



Annual Financial Report as of 31 December 2008

Report on Operations Part 2

*ANNUAL REPORT ON THE CORPORATE GOVERNANCE SYSTEM AND
COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF LISTED
COMPANIES*

*pursuant to Articles 124-bis of Legislative Decree No. 58/1998, 89-bis of the Rules on Issuers,
approved by CONSOB with Resolution 11971 of 14 May 1999 as further amended and extended.*

Board of Directors
12 March 2009

Banca Generali S.p.A., with registered offices in Trieste, 4 Via Machiavelli

Website: www.bancagenerali.com

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GLOSSARY

Code: The Corporate Governance Code of listed companies approved in March 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A.

Civil Code: the Italian Civil Code.

Board: the Board of Directors of the Issuer.

Issuer: the issuer of listed shares to which the Report refers.

Period: the financial period to which the Report refers.

Instructions to the Market Rules: the Instructions to the Rules for the Markets organised and managed by Borsa Italiana S.p.A.

Rules for the Markets: the Rules of the Markets organised and managed by Borsa Italiana S.p.A.

CONSOB Rules on Issuers: the Regulation on issuers issued under CONSOB resolution No. 11971 of 1999 as further amended and extended.

CONSOB Rules for Markets: the Regulation on markets issued under CONSOB resolution No. 16191 of 2007.

Report: the Corporate Governance Annual Report; which companies are required to prepare pursuant to articles 124-*bis* of TUF, 89-*bis* of CONSOB Rules on Issuers and Article IA.2.6. of the Instructions on the Rules for Markets.

TUF: the Legislative Decree No. 58 of 24 February 1998 (Consolidated Law on Finance).

TUB: Legislative Decree No. 385 of 1 September 1993 (Consolidation Law on Banking).

INTRODUCTION

This report has been prepared in compliance with the obligation to provide, on an annual basis, information on the Company's corporate governance system and compliance with the Corporate Governance Code of Listed Companies (the "Code"), an obligation imposed on companies issuing listed shares, pursuant to the current Instructions on the Rules for Markets organised and managed by Borsa Italiana S.p.A. (Title IA.2.6) as well as pursuant to article 124-bis of Legislative Decree no. 58 of 24 February 1998, as further amended and extended (the "Finance Consolidation Act" - Testo Unico della Finanza or "TUF").

This report also includes the information on company ownership, as required pursuant to article 123-bis of the TUF.

Banca Generali S.p.A. (the "Company") was admitted for listing on the electronic share market (MTA) managed by Borsa Italiana S.p.A. in November 2006, and on such occasion adopted the Code¹, having determined that bringing its corporate governance system (and that is to say, the framework of rules, principles and procedures making up a company's management and internal control system) in line with the international best practices of business administration on which the Code is based is a basic pre-requisite for achieving the Company's goals.

These goals in fact include not only the creation of value for shareholders and customer satisfaction, but also the quest for excellence in terms of the transparency of decision-making processes, the efficiency of internal control systems and the probity and rigour in third party and intercompany transactions and/or transactions entailing a potential conflict of interests, as well as constant professionalism, probity and respect in all relationships with shareholders, customers and, in general, all the Company's stakeholders. Fully aware that no corporation can hope to boost its reputation for reliability without implementing effective and efficient operating rules and procedures, the Company also adopted the Code of Ethics of the Generali Group that sets forth the basic ethical principles to be rigorously followed throughout the Group (the "Code of Ethics")², such as, for instance the principles of professionalism and the enhancement of human resources, the protection of the health of workers, free enterprise and competition, transparency and correctness of information disclosed.

In the interest of ease of reading, the Report is structured as follows:

- ❖ a first section providing summary information on the Company's goals and organisation;
- ❖ the second section contains the information on company ownership, as required pursuant to article 123-bis of the Italian Finance Consolidation Act (TUF);
- ❖ a third section containing more detailed information on the organisation and concrete functioning of structures and bodies contemplated in the Code.

* * *

¹ In the edition last updated in 2006.

² A copy of the Code of Ethics is available on the corporate website at www.bancagenerali.com, section "*Corporate Governance*" - *Corporate Governance System – Company Regulations*".

SECTION 1

BANCA GENERALI'S GOVERNANCE STRUCTURE

As known, with a view to reinforcing minimum standards of corporate organisation and governance, and ensuring "healthy and prudent management" (article 56 of the Consolidation Law on Banking – TUB), by Order No. 264010 of 4 March 2008, entitled "Supervisory Provisions on the corporate organisation and governance of banks", the Bank of Italy established a regulatory framework under which organisation is to play a central role in strategic corporate policy-making and risk assessment and management within the banking and financial industry.

Briefly put, pursuant to the aforesaid Bank of Italy Order, industry operators are required to implement: (i) a clear definition of functions and responsibilities; (ii) the appropriate balancing of delegated powers; (iii) the balanced composition of corporate organs; (iv) an integrated and effective internal control system; (v) comprehensive and ongoing risk assessment and management; (vi) a compensation structure in line with risk-management policies and long-term corporate strategy; (vii) adequate reporting systems and information flows.

Given that the Articles of Association must be amended in order to ensure compliance with the new statutory and regulatory framework, on 28 January 2009, the Board of Directors passed a resolution to move the Shareholders' Meeting to amend certain articles of the Articles of Association and requested the Bank of Italy to issue the related certificate of conformity.

The Articles to be amended include: 12 (regarding the chairmanship of the Shareholders' Meeting), 13 (regarding the powers and duties of the Shareholders' Meeting), 15 (regarding the appointment of the Board of Directors), 16 (regarding the Chairman of the Board of Directors), 18 (regarding the tasks of the Board of Directors), 21 (regarding the tasks of the Board of Statutory Auditors).

Save where otherwise specified, the information contained in this Report, is updated as at the date of its approval by the Company's Board of Directors (12 March 2009).

Organisation of the Company

A proper corporate governance system must be based on certain key elements, such as the central role of the Board of Directors and top management, the proper management of conflicts of interest, transparency in the disclosure of corporate decisions, and an efficient internal control system.

As a public limited company subject to Italian law, and a bank subject to Legislative Decree no. 385 of 1 September 1993 and related implementing provisions (TUB), Banca Generali has set up a governance system firmly grounded on the said principles.

Banca Generali's organisational structure is made of the following main corporate boards and officers:

- A. Board of Directors;
- B. Chairman of the Board of Directors;
- C. Chief Executive Officer;
- D. Remuneration Committee;
- E. Internal Control Committee;
- F. Shareholders' Meeting;
- G. Board of Statutory Auditors.

Other corporate boards and officers include the General Management, and persons invested with powers of representation pursuant to the provisions of the Articles of Association.

The Company's organisational structure is based on the classical model of corporate governance.

Responsibility for the strategic supervision of the company lies solely with the Board of Directors (the "Board").

The Board of Directors is appointed by the Shareholders' Meeting, for a three-year term. The Board of Directors shall elect, from amongst its members, a Chairman, and if it deems fit, a Vice Chairman, and may also appoint one or more Chief Executive Officers, determining the powers and responsibilities thereof. The Board of Directors can also appoint a General Manager, one or more Joint General Managers and one or more Deputy General Managers, who together constitute the General Management.

The Company is not endowed with an Executive Committee, and does not envisage appointing one at present.

Responsibility for company management lies with the Chief Executive Officer and General Management.

Appointed Committees may act solely in a consultative and advisory capacity.

The Remuneration Committee expresses opinions and submits non-binding proposals to the Board, pertaining to the remuneration packages of the Chairman of the Board, the Chief Executive Officer and

General Manager; it periodically also assesses the policies used to determine the remuneration packages of key Company executives, with strategic responsibilities.

The Internal Control Committee is tasked with assisting the Board of Directors in laying down guidelines for the internal control system; expressing an opinion on the appropriateness of the internal control system and monitoring the proper and uniform application of accounting policies within all group companies. The committee also issues an opinion on the timetable of operations submitted by the independent auditors and monitors the effectiveness of the auditing process.

The Shareholders' Meeting (the "Shareholders' Meeting") passes resolutions expressing the intentions of the shareholders. Resolutions approved by the Shareholders' Meeting pursuant to statutory provisions and the Articles of Association, are binding on all the Company's shareholders, including those abstaining or dissenting.

Responsibility for internal control lies with the Board of Statutory Auditors, appointed by the Shareholders' Meeting, for a three-year term. The Board of Statutory Auditors is not responsible for auditing the Company's accounts, a task entrusted to Independent Auditors duly registered with the specific professional rolls set by the Italian market regulator, CONSOB. The Independent Auditors are bound to monitor the proper bookkeeping of the Company's accounts, during the course of the financial year, and to ensure that the Company's books faithfully reflect management trends. The Independent Auditors are also in charge of checking that the figures carried in the annual and consolidated financial statements present a true and fair account of the Company's books and that all accounting documents are compliant with applicable regulations.

The powers and operating procedures of the corporate organs are governed by law, the Articles of Association and the resolutions approved by the relevant organs.

The Articles of Association are available at the Company's registered office and can also be consulted on the Company's website (www.bancagenerali.com) under section "*Corporate Governance*" – "*Corporate Governance System*".

Direction and Coordination

Banca Generali is part of the Assicurazioni Generali Group.

The Company is subject to management and coordination by its Parent Company, Assicurazioni Generali S.p.A., within the meaning and for the intents and purposes of section 2497 of the Italian Civil Code. Assicurazioni Generali exercises its management and coordination powers by, inter alia, making recommendations to the Shareholders' Meeting of Banca Generali in respect of appointments to Banca Generali's Board; imparting instructions on the composition of the administrative organs of the Company and its subsidiaries; laying down the deadlines and procedures for drawing up the Generali Group's budget and strategic plan in general; issuing guidelines and instructions on the disclosure of operations and accounting information, in order to ensure the consistency, timeliness and correctness of the information disclosed by or regarding the Generali Group; issuing guidelines in respect of third parties, or atypical and/or unusual transactions requiring certain categories of transaction to be subjected to prior authorisation from Assicurazioni Generali's Board of Directors.

SECTION 2

INFORMATION ON COMPANY OWNERSHIP (PURSUANT TO ARTICLE 123-BIS TUF) AT 04 MARCH 2009

Structure of the share capital

Banca Generali's subscribed and paid up share capital, as shown in the following table, amounts to Euro 111,313,176.00, divided into 111,313,176 ordinary shares of a par value of Euro 1.00 each.

	No. of shares	% of share capital	Listed (specify on which markets)	Rights and obligations
Ordinary shares	111.313.176	100	Listed on MTA organised and managed by Borsa Italiana S.p.A. – STAR segment	All the rights contemplated under the Italian Civil Code and Articles of Association.

Banca Generali holds 682,133 treasury shares, which it acquired in order to implement the approved Stock Granting Plans. The voting rights attaching to the said shares have been suspended pursuant to section 2357-ter of the Italian Civil Code.

The Extraordinary Shareholders' Meeting of 18 July 2006 approved a capital increase, in one or more tranches, in the maximum nominal amount of Euro 5,565,660.00 to cover the "Stock Option Plan for Banca Generali S.p.A.'s Financial Advisors and Network Managers" and the "Stock Option Plan for Banca Generali S.p.A.'s Employees". For further information on the aforesaid share-based incentive plans, see part I of the Notes to the Banca Generali's financial statements for 2008, and the Press Release issued on 17 September 2007, drawn up pursuant to CONSOB resolution No. 15915 of 3 May 2007, regarding the allotment of financial instruments to company managers, employees and collaborators, pursuant to the Plans submitted for approval to the corporate organ in charge of the implementation thereof prior to 1 September 2007, available for consultation on the company's website (www.bancagenerali.com) under the section "*Investor Relations*" – "*Press releases*".

