



TAX
TRANSPARENCY
REPORT

2023

Tax Transparency Report 2023

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



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Introduction



Tommaso Di Russo
Chief Financial Officer

In today's economic system, **businesses** have a duty to act **sustainably**, supporting social progress in the countries where they are based. To this end, in its tax approach Banca Generali looks at sustainability not only in terms of sound tax governance, but also as a **fair contribution** to the communities in which it operates.

In the current macroeconomic scenario, marked by geo-political tensions in Ukraine and the Middle East, the instability in commercial trade and supply chains, as well as by pressures triggered by inflation and restrictive monetary policies, a central role is played by government budgets, whose resources are fundamental to stimulating the economy, protecting and creating jobs and providing essential services to citizens. It would not be possible to pursue these social goals without the public revenue generated by a **fair, efficient** tax system.

Banca Generali Group is well aware of its **role** and of the **importance** of its contribution in terms of taxes paid as a taxpayer and a withholding agent in the countries in which it operates: a large company's responsibility translates not only into **proper discharge** of its tax-related duties, but also into the management of tax obligations on behalf of the government, for which it collects, transfers and pays taxes, allowing civil society to enjoy access to the services required for it to function.

For Banca Generali, being **sustainable** means not just **creating long-term value** for the **Company** and its **shareholders**, but also contributing to the **wellbeing** and **development** of the **local communities** in which it operates, through a holistic approach to sustainability that ranges from the products offered to its commitment to social issues, the environment and research.

Within this context, the Group has developed a tax management approach that aims to be as effective and transparent as possible, becoming a full-fledged instrument for achieving its ESG goals.

The Group has always promptly supported the initiatives developed at the international level to promote tax transparency, such as the **GRI 207** disclosure and the related Country-by-Country Reporting, as well as the exchange of information between Tax Authorities, to which it contributes in accordance with various regulations (e.g., FATCA, CRS and DAC 6).

In addition, starting last year, Banca Generali, as the Parent Company of the Banking Group of the same name, took a further step forward by publishing its **Tax Transparency Report (TTR)**, which offers an overview of the Group's commitment to:

- › promoting the adoption of **good tax practices**; and
- › **making a fair contribution to the needs** of the communities in which it operates through tax payment.

In detail, Banca Generali's Tax Transparency Report describes:

- › the Tax Strategy and principles (section 2.1);
- › the tax risk governance, management and control system (sections 2.2 and 2.3);
- › Relations with Tax Authorities and stakeholders (section 3);
- › the **Tax Reporting** (section 4), with both i) the **Country-by-Country Reporting**, providing an overview of income taxes accrued and paid, profit before income taxes, and other operating and capital data, broken down by tax jurisdiction, and ii) the **Total Tax Contribution**, detailing the breakdown by tax jurisdiction of taxes directly paid on its business (**taxes borne**) and of taxes withheld and transferred to governments (**taxes collected**).

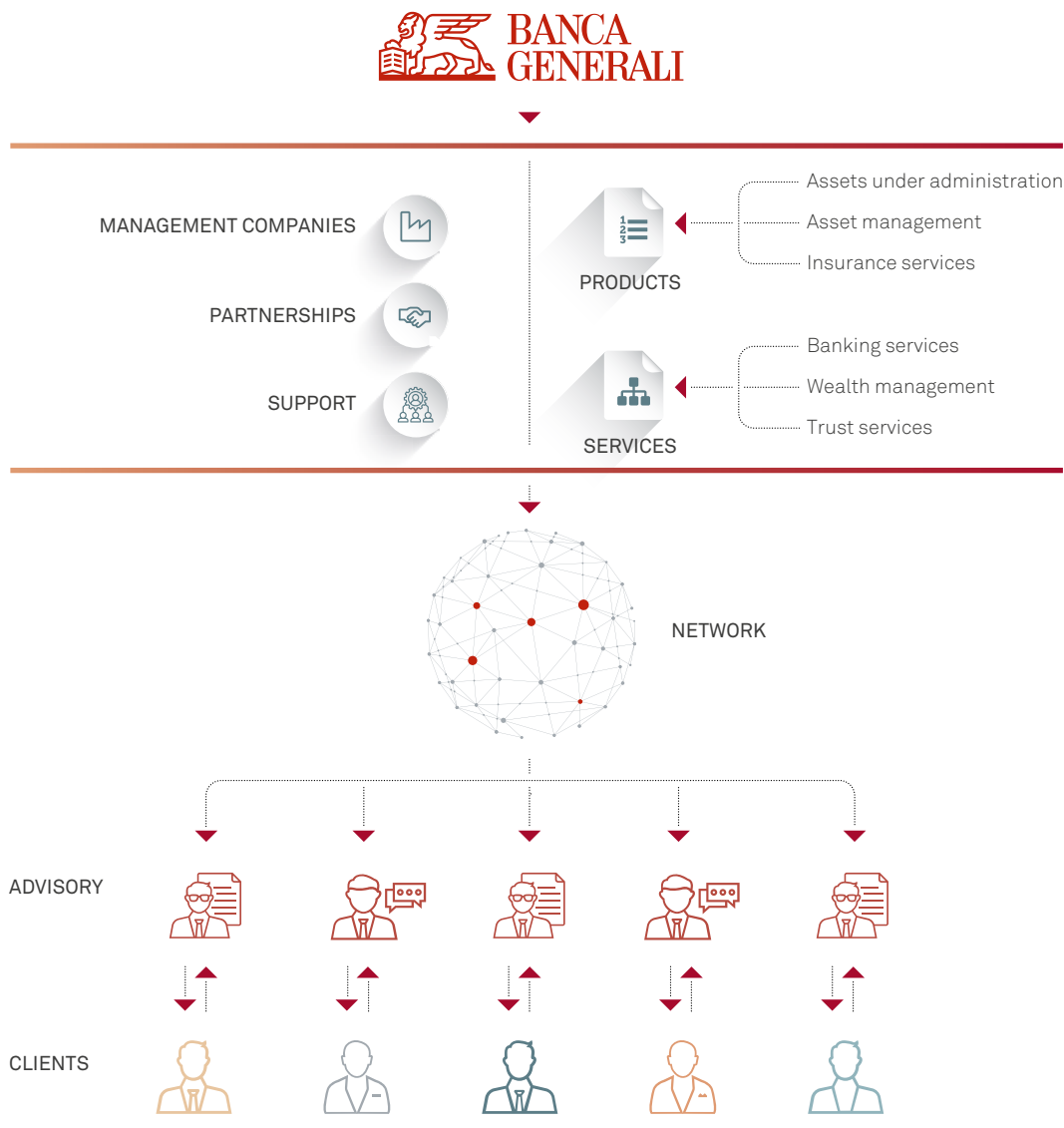
Although it is absolutely under no legal obligation to do so, Banca Generali has decided, for the benefit of all its various stakeholders, to disclose its commitment to spreading the values of good tax governance, as well as its willingness to contribute responsibly to the communities in which it operates.

