

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

Authorisation to buy back 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 buy back no more than 411,354 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 0.3527% 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 bought back and disposed of.

Foreword

The Board of Directors first points out that, pursuant to the provisions set forth in Articles 2357 and 2357-*ter* of the Italian Civil Code, as well as those under Article 132 of TUF, the Shareholders' Meeting held on 21 April 2016 authorised the buy-back, in one or more tranches, of a maximum of 67,051 ordinary treasury shares at a maximum price of 38.49 euros, for a period of 18 months, commencing on the date of the aforementioned Meeting (and therefore ending on 21 October 2017). According to the Shareholders' authorisation, the purchased treasury shares are to be used for the share-based payment of a portion of key personnel's variable remuneration, in accordance with applicable laws and regulations, in particular the Supervisory Provisions issued by the Bank of Italy on 18 November 2014 concerning remuneration and incentivisation policies and procedures (cf. Bank of Italy Circular Letter No. 285 of 17 December 2013, Supervisory Provisions for Banks, Title IV, Chapter 2, "Remuneration and Incentivisation Policies and Procedures"; or the "Circular Letter").

The Board of Directors emphasises that the authorisation to buy back the shares was fully implemented through the purchase of 67,051 shares in 2016 and indicates that the reasons that previously led to the motion before the Shareholders' Meeting to authorise the buy-back and disposal of treasury shares are still to be considered valid.

In the light of the above, and considering the shares needed to implement the Bank's remuneration and incentive policies in 2017, the Board of Directors believes it is appropriate to propose that the Shareholders' Meeting issue a new authorisation, for a similar period of 18 months, from the date of the relevant resolution.

The following is an overview of the terms and conditions of buy-back and disposal of treasury shares of the Company, which the Board of Directors submits to you for authorisation by the Ordinary Shareholders' Meeting convened for 20 April 2017.

1. *Grounds underlying the motion for authorisation to buy back 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 Bank of Italy Circular Letter No. 285/2013, 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 addition, where applicable, severance indemnities accruing in the event of early termination of the employment contract may be defined and treated as a variable remuneration component in accordance with the aforesaid Supervisory Provisions.

In this context, the regulatory provisions require 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.

In addition, the General Shareholders' Meeting is called upon to resolve on the motion to approve a Network Loyalty Plan (Banca Generali Financial Advisors authorised to make off-premises offers and Relationship Managers), which provides for the assignment to the beneficiaries of a bonus upon the achievement of certain objectives, to be paid in company's shares for a portion not exceeding 50%.

The motion for authorisation is therefore aimed solely at endowing the Company with the resources necessary to implement the aforementioned incentivisation (including agreed remuneration to be allocated in view of or to be paid in the event of early retirement) and loyalty-building instruments (the "**Plans**").

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 buy-back for which authorisation is requested may be effected in one or more tranches, and refers to Company's ordinary shares of a nominal value of 1.00 euro each.

In light of the maximum number of shares that could potentially be allotted within the 2017 Plans (equal to 424,000 shares) and the number of shares already held by the Company (126,129 treasury shares), the shares purchased in previous years (of which 113,483 currently restricted for use for prior years' Remuneration Policies and 12,646 currently available), the maximum number of ordinary shares in respect of which the Board of Directors requests the said authorisation stands at 411,354 shares of a nominal value of 1.00 euro each.

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

Pursuant to Article 2357-ter of the Italian Civil Code, as per Legislative Decree No. 139/2015, and to Bank of Italy Circular Letter No. 262/2015, the value of the treasury shares purchased will be recognised in the Balance Sheet as a reduction to net equity in Item 200 of Liabilities.

It must be also borne in mind that as at 31 December 2016, Banca Generali held 126,129 treasury shares, or 0.108% of the Company's share capital, and that Banca Generali's subsidiaries hold 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 Article 2357, paragraph 3, of the Italian Civil Code.

3. Term of the authorisation

Authorisation to buy-back 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 or to be purchased for the purposes detailed above, is sought without any limitation whatsoever in terms of time, given that there are no regulatory constraints in such regard, and that it

appears well-advised to afford management the freest hand possible, including in terms of time, with regard to the disposal of treasury shares.

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 buy-back is made.

However, in order to assess the maximum impact of the buy-back of treasury shares on Own Funds, the Company will buy-back the aforementioned shares at a price not exceeding 34.88 euros per share, corresponding to the closing price of Banca Generali S.p.A.'s stock on 17 March 2017, prudentially increased by 50%.

5. Buy-back 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 bought back 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 purchases 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 and the beneficiaries of the 2017 Network Loyalty Plan, provided, obviously, that any and all conditions and regulatory requirements 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 2016, 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 buy-back of no more than 411,354 ordinary shares issued by Banca Generali S.p.A., of a nominal value of 1.00 euro each, as well as the disposal, in one or more tranches, of the treasury shares, including those purchased upon implementation of this resolution, subject to the following terms and conditions:
 - a) the authorisation is limited to purchases 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 buy-back is made; the Company will purchase the aforementioned shares at a price not exceeding 34.88 euros per share, corresponding to the closing price of Banca Generali S.p.A.’s stock on 17 March 2017, prudentially increased by 50%;
 - c) authorisation for buy-back 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, and can be exercised in one or more tranches, in order to enable the achievement of the specified objectives;
 - d) the buy-back will be carried out within the limits of distributable profits and unrestricted reserves, as per the latest duly approved Financial Statements;
 - e) treasury share purchases will be made, pursuant to Article 144-*bis*, paragraph 1(b), of the Rules for Issuers, in accordance with the operating procedures set

forth in the organisational and operating rules of the markets themselves, so as to ensure equal treatment for all Shareholders. Accordingly, the purchases 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 and free of charge, to the Key Personnel identified in the Remuneration (including agreed remuneration to be allocated in view of or to be paid in the event of early retirement) 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, as well as to the beneficiaries of the 2017 Network Loyalty Plan, **provided** that any and all regulatory requirements and conditions 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 to compose the negative item in equity, as contemplated under Article 2357-*ter* of the Italian Civil Code, in accordance with legal provisions, as well as to also use treasury shares that, at present, are already held by the Company, for the purposes specified herein;
 - establish the procedures, timetable and all the executive and other terms, with a view to ensuring the optimal execution of this resolution, effecting for such purpose any and all related assessments and checks, and proceeding with any and all related formalities, filings and submissions, without exclusion or exception whatsoever."

Milan, 20 March 2017

THE BOARD OF DIRECTORS