

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

Engagement of the independent auditors for the financial years 2015-2023: relevant and ensuing resolutions; delegated powers

Shareholders,

The Bank's Board of Directors submits to the General Shareholders' Meeting, for its examination and approval, the motion, duly supported by a statement of grounds, raised by the Board of Statutory Auditors, on the appointment of the independent auditors for the financial years 2015-2023.

The text of the motion raised by the Board of Statutory Auditors is attached hereto as Annex A.

With reference to the above, 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 6,

- having regard to Articles 13, 14, 16 and 17 of Legislative Decree No. 39 of 27 January 2010 (Implementation of Directive 2006/43/EC on Audits of Annual and Consolidated Accounts);

- having regard to the motion, duly supported by a statement of grounds, raised by the Board of Statutory Auditors;

resolves

- 1) to award the auditing firm BDO S.p.A., having its registered office in Milan, Italy, at Largo Augusto 8, the following engagements:
 - a) independent auditing of the individual Financial Statements of Banca Generali S.p.A. and the consolidated Financial Statements of the Banca Generali banking Group for the years ending 31 December 2015 to 31 December 2023, pursuant to Articles 14 and 16 of Legislative Decree No. 39 of 27 January 2010;
 - b) an audit of the consistency of the report on operations provided for in Article 14, paragraph 2, letter e), of the Decree and the information laid down in paragraph 1, letters c), d), f), l) and m) and paragraph 2, letter b), of Article 123-bis of

Legislative Decree No. 58 of 24 February 1998 with the individual and consolidated Financial Statements;

- c) the performance of the functions and activities envisaged in Article 14, paragraph 1, letter b), of Legislative Decree No. 39 of 27 January 2010 (audit during the year of the regular keeping of company accounting records and the proper recognition of operating events in accounting records) with effect from the second quarterly audit in 2015, in addition to the fulfilment of all other related formalities under applicable law;
 - d) signing of tax returns pursuant to Article 1, paragraph 5(1), of Presidential Decree No. 322 of 22 July 1998, as amended by Article 1, paragraph 94, of Law No. 244/07, and half-yearly returns concerning the substitute tax due on loans and credit transactions pursuant to Article 20 of Presidential Decree No. 601 of 29 September 1973;
 - e) conduct of the audit procedures aimed at the issue of the certification for the National Guarantee Fund for each of the nine financial years ending on 31 December 2015 to 31 December 2023, as envisaged in Article 62, paragraph 1, of Legislative Decree No. 415 of 23 July 1996;
 - f) a limited, voluntary audit of the individual half-yearly report of Banca Generali and the consolidated half-yearly report of the Banca Generali banking Group at 30 June in the years 2015-2023, pursuant to Article 154-ter, paragraph 2, of the Consolidated Finance Act (TUF);
 - g) an audit of the reporting package of Banca Generali S.p.A. prepared for the consolidated Financial Statements of the Parent Company, Assicurazioni Generali S.p.A., for the years ending 31 December 2015 to 31 December 2023;
 - h) a limited audit of the consolidation reporting package at 30 June of the years ending 2015 to 2023;
 - i) a limited, voluntary audit of the individual and consolidated quarterly accounting statements for determining interim profit for the purposes of calculation of Common Equity Tier 1 (capital for regulatory purposes) pursuant to Article 26(2) of Regulation (EU) No. 575/2013 and Bank of Italy's Circular Letter No. 285 of 17/12/2013, with effect from the quarterly report at and for the quarter ending 30 September 2015 (included) and until the end of the period of the independent auditing engagement at issue in the bid;
- 2) that the engagements indicated in point 1) of this resolution are awarded under the terms and conditions indicated in the aforementioned reasoned proposal submitted by

the Board of Statutory Auditors, and in particular:

- a) 96,000.00 euros for the auditing of the individual financial statements, with a commitment of 1,200 hours;
- b) 13,000.00 euros for the auditing of the consolidated financial statements, with a commitment of 160 hours;
- c) 22,500.00 euros for the audit of the regular keeping of accounting records, with a commitment of 280 hours;
- d) 24,000.00 euros for a limited audit of the individual and consolidated half-yearly financial reports, with a commitment of 300 hours;
- e) 12,000.00 euros for the audit of annual reporting package, with a commitment of 150 hours;
- f) 8,000.00 euros for the limited audit of half-yearly reporting package, with a commitment of 100 hours;
- g) 14,500.00 euros for the limited audit of the quarterly accounting statements, with a commitment of 180 hours;
- h) the fees for the certification for the National Guarantee Fund and the signing of tax returns are included in the above.

