



**ILLUSTRATIVE REPORT
OF THE BOARD OF DIRECTORS OF BANCA GENERALI S.P.A.
CONCERNING ITEM 7 ON THE AGENDA OF THE ORDINARY SHAREHOLDERS'
MEETING**

“Authorisation to buy back and dispose of treasury shares in service of the remuneration policies: assignment 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 illustrative report (the “**Report**”) was prepared in compliance with Annex 3, Layout 4, of Consob Regulation adopted through resolution No. 11971 of 14 May 1999, as further amended and extended (“**Rules for Issuers**”), and was approved by the Board of Directors of Banca Generali S.p.A. (“**Banca Generali**” or the “**Company**”). Pursuant to Articles 2357 and 2357-ter of the Italian Civil Code and Article 132 of Legislative Decree No. 58/1998, as further amended and extended (“**TUF**”), the Board submits to you for examination and approval a motion for authorisation to buy back (in any event, conditional upon the Bank of Italy’s authorisation being obtained pursuant to Articles 77 and 78 of Regulation No. 575/2013 (CRR) no more than **369,260** ordinary shares in Banca Generali, and the subsequent disposal of the same, following the revocation of the previous authorisation dated **21 April 2022**. At present, the aforesaid shares represent **0.3160%** of the Company’s share capital.

1. FOREWORD

The Board of Directors first points out that, pursuant to the provisions set forth in Articles 2357 and 2357-ter of the Italian Civil Code, as well as those under Article 132 of TUF, the Shareholders’ Meeting held on **21 April 2022** authorised the buy-back, in one or more tranches, of a maximum of **897,500** ordinary shares for a 12-month period, commencing on the date of granting of the aforesaid authorisation by the Bank of Italy, namely 1 July 2022 (ending on **1 July 2023**).

The previous authorisation called for, *inter alia*, the disposal of the treasury shares for the following purposes:

- the share-based payment of a portion of Key Personnel’s variable remuneration, in accordance with applicable laws and regulations, in particular the Supervisory Provisions issued by the Bank of Italy on 23 October 2018 concerning remuneration and incentive policies and procedures (cf. Bank of Italy Circular No. 285 of 17 December 2013, Supervisory Provisions for Banks, Title IV, Chapter 2, “Remuneration and Incentive Policies and Procedures”; or the “**Circular**”);
- the assignment to the beneficiaries of the long-term incentive plan, based exclusively on shares, called “**2022 LTI Plan**”, of a number of Banca Generali shares upon achievement of pre-set objectives related both to the Banking Group and the Assicurazioni Generali Insurance Group.

The Board of Directors announces that the aforementioned authorisation has been fully executed by buying back the maximum amount of **897,500** shares throughout 2022.

In light of the above, and considering the shares needed to implement the Bank’s remuneration policies and incentive plans in 2023, the Board of Directors deems it appropriate to propose that the Shareholders’ Meeting issue a new authorisation conditional upon the Bank of Italy’s authorisation being obtained pursuant to Articles

77 and 78 of Regulation No. 575/2013 (CRR) and in compliance with the following limits set forth by the said provisions.

The following is an overview of the terms and conditions of the buy-back and disposal of treasury shares of the Company, which the Board of Directors submits to you so that the relevant authorisation can be issued by the Ordinary Shareholders' Meeting convened on 19 April 2023 (first call) and, if need be, on 20 April 2023 (second call).

2. GROUND S UNDERLYING THE MOTION FOR AUTHORISATION TO BUY BACK AND DISPOSE OF TREASURY SHARES

The Remuneration Policies of the Banking Group headed by Banca Generali (the “**Banca Generali Group**”), which were drawn up in compliance with the Supervisory Provisions set forth in the Circular and will be submitted to the Shareholders' Meeting for approval, require a portion of the variable component of remuneration, including any emolument to be granted in view or in the event of early termination of the professional relationship or the position held, be paid by assigning financial instruments in service of the following.

Share-based incentive system

The Banking Group's remuneration and incentive policies require that the remuneration package for the personnel identified by the Bank as key personnel (“**Key Personnel**”) pursuant to applicable regulations be made of fixed and variable components and that, in accordance with applicable regulatory provisions and principle of proportionality, no less than 50% of the accrued variable remuneration be paid by assigning Banca Generali's ordinary shares (55%-56% for Top Key Personnel).

This provision also applies to subjects, other than those mentioned above, who are identified as Key Personnel by subsidiaries that are required to adopt specific remuneration policies in compliance with local and/or industry regulations.

Early severance package

Within the framework of remuneration policies, early severance packages can be defined in case of early termination of the professional relationship or the position held. With regard to Key Personnel, the Circular mainly subjects this mechanism to the regulatory provisions governing the variable component of remuneration and, in particular, envisages, *inter alia*, that a portion of the consideration to be granted in view or in the event of early termination of the professional relationship or the position held be paid by assigning financial instruments.

Banca Generali S.p.A. has opted to implement this provision through assignment of its ordinary shares.

