



BANCA GENERALI S.P.A.

REMUNERATION REPORT

Banking Group's Remuneration and Incentivisation Policies
and Report on the Application of Remuneration Policies in 2017

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



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COMPANY BODIES at 20 March 2017

BANCA GENERALI S.P.A.
GOVERNING AND CONTROL BODIES

Chairman	Giancarlo Fancel	
Chief Executive Officer and General Manager	Gian Maria Mossa	
Board of Directors	Cristina Rustignoli Giovanni Brugnoli Azzurra Caltagirone Anna Gervasoni Massimo Lapucci Annalisa Pescatori Vittorio Emanuele Terzi	Non-executive Director Non-executive and Independent Director Non-executive Director Non-executive and Independent Director Non-executive and Independent Director Non-executive and Independent Director Non-executive and Independent Director
Board of Statutory Auditors	Massimo Cremona Mario Francesco Anaclerio Flavia Minutillo	Chairman
Secretary of the Board of Directors	Domenica Lista	

Letter of the Chairman of the Remuneration Committee



Dear Shareholders,

It is my pleasure to present the Banca Generali Group's Annual Remuneration Report for 2018.

The policies for the current year have been defined in a way that takes account of the Bank's structure, its overall values and its mission focused on quality and customer satisfaction, while also continuing to pursue sustainable development and the creation of value over time for all of our various stakeholders.

An effective remuneration policy allowed us to continue to align the interests of our shareholders and management throughout the year, once again confirming its role as a fundamental tool for attracting, motivating and retaining qualified professionals who share and embody our values.

In pursuit of constant improvement, the 2018 Remuneration and Incentivisation Policies will continue to strengthen, with even greater emphasis, the bonds between remuneration, risk and profitability, thereby effectively supporting the achievement of the expected business results in both the short and the long term.

Following last year's introduction of the loyalty-building programme for the financial advisor network, this year our pursuit of constant innovation led us to introduce the first Long Term Incentive (LTI) based solely on Banca Generali shares. This decision was motivated by the desire to establish a clear connection between the Banking Group's long-term results and the top managers' quality performance, thus aiding us in further increasing stability and sustainability.

The strategic objectives that we have set for ourselves are ambitious and require renewed focus on excellent execution, which may only be achieved with the constant energy, engagement and awareness of all of our people.

Transparency, linearity, merit and a close link with results remain the pillars of our remuneration policies, because they allow us to continue to make the best use of our human capital, thus maximising the advantages for all stakeholders involved.

I would like to take the opportunity to thank Directors Anna Gervasoni and Annalisa Pescatori, the Chairman of the Board of Statutory Auditors Massimo Cremona and Statutory Auditors Flavia Minutillo and Mario Anaclerio for their valuable contributions to the Committee's proceedings.

Kind regards,

Giovanni Brugnoli
Chairman of the Remuneration Committee



SECTION 1

EXECUTIVE SUMMARY

THE MISSION

Guaranteeing competitive remuneration against sustainable performance and growth

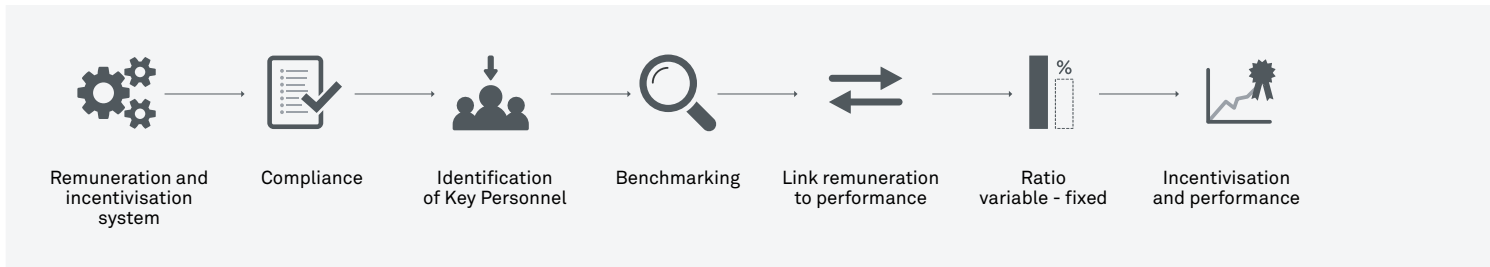
Banca Generali's remuneration policy is aimed at ensuring the best possible alignment of the interests of the Banking Group's Shareholders and those of the Management, through careful risk management and the consistent pursuit of long-term goals.

A well-balanced system of rewards and incentives for the Banking Group's Directors and Management is key to boosting competitiveness and ensuring high-levels of corporate governance over time.

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

SUMMARY OF REMUNERATION APPROACH

Main Elements of the 2018 Remuneration and Incentivisation System



1. Main drivers of remuneration and incentivisation policies



- > Transparency of policies.
- > Remuneration policies consistent 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 and in compliance with the same.
- > Ongoing monitoring of market trends and practices.

Based on the respect of our Remuneration Policy's pillars, on which 2017 projections were also based, it is possible to properly define competitive remuneration levels.

2. Compliance with regulations



- > Delegated Regulation (EU) No. 604/2014 of 4 March 2014 issued by the European Commission.
- > Bank of Italy's "Supervisory Provisions for Banks", 7th Update to Circular No. 285 of 17 December 2013, as amended.
- > European Directive on Capital Requirements (CRD IV).
- > Regulation implementing Legislative Decree No. 58 of 24 February 1998 (Finance Consolidation Law - TUF).

Remuneration policies have been drawn up 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.

3. Identification of Key Personnel



- > Definition of Key Personnel in line with RTS (Regulatory Technical Standards) issued by the European Commission upon EBA's proposal, in compliance with Bank of Italy's provisions, and transposed in the Commission Delegated Regulation (EU) No. 604 of 4 March 2014.
- > Particular focus on persons falling within the category of Financial Advisors.
- > Limited application of the principles of proportionality, where applicable, with reference to "other banks".

In line with the Bank of Italy's Provisions, the Company's Board of Directors defined a self-assessment based on qualitative and quantitative criteria and with the support of the Remuneration Committee for the specific purpose of identifying "Key Personnel", who exert or could exert a significant impact on the banking group's risk profile, and therefore warrant the application of the more detailed rules.

4. Remuneration benchmarking



- > Participation to the ABI's annual remuneration survey.
- > With regard to Key Personnel, comparative analyses of the practices adopted by a pool of selected competitors, supported by an independent external advisor.

The Banking Group's remuneration policy has been defined, insofar as financial and credit market practices are concerned, on the basis of the results of the ABI study, with a view to establishing benchmark indicators for the fixed and variable components of the remuneration of the Group's managers. In addition, the components of the package for Key Personnel were determined also with the support of specific studies conducted by an independent external advisor.

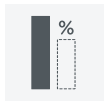
5. Mechanisms for linking remuneration to performance



- > Application of parameters aimed at assessing long-term sustainability of company performance, in terms of risks assumed and liquidity required.
- > Application of the economic/financial targets outlined in the budget for the reference year as targets of the MBO systems, where applicable.
- > Performance targets set in the light of the risk-correction measures most appropriate to the activities performed.
- > Reference to economic/financial objectives of the Banking Group and the Assicurazioni Generali Group as targets for the LTI plans.
- > Application of access gates, and malus and claw-back mechanisms.

All types of variable remuneration are correlated with indicators, which aim at appreciating the weighting of risks of the company or Group, 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.

6. Ratio of variable to fixed remuneration for Key Personnel



- > Cap mechanism to ensure compliance with the ratio of total variable to total fixed remuneration.
- > The 2:1 limit is the maximum limit envisaged for 21 members of 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. Accordingly, this mechanism, which is applied on a cash basis, also takes account of the effects of bonuses accrued in years prior to the introduction of the cap, as well as of deferred bonuses. For 2018 a proposal has been submitted to the General Shareholders' Meeting to increase to 2:1 the ratio of variable to fixed remuneration for determining the remuneration of 21 members of Key Personnel (of whom 14 Relationship Managers).

7. Incentivisation system linked to yearly performance



- > Confirmation of the bonus pool approach of the Group's 2018 incentivisation system.
- > The system envisages the measurement of both individual and banking group performances.

Each year, the Board of Directors determines a total bonus pool, in keeping with the remuneration policies, to be disbursed provided that the necessary financial stability and liquidity conditions have been satisfied and the requirements for each position have been met.



SECTION 2
BANKING GROUP'S REMUNERATION
AND INCENTIVISATION POLICIES

1. THE OBJECTIVES OF THE REMUNERATION POLICY

In applying its remuneration policies, the Banca Generali Group aims at ensuring the best possible alignment of the interests of the Banking Group's Shareholders and those of the Management, through careful risk management and the consistent pursuit of long-term strategies.

A well-balanced system of rewards and incentives for the bank's directors and top management is key to boosting competitiveness and ensuring high-levels of corporate governance over time. Moreover, remuneration, especially with regards to Key Personnel, is useful in terms of attracting and retaining people with the talent and skills best suited to the company's needs.

With this objective in mind, the Banca Generali Group's remuneration policy is determined in compliance with:

- > the **Banking Group's mission** ("Being the No.1 private bank in terms of service value and innovation"), especially with regard to its commitment to generating consistently excellent results for all its stakeholders in both the short and the medium/long term, whilst also ensuring sound and prudent risk management, well-balanced corporate organisation, and the constant pursuit of strategic goals;
- > the **Banking Group's values**, and more specifically, **responsibility, reliability and commitment**, to which not only the top management team, but all the banking group's personnel must always adhere, especially in their endeavours to meet their assigned objectives;
- > the **Banking Group's governance**, as the banking group's corporate/organisational model, and internal regulatory framework orienting all business operations towards:
 - scrupulous and constant **regulatory compliance**;
 - **strict application of the procedures regulating interaction between governing functions**, as well as amongst the different company structures;
 - **the proper implementation of appropriately designed processes** underlying the prevailing risk management and control system;
- > **ever greater sustainability**, especially through policies prioritising growth that is sustainable over time, and enhancing the potential of the **people** working within the Group by rewarding individual contributions to the organisation's success, including through appropriate remuneration, whilst discouraging conduct conducive to excess risk-taking.

The resulting remuneration policy promotes the aforesaid mission, values, and governance and sustainability objectives, thereby giving rise to a virtuous cycle that leads to constant fine-tuning of remuneration practices on the one hand, and the consolidation of the bank's underlying corporate culture, on the other.

Against this background, the **primary objective** of the remuneration policies is to adequately reward sustainable performance. Towards such end, any action taken as part of the remuneration policies is informed and shaped by the following guiding principles:

- > **internal fairness**: remuneration must be commensurate with the job description in question, taking due account of the burden of responsibility, and the competence and skill with which related duties are discharged. This applies both to top management and other personnel, it being understood that the remuneration of the latter must always be determined in strict compliance with all applicable national and corporate collective bargaining labour agreements;
- > **competitiveness**: the assigned remuneration must be in line with remuneration levels prevailing on reference markets; towards this end, trends in remuneration levels prevailing in the industry of reference are monitored through general and industry-specific surveys of remuneration practices;
- > **coherence**: meaning the transversal application of similar remuneration policies to comparable levels of job responsibility throughout the Banking Group, 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. These policies also promote staff development including through intercompany secondments;
- > **meritocracy**: meaning a system that commensurately reward the results obtained and the level of commitment and effort involved in attaining the same, which must constantly comply with applicable regulations and procedures, as well as an appropriate risk assessment.

Regulatory Framework

From a regulatory point of view, remuneration and incentivisation Policies are drafted in compliance with regulatory contents and provisions:

- > the **Provisions governing remuneration and incentivisation policies and practices** (7th Update of Circular No. 285 dated 17 December 2013, as subsequently updated), by applying, in certain cases, the principle of proportionality, as defined therein, while taking into account the characteristics, size, risk level and complexity of the business conducted by the Bank and Banking Group;
- > **Article 84-quater of the Rules for Issuers** (Consob Resolution No. 11971/1999) introduced with Consob Resolution No. 18049 of 23 December 2011 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 July 2015, requires the approval of a remuneration policy for Directors and Key Management Personnel.

This document has been therefore drawn up with a view to ensuring **simultaneous compliance** with both the provisions governing remuneration policies within the banking industry and the regulatory governance provisions applicable to issuers..

In addition, in order to ensure the consistent implementation of remuneration policies 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.

2. RECIPIENTS OF THE REMUNERATION AND INCENTIVISATION POLICIES

Key Personnel

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. In this context, the bank identifies the **Key Personnel** to whom the more detailed rules are to apply. Financial Advisors, with whom the company has agency contracts, are subject not only to the general principles, but also to the rules laid down in Section IV of the Provisions ("*Remuneration Policy for Special Categories*").

2.1 Identification of Key Personnel

In line with the applicable Provisions, the Company's Board of Directors shall carry out a self-assessment, in compliance with the provisions set forth in the Delegated Regulation (EU) No. 604 of 4 March 2014 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 aforementioned self-assessment regards the organisational structure approved by the Board of Directors on 13 December 2017, and effective as of the same date of 1 January 2018.

In this context, the assessment for identifying the Key Personnel was performed by applying the so-called Regulatory Technical standards (RTS) for Identified Staff provided for by the above-mentioned Regulation and complementing Directive No. 2013/36/EU.