Restrictions on the Transfer of Securities

Apart from the current regulatory provisions on the ownership of shares in banks, there are no other restrictions on the transfer of shares in Company, other than those indicated below, and pertaining to:

a) the Stock Granting Plan reserved for specific financial advisors provides that should the recipient intend to sell all or some of the granted shares, the said recipient must first inform Banca Generali thereof, since the latter retains the right to indicate a third-party purchaser at the same terms and conditions and at the market price;

Significant Equity Investments in the Share Capital

The Company's shares are administered through the centralised electronic securities management system of Monte Titoli S.p.A. of Milan.

Shareholders holding more than 2% of the Company's voting stock, directly or indirectly and including through third party intermediaries, trust companies and subsidiaries, as per the Shareholders' Register and the notices received pursuant to law as at 4 March 2009, are indicated in the table below:

Declarant	Direct shareholder	% of ordinary stock	% of voting stock
Assicurazioni Generali S.p.A.	Assicurazioni Generali S.p.A.	59.7549	60.1233
Intesa Sanpaolo SpA	Intesa Sanpaolo SpA (*)	6.9898	7.0329
Janus Capital Management	Janus Capital Management	2.3846	2.3993

* Pursuant to Section 121, paragraph 3, of Legislative Decree No. 58/98, the voting rights attaching to the stake in excess of 2%, have been suspended.

Securities Bearing Special Rights

No securities bearing special rights of control have been issued.

Shares Held by Employees: Mechanism for the Exercise of Voting Rights

There are no specific mechanisms for the exercise of the voting rights attendant to the shares held by employees pursuant to current Stock Option and Stock Granting Plans.

Restrictions on Voting Rights

Pursuant to article 10 of the Company's Articles of Association and article 23 of the Rules adopted by the Bank of Italy and by CONSOB with the Provision dated 22 February 2008, Shareholders with voting rights may attend the Meeting provided that:

- a) they can provide legal proof of their entitlement to vote;
- b) the notice from the intermediary responsible for keeping the accounts regarding the shares, in replacement of the deposit giving entitlement to attend the Shareholders' Meeting, has been received at the company's registered office at least two days prior to the date set for the first call of the Meeting, or by such other deadline specified in the notice of calling, in accordance with applicable statutory provisions.

Moreover, the Company's ownership structure at 4 March 2009, indicates that:

- Banca Generali holds 682,133 treasury shares, which it acquired in order to implement the approved Stock Granting Plans. The voting rights attaching to the said shares have been suspended pursuant to section 2357-ter of the Italian Civil Code.
- since the stake held by Intesa SanPaolo S.p.A. falls within the scope of article 121 of Legislative Decree No. 58/98, paragraph 3, at present, the voting rights attendant to the said stake are suspended in respect of the portion exceeding 2% of Banca Generali's total share capital.

Shareholders' Agreements

The Company is not aware of the existence of any significant shareholders' agreements within the meaning of article 122 of the Financial Consolidation Law (TUF).

Appointment and Replacement of Directors and amendments to the Articles of Association

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 mandate 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.

Board members must possess the legal requisites also, within the limits established by law, in terms of independence.

Members of the Board of Directors are appointed on the basis of lists of candidates. 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 must contain a number of candidates no higher than the number of members to be elected, listed by progressive number with a specific indication of the candidates who meet the statutory requirements of independence. Each candidate may appear on only one list, upon penalty of ineligibility.

The lists submitted by shareholders must be filed at the registered office and published in at least one newspaper with national circulation, at least fifteen days prior to the date set for the Shareholders' Meeting in first call. Should the outgoing Board of Directors submit its own list, the same must be lodged with the Company's registered office and published in at least one national daily newspaper, at least twenty days prior to the scheduled date of the Shareholders' Meeting at first call.

In order to prove their entitlement to submit lists, shareholders must file at the registered office the documentation proving legal ownership of their shareholdings at least fifteen days prior to the scheduled date of the Shareholders' Meeting at first call. Within the same term, shareholders who submitted the lists, shall also file at the registered office: (i) information pertaining to the identity of the shareholders submitting the lists, with an indication of the percentage of share capital they jointly hold; (ii) exhaustive information on the personal and professional features of the candidates included in the list; (iii) 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; (iv) the declarations filed by each candidate, in which each candidate accepts his/her nomination and also certifies, under his/her own responsibility, the inexistence of causes of incompatibility and of ineligibility, 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 for by the law and by the codes of conduct promoted by companies managing regulated markets or by trade categories, to which the Company adheres.

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, or (iii) shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and/or regulatory framework) shall be entitled to vote for only one list. 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. 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 of the lists, 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. In the event of votes being equal between two or more lists, the younger candidates will be elected until all the posts to be assigned have been filled. Should it emerge that, at the end of voting, a sufficient number of independent Directors, within the meaning of applicable regulations, has not been elected, the director bearing the highest serial number in the list that obtained the greatest number of votes, and who does not meet the requirements of independence, shall be replaced by the next candidate on the same list, who does meet the said requirements. If necessary, this procedure shall be repeated until all the vacancies of independent directors on the Board, have been filled. Should it not be possible to cover all the vacancies on the Board, even after following the procedure mentioned above, the Shareholders' Meeting shall proceed with the appointment of the remaining directors, at the proposal of the shareholders in attendance and by resolution approved by simple majority.

If during the term of office one or more Board members should leave office for whatsoever reason, they will be replaced according to the procedures established by law. If the leaving director was taken from the minority list that had obtained the greatest number of votes, replacement will occur with appointment of the first eligible candidate taken from the same list as the leaving director and willing to accept office or, where this is not possible, with the appointment of the first eligible candidate who is willing to accept office, and taken, in serial order, from the list to which the first unappointed candidate belonged. The term of the replacement director shall expire together with the term of the directors in office at the time of the replacement Director's appointment to the Board.

Where it is not possible to proceed as described above, either because of too few candidates being presented on the lists or as a result of non-acceptance of appointments, the Board of Directors shall co-opt, within the meaning of article 2386 of the Italian Civil Code, a director selected by the Board in accordance with the criteria established under law. The director thus coopted shall remain in office through to the next Shareholders' Meeting that shall either confirm or replace him following the ordinary procedures and with ordinary majorities, in departure from the list-based voting system mentioned in Article 15 of the Articles of Association.

Amendments to the Articles of Association are regulated pursuant to applicable regulations.

Powers to Increase the Share Capital and Authorisation for the Acquisition of Treasury Shares

The Board of Directors has not been empowered to increase the share capital within the meaning of section 2443 of the Italian Civil Code.

Pursuant to sections 2357 et seq. of the Italian Civil Code, on 18 July 2006, the ordinary shareholders' meeting authorised Banca Generali to acquire 667,800 ordinary shares issued by Banca Generali SpA, of face value of euro 1.00 each, in order to allow for the implementation of a Stock Granting Plan reserved for the CEO and the General Manager, and approved by the Board of directors on 24 May 2006, entailing the assignation, free of charge, of no more than 667,880 ordinary shares in Banca Generali, of a face value of euro 1.00 each, the said acquisition being made subject to the following terms and conditions:

- a) within the limits of the distributable profits and reserves as per the last approved financial statements, at a unit price per ordinary share ranging between no less than the par value of the share, that is to say, euro 1.00 and no more than euro 17.20;
- b) within the imperative time period of eighteen months following the related shareholders' resolution;
- c) the corresponding unavailable reserve is established pursuant to section 2357-ter of the Italian Civil Code;
- d) should the treasury shares be acquired following the listing of Banca Generali shares for trading on the Electronic Share Market (MTA) organised and managed by Borsa Italiana S.p.A., pursuant to article 132 of

Legislative Decree No. 58/1998 and article 144-*bis*, paragraph 1(b) and (c) of the Rules on Issuers set forth in CONSOB resolution No. 11971 of 14 May 1999 as further amended and extended, the related transactions are effected in accordance with operating procedures established under the organisational and management rules of the markets themselves, so as to ensure that all shareholders are subjected to equal treatment. Accordingly, the acquisitions may be made exclusively, and even several times, on regulated markets organised and managed by Borsa Italiana S.p.A., in accordance with the latter's operating procedures which do not allow for the direct matching of buy orders with pre-established sell orders.

Again pursuant to section 2357-*ter* of the Italian Civil Code, the same shareholders' meeting also authorised the Company to assign, free of charge, to the CEO and General Manager, the aforesaid shares, by the deadlines and in accordance with the terms and conditions set forth in the Stock Granting Rules approved by the Board of Directors on 24 May 2006.

At 31 December 2008, the Company held 697,146 treasury shares.

Change of Control Clauses

The Company has not entered into any significant agreements that enter into force, undergo amendments or are terminated in the event of a change of control of the contracting party.

Directors' Severance Indemnities in the Event of Resignation, Dismissal or Severance as a Result of a Takeover Bid

Provision has been made to cover the Chief Executive Officer's severance indemnity, in the amount of € 175,000.000 per year (or 25% of his annual salary), payable by way of premium on a life insurance policy featuring the Chief Executive Officer himself as the direct beneficiary.

The Issuer has not entered into any other agreements with directors, providing for severance indemnities payable in the event of resignation or dismissal without just cause, or severance as a result of a corporate takeover bid.

SECTION III

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF LISTED COMPANIES AND FURTHER INFORMATION

BOARD OF DIRECTORS

Role of the Board of Directors

The Board of Directors, made of the 10 members listed in the Table below, plays a central role in the Company's corporate governance system. The Board was appointed by resolution approved by the Shareholders' Meeting on 3 October 2006, that entered into effect on 15 November 2006 (date of commencement of trading of the Company's shares on the electronic share market organised and managed by Borsa Italiana S.p.A.) and shall remain in office until the approval of the financial statements for the year ended 31 December 2008.

Following the resignation of a director before the end of his term, on 20 July 2007, pursuant to article 15, paragraph 14, of the Articles of Association and section 2386 of the Italian Civil Code, the Board of Directors coopted a new Board member who was subsequently confirmed in office by the Shareholders' Meeting of 22 April 2008, for a term expiring on the date of approval of the financial statements for the year ended on 31 December 2008.

The Board of Directors is vested with full powers of ordinary and extraordinary management of the Company and 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 as required by regulations in force. The Board is also the only corporate organ empowered to pass resolutions also on the setting up or closure of secondary offices, and for appointing the Board members invested with powers of corporate representation and signature, as well as on mergers, in the cases permitted under law, on the amendment of the provisions of the Articles of Association that may be incompatible with new imperative regulatory requirements.

Pursuant to paragraph 1.C.1, (a), (b) and (f) of the Code, article 18 of the Articles of Association invests the Board with broad decision-making powers susceptible of significantly impacting the life of the Company and the Group, including, in particular, the power to define the general operating guidelines and approve the Company's strategic, industrial and financial plans, as well as transactions that could have a significant impact on the Company's equity or economic or financial position, including transactions with related parties; the power to define the Company's general organisational layout, approve and amend internal rules and regulations, as well as set up advisory or coordinating committees or commissions.

In particular, pursuant to the Articles of Association, save in the emergency situations contemplated in article 18, paragraph 8 of the same, the Board alone is invested with decision-making powers in respect of: a) establishing the general management policies, approving the Company's strategic, industrial and financial plans and the transactions of considerable economic, equity and financial importance, including those with related parties; 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) upon hearing the Board of Statutory Auditors, the appointment and dismissal of the Executive in charge of drawing up the company's accounting documents, the determination of the powers and resources thereof, as well as the supervision of the tasks carried out by the same and the monitoring of actual compliance with administrative and accounting procedures; d) setting up, relocating and closing down branches, agencies and offices; e) authorising company representatives and representatives of companies belonging to the Banking Group 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; f) purchasing, building, selling and transferring property, excepting the judicial and extrajudicial actions and transactions necessary to credit recovery; 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; g) establishing the general organisational structure and approving and amending internal regulations; h) creating committees or commissions with consultation 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; i) approving supplementary corporate contracts and general trade union agreements.