Long-term incentive plan called 2023 LTI Plan

In implementation of remuneration policies, it has also been decided to submit for approval to the Shareholders' Meeting the adoption of a long-term incentive plan, based exclusively on shares, called *2023 LTI Plan*, which provides for the assignment to the beneficiaries of a number of Banca Generali shares upon the achievement of certain objectives.

In short, this authorisation is therefore aimed solely at endowing the Company with the resources necessary to implement the aforesaid short- and long-term incentive plans (the “**Plans**”), as well as the payment, in compliance with the applicable legislation, of the compensation agreed upon in view or in the event of early termination of the professional relationship.

3. **MAXIMUM NUMBER, CATEGORY AND NOMINAL VALUE OF THE SHARES COVERED UNDER THE MOTION FOR AUTHORISATION, IN LIGHT OF THE PROVISIONS OF ARTICLE 2357, PARAGRAPH 3, OF THE ITALIAN CIVIL CODE**

The buy-back for which authorisation is requested may be effected in one or more tranches, and refers to Company's ordinary shares with no nominal value.

In light of the maximum number of shares that could potentially be allotted within the above-mentioned Plans (equal to **645,000** shares), and considering the number of shares already held by the Company and purchased in previous years (**2,809,497** treasury shares, of which **2,533,757** treasury shares are estimated to be currently restricted for use in service of the remuneration policies, the 2020-2022 LTI plans and the 2017-2021 loyalty plan, and **275,740** currently available), the maximum number of ordinary shares in respect of which the Board of Directors requests the said authorisation stands at **369,260** shares with no nominal value.

The buy-back will be carried out within the limits of distributable profits and unrestricted reserves, as per the latest duly approved Financial Statements.

Pursuant to Article 2357-ter of the Italian Civil Code, as per Legislative Decree No. 139/2015, and to Bank of Italy Circular No. 262/2015, the value of the treasury shares purchased will be recognised in the Financial Statements as a reduction to net equity in Item 170 of Net equity and Liabilities.

It must be also borne in mind that as at 17 March 2023, Banca Generali held **2,809,497** treasury shares, or **2.4043%** of the Company's share capital, and that Banca Generali's subsidiaries hold no shares in their Parent Company. As a result, even if the authorisation is availed of to the fullest extent, the number of treasury shares

held by the Company would, in any event, fall well within the limit imposed under Article 2357, paragraph 3, of the Italian Civil Code.

4. TERM OF THE AUTHORISATION

The General Shareholders' Meeting will be asked to authorise the buy-back of treasury shares for a period of 18 months, commencing on the date in which the Shareholders' Meeting passes the relevant resolution. Authorisation to buy back treasury shares, conditional upon the Bank of Italy's authorisation being obtained pursuant to Articles 77 and 78 of Regulation No. 575/2013 (CRR), will have, in any event, a term of twelve months following the date on which the notice of the aforementioned authorisation is received.

Authorisation to dispose of treasury shares, whether already held by the Company or to be purchased for the purposes detailed above, is sought without any limitation whatsoever in terms of time, given that there are no regulatory constraints in such regard, and that it appears well-advised to afford management the freest hand possible, including in terms of time, with regard to the disposal of treasury shares.

5. MINIMUM AND MAXIMUM PRICE

The minimum purchase price of ordinary shares cannot be lower than 1.00 euro. The maximum purchase price cannot exceed 5% of the reference price of the stock on the trading day preceding the day on which each buy-back is made.

However, in order to assess the maximum impact of the buy-back of treasury shares on Own Funds, the Company will buy back the aforementioned shares at a price not exceeding **42.97** euros per share, corresponding to the closing price of Banca Generali S.p.A.'s stock on **24 March 2023**, prudentially increased by 50%.

With regard to the grounds underlying the motion for authorisation, and in particular with reference to the disposal of shares, the said disposal will entail the assignment of treasury shares, free of charge, to Key Personnel of Banca Generali and its subsidiaries as payment — provided that all regulatory requirements and conditions have been met — of the variable component of remuneration, and as settlement, pursuant to applicable legislation, of the compensation agreed upon in view or in the event of early termination of the professional relationship or the position held, and to the beneficiaries of the 2023 LTI Plan, provided, obviously, that any and all conditions, whether regulatory or imposed under the plans, have been met. It must be pointed out that the aforesaid assignment can be also made by granting treasury shares already held by the Company.

6. BUY-BACK AND DISPOSAL PROCEDURES

The buy-back of treasury shares will be, in any event, conditional upon obtainment of the Bank of Italy's authorisation pursuant to Articles 77 and 78 of Regulation No. 575/2013 (CRR) and in compliance with the following requirements set forth by the said provisions:

- a) in a number of shares not exceeding 3% of the issue in question;
- b) for a value not higher than 10% of the excess CET1 capital above the total CET1 capital requirements ("SREP margin").

Assuming compliance with the first requirement, with reference to the second requirement it is noted that the above-mentioned margin determined as at 31 December 2022, based on the SREP minimum CET1 ratio (fully phased-in) in force from time to time, amounts to 34.2 million euros compared to a maximum commitment currently estimated at 15.9 million euros.

