income | 240,962 | 108,681 | 132,281 | 121.7% |
| Recurring fee income | 716,778 | 708,001 | 8,777 | 1.2% |
| Fee expense | -379,108 | -364,607 | -14,501 | 4.0% |
| Net recurring fees | 337,670 | 343,394 | -5,724 | -1.7% |
| Variable fee income | 10,338 | 17,576 | -7,238 | -41.2% |
| Net fees | 348,008 | 360,970 | -12,962 | -3.6% |
| Net banking income | 588,970 | 469,651 | 119,319 | 25.4% |
| Staff expenses | -90,306 | -85,138 | -5,168 | 6.1% |
| Other general and administrative expenses (net of duty recoveries) | -82,054 | -80,299 | -1,755 | 2.2% |
| Net adjustments of property, equipment and intangible assets | -29,038 | -26,630 | -2,408 | 9.0% |
| Other operating expenses/income | 7,882 | 10,177 | -2,295 | -22.6% |
| Net operating expenses | -193,516 | -181,890 | -11,626 | 6.4% |
| Operating result | 395,454 | 287,761 | 107,693 | 37.4% |
| Net adjustments to non-performing loans | -986 | -7,472 | 6,486 | -86.8% |
| Net provisions for liabilities and contingencies | -27,319 | -11,008 | -16,311 | 148.2% |
| Contributions and charges related to the banking system | -17,809 | -17,000 | -809 | 4.8% |
| Gains (losses) from equity investments valued at equity | -240 | -113 | -127 | 112.4% |
| Operating profit before taxation | 349,100 | 252,168 | 96,932 | 38.4% |
| Income taxes for the period | -94,042 | -61,473 | -32,569 | 53.0% |
| One-off charges for tax settlement procedures | - | -35,330 | 35,330 | -100.0% |
| Net profit attributable to minority interests | -43 | -20 | -23 | 115.0% |
| Net profit | 255,101 | 155,385 | 99,716 | 64.2% |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

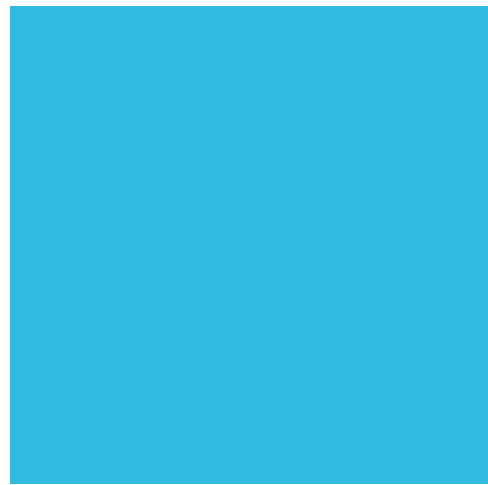
ITEMS

| (€ THOUSAND) | 30.09.2023 | 30.09.2022 | CHANGE | |
|--|----------------|----------------|----------------|----------------|
| | | | AMOUNT | % |
| Net profit | 255,058 | 155,365 | 99,693 | 64.2% |
| Other income, net of income taxes: | | | | |
| With transfer to Profit and Loss Account: | | | | |
| Exchange differences | -232 | 479 | -711 | -148.4% |
| Financial assets measured at fair value through other comprehensive income | 4,717 | -8,103 | 12,820 | -158.2% |
| Without transfer to Profit and Loss Account: | | | | |
| Financial assets measured at fair value through other comprehensive income | 787 | 715 | 72 | 10.1% |
| Actuarial gains (losses) from defined benefit plans | -565 | 1,518 | -2,083 | -137.2% |
| Total other income, net of taxes | 4,707 | -5,391 | 10,098 | -187.3% |
| Comprehensive income | 259,765 | 149,974 | 109,791 | 73.2% |
| Consolidated comprehensive income attributable to minority interests | -75 | 86 | -161 | -187.8% |
| Consolidated comprehensive income attributable to the Group | 259,840 | 149,889 | 109,951 | 73.4% |



03

INTERIM REPORT



1. Summary of Operations for the First Nine Months of 2023

The Banca Generali Group closed the first nine months of 2023 with a **consolidated net profit of 255.1 million euros**, sharply up compared to the end of the third quarter of 2022 (+64.2%).

This result was achieved in an economic context marked by persistent inflation and high interest rates, driven towards further hikes by central banks, as well as by stock markets that are recovering sharply from last year's lows, albeit still impacted by strong volatility and macroeconomic and geopolitical uncertainties.

Within this scenario, **recurring net profit** reached **249.9 million euros**, jumping by 53% compared to the same period of the previous year, whereas non-recurring items stood at 5.2 million euros.

Despite the markets' strong volatility and the ensuing prudent investment approach, **net inflows** reached **4.3 billion euros** (+7.0%).

Most net inflows were concentrated on administered assets, which amounted to **4.8 billion euros** YTD, with investments in AUC financial instruments for **6.2 billion euros**, offset by outflows from current accounts for **1.4 billion euros**.

With regard to managed solutions, financial wrappers stood out for their results (**+0.5 billion euros** YTD), thanks to their personalisation options and the new lines aimed at exploiting financial market investment opportunities, whereas funds recorded a certain slowdown (**+0.3 billion euros**).

Net inflows from insurance products mirrored the reflective approach pending the launch of new solutions and strategies planned as of October, reporting significant outflows in their traditional component (**-1.3 billion euros**).

Assets under Advisory also recorded a very positive result, with total AUM at **8.9 billion euros**, increasing by 30.1% compared to 6.8 billion euros at the end of the third quarter of 2022.

Net banking income totalled **589.0 million euros** compared to 469.7 million euros for the third quarter of 2022 (+25.4%). The significant increase was driven by the acceleration of **net financial income** (241.0 million euros; +121.7%), offset by **net recurring fees** slightly declining to 337.7 million euros (-1.7%) and variable fees still sharply weighted down by the previous year's market volatility (10.3 million euros; -41.2%).

Despite the inflationary pressures, **operating expenses** amounted to 193.5 million euros (+6.4% on an annual basis), including 3.5 million euro one-off charges, thus confirming the Bank's operational efficiency. **Core¹ operating expenses** totalled **174.4 million euros**, up 6.0%, of which 4.8 million euros attributable to the start-up phase of BG Suisse Private Bank, 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, further improved to 32.8% from 39.7% for the same period of the previous year.

Provisions, contributions and charges related to the banking system and **net adjustments** amounted to **46.1 million euros**, up compared to **35.5 million euros** for the first nine months of 2022, as a result of higher provisions for liabilities and contingencies (+16.3 million euros), only partly offset by the reversals of adjustments to receivables due to the improvement of the portfolio risk profile (-6.5 million euros).

The change in provisions was mainly attributable to the increase in actuarial provisions (+11.3 million euros), impacted by a reduced increase in the discount rates used to evaluate them compared to the third quarter of 2022.

¹ Operating expenses, net of non-recurring items, amounting to 3.5 million euros (2.6 million euros in 2022), and of costs related to sales personnel amounting to 15.6 million euros (14.8 million euros in 2022).

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

Core loans amounted to 14.4 billion euros, down 1.7 billion euros compared to the end of 2022 (-10.8%) due to the concurrent decline in net inflows from customers (-1.8 billion euros; -11.8%).

The **banking book financial assets** stood at 10.8 billion euros (-9.5% compared to the end of 2022). Nearly 96% of the assets were invested in bonds with a duration of 1.2 years and 51% in floating-rate securities; this allowed to benefit from the sharp interest rate increase underway.

Exposures composed of loans to customers reached 2.3 billion euros (-8.6% compared to the end of 2022). The interbank position, net of the bond component, declined to 0.5 billion euros, markedly decreasing compared to the previous year (-41.6%) 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), assuming a capital distribution equal to 80% of net profit generated, in accordance with the guidelines for the Dividend Policy set upon the launch of the 2022-2024 Strategic Plan.

At 30 September 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 **88.8 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 0.9 billion euros in deposits of administered assets of the Generali Group companies and 3.9 billion euros in funds and Sicavs distributed directly by BGFML, for an overall total of **93.6 billion euros**.

2. Macroeconomic Context

In the third quarter of the year, **inflation was more resilient** than expected by central banks, both in Europe and in the United States. Despite restrictive monetary policies and the increased cost of money, food and energy prices remained at high levels, leading to a less marked decline in inflation than forecast. However, an analysis of numbers reveals that the situation is quite different from a year ago. In detail, inflation went from 8% to about 4% in the United States and from 10% to around 5.5% in Europe. This shows that the rate hike effect helped to significantly reduce the price pressure over the past twelve months.

Within this context, **central banks** confirmed their tightening stance in the quarter as well. The ECB and the FED rose their rates by 50 bps and 25 bps, respectively. In particular, the FED emphasised that the battle for price restraint could not yet be considered to be over, thus opening up the possibility of further hikes, if necessary.

In the coming weeks, it will be necessary to monitor macrodata, which may or may not determine the end of one of the fastest rate hike cycles in history. One variable that could lead central banks to raise rates again could be the rise in the oil price, which grew from 70 to 90 dollars a barrel over the period.

In this scenario, **rates were extremely volatile**, thus leading to an increase in yields on both the short- and long-term ends of the curves. In particular, the German Bund 10-year yields rose from 2.39% at the beginning of the quarter to 2.84% at the end of September, whereas the US Treasury yields went from 3.48% to 4.57% in the same period. In the reporting quarter, the Italian (BTP)/German (Bund) spread widened from 168 bps to 194 bps. By contrast, credit spreads remained stable. In particular, AT1 bonds generated a price return of about 2%, whereas high-yield corporate securities outperformed investment-grade issues. The good performance of spread issues was attributable to the companies' current good state of health. Most of them have in fact managed to pass on the price increase to the end consumer over the past two years. However, great attention will be necessary in the coming months, when many of these companies will again have to borrow at higher rates than in the past.

With reference to **equities**, after a very positive first half of the year for equity markets globally, with double-digit yields, the main indices recorded substantially unchanged or negative returns in the third quarter of the 2023. At sector level, European banks were among the best performing in the period, up by about +5% in euros, driven by record profits. In the United States, NASDAQ recorded a substantially stable performance in the period. The main US equity indices remained generally unchanged, also driven by the dollar's appreciation. The Euro Stoxx 50 index declined by four percentage points. The Italian market overperformed the Euro Stoxx 50 by approximately 6 percentage points thanks to the performance of bank securities. On the Asian markets, China seemed to have overcome the sluggish period that had marked the first six months of the year thanks to the Chinese central bank's repeated interventions in support of the economy. The Chinese index closed the quarter with substantially unchanged returns in euros, positioning itself as one of today's most attractive markets in terms of valuations now on the market.

With regard to **currencies**, following the euro's rally in the first half of the year, the US dollar appreciated against the euro, with the EUR/USD exchange rate going from 1.08 at the beginning of the quarter to 1.059 as the US economy proved more resilient than that of the Eurozone. By contrast, the Japanese yen continued to depreciate against the US dollar, going from 144 to 149.

In the third quarter of 2023, the general **commodity** index recorded a good rise, despite a context dominated by concerns regarding the impact on the global economic cycle of the abrupt rate hikes imposed by the major central banks at global level, as well as the persistent problems affecting the Chinese real-estate sector, which is very important in terms of demand for commodities, especially industrial ones.

At sector level, the most cyclical components such as industrial metals significantly underperformed, while energy commodities excelled, driven by oil, boosted by the OPEC Plus agreement aimed to cut oil supply.

Outlook

In the fourth quarter of the year, monetary policy decisions will be fully linked to the publication of macroeconomic data, especially regarding inflation, growth and unemployment. Equity market performance in the last three months of the year will depend not only on the central banks' stance in terms of monetary policy, but also on the companies' ability to remain profitable amid slowing economy. In this sense, the upcoming earnings season could prove crucial in understanding the state of health of companies in both the US and the Eurozone. The sudden interest rate hikes have led the yields of the main global bond curves to levels not seen since 2007 and which could represent a buy opportunity over the coming months.

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 eight months of 2023 with net outflows of -7.7 billion euros, mainly due to the outflows from long-term flexible and balanced funds.

Assets under management amounted to 1,264 billion euros (net of assets invested in collective management solutions), of which 1,112 billion euros (88%) was invested in Italian and foreign funds and 153 billion euros in retail portfolio management solutions.

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

- › bond funds (34.1% of total assets or 378.8 billion euros) with 14.3 billion euro net inflows in the first eight months of the year;
- › equity funds (32.9% of total assets or 365.4 billion euros), with net inflows of approximately 2.8 billion euros;
- › flexible funds (17.0% of total assets or 189.1 billion euros), with net outflows of -15.0 billion euros;
- › balanced funds (12.2% of total assets or 135.7 billion euros), with year-to-date net outflows of -9.7 billion euros;
- › hedge funds (0.1% of total assets or 1.3 billion euros), with year-to-date net outflows of -0.02 billion euros.

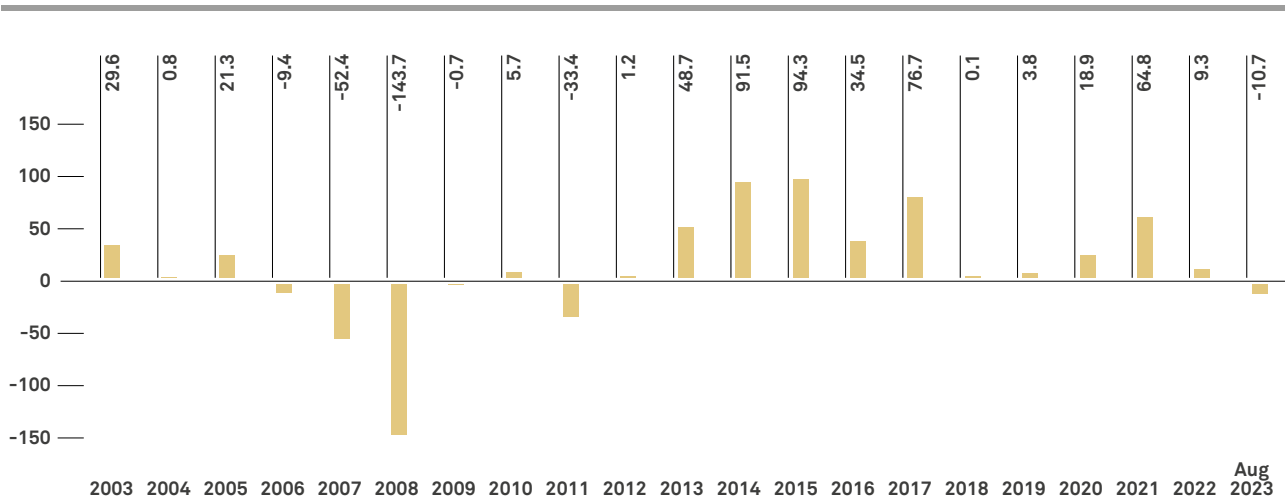
Assets invested in money-market funds amounted to 41.4 billion euros, accounting for 3.7% of total assets, with year-to-date net outflows of -2.9 billion euros overall.

EVOLUTION OF NET INFLOWS AND ASSETS UNDER MANAGEMENT

| (€ MILLION) | NET INFLOWS | | ASSETS | |
|-------------------------------|-----------------|-----------------|------------------|------------------|
| | AUGUST 2023 YTD | AUGUST 2022 YTD | AUGUST 2023 YTD | AUGUST 2022 YTD |
| Italian funds | 3,094 | 267 | 240,002 | 233,634 |
| Foreign funds | -13,781 | 13,976 | 871,637 | 883,089 |
| Total open-ended funds | -10,687 | 14,243 | 1,111,639 | 1,116,723 |
| GP Retail | 3,019 | 5,200 | 152,574 | 146,793 |
| Total | -7,668 | 19,443 | 1,264,213 | 1,263,516 |

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

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



Source: Assogestioni data updated August 2023.