In its capacity as leader of the Banking Group, the bank's Board of Directors is also assigned exclusive competence over resolutions concerning the purchase and sale of shareholdings by subsidiaries belonging to the banking group, as well as the establishment of the criteria for coordinating and managing the banking group companies and for implementing the instructions issued by the Bank of Italy in the interest of group stability.

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 healthy and prudent management. The Board of Directors is consequently in charge of: (i) identifying the Company's risk levels, profile, goals and strategies, defining corporate policies as well as policies of the business risk-management system and periodically checking that the same are properly implemented and in line with the development of business operations; (ii) ensuring that the compensation and reward structure does not increase corporate risks and is in line with long-term strategies; (iii) defining and approving the general outline of the Internal Capital Adequacy Assessment Process, and ensuring that the same is adjusted, where necessary, by the deadlines imposed under prudential supervisory provisions for banks.

Moreover, on 16 February 2007, in order to ensure even greater compliance of the Board's corporate governance procedures with the principles entrenched in the Code, the Board approved the "Operating Rules of the Board of Directors of Banca Generali S.p.A." (the "Board Rules") that provide, *inter alia*, that:

- i) pursuant to paragraph 1.C.1 (b) of the Code, the Board is bound to evaluate the appropriateness of the Company's organisational, administrative and accounting layout, in light of the information received from the competent corporate organs (article 6.2 of the Board Rules);
- ii) the Board is bound to assess general management trends, with special emphasis on potential conflicts of interests and periodically comparing results against expectations, in accordance with the provisions of article 1.C. 1(e), of the Code (article 8.2 of the Board Rules);
- iii) since the Company is also the Parent Company of the Banking Group, the Company's Board is further invested with decision-making powers in respect of the acquisition and disposal of participating interests, as well as the policies for the coordination and management of Group companies and compliance with Bank of Italy instructions, with a view to ensuring the stability of the Group.

Pursuant to paragraph 1.C. 1(c), of the Code, article 18 of the Articles of Association further empowers the Board to delegate its powers, subject to the obligation binding especially any and all such delegates, to report to the Board of Directors as well as the Board of Statutory Auditors, at least every quarter, in respect of the management trends and business activities of the Company and its subsidiaries, expected future developments, transactions susceptible of exerting a significant impact on the equity, economic and financial situation of Banca Generali and its subsidiaries, with specific reference to the transactions in which either the Company's Directors or third parties have an interest, or transactions influenced by the party exercising management and coordination powers over the Company, and decisions pertaining to lending policies.

Functioning of the Board of Directors

Pursuant to Article 17 of the Articles of Association, Board meetings are to be held — in general — on a monthly basis.

On 16 February 2007, in order to ensure that the Board's operating procedures comply with the principles entrenched in the Code, the Board approved the "Operating Rules of the Board of Directors of Banca Generali S.p.A." (the "Board Rules").

The aforesaid Board Rules provide, *inter alia*, that:

- i) pursuant to article 1.C.2 of the Code, appointments to Board may 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, especially in light of the number of directorships or auditorships they may hold within other corporations listed on regulated markets (including overseas) and in financial institutions, banks, insurance companies and large corporates, as well as their other professional activities (article 3.2 of the Board Rules);
- ii) in order to enable Board members to make informed decisions and choices, the Chairman shall ensure that all of them are provided timely information on the items placed on the agenda of Board meetings (article 4.2 of the Board Rules);
- iii) even if management decisions have already been determined, guided or in any event influenced by a person or party exercising management and coordination powers in respect of the Company or by persons or parties acting pursuant to a shareholder agreement, each Board member shall be bound to exercise decision-making powers in total autonomy and independence, making decisions that are reasonably likely to result — as a priority objective — in the creation of value for all the shareholders, in the medium-to-long term (article 5 of the Board Rules);
- iv) pursuant to article 1.C.1(g) of the Code, the Board is bound to express, on an annual basis, its opinion on the appropriateness of its size, membership, and operations and those of any and all Board Committees, as well as on the appropriateness and effectiveness of the Board Rules (article 8.2 of the Board Rules).

In compliance with the said provision, and the provisions of the Order issued by the Governor of the Bank of Italy on 4 March 2008, during the Board meeting held on 23 February 2009, the Board approved the "Self-assessment Report of the Board of Directors of Banca Generali S.p.A." (the "Self-assessment") drawn up

taking due account of the outcome of the consultation forwarded by the Chairman of the Board of Directors to all Directors requesting the latter to express their opinions, on a voluntary basis and in strict confidence, on a series of matters related to the size, membership and operations of the Board of Directors, as well as the size and operations of the Board Committees, and expressed the following opinion:

“The Board of Directors of Banca Generali S.p.A.,

- having considered, first and foremost, the size of the administrative organ that seems commensurate with the dimensions and operations of the Company, and also in keeping with the Company’s role as Parent Company of the banking group of the same name, insofar as it allows for adequate monitoring and management of the Group’s business operations and trends;
- having considered, secondly, the membership of the same administrative organ, which may be deemed appropriate, in light not only of the inclusion of a sufficient number of directors meeting the requirements for independence, but also thanks to the wide variety of professional competencies featured on the Board of Directors, allowing for an authoritative and knowledgeable approach to the various matters that the Board of Directors is called upon to deal with from time to time, as well as the prevalence of non-executive directors who act as a counterweight in respect of executive directors and the bank’s top management in general;
- having considered the efficient functioning of the administrative organ which is regulated by specific Rules in addition, obviously, to applicable statutory and regulatory provisions,
- having examined, as a panel body, the answers to the questionnaires that each Board member filled in, individually on a confidential basis;
- bearing in mind the considerations set forth by the Independent Directors,

expresses a clean opinion, with nothing to report on:

- the size and functioning of the Board of Directors of Banca Generali S.p.A., as well as any and all delegated organs and/or Board committees set up;
- the ability of Board members to properly discharge their assigned tasks and functions, in terms of professionalism, time available, and where applicable, independence;
- the appropriateness and effectiveness of the provisions contained in the Rules of the Board of Directors.

Pursuant to article 1.C.3 of the Code, the Board Rules establish the maximum number of corporate positions a Company Director may hold, as indicated in the following table:

	Listed Companies			Financial or insurance companies and banking institutions			Large companies ⁽³⁾		
	Total director's positions	of which executive positions	Auditor	Total director's positions	of which executive positions	Auditor	Total director's positions	of which executive positions	Auditor
Executive directors	5	0	0	5	0	0	5	0	0
Non-executive directors	7	2	2	7	2	2	7	2	2

The Board Rules further provide that, in determining the total number of companies in which appointees to the Company’s Board hold directorships or auditorships, no account may be taken of companies belonging to the Company’s Group. 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 (article 3.4 of the Board Rules).

The Board meetings are held periodically and in general, once a month in compliance with the statutory requirements and pursuant to a schedule of works defined on an annual basis. In 2008, Banca Generali’s Board met 12 times. Meetings lasted for about 1 hour, 40 minutes, on average. A total of 11 Board meetings are scheduled for the financial year underway, with four having taken place to date.

The table below provides information on the attendance of Directors at the Board meetings held in 2008. Absentee Directors provided justification for non-attendance.

⁽³⁾ Companies with no less than two hundred employees for no less than a year.

Member	Office held	% participation to BoD's meetings
Giovanni Perissinotto	Chairman Executive Director	91.67%
Giorgio Angelo Girelli	Chief Executive Officer Executive Director	100%
Paolo Baessato	Non-executive Director	58.34%
Amerigo Borrini	Executive Director	83.33%
Fabio Buscarini	Non-executive Director	66.67%
Andrea de Vido	Non-executive Director Member of the Remuneration Committee	100.00%
Attilio Leonardo Lentati	Non-executive Director Independent director Chairman of the Remuneration Committee Member of the Internal Control Committee	91.67%
Aldo Minucci	Non-executive Director	83.33%
Alfio Noto	Non-executive Director Independent director Member of the Remuneration Committee Chairman of the Internal Control Committee	100.00%
Ettore Riello	Non-executive Director Independent director Member of the Internal Control Committee	58.34%

In addition to the activities dealt with in the various chapters of this Report, in discharging its tasks pursuant to the Articles of Association and the supervisory regulations governing banking in Italy, the Board of Directors, also:

- a) periodically passed resolutions pertaining to the Company's organisational layout, with specific emphasis on corporate functions involved in providing services to the entire banking group headed by the Company;
- b) in respect of related-party transactions having considerable economic, strategic and financial significance, on 6 May 2008, passed a resolution approving the acquisition of full ownership of Banca del Gottardo Italia S.p.A. by the Company's subsidiary Banca BSI Italia S.p.A.;
- c) in respect of related-party transactions having considerable economic, strategic and financial significance, on 19 December 2008 passed a resolution approving the disposal of 85% of share capital of the subsidiary Simgenia SIM Simgenia SIM S.p.A.; d) on 19 December 2008, approved a new conflict-of-interest policy for the banking group, in compliance with obligations arising under Directive 2004/39/EC (MiFID) and the related implementing provisions, especially the CONSOB-Bank of Italy Joint Rules, issued pursuant to article 6, paragraph 2-*bis* of the TUF (the so-called Joint Rules);
- e) passed resolutions in respect of the internal control system of the Company and the other entities making up the banking group headed by the Company, as specified in greater detail in the chapter entitled "Internal Control System", below;
- f) examined general business trends, on a quarterly basis, especially in light of information received from the Chief Executive Officer, as well as carried out quarterly comparisons of results achieved against expectations and forecasts.

The Shareholders' Meeting did not issue any general prior authorisation to depart from the prohibition on competition entrenched in section 2390 of the Italian Civil Code.

Appointment of the Board of Directors, Number of Directors and Term of Office

Under the Articles of Association, the Company is managed by the Board made up of no less than seven and no more than twelve members, appointed by the Shareholders' Meeting which must first establish the number of members making up the Board.

Pursuant to article 15 of the Articles of Association and in accordance with the provisions of article 6 of the Code, Board members are appointed through what is known as list voting, on the basis of the mechanism described in the chapter entitled "Appointment and replacement of Directors, and amendments to the Articles of Association" contained in Section II of this Report.

Together with each list must be filed information pertaining to the identity of the shareholders submitting the lists, with an indication of the percentage of share capital they jointly hold; exhaustive information on the

personal and professional features of the candidates included in the list; 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; the declarations filed by each candidate, in which each candidate accepts his/her nomination and also certifies, under his/her own responsibility, the inexistence of causes of incompatibility and of ineligibility, 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 the law and by the codes of conduct promoted by companies managing regulated markets or by trade categories, to which the Company adheres.

The Articles of Association require the lists of candidates to be lodged with Banca Generali's registered office, and published in at least one national daily newspaper, no less than fifteen calendar days prior to the scheduled date of the Shareholders' Meeting at first call. Should the outgoing Board of Directors submit its own list, the same must be lodged with the Company's registered office and published in at least one national daily newspaper, at least twenty days prior to the scheduled date of the Shareholders' Meeting at first call.

The appointment mechanism based on the so-called voting lists ensures transparency as well as timely and adequate information on the personal and professional profiles of the candidates for directorships.

The Board of Directors has not set up any internal committee to examine proposed appointments to the Board, finding no need for the same. This decision was based on the fact that the current regulatory framework, together with the Articles of Association that impose the mechanism based on voting lists, provide for sufficient transparency of the procedure for the proposal and selection of candidates.

