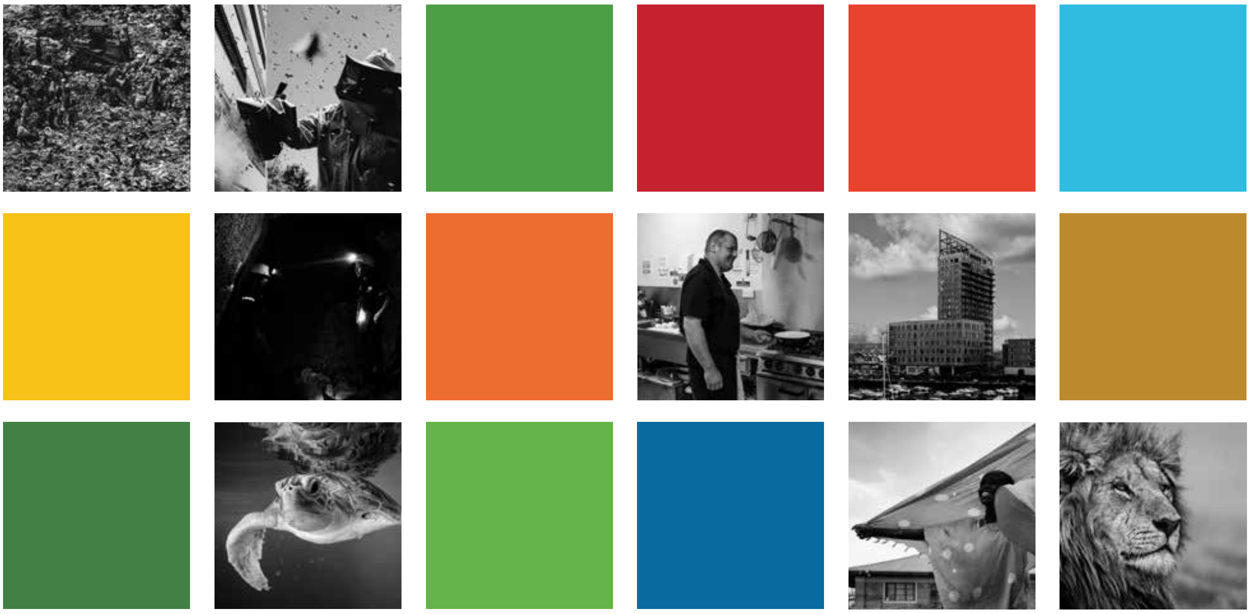
BANCA GENERALI



PILLAR 3

2022

DISCLOSURES
SITUATION AT 31.12.2022

Pillar 3 - Disclosures
situation at 31.12.2022

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.

Contents

FOREWORD

The new prudential supervisory provisions applicable to banks and banking groups came into force in EU law on 1 January 2014. They were drafted as part of the Basel Committee agreements ("Basel 3") and designed to strengthen banks' capacity to absorb shocks caused by financial and economic stresses, regardless of their origin, improve risk management and governance, and reinforce banks' transparency and reporting.

In line with the previous framework, the new regulatory scheme requires that intermediaries publish a **Public Disclosure or Pillar 3** aimed at combining minimum capital requirements (Pillar 1) and the prudential control process (Pillar 2), by identifying information transparency requirements that permit the market operators to have access to full, relevant and reliable information about:

- capital adequacy;
- risk exposure; and
- general characteristics of systems intended to identify, measure and manage such risks.

Within the new framework, this pillar has been revised to introduce, amongst other things, transparency requirements regarding the composition of capital for regulatory purposes and the methods used by the Parent Company to calculate capital ratios, securitisation exposures, assets pledged and the new leverage ratio.

Bank of Italy's Circular 285 "*Supervisory Provisions for Banks*" of 17 December 2013, as further amended, which covers this subject in Chapter 13, Part Two, thus does not establish specific rules for drafting and publishing Pillar 3, but merely reproduces the list of provisions laid down on the matter in the Regulation EU 575/2013 (CRR – Capital Requirements Regulation).

The subject is therefore governed directly by:

- the CRR itself, Part 8 "Disclosure by institutions" (Articles 431 – 455), and Part 10, Title I, Chapter 3 "Phase-in provisions for disclosure of own funds" (Article 492);
- the Regulations of the European Commission entrusted to the EBA (European Banking Authority), laying down the regulatory technical standards and implementing technical standards for uniform models for publication of the various types of disclosures.

The following EBA guidelines were adopted with the 34th update to Circular 285, "Supervisory Provisions for Banks", issued in September 2020:

- the "EBA/GL/2014/14 Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) 575/2013" (CRR), governing the publication of confidential, proprietary and material information and information for which banks are asked to assess the need for publication more frequently than annually, as generally required; "Guidelines on disclosure requirements under Part Eight of CRR (EBA/GL/2016/11, version 2), which envisage:
  - a table-based reporting format aimed at increasing the comparability of the figures published by European banks on own funds and capital requirements, with regard to credit, market and counterparty risk;
  - the submission of specific information on governance and the management body, with particular regard to: a) the number of positions held by members of the management body; b) the gender equality policy; and c) the risk reporting process;
- the "EBA/GL/2017/01 Guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of CRR", aimed at specifying and harmonising the methods of disclosure of the liquidity coverage ratio (LCR);
- the "EBA/GL/2018/01 Guidelines on uniform disclosures under Article 473-*bis* of CRR as regards phase-in arrangements for mitigating the impact of the introduction of IFRS 9 on own funds";
- the "EBA/GL/2018/10 Guidelines on disclosure of non-performing and forborne exposures", as subsequently amended by the EBA/GL/2022/13 Guidelines;

In addition:

- the Bank of Italy, by its Communication of 30 June 2020, implemented the Guidelines of the European Banking Authority (EBA) on reporting (on a quarterly basis) and disclosure (on a half-year basis) of exposures subject to measures applied in response to the Covid-19 crisis (EBA/GL/2020/07), namely:
  1) loans subject to "moratoria" falling within the scope of application of the EBA guidelines on legislative and non-legislative moratoria on loan payments applied in light of the Covid-19 crisis (EBA/GL/2020/02);
  2) loans subject to Covid-19-related forbearance measures[1];
  3) newly originated loans guaranteed by the Government or other Public Entity.

The EBA repealed these Guidelines on 16 December 2022. However, the Bank of Italy has kept active, for all 2023, reporting of loans backed by government guarantees for less-significant institutions (LSIs);

- on 11 August 2020, EBA published the guidelines (EBA/GL/2020/12) amending EBA/GL/2018/01 Guidelines on uniform disclosures under Article 473-*bis* of Regulation (EU) 575/2013 (CRR) on the transitional period for mitigating the impact of the introduction of IFRS 9 on own funds to ensure compliance with the CRR 'quick fix' in response to the Covid-19 pandemic.

With regard to the aforementioned Guidelines, it bears remarking that:

1. in accordance with the proportionality principle, some of the additional disclosures required apply solely to larger banks, with the exception of (i) specific information on governance arrangements provided for in the Guidelines EBA/GL/2016/11 and (ii) quantitative information on LCR to be presented in a simplified template, including by less significant banks (as provided for in the Guidelines on the LCR disclosure regarding the Liquidity Coverage Ratio);
2. the Banca Generali Group did not opt to apply the amendments to the phase-in regime for the application of IFRS 9 (Article 473-*bis* of CRR) to calculate its Own Funds;

[1] The above information is required merely for reporting purposes.

3. in December 2022, the Banca Generali Group formalised its adoption of the optional phase-in regime introduced by Regulation (EU) No. 873/2020 (CRR Quick-Fix) concerning the temporary treatment of unrealised gains and losses (minus e plus) on (performing) financial assets recognised in the financial statements under item "fair value changes of debt instruments measured at fair value through other comprehensive income" and corresponding to exposures to central governments (State, regional governments and local authorities) – Article 468 of CRR.
   Therefore, at 31 December 2022, the temporary treatments provided for by CRR quick-fix are applied for calculating Own Funds.

On 15 March 2021, the European Commission published Regulation (EU) No. 2021/453 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to the specific reporting requirements for market risk.
These reporting requirements are not applicable to the Banca Generali Group, whose trading activities fall within the exemption thresholds defined (Article 325-bis CRR).

30 June 2021 saw the entry into force of the provisions of Regulation (EU) 876/2019 of 20 May 2019 amending Regulation (EU) 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements. Regulation (EU) 2021/637 aims to also align the Pillar 3 public disclosures that institutions are required to draw up, on the basis of the amendments introduced in the aforementioned cases.

The Regulation, *inter alia*:
- introduced a new calibrated leverage ratio and G-SIIs leverage ratio buffer;
- introduced new disclosure requirements for the net stable funding ratio;
- amended the method for calculating own funds requirements for counterparty risk by introducing a Standardised Approach for Counterparty Credit Risk (SA-CCR), which is more risk sensitive, and with a Simplified SA-CCR for institutions that meet predefined eligibility criteria. In addition, Regulation (EU) 2019/876 revised the Original Exposure Method;
- introduced a new disclosure requirement for performing, non-performing and forborne exposures, including the disclosure of information on collaterals and financial guarantees received;
- amended certain disclosure requirements on remuneration.

On 10 November 2021, EBA published the Final Report "Draft implementing technical standards amending Implementing Regulation (EU) No 637/2021 on disclosure of information on exposures to interest rate risk on positions not held in the trading book in accordance with Article 448 of Regulation (EU) No. 575/2013" containing qualitative and quantitative standard templates for the disclosure of interest rate risk in the banking book that were endorsed by the European legislation through Commission Implementing Regulation (EU) 2022/631 of 13 April 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of exposures to interest rate risk on positions not held in the trading book

In January 2022, the European Banking Authority (EBA) published a proposal for implementing technical standards (ITSs) on third pillar disclosure of environmental, social and governance (ESG) risks.

In line with the requirements of Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms (CRR), as modified by Regulation (EU) 2019/876 (CRR II), the ITS project involves the publication of the following information on a half-yearly basis:
- comparable quantitative information on the transition to climate change and physical risks, including information on exposures to activities related to carbon dioxide emissions and subject to climate-change risk;
- quantitative information on the mitigation actions of entities in support of their counterparties in the transition to a carbon-neutral economy and adaptation to climate change;
- KPIs on financing activities for the assets of environmentally sustainable institutions according to the EU taxonomy (GAR and BTAR), such as those consistent with the European Green Deal and the goal of the Paris Agreement;
- qualitative information about how institutions are integrating ESG considerations into their governance, business models and risk management strategies.

The provisions on ESG risk disclosure apply with effect from 28 June 2022 for large entities that have issued securities admitted to trading on a regulated market of any Member State, as defined in Article 4(1)(21) of Directive 2014/65/EU.
In this regard, Commission Implementing Regulation (EU) 2022/2453 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks was published, essentially incorporating EBA's recommendations.
Although Banca Generali is not subject to ESG risk disclosure obligations, the document contains qualitative information on governance arrangements and the main activities performed by the Bank for proper management of social, environmental and governance risks, in accordance with the Bank of Italy's expectations.

Pursuant to Article 433-*quater*, the Banca Generali Group falls within the scope of other listed institutions and publishes, on a half-year basis, the Pillar 3 public disclosure, and in particular the key metrics provided in Article 447 and the tables contained in the aforementioned Guidelines EBA/GL/2020/07.

Disclosures are of a **qualitative and quantitative** nature, structured so as to provide as complete as possible an overview of the risks assumed, the characteristics of the pertinent governance and control systems and capital adequacy of the Banca Generali Group.

The Group does not use internal models to calculate capital requirements for Pillar I risks and the disclosures set out in Articles 438(e) and (h), 439(l) and (j), 452, 453 and 455 therefore are not provided.
Since the Group is not classified as a "G-SII" the disclosure un-

der Article 441 is not provided.

The Pillar 3 public disclosures are drafted **at the consolidated level** by the Banking Parent Company.
Unless otherwise specified, all amounts are in **thousands of euros**.
Compliance with public disclosure obligations is an essential condition for the Banca Generali Group to be eligible, for prudential purposes, for the effects of credit risk mitigation (CRM) techniques.

Given the public significance of Pillar 3, the document is submitted to the competent Corporate Boards for approval under the responsibility of the manager in charge of preparing the Company's financial reports. In accordance with Article 154-bis of Legislative Decree 58/98 (TUF), the document is therefore submitted for the relative attestation.

In order to ensure compliance with disclosure requirements, the Banca Generali Group has adopted organisational measures suitable to ensuring the fulfilment of disclosure obligations. Top management analyses the assessment and verification of information quality, inasmuch as the law specifies that these activities fall within the remit of company bodies on an independent basis.

In order to conform to the requirements of supervisory legislation, the Banca Generali Group has defined an internal process for determining Public Disclosures regarding Banca Generali S.p.A. (the "Parent Company") and, insofar as applicable, the Companies (the "Group Companies") subject to consolidated prudential regulatory rules.

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

Additional information concerning the Group's risk profile, pursuant to Article 434 of the CRR, was also published in the Annual Integrated Report for the year ended 31 December 2022, Corporate Governance Report and Remuneration Report. In light of the above Article, if similar information is already disclosed in two or more media, a reference to that information is included in each medium.

In particular, for the information required under Article 435, paragraph 2, letter a) (number of directorships entrusted to members of the management body), letter b) (information regarding the engagement policy for selecting members of the management body and their actual knowledge, skills and experience), letter c) (information on the diversity policy with regard to members of the management body), letter d) (indicate whether the entity has established a separate risk committee and the frequency of its meetings) and letter e) (description of the flow of information on risk addressed to the management body), refer to the information contained in the Annual Report on Corporate Governance and Ownership Structures, which may be consulted in the Corporate Governance section of Banca Generali's institutional website at the address: *www.bancagenerali.com/governance/corporate-documents.*

1. DISCLOSURE OF KEY METRICS

The following table shows the Banca Generali Group's regulatory key metrics.
In detail, it contains the balance sheet aggregates and the value of the risk weighted assets, as well as the capital ratios and the regulatory requirements that the Bank has to comply with. The table also provides the main liquidity ratios, i.e., Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), and their main components.

TEMPLATE EU KM1 - KEY METRICS TEMPLATE (1 OF 2)

		A	B	C
		31.12.2022	30.06.2022	31.12.2021
Available own funds (amounts)				
1	Common Equity Tier 1 (CET1) capital	712,159	693,174	708,963
2	Tier 1 capital	762,159	743,174	758,963
3	Total capital	762,159	743,174	758,963
Risk-weighted exposure (amounts)				
4	Total risk-weighted exposure amount	4,569,644	4,573,325	4,360,877
Capital ratios (as a percentage of risk-weighted exposure amount)				
5	Common Equity Tier 1 ratio (%)	15.5846%	15.1569%	16.2573%
6	Tier 1 ratio (%)	16.6787%	16.2502%	17.4039%
7	Total capital ratio (%)	16.6787%	16.2502%	17.4039%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)				
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.8000%	1.8000%	1.3400%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.0000%	1.0000%	0.7500%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.3500%	1.3500%	1.0100%
EU 7d	Total SREP own funds requirements (%)	9.8000%	9.8000%	9.3400%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)				
8	Capital conservation buffer (%)	2.5000%	2.5000%	2.5000%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.0180%	0.0120%	0.0100%
EU 9a	Systemic risk buffer (%)	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-
EU 10a	Other Systemically Important Institution buffer	-	-	-
11	Combined buffer requirement (%)	2.5180%	2.5120%	2.5100%
EU 11a	Overall capital requirements (%)	12.3180%	12.3120%	11.8500%
12	CET1 available after meeting the total SREP own funds requirements (%)	6.8780%	6.4405%	8.0640%
Leverage ratio				
13	Leverage ratio total exposure measure	17,751,799	18,065,451	16,484,389
14	Leverage ratio	4.2934%	4.1130%	4.6041%
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)				
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.0000%	3.0000%	3.0000%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)				
EU 14d	Leverage ratio buffer requirement (%)	-	-	-
EU 14e	Overall leverage ratio requirement (%)	3.0000%	3.0000%	3.0000%

TEMPLATE EU KM1 - KEY METRICS TEMPLATE (2 OF 2)

		A	B	C
		31.12.2022	30.06.2022	31.12.2021
Liquidity Coverage Ratio				
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	9,411,791	9,681,575	9,122,651
EU 16a	Cash outflows - Total weighted value	2,606,747	2,512,735	2,313,721
EU 16b	Cash inflows - Total weighted value	113,377	90,413	74,684
16	Total net cash outflows (adjusted value)	2,493,371	2,422,322	2,239,036
17	Liquidity coverage ratio (%)	378.0703%	400.1786%	409.8305%
Net Stable Funding Ratio				
18	Total available stable funding	10,625,197	11,651,119	10,953,492
19	Total required stable funding	5,240,309	5,635,517	4,925,094
20	NSFR ratio (%)	202.7590%	206.7445%	222.4017%

At 31 December 2022, Common Equity Tier 1 (CET1) capital amounted to 712,159 thousand euros, up compared to the values recognised at 30 June 2022 (693,174 thousand euros), and compared to the values at 31 December 2021 (708,963 thousand euros).

Risk-weighted exposures amounted to 4,569,644 thousand euros, down compared to 30 June 2022 (4,573,325 thousand euros) and up compared to 31 December 2021 (4,360,877 thousand euros). Overall, capital ratios increased compared to 30 June 2022 in terms of both CET1 Capital Ratio (15.5846% at 31 December 2022 compared to 15.1569% at 30 June 2022) and Total Capital Ratio (16.6787% at 31 December 2022 compared to 16.2502% at 30 June 2022), in any case well above the SREP requirement that the Bank has to comply with equal to 12.30%, including the Capital Conservation Buffer equal to 2.5%.

With regard to own funds reserves, the Bank must hold a 2.5180% buffer, broken down as follows:

- a 2.5% capital conservation buffer;
- a 0.0180% countercyclical capital buffer.

Since there is no provision for additional reserves for the Bank as it is not a national and/or global systemically important institution, as of 31 December 2022, the Overall Capital Requirement (OCR) to be respected is therefore 12.3180%, well below the Bank's capital ratios.

Leverage ratio amounted to 4.2934% at 31 December 2022, up compared to the previous period (4,1130%), whereas total exposure amounted to 17,751,799 thousand euros at 31 December 2022, down compared to 18,065,451 thousand euros at 30 June 2022. Said ratio is well above the total leverage requirement of 3%. The Bank is not subject to additional own funds requirements to address the risk of excessive leverage and is not required to comply with a leverage ratio buffer requirement.

The short-term liquidity coverage ratio (LCR) is substantially stable and well above the limit set of 100% (the average value of the last twelve monthly measurements as of 31 December 2022 is a little above 378%) by virtue of an average value of the last twelve monthly liquidity buffer measurements of approximately 9,411,791 thousand euros and an average value of the last twelve total net liquidity outflow measurements of approximately 2,493,371 thousand euros.

At 31 December 2022, the NSFR ratio was approximately 202.7590%, far above the minimum requirement of 100%, with Available Stable Funding at 10,625,197 thousand euros and Required Stable Funding at 5,240,309 thousand euros.

In addition, upon completion of the process for determining the minimum requirement for own funds and eligible liabilities (MREL), for 2022 the Supervisory Authority established an MREL equal to 9.80% of RWA (TREA) and to 3% of the Leverage Ratio Exposure (LRE). The MREL is assigned to the Parent Company, Banca Generali S.p.A, which must comply with it on an individual basis.

At 31 December 2022, the MREL was 100% covered by Own Funds, in excess of regulatory requirements by 7% for TREA and of 1% for LRE.

2. RISK MANAGEMENT OBJECTIVES AND POLICIES

2.1 General information

Business model and risk governance

In the light of its **business model**, in addition to being exposed to the risks typically associated with banking (due not only to chiefly secured lending, but also to the financial instruments in the Bank's securities portfolio), the Bank is exposed to risks of a reputational/operational and strategic nature relating to industry trends/external events that are capable of influencing the performance of the market of reference (mainly the Italian asset management and AUC market), i.e., idiosyncratic events with negative impacts on the profitability/stability of the market on which the Bank operates.

At Banca Generali, risk management is based on an understanding of the risks borne by the Bank and how these risks are managed, on the definition of a governance system capable of ensuring that there is a constant connection between risk objectives and the risk appetite and on the definition of an effective risk reporting system.

The identification, measurement and assessment of the main risks to which the Bank is exposed are among the fundamental elements of ICAAP (Internal Capital Adequacy Assessment Process) and ILAAP (Internal Liquidity Adequacy Assessment Process), whereby the Bank verifies the adequacy of its capital and liquidity positions.

Both ICAAP and ILAAP are based on the **Risk Appetite Framework (RAF)**, in which the Board of Directors sets its risk/return targets in accordance with the guidelines established in the Group's Strategic Plan.

The RAF objectives are defined annually in the Risk Appetite Statement (RAS), in which the Bank:

- determines its risk appetite in terms of both its overall risk profile and at the level of the main risks identified, and sets risk/return targets in its Budget and Strategic Plan;
- determines the level of oversight suited to ensuring that the Bank functions properly, including in conditions of stress, through a structure based on limits.

The general principles that inform **risk management in view of the Group's risk profile** may be identified as follows:

- maintenance of adequate capital levels, including in stress conditions, by monitoring the levels of the CET1 ratio, Total Capital Ratio, ICAAP Total Capital Ratio and Leverage Ratio and individual risk assumption limits;
- suitable coverage of liquidity needs, including during periods of stress, through the monitoring of short-term indicators such as the Liquidity Coverage Ratio, and long-term indicators such as the Net Stable Funding Ratio;
- the reliability and sustainability of risk-adjusted returns, including in stress conditions, through the identification of risk factors, the measurement of risk through the estimation of earnings at risk, the adoption of adequate governance tools and the monitoring of the creation of value;
- maintenance of a low risk profile at the level of credit and operational risk, through the adoption of appropriate management processes and mitigation tools;
- complete identification of risks potentially detrimental to the Company's image and assessment of the related exposure, and adoption of measures and controls mitigating reputational risk;
- promotion of an operational and financial management with a focus on social and environmental responsibility and the sustainability for future generations;
- monitoring of how ESG factors and those relating to climate change reflect on current risks (credit risk, operational risk, reputational risk, market risk and liquidity risk), setting high ethical and environmental standards in internal processes, products and services offered to customers, as well as in the selection of counterparties and suppliers.

Stress Test

With the aim of analysing the Group's current and prospective sustainability, the Risk Management Department conducts analyses and stress tests with a focus on specific areas of vulnerability of the business model, based on a hypothetical adverse macroeconomic scenario.

The scenario assumed involves a combination of particularly adverse events, classifiable as:

- events of a systemic nature, i.e., events (or combinations of events) involving specific macroeconomic variables, the occurrence of which gives rise to/entails adverse consequences for the entire financial system and/or for the real economy, and thus for the Banca Generali Group;
- specific (idiosyncratic) events, i.e., events (or combinations of events) the occurrence of which gives rise to/entails severe adverse consequences for the Banca Generali Group.

In the systemic scenario, the main risk events assumed are: interest rate shock on equity markets, demand, domestic consumption and the interbank market.
Specifically, the scenario is based on the assumptions adopted in the stress test coordinated by the European Banking Authority (EBA) for 2023 (conducted to assess the resilience of the European banking system to the effects of the high energy prices, various GDP trend scenarios for individual Ateco sectors, and higher credit risk losses on sovereign exposures). Specifically, the scenario assumes: (i) an increase in the EUR and USD interest rate curve; (ii) higher credit spreads on government bonds, particularly Italian and Spanish bonds; (iii) sharp declines in equity prices in the European area and on the US market; and (iv) persistently high inflation above the ECB target throughout the 2023-2025 plan period.
In view of the systemic stress scenario identified, the impacts on the main financial performance and capital position variables are estimated (mainly including the portfolio of assets under management and fee and commission income, adjustments to securities and loans, the HTCS reserve, capital absorbed by the credit risk related to the increase in the PD on the securities and credit portfolios and the reduction in the value of the securities held as collateral).

The stress assumptions adopted in defining the idiosyncratic scenario relate to the development of the business model (in terms of the reduction of net inflows provided for in the plan, loss of performance fees and deposit run-off), the occurrence of losses of an operational/reputational nature (i.e., fraud committed by the sales network, events associated with the sale of illiquid and complex products, cyber-attacks, ESG-related reputational impacts) and deterioration of the credit risk concentration level (assessment of increase of single name-geosectoral requirements).

In addition, in accordance with the law the Group approved a Recovery Plan (drafted in ordinary form), which provides the Group with access to:

- **governance mechanisms** providing for the identification of the roles and responsibilities of the functions involved in recovery processes and formulation of the timescales and steps of all processes designed by the Group to monitor and manage any crisis situations;
- **a recovery indicator system** with monitoring thresholds (calibrated in accordance with the existing thresholds set within the RAF) that tie into the Bank's risk management framework and are designed to identify a state of alert in advance;
- **financial distress scenarios** that impact the Bank's main vulnerabilities and make it possible to evaluate the stress situations that would bring the Group to a near-to-default state;
- **recovery options** that, individually or together, enable the Group to restore a situation of normality in short order following the occurrence of scenario events.

Risk governance

The Banca Generali Group has structured its **risk governance and management processes** so as to ensure reliable, sustainable creation of value, protect the Group's financial solidity and reputation and permit an appropriate understanding of the risk level assumed.

The above processes are an integral part of the Group's more general internal control structure, aimed at ensuring that business is always conducted in accordance with company strategies and policies and informed by the values of sound and prudent management. Their key principles and components are governed by the Risk Policies approved by the Parent Company's Board of Directors.

Risk management extends to executive bodies, operating units and control units at both the Parent Company and subsidiaries — each with their various tasks and attributes — with the goal of identifying, preventing, measuring, assessing, monitoring, mitigating and reporting to the various appropriate hierarchy levels the exposure to the various types of risk actually or potentially assumed by the Group's various operating segments, while analysing, within an integrated framework, the relationships between them and the trend in the external scenario. In general terms, Banca Generali supervises the implementation of effective risk management in its Group within the framework of the powers of management and coordination that the Bank exercises as Parent Company.

Strategic risk exposure guidelines are established by the Parent Company's Top Management bodies based on a global assessment of the Group's operations and the underlying actual or potential risk exposure, taking account of the specific areas of activity and risk profiles of each component.

The equivalent management bodies of subsidiaries — each within its remit — are tasked with implementing the risk management strategies and policies set by the Parent Company, adapting them to suit the circumstances of the company concerned, while also ensuring that there are functional, appropriate internal control procedures and a full, systematic flow of information to the Parent Company regarding the types of risks relevant to the company's situation. In particular, the management bodies involved are:

- the **Board of Directors (BoD)**, responsible for setting and approving corporate risk governance policies within the framework of the risk appetite system, including sustainable finance objectives and the integration of ESG aspects in the Company's decision-making processes, as well as for designing guidelines for applying and supervising such policies;
- the **Internal Audit and Risk Committee**: a Board Committee that supports the Board of Directors with setting strategic guidelines, the guidelines for the internal control system and risk governance policies, periodically verifying that the internal control and risk management system is adequate in light of the characteristics of the Company and the risk profile assumed, where applicable, taking due account of the profiles connected with the ESG factors, as well as that it is effective; within the context of the Risk Appetite Framework, it is responsible for the assessments and proposals necessary to ensure that the Board of Directors can set and approve the Risk Appetite and the Risk Tolerance;
- the **Nomination, Governance and Sustainability Committee**: a Board Committee that provides advice and submits proposals to the Board of Directors on matters related to nominations, governance and sustainability issues. It has the necessary competencies and independence to formulate its assessments concerning Banca Generali's nominations, governance and sustainability;
- the **Credit Committee**: a Board Committee that performs investigative, consultative and propositional functions in support of the Board of Directors in the area of lending, with particular regard to the evaluation of loan applications by the Bank;
- the **Remuneration Committee:** a Board Committee that performs consultative and propositional functions in support of the Board of Directors regarding remuneration and, within the scope of its purview, it formulates proposals regarding plans, targets, rules and company procedures relating to social and environmental issues and, more generally, sustainability, in line with applicable laws and regulations:
  - promoting the progressive adoption of short and medium-to-long-term qualitative and quantitative indicators focused on ESG issues;
  - supporting the identification of performance targets, to which the provisions of predetermined, measurable variable components tied to a significant extent to a long-term horizon, consistent with the Bank's strategic objectives and designed to promote its Sustainable Success, also including non-financial parameters, where relevant;
  - integrating compliance with laws governing sustainable finance;
  - contributing to the preparation of a remuneration policy consistent with sustainability risk, from the standpoint of both individual performance and of alignment with the interests of shareholders, investors and stakeholders;
- the **Chief Executive Officer**, responsible for implementing the Risk Appetite Framework and corporate risk governance policies;
- the **General Manager**, who contributes, within his or her remit and functions, to implement the Risk Appetite Framework and the corporate risk governance policies;
- the **Board of Statutory Auditors,** which supervises compliance with laws, regulations and the Articles of Association, sound governance, the adequacy of the Bank's organ-

isational and accounting structure and the completeness, adequacy, functionality and reliability of the internal control system and Risk Appetite Framework.

The main company **committees** involved are:

- the **Risk Committee**: a company body charged with ensuring coordinated coverage of the system for managing and controlling the risks assumed by the Group, taking into account, where applicable, ESG-connected profiles. The Risk Committee receives specific periodic information from the company control functions to perform the functions assigned to it;
- the **Internal Credit Committee**: a body endowed with decision-making powers, placed in charge of granting and monitoring loans pursuant to the procedures and within the limits imposed on its decisional autonomy under the Credit Regulations;
- the **Finance Committee**: a body with consultative functions that provides support to the activities of constant monitoring of the performance of treasury and trading activities, the definition of the policies for investing the Bank's assets and definition of the resulting asset allocation;
- the **Business Continuity Committee**: body tasked with strategic management of the Business Continuity Plan. In crisis situations, as the decision-making organ, it is tasked with guiding the activity of the Crisis Manager and approving his or her decisions.

The **Functions** to which the Risk Policies are addressed are those involved in risk management, namely, the departments and services that perform first-, second- and third-tier checks on risk management processes.

The **Functions** involved in risk-taking also bear primary responsibility for the risk management process, since they are tasked with concretely applying the company risk strategies and policies and ensuring the proper conduct of operations through the performance of "line checks". They are also bound to comply with any operating limits set for them in accordance with the established risk targets.

Internal Control System

Within the framework of the risk management process, and of the Bank's corporate governance more generally, the internal control system plays a key role in the risk management process.

The Banca Generali Banking Group has designed an internal control model consistent with national and international best practices, minimising the risks of inefficiency, overlapping of roles and sub-optimal system performance. The system is structured on three different levels:

- **first-tier checks**: they are performed by production or back-office company areas and organisational units, with the support of information technology procedures, where envisaged, and take the form of hierarchical or line checks;
- **second-tier checks**: they aim at preventing and mitigating risks of different nature through prior risk assessment of products and business practices, and the development of ex-ante support to operating activities. The aforementioned checks are performed by the following functions:
  - the **Risk Management Department**, which is tasked with identifying, measuring/evaluating and monitoring all the types of risks to which the Banking Group is exposed in terms of its own assets (excluding the risks of non-compliance, money laundering and financing of terrorism), providing relevant information and thereby contributing to the definition and implementation of the Risk Appetite Framework, as well as all related risk management policies. The Department acts with a view to maintaining risk levels within the limits and tolerance thresholds indicated in the exposure profile and strategies established by the Board of Directors in the Risk Appetite Framework. It assures that risks are fully and transversally analysed, and to this end it applies a strategic, current and prospective approach and duly provides periodic reports;
  - the **Compliance Service**, which is tasked with verifying the observance of obligations relating to the provision of services for Banking Group Companies and preventing and managing the risk of non-compliance with applicable legislation;
  - the **Anti-Money Laundering Service**, which is responsible within the Banking Group for preventing and combating the transactions involving money laundering and financing of terrorism;
- **third-tier checks**: they are conducted by the Internal Audit Department and are aimed at an independent verification of the operating efficacy and quality of control systems and the verification of any conduct departing from the established rules.

The proper functioning of the risk governance system adopted by the Banca Generali Group is ensured by consistency from the standpoint of organisational structure, competencies and a guarantee of the independence of functions.

Risk culture

The Bank's objectives, strategies, risk profile, tolerance thresholds and guidelines for its internal control system fall within the purview of the Board of Directors (OFSS/SSFB). Within the framework of his or her delegated management powers, and in accordance with the guidelines approved by the Board of Directors, the Chief Executive Officer is responsible for constant implementation of the risk management process, ensuring that it is consistent with the risk appetite and risk governance policies, while facilitating the development and spread to all levels of the Bank of an integrated risk culture.

Accordingly, considerable attention is devoted to preparing and circulating the relevant reports (**Tableau de Bord, ICAAP, ILAAP, Risk Appetite Framework, and Recovery Plan**) and the set of information needed to monitor operating limits.
In order to ensure that the Top Management receives a constant flow of timely information regarding the status of the Bank's risk profile, the Risk Management Department has also planned and circulated regular reports (known as "**Dashboards**") containing an analysis of the trend in the Bank's exposure in terms of risk profile of the securities portfolio, loans to customers, net inflows evolution, and risk indicators/operating losses. Reports are a useful supporting tool in **(i)** monitoring the main indicators for interest rate risk (i.e., sensitivity), credit risk, operational and reputational risk, liquidity risk and leverage, and **(ii)** assessing capital adequacy and variance from the RAF targets.
Induction sessions are also organised regularly for members of the Board of Directors and Board of Statutory Auditors.

In accordance with the Corporate Governance Code, the induction sessions were aimed at equipping the directors and statutory auditors with an adequate understanding of the Bank's business model and major strategic decisions, with support, where needed, from company control functions, depending on the matter at issue.

2.2 Governance structure by risk category

2.2.1 Credit risk

Exposure to credit risk derives from: i) revocable credit exposures to customers (current accounts, Lombard loans, mortgage loans and instalment financing); without recourse advances on export loans for the Corporate and Small Medium Enterprise – retail segments intended to free up international trade receivables and credit commitments to individuals and legal entities; ii) operating receivables; iii) financial instruments classified to the hold-to-collect portfolio, measured at amortised cost, and the hold-to-collect-and-sell portfolio (IFRS 9), and iv) cash invested in the money market through interbank deposits.

With regard to credit risk management process, the Group has formally defined lending policy guidelines within the Credit Regulations Rules of Banca Generali S.p.A., assigning specific responsibilities to each company unit involved, while defining a system of powers and limits associated with loan granting.
As part of its credit risk management process, the Group has established a formal Credit Risk Management Policy and a Financial Portfolio Risk Management Policy, which lay down the general principles and the roles of company bodies and functions involved in managing risks associated with loans granted to institutional customers/counterparties and deriving from investments in financial instruments. In addition, these Policies include the Group's credit risk management guidelines in accordance with its business model, risk appetite, system of delegated powers established by the Board of Directors, the internal control system in force, and the instructions of the Supervisory Authority.

Loans to customers
Exposures to Retail and Corporate borrowers classifiable as cash loans and endorsements loans are subject to first-tier monitoring by the Lending and Operations Departments and to second-tier monitoring by the Risk Management Department, with the aim of implementing the risk appetite approved within the Bank's Risk Appetite Framework (RAF).

In short, the Lending Department:
- is responsible for lending activities and managing the credit lines granted in accordance with the Credit Regulations, with a view to ensuring compliance with the laws and regulations, the quality of granted loans and pursuance of the risk/return targets established by the Board of Directors;
- is responsible for supervising and verifying the proper execution of the entire lending process within the Bank, while constantly monitoring the Bank's overall credit position; specifically, it regularly monitors the Bank's performing positions, with a particular focus on those that show an anomalous performance and from which could give rise to potential credit risks for the Bank;
- is responsible for managing past due and unlikely-to-pay (UTP) positions in the portfolio customers with credit facilities and for proposing, through a report submitted to the Internal Credit Committee, the reclassification of counterparties to the bad debt category, by agreement with the Legal Department and on resolution by the said Committee[2].

The Operations Department is responsible for managing performing, past-due and UTP customers without credit facilities. For reclassification to the bad debt category, it reviews individual cases with the Credit Department for subsequent reclassification to bad debts according to the procedure described above.
The Lending Department is the decision-making authority for forborne positions (both performing and non-performing).

The second-tier control activities are the responsibility of the Risk Management Department which ensures that the operations, strategies and Risk Appetite Framework (RAF), approved by the Bank's Board of Directors, are coherent.
In the specific case of portfolios of loans to retail and corporate counterparties, the Risk Management Department is tasked with i) identifying, measuring, assessing, monitoring and managing credit risk through performance monitoring aimed at identifying any anomalies or substantial changes in the trend in the portfolio of reference, providing both an overview of the risk profile of the portfolio in question, and evidence of the situation of individual positions to be further analysed by the Lending Department, ii) preparing timely, adequate information for company bodies, iii) setting the guidelines, operating limits and their monitoring for the portfolio of loans to customers within the context of the Risk Appetite Framework.

Within the framework of the aforementioned activities, as provided for in Bank of Italy Circular 285, the Risk Management Department is thus responsible for:
- conducting assessments, at the overall level and by specific exposure drivers and coverage levels, with a particular focus on monitoring the value and nature of guarantees over time;
- conducting an assessment of the degree of concentration of the portfolio at the level of individual borrowers;
- collective and individual measurement of past-due positions;
- collective and individual measurement of non-performing exposures;
- monitoring the indicators set in the Risk Appetite Statement;
- monitoring the operating limits set in the Credit Regulations;
- assessment of the appropriateness of provisions and the adequacy of the process of recovering non-performing exposures, in coordination with the competent units (Lending Department, Administration Department and Legal Department), in accordance with the new internal processes described in the IFRS 9 policy;
- ongoing assessment, based on the findings and results of second-tier checks, of processes and credit performance assessment models in view of ensuring their ongoing improvement over time;
- analysis of the Most Significant Transactions (MSTs), during the granting and renewal phase, for the principle of the second independent opinion.

[2] Proposals for reclassification to the bad debt category of positions with a total exposure of less than 50,000 euros are approved by the Head of the Lending Department, who simultaneously informs the Head of the Legal Advice and Litigation department and reports annually to the Internal Credit Committee in a specific report on positions autonomously reclassified as bad debts.

In 2022, the Bank continued to perform the activities relating to projects dedicated to implementation of the EBA Guidelines on loan origination and monitoring (EBA LOM GLs), rolling out solutions that incorporate EBA guidelines into credit processes starting from credit strategies to origination and monitoring of the portfolio in terms of quality and return.

Credit risk management associated with institutional borrowers is carried out within appropriate credit lines, which are monitored by the Risk Management Department and established with the objective of always maintaining a level of risk that is consistent with the strategies and the Risk Appetite Framework.

Loans to banks and financial investments

In addition to the Lending and Operations Departments, first-tier control is also conducted by the Finance Department of Banca Generali S.p.A., which is responsible for lending operations involving institutional borrowers (loans to banks) and securities investment operations, which are considered when defining the Group's overall credit exposure.

The Finance Rules and the Regulation of Limits and Escalation Process of Banca Generali S.p.A. set out and formally define the guidelines concerning transactions in financial instruments with institutional counterparties that may generate credit risk and state that a credit limit must be established for such transactions incorporating a specific analysis of the counterparty's creditworthiness. This creditworthiness assessment is based on the ratings provided by the major external ratings agencies (Moody's, S&P and Fitch), which are periodically verified, with at least annual frequency, to evaluate their consistency with internally generated management ratings.

The current loan granting process for borrowers without external ratings involves the Risk Management Department, which expresses an opinion of the potential borrower's creditworthiness with binding effect in the review conducted by the Finance Department.

