

# Report of the Board of Statutory Auditors

*pursuant to Article 153 of Legislative Decree No. 58/1998,*

Shareholders,

The Board of Statutory Auditors (the “Board”) is required to report to the General Shareholders’ Meeting of Banca Generali S.p.A. (hereinafter also “Banca Generali”, the “Bank” or the “Company”), convened to approve the Financial Statements for the year ended 31 December 2021, on the supervisory activity performed and any omissions and censurable facts identified, pursuant to Article 153 of Legislative Decree No. 58/1998 (the “TUF”). This activity was carried out in accordance with the code of conduct recommended by the Roll of Certified Public Accountants and Commercial Experts, while also taking account of the provisions issued by Consob and the Bank of Italy, the instructions set out in the Corporate Governance Code and the provisions of Article 19 of Legislative Decree No. 39/10. The following information also takes account of the Consob recommendations contained in Communication No. 1025564/2001.

It bears recalling that on 22 April 2021 the General Shareholders’ Meeting of Banca Generali appointed this Board of Statutory Auditors until the approval of the Financial Statements for the year ending 31 December 2023, in the persons of Natale Freddi (Chairman), Flavia Minutillo and Mario Anaclerio (Acting Auditors), the latter of whom were already included in the previous composition of the Board of Statutory Auditors. The Board of Directors also granted the Board of Statutory Auditors the functions attributed to the Supervisory Board pursuant to Article 6 of Legislative Decree No. 231/2001 on that same date.

During the year, the Board of Statutory Auditors, in its current and previous composition, met 22 times. It also took part in 13 meetings of the Board of Directors, 13 meetings of the Internal Audit and Risks Committee, 9 meetings of the Remuneration Committee, 9 meetings of the Nomination, Governance and Sustainability Committee and 7 meetings of the Credit Committee. The Board of Statutory Auditors also took part in the induction programme for members of the Bank’s corporate bodies, in addition to specific sessions illustrating the three-year Industrial Plan, then approved by the Board of Directors on 14 February 2022.

## 1. Supervisory activity concerning compliance with the law and the Articles of Association

The Board of Statutory Auditors periodically obtained information from the Directors — including by participating in the meetings of the Board of Directors and its Board Committees — regarding the activity carried out and management acts undertaken. On the basis of the information available, it may reasonably confirm that those activities and acts are compliant with the law and the Articles of Association.

The material events during the year that the Board of Statutory Auditors deems appropriate for mention in light of their importance include:

- > the work that resulted in the approval of the new 2022-2024 three-year plan on 14 February 2022;
- > the restructuring of a portfolio of senior notes arising from the securitisation of healthcare receivables in the fourth quarter of the year, which involved the concurrent purchase of those notes from customers in the amount of 457.6 million euros and the simultaneous sale of the notes to a newly formed Italian fund (AIF) for 377.7 million euros, with the recognition by the Bank of a trading loss of 80 million euros and the subscription by the Bank of the majority of the units of the aforementioned fund for a total of 378 million euros, equal to a 98% interest;
- > the incorporation of BG (Suisse) S.A., a company based in Lugano, which filed a specific application with the competent Swiss supervisory authority for a banking licence;
- > the acquisition from Binck Bank N.V. of the retail banking business unit of the Italian branch, as part of a more complex transaction in which the associate company BG SAXO SIM acquired the RTO service business unit.

At 31 December 2021, CET1 ratio was 16.3% and Total Capital Ratio (TCR) was 17.4%, compared to SREP binding requirements of 7.8% and 11.8%, respectively. The prudential regulatory provisions for banks concerning capital requirements are illustrated in the Pillar 3 disclosures prepared pursuant to Part VIII of Regulation (EU) No. 575/2013.

In the first few months of the year, Russia’s invasion of Ukraine, with the resulting severe sanctions levied on major sectors of its economy, the uncertain outcome of the conflict and its macroeconomic consequences gave rise to considerable uncertainty, which in turn translated into increased volatility and general price declines, particularly for equity asset classes. Banca Generali is not exposed to the countries involved in the conflict, either with its own securities portfolio, or with the customer loans portfolio. According to preliminary estimates, the exposure of the Bank’s clients is also quite limited.

With regard to relations with the supervisory authorities, the Board of Statutory Auditors was updated by the responsible company functions regarding the requests and inquiries made and the responses given. In turn, when requested, it provided responses to the above authorities on specific issues relating to the audits carried out by the Board of Statutory Auditors.