Board members are appointed for a maximum term of three years expiring on the date of the Shareholders' Meeting called for the approval of the financial statements pertaining to the last financial year of their term, and are eligible for re-appointment.

Any and all directors who cease to serve in office for any reason or cause whatsoever during their three year term, shall be replaced pursuant to law.

The Board of Directors is required to appoint a Secretary who need not necessarily be a Board member.

Chairman of the Board of Directors

Having acknowledged the resignation of the Board members in office, with effect from the date of commencement of trading of shares in the Company on the electronic share market, the Shareholders' Meeting of 3 October 2006 established that the Board would be made up of ten members and appointed a new Board with effect as from the said date of commencement of trading of shares in the Company on the electronic share market. On 22 April 2008, the Shareholders' Meeting resolved to maintain the number of Board of Directors' members at ten, and confirmed the appointment of Ettore Riello (previously coopted by the Board of Directors on 20 July 2007 to replace Ugo Ruffolo who resigned) as a new company director.

As already indicated above, the term of the Board of Directors is due to expire on the scheduled date of the Shareholders' Meeting called for the approval for the financial statements for financial year 2008.

The table below lists the Board members and the office held at 31.12.2008.

Director	In office from	Office held
Giovanni Perissinotto	15 November 2006	Chairman Executive Director
Giorgio Girelli	15 November 2006	Chief Executive Officer Executive Director
Fabio Buscarini	15 November 2006	Non-executive Director
Amerigo Borrini	15 November 2006	Executive Director
Paolo Baessato	15 November 2006	Non-executive Director
Andrea de Vido	15 November 2006	Non-executive Director Member of the Remuneration Committee
Attilio Leonardo Lentati	15 November 2006	Non-executive Director Independent director Chairman of the Remuneration Committee Member of the Internal Control Committee
Aldo Minucci	15 November 2006	Non-executive Director
Alfio Noto	15 November 2006	Non-executive Director Independent director Member of the Remuneration Committee Chairman of the Internal Control Committee
Ettore Riello	22 April 2008	Non-executive Director Independent director Member of the Internal Control Committee

All Company Directors are fully aware of the duties and responsibilities attaching to their office and actively participate in initiatives designed to help them deepen their knowledge and grasp of Company operations and dynamics, so as to enable them to make fully informed decisions.

Since the Company is an Italian bank, in compliance with article 26 of Legislative Decree No. 385 of 1 September 1993 and related implementing provisions (Regulation No. 161 issued by the Ministry of the Treasury, Budget and Economic Planning, on 18 March 1998), its Board members are selected on the basis of very high standards of professionalism and competency and must have acquired, on the overall, at least three years' experience (i) as a company director, corporate officer or high level executive; (ii) in professional practice in the banking, financial, real estate, insurance sectors or other fields pertinent to the Company's business; (iii) in academia, especially in the fields of law or economics; (iv) as a senior civil servant with public undertakings specialising in the banking, financial, real estate, insurance sectors, or with public administrations, bodies or undertakings that are not directly involved in the aforesaid sectors, provided that the job description pertaining to the position held, entailed 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* TUF, Board members must meet the requirements of personal integrity imposed on members of supervisory organs under Regulation No. 162 issued by the Ministry of Justice on 30 March 2000, as well as the requirements pertaining specifically to bank executives, under Regulation No. 161 issued by the Ministry of the Treasury, Budget and Economic Planning, on 18 March 1998.

Summary information on the personal and professional profiles of the Company's Directors is provided below, with an indication, as recommended in paragraph 1.C.2 of the Code, of the directorships and auditorships held by the same in other companies listed on regulated markets, including overseas, as well as in financial institutions, banks, insurance companies or large corporations other than Group companies.

Giovanni Perissinotto. Born in Conselice (Ravenna), on 6 December 1953, he graduated in Economics through the University of Trieste in 1977. Certified Public Accountant as from 1978, Giovanni Perissinotto started working at the Generali Group in 1980, first in Brussels and then in New York where he held the post of Financial Director. In 1988 he was assigned to the Group's Head Office in Trieste, where he held key executive positions in various operating sectors (Administrative Secretariat, General Affairs, Administration and Finance). In 1998, he was appointed General Manager of Assicurazioni Generali, and as from 2001, Chief Executive Officer. He currently holds chairmanships and directorships in various Generali Group companies as well as in other companies outside the Group, as specified below:

Pirelli & C. S.p.A.	Non-executive Director
Intesa Sanpaolo S.p.A.	Non-executive Director

Giorgio Angelo Girelli. Born in Milan on 26 July 1959, graduated in Business Management at the *Università Commerciale* Luigi Bocconi, in Milan in 1983. He developed his professional career in consulting companies such as Arthur Young & Co. and Roland Berger & Partner Inc, where he became partner. In 2000, he joined the Banca Generali Group, serving as Chief Executive Officer of Banca Generali. He also holds directorships in other Group companies (BG SGR, BG Fiduciaria, Banca BSI Italia, BG Investment Luxembourg), as well as Generali Group companies, and other companies outside the Group, as specified below:

Banca Profilo S.p.A.	Non-executive Director
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Paolo Baessato. Born in Venice on 24 July 1951, Paolo Baessato graduated in Law through the University of Ferrara in 1976 and then earned an MBA through SDA Luigi Bocconi of Milan in 1980, before going on to specialise in International Finance and Credit through the same school. After working at several overseas branches of Banco Ambrosiano Veneto S.p.A. (in Argentina and Brazil), he was assigned to the Head Office of the said bank, as Head of the Controlled Risks Department. He continued his professional career within the Intesa Group and was appointed Head of the Finance and Administration Department. He currently sits on the Boards of a large number of banking and financial institutions, as specified below.

Banca di Trento e Bolzano S.p.A.	Non-executive Director
Cassa di Risparmio di Fermo S.p.A.	Non-executive Director
Finanziaria B.T.B S.p.A.	Non-executive Director
Immobiliare Lombarda	Director and member of the Executive Committee
Intesa Distribution Services S.r.l.	Chairman
Intesa Real Estate S.r.l.	Chairman
Nextra International Sicav	Non-executive Director
Obiettivo Nord Est SICAV	Vice President
Sudameris S.A.	Non-executive Director
Sorin S.p.A.	Non-executive Director
Moneta S.p.A.	Vice President
CEIB – Central European International Bank – Budapest	Non-executive Director

Amerigo Borrini. Born in Trieste on 6 August 1948, Amerigo Borrini graduated in Economics and Commerce through the University of Trieste in 1972. He is registered with the professional rolls of financial advisors instituted pursuant to law, and is also a member of AIMR and AIAF. He currently serves as Head of the Finance Department at Assicurazioni Generali, a company he joined in 1967 and within which he embarked on his professional careers, first as a financial analyst and then as an asset manager, before being appointed Chief Executive Officer of Generali Asset Management SGR. He also sits on the Boards of other companies, as specified below.

Premuda S.p.A.	Non-executive Director
Autovie Venete	Non-executive Director
Flandria	Non-executive Director
Perseo S.p.A.	Non-executive Director
Generland	Manager
Net Engineering International S.r.l.	Non-executive Director

Fabio Buscarini. Born in Ancona on 6 February 1948, Fabio Buscarini graduated in Sociology through the University of Trento in 1975. In 1969 he joined Assicurazioni Generali as an Inspector. In 1990 he became the Assicurazioni Generali Insurance Agent for the Ancona area, and from 2002 to 2004, served as Central Manager and later as General Manager. Currently Chief Executive Officer and General Manager of INA Assitalia S.p.A. He also holds key positions in various Generali Group companies as well as in other companies as specified below.

Cartiere Burgo Group S.p.A.	Non-executive Director
Impre Finanziaria d'Impresa S.p.A.	Vice President

Andrea de Vido. Born in Treviso on 13 November 1955, Andrea de Vido graduated in Economics and Commerce through the University of Venice in 1978. After working overseas (in Stockholm and New York) with primary financial consultancies (Scandinavian Institute for Administrative Research) and major banks (Bank of America), he founded Finanziaria Internazionale Holding S.p.A. in 1980. The said company, of which he has been CEO since 1982, specialises in structured finance, corporate finance, asset management and M&As. He also holds directorships in other companies, as specified below:

Abbacus Commerciale Finanziaria S.p.A.	Executive Director
Agorà Investimenti S.p.A.	Executive Director
Agenzia Italia S.p.A.	Executive Director
Banca Credinvest S.A.	Non-executive Director
Banca di Treviso S.p.A.	Non-executive Director
Cadorfin S.r.l	Executive Director
David S.p.A.	Executive Director
Eurholding S.p.A.	Executive Director
Ferak S.p.A.	Non-executive Director
Finanziaria Internazionale Holding S.p.A.	Executive Director
Finanziaria Internazionale Alternative Investments SGR S.p.A.	Executive Director
Finanziaria Internazionale Securitisation Group S.p.A.	Executive Director
Finleasing S.r.l	Executive Director
Finleasing Italia S.p.A.	Executive Director
Finvest Fiduciaria S.p.A.	Executive Director
Gabetti Property Solutions S.p.A.	Non-executive Director
Garbuio Immobiliare S.r.l	Non-executive Director
Garbuio S.p.A.	Non-executive Director
Medcentro S.p.A.	Executive Director
Marco Polo Holding S.r.l	Executive Director
Rete S.p.A.	Executive Director
Securitisations Services S.p.A.	Non-executive Director
Sipi Investimenti S.p.A.	Executive Director
Sviluppo Industrial Parks S.r.l.	Executive Director
Thesee Limited	Non-executive Director
Urvait Service S.p.A.	Executive Director
Networking European Infrastructures Partners - NEIP II S.A., SICAR	Non-executive Director

Attilio Leonardo Lentati. Born in Milan, on 26 March 1937, Attilio Leonardo Lentati graduated in Economics and Commerce through the Luigi Bocconi Business School of Milan. He has also served as General Manager and Chief Executive Officer at RAS S.p.A., and currently holds directorships in other companies, as specified below.

Sofipa SGR S.p.A. – Gruppo Bancario	Vice President
UniCredit	
I-Faber S.p.A. – Gruppo Unicredit	Chairman

Aldo Minucci. Born in Reggio Calabria on 4 July 1946, Aldo Minucci graduated in Law through the University of Trieste in 1970. He joined Assicurazioni Generali in 1971, at the Tax Consultancy Department of which he became Executive Manager in 1983. He continued his career within the company becoming Deputy General Manager, a post he holds to this day. He also sits on the Boards of other companies, as specified below.

Acegas – APS S.p.A.	Non-executive Director
Gemina S.p.A.	Non-executive Director
Aeroporti di Roma S.p.A.	Non-executive Director
Intesa Previdenza SIM S.p.A.	Non-executive Director
Intesa Vita S.p.A.	Non-executive Director
Telecom Italia S.p.A.	Non-executive Director
Telco S.p.A	Chairman

Alfio Noto. Born in Patti (ME) on 6 July 1933, Alfio Noto graduated in Law through the University of Palermo. He formerly served as a senior civil servant with the Bank of Italy, becoming Director of the Milan branch.

From 1993 to 1997 he sat on the Board of Borsa at the Milan Securities Exchange; from 1997 to 2000 he served as Chairman of the Board of Banco di Sicilia S.p.A., and from 2000 to 2006, as Chairman of Leonardo SGR S.p.A.. He currently holds directorships in other companies, as specified below.

