



**BANCA
GENERALI**

Report on Remuneration Policy and Compensations Paid (Remuneration Report 2022)

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

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

Board of Directors		
Chairman	Antonio Cangeri	
Chief Executive Officer and General Manager	Gian Maria Mossa	
Board of Directors	Lorenzo Caprio	Non-executive and Independent Director
	Azzurra Caltagirone	Non-executive Director
	Roberta Cocco	Non-executive and Independent Director
	Massimo Lapucci	Non-executive and Independent Director
	Annalisa Pescatori	Non-executive and Independent Director
	Cristina Rustignoli	Non-executive Director
	Vittorio Emanuele Terzi	Non-executive and Independent Director
Board of Statutory Auditors		
Chairman	Natale Freddi	
	Mario Francesco Anaclerio	
	Flavia Minutillo	
Secretary of the Board of Directors	Carmelo Reale	

Letter of the Chairman of the Remuneration Committee

Dear Shareholders,

For Banca Generali, 2022 is the first year of the new 2022-2024 Strategic Plan.

In the current environment, it is fundamental to adopt a coherent remuneration structure that guides company conduct, promotes the achievement of the Plan's objectives and contributes to creating value for all stakeholders.

At times like those of recent years, which have required that the Bank adapts constantly to an uncertain environment and face major new challenges, Banca Generali's Remuneration Policy has shown that it is possible to steer behaviour towards achieving company objectives by leveraging remuneration mechanisms based on merit, competitiveness, fairness and transparency. We believe that the Remuneration Policy adopted strengthens reputation, credibility and consensus surrounding the Bank and contributes crucially to the sustainable development of the business and growth of company value, for the benefit of all stakeholders.

The Bank's new Remuneration Policy must also take account of the changing legislative framework. The transposition by the Bank of Italy of the new European Capital Requirements Directive V ("CRD V") through an update to the **supervisory regulations on remuneration and incentive policies and practices for banks and banking groups** (Circular No. 285 of 17 December 2013, 37th update of 24 November 2021) entails major modifications to Banca Generali's remuneration system, particularly as regards the identification of beneficiaries and the methods in which incentives are disbursed.

The Banca Generali Group's Report on Remuneration Policy and Remuneration Paid for 2022 presented here is inspired by the principle of transparency towards all stakeholders and incorporates the guidance provided by the new Strategic Plan and the changes brought on by the new regulations. More specifically:

- the fundamental aspects of the Bank's Remuneration Policy and the alignment of its short- and long-term incentive systems with the targets set to achieve the Strategic Plan are confirmed, in line with market best practices and in accordance with applicable legislation;
- the mechanisms of operation of the incentive system structure have been redefined in light of the recent legislative updates, and in particular those relating to the beneficiaries, timing and methods of disbursement of incentives;
- the Bank strengthens its commitment to sustainability issues, as a pivot of the development of our new Strategic Plan, through the use of short-, medium- and long-term indicators incorporated into our systems and focused on a wide range of ESG objectives;
- a more content-rich explanatory document was prepared with the goal to provide increasingly complete, transparent information to react swiftly and simply to the market's needs with regard to the strategic decisions and remuneration policies adopted.

The goal is to convey the contribution of the Remuneration Policy to growth of the Bank's value by emphasising the alignment of the company mission and values: customer satisfaction, inclusion and growth of all resources and sustainable development of activities.

Starting in this first year of the 2022-2024 Strategic Plan, we believe it to be fundamental to reiterate that the Bank's Remuneration and Incentive Policies must ensure, as has always been the case, the connection between remuneration, risk and performance, and must provide a stimulus, at the individual and collective level, towards a contribution of excellence to the implementation of the Plan and achievement of the goals set.

I would like to take the opportunity to thank Directors Roberta Cocco and Massimo Lapucci, the Chairman of the Board of Statutory Auditors Natale Freddi and Statutory Auditors Flavia Minutillo and Mario Anaclerio for their valuable contributions to the Committee's proceedings.

Vittorio Emanuele Terzi
Chairman of the Remuneration Committee

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The Mission

Guaranteeing competitive remuneration against sustainable performance and growth.

Banca Generali's Remuneration Policy is aimed at reaching the best possible alignment of the interests of the Shareholders and personnel of the Banking Group, through careful risk management and the consistent pursuit of long-term goals.

It is believed that adequate remuneration and incentive mechanisms for the Banking Group's personnel may foster competitiveness, the governance and the achievement of the medium- and long-term objectives, with a particular focus on sustainability as an essential element of the pursuit of objectives.

Moreover, remuneration, especially with regard to Key Personnel, is useful in terms of attracting, motivating and retaining people with the talent and skills best suited to the Company's needs.

Summary of Remuneration Approach

Main Elements of the 2022 Remuneration and Incentive Policy

1. Main drivers of Remuneration and Incentive Policy

- Transparency of the Remuneration and Incentive Policy towards all the stakeholders involved.
- Policies' consistency with the achievement of sustainable performance and growth.
- Scrupulous and constant regulatory compliance.
- Limited application of the principle of proportionality, where envisaged by relevant regulatory provisions in force and in compliance with the same.
- Ongoing monitoring of market trends and practices.
- Proper definition of competitive remuneration levels in accordance with our Remuneration Policy's pillars.

2. Compliance with regulations.

Definition of the Remuneration Policy with a view to ensuring simultaneous compliance with Provisions governing the matter in question introduced by Italian and European laws applicable to the banking sector, the regulatory provisions applicable to issuers and the Corporate Governance Code for Listed Companies:

- Directive 2013/36/EU of 26 June 2013 (hereinafter CRD), with regard to its provisions on remuneration and incentive policies and practices for banks and banking groups;
- Supervisory provisions for Banks issued by the Bank of Italy with Circular No. 285 of 17 December 2013, as most recently amended in the 37th update of 24 November 2021 (hereinafter the "Supervisory Provisions");
- Commission Delegated Regulation No. 923 of 25 March 2021, setting out qualitative and quantitative criteria to identify Key Personnel (RTS);
- Consob Rules for Issuers;
- Corporate Governance Code;
- Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector, with specific reference to Article 5: Transparency of remuneration policies in relation to the integration of sustainability risks;
- Bank of Italy provisions on the "Transparency of banking and financial services and transactions, and the propriety of relationships between intermediaries and customers";
- EBA guidelines on sound remuneration policies of 2 July 2021.

The Bank carefully monitors Banca closely monitors regulatory developments to adapt this Policy to the rules in force from time to time.

3. Identification of Key Personnel

- Identification by the Board of Directors of Key Personnel in line with the RTS (Regulatory Technical Standards) qualitative and quantitative criteria and the Supervisory Provisions applicable from time to time and in compliance with the Bank of Italy's recommendations.
- Transparency and clarity of policies on processes relating to persons falling within the category of Financial Advisors.

4. Remuneration package and pay-mix

- Remuneration package composed of fixed remuneration, benefits and a variable component, structured so as to ensure a proper balance between these various components for the different categories of personnel.

- Fixed component of remuneration: it remunerates the role held and the responsibilities assigned, while also considering the experience and the skills required, in addition to the contribution made to the achievement of business results.
- Benefits: these are an additional element that make up a substantial component of the remuneration package, according to a total reward approach (benefits are differentiated on the basis of the category of beneficiary, both by type and total value).
- Variable component of remuneration: set through a combination of annual and long-term incentive plans designed, individually and collectively, to provide motivation for achieving business objectives through a direct link between incentives and the financial and non-financial objectives of the Group, Business Unit, Country, function and individual, with payment of a significant portion of it in financial instruments (due in part to the disbursement of the LTI plan fully — and not just in the percentages requested by the law — in shares).
- Target total remuneration: the Banking Group's intention is to align remuneration at a competitive level, with individual positioning tied to the performance assessment and potential and the strategic importance of the individual according to a segmented approach.

5. Remuneration benchmarking

- Analysis of the structure of the remuneration package to ensure a balance between the various components to promote a commitment to contributing to the achievement of sustainable results.
- With specific regard to Key Personnel, comparative analyses, supported by an independent external advisor, of the practices adopted by a pool of selected competitors. In light of the various obligations relating to remuneration and in order to ensure competitive alignment with the market of reference, the peer group has been defined by reference to major Italian and European peers in terms of capitalisation, total assets, type and size of the business and is subject to annual revision to ensure that it is current. For 2022, in relation to the various underlying purposes and on the basis of the categories of Key Personnel, the main peers used include also: Banca Mediolanum, Banca Popolare di Sondrio, Banca Ifis, Banco BPM, BPER Banca, Credem, FinecoBank, Intesa Sanpaolo Private Banking, Mediobanca.
- The Banking Group's Remuneration Policy defined, insofar as financial and credit market practices are concerned, on the basis of the results of the ABI annual salary study, with a view to establishing benchmark indicators for the fixed and variable components of the remuneration of the Group's personnel.
- With specific regard to Key Personnel, definition of the components of the package, also with the support of specific studies conducted by an independent external advisor.

6. Link between remuneration and performance

- Variable remuneration correlated with indicators, which aim at appreciating the weighting of risks of the company or Group, while taking due account of the risks assumed and the liquidity required to cover ongoing business operations, and with a view to preventing conflicts of interest.
- A total bonus pool, determined on an annual basis by the Board of Directors, and to be disbursed provided that the necessary financial stability, liquidity and profitability conditions have been satisfied and the requirements for each position have been met.
- Parameters selected with the aim of assessing long-term sustainability of company performance, in terms of risks assumed and liquidity required.
- Performance targets set in the light of the risk-correction measures most appropriate to the activities performed.
- Qualitative targets assessed at the level of managers, on the basis of specific KPIs relating to persons and sustainability.

7. Annual variable remuneration

- Incentive system linked to yearly performance.
- Measurement of both individual and Group/Group Company performances.
- Economic/financial targets outlined in the budget for the accrual year as reference for the definition of objectives.
- Non-financial targets specifically linked to the individual performance and the contribution made by the individual beneficiary to important projects of the Banking Group (strategic projects, sustainability objectives).
- Application of access gates, and malus and claw-back mechanisms.
- Differentiated deferral periods and payout methods by role and function, in line with the new regulatory framework.

8. Long Term Incentive (LTI) plan

- Incentive system linked to the three-year performance.
- Economic/financial objectives of the Banking Group and the Assicurazioni Generali Group as targets.
- Integration of non-financial targets linked to qualitative and quantitative sustainability objectives.
- Application of access gates, deferral periods, and malus and claw-back mechanisms.
- Payout 100% in Banca Generali shares.

9. Ratio of variable to fixed remuneration for Key Personnel

- The cap mechanism ensures that the ratio of total variable remuneration paid in a given year (including both up-front and deferred payments) to total fixed remuneration in that same year does not exceed the set ratio.
- Mechanism, which is applied on a cash basis, also taking account of the effects of bonuses accrued in years prior to the introduction of the cap and of deferred bonuses.
- Motion submitted to the General Shareholders' Meeting for 2022 to increase to 2:1 the ratio of variable to fixed remuneration for determining the remuneration of 25 members of Key Personnel (of whom 14 Network Managers).

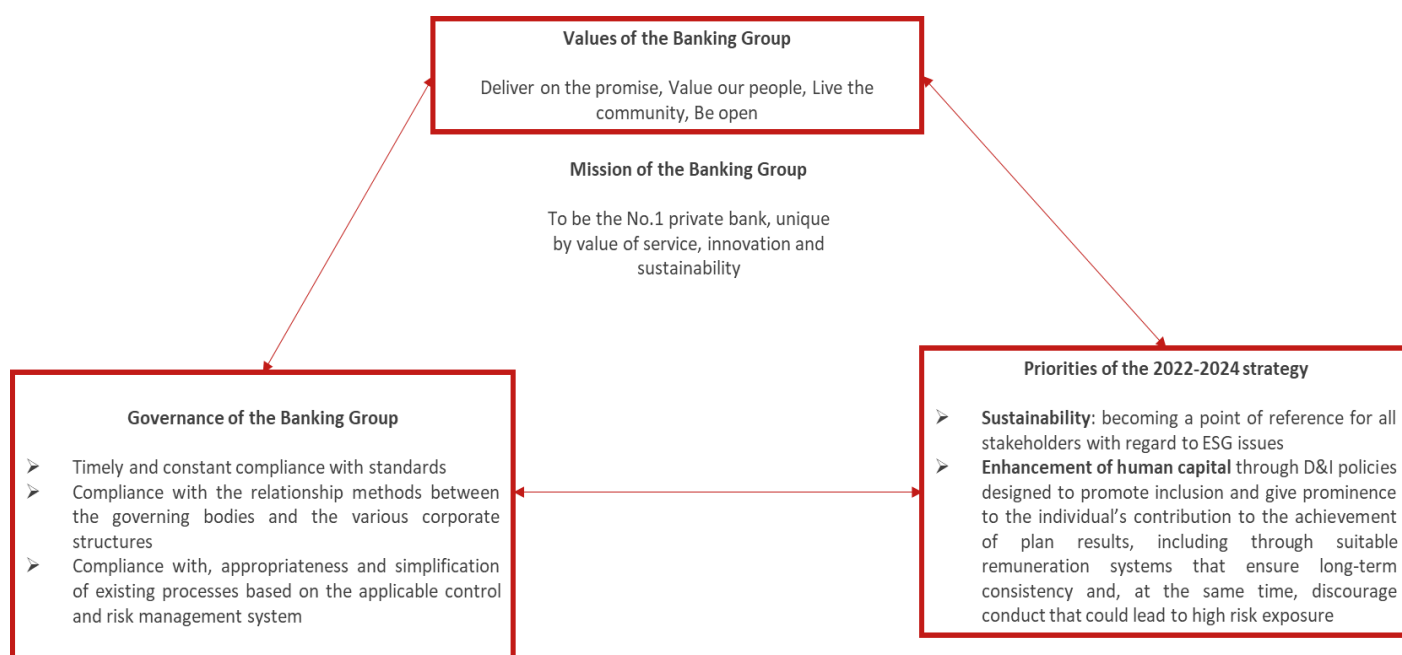
Section 1. - Remuneration Policy

The Objectives of the Policy

Banca Generali Group's Policy, a key tool for the Group's strategy, is aimed at ensuring the best possible alignment of the interests of the Banking Group's Shareholders and personnel, through careful risk management and the consistent pursuit of long-term strategies.

It is believed that the annual formulation of adequate remuneration and incentive mechanisms for the Bank's directors and personnel may foster competitiveness, effective governance of the Banking Group and the achievement of the objectives outlined in the strategic plan, with a particular focus on sustainability as an essential element of the pursuit of objectives. In an increasingly complex context and in light of the Banking Group's growing internationalisation, remuneration, especially with regard to Key Personnel, is also useful in terms of attracting and retaining people with the talent and skills best suited to the needs and development of the Company.

In this regard, the Remuneration Policy for personnel and, in particular, for managers of the Banca Generali Group is determined in compliance with:



The resulting Remuneration Policy supports the mission, values, governance and the new Banking Group's strategy, giving rise to an ongoing interaction that leads to constant fine-tuning of remuneration practices on the one hand, and the consolidation of the above-mentioned elements on the other. The 2022 Remuneration Policy, revised, *inter alia*, also in light of the recently updated regulatory framework, is consistent with the Group's vision and confirms the celebration of people as a fundamental competitive advantage in view of achieving sustainable long-term results for our customers and investors.

The primary objective of the Remuneration Policy is to guarantee fair and adequate remuneration for sustainable performances. Towards such end, any action taken as part of the personnel remuneration policies is informed and shaped by the following principles:

INTERNAL FAIRNESS	COMPETITIVENESS	CONSISTENCY	MERITOCRACY AND PERFORMANCE
Remuneration is defined consistently with the role and responsibilities held, and the competences and skills shown, and is gender-neutral.	The remuneration level is balanced with reference to that of the markets of reference, whose practices are constantly monitored.	The remuneration is similar for comparable levels of job responsibility, taking due account of the industrial sector and geographical area of reference, as well as other factors that could impact remuneration levels from time to time and are gender-neutral.	The systems aimed at rewarding merit and performance are consistent with the results and the behaviour held to attain the same, which must be oriented to unwavering compliance with applicable regulations and procedures, as well as constant and focused risk assessment, enhancing talent and professional and personal growth.

In view of the information provided above, remuneration at the individual level is set on a gender-neutral basis. To ensure the neutrality of remuneration policies, with the support of the Remuneration Committee, where existing, Banca Generali's Board of Directors analyses the gender-neutrality of remuneration policies and verifies the gender pay gap and its performance over time.

For the Banca Generali Group, diversity is the natural expression of characteristics such as culture, age, gender, cognitive and behavioural skills and all the other traits that identify people and make them unique. Their recognition and appreciation guide the Banca Generali Group in implementing inclusion initiatives to create a stimulating and innovative environment, open to debate and the exchange of expertise. These initiatives include training programmes on inclusive leadership, with a particular focus on the generational issue, to ensure virtuous co-existence of the various generations, strengthening the pipeline of talented young people. In particular, the development of female professionals and managers will involve the creation of training programmes designed to support and hone self-leadership, including through mentoring and gender-monitoring processes.

Banca Generali is also committed to external projects extending over a wide range of issues relating to diversity and inclusion, as shown by the adherence to the WEPs (Women Empowerment Principles) and support for the association Women&Tech.

In detail:

- WEPs (Women Empowerment Principles) is an international community which supports the seven guiding principles launched in 2010 by UN Women and UN Global Compact, which are inspired by international labour and human rights standards and are based on the recognition by companies of an interest and responsibility for gender equality and women empowerment. These principles contribute to the implementation of SDG 5 of the 2030 Agenda for Sustainable Development (Gender Equality). By joining the WEPs community, Banca Generali confirms the commitment made at the highest levels of the Company in respect of gender equality and collaboration with all the Banking Group's stakeholders to promote practices for the enhancement of female talent;
- Women&Tech-Association for Women and Technology is a network of companies and people who pool their skills to realise women's potential in innovation with the goal of promoting projects and actions against gender stereotypes and discrimination, contributing to the orientation of young people towards the careers of the future and towards sustainable models of entrepreneurship.

Over the past three years, thanks to Women&Tech, Banca Generali has contributed to the Innovation Tram (digital week), lending a voice to talented young people and innovative start-ups in the ecosystem.

In order to ensure the consistent implementation of the Remuneration Policy within the Generali Group, the principles and guidelines set out in the Group Remuneration Internal Policy drafted by Assicurazioni Generali in accordance with applicable legislation have been taken into account when preparing this document, without prejudice to the peculiarities dictated by legislation applicable to the banking sector.

As the Parent Company, Banca Generali prepares the Remuneration and Incentive Policy document for the entire Banking Group, ensures that it is appropriate overall and verifies that it is properly applied, while taking due account of the characteristics of each Group company, in accordance with the legal, market and sector context in which the subsidiaries operate.

In order to comply with and adopt directly applicable sector/country legislation, individual Group companies may draw up a separate Remuneration Policy, provided that they duly implement the guidelines set by the Bank.

Regulatory Framework

From a regulatory point of view, remuneration and incentive Policy is drafted in compliance with regulatory contents and provisions:

- Circular No. 285 of 17 December 2013, Supervisory Regulations for Banks, 37th update – Remuneration and incentive policies and practices at banks and banking groups, which incorporates the revision to the supervisory provisions on remuneration and incentive policies and practices designed to reflect the changes introduced by Directive (EU) 2019/878 (CRD V), which amends Directive (EU) 2013/36 (CRD IV). Moreover, Section I and Section II of this document include the provisions of Article 450 of the CRR (Regulation EU 575/2013);
- the new regulatory standards for determining Key Personnel on the basis of the qualitative and quantitative criteria laid down in Commission Delegated Regulation (EU) 2021/923 of the European Commission of 25 March 2021, which adopts the Regulatory Technical Standards defined by the European Banking Authority (EBA) on 18 June 2020 and in effect since January 2021 in application of the new capital requirements directive ("CRD V");
- the Bank of Italy provisions on the "Transparency of banking and financial services and transactions, and the propriety of relationships between intermediaries and customers";
- EBA guidelines on sound remuneration policies of 2 July 2021;
- Article 84-*quater* of the Rules for Issuers currently in force, as most recently amended in December 2020, which laid down a comprehensive and systematic regulatory framework governing transparency, as required under Article 123-*ter* of TUF. Under the said rules, issuers are required to draw up a detailed report on remuneration, without prejudice to the remuneration-related obligations imposed under industry-specific regulations applicable by reason of the business of the listed corporation;
- the Corporate Governance Code for Listed Companies, most recently updated in January 2020, which requires the approval of a Remuneration Policy for Directors and Managers with Strategic Responsibilities;
- to the extent applicable, the provisions of Legislative Decree No. 49 of 10 May 2019, which entrenched the Directive (EU) 2017/828.

The Report is divided into two sections:

The first concerns the Remuneration Policy set by the Bank for the Banking Group and the procedures for adopting and implementing such Policy, with regard to:

- company bodies;
- the Group's employees and contractors, with a particular focus on the Banking Group's Managers with Strategic Responsibilities and Key Personnel.

The second section provides individual and aggregate quantitative information, by role and function, relating to the application of the Remuneration Policy.

This document has been therefore drawn up with a view to ensuring simultaneous compliance with the regulatory provisions for the banking industry, legal provisions and the corporate governance provisions applicable to issuers.

The goal is to provide complete, transparent disclosure to respond quickly and simply to the market's needs, as also expressed in the form of the votes and assessments by the shareholders at the 2021 Shareholders' Meeting, with regard to strategic choices and the remuneration policies adopted.

Banca Generali attaches great importance to annual analysis of the outcomes of shareholders' meeting votes and the opinions of the main addressees of its remuneration policy in pursuit of constant improvement in the adoption of market best practices by gradually incorporating feedback from shareholders, investors and proxy advisors.

The results of the vote at the 2021 Shareholders' Meeting provided the Bank with a valuable point of reference for assessing this text, which was analysed within the framework of overall governance that characterises the Company's remuneration and incentive policies and systems.

Unless otherwise indicated, the information provided in this Report refers to 25 March 2022 (hereinafter also "reference date), the date of its approval by the Board of Directors.

Pursuant to 123-*ter* of TUF (as amended by Legislative Decree No. 49 of 10 May 2019), Section 1 is subjected to a binding vote of the General Shareholders' Meeting, whereas Section 2 is subjected to an advisory vote.

This Remuneration Policy will remain in force for one year.

New aspects of the Remuneration Policy

Following the changes brought on by CRD V, adopted by the Bank of Italy Regulations, with regard to the criteria for applying the proportionality principle, the category of "intermediate" banks, to which Banca Generali belonged, is to be eliminated. As a result, with effect from this year, in accordance with the proportionality principle, the Banca Generali Group will apply the more detailed provisions of legislation applicable to "larger banks" with more stringent requirements than in 2021 in terms of periods of deferral and the percentage of financial instruments to be paid to beneficiaries of variable remuneration included in Key Personnel.

With the exception of these changes (necessitated by due compliance with the new legislation applicable to Banca Generali), the Remuneration Policy is developed in general continuity with the previous year in terms of aims and principles, in line with market best practices.

Therefore, the pillars of our Policy and the short- and long-term incentive systems remain unchanged.

In line with past policies, the Policy:

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

In addition, the 2022 Policy also aims to incorporate the requests made by shareholders, investors and proxy investors in terms of sustainability and disclosure.

