BANCA GENERALI S.p.A.

ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETINGS
23, 24 April 2015

AGENDA

REPORTS AND PROPOSALS ON THE ITEMS ON THE AGENDA, PURSUANT TO ARTICLE 125-*TER* OF LEGISLATIVE DECREE 58/1998

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Ordinary Session

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

Financial Statements at 31 December 2014 and allocation of the profits for the year; relevant and ensuing Resolutions

Shareholders,

Net profit for the year was 167,459,532.00 euros. In submitting the Financial Statements for the year ended 31 December 2014 for your approval, we propose allocating the net profit for the year as follows:

net profit for the year	€	167,459,532.00
to legal reserve	€	70,682.00
to retained earnings	€	53,957,747.00
a dividend of 0.98 euro per each of the 115,746,023 outstanding ordinary shares, including the portion attributable to treasury shares, as per Article 2357-*ter* of the Italian Civil Code totalling	€	113,431,103.00

We also propose to pay out dividends as of 20 May 2015 (payment date), net of any legal withholdings applicable in compliance with statutory provisions, with ex-dividend date on 18 May (ex date) and with payment to shares that on the record date 19 May are entitled to dividends.

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, at the offices of Assicurazioni Generali S.p.A. in Trieste, at Via Macchiavelli 6,

- having regard to the draft Financial Statements for the year ended 31 December 2014, prepared by the Board of Directors, on the whole and in respect of each of the items included therein, and any and all provisions therein proposed;

- having acknowledged that, on this day, the authorised share capital of 119,378,836.00 euros is subscribed and paid up in the amount of 115,756,094 euros and is divided into 115,756,094 shares of a par value of 1.00 euro each, and that, as of today, treasury shares total 10,071;

- having regard to the Directors' Report on Operations, the Statutory Auditors' Report and the other documents attached to the draft Financial Statements;

resolves

1) to approve the Financial Statements for the year ended 31 December 2014;

2) to allocate the net profits for 2014, amounting to 167,459,532.00 euros, as follows:

net profit for the year	€	167,459,532.00
to legal reserve	€	70,682.00
to retained earnings	€	53,957,747.00
distribution of a cash dividend to shareholders, in the amount of 0.98 euro per each of the 115,746,023 outstanding shares, including the portion to be assigned to treasury shares, as per Article 2357-*ter* of the Italian Civil Code, for a total amount of	€	113,431,103.00

3) to approve the payment of the dividend, net of any legal withholdings applicable in compliance with statutory provisions, as of 20 May 2015 (payment date), ex coupon 8 on 18 May 2015 (ex date), and entitlement to dividends set on record date 19 May 2015;

4) to vest the Chairman of the Board of Directors and the Chief Executive Officer, jointly and severally, including through special attorneys-in-fact, with full powers to undertake whatsoever may be necessary or useful to ensure the execution of this resolution."

Trieste, 10 March 2015 THE BOARD OF DIRECTORS

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

Remuneration Policies: Banking Group's Remuneration Policies and Report on the Application of Remuneration Policies in 2014

Shareholders,

We hereby remind you that, with a view to reinforcing minimum standards of organisation and corporate governance, and ensuring "sound and prudent management" (Article 56 of Legislative Decree 385/1993), by provision 264010 of 4 March 2008 entitled "Supervisory Provisions Concerning Banks' Organisation and Corporate Governance", the Bank of Italy established a regulatory framework under which corporate governance is to play a central role in defining corporate strategies and risk assessment and management policies within the banking and financial industry. In order to further strengthen this central role, on 6 May 2014, the Bank of Italy issued its new provisions concerning corporate governance, whereby it endorsed the new framework on corporate governance introduced by Directive 2013/36/UE, the so-called CRD IV (cf. first update of Circular Letter No. 285 of 17 December 2013 — hereinafter "Circular 285" — Supervisory Provisions Concerning Banks, Title IV "Corporate Governance, Internal Control, Risk Management", Chapter I "Corporate Governance").

As the CRD IV expressly provides for remuneration and incentivisation policies and procedures to be determined as part of the organisational and corporate governance functions of banks and oversight activities thereof to be performed by regulatory authorities, the Bank of Italy updated the provisions on corporate governance and also updated the provisions on remuneration policies and procedures (adopted in March 2011). This process led to the publication on 20 November 2014 of the 7th update of Circular Letter No. 285 dated 17 November 2013 which incorporated Chapter 2 "Remuneration and Incentivisation Policies and Procedures" under Part I, Title IV "Corporate Governance, Internal Control, Risk Management".

The aforementioned provisions, implementing the CRD IV Directive sets forth specific principles and requirements that banks must comply with so as to ensure that: remuneration and incentivisation systems are properly designed and implemented;

potential conflicts of interest are effectively managed; the remuneration system takes due account of current and prospective risks, the degree of capitalisation, as well as liquidity levels of each intermediary; transparency towards the market is maximised; and oversight by regulatory authorities is reinforced.

In line with previous regulations, the proposed Italian text is aimed at promoting — in the interest of all stakeholders — the implementation of remuneration and incentivisation systems that are in line with long-term corporate objectives and strategies, linked to corporate performance but appropriately corrected to reflect all risks, commensurate with the capital and liquidity levels required to cover ongoing business operations, and in any event, designed to avoid distorted incentives that could lead to regulatory violations and excessive risk-taking by individual banks and within the whole system.

The new provisions call for the implementation of measures chiefly aimed at:

- introducing a maximum limit of 1:1 for the ratio of the variable to fixed component of remuneration, exclusively for Key Personnel;
- granting to the General Shareholders' Meeting the power for raising the said ratio above the level established in the preceding point up to no more than 2:1, provided that certain conditions are met;
- reinforcing the provisions governing ex-post adjustment mechanisms for risks (malus and claw-back);
- establishing the limits on variable remuneration where banks fail to observe specific capital requirements;
- applying regulatory technical standards (hereinafter also RTS) issued by the European Commission, upon proposal of EBA and regarding: (i) the qualitative and quantitative criteria for identifying Key Personnel; and (ii) the characteristics of the financial instruments to be used for the payment of variable remuneration;
- remuneration and incentivisation policies and procedures to be applied, among others, to Financial Advisors;
- update of disclosure and reporting obligation.

In this structured context, the legal framework also envisages that:

(i) in addition to establishing the remuneration of the members of the corporate organs, the Ordinary Shareholders' Meeting shall also approve the remuneration and incentivisation policies applicable to bodies and functions of strategic oversight, management and control, as well as to other personnel;
(ii) the General Shareholders' Meeting itself shall be provided information on the procedures through which remuneration policies were applied and implemented.
At the same time, it bears recalling that, by Resolution of 23 December 2011, CONSOB laid down systematic rules streamlining currently applicable instructions on transparency and the disclosure of the remuneration of management level executives of issuers of listed securities. Under the said rules, issuers of listed securities are required, *inter alia*, to draw up a report on remuneration, without prejudice to the remuneration-related obligations imposed under industry-specific regulations applicable by reason of the industrial sector in which the listed corporation operates.
Lastly, the framework of reference outlined above includes recommendations set forth in the Corporate Governance Code for Listed Companies that your Company has voluntarily adopted, and that entrench the principles contained in the Recommendations issued by European authorities regarding the content of remuneration policies and the process through which they are defined.

In light of all of the above, we therefore call your attention on the attached Remuneration and Incentivisation Report, made up of two sections: the first illustrates the remuneration and incentivisation policy of the Company and the Group, while the second highlights the procedures through which the said policy has been implemented in the financial year 2014, and specifies the emoluments actually paid.
In referring you to the attached document for further details, in accordance with the aforementioned Bank of Italy Instructions and CONSOB regulations, you are invited to approve in particular the contents of the first section of the Report which, as noted above, illustrates the remuneration and incentivisation policies adopted by the Company and the Group, as well as the procedures followed for the adoption and implementation of the said policies. With regards to the second section, the regulations only provide for reporting obligations towards the General Shareholders' Meeting.

Furthermore, it must be borne in mind that, pursuant to the Bank of Italy's Supervisory Instructions:

- in defining remuneration policies, the compliance function is required to assess the compatibility of the said policies with the regulatory framework of reference, with specific emphasis, *inter alia*, on the extent to which the Company's incentive system is in line with objectives of compliance with regulations, the Articles of Association, as well as any and all other codes of ethics, rules of conduct, or standards that the bank is required to comply with, above all with a view to appropriately containing the legal and reputational risks associated, in particular, with customer relations;
- the internal audit function is required to verify, at least once a year, the extent to which remuneration practices are compliant with the approved policies and the Supervisory Instructions.

The attached document therefore provides a summary of the results of the aforesaid checks which confirm (i) the compatibility of the Banking Group's remuneration and incentivisation policies for 2014 with the current regulatory framework of reference, and (ii) the operating compliance of remuneration practices with regulations and the remuneration policies approved by the General Shareholders' Meeting on 23 April 2014.

Lastly, we remind the attendees that pursuant to the Bank of Italy's Supervisory Provisions, the Remuneration Committee is required to report to corporate bodies, including the General Shareholders' Meeting, on the activities undertaken by the said committee in respect of remuneration policies and that such report is also included in the attached document.

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, at the offices of Assicurazioni Generali S.p.A. in Trieste, Via Macchiavelli 6,

- having regard to Part I, Chapter 2 “Remuneration and Incentivisation Policies and Procedures”, IV “Corporate Governance, Internal Control, Risk Management”, of Bank of Italy’s Circular Letter No. 285 dated 17 November 2013;
- having regard to Article 123-*ter* of Legislative Decree 58 of 24 February 1998;
- having regard to Article 84-*quater* of CONSOB Resolution 11971 of 14 May 1999, as amended and extended;
- having regard to Article 6 of the Corporate Governance Code for Listed Companies (in its most recent version approved in July 2014 by the Corporate Governance Committee);
- having examined the Remuneration Report prepared pursuant to Article 123-*ter* of Legislative Decree No. 58 of 24 February 1998 and the Bank of Italy's Circular Letter No. 285, Part I, Title IV, Chapter 2, dated 17 November 2013;
- having acknowledged the results of the checks carried out by the internal audit and compliance functions;
- having acknowledged the activities undertaken by the Remuneration & Nomination Committee in such regard;
- having heard the favourable opinion of the Board of Statutory Auditors,

acknowledges

the contents of the Second Section of the Remuneration and Incentivisation Report on the implementation in 2014 of the remuneration policies approved by the General Shareholders’ Meeting on 23 April 2014 and

resolves

1) to approve the First Section of the Remuneration and Incentivisation Report, which explains the remuneration and incentivisation policy of the Company and Group;
2) to place the Board of Directors in charge of implementing the remuneration and incentivisation policies, allowing the same to appoint one or more of its members to concretely implement such policies.”

Milan, 31 March 2015 THE BOARD OF DIRECTORS

REMUNERATION REPORT:

BANKING GROUP'S REMUNERATION AND INCENTIVISATION POLICIES AND REPORT ON THE APPLICATION OF REMUNERATION AND INCENTIVISATION POLICIES IN 2014

BANCA GENERALI

Remuneration Report: Banking Group's Remuneration and Incentivisation Policies and Report on the Application of Remuneration and Incentivisation Policies in 2014

Section I - Banking Group’s Remuneration and Incentivisation Policies

1. *Remuneration Policy Objectives and Regulatory Framework of Reference*

Banca Generali’s remuneration policies are aimed at ensuring the best possible alignment of the interests of the Banking Group’s Shareholders and those of the Management, through careful risk management and the consistent pursuit of long-term goals.

A well-balanced system of rewards and incentives for the Bank’s Directors and Management is key to boosting competitiveness and ensuring corporate governance. Moreover, remuneration, especially with regard to Key Personnel, is useful in terms of attracting and retaining people with the talent and skills best suited to the Company’s needs.

In compliance with applicable regulations, as of 2010, remuneration policies have been updated in light of the recommendations issued by the Governor of the Bank of Italy in respect of “*remuneration and incentive systems*” pursuant to Order No. 321560 of 28 October 2009, with a view to harmonising the incentives of managers and the main network managers, and accordingly, ensuring that the new principles are uniformly applied to all the Banking Group’s personnel. In the following years, the remuneration policies were drawn up in line with the “Instructions on the remuneration and incentivisation policies and practices of banks and banking groups” of 30 March 2011, which transposed into the Italian regulatory framework the Capital Requirement Directive III (hereinafter “CRD III”) that introduces harmonised rules at EU level in respect of remuneration and incentivisation mechanisms for financial institutions and investment companies.

Against this background, in December 2013, the Bank of Italy subjected to public consultation certain amendments to the Provisions on Remuneration and Incentivisation Policies within Banks and Banking Groups. Following the conclusion of the consultation process, on 20 November 2014 it published its 7th update to Circular No. 285 of 17 November 2013, to which Chapter 2, entitled “Remuneration and Incentivisation Polices and Practices” (hereinafter also the “Provisions”), was added in Part I, Title IV, “Corporate Governance, Internal Controls, Risk Management”. This update, which repeals the Order of March 2011, is largely aimed at adopting the changes introduced by Directive 2013/36/EU (known as “CRD IV”), approved on 26 June 2013. The new regulation includes provisions primarily relating to:

- the introduction, for Key Personnel only, of a maximum limit of 1:1 for the ratio of the variable to fixed component of remuneration;
- the power granted to the General Shareholders’ Meeting for raising the said ratio above the level established in the preceding point, provided that certain conditions are met and in any event, up to no more than 2:1;

- reinforcement of the provisions governing ex-post adjustment mechanisms for risks (malus and claw-back) by adding qualitative indicators, tied to the conduct by personnel, to quantitative indicators, tied to the achievement of results;
- the establishment of limits on variable remuneration where banks fail to observe specific capital requirements;
- the application of regulatory technical standards (hereinafter also “RTSs”) issued by the European Commission, by proposal from the EBA, concerning: (i) the qualitative and quantitative criteria for identifying the Key Personnel; and (ii) the characteristics of the financial instruments to be used for the payment of variable remuneration;
- the rules regarding remuneration policies applicable, among other persons, to Financial Advisors;
- the revision of other rules set forth in CRD III, such as, for instance, clarifications on the option to pay guaranteed variable remuneration, and the updating of public disclosure and reporting obligations.

The remuneration policies have therefore been prepared in accordance with the content and tenor of the above-mentioned Provisions. In some cases, the principle of proportionality, as defined therein, has been applied, while taking into account the characteristics, size, risk level and complexity of the business conducted by the Bank and Banking Group.

In this regard, it should also be recalled that the Corporate Governance Code for Listed Companies, in effect from 2011 and most recently updated in July 2014, requires the approval of a remuneration policy for Directors and key management personnel. Moreover, at the end of 2011, through Resolution No. 18049 of 23 December 2011, CONSOB laid down a comprehensive and systematic regulatory framework governing transparency, as required under Article 123-*ter* of the Finance Consolidation Law (TUF). Under the new framework, issuers are required to draw up a detailed remuneration report, without prejudice to their other reporting obligations imposed with regard to remuneration pursuant to industry-specific regulations applicable by reason of the activity carried out by the listed company. This led to the need to coordinate the provisions pertaining to remuneration, issued by the two distinct Regulatory Authorities.

Consequently, the remuneration policies have been drawn up in accordance with both the Provisions on Remuneration and Incentivisation Policies and Practices issued by the Bank of Italy on 20 November 2014 through its 7th update to Circular No. 285 of 17 November 2013, and the provisions of Article 84-*quater* of the implementation regulations for Legislative Decree No. 58 of 24 February 1998 (TUF) laying down rules for issuers.

In fact, this document has been drawn up with a view to ensuring simultaneous compliance with both the provisions governing remuneration policies within the banking industry (Bank of Italy’s Instructions in force from time to time) and the regulatory provisions applicable to issuers.

All remuneration policies must be imperatively in line with the following factors:

- the Banking Group’s mission, especially with regard to its commitment to generating consistently excellent results for all its stakeholders in both the short and the medium/long term, whilst also ensuring sound and prudent risk management, well-balanced corporate organisation, and the constant pursuit of strategic goals;

- the Banking Group's values, and more specifically, responsibility, reliability and commitment, to which not only the top management team, but all the banking group's personnel must always adhere, especially in their endeavours to meet their assigned objectives;
- the Banking Group's governance, as the banking group's corporate/organisational model, and internal regulatory framework orienting all business operations towards:
    - scrupulous and constant regulatory compliance;
    - strict application of the procedures regulating interaction between management functions, as well as amongst the different company structures;
    - the proper implementation of appropriately designed processes underlying the prevailing risk management and control system;
- ever greater sustainability, especially through policies prioritising growth that is sustainable over time, and enhancing the potential of the Group's personnel by rewarding individual contributions to the organisation's success, including through appropriate remuneration, whilst discouraging conduct conducive to excess risk-taking.

The resulting remuneration policies in turn promote the aforesaid mission, values, governance and sustainability objectives, thereby giving rise to a virtuous cycle that leads to constant fine-tuning of remuneration practices on the one hand, and the consolidation of the bank's underlying corporate culture, on the other.

Accordingly, one of the primary objectives of the remuneration policy is to adequately reward sustainable performance. Towards such end, all remuneration policies are informed and shaped by the following guiding principles:

- internal fairness: remuneration must be commensurate with the job description in question, taking due account of the attendant burden of responsibility, and the competence and skill with which related duties are discharged. This applies to all personnel without distinction, and is therefore inclusive of top management, it being understood that the remuneration of employees must always be determined in strict compliance with all applicable national and corporate collective bargaining labour agreements;
- competitiveness: the assigned remuneration must be in line with remuneration levels prevailing on reference markets; towards this end, trends in remuneration levels prevailing in the industry of reference are monitored through general and industry-specific surveys of remuneration practices;
- coherence: meaning the transversal application of similar remuneration policies to comparable levels of job responsibility throughout the Banking Group, taking due account of the industrial sector and geographical area of reference, as well as other factors that could impact remuneration levels from time to time. These policies also promote staff development including through intercompany secondments;
- meritocracy: to be achieved through remuneration structures that commensurately reward the results obtained and the level of commitment and effort involved in attaining the same, whilst, at

the same time, encouraging unwavering compliance with applicable regulations and procedures, as well as constant and focused risk assessment.

2. *Persons to Whom Remuneration and Incentivisation Policies Apply*

The Bank of Italy's Provisions apply to all "personnel", save for the rules detailing the remuneration structure designed solely for Key Personnel. In addition, in application of the principle of proportionality, banks establish their remuneration and incentivisation policies while taking account of their characteristics and size, as well as the risk level and complexity of the business they conduct, so as to achieve the objectives pursued by the regulations. The regulations divide banking groups into three categories for the purposes of application of the principle of proportionality: larger more complex banks, smaller less complex banks and medium-size banks.

In this classification scheme, Banca Generali falls into the category of medium-size banks (and is near in size to the lower limit of its class). For these banks, Provisions establish that the more detailed rules, pertaining to Key Personnel, may be applied subject to the percentages, and deferment and retention periods equivalent to at least half those established, on an increasing scale based on the bank's or banking group's features.

As indicated above, the Bank of Italy Provisions refer to "personnel", a category that includes (i) all officers of company bodies vested with strategic oversight, management and control responsibilities; and (ii) all employees and collaborators. In this context, the bank identifies the Key Personnel to whom the more detailed rules are to apply. Financial advisors, with whom the company has agency contracts, are subject not only to the general principles, but also to the rules laid down in Section IV of the Provisions ("Remuneration Policy for Special Categories").

2.1 *Identification of Key Personnel*

In line with the Bank of Italy's Provisions, the Board of Directors of the Company carried out a self-assessment with the support of the Remuneration and Nomination Committee for the specific purpose of identifying "Key Personnel" who exert or could exert a significant impact on the banking group's risk profile, and therefore warrant the application of the more detailed rules.

The aforementioned Provisions clarify that, in identifying Key Personnel, banks are to apply the regulatory technical standards (RTSs) issued by the European Commission by proposal from the European Banking Authority (EBA). Accordingly, the Bank has conducted its own in-house analysis to identify Key Personnel on the basis of the qualitative and quantitative criteria set forth in the RTSs.

According to this self-assessment, the above-mentioned category of Key Personnel includes: the Chief Executive Officer and General Manager, the other members of the General Management (Joint General Manager and Joint General Manager of the Commercial Area), the Central Managers, the Area Managers, the managers of the main business lines, the managers in charge of control functions, including the Head of the Resources Department, as well as the main network managers.

In detail, the Board of Directors identified the following categories of staff as Key Personnel who exert or could exert a significant impact on the bank's risk profile:

a) Key Managers: Chief Executive Officer and General Manager, other members of the General Management and Central Managers;

b) Other Key Personnel: this category has been determined to include (i) the heads of key operating/company units (main lines of business): in addition to the Joint General Manager of the Commercial Area, who is already included in the category Key Managers, these are the Head of the Finance Department, the Head of the Lending Department, and the General Manager of BG Fund Management Luxembourg S.A. (hereinafter also “BG FML”); and (ii) persons who report directly to the personnel indicated in point (i) above and who are regarded as having an impact on company risk due to their activities, autonomy and powers: these are the Head of the Private Banking Division and the Head of the Financial Planner Division. This category has also been determined to include the Head of the AM Division, since the activities, autonomy and powers assigned to this position have been regarded as having a substantial impact on the company's risk; ;

c) upper-level middle managers and managers in charge of control functions: the Heads of Company Risks, Internal Audit, and Resources Departments, as well as the Heads of Risk Management, and Compliance Services;

d) main managers operating in the Bank’s distribution networks: these are the Sales Manager Italy and the local managers classified as Area Managers and Private Banking Managers.

2.2 *Identification of Key Management Personnel*

Pursuant to CONSOB Resolution No. 18049 of 23 December 2011, the term “Key Management Personnel” is to be construed in line with the definition set forth in Attachment 1 to CONSOB Regulation No. 17221 of 12 March 2010, as further amended. Against this background, those persons having authority and direct or indirect responsibility for planning, directing, and controlling the activities of the company fall in the category of Key Management Personnel. In line with corporate policy, this category shall include all the Company’s Directors (whether executive or otherwise), the regular members of the Board of Statutory Auditors, the members of the General Management and the Central Managers.

For the intents and purposes of this document, the generic term “executives” must be construed in its technical sense, and therefore, may not be deemed to refer to company Directors and regular members of the Board of Statutory Auditors, it being understood that where the context demands, the meaning to be attributed to the said term will be appropriately specified.

3. *The Decision-making Process Followed in Defining Remuneration and Incentivisation Policies*

A variety of company functions and bodies bear responsibility for the determination, approval, implementation and subsequent assessment of remuneration policies which, moreover, depending on the corporate positions to which they apply, may be informed by input from specific functions.

The roles of the various corporate functions involved in defining, approving, implementing and subsequently assessing the remuneration policy are outlined below.

3.1 *General Shareholders' Meeting*

Pursuant to the Bank of Italy Provisions, the General Shareholders' Meeting is in charge of:

(i) establishing the remuneration due to the bodies it appoints;

(ii) approving the remuneration and incentivisation policies and remuneration plans based on financial instruments for bodies with roles of oversight, management and control, as well as the remaining personnel, in addition to the criteria for determining the compensation to be provided in the event of early termination of the contract or the post (so-called "golden parachute").

Finally, under the Articles of Association, the General Shareholders' Meeting decides on the proposal to set a limit on the ratio of the variable to fixed component of individual remuneration in excess of 1:1, in accordance with Section III, paragraph 1, of the Provisions.

3.2 *Board of Directors*

The Board of Directors draws up, submits to the General Shareholders' Meeting and reviews at least annually the remuneration and incentivisation policy. Moreover, it bears responsibility for its proper implementation; in detail, it determines the remuneration due to Directors vested with specific tasks and duties (including the members of Board Committees), as well as the overall remuneration of the General Manager, members of General Management, the Central Managers, and the heads of the main business lines and of control functions, in line with the provisions of relevant Shareholders' resolutions, with the support of the Remuneration and Nomination Committee, and after hearing the opinion of the Board of Statutory Auditors in such regard. It also sets the individual performance objectives to be attained by the said company functions.

Within the context of the decisions of the Shareholders' Meeting, it is then the responsibility of the Board of Directors to draw up guidelines for the recruitment and internal placement of personnel belonging to the Company's managerial category and carry out checks to ensure that the remuneration and incentivisation systems applicable to Key Personnel take due account of risk containment policies and are consistent with the Company's remuneration policy, long-term objectives of the bank and the Banking Group, corporate culture and overall internal control and corporate governance system. The Board of Directors also submits to the General Shareholders' Meeting an annual report on the implementation of remuneration policies, duly accompanied by an overview of the related quantitative data. The Board of Directors is supported in its work by the Remuneration Committee and, for the purposes of a correct application of the principles and criteria envisaged by the regulation, by the relevant company functions, i.e., the Resources Department, the Governance and Company Risks Area, the Planning & Control Department, the Risk Management Service and the Compliance Service.

3.3 *Remuneration Committee*

Banca Generali has instituted a Remuneration and Nomination Committee within the Board of Directors, with responsibilities relating to both remuneration and nomination. The above-mentioned Committee is currently composed of three non-executive, independent members of the Board of

Directors, and is, *inter alia*, responsible for advising and making recommendations and proposals to the Board of Directors on matters pertaining to remuneration.

