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ILLUSTRATIVE REPORT
OF THE BOARD OF DIRECTORS OF BANCA GENERALI S.P.A.
CONCERNING ITEM 9 ON THE AGENDA OF THE ORDINARY SHAREHOLDERS’
MEETING

***“Share-based incentive system, pursuant to Article 114-bis of the TUF: granting of powers;
relevant and ensuing resolutions.”***

(Prepared pursuant to Article 125-ter of Legislative Decree No. 58 of 24 February 1998, as subsequently amended and extended, and pursuant to Article 84-ter of the Regulation adopted through Consob Resolution No. 11971 of 14 May 1999, as subsequently amended and extended)

Shareholders,

This Report has been drafted pursuant to Articles 114-*bis* and 125-*ter* of Legislative Decree No. 58 of 24 February 1998, as amended and extended (the Consolidation Law on Financial Intermediation or “**TUF**”), and Article 84-*ter* of the Regulation adopted by Consob Resolution No. 11971 of 14 May 1999, as amended and extended (“**Rules for Issuers**”).

This Report has been made available to the public, under the terms and conditions required by applicable laws and regulations, from the registered office of Banca Generali S.p.A. (“**Bank**”), the Milan operating offices, *Direzione Affari Societari e Rapporti con le Authorities*, Piazza Tre Torri 1, Borsa Italiana S.p.A., the Bank’s website (www.bancagenerali.com), and through the authorised storage service (www.emarketstorage.com).

The Board of Directors is going to submit for your approval, pursuant to Article 114-*bis* of TUF, the adoption of a share-based plan for 2021 (“**Incentive System**”), intended for the Key Personnel of the Banca Generali Group (i.e., persons whose activities have or may have a significant impact on the risk profile of the Bank or the Banca Generali Group).

This Report is thus aimed at illustrating the rationale and content of the proposal concerning the aforementioned Incentive System. For definitions and an illustration of the content and provisions of the System, reference should be made to the Information Document, drafted in accordance with Article 114-*bis* of TUF and Article 84-*bis* of the Rules for Issuers, made available to the public according to the terms and conditions mandated by applicable legislation.

1. Reasons for adopting the Incentive System

The Incentive System serves the following purposes:

- a) it allows the Bank to comply with the provisions of Bank of Italy Circular No. 285 of 17 December 2013 on remuneration and incentive policies and practices (the “**Circular**”), requiring that a portion of the different components of variable remuneration constituting the remuneration package of Key Personnel (as defined in the aforementioned Circular, and therefore including the component that specifically serves as an incentive – the “**Bonus**” – and all other components, including Severance – collectively referred to as the “**Variable Remuneration**”⁽¹⁾) be paid in financial instruments, contingent on sustainable performance conditions, as provided for in the Banca Generali Group’s remuneration policies (“**Remuneration Policies**”);
- b) it allows better alignment of the interests of the Banca Generali Group’s management and those of its shareholders through attentive management of company risks and pursuit of long-term strategies.

2. Beneficiaries

The beneficiaries of the Incentive System are the Key Personnel of the Banca Generali Group (“**Potential Beneficiaries**”).

In detail, at present (without prejudice to future changes), they include the Bank’s Chief Executive Officer and General Manager, the Deputy General Manager Wealth Management, Markets and Products, and the Deputy General Manager Commercial Networks & Alternative and Support Channels.

The other information envisaged in paragraph 1 of Layout 7 of Annex 3A to the Rules for Issuers will be provided at a later date, during the implementation of the Incentive System, according to the methods and terms set out in Article 84-*bis*, paragraph 5), letter a), of the aforementioned Rules for Issuers.

⁽¹⁾ For the purposes of this document, the incentives defined in the Bank’s Long Term Incentive Plan and Network Loyalty Plan, as governed under the Remuneration Policies and other applicable information document pursuant to Article 114-*bis* of TUF, shall be excluded.