Aedes S.p.A.	Chairman of the Board of Directors
Banca Mediolanum S.p.A.	Non-executive Director
TESA SpA.	Non-executive Director

Ettore Riello. Born in Forte dei Marmi (LU) on 1 April 1956, Ettore Riello earned his degree at the age of twenty-three in Business Administration at the Ca' Foscari University in Venice. In March 2000 he acquired the entire family Group through an alliance with the American Carlyle investment fund; the corporate reorganization that followed led to the creation of a single company - Riello S.p.A. — for which Ettore Riello has served as President since 2000. He currently sits on the Boards of other companies, as specified below.

Riello S.p.A.	Chairman of the Board of Directors and Chief Executive Officer
Riello Group S.p.A.	Chairman of the Board of Directors and Chief Executive Officer
Riello International S.p.A.	Chairman of the Board of Directors
Palladio Finanziaria S.p.A.	Non-executive Director
Manin 11 S.r.l.	Non-executive Director
Maglificio Miles S.p.A.	Non-executive Director
Fit Service S.p.A.	Non-executive Director
Coge Engineering S.r.l.	Non-executive Director

Cristina Rustignoli, Manager of the Legal Affairs and Compliance Department of Company, serves as Secretary to the Board.

Non-executive and Independent Directors

Article 9.1 of the Board Rules requires the Board to be made up primarily of non-executive directors. In accordance with the provisions of paragraph 2.C.1 of the Code, for the intents and purposes of the Board Rules, executive directors are defined to include:

- i) the Chief Executive Officers and Chairmen of the Company or a strategic subsidiary thereof, in the case where the same are personally invested 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;
- iii) the Directors who sit in the Executive Committee, if appointed, in the case where no Chief Executive Officer is appointed or where, in light of the frequency of Executive Committee meetings and the items placed on the agenda thereof, membership of the said Executive Committee entails systematic involvement in routine day-to-day company management.

Within the meaning of the definitions set forth above, the Company's Board at 31 December 2008 was made up of three executive and seven non-executive directors. The said situation still prevails to date.

In compliance with the recommendations set forth in the Code, the number and acknowledged expertise of the Company's non-executive Directors lend their opinions decisive weight in the Board's decision-making process.

Non-executive Directors help ensure that Board resolutions are always in keeping with the interests of the Company. By contributing their specialist know-how, non-executive Directors help ensure that Board members are in a position to make informed decisions reached after due reflection.

Three non-executive Board members are also independent within the meaning of the Code (paragraph 3.C.1) which is also reflected in article 10 of the Board Rules, pursuant to which, a Director may not, as a general rule, be considered independent in the following cases (although the same are not to be deemed imperatively applicable), and that is to say, where the Director in question:

- 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 subjected 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 is a partner), maintains or has maintained in the previous financial year, significant commercial, financial or professional relationships with: (i) the Company, or one of its subsidiaries or one of its key executives; (ii) a person or party that, including together with others on the basis of a shareholder agreement, controls the company, or — in the case where the said party is a body corporate or legal entity — with the key executives thereof; or is or has been an employee of the aforesaid persons or parties, during the current or 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, 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 executives” of a corporation or entity shall include: the Chairman of the entity, or the Chairman of its Board of Directors, as well as the entity’s legal representatives, executive directors, managers and executives with strategic responsibilities.

The Board Rules pursuant to the Code (paragraph 3.C.6) require the Company’s Independent Directors to meet at least once a year, without the presence of other Directors.

In compliance with the said requirement, Banca Generali’s Independent Directors met separately on 19 December 2008, to discuss the following matters:

- appropriateness of the number of Independent Directors;
- identification of the criteria for determining whether or not the requirements of independence are met;
- functioning of the reporting system and information flows towards the Board of Directors;
- transactions with Subsidiaries.

Moreover, in light of article 3.C.4 of the Code, the Board Rules require the Board to examine, at the time of the appointment of any independent directors and, in accordance with the policies and procedures set forth in the same Board Rules, any and all the information and declarations submitted by appointee independent directors, or otherwise acquired by the Board, with a view to ensuring that the requirements for independence have been fully met, and to further check, on a yearly basis, that the said independent directors continue to qualify as such.

The Board Rules also require the Chairman to ensure that the Board of Statutory Auditors is placed in a position to independently verify the outcome of the aforesaid checks, as recommended in article 3.C.5 of the Code.

In compliance with the said provisions, at the time of each appointment, the Board of Directors checked that each of the directors who had declared themselves independent, in fact, fully met all the statutory requirements of independence. Moreover, on 23 February 2009, during the annual check of satisfaction of independence requirements, the Board of Directors, acting as a panel, determined that the following directors met all the related requirements: Attilio Leonardo Lentati, Alfio Noto and Ettore Riello. This check was carried out in light of the requirements imposed under sections 147-ter, paragraph 4 and 148, paragraph 3, of Legislative Decree 58/1998 as well as the parameters indicated in the application criteria of article 3 of the Code.

On 21.02.2009, the Board of Statutory Auditors confirmed the outcome of the self-assessment and other checks carried out by the Board.

Delegated Powers

The Board has delegated executive powers to the Chairman of the Board, Giovanni Perissinotto, and the Chief Executive Officer, Giorgio Angelo Girelli. As at 31 December 2008, another Board member was found to qualify as an Executive Director, as a result of his Chairmanship of a subsidiary, invested with delegated powers on an individual basis (and more specifically, Amerigo Borrini, Chairman of the Board of Directors of the subsidiary BG Fiduciaria SIM S.p.A.).

At the date hereof, three of the Company’s Board of Directors’ members qualified as Executive Directors.

Chairman of the Board of Directors

The Chairman of the Board of Directors was appointed by the Shareholders’ Meeting of 3 October 2006.

In addition to the powers vested by law and the articles of association, the Board has invested its Chairman, Giovanni Perissinotto, with powers to coordinate the activities of the Company’s corporate organs, oversee the implementation of the resolutions approved by the Shareholders’ Meeting and the Board, ensure the prompt and proper execution of the decisions made by the Chief Executive Officer, monitor business

operations and compliance with strategic policy guidelines. Accordingly, the Chairman is tasked with:

- i) monitoring general business operations and laying down management policies in concert with the Chief Executive Officer;
- ii) laying down general guidelines for routine business operations;
- iii) overseeing relations with public bodies, shareholders and managing the Company's public relations in general;
- iv) promoting and coordinating the Company's communications strategies, enhancing the Company's public image and managing the Company's press and media relations;
- v) dealing with matters of routine company management brought to his attention, from time to time, by the Chief Executive Officer;
- vi) issuing guidelines for the recruitment and deployment of Company personnel, save in respect of matters involving Level IV Managers and Executives, which are reserved to the sole competence of Board of Directors.

Moreover, under article 18, paragraph 8 of the Articles of Association, the Chairman of the Board is vested with exceptional emergency decision-making powers pertaining to all matters falling outside the scope of the powers delegated to the Chief Executive Officer and not reserved to the sole and exclusive competence of the Board as a whole, under imperative statutory provisions. The Board will be informed of such decisions at the next board meeting.

Pursuant to article 23 of the Articles of Association, powers of representation and signature before the Courts, public authorities and third parties, are vested in the Chairman of the Board of Directors.

The Company has not appointed a lead independent director within the meaning of article 2.C.3, of the Corporate Governance Code of Listed Companies, although the current Chairman of the Company's Board, Giovanni Perissinotto, also serves as the Chief Executive Officer and sits on the Executive Committee of the Company's Parent Company, Assicurazioni Generali S.p.A..

This is because the Company feels that Giovanni Perissinotto's directorship and role within Assicurazioni Generali S.p.A. does not entail potential conflict of interests or unchecked concentration of corporate decision-making powers. As a matter of fact, within Banca Generali, he is devoid of any responsibility whatsoever in respect of business operations and corporate management, and is tasked only with overseeing and monitoring the implementation, by the Board, of the resolutions passed by the Shareholders' Meeting, and compliance by delegated corporate officers and organs with the provisions of Board resolutions.

Mr Perissinotto, therefore, serves as an outside observer, monitor and supervisor tasked primarily with ensuring that Company Management scrupulously complies with strategic corporate guidelines and policy.

Chief Executive Officer

Pursuant to article 18, paragraph 5, of the Articles of Association, the Board may, within the limits imposed under law and the Articles of Association themselves, delegate the powers not strictly reserved to its competence pursuant to statute, to one or more Chief Executive Officers, as well as to an Executive Committee, establishing the powers and term in office, of the same.

By resolution of 27 November 2006, the Company's Board invested Chief Executive Officer Giorgio Girelli with full powers:

- i) to oversee the implementation of Board resolutions by Company Management;
- ii) to prepare, in concert with the Chairman of the Board, the strategic guidelines to be approved by the Board in respect of the bank's strategic planning and to lay down the guidelines to be followed by the General Manager;
- iii) to determine and orient, within the framework of the guidelines established by the Board, the Company's human resources management policies and to directly oversee the Company's internal control, corporate and legal affairs, finance and human resources departments;
- iv) at the behest of the General Manager, where applicable, to examine and issue opinions on any and all transactions and business to be submitted for approval to the competent decision-making organs;
- v) to liaise with any and all public authorities and bodies, the Bank of Italy, the Italian market regulator CONSOB, as well as any and all national and international entities and organisations, to effect any and all transactions with the Public Debt Office, the Italian investment organisation known as Cassa Depositi e Prestiti, the Bank of Italy, the manager of the electronic securities administration system, Monte Titoli, the Italian Inland Revenue Service, the Italian state railways, the Post Office, customs, energy and other utilities companies, and any and all other bodies, undertakings and corporations in general, making collection of any and all securities, monies and other receivables, and issuing valid receipt in respect of the same;
- vi) to represent the Company before any and all offices of the Financial Administration and to effect any and all tax filings and related formalities; to resist tax assessments and audits and to settle

- tax disputes;
- vii) to ensure the Company's assets and financial resources meet any and all applicable regulatory requirements;
- viii) to forward to the Board, at the General Manager's request, his own opinions, proposals and recommendations regarding the business plan, the annual budget, the draft and consolidated financial statements;
- ix) to represent the Company at the shareholders' meetings of other companies and entities, exercising all the related rights and issuing all the related proxies for participating in the said general meetings;
- x) to open and close, in the Company's name and on the latter's behalf, current and securities deposit and management accounts of any nature, sort, type or kind whatsoever, with banks, post offices or other authorised custodians, to make deposits subjected to central management by the Bank of Italy as well as with bodies specialising in the administration of securities, negotiating and stipulating any and all related contractual terms and conditions;
- xi) to bring, defend and resist legal action at any and all instances and degrees, before any and all national, Community or foreign ordinary, administrative and taxation courts, including appellate jurisdictions, and with the right to retain and dismiss counsel, make filings and motions, lodge complaints and claims, as well as withdraw the same, authorise appearance as the injured party in criminal proceedings, initiate insolvency proceedings as well as to proceed at arbitration and file claim and/or settle any and all disputes up to the maximum amount of € 150,000.00 per dispute, without prejudice, however, to the provisions set forth in the following subparagraph in respect of lending;
- xii) to process and authorise the write-off of bad debts and to totally or partially write off any and all loans granted, with the consequent waiver of any and all guarantees acquired, as well as to issue any and all authorisations for the cancellation, subrogation, restriction, reduction and/or postponement of mortgages and/or liens and/or guarantees in rem, up to the threshold of € 20,000.00 per transaction, net of interest and expenses, in light of: the full exhaustion of any and all avenues of recourse for obtaining relief either individually or together with other creditors, or the futility of legal action for debt recovery in consideration of the economic and financial situation of the debtors or the out-of-court settlement of disputes to Company's satisfaction;
- xiii) to foreclose loans and collect any and all monies or amounts due to the Company, issuing full redemptory receipt therefor;
- xiv) to sign and execute any and all deeds necessary or useful for the registration of trademarks, patents and distinctive markings, with any and all the competent administration bodies;
- xv) within the framework of the budget approved by the Board, to cover the Company's current expenses;
- xvi) within the framework of the approved budget and up to the threshold of € 200,000.00 for each individual asset, to acquire, dispose of, barter or otherwise exchange or transfer personal property, including personal property subject to registration, to collect amounts due by way of prices and to delegate, in whole or in part, the payment thereof, as well as the power to authorise payment by instalments with or without mortgage guarantees or hypothecation;
- xvii) within the framework of the approved budget, to negotiate and enter into, amend and terminate lease agreements, tender agreements as well as agreements for rental, maintenance, supply, insurance, carriage, loan for use, security and transport services for cash and cash equivalents, brokerage, intermediation, advertising, agency and deposit services, as well as to enter into commitments for the supply of tangibles, the acquisition of intangibles, and the procurement of services rendered by third parties or consultants or other professionals, up to the ceiling of € 200,000.00 per transaction, it being understood that, in the case of multi-year transactions the aforesaid ceiling shall apply on a per annum basis, provided that the said multi-year transactions do not extend over more than three years, and further provided that the aforesaid thresholds shall not apply to contracts with ordinary utilities companies providing essential services (electricity, telecommunications, etc), or payments required pursuant to law;
- xviii) to enter into agreements and commit the Company to expenditure in connection with advertising and/or promotional initiations up to the ceiling of € 200,000.00 per contract and/or commitment;
- xix) to write-off amounts due to the Company from employees as a result of errors not due to wilful misconduct or gross negligence, up to the ceiling of € 20,000.00 per transaction;
- xx) to establish guidelines for the granting of discounts, facilitations, reductions, etc. to customers, within the limits laid down by the Board from time to time;
- xxi) to approve loans within the limits imposed under lending rules and regulations, from time to time;
- xxii) to forward proposals for loans that exceed the limits of his powers, processing any and all related deeds and documents;
- xxiii) within the framework of the approved budget, and at the behest of the Chief Executive Officer, to