This Report is a further step towards constantly improving tax transparency, and underscores the willingness to make the related information available, in line with the best international practices.

Sharing the **Tax Transparency Report** with the relevant Management and Board Committees confirms that **the approach towards a sustainable taxation is considered as one of the pillars underpinning the Bank's organisation**.

1. The Business Model

Banca Generali stands apart within the Italian finance sector for the central role played by the **financial advisory** and **wealth planning** services it offers to the **Private** and **Affluent Client** segments.

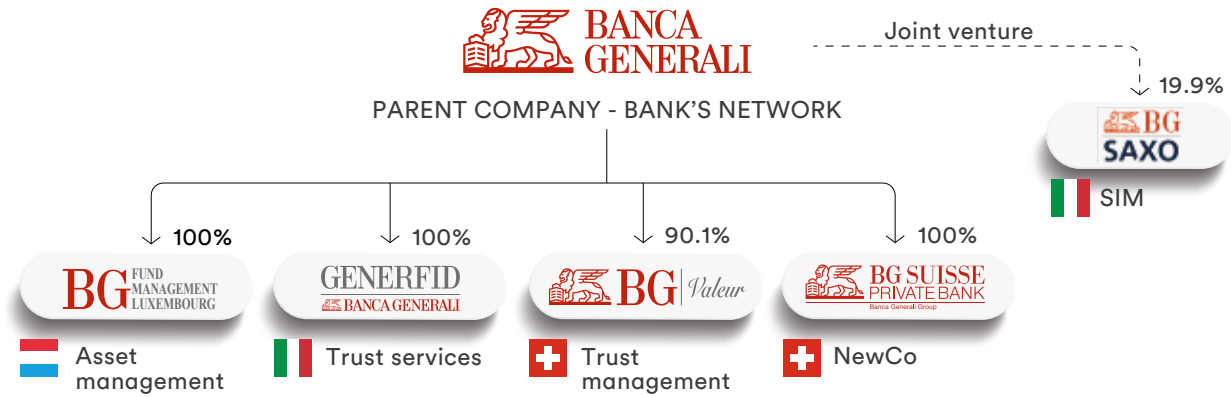


Banca Generali offers:

- > **Banking services** that include a range of bespoke banking accounts and services for clients;
- > **Assets under Administration** through advice on the purchase and sale of securities on the secondary and primary markets, in addition to offering certificates;
- > **Asset management** thanks to a wide range of mutual funds that benefits from the best solutions of international asset managers;
- > **Insurance investments** aimed to protect and personalise investments;
- > **Wealth management and trust services** that offer a wide array of wealth advisory solutions that extend beyond investment issues to encompass pension planning, corporate finance, real estate and art advisory, protection for future contingencies and challenges relating to generational transfer (family protection).

- This range has been designed and is offered to clients with the support of a **value chain** consisting of:
- > **Financial Advisor Network**, including several categories of collaborators (Financial Planners, Private Bankers, Wealth Managers and Relationship Managers), able to best meet the different needs of Financial Advisors and Clients;
 - > **Management companies**, aimed at best serving some specific customer segments: **BG Fund Management Luxembourg S.A.**, responsible for offering in-house funds; **Generfid S.p.A.**, which offers trust services; **BG Valeur**, a boutique financial advisory and asset management firm based in Switzerland, **BG (Suisse) Private Bank S.A.**, which obtained the Swiss banking licence in 2023 and **BG Saxo SIM**, a joint venture with the Danish bank Saxo Bank that offers advanced trading services;
 - > **Partnerships**, selected with the aim of bringing Banca Generali's clients the best specialist services the market has to offer in terms of products, wealth management and technology.

GROUP'S STRUCTURE



2. Tax Governance, Control and Risk Management

Within its organisational and corporate governance model, Banca Generali S.p.A. has developed and implemented an **integrated system** for **identifying, measuring, managing and controlling tax risk (Tax Control Framework)**, hereinafter also “**TCF**”) compliant with the provisions of the Organisation for Economic Co-operation and Development (OECD) and the recommendations provided for by Italian legislation governing the Cooperative Compliance Program.

Banca Generali’s TCF consists of the following three key elements:

- a) a **tax strategy**, approved by the Board of Directors, setting out the principles for managing the tax variable and the strategic guidelines aimed at ensuring compliance with tax rules;
- b) a **governance** model that applies to: i) roles and responsibilities relating to taxation, and ii) information flows envisaged for managing tax risk addressed to the administrative body (i.e., annual report);
- c) a system for **mapping, controlling, measuring** and **managing tax risk** to ensure the accuracy and correctness of the fulfilment of tax obligations (calculation, payment and tax return) and the monitoring of the interpretative choices made.

The adoption of the TCF was instrumental to Banca Generali S.p.A.’s admission, as of 2020, to the **Cooperative Collaboration Program**, which — thanks to constant preventive dialogue and transparency with the Tax Authorities, also guaranteed by the TCF — allows to gain advance certainty on tax risks¹.

2.1 The Tax Strategy

The tax strategy, approved by the Board of Directors on 23 June 2020, defines Banca Generali’s commitment to operating in accordance with the following principles:

- › **compliance with tax laws** applicable in the countries in which it operates and **responsible tax risk management**;
- › **prohibition** to engaging in conduct and transactions that translate into merely **artificial constructions**, which do not reflect the business or may reasonably be expected to yield **undue tax advantages**;
- › **transparency** and **propriety** in relations with the Tax Authorities;
- › **pricing** of intercompany transactions on the basis of the **arm’s-length principle**.

By **approving** the tax strategy, Banca Generali S.p.A.’s **Board of Directors** assumed the responsibility for ensuring that it is **disseminated** and **applied**, while also performing the specific task of spreading the underlying culture and values.