## 2. Supervisory activity concerning adherence to the principles of sound management

The Board of Statutory Auditors acquired information regarding and supervised the compliance with the principles of sound management by obtaining information from the Heads of the competent control functions and the Manager in Charge of preparing the Company’s financial reports, as well as from meetings with the Independent Auditors as part of the mutual exchange of relevant data and information. It also met on several occasions during the year with the Chief Executive Officer and the Deputy

General Managers to obtain information regarding operating performance, the internal control system and main company risks. During such meetings, the Board of Statutory Auditors observed the regular, constant flow of information from the main corporate operating functions and, in the case of the Board of Directors, its constant updating.

The Board of Statutory Auditors may therefore reasonably state that the transactions carried out are inspired by the principles of sound management, and that management decisions were made on the basis of adequate flows of information and awareness of their risk level.

In particular, as regard the most significant economic, financial and equity transactions implemented by the Bank, subject to supervisory activity, the Board of Statutory Auditors may reasonably confirm that they are compliant with the law and the Articles of Association and are not manifestly imprudent, risky, in conflict with the resolutions passed by the Shareholders' Meeting or such as to compromise the integrity of the Company's assets. The transactions in which Directors had an interest were approved in accordance with the law, regulations and Articles of Association. With regard to the disclosure on the preparation of the annual and half-yearly financial statements, the information pursuant to Article 150 of TUF is provided not only by the Chief Executive Officer, but also by the Manager in charge of preparing the Company's financial reports.

In addition, the Board of Statutory Auditors determined that there had been no atypical and/or unusual transactions with companies of the Banca Generali Group (the "Group"), third parties or related parties, i.e., transactions that, in view of their characteristics, may give rise to doubt as to the correctness/completeness of the information in the financial statements, conflict of interest, integrity of company assets and the protection of minority shareholders.

No critical issues came to light from the meetings held with the Chairman of the Board of Statutory Auditors of Generfid S.p.A. and the control bodies of BG Fund Management Luxembourg S.A. and BG Valeur S.A. or from the examination of the Directors' reports included in the financial statements. Moreover, no issues relating to the activities carried out as Supervisory Body pursuant to Legislative Decree No. 231/2001 were reported at such meetings.

### 3. Supervisory activity concerning adequacy of the organisational structure

The Board of Statutory Auditors supervised the adequacy of the Bank's organisational structure by holding meetings with the Bank's operating functions, and in particular with the COO & Innovation Area and the Organisation Department, in order to verify the adequacy of the company structure, system of delegated powers, internal control and risk management system and information flows.

The Bank's organisational structure did not change substantially during the year, although the process of rationalising some of its internal structures continued, including, in particular:

- > the reorganisation of the COO & Innovation Area, undertaken with the aim of setting up an innovation competence centre, creating the role of the Chief Security Officer — who, under the Bank's Security Policy, formulates and develops the security strategy and governance —, grouping the IT and Operation functions into a single department for integrated, synergistic management of activities, and creating the Organisation Department;
- > the progressive integration/implementation of the Saxo platform into the Bank's processes;
- > the project relating to the incorporation of the Swiss subsidiary BG Suisse S.A.
- > The Board of Statutory Auditors also supervised the proper performance of the management and coordination activities carried out by the Bank as Parent Company and has no observations to make in this regard.
- > In fact, the Parent Company performs its steering and governance tasks and provides support to its subsidiaries, in accordance with the Consolidated Law on Banking (TUB), supervisory regulations and Group regulations, adopting risk management procedures and internal control mechanisms that ensure coordinated, unified management of the various Group companies in order to:
  - ensure satisfaction of the requirements imposed by supervisory regulations at Group level;
  - safeguard the profitability and value of the equity investments of the Parent Company and all its subsidiaries;
- > avoid any harm to the integrity of the assets of each Group entity by also providing instructions through specific instruments, such as Group regulations and policies on specific subjects.

The Board of Statutory Auditors supervised the adequacy of the instructions provided by the Company to its subsidiaries pursuant to Article 114, paragraph 2, of TUF.

In addition, the Bank continued to keep up to date the measures adopted in the previous year to manage the Covid-19 emergency and in this context ensured security safeguards for access to offices and rules of conduct to protect health.