In order to reaffirm this year as well the Bank's ESG commitment, the connection between the Remuneration Policy and sustainability issues, in addition to what is already provided to ensure solid ties between individual performance and business sustainability (implemented by structuring the variable remuneration of the Company's top management to include a significant portion in shares) is made through:

- the use of short-, medium- and long-term qualitative and quantitative indicators focused on a range of ESG issues;
- the integration of compliance with sustainable finance rules into malus and clawback clauses.

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

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

In addition, in light of the changes to the provisions governing the remuneration of listed companies as a result of the endorsement of European Directive 828 of 2017 (Shareholder Rights Directive II), implemented by Legislative Decree No. 49 of 10 May 2019, the Banking Group undertook a general alignment of the Policy with the new rules, incorporating into this document the additional disclosures required and continuing with the process already begun in recent years to offer increasingly complete, transparent information in order to respond simply and immediately to the market's requests regarding strategic choices and the remuneration practices adopted.

1. Recipients of the Remuneration and incentive Policy

The Bank of Italy's Provisions refer to "personnel", a category that includes: i) all officers of company bodies vested with strategic oversight, management and control responsibilities; and ii) all employees and collaborators.

The Policy outlined in this Report has been formulated and differentiated for the various categories of personnel (employees and non-employees) according to their role/relevant function¹:

- members of company boards (the Board of Directors, including the Chief Executive Officer/General Manager, and the Board of Statutory Auditors);
- employees (executives, middle managers and white-collar employees);
- Financial Advisors authorised to make off-premises offers (hereinafter "Financial Advisors"), bound to the company by agency contracts.

Key Personnel, identified transversally to the categories indicated above, benefit from a specific Remuneration Policy, formulated in accordance with the "more detailed rules" set out in the Provisions.

1.1 Key Personnel

1.1.1 Process for Identification of Key Personnel

In line with the applicable Provisions, every year the Company's Board of Directors shall carry out a self-assessment, pursuant to both the Supervisory Provisions and the Commission Delegated Regulation (EU) No. 923 of 25 March 2021 and with the support of the Remuneration Committee, for the specific purpose of identifying "Key Personnel", whose professional activity exert or could exert a significant impact on the risk profile of the Bank and the Banking Group, and therefore warrant the application of the more detailed rules.

The following is an account of the results of the self-assessment conducted for all members of the Banking Group, including subsidiaries and taking into account the need for the Parent Company to ensure the consistency of remuneration policies and practices throughout the Banking Group.

The process of identifying Key Personnel is carried out by the Bank's Board of Directors on the basis of the provisions, in terms of process and parties involved, of the "Policy for determining the Banking Group's Remuneration and Incentive Policies" (approved by Banca Generali's Board of Directors in March 2022), with support from the Human Resources Department, which coordinates the activities involving, in their respective areas of responsibility, the CFO & Strategy Area (Administration Department for the size analyses underlying the assessment of the proportionality principle and Planning and Commercial Control Service for qualitative and quantitative assessments relating to Financial Advisors), Risk Management function (Risk & Capital Adequacy Department) for assessments underlying the analysis of the relevant organisational units and the General Counsel Area for the necessary legal and corporate support. The conformity of the process is assessed by the Compliance function (Compliance & Anti-Money Laundering Department).

The Bank identifies and applies additional criteria beyond those established in the above Regulation to identify additional persons who assume significant risks for the Bank.

In particular, in accordance with the Provisions, additional criteria apply to Banking Group's employees based on the significance of their managerial role, and to Financial Advisors, with particular regard to the main Network Managers, as indicated below.

The conclusions and findings of the activities coordinated by the Human Resources Department are reviewed by the Remuneration Committee and, on the latter's opinion, submitted to the Board of Directors².

Two types of criteria are used, as set out in the Provisions and in the Regulation, with the additional criteria applicable to the main Network Managers: qualitative criteria and quantitative criteria.

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

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

¹ The Policy is also formulated in view of the legislative and market scenario of the subsidiaries in accordance with local and industry legislation.

² In detail, the results of the process of identifying Key Personnel are detailed and recorded in the Self-Assessment Document prepared by the Bank each year and approved by the Board of Directors.

- the business units to which the various categories of personnel are attributable. In this area, a specific analysis is reserved for identifying the relevant operating/company units (pursuant to Article 142(1)(3) of Regulation (EU) No 575/2013) to which internal capital is allocated pursuant to Article 73 of Directive 2013/36/EU, accounting for at least 2% of internal capital;
- the activities performed by the business units concerned;
- the identification of the roles and responsibilities assigned to individual staff members in respect of the various business units. This analysis takes account of, *inter alia*, the responsibilities assigned by the internal Regulation, participation in internal Committees and the powers of such committees, and the powers and delegated authority conferred;
- the importance of the managerial role, solely in the case of Financial Advisors assigned an ancillary managerial role.

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

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

In addition, Key Personnel have been determined according to quantitative criteria and in light of the applicable provisions of the Supervisory Provisions and Article 6(i), paragraph 1, of the Regulation, with regard to any member of personnel, whether an employee or Financial Advisor, who has a substantial impact on the entity's risk profile, if one of the two following quantitative criteria is met, in addition to the criterion established in paragraph 6(c)(i) of the Supervisory Provisions:

- a) he or she was assigned total remuneration of 750,000.00 euros or more in the previous or current financial

year;

- b) where the institution has over 1,000 members of staff, the staff members are within the 0.3% of staff, rounded to the next higher integral figure, which has, within the institution, been awarded the highest total remuneration in or for the preceding financial year on an individual basis, and (ii) paragraphs 2 to 4, which set out the cases and conditions for potential exclusion and the related notification/authorisation methods.

The Bank has decided not to apply to exclude any staff members with total remuneration equal to or greater than 750,000.00 euros or among the 0.3% of staff assigned the highest total remuneration in the previous year from Key Personnel. The same rule is applied to Financial Advisors, in that the Bank decided, on a cautionary basis not to request exclusion from the category of Key Personnel, regardless of the assessments of the exceptional nature of the overrunning of this threshold.

In this respect:

in the case of employees:

- the application of Article 6, paragraph 1, letter a), did not result in the identification of additional names not already among Key Personnel determined in application of the Regulations and Article 5 of Commission Delegated Regulation (EU) 923 of 25 March 2021;
- the application of Article 6, paragraph 1, letter b), did not result in the identification of additional names not already among Key Personnel determined in application of the Regulations and Article 5 of Commission Delegated Regulation (EU) 923 of 25 March 2021;

in the case of Financial Advisors:

- as mentioned previously, the quantitative criteria set out in Article 6, paragraph 1, of the Regulation are applied without exceptions to Financial Advisors authorised to make off-premises offers who fall within the 0.3% of staff who, within the entity, have been assigned, on an individual basis, the highest overall remuneration during the prior financial year or for that year and to Financial Advisors who, at the end of the previous year, collected total remuneration (including recurring and incentive components) of 750,000.00 euros or more.

Accordingly:

- the Bank identifies as Key Personnel 51 Financial Advisors who at the end of the previous year had collected total remuneration (including both the recurring and incentive components) equal to or greater than 750,000.00 euros;
- pursuant to Article 6 of the Regulation, the personnel identified above include Financial Advisors falling within the 0.3% of personnel within the entity, rounded up to the next whole number, who were assigned, on an individual basis, the highest overall remuneration in 2021;
- with regard to Financial Advisors with remuneration equal to or greater than the lesser of i) 500,000.00 euros and ii) the total average remuneration granted to members of the body with strategic supervision and management function and to the top management, and less than 750,000.00 euros, two Financial Advisors are included among Key Personnel in light of their professional activity with a significant impact on the risk profile of the operating/business unit of reference. In application of the quantitative criteria (allocation of internal capital to operational risk of less than 2%; risk score assigned by the Network Control Function, integrated, where appropriate, by specific assessments; no operating losses attributable to individual Financial Advisors) and qualitative criteria (positioning outside the organisational structure, not attributable to market and credit risk and an absence of powers of representation), 125 Financial Advisors, identified by application of the same criteria, do not fall within the category of Key Personnel, in light of their professional activity with no significant impact on the risk profile of the operating/business unit of reference.

In total, in 2022 the Banca Generali Group included 99 individuals among Key Personnel, compared to the 77 identified in 2021. This change is due mainly to an increase in the number of Financial Advisors included among Key Personnel, on the basis of the quantitative criteria.

A summary table is reported here below:

Cluster	Definition	Key personnel 2022	
1) Non-executive Directors	Non-executive Board members, including the Chairman	8	Managers with Strategic Responsibilities
2) Directors with executive powers	Chief Executive Officer/General Manager* (part of the governing body in his management function)	1	
3) Top Management	Deputy General Manager Wealth Management, Markets and Products*; Deputy General Manager Commercial Networks, Alternative and Support Channels* (hereinafter also referred to as "DGM")	2	
4) Heads of internal control functions	Head of the Compliance and Anti Money Laundering Department*; Head of the Anti Money Laundering Service; Head of the Internal Audit Department*; Head of Risk and Capital Adequacy Department*	4	
5) Other Key Personnel	<p>a) The members of personnel with managerial responsibility on the relevant operating/business units of the entity: Head of the CFO & Strategy Area*; Head of the Finance Department; Head of the Lending Department; Head of the PRM Area; Head of the Financial Advisor Networks Area; Head of the Alternative and Support Channels Area; Head of the Asset Management Area who also holds the role of Executive Director of BGFML; General Manager of BGFML*; Head of the Wealth Management Area;</p> <p>b) The members of personnel responsible for the functions listed under letter a) of the above-mentioned Article 5: Head of the General Counsel Area*; Head of the Anti Money Laundering Service (already indicated in the section on control functions); Head of the Human Resources Department*; Head of the COO & Innovation Area*.</p> <p>c) In addition, in accordance with the provisions of point 6, Section I, Chapter 2, Title IV of the Bank of Italy Provisions, the Banking Group has decided to include the following within the scope of Key Personnel:</p> <ul style="list-style-type: none"> a. the Head of the Marketing and External Relations* of Banca Generali; b. the Head of the Certificates Hub Service; c. the Head of the Equity Private Investments Service; d. the General Manager of the subsidiary BG Valeur S.A. and the Chief Executive Officer of BG Suisse S.A. 	17	

6) Main managers operating in the Bank's distribution networks	Sales Managers; 9 Area Managers; Head of Business Development Top Wealth Advisors/Top Private Bankers; Recruiting Trainer Italy; Head of Recruiting; Head of Advisory	14
9) Employees and collaborators with high remuneration falling outside the previous categories	Employees and collaborators: <ul style="list-style-type: none"> (a) who were assigned a total remuneration of 750,000.00 euros or more in the previous or current financial year; (b) who are within the 0.3 % of staff, rounded to the next higher integral figure, which has, within the institution, been awarded the highest total remuneration in or for the preceding financial year on an individual basis; (c) who are assigned a remuneration equal to or greater than the lesser of i) 500,000.00 euros and ii) the total average remuneration granted to members of the body with strategic supervision and management functions and to top management, and lower than 750,000.00 euros 	53

* The Key Personnel scope includes all individuals qualifying as Top Key Personnel pursuant to the Supervisory Provisions, namely *“Executive Directors, General Manager, Joint General Managers, Deputy General Managers and other individual in similar positions, and the Heads of the main business areas (and of areas with a higher risk profile, such as investment banking), corporate functions or geographical areas, as well as those who report directly to corporate bodies with supervisory, strategic, management and control functions”*.

1.2 Identification of Managers with Strategic Responsibilities³

Pursuant to CONSOB Resolution No. 18049 of 23 December 2011, the term “Managers with Strategic Responsibilities” is to be construed in line with the definition set forth in Attachment 1 to CONSOB Regulation No. 17221 of 12 March 2010, as further amended.

Against this background, those persons having authority and direct or indirect responsibility for planning, directing, and controlling the activities of the company fall in the category of Managers with Strategic Responsibilities. In line with Company's corporate Policy, this category shall include all the Company's directors (whether executive or otherwise), the acting members of the Board of Statutory Auditors, the members of the Top Management as specified above.

All persons falling within the category of Managers with Strategic Responsibilities are also included among Key Personnel.

2. Principle of proportionality

The changes brought on by CRD V and provided for in the Bank of Italy Regulations with regard to the criteria for applying the proportionality principle call for the identification of two categories of banks:

- those of smaller size and lesser operational complexity (with assets in their individual financial statements of 5 billion euros or less, calculated as the average of the four years immediately prior to the current financial year, which are not a part of a group with assets in its consolidated financial statements of 30 billion euros or more);
- and banks other than the above, to which the supervisory regulations apply in full.

³ For the intents and purposes of this document, the generic term “managers” must be construed in its technical sense, and therefore, may not be deemed to refer to company directors and acting members of the Board of Statutory Auditors, it being understood that where the context demands, the meaning to be attributed to the said term will be appropriately specified.

The regulations are applied according to a proportionality principle, which operates on a general basis, allowing the application of provisions consistent in principle with the characteristics of each bank and member of company personnel.

The Banca Generali Group's remuneration policies were thus aligned with those applicable to larger banks of greater operational complexity, with the application of the new, more rigorous rules imposed by CRD V, with effect from these 2022 Remuneration Policies.

In line with the previous Provisions, the new Provisions apply to all "staff", save for the rules detailing the remuneration structure designed solely for Key Personnel

3. Bodies involved in defining, approving, revising where necessary, and implementing the Remuneration and Incentive Policy

The roles of the various corporate functions involved in defining, approving, implementing and subsequently assessing the Remuneration Policy — defined according to provisions on processes and corporate functions involved within the Policy for determining the Banking Group's Remuneration and incentive Policy" —, are outlined below.

3.1 General Shareholders' Meeting

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

3.2. Board of Directors

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

Tasks of the Board of Directors

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

- a) it identifies the scope of Key personnel and approves the results of any procedure for excluding such Key personnel (pursuant to Part One, Title IV, Chapter 2, Section I, Paragraph 6.1 of the Supervisory Regulations) and periodically revises the related criteria;*
- b) it ensures that the Remuneration Policy is adequately documented and accessible within the company structure and that personnel are aware of the consequences of any violations of laws, regulations or codes of ethics or conduct;*
- c) it ensures that the competent company functions (in particular risk management, compliance, human resources and strategic planning) are adequately involved in the process of formulating Remuneration and Incentive Policies in such a way as to ensure an effective contribution and preserve the autonomy of judgment of functions required to perform ex-post and other controls; accordingly, the involvement of the compliance function in this phase consists of expressing an assessment as to whether the remuneration and incentive policies are consistent with the regulatory framework;*

- d) it approves the criteria for formulating the compensation of all Key Personnel, as identified by the Board of Directors from time to time;
- e) it ensures that such systems are consistent with the Bank's overall choices in terms of the assumption of long-term risks, strategies and goals, corporate governance structure and internal controls;
- f) it ensures, inter alia, that remuneration and incentive systems are appropriate to ensuring compliance with the law, regulations and the Articles of Association, together with any codes of ethics or conduct, by promoting compliant behaviour.

The Board of Directors is supported in its work by the Remuneration Committee and, for the purposes of a correct application of the principles and criteria envisaged by the regulation, by the relevant company functions, i.e., the Human Resources Department, the General Counsel Area, the Compliance and Anti-Money Laundering Department, the CFO & Strategy Area (Planning and Control Department, Sales Planning and Control Service), the Risk and Capital Adequacy Department.

Please refer to the Rules of the Board of Directors and the Board Committees adopted by the Bank for a comprehensive illustration of the Board of Directors' responsibilities.

The Directors on whose remuneration the Board of Directors is called on to express an opinion do not participate in the discussion and on the deliberations relating to the remuneration concerned.

3.3 Remuneration Committee

Banca Generali has instituted a Remuneration Committee within the Board of Directors. The Remuneration Committee is tasked with assisting the Board of Directors in laying down Company's policies in respect of the determination of the remuneration of the Company's Key Personnel holding the highest offices and those responsible for control functions. The above-mentioned Committee is currently composed of three non-executive, independent members of the Board of Directors, and is responsible for advising and making recommendations to the Board of Directors on matters pertaining to remuneration. The foregoing is without prejudice to the fact that, in accordance with the Corporate Governance Code for Listed Companies and the Committee's Internal Regulations, the Directors on whose remuneration the Committee is called on to express an opinion do not participate in the related discussion.

The Remuneration Committee is afforded unhindered access to any and all the corporate information and functions it may deem necessary or useful for the proper discharge of its assigned tasks. The Committee puts forward advisory opinions and recommendations on matters falling within its purview, on a regular basis, and draws up the minutes of meetings and the reports required to ensure the conduct of the Bank's business.

The Committee in office at the reporting date was appointed by the Board of Directors on 22 April 2021 and is made up as follows:

Name and surname	Office held
Vittorio Emanuele Terzi	Chairman of the Committee Non-executive and independent Director pursuant to the Corporate Governance Code and Article 16, paragraph 1(d) of Consob Regulation No. 20249/2017.
Roberta Cocco	Committee Member Non-executive and independent Director pursuant to the Corporate Governance Code and Article 16, paragraph 1(d) of Consob Regulation No. 20249/2017.
Massimo Lapucci	Committee Member Non-executive and independent Director pursuant to the Corporate Governance Code and Article 16, paragraph 1(d) of Consob Regulation No. 20249/2017.

Pursuant to the Supervisory Regulations, the Remuneration Committee:

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

Pursuant to the Corporate Governance Code, the Remuneration Committee:

- j) assists the Board of Directors in preparing the Remuneration Policy;*
- k) presents proposals or expresses opinions on the remuneration of the executive directors or other directors who occupy particular positions, as well as on the setting of performance targets relating to the variable component of such remuneration;*
- l) monitors the concrete application of the Remuneration Policy, and in particular verifies the effective achievement of performance targets;*
- m) periodically assesses the adequacy, overall consistency and concrete application of the Remuneration Policy applicable to Directors and Top Management.*

In addition to the competencies set out in the foregoing points, the Remuneration Committee:

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

criteria for assessing the achievement of those objectives; monitors the evolution and application over time of any plans approved by the General Shareholders' Meeting on the Board's proposal;

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

3.4 Governing Body

Identifying the objectives to be assigned to individual Managers, other than those for which the Board of Directors is responsible as part of the Policy determined by the General Shareholders' Meeting and the parameters identified by the Board of Directors, is the responsibility of the governing body (identified based on the powers assigned), supported by the Human Resources Department, the General Counsel Area, the CFO & Strategy Area, the COO & Innovation Area, the Compliance and Anti-Money Laundering Department, and the Risk and Capital Adequacy Department, each for the parts within their respective remit.

The process of assigning the objectives to be met in order to receive variable remuneration and determining the maximum amount of such variable component is formally conducted and documented.

3.5 Board of Statutory Auditors

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

The Board of Statutory Auditors also expresses an opinion on the remuneration of heads of control functions.

3.6 Company Control Functions

Without, in any event, exceeding the bounds of their respective spheres of competence, the Bank's control functions collaborate to ensure the appropriateness, regulatory conformity and proper implementation of all remuneration policies and practices.

More specifically:

- the Compliance function, supported by the Compliance and Anti Money Laundering Department is tasked, *inter alia*, with verifying that the corporate incentive system is in line with objectives of compliance with applicable regulations, the Articles of Association and the self-regulatory provisions, with a view to appropriately containing the legal and reputational risks that arise, above all, in the course of dealings and relationships with customers. The function submits the results of its assessments to the relevant company boards, recommending corrective action where appropriate, it being understood that the said results are also reported to the General Shareholders' Meeting on an annual basis;
- the Risk Management Function, which is performed by the Risk and Capital Adequacy Department, contributes, *inter alia*, to ensuring that the remuneration and incentive system is consistent with the Bank's risk appetite framework of reference (the "RAF"), including by defining the risk indicators to be used for corrective mechanisms (on an ex ante and ex post basis) and expresses a position on the proper activation of such mechanisms;
- the Internal Audit function, supported by the Internal Audit Direction, is in charge, *inter alia*, of verifying, at least once a year, the compatibility of remuneration practices with the approved Policy and industry-specific regulations. This function also submits the results of its assessments to the relevant company boards, recommending corrective actions where appropriate, it being understood that the said results are also reported to the General Shareholders' Meeting on an annual basis.

3.7 Human Resources and Other Functions

The Human Resources Department provides technical assistance and prepares the support materials that inform remuneration policies and their implementation. The Department provides support for the activities performed by the

Compliance function (see the previous paragraph), by ensuring, inter alia, the consistency of human resource management policies and procedures and the Bank's remuneration and incentive systems.

The Planning & Control Department and the Commercial Planning & Control Service are involved in defining remuneration policies, identifying, respectively, the quantitative parameters pertaining to the strategic objectives to which the variable component of remuneration is to be correlated, determining the expense budget, and defining the policies relating to Financial Advisors.

The Project Governance, Outsourcing and Data Management Department is involved in identifying the qualitative parameters associated with company projects, relating to the strategic objectives to be associated with the variable component.

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

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

4. Remuneration package

Remuneration package⁴ of employees is made of fixed and variable components which, in the case of certain managers, may include participation in Long Term Incentive plans designed to link remuneration to the long-term performance of the Banking Group and the Assicurazioni Generali Group.

4.1 Fixed components of remuneration for employees

The fixed components refer to the remuneration of the role, responsibilities and managerial and technical skills of employees used to perform the roles assigned to them, in order to ensure managerial continuity and pursue effective and fair internal remuneration policies that are competitive in respect of the external market, consistently with what has been defined in paragraph “The Objectives of the Policy”.

The fixed component accounts for a sufficient proportion of total remuneration to attract and retain resources and simultaneously provide adequate remuneration for job responsibilities even in the absence of additional bonuses or other incentives in light of substandard performance, so as to discourage risk-taking in excess of the Company’s risk propensity, with a view to meeting short and medium-to-long-term targets.

Among the fixed components of remuneration, the bank has introduced a Service Allowance. This is a component of fixed remuneration that is in addition to traditional gross annual remuneration and is tied to the specific nature of several roles. The allowance is assigned to compensate a specific role and/or the related responsibilities; it may be renegotiated, with annual or other frequency, according to changes in the specific requirements of the role, but entitlement to collect it ceases if the beneficiary is assigned to a role within the company to which a service allowance does not apply.

The total fixed remuneration provided to personnel includes not only gross annual remuneration, but also service allowances, director’s remuneration, as well as the benefits package as described in the paragraph 5.3 below.

In fact, a significant portion of fixed remuneration components consists of the benefits package, which represents a significant element in terms of fixed remuneration (about 25% for executives and professional areas, and around 30% for managers).

In detail, for managers this includes health cover (which in specific circumstances provided for in internal collective regulations may also be retained following severance), supplementary pension benefits, life insurance, as well as insurance for accidents at work and outside work, and a company car.

The National Collective Labour Agreement for Credit Institutions, supplemented by the Supplementary Company Contract, is applied for executives and professional areas. Social security coverage and pension benefits are therefore uniformly regulated for each different category of staff, in strict compliance with the provisions set forth in applicable collective bargaining labour agreements.

4.2 Variable components of remuneration for employees

Variable components are intended to reward short, as well as medium-to-long term results.

Performance is assessed — taking due account of the population segment and time-span in question — on the basis of the results attained by beneficiaries and the corporate structures they serve and the results achieved by the company/group as a whole.

The aim of the annual variable components of remuneration and long-term incentives is to balance directly the interests of the shareholders and those of management.