- enter into, amend or terminate individual employment contracts not pertaining to level IV executives or managers, and further making decisions in respect of the promotion, subjection to disciplinary action or dismissal of employees;
- xxiv) at the behest of the General Manager, to submit to the Board proposals pertaining to the recruitment, career advancement, disciplinary measures and dismissals in respect of level IV executives and managers;
 - xxv) within the limits of his delegated powers or with the approval of the relevant corporate organ, to operate the Company's accounts and effect any and all withdrawals in general, drawing the related cheques or other negotiable instruments, up to the extent of actual deposits;
 - xxvi) to endorse and issue receipt for any and all securities, including, regardless of form, bills of exchange, cheques, money orders, securities and the like, as well as bills of lading and other deeds representing documentary credit, and equity and debt securities, and any and all other financial instruments and commercial paper in general;
 - xxvii) within the limits of his delegated powers or with the approval of the relevant corporate organ, to approve loans, agreements for the rendering of any and all types of banking services, financing, exemptions from liability in the case of the loss, theft and/or destruction of securities and cheques, personal guarantees, including performance bonds, payment bonds, suretyships, and commitments to honour bills of exchange;
 - xxviii) to issue demand drafts for amounts not exceeding € 150,000.00 per draft, or € 300,000.00 in the case where the full amount of the demand draft is immediately charged to a current account held in the applicant's name with the bank;
 - xxix) to execute cash withdrawals and advance notices of cash withdrawals on management accounts held with the Bank of Italy, and on the centralised treasury accounts mentioned in the Bank of Italy form 144 dir.;
 - xxx) to execute the transactions contemplated under Bank of Italy forms 145, 146, 147 and 148 dir.;
 - xxxi) to sign, in the name and on behalf of the Company, any and all routine correspondence as well as any and all deeds and documents pertaining to the exercise of his powers;
 - xxxii) to exercise any and all powers conferred on him by the Board on an *ad hoc* or ongoing basis;
 - xxxiii) to delegate to third parties who need not necessarily be Company employees, the completion of specific tasks or categories of tasks that fall within the scope of the powers conferred on him pursuant to the foregoing points, establishing, in advance, the limits to the powers thus delegated.

The aforesaid powers must be exercised in compliance with the general guidelines established by the Board of Directors and in accordance with strategic corporate policies adopted by the Group.

Pursuant to article 23 of the Articles of Association the Chief Executive Officer is invested with full powers to represent and sign on behalf of the Company in respect of any and all the powers invested in him.

Furthermore, in compliance with current regulations governing the provision of investment services, in light of his delegated powers and pursuant to the guidelines approved by the Board of Directors, the Chief Executive Officer is in charge of:

- checking the ongoing appropriateness of the risk management system;
- defining the information flows aimed at ensuring that corporate organs are kept abreast of significant management events;
- clearly defining the tasks and responsibilities of corporate structures and functions;
- ensuring that all the staff concerned are given timely notice of corporate policies and procedures;
- implementing the Internal Capital Adequacy Assessment Process, ensuring that it is in line with the strategic policies and guidelines drawn up by the Board of Directors and meets the requirements imposed under the prudential supervisory rules for banks.

On at least a quarterly basis, the delegated bodies will report to the Board of Directors and to the Board of Statutory Auditors on management performance and on the activities performed by the Company and by its subsidiaries, on the business outlook, on the most significant economic, financial and equity transactions implemented by the Company and its subsidiaries, as well as on decisions on the matter of credit disbursement and management, on which a report containing global figures must be provided.

Compensation of the Board of Directors and Stock Option Plans

Pursuant to article 1, paragraph 1.C.1 of the Corporate Governance Code of Listed Companies and article 20 of the Articles of Association, the remuneration due to Directors entrusted with specific tasks shall be determined by the Board of Directors in consultation with the Board of Statutory Auditors.

Bank of Italy Order No. 264010 of 4 March 2008 also requires banking sector operators to adopt and implement compensation mechanisms that are in line with risk-management policies and long-term strategies. Towards such end, under the new regulations, in addition to establishing the remuneration due to the members of the corporate organs it appoints, the Ordinary Shareholders' Meeting must also approve the compensation policies applicable to directors, and employees, as well as outside consultants and

collaborators other than employees. As a result, the next Ordinary Shareholders' Meeting will be called upon to issue an opinion on the aforesaid policies, as well.

By Board resolution of 27 November 2006, approved pursuant to article 7.P.3 of the Code, the Board set up the Remuneration Committee tasked with, inter alia, making recommendations to the Board in respect of the remuneration packages of Chief Executive Officers and other Board members entrusted with specific tasks (see, below, "Remuneration Committee").

Pursuant to article 7.C.2 of the Code, the compensation due to non-executive directors may not be linked to the Company's performance.

On the other hand, in order to motivate executive directors and key managers to strive to attain strategic corporate targets, in accordance with the provisions of articles 7.P.2 and 7.C.1 of the Code, on 24 May 2006, Banca Generali approved a Stock Granting Plan for the Chief Executive Director and the General Manager, Piermario Motta, with a view to bring their personal interests in line with the goal of creating value for the Company's shareholders. The Plan awards the Chief Executive Officer, Giorgio Girelli, a maximum number of 389,596 ordinary shares in the Company of a face value of € 1.00 each, or such lower number of shares that — on the basis of Offer Price — amount, on the overall, to no more than € 4,000,000.00, whilst also awarding the General Manager, Piermario Motta, a maximum of 278,284 ordinary shares in the Company of a face value of € 1.00 each, or such lower number of shares that — on the basis of Offer Price — amount, on the overall, to no more than € 3,000,000.00.

The shares shall be assigned within 5 years following the commencement of trading of shares in the Company on the electronic share market, and provided that, at the time of assignation the assignee still serves the Company as a Director or employee (save in the event where the relationship was terminated by the Company for reasons other than wilful misconduct or gross negligence on the part of the assignee).

Furthermore, in order to provide information that is as complete as possible, it must be pointed out that, on the same date, 24 May 2006, the Board approved two stock option plans, both subjected to the condition precedent of the commencement of trading of shares in the Company on the electronic share market (such condition precedent having been met on 15 November 2006): (i) the first of these is reserved to employees of Banca Generali Group companies, whilst (ii) the second is reserved to Banca Generali's financial advisors, area managers and business managers.

In order to cover the aforesaid Stock Option Plans, on 18 July 2006, the Company's Extraordinary Shareholders' Meeting approved a capital increase, in one or more tranches, in the maximum nominal amount of € 5,565,660.00, through the issue of a maximum number of 5,565,660 ordinary shares of a face value of € 1.00 each, as follows:

a) an issue in the maximum nominal amount of € 4,452,530.00, represented by a maximum number of 4,452,530 ordinary shares of a face value of € 1.00 each, with specific exclusion of the option rights afforded to shareholders pursuant to section 2441, paragraph 5, of the Italian Civil Code, so as to cover the "Stock Option Plan for Banca Generali S.p.A.'s Financial Advisors and Network Managers", reserved to the financial advisors of Banca Generali Group, all of the above in one or more tranches, with the last being effected no later than 30 May 2011;

b) an issue in the maximum nominal amount of € 1,113,130.00, represented by a maximum number of 1,113,130 ordinary shares of a face value of € 1.00 each, with specific exclusion of option rights afforded to shareholders pursuant to section 2441, paragraph 8, of the Italian Civil Code, so as to cover the "Stock Option Plan for Banca Generali S.p.A. Employees", reserved to Banca Generali employees, all of the above in one or more tranches, with the last being effected no later than 30 November 2012.

The price of the aforesaid options shall be determined at a whole number reflecting the arithmetic mean of the listed prices of shares in the Company on the electronic share market from the date of assignment of the stock options to the same day of the previous month.

The exercise of the options is subject to the attainment of overall targets and, in the case of the "Stock Option Plan for Banca Generali S.p.A.'s Financial Advisors and Network Managers", even personal targets.

Pursuant to the applicable Rules, the Delegated Organs awarded:

- 2,617,940 option rights in application of the "Stock Option Plan for Banca Generali S.p.A.'s Financial Advisors and Network Managers";
- 884,000 option rights in application of the "Stock Option Plan for Banca Generali S.p.A. Employees".

In total, 3,501,940 stock options were awarded pursuant to the aforesaid Plans.

Lastly, as a result of the merger of Prime Consult SIM S.p.A., as of 31 December 2002, the Company has assumed the merged company's commitments under the stock granting plan approved by the latter on 13 June 2001 in favour of its network managers and financial advisors. The plan may not, in any event, involve a number of shares exceeding 3% of the Company's share capital.

Beneficiaries of the plan include: (i) financial advisors in the exclusive service of Prime Consult as at 1 October 2000; (ii) former Prime Consult network managers; (iii) financial advisors falling within the aforesaid categories in the period between 1 October 2000 and 31 December 2001.

The shares were issued in three tranches, to persons who met or maintained specific individual targets. The Delegated Organ awarded, free of charge, 1,383,279 ordinary shares in Banca Generali.

In accordance with the recommendations set forth in paragraphs 7.P.2 and 7.C.1 of the Corporate Governance Code, and again, with a view to encouraging Executive Directors and key management personnel to become more directly involved in achieving the Company's strategic targets, after having examined the Remuneration Committee's proposals and heard the opinion of the Board of Statutory Auditors, the Company's Board of Directors established the Chief Executive Officer's remuneration, subjecting a significant portion on the same to the attainment of specific targets determined by the Board of Directors itself, with 20% being linked to the Generali Group's performance objectives, and the remaining 80% to quantitative and qualitative goals pertaining to the Banca Generali Banking Group. The remuneration of the Chief Executive Officer and other company executives are similarly linked to the achievement of performance targets.