### 4. Corporate governance

The Board of Statutory Auditors assessed the methods whereby the Borsa Italiana's Corporate Governance Code adopted by the Bank was implemented, according to the terms illustrated in the "2021 Report on Corporate Governance and Ownership Structures" (the "Corporate Governance Report"). The company bodies also obtained evidence of the recommendations formulated in the letter from the Chairman of the Corporate Governance Committee of 3 December 2021.

In line with the legislation of reference, Banca Generali's Board of Directors, with support from the external professional Egon Zehnder – appointed as independent expert for the entire three years of the term – launched the Board Review 2021, the annual self-assessment on the functioning of the Board and Board Committees, as well as of their size and composition. The Board Review involved the participation of all nine Directors in office and the Chairman of the Board of Statutory Auditors (who shared the self-assessment exercise with the two other Acting Auditors). The results are reported in detail in the Corporate Governance Report.

Furthermore, during the year the Board of Statutory Auditors verified that the Statutory Auditors met the relevant requiremen-

ts in accordance with the MEF Decree, applicable legislation and the Corporate Governance Code.

In particular, the Board of Statutory Auditors verified the legal requirements — including those of independence and professionalism pursuant to Principle VIII of the Corporate Governance Code — applicable to Acting Auditors as at 6 May 2021 and reported to the market on 11 May 2021, as well as to the Supervisory Authorities, which validated the results. In addition, pursuant to Article 23 of the MEF Decree, the Board of Statutory Auditors conducted new specific assessments of the continuing satisfaction of eligibility requirements and criteria, including that of independence, by its members, where supervening events might have affected possession of such requisites. Most recently, on 7 March 2022, pursuant to recommendation 9 of the Corporate Governance Code, the annual verification of the independence requirements and the prohibition of interlocking was carried out. In conclusion, all Statutory Auditors were found to be independent under the provisions of TUF, the MEF Decree and the Corporate Governance Code.

Finally, during the year the Board of Statutory Auditors verified the proper application of the assessment criteria and procedures adopted by the Board of Directors to assess possession of the fit & proper requirements of its members, pursuant to applicable legislation.

## 5. Supervisory activity concerning transactions with related parties

The Board of Statutory Auditors supervised the compliance with applicable legislation of the Procedure for Related Party and Connected Party Transactions adopted by the Bank (as most recently updated on 22 June 2021 to reflect the changes in the legislative framework of reference) and its proper application, participating in all the meetings of the Internal Audit and Risk Committee — which also functions as the committee for the preliminary review of transactions with related and connected parties and is tasked with issuing the related opinions required by applicable legislation — set up in accordance with the relevant procedure, periodically receiving and analysing information regarding the transactions performed. The Board of Statutory Auditors has no record of related party transactions undertaken in conflict with the Company's interest.

No “transactions of greater importance” were undertaken with related parties during the year. However, transactions qualifying as “lesser importance transactions” were undertaken with related parties, as illustrated in detail in the Report on Operations, in addition to “ordinary or recurring transactions” effected at arm's length, the effects of which are analysed in the dedicated section of Notes and Comments.

The Board of Statutory Auditors verified that in the Report on Operations and the Notes and Comments the Board of Directors provided adequate disclosure of transactions with related parties and intragroup transactions in light of applicable legislation.

From a review of the activity carried out by the various functions involved in related party procedures and discussions with the Internal Audit Function, the Board of Statutory Auditors believes that transactions with related parties are adequately supervised and, to the best of its knowledge, that the procedure has been properly applied.

## 6. Supervisory activity concerning the internal control and risk management system

The Board of Statutory Auditors supervised the adequacy of the internal control and risk management system through:

- > meetings with the Bank's senior management, the purpose of which included examining the internal control and risk management system;
- > periodic meetings with the heads of the Internal Audit, Compliance and Anti-Money Laundering, and Risk and Capital Adequacy Functions (hereinafter the “Control Functions”) in order to assess the methods of planning of the work, based on identifying and assessing the main risks present in processes and organisational units;
- > examination of periodic reports (Tableau de Bord) of the Control Functions and periodic information on the results of monitoring of the implementation of the corrective actions identified;
- > acquisition of information from the heads of other Company Functions;
- > meetings with the control bodies of the main subsidiaries pursuant to paragraphs 1 and 2 of Article 151 of the TUF during which the Board of Statutory Auditors obtained information on the matters deemed material affecting Group companies and the internal control system;
- > discussion of the results of the Independent Auditors' work;
- > participation in the proceedings of the Internal Audit and Risks Committee, acquiring information on the problems considered of particular interest to the Board of Statutory Auditors' activity.

