BANCA GENERALI

INTERIM REPORT

2024

AT 31 MARCH 2024

TIME TO CHANGE






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

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

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




Interim Report
at 31 March 2024

BOARD OF DIRECTORS
9 MAY 2024

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

BANCA GENERALI

Banca Generali S.p.A.
Administration and control bodies

Board of Directors - 9 May 2024

Board of Directors	Antonio Cangeri	Chairman
	Gian Maria Mossa	Chief Executive Officer
	Azzurra Caltagirone	Director
	Lorenzo Caprio	Director
	Paolo Ciocca	Director
	Roberta Cocco	Director
	Alfredo Maria De Falco	Director
	Anna Simioni	Director
	Cristina Zunino	Director
Board of Statutory Auditors	Natale Freddi	Chairman
	Paola Carrara	
	Giovanni Garegnani	
General Manager	Gian Maria Mossa	
Manager in charge of preparing the Company's Financial Reports	Tommaso Di Russo	

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GROUP ECONOMIC AND FINANCIAL HIGHLIGHTS

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

Group Economic and Financial Highlights

GROUP ECONOMIC AND FINANCIAL HIGHLIGHTS

(€ MILLION)	31.03.2024	31.03.2023	CHANGE %
Net interest income	79.4	71.0	12.0
Net financial income	**83.9**	**74.9**	**12.0**
Net fees	172.7	118.3	46.1
Net banking income	256.6	193.2	32.9
Net operating expenses [(a)]	-68.3	-63.7	7.2
of which: staff expenses	-32.2	-29.7	8.3
Operating result	188.4	129.5	45.5
Provisions and charges related to the banking system [(a)] and other one-off charges	-29.0	-16.2	78.8
Adjustments to non-performing loans	1.4	1.2	23.5
Profit before taxation	161.0	114.4	40.7
Net profit	122.0	83.1	46.8

PERFORMANCE INDICATORS

	31.03.2024	31.03.2023	CHANGE %
Cost/income ratio [(a) (b)]	26.6%	33.0%	-19.3
Operating Costs/Total Assets – annualised [(c)]	0.28%	0.30%	-4.9
EBITDA [(a)]	198.2	138.9	42.7
ROE [(d)]	38.2%	29.9%	28.0
ROA [(e)]	0.50%	0.39%	30.3
EPS - Earnings per share (euros)	1.07	0.72	47.9

NET INFLOWS

(€ MILLION) (ASSORETI DATA)	31.03.2024	31.03.2023	CHANGE %
Funds and Sicavs	-57	226	-125.2
Financial wrappers	286	156	83.3
Insurance wrappers	-44	-49	-10.2
Managed solutions	**185**	**333**	**-44.4**
Traditional insurance products	83	-655	-112.7
Assets under administration	1,381	1,846	-25.2
Total	**1,649**	**1,524**	**8.2**

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

TOTAL CLIENT ASSETS

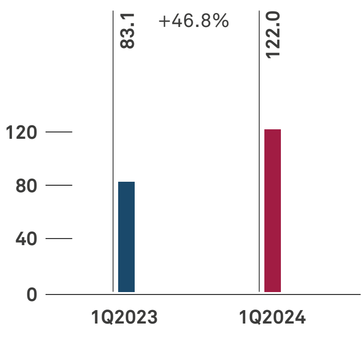
(€ BILLION)	31.03.2024	31.12.2023	CHANGE %
Funds and Sicavs [f]	22.9	22.0	4.0
Financial wrappers [f]	11.1	10.5	5.6
Insurance wrappers	10.9	10.6	2.9
Managed solutions	**44.9**	**43.1**	**4.1**
Traditional insurance products	14.5	14.3	1.2
Assets under administration	37.4	35.4	5.7
Total [f]	**96.8**	**92.8**	**4.3**

(f) Total Assoreti assets were increased by BG Valeur's assets not included in Assoreti's scope.

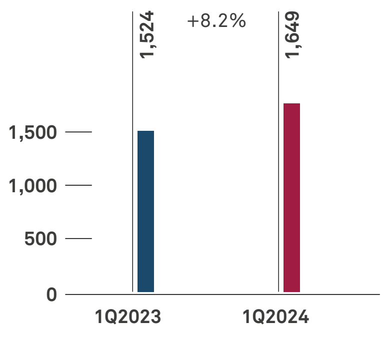
NET EQUITY

	31.03.2024	31.12.2023	CHANGE %
Net equity (€ million)	1,340.1	1,213.3	10.5
Own funds (€ million)	864.8	839.7	3.0
Excess capital (€ million)	363.1	294.8	23.2
Total Capital Ratio	21.2%	19.0%	11.9

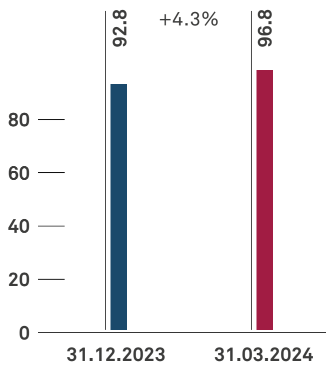
NET PROFIT
(€ million)



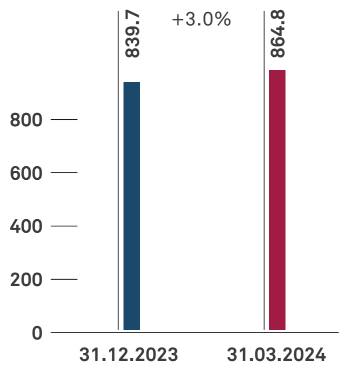
NET INFLOWS
(€ million)



TOTAL CLIENT ASSETS
(€ billion)



OWN FUNDS
(€ million)



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CONSOLIDATED FINANCIAL STATEMENTS

USA. The flowers inside the Aurora plant favour the local beekeeping cooperatives.

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

ASSETS

(€ THOUSAND)	31.03.2024	31.12.2023	CHANGE AMOUNT	CHANGE %
Financial assets at fair value through profit or loss	509,334	509,407	-73	-
Financial assets at fair value through other comprehensive income	1,075,503	1,000,936	74,567	7.4%
Financial assets measured at amortised cost:	12,475,402	12,905,455	-430,053	-3.3%
a) loans to banks (*)	2,665,196	2,846,425	-181,229	-6.4%
b) loans to customers	9,810,206	10,059,030	-248,824	-2.5%
Hedging derivatives	178,060	161,955	16,105	9.9%
Equity investments	2,126	1,975	151	7.6%
Property, equipment and intangible assets	285,549	292,054	-6,505	-2.2%
Tax receivables	107,003	108,113	-1,110	-1.0%
Other assets	556,185	537,267	18,918	3.5%
Total assets	**15,189,162**	**15,517,162**	**-328,000**	**-2.1%**

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

LIABILITIES AND NET EQUITY

(€ THOUSAND)	31.03.2024	31.12.2023	CHANGE AMOUNT	CHANGE %
Financial liabilities measured at amortised cost:	13,061,788	13,503,015	-441,227	-3.3%
a) due to banks	300,285	231,684	68,601	29.6%
b) due to customers	12,761,503	13,271,331	-509,828	-3.8%
Financial liabilities held for trading and hedging	122,340	132,821	-10,481	-7.9%
Tax liabilities	74,839	46,088	28,751	62.4%
Other liabilities	321,516	353,037	-31,521	-8.9%
Special purpose provisions	268,571	268,936	-365	-0.1%
Valuation reserves	-303	-797	494	-62.0%
Equity instruments	50,000	50,000	-	-
Reserves	1,083,262	752,749	330,513	43.9%
Share premium reserve	52,992	52,992	-	-
Share capital	116,852	116,852	-	-
Treasury shares (-)	-85,005	-85,005	-	-
Net equity attributable to minority interests	343	338	5	1.5%
Net profit (loss) for the period (+/-)	121,967	326,136	-204,169	-62.6%
Total liabilities and net equity	**15,189,162**	**15,517,162**	**-328,000**	**-2.1%**

CONSOLIDATED PROFIT AND LOSS ACCOUNT

ITEMS

(€ THOUSAND)	31.03.2024	31.03.2023	CHANGE AMOUNT	CHANGE %
Net interest income	79,447	70,952	8,495	12.0%
Net income (loss) from trading activities and dividends	4,467	3,956	511	12.9%
Net financial income	**83,914**	**74,908**	**9,006**	**12.0%**
Recurring fee income	256,829	238,113	18,716	7.9%
Fee expense	-138,522	-124,856	-13,666	10.9%
Net recurring fees	**118,307**	**113,257**	**5,050**	**4.5%**
Variable fee income	54,424	5,007	49,417	n.a.
Net fees	**172,731**	**118,264**	**54,467**	**46.1%**
Net banking income	**256,645**	**193,172**	**63,473**	**32.9%**
Staff expenses	-32,191	-29,713	-2,478	8.3%
Other general and administrative expenses (net of duty recoveries)	-28,461	-26,100	-2,361	9.0%
Net adjustments of property, equipment and intangible assets	-9,861	-9,400	-461	4.9%
Other operating expenses/income	2,256	1,541	715	46.4%
Net operating expenses	**-68,257**	**-63,672**	**-4,585**	**7.2%**
Operating result	**188,388**	**129,500**	**58,888**	**45.5%**
Net adjustments to non-performing loans	1,426	1,155	271	23.5%
Net provisions for liabilities and contingencies	-18,660	-10,229	-8,431	82.4%
Contributions and charges related to the banking system	-10,350	-6,000	-4,350	72.5%
Gains (losses) from equity investments valued at equity	151	-3	154	n.a.
Operating profit before taxation	**160,955**	**114,423**	**46,532**	**40.7%**
Income taxes for the period	-38,988	-31,389	-7,599	24.2%
Net profit attributable to minority interests	-	-37	37	-100.0%
Net profit	**121,967**	**83,071**	**38,896**	**46.8%**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

ITEMS

(€ THOUSAND)	31.03.2024	31.03.2023	CHANGE AMOUNT	CHANGE %
Net profit	**121,967**	**83,034**	**38,933**	**46.9%**
Other income, net of income taxes:				
With transfer to Profit and Loss Account:				
Exchange differences	-2,097	61	-2,158	n.a.
Financial assets measured at fair value through other comprehensive income	1,698	1,817	-119	-6.5%
Without transfer to Profit and Loss Account:				
Financial assets measured at fair value through other comprehensive income	844	-13	857	n.a.
Actuarial gains (losses) from defined benefit plans	55	-208	263	-126.4%
Total other income, net of taxes	**500**	**1,657**	**-1,157**	**-69.8%**
Comprehensive income	**122,467**	**84,691**	**37,776**	**44.6%**
Consolidated comprehensive income attributable to minority interests	6	-61	68	-110.3%
Consolidated comprehensive income attributable to the Group	**122,460**	**84,752**	**37,709**	**44.5%**

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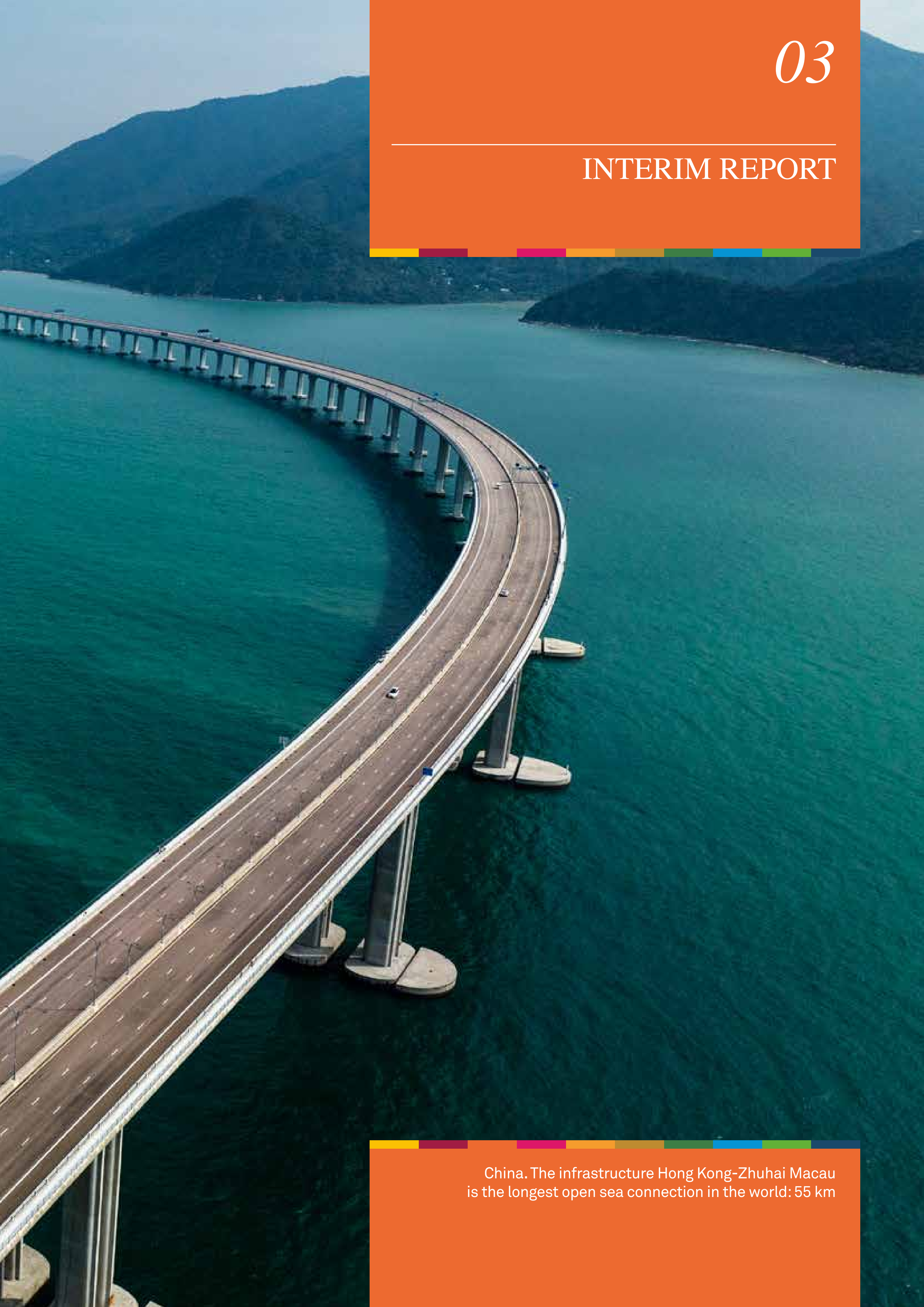
INTERIM REPORT



China. The infrastructure Hong Kong-Zhuhai Macau
is the longest open sea connection in the world: 55 km

1. Summary of Operations for the First Three Months of 2024

Banca Generali Group closed the first quarter of 2024 with a **consolidated net profit of 122.0 million euros**, sharply up compared to the first quarter of 2023 (+46.8 %), driven both by constantly growing **recurring net profit**, which reached **82.0 million euros** (+6.5%), and by the sharp rise in **non-recurring net profit**, which stood at **40.0 million euros**, spurred by the recovery of performance fees.

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

Net profit growth was also supported by a further business expansion, with **total client assets at an all-time high of 96.8 billion euros**, up by 4.3% compared to the end of 2023 and by 12.6% compared to the same period of the previous year, and by the ongoing strengthening of capital and liquidity ratios, already well above regulatory requirements.

Net banking income stood at **256.6 million euros** compared to 193.2 million euros for the first quarter of 2023. The significant increase was driven by the higher **net financial income** (83.9 million euros; +12.0%), the good performance of **net recurring fees** (118.3 million euros; +4.5%) and the sharp rise of **variable fees**, which amounted to 54.4 million euros, thanks to the excellent performance of the UCITS managed by the Banking Group.

Despite the inflationary pressures, **operating expenses** amounted to 68.3 million euros (+7.2% on an annual basis), including 1.5 million euro one-off charges, thus confirming the Bank's operational efficiency. **Core**[1] **operating expenses** totalled **61.0 million euros**, up 6.3% in line with the Plan's projections. This aggregate included 2.9 million euros charges generated by the launch of BG Suisse (1.5 million euros in 2023), net of which core expenses would have increased by 3.9%.

Operating efficiency indicators remained at excellent levels: the ratio of **total costs to total assets** stood at 28 bps, down thanks to the performance of total assets; the **cost/income ratio**, adjusted for non-recurring items, decreased slightly to 33.0% compared to 33.2% for the same period of the previous year.

Provisions, contributions and charges related to the banking system and **net adjustments** amounted to **27.6 million euros**, up compared to **15.1 million euros** for the first quarter of 2023, as a result of higher provisions for liabilities and contingencies (+8.4 million euros) and the effect of the end of the initial period for the constitution of the deposit protection funds that required to bring forward to the first quarter of the year the recognition of the last annual contribution to the Italian Interbank Deposit Protection Fund (FITD).
The change in this item was mainly attributable to the increase in provisions for contractual indemnities for the Financial Advisor Network (+6.4 million euros), which were mainly impacted by the alignment of discount rates used to measure actuarial provisions, with a net impact of 4.5 million euros.