According to this self-assessment, the above-mentioned category of Key Personnel includes:

- > **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);
- > **Other Key Personnel:** this category has been determined to include
 - i) the heads of relevant operating/company units: Head of the CFO & Strategy Area, Chief Financial Officer, Head of the Lending Department, Head of the AM Area, who also holds the position of Executive Director of BG FML and General Manager of BG FML;
 - ii) the persons in charge, directly reporting to the personnel indicated in point (i) above, who are regarded as having an impact on company risk due to their activities, autonomy and powers: Head of the Private Relationship Manager Area and Head of the Alternative and Support Channels Area;
 - iii) the Heads of the functions listed in point 9) of Article 3 of the Commission Delegated Regulation (EU), who are regarded as having an impact on company risk profile due to their activities, autonomy and powers: Head of the COO Area, Head of the General Counsel Department and Head of the Wealth Management Area;
- > **Managers in charge of company control functions:** Head of the Compliance and Anti Money Laundering Department, Head of the Internal Audit Department, Head of Risk and Capital Adequacy Department, Head of Human Resources Department (pursuant to Title IV, Chapter 2 of Bank of Italy's Circular No. 285 of 2013);
- > **Main managers operating in the Bank's distribution networks:** Sales Managers, Area Managers, Head of Business Development Top Wealth Advisor/Top Private Banker, Head of Recruiting;
- > **Financial Advisors authorised to make off-premises offers, 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 and less than 1,000,000.00 euros**, in accordance with the provisions of Commission Delegated Regulation (EU) No. 604/2014, the structural characteristics of which were sufficient to reach or exceed the threshold of 750,000.00 euros in the following year as well (assessment of the continuity of remuneration);
- > **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**, in accordance with the provisions of Commission Delegated Regulation (EU) No. 604/2014.

The assessment process aimed at identifying key personnel resulted in the identification of 65 individuals at the level of the Banking Group (also including Financial Advisors authorised to make off-premises offers).

In determining its Key Personnel, the Bank intended to subject certain of its Financial Advisors authorised to make off-premises offers whose remuneration in 2017 exceeded 750,000 euros, to the provisions of Article 4, paragraph 2, of Commission Delegated Regulation (EU) No. 604/2014 in relation to the criterion in

point (a) of paragraph 1, of the same Article 4, so as to obtain approval from the Bank of Italy in compliance with paragraph 5 of the cited article. Should such approval be denied, the Financial Advisors in question shall also be placed within the category of Key Personnel.

2.2 Identification of Key Management Personnel

Pursuant to Consob Resolution No. 18049 of 23 December 2011, the term Key Management Personnel is to be construed in line with the definition set forth in Annex 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 Key Management Personnel. 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, and the members of the Top Management as specified above.

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.

2.3 Principle of proportionality

The Bank of Italy's Provisions apply to all "personnel", save for the rules detailing the remuneration structure designed solely for Key Personnel. In addition, in application of the principle of proportionality, banks establish their remuneration and incentivisation policies while taking account of their characteristics and size, as well as the risk level and complexity of the business they conduct, so as to achieve the objectives pursued by the regulations.

The regulations divide banking groups into three categories for the purposes of application of the **principle of proportionality**: larger more complex banks, smaller less complex banks and medium-size banks.

In this classification scheme, Banca Generali falls into the category of medium-sized banks (and is near in size to the lower limit of its class). For these banks, Provisions establish that the more detailed rules, pertaining to Key Personnel, may be applied subject to the percentages, and deferment and retention periods equivalent to at least half those established, on an increasing scale based on the bank's or banking group's features.

3. BODIES INVOLVED IN DEFINING THE REMUNERATION AND INCENTIVISATION POLICY

The roles of the various corporate functions involved in defining, approving, implementing and subsequently assessing the remuneration policy are outlined below.

3.1 General Shareholders' Meeting

Pursuant to the Bank of Italy's Provisions, the General Shareholders' Meeting is in charge of: **i) establishing the remuneration** due to the bodies it appoints; **ii) approving the remuneration and incentivisation policies and share-based payment remuneration plans** for bodies with roles of oversight, management and control, as well as the remaining personnel, in addition to the criteria for determining the compensation to be provided in the event of early termination of the contract or the post (so-called "**golden parachutes**"); and **iii) upon proposal, with statement of grounds, submitted by the Board of Directors, setting 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 draws up, submits to the General Shareholders' Meeting and reviews at least annually the remuneration and incentivisation policy. Moreover, it bears responsibility for its proper implementation; in detail, it determines the remuneration due to **directors vested with specific tasks and duties** (including the members of Board Committees), as well as the **overall remuneration of the Chief Executive Officer/General Manager**, any other members of **Top Management**, the **Heads of the main business lines** and the **Heads of control functions**, in line with the provisions of relevant Shareholders' resolutions, with the support of the Remuneration Committee, and after hearing the opinion of the Board of Statutory Auditors in such regard. It also sets the individual performance objectives to be attained by the said company functions.

Within the context of the decisions of the Shareholders' Meeting, it is then the responsibility of the Board of Directors to draw up guidelines for the recruitment and internal placement of personnel belonging to the Company's managerial category and carry out checks to ensure that the remuneration and incentivisation systems applicable to Key Personnel take due account of **risk containment** policies and are consistent with the Company's remuneration policy, long-term objectives of the bank and the Banking Group, corporate culture and overall internal control and corporate governance system.

The Board of Directors also submits to the General Shareholders' Meeting a report on the implementation of remuneration policies, duly accompanied by an overview of the related quantitative data. 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 Legal Counsel, the Compliance and Anti-Money Laundering Department, the CFO&Strategy Area (Planning and Control Department, Commercial Planning and Control Service), the Risk & Capital Adequacy Department.

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 and proposals to the Board of Directors on matters pertaining to remuneration.

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 current Committee was appointed by the Board of Directors on 23 April 2015 and will remain in office until the approval of the Financial Statements for the year ended on 31 December 2017. It is made up as follows:

NAME AND SURNAME	OFFICE HELD
Giovanni Brugnoli	Chairman of the Committee Non-executive and independent Director pursuant to the Corporate Governance Code and Article 37, paragraph 1(d) of Consob Regulation No. 16191/2007
Anna Gervasoni	Member of the Committee Non-executive and independent Director pursuant to the Corporate Governance Code and Article 37, paragraph 1(d) of Consob Regulation No. 16191/2007
Annalisa Pescatori	Member of the Committee Non-executive and independent Director pursuant to the Corporate Governance Code and Article 37, paragraph 1(d) of Consob Regulation No. 16191/2007

Tasks of the Remuneration Committee

Providing the Board of Directors with non-binding opinions and recommendations on the determination of the remuneration of those who hold the positions of:

- I) the Chairman of the Board of Directors and Chief Executive Officer and any other Executives, expressing opinions also on the setting of performance targets linked to the variable component of remuneration;
- II) providing the Board of Directors with non-binding opinions and recommendations on the determination of the remuneration of personnel, whose remuneration and incentive systems are decided by the Board of Directors — in accordance with statutory and regulatory provisions in effect from time to time, as well as with the Remuneration and Incentivisation Policy adopted by the Company — expressing opinions also on the setting of performance targets linked to the variable component of remuneration;
- III) being consulted on issues concerning the determination of criteria to be applied for the remuneration of all Key Personnel, as defined by the Remuneration and Incentivisation Policy adopted by the Company;
- IV) periodically assessing the appropriateness, overall coherence and concrete implementation of the remuneration policy applicable to Directors, Key Management Personnel and, on the basis of the information provided by the Chief Executive Officer, all personnel whose remuneration and incentive systems are decided by the Board of Directors — in accordance with statutory and regulatory provisions in effect from time to time, as well as with the Remuneration and Incentivisation Policy adopted by the Company, in addition to submitting its relevant proposals to the Board of Directors;
- V) monitoring the implementation of decisions adopted by the Board of Directors, also providing the Board with general recommendations on the matter;
- VI) directly overseeing on the correct implementation of rules governing the remuneration of the Heads of corporate control functions, in concert with the control body;
- VII) providing opinions on the determination of severance indemnities to be offered in the event of termination in office ahead of the scheduled expiry of the term of appointment or the post (so called golden parachutes); assessing, where necessary, the effects of such termination on the rights accrued and accruing under share-based incentive plans;
- VIII) expressing opinions, also on the basis of the information received from the competent company functions, on the achievement of the performance objectives to which incentive plans are tied, and on the review of the other conditions established for the disbursement of remuneration;
- IX) expressing non-binding opinions and proposals for any stock options plans and shares assignment 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; monitoring the evolution and application over time of any plans approved by the General Shareholders' Meeting on the Board's proposal;
- X) expressing an opinion to the Board of Directors of the Parent Company on proposals relating to the remuneration of Directors holding special offices in strategic subsidiaries, pursuant to Article 2389 of the Italian Civil Code, as well as the general managers and key management personnel of those companies;

- XI) preparing all documents to be submitted to the Board of Directors for the relevant resolutions;
- XII) duly reporting on the activities performed by the company bodies, including the General Shareholders' Meeting, with the timeliness necessary to allow for due preparation of meetings called to examine matters pertaining to remuneration;
- XIII) participating into the General Shareholders' Meetings through its Chairman or another Committee's member;
- XIV) ensuring appropriate functional and operational links with the relevant company structures in charge of preparing and monitoring remuneration and incentivisation policies and practices;
- XV) working with the other Board committees, in particular with the Internal Audit and Risk Committee, which is tasked with assessing that the incentives granted through the remuneration system duly reflect risks and are commensurate with capital and liquidity levels;
- XVI) carrying out any and all other tasks and duties entrusted to the Committee by the Board through specific resolutions.

3.4 Governing Body

Identifying the objectives to be assigned to individual Executives, 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 body responsible for management (identified based on the powers assigned), supported by the Human Resources Department, the General Counsel Department, the Compliance and Anti-Money Laundering Department, the Planning and Control Department, the Risk & Capital Adequacy Department, each for the parts within their respective remit.

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

3.5 Board of Statutory Auditors

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

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

3.6 Internal Audit 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, fulfilled 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 Compliance 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 **Internal Audit function**, fulfilled by the Internal Audit Direction, is in charge, *inter alia*, of verifying, at least once a year, the compatibility of remuneration practices with approved policy and industry-specific regulations. This function also submits the results of its assessments to the relevant company boards and officers, recommending corrective actions 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**, fulfilled by the Risk & Capital Adequacy Department, is responsible for checking the appropriateness of not only the risk indicators of reference but also the related parameters to which performance levels are to be linked when establishing objectives.

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.

Remuneration policies are also impacted by input from the **Planning and Controlling Department and the Commercial Planning and Control Service**, which contribute towards identifying the **quantitative parameters** pertaining to the strategic objectives to which the variable component of remuneration is to be correlated, and determining the expense budget, as well as defining policies concerning Financial Advisors.

Other company departments were involved in identifying and monitoring **qualitative parameters** relating to the strategic objectives to be associated with the variable component.

4. REMUNERATION AND MECHANISMS FOR LINKING REMUNERATION TO PERFORMANCE

More specifically, overall remuneration 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 to which it belongs.

4.1 Ratio of the Variable to Fixed Component of Remuneration

In the above-mentioned Bank of Italy's Provisions, the introduction for Key Personnel of a cap of 1:1 ratio of the variable to fixed component of remuneration is particularly important. The Bank has taken the following measures to ensure that this ratio is maintained:

- > variable remuneration less than or equal to this threshold for personnel in general.

With regard only to individual and specific company functions (Chief Executive Officer/General Manager, Deputy General Managers, Head of the Alternative and Supporting Channels Area, Head of the Asset Management Area, Head of the Private Relationship Manager Area, Head of the Wealth Management Area, two Sales Managers, ten Area Managers, an Head of Business development Top Wealth Advisor/Top Private Banker and a Head of Recruiting)

- > a motion, duly supported by a statement of grounds, to be submitted to the General Shareholders' Meeting to depart from the ratio of 1:1 of the variable to fixed component of remuneration, raising the same up to a **maximum of 2:1**. This proposal — 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 sales departments, 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 — was submitted by the deadline set by the Bank of Italy.

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 the professional areas and executives, it generally does not exceed 40%, but it may reach 100% for certain categories of personnel. 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 "managers" within the framework of asset management activities, if the assigned results are achieved in full.

Point 8.2 below provides an itemised breakdown of the components of the compensation packages of the other Financial Advisors authorised to make off-premises offers, distinguishing between fixed and variable components.

4.2 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. The fixed component must account for a sufficient proportion of overall remuneration to attract and retain executive talent and 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 capabilities, 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**" to the configuration of remuneration packages for some managers with supervisory functions and the executive in charge of accounting records. The allowance is a component of fixed remuneration that is in addition



to traditional gross annual remuneration and is tied to some specific 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, housing allowances (or sublease agreements), company collective supplementary pension benefits, health cover, and company life insurance and policies entailing an indemnity in the event of death or permanent disability.

Therefore, a significant portion of fixed remuneration components consists of the benefits package, which represents a significant element in terms of fixed remuneration (about 15% for Executives and Professional areas, and around 25% on average for Managers). In detail, for Managers this includes health cover, 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.

4.3 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 individuals and the corporate structures they serve and, with particular reference to top managers, the results achieved by the company/group as a whole.

The aim of the recurring variable components of remuneration and long-term incentives (such as, for example, long term incentive plans and deferred bonus systems, as defined hereinafter) is to balance directly the interests of the shareholders and those of management.

Moreover, variable components of remuneration includes stability and non-competition agreements and specific one-off guaranteed payments at the time of recruitment.

As a result, variable 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.

These envisage **access gates**, whereby failure to meet pre-set stability targets entails forfeiture of the related bonus, but also to malus and **claw-back mechanisms**, as described below.

Short-term incentivisation: Management by Objectives and Balanced Scorecards

Short-term variable remuneration is based on the **Management by Objectives** (MBO), which is consistent with the achievement of the earnings and financial results indicated by the budget for the reference year. The Management by Objectives system is linked to the **Balanced Scorecard** principles.

This tool is intended to translate the strategies set forth in the Group's industrial plan into a set of objectives that, taking due account of company risks, are able to materially influence the banking Group's overall performance. The objectives are assigned to the relevant persons on an annual basis on individual Scorecards. The purpose of this tool is to achieve maximum strategic alignment of management, as all the managerial positions help to create shareholder value by achieving objectives that are both quantitative and qualitative, but are in any event measurable.

The variable remuneration is linked on a straight-line basis to the degree to which the individual objectives are achieved. The objectives and the relevant targets are defined based on the guidelines, differentiated according to the sphere of work and responsibility attributed to the Manager; and identifying the impact of individual positions on the achievement of the respective objectives.