It also acknowledged the assessment of the internal control system by the Board of Directors, which was deemed mostly adequate, with an opinion from the Internal Audit and Risks Committee.

Banca Generali has long had an internal control system policy that identifies the bodies and functions involved in the structure of the internal control system, the methods and instruments for identifying and assessing risks, coordination between control functions, the Banking Group's internal control system and reports and flows of information. The system is structured on three levels: the first level performs line controls aimed at ensuring the proper performance of transactions; the second level concerns the monitoring of risks and compliance; and the third is aimed at identifying breaches of procedures and internal regulations.

With reference to the first level of controls, Banca Generali has operational procedures in place (process flows) that relate to all activities carried out and identify the activities, roles, instruments and line controls according to the company process tree.

These procedures are constantly updated by the Organisation Department to bring them into line with changes in regulations, internal rules, the organisational structure and operating methods and to incorporate the suggestions for improvement that emerge from the activities performed by the Control Functions. With regard to the second and third levels, the Board of Statutory Auditors engaged in constant dialogue with the Control Functions in carrying out its activities. The control system, in addition to the business functions and control functions, involves other company functions, such as the head of the security service and

the business continuity plan, who acts as the Chief Security Officer (CSO) and whose roles also include that of Chief Information Security Officer (CISO) of the Bank and the Supervisory Body pursuant to Legislative Decree 231/2001 of the Parent Company; the latter's activity is described in a subsequent chapter.

The Control Functions submit periodic reports to the Board of Directors and the Board of Statutory Auditors on the activities performed and their main observations. Each quarter, Tableau de Bord are presented; these are informational instruments that provide an update on the risks and state of progress of the annual plan of each Function. At the end of the year, as required by the law, the Functions submit an annual report, which in addition to underscoring the work done during the year, conclude with a concise assessment of the adequacy of the internal control system with regard to matters within their purview. The Board of Statutory Auditors acknowledges that the annual reports of the Control Functions conclude with a mostly adequate opinion of the structure of the Company's internal control system.

The report on the Internal Audit Function's activity during the year indicates that all activities planned had been concluded at the date of this report. No significant critical issues emerged from this activity. However, the control activities performed (including at Group level) identified a need for the competent Company Functions to implement remedial actions to mitigate the risks inherent in some processes and operating practices, natural for all banking business, without jeopardising the reliability of the Internal Control System as a whole, which is thus confirmed to be mostly adequate. However, there are some areas in which the opinion is that it is partially adequate, relating to the need for better internal rules on cyber risks and IT procedures generally and more effective controls to prevent negligent behaviour facilitated by the new scenario of remote operation and widespread digitalisation.

The Internal Audit Function carried out a specific activity designed to identify potential deficiencies in the internal control system of the processes for structuring securitisations with the support of a consulting firm and law firms. The results of these activities indicated a need to adjust organisational and control rules. The remedial actions are in progress and are set to conclude in a few months.

Interaction between the Board of Statutory Auditors and the Internal Audit Function is constant over the year as the Function takes part in most meetings of the Board of Statutory Auditors. In any case, the Function informs the Board of Statutory Auditors promptly of any negative findings of their activities.

Upon the conclusion of the Compliance Function's activities, of both an ex-ante nature (ex-ante risk assessment, participation in projects and consulting support) and an ex-post nature (audits of compliance, processes and monitoring of the compliance safeguards set out in the annual plan, which were almost all concluded, and monitoring of the state of progress of the regularisation measures established in the ex-post audits conducted) during the year, it found an overall medium-low exposure to non-compliance risk with regard to the overall design and effective operational development of company processes, without prejudice to the need to ensure constant oversight of processes deemed to be at greatest risk of non-compliance and maintaining an adequate level of attention to finalise and effectively develop the control safeguards identified to contain compliance risks.

The Compliance Function also supported the Data Protection Officer with the activities set out in the GDPR and the external and internal privacy regulations in effect from time to time.

With regard to control activity relating to the distribution network, there continues to be a need to keep high levels of supervision, further reinforcing them to pursue constant improvement of the efficacy of the coverage of various elements of risk that may lead to behaviour of financial advisors not compliant with the law and result in economic impacts on the company.

With regard to complaints — relating to both investors and consumers — each quarter the Function presents a report stating the number of complaints, those that resulted in litigation and reimbursements paid by the Bank during the period. Overall, during the year complaints increased on the previous period due to massive phishing phenomena and problems relating to the clients of the former Binck Bank, whose retail banking business unit of the Italian branch was acquired during the year.

