



**ILLUSTRATIVE REPORT  
OF THE BOARD OF DIRECTORS OF BANCA GENERALI S.P.A.  
CONCERNING ITEM 6 ON THE AGENDA OF THE ORDINARY SHAREHOLDERS'  
MEETING**

***“Incentive system and other share-based variable remuneration, pursuant to Article 114-bis of the TUF: granting of powers; related 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 (“**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](http://www.bancagenerali.com)), and through the authorised storage service ([www.emarketstorage.com](http://www.emarketstorage.com)).

The Board of Directors intends to submit for your approval, pursuant to Article 114-*bis* of TUF, the adoption of a share-based plan for 2022 (“**Incentive System and Other Variable Remuneration**”), 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 and Other Variable Remuneration. 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 and Other Variable Remuneration**

The Incentive System and Other Variable Remuneration 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 remuneration package of Key Personnel, including that of Financial Advisors qualifying as Key Personnel, in the different components of variable remuneration (as defined in the aforementioned Circular, and therefore including the component that specifically serves as an incentive and all other components, including Severance — collectively referred to as the “**Variable Remuneration**”<sup>(1)</sup>), 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 and Other Variable Remuneration are the Key Personnel of the Banca Generali Group (“**Potential Beneficiaries**”), including Financial Advisors qualifying as such.

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.

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<sup>(1)</sup> For the purposes of this document, the incentives defined in the Bank’s Long Term Incentive 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 and other variable remuneration, with an indication of whether its implementation is contingent on the satisfaction of conditions, and in particular on the achievement of certain results**

In line with the Circular, and as specified in detail in the Remuneration Policies for 2022, the Variable Remuneration accrued is paid according to the following terms and conditions:

- a) for Key Personnel with annual Variable Remuneration less than or equal to 50,000 euros and 1/3 of total annual remuneration, it is paid in full in cash in the year after that of reference, after the Board of Directors has verified the financial performance for the year of accrual and that the access gates have been reached;
- b) for Key Personnel, at least 40% of the variable component is generally subject to deferred payment systems for a period of time of no less than four years and is 50% paid in Shares (subject to annual retention periods);
- c) for Key Personnel whose Variable Remuneration is a Particularly High Amount, the variable component is normally at least 60% subject to deferred payment systems for a period of time of no less than four years;
- d) for Top Key Personnel whose Variable Remuneration is not a Particularly High Amount, the variable component is normally at least 40% subject to deferred payment systems for a period of time of no less than four years;
- e) for Top Key Personnel whose Variable Remuneration is a Particularly High Amount, at least 60% of the variable component is generally subject to deferred payment systems for a period of time of no less than five years and is more than 50% paid in Shares (subject to one year retention periods).

**4. Support for the Incentive System and Other Remuneration, 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 and Other Variable Remuneration 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.

**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 <sup>(2)</sup>.

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 General Shareholders' Meeting of Banca Generali S.p.A., held in ordinary session,*

- *having regard to the Board of Directors' Report on this item on the Agenda;*
- *having regard to the Information Document on the incentive system and other share-based variable remuneration, 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 the regulatory provisions issued by Consob;*

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<sup>(2)</sup> 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.

*resolves*

- 1) *to approve, pursuant to Article 114-bis of TUF, the adoption of the incentive system and other share-based variable remuneration 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, 18 March 2022

THE BOARD OF DIRECTORS