The tax strategy entered into force from the day after that of its approval and was published on Banca Generali’s corporate website:

www.bancagenerali.com/en/sustainability/sustainability-documents.

2.2 The Governance Model

The governance model is defined by the Tax Compliance Policy, adopted by Banca Generali S.p.A.’s Board of Directors on 4 November 2022 and aligned with the tax strategy.

¹ The TCF — a prerequisite for admission to the Cooperative Collaboration Program — was approved by the Italian Tax Authority, which on 27 December 2021 admitted Banca Generali, with effect from the tax period ended on 31 December 2020, to the said Program instituted by Legislative Decree No. 128 of 2015. The Program is aimed to establish stronger relations with the Tax Authority by transitioning from a relationship based on tax audits subsequent to fulfilment of tax obligations to a system of ongoing exchange, in which the taxpayer and Tax Authority engage in dialogue to reach, where possible, a prior common assessment of decisions relating to management of the tax variable.

The implementation of the TCF involved, *inter alia*, the provision of a process control system, which is entrusted to the specifically dedicated position of **Tax Risk Officer (TRO)**. The TRO prepares the yearly Report on the Tax Control Framework, which is presented to the Risk Committee and the Internal Audit and Risk Committee by the TRO on the invitation of the Chief Financial Officer and, through the Committees themselves, to the Board of Directors. The Tax OU and the TRO provide the Compliance and Anti Money Laundering Departments with all the data necessary for preparation of the relevant report, which is also submitted to the corporate bodies for their evaluation within the broader scope of the management of non-compliance risks to which the Bank is exposed.

2.3 The System for Mapping, Controlling, Measuring and Managing Tax Risk

The TCF adopted by Banca Generali is designed to mitigate the **tax law non-compliance risks** contained in the related Risk Map, updated and tested by the TRO to provide assurance regarding the internal control system for tax risk. The TRO monitors the release of new tax arrangements that could have an impact on the internal control system to mitigate tax risks. The TRO assesses any need to update the Risk Map. In the event of regulatory changes, the TRO activates the operating functions responsible for the formalisation/updating of corporate processes. The TRO and the Tax OU support the competent operational functions in the assessment of compliance with tax legislation of new processes that are introduced or amended from time to time. In particular, it is the responsibility of the business functions and central functions to promptly report to the TRO and the Tax OU the processes within their remit that have been newly introduced or have undergone operational changes.

As for risk profiles relating to proper interpretation of tax law (**interpretation risk**), the Rules for Managing Interpretation Risk — appended to the Tax Compliance Policy — lay down a specific risk identification process underlying ongoing interpretative choices and the related measurement, not only in quantitative terms, but also in qualitative terms, including evaluating the reputational aspects that could damage the Bank if the associated event occurs.

The control measures put in place to manage the risk arising from interpretative choices are designed to monitor, among other non-routine transactions, the localisation of value-creating activities and their alignment with the relevant place of taxation, ensuring oversight of any and all artificial use of jurisdictions and structures aimed at securing a tax advantage or exploiting tax asymmetries.

The mitigation of interpretation risk is structured as both an internal decision-making escalation process — depending on the scope of the risk — and activation of preliminary discussions with the Italian Tax Authority on tax risks that exceed the materiality threshold, which is still being defined, in agreement with the said Tax Authority.

Banca Generali's TCF was duly introduced and integrated within the Internal Control and Risk Management System (hereinafter "**ICRMS**"). In light of the regulatory framework in which it operates, the ICRMS acts as a tool to manage the risks that can impact the conditions underpinning the performance of all company activities. Its structure aims to improve profitability, protect capital solidity, ensure compliance with external and internal legislation and codes of conduct, promote transparency towards the market through oversight of the risks assumed. In accordance with the prudential supervisory provisions set forth in Bank of Italy Circular No. 285 of 2013 (Part I, Title, Chapter 3), the ICRMS oversees, *inter alia*, the risk of non-compliance with tax regulations. In particular, Banca Generali's TCF functions in a manner complementary to the ICRMS by covering tax risk areas not managed by other internal control systems of the Bank and, in particular, mapping tax compliance risk and managing the tax interpretation risk.

3. Relations with Tax Authorities and Stakeholder Engagement

Banca Generali ensures transparency and propriety in its relations with the Tax Authorities and, in general, with all stakeholders.

In order to foster a transparent relationship and a collaborative dialogue with Tax Authorities, the Bank promotes the cooperative compliance programs and adopts transfer pricing documentation rules, in accordance with the provisions of the OECD Transfer Pricing Guidelines.

The approach of openness and transparency towards the Tax Authorities is designed to ensure accurate, timely communication. If an error is identified, Banca Generali is committed to proactively providing the relevant explanations and reaching an adequate solution. Moreover, in defence of its company interest and that of its shareholders, Banca Generali deems it legitimate to uphold, including in litigation, a reasonable interpretation of the law, should there be differences of interpretation with the competent Tax Authorities.

Banca Generali continues to adopt an approach based on tax transparency towards all stakeholders, within the framework of broader ESG matters. Within this framework, Banca Generali actively participates in ESG performance assessment initiatives promoted by leading international organisations and entities, receiving excellent ratings from the main ESG ratings agencies (e.g., MSCI, S&P, Sustainalytics and Moody's - Vigeo Eiris), including with regard to tax management parameters.

4. Tax Reporting

In application of the aforementioned tax approach, in this Report Banca Generali provides a clear summary of:

- › key financial and non-financial information for each jurisdiction in which it operates, in line with the layout provided for in the **Country-by-Country Reporting** or **CbCR**, in accordance with the GRI 207 standard² Section 4.2;
- › its **Total Tax Contribution (TTC)** that, **in addition to income taxes**, also includes other types of taxes imposed on the Company (**people taxes, product taxes, bank taxes**) and takes account of both **taxes borne** by the Company and the **taxes collected** from third parties on behalf of the general governments – Section 4.3. The description of Total Tax Contribution is also complemented by the analysis of the main TTC indicators that link taxes paid to several company parameters and by a brief analysis of taxes paid between 2022 and 2023.