Turning to the AML Function, the self-assessment conducted in accordance with the law showed an assessment of the risk of money laundering and terrorism financing that had increased compared to the previous year. This increase, from LOW to MEDIUM, was due to several remedial actions that remain ongoing, with particular regard to the update of the KYC questionnaires and delays in IT implementations in the profiling system, mainly due to the adoption of GIANOS 4D and the additional related implementations. Several improvement actions were identified for the current year and some of these have already begun.

The Board of Statutory Auditors examined the Internal Capital Adequacy Assessment Process (ICAAP) documents, which quantify the current and prospective internal capital to be held for the risks to which the group is exposed, as well as those for liquidity (ILAAP), which aim to assess the adequacy of the liquidity held by the Bank, both approved by the Board of Directors on 11 May 2021. The ICAAP and ILAAP confirm the adequacy of the Bank's capital and liquidity. The Board of Statutory Auditors formulated its observations also on the basis of the Report of the Internal Audit Function, which acknowledges compliance with regulations.

The Board of Statutory Auditors examined the new RAS document, which indicates the Bank's risk appetite, with effect from 2022, taking account of the recommendations of the Supervisory Authorities and regulatory indications. Turning to primary indicators, those regarding asset quality were reinforced by including the default ratio indicator, designed to monitor asset quality in the securities and customer loans portfolios. The Total Capital Ratio ICAAP was eliminated as the figure is already included in the other ratios. Finally, the risk capacity of the individual Total Capital Ratio was brought into line with the MREL threshold. As the Plan evolves, the main changes in the RAF relate to operational risks, with a particular focus on the areas of cyber-risks and IT risk, in which a process of gradual reinforcement is in progress, together with reinforcement of the safeguards for reputational risk, implementing the risk framework on partnerships and guidelines for complex, illiquid products. The remedial actions for operational risks and the implementation timescales were also identified in the risk appetite.

## Adequacy of Control Functions

In order to assess the internal control system, particular importance is attached to the analysis of the procedures and operating methods that the Control Functions adopt to pursue their objectives as well as the adequacy of their staff. The Control Functions operate on the basis of procedures that are approved by the Board of Directors and kept up to date, and analyse in detail the

activity to be carried out. As far as the resources are concerned, these are evaluated every year in the Annual Plan. For the current year, an analysis has been carried out with the support of an external consultant that has made additional recommendations regarding the number of required FTE who will be added in the coming months.

The Board of Statutory Auditors has overseen the remuneration of the control functions, for purposes of the variable component payment. In order to express its opinion, it analysed, in the Remuneration Committee, the assessment records of their qualitative performance in terms of the objectives set for the 2021 financial year.

### Business continuity and cyber risk

The Bank has prepared the Cyber Risk Report required by current supervisory instructions, the assessments of which confirm that the IT and Cyber risk components fall within the risk profile defined in the Bank's Risk Appetite. The IT risk assessment detected only one significant risk, concerning the Cyber risk. Remedial actions are in the process of being defined.

The Bank, in line with the provisions of the Business Continuity procedure, which is updated every year, carried out the tests that had been planned for 2021. The tests concerned, at group level, the lack of availability of human resources and the logistical inability to safely access buildings and, therefore, the importance of remote working. With regard to Disaster Recovery, the tests focused on the main critical service providers. The tests confirmed the effectiveness of the business continuity system.

Based on the work carried out, the information acquired, the content of the half-yearly and annual reports of the Control Functions and particularly the overall favourable opinion expressed by the Control Functions regarding the internal control system, the Board of Statutory Auditors considers that there are no critical elements such as to affect the structure of the internal control and risk management system.

## 7. Supervisory activities regarding the administrative accounting system and the financial reporting process

The Board of Statutory Auditors, in its capacity as Internal Control and Audit Committee pursuant to Article 19, paragraph 2(c) of Legislative Decree 39/2010, has monitored the process and checked the effectiveness of the internal control and risk management systems with regard to financial reporting, overseeing compliance with the general principles on financial reporting adopted by the Group, based on the provisions of the Group Policy on the subject.

The financial reporting is monitored by the Manager in charge of preparing the company's financial reports (hereinafter the "Manager in Charge"), adopting models that refer to best market practice and that provide reasonable security on the reliability of financial reporting, on the effectiveness and efficiency of operating activities and on compliance with laws and internal regulations. The processes and controls are reviewed and updated annually.