3.2 The Assoreti market

Net inflows amounted to 30.3 billion euros in the first eight months of 2023, with a 0.4 billion euro increase (+1.4%) compared to the same period of the previous year.

Net inflows from assets under management stood at 5.0 billion euros, essentially in line with the same period of the previous year. In this segment, the contribution of mutual funds and Sicavs was 3.0 billion euros, whereas that of discretionary mandates was 2.0 billion euros.

Net inflows from insurance products declined sharply compared to August 2022, reaching -2.8 billion euros compared to approximately 6.6 billion euros in August 2022 (unit-linked products represented the main component of overall net inflows from insurance products).

Administered assets rose to 28.1 billion euros, increasing by approximately 10.1 billion euros compared to the same period of the previous year (+55.9%). Net inflows of administered assets included net outflows of liquidity for -6.5 billion euros and net inflows of securities for 34.7 billion euros.

NET INFLOWS - ASSORETI MARKET

| (€ MILLION) | ASSORETI MARKET | | CHANGE |
|---------------------|-----------------|-----------------|------------|
| | AUGUST 2023 YTD | AUGUST 2022 YTD | |
| Asset management | 5,028 | 5,278 | -250 |
| Insurance products | -2,835 | 6,594 | -9,429 |
| Administered assets | 28,135 | 18,044 | 10,091 |
| Total | 30,328 | 29,916 | 413 |

Source: Assoreti data updated August 2023 (€ million).

3.3 Banca Generali

In the first nine months of 2023, Banca Generali's net inflows amounted to 4.3 billion euros (+7.0% compared to the same period of the previous year) owing to the impact of market volatility and interest rate dynamics on managed solutions (funds and insurance and financial wrappers), offset by an increase in administered assets (with an increase in securities deposits, driven by BTP, against a decline in current account deposits).

Managed solutions totalled 0.8 billion euros, accounting for 19.4% of total net inflows compared to 29.9% for the same period of 2022.

Unlike the previous year, when third-party solutions had been the main component of net inflows from funds and Sicavs (416 million euros at September 2022 vs -121 million euros at September 2023), in the first nine months of 2023 customers were mainly interested in in-house solutions, which totalled 410 million euros (88 million euros in September 2022). This further confirmed the soundness of the initiatives taken to innovate the BGFML range of products. Among managed products, financial wrappers stood out for their result (525 million euros), thanks both to their personalisation options and the new lines aimed at exploiting bond market investment opportunities. Insurance wrappers (BG Stile Libero, Lux Protection Life, BG Oltre and BG Insieme Progetti di Vita) reported 28 million euro net inflows overall, a positive result considering the market trends, though below the same period of 2022 (-88.2%).

Net inflows from traditional life insurance products stood at -1,291 million euros (down compared to -418 million euros for the same period of 2022), mirroring the reflective approach pending the launch of new solutions and strategies planned late in the year.

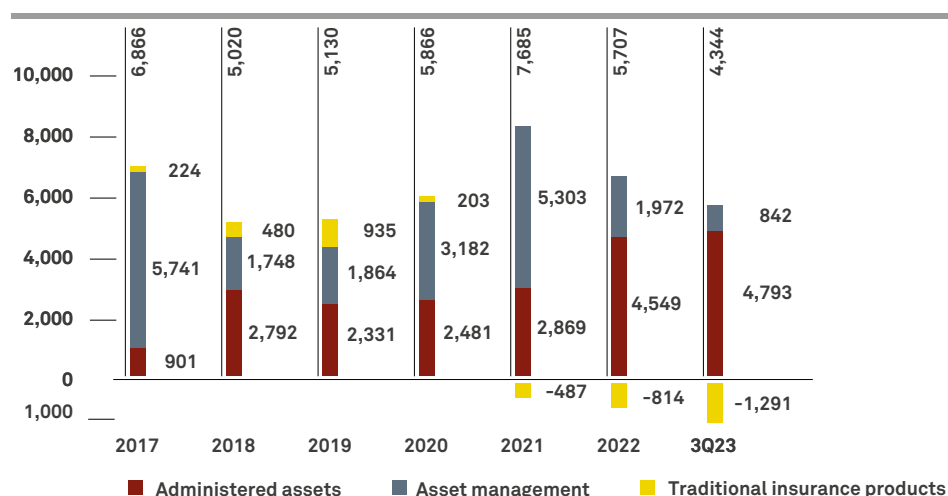
Net inflows from administered assets amounted to 4.8 billion euros (up +46.8% compared to 3.3 billion euros for the same period of the previous year), driven by 6.2 billion euro investments in securities.

Assets under Advisory amounted to 8.9 billion euros at 30 September 2023 (6.8 billion euros at the end of September 2022).

BANCA GENERALI'S NET INFLOWS

| (€ MILLION) | BG GROUP | | CHANGES VS 30.09.2022 | |
|--|--------------|--------------|-----------------------|---------------|
| | 30.09.2023 | 30.09.2022 | AMOUNT | % |
| Funds and Sicavs | 289 | 504 | -215 | -42.7% |
| Financial wrappers | 525 | 471 | 54 | 11.5% |
| Insurance wrappers | 28 | 237 | -209 | -88.2% |
| Total assets under management | 842 | 1,212 | -370 | -30.5% |
| Other life insurance policies | -1,291 | -418 | -873 | 208.9% |
| Total administered assets | 4,793 | 3,265 | 1,528 | 46.8% |
| Total net inflows from products placed by the network | 4,344 | 4,059 | 285 | 7.0% |

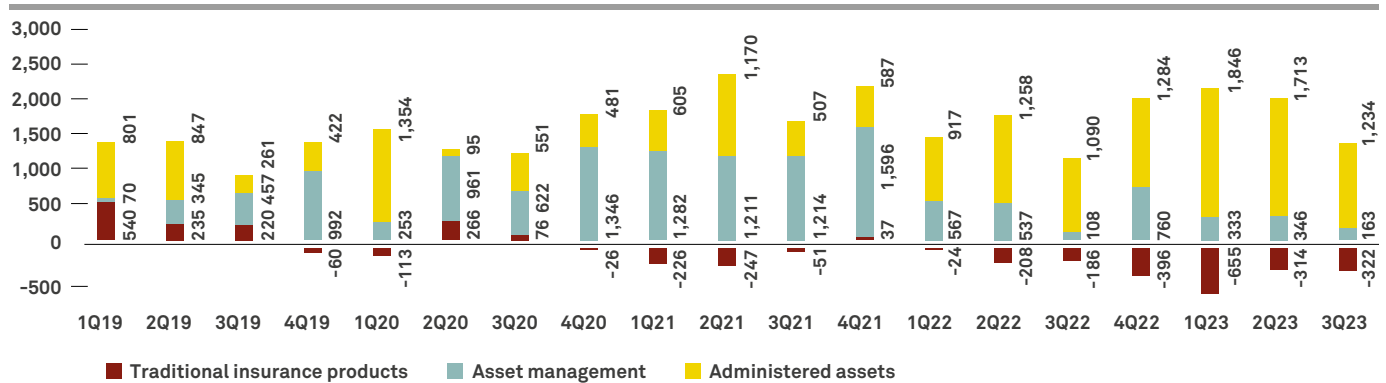
BREAKDOWN OF ANNUAL NET INFLOWS (€ MILLION)



The following chart shows how Banca Generali has consistently succeeded in attracting net inflows in recent years. As already mentioned above, in the first nine months of 2023 the interest rate dynamic and the uncertain market scenario drove customers towards investments in securities, increasing the ratio of net inflows from administered assets to total net inflows.

The evolution of net inflows highlights the negative performance of insurance products, mainly attributable to traditional life insurance products. The uptrend of net inflows from managed solutions (accounting for 15.2% of total net inflows) continued in the third quarter, albeit slowing slightly compared to the first two quarters of the year.

BREAKDOWN OF QUARTERLY NET INFLOWS (€ MILLION)



BANCA GENERALI'S AUM (TOTAL ASSORETI AUM)

| (€ MILLION) | BG GROUP | | CHANGES VS 31.12.2022 | |
|--|---------------|---------------|-----------------------|--------------|
| | 30.09.2023 | 31.12.2022 | AMOUNT | % |
| Funds and Sicavs | 21,115 | 20,510 | 606 | 3.0% |
| Financial wrappers | 9,200 | 8,594 | 605 | 7.0% |
| Insurance wrappers | 10,269 | 10,130 | 139 | 1.4% |
| Total assets under management | 40,584 | 39,234 | 1,350 | 3.4% |
| Other life insurance policies | 14,177 | 15,340 | -1,163 | -7.6% |
| Total Administered assets | 32,989 | 27,598 | 5,392 | 19.5% |
| Total net inflows from products placed by the network | 87,750 | 82,171 | 5,579 | 6.8% |

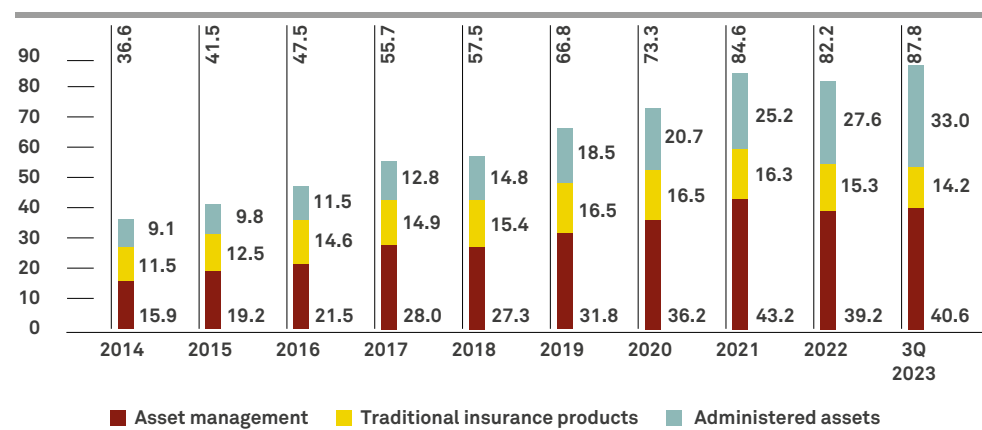
At 30 September 2023, Banca Generali's AUM (excluding BG Valeur) amounted to 87.8 billion euros (+6.8%), with managed solutions remaining the main component of its asset mix, accounting for 46.2% of AUM. Traditional life insurance products declined and accounted for 16.2% of the total (down compared to 18.7% at 31 December 2022), favouring administered assets, which accounted for 37.6% of total assets compared to 33.6% at December 2022.

In detail, an increase was recorded in managed solutions (+3.4%) and administered assets (+19.5%), whereas the traditional insurance component declined by -7.6%.

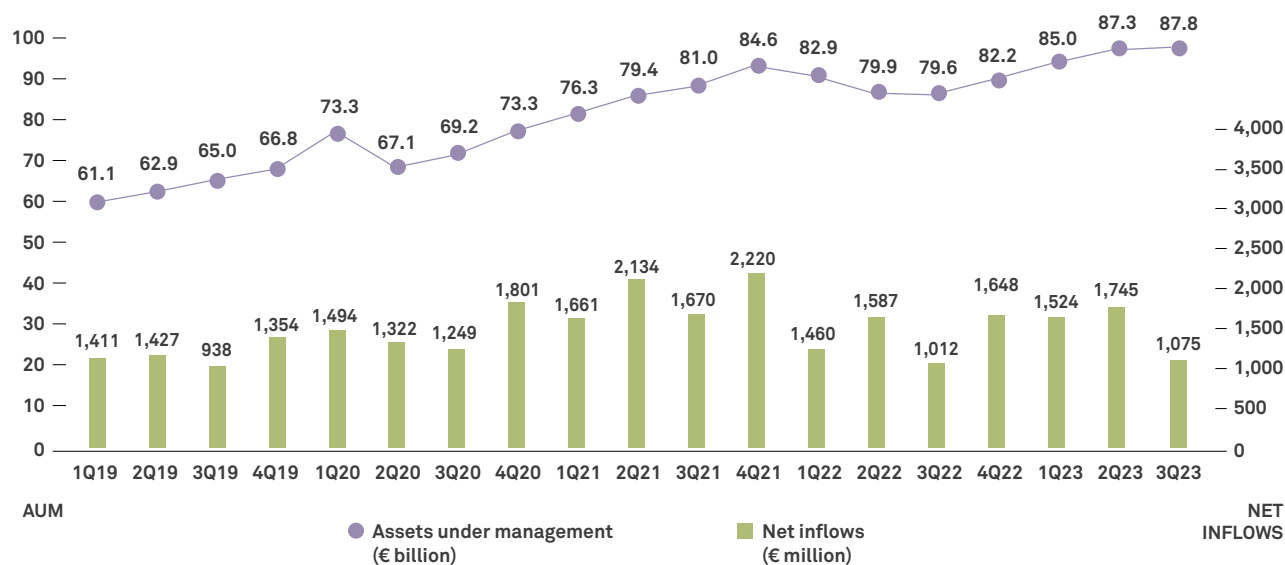
Banca Generali's total assets evolution 2014-Q3 2023

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 September 2023, Banca Generali's AUM amounted to 88.8 billion euros (+6.9%), with managed solutions remaining the main component of its asset mix, accounting for 46.9% of AUM. The component including managed solutions, insurance products and fee generating assets also grew (+3.1%), accounting for 68.4% of total assets.

BANCA GENERALI'S AUM (INCLUDING BG VALEUR)

| (€ MILLION) | BG GROUP | | CHANGES VS 31.12.2022 | |
|---|---------------|---------------|-----------------------|--------------|
| | 30.09.2023 | 31.12.2022 | AMOUNT | % |
| Funds and Sicav | 21,115 | 20,628 | 488 | 2.4% |
| Financial Wrappers | 10,209 | 9,364 | 845 | 9.0% |
| Insurance Wrappers | 10,269 | 10,130 | 139 | 1.4% |
| Total assets under management | 41,594 | 40,121 | 1,472 | 3.7% |
| Other life insurance policies | 14,177 | 15,340 | -1,163 | -7.6% |
| Total administered assets | 32,989 | 27,598 | 5,392 | 19.5% |
| Total AUM (including BG Valeur) | 88,760 | 83,059 | 5,701 | 6.9% |
| Fee generating assets ^(*) | 60,681 | 58,880 | 1,802 | 3.1% |

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

4. Operating Result²

The Banca Generali Group closed the first nine months of 2023 with a **consolidated net profit of 255.1 million euros**, sharply up compared to the end of the third quarter of 2022 (+64.2%).

This result was achieved in an economic context marked by persistent inflation and high interest rates, driven towards further hikes by central banks, as well as by stock markets that are recovering sharply from last year's lows, albeit still impacted by strong volatility and macroeconomic and geopolitical uncertainties.