Approved credit limits are reviewed with a frequency of no more than one year.
All transactions are periodically monitored on the basis of a system of credit limits approved by the Parent Company's Board of Directors and the organisational control measures adopted and must be compliant with the target levels of the Risk Appetite Framework (RAF) approved by the Board of Directors.

The Risk Management Department is responsible for second-tier controls and conducts specific independent control and monitoring of credit risk.

With reference to the main instruments used for monitoring, the Risk Management Department has adopted appropriate IT solutions allowing for ex-ante and ex-post review of the capacity of credit lines with institutional counterparties and/or the presence of any overdrafts, and a detailed inquiry into the deals and technical instruments that contribute to the amount drawn down.

The Risk Management Department, which operates for both Banca Generali S.p.A. and its Subsidiaries, is responsible for:

- in collaboration with relevant corporate functions, identifying and monitoring credit risk exposure of the Banking Group Companies by developing analytical risk-assessment models, as well as overseeing the implementation of appropriate risk-containment procedures by all the operating units involved;
- verifying that the performance of individual exposures is properly monitored, particularly for non-performing exposures, and assessing the adequacy of the recovery process;
- assessing the appropriateness of the procedures for establishing and validating operating limits, whilst ensuring that any and all breaches of the said limits, as well as increases in risk exposure levels are promptly reported to Top Management, as well as the heads of the individual operating units in question;
- verifying the integrity of the information flows underlying timely risk monitoring and the immediate flagging of any and all anomalous transactions;
- validating the algorithms and calculation methods that support the credit counterparty classification process and conducting spot checks of the proper classification of credit counterparties;
- submitting periodic reports to company bodies on the overall status of the risk management system and its capacity, in particular, to respond to the development of risks, as well as the existence of breaches of the operating limits set and the corrective action taken accordingly;
- verifying the consistency of risk measurement models with the operating processes in force at the Banking Group, ensuring they are adjusted as the business and operations develop;
- carrying out stress tests;
- ensuring the consistency of the credit risk management systems implemented by Group Companies;
- preparing an annual Risk Management Plan for the identification and monitoring of credit risk internally to the Banking Group.

The Risk and Management Department is also responsible for verifying the efficacy of the credit risk mitigation (CRM) techniques employed.
Third-tier controls are conducted by the Internal Audit Department, in accordance with the Internal Rules and Procedures of Banca Generali S.p.A. and the Group.
The Group has decided to adopt the standard method for measuring credit risk, using Moody's as the ECAI, as well as S&P and Fitch (solely for Moody's securitisations).
For all regulatory portfolios, the criteria adopted in relation to the use of issuance and issuer rating to identify the weighting factor to be assigned to the exposure involve the priority use of the issuance rating and, where it is not available, the issuer rating. A similar criterion is adopted to assess the eligibility of guarantees and the corrections of regulatory volatility to be attributed to them.

2.2.2 Counterparty risk

The counterparty risk management and monitoring procedures and systems prepared by the Group take account of the transactions concerning derivative instruments, both proprietary and on behalf of clients, and SFTs (Securities Financing Transactions, i.e., repurchase agreements and securities lending).

The Finance Rules and the Regulation of Limits and Escalation Process of Banca Generali S.p.A. set out and formalise the guidelines concerning transactions in financial instruments that may generate counterparty risk and state that a credit limit must be established for such transactions incorporating a specific analysis of the counterparty's creditworthiness. This creditworthiness assessment is based on the ratings provided by the major external ratings agencies (Moody's, S&P and Fitch), which are periodically verified, with at least annual frequency, to evaluate their consistency with internally generated management ratings.

The current loan granting process for borrowers without external ratings involves the Risk Management Department, which expresses an opinion of the potential borrower's creditworthiness with binding effect in the review conducted by the Finance Department.

For management purposes, the use of lines of credit for transactions in OTC derivatives and SFTs, in the presence of collateral agreements, is measured at the greater of zero and the algebraic sum of the mark-to-market less the differential between the collateral collected and paid.

In order to mitigate the exposure to counterparty risk, with regard to derivatives, the Bank enters into netting agreements such as ISDA/CSA (International Swaps and Derivatives Association / Credit Support Annex) contracts with institutional counterparties in accordance with applicable legislation and concludes GMRA (Global Master Repurchase Agreement) netting agreements in respect of repurchase agreements and derivatives.
In addition, in application of Regulation (EU) 648/2012 ("EMIR"), in 2020 participation in Eurex Clearing AG was activated through indirect access to the clearing system: transactions in derivatives through the clearing broker Banca IMI.

As a further element of counterparty risk mitigation, repurchase agreement business is settled within the MTS Repo platform under bilateral agreements or through Cassa Compensazione e Garanzia, which acts as central counterparty (CCP) to ensure the execution of trades on the market and perform settlement netting.
All transactions are periodically monitored on the basis of a system of credit limits approved by the Parent Company's Board of Directors and the organisational control measures adopted and must be compliant with the target levels of the Risk Appetite Framework (RAF) approved by the Board of Directors.
The Finance Department of Banca Generali S.p.A. performs first-tier controls of counterparty risk, ensuring compliance with the credit limits for institutional counterparties established by the Board of Directors.

Second-tier control activities are the responsibility of the Risk Management Department, which is tasked with specific activities relating to the identification, measurement, control and reporting of the counterparty risk.
With reference to the main instruments used for monitoring, the Risk Management Department has adopted appropriate IT solutions allowing for ex-ante and ex-post review of the capacity of credit lines with institutional counterparties and/or the presence of any overdrafts, and a detailed inquiry into the deals and technical instruments that contribute to the amount drawn down.

The third-tier controls of operations performed are conducted by the Internal Audit Department, in accordance with the Internal Rules and Procedures of Banca Generali S.p.A. and the Group.

To determine the capital requirement to be held for counterparty risk, the Group uses the methodological approach based on the Current Value Method, in the interest of arriving at an accurate assessment of the level of risk inherent in transactions with long-term settlement, whereas the standardised approach for measuring counterparty credit risk exposures (SA-CCR) is used in estimating the requirement for derivatives transactions.

2.2.3 Risk of credit valuation adjustment (CVA)

With respect to the CVA **management process**, since the scope of transactions subject to credit valuation adjustment risk reflects that for counterparty risk, the same guidelines and procedures as laid down for counterparty risk apply.
The requirement is measured by applying the standard method.

2.2.4 Market risk

The Finance Rules of Banca Generali S.p.A. establish formal guidelines for transactions in financial instruments that may give rise to market risk, requiring that such transactions (i) be subject to a system of operating limits, as defined in the Regulation of Limits and Escalation Process, and (ii) be conducted in accordance with the objectives of the Risk Appetite Framework (RAF) approved by the Board of Directors.
In particular, the following types of operating limits have been defined: limits by book, allocation limits by type of instrument (bonds, certificates and complex instruments), limits on geo-sectoral clusters, open position limits for foreign exchange exposures and alerts by both asset class and individual financial instrument, in terms of mark-to-market and change in creditworthiness.

With regard to market risk management, the Bank has formally defined a financial portfolio risk management policy, which specifies the general principles, the roles of the corporate bodies and functions involved in the risk management, the Group's risk management guidelines on its business model, the risk appetite, the system of delegated powers established by the Board of Directors, the internal control system in force, and the instructions of the Supervisory Authority.

The Finance Department conducts first-tier management and monitoring of exposure to market risk, in addition to general trading activities on the financial markets.

The Risk Management Department is responsible for second-tier controls. Said Department is charged with identifying, measuring, controlling and managing the risks associated with the Banking Group's activities, processes and systems in accordance with the strategies and risk profile defined by the Top Management.

In connection with market risk, the Department is responsible for:

- in collaboration with relevant corporate functions, identifying and monitoring market risks which the Banking Group is exposed to by means of developing suitable methods for measuring these risks and the verification of the implementation of actions to hedge the identified risks by the operating units involved;

- assessing the appropriateness of the procedures for establishing and checking the limits, whilst ensuring that any and all breaches are promptly reported to Top Management, as well as to the heads of the individual operating units in question, complemented by risk evolution analyses;
- verifying the integrity of the information flows underlying timely risk monitoring and the immediate flagging of any and all anomalous transactions;
- submitting periodic reports to company bodies on the overall status of the market risk management system and its capacity, in particular, to respond to the development of such risks, as well as the existence of breaches of established limits and the corrective action taken accordingly;
- verifying the consistency of market risk measurement models with the operating processes in force at the Banking Group, ensuring they are adjusted as the business and operations develop;
- applying stress tests.

The Department adopts appropriate IT solutions to monitor all market limits set in the Rules.

In further detail:

- the Department monitors the exposure to market risks, contributing to the maintenance and development of the existing system of operating limits for the Bank's proprietary portfolio, ensuring the observance and adequacy thereof over time and managing any overruns produced by the operating functions;
- the Bank implemented a specific market risk monitoring framework contained in the Regulation of Limits and Escalation Process. This framework calls for the development of measurement metrics based on sensitivity in accordance with the new regulatory guidelines with the aim of rendering monitoring more reactive to the change in the various risk factors. Specifically, the framework provides for the risk-based market monitoring, fundamentally linked to ex-post risk metrics derived directly from security price performance, and the forward-looking monitoring, which includes the calculation of ex-ante risk monitored through scenario analyses;
- with reference to the activities carried out, the Department draws up all necessary reports to be submitted to the Risk Committee. It provides the functions involved with access to a reporting package shared via the network with operating areas and the Top Management and the monitoring dashboard.

In connection with market risks, in addition to a shared vision of the global performance of the risk management and control system of such risks, decisions may be reached as to what actions are to be taken in response to any critical situations, deficiencies and/or anomalies that emerge from analyses and/or assessments carried out by the Risk Management Department.

The Internal Audit Department conducts independent controls (third-tier controls) on transactions undertaken by the Departments/Functions involved in the management of market risk, in accordance with the Bank's and the Group's Internal Rules and Procedures.

The Internal Audit Department performs said controls not only for the Parent Company, but also for Banking Group Companies, both under specific outsourcing agreements that govern the provision of audit service, and in an institutional capacity as a function of the Parent Company of the Banking Group.

To determine the capital requirement to be held for market risks, the Group uses the standard method, whereas it uses the delta-plus method for regulatory prudential requirements in respect of options.

2.2.5 Operational risk

The Group's operational risk management process defines the bodies and functions involved in the management of the operational risk and describes the relevant activities associated with identifying, measuring, controlling the same. In further detail:

- the Project Governance Service, the Outsourcing Management Service, the Data Management Service, and the Systems, IT & Operations Department — each for its remit — are responsible for coordinating and monitoring the implementation of the actions planned for any problems detected during the Operational Risk Assessment performed by the Risk Management Department;
- the Legal Advice and Litigation Department contributes to managing operational risks by handling disputes and complaints;
- the Compliance Service defines the second-tier control measures for the Distribution Network, focusing not only on the risk of regulatory violations, but also on the risk of potential fraud as a result of the financial advisory activities performed. In this regard, particular attention is paid to fraud risk control and monitoring, taking into account the Bank's business model and its organisational structure.

The Internal Audit Department periodically confirms the proper application of the approved operational risk management system.

To reinforce the efficacy of the control safeguards identified, the Parent Company's Board of Directors has approved a Business Continuity Plan (BCP).

In particular, the Group companies provided with a BCP are:

- Banca Generali S.p.A;
- BGFML S.A.;
- Generfid S.p.A.;
- BG Valeur S.A.

Moreover, the Banca Generali Group entered insurance coverage for operational risks deriving from acts of third parties or caused to third parties and adequate clauses covering damages caused by providers of infrastructure and services.

The Group's operational risk appetite is periodically monitored **(i)** on the basis of the objective levels, attention thresholds and operational limits, as laid down in the Risk Appetite Framework (approved by the Parent Company's Board of Directors), and **(ii)**, operationally, on the basis of the organisational measures adopted.

The Risk Management Department is responsible for second-tier controls of operational risk and is consequently tasked with identifying, measuring, controlling and managing operational risk.

In detail, said Department in connection with operational risks, is tasked with:

- defining the risk-assessment model;
- developing, maintaining and validating the risk assessment methods;
- assessing the risk exposure through, among others:
  - identifying key risk indicators (KRIs) in collaboration with the company functions involved;
  - using the qualitative assessments gathered during the Operational Risk Assessment conducted primarily through interviews with the relevant process owners, with assistance, if appropriate, from any other function involved;
- promptly notifying the Internal Regulations Service of any changes to processes resulting from the Operational Risk Assessment;
- determining any corrective measures to cover the relevant operational risks and evaluating their proper implementation by the relevant process owners, with assistance from the IT & Operations Department;
- collaborating with the other control functions by sharing information on the Bank's risk areas identified within its assessment activities.

The Group has also defined and formalised a Loss Data Collection process with the aim of determining the monetary quantification of the operational risks identified.

The Risk Management Department also collaborates with the functions involved in various capacities **(i)** in the annual update of the Business Continuity Plan (BCP) of Banca Generali and the Banking Group, and **(ii)** in the definition of emergency plans, with the aim of ensuring the continuity of fundamental operations, and in particular of processes classified as critical to business continuity.

The Internal Audit Department is responsible for third-tier controls of operational risk, in accordance with the Internal Rules and Procedures of Banca Generali S.p.A. and the Group.

To determine the regulatory capital requirement the Group adopts the Standardised Approach (TSA) to Operational Risk.

2.2.6 Interest rate risk on the banking book

With regard to the management of the interest rate risk on the banking book, the Bank has formally defined a risk management policy, which specifies the general principles, the roles of the company bodies and functions involved in the risk management, the Group's risk management guidelines on its business model, the risk appetite, the system of delegated powers established by the Board of Directors, the internal control system in force, and the instructions of the Supervisory Authority.

With reference to the **management process** of this risk, the Lending Department and the Finance Department are responsible for first-tier controls.
In particular, the Finance Department is responsible for proprietary trading of financial instruments, trading of financial instruments on behalf of customers and the Group's treasury management.[3]
The Lending Department is responsible for loan approval activities and the management of the loans issued by the Banking Group.

In a manner instrumental to the control of operations in which it engages, the Group has implemented the appropriate IT solutions and developed an analysis of on-demand positions.

The Risk Management Department is responsible for second-tier controls, namely for the following activities (including the implementation of stress tests):
- identifying the Group's interest rate risk;
- measuring exposure to interest rate risk;
- verifying compliance with limits;
- generating and transmitting reports in the area within its remit;
- preparing and verifying methods of measuring interest rate risk and implementation and maintenance of said methods within calculation applications.

The Department conducts a series of management analyses aimed at monitoring the risk of incurring losses over time as a consequence of potential changes in interest rates. The impact of fluctuations in interest rates is quantified both in terms of the change in interest income, with impact on current profits over a time horizon of twelve months, and in terms of a change in the market value of assets and liabilities, and thus of the economic value of net equity.

The Internal Audit Department is responsible for third-tier controls of interest rate risk and performs said controls not only for the Parent Company, but also for Banking Group Companies, both under specific outsourcing agreements that govern the provision of audit service, and in an institutional capacity as a function of the Parent Company of the Banking Group.

In order to measure the internal regulatory capital covering interest rate risk on the banking book, the Group has adopted the method set out in Schedule C to Circular 285/2013[4] of the Bank of Italy and the recent guidelines on the subject from the European Banking Authority (EBA)[5].

In particular, Banca Generali adopted the changes included in the 32nd update of 21 April 2020 to the said Circular, placing particular emphasis on removing the restriction of non-negative rates for instruments that do not present minimum legal or contractual interest rates. On the other hand, with regard to the change in net interest income, the Group adopted the simplified method proposed in Annex C-bis (Part One, Title III, Chapter 1), following the repricing gap model.

2.2.7 Concentration risk

From the standpoint of the concentration of the loan portfolio, the Bank aims at a sound level of diversification consistent with its business model, with credit activity mainly focusing on Italian private-banking clients evenly distributed in geographical terms, in accordance with regulatory limits on exposures to connected parties and large risks.

Banca Generali's Credit Regulations identify the segments of

3 Cf.: "Internal Rules and Procedures" of Banca Generali S.p.A.
4 Cf. Part I, Title III, Chapter I.
5 EBA/GL/2015/08: "Guidelines on the management of interest rate risk arising from non-trading activities"; EBA/GL/2018/02: "Final report on guidelines on the management of interest rate risk arising from non-trading activities"

reference for lending operations and risk is distributed in accordance with the concentration limits set out in the RAF both at the level of segment and of geo-sectoral cluster. In addition, considering that most of the loans granted to ordinary customers are secured by pledges on financial instruments, the problem of the concentration of the residual risk, net of the value of guarantees, appears marginal and of modest significance.
Furthermore, the Credit Regulations of Banca Generali S.p.A. set additional operating limits relating to the total exposure to each customer, including linked positions.[6]

The Group's concentration risk is periodically monitored **(i)** on the basis of the objective levels, attention thresholds and operating limits, as laid down in the Risk Appetite Framework approved by the Parent Company's Board of Directors, and **(ii)**, operationally, on the basis of the operating limits system approved by the Parent Company's Board of Directors and the organisational measures adopted.

The Finance Department and Lending Department are responsible for first-tier controls of concentration risk.

The Finance Department is responsible for lending to institutional counterparties (loans to banks) and investment in securities considered in determining the Group's overall credit exposure.
The Lending Department is responsible for loans to customers, primarily retail and corporate customers.

The Risk Management Department is responsible for second-tier controls, including the following activities:

› identifying concentration risk;
› measuring exposure to concentration risk;
› implementing stress tests;
› verifying compliance with the established limits regarding concentration risk;
› generating and transmitting reports in its area within its remit;
› preparing and verifying methods of measuring concentration risk, as well as implementing and maintaining said methods within calculation applications.

Third-tier controls are conducted by the Internal Audit Department, in accordance with the Internal Rules and Procedures. The Internal Audit Department performs said controls not only for the Parent Company, but also for Banking Group Companies, both under specific outsourcing agreements that govern the provision of audit service, and in an institutional capacity as a function of the Parent Company of the Banking Group.

With reference to the concentration risk, the Group takes into account both the risk per individual borrower (per "name") and the geo-sectoral risk: for the former, the Group uses the "Granularity Adjustment" (GA) method defined and regulated in the prudential supervisory provisions, whereas for the latter it uses the Italian Banking Association method, defined in the context of the "Laboratorio Rischio di Concentrazione" (Concentration Risk Workshop) in collaboration with a qualified independent consulting firm, and then presented to and shared with the Bank of Italy.

2.2.8 Liquidity risk

The Group adopts a general liquidity risk management strategy characterised by a modest risk appetite. This position takes the form of:

› keeping an ample base of high-quality liquid asset reserves, primarily government bonds, both to cope with any adverse scenarios and to ensure appropriate elasticity for access to funding channels with central counterparties;
› containing the level of maturity transformation, supported by a stable, diversified funding base;
› keeping regulatory ratios (LCR and NSFR) well above the risk appetite with a negligible level of asset encumbrance.

The liquidity risk management and monitoring policy implemented by the Group at the consolidated level is aimed at:

› managing operating liquidity risk, i.e., events that affect the Group's liquidity position on the short-term time horizon, with the primary objective of maintaining the Group's capacity to meet its ordinary and extraordinary payment obligations, while minimising the related costs;
› managing structural liquidity risk, i.e., all events that affect the Group's liquidity position, including in the medium/long term, with the primary objective of maintaining an adequate dynamic relationship between liabilities and assets on the various time horizons. In particular, the management of structural liquidity allows:
  – pressure on current and prospective sources of liquidity to be avoided;
  – the cost of funding to be optimised.

In keeping with the content of the Risk Appetite Framework approved by the Parent Company's Board of Directors, the liquidity risk appetite is periodically monitored on the basis of:

› the additional indicators for the Group and legal entities relating to the Parent Company, which contribute to the determination of the primary indicators and are also considered when determining the objective risk profile for liquidity risk;
› the operational indicators for the Parent Company and, where relevant, the Group in the exercise of the proportionality criterion for legal entities and business units, which identify the operational limits for liquidity risk.

First-tier controls on operations are the responsibility of the Finance Department.

The Risk Management Department carries out second-tier controls and has the following specific responsibilities:

› identifying the Group's liquidity risk;
› supporting the definition of policies and processes for liquidity risk management;
› measuring and assessing exposure to liquidity risk both on a going concern basis and in stress scenarios;
› verifying compliance with the limits defined;
› working with the involved functions to prepare and formally draft a Contingency Funding Plan;

[6] Regarding associated positions, the legislation defines a "group of related customers" as two or more entities that constitute a single unit in terms of risk profile inasmuch as: a) one has the power to control the other or others ("legal" connection); b) regardless of the existence of the relationships of control set out in a) above, there exist links between the entities in question such that, in all probability, if one of them were in financial difficulties, the other or all the others could also encounter difficulties in repaying the debt ("financial" connection).

- generating and transmitting reports in its area within its remit;
- preparing and verifying methods of measuring/assessing liquidity risk, as well as implementing and maintaining said methods within calculation applications.

The Internal Audit Department is responsible for third-tier controls of liquidity risk and performs said controls not only for the Parent Company, but also for Banking Group Companies, both under specific outsourcing agreements that govern the provision of audit service, and in an institutional capacity as a function of the Parent Company of the Banking Group.

In terms of regulatory metrics, the Group adopts the liquidity coverage ratio (LCR) as its short-term indicator and the NSFR as its structural capital balance indicator. Those ratios, which are subject to specific supervisory reporting, are calculated with monthly and quarterly frequency, respectively.
Those ratios are also accompanied by monitoring of the Additional Liquidity Monitoring Metrics (ALMMs), which are reported to the Supervisory Authority to monitor the concentration of loans received by counterparty, imbalances by maturity between lending and funding transactions, liquid or extremely liquid asset reserves (counterbalancing capacity), the cost of funding and the Group's ability to renew its funding.

The liquidity risk profile is also subject to internal monitoring systems over various time horizons for liquidity positions, as well as control and mitigation of the related risks.

With regard to the short-term horizon, the Bank relies on monitoring of the operational maturity ladder, used to assess the balance of expected cash flows by matching assets and liabilities whose maturities fall within each time bracket. By monitoring the net balances of liquidity inflows and outflows, it is possible to determine the volume of liquidity that the Group might need to raise or invest in each time bracket if all flows were to occur by the first applicable date.
The Bank also measures and assesses what is known as "counterbalancing capacity", i.e. the amount of available reserves that are reasonably believed to be highly liquid.
Counterbalancing capacity is one of the main measures of the mitigation of liquidity risk as holding an adequate amount of liquid asset reserves makes it possible to maintain a liquidity profile consistent with the established system of limits.
Monitoring the operational liquidity profile also involves determining pre-defined risk indicators belonging to the RAF system of limits designed to contain the exposure to short-term liquidity risk.
With regard to the medium- and long-term horizon, the Group measures the structural maturity ladder, designed to identify any structural imbalances between assets and liabilities with maturities beyond one year. Quantifying and monitoring exposure to structural liquidity risk are necessary to prevent and manage the risks associated with high maturity transformation and thus to avoid future liquidity tension situations.
Within the set of ratios adopted to contain structural liquidity risk, the regulatory ratio NSFR, defined in the RAF, is accompanied by additional metrics that make it possible to monitor the degree of concentration of sources of funding.
The Group has also formally defined a Contingency Funding Plan. The main purpose of this plan is to protect the Group's assets in liquidity crisis situations through the preparation of crisis management strategies and procedures for procuring sources of funding in the event of an emergency.

The Plan identifies two types of liquidity crises:
- systemic crises, which affect the entire financial system;
- specific (or idiosyncratic) crises, which only affect the Group.

The Plan formally defines the roles and responsibilities of all the bodies and functions involved.
In addition, the Plan formally defines several indicators intended to detect/anticipate liquidity tensions/acute crises and the process of identifying, measuring, monitoring and reporting said indicators.
Finally, depending on the scenario of reference identified by the positioning of the various indicators, in the Contingency Funding Plan the mitigation actions that may be implemented by the Bank in the event of activation of the Plan are identified.

The Bank's exposure to operational and structural liquidity risk is monitored in both the normal course of business and stress situations.
The Bank regularly conducts stress tests to monitor the performance of indicators of exposure to liquidity risk consistent with the risk targets set at the strategic level, the Risk Appetite and European regulations governing liquidity risk management.

In the liquidity environment the Bank regularly conducts stress tests in terms of:
- estimating the impact in terms of changes in surpluses/mismatches in each rung of the maturity ladder;
- measuring the impact of stress scenarios assumed on the liquidity profile in view of current and prospective LCR and NSFR.

The results of this phase are reported to the Head of the Risk Management Department, for the attention of the Risks Committee, which discusses its contents in a collegial manner.

Each year the Group informs the supervisory authority of the main findings of the internal liquidity adequacy assessment process (ILAAP), and its characteristic elements in the report of the same name. As part of the ILAAP, the Board of Directors of the Parent Company, as the strategic supervision body, verifies the adequacy — in ordinary and stressed conditions — of the actual and estimated risk levels and certifies the adequacy of the means of monitoring and measures of managing liquidity risk and their consistency with company strategies.

2.2.9 Risk of excessive leverage

The propensity to the risk of excessive leverage is periodically monitored based on target levels, which are defined with reference to normal conditions and stress conditions, as well as for the purposes of compliance with the legal constraints, adopted within the Risk Appetite Framework approved by the Parent Company's Board of Directors.

The Risk Management Department carries out second-tier controls and has the following specific responsibilities:
- quarterly assessing the Leverage Ratio, calculated by the Administration Department both at individual and consolidated level, as part of its activities to prepare and transmit Supervisory Warnings;

- simulating and conducting stress tests to better assess the exposure to excessive leverage risk and identify relevant mitigation and control measures;
- ensuring compliance with the established limits and, in the event of divergence, initiating the recovery/adjustment process, informing the responsible functions thereof, or verifying that specific authorisation has been granted to maintain the risk position;
- generating and transmitting reports in its area within its remit.

Third-tier controls on the risk of excessive leverage are carried out by the Internal Audit Department.

The Group measures the risk of excessive leverage with the indicator established by supervisory provisions and the leverage ratio, consisting of the ratio of regulatory capital (Tier 1) to total adjusted balance sheet assets.

2.2.10 Residual risk

In a specific "Credit Risk Mitigation (CRM) Technique Management Policy" the Bank has established guidelines for the entire process of acquiring, assessing, monitoring and realising the credit risk mitigation ("CRM") tools used, together with the roles and responsibilities of the various units of Banca Generali.

The process of acquiring, perfecting, managing and monitoring guarantees is fundamental in preventing and monitoring risk. For this process, the Bank has set the operational limits, which are integrated into information systems, during both the loan origination and monitoring phase.
The portfolio of loans to customers is primarily secured by financial collateral, and secondarily by mortgages, in view of the Bank's business model and lending policies.
First- and second-tier control systems are implemented for these types of guarantees.

The Lending Department shall:

- during the approval and disbursement of loans, it supervises the process of acquiring and finalising guarantees, as laid down in the Credit Regulations, the Risk Appetite Framework and the Credit Risk Mitigation (CMR) Technique Management Policy;
- during first-tier controls:
  - requests on an annual basis a massive update of the properties that represent the collateral for outstanding mortgage loans;
  - monitors operational limits relating to possible foreclosure and the concentration of financial instruments acquired as collateral;
  - monitors changes in the value of guarantees with respect to the value at their approval and the volatility contractually agreed upon.

  In accordance with the Credit Risk Mitigation (CRM) Technique Management Policy, the Risk Management Department:
  - collaborates with the departments involved in the process, the Lending Department, the Legal Affairs Department and the Administration Department in ex-ante verification in the event of new forms of collateral and to ensure the consistency of the process (and the policy) with the updates to the legislation;
  - is responsible for defining and monitoring credit risk mitigation techniques in collaboration with the other functions involved;
  - monitors the composition of the collateral portfolio monthly, along with operational limits and breaches thereof.

2.2.11 Reputational risk

Considering the different impacts of reputational risk throughout the Group's organisational structure, there are various internal Departments/Functions that engage in the control and monitoring of such risks. More specifically:

- the Marketing and External Relations and Communications Department is in charge of the dissemination and protection of the image of the Parent Company and its Subsidiaries in respect of the financial community and the general public. This Department is also in charge of disseminating the Company's strategy and culture through appropriate outreach plans and tools;
- the Legal Affairs Department contributes to addressing reputational risks by managing litigation and pre-litigation and handling complaints filed by customers with the Parent Company and Banking Group Companies. In this regard, it defines the conditions, methods and tools of control and standard forms for reporting on results, and in particular on customer resolutions;
- the Product Department designs and develops new products and services targeted at various customer segments in light of market trends and the Parent Company's positioning, with a view to optimising the use of the Company's resources and attaining commercial targets.

The Group's appetite for reputational risk, in accordance with the risk management policy approved by the Parent Company's Board of Directors, underlies the organisational control systems adopted.

The Risk Management Department and the Compliance and Anti-Money Laundering functions (each within its remit) are responsible for second-tier controls. To achieve this, the Risk Management Department has implemented specific indicators for identifying, monitoring and mitigating a possible increase in risk exposure with respect to the Group's appetite. Particular attention is devoted to the complaints, conduct and recruitment of Financial Advisors, in addition to complex, illiquid products and reputational aspects relating to partners.

The Internal Audit Department conducts independent controls (third-tier controls) of the operations performed by the Departments/Functions involved in the management of reputational risk. The Internal Audit Department performs said activity not only for the Parent Company, but also for Banking Group Companies, both under specific outsourcing agreements that govern the provision of audit service, and in an institutional capacity as a function of the Parent Company of the Banking Group.

In light of its business model and the external context in which it operates, the Group pays particular attention to the following reputational risk assessment areas:

- products and services offered to customers through the commercial network;
- partnerships/outsourcing;
- cybercrimes.

These risk areas are monitored through:
- a prior assessment conducted by the competent functions of the conformity of a new product, associated risks and the adequacy of IT procedures;
- monitoring of the commercial network's risk of fraud conducted directly by the Internal Audit and Compliance functions, which — each for their remit — are asked to carry out this coordination function with the task of overseeing the overall investigation process as provided for by the Bank's Internal Fraud Policy;
- definition of a dedicated business process for introducing new partners or expanding and monitoring services delivered by Partners who are already operating;
- implementation of a customised framework for defining and covering risks connected with cybercrime, managed by the Systems and Technologies (IT) Governance Department in collaboration with the Audit.

In this context, the Group has also adopted specific codes of conduct and codes of ethics that govern the Group's operations and its dealings with its main stakeholders. In detail, the Group has adopted the following main codes:
- Internal Code of Conduct;
- Code on Inside information;
- Procedure for Related Party and Connected Party Transactions and Transactions of Greater Importance;
- Internal Dealing Code;
- Ethical Code for Suppliers of the Generali Group.

The Risk Management Department put in place a process for proactively managing reputational risk based on a method aimed at identifying and qualitatively assessing exposure to this risk, in view of ex-ante identification of potential reputational risks relevant to its scenario, while also improving the ability to prevent and mitigate such risks.
In particular, the approach calls for the Risk Management Department — with the active contribution of the different departments and based on events that had affected other companies in the sector, to identify the possible reputational risk scenarios — adding them to the Repository of Reputational Risks. It shall also assess such risks by directly involving the company Assessors[7].
In detail, in the matters falling within their remit, Assessors are tasked with formulating qualitative estimates of frequencies and impacts of potential future reputational risk events on the basis of their own judgement and experience of any prior events. The functions concerned are also responsible for contributing to the identification of possible additional measures for reinforcing the safeguards mitigating specific reputational risks where they deem it possible and necessary to do so by virtue of the Bank's potential exposure to the various risk scenarios.
The findings of the process of analysis conducted with the involvement of the internal stakeholders are used to identify the main reputational risks, which are brought to the attention of the Bank's top management through a dedicated reporting system managed by the Risk Management Department.
Moreover, the Risk Management Department developed a quantitative reputational risk model, aimed at measuring reputational risk by identifying the main stakeholders and areas of activity of the bank and quantifying for each stakeholder and for each area of activity the main risk factors related to the business model.

2.2.12 Strategic risk

The first pillar of the framework for strategic risk management is Governance, which ensures constant monitoring for the traceability of decisions. The strategic risk is tackled by policies and procedures in which the most important decisions are reported to the Board of Directors and supported by specific preventive impact analyses in terms of capital adequacy and liquidity, consistency with the Risk Appetite Framework and sustainability of the business model. The Board of Directors has approved specific strategic planning guidelines, which regulate the CRO/CFO interaction, for the purpose of defining and updating the strategic plan and the Risk Appetite Framework and the ensuing approval of the budget for first year of the plan.

Internal capital for strategic risk is estimated using the Earnings at Risk (EaR) method based on the historical variability of the main risk factors to which the Group is exposed.
The Group's main areas of activity for the purposes of assessing strategic risk are distribution, asset management and the Group's traditional banking activity.

With respect to the above areas, the following sources of strategic risk may be chiefly identified:
- unfavourable development of the competitive scenario in which it operates, resulting in a potential adverse effect on net inflows and fee margin,
- a potential decrease in performance fees,
- the asset quality of the Bank's investment portfolios, and in particular the choice of asset allocation of the securities portfolio, which has an impact on HTCS reserves in equity.

2.2.13 Compliance risk

The following are considered when assessing compliance risk resulting from non-compliance with laws, regulations and internal policies: the Group's operations[8] and the risk management process.

With regard to the compliance risk management process, the Group has adopted a Risk Management Policy, duly approved by the Board of Directors. The Policy defines the bodies, functions and guidelines for the management of said risk.
Compliance rules and procedures, which identify all of the entities involved in the management of such risk, with a focus on the Compliance Function's activities, have also been drafted.

7 The Bank's main operating and business functions responsible for monitoring the consequences of the possible occurrence of reputational risk.
8 The Group's operations are diversified in that the legal entities within the Group's scope of consolidation each have their own specialisations: traditional banking (deposits and lending), integrated investment services and products and asset management. The Group's organisational structure appears complex both in terms of the Group's composition and the presence of the network of Financial Advisors on which the Group relies for the distribution of its financial products. These elements give rise to the Group's adoption of stringent rules of various kinds in order to prevent compliance risk resulting from non-compliance with laws, regulations and internal policies.

The Compliance and Anti-Financial Crime Department[9] is tasked with verifying the observance of obligations relating to the provision of services for the Group (directly or through similar functions of its subsidiaries, as part of the management and coordination activity performed by the Parent Company) and preventing and managing the risk of non-compliance with applicable legislation, including tax-related legislation, according to a risk-based approach. Chief among the activities assigned to the Compliance Function is thus the definition of control functions aimed at managing the risk of non-compliance. Specifically, such functions take the form of:

› (prior) verification of the suitability of internal procedures to ensure compliance with applicable legislation (ex-ante verification);
› (ongoing) verification of the compliance of company processes (ex-post verification);
› input for defining and implementing any corrective measures and evaluating such measures.

In order to perform these activities, the Group has drawn up a Compliance Risk Matrix, which thus represents the main tool used in compliance risk assessment, adopted for ex-ante mapping of exposure to non-compliance risks for all significant processes of Banking Group Companies.
Compliance risk management is supported by the use of IT tools that facilitate the compliance function in monitoring, assessing and thus containing compliance risk. In this regard, the measurement of the ex-ante Residual Risk score of process compliance attributed by the Compliance Function is independent and separated from that provided by the Anti-money Laundering Function
During the year, the Compliance Function conducts specific controls with regard to the design and functioning of product governance systems pursuant to the MiFID II Directive, monitors the overall situation arising from the complaints lodged with customers and monitors the 21 Key Risk Indicators (KRIs) relating to specific regulatory areas, identified to permit the identification of anomalous trends and potential deviations.
The scope of the Compliance Function's control activity also extends to evaluating the suitability and efficacy of compliance procedures. It follows that the Compliance Function is tasked with playing a propositional role with regard to the updating of the compliance policy and compliance regulations.

2.2.14 Other risks

The Group has also identified and monitors other types of risks such as:

› equity investment risks: risk of overly illiquid assets as a result of equity investments in financial and non-financial companies;
› risks related to risk assets and conflicts of interest with connected parties: the risk that the closeness of certain persons to the Bank's decision-making centres could compromise the objectivity and impartiality of decisions pertaining to the approval of loans and other transactions involving the said persons, and potentially give rise to distortions in the resource-allocation process, expose the Bank to risks that are not adequately measured or controlled, and/or result in harm and losses to depositors and shareholders;
› risk of money-laundering and financing of terrorism: the risk that the Bank may become involved, possibly without its knowledge, in phenomena of money-laundering and financing of terrorism;
› ICT and IT risk: the risk of incurring losses due to confidentiality breaches, poor system and data integrity, inadequacy or unavailability of systems or data or inability to replace information technology (IT) within reasonable limits of time and cost in the event of changes in the requirements of the external context and activity (agility), as well as security risks arising from inadequate or improper internal processes or from external events, including cyber-attacks or an adequate level of physical security;
› environmental, social and governance (ESG) risk: the risk deriving from factors attributable to environmental, social and governance aspects.

Equity investment risk

With regard to the equity investment risk management process, the Group has implemented a policy for managing this type of risk, duly approved by the Parent Company's Board of Directors. That policy:

› lays down the control activities for managing the limits prescribed by the Bank of Italy both at a general level and specifically to each investment;
› lays down the criteria and methods whereby Banca Generali decides upon and then manages its equity investments in other companies.

With reference to first-tier controls of equity investment risk, the Administration Department is charged with managing and updating the list of the Bank's equity investments and verifying over time the compliance with the general limit and concentration and overall limits for qualified equity investments in non-financial investees.
The Corporate Affairs and Relations with Authorities Department is responsible for operational management of subsidiaries, whereas the administrative and accounting management of equity investments and the related formalities remains with the Board of Directors.

With reference to second-tier controls:

› the Compliance function verifies the existence and reliability, on an ongoing basis, of procedures and systems suited to ensuring observance of all regulatory obligations, as well as those established by the Equity Investment Management Policy;
› the Risk Management Department monitors compliance with the limits set in the Equity Investment Management Policy and expresses its assessment of the consistency of the acquisition and sale of equity investments with the RAF (Risk Appetite Framework) and the compatibility of risk policies. The Risk Management Department also monitors the annual assessment process for equity investments on the basis of the procedure for impairment of equity investments in subsidiaries, associates and joint ventures and the procedure for fair value measurement of other types of equity investments.

[9] Directly reporting to the body with managing functions, in line with industry regulations (Cf. Circular 285 dated 17 December 2013 "Supervisory Provisions for Banks").

Third-level controls are the responsibility of the Internal Audit Department, which verifies compliance with the Equity Investment Management Policy with respect to investments in non-financial companies and reports any anomalies in a timely manner.

Risk arising on related party transactions

With reference to the management process of the risk arising on related party transactions, the Banca Generali Group adopted a specific risk management policy, duly approved by the Board of Directors of Banca Generali S.p.A., with the goal of:

- defining risk appetite levels in terms of a maximum amount of risk assets in relation to Connected Parties deemed acceptable with respect to Own Funds, in reference to total exposures to all Connected Parties;
- identifying, in regard to transactions with Connected Parties, the sectors of activity and types of dealings of an economic nature, in relation to which conflicts of interest may arise;
- governing organisational processes made for thoroughly identifying and cataloguing Connected Parties, and identifying and quantifying the pertinent transactions throughout all phases of the relationship;
- governing control processes meant for ensuring that the risks assumed in relation to Connected Parties are properly measured and managed and verifying that internal policies have been properly designed and effectively applied.