Operating profit before taxation was 161.0 million euros, up 46.5 million euros compared to the same period of the previous year (+40.7%).

Core loans totalled 14.1 billion euros, decreasing by 0.4 billion euros (-2.5%) compared to the end of 2023.

[1] Operating expenses, net of non-recurring items, amounting to 1.5 million euros (1.1 million euros in 2023), and of costs related to sales personnel, including BG Suisse's sales personnel, amounting to 5.7 million euros (5.1 million euros in 2023).

The **banking book financial assets** stood at 10.6 billion euros (-1.1% compared to the end of 2023). Nearly 95% of the assets were invested in bonds with a duration of 1.1 years and 51% in floating-rate securities; this allowed to fully benefit from the current uptrend of interest rates.
Exposures composed of loans to customers reached 2.2 billion euros (-6.3% compared to 2023).
The interbank position, net of the bond component, declined to 0.7 billion euros, markedly decreasing compared to the previous year (-21.2%), mainly as a result of the decline in deposits with the ECB and the increase in repurchase agreement transactions.

With reference to **capital requirements**, the Bank confirmed the soundness of its regulatory aggregates. CET1 ratio was **20.0%** and Total Capital ratio was **21.2%**. These ratios were above the specific requirements set by the Bank of Italy for the Group (i.e., CET1 ratio at 8% and Total Capital Ratio at 12.3%) for the SREP – Supervisory Review and Evaluation.

Net inflows amounted to **1.6 billion euros** (+8.2% compared to the first quarter of 2023) owing to the impact of market volatility and the interest rate dynamics that continued to penalise some categories of managed solutions, offset by an increase in Assets under Administration, with a rise in assets under custody — driven by BTP — against a decline in current account liquidity.
Managed solutions therefore declined to 0.2 billion euros, accounting for 11.2% of total net inflows compared to 21.9% for the first quarter of 2023.
However, in-house products, funds and financial wrappers reported positive results, with 0.4 billion euros net inflows, up sharply compared to the first quarter of 2023 (+51.2%).

At the end of March, **Assets under Advisory** reached **10.1 billion euros**, markedly up (+28%) and with a 10.3% ratio to total client assets.

The Group's total client assets stood at **96.8 billion euros**, including the around 1.0 billion euro contribution deriving from the assets managed by BG Valeur. In addition, managed assets also included 1.2 billion euros in Assets under Administration of the Generali Group companies and 4.3 billion euros in funds and Sicavs distributed directly by BGFML, for an overall total of **102.3 billion euros**.

2. Macroeconomic Context

In the first quarter of the year, the main global equity indexes recorded positive performances, with S&P 500 and NASDAQ reaching all-time highs.
These results were achieved in a macroeconomic scenario in which central banks' interest rate hiking cycle had already peaked and growth, particularly in the United States, proved resilient, with GDP growth above 2%. Within this context, characterised by declining inflation data compared to 2023, but still above the target set by central banks, there has been a shift in investors' expectations with regard to the future moves of the Federal Reserve and the ECB. In particular, since the beginning of the year, the rate cuts priced in by the market have declined from six to less than three for the Federal Reserve and from six to less than four for the European Central Bank.
The rate trajectory thus seems clear, though there continues to be uncertainty regarding the timing and amount of the cuts.
In this scenario, there have been upwards movements in the main global yield curves, which retraced following the rally of the end of 2023. In detail, the yield on the ten-year Bund rose from approximately 2% at the beginning of the year to 2.30% at the end of March. The U.S. Treasury yields retraced by approximately 30 bps from 3.87% to 4.20% in the period.
The BTP-Bund spread narrowed by around 30 bps, from 167 bps to 138 bps at the end of March.
With regard to spread-based products, corporate bonds have been favoured thus far by economic conditions that remain solid overall and by expectations of future rate cuts by central banks. In particular, since the beginning of the year, spreads on European investment grade and high yield corporate bonds have narrowed by 25 bps and 40 bps, respectively. Spreads on AT1 (Additional Tier 1) bonds narrowed by around 80 bps, with a positive performance in terms of price of about 2%. Returns on European investment grade and high yield corporate bonds amounted to approximately 3.5% and 6%, respectively, at the end of March. It bears remarking that returns on European high yield bonds are above the historical average for the last ten years.

In the first quarter of the year, the equity market saw positive returns across almost all the main global indexes. Developed countries, with returns of around 10%, outperformed emerging countries. The strongest-performing indexes were the Nikkei (+15% in euros) and the FTSE MIB (+15%), which outperformed both the U.S. and the European index (+13% and +7% in euros, respectively). After a 2023 characterised by a double-digit negative performance, China has remained essentially unchanged since the beginning of the year, while continuing to underperform the other emerging countries, particularly India (approximately +8.5% in euros), preferred by international investors, who appreciate its low volatility and political stability.
At the sector level, the technology and telecommunications industries recorded the strongest performances, driven by artificial intelligence companies.
The European financial sector also delivered double-digit returns (+14%), with banks continuing to benefit from higher interest rates than in the past, with a positive impact on their net interest margin. The utilities (+3%) and materials (+5%) sectors underperformed, albeit with positive returns in absolute terms.

With regard to currencies, over the first quarter of the year the dollar strengthened against the euro (+2%), with the euro/dollar exchange rate at 1.08 at the end of March. This change was due to the less dovish attitude by the Federal Reserve than expected, which led investors to price in more interest rate cuts in the Eurozone than in the United States in 2024.
Over the period, the yen lost around 7% against the dollar, reaching its low of the last 30 years. This shift was due to the rhetoric of the Bank of Japan, which, despite ending its ultra-loose monetary policy by raising the cost of money into positive territory for the first time since 2007, nonetheless remained particularly cautious with regard to future rate hikes, with a chilling effect on investors' speculations. In the coming weeks, it will be necessary to pay attention to any measures by the Japanese Ministry of Finance to stabilise the exchange rate.

In the first quarter of 2024, the general commodities index rallied moderately.
The results of the agricultural commodities sector were particularly weak, significantly weighted down by cereals and industrial commodities.
The precious metals sector was positive, including in relative terms, supported by expectations of future interest rate cuts. Overall, energy commodities also delivered positive returns, with oil prices driven by OPEC's output cut policy still underway.

Outlook

In the second quarter of 2024, monetary policy decisions by central banks will continue to depend solely on macroeconomic data, above all inflation and job figures. It will be necessary to pay attention to continuing tensions in the Middle East and possible intensification of the war in Ukraine, which might have a negative impact on the commodity prices, with the ensuing effect on inflation.
In the coming quarter, the bond sector will benefit from central banks' rate cuts expected in the summer. This context will favour above all government bonds with a duration, but also credit market issues, which will continue to benefit from the soft landing scenario expected in the months to come.
On the equity market, after the sharp rally in recent months, which brought some indexes to their all-time records and drove valuations to high levels, it is reasonable to expect volatility on global stock exchanges.

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 two months of 2024 with net outflows of -3.8 billion euros, mainly due to the outflows from long-term flexible and balanced funds.

Assets under management amounted to 1,307 billion euros (net of assets invested in collective management solutions), of which 1,156 billion euros (88%) was invested in Italian and foreign funds and 151 billion euros in retail portfolio management solutions.

Long-term funds accounted for almost all open-ended funds (96.5% in February 2024). These funds included the following categories:

- bond funds (35.8% of total assets or 413.6 billion euros), with +11.6 billion euro net inflows in the first two months of the year;
- equity funds (33.3% of total assets or 385.2 billion euros), with net outflows of approximately -3.6 billion euros;
- flexible funds (15.7% of total assets or 181.4 billion euros), with net outflows of -6.0 billion euros;
- balanced funds (11.6% of total assets or 134.0 billion euros), with year-to-date net outflows of -3.8 billion euros;
- hedge funds (0.1% of total assets or 0.8 billion euros), with year-to-date net outflows of -0.03 billion euros.

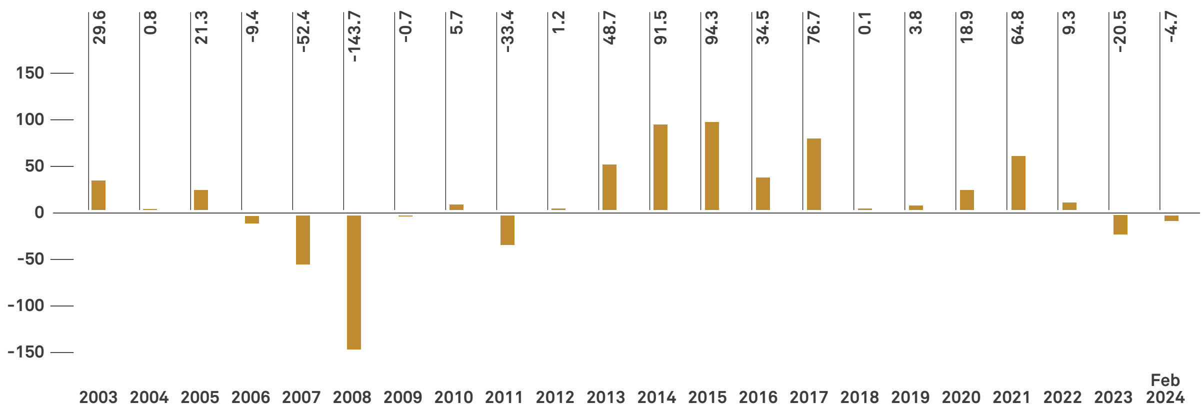
Money-market funds amounted to 41.0 billion euros invested (3.5% of total open-ended funds), with year-to-date total net outflows of -2.8 billion euros.

EVOLUTION OF NET INFLOWS AND ASSETS UNDER MANAGEMENT (€ MILLION)

	NET INFLOWS		ASSETS	
(€ MILLION)	FEB 2024 YTD	FEB 2023 YTD	FEB 2024 YTD	FEB 2023 YTD
Italian funds	1,569	214	254,607	233,613
Foreign funds	-6,264	-1,212	901,264	859,564
Total open-ended funds	**-4,695**	**-998**	**1,155,872**	**1,093,177**
GP retail	**850**	**540**	**151,331**	**147,546**
Total	**-3,845**	**-458**	**1,307,203**	**1,240,723**

Source: Assogestioni data

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



Source: Assogestioni data

3.2 The Assoreti market

Net inflows amounted to +6.4 billion euros in the first two months of 2024, with a -1.4 billion euro decline (-17.9%) compared to the same period of the previous year.

Net inflows from assets under management stood at +0.7 billion euros, declining compared to the same period of the previous year. In this segment, the contribution of mutual funds and Sicavs was +0.4 billion euros, whereas that of discretionary mandates was +0.3 billion euros.

Net inflows from insurance products improved slightly to -0.1 billion euros compared to February 2023.

Net inflows from assets under administration closed on a positive note (+5.8 billion euros), down compared to the particularly good result for the same period of the previous year (-13.4%). This item included +1.6 billion euro net inflows from liquidity and +4.2 billion euro net inflows from assets under custody.

NET INFLOWS - ASSORETI MARKET

	ASSORETI MARKET		CHANGE	
(€ MILLION)	FEB 2024 YTD	FEB 2023 YTD	EURO	%
Total assets under management	687	1,893	-1,206	-63.7%
Total insurance products	-102	-816	714	-87.5%
Total assets under administration	5,811	6,709	-898	-13.4%
Total	**6,396**	**7,786**	**-1,390**	**-17.9%**

Source: Assogestioni data

3.3 Banca Generali

In the first quarter of 2024, Banca Generali's net inflows totalled 1.6 billion euros, up 8% compared to the same period of the previous year.

The net inflow mix for the quarter improved markedly thanks to the increase in demand for investment products and services (Assets under Investment), which grew to 651 million euros for the reporting period (109 million euros for the first quarter of 2023). The first months of the year were characterised by renewed interest in managed solutions and insurance policies, which recorded 268 million euros net inflows, sharply reversing the trend compared to net outflows of -322 million euros for the first three months of 2023.

Among managed solutions, worth of mention were Discretionary Mandates (286 million euros; +83% compared to 2023) and in-house funds and Sicavs (107 million euros in the quarter), also thanks to the launch of new investment lines.

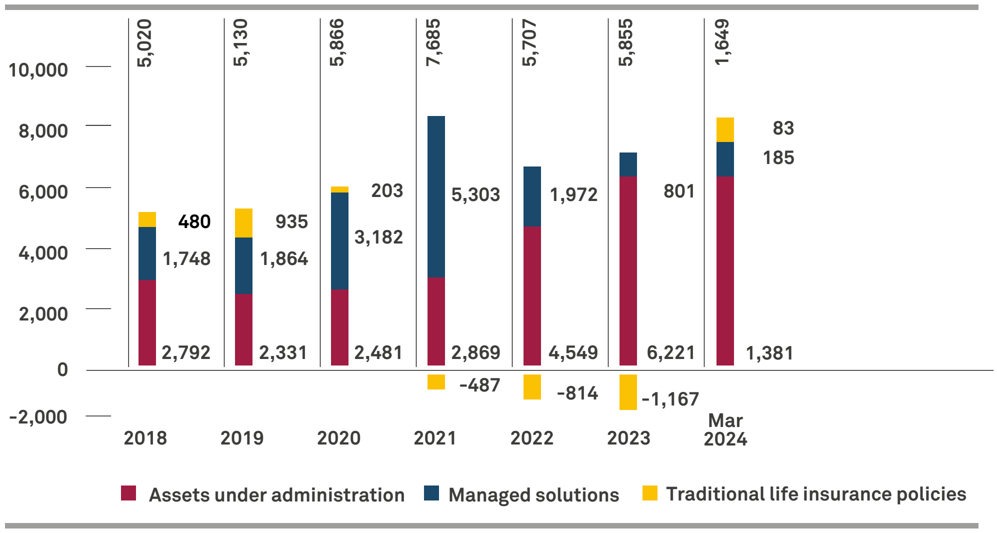
Despite persistently high interest rates, assets under custody continued to be among customers' most-in-demand solutions, although showing some normalisation compared to the record levels reported in the previous year. Net inflows from AUC & Banking under Advisory amounted to 383 million euros in the quarter compared to 431 million euros for the same period of the previous year (-11%). Albeit remaining at excellent levels (998 million euros in the quarter), Other assets (Assets Under Custody and liquidity) declined sharply compared to 1.4 billion euros for 2023 (-29%), mainly due to a lower demand for assets under administration.

BANCA GENERALI'S NET INFLOWS

(€ MILLION)	31.03.2024	31.03.2023	CHANGE %	CHANGE
Assets under investment	**651**	**109**	**497%**	**542**
Managed solutions	**185**	**333**	**-44%**	-148
of which:				
– *BG Group funds and Sicavs*	*107*	*122*	*-12%*	*-15*
– *Third-party funds and Sicavs*	*-164*	*104*	*n.s.*	*-268*
– *Financial wrappers*	*286*	*156*	*83%*	*130*
– *Insurance wrappers*	*-44*	*-49*	*10%*	*5*
Traditional life insurance policies	**83**	**-655**	**n.s.**	**738**
AUC & Banking under Advisory	**383**	**431**	**-11%**	**-48**
Other assets	**998**	**1,415**	**-29%**	**-417**
of which:				
– *Assets under Custody*	*1,138*	*2,106*	*-46%*	*-968*
– *Liquidity*	*-140*	*-691*	*80%*	*551*
Total Net Inflows	**1,649**	**1,524**	**8%**	**125**

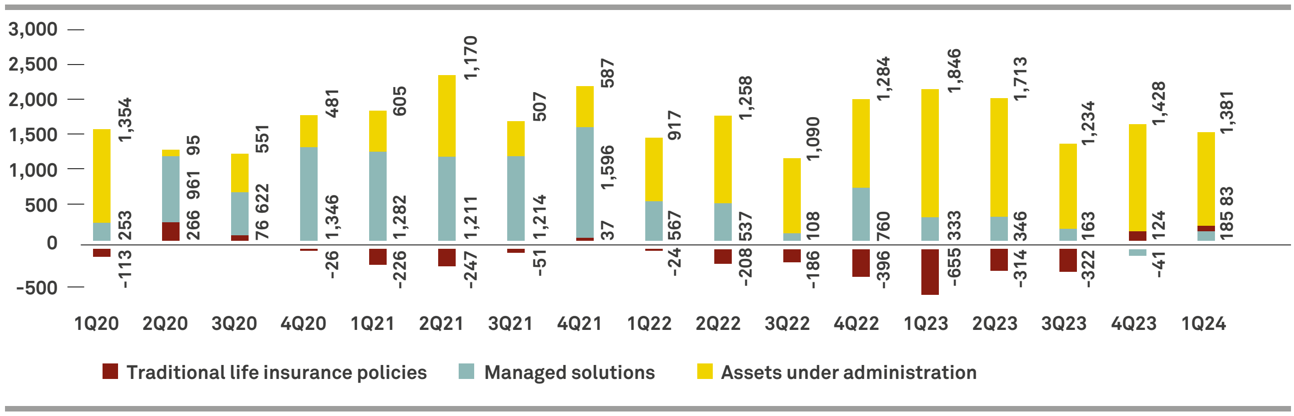
Note: overall reported figure for the Swiss market.