Variable incentive-oriented remuneration linked to the performance of the Bank and the Banking Group is determined taking due account of the risks assumed and the liquidity required to cover ongoing business operations, and with a view to avoiding conflicts of interest. It envisages access gates, whereby failure to meet pre-set stability targets entails forfeiture of the related bonus, but also malus and claw-back mechanisms, as described below.

The following is included among the variable components of remuneration:

⁴ Remuneration packages and the related provisions and benefits have been formulated while also taking account of the legislative and market scenario applicable to subsidiaries, in accordance with local and industry legislation.

- short-term incentives: Balanced Scorecards and Management by Objectives;
- medium-to-long term incentive plans: Long Term Incentive plans;
- entry bonuses and one-off benefits, where provided.

Moreover, in accordance with Bank of Italy's Provisions, variable remuneration also includes:

- stability pacts, extended notice agreements and non-competition agreements (the latter in respect of the share in excess of one year of fixed remuneration);
- amounts paid in view of or concurrently with termination of the relationship⁵ (described in detail in paragraph 5.1).

Remuneration benchmarking

The remuneration patterns are monitored, taking due account of trends recorded both internally and on the reference markets and of the fixed and variable remuneration components, availing, for key managers and professionals, of the service of external independent consultancy firms (for 2021, prepared by the firms Mercer Italia and Morrow Sodali). More specifically:

- with regard to Key Personnel, specific analyses in relation to a group of peers, determined as indicated in the foreword, on the basis of Banca Generali's profile, are carried out, including upon request by the Remuneration Committee;
- the ABI's annual industry-wide study is used for all other personnel.

With reference to job grading, a model incorporating Willis Towers Watson job levelling methodology is currently applied. The main corporate managerial positions have already been weighted using the aforesaid methodology.

Lastly, the main benefits of the Banking Group's managers, executives and professional areas (specified, where applicable, in their respective supplementary employment contracts) have been established in light of policies defined by the Group to which they belong.

4.2.1 Ratio of the variable to fixed component of remuneration and related mechanism

In the Supervisory Provisions, particularly important is for Key Personnel the cap of 1:1 ratio of the variable to fixed component of remuneration is particularly important. Its aim is to ensure compliance with the ratio of total variable to total fixed remuneration (including all forms of payment or benefit disbursed, directly or indirectly, in cash, financial instruments, or assets in kind not linked to the achievement of individual or company performance results, or the award of which is subject to annual qualitative assessment or other parameters, such as term of service).

The Bank has taken the following measures to ensure that this ratio is maintained:

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

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

⁵ In addition to termination indemnity and legal and contractual notice indemnity.

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

The mechanism refers to the variable remuneration instruments assigned starting in the year in which the cap mechanism was introduced.

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

For the remaining personnel, the ratio of the variable to total fixed components of remuneration is commensurate with the employee's job description and the strategic responsibilities inherent to his or her position within the organisational structure: For managers it generally does not exceed 80%, while for the professional areas and executives it generally does not exceed 40%. For certain categories of personnel, it may reach 100%⁶. In particular, it may reach:

- the level of 100% (or higher in cases of entry or expiry plans based on net inflow/revenue targets and without guaranteed minimums) for persons operating in operating units of a commercial nature;
- the level of 100% for "portfolio managers" within the framework of asset management activities, if the assigned results are achieved in full.

Point 6.3 below provides a breakdown of the components of the remuneration packages of the other persons included among Financial Advisors, distinguishing between fixed and variable components.

4.2.2 Bonus pool and access gates

The bonus pool is the total amount allocated annually by the Board of Directors to the payment of the variable component of personnel costs.

The actual bonus pool available for the payment of the variable component is determined in the year after that of reference and may be disbursed when the requirements are met for each company position, and in any event subject to verification of "access gates".

The access gate has a twofold objective:

- taking account of current and prospective risks, the cost of capital and the cash required to undertake the business engaged in within the Banking Group;
- basing variable remuneration on long-term performance indicators.

For 2022, said mechanism provides for two ratios:

- Capital ratio: *Total Capital Ratio*⁷, aimed at measuring the extent of the Bank's capital in relation to the degree of risk of the assets held — minimum target ratio of 13%⁸;

⁶ Or higher for certain categories of personnel operating on particular markets, for which percentage is defined in accordance with the market context.

⁷ *Total Capital Ratio* meaning the Regulatory Capital / Risk Weighted Assets (RWA) (both variables are subject to regulatory disclosure and specified in the explanatory notes to the financial statements, Part F/Information on Shareholders' Net Equity; the figures used for calculation purposes are those reported to the Bank of Italy and drawn from the consolidated financial statements as at the end of the year).

⁸ Threshold subject to revision in the event of exceptional, unforeseeable changes in macroeconomic conditions or of deterioration of financial conditions. In the event of extreme discontinuity, the Board of Directors will reassess the fairness and consistency of incentive systems.

- Liquidity ratio: *Liquidity Coverage Ratio*⁹, to increase short-term resilience of the liquidity risk profile of the Bank, while ensuring it has sufficient, high-quality liquid assets to overcome any 30-day long acute stress situation — minimum ratio of 130%¹⁰.

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

The condition for the bonus pool to be activated is that both ratios are above the minimum threshold set when the final earnings figures for the year are recorded.

The total bonus pool may not be increased based on the Company's performance, but it may be eliminated if the access gates are not reached.

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

4.2.3 Malus and claw-back mechanisms

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

- the application of the malus mechanism, whereby it is not paid, in whole or in part, in addition to the failure to pass the access gates indicated above in para. 4.2.2. (referring to financial position and liquidity performance), even in the presence of elements that have resulted in a significant deterioration in performance levels, net of the risks actually assumed (in the case of RORAC ≤ 0). Furthermore, the malus mechanism applies in the event of i) proved engagement in behaviour, such as behaviour not in accordance with laws, regulations, articles of association, codes of ethics or codes of conduct applied by a bank (hereinafter a "compliance breach"), constituting wilful misconduct or gross negligence to the detriment of customers or the Bank, ii) proved engagement in behaviour, such as compliance breaches (as defined above), resulting in a significant loss for the Bank, iii) disciplinary measures or pending non-routine inspections¹¹, and iv) failure to comply with rules concerning banking transparency and remuneration policies, in accordance with the Supervisory Provisions for Banks and/or with sustainable finance regulations;
- the application of a claw-back mechanism whereby the Bank is entitled to demand the full or partial return of variable remuneration up to five years after it is paid in the event of i) proved engagement in wilful misconduct or gross negligence, such as compliance breaches, to the detriment of customers or the Bank, ii) proved engagement in behaviour, such as compliance breaches, resulting in a significant loss for the Bank, iii) failure to comply with rules concerning banking transparency, anti-money laundering and remuneration policies, in accordance with the Supervisory Provisions for Banks and/or with sustainable finance regulations, and iv) conclusion of disciplinary proceedings with a finding that the person in question engaged in the alleged misconduct and should be punished accordingly.

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

4.2.4 Prohibition of hedging strategies and disclosure of transactions

Personnel may not avail themselves of personal hedging or insurance strategies in respect of their remuneration or other aspects that may alter or undermine the effects of alignment with risk inherent in remuneration mechanisms.

Key personnel are required to follow the existing procedure — revised as appropriate to reflect the most recent update to the Supervisory Provisions — to disclose transactions and financial investments involving financial instruments issued by companies of the Banking Group or by the Parent Company of the Assicurazioni Generali Group (including derivatives

⁹ *Liquidity Coverage Ratio* meaning the ratio between the stock of [1] high-quality liquid assets (that is to say, easily disposed of for cash on the open market, even during periods of tension, and ideally, subject to placement with a central bank) and [2] the sum total of net outflows during the 30 calendar days following a specified stress scenario; the figures used for calculation purposes are those reported to the Bank of Italy and drawn from the consolidated financial statements as at the end of the year.

¹⁰ Threshold subject to revision in the event of exceptional, unforeseeable changes in macroeconomic conditions or of deterioration of financial conditions. In the event of extreme discontinuity, the Board of Directors will reassess the fairness and consistency of incentive systems.

¹¹ In the event of disciplinary proceedings in progress when variable remuneration is to be paid, payment will be suspended until the disciplinary proceedings are complete. At the end of the proceedings, if the person in question is found to have engaged in the alleged misconduct and is punished accordingly, the malus mechanisms apply.

with such instruments as their underlying) that could affect risk alignment mechanisms and, more generally, the pursuit of the aims of the Provisions.

4.2.5 Principle of Propriety and the Containment of Reputational Risks

With specific regard to distribution networks, remuneration and incentive systems are inspired by criteria of diligence, transparency and correctness in relations with customers, containment of legal and reputational risks, customer protection and retention and observance of any applicable self-governance rules, in accordance with transparency provisions. In particular, to this end the Banca Generali Group formulates a Remuneration Policy consistent with the foregoing, using specific formal, quantifiable and verifiable rules and indicators (such as the number of complaints), which affect the right to receive the incentive component of remuneration.

4.3 Short-term incentives

4.3.1 Balanced Scorecards and Management by Objectives

Short-term variable remuneration is based on the Balanced Scorecards (BSC) mechanism, aimed at the achievement of the earnings and financial results indicated by the budget for the reference year.

The following are normally subject to the Balanced Scorecards mechanism:

- Chief Executive Officer/General Manager,
- Key Personnel;
- executives who do not qualify as Key Personnel, certain middle managers of administrative and staff departments and relationship managers and portfolio managers with managerial roles.

By contrast, employees without managerial roles with relationship manager and portfolio manager duties are typically subject to a different mechanism, Management by Objectives (MBO). For this mechanism, which is in any case based on incentive sheets allowing the use of variables to measure performance and risks as consistent as possible with the decision-making powers of each beneficiary, quantitative objectives established in terms of the results carried in the consolidated financial statements of the Banking Group may be replaced by individual quantitative objectives.

The adoption of Balanced Scorecards is intended to translate the strategies set forth in the industrial plan into a set of objectives, which take due account of company risks and are able to materially influence the Banking Group's overall performance. The objectives are assigned to the individual recipients on an annual basis on individual Scorecards.

The purpose of this mechanism is to achieve maximum strategic alignment of management, as all the positions which are BSC or MBO recipients help to create shareholder value by achieving both financial and non-financial objectives that are in any event measurable.

The objectives and the relevant targets are defined based on the guidelines, differentiated according to the sphere of work and responsibility attributed, and identifying the impact of individual positions on the achievement of the respective targets.

Variable remuneration is tied on a straight-line basis to the degree of achievement of the targets established for individual objectives or the annual and non-recurring assessment of special projects with a significant impact on the development of the business and company performance.

As regards the variable remuneration of most of executives and employees belonging to the professional areas (other than those included in any of the categories specified above), the system used for the calculation of the bonuses, which takes place at annual intervals, is linked to the performance appraisal process and decided on a discretionary basis (as specified in paragraph 4.5).

4.3.2 Performance Indicators and the Main Parameters Used

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

The objectives and the relevant targets are defined based on the guidelines differentiated according to the sphere of work and responsibility attributed.

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

In particular, the following objectives may be assigned:

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

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

The remaining portion of the short-term variable remuneration is linked to the attainment of quantitative and qualitative objectives — financial and non-financial — established based on the position held, with a view to using performance measuring variables that are, as far as possible, consistent with the decision-making powers vested in each manager.

In particular, in relation to the position filled, the quantitative objectives refer to net inflows, revenues and/or cost objectives for which the beneficiary of the individual scorecard is responsible based on the company budget for the reference year.

The exceptions to these general criteria are the objectives assigned to the Manager in charge of preparing the company's financial reports, the Heads of control functions, and the Head of the Human Resources Department, who are not linked to the earnings results of the Bank and/or of the Banking Group.

The qualitative objectives, which usually set valuation criteria, refer to projects concerning the Banking Group and require the collaboration of all the beneficiaries of individual scorecards, each one regarding the area within his/her remit, or projects falling under the responsibility of individual departments, but which are of general importance.

The Balanced Scorecards of all Key Personnel include indicators tied to the implementation of strategic projects for the achievement of the Plan's objectives.

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

- People Value;
- Sustainability Commitment.

PEOPLE VALUE	SUSTAINABILITY COMMITMENT
<p>An objective set each year in view of personal development in line with the Group's strategy: recognition and celebration of diversity, favouring inclusion, showcasing the individual contribution and the success of the organisation, while also discouraging conduct that leads to excessive exposure to risk.</p> <p>For 2022 initiatives included in the People Strategy relating to the following may be included in the objective:</p> <ul style="list-style-type: none"> • Digitalisation • Diversity & Inclusion • Engagement Survey • Next Normal 	<p>An objective set annually in line with the priorities of the strategic plan, which includes a series of diversified sustainability initiatives, correlated directly and indirectly with all ESG (environmental, social and governance) components, identified in detail in the individual modules.</p> <p>For 2022 the objective may include initiatives related to four different pillars:</p> <ul style="list-style-type: none"> • Sustainable products, with a focus on the capacity to increase AUM in ESG solutions • Sustainable processes, with a focus on reinforcement of data architecture on customer

<p>The objective may include a specific reference to individual initiatives involving:</p> <ul style="list-style-type: none"> • Effective management of the structures coordinated • Collaboration with other company functions • Other people management initiatives 	<p>preferences and the characteristics of investible assets</p> <ul style="list-style-type: none"> • Sustainable plans, with a focus on the process of engagement of third-party product factories, in view of the achievement of climate objectives and in relation to financial education community initiatives • Sustainable people, with a focus on advanced ESG training for the Financial Advisor network
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For bonus assignment purposes, the performance obtained in respect of each objective is verified and duly weighted in the financial year following the year of reference. The sum of the weighted performance levels achieved in respect of each objective then constitutes the overall performance which serves as the basis for quantifying the bonus due, subject to satisfaction of the pre-established access gates to be met in order to qualify for bonuses (attainment of the minimum threshold affording access to bonus entitlements, with the inclusion of mechanisms preventing certain offsetting effects). The foregoing procedure is designed to ensure a close correlation between results obtained and bonuses earned.

The performance levels identified in the objectives are directly linked to the forecasts of the budget approved by the Board of Directors and the achievement of the results, when linked to the P&L results, is verified based on the consolidated financial statements of the Banking Group.

Except as specified above, with reference to the MBO mechanism, with a view to measuring performance and risks through variables that are as consistent as possible with the decision-making powers vested in each beneficiary, quantitative objectives established in terms of the results carried in the consolidated financial statements of the Banking Group may be replaced by individual quantitative objectives associated with the individual function discharged within the Group (without prejudice to the application of the access gates described herein).

4.3.3 Payout: Deferral and Share-based Variable Remuneration

The methods of payment of variable remuneration are governed by precise instructions in the Supervisory Regulations with regard to remuneration, with particular regard to deferral obligations, the type of payment instruments and the retention period applicable to the portion, if any, paid in financial instruments.

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

In the event of termination of employment or service with companies of the Banca Generali Group, beneficiaries lose their entitlement to portions of bonuses that have not yet been disbursed, without prejudice to cases of retirement, death or permanent disability, a new position within the Generali Group (including a change of contract from employment to agency, as in the case of a Banca Generali Financial Advisor), another working relationship entailing ongoing professional service for the company, or termination of employment by the company due to company reorganisation (without prejudice, in any event, to the possibility of retaining deferred portions within the framework of agreements for the consensual termination of a relationship).

In the event of death or total disability with respect to the agreed employment services, by way of partial departure from the foregoing, any deferred bonus payments due will be paid immediately, without waiting until the access gate conditions for subsequent years are met.

The Materiality Threshold

In view of the changes brought on by the Bank of Italy Regulations, where the actual bonus accrued to Key Personnel is equal to or less than 50,000.00 euros and, simultaneously, one-third of the beneficiary's total remuneration, it will be paid in full in the year after that of reference (fully in cash), after the Board of Directors verifies financial performance in the year of accrual and satisfaction of access gate requirements.

Variable remuneration of particularly high value

Within the Banking Group, in accordance with the regulations, the particularly high amount used as a benchmark for determining deferral periods and the percentage of shares used to pay the deferred portion is set at 25% of the average total remuneration of Italian high-earners, according to the most recent report published by the EBA (435,000.00 euros in the 2019 EBA report). Where variable remuneration of particularly high value is paid to the persons indicated in paragraph 2.1, point 4, third inset, of the Supervisory Regulations, deferral periods and payment in financial instruments will apply as specified hereunder.

Determination of the number of shares to be assigned

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

Key Personnel

For Key Personnel the variable component is at least 40% subject to deferred payment systems for a period of time of no less than four years;

The variable component linked to short-term objectives of Top and Non-Top Key Personnel whose variable remuneration is not of particularly high value, will be 50% paid in Banca Generali shares according to the following assignment and retention mechanism¹²:

- 60% of the bonus will be normally paid by the first half of the year after that of reference, 50% in cash and 50% in Banca Generali shares, which will be subject to a retention period of one year;
- 40% of the bonus will be paid, according to a linear pro-rated approach, after a further four years from the payment of the first instalment: 50% in cash and 50% in Banca Generali shares, which will be subject to a retention period of one year.

The scheme for the payment and vesting of portions of the bonus is shown below:

		2023	2024	2025	2026	2027	2028	Total
Top and Non-Top Key Personnel with a bonus >50,000.00 euros and <435,000.00 euros	Payment							
	Cash (50%)	30%	5%	5%	5%	5%		50%
	Shares (50%)	30%	5%	5%	5%	5%		50%
		60%	10%	10%	10%	10%		
	Availability							
	Cash (50%)	30%	5%	5%	5%	5%		50%
	Shares (50%)	-	30%	5%	5%	5%	5%	50%
		30%	35%	10%	10%	10%	5%	

¹² Without prejudice, in any event, to fulfilment of any additional retention obligations in accordance with the Corporate Governance Code.

Key Personnel with variable remuneration of particularly high value

For non-Top Key Personnel with a particularly high amount of variable remuneration the variable component is at least 60% subject to deferred payment systems for a period of time of no less than 4 years;

For such personnel, 50% of the variable remuneration linked to short-term objectives will be paid in Banca Generali shares, according to the following assignment and retention mechanism¹³:

- 40% of the bonus will be normally paid by the first half of the year after that of reference, 50% in cash and 50% in Banca Generali shares, which will be subject to a retention period of one year;
- 60% of the bonus will be paid, according to a linear pro-rated approach, after a further four years from the payment of the first instalment: 50% in cash and 50% in Banca Generali shares, which will be subject to a retention period of one year;

The scheme for the payment and vesting of portions of the bonus is shown below:

		2023	2024	2025	2026	2027	2028	Total
Non-Top Key Personnel with bonus >435,000.00 euros	Payment							
	Cash (50%)	20%	7.5%	7.5%	7.5%	7.5%		50%
	Shares (50%)	20%	7.5%	7.5%	7.5%	7.5%		50%
		40%	15%	15%	15%	15%		
	Availability							
	Cash (50%)	20%	7.5%	7.5%	7.5%	7.5%		50%
	Shares (50%)	-	20%	7.5%	7.5%	7.5%	7.5%	50%
		20%	27.5%	15%	15%	15%	7.5%	

Top Key Personnel with variable remuneration of particularly high value

For Top Key Personnel whose variable remuneration is a particularly high amount (435,000.00 euros), the variable component is normally at least 60% subject to deferred payment systems for a period of time of no less than 5 years.

For Top Key Personnel, more than 50% of the variable remuneration linked to short-term objectives will be paid in Banca Generali shares, according to the following assignment and retention mechanism¹⁴:

¹³ Without prejudice, in any event, to fulfilment of any additional retention obligations in accordance with the Corporate Governance Code.

¹⁴ Without prejudice, in any event, to fulfilment of any additional retention obligations in accordance with the Corporate Governance Code.

- 40% of the bonus will be normally paid by the first half of the year after that of reference, 45% in cash and 55% in Banca Generali shares, which will be subject to a retention period of one year;
- 60% of the bonus will be paid after a further five years from the payment of the first instalment, 44% in cash and 56% in Banca Generali shares, which will be subject to a retention period of one year;

The scheme for the payment and vesting of portions of the bonus is shown below:

		2023	2024	2025	2026	2027	2028	2029	Total*
Top Key Personnel with bonus >435,000.00 euros		Payment							
	Cash (45%)	18%	5.3%	5.3%	5.3%	5.3%	5.3%		44%
	Shares (55%)	22%	6.7%	6.7%	6.7%	6.7%	6.7%		56%
		40%	12%	12%	12%	12%	12%		
		Availability							
	Cash (45%)	18%	5.3%	5.3%	5.3%	5.3%	5.3%		44%
	Shares (55%)	-	22%	6.7%	6.7%	6.7%	6.7%	6.7%	56%
		18.0%	27.3%	12.0%	12.0%	12.0%	12.0%	6.7%	100%

*rounded total

In the event of severe market disruption (such as material changes in macroeconomic conditions or worsening of the financial context), the Board of Directors may reassess the incentive system's fairness and overall consistency within the framework of its remuneration governance processes, by implementing the appropriate and/or necessary correction measures, also with specific regard to the reference objectives, and the related assessment metrics and conditions, without prejudice to the limits and general principles of this Policy and of the regulatory framework, and to the maintenance, also in the future, of capital and liquidity levels.

4.4 Medium-to-long term incentive plans: Long Term Incentive

The medium-/long-term incentive plans described below are one of the instruments that make up the overall variable component of reference of the Group's top management, and in particular that intended to remunerate and reflect the Group's medium-/long-term objectives, prepared in coordination with the Generali Group's objectives, in formulating the variable remuneration of the persons indicated above, to be paid fully in shares of the Bank.

Plans currently underway

The medium-to-long term variable remuneration provided by Banca Generali, with regard to ongoing plans launched in previous years, the recipients of which are the Chief Executive Officer/General Manager, several Managers with Strategic Responsibilities and other managers identified by virtue of the significance of their roles, consists of long-term plans, launched in each year and based on Banca Generali shares: Banca Generali's Long Term Incentive plan, adopted by the Banking Group as of 2018.

The assignment of shares in connection with the 2019 Banca Generali Group's Long Term Incentive — the performance cycle for which concluded at the end of 2021 — will take place in April 2022 (see Section II of this Report). The assignment of shares relating to the 2020 and 2021 LTI plans will occur in 2023 and 2024, respectively.

2022 LTI Plan

A new long-term incentive plan based on shares of Banca Generali, the Banca Generali Group Long Term Incentive Plan (2022 LTI Plan), is in place for 2022.

In accordance with applicable laws and regulations, and with best practice in this area, the plan aims to pursue the goal of increasing the value of Banca Generali's shares, while also aligning the economic interests of the beneficiaries with those of shareholders.

The plan's goals are thus as follows:

- to establish a correlation between the variable component of remuneration tied to medium-to-long term objectives and the creation of value for shareholders, with an eye, in any event, to the sustainability of the Group and its actual results;
- to develop a culture of performance according to a group approach;
- to contribute to the creation of a balanced mix of fixed and variable components of the beneficiaries' remuneration;
- to increase management retention at the level of the Banking Group.

In keeping with market practice and investors' expectations, it is expected that the shares will be assigned and made available to the beneficiaries over an adequate deferred long-term period, contingent on the achievement of performance conditions by the Banca Generali Group and the Generali Group and verification of achievement of the related access gates, as detailed below.

The plan is based on the following fundamental aspects:

- the incentive linked to the satisfaction of objectives is disbursed through the assignment of ordinary shares of Banca Generali S.p.A.;
- the right to receive the shares is linked to verification of satisfaction of an access gate set by the Board of Directors and constituting a condition precedent in this sense;
- the overall assessment of performance is based on Banca Generali Group objectives (with a weight of 80%) and additional Generali Group objectives (with a weight of 20%), as shown in the tables below.