The current Committee was appointed by the Board of Directors on 24 April 2012 and will remain in office until the approval of the Financial Statements for the year ended on 31 December 2014. It is made up as follows:

Name and Surname	**Position**
Paolo Baessato	Chairman of the Committee Non-executive and independent Director pursuant to the Corporate Governance Code and Article 37, paragraph 1(d) of CONSOB Regulation No. 16191/2007.
Fabio Genovese	Member of the Committee Non-executive and independent Director pursuant to the Corporate Governance Code and Article 37, paragraph 1(d) of CONSOB Regulation No. 16191/2007.
Ettore Riello	Member of the Committee Non-executive and independent Director pursuant to the Corporate Governance Code and Article 37, paragraph 1(d) of CONSOB Regulation No. 16191/2007.

The Committee met ten times in 2014, and has met five times so far this year.

With regard to remuneration, the Committee has the following tasks:

1. submitting opinions and recommendations to the Board of Directors in respect of the remuneration packages of the Chairman of the Board of Directors and Chief Executive Officer;
2. expressing opinions and proposals on the general principles for determining the remuneration payable to the Key Management Personnel, upon prior proposal from the Chief Executive Officer;
3. periodically assessing the adequacy, overall consistency and practical application of the general policy adopted by the company for the remuneration of Executive Directors, Directors holding special offices and key management personnel, relying for the last named task on the information provided by the Chief Executive Officer; monitoring the implementation of decisions adopted by the Board by verifying the actual achievement of results and objectives; formulating general recommendations on the matter to the Board of Directors;
4. providing opinions on the determination of the criteria for the remuneration of professionals in a position to impact the Bank’s risk profile, and directly overseeing the proper application of the said criteria;
5. providing the Board of Directors with non-binding opinions and recommendations on the determination of the variable remuneration of the managers tasked with internal audit and risk management functions;
6. expressing a qualitative judgment on the activities undertaken by the General Manager and the Manager in charge of the Company's financial reports and, after consulting with the Internal Audit and Risk Committee, by the Heads of the Internal Audit & Risk Management functions;

7. providing opinions on the determination of severance indemnities to be offered in the event of early termination of the contract, assessing, where necessary, the effects of such early termination on the rights accrued under share-based incentive plans;
8. providing assessments — for the matters falling within its purview — on the attainment of performance objectives underlying access to incentive plans, and monitoring the evolution and implementation of approved plans, over time;
9. performing preliminary activities in the event the Board of Directors decided to adopt succession plans for Executive Directors;
10. expressing non-binding opinions and proposals for any stock options plans and shares allotment or other share-based incentive systems, also suggesting the objectives associated with the provision of such benefits and the criteria for assessing the achievement of those objectives; monitoring the evolution and application over time of any plans approved by the General Shareholders' Meeting on the Board’s proposal;
11. expressing an opinion to the Board of Directors of the Parent Company on proposals relating to the remuneration of Directors holding special offices in strategic subsidiaries, pursuant to Article 2389 of the Italian Civil Code, as well as the general managers and key management personnel of those companies;
12. ensuring appropriate functional and operational links with the relevant company structures in charge of preparing and monitoring remuneration policies and practices;
13. reporting to the Shareholders on the exercise of its own functions, ensuring in particular its participation at the Shareholders' Meeting through its Chairman or any other Committee's member.

The Remuneration and Nomination Committee is afforded unhindered access to any and all the corporate information and functions it may deem necessary or useful for the proper discharge of its assigned tasks. The Committee puts forward advisory opinions and recommendations on matters falling within its purview, on a regular basis, and draws up the minutes of meetings and the reports required to ensure the conduct of the Bank’s business.

Upon approval of the Financial Statements for the year ended 31 December 2014, Banca Generali will appoint its new company bodies, and thus will renew the composition of the Board Committees. In this regard, it should be noted that, in accordance with the new “Supervisory Provisions for Banks” laid down in Bank of Italy Circular No. 285/2013, following the appointment of the new Board of Directors, which is to remain in office for the three-year period 2015-2017, Banca Generali will institute a new Remuneration Committee, separately from the Nomination Committee, and appoint the new members of the Committee.

3.4 Chief Executive Officer

Identifying the objectives to be assigned to individual Managers, as part of the policy determined by the Shareholders’ Meeting and the parameters identified by the Board of Directors is the responsibility of the Chief Executive Officer, supported by the Resources Department, Governance and Company

Risks Area, Planning & Control Department, Risk Management Service and Compliance Service for the parts within their respective remit.

The process of assigning the objectives to be met in order to receive variable remuneration and determining the maximum amount of such variable component is formally conducted and documented.

3.5 Board of Statutory Auditors

The Board of Statutory Auditors is tasked with expressing opinions on the remuneration of Directors vested with special responsibilities, it being pointed out that the said opinions are provided even with regard to the remuneration of the General Manager.

The Board of Statutory Auditors also expresses an opinion on the remuneration of heads of control functions.

3.6 Internal Audit Functions

Without, in any event, exceeding the bounds of their respective spheres of competence, the Bank's control functions collaborate to ensure the appropriateness, regulatory conformity and proper implementation of all remuneration policies and practices.

More specifically:

• the Compliance function is tasked, *inter alia*, with verifying that the corporate incentive system is in line with objectives of compliance with applicable regulations, the Articles of Association and the self-regulatory provisions, with a view to appropriately containing the legal and reputational risks that arise, above all, in the course of dealings and relationships with customers. The Compliance function submits the results of its assessments to the relevant company boards, recommending corrective action where appropriate, it being understood that the said results are also reported to the General Shareholders' Meeting on an annual basis;

• the Internal Audit function is in charge, *inter alia*, of verifying, at least once a year, the compatibility of remuneration practices with approved policies and industry-specific regulations. This function also submits the results of its assessments to the relevant company boards and officers, recommending corrective actions where appropriate, it being understood that the said results are also reported to the General Shareholders' Meeting on an annual basis;

• the Risk Management function is responsible for checking the appropriateness of not only the risk indicators of reference but also the related parameters to which performance levels are to be linked when establishing objectives.

3.7 Human Resources and Other Functions

The Resources Department provides technical assistance and prepares the support materials that inform remuneration policies.

Remuneration policies are also impacted by input from the Planning & Controlling Department, which contribute towards identifying the quantitative parameters pertaining to the strategic objectives to which the variable component of remuneration is to be correlated, and determining the expense budget.

4. Mechanisms for Linking Remuneration to Performance

The remuneration system is designed on the basis of the Bank's corporate values and objectives, long-term strategies and risk management policies.

More specifically, overall remuneration is made of fixed and variable components, the weight of which is correlated with the strategic weight of the job description in question, and, in the case of certain managers, may include benefits arising under Stock Option Plans and Long Term Incentive Plans designed to link remuneration to the long-term performance of the company or the corporate group to which it belongs.

Short-term variable remuneration is based on the Management by Objectives mechanism which rewards the attainment of the economic and financial results budgeted for the financial year in question, whilst medium-to-long term variable remuneration is provided through specific tools such as Stock Option Plans and Long Term Incentive Plans, as described in greater detail below.

The indicators used in both cases are selected with a view to properly weighting the risks faced by the company and the corporate group to which it belongs.

As a result, variable remuneration linked to the performance of the Bank and the Banking Group is determined taking due account of the risks assumed and the liquidity required to cover ongoing business operations, and with a view to avoiding conflicts of interest based on the principles described below.

4.1 Determination of the Bonus Pool

Each year, the Board of Directors determines a total bonus pool, in keeping with the remuneration policies, according to a bottom-up approach, to be disbursed provided that the necessary financial stability and liquidity conditions have been satisfied and the requirements for each position have been met.

The total bonus pool therefore may not be increased based on the Company's performance, but it may be eliminated if the access gates discussed in the following section are not reached.

4.2 Access Gates

For Key Personnel and other managers, as well as all employees, Banking Group's network managers and Financial Advisors, the right to receive the bonus is linked not only to the results actually achieved, but also to the attainment of an access gate, common to all the aforesaid personnel, and set by the Banking Group with a view to (i) linking bonus entitlements to multi-year performance indicators, and (ii) taking due account of current and potential risks, interest rates and the cash flow required to cover the Banking Group's business operations.

The Banking Group's access gates reflect the following two indicators:

a) Capital ratio: *Total Capital Ratio*[1], aimed at measuring the extent of the Bank's capital in relation to the degree of risk of the assets held — minimum target ratio of 11.4%;

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[1] Total Capital Ratio(*): meaning the Regulatory Capital / Risk Weighted Assets (RWA) (both the variables are subject to regulatory disclosure and are specified in the Notes and Comments to the Financial Statements, Part F — Information on Net

b) Liquidity ratio: *Liquidity Coverage Ratio*[2], to increase short-term resilience of the liquidity risk profile of the bank, while ensuring it has sufficient, high-quality liquid assets to overcome any 30-day long acute stress situation — minimum ratio of 105%.

The access gate thus consists of two ratios indicative of the Bank's solidity and liquidity and, accordingly, its capacity to pay out the variable component of the remuneration (so-called "sustainability").

An on/off threshold is set for each ratio. The requirement for access to the bonus accrued during the year is that both ratios are above the minimum threshold set when the final earnings figures for the year are recorded. The access gate does not only condition the bonus for the year in question, but also, from one year to the next, the portions of bonuses accrued in previous years and paid out on a deferred basis in subsequent years.

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4.3 *Deferral and Share-based Variable Remuneration*

As a general rule, and without prejudice to the more stringent provisions applicable to Key Personnel and, as specified in greater detail below, all employees with a variable remuneration based on the Management by Objectives mechanism and/or on a discretionary basis, and for the Banking Group's main network managers, who accrue, within any given financial year, a bonus in excess of 75,000.00 euros, are subject to deferral for a period determined, pursuant to the principle of proportionality, as follows: 60% — provided that the access gate conditions described above are met — in the following financial year, subject to Board verification of the economic results and the adequacy of capital levels for the year in which the said bonuses were earned; 20% subject to verification of the results in terms of capital adequacy for the following financial year; and the remaining 20%, after a further year, subject to verification of full satisfaction of financial solidity results of the Banking Group.

Any and all deferred bonus instalments shall be deemed to bear interest at the mean 6-month EURIBOR rate recorded during the calendar year preceding the year in which the related instalment is paid, increased by 0.85%.

If the actual *bonus* accrued falls below or equals the stated threshold of 75,000.00 euros, it is paid in full after the Board of Directors verifies the profit or loss results for the year in question and determines that the access gate targets have been met.

For Key Personnel and the main network managers, 25% of the variable remuneration linked to

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Equity; the figures used for calculation purposes are those reported to the Bank of Italy and drawn from the consolidated financial statements as at the end of the year).

[2]Liquidity Coverage Ratio: meaning the ratio between the stock of [1] highly liquid assets (that is to say, easily disposed of for cash on the open market, even during periods of tension, and ideally, subject to placement with a central bank) and [2] the sum total of net outflows during the 30 calendar days following a specified stress scenario. The said ratio, proposed under the regulatory evolution known as Basel 3, is indicative in nature (first application on the basis of figures as of 31 March 2014); account is taken of the consolidated figures forwarded to the Bank of Italy at the end of the financial year).

short-term objectives will be paid in Banca Generali shares, according to the following assignment and retention mechanism:

- 60% of the bonus will be paid up-front during the year after that of reference, 75% in cash and 25% in Banca Generali shares, which will be subject to a retention period of one year;
- 20% of the bonus will be deferred for one year: 75% in cash and 25% in Banca Generali shares, which will be subject to a retention period of one year;
- the remaining 20% of the bonus will be deferred by two years: 75% in cash and 25% in Banca Generali shares, which will be subject to a retention period of one year.

If the actual bonus accrued, also by Key Personnel, is below the indicated threshold of 75,000 euros, it will be paid in full up front during the year after that of reference, in cash, once the Board of Directors has verified P&L performance during the year of accrual and satisfaction of the access gates.

4.4 Cap Mechanism to Ensure Compliance with the Ratio of Variable to Fixed Remuneration

The company has established a cap mechanism, applicable to its Key Personnel, as defined in the Provisions cited above, on the ratio of total variable to fixed total remuneration (including all forms of payment or benefit disbursed, directly or indirectly, in cash, financial instruments, or assets in kind not linked to the achievement of individual or company performance results, or the award of which is subject to annual qualitative assessment or other parameters, such as term of service).

The cap mechanism ensures that the ratio of total variable compensation paid in a given year (including both up-front and deferred payments) to total fixed remuneration in that same year does not exceed 1:1 (or, where expressly authorised, 2:1). Accordingly, this mechanism, which is applied on a cash basis, also takes account of the effects of bonuses accrued in years prior to the introduction of the cap, as well as of deferred bonuses.

The mechanism refers to the variable remuneration instruments awarded from the year in which the cap mechanism was introduced. Consequently, all shares of variable remuneration accrued in years prior to 2015, but not yet disbursed due to deferral, are sterilised for the purposes of this calculation.

Likewise, if the 1:1 (or, where expressly authorised, 2:1) ratio of variable to fixed remuneration is in future modified, in an unfavourable manner, for one or more individuals, having regard to the year in which the ratio of variable to fixed remuneration is changed, all shares of variable remuneration accrued in years prior to the year concerned, but not yet disbursed due to deferral, will be sterilised for the purposes of the calculation.

4.5 Malus and Claw-back Mechanisms

The variable component of the remuneration of all employees qualifying for variable remuneration under incentive plans based on the Management by Objectives and/or on a discretionary basis, and the Banking Group's network managers and Financial Advisors, is subject to not only a specific malus mechanism entailing forfeiture of bonuses in the event of malfeasance or wilful misconduct to the Bank's detriment, but also express provisions entitling the Bank to claw back bonus payments made during the year in question and the previous one, in the event that the beneficiary is found to (i) have engaged in malfeasance or wilful misconduct to the Bank's detriment, (ii) have engaged in behaviour that resulted in a significant loss for the bank, or (iii) failed to comply with rules concerning banking transparency, anti-money laundering and remuneration policies, in accordance with the Supervisory Provisions for Banks. Likewise, the Bank may demand the return of bonuses paid during the current or previous year in cases of material errors in figuring the items used to calculate the Group's access gates.

4.6 Principle of Propriety and the Containment of Reputational Risks

Remuneration and incentive structures for sales staff are designed to ensure compliance with the principle of propriety in customer relations, as well as to contain legal and reputational risks, through the implementation of policies entailing the application of specific, formally stated, quantifiable and verifiable rules and parameters (e.g., number of complaints) which have an impact on the right to collect the incentivisation.

5. *Salient Features of the Remuneration System*

As outlined above, the remuneration package consists of fixed components and variable components. The remuneration patterns of high-level executives and managers are monitored, taking due account of trends recorded on reference markets, using the HAY point-factor job evaluation method.

5.1 Fixed Remuneration Components

Based on this method, the fixed components refer to the remuneration of the position, responsibilities and managerial and technical skills of employees used to perform the roles assigned to them, in order to ensure managerial continuity and pursue effective and fair internal remuneration policies that are competitive in respect of the external market.

The fixed component must account for a sufficient proportion of overall remuneration to attract and retain executive talent and provide adequate remuneration for job responsibilities even in the absence of additional bonuses or other incentives in light of substandard performance, so as to discourage risk-taking in excess of the Company's capabilities, with a view to meeting short and medium-to-long-term targets.

Among the fixed components of remuneration, the bank has introduced a "service allowance" to the configuration of remuneration packages for managers with supervisory functions and the executive in charge of accounting records. The allowance is a component of fixed remuneration that is in addition to traditional gross annual remuneration and is tied to the specific role in question (the allowance is assigned to compensate a specific role and/or the related responsibilities; it may be renegotiated, with annual or other frequency, according to changes in the specific requirements of the role, but entitlement to collect it ceases if the beneficiary is assigned to a role within the company to which a service allowance does not apply).

The total fixed remuneration provided to personnel includes not only gross annual remuneration, but also service allowances, Director's remuneration, housing allowances (or sublease agreements), company collective supplementary pension benefits, health cover, and company life insurance and policies entailing an indemnity in the event of death or permanent disability, pursuant to the Memorandum of Understanding for the Generali Group's Executive Personnel of 2 August 2010, adopted for Banking Group executives as well on 1 December 2010.

Therefore, a significant portion of fixed remuneration components consists of the benefits package, which represents a significant element in terms of fixed remuneration (about 15% for middle managers and professional areas, and around 25% for managers). In detail, for managers this includes health cover, supplementary pension benefits, life insurance, as well as insurance for accidents at work and outside work, and a company car.

The National Collective Labour Agreement for Credit Institutions, supplemented by the Supplementary Company Contract, is applied for middle manager grades and professional areas.

Social security coverage and pension benefits are therefore uniformly regulated for each different category of staff, in strict compliance with the provisions set forth in applicable collective bargaining labour agreements.

5.2 Variable Remuneration Components

Variable components are intended to reward short as well as medium-to-long term results. Performance is assessed — taking due account of the population segment and time-span in question — on the basis of the results attained by individuals and the corporate structures they serve, as well as, in the case of high-level executives, the results achieved by the company/group as a whole.

The ratio of the variable to total fixed components of remuneration must be commensurate with the employee's job description and the strategic responsibilities inherent to his or her position within the organisational structure: as a general rule, this ratio ought to range from no more than 30% for middle management and professional-level positions, except sales staff, and asset managers within the AM Division, BG Fiduciaria SIM and BG FML, whose variable remuneration could well account for 100% of overall remuneration, if all assigned target results are achieved.

Within the maximum overall ratio allowed between the fixed and variable components for some positions, participation in Long Term Incentive Plans could be added to the variable component.

The aim of the recurring variable components of remuneration and long-term incentives (such as, for example, long term incentive plans, stock option plans and deferred bonus systems) is to balance directly the interests of the shareholders and those of management.

The above mentioned Management by Objectives mechanism, consistent with the achievement of the earnings and financial results indicated by the budget for the reference year and with indicators reflecting the weighting of business risks, is used for the Chief Executive Officer, the General Manager, as well as for all managers. The Management by Objectives system is linked to the Balanced Scorecards principle. This tool is intended to translate the strategies set forth in the Group's industrial plan into a set of operating objectives that, taking due account of company risks, are able to materially influence the Group's overall performance. The objectives, defined to reflect the strategic goals set forth in the Group's industrial plan mentioned above, are assigned to the relevant managers on an annual basis on individual Scorecards. The purpose of this tool is to achieve maximum strategic alignment of management, as all the managerial positions help to create shareholder value by achieving objectives that are both quantitative and qualitative, but are in any event measurable. These objectives permeate down through the business and the impact of individual positions on the achievement of the respective objectives is identified.

The variable remuneration is linked on a straight-line basis to the degree to which the individual objectives are achieved. The objectives and the relevant targets are defined based on the guidelines described below, differentiated according to the sphere of work and responsibility attributed to the manager.

The Management by Objectives Plan for Relationship Managers operating within the Private Banking Division and for asset managers within the AM Division and BG FML is based on measurable quantitative targets defined in line with the P&L and financial results budgeted for the financial year in question.

Among long-term incentives the following are underway:

- stock options plans for employees, Financial Advisors and Network Managers, introduced when Banca Generali's ordinary shares were listed on the electronic share market (MTA);
- a stock option plan reserved for Relationship Managers of the Private Banking Division, Financial Advisors and Network Managers.

Moreover, some managers can be included in the Long Term Incentive Plans (hereinafter LTIPs). The system, the use of which is in line with the most widespread practice at the international level, is aimed at pursuing value growth objectives, while also aligning the economic interest of LTIP participants with that of the Shareholders. This tool aims to reinforce the relationship between the remuneration of management and expected performance according to the three-year plan (absolute performance), as well as the relationship between remuneration and value generation in relation to a group of peers (relative performance).

This tool is also subject not only to access gates, with the result that failure to meet pre-set stability targets entails forfeiture of the related bonus, but also to *malus* and claw-back mechanisms.

On an exceptional basis, so as to attract key figures from the market, specific one-off incentive payments may be permitted at the time of recruitment. These incentive payments, that are envisaged in exceptional cases only, may be granted exclusively in case of recruitment of new staff, and solely during the first year of service.

5.3 Ratio of the Variable to Fixed Component of Remuneration

In the above-mentioned Bank of Italy's Provisions, the introduction for Key Personnel of a cap of 1:1 ratio of the variable to fixed component of remuneration is particularly important.

The Bank has taken the following measures to ensure that this ratio is maintained:

a) variable remuneration less than or equal to this threshold for personnel in general;

b) in any case, a cap mechanism designed to ensure compliance with the 1:1 ratio of the overall variable component to the overall fixed component of remuneration, as illustrated above;
c) with regard only to individual and specific company functions (the Chief Executive Officer, as well as the General Manager, the Joint General Manager of the Commercial Area, the Head of the Bank Area, 2 Sales Managers Italy, 6 Area Managers, 8 Private Banking Managers) the General Shareholders' Meeting will be submitted a motion, duly supported by a statement of grounds, to depart from the ratio of 1:1 of the variable to fixed component of remuneration, raising the same up to a maximum of 2:1. This proposal, submitted by the deadline set by the Bank of Italy, is based on the grounds set out in the specific report, and in particular on the consideration that in a specialist market such as that in which the bank operates, where it must compete with international players, a remuneration package competitive with those of its competitors, for individuals in key roles in its company organisation or managerial roles in its commercial areas, allows the bank to attract and retain individuals with the professionalism and skills suited to the Company's needs and ensure that its business results are achieved, in a manner consistent with applicable regulations.
   Even the remuneration of these functions will be in any case subject to the cap mechanism described above, to ensure compliance with the aforesaid threshold.

5.4 Directors' and Officers' (D&O) Liability Insurance

In line with generally accepted best practices on financial markets and taking due account of the features of the Bank's and Group's business operations, on 24 April 2007, the General Shareholders' Meeting authorised the Board of Directors to provide general liability insurance cover to the Company's Directors, the members of the Board of Statutory Auditors and General Manager (D&O Liability Insurance), featuring the following main terms and conditions:

a) duration: 12 months renewable on an annual basis, until the General Shareholders' Meeting resolves to revoke its previous authorisation;
b) maximum insured amount: 10 million euros per claim/year, for all the insured persons, with sub-limits for claims based on labour law violations;
c) non-applicability of cover in the event of wilful misconduct or gross negligence.

5.5 Early Termination Package

Severance benefits are defined pursuant to the applicable regulatory framework, with the exception of the possibility of an agreement with individual corporate managers, regarding an early termination package in case their relationship is terminated or otherwise modified and subjected to more unfavourable terms, at the Bank's initiative, based on the guidelines illustrated below.

In the event of early termination of the contract, the benefits that may be accorded to the interested party, in compliance with current provisions of laws and contracts, shall be as envisaged by way of notice in the applicable provisions of laws and/or the national collective labour contract, plus a maximum amount equivalent to 24 months of recurring remuneration (defined as gross annual remuneration increased by the average amount actually collected by way of the short-term component of variable remuneration in the past three years).

Since the positions of Chief Executive Officer and General Manager are filled by the same person, when calculating the amount that may be accorded to the interested party, account shall be taken of the total sum of amounts due by way of gross annual remuneration, compensation for the office of Director and the average amount actually collected by way of the short-term component of variable remuneration in the past three years for each of the offices concerned.

The agreement governing the payment of that sum shall include clauses calling for a general waiver of all rights related in any manner, directly and/or indirectly, to the employment relationship or the office of Chief Executive Officer and the severance thereof, as well as of all rights, claims and/or actions against the company and other Group companies in any capacity directly or indirectly related to the employment relationship or the office of Chief Executive Officer and the definitive, accepted severance thereof. The waiver shall be extended to rights relating to compensation for damages, as well as rights of an economic nature associated with the above relationships and the severance thereof.

The aforesaid amount must be paid in accordance with the above-mentioned Bank of Italy Provisions, with particular regard to provisions governing the connection between performance compensation and risks, the deferral of disbursement and the payment of compensation partly in cash and partly in financial instruments.

5.6 Reference Policies

The Banking Group's remuneration policy has been defined, insofar as financial and credit market practices are concerned, on the basis of the results of the ABI-HAY study, with a view to establishing benchmark indicators for the fixed and variable components of the remuneration of the Group's managers with administrative, sales or asset-management responsibilities.

In addition, the components of the package for Key Management Personnel were determined also with the support of specific studies conducted by an independent expert.

Lastly, the main benefits of the Group's executives, middle managers and employees (specified, where applicable, in their respective supplementary employment contracts) have been established in light of policies defined by the Group to which they belong.

6. Reasons Underlying Variable Remuneration Structures, Performance Indicators and the Main Benchmarks Used

The variable remuneration is hence linked on a straight-line basis to the degree to which the individual objectives are achieved. The Management by Objectives mechanism, which forms the basis of the variable component of the remuneration (hereunder also referred to as "Bonus") of managers and Chief Executive Officer, is based on defining and allocating to each manager specific objectives, each one of which is attributed a target, and each with a special weighting.

The objectives and the relevant targets are defined based on the guidelines described below, differentiated according to the sphere of work and responsibility attributed to the manager.

A percentage of the variable remuneration, as stated below, is linked to quantitative objectives pertaining to the results of the Banking Group. In detail:

- net inflows of the Banca Generali Group;
- cost income;
- consolidated net profit;
- operating profit;
- Return on Risk Capital (the ratio between operating profit and risk capital, where the second value represents the amount of own capital that the Bank will have to commit to cover a certain amount of risks).