BREAKDOWN OF ANNUAL NET INFLOWS (€ MILLION)



The following chart shows how Banca Generali has continuously succeeded in attracting net inflows in recent years. As already mentioned above, in the first quarter of 2024, net inflows from assets under administration continued to perform well, strongly influenced by the interest rate level, although clearly declining compared to the first quarter of 2023. The reversal of the trend of net inflows from traditional life insurance policies also continued, with positive results as in Q4 2023.

BREAKDOWN OF QUARTERLY NET INFLOWS (€ MILLION)



BANCA GENERALI'S TOTAL CLIENT ASSETS (ASSORETI)

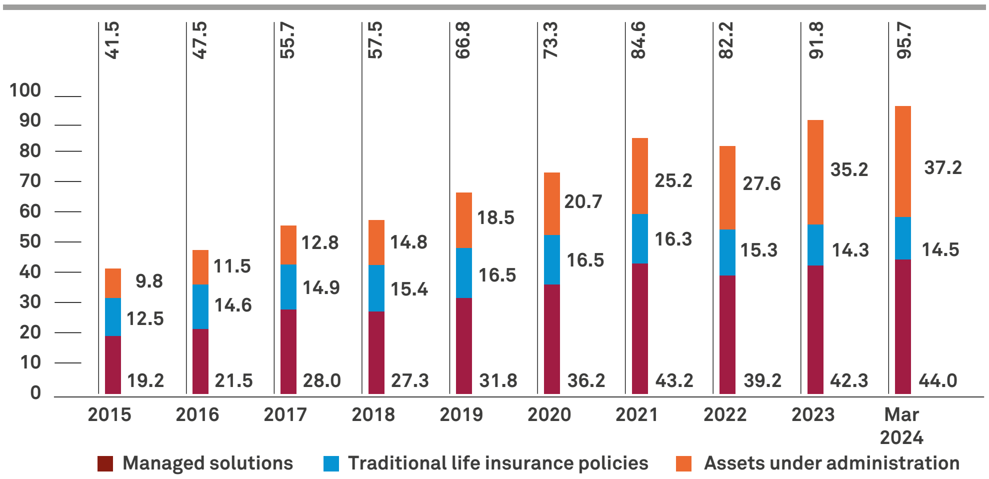
	BG GROUP		CHANGES VS 31.12.2023	
(€ MILLION)	31.03.2024	31.12.2023	AMOUNT	%
Funds and Sicavs	22,858	21,975	883	4.0%
Financial wrappers	10,256	9,676	580	6.0%
Insurance wrappers	10,910	10,603	307	2.9%
Total managed solutions	**44,024**	**42,254**	**1,770**	4.2%
Traditional life insurance policies	**14,481**	**14,314**	**167**	1.2%
Total assets under administration	**37,237**	**35,231**	**2,006**	5.7%
Total client assets	**95,742**	**91,800**	**3,943**	**4.3%**

At 31 March 2024, Banca Generali's total client assets (excluding BG Valeur) amounted to 95.7 billion euros (+4.3%), with managed solutions remaining the main component of its asset mix, accounting for 46.0% of total assets. Traditional life insurance policies accounted for 15.1% of the total, essentially in line with year-end 2023. Assets under administration remained virtually stable, accounting for 38.9% of total assets.
All components grew compared to the end of 2023: assets under management rose by +4.2%, assets under administration by +5.7% and traditional life insurance policies by +1.2%.

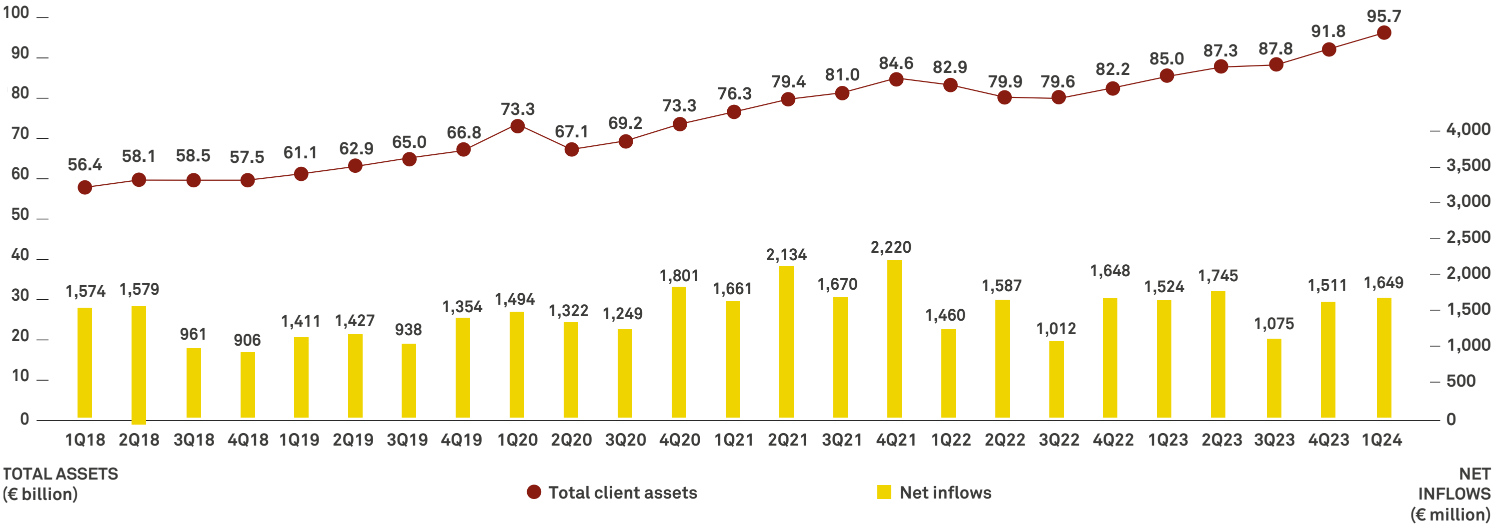
Banca Generali's total client assets evolution

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

TOTAL CLIENT ASSETS (€ BILLION)



EVOLUTION OF TOTAL CLIENT ASSETS AND NET INFLOWS



Considering BG Valeur and BG Suisse as well, at 31 March 2024, Banca Generali Group's total client assets amounted to 96.8 billion euros (+4.3%), with managed solutions remaining the main component of its asset mix, accounting for 46.4% of total assets (in line with the figure at 31 December 2023).

Assets under investment, which include managed assets, insurance policies and assets under advisory, grew by +3.8% to 65.3 billion euros.

ASSETS UNDER INVESTMENT

	BG GROUP		CHANGES VS 31.12.2023	
(€ MILLION)	31.03.2024	31.12.2023	CHANGE	CHANGE %
Funds and Sicavs	22,858	21,975	883	4.0%
Financial wrappers	11,119	10,535	585	5.5%
Insurance wrappers	10,910	10,603	307	2.9%
Managed solutions	**44,888**	**43,113**	**1,774**	**4.1%**
Traditional life insurance policies	**14,481**	**14,314**	**167**	**1.2%**
Total assets under administration	**37,416**	**35,396**	**2,020**	**5.7%**
Total client assets (including BG Valeur)	**96,785**	**92,823**	**3,961**	**4.3%**
Assets under investment (*)	**65,297**	**62,896**	**2,401**	**3.8%**

(*) Managed assets, insurance policies and other assets under advisory.

4. Operating Result[2]

Banca Generali Group closed the first quarter of 2024 with a **consolidated net profit of 122.0 million euros**, sharply up compared to the first quarter of 2023 (+46.8%), driven both by constantly growing **recurring net profit**, which reached **82.0 million euros** (+6.5%), and by the sharp increase in non-recurring net profit, which stood at 40.0 million euros, spurred by the recovery of performance fees.

Recurring profitability continued to benefit from the positive contribution of net interest income, attributable to the gradual upwards revisions of the Bank's asset yields following key rate hikes, the success of the numerous initiatives undertaken to diversify fee income and the cost containment policy pursued in a context of persistent inflation pressure.

			CHANGE	
(€ THOUSAND)	31.03.2024	31.03.2023	AMOUNT	%
Net interest income	79,447	70,952	8,495	12.0%
Net income (loss) from trading activities and dividends	4,467	3,956	511	12.9%
Net financial income	**83,914**	**74,908**	**9,006**	**12.0%**
Recurring fee income	256,829	238,113	18,716	7.9%
Fee expense	-138,522	-124,856	-13,666	10.9%
Net recurring fees	**118,307**	**113,257**	**5,050**	**4.5%**
Variable fee income	54,424	5,007	49,417	n.a.
Net fees	**172,731**	**118,264**	**54,467**	**46.1%**
Net banking income	**256,645**	**193,172**	**63,473**	**32.9%**
Staff expenses	-32,191	-29,713	-2,478	8.3%
Other general and administrative expenses (net of duty recoveries)	-28,461	-26,100	-2,361	9.0%
Net adjustments of property, equipment and intangible assets	-9,861	-9,400	-461	4.9%
Other operating expenses/income	2,256	1,541	715	46.4%
Net operating expenses	**-68,257**	**-63,672**	**-4,585**	**7.2%**
Operating result	**188,388**	**129,500**	**58,888**	**45.5%**
Net adjustments to non-performing loans	1,426	1,155	271	23.5%
Net provisions for liabilities and contingencies	-18,660	-10,229	-8,431	82.4%
Contributions and charges related to the banking system	-10,350	-6,000	-4,350	72.5%
Gains (losses) from equity investments valued at equity	151	-3	154	n.a.
Operating profit before taxation	**160,955**	**114,423**	**46,532**	**40.7%**
Income taxes for the period	-38,988	-31,389	-7,599	24.2%
Net profit attributable to minority interests	-	-37	37	-100.0%
Net profit	**121,967**	**83,071**	**38,896**	**46.8%**

[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 2.6 million euros in 2024 and 3.1 million euros in 2023;
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 24.7 million euros in 2024 and 20.1 million euros in 2023;
3) reclassification of the costs of the mandatory contributions paid by the Bank, pursuant to the DSGD and BRRD for the protection of the banking system (contributions to the Italian Interbank Deposit Protection Fund, European Single Resolution Fund and the Italian National Resolution Fund for previous interventions), from the general and administrative expenses aggregate to a separate item not included in the net operating expenses aggregate; this restatement aligns the Bank's disclosure with the most widespread market practice and enables a better presentation of the performance of costs more closely connected to the Bank's operating structure, separated from the amount of the systemic costs incurred.

Net banking income amounted to **256.6 million euros**, up 32.9% as a result of the following factors:

- the increase in **net financial income** (83.9 million euros; +12.0%), driven by the interest rate hikes that the Bank continued to exploit thanks to a financial asset structure focusing on a bond portfolio with a short duration (1.1 years) and a high exposure to variable rates (51.0% of the total);
- the good performance of **gross recurring fees** (256.8 million euros; +7.9%), which strengthened the recovery trend already observed in the previous year, driven in particular by:
  - the rise in **investment fees**[3] (219.1 million euros; +4.7%), which, as a result of a modest change in traditional gross management fees (207.3 million euros; +3.7%), nonetheless benefited from the acceleration of the advisory component (11.8 million euros; +25.4%);
  - the growth of **other recurring fees** (37.8 million euros; +30.7%) thanks to the excellent performance of certificate placement and of customers' trading activities;
- the sharp increase in **variable fees**, which reached 54.4 million euros thanks to the excellent performance of the UCITS managed by the Banking Group.

Despite inflationary pressures, **operating expenses** amounted to 68.3 million euros (+7.2% on an annual basis), including 1.5 million euro one-off charges, thus confirming the Bank's operational efficiency. **Core[4] operating expenses** totalled **61.0 million euros**, up 6.3% in line with the Plan's projections. This aggregate included 2.9 million euros charges generated by the launch of BG Suisse (1.5 million euros in 2023), net of which core expenses would have increased by 3.9%.

Operating efficiency indicators remained at excellent levels: the ratio of **total costs to total assets** stood at 28bps, down thanks to the performance of total assets; the **cost/income ratio**, adjusted for non-recurring items, decreased slightly to 33.0% compared to 33.2% for the same period of the previous year.

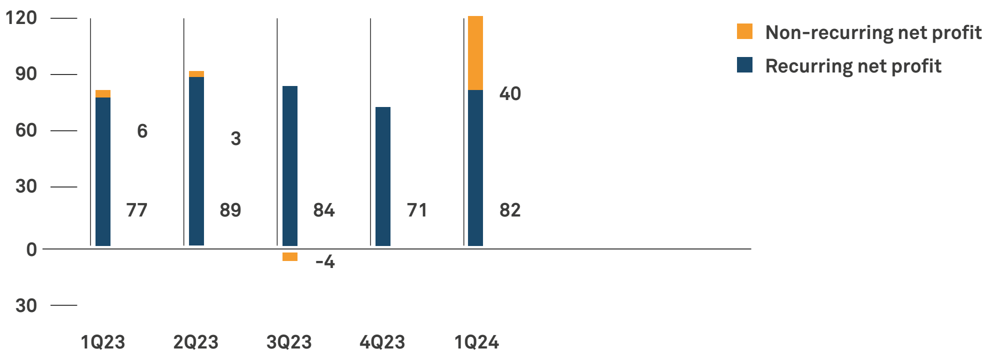
Provisions, contributions and charges related to the banking system and **net adjustments** amounted to **27.6 million euros**, up compared to **15.1 million euros** for the first quarter of 2023, as a result of higher provisions for liabilities and contingencies (+8.4 million euros) and the effect of the end of the initial period for the constitution of the deposit protection funds that required to bring forward to the first quarter of the year the recognition of the last annual contribution to the Italian Interbank Deposit Protection Fund (FITD).
The change in this item was mainly attributable to the increase in provisions for contractual indemnities for the Financial Advisor Network (+6.4 million euros), which were mainly impacted by the alignment of discount rates used to measure actuarial provisions, with a net impact of 4.5 million euros.

Operating profit before taxation was 161.0 million euros, up 46.5 million euros compared to the same period of the previous year (+40.7%).

The **tax burden** for the period was **39.0 million euros**, with an overall tax rate of 24.2%, down compared to 27.4% in 2023, mainly due to the higher contribution of the foreign entities to the Group's result.

[3] The new aggregate of investment fees includes management fees and advisory fees linked to the BG Personal Advisory (BGPA) service. This definition reflects the new regulatory approaches.
[4] Operating expenses, net of non-recurring items, amounting to 1.5 million euros (1.1 million euros in 2023), and of costs related to sales personnel, including BG Suisse's sales personnel, amounting to 5.7 million euros (5.1 million euros in 2023).

QUARTERLY NET PROFIT (€ MILLION)



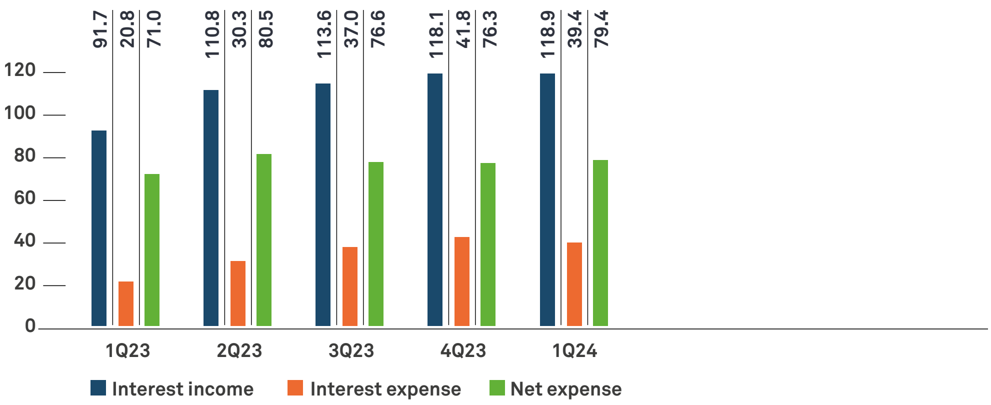
QUARTERLY EVOLUTION OF THE PROFIT AND LOSS ACCOUNT

(€ THOUSAND)	1Q24	4Q23	3Q23	2Q23	1Q23
Net interest income	79,447	76,320	76,626	80,502	70,952
Net income (loss) from trading activities and dividends	4,467	4,061	3,066	5,860	3,956
Net financial income	**83,914**	**80,381**	**79,692**	**86,362**	**74,908**
Recurring fee income	256,829	241,244	237,997	240,668	238,113
Fee expense	-138,522	-131,303	-123,650	-130,602	-124,856
Net recurring fees	**118,307**	**109,941**	**114,347**	**110,066**	**113,257**
Variable fee income	54,424	8,887	2,773	2,558	5,007
Net fees	**172,731**	**118,828**	**117,120**	**112,624**	**118,264**
Net banking income	**256,645**	**199,209**	**196,812**	**198,986**	**193,172**
Staff expenses	-32,191	-34,065	-30,393	-30,200	-29,713
Other general and administrative expenses	-28,461	-40,856	-27,279	-28,675	-26,100
Net adjustments of property, equipment and intangible assets	-9,861	-10,688	-9,818	-9,820	-9,400
Other operating income/expenses	2,256	2,402	1,250	5,091	1,541
Net operating expenses	**-68,257**	**-83,207**	**-66,240**	**-63,604**	**-63,672**
Operating result	**188,388**	**116,002**	**130,572**	**135,382**	**129,500**
Net adjustments to non-performing loans	1,426	458	-426	-1,715	1,155
Net provisions	-18,660	-22,525	-8,612	-8,478	-10,229
Contributions and charges related to the banking system	-10,350	1,681	-11,964	155	-6,000
Gains (losses) from equity investments valued at equity	151	-869	-145	-92	-3
Operating profit before taxation	**160,955**	**94,747**	**109,425**	**125,252**	**114,423**
Income taxes for the period	-38,988	-23,727	-29,370	-33,283	-31,389
Net profit attributable to minority interests	-	-15	5	-11	-37
Net profit	**121,967**	**71,035**	**80,050**	**91,980**	**83,071**

4.1 Net interest income

At the end of the first quarter of 2024, net interest income amounted to 79.4 million euros, up 8.5 million euros (+12.0%) compared to the same period of the previous year, driven by persistently increasing interest rates, despite a sharp decline in the average loan volume.