Beneficiaries

The beneficiaries of the Long Term Incentive (LTI) plan include the Chief Executive Officer/General Manager, the Deputy General Managers, the General Managers of the Banca Generali Group's subsidiaries, the Areas/Departments heads reporting to the Chief Executive Officer and the Deputy General Managers, and other managers, excluding control functions.

The beneficiaries are identified by the Board of Directors upon the launch of the Plan, in light of the significance of the role played within the Banking Group, provided that such role is also significant for the Generali Group.

Plan structure and mechanisms

The Plan states that the number of shares actually assigned at the end of the performance period is directly correlated with the achievement of the Banking Group Objectives and Generali Group Objectives.

In light of the use of Banca Generali treasury shares, it was deemed necessary to assign a greater weight to the Banking Group's performance, i.e., 80% for the indicators of the Banca Generali Group and 20% for those of the Generali Group. The following objectives were identified:

- Banking Group objectives, tied to objectively measurable indicators such as tROE¹⁵ and Adjusted EVA¹⁶, and AUM ESG¹⁷, and

¹⁵ With reference to the Banking Group, this indicator is the ratio of net profit and average adjusted net equity, with the exclusion of intangible assets.





¹⁶ With reference to the Banking Group, the indicator that expresses the creation of value through the adjustment of Recurring Net Profit (with reference to the Banking Group, net recurring profit with the exclusion of one-off items) of the cost of capital element.

¹⁷ With reference to the Banking Group, Assets Under Management (AUM) of retail funds and insurance and financial underlying with ESG (Environmental, Social e Governance) rating by an external provider.

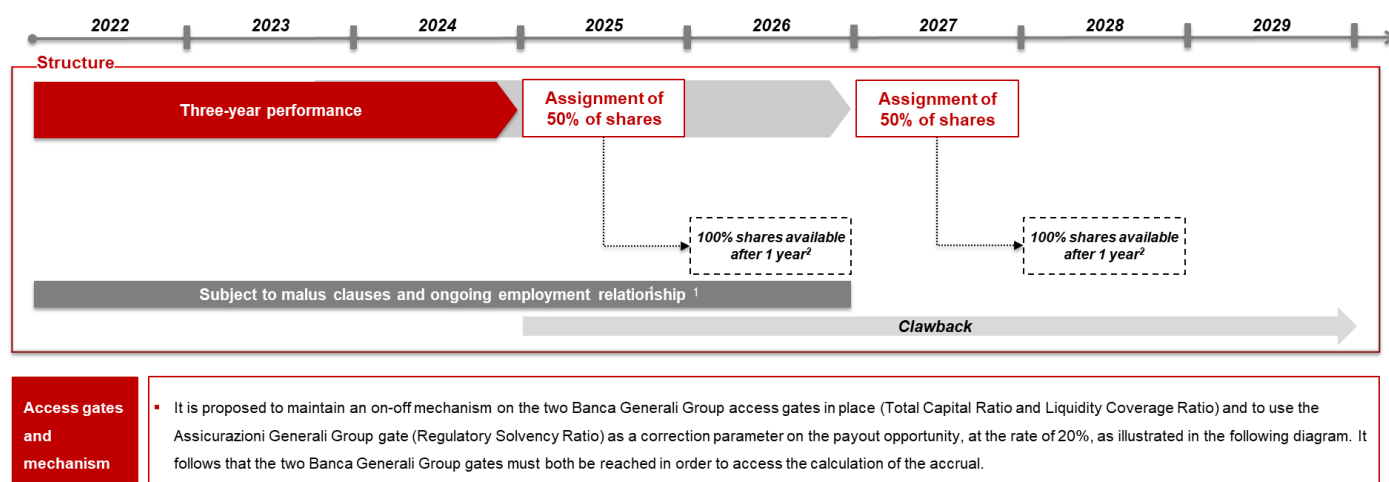
- Generali Group objectives, tied to objectively measurable indicators: relative TSR¹⁸, Net Holding Cash Flow¹⁹ and ESG.

The access gate conditions consist of:

- two indicators representing the specific access gates for the Banking Group tied to the Total Capital Ratio and Liquidity Capital Ratio, on which the right to assignment of the shares (100%) is contingent; in each year of the plan and at the end of the three-year performance period, the level of achievement of the access gates is assessed;
- an indicator representing an access gate for the Generali Group linked to the Regulatory Solvency Ratio, on which the right to the assignment of the part of the shares tied to the satisfaction of the Generali Group Objectives (20%) is contingent. In each year of the plan and at the end of the three-year performance period, the level of achievement of the access gate is assessed. The access gate is set in terms of a Regulatory Solvency Ratio of 130%²⁰ or the different percentage set by the Board of Directors from time to time²¹.

Entity	Access gate and mechanism	
	Access gate not reached	Access gate reached
Banca Generali Group	Total Capital Ratio <13% Liquidity Coverage Ratio <130% No access to vesting 	Total Capital Ratio ≥13% Liquidity Coverage Ratio ≥130% Access to vesting 
Generali Group	Regulatory Solvency Ratio <130% -20% corrective to vesting <i>If RSR < 50%, the Generali Group's BoD will consider possible reductions in the number of shares to be assigned</i> 	Regulatory Solvency Ratio ≥150% 

The plan structure is as follows:



¹⁸ With regard to the Generali Group, the total return on shareholder investment is calculated as the change in the market price of the Generali Group's shares, in which distributions or dividends reinvested in the shares are included, as compared to a peer group.

¹⁹ With regard to the Generali Group, net cash flows available at the level of the parent company in a given period, after holding expenses and interest costs. Its main components, from a cash perspective, are remittances from subsidiaries; the result of centralised reinsurance; interest on borrowings; and expenses and taxes paid or reimbursed at the level of the Parent Company.

²⁰ This percentage will be applied to all outstanding incentive plans.

²¹ This assessment represents a malus mechanism whereby the number of shares to be definitively assigned may be reduced or completely eliminated (for the share of 20% of the objectives) if the value of the Regulatory Solvency Ratio is below the established threshold.

(1) Without prejudice to the cases of 'Good Leaver'.

(2) Net of the shares assigned that could be disposed of by Beneficiaries in order to enable them to bear the tax charges related to the assignment.

In keeping with market practice and investors' expectations, the shares are to be assigned and vest for the beneficiaries over a total period of seven years.

During the vesting period, in each year of the plan and at the end of the three-year period, the Board of Directors assesses the level of achievement of the Banking Group access gates and the Generali Group access gate indicated above.

Once it has been determined that the access gates have been reached, it is then assessed whether the objectives of the Banking Group (80% weight) and the Generali Group (20% weight) have been achieved.

The performance level is stated as a percentage in terms of achievement of objectives, determined with regard to independent baskets, relating to adjusted EVA, tROE, net holding cash flow and rTSR, respectively.

The final results of the baskets are calculated using the linear interpolation method. In the specific case of the Generali Group's TSR, the related payment applies if the position in the ranking is equal to or above the market median.

The maximum performance level is an overall 175% for members of the Top Management, whereas it is 87.5% overall for the other beneficiaries²².

Banca Generali Group * (80%)					
LTI Vesting	40% Adjusted EVA	+	40% tROE	+	20% ESG AUM
0%	< 150 million euros		<27%		<15%
Target vesting	160 million euros		30%		20%
Maximum vesting	≥ 170 million euros		≥33%		≥30%

Note

(*) Banca Generali targets are stated net of the one-off component of the contributions to bank rescue funds (FITD/BRRD).

Values of reference: final calculation based on linear interpolation in line with the method used in the previous year.

²² The performance targets are 100% for the Top Management (including the Chief Executive Officer/General Manager) and 50% for the other beneficiaries.

Generali Group (20%)							
	45%		35%		20%		
				ESG			
LTI Vesting	rTSR	+	Net Holding Cash Flow	+	New Green & Sustainable Bond Investments (10%)	+	Women in strategic positions (10%)
0%	<50° perc.		≤ 8 bln		<5.2 bln		<35%
Target vesting	≥50° perc.		≥ 8.5 bln		≥5.2 bln		40%
Maximum vesting	≥90° perc.		≥9.5 bln		≥5.8 bln		>40%

Assignment of shares

The maximum number of shares that may be assigned is determined at the start of the plan.

The potential maximum bonus to be paid in shares corresponds to 175% of the gross annual remuneration of the plan participants for Top Managers²³ and to 87.5% for other beneficiaries.

Consequently, the maximum number of shares that may be assigned is calculated as the ratio of the maximum amount of the bonus to share value, the latter calculated as the average price of the share during the three months prior to the session of the Board of Directors called to approve Banca Generali's draft financial statements and the consolidated financial statements for the year prior to the start of the plan.

The final assessment of the effective achievement of the defined objectives is conducted at the end of a three-year period.

The shares actually accrued will be assigned according to the following scheme:

- at the end of the three-year performance period, 50% of the Shares accrued on the basis of the results achieved are to be assigned; said shares are subject to a retention period of one year²⁴;
- the remaining 50% of the Shares accrued will be subject to an additional two years' deferral, during which the portion accrued may be reduced to zero if the Banking Group Gates set in the Plan are not reached, or if a malus event occurs, and provided that the Relationship with the Banking Group continues as at that date; shares are subject to a retention period of one year²⁵.

The retention periods of the shares, as indicated above, will remain in effect even after the termination of the relationship with the beneficiary, without prejudice to the power of the Board of Directors, or of a specifically authorised director, to redefine the terms and conditions of all the restrictions indicated above, including on the basis of assessment of the beneficiary's overall remuneration, or of the shares assigned in execution of the various incentive plans. The foregoing is without prejudice to any other retention obligations imposed by the Corporate Governance Code.

The plan does not include dividend equivalent mechanisms, in accordance with the law and common practice in the banking sector.

Specific rules apply to the consequences of the termination of the relationship on the rights assigned to beneficiaries, as illustrated in detail in the information document prepared pursuant to Article 114-bis TUF.

²³The details of the maximum number of shares assigned to the Top Management from one year to the next is presented in Section II of this Report, paragraph 2.3.

²⁴The Beneficiary may nonetheless alienate only a number of shares equivalent in value to the amount of tax charges borne by the Beneficiary in respect of the assignment.

²⁵ Without prejudice to the possibility for the Beneficiary to transfer only a number of shares equivalent in value to the amount of tax charges borne by the Beneficiaries in respect of the assignment.

For the purposes of implementation of the Plan, the ordinary shares assigned at no cost to the beneficiaries of the plan will derive, in whole or in part, from the treasury shares that the Company purchases under specific authorisation from the Shareholders' Meeting pursuant to Articles 2357 and 2357-ter of the Italian Civil Code.

If there are factors that may influence the constituent elements of the plan (including, without limitation, extraordinary transactions involving Banca Generali and/or the Banking Group and/or the Generali Group, capital transactions, amendments to the laws or changes in the scope of the Banking Group and/or the Generali Group, compliance with specific industry legislation, changes to long-term strategic plans, etc.), the Board of Directors may make the amendments and additions to the structure of the plan deemed necessary or appropriate in order to maintain its substantive and economic content unchanged, within the limits of the legislation in force from time to time.

In addition, in the event of severe market disruption (such as material changes in macroeconomic conditions or worsening of the financial context), the Board of Directors may reassess the incentive system's fairness and overall consistency within the framework of its remuneration governance processes, by implementing the appropriate and/or necessary correction measures, also with specific regard to the reference objectives, and the related assessment metrics and conditions, without prejudice to the limits and general principles of this Policy and of the regulatory framework, and to the maintenance, also in the future, of capital and liquidity levels.

In accordance with applicable sector legislation, the Company may also pay individual plan beneficiaries — in lieu and in replacement of part or all of the assignment of the shares — a cash payment calculated on the basis of the value of the shares in the month prior to the assignment date, without prejudice to satisfaction of the other relevant terms and conditions of the plan.

Award and actual payment will be subject to malus and claw-back clauses.

As resolved by the Shareholders' Meeting with regard to the limit on the ratio of the variable to fixed component of remuneration, the cap mechanism provided for in the Remuneration and Incentive Policy is applied to Key Personnel, where appropriate.

4.5 One-off payments

Any one-off payments, which must be of limited amounts, determined on a discretionary basis in the performance assessment process, may be made annually to employees in the categories of executives and white-collars who are not beneficiaries of the BSC/MBO mechanism.

In addition, modest one-off amounts may be granted to the remaining employees in respect of particular activities performed and the commitment shown to implementing projects not already included in the BSCs/incentive documents for the year of reference. These amounts will be subject to all rules applicable to the Bank's variable remuneration in relation to the category to which the beneficiary belongs (e.g., deferral and retention obligations; payment in financial instruments; malus and claw-back mechanisms).

4.6 Entry bonuses

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

4.7 Retention bonuses

On an extraordinary basis, in view of retaining key figures — other than Key Personnel — from the market, specific one-off treatments may also be agreed where there are motivated, documented reasons relating to the retention of personnel (retention bonus). Such retention bonuses are paid no earlier than the end of the predetermined period or occurrence of the established event and, while not linked to performance objectives, consist of forms of variable remuneration and are thus subject to all rules applicable such forms, including those on the limit on the ratio of variable to fixed remuneration and ex-ante and ex-post correction mechanisms (e.g., in the event of conduct not in keeping with laws, regulations, the articles of association or any codes of ethics or conduct applicable to the Bank).

Retention bonuses cannot be used to indemnify personnel against a reduction or absence of variable remuneration due to ex-ante and ex-post correction mechanisms, nor may they lead to a situation in which total variable remuneration is no longer linked to the performance of the individual, the single business unit or the bank and the group to which it belongs. Multiple retention bonuses cannot be paid to the same staff member, except in exceptional, appropriately justified cases (i.e., retention bonuses are paid at different times and there are specific reasons for paying each of them).

5. Other Features of the Remuneration System²⁶

5.1 Term of contracts, advance notice and indemnity mechanisms in the event of early termination of the relationship

This section sets out the limits, criteria and conditions of disbursement of the economic benefits, if any, that may be granted — in addition to termination indemnity and legal and contractual notice indemnity (where applicable) — in the event of termination of employment or service and/or early departure from office (hereinafter also "severance").

In this regard, the following should be noted:

- (a) Directors (who are not also employees of the Bank) operate under a three-year company mandate. They normally do not have any contract or agreement with the Company, nor are they subject to any notice period, in keeping with the nature of the relationship;
- (b) Managers with Strategic Responsibilities (who fall into the broader category of Key Personnel) normally operate under permanent executive contracts. The applicable notice period, required by law in the event of termination by the company (without cause), is normally calculated according to the provisions of the collective contract currently applied by the Company (National Collective Labour Agreement for Credit Sector Executives).

The current Chief Executive Officer and General Manager holds both a directorship (with a term of three years, subject to renewal from time to time by the Shareholders' Meeting) and a permanent position as an employed manager (governed, as in the case of the other Managers with Strategic Responsibilities, by the Collective Contract for Credit Sector Executives, to which a notice period of the length provided for in the said collective contract thus applies in accordance with the law).

The individual contract in place at the reporting date with the Chief Executive Officer/General Manager contains a specific standard termination clause that — in specifically identified cases of termination of employment as an executive (or revocation of the position or delegated authority)²⁷ — provides for the disbursement, in addition to the notice period required by law and the collective contract²⁸, of an amount to be calculated on the basis of the pre-defined formula illustrated below.

The contract also provides, following termination (except for some specific cases²⁹), for a non-competition agreement of six months, in return for consideration equal to the fixed remuneration provided for the corresponding period of reference and a penalty of twice that amount.

The total severance payment will be calculated according to the limits indicated below.

There are no current agreements governing *ex ante* the termination of other Key Personnel (who also include non-executive directors and Managers with Strategic Responsibilities).

Any agreements reached with any Key Personnel upon termination (and any new contracts entered into governing termination *ex ante* following the approval of this Policy) are drawn up within the limits and according to the criteria set out below.

The Bank defines severance pursuant to the legislation in effect from time to time and according to the following general criteria³⁰ (weighted and balanced in the light of the particularities of each concrete case):

²⁶ Remuneration packages and the related provisions and benefits have been formulated while also taking account of the legislative and market scenario applicable to subsidiaries, in accordance with local and industry legislation.

²⁷ In line with the provisions applying to all the employees, the Chief Executive Officer and General Manager may be granted a severance indemnity exclusively in the event of termination of relationship due to withdrawal by the Company without cause or in case of resignation for cause (this specific case includes the event of substantial negative change in the role held or the weight in the organisational structure, including after removal from office or revoking of powers).

²⁸ Or the disbursement of the applicable indemnity in lieu of notice, calculated in accordance with the law and the collective contract.

²⁹ In particular, cases of termination at the Company's initiative without cause or resignation for cause.

³⁰ In cases in which it is not determined by an independent third party (e.g., judge or arbitrator).

- length of the relationship;
- the performance, net of risks, of the person concerned and the said person's individual behaviour;
- the bank's performance, net of risks, and of capital and liquidity levels;
- the age and other particular conditions of the person concerned;
- the company's interest in securing consensual termination of the relationship;
- the reasons for terminating the relationship and risk of litigation in the alternative case of unilateral withdrawal by the Bank.

In the event of early termination of the employment and/or service, the interested party may be accorded³¹, in compliance with current provisions of laws and contracts and in addition to the notice period provided for by applicable laws and/or the national collective labour contract, an all-inclusive lump-sum indemnity for an amount equivalent to a maximum of 24 months of the so-called "Recurring Remuneration"³² (defined as (i) gross annual remuneration increased by the average amount actually collected by way of the short-term component of variable remuneration (BSC/MBO) in the past three years, and (ii), for Financial Advisors, the average of their recurring remuneration³³ of the latest period). The aforementioned maximum limit of 24 months' remuneration is to be understood as also inclusive of any non-competition agreements (as indicated below in para. 5.2).

In the event that the positions of Chief Executive Officer and General Manager are filled by the same person, when calculating the amount, account shall be taken of the total sum of amounts due by way of gross annual remuneration, compensation for the office of director and the average amount actually collected by way of the short-term component of variable remuneration in the past three years for each of the offices concerned.

The use of Recurring Remuneration to calculate the monthly severance payment permits the Bank to quantify severance in a way that takes into account the performance of the person in question over time, since it is this performance, as stated above, that determines the value of the variable remuneration, if any, paid to the said person during the three years prior to termination of the relationship.

In accordance with the Bank of Italy's Provisions, where severance is determined according to predefined formulae, within the framework of an agreement intended to settle a current or potential dispute, severance is not considered when calculating the maximum ratio of variable to fixed remuneration set for Key Personnel. The Bank has thus created the following predefined formula for Key Personnel (without prejudice to the clarification provided below), in accordance with the laws and regulations in effect from time to time, and subject to the criteria and limits set out above:

Base Amount +/- Corrective Factors

The Base Amount is calculated on the basis of seniority of company service, as follows:

- > up to 3 years: 6 months of Recurring Remuneration;*
- > over 3 years, up to 6 years: 8 months of Recurring Remuneration;*
- > over 6 years, up to 10 years: 10 months of Recurring Remuneration;*
- > over 10 years, up to 15 years: 12 months of Recurring Remuneration;*
- > over 15 years: 15 months of Recurring Remuneration.*

³¹ No benefits are granted in the event of withdrawal for cause by the Company or the voluntary resignation/withdrawal (without cause) by the interested party.

³² This amount may not in any case exceed the maximum value of 3.5 million euros.

³³ As defined — for Financial Advisors acting as agents — in the Supervisory Regulations.

In the case of the Chief Executive Officer and General Manager only, at the reporting date the Base Amount is calculated according to the following formula: $24 \times (\text{Recurring Remuneration}^{34}/12)$.

The Bank may, at its discretion, also decide to apply the predefined formula³⁵ to Financial Advisors with agency contracts with the Bank classified as Key Personnel. Where applied, the Base Amount for such individuals is equal to the maximum amount set out in paragraph 3 of Article 1751 of the Italian Civil Code, calculated considering the overall Recurring Remuneration, as defined above, as remuneration, in lieu of fees.

As indicated in the predefined formula, the Base Amount may be reduced or increased³⁶ by a certain percentage as a result of the application to each individual severance package of specific Corrective Factors relating to:

- the person's average performance over the last three years;
- the Bank's performance, with particular regard to capital and liquidity levels;
- age;
- qualification for pension benefits, where applicable;
- concrete risk of an adverse outcome at trial (taking account of any information provided by the courts or arbitrators and/or external legal counsel);
- strategic importance of the role/position held;
- individual behaviour (with particular regard to the presence of any proved compliance breaches).

The Bank has a specific internal document that lays down detailed criteria for applying the Corrective Factors, assigning each a percent weight decreasing or increasing the Base Amount.

Ad hoc Corrective Factors³⁷ are identified for Financial Advisors and duly listed in and regulated by the specific internal document.

Without prejudice to the maximum limit on severance set out above, the application of the Corrective Factors may give rise to an increase of up to +60%³⁸ and/or a decrease of up to -100%³⁹ of the total amount of the severance.

In accordance with the Bank of Italy's Provisions, where severance is determined according to the above formulas, within the framework of an agreement intended to settle a current or potential dispute, severance is not considered when calculating the maximum ratio of fixed to variable remuneration.

Severance is paid in accordance with the aforementioned Bank of Italy's Provisions in effect from time to time and the Bank's Remuneration Policies. In particular, where so provided, the payment of the severance benefit is subject to deferral and partly settled in financial instruments⁴⁰.

Severance is subject to access gates and ex-post corrective mechanisms (malus and claw-back) provided for in severance agreements, covering, *inter alia*, any acts of fraud or gross negligence to the detriment of the bank and the group (and, in any event, defined in accordance with both the regulatory framework and the particular nature and characteristics of severance)⁴¹.

The agreement governing the payment of the severance shall include clauses calling for a general waiver of all rights related in any manner, directly and/or indirectly, to the employment relationship or the office of Chief Executive Officer and the severance thereof, as well as of all rights, claims and/or actions against the company and other Group companies in any capacity directly or indirectly related to the employment relationship or the office of Chief Executive Officer and the definitive, accepted severance thereof. The waiver extends to rights relating to compensation for damages, as well as rights of an economic nature associated with the above relationships and the termination thereof.

For information on the effects of termination on incentive plans, see paragraph 4.3 (for the short-term variable component) and paragraph 4.4 (for the medium-/long-term variable component).

³⁴ Calculated, as indicated above, also including compensations paid within the context of the directorship (fixed and average of the short-term variable compensation for the last three years).

³⁵ In any event, even where the above predefined formula is not applied, the amount of any severance paid, in addition to notice, will be subject to the maximum limits and general criteria indicated above (in addition to being paid in accordance with the applicable ratio of fixed to variable remuneration, where paid to Key Personnel).

³⁶ In any event, up to the above-indicated maximum limit of 24 monthly instalments.

³⁷ With the aim, *inter alia*, of taking account of the particular nature of the legal relationship (that of agent rather than that of employee) with the persons concerned.

³⁸ With the exception of Financial Advisors with agency agreements with the Bank, for which this percentage may be increased by an additional 40%, without prejudice to the maximum severance limit set out above.

³⁹ In particular, the decrease may extend to -100% in the event of failure to reach the Group's access gates or in cases of proved engagement in individual behaviour of sufficient severity to constitute cause for dismissal. In addition, the severance benefit may be reduced in amount or eliminated altogether where the malus and claw-back mechanisms are triggered.