Within this scenario, **recurring net profit** reached **249.9 million euros**, jumping by 52.8% compared to the first nine months of the previous year, whereas non-recurring items stood at 5.2 million euros. It should be noted that non-recurring net profit at 30 September 2022 (-8.1 million euros) had been penalised by the impact of prior years' one-off tax charges amounting to 35.3 million euros, as defined under the framework agreement entered into with the Italian Tax Authorities on 19 September 2022.

| (€ THOUSAND) | 30.09.2023 | 30.09.2022 | CHANGE | |
|--|-----------------|-----------------|----------------|---------------|
| | | | AMOUNT | % |
| Net interest income | 228,080 | 87,837 | 140,243 | 159.7% |
| Net income (loss) from trading activities and dividends | 12,882 | 20,844 | -7,962 | -38.2% |
| Net financial income | 240,962 | 108,681 | 132,281 | 121.7% |
| Recurring fee income | 716,778 | 708,001 | 8,777 | 1.2% |
| Fee expense | -379,108 | -364,607 | -14,501 | 4.0% |
| Net recurring fees | 337,670 | 343,394 | -5,724 | -1.7% |
| Variable fee income | 10,338 | 17,576 | -7,238 | -41.2% |
| Net fees | 348,008 | 360,970 | -12,962 | -3.6% |
| Net banking income | 588,970 | 469,651 | 119,319 | 25.4% |
| Staff expenses | -90,306 | -85,138 | -5,168 | 6.1% |
| Other general and administrative expenses (net of duty recoveries) | -82,054 | -80,299 | -1,755 | 2.2% |
| Net adjustments of property, equipment and intangible assets | -29,038 | -26,630 | -2,408 | 9.0% |
| Other operating expenses/income | 7,882 | 10,177 | -2,295 | -22.6% |
| Net operating expenses | -193,516 | -181,890 | -11,626 | 6.4% |
| Operating result | 395,454 | 287,761 | 107,693 | 37.4% |
| Net adjustments to non-performing loans | -986 | -7,472 | 6,486 | -86.8% |
| Net provisions for liabilities and contingencies | -27,319 | -11,008 | -16,311 | 148.2% |
| Contributions and charges related to the banking system | -17,809 | -17,000 | -809 | 4.8% |
| Gains (losses) from equity investments valued at equity | -240 | -113 | -127 | 112.4% |
| Operating profit before taxation | 349,100 | 252,168 | 96,932 | 38.4% |
| Income taxes for the period | -94,042 | -61,473 | -32,569 | 53.0% |
| One-off charges for tax settlement procedures | 0 | -35,330 | 35,330 | -100.0% |
| Net profit attributable to minority interests | -43 | -20 | -23 | 115.0% |
| Net profit | 255,101 | 155,385 | 99,716 | 64.2% |

² 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 9.6 million euros in 2023 and 12.4 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 60.2 million euros in 2023 and 61.6 million euros in 2022;
- 3) reclassification of the costs of the mandatory contributions paid by the Bank, pursuant to the DSGD and BRD 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 **589.0 million euros**, up 25.4% as a result of the following factors:

- › the improvement of **net financial income** (241.0 million euros; +121.7%), 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 (51.0% of the total);
- › the resilience of **gross recurring fees** (716.8 million euros; +1.2%), which confirmed their recovery trend compared to the same period of the previous year, driven in particular by:
 - the slight decline in **management fee income** (604.5 million euros; -1.8%), partly attributable to the negative performance of the insurance segment (-7.2%) and, for the remainder, to a modest dynamics in average total assets managed (-0.5%) and in their profitability compared to the first nine months of 2022;
 - the recovery of **other banking and entry fees** (112.3 million euros; +21.1%) 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 stood at **10.3 million euros** (-41.2% compared to the first nine months of 2022).

Despite the inflationary pressures, **operating expenses** amounted to 193.5 million euros (+6.4% on an annual basis), including 3.5 million euro one-off charges, thus confirming the Bank's operational efficiency. **Core³ operating expenses** totalled **174.4 million euros**, up 6.0%, of which 4.8 million euros attributable to the start-up phase of BG Suisse Private Bank, 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, further improved to 32.8% compared to 39.7% for the same period of the previous year.

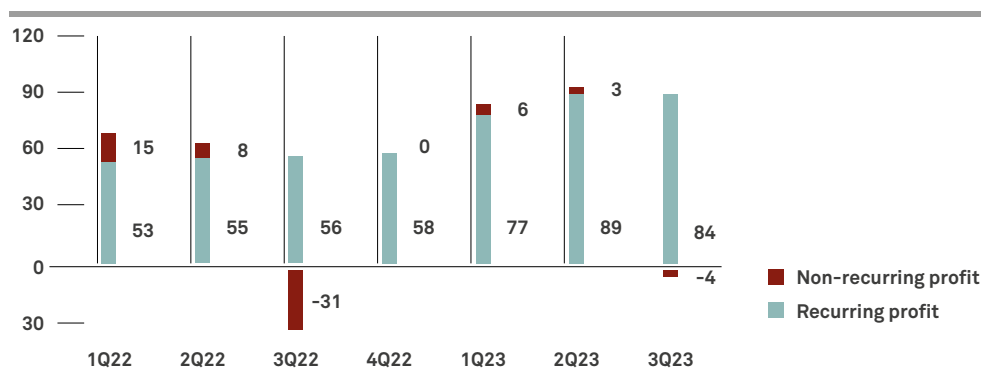
Provisions, contributions and charges related to the banking system and **net adjustments** amounted to **46.1 million euros**, up compared to **35.5 million euros** for the same period of 2022, as a result of higher provisions for liabilities and contingencies (+16.3 million euros), only partly offset by the reversals of adjustments to receivables due to the improvement of the portfolio risk profile (-6.5 million euros).

The change in provisions was mainly attributable to the increase in actuarial provisions (+11.3 million euros), impacted by a reduced increase in the discount rates used to evaluate them compared to the third quarter of 2022.

Operating profit before taxation was 349.1 million euros, up 96.9 million euros compared to the same period of the previous year (+38.4%).

The **tax burden for the period** amounted to **94.0 million euros**, up 32.6 million euros compared to the same period of the previous year (+53%). The overall tax rate was 26.9%, sharply up compared to 24.4% for 2022, mainly as a result of the marked increase in net interest income and the ensuing higher contribution of Italian entities to the Group's result.

QUARTERLY NET PROFIT (€ MILLION)



³ Operating expenses, net of non-recurring items, amounting to 3.5 million euros (2.6 million euros in 2022), and of costs related to sales personnel amounting to 15.6 million euros (14.8 million euros in 2022).

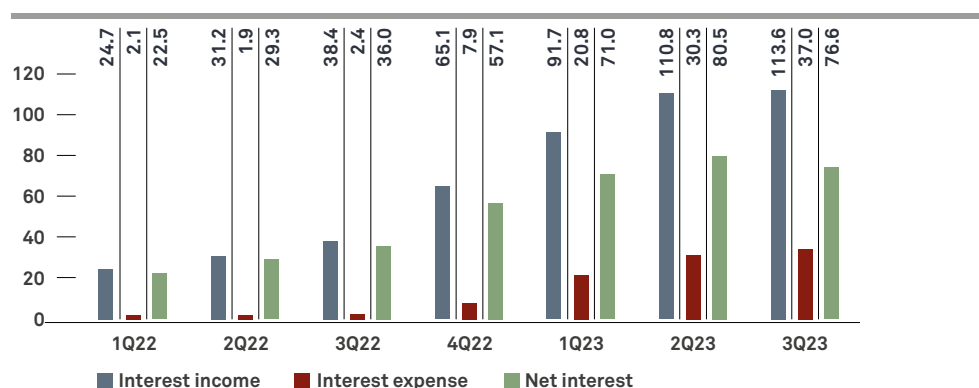
QUARTERLY EVOLUTION OF THE PROFIT AND LOSS ACCOUNT

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

4.1 Net interest income

At the end of the third quarter of 2023, net interest income amounted to 222.1 million euros, up 140.2 million euros (+159.7%) 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 150.2 million euro rise in interests accrued (+228.6%), 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 (51.0% of the total), despite a modest contraction in average loan volume (-2.3%).

The average yield of the bond portfolio stood at around 265 bps in the reporting period, significantly up compared both to 78 bps for the first nine months of 2022 (+236.2%) 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 55.4 million euros (+275.0%), chiefly driven by the increase in the average loan rates, which went from just below 110 bps to over 410 bps.

The marked reversal of the interbank interest rate trend also impacted exposures to banks that, despite a strong reduction in average loan volumes (-46.2%), reported higher interest income for 23.3 million euros. This aggregate was mainly driven by transactions with the ECB, namely overnight deposits⁴ and the minimum reserve⁵ (+11.0 million euros), and by income from repurchase agreement transactions (+7.5 million euros).

The interest rate performance led however to a leap in the cost of net inflows, which went from just above 6.5 million euros for the first nine months of 2022 to 88.1 million euros, as a result of both the interest expense, benchmarked on Euribor, recognised on net inflows from customers' current account deposits (+40.1 million euros) and interest expense on repurchase agreement transactions with banks and customers (+43.1 million euros).

At the end of the quarter, 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 2.3 billion euros, slightly increasing compared to the end of 2022 (2.1 billion euros), offsetting net outflows from customers' current account deposits due to the high return offered by administered assets and those due to the end of TLTROs in the fourth quarter of 2022.

NET INTEREST INCOME

| (€ THOUSAND) | 30.09.2023 | 30.09.2022 | CHANGE | |
|---|----------------|---------------|----------------|---------------|
| | | | AMOUNT | % |
| Financial assets measured at fair value through profit or loss | 80 | 105 | -25 | -23.8% |
| Financial assets measured at fair value through other comprehensive income ^(*) | 12,658 | -1,209 | 13,867 | n.a. |
| Financial assets measured at amortised cost ^(*) | 203,163 | 66,814 | 136,349 | 204.1% |
| Total financial assets | 215,901 | 65,710 | 150,191 | 228.6% |
| Loans to banks | 24,383 | 1,057 | 23,326 | n.a. |
| Loans to customers | 75,558 | 20,148 | 55,410 | 275.0% |
| Other assets | 301 | - | 301 | n.a. |
| Negative interest expense on other liabilities | - | 7,410 | -7,410 | -100.0% |
| Total interest income | 316,143 | 94,325 | 221,818 | 235.2% |
| Due to banks | 957 | 637 | 320 | 50.2% |
| Repurchase agreements - banks | 12,827 | 3 | 12,824 | n.a. |
| Due to customers | 40,579 | 427 | 40,152 | n.a. |
| Repurchase agreements - customers | 31,153 | 928 | 30,225 | n.a. |
| IFRS 16-related financial liabilities | 2,547 | 2,391 | 156 | 6.5% |
| Other liabilities and negative interest income on other assets | - | 2,102 | -2,102 | -100.0% |
| Total interest expense | 88,063 | 6,488 | 81,575 | n.a. |
| Net interest income | 228,080 | 87,837 | 140,243 | 159.7% |

(*) Including hedging differentials.

⁴ Transactions with the ECB on overnight deposits were launched in September 2022.

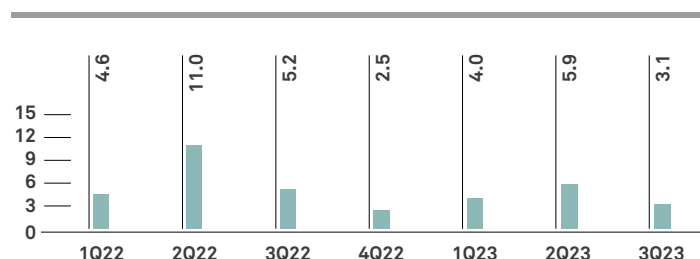
⁵ As of the reserve maintenance period starting in September 2023, the ECB stopped remuneration of minimum reserves.

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 +7.4 million euros and -2.1 million euros, respectively, for the same period of 2022.

4.2 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 third quarter of 2023, the item was positive for 12.9 million euros, although decreasing by 8.0 million euros (-38.2%) compared to the same period of the previous year.

NET RESULT OF FINANCIAL OPERATIONS

| (€ THOUSAND) | 30.09.2023 | 30.09.2022 | CHANGE | |
|---|---------------|---------------|----------------|----------------|
| | | | AMOUNT | % |
| Dividends and income on UCITS | 1,215 | 1,125 | 90 | 8.0% |
| Trading of financial assets and equity derivatives | -55 | -48 | -7 | 14.6% |
| Trading of financial assets and derivatives on debt securities and interest rates | 256 | -41 | 297 | -724.4% |
| Trading of UCITS units | 7 | 5 | 2 | 40.0% |
| Securities transactions | 208 | -84 | 292 | -347.6% |
| Currency and currency derivative transactions | 2,537 | 1,635 | 902 | 55.2% |
| Net income (loss) from trading activities | 2,745 | 1,551 | 1,194 | 77.0% |
| Equity securities and UCITS | 2,301 | -1,529 | 3,830 | -250.5% |
| Debt securities | 12 | 185 | -173 | -93.5% |
| Financial Advisors' policies and other financial assets | 59 | 40 | 19 | 47.5% |
| Net income (loss) of assets mandatorily measured at fair value through profit and loss | 2,372 | -1,304 | 3,676 | -281.9% |
| Net income (loss) from hedging | 2,244 | 3,281 | -1,037 | -31.6% |
| Gains (losses) from disposal on HTC and HTCS debt securities | 4,306 | 16,191 | -11,885 | -73.4% |
| Net result of financial operations | 12,882 | 20,844 | -7,962 | -38.2% |

Net income from **trading activities** amounted to 2.7 million euros, due to the higher 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 2.4 million euros, sharply increasing compared to the same period of 2022 (+3.7 million euros), chiefly attributable to the fair value adjustment of the important investment in the Forward Fund (+2.5 million euros compared to -0.9 million euros at the end of the third quarter of 2022).

The treasury management of debt securities allocated to the HTCS and HTC portfolios recorded **gains on disposals** for the period amounting to 4.3 million euros, markedly down on the first nine months of 2022 (-11.9 million euros; -73.4%), mostly attributable to the turnover of the HTC portfolio.

Net income from hedging amounted to 2.2 million euros, attributable to the early unwinding of some asset swap transactions.

4.3 Fee income

Fee income totalled **727.1 million euros**, slightly up compared to the same period of 2022 (+0.2%) mainly due to the further expansion of **recurring fees** (+1.2%), offset by the ongoing weakness of **variable fees** (-41.2%).

FEE INCOME

| (€ THOUSAND) | 30.09.2023 | 30.09.2022 | CHANGE | |
|-------------------------|----------------|----------------|--------------|-------------|
| | | | AMOUNT | % |
| Underwriting fees | 29,992 | 21,001 | 8,991 | 42.8% |
| Management fees | 604,490 | 615,279 | -10,789 | -1.8% |
| Fees for other services | 82,296 | 71,721 | 10,575 | 14.7% |
| Recurring fees | 716,778 | 708,001 | 8,777 | 1.2% |
| Performance fees | 10,338 | 17,576 | -7,238 | -41.2% |
| Total fee income | 727,116 | 725,577 | 1,539 | 0.2% |

With regard to recurring fees, **management fees** continued to show a reduction that is being reabsorbed (-1.8%), partly as a result of the negative performance of the insurance segment (-7.2%) and, for the remainder, of the subdued dynamics of average total assets managed (-0.5%⁶) and of their profitability compared to the first nine months of 2022.

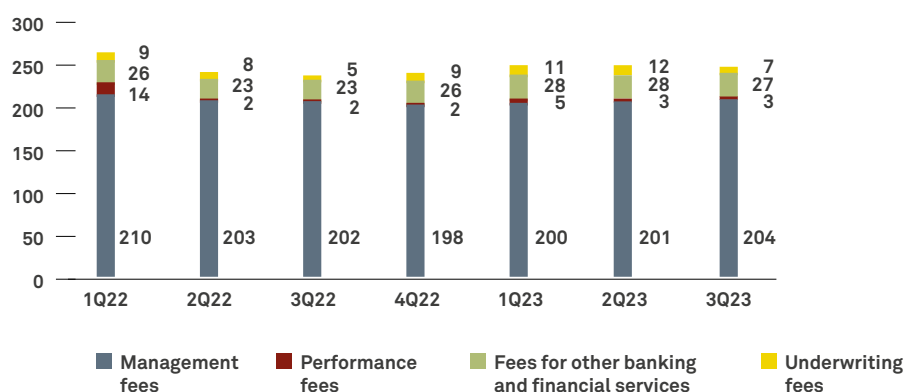
Other **underwriting and banking fees** amounted to 112.3 million euros, up 21.1% compared to 2022, owing both to the good performance of the placement activity and the income generated by the trading activity and advisory services.