2021 saw work continue on keeping the mapping of processes up to date in line with the project initiatives carried out, the new operating methods and organisational changes.

Control of the proper functioning of the Bank's model is ensured by a series of checks carried out on a self-assessment basis by the individual process owners supplemented by checks implemented both by the Internal Audit Function and by Independent Auditors.

The Board of Statutory Auditors met the Manager in Charge at regular intervals to exchange information on the reliability of the administrative-accounting system for purposes of representing operating events correctly and verified the Attestation of the Annual Integrated Report pursuant to Article 154-bis, issued by the Chief Executive Officer and the Manager in Charge, which certifies the adequacy and effective application of the administrative and accounting procedures for preparing the Annual Integrated Report during the 2021 financial year.

The Board of Statutory Auditors also examined the statements of the Chief Executive Officer and the Manager in Charge in accordance with the provisions contained in Article 154-bis of TUF.

With regard to the preparation of the financial statements and consolidated financial statements, it should be noted that they have been prepared, in accordance with Legislative Decree 38/2005, according to the international IAS/IFRS standards issued by the IASB (International Accounting Standard Board) which have been endorsed by the European Commission, as established by Community Regulation 1606/2002, and following the indications of Circular 262/2005 and in particular of the 7th update published by the Bank of Italy on 2 November 2021 and entered into force with effect from the financial statements for the year ended 31 December 2021. The Board of Statutory Auditors reports the following:

- > the instructions referred to in Circular 262 mentioned above have been supplemented with the Bank of Italy's communication of 22 December 2021 governing market disclosure in relation to the effects that Covid-19 and the measures to support the economy have had on the strategy, objectives and management policies as well as on the economic and financial situation of intermediaries;
- > with reference to the effects of COVID-19, the banking group did not make any changes in accounting estimates that had a significant impact on the year. In fact, there are no particular significant increases in the risk level of financial assets such as to lead to a deterioration in the level of risk assigned to them related to the COVID-19 emergency;
- > also with regard to the numerous requests received in 2020 for moratoria in application of the so-called Cure Italy Decree, the suspension of the payment of instalments, despite having led to an extension of the amortisation schedule, has not brought a significant change in the carrying value of the exposures since the amortisation schedule has resumed with the same intervals provided for before the suspension;
- > with regard to the restructuring of the portfolio of senior notes issued by SPVs for the securitisation of healthcare receivables reported above, it should be also noted that the Bank has assessed, based on the provisions of IFRS 9, the existence of the necessary requirements to proceed with the accounting derecognition of the senior notes subject to purchase and sale and the registration of the Forward Fund among the assets required to be valued at fair value. The Bank provided full disclosure on the transaction in the Notes to the Consolidated Financial Statements, Part E "Information on risks and risk hedging

policies”, Section 2 “Prudential consolidation risks”, Subsection D “Transfer operations”, paragraph C “Financial assets transferred and fully derecognised”;

- > at its meeting on 10 February 2022, the Board of Directors approved the impairment process, as required by the joint Bank of Italy/Consob/ISVAP document of 3 March 2010;
- > on 27 December 2021, the Bank received from the Revenue Agency the order for admission to the verification with acceptance procedure. The order states that admission to the procedure, with regard to direct taxes, starts from the tax period ended 31 December 2020 while for VAT purposes the same admission starts from 2020.

With regard to tax risks, the Board of Statutory Auditors draws attention to the contents of the Notes to the Consolidated Financial Statements regarding ongoing tax disputes.

The Independent Auditors, in regular meetings with the Board of Statutory Auditors, have not reported elements that could affect the internal control system concerning administrative and accounting procedures.

The Board of Statutory Auditors has ascertained that the flows provided by the non-EU subsidiaries of significant importance are adequate to conduct the control of the annual and interim accounts as required by Article 15 of the Market Rules.

Based on the above, no evidence has emerged of significant deficiencies that could affect the judgement of the internal control system's adequacy with regard to the financial reporting process and the reliability of administrative-accounting procedures in representing the operating events.

## 8. Oversight of the statutory audit activity

In accordance with the provisions of Article 19 of Legislative Decree No. 39/2010, the Board of Statutory Auditors carried out the prescribed supervisory activities regarding the Independent Auditors' operations.