NET INTEREST (€ MILLION)



In particular, interest accrued on the debt securities portfolio rose by 30.7% (+19.5 million euros) against a 10.3% decrease in the average loan volume, thanks to a financial asset structure focusing on a bond portfolio with a short duration (1.1 years) and a high exposure to variable rates (51.0% of the total).
The average yield of the bond portfolio stood at around 327 bps in the reporting period, sharply up compared both to 225 bps for the first quarter of 2023 and to 278 bps at year-end 2023.

Interest on loans to customers, most of which are benchmarked on the Euribor, grew by 23.4% (+5.1 million euros), despite a 10.9% decline in the average loan volume, driven by an increase in the average loan rates, which went from just above 350 bps for the first quarter of 2023 to over 480 bps.

With regard to exposures to banks, interest income increased by 2.5 million euros, mainly as a result transactions with the ECB, namely overnight deposits and the minimum reserve[5] (+1.7 million euros).

The cost of funding went from 20.8 million euros at the end of the first quarter of 2023 to 39.4 million euros (+89.6%) as a consequence of both the interest expense, benchmarked on Euribor, recognised on net inflows from customers' current account deposits (+16.3 million euros; 170.4%) and interest on repurchase agreement transactions with banks and customers (+2.3 million euros).

At the end of the period, net inflows from repurchase agreements with customers, mainly composed of very short-term Treasury transactions with Cassa di Compensazione e Garanzia S.p.A., and with banks reached 1.2 billion euros, sharply decreasing compared to the same period of the previous year (1.7 billion euros), but still significantly mitigating the effects of net outflows from customers' current account deposits.

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

NET INTEREST INCOME

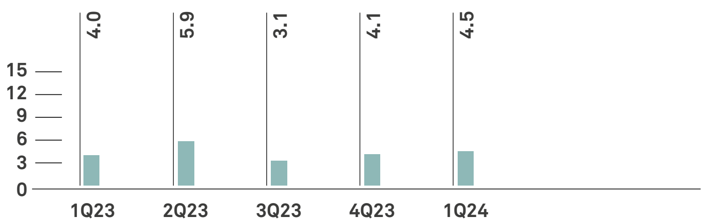
(€ THOUSAND)	31.03.2024	31.03.2023	CHANGE AMOUNT	CHANGE %
Financial assets measured at fair value through profit or loss	32	22	10	45.5%
Financial assets measured at fair value through other comprehensive income (*)	8,034	2,745	5,289	192.7%
Financial assets measured at amortised cost (*)	74,756	60,584	14,172	23.4%
Total financial assets	**82,822**	**63,351**	**19,471**	**30.7%**
Loans to banks	4,716	3,938	778	19.8%
Loans to the ECB and the Italian NCB	4,201	2,475	1,726	69.7%
Loans to customers	27,120	21,971	5,149	23.4%
Total interest income	**118,859**	**91,735**	**27,124**	**29.6%**
Due to banks	335	274	61	22.3%
Repurchase agreements – banks	2,108	3,741	-1,633	-43.7%
Due to customers	25,874	9,570	16,304	170.4%
Repurchase agreements - customers	10,260	6,356	3,904	61.4%
IFRS 16-related financial liabilities	835	842	-7	-0.8%
Total interest expense	**39,412**	**20,783**	**18,629**	**89.6%**
Net interest income	**79,447**	**70,952**	**8,495**	**12.0%**

(*) Including hedging differentials.

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 first quarter of 2024, this aggregate was positive for 4.5 million euros, up 12.9% compared to the previous year.

NET RESULT OF FINANCIAL OPERATIONS

(€ THOUSAND)	31.03.2024	31.03.2023	CHANGE AMOUNT	CHANGE %
Dividends and income on UCITS	**1**	**-**	**1**	**n.a.**
Trading of financial assets and equity derivatives	-17	-41	24	-58.5%
Trading of financial assets and derivatives on debt securities and interest rates	74	110	-36	-32.7%
Trading of UCITS units	-1	4	-5	-125.0%
Securities transactions	**56**	**73**	**-17**	**-23.3%**
Currency and currency derivative transactions	**1,733**	**143**	**1,590**	**n.a.**
Net income (loss) from trading activities	**1,789**	**216**	**1,573**	**n.a.**
Equity securities and UCITS	1,908	-263	2,171	n.a.
Debt securities	38	-34	72	-211.8%
Financial Advisors' policies and other financial assets	3	1	2	200.0%
Net income (loss) on assets measured at fair value through profit and loss	**1,949**	**-296**	**2,245**	**n.a.**
Net income (loss) from hedging	**109**	**1,130**	**-1,021**	**-90.4%**
Gains (losses) from disposal on HTC and HTCS debt securities	**619**	**2,906**	**-2,287**	**-78.7%**
Net result of financial operations	**4,467**	**3,956**	**511**	**12.9%**

Net income from **trading activities** amounted to 1.8 million euros, thanks to the significantly higher contribution of currency transactions.
Net income of assets mandatorily measured at fair value through profit or loss contributed a positive 1.9 million euros, sharply increasing compared to the same period of 2023 (+2.2 million euros), chiefly attributable to the fair value adjustment of the important investment in the Forward Fund (+2.3 million euros).
The treasury management of debt securities allocated to the HTCS and HTC portfolios recorded **gains on disposals** for the period amounting to 0.6 million euros, mostly attributable to the turnover of the HTC portfolio.
Net income from hedging amounted to 0.1 million euros, attributable to the early unwinding of some asset swap transactions.

4.3 Fee income

Fee income totalled **311.3 million euros**, markedly up compared to the same period of 2023 (+28%) owing both to the expansion of **recurring fees** (+7.9%) and the significant leap of **variable fees** (+49.4 million euros).

(€ THOUSAND)	31.03.2024	31.03.2023	CHANGE AMOUNT	CHANGE %
Management fees	207,292	199,825	7,467	3.7%
BGPA advisory fees	11,775	9,392	2,383	25.4%
Recurring investment fees	**219,067**	**209,217**	**9,850**	**4.7%**
Underwriting fees	16,533	10,692	5,841	54.6%
Fees for other services	21,229	18,204	3,025	16.6%
Other recurring fees	**37,762**	**28,896**	**8,866**	**30.7%**
Total recurring fees	**256,829**	**238,113**	**18,716**	**7.9%**
Performance fees	54,424	5,007	49,417	n.a.
Total fee income	**311,253**	**243,120**	**68,133**	**28.0%**

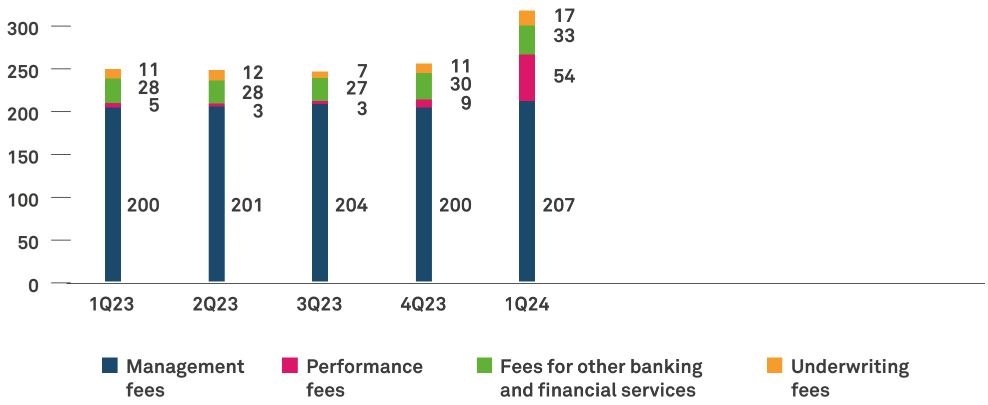
The new aggregate of **investment fees** includes both management fees and BG Personal Advisory (BGPA) advisory fees and amounted to **219.1 million euros**, up compared to the same period of the previous year (+4.7%). It benefited from the robust growth of the advisory component (2.4 million euros; +25.4%), in addition to traditional gross management fees.

With regard to recurring fees, **management fees** rose modestly compared to the previous year (+3.7%), thanks to the increase in average total assets managed (+5,6%[6]) compared to the first quarter of 2023, despite a still subdued performance of the insurance segment (-4.5%).

Underwriting fees (+54.6%) confirmed the particularly positive trend that had begun in the previous year, thanks to the excellent performance of the **certificate** placement activity (+4.6 million euros; +79.0%) and the sharp recovery in fees for the placement of UCITS (+2.1 million euros), only partly offset by a slight decline in bond placements (-0.5 million euros).

Fees for other services, of a banking and financial nature, net of BGPA advisory fees, grew by 16.6% mainly thanks to the income generated by retail brokerage (+26.8%).

BREAKDOWN OF FEE INCOME (€ MILLION)



Fee income from the solicitation of investment and asset management of households reached 278.2 million euros and, net of the aforementioned non-recurring component, reported a good performance compared to the previous year (+6.3%).

ASSET MANAGEMENT FEE INCOME

(€ THOUSAND)	31.03.2024	31.03.2023	CHANGE AMOUNT	CHANGE %
1. Collective portfolio management	138,304	84,807	53,497	63.1%
2. Individual portfolio management	30,544	25,360	5,184	20.4%
Fees for portfolio management	**168,848**	**110,167**	**58,681**	**53.3%**
1. Placement of UCITS	36,670	33,813	2,857	8.4%
– *of which: UCITS promoted by the Group*	1,982	1,250	732	58.6%
2. Placement of bonds and equity securities	12,743	8,643	4,100	47.4%
– *of which: certificates*	10,342	5,777	*4,565*	*79.0%*
3. Distribution of third-party asset management products (GPM/GPF, pension funds)	322	292	30	10.3%
4. Distribution of third-party insurance products	59,569	62,450	-2,881	-4.6%
5. Distribution of other third-party financial products	97	159	-62	-39.0%
Fees for the placement and distribution of financial services	**109,401**	**105,357**	**4,044**	**3.8%**
Asset management fee income	**278,249**	**215,524**	**62,725**	**29.1%**

[6] Data referring to the yearly change in average total client assets related to managed solutions, including BG Valeur and BGFML's direct assets under management.

With reference to the **Sicavs** promoted by the Banking Group, **management fees** — net of the effect of non-recurring performance components — grew by 5.1% as a result of the increase in average assets managed compared to the first quarter of 2023 (+11.3%).
Overall, at the end of the quarter, assets managed by BGFML amounted to 21.4 billion euros, of which 10.7 billion euros referring to placements with retail customers, and increased by 4.7% compared to the end of 2023.

The **individual portfolio management** aggregate continued to show excellent results both in terms of net inflows and profitability, with income increasing by 20.4% driven by a 14.5% rise in average assets compared to the first quarter of 2023.

The **placement of third-party UCITS** recovered markedly in the first quarter of 2024 **(+2.1 million euros; +6.5%)** as a result of the increase in both average assets managed (+3.8%) and underwriting fees (+1.2 million euros).

Fee income from **distribution of insurance products (-4.6%)** continued to be penalised by the flat performance of underwriting activities and of average assets managed (-0.3% compared to the first quarter of 2023).

Fee income for other services, of a banking and financial nature, including BGPA advisory fees, stood at 33.0 million euros, mainly thanks to the rise in advance advisory (+25.4%) and in fees for trading (+26.8%).

FEE INCOME FOR OTHER SERVICES

			CHANGE	
(€ THOUSAND)	31.03.2024	31.03.2023	AMOUNT	%
BG Personal Advisory fees	11,775	9,392	2,383	25.4%
Advisory fees for AG Group's unit-linked products and other fees	2,664	2,525	139	5.5%
Investment advisory fees	**14,439**	**11,917**	**2,522**	**21.2%**
Fees for trading and custody	14,757	11,639	3,118	26.8%
Fees for collection and payment services	954	1,145	-191	-16.7%
Fee income and account-keeping expenses	1,456	1,413	43	3.0%
Fees for other services	1,398	1,482	-84	-5.7%
Fees for banking services	**18,565**	**15,679**	**2,886**	**18.4%**
Total fee income for other services	**33,004**	**27,596**	**5,408**	**19.6%**

With regard to investment advisory, income from BG Personal Advisory (BGPA) advisory fees amounted to **11.8 million euros**, up 25.4% thanks to the increase in Assets under Advisory, which totalled **10.1 billion euros** overall (+28%), with a ratio to total assets of 10.4% compared to 9.1% for the first quarter of 2023.
Other advisory services referred mainly to unit-linked insurance products of the Insurance Group and amounted to **2.7 million euros** (+5.5%).

4.4 Fee expense

Fee expense, including fee provisions[7], amounted to 138.5 million euros, sharply increasing compared to the first quarter of 2023 (+10.9%).

[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 2.6 million euros for 2024 and 3.1 million euros for 2023.

Net of fees paid back on net interest income[8], the Bank's ratio of total payout to total fee income (net of performance fees) was 52.5%, slightly up compared to 51.3% for the first quarter of 2023.

FEE EXPENSE

(€ THOUSAND)	31.03.2024	31.03.2023	CHANGE AMOUNT	CHANGE %
Ordinary payout	89,922	80,193	9,729	12.1%
Extraordinary payout	25,092	23,887	1,205	5.0%
Other network maintenance expenses	7,602	6,906	696	10.1%
Fee expense for off-premises offer	**122,616**	**110,986**	**11,630**	**10.5%**
Fees for portfolio management	10,063	9,133	930	10.2%
Other fee expense	5,843	4,737	1,106	23.3%
Total	**138,522**	**124,856**	**13,666**	**10.9%**

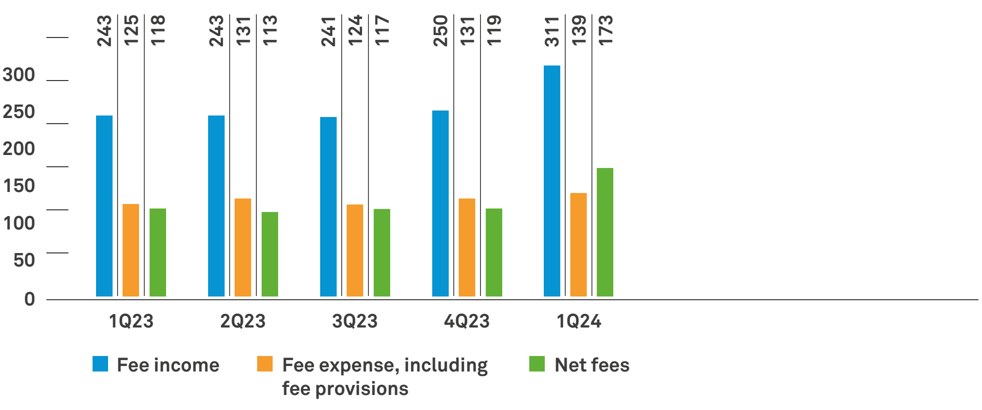
Fee expense for off-premises offer paid to the Financial Advisor network amounted to 122.6 million euros (+10.5%) as a result of the increased ordinary payout (+9.7 million euros), driven by underwriting fees (+3.7 million euros), fees for other services (+3.6 million euros) and other expenses incurred for the network (+0.7 million euros). With regard to other services, fees on net interest income continued to grow (+1.1 million euros).

The modest increase in extraordinary payout (+5.0%) was attributable to the significant progress in the remuneration of organic growth (13.0%), partly offset by the slowdown of the recruitment activity (-5.6%).