Underwriting fees (+42.8%) benefited in particular from the good performance of bond placements (+6.1 million euros) and the sharp recovery of the **certificate** placement activity (+35.7%), offset just by a decline in fees for the placement of UCITS (-14.1%).

Fees for other services, of a banking and financial nature, grew by 14.7% thanks mainly to the income generated by retail brokerage (+21.9%) and investment advisory activities (+11.3%).

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

BREAKDOWN OF FEE INCOME (€ MILLION)



Fee income from the solicitation of investment and asset management reached **644.8 million euros** and, net of the aforementioned non-recurring component, declined slightly compared to the previous year (-0.3%).

ASSET MANAGEMENT FEE INCOME

| (€ THOUSAND) | 30.09.2023 | 30.09.2022 | CHANGE | |
|---|----------------|----------------|---------------|--------------|
| | | | AMOUNT | % |
| 1. Collective portfolio management | 252,844 | 265,499 | -12,655 | -4.8% |
| 2. Individual portfolio management | 79,247 | 69,515 | 9,732 | 14.0% |
| Fees for portfolio management: | 332,091 | 335,014 | -2,923 | -0.9% |
| 1. Placement of UCITS | 102,405 | 104,331 | -1,926 | -1.8% |
| - of which: UCITS promoted by the Group | 3,667 | 3,510 | 157 | 4.5% |
| 2. Placement of bonds and equity securities | 24,575 | 14,473 | 10,102 | 69.8% |
| - of which: certificates | 15,541 | 11,455 | 4,086 | 35.7% |
| 3. Distribution of third-party asset management products (GPM/GPF, pension funds) | 982 | 850 | 132 | 15.5% |
| 4. Distribution of third-party insurance products | 184,359 | 198,706 | -14,347 | -7.2% |
| 5. Distribution of other third-party financial products | 408 | 481 | -73 | -15.2% |
| Fees for the placement and distribution of financial services | 312,729 | 318,841 | -6,112 | -1.9% |
| Asset management fee income | 644,820 | 653,855 | -9,035 | -1.4% |

With reference to the **Sicavs** promoted by the Banking Group, **management fees** — net of the effect of non-recurring performance components — decreased by 2.5% due to the decline in average AUM managed by the Group's Luxembourg-based management company BGFML (-2.38%) compared to the first nine months of 2022.

However, within this context, the recovery reported by the **Lux IM** Sicav continued, reaching 15.6 billion euro AUM at the end of the period (of which 7.0 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 2.5 billion euros for retail funds.

The reduction in average total assets managed in the first nine months of 2023 also impacted fee income from **distribution of insurance products (-7.2%)** and **placement of third-party UCITS (-2.1%)**, which were weighted down by a 6.2% and a 1.3% decline, respectively, in average AUM, as well as by a sharp decrease in underwriting fees (insurance products at -11.3% and third-party UCITS at -14.1%).

In contrast with the above-mentioned aggregates, **individual portfolio management** grew by 14.0% in terms of income and by 8.8% in terms of AUM.

Fee income for other services, of a banking and financial nature, stood at 82.3 million euros, mainly thanks to the rise in advance advisory (+11.3%) and fees for trading (+21.9%).

FEE INCOME FOR OTHER SERVICES

| (€ THOUSAND) | 30.09.2023 | 30.09.2022 | CHANGE | |
|--|---------------|---------------|---------------|--------------|
| | | | AMOUNT | % |
| Fees for trading and custody | 32,796 | 26,902 | 5,894 | 21.9% |
| Investment advisory fees | 37,946 | 34,090 | 3,856 | 11.3% |
| - of which: BG Advisory | 31,198 | 27,590 | 3,608 | 13.1% |
| Fees for collection and payment services | 3,437 | 3,497 | -60 | -1.7% |
| Fee income and account-keeping expenses | 4,243 | 4,044 | 199 | 4.9% |
| Fees for other services | 3,874 | 3,189 | 685 | 21.5% |
| Total fee income for other services | 82,296 | 71,722 | 10,574 | 14.7% |

With regard to investment advisory, fee income from BG Personal Advisory reached 31.2 million euros, up 13.1%, whereas other advisory services for the Insurance Group's unit-linked insurance policies stood at 6.7 million euros (+3.8%).

At the end of the quarter, **Assets under Advisory** recorded total AUM of **8.9 billion euros**, increasing by 30.1% compared to 6.8 billion euros at the end of the third quarter of 2022.

4.4 Fee expense

Fee expense, including fee provisions⁷, amounted to 379.1 million euros, up 4.0% compared to the first nine months of 2022, with a more marked increase than that of the fee income aggregate.

Net of fees paid back on net interest income⁸, the Bank's ratio of total payout to total fee income (net of performance fees) was 51.6%, in line with 51.5% for the same period of 2022.

FEE EXPENSE

| (€ THOUSAND) | 30.09.2023 | 30.09.2022 | CHANGE | |
|---|----------------|----------------|---------------|-------------|
| | | | AMOUNT | % |
| Ordinary payout | 237,089 | 228,378 | 8,711 | 3.8% |
| Extraordinary payout | 71,709 | 74,945 | -3,236 | -4.3% |
| Other network maintenance expenses | 26,161 | 20,144 | 6,017 | 29.9% |
| Fee expense for off-premises offer | 334,959 | 323,467 | 11,492 | 3.6% |
| Fees for portfolio management | 27,910 | 27,734 | 176 | 0.6% |
| Other fee expense | 16,239 | 13,406 | 2,833 | 21.1% |
| Total | 379,108 | 364,607 | 14,501 | 4.0% |

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 9.6 million euros for 2023 and 12.4 million euros for 2022.

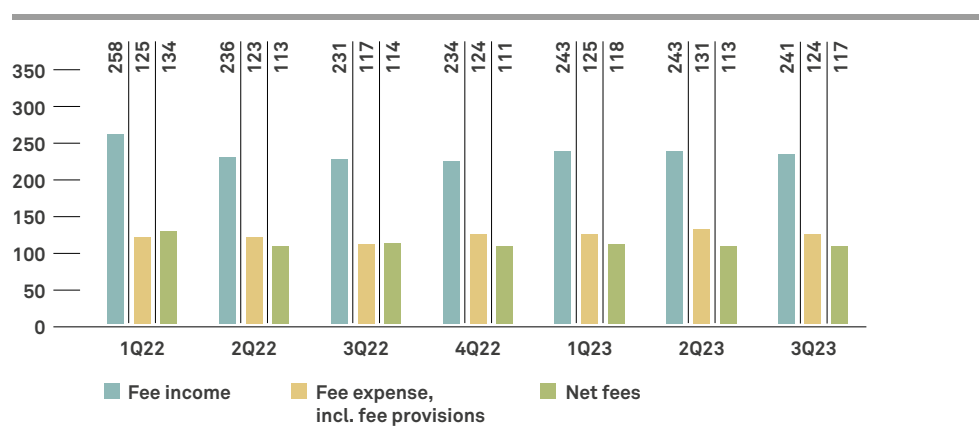
⁸ The numerator of the total payout ratio does not include 8.9 million euro fee expense, which as of the fourth quarter of 2022 has been paid back to the sales network, calculated on the basis of net interest income. At 30 September 2023, the ratio of said fees to net interest income was 3.9%.

Fee expense for off-premises offer paid to the Financial Advisor network amounted to 335.0 million euros (+3.6%) as a result of the increased ordinary payout (+8.7 million euros), which was impacted, *inter alia*, by higher fees on net interest income (+8.8 million euros) and other expenses incurred for the network (+6.0 million euros).

Fees for portfolio management stood at 27.9 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 16.2 million euros, mainly including fee expense for custody and trading and fees for collection and payment services, and grew by 21.1% chiefly as a result of trading activities.

QUARTERLY NET FEES (€ MILLION)



4.5 Operating expenses

Despite the inflationary pressures, **operating expenses** amounted to 193.5 million euros (+6.4% on an annual basis), including **3.5 million euro** one-off charges, thus confirming the Bank's operational efficiency. **Core⁹ operating expenses** totalled **174.4 million euros**, up 5.9%, of which 4.8 million euros attributable to the start-up phase of BG Suisse (3.9 million euros in 2022), in line with the Plan's projections. The aggregate's increase was mainly attributable to higher IT and logistics costs.

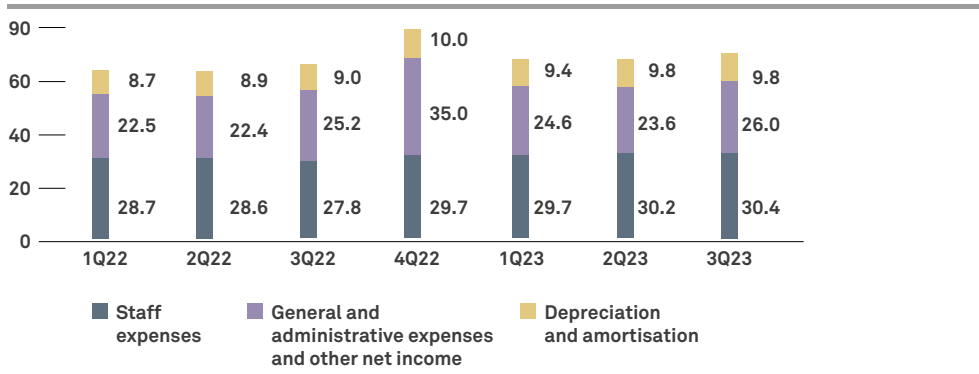
Operating efficiency indicators remained at excellent levels: the ratio of **total costs to total assets** was 29 bps and the **cost/income ratio**, adjusted for non-recurring items, further improved to 32.8% compared to 39.7% for the same period of the previous year.

OPERATING EXPENSES

| (€ THOUSAND) | 30.09.2023 | 30.09.2022 | CHANGE | |
|--|----------------|----------------|---------------|-------------|
| | | | AMOUNT | % |
| Staff expenses | 90,306 | 85,138 | 5,168 | 6.1% |
| General and administrative expenses and other net income | 74,172 | 70,122 | 4,050 | 5.8% |
| Net adjustments of property, equipment and intangible assets | 29,038 | 26,630 | 2,408 | 9.0% |
| Operating expenses | 193,516 | 181,890 | 11,626 | 6.4% |

⁹ Operating expenses, net of non-recurring items, amounting to 3.5 million euros (2.6 million euros in 2022), and of costs related to sales personnel, amounting to 15.6 million euros (14.8 million euros in 2022).

OPERATING COST STRUCTURE (€ MILLION)



Within this aggregate, **staff expenses**, including employees, interim staff and directors, reached 90.3 million euros, up 5.2 million euros (+6.1%) mainly as a result of the further organic growth of the Group's workforce (+3.1 million euros) and, to a lower extent, of the incidence of variable remuneration (+1.3 million euros).

STAFF EXPENSES

| (€ THOUSAND) | 30.09.2023 | 30.09.2022 | CHANGE | |
|--------------------------------------|---------------|---------------|--------------|---------------|
| | | | AMOUNT | % |
| 1) Employees | 88,928 | 84,032 | 4,896 | 5.8% |
| Ordinary remuneration | 65,966 | 62,895 | 3,071 | 4.9% |
| Variable remuneration and incentives | 17,783 | 16,433 | 1,350 | 8.2% |
| Other employee benefits | 5,179 | 4,704 | 475 | 10.1% |
| 2) Other staff | -50 | -95 | 45 | -47.4% |
| 3) Directors and Auditors | 1,428 | 1,201 | 227 | 18.9% |
| Total | 90,306 | 85,138 | 5,168 | 6.1% |

The Group's employees totalled 1,064 at the end of the quarter, 29 more compared to the same period of 2022 (+2.8%), against an increase by 38 in the average headcount for the period of reference (+3.9%).

EMPLOYEES

| | 30.09.2023 | 30.09.2022 | CHANGE | | WEIGHTED AVERAGE ^(*) | | |
|---------------------------|--------------|--------------|-----------|-------------|---------------------------------|--------------|------------|
| | | | AMOUNT | % | 31.12.2022 | 2023 | 2022 |
| Managers | 75 | 72 | 3 | 4.2% | 73 | 75 | 70 |
| Executives | 373 | 367 | 6 | 1.6% | 360 | 367 | 353 |
| Employees at other levels | 616 | 596 | 20 | 3.4% | 589 | 584 | 564 |
| Total | 1,064 | 1,035 | 29 | 2.8% | 1,022 | 1,025 | 986 |

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

Other general and administrative expenses and other net income totalled 74.2 million euros, with a 4.0 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.

4.6 Net provisions

Net provisions not related to fees¹⁰ totalled 27.3 million euros, up 16.3 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 for legal disputes and 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 16.2 million euros, was mainly due to higher actuarial provisions (+11.3 million euros), chiefly attributable to the lower impact of higher discount rates, which had generated a surplus of 19.1 million euros in the previous year compared to 5.4 million euros in the current year, on a like-for-like measurement (+13.7 million euros)¹¹.

The continuation of the three-year incentive plan generated an impact of 5.3 million euros on the Profit and Loss Account in the first nine months, leading to higher provisions compared to the previous year amounting to 3.8 million euros¹².

The provisions for other liabilities and contingencies grew by 2.5 million euros compared to the previous year and included an additional 14 million euro prudential 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 third quarter of 2022, bringing total provisions for the two periods at 37 million euros.

NET PROVISIONS

| (€ THOUSAND) | 30.09.2023 | 30.09.2022 | CHANGE | |
|--|---------------|---------------|---------------|---------------|
| | | | AMOUNT | % |
| Provision for staff liabilities and contingencies | 268 | 1,450 | -1,182 | -81.5% |
| Provision for legal disputes | 1,881 | 3,170 | -1,289 | -40.7% |
| Provision for contractual indemnities to the sales network | 9,046 | -7,166 | 16,212 | -226.2% |
| Other provisions for liabilities and contingencies | 16,033 | 13,548 | 2,485 | 18.3% |
| Guarantees and commitments | 91 | 6 | 85 | n.a. |
| Total | 27,319 | 11,008 | 16,311 | 148.2% |

Other provisions included the partial reabsorption 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.

¹⁰ Fee provisions, which amounted to 9.6 million euros (12.4 million euros in 2022), are recognised under the fee expense aggregate.

¹¹ The discount rate applied to actuarial provisions is determined on the basis of the average EURIRS rates applicable to the average life of the population, increased by the spread between the ten-year BTP and ten-year EURIRS measured at the end of the quarter and of the three prior quarters. The increase in the discount rate used therefore reflected the increase in interest rates and government bond spreads in the period December 2022-September 2023 (4.36%) compared to the previous measurement for the period March 2022-December 2022 (3.76%) used for the valuation of actuarial funds at 31 December 2022. It should be noted that in the third quarter of 2022 the discount rate used, calculated on the basis of the 4 measurements of reference for the period December 2021-September 2022, had been 2.051% compared to 1.0266% used for the valuation of actuarial funds at 31 December 2021.

¹² 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 nine months of the year.

4.7 Adjustments

At the end of the third quarter of 2023, **net adjustments to non-performing loans** amounted to 1.0 million euros, sharply improving compared to 7.5 million euros at the end of the same period of the previous year.