General scope of application

The MBO mechanism is used to define the variable remuneration of the Chief Executive Officer/ General Manager, the Managers and certain Executives. This rule does not apply to Relationship Managers and Asset Managers serving the AM Area and BG Fiduciaria. This is because, with a view to measuring performance and risks through variables that are consistent with the decision-making powers vested in each of these functions, 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.

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.

Medium-to-long term incentivisation: Long Term Incentive

Plans currently underway

The **medium-to-long term** variable remuneration provided by Banca Generali, as governed by ongoing plans launched in previous years, consists of long-term plans based on shares of Assicurazioni Generali, the Assicurazioni Generali Group's Long Term Incentive plans approved from time to time by the competent bodies, the beneficiaries of which are the Chief Executive Officer/General Manager, several key management personnel and other executives identified by virtue of the significance of their roles within the Banking Group, provided that their roles are also significant at the level of the Generali Group.

Since 2013, Banca Generali has been participating in the Assicurazioni Generali plans based on a single three-year cycle, at the end of which free shares may be assigned, subject to certain holding/lock-up periods. In particular, the 2015, 2016 and 2017 LTI plans are currently in progress.

The assignment of shares in connection with the 2015 LTI plan — the performance cycle for which concluded at the end of 2017 — will take place in April 2018 (see Section III of this Report), whereas the assignment of shares relating to the 2016 and 2017 LTI plans will occur in 2019 and 2020, respectively.

The current plans tie the variable component of remuneration to the long-term objectives of the Banking Group and Assicurazioni Generali Group for the three years concerned. These plans are based on the following fundamental aspects:

- > they are rolling and divided into cycles, each of which lasts three years;
- > they require that the incentive deriving from the satisfaction of objectives be disbursed through the assignment of shares;
- > they define the objectives on which to render the disbursement of the incentive contingent at the beginning of the three years of reference of each cycle;
- > they establish the number of shares to be assigned at the beginning of each three-year period.

2018 LTI Plan

A **new long-term incentive plan** based on shares of Banca Generali, the 2018 Banca Generali Group Long Term Incentive plan (2018 LTI Plan), is in place for 2018.

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, the shares are to be assigned and vest for the beneficiaries over a total period of six years. The Plan states that the number of shares actually assigned is directly correlated with the achievement of the Banking Group Objectives and Generali Group Objectives and to verification that specific access gate conditions have been satisfied.

In the 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.

A total of four objectives were identified:

- > two Banking Group objectives, tied to objectively measurable indicators such as tROE1 and EVAs2, and
- > two Generali Group objectives, tied to objectively measurable indicators such as Relative TSR3 and Return on Equity (ROE)4.

The access gate conditions consist of:

- > two indicators representing the specific access thresholds 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;
- > an indicator representing an access threshold 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.

At the end of the three-year period covered by the Plan, the Shares set aside will be definitively assigned to the Beneficiaries in a single instalment.

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 yearly by the Board of Directors and constituting a condition precedent in this sense;

1 In the case of the Banking Group, it is calculated by dividing the net profit by average net equity, less intangible assets, net profit and revaluation reserves.

2 In the case of the Banking Group, it is calculated as the difference between net profit for the reporting period and the cost of capital (ke³ average capital absorbed).



3 At the level of the Generali Group, the Relative TSR compared with the companies included in the STOXX Euro Insurance index (peer group).

The STOXX Euro Insurance (peer group) is currently composed of:

- 1 Allianz;
- 2 Axa;
- 3 Muenchener Rueck;
- 4 Sampo;
- 5 Nn group;
- 6 Aegon;
- 7 Ageas;
- 8 Hannover Rueck;
- 9 Scor;
- 10 Mapfre;
- 11 Poste Italiane;
- 12 Cnp Assurances;
- 13 Delta Lloyd.

4 At the level of the Generali Group, operating profit net of financial expenses and taxes, divided by average adjusted capital, as defined in the "Methodological note on alternative performance indicators" in the Group's Report on Operations.

- > the overall assessment of performance is based on two Banca Generali Group objectives (with a weight of 80%) and two additional Generali Group objectives (with a weight of 20%), as shown in the tables below. Actual vesting percentages will be calculated by linear interpolation between the various levels of the indicators — to which equal weight is assigned — and the actual performances.

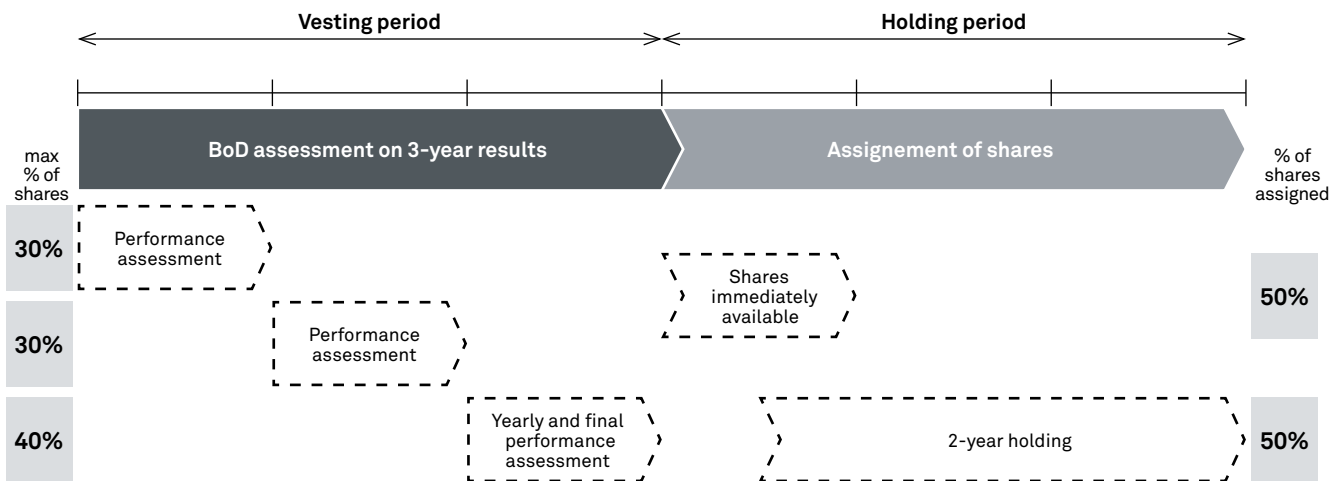
ENTITY	ACCESS GATE & MECHANISM		KPI	KPI WEIGHT
	ACCESS THRESHOLD NOT REACHED	ACCESS THRESHOLD REACHED		
Banca Generali Group	Total Capital Ratio < 13.50% Liquidity Capital Ratio < 130% No opportunity of assignment maturity	 Total Capital Ratio ≥ 13.50% Liquidity Capital Ratio ≥ 130% Ok to opportunity of assignment maturity	tROE EVAs	80%
Generali Group	Regulatory Solvency Ratio < 120% Ok to opportunity of assignment maturity -20%	 Regulatory Solvency Ratio ≥ 120%	ROE rTSR (Eurostoxx Insurance)	20%

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 department heads reporting to the Chief Executive Officer and the Deputy General Managers, excluding control functions, which will be identified by the Board of Directors, in view of the significance of the role played within the Banking Group, provided that this role is also significant at the level of the Generali Group.

Plan structure and mechanisms

The plan's structure is as follows:



During the vesting period, in each year of the plan and until the end of the three-year period, the Board of Directors assesses the level of satisfaction of the access gate conditions for the Banking Group, as set from time to time, and of the Generali Group access gate, based on the Regulatory Solvency Ratio and set at 120%, or a different percentage determined by the Board of Directors from time to time.

Once it has been determined that the access gate conditions have been met, it is then verified — each year and for the three years as a whole — that the financial objectives for the Banking Group (80% weight), represented by tROE and EVAs, have been met, along with those for the Generali Group (20% weight), represented by ROE and Relative TSR, compared with the companies that make up the index of reference (STOXX Euro Insurance).

Performance levels are expressed as percent satisfaction of the tROE and EVAs objectives for the Banking Group, and of the ROE and rTSR for the Generali Group, and are calculated in reference to four independent baskets. The final results of the individual baskets are calculated using the linear interpolation method. In the specific case of the TSR, the ranking always requires a positive result for any payments.

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 managers 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.

At the end of each year of the cycle, following an initial measurement of the level of satisfaction of each objective and verification of the achievement of the threshold levels of the Total Capital Ratio, Liquidity Capital Ratio and Regulatory Solvency Ratio (for the Shares tied to the achievement of Generali Group Objectives only), a portion of the maximum number of shares that may potentially be assigned at the end of the three-year period is set aside (but not assigned to the beneficiaries): in particular, the first tranche is 30% of the maximum number of shares that may be assigned, the second is an additional 30%, and the third is the remaining 40%.

It is only at the end of the three-year period — when the final assessment of actual achievement of the pre-defined objectives (on an annual basis or for the three years overall) is performed — that the individual tranches of shares are assigned — provided that the beneficiary is still in the employment of the Company or another Banking Group company at the end of the three-year period, without prejudice to conditions expressly established by the plan rules and except where otherwise determined by the Board of Directors or a party delegated by the Board of Directors for such purpose.

If, in particular, the Chief Executive Officer/General Manager's employment is terminated at the Company's initiative (due to non-renewal or otherwise), without just cause, he is to retain the right to receive the share-based incentive governed by the plan (subject to satisfaction of the related performance objectives and to all other terms and conditions set forth in the plan rules).

In respect of the holding period following the three-year performance period, 50% of the shares assigned vests immediately upon assignment (to allow the beneficiaries to cover the tax liability resulting from assignment), whereas the remaining 50% does not vest for an additional two years, subject to the requirement that the Chief Executive Officer retain an adequate number of the shares assigned until the end of the term in office in progress on the vesting date.

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

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, mergers or acquisitions involving Banca Generali and/or the Banking Group and/or the Generali Group, capital transactions, amendments to the Articles of Association 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 and international monetary policy), the Board of Directors may reassess the incentivisation system's fairness and overall consistency within the framework of its remuneration governance processes.

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 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 component to the fixed component of remuneration, the **cap mechanism** provided for in the Remuneration and Incentivisation Policies is applied to key personnel, where appropriate.

Stability and non-competition agreements

In specific situations, and mainly for retention purposes, employees, including Key Personnel, and Financial Advisors authorised to make off-premises offers can be required to enter into non-competition agreements, whose term cannot exceed the limits provided for by law, and stability agreements, in compliance with the Bank of Italy's provisions.

Entry bonuses

On an exceptional basis, so as to attract key figures from the market, specific one-off incentive payments may also be permitted 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.

Framework Loyalty Programme for the Network

The purpose of the Framework Loyalty Programme is to create a loyalty-building tool aimed at the sales network and to provide incentives for the achievement of the company's objectives, while ensuring that customers receive increasingly strong service, in view of the enhancement of the value of Banca Generali, through participation, following approval from one year to the next by the competent company bodies, in a maximum of eight individual plans that allow participants to accrue the right to payment of a bonus for each individual participation.

Financial Advisors authorised to make off-premises offers and Relationship Managers of Banca Generali who have at least five years of company seniority by 31 December of the financial year before that of reference of the Plan in question may access each Plan.

Individual bonuses will be subject to an increasing period of deferral, as clearly defined in the specific document that governs the Framework Loyalty Programme for the Network, in accordance with applicable provisions.

The Bonus and, more generally, all benefits deriving from the Framework Loyalty Programme 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.

During the financial year of reference of each Plan, Banca Generali's Board of Directors will decide whether to submit the settlement of a part of the Bonus, in any event not to exceed 50%, in Banca Generali shares, for approval by the Shareholders' Meeting, on the understanding that the remainder of the Bonus will be paid in cash.

For financial year 2018 it was decided to settle 50% of the Bonus in shares (see the Information Document drafted pursuant to Article 84-bis of Consob Regulation No. 11971 of 14 May 1999, as amended) and the related 2018 Network Loyalty Plan, regulated under the Framework Loyalty Programme of Banca Generali).

Disbursement and actual payment will be subject to the **malus** and **claw-back** clauses set out in the current Remuneration Policy.

With regard to Key Personnel, in accordance with the decision of the Shareholders' Meeting concerning the limit on the ratio of the variable to fixed components of remuneration, the **cap mechanism** set out in the Remuneration and Incentivisation Policies is applied, where appropriate, at the Date of Accrual of each Plan.

4.4 Determination of the bonus pool

Each year, the Board of Directors determines a total bonus pool, in keeping with the remuneration policies, to be disbursed provided that the necessary financial stability and liquidity conditions have been satisfied and the requirements for each position have been met.

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

4.5 Access gates

For all personnel, the right to receive the bonus is linked not only to the results actually achieved, but also to the attainment of an access gate, common to all the personnel, and set by the Banking Group with a view to (i) linking bonus entitlements to multi-year performance indicators, and (ii) taking account of current and potential risks, interest rates and cash flow required to cover the Banking Group's business operations.

The Banking Group's access gate consists of the following two ratios:

- > **Capital ratio:** *Total Capital Ratio*⁵, 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 13.5%;
- > **Liquidity ratio:** *Liquidity Coverage Ratio*⁶, 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%.

The access gate thus consists of two ratios indicative of the Bank's solidity and liquidity and, accordingly, its capacity to pay out the variable component of the remuneration (so-called "sustainability").

An **on/off threshold** is set for each ratio. The requirement for access to the bonus accrued during the year is that both ratios are above the minimum threshold set when the final earnings figures for the year are recorded. The access gate conditions not only the bonus for the year in question, but also, from one year to the next, the portions of bonuses accrued in previous years and paid out on a deferred basis in subsequent years.

