



## PILLAR 3

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# Pillar 3 - Disclosures at 30 June 2024

BOARD OF DIRECTORS  
25 JULY 2024

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



# Contents

<b>Foreword</b>	<b>5</b>
<b>1. Disclosure of key metrics</b>	<b>8</b>
<b>2. Disclosure of key metrics on own funds and eligible liabilities and the requirements for own funds and eligible liabilities by resolution entities</b>	<b>10</b>
<b>Declaration of the manager in charge of preparing the company's financial reports</b>	<b>11</b>
<b>List of tables</b>	<b>12</b>



# 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 continuity with the previous framework, the new regulatory scheme requires that intermediaries publish a public disclosure (**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 No. 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 No. 575/2013 (CRR – Capital Requirements “CRR”).

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 No. 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)(2) and 433 of Regulation (EU) No. 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 administrative body, with particular regard to:
  - a) the number of positions held by members of the administrative body;
  - b) the gender equality policy;
  - c) the risk reporting process;
- › the “Guidelines EBA/GL/2017/01 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 set out 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 Guidelines EBA/GL/2022/13.

This document does not include the disclosure provided for by the Bank of Italy in its Communication dated 30 June 2020, implementing the Guidelines of the European Banking Authority (EBA) on (half-yearly) disclosure of exposures subject to measures applied in response to the COVID-19 crisis (EBA/GL/2020/07), in light of the EBA’s guidelines provided in EBA CLOSURE REPORT OF COVID-19 MEASURES - EBA/REP/2022/32 of 16 December 2022.

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 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.

On 15 March 2021, the European Commission published Implementing Regulation (EU) No. 2021/453 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 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).

On 12 May 2021, the Official Journal of the European Union published the Commission Implementing Regulation (EU)

2021/763 laying down implementing technical standards (RTSs) for the application of Regulation (EU) No 575/2013 and Directive 2014/59/EU with regard to the supervisory reporting and public disclosure of the minimum requirement for own funds and eligible liabilities.

The application date for MREL disclosures should coincide with the end of the transitional period set forth by Article 45-*quaterdecies*, paragraph 1(3), of Directive 2014/59/EU, thus at the earliest on 1 January 2024. As the resolution authority granted Banca Generali Group a transitional period of 3 years (up to 1 January 2027) after which compliance with MREL becomes binding, compliance with the aforementioned disclosure requirements has been postponed.

30 June 2021 saw the entry into force of the provisions of Regulation (EU) 2019/876 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 forbore 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 Commission 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 goals 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 Commission Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks was published, essentially incorporating EBA's recommendations.

Banca Generali is not required to disclose its ESG risks, as it is not classified as a large entity whose shares have been admitted to trading on a regulated market of any member State.

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.

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 under 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 No. 58/98 (TUF), the document is then submitted for the relative certification.

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 Pillar 3 public disclosures on its website, at the following address: [www.bancagenerali.com/investors/reports-and-relations](http://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 Consolidated Interim Report at 30 June 2024. 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.

# 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 (1 OF 2)

		A	B	C
		30.06.2024	31.12.2023	30.06.2023
<b>Available own funds (amounts)</b>				
1	Common Equity Tier 1 (CET1) capital	838,123	789,702	759,745
2	Tier 1 capital	888,123	839,702	809,745
3	Total capital	888,123	839,702	809,745
<b>Risk-weighted exposure (amounts)</b>				
4	Total risk-weighted exposure amount	3,752,629	4,425,658	4,387,789
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>				
5	Common Equity Tier 1 ratio (%)	22.3343%	17.8437%	17.3150%
6	Tier 1 ratio (%)	23.6667%	18.9735%	18.4545%
7	Total capital ratio (%)	23.6667%	18.9735%	18.4545%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>				
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.8000%	1.8000%	1.8000%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.0000%	1.0000%	1.0000%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.4000%	1.3500%	1.3500%
EU 7d	Total SREP own funds requirements (%)	9.8000%	9.8000%	9.8000%
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>				
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 (%)	0.0790%	0.0600%	0.0450%
EU 9a	Systemic risk buffer (%)	0.2563%	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	-	-	-
11	Combined buffer requirement (%)	2.8353%	2.5600%	2.5450%
EU 11a	Overall capital requirements (%)	12.6353%	12.3600%	12.3450%
12	CET1 available after meeting the total SREP own funds requirements (%)	13.8667%	9.1730%	8.6550%
<b>Leverage ratio</b>				
13	Leverage ratio total exposure measure	14,957,549	15,654,559	16,073,370
14	Leverage ratio	5.9376%	5.3639%	5.0378%
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of leverage ratio total exposure amount)</b>				
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%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>				
EU 14d	Applicable leverage buffers (%)	-	-	-
EU 14e	Overall leverage ratio requirement (%)	3.0000%	3.0000%	3.0000%