The **tax reporting** model adopted makes it possible to **thoroughly** recognise the contribution made by Banca Generali to the economic and social systems of the various countries in which it operates through the taxes it pays³, while also highlighting the role played by the Bank in tax systems both as “contributor” of taxes (**legal tax liability**) and “collector” of third-party taxes (**legal remittance responsibility**)⁴.

In this regard and with a view to ESG matters, the World Economic Forum (**WEF**) identified **taxes borne** and **taxes collected** as metrics to measure businesses’ contribution to pursuing the SDGs of the **UN 2030 Agenda**⁵.

² GRI 207-4 – “Reporting requirements” section- www.globalreporting.org/standards/media/2482/gri-207-tax-2019.pdf. GRI 207 is a reporting standard that considers tax management as an integral part of a company's sustainability strategy. It is included in a set of standards (GRI standards) developed by the Global Sustainability Standards Board (GSSB), an international not-for-profit organisation aimed at defining a framework to enable all companies to transparently report their economic, environmental and social impacts.

³ It bears also recalling that corporate income taxes generally account for a limited portion of government tax revenue: in 2022 (the most recent year for which statistics are available), corporate income taxes made up approximately 10% of the tax revenue of OECD countries (source: OECD Revenues Statistics 2023: *Tax Revenue Buoyancy in OECD Countries* - www.oecd.org/tax/tax-policy/revenue-statistics-highlights-brochure.pdf).

⁴ “Legal tax liability, legal remittance responsibility and tax incidence – Three dimensions of business taxation”, OECD Taxation Working Papers, No. 32 – www.oecd-ilibrary.org/docserver/e7ced3ea-en.pdf?expires=1681295169&id=id&accname=guest&checksum=1AA6FACAE1E3C5A56A6C2DF94AB6C279.

⁵ www3.weforum.org/docs/WEF_IBC_Measuring_Stakeholder_Capitalism_Report_2020.pdf.

4.1 Key Figures

KEY FIGURES ⁶	UNIT	AMOUNT
Revenues	€ million	1,548.0
Profit (loss) before taxation	€ million	429.5
Property and equipment	€ million	141.7
Income taxes accrued (current)	€ million	115.6
Income taxes paid	€ million	149.5
Number of employees	Units	883
Taxes borne	€ million	221.4
Taxes collected	€ million	316.7

4.2 Country-by-Country Reporting

The **Country-by-Country Reporting** presents the key indicators of the volume of the Group's activities in each tax jurisdiction that, taken into account together with the other information contained in this Report and in the related sections of the Annual Integrated Report, to which reference is made, provide a concise and transparent disclosure of the level of taxes accrued and paid in a jurisdiction⁷.

TAX JURISDICTION ⁸	CORE BUSINESS	No. OF EMPLOYEES	INCOME FROM SALES TO THIRD PARTIES (€ MILLION)	INCOME FROM INTRAGROUP TRANSACTIONS WITH OTHER TAX JURISDICTIONS (€ MILLION)	PROFIT (LOSS) BEFORE TAXATION (€ MILLION)	PROPERTY AND EQUIPMENT (€ MILLION)	CORPORATE INCOME TAXES ACCRUED (CURRENT) (€ MILLION)	CORPORATE INCOME TAXES PAID (€ MILLION)
Italy	Banking activities	818	1,077.9	119.1	262.7	137.9	93.6	79.9
Luxembourg	Asset management	29	341.1	0.5	175.3	1.4	21.9	69.6 ⁹
Switzerland	Asset management	36	9.4	-	(8.5)	2.4	-	-
Country-by-Country Reporting total		883	1,428.4	119.6	429.5	141.7	115.6	149.5
Reconciliation		-	-	(119.6)	14.3	(0.2)	5.7	5.7
Consolidated Financial Statements		883.0	1,428.4¹⁰	-	443.8	141.4	121.3	155.3

⁶ The amounts and data of key figures (except for taxes borne and taxes collected) are calculated on the basis of the reporting principles and procedures provided for by the OECD's Action 13 CbCR guidelines and recognised in the GRI 207-4 standard. Values are presented on an aggregate and not consolidated basis and do not include the amounts relating to i) dividends received from other Group entities, and ii) the related taxes accrued and paid. For further details reference should be made to the Glossary.

⁷ The differences that emerge from the total amounts of the Country-by-Country Reporting and the Consolidated Financial Statements refer to:

- **consolidation adjustments** made in application of the accounting standards adopted in preparing the Consolidated Financial Statements; and
- the **exclusion** from the **Country-by-Country Reporting** of the amounts relating to i) **dividends received** from other group entities, and ii) the **related taxes** paid and accrued.

For information on the **reasons for the difference**, at the Group level, **between** i) the **tax burden** — expressed in terms of both actual taxes and accrued (current) taxes and ii) the **theoretical tax** (i.e., tax resulting from the application of the tax rate set by the tax regulations to profit/loss before taxation pursuant to GRI 207-4-b-x), reference should be made to Part C, Section 21, "Income tax for the year from operating activities" – Item 300" in the Notes and Comments to the Consolidated Financial Statements.

⁸ For the list of entities considered and their tax jurisdiction, reference should be made to the "reporting scope" appended hereto.

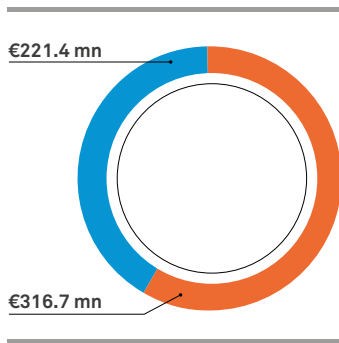
⁹ Taxes paid in 2023 in Luxembourg included i) the balance of taxes due for the 2021 tax period amounting to 19.5 million euros and ii) the tax advances for the 2023 tax period amounting 50.2 million euros. It should be noted that the significant amount of said advances, which were calculated on the basis of the 2021 results (a year in which BG Fund Management Luxembourg S.A. reported a particularly positive performance), was in excess of the actual taxes due on the basis of the 2023 results.

¹⁰ Amount corresponding to the following items of the Consolidated Profit and Loss Account: net banking income (item 120) gross of interest expense (item 20) and fee expense (item 50).

4.3 Total Tax Contribution

As mentioned above, the Total Tax Contribution (TTC) integrates the information reported in the CbCR into a wider model that takes into account all the types of taxes that the Group pays and offers a breakdown by taxes effectively borne by the Group (taxes borne) and taxes collected on behalf of general governments (taxes collected)¹¹.