4.6 Deferral and share-based variable remuneration

As a general rule, and without prejudice to the more stringent provisions applicable to Key Personnel and, as specified in greater detail, all employees with a variable remuneration based on the Management by Objectives mechanism and/or on a discretionary basis, and for the Banking Group's main network managers, who accrue, within any given financial year, a bonus **in excess of 75,000.00 euros**, are subject to deferral of a portion of their variable remuneration for a period determined, pursuant to the principle of proportionality, as follows:

- > **60%** — provided that the access gate conditions described above are met — in the following financial year, subject to Board verification of the economic results and the adequacy of capital levels for the year in which the said bonus was earned;
- > **20%** subject to verification of the results in terms of capital adequacy for the following financial year; and the remaining 20%, after a further year, subject to verification of full satisfaction of capital solidity results.

Any and all deferred bonus instalments shall be deemed to bear interest at the mean 6-month EURIBOR rate recorded during the calendar year preceding the year in which the related instalment is paid, increased by 0.85%.

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.

If the actual *bonus* accrued falls below or equals the stated threshold of 75,000.00 euros, it is paid in full after the Board of Directors verifies the profit or loss results for the year in question and determines that the access gate targets have been met.

5 Total Capital Ratio — meaning the Regulatory Capital / Risk Weighted Assets (RWA) (both the 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).

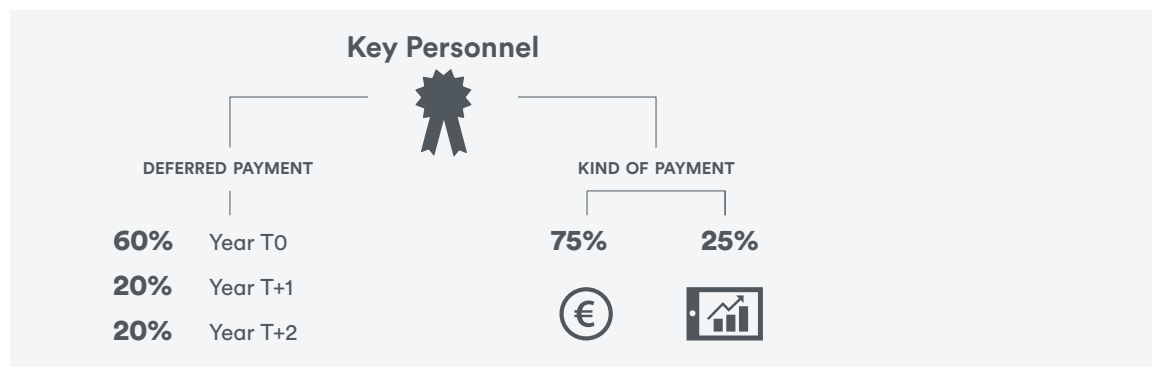
6 Liquidity Coverage Ratio – meaning the ratio between the stock of [1] highly liquid assets (that is to say, easily disposed of for cash on the open market, even during periods of tension, and ideally, subject to placement with a central bank) and [2] the sum total of net outflows during the 30 calendar 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.

For **Key Personnel**, 25% of the variable remuneration linked to short-term objectives will be paid in Banca Generali shares, according to the following assignment and retention mechanism:

- > **60%** of the bonus will be paid up-front during the year after that of reference, 75% in cash and 25% in Banca Generali shares, which will be subject to a retention period of one year;
- > **20%** of the bonus will be deferred for one year: 75% in cash and 25% in Banca Generali shares, which will be subject to a retention period of one year;
- > the remaining 20% of the bonus will be deferred by two years: 75% in cash and 25% in Banca Generali shares, which will be subject to a retention period of one year.

In calculating the number of shares to be assigned, a method is applied where: the numerator is defined as 25% of variable remuneration accrued for the actual achievement of objectives set for the year of reference, and the denominator consists of the share price (calculated as the average price of the stock 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 starts the cycle in question).

If the actual bonus accrued, also by Key Personnel, is below the indicated threshold of 75,000.00 euros, it will be paid in full up-front during the year after that of reference (a portion in cash and a portion in shares) once the Board of Directors has verified the earnings results for the year of accrual and satisfaction of the access gates.



Regulations on share-based payments

Specifically with regards to the incentive system based on financial instruments, in addition to the information indicated above, and in recapitulation of the Information Document (drafted pursuant to Article 84-bis of Consob Regulation No. 11971 of 14 May 1999, as amended) concerning the incentivisation system based on financial instruments for personnel of the Banca Generali Banking Group, the following should be noted:

Recipients

Potential beneficiaries include all the Banking Group's Key Personnel, as defined in paragraph 2.1.

Reasons for the assignment of shares

In accordance with the Supervisory Provisions set forth in the 7th update of Bank of Italy's Circular No. 285/2013 issued on 18 November 2014, the remuneration package for Key Management Personnel (as defined above) shall be made up of fixed and variable components.

In this regard, the regulatory framework requires a portion of the variable component of remuneration to be paid in the form of financial instruments. Banca Generali S.p.A. has therefore opted to meet this requirement through assignment of its ordinary shares.

Share assignment approval procedure and timing

The remuneration and incentivisation policies of the Banca Generali Group are subject to approval by the General Shareholders' Meeting scheduled for **12 April 2018**.

With the support of the competent operating functions, the Human Resources Department and the Commercial Planning and Control Service supervise the assignment of the shares, each within its area of responsibility.

The tasks incumbent on the Board of Directors, the Remuneration Committee and the Chief Executive Officer and General Manager in respect of the attainment of targets and the satisfaction of applicable conditions are addressed in point 3 above.

The mechanism involves the use of a number of treasury shares held by Banca Generali (with the related cost being imputed to the companies served by the beneficiary) as may be required to cover the maximum amount due in monetary terms.

The method applied to determine the number of treasury shares is outlined in this paragraph 4.6 above. Upon verification of entitlement to the bonus or tranche thereof, the shares assigned to each beneficiary will be registered in the latter's accounts with the bank and frozen through to the end of the applicable retention period applicable. No dividend rights whatsoever shall be deemed to arise in respect of the shares throughout the retention period.

Features of the instruments subject to assignment

Under Banca Generali's Remuneration and Incentivisation Policy, a portion of the variable remuneration (incentivisation) of Key Personnel may be disbursed in the form of assignment of ordinary shares in Banca Generali pursuant to the procedures set forth in paragraph 4.6 above, provided that all the related targets and conditions specified in the Policy itself, have been met. As highlighted in this paragraph 4.6, the assignment of shares will be effected in 2019, 2020 and 2021, subject to the prerequisites and conditions.

The maximum number of shares that may be assigned is 240,000.

The assignment of shares is subject to the attainment of the performance targets and the fulfilment of the other conditions specified in this Remuneration and Incentivisation Policy.

Shares shall be subject to a retention period of one year from the end of the accrual period.

In the event of termination of service with the Banca Generali Group for reasons other than retirement, death or permanent disability, re-recruitment by the Generali Group or at the Company's initiative pursuant to corporate restructuring, any portion of the bonus not yet paid are deemed forfeited.

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

The cost to the company is limited to the use of the number of treasury shares required to cover the maximum cash amount of the bonus payable in shares, upon fulfilment of applicable conditions.

The dilutory effect on equity is equivalent to the number of treasury shares acquired and assigned.

Voting and dividend rights are unrestricted, although no dividends are payable on assigned shares during the retention period.

4.7 Cap mechanism to ensure compliance with the ratio of variable to fixed remuneration

The company has established a cap mechanism, applicable to its Key Personnel, on 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 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). Accordingly, this mechanism, which is applied on a cash basis, also takes account of the effects of bonuses accrued in years prior to the introduction of the cap, as well as of deferred bonuses.

This mechanism refers to the variable remuneration instruments assigned starting in the year in which the cap mechanism was introduced. All instalments of variable remuneration accrued in years prior to the year of introduction of the cap and not yet paid due to deferral will thus be excluded from the calculation mechanism.

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.

4.8 Malus and claw-back mechanisms

Variable remuneration is subject to a specific **malus** mechanism, under which bonuses are not paid in the event of i) proved engagement in malfeasance or wilful misconduct to the detriment of customers or

the Bank, ii) engagement in behaviour that resulted in a significant loss for the Bank, or (iii) disciplinary measures or pending non-routine inspections and iv) failure to comply with rules concerning banking transparency and remuneration policies, in accordance with the Supervisory Provisions for Banks. In addition, the variable remuneration of all personnel is subject to a **claw-back** mechanism, under which the Bank may demand the return of bonuses paid during the current year or previous year in the event of ii) proved engagement in malfeasance or wilful misconduct to the detriment of the customers or the Bank, ii) engagement in behaviour that resulted in a significant loss for the Bank, or (iii) failure to comply with rules concerning banking transparency, anti-money laundering and remuneration policies, in accordance with the Supervisory Provisions for Banks. Likewise, the Bank may demand the return of bonuses paid during the current or previous year in cases of material errors in figuring the items used to calculate the Group's access gates.

4.9 Principle of propriety and the containment of reputational risks

Remuneration and incentive structures for sales staff are designed to ensure compliance with the principle of propriety in customer relations, as well as to contain legal and reputational risks, through the implementation of policies entailing the application of specific, formally stated, quantifiable and verifiable rules and parameters (e.g., number of complaints) which have an impact on the right to collect the incentivisation.

Remuneration benchmarking

The remuneration patterns of high-level executives and managers are monitored, taking due account of trends recorded on reference markets and analysing the fixed and variable remuneration components, availing of the service of external independent advisors. More specifically:

- > with regard to Key Personnel, specific analyses in relation to a group of peers, determined on the basis of Banca Generali's profile, are carried out. The group of peers is regularly revised so as to guarantee its consistency. In 2017, the **group of peer** included: Allianz Bank (Allianz Group), Azimut Holding, Banca Fideuram - Intesa Sanpaolo Private Banking (Intesa Sanpaolo Group), Banca Mediolanum (Mediolanum Group), Credit Suisse Italia, Eurizon Capital (Intesa Sanpaolo Group), Fineco Bank (UniCredit Group), UBS Italia, Unipol Banca (Unipol Group), Banca Cesare Ponti (Gruppo Carige), Credem, Anima SGR;
- > the ABI's annual industry-wide study is used for all other personnel.

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

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

5. OTHER FEATURES OF THE REMUNERATION SYSTEM

5.1 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 previous 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.

A D&O policy has been contracted by the Parent Company covering the members of the Board of Directors, as illustrated in the document presenting the remuneration policies for 2015, which was extended as of 2016 to all the companies of the insurance group. The policy complies with the requirements as per the Shareholders' resolution of 24 April 2007.

5.2 Early severance package

Severance benefits are defined pursuant to the applicable regulatory framework, with the exception of the possibility of an agreement with individual key managers, regarding an early termination package in case their relationship is terminated or otherwise modified and subjected to more unfavourable terms, at the Bank's initiative, based on the guidelines illustrated below.

In the **event of early termination of the employment and/or collaboration** contract, the benefits that may be accorded to the interested party, in compliance with current provisions of laws and contracts, shall be as envisaged by **way of notice** in the applicable provisions of laws and/or the national collective labour contract, **plus an all-inclusive lump-sum indemnity for an amount equivalent to a maximum of 24 months of the so-called recurring remuneration** (defined as gross annual remuneration increased by the average amount actually collected by way of the short-term component of variable remuneration in the past three years, or, for Financial Advisors, the average of their recurring remuneration of the latest period).

In the event that the positions of Chief Executive Officer and General Manager are filled by the same person, when calculating the amount that may be accorded to the interested party, 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 agreement governing the payment of that sum 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 shall be extended to rights relating to compensation for damages, as well as rights of an economic nature associated with the above relationships and the severance thereof.

The amount must be paid in accordance with the aforementioned Bank of Italy Provisions, as in effect from time to time, and the Bank's remuneration policies, with particular regard to the provisions concerning the association of compensation with performance objectives, and based on risk and stability indicators, deferred disbursement and payment partly in cash and partly in financial instruments.

Non-competition or confidentiality agreements extending into the post-severance period may also be entered into upon hiring, in the course of employment or upon severance. Consideration for such agreements — which must always be of limited duration — is calculated 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 divulge information 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.

6. PERFORMANCE INDICATORS AND THE MAIN BENCHMARKS USED

As described above, the variable remuneration is hence linked on a straight-line basis to the degree to which the individual objectives are achieved. The Management by Objectives mechanism — and the Balance Scorecard system in particular — which forms the basis of the variable remuneration (hereunder also referred to as “bonus”) of the Managers and certain Executives is based on **defining and allocating to each of them specific objectives**, each one of which is attributed a **target**, and each with a **special weighting**.

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

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

In particular, they may be assigned from the following (by way of mere example, without limitation):

- > **Financial performance/profitability objectives such as** Operating result Net profit RORC Cost control objective and
- > **Commercial development objectives such as** Net Inflows Advanced inflows Fee growth, with the addition of risk correction measures

These objectives contribute to determining no less than 70% of the short-term variable remuneration of the Chief Executive Officer/General Manager, usually not below 50% of the short-term variable remuneration of the Deputy General Managers, and up to a maximum of 35% of that of the other Managers and Executives. The percentage in question may also be higher for sales personnel for whom commercial development objectives represent function-specific objectives.

This rule does not apply to Managers and Executives serving as Relationship Managers of the Private Banking Relationship Manager Area and assets managers of the Asset Management Area, BG Fiduciaria and BG FML. This is because, with a view to measuring performance and risks through variables that are consistent with the decision-making powers vested in each of these functions, 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.

The remaining portion of the short-term variable remuneration is linked to the attainment of quantitative and qualitative objectives established in light of the job description of each beneficiary, with a view to ensuring that the related bonuses are based, as far as possible, on performance and risk indicators that are 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 manager is responsible based on the company budget for the reference year.

The **qualitative objectives**, which usually set valuation criteria, refer to projects concerning the Banking Group and require the collaboration of all the managers, 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 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, that are not linked to the earnings results of the Bank and/or of the Banking Group.

The quantitative and qualitative objectives are formalised in personal Scorecards on an annual basis. Each objective is assigned 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 threshold** to be achieved to qualify for bonus entitlements, the **ceiling above** which results are to be considered over performance, and any and all caps on bonuses, where applicable.