These objectives contribute to determining no less than 80% of the short-term variable remuneration of the Chief Executive Officer and General Manager, and 15% to 35% of the short-term variable remuneration of the other managers.

This rule does not apply to Relationship Managers serving the Private Banking Division and assets managers of the AM Division and BG FML. This is because, with a view to measuring performance and risks through variables that are consistent with the decision-making powers vested in each of these functions, quantitative objectives established in terms of the results carried in the consolidated financial statements of the Banking Group may be replaced by individual quantitative objectives associated with the individual function discharged within the group.

The remaining portion of the short-term variable remuneration is linked to the attainment of quantitative and qualitative objectives established in light of the job description of each beneficiary, with a view to ensuring that the related bonuses are based, as far as possible, on performance and risk indicators that are consistent with the decision-making powers vested in each manager.

In particular, in relation to the position filled, the quantitative objectives refer to net inflows, revenues and/or cost objectives for which the manager is responsible based on the company budget for the reference year.

The qualitative objectives, which usually set valuation criteria, refer to projects concerning the Banking Group and require the collaboration of all the managers, each one regarding the area within his/her remit, or projects falling under the responsibility of individual departments but which are of general importance.

The exceptions to these general criteria are the objectives assigned to the Head of Governance and Company Risks Area, the Manager in charge of preparing the Company's financial reports, the managers responsible for the control functions, and the Head of the Resources Department, who are not linked to company or group P&L results.

The quantitative and qualitative objectives are formalised in personal Scorecards on an annual basis. Each objective is assigned a "weight" indicating its level of priority when compared to the others, as well as performance levels (minimum, target and maximum) expressed through appropriate indicators. Expected levels of performance are indicated, for each objective, together with the minimum threshold to be achieved to qualify for bonus entitlements, the ceiling above which results are to be considered over performance, and any and all caps on bonuses, where applicable.

With regard to the criteria for the assessment of the performance levels achieved for bonus assignment purposes, the results obtained in respect of each objective are verified and duly weighted in the financial year following the year of reference, and the sum of the weighted results achieved in respect of each objective then constitutes the overall performance level which serves as the basis for quantifying the bonus due, subject to satisfaction of the pre-established access gates to be met in order to qualify for bonuses (attainment of the minimum threshold affording access to bonus entitlements). The foregoing procedure is designed to ensure a direct correlation between results obtained and bonuses earned.

The performance levels identified in the objectives are directly linked to the forecasts of the budget approved by the Board of Directors and the achievement of the results, when linked to the P&L results, is verified based on the consolidated financial statements of the Banking Group.

As regards the variable remuneration of middle executives and employees belonging to the professional areas (other than those included in any of the categories specified below), the system used for the calculation of the bonuses, which takes place at annual intervals, is also linked to the performance appraisal process and decided on a discretionary basis, with the exception of the Management by Objectives plan reserved for Relationship Managers who work in the Private Banking Division, as well as a Management by Objectives plan reserved for asset managers working in the AM Division and BG FML.

Variable remuneration linked to long-term performance, especially the bonuses payable under the LTIP, shall be determined in function of objectives established in terms of the results achieved by the Group for the three-year period of reference. In addition, the actual appropriation of the shares is contingent upon annual verification of access gates. The Plan is based on the following fundamental aspects:

- it is rolling and divided into cycles, each of which lasts three years;
- requires that the incentive deriving from the satisfaction of objectives be disbursed through the assignment of shares;
- defines the objectives on which to render the disbursement of the incentive contingent at the beginning of the three years of reference of each cycle;
- establishes the number of shares to be assigned at the beginning of each three-year period.

7. *Information on Remuneration by Role and Functions*

7.1 Members of the Board of Directors

Board member’s remuneration is determined at the time of appointment by the General Shareholders’ Meeting, in accordance with Article 2389, Paragraph 1, of the Italian Civil Code, as a fixed sum plus refund of any out-of-pocket expenses incurred in the performance of their duties, also taking due account of industry-specific surveys and analyses.

Non-executive Directors (including the Chairman) and independent members of the Board of Directors are entitled only to fixed remuneration, in addition to a refund of out-of-pocket expenses incurred for the performance of their duties, and, accordingly, are not entitled to any form of variable remuneration linked to the attainment of specific objectives. Directors who are not vested with delegated executive powers (including the Chairman) are not entitled to any form of share-based incentives.

Directors who also sit on Board Committees are entitled to additional emoluments — in the form of either a pre-established lump-sum, or otherwise, attendance fees for each Board meeting they attend — over and above the remuneration they receive as Board members, in light of the tasks assigned to the Board Committees in question, and the commitment that membership of such committees entails, especially in terms of attendance at meetings and preparatory activities to be completed ahead of committee meetings; said additional emoluments must be established taking due account of industry-specific surveys and analysis of the remuneration of Directors, and more specifically, Directors sitting on Board Committees.

The remuneration policy applicable to the Chairman provides for fixed annual remuneration, determined also on the basis of comparative analysis of the remunerative practices prevailing within the industry for such positions. Lastly, it must be pointed out that all Board of Directors' members are covered by D&O liability insurance, as illustrated above.

7.2 Members of the Board of Statutory Auditors

The remuneration of the Chairman of the Board of Statutory Auditors and other members of the Board of Statutory Auditors is set by the General Shareholders' Meeting at the time of appointment and for the whole term of office. Regular members of the Board of Statutory Auditors are not entitled to any form of variable remuneration.

They are entitled to refund of the expenses incurred in performance of their duties.

The members of the Board of Statutory Auditors also receive further remuneration, in addition to their compensation as members of the Company's control board, pursuant to currently applicable regulations, in consideration of the fact that the said Board also discharges the tasks and functions of the Supervisory Board instituted pursuant to Legislative Decree No. 231/2001.

Lastly, members of the Board of Statutory Auditors are covered by D&O liability insurance, as illustrated above.

7.3 Key Personnel

Further to all that has already been illustrated above in respect of the identification of "Key Personnel", the salient features of the remuneration structures applicable to each category falling within the said classification are indicated below.

7.3.1 *Key Management Personnel*

The variable component of Key Management Personnel is established pursuant to mechanisms that not only comply with all the regulatory requirements set forth above, but also provide for (i) the deferred payment of a significant portion of variable remuneration; and (ii) a portion of variable share-based remuneration.

Chief Executive Officer and General Manager

As explained above, the positions of Chief Executive Officer and General Manager are filled by the same person.

The Chief Executive Officer's remuneration consists of a recurring fixed remuneration and a short-term variable remuneration, linked to the degree to which the performance objectives expressed in the relevant Balanced Scorecard are achieved. This may reach a maximum of 50% of the fixed remuneration (equal to a 45% ratio of the short-term variable remuneration to the total fixed remuneration) if the maximum level of total performance objectives is achieved and does not provide for any guaranteed minimum. The principles of deferral, payment in Banca Generali shares, achievement of the access gate, as well as the malus and claw-back mechanisms illustrated above apply to such variable remuneration.

The General Manager's remuneration consists of an annual gross remuneration (RAL) and a short-term variable remuneration, linked to the degree to which the performance objectives, expressed in the relevant Balanced Scorecard, are achieved. This may reach a maximum of 50% of the RAL (equal to a 34% ratio of the short-term variable remuneration to the total fixed remuneration), if the maximum level of total performance is achieved and does not provide for any guaranteed minimum. The principles of deferral, payment in Banca Generali shares, achievement of the access gate, as well as the malus and claw-back mechanisms illustrated above apply to such variable remuneration.

In addition, the Board of Directors may establish a discretionary pension benefit for the position of Chief Executive Officer and General Manager, in order to develop a remuneration package increasingly focused on the long term, in the interest of Shareholders. Such benefit is funded by the Bank's periodic payments into a specific retirement policy of up to 45% of the fixed remuneration provided for the position of Chief Executive Officer. In accordance with the Bank of Italy's Provisions, and as a result of the applicable principle of proportionality, this benefit will be disbursed as follows once the pension conditions have been met: 50% as an up-front cash payment and the remaining 50% through the granting of Banca Generali shares subject to a retention period of three years[3].

Moreover, a portion of the variable remuneration is determined on the basis of a Long Term Incentive Plan (LTIP). Bonus entitlements under the said LTIP range from 0% to 175% of the fixed component

[3] In the event of early termination before pension requirements have been met, the discretionary pension benefit will be disbursed as follows: 50% as an up-front cash payment and the remaining 50% through the granting of Banca Generali shares held in custody for a period of three years and subject to the application of the access gates and claw-back clauses established in the remuneration policy.

of remuneration. In addition, participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds.

The ratio of the variable to fixed component of the remuneration of the Chief Executive Officer and General Manager, subject to Shareholders' approval, shall not exceed 2:1; any amount in excess shall be subjected to the cap mechanism described above.

Moreover, an agreement is currently in force with the Chief Executive Officer, providing for an indemnity in the event of early termination in that post, in addition to for a early termination package in accordance with the principles set forth in point 5.5 above.

The Chief Executive Officer and General Manager is also covered by D&O liability insurance, as illustrated above.

As General Manager, he also benefits from supplementary pension benefits equal to 13% of RAL, the benefit package for the Banking Group's managers and a sub-rental agreement for lodging in Milan.

Joint General Manager

The Joint General Manager's remuneration consists of an annual gross remuneration (RAL) and a short-term variable remuneration, linked to the degree to which the performance objectives — expressed in the relevant Balanced Scorecard — are achieved, as well as to the access gate scheme, the bonus deferral scheme and the payment in Banca Generali shares, as well as the malus and claw-back mechanisms. The variable remuneration may reach a maximum of 50% of the RAL (equal to a 42% ratio of the short-term variable remuneration to the total fixed remuneration), if the maximum level of total performance is achieved and does not provide for any guaranteed minimum.

Moreover, a portion of the variable remuneration is determined on the basis of a Long Term Incentive Plan (LTIP). Bonus entitlements under the said LTIP range from 0% to 175% of the fixed component of remuneration. In addition, participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds.

The ratio of the variable to fixed component of the remuneration of the Joint General Manager, subject to Shareholders' approval, shall not exceed 2:1; any amount in excess shall be subjected to the cap mechanism described above.

The Joint General Manager also enjoys supplementary pension benefits equal to 13% of the RAL and the benefits package provided for the Banking Group's executives. The early termination package meets applicable regulatory requirements. Severance benefits accruing in the event of severance may be agreed subject to compliance with the principles set forth in point 5.5 above.

Joint General Manager of the Commercial Area

The remuneration of the Joint General Manager of the Commercial Area consists of an annual gross remuneration (RAL) and a short-term variable remuneration, linked to the degree to which the performance objectives — expressed in the relevant Balanced Scorecard — are achieved, as well as to the gate threshold scheme, the bonus deferral scheme and the payment in Banca Generali shares, as well as the malus and claw-back mechanisms. The variable remuneration may reach a maximum of 100% of the RAL (equal to a 81% ratio of the short-term variable remuneration to the total fixed remuneration), if the maximum level of total performance is achieved and does not provide for any guaranteed minimum.

Moreover, a portion of the variable remuneration is determined on the basis of a Long Term Incentive Plan (LTIP). Bonus entitlements under the said LTIP range from 0% to 175% of the fixed component of remuneration. In addition, participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds.

The ratio of the variable to fixed component of the remuneration of the Joint General Manager of the Commercial Area, subject to Shareholders' approval, shall not exceed 2:1; any amount in excess shall be subjected to the cap mechanism described above.

An agreement is currently in force with the Joint General Manager of the Commercial Area, providing for an indemnity in the event of early termination of the contract, in accordance with the principles set forth in point 5.5 above.

The Joint General Manager of the Commercial Area also enjoys supplementary pension benefits equal to 13% of the RAL and the benefits package provided for the Banking Group's managers.

Central Managers

The remuneration of the Central Manager responsible for the CFO Area, also by virtue of his simultaneous function as Manager in charge of preparing the Company's financial reports pursuant to Article 154-bis of Legislative Decree No. 58/1998, consists of an annual gross remuneration (RAL), of a service allowance (as provided for in point 5.1) and a short-term variable remuneration, linked to the degree to which the performance objectives — expressed in the relevant Balanced Scorecard — are achieved. It is subject to the gate threshold scheme, the bonus deferral scheme and the payment in Banca Generali shares, as well as the malus and claw-back mechanisms.

The variable remuneration may reach a maximum of 33.3% of the RAL if the maximum level of total performance is achieved and does not provide for any guaranteed minimum. The established objectives are consistent with the tasks assigned and are independent of the results achieved by the bank; rather, they consist of project and service completion objectives, as well as company sustainability objectives.

The remuneration of the Central Manager responsible for the Governance and Company Risks Area consists of an annual gross remuneration (RAL), of a service allowance (as provided for in point 5.1) and a short-term variable remuneration, linked to the degree to which the performance objectives — expressed in the relevant Balanced Scorecard — are achieved. It is subject to the gate threshold scheme, the bonus deferral scheme and the payment in Banca Generali shares, as well as the malus and claw-back mechanisms.

The variable remuneration may reach a maximum of 33.3% of the RAL if the maximum level of total performance is achieved and does not provide for any guaranteed minimum. The established objectives are consistent with the tasks assigned and are independent of the results achieved by the bank; rather, they consist of project and service completion objectives, as well as company sustainability objectives.

The remuneration of the Central Manager of the Banking Area consists of an annual gross remuneration (RAL) and a short-term variable remuneration, linked to the degree to which the performance objectives — expressed in the relevant Balanced Scorecard — are achieved, as well as to the gate threshold scheme, the bonus deferral scheme and the payment in Banca Generali shares, as well as the malus and claw-back mechanisms. The variable remuneration may reach a maximum of 50% of the RAL (equal to a 42% ratio of the short-term variable remuneration to the total fixed remuneration), if the maximum level of total performance is achieved and does not provide for any guaranteed minimum.

Moreover, a portion of the variable remuneration is determined on the basis of a Long Term Incentive Plan (LTIP). Bonus entitlements under the said LTIP range from 0% to 175% of the fixed component of remuneration.

The ratio of the variable to fixed component of the remuneration of the Central Manager of the Banking Area, subject to Shareholders' approval, shall not exceed 2:1; any amount in excess shall be subjected to the cap mechanism described above.

Central Managers also enjoy supplementary pension benefits up to a maximum of 13% of the RAL and the benefits package provided for the Banking Group's managers. The current early termination package meets applicable regulatory requirements. Severance benefits accruing in the event of early termination of the contract may be agreed subject to compliance with the principles set forth in point 5.5 above.

Moreover, participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds.

7.3.2 Other Key Personnel

The remuneration of the Managers included in this category consists of an annual gross remuneration (RAL) and a variable remuneration, linked to the degree to which the performance objectives indicated in the relevant Balanced Scorecards are achieved. The principles of deferral, payment in Banca Generali shares, achievement of the access gate, as well as the malus and claw-back mechanisms illustrated above, apply to such variable remuneration. Depending on the strategic weight and complexity of the job description in question, the variable component of remuneration may reach no more than 66% of annual gross remuneration (RAL) (equal to a maximum 51% ratio of the short-term variable remuneration to the total fixed remuneration) in the case of Banca Generali managers. It may reach 100% of annual gross remuneration (equal to a maximum 83% ratio of the short-term variable remuneration to the total fixed remuneration) for the Heads of the AM Division, the Private Banking Division and the Financial Planner Division.

In no circumstances, a guaranteed minimum is provided.

In addition, for some of the aforesaid managers the Board of Directors may also extend the variable component of remuneration to include participation in a Long Term Incentive Plan. In addition, participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds.

The ratio of the variable to fixed component of the remuneration of those managers, shall not exceed 1:1; any amount in excess shall be subjected to the cap mechanism described above.

Managers also receive supplementary pension benefits up to 13% of their RAL and the benefit package provided for the Banking Group managers. The current early termination package meets applicable regulatory requirements. Severance benefits accruing in the event of early termination of the contract may be agreed subject to compliance with the principles set forth in point 5.5 above.

7.3.3 *Managers and Upper-level Middle Executives in Charge of Control Functions*

The remuneration of managers and upper-level middle executives falling within this category is made up of annual gross remuneration (RAL) (all-inclusive for managers) supplemented by a variable component linked to the achievement of the performance objectives specified in the relevant Balanced Scorecards*.* This variable component of remuneration is conditional upon the achievement of access gates, and is subject to deferral, as well as to the malus and claw-back mechanisms illustrated above.

According to the weight and complexity of the position filled, variable remuneration may be equal to no more than 33.3% of RAL, provided the maximum level of performance objectives be attained. No guaranteed minimum is provided for.

The established objectives for managers and upper-level middle executives in charge of control functions are consistent with the tasks assigned and are independent of the results achieved by the bank; rather, they consist of project and service completion objectives, as well as company sustainability objectives.

In addition, participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds.

Managers included in this category also receive supplementary pension benefits of up to 13% of their RAL (up to 16.5% if they come from other Generali Group companies) and the benefit package for the Banking Group managers. The current early termination package meets applicable regulatory requirements. Severance benefits accruing in the event of early termination of the contract may be agreed subject to compliance with the principles set forth in point 5.5 above.

7.4 Other Personnel

7.4.1 Other Managers

The remuneration of the other managers consists of an annual gross remuneration (RAL) and a variable remuneration, linked to the degree to which the performance objectives indicated in the relevant Balanced Scorecards are achieved. This component of remuneration is conditional upon the achievement of access gates, and is subject to deferral, as well as the malus and claw-back mechanisms illustrated above. According to the weight and complexity of the position filled, variable remuneration may range from a minimum of 10% to a maximum of 70% of the RAL, provided the maximum level of performance objectives has been attained. No fixed guaranteed minimum is provided for.

In addition, for some of the aforesaid managers the Board of Directors may also extend the variable component of remuneration to include participation in a Long Term Incentive Plan.

In addition, participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds.

They also enjoy supplementary pension benefits up to 13% of the RAL and the benefits package provided for the Banking Group's managers. The current early termination package meets applicable regulatory requirements. Severance benefits accruing in the event of early termination of the contract, may be agreed with managers belonging to this category subject to compliance with the principles set forth in point 5.5 above.

7.4.2 Other Employees (Upper-level Middle Executives and Professional Areas)

The remuneration of other employees is regulated pursuant to the collective bargaining labour agreements applicable to credit companies, supplemented by the Supplementary Company Contract with specific regard to remuneration, as well as the Additional Agreements on regulatory and other benefits, entered into on the same date. In addition, participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds.

7.4.3 *Relationship Managers*

Employees falling within the category of Relationship Managers (whether they are managers or otherwise) and serving the Private Banking Division are covered under a Management by Objectives Plan.

Their remuneration is accordingly made up of fixed annual remuneration (RAL, all inclusive for managers) and a variable component determined on the basis of the extent to which the performance objectives specified in the relevant Balanced Scorecards have been attained. This variable component of remuneration is conditional upon the achievement of access gates, and is subject to deferral, as well as to the malus and claw-back mechanisms illustrated above.

The variable component of remuneration may reach a maximum of 100% of the annual gross remuneration. No guaranteed minimum is provided for.

In addition, participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds.

Given that the most significant aspect of the job description of Relationship Managers involves the pursuit of the best interests of customers in strict compliance with the rules and regulations governing the distribution of investment products and services, any and all business activities on which incentive portions of remuneration may be earned, must be conducted scrupulously in accordance with all applicable principles of professionalism and correctness in all customer relations, including with a view to enhancing customer loyalty. Towards such end: (i) alongside with traditional targets set in terms of net inflows and revenues, additional targets of correctness and regulatory compliance in all transactions, by assessing the number of complaints pertaining to the business transactions effected by individual Relationship Manager, with a view to determining the bonus due, and assessing compliance with anti-money laundering laws; (ii) a *malus* mechanism whereby, in addition to the above, bonuses are to be deemed forfeited if evidence of gross professional negligence or misconduct were to emerge. Furthermore, the Bank reserves the right in any event to withhold bonuses at its discretion in the following cases:

- the commencement of disciplinary proceedings or pending non-routine inspections against a Relationship Manager;
- glaring reputational harm occasioned to the Bank as a result of the conduct of a Relationship Manager;

(iii) a claw-back clause whereby the bank is entitled to demand the return of bonuses paid during the current or previous year in cases of malfeasance or wilful misconduct, behaviour resulting in a significant loss for the bank and failure to comply with banking transparency provisions and remuneration policies in accordance with the Supervisory Provisions for Banks.

Managers belonging to this category also enjoy supplementary pension benefits equal to 13% of RAL and the benefits package provided for the Banking Group's managers.

The current early termination package meets applicable regulatory requirements. Severance benefits accruing in the event of early termination of the contract, may be agreed with managers belonging to this category subject to compliance with the principles set forth in point 5.5 above.

7.4.4 *Managers of the AM Division, BG Fiduciaria SIM and BG Fund Management Luxembourg*

A specific incentive plan based on Management by Objectives has been instituted in favour of employees falling within the category of Managers of the AM Division (whether managers or otherwise), BG Fiduciaria SIM and BG FML.

Their remuneration is accordingly made up of fixed annual remuneration (RAL, all inclusive for managers) and a variable component determined on the basis of the extent to which the performance objectives specified in the relevant Balanced Scorecards have been attained. This variable component of remuneration is conditional upon the achievement of access gates, and is subject to deferral, as well as to the malus and claw-back mechanisms illustrated above.

The variable component of remuneration may reach a maximum of 100% of the annual gross remuneration. No guaranteed minimum is provided for.

In addition, participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds.

8. Financial Advisors

8.1 Information on the Type of Relationship

The Financial Advisors are linked to the company by an agency contract whereby the Financial Advisor is appointed permanently (and without representation) to promote and place in Italy, as part of his/her advisory service, and in an autonomous manner — on the Company's behalf and, on the Company's instructions, also in the interest of third party principal companies — financial instruments and services, banking products and services, insurance products and other products indicated in the contract, and also to provide customer service for customers acquired and/or assigned — with all the due diligence required to achieve company objectives.

The relationship may come to an end (as well as due to the occurrence of termination events provided for by the law) as a result of consensual resolution or a declaration of withdrawal of one of the two parties, in accordance with the notice periods specified, unless a breach of such gravity occurs that prevents the relationship continuing even on a temporary basis.

The sales structure is organised hierarchically with a separate division dedicated specifically to private customers.

Within the Financial Planner Division, Financial Advisors are classified according to rising levels of experience as *Junior Financial Planner*, *Financial Planner*, *Professional Financial Planner* and *Private Financial Planner*. The allocation to each one of the categories takes into account both the experience and the assets under management. Coordination of the Financial Advisors is delegated to a second-tier managerial structure consisting of the District Managers — responsible for individual local operating points and the related groups of Financial Advisors, who are assisted in some cases by supervisors, the Executive Managers — and a first-tier structure, Area Managers, who report to the Head of the Financial Planner Division. This structure operates in parallel to an additional structure consisting of Financial Advisors known as *Financial Planner Agents*, who carry out insurance business on behalf of Generali Group companies, and who report directly to a first-tier managerial structure represented by a *Sales Manager*, who in turn reports to the Head of the Financial Planner Division.

Within the Private Banking Division, individual Financial Advisors are coordinated by a first-tier managerial structure, consisting of Private Banking Managers, who report to the Sales Manager, who in turn reports to the Head of Private Banking Division.

These professional posts receive a special remuneration package as part of a common system of rules. The general principles are set out below.

8.2 Remuneration of Financial Advisors and Managers

The remuneration of Financial Advisors is fully variable due to their nature as independent contractors. It consists of fees of various kinds, which are influenced by the type of activity performed and the range of products placed. A Financial Advisor's remuneration is considered business income, which is figured by deducting variable or fixed business expenses (consider, for example, the costs of remunerating the advisor's own employees), and is subject to an entirely different tax treatment from salaries, to which it is not easily comparable.

The remuneration system is established at a general level, for all Financial Advisors belonging to a given category, and is not therefore directly tied to the share of the intermediary's risk profile attributable to the individual Financial Advisor. It has to combine the need to pay the Financial Advisors a remuneration proportionate to the Company's revenues, in line with rates commonly applied in the reference market, with the need to avoid situations of potential conflict of interest.

The remuneration of the Financial Advisors consists of the following main items:

(i) sales fees: the Bank pays the Financial Advisor a portion of the fees paid by the customer at the time the financial products are subscribed. These fees differ according to the various types of product and may vary in relation to the amount paid and/or the client's assets. A fixed percentage of these fees is generally paid back to the Financial Advisor, on the basis of their professional roles and responsibilities;

(ii) management and maintenance fees: advisory and after-sales services rendered to customers are remunerated by way of monthly fees established not only in light of the value of the investments held by the customers in question, but also in function of the type of investment product involved and the professional roles and responsibilities covered by each Financial Advisor;

(iii) recurring fees: these are similar to the previous fees, but relate specifically to the management fees paid by customers for the portfolios managed;

(iv) consultancy fees: these are similar to the above, but refer to the specific consultancy services rendered against payment.

The fees in question are recurring and thus are not regarded as incentives.

Given that the most significant aspect of the job description of Financial Advisors involves the pursuit of the best interests of customers in strict compliance with the rules and regulations governing the distribution of investment products and services, all the related professional activities must be conducted scrupulously in accordance with the relevant principles of professionalism and correctness in respect of customer relations, including with a view to building customer loyalty. Towards such end, in addition to conventional objectives in terms of net inflows, objectives of correctness and regulatory compliance have been introduced, with each Financial Advisor being subjected to the obligation to provide customers with adequate after-sales services. The contract regulating the relationship between the Financial Advisor and the Bank therefore includes mechanisms of fee reduction in the case when the Financial Advisor does not carry out this activity as required.

