

## **REPORT OF THE BOARD OF STATUTORY AUDITORS**

### **To the Sole Shareholder called to approve the 2017 Financial Statements**

Shareholders,

As you are aware, BG Fiduciaria SIM S.p.A. was merged into Banca Generali S.p.A. with effect from 1 January 2018. The Board of Directors of the surviving company, as the only company still existing at year-end, has prepared the financial statements for the year ended 31 December 2017 and submitted them for our review.

The Board of Statutory Auditors of the surviving company — responsible for this report — further clarifies that it referred to the minutes of the Board of Statutory Auditors of BG Fiduciaria SIM S.p.A., in office until 31 December 2017, with regard to certifications of circumstances relating to 2017 and observations made during the previous year.

We have thus examined the Company's financial statements for the year ended 31 December 2017, composed of the Report on Operations, the Accounts proper and the Notes, as approved by the surviving company's Board of Directors on 1 March 2018 and duly submitted to the Board of Statutory Auditors.

As required by law, during the year the supervisory function assigned to the Board of Statutory Auditors was performed in accordance with the principles of conduct of boards of statutory auditors established by Italy's National Council of Accountants and Accounting Experts, as mandated by Article 19 of Legislative Decree No. 39 of 27 January 2010.

According to the minutes documenting the verification performed by the statutory auditors and company events, the previous Board of Statutory Auditors carried out the following major activities during the year:

>> it participated in one session of the Shareholders' Meeting, held in ordinary form in March 2017, and in all seven meetings of the Board of Directors, receiving adequate information from the Directors on the Company's earnings, assets and liabilities, operating result, business outlook and most significant transactions, and it verified that individual meetings were properly conducted and that the resolutions passed and actions taken were compliant with the law and the Articles of Association, were non imprudent in nature and did not present improperly managed conflicts of interest;

>> met periodically to conduct its audits, recording 6 meetings in its book;

>> it systematically monitored internal control activity, which is outsourced to the departments of the Parent Company, Banca Generali (the Compliance Department, Anti Money Laundering Department, Risk and Capital Adequacy Department and Internal Audit Department) and met periodically with function heads to give its remarks on the annual and periodic reports on activity performed and the plans to be executed and to verify the state of implementation of the plans of activity and results achieved. On the whole, the Internal Control System is deemed adequate;

>> it verified the Company's general compliance with sector legislation and obligations to correspond with or disclose information to the Supervisory Authorities, and in particular the Report on Investment Services was updated and the Portfolio Management Rules were amended;

>> it assessed and verified the adequacy of the administrative and accounting system and its reliability in representing operating events;

>> it acquired information and monitored the adequacy of the Company's organisation structure;

>> it checked that the Company has adopted regulations, processes and structures suitable for monitoring and overseeing the risks related to the Company's activities, as described in the Report on Operations;

>> it acknowledged that the Company had discharged its obligations with respect to measures aimed at preventing and combating money-laundering and financing for terrorism relating to the reporting of suspicious transactions, supervising the proper fulfilment of enhanced and standard customer due diligence obligations and submitting aggregate statistical information and data to the Consolidated Electronic Archive using the diagnostic software adopted;

>> it acknowledged that, despite the repeal of Article 34, paragraph 1, of Legislative Decree No. 196/2003, the Company drew up a document entitled Privacy Report, replacing its Data Security Plan, about which a report was presented to the Board of Directors' meeting held in May 2016. In fact, it was considered that this document represents an adequate security measure providing protection against the risks of the destruction or loss of data, unauthorised access or improper processing, pursuant to Article 31 of Legislative Decree No. 196/2003.

>> it acknowledged that the Report on Operations states that the Company does not now hold, nor has it ever held, own shares or shares of the Parent Company, and also reported that the Company did not engage in research and development activity during the year ended 31 December 2017;

>> it acknowledged that the Company meets the capital requirements established by the supervisory regulations in the sector.

>> it acknowledged that no complaints were received during the year pursuant to article 2408 of the Italian Civil Code.

>> it acknowledged that the Board of Directors has applied updates to the Banking Group's rules.

In view of the foregoing, during the year no material facts emerged that would require reporting to the competent Supervisory Authorities or mention in this Report.

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The Board of Statutory Auditors of the surviving company acknowledges that the Company is managed and coordinated by Banca Generali S.p.A., that transactions with the Banca Generali Group and Assicurazioni Group have

been disclosed in the Report on Operations and Explanatory Notes and that such transactions are governed by specific intra-group contracts, drafted according to the principles of fairness, transparency and uniformity.

Key figures from the most recent approved financial statements of the Parent Company, Banca Generali S.p.A., are presented in the Explanatory Notes.

The main items of the balance sheet and profit and loss account as at and for the year ended 31 December 2017 influenced by transactions with the Banca Generali Group and Assicurazioni Generali Group are summarised in the Explanatory Notes.

The Financial Statements of BG Fiduciaria were audited by BDO Italia S.p.A. in accordance with the Resolution passed by the Shareholders' Meeting on 17 December 2015 and appointing the said company as the independent auditors for the years 2015-2023, included.

No assignments other than auditing and attestation have been granted to the Independent Auditors; the fees paid to the Independent Auditors are reported in Annex 1 to the Explanatory Notes.

The previous Board of Statutory Auditors engaged in constant exchanges of information with the Independent Auditors, during which the auditing strategy was also presented.

The Board of Statutory Auditors acknowledges that it did not encounter any significant difficulties in gaining access to the information required for auditing or any unwillingness on the part of Company personnel to supply the requested accounting document promptly. Furthermore, there were no noteworthy deficiencies in the internal control system applicable to the financial reporting process.

The Board of Statutory Auditors acknowledges that the Independent Auditors presented their Report pursuant to Articles 14 and 19-bis of Legislative Decree No. 39/2010, containing a clean opinion, to the shareholder today.

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The Board of Statutory Auditors supervised the general structure given to the financial statements and their compliance with laws and specific regulations.

The financial statements that are submitted for your approval accurately reflect the Company's operating and financial performance.

The financial statements have been prepared in accordance with the IASs/IFRSs set out in Article 1 of Legislative Decree No. 38 of 28 February 2005, on the basis of the instructions from the Bank of Italy governing the preparation of financial statements for sector operators.

The Notes and Comments explain the accounting criteria adopted and provide the necessary information as required by current laws, including information on credit risk, market risk, liquidity risk and operating risk.

In its Report, the Board of Directors clarifies that no significant events occurred after the reporting date and provides you with an extensive account of operating performance for the year.

In view of the above, the Board of Statutory Auditors believes that the draft financial statements for the year ended 31 December 2017 may be approved by you as presented by the Board of Directors of the surviving company.

Milan, 20 March 2018

The Board of Statutory Auditors  
Massimo Cremona  
Flavia Daunia Minutillo  
Mario Anaclerio