These amounts must be increased by the reimbursement of the supervisory contribution to be paid to CONSOB and the reimbursement of out-of-pocket expenses, of no more than 10% of fees, as well as legally required VAT. The above fees may be increased in light of the annual adjustment of fees on the basis of the total change of the ISTAT cost of living index for the previous year, with effect from 1 July 2016;

- 3) to entrust the Board of Statutory Auditors with adjusting the amount of the resolved remuneration to the services actually rendered, in the event of the satisfaction, during the course of the appointment, of the conditions contemplated in the letter of engagement as warranting a revision of the billable hours and related fee structure, or otherwise, in the case of unforeseeable or exceptional circumstances giving rise to an increase in the hours devoted to auditing tasks and/or a change in the professional qualifications of the staff dedicated to such tasks;
- 4) to invest the Chairman of the Board of Directors and the Chief Executive Officer — even severally, and with powers of substitution by special attorneys-in-fact — with full powers to execute this resolution."

PROPOSAL OF THE BOARD OF STATUTORY AUDITORS
OF BANCA GENERALI S.P.A

Shareholders,

The approval of the Financial Statements for the year ended 31 December 2014 marks the end of the engagement of the independent auditors Reconta Ernst & Young, granted on 26 February 2004, 18 July 2006 and, as most recently extended, on 24 April 2007.

Since the current engagement cannot be further renewed, it is therefore necessary to engage other independent auditors pursuant to Legislative Decree No. 39 of 27 January 2010 (hereinafter the "LD").

Considering that:

- 1) pursuant to Article 13, paragraph 1, of the LD, the Shareholders' Meeting, on the basis of "*a reasoned proposal of the supervisory body, is made responsible for the statutory audit and determines the amount payable to the statutory auditor or the statutory auditing company for the entire duration of the appointment and any criteria for the adjustment of this amount during the appointment*";
- 2) pursuant to Article 17, paragraph 1, of the LD, the assignment has a duration of nine financial years, i.e., from 1 January 2015 to 31 December 2023;

in consideration of the foregoing, the Board of Statutory Auditors of Banca Generali S.p.A. has approved a procedure for selecting the party to be proposed to the General Shareholders' Meeting for the award of the engagement concerned and, with the support of company departments, has performed the activities required to formulate a justified proposal. In particular:

- 1) it identified the requirements for the qualification of the parties to be admitted to the tender procedure, on the basis of which it was decided to invite to participate in the procedure in question the three main auditing firms on the market, in addition to other firms that expressly so requested, specifically: *Deloitte & Touche S.p.A., KPMG S.p.A.; PricewaterhouseCoopers S.p.A. and BDO S.p.A.*;
- 2) it approved the technical specifications of the bid request, setting precise requirements in terms of the quality of the service provided;
- 3) it determined the parameters for the evaluation of the bids relating to various aspects, the most important of which are as follows:
 - a) the organisation of the auditing firm;
 - b) its level of knowledge of the Banca Generali Group;

- c) auditing engagements for other banks or banking groups;
 - d) specific experience in the Italian banking/financial sector;
 - e) experience and professional profiles of the auditing team assigned to the engagement;
 - f) fee levels;
 - g) the auditing firm's reputation;
 - h) independence monitoring procedures;
 - i) presence in the Milan and Trieste areas, and possibly in Luxembourg;
- 4) it received notices from *Deloitte & Touche S.p.A.*, *KPMG S.p.A.* and *PricewaterhouseCoopers S.p.A.*, which indicated that they would not be participating in the call for bids, in that they were or might be in situations of incompatibility due to the award of other engagements within the Assicurazioni Generali Group;
- 5) it received the auditing bid from the firm BDO S.p.A., examined the content of that bid, verified in particular that such content was consistent with the bid requirements, and conducted an overall assessment of the bid;
- 6) it met with the representatives of the bidder in order to inquire further into the results of the analysis of the technical documentation relating to the bid, the auditing approach and other matters relevant to the decision.

After first having verified that the professional services proposal of BDO S.p.A. contained all the essential elements required to determine the absence of grounds of incompatibility and the satisfaction of the requirements of technical and professional fitness by the assigned working team, the Board of Statutory Auditors then examined the commitment in terms of hours and economic content of the proposal, as summarised below:

- 1) the total number of hours amounted to 2,370 for each of the years in the nine-year period, of which:
- a) 1,200 hours for the audit of financial statements for the year;
 - b) 160 hours for the audit of consolidated financial statements;
 - c) 280 hours for the audit of the regular keeping of accounting records;
 - d) 300 hours for the limited audit of the individual and consolidated half-yearly financial reports;
 - e) 150 hours for the audit of annual reporting package;
 - f) 100 hours for limited audit of the half-yearly reporting package;

g) 180 hours for the limited audit of the quarterly accounting statements;

the fees for the certification for the National Guarantee Fund and the signing of tax returns are included in the above.