Fees for portfolio management stood at 10.1 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 5.8 million euros, mainly including fee expense for custody and trading and fees for collection and payment services.

QUARTERLY NET FEES (€ MILLION)



[8] The numerator of the total payout ratio does not include 3.6 million euro fee expense, which are paid back to the Financial Advisor Network, calculated on the basis of net interest income (1.9 million euros for the first quarter of 2023). At 31 March 2024, the ratio of said fees to net interest income was 4.6%.

4.5 Operating expenses

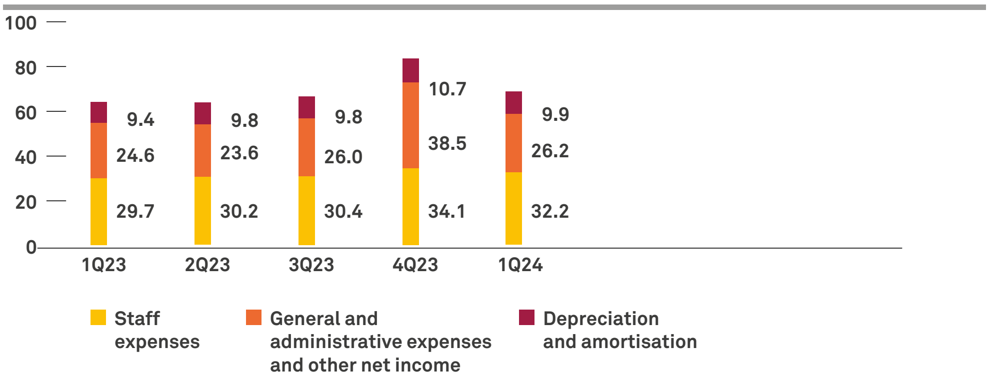
Despite inflationary pressures, **operating expenses** amounted to 68.3 million euros (+7.2% on an annual basis), including 1.5 million euro one-off charges, thus confirming the Bank's operational efficiency. **Core**[9] **operating expenses** totalled **61.0 million euros**, up 6.3% in line with the Plan's projections. This aggregate included 2.9 million euros charges generated by the launch of BG Suisse (1.5 million euros in 2023), net of which core expenses would have increased by 3.9%.

Operating efficiency indicators remained at excellent levels: the ratio of **total costs to total assets** stood at 28 bps, down thanks to the performance of total assets; the **cost/income ratio**, adjusted for non-recurring items, decreased slightly to 33.0% compared to 33.2% for the same period of the previous year.

OPERATING EXPENSES

(€ THOUSAND)	31.03.2024	31.03.2023	CHANGE AMOUNT	CHANGE %
Staff expenses	32,191	29,713	2,478	8.3%
General and administrative expenses and other net income	26,205	24,559	1,646	6.7%
Net adjustments of property, equipment and intangible assets	9,861	9,400	461	4.9%
Operating expenses	**68,257**	**63,672**	**4,585**	**7.2%**

OPERATING COST STRUCTURE (€ MILLION)



Within this aggregate, **staff expenses**, including employees, interim staff and directors, reached 32.2 million euros, up 2.5 million euros (+8.3%) as a result of the increase in both the Group's workforce and the average employee cost, the latter also attributable to the renewal of the National Collective Labour Agreement. Variable remuneration remained instead essentially stable.

STAFF EXPENSES

(€ THOUSAND)	31.03.2024	31.03.2023	CHANGE AMOUNT	CHANGE %
1) Employees	**31,729**	**29,271**	**2,458**	**8.4%**
Ordinary remuneration	23,995	21,713	2,282	10.5%
Variable remuneration and incentives	5,945	6,024	-79	-1.3%
Other employee benefits	1,789	1,534	255	16.6%
2) Other staff	**42**	**-55**	**97**	**-176.4%**
3) Directors and Auditors	**420**	**497**	**-77**	**-15.5%**
Total	**32,191**	**29,713**	**2,478**	**8.3%**

[9] Operating expenses, net of non-recurring items, amounting to 1.5 million euros (1.1 million euros in 2023), and of costs related to sales personnel, including BG Suisse's sales personnel, amounting to 5.7 million euros (5.1 million euros in 2023).

The Group's employees totalled 1,081 at the end of the reporting quarter, 38 more compared to the same period of 2023 (+3.6%), in line with the increase by 42 in the quarterly average headcount.

EMPLOYEES

			CHANGE			WEIGHTED AVERAGE (*)	
	31.03.2024	31.03.2023	NUMBER	%	31.12.2023	2024	2023
Managers	78	75	3	4.0%	78	78	74
Executives	377	357	20	5.6%	371	374	359
Employees at other levels	626	611	15	2.5%	616	599	566
Total	**1,081**	**1,043**	**38**	**3.6%**	**1,065**	**1,051**	**1,009**

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

Other general and administrative expenses and other net income totalled 26.2 million euros, with a 1.6 million euro increase compared to the previous year, mostly attributable to the above-mentioned non-recurring components (1.1 million euros), consisting of legal and advisory expenses, and to higher costs for the IT infrastructure and logistics (1.1 million euros in 2023).

4.6 Net provisions

Net provisions not related to fees[10] totalled 18.7 million euros, up 8.4 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 Financial Advisor Network and to provisions for liabilities and contingencies.

The increase in provisions for contractual indemnities to the Financial Advisor Network was mainly due to higher actuarial provisions (+6.4 million euros), which were mainly impacted by the alignment of discount rates used to measure actuarial provisions, with a net impact of 4.5 million euros, calculated as the difference between the higher charge of 0.6 million euros recognised in 2024 against a surplus of 3.9 million euros for the previous year[11].
The continuation of the three-year incentive plan generated an impact of 1.9 million euros on the Profit and Loss Account, in line with the same period of the previous year (1.8 million euros)[12].

The provisions for other liabilities and contingencies grew by 1.6 million euros on the previous year and included an additional 8.0 million euro prudential provision (up compared to 4.0 million euros for the first quarter of 2023) to cover commercial activities aimed at restoring customers' potential losses resulting from investments made in illiquid assets distributed by the Bank that were marked by investment repayment issues and to sustain customer retention.

[10] Fee provisions, which amounted to 2.6 million euros (3.1 million euros in 2023), are recognised under the fee expense aggregate.
[11] The discount rate applied to actuarial provisions is determined on the basis of the annual average EURIRS rates applicable to the average life of the population, increased by the spread between the ten-year BTP and ten-year EURIRS. The decrease in the discount rate used therefore reflected the change in average interest rates and government bond spreads in the period June 2023–March 2024 (4.17%) compared to the previous measurement for the period March 2023–December 2023 (4.26%) used for the valuation of actuarial provisions at 31 December 2023. It should be noted that in the first quarter of 2023 the discount rate used, calculated for the period June 2022–March 2023, had been 4.22%.
[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 Financial Advisor Network. The provision recognised in the Profit and Loss Account thus represents the portion of the overall incentives assigned to the Financial Advisor Network accrued in the twelve months of the year.

NET PROVISIONS

(€ THOUSAND)	31.03.2024	31.03.2023	CHANGE AMOUNT	CHANGE %
Provision for staff liabilities and contingencies	1,057	455	602	132.3%
Provision for legal disputes	930	1,092	-162	-14.8%
Provision for contractual indemnities to the Financial Advisor Network	7,073	633	6,440	n.a.
Other provisions for liabilities and contingencies	9,600	8,049	1,551	19.3%
– *of which: provisions for risks relating to guarantees issued and commitments*	*-43*	*18*	*-61*	*n.a.*
Total	**18,660**	**10,229**	**8,431**	**82.4%**

4.7 Adjustments

In the first quarter of 2024, **net adjustments to non-performing loans** amounted to 1.4 million euros, slightly improving by 0.3 million euros compared to the same period of the previous year.

NET ADJUSTMENTS TO NON-PERFORMING LOANS

(€ THOUSAND)	VALUE ADJUSTMENTS	REVERSALS	31.03.2024	31.03.2023	CHANGE
Specific adjustments/reversals	**-800**	**465**	**-335**	**-430**	**95**
Non-performing loans of the banking book	-620	464	-156	-252	96
Operating loans to customers	-180	1	-179	-178	-1
Portfolio adjustments/reversals	**-**	**1,761**	**1,761**	**1,585**	**176**
Performing debt securities	-	969	969	449	520
Performing loans to customers and banks	-	792	792	1,136	-344
Total	**-800**	**2,226**	**1,426**	**1,155**	**271**

Provisions for expected credit losses (ECLs) on the portfolio of debt securities reported net reversals for 1.0 million euros, improving by 0.5 million euros compared to the first quarter of 2023 mainly as a result of the decrease in the risk profile of the portfolio of government and corporate securities.

Provision for expected losses on performing loans to customers and banks (Stage 1 and Stage 2) showed net reversals for 0.8 million euros, mainly attributable to the decline in the exposure and the improvement in the rating class distribution of the portfolio.

Net specific adjustments declined to just above 0.3 million euros overall and referred for 0.1 million euros to the banking book of non-performing loans, mainly past-due, and for 0.2 million euros to the write-off of past advances to Financial Advisors and operating loans for services rendered to customers.

4.8 Contributions and charges related to the banking system

The initial period for the constitution of the deposit protection funds ended on 31 December 2023 for the Single Resolution Fund (SRF) and will end on 2 July 2024 for the Italian Interbank Deposit Protection Fund (FITD).
In accordance with Regulation (EU) 806/2014, since 1 January 2016 all intermediaries falling within the scope of application of the Single Resolution Mechanism (SRM) have been required to contribute to the Single Resolution Fund (SRF) though ex-ante annual contributions based on a payment plan spread over eight years (so-called “transitional period”, from 2016 to 2023) aimed at reaching 1% of the covered deposits of that fund.

After the aforementioned period, the Single Resolution Board (SRB) exclusively verified that the financial means available to the SRF were in line with the target level, a process that for 2024 gave a negative outcome.
By 3 July 2024, the Italian Interbank Deposit Protection Fund (FITD) must form a financial endowment, drawing on the contributions paid by member banks, equal to at least 0.8% of covered deposits as at the end of the previous year, i.e., 31 December 2023.
In pursuit of this goal, the FITD amended its Statute to permit the call-in of the last annual contribution, as already provided for in the funding plan and due on 2 July 2024, on the basis of the breakdown of covered deposits as at 31 March 2024, in advance of the previous reference date of 30 September.
In accordance with international accounting standards (IFRIC 21), and the Bank of Italy's technical standards, at 31 March 2024 **expenses related to the contributions to the Italian National Resolution (FRN) and Interbank Deposit Protection Funds (FITD)** therefore included exclusively the ordinary contributions due to the FITD, for an estimated amount of 10.3 million euros. It should be noted that at 31 March 2023, the Bank had only recognised the last annual contribution to the Single Resolution Fund for a total of 6.0 million euros.

4.9 Income taxes

Income taxes for the reporting period on a current and deferred basis were estimated at 39.0 million euros, up 7.6 million euros compared to the estimated taxes at the end of the same period of 2023.
The estimated total tax rate was 24.2%, slightly down compared to the same period of the previous year (27.4%), mainly due to the higher contribution of the foreign entities to the Group's result.

INCOME TAXES

			CHANGE	
(€ THOUSAND)	31.03.2024	31.03.2023	AMOUNT	%
Current taxes for the period	-39,806	-31,573	-8,233	26.1%
Changes of prepaid taxation (+/-)	1,205	-133	1,338	n.a.
Changes of deferred taxation (+/-)	-387	317	-704	-222%
Total taxes	**-38,988**	**-31,389**	**-7,599**	**24.2%**

4.10 Earnings per share

At the end of the first quarter of 2024, basic net earnings per share were 1.07 euros.

INCOME TAXES

			CHANGE	
	31.03.2024	31.03.2023	AMOUNT	%
Consolidated net profit (€ thousand)	121,967	83,071	38,896	46.8%
Earnings attributable to ordinary shares (€ thousand)	121,967	83,071	38,896	46.8%
Average number of outstanding shares (thousand)	114,081	114,936	-856	-0.7%
EPS – Earnings per share (euros)	**1.07**	**0.72**	**0.35**	**47.9%**
Average number of outstanding shares with diluted share capital	114,081	114,936	-856	-0.7%
EPS – Diluted earnings per share (euros)	**1.07**	**0.72**	**0.35**	**47.9%**

4.11 Comprehensive income

The Banking Group's comprehensive income is determined by the consolidated net profit and all other components that contribute to company performance without being reflected in the Profit and Loss Account, such as changes in valuation reserves for securities measured at fair value through other comprehensive income.
At the end of the first quarter of 2024, the latter component provided a positive overall contribution of 0.5 million euros, against a net positive change of 1.7 million euros recorded at the end of the same period of the previous year.

In detail, HTCS debt securities portfolio valuation reserves increased by 1.7 million euros as a result of the following factors:
- an increase in net valuation capital gains totalling 2.3 million euros, net of 0.1 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 (0.2 million euros);
- a negative net tax effect associated with the above changes and mainly resulting from net decreases in DTAs (-0.8 million euros).

CONSOLIDATED COMPREHENSIVE INCOME ATTRIBUTABLE TO THE GROUP

			CHANGE	
(€ THOUSAND)	31.03.2024	31.03.2023	AMOUNT	%
Net profit	**121,967**	**83,034**	**38,933**	**46.9%**
Other income, net of income taxes:				
With transfer to Profit and Loss Account:				
Exchange differences	-2,097	61	-2,158	n.a.
Financial assets measured at fair value through other comprehensive income	1,698	1,817	-119	-6.5%
Without transfer to Profit and Loss Account:				
Financial assets measured at fair value through other comprehensive income	844	-13	857	n.a.
Actuarial gains (losses) from defined benefit plans	55	-208	263	-126.4%
Total other income, net of taxes	**500**	**1,657**	**-1,157**	**-69.8%**
Comprehensive income	**122,467**	**84,691**	**37,776**	**44.6%**
Consolidated comprehensive income attributable to minority interests	6	-61	68	-110.3%
Consolidated comprehensive income attributable to the Group	**122,460**	**84,752**	**37,709**	**44.5%**

5. Balance Sheet and Net Equity Aggregates

At the end of the first quarter of 2024, total consolidated assets amounted to 15.2 billion euros, down by 0.3 billion euros (-2.1%) compared to the end of 2023.

Total net inflows reached 13.1 billion euros, down 0.4 billion euros overall, as a result of the decrease in net inflows from customers (-510 million euros), partly offset by the interbank funding (+68 million euros).
Core loans thus totalled 14.1 billion euros, down 0.4 billion euros (-2.5%) compared to the end of 2023.