With reference to the remuneration of the direct promotion activities carried out by the Managers, the fees are apportioned in a manner similar to that of Financial Advisors mentioned above; the same general rules apply, with specific percentages, to the calculation of the fees they are entitled to for their promotion activities carried out through their supervision.

Given that, as in the case of Managers, the most significant aspect of the job description involves the pursuit of the best interests of customers in strict compliance with the rules and regulations governing the distribution of investment products and services, all the related professional activities must be conducted scrupulously in accordance with the relevant principles of professionalism and correctness in respect of customer relations, including with a view to building customer loyalty. Towards such end, in addition to the conventional terms of net inflows, objectives of correctness and regulatory compliance have also been introduced, with all Managers being subjected to an obligation to direct the Financial Advisors placed under their supervision to provide customers with adequate after-sales services. The contract regulating the relationship between the Manager and the bank therefore includes mechanisms of fee reduction if the Financial Advisors placed under their supervision do not carry out this activity as required. Moreover, within the framework of a process of gradually increasing the responsibilities of Managers in coordination and supervision activity, there are economic mechanisms aimed at contemplating any specific risks that emerge in the area being coordinated, including for the purpose of determining recurring remuneration. Incentive systems are also provided for the Financial Advisors and Managers, based on identified individual objectives for Financial Advisors and group objectives for Managers. These systems focus on services and products designed to promote risk diversification/containment, with distinctions being drawn on the basis of the various service levels through which the said goals are pursued.

The goals in question must always be achieved while observing the need to maintain proper relations with customers and contain legal and reputational risks.

All the incentives are paid out only on condition that, on the dates scheduled for the payments, the agency relationship is properly in place, the notice period is not running and all the conditions required for achieving the result objectives set have occurred.

The right to collect the bonuses deriving from the aforementioned systems is contingent not only on the actual result achieved, but also on the reaching of the Banking Group’s access gates, as discussed in point 4.1 above.

In addition, any and all business activities on which incentives may be earned must be conducted scrupulously in accordance with the principles of professionalism and correctness in respect of customer relations. Towards such end: (i) a malus mechanism has been implemented, entitling the Bank to withhold bonus payments due under incentive plans, in the event of malfeasance or wilful misconduct by the beneficiary against the Bank or its customers. Moreover, the Bank reserves the discretionary right to refuse to make bonus payouts to Financial Advisors who (i) are subjected to disciplinary measures or pending non-routine inspections; and/or (ii) as a result of their conduct, manifestly occasion reputational harm to the Bank. When determining the bonus accrued, the Bank also considers the number and amount of complaints attributable to the individual Financial Advisor, compliance with anti-money laundering statutes and (ii) claw-back clauses, whereby the Bank may demand the return of bonuses paid during the current and previous year in cases of (i) malfeasance or wilful misconduct by the Financial Advisor resulting in the payment of compensation and/or sums of any other nature by the Bank, (ii) behaviour resulting in a significant loss for the Bank, and (iii) failure to comply with the rules concerning banking transparency and remuneration policies laid down in the Supervisory Provisions for Banks. Likewise, the Bank may demand the return of bonuses paid during the current or previous year in cases of material errors in figuring the items used to calculate the Group’s access gates.

In addition, Financial Advisors' and Managers' participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds.

8.3 *Remuneration and Incentives of Area Managers, Sales Managers and Private Banking Managers*

As mentioned above, the coordination of the networks of Financial Advisors within the Financial Planner Division is entrusted to Area Managers, or a Sales Manager, while that of the Financial Advisors within the Private Banking Division is entrusted to one Sales Manager, to whom the Private Banking Managers report.

Managers in these categories are subject to the same remuneration and incentivisation policies and rules outlined above.

However, given the importance of the role of oversight and coordination assigned to *Sales Managers*, *Area Managers* and *Private Banking Managers*, these positions are regarded as Key Personnel. Accordingly, their variable remuneration, linked to incentive plans, is subject to the same bonus deferral schemes, payment in Banca Generali shares, access gates and the malus and claw-back mechanisms illustrated above, as applicable to Key Personnel to whom a bonus of more than 75,000.00 euros accrues during a given year.

Participation in retention and/or loyalty plans may also be approved for these functions by resolution duly supported by a statement of grounds.

The ratio of the recurring and incentivisation components of the remuneration paid to such individuals, with the approval of the General Shareholders' Meeting, may not exceed 2:1. any amount in excess shall be subjected to the cap mechanism described above.

8.4 *Additional Benefits to the Recurring Remuneration*

The Financial Advisors and Managers benefit from accident, health and permanent disability insurance covers and receive social security and early termination benefits provided for under legislation. The above package is supplemented by a specific insurance policy covering the costs of Long Term Care in the event of disability or infirmity.

These measures are aimed at ensuring that, in addition to ordinary remuneration, Financial Advisors and Managers are also provided with a series of protections and insurance covers designed to consolidate their professional relationship with the Bank, whilst also encouraging consistent results over time, in line with the Bank's conviction that these supplementary benefits are conducive to a more effective and relaxed relationship with customers.

8.5 *Personnel Retention Policies*

A number of alternative retention schemes are used for Financial Advisors, as described below:

a) stock option plans related to the achievement of specific objectives;

b) the deferred loyalty bonuses, under which a predetermined amount is invested in a capitalisation policy and may be paid out seven years after the recruitment date and on condition that, on the settlement date, the Financial Advisor has maintained his professional relationship with the Banking

Group and has achieved a significant objective in terms of the quantity and quality of the assets managed;

c) a form of additional and differentiated social security coverage is extended to qualifying Financial Advisors and Managers, with entitlements subjected to scaling on the basis of annual performance in terms of results, and maturing upon retirement, provided that the Financial Advisor or Manager remains with the Bank through to retirement.

Section II – Report on the Application of Remuneration Policies in 2014

1 *Goals Pursued Through Remuneration Policies and Criteria Applied*

As illustrated in the document entitled "*The Banking Group's Remuneration Policies*" approved by the General Shareholders' Meeting on 24 April 2014, Banca Generali's remuneration policies for the financial year 2014 were aimed at striking the best possible balance between the interests of the Shareholders and management of the Banking Group, respectively, in line with the latter's mission, with specific reference to the objective of constantly delivering excellent results for stakeholders in the short, as well as medium-to-long term, whilst at the same time, ensuring sound and prudent risk management, a balanced business model and the alignment of strategic goals.

The 2014 remuneration policies were defined and implemented in accordance with the "Provisions on Remuneration and Incentivisation Policies and Practices within Banks and Banking Groups" issued by the Bank of Italy on 30 March 2011 — and, within the limits indicated therein, the modifications to those Provisions subject to public consultation in December 2013 — as well as the requirements imposed under Article 84-*quater* of the implementing provisions of Legislative Decree No. 58 of 24 February 1998 (Finance Consolidation Law) regarding the statutory framework governing issuers, as amended pursuant to CONSOB Resolution No. 18049 of 23 December 2011. This document has thus been drawn up with a view to ensuring simultaneous compliance with both the provisions governing remuneration policies within the banking industry and the regulations applicable to Issuers.

The remuneration system was applied on the basis of the Bank’s corporate values and objectives, long-term strategies and risk management policies.

More specifically, overall remuneration is made of fixed and variable components, the weight of which is correlated with the strategic weight of the position held, and, in the case of certain managers, includes benefits arising under Long Term Incentive Plans envisaging long-term performance of the company or corporate group to which it belongs.

All types of variable remuneration, defined both based on incentive plans through objectives linked to the performance of the Bank and the Banking Group, and on a discretionary basis through a process linked to that of performance assessment, are correlated with indicators, which aim at appreciating the weighting of risks of the company or corporate group to which they belong, and are determined taking due account of the risks assumed and the liquidity required to cover ongoing business operations, and with a view to avoiding conflicts of interest based on the following principles.

a) Access gates

In order to (i) ensure that the variable component of remuneration is linked to multi-year performance indicators, as well as (ii) take due account of current and future risks, the cost of capital and the liquidity required to finance the Banking Group’s operations, the bonus entitlements of all employees receiving variable remuneration under the Management by Objectives plan, as well as those of all staff receiving bonus on a discretionary basis, together with those of Financial Advisors and network managers serving the Banking Group, shall be subject not only to the actual result attained, but also to the satisfaction of access gates tied to specific results of the Banking Group.

The Banking Group’s access gate consists of the following two ratios: (i) the Total Capital Ratio, measuring the extent of the Bank’s capital in relation to the degree of risk of the assets held — minimum target ratio of 11.4%, and the (ii) Liquidity Coverage Ratio, aimed at increasing short-term resilience of the bank’s liquidity risk profile, while ensuring it has sufficient, high-quality liquid assets to overcome any 30-day long acute stress situation — minimum ratio of 105%.

The above-mentioned remuneration policy, approved by the General Shareholders’ Meeting for financial year 2014, provides for each ratio to have an on/off threshold. The requirement for access to the bonus accrued during the year is that both ratios are above the minimum threshold set when the final P&L figures for the year are recorded. The access gate does not only condition the bonus for the year in question, but also, from one year to the next, the portions of bonuses accrued in previous years and paid out on a deferred basis in subsequent years.

The Banking Group’s access gate also plays a role in the cycles of the LTIPs, pursuant to the same mechanism and subject to the same thresholds imposed for entitlement to short-term variable compensation.

Moreover, each cycle of the Generali Group’s LTIPs is also subject to a specific access gate. The Banking Group’s ratios, as defined above, have all been achieved for the year 2014; in fact, the following values result from the final figures as at 31 December 2014:

Total Capital Ratio of the Banca Generali Group: 14.2% (threshold: 11.4%)

Liquidity Coverage Ratio of the Banca Generali Group: 209.1% (threshold: 105%)

As a consequence of those ratios:

- bonus entitlements have been accrued for the year in question; and
- payment of the 2014 share of the 2012 and 2013 bonuses, which had been deferred in 2014, has come due, with respect to the gate for the Banking Group only;
- accrual and/or payment of LTIP cycles that fall due only upon satisfaction of the access gates for the financial year 2014, and described in greater detail below.

b) Deferral of variable remuneration

A portion of the variable component of the remuneration of all employees, the main network managers and Financial Advisors operating within the Banking Group who, during the year, have accrued bonuses in excess of 75,000.00 euros, shall be subject to deferral for a period of time that, in application of the principle of proportionality, has been defined as follows: 60% — provided that the Banking Group's access gates described above are met — in the following financial year, subject to Board of Directors' verification of the earnings results and the adequacy of capital levels for the year in which the said bonuses were earned; 20% subject to verification of the results in terms of capital adequacy of the Banking Group for the following financial year; and the remaining 20%, after a further year, subject to verification of full satisfaction of financial solidity results of the Banking Group.

Upon payment and in accordance with the provisions of the remuneration policies, the individual bonus deferred instalment will bear interest calculated at the mean 6-month EURIBOR rate recorded during the calendar year preceding the year in which related instalment is paid, increased by 0.85 percentage points.

c) Malus and claw-back mechanisms

Variable remuneration earned by all staff under the Management by Objectives plan and/or on a discretionary basis, as well as by network managers and Financial Advisors serving the Banking Group, shall be subject to specific malus and claw-back mechanism entailing the non-payment and/or the restitution of bonuses already paid, upon the occurrence of certain specific conditions set forth in the approved remuneration policies.

d) Principle of propriety and the containment of reputational risks

The remuneration and incentive systems for the distribution networks have also been formalised according to criteria of propriety in dealings with customers and the containment of legal and reputational risks through the inclusion of specific malus and claw-back clauses, which also called for the evaluation of the number of complaints attributable to the activity of each Relationship Manager and each Financial Advisor when determining the bonus accrued, in addition to the assessment of special situations in cases of disciplinary measures, extraordinary inspections and reputational damages.

e) Payment of a part of variable compensation in the form of financial instruments

A portion of the variable compensation of Key Managers, as indicated in detail below, is to be paid in the form of financial instruments, which, in accordance with the proportionality principle, have been identified as shares of the parent company, Assicurazioni Generali S.p.A., for Key Managers beneficiaries of LTIPs.

2 Information on Remuneration by Role and Functions

This section provides a brief overview of remuneration accrued in financial year 2014 in implementation of the remuneration policies approved.

2.1 Remuneration of Company Directors

The remuneration for members of the Board of Directors, including members of the Board Committees, was determined by following the procedures defined and described in the presentation of remuneration policies for 2014. Non-executive Directors, including the Chairman of the Board of Directors, were not entitled to any form of variable remuneration linked to the attainment of specific objectives nor to share-based incentivisation plans.

In particular, the total remuneration of the Chairman of the Board of Directors is 70,000 euros, which is paid back to the company in question.

The relevant year-end figures — including the information concerning the position of the Chairman of the Board of Directors — are set forth in detail in *TABLE 1 – Remuneration Paid to Members of Governing and Control Bodies, General Managers and Other Key Management Personnel*, to which the reader is referred.

A D&O policy has been contracted covering the members of the Board of Directors, as illustrated in the document presenting the remuneration policies for 2014.

2.2 Remuneration of Members of the Board of Statutory Auditors

The remuneration of the members of the Board of Statutory Auditors was established by the General Shareholders' Meeting at the time of the appointment of the said Board. The members of the Board of Statutory Auditors also receive further and different remuneration, in addition to their compensation as members of the Company's control board, in consideration of the fact that the said Board also discharges the tasks and functions of the Supervisory Board instituted pursuant to Legislative Decree No. 231/2001.

Regular Auditors were not entitled to any form of variable remuneration.

The relevant year-end figures are set forth in detail in *TABLE 1 – Remuneration Paid to Members of the Governing and Control Bodies, General Managers and Other Key Management Personnel*, to which the reader is referred.

A D&O policy has been contracted covering the members of the Board of Auditors, as illustrated in the document presenting the remuneration policies for 2014.

2.3 Remuneration of the Chief Executive Officer, General Manager and Other Key Management Personnel

2.3.1 Chief Executive Officer and General Manager

Piermario Motta serves both as Chief Executive Officer and General Manager. The Chief Executive Officer's remuneration is comprised of (i) a fixed component totalling 250,000 euros and (ii) the variable components specified below.

The gross remuneration established for the role of General Manager consists of (i) all-inclusive gross annual remuneration of 750,000 euros, (ii) the variable compensation indicated below, and (iii) other emoluments and benefits related to the position of executive of the Banking Group.

In particular, the short-term variable remuneration accrued on the basis of the results achieved totals 500,000 euros, divided equally among the positions of Chief Executive Officer and General Manager.

In 2014, as provided for in the document presenting the remuneration policies for the year, following the attainment of the previously established net inflow targets, an additional short-term bonus component of 100,000 euros was granted, divided evenly among the positions of Chief Executive Officer and General Manager.

In terms of long-term variable remuneration, Piermario Motta (i) has accrued, under the 2012 LTIP, a cash bonus of €1,079,597 (divided into equal parts for his service as Chief Executive Officer and General Manager), which must, under the terms of the plan in question, be invested between 15% and 30% in shares in Assicurazioni Generali; (ii) is a beneficiary of the 2013-2015 LTIP and 2014-2016 LTIP under which he is entitled to receive a free stock grant at the end of the three-year performance period, subject to the attainment of specific pre-set performance targets and thresholds. At the end of the performance periods – and subject to the attainment of the related targets, as well as the other terms and conditions regulating the LTIPs in question — the maximum number of shares to which he will be potentially entitled is 130,407 shares for the 2013-2015 LTIP and 105,755 shares for the 2014-2016 LTIP, respectively. For financial year 2014, the review of the level of attainment of the established targets and satisfaction of access gates resulted in the determination that 34,651 shares were to be set aside for the second year of the 2013-2015 LTIP and 28,101 shares were to be set aside for the first year of the 2014-2016 LTIP.

The value of the sub-rental agreement from which the General Manager benefits for lodging in Milan amounted to 94,646 euros in 2014. In addition, the General Manager's total remuneration includes 215,616 euros of other benefits provided for the executives of the Banking Group.

2.3.2 Other Key Management Personnel for 2014

The remuneration of the Joint General Managers and Central Managers, Area Managers (Key Manager) consisted of (i) an all-inclusive annual remuneration (RAL) and (ii) a variable remuneration, linked to the degree to which the performance objectives were achieved, as described below, and (iii) other compensation and benefits related to the position of executives of the Banking Group.

In the cases of the Joint General Managers:

(i) the remuneration of Giancarlo Fancel (who left office on 30 April 2014) for his period of service was 100,000 euros of all-inclusive gross annual remuneration (RAL) and did not include any short-term variable remuneration. At the level of long-term variable remuneration, Banca Generali's share (until 30 April 2014) for the cash incentive accrued by Giancarlo Fancel under the 2012 LTIP was 86,303 euros. The total amount to be collected by Giancarlo Fancel, under the plan in question, is to be 15-30% invested in Assicurazioni Generali shares. In the case of the 2013-2015 LTIP, Banca Generali remains liable solely for the 8,137 shares for 2013.

In addition, Giancarlo Fancel's total remuneration includes 22,339 euros for various benefits provided for executives of the Banking Group;

(ii) the gross annual remuneration (RAL) established for the Joint General Manager of the Commercial Area, Gian Maria Mossa, is 300,000 euros.

The short-term variable remuneration accrued due to the results achieved totals 300,000 euros, 100% of gross annual remuneration.

In terms of long-term variable remuneration, Gian Maria Mossa is a beneficiary of the 2013-2015 LTIP and 2014-2016 LTIP under which he is entitled to receive a free stock grant at the end of the three-year performance period, subject to the attainment of specific pre-set performance objectives and thresholds. At the end of the performance periods — and subject to the attainment of the related targets, as well as the other terms and conditions regulating the LTIPs in question — the maximum number of shares that he may be awarded is 39,122 for the 2013-2015 LTIP and 31,726 for the 2014-2016 LTIP, respectively. For financial year 2014, the review of the level of attainment of the established objectives and satisfaction of access gates resulted in the determination that 10,396 shares were to be set aside for the second year of the 2013-2015 LTIP and 8,430 shares were to be set aside for the first year of the 2014-2016 LTIP.

In addition, Gian Maria Mossa's total remuneration includes 88,695 euros of various benefits provided for executives of the Banking Group.

In the cases of Central Managers, Area heads, including the heads of the Governance and Company Risks Area, CFO Area and Bank Area, total fixed remuneration consists of the gross annual remuneration (RAL) established for them, of a total of 606,000 euros, in addition to a total of 224,000 euros of service allowances.

The short-term variable remuneration accrued on the basis of the results achieved totals 201,111 euros, equal to 26.43%, 50% and 23.33% of the gross annual remuneration, and 16.50%, 50% and 15.56% of total annual remuneration collected by the heads of the Governance and Company Risks Area, CFO Area and Bank Area, respectively.

In terms of long-term variable remuneration, the Central Managers (i) have accrued, under the 2012 LTIP, a cash bonus of 207,898 euros, which must, under the terms of the plan in question, be invested between 15% and 30% in shares in Assicurazioni Generali; (ii) 2 Central Managers (the Head of CFO Area is not included since he had taken office from 1 September 2013) are beneficiaries of the 2013-2015 LTIPs under which they may be entitled to receive a free stock grant at the end of the three-year performance period, subject to the attainment of specific pre-set performance objectives and thresholds. At the end of the performance periods — and subject to the attainment of the related targets, as well as the other terms and conditions regulating the LTIPs in question — the 2 Central Managers will potentially be entitled to a maximum of 48,902 shares. In light of the targets achieved and the access gates satisfied, 12,994 shares are to be set aside for the second year of the 2013-2015 LTIP; (iii) 1 Central Manager (the Head of the Governance and Company Risks Area and of the CFO Area are no longer beneficiaries of LTIPs for the position filled) is a beneficiary of the 2014-2016 LTIP under which he is entitled to receive a free stock grant at the end of the three-year performance period, subject to the attainment of specific pre-set performance objectives and thresholds. At the end of the performance periods — and subject to the attainment of the related targets, as well as the other terms and conditions regulating the LTIP in question — the maximum number of shares to which the Central Manager will potentially be entitled is 21,151. In light of the targets achieved and the access gates satisfied, 5,620 shares are to be set aside for the first year of the 2014-2016 LTIP;

Central Managers are also recipients, as at 31 December 2014, of a total of 9,500 option rights to subscribe to Banca Generali ordinary shares, as part of the Stock Option Plan for employees introduced when Banca Generali shares were admitted for trading on the electronic share market (MTA) organised and managed by Borsa Italiana S.p.A.

The total remuneration of Central Managers also includes 166,665 euros of other benefits provided for the managers of the Banking Group.

2.4 Breakdown of Remuneration by Lines of Business of Key Personnel

In application of Article 450 of the CRR (Reg. EU No. 575/213), letter g), aggregate quantitative information on remuneration, broken down by lines of business related to Key Personnel, is set out in the *Attachment Article 450 CRR, letter g) Aggregate Quantitative Information on Remuneration, Broken Down by Business Area, Concerning "Key Personnel"*.

2.5 Breakdown of Remuneration by Category of Key Personnel

A breakdown of remuneration by category of Key Personnel for financial year 2014 is presented in *Attachment Article 450 CRR, letter h) Aggregate Quantitative Information on Remuneration, Broken Down by Category of "Key Personnel"* which refers to the remuneration of personnel that, pursuant to the Company's internal self-assessment process, has been placed in such category.

More specifically:

a) Key Managers: the Chief Executive Officer and General Manager, other members of the General Management and Central Managers; the managers included in this group represent the Bank's Top Managers and are also the Bank's Key Management Personnel;

b) the managers of the main business areas or company functions, directly reporting to the Chief Executive Officer, General Manager or Joint General Managers (if not included among Key Managers): the Head of the AM Division, the Head of the Private Banking Division, the Head of the Financial Planner Division and the Head of the Resources Department. This category does not include the heads of External Communications, Strategic Planning, and Investor Relations functions even tough they report directly to the Chief Executive Officer/Joint General Manager, given that the said functions do not significantly impact the Bank's risk profile. For the same reasons the heads of other functions who report directly to other members of the General Management are not included except for the functions listed in the preceding points. For the other companies of the Banca Generali Group: General Manager of BG Fund Management Luxembourg SA;

c) upper-level middle managers and managers in charge of control functions: the Head of Company Risk Department and Internal Audit, the heads of Risk Management, Compliance and Anti-Money Laundering Services;

d) other Risk Takers: (i) managers (other than those listed above) who, from time to time, are members of the Credit Committee which has decision-making powers and Banca Generali's Risk Committee: at the date of this document: the Head of the Lending Department, and (ii) other managers of important business areas: the Head of the Finance Department. Other risk takers do not, however, include employees vested with limited delegated operating powers in respect of loans and finance, given not only the low-levels of their decision-making autonomy, which is subject to pre-established ceilings, but also their answerability to their direct managers who qualify as “Key Personnel” in one of the foregoing categories;

e) main managers operating in the Bank’s distribution networks: Sales Manager Italy, Area Manager, Private Banking Manager, Project Manager Italy and Insurance Trainee.

There is a total of six persons considered as Key Personnel receiving remuneration of more than 1 million euros, five of whom fall into the bracket 1 to 1.5 million euros and one of whom falls into the bracket 2.5 to 3 million euros (the figures do not include the three-year LTIPs still ongoing, whereas the LTIPs that have ended due to accrual and are therefore payable have been included).

2.6 Remuneration for Other Employees

Turning to the remuneration of employees not considered Key Personnel, the following is an account of the main aggregates for the professional families Relationship Managers, Managers (managers from the AM Division, BG Fund Management Luxembourg, and BG Fiduciaria SIM) and other employees.

In particular, in the following figures the fixed portion refers to the gross annual remuneration collected, whereas the variable portion refers to the estimate of variable remuneration based on the management by objectives (MBO) mechanisms and of the discretionary variable remuneration also linked to the annual evaluation for those not benefiting from MBO mechanisms.

	No. of beneficiaries	**Fixed remuneration**	**Variable remuneration**
Relationship Managers	64	4,645,286.41	1,332,595.14
Managers	27	2,180,328.58	937,157.69
Other employees	799	28,841,547.96	2,508,980.13

3 Information on the Remuneration of Financial Advisors

The remuneration policies applicable to Financial Advisors were consistently implemented, in both qualitative and quantitative terms, as described in the document “Banking Group’s Remuneration Policies” approved by the General Shareholders’ Meeting on 24 April 2014.

Financial Advisors serve the Bank pursuant to an agency agreement providing for, *inter alia*, variable remuneration directly linked to various types of revenues, on a percentage basis. The said variable remuneration is however recurrent, insofar as it is directly linked to the assets entrusted to each Financial Advisor and the related advisory and placing activities. A small proportion also derives from fees on individual sale transactions. Moreover, Financial Advisors may also qualify for further remuneration under various incentive plans implemented by the company at its discretion, primarily with a view to rewarding excellence in professional performance during the relevant period.

By way of general information, it is worth noting that in 2014 the weight of fee expense (almost entirely in favour of Financial Advisors) on overall fee income, including in performance fees linked to market performance, increased compared to figures for 2013.