⁴⁰ For the purposes of severance benefits, share price is calculated as the average prices in the three months prior to the signing of the agreement under which the severance benefits are to be paid (or in the three months prior to the date of termination of the working relationship where the agreements are entered into on an ex-ante basis). Where variable remuneration is paid to the persons indicated in paragraph 2.1, point 4, third indent, of the Circular, in a "particularly high amount" (as identified in the Remuneration Policies), payment thereof will be made in accordance with the criteria specifically indicated in the Remuneration Policies (in terms of deferral period and the percentage of shares devoted to payment of the deferred portion).

⁴¹ The foregoing is without prejudice to the exceptions and derogations described in Title IV, Chapter 2, Section III, para. 2.2.3 ("Derogations") of Circular No. 285.

Consulting contracts are not normally entered into for a period subsequent to termination of employment. However, this may be done where it meets demonstrated needs to continue to rely on the skills and contributions of personnel, in the company's interest, for a limited period of time following termination, for the performance of specific, pre-determined activities (in return for compensation formulated to suit the nature and scope of the requested activity).

See paragraphs 4.1 and 5.3 below for information regarding the award and maintenance of monetary benefits for the post-employment period.

5.2 Stability pacts, extension of notice and non-competition agreements

In specific situations, and mainly for retention purposes, employees, including Key Personnel, and Financial Advisors can be required to enter into stability pacts and extension of notice agreements, in compliance with the Bank of Italy's provisions.

Non-competition or special confidentiality agreements extending into the post-severance period may also be entered into upon hiring, in the course of employment or upon severance, as provided for with regard to the Chief Executive Officer/General Manager (see paragraph 6.2). Consideration for such agreements — which must always be of limited duration — is calculated, pursuant to applicable regulations, in proportion to the duration and geographical scope of the covenant and the potential harm to the Company and/or the Banking Group if the person concerned were to compete with the Company and/or with the Banking Group or were to disclose information (even where not qualifying as confidential under the law) that might also cause harm to the Company and/or the Banking Group, while also taking account of the previous role and responsibilities of the person concerned. In any event, such consideration may not exceed the maximum limit of the amount of recurring remuneration last collected by the person concerned, in proportion to the term of the agreement.

In accordance with the Supervisory Provisions, the consideration for non-competition agreements is not subject to the rules set out in this section in respect of the portion that does not exceed the most recent annual fixed remuneration of the person concerned. In addition, the share of such consideration that for each year of the term of the agreement does not exceed the most recent annual fixed remuneration of the person concerned is not considered when calculating the limit on the ratio of variable to fixed remuneration. In any event, such consideration is taken into account when calculating the maximum limit on severance indicated above of 24 months of Recurring Remuneration.

5.3 Benefits and welfare

The remuneration package for all employees is completed by benefits that demonstrate the Banking Group's constant focus on the personal needs and wellbeing of its employees, taking in due consideration work conditions.

The benefits are intended for the entire Group population and may be differentiated by professional family and geographical area, but do not include individual discretionary systems.

All employees⁴² — regardless of their classification and contract type — enjoy a series of benefits, the cost of which is normally fully borne by the company, relating to the following aspects of welfare:

- health cover;
- supplementary pension benefits;
- economic indemnity for death, permanent total disability and dread disease;
- professional accident policy;
- welfare option for the company bonus: since 2016 (for executives and white-collar employees of Banca Generali S.p.A. and Generfid S.p.A.), it has been possible to “convert” the company cash bonus into welfare;
- “Pure” welfare: Banca Generali and Generfid employees receive annual one-off amounts (differing for Managers and other personnel) to be used through the Welfare Portal for the reimbursement and/or purchase services mentioned above.

All employees employed under an indefinite-term contract also have access to preferential-rate loans and financing.

⁴² Currently of Banca Generali and Generfid. The other companies take account of the local and national specific conditions to define the benefits.

The remuneration of certain categories of personnel also includes housing allowances (or sublease agreements) and company car allowance.

5.4 Generali Group employee share scheme

With the aim of promoting a culture of ownership and empowerment in line with the strategic plan and fostering staff loyalty in line with the Remuneration Policy, 2019 saw Banca Generali take part in a project launched by the Generali Group, We SHARE: the first share ownership plan of its kind aimed at employees, with the aim of promoting alignment with the strategic objectives and the participation of all our people in the value creation process.

The initiative was further enhanced by the launch of an App dedicated to all employees who subscribed to the Plan, the “We Share App”, an innovative digital platform created to keep the participants informed during the 3 years of the Plan, and share a dedicated Financial Education programme, updates on the Generali world, strategic initiatives of Generali 2022, and We SHARE donations to The Human Safety Net Foundation.

Assicurazioni Generali, following the success recorded by We SHARE, proposes for approval a new three-year share plan for the employees of the Generali Group.

6. The pay mix by role and functions⁴³

6.1 Company bodies

6.1.1 *Members of the Board of Directors*

Board member’s remuneration is determined at the time of appointment by the General Shareholders’ Meeting, in accordance with Article 2389, Paragraph 1, of the Italian Civil Code, as a fixed sum plus refund of any out-of-pocket expenses incurred in the performance of their duties, also taking due account of industry-specific surveys and analyses. Non-executive directors (including the Chairman) and independent members of the Board of Directors are entitled only to fixed remuneration, in addition to a refund of out-of-pocket expenses incurred for the performance of their duties, and, accordingly, are not entitled to any form of variable remuneration linked to the attainment of specific objectives. Directors who are not vested with delegated executive powers (including the Chairman) are not entitled to any form of share-based incentives.

Directors who also sit on Board Committees are entitled to additional emoluments — in the form of either a pre-established lump-sum, or otherwise, attendance fees for each Board meeting they attend — over and above the remuneration they receive as Board members, in light of the tasks assigned to the Board Committees in question, and the commitment that membership of such committees entails, especially in terms of attendance at meetings and preparatory activities to be completed ahead of committee meetings; said additional emoluments must be established taking due account of industry-specific surveys and analyses of the remuneration of directors, and more specifically, directors sitting on Board Committees.

The Remuneration Policy applicable to the Chairman provides for fixed annual remuneration, determined also on the basis of comparative analysis of the remunerative practices prevailing within the industry for such positions.

The Policy applicable to the Chief Executive Officer is discussed in the relevant paragraph of this document.

Lastly, it must be pointed out that all Board of Directors’ members are covered by D&O liability insurance, as illustrated below.

⁴³ The Remuneration Policy for the different employee categories is also formulated in view of the legislative and market scenario of the subsidiaries in accordance with local and industry legislation.

6.1.2 Members of the Board of Statutory Auditors

The remuneration of the Chairman of the Board of Statutory Auditors and other members of the Board of Statutory Auditors is set by the General Shareholders' Meeting at the time of appointment and for the whole term of office. Standing members of the Board of Statutory Auditors are not entitled to any form of variable remuneration.

They are entitled to refund of the expenses incurred in performance of their duties. The members of the Board of Statutory Auditors also receive further remuneration, in addition to their compensation as members of the Company's control body, pursuant to currently applicable regulations, in consideration of the fact that the said Board also discharges the tasks and functions of the Supervisory Board instituted pursuant to Legislative Decree No. 231/2001.

Lastly, members of the Board of Statutory Auditors are covered by D&O liability insurance, as illustrated below.

6.1.3 Directors' and Officers' (D&O) Liability Insurance

In line with generally accepted best practices on financial markets and taking due account of the features of the Bank's and Group's business operations, on 24 April 2007, the General Shareholders' Meeting authorised the Board of Directors to provide general liability insurance cover to the Company's Directors, the members of the Board of Statutory Auditors and General Manager (D&O Liability Insurance), featuring the following main terms and conditions:

- duration: 12 months renewable on an annual basis, until the General Shareholders' Meeting resolves to revoke its authorisation;
- maximum insured amount: 10 million euros per claim/year, for all the insured persons, with sub-limits for claims based on labour law violations;
- non-applicability of cover in the event of wilful misconduct or gross negligence.

6.2 Employees

6.2.1 Managers

The remuneration package of persons falling within this category is structured as follows:

Fixed component	Fixed remuneration	Calculated on the basis of the role and responsibilities assigned, it reflects the level of professional expertise and seniority of personnel
	Service allowance	Optional, on the basis of the role and responsibilities assigned
	Benefits	As defined from time to time for the Banking Group's managers
	Supplementary pension benefits up to a maximum of 13% of RAL	
Variable component	Annual variable remuneration (paragraphs 4.3.1 and 4.3.2)	To be applied on the basis of the role assigned to the manager, the principles of deferral, achievement of the access gates, the malus and claw-back mechanisms and the payment in Banca Generali shares. Final calculation is performed by linear interpolation between the targets set for each objective, as described in more detail in paragraph 4.3.
		It is not subject to any guaranteed minimum
	Long-term variable remuneration	Optional, on the basis of the role and responsibilities assigned
	Participation in recruitment, loyalty and/or retention plans	Optional, on the basis of the role and responsibilities assigned
Severance	The treatment in the event of severance of the employment relationship with a manager is determined based on applicable legislation. Indemnity mechanisms, non-competition agreements or stability pacts in the event of early severance of employment, in addition to those currently in place, may be agreed in accordance with the principles laid down in points 5.1 and 5.2 above.	

Managers with Strategic Responsibilities

In addition to the foregoing, with specific regard to the positions of Chief Executive Officer and General Manager (currently filled by the same person), total remuneration consists of:

- a recurring fixed remuneration component as Chief Executive Officer and all-inclusive annual remuneration (RAL) as General Manager;
- a short-term variable remuneration, linked to the degree to which the performance objectives — expressed in the relevant Balanced Scorecard — are achieved. This may reach a maximum of 75% of the RAL (equal to a 60% ratio of the short-term variable remuneration to the total fixed remuneration), if the maximum level of total performance is achieved and does not provide for any guaranteed minimum. Said variable remuneration is subject to the access gate scheme, the bonus deferral scheme and the payment in Banca Generali shares, as well as the malus and claw-back mechanisms;
- a Long Term Incentive, the bonus range for which is set at between 0% and 175% of the fixed component;
- possible participation in retention and/or loyalty plans.

The ratio of the variable to fixed component of the remuneration, subject to Shareholders' approval, shall not exceed 2:1; any amount in excess shall be subjected to the cap mechanism described above.

The Balanced Scorecard includes both quantitative and qualitative financial and non-financial objectives for short-term variable remuneration. In particular, these include:

- quantitative objectives linked to the Bank's three-year strategic plan and business objectives;
- qualitative objectives, linked to the strategy (relating to project initiatives associated with implementation of the Banking Group's strategy), development and growth of personnel and sustainability initiatives (as further detailed in paragraph 4.3.2).

The BSC is structured as follows:

Perspective	KPI	Weight	Target reference*	
Risk-adjusted economic and financial performance	Net inflows for commercial activities	10%	Financial	100% budget
	Recurring Net Profit	25%		100% budget
	Total General Expenses	10%		100% budget
	Return on Risk Adjusted Capital (RORAC)	15%		100% budget
People Value		10%	Non-financial, qualitative/quantitative assessment based on specific KPIs	
Sustainability Commitment		10%		
Efficiency & Business Transformation		20%		

* Two additional performance levels apply (under-performance and over-performance).

The objectives efficiency and business transformation, people value and sustainability commitment are further detailed in paragraph 4.3.2 above

At the reporting date an agreement is in force with the Chief Executive Officer/General Manager, providing for the application of the principles set forth in point 5.1 above, in the event of early termination of the contract.

In addition to paragraph 6.2.1, with specific regard to the position of Deputy General Manager remuneration consists of:

- a fixed remuneration component;
- an annual variable remuneration, linked to the degree to which the performance objectives — expressed in the relevant Balanced Scorecard — are achieved, and subject to the access gate scheme, the bonus deferral scheme, the payment in Banca Generali shares, as well as the malus and claw-back mechanisms. Said remuneration may reach a maximum of 100% of the RAL (equal to a maximum ratio of the short-term variable remuneration to total fixed remuneration of approximately 85%), if the maximum level of total performance is achieved and does not provide for any guaranteed minimum;
- a Long Term Incentive, the bonus range for which is set at between 0% and 175% of the fixed component;
- participation in any recruitment incentives and expiry plans based on net inflows/revenue objectives.

The ratio of the variable to fixed component of the remuneration, subject to Shareholders' approval, shall not exceed 2:1; any amount in excess shall be subjected to the cap mechanism described above.

Other Key Personnel

The remuneration package of Other Key Personnel consists of the components described in paragraph 6.2.1.

Depending on the weight and complexity of the job description, short-term variable remuneration may reach:

- no more than 80% of annual gross remuneration (RAL) (equal to a maximum 65% ratio of the short-term variable remuneration to the total fixed remuneration) in the case of Banca Generali Group managers.
- 100% of annual gross remuneration (equal to a maximum 85% ratio of the short-term variable remuneration to the total fixed remuneration) for positions in the sales area and/or linked to the asset management business.

The variable remuneration for the HR function and the Manager in charge of the company's financial reports is kept to a limited amount in accordance with recent regulations.

The principles of deferral, payment in Banca Generali shares, achievement of the access gates, as well as the malus and claw-back mechanisms illustrated above, apply to such variable remuneration.

In addition to the foregoing, for some of the aforesaid managers the Board of Directors may also extend the variable component of remuneration to include participation in a Long Term Incentive plan. Bonus entitlements under the said LTI range from 0% to 87.5% of the fixed component of remuneration.

The ratio of the variable to fixed component of the remuneration of those managers shall not exceed 1:1; however, the Shareholders' Meeting has the power to raise the aforesaid ratio to 2:1 for some of them. Any amount in excess shall be subjected to the cap mechanism described above.

Heads of control functions

The remuneration package of the persons falling within this category consists of the components described in paragraph 6.2.1.

According to the weight and complexity of the position filled, the annual variable remuneration may be equal to no more than 33.3% of the total fixed remuneration, provided the maximum level of performance objectives be attained. No guaranteed minimum is provided for.

The established objectives are consistent with the tasks assigned and are independent of the results achieved by the Bank; rather, they consist of project and service completion objectives, as well as company sustainability objectives.

The principles of deferral, achievement of the access gate, as well as the malus and claw-back mechanisms apply to such variable remuneration.

The participation in the Long Term Incentive plan is not envisaged for Heads of control functions.

Other Managers

The remuneration package of the persons falling within this category consists of the components described in paragraph 6.2.1.

According to the weight and complexity of the position filled, the annual variable remuneration may reach a maximum of 80% (which may be increased to 100% in limited cases relating to internal transfers) of the RAL, provided the maximum level of performance objectives has been attained. No fixed guaranteed minimum is provided for.

Said variable remuneration is subject to the principles of deferral, achievement of the access gates, as well as the malus and claw-back mechanisms illustrated above.

In addition, for some of the aforesaid managers the Board of Directors may also extend the variable component of remuneration to include participation in a Long Term Incentive plan. Bonus entitlements under the said LTI range from 0% to 87.5% of the fixed component of remuneration.

6.2.2 Executives and professional areas

The remuneration of other employees is regulated pursuant to the collective bargaining labour agreements applicable to credit companies, supplemented by the Supplementary Company Contract with specific regard to remuneration, as well as the Additional Agreements on regulatory and other benefits, entered into on the same date.

Some Executives can be assigned a short-term variable remuneration, linked to the degree of satisfaction of performance objectives expressed in the relevant Balanced Scorecards. This component of remuneration is conditional upon the achievement of the access gates, and subject to deferral, as well as to the malus and claw-back mechanisms illustrated above. According to the weight and complexity of the position filled, variable remuneration may range from a minimum of 10% to a maximum of 40% of the RAL, provided the maximum level of performance objectives has been attained. No fixed guaranteed minimum is provided for.

Participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds for all executives and professional areas.

6.2.3 Relationship Managers

Their remuneration is made up of:

- a fixed annual remuneration (RAL, all inclusive for managers);
- an annual variable remuneration, linked to the degree to which the performance objectives expressed in the relevant Incentive Sheets (BSC o MBO) are achieved. The principles of deferral and achievement of the access gate illustrated above apply to such variable remuneration.

Variable remuneration may extend to a maximum of 100% of gross annual remuneration (or higher levels in cases of entry or expiry plans based on net inflow/revenue objectives) and is not subject to any guaranteed minimum.

Participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds and the use of stability pacts, extension of notice and/or non-competition agreements in the event of early severance of employment is widespread.

Given that the most significant aspect of the job description of Relationship Managers involves the pursuit of the best interests of customers in strict compliance with the rules and regulations governing the distribution of investment products and services, any and all business activities on which incentive portions of remuneration may be earned, must be conducted scrupulously in accordance with all applicable principles of professionalism and propriety in all customer relations, including with a view to enhancing customer loyalty. Towards such end, alongside traditional targets set in terms of net inflows and revenues, additional targets of propriety and regulatory compliance in all transactions, as well as specific malus and claw-back mechanisms, have been introduced.

Managers belonging to this category also enjoy supplementary pension benefits up to 13% of RAL and the benefits package provided for the Banking Group's managers.

The current treatment in the event of severance of employment is determined based on applicable legislation. Indemnity mechanisms, non-competition agreements or stability pacts in the event of early severance of employment, in addition to those currently in place, may be agreed in accordance with the principles laid down in points 5.1 and 5.2 above.

6.2.4 Portfolio managers

Their remuneration is made up of:

- a fixed annual remuneration (RAL, all-inclusive for managers);

- a variable remuneration linked to a specific MBO or BSC plan. The principles of deferral, achievement of the access gates, as well as the malus and claw-back mechanisms illustrated above, apply to such variable remuneration.

The variable remuneration may reach a maximum of 100% of the annual gross remuneration. No guaranteed minimum is provided for.

Participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds.

The current treatment in the event of severance of employment is based on applicable legislation. Indemnity mechanisms, non-competition agreements or stability pacts in the event of early severance of employment, in addition to those currently in place, may be agreed in accordance with the principles laid down in points 5.1 and 5.2 above.

6.3 Financial Advisors Authorised to Make Off-Premises Offers

6.3.1 *Information on the Type of Relationship*

The Financial Advisors, with the exception of Relationship Managers, are linked to the company by an agency contract whereby the Financial Advisor is appointed permanently (and without representation) to promote and place in Italy, as part of his/her advisory service, and in an autonomous manner — on the Company's behalf and, on the Company's instructions, also in the interest of third party principal companies — financial instruments and services, banking products and services, insurance products and other products indicated in the contract, and also to provide customer service for customers acquired and/or assigned — with all the due diligence required to achieve company objectives.

The relationship may come to an end (as well as due to the occurrence of termination events provided for by the law) as a result of consensual resolution or a declaration of withdrawal of one of the two parties, in accordance with the notice periods specified, unless a breach of such gravity occurs that prevents the relationship continuing even on a temporary basis.

Deputy General Manager Commercial Networks, Alternative and Support Channels is responsible for the activities of the Private Banker and Financial Planner Networks, the Wealth Management Network and the Financial Planner Agents Network.

Within the Private Banker and Financial Planner Networks, Financial Advisors are classified according to rising levels of experience as Junior Financial Planner, Financial Planner, Private Banker, Senior Private Banker and Top Private Banker. The allocation to each one of the categories takes into account both the experience and the assets under management. Coordination of the Financial Advisors is delegated to a second-tier managerial structure consisting of the District Managers — responsible for individual local operating points and the related groups of Financial Advisors, who are assisted in some cases by supervisors, the Executive Managers — and a first-tier structure, Area Managers, who in some cases are supported by Deputy Area Managers. The Financial Advisor network known as Financial Planner Agents carries out also insurance business on behalf of Generali Group companies, and reports to a second-tier managerial structure represented by FPA Managers, who in turn report to a first-tier managerial structure represented by a Sales Manager. Within the Wealth Management network, individual Financial Advisors are coordinated by a first-tier managerial structure, consisting of Area Managers – Wealth Management, assisted by Deputy Area Managers – Wealth Management.

These professional posts receive a special remuneration package as part of a common system of rules. The general principles are set out below.

6.3.2 *Remuneration of Financial Advisors and Managers*

The remuneration of Financial Advisors — who, unlike employees, serve the Bank pursuant, not to employment contracts, but to independent agency agreements — is by definition subject to fluctuation over time, as specified above. Therefore, past remuneration is no guarantee of future reward in all such cases, and even more so, in respect of temporary entry plans.

The remuneration of Financial Advisors consists of fees of various kinds, which are influenced by the type of activity performed, the range of products placed and the distribution agreements in place with the management companies.

A Financial Advisor's remuneration is considered business income, which is figured by deducting variable or fixed business expenses (consider, for example, the costs of remunerating the advisor's own employees), and is subject to an entirely different tax treatment from salaries, to which it is not easily comparable.

The remuneration system is established at a general level, for all Financial Advisors belonging to a given category, and is not therefore directly tied to the share of the intermediary's risk profile attributable to the individual Financial Advisor. It has to combine the need to pay the Financial Advisors a remuneration proportionate to the Company's revenues, in line with rates commonly applied in the reference market, with the need to avoid situations of potential conflict of interest.

The remuneration of Banca Generali's Financial Advisors consists of the following main items:

- i. sales fees: the Bank pays the Financial Advisor a portion of the fees paid by the customer at the time the financial products are subscribed. These fees differ according to the various types of product and may vary in relation to the amount paid and/or the client's assets. A percentage of these fees is generally paid back to the Financial Advisors, on the basis of their professional roles and responsibilities;
- ii. management and maintenance fees: advisory and after-sales services rendered to customers are remunerated by way of monthly fees established not only in light of the value of the investments held by the customers in question, but also in function of the type of investment product involved and the professional roles and responsibilities covered by each Financial Advisor;
- iii. recurring fees: these are similar to the previous fees, but relate specifically to the management fees paid by customers for the portfolios managed;
- iv. consultancy fees: these are similar to the above, but refer to the specific consultancy services rendered against payment.

The fees in question are recurring and thus are not regarded as incentives.

Given that the most significant aspect of the job description of Financial Advisors involves the pursuit of the best interests of customers in strict compliance with the rules and regulations governing the distribution of investment products and services, all the related professional activities must be conducted scrupulously in accordance with the relevant principles of professionalism and correctness in respect of customer relations, including with a view to building customer loyalty. Towards such end, objectives of propriety and regulatory compliance have been introduced, with each Financial Advisor being subjected to the obligation to provide customers with adequate after-sales services. The contract regulating the relationship between the Financial Advisor and the Bank therefore includes mechanisms of recurring fee reduction in the case when the Financial Advisor does not carry out this activity as required.

With reference to the remuneration of the direct promotion activities carried out by the Managers, the fees are apportioned in a manner similar to that of Financial Advisors mentioned above; the same general rules apply, with specific percentages, to the calculation of the fees they are entitled to for their promotion activities carried out through their supervision.

Given that, also the activity of Managers involves the pursuit of the best interests of customers in strict compliance with the rules and regulations governing the distribution of investment products and services, all the related professional activities must be conducted scrupulously in accordance with the relevant principles of professionalism and correctness in respect of customer relations, including with a view to building customer loyalty. Towards such end, objectives of propriety and regulatory compliance have been introduced for Managers as well, with the obligation of ensuring that all Financial Advisors they supervise provide customers with adequate after-sales services. The contract regulating the relationship between the Manager and the Bank therefore include mechanisms of recurring fee reduction if the Financial Advisors placed under their supervision do not carry out this activity as required. Moreover, within the framework of a process of gradually increasing the responsibilities of Managers in coordination and supervision activity, there are economic mechanisms aimed at contemplating any specific risks that emerge in the area being coordinated, including for the purpose of determining recurring remuneration.