CONSOLIDATED BALANCE SHEET

ASSETS (€ THOUSAND)	31.03.2024	31.12.2023	CHANGE AMOUNT	CHANGE %
Financial assets at fair value through profit or loss	509,334	509,407	-73	-
Financial assets at fair value through other comprehensive income	1,075,503	1,000,936	74,567	7.4%
Financial assets measured at amortised cost:	12,475,402	12,905,455	-430,053	-3.3%
a) loans to banks (*)	2,665,196	2,846,425	-181,229	-6.4%
b) loans to customers	9,810,206	10,059,030	-248,824	-2.5%
Hedging derivatives	178,060	161,955	16,105	9.9%
Equity investments	2,126	1,975	151	7.6%
Property, equipment and intangible assets	285,549	292,054	-6,505	-2.2%
Tax receivables	107,003	108,113	-1,110	-1.0%
Other assets	556,185	537,267	18,918	3.5%
Total assets	**15,189,162**	**15,517,162**	**-328,000**	**-2.1%**

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

LIABILITIES AND NET EQUITY (€ THOUSAND)	31.03.2024	31.12.2023	CHANGE AMOUNT	CHANGE %
Financial liabilities measured at amortised cost:	13,061,788	13,503,015	-441,227	-3.3%
a) due to banks	300,285	231,684	68,601	29.6%
b) due to customers	12,761,503	13,271,331	-509,828	-3.8%
Financial liabilities held for trading and hedging	122,340	132,821	-10,481	-7.9%
Tax liabilities	74,839	46,088	28,751	62.4%
Other liabilities	321,516	353,037	-31,521	-8.9%
Special purpose provisions	268,571	268,936	-365	-0.1%
Valuation reserves	-303	-797	494	-62.0%
Equity instruments	50,000	50,000	-	-
Reserves	1,083,262	752,749	330,513	43.9%
Share premium reserve	52,992	52,992	-	-
Share capital	116,852	116,852	-	-
Treasury shares (-)	-85,005	-85,005	-	-
Net equity attributable to minority interests	343	338	5	1.5%
Net profit (loss) for the period (+/-)	121,967	326,136	-204,169	-62.6%
Total liabilities and net equity	**15,189,162**	**15,517,162**	**-328,000**	**-2.1%**

QUARTERLY EVOLUTION OF CONSOLIDATED BALANCE SHEET

ASSETS (€ THOUSAND)	31.03.2024	31.12.2023	30.09.2023	30.06.2023	31.03.2023	31.12.2022
Financial assets at fair value through profit or loss	509,334	509,407	506,691	507,179	504,991	507,346
Financial assets at fair value through other comprehensive income	1,075,503	1,000,936	991,393	958,875	1,020,267	1,120,101
Financial assets measured at amortised cost:	12,475,402	12,905,455	12,869,116	13,057,631	14,341,714	14,478,596
a) loans to banks	2,665,196	2,846,425	2,665,380	2,463,233	3,239,432	3,284,113
b) loans to customers	9,810,206	10,059,030	10,203,736	10,594,398	11,102,282	11,194,483
Hedging derivatives	178,060	161,955	272,492	232,891	245,363	286,776
Equity investments	2,126	1,975	2,781	2,927	3,008	3,091
Property, equipment and intangible assets	285,549	292,054	283,139	289,474	294,089	295,279
Tax receivables	107,003	108,113	99,132	91,429	86,040	72,266
Other assets	556,185	537,267	522,861	536,585	508,377	503,394
Total assets	**15,189,162**	**15,517,162**	**15,547,605**	**15,676,991**	**17,003,849**	**17,266,849**

LIABILITIES AND NET EQUITY (€ THOUSAND)	31.03.2024	31.12.2023	30.09.2023	30.06.2023	31.03.2023	31.12.2022
Financial liabilities measured at amortised cost:	13,061,788	13,503,015	13,682,584	13,783,954	15,205,464	15,503,979
a) due to banks	300,285	231,684	483,931	526,633	821,661	544,531
b) due to customers	12,761,503	13,271,331	13,198,653	13,257,321	14,383,803	14,959,448
Financial liabilities held for trading and hedging	122,340	132,821	98,050	107,757	134,378	123,604
Tax liabilities	74,839	46,088	58,901	33,618	58,487	44,577
Other liabilities	321,516	353,037	318,056	439,338	200,656	281,248
Special purpose provisions	268,571	268,936	255,879	249,588	247,751	244,921
Valuation reserves	-303	-797	-5,232	-6,445	-8,292	-9,972
Equity instruments	50,000	50,000	50,000	50,000	50,000	50,000
Reserves	1,083,262	752,749	749,147	746,862	941,473	724,536
Share premium reserve	52,992	52,992	52,908	52,784	53,767	53,767
Share capital	116,852	116,852	116,852	116,852	116,852	116,852
Treasury shares (-)	-85,005	-85,005	-85,005	-72,745	-80,139	-80,139
Net equity attributable to minority interests	343	338	364	377	381	442
Consolidated net profit	121,967	326,136	255,101	175,051	83,071	213,034
Total liabilities and net equity	**15,189,162**	**15,517,162**	**15,547,605**	**15,676,991**	**17,003,849**	**17,266,849**

5.1 Direct inflows from customers

Total direct inflows from customers amounted to 12.8 billion euros, with a decrease of 510 million euros (-3.8%) compared to 31 December 2023, attributable both to the decline in customers' current accounts deposits (-225 million euros), due to reinvestments in assets under administration, and to the decrease in repurchase agreement transactions (-352 million euros).

In this regard, it should be noted that in the first quarter of the year, retail customers' current accounts within the Assoreti scope reported outflows of 170 million euros, reversing the trend compared to the second half of 2023 (+95 million euros), whereas inflows from assets under administration further grew by over 1.5 billion euros.

Treasury repurchase agreement transactions with very short maturities effected on the MTS Repo market, managed by Cassa di Compensazione e Garanzia, decreased by 29.1% to 785 million euros, whereas new promotional transactions in repurchase agreements with clients were launched for 79.5 million euros, which however did not offset the end of the previous initiatives (-31 million euros).

Liabilities relating to daily variation margins received on the Eurex market amounted to 141 million euros, slightly increasing compared to the end of 2023 (+12.6%), offset by the performance of the hedging derivative transactions.

DUE TO CUSTOMERS

(€ THOUSAND)		31.03.2024	31.12.2023	CHANGE AMOUNT	CHANGE %
1.	Current accounts and demand deposits	10,871,830	11,097,187	-225,357	-2.0%
2.	Term deposits	406,385	241,730	164,655	68.1%
3.	Financing	1,171,368	1,507,866	-336,498	-22.3%
	Repurchase agreements with CC&G (MTS Repo)	785,260	1,106,790	-321,530	-29.1%
	Repurchase agreements with customers	245,067	275,859	-30,792	-11.2%
	Other (collateral margins)	141,041	125,217	15,824	12.6%
4.	Other debts	311,920	424,548	-112,628	-26.5%
	IFRS 16-related lease liabilities	138,657	141,074	-2,417	-1.7%
	Operating debts to Financial Advisor Network	154,478	150,157	4,321	2.9%
	Other debts (money orders, amounts at the disposal of customers)	18,785	133,317	-114,532	-85.9%
Total due to customers		**12,761,503**	**13,271,331**	**-509,828**	**-3.8%**

Captive inflows, generated from the treasury management of the companies within Assicurazioni Generali Group, recorded net outflows of nearly 30 million euros, amounting to 489 million euros at the end of the period and accounting for 3.8% of total inflows.

INFLOWS FROM CUSTOMERS

(€ THOUSAND)		31.03.2024	31.12.2023	CHANGE AMOUNT	CHANGE %
Total inflows from Generali Group		489,098	518,911	-29,813	-5.7%
of which:					
–	*current accounts*	*424,179*	*453,146*	*-28,967*	*-6.4%*
–	*IFRS 16-related lease financial liabilities and other debts*	*64,919*	*65,765*	*-846*	*-1.3%*
Inflows from other parties		12,272,405	12,752,420	-480,015	-3.8%
of which:					
–	*current accounts*	*10,447,651*	*10,644,041*	*-196,390*	*-1.8%*
–	*repurchase agreements and term deposits*	*1,372,125*	*1,558,868*	*-186,743*	*-12.0%*
–	*other debts*	*452,629*	*549,511*	*-96,882*	*-17.6%*
Total inflows from customers		**12,761,503**	**13,271,331**	**-509,828**	**-3.8%**

The non-interest-bearing debt position consisted of accounts payable to the Financial Advisor Network for the placement of financial products and services, as well as of other sums made available to customers, primarily relating to claims settlement activity by the Group's companies (money orders). This item declined by over 114 million euros as a result of the latter component.

5.2 Core loans

Core loans totalled 14.1 billion euros overall, with a net decrease of 356 million euros compared to 31 December 2023 (-2.5%).

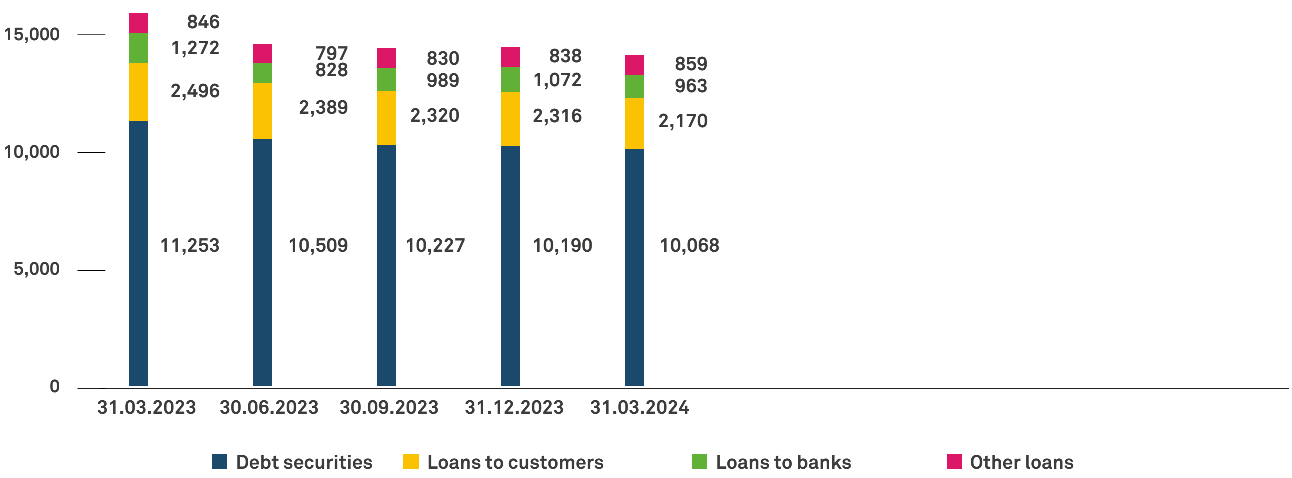
All the aggregate's components declined: loans to customers dropped by over 145 million euros (-6.3%), exposures to banks by -110 million euros (-10.2%) and investments in financial asset portfolios by -121 million euros (-1.1%).

INTEREST-BEARING FINANCIAL ASSETS AND LOANS

(€ THOUSAND)	31.03.2024	31.12.2023	CHANGE AMOUNT	CHANGE %
Financial assets measured at fair value through profit or loss	509,334	509,407	-73	-
Financial assets measured at fair value through other comprehensive income	1,075,503	1,000,936	74,567	7.4%
Financial assets measured at amortised cost	9,016,352	9,211,941	-195,589	-2.1%
Financial assets	**10,601,189**	**10,722,284**	**-121,095**	**-1.1%**
Loans to and deposits with banks (*)	962,694	1,072,461	-109,767	-10.2%
Loans to customers	2,170,416	2,316,087	-145,671	-6.3%
Operating loans and other loans	325,940	304,966	20,974	6.9%
Total core loans	**14,060,239**	**14,415,798**	**-355,559**	**-2.5%**
Total interest-bearing financial assets and loans	**13,734,299**	**14,110,832**	**-376,533**	**-2.7%**

(*) 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 75.4% of total core loans, slightly increasing compared to 74.4% at the end of 2023, and continued to focus on the portfolio of securities issued by governments and supranational and other public institutions, accounting for nearly three fourths of the total portfolio. This was supported by a careful diversification process regarding investments on debt securities issued by credit institutions, and particularly covered bonds.

FINANCIAL ASSETS

(€ THOUSAND)	31.03.2024	31.12.2023	CHANGE AMOUNT	CHANGE %
Government securities	7,264,026	7,253,834	10,192	0.1%
Supranational and other public institutions	694,634	677,558	17,076	2.5%
Securities issued by banks	1,725,499	1,847,782	-122,283	-6.6%
Securities issued by other issuers	383,616	410,451	-26,835	-6.5%
Equity securities and other securities	533,414	532,659	755	0.1%
Total financial assets	**10,601,189**	**10,722,284**	**-121,095**	**-1.1%**

The residual component of equity securities, UCITS and other similar securities chiefly referred to the investment, for a total of 485.8 million euros, in the units of the Forward Fund, an Italian fund (AIF) managed by Gardant SGR and specialised in illiquid investments[13].

The held-to-collect (HTC) portfolio, driven by financial assets measured at amortised cost and held for long-term investment purposes, amounted to over 9.0 billion euros at the end of the quarter, accounting for 85.0% of total financial asset, essentially in line with the end of the previous year (-2.1%).
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, amounted to 1.0 billion euros, slightly increasing compared to the end of the previous year (+7.4%).

In the reporting period, the Bank actively continued to operate in asset swap derivatives, trading interest rate swaps to hedge debt securities, mostly Italian and foreign fixed-rate and index-linked government bonds allocated to the HTCS and HTC portfolios.
For each hedging derivative, a specific highly effective fair value hedging relationship is formed.
At the end of the first quarter of 2024, the notional amounts of the hedging derivatives outstanding amounted to 3,497 million euros, of which 60 million euros relating to the HTCS portfolio. The net balance of the asset swap portfolio was 3,549 million euros overall, essentially in line with its fair value.

The overall portfolio remained focused on sovereign and supranational debt, which rose slightly by 27 million euros at the end of the quarter, accounting for 75.0% of total investments in financial instruments.
The portion of the portfolio invested in Italian government bonds declined slightly to 5.6 billion euros (-0.8%), with a ratio to total volumes essentially unchanged at 69.8% compared to the previous year.
Foreign sovereign debt grew to 2.4 billion euros (+69.5 million euros; +3.0%), accounting for 30.2% of the total government bonds portfolio.
From a geographical standpoint, investments in foreign bonds were primarily allocated on EU issues, with a particular focus on the Iberian Peninsula and France.

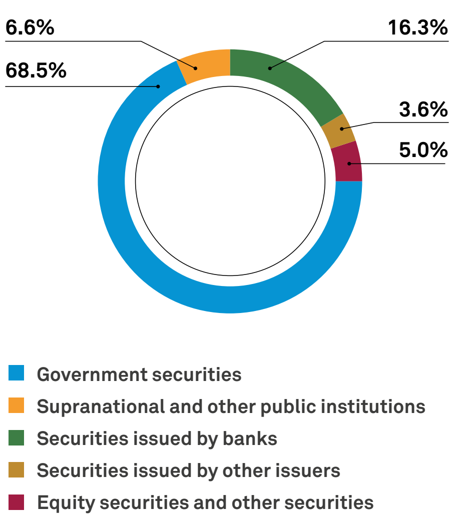
FINANCIAL ASSETS - EXPOSURE TO THE SOVEREIGN RISK

			CHANGE	
(€ THOUSAND)	31.03.2024	31.12.2023	AMOUNT	%
Exposure to the sovereign risk by portfolio:				
Financial assets measured at fair value through other comprehensive income	1,012,145	890,055	122,090	13.7%
Financial assets measured at amortised cost	6,946,515	7,041,337	-94,822	-1.3%
Total	**7,958,660**	**7,931,392**	**27,268**	**0.3%**
Total foreign government bonds	**2,402,927**	**2,333,391**	**69,536**	**3.0%**
Total Italian government bonds	**5,555,733**	**5,598,001**	**-42,268**	**-0.8%**

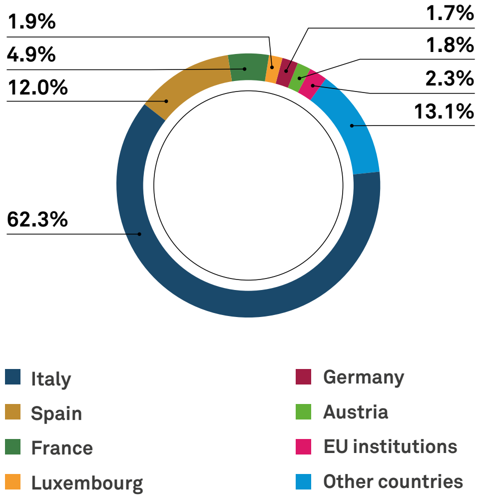
The overall geographical breakdown of the debt securities portfolio therefore showed a greater incidence of investments in Italian securities, which stood at 62.3%, followed by the exposure to issuers of the Iberian Peninsula at 12.0%, primarily represented by government bonds.

13 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, subscribing its units, reference should be made to the Annual Integrated Report 2021, specifically to Part E of the Notes and Comments to the Consolidated and Separate Financial Statements, and to section "One-off charges" in the Director's Report.

BREAKDOWN OF FINANCIAL ASSETS PORTFOLIO



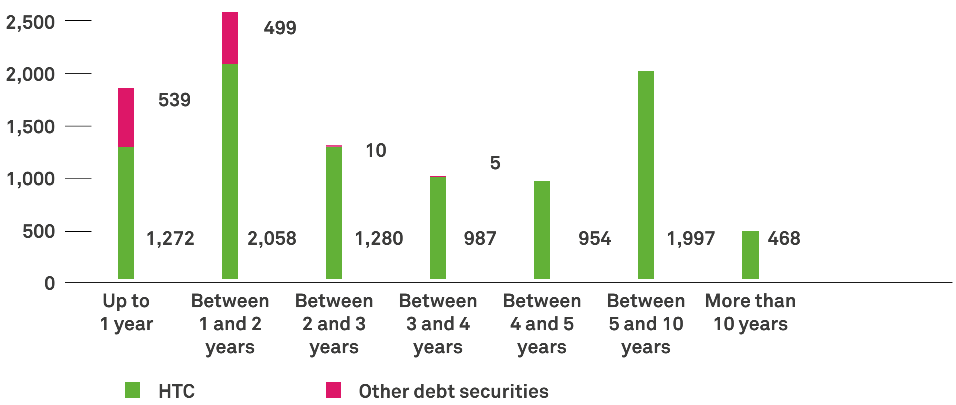
GEOGRAPHICAL BREAKDOWN OF FINANCIAL ASSETS PORTFOLIO



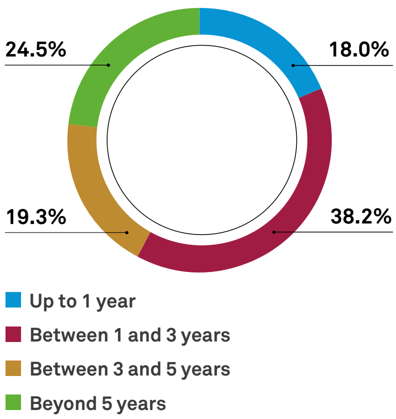
At the end of the first quarter of 2024, the share of financial assets with a maturity of more than 3 years was 43.8%, slightly up compared to the end of 2023 (42.1%).
The portfolio of debt securities had an overall average residual life of about 3.7 years. In particular, the average maturity of the HTC portfolio was 4.2 years, whereas the average maturity of the HTCS portfolio declined to 0.8 years.