	Total payout (with performance fees)	Total payout (without performance fees) (*)
2013	44.1%	49.7%
2014	46.9%	53.2%

(*) *Excluding data of the former Generali Investments Luxembourg*

With regard to the substantially recurrent component of the remuneration of the network, the following factors have been confirmed: (i) the mechanisms aimed at reducing the fees payable to Financial Advisors and their Managers in the event of substandard after-sales services to customers during 2014; (ii) within the framework of a process of gradually increasing the responsibilities of network managers in coordination and oversight activity, the mechanisms aimed at contemplating any specific risks that emerge in the area being coordinated, including for the purpose of determining recurring remuneration.

Turning to the fee component tied to incentive systems, based on the identification of individual objectives (and group objectives, for managers), it is confirmed that it accounts for a relatively modest overall percentage of the Financial Advisors’ total remuneration that rises as a function of the managerial position filled, and that the sales objectives rewarded for Financial Advisors related to inflows associated with macro-aggregates. The use of such macro-aggregates allows incentivisation policies to be prevented from fostering the distribution of the Group’s products over the products of third parties and from resulting in efforts to sell single products.

More specifically, in the case of Financial Advisors serving in managerial positions at the end of 2014, incentives accounted for nearly 15% of overall ordinary remuneration.

On the other hand, in light of their crucial coordination and supervisory responsibilities, the variable remuneration of Sales Managers, Area Managers and Private Banking Managers determined pursuant to incentive plans has been subjected to both access gates relating to the Banking Group and the partial deferral of bonus payments.
As a result, the aforesaid variable remuneration accrued for 2014 in the amount of 4,558,916 euros overall for such functions was as follows: 60% paid in 2014; 20% will be paid after verification of satisfaction of the access gate for the following year; and the remaining 20%, after a further year, again subject to satisfaction of the access gate applicable for that year.
The Bank has confirmed that both Financial Advisors and Managers who are found to have wilfully engaged in conduct harmful to the Bank or its customers will lose all entitlements to payouts due under incentive plans. Moreover, the Bank reserves the discretionary right to refuse to make bonus payouts to Financial Advisors who (i) are subjected to disciplinary measures or pending non-routine inspections; and/or (ii) as a result of their conduct, manifestly occasion reputational harm to the Bank.
Furthermore, pursuant to specific provisions, in the event of malfeasance on the part of a Financial Advisor that results in monetary liability for the Bank for any reason or cause whatsoever, the Bank is entitled to claw back bonus payments made during the year in which the malfeasance was committed, as well as the preceding year.

4 TABLES

4.1 Tables prepared pursuant to CONSOB Resolution No. 18049

TABLE 1 — Remuneration Paid to Members of the Governing and Control Bodies, General Managers and Other Key Management Personnel

TABLE 2 — Stock Options Granted to Members of the Governing Body, General Managers and Other Key Management Personnel

TABLE 3A — Incentive Plans for Members of the Governing Body, General Managers and Other Key Management Personnel based on financial instruments other than stock options.

TABLE 3B — Monetary Incentive Plans for Members of the Governing Body, General Managers and Other Key Management Personnel

Form 7-*ter* — Table 1 Shares Held by Members of the Governing and Control Bodies and General Managers

Table 2 Shares Held by Other Key Management Personnel

4.2 Tables prepared in accordance with the Bank of Italy provisions – 7th update of Circular No. 285 of 17 November 2013, Part I, Title IV, "Corporate Governance, Internal Controls, Risk Management" – Chapter 2, "Remuneration and Incentivisation Policies and Practices" – Section VI – Article 450 CRR (Reg. EU No. 575/213)

Attachment Article 450 CRR, letter g): Aggregate Quantitative Information on Remuneration, Broken Down by Business Areas, Concerning "Key Personnel".

Attachment Article 450 CRR, letter h): Aggregate Quantitative Information on Remuneration, Broken Down by Category of "Key Personnel"

TABLE 1 - REMUNERATION PAID TO MEMBERS OF THE GOVERNING AND CONTROL BODIES, GENERAL MANAGERS AND OTHER KEY MANAGEMENT PERSONNEL

(A)	(B)	(C)	(D)		(1)					(2)	(3)		(4)	(5)	(6)	(7)	(8)
					Fixed remuneration						n-equity variable remunerati						
Surname and name	Office held	Period during which office was held	Term of office	Notes	Fixed remuneration	Offices as per Article 2389 par. 3 of the Italian Civil Code	Attendance bonuses	Forfait expense refund	Fixed salaries as employees	Remuneration for sitting on committees	Bonuses and other incentives	Profit sharing	Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	End-of-term and severance indemnities
VAGNONE Paolo	Chairman of the BoD	0101-3112.2014	Approval of 2014 Financial Statements	1/ 7	35.000	35.000									70.000		
MOTTA Piermario	CEO	0101-3112.2014	Approval of 2014 Financial Statements	1/ 6	35.000	250.000					789.699		5.433		1080.132	390.460	
	General Manager	0101-3112.2014	....	5/ 6	0			831	750.000		789.699		300.202	4.627	1845.358	390.460	
ANACLERIO Mario Francesco	Director	0101-3112.2014	Approval of 2014 Financial Statements	2	35.000					34.000					69.000		
BAESSATO Paolo	Director	0101-3112.2014	Approval of 2014 Financial Statements	2	35.000					56.000					91000		
BRUGNOLI Giovanni	Director	0101-3112.2014	Approval of 2014 Financial Statements	2	35.000					32.000					67.000		
DONNET Philippe	Director	0101-3112.2014	Approval of 2014 Financial Statements	1	35.000										35.000		
GENOVESE Fabio	Director	0101-3112.2014	Approval of 2014 Financial Statements	2	35.000					22.000					57.000		
GERVASONI Anna	Director	0101-3112.2014	Approval of 2014 Financial Statements	2	35.000					34.000					69.000		
MIGLIETTA Angelo	Director	0101-3112.2014	Approval of 2014 Financial Statements		35.000										35.000		
RIELLO Ettore	Director	0101-3112.2014	Approval of 2014 Financial Statements	2	35.000					22.000					57.000		
ALESSIO VERNI' Giuseppe	Chairman of the Board of Statutory Auditors	0101-3112.2014	Approval of 2014 Financial Statements												-		
I) remuneration in the company preparing the Financial Statements				9	51250										51250		
II) remuneration from subsidiary and associate companies				3	5.000										5.000		
III) total					56.250										56.250		
VENCHIARUTTI Angelo	Acting Auditor	0101-3112.2014	Approval of 2014 Financial Statements														
I) remuneration in the company preparing the Financial Statements				9	37.500										37.500		
II) remuneration from subsidiary and associate companies				4	7.500										7.500		
III) total					45.000										45.000		
GAMBI Alessandro	Acting Auditor	0101-3112.2014	Approval of 2014 Financial Statements												-		
I) remuneration in the company preparing the Financial Statements				9	37.500										37.500		
II) remuneration from subsidiary and associate companies															-		
III) total					37.500										37.500		
Key Management Personnel	2 Joint General Managers and 3 Central Managers	0101-3112.2014	....	8											-		
I) remuneration in the company preparing the Financial Statements				5/ 6				13.590	1230.000		787.353		251309	26.390	2.308.642	466.774	
II) remuneration from subsidiary and associate companies															-		
III) total								13.590	1230.000		787.353		251309	26.390	2.308.642	466.774	

TABLE 1 - REMUNERATION PAID TO MEMBERS OF THE GOVERNING AND CONTROL BODIES, GENERAL MANAGERS AND OTHER KEY MANAGEMENT PERSONNEL

NOTES

1 Pays fixed compensation as Director back to the company by which he is employed.

2 The following table provides a breakdown of the remuneration for sitting on Committees, accrued in the reporting year

Name	Remuneration and Nomination Committee		Audit and Risk Committee		Total
	Fixed remuneration	Attendance bonuses	Fixed remuneration	Attendance bonuses	
Anaclerio Mario Francesco			10.000	24.000	34.000
Baessato Paolo	10.000	12.000	10.000	24.000	56.000
Brugnoli Giovanni			10.000	22.000	32.000
Genovese Fabio	10.000	12.000			22.000
Gervasoni Anna			10.000	24.000	34.000
Riello Ettore	10.000	12.000			22.000
Total	30.000	36.000	40.000	94.000	200.000

Amounts are reported net of VAT and social security contributions, where applicable.

3 Remuneration attributed as Chairman of the Board of Statutory Auditors of Generfid S.p.A.

4 Remuneration attributed as Chairman of the Board of Statutory Auditors of BG Fiduciaria SIM S.p.A.

5 The item relating to non-monetary benefits and other remuneration includes the payment of premiums and miscellaneous social security and assistance contributions, as well as other fringe benefits, such as the provision of a rented apartment, participation in trips and the use of a company car.

6 Total bonuses and other incentives is equal to the total amount of the items 2A, 3B and 4, line III, of Table 3B.

7 The fixed remuneration for the position of Chairman of the BoD is paid back to the company by which he is employed.

8 Figures include the portion regarding to the Joint General Manager who left his office within Banca Generali on 30 April 2014, to join other companies within the Generali Group.

9 Remuneration for sitting on the Supervisory Body is included (Legislative Decree No. 231)

It should be noted that the lack of figures implies that no amount has been paid to the persons indicated.

TABLE 2 - STOCK OPTIONS GRANTED TO MEMBERS OF THE GOVERNING BODY, GENERAL MANAGERS AND OTHER KEY MANAGEMENT PERSONNEL

Surname and name	Office held	Plan	Options held at year-start			Options granted during the year					Options exercised during the year			Options expired	Options held at year-end	Options accrued in the year
			Number of options	Strike price	Expected vesting period	Number of options	Strike price	Expected vesting period	Fair value at assignment date	Market price of the underlying shares at the assignment of options	Number of options	Strike price	Market price of the underlying shares at the assignment of options	Number of options	Number of options	Fair value
Motta Piermario	Chief Executive Officer and General Manager															
Key Management Personnel	2 Joint General Managers and 3 Central Managers															
I) remuneration in the company preparing the Financial Statements		15/12/2006	20.500	9,005	2009-2015						11000	9,005	22,130		9.500	
II) remuneration from subsidiary and associate companies																
III) Total			20.500								11000				9.500	

TABLE 3A – INCENTIVE PLANS FOR MEMBERS OF THE GOVERNING BODY, GENERAL MANAGERS AND OTHER KEY MANAGEMENT PERSONNEL BASED ON FINANCIAL INSTRUMENTS OTHER THAN STOCK OPTIONS

			Financial instruments granted in previous years and not vested during the reporting year		Financial instruments granted during the year					Financial instruments vested during the reporting year and not assigned	Financial instruments vested during the reporting year that can be assigned		Financial instruments for the reporting year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Surname and name	Office held	Plan(1)	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at assignment date	Vesting period	Assignment date (1)	Market price at the assignment date (1)	Number and type of financial instruments	Number and type of financial instruments	Value at the maturity date	Fair value
Motta Piermario	Chief Executive Officer and General Manage	LTIP 2010 (2)	16.256	2010-2015									11.107
I) remuneration in the company preparing the Financial Statements		LTIP 2011 (3)			23.772	92.883	2011-2016	30 April 2011	16,15				16.391
		LTIP 2012 (4)											
		LTIP 2013-2015 (5)	115.876	2013-2015									444.930
		LTIP 2014-2016 (6)			102.129	1.388.213	2014-2016	30 April 2014	16,90				308.492
(II) remuneration from subsidiary and associate companies													
(III) Total			**132.132**		**125.901**	**1.481.097**							**780.920**
Other Key Management Personnel (9)													
I) remuneration in the company preparing the Financial Statements	1 Joint General Manager and 2 Central Managers	LTIP 2010 (2) (7)	3.728	2010-2015									2.547
	1 Joint General Manager and 3 Central Managers	LTIP 2011 (3) (7)			9.772	38.182	2011-2016	30 April 2011	16,15				6.738
	1 Joint General Manager and 3 Central Managers	LTIP 2012 (4)											
	1 Joint General Manager and 2 Central Managers	LTIP 2013-2015 (5) (8)	78.217	2013-2015									303.244
	1 Joint General Manager and 1 Central Manager	LTIP 2014-2016 (6)			51.064	694.100	2014-2016	30 April 2014	16,90				154.244
(II) remuneration from subsidiary and associate companies													
(III) Total			**81.945**		**60.836**	**732.282**							**466.774**

NOTES:

1 The assignment date and the market price at the assignment date refer to the dates on which the General Shareholders' Meeting of Assicurazioni Generali S.p.A. approved the plans (LTIP 2010 — Shareholders' resolution of 24 April 2010; LTIP 2011 — Shareholders' resolution of 30 April 2011; LTIP 2012 — Shareholders' resolution of 30 April 2011; LTIP 2013-2015 — Shareholders' resolution of 30 April 2013; LTIP 2014-2016 — Shareholders' resolution of 30 Aprile 2014).

2 Maximum number of shares that may potentially be attributed at the end of the co-investment period (2013-2015), provided that plan objectives are achieved and subject to the terms and conditions of the plan.

3 Maximum number of shares that may potentially be attributed at the end of the co-investment period (2014-2016), provided that plan objectives are achieved and subject to the terms and conditions of the plan.

4 This table has not been prepared with data relating to the 2012 LTIP since the latter will only have monetary effects in 2015; the reader is therefore referred to table 3B.

5 Maximum number of shares that may potentially be attributed at the end of the vesting period (2013-2015), provided that plan objectives are achieved and taking into account that, with specific reference to 2013 and 2014, the number of shares has been calculated based on objectives actually reached in those years.

6 Maximum number of shares that may potentially be attributed at the end of the vesting period (2014-2016), provided that plan objectives are achieved and tanking into account that, with specific reference to 2014, the number of shares has been calculated based on objectives actually reached in that year.

7 Maximum number of shares that may potentially be attributed includes shares assigned to the Joint General Manager who left his office within Banca Generali in 2014, to join other companies within the Generali Group.

8 Maximum number of shares that may potentially be attributed does not include shares assigned to the Joint General Manager who left office 2014, and whose plan continues within other companies of the Generali Group. Therefore, Banca Generali shall assign 8,137 shares which were allocated in 2013 and recognised in the previous year.

9 A 25% portion of the short-term variable remuneration for Central Managers — Heads of CFO Area and Corporate Governance and Risk Area — will be paid in Banca Generali shares.

TABLE 3B MONETARY INCENTIVE PLANS FOR MEMBERS OF THE GOVERNING BODY, GENERAL MANAGERS AND OTHER KEY MANAGEMENT PERSONNEL

A	B	(1)	(2)			(3)			(4)
			Bonus for the year			Prior years bonus			
			A	B	C	A	B	C	
Surname and name	Office held	Plan	Payable/paid	Deferred	Deferment period	No longer payable	Payable/ paid (5)	Still deferred	Other bonuses
Motta Piermario	Chief Financial Officer and General Manager (1)	BSC 2012			2014-2015		39.800		
I) remuneration in the company preparing the Financial Statemen	Chief Financial Officer and General Manager (1)	BSC 2013			2015-2016		60.000	60.000	
	Chief Financial Officer and General Manager (1)	BSC 2014	300.000	200.000	2016-2017				
	Chief Financial Officer and General Manager (1)	OTHER 2014 (4)	100.000						
	Chief Financial Officer and General Manager (1)	LTIP 2012 (3)	1.079.597						
(II) remuneration from subsidiary and associate companies									
(III) Total			**1.479.597**	**200.000**	**0**	**0**	**99.800**	**60.000**	**0**
Other Key Management Personnel (2)									
I) remuneration in the company preparing the financial statement	1 Joint General Manager and 2 Central Managers	BSC 2012			2014-2015		56.948		
	2 Joint General Managers and 2 Central Managers	BSC 2013			2015-2016		95.093	95.093	
	1 Joint General Manager and 3 Central Managers	BSC 2014 (6)	341.111	160.000	2016-2017				
	1 Joint General Manager and 3 Central Managers	LTIP 2012 (3) (5)	294.201						
(II) remuneration from subsidiary and associate companies									
(III) Total			**635.312**	**160.000**			**152.041**	**95.093**	**0**

NOTES:

1 The 2012, 2013 and 2014 BSCs and 2012 LTIP (end of first three-year period) refer to the position of Chief Executive Officer for 50% and General Manager for 50%.

2 With reference to 2014 short-term variable remuneration, other Key Management Personnel includes the Joint General Manager of the Commercial Area and the three Central Managers. The Joint General Manager w ho left office in 2014 no short-term variable remuneration w as assigned.

3 The indicated amount w ill have to be invested by the beneficiaries in a variable percentage of 15% to il 30%, in shares of Assicurazioni Generali. The beneficiaries w ill have the opportunity to accrue, at the end of the co-investment period (2015-2017), up to 2 free shares per each acquired share, provided that plan objectives have been achieved and subject to the terms and conditions of the plan.

4 It refers to further incentive bonuses conditional upon the achievement of pre-set quantitative financial target for a financial year, w hich can be measured.

5 The amount includes the portion (up to 30 April 2014) attributable to Banca Generali for the plan of the Joint General Manager w ho left office in 2014 to move to other companies w ithing the Generali Group

6 A 25% portion of the short-term variable remuneration for Central Managers — Heads of CFO Area and Corporate Governance and Risk Area — w ill be paid in Banca Generali shares.

With regards to variable remuneration based on the Balanced Scorecards (BSC) system, the individual deferred instalment w ill bear, upon payment, an interest calculated at the mean 6-month EURIBOR rate recorded during the calendar year preceding the year in w hich related instalment is paid, increased by 0.85%.

FORM 7-*TER* – TABLE 1. SHARES HELD BY MEMBERS OF THE GOVERNING AND CONTROL BODIES AND GENERAL MANAGERS

Surname and name	Office held	Investee company	No. of shares owned at the end of the previous year	No. of shares purchased	No. of shares sold	No. of shares owned at the end of the current year
Motta Piermario	Chief Executive Officer and General Manager	Banca Generali	18.284	-	-	18.284

FORM 7-*TER* — TABLE 2. SHARES HELD BY OTHER KEY MANAGEMENT PERSONNEL

No. of Key Management Personnel	Investee company	No. of shares owned at the end of the previous year	No. of shares purchased (1)	No. of shares sold	No. of shares owned at the end of the current year
5*	Banca Generali	10.711	11.000	9.514	12.197

*2 Joint General Managers and 3 Central Managers. The figure also includes the Joint General Manager who left office in 2014, to move to another company within the Generali Group.

NOTES:

(1) The figure includes shares relating to the exercise of the stock option plan of 15 Decemeber 2006.

ATTACHMENT Article 450 (g) of CRR

AGGREGATE QUANTITATIVE INFORMATION ON REMUNERATION, BROKEN DOWN BY BUSINESS AREA, CONCERNING"KEY PERSONNEL"

Company	Business areas (*)	No. of beneficiaries	Fixed remuneration (**)	2014 variable remuneration (***)	Notes
Banca Generali	Member of the governing body	1	1.305.970	1.684.224	(1)
Banca Generali	Control functions	5	481.569	136.178	
Banca Generali	Corporate functions	6	1.665.678	903.314	(2)
Banca Generali	Investment banking	20	8.217.787	5.381.659	(3)
Banca Generali	Retail banking	1	156.521	60.000	
Banca Generali/BG FML	Asset management	2	546.475	495.456	

(*) Business areas set forth within the data bases of the Bank of Italy/EBA

(**) This item includes fringe benefits.

(***) The '2014 variable' component includes: i) MBO mechanisms applied based on the Balanced Scorecard (BSC) method, subject to deferment mechanism, where applicable; ii) incentive components to be granted upon achievement of pre-set quantitative objectives; iii) bonuses/other one-off bonuses; iv) performance bonus for Executives; and v) 2012-2014 tranches of the Long Term Incentive Plan (end of first three-year period).

(1) Information regarding Piermario Motta, who acts as Chief Executive Officer and General Manager.

(2) Information referring to: Joint General Manager (in office until 30 April 2014), Joint General Manager of the Commercial Area, Corporate Governance and Risk Area Central Manager, CFO Area Central Manager, Banking Area Central Manager and Head of HR Department.

(3) Information including the Bank's main distribution network managers.

ATTACHMENT ARTICLE 450 (h) OF CRR AGGREGATE QUANTITATIVE INFORMATION ON REMUNERATION, BROKEN DOWN BY CATEGORY OF "KEY PERSONNEL"

indicating the following:

i) the amounts of remuneration for the financial year, split into fixed and variable remuneration, and the number of beneficiaries;
ii) the amounts and forms of variable remuneration, split into cash, shares, share-linked instruments and other types;
iii) the amounts of outstanding deferred remuneration, split into vested and unvested portions;
iv) the amounts of deferred remuneration awarded during the financial year, paid out and reduced through performance adjustments;
v) new sign-on and severance payments made during the financial year, and the number of beneficiaries of such payments;
vi) the amounts of severance payments awarded during the financial year, number of beneficiaries and highest such award to a single person.

A) KEY MANAGERS (TOP MANAGEMENT)

Banca Generali: CEO (Piermario Motta); Key Managers: General Manager (Piermario Motta), other Joint General Managers and Central Managers (Head of Areas)

			i) Remuneration			ii) Amounts and type of variable component (**)				iii) Deferred remuneration (***)		iv) Deferred remuneration (***) (****)			v) Indemnities				vi) Severance indemnities		
Company	**Personnel category**	**No. of beneficiaries**	**fixed (*)**	**variable 2014**	**total**	**Cash**	**Shares**	**Share-linked instruments**	**Other types**	**assigned**	**not assigned**	**recognized**	**paid out**	**reduced**	**at beginning**	**No. of beneficiaries**	**at end**	**No. of beneficiaries**	**awarded**	**No. of beneficiaries**	**Highest amount**
Banca Generali	CEO	1	255.433	839.799	1.095.232	839.799	-	-	-	49.900	130.000	49.900	-	-	-	-	-	-	-	-	-
Banca Generali	Key Managers	6	2.541.505	1.666.127	4.207.633	1.640.850	25.278	-	-	201.941	385.093	201.941	-	-	-	-	-	-	-	-	-

With reference to the 2013-2015 LTIP, the assessment of the level of achievement of pre-set objectives and the satisfaction of access gates for the second year was the base for calculating the number of shares to be allocated for the year, respectively in the amount of 34,651 for the CEO/General Manager, and 23,390 for Key Managers. The sum of the shares set aside during each of the three years of the cycle will be definitively awarded only at the end of the three-year period, following verification of the level of satisfaction of objectives in the third year.

With reference to the 2014-2016 LTIP, the assessment of the level of achievement of pre-set objectives and the satisfaction of access gates for the first year was the base for calculating the number of shares to be allocated for the year, respectively in the amount of 28,101 for the CEO/General Manager, and 14,050 for Key Managers. The sum of the shares set aside during each of the three years of the cycle will be definitively awarded only at the end of the three-year period, following verification of the level of satisfaction of objectives in the third year.

B) HEADS OF THE MAIN BUSINESS AREAS OR COMPANY FUNCTIONS, REPORTING DIRECTLY TO THE CHIEF EXECUTIVE OFFICER, THE GENERAL MANAGER AND THE JOINT GENERAL MANAGERS

Banca Generali: Head of AM Division, Head of Private Banking Division, Head of the Financial Planner Division and Head of the HR Department. This category does not include the executives/managers in charge of External Relations, Strategic Planning and Investor Relations whom have been found to exert only a reduced impact on the bank's risk profile; BG FML: General Manager.

		i) Remuneration			ii) Amounts and type of variable component (**)				iii) Deferred remuneration (***)		iv) Deferred remuneration (***)			v) Indemnities				vi) Severance indemnities		
Company	**No. of beneficiaries**	**fixed (*)**	**variable 2014**	**total**	**Cash**	**Shares**	**Share-linked instruments**	**Other types**	**assigned**	**not assigned**	**recognized**	**paid out**	**reduced**	**at beginning**	**No. of beneficiaries**	**at end**	**No. of beneficiaries**	**awarded**	**No. of beneficiaries**	**Highest amount**
Banca Generali / BG FML	5	1.146.881	842.444	1.989.325	842.444	-	-	-	128.756	255.102	128.756	-	-	-	-	-	-	-	-	-

C) MANAGERS AND UPPER-LEVEL MIDDLE EXECUTIVE IN CHARGE OF CONTROL FUNCTIONS

Banca Generali: Head of Corporate Risk Department, Internal Audit Department, Risk Management Department, Compliance and Anti-Money Laundering function.

		i) Remuneration			ii) Amounts and type of variable component (**)				iii) Deferred remuneration (***)		iv) Deferred remuneration (***)			v) Indemnities				vi) Severance indemnities		
Company	**No. of beneficiaries**	**fixed (*)**	**variable 2014**	**total**	**Cash**	**Shares**	**Share-linked instruments**	**Other types**	**assigned**	**not assigned**	**recognized**	**paid out**	**reduced**	**at beginning**	**No. of beneficiaries**	**at end**	**No. of beneficiaries**	**awarded**	**No. of beneficiaries**	**Highest amount**
Banca Generali	5	481.569	136.178	617.747	136.178	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

D) OTHER RISK TAKERS

Banca Generali: Managers (other than those specified above) who sit on Banca Generali's Loan Committee and Risk Committee (Head of Lending Department), as well as other managers in charge of important business lines (Head of Finance Division). Other risk takers do not, however, include employees vested with limited delegated operating powers in respect of loans and finance, given not only the low-levels of their decision-making autonomy, but also their answerability to their direct managers who qualify as "Key Personnel" in one of the foregoing categories;

		i) Remuneration			ii) Amounts and type of variable component (**)				iii) Deferred remuneration (***)		iv) Deferred remuneration (***)			v) Indemnities				vi) Severance indemnities		
Company	**No. of beneficiaries**	**fixed (*)**	**variable 2014**	**total**	**Cash**	**Shares**	**Share-linked instruments**	**Other types**	**assigned**	**not assigned**	**recognized**	**paid out**	**reduced**	**at beginning**	**No. of beneficiaries**	**at end**	**No. of beneficiaries**	**awarded**	**No. of beneficiaries**	**Highest amount**
Banca Generali	2	343.624	130.000	473.624	130.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

E) MAIN MANAGERS OPERATING IN THE BANK'S DISTRIBUTION NETWORKS

Banca Generali: 1 Sales Managers Italy, 6 Area Managers of the Financial Planner Division, 8 Private Banking Managers of the Private Banking Division, 1 Project Manager and 1 Insurance Manager.

		i) Remuneration			ii) Amounts and type of variable component				iii) Deferred remuneration (***)		iv) Deferred remuneration (***) (****)			v) Indemnities				vi) Severance indemnities		
Company	**No. of beneficiaries**	**fixed**	**variable 2014**	**total**	**Cash**	**Shares**	**Share-linked instruments**	**Other types**	**assigned**	**not assigned**	**recognized**	**paid out**	**reduced**	**at beginning**	**No. of beneficiaries**	**at end**	**No. of beneficiaries**	**awarded**	**No. of beneficiaries**	**Highest amount**
Banca Generali	17	7.604.987	5.046.283	12.651.270	5.046.283		-	-	1.217.881	2.525.486	1.217.881	-	-	-	-	-	-	-	-	-

***)** 2014 fixed remuneration consists of gross annual remuneration, emoluments, indemnities due to office held and fringe benefits.