Further information on the emoluments received by Board members and the General Manager during the course of the financial year, is provided in Part H of the Explanatory Notes to Banca Generali's Financial Statements for 2008.

For information on the overall remuneration received by key management personnel — such as, Stefano Grassi, Deputy General Manager coordinating the Sales Department and Marketing Department, and Giancarlo Fancel, Deputy General Manager coordinating the Administration Department, the Organisation Department and the Planning & Control Department – see Part H of the Explanatory Notes to Banca Generali's Financial Statements for 2008.

Transactions with Related Parties

Pursuant to the provisions of section 2391-*bis* of the Italian Civil Code and the recommendations contained in the Code, on 18 July 2006, the Board approved the rules of conduct to be followed in the case of Transactions with Related Parties and the procedure for complying with the obligations imposed under article 150 TUF governing the conclusion, including through subsidiaries, of transactions in which a director has an interest on his own behalf or on behalf of a third party, and that is to say, Transactions with Related Parties, with a view to ensuring transparency and substantive and procedural propriety in all such cases (the "Code on Transactions with Related Parties").

More specifically, the Code in question regulates the conclusion of transactions with counterparties falling within the scope of "related party" within the meaning of IAS/IFRS 24 pursuant to which a party is related to an entity if:

- (a) directly, or indirectly through one or more intermediaries, the party:
 - (i) controls, is controlled by, or is under common control with the entity (this includes parents, subsidiaries and associates);
 - (ii) has an interest in the entity that gives it significant influence over the entity; or
 - (iii) has joint control over the entity;
- (b) the party is an associate of the entity;
- (c) the party is a joint venture in which the entity is a venturer;
- (d) the party is a member of the key management personnel of the entity or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

The Code on Transactions with Related Parties sets forth specific provisions regarding decision-making powers, the obligation to provide grounds for decisions and the documents to be prepared.

First and foremost, the Code defines a "Transaction with Related Parties" as a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. It then identifies three categories of Transactions with Related Parties:

- (i) Ordinary Transactions with Related Parties, that is to say, usual and typical transactions that are a normal feature of the Company's routine business, as well as transactions between the Company and/or Interested Companies and other related parties not exceeding € 5,000,000.00 (five million/00) a year;
- (ii) Extraordinary Transactions with Related Parties, that is to say transactions that are not part of the Company's routine business within the meaning of point (i);
- (iii) Significant Transactions with Related Parties, that is to say, the extraordinary transactions that, in light of their subject-matter, amount, procedures or time of completion, could have an impact on the Company's equity or the completeness and correctness of the information, including accounting information, pertaining to Banca Generali.

The Code then goes on to establish that all resolutions pertaining to Transactions with Related Parties are, as a general rule, reserved to the sole competence of the administrative organ of the Company and/or its subsidiaries involved in the transaction (collectively, the "Interested Companies").

Furthermore, the Code provides that no “Significant Transaction with Related Parties” involving Interested Companies other than Banca Generali, may be effected without prior authorisation from the Company’s Board.

For the purposes of the aforesaid authorisation and in compliance with the recommendations set forth in the Code, the Company’s administrative organ must be adequately informed about (i) the nature of the relationship, (ii) the operating procedures of the transaction, (iii) the terms and conditions, including the time and amounts involved in the transaction; (iv) the assessment procedure followed, (v) the interests and grounds underlying the transaction as well as (vi) any risks arising from the transaction, for the Interested Company and/or Banca Generali.

Should, one or more of the counterparties to the transaction subject to Board authorisation, be related to one or more members sitting on the Board making the decision, or, in any event, should one or more members of the said Board hold an interest, even if only potential or indirect, on their own behalf or on behalf of third parties, the said Board members shall be bound to make timely and full disclosure thereof to the Company’s administrative and internal control organs, specifying the nature, origin, extent and terms of the interest they hold.

The Code on Transactions with Related Parties, moreover, provides, that in the case of Ordinary Transactions with Related Parties, the related decision-making and executive powers could be delegated to one or more members of the administrative organ of the Interested Company, under joint or sole signature, in derogation of the said administrative organ’s competence over such matters, it being however understood that no such delegation may be made to persons holding an interest, including if only potential or indirect, on their own behalf or on behalf of third parties, in the conclusion of the said transaction and in the case where the transaction falls within the scope of article 136 of the Banking Consolidation Law (*Testo Unico Bancario - TUB*).

Should, the nature, value or other features of Transactions with Related Parties, so warrant, in order to avoid the risk of the transaction being effected at terms and conditions other than arm’s length terms, the competent administrative organ shall avail of the advice of independent experts, with acknowledged professionalism and experience in respect of the matters involved in the decision, who must be required to show that they are in fact independent and free from conflicts of interest with regard to the transaction.

Lastly, the Code on Transactions with Related Parties requires the Company’s Board to disclose, in its annual report prepared pursuant to section 2428 of the Italian Civil Code, all Transactions with Related Parties effected during the financial year, including through Interested Companies other than the Company. Towards such end, Interested Companies, other than the Company are required to forward to Banca Generali’s Board, within seven calendar days following the end of each calendar quarter, a summary note indicating (i) executive activities and developments regarding Transactions with Related Parties authorised by the competent administrative organ or effected in exercise of powers delegated as described above; (ii) any and all initiatives launched; (iii) any and all projects launched; (iv) any and all difficulties or problems encountered, as well as (v) any and all other useful information regarding the said transactions.

In light of, inter alia, the information received pursuant to the preceding paragraph, the Company’s Board of Directors shall submit to the Board of Statutory Auditors, in a timely manner and in any event, at least on a quarterly basis, a report on the Transactions with Related Parties effected during the quarter, including through Interested Companies, as well as on the ongoing performance — at the end of the quarter — of Transactions with Related Parties which, by their very nature, must be implemented over time or periodically. More specifically, the Board’s report shall focus on the interests underlying Transactions with Related Parties, the nature of the relationships with counterparties, as well as the operating procedures (including the terms and conditions, including economic terms, governing performance), and on the assessment procedures followed.

The Company’s Board of Statutory Auditors shall monitor compliance with the provisions of the Code and shall submit a report in such regard to the Shareholders’ Meeting mentioned in section 2429, paragraph 2, of the Italian Civil Code.

Lastly, the adoption and/or amendment of the Code on Transactions with Related Parties, especially amendments of the procedures for the approval and performance of Transactions with Related Parties effected by the Company or its subsidiaries, are subject to the opinion of the Internal Control Committee set up within the Board of Directors and made up entirely of independent directors (see, below, “Internal Control Committee”).

The Code on Related Parties Transactions can be viewed on the corporate website (www.bancagenerali.com), section “Corporate Governance – Corporate Governance System – Company Regulations”

BOARD COMMITTEES

The Code sets forth a recommendation for listed companies to set up certain Committees within their Boards of Directors, to be assigned responsibility for certain specific matters.

The roles of these Committees, set up for the purposes of improving the functioning of the Board, are primarily consultative and recommendatory.

In particular, the Code recommends the setting up of an Internal Control Committee and a Remuneration Committee, whilst leaving it up to individual companies to decide whether or not they also need a Nomination Committee.

As already noted, the Board did not deem it necessary to set up a specific Nomination Committee insofar as current regulations and the provisions contained in the Articles of Association — in particular, the appointment mechanism based on voting lists — seem sufficient to ensure transparency in the selection and presentation of the candidates.

On the other hand, the Board set up both the Internal Control Committee and the Remuneration Committee, requiring the same to be made up entirely of non-executive directors.

Internal Control Committee

The Board of Directors has set up, within the Board itself, an Internal Control Committee invested with consultative and recommendatory functions in respect of internal controls.

Appointees to the Internal Control Committee must not only be non-executive directors, but must also meet the further requirement of independence as defined in the Corporate Governance Code, which also requires STAR-segment listed companies, such as Banca Generali, as well as companies controlled by the latter (paragraph 8.P.4), to ensure that, in all cases where the Board of Directors is made up of between nine and fourteen members, at least three of the said members qualify as Independent Directors.

The current Remuneration Committee was appointed by the Board of Directors on 22.04.2008, and is made up as follows:

Name and Surname	Office held
Alfio Noto	Chairman Non-executive and Independent Director
Attilio Leonardo Lentati	Member of the Committee Non-executive and Independent Director
Ettore Riello	Member of the Committee Non-executive and Independent Director

The Board of Directors has determined that at least Attilio Leonardo Lentati has accumulated appropriate experience in accountancy and finance.

Ms Cristina Rustignoli, the Board Secretary, also serves as Internal Control Committee secretary.

The functioning of the Internal Control Committee is regulated by specific rules (the "Internal Control Committee Rules") approved by the Board on 27 November 2006 and subsequently amended during the Board meeting of 20 February 2008.

The Committee plays a consultative and recommendatory role towards the Board on internal control matters, and more specifically, assists the Board in laying down the guidelines of the internal control system, periodically checking the appropriateness and effectiveness of the same and ensuring that the Company's main risks (credit, financial and operating risks) are promptly identified and suitably managed, in concert with the specific corporate departments involved.

The Committee is tasked with ensuring that the Board is provided with adequate information to make informed assessments and decisions in respect of the internal control system, the approval of the financial statements and half-yearly reports as well as in dealing with independent auditing firms. In this context, the Internal Control Committee:

1. assists the Board in carrying out the tasks incumbent on the latter pursuant to the Corporate Governance Code of Listed Companies, in respect of the internal control system;
2. assesses the work programme prepared by the persons responsible for Compliance, Internal Audit and Risk Management and receives their periodic reports for further submission to the Board for its approval;
3. assesses, together with the company executive in charge of drawing up the Company's corporate accounting documents and the independent auditors, the proper and uniform application of accounting policies throughout all Group Companies, for the purpose of drawing up the consolidated financial statements;
4. assesses the proposals put forward by auditing firms to obtain the audit engagement, within the

- framework of the Company's procedures for appointing the independent auditors in charge of certifying the consolidated financial statements and half-yearly reports, with specific reference to the subject-matter of the appointments and the related economic terms and conditions;
5. assesses the work programme for carrying out the audit and the results thereof as set out in the auditors' report and their letter of suggestions;
 6. monitors the effectiveness of the auditing process;
 7. reports to the Board of Directors on its activity and the adequacy of the internal control system at least once every six months, at the time the annual and half-yearly accounts are approved, expressing its opinion on matters delegated to it;
 8. at the request of the Chief Executive Officer, expresses opinions on specific aspects pertaining to the identification of the main corporate risks, and the conception, setting up and management of the internal control system;
 9. expresses an opinion on proposals to adopt or amend the "Code on Transactions with Related Parties", especially in the case of amendments pertaining to the approval and conclusion of Transactions with Related Parties by the Company or its subsidiaries;
 10. may be consulted in respect of specific "Significant Transactions with Related Parties" within the meaning of the "Code on Transactions with Related Parties" approved by the Board of Directors;
 11. may be consulted on specific transactions directly or indirectly entailing a conflict of interests;
 12. advises, upon request, the Chief Executive Officer, the Head of the Compliance Department, the Head of the Internal Audit Department and the Head of the Risk Management Department on issues or questions that must be dealt with before being submitted to the Board of Directors for its information and/or approval;
 13. performs the other duties entrusted to it by the Board of Directors;
 14. undertakes whatsoever may be required pursuant to the resolution establishing its powers and responsibilities, and whatsoever may be necessary or useful for implementing the said resolution.

Remuneration Committee members are appointed for a period that is coterminous with the term of the Board, and are entitled to annual remuneration.

Committee meetings are generally held at least four times a year and, in any event, with the timeliness necessary to allow a full treatment and discussion of any and all matters on which the Committee may be requested or required to report of the Board of Directors.