KPMG S.p.A. (“KPMG” or the “Independent Auditors”) is the firm to which the Ordinary Shareholders' Meeting of 22 April 2021 awarded the statutory audit of the financial statements and consolidated financial statements of Banca Generali S.p.A. up to the financial statements for the year ending 31 December 2029. The assignment also includes responsibility for verifying the proper keeping of company accounts, the correct recognition of operating events in the accounting records, the limited audit of the half-yearly report, the checks related to signing tax returns and the attestations issued to the National Guarantee Fund.

The Board of Statutory Auditors met the Independent Auditors several times also pursuant to Article 150 of TUF in order to exchange information about the Independent Auditors' activity, taking particular account of the Audit Plan, timing of activities and dedicated resources. In these meetings, the Independent Auditors never highlighted events deemed to be censurable or irregularities such as to require reporting pursuant to Article 155, paragraph 2 of TUF.

On 29 March 2022, the Independent Auditors issued, pursuant to article 14 of Legislative Decree No. 39/2010, the Audit Reports on the financial statements and consolidated financial statements for the year ended 31 December 2021. With regard to the opinions and attestations, the Independent Auditors in the Audit Report on the financial statements:

- > issued an opinion showing that Banca Generali's financial statements and consolidated financial statements provide a true and fair view of the financial performance and position of Banca Generali and the Group at 31 December 2021, of the operating result and cash flows for the year ended on that date in accordance with the International Financial Reporting Standards adopted by the European Union, as well as the measures issued in implementation of Article 9 of Legislative Decree No. 38/05 and Article 43 of Legislative Decree 136/15;
- > presented the key aspects of the audit that, according to their professional judgement, are most significant and that contribute to the formation of the overall opinion on the financial statements;
- > issued a consistency opinion showing that the Reports on Operations accompanying the financial statements and the consolidated financial statements at 31 December 2021 and certain specific information contained in the “Report on Corporate Governance and Ownership Structure” indicated in Article 123-bis, paragraph 4, of TUF, responsibility for which lies with the Bank's directors, are prepared in accordance with the law;
- > declared, with regard to any material errors in the Reports on Operations, based on a knowledge and understanding of the business and the related context acquired during the audit activity, that it has nothing to report.
- > verified the approval by the directors of the Non-Financial Statement.

On 29 March 2022, the Independent Auditors also submitted to the Board of Statutory Auditors the Additional Report provided for in Article 11) of Regulation (EU) No. 537/2014. As an annex to this Report, the Independent Auditors submitted to the Board of Statutory Auditors the declaration relating to independence, as required by Article 6 of Regulation (EU) No. 537/2014, which revealed no situations that could compromise their independence. Finally, the Board of Statutory Auditors took note of the 2021 Transparency Report, prepared by the Independent Auditors and published on their website pursuant to Article 18 of Legislative Decree 39/2010.

Banca Generali has adopted a specific “Procedure for the assignment of non-audit services to the Independent Auditors” which regulates the award to the Independent Auditors and the network of tasks additional to those involved in the statutory audit activities pursuant to Article 14 of Legislative Decree No. 39/2010. For these assignments, which legislation states must be authorised in advance by the Board of Statutory Auditors and — if they are not incompatible with the statutory audit — cannot in any case exceed 70% of the average remuneration for the last 3 financial years for the statutory audit (fee-cap), the aforementioned procedure provides for a prior process of authorisation and monitoring by the Board of Statutory Auditors in order to oversee the independence of the Independent Auditors, consistent with the provisions of Legislative Decree 39/2010.

Every six months, the Manager in Charge submits for the attention of the Board of Statutory Auditors a report on the services provided to the Group by the main auditor and its network as well as information on the amount of the annual cap used, as defined by the fee-cap rule. The Board of Statutory Auditors has complied with the provisions of current legislation on the approval of the services conferred on the main auditor and other companies belonging to its network. The services charged to the consolida-

ted income statement, also shown in the annex to the financial statements as required by Article 149-duodecies of the Rules for Issuers, are as follows:

(€/THOUSANDS) TYPE OF SERVICE	KPMG	KPMG NETWORK
Attestation services	-	-
Other services	16	-
<b>Total</b>	<b>16</b>	<b>-</b>

The amount of 16 thousand euros indicated under Other services relates to the assignment awarded to KPMG Advisory for services supporting the self-assessment process regarding the financial risk in the field of money laundering and terrorism.

Taking into account the non-audit assignments awarded to KPMG and its network by Banca Generali and Group companies, their nature and the total fees paid, as well as more generally the procedures adopted by KPMG regarding independence, the Board of Statutory Auditors does not see any critical issues regarding the independence of KPMG S.p.A.