In 2023, Banca Generali's Total Tax Contribution amounted to **538.0 million euros**. **Taxes borne** accounted for **41.1% of the total** and **taxes collected** accounted for the **remaining 58.9%**.



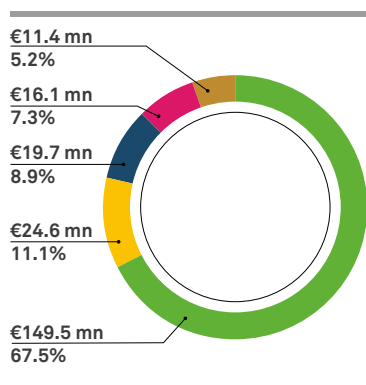
	€ MILLION	%
Taxes borne	221.4	41.1%
Taxes collected	316.7	58.9%
Total Tax Contribution (TTC)	538.0	100.0%

The high **weight of taxes collected** reflects the **dynamics of the business** in which Banca Generali operates: income taxes collected and the stamp duties applied in relation to the products and services offered (banking accounts and services, assets under administration and assets under management) generate significant amounts of profit taxes collected and product taxes collected.

4.3.1 Taxes Borne

Taxes borne amounted to **221.4 million euros**.

Profit taxes were the main component of taxes borne, equal to **67.5%**. **Product taxes** and **people taxes** accounted for **11.1%** and **8.9%** of the total, respectively. **Bank taxes** contributed **7.3%**, whereas **Other taxes** accounted for the remaining **5.2%**.



	€ MILLION	%
Profit taxes	149.5	67.5%
Product taxes	24.6	11.1%
People taxes	19.7	8.9%
Bank taxes	16.1	7.3%
Other taxes	11.4	5.2%
Total taxes borne	221.4	100.0%

Profit taxes coincide with the Company's income tax paid and include the payment of the balance of prior years' income taxes and the advance payments of income taxes due for the year¹².

Product taxes substantially include non-deductible VAT.

People taxes essentially include the social security contributions borne by Banca Generali as employer.

Bank taxes refer to contributions to the banking crisis and deposit protection funds and other similar funds.

Other taxes essentially include the social security contributions (Enasarco contributions) borne by Banca Generali in relation with the Financial Advisors who provide their services in favour of the Bank.

¹¹ The Total Tax Contribution offers a full overview of the taxes that Banca Generali pays in the countries in which it operates. The taxes paid by Banca Generali and included in the TTC are:

- firstly broken down into two categories:
 - taxes borne: taxes that are a cost for Banca Generali and impact its financial results; and
 - taxes collected: third-party taxes collected by Banca Generali on behalf of general governments as withholding agent or on the basis of similar mechanisms; and
- then, with regard to each of the two categories, classified in:
 - profit taxes: income taxes;
 - people taxes: taxes relating to employment;
 - product taxes: taxes on products and services;
 - bank taxes
 - other taxes.

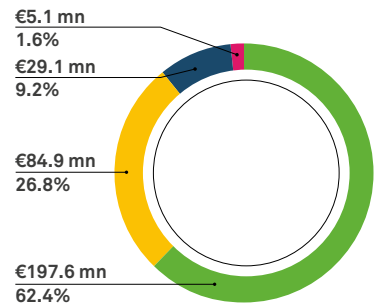
¹² In general, the income tax payment mechanism provides that, in the year of reference, the Company pays the balance of taxes due for the previous year (or prior years) and the advance payment of taxes due for the current year. Advances may be calculated using i) the so-called historical method, based on the actual income for the previous year (or prior years) or ii) the so-called forecasting method, based on an estimate of income for the year.

4.3.2 Taxes Collected

Taxes collected amounted to **316.7 million euros**.

Profit taxes and **product taxes** were the main components of taxes collected, accounting for **62.4%** and **26.8%** of the total, respectively. **People taxes** contributed **9.2%**, whereas **Other taxes** accounted for the remaining **1.6%**.

	€ MILLION	%
Profit taxes	197.6	62.4%
Product taxes	84.9	26.8%
People taxes	29.1	9.2%
Other taxes	5.1	1.6%
Total taxes collected	316.7	100.0%



Profit taxes mainly include income taxes collected from customers (the most significant of which are the taxes applied on assets under administration and assets under management) and taxes applied to fees paid to Financial Advisors.

Product taxes substantially include the stamp duties applied and the net VAT paid.

People taxes essentially include the personal income tax and the social security contributions borne by Banca Generali's employees and collected by the Bank in its capacity as employer.

Other taxes essentially include the social security contributions (Enasarco contributions) in relation with the Financial Advisors who provide their services in favour of the Bank, and collected by the latter as the principal.

4.3.3 Evolution of TTC from 2022 to 2023

In 2023, Total Tax Contribution declined by approximately 60.7 million euros overall compared to 2022.

EVOLUTION OF TTC (€ MILLION)	2023	2022	2023-2022	2023-2022 %
Taxes borne	221.4	157.3	64.1	40.7%
Taxes collected	316.7	441.5	(124.8)	(28.3%)
Total Tax Contribution (TTC)	538.0	598.8	(60.7)	(10.1%)

The decrease was attributable to both the **increase** in **taxes borne** (+64.1 million euros) and the **reduction** in **taxes collected** (-124.8 million euros).

Taxes borne

The increase in taxes borne was mainly driven by **profit taxes** (+61.9 million euros). The other tax categories reported minor changes.

EVOLUTION OF TAXES BORNE (€ MILLION)	2023	2022	2023-2022	2023-2022 %
Profit taxes	149.5	87.6	61.9	70.7%
Product taxes	24.6	22.9	1.7	7.5%
People taxes	19.7	19.1	0.5	2.7%
Bank taxes	16.1	17.6	(1.5)	(8.3%)
Other taxes	11.4	10.0	1.4	14.0%
Total taxes borne	221.4	157.3	64.1	40.7%

Profit taxes borne rose due to higher income taxes paid in:

- › **Luxembourg** (+39.0 million euros), where advance payments made in 2023 were calculated using the historical method, based on prior years' particularly positive income;
- › **Italy** (+22.9 million euros), where higher taxes were paid in 2023 (i.e., in terms of balance of

2022 taxes and advances on 2023 taxes¹³), as a result of the increase in net interest income between 2021 and 2022¹⁴.