With regard to the **criteria for the assessment** of the performance levels achieved for bonus assignment purposes, the results obtained in respect of each objective are verified and duly weighted in the financial year following the year of reference, and the sum of the **weighted results** achieved in respect of each objective then constitutes the overall performance level 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). The foregoing procedure is designed to ensure a **direct 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 economic results, is verified based on the consolidated financial statements of the Banking Group.

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 below), the system used for the calculation of the bonuses, which takes place at annual intervals, is also linked to the performance appraisal process and decided on a discretionary basis, with the exception of the Management by Objectives plan reserved for Relationship Managers who work in the Private Banking Area, as well as a Management by Objectives plan reserved for asset managers working in the AM Area and BG FML.

Variable remuneration linked to long-term performance, and LTIs in particular, are determined in function of objectives established in terms of the results achieved by the Banking Group and the Generali Group for the three-year period of reference. In addition, the actual appropriation of the shares is contingent upon annual verification of access gates.

7. INFORMATION ON REMUNERATION BY ROLE AND FUNCTIONS

7.1 Members of the Board of Directors

Board members' 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 and/or 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 analysis 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 Financial Officer is discussed in the relevant point of this document.

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

7.2 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**.

Statutory Auditors 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 board, 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 above.

7.3 Key Personnel

Further to all that has already been illustrated above in respect of the identification of "Key Personnel", the salient features of the remuneration structures applicable to each category falling within the said classification are indicated below. With reference to the Key Personnel category consisting of Financial Advisors authorised to make off-premises offers, reference should be made to point 8 below.

7.3.1 Key Management Personnel

The variable component of Key Management Personnel is established pursuant to mechanisms that not only comply with all the regulatory requirements set forth above, but also provide for **(i)** the deferred payment of a significant portion of variable remuneration; and **(ii)** a portion of variable share-based remuneration.

Chief Executive Officer/General Manager

The positions of Chief Executive Officer and General Manager are 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 incentive, linked to the degree to which the performance objectives — expressed in the relevant Balanced Scorecard — are achieved, as well as 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. The variable remuneration 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;
- > A Long Term Incentive, the bonus range for which is set at between 0% and 175% of the fixed component. Moreover, participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds.

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.

An agreement is currently in force with the Chief Executive Officer/General Manager, providing for an indemnity and a non-competition agreement in the event of early termination of the contract, in accordance with the principles set forth in point 5.2 above.

Moreover, with reference to the position of General Manager there is also a supplementary pension benefits plan equal to 13% of the RAL and the benefits package provided for the Banking Group's managers from time to time.

Deputy General Managers

The remuneration of Deputy General Managers consists of all-inclusive annual remuneration (RAL) and variable remuneration, linked to the degree of satisfaction of performance objectives, expressed in the relevant Balanced Scorecard, the **access gate** scheme and the bonus deferral scheme, the payment based on Banca Generali shares, as well as the **malus** and **claw-back** mechanisms.

The variable remuneration may reach a maximum of 100% of the RAL (equal to the maximum ratio of 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.

In the presence of recruitment incentives and expiry plans based on net inflows/revenue objectives, this amount may be exceeded but in any event it shall not exceed the 2:1 ratio assigned, where applicable.

Moreover, a portion of the variable remuneration may be determined on the basis of a Long Term Incentive plan (LTI). Bonus entitlements under the said LTI range from 0% to 175% of the fixed component of remuneration. In addition, participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds.

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

Deputy General Managers also enjoy supplementary pension benefits up to a maximum of 13% of the RAL and the benefits package provided for the Banking Group's managers from time to time. The current early termination package meets applicable regulatory requirements. Severance benefits or non-competition or stability plans in the event of early termination of the contract, beyond those currently in effect, may be agreed subject to compliance with the principles set forth in the point 5.2 and 4.3 above.

7.3.2 Other Key Personnel

The remuneration of the Managers included in this category consists of an all-inclusive annual remuneration (RAL) and a variable remuneration, linked to the degree to which the performance objectives indicated in the relevant Balanced Scorecards are achieved. 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.

Depending on the strategic weight and complexity of the job description in question, the variable component of 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 managers. It may reach 100% of annual gross remuneration (equal to a maximum of about 85% ratio of the short-term variable remuneration to the total fixed remuneration) for commercial positions or asset management roles.

In no circumstances, a guaranteed minimum is provided.

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

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 these managers, who are also included among Key Personnel (and properly identified under point 4.1 above). Any amount in excess shall be subjected to the cap mechanism described above.

Managers also receive supplementary pension benefits up to 13% of their RAL and the benefit package provided from time to time for the Banking Group managers. The current early termination package meets applicable regulatory requirements. Severance benefits mechanisms or non-competition or stability plans accruing in the event of early termination of the contract, beyond those currently in effect, may be agreed subject to compliance with the principles set forth in points 5.2 and 4.3 above.

7.3.3 Heads of control functions

The remuneration of Managers falling within this category is made up of annual gross remuneration (RAL) (all-inclusive for Managers) supplemented by a variable component linked to the achievement of the performance objectives specified 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 be equal to no more than **33.3%** of RAL, provided the maximum level of performance objectives be attained. No guaranteed minimum is provided for.

The established objectives for the Heads of control functions 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.

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

Managers belonging to this category also enjoy supplementary pension benefits equal to 13% of RAL and the benefits package provided from time to time for the Banking Group's managers. The current early termination package meets applicable regulatory requirements. Severance benefits or non-competition or stability pacts in the event of early termination of the contract, beyond those currently in effect, may be agreed subject to compliance with the principles set forth in points 5.2 and 4.3 above.

7.4 Other personnel

7.4.1 Other Managers

The remuneration of other managers consists of an all-inclusive annual remuneration (RAL) and a variable remuneration, linked to the degree to which the performance objectives indicated in the relevant Balanced Scorecards are achieved. 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 about 20% to 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.

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

Currently, they also enjoy supplementary pension benefits up to 13% of the RAL and the benefits package provided for the Banking Group's managers. The current early termination package meets applicable regulatory requirements. Severance benefits or non-competition or stability pacts in the event of early termination of the contract may be agreed in compliance with the principles set forth in points 5.2 and 4.3 above.

7.4.2 Other employees (upper-level middle managers 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, entered into on the same date, on regulatory and other benefits. In addition, participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds.

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.

7.4.3 Relationship Managers

Relationship Managers (whether Managers or otherwise) serving the Private RM Area are covered under a Management by Objectives Plan.

Their remuneration is accordingly made up of fixed annual remuneration (RAL, all-inclusive for managers) and a variable component determined on the basis of the extent to which the performance objectives specified in the relevant Balanced Scorecards have been attained. The aforesaid variable component is conditional upon the achievement of **access gates** and is subject to **deferral**, as illustrated above.

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 guaranteed minimum and/or non-competition clauses 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 bonuses and/or fees may be earned must be conducted scrupulously in accordance with all applicable principles of professionalism and correctness 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 equal to 13% of the RAL and the benefits package provided for the Banking Group's managers.

The current early termination package meets applicable regulatory requirements. Severance benefits or non-competition or stability pacts in the event of early termination of the contract, beyond those currently in effect, may be agreed in compliance with the principles set forth in points 5.2 and 4.3 above.

7.4.4 Managers of the AM Area and BG Fund Management Luxembourg

A specific incentive plan based on Management by Objectives has been instituted in favour of employees falling within the category of Asset Managers of the AM Area (whether Managers or otherwise), BG Fiduciaria SIM and BG Fund Management Luxembourg.

Their remuneration is accordingly made up of fixed annual remuneration (RAL, all-inclusive for managers) and a variable component determined on the basis of the extent to which the performance objectives specified in the relevant Balanced Scorecards have been attained. 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.

The variable component of 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 guaranteed minimum clauses in the event of early severance of employment, beyond those currently in effect, may be agreed in accordance with the principles laid down in points 5.2 and 4.3 above.

8. FINANCIAL ADVISORS AUTHORISED TO MAKE OFF-PREMISES OFFERS

8.1 Information on the type of relationship

The Financial Advisors authorised to make off-premises offers (hereinafter also “Financial Advisors”), with the exception of Relationship Managers, are linked to the company by an agency contract whereby Financial Advisors are appointed permanently (and without representation) to promote and place in Italy, as part of their 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.

The Deputy General Manager Commercial Networks, Alternative and Support Channels is responsible for the activities of the Private Banker, Financial Planner and Wealth Management Networks, as well as the Financial Planner Agent Networks.

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 Manager**. The Financial Advisor network known as **Financial Planner Agents** carry out also insurance business on behalf of Generali Group companies, and report to a second-tier managerial structure represented by a **FPA Manager** 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** — who report to the **Sales Manager**.

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

8.2 The 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, with the result that 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 product 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 the Financial Advisors consists of the following main items:

- > **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 customer's assets. A fixed percentage of these fees is generally paid back to the Financial Advisors, on the basis of their professional roles and responsibilities;
- > **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;
- > **recurring fees:** these are similar to the previous fees, but relate specifically to the management fees paid by customers for the portfolios managed;
- > **advisory 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, in addition to conventional objectives in terms of net inflows, 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 fee reduction** in the case when the Financial Advisor does not carry out this activity as required.

With reference to the remuneration of direct promotion activities carried out by 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 commissions they are entitled to for their promotion activities carried out through their supervision.

Given that also the Managers' activity is aimed at meeting the needs 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 propriety in respect of customer relations, with a view to building customer loyalty. Towards such end, in addition to conventional objectives in terms of net inflows, 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 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.

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.

The goals in question 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 most significant aspect of the job description 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 bonuses and/or fees 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 4.5 above.

Financial Advisors' and Managers' participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds (see also point 8.5).

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) through (iv) are to be deemed fixed compensation components, 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.

8.3 Positions falling within Key Personnel

As mentioned above, the coordination of the Financial Advisors of the Private Banker and Financial Planner networks is entrusted to **Area Managers**, whereas that of the Financial Advisors of the Wealth Management Area is entrusted to a **Sales Manager**, to whom *Wealth Management Area Managers report*.

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 *Sales Managers, Area Managers and Private Banking 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 applicable to Key Personnel, illustrated above, as well as **malus and claw-back mechanisms** specifically established for this category.

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 to the incentivisation 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 Commission Delegated Regulation (EU) No. 604/2014, 34 Financial Advisors falling into the following categories were included among key personnel, with the provision set out in paragraph 2.1:

- 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 euros and less than 1,000,000 euros, the structural characteristics of which is sufficient to reach or exceed the threshold of 750,000 euros in the following year as well (assessment of the continuity of remuneration);
- 2) **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 euros.

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

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.

8.4 Additional benefits to the recurring remuneration

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 Long Term Care insurance policy 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 cover 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 less stressful relationship with customers.

8.5 Loyalty-building measures

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 **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;
- > participation in a **Framework Loyalty Programme** for Financial Advisors, provided that they meet certain minimum company seniority requirements and reach annual productivity targets. The Framework Loyalty Programme allows for the accrual of a bonus determined from one year to the next, in respect of the eight plan cycles of decreasing duration, which may only be disbursed at the end of the Framework Programme.

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



SECTION 3
REPORT ON THE APPLICATION
OF REMUNERATION POLICIES IN 2017

1. GOALS PURSUED THROUGH REMUNERATION POLICIES AND CRITERIA APPLIED

The Banking Group's Remuneration Policies approved by the Shareholders' Meeting on 20 April 2017 were defined and implemented in accordance with:

- > the 7th update to Circular No. 285 of 17 December 2013, to which Chapter 2, entitled "Remuneration and Incentivisation Policies and Practices" (hereinafter also the "Provisions"), was added in Part I, Title IV, "Corporate Governance, Internal Controls, Risk Management". This update, which repealed the Order of March 2011, is largely aimed at adopting the changes introduced by Directive No. 2013/36/EU (known as CRD 4);
- > the provisions of Article 84-*quater* of the regulation implementing Legislative Decree No. 58 of 24 February 1998 (Finance Consolidation Law) concerning rules for issuers, as amended by Consob Resolution No. 18049 of 23 December 2011;
- > the Corporate Governance Code for Listed Companies, updated in July 2015, which requires the approval of a remuneration policy for Directors and Key management Personnel.

This document has been thus drawn up with a view to ensuring compliance with both the provisions governing remuneration policies within the banking industry and the regulations applicable to Issuers.

The remuneration system was applied on the basis of the Bank's corporate values and objectives, long-term strategies and risk management policies.

The policies adopted by Bank ensure 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).

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 defining the weighting the 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 based on the following principles.

a) Access gates

In order to (i) ensure that the variable component of remuneration is linked to multi-year performance indicators, as well as (ii) take due account of current and future risks, the cost of capital and the liquidity required to finance the Banking Group's operations, the bonus entitlements of all employees receiving variable remuneration under the Management by Objectives plan, as well as those of all staff receiving bonus on a discretionary basis, together with those of Financial Advisors and Network Managers serving the Banking Group, shall be subject not only to the actual result attained, but also to the satisfaction of access gates tied to specific results of the Banking Group.

The Banking Group's access gate consists of the following two ratios: (i) the Total Capital Ratio, measuring the extent of the Bank's capital in relation to the degree of risk of the assets held — minimum target ratio of 11.6%, 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 — minimum ratio of 105%.

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.

Moreover, each cycle of the Generali Group's LTI plans is also subject to a specific access gate. The Banking Group's ratios, as defined above, have all been achieved for the year 2017; in fact, the following values result from the final figures as at 31 December 2017:

- > *Total Capital Ratio* of the Banca Generali Group: 21.0% (threshold: 11.6%);
- > *Liquidity Coverage Ratio* of the Banca Generali Group: 414.0% (threshold: 105%).

As a consequence of those ratios:

- > bonus entitlements have been accrued for the year in question;
- > payment of the 2017 share of the 2015 and 2016 bonuses, which had been deferred in 2017, has come due;
- > accrual of cycles of LTI plans that fall due only upon satisfaction of the access gates for the financial year 2017, and described in greater detail below.

b) Deferral and share-based payment of variable 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, shall be subject to deferral, differentiated by i) Key Personnel (including main network managers), and ii) all other employees, defined as follows:

Key Personnel: variable remuneration is partly disbursed through assignment of Banca Generali shares, based on the following assignment and retention mechanism:

- > 60% paid up-front; 75% in cash, and 25% in Banca Generali shares, subject to a retention period of one year;
- > 20% of the bonus will be deferred for 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 will be 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 by Key Personnel is less than 75,000.00 euros, it is paid in full on an up-front basis during the year after that of reference, 75% in cash and 25% in shares of Banca Generali.