With reference to second-tier controls:

- the Risk Management Department is responsible for monitoring exposures to Connected Parties, verifies observance of the limits assigned to the various departments and operating units and checks the transactions undertaken by each of them for consistency with the various risk appetite levels set out in the Policies;
- the Compliance function verifies the existence and reliability, on an ongoing basis, of procedures and systems suited to ensuring observance of all regulatory obligations, as well as those established by internal rules and procedures.

The Internal Audit Department is responsible for third-tier controls, verifies compliance with the Policies and reports any anomalies in a timely manner.

The Bank's Independent Directors play a role of evaluation, support and proposition in the area of the organisation and performance of internal controls on the overall activity of assuming and managing risks in relation to Connected Parties, as well as a general review of the consistency of activity with strategic and managerial guidelines.

Risk of money-laundering and financing of terrorism

The Group has adopted specific internal rules, procedures, training programmes, monitoring activities and checks aimed at ensuring compliance with laws and regulations and mitigating the risk that an activity or transaction may be linked to phenomena of money-laundering or financing of terrorism, as defined in Legislative Decree 231/2007, as amended.

Strategic decisions regarding the risk of money-laundering and financing of terrorism fall within the remit of the Parent Company's Board of Directors, whereas the management bodies of individual Group Companies are responsible for implementing such decisions within the framework of their specific company situations.

To this end, the Banking Group has adopted a specific "Policy for Managing the Risk of Money-Laundering and Financing of Terrorism", the most recent update to which was approved by the Parent Company's Board of Directors on 20 December 2022 and then implemented by all Banking Group Companies.

This Policy lays down the principles and guidelines that the entire Banking Group must follow when preventing and managing the risk in question.

The Parent Company's Anti-Financial Crime Service is responsible for preventing and combating the transactions involving money laundering and financing of terrorism with respect to companies based in Italy. It collaborates with the Compliance Service on matters within its purview and on ex-ante assessment of the residual risk associated with company processes — through the adoption of a method aligned with compliance-related method, where the assessment is closely focused on the specific risk monitored —, while availing itself of the same information technology tools used in support of efficacy assessment, reporting, and monitoring of remedial measures.

ICT and IT security risk

As witnessed by recent studies, the increasingly central role played by IT systems in organisations has heightened the importance of security measures and today's focus on digital, with a view to progressively reducing the number of cyber events, such as IT fraud, e-mail fraud attempts and theft of personal and company data.

In addition, cyber-crime is among the most widespread phenomena in recent years. Data breaches and cyber-crime are constantly growing events worldwide, and increases in such crimes are especially evident in the financial sector.

In an integrated view of company risks for prudential purposes (ICAAP), this type of risk is considered, according to the specific aspects, among operational risks (Pillar 1), as well as among reputational and strategic risks (Pillar 2). In light of the close correlation with operational risk, ICT and IT security risk management falls within the scope of the Operational Risk Framework, which provides for a specific methodology for the analysis of IT risk.

In particular, ICT and IT security risk management involves:

- definition of specific ICT and IT security risk objectives;
- adequate risk monitoring mechanisms;
- identification and assessment of possible ICT and IT security risks to which the organisation may be exposed, in order to undertake the countermeasures necessary to ensure they are acceptable;
- the monitoring of possible incidents and operating losses, as well as possible internal and external threat scenarios;
- prompt reporting flows to the Board of Directors (body with strategic oversight functions).

The ICT and IT security risk **management process** is a tool to ensure the efficacy and efficiency of the measures for protecting ICT resources, allowing the mitigation measures to be calibrated in the various areas according to the risk profile.

The management process involves:

- Responsible User: company function identified for each system or application who formally assumes responsibility for that system or application, as a representative of users,

and in dealings with functions charged with development and technical management;
- Technology, Security and BCP: Cyber Risk Manager for the entire Banking Group;
- IT & Operations Department: responsible for the efficient functioning of application procedures and information systems in support of organisational processes;
- Risk Management Department: responsible, as part of its second-tier control activities, of the qualitative assessment of information technology risks, conducted in the context of the operational risk management framework;
- Internal Audit Department: responsible for third-tier controls and tasked with verifying the adequacy of the Banking Group's information technology systems and procedures, including where provided by outsourcers, and with periodically certifying that information technology risk is properly managed.

Information technology risk is divided into IT risk and (cyber) security risk.

a) IT risk

The Bank's primary choice with regard to IT services is a full outsourcing model. The use of outsourcing involves constant monitoring of contractual service levels.

Specifically, outsourcers are constantly monitored through:
- contractual definition of service levels (SLAs) and key performance indicators (KPIs), expressed in objective, measurable terms;
- continuous monitoring of all potential risks associated with outsourced activities through the planning of appropriate risk assessments;
- the performance of internal audits and audits of outsourced activities, including appropriate assessments of the functionality and efficacy of the control measures adopted for the outsourcing in question;
- formulation and structuring of outsourcer monitoring dashboards to verify the activity of outsourcers, including compliance with contractual levels;
- implementation of a new governance model that resulted in stricter oversight of critical third parties: CSE, GOSP and Accenture. In particular, the oversight model was revised to include a new plan of Operative and Executive meetings to monitor their work in terms of 'run' (anomaly management) and 'change' (demand management).

With regard to the process of managing IT risk, in addition to the indications contained in the Consolidated Risk Management Policy, the Group has adopted an **Outsourcing Policy** that sets out the decision-making process, minimum contract content, service levels, methods of control to be applied to outsourcers and internal information flows. The policy in question also identifies the tasks and responsibilities of the company bodies and functions most involved in the various phases of the outsourcing process adopted by the Bank and, finally, assigns the internal contact person of the department to which the service outsourced service is attributable a central role in managing it.

In light of the growing complexity of IT infrastructure, and in line with the Strategic Plan, which attributes an increasingly central role to IT, the IT & Operations Department has begun a process of identifying and monitoring ICT risks, in addition to formulating the remedial measures to be implemented to mitigate the risks associated with the performance of manual operations. In accordance with the new directives, work is also being done on asset life cycle management. In particular, tools are being developed for the CMDB (Configuration Management Data Base), so as to use it to define the main processes and risk management.

Accordingly, three main actions were identified and implemented to improve the current ICT risk management process:
- optimisation of critical thresholds for monitoring the Bank's IT processes to ensure better oversight of IT risk and adequate communication of risk levels in formal settings and towards Top Managers. In particular, the activities focus on optimising service desk, incident management and demand management processes;
- better governance and monitoring of the main IT outsourcers;
- implementation of a new structure in the IT organisation through the creation of an IT Desk within the First Operations OU and the creation of a new unit dedicated to managing core IT processes (IT Governance). The new structure is designed to set up a single point of contact for users for IT services and to ensure the presence of an organisational unit focused on managing the main IT service management processes.

In addition to the foregoing, a risk assessment process will be defined within the ICT and cyber risk framework in line with the plan of activities defined following the gap analysis set forth by the DORA regulation.

b) Cyber Risk

The risk factors considered in assessing cyber risk relate to components of security (management, exercise and security of systems), appropriately correlated with the event types defined for operational risk, i.e.: "Interruption of operations and dysfunctions of information technology systems", "External fraud" and "Execution, delivery and management of processes".

With regard to the cyber risk management process, the Group has adopted a **Security Policy**, approved by the Board of Directors, which lays down the security management process in four of its areas (IT Security, Cyber Security, Corporate Security and Physical Security).

The Security Policy defines the security strategy in the following areas:
- incident prevention and protection from security threats: the level of exposure to security risks — in particular with reference to cyber security risks — is to be constantly monitored to implement and improve adequate security measures that guarantee the protection of company assets in terms of people, information and physical assets;
- management of security risks with specific focus on third-party providers: the level of exposure to security risks and especially the risk related to data managed by third parties requires constant assessment of their behaviour, performance and security frameworks on which the relationship is based;
- business alignment: new innovative and digital services require adequate security levels and resilience;

- regulatory compliance: external demands in terms of compliance and regulation require meeting specific regulatory demands, including personal data protection and security.

In addition, the Policy defines: the goals, for each domain of the internal framework, of the information technology security management processes in line with the ICT and IT security risk appetite set at the company level and in accordance with applicable legislation;

- the criteria and general principles of security on the use and management of the information technology system and company tools for ensuring compliance with the principles of confidentiality, integrity and availability of data;
- the roles and responsibilities related to the security function;
- guidelines for security communication, training and awareness-raising activities for the Banca Generali's population.

As part of these efforts, Banca Generali has drawn up a Business Continuity and Disaster Recovery Policy designed to ensure implementation of proactive measures by the Bank with a view to ensuring resilience against disruption and loss of systems, procedures, products or services and to preserving or, where this is not possible, timely restoring critical company data, services and activities.

The Policy aims to ensure implementation of an effective business continuity and disaster recovery system that enables Banca Generali to establish, implement, operate, monitor, revise, maintain and improve its operating resilience. In particular, the Policy:

- provides a framework for setting business continuity and disaster recovery objectives;
- ensures that the relevant structures of the organisation and their material risks are included and considered in the Business Continuity Plan and Disaster Recovery Plan;
- establishes and ensures the implementation of a Business Continuity Plan and Disaster Recovery Plan, taking account of the objectives set by Banca Generali, internal and external obligations and legal and regulatory requirements;
- assigns roles and responsibilities relevant to business continuity and disaster recovery, defining them on the basis of competencies and the Bank's organisational structure;
- ensures the testing and continuous improvement of the Bank's Business Continuity Plan (BCP), subject to annual revision and updating to ensure the continuity of the critical processes for each Group Company and thus maintain an adequate level of customer service.

In addition, the Company's set of rules and regulations also includes the IT Security Circular laying down technical measures regarding IT security, with particular regard to: data protection, endpoint security, application security, IT security assessment of suppliers, cloud security of products and services, IT security assessment and vulnerability management, log collection, storage and access (security monitoring) and a list of the minimum events to be tracked and minimum fields to be included in logs (infrastructure security).

In addition, in 2022 Banca Generali further strengthened its anti-fraud control measures by making various improvements to its governance, the anti-fraud system used by the Bank and awareness-related issues.

In further detail:

- the service underwent organisational restructuring involving centralisation of analyses within the Security and BCP Service, reinforcement of staffing according to a hybrid approach (internal personnel and external experts) and a revision of existing anti-fraud processes;
- new rules were introduced to cover types of operations previously not covered (e.g., internal credit transfers), and some rules and thresholds already defined in the software were revised to refine identification of fraudulent transactions (e.g., lower thresholds for limits on instant payment transactions);
- a series of specific activities were implemented for further improvement of the Bank's resilience in anti-fraud issues, such as:
  - formation of partnerships with leading sector players (CERTFin, NEXI, etc.) to facilitate sharing of information and experience;
  - performance of dedicated awareness-raising campaigns;
  - drafting of leaflets for branches and offices with advice for safe browsing (security tips);
  - drafting of ad-hoc e-mails to customers with advice on how to protect themselves against cyber-fraud.

Environmental, social and governance (ESG) risk

Banca Generali continued to reinforce its ESG governance through amendments introduced into its Articles of Association, expressly acknowledging the consideration of sustainable development by the Board of Directors in formulating company strategies. The amendments to the Articles of Association are a new stage of the Banca Generali's path started in 2021 by introducing sustainability to its Managerial Steering Committee and allocating the related competence to each Board Committee, each for the areas falling within their remit.

In 2022, a long-term programme of in-depth ESG training was also defined and launched, aimed at strengthening the skills of the members of the corporate bodies in light of the constant evolution of the regulatory framework. The in-depth training programme is in line with the Bank of Italy's supervisory expectations on the integration of climate and environmental risk into corporate strategies, governance and control systems, the risk management framework and the disclosure of supervised banking and financial intermediaries. With reference to supervisory expectations, Banca Generali was also included in a panel of LSI banks to which a questionnaire was submitted to identify the level of alignment with them. Banca Generali received feedback on the outcome of the thematic survey on climate and environmental risks, indicating an opinion mostly in line with expectations for the areas examined (materiality assessment, business model and strategy, governance, risk management) — an opinion obtained by just 5% of the sample.

In addition, to comply with the Bank of Italy's request to formulate a three-year plan of action for gradual alignment of the main company policies and organisational and management systems with expectations, in early February 2023 Banca Generali presented its plan of action. The plan prioritises identifying and thoroughly monitoring material climate and environmental risk aspects so as to ensure the resilience of the Bank's business model in the short, medium and long term, strengthening company governance through gradual, constant expansion of the RAS to include additional climate and environmental KRIs for credit, operational, legal and reputational risk, in addition to strengthening ESG data governance.

In terms of the product range[10], ESG fund and Sicav solutions were constantly expanded in 2022, with the addition of seven portfolio management lines that promote environmental or social characteristics and that have recently received the "Best Green Asset Managers" award from Deutsches Institut für Qualität und Finanzen. Banca Generali's commitment and success in promoting ESG investment solutions is reflected in the ratio of ESG AUM to total managed solutions, which at the end of 2022 was 32.2%, of which 21.5% referring to solutions compliant with Articles 8 and 9 of Regulation (EU) No. 2019/2088, narrowly defined, and 10.70% referring to UCITS pursuant to Articles 8 and 9 underlying financial and insurance investment solutions.
It should be noted that in 2022 Banca Generali formally submitted its signatory application form to the Principles for Responsible Investment (PRI) promoted by the United Nations, though it had already adopted, as of 2021, specific responsible investment policies inspired to international best practices and in line with the commitments undertaken by the Generali Group.
With regard to the Human Capital, within a complex and constantly evolving market context, also on a regulatory level, Financial Advisor and employee ESG training continued to stand out as a major driver for the achievement of medium/long-term strategic objectives and led to the implementation of numerous mandatory specialist courses. Financial education and support for research are another key pillar of the role played by Banca Generali in its community, as witnessed by numerous initiatives focusing both on future generations, through classes organised for Italian primary and secondary schools in collaboration with FEduF, and on supporting research programmes with Bicocca University and Politecnico di Milano.
Banca Generali committed itself also to the fight against climate change and set ambitious medium- and long-term targets focusing first and foremost on its investment portfolio: from the 2019 baseline, at the end of 2022 the Banca Generali Group has already far exceeded its target of reducing by 25% its Carbon Footprint by 2025.

Declaration approved by the management body on the adequacy of risk management arrangements (Article 435(e))

By resolution of 27 March 2023, the Board of Directors of Banca Generali declares that the risk management systems implemented are adequate and in line with the entity's risk profile and strategy pursuant to Article 435(1)(e) of Regulation (EU) 573/2013 (CRR), as amended by Regulation (EU) 2019/876 (CRR II).
This positive assessment is also confirmed by the opinions expressed during the year by regulators and the Independent Auditors and is in line with the assessments conducted by second-tier control functions.

Disclosure of a concise risk statement approved by the management body (Article 435(f))

By virtue of its business model (a network bank constantly engaged in developing new forms of commercial offering with a strong drive towards innovation), the Banca Generali Group is primarily exposed to reputational, operational and strategic risks. Risks are managed through a governance system that ensures a connection between the entity's business objectives and risk appetite.
Risk/return objectives are established in the Risk Appetite Framework (RAF), which is approved by the Board of Directors and represents a tool for supervising the entity's risk profile in implementing its company strategies and on the basis of the business model adopted by the Group. Through the RAF, the Group assesses its current and prospective capital adequacy in normal and stress conditions.
The RAF metrics are monitored so as to be able to intervene rapidly where the assigned risk thresholds and limits are exceeded.

In particular, the main figures analysed in the 2022 RAF and their positions at 31 December 2022 (final data) are shown below:

2022 RAF PRIMARY INDICATORS	TYPE OF INDICATORS	31.12.2022
CET1 Ratio	Capital indicator	15.6%
Total Capital Ratio	Capital indicator	16.7 %
Individual total capital ratio	Capital indicator	16.9%
Leverage Ratio	Capital indicator	4.3%
Liquidity Coverage Ratio	Liquidity indicator	338%
Net Stable Funding Ratio	Liquidity indicator	203%
RORAC	Risk-adjusted	60%
Default Ratio[11]	Loans	0.2%

These are accompanied by indicators for monitoring:

- the capital allocation to individual risks; and
- the Group's risk/return profile, formulated on the basis of the drivers set out in the Plan and of its overall risk appetite.

The Risk Management Department conducts periodic monitoring of the Group's risk profile to report in advance the occurrence of discrepancies from target levels, with particular regard to phenomena that result in a reduction below the risk tolerance levels determined by the administrative body.
The tolerance levels are set in the RAF as the deviation estimated by the Bank from the Plan target levels such as to ensure the Bank sufficient room to manoeuvre to manage stress situations.

In view, in particular, of Banca Generali's membership in the Generali Group, the Bank's risk profile is analysed by also assuming the impacts associated with intragroup and related party transactions, in this latter case represented by:

- subsidiaries of the Banking Group;
- the ultimate parent Assicurazioni Generali S.p.A., its subsidiaries (companies subject to common control), including the direct parent Generali Italia S.p.A., and pension funds established for the benefit of the Generali Group companies' employees;
- Managers with Strategic Responsibilities of the Bank and the parent company Assicurazioni Generali (Key Managers), close relatives of the above personnel and the related

[10] For further details on strategic sustainability initiatives, reference should be made to section "Strategic Focus on Sustainability' in the Annual Integrated Report at 31 December 2022.
[11] Management estimate – source Risk Management

relevant subsidiaries (entities in which one of these persons exercises control, joint control or significant influence or holds, directly or indirectly, a significant shareholding of no less than 20% of the voting rights).

Transactions with related parties outside the Generali Group are mostly confined to direct and indirect net inflows activities and loans to Key Managers (and their relatives) of the Bank and its Parent Company. These transactions are carried out at arm's length, and in compliance with the limits established by laws and regulations.

By resolution of 27 March 2023, the Board of Directors of Banca Generali declares that this document sets out the Group's total risk profiles and that they are consistent with the company strategy pursuant to Article 435(1)(f) of Regulation (EU) 573/2013 (CRR), as amended by Regulation (EU) 876/2019 (CRR II).

3. SCOPE OF APPLICATION

The public disclosure obligations apply to the Banca Generali Group. Banca Generali S.p.A. is the Parent Company.

The following table shows the Subsidiaries and scope of consolidation relevant for prudential and financial reporting purposes.

TEMPLATE EU LI3 - OUTLINE OF THE DIFFERENCES IN THE SCOPES OF CONSOLIDATION (ENTITY BY ENTITY)

A	B	C	D	E	F	G	H
		METHOD OF REGULATORY CONSOLIDATION					
NAME OF THE ENTITY	METHOD OF ACCOUNTING CONSOLIDATION	FULL CONSOLIDATION	PROPORTIONAL CONSOLIDATION	EQUITY METHOD	NEITHER CONSOLIDATED NOR DEDUCTED	DEDUCTED	DESCRIPTION OF THE ENTITY
BG Fund Management Luxembourg S.A.	Full consolidation	X	-	-	-	-	Financial corporations
Generfid S.p.A.	Full consolidation	X	-	-	-	-	Financial corporations
BG Valeur S.A.	Full consolidation	X	-	-	-	-	Financial corporations
BG Suisse S.A.	Equity method	-	-	X	-	-	Other companies

In 2022, the consolidation scope changed due to the deconsolidation of the following equity investments:

- **Nextam Partners SIM**: as a result of the loss of control following the sale of 80.1% of the share capital to a group of investors including some of the former shareholders of the Nextam Group, which took place on 20 January 2022, the minority shareholding resulting from the transaction, equal to 19.9%, was valued at equity;
- **Nextam Partners Ltd.**: a 100% UK subsidiary and inactive since the end of 2020 for which the liquidation procedure was substantially completed in September; in the Consolidated Financial Statements, the equity investment was therefore maintained at cost for a value corresponding to the last tranche of the liquidation balance still to be received, amounting to approximately 9 thousand euros.

At 31 December 2022, the Lugano-based company BG Suisse S.A., incorporated on 8 October 2021 and 100% controlled by Banca Generali S.p.A., was awaiting the Swiss banking license and, for regulatory reporting purposes, the Company is excluded from prudential consolidation and measured at equity.

For the purposes of the financial statements, the consolidated accounts include the separate accounts of the Parent Company and its subsidiaries at 31 December 2022, reclassified and adjusted where necessary to take account of IASs/IFRSs adopted by the Parent Company and the consolidation requirements.

Subsidiaries are included in the accounts using the gross consolidation method, whereby the balance sheet and profit and loss items are consolidated on a line-by-line basis.

The carrying amount of equity investments in subsidiaries consolidated line by line is derecognised against the corresponding shares of equity in the said subsidiaries.
The resulting differences are allocated to the assets or liabilities of the subsidiary in question and any remaining balances, if positive, are recorded as goodwill under Intangible Assets. Negative differences are charged to the profit and loss account.

The most significant intra-Group transactions, influencing both the balance sheet and profit and loss account, were eliminated. Unreconciled amounts were recognised in other assets/liabilities and other revenues/expenses, respectively.

Dividends distributed by subsidiaries are eliminated from the consolidated profit and loss account and a corresponding adjustment is made to prior years' income reserves.

The following is a description of the Banca Generali Group's organisational structure at 31 December 2022:

- **Banca Generali S.P.A.**, the Parent Company, engages primarily in the offering of traditional banking products, and the offering and placing of asset management and insurance products;
- **Generfid S.P.A.** is a company specialised in setting up and managing trusts;
- **BG Fund Management Luxembourg S.A.** is a Luxembourg company specialised in the management of Sicavs;
- **BG Valeur S.A.**, a Lugano-based company under Swiss law, specialising in wealth management;
- **BG Suisse S.A.**, based in Lugano, for which a Swiss banking licence is to be obtained.

There are no current or foreseeable legal restrictions on the rapid transfer of financial resources or funds within the Group.
With regard to subsidiaries not included in consolidation with Own Funds below requirements, this category does not apply to the Banca Generali Group as the only entity not consolidated from a prudential standpoint does not have regulatory obligations relating to prudential requirements, including Own Funds.
The Banca Generali Group does not come within the derogations set out in Articles 7 and 9 of the CRR.
With regard to the aggregate amount by which the actual Own Funds are less than required in all subsidiaries not included in the consolidation, this point does not apply to the Banca Generali Group.

TEMPLATE EU LI1 - DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATION AND MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES (1 OF 2)

		A	B	C	D
		CARRYING VALUES AS REPORTED IN PUBLISHED FINANCIAL STATEMENTS	CARRYING VALUES UNDER SCOPE OF REGULATORY CONSOLIDATION	CARRYING VALUES OF ITEMS	
				SUBJECT TO THE CREDIT RISK FRAMEWORK	SUBJECT TO THE CCR FRAMEWORK
	Assets				
1	Cash and cash equivalent	774,239	766,597	766,597	-
2	Financial assets held for trading	1,991	1,991		-
3	Financial assets designated at fair value	-	-	-	-
4	Other financial assets mandatorily measured at fair value	505,355	505,355	505,355	-
5	Financial assets at fair value through other comprehensive income	1,120,101	1,120,101	1,120,101	-
6	Loans to banks	2,536,670	2,535,182	2,354,088	181,094
7	Loans to customers	11,194,483	11,194,483	11,070,564	3,420
8	Hedging derivatives	286,776	286,776	286,776	-
9	Change in value of macro-hedged financial assets	-	-	-	-
10	Equity investments	3,091	14,493	14,493	-
11	Reinsurers' share of technical reserves	-	-	-	-
12	Property, plant and equipment	154,865	153,348	153,348	-
13	Intangible assets	140,414	136,106	18,134	-
14	Tax assets	72,266	72,094	72,094	-
15	Non-current assets and groups of assets held for sale and discontinued operations	-	-	-	-
16	Other assets	476,598	476,085	476,085	-
17	**Total assets**	**17,266,849**	**17,262,611**	**16,837,635**	**184,514**
	Liabilities				
1	Due to banks	544,531	544,531	-	-
2	Due to customers	14,959,448	14,958,187	-	-
3	Securities issued	-	-	-	-
4	Financial liabilities held for trading	-	-	-	-
5	Financial liabilities designated at fair value through profit or loss	-	-	-	-
6	Hedging derivatives	123,604	123,604	-	-
7	Change in value of macro-hedged financial liabilities	-	-	-	-
8	Tax liabilities	44,577	44,487	-	-
9	Liabilities included in disposal groups classified as held for sale	-	-	-	-
10	Other liabilities	281,248	278,610	-	-
11	Severance pay	3,705	3,705	-	-
12	Provisions for risks and charges	241,216	240,967	-	-
13	Technical reserves	-	-	-	-
14	Valuation reserves	(9,972)	(9,972)	-	-
15	Redeemable shares	-	-	-	-
16	Equity	50,000	50,000	-	-
17	Interim dividend	-	-	-	-
18	Reserves	724,536	724,536	-	-
19	Share premium accounts	53,767	53,767	-	-
20	Share capital	116,852	116,852	-	-
21	Treasury shares (-)	(80,139)	(80,139)	-	-
22	Minority shareholders' equity (+/-)	442	442	-	-
23	Profit (Loss) for the period	213,034	213,034	-	-
24	**Total liabilities**	**17,266,849**	**17,262,611**	**-**	**-**

TEMPLATE EU LI1 - DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATION AND MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES (2 OF 2)

		e	F	G
		CARRYING VALUES OF ITEMS		
		SUBJECT TO THE SECURITISATION FRAMEWORK	SUBJECT TO THE MARKET RISK FRAMEWORK	NOT SUBJECT TO OWN FUNDS REQUIREMENTS OR SUBJECT TO DEDUCTION FROM OWN FUNDS
	Assets			
1	Cash and cash equivalent	-	-	-
2	Financial assets held for trading	-	1,991	-
3	Financial assets designated at fair value	-	-	-
4	Other financial assets mandatorily measured at fair value	-	-	-
5	Financial assets at fair value through other comprehensive income	-	-	-
6	Loans to banks	-	-	-
7	Loans to customers	120,499	-	-
8	Hedging derivatives	-	-	-
9	Change in value of macro-hedged financial assets	-	-	-
10	Equity investments	-	-	-
11	Reinsurers' share of technical reserves	-	-	-
12	Property, plant and equipment	-	-	-
13	Intangible assets	-	-	115,796
14	Tax assets	-	-	153
15	Non-current assets and groups of assets held for sale and discontinued operations	-	-	-
16	Other assets	-	-	-
17	**Total assets**	**120,499**	**1,991**	**115,949**
	Liabilities			
1	Due to banks	-	-	544,531
2	Due to customers	-	-	14,958,187
3	Securities issued	-	-	-
4	Financial liabilities held for trading	-	-	-
5	Financial liabilities designated at fair value through profit or loss	-	-	-
6	Hedging derivatives	-	-	123,604
7	Change in value of macro-hedged financial liabilities	-	-	-
8	Tax liabilities	-	-	44,487
9	Liabilities included in disposal groups classified as held for sale	-	-	-
10	Other liabilities	-	-	278,610
11	Severance pay	-	-	3,705
12	Provisions for risks and charges	-	-	240,967
13	Technical reserves	-	-	-
14	Valuation reserves	-	-	-
15	Redeemable shares	-	-	-
16	Equity	-	-	-
17	Interim dividend	-	-	-
18	Reserves	-	-	-
19	Share premium accounts	-	-	-
20	Share capital	-	-	-
21	Treasury shares (-)	-	-	-
22	Minority shareholders' equity (+/-)	-	-	-
23	Profit (Loss) for the period	-	-	-
24	**Total liabilities**	**-**	**-**	**16,194,091**

Pursuant to Article 436(b) and (d) of the CRR, the differences identified in the basis of consolidation for accounting and prudential purposes relate solely to the balance sheet items of BG Suisse S.A.

TEMPLATE EU LI2 - MAIN SOURCES OF DIFFERENCES BETWEEN REGULATORY EXPOSURE AMOUNTS AND CARRYING VALUES IN FINANCIAL STATEMENTS

		A	B	C	D	E
			ITEMS SUBJECT TO			
		TOTAL	CREDIT RISK FRAMEWORK	SECURITISATION FRAMEWORK	CCR FRAMEWORK	MARKET RISK FRAMEWORK
1	**Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)**	**17,144,639**	**16,837,635**	**120,499**	**184,514**	**1,991**
2	**Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)**	**-**	**-**	**-**	**-**	**-**
3	**Total net amount under the regulatory scope of consolidation**	**17,144,639**	**16,837,635**	**120,499**	**184,514**	**1,991**
4	**Off-balance-sheet amounts**	**1,194,614**	**1,194,614**	**-**	**-**	
5	Differences in valuations	-	-	-	-	
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	
7	Differences due to consideration of provisions	-	-	-	-	
8	Differences due to the use of credit risk mitigation techniques (CRMs)	-	-	-	-	
9	Differences due to credit conversion factors	-	-	-	-	
10	Differences due to Securitisation with risk transfer	-	-	-	-	
11	Other differences	(588,262)	(588,262)	-	-	
12	**Exposure amounts considered for regulatory purposes**	**17,750,991**	**17,443,987**	**120,499**	**184,514**	**1,991**

4. OWN FUNDS

Own Funds are the central element of Pillar 1 and are calculated according to the Basel 3 rules adopted in the European Union through a set of regulations including European Regulation 575/2013 (CRR - Capital Requirements Regulation), Directive 2013/36/EU (CRD IV - Capital Requirements Directive), Regulatory Technical Standards (RTSs) and the Implementing Technical Standards (ITSs) drafted by the EBA and issued by the European Commission.

The regulations cited above have been transposed into the Italian system by the following circular letters:
- Bank of Italy's Circular 285: Supervisory Provisions for Banks;
- Bank of Italy's Circular 286: Instructions for the Preparation of Prudential Reports for Banks and Securities Brokerage Companies;
- Update to Bank of Italy's Circular 154: Supervisory Reporting by Credit and Financial Institutions. Reporting Templates and Instructions for Submitting Data Streams.

Own Funds differ from net book equity in accordance with IAS/IFRS because prudential regulations aim to safeguard asset quality, while reducing the potential volatility caused by the application of IAS/IFRS. The constituent components of Own Funds thus must be fully available to the Group, so that they may be used without limitation to cover company risks and losses. Institutions must demonstrate that they possess Own Funds of a quality and quantity compliant with the requirements imposed by current European legislation.

Qualitative information

As in the previous regulations, Own Funds are calculated as the sum of positive components, included with some limitations, and negative items, based on their capital quality. They consist of the following aggregates:
- Common Equity Tier 1 capital (CET1);
- Additional Tier 1 capital (AT1);
- Tier 2 capital (T2).

The current regulatory framework is being phased in gradually, with full application of Basel 3 rules being achieved in 2019 (2022 for the phase-in period of several equity instruments) and the new rules being applied at an increasing rate.

As of 31 December 2022, it has been decided to apply the phase-in regime for the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income, pursuant to Article 468 of Regulation (EU) No. 2013/575 (CRR), as amended by Regulation (EU) No. 2020/873. This regime will no longer be effective for reporting purposes in the years after 31 December 2022.

4.1 Common Equity Tier 1 – CET1

4.1.1 Common Equity Tier 1 capital (CET 1)

CET1 includes paid-in capital, additional paid-in capital, earnings reserves, valuation reserves (OCI valuation reserve, IAS 19 actuarial losses reserve), with the exception of the cash flow hedge reserve.
CET1 own instruments (treasury shares) and loss for the period are deducted from this aggregate.
Net profit for the period may be calculated, net of the provision for dividends (retained earnings) in compliance with Article 26 of the CRR and national discretionary measures provided for by the Bank of Italy.

4.1.2 Elements to be deducted from CET1

CET1 is then subject to the following deductions:

a) intangible assets, including goodwill;
b) deferred tax assets (DTAs) that are based on future profitability and do not arise on temporary differences, or differences involving tax losses;
c) deferred tax assets that rely on future profitability and arise on temporary differences (net of the corresponding deferred tax liabilities); deferred tax assets convertible to credits pursuant to Law 214/2011 are however not deducted, but calculated in risk weighted assets (RWAs) with a 100% weighting;
d) deferred tax assets relating to multiple redemptions on the same goodwill for the portion that has not yet been reflected in the current tax position;
e) direct, indirect and synthetic non-significant investments (<10%) in CET 1 instruments issued by financial institutions;
f) direct, indirect and synthetic significant investments (>10%) in CET1 instruments issued by financial institutions;
g) any deductions exceeding AT1 capital instruments.

Deductions relating to equity investments in financial institutions and deferred tax assets apply only to amounts exceeding given CET1 thresholds, known as **allowances**, according to a particular mechanism described below:

1. **non-significant investments** in CET1, AT1 and T2 instruments issued by financial institutions are deducted for the portion exceeding 10% of the amount of CET1 obtained after applying prudential filters and all the deductions other than those relating to deferred tax assets, that rely on future profitability and derive from temporary differences, to direct, indirect and synthetic investments in CET1 instruments issued by financial institutions, any deductions exceeding AT1 capital instruments and deductions of qualified investments in financial institutions;
2. **net deferred tax assets** that rely on future profitability and arise on temporary differences are deducted for the portion exceeding 10% of CET1 obtained after applying prudential filters and all the deductions other than those relating to deferred tax assets, that rely on future profitability and arise on temporary differences, any deductions exceeding AT1 capital instruments and deductions of qualified investments in financial institutions;
3. **significant investments in CET1 instruments** issued by financial institutions are deducted for the portion exceeding 10% of CET1 obtained after applying prudential filters and all the deductions other than those relating to deferred tax assets, that rely on future profitability and arise on tem-

porary differences, any deductions exceeding AT1 capital instruments and deductions of qualified investments in financial institutions;

4. amounts not deducted due to the 10% allowance relating to significant investments in CET1 instruments issued by financial institutions and net deferred tax assets that rely on future profitability and derive from temporary differences, added together, are deducted only **for the amount exceeding 17.65%** of CET1 obtained after applying prudential filters and all the deductions, including investments in financial institutions and deferred tax assets calculated in their entirety without taking account of the aforementioned thresholds, except for any deductions exceeding AT1 capital instruments;
5. amounts not deducted due to the allowances are included in risk-weighted assets and subject to a 250% weighting.

4.1.3 Phase-in - impact on CET1

With reference to the adoption of IFRS 9, the Banking Group did not opt to apply the phase-in regime set forth in the Regulation (EU) 217/2395 which allows banks, whose opening balance sheet at the date of IFRS 9 first-time adoption reports a decline in CET1 due to the increase in expected credit loss provisions (net of tax effects), to include in their CET1 a portion of the said increased provisions for a phase-in period of five years.

In the fourth quarter of 2022, Banca Generali implemented the optional phase-in regime that makes it possible to exclude from the calculation of CET1 a share of unrealised gains and losses relating to exposures to central governments and public entities recognised as of 31 December 2019.
On the basis of this regime, Banca Generali sterilised for prudential purposes 40% of the decrease in net valuation equity reserves for government debt securities, amounting to 4.5 million euros, recognised with respect to 31 December 2019.
The amount of the related net DTAs recognised in accounting for such reserves (2.1 million euros), normally subject to a weighting coefficient of 250%, was also sterilised for the purposes of determining RWAs, resulting in an effect on the credit risk capital requirement of just over 0.4 million euros.

The phase-in filter, introduced with Commission Delegated Regulation (EU) No 2020/873, published in the OJEU on 26 June 2020, in relation to the Covid-19 emergency, applies until the reporting deadline of 31 December 2022.

4.1.4 CET1 prudential filters

In addition, “prudential filters” are also applied to CET1, with the purpose of safeguarding the quality of the regulatory capital and reducing its potential volatility caused by application of the new IAS/IFRS. These filters consist of corrections to accounting data before they are used for regulatory purposes and are governed directly by the CRR or provided for by national discretionary measures.

With reference to the prudential filters introduced directly by the CRR, the prudent valuation filter is applied to Banca Generali for the portfolio of financial assets and liabilities valued at fair value in the financial statements.

This filter is determined as 0.1% of total net exposures shown in the balance sheet at fair value in order to take account of the uncertainty of the parameters used for the valuation (risk model, costs of closure, etc.).

On the other hand, with reference to national discretionary measures, only the prudential filter relating to **multiple goodwill** is applied to Banca Generali.

This filter is instead aimed at neutralising the benefits at the level of capital for regulatory purposes due to the DTAs recognised in connection with the multiple redemption on the same goodwill within a single group or intermediary.
In further detail, the procedures of tax redemption in question were carried out in accordance with Article 10 of Legislative Decree 185/2010 or ordinary rules governing successive business combinations within a single group that have also entailed the transfer of portions of goodwill.

To this end, it has been specified that the share of DTAs recognised at the level of the intermediary or group is to be deducted from core Tier 1 capital, as limited to the portion associated with the DTAs recognised after the initial one.

In addition, for years ending on or before 31 December 2012, intermediaries may distribute the neutralisation over a period of five years, including one-fifth of the value of those DTAs at 31 December 2012, net of the amount that, each year, is to be reversed to the profit and loss account or transformed into a tax credit, among the negative items of Tier 1 capital.
In the Banking Group’s case, the above filter only affected the share of goodwill associated with the acquisition of Banca del Gottardo Italia S.p.A., originally subject to the redemption of taxes on goodwill by Banca BSI Italia and subsequently once more by BG SGR S.p.A. following the contribution by the former of its portfolio management business unit. Both companies were then merged into the Parent Company, Banca Generali.

The tax value of the goodwill subject to tax redemption amounted to 4,932 thousand euros, of which deferred tax assets for Italian corporate income tax (IRES) and regional production taxes (IRAP) of 1,410 thousand euros had been allocated at 31 December 2012. In 2021, the filter was reduced to zero and thus no items relating to redeemed goodwill were deducted from Own Funds.

4.2 Additional Tier 1 capital (AT1)

Additional Tier 1 capital includes capital instruments regulated under Articles 51 et seqq. of CRR.
This aggregate amounted to 50 million euros at 31 December 2022 and referred to the IT0005395436 instrument, with a calculated value of 50 million euros.

4.3 Tier 2 capital (T2)

4.3.1 Tier 2 capital (T2)

Tier 2 capital includes Tier 2 capital instruments and subordinated liabilities, regulated by Articles 63 et seqq. of the CRR and having the following characteristics:

- the original term is not less than 5 years and no incentives are envisaged for early repayment;
- call options, where applicable, may be exercised at the issuer’s sole discretion and in any event no earlier than 5 years, subject to the authorisation of the Supervisory Authority granted in special circumstances;
- early repayment is also allowed before 5 years only in the event of significant changes to the tax or regulatory regime and always with the prior authorisation of the Supervisory Authority;

- subscription and purchase must not be financed by the Parent Company or its subsidiaries;
- they are not subject to guarantees issued by the Parent Company, its subsidiaries or other companies that have close links with them, which increase their seniority;
- interest does not change based on the Parent Company's credit rating;
- these instruments are amortised pro-rata over the past 5 years for T2 calculation purposes.

Year-end Tier 2 capital of the parent company Banca Generali does not include any Tier 2 subordinated liability.

4.3.2 Elements to be deducted from T2

T2 is subject to the following main deductions:
- direct, indirect and synthetic investments in T2 own instruments;
- direct, indirect and synthetic investments in T2 instruments of financial entities.

These cases do not appear in Banca Generali's financial statements particularly since there are no investments in T2 instruments of financial entities exceeding the relevance thresholds for purposes of the deduction from Own Funds.

Quantitative information

Own fund disclosure models are provided here below.