Annual incentive systems are also provided for the Financial Advisors and Managers, based on identified individual objectives for Financial Advisors and group objectives for Managers. These systems focus on net inflows and services and products designed to promote risk diversification/containment, with distinctions being drawn on the basis of the various service levels through which the said goals are pursued.

For the period 2022-2024, in addition to annual incentives, a monetary incentive system applies, which is intended to reward all those who stand out for excellent performance on an ongoing basis, in line with the bank's growth and profitability objectives.

The three-year incentive system also focuses on net inflows and services and products designed to promote risk diversification/containment, with distinctions being drawn on the basis of the various service levels through which the said goals are pursued.

The accrual of the bonus is contingent on achieving both the Banking Group's overall goals and excellent individual performance targets at the end of the observation period.

In keeping with the short-term incentive system, the three-year objectives must be achieved in accordance with the principle of correctness in relations with customers and containment of legal and reputational risks.

The beneficiaries include the Financial Advisors who were present within the Banking Group until 31 December 2019

The bonuses accrued will be subject to a deferral period of one year in order to verify ongoing maintenance of the individual or group performance level achieved at the end of the three-year incentive plan.

The three-year bonus will constitute a payment of an extraordinary, discretionary and non-contractual nature and under no circumstances may be considered an integral part of the normal remuneration of each of the beneficiaries.

The bonus for Key Personnel is subject to all the more detailed rules provided for in this Remuneration Policy with regard to the variable and fixed components of remuneration, the deferral mechanism, the payment of a portion in financial instruments and ex-post adjustment mechanisms.

Said goals must always be achieved while observing the need to maintain proper relations with customers and contain legal and reputational risks.

All the incentives are paid out only on condition that, on the dates scheduled for the payments, the agency relationship is properly in place, the notice period is not running and all the conditions required for achieving the result objectives set have occurred.

Moreover, given that the activity involves the pursuit of the best interests of customers in strict compliance with the rules and regulations governing the distribution of investment products and services, any and all business activities on which incentive portions of remuneration may be earned must be conducted scrupulously in accordance with all applicable principles of professionalism and propriety in all customer relations, including with a view to enhancing customer loyalty. Towards such end, alongside traditional targets set in terms of net inflows and revenues, additional targets of propriety and regulatory compliance in all transactions, as well as specific malus and claw-back mechanisms, have been introduced.

The right to collect the bonuses deriving from the aforementioned systems is contingent not only on the actual result achieved, but also on the reaching of the Banking Group's access gates, as discussed in point 4.2.2 above.

By resolution duly supported by a statement of grounds, Financial Advisors' and Managers' participation in retention and/or loyalty plans and possible stipulation of non-competition agreements (see also paragraphs 5.2 and 6.4) may also be approved.

In light of the Bank of Italy's Supervisory Provisions, for the intents and purposes of this document, the remuneration components included under items (i) and (iv) are to be deemed fixed remuneration components (i.e. recurring remuneration), whilst bonuses disbursed under incentive programmes and/or stock option plans, where applicable, are to be considered equivalent to the variable salary component of employees (i.e. non-recurring remuneration or incentive).

6.3.3 Positions Falling within Key Personnel

As mentioned above, the coordination of the Financial Advisors in the Private Banker and Financial Planner Networks is entrusted to Area Managers, whereas that of the Financial Advisors in the Wealth Management Area is entrusted to Wealth Management Area Managers.

Managers in these categories are subject to the same Remuneration and Incentive Policies and rules outlined above.

However, given the importance of the role of oversight and coordination assigned to Area Managers, these positions are regarded as Key Personnel. Accordingly, their variable remuneration, linked to incentive plans, is subject to the same bonus deferral schemes, payment in Banca Generali shares and access gates, as well as malus and claw-back mechanisms — specific for this category — illustrated above, as applicable to Key Personnel.

Participation in retention and/or loyalty plans may also be approved for these functions by resolution duly supported by a statement of grounds.

The ratio of the recurring and incentive components of the remuneration paid to such individuals, with the approval of the General Shareholders' Meeting, may not exceed 2:1. Any amount in excess shall be subjected to the cap mechanism described above.

Moreover, pursuant to the quantitative criteria imposed by the Supervisory Provisions and the Commission Delegated Regulation (EU) No. 923/2021, a total of 53 Financial Advisors falling into the following categories were included among Key Personnel, with the provisions set out in paragraph 1.1:

- Financial Advisors who at the end of the previous year had collected total remuneration (including both the recurring and incentive components) equal to or greater than 750,000.00 euros;
- Financial Advisors who at the end of the previous year had collected total remuneration (including both the recurring and incentive components) equal to or greater than 1,000,000.00 euros;
- Financial Advisors with remuneration equal to or greater than the lesser of i) 500,000.00 euros and ii) the total average remuneration granted to members of the body with strategic supervision and management functions and to top management, and lower than 750,000.00 euros, in light of their professional activities with a significant impact on the risk profile of the operating/business unit of reference.

Their variable remuneration, linked to incentive plans, is subject to the same bonus deferral schemes, payment in Banca Generali shares and access gates, as well as malus and claw-back mechanisms — specific for this category — illustrated above, as applicable to Key Personnel.

The ratio of fixed to variable components of the remuneration paid to such individuals shall not exceed 1:1; any amount in excess shall be subjected to the cap mechanism described above.

6.3.4 Additional benefits to the recurring remuneration

The Financial Advisors and Managers benefit from accident, health and permanent disability insurance covers and receive social security and termination benefits provided for under legislation. The above package is supplemented by a specific insurance policy covering the costs of Long Term Care in the event of disability or infirmity.

These measures are aimed at ensuring that, in addition to ordinary remuneration, Financial Advisors and Managers are also provided with a series of protections and insurance covers designed to consolidate their professional relationship with the Bank, whilst also encouraging consistent results over time, in line with the Bank's conviction that these supplementary benefits are conducive to a more effective and relaxed relationship with customers.

6.3.5 Retention Policies

A number of alternative loyalty-building schemes are used for Financial Advisors, as described below:

- the deferred loyalty bonuses, under which a predetermined amount is invested in a capitalisation policy and may be paid out seven years after 5 or 7 years of the recruitment date and on condition that, on the settlement date, the Financial Advisor has maintained his professional relationship with the Banking Group and has achieved a significant objective in terms of the quantity and quality of the assets managed.

In addition to the above loyalty-building programmes, specific loyalty-building mechanisms may apply to managers.

SECTION 2 - Compensations Paid in 2021

Introduction

Section 2 describes the application of the Remuneration Policy and Incentives Paid in 2021 approved by the General Shareholders' Meeting on 22 April 2021.

The first part is descriptive, providing an account of the structural elements of the remuneration of members of the Board of Directors and Board of Statutory Auditors, the Chief Executive Officer and General Manager, Managers with Strategic Responsibilities and other specific categories of personnel, as detailed below.

For the purposes of a clearer representation of the elements of the short- and long-term variable remuneration of the Chief Executive Officer and General Manager and Managers with Strategic Responsibilities, a summary is provided of both the implementation of the 2021 Incentive System and 2019 LTI plan, for which 2021 is the final year of measurement of long-term performance.

The second part, which is quantitative in nature, discloses, pursuant to the Consob Regulation and Bank of Italy Circular, the 2021 remuneration figures for the Board of Directors, Chief Executive Officer and General Manager, other Managers with Strategic Responsibilities and the remaining Key Personnel of the Banking Group.

The section also includes what has emerged from dialogue with shareholders and proxy advisors, with additional disclosures of certain key elements of remuneration systems relevant to investors.

General information and, in particular, information on any derogations from the Remuneration Policy

The policies adopted by the Bank ensures compliance with the regulatory capital requirements set forth in Regulation (EU) No. 575/2013 (CRR) and Circular No. 285 of 17 December 2013, in line with the European Central Bank's recommendations (Letter dated 26 November 2015 concerning variable remuneration policies), and the European Banking Authority (EBA) Guidelines on Sound Remuneration Policies.

The Remuneration Policy was implemented consistently with the Bank's corporate values and objectives, long-term strategies and risk management policies.

For 2021 as well, in the context of the Covid-19 emergency, incentive systems and remuneration mechanisms were effective in the actual performance-incentives correlation.

More specifically, overall remuneration is made of fixed and variable components, the weight of which is correlated with the strategic weight of the position held, and, in the case of certain managers, includes benefits arising under Long Term Incentive (LTI) plans envisaging long-term performance of the company or corporate group to which it belongs.

All types of variable remuneration, defined both based on incentive plans through objectives linked to the performance of the Bank and the Banking Group, and on a discretionary basis through a process linked to that of performance assessment, are correlated with indicators, which aim at appreciating the weighting of risks of the company or corporate group to which they belong, and are determined taking due account of the risks assumed and the liquidity required to cover ongoing business operations, and with a view to avoiding conflicts of interest.

The Bank did not apply any derogations from the applicable Remuneration Policy for 2021.

1. Verification of the incentive system 2021 and Long term Incentive 2019

Access gates

In order to base variable remuneration on long-term performance indicators and to take account of current and prospective risks, the cost of capital and the liquidity required to undertake the activities carried out within the framework of the Banking Group, for all employees with variable remuneration, the right to receive a bonus is conditional on not only the actual result achieved, but also the reaching of an access gate composed of the following two indicators: (i) the Total Capital Ratio, measuring the extent of the Bank's capital in relation to the degree of risk of the assets held, and the (ii) Liquidity Coverage Ratio, aimed at increasing short-term resilience of the Bank's liquidity risk profile, while ensuring it has sufficient, high-quality liquid assets to overcome any 30-day long acute stress situation. The Banking Group's access gate also plays a role in the cycles of the LTI plans, pursuant to the same mechanism and subject to the same thresholds imposed for entitlement to short-term variable remuneration.

Both the above target ratios as defined above were exceeded in 2021. Actual figures at 31 December 2021 were as follows:

- Total Capital Ratio of the Banca Generali Group: 17.4% (threshold: 13%);
- Liquidity Coverage Ratio of the Banca Generali Group: 378% (threshold: 130%).

Passing the access gate entitled the beneficiary to:

- collecting the bonuses for 2021 on the basis of the individual performance and the performance of the Banking Group;
- being assigned the Banking Group's 2019 LTI plan;
- being paid the 2021 share of the 2019 and 2020 bonuses, which had been deferred in 2021;
- satisfaction of the annual access conditions for the vesting of the Banca Generali's cycle of the 2020 LTI and 2021 LTI plan.

Deferral and share-based payment of variable short-term remuneration

A portion of the variable component of the remuneration of all the Banking Group's employees and the main network managers who, during the year, have accrued bonuses in excess of 75,000.00 euros, was subject to deferral, differentiated by i) Key Personnel (including main network managers), and ii) all other employees, defined as follows, in line with the 2021 Remuneration Policy:

Key Personnel:

variable remuneration was partly paid in Banca Generali shares, based on the following assignment and retention mechanism:

- 60% up-front; 75% in cash, and 25% in Banca Generali shares, subject to a retention period of one year;
- 20% of the bonus deferred by one year: 75% in cash, and 25% in Banca Generali shares, subject to a retention period of one year;
- The remaining 20% of the bonus deferred by two years: 75% in cash, and 25% in Banca Generali shares, subject to a retention period of one year;

If the actual bonus accrued was less than 75,000 euros it was paid up-front in full during the year after that of reference, 75% in cash and 25% in shares of Banca Generali.

Other employees:

- 60% of the bonus up-front and paid in cash;
- 20% deferred by one year and paid in cash;
- the remaining 20% of the bonus deferred by two years and paid in cash.

In both cases, assignment of shares subject to deferral will be conditional upon verification of satisfaction of access gates.

A return will be paid, in line with market rates, on individual instalments of the bonus subject to deferral in cash, upon disbursement of each instalment.

Malus and claw-back mechanisms

Variable remuneration earned by all staff under BSC and MBO mechanism and/or on a discretionary basis, as well as by network managers and Financial Advisors serving the Banking Group, shall be subject to specific malus and claw-back mechanisms entailing the non-payment and/or the restitution of bonuses already paid, upon the occurrence of certain specific conditions set forth in the approved Remuneration Policies.





The above mechanisms do not apply to any beneficiaries of variable remuneration within the scope of Managers with Strategic Responsibilities in 2021.

Principle of Propriety and the Containment of Reputational Risks

The remuneration and incentive systems for the distribution networks have also been formalised according to criteria of propriety in dealings with customers and the containment of legal and reputational risks through the inclusion of specific malus and claw-back clauses, which also called for the evaluation of the number of complaints attributable to the activity of each Relationship Manager and each Financial Advisor when determining the bonus accrued, in addition to the assessment of special situations in cases of disciplinary measures, extraordinary inspections and reputational damages.

2021 Incentive System

The following details of the performance achieved are provided with regard to the calculation of the 2021 LTI plan of the Chief Executive Officer and General Manager:

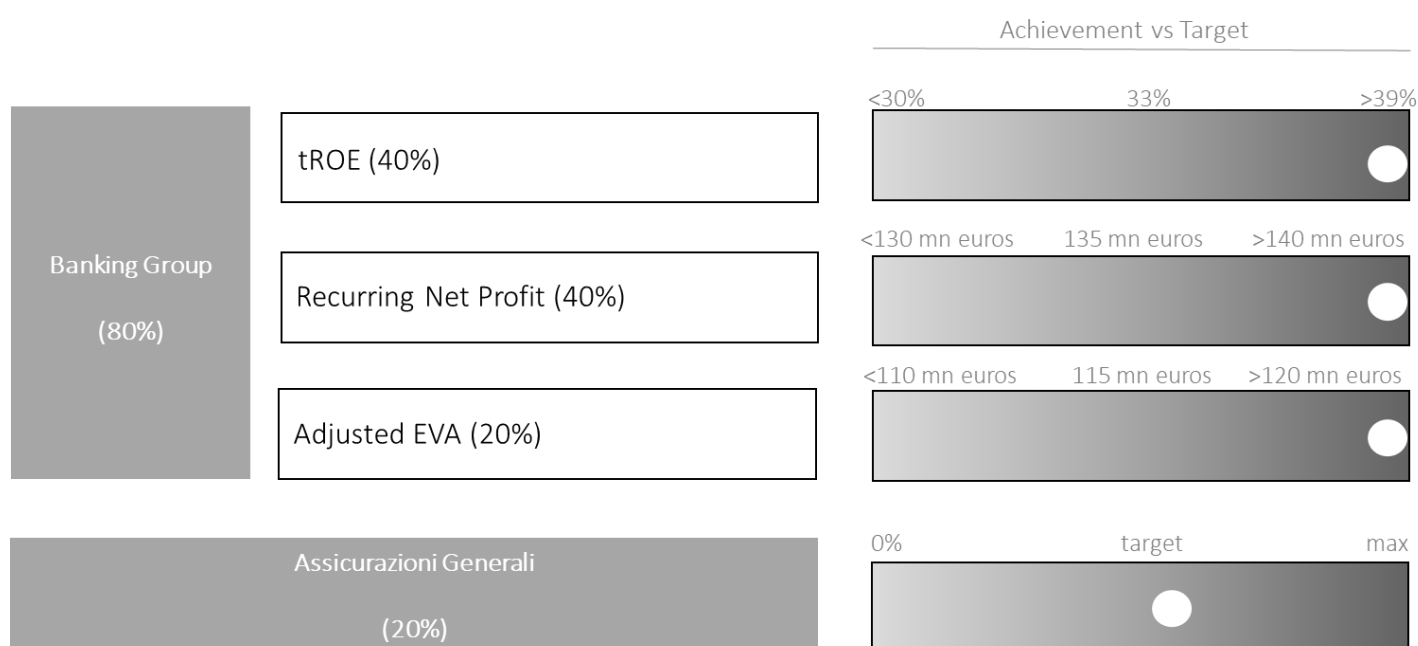
Prospective	KPI	Weight	Achievement vs Target		
			Min (1)	Target (2)	Max (3)
Risk-adjusted economic and financial performance	Return on Risk Adjusted Capital (RORAC)	15%			
	Recurring Net Profit	25%			
	Total General Expenses	10%			
	Commercial objectives	10%			

It should be noted that:

- the performance target corresponds to 100% of the budget for the year of reference;
- non-financial results/ESG KPIs refer to projects whose implementation was classified as a priority in the Industrial Plan, and have an overall weight of 40%. In detail, in 2021 these projects mainly focused on objectives related to Efficiency & Business Transformation, People Value and Sustainability Commitment. In this regard, actions undertaken focused, by way of example and without limitation, on a stronger digitalisation development, training plans aimed at leadership and talent development and gender inclusion, implementation of remote working procedures and the Banking Group's internalisation. The KPIs linked to these projects received a positive evaluation by the Board of Directors with respect to the Industrial Plan's expectations for the year of reference. The details of the initiatives completed in 2021 are presented in the 2021 Annual Integrated Report.
- Final calculation was performed by linear interpolation between the targets set for each objective, as described in more detail in paragraph 4.3 of Section I of this Report.

2019 Long-Term Incentive Plan

Since the eligibility condition for accrual of the 2021 share of the incentive for both the Banking Group and Generali Group was met for the 2019 Long-Term Incentive Plan, the performance levels reached during the three years for the formulation of the bonus, which will be paid 100% in shares according to the terms and conditions of the 2021 Remuneration Policy, are set out below:



In the case of the objectives for Assicurazioni Generali, the overall level of achievement of the objectives set for the 2019-2021 LTI plan, average net ROE, ESP growth and rTSR, are represented. For the details, refer to the Report on Remuneration Policy and Compensations Paid of Assicurazioni Generali.

2. Information on Remuneration by Role and Functions

2.1 Remuneration of Company Directors

The remuneration for members of the Board of Directors, including members of the Board Committees, was determined by following the procedures defined and described in the presentation of Remuneration Policies for 2021. Non-executive Directors, including the Chairman of the Board of Directors, were not entitled to any form of variable remuneration linked to the attainment of specific objectives nor to share-based incentive plans.

The relevant year-end figures — including the information concerning the position of the Chairman of the Board of Directors — are set forth in detail in Table 1 – Compensations Paid to Members of the Governing and Control Bodies, General Managers and Other Managers with Strategic Responsibilities, to which the reader is referred.

A D&O policy has been contracted covering the members of the Board of Directors, as illustrated in the document presenting the Remuneration Policies for 2021.

2.2 Remuneration of Members of the Board of Statutory Auditors

The remuneration of the members of the Board of Statutory Auditors was established by the General Shareholders' Meeting at the time of the appointment of the said Board. The members of the Board of Statutory Auditors also receive further and different remuneration, in addition to their compensation as members of the Company's control board, in consideration of the fact that the said Board also discharges the tasks and functions of the Supervisory Board instituted pursuant to Legislative Decree No. 231/2001.

Acting Auditors were not entitled to any form of variable remuneration.

The relevant year-end figures are set forth in detail in Table 1 – Compensations Paid to Members of the Governing and Control Bodies, General Managers and Other Managers with Strategic Responsibilities, to which the reader is referred.

A D&O policy has been contracted covering the members of the Board of Auditors, as illustrated in the document presenting the Remuneration Policies for 2021.

2.3 Remuneration of the Chief Executive Officer and General Manager

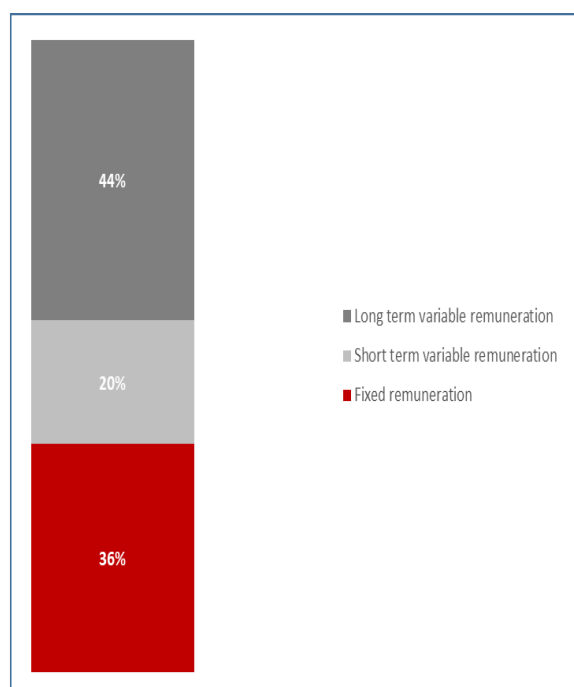
In accordance with the principles of the Group's Remuneration Policy, the remuneration package of the Chief Executive Officer and General Manager included the following elements in the year of reference (2021):

- gross annual remuneration, in the capacity of executive, of 585,769.57 euros, and gross annual compensation, in the capacity of Chief Executive Officer, of 50,000.00 euros;
- a short-term variable component of remuneration with payment of a bonus associated with annual objectives, with a maximum level of 433,333.00 euros, gross;
- a long-term variable component in view of which, upon the achievement of the assigned objectives, a total maximum amount of 175% of the current fixed remuneration may be paid in the event of over-performance;
- other benefits and severance provisions: in line with what is defined by the guidelines and the limits imposed by the Group's Policy.

With particular regard to the variable components of remuneration (as shown in the image), the Chief Executive Officer/General Manager became entitled to the following in the year of reference (2021):

- a short-term variable component: on the basis of the results achieved, the amount of the annual part of the variable component is believed to be 429,081.64 euros, gross, an amount that was determined in view of the degree of achievement of the objectives set by the Board of Directors in the individual module, the level of achievement of which is described in the foregoing section; on this point, it should also be noted that the Chief Executive Officer/General Manager, like other Managers with Strategic Responsibilities⁴⁴, has proposed to the Board of Directors (which agreed) that a 20% reduction be applied to the annual bonus (which will therefore be paid in the amount of 343,265.31 euros, gross), and that the remaining sum be put towards increasing the Bank's investments in the training of its personnel;
- a long-term variable component: upon the conclusion of the performance period of the 2019 LTI plan, and on the basis of the degree of achievement of the objectives concerned, considering a total amount of 1,050,000.00 euros corresponding to 51,860 shares (at the assignment date) it was resolved to assign 47,859 shares equal to 968,992.00 euros (at the assignment price). The 47,859 shares assigned are subject to the retention periods indicated in the plan. In the case of the 2020-2022 LTI plan (for which the maximum assignable number of shares is 35,337) and 2021-2023 LTI plan (for which the maximum assignable number of shares is 41,240), as provided for in the plan regulation, the related shares will accrue at the end of the three-year period of reference of the respective plans.

The remuneration also includes 151,996.67 euros of other remuneration and benefits provided for the managers of the Banking Group.



2.4 Remuneration of Other Managers with Strategic Responsibilities

This personnel category includes:

- the DGM Wealth Management, Markets and Products;

⁴⁴ See note 2 below.

- the DGM Commercial Networks, Alternative and Support Channels.

Their remuneration consists of all-inclusive annual remuneration (RAL), a position-related indemnity, where applicable, a variable remuneration linked to the degree of satisfaction of performance objectives, and other remuneration and benefits related to the position of Managers of the Banking Group.