Other employees:

- > 60% of the bonus is paid up-front, in cash;
- > 20% of the bonus will be deferred by one year and paid in cash;
- > the remaining 20% of the bonus will be 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.

If the actual bonus accrued by key personnel is less than 75,000.00 euros, the full amount is paid out up front.

Upon assignment, the individual deferred bonus instalment to be paid in cash will bear interest calculated at the mean 6-month Euribor rate recorded during the calendar year preceding the year in which the related instalment is paid, increased by 0.85pps.

Key personnel

	YEAR OF PAYMENT															TOTAL		
	2016			2017			2018			2019			2020			BONUS	OF WHICH % CASH	OF WHICH % SHARES
	BONUS	OF WHICH % CASH	OF WHICH % SHARES	BONUS	OF WHICH % CASH	OF WHICH % SHARES	BONUS	OF WHICH % CASH	OF WHICH % SHARES	BONUS	OF WHICH % CASH	OF WHICH % SHARES	BONUS	OF WHICH % CASH	OF WHICH % SHARES			
Bonus 2015	60	75	25	20	75	25	20	75	25						100	75	25	
Bonus 2016				60	75	25	20	75	25	20	75	25			100	75	25	
Bonus 2017							60	75	25	20	75	25	20	75	25	100	75	25

Other employees

	YEAR OF PAYMENT																	
	2016			2017			2018			2019			2020			TOTAL		
	% BONUS	OF WHICH % CASH	OF WHICH % SHARES	% BONUS	OF WHICH % CASH	OF WHICH % SHARES	% BONUS	OF WHICH % CASH	OF WHICH % SHARES	% BONUS	OF WHICH % CASH	OF WHICH % SHARES	% BONUS	OF WHICH % CASH	OF WHICH % SHARES	% BONUS	OF WHICH % CASH	OF WHICH % SHARES
Bonus 2015	60	100		20	100		20	100								100	100	
Bonus 2016				60	100		20	100		20	100					100	100	
Bonus 2017							60	100		20	100		20	100		100	100	

c) Malus and claw-back mechanisms

Variable remuneration earned by all staff under the Management by Objectives plan 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.

d) Principle of propriety and the containment of reputational risks

The remuneration and incentivisation 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.

2. INFORMATION ON REMUNERATION BY ROLE AND FUNCTIONS

This section provides a brief overview of remuneration accrued in financial year 2017 in implementation of the remuneration policies approved in respect of:

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 2017. 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 incentivisation plans.

In detail, the remuneration of the Chairman of the Board of Directors is paid back to the company by which he is employed.

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 – Remuneration Paid to Members of the Governing and Control Bodies, General Managers and Other Key Management Personnel*, 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 2017.

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 body, in consideration of the fact that the said Board also discharges the tasks and functions of the Supervisory Body 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 – Remuneration Paid to Members of the Governing and Control Bodies, General Managers and Other Key Management Personnel*, 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 2017.

2.3 Remuneration of the Chief Executive Officer and General Manager and Other Key Management Personnel

2.3.1 Chief Executive Officer and General Manager

The position of Chief Executive Officer is filled by Gian Maria Mossa.

The remuneration granted for the position of Chief Executive Officer consists of a total fixed remuneration paid of 37.500,00 euros. No short-term variable remuneration is envisaged.

The position of General Manager is also filled by Gian Maria Mossa. The remuneration granted to Gian Maria Mossa for the role of General Manager consists of (i) all-inclusive gross annual remuneration of 500,000 euros in 2017; ii) a short-term variable remuneration accrued as a result of the results achieved

of 350,000.00 euros; (iii) variable long-term remuneration as indicated below, and (iv) other sundry remuneration and benefits provided for his position of manager of the Banking Group for an overall amount of 164,250.38.

With reference to long-term variable remuneration, Mr. Mossa is included in the following LTI plans:

Long-term variable plan in favour of Mr. Mossa

PLAN	MAX. NO. IN THE THREE YEARS	NO. OF SHARES ALLOCATED		
		ACCRUED IN 2017	SINCE BEGINNING OF THE PLAN	YEARS ENDED/ REMAINING YEARS
LTI 2015-2017	34,462	12,319	28,342	3/3
LTI 2016-2018	62,581	16,779	31,798	2/3
LTI 2017-2019	67,119	17,996	17,996	1/3

The sum of the shares allocated during each of the three years of the cycle will be actually assigned only at the end of the three-year period, following verification of the satisfaction of objectives in the third year.

2.3.2 Other Key Management Personnel for 2017

This personnel category includes:

- > Andrea Ragaini, DGM Wealth Management, Markets and Products;
- > Stefano Grassi, who was DGM Finance & Operations until 19 February 2017.

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

The overall fixed remuneration, consisting of the gross annual remuneration (RAL) and the service allowance, where applicable, totalled 284,615.40 euros in 2017.

Short-term performance-based bonuses, accrued on the basis of results achieved with reference to the position of member of key management personnel, totalled 180,000 euros.

The total remuneration of personnel included in this category is also comprised of 374,569.89 euros for other remuneration and benefits provided for the managers of the Banking Group.

With reference to long-term remuneration, one person is a beneficiary of LTI plans, as shown below:

Long-term variable remuneration

PLAN	MAX. NO. IN THE THREE YEARS	NO. OF SHARES ALLOCATED		
		ACCRUED IN 2017	SINCE BEGINNING OF THE PLAN	YEARS ENDED/ REMAINING YEARS
LTI 2017-2019	30,509	8,180	8,180	1/3

The sum of the shares allocated during each of the three years of the cycle will be actually assigned only at the end of the three-year period, following verification of the satisfaction of objectives in the third year.

In addition, Andrea Ragaini received fixed compensation of 40,000.00 euros for his services as Chairman of Board of Directors of Generfid.

2.4 Breakdown of remuneration by lines of business relating to Key Personnel

In application of Article 450 of the CRR (Reg. EU No. 575/213), letter g), aggregate quantitative information on remuneration, broken down by lines of business related to Key Personnel, is set out in the *Annex Article 450 CRR, letter g), Aggregate Quantitative Information on Remuneration, Broken Down by Business Area, Concerning Key Personnel*.

2.5 Breakdown of remuneration by category of Key Personnel

A breakdown of remuneration by category of Key Personnel for financial year 2017 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 placed in such category.

More specifically:

- > **Top Management:** the Chief Executive Officer / General Manager, the Deputy General Manager Wealth Management Markets and Products and the Deputy General Manager Finance & Operations, who remained in office until 19 February 2017;
- > **Other Key Personnel:** this category has been determined to include (i) the heads of key operating/company units (main lines of business): the Head of the CFO & Strategy Area (since 10 April 2017), the Head of the Finance Department, the Head of the Lending Department, Executive Director of BG Fund Management Luxembourg S.A. (hereinafter BG FML) also holding the role of Head of the AM Area of Banca Generali and General Manager of BG FML; (ii) the persons, directly reporting to the personnel indicated in point (i) above, who are regarded as having an impact on the company's risk profile: The Heads of the Financial Planner Area, the Managers of the Private Relationship Area and of the Alternative Channels and Support Area. This category also includes: the Head of the COO Area and the Head of the General Counsel Department, a the activities, autonomy and powers assigned to these positions have been regarded as having a substantial impact on the company's risk;
- > **Managers in charge of control functions:** the Head of the Risk and Capital Adequacy Department, the Head of the Internal Audit Department, the Head of the HR Department and the Head of the Compliance and Anti Money Laundering Department (a position held successively by two individuals during the year);
- > **Main managers operating within the distribution networks of the Bank and other Financial Advisors identified pursuant to Article 4 of the Commission Delegated Regulation (EU) No. 604/2014:** Sales Manager Italy, Area Manager of the Financial Planner Area, Private Banking Manager of the Private Banking Area, Senior Private Banking Recruitment Manager and Financial Advisors included in the scope.

Members of Key Personnel with remuneration exceeding 1 million euros are a total of 15 of whom 8 in the bracket from 1 to 1.5 million euros, 5 in the bracket from 1.5 to 2 million euros, and 2 in the bracket from 2 to 2.5 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: Relationship Managers, Managers (managers from the AM Area, BG Fund Management Luxembourg, and BG Fiduciaria SIM) 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 management by objectives (MBO) mechanisms and of the discretionary variable remuneration also linked to the annual evaluation for those not benefiting from MBO mechanisms.

	NO. OF BENEFICIARIES	FIXED REMUNERATION	VARIABLE REMUNERATION
Relationship Managers	77	5,578,726.20	1,322,572.96
Asset Managers	23	2,071,522.89	986,328.07
Other employees	840	31,472,385.90	2,607,702.38

Relationship Manager's variable remuneration does not include recruitment incentives.

3. INFORMATION ON THE REMUNERATION OF FINANCIAL ADVISORS

The remuneration policies applicable to Financial Advisors were consistently implemented, in both qualitative and quantitative terms, as described in the document “Banking Group’s Remuneration Policies” approved by the General Shareholders’ Meeting on 20 April 2017.

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 commissions 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 is worth noting that the weight of fees payable for 2017 (almost entirely in favour of Financial Advisors) to overall fees receivable is given in the following table.

	2017
Total payout (with performance fees)	45.7%
Total payout (without performance fees)	53.8%

(*) Payout including fee provisions for sales and recruitment incentives.

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 2017; (ii) within the framework of a process of gradually increasing the responsibilities 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 incentivisation systems, based on the identification of individual objectives (and group objectives, for managers), it is confirmed that this component accounts 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 incentivisation 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 2017, incentives accounted for about 11% of overall payout.

On the other hand, in light of their crucial coordination and supervisory responsibilities, the variable remuneration of Sales Managers and Area Managers determined pursuant to incentive plans has been subjected to both the Banking Group’s access gates and the partial deferral of bonus payments.

As a result, the aforesaid variable remuneration accrued for 2017 in the amount of 8,490,301 euros overall of such functions was as follows: 60% paid in 2017; 20% will 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 payouts due under incentive plans. Moreover, the Bank reserves the discretionary right to refuse to make bonus payouts 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.

4. TABLES

4.1 Tables prepared pursuant to Consob Resolution 18049

Table 1

Remuneration Paid to Members of the Governing and Control Bodies, General Managers and Other Key Management Personnel

Table 2

Stock Options Granted to Members of the Governing Body, General Managers and Other Key Management Personnel

Table 3A

Incentive Plans for Members of the Governing Body, General Managers and Other Key Management Personnel Based on Financial Instruments Other than Stock Options

Table 3B

Monetary Incentive Plans for Members of the Governing Body, General Managers and Other Key Management Personnel

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Table 1 - Shares Held by Members of the Governing and Control Bodies and General Managers

Table 2 - Shares Held by Other Key Management Personnel

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 Incentivisation Policies and Practices” – Section VI – Article 450 CRR (Reg. UE 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”

Table 1 – Remuneration Paid to Members of Governing and Control Bodies, General Managers and Other Key Management Personnel

(A)	(B)	(C)	(D)	NOTES	(1)	
					FIXED REMUNERATION	REMUNERATION AS PER ART. 2389 PARA. 3 IT. CIV. CODE
SURNAME AND NAME	OFFICE HELD	PERIOD OF OFFICE	TERM OF OFFICE			
Fancel Giancarlo	Director / Chairman of BoD	01.01-31.12.17	Approval of 2017 Financial Statements	1 / 5	70,000	
Mossa Gian Maria	Director / Chief Executive Officer	20.03-31.12.17	Approval of 2017 Financial Statements	1	27,521	37,500
	General Manager	01.01-31.12.17		3 / 4		
Brugnoli Giovanni	Director	01.01-31.12.17	Approval of 2017 Financial Statements	2	35,000	
Gervasoni Anna	Director	01.01-31.12.17	Approval of 2017 Financial Statements			
				I) remuneration in the company preparing the financial statements	2	35,000
				II) remuneration from subsidiary and associate companies	7	15,000
III) Total					50,000	
Lapucci Massimo	Director	01.01-31.12.17	Approval of 2017 Financial Statements	2	35,000	
Pescatori Annalisa	Director	01.01-31.12.17	Approval of 2017 Financial Statements	2	35,000	
Terzi Vittorio Emanuele	Director	01.01-31.12.17	Approval of 2017 Financial Statements	2	35,000	
Perin Giovanni Luca	Director	01.01-20.03.17	ended	1	7,575	
Rustignoli Cristina	Director	01.01-31.12.17	Approval of 2017 Financial Statements	1	35,000	
Caltagirone Azzurra	Director	01.01-31.12.17	Approval of 2017 Financial Statements		35,000	
Cremona Massimo	Chairman of the Board of Statutory Auditors	01.01-31.12.17	Approval of 2017 Financial Statements	6	55,000	
Anaclerio Mario Francesco	Acting Auditor	01.01-31.12.17	Approval of 2017 Financial Statements	6	40,000	
Minutillo Flavia	Acting Auditor	01.01-31.12.17	Approval of 2017 Financial Statements	6	40,000	
Key Management Personnel	2 Deputy General Managers	01.01-31.12.17				
				I) remuneration in the company preparing the financial statements	3 / 4	
				II) remuneration from subsidiary and associate companies	7	40,000
III) Total					40,000	

NOTES

- (1) Pays back fixed remuneration for the position of Director to the company by which he is employed.
(2) The following table provides a breakdown of the remuneration received for sitting in Committees, accrued in the reporting year:

NAME	REMUNERATION COMMITTEE		NOMINATION COMMITTEE		INTERNAL AUDIT AND RISK COMMITTEE		TOTAL
	FIXED REMUNERATION	ATTENDANCE BONUSES	FIXED REMUNERATION	ATTENDANCE BONUSES	FIXED REMUNERATION	ATTENDANCE BONUSES	
Brugnoli Giovanni	10,000	12,000	10,000	12,000			44,000
Gervasoni Anna	10,000	12,000			10,000	24,000	56,000
Lapucci Massimo			10,000	12,000	10,000	16,000	48,000
Pescatori Annalisa	10,000	12,000			10,000	22,000	54,000
Terzi Vittorio Emanuele			10,000	12,000	10,000	20,000	52,000
Total	30,000	36,000	30,000	36,000	40,000	82,000	254,000

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

(1)			(2)	(3)		(4)	(5)	(6)	(7)	(8)
FIXED REMUNERATION			NON-EQUITY VARIABLE REMUNERATION							
ATTENDANCE BONUSES	FORFEIT EXPENSE REFUND	FIXED SALARIES AS EMPLOYEES	REMUNERATION FOR SITTING ON COMMITTEES	BONUS AND OTHER INCENTIVES	PROFIT SHARING	NON-MONETARY BENEFITS	OTHER REMUNERATION	TOTAL REMUNERATION	FAIR VALUE OF EQUITY	END-OF-TERM AND SEVERANCE INDEMNITIES
								70,000		
								65,021		
	1,350	500,000		246,976		154,430	8,471	912,227	906,851	
			44,000					79,000		
			56,000					91,000		
								15,000		
			56,000					106,000		
			48,000					83,000		
			54,000					89,000		
			52,000					87,000		
								7,575		
								35,000		
								35,000		
								55,000		
								40,000		
								40,000		
	219	284,615		92,792		86,197	288,154	751,977	178,739	
								40,000		
	219	284,615		92,792		86,197	288,154	791,977	178,739	

(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 participation in trips and the use of a company car.