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

		A	B	C
		30.06.2024	31.12.2023	30.06.2023
<b>Liquidity Coverage Ratio</b>				
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	7,634,562	7,455,003	8,379,720
EU 16a	Cash outflows - Total weighted value	2,418,976	2,401,517	2,574,937
EU 16b	Cash inflows - Total weighted value	149,742	146,657	139,777
16	Total net cash outflows (adjusted value)	2,269,234	2,254,860	2,435,159
17	Liquidity coverage ratio (%)	336.4576%	331.0269%	343.8318%
<b>Net Stable Funding Ratio</b>				
18	Total available stable funding	9,752,884	9,252,999	9,411,119
19	Total required stable funding	4,505,099	4,329,557	4,218,025
20	NSFR ratio (%)	216.4855%	213.7170%	223.1167%

At 30 June 2024, Common Equity Tier 1 (CET1) capital amounted to 838,123 thousand euros, up compared both to the values recognised at 31 December 2023 (789,702 thousand euros), and to the values at 30 June 2023 (759,745 thousand euros).

Risk-weighted exposures amounted to 3,752,629 thousand euros, down compared to the value at 31 December 2023 (4,425,658 thousand euros) and at 30 June 2023 (4,387,789 thousand euros). Overall, capital ratios increased compared to 31 December 2023 in terms of both CET1 Capital Ratio (22.3343% at 30 June 2024 compared to 17,8437% at 31 December 2023) and Total Capital Ratio (23.6667% at 30 June 2024 compared to 18.9735% at 31 December 2023), in any case well above the SREP requirement that the Bank has to comply with equal to 12.6353%, including the Capital Conservation Buffer equal to 2.5%.

With regard to own funds reserves, the Bank must hold a 2.8353% buffer, broken down as follows:

- > a 2.5% capital conservation buffer;
- > a 0.0790% countercyclical capital buffer;
- > a 0.2563% systemic risk buffer.

The Overall Capital Requirement (OCR) to be respected is therefore 12.6353%, well below the Bank's capital ratios.

Leverage ratio amounted to 5.9376% at 30 June 2024, up com-

pared to 31 December 2023, especially due to the lower total exposure of 14,957,549 thousand euros at 30 June 2024 against 15,654,559 thousand euros at 31 December 2023. 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 well above the limit set of 100% (the average value of the last twelve monthly measurements as of 30 June 2024 is slightly above 336%) by virtue of an average value of the last twelve monthly liquidity buffer measurements of approximately 7,634,562 thousand euros and an average value of the last twelve total net liquidity outflow measurements of approximately 2,269,234 thousand euros.

In June 2021, following the application of the measures contained in CRR2, the Net Stable Funding Ratio (NSFR) became fully effective. It represents a long-term (1 year) liquidity requirement for banks, calculated as the ratio of Available Stable Funding (ASF) to Required Stable Funding (RSF). At 30 June 2024, the NSFR ratio was approximately 216.5%, far above the minimum requirement of 100%, with Available Stable Funding at 9,752,884 thousand euros and Required Stable Funding at 4,505,099 thousand euros.

## 2. Disclosure of key metrics on own funds and eligible liabilities and the requirements for own funds and eligible liabilities by resolution entities

Based on Commission Implementing Regulation (EU) 2021/763 of 23 April 2021, the deadline for complying with disclosure requirements on MREL should coincide with the end of the transitional period set forth by Article 45-*quaterdecies*, paragraph 1(3), of Directive 2014/59/EU, thus at the earliest on 1 January 2024, without prejudice to the fact that the resolution authority may set a transitional period that ends after that date where duly justified and appropriate.

Based on the order for the determination of the minimum requirement for own funds and eligible liabilities (MREL) dated

15 September 2023, the Resolution authority set for Banca Generali Group a transitional period of 3 years before entry into effect of the binding requirement, commencing upon adoption of the resolution plan. Accordingly, the MREL disclosures will become binding on 1 January 2027.

**TEMPLATE EU KM2 - KEY METRICS - MREL AND, WHERE APPLICABLE, G-SII REQUIREMENT FOR OWN FUNDS AND ELIGIBLE LIABILITIES**

Not applicable to Banca Generali.

# Declaration of the manager in charge of preparing the company's financial reports



## **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, 25 July 2024

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 REFERRING TO EBA GUIDELINES / EU REGULATIONS	REGULATORY FRAMEWORK	PILLAR 3 SECTION
EU KM1 - Key metrics	Commission Implementing Regulation (EU) 2021/637 of 15 March 2021	Disclosure of key metrics
EU KM2 - Key metrics - MREL and, where applicable, G-SII requirement for own funds and eligible liabilities	Commission Implementing Regulation (EU) 2021/637 of 15 March 2021	N.A.





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