NET ADJUSTMENTS FOR CREDIT RISK

| (€ THOUSAND) | VALUE ADJUSTMENTS | REVERSALS | 30.09.2023 | 30.09.2022 | CHANGE |
|--|----------------------|--------------|---------------|---------------|--------------|
| Specific adjustments/reversals | -3,182 | 487 | -2,695 | -1,843 | -852 |
| Non-performing loans of the banking book | -2,807 | 456 | -2,351 | -1,516 | -835 |
| Operating loans to customers | -375 | 31 | -344 | -327 | -17 |
| Portfolio adjustments/reversals | -283 | 1,992 | 1,709 | -5,629 | 7,338 |
| Performing debt securities | - | 1,959 | 1,959 | -5,217 | 7,176 |
| Performing loans to customers and banks | -283 | 33 | -250 | -412 | 162 |
| Total | -3,465 | 2,479 | -986 | -7,472 | 6,486 |

Provisions for expected credit losses (ECLs) on the portfolio of debt securities showed net reversals for 2.0 million euros, improving by nearly 7.2 million euros compared to the third quarter 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 2.7 million euros and referred primarily to new positions classified as past-due (-2.3 million euros) and to the impairment or write-off of past advances to Financial Advisors and operating loans for services rendered to customers (0.3 million euros). The impact of bad loans and unlikely to pay positions was instead not material.

4.8 Contributions and charges related to the banking system

Expenses related to the contributions to **the Italian National Resolution (FRN) and Interbank Deposit Protection Funds (FITD)** amounted to 17.8 million euros and included 5.8 million euro ordinary contributions due to the Single Resolution Fund, in line with the previous year's contributions.

In accordance with international accounting standards (IFRIC 21) and the Bank of Italy's technical guidelines, ordinary contributions to the Interbank Deposit Protection Fund (FITD), maturing in the third quarter of the year (12.0 million euros), were estimated to be in line with the previous year's contributions.

4.9 Income taxes

Income taxes for the reporting period on a current and deferred basis, excluding the one-off component related to the tax settlement finalised at the end of September of the previous year (35.2 million euros)¹³, were estimated at 94.0 million euros, up 32.6 million euros compared to the estimated taxes at the end of the same period of 2022 (+53%).

The estimated total tax rate was 26.9%, up compared to the same period of the previous year (24.4%), mainly as a result of the marked increase in net interest income and the ensuing higher contribution of Italian entities to the Group's result.

¹³ For further information on the tax settlement, reference is made to the Annual Integrated Report at 31 December 2022.

INCOME TAXES

| (€ THOUSAND) | 30.09.2023 | 30.09.2022 | CHANGE | |
|------------------------------------|----------------|----------------|----------------|--------------|
| | | | AMOUNT | % |
| Current taxes for the period | -93,848 | -61,783 | -32,065 | 51.9% |
| Changes of prepaid taxation (+/-) | 30 | 101 | -71 | -70% |
| Changes of deferred taxation (+/-) | -224 | 209 | -433 | -207% |
| Total | -94,042 | -61,473 | -32,569 | 53.0% |

4.10 Windfall tax on banks' interest margins

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

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

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

In this regard, it should be noted that this tax, which complies with the cap provided for by the law, i.e., 0.26% of RWAs recognised in Banca Generali's Financial Statements at 31 December 2022, would amount to 10,642 thousand euros; the non-distributable reserve to be therefore set up upon approval of the Financial Statements at 31 December 2023 shall amount to 26,606 thousand euros. As the Dividend Policy approved by the Bank provides for allocating to a reserve at least 20% of the consolidated recurring net profit, taking account of net profit for the period, the reserve will be set up by drawing from that portion of net profit.

Taking into account the characteristics of the law and the above-mentioned decision, it is deemed that at 30 September 2023 there is no obligation for the Bank to pay the tax as:

- › the amendments introduced upon law conversion and the Board of Directors' decision fall within the adjusting events provided for by IAS 10, as determined by the amendments;
- › the windfall tax applied to net interest income falls within the scope of application of IFRIC 21, which requires to recognise a levy through profit or loss when the obligating event that gives rise to the liability occurs. This obligating event is the activity that triggers the payment of the levy in accordance with the relevant legislation that, in the case at hand, is not only the generation of a net interest income exceeding the threshold identified by law, but also the Bank's decision to opt, in lieu of paying the tax, to book the specific restricted reserve.

With reference to the provisions of Article 26, paragraph 2, of the CRR concerning the foreseeable charge, it should be noted that, at present, the probability that the reserve has to be used by the Bank for future distributions is deemed to be remote.

4.11 Earnings per Share

At the end of the third quarter of 2023, basic net earnings per share were 2.24 euros.

| | 30.09.2023 | 30.09.2022 | CHANGE | |
|---|-------------|-------------|-------------|--------------|
| | | | AMOUNT | % |
| Consolidated net profit (€ thousand) | 255,101 | 155,385 | 99,716 | 64.2% |
| Earnings attributable to ordinary shares (€ thousand) | 255,101 | 155,385 | 99,716 | 64.2% |
| Average number of outstanding shares (thousand) | 114,131 | 114,759 | -628 | -0.5% |
| EPS - Earnings per share (euros) | 2.24 | 1.35 | 0.88 | 65.1% |
| Average number of outstanding shares with diluted share capital | 114,131 | 114,759 | -628 | -0.5% |
| EPS - Diluted earnings per share (euros) | 2.24 | 1.35 | 0.88 | 65.1% |

4.12 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 third quarter of 2023, the latter component provided a positive overall contribution of 4.7 million euros, against a net negative change of 5.4 million euros recorded at the end of the same period of the previous year.

In detail, HTCS debt securities portfolio valuation reserves increased by 4.7 million euros as a result of the following factors:

- › an increase in net valuation capital gains totalling 3.5 million euros, net of 0.3 million euros referring to reversals of collective reserves;
- › the reduction of pre-existing net negative reserves due to re-absorption through profit or loss upon realisation (3.4 million euros);
- › a negative net tax effect associated with the above changes and mainly resulting from net decreases in DTAs (-2.2 million euros).

COMPREHENSIVE INCOME ATTRIBUTABLE TO THE GROUP

| (€ THOUSAND) | 30.09.2023 | 30.09.2022 | CHANGE | |
|--|----------------|----------------|----------------|----------------|
| | | | AMOUNT | % |
| Net profit | 255,058 | 155,365 | 99,693 | 64.2% |
| Other income, net of income taxes: | | | | |
| With transfer to Profit and Loss Account: | | | | |
| Exchange differences | -232 | 479 | -711 | -148.4% |
| Financial assets measured at fair value through other comprehensive income | 4,717 | -8,103 | 12,820 | -158.2% |
| Without transfer to Profit and Loss Account: | | | | |
| Financial assets measured at fair value through other comprehensive income | 787 | 715 | 72 | 10.1% |
| Actuarial gains (losses) from defined benefit plans | -565 | 1,518 | -2,083 | -137.2% |
| Total other income, net of taxes | 4,707 | -5,391 | 10,098 | -187.3% |
| Comprehensive income | 259,765 | 149,974 | 109,791 | 73.2% |
| Consolidated comprehensive income attributable to minority interests | -75 | 86 | -161 | -187.8% |
| Consolidated comprehensive income attributable to the Group | 259,840 | 149,889 | 109,951 | 73.4% |

5. Balance Sheet and Net Equity Aggregates

At the end of the first nine months of 2023, total consolidated assets amounted to 15.5 billion euros, down by 1.7 billion euros (-10.0%) compared to the end of 2022.

Total net inflows reached 13.7 billion euros, down 1.8 billion euros overall, largely as a result of the decrease in customer's current account deposits (-1.9 billion euros), against a lower impact of interbank funding.

Core loans thus totalled 14.4 billion euros, down 1.7 billion euros (-10.8%).

CONSOLIDATED BALANCE SHEET

| ASSETS (€ THOUSAND) | 30.09.2023 | 31.12.2022 | CHANGE | |
|---|-------------------|-------------------|-------------------|---------------|
| | | | AMOUNT | % |
| Financial assets at fair value through profit or loss | 506,691 | 507,346 | -655 | -0.1% |
| Financial assets at fair value through other comprehensive income | 991,393 | 1,120,101 | -128,708 | -11.5% |
| Financial assets measured at amortised cost: | 12,869,116 | 14,478,596 | -1,609,480 | -11.1% |
| a) loans to banks (*) | 2,665,380 | 3,284,113 | -618,733 | -18.8% |
| b) loans to customers | 10,203,736 | 11,194,483 | -990,747 | -8.9% |
| Hedging derivatives | 272,492 | 286,776 | -14,284 | -5.0% |
| Equity investments | 2,781 | 3,091 | -310 | -10.0% |
| Property, equipment and intangible assets | 283,139 | 295,279 | -12,140 | -4.1% |
| Tax receivables | 99,132 | 72,266 | 26,866 | 37.2% |
| Other assets | 522,861 | 503,394 | 19,467 | 3.9% |
| Total assets | 15,547,605 | 17,266,849 | -1,719,244 | -10.0% |

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

| LIABILITIES AND NET EQUITY (€ THOUSAND) | 30.09.2023 | 31.12.2022 | CHANGE | |
|--|-------------------|-------------------|-------------------|---------------|
| | | | AMOUNT | % |
| Financial liabilities measured at amortised cost: | 13,682,584 | 15,503,979 | -1,821,395 | -11.7% |
| a) due to banks | 483,931 | 544,531 | -60,600 | -11.1% |
| b) due to customers | 13,198,653 | 14,959,448 | -1,760,795 | -11.8% |
| Financial liabilities held for trading and hedging | 98,050 | 123,604 | -25,554 | -20.7% |
| Tax liabilities | 58,901 | 44,577 | 14,324 | 32.1% |
| Other liabilities | 318,056 | 281,248 | 36,808 | 13.1% |
| Special purpose provisions | 255,879 | 244,921 | 10,958 | 4.5% |
| Valuation reserves | -5,232 | -9,972 | 4,740 | -47.5% |
| Equity instruments | 50,000 | 50,000 | - | - |
| Reserves | 749,147 | 724,536 | 24,611 | 3.4% |
| Share premium reserve | 52,908 | 53,767 | -859 | -1.6% |
| Share capital | 116,852 | 116,852 | - | - |
| Treasury shares (-) | -85,005 | -80,139 | -4,866 | 6.1% |
| Net equity attributable to minority interests | 364 | 442 | -78 | -17.6% |
| Net profit (loss) for the period (+/-) | 255,101 | 213,034 | 42,067 | 19.7% |
| Total liabilities and net equity | 15,547,605 | 17,266,849 | -1,719,244 | -10.0% |

QUARTERLY EVOLUTION OF CONSOLIDATED BALANCE SHEET

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

| LIABILITIES AND NET EQUITY (€ THOUSAND) | 30.09.2023 | 30.06.2023 | 31.03.2023 | 31.12.2022 | 30.09.2022 | 30.06.2022 | 31.03.2022 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Financial liabilities measured at amortised cost: | 13,682,584 | 13,783,954 | 15,205,464 | 15,503,979 | 16,004,867 | 15,612,346 | 15,120,875 |
| a) due to banks | 483,931 | 526,633 | 821,661 | 544,531 | 808,094 | 843,741 | 795,433 |
| b) due to customers | 13,198,653 | 13,257,321 | 14,383,803 | 14,959,448 | 15,196,773 | 14,768,605 | 14,325,442 |
| Financial liabilities held for trading and hedging | 98,050 | 107,757 | 134,378 | 123,604 | 103,144 | 158,499 | 222,931 |
| Tax liabilities | 58,901 | 33,618 | 58,487 | 44,577 | 43,788 | 37,427 | 31,830 |
| Other liabilities | 318,056 | 439,338 | 200,656 | 281,248 | 366,023 | 638,111 | 238,515 |
| Special purpose provisions | 255,879 | 249,588 | 247,751 | 244,921 | 224,394 | 234,222 | 231,984 |
| Valuation reserves | -5,232 | -6,445 | -8,292 | -9,972 | -11,421 | -10,215 | -5,926 |
| Equity instruments | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Reserves | 749,147 | 746,862 | 941,473 | 724,536 | 721,191 | 718,454 | 948,825 |
| Share premium reserve | 52,908 | 52,784 | 53,767 | 53,767 | 53,759 | 53,771 | 55,860 |
| Share capital | 116,852 | 116,852 | 116,852 | 116,852 | 116,852 | 116,852 | 116,852 |
| Treasury shares (-) | -85,005 | -72,745 | -80,139 | -80,139 | -70,034 | -55,941 | -64,816 |
| Net equity attributable to minority interests | 364 | 377 | 381 | 442 | 501 | 482 | 402 |
| Net profit (loss) for the period (+/-) | 255,101 | 175,051 | 83,071 | 213,034 | 155,385 | 131,304 | 68,299 |
| Total liabilities and net equity | 15,547,605 | 15,676,991 | 17,003,849 | 17,266,849 | 17,758,449 | 17,685,312 | 17,015,631 |

5.1 Direct inflows from customers

Total direct inflows from customers amounted to 13.2 billion euros, decreasing by 1,761 million euros (-11.8%) compared to 31 December 2022, mainly as a result of the partial reabsorption of current account deposits (-1,917 million euros in the reporting period) due to significant inflows towards administered assets, which were again greatly appreciated following the rapid interest rate increase.

In this regard, it should be noted that the significant outflows of liquidity from retail customers within the Assoreti scope¹⁴ essentially stopped in the third quarter as well (-27 million euros) thanks to the commercial initiatives launched by the Bank, compared to overall outflows amounting to 520 million euros in the second quarter of 2023, 874 million euros in the first quarter of 2023 and 848 million in the fourth quarter of 2022.

By contrast, net inflows of administered assets grew by 6.2 billion euros in the first nine months of 2023, of which 1.2 billion euros in the last quarter.

¹⁴ Net of its reinvestments in repurchase agreement transactions with the Bank.

Outflows were partly offset by the increase in repurchase agreements, which rose by 202 million euros at the end of the third quarter, driven by the transactions performed with retail customers (+302 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, declined by 100 million euros to 1,220 million euros, new promotional transactions in repurchase agreements aimed at retaining customers were launched for a total amount 302 million euros.

Liabilities relating to daily variation margins received on the Eurex market also declined to 253 million euros, offset by the performance of the hedging derivative transactions.

DUE TO CUSTOMERS

| (€ THOUSAND) | 30.09.2023 | 31.12.2022 | CHANGE | |
|--|-------------------|-------------------|-------------------|---------------|
| | | | AMOUNT | % |
| 1. Current accounts and demand deposits | 11,055,286 | 12,972,643 | -1,917,357 | -14.8% |
| 2. Term deposits | 10,463 | - | 10,463 | n.a. |
| 3. Financing | 1,827,602 | 1,652,307 | 175,295 | 10.6% |
| Repurchase agreements with CC&G (MTS Repo) | 1,220,531 | 1,320,571 | -100,040 | -7.6% |
| Repurchase agreements with customers | 353,712 | 51,522 | 302,190 | 586.5% |
| Other (collateral margins) | 253,359 | 280,214 | -26,855 | -9.6% |
| 4. Other debts | 305,302 | 334,498 | -29,196 | -8.7% |
| IFRS 16-related lease liabilities | 150,318 | 153,656 | -3,338 | -2.2% |
| Operating debts to sales network | 135,793 | 131,040 | 4,753 | 3.6% |
| Other debts (money orders, amounts at the disposal of customers) | 19,191 | 49,802 | -30,611 | -61.5% |
| Total due to customers | 13,198,653 | 14,959,448 | -1,760,795 | -11.8% |

By contrast, captive inflows generated from the treasury management of the companies within the Assicurazioni Generali Group recorded net outflows of over 22 million euros, amounting to 354 million euros at the end of the period and accounting for 2.7% of total inflows.