TEMPLATE EU CC1 - COMPOSITION OF REGULATORY OWN FUNDS (1 OF 6)

		31.12.2022		31.12.2021	
		A)	B)	A)	B)
		AMOUNTS	SOURCE BASED ON REFERENCE NUMBERS/LETTERS OF THE BALANCE SHEET UNDER THE REGULATORY SCOPE OF CONSOLIDATION	AMOUNTS	SOURCE BASED ON REFERENCE NUMBERS/LETTERS OF THE BALANCE SHEET UNDER THE REGULATORY SCOPE OF CONSOLIDATION
Common equity Tier 1 (CET1) capital: instruments and reserves					
1	Capital instruments and the related share premium accounts	170,619	160.170	172,718	160.170
	of which: Instrument type 1	*170,619*	-	*172,718*	-
	of which: Instrument type 2	-	-	-	-
	of which: Instrument type 3	-	-	-	-
2	Retained earnings	724,536	150	624,033	150
3	Accumulated other comprehensive income (and other reserves)	(9,971)	120	522	120
3a	Funds for general banking risk	-	-	-	-
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-	-	-	-
5	Minority interests (amount allowed in consolidated CET1)	-	-	-	-
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	20,229	200	95,242	200
6	**Common equity Tier 1 (CET1) capital before regulatory adjustments**	**905,412**		**892,515**	

TEMPLATE EU CC1 - COMPOSITION OF REGULATORY OWN FUNDS (2 OF 6)

		31.12.2022		31.12.2021	
		A)	B)	A)	B)
		AMOUNTS	SOURCE BASED ON REFERENCE NUMBERS/LETTERS OF THE BALANCE SHEET UNDER THE REGULATORY SCOPE OF CONSOLIDATION	AMOUNTS	SOURCE BASED ON REFERENCE NUMBERS/LETTERS OF THE BALANCE SHEET UNDER THE REGULATORY SCOPE OF CONSOLIDATION
Common Equity Tier 1 (CET1) capital: regulatory adjustments					
7	Additional value adjustments (negative amount)	(1,627)		(2,963)	
8	Intangible assets (net of related tax liability) (negative amount)	(115,796)	100	(115,662)	100
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(153)	110	(105)	110
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	-	-	-
12	Negative amounts resulting from the calculation of expected loss amounts	-	-	-	-
13	Any increase in equity that results from securitised assets (negative amount)	-	-	-	-
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	-	-	-
15	Defined-benefit pension fund assets (negative amount)	-	-	-	-
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(80,139)	180	(64,822)	180
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	-	-
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	-	-
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	-	-
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	-	-	-
20b	*of which: qualifying holdings outside the financial sector (negative amount)*	-	-	-	-
20c	*of which: securitisation positions (negative amount)*	-	-	-	-
20d	*of which: free deliveries (negative amount)*	-		-	

TEMPLATE EU CC1 - COMPOSITION OF REGULATORY OWN FUNDS (3 OF 6)

		31.12.2022		31.12.2021	
		A)	B)	A)	B)
		AMOUNTS	SOURCE BASED ON REFERENCE NUMBERS/LETTERS OF THE BALANCE SHEET UNDER THE REGULATORY SCOPE OF CONSOLIDATION	AMOUNTS	SOURCE BASED ON REFERENCE NUMBERS/LETTERS OF THE BALANCE SHEET UNDER THE REGULATORY SCOPE OF CONSOLIDATION
Common Equity Tier 1 (CET1) capital: regulatory adjustments					
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	-	-	-
22	Amount exceeding the 17,65% threshold (negative amount)	-	-	-	-
23	*of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities*	-	-	-	-
25	*of which: deferred tax assets arising from temporary differences*	-	-	-	-
25a	Losses for the current financial year (negative amount)	-	-	-	-
25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	-	-	-
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	-	-	-
27a	Other regulatory adjustments	4,463	-	-	-
28	**Total regulatory adjustments to common equity Tier 1 (CET1)**	**(193,253)**	**-**	**(183,552)**	**-**
29	**Common equity Tier 1 (CET1) capital**	**712,159**	**-**	**708,963**	**-**
Additional Tier 1 (AT1) capital: instruments					
30	Capital instruments and the related share premium accounts	50,000	140	50,000	140
31	*of which: classified as equity under applicable accounting standards*	-	-	-	-
32	*of which: classified as liabilities under applicable accounting standards*	-	-	-	-
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) of CRR	-	-	-	-
EU 33a	Amount of qualifying items referred to in Article 494a(1) subject to phase out from AT1	-	-	-	-
EU 33b	Amount of qualifying items referred to in Article 494b(1) subject to phase out from AT1	-	-	-	-
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	-	-	-
35	*of which: instruments issued by subsidiaries subject to phase out*	-	-	-	-
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**50,000**		**50,000**	

TEMPLATE EU CC1 - COMPOSITION OF REGULATORY OWN FUNDS (4 OF 6)

		31.12.2022		31.12.2021	
		A)	B)	A)	B)
		AMOUNTS	SOURCE BASED ON REFERENCE NUMBERS/LETTERS OF THE BALANCE SHEET UNDER THE REGULATORY SCOPE OF CONSOLIDATION	AMOUNTS	SOURCE BASED ON REFERENCE NUMBERS/LETTERS OF THE BALANCE SHEET UNDER THE REGULATORY SCOPE OF CONSOLIDATION
Additional Tier 1 (AT1) capital: regulatory adjustments					
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-	-	-	-
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	-	-
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	-	-
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-	-	-
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	-	-	-
42a	Other regulatory adjustments to AT1 capital	-	-	-	-
43	**Total regulatory adjustments to additional Tier 1 (AT1) capital**	**-**	**-**	**-**	**-**
44	**Additional Tier 1 (AT1) capital**	**50,000**	**-**	**50,000**	**-**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**762,159**	**-**	**758,963**	**-**
Tier 2 (T2) capital: instruments					
46	Capital instruments and the related share premium accounts	-	-	-	-
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR	-	-	-	-
EU-47a	Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2	-	-	-	-
EU-47b	Amount of qualifying items referred to in Article 494b (2) subject to phase out from T2	-	-	-	-
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	-	-	-
49	*of which: instruments issued by subsidiaries subject to phase out*	-	-	-	-
50	Credit risk adjustments	-	-	-	-
51	**Tier 2 (T2) capital before regulatory adjustments**	**-**		**-**	

TEMPLATE EU CC1 - COMPOSITION OF REGULATORY OWN FUNDS (5 OF 6)

		31.12.2022		31.12.2021	
		A)	B)	A)	B)
		AMOUNTS	SOURCE BASED ON REFERENCE NUMBERS/LETTERS OF THE BALANCE SHEET UNDER THE REGULATORY SCOPE OF CONSOLIDATION	AMOUNTS	SOURCE BASED ON REFERENCE NUMBERS/LETTERS OF THE BALANCE SHEET UNDER THE REGULATORY SCOPE OF CONSOLIDATION
Tier 2 (T2) capital: regulatory adjustments					
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	-	-	-
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	-	-
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	-	-
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-	-	-
EU 56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	-	-	-
56b	Other regulatory adjustments to T2 capital	-	-	-	-
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-**	**-**	**-**	**-**
58	**Tier 2 (T2) capital**	**-**	**-**	**-**	**-**
59	**Total capital (TC = T1 + T2)**	**762,159**	**-**	**758,963**	**-**
60	**Total risk exposure amount**	**4,569,644**	**-**	**4,360,877**	**-**
Capital ratios and requirements including buffers					
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	15.5846%	-	16.2573%	-
62	Tier 1 (as a percentage of total risk exposure amount)	16.6787%	-	17.4039%	-
63	Total capital (as a percentage of total risk exposure amount)	16.6787%	-	17.4039%	-
64	Institution CET1 overall capital requirements	8.0180%	-	7.7600%	-
65	*of which: capital conservation buffer requirement*	*2.5000%*	-	*2.5000%*	-
66	*of which: countercyclical buffer requirement*	*0.0180%*	-	*0.0100%*	-
67	*of which: systemic risk buffer requirement*	-	-	-	-
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-	-	-	-
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	*1.0000%*	-	*0.7500%*	-
68	**Common equity Tier 1 available to meet buffer (as a percentage of risk exposure amount)**	**6.8780%**		**8.0640%**	

TEMPLATE EU CC1 - COMPOSITION OF REGULATORY OWN FUNDS (6 OF 6)

		31.12.2022		31.12.2021	
		A)	B)	A)	B)
		AMOUNTS	SOURCE BASED ON REFERENCE NUMBERS/LETTERS OF THE BALANCE SHEET UNDER THE REGULATORY SCOPE OF CONSOLIDATION	AMOUNTS	SOURCE BASED ON REFERENCE NUMBERS/LETTERS OF THE BALANCE SHEET UNDER THE REGULATORY SCOPE OF CONSOLIDATION
Amounts below the thresholds for deduction (before risk weighting)					
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	1,751	-	1,119	-
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	6,100	-	5,069	-
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	59,828	-	51,010	-
Applicable caps on the inclusion of provisions in Tier 2					
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	-	-	-
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	-	-	-
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	-	-	-
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	-	-	-
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)					
80	Current cap on CET1 instruments subject to phase out arrangements	-	-	-	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-	-	-
82	Current cap on AT1 instruments subject to phase out arrangements	-	-	-	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-	-	-
84	Current cap on T2 instruments subject to phase out arrangements	-	-	-	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-		-	

At 31 December 2022, Own Funds totalled 762,159 thousand euros, increasing compared to 758,963 thousand euros at 31 December 2021.

As mentioned above, as of 31 December 2022, it has been decided to apply the phase-in regime for the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income, pursuant to Article 468 of Regulation (EU) No. 2013/575 (CRR), as amended by Regulation (EU) No. 2020/873. This regime will no longer be effective for reporting purposes in the years after 31 December 2022.

With regard to point 3 of table EU-CC1, it should be noted that the amount is stated gross of the effects of the phase-in regime regarding the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income, reported in the following point 27a.

As regards point 27a of the aforementioned table “Other regulatory adjustments”, the amount refers exclusively to the effects of the phase-in regime provided for in Article 468 of Regulation (EU) No. 2013/575 (CRR), as amended by Regulation (EU) No. 2020/873, “Temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income in view of the Covid-19 pandemic”.

TEMPLATE EU CC2 - RECONCILIATION OF REGULATORY OWN FUNDS TO BALANCE SHEET IN THE AUDITED FINANCIAL STATEMENTS (1 OF 2)

		31.12.2022		
		A	B	C
		BALANCE SHEET AS IN PUBLISHED FINANCIAL STATEMENTS AT PERIOD END	UNDER REGULATORY SCOPE OF CONSOLIDATION AS AT PERIOD END	REFERENCE
	Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
10	Cash and cash equivalents	774,239	766,597	-
20a	Financial assets held for trading	1,991	1,991	-
20b	Financial assets designated at fair value	-	-	-
20c	Other financial assets mandatorily measured at fair value	505,355	505,355	-
30	Financial assets measured at fair value through other comprehensive income	1,120,101	1,120,101	-
40a	Loans to banks	2,536,670	2,535,182	-
40b	Loans to customers	11,194,483	11,194,483	-
50	Hedging derivatives	286,776	286,776	-
60	Change in value of macro-hedged financial assets (+/-)	-	-	-
70	Equity investments	3,091	14,493	-
80	Reinsurers' share of technical reserves	-	-	-
90	Property, plant and equipment	154,865	153,348	-
100	Intangible assets	140,414	136,106	8
110	Tax assets	72,266	72,094	10
120	Non-current assets and groups of assets held for sale and discontinued operations	-	-	-
130	Other assets	476,598	476,085	-
	Total assets	**17,266,849**	**17,262,611**	**-**
	Liabilities - Breakdown by asset classes according to the balance sheet in the published financial statements			
10a	Due to banks	544,531	544,531	-
10b	Due to customers	14,959,448	14,958,187	-
10c	Securities issued	-	-	-
20	Financial liabilities held for trading	-	-	-
30	Financial liabilities designated at fair value	-	-	-
40	Hedging derivatives	123,604	123,604	-
50	Change in value of macro-hedged financial liabilities (+/-)	-	-	-
60	Tax liabilities	44,577	44,487	-
70	Liabilities included in disposal groups classified as held for sale	-	-	-
80	Other liabilities	281,248	278,610	-
90	Severance pay	3,705	3,705	-
100	Provisions for risks and charges	241,216	240,967	-
110	Technical reserve	-	-	-
	Own capital			
120	Valuation reserves	(9,972)	(9,972)	3
130	Redeemable shares	-	-	-
140	Equity	50,000	50,000	30
	Interim dividends			
150	Reserves	724,536	724,536	2
160	Share premium accounts	53,767	53,767	1
170	Share capital	116,852	116,852	1
180	Treasury shares (-)	(80,139)	(80,139)	16
190	Net equity attributable to minority interests (+/-)	442	442	-
200	Net profit (loss) for the year	213,034	213,034	5a
	Total liabilities and net equity	**17,266,849**	**17,262,611**	**-**

TEMPLATE EU CC2 - RECONCILIATION OF REGULATORY OWN FUNDS TO BALANCE SHEET IN THE AUDITED FINANCIAL STATEMENTS (2 OF 2)

		31.12.2022		
		A	B	C
		BALANCE SHEET AS IN PUBLISHED FINANCIAL STATEMENTS AT PERIOD END	UNDER REGULATORY SCOPE OF CONSOLIDATION AS AT PERIOD END	REFERENCE
	Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
10	Cash and cash equivalents	1,620,334	1,619,473	-
20a	Financial assets held for trading	6,578	6,578	-
20b	Financial assets designated at fair value	-	-	-
20c	Other financial assets mandatorily measured at fair value	408,980	408,980	-
30	Financial assets measured at fair value through other comprehensive income	2,543,065	2,543,065	-
40a	Loans to banks	1,218,138	1,210,441	-
40b	Loans to customers	9,635,473	9,635,473	-
50	Hedging derivatives	11,357	11,357	-
60	Change in value of macro-hedged financial assets (+/-)	-	-	-
70	Equity investments	2,048	9,992	-
80	Reinsurers' share of technical reserves	-	-	-
90	Property, plant and equipment	159,012	157,236	-
100	Intangible assets	136,172	136,173	8
110	Tax assets	72,627	72,151	10
120	Non-current assets and groups of assets held for sale and discontinued operations	2,694	2,694	-
130	Other assets	375,132	374,940	-
	Total assets	**16,191,610**	**16,188,553**	**-**
	Liabilities - Breakdown by asset classes according to the balance sheet in the published financial statements			
10a	Due to banks	818,734	818,734	-
10b	Due to customers	13,593,620	13,591,940	-
10c	Securities issued	-	-	-
20	Financial liabilities held for trading	4,551	4,551	-
30	Financial liabilities designated at fair value	-	-	-
40	Hedging derivatives	167,320	167,320	-
50	Change in value of macro-hedged financial liabilities (+/-)	-	-	-
60	Tax liabilities	28,320	28,226	-
70	Liabilities included in disposal groups classified as held for sale	318	318	-
80	Other liabilities	242,037	240,805	-
90	Severance pay	4,335	4,335	-
100	Provisions for risks and charges	226,508	226,457	-
110	Technical reserve	-	-	-
	Own capital			
120	Valuation reserves	522	522	3
130	Redeemable shares	-	-	-
140	Equity	50,000	50,000	30
	Interim dividends			
150	Reserves	624,033	624,033	2
160	Share premium accounts	55,866	55,866	1
170	Share capital	116,852	116,852	1
180	Treasury shares (-)	(64,822)	(64,822)	16
190	Net equity attributable to minority interests (+/-)	313	313	-
200	Net profit (loss) for the year	323,103	323,103	5a
	Total liabilities and net equity	**16,191,610**	**16,188,553**	**-**

As previously mentioned, at 31 December 2022 the Banca Generali Group's accounting and prudential bases differ solely with regard to the component relating to the Swiss subsidiary BG Suisse S.A., which has been excluded from prudential consolidation.

TEMPLATE EU IFRS 9 - FL - COMPARISON OF INSTITUTIONS' OWN FUNDS AND CAPITAL RATIOS AND LEVERAGE RATIOS, WITH AND WITHOUT THE APPLICATION OF TRANSITIONAL ARRANGEMENTS FOR IFRS 9 OR ANALOGOUS ECLS WITH AND WITHOUT THE APPLICATION OF TRANSITIONAL ARRANGEMENTS IN COMPLIANCE WITH ARTICLE 468 OF CRR (1 OF 2)

		31.12.2022	30.06.2022	31.12.2021
Available capital (amounts)				
1	Common Equity Tier 1 (CET1) capital	712,159	693,174	708,963
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	712,159	693,174	708,963
2a	CET1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI (other comprehensive income) in accordance with Article 468 of the CRR had not been applied	707,696	693,174	708,963
3	Tier 1 capital	762,159	743,174	758,963
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	762,159	743,174	758,963
4a	Tier 1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	757,696	743,174	758,963
5	Total capital	762,159	743,174	758,963
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	762,159	743,174	758,963
6a	Total capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	757,696	743,174	758,963
Risk-weighted assets (amounts)				
7	Total risk-weighted assets	4,569,644	4,573,325	4,360,877
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4,569,644	4,573,325	4,360,877

TEMPLATE EU IFRS 9 - FL - COMPARISON OF INSTITUTIONS' OWN FUNDS AND CAPITAL RATIOS AND LEVERAGE RATIOS, WITH AND WITHOUT THE APPLICATION OF TRANSITIONAL ARRANGEMENTS FOR IFRS 9 OR ANALOGOUS ECLS WITH AND WITHOUT THE APPLICATION OF TRANSITIONAL ARRANGEMENTS IN COMPLIANCE WITH ARTICLE 468 OF CRR (2 OF 2)

		31.12.2022	30.06.2022	31.12.2021
Capital ratio				
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	15.5846%	15.1569%	16.2573%
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.5846%	15.1569%	16.2573%
10a	CET1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	15.4869%	15.1569%	16.2573%
11	Tier 1 (as a percentage of risk exposure amount)	16.6787%	16.2502%	17.4039%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.6787%	16.2502%	17.4039%
12a	Tier 1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	16.5811%	16.2502%	17.4039%
13	Total capital (as a percentage of risk exposure amount)	16.6787%	16.2502%	17.4039%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.6787%	16.2502%	17.4039%
14a	Total capital (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	16.5811%	16.2502%	17.4039%
Leverage ratio				
15	Leverage ratio total exposure measure	17,751,799	18,065,451	16,484,389
16	Leverage ratio	4.2934%	4.1130%	4.6041%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4.2934%	4.1130%	4.6041%
17a	Leverage ratio as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	4.2683%	4.1130%	4.6041%

As mentioned above, at 31 December 2022 the Banca Generali Group did not adopt the IFRS 9 phase-in regime, but opted to apply the temporary treatment of unrealised gains and losses regarding exposures to central governments and public entities. The above table shows the main capital information, with and without the effect of these treatments. In detail, the application of the phase-in provisions leads to an overall replenishment of CET1 by approximately 4,463 thousand euros. The difference in terms of Total Capital Ratio is about 10 bps.

TEMPLATE EU CCA - MAIN FEATURES OF REGULATORY OWN FUNDS INSTRUMENTS AND ELIGIBLE LIABILITIES INSTRUMENTS (1 OF 2)

		A	A
		QUALITATIVE OR QUANTITATIVE INFORMATION - FREE FORMAT	QUALITATIVE OR QUANTITATIVE INFORMATION - FREE FORMAT
1	Issuer	Banca Generali S.p.A.	Banca Generali S.p.A.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	IT0001031084	IT0005395436
2a	Public or private placement	Public placement	Private placement
3	Governing law(s) of the instrument	Italian law	Italian law
3a	Contractual recognition of write down and conversion powers of resolution authorities	N.A.	YES Possibility of write down of the instrument's nominal value if the Group's CET1 ratio decreases below 5.125% (trigger event)
Regulatory treatment			
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 1 Capital	Additional Tier 1 – AT
5	Post-transitional CRR rules	Tier 1 Capital	Additional Tier 1 – AT
6	Eligible at solo/(sub-)consolidated/ solo&(sub-) consolidated	Solo and consolidated	Solo and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares - Article 28 CRR	Debt securities - Article 51 CRR
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, at most recent reporting date) * amount in thousands of euros	116,852	50,000
9	Nominal amount of instrument	1	50,000
EU-9a	Issue price *value in units	N.A.	100
EU-9b	Redemption price *value in units	N.A.	100
10	Accounting classification	Net equity	Net equity
11	Original date of issuance	N.A.	23.12.2019
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	No maturity date	No maturity date
14	Issuer call subject to prior supervisory approval	N.A.	Yes
15	Optional call date, contingent call dates and redemption amount	N.A.	23.12.2024 Early redemption clause on the first call date, subject to authorisation by the competent national authorities, redeemable thereafter on each coupon payment date
16	Subsequent call dates, if applicable	N.A.	N.A.

TEMPLATE EU CCA - MAIN FEATURES OF REGULATORY OWN FUNDS INSTRUMENTS AND ELIGIBLE LIABILITIES INSTRUMENTS (2 OF 2)

COUPONS/DIVIDENDS

17	Fixed or floating dividend/coupon	Floating	Fixed
18	Coupon rate ad any related index	N.A.	Fixed 4.50%. In particular, the rate will be set on the issue date as the sum of the EUSA5Y and the spread
19	Existence of a dividend stopper	N.A.	no
EU-20a	Fully discretionary, partly discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary
EU-20b	Fully discretionary, partly discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	N.A.	no
22	Non-cumulative or cumulative	N.A.	Non-cumulative
23	Convertible or non-convertible	N.A.	Non-convertible
24	If convertible, conversion trigger(s)	N.A.	N.A.
25	If convertible, fully or partially	N.A.	N.A.
26	If convertible, conversion rate	N.A.	N.A.
27	If convertible, mandatory or optional conversion	N.A.	N.A.
28	If convertible, specify instrument type convertible into	N.A.	N.A.
29	If convertible, specify issuer of the instrument it converts into	N.A.	N.A.
30	Write-down features	N.A.	Yes
31	If write-down, write-down trigger(s)	N.A.	A decline in the CET1 ratio to below the 5.125% threshold
32	If write-down, full or partial	N.A.	Partial
33	If write-down, permanent or temporary	N.A.	Temporary
34	If temporary write-down, description of write-up mechanism	N.A.	In the event of a net profit, the Issuer may (at its discretion and without prejudice to the limitations established in the applicable banking regulations) increase the Amount of the Securities until the previous write-downs have been offset
34a	Type of subordination (only for eligible liabilities)	N.A.	N.A.
EU-34b	Ranking of the instrument in normal insolvency proceedings	N.A.	N.A.
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument (senior))	AT1	N.A.
36	Non-compliant transitioned features	N.A.	no
37	If yes, specify non-compliant features	N.A.	N.A.
37a	Link to the full term and conditions of the instrument (signposting)	N.A.	N.A.

The following table shows the Banca Generali Group's Own Funds instruments as at 31 December 2022.

5. CAPITAL REQUIREMENTS

Qualitative information

Banca Generali Group and the banks and financial companies belonging to it are subject to the capital adequacy requirements established by the Basel Committee in accordance with the rules defined by the EU (CRR/CRD IV) and applied by the Bank of Italy.
Compliance with these requirements is verified by the Bank of Italy on a quarterly basis.

The Group's **capital adequacy assessment** is based on a comparison between Total Internal Capital, calculated on the basis of risks, and the Total Capital required to meet the minimum requirements, as reported by the Supervisory Body upon the conclusion of the SREP conducted by the Group.
"Total Internal Capital" means the Internal Capital referring to all material risks assumed by the Group and any additional elements that give rise to Internal Capital measures. Total Internal Capital is measured according to the building block approach, without considering the benefits of diversification between the various risks.

The estimate of covering Internal Capital is based on the following:
- for Pillar I risks, the schemes set out in supervisory regulations (CRR);
- for Pillar II risks, the methods indicated in Circular 285/2013 (risk of concentration of individual borrowers or groups of related customers and interest rate risk on the banking book) formulated by trade associations (geo-sectoral concentration risk) or developed internally by the Bank (reputational and strategic risk).

In addition, for risks that are difficult to quantify, qualitative assessment methods based on the analysis of the systems for managing them (control and mitigation systems in place) are adopted.

The management of the Group's capital, at both the current and prospective level, aims to ensure that Banca Generali's capital and ratios, as well as those of its subsidiaries, are consistent with the risk profile assumed and comply with regulatory requirements.

At 31 December 2022, Banca Generali Group had a Total Capital Ratio[12] of **16.7%** compared to a minimum requirement of 12.3% indicated by the Supervisory Authority following the SREP 2022, including a 2.5% capital conservation buffer.
Internal capital adequacy is constantly monitored by the Parent Company, including on a three-year forward-looking basis, in order to provide useful information regarding the evolution of risks and capital in various scenarios (baseline and stressed).

Ongoing compliance with minimum capital requirements is monitored by the Risk Management Department, whereas the Administration Department is tasked with drafting all of the reports to be submitted to the Supervisory Authorities required under applicable legislation, ensuring their accuracy and compliance with deadlines, requesting support from the organisational units directly involved, where necessary. It is also responsible for the related databases (historical regulatory archive). Each quarter, the Risk Management Department produces specific reports for the Board of Directors, designed to verify that the capital resources available to the Group and the risk absorption associated with its activities (in short, capital adequacy ratios) are consistent with the RAF values.
Assessment and planning are closely related inasmuch as the forecasting phase must be based on knowledge of the current situation, especially as regards the measurement of risk-weighted assets (RWAs), market risk, operational risk and balance sheet items.

Compliance with capital adequacy is also guaranteed by the adoption of a payout policy aimed at observing minimum capital requirements in the medium-/long-term and detecting the potential effects of any adverse market situation.

[12] Ratio of total Own funds to risk-weighted assets.

Quantitative information

TEMPLATE EU OV1 - OVERVIEW ON RISK-WEIGHTED EXPOSURES (RWA)

		RWA		CAPITAL REQUIREMENTS
		A	B	C
		31.12.2022	30.06.2022	31.12.2022
1	Credit risk (excluding CCR)	3,422,279	3,467,098	273,782
2	*Of which the standardised approach*	*3,422,279*	*3,467,098*	*273,782*
3	*Of which the foundation IRB (FIRB) approach*	-	-	-
4	*Of which: slotting approach*	-	-	-
EU 4a	*Of which: equities under the simple risk weighted approach*	-	-	-
5	*Of which the advanced IRB (AIRB) approach*	-	-	-
6	Counterparty credit risk - CCR	27,291	20,156	2,183
7	*Of which the standardised approach*	*4,124*	*3,082*	*330*
8	*Of which internal model method (IMM)*	-	-	-
EU 8a	*Of which exposures to a CCP*	*2,855*	*674*	*228*
EU 8b	*Of which credit valuation adjustment - CVA*	*4,968*	*4,869*	*397*
9	*Of which other CCR*	*15,344*	*11,531*	*1,227*
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	18,224	19,949	1,458
17	*Of which SEC-IRBA approach*	-	-	-
18	*Of which SEC-ERBA (including IAA)*	*11,323*	*11,847*	*906*
19	*Of which SEC-SA approach*	*6,901*	*8,102*	*552*
EU 19a	*Of which 1250%*	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	122	789	10
21	*Of which the standardised approach*	*122*	*789*	*10*
22	*Of which IMA*	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	1,101,727	1,065,332	88,138
EU 23a	*Of which basic indicator approach*	-	-	-
EU 23b	*Of which standardised approach*	*1,101,727*	*1,065,332*	*88,138*
EU 23c	*Of which advanced measurement approach*	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	164,820	159,468	13,186
29	**Total**	**4,569,644**	**4,573,325**	**365,571**

As at 31 December 2022, total RWAs amounted to 4,569,644 thousand euros. The most significant component of RWAs is attributable to credit risk, with a value of approximately 3,422,279 thousand euros. Row 24 is not considered in calculating the total as the value of RWAs subject to 250% weighting is already included in the previous rows.

TEMPLATE EU INS1 - INSURANCE PARTICIPATIONS

Not applicable to Banca Generali.

TEMPLATE EU INS2 - FINANCIAL CONGLOMERATES INFORMATION ON OWN FUNDS AND CAPITAL ADEQUACY RATIO

Not applicable to Banca Generali.

TEMPLATE EU PV1 - PRUDENT VALUATION ADJUSTMENTS (PVA)

Not applicable to Banca Generali.

6. COUNTERCYCLICAL CAPITAL BUFFER

The countercyclical capital buffer, consisting of high-quality capital, must be accumulated in periods of economic growth to cover possible future losses on the basis of a specific coefficient established on a national basis. Entities must hold a countercyclical capital buffer equal to their total risk exposure, multiplied by specific countercyclical coefficients set by the Bank of Italy and other authorities designated by individual member states. As the authority designated to adopt macro-prudential measures in the banking sector, on 30 September 2022 the Bank of Italy published a document in which it sets the Countercyclical Capital Buffer (CCyB) for the fourth quarter of 2022 (relating to exposures to Italian counterparties) at 0%.

Directive 2013/36/EU (CRD V) clarifies that the entity's specific countercyclical buffer is equal to the weighted average of the countercyclical buffers applied in the countries in which the entity's material credit exposures are situated.

As at 31 December 2022 the Banca Generali Group's specific countercyclical buffer based on the weighted average of the countercyclical buffers applied in the countries to which the entity's credit exposures are situated is 0.0180%.

The detailed information in the tables below is published in accordance with Commission Implementing Regulation (EU) No 2021/637 of 15 March 2021 and provides a detailed account of the calculation of the requirement applicable to the Group as a function of the geographical distribution of credit exposures.

TEMPLATE EU CCYB1 - GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES RELEVANT FOR THE CALCULATION OF THE COUNTERCYCLICAL BUFFER (1 OF 2)

	A	B	C	D	E	F
	EXPOSURES IN THE BANKING BOOK		EXPOSURES IN THE TRADING BOOK			
BREAKDOWN BY COUNTRY	EXPOSURE VALUE UNDER SA APPROACH	EXPOSURE VALUE UNDER AIRB APPROACH	SUM OF LONG AND SHORT POSITIONS	EXPOSURE VALUE UNDER INTERNAL MODELS	EXPOSURES IN SECURITISATION	EXPOSURE VALUE UNDER AIRB APPROACH
Italy	3,347,381	-	6	-	120,499	3,467,885
Bulgaria	-	-	-	-	-	-
Czech republic	7,499	-	-	-	-	7,499
Denmark	8,412	-	-	-	-	8,412
Estonia	12,116	-	-	-	-	12,116
United kingdom	31,057	-	-	-	-	31,057
Hong Kong	-	-	-	-	-	-
Iceland	-	-	-	-	-	-
Luxembourg	28,151	-	-	-	-	28,151
Denmark	47,402	-	-	-	-	47,402
Romania	-	-	-	-	-	-
Sweden	8,910	-	-	-	-	8,910
Slovakia	19,887	-	-	-	-	19,887
Other	1,059,108	-	-	-	-	1,059,108
Total	**4,569,922**	**-**	**6**	**-**	**120,499**	**4,690,426**

TEMPLATE EU CCYB1 - GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES RELEVANT FOR THE CALCULATION OF THE COUNTERCYCLICAL BUFFER (2 OF 2)

	G	H	I	J	K	L	M
	Own funds requirement						
BREAKDOWN BY COUNTRY	OF WHICH: GENERIC CREDIT EXPOSURES	OF WHICH: CREDIT EXPOSURES OF THE TRADING BOOK	OF WHICH: SECURITISATION POSITIONS IN THE BANKING BOOK	TOTAL	RISK-WEIGHTED EXPOSURE AMOUNTS	WEIGHTING FACTORS OF OWN FUND REQUIREMENT	COUNTERCYCLICAL COEFFICIENT
Italy	198,657	-	1,458	200,115	2,501,441	90.2540%	-
Bulgaria	-	-	-	-	-	-	1.0000%
Czech republic	60	-	-	60	750	0.0270%	1.5000%
Denmark	67	-	-	67	841	0.0300%	2.0000%
Estonia	97	-	-	97	1,212	0.0440%	1.0000%
United kingdom	1,548	-	-	1,548	19,345	0.6980%	1.0000%
Hong Kong	-	-	-	-	-	-	1.0000%
Iceland	-	-	-	-	-	-	2.0000%
Luxembourg	2,151	-	-	2,151	26,888	0.9700%	0.5000%
Denmark	379	-	-	379	4,740	0.1710%	2.0000%
Romania	-	-	-	-	-	-	0.5000%
Sweden	71	-	-	71	891	0.0320%	1.0000%
Slovakia	159	-	-	159	1,989	0.0720%	1.0000%
Other	17,077	-	-	17,077	213,467	7.6990%	-
Total	**220,267**	**-**	**1,458**	**221,725**	**2,771,564**	**100.0000%**	

TEMPLATE EU CCYB2 - AMOUNT OF INSTITUTION-SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER

		A
1	Total risk exposure amount (RWA)	4,569,644
2	Specific countercyclical coefficient of the institution	*0.0180%*
3	**Specific countercyclical capital buffer requirement of the institution**	**823**

As at 31 December 2022 the value of the countercyclical capital buffer was 823 thousand euros.

7. CREDIT RISK: GENERAL INFORMATION

Qualitative information

Credit risk is managed through the implementation of credit management processes (as provided for in the Credit and Finance Regulations, Risk Appetite Framework), which govern the origination and monitoring processes for the various portfolios (loans and securities) in the various phases, as well as the monitoring of the performing portfolio and the non-performing portfolio (NPLs).

Based on the classification rules, performing and non-performing exposures are classified into the following categories according to the instructions provided by the regulations issued by the Supervisory Authority (Bank of Italy Circular 272):

1) bad loans: formally non-performing loans, consisting of cash and off-balance sheet exposures to customers who are in a state of insolvency, regardless of whether confirmed by a court, or in similar situations, and regardless of the Bank loss projections;
2) unlikely to pay (UTP): cash and off-balance sheet exposures for which the Bank deems it unlikely that the borrower will be capable of fulfilling all of its debt obligations (in terms of principal and/or interest) in the absence of actions such as the enforcement of guarantees. This assessment is made regardless of the presence of any past-due and unpaid amounts or instalments.
   Classification as unlikely to pay is not necessarily tied to the explicit presence of anomalies (non-payment), but rather is linked to the existence of elements indicative of a situation of risk of default of the borrower and concerns the overall cash/on- and off-balance sheet exposures toward the same borrower;
3) non-performing overdrawn and/or past-due exposures: these are cash exposures other than those classified as bad debts or unlikely-to-pay loans that are overdrawn or past due, on an ongoing basis, by more than 90 days at the reporting date or exceeding the materiality thresholds, as provided for in the regulatory definition (absolute threshold and percentage of past-due exposures). Non-performing overdrawn and/or past-due exposures may be identified in reference to either the individual borrower or individual transaction. Banca Generali adopts an approach by individual borrower, in which overruns of materiality and time thresholds are assessed at the level of the overall exposure to a counterparty, When the above conditions cease to be met, exposures continue to be classified as non-performing overdrawn and/or past-due for a further 90 days (the “cure period”) before they are reclassified as performing.

Forborne positions — relating to both performing and non-performing exposures — are assigned the “forbearance” attribute. Based on the administrative classification, each quarter the Bank updates the impairment losses recognised on on-balance sheet loans to take account of the development of the situation, the guarantees covering the risk and the time horizon for recovering its loans.

In individual measurement of UTP and bad loan positions, the amount of the impairment loss on each loan is calculated as the sum of two components, the first of which is the outcome of a professional assessment by the unit responsible for managing the position resulting in an expected loss, and the other of the assessment of the amount to be recovered and the estimated recovery time. The expected loss depends on the presumed realisable value of any guarantees and the costs that it is believed will be incurred in the recovery process. The second component is calculated as the difference between the value of the loan at the time of measurement (less expected losses) and the present value of the loan based on future cash flows discounted at the original effective interest rate.
In the case of past-due positions, a provision is set aside on the basis of the value of the exposure, the expected recoverable amount and the existing guarantees.

Cash flows relating to loans expected to be recovered in the near term are not discounted.

The original effective interest rate of each loan remains unchanged over time, even if a renegotiation of the terms results in a change of the contractual rate, including if the loan becomes non-interest-bearing.

Adjustments are recognised in profit or loss.
The original value of loans is reinstated in subsequent periods, if the circumstances that gave rise to the value adjustment cease to exist and such adjustment is objectively related to an event that occurred after the adjustment was made. The reversal is recognised in profit or loss and should not exceed what the amortised cost would have been, had the impairment not been recognised.
In view of the method used to determine the presumed realisable value of non-performing exposures, the mere passage of time, with the ensuing approach of the recovery deadlines, entails an automatic reduction in the implicit financial expenses previously recognised as a reduction in the value of the loans. Write-backs due to the passage of time are taken among reversals.

At 31 December 2022, net non-performing exposures on loans to customers amounted to 37.6 million euros, or 1.48% of total loans to customers.
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.[13] upon the sale of the said company and chiefly secured to that end by cash collateral payments by the counterparty.
Excluding positions covered by indemnities — which, as mentioned above, do not entail any risk for Banca Generali — non-performing cash positions amounted to 19.2 million euros, representing 0.2% of total net loans to customers. However, considering positions secured by collateral or similar guaran-

[13] As of 7 April 2017, the Swiss operations of BSI S.A. were totally transferred to EFG Bank AG - Lugano Branch, as per the Swiss law on mergers.

tees, which at 17.6 million euros make up approximately 91.8% of total net non-performing loans, a residual total amount of 1.6 million euros of net non-performing loans are not secured by collateral, representing 8.2% of total net non-performing loans, in addition to an entirely marginal fraction of total net loans to customers (0.01%).
By contrast, loans to banks do not include any non-performing positions.

The process of identifying non-performing loans requires constant monitoring of positions. When limits are exceeded, the most appropriate debt procedures are triggered. In general, considering that the vast majority of positions are secured by pledges of financial instruments, there are no residual debt exposures once the enforcement procedure has been concluded. If the exposure is unsecured or there is a residual unsecured exposure, the Bank can avail itself of the services of major debt collection agencies.
A position is classified as bad loan when it is no longer possible to recover the exposure from the borrower within a period of time deemed reasonable.

Moreover, with regard to the credit risk associated with financial instruments, an assessment of possible cases of impairment of debt securities measured at amortised cost is performed periodically.
Loss events include default on interest or principal payments or other situations defined a cause of default in the prospectuses for each of the issues.
Impairment indicators include a significant decline in fair value, significant reductions in creditworthiness and other available information regarding financial difficulties experienced by the issuer.
The Consolidated Financial Statements at 31 December 2022 include only one non-performing security, the Alitalia "Dolce Vita" bond, which has been fully written down. For further details, reference should be made to the subsequent chapter "Quantitative information".

In accordance with IFRS 9, the Bank has adopted an impairment model based on the concept of expected loss, which determines adjustments to performing loans on the basis of the parameters of PD (Probability of Default) and LGD (Loss Given Default) in forward-looking and point-in-time terms. Such value adjustments are determined over a time horizon of one year in the event of positions classified to Stage 1, or on a lifetime horizon, in the event of positions classified to Stage 2.

The stage assignment criteria for the portfolio of loans to customers which include current account overdraft facilities, Lombard loans, personal loans and mortgage loans take account of the counterparty's status, any forbearance measures, decline in creditworthiness compared with origination and limits exceeded for more than 30 days.
When calculating impairment, the probability of default is assigned to counterparties on the basis of their rating class (the Bank adopts a management rating model, developed with the CSE consortium) and the residual term of the loan. LGD parameter is instead determined on the basis of loan type and counterparty type, and considering whether guarantees are present. Finally, the parameter EAD (Exposure At Default) is equal to the accounting balance for demand positions, individual contractual cash flows discounted according to the internal rate of return (IRR) for term positions and the accounting balance adjusted by the regulatory Credit Conversion Factor (CCF) for off-balance sheet exposures.

