

Report of the Board of Directors to the General Shareholders' Meeting

Appointment of the Board of Directors After Determining the Number, Term of Office and Remuneration of the Board Members; Relevant and Ensuing Resolutions.

Shareholders,

With the approval of the Financial Statements for the year ended 31 December 2017, the mandate of the Company's Directors, conferred by the General Shareholders' Meeting on 23 April 2015 for the three-year period 2015/2017 has expired as the period of office has come to an end.

Pursuant to Article 15 of the Articles of Association, you are therefore called upon to pass a resolution to first determine the number of the Board Members and then appoint the new Board of Directors which will remain in office through to the General Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2020.

In expressing thanks and appreciation to the members of the aforesaid governing body for their assiduous efforts on behalf of the Company so far, it is worth pointing out that, pursuant to Article 15 of the Articles of Association, the Board of Directors is made up of no less than seven (7) and no more than (12) members and that the Board of Directors is appointed on the basis of lists. Candidates shall possess the requisites of professionalism, integrity and independence required by industry regulations and shall also qualify as independent within the meaning of the Corporate Governance Code adopted by Borsa Italiana S.p.A.. In addition, candidates shall not fall within the grounds of incompatibility set forth by applicable regulations in force, including Article 36 of Law No. 214 of 22 December 2011. Each candidate shall appear on only one list, upon penalty of ineligibility. It must be borne in mind that the Company is subject to management and coordination by Assicurazioni Generali S.p.A., with the result that pursuant to Articles 16, paragraph 1(d), and Article 2 of the Regulation adopted by Consob by resolution No. 20249 dated 28 December 2017, the majority of the members of the Board of Directors must be independent directors.

The composition of the Board of Directors shall comply with the gender balance principle set forth by the applicable regulations. Therefore, in the next three-year period, at least

one third of the members of the Board of Directors shall be elected from the less represented gender.

The lists contain a number of candidates no higher than the number of members to be elected, listed by progressive number with a specific indication of the candidates who fulfil the statutory requirements of independence set forth by applicable legal and regulatory provisions, as well as by the Corporate Governance Code adopted by Borsa Italiana S.p.A. Each list shall also contain a number of candidates, capable of ensuring gender balance, no higher than the number of members to be elected, listed by progressive number with a specific indication of the candidates who meet the statutory requirements of independence.

Those shareholders who alone or in conjunction with other shareholders represent the percentage of share capital envisaged for the Company by current applicable regulations are entitled to submit a list.

Each shareholder, as well as (i) shareholders belonging to the same group, the latter term being defined to include the party, which need not necessarily be a corporation, exercising control within the meaning of Article 2359 of the Italian Civil Code, and each subsidiary controlled by, or under the common control of the said party or (ii) shareholders who have entered into the same shareholders' agreement within the meaning of Article 122 of Legislative Decree No. 58 of 24 February 1998, or (iii) shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and/or regulatory framework, may submit, either on their own or jointly with other shareholders, directly or through third-party intermediaries, or trust companies, a single list of candidates, under pain of disqualification of the list.

The lists, signed by shareholders with standing must be filed with the Company's registered office no later than the 25th day prior to the scheduled date of the first calling of the Shareholders' Meeting and must be accompanied by the information on the identity of shareholders who submitted the lists, with an indication of the percentage of share capital held collectively, as well as the following documentation:

- a) the curriculum vitae of each candidate, containing exhaustive information on the candidate's personal and professional features;
- b) a declaration by shareholders other than those who, even jointly, hold a controlling interest or relative majority stake, attesting the absence of associative relationships with the latter;

c) the declarations filed by each candidate, in which each candidate accepts his/her nomination, commits to accept the office, in case he/she is elected, and also certifies, under his/her own responsibility, the inexistence of causes of incompatibility and of ineligibility, the possession of the requisites of integrity and professionalism which prevailing laws require for the office of director of the Company, as well as those of independence, if applicable, provided by applicable regulations in force.

The certifications from authorised brokers attesting to the collective ownership interest held as at the date of filing of the list must be delivered to the Company by 21 March 2018. Shareholders who intend to submit lists for the appointment of the Board of Directors are required to comply with the recommendations made by Consob in its Communication No. DEM/9017893 of 26 February 2009, to which the reader is referred. In this regard, it should be noted that lists submitted by shareholders who, separately or collectively, do not hold a controlling or majority interest must be accompanied by a declaration that there are no relationships of association in respect of such shareholders pursuant to Article 147-*ter*, paragraph 3, of Legislative Decree No. 58 of 24 February 1998 and Article 144-*quinquies* of Consob Regulation No. 11971/1999, also considering the cases specified in the above Consob Communication No. DEM/9017893.

In accordance with the provisions of the Circular Letter No. 285/2013 issued by the Bank of Italy and Article 2 of the Corporate Governance Code for listed companies, and, having acknowledged the favourable opinion of the Nomination Committee, the Board of Directors has defined the optimal composition of the Board of Directors in terms of both the number and the qualifications and experience of its members; the related report is available on the Company's website at: www.bancagenerali.com, section "*Corporate Governance/AGM*".