INFLOWS FROM CUSTOMERS

| (€ THOUSAND) | 30.09.2023 | 31.12.2022 | CHANGE | |
|---|-------------------|-------------------|-------------------|---------------|
| | | | AMOUNT | % |
| Inflows from Parent Company | 28,143 | 74,677 | -46,534 | -62.3% |
| Inflows from other subsidiaries of the Generali Group | 253,783 | 228,038 | 25,745 | 11.3% |
| IFRS 16-related lease financial liabilities | 72,261 | 73,615 | -1,354 | -1.8% |
| Total inflows from Generali Group | 354,187 | 376,330 | -22,143 | -5.9% |
| Inflows from other parties | 12,844,466 | 14,583,118 | -1,738,652 | -11.9% |
| - of which: current accounts | 10,773,585 | 12,670,183 | -1,896,598 | -15.0% |
| - of which: repurchase agreements and term deposits | 1,584,706 | 1,372,093 | 212,613 | 15.5% |
| - of which: other debts | 486,175 | 540,842 | -54,667 | -10.1% |
| Total inflows from customers | 13,198,653 | 14,959,448 | -1,760,795 | -11.8% |

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 Core loans

Core loans totalled 14.4 billion euros overall, with a net decrease of 1,738 million euros compared to 31 December 2022 (-10.8%).

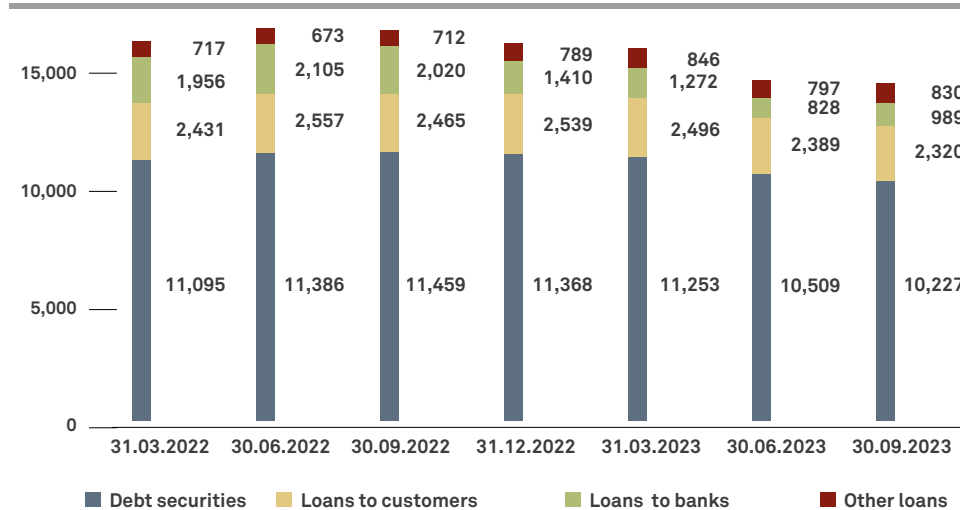
All components declined: exposures to banks, in particular, dropped markedly by 420 million euros (-29.8%), investments in the portfolio of financial assets decreased by 1,132 million euros (-9.5%) and loans to customers by 219 million euros (-8.6%).

INTEREST-BEARING FINANCIAL ASSETS AND LOANS

| (€ THOUSAND) | 30.09.2023 | 31.12.2022 | CHANGE | |
|--|-------------------|-------------------|-------------------|---------------|
| | | | AMOUNT | % |
| Financial assets measured at fair value through profit or loss | 506,691 | 507,346 | -655 | -0.1% |
| Financial assets measured at fair value through other comprehensive income | 991,393 | 1,120,101 | -128,708 | -11.5% |
| Financial assets measured at amortised cost | 9,259,305 | 10,261,614 | -1,002,309 | -9.8% |
| Financial assets | 10,757,389 | 11,889,061 | -1,131,672 | -9.5% |
| Loans to and deposits with banks ^(*) | 989,495 | 1,409,738 | -420,243 | -29.8% |
| Loans to customers | 2,320,305 | 2,539,480 | -219,175 | -8.6% |
| Operating loans and other loans | 300,011 | 267,764 | 32,247 | 12.0% |
| Total interest-bearing financial assets and loans | 14,367,200 | 16,106,043 | -1,738,843 | -10.8% |

(*) 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 74.9% 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) | 30.09.2023 | 31.12.2022 | CHANGE | |
|---|-------------------|-------------------|-------------------|--------------|
| | | | AMOUNT | % |
| Government securities | 7,337,922 | 7,948,873 | -610,951 | -7.7% |
| Supranational and other public institutions | 705,895 | 798,225 | -92,330 | -11.6% |
| Securities issued by banks | 1,756,997 | 2,018,625 | -261,628 | -13.0% |
| Securities issued by other issuers | 426,422 | 601,815 | -175,393 | -29.1% |
| Equity securities and other securities | 530,153 | 521,523 | 8,630 | 1.7% |
| Total financial assets | 10,757,389 | 11,889,061 | -1,131,672 | -9.5% |

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 investments¹⁵.

The held-to-collect (HTC) portfolio, driven by financial assets measured at amortised cost and held for long-term investment purposes, amounted to over 9.3 billion euros at the end of the reporting period, accounting for 86.1% of total financial assets and largely offsetting the decline in portfolio investments (-1,002 million euros; -9.8%).

The held-to-collect-and-sell (HTCS) portfolio, i.e., financial assets measured at fair value with a balancing entry to net equity without any particular time constraints, declined by 0.1 billion euros (-11.5%) to 1.0 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 third quarter of 2023, the notional value of the hedging derivatives outstanding amounted to 3,387 million euros, of which 110 million euros relating to the HTCS portfolio. The net balance of the asset swap portfolio was 3,433 million euros overall, essentially in line with its fair value (3,424 million euros).

The portfolio of debt securities remained focused on sovereign and supranational debt, which accounted for 74.8% of total investments in financial instruments, and showed a 703 million euro decline at the end of the quarter chiefly absorbed by the foreign portfolio.

The portion of the portfolio invested in Italian government bonds grew slightly to 5.6 billion euros (+0.9%), with a 69.2% ratio to total volumes.

Foreign sovereign debt amounted to 2.5 billion euros, with a more marked change (-755 million euros; -23.3%) and accounting for 30.8% of the total government portfolio.

At period-end, this component was more concentrated on the HTC portfolio (2.2 billion euros) than on the HTCS portfolio (0.26 billion euros), of which it accounted for over 26%. From a geographical standpoint, investments in foreign bonds were primarily allocated on EU issues, with a particular focus in the Iberian Peninsula, France and central-eastern European countries.

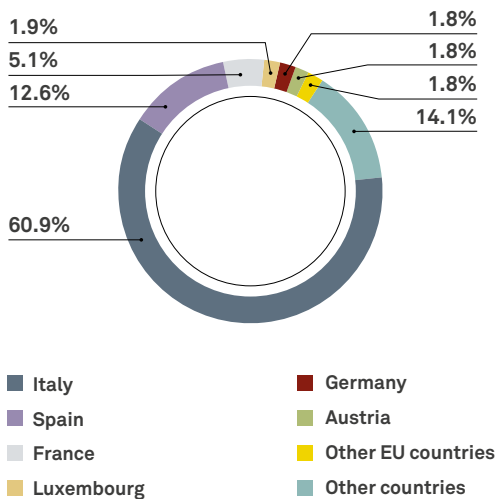
¹⁵ For further details on the restructuring transaction of a portfolio of senior bonds issued by some special purpose vehicles for healthcare receivable securitisation that Banca Generali acquired from its customers and concurrently transferred to the Forward Fund, by subscribing its units, reference 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.

EXPOSURE TO THE SOVEREIGN RISK BY PORTFOLIO

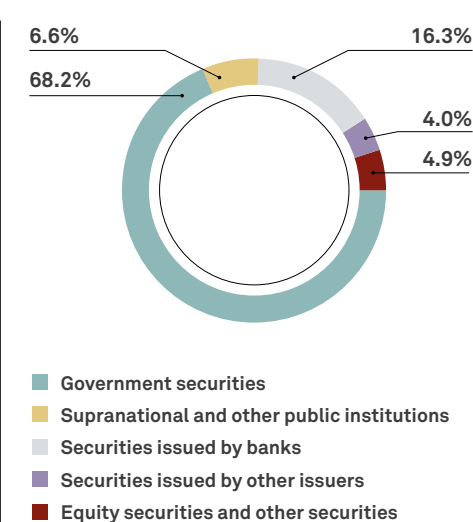
| (€ THOUSAND) | 30.09.2023 | 31.12.2022 | CHANGE | |
|--|------------|------------|----------|--------|
| | | | AMOUNT | % |
| Exposure to the sovereign risk by portfolio: | | | | |
| Financial assets measured at fair value through profit or loss | 1 | - | 1 | n.a. |
| Financial assets measured at fair value through other comprehensive income | 870,110 | 906,753 | -36,643 | -4.0% |
| Financial assets measured at amortised cost | 7,173,706 | 7,840,345 | -666,639 | -8.5% |
| Total | 8,043,817 | 8,747,098 | -703,281 | -8.0% |
| Total foreign government bonds | 2,479,951 | 3,235,190 | -755,239 | -23.3% |
| Total Italian government bonds | 5,563,866 | 5,511,908 | 51,958 | 0.9% |

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 60.9%, followed by the exposures to issuers of the Iberian Peninsula (12.6%).

GEOGRAPHICAL BREAKDOWN OF FINANCIAL ASSETS PORTFOLIO AT 30.09.2023



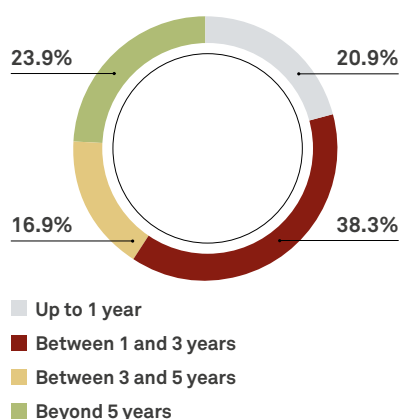
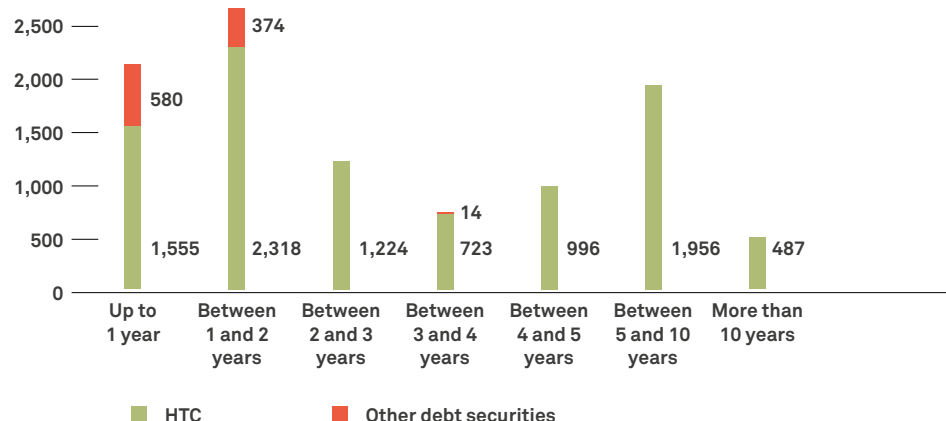
BREAKDOWN OF FINANCIAL ASSETS PORTFOLIO AT 30.09.2023



At the end of the third quarter of 2023, the share of financial assets with a maturity of more than 3 years was 40.8%, slightly down compared to the end of 2022 (44.2%).

The portfolio of debt securities had an overall average residual life of about 3.7 years. In particular, the average maturity of the HTC portfolio was 4.3 years, whereas the average maturity of the HTCS portfolio increased to 0.9 years.

51% of the portfolio was made up of issues with variable-rate or inflation-linked coupons, including hedged securities, and 49% of fixed-rate issues.

**BREAKDOWN OF BONDS PORTFOLIO
BY MATURITY AT 30.09.2023**

**BONDS PORTFOLIO MATURITY
(€ MILLION)**


Loans to customers amounted to **2,320 million euros**, declining by nearly 219 million euros compared to the end of 2022 (-8.6%), 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 **1,374 million euros**, down 85 million euros compared to the end of 2022 (-5.9%).

Other loans grew owing to new loans to exports.

LOANS AND OPERATING LOANS AND OTHER LOANS

| (€ THOUSAND) | 30.09.2023 | 31.12.2022 | CHANGE | |
|---|------------------|------------------|-----------------|--------------|
| | | | AMOUNT | % |
| Current accounts | 1,679,322 | 1,793,523 | -114,201 | -6.4% |
| Mortgages and personal loans | 629,436 | 740,442 | -111,006 | -15.0% |
| Other financing and loans not in current accounts | 11,547 | 5,515 | 6,032 | 109.4% |
| Loans | 2,320,305 | 2,539,480 | -219,175 | -8.6% |
| Operating loans to management companies | 139,140 | 133,975 | 5,165 | 3.9% |
| Sums advanced to Financial Advisors | 57,962 | 56,330 | 1,632 | 2.9% |
| Stock exchange interest-bearing daily margin | 81,912 | 57,412 | 24,500 | 42.7% |
| Charges to be debited and other loans | 11,480 | 7,961 | 3,519 | 44.2% |
| Operating loans and other loans | 290,494 | 255,678 | 34,816 | 13.6% |

Operating loans and other loans grew by 13.6%, primarily attributable to collateral margins on repurchase agreements and hedging transactions.

Net **non-performing exposures** on loans to customers amounted to **36.2 million euros**, or **1.56%** of total loans reported in the table above.

The aggregate includes all the exposures originating in the portfolio of Banca del Gottardo Italia, fully covered by the loan indemnity granted by BSI S.A. (now EFG Bank AG) upon the sale of the said company and chiefly secured to that end by cash collateral payments by the counterparty.

Net of these positions, non-performing exposures on loans to customers amounted to **26.6 million euros** and consisted for over 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 **2.3 million euros**, or around **0.10%** of total loans to customers.

The portfolio of non-performing loans (loans to customers excluding operating loans and debt securities) dropped by 1.5 million euros as a result of the decline in positions guaranteed by indemnity (-8.9 million euros) and in unlikely-to-pay positions (-5.9 million euros), only partly offset by the increase in bad loans not guaranteed by indemnity (+4.2 million euros) and in positions past due or expired (+9.2 million euros).

NON-PERFORMING EXPOSURES

| (€ THOUSAND) | 30.09.2023 | | | | 31.12.2022 | | | | CHANGE | |
|---|---------------|-----------------|-----------------------------------|---------------|---------------|-----------------|-----------------------------------|---------------|---------------|-------------|
| | BAD LOANS | UNLIKELY TO PAY | PAST-DUE AND/OR EXPIRED EXPOSURES | TOTAL | BAD LOANS | UNLIKELY TO PAY | PAST-DUE AND/OR EXPIRED EXPOSURES | TOTAL | DELTA | CHANGE % |
| Gross exposure | 24,743 | 6,253 | 21,474 | 52,470 | 29,123 | 12,457 | 10,196 | 51,776 | 694 | 1% |
| Adjustments | 10,107 | 2,140 | 4,059 | 16,306 | 9,734 | 2,414 | 1,994 | 14,142 | 2,164 | 15% |
| Total net exposure | 14,636 | 4,113 | 17,415 | 36,164 | 19,389 | 10,043 | 8,202 | 37,634 | -1,470 | -4% |
| Gross exposure | 17,615 | - | - | 17,615 | 26,531 | - | - | 26,531 | -8,916 | -34% |
| Adjustments | 8,097 | - | - | 8,097 | 8,097 | - | - | 8,097 | - | - |
| Exposure guaranteed by net indemnity | 9,518 | - | - | 9,518 | 18,434 | - | - | 18,434 | -8,916 | -48% |
| Gross exposure | 7,128 | 6,253 | 21,474 | 34,855 | 2,592 | 12,457 | 10,196 | 25,245 | 9,610 | 38% |
| Adjustments | 2,010 | 2,140 | 4,059 | 8,209 | 1,637 | 2,414 | 1,994 | 6,045 | 2,164 | 36% |
| Exposure net of indemnity | 5,118 | 4,113 | 17,415 | 26,646 | 955 | 10,043 | 8,202 | 19,200 | 7,446 | 39% |
| Net guaranteed exposure | 5,066 | 3,753 | 15,538 | 24,357 | 910 | 9,669 | 7,051 | 17,630 | 6,727 | 38% |
| Net exposure not guaranteed | 52 | 360 | 1,877 | 2,289 | 45 | 374 | 1,151 | 1,570 | 719 | 46% |

At 30 September 2023, the interbank position, net of the securities portfolio and operating loans, showed a net credit balance of nearly 506 million euros, down 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 (-286 million euros), mainly including overnight deposits in service of treasury transactions;
- › the decrease in net amounts due to banks (-74 million euros), attributable to the decline in lending repurchase agreements with banks, which exceeded funding repurchase agreements with banks (-128 million euros), partially offset by the changes in collateral deposits and margins on OTC derivatives and repurchase agreements and to other net current account exposures (+54 million euros).