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

(5) The fixed remuneration for the position of Chairman of the BoD is paid back to the company by which he is employed.

(6) Remuneration for sitting on the Supervisory Body is included (Legislative Decree No. 231).

(7) Remuneration attributed as Director of Generfid SpA.

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 Governing Body, General Managers and Other Key Management Personnel

SURNAME AND NAME	OFFICE HELD	PLAN	OPTIONS HELD AT YEAR-START		
			NUMBER OF OPTIONS	STRIKE PRICE	EXPECTED VESTING PERIOD
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 Governing Body, General Managers and Other Key Management Personnel based on financial instruments other than stock options

(A)	(B)	(1)		(2)	(3)
SURNAME AND NAME	OFFICE HELD	PLAN (1)	TYPE OF FINANCIAL INSTRUMENT	FINANCIAL INSTRUMENTS ASSIGNED IN PREVIOUS YEARS AND NOT VESTED DURING THE YEAR	
				NUMBER AND TYPE OF FINANCIAL INSTRUMENTS	VESTING PERIOD
Mossa Gian Maria	Joint General Manager	LTI 2015-2017 (2)	Ord. shares Ass. Generali		
i) remuneration in the company preparing the financial statements	General Manager	LTI 2016-2018 (4)	Ord. shares Ass. Generali	56,831	2016-2018
	CEO and General Manager	LTI 2017-2019 (5)	Ord. shares Ass. Generali		
	Joint General Manager	BSC 2015	Ord. shares Banca Generali		
	General Manager as of 01.04.2016	BSC 2016	Ord. shares Banca Generali	501	2016-2018
	General Manager and CEO	BSC 2017 (6)	Ord. shares Banca Generali		
ii) remuneration from subsidiary and associate companies					
iii) Total					
Other Key Management Personnel	Wealth Management Markets & products Joint General Manager	LTI 2017-2019 (5)	Ord. shares Ass. Generali		
i) remuneration in the company preparing the financial statements		BSC 2016	Ord. shares Banca Generali	155	2016-2018
		BSC 2017 (6)	Ord. shares Banca Generali		
ii) remuneration from subsidiary and associate companies					
iii) Total					

NOTES:

- (1) 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 Assicurazioni Generali S.p.A. (2015-2017 LTI Shareholders' resolution dated 30 April 2015; 2016-2018 LTI Shareholders' resolution dated 28 April 2016, 2017-2019 LTI Shareholders' resolution dated 27 April 2017).
- (2) Number of shares to be assigned in April 2018 as approved by the Board of Directors of Assicurazioni Generali at the end of the vesting period of the plan and based on the level of achievement of the objectives set for the three-year period 2015-2017, including a number of additional shares based on the amount of overall dividends distributed in the three-year period (so called dividend equivalent). The overall value of the shares at vesting was reported considering the official price of the share at 14 March 2018, i.e., the date when the Board of Directors of Assicurazioni Generali met and verified the level of achievement of the three-year period objectives and resolved upon the free capital increase.
- (3) Number of total non-attributable shares as a result of the performance achieved in 2017.
- (4) Maximum number of shares potentially attributable at the end of the vesting period (2016-2018) subject to the achievement of the objectives and to the terms and conditions of the plan, also taking into account that, with specific reference to the years 2016 and 2017, the number of shares was calculated based on the year-end results of the objectives achieved in such years. Moreover, as envisaged by the plan rules, the beneficiaries may receive a number of additional shares based on the amount of overall dividends distributed in the three-year period of reference (so called dividend equivalent).

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	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
(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)		
FINANCIAL INSTRUMENTS ASSIGNED DURING THE YEAR					FINANCIAL INSTRUMENTS VESTED DURING THE YEAR AND NOT ASSIGNED		FINANCIAL INSTRUMENTS VESTED DURING THE YEAR AND ASSIGNABLE		FINANCIAL INSTRUMENTS FOR THE YEAR	
NUMBER AND TYPE OF FINANCIAL INSTRUMENTS	FAIR VALUE AT ASSIGNMENT DATE	VESTING PERIOD	ASSIGNMENT DATE (1)	MARKET PRICE AT ASSIGNMENT (1)	NUMBER AND TYPE OF FINANCIAL INSTRUMENTS	NUMBER AND TYPE OF FINANCIAL INSTRUMENTS	VALUE AT VESTING	FAIR VALUE		
					1,465 (3)	31,723	487,741	214,248		
										297,539
64,979	942,199	2017-2019	27.04.2017	14,58						314,066
						731	21,512	7,171		
						501	11,393	9,757		
3,688	83,569	2017-2019	20.04.2017	25,42		2,213	51,336	64,070		
	1,025,768						571,982	906,851		
29,536	428,277	2017-2019	27.04.2017	14,58						142,759
						155	3,538	3,030		
1,897	42,978	2017-2019	20.04.2017	25,42		1,138	26,402	32,950		
	471,256						29,939	178,739		

(5) Maximum number of shares potentially attributable at the end of the vesting period (2017-2019) subject to the achievement of the objectives and to the terms and conditions of the plan, also taking into account that, with specific reference to the year 2017, the number of shares was calculated based on the year-end results of the objectives achieved in such year. Moreover, as envisaged by the plan rules, the beneficiaries may receive a number of additional shares based on the amount of overall dividends distributed in the three-year period of reference (so called dividend equivalent).

(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 (2017-2019), subject to the satisfaction of the access gates of the Banking Group.

(7) The information refers to the position shown in the table. No variables related to other positions are reported, unless they fall in the category of Key Management Personnel.

Table 3B – Monetary Incentive Plans for Members of the Governing Body, General Managers and Other Key Management Personnel

(A)	(B)
SURNAME AND NAME	OFFICE HELD
Mossa Gian Maria	
i) remuneration in the company preparing the financial statements	CEO and General Manager
ii) remuneration from subsidiary and associate companies	
iii) Total	
Other Key Management Personnel (2)	
i) remuneration in the company preparing the financial statements	Wealth Management Markets & products Joint General Manager
ii) remuneration from subsidiary and associate companies	
iii) Total	

NOTES:

- (1) The amount represents the cash portion for 2015 BSC, 2016 BSC and 2017 BSC.
- (2) The information refers to the position shown in the table. No variables related to other positions are reported, unless they fall in the category of Key Management Personnel.

For variable remuneration based on Balanced Scorecards (BSC), upon payment the individual deferred instalment will bear interest calculated at the mean 6-month EURIBOR ate recorded during the calendar year preceding the year in which related instalment is paid, increased by 0.85%.

(1)	(2)			(3)			(4)
	BONUS FOR THE YEAR			PRIOR YEARS BONUS			
	A	B	C	A	B	C	
PLAN	PAYABLE/ PAID	DEFERRED	DEFERMENT PERIOD	NO LONGER PAYABLE	PAYABLE/ PAID	STILL DEFERRED	OTHER BONUSES
BSC 2015 (1)			2017-2018		52,500		
BSC 2016 (1)			2018-2019		37,976	37,976	
BSC 2017 (1)	157,500	105,000	2019-2020				
	157,500	105,000			90,476	37,976	
BSC 2016 (1)			2018-2019		11,792	11,792	
BSC 2017 (1)	81,000	54,000	2019-2020				
	81,000	54,000			11,792	11,792	

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

SURNAME AND NAME	OFFICE HELD	INVESTEES COMPANY	NO. OF SHARES OWNED AT THE END OF THE PREVIOUS YEAR	NO. OF SHARES PURCHASED	NO. OF SHARES SOLD	NO. OF SHARES HELD AT THE END OF THE CURRENT YEAR
Fancel Giancarlo	Chairman of the Board of Directors	(1)	2,039	-	-	2,039
Rustignoli Cristina	Director	Banca Generali	1,246	482	-	1,728
Brugnoli Giovanni	Director	Banca Generali	10,000	-	-	10,000
Lapucci Massimo	Director	Banca Generali	1,000	-	-	1,000
Mossa Gian Maria	CEO and General Manager	Banca Generali	11,893	2,233	-	14,126

NOTES:

- (1) Changes refer to the payment of bonuses in shares.
(2) Director who was a member of Key Management Personnel for a part of 2016.

Table 2 – Shares Held by Other Key Management Personnel

NO. OF KEY MANAGEMENT PERSONNEL	INVESTEES COMPANY	NO. OF SHARES OWNED 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	4,413	2,060	-	6,473

NOTES:

- (*) Changes refer to the payment of bonuses in shares.
(1) Changes refer to the period during which they were members of Key Management Personnel, since there is no evidence about what occurred after leaving office in Banca Generali..

4.2 Tables prepared in accordance with the Bank of Italy provisions – 7th update of Circular No. 285 of 17 December 13, Part I, Title IV, “Corporate Governance, Internal Controls, Risk Management” – Chapter 2, “Remuneration and Incentivisation 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 (**)	VARIABLE REMUNERATION FOR 2016 (***)	NOTES
Banca Generali	Member of the governing body	1	693,280	358,471	(1)
Banca Generali	Control functions	4	464,777	100,833	(2)
Banca Generali	Corporate functions	6	1,269,713	1,090,657	(3)
Banca Generali	Investment Banking	32	19,646,436	12,673,128	(4)
Banca Generali	Retail Banking	2	418,375	196,295	
Banca Generali/BG FML	Asset management	2	585,872	389,510	

NOTES:

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

(**) The item also includes fringe benefits.

(***) The component “2017 variable” is represented by: i) MBO mechanisms applied with the method of the Balanced scorecard (BSC), with application of the deferral mechanism, where applicable and ii) other bonuses/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 Department (position held by two persons in 2017) 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 Area, Head of the General Counsel Department, Head of Human Resources Department and DGM Finance & Operations (which held such position until 19 February 2018).

(4) Information on: Head of the Financial Planner Area, Head of the Private Relationship Manager Area, Head of the Finance Department, and the following network managers: 2 Sales Managers Italy, 5 Area Managers of the Financial Planner Division, 5 Private Banking Managers of the Private Banking Division, 1 Senior Private Banking Recruitment Manager and 16 Financial Advisors.

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

With indication of:

- i) amounts of remuneration for the year broken down by fixed and variable component and number of beneficiaries;
- ii) amounts and forms of the variable component of remuneration, broken down by cash, shares, share-based instruments and other types;
- iii) amounts of existing deferred remuneration, broken down by shares assigned and not assigned;
- iv) amounts of deferred remuneration recognised during the year, paid and reduced based on performance adjustments;
- v) new payments for recruitment benefits and termination indemnities made in the year and number of beneficiaries;
- vi) amounts paid for termination indemnities accrued during the year, number of beneficiaries and highest amount paid to an individual person.

A) Top Management

Banca Generali: Chief Executive Officer; Top Management: General Manager, Wealth Manager Markets & Products Joint General Manager; Finance & Operations Department Joint General Manager (position held until 19.02.2017).

COMPANY	PERSONNEL CATEGORY	NO. BENEFICIARIES	I) REMUNERATION			II) AMOUNTS AND TYPE OF VARIABLE COMPONENT (**)			
			FIXED (*)	VARIABLE 2017	TOTAL	CASH	SHARES	SHARE-BASED INSTRUMENTS	OTHER TYPES
Banca Generali	CEO	1	37,500	-	37,500	-	-	-	-
Banca Generali	Top Management	3	1,026,811	1,026,625	2,053,436	894,125	132,500	-	-

With reference to the 2015-2017 LTIP, verification of the level of achievement of the objectives set and satisfaction of the access gates for the third year led to the determination of shares to be allocated for the year of 12,319 for Mr. Mossa. The sum of the shares allocated in each of the three years of the cycle will be assigned during 2018, i.e., at the end of the three-year period.

With reference to the 2016-2018 LTIP, verification of the level of achievement of the objectives set and satisfaction of the access gates for the second year led to the determination of shares to be allocated for the year of 16,779 for Mr. Mossa. The sum of the shares set aside during each of the three years of the cycle will be definitively assigned only at the end of the three-year period, following verification of the level of achievement of objectives in the third year.

With reference to the 2017-2019 LTIP, verification of the level of achievement of the objectives set and satisfaction of the access gates for the first year led to the determination of shares to be allocated for the year of, respectively, 17,996 for Mr. Mossa, and 8,180 for a manager included in Top Management. The sum of the shares set aside during each of the three years of the cycle will be definitively assigned only at the end of the three-year period, following verification of the level of achievement of objectives in the third year.