After obtaining the authorisation, the shares will be bought back pursuant to Article 144-*bis*, paragraph 1(b), of the Rules for Issuers, in accordance with the operating procedures set forth in the organisational and operating rules of the markets themselves, so as to ensure equal treatment for all Shareholders. Accordingly, the buy-back shall be made exclusively, including in several tranches, on the regulated market organised and managed by Borsa Italiana S.p.A., pursuant to operating procedures established by the latter, which do not allow for the direct matching of buy orders with predetermined sell orders.

As described in point 5 above, the disposal of shares will entail the assignment of treasury shares, free of charge, to Key Personnel of Banca Generali and its subsidiaries, and the beneficiaries of the Plans, provided, obviously, that all regulatory requirements and plan provisions have been met.

The buy-back and disposal of treasury shares shall be performed in compliance with the provisions set forth by EU Regulation No. 596/2014 (MAR) and the Commission Delegated Regulation No. 1052/2016, where applicable.

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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 Articles 114-bis and 132 of Legislative Decree No. 58 of 24 February 1998, as further extended and amended;*
- *having regard to Articles 2357 and 2357-ter of the Italian Civil Code;*

- *having acknowledged that the number of shares in Banca Generali currently held by the Company and its subsidiaries fall well within the limit imposed under Article 2357, paragraph 3, of the Italian Civil Code;*
- *having regard to the Board of Directors' Report on this item on the Agenda;*
- *having regard to the Financial Statements for the year ended 31 December 2022, that have just received Shareholder approval;*
- *having heard the favourable opinion of the Board of Statutory Auditors,*

resolves

- 1) *to revoke, as needed, the previous authorisation of 21 April 2022, as it was fully executed, and to authorise, within the meaning of Articles 2357 and 2357-ter of the Italian Civil Code, the buy-back of no more than **369,260** ordinary shares issued by Banca Generali S.p.A., with no nominal value, as well as the disposal, in one or more tranches, of the treasury shares, including those purchased upon implementation of this resolution, subject to the following terms and conditions:*
 - a) *the authorisation is limited to acquisitions to be effected for the purposes specified;*
 - b) *the minimum purchase price of ordinary shares cannot be lower than 1.00 euro. The maximum purchase price cannot exceed 5% of the reference price of the stock on the trading day preceding the day on which each buy-back is made; in any event, the Company shall purchase the aforementioned shares at a price not exceeding **42.97 euros per share**, corresponding to the closing price of Banca Generali S.p.A.'s stock on 24 March 2023, prudentially increased by 50%;*
 - c) *the total value of the shares purchased cannot exceed, in any event, the maximum limit set forth by Article 78 of CRR, determined as equal to 34.2 million euros;*
 - d) *authorisation for buy-back is granted for a period of eighteen months, commencing on the date in which the Shareholders' Meeting passes the relevant resolution, without prejudice to the fact that the said authorisation will have a term of twelve months as of the date of the Bank of Italy's authorisation pursuant to Articles 77 and 78 of Regulation "CRR" No. 575/2013, whilst authorisation for disposal is granted without any time limit whatsoever, and can be exercised in one or more tranches, in order to enable the achievement of the specified objectives;*
 - e) *the buy-back will be carried out within the limits of distributable profits and unrestricted reserves, as per the latest duly approved Financial Statements;*

- f) *treasury share buy-back will be made, pursuant to Article 144-bis, paragraph 1(b), of the Rules for Issuers, in accordance with the operating procedures set forth in the organisational and operating rules of the markets themselves, so as to ensure equal treatment for all Shareholders. Accordingly, the buy-back shall be made exclusively, including in several tranches, on regulated markets organised and managed by Borsa Italiana S.p.A., pursuant to operating procedures established by the latter which do not allow for the direct matching of buy orders with predetermined sell orders;*
- 2) *to determine that Banca Generali S.p.A.'s treasury shares and the shares purchased as per resolution in point 1 above may be granted, in whole or in part, without any time limit whatsoever and free of charge, to the personnel identified by Banca Generali S.p.A. as falling within the category of Key Personnel pursuant to the applicable laws and regulations and those identified as Key Personnel by subsidiaries that are required to adopt specific remuneration policies in compliance with local and/or industry regulations and the beneficiaries of the long-term incentive plan called 2023 LTI Plan — provided that any and all regulatory requirements and conditions have been duly met —, as well as for the purposes of the payment of the variable component of remuneration — provided that any and all regulatory requirements and conditions have been duly met — and the consideration agreed upon, in compliance with applicable legislation, in view or in the event of early termination of the professional relationship or the position held;*
- 3) *to authorise the Chief Executive Officer, with powers of sub-delegation to:*
- *proceed with the execution of this resolution, also by, inter alia, identifying the reserve funds to compose the negative item in equity, as contemplated under Article 2357-ter of the Italian Civil Code, in accordance with legal provisions, as well as to also use treasury shares that, at present, are already held by the Company, for the purposes specified herein;*
 - *establish the procedures, timetable and all the executive and other terms, with a view to ensuring the optimal execution of this resolution, effecting for such purpose any and all related assessments and checks, and proceeding with any and all related formalities, filings and submissions, without exclusion or exception whatsoever."*

Milan, 27 March 2023

THE BOARD OF DIRECTORS