51.1% of the portfolio was made up of issues with variable-rate or inflation-linked coupons, including hedged securities, and 48.9% of fixed-rate issues.

BONDS PORTFOLIO MATURITY (€ MILLION)



BREAKDOWN OF BONDS PORTFOLIO BY MATURITY AT 31.03.2024



Loans to customers exceeded **2,170 million euros**, declining by 145.7 million euros compared to the end of 2023 (-6.3%) as a result of both current account exposures, including Lombard loans, 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 1,286 million euros (-5.6%).

LOANS AND OPERATING LOANS AND OTHER LOANS

			CHANGE	
(€ THOUSAND)	31.03.2024	31.12.2023	AMOUNT	%
Current accounts	1,579,134	1,694,681	-115,547	-6.8%
Mortgages and personal loans	579,519	609,918	-30,399	-5.0%
Other financing and loans not in current accounts	11,763	11,489	274	2.4%
Loans	**2,170,416**	**2,316,088**	**-145,672**	**-6.3%**
Operating loans to management companies	158,902	141,305	17,597	12.5%
Sums advanced to Financial Advisors	87,977	58,452	29,525	50.5%
Stock exchange interest-bearing daily margin	35,846	84,001	-48,155	-57.3%
Charges to be debited and other loans	32,193	12,560	19,633	156.3%
– *of which: rights of recourse and usufruct rights*	*21,415*	*2,069*	*19,346*	935.0%
Operating loans and other loans	**314,918**	**296,318**	**18,600**	**6.3%**

Operating loans and other loans neared 315 million euros, up 6.3%.
This item included 21.4 million euros for the Bank's rights of recourse related to the enforcement of financial guarantees issued to customers for investments made in illiquid products distributed by the Bank that were marked by investment repayment issues (13.9 million euros), as well as amounts receivable as a result of the transfer by customers to the Bank of usufruct rights on coupons accruing on the above-mentioned products in 2023 and 2024. Both categories of amounts receivable were recognised among loans to customers at amortised cost and classified as purchased or originated credit impaired (POCI).

Net **non-performing exposures** on loans to customers amounted to **26.9 million euros**, or **1.24%** of total loans reported in the table above.
The aggregate includes all the exposures originating in the portfolio of Banca del Gottardo Italia, fully covered by the loan indemnity granted by BSI S.A. (now EFG Bank AG) upon the sale of the said company and chiefly secured to that end by cash collateral payments by the counterparty.
Net of this aggregate, non-performing exposures on loans to customers amounted to **17.2 million euros** and consisted for nearly 87% 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 **0.11%** of total loans to customers.

The portfolio of non-performing loans (loans to customers excluding operating loans and debt securities) dropped by 2.1 million euros, mostly attributable to positions past due or expired (-1.9 million euros).

NON-PERFORMING EXPOSURES

(€ THOUSAND)	31.03.2024 BAD LOANS	UNLIKELY TO PAY	PAST-DUE AND/OR EXPIRED EXPOSURES	TOTAL	31.12.2023 BAD LOANS	UNLIKELY TO PAY	PAST-DUE AND/OR EXPIRED EXPOSURES	TOTAL	CHANGE DELTA	CHANGE %
Gross exposure	24,955	6,012	11,724	42,691	24,950	6,284	13,378	44,612	-1,921	-4%
Adjustments	10,209	2,017	3,594	15,820	10,214	2,117	3,357	15,688	132	1%
Total net exposure	**14,746**	**3,995**	**8,130**	**26,871**	**14,736**	**4,167**	**10,021**	**28,924**	**-2,053**	**-7%**
Gross exposure	17,762	-	-	17,762	17,746	-	-	17,746	16	-
Adjustments	8,140	-	-	8,140	8,140	-	-	8,140	-	-
Exposure guaranteed by net indemnity	**9,622**	**-**	**-**	**9,622**	**9,606**	**-**	**-**	**9,606**	**16**	**-**
Gross exposure	7,193	6,012	11,724	24,929	7,204	6,284	13,378	26,866	-1,937	-7%
Adjustments	2,069	2,017	3,594	7,680	2,074	2,117	3,357	7,548	132	2%
Exposure net of indemnity	**5,124**	**3,995**	**8,130**	**17,249**	**5,130**	**4,167**	**10,021**	**19,318**	**-2,069**	**-11%**
Net guaranteed exposure	**5,072**	**3,525**	**6,364**	**14,961**	**5,076**	**3,806**	**8,131**	**17,013**	**-2,052**	**-12%**
Net exposure not guaranteed	**52**	**470**	**1,766**	**2,288**	**54**	**361**	**1,890**	**2,305**	**-17**	**-1%**

At 31 March 2024, the interbank position, net of the securities portfolio and operating loans, showed a net credit balance of over 662 million euros, down compared to a net exposure of 840.8 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 (-166 million euros), mainly including overnight deposits in service of treasury transactions;
- the slight increase in net amounts due to banks (-10 million euros), mainly attributable to the expansion of funding repurchase agreements with banks, which exceeded lending repurchase agreements with banks (-61.4 million euros), partially offset by the change in collateral deposits and margins on OTC derivatives and repurchase agreements (+43.5 million euros) and by other net current account exposures (+8 million euros).

NET INTERBANK POSITION

(€ THOUSAND)	31.03.2024	31.12.2023	CHANGE AMOUNT	CHANGE %
1. Repayable on demand	**426,707**	**589,034**	**-162,327**	**-27.6%**
Demand deposits with ECB and Bank of Italy (*)	343,047	514,303	-171,256	-33.3%
Transfer accounts	83,660	74,731	8,929	11.9%
2. Time deposits	**535,987**	**483,427**	**52,560**	**10.9%**
Minimum reserve	113,733	108,186	5,547	5.1%
Term deposits	24,269	25,566	-1,297	-5.1%
Repurchase agreements	229,066	229,056	10	-
Collateral margins	168,919	120,619	48,300	40.0%
Total loans to banks	**962,694**	**1,072,461**	**-109,767**	**-10.2%**
1. Due to Central Banks	**-**	**-**	**-**	**n.a.**
2. Due to banks	**300,285**	**231,684**	**68,601**	**29.6%**
Transfer accounts	35,172	35,346	-174	-0.5%
Repurchase agreements	232,737	171,320	61,417	35.8%
Collateral margins	19,984	15,202	4,782	31.5%
Other debts	9,832	9,816	16	0.2%
Total due to banks	**300,285**	**231,684**	**68,601**	**29.6%**
Net interbank position	**662,409**	**840,777**	**-178,368**	**-21.2%**
3. Debt securities	**1,691,480**	**1,765,317**	**-73,837**	**-4.2%**
4. Other operating loans	**11,022**	**8,647**	**2,375**	**27.5%**
Total interbank position	**2,364,911**	**2,614,741**	**-249,830**	**-9.6%**

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

5.3 Provisions

Special purpose provisions amounted to nearly 268.6 million euros overall, with no significant changes compared to the previous year (-0.1%), and mainly refer to provisions for contractual indemnities to the Financial Advisor Network.

PROVISIONS

(€ THOUSAND)	31.03.2024	31.12.2023	CHANGE AMOUNT	CHANGE %
Provision for termination indemnity	3,481	3,772	-291	-7.7%
Provisions for pensions and similar obligations	2,058	2,476	-418	-16.9%
Other provisions for liabilities and contingencies	**263,032**	**262,688**	**344**	**0.1%**
Provisions for staff expenses	9,643	8,640	1,003	*11.6%*
Provision for the redundancy incentive plan	1,500	1,500	-	-
Provisions for legal disputes	11,876	12,283	-407	*-3.3%*
Provisions for contractual indemnities to the Financial Advisor Network	176,817	170,856	5,961	*3.5%*
Provisions for Financial Advisor Network incentives	25,464	29,048	-3,584	*-12.3%*
Provisions for tax and contributions/ pension disputes	180	274	-94	*-34.3%*
Other provisions for liabilities and contingencies	37,552	40,087	-2,535	*-6.3%*
– *of which: provisions for risks relating to guarantees issued and commitments*	*148*	*9,591*	*-9,443*	*-98.5%*
Total provisions	**268,571**	**268,936**	**-365**	**-0.1%**

Contractual indemnities 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 86.2 million euros;
- other indemnities relating to termination of the agency or management position (management development indemnity, portfolio overfee indemnities, retirement eligibility bonus) of 27.1 million euros;
- the provision in service of the annual cycles of the 2017-2026 Framework Loyalty Programme for the Financial Advisor Network, in the amount of 35.5 million euros;
- the provision in service of the three-year incentive plan for the Financial Advisor Network, in the amount of 28.0 million euros.

The Framework Loyalty Programme for the Financial Advisor Network was suspended at the end of 2021 and therefore no additional annual cycles have been activated since 2022. The provisions relating to the latter programme refer to 50% of the accrued indemnity to be paid in cash, whereas the portion payable in Banca Generali shares has been accounted for pursuant to IFRS 2.
In 2022, a 34.2 million euro financial advance related to the bonuses to be paid in cash was granted to the beneficiaries of the Loyalty Framework Programme drawing from the provision recognised and valued at 30 June 2022. This advance is subject to the same accrual conditions provided for by the Programme and the beneficiaries will be definitively entitled to it in the first half of 2027.

The 2022-2024 three-year incentive plan, approved by the Board of Directors on 18 March 2022 and further adjusted on 5 March 2024, is in addition to the annual incentives for the Financial Advisor Network and is tied to the achievement of both several overall objectives set at the Banking Group level in terms of total net inflows and recurring fee income, established in the new Strategic Plan, and individual objectives.
In particular, at the end of the Plan no incentives may be disbursed without full achievement of the three-year net inflow targets and of at least 90% of the cumulative recurring fee target at the end of 2024.
Special rules also apply to Financial Advisors eligible to participate in the previous Loyalty Framework Programme, for which a bonus floor applies, to be paid at the end of the three-year period if other conditions are met, but only in the absence of net outflows.

The three-year bonus will be paid in 2026, provided that on 31 December 2025 the net inflow targets reached are no less than 90% of net inflows generated at the end of the three-year plan period.

The incentives accruing on a multi-year basis, tied to net inflow targets, qualify as costs of obtaining a contract pursuant to IFRS 15 and are expensed over a five-year period, like other similar incentives granted to the Financial Advisor Network.
In addition, the Plan calls for the payment of the cash bonus only, with the sole exception of beneficiaries qualifying as Key Personnel in the three-year period, to whom the specific provisions of the Remuneration Policies (deferral, shared-based payment, etc.) apply.

The 6.0 million euro net change in provisions for contractual indemnity to the Financial Advisor Network was attributable to the increase in actuarial provisions (+4.7 million euros) and other provisions (+0.4 million euros), in response to which the new provisions allocated in service of the three-year incentive plan for the Financial Advisor Network were recognised for a total of 3.1 million euros, of which 1.2 million euros set to accrue in subsequent years. At the end of the quarter, the decline in the discount rates used to measure actuarial provisions led to an increase in the latter for approximately 0.6 million euros.

Other provisions for liabilities and contingencies included 32.0 million euros to cover commercial activities aimed at restoring customers' potential losses resulting from investments made in illiquid products distributed by the Bank that were marked by investment repayment issues, and to sustain customer retention.
In this regard, it should be noted that the financial guarantees issued to certain customers, totalling 23.3 million euros, were enforced with full use of the related provisions for credit risk on guarantees granted for 9.4 million euros. The Bank's rights of recourse related to the enforcement of financial flows regarding the above-mentioned illiquid products, in the amount of 13.9 million euros, were therefore recognised among loans to customers and classified as purchased or originated credit impaired (POCI).

5.4 Net equity and regulatory aggregates

At 31 March 2024, the Banking Group's consolidated net equity, including net profit for the period, was 1,340 million euros.
This aggregate also includes 251.2 million euros for the 2023 dividend approved by the Board of Directors on 5 March 2024 and authorised by the General Shareholders' Meeting on 18 April 2024, which will be paid partly in May 2024 and partly in February 2025.

CONSOLIDATED NET EQUITY

			CHANGE	
(€ THOUSAND)	31.03.2024	31.12.2023	AMOUNT	%
Share capital	116,852	116,852	-	-
Share premium reserve	52,992	52,992	-	-
Reserves	1,083,262	752,749	330,513	43.9%
(Treasury shares)	-85,005	-85,005	-	-
Valuation reserves	-303	-797	494	-62.0%
Equity instruments	50,000	50,000	-	-
Net profit (loss) for the period	121,967	326,136	-204,169	-62.6%
Consolidated net equity	**1,339,765**	**1,212,927**	**126,838**	**10.5%**
Net equity attributable to minority interests	343	338	5	1.5%
Banking Group net equity	**1,340,108**	**1,213,265**	**126,843**	**10.5%**

The 126.8 million euro change in net equity in the first quarter of 2024 was chiefly attributable to the consolidated net profit for the period and, to a lesser extent, to other components such as the increase in valuation reserves taken to other comprehensive income (OCI) and the change in reserves for share-based payments (IFRS 2), as shown in the following table.

CHANGE IN NET EQUITY

(€ THOUSAND)	31.03.2024
Net equity at period-start	**1,213,265**
Change in IFRS 2 reserves	2,462
Change in OCI valuation reserves	500
Consolidated net profit for the period	121,967
Dividends not paid on treasury shares	1,898
Other effects	16
Net equity at period-end	**1,340,108**
Change	**126,843**

Fair value valuation reserves for the portfolio of financial assets measured at fair value through other comprehensive income (HTCS) showed a net increase of 0.5 million euros due to the increase in bond prices in the quarter, driven by the decline in interest rates of government securities.

VALUATION RESERVES

	31.03.2024			31.12.2023	
(€ THOUSAND)	POSITIVE RESERVE	NEGATIVE RESERVE	NET RESERVE	NET RESERVE	CHANGE
Valuation reserves - HTCS debt securities	954	-1,193	-239	-1,937	1,698
Valuation reserves - OCI equity securities	1,896	-1,234	662	-182	844
Exchange differences	371	-	371	2,461	-2,090
Actuarial gains (losses) from defined benefit plans	1,131	-2,228	-1,097	-1,139	42
Total	**4,352**	**-4,655**	**-303**	**-797**	**494**

Consolidated own funds amounted to 864.8 million euros, up 25.1 million euros compared to the end of the previous year (+3.0%), whereas capital absorption declined by 28.1 million euros (-7.9%), as a result of a significant decrease in capital absorbed to cover credit risks (-11.0%).

At the end of the period, CET1 ratio reached 20.0%, compared to a minimum requirement of 8%, and Total Capital Ratio (TCR) reached 21.2%, compared to the SREP minimum requirement of 12.30%[14].

[14] On 23 January 2024, upon conclusion of the SREP – Supervisory Review and Evaluation Process carried out annually by the competent Supervisory Authority, the Bank of Italy confirmed to Banca Generali the following specific capital requirements to be applied to the Banking Group commencing with the reporting on Own Funds at 31 December 2023:
- a Common Equity Tier 1 (CET1) ratio of 8%, consisting of an Overall Capital Requirement (OCR) of 5.50% (of which 4.5% as minimum regulatory requirement and 1% as additional requirement following the SREP) and a capital conservation buffer for the remainder (2.5%);
- a Tier 1 ratio (T1 ratio) of 9.90% (previously set at 9.85%), consisting of an Overall Capital Requirement (OCR) of 7.40% (of which 6% as minimum regulatory requirement and 1.40% as additional requirement following the SREP) and a capital conservation buffer for the remainder;
- a Total Capital Ratio (TCR) of 12.30%, consisting of an Overall Capital Requirement (OCR) of 9.80% (of which 8% as minimum regulatory requirement and 1.80% as additional requirement following the SREP) and a capital conservation buffer for the remainder.

The Supervisory Authority however expects that Banca Generali maintains its capital ratios equal to at least 8% for CET1 ratio, to 10.90% for Tier 1 ratio and to 13.30% for Total Capital Ratio.