With particular regard to the year of reference (2021), remuneration included:

- all-inclusive total annual remuneration, including position indemnities, where applicable, of 573,076.90 euros;
- a total short-term variable component accrued in view of the results achieved, with regard to the position of strategic manager, of 388,848.44 euros⁴⁵; a long-term variable component, accrued at the end of the performance period of the 2019 LTI and on the basis of the degree of achievement of the related objectives, which involves the assignment of a total of 39,883 shares (of a maximum assignable number of 43,217 shares). The 39,883 shares assigned are subject to the retention periods indicated in the plan. With regard to the 2020-2022 LTI plan (for which a total maximum of 30,625 shares may be assigned) and the 2021-2023 LTI plan (for which a total maximum of 34,896 shares may be assigned).

The total remuneration of personnel included in this category is also comprised of 146,610.12 euros of other remuneration and benefits provided for the managers of the Banking Group.

2.5. Remuneration of other Key Personnel

In 2021 management changes entailed the total presence, for the year in question, for the year or fraction of the year, of 69 individuals in the category of Key Personnel.

A breakdown of remuneration of Key Personnel for financial year 2021 is presented in *Attachment Article 450 CRR, letter h) Aggregate Quantitative Information on Remuneration, Broken Down by Category of Key Personnel* which refers to the remuneration of personnel that, pursuant to the Company's internal self-assessment process, has been identified as belonging to such category.

Members of Key Personnel with remuneration exceeding 1 million euros are a total of 29, of whom 21 in the bracket from 1 to 1.5 million euros, 6 in the bracket from 1.5 to 2 million euros, 1 in the bracket from 2 to 2.5 million euros and 1 in the bracket from 3 to 3.5 million euros.

2.6 Remuneration for Other Employees

Turning to the remuneration of employees not considered Key Personnel, the following is an account of the main aggregates for the professional families of Relationship Managers (Relationship Managers di Banca Generali and BG Valeur), Managers (managers from the AM Area and BG Fund Management Luxembourg) and other employees.

In particular, in the following figures the fixed portion refers to the gross annual remuneration collected, whereas the variable portion refers to the estimate of variable remuneration based on the Balanced Scorecard (BSC) and management by objectives (MBO) mechanisms, and of the discretionary variable remuneration also linked to the annual evaluation for those not benefiting from BSC/MBO mechanisms.

The Relationship Manager's variable remuneration presented below does not include entry plans.

	No. of beneficiaries	Fixed remuneration	Variable remuneration
Relationship Managers	77	7,895,480.93	3,434,257.14
Asset Managers	32	3,170,153.71	2,006,000.00
Other employees:	917	40,053,403.37	4,383,250.00

The table set out below represents the change, from 2019 to 2021, in the company's results, in the compensation of individuals for whom remuneration is disclosed by name and in remuneration of employees:

⁴⁵ Two strategic executives, like the Chief Executive Officer/General Manager, proposed to the Board of Directors (which accepted the proposal) a 20% reduction of their annual bonus, using the resulting sum to increase the Bank's existing investments in the training of its personnel, with the result that the amount of the variable remuneration that will actually be paid overall to the parties indicated above will be 311,078.76 euros, gross.

	2020 vs 2019	2021 vs 2020
Risultati della società (€/mln)		
Net Recurring	6,9%	11,2%
AUM Reported	7,9%	15,1%
Presidente CDA		
Fancel Giancarlo (in carica sino al 22.04.2021)	0,0%	nd
Cangeri Antonio (in carica dal 22.04.2021)	nd	nd
Amministratore Delegato e Direttore Generale ¹		
Mossa Gian Maria	-14,2%	10,1%
Consigliere ²		
Brugnoli Giovanni (in carica sino al 22.04.2021)	10,6%	nd
Gervasoni Anna (in carica sino al 22.04.2021)	6,5%	nd
Lapucci Massimo	11,7%	17,9%
Pescatori Annalisa	7,8%	20,4%
Terzi Vittorio Emanuele	7,7%	21,5%
Cocco Roberta (in carica dal 22.04.2021)	nd	nd
Caprio Lorenzo (in carica dal 22.04.2021)	nd	nd
Rustignoli Cristina	0,0%	0,0%
Caltagirone Azzurra	0,0%	0,0%
Cremona Massimo (in carica sino al 22.04.2021)	0,0%	nd
Freddi Natale (in carica sino dal 22.04.2021)	nd	nd
Anaclerio Mario Francesco	0,0%	12,9%
Minutillo Flavia	0,0%	12,9%
Dipendenti della società ³		
	1,9%	3,1%

1 Fixed remuneration, benefits, short-term variable remuneration in the years of accrual and fair value of the portions of the LTI plans accrued during the years, per Table 3A, column 12. The change is due to the valuation of the long-term component (LTI), updated on the basis of the characteristics and conditions of the currently existing plans.

2 Figure linked to the number of attendance tokens.

3 Average fixed gross annual remuneration, based on full-time Banca Generali employees.

3. Information on the Remuneration of Financial Advisors

Financial Advisors serve the Bank pursuant to an agency agreement providing for, *inter alia*, variable remuneration directly linked to various types of revenues, on a percentage basis. The said variable remuneration is however recurrent, insofar as it is directly linked to the assets entrusted to each Financial Advisor and the related advisory and placing activities. A small proportion also derives from fees on individual sale transactions. Moreover, Financial Advisors may also qualify for further remuneration under various incentive plans implemented by the company at its discretion, primarily with a view to rewarding excellence in professional performance during the relevant accounting period.

By way of general information, it should be noted that the weight of fee expense in 2021 (almost entirely related to fees paid to Financial Advisors) on overall fee income was as shown in the table below:

	2021
Total payout (with performance commissions)	37.9%
Total payout (without performance commissions)	46.7%
Pay out including the provisions for incentive fees and recruitment.	

With regard to the substantially recurrent component of the remuneration of the network, the following factors have been confirmed: (i) the mechanisms aimed at reducing the fees payable to Financial Advisors and their Managers in the event of substandard after-sales services to customers during 2021; (ii) within the framework of a process of gradually increasing the accountability of network managers in coordination and oversight activity, the mechanisms aimed at contemplating any specific risks that emerge in the area being coordinated, including for the purpose of determining recurring remuneration.

Turning to the fee component tied to incentive systems, based on the identification of individual objectives (and group objectives, for Managers), it is confirmed that it accounts on the whole for a modest overall percentage of the Financial Advisors' total remuneration that rises as a function of the managerial position filled, and that the sales objectives rewarded for Financial Advisors related to net inflows associated with macro-aggregates. The use of such macro-aggregates allows incentive policies to be prevented from fostering the distribution of the Group's products over the products of third parties and from resulting in efforts to sell single products.

More specifically, in the case of Financial Advisors serving in managerial positions at the end of 2021, incentives accounted for about 13% of overall pay-out.

The variable remuneration accrued for 2021 by the main network managers amounted to 8,913,986 euros overall of which 60% paid in 2021, 20% to be paid after verification of satisfaction of the access gate for the following year; and the remaining 20%, after a further year, again subject to satisfaction of the access gate applicable for that year.

Financial Advisors and Managers who are found to have wilfully engaged in conduct harmful to the Bank or its customers will lose all entitlements to pay-outs due under incentive plans. Moreover, the Bank reserves the discretionary right to refuse to make bonus pay-outs to Financial Advisors who (i) are subjected to disciplinary measures or pending non-routine inspections; and/or (ii) as a result of their conduct, manifestly occasion reputational harm to the Bank. Furthermore, pursuant to specific provisions, in the event of malfeasance on the part of a Financial Advisor that results in monetary liability for the Bank for any reason or cause whatsoever, the Bank is entitled to claw back bonus payments made during the year in which the malfeasance was committed, as well as the preceding year.

With regard to the Loyalty Programme for the Sales Network, it should be noted that the average percentage of the bonus actually accrued in the first four years of the plan by the persons entitled to participate in the annual plan with respect to the total bonus that can be potentially assigned, was 86.3%.

4. Tables

4.1 Tables pursuant to the Rules for Issuers issued by Consob. 21623

Table 1

Compensations Paid to Members of the Administrative and Control Bodies, General Managers and Other Managers with Strategic Responsibilities

Table 2

Stock Options Granted to Members of the Administrative Body, General Managers and Other Managers with Strategic Responsibilities

Table 3A

Incentive Plans for Members of the Administrative Body, General Managers and Other Managers with Strategic Responsibilities based on Financial Instruments Other than Stock Options

Table 3B

Monetary Incentive Plans for Members of the Administrative Body, General Managers and Other Managers with Strategic Responsibilities

Layout 7-ter

Table 1 – Shares Held by Members of the Administrative and Control Bodies and General Managers

Table 2 – Shares Held by Other Managers with Strategic Responsibilities

4.2 Tables prepared in accordance with the Bank of Italy provisions – 7th update of Circular No. 285 of 17 December 2013, Part I, Title IV, “Corporate Governance, Internal Controls, Risk Management” – Chapter 2, “Remuneration and Incentive Policies and Practices” – Section VI – Article 450 CRR (Reg. EU No. 575/213)

Annex Article 450 CRR, Letter g):

Aggregate Quantitative Information on Remuneration, Broken Down by Business Areas, Concerning “Key Personnel”

Annex Article 450 CRR, Letter h):

Aggregate Quantitative Information on Remuneration, Broken Down by Category of “Key Personnel”

.1 Tables prepared pursuant to Consob Resolution No. 18049

Table 1 – Compensations Paid to Members of Administrative and Control Bodies, General Managers and Other Managers with Strategic Responsibilities

(A)	(B)	(C)	(D)	Notes	(1)					(2)	(3)		(4)	(5)	(6)	(7)	(8)
Surname and name	Office held	Period for which office was held	Term of office		Fixed remuneration					Remuneration for sitting on committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	End-of-term and severance indemnities
					Fixed remuneration	Offices as per Art. 2389, para. 3, of the Italian Civil Code	Attendance fees	Lump-sum expense refund	Fixed remuneration as employees		Bonuses and other incentives	Profit sharing					
FANCEL Giancarlo	Director/Chairman of the BoD	01.01-22.04.2021	Approval of 2020 Financial Statements		21.288										21.288		
CANGERI Antonio	Director/Chairman of the BoD	22.04 - 31.12.2021	Approval of 2023 Financial Statements		69.178										69.178		
MOSSA Gian Maria	Director/Chief Executive Officer	01.01-31.12.2021	Approval of 2023 Financial Statements	1	45.000	50.000									95.000		
	General Manager	01.01-31.12.2021	3 / 4				357	585.770		321.811		144.896	7.101	1.059.934	780.293	
BRUGNOLI Giovanni	Director	01.01-22.04.2021	Approval of 2020 Financial Statements	2	13.685					23.603					37.288		
GERVASONI Anna																	
I) Remuneration in the company preparing the Financial Statements	Director	01.01-22.04.2021	Approval of 2020 Financial Statements	2	13.685					25.123					38.808		
II) Remuneration from subsidiaries and associates				6	3.493										3.493		
III) Total					17.178					25.123					42.301		
LAPUCCI Massimo	Director	01.01-31.12.2021	Approval of 2023 Financial Statements	2	45.000					90.610					135.610		
PESCATORI Annalisa	Director	01.01-31.12.2021	Approval of 2023 Financial Statements	2	45.000					87.438					132.438		
TERZI Vittorio Emanuele	Director	01.01-31.12.2021	Approval of 2023 Financial Statements	2	45.000					91.089					136.089		
COCCO Roberta	Director	22.04-31.12.2021	Approval of 2023 Financial Statements	2	31.315					29.815					61.130		
CAPRIO Lorenzo	Director	22.04-31.12.2021	Approval of 2023 Financial Statements	2	31.315					48.877					80.192		
RUSTIGNOLI Cristina	Director	01.01-31.12.2021	Approval of 2023 Financial Statements	1	45.000										45.000		
CALTAGIRONE Azzurra	Director	01.01-31.12.2021	Approval of 2023 Financial Statements		45.000										45.000		
CREMONA Massimo	Chairman of the Board of Statutory Auditors	01.01-22.04.2021	Approval of 2020 Financial Statements	5	24.548										24.548		
FREDDI Natale	Chairman of the Board of Statutory Auditors	22.04-31.12.2021	Approval of 2023 Financial Statements	5	66.110										66.110		
ANACLERIO Mario Francesco	Acting Auditor	01.01-31.12.2021	Approval of 2023 Financial Statements	5	62.110										62.110		

(A)	(B)	(C)	(D)	Notes	(1)					(2)	(3)		(4)	(5)	(6)	(7)	(8)
Surname and name	Office held	Period for which office was held	Term of office		Fixed remuneration					Remunerati on for sitting on committees	Non-equity variable remuneration		Non-monetar y benefits	Other remuneration	Total	Fair value of equity remuneration	End-of-term and severance indemnities
					Fixed remuneration	Offices as per Art. 2389, para. 3, of the Italian Civil Code	Attendance fees	Lump-sum expense refund	Fixed remuneration as employees		Bonuses and other incentives	Profit sharing					
MINUTILLO Flavia	Acting Auditor	01.01-31.12.2021	Approval of 2023 Financial Statements	5	62.110										62.110		
Managers with Strategic Responsibilities	Deputy General Managers (No. 2)	01.01-31.12.2021														
I) Remuneration in the company preparing the Financial Statements				3 / 4				1.146	573.077		291.636		136.311	10.299	1.012.469	664.637	
II) Remuneration from subsidiaries and associates																	
III) Total								1.146	573.077		291.636		136.311	10.299	1.012.469	664.637	

1 Pays back/waives of fixed remuneration for the position to the company by which the person is employed.

2 The following table provides a breakdown of the remuneration received for sitting in Committees, accrued in the reporting year.

Surname and name	Remuneration Committee		Nomination Committee		Internal Audit and Risk Committee		Credit Committee		Total
	Fixed remuneration	Attendance fees	Fixed remuneration	Attendance fees	Fixed remuneration	Attendance fees	Fixed remuneration	Attendance fees	
Brugnoli Giovanni	4.562	8.000	3.041	8.000					23.603
Caprio Lorenzo					10.438	16.000	10.438	12.000	48.877
Cocco Roberta	6.907	8.000	6.907	8.000					29.815
Gervasoni Anna	3.041	8.000			6.082	8.000			25.123
Lapucci Massimo	6.610	12.000	15.000	18.000	15.000	24.000			90.610
Pescatori Annalisa			10.000	16.000	15.000	24.000	10.438	12.000	87.438
Terzi Vittorio Emanuele	13.479	20.000			15.000	24.000	6.610	12.000	91.089
Total	34.600	56.000	34.949	50.000	61.521	96.000	27.487	36.000	396.555

Amounts are reported net of VAT and social security contributions, where applicable.

3 The item relating to non-monetary benefits and that relating to other remuneration includes the payment of premiums and miscellaneous social security and assistance contributions, as well as other fringe benefits, such as the use of a company car.

4 Total bonuses and other incentives are equal to the total amount of the items 2A, 2B and 4, line III, of the following Table 3B.

5 Remuneration for sitting on the Supervisory Board is included (Legislative Decree No. 231).

6 Remuneration paid for the position of Director of Generfid S.p.A.

It should be noted that the lack of figures implies that no amount has been paid to the persons indicated.

Table 2 – Stock Options Granted to Members of the Administrative Body, General Managers and Other Managers with Strategic Responsibilities

SURNAME AND NAME	OFFICE HELD	PLAN	OPTIONS HELD AT YEAR-START			OPTIONS GRANTED DURING THE YEAR					OPTIONS EXERCISED DURING THE YEAR			OPTIONS EXPIRED	OPTIONS HELD AT YEAR-END	OPTIONS ACCRUED IN THE YEAR
			NUMBER OF OPTIONS	STRIKE PRICE	EXPECTED VESTING PERIOD	NUMBER OF OPTIONS	STRIKE PRICE	EXPECTED VESTING PERIOD	FAIR VALUE AT ASSIGNMENT DATE	MARKET PRICE OF THE UNDERLYING SHARES AT THE ASSIGNMENT OF OPTIONS	NUMBER OF OPTIONS	STRIKE PRICE	MARKET PRICE OF THE UNDERLYING SHARES AT THE ASSIGNMENT OF OPTIONS	NUMBER OF OPTIONS	NUMBER OF OPTIONS	FAIR VALUE
(i) remuneration in the company preparing the Financial Statements			-								-			-		
ii) remuneration from subsidiary and associate companies			-								-			-		
iii) Total			-								-			-	-	

Table 3A – Incentive Plans for Members of the Administrative Body, General Managers and Other Managers with Strategic Responsibilities Based on Financial Instruments Other than Stock Options

		Financial instruments granted in previous years and not vested during the reporting year		Financial instruments granted in previous years and not vested during the reporting year		Financial instruments granted during the year					Financial instruments vested during the reporting year and not assigned	Financial instruments vested during the reporting year that can be assigned		Financial instruments for the reporting year
A	B	(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Surname and Name	Office held	Plan (1)	Type of financial instruments	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at assignment date	Vesting period	Assignment date (1)	Market price at the assignment date (1)	Number and type of financial instruments	Number and type of financial instruments	Value at the maturity date	Fair value
MOSSA Gian Maria	Chief Executive Officer and General Manager	2019-2021 LTI (2)	Banca Generali ordinary shares								4,001 (3)	47.859	1.457.967	325.076
(I) remuneration in the company preparing the Financial Statements	Chief Executive Officer and General Manager	2020-2022 LTI (4)	Banca Generali ordinary shares	35.337	2020-2022									128.462
	Chief Executive Officer and General Manager	2021-2023 LTI (5)	Banca Generali ordinary shares			41.240	865.396	2021-2023	22.04.2021	30,69				230.772
	Chief Executive Officer and General Manager	2019 BSC	Banca Generali ordinary shares									969	29.519	6.476
	Chief Executive Officer and General Manager	2020 BSC	Banca Generali ordinary shares	667	2020-2022							667	20.319	9.371
	Chief Executive Officer and General Manager	2021 BSC (6)	Banca Generali ordinary shares			3.889	102.723	2021-2023	22.04.2021	30,69		2.333	71.072	80.136
(II) remuneration from subsidiary and associate companies														
(III) Total						968.119						1.578.878	780.293	

		Financial instruments granted in previous years and not vested during the reporting year		Financial instruments granted during the year		Financial instruments vested during the reporting year and not assigned						Financial instruments vested during the reporting year that can be assigned		Financial instruments for the reporting year
A	B	(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Surname and Name	Office held	Plan (1)	Type of financial instrument	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at assignment date	Vesting period	Assignment date (1)	Market price at the assignment date (1)	Number and type of financial instruments	Number and type of financial instruments	Value at the maturity date	Fair value
Other Managers with Strategic Responsibilities	DGM Wealth Management, Markets and Products; DGM Commercial Networks, Alternative and Support Channels	2019-2021 LTI (2)	Banca Generali ordinary shares								3.334 (3)	39.883	1.214.988	270.899
(I) remuneration in the company preparing the Financial Statements	DGM Wealth Management, Markets and Products; DGM Commercial Networks, Alternative and Support Channels	2020-2022 LTI (4)	Banca Generali ordinary shares	30.625	2020-2022									111.332
	DGM Wealth Management, Markets and Products; DGM Commercial Networks, Alternative and Support Channels	2021-2023 LTI (5)	Banca Generali ordinary shares			34.896	732.271	2021-2023	22.04.2021	30,69				195.272
	DGM Wealth Management, Markets and Products; DGM Commercial Networks, Alternative and Support Channels	2019 BSC	Banca Generali ordinary shares									886	26.991	5.921
	DGM Wealth Management, Markets and Products; DGM Commercial Networks, Alternative and Support Channels	2020 BSC	Banca Generali ordinary shares	610	2020-2022							610	18.583	8.571
	DGM Wealth Management, Markets and Products; DGM Commercial Networks, Alternative and Support Channels	2021 BSC (6)	Banca Generali ordinary shares			3.525	93.109	2021-2023	22.04.2021	30,69		2.115	64.431	72.642
(II) remuneration from subsidiary and associate companies														
(III) Total		825.380										1.324.993		664.637

NOTES:

(1) For LTI plans:

- the date of assignment and the market price at assignment refer to the dates of Shareholders' resolutions approving the plans by the General Shareholders' Meeting of Banca Generali S.p.A. (2019-2021 LTIP Shareholders' resolution dated 18 April 2019; 2020-2022 LTIP Shareholders' resolution dated 23 April 2020; 2021-2023 LTIP Shareholders' resolution dated 22 April 2021).

(2) Number of shares that will be attributed in April 2022 at the end of the plan vesting period based on the achievement of objectives set for the 2019-2021 three-year period. The overall value of the shares at vesting was reported considering the official price of the share at 9 March 2022, i.e., the date when the Board of Directors of Banca Generali approved the draft Financial Statements and the Consolidated Financial Statements related to the previous year. As provided for in the plan regulation, shares will vest at the end of the three-year period of reference and 50% of the shares that may be assigned at the end of the three-year period will be subject to an additional deferral.

(3) Number of total non-attributable shares as a result of the performance achieved in the three-year period.

(4) Maximum number of shares that may potentially be attributed at the end of the vesting period (2020-2022), provided that plan objectives are achieved and subject to the terms and conditions of the plan. As provided for in the plan regulation, shares will vest at the end of the three-year period of reference and 50% of the shares that may be assigned at the end of the three-year period will be subject to an additional deferral.

(5) Maximum number of shares that may potentially be attributed at the end of the vesting period (2021-2023), provided that plan objectives are achieved and subject to the terms and conditions of the plan. As provided for in the plan regulation, shares will vest at the end of the three-year period of reference and 50% of the shares that may be assigned at the end of the three-year period will be subject to an additional deferral.

(6) The information on the financial instruments assigned during the year refer to the overall maximum number of shares attributable at the end of the vesting period (2021-2023), subject to the satisfaction of the access gates of the Banking Group.

Table 3B – Monetary Incentive Plans for Members of the Administrative Body, General Managers and Other Managers with Strategic Responsibilities

A	B	(1)	(2)			(3)			(4)
Surname and Name	Office held	Plan	Bonus for the year			Prior years bonus			Other bonuses
			A	B	C	A	B	C	
			Payable/ paid	Deferred	Deferment period	No longer payable	Payable/ paid	Still deferred	
Mossa Gian Maria	Chief Executive Officer/General Manager	2019 BSC (*)			2021-2022		58.848		
(I) remuneration in the company preparing the Financial Statements		2020 BSC (*)			2022-2023		59.497	59.497	
		2021 BSC (*)	193.087	128.724	2023-2024				
(II) remuneration from subsidiary and associate companies									
(III) Total			193.087	128.724			118.345	59.497	
Other Managers with Strategic Responsibilities									
(I) remuneration in the company preparing the Financial Statements	DGM Wealth Management, Markets and Products; DGM Commercial Networks, Alternative and Support Channels	2019 BSC (*)			2021-2022		53.844		
	DGM Wealth Management, Markets and Products; DGM Commercial Networks, Alternative and Support Channels	2020 BSC (*)			2022-2023		54.387	54.387	
	DGM Wealth Management, Markets and Products; DGM Commercial Networks, Alternative and Support Channels	2021 BSC (*)	174.982	116.655	2023-2024				
(II) remuneration from subsidiary and associate companies									
(III) Total			174.982	116.655			108.231	54.387	

NOTES:

(*) The amount represents the cash portion for 2019 BSC, 2020 BSC and 2021 BSC.

For variable remuneration based on BSC and MBO, individual instalments paid on a deferred basis are increased by a return at market rates when paid out.