Taxes collected

The decline in **taxes collected** was attributable to **profit taxes** (-82.2 million euros) and **product taxes** (-43.1 million euros).

EVOLUTION OF TAXES COLLECTED (€ MILLION)	2023	2022	2023-2022	2023-2022 %
Profit taxes	197.6	279.8	(82.2)	(29.4%)
Product taxes	84.9	128.0	(43.1)	(33.7%)
People taxes	29.1	28.8	0.2	0.8%
Other taxes	5.1	4.8	0.2	5.2%
Totale taxes collected	316.7	441.5	(124.8)	(28.3%)

Profit taxes collected decreased mainly as a result of the extremely positive performance of financial markets and the ensuing financial performance in 2021 compared to 2022, which led to lower withholding taxes paid in the first months of 2023 compared to the same period of 2022¹⁵.

Product taxes collected dropped due to the use in 2023 of the surplus advances on stamp duty paid in the previous fiscal year (i.e., 2022).

4.3.4 Main Indicators of the Group Total Tax Contribution

1. TTC/Revenues ratio

The **TTC/revenues ratio** identifies the portion of revenues used for paying borne and collected taxes.

For every 100 euros of revenues generated in 2023, Banca Generali paid 34.8 euros of taxes, of which 14.3 euros for taxes borne and 20.5 euros for taxes collected.

TTC/REVENUES RATIO	%
Total taxes borne	14.3%
Total taxes collected	20.5%
Total Tax Contribution	34.8%

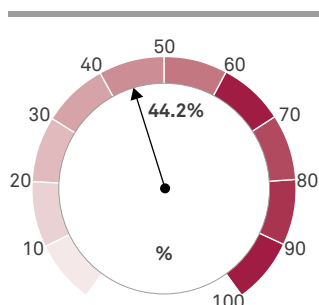
In 2023, the TTC/revenues ratio continued to show that a significant portion of the Group's revenues is used for paying **taxes borne** and **taxes collected**. Compared to 2022, this ratio declined by approximately 12.7 percentage points, mainly attributable to the above-mentioned decrease in profit taxes collected and product taxes collected.

2. Total tax rate

The **total tax rate** provides a concise overview of the tax burden arising from all taxes paid as taxpayer, showing the weight of taxes that represent a cost for Banca Generali (taxes borne) on profit before such taxes.

For every 100 euros of profit before taxes borne in 2023, Banca Generali paid 44.2 euros of taxes borne.

TOTAL TAX RATE	%
Total tax rate	44.2%



¹³ In Luxembourg and Italy, advances paid in 2023 were calculated respectively on the basis of the 2021 and 2022 income as the historical method was applied, which took into account income for the previous year (Italy) or for prior years (Luxembourg).

¹⁴ For a more comprehensive overview, it should be noted that the overall increase in income taxes paid in Italy (IRES and IRAP) was partly offset by the fact that, as already illustrated in the Tax Transparency Report 2022, profit taxes for 2022 had included an extraordinary amount of prior years' income taxes (41.2 million euros).

¹⁵ Despite the overall reduction in profit taxes collected, it bears noting that the increase in taxes on bond income was attributable to the effect of the interest rate hikes.

In 2023, total tax rate showed that the Group paid a significant portion of **taxes borne** in relation to profit before all taxes borne. Compared to 2022, this indicator rose slightly by 3.6 percentage points, chiefly due to the aforementioned increase in profit taxes borne.

3. People taxes per employee

People taxes per employee indicate the ratio of people taxes to the number of employees, showing the amount of taxes paid in relation to employment for each employee.

For each employee, Banca Generali paid 55,201 euros of people taxes on average, of which 22,266 euros for people taxes borne and 32,935 euros for people taxes collected.

PEOPLE TAXES PER EMPLOYEE	AMOUNTS PER EMPLOYEE (€ UNIT)
People taxes borne	22,266
People taxes collected	32,935
Total people taxes	55,201

In 2023, people taxes per employee continued to show that the Group pays a significant amount of people taxes for each employee. Compared to 2022, this indicator declined slightly (2,065 euros), mainly attributable to an increase in the number of employees that was more than proportional to the rise in people taxes.

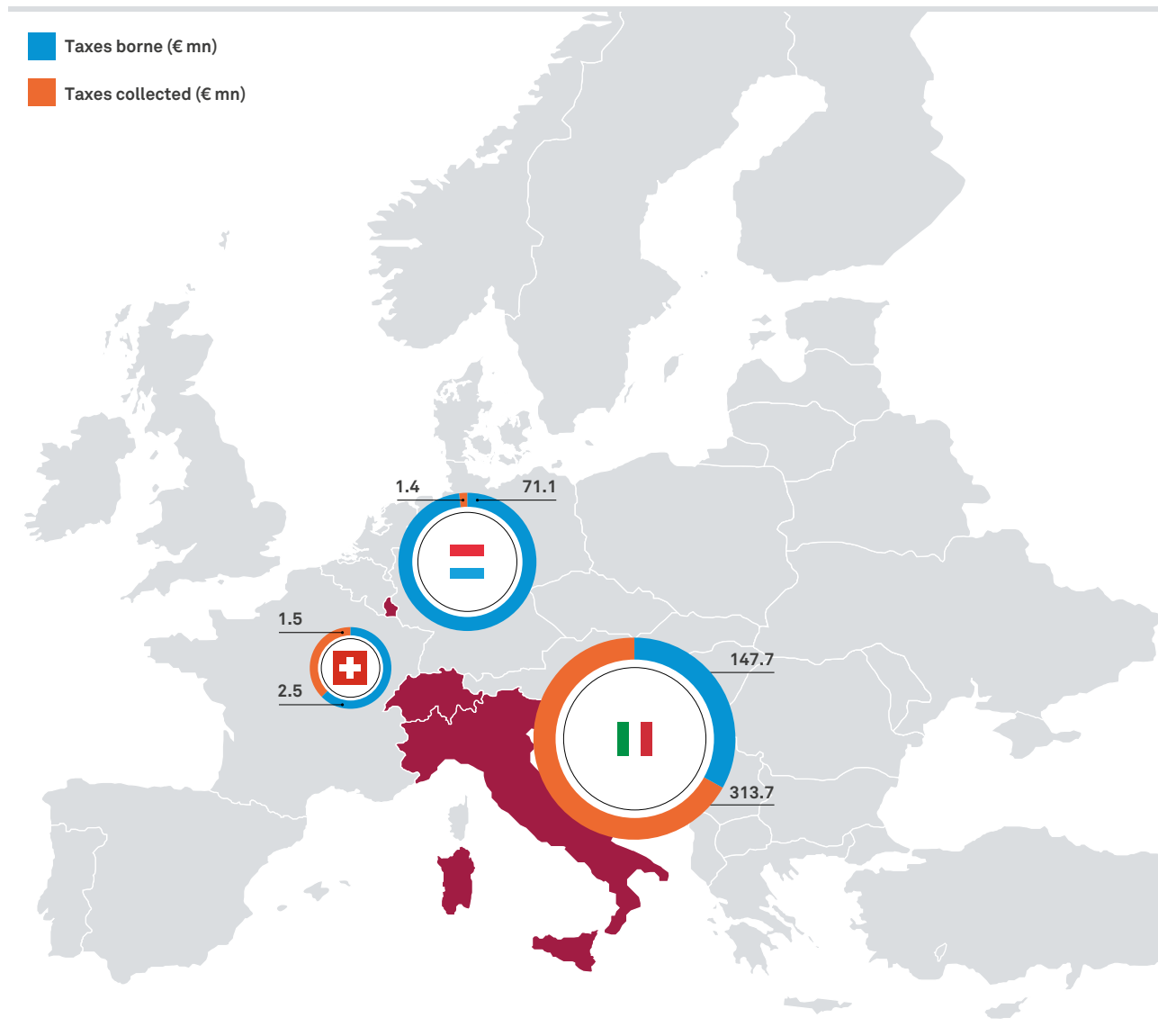
4.3.5 Distribution of the Group Total Tax Contribution