Within the debt securities portfolio, securities classified to the HTC and HTCS portfolios that have passed the SPPI test are instead tested for impairment.
When calculating impairment, it is fundamental to classify the staging of individual positions in order to identify any decline in creditworthiness (credit quality) between the purchase of the security and the reporting date. This process (stage assignment) determines the residual quantities and the date with which to associate the credit quality/rating upon purchase, to be compared with the credit quality/rating observed at the reporting date for the purposes of identifying any "significant decline" in credit quality.

The impairment of securities subject to the IFRS 9 rules is calculated according to the following variables:

› PD: the model adopted for calculating the probability of default (PD) to be applied to the proprietary portfolio within the impairment scope is based on an estimate of a term structure default probability for each security. The component generating the return for an operator's risk appetite is eliminated from default probability measures so as to isolate the credit component (this is known as the "real world" approach);
› LGD: the estimate of the loss given default (LGD) to be applied to the portfolio is calculated according to a deterministic approach in which the LGD parameter is assumed to be constant over the financial asset's entire time horizon as a function of the ranking of the instrument and the classification of the issuer's country;
› EAD: in the case of the proprietary finance portfolio, reference is made to the nominal value, inclusive of the coupon accrued at the measurement date, discounting both values at the security's rate of return.

Adjustments resulting from collective evaluation are recognised in profit or loss.

At annual or interim reporting dates, impairment losses or reversals are recalculated on a differential basis with reference to the entire portfolio of performing loans at that date.

Financial assets subject to commercial renegotiations and forborne exposures

A forbearance measure is an amendment of the original contractual conditions or refinancing granted to a customer in a situation of financial distress in respect of a credit position, which would not have been granted if the customer had not been in such a situation and/or that, conversely, would have resulted in default by the customer had they not been granted.

The Bank takes an individual measurement approach to each exposure. The Bank considers an exposure forborne when one of the following conditions has been met:

a) the amended contract has been fully or partially past due by more than 30 days at least once in the three months prior to the contractual amendment or would have been fully or partially past due by more than 30 days without the amendment;
b) at or around the same time as an additional loan is granted,

the customer repays the principal or pays the interest on another contract fully or partially past due by 30 days at least once in the three months prior to the refinancing;

c) the Bank approves the use of contractual clauses ("embedded clauses") in which the customer is past due by 30 days or the debtor would have been past due by 30 days without the exercise of such clauses.

This assessment is performed by a specific specialised unit of the Lending Department as regards the portfolio portion of loans to customers.

At 31 December 2022, outstanding forborne exposures in the portfolio of loans to customers were mostly classified as performing (73%), with the remainder classified as non-performing (27%). Nearly all positions were secured by collateral (primarily pledges) or similar guarantees.
Exposures subject to forbearance measures at 31 December 2022 mostly consisted (approximately 71.2%) of exposures in amortisation and, to a lesser extent, uncommitted cash exposures. As for the impact on the net present value of the contractual cash flows of the forbearance measures granted over a period of 24 months, given the nature of the renegotiation transactions subject to forbearance measures, represented essentially by the renegotiation of the uncommitted cash exposure in amortising loans which remain with a variable rate, the impact of such exposures on net present value is believed not to be material.

Quantitative information

The quantitative models governing the disclosure of information on credit quality are set out below.

TEMPLATE EU CR1 - PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS (1 OF 3)

		A	B	C	D	E	F
		GROSS CARRYING AMOUNT/NOMINAL AMOUNT					
		PERFORMING EXPOSURES			NON-PERFORMING EXPOSURES		
			OF WHICH STAGE 1	OF WHICH STAGE 2		OF WHICH STAGE 1	OF WHICH STAGE 2
005	**Cash balances at central banks and other demand deposits**	**877,778**	**863,980**	**13,798**	**-**	**-**	**-**
010	**Loans and advances**	**3,314,501**	**3,061,770**	**235,177**	**51,776**	**-**	**51,776**
020	Central banks	-	-	-	-	-	-
030	General governments	7	-	7	-	-	-
040	Credit institutions	535,252	524,189	11,062	-	-	-
050	Other financial corporations	291,471	273,698	1,153	6,915	-	6,915
060	Non-financial corporations	329,116	317,692	10,487	28,588	-	28,588
070	Of which SMEs	257,182	251,787	5,395	7,614	-	7,614
080	Households	2,158,657	1,946,190	212,467	16,273	-	16,273
090	**Debt securities**	**11,372,812**	**11,341,326**	**29,479**	**2,642**	**-**	**2,642**
100	Central banks	-	-	-	-	-	-
110	General governments	8,750,049	8,750,049	-	-	-	-
120	Credit institutions	2,019,539	2,019,539	-	-	-	-
130	Other financial corporations	528,000	523,900	4,100	-	-	-
140	Non-financial corporations	75,224	47,838	25,379	2,642	-	2,642
150	**Off-balance-sheet exposures**	**1,167,804**	**1,166,518**	**1,286**	**3,977**	**-**	**3,581**
160	Central banks	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-
180	Credit institutions	-	-	-	-	-	-
190	Other financial corporations	37,386	37,306	80	50	-	50
200	Non-financial corporations	226,183	226,077	105	82	-	21
210	Households	904,235	903,134	1,101	3,845	-	3,510
220	**Total as at 31.12.2022**	**16,732,895**	**16,433,593**	**279,739**	**58,395**	**-**	**57,999**
	Total as at 31.12.2021	**16,041,021**	**15,747,307**	**268,364**	**52,769**	**-**	**52,476**

TEMPLATE EU CR1 - PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS (2 OF 3)

		G	H	I	J	K	L
		ACCUMULATED IMPAIRMENT, ACCUMULATED NEGATIVE CHANGES IN FAIR VALUE DUE TO CREDIT RISK AND PROVISIONS					
		PERFORMING EXPOSURES - ACCUMULATED IMPAIRMENT AND PROVISIONS			NON-PERFORMING EXPOSURES - ACCUMULATED IMPAIRMENT, ACCUMULATED NEGATIVE CHANGES IN FAIR VALUE DUE TO CREDIT RISK AND PROVISIONS		
			OF WHICH STAGE 1	OF WHICH STAGE 2		OF WHICH STAGE 1	OF WHICH STAGE 2
005	**Cash balances at central banks and other demand deposits**	**(87)**	**(36)**	**(51)**	**-**	**-**	**-**
010	**Loans and advances**	**(4,418)**	**(2,864)**	**(1,555)**	**(14,142)**	**-**	**(14,142)**
020	Central banks	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-
040	Credit institutions	(248)	(138)	(110)	-	-	-
050	Other financial corporations	(243)	(236)	(7)	(409)	-	(409)
060	Non-financial corporations	(348)	(289)	(59)	(10,179)	-	(10,179)
070	Of which SMEs	*(247)*	*(202)*	*(45)*	*(946)*	-	*(946)*
080	Households	(3,579)	(2,200)	(1,379)	(3,555)	-	(3,555)
090	**Debt securities**	**(7,264)**	**(7,115)**	**(149)**	**(2,642)**	**-**	**(2,642)**
100	Central banks	-	-	-	-	-	-
110	General governments	(2,951)	(2,951)	-	-	-	-
120	Credit institutions	(2,902)	(2,902)	-	-	-	-
130	Other financial corporations	(1,284)	(1,247)	(37)	-	-	-
140	Non-financial corporations	(127)	(15)	(113)	(2,642)	-	(2,642)
150	**Off-balance-sheet exposures**	**(52)**	**(46)**	**(6)**	**-**	**-**	**-**
160	Central banks	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-
180	Credit institutions	-	-	-	-	-	-
190	Other financial corporations	(4)	(4)	(1)	-	-	-
200	Non-financial corporations	(20)	(20)	-	-	-	-
210	Households	(27)	(22)	(5)	-	-	-
220	**Total as at 31.12.2022**	**(11,734)**	**(10,024)**	**(1,710)**	**(16,784)**	**-**	**(16,784)**
	Total as at 31.12.2021	**(6,992)**	**(5,877)**	**(1,114)**	**(14,665)**	**-**	**(14,665)**

TEMPLATE EU CR1 - PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS (3 OF 3)

		M	N	O
			COLLATERAL AND FINANCIAL GUARANTEES RECEIVED	
		ACCUMULATED PARTIAL WRITE-OFF	ON PERFORMING EXPOSURES	ON NON-PERFORMING EXPOSURES
005	**Cash balances at central banks and other demand deposits**	**-**	**-**	**-**
010	**Loans and advances**	**-**	**2,799,516**	**35,914**
020	Central banks	-	-	-
030	General governments	-	-	-
040	Credit institutions	-	396,945	-
050	Other financial corporations	-	79,707	6,238
060	Non-financial corporations	-	304,545	18,249
070	Of which SMEs	-	255,101	6,650
080	Households	-	2,018,320	11,427
090	**Debt securities**	**-**	**259,797**	**-**
100	Central banks	-	-	-
110	General governments	-	976	-
120	Credit institutions	-	153,115	-
130	Other financial corporations	-	82,539	-
140	Non-financial corporations	-	23,168	-
150	**Off-balance-sheet exposures**		**849,151**	**2,915**
160	Central banks		-	-
170	General governments		-	-
180	Credit institutions		-	-
190	Other financial corporations		20,873	-
200	Non-financial corporations		146,040	38
210	Households		682,238	2,877
220	**Total as at 31.12.2022**	**-**	**3,908,465**	**38,829**
	Total as at 31.12.2021	**-**	**3,223,765**	**36,609**

At 31 December 2022, the gross carrying amount of performing exposures was 16,732,895 thousand euros, whereas the gross carrying amount of performing exposures was 58,395 thousand euros.

TEMPLATE EU CR1A - MATURITY OF EXPOSURES

		A	B	C	D	E	F
		NET EXPOSURE VALUE					
		ON DEMAND	<= 1 YEAR	> 1 YEAR < = 5 YEARS	> 5 YEARS	NO STATED MATURITY	TOTAL
1	Loans and advances	2,923,096	416,879	4,663	3,079	-	3,347,717
2	Debt securities	-	5,197,091	3,989,040	2,179,416	-	11,365,547
3	**Total as at 31.12.2022**	**2,923,096**	**5,613,970**	**3,993,703**	**2,182,495**	**-**	**14,713,264**
	Total as at 31.12.2021	**2,818,833**	**6,352,927**	**2,702,889**	**1,385,960**	**-**	**13,260,609**

At 31 December 2022, the residual term of exposures was mainly concentrated in the time buckets of less than or equal to one year and between one and five years.

TEMPLATE EU CR2 - CHANGES IN THE STOCK OF NON-PERFORMING LOANS AND ADVANCES

		31.12.2022
		A
		GROSS CARRYING AMOUNT
010	**Initial stock of non-performing loans and advances**	**43,853**
020	Inflows to non-performing portfolios	13,720
030	Outflows from non-performing portfolios	(596)
040	Outflow due to write-off	(128)
050	Outflow due to other situations	(5,073)
060	**Final stock of non-performing loans and advances**	**51,776**

At 31 December 2022, the gross carrying amount of non-performing loans and advances was 51,776 thousand euros.

TEMPLATE EU CR2A - CHANGES IN THE STOCK OF NON-PERFORMING LOANS AND ADVANCES AND RELATED NET ACCUMULATED RECOVERIES

Not applicable to Banca Generali.

TEMPLATE EU CQ1 - CREDIT QUALITY OF FORBORNE EXPOSURES (1 OF 2)

		A	B	C	D
		GROSS CARRYING AMOUNT/NOMINAL AMOUNT OF EXPOSURES WITH FORBEARANCE MEASURES			
		PERFORMING FORBORNE	NON-PERFORMING FORBORNE		
				OF WHICH DEFAULTED	OF WHICH IMPAIRED
005	**Cash balances at central banks and other demand deposits**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**6,463**	**2,372**	**2,372**	**2,372**
020	Central banks	-	-	-	-
030	General governments	-	-	-	-
040	Credit institutions	-	-	-	-
050	Other financial corporations	12	-	-	-
060	Non-financial corporations	1,886	51	51	51
070	Households	4,565	2,322	2,322	2,322
080	**Debt securities**	**-**	**-**	**-**	**-**
090	**Loan commitments given**	**412**	**7**	**7**	**7**
100	**Total as at 31.12.2022**	**6,875**	**2,379**	**2,379**	**2,379**
	Total as at 31.12.2021	**12,248**	**3,728**	**3,728**	**3,728**

As at 31 December 2022 the gross carrying amount of performing exposures with forbearance measures was 6,875 thousand euros. The gross carrying amount of non-performing exposures with forbearance measures was 2,379 thousand euros.

TEMPLATE EU CQ1 - CREDIT QUALITY OF FORBORNE EXPOSURES (2 OF 2)

		E	F	G	H
		ACCUMULATED IMPAIRMENT, ACCUMULATED NEGATIVE CHANGES IN FAIR VALUE DUE TO CREDIT RISK AND PROVISIONS		COLLATERAL RECEIVED AND FINANCIAL GUARANTEES RECEIVED ON FORBORNE EXPOSURES	
		ON PERFORMING FORBORNE EXPOSURES	ON NON-PERFORMING FORBORNE EXPOSURES		OF WHICH COLLATERAL AND FINANCIAL GUARANTEES RECEIVED ON NON-PERFORMING EXPOSURES WITH FORBEARANCE MEASURES
005	**Cash balances at central banks and other demand deposits**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**(15)**	**(266)**	**7,686**	**1,987**
020	Central banks	-	-	-	-
030	General governments	-	-	-	-
040	Credit institutions	-	-	-	-
050	Other financial corporations	-	-	-	-
060	Non-financial corporations	(4)	(1)	1,932	50
070	Households	(10)	(264)	5,755	1,938
080	**Debt securities**	**-**	**-**	**-**	**-**
090	**Loan commitments given**	**-**	**-**	**409**	**-**
100	**Total as at 31.12.2022**	**(15)**	**(266)**	**8,095**	**1,987**
	Total as at 31.12.2021	**(23)**	**(255)**	**14,777**	**3,364**

TEMPLATE EU CQ2 - QUALITY OF FORBEARANCE

Not applicable to Banca Generali.

TEMPLATE EU CQ3 - CREDIT QUALITY OF PERFORMING AND NON PERFORMING EXPOSURES BY PAST DUE DAYS (1 OF 3)

		A	B	C	D
		GROSS CARRYING AMOUNT/NOMINAL AMOUNT			
		PERFORMING EXPOSURES			
			NOT PAST DUE OR PAST DUE ≤ 30 DAYS	PAST DUE > 30 DAYS ≤ 90 DAYS	NON-PERFORMING EXPOSURES
005	**Cash balances at central banks and other demand deposits**	**877,778**	**877,778**	**-**	**-**
010	**Loans and advances**	**3,314,501**	**3,310,667**	**3,834**	**51,776**
020	Central banks	-	-	-	-
030	General governments	7	4	3	-
040	Credit institutions	535,252	535,252	-	-
050	Other financial corporations	291,471	291,355	116	6,915
060	Non-financial corporations	329,116	327,835	1,281	28,588
070	*Of which SMEs*	*257,182*	*255,959*	*1,223*	*7,614*
080	Households	2,158,657	2,156,223	2,434	16,273
090	**Debt securities**	**11,372,812**	**11,372,812**	**-**	**2,642**
100	Central banks	-	-	-	-
110	General governments	8,750,049	8,750,049	-	-
120	Credit institutions	2,019,539	2,019,539	-	-
130	Other financial corporations	528,000	528,000	-	-
140	Non-financial corporations	75,224	75,224	-	2,642
150	**Off-balance-sheet exposures**	**1,167,804**			**3,977**
160	Central banks	-			-
170	General governments	-			-
180	Credit institutions	-			-
190	Other financial corporations	37,386			50
200	Non-financial corporations	226,183			82
210	Households	904,235			3,845
220	**Total as at 31.12.2022**	**16,732,895**	**15,561,257**	**3,834**	**58,395**
	Total as at 31.12.2021	**16,041,021**	**14,956,862**	**1,790**	**52,769**

TEMPLATE EU CQ3 - CREDIT QUALITY OF PERFORMING AND NON PERFORMING EXPOSURES BY PAST DUE DAYS (2 OF 3)

		E	F	G	H
		GROSS CARRYING AMOUNT/NOMINAL AMOUNT			
		NON-PERFORMING EXPOSURES			
		UNLIKELY TO PAY THAT ARE NOT PAST DUE OR ARE PAST DUE ≤ 90 DAYS	PAST DUE > 90 DAYS ≤ 180 DAYS	PAST DUE > 180 DAYS ≤ 1 YEAR	PAST DUE > 1 YEAR ≤ 2 YEARS
005	**Cash balances at central banks and other demand deposits**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**9,621**	**2,979**	**6,308**	**1,350**
020	Central banks	-	-	-	-
030	General governments	-	-	-	-
040	Credit institutions	-	-	-	-
050	Other financial corporations	310	-	106	354
060	Non-financial corporations	516	2,227	5,105	303
070	*Of which SMEs*	*398*	*2,170*	*5,044*	*2*
080	Households	8,796	752	1,097	693
090	**Debt securities**	**-**	**-**	**-**	**2,642**
100	Central banks	-	-	-	-
110	General governments	-	-	-	-
120	Credit institutions	-	-	-	-
130	Other financial corporations	-	-	-	-
140	Non-financial corporations	-	-	-	2,642
150	**Off-balance-sheet exposures**				
160	Central banks				
170	General governments				
180	Credit institutions				
190	Other financial corporations				
200	Non-financial corporations				
210	Households				
220	**Total as at 31.12.2022**	**9,621**	**2,979**	**6,308**	**3,992**
	Total as at 31.12.2021	**11,149**	**818**	**458**	**4,101**

TEMPLATE EU CQ3 - CREDIT QUALITY OF PERFORMING AND NON PERFORMING EXPOSURES BY PAST DUE DAYS (3 OF 3)

		I	J	K	L
		GROSS CARRYING AMOUNT/NOMINAL AMOUNT			
		NON-PERFORMING EXPOSURES			
		PAST DUE > 2 YEARS	PAST DUE > 5 YEARS	PAST DUE > 7 YEARS	OF WHICH DEFAULTED
005	**Cash balances at central banks and other demand deposits**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**31,177**	**310**	**32**	**51,776**
020	Central banks	-	-	-	-
030	General governments	-	-	-	-
040	Credit institutions	-	-	-	-
050	Other financial corporations	6,140	5	-	6,915
060	Non-financial corporations	20,436	2	-	28,588
070	*Of which SMEs*	-	-	-	*7,614*
080	Households	4,601	303	32	16,273
090	**Debt securities**	**-**	**-**	**-**	**2,642**
100	Central banks	-	-	-	-
110	General governments	-	-	-	-
120	Credit institutions	-	-	-	-
130	Other financial corporations	-	-	-	-
140	Non-financial corporations	-	-	-	2,642
150	**Off-balance-sheet exposures**				**3,977**
160	Central banks				-
170	General governments				-
180	Credit institutions				-
190	Other financial corporations				50
200	Non-financial corporations				82
210	Households				3,845
220	**Total as at 31.12.2022**	**31,177**	**310**	**32**	**58,395**
	Total as at 31.12.2021	**29,684**	**284**	**-**	**52,769**

TEMPLATE EU CQ4 - QUALITY OF NON-PERFORMING EXPOSURES BY GEOGRAPHY (1 OF 2)

	A	B	C	D
	GROSS CARRYING/NOMINAL AMOUNT			
		OF WHICH: NON-PERFORMING		OF WHICH: SUBJECT TO IMPAIRMENT
			OF WHICH: DEFAULTED	
On-balance-sheet exposures	**14,741,731**	**54,418**	**54,418**	**14,722,175**
Italy	8,894,934	51,926	51,926	8,878,321
Spain	1,715,374	-	-	1,715,374
France	1,135,376	-	-	1,135,376
Austria	245,829	-	-	245,829
Germany	210,021	-	-	210,021
Poland	203,681	-	-	203,681
Greece	187,716	-	-	187,716
Bulgaria	160,684	-	-	160,684
Luxembourg	147,352	-	-	147,352
Finland	119,609	-	-	119,609
United kingdom	82,072	1	1	82,072
Portugal	72,876	1	1	72,876
Norway	72,374	-	-	72,374
Belgium	71,426	1	1	71,426
Netherlands	69,535	-	-	69,535
Hungary	67,243	-	-	67,243
Lithuania	62,613	-	-	62,613
Ireland	61,689	-	-	61,689
United states	58,199	1	1	56,191
Korea, republic of	57,167	-	-	57,167
Latvia	55,778	-	-	55,778
Other countries	990,184	2,489	2,489	989,249
Off-balance-sheet exposures	**1,171,781**	**3,977**	**3,977**	
Italy	1,138,693	3,827	3,827	
Spain	255	-	-	
France	-	-	-	
Austria	-	-	-	
Germany	461	-	-	
Poland	65	-	-	
Greece	-	-	-	
Bulgaria	-	-	-	
Luxembourg	97	-	-	
Finland	-	-	-	
United kingdom	370	-	-	
Portugal	50	-	-	
Norway	-	-	-	
Belgium	1	-	-	
Netherlands	-	-	-	
Hungary	-	-	-	
Lithuania	-	-	-	
Ireland	1	-	-	
United states	135	-	-	
Korea, republic of	-	-	-	
Latvia	-	-	-	
Other countries	31,653	150	150	
Total as at 31.12.2022	**15,913,512**	**58,395**	**58,395**	**14,722,175**

TEMPLATE EU CQ4 - QUALITY OF NON-PERFORMING EXPOSURES BY GEOGRAPHY (2 OF 2)

	E	F	G
	ACCUMULATED IMPAIRMENT	PROVISIONS ON OFF-BALANCE SHEET COMMITMENTS AND FINANCIAL GUARANTEE GIVEN	ACCUMULATED NEGATIVE CHANGES IN FAIR VALUE DUE TO CREDIT RISK ON NON-PERFORMING EXPOSURES
On-balance-sheet exposures	**(28,467)**		**-**
Italy	(23,723)		-
Spain	(564)		-
France	(395)		-
Austria	(165)		-
Germany	(129)		-
Poland	(195)		-
Greece	(91)		-
Bulgaria	(516)		-
Luxembourg	(26)		-
Finland	(287)		-
United kingdom	(72)		-
Portugal	(32)		-
Norway	(40)		-
Belgium	(12)		-
Netherlands	(131)		-
Hungary	(166)		-
Lithuania	(114)		-
Ireland	(27)		-
United states	(135)		-
Korea, republic of	(26)		-
Latvia	(63)		-
Other countries	(1,556)		-
Off-balance-sheet exposures		**(52)**	
Italy		(52)	
Spain		-	
France		-	
Austria		-	
Germany		-	
Poland		-	
Greece		-	
Bulgaria		-	
Luxembourg		-	
Finland		-	
United kingdom		-	
Portugal		-	
Norway		-	
Belgium		-	
Netherlands		-	
Hungary		-	
Lithuania		-	
Ireland		-	
United states		-	
Korea, republic of		-	
Latvia		-	
Other countries		-	
Total as at 31.12.2022	**(28,467)**	**(52)**	**-**

Table EU CQ4 shows all countries that have a gross carrying amount of exposures in the financial statements of over 50 million euros. The largest exposures are to Italy, Spain and France.

TEMPLATE EU CQ5 - CREDIT QUALITY OF LOANS AND ADVANCES BY INDUSTRY

		A	B	C	D	E	F
		GROSS CARRYING AMOUNT					
			OF WHICH: NON-PERFORMING				
				OF WHICH: DEFAULTED	OF WHICH: LOANS AND ADVANCES SUBJECT TO IMPAIRMENT	ACCUMULATED IMPAIRMENT	ACCUMULATED NEGATIVE CHANGES IN FAIR VALUE DUE TO CREDIT RISK ON NON-PERFORMING EXPOSURES
010	Agriculture, forestry and fishing	20,329	2	2	20,329	(71)	-
020	Mining and quarrying	1,555	-	-	1,555	-	-
030	Manufacturing	43,065	3,721	3,721	43,065	(735)	-
040	Electricity, gas, steam and air conditioning supply	7,935	2,959	2,959	7,935	(1)	-
050	Water supply	196	1	1	196	-	-
060	Construction	47,938	11,274	11,274	47,938	(6,972)	-
070	Wholesale and retail trade	52,601	979	979	52,601	(615)	-
080	Transport and storage	2,454	71	71	2,454	(21)	-
090	Accommodation and food service activities	12,883	130	130	12,883	(44)	-
100	Information and communication	7,040	405	405	7,040	(50)	-
110	Financial and insurance activities	760	-	-	760	-	-
120	Real estate activities	99,916	7,607	7,607	99,916	(1,042)	-
130	Professional, scientific and technical activities	19,621	650	650	18,685	(210)	-
140	Administrative and support service activities	7,406	48	48	7,406	(47)	-
150	Public administration and defence, compulsory social security	-	-	-	-	-	-
160	Education	845	-	-	845	(10)	-
170	Human health services and social work activities	3,383	-	-	3,383	(4)	-
180	Arts, entertainment and recreation	1,705	3	3	1,705	(3)	-
190	Other services	28,069	740	740	28,069	(700)	-
200	**Total as at 31.12.2022**	**357,704**	**28,588**	**28,588**	**356,768**	**(10,527)**	**-**
	Total as at 31.12.2021	**387,093**	**20,388**	**20,388**	**386,111**	**(9,233)**	**-**

TEMPLATE EU CQ6 - COLLATERAL VALUATION - LOANS AND ADVANCES

Not applicable to Banca Generali.

TEMPLATE EU CQ7 - COLLATERAL OBTAINED BY TAKING POSSESSION AND EXECUTION PROCESSES

Banca Generali does not operate in this area.

TEMPLATE EU CQ8 - COLLATERAL OBTAINED BY TAKING POSSESSION AND EXECUTION PROCESSES - VINTAGE BREAKDOWN

Not applicable to Banca Generali.

The Covid-19 emergency ended in 2022, two years after it began: the state of emergency that had been declared in January 2020 was declared concluded by Law Decree dated 31 March 2022.

In Italy, during the year the virus gave signs of significant spread, occurring in waves and with a higher number of cases than in previous periods, but with much less severe effects in terms of hospitalisation and deaths. All this, together with management of social life, did not entail any further negative effects on the economy or additional economic support measures relating to Covid-19.

In response to the pandemic emergency that broke out in 2020, the Group had taken various initiatives in support of the real economy, to inject liquidity in Italy's businesses, participating in the initiatives launched by the Government in March and April 2020 (so called "Cure Italy Decree" and "Liquidity Decree").

In the April 2020 sessions of the Board of Directors, the Group in fact had approved:

- the possibility for customers to apply for the suspension of loan payments in application of either Articles 54 and 56 of the "Cure Italy Decree" (legislative moratoria) or an internal initiative extended to borrowers and loans not contemplated in the "Cure Italy Decree" (non-legislative moratoria that were not part of the industry's agreements and/or were promoted by specific bodies and thus could not be treated according to the EBA/GL/2020/02 Guidelines, as announced by the Bank of Italy);
- the extension of the provisions of EBA/GL/2020/02 for non-legislative moratoria at the Bank's internal initiative, in the process of classification as forborne, in particular by assessing the individual positions in relation to the pandemic emergency and the time horizon of their difficulty, thus avoiding the introduction of automated classification mechanisms;
- the commencement of operations with the Mediocredito Centrale SME Guarantee Fund to obtain the guarantees provided for in the Liquidity Decree for loans to Italian companies according to the definition provided in the Decree (companies with fewer than 500 employees, including microenterprises and independent contractors, artisans and self-employment professionals).

In 2021, the Group had resolved i) to suspend the disbursement of loans falling within the scope of internal and legislative initiatives in support of the economy, and therefore including the loans secured by the SME fund, with effect from the second half of 2021, and ii) to extend the moratoria until 31 December 2021 in accordance with the Sostegni Bis Decree. In 2022, the Group did not undertake any new initiatives relating to Covid-19. However, it did continue to manage and monitor the existing lines guaranteed by the Mediocredito Centrale SME Guarantee Fund and positions that ceased to be subject to moratoria in 2021.

Scope

On the basis of what is stated in the previous section, the disclosure describes the state of the measures undertaken by the Bank in the years 2020 and 2021 in light of the Covid-19 emergency that were managed and monitored in 2022. More specifically:

- loans subject to "moratoria" that fell within the scope of application of the EBA Guidelines on legislative and non-legislative moratoria on loan payments applied in light of the Covid-19 crisis (EBA/GL/2020/02);
- loans subject to Covid-19-related forbearance measures;
- loans granted to SMEs, secured by the Mediocredito Centrale SME Guarantee Fund.

Data and findings

Loans subject to moratoria

The following paragraph illustrates the data, expressed in thousands of euros, set forth by the Annex 3 to the EBA Guidelines[14] (EBA/GL/2020/07 Annex 3) describing summary statistics concerning credit quality of loans subject to moratoria based on the different economic sectors and segments. The moratoria included in the template may be either legislative or non-legislative and must meet the requirements provided for by the EBA Guidelines (EBA/GL/2020/02).
The moratoria applied by Banca Generali, granted in previous years, were based on the regulatory expiry dates (31 December 2021). Accordingly, the following tables do not show any moratoria active in 2022, except for those relating to past-due positions.

[14] Repealed on 16 December 2022,

TEMPLATE 1 - INFORMATION ON LOANS AND ADVANCES SUBJECT TO LEGISLATIVE AND NON-LEGISLATIVE MORATORIA

		A	B	C	D	E	F	G
		GROSS CARRYING AMOUNT						
			PERFORMING			NON PERFORMING		
				OF WHICH: EXPOSURES WITH FORBEARANCE MEASURES	OF WHICH: STAGE 2		OF WHICH: EXPOSURES WITH FORBEARANCE MEASURES	OF WHICH: UNLIKELY TO PAY THAT ARE NOT PAST-DUE OR PAST-DUE < = 90 DAYS
1	**Loans and advances subject to moratorium**	**12,296**	**12,296**	**203**	**203**	**-**	**-**	**-**
2	*of which: Households*	*741*	*741*	-	-	-	-	-
3	*of which: Collateralised by residential immovable property*	*567*	*567*	-	-	-	-	-
4	*of which: Non-financial corporations*	*11,500*	*11,500*	*203*	*203*	-	-	-
5	*of which: Small and Medium-sized Enterprises*	*11,085*	*11,085*	*203*	*203*	-	-	-
6	*of which: Collateralised by commercial immovable property*	-	-	-	-	-	-	-

		H	I	J	K	L	M	N	O
		ACCUMULATED IMPAIRMENT, ACCUMULATED NEGATIVE CHANGES IN FAIR VALUE DUE TO CREDIT RISK							GROSS CARRYING AMOUNT
			PERFORMING			NON PERFORMING			
				OF WHICH: EXPOSURES WITH FORBEARANCE MEASURES	OF WHICH: STAGE 2		OF WHICH: EXPOSURES WITH FORBEARANCE MEASURES	OF WHICH: UNLIKELY TO PAY THAT ARE NOT PAST-DUE OR PAST-DUE < = 90 DAYS	INFLOWS TO NON-PERFORMING EXPOSURES
1	**Loans and advances subject to moratorium**	**(3)**	**(3)**	**-**	**-**	**-**	**-**	**-**	**-**
2	*of which: Households*	-	-	-	-	-	-	-	-
3	*of which: Collateralised by residential immovable property*	-	-	-	-	-	-	-	-
4	*of which: Non-financial corporations*	*(2)*	*(2)*	-	-	-	-	-	-
5	*of which: Small and Medium-sized Enterprises*	*(2)*	*(2)*	-	-	-	-	-	-
6	*of which: Collateralised by commercial immovable property*	-	-	-	-	-	-	-	-

In 2020, in application of Articles 54 and 56 of the Cure Italy Decree, the Bank has granted its customers the possibility of applying for the suspension and rescheduling of payment of instalments, including the final balloon payments for loans including them.
Pursuant to the subsequent Decrees and Budget Laws, the possibility of benefiting from moratoria was extended until 31 December 2021.
At 31 December 2022, there were no active moratoria; exposures relating to relationships for which payments were suspended due to benefiting from legislative moratoria in 2020 and 2021 amounted to 12 million euros and referred to 22 counterparties.

In 2020-2021, Banca Generali also granted the possibility of benefiting from "internal" moratoria (non-legislative and non-EBA compliant). At 31 December 2022, all internal moratoria had also expired. At 31 December 2022, 418 counterparties that had benefited from such moratoria still had outstanding exposures (totalling 90 million euros).

TEMPLATE 2 - BREAKDOWN OF LOANS AND ADVANCES SUBJECT TO LEGISLATIVE AND NON-LEGISLATIVE MORATORIA BY RESIDUAL MATURITY OF MORATORIA (1 OF 2)

		A	B	C	D
			GROSS CARRYING AMOUNT		
		NUMBER OF OBLIGORS		OF WHICH: LEGISLATIVE MORATORIA	OF WHICH: EXPIRED
1	**Loans and advances for which moratorium was offered**	**18**	**12,296**		
2	**Loans and advances subject to moratorium (granted)**	**18**	**12,296**	**12,296**	**12,296**
3	of which: Households		741	741	741
4	*of which: Collateralised by residential immovable property*		567	567	567
5	of which: Non-financial corporations		11,500	11,500	11,500
6	*of which: Small and Medium-sized Enterprises*		11,085	11,085	11,085
7	*of which: Collateralised by commercial immovable property*		-	-	-

TEMPLATE 2 - BREAKDOWN OF LOANS AND ADVANCES SUBJECT TO LEGISLATIVE AND NON-LEGISLATIVE MORATORIA BY RESIDUAL MATURITY OF MORATORIA (2 OF 2)

		E	F	G	H	I
		GROSS CARRYING AMOUNT				
		RESIDUAL MATURITY OF MORATORIA				
		< = 3 MONTHS	> 3 MONTHS < = 6 MONTHS	> 6 MONTHS < = 9 MONTHS	> 9 MONTHS < = 12 MONTHS	> 1 YEAR
1	**Loans and advances for which moratorium was offered**					
2	**Loans and advances subject to moratorium (granted)**	**-**	**-**	**-**	**-**	**-**
3	of which: Households	-	-	-	-	-
4	*of which: Collateralised by residential immovable property*	-	-	-	-	-
5	of which: Non-financial corporations	-	-	-	-	-
6	*of which: Small and Medium-sized Enterprises*	-	-	-	-	-
7	*of which: Collateralised by commercial immovable property*	-	-	-	-	-

Forborne loans

Since 2020, the Bank has adopted the possibility not to introduce automatic classification as forborne of positions subject to moratoria (also confirmed by the Board of Directors' resolution), while maintaining unchanged the internal assessment process, which already provided for individual assessment of positions for the purpose of classifying them forborne. Legislative and internal (so called "tailor made") moratoria terminated at the end of 2021.

Newly originated loans guaranteed by the central government or other public entity

The initiative entailing the granting of loans to SMEs, secured by the Mediocredito Centrale SME Guarantee, ended in 2021 with the Board of Directors' resolution. In 2022, the Bank therefore managed the loans in place, assessing their administrative classification and any enforcement of guarantees.
At 31 December 2022, 195 positions were guaranteed by the SME Fund, for an overall exposure of approximately 86.3 million euros, as indicated in the table 3 below, of which 7.7 million non-performing exposures.

TEMPLATE 3 - INFORMATION ON NEWLY ORIGINATED LOANS AND ADVANCES PROVIDED UNDER NEWLY APPLICABLE PUBLIC GUARANTEE SCHEMES INTRODUCED IN RESPONSE TO COVID-19 CRISIS

		A	B	C	D
		GROSS CARRYING AMOUNT		MAXIMUM AMOUNT OF THE GUARANTEE THAT CAN BE CONSIDERED	GROSS CARRYING AMOUNT
			OF WHICH: FORBORNE	PUBLIC GUARANTEES RECEIVED	INFLOWS TO NON-PERFORMING EXPOSURES
1	**Newly originated loans and advances subject to public guarantee schemes**	**86,270**	**-**	**85,027**	**7,704**
2	of which: Households	-			
3	*of which: Collateralised by residential immovable property*	-			
4	*of which: Non-financial corporations*	*86,269*	-	*83,904*	*7,704*
5	*of which: Small and Medium-sized Enterprises*	*80,480*			*7,704*
6	*of which: Collateralised by commercial immovable property*	-			

TEMPLATE EU CR10 - SPECIALISED LENDING AND EQUITY EXPOSURES UNDER THE SIMPLE RISKWEIGHTED APPROACH

Not applicable to Banca Generali.

8. CREDIT RISK: USE OF ECAIS

Qualitative information

The Banca Generali Group adopts the ratings provided by the following external rating agencies in determining the credit risk weightings under the standardised method:

- Moody's Investors Service for all regulatory portfolios;
- Moody's Investors Service, Standard & Poor's Rating Service and Fitch Ratings for the portfolio of "securitisation positions".

The following table shows the regulatory asset classes for which each external rating agency or agency for export credits is used, along with the respective ratings characteristics.

PORTFOLIO	ECA/ECAI	TYPES OF RATING
Exposures to central governments and central banks	Moody's Investors Service	Solicited/unsolicited
Long-term exposures to supervised intermediaries, public entities and local entities	Moody's Investors Service	Solicited
Short-term exposures to supervised intermediaries and companies	Moody's Investors Service	Solicited
Exposures to international organisations	Moody's Investors Service	Solicited
Exposures to multilateral development banks	Moody's Investors Service	Solicited
Long-term exposures to companies and other entities	Moody's Investors Service	Solicited
Exposures to Undertakings for Collective Investment in Transferable Securities (UCITS)	Moody's Investors Service	Solicited
Positions with securitisations with short-time rating	Moody's Investors Service Standard & Poor's Rating Service Fitch Ratings	Solicited
Positions with securitisations other than securitisations with short-time rating	Moody's Investors Service Standard & Poor's Rating Service Fitch Ratings	Solicited

The UCITS portfolio includes the Forward Fund, an AIF under Italian law managed by Gardant SGR, specialised in illiquid investments. The fund was subscribed in October 2021 in the amount of 378 million euros, as part of the restructuring of a portfolio of senior notes issued by several special-purpose vehicles in the securitisation of healthcare receivables (past-due or related to disputes), which Banca Generali purchased from its customers to protect them against possible losses, and concurrently transferred to the Fund, subscribing 98% of its units. At the end of 2022, the value of the Fund amounted to 478.5 million euros, as a result of the subscription of additional units for 112 million euros in the year. In 2022, the fund reported a capital loss of 10.8 million euros.

Quantitative information

TEMPLATE EU CR4 - STANDARDISED APPROACH - CREDIT RISK EXPOSURE AND CRM EFFECTS

		A	B	C	D	E	F
		EXPOSURES BEFORE CCF AND CRM		EXPOSURES BEFORE CCF AND CRM		RWAS AND RWA DENSITY	
EXPOSURES CLASS		ON-BALANCE-SHEET EXPOSURES	OFF-BALANCE-SHEET EXPOSURES	ON-BALANCE-SHEET EXPOSURES	OFF-BALANCE-SHEET EXPOSURES	RWAS	RWA DENSITY
1	Central governments or central banks	8,951,208	-	9,240,239	-	174,716	1.8908%
2	Regional governments or local authorities	157,261	-	157,261	-	1,672	1.0629%
3	Public sector entities	142,653	-	142,653	-	1,510	1.0582%
4	Multilateral development banks	147,804	-	147,804	-	5,222	3.5330%
5	International organisations	411,223	-	411,223	-	-	-
6	Institutions	1,214,807	-	1,078,650	-	404,546	37.5048%
7	Corporates	1,613,829	379,428	1,233,623	8,751	1,089,443	87.6904%
8	Retail	1,036,718	811,220	698,708	23,793	537,341	74.3724%
9	Secured by mortgages on immovable property	323,527	-	323,527	-	113,878	35.1987%
10	Exposures in default	37,722	3,967	11,938	210	16,283	134.0412%
11	Higher-risk categories	3,189	-	566	-	848	150.0000%
12	Covered bonds	1,106,934	-	1,106,934	-	119,550	10.8001%
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investments undertakings	483,640	-	483,640	-	490,867	101.4944%
15	Equity	39,865	-	39,865	-	49,015	122.9527%
16	Other items	578,994	-	578,994	-	417,389	72.0887%
17	**Total as at 31.12.2022**	**16,249,373**	**1,194,614**	**15,655,624**	**32,754**	**3,422,279**	**21.8141%**
	Total as at 31.12.2021	**15,565,265**	**1,141,985**	**14,947,460**	**139,669**	**3,256,288**	**21.5832%**

The table represents the value of the exposure pre- and post-implementation of conversion factors and CRM techniques, as well as the value of the RWA and RWA density calculated as the ratio of column E to the sum of columns C and D. This model takes account solely of credit risk and therefore excludes the calculation of counterparty risk.