NET INTERBANK POSITION

| (€ THOUSAND) | 30.09.2023 | 31.12.2022 | CHANGE | |
|---|----------------|------------------|-----------------|---------------|
| | | | AMOUNT | % |
| 1. Repayable on demand | 489,097 | 747,443 | -258,346 | -34.6% |
| Demand deposits with ECB and Bank of Italy ^(*) | 385,498 | 645,000 | -259,502 | -40.2% |
| Transfer accounts | 103,599 | 102,443 | 1,156 | 1.1% |
| 2. Time deposits | 500,398 | 662,295 | -161,897 | -24.4% |
| Minimum reserve | 111,597 | 137,889 | -26,292 | -19.1% |
| Term deposits | 73,632 | 13,650 | 59,982 | 439.4% |
| Repurchase agreements | 229,056 | 397,723 | -168,667 | -42.4% |
| Collateral margins | 86,113 | 113,033 | -26,920 | -23.8% |
| Total loans to banks | 989,495 | 1,409,738 | -420,243 | -29.8% |
| 1. Due to Central Banks | - | - | - | n.a. |
| 2. Due to banks | 483,931 | 544,531 | -60,600 | -11.1% |
| Transfer accounts | 21,560 | 31,897 | -10,337 | -32.4% |
| Repurchase agreements | 436,169 | 477,028 | -40,859 | -8.6% |
| Collateral margins | 16,474 | 17,055 | -581 | -3.4% |
| Other debts | 9,728 | 18,551 | -8,823 | -47.6% |
| Total due to banks | 483,931 | 544,531 | -60,600 | -11.1% |
| Net interbank position | 505,564 | 865,207 | -359,643 | -41.6% |

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

5.3 Provisions

Special purpose provisions amounted to nearly 255.9 million euros overall, moderately increasing compared to the previous year (+4.5%), mainly as a result of provisions for contractual indemnities to the sales network and other provisions for liabilities and contingencies.

PROVISIONS

| (€ THOUSAND) | 30.09.2023 | 31.12.2022 | CHANGE | |
|---|----------------|----------------|---------------|-------------|
| | | | AMOUNT | % |
| Provision for termination indemnity | 3,680 | 3,705 | -25 | -0.7% |
| Provisions for guarantees issued and commitments | 142 | 52 | 90 | 173.1% |
| Provisions for pensions and similar obligations | 1,831 | 1,365 | 466 | 34.1% |
| Other provisions for liabilities and contingencies | 250,226 | 239,799 | 10,427 | 4.3% |
| Provisions for staff expenses | 8,130 | 10,979 | -2,849 | -25.9% |
| Provision for the redundancy incentive plan | 1,000 | 1,000 | - | - |
| Provisions for legal disputes | 11,458 | 14,512 | -3,054 | -21.0% |
| Provisions for contractual indemnities to the sales network | 166,140 | 152,550 | 13,590 | 8.9% |
| Provisions for sales network incentives | 27,554 | 32,160 | -4,606 | -14.3% |
| Provisions for tax and contributions/pension disputes | 434 | 2,445 | -2,011 | -82.2% |
| Other provisions for liabilities and contingencies | 35,510 | 26,153 | 9,357 | 35.8% |
| Total provisions | 255,879 | 244,921 | 10,958 | 4.5% |

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 75.5 million euros;

- › other indemnities relating to termination of the agency or management position (management development indemnity, portfolio development indemnity, retirement eligibility bonus) of 25.1 million euros;
- › the provision in service of the annual cycles of the 2017-2026 Framework Loyalty Programme for the Sales Network, in the amount of 34.6 million euros;
- › the new provision in service of the three-year incentive plan for the sales network, in the amount of 30.8 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 Programme refer to 50% of the accrued indemnity to be paid in cash, whereas the portion payable in Banca Generali shares has been accounted for pursuant to IFRS 2.

In 2022, a 34.3 million euro financial advance related to the bonuses to be paid in cash was granted to the beneficiaries of the Loyalty Framework Programme drawing from the provision recognised and valued at 30 June 2022. This advance is subject to the same accrual conditions provided for by the Programme and the beneficiaries will be definitively entitled to it in the first half of 2027.

The 2022-2024 three-year incentive plan, approved by the Board of Directors on 18 March 2022, is in addition to the annual incentives for the 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 13.6 million euros, was the result of the decline in actuarial provisions (-0.2 million euros) and other provisions (-0.2 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 14.0 million euros, of which 8.7 million euros set to accrue in subsequent years. At the end of the quarter, the increase in the discount rates used to measure actuarial provisions led to a re-absorption of the latter for approximately 5.4 million euros.

Provisions for other liabilities and contingencies included a prudential allocation of 30.3 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.

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 BGFML¹⁶.

In detail, with reference to the claim of over 2.7 million euros, the parties reached a settlement for the payment of a greater amount of taxes for 784 thousand euros, however recognising Banca Generali's right to submit requests for refunds with regard to the greater amount of taxes on the write-down of securities for 2014, which had already been expensed in the profit and loss account for the following tax periods, for an amount of 454 thousand euros. The net charge of said settlement thus

¹⁶ In this regard, reference should be made to the Annual Integrated Report 2021.

amounted to 330 thousand euros, in addition to penalties and interest for about 286 thousand euros¹⁷, already entirely covered by specific provisions. Accordingly, the provision allocated to account for this tax dispute, amounting to 2.0 million euros, was fully expensed by using 0.6 million euros, with recognition through profit or loss of a residual excess amount of 1.4 million euros.

5.4 Net equity and regulatory aggregates

At 30 September, the Banking Group's consolidated net equity, including net profit for the period, exceeded 1,134 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

| (€ THOUSAND) | 30.09.2023 | 31.12.2022 | CHANGE | |
|---|------------------|------------------|---------------|-------------|
| | | | AMOUNT | % |
| Share capital | 116,852 | 116,852 | - | - |
| Share premium reserve | 52,908 | 53,767 | -859 | -1.6% |
| Reserves | 749,147 | 724,536 | 24,611 | 3.4% |
| (Treasury shares) | -85,005 | -80,139 | -4,866 | 6.1% |
| Valuation reserves | -5,232 | -9,972 | 4,740 | -47.5% |
| Equity instruments | 50,000 | 50,000 | - | - |
| Net profit (loss) for the period | 255,101 | 213,034 | 42,067 | 19.7% |
| Consolidated net equity | 1,133,771 | 1,068,078 | 65,693 | 6.2% |
| Net equity attributable to minority interests | 364 | 442 | -78 | -17.6% |
| Banking Group net equity | 1,134,135 | 1,068,520 | 65,615 | 6.1% |

Net of the dividend payout approved by the General Shareholders' Meeting with regard to the 2022 Financial Statements, the 65.6 million euro change in net equity for the first nine months of 2023 was chiefly attributable to the consolidated net profit for the period and, to a lesser extent, to the plan to buy back treasury shares completed in September; 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.

CONSOLIDATED NET EQUITY

| (€ THOUSAND) | 30.09.2023 |
|---|------------------|
| Net equity at period-start | 1,068,520 |
| Provisions for prior year dividends | -192,805 |
| Purchase and sale of treasury shares | -12,247 |
| Change in IFRS 2 reserves | 7,497 |
| Change in OCI valuation reserves | 4,707 |
| Changes and dividends on AT1 equity instruments | -815 |
| Consolidated net profit | 255,058 |
| Dividends not paid on treasury shares | 4,804 |
| Other effects | -584 |
| Net equity at period-end | 1,134,135 |
| Change | 65,615 |

Fair value valuation reserves for the portfolio of financial assets measured at fair value through other comprehensive income (HTCS) showed a net increase of 4.7 million euros due to the rise in bond prices, driven by the decline in interest rates of government securities.

¹⁷ 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.

VALUATION RESERVES

| (€ THOUSAND) | 30.09.2023 | | 31.12.2022 | | CHANGE |
|---|------------------|------------------|---------------|---------------|--------------|
| | POSITIVE RESERVE | NEGATIVE RESERVE | NET RESERVE | NET RESERVE | |
| Valuation reserves - HTCS debt securities | 473 | -5,623 | -5,150 | -9,867 | 4,717 |
| Valuation reserves - OCI equity securities | 1,308 | -1,234 | 74 | -713 | 787 |
| Exchange differences | 478 | - | 478 | 713 | -235 |
| Actuarial gains (losses) from defined benefit plans | -634 | - | -634 | -105 | -529 |
| Total | 1,625 | -6,857 | -5,232 | -9,972 | 4,740 |

On 19 April 2023, the General Shareholders' Meeting also authorised the repurchase of a maximum of 369,260 treasury shares, for a maximum amount of 15.6 million euros, in service of remuneration plans for Key Personnel for 2023 and the new Long-Term Incentive Plan (LTIP) for the three-year period 2023-2027.

The plan for the buy-back of treasury shares, authorised by the Supervisory Authority on 28 June 2023, was launched on 2 August 2023 and completed on 25 September 2023 with the repurchase of 369,260 treasury shares at an average price of 33.166 euros per share, for a total amount of 12.2 million euros.

In the year, on the basis of the achievement of the performance objectives set out in the Remuneration Policy, 258,756 treasury shares, with a value of 7,380 thousand euros, of which 42,803 shares in service of the first tranche of the 2020 LTIP, were also allotted to the Banking Group's employees and Financial Advisors qualifying as Key Personnel, as well as to network managers.

At the end of the third quarter, the Parent Company, Banca Generali, thus held 2,920,001 treasury shares, with a value of 85.0 million euros, intended solely for the service of Remuneration Policies for the Banking Group's Key Personnel.

| | 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 | -258,756 | -7,380,978 | 28.52 | -129,279 |
| Purchases | 369,260 | 12,247,030 | 33.17 | 40,558 |
| Amount at period-end | 2,920,001 | 85,005,213 | 29.11 | 2,720,775 |

Consolidated own funds amounted to 819.7 million euros, up 57.6 million euros compared to the end of the previous year (+7.6%), whereas capital absorption declined by 10.3 million euros (-2.8%). At the end of the 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%¹⁸.

¹⁸ 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;
- a 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 capital conservation buffer requirement envisaged in the ratios is equal to 2.5%.

OWN FUNDS AND CAPITAL RATIOS

| (€ THOUSAND) | 31.12.2022 | | CHANGE | |
|---|----------------|----------------|----------------|--------------|
| | 30.09.2023 | TRANSITIONAL | AMOUNT | % |
| Common Equity Tier 1 capital (CET1) | 769,710 | 712,159 | 57,551 | 8.1% |
| Additional Tier 1 capital (AT1) | 50,000 | 50,000 | - | - |
| Tier 2 capital (T2) | - | - | - | n.a. |
| Total own funds | 819,710 | 762,159 | 57,551 | 7.6% |
| Credit and counterparty risk | 267,101 | 277,424 | -10,323 | -3.7% |
| Market risk | 28 | 10 | 18 | 185.1% |
| Operational risk | 88,138 | 88,138 | - | - |
| Total absorbed capital (Pillar I) | 355,267 | 365,571 | -10,305 | -2.8% |
| Total SREP minimum requirements (Pillar II) | 546,756 | 562,615 | -15,859 | -2.8% |
| Excess over SREP minimum requirements | 272,954 | 199,544 | 73,410 | 36.8% |
| Risk-weighted assets | 4,440,835 | 4,569,644 | -128,808 | -2.8% |
| CET1/Risk-weighted assets | 17.3% | 15.6% | 1.7% | 11.2% |
| Tier 1/Risk-weighted assets | 18.5% | 16.7% | 1.8% | 10.7% |
| Total own funds/Risk-weighted assets (Total Capital Ratio) | 18.5% | 16.7% | 1.8% | 10.7% |

The change in Own Funds was mainly attributable to the inclusion of the portion of retained earnings for the period (+50.0 million euros), the conclusion of the plan for the buy-back of treasury shares (-12.2 million euros), the dividends on treasury shares not paid out (+4.8 million euros), the reserve allocated on share-based payment plans (+7.5 million euros) and other net positive capital and prudential effects for 7.5 million euros, as highlighted in the following table.

CHANGES IN OWN FUNDS

| (€ THOUSAND) | |
|---|----------------|
| Own funds at 31.12.2022 | 762,159 |
| Estimated regulatory provisions for retained earnings | 49,972 |
| Purchase and sale of treasury shares | -12,248 |
| Change in IFRS 2 reserves | 7,497 |
| Prior years' dividend not paid out | 4,805 |
| Change in OCI reserves on HTCS | 1,460 |
| Change in other OCI reserves | -1,183 |
| Change in goodwill and intangible assets (net of related DTLs) | 8,601 |
| DTAs through P&L not arising on temporary differences (tax losses) | -86 |
| Negative prudential filters (prudent valuation - simplified method) | 129 |
| Changes and dividends on AT1 equity instruments | -815 |
| Other effects (other reserves) | -581 |
| Total changes in TIER 1 capital | 57,551 |
| Own funds at period-end | 819,710 |
| Change | 57,551 |

The modest change in OCI reserves on securities of the HTCS portfolio (+1.9 million euros) was also penalised by the non-renewal of the preferential phase-in regime for the prudential valuation of reserves on government securities (-5.5 million euros)¹⁹.

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.

At the end of the third quarter of 2023, on the basis of the prudential provisions that require the upper part of the payout to be considered, just 20% of the consolidated recurring net profit for the period has therefore been included in own funds, for an amount of 50.0 million euros at consolidated level.

The 10.3 million euro reduction 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 companies and retail customers (-5.1 million euros) and the Forward Fund (-2.7 million euros), partly offset by higher absorption due to equity investments (4.0 million euros) and other assets (2.5 million euros).

The Bank's liquidity ratios maintained excellent levels, with the Liquidity Coverage Ratio (LCR) at 334% and Net Stable Funding Ratio (NSFR) at 215%. The Bank's leverage ratio stood at 5.264%.