The Group Total Tax Contribution is distributed among the countries in which Banca Generali operates (Italy, Luxembourg and Switzerland) in line with the dynamics of Revenues, Property and equipment and the Number of employees.

COUNTRY	TAXES BORNE (€ MILLION)	TAXES COLLECTED (€ MILLION)	TTC (€ MILLION)	REVENUES (€ MILLION)	PROPERTY AND EQUIPMENT (€ MILLION)	No. OF EMPLOYEES (UNITS)
Italy	147.7	313.7	461.4	1,197.0	137.9	818
Luxembourg	71.1	1.4	72.6	341.6	1.4	29
Switzerland	2.5	1.5	4.0	9.4	2.4	36
Total	221.4	316.7	538.0	1,548.0	141.7	883

Approximately 85% of Total Tax Contribution was concentrated in Italy, in line with the breakdown of Revenues, Property and equipment, and Number of employees.

TAX CONTRIBUTION BY COUNTRY



4.4 Income Taxes

The following table shows the **actual tax rate** and the **cash tax rate** of Banca Generali Group as a whole, as reported in the Profit and Loss Account and Cash Flow Statement contained in the Consolidated Financial Statements.

BREAKDOWN OF TAXES COLLECTED	BANCA GENERALI GROUP (CONSOLIDATED FINANCIAL STATEMENTS)
Profit before taxation (A)	443.8
Income taxes for the year ¹⁶ (B)	117.8
Income taxes paid ¹⁷ (C)	155.3
Actual tax rate (B/A)	26.5%
Cash tax rate (C/A)	35.0%

The Group's actual tax rate was 26.5%, up compared to the 2022 tax rate, net of one-off charges related to the tax settlement (24.8%), mainly as a result of the marked increase in net interest income and the ensuing higher contribution of Italian entities to the Group's result. For further details, reference should be made to the Consolidated Financial Statements¹⁸.

The Group's cash tax rate was 35.0%, up compared to 29.2% in 2022, mainly due to the aforementioned increase in income taxes paid in Luxembourg.

¹⁶ **Income taxes for the year**, as reported in the consolidated and separate financial statements of Banca Generali S.p.A. (**reported taxes**). Unlike item "Corporate income taxes accrued (current)" reported in the "Country-by-Country Reporting" section, item "Income taxes for the year" also includes current taxes on dividends received from other entities of Banca Generali Group, prior years' taxes, deferred tax assets and liabilities and any provisions for uncertain tax liabilities (uncertain tax positions).

¹⁷ **Income taxes paid** including taxes on dividends received from other Banca Generali Group entities, prior year's taxes paid, and taxes paid to the Assicurazioni Generali Italian national tax consolidation program.

¹⁸ Part C - Section 21 "Income tax for the year from operating activities" – Item 300 in the Notes and Comments to the Consolidated Financial Statements.

5. Annex

Glossary

Number of employees

Average number of employees in the year, calculated on a full-time equivalent basis.

Revenues

Sum of i) Income from sales to third parties and ii) Income from intragroup transactions with other tax jurisdictions.

Income from sales to third parties

Income from transactions with entities not belonging to Banca Generali Group (i.e., entities not included in the Consolidated Financial Statements of Banca Generali S.p.A.).

Intragroup income with other jurisdictions

Income generated by transactions between group entities residing in other tax jurisdictions. Dividends received from other group entities are not included.

The term "income" is to be construed broadly as corresponding to net banking income gross of interest expense and fee expense. Dividends received from other group entities are not included.

Profit (Loss) before taxation

Profit gross of taxes. Dividends received from other group entities are not included. For the purposes of section "Income Taxes", the Profit (Loss) before taxation also includes the dividends received from other entities of Banca Generali Group.

Corporate income taxes paid

Corporate income taxes paid (on a cash basis) in the reporting year, regardless of the year to which the taxes refer. Corporate income taxes paid do not include taxes paid on dividends received from other group entities (approximately 5.7 million euros). For a more comprehensive overview, it should be noted that the stated amount includes (i) prior years' taxes (0.4 million euros) paid to resolve minor tax dispute and fully recognised in the Consolidated Financial Statements under a specific provision, and ii) taxes paid to the Assicurazioni Generali Italian national tax consolidation program (approximately 61.6 million euros).

For the purposes of section "Income Taxes", Income taxes for the year paid also include the taxes paid on the dividends received from other entities of Banca Generali Group.