At 31 December 2022, total exposures following application of conversion factors and CRM techniques amounted to approximately 15,688,378 thousand euros. The RWA value is approximately 3,422,279 thousand euros, with an RWA density value of approximately 21.81%.

The following table shows the value of the exposure for open credit risk only for all weighting buckets. Most exposures are allocated to the 0% and 100% weighting buckets. Exposures not rated by an ECAI make up around 20% of the total.

TEMPLATE EU CR5 - STANDARDISED APPROACH (1 OF 3)

		A	B	C	D	E	F
		CLASSES OF CREDIT WORTHINESS (WEIGHTING FACTORS)					
EXPOSURES CLASSES		0%	2%	4%	10%	20%	35%
1	Central governments or central banks	9,126,712	-	-	-	25,895	-
2	Regional governments or local authorities	148,903	-	-	-	8,358	-
3	Public sector entities	139,634	-	-	-	-	-
4	Multilateral development banks	121,694	-	-	-	26,110	-
5	International organisations	411,223	-	-	-	-	-
6	Institutions	-	-	-	-	580,331	-
7	Corporates	52	-	-	-	97,595	-
8	Retail	-	-	-	-	-	-
9	Secured by mortgages on immovable property	-	-	-	-	-	309,613
10	Exposures in default	-	-	-	-	-	-
11	Higher-risk categories	-	-	-	-	-	-
12	Covered bonds	-	-	-	1,075,747	12,062	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	111,708	-	-	-	30,872	5,786
15	Equity	-	-	-	-	-	-
16	Other items	26,792	-	-	-	168,516	-
17	**Total as at 31.12.2022**	**10,086,718**	**-**	**-**	**1,075,747**	**949,739**	**315,399**
	Total as at 31.12.2021	**10,800,001**	**-**	**-**	**181,621**	**630,842**	**320,609**

TEMPLATE EU CR5 - STANDARDISED APPROACH (2 OF 3)

		G	H	I	J	K	L
		CLASSES OF CREDIT WORTHINESS (WEIGHTING FACTORS)					
EXPOSURES CLASSES		50%	70%	75%	100%	150%	250%
1	Central governments or central banks	15,675	-	-	12,129	-	59,828
2	Regional governments or local authorities	-	-	-	-	-	-
3	Public sector entities	3,019	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-
6	Institutions	448,831	-	-	20,335	29,153	-
7	Corporates	75,644	57,580	-	1,006,348	5,156	-
8	Retail	-	-	722,501	-	-	-
9	Secured by mortgages on immovable property	13,915	-	-	-	-	-
10	Exposures in default	-	-	-	3,877	8,271	-
11	Higher-risk categories	-	-	-	-	566	-
12	Covered bonds	19,126	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	3,576	-	112	38,344	292,895	-
15	Equity	-	-	-	33,765	-	6,100
16	Other items	-	-	-	383,686	-	-
17	**Total as at 31.12.2022**	**579,786**	**57,580**	**722,613**	**1,498,485**	**336,040**	**65,928**
	Total as at 31.12.2021	**493,866**	**68,638**	**636,336**	**1,431,842**	**354,536**	**56,079**

TEMPLATE EU CR5 - STANDARDISED APPROACH (3 OF 3)

		M	N	O	P	Q
		CLASSES OF CREDIT WORTHINESS (WEIGHTING FACTORS)				
EXPOSURES CLASSES		370%	1250%	OTHERS	TOTAL	OF WHICH: WITHOUT RATING
1	Central governments or central banks	-	-	-	9,240,239	1,578
2	Regional governments or local authorities	-	-	-	157,261	-
3	Public sector entities	-	-	-	142,653	-
4	Multilateral development banks	-	-	-	147,804	-
5	International organisations	-	-	-	411,223	-
6	Institutions	-	-	-	1,078,650	107,396
7	Corporates	-	-	-	1,242,375	1,171,567
8	Retail	-	-	-	722,501	722,501
9	Secured by mortgages on immovable property	-	-	-	323,527	323,527
10	Exposures in default	-	-	-	12,148	12,148
11	Higher-risk categories	-	-	-	566	566
12	Covered bonds	-	-	-	1,106,934	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-
14	Collective investment undertakings	-	347	-	483,640	108,132
15	Equity	-	-	-	39,865	38,834
16	Other items	-	-	-	578,994	578,693
17	**Total as at 31.12.2022**	**-**	**347**	**-**	**15,688,378**	**3,064,942**
	Total as at 31.12.2021	**-**	**758**	**112,000**	**15,087,129**	**3,200,953**

9. CREDIT RISK MITIGATION TECHNIQUES

Qualitative information

The Banca Generali Group does not use on- or off-balance sheet netting techniques.

Within the framework of the various credit risk mitigation techniques envisaged in applicable supervisory regulations, the Banca Generali Group favours the adoption of the following credit protection instruments:

- collateral consisting of instruments such as shares, government and other bonds, and UCITS units, including those held within the framework of portfolio management schemes;
- mortgages;
- personal guarantees.

These are in addition to:

- the personal credit protections of the Central Guarantee Fund for loans to SMEs that fall within the measures in support of the economy impacted by the Covid-19 (see the paragraph "Information on exposures subject to Covid-19-related measures");
- the SACE guarantee provided for export credit facilities (without-recourse advance on export loans).

The credit risk mitigation instruments used by the Banking Group refer solely to loans to customers.

The Group uses the instruments shown in the following table as secured guarantees.

SECURED GUARANTEES USED BY THE GROUP

GUARANTEE DESCRIPTION	CATEGORY CIRCULAR NO. 285/2013
First lien on property	Mortgages on property - secured guarantee
Second or inferior lien on real property	Mortgages on property - secured guarantee
Legal mortgages on property	Mortgages on property - secured guarantee
Pledge on listed shares	Financial collateral
Pledge on cash	Financial collateral
Pledge on government securities and third-party bonds	Financial collateral
Pledge on securities	Financial collateral
Pledge on funds/Sicav units	Financial collateral
Revolving pledge on securities account under administration	Financial collateral
Pledge on assets under management	Financial collateral
Pledge on Genertellife LOB 1 policies	Financial collateral
Surety	Unsecured guarantee
Risk Participation - Parent Company	Unsecured guarantee
Indemnity	Unsecured guarantee
Guarantee Fund Surety	Central Government Personal Guarantee
SACE Surety	Central Government Personal Guarantee

The pledged instruments indicated above, in order to be eligible for credit risk mitigation techniques, must meet the requirements established by existing regulations (CRR – Regulation EU 2013/575). The eligibility rules are defined and implemented in the Bank's IT systems responsible for calculating capital requirements.

In addition to collateral, the Bank uses personal guarantees in the form of sureties to a minor extent.

When a new mitigation instrument is proposed, the following checks are performed to determine whether the instrument is admissible in accordance with legislative requirements:

- where necessary, the Legal Affairs Department examines the contractual documentation to assess whether the requirements of legal certainty and promptness of liquidation have been satisfied and updates or drafts the said documentation;
- the Lending Department:
  - supports the Legal Affairs Department with drafting non-standard contracts associated with the collateral type;
  - verifies that the general and specific requirements imposed by law have been met;
  - ensures that existing credit processes involving the acquisition, management and enforcement of the collateral types being analysed are consistent and effective.

The Risk Management Department, with support from the Compliance Function, as second-tier control function, examines the checks performed by the above departments in order to validate satisfaction of the general and specific legislative requirements.

Each year, the Lending Department verifies the types of collateral included in the system and, following consultation with the Risk Management Department, as well as with the Compliance Function, where appropriate, requests that the Processes and Systems Coordination Department update the collateral types included in the procedure.

Each department involved in the process is generally responsible for reporting changes in applicable legislation that require verification of the types of collateral admitted and their eligibility for CRM purposes.

The Group attaches extreme importance to reviewing the proper acquisition and management of collateral and personal guarantees owing to their role in safeguarding credit and reducing the associated risk, which is reflected in the mitigation of the capital requirements imposed by banking supervisory regulations.

The process of acquiring and managing guarantees, which is reported to the Lending Department, ensures:

- proper, thorough and prompt recognition/recording in the dedicated applications of the review of individual collateral contracts and the associated set of necessary information;

- the proper acquisition and filing of documentation regarding specific collateral;
- the consistency with current market values of the values indicated upon approval on the basis of the guarantee; this review is conducted on a weekly basis;
- measures where there are discrepancies between the initial value of the guarantee and its market value (net of allowed disparities) in excess of the pre-determined threshold, with the twofold goal of requesting and obtaining from the pledgor the replenishment of the guarantee and proportionally reducing the credit granted;
- verification of the quality of the guarantees acquired (possibility of foreclosure and concentration) on the basis of the Risk Appetite Framework approved by the Board of Directors.

In the case of mortgages of property, it particularly bears considering that the Bank normally grants loans intended solely for the purchase of first homes; all other cases are marginal. To determine the precautionary prudential value of the property to be mortgaged, Banca Generali draws on support from CRIF S.p.A., a leading Italian provider of credit information, business information and decision-making support systems. By means of a formal process, channelled through the information technology procedures made available by the information technology outsourcer CSE, the Bank requests evaluations of the properties to be mortgaged in each case. Through its network of independent experts[15], CRIF provides the Bank with a full, thorough appraisal, accompanied by complete checks of the property's urban planning and administrative compliance, culminating in an indication of the property's value on a prudent and conservative basis. The maximum amount of mortgage loans is 80% of the value of the property as appraised through the above process, in accordance with the instalment/income ratios consistent with best practice.

The appraisal is part of a guarantee management process that also includes the acquisition, control and enforcement of guarantees.
In the case of a mortgage, once the loan is approved a preliminary notary's report is requested to verify the degree of mortgage registered and establish the actual extent and ownership of the property to be mortgaged. This report — issued by a Notary — certifies whether the property to be mortgaged is encumbered (by mortgages, foreclosures, etc.) and/or subject to detrimental transactions.

Following the actual deed of sale and the subsequent mortgage financing, the Notary issues a copy true to the original of the deed and registers the mortgage, delivering the mortgage registration note to the Bank.
The copy true to the original of the mortgage deed is the document that, if it becomes necessary to enforce the mortgage, allows the Bank to exercise its rights by initiating the foreclosure procedure. The registration note represents confirmation that the mortgage has been registered with the property register archive or that the mortgage right has been registered in the areas subject to land register.
The Bank draws on the support of CRIF, which verifies the value of mortgaged properties. In particular, the value of properties is verified annually.
The organisational units within the Lending Department select the properties to be appraised; CRIF then proceeds to the appraisal using statistical methods or drawing on a network of independent experts.

Forms of collateral other than mortgages used by the Group as credit risk mitigation techniques are managed as the underlying financial instrument.
Once the documentation is approved, the Lending Department's organisational units prepare the deed of pledge to be signed by the customer. The deed specifies the guarantee to be acquired and the type of legal relationship.
The customer signs the deed of pledge. The Lending Department's organisational units then verify that the customer has placed his signatures on the deed and establish the certified date of execution of the deed.

The type of collateral determines the statutes that govern the legal and operating consummation of the pledge, so as to consolidate the guarantee and making the underlying instruments unavailable to the client.
The creation of dedicated securities accounts prevents the client from trading the pledged financial instruments, since it is no longer possible to perform trades directly involving such accounts, with the exception of revolving collateral, in which the client may replace the pledged assets in view of optimal asset allocation, but may not under any circumstances release collateral or transfer financial instruments (in such cases, the value of the entire securities account is posted as collateral). Except for revolving pledges, any requests to unfreeze the pledged securities portfolio must be authorised by the Lending Department's organisational units.

Financial instruments in the securities account are assigned values on a daily basis through the updated data received from the Info Providers (e.g.: Telekurs).
The value of each financial instrument provided as collateral is subject to a prudential haircut, at a percentage that varies according to the underlying risk level, in most cases ranging from 10% to 40%; in some cases, this percentage may even be higher, in consideration of particular circumstances. Monitoring is carried out on a weekly basis.

Monitoring of financial collateral entails an escalation involving first-tier and second-tier functions. With a frequency determined in an internal policy, the organisational structures under the responsibility of the Lending Department query IT systems to verify that the value of guarantees does not fall below tolerance and adequacy (loan-to-value) thresholds over time.
Where this occurs, the actions envisaged in the internal policy to remedy them (such as replenishment of guarantees) are taken.
If the borrower defaults, the Bank may enforce the guarantee with the timing and in the manner provided for in the internal policy, in accordance with the legislation in effect from time to time.

At 31 December 2022, the Banca Generali Group did not include credit derivatives among financial instruments that may be acquired as guarantees. Such instruments included, without limitation, shares, government and other bonds, UCITS units, including where held within the framework of portfolio management, mortgages, personal guarantees and guarantees provided by central governments or similar entities.

[15] "Independent expert" is defined as a person with the necessary qualifications, skills and experience to conduct an appraisal, not having taken part in the loan approval process and not being involved in the monitoring thereof.

The portfolio of financial collateral classified as eligible for the credit risk mitigation techniques provided for in the regulations covers 1,132 million euros of exposures, mostly consisting of loans to customers (780 million euros).
Eligible personal guarantees, amounting to 396 million euros, are mainly provided by parties classified to the central governments regulatory portfolio (289 million euros, referring to guarantees from the Central Guarantee Fund for loans to SMEs among the Covid-19 economic support measures, guarantees provided by SACE for trade finance loans and government guarantees on the issuance of securities). Personal guarantees also include the indemnity granted by the former BSI S.A., now EFG Bank (1.5 million euros).
The remaining exposures generated by personal guarantees are attributable to loans secured by pledges in Genertellife life insurance policies (105 million euros).

Quantitative Information

TEMPLATE EU CR3 - CRM TECHNIQUES - OVERVIEW

		A	B	C	D	E
			SECURED CARRYING AMOUNT			
					OF WHICH SECURED BY FINANCIAL GUARANTEES	
		UNSECURED CARRYING AMOUNT		OF WHICH SECURED BY COLLATERAL		OF WHICH SECURED BY CREDIT DERIVATIVES
1	Loans and advances	1,389,978	2,835,430	2,742,243	93,187	-
2	Debt securities	11,105,750	259,797	-	259,797	
3	**Total as at 31.12.2022**	**12,495,728**	**3,095,227**	**2,742,243**	**352,985**	**-**
4	*Of which non-performing exposures*	*1,720*	*35,914*	*28,583*	*7,331*	-
EU-5	*Of which defaulted*	*1,720*	*35,914*			
	Total as at 31.12.2021	**12,494,609**	**2,507,891**	**2,384,137**	**123,753**	**-**

The table shows the carrying amount of secured and unsecured exposures falling with the CRM techniques. In particular, at 31 December 2022 the carrying amount of unsecured exposures was approximately 12,495,728 thousand euros, while the carrying amount of secured exposures was approximately 3,095,227 thousand euros.

10. COUNTERPARTY RISK

Qualitative information

In accordance with applicable legislation, counterparty risk is calculated for the following categories of transactions:

- derivative financial and credit instruments traded over the counter (OTC);
- securities financing transactions ("SFTs", i.e., repurchase agreements and securities lending);
- transactions with medium-to-long term settlement.

The OTC derivatives in the first point refer solely to exposures to institutional counterparties for portfolio hedging purposes, whereas transactions with medium-/long-term settlement refer to derivatives only. Each counterparty is assigned an operating limit set at the level of the credit facility, identified based on a specific assessment, authorisation and approval process carried out by the competent bodies.
The Bank has not adopted specific measures for unfavourable correlation risk (general wrong-way risk), and there are no positions exposed to specific wrong-way risk.

The Risk Management Department is responsible for ensuring second-tier checks on the proper use of the credit facilities approved, as well as for monitoring changes in the ratings of borrowers in order to take action where a change results in a credit rating that is no longer consistent with the amount of the existing credit facility.
Any overlimits detected are promptly reported to the contact persons identified by the process (according to a specific escalation sequence) for ensuring timely remedial action.

With regard to repurchase agreement transactions, the Bank has global market purchase agreements (GMRAs) in place, in addition to MTS Repo transactions with central counterparties, and with reference to derivatives the Bank enters into netting agreements such as ISDA/CSA (International Swaps and Derivatives Association/Credit Support Annex) contracts.
With regard to the impact in terms of the collateral that the Group would need to provide in the event of a downgrading of its credit rating, the agreements do not require the Bank to increase the amount of collateral to be provided in the event of a downgrading of Assicurazioni Generali.

Quantitative Information

TEMPLATE EU CCR1 - ANALYSIS OF CCR EXPOSURE BY APPROACH (1 OF 2)

		A	B	C	D
		REPLACEMENT COST (RC)	POTENTIAL FUTURE EXPOSURE (PFE)	EEPE	ALPHA USED FOR COMPUTING REGULATORY EXPOSURE VALUE
EU-1	EU - Original Exposure Method (for derivatives)	-	-		1,4
EU-2	EU - Simplified SA-CCR (for derivatives)	-	-		1,4
1	SA-CCR (for derivatives)	1,311	5,725		1,4
2	IMM (for derivatives and SFTs)			-	-
2a	*Of which securities financing transactions netting sets*			-	
2b	*Of which derivatives and long settlement transactions netting sets*			-	
2c	*Of which from contractual cross-product netting sets*			-	
3	Financial collateral simple method (for SFTs)				
4	Financial collateral comprehensive method (for SFTs)				
5	VaR for SFTs				
6	**Total as at 31.12.2022**				
	Total as at 31.12.2021				

TEMPLATE EU CCR1 - ANALYSIS OF CCR EXPOSURE BY APPROACH (2 OF 2)

		E	F	G	H
		EXPOSURE VALUE PRE-CRM	EXPOSURE VALUE POST-CRM	EXPOSURE VALUE	RWEA
EU-1	EU - Original Exposure Method (for derivatives)	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	-	-	-	-
1	SA-CCR (for derivatives)	11,277	9,849	9,849	4,124
2	IMM (for derivatives and SFTs)	-	-	-	-
2a	*Of which securities financing transactions netting sets*	-	-	-	-
2b	*Of which derivatives and long settlement transactions netting sets*	-	-	-	-
2c	*Of which from contractual cross-product netting sets*	-	-	-	-
3	Financial collateral simple method (for SFTs)	-	-	-	-
4	Financial collateral comprehensive method (for SFTs)	941,104	73,746	73,665	15,344
5	VaR for SFTs	-	-	-	-
6	**Total as at 31.12.2022**	**952,381**	**83,595**	**83,514**	**19,468**
	Total as at 31.12.2021	**223,964**	**28,557**	**28,513**	**10,226**

At 31 December 2022, the value of the post-CRM exposure to counterparty risk was approximately 83,595 thousand euros, whereas total RWEAs stood at approximately 19,468 thousand euros.

TEMPLATE EU CCR2 - CVA CAPITAL CHARGE

		31.12.2022		31.12.2021	
		A	B	A	B
		EXPOSURE VALUE	RWAS	EXPOSURE VALUE	RWAS
1	**Total portfolios subject to the advanced method**	**-**	**-**	**-**	**-**
2	(i) VaR component (including the 3× multiplier)		-		-
3	(ii) SVaR component (including the 3× multiplier)		-		-
4	**All portfolios subject to the standardised method**	**82,805**	**4,968**	**21,964**	**3,455**
EU4	Based on the original exposure method	-	-	-	-
5	**Total subject to the CVA capital charge**	**82,805**	**4,968**	**21,964**	**3,455**

At 31 December 2022, the value of the RWA for the CVA risk was approximately 4,968 thousand euros, up compared to 31 December 2021.

TEMPLATE EU CCR3 - STANDARDISED APPROACH - CCR EXPOSURES BY REGULATORY PORTFOLIO AND RISK (1 OF 2)

		CLASSES OF CREDIT WORTHINESS (WEIGHTING FACTORS)					
		A	B	C	D	E	F
EXPOSURE CLASSES		0%	2%	4%	10%	20%	50%
1	Central governments or central banks	-	-	-	-	-	-
2	Regional governments or local authorities	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-
6	Institutions	-	78,620	22,381	-	74,675	4,958
7	Corporates	-	-	-	-	2,235	-
8	Retail	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-
11	**Total as at 31.12.2022**	**-**	**78,620**	**22,381**	**-**	**76,910**	**4,958**
11	**Total as at 31.12.2021**	**-**	**-**	**9,792**	**-**	**21,486**	**2,196**

TEMPLATE EU CCR3 - STANDARDISED APPROACH - CCR EXPOSURES BY REGULATORY PORTFOLIO AND RISK (2 OF 2)

		CLASSES OF CREDIT WORTHINESS (WEIGHTING FACTORS)					
		G	H	I	J	K	L
EXPOSURE CLASSES		70%	75%	100%	150%	OTHERS	TOTAL EXPOSURE VALUE
1	Central governments or central banks	-	-	-	-	-	-
2	Regional governments or local authorities	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-
6	Institutions	-	-	461	-	-	181,095
7	Corporates	-	-	1,051	-	-	3,286
8	Retail	-	134	-	-	-	134
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-
11	**Total as at 31.12.2022**	**-**	**134**	**1,512**	**-**	**-**	**184,515**
11	**Total as at 31.12.2021**	**-**	**-**	**4,832**	**-**	**-**	**38,305**

The table shows the values of exposures to counterparty risk, broken down by weighting bucket. At 31 December 2022, the largest exposures were included in the 2% and 100% weighting buckets.

TEMPLATE EU CCR4 - IRB APPROACH - CCR EXPOSURES BY EXPOSURE CLASS AND PD SCALE

Not applicable to Banca Generali

TEMPLATE EU CCR5 - COMPOSITION OF COLLATERAL FOR CCR EXPOSURES (1 OF 2)

		A	B	C	D
		COLLATERAL USED IN DERIVATIVE TRANSACTIONS			
		FAIR VALUE OF COLLATERAL RECEIVED		FAIR VALUE OF POSTED COLLATERAL	
	COLLATERAL TYPE	SEGREGATED	UNSEGREGATED	SEGREGATED	UNSEGREGATED
1	Cash – domestic currency	-	-	-	-
2	Cash – other currencies	-	-	-	-
3	Domestic sovereign debt	-	-	-	-
4	Other sovereign debt	-	-	-	-
5	Government agency debt	-	-	-	-
6	Corporate bonds	-	-	-	-
7	Equity securities	-	-	-	-
8	Other collateral	-	-	-	-
9	**Total as at 31.12.2022**	**-**	**-**	**-**	**-**
	Total as at 31.12.2021	**-**	**-**	**-**	**-**

TEMPLATE EU CCR5 - COMPOSITION OF COLLATERAL FOR CCR EXPOSURES (2 OF 2)

		E	F	G	H
		COLLATERAL USED IN SFTS			
		FAIR VALUE OF COLLATERAL RECEIVED		FAIR VALUE OF POSTED COLLATERAL	
	COLLATERAL TYPE	SEGREGATED	UNSEGREGATED	SEGREGATED	UNSEGREGATED
1	Cash – domestic currency	-	-	-	-
2	Cash – other currencies	-	-	-	-
3	Domestic sovereign debt	-	-	-	2,800,115
4	Other sovereign debt	-	-	-	-
5	Government agency debt	-	-	-	-
6	Corporate bonds	-	397,941	-	226,740
7	Equity securities	-	-	-	-
8	Other collateral	-	-	-	316,642
9	**Total as at 31.12.2022**	**-**	**397,941**	**-**	**3,343,496**
	Total as at 31.12.2021	**-**	**207,715**	**-**	**12,228**

At 31 December 2022, the fair value of collateral received was approximately 397,941 thousand euros, whereas the fair value of collateral provided was approximately 3,343,496 thousand euros.

TEMPLATE EU CCR6 - CREDIT DERIVATIVES EXPOSURES

Not applicable to Banca Generali.

TEMPLATE EU CCR7 - RWEA FLOW STATEMENTS OF CCR EXPOSURES UNDER THE IMM

Not applicable to Banca Generali.

TEMPLATE EU CCR8 - EXPOSURES TO CCPS

		31.12.2022		31.12.2021	
		A	B	A	B
		EXPOSURE VALUE	RWEA	EXPOSURE VALUE	RWEA
1	**Exposures to QCCPS (total)**		**2,855**		**435**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	101,001	2,468	9,792	392
3	i) OTC derivatives	22,381	895	9,792	392
4	ii) Exchange-traded derivatives	-	-	-	-
5	iii) SFTs	78,620	1,572	-	-
6	iv) Netting sets where cross-product netting has been approved	-	-	-	-
7	Segregated initial margin	-		-	
8	Non-segregated initial margin	-	-	-	-
9	Prefunded default fund contributions	19,369	387	2,145	43
10	Unfunded default fund contributions	-	-	-	-
11	**Exposures to non-qccps (total)**		**-**		**-**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
13	i) OTC derivatives	-	-	-	-
14	ii) Exchange-traded derivatives	-	-	-	-
15	iii) SFTs	-	-	-	-
16	iv) Netting sets where cross-product netting has been approved	-	-	-	-
17	Segregated initial margin	-		-	
18	Non-segregated initial margin	-	-	-	-
19	Prefunded default fund contributions	-	-	-	-
20	Unfunded default fund contributions	-	-	-	-

At 31 December 2022, the RWAs of exposures to central counterparties were approximately 2,855 thousand euros. The RWAs of pre-financed contributions to the guarantee fund were 387 thousand euros.

11. SECURITISATION

Qualitative information

The Group does not hold any self-securitisations. Rather, it acts solely as investor in third-party securitisations, although the volume of its investments — all belonging to the banking book — make up a minimal portion of the Bank's assets[16]. These transactions are aimed at diversifying the risk profile of the portfolio managed and maximising the return objective.

None of the special-purpose vehicles invested in is consolidated in either the accounting or prudential frameworks, since the Group does not have the capacity to govern them, much less to dispose of the implicit variable return cash flows from the underlying assets.

All investments in securitisation refer to senior tranches with a strong component of STS and CLO positions[17]. As a result of its investments, the Bank is exposed to risks associated with credit risk (in relation to the underlying assets), liquidity and interest-rate risk. No exposure to foreign exchange risk, since all aforementioned investments are denominated in euros.
The trading book does not include any exposures in securitisations and thus is not subject to market risks.

There are no synthetic securitisations.

As the Bank reduced its risk appetite to these asset classes, it adopted a framework for monitoring complex instruments (securitisations and harmonised investment funds other than UCITS) aimed at thoroughly governing the Bank's investment process, in accordance with the applicable internal rules and procedures and external regulations, in addition to setting out the rules and responsibilities within the company bodies and organisational units involved in the process in various capacities.

The Banca Generali Group adopts two methods for calculating the amounts of risk-weighted exposures. In particular, these are the SEC-SA and SEC-ERBA methods.
Investments in securitisation transactions are recorded in the financial statements among financial assets measured at amortised cost.
The carrying amounts of exposures are net of adjustments to individual securitisations.
There are no re-securitisation transactions.

[16] In terms of invested notional amount, less than 2% of the total banking book portfolio at 31 December 2022.
[17] In terms of notional amount, just over 40% of the total securitisations in portfolio at 31 December 2022.

Quantitative information

TEMPLATE EU-SEC1 - SECURITISATION EXPOSURES IN THE NON-TRADING BOOK

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
		INSTITUTION ACTS AS ORIGINATOR							INSTITUTION ACTS AS SPONSOR				INSTITUTION ACTS AS INVESTOR			
		TRADITIONAL				SYNTHETIC			TRADITIONAL				TRADITIONAL			
		STS		NON-STS												
			OF WHICH SRT		OF WHICH SRT		OF WHICH SRT	SUB-TOTAL	STS	NON-STS	SYNTHETIC	SUB-TOTAL	STS	NON-STS	SYNTHETIC	SUB-TOTAL
1	**Total exposures**	-	-	-	-	-	-	-	-	-	-	-	**27,200**	**80,814**	-	**108,014**
2	**Retail (total)**	-	-	-	-	-	-	-	-	-	-	-	**27,200**	**34,807**	-	**62,007**
3	Residential mortgage	-	-	-	-	-	-	-	-	-	-	-	23,136	34,807	-	57,944
4	Credit card	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Other retail exposures	-	-	-	-	-	-	-	-	-	-	-	4,063	-	-	4,063
6	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	**Wholesale (total)**	-	-	-	-	-	-	-	-	-	-	-	-	**46,007**	-	**46,007**
8	Loans to corporates	-	-	-	-	-	-	-	-	-	-	-	-	46,007	-	46,007
9	Commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

TEMPLATE EU SEC2 - SECURITISATION EXPOSURES IN THE TRADING BOOK

Not applicable to Banca Generali.

TEMPLATE EU SEC3 - SECURITISATION EXPOSURES IN THE NON-TRADING BOOK AND ASSOCIATED REGULATORY CAPITAL REQUIREMENTS - INSTITUTION ACTING AS ORIGINATOR OR AS SPONSOR

Not applicable to Banca Generali.

TEMPLATE EU-SEC4 - SECURITISATION EXPOSURES IN THE NON-TRADING BOOK AND ASSOCIATED REGULATORY CAPITAL REQUIREMENTS - INSTITUTION ACTING AS INVESTOR

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	EU-P	EU-Q
		EXPOSURE VALUES (BY RW BANDS/DEDUCTIONS)					EXPOSURE VALUES (BY REGULATORY APPROACH)				RWEA (BY REGULATORY APPROACH)				CAPITAL CHARGE AFTER CAP			
		RW ≤20%	RW >20% TO 50%	RW >50% TO 100%	RW >100% TO <1250%	RW 1250% / DEDUCTIONS	SEC-IRBA	SEC-ERBA (INCLUDING IAA)	SEC-SA	RW 1250% / DEDUCTIONS	SEC-IRBA	SEC-ERBA (INCLUDING IAA)	SEC-SA	RW 1250%	SEC-IRBA	SEC-ERBA (INCLUDING IAA)	SEC-SA	RW 1250%
1	**Total exposures**	**84,506**	**23,508**	**-**	**-**	**-**	**-**	**62,007**	**46,007**	**-**	**-**	**11,323**	**6,901**	**-**	**-**	**906**	**552**	**-**
2	**Traditional transactions**	**84,506**	**23,508**	**-**	**-**	**-**	**-**	**62,007**	**46,007**	**-**	**-**	**11,323**	**6,901**	**-**	**-**	**906**	**552**	**-**
3	Securitisation	84,506	23,508	-	-	-	-	62,007	46,007	-	-	11,323	6,901	-	-	906	552	-
4	Retail underlying	38,499	23,508	-	-	-	-	62,007	-	-	-	11,323	-	-	-	906	-	-
5	Of which STS	24,943	2,257	-	-	-	-	27,200	-	-	-	4,362	-	-	-	349	-	-
6	Wholesale	46,007	-	-	-	-	-	-	46,007	-	-	-	6,901	-	-	-	552	-
7	Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	**Synthetic transactions**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
10	Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

TEMPLATE EU-SEC5 - EXPOSURES SECURITISED BY THE INSTITUTION - EXPOSURES IN DEFAULT AND SPECIFIC CREDIT RISK ADJUSTMENTS

Not applicable to Banca Generali.

12. LIQUIDITY RISK

Qualitative information

As illustrated in section 2.2.8, the Group monitors its exposure to liquidity risk and the adequacy of the related measures for managing and mitigating it on a current, prospective and hypothetical stress basis by using regulatory and management metrics.

The liquidity reserves available to the Group are primarily held in euro, covering any financial requirements in that currency. In order to mitigate liquidity risk, the Group constantly holds the amount of unencumbered liquidity reserves required to meet the Liquidity Coverage Requirement. These assets are organised into two levels:

› assets of very high quality ("Level 1");
› assets of high quality ("Levels 2A and 2B"), to which precise haircuts are assigned, depending on the type of asset, to be applied with specific weighting in the calculation of the liquidity reserve.

The liquidity buffer, which constitutes the numerator of the Liquidity Coverage Ratio (LCR), is composed primarily of government bonds (Italian and EU) and liquidity deposited with the ECB qualifying as Level 1 assets. Level 2 assets include bonds that meet the admissibility requirements of the applicable regulations.

Risk profiles relating to the concentration of funding sources are limited by maintaining a solid basis of adequately diversified retail funding, which makes up most of the Group's funding. Other funding sources are funding from wholesale counterparties and Generali Group companies.

Quantitative information

The quantitative models provided for in Commission Implementing Regulation (EU) No 2021/637 for the disclosure of information on liquidity risk are set out below.
The following table shows the average value of the Group's Liquidity Coverage Ratio (LCR) and the main aggregates that constitute it, in accordance with the disclosure of information on the management of liquidity risk provided pursuant to Article 451-*bis* of Regulation (EU) 2019/876 (CRR2).
In particular, the EU LIQ1 model shows a reconstruction of the LCR value and its main components (liquidity reserves and gross and net cash outflows). For each period of reference in the column, the value is stated not as the amount at the end of the period but as the average for the twelve prior months (i.e., the values in the 31 December 2022 column are the average for the periods from January 2022 to December 2022).
The average value of the liquidity reserve for the period ended 31 December 2022 was approximately 9,411,791 thousand euros, a decrease on the previous quarters. The average value of net cash outflows for the period ended 31 December 2022 was approximately 2,493,371 thousand euros. The average value of the liquidity coefficient for the period ended 31 December 2022 was approximately 378%, considerably higher than the regulatory minimum of 100%.
The main factors that influenced the liquidity profile during the year, marking a decline in the LCR indicator, were the changed interest rate market context, which resulted in a decline in deposits in customers' current accounts, and the strategic decision to make early repayment of the TLTRO (700 million euros). As a result of these factors, the Parent Company's Treasury implemented a short-term funding policy based on the use of secured funding transactions undertaken on the MTS market through the use of available proprietary securities used as collateral.
At the end of the fourth quarter of 2022, the Group's liquidity reserves — high-quality liquid assets (HQLAs) — amounted to approximately 8 billion euros and were sufficient to offset estimated cash outflows for the following 30 days.
At the end of the fourth quarter of 2022, there had been an overall decline, compared to the end of the third quarter, in the liquidity buffer, primarily (about 90%) composed of securities, approximately 81% of which is represented by Italian and EU government bonds, and approximately 10% by reserves held with central banks.
The main component of net cash outflows relates to transactions with retail and wholesale customers and potential losses of financial customers.

The main sources of funding at the end of the fourth quarter were represented by customer deposits (approximately 12.6 billion euros) and short-term interbank funding, mainly attributable to repurchase agreement transactions with CC&G and other banking counterparties (for a total of approximately 1.8 billion euros). The main funding channel used by Banca Generali is MTS Repo. The Group monitors the degree of concentration of sources of funding through the management and regulatory metrics defined in the Liquidity Risk Management Policy.

The Group has derivative contracts in place with central counterparties and bilateral derivative contracts to hedge risks associated with possible changes in interest rates, to which the assets in the proprietary portfolio are exposed. Changes in risk factors underlying derivatives transactions generate an impact on the Group's liquidity, against which guarantees must be provided in the form of cash or other securities as collateral. Quantification of the potential liquidity absorption is based on the estimate cash flows associated with changes in the fair value of the derivatives that are specified in the indicator.

Current regulations call for monitoring and reporting of "LCR in foreign currency" when the aggregated liabilities held in a foreign currency are "significant", i.e., equal to 5% or more of the total liabilities held by the entity. At the end of 2022, the Group did not hold foreign currency deemed significant as it operates primarily in euros and therefore it has a marginal impact on the LCR indicator, not resulting in currency mismatch in the calculation.

TEMPLATE EU LIQ1 - LIQUIDITY COVERAGE RATIO (1 OF 2)

CURRENCY AND UNITS (€ THOUSAND)		TOTAL UNWEIGHTED VALUE (AVERAGE)			
EU 1A	QUARTER ENDING ON (DD MONTH YYY)	31.12.2022	30.09.2022	30.06.2022	31.03.2022
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
	High-quality liquid assets				
1	**Total high-quality liquid assets (HQLA)**				
	Cash - outflows				
2	Retail deposits and deposits from small business customers, of which:	9,844,222	9,652,632	9,296,523	8,855,918
3	Stable deposits	5,792,299	5,705,802	5,548,809	5,379,346
4	Less stable deposits	4,051,922	3,946,830	3,747,714	3,476,572
5	Unsecured wholesale funding	2,752,221	2,781,201	2,722,173	2,691,453
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-
7	Non-operational deposits (all counterparties)	2,752,221	2,781,201	2,722,139	2,691,380
8	Unsecured debt	-	-	34	74
9	Secured wholesale funding				
10	Additional requirements	54,526	53,969	62,266	72,037
11	Outflows related to derivative exposures and other collateral requirements	1,181	1,154	1,115	360
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	53,344	52,815	61,150	71,676
14	Other contractual funding	267,585	289,155	294,040	293,986
15	Other contingent funding obligations	-	-	-	-
16	**Total cash outflows**				
	Cash - inflows				
17	Secured lending (e.g. reverse repos)	7,378	7,378	7,378	7,781
18	Inflows from fully performing exposures	59,618	52,117	52,972	55,433
19	Other cash inflows	233,205	161,800	118,286	74,483
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)				
EU-19b	(Excess inflows from a related specialised credit institution)				
20	**Total cash inflows**	**300,201**	**221,295**	**178,636**	**137,697**
EU-20a	Fully exempt inflows	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-
EU-20c	Inflows subject to 75% cap	300,201	221,295	178,636	137,697
	Total adjusted value				
EU-21	**Liquidity buffer**				
22	**Total net cash outflows**				
23	**Liquidity coverage ratio (%)**				

TEMPLATE EU LIQ1 - LIQUIDITY COVERAGE RATIO (2 OF 2)

CURRENCY AND UNITS (€ THOUSAND)		TOTAL WEIGHTED VALUE (AVERAGE)			
EU 1A	QUARTER ENDING ON (DD MONTH YYY)	31.12.2022	30.09.2022	30.06.2022	31.03.2022
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
	High-quality liquid assets				
1	**Total high-quality liquid assets (HQLA)**	**9,411,791**	**9,659,586**	**9,681,575**	**9,527,785**
	Cash - outflows				
2	Retail deposits and deposits from small business customers, of which:	821,622	803,466	769,583	724,843
3	Stable deposits	289,615	285,290	277,440	268,967
4	Less stable deposits	532,007	518,176	492,142	455,876
5	Unsecured wholesale funding	1,512,756	1,485,203	1,443,760	1,421,665
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-
7	Non-operational deposits (all counterparties)	1,512,756	1,485,203	1,443,726	1,421,592
8	Unsecured debt	-	-	34	74
9	Secured wholesale funding	-	-	6	6
10	Additional requirements	4,785	4,479	5,346	5,526
11	Outflows related to derivative exposures and other collateral requirements	1,181	1,154	1,115	360
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	3,603	3,325	4,231	5,165
14	Other contractual funding	267,585	289,155	294,040	293,986
15	Other contingent funding obligations	-	-	-	-
16	**Total cash outflows**	**2,606,747**	**2,582,303**	**2,512,735**	**2,446,026**
	Cash - inflows				
17	Secured lending (e.g. reverse repos)	-	-	-	-
18	Inflows from fully performing exposures	54,151	46,910	48,196	50,530
19	Other cash inflows	59,225	49,055	42,217	34,001
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)	-	-	-	-
20	**Total cash inflows**	**113,377**	**95,965**	**90,413**	**84,531**
EU-20a	Fully exempt inflows	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-
EU-20c	Inflows subject to 75% cap	113,377	95,965	90,413	84,531
	Total adjusted value				
EU-21	**Liquidity buffer**	**9,411,791**	**9,659,586**	**9,681,575**	**9,527,785**
22	**Total net cash outflows**	**2,493,371**	**2,486,338**	**2,422,322**	**2,361,495**
23	**Liquidity coverage ratio (%)**	**378.0703%**	**388.9481%**	**400.1786%**	**404.6475%**

The template for disclosing the Net Stable Funding Ratio (NSFR), which entered into effect on 30 June 2021, is shown below. In addition to the reporting period (31 December 2022), the previous quarters (31 March 2022, 30 June 2022 and 30 September 2022) are also shown. At 31 December 2022, the weighted value of the Available Stable Funding (ASF) elements was 10,625,197 thousand euros. The weighted value of the Required Stable Funding (RSF) elements was 5,240,309 thousand euros. The value of the NSFR indicator at 31 December 2022 was approximately 203%, well above the regulatory minimum (100%).