B) Other Key Personnel

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

Persons regarded as having an impact on company risk due to their activities, autonomy and powers: Head of the Financial Planner Area, Head of the PRM Area, Head of Alternative and Support Area, Head of the COO Area and of the General Counsel Department.

COMPANY	NO. BENEFICIARIES	I) REMUNERATION			II) AMOUNTS AND TYPE OF VARIABLE COMPONENT (**)			
		FIXED (*)	VARIABLE 2017	TOTAL	CASH	SHARES	SHARE-BASED INSTRUMENTS	OTHER TYPES
Banca Generali/ BG FML (a)	10	2,274,687	1,476,971	3,751,658	1,216,413	260,559	-	-

(a) The amounts also include i) the compensation and the variable remuneration paid to the Executive Director of BG FML for the position of Head of the AM Area.

With reference to the 2015-2017 LTIP, verification of the level of achievement of the objectives set and satisfaction of the access gates for the third year led to the determination of shares to be allocated for the year of 7,040 for 1 manager included in Other Key Personnel. The sum of the shares allocated in each of the three years of the cycle will be assigned during 2018, i.e., at the end of the three-year period.

With reference to the 2016-2018 LTIP, verification of the level of achievement of the objectives set and satisfaction of the access gates for the second year led to the determination of shares to be allocated for the year of a total of 11,326 for 3 managers included in Other Key Personnel. The sum of the shares set aside during each of the three years of the cycle will be definitively assigned only at the end of the three-year period, following verification of the level of achievement of objectives in the third year.

With reference to the 2017-2019 LTIP, verification of the level of achievement of the objectives set and satisfaction of the access gates for the first year led to the determination of shares to be allocated for the year of a total of 8,180 for 3 managers included in Other Key Personnel. The sum of the shares set aside during each of the three years of the cycle will be definitively assigned only at the end of the three-year period, following verification of the level of achievement of objectives in the third year.

III) DEFERRED REMUNERATION (***)		IV) DEFERRED REMUNERATION (***) (****)			V) INDEMNITIES				VI) FOR TERMINATION		
ASSIGNED	NOT ASSIGNED	RECOGNISED	PAID	REDUCED	AT THE START	NO. OF BENEFICIARIES	AT THE END	NO. OF BENEFICIARIES	RECOGNIZED	NO. OF BENEFICIARIES	HIGHEST AMOUNT
-	-	-	-	-	-	-	-	-	-	-	-
218,882	412,124	218,882	-	-	-	-	-	-	-	-	-

III) DEFERRED REMUNERATION (***)		IV) DEFERRED REMUNERATION (***) (****)			V) INDEMNITIES				VI) FOR TERMINATION		
ASSIGNED	NOT ASSIGNED	RECOGNISED	PAID	REDUCED	AT THE START	NO. OF BENEFICIARIES	AT THE END	NO. OF BENEFICIARIES	RECOGNIZED	NO. OF BENEFICIARIES	HIGHEST AMOUNT
223,756	442,241	223,756	-	-	-	-	-	-	-	-	-

C) Managers and higher level executives in charge of Control functions

Banca Generali: Head of the Risk and Capital Adequacy Department, Head of Internal Audit, Head of the HR Department and Head of the Compliance and Anti Money Laundering Department (position held by 2 persons in 2016).

COMPANY	NO. OF BENEFICIARIES	I) REMUNERATION			II) AMOUNTS AND TYPE OF VARIABLE COMPONENT (**)			
		FIXED (*)	VARIABLE 2017	TOTAL	CASH	SHARE-BASED INSTRUMENTS	OTHER TYPES	
Banca Generali	5	679,232	215,154	894,385	173,961	41,192.71	-	-

D) Main managers operating in the Bank's distribution networks

Banca Generali: 2 Sales Manager Italy, 5 Area Managers of the Financial Planner Area, 5 Private Banking Managers of the Private Banking Area, 1 Senior Private Banking Recruitment Manager and 16 Financial Advisors.

COMPANY	NO. OF BENEFICIARIES	I) REMUNERATION			II) AMOUNTS AND TYPE OF VARIABLE COMPONENT (**)			
		FIXED (*)	VARIABLE 2017	TOTAL	CASH	SHARE-BASED INSTRUMENTS	OTHER TYPES	
Banca Generali	29	19,060,223	12,090,146	31,150,368	6,573,363	1,740,546	-	-

NOTES:

- (*) For 2017, the fixed remuneration is represented by gross annual remuneration, emoluments, service allowance and fringe benefits.
- (**) For 2017, the variable component is represented by: i) MBO mechanisms applied with the method of the Balanced scorecard (BSC), with application of the deferral mechanism, where applicable and ii) other bonuses/agreements/one-off payments.
- (***) "Assigned"/"Recognised": deferred instalment of the variable remuneration accrued in 2015 and 2016, for which the attainment of the access gate has been satisfied and which will be paid in 2018 to personnel in service;
 "Not assigned": deferred portion of variable remuneration relating to 2016 and 2017.
- (****) The portion included in the same item within the tables for the previous year were regularly paid during 2016 according to the terms established under the contracts for personnel in service.

Upon payment, the individual deferred instalment will bear interest calculated at the mean 6-month EURIBOR rate recorded during the calendar year preceding the year in which related instalment is paid, increased by 0.85%.

III) DEFERRED REMUNERATION (***)		IV) DEFERRED REMUNERATION (***) (****)				V) INDEMNITIES			VI) FOR TERMINATION		
ASSIGNED	NOT ASSIGNED	RECOGNISED	PAID	REDUCED	AT THE START	NO. OF BENEFICIARIES	AT THE END	NO. OF BENEFICIARIES	RECOGNIZED	NO. OF BENEFICIARIES	HIGHEST AMOUNT
-	6,500	-	-	-	-	-	-	-	-	-	-

III) DEFERRED REMUNERATION (***)		IV) DEFERRED REMUNERATION (***) (****)				V) INDEMNITIES			VI) FOR TERMINATION		
ASSIGNED	NOT ASSIGNED	RECOGNISED	PAID	REDUCED	AT THE START	NO. OF BENEFICIARIES	AT THE END	NO. OF BENEFICIARIES	RECOGNIZED	NO. OF BENEFICIARIES	HIGHEST AMOUNT
1,998,973	3,035,597	1,998,973	-	-	-	-	-	-	-	-	-

COMPLIANCE FUNCTION'S REVIEW OF THE 2018 REMUNERATION POLICIES FOR COMPLIANCE WITH THE APPLICABLE REGULATORY FRAMEWORK

Foreword

The Provisions on Remuneration and Incentivisation Policies (ref. Bank of Italy Circular No. 285 dated 17 November 2013, as further amended) require the Compliance Function to assess the compliance of remuneration and incentivisation policies with the applicable legal framework, before they are implemented. In accordance with the above Provisions, the Compliance Function's review shall include ensuring that the company incentive system is consistent with the compliance objectives provided for by 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 2018, conducted a preliminary review of the consistency of such policies with the aforementioned Bank of Italy Instructions 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, as well as the process aimed at excluding some Financial Advisors from the category of Key Personnel.

The assessment of the Compliance Function also took into account the provisions of Article 84-quater ("Report on Remuneration") of the regulation implementing Legislative Decree No. 58 of 24 February 1998 (the Finance Consolidation Law - TUF) concerning rules for issuers, introduced by Resolution No. 18049 of 23 December 2011 and subsequently amended by Resolution No. 18214 of 9 May 2012. 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 Instructions) and the regulation governing Rules for Issuers.

Situation identified

From a general standpoint, it must be pointed out that the Bank's remuneration and incentivisation policies are designed to ensure that:

- > a balance is reached between the fixed and variable components of remuneration, while also taking account of the position filled (or a balance between the non-recurring and the recurring 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 component of Key Personnel's remuneration;
- > there is an ongoing self-assessment process aimed at identifying the company's "Key Personnel," to whom the more detailed provisions of the Bank of Italy Instructions apply, in compliance with the principle of proportionality. In order to identify "Key personnel", the regulatory technical standards concerning the appropriate qualitative and quantitative criteria to identify categories of personnel whose professional activities have a material impact on an institution's risk profile, as per Commission Delegated Regulation (EU) No. 604 of 4 March 2014, as further amended, were applied;
- > criteria for calculating the bonus pool are defined;
- > bonus entitlement is tied not only to the actual results achieved, but also, for the parties identified in the remuneration policy, the respect for applicable regulations, the satisfaction of an access gate for the Banking Group 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 required to undertake the business engaged in within the Banking Group;
- > rules are defined for deferring the disbursement of variable remuneration until a pre-determined bonus threshold has been met;
- > in accordance with the principle of proportionality, it is established that a portion of variable remuneration be paid in shares;
- > malus and claw-back mechanisms based on criteria of propriety are established;
- > the remuneration of the distribution network is also 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.

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 of which the Bank is part. Incentive-generating targets for Financial Advisors refer exclusively to the gathering of net inflows in general and the gathering of net inflows from products and services 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;
- > does not envisage the assignment to Heads of corporate control functions of objectives linked to the earnings results of the Bank and/or the Banking Group.

Conclusions

In light of the above and taking due account of the application of the principle of proportionality, the Banking Group's remuneration and incentivisation policies have been found to be appropriate and coherent with the applicable requirements, whether imposed under the legal framework of reference or through voluntary self-regulation.

Trieste, 20 March 2018

Compliance and Anti Money Laundering Department

REVIEW OF THE COMPLIANCE OF THE REMUNERATION PRACTICES WITH THE POLICIES APPROVED AND REGULATIONS CURRENTLY IN FORCE

Company	Banca Generali S.p.A.
Process	Remuneration and Incentivisation 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	20.03.2018
Report code	BG182018I

Foreword

The evolution of Italian regulations and international guidelines has strengthened the financial system's awareness of the strategic importance of remuneration policies that enable a company to face systemic difficulties and the challenges that will emerge as part of the desired reinforcement of the risk culture.

Regulators are calling for remuneration policies with a long-term perspective that are in line with the Risk Appetite Framework (RAF), as well as with risk governance and risk management policies. The application of adequate policies is the tool that can guarantee the sustainability of individual banks and the overall system, as well as the proper balancing of interests for the benefit of all stakeholders.

Purpose of the audit

The Internal Audit function verifies, inter alia, at least once a year, the compatibility of remuneration practices with approved policies and applicable regulations. Any and all failures, anomalies and irregularities identified shall be reported to competent bodies and functions so that they can assess the need to promptly inform the Bank of Italy thereof and implement appropriate corrective measures. The results of the audit are submitted to the General Shareholders' Meeting on an annual basis.

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.

The Risk and Control analysis model is developed through the identification of the risks of individual company processes, which are systematically mapped, and the verification during audits of the existence and adequacy of the controls currently implemented on the risks of each process, as well as the preparation of an audit report.

Through this model, the Function:

- > identifies and assesses the inherent/potential risk;
- > assesses the comprehensiveness, adequacy, functionality and reliability of the Control System;
- > determines and assesses the Residual/Net Risk.

For the purposes of the audit, three analysis stages have been identified (Definition of remuneration and incentivisation policies, Implementation of the remuneration and incentivisation 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 analysis carried out through the control framework found that the remuneration practices have been correctly defined and are in line with the remuneration policies approved by the General Shareholders' Meeting on 21 April 2017, as well as with applicable regulations.

More specifically:

- > the overall amount of all remuneration (ratio of the variable to fixed component) was found to be compliant with established parameters, and the required balance was observed;
- > in order to define the Key Personnel category, a self-assessment was performed based on the application of the Regulatory Technical Standards (RTSs);
- > the corporate functions, including control functions, involved in the process showed an effective level of integration and understanding of their tasks;
- > individual Balanced Scorecards ensure the transparency of information by providing a detailed record of individual targets, including a full and precise 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, if needed;
- > the bonuses accrued during the year of reference and previous years have been properly paid;
- > the disclosure and reporting obligations established by Bank of Italy regulations have been fulfilled.

Internal Audit

REMUNERATION COMMITTEE'S REPORT ON ACTIVITIES CONCERNING THE REMUNERATION POLICY

Banca Generali's Remuneration Committee, during the meetings held in 2017 and in the first months of 2018, 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 incentivisation policies, the Remuneration Committee (i) participated in the process of reviewing the proper application of the 2017 remuneration policies adopted by the company for its Directors and Key Personnel, whether employed by the company or working under a professional relationship other than employment contract; (ii) provided consulting 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, the professional figures capable of affecting the risk profile of the Bank and the heads of corporate internal control functions; (iv) provided consulting support for introducing and assigning the Long Term Incentive Plan in accordance with the provisions set forth by the remuneration policies approved; (v) verified the involvement of the competent company functions in the process of preparing and controlling remuneration and incentivisation policies and practices; (vi) expressed an opinion, on the basis of the information received from the competent company functions, on the achievement of the performance objectives to which incentive plans for Key Management Personnel and heads of control functions are tied, and on the review of the other conditions established for the disbursement of remuneration; and (vii) reviewed the report on the application of approved remuneration policies in 2017. 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 Incentivisation Policies and Procedures", in Part I, Title IV "Corporate Governance, Internal Control, Risk Management" of Bank of Italy Circular No. 285 of 17 December 2013, and the EBA's RTSs, as endorsed in the Commission Delegated Regulation (EU) No. 604/2014 issued on 4 March 2014; and (ii) the proposal for remuneration and incentivisation policies for 2017, which it found to be consistent, including with respect to the application of the principle of proportionality, with both the relevant Bank of Italy Instructions and Consob regulations in force. The Committee believes that the policies proposed seek to achieve the greatest possible alignment between the interest of the Banking Group's shareholders and management, including from a long-term perspective, through attentive management of company risks.

The Remuneration Committee

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Banca Generali S.p.A.

Registered office
Via Machiavelli 4
I - 34132 Trieste

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

Tax code, VAT No. and Trieste register
of companies 00833240328

Company managed and coordinated
by Assicurazioni Generali S.p.A.

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

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