3. Methods and clauses for the implementation of the Incentive System, with an indication of whether its implementation is contingent on the satisfaction of conditions, and in particular on the achievement of certain results

The Remuneration Policies provide that a part (25%⁽²⁾) of the Variable Remuneration of Banca Generali Group's Key Personnel be paid out through the free award of Bank's shares ("Shares") according to the following pay out mechanism:

- For amounts exceeding the set threshold of 75,000 euros:
 - a) 60% of the Bonus will be paid out within the first half of the year after the year of reference, 75% in cash and 25% in Shares;
 - b) 20% of the Bonus will be further deferred for one year as of the date of the paid out of the first instalment: 75% in cash and 25% in Shares;
 - c) the remaining 20% of the Bonus will be further deferred by two years as of the date of the paid out of the first instalment: 75% in cash and 25% in Shares ⁽³⁾.
- If the actual bonus accrued is below the above-mentioned threshold, it will be paid in full up front (partly in cash and partly in shares) during the year after that of reference, once the Board of Directors has verified economic results during the year of accrual and achievement of the access gate.

The award of the Variable Remuneration (and thus also of the Shares) is subject to:

- a) the level of achievement of the quantitative and qualitative performance objectives assigned to each Beneficiary (i.e., upon satisfaction of further or different conditions than those defined in the Remuneration Policies ⁽⁴⁾);
- b) achievement of an access gate by the Banca Generali Group, on the basis of the final earnings results for the year;
- c) assessment, at the time of each assignment, of the conditions under the "malus" mechanism set out in Remuneration Policies as in effect at the time;
- d) observance of the cap mechanism aimed at ensuring that the ratio of total variable remuneration to total fixed remuneration remains within the pre-determined limits.

4. Support for the Incentive System, if any, from the Special Fund for encouraging workers to participate in enterprises, mentioned in Article 4, paragraph 112, of Law No. 350 of 24 December 2003

The Incentive System does not receive any support from the Special Fund for encouraging workers to participate in enterprises, mentioned in Article 4, paragraph 112, of Law No. 350 of 24 December 2003.

⁽²⁾ If the variable remuneration of the beneficiaries indicated in paragraph 2.1, point 4(3), of the Circular qualifies as a "particularly large amount" (as identified by the Remuneration Policies), the payment of said remuneration shall comply with the criteria specifically set forth in the Remuneration Policies in force from time to time.

⁽³⁾ Similar rules shall apply, *mutatis mutandis*, to all other forms of Variable Remuneration (e.g., Severance). In these cases, the first instalment will be paid in accordance with the terms set forth in the relevant contractual documentation.

⁽⁴⁾ For example, in case of Severance, upon compliance with requirements and in accordance with the criteria from time to time defined by the Remuneration Policies.

5. Methods of defining the prices and criteria for determining the subscription or strike prices of shares

Not applicable.

6. Lock-up of shares, with particular regard to the period within which subsequent transfers to the company or third parties are permitted or restricted

All the Shares shall be subject to a retention period of one year ⁽⁵⁾.

An outline draft of the resolution that the General Shareholders' Meeting is invited to pass by way of approval of the aforesaid proposal is provided below:

“The Ordinary Shareholders’ Meeting of Banca Generali S.p.A.,

- having regard to the Board of Director’s Report on this item on the Agenda;*
- having regard to the Information Document on the share-based Incentive System, prepared pursuant to Article 114-bis of TUF and Article 84-bis of the Rules for Issuers, to which reference is made,*
- having regard to Article 114-bis of TUF and Consob’s regulatory provisions,*

resolves

- 1) to approve, pursuant to Article 114-bis of TUF, the adoption of the share-based Incentive System for Key Personnel, the terms, conditions and mechanisms of which are described in the relevant information document attached to the Board of Directors’ Report, to which reference is made;*
- 2) to grant the Chairman of the Board of Directors and the Chief Executive Officer, severally and with the express power to sub-delegate third-parties (also not members of the Board of Directors), all of the necessary and appropriate powers to effect complete and full implementation of the Incentive System, in accordance with the terms and conditions set out in the information document on the share-based incentive plan, to which reference is made. In passing all relevant resolutions, the Board of Directors will act on the basis of a non-binding opinion of the Remuneration Committee and – in the cases set out in Article 2389, paragraph 3, of the Italian Civil Code – after considering the opinion of the Board of Statutory Auditors”.*

Milan, 5 March 2021

THE BOARD OF DIRECTORS

⁽⁵⁾ The period from the end of the period of accrual for the first instalment and from each year after that date for the second and third instalments of the shares.