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

| (€ THOUSAND) | 30.09.2023 | | |
|---|----------------------------|----------------|------------------|
| | SHARE CAPITAL AND RESERVES | NET PROFIT | NET EQUITY |
| Net equity of Banca Generali | 798,184 | 264,854 | 1,063,038 |
| Differences between net equity and book value of companies consolidated using the line-by-line method | 60,207 | 92 | 60,299 |
| – profit carried forward of consolidated companies | 52,277 | - | 52,277 |
| – goodwill | 8,707 | - | 8,707 |
| – other changes | -777 | 92 | -685 |
| Dividends from consolidated companies | 27,220 | -118,220 | -91,000 |
| Consolidated companies' result for the period | - | 108,685 | 108,685 |
| Net profit attributable to minority interests | 407 | -43 | 364 |
| Result of associates valued at equity | -4,755 | -310 | -5,065 |
| Sterilisation of impaired equity investments | 4,567 | - | 4,567 |
| Valuation reserves - consolidated companies | 1,954 | - | 1,954 |
| Goodwill | -8,707 | - | -8,707 |
| Consolidation adjustments | -43 | 43 | - |
| Net equity of the Banking Group | 879,034 | 255,101 | 1,134,135 |

¹⁹ 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.

6. Performance of Group Companies

6.1 Performance of Banca Generali S.p.A.

Banca Generali closed the third quarter of 2023 with net profit of 264.9 million euros, up compared to 173.9 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.

Dividends distributed both in advance and at the end of the period by the Luxembourg-based subsidiary BG Fund Management Luxembourg S.A. amounted to 118.2 million euros (137.8 million euros in the third quarter of 2022).

Reclassified net banking income²⁰, net of the dividends distributed by the Banking Group's investees, rose by nearly 129.1 million euros (+41.0%) compared to the same period of the previous year. This increase was mainly attributable to the aforementioned increase in net interest income (+138.9 million euros), partly offset by the decline in net income from trading activities (-8.1 million euros) and in net fees (-1.8 million euros).

PROFIT AND LOSS ACCOUNT

| (€ THOUSAND) | 30.09.2023 | 30.09.2022 | CHANGE | |
|--|-----------------|-----------------|----------------|---------------|
| | | | AMOUNT | % |
| Net interest income | 227,040 | 88,173 | 138,867 | 157.5% |
| Net income (loss) from trading activities | 11,733 | 19,797 | -8,064 | -40.7% |
| Dividends | 119,435 | 138,909 | -19,474 | -14.0% |
| – of which: dividends from equity investments | 118,220 | 137,783 | -19,563 | -14.2% |
| Net financial income | 358,208 | 246,879 | 111,329 | 45.1% |
| Fee income | 554,897 | 542,474 | 12,423 | 2.3% |
| Fee expense | -351,146 | -336,895 | -14,251 | 4.2% |
| Net fees | 203,751 | 205,579 | -1,828 | -0.9% |
| Net banking income | 561,959 | 452,458 | 109,501 | 24.2% |
| Staff expenses | -76,659 | -72,687 | -3,972 | 5.5% |
| Other general and administrative expenses (net of duty recoveries) | -76,865 | -76,089 | -776 | 1.0% |
| Net adjustments of property, equipment and intangible assets | -27,496 | -25,179 | -2,317 | 9.2% |
| Other operating expenses/income | 7,770 | 10,216 | -2,446 | -23.9% |
| Net operating expenses | -173,250 | -163,739 | -9,511 | 5.8% |
| Operating result | 388,709 | 288,719 | 99,990 | 34.6% |
| Net adjustments to non-performing loans | -986 | -7,472 | 6,486 | -86.8% |
| Net provisions | -27,319 | -11,008 | -16,311 | 148.2% |
| Contributions and charges related to the banking system | -17,809 | -17,000 | -809 | 4.8% |
| Gains (losses) from the disposal of equity investments | 70 | 526 | -456 | -86.7% |
| Operating profit before taxation | 342,665 | 253,765 | 88,900 | 35.0% |
| Income taxes for the period on operating activities | -77,811 | -44,557 | -33,254 | 74.6% |
| One-off charges for tax settlement procedures | - | -35,330 | 35,330 | n.a. |
| Net profit | 264,854 | 173,878 | 90,976 | 52.3% |

²⁰ 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 9.6 million euros for 2023 and 12.4 million euros for 2022.

Net interest income amounted to 227.0 million euros, marking an increase mainly driven by the positive contribution of securities trading (+150.2 million euros). The result of transactions with the ECB stood at approximately 11.5 million euros, made up of interest income on overnight deposits and on the minimum reserve.

Net fees stood at approximately 203.8 million euros at the end of the period, decreasing slightly by 0.9% compared to the third quarter of 2022, chiefly as a result of the greater increase in fee expense (14.3 million euros) than in fee income (12.4 million euros). The increase in fee income was mainly driven by the rise in fees for portfolio management (+9.7 million euros), fees for placement of securities and UCITS (+6.2 million euros) and fees for trading and securities custody (+6.1 million euros), which offset the reduction in fees for distribution of third-party financial products (-14.3 million euros). Fee expense grew by 14.3 million euros, chiefly due to the increase in fee for off-premises offer (+11.5 million euros).

Net operating expenses²¹ amounted to approximately 173.3 million euros, up 5.8% compared to the same period of the previous year.

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 32.8%.

Provisions, net adjustments and contributions and charges relating to the banking system totalled 46.1 million euros, up 10.6 million euros compared to the same period of 2022, due to the combined effect of higher provisions for liabilities and contingencies (+16.3 million euros) and lower adjustments to non-performing loans (-6.5 million euros compared to the third quarter of 2022).

Operating profit before taxation amounted to 342.7 million euros, up 35.0% compared to the same period of 2022.

Income taxes for the period totalled 77.8 million euros and increased by 33.3 million euros compared to the tax burden estimated at 30 September 2022.

The Bank's overall tax rate was 22.7%, up compared to the third quarter of 2022 (17.6%) 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 87.8 billion euros at 30 September 2023, up 6.8% compared to the previous year. Net inflows reached 4.3 billion euros, up 7.0% 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 Investments²²) and the Sicav BG Private Markets, reserved for institutional investors.

BGFML ended the third quarter of 2023 with a net profit for the period of 114.0 million euros, down compared to 123.3 million euros reported at the end of the same period of the previous year (-9.3 million euros).

The decline was mainly driven by performance fees, which fell by 7.4 million euros to 10.2 million euros, and management fees, which amounted to 242.7 million euros compared to 248.0 million euros in the third quarter of 2022.

Net banking income amounted to 138.3 million euros (-9.9 million euros compared to the same period of 2022). Operating expenses were 8.1 million euros (+0.7 million euros), of which 4.9 million euro staff expenses.

²¹ 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 60.1 million euros for 2023 and 61.5 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.

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

The company's net equity amounted to 81.6 million euros, net of a dividend payout of 118.2 million euros, as payment in advance for 2023 and balance payment for 2022. Overall, assets under management at 30 September 2023 amounted to 19,364 million euros, up 802 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 third quarter of 2023 with a slight net profit and net equity amounting to about 1.0 million euros. Net banking income amounted to approximately 1.0 million euros and virtually covered operating expenses. Assets under management totalled 1,457 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 and wealth management boutique based in Lugano, Switzerland.

The company ended the third quarter of 2023 with net loss of CHF 478.1 thousand (489.1 thousand euros), calculated based on local GAAP. Revenues, generated mainly from wealth management and advisory services, amounted to approximately CHF 6.6 million, whereas operating expenses totalled CHF 6.3 million (of which CHF 4.8 million staff expenses). BG Valeur S.A.'s net equity recognised in its statutory financial statements totalled CHF 2.4 million at 30 September 2023.

At 30 September 2023, assets under management amounted to 1,010 million euros, up compared to 887 million euros at 31 December 2022.

6.5 Performance of BG Suisse Private Bank S.A.

BG Suisse S.A., a joint-stock company under Swiss law based in Lugano, incorporated by Banca Generali on 8 October 2021 through an initial contribution of CHF 10 million with the aim of creating a new cross-border private service hub able to exploit the Swiss market's discontinuity due to the significant regulatory changes introduced to comply with the European regulations on financial services.

To this end, in January 2022, the company filed with the Swiss Financial Market Supervisory Authority (FINMA) an application to obtain the banking licence necessary to operate on the Swiss market.

On 5 September 2023, the company finally obtained the FINMA's preliminary authorisation to start the banking activity, subject to compliance with certain requirements, including an adequate level of own funds.

Accordingly, on 14 September 2023, Banca Generali carried out a further capital increase of CHF 40 million aimed at increasing the company's statutory share capital as required by the new Articles of Association bringing the share capital fully paid-up since incorporation to CHF 60 million. After satisfaction of the said requirements, the final authorisation was issued on 7 November 2023 and the new bank is expected to start operating as soon as December 2023. Starting March 2024, the company will thus be able to extend the distribution of its banking services also to Italian clients.

In the first nine 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 third quarter with a net loss of approximately CHF 5.2 million (5.3 million euros), calculated based on local GAAP. Operating expenses totalled CHF 5.2 million (of which CHF 2.9 million staff expenses). BG Suisse S.A.'s net equity recognised in its statutory financial statements stood at CHF 46.2 million at 30 September 2023.

7. Basis of Preparation

The Interim Report for the first nine months of 2023 was prepared in accordance with the provisions set forth in previously effective Article 154-ter, paragraph 5, of Italian Legislative Decree No. 58/98.

In this regard, it should be noted that, as part of the process of transposing Directive No. 2013/50/EU (Transparency 2), on 16 February 2016 Italian legislators enacted Legislative Decree No. 25, which thoroughly amends the aforementioned statute by:

- › eliminating the requirement to publish an interim report;
- › allowing issuers to continue to disclose to the market — entirely on a voluntary basis — “additional periodic financial information” besides the annual and half-year reports, in compliance with the principles and application criteria set out by Consob.

With resolution No. 19770 dated 26 October 2016, Consob updated the Rules for Issuers adding the new Article 82-ter, which requires listed issuers which have Italy as member state of origin to:

- a) publish the intention to disclose additional periodic financial information, specifying the relevant items of information, in a way that the decisions made are clear and stable over time;
- b) specify the terms for the approval and the publishing of the additional periodic financial information by the competent body;
- c) guarantee the coherence and correctness of the additional periodic financial information made available to the public and the comparability of the information items with the corresponding data contained in the financial report previously made available to the public;
- d) ensure rapid, non-discriminatory access which can, with reasonable certainty, guarantee the effective circulation of information throughout the European Union.

In accordance with the development of the legal framework and in line with its stakeholders' needs, Banca Generali decided to continue to provide its quarterly financial disclosures to the public by drawing up the Interim Report.

The Interim Report provides:

- a) a general description of the balance sheet situation and profit and loss performance of the issuer and its subsidiaries during the period of reference;
- b) an illustration of the significant events and transactions that occurred during the period of reference and their impact on the balance sheet of the issuer and its subsidiaries.

This document contains the following quantitative data on the balance sheet situation and profit and loss performance:

- › the consolidated condensed balance sheet at 30 September compared with the figures at the end of the previous year;
- › the consolidated condensed profit and loss account for the first nine months of the year, compared with data for the same period of the previous year;
- › the statement of comprehensive income for the first nine months of the year, compared with data for the same period of the previous year.

The Consolidated Balance Sheet is presented in a format that summarises the primary asset and liability items. The Consolidated Profit and Loss Account is presented in a condensed, reclassified format and states the intermediate profit margins that make up net profit.

The Report also includes explanatory notes that refer to the accounting standards employed and other specific explanatory notes on transactions undertaken during the reporting period.

The amounts included in the Financial Statements and Notes and Comments are expressed in thousands of euros, unless otherwise indicated.

The consolidated financial position illustrated in the Interim Report has been prepared according to the IAS/IFRS issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with EC Regulation No. 1606 of 19 July 2002.

However, the Interim Report does not include the Financial Report or certain explanatory notes that would be required to represent the financial situation and financial performance for the period of Banca Generali S.p.A. and the Banca Generali Group in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) adopted by the European Union.

7.1 Accounting Standards

The accounting standards and measurement criteria used are the same as those used to prepare the Consolidated Financial Statements at 31 December 2022.

It should be noted that, following the completion of the endorsement procedure, as of 1 January 2023, several amendments to 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 – <i>Insurance Contracts</i> (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 – <i>Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i> (issued on 12 February 2021) | 2022/357 | 03.03.2022 | 01.01.2023 |
| Amendments to IAS 1 – <i>Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies</i> (issued on 12 February 2021) | 2022/357 | 03.03.2022 | 01.01.2023 |
| Amendments to IFRS 17 – <i>Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information</i> (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 those standards. The standards and interpretations that entered into force in 2023 did not have a significant impact on the Group's balance sheet and profit and loss account.

Measurement

The preparation of the Interim Report requires the use of estimates and assumptions that could influence the amounts reported in the balance sheet and profit and loss account and the disclosure of contingent assets and liabilities therein.

The estimates and assumptions used are based on the information available regarding operations and on 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 the actual amounts reported herein may differ materially due to changes in the subjective judgements used.

The main areas for which management is required to use subjective judgements include:

- › the quantification of allocations for staff incentives and provisions for liabilities and contingencies;
- › the quantification of incentives for the distribution network currently being accrued;
- › the determination of the fair value of cash financial instruments and derivatives used for reporting purposes;
- › the determination of value adjustments and reversals of non-performing loans;
- › estimates and assumptions used to determine current and deferred taxation.

7.2 Consolidated companies and business combinations

The companies consolidated by the Group in accordance with IFRS 10 include the Parent Company, Banca Generali S.p.A., and the following subsidiaries:

| COMPANY NAME | REGISTERED OFFICE | OPERATING OFFICE | TYPE OF CONTROL | SHAREHOLDING RELATIONSHIP | | % OF VOTES IN ORDINARY SHAREHOLDERS' MEETING |
|------------------------------------|-------------------|------------------|-----------------|---------------------------|-------------------------|--|
| | | | | 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:

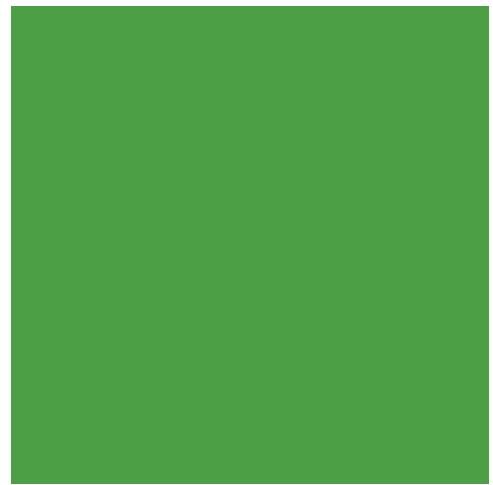
(1) Control pursuant to Article 2359, paragraph 1(1), of the Italian Civil Code (majority of voting rights at General Shareholders' Meeting).

In the first nine 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 September 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.

Trieste, 13 November 2023

The Board of Directors



ATTESTATION PURSUANT
TO ARTICLE 154-*BIS*,
SECOND PARAGRAPH, OF
LEGISLATIVE DECREE NO. 58
OF 24 FEBRUARY 1998





Attestation pursuant to Article 154-bis, Second Paragraph, of Legislative Decree No. 58 of 24 February 1998



Declaration Pursuant to Article 154-bis, Second Paragraph of Legislative Decree No. 58 of 24 February 1998

The undersigned Dr. Tommaso DI RUSSO, *Chief Financial Officer* and Manager in charge of preparing the financial reports of Banca Generali S.p.A., with headquarters in Trieste, via Machiavelli No 4, recorded in the Register of Companies of Trieste to n. 103698, for the intent and purpose of article 154-bis, second paragraph, of Legislative Decree 24 February 1998, No 58, to its knowledge in the position they hold,

declares

that the Interim Report on Operations as of 30 September 2023 corresponds to document results, books and accounts records.

Trieste, 13 November 2023

Dr. Tommaso Di Russo
*Manager charged with preparing
the company's financial reports*
BANCA GENERALI S.p.A.

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
Cover page photography - Stefano Guindani and Beverly Joubert
Internal photographs - Stefano Guindani



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