2) BDO has deducted an amount designated “our investment”, which will not be charged to the Bank, from each item of its fees. The total amount, including the portion not to be charged, would be 232,290.00 euros, which for the Bank reduces to 190,000.00 euros less the portion of 42,290.00 euros not charged. The following is an account of the fees by individual engagement, net of the “investment” amount not charged and indicated in parentheses:

a) 96,000.00 euros (net of 21,360.00 euros of “investment”) for the audit of the financial statements for the year;

b) 13,000.00 euros (net of 2,620.00 euros of “investment”) for the audit of the consolidated financial statements;

c) 22,500.00 euros (net of 5,060.00 euros of “investment”) for the audit of the regular keeping of accounting record;

d) 24,000.00 euros (net of 5,340.00 euros of “investment”) for the limited audit of the individual and consolidated half-yearly financial reports;

e) 12,000.00 euros (net of 2,850.00 euros of “investment”) for the audit of the annual reporting package;

f) 8,000.00 euros (net of 1,780.00 euros of “investment”) for the limited audit of the half-yearly reporting package;

g) 14,500.00 euros (net of 3,280.00 euros of “investment”) for the limited audit of the quarterly accounting statements;

the fees for the certification for the National Guarantee Fund and the signing of tax returns are included in the above.

These amounts must be increased by the reimbursement of the supervisory contribution to be paid to CONSOB and the reimbursement of out-of-pocket expenses, of no more than 10% of fees, as well as legally required VAT.

In the event of circumstances entailing an increase in the estimated working hours indicated above, any such increases would be discussed in advance with the Company’s management to formulate a written addition to the bid in question.

The fees are to be adjusted annually, at a rate equal to the total change of the ISTAT cost of living index in the previous year, with effect from 1 July 2016.

In consideration of the foregoing, Banca Generali's Board of Statutory Auditors hereby proposes that the ordinary Shareholders' Meeting award the following to the auditing firm BDO S.p.A. for the nine-year period 2015-2023:

- an engagement to conduct independent auditing of the individual Financial Statements of Banca Generali S.p.A. and the consolidated Financial Statements of the Banca Generali Group at and for the years ending 31 December 2015 to 31 December 2023, pursuant to Article 14 and Article 16 of Legislative Decree No. 39 of 27 January 2010;
- an audit of the consistency of the report on operations provided for in Article 14, paragraph 2, letter e), of the Decree and the information laid down in paragraph 1, letters c), d), f), l) and m) and paragraph 2, letter b), of Article 123-*bis* of Legislative Decree No. 58 of 24 February 1998 with the individual and consolidated Financial Statements;
- the performance of the functions and activities envisaged in Article 14, paragraph 1, letter b), of Legislative Decree No. 39 of 27 January 2010 (auditing during the year of the regular keeping of company accounting records and the proper recognition of operating events in accounting records) with effect from the second quarterly audit for 2015, in addition to the fulfilment of all other related formalities under the applicable law;
- activities aimed at the signing of tax returns pursuant to Article 1, paragraph 5(1), of Presidential Decree No. 322 of 22 July 1998, as amended by Art. 1, paragraph 94, of Law No. 244/07, and half-yearly returns concerning the substitute tax due on loans and credit transactions pursuant to Article 20 of Presidential Decree No. 601 of 29 September 1973;
- the conduct of the audit procedures aimed at the issue of the certification for the National Guarantee Fund for each of the nine years ending 31 December 2015 to 31 December 2023, as envisaged in Article 62, paragraph 1, of Legislative Decree No. 415 of 23 July 1996;
- an engagement to conduct a limited, voluntary audit of the individual half-yearly report of Banca Generali and the consolidated half-yearly report of the Banca Generali Group at 30 June in the years 2015-2023, pursuant to Article 154-*ter*, paragraph 2, of the Consolidated Finance Act (TUF);
- an engagement to conduct an audit of the reporting package of Banca Generali S.p.A. prepared for the consolidated Financial Statements of the Parent Company,

Assicurazioni Generali S.p.A., for the years ending 31 December 2015 to 31 December 2023;

- an engagement to conduct a limited audit of the consolidation reporting package at 30 June in the years 2015-2023;
- an engagement to conduct a limited, voluntary audit of the individual and consolidated quarterly accounting statements for determining interim profit for the purposes of calculation of Common Equity Tier 1 (capital for regulatory purposes) pursuant to Article 26(2) of Regulation (EU) No. 575/2013 and Bank of Italy's Circular Letter No. 285 of 17/12/2013, with effect from the Quarterly Report for the quarter ending 30 September 2015 (included), and until the end of the period of the independent auditing engagement at issue in the bid;

according to the detailed conditions laid down in the bid dated 5 January 2015 and the economic conditions cited above.

Trieste, 10 March 2015

The Board of Statutory Auditors

Giuseppe Alessio Verni

Angelo Venchiarutti

Alessandro Gambi