Table 1 – Shares Held by Members of the Administrative and Control Bodies and General Managers

Surname and Name	Office held	Investee Company	No. of shares held at the end of the previous year	No. of shares purchased (1)	No. of shares sold	No. of shares held at the end of the current year
Rustignoli Cristina	Director	Banca Generali	1.728	-	-	1.728
Lapucci Massimo	Director	Banca Generali	1.000	-	-	1.000
Mossa Gian Maria	Chief Executive Officer and General Manager	Banca Generali	27.325	37.272	14.131	50.466

(1) Changes also refer to the payment of bonuses in shares

Table 2 – Shares Held by Other Managers with Strategic Responsibilities

No. of Managers with Strategic Responsibilities	Investee Company	No. of shares held at the end of the previous year	No. of shares purchased (1)	No. of shares sold	No. of shares held at the end of the current year
2*	Banca Generali	19.089	31.842	11.307	39.624
(*) Other Managers with Strategic Responsibilities who have held shares: 1 DGM Wealth Management Markets and Products and 1 DGM Commercial Networks, Alternative and Support Channels.					

(1) Changes also refer to the payment of bonuses in shares.

4.2 Tables prepared in accordance with the Bank of Italy provisions – 7th update of Circular No. 285 of 17 December 2013, Part I, Title IV, “Corporate Governance, Internal Controls, Risk Management” – Chapter 2, “Remuneration and Incentive Policies and Practices” – Section VI – Article 450 CRR (Reg. EU No. 575/213)

Annex Article 450 CRR, letter g): Aggregate Quantitative Information on Remuneration, Broken Down by Business Areas, Concerning “Key Personnel”

Company	Business lines (*)	No. of beneficiaries	Fixed remuneration (**)	2021 Variable remuneration (***)	Notes
Banca Generali	Member of the administrative body	1	788.123	429.082	(1)
Banca Generali	Control functions	3	542.849	129.052	(2)
Banca Generali	Corporate functions	7	2.187.031	1.372.990	(3)
Banca Generali/BG Valeur	Investment Banking	54	35.429.403	19.798.803	(4)
Banca Generali	Retail Banking	2	432.996	214.125	
Banca Generali/BG FML	Asset management	2	613.777	387.734	

(*) Business lines envisaged by the data collection of the Bank of Italy/EBA.

(**) The item also includes fringe benefits.

(***) The 2021 variable component is calculated based on: i) the Balanced scorecard (BSC) system, with application of the deferral mechanism, where applicable, and ii) several bonuses/agreements/one-off payments.

(1) Information relating to Mr. Mossa, who holds the position of Chief Executive Officer and General Manager.

(2) Information relating to the Head of the Risk and Capital Adequacy Department, the Compliance and Anti Money Laundering and the Internal Audit Department.

(3) Information relating to Deputy General Manager Wealth Management, Markets and Products; Head of the CFO & Strategy Area; Head of the COO & Innovation Area; Head of the General Counsel Area; Head of the Wealth Management Area; Head of the Human Resources Department; Head of the Marketing and External Relations Department (for the latter, remuneration paid for the partial secondment to Assicurazioni Generali is not included).

(4) Information on: Deputy General Manager Commercial Networks, Alternative and Support Channels; Head of the Private Relationship Manager Area; Head of the Financial Advisor Networks Area; Head of the Finance Department; Head of the Banca Generali Certificates Hub Service; Head of Equity Private Investments; General Manager of BG Valeur S.A.; CIO of BG Valeur S.A.; and the following main network managers: 1 Sales Manager Italy; 6 Area Managers of the Private Banker and Financial Planner Division; 3 Area Managers of the Wealth Management Division; 1 Recruiting Manager Italy; 1 Head of Recruiting; 1 Head of Business Development Top WA/PB; 1 Head of Advisory; and 32 Financial Advisors.

Annex Article 450 CRR, letter h): Aggregate Quantitative Information on Remuneration, Broken Down by Category of “Key Personnel”

with indication of:

amounts of remuneration for the year broken down by fixed and variable component and number of beneficiaries;

amounts and forms of the variable component of remuneration, broken down by cash, shares, share-based instruments and other types;

amounts of existing deferred remuneration, broken down by shares assigned and not assigned;

the amounts of deferred remuneration acknowledged during the year, paid and reduced by means of corrections of performance;

new payments for recruitment benefits and termination severance made in the year and number of beneficiaries;

amounts paid for severance indemnities accrued during the year, number of beneficiaries and highest amount paid to an individual person.

A) Top Management

Banca Generali: CEO (Mr. Mossa); Top Management: General Manager (Mr. Mossa), Deputy General Manager Wealth Management Markets and Products and Deputy General Manager Commercial Networks, Alternative and Support Channels.

Company	Personnel category	No. of beneficiaries	i) Remuneration			ii) Amounts and type of variable component (**)				iii) Deferred remuneration (***)		iv) Deferred remuneration (***) (****)			v) Indemnities				vi) Severance indemnities		
			Fixed (*)	Variable 2021	Total	Cash	Shares	Share-based instruments	Other types	Assigned	Not assigned	Awarded	Paid out	Reduced	At beginning	No. of beneficiaries	At end	No. of beneficiaries	Awarded	No. of beneficiaries	Highest amount
Banca Generali	CEO	1	50.000		50.000		-			-	-										
Banca Generali	Top Management	3	1.458.956	992.930	2.451.886	744.698	248.233			442.102	221.845	442.102									

With reference to the 2019-2021 LTIP, verification of the level of achievement of the objectives set and satisfaction of the access gates at the end of the three-year period led to the determination of 47,859 Banca Generali shares to be awarded to Mr. Mossa and 39,883 to the other two top managers. The shares, as per the plan, are subject to a deferral period.

With reference to the 2020-2022 LTI, which benefits Mr. Mossa and two top managers, as provided for in the plan regulation, shares will vest at the end of the three-year period of reference and 50% of the shares that may be assigned at the end of the three-year period will be subject to an additional deferral period.

With reference to the 2021-2023 LTI, which benefits Mr. Mossa and two top managers, as provided for in the plan regulation, shares will vest at the end of the three-year period of reference and 50% of the shares that may be assigned at the end of the three-year period will be subject to an additional deferral period.

B) Other Key Personnel

Heads of key operating/company units (main business lines): Head of CFO & Strategy Area, of the Finance Division, of the Lending Department, Head of the AM Area who also covers the role of Executive Director of BG FML and General Manager of BG FML.

Heads regarded as having an impact on company risk due to their activities, autonomy and powers: Head of the PRM Area, Head of the Commercial Networks, Alternative and Support Channels Area, Head of the COO & Innovation Area, Head of the General Counsel Area, Head of the Human Resources Department and Head of the Wealth Management Area, Head of the Marketing and External Relations Department, CIO of BG Valeur and General Manager of BG Valeur.

Company	No. of beneficiaries	i) Remuneration			ii) Amounts and type of variable component (**)				iii) Deferred remuneration (***)		iv) Deferred remuneration (***) (****)			v) Indemnities				vi) Severance indemnities		
		Fixed (*)	Variable 2021	Total	Cash	Shares	Share-based instruments	Other types	Assigned	Not assigned	Awarded	Paid out	Reduced	At beginning	No. of beneficiaries	At end	No. of beneficiaries	Awarded	No. of beneficiaries	Highest amount
Banca Generali / BG Valeur / BG FML (a) (b)	17	4.681.235	2.914.603	7.595.838	2.266.107	648.496			655.753	292.306	655.753									

- (a) With reference to the Head of the AM Area, the amounts reported in the table also include the compensation and variable remuneration paid for the position of Executive Director of BGFML.
- (b) With reference to the Head of the Marketing and External Relations Department, the amounts reported in the table do not include remuneration paid for the partial secondment to Assicurazioni Generali.

With reference to the 2019-2021 LTIP, verification of the level of achievement of the objectives set and satisfaction of the access gates at the end of the three-year period led to the determination of 31,906 Banca Generali shares to be awarded to 4 managers falling in the category of “Other Key Personnel”. The shares, as per the plan, are subject to a deferral period.

With reference to the 2020-2022 LTI, which benefits 4 managers falling in the category of “Other Key Personnel” at the launch of the plan, as provided for in the plan regulation, shares will vest at the end of the three-year period of reference and 50% of the shares that may be assigned at the end of the three-year period will be subject to an additional deferral period.

With reference to the 2021-2023 LTI, which benefits 7 managers falling in the category of “Other Key Personnel” at the launch of the plan, as provided for in the plan regulation, shares will vest at the end of the three-year period of reference and 50% of the shares that may be assigned at the end of the three-year period will be subject to an additional deferral period.

C) Managers in charge of control functions

Banca Generali: the Head of the Risk and Capital Adequacy Department, the Head of the Internal Audit Department, and the Head of the Compliance and Anti-Money Laundering Department.

Company	No. of beneficiaries	i) Remuneration			ii) Amounts and type of variable component (**)				iii) Deferred remuneration (***)		iv) Deferred remuneration (***) (****)			v) Indemnities				vi) Severance indemnities		
		Fixed (*)	Variable 2021	Total	Cash	Shares	Share-based instruments	Other types	Assigned	Not assigned	Awarded	Paid out	Reduced	At beginning	No. of beneficiaries	At end	No. of beneficiaries	Awarded	No. of beneficiaries	Highest amount
Banca Generali	3	542.849	129.052	671.902	96.789	32.263														

D) MAIN MANAGERS OPERATING IN THE BANK'S DISTRIBUTION NETWORKS

Banca Generali: 1 Sales Manager Italy; 6 Area Managers of the Private Banker and Financial Planner Division; 3 Area Managers of the Wealth Management Division; 1 Recruiting Manager Italy; 1 Head of Recruiting; 1 Head of Business Development Top WA/PB; 1 Head of Advisory; and 32 Financial Advisors.

Company	No. of beneficiaries	i) Remuneration			ii) Amounts and type of variable component				iii) Deferred remuneration (***)		iv) Deferred remuneration (***) (****)			v) Indemnities				vi) Severance indemnities		
		Fixed	Variable 2021	Total	Cash	Shares	Share-based instruments	Other types	Assigned	Not assigned	Awarded	Paid out	Reduced	At beginning	No. of beneficiaries	At end	No. of beneficiaries	Awarded	No. of beneficiaries	Highest amount
Banca Generali	46	33.261.139	18.295.200	51.556.339	13.571.717	4.723.483	-	-	3.557.958	2.049.054	3.557.958	-	-	-	-	-	-	-	-	-

(*) For 2021, the fixed remuneration is calculated based on the gross annual remuneration, any service allowance, emoluments and fringe benefits.

(**) The 2021 variable component is calculated based on: i) the Balanced scorecard (BSC) system, with application of the deferral mechanism, where applicable, and ii) several bonuses/agreements/one-off payments.

(***) Assigned/Awarded': deferred instalments of the variable remuneration accrued in 2019 and 2020, for which the attainment of the access gate has been verified and which will be paid in 2022 to personnel in service.

Not assigned'': deferred instalments of the variable remuneration accrued in 2020 and not yet assigned. In line with EBA's guidelines, data include exclusively prior years' deferred payments and not those referring to the current year.

(***) The amounts indicated in the corresponding item of the previous year's tables have been duly paid in 2021, in compliance with the deadlines envisaged contractually for the personnel in service.

Upon payment, the individual deferred instalments will bear interest in line with market rates.

Verification of control functions

Compliance Function's Review of 2022 Remuneration Policies for Compliance with Applicable Regulations

Foreword

The Provisions on remuneration and incentive policies and practices (see Bank of Italy Circular No. 285 of 17 November 2013, hereinafter also the "Provisions"), provide that, when such policies are being formulated, the Compliance Function shall assess the correspondence of Remuneration and Incentive Policies with the legislative framework of reference. In accordance with said Provisions, the Compliance Function is tasked, *inter alia*, with reviewing whether the company incentive system is consistent with the objectives of compliance with the law, the Articles of Association and any codes of ethics or other standards of conduct applicable to the Bank, so as to ensure that any legal and reputational risks — and particularly those inherent in relationships with customers — are appropriately contained.

On the basis of the foregoing, the Compliance Function, when defining the Remuneration Policies for 2022, conducted a preliminary review of the consistency of such Policies with the aforementioned Provisions and internal and external regulations on the subject. In this context, particular attention was paid not only to the legal framework of reference, but also to the underlying process aimed at identifying Key Personnel with special reference to the characteristics linked to the identification of Key Personnel falling within the category of Financial Advisors authorised to make off-premises offers and the process aimed at excluding some of these Financial Advisors from the personnel category in question.

The assessment of the Compliance Function has also taken into account the provisions of Article 84-*quater* ("Remuneration Report") of the regulation implementing Legislative Decree No. 58 of 24 February 1998 (the Finance Consolidation Law) concerning Rules for Issuers, introduced with Resolution No. 18049 of 23 December 2011 and amended through Resolution No. 21623 of 10 December 2020.

This takes into consideration the fact that the proposed remuneration policies are intended to ensure comprehensive compliance with the Provisions governing remuneration policies of the banking sector (Bank of Italy's Provisions) and the regulation governing the Rules for Issuers.

As a consequence of the consolidation of the regulatory framework following transposition of Directive 2019/878 (CRD V), and in particular the relevant revisions introduced to the Provisions through the 37th update, the publication of the new regulatory standards for determining Key Personnel on the basis of the qualitative and quantitative criteria laid down in Commission Delegated Regulation (EU) No. 2021/923 of the European Commission of 25 March 2021 (published in the EU Official Journal on 9 June 2021) and the "Guidelines on sound remuneration policies" published by EBA on 2 July 2021 (in force as of 31 December 2021), the Compliance Function's review took into account the applicable regulations currently in force.

Situation identified

From a general standpoint, it must be pointed out that the Remuneration and Incentive Policies:

- ensure an appropriate balance between the fixed and variable components of remuneration, while also taking account of the position filled (or a balance between the recurring and the incentive components of Financial

Advisors' remuneration). In this regard, the policies envisage the implementation of mechanisms designed to ensure compliance with the limits required by law on the ratio of the variable to fixed components of Key Personnel's remuneration;

- define and properly implement a self-assessment process with the aim of identifying the Company's Key Personnel, to whom the more detailed measures of the Bank of Italy's Provisions apply;
- apply the technical standards as per the Provisions and Commission Delegate Regulation (EU) No. 923 of 25 March 2021, as subsequently amended, in order to identify Key Personnel;
- define criteria for calculating the bonus pool;
- are designed so that the bonus entitlement is tied not only to the actual results achieved, but also, for the parties identified in the Remuneration Policy and without prejudice to compliance with applicable regulations, to the satisfaction of a Banking Group access gate with the aim of (i) basing variable remuneration on long-term performance indicators, and (ii) taking account of current and prospective risks, the cost of capital and the liquidity necessary to undertake the business engaged in within the Banking Group;
- define rules for deferring the payment of variable remuneration to all employees with variable remuneration based on the BSC/MBO mechanism and/or on discretionary criteria, and to the main network managers, until a pre-determined bonus access gate has been achieved;
- in accordance with the Provisions, establish that a portion of variable remuneration be paid in shares;
- establish malus and claw-back ex-post corrective mechanisms based on criteria of propriety, which also take into account compliance with regulations on sustainable finance;
- for the remuneration of distribution network, are inspired by criteria of propriety in relationships with customers and containing legal and reputational risks through the use of specific, formally stated, quantifiable and verifiable rules;
- comply with the regulatory provisions introduced by the 37th update to Bank of Italy Circular No. 285 of 17 November 2013, which established that the category of "intermediate" banks, to which Banca Generali had belonged, was to be eliminated. Therefore, the Remuneration Policies for 2022 have duly taken into account the foregoing, introducing more stringent rules on, *inter alia*, the deferral of the variable remuneration and the payment of a portion of said remuneration in financial instruments.

In addition, the incentive system adopted by the Banking Group:

- shows a suitable balance between qualitative and quantitative objectives;
- with reference to the activity of the distribution network, promotes a customer-oriented approach that places the customer's interests and satisfaction of the customer's needs at the centre of the system;
- does not call for incentives for the distribution of individual products or products of the Group;
- does not provide for the assignment, to the Heads of the company control functions, of objectives linked to the Bank's and/or Banking Group's economic results.

Conclusions

On the foregoing basis, and also considering the application of the principle of proportionality, it may be stated that the Banking Group's Remuneration and Incentive policies are consistent and compliant with the provisions of current internal and external regulations. In this regard, in light of the new provisions introduced by EU regulations and by Italian laws transposing them, particular importance will be attached to their implementation, with special reference to the persons included in Key Personnel.

Excerpt from the Audit Report on the review of the compliance of the remuneration practices with the policies approved and regulations currently in force

INTERNAL AUDIT

AUDIT REPORT

EXECUTIVE SUMMARY

COMPANY	BANCA GENERALI S.p.A.
PROCESS	Remuneration and Incentive Policies
SUBJECT OF AUDIT	Review of the compliance of the remuneration practices with the policies approved and regulations currently in force
AUDIT TEAM	F. Barraco, L. Alemanno
DATE	24/03/2022
REPORT CODE	2022_IT073_6134_E

Foreword

Bank of Italy Circular No. 285 of 17 December 2013 (as subsequently amended and extended) concerning “Supervisory Provisions for Banks” introduced specific instructions for the remuneration and incentive policies and practices of banks and banking groups, implementing Directive 2013/36/EU of 26 June 2013 (hereinafter “CRD IV”) and Directive 2019/878/EU of 20 May 2019 (hereinafter “CRD V”) with regard to its provisions on remuneration and incentive policies and practices and taking into account internationally recognised guidelines and criteria, including those of EBA and FSB.

The Circular aims at promoting — in the interest of all stakeholders — the implementation of remuneration systems that are in line with long-term corporate objectives and strategies, properly linked to corporate performance but appropriately corrected to reflect all risks, commensurate with the capital and liquidity levels required to cover ongoing business operations, and in any event, designed to avoid distorted incentives that could lead to regulatory violations and excessive risk-taking by individual banks and within the financial sector as a whole. Banca Generali falls within the category of banks other than smaller less complex banks and therefore fully applies all the rules set forth in Bank of Italy’s Provisions

In addition, Consob’s Rules for Issuers (Resolution No. 11971 of 14 May 1999, as subsequently amended) lays down a comprehensive and systematic regulatory framework governing transparency, as required under Article 123-ter of TUF, and in this regard requires issuers of listed securities to draw up a remuneration report.

Every year, the Banking Group's Remuneration Policies are submitted for approval to the General Shareholders' Meeting, which also resolves upon the Board of Directors' proposal to set a limit on the ratio of the variable to fixed component of individual remuneration in excess of 1:1.

Purpose of the audit

The Internal Audit function verifies, at least once a year, the compatibility of remuneration practices with approved policies and applicable regulations. Any findings are reported to relevant bodies and functions responsible for implementing appropriate corrective measures, who assess their relevance for the purposes of prompt information to the Supervisory Authority thereof. The results of the audit are submitted to the General Shareholders' Meeting.

Methodology

The risk-based process-oriented methodology adopted by the Internal Audit Department is in line with the industry best practices and enables the function to express an opinion on the adequacy of the Internal Control System of the processes examined.

For the purposes of the audit, a sample of remuneration plans assigned to top managers was selected to assess, on the basis of documentary and digital evidence, their compliance with the policies approved by the General Shareholders' Meeting, also with respect to the ratio of variable to fixed components of remuneration.

For the purposes of the audit, three analysis stages have been identified (Definition of remuneration and incentive policies, Implementation of the remuneration and incentive policies and Actual payment), with the aim of defining audit approaches and methods within a standardised control framework that is suited to providing the required assurance to the Body responsible for strategic supervision, the General Shareholders' Meeting, as well as to the Supervisory Board.

Outcome

The audit carried out on the Remuneration and Incentive Policies allowed to confirm the effectiveness of the Test of Design and Test of Effectiveness activities on all control aspects identified to mitigate the operating, strategic and ESG risks examined. An 'Adequate' audit grading is therefore issued in light of the test effectiveness and the overall compliance of the remuneration process implementation and application with the applicable regulations in force and the Policies approved by the General Shareholders' Meeting on 22 April 2021.

In detail, as regard to the overall activities undertaken in respect of the remuneration process, the audit showed that:

- ✓ incentive remuneration is linked to the achievement of access gates aimed at measuring the Bank's financial capacity in light of the risk inherent in the assets held (Total Capital Ratio) and the short-term resilience of its liquidity risk profile (Liquidity Coverage Ratio);
- ✓ malus and claw-back mechanisms based on criteria of propriety and compliance with regulations and respect for sustainability issues;
- ✓ Balanced Scorecards ensure the transparency of information by providing a target record, including a detailed description of the same, any notes and comments, the calculation criteria applicable, the control owner and the source of control, as well as the criteria adopted to reweight them, where appropriate;
- ✓ remuneration plans are consistent with the policies approved by the General Shareholders' Meeting and the overall amount of remuneration (ratio of the variable to fixed component) was found to be compliant with established parameters;
- ✓ the self-assessment process aimed at identifying "Key Personnel" was defined and properly implemented;
- ✓ the corporate functions, including control functions, involved in the process showed an effective level of integration and understanding of their tasks;
- ✓ the disclosure and reporting obligations established by Bank of Italy regulations have been fulfilled.

Internal Audit

Remuneration Committee's Report on Activities Carried Out with Regards to the Remuneration Policy

In 2021 the Remuneration Committee met nine times. On average, the meetings lasted approximately 50 minutes. In the year underway, a total of 11 Committee meetings are scheduled; since the beginning of the year as at the date of this Report, 3 meetings were held.

During the meetings held in 2021 and in the first quarter of 2022, Banca Generali's Remuneration Committee, has performed the tasks it was assigned by the Rules governing the activities of the said Committee.

In detail, with reference to the process for defining and implementing the remuneration and incentive policies, the Remuneration Committee, *inter alia*, (i) participated in the process of reviewing the proper application of remuneration policies in 2021, adopted by the company for its directors, Key Personnel both employed and collaborators other than company employees, (ii) provided advisory support to the Board of Directors for the determination of the remuneration of company officers and criteria for the remuneration of other employees; (iii) expressed its opinion concerning the determination of the criteria for the remuneration of the Chief Executive Officer/General Manager, personnel having a material impact on the risk profile of the Bank and the heads of internal control functions; (iv) provided consulting support for assigning the Long-Term Incentive Plan in accordance with the provisions set forth by the remuneration policy approved; (v) verified the involvement of the competent company functions in the process of preparing and controlling remuneration and incentive policies and practices; (vi) expressed an opinion, based on the information received from the competent company functions, on the achievement of the performance objectives to which incentive plans for Managers with Strategic Responsibilities and heads of control functions are tied and of the review of the other conditions established for the payout of remuneration; and (vii) reviewed the report on the application of approved remuneration policy in 2021. The Remuneration Committee also reviewed: (i) the self-assessment process, aimed at identifying Key Personnel, as defined by supervisory regulations, carried out taking into account the principles set forth in Chapter 2 "Remuneration and incentives policies and practices" included in Part I, Title V "Corporate Governance, Internal Controls, Risk Management" of Circular No. 285 of 17 December 2013 and in line with EBA's RTSs, as endorsed by the Commission Delegated Regulation (EU) No. 923/2021 of 25 March 2021; and (ii) the proposal for remuneration and incentive policies for 2022, which it found to be consistent, including with respect to the application of the principle of proportionality, with both the Bank of Italy's Instructions and Consob regulations. The Committee believes that the policies proposed seek to achieve the greatest possible alignment between the interest of the Banking Group's shareholders and that of Management, including from a long-term perspective, through attentive management of company risks.