The Independent Auditors also confirmed to the Board of Statutory Auditors that during the year they did not issue opinions pursuant to the law, as no conditions occurred as to warrant their issue.

## 9. Omissions or censurable events, opinions given and initiatives taken

The Board of Statutory Auditors has not received communications and/or complaints from the shareholders pursuant to Article 2408 of the Italian Civil Code for matters deemed to be censurable.

The Board of Statutory Auditors is not aware of any other events or matters to report to the Shareholders' Meeting.

The Board of Statutory Auditors, in addition to the matters already indicated in this Report, has issued opinions or expressed observations that current legislation and supervisory provisions for banks state are within its remit. In particular, the Board of Statutory Auditors expressed:

- > its comments on the Annual Reports and Tableau de Bord submitted by the control functions;
- > its observations on the ICAAP and ILAAP reports;
- > its opinion on the processes and procedures relating to the remuneration of Directors when required. In particular, the remuneration of the Chief Executive Officer and Board Committee members, the proposal to raise the variable remuneration component to 2:1, the 2022 long-term incentive plan;
- > its opinion on the occasion of the presentation to the Board of Directors of transactions falling within the scope of Article 136 of the TUB;
- > the favourable opinion on the amendment to the procedure with related parties and connected parties;
- > considerations on the Annual Report regarding the outsourcing of important operational functions.
- > In the course of the activity carried out and based on the information obtained, no omissions, censurable matters, irregularities or significant circumstances were found that needed to be reported to the Supervisory Authorities or mentioned in this Report.

## 10. Non-financial statement

The Board of Statutory Auditors, in the exercise of its functions, has overseen compliance with the provisions contained in Legislative Decree 30 December 2016, No. 254, and the Consob Regulation implementing the Decree adopted by Resolution No. 20267 of 18 January 2018, in particular with reference to the drafting process and the contents of the Consolidated Non-Financial Statement ("NFS") drawn up by Banca Generali.

Although the Bank is not subject to this obligation, it has prepared its NFS on a voluntary basis and this has been included in the Sustainability Report which, in turn, is included in the Annual Financial Report that has become the Annual Integrated Report. The Independent Auditors, which have been assigned the task of carrying out the limited audit of the NFS pursuant to Article 3, paragraph 10, of Legislative Decree 254/2016, in the report issued on 29 March 2022, state that no elements have come to their attention to suggest that Banca Generali's NFS for the year ended 31 December 2021 has not been drawn up, in all significant aspects, in accordance with the requirements of Articles 3 and 4 of Legislative Decree 254/2016 and by the "Global Reporting Initiative Sustainability Reporting Standards".

The Board of Statutory Auditors has not become aware of violations of the relevant regulatory provisions.

## 11. Supervisory Body

After being assigned the functions attributable to the Supervisory Body referred to in Article 6, paragraph 4-bis of Legislative Decree 231/2001 on the administrative liability of entities (the "SB"), the Board of Statutory Auditors has overseen the functioning and compliance with Model 231 adopted by the Bank and analysed the periodic information flows received from the control Functions.

The Model 231 currently in force was adopted by the Board of Directors at its meeting on 11 May 2021 and transposed, following the periodic updating activity, the new regulations concerning the fight against fraud referred to in Legislative Decree No. 75 of 14 July 2020 which extended the administrative liability of entities to the tax crimes of inaccurate return, failure to declare,

smuggling offences and offences against the Public Administration damaging to the financial interests of the EU. It also updated Model 231 following the organisational changes occurring since the previous update.

The SB reported on the activities carried out during the year ended 31 December 2021 without reporting any critical issues, illustrating an overall satisfactory situation and substantial alignment with the provisions of Model 231 adopted by the Bank.

## 12. Outcome

In view of the Shareholders' Meeting convened, on first call, in ordinary and extraordinary session, for 21 April 2022 (as per the notice of calling published on 21 March 2022), the Board of Statutory Auditors, without prejudice to the specific duties and responsibilities of the Independent Auditors in terms of auditing the accounts and verifying the reliability of the financial statements, has no comments to make to the Shareholders' Meeting, pursuant to Article 153 of TUF, regarding the approval of the financial statements for the year ended 31 December 2021, accompanied by the Annual Integrated Report, as presented by the Board of Directors and the proposal for the distribution of the profit for the year.

Milan, 29 March 2022

The Board of Statutory Auditors