Corporate income taxes accrued (current)

Corporate income taxes calculated on the taxable income for the year (**current taxes**). Prior years' current taxes (a 1.3 million euro decrease), deferred tax assets, deferred tax liabilities and any provisions for uncertain tax liabilities (uncertain tax positions) are not included. Taxes accrued on dividends received from other group entities (approximately 5.7 million euros) are also not included.

Income taxes for the year

Income taxes for the year, as reported in the Consolidated and Separate Financial Statements of Banca Generali S.p.A. (reported taxes). This item includes current taxes (also those on dividends received from other entities of Banca Generali Group), prior years' taxes, deferred tax assets and liabilities and any provisions for uncertain tax liabilities (uncertain tax positions).

Property and equipment (other than cash and cash equivalents)

Net carrying amount of property and equipment. Pursuant to IFRS 16, property and equipment include "rights of use" arising from property and other equipment leasing transactions. Cash and cash equivalents, intangible assets and financial assets (equity investments) are not included.

Total Tax Contribution (TTC) Framework

A universal framework that provides a clear, concise overview of all the taxes that a company contributes to public finances. The Framework measures the contribution of a company to a country's tax revenue on a cash basis. It is structured in a simple, non-technical way, and is thus relatively easy to understand for those who possess limited understanding of tax matters. It is based on **three pillars**: 1) the definition of "tax", 2) the distinction between taxes borne and taxes collected and 3) the classification of taxes into various categories.

The definition of "tax": in the context of the TTC Framework and in keeping with the definition provided by the OECD¹⁹, the term "tax" indicates a "a compulsory unrequited payment to the central government"²⁰. Payments that yield a benefit in terms of value arising from the use of a good or entitlement to a right are not considered taxes.

The term "tax" is thus to be understood as referring not only to income taxes, but also to other forms of taxation to which a company is subject, including both taxes borne by the company as taxpayer or collected as withholding agent.

Distinction between taxes borne and taxes collected:

Taxes borne

Taxes that are a cost for the company and impact its financial results; and

Taxes collected

Third-party taxes collected by the company on behalf of general governments as withholding agent or on the basis of similar mechanisms. Such taxes are considered in light of the value generated and the economic activity exercised by the company.

Taxes are broken down into different categories:

Profit taxes

Income taxes. Profit taxes may be:

- › borne: corporate income taxes paid, as described above;
- › collected: where a withholding is applied to payments made to third parties or natural persons (such as withholdings on profits of a financial nature, interest and royalties, and professional services).

People taxes

Taxes and social contributions associated with an employment relationship. People taxes may be:

- › borne: income taxes and social security contributions borne by Banca Generali in its capacity as employer (e.g., social security contributions, health insurance/pension/disability contributions); or
- › collected: personal income taxes or social security contributions borne by the employee and withheld by Banca Generali in its capacity as employer (e.g., personal income tax and social security contributions).

Product taxes

Indirect taxes on the production, supply, use and consumption of goods and services, regardless of the fact that they are paid to the good suppliers or service providers or directly to general governments. The value added tax (VAT) and the stamp duty are included in this category. Product taxes may be:

- › borne: non-deductible VAT; or
- › collected: stamp duty applied and net VAT paid.

Bank taxes

Contributions to the the banking crisis and deposit protection funds and other similar funds. They include the contributions to the European Single Resolution Fund, the Italian National Resolution Fund managed by the Bank of Italy and the Interbank Deposit Protection Fund. These are generally taxes borne.

Other taxes

A residual category that includes all taxes that are not included in one of the previous four tax categories. By way of example, "Other taxes" include the social security contributions (Enasarco contributions) paid in relation with the Financial Advisors working for the Bank and property taxes.

¹⁹ "OECD Revenues Statistics 2023: Tax Revenue Buoyancy in OECD Countries" - Annex A. The OECD classification of taxes and interpretative guide – <https://doi.org/10.1787/9d0453d5-en>.

²⁰ "Compulsory, unrequited payment to general government".

Disclaimer

This Report has not been audited by the Independent Auditors.

The data contained herein refer to the year 2023 (i.e., from 1 January 2023 to 31 December 2023), namely the reporting period of the Annual Integrated Report 2023.

Due to the introduction of some improvements in the reporting methodology of total tax contribution compared to the Tax Transparency Report 2022, data for 2022 was restated for comparison purposes.

This document is drawn up in euros, i.e., the functional currency used to prepare the Annual Integrated Report 2023. The amounts (except for the number of employees) are shown in millions and rounded to the first decimal, unless otherwise reported. Therefore, the sum of the rounded amounts may sometimes differ from the rounded total.

The reporting scope coincides with the scope of equity investments in wholly owned subsidiaries presented in the Consolidated Financial Statements of Banca Generali S.p.A. at 31 December 2023. It includes the following companies²¹.

COMPANY NAME	REGISTERED OFFICE	OPERATING OFFICE
Banca Generali S.p.A.	Italy (Trieste)	Italy (Trieste, Milan)
BG Fund Management Luxembourg S.A.	Luxembourg (Luxembourg)	Luxembourg (Luxembourg)
Generfid S.p.A.	Italy (Milan)	Italy (Milan)
BG (Suisse) Private Bank S.A.	Switzerland (Lugano)	Switzerland (Lugano)
BG Valeur S.A.	Switzerland (Lugano)	Switzerland (Lugano)

With regard to this document, it should also be noted that:

- › the term “Banca Generali” is used to indicate the entire Banca Generali Group, also referred to by the expression “Banking Group” or “Bank”;
- › where it is necessary to refer to Banca Generali individually as the Parent Company, the full company name “Banca Generali S.p.A.” is used.

²¹ For further information, reference should be made to Part A.1, Section 3 – “Scope of Consolidation and Consolidation Methods” of the Annual Integrated Report 2023.

Banca Generali S.p.A.

Registered office
Via Machiavelli 4 - 34132 Trieste (Italy)

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

Tax and VAT code and registration number in the
Trieste Register of Companies 00833240328
VAT No. 01333550323

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

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Cover page photograph: Stefano Guindani



BANCA GENERALI S.P.A.

Registered office Via Machiavelli 4
34132 Trieste

Milan Head Office Piazza Tre Torri 1
20145 Milan
T. +39 02 40826691

Trieste Head Office Corso Cavour 5/A
34132 Trieste
T. +39 040 777 111

www.bancagenerali.com