OWN FUNDS AND CAPITAL RATIOS

(€ THOUSAND)	31.03.2024	31.12.2023	CHANGE AMOUNT	CHANGE %
Common Equity Tier 1 capital (CET1)	814,767	789,702	25,065	3.2%
Additional Tier 1 capital (AT1)	50,000	50,000	-	-
Tier 2 capital (T2)	-	-	-	n.a.
Total own funds	**864,767**	**839,702**	**25,065**	**3.0%**
Credit and counterparty risk	227,895	256,008	-28,113	-11.0%
Market risk	-	3	-2	-87.3%
Operational risk	98,042	98,042	-	-
Total absorbed capital (Pillar I)	**325,937**	**354,053**	**-28,115**	**-7.9%**
Total SREP minimum requirements (Pillar II)	**501,618**	**544,887**	**-43,269**	**-7.9%**
Excess over SREP minimum requirements	363,149	294,815	68,334	23.2%
Risk-weighted assets	4,074,217	4,425,658	-351,441	-7.9%
CET1/Risk-weighted assets	20.0%	17.8%	2.2%	12.1%
Tier 1/Risk-weighted assets	21.2%	19.0%	2.3%	11.9%
Total own funds/Risk-weighted assets (Total Capital Ratio)	**21.2%**	**19.0%**	**2.3%**	**11.9%**

The change in Own Funds was mainly attributable to the inclusion of the portion of retained earnings for the period (+16.4 million euros) and of other net positive capital and prudential effects for 8.7 million euros, as highlighted in the following table.

CHANGES IN OWN FUNDS

(€ THOUSAND)	
Own funds at 31.12.2023	**839,702**
Estimated regulatory provisions for retained earnings	16,394
Change in IFRS 2 reserves	2,462
Dividend not paid out on treasury shares	1,899
Change in OCI reserves on HTCS	452
Change in other OCI reserves	42
Change in goodwill and intangible assets (net of related DTLs)	3,879
DTAs through P&L not arising on temporary differences (tax losses)	-4
Negative prudential filters (prudent valuation - simplified method)	-74
Other effects (other reserves)	15
Total changes in Tier 1 capital	**25,065**
Own funds at 31.03.2024	**864,767**
Change	**25,065**

In accordance with the risk profile identified in the Risk Appetite Framework and overall capital adequacy, the 2022-2024 Dividend Policy calls for the distribution of a dividend composed as follows to mitigate the effects of the variability of non-recurring components:

› a component calculated at between 70% and 80% of recurring consolidated net profit;
› a component calculated at between 50% and 100% of non-recurring consolidated net profit.

For the first quarter of 2024, on the basis of the prudential provisions that require the upper part of the payout to be considered, just 20% of the recurring net profit for the period has therefore been included in own funds.

The 28.1 million euro reduction in capital absorbed was due to the decline in the credit risk requirement, mainly attributable to the conclusion of the customer risk mitigation project, which made it possible to integrate into the determination of RWAs of exposures to customers (Lombard loans) collateral in the form of third-party UCITS, for which the eligibility of the financial assets underlying the funds must be analysed. The eligibility of such guarantees, analysed using the look-through

procedure, is in addition to that of the guarantees consisting of UCITS managed by the Group, already outstanding for some time, and required the activation of a vast range of agreements with a number of management companies, in order to obtain information streams regarding a large number of UCITS sub-funds.
The change in requirements therefore appears to be attributable solely to exposures to corporate and retail customers (-28.7 million euros), due to the aforementioned reduction in weighting, only minimally offset by an increase in other assets (+1.5 million euros).

The Bank's liquidity ratios maintained excellent levels, with the Liquidity Coverage Ratio (LCR) at 343% and Net Stable Funding Ratio (NSFR) at 205%. The Bank's leverage ratio stood at 5.65%.

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

	31.03.2024		
(€ THOUSAND)	SHARE CAPITAL AND RESERVES	NET PROFIT	NET EQUITY
Net equity of Banca Generali	**1,126,287**	**116,626**	**1,242,913**
Differences between net equity and book value of companies consolidated using the line-by-line method	67,710	32	67,742
– Profit carried forward of consolidated companies	59,428	-	59,428
– Goodwill	8,707	-	8,707
– Other changes	-425	32	-393
Dividends from consolidated companies	31,000	-73,500	-42,500
Consolidated companies' result for the period	-	78,658	78,658
Net profit attributable to minority interests	343	-	343
Result of associates valued at equity	6	151	157
Sterilisation of impaired equity investments	-	-	-
Valuation reserves - consolidated companies	1,131	-	1,131
Exchange differences	371	-	371
Goodwill	-8,707	-	-8,707
Consolidation adjustments	-	-	-
Net equity of the Banking Group	**1,218,141**	**121,967**	**1,340,108**

6. Performance of Group Companies

6.1 Performance of Banca Generali S.p.A.

Banca Generali closed the first quarter of 2024 with net profit of 116.6 million euros, up compared to 96.9 million euros reported at the end of the same period of the previous year, chiefly due to the increase in dividends distributed in advance by the Luxembourg-based subsidiary BG Fund Management Luxembourg S.A, amounting to 73.5 million euros (51.2 million euros in the first quarter of 2023).

Reclassified net banking income[15], net of the dividends distributed by the Banking Group's investees, rose by approximately 14.2 million euros (+9.8%) compared to the same period of the previous year. This increase was attributable both to the rise in net interest income (+8.3 million euros), partly offset by the net loss from trading activities (-0.4 million euros), and in net fees (+5.5 million euros).

INCOME STATEMENT

(€ THOUSAND)	31.03.2024	31.03.2023	CHANGE AMOUNT	CHANGE %
Net interest income	**78,879**	**70,624**	**8,255**	**11.7%**
Net income (loss) from trading activities	4,436	3,989	447	11.2%
Dividends	73,500	51,220	22,280	43.5%
– *of which: dividends from equity investments*	*73,500*	*51,220*	*22,280*	*43.5%*
Net financial income	**156,815**	**125,833**	**30,982**	**24.6%**
Fee income	202,949	184,834	18,115	9.8%
Fee expense	-128,339	-115,680	-12,659	10.9%
Net fees	**74,610**	**69,154**	**5,456**	**7.9%**
Net banking income	**231,425**	**194,987**	**36,438**	**18.7%**
Staff expenses	-27,301	-25,267	-2,034	8.1%
Other general and administrative expenses (net of duty recoveries)	-25,951	-24,597	-1,354	5.5%
Net adjustments of property, equipment and intangible assets	-8,981	-8,907	-74	0.8%
Other operating expenses/income	2,322	1,501	821	54.7%
Net operating expenses	**-59,911**	**-57,270**	**-2,641**	**4.6%**
Operating result	**171,514**	**137,717**	**33,797**	**24.5%**
Net adjustments to non-performing loans	1,426	1,155	271	23.5%
Net provisions	-18,660	-10,230	-8,430	82.4%
Contributions and charges related to the banking system	-10,350	-6,000	-4,350	72.5%
Gains (losses) on disposal of equity investments	-	80	-80	-100.0%
Operating profit before taxation	**143,930**	**122,722**	**21,208**	**17.3%**
Income taxes for the period on operating activities	-27,304	-25,832	-1,472	5.7%
Net profit	**116,626**	**96,890**	**19,736**	**20.4%**

[15] 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 2.6 million euros for 2024 and 3.1 million euros for 2023.

Net interest income amounted to 78.9 million euros, with an increase attributable to the combined effect of the rise, on the one hand, in interest income from securities trading (+19.5 million euros) and loans to customers (+5.2 million euros) and, on the other hand, in interest expense on customers' current accounts and repurchase agreement transactions for a total of 20.1 million euros. The result of transactions with the ECB stood at approximately 4.2 million euros, made up of interest income on overnight deposits.

Net fees stood at approximately 74.6 million euros at the end of the period, increasing by 7.9% compared to the first quarter of 2023 (+5.5 million euros), chiefly as a result of the greater increase in fee income (+18.1 million euros) than in fee expense (+12.7 million euros). The increase in fee income was mainly driven by the rise in fees for portfolio management (+4.9 million euros), fees for placement of securities and UCITS (+9.4 million euros) and fees for trading and securities custody (+3.0 million euros), which offset the reduction in fees for distribution of third-party financial products (-3.0 million euros). Fee expense grew by 12.7 million euros, chiefly due to the increase in fee for off-premises offer (+11.6 million euros).

Net operating expenses[16] amounted to approximately 59.9 million euros, up 4.6% 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 32.3%.

Provisions, net adjustments and contributions and charges related to the banking system totalled 27.6 million euros, up 12.5 million euros compared to the same period of 2023, as a result of higher provisions for liabilities and contingencies (+8.4 million euros) and the increase in the contributions and charges related to the banking system (+4.4 million euros).

Operating profit before taxation amounted to 143.9 million euros, up 17.3% compared to the same period of 2023.

Income taxes for the period totalled 27.3 million euros and increased by 1.5 million euros compared to the tax burden estimated at 31 March 2023.
The Bank's overall tax rate was 18.8%, down compared to the first quarter of 2023 (21.0%) as a result of the higher contribution to the result of dividends from equity investments subject to reduced taxation.

Total client assets managed by the Bank on behalf of its customers — which is the figure used for communications to Assoreti — amounted to approximately 95.7 billion euros at 31 March 2024, up 4.3% compared to 31 December 2023. Net inflows reached 1.6 billion euros, up 8.2% compared to the figures recorded at the end of the same period of 2023.

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 Banca Generali Group (Lux IM Sicav and BG Collection Investments[17]) and the Sicav BG Private Markets, reserved for institutional investors.

BGFML ended the first quarter of 2024 with a net profit of 81.7 million euros, up compared to 39.4 million euros reported at the end of the same period of the previous year (+42.3 million euros).
The increase was mainly driven by performance fees, which rose by 49.4 million euros to 54.4 million euros, and by management fees, which amounted to 83.9 million euros compared to 79.8 million euros in the first quarter of 2023.

[16] 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, the other income aggregate was restated net of these items for an amount of 24.7 million euros for 2024 and 20.1 million euros for 2023. 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.
[17] New company name of BG Selection Sicav, effective 22 April 2022.

Net banking income amounted to 96.1 million euros (+48.6 million euros compared to the first quarter of 2023). Operating expenses were 2.7 million euros (+0.2 million euros compared to the first quarter of 2023), of which 1.7 million euro staff expenses.
The company's net equity amounted to 99.3 million euros, net of a dividend payout of 73.5 million euros, as payment in advance for 2024.
Overall, assets under management at 31 March 2024 amounted to 21,376 million euros, up 965 million euros compared to 20,411 million euros at 31 December 2023.

6.3 Performance of Generfid S.p.A.

Generfid, a company specialising in custodian capacity of assets, ended the first quarter of 2024 with a slight net loss and net equity amounting to about 1.0 million euros.
Net banking income amounted to approximately 0.3 million euros and virtually covered operating expenses.
Total client assets totalled 1,359 million euros (1,370 million euros at 31 December 2023).

6.4 Performance of BG Valeur S.A.

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

The company ended the first quarter of 2024 with net profit of CHF 7.6 thousand (8.0 thousand euros), calculated based on local GAAP.
Revenues, generated mainly from asset management and advisory services, amounted to approximately CHF 2.3 million, whereas operating expenses totalled CHF 2.0 million (of which CHF 1.7 million staff expenses).
BG Valeur S.A.'s net equity recognised in its statutory financial statements totalled CHF 2.3 million at 31 March 2024.

At 31 March 2024, total client assets amounted to 1,042 million euros, up compared to 1,024 million euros at 31 December 2023.

6.5 Performance of BG (Suisse) Private Bank S.A.

BG (Suisse) Private Bank 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 bank changed its company name; the new bank started operating on 1 December 2023.

The company ended the first quarter of 2024 with a net loss of CHF 2.9 million, calculated based on local GAAP.
Operating expenses totalled CHF 3.0 million (of which CHF 1.2 million staff expenses).
BG Suisse's net equity recognised in its statutory financial statements stood at CHF 40.6 million at 31 March 2024.

7. Basis of Preparation

The Interim Report for the first three months of 2024 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 Issuers' Regulation 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 31 March compared with the figures at the end of the previous year;
- the consolidated condensed profit and loss account for the first three months of the year, compared with data for the same period of the previous year;
- the statement of comprehensive income for the first three 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 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 2023.

It should be noted that, following the completion of the endorsement procedure, as of 1 January 2024, several amendments to IAS/IFRS and IFRIC were adopted and new IFRIC were issued.

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 2024 did not have a significant impact on the Group's balance sheet and profit and loss account.

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED IN PREVIOUS YEARS AND EFFECTIVE AS OF 2024

	ENDORSEMENT REGULATIONS	PUBLICATION DATE	EFFECTIVE DATE
Amendments to IFRS 16 – *Leases: Lease Liability in a Sale and Leaseback* (issued on 22 September 2022)	2023/2579	21.11.2023	01.01.2024
Amendments to IAS 1 – *Presentation of Financial Statements*:	2023/2822	20.12.2023	01.01.2024
• *Classification of Liabilities as Current or Non-current* (issued on 23 January 2020)	2023/2822	20.12.2023	01.01.2024
• *Classification of Liabilities as Current or Non-current - Deferral of Effective Date* (issued on 15 July 2020)	2023/2822	20.12.2023	01.01.2024
• *Non-current Liabilities with Covenants* (issued on 31 October 2022)	2023/2822	20.12.2023	01.01.2024

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED IN 2024 AND EFFECTIVE AS OF 2024

N.a.

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED BUT NOT EFFECTIVE YET

N.a.

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 from those reported in subsequent years 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 Financial Advisor 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, Milano		Parent Company		
BG Fund Management Luxembourg S.A.	Luxembourg	Luxembourg	1	Banca Generali	100.00%	100.00%
Generfid S.p.A.	Milan	Milan	1	Banca Generali	100.00%	100.00%
BG (Suisse) Private Bank S.A.	Lugano	Lugano	1	Banca Generali	100.00%	100.00%
BG Valeur S.A.	Lugano	Lugano	1	Banca Generali	90.1%	90.1%

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

In the first three months of 2024, the consolidation scope did not change.

The consolidated accounts include the separate accounts of the Parent Company and its subsidiaries at 31 March 2024, 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, 9 May 2024

The Board of Directors

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04

DECLARATION PURSUANT TO ART. 154-*BIS*, PARA. 2, OF LEG. DECREE NO. 58 OF 24.02.1998

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

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

BANCA GENERALI

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 31 March 2024 corresponds to document results, books and accounts records.

Trieste, 09 May 2024

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

Tommaso di Russo

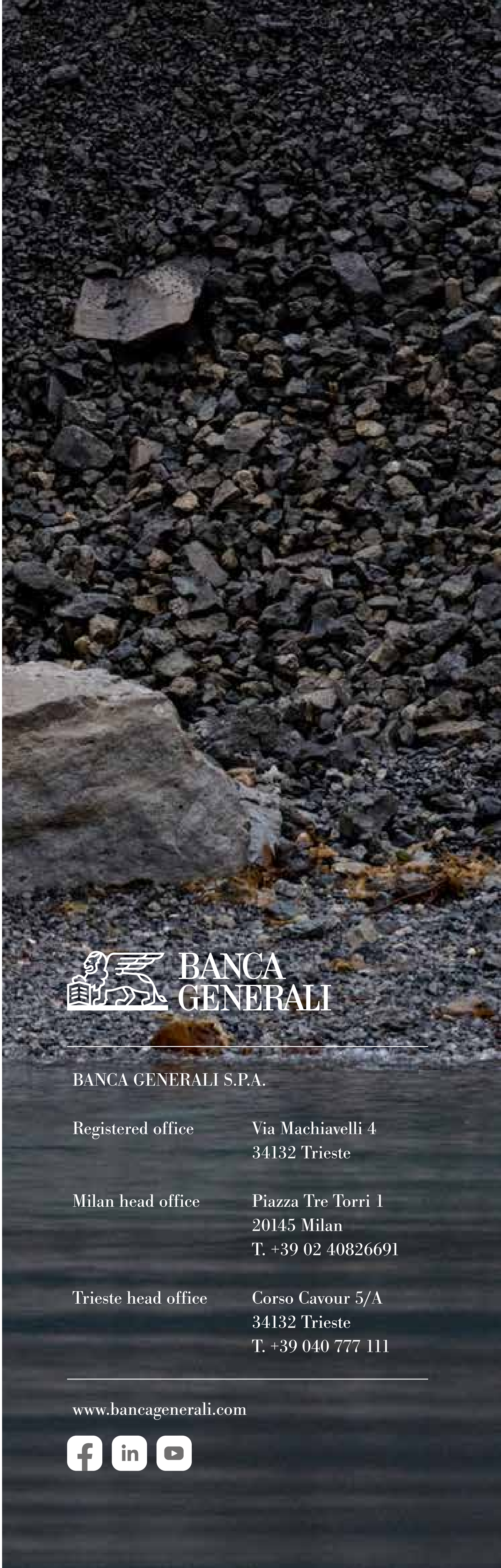
Banca Generali S.p.A.

Registered office
Via Machiavelli 4 - 34132 Trieste

Share capital
Authorised 119,378,836 euros
Subscribed and paid 116,851,637 euros

Tax code and Trieste register
of companies: 00833240328
VAT number: 01333550323

Company managed and coordinated
by Assicurazioni Generali S.p.A.
Bank which is a member of the Interbank Deposit Protection
Fund Registration
with the bank register of the Bank
of Italy under No. 5358
Parent Company of the Banca Generali Banking Group
registered in the banking group register
ABI code 03075.9



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