****)** In 2014 the variable component includes: i) MBO mechanisms applied based on the Balanced Scorecard (BSC) method, subject to deferment mechanism, where applicable; ii) incentive components to be granted upon achievement of pre-set quantitative objectives; iii) bonuses/other one-off bonuses; iv) performance bonus for executive; and v) 2012-2014 tranches of the Long Term Incentive Plan (end of first three-year period).

*****)** assigned/recognized: deferred instalments of the variable remuneration accrued in 2012 and 2013, for which the attainment of the gateway threshold has been verified and which will be paid in 2015.
"Not assigned" deferred instalments of the variable remuneration accrued in 2013 and 2014.

******)** The portions included in the same item in the tables relating to the previous year have been duly paid in 2014, in accordance with the contractually agreed terms.

Upon payment, the individual deferred instalment will bear interest calculated at the mean 6-month EURIBOR rate recorded during the calendar year preceding the year in which related instalment is paid, increased by 0.85%.

Compliance Function's Review of the 2015 Remuneration Policies for Compliance with Applicable Regulations

Foreword

The Provisions on Remuneration and Incentivisation Policies issued by the Bank of Italy on 20 November 2014 through the 7th update to Circular Letter No. 285 dated 17 November 2013, in line with the previous provisions on the subject, require the compliance function to assess the compliance of remuneration and incentivisation policies with the applicable legal framework, before they are implemented. In accordance with the above Provisions, the compliance function's review shall include ensuring that the company incentive system is consistent with the compliance objectives provided for by the law, the Articles of Association and any codes of ethics or other standards of conduct applicable to the bank, so as to ensure that any legal and reputational risks — and particularly those inherent in relationships with customers — are appropriately contained.

On the basis of the foregoing, the compliance function, when defining the remuneration policies for 2015, conducted a preliminary review of the consistency of such policies with the aforementioned Bank of Italy Instructions and internal and external regulations on the subject. In this context, particular attention was paid to bring the policies in line with the new legal framework, thus availing of the appropriate advisory support to adequately implement the new provisions within the existing policies.

The assessment of the compliance function also took into account the provisions of Article 84-*quater* of the regulation implementing Legislative Decree No. 58 of 24 February 1998 (the Finance Consolidation Law) concerning rules for issuers, as amended by CONSOB Resolution No. 18049 of 23 December 2011. This takes into consideration the fact that the proposed remuneration policies are intended to ensure comprehensive compliance with the provisions governing remuneration policies of the banking sector (Bank of Italy's Instructions) and the regulation governing Rules for Issuers.

Situation identified

From a general standpoint, it must be pointed out that the Bank's remuneration and incentivisation policies are designed to ensure that:

- a balance is reached between the fixed and variable components of remuneration, while also taking account of the position filled. In this regard, the policies envisaged the implementation of mechanisms designed to ensure compliance with the limits required by law on the ratio of the variable to fixed component of remuneration;
- there is an ongoing self-assessment process aimed at identifying the company's "Key Personnel," to whom the more detailed provisions of the Bank of Italy Instructions apply, in compliance with the principle of proportionality. For the intents and purposes of identifying the aforesaid persons, account was taken of the Regulatory Technical Standards issued by the European Banking Authority and approved by the European Commission;
- criteria for calculating the bonus pool are defined;
- bonus entitlement is tied not only to the actual results achieved, but also, for the parties identified in the remuneration policy, the respect for applicable regulations, the satisfaction of an access gate for the Banking Group with the aim of (i) basing variable remuneration on long-term performance indicators, and (ii) taking account of current and prospective risks, the cost of capital and the liquidity required to undertake the business engaged in within the Banking Group;
- rules are defined for deferring the disbursal of variable remuneration until a pre-determined bonus threshold has been met;
- in accordance with the principle of proportionality, it is established that a portion of variable remuneration be paid in shares;
- malus and claw-back mechanisms based on criteria of propriety are established;
- the remuneration of the distribution network is also inspired by criteria of propriety in relationships with customers and containing legal and reputational risks through the use of specific, formally stated, quantifiable and verifiable rules.

In addition, the incentive system adopted by the Banking Group:

- shows a suitable balance between qualitative and quantitative objectives;
- with reference to the activity of the distribution network, promotes a customer-oriented approach that places the customer's interests and satisfaction of the customer's needs at the centre of the system;
- does not call for incentives for the distribution of individual products or products of the Group. Incentive-generating targets for Financial Advisors refer exclusively to the gathering of inflows from products and services designed to promote risk diversification/containment, with distinctions being drawn on the basis of the various service levels through which the said goals are pursued;
- does not envisage the assignment of financial objectives for corporate control functions.

Conclusions

In light of the above and taking due account of the application of the principle of proportionality, the Banking Group's remuneration and incentivisation policies have been found to be appropriate and coherent with the applicable requirements, whether imposed under the legal framework of reference or through voluntary self-regulation.

Trieste, 31 March 2015

Compliance Service
Luca Giaimo

INTERNAL AUDIT

AUDIT REPORT

EXECUTIVE SUMMARY

COMPANY	BANCA GENERALI S.p.A:
PROCESS	Remuneration Policies
CORPORATE STRUCTURE INVOLVED	Human Resources Department Planning and Control Department Sales Planning and Control Service Compliance Service Risk Management Service
SUBJECT OF AUDIT	Review of the compliance of the remuneration practices with applicable regulations and the policies approved by the General Shareholders' Meeting
AUDIT TEAM	F. Barraco, L. Alemanno
DATE	30 March 2015
REPORT CODE	BG142015I

Foreword

In March 2008, the Bank of Italy introduced principles and implementing guidelines on the process for the drafting and approval of remuneration policies, compensation structures and transparency. In subsequent years, further guidance and instructions at community level have outlined in greater detail the policies and best practices to be implemented by banks and investment companies. The Bank of Italy has implemented Directive 2010/76/EU of 24 November 2010 (the so-called CRD III), through the Provisions on Remuneration and Incentivisation Policies within Banks and Banking Groups, issued on 30 March 2011. CRD III lays down specific principles and criteria to be complied with by banks with a view to implementing, in the interest of all stakeholders, remuneration systems that are performance-based and in line with the long-term corporate strategies and objectives, avoiding excessive risk-taking for the bank and the system on the whole. On 26 June 2013, Directive 2013/36/EU (CRD IV) introduced new criteria and principles to be applied on remunerations calculated for financial year 2014. Among the new provisions, worthy of note is the introduction of a maximum limit of 1:1 for the ratio of the variable to fixed component of remuneration, and the power granted to the General Shareholders' Meeting for raising the said ratio above the established level, provided that certain conditions are met and in any event, up to no more than 2:1. Moreover, the Directive envisages the reinforcement of the provisions governing ex-post adjustment mechanisms for risk (malus and claw-back) and the addition of qualitative indicators tied to the conduct by personnel.

Purpose of the audit

The Internal Audit function verifies, *inter alia*, at least once a year, the compatibility of remuneration practices with approved policies and applicable regulations. Any and all failures, anomalies and irregularities identified whatsoever shall be reported to relevant bodies and functions so that they can promptly inform the Bank of Italy thereof, and implement appropriate corrective measures. The results of the audit are submitted to the General Shareholders' Meeting on an annual basis.

Methodology

The methodology followed in analysing and assessing the procedures followed in discharging tasks related to the remuneration process is based on auditing best practices, International Standards for the professional practice of Internal Auditing, and the oversight framework outlined in the Supervisory Model adopted. The assessment process verifies the functioning and reliability of the Control System, as well as the appropriateness of the Risk Management processes, by applying a scale of 5 levels of evaluation (from '1 – not present' to '5 – excellent'). The strategic, operating and compliance risk management system was analysed together with the system designed to monitor operational correctness, transparency, clarity of

information, propriety and correctness of transactions and traceability of checks and decision-making processes.
The audit entailed a preliminary assessment phase involving interviews with the main functions involved in the process. At a later stage, documentary evidence was acquired in respect of an appropriate sampling of Balanced Scorecards, with a view to adequately separate the various phases of data collection, analysis and control. The results were reported to the internal structures involved in the process.

Outcome

The outcome of the audit revealed that remuneration practices are compliant with applicable regulations and the remuneration policies approved by the General Shareholders' Meeting on 24 April 2014.
The structure of the risk management processes within the system and the control mechanism ensure excellent monitoring in terms of functioning and reliability, so that improvements are not required.
The Bank's remuneration policy was found to be in line with the regulatory framework and is subject to constant updating to ensure compliance with changing statutory and supervisory requirements. Moreover, with regard to the overall activities undertaken in respect of the remuneration process, it should be noted that:
- the weighting mechanisms and other tools used to determine overall remuneration (inclusive of both fixed and variable components) were found to fall within established parameters;
- balance between the fixed and variable components has been observed. It bears emphasising that there is a minimum threshold for access to a bonus, below which the mechanism completely excludes payment of the variable component;
- the variable component of remuneration has been subjected not only to a deferment mechanism, but also to malus, claw-back and penalty clauses in the event specific risks were to emerge;
- the corporate functions involved in the process evinced an effective level of integration and understanding of their tasks;
- individual Balanced Scorecards ensure the transparency of information by providing a detailed record of individual targets, complete with a full and precise description of the same, notes and comments, if any, the calculation criteria applicable, the person carrying out the control, the oversight structure and the criteria adopted for their redefinition.

Internal Audit
Francesco Barraco

Remuneration and Nomination Committee's Report on Work Relating to the Remuneration Policy

Banca Generali's **Remuneration and Nomination** Committee, during the meetings held in 2014 and in the first months of 2015 (ten meetings in 2014 and five meetings in 2015), has performed the tasks it was assigned by the Rules governing the activities of the said Committee.

In detail, with reference to the process for defining and implementing the remuneration and incentivisation policies, the Remuneration and Nomination Committee (i) participated in the process of reviewing the proper application of 2014 remuneration policies adopted by the company for its Directors, employees and outside collaborators other than company employees, (ii) provided consulting support to the Board of Directors for the determination of the remuneration of company officers and criteria for the remuneration of other employees; (iii) expressed its opinion concerning the determination of the criteria for the remuneration of professional figures capable of affecting the risk profile of the Bank and the heads of corporate internal control functions; (iv) provided consulting support for assigning the Long Term Incentive Plan in accordance with the provisions set forth by the remuneration policies approved; (v) verified the involvement of the competent company functions in the process of preparing and controlling remuneration and incentivisation policies and practices; (vi) expressed an opinion, on the basis of the information received from the competent company functions, on the achievement of the performance objectives to which incentive plans for key management personnel and heads of control functions are tied, and on the review of the other conditions established for the disbursal of remuneration; and (vii) reviewed the report on the application of approved remuneration policies in 2014.

The **Remuneration and Nomination Committee** also reviewed: (i) the self-assessment process, aimed at identifying Key Personnel, as defined by supervisory regulations, carried out taking into account the principles set forth in the 7th update of Bank of Italy's Circular Letter No. 285 of 17 November 2013, Part I, Title IV "Corporate Governance, Internal Control, Risk Management", integrating Chapter 2 "Remuneration and Incentivisation Policies and Procedures" dated 20 November 2014, and the EBA's RTSs, as endorsed in the Commission Delegated Regulation (EU) No. 604/204 issued on 4 March 2014.; and (ii) the proposal for remuneration and incentivisation policies for 2015, which it found to be consistent, including with respect to the application of the principle of proportionality, with both the relevant Bank of Italy Instructions and CONSOB regulations in force.

The Committee believes that the policies proposed seek to achieve the greatest possible alignment between the interest of the Banking Group's shareholders and management, including from a long-term perspective, through attentive management of company risks.

Milan, 31 March 2015 REMUNERATION AND NOMINATION COMMITTEE

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

Structure of remuneration and incentivisation systems: motion to raise the ratio of the variable to fixed component of remuneration to 2:1.

Shareholders,

As you are well aware, on 18 November 2014, the Bank of Italy issued the 7th update of Circular Letter No. 285 "Supervisory Provisions for Banks", effective 3 December 2014, transposing into the Italian legal framework Directive 2013/36/EU (the so-called CRD IV) on remuneration and incentivisation policies and practices, thus amending the supervisory provisions on remuneration and incentivisation practices within banks and banking groups, in accordance with Article 23 of Law No. 262 of 28 December 2005, and with the aim of accounting for the application procedures and market developments. In line with the previous Directive 2010/76/EU (CRD III), the so-called CRD IV Directive sets forth specific principles and requirements that banks must comply with so as to ensure that: remuneration systems are properly designed and implemented; potential conflicts of interest are effectively managed; the remuneration system takes due account of current and prospective risks, the degree of capitalisation, as well as liquidity levels of each intermediary; transparency towards the market is maximised; and oversight by regulatory authorities is reinforced.

The objective of the regulations is to promote — in the interest of all stakeholders — the implementation of remuneration systems that are in line with long-term corporate values, objectives and strategies, linked to corporate performance but appropriately adjusted to reflect all risks, commensurate with the capital and liquidity levels required to cover ongoing business operations, and in any event, designed to avoid distorted incentives that could lead to regulatory violations and excessive risk-taking by individual banks and within the financial system as a whole.

As far as this motion is concerned, relevant provisions on remuneration and incentivisation policies and practices are as follows:

- introducing a maximum limit of 1:1 for the ratio of the variable to fixed component of remuneration, to be exclusively applied to Key Personnel;
- vesting the General Shareholders' Meeting with powers to raise the aforesaid ratio, provided certain conditions are complied with and, in any case, up to a maximum ratio of 2:1.

The aforementioned provisions also require the Board of Directors to forward the related motion to the Bank of Italy, at least 60 days before it is submitted to the General Shareholders' Meeting, and to subsequently file the resulting resolution, with indication of the approved ratio/s for each personnel category, with the Bank of Italy within no more than 30 days following its passage.

Accordingly, the Board of Directors submits for your approval the motion to raise the ratio of the variable to fixed component of remuneration, for a limited number of persons as specified below, in light of the reasons and considerations set forth in the following paragraphs.

1. Corporate functions discharged by the persons concerned

The motion seeks Shareholders' approval to determine — solely for the corporate persons specified below — the ratio of the variable to fixed component of remuneration by up to a maximum of 200% (ratio 2:1) in accordance with Bank of Italy's Circular Letter No. 285, Chapter 2, Title IV, Part I, of 17 December 2013.

The motion has been raised with regards to the following corporate persons:

- Chief Executive Officer and General Manager;
- the Joint General Manager, if appointed;
- the Joint General Manager – Commercial Area;
- the Head of the Banking Area;
- the main network managers (i.e., two Sales Managers, eight Private Banking Managers, and six Area Managers).

2. Reasons underlying the motion

The reasons underlying the motion submitted for Shareholders' approval in respect of various categories of persons, may be summarised as follows:

- *Key Managers (Chief Executive Officer/General Manager, Joint General Manager, Joint General Manager Commercial Area, and Central Manager Banking Area)*

Banca Generali's remuneration policies have always been aimed at ensuring the best possible alignment of the interests of the Banking Group's Shareholders and management, especially in a long-term perspective, through careful risk management and the consistent pursuit of long-term strategies.

In fact, a well-balanced system of remuneration and incentives for the bank's directors and management is key to boosting competitiveness and ensuring high-levels of corporate governance over time. It must also be borne in mind that the overall remuneration system — in particular for employees and executives discharging key corporate functions — is a tool to attract to and retain in the company highly qualified professionals endowed with the specialist skill set necessary to meet the company's requirements.

The motion to apply to the Key Managers listed above a higher ratio than 1:1 of the variable to fixed component of remuneration, and in particular, to raise the said ratio up to 2:1, the highest ratio contemplated by the Bank of Italy, is based on the following grounds:

- the vast majority of Banca Generali's operations — which are carried out through networks of financial advisors, private bankers and relationship managers — are concentrated in specific sectors such as private banking and asset management. As a result of its strategic positioning, Banca Generali is called upon to face not only traditional competitors (mainly network banks) but also major international competitors (primarily foreign private banks) that, thanks to a well-consolidated presence in Italy, have earned significant shares of the Italian market, as well as major Italian banks with international ambitions. In this competitive context and in light of the brilliant results obtained in recent years in the private banking sector, which is expected to continue to grow at the same rapid pace observed in the past, it is clearly in Banca Generali's interest to offer remuneration packages that enable the bank not only to retain key resources who are primarily responsible for the significant growth achieved so far by the bank, but also to attract new managerial talent in a niche labour market featuring a shortage of the specialist skills required to effectively meet current and future challenges;
- the current remuneration package (for Key Managers, as well as for all other bank personnel) focuses on sustainability, especially through policies prioritising growth that is sustainable over time, and enhancing the potential of the Group's personnel by rewarding individual contributions to the organisation's success, including through appropriate remuneration, whilst discouraging conduct leading to excess risk-taking. Therefore, the remuneration policies are aimed at adequately rewarding sustainable performance and are also based on the following principles:

- internal fairness, as remuneration must be commensurate with the role filled, taking due account of the burden of responsibility, and the competence and skills with which related duties are discharged;
- competitiveness, as the assigned remuneration must be in line with remuneration levels prevailing on reference markets; towards this end, trends in remuneration levels prevailing in the industry of reference are monitored constantly through general and industry-specific surveys of remuneration practices;

➢ approval of the motion would enable management to leave unaltered, except for one case, the remuneration packages currently applied to the Key Managers listed above, many of whom already receive remuneration on the basis of ratio of the variable to fixed component of remuneration in excess of 1:1 and in fact closer to 2:1 (between 178% and 190% of the total), and even above such threshold in one case (230%), which will call for the application of a cap to bring the ratio within the approved limits. In such regard, it must be pointed out that a very significant portion of overall variable remuneration (between 64% and 81%) is linked to the attainment of primarily medium-to-long term targets under the Long Term Incentive Plan, and liquidated in form of stock grants, whilst variable remuneration linked to the attainment of short-term targets is regulated under the Management by Objectives mechanism based on economic and financial performance as compared to the expectations budgeted for the financial year of reference, and is entirely liquidated in cash, subject to a deferred payment system if applicable thresholds are exceeded;

➢ on the overall, under the variable remuneration structure described above, the maximum deferment period covers a total of 52 months, during the last 24 of which a stock retention mechanism is applicable to no less than 37.5% of overall variable remuneration, and both up-front and deferred payments are subject to rules imposing gates, as well as the application of malus and claw-back mechanisms;

➢ the remuneration package is made up of both variable and fixed components of remuneration. The weight of the fixed component has been determined so as to impact overall remuneration and attract and retain talent, as well as provide adequate remuneration for job responsibilities even in the absence of additional bonuses or other incentives in light of substandard performance, thus discouraging risk-taking in excess of the company's capabilities, with a view to meeting short and medium-to-long-term targets;

➢ the competitiveness of the remuneration package of Key Managers is constantly monitored, taking due account of trends recorded on reference markets, using the HAY point-factor job evaluation method. Even on the basis of these outside comparisons, the fixed component of remuneration has been found to be reasonably competitive in light of the remuneration packages offered by the company's main competitors on the reference market. This consideration leads to the following crucial conclusions:

- a direct cut to the percentage of variable remuneration aimed solely at ensuring compliance with the recommended ratio of 1:1 of the variable to fixed component of remuneration without any form of offsetting whatsoever would, at present, lead to a drastic drop in the competitiveness and therefore the attractiveness of the remuneration packages offered to the company's Key Managers, giving rise to a serious risk of exodus of persons who have ensured the bank's indisputable success in recent years;
- in order to maintain an adequate level of retention of Key Managers, whilst also complying with the recommended ratio of 1:1 of the variable to fixed component of remuneration, it would be necessary to "re-balance" the remuneration package on the overall, with a steep increase in the fixed component of remuneration. Such a course would obviously entail the risk of losing flexibility and incurring higher costs linked to the managers' remuneration packages, whilst at the time undermining the coherent link between short, and especially, long-term corporate performance and management remuneration, in a business climate featuring steady economic and revenue growth;
- leaving current remuneration packages unaltered would not have any bearing whatsoever on compliance with prudential rules, with specific reference to own funds, as highlighted below.

\- Main network managers (Sales Managers, Private Banking Managers and Area Managers)

The remuneration of network managers listed above is entirely variable, insofar as they serve the company as self-employed outside collaborators (agency contracts). Despite its variable nature, however, the remuneration of these managers is broken down into a recurrent component representing the stable and ordinary portion of remuneration, and a non-recurrent component designed to serve as an incentive, and equivalent, for the most part, to the variable component of remuneration.

It must also be pointed out that even in the case of these managers, the distinction between the two components of remuneration is established in advance, taking due account of the Bank's situation in terms of assets, revenues and liquidity, together with the terms and conditions (so-called "gates") regulating entitlement to incentives and bonuses and barring access to some or all of the same, if left unmet, the portion of remuneration represented by the incentive is not subject to any guaranteed minimum amount, and may, in fact, be deferred and even recovered by the company (malus or claw-back systems). At the same time, incentivising mechanisms are structured so as not to give rise to conflicts with the best interests of customers, with a view to ensuring that customers are treated with the utmost correctness and propriety, and, consequently avoid any and all related legal and reputational risks for the Bank.

The system of incentives and bonuses currently applicable to these managers is therefore already structured both to protect the bank's assets against capital stability risks, and to promote the propriety and correctness of operations so as to better serve the customer's interests. Furthermore, in case managers remarkably achieve all objectives, the aforesaid system of incentives and bonuses may envisage for them a ratio in excess of 1:1 of the variable to fixed component of remuneration. The remuneration structure, on the whole, is fruit of the steady growth underway in the financial advice and private banking sectors, with Banca Generali as one of the main players, with top levels of per-capita productivity in terms of net inflows, both total inflows and inflows from managed and insurance products.

It must be pointed out that these performance levels have been achieved as a result of not only specific strategic and sales policies implemented by the Bank, but also through the careful selection and training of network managers which, over time, have borne fruit in the form of a technically competent, highly skilled managers. The latter have contributed heavily to the achievement of particularly satisfying results, in terms of both the coordinated networks' sales productivity and the recruitment of experienced professionals coming from other companies, whilst constantly enforcing compliance with applicable ethical standards by all network managers, also with a view to ensuring that all advice provided and all the products and services placed by each of them are always in the best interests of customers.

It should also be noted that the network managers in question are now so closely knit and familiar with the company and local market realities that they currently constitute the best guarantee for the long-term sustainability of the results attained in recent years. Against this backdrop, cutting the variable component of remuneration with a view to ensuring that it stands at the recommended ratio of no more than 1:1 with the fixed component would inevitably give rise to a high degree of instability, as at least some network managers would leave the company to join competitors ready and willing to offer better income opportunities in the form of very high percentages of variable remuneration, in a bid to cut staff selection and training costs by attracting fully trained and experienced staff completely familiar with the local markets on which they operate. Any such exodus would deprive the Bank of precious resources discharging crucial management, coordination and control functions in respect of the sales networks, and, consequently jeopardise the achievement of corporate performance, considering the low number of talented network managers in this sector. Moreover, the Bank would also run the risk of losing the wealth of local knowledge and relationships with both customers and institutions, consolidated over years and crucial to optimising the productivity of sales efforts and targeted initiatives in related industries. Lastly, account must also be taken of the fact that, given their undisputed leadership and mentoring role in respect of the sales staff under their supervision, network managers who leave the company may also take along with them other persons (financial advisors and private bankers), thereby bringing to naught the results of the bank's considerable investments made in the past to reinforce its sales networks (recruiting, training, office space, computer equipment, etc.). Faced with these obvious risks, the Bank could find itself compelled to raise the recurrent component of remuneration to make up for the cut in incentivisation, although this course of action would result in an increase in overhead costs and a reduction in the effectiveness of sales efforts, with obvious impacts on the income statement and the ability to continue to invest in products, technology and training.