TEMPLATE EU LIQ2 - NET STABLE FUNDING RATIO (1 OF 4)

		31.12.2022				
		A	B	C	D	E
		UNWEIGHTED VALUE BY RESIDUAL MATURITY				
(IN CURRENCY AMOUNT)		NO MATURITY	< 6 MONTHS	6 MONTHS TO < 1 YEAR	≥ 1 YEAR	WEIGHTED VALUE
Available stable funding (ASF) Items						
1	Capital items and instruments	753,388	-	-	-	753,388
2	Own funds	753,388	-	-	-	753,388
3	Other capital instruments		-	-	-	-
4	Retail deposits		9,736,021	-	-	9,060,415
5	Stable deposits		5,959,929	-	-	5,661,933
6	Less stable deposits		3,776,091	-	-	3,398,482
7	Wholesale funding:		4,495,736	-	-	805,336
8	Operational deposits		-	-	-	-
9	Other wholesale funding		4,495,736	-	-	805,336
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	-	2,577,558	-	6,058	6,058
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		2,577,558	-	6,058	6,058
14	**Total available stable funding (ASF)**					**10,625,197**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					262,829
EU15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		2,196,630	107,096	3,448,138	3,912,868
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		311,017	2,510	269,572	293,492
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		1,783,849	56,994	290,745	1,322,018
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		30,667	25,999	135,959	287,565
22	Performing residential mortgages, of which:		7,067	8,249	263,894	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		6,872	7,810	251,566	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		94,697	39,343	2,623,927	2,297,358
25	Interdependent assets		-	-	-	-
26	Other assets:		1,506,701	840	1,006,693	1,057,253
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-
29	NSFR derivative assets		11,558			11,558

(IN CURRENCY AMOUNT)		31.12.2022 A UNWEIGHTED VALUE BY RESIDUAL MATURITY NO MATURITY	B < 6 MONTHS	C 6 MONTHS TO < 1 YEAR	D ≥ 1 YEAR	E WEIGHTED VALUE
30	NSFR derivative liabilities before deduction of variation margin posted		-			-
31	All other assets not included in the above categories		1,495,144	840	1,006,693	1,045,695
32	Off-balance sheet items		104,413	3,012	2,461	7,359
33	**Total RSF**					**5,240,309**
34	**Net stable funding ratio (%)**					**202.7590%**

TEMPLATE EU LIQ2 - NET STABLE FUNDING RATIO (2 OF 4)

		30.09.2022				
		A	B	C	D	E
		UNWEIGHTED VALUE BY RESIDUAL MATURITY				
(IN CURRENCY AMOUNT)		NO MATURITY	< 6 MONTHS	6 MONTHS TO < 1 YEAR	≥ 1 YEAR	WEIGHTED VALUE
Available stable funding (ASF) Items						
1	Capital items and instruments	766,975	-	-	-	766,975
2	Own funds	766,975	-	-	-	766,975
3	Other capital instruments		-	-	-	-
4	Retail deposits		10,187,804	-	-	9,474,223
5	Stable deposits		6,103,986	-	-	5,798,786
6	Less stable deposits		4,083,819	-	-	3,675,437
7	Wholesale funding:		3,501,133	500,000	200,000	1,585,287
8	Operational deposits		-	-	-	-
9	Other wholesale funding		3,501,133	500,000	200,000	1,585,287
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	-	2,316,952	-	5,679	5,679
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		2,316,952	-	5,679	5,679
14	**Total available stable funding (ASF)**					**11,832,163**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					758,527
EU15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		1,879,289	303,547	2,784,611	3,381,362
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		66,144	199,841	230,242	336,777
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		1,739,926	52,667	323,207	1,346,613
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		32,658	26,553	145,459	316,352
22	Performing residential mortgages, of which:		8,927	9,674	296,183	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		8,625	9,348	281,864	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		64,292	41,365	1,934,980	1,697,972
25	Interdependent assets		-	-	-	-
26	Other assets:		377,012	405	1,311,825	1,359,187
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-
29	NSFR derivative assets		8,232			8,232
30	NSFR derivative liabilities before deduction of variation margin posted		-			-
31	All other assets not included in the above categories		368,780	405	1,311,825	1,350,956
32	Off-balance sheet items		33,605	3,835	6,839	3,467
33	**Total RSF**					**5,502,543**
34	**Net stable funding ratio (%)**					**215.0308%**

TEMPLATE EU LIQ2 - NET STABLE FUNDING RATIO (3 OF 4)

		30.06.2022				
		A	B	C	D	E
		UNWEIGHTED VALUE BY RESIDUAL MATURITY				
(IN CURRENCY AMOUNT)		NO MATURITY	< 6 MONTHS	6 MONTHS TO < 1 YEAR	≥ 1 YEAR	WEIGHTED VALUE
Available stable funding (ASF) Items						
1	Capital items and instruments	793,343	-	-	-	793,343
2	Own funds	793,343	-	-	-	793,343
3	Other capital instruments		-	-	-	-
4	Retail deposits		10,035,522	-	-	9,336,017
5	Stable deposits		6,080,943	-	-	5,776,896
6	Less stable deposits		3,954,579	-	-	3,559,121
7	Wholesale funding:		3,439,692	500,000	200,000	1,516,347
8	Operational deposits		-	-	-	-
9	Other wholesale funding		3,439,692	500,000	200,000	1,516,347
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	-	2,490,534	-	5,413	5,413
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		2,490,534	-	5,413	5,413
14	**Total available stable funding (ASF)**					**11,651,119**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					736,800
EU15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		2,068,544	367,367	3,015,155	3,599,322
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		88,536	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		200,175	200,000	200,000	320,018
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		1,721,678	61,076	346,483	1,353,466
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		35,648	31,529	157,649	325,393
22	Performing residential mortgages, of which:		8,715	8,735	289,448	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		8,471	8,485	278,239	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		49,440	97,556	2,179,224	1,925,838
25	Interdependent assets		-	-	-	-
26	Other assets:		237,649	1,242	1,232,217	1,295,909
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-
29	NSFR derivative assets		28,464			28,464
30	NSFR derivative liabilities before deduction of variation margin posted		-			-
31	All other assets not included in the above categories		209,185	1,242	1,232,217	1,267,445
32	Off-balance sheet items		36,756	4,103	8,034	3,487
33	**Total RSF**					**5,635,517**
34	**Net stable funding ratio (%)**					**206.7445%**

TEMPLATE EU LIQ2 - NET STABLE FUNDING RATIO (4 OF 4)

		31.03.2022				
		A	B	C	D	E
		UNWEIGHTED VALUE BY RESIDUAL MATURITY				
(IN CURRENCY AMOUNT)		NO MATURITY	< 6 MONTHS	6 MONTHS TO < 1 YEAR	≥ 1 YEAR	WEIGHTED VALUE
Available stable funding (ASF) Items						
1	Capital items and instruments	767,321	-	-	-	767,321
2	Own funds	767,321	-	-	-	767,321
3	Other capital instruments		-	-	-	-
4	Retail deposits		9,731,070	-	-	9,053,773
5	Stable deposits		5,916,217	-	-	5,620,406
6	Less stable deposits		3,814,853	-	-	3,433,367
7	Wholesale funding:		3,260,399	-	700,000	1,703,192
8	Operational deposits		-	-	-	-
9	Other wholesale funding		3,260,399	-	700,000	1,703,192
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	-	1,618,851	-	5,537	5,537
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		1,618,851	-	5,537	5,537
14	**Total available stable funding (ASF)**					**11,529,824**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					937,853
EU15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		1,832,783	153,963	2,689,250	3,175,940
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		109,541	-	202,500	213,454
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		1,647,648	73,541	353,392	1,340,268
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		25,826	33,831	156,754	330,804
22	Performing residential mortgages, of which:		9,191	9,533	305,627	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		8,902	8,994	292,520	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		66,404	70,889	1,827,731	1,622,217
25	Interdependent assets		-	-	-	-
26	Other assets:		270,292	1,320	1,028,956	1,091,467
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-
29	NSFR derivative assets		16,180			16,180
30	NSFR derivative liabilities before deduction of variation margin posted		138,745			6,937
31	All other assets not included in the above categories		115,366	1,320	1,028,956	1,068,349
32	Off-balance sheet items		46,079	5,685	5,425	8,322
33	**Total RSF**					**5,213,582**
34	**Net stable funding ratio (%)**					**221.1498%**

13. OPERATIONAL RISK

Qualitative information

The Group ensures prudent management of operational risk in accordance with the established limits through its own system for measuring, monitoring and reporting such risk (known as the Operational Risk Framework).

The Risk Management Department is responsible for applying the Operational Risk Framework adopted by the Banking Group, primarily consisting of the following activities:

- identification of operational risks according to the legal classification;
- risk assessment based on the expected loss criterion;
- identifying significant risks;
- monitoring of action plans to mitigate significant risks;
- application of the LDC (Loss Data Collection) process;
- monitoring of KRIs (Key Risk Indicators).

Quantitative information

TEMPLATE EU OR1 - OPERATIONAL RISK OWN FUNDS REQUIREMENTS AND RISK-WEIGHTED EXPOSURE AMOUNTS

		A	B	C	D	E
		RELEVANT INDICATOR				
BANKING ACTIVITIES		YEAR-3	YEAR-2	LAST YEAR	OWN FUND REQUIREMENTS	RISK WEIGHTED EXPOSURE AMOUNT
1	**Banking activities subject to basic indicator approach (BIA)**	**-**	**-**	**-**	**-**	**-**
2	**Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches**	**627,510**	**709,683**	**643,079**	**88,138**	**1,101,727**
3	Subject to TSA	627,510	709,683	643,079		
4	Subject to ASA	-	-	-		
5	**Banking activities subject to advanced measurement approaches (AMA)**	**-**	**-**	**-**	**-**	**-**

At 31 December 2022, the own funds requirement for operational risk was approximately 88,138 thousand euros, with RWAs of approximately 1,101,727 thousand euros.

14. MARKET RISK

The following table shows the quantitative template used to disclose information on market risks for banks that adopt only the standardised method for calculating own funds requirements.

TEMPLATE EU MR1 - MARKET RISK (STANDARDISED APPROACH)

		31.12.2022	31.12.2021
		A	B
		RWEAS	RWEAS
	Outright products		
1	Interest rate risk (general and specific)	114	304
2	Equity risk (general and specific)	8	19
3	Foreign exchange risk	-	-
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus approach	-	-
7	Scenario approach	-	-
8	Securitisation (specific risk)	-	-
9	**Total**	**122**	**323**

At 31 December 2022, RWAs for market risk amounted to approximately 122 thousand euros, mostly in the generic and specific interest-rate risk component. This value was down on 31 December 2021 (323 thousand euros).

15. CAPITAL INSTRUMENT EXPOSURES NOT INCLUDED IN THE TRADING BOOK

Qualitative information

The interest rate risk to which the banking book is exposed consists of the risk of incurring losses due to potential fluctuations in interest rates.
This risk is generated by the gaps between the maturities and time required to re-set the interest rate on the Group's assets and liabilities. Where such gaps are present, fluctuations in interest rates result in variations of net profit, and therefore projected net profit, as well as variations in the market value of the assets and liabilities and, in turn, net equity.

To measure interest rate risk and determine the corresponding internal capital requirement in terms of economic value, the Group applies the standardised method identified in supervisory regulations[18] which provides for all assets and liabilities to be classified into time bands by residual time to maturity, from demand positions to positions maturing beyond 20 years. The net exposure for each time band is calculated by netting assets against liabilities. The net exposures for each band are then multiplied by the weighting factors, which are obtained by multiplying the hypothetical change in the rates used by the modified duration indicator for each band.

The analyses are performed considering both parallel and non-parallel shifts in the yield curve and the application of a behavioural model to demand items to best represent some peculiarities relating to a major component of the bank's funding, deposits.

The stress test on interest-rate risk from a balance sheet standpoint is carried out adopting the potential worse impact of the application of regulatory scenarios of both a parallel nature (e.g., +/- 200 bps) and a non-parallel nature. These scenarios are selected on the basis of the guidelines proposed by the EBA, and interest-rate risk is also measured considering personalised rate shock scenarios consistent with the adverse scenario assumed by the Bank.

In accordance with Bank of Italy Circular 285/2013, the Group has assessed the potential impact of the change in interest rates also with regard to net interest income. The approach to quantifying this impact on income due to interest rate risk is the repricing gap model, which involves:

- the choice of time horizon, for a period of reference T of no less than 12 months and no more than 3 years;
- classification of assets and liabilities into time bands;
- calculation of weighted net exposures by band, obtained by multiplying the net position per band by the relevant weighting factor. The weighting factor is calculated as the product of a hypothetical change in rates and the difference between the time horizon T of reference and the average maturity for each band.

Determining the total exposure as the sum of the exposures for each maturity band for the time between the repricing date, the chosen time horizon and the subsequent application of the assessment scenarios adopted, makes it possible to identify the impact on net interest income due to changes in rates.

In addition to monitoring regulatory risk according to the foregoing method, the Bank also performs management analysis through sensitivity analyses that estimate the impact of the present value of the items and the expected net interest resulting from various yield curve shift scenarios, with a focus on the own securities portfolio.

[18] Cf.: Circular 285 "Supervisory Provisions for Banks" issued by the Bank of Italy on 17 December 2013, as subsequently amended.

Quantitative information

The values obtained by applying all regulatory shocks provided for in Article 98 of Directive 2013/36/EU are shown below.

With specific regard to the analysis of economic value, the application of six regulatory shocks does not have negative effects on the economic value estimated at the end of 2022, due to the composition of assets and liabilities, which provide for implicit options on funding. The Bank is currently believed to be sensitive to negative rate changes on the long-term portion of the curve, with a requirement of approximately 16 million euros in respect of the 1st percentile downturn scenario.

In terms of impacts on net interest income, it is estimated that a parallel change of +/-200 bps in the interest rate curve would result in a change in net interest income of +117/-80 million euros, respectively.

TEMPLATE EU IRRBB1 - INTEREST RATE RISKS OF NON-TRADING BOOK ACTIVITIES (€ THOUSAND)

		A	B	C	D
		CHANGES OF THE ECONOMIC VALUE OF EQUITY		CHANGES OF THE NET INTEREST INCOME	
SUPERVISORY SHOCK SCENARIOS		CURRENT PERIOD	LAST PERIOD	CURRENT PERIOD	LAST PERIOD
1	Parallel up	48,652	34,877	117,325	104,227
2	Parallel down	52,223	6,663	(79,859)	(35,021)
3	Steepener	14,016	(3,376)		
4	Flattener	38,734	53,594		
5	Short rates up	51,279	61,954		
6	Short rates down	43,758	7,091		

16. ENCUMBERED AND UNENCUMBERED ASSETS

Qualitative information

In the course of its operations, the Banca Generali Group undertakes certain types of transactions that entail encumbrances of its assets.

The types of transactions that may entail the formation of this type of encumbrance are:
› repurchase agreements;
› collateral deposited with netting systems, central counterparty clearing houses (CCP) and other infrastructure institutions as a condition for access to the service, including initial margins and incremental margins;
› instruments provided as collateral in various capacities for funding from central banks;
› collateralised financial guarantees;
› collateralisation agreements, formed, for example, by collateral provided on the basis of the market value of derivatives transactions.

Activities of this nature are performed either to allow the Group to access forms of funding regarded as advantageous at the time of the transaction or because providing collateral is a standard condition for access to certain markets or types of activity (for example, transactions with central counterparties).

Assets sold but not written off, recognised in the financial statements in connection with repurchase agreements with clients and banks, amounted to approximately 1,469.8 million euros.

The Bank does not engage in transactions involving the use of collateral received from third parties.

Quantitative information

The following tables show the disclosure templates applicable to encumbered assets. These values are calculated as the median of the four quarters of reference (March 2022, June 2022, September 2022 and December 2022).

TEMPLATE EU AE1 - ENCUMBERED AND UNENCUMBERED ASSETS (1 OF 2)

		CARRYING AMOUNT OF ENCUMBERED ASSETS		FAIR VALUE OF ENCUMBERED ASSETS	
			OF WHICH NOTIONALLY ELIGIBLE EHQLA AND HQLA		OF WHICH NOTIONALLY ELIGIBLE EHQLA AND HQLA
		010	030	040	050
010	**Assets of the reporting institution**	**1,505,217**	**1,355,046**		
030	Equity instruments	-	-	-	-
040	Debt securities	1,361,171	1,355,046	1,362,975	1,356,850
050	*of which: covered bonds*	*25,884*	*25,884*	*25,884*	*25,884*
060	*of which: asset-backed securities*	-	-	-	-
070	*of which: issued by general governments*	*1,313,707*	*1,313,707*	*1,315,511*	*1,315,511*
080	*of which: issued by financial corporations*	*44,269*	*38,144*	*44,269*	*38,144*
090	*of which: issued by non-financial corporations*	*3,195*	*3,195*	*3,195*	*3,195*
120	Other assets	166,808	-		

TEMPLATE EU AE1 - ENCUMBERED AND UNENCUMBERED ASSETS (2 OF 2)

		CARRYING AMOUNT OF UNENCUMBERED ASSETS		FAIR VALUE OF UNENCUMBERED ASSETS	
			OF WHICH EHQLA AND HQLA		OF WHICH EHQLA AND HQLA
		060	080	090	100
010	**Assets of the reporting institution**	**15,892,633**	**9,352,906**		
030	Equity instruments	423,083	-	423,529	-
040	Debt securities	9,965,135	9,352,906	9,879,963	9,303,697
050	*of which: covered bonds*	*1,000,996*	*926,685*	*982,575*	*912,367*
060	*of which: asset-backed securities*	*108,745*	*21,857*	*108,745*	*21,857*
070	*of which: issued by general governments*	*7,717,538*	*7,584,533*	*7,642,156*	*7,514,786*
080	*of which: issued by financial corporations*	*2,138,765*	*1,808,802*	*2,078,905*	*1,761,671*
090	*of which: issued by non-financial corporations*	*191,018*	*104,767*	*185,789*	*101,073*
120	Other assets	5,486,527	-		

The median carrying amount of encumbered assets was approximately 1,505,217 thousand euros, concentrated mainly in the debt securities component. The median carrying amount of unencumbered assets was approximately 15,892,633 thousand euros.

TEMPLATE EU AE2 - COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED

		TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED			
		FAIR VALUE OF ENCUMBERED COLLATERAL RECEIVED OR OWN DEBT SECURITIES ISSUED		UNENCUMBERED	
				FAIR VALUE OF COLLATERAL RECEIVED OR OWN DEBT SECURITIES ISSUED AVAILABLE FOR ENCUMBRANCE	
			OF WHICH NOTIONALLY ELIGIBLE EHQLA AND HQLA		OF WHICH EHQLA AND HQLA
		010	030	040	060
130	**Collateral received by the disclosing institution**	**-**	**-**	**455,945**	**424,235**
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	-	-	455,945	424,235
170	*of which: covered bonds*	-	-	*928*	*928*
180	*of which: asset-backed securities*	-	-	*220,727*	*205,797*
190	*of which: issued by general governments*	-	-	*355*	*355*
200	*of which: issued by financial corporations*	-	-	*423,405*	*408,475*
210	*of which: issued by non-financial corporations*	-	-	-	-
220	Loans and advances other than loans on demand	-	-	-	-
230	Other collateral received	-	-	-	-
240	**Own debt securities issued other than own covered bonds or asset-backed securities**	**-**	**-**	**-**	**-**
241	**Own covered bonds and securitisation issued and not yet pledged**	**-**	**-**	**-**	**-**
250	**Total collateral received and own debt securities issued at 31.12.2022**	**1,505,217**	**1,355,046**	**-**	**-**

The median value of total unencumbered guarantees received was approximately 455,945 thousand euros.

TEMPLATE EU AE3 - SOURCES OF ENCUMBRANCE

		31.12.2022	
		MATCHING LIABILITIES, CONTINGENT LIABILITIES OR SECURITIES LENT	ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED OTHER THAN COVERED BONDS AND ABSS ENCUMBERED
		010	030
010	**Carrying amount of selected financial liabilities**	**481,012**	**486,555**

The main sources of encumbrance are repurchase agreements in funding repurchase agreement dealings with credit institutions. “Repurchase agreements” are transactions in which the reporting entity receives cash in exchange for financial assets sold at a given price with a commitment to repurchase those same assets (or similar assets) at a fixed price on a specified future date. The underlying securities in turn received as collateral with a repurchase agreement primarily relate to debt securities issued by banks or public administrations.
The sources of encumbrance within the Banca Generali Group relate solely to the activity of the Parent Company, Banca Generali.

Collateral does not exceed encumbrances.
The Banca Generali Group operates mainly in euro and there are no encumbered assets in currencies other than the euro.

The median carrying amount of unencumbered assets was 15,892,633 thousand euros. The majority is represented by debt securities issued by public administrations and financial companies.

The Banca Generali Group has not issued any covered bonds. In addition, it holds third-party securitisations in portfolio as an investor.

17. LEVERAGE

Qualitative information

The risk of excessive leverage is the risk that a particularly high level of debt to equity may render the Bank vulnerable, requiring corrections to its business plan, including the sale of assets, and the recognition of a loss, potentially necessitating impairment of the remaining assets.

The Group's business (lending transactions financed using inflows from clients and the interbank market) exposes it to the risk that an impairment of its assets may result in a decrease in its net equity.

Quantitative information

TEMPLATE EU LR1 - LRSUM: SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES

		31.12.2022	30.06.2022
		A	B
		APPLICABLE AMOUNT	APPLICABLE AMOUNT
1	Total assets as per published financial statements	17,263,417	17,682,191
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-	-
4	(Adjustment for temporary exemption of exposures to central bank (if applicable))	-	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-	-
7	Adjustment for eligible cash pooling transactions	-	-
8	Adjustments for derivative financial instruments	249,726	88,809
9	Adjustment for securities financing transactions (SFTs)	50,642	13,175
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	165,723	259,006
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-	-
EU-11a	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-11b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-	-
12	Other adjustments	22,291	22,270
13	**Total exposure measure**	**17,751,799**	**18,065,451**

At 31 December 2022, the total value of the exposure was approximately 17,751,799 thousand euros, down on 30 June 2022 (18,065,451 thousand euros).

TEMPLATE EU LR2 - LRCOM - LEVERAGE RATIO COMMON DISCLOSURE (1 OF 3)

		CRR LEVERAGE RATIO EXPOSURES	
		31.12.2022	30.06.2022
		A	B
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	16,602,841	17,045,581
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
4	Adjustment for securities received under securities financing transactions that are recognised as an asset	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	(1,627)	(2,561)
7	**Total on-balance sheet exposures (excluding derivatives and SFTS)**	**16,601,214**	**17,043,020**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	385,578	236,179
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	150,923	28,307
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivatives exposures**	**536,502**	**264,487**

TEMPLATE EU LR2 - LRCOM - LEVERAGE RATIO COMMON DISCLOSURE (2 OF 3)

		CRR LEVERAGE RATIO EXPOSURES	
		31.12.2022	30.06.2022
		A	B
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	397,722	488,424
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	50,642	13,175
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	**Total securities financing transaction exposures**	**448,364**	**501,599**
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	1,194,677	1,202,271
20	(Adjustments for conversion to credit equivalent amounts)	(1,028,957)	(945,926)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	**Off-balance sheet exposures**	**165,719**	**256,345**
Excluded exposures			
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units)	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	**(Total exempted exposures)**	**-**	**-**
Capital and total exposure measure			
23	**Tier 1 capital**	**762,159**	**743,174**
24	**Total exposure measure**	**17,751,799**	**18,065,451**

TEMPLATE EU LR2 - LRCOM - LEVERAGE RATIO COMMON DISCLOSURE (3 OF 3)

		CRR LEVERAGE RATIO EXPOSURES	
		31.12.2022	30.06.2022
		A	B
Leverage ratio			
25	Leverage ratio	4.2934%	4.1138%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	4.2934%	4.1138%
25a	"Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)"	4.2934%	4.1138%
26	Regulatory minimum leverage ratio requirement (%)	3.0000%	3.0000%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-
EU-26b	of which: to be made up of CET1 capital	-	-
27	Leverage ratio buffer requirement (%)	-	-
EU-27a	Overall leverage ratio requirement (%)	3.0000%	3.0000%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Transitory	Transitory
Disclosure of mean values			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	397,722	488,424
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	17,354,076	17,577,027
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	17,354,076	17,577,027
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	4.3918%	4.2281%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	4.3918%	4.2281%

At 31 December 2022, the leverage ratio was approximately 4.2934%, well above the regulatory minimum (3%). In particular, it is slightly higher than at 30 June 2022 (4.1138%). At 31 December 2022, there were decreases in the values of both on-balance sheet exposures (16,601,214 thousand euros compared to 17,043,020 thousand euros at 30 June 2022) and off-balance sheet exposures (165,719 thousand euros at 31 December 2022 compared to 256,345 thousand euros at 30 June 2022). The exposure to derivatives increases and the exposure to SFTs decreased. In general terms, the increase in the leverage ratio was driven by the reduction in both total exposure and Tier 1 Capital (712,159 thousand euros at 31 December 2022 compared to 693,174 thousand euros at 30 June 2022).

In December 2022, the Banca Generali Group did not opt to adjust the value of its total exposure due to the temporary exemption of exposures to central banks.

TEMPLATE EU LR3 - LRSPL - SPLIT-UP OF ON BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND EXEMPTED EXPOSURES)

		31.12.2022	30.06.2022
		A	B
		CRR LEVERAGE RATIO EXPOSURES	CRR LEVERAGE RATIO EXPOSURES
EU-1	**Total on-balance sheet exposures (excluding derivatives, sfts, and exempted exposures), of which:**	**16,602,841**	**17,045,581**
EU-2	Trading book exposures	1,993	4,645
EU-3	Banking book exposures, of which:	16,600,848	17,040,936
EU-4	Covered bonds	1,106,934	648,005
EU-5	Exposures treated as sovereigns	9,484,125	10,578,652
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	326,024	181,369
EU-7	Institutions	1,290,676	1,219,738
EU-8	Secured by mortgages of immovable properties	323,527	324,163
EU-9	Retail exposures	1,036,718	992,798
EU-10	Corporates	1,662,763	1,815,669
EU-11	Exposures in default	37,722	31,885
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	1,332,358	1,248,658

At 31 December 2022, total on-balance sheet exposures (excluding derivatives, SFTs and exempt exposures) amounted to approximately 16,602,841 thousand euros. Most exposures are part of the banking book and are mainly represented by exposures treated as sovereign issuers.

18. REMUNERATION POLICIES

The Remuneration and Incentive Policies are a fundamental tool supporting the Banca Generali Group's medium and long-term strategies.
They are designed with the aim of creating value over time and pursuing sustainable growth for shareholders, for people who work within the Group and for customers.
They aim to attract, motivate and retain people, creating a sense of identity and developing a culture linked to performance and merit.

This chapter includes the qualitative and quantitative information required by Article 450 of Regulation (EU) 876/2019 (CRR2) regarding the remuneration policy and practice for categories of staff whose professional activities have a material impact on the Bank's risk profile, drafted in accordance with Annex XXXIII to Commission Implementing Regulation (EU) 201/637 of 15 March 2021.
Disclosures on the Group's Remuneration and Incentive Policies are provided in the Report on Remuneration and Compensations Paid (Remuneration Policy), to which express reference is made below, where necessary.

The Banca Generali Group publishes its Report on remuneration policy and compensations paid on its website in the Corporate Governance section dedicated to the Shareholders' Meeting.
The Report on the Application of Remuneration Policies in 2022 is included in the Report on remuneration policy and compensations paid 2023, available at the following link:
https://www.bancagenerali.com/governance/agm

Qualitative information

Information relating to the bodies that oversee remuneration

Bodies involved in designing, approving, revising where necessary, and implementing the remuneration and incentive policy

The bodies involved in designing, approving, implementing and subsequently assessing the remuneration policy are:

General Shareholders' Meeting

In compliance with applicable regulations, the General Shareholders' Meeting: i) establishes the remuneration due to the bodies it appoints; ii) approves the Remuneration and Incentive Policy and shared-based remuneration and incentive policies for bodies with roles of oversight, management and control, as well as the remaining staff; and iii) the criteria for determining any amounts to be paid in the event of early termination of the contract or the post, including limits on such amounts in terms of multiples of annual fixed remuneration and the maximum amount that results from the application thereof. Moreover, it iv) decides on the Board of Directors' proposal to set a limit on the ratio of the variable to fixed component of individual remuneration in excess of 1:1, in accordance with Section III, paragraph 1, of the Provisions.

Board of Directors

The Board of Directors drafts and submits the Remuneration and Incentive Policy to the Shareholders' Meeting at least annually and is responsible for the proper implementation of that same Policy. In this context, it (i) establishes the remuneration and incentive systems for the executive directors, general managers, joint general managers, deputy general managers and similar positions, key personnel and the heads and top-level staff of company control functions and (ii) ensures that those systems are consistent with the bank's overall decisions in terms of risk assumption, strategies, long-term objectives, corporate governance structure and internal controls
.

Within the framework of the resolutions passed by the Shareholders' Meeting, and with the support of the Remuneration Committee — having heard the Board of Statutory Auditors, where necessary — it performs, *inter alia*, the following activities:

d) it identifies the scope of more Key Personnel and approves the results of any procedure for excluding such Key Personnel (pursuant to Part One, Title IV, Chapter 2, Section I, Paragraph 6.1 of the Supervisory Regulations) and periodically revises the related criteria;
e) it ensures that the remuneration policy is adequately documented and accessible within the company structure and that personnel are aware of the consequences of any violations of laws, regulations or codes of ethics or conduct;
f) it ensures that the competent company functions (in particular risk management, compliance, human resources and strategic planning) are adequately involved in the process of formulating remuneration and incentive policies in such a way as to ensure an effective contribution and preserve the autonomy of judgement of functions required to perform ex-post and other controls; accordingly, the involvement of the compliance function in this phase consists of expressing an assessment as to whether the remuneration and incentive policies are consistent with the regulatory framework;
g) it approves the criteria for formulating the compensation of all Key Personnel, as identified by the Board of Directors from time to time;
h) it ensures that such systems are consistent with the Bank's overall choices in terms of the assumption of long-term risks, strategies and goals, corporate governance structure and internal controls;

i) it ensures, *inter alia*, that remuneration and incentive systems are appropriate to ensuring compliance with the law, regulations and the Articles of Association, together with any codes of ethics or conduct, by promoting compliant behaviour.

The Board of Directors is supported in its work by the Remuneration Committee and, for the purposes of a correct application of the principles and criteria envisaged by the regulation, by the relevant company functions, i.e., the Human Resources Department, the General Counsel & Sustainability Area, the Compliance and Anti-Financial Crime Department, the CFO & Strategy Area (Planning and Control Department, Sales Planning and Control Service), the Risk Management Department. Please refer to the Rules of the Board of Directors and the Board Committees adopted by the Bank for a comprehensive illustration of the Board of Directors' responsibilities.
The Directors on whose remuneration the Board of Directors is called on to express an opinion do not participate in the discussion and on the deliberations relating to the remuneration concerned.

Remuneration Committee

Banca Generali has instituted a Remuneration Committee within the Board of Directors. The Remuneration Committee is tasked with assisting the Board of Directors in laying down Company's policies in respect of the determination of the remuneration of the Company's key personnel holding the highest offices and those responsible for control functions. The above-mentioned Committee is currently composed of three non-executive, independent members of the Board of Directors, and is responsible for advising and making recommendations to the Board of Directors on matters pertaining to remuneration. The foregoing is without prejudice to the fact that, in accordance with the Corporate Governance Code for Listed Companies and the Committee's Internal Regulations, the Directors on whose remuneration the Committee is called on to express an opinion do not participate in the related discussion. The Remuneration Committee is afforded unhindered access to any and all the corporate information and functions it may deem necessary or useful for the proper discharge of its assigned tasks. The Committee puts forward advisory opinions and recommendations on matters falling within its purview, on a regular basis, and draws up the minutes of meetings and the reports required to ensure the conduct of the Bank's business.

Pursuant to the Supervisory Regulations, the Remuneration Committee:
a) has advisory tasks on the definition of criteria for determining the compensation of all Key Personnel, as identified by the Board of Directors from time to time;
b) has proposal duties regarding the remuneration of personnel whose remuneration and incentive systems are decided by the Board of Directors pursuant to Article 6, point 3, (vii), letter e), of these Rules;
c) expresses opinions — including on the basis of information received from the competent company functions, of the results of the process of identifying Key Personnel, including any exclusions, pursuant to Section II, paragraph 6.1, of the Supervisory Regulations;
d) directly oversees the correct implementation of rules governing the remuneration of the heads of corporate control functions, in close coordination with the Board of Statutory Auditors;
e) is responsible for preparing the documentation to be submitted to the Board of Directors for the related decisions;
f) collaborates with the other committees internal to the Board of Directors, and in particular with the Internal Audit and Risk Committee;
g) ensures the involvement of the competent company functions in the process of preparing and controlling remuneration policies and practices;
h) on the basis of the information received from the competent company functions, expresses opinions on the achievement of the performance objectives to which incentive plans are tied, and on the assessment of the other conditions established for the disbursal of remuneration;
i) provides adequate feedback concerning the activity performed including the General Shareholders' Meeting.

Pursuant to the Corporate Governance Code, the Remuneration Committee:
a) assists the Board of Directors in preparing the remuneration policy;
b) presents proposals or expresses opinions on the remuneration of the executive directors or other directors who occupy particular positions, as well as on the setting of performance targets relating to the variable component of such remuneration;
c) monitors the concrete application of the remuneration policy, and in particular verifies the effective achievement of performance targets;
d) periodically assesses the adequacy, overall consistency and concrete application of the Remuneration Policy applicable to Directors and Top Management.

In addition to the competencies set out in the foregoing points, the Remuneration Committee:
a) formulates proposals regarding plans, targets, rules and company procedures relating to social and environmental issues and, more generally, sustainability, in line with applicable legislation, (i) promoting the progressive adoption of short and medium-to-long-term qualitative and quantitative indicators focused on ESG issues; (ii) the identification of performance targets, to which the provisions of predetermined, measurable variable components tied to a significant extent to a long-term horizon, consistent with the Bank's strategic objectives and designed to promote its Sustainable Success, also including non-financial parameters, where relevant; (iii) integrating compliance with laws governing sustainable finance; and (iv) contributing to the preparation of a Remuneration Policy consistent with sustainability risk, from the standpoint of both individual performance and of alignment with the interests of shareholders, investors and stakeholders;
b) provides opinions on the determination of severance indemnities to be offered in the event of early termination of the contract or the post (so-called "golden parachutes"); assesses the possible effects of departure on the rights assigned in the context of incentive plans based on financial instruments;
c) expresses non-binding opinions and proposals for any stock

options plans and shares allotment or other share-based incentive systems, also suggesting the objectives associated with the provision of such benefits and the criteria for assessing the achievement of those objectives; monitors the evolution and application over time of any plans approved by the General Shareholders' Meeting on the Board's proposal;

d) provides opinions to the Board of Directors regarding the motions on remuneration of the Directors holding special positions in companies in which the Bank holds a Strategic Equity Investment, pursuant to Article 2389 of the Italian Civil Code, as well as the remuneration of General Managers and Managers with Strategic Responsibilities of such companies.

Management Body

Identifying the objectives to be assigned to individual Managers, other than those for which the Board of Directors is responsible as part of the Policy determined by the General Shareholders' Meeting and the parameters identified by the Board of Directors, is the responsibility of the management body (identified based on the powers assigned), supported by the Human Resources Department, the General Counsel & Sustainability Area, the CFO & Strategy Area, the COO & Innovation Area, the Compliance and Anti-Financial Crime Laundering Department, and the Risk Management Department, each for the parts within their respective remit.
The process of assigning the objectives to be met in order to receive variable remuneration and determining the maximum amount of such variable component is formally conducted and documented.

Board of Statutory Auditors

The Board of Statutory Auditors is tasked with expressing opinions on the remuneration of directors holding special offices, and the members of Board Committees, it being pointed out that the said opinions are provided even with regard to the remuneration of the Chief Executive Officer and the General Manager.
The Board of Statutory Auditors also expresses an opinion on the remuneration of heads of control functions.

As the Parent Company, Banca Generali prepares the Remuneration and Incentive Policy document for the entire Banking Group, ensures that it is appropriate overall and verifies that it is properly applied, while taking due account of the characteristics of each Group company, in accordance with the legal, market and sector context in which the subsidiaries operate.
In order to comply with and adopt directly applicable sector/country legislation, individual Group companies may draw up a separate Remuneration Policy, provided that they duly implement the guidelines set by the Bank.

In line with the applicable Provisions, every year the Company's Board of Directors shall carry out a self-assessment, pursuant to both the Supervisory Provisions and the Commission Delegated Regulation (EU) 923 of 25 March 2021 and with the support of the Remuneration Committee, for the specific purpose of identifying "Key Personnel", whose professional activity exert or could exert a significant impact on the risk profile of the Bank and the Banking Group.

The following is an account of the results of the self-assessment conducted for all members of the Banking Group, including subsidiaries and taking into account the need for the Parent Company to ensure the consistency of remuneration policies and practices throughout the Banking Group.
The process of identifying Key Personnel is carried out by the Bank's Board of Directors on the basis of the provisions, in terms of process and parties involved, of the "Policy for determining the Banking Group's Remuneration and Incentive Policies" (approved by Banca Generali's Board of Directors in March 2022), with support from the Human Resources Department, which coordinates the activities involving, in their respective areas of responsibility, the CFO & Strategy Area (Administration Department for the size analyses underlying the assessment of the proportionality principle and Planning and Commercial Control Service for qualitative and quantitative assessments relating to Financial Advisors), Risk Management function (Risk Management Department) for assessments underlying the analysis of the relevant organisational units and the General Counsel & Sustainability Area for the necessary legal and corporate support. The conformity of the process is assessed by the Compliance function (Compliance & Anti-Financial Crime Department).