The election of the Board of Directors will be carried out as provided for by Article 15, paragraphs 10, 11 and 12 of the Articles of Association. Should only one list be submitted, all the members of the Board of Directors shall be appointed from the said list. Should, on the other hand, two or more lists be submitted, the first candidates on the list obtaining the greatest number of votes, equal to eight ninths of the number of members of the Board of Directors determined by the Shareholders' Meeting — with rounding down in the case of split number — will be elected as Board members.

The remaining directors will be taken from other lists, not linked in any way, not even indirectly, with the shareholders who submitted or voted for the list which gained the highest number of votes, and to this end the votes obtained by said lists will subsequently be divided by one, two, three and so on, according to the number of directors to be

elected. The ratios obtained in this way will be progressively assigned to the candidates of each list, according to the respectively established order of said lists.

The ratios thus attributed to the candidates of the various lists will be set out in a single decreasing list.

Adequate replacement mechanisms are envisaged in order to ensure that the number of independent directors appointed complies with relevant regulations and the gender balance required by applicable laws is met.

Lists submitted in disregard of the provisions set forth in Article 15 of the Articles of Association shall be considered as never having been submitted.

In inviting you to pass a resolution on the appointment of the members of the Board of Directors, after determining the number thereof, and electing the said members from one of the lists submitted by the persons and parties entitled to do so, in accordance with the above-mentioned provisions of the Articles of Association, it is pointed out that the text of the related shareholders' resolutions must reflect the outcome of the ballot, with the first candidate appearing on the list obtaining the highest number of votes being appointed Chairman.

Besides the appointment of the Board of Directors for the financial years ending 31 December 2018, 2019 and 2020, you are also invited to pass a resolution determining the remuneration of the Board members, pursuant to Article 2389, paragraph 1, of the Italian Civil Code and Article 13, paragraph 2, of the Articles of Association.

In such regard, it must be pointed out that the remuneration due to Company Directors is currently comprised of a fixed component in the gross annual amount of 35,000.00 euros over and above the refund of out-of-pocket expenses incurred in the performance of their duties.

With regard to the foregoing, the relevant administrative bodies of the Company have carried out a market analysis, accompanied by an in-depth sector-specific benchmarking. In light of the features of the Banca Generali Group, the aforesaid study indicates (i) to increase the remuneration established for directors to the gross annual amount of 45,000.00 euros, and (ii) in consideration of the important role that the regulatory framework, and especially the Bank of Italy Order No. 285/2013, assigns to the Chairman of the Board of Directors, to establish specific remuneration for the latter.

A motion is accordingly raised to assign, for the entire three-year term of office of the Board of Directors appointed by this General Shareholders' Meeting, and therefore,

through to the actual approval of the Financial Statements for the financial year ending 31 December 2020:

- to each member of the Board of Directors (save for the Chairman), over and above the refund of out-of-pocket expenses incurred in the performance of duties, a remuneration in the gross annual amount of 45,000.00 euros;
- to the Chairman of the Board of Directors, over and above the refund of out-of-pocket expenses incurred in the performance of duties, a remuneration in the gross annual amount of 70,000.00.

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

“The Shareholders' Meeting of Banca Generali S.p.A., held in ordinary session, at the offices of Assicurazioni Generali S.p.A. in Trieste, at Via Machiavelli No. 6,

- *having regard to the Articles 2364, paragraph 1(2), and 2389 of the Italian Civil Code;*
- *having regard to Articles 13 and 15 of the Articles of Association;*
- *having acknowledged the recommendations concerning the ideal qualitative and quantitative composition of the Board of Directors provided by the Board itself;*
- *having regard to the Remuneration Policies approved by the General Shareholders' Meeting;*
- *having regard to the Board of Directors' Report,*

resolves

- 1) *to set at 9 (nine) the number of the members of the Company's Board of Directors for financial years 2018-2019-2020, and therefore up to the Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2020;*
- 2) *to establish — for the entire three-year term of office of the Board of Directors appointed by this General Shareholders' Meeting, and therefore, through to the actual approval of the Financial Statements for the financial year ending 31 December 2020 — the remuneration due to each member of the Board of Directors (save for the Chairman) at the gross annual amount of 45,000.00 euros, over and above the refund of out-of-pocket expenses incurred for the performance of duties;*
- 3) *to establish — for the entire three-year term of office of the Chairman of Board of Directors, and therefore, through to the actual approval of the Financial Statements for the financial year ending 31 December 2020 — the remuneration due to the Chairman*

of the Board of Directors at the gross annual amount of 70,000.00 euros, over and above the refund of out-of-pocket expenses incurred in the performance of duties;

- 4) to vest the Board of Directors with the responsibility of establishing the remuneration due to Directors entrusted with specific tasks, after hearing the Board of Statutory Auditors' opinion in such regard, pursuant to Article 2389, paragraph 3, of the Italian Civil Code."

Milan, 1 March 2018

THE BOARD OF DIRECTORS