3. Repercussions on the Bank's ability to continue to comply with prudential rules

With regard to the repercussions of the motion on the Bank's ability to continue to comply with all prudential rules, including prospectively, with special reference to own funds, the historical trends of the main reference ratios are provided in the table below:

HISTORICAL TRENDS OF Tier1 ratio/ T1R and Total Capital ratio/ TCR

(€ thousand)	31.12.2013	31.12.2012	31.12.2011	31.12.2010	31.12.2009
Tier 1 capital	300,674	252,359	204,862	185,634	166,078
Tier 2 capital	12,753	24,163	31,624	39,624	39,666
Tier 3 capital	0	0	0	-	-
Capital for regulatory purposes	313,427	276,523	236,486	225,258	205,744
B.1 Credit risk	115,319	122,701	101,830	92,561	92,836
B.2 Market risk	5,950	6,446	7,861	9,350	13,375
B.3 Operating risk	47,840	41,576	37,655	33,759	30,006
B.4 Other capital requirements	0	0	0	-	-
B.4 Total capital requirements	169,109	170,723	147,346	135,670	136,217
Excess over prudential requirements	144,318	105,800	89,140	89,588	69,527
Non-committed capital	46.05%	38.26%	37.69%	39.77%	33.79%
Capital committed to credit risk	36.80%	44.40%	43.06%	41.10%	45.12%
Capital committed to market risk	1.90%	2.30%	3.32%	4.20%	6.50%
Capital committed to operating risk	15.30%	15.00%	15.90%	15.00%	14.60%
Risk-weighted assets	2,113,863	2,134,038	1,841,825	1,695,875	1,702,713
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)	14.22%	11.83%	11.12%	10.95%	9.75%
Regulatory capital/Risk-weighted assets (Total capital ratio)	14.83%	12.96%	12.84%	13.28%	12.08%

In terms of projected figures, on the basis of the provisional data for the year ended on 31 December 2014, the related ratios are estimated as follows:

T1R: 12.07%

TCR: 14.06%,

whilst for the year ending on 31 December 2015 — bearing in mind that a more precise estimate of T1R and TCR as at 31 December 2015 is to be included in the ICAAP filing — on the basis of the assumptions underlying the budget, the same ratios are projected as follows:

T1R: 11.0%

TCR: 12.5%.

It should be noted that, as per all the historical data, as well as projections for 2014 and 2015, the ratios in question exceed the regulatory threshold, even including the capital conservation buffer (10.5%).

The foregoing considerations confirm the overall sustainability of the motion, insofar as the altered limit of the ratio of the variable to fixed component of remuneration would not compromise compliance with prudential rules, and in particular, regulations pertaining to capital and reserves requirements.

Underlining that, in terms of the approval procedure, the aforesaid Bank of Italy's provisions, save where the Articles of Association provide otherwise, establish that the motion is to be deemed approved by the ordinary General Shareholders' Meeting, if:

(i) at first calling, the General Shareholders' Meeting is constituted with a structural quorum of at least one half of the share capital, and the motion is approved with the favourable vote of at least 2/3 of the share capital represented at the General Shareholders' Meeting;

(ii) at second and subsequent callings, the motion must be approved with the favourable vote of at least ¾ of the share capital represented at the General Shareholders' Meeting, regardless of the amount of the latter;

and that no person to whom the Shareholders' resolution refers can exercise any voting rights he or she may directly or indirectly hold in the Bank,

the General Shareholders' Meeting is invited to pass resolutions on the motion.

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 Shareholders' Meeting of Banca Generali S.p.A., held in ordinary session, at the offices of Assicurazioni Generali S.p.A. in Trieste, Via Trento 8,

- having regard to the Bank of Italy's Circular Letter No. 285, Chapter 2, Title IV, Part I, of 17 December 2013 concerning "Remuneration and Incetivisation Policies and practices";
- having regard to the text of the motion raised by the Board of Directors with regard to increasing, in respect of specific persons, to 2:1 the ratio of the variable to fixed component of remuneration, as set forth in the Board of Directors' Report;
- having acknowledged the persons identified in the Report, as mentioned in the preceding point, and the grounds underlying the motion itself;
- having determined that the motion itself does not compromise compliance with prudential rules, and in particular, regulations pertaining own funds requirements;
- having considered that Article 13 of the Articles of Association makes provision for the setting of a higher ratio;
- having heard the favourable opinion of the Board of Statutory Auditors,

resolves

1) to establish the maximum extent of the ratio of the variable to fixed component of remuneration at 2:1 for the following corporate functions and persons: Chief Executive

Officer and General Manager, Joint General Manager, Joint General Manager Commercial Area, Central Manager Banking Area, Sales Managers, Private Banking Managers, Area Managers;

2) to entrust the Board of Directors with the implementation of the approved resolution, with the power to delegate to any of the Board's members all concrete steps to be taken to ensure implementation of the resolution."

Milan, 27 January 2015 THE BOARD OF DIRECTORS

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

Appointment of the Board of Directors for the financial years ending 31 December 2015, 2016 and 2017, with prior determination of the number of directors to be appointed; relevant and ensuing resolutions

Shareholders,

With the approval of the financial statements for the year ended 31 December 2014, the mandate of the Company's Directors, conferred by the General Shareholders' Meeting on 24 April 2012 for the three-year period 2012-2014 and integrated by resolution of the General Shareholders' Meetings of 24 April 2013 and 23 April 2014, has expired as the period of office has come to an end.

Therefore, you are called upon to pass a resolution, pursuant to Article 15 of the Articles of Association, appointing the new Board of Directors which will remain in office through to the date on which the General Shareholders' Meeting scheduled for the approval of the Financial Statements for the year ending 31 December 2017 is actually held.

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 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 Article 37, paragraph 1(d), and paragraph 1-*bis* of the Regulation adopted by CONSOB through Resolution No. 16191 of 29 October 2007, 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 fifth of the members of the Board of Directors shall be elected from the less represented gender.

The lists contain a number of candidates capable of ensuring the gender balance, not 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 25^{th} 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 2 April 2015.
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 Remuneration and 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.

Trieste, 10 March 2015 THE BOARD OF DIRECTORS

Attachment sub A)

Recommendations on the ideal qualitative and quantitative composition of the Board of Directors

pursuant to the Circular Letter No. 285/2013 issued by the Bank of Italy, and Article 2 of the Corporate Governance Code.

1. Foreword

Corporate bodies are responsible for managing the risks to which banks are exposed, primarily through the timely identification of the sources of risk, their related trends, and effective risk containment.

Significant responsibility for these tasks lies with the Board of Directors which is (solely) accountable for strategic oversight and determines management policy in concert with other corporate functions (Chief Executive Officer and General Manager).

For the Board of Directors to function properly, it must be made up of members with professional qualifications, skills and experience commensurate with their responsibilities, taking due account of the extent and nature of the Bank's business operations. The skill set, qualification and experience represented on the Board of Directors must be broad and diversified so that each Company director, both whilst acting as a member of a Board committee, or when contributing to decisions to be made by the Board as a whole, is in a position to ensure effective risk management in all the bank's and the banking group's areas of operation.

The Bank of Italy's supervisory instructions on corporate governance and organisation, provided for in Circular Letter No. 285/2013, as amended through the 1st update issued on 6 May 2014, place particular emphasis on these specific issues, and lay down implementing guidelines and principles to be followed by financial institutions in determining the composition of their respective Boards of Directors.

Within the same context, the Order issued by the Bank of Italy on 6 May 2014 further requires the Board of Directors to define its ideal qualitative and quantitative composition, in a report duly supported by a statement of grounds, the requirements individual candidates for Board membership ought to meet in theory — in terms of professionalism, as well as independence, where necessary — to ensure an ideal Board.

Pursuant to the supervisory instructions, the procedures through which Board appointments are made must be transparent, set out in the Articles of Association, and ensure adequate representation of the various components of the Company's base, on supervisory and governing bodies (institutional investors, qualified minorities).

The process for appointing Board members — involving several bodies and functions — aims at ensuring that governing and control bodies comprise persons capable of effectively discharge the tasks they were assigned. Accordingly, the professional expertise required to achieve this result shall be defined in advance, and reviewed time by time, where necessary, and the process for selecting and appointing candidates shall comply with these guidelines.

From a qualitative standpoint, the proper discharge of the functions assigned requires strategic supervisory and managing bodies to include Board Members who: a) are fully aware of the powers and obligations inherent in the functions that each of them is called upon to perform; b) possess professional expertise suited to the positions they fill, including in Board Committees, if present, and appropriate to the bank's operational characteristics and size; c) have a wide range of skills amongst all members, diversified in such a way that each member — within an individual Board committee or with respect to decisions entailing the whole Board — may also effectively contribute to identifying and implementing adequate strategies, thus ensuring effective risk management in all areas of the bank; d) devote adequate time and resources to their offices, without prejudice to the maximum number of concurrent offices held; e) commit to achieving the bank's interest, regardless of the members who voted for them or the list to which they belonged.

Similar goals are also pursued by the Corporate Governance Code for Listed Companies, adopted by the Corporate Governance Committee in March 2006, and recently amended in July 2014. In the comment to Article 2, the Code puts forward a recommendation for the Shareholders, who — upon the presentation of lists and subsequent appointment of Directors, and in light of the Board's opinion thereon —are required to evaluate the general and professional features, including experience, also in managerial positions, to be deemed desirable in Company directors and officers, taking due account of the dimensions, complexity and peculiarities of the Issuer's business operations, as well as the size of the Board of Directors in question.

Moreover, the above-mentioned provisions issued by the Bank of Italy on 6 May 2014 require the results of the analyses undertaken to be brought to the attention of the Bank's shareholders in a timely manner so that they may take the recommended professional requirements into account when drawing up and subsequently voting on lists of candidates for Board membership.

2. Procedures for the appointment of the Board of Directors

The procedures for the appointment of the Board of Directors are regulated under Article 15 of the Articles of Association, which provide for:
(i) adequate representation of qualified minorities through list-voting mechanism;
(ii) adequate presence of independent directors, via the replacement mechanism, where necessary; and
(iii) adequate gender balance, through the replacement mechanism, where necessary.

In order to ensure that qualified minorities are adequately represented on the Board, a list of candidates for appointment as members of the Board of Directors by the relevant General Shareholders' Meeting may be submitted by any and all shareholders who, on their own or together with others, hold the percentage of share capital set forth in applicable regulations (which for Banca Generali currently is 1% of share capital).

The lists must contain a number of candidates such as to guarantee gender balance, not 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. Each candidate may appear on only one list, upon penalty of ineligibility.

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 Board members. In the case where the number of Board members belonging to the gender less represented, and appearing on the list that obtained the highest number of votes, is lower than the number required under applicable statutory provisions, the elected candidate with the highest serial number, and belonging to the more represented gender, shall be excluded. The eliminated candidate shall be replaced by the following candidate belonging to the gender less represented and appearing on the same list as the eliminated candidate. In the case where it is not possible to draw from the list obtaining the highest number of votes, the required number of Directors belonging to the gender less represented, the Board seats in question will be filled by appointments made by the General Shareholders' Meeting, by majority vote. The remaining directors shall be drawn from the other lists, which may in no event be directly or indirectly linked to shareholders that have submitted or, otherwise, voted in favour of the list that received the highest number of votes.

To ensure that the Board of Directors comprises the required number of Independent Directors, Article 15 of the Articles of Association provides for a replacement mechanism that is triggered in the event the number of elected Board members who satisfy independence requirements is not sufficient to ensure compliance with the regulatory provisions applicable to the Company.

3. Role of the Board of Directors

Under Banca Generali's corporate governance system, responsibility for strategic oversight vests with the Board of Directors which is accordingly in charge of approving resolutions on the Bank's strategic policy and monitoring the implementation of the latter over time.

Pursuant to Article 18 of the Articles of Association, in implementing the principles of the surveillance regulations, the Board of Directors is vested with full powers of ordinary and extraordinary management of the Company. It has the authority to deliberate on all matters pertaining to the corporate purpose that are not reserved to the exclusive competence of the Shareholders' Meeting. Moreover, Article 18 of the Articles of Association vests the Board of Directors with exclusive decision-making authority over all strategic matters, including:
a) determining the general management policy and the approval of strategic programmes, guidelines and transactions, as well as the Company's strategic and financial plans and transactions entailing a significant impact on the Company's balance sheet, profit and loss account or cash flow, including related and connected party transactions;
b) appointing, when it sees fit, a General Manager, Joint General Managers and Deputy General Managers, assigning their relative powers and deciding upon their retirement;
c) appointing the Internal Auditor, after having heard the opinion of the Board of Statutory Auditors;
d) appointing the Compliance Officer, after having heard the opinion of the Board of Statutory Auditors;
e) upon hearing the Board of Statutory Auditors, appointing and dismissing the Executive in charge of drawing up the company's accounting documents, determining the powers and resources thereof, as well as supervising the tasks carried out by the same and monitoring actual compliance with administrative and accounting procedures;
f) authorising company representatives fulfilling managerial, executive and supervisory roles and other parties identified by law to perform transactions or assume obligations of any kind with the Company or to carry out direct or indirect sales and purchases;
g) purchasing or selling shareholdings that cause changes in the Banking Group or controlling or associative shareholdings; selling companies and/or company branches; entering into agreements pertaining to joint ventures or strategic alliances;
h) approving the organisational structure and any and all amendments to internal rules and policies; carrying out periodic checks to ensure that tasks and responsibilities are clearly and coherently defined within the organisational structure;
i) carrying out periodic checks to ensure that the internal control structure is respectful of the principle of proportionality and complies with strategic guidelines, and that internal control functions are afforded a sufficient degree of independence within the organisational structure and are endowed with adequate resources to allow them to function properly;
l) carrying out checks to ensure that the system of information flows is adequate, complete and timely;

m) drawing up guidelines for the recruitment and internal placement of Company executives;
n) carrying out checks to ensure that the remuneration and incentive systems applicable to persons in top managerial positions within the organisational structure take due account of risk containment policies and are in line with the bank's long-term objectives, corporate culture and overall internal control and corporate governance system;
o) creating committees or commissions with control, consultation, recommendatory or coordination functions, also for the purpose of ensuring that corporate governance complies with prevailing recommendations on the matter, establishing the components, the duration, the powers and authority of said committees or commissions at the time they are set up;
p) ongoing monitoring to ensure that the system of information flows amongst corporate organs is adequate, complete and timely;
q) approving Related Party and Connected Party transactions, in accordance with the provisions set forth in the procedure adopted by the Company in compliance with applicable regulations governing Related Party and Connected Party transactions.

Under the Articles of Association, the Board of Directors is exclusively qualified to deliberate on matters pertaining to the setting up or closing down of secondary offices, indication of which Directors may represent the Company and use the company signature, mergers (in the cases permitted by law), amendments to the provisions of the Articles of Association that no longer comply with new and mandatory regulatory provisions.

Moreover, pursuant to the current regulatory framework governing companies providing investment services, the Board of Directors is also tasked with drawing up corporate policies, measures, processes and procedures aimed at containing risks and ensuring financial stability, as well as sound and prudent management.

4. Composition of the Board of Directors – Number of Board members

The composition of the Board of Directors plays a central role in the effective discharge of the tasks entrusted to it pursuant to law, supervisory instructions and the Articles of Association.

The number of Board members must therefore be commensurate with the size and complexity of the bank's organisational structure, so as to ensure that the Board is capable of effectively overseeing all corporate operations from the standpoint of management and supervision. However, the Board of Directors must not be made up of too large a number of members.

Pursuant to Article 15 of the Articles of Association, the Company is managed by a Board made up of no less than 7 (seven) and no more than 12 (twelve) members, appointed by the Shareholders' Meeting after determination of the number of members.

Members of the Board of Directors hold office for a maximum of three financial years. Their term ends on the date of the meeting called to approve the financial statements of the last financial year of said term and they are eligible for reappointment. In the case of appointment during the period of office, the mandate of the newly appointed members will expire with that of members already in office.

On 24 April 2012, the General Shareholders' Meeting established that throughout the financial years 2012, 2013 and 2014, the Bank's Board of Directors was to be made up of 10 members.

The size of the Bank's Board of Directors is in line with the system-specific data recently compiled by the Bank of Italy. As a matter of fact, a recent analysis conducted by the Bank of Italy on corporate governance issues linked to the qualitative and quantitative composition revealed that the Board members' mean number in the banks analysed generally reflects and proportionally increases with assets volumes. In further detail, the Board members' mean number is as follows: 15.4 in large corporations (assets valued at over 20 billion euros); 12.9 in medium-sized corporations (assets valued at between 3.5 billion euros and 20 billion euros); and 6.7 in small corporations (assets valued at less than 3.5 billion euros). Comparing these results with the analysis on banks' Articles of Associations conducted by the Bank of Italy and the following publication of best practices in 2011, the mean number of Board members of banks analysed was slightly higher (Source: *Bank of Italy — Analysis of results and self-assessment — Section I — Qualitative and quantitative composition*).

The dimensions of the Company and the Group, as well as the specific features of their sectors of business, require the Board of Directors to comprise a wide variety of skills, experience, general knowledge and specialist know-how pertaining to developments in both, the broad macro-economic context, and more specifically, the fields of banking and finance.

In determining the ideal number of members to be appointed to the new Board of Directors, due account must also be taken of the Bank of Italy's express general recommendation to ensure that the strategic supervisory body is not so large as to negatively impact its functioning.

In consideration of all of the above, and taking due account of the bank's dimensions, a Board of Directors comprising no less than nine and no more than ten members appears ideal, since it would be endowed with all the professional skills and experience required to ensure efficient corporate management and effective Board functioning.

5. Composition of the Board of Directors – Categories of Directors

Since Banca Generali is subject to management and coordination by another Italian company with shares listed in regulated markets, the Board of Directors must consist of a majority of independent directors, pursuant to the provisions of Article 37, paragraph 1, letter d), of the Regulation adopted by CONSOB in Resolution No. 16191 of 29 October 2007, as amended.

Consequently, in light of the recommended composition of the Board — ideally comprised of nine or ten directors — five or six of the latter must qualify as independent directors to be tasked with overseeing corporate management in exercise of their independent judgement, and accordingly, contributing towards ensuring that business operations are conducted in the interest of the Company and in accordance with the principles of sound and prudent business administration.

With regard to the assessment policies to be followed in evaluating the independence of Company directors, in accordance with past practice in respect of previous Board appointments, the Board will assess the independence of its members, placing greater emphasis on substance than on form, and, in any event, deeming to be independent all those directors who meet the requirements of independence set forth in Article 148, paragraph 3, of Legislative Decree No. 58/1998.

Furthermore, pursuant to the provisions of the Corporate Governance Code for Listed Companies, as a general rule, a director will not be considered independent if he/she:

a) directly or indirectly, including through subsidiaries, trust companies and third-party intermediaries, controls the Company or is in a position as to exert a significant influence over the same, or is party to a shareholder agreement under which one or more parties are afforded control of or a significant influence over the Company;

b) is, or has been in the preceding three financial years, a key executive of the Company or a strategic subsidiary thereof, or a company subject to common control with the Company, or a company or body that, even together with others on the basis of a shareholder agreement, controls the Company or is in a position as to exert a significant influence over the same;
c) directly or indirectly (for instance through subsidiaries or companies in which he serves as a key executive, or professional partnerships or consultancy firms in which he/she is a partner) maintains, or has maintained in the previous financial year, significant commercial, financial or professional relationships with:
   the Company or one of its subsidiaries or one or more of its key managers;
   a person or party that, either alone or together with others pursuant to a shareholder agreement, controls the Company or — in the case where the said party is a legal entity or body corporate — with the key personnel thereof;
   one or more of any of the aforesaid persons and/or parties, as an employee, at any time during the previous three financial years;
d) currently receives, or has received in the previous three financial years, from the Company or a subsidiary or corporate parent thereof significant compensation (in addition to the “fixed” emoluments due to non-executive Directors of the Company and the remuneration for attendance at committees), including as part of stock option or other plans linked to corporate performance;
e) has been a Director of the Company for more than nine years during the past twelve years;
f) is an Executive Director in another company in which an Executive Director of the Company also holds a directorship;
g) is a shareholder or Director of a company or entity belonging to the network of the company or firm appointed as the Company’s Independent Auditors;
h) is a close family member of a person in one of the situations described above.

For the intents and purposes of the above, the “key personnel” of a corporation or entity shall include: the Chairman of the entity, or the Chairman of its Board of Directors, as well as executive directors and key management personnel of the company or entity considered.

Furthermore, pursuant to the rules set forth in Article 37 of the CONSOB Resolution No. 16191 of 29 October 2007, as subsequently amended and extended, it is provided that no person who sits on the Board of Directors of a company or body engaging in management and coordination activities in respect of the Company or on the Board of Directors of any listed entity controlled by such company or body may be considered an independent director of the Company.

Lastly, in accordance with regulatory provisions applicable to banks, the Board’s resolution assessing the compliance with the independence requirements shall, among other specifications, include all credit situations with the bank that can be related to the independent Board member in question.

The Rules on the functioning of the Board of Directors further require the Board of Directors to be made up of a majority of non-executive directors who are to play the role of counterweight to the bank’s executive directors and management, and promote internal deliberation and debate, by enriching panel discussions with input based on their specialist know-how and experience, whilst at the same time endeavouring to ensure that all Board decisions are not only well-informed and approved following due reflection but also always in line with the Company’s interests.

The Company’s non-executive directors may in no event be deemed to include:

(i) the Managing Directors and Chairmen of the Company or a strategic subsidiary thereof, in the case where the same are personally vested with delegated powers or play a specific role in shaping corporate policy and strategy;

(ii) Directors who also serve as executives within the Company or within a strategic subsidiary thereof, or even within the Parent Company, in the case where the position also involves Banca Generali.

6. Composition of the Board of Directors – Gender representation

Pursuant to Article 2 of Law No. 120/2011 (so-called "Pink Quota" Law) in force since 12 August 2011, listed companies are required to ensure that at least one third of the seats on their respective governing and control bodies are filled by persons who are not of the same gender as the individuals filling the other seats on each of the said bodies. From the standpoint of implementation, the law provides that from the first renewal of any and all the aforesaid governing and/or control bodies whose term is set to expire after 12 August 2012, at least one fifth of the seats must be filled by persons who are not of the same gender as the individuals filling the majority of the seats on the said newly appointed governing and/or control bodies.

The provisions set forth in the aforesaid Law will be applied for the first time in the next General Shareholders' Meeting, convened, *inter alia,* to renew the composition of the Board of Directors for the three-year period 2015-2017.

In adopting the purposes and objectives set forth in the aforementioned regulations — meaning that, in a perspective of substantial equality, the aim is to promote gender balance and better access of the under-represented gender to board member positions — it bears recalling that, upon the next Shareholders' Meeting convened to appoint new governing and control bodies, the composition of the Board of Directors shall ensure that at least one fifth of members belongs to the less represented gender.

7. Composition of the Board of Directors – Professional qualifications and experience

In order for the Board of Directors to discharge its duties properly, it must consist of persons who (i) are fully aware of the powers and obligations inherent in the functions that each of them is called upon to perform, (ii) possess professional expertise suited to the positions they fill, including in any Board's internal committees, and appropriate to the bank's operational characteristics and size, (iii) provide skills spread amongst all members, diversified in such a way that each member — within an individual Board committee or with respect to decisions made by the whole Board — may contribute to ensuring effective risk management in all areas of the bank, (iv) dedicate adequate time and resources to the overall nature of their offices, without prejudice to the maximum number of concurrent offices held, and (v) commit to achieving the overall bank's interest, taking autonomous decisions, regardless of the members who voted for them or the list to which they belonged.

In qualitative terms, therefore, the skill set and professional know-how and experience represented on the Board of Directors must be commensurate with the dimensions and complexity of the bank and banking group's business operations, it being further understood that all Board members must dispose of the time and resources required to effectively discharge their functions.
As a result, the professional profiles represented on the Board must be selected based on their adequate knowledge of the banking sector, the principles of the economic-financial system, the financial and banking regulations and the risks management and control methods, so as to endowing

the Board with the specific specialist know-how required to ensure effective and conscientious corporate management and provide for adequate reflection, and, therefore, informed decision-making by the Board of Directors.

A Board comprising professionals from a broad variety of backgrounds offers the added advantage of allowing for specific tasks incumbent on the Board or Board Committees to be entrusted to pertinent sector specialists.

In light of the above, and as required under Article 26 of Legislative Decree No. 385 of 1 September 1993 and related implementing provisions (Regulation 161 issued by the Ministry of the Treasury, Budget and Economic Planning on 18 March 1998), all Board members must be selected on the basis of professional qualifications and know-how and must have accumulated at least three years of working experience as:
(i) company directors, control or executive managers;
(ii) professionals working on matters pertaining to credit, finance, asset management, insurance or other fields related to the bank's business;
(iii) university level lecturers or professors in law or economic fields;
(iv) departmental heads, executive managers or key management personnel at public administrations or undertakings operating in areas related to the credit, finance, brokerage or insurance sectors, or at public administrations or undertakings that are not related to the afore-mentioned sectors, provided that their functions include the management of economic and financial resources.

The persons appointed as Chairman of the Board and Chief Executive Officer must have acquired at least five years' experience in the above fields and/or positions.