The Bank identifies and applies additional criteria beyond those established in the above Regulation to identify additional persons who assume significant risks for the Bank.
In particular, in accordance with the Provisions, additional criteria apply to Banking Group's employees based on the significance of their managerial role, and to Financial Advisors, with particular regard to the main Network Managers, as indicated below.
The conclusions and findings of the activities coordinated by the Human Resources Department are reviewed by the Remuneration Committee and, on the latter's opinion, submitted to the Board of Directors.
Two types of criteria are used, as set out in the Regulation, with the additional criteria applicable to the main Network Managers: qualitative criteria and quantitative criteria.

Key Personnel have been determined in a unitary manner pursuant to the Supervisory Regulations and the criteria of the aforementioned Regulation, in the light of the definitions set out in the said Supervisory Regulations (point 6, section I, Chapter 2 and Title IV) and Article. 5 of the Regulation, as cited above.

Specific analyses regarding the following are performed for the purposes of application of the qualitative criteria set out in Article 5 of the Regulation:

- the business units to which the various categories of personnel are attributable. In this area, a specific analysis is reserved for identifying the relevant operating/company units (pursuant to Article 142(1)(3) of Regulation (EU) 575/2013) to which internal capital is allocated pursuant to Article 73 of Directive 2013/36/EU, accounting for at least 2% of internal capital;
- the activities performed by the business units concerned;
- the identification of the roles and responsibilities assigned to individual staff members in respect of the various business units. This analysis takes account of, *inter alia*, the responsibilities assigned by the internal Regulation, participation in internal Committees and the powers of such committees, and the powers and delegated authority conferred;
- the importance of the managerial role, solely in the case

of Financial Advisors assigned an ancillary managerial role.

In application of such qualitative criteria, the following categories of staff have been identified, as their professional activities is deemed to exert or potentially exert a significant impact on the bank's risk profile:

A) **Board of Directors**: non-executive members, including the Chairman;
B) **Top Management**: Chief Executive Officer/General Manager, Deputy General Manager Wealth Management Markets and Products, Deputy General Manager Commercial Networks, Alternative and Support Channels (hereinafter also referred to as "DGMs");
C) **Other Key Personnel**: this category has been determined to include:
   a. the members of personnel with managerial responsibility on the relevant operating/business units of the entity: the Head of the CFO & Strategy Area; the Chief Financial Officer; the Head of the Lending Department; the Head of the PRM Area; the Head of the Financial Advisor Networks Area; the Head of the Alternative and Support Channels Area; the Head of the Asset Management Area who also holds the role of Executive Director of BGFML; the General Manager of BGFML; the Head of the Wealth Management Area;
   b. the members of personnel responsible for the functions listed under letter a) of the above-mentioned Article 5: the Head of the General Counsel & Sustainability Area; the Head of the Anti-Financial Crime Service (described herein below in the section on control functions); the Head of the Human Resources Department; the Head of the COO & Innovation Area;
D) **Managers in charge of company control functions:** The Head of the Compliance and Anti-Financial Crime Department, the Head of the Internal Audit Department, the Head of Risk Management Department;
E) **Main managers operating in the Bank's distribution networks**: Sales Managers, 9 Area Managers, Head of Business Development Top Wealth Advisors/Top Private Bankers, Recruiting Trainer Italy, Head of Recruiting, Head of Advisory;
F) in accordance with the provisions of point 6, Section I, Chapter 2, Title IV of the Bank of Italy Provisions, the Banking Group has decided to include the following within the scope of Key Personnel:
   a. the Head of Banca Generali's Marketing and External Relations Department, in consideration of the important role played in internal and, above all, external communications processes;
   b. the Head of AUC Department, in view of the important role played in the development of this type of business, which is constantly expanding, the its direct impact on revenues;
   c. the Head of the Private Equity Investments Service, who is also responsible for the Corporate Service, in view of the important role played in the development of the related business area;
   d. the General Manager of the subsidiary BG Valeur SA and the Chief Executive Officer of BG Suisse SA to keep enhanced oversight of the rules and mechanisms that govern remuneration among non-EU companies to which European rules do not apply directly.

In addition, the determination of Key Personnel according to the quantitative criteria set out in the Regulation yielded the following results:

a) in the case of employees:
   it did not identify any names not already included among the Key Personnel determined in application of the qualitative criteria;
b) in the case of Financial Advisors:
   the Bank includes 45 Financial Advisors among Key Personnel.

In total, in 2023 the Banca Generali Group included 92 individuals among Key Personnel, compared to the 99 identified in 2022. This change is due mainly to a decrease in the number of Financial Advisors included among Key Personnel on the basis of the quantitative criteria. On the details of the application of the qualitative and quantitative criteria and those of the supervisory regulations, see paragraph 1.1 of the "*Report on remuneration and compensations paid of Banca Generali*".

Information relating to the design and structure of the remuneration system for identified staff

Banca Generali Group's Policy, a key tool for the Group's strategy, is aimed at ensuring the best possible alignment of the interests of the Banking Group's Shareholders and personnel, through careful risk management and the consistent pursuit of long-term strategies.
It is believed that the annual formulation of adequate remuneration and incentive mechanisms for the Bank's directors and personnel may foster competitiveness, effective governance of the Banking Group and the achievement of the objectives outlined in the strategic plan, with a particular focus on sustainability as an essential element of the pursuit of objectives. In an increasingly complex context and in light of the Banking Group's growing internationalisation, remuneration, especially with regard to Key Personnel, is also useful in terms of attracting and retaining people with the talent and skills best suited to the needs and development of the Company.

The following company functions are involved in formulating the remuneration policy:

- the Human Resources Department provides technical assistance and prepares the support materials that inform Remuneration Policies and their implementation. The Department provides support for the activities performed by the Compliance function, by ensuring, *inter alia*, the consistency of human resource management policies and procedures and the Bank's remuneration and incentive systems;
- the Planning & Control Department and the Sales Planning & Control Service are involved in defining Remuneration Policies, identifying, respectively, the quantitative parameters pertaining to the strategic objectives to which the variable component of remuneration is to be correlated, determining the expense budget, and defining the policies relating to Financial Advisors.
- The Project Governance Department is involved in identifying the qualitative parameters associated with company projects, relating to the strategic objectives to be associated with the variable component.

- The General Counsel & Sustainability Area and the Administration Department also perform an advisory function for their respective areas of responsibility in legal, corporate, accounting and tax matters.

The Subsidiaries and the other Areas/Departments collaborate by providing access to all data and supporting documents necessary to identifying and monitoring the parameters relating to the strategic objectives to be associated with the variable component.

Variable components of remuneration for employees

Variable components are intended to reward short as well as medium-to-long term results.
Performance is assessed — taking due account of the population segment and time-span in question — on the basis of the results attained by beneficiaries and the corporate structures they serve and the results achieved by the company/group as a whole.
Variable remuneration is linked on a straight-line basis to the degree to which the targets set for each objective are achieved, since the BSC and the MBO mechanism is based on defining and allocating specific, well defined objectives, each one of which is attributed a target value, and each with a weight indicating its level of priority when compared to the others, as well as performance levels (minimum, target and maximum) expressed through appropriate indicators.
Expected levels of performance are indicated, for each objective, together with the minimum access gate to be achieved to qualify for bonus entitlements, the maximum access gate in case of overperformance, and any and bonus cap achievable.
The objectives and the relevant targets are defined based on the guidelines differentiated according to the sphere of work and responsibility attributed.
Variable incentive-oriented remuneration linked to the performance of the Bank and the Banking Group is determined taking due account of the risks assumed and the liquidity required to cover ongoing business operations, and with a view to avoiding conflicts of interest. It envisages access gates, whereby failure to meet pre-set stability targets entails forfeiture of the related bonus, but also malus and claw-back mechanisms, as described in the "*Report on remuneration and compensations paid*".

New aspects of the Remuneration Policy

The Remuneration Policy is developed in general continuity with the previous year in terms of purposes and principles, in line with market best practices, further underlining the Bank's commitment to environmental and social sustainability matters within the framework of good governance and to gender-neutral policies. Therefore, the pillars of the Policy and the short- and long-term incentive systems remain unchanged.

In line with past policies, this Policy:
- complies with applicable laws and regulations;
- has been defined by periodically monitoring market trends and practices;
- is consistent with the achievement of sustainable performance and growth;
- enables attraction and retention of professional profiles and abilities adequate to the Banking Group's needs.

In addition, the 2023 Policy also aims to incorporate the requests made by shareholders, investors and proxy investors in terms of sustainability and disclosure.

In order to reaffirm this year as well the Bank's ESG commitment, the connection between the Remuneration Policy and sustainability issues, in addition to what is already provided to ensure solid ties between individual performance and business sustainability (implemented by structuring the variable remuneration of the Company's Top Managers to include a significant portion in shares), is also ensured through the use of short-, medium- and long-term qualitative and quantitative indicators focused on a range of ESG issues.

The Policy thus encompasses and is consistent with sustainability risk from both an individual performance standpoint and the standpoint of alignment with the interests of investors and stakeholders.

The process of determining Key Personnel was also based on the adoption of the new regulatory standards for identification on the basis of the criteria laid down in the Bank of Italy Regulations and those of the new Commission Delegated Regulation (EU) 2021/923 of 25 March 2021, which adopt the Regulatory Technical Standards set by the EBA.

In addition, in line with the previous year, the Banking Group ensures compliance with EU Directive No. 828 of 2017 (Shareholder Rights Directive II), confirming the incorporation into this document of the additional disclosures required and continuing with the process already begun in recent years to offer increasingly complete, transparent information in order to respond simply and immediately to the market's requests regarding strategic choices and the remuneration practices adopted.

Information of how the institution ensures that staff in internal control functions are remunerated independently of the businesses they oversee

The remuneration package of the persons falling within this category consists of the components described in paragraph 7.2.1. of the Report on Remuneration and Compensations Paid of Banca Generali.
According to the weight and complexity of the position filled, the annual variable remuneration may be equal to no more than 33.3% of the total fixed remuneration, provided the maximum level of performance objectives be attained. No guaranteed minimum is provided for.
The established objectives are consistent with the tasks assigned and are independent of the results achieved by the Bank; they consist of project and service completion objectives, as well as company sustainability objectives.
The principles of deferral, achievement of the access gate, as well as the malus and claw-back mechanisms apply to such variable remuneration.
The participation in the Long Term Incentive plan is not envisaged for Heads of control functions.

Entry bonuses

On an exceptional basis, so as to attract key figures from the market, specific one-off incentive payments may also be granted at the time of recruitment. These incentive payments, that are envisaged in exceptional cases only, may be granted exclusively in case of recruitment of new staff, and solely during the first year of service. They are not granted to the same person more than once, whether by the Bank or by other Banking Group companies. In accordance with the Bank of Italy's Provisions, entry bonuses are not subject to the rules governing the structure of variable remuneration; when they are paid in a lump sum upon entry, they are not considered when calculating the limit on the ratio of variable to fixed remuneration.
For information on Severance, see paragraph 6.1 of the Report on Remuneration Policy and Compensations Paid (Remuneration Report).

Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures shall include an overview of the key risks, their measurement and how these measures affect remuneration

The bonus pool is the total amount allocated annually by the Board of Directors to the payment of the variable component of personnel costs.
The actual bonus pool available for the payment of the variable component is determined in the year after that of reference and may be disbursed when the requirements are met for each company position, and in any event subject to verification of access gates.

The access gate has a twofold objective:
› taking account of current and prospective risks, the cost of capital and the cash required to undertake the business engaged in within the Banking Group;
› basing variable remuneration on long-term performance indicators.

For 2023, said mechanism provides for two ratios:
› Capital ratio: Common Equity Tier 1 ratio, aimed at measuring the extent of the Bank's capital in relation to the degree of risk of the assets held — minimum target ratio of 11%;
› Liquidity ratio: Liquidity Coverage Ratio, to increase short-term resilience of the liquidity risk profile of the Bank, while ensuring it has sufficient, high-quality liquid assets to overcome any 30-day long acute stress situation — minimum ratio of 150%.

An on/off threshold is set for each ratio. The levels associated with the respective ratios have been identified according to a logic of prudence and medium-to-long-term sustainability. In particular, gates were identified at thresholds above the Bank's tolerance, incorporating stress scenarios involving a combination of particularly adverse events classifiable as systemic in nature and events specific to the Banking Group.

The condition for the bonus pool to be activated is that both ratios are above the minimum threshold set when the final earnings figures for the year are recorded.
The total bonus pool may not be increased based on the Company's performance, but it may be eliminated if the access gates are not reached.

The access gate does not only condition the bonus for the year in question, but also acts as a malus mechanism, from one year to the next, the portions of bonuses accrued in previous years and paid out on a deferred basis in subsequent years.

With reference to all types of variable remuneration, the following is envisaged:
› application of the malus mechanism, due to which it is not paid, in whole or in part, when the access gates are not reached (referring to the balance sheet or liquidity performance) or when there are elements that have resulted in a significant deterioration of performance levels, net of the risks actually assumed (RORAC ≤ 0). Furthermore, the malus mechanism applies, in whole or in part, in the event of i) proved engagement in behaviour, such as behaviour not in accordance with laws, regulations, articles of association, codes of ethics or codes of conduct applied by a bank (hereinafter a "compliance breach"), constituting wilful misconduct or gross negligence to the detriment of customers or the Bank, ii) proved engagement in behaviour, such as compliance breaches (as defined above), resulting in a significant loss for the Bank, iii) disciplinary measures or pending non-routine inspections, and iv) failure to comply with rules concerning banking transparency and Remuneration Policies, in accordance with the Supervisory Provisions for Banks and/or with sustainable finance regulations;
› application of a claw-back mechanism whereby the Bank is entitled to demand the full or partial return of variable remuneration up to five years after it is paid in the event of i) proved engagement in wilful misconduct or gross negligence, such as compliance breaches, to the detriment of customers or the Bank, ii) proved engagement in behaviour, such as compliance breaches, resulting in a significant loss for the Bank, iii) conclusion of disciplinary proceedings with a finding that the person in question engaged in the alleged misconduct and should be punished accordingly, iv) failure to comply with rules concerning banking transparency, anti-money laundering and Remuneration Policies, in accordance with the Supervisory Provisions for Banks and/or with sustainable finance regulations.

Likewise, the Bank may demand the return of bonuses paid in cases of material errors in figuring the items used to calculate the Group's specific objectives and/or access gates.

The ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) of CRD

Ratio of the Variable to Fixed Component of Remuneration and related mechanism

The cap mechanism ensures that the ratio of total variable remuneration paid in relation to a given year (including both up-front and deferred payments) to total fixed remuneration in that same year does not exceed 1:1 (or, where expressly authorised, 2:1). In the event of variable remuneration under long-term incentive plans with a duration of more than five years, including the deferral period, for which a provision is set aside during the year to which it refers and payment is deferred until a later year, the cap mechanism always applies on a cash basis at the time of the actual payment, using (i) as the basis of calculation of fixed remuneration that paid during the year of accrual of the provision and (ii) as the variable remuneration attributable to each year the total amount of the variable remuneration attributed to each year of the plan according to a linear pro-rated approach.

The Bank has taken the following measures to ensure that this ratio is maintained:
- in general, a ratio of variable remuneration to total fixed remuneration less than or equal to this threshold for the above-mentioned personnel;
- for specific individual company personnel (Chief Executive Officer/General Manager, Deputy General Managers, Head of the Asset Management Area, Head of the Marketing and External Relations Department, Head of the Alternative and Support Channels Area, Head of the Wealth Management Area, Head of the COO & Innovation Area, Head of Equity Private Investments, Head of Financial Advisor Networks Area; Head of the AUC Department, one Sales Manager, nine Area Managers and one Head of Business Development Top Wealth Advisor/Top Private Banker, one Recruiting Trainer Italy, and one Head of Advisory), a reasoned proposal for the General Shareholders' Meeting to deviate from the 1:1 ratio of variable to fixed remuneration, by increasing it up to a maximum of 2:1.

This proposal, submitted by the deadline set by the Bank of Italy, is based on the grounds set out in the specific report, and in particular on the consideration that in a specialist market such as that in which the bank operates, where it must compete with international players, a remuneration package competitive with those of its competitors, for individuals in key roles in its company organisation or managerial roles in its commercial areas, allows the bank to attract and retain individuals with the professionalism and skills suited to the Company's needs and ensure that its business results are achieved, in a manner consistent with applicable regulations.

Likewise, if the 1:1 (or, where expressly authorised, 2:1) ratio of variable to fixed remuneration is in future modified in an unfavourable manner for one or more individuals, having regard to the year in which the ratio of variable to fixed remuneration is changed, all shares of variable remuneration accrued in years prior to the year concerned, but not yet disbursed due to deferral, will be sterilised for the purposes of the calculation.

Description of the ways in which the institution seeks to link performance during a performance measurement period with levels of remuneration

Variable remuneration is linked on a straight-line basis to the degree to which the targets set for each objective are achieved, since the BSC and the MBO mechanism is based on defining and allocating specific, well defined objectives, each one of which is attributed a target value, and each with a weight indicating its level of priority when compared to the others, as well as performance levels (minimum, target and maximum) expressed through appropriate indicators.
Expected levels of performance are indicated, for each objective, together with the minimum access gate to be achieved to qualify for bonus entitlements, the maximum access gate in case of overperformance, and any and bonus cap achievable.
The objectives and the relevant targets are defined based on the guidelines differentiated according to the sphere of work and responsibility attributed.

A percentage of the variable remuneration, as stated below, is linked to quantitative financial objectives (with possible normalisation of the performance fee component) pertaining to the results of the Banking Group.

In particular, the following objectives may be assigned:
- Profit and loss account/profitability objectives such as, including, without limitation, Fee Income, Cost/Income, Consolidated Net Profit, Return on Risk-Adjusted Capital (RoRAC), Recurring Net Profit, core Net Banking Income,
- cost control objectives and commercial development Objectives such as, including, without limitation, Net Inflows, Revenues or similar and Fee Growth, complemented by risk-adjustment measures.

These objectives may contribute to determining up to 70% of the short-term variable remuneration of the Chief Executive Officer/General Manager; up to 35% for that of other managers and executives. The percentage in question may also be higher for sales personnel for whom commercial development objectives represent function-specific objectives.

The remaining portion of the short-term variable remuneration is linked to the attainment of quantitative and qualitative objectives — financial and non-financial — established based on the position held, with a view to using performance measuring variables that are, as far as possible, consistent with the decision-making powers vested in each manager.
In particular, in relation to the position filled, the quantitative objectives refer to net inflows, revenues and/or cost objectives for which the beneficiary of the individual scorecard is responsible based on the company budget for the reference year.
The exceptions to these general criteria are the objectives assigned to the Manager in charge of preparing the company's financial reports, the Heads of control functions, and the Head of the Human Resources Department, who are not linked to the earnings results of the Bank and/or of the Banking Group.

The qualitative objectives, which usually set valuation criteria, refer to projects concerning the Banking Group and require the collaboration of all the beneficiaries of individual scorecards, each one regarding the area within his/her remit, or projects falling under the responsibility of individual departments but which are of general importance.
The Balanced Scorecards of all Key Personnel include indicators tied to the implementation of strategic projects for the achievement of the Plan's objectives.

In addition to these, there are two further specific focuses, assessed by management on the basis of key performance indicators (KPIs) correlated to ESG (Environmental, Social, Governance) objectives relating to:

› People Value;
› Sustainability commitment.

PEOPLE VALUE	SUSTAINABILITY COMMITMENT
An objective set each year in view of personal development in line with the Group's strategy: recognition and celebration of diversity, favouring inclusion, showcasing the individual contribution and the success of the organisation, while also discouraging conduct that leads to excessive exposure to risk. For 2023, initiatives included in the People Strategy relating to the following may be included in the objective: • Key People retention; • upskilling training; • Group Performance Management; • Diversity Equity & Inclusion; • Digital Minds Programme; • Global Pulse Survey. The objective may include a specific reference to individual initiatives involving: • Effective management of the structures coordinated; • Collaboration with other company functions; • Other people management initiatives.	*An objective set annually in line with the priorities of the strategic plan, which includes a series of diversified sustainability initiatives, correlated directly and indirectly with all ESG (environmental, social and governance) components, identified in detail in the individual modules.* *For 2023 the objective may include initiatives related to four different pillars:* • *Sustainable products;* • *Sustainable processes;* • *Sustainable plan;* • *Sustainable people.*

For bonus assignment purposes, the performance obtained in respect of each objective is verified and duly weighted in the financial year following the year of reference. The sum of the weighted performance levels achieved in respect of each objective then constitutes the overall performance which serves as the basis for quantifying the bonus due, subject to satisfaction of the pre-established access gates to be met in order to qualify for bonuses (attainment of the minimum threshold affording access to bonus entitlements, with the inclusion of mechanisms preventing certain offsetting effects). The foregoing procedure is designed to ensure a direct correlation between results obtained and incentive assigned.

The performance levels identified in the objectives are directly linked to the forecasts of the budget approved by the Board of Directors and the achievement of the results, when linked to the economic results, is verified based on the consolidated financial statements of the Banking Group.
Except as specified above, with reference to the MBO mechanism, with a view to measuring performance and risks through variables that are as consistent as possible with the decision-making powers vested in each beneficiary, quantitative objectives established in terms of the results carried in the consolidated financial statements of the Banking Group may be replaced by individual quantitative objectives associated with the individual function discharged within the Group (without prejudice to the application of the access gates described herein).

Information on the criteria used to determine the balance between different types of instruments awarded, including shares, equivalent ownership interests, options and other instruments

How variable remuneration is paid differs by the category of staff concerned. In particular, a part of the variable remuneration of Key Personnel is paid in Shares of the Bank and is subject to deferral and retention periods, as further described in paragraphs 5.3 and 5.4 of the Report on Remuneration and Compensations Paid. The methods of payment of variable remuneration are governed by precise instructions in the Supervisory Regulations with regard to remuneration, with particular regard to deferral obligations, the type of payment instruments and the retention period applicable to the portion, if any, paid in financial instruments.

Where disbursement of an accrued bonus is deferred, instalments paid in cash on a deferred basis are increased by a return at market rates when disbursed.

In calculating the number of shares to be assigned, a method is applied where: the numerator is defined as 50% (or higher percentage) of variable remuneration accrued for the actual achievement of targets set for the year of reference, and the denominator consists of the share price (calculated as the average price of the share over the three months preceding the Board of Directors' meeting called to approve the draft Financial Statements and the Consolidated Financial Statements for the year prior to that in which the cycle in question starts).

All forms of variable remuneration are subject to the malus mechanism, due to which such remuneration is not paid, in whole or in part, when the above-mentioned access gates are not reached (referring to the balance sheet or liquidity performance) or when there are elements that have resulted in a significant deterioration of performance levels, net of the risks actually assumed (RORAC ≤ 0).

For the details, refer to paragraph 5.2.3 of the Report on Remuneration and Compensations Paid.

Description of the methods whereby the entity seeks to adjust remuneration to account for long-term performance

An overview of the institution's policy on deferral, payout in instrument, retention periods and vesting of variable remuneration including where it is different among staff or categories of staff

See paragraph 5.3.3, Payout: Deferral and Share-based Variable Remuneration, in the Report on Remuneration and Compensations Paid.

Malus and claw-back mechanisms

With reference to all types of variable remuneration, the following is envisaged:

- the application of the malus mechanism, whereby it is not paid, in whole or in part, in addition to the failure to pass the access gates indicated above in paragraph 5.2.3 of the Report on Remuneration and Compensations Paid (referring to financial position and liquidity performance), even in the presence of elements that have resulted in a significant deterioration in performance levels, net of the risks actually assumed (e.g., in the case of RORAC ≤ 0).
  Furthermore, the malus mechanism applies, in whole or in part, in the event of i) proved engagement in behaviour, such as behaviour not in accordance with laws, regulations, articles of association, codes of ethics or codes of conduct applied by a bank (hereinafter a "compliance breach"), constituting wilful misconduct or gross negligence to the detriment of customers or the Bank, ii) proved engagement in behaviour, such as compliance breaches (as defined above), resulting in a significant loss for the Bank, iii) disciplinary measures or pending non-routine inspections, and iv) failure to comply with rules concerning banking transparency and Remuneration Policies, in accordance with the Supervisory Provisions for Banks and/or with sustainable finance regulations;
- the application of a claw-back mechanism whereby the Bank is entitled to demand the full or partial return of variable remuneration up to five years after it is paid in the event of i) proved engagement in wilful misconduct or gross negligence, such as compliance breaches, to the detriment of customers or the Bank, ii) proved engagement in behaviour, such as compliance breaches, resulting in a significant loss for the Bank, iii) conclusion of disciplinary proceedings with a finding that the person in question engaged in the alleged misconduct and should be punished accordingly, iv) failure to comply with rules concerning banking transparency, anti-money laundering and Remuneration Policies, in accordance with the Supervisory Provisions for Banks and/or with sustainable finance regulations.

Likewise, the Bank may demand the return of bonuses paid in cases of material errors in figuring the items used to calculate the Group's specific objectives and/or access gates.

Where applicable, shareholding requirements that may be imposed on identified staff

See paragraph 5.3.3, Payout: Deferral and Share-based Variable Remuneration, in the Report on Remuneration and Compensations Paid.

A description of the main parameters and rationale for any variable component scheme and any other non-cash benefits pursuant to Article 450(1)(f) of the CRR

Information on the specific performance indicators used to determine the variable components of remuneration and the criteria used to determine the balance between different types of instruments awarded, including shares, equivalent ownership interests, share-linked instruments, equivalent non cash-instruments, options and other instruments

See paragraphs 5.3 and 5.4 of the Report on Remuneration and Compensations Paid for issues relating to the use of shares in the various components of variable remuneration.

Upon demand from the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management

Refer to Section II, Tab. 1, of the Report on Remuneration and Compensations Paid, which includes an account of the relevant figures by body and function.

Information on whether the institution benefits from a derogation laid down in Article 94(3) CRD in accordance with point (k) of Article 450(1) CRR

Banca Generali applies the derogation set out in Article 94(3)(b) of the CRD and therefore does not apply policies of deferral and share-based payment to the variable remuneration of Key Personnel of 50 thousand euros or less and that collectively does not make up more than one-third of total remuneration.
See the Report on Remuneration and Compensations Paid, paragraph 5.3.3, Payout: Deferral and Share-based Variable Remuneration.

QUANTITATIVE INFORMATION

TEMPLATE EU REM1 - REMUNERATION AWARDED FOR THE FINANCIAL YEAR

			A	B	C	D
			MB SUPERVISORY FUNCTION	MB MANAGEMENT FUNCTION	OTHER SENIOR MANAGEMENT	OTHER IDENTIFIED STAFF
1	Fixed remuneration	Number of identified staff	9	1	2	88
2		Total fixed remuneration	399,095	875,726	819,734	53,625,138
3		*Of which: cash-based*	*399,095*	*875,726*	*819,734*	*53,625,138*
EU-4a		*Of which: shares or equivalent ownership interests*	-	-	-	-
5		*Of which: share-linked instruments or equivalent non-cash instruments*	-	-	-	-
EU-5x		*Of which: other instruments*	-	-	-	-
7		*Of which: other forms*	-	-	-	-
9	Variable remuneration	Number of identified staff	-	1	2	88
10		Total variable remuneration	-	948,803	1,003,315	19,763,046
11		*Of which: cash-based*	-	*182,745*	*239,813*	*10,936,480*
12		*Of which: deferred*	-	*108,470*	*142,334*	*3,539,756*
EU-13a		*Of which: shares or equivalent ownership interests*	-	*766,058*	*763,502*	*8,826,566*
EU-14a		*Of which: deferred*	-	*613,288*	*590,828*	*4,047,869*
EU-13b		*Of which: share-linked instruments or equivalent non-cash instruments*	-	-	-	-
EU-14b		*Of which: deferred*	-	-	-	-
EU-14x		*Of which: other instruments*	-	-	-	-
EU-14y		*Of which: deferred*	-	-	-	-
15		*Of which: other forms*	-	-	-	-
16		*Of which: deferred*	-	-	-	-
17	**Total remuneration (2 + 10)**		**399,095**	**1,824,529**	**1,823,049**	**73,388,184**

TEMPLATE EU REM2 - SPECIAL PAYMENTS TO STAFF WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON INSTITUTIONS' RISK PROFILE (IDENTIFIED STAFF)

Not applicable to Banca Generali.

TEMPLATE EU REM3 - DEFERRED REMUNERATION (1 OF 2)

	DEFERRED AND RETAINED REMUNERATION	A TOTAL AMOUNT OF DEFERRED REMUNERATION AWARDED FOR PREVIOUS PERFORMANCE PERIODS	B OF WHICH DUE TO VEST IN THE FINANCIAL YEAR	C OF WHICH VESTING IN SUBSEQUENT FINANCIAL YEARS	D AMOUNT OF PERFORMANCE ADJUSTMENT MADE IN THE FINANCIAL YEAR TO DEFERRED REMUNERATION THAT WAS DUE TO VEST IN THE FINANCIAL YEAR
1	MB Supervisory function	-	-	-	-
2	Cash-based	-	-	-	-
3	Shares or equivalent ownership interests	-	-	-	-
4	Share-linked instruments or equivalent non-cash instruments	-	-	-	-
5	Other instruments	-	-	-	-
6	Other forms	-	-	-	-
7	MB Management function	216,635	147,982	68,653	-
8	Cash-based	162,476	110,986	51,490	-
9	Shares or equivalent ownership interests	54,159	36,996	17,163	-
10	Share-linked instruments or equivalent non-cash instruments	-	-	-	-
11	Other instruments	-	-	-	-
12	Other forms	-	-	-	-
13	Other senior management	406,948	274,732	132,216	-
14	Cash-based	305,211	206,049	99,162	-
15	Shares or equivalent ownership interests	101,737	68,683	33,054	-
16	Share-linked instruments or equivalent non-cash instruments	-	-	-	-
17	Other instruments	-	-	-	-
18	Other forms	-	-	-	-
19	Other identified staff	12,075,109	7,253,205	4,821,904	-
20	Cash-based	8,975,370	5,415,320	3,560,050	-
21	Shares or equivalent ownership interests	3,099,739	1,837,885	1,261,854	-
22	Share-linked instruments or equivalent non-cash instruments	-	-	-	-
23	Other instruments	-	-	-	-
24	Other forms	-	-	-	-
25	**Total amount**	**12,698,692**	**7,675,919**	**5,022,773**	**-**

TEMPLATE EU REM3 - DEFERRED REMUNERATION (2 OF 2)

		E	F	EU-G	EU-H
DEFERRED AND RETAINED REMUNERATION		AMOUNT OF PERFORMANCE ADJUSTMENT MADE IN THE FINANCIAL YEAR TO DEFERRED REMUNERATION THAT WAS DUE TO VEST IN FUTURE PERFORMANCE YEARS	TOTAL AMOUNT OF ADJUSTMENT DURING THE FINANCIAL YEAR DUE TO EX POST IMPLICIT ADJUSTMENTS (I.E. CHANGES OF VALUE OF DEFERRED REMUNERATION DUE TO THE CHANGES OF PRICES OF INSTRUMENTS)	TOTAL AMOUNT OF DEFERRED REMUNERATION AWARDED BEFORE THE FINANCIAL YEAR ACTUALLY PAID OUT IN THE FINANCIAL YEAR	TOTAL OF AMOUNT OF DEFERRED REMUNERATION AWARDED FOR PREVIOUS PERFORMANCE PERIOD THAT HAS VESTED BUT IS SUBJECT TO RETENTION PERIODS
1	MB Supervisory function	-	-	-	-
2	Cash-based	-	-	-	-
3	Shares or equivalent ownership interests	-	-	-	-
4	Share-linked instruments or equivalent non-cash instruments	-	-	-	-
5	Other instruments	-	-	-	-
6	Other forms	-	-	-	-
7	MB Management function	-	-	157,793	36,996
8	Cash-based	-	-	118,345	-
9	Shares or equivalent ownership interests	-	-	39,448	36,996
10	Share-linked instruments or equivalent non-cash instruments	-	-	-	-
11	Other instruments	-	-	-	-
12	Other forms	-	-	-	-
13	Other senior management	-	-	214,308	68,683
14	Cash-based	-	-	160,731	-
15	Shares or equivalent ownership interests	-	-	53,577	68,683
16	Share-linked instruments or equivalent non-cash instruments	-	-	-	-
17	Other instruments	-	-	-	-
18	Other forms	-	-	-	-
19	Other identified staff	-	-	4,121,098	1,837,885
20	Cash-based	-	-	2,969,433	-
21	Shares or equivalent ownership interests	-	-	1,151,665	1,837,885
22	Share-linked instruments or equivalent non-cash instruments	-	-	-	-
23	Other instruments	-	-	-	-
24	Other forms	-	-	-	-
25	**Total amount**	**-**	**-**	**4,493,199**	**1,943,564**

TEMPLATE EU REM4 - REMUNERATION OF 1 MILLION EUR OR MORE PER YEAR

	EUR	A IDENTIFIED STAFF THAT ARE HIGH EARNERS AS SET OUT IN ARTICLE 450(I) CRR
1	1 000 000 to below 1 500 000	18
2	1 500 000 to below 2 000 000	7
3	2 000 000 to below 2 500 000	-
4	2 500 000 to below 3 000 000	1
5	3 000 000 to below 3 500 000	-
6	3 500 000 to below 4 000 000	-
7	4 000 000 to below 4 500 000	-
8	4 500 000 to below 5 000 000	-
9	5 000 000 to below 6 000 000	-
10	6 000 000 to below 7 000 000	-
11	7 000 000 to below 8 000 000	-
x	To be extended as appropriate, if further payment bands are needed	-

TEMPLATE EU REM5 - INFORMATION ON REMUNERATION OF STAFF WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON INSTITUTIONS' RISK PROFILE (IDENTIFIED STAFF) (1 OF 2)

		A	B	C	D	E
		MANAGEMENT BODY REMUNERATION			BUSINESS AREAS	
		MB SUPERVISORY FUNCTION	MB MANAGEMENT FUNCTION	TOTAL MB	INVESTMENT BANKING	RETAIL BANKING
1	**Total number of identified staff**					
2	Of which: members of the MB	9	1	10		
3	Of which: other senior management				1	-
4	Of which: other identified staff				74	2
5	**Total remuneration of identified staff**	**399,095**	**1,824,529**	**2,223,624**	**68,357,543**	**733,555**
6	Of which: variable remuneration	-	948,803	948,803	18,003,842	297,487
7	Of which: fixed remuneration	399,095	875,726	1,274,821	50,353,701	436,068

TEMPLATE EU REM5 - INFORMATION ON REMUNERATION OF STAFF WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON INSTITUTIONS' RISK PROFILE (IDENTIFIED STAFF)

		F	G	H	I	J
		BUSINESS AREAS				
		ASSET MANAGEMENT	CORPORATE FUNCTIONS	INDEPENDENT INTERNAL CONTROL FUNCTIONS	ALL OTHER	TOTAL
1	**Total number of identified staff**					
2	Of which: members of the MB					
3	Of which: other senior management	-	1	-	-	
4	Of which: other identified staff	2	6	4	-	
5	**Total remuneration of identified staff**	**999,595**	**4,269,112**	**851,428**	**-**	
6	Of which: variable remuneration	369,153	1,935,041	160,838	-	
7	Of which: fixed remuneration	630,442	2,334,071	690,590	-	

DECLARATION OF THE MANAGER IN CHARGE OF PREPARING THE COMPANY'S FINANCIAL REPORTS

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 the best of his knowledge in light of the position held,

declares

that the accounting information contained in this document corresponds to the document results, books and accounting records.

Trieste, 27 march 2023

Dr. Tommaso Di Russo
Manager in charge of preparing
the company's financial reports
BANCA GENERALI S.p.A.

LIST OF TABLES

The following is a list of the quantitative tables included in the Pillar 3 disclosures and that refer to EBA guidelines (EBA/GL/2018/10, EBA/GL/2020/07, EBA/GL/2020/12, EBA/ITS/2021/07) and Regulation (EU) 637/2021.

LIST OF THE QUANTITATIVE TABLES - EBA GUIDELINES/REGULATION EU	LAW REFERENCE	PILLAR 3 SECTION
EU CR4 - Standardised approach - Credit Risk Exposure and CRM effects	Regulation (EU) 637/2021 - 15 March 2021	Credit risk: use of ECAIs
EU CR5 - Standardised Approach	Regulation (EU) 637/2021 - 15 March 2021	
EU CR3 - CRM Techniques - Overview	Regulation (EU) 637/2021 - 15 March 2021	Credit risk mitigation techniques
EU CCR1 - Analysis of CCR exposure by approach	Regulation (EU) 637/2021 - 15 March 2021	Counterparty risk
EU CCR2 - CVA capital charge	Regulation (EU) 637/2021 - 15 March 2021	
EU CCR3 - Standardised approach - CCR exposures by regulatory portfolio and risk	Regulation (EU) 637/2021 - 15 March 2021	
EU CCR4 - IRB approach - CCR exposures by exposure class and PD scale	Regulation (EU) 637/2021 - 15 March 2021	N.A.
EU CCR5 - Composition of collateral for CCR exposures	Regulation (EU) 637/2021 - 15 March 2021	Counterparty risk
EU CCR6 - Credit derivatives exposures	Regulation (EU) 637/2021 - 15 March 2021	N.A.
EU CCR7 - RWEA flow statements of CCR exposures under the IMM	Regulation (EU) 637/2021 - 15 March 2021	N.A.
EU CCR8 - Exposures to CCPs	Regulation (EU) 637/2021 - 15 March 2021	Counterparty risk
EU-SEC1 - Securitisation exposures in the non-trading book	Regulation (EU) 637/2021 - 15 March 2021	Securitisation
EU SEC2 - Securitisation exposures in the trading book	Regulation (EU) 637/2021 - 15 March 2021	N.A.
EU SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor	Regulation (EU) 637/2021 - 15 March 2021	N.A.
EU-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor	Regulation (EU) 637/2021 - 15 March 2021	Securitisation
EU SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments	Regulation (EU) 637/2021 - 15 March 2021	
EU LIQ1 - Liquidity Coverage Ratio	Regulation (EU) 637/2021 - 15 March 2021	Liquidity risk
EU LIQ2 - Net Stable Funding Ratio	Regulation (EU) 637/2021 - 15 March 2021	
EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts	Regulation (EU) 637/2021 - 15 March 2021	Operating risk
EU MR1 - Market risk (standardised approach)	Regulation (EU) 637/2021 - 15 March 2021	Market risk
EU IRRBB1 - Interest rate risks of non-trading book activities	EBA/ITS/2021/07	Exposure to interest rate risk on positions not included in the trading book
EU AE1 - Encumbered and unencumbered assets	Regulation (EU) 637/2021 - 15 March 2021	Encumbered and unencumbered assets
EU AE2 - Collateral received and own debt securities issued	Regulation (EU) 637/2021 - 15 March 2021	
EU AE3 - Sources of encumbrance	Regulation (EU) 637/2021 - 15 March 2021	
EU LR1 - LRSUM - Summary reconciliation of accounting assets and leverage ratio exposures	Regulation (EU) 637/2021 - 15 March 2021	Leverage
EU LR2 - LRCOM - Leverage ratio common disclosure	Regulation (EU) 637/2021 - 15 March 2021	
EU LR3 - LRSPL - Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	Regulation (EU) 637/2021 - 15 March 2021	
EU REM1 - Remuneration awarded for the financial year	Regulation (EU) 637/2021 - 15 March 2021	Remuneration policies
EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)	Regulation (EU) 637/2021 - 15 March 2021	
EU REM3 - Deferred remuneration	Regulation (EU) 637/2021 - 15 March 2021	
EU REM4 - Remuneration of 1 million EUR or more per year	Regulation (EU) 637/2021 - 15 March 2021	
EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)	Regulation (EU) 637/2021 - 15 March 2021	

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