Moreover, pursuant to the provisions of Article 26 of Legislative Decree No. 385 of 1 September 1993 and Article 147-*quinquies* of TUF, Board members must meet the requirements of personal integrity imposed on members of supervisory organs under Regulation 162 issued by the Ministry of Justice on 30 March 2000, as well as the requirements pertaining specifically to bank executives, under Regulation 161 issued by the Ministry of the Treasury, Budget and Economic Planning on 18 March 1998.

To form an opinion on the ideal skill set of the bank's governing body, the outgoing Board of Directors drew up a list of the professional requirements that individual company directors would have to meet to enable the Board as a whole to optimise its performance. The above-mentioned list of professional requirements was drawn up taking due account of regulatory provisions, the Guidelines on Internal Governance (GL44) issued by the European Banking Authority (EBA) on 27 September 2011, the recommendations set forth in the Corporate Governance Code for Listed Companies in respect of appointments to various committees, as well as system-wide best practices.

Given the crucial functions of the Chairman of the Board of Directors — promoting internal debate and ensuring power balances, thus guaranteeing the balance of power between the Chief Executive Officer and the other executive directors, as well as to dialoguing with the supervisory body and all Board committees, in line with the tasks of Board works' organisation and flows of information — the chairmanship ought to be vested in a person who has accumulated adequate professional experience as a bank director, or in companies operating in the financial or insurance sector.

In light of the peculiarities of the bank and banking group's business operations, the ideal solution would entail assigning the position of Chief Executive Officer to a person with experience not only in administrative or managerial capacities within a bank or banking group, but who have also acquired specific knowledge in the field of financial advisory.

Ideally, the other Board members would be professionals with a wide variety of skills, experience, general knowledge and specialist know-how pertaining to developments in both the broad macro-economic context, and more specifically, the fields of banking and finance, as well as regulatory framework and risks management.

In light of the above, the directors must have accumulated adequate experience:
(i) in business administration in the banking, financial or insurance sectors,
(ii) in the management of service-sector companies,
(iii) in marketing,
(iv) in finance,
(v) in corporate oversight or risk management,
(vi) in law and compliance issues,
(vii) as a lecturer or professor of law, economics, or subjects related to financial markets.

Moreover, in order to ensure the effectiveness of the Board Committees to be appointed, it would be advisable for the Board of Directors to comprise:
(i) at least one independent director with appropriate experience in finance or remuneration policies, and
(ii) at least one independent director with appropriate experience in accounting and finance, or risk management.

In light of the foregoing ideal composition of the Board of Directors in terms of the number and professional qualifications and experience of its members, it is the considered opinion of the outgoing Board of Directors that, to enable the new Board of Directors to function most effectively, the seats on the same must be filled by persons with specific professional qualifications and experience in fields outlined above.

To ensure compliance with the provisions of the Bank of Italy in respect of the corporate governance of Banks as set forth in the 1st update of its Circular Letter No. 285 on 6 May 2014, it appears advisable for the information statement on the personal and professional features of each of the candidates for Board membership to be filed together with the related lists pursuant to Article 15, paragraph 9 of the Articles of Association, to include a curriculum vitae allowing for an assessment of the candidate in terms of the extent to which he or she could contribute towards ensuring that the Board is endowed with the ideal professional skill set described above.

With regard to the age of directors, in light of best practices that are gaining ever more acceptance throughout the sector, the Board of Directors recommends that candidates are of different ages, and do not exceed 65 years in age at the time of their appointment.

8. Composition of the Board of Directors – Cumulation of appointments

In light of the nature and quality of the tasks and responsibilities assigned, all Board Members must devote to the duties of their office the time and effort necessary to ensure the diligent and effective discharge of their functions, and all the more so, if they are vested with specific executive tasks or otherwise appointed to Board Committees.

Appointments to the Board of Directors may therefore only be accepted after the appointees have determined that they are in a position to devote the time required to ensure the diligent performance of their tasks and duties as Board members, taking due account of their other professional and work-related commitments, in light of the number of directorships or auditorships they may hold within other corporations listed on regulated markets (including abroad) and in financial institutions, banks, insurance companies and large corporations, as well as their other professional activities, with special reference to positions entailing greater involvement in ordinary business activities.

Towards such end, pursuant to the Rules governing the functioning of the Board of Directors, the number of appointments to the Boards of Directors and/or Boards of Auditors of other corporations a Company director may simultaneously hold, whilst considering to properly discharge his duties towards the Company has been determined — in light of the regulations in force from time to time — as illustrated in the table below:

	Listed Companies [4]			**Financial institutions, banks or insurance companies**			**Large corporations[5]**		
	Executive Director	Non-executive Director	Auditor	Executive Director	Non-executive Director	Auditor	Executive Director	Non-executive Director	Auditor
Executive Directors	0	5	0	0	5	0	0	5	0
Non-executive Directors	2	5	2	2	5	2	2	5	2

In determining the total number of companies in which appointees to the Company's Board of Directors hold directorships or auditorships, no account may be taken of companies belonging to the Company's Group, with the exception of corporations listed on regulated markets (including abroad) and in financial institutions, banks, insurance companies and large corporations. Appointments to the corporate organs of several companies belonging to a single corporate group, other than the Company's Group, are, in practice, generally considered as a single appointment, with the exception of corporations listed on regulated markets (including abroad) or large corporations.

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[4] If a financial institution, insurance company or bank is listed on the stock exchange or qualifies as a "large corporation", a directorship within a legal entity belonging to more than one of the aforesaid categories, counts as a single directorship for the intents and purposes of calculating the total number of directorships held.

[5] Companies with no less than two hundred employees for no less than a year.

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

Determination of the remuneration of the members of the Board of Directors for the financial years ending 31 December 2015, 2016 and 2017, pursuant to Article 2389 of the Italian Civil Code and Article 13 of the Articles of Association

Shareholders,

A General Meeting of Shareholders has been called, not only for the appointment of the Board of Directors for the financial years ending 31 December 2015, 2016 and 2017, but also for determining, pursuant to the first paragraph of Article 2389 of the Italian Civil Code and Article 13, paragraph 2, of the Articles of Association, the remuneration due to the members of the Board of Directors.

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 sustained for the position held.

With regard to the above, the relevant administrative bodies of the Company have analysed prevailing trends, on the basis of in-depth industry-specific benchmarking. In light of the features of the Banca Generali group, the aforesaid study confirms the appropriateness of the aforementioned remuneration level and therefore recommends to confirm the remuneration currently established for Directors to the gross annual amount of 35,000.00 euros. In consideration of the important role assigned to the Chairman of the Board of Directors by the regulatory framework, and, especially the Bank of Italy's Circular Letter No. 285/2013, the study indicates 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 2017:

- to each member of the Board of Directors (save for the Chairman), over and above the refund of out-of-pocket expenses sustained for the position held, remuneration in the gross annual amount of 35,000.00 euros;
- to the Chairman of the Board of Directors, over and above the refund of out-of-pocket expenses sustained for the position held, remuneration in the gross annual amount of 70,000.00 euros.

An outline draft of the resolution that the General Shareholders' Meeting is invited to pass by way of approval of the aforesaid 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 Article 2389 of the Italian Civil Code;
- having regard to Articles 13 and 15 of the Articles of Association;
- having regard to the Remuneration Policies approved by the General Shareholders' Meeting;
- having regard to the Board of Directors' Report,

resolves

1) 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 2017, the remuneration due to each member of the Board of Directors (save for the Chairman) at the gross annual amount of 35,000.00 euros, over and above the refund of out-of-pocket expenses sustained for the position held;

2) to establish, for the entire three-year term of office of the Chairman of the Board of Directors, and therefore, through to the actual approval of the Financial Statements for the financial year ending 31 December 2017, 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 sustained for the position held;

3) 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."

Trieste, 10 March 2015 THE BOARD OF DIRECTORS

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

Appointment of the Board of Statutory Auditors and its Chairman for financial years ending 31 December 2015, 2016 and 2017 and determination of the annual remuneration of the Statutory Auditors; relevant and ensuing resolutions

Shareholders,

With the approval of the Financial Statements for the year ended 31 December 2014, the mandate of the Company's Statutory Auditors, conferred by the Shareholders' Meeting on 24 April 2012 for the three-year period 2012-2014, is terminated as the period of office has come to an end.

We extend our heartfelt thanks and appreciation to the members of the control body for their relentless efforts to date on the Company's behalf, and remind you that, pursuant to Article 20 of the Articles of Association, the Board of Statutory Auditors is composed of a three Regular Auditors and two Alternate Auditors.

The new Board of Statutory Auditors will remain in office until the date of the Shareholders' Meeting which will be called to approve the Financial Statements for the year ending 31 December 2017.

Under the Articles of Association mentioned, the Board of Statutory Auditors is appointed based on lists of candidates, made up of two sections: one for the appointment of the Regular Auditors and the other for the appointment of the Alternate Auditors. The lists contain a number of candidates no higher than the number of members to be elected, listed by progressive number. Each of the two sections of the lists must present candidates in a manner that ensures gender balance, as required by applicable regulations. Each candidate may appear on only one list, upon penalty of ineligibility.

Candidates who fall within situations that are incompatible pursuant to law or those exceeding the maximum number of concurrent positions set forth by regulations in force may not be appointed to the Board of Statutory Auditors, and if so appointed, will fall from office.

Moreover, Auditors shall possess all requisites required by law.

Shareholders who individually or jointly represent at least 1.00% of share capital are entitled to submit a list.

Each shareholder (as well as (i) Shareholders belonging to the same group, the latter 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 as further amended, 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 contribute to the submission of only one list. In the event of breach, account will not be taken of the relative backing given to any of the lists.

The lists, signed by Shareholders with standing must be filed no later than the 25th day prior to the scheduled date of the first calling of the General Shareholders' Meeting. If at the above deadline only one list has been filed or lists have only been filed by shareholders related to one another, lists shall be submitted through to the third day after the said deadline.

In this case, shareholders who individually or jointly represent at least 0.50% of share capital are entitled to submit a list. Lists must be accompanied by the information on the identity of shareholders who submitted them, with an indication of the percentage of share capital held jointly, as well as the following documentation:

a) the resume of each candidate, containing exhaustive information on the candidate's personal and professional features, as well as their skills and experience in the insurance, financial and/or banking fields;
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 in which each candidate accepts nomination and commits, if he/she is elected, to accept the office and also certifies, under his own responsibility, the inexistence of causes of incompatibility and of ineligibility, as well as possession of the requisites of integrity and professionalism which prevailing laws require for the office of Statutory Auditor of the Company.

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 2 April 2015.

The election of the Board of Statutory Auditors will be carried out as provided for by Article 20, paragraphs 8, 9 and 10, of the Articles of Association. The first two candidates on the list obtaining the highest number of votes and the first candidate on the list obtaining the highest number of votes from amongst the lists submitted and voted by shareholders who are not associated, not even indirectly, with the shareholders who submitted and voted for the list obtaining the highest number of votes (Minority List), shall be deemed elected Regular Auditors. The first candidate on the list obtaining the highest number of votes and the first candidate on the Minority List will be the Alternate Auditors. In the case where the number of Regular Auditors belonging to the gender less represented falls short of the threshold established under applicable statutory provisions, the candidates appearing in the Regular Auditor section of the list obtaining the highest number of votes will be replaced following the order in which the candidates were presented for election. Should only one list be submitted, all the members of the Board of Statutory Auditors shall be appointed from the said list.

The Regular Auditor elected from the Minority List shall be the Chairman. In the event of submission of a single list, the first candidate specified therein will take the chairmanship.

Lists submitted in disregard of the provisions set forth in Article 20 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 Statutory Auditors, electing the said members from one of the lists submitted by the persons and parties entitled to do so, in accordance with Article 20 of the Articles of Association, it is pointed out that the text of the related shareholders' resolution must reflect the outcome of the ballot.

Resolutions must be passed in respect of the appointment as well as the annual remuneration of the members of Board of Statutory Auditors.

In such regard, it must be pointed out that the remuneration of the Company's Board of Statutory Auditors is currently established at the gross annual amount of 40,000.00 euros for the Chairman and the gross annual amount of 30,000.00 euros per each Regular Auditor, over and above the refund of out-of-pocket expenses sustained for discharging their tasks.

With regard to the above, the relevant administrative bodies of the Company have analysed prevailing trends, on the basis of in-depth industry-specific benchmarking. The aforesaid study confirms the appropriateness of current remuneration levels, taking due account of the features of the Banca Generali group. Accordingly, it is proposed to confirm for the three-year term of office of the Board of Statutory Auditors, and therefore through to the approval of the Financial Statements for the financial year ending 31 December 2017, the gross annual remuneration of 40,000 euros for the Chairman of the Board of Statutory

Auditors and gross annual remuneration of 30,000 euros for each Regular Auditor, over and above the refund of out-of-pocket expenses sustained for discharging their tasks.
The Shareholders are accordingly invited to establish the remuneration due to the Chairman of the Board of Statutory Auditors and each Regular Auditor, over and above the refund of out-of-pocket expenses sustained for discharging their tasks, for the three-year term of office of the Board of Statutory Auditors previously appointed by this General Shareholders' Meeting and therefore through to the date of the approval of the Financial Statements for the year ending 31 December 2017.
The text of the shareholders' resolution must reflect the outcome of the decision to be taken by the General Shareholders' Meeting itself.

Trieste, 10 March 2015 THE BOARD OF DIRECTORS

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 General 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."

Trieste, 10 March 2015 THE BOARD OF DIRECTORS

Attachment sub A)

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 General 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 Vernì

Angelo Venchiarutti

Alessandro Gambi

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

Authorisation to purchase and dispose of treasury shares in service of Remuneration Policies; relevant and ensuing resolutions; delegated powers.

Shareholders,

The Board of Directors subjects to your examination and approval a motion for authorisation, within the meaning of Articles 2357 and 2357-*ter* of the Italian Civil Code, as well as Article 132 of Legislative Decree No. 58/1998, as further amended, to acquire no more than 88,213 ordinary shares in Banca Generali S.p.A., and to subsequently dispose of the same, in one or more tranches. At present, the aforesaid shares represent 0.0762% of the Company's share capital.

This Report sets forth the grounds underlying the motion for authorisation, as well as the terms, deadlines and procedures in accordance with which the treasury shares in question are to be acquired and disposed of.

1. *Grounds underlying the motion for authorisation to acquire and dispose of treasury shares*

Pursuant to the Banca Generali Group's Remuneration and incentivisation policy, drawn up, *inter alia*, in accordance with the Supervisory Provisions set forth in the Bank of Italy's Circular Letter No. 285/2013, as amended in the 7th update issued on 18 November 2014, and submitted to the General Shareholders' Meeting for approval, the remuneration of Key Personnel (as defined in the Policy itself) is to be comprised of fixed and variable components.

In this context, the regulatory requires a portion of the variable component of remuneration to be paid in the form of financial instruments.

The aforementioned provisions shall be applied through allotment of ordinary shares in Banca Generali S.p.A. The motion for authorisation is therefore aimed solely at endowing the Company with the resources necessary to comply with the aforesaid regulatory requirements.

2. 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 acquisition for which authorisation is requested may be effected in one or more tranches, and refers to ordinary shares in the Company, of a par value of 1.00 euro each.

In light of the maximum number of shares that could potentially be allotted, the maximum number of shares to be acquired, in one or more tranches, may be estimated at no more than 88,213.

As a result, the motion is aimed at obtaining authorisation to acquire no more than 88,213 treasury shares of a nominal value of 1.00 euro each.

The purchase will be carried out within the limits of distributable profits and unrestricted reserves, as per the latest duly approved financial statements.

The company shall set up, pursuant to Article 2375-*ter*, paragraph 3, of the Italian Civil Code, a restricted reserve, in the amount equal to the value of the treasury shares acquired, by withdrawing an equivalent amount from unrestricted reserves. The reserve thus constituted shall be maintained until the acquired treasury shares are transferred. In the event of the disposal of the acquired treasury shares, the aforesaid restricted reserve will be booked back to the reserves from which it was initially drawn.

In such regard, it must be borne in mind that as at 31 December 2014, Banca Generali held 10,071 treasury shares (covering the stock granting plan originally approved in 2001, in favour of the Financial Advisors of the former Prime Consult network), or 0.0087% of the Company's share capital, and that Banca Generali's subsidiaries held no shares whatsoever 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 the third paragraph of Article 2357 of the Italian Civil Code.

3. Term of the authorisation

Authorisation to acquire treasury shares is sought for a period of eighteen months following the date on which the related resolution is approved by the General Shareholders' Meeting.

Authorisation to dispose of treasury shares, whether already held by the Company (in excess of requirements to service the stock granting plan in favour of the Financial Advisors of the former Prime Consult network) or to be acquired 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, moreover, it appears well-advised to afford management the freest hand possible, including in terms of time, with regard to the disposal of treasury shares.

4. Minimum and maximum price

The minimum purchase price of ordinary shares cannot be lower than the nominal value of the share, equal to 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 acquisition is made.

5. Acquisition procedures

Pursuant to Article 144-*bis*, paragraph 1(b), of the Rules for Issuers issued by CONSOB with Resolution No. 11971 of 14 May 1999 as amended, the treasury shares shall be acquired 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 acquisitions 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.

In light of the grounds underlying this motion for authorisation, the General Shareholders' Meeting is further moved to authorise the Board of Directors to grant the treasury shares, free of charge, to the Key Personnel identified in the Remuneration policy, provided, obviously, that any and all conditions, whether regulatory or imposed under the Policy itself, for entitlement to the variable component of remuneration, have been duly met, it being further understood that the same terms and conditions shall also apply to the treasury shares already held by the Company.

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, at the offices of Assicurazioni Generali S.p.A. in Trieste, at Via Machiavelli 6,

- having regard to Articles 114-*bis* and 132 of Legislative Decree No. 58 of 24 February 1998, as 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 short of one-fifth of the Company's share capital;
- 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 2014, that have just received Shareholder approval;
- having heard the favourable opinion of the Board of Statutory Auditors;

resolves

1) to authorise, within the meaning of Articles 2357 and 2357-*ter* of the Italian Civil Code, the acquisition of no more than 88,213 ordinary shares issued by Banca Generali S.p.A., of a nominal value of 1.00 euro each, as well as the disposal of the same, together with those acquired on the basis of previous authorisations to acquire treasury shares, 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 the nominal value of the share, equal to 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 acquisition is made;
   c) authorisation for acquisition is granted for eighteen months as of the date of approval of this resolution, whilst authorisation for disposal is granted without any time limit whatsoever, in order to enable the achievement of the specified objectives;
   d) the purchase will be carried out within the limits of distributable profits and unrestricted reserves, as per the latest duly approved financial statements;
   e) acquisitions are 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 on the markets themselves, so as to ensure equal treatment for all Shareholders. Accordingly, the acquisitions 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 the treasury shares may be granted, without any time limit whatsoever, free of charge, to the Key Personnel identified in the Remuneration and Incentivisation Policy, provided that any and all conditions, whether regulatory or imposed under the Policy itself, for entitlement to the variable component of remuneration, have been duly met;
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 from which the restricted reserve amount, contemplated under Article 2357-*ter* of the Italian Civil Code, is to be drawn, in accordance with legal provisions, as well as to also use treasury shares already currently held by the Company, for the purposes specified herein;
    - to 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."

Trieste, 10 March 2015 THE BOARD OF DIRECTORS

<u>Extraordinary Session</u>

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

Amendments to Article 13 (General Shareholders' Meeting) and Article 20 (Board of Statutory Auditors) of the Articles of Association; relevant and ensuing resolutions

Shareholders,

We have called this Extraordinary Shareholders' Meeting so as to submit to you the motion for the amendment of some clauses of the Articles of Association. More specifically, you are invited to approve amendments to Article 13 (regarding the tasks reserved to the competence of the General Shareholders' Meeting) and Article 20 (regarding the requisites concerning the members of the Board of Statutory Auditors) of the Articles of Association.

The proposed amendments arise from the need to formally bring these articles in line with: (i) the rules introduced by the Bank of Italy with the 7th update of Circular Letter No. 285 dated 17 December 2013 "Instructions on the remuneration and incentivisation policies and practices of banks and banking groups", and (ii) the provisions of the Organisational and Management Model adopted by Banca Generali by the Board of Directors' resolution of 1 April 2014, for the prevention purposes of Legislative Decree No. 231/01, with special reference to the assignment of functions of the Supervisory Board to the Control Board.

In detail, the amendments aim at bringing Article 13, paragraph 3, of the Articles of Association into line with the provisions set forth in Chapter 2 of the aforementioned Bank of Italy's Circular Letter No. 285/2013, clearly defining the tasks vested upon the General Shareholders' Meeting in relation to remuneration and incentivisation. They also introduce into Article 20, paragraph 2, of the Articles of Association a further provision in order to align it to requisites imposed by law to hold the position of member of the Board of Statutory Auditors within a listed bank, and those required to carry out the functions of the Supervisory Board, and the respective reasons for forfeiture of the positions of Auditor and member of the Supervisory Board.

With regard to the approval procedure to which the proposed amendments must be subjected, it must be borne in mind that Order No. 311041 issued by the Governor of the Bank of Italy on 23 March 2007 (that brought amendments to Title III, Chapter I of Bank of Italy Circular No. 229 of 21 April 1999 entitled "Supervisory Instructions for Banks") requires the Bank of Italy to be given advance notice, prior to the relevant resolution of the General Shareholders' Meeting, of any and all motions entailing amendments to the

Articles of Association as approved by the Board of Directors. The said motions will be assessed by the Bank of Italy, which will issue its findings in such regard, prior to shareholders' approval of the related resolutions.

It must also be pointed out that the proposed amendments to the Articles of Association do not vest shareholders with any right of withdrawal within the meaning and for the intents and purposes of Article 2437 of the Italian Civil Code and Article 7 of the Articles of Association insofar as they do not give rise to any of the situations warranting shareholder withdrawal pursuant to applicable regulations.

In light of the above considerations, you are therefore invited to amend the text of Article 13, paragraph 3, and Article 20, paragraph 2, of the current Articles of Association, as highlighted in greater detail in the table below showing in the column to the left the text of the paragraph of the Article of the Articles of Association as currently worded, and in the column to the right the proposed amendment to the said text, that are graphically highlighted:

Current text	**Proposed amendments**
ARTICLE 13 *.........omissis.........* 3. The Shareholders' Meeting shall also approve**:** i) the remuneration policies in favour of supervisory, management and control bodies and employees and outside collaborators other than company employees; ii) plans based on financial instruments; iii) the compensation established in the event of early termination of employment relationship or early termination of the charge, including the limits fixed in that compensation in terms of the annual fixed remuneration. In relation to the approval of the remuneration policies, the Shareholders' Meeting shall raise the limit of the incidence of the variable remuneration in relation to the fixed remuneration up to a maximum of 2:1. The Shareholders' Meeting shall raise that limit subject to existence of the conditions provided by law for the approval of the decision and according to the majorities provided by applicable law. *.........omissis.........*	ARTICLE 13 *.........omissis.........* 3. The Shareholders' Meeting shall also approve**:** i) the remuneration **and incentivisation** policies in favour of **strategic** supervisory, management and control bodies and **other** personnel ~~**employees and outside collaborators other than company employees**~~; ii) **remuneration** plans based on financial instruments; iii) the **criteria for determining the compensation to be granted** ~~**established**~~ in the event of early termination of employment relationship or early termination of the charge, including the limits fixed in that compensation in terms of the annual fixed remuneration**, and the maximum amount arising on the application of said limits**. In relation to the approval of the remuneration policies, the Shareholders' Meeting shall raise the limit of the incidence of the variable remuneration in relation to the fixed remuneration up to a maximum of 2:1. The Shareholders' Meeting shall raise that limit subject to existence of the conditions provided by law for the approval of the decision and according to the majorities

	provided by applicable law. *.........omissis.........*
ARTICLE 20 *.........omissis.........* 2. Regular and alternate Auditors must possess the requisites required by law and are eligible for reappointment. Those whose situations are incompatible pursuant to law and persons who serve as company directors or officers in other companies beyond the thresholds established under applicable regulations, may not be appointed to the Board of Statutory Auditors, and if so appointed, will fall from office. *.........omissis.........*	ARTICLE 20 ....omissis......... 2. Regular and alternate Auditors must possess the requisites required by law and are eligible for reappointment. Those whose situations are incompatible pursuant to law and persons who serve as company directors or officers in other companies beyond the thresholds established under applicable regulations, may not be appointed to the Board of Statutory Auditors, and if so appointed, will fall from office.. **In addition to meeting the requisites required by Law for corporate officers appointed as statutory auditors, Regular and Alternate Auditors should not have been convicted in relation to an offence referred to in Legislative Decree No. 231/01, nor should they have been convicted for any other malicious offence. Similarly, Statutory Auditors should not be committed for trial in relation to the same offences, being the said trial still underway.** **Revocation for cause of a Supervisory Board's member by the Board of Directors constitutes grounds for forfeiture of his/her office as Statutory Auditor.** **Forfeiture of or revocation from office of a Regular or Alternate Statutory Auditor, including as a result of a failure to satisfy the requisites of professionalism, integrity and independence, also determine the forfeiture of office as Supervisory Board's member.** *.........omissis.........*

With regard to all of the above, we invite you, should you agree, to approve the proposed amendments to Articles 13 and 20 of the Articles of Association, as illustrated above.

Milan, 18 December 2014 The Board of Directors