Apart from Committee members, the Chief Executive Officer (to whom the Head of Internal Control reports), and the Chairman of the Board of Statutory Auditors shall attend Committee meetings. At the invitation of the Committee Chairman, Committee meetings may also be attended by other senior company executives, the Head of the Compliance Department, the Head of the Internal Audit Department, the Head of the Risk Management Department, Heads of other corporate departments, the executive in charge of drawing up the company's accounting documents and any and all other persons whose presence may be useful.

In 2008 the Internal Control Committee met eight times, respectively:

- on 22 January 2008 with the following items on the agenda:
 - (i) re-definition of the internal control system in light of the provisions of the CONSOB-Bank of Italy Joint Rules issued pursuant to article 6, paragraph 2-*bis* of the TUF;
- on 20 February 2008 with the following items on the agenda:
 - (i) Internal Control Department's report on complaints received in the second half of 2007;
 - (ii) motion to amend the Internal Control Committee Rules;
 - (iii) information about the complaint letter sent by a customer to the weekly publication Plus 24;
- on 12 March 2008 with the following items on the agenda:
 - (i) examination of the annual report of the internal audit function, the annual report of the compliance function and the timetable of internal control activities for 2008;
 - (ii) annual report of the Banca Generali's Internal Control Department regarding activities undertaken in respect of subsidiaries;
 - (iii) check of the adequacy of the accounting policies followed in drawing up the financial statements;
 - (iv) new procedures for checking appropriateness;
 - (v) the F.A.R.G.(Financial Accounting Risk Governance) Project;
 - (vi) audit of the "Reporting Package";
 - (vii) report within the meaning of article 2.2.7 of the Internal Control Committee Rules;
- on 19 June 2008 with the following items on the agenda:
 - (i) presentation of the Compliance Policy and Rules; presentation of the complaints procedure;
 - (ii) periodic report on the activities undertaken by the Compliance Office;
 - (iii) periodic report on the activities undertaken by the Internal Control Office;
- on 28 July 2008 with the following items on the agenda:
 - (i) check of the adequacy of the accounting policies followed in drawing up the financial statements;
 - (ii) report within the meaning of article 2.2.7 of the Internal Control Committee Rules;

- (iii) periodic report on the activities undertaken by the Internal Control Office;
- (iv) presentation of the Risk Management Rules;
- (v) continuation of the project for monitoring administrative and accounting risks (Law 262/05);
- on 18 September 2008 with the following items on the agenda:
 - (i) periodic report on the activities undertaken by the Compliance Department;
 - (ii) compliance check of procedures and processes involved in determining overall capital position;
 - (iii) outcomes of requested checks on transaction in black-listed securities;
- on 24 October 2008 with the following items on the agenda:
 - (i) ICAAP;
 - (ii) conflict-of-interest project;
 - (iii) periodic report by the Internal Audit Service;
 - (iv) updating of the compliance checks of procedures and processes involved in determining overall capital position;
- on 16 December 2008 with the following items on the agenda:
 - (i) presentation of amendments to the Finance Rules;
 - (ii) information on the timetable for the audit of banking processes;
 - (iii) report on mistakes in the execution of orders;
 - (iv) update on the conflict-of-interest project.

All the Committee meetings, the proceedings of which were duly recorded in minutes, were attended by all Committee members, save for the meeting of 22 January 2008, which was attended by only two of the Committee members, the third having justified his absence.

The Internal Control 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.

Remuneration Committee

Banca Generali's Board of Directors has also set up, within the Board itself, a Remuneration Committee tasked with assisting the Board in laying down Company policy in respect of the remuneration of the Company's directors, officers and top management.

The current Remuneration Committee was appointed by the Board of Directors on 27 November 2006, and is made up as follows:

Name and Surname	Office held
Attilio Leonardo Lentati	Chairman of the Committee Non-executive and Independent Director
Alfio Noto	Member of the Committee Non-executive and Independent Director
Andrea de Vido	Member of the Committee Non-executive Director

Ms Cristina Rustignoli, the Board Secretary, also serves as Remuneration Committee secretary.

In compliance with the provisions of paragraph 7.P.3 of the Code, all three members of the Remuneration Committee are non-executive directors and a majority of them are also independent.

The Committee's responsibilities include advising and making recommendations and proposals to the Board of Directors on matters pertaining to remuneration. More specifically, the Remuneration Committee is entrusted with the following tasks and responsibilities:

1. submitting non-binding opinions and recommendations to the Board of Directors in respect of the remuneration packages of the Chairman of the Board and Chief Executive Officer: The Committee's opinions and recommendations must be based on the independent judgement of its members, who must take into account, inter alia, the following considerations: (i) the significance of the role played by corporate officer involved within the Company's organisational structure; (ii) the contribution of the said corporate officer to the Company's performance; (iii) the economic results attained; (iv) the attainment of specific pre-set targets established by the Board of Directors;
2. monitoring the proper implementation of the decisions made by the Board in respect of submitted proposals and recommendations;
3. submitting an opinion to the Board in respect of the amount of the remuneration of Board members entrusted with special duties, or are appointed to specific positions pursuant to the Articles of Association;
4. submitting, after consultation with the Chief Executive Officers non-binding opinions and recommendations in respect of the remuneration packages of General Managers, based on the

independent judgement of Committee members in light of: (i) the responsibilities and risks attendant to the tasks and duties of the General Managers in question; (ii) results obtained as compared against pre-set targets; and (iii) additional services rendered beyond the sphere of normal duties and tasks;

5. periodic assessment of the remuneration policies applied to key personnel, monitoring the proper application of the said policies on the basis of information provided by the Chief Executive Officers, and submitting general recommendations to the Board in respect of the same;
6. submitting non-binding opinions and recommendations on stock option and share assignment plans;
7. submitting the report on activities undertaken, as well as notices, and reasoned opinions, proposals and recommendations to the Board with the timeliness necessary to allow the Board to take cognisance of the same and make informed decisions;
8. any and all other tasks and duties entrusted to the Committee by the Board through specific resolutions.

The procedures governing the functioning of the Remuneration Committee are set forth in the Remuneration Committee Rules approved by the Board of Directors on 27 November 2006.

Committee meetings are generally held at least once a year and, in any event, with the timeliness necessary to allow for a full treatment and discussion of any and all matters on which the Committee may be requested or required to report to the Board of Directors.

Apart from Committee members, the Chairman of the Board of Statutory Auditors shall attend Committee meetings. Upon invitation, non-members may also attend Committee meetings so as to provide assistance with regard to specific items placed on the agenda.

Directors do not take part in Committee meetings at which recommendations in respect of their own compensation are drawn up for submission to the Board of Directors.

Remuneration Committee members are appointed for a period that is coterminous with the term of the Board, and are entitled to annual remuneration.

In 2008 the Remuneration Committee met two times, respectively:

- on 22 January 2008 with the following items on the agenda:

- (i) definition of performance targets for 2008 and definition of the variable compensation of the Chief Executive Officer and General Manager;
- (ii) update on the logic underlying Management by Objective for the Banca Generali Banking Group's executives, and on the link to the variable compensation for 2008;
- (iii) motion for an increase in the Chief Executive Officer's compensation, pursuant to section 2389, paragraph 3, of the Italian Civil Code;

- on 16 April 2008 with the following items on the agenda:

- (i) check of the 2007 targets assigned to Chief Executive Officer and General Manager, and consequent determination of their variable compensation;
- (ii) update on the attainment of the 2007 targets assigned to the Banca Generali Banking Group's executives, and on the link to variable compensation;

The meetings, the proceedings of which were recorded in minutes, were attended by all the Committee members.

The Compensation 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.

CORPORATE DEPARTMENTS AND PROCEDURES

Confidential Information

Handling of Confidential Information

Article 4 of the Code requires the members of the Board of Directors and Board of Statutory Auditors to treat as confidential, any and all the documents and information of which they may become aware in the performance of their duties, and to comply with all the Company's procedures for the internal management and public disclosure of the said documents and information.

In accordance with these provisions, and pursuant to article 114 and article 115-*bis* of the Finance Consolidation Law (TUF) as well as articles 66 *et seq.* and 152-*bis et seq.* of CONSOB Regulation No. 11971/99 as further amended (the "Rules on Issuers"), on 18 July 2006, the Board approved the rules of conduct to be followed in the management and public disclosure of inside information (the "Code on Inside Information").

The Code on Inside Information is aimed at regulating the obligations of persons who, by virtue of the exercise of their employment or profession or by virtue of their official functions, have access on a regular or an occasional basis to inside information pertaining to Banca Generali and/or its subsidiaries.

More specifically, the Code on Inside Information sets forth specific provisions for the handling of corporate information, with a view to: (i) preventing the abuse of information and market manipulation; (ii) regulating the handling and processing of inside information, as well as (iii) establishing the disclosure, both within the company and to the public, of documents and information pertaining to the Company and/or its subsidiaries, with specific reference to inside information. The Code on Inside Information is also designed: (i) to ensure the timely, complete and adequate processing of inside information, with a view to avoiding asymmetrical information; and (ii) to protecting the market and investors through adequate disclosure of the events involving the Company, with a view to enabling investors to make informed investment decisions.

The essential elements of the Code on Inside Information are summarised below.

Definition of Inside Information

Inside Information means information of a precise nature which has not been made public relating, directly or indirectly, to the Company and which, if it were made public would be likely to have a significant effect on the prices of the financial instruments issued by the Company.

Persons subject to the Code on Inside Information

The procedures set forth in the Code on Inside Information must be followed by the members of the Board of Directors and the Board of Statutory Auditors, and the employees of the Company and its subsidiaries as well as any and all insiders, and that is to say, persons who, by virtue of the exercise of their employment or profession or by virtue of their official functions, have access on a regular or an occasional basis to inside information pertaining to Banca Generali and/or its subsidiaries (the "Insiders").

Handling of Inside Information

In handling the confidential information of which they may become aware in the course of their duties, company executives and insiders are bound to exercise the utmost confidentiality and implement any and all suitable precautions so as to allow the said information to be circulated within the Company and amongst subsidiaries without any breach of the confidentiality thereof.

The aforesaid persons are barred from issuing interviews to the press and media, or in general, any declarations containing Inside Information not included in documents already disclosed to the public.

Any and all relationships with financial analysts and institutional investors entailing the disclosure of Inside Information must take place solely through the Investor Relations department, following authorisation from the Chief Executive Officer, whose responsibilities include the procedures for managing Inside Information pertaining to the Company and its subsidiaries, relations between the Company and institutional investors as well as press relations, availing for such purpose of the support and assistance of the Public Relations department.

The Board of Directors has appointed the Head of the Public Relations Department to act as the referee (the "Referee") who, with the support of his/her direct collaborators, liaises with the media, prepares the drafts of the press releases pertaining to Inside Information regarding the Company or its subsidiaries, and, in concert with the Legal Affairs and Compliance Department of the Banking Group, ensures proper compliance with public disclosure obligations, by proceeding with the publication of the press releases pertaining to Inside Information, following approval by the Company's Chief Executive Officer. Only persons specifically authorised for such purpose by the Chairman of the Board of Directors of Banca Generali (or in the case of the absence or unavailability thereof, the Chief Executive Director) may meet with market operators in Italy and abroad.

The Company has also set up the Register of Insiders, within the meaning of article 115-*bis* TUF, establishing procedures for the maintenance of the said Register and appointing the Head of the Banking Group's Legal Affairs and Compliance Department to maintain and update the same.

Internal Dealing

In accordance with the provisions of articles 114, paragraph 7, TUF, and 152-*sexies et seq.* of the Rules on Issuers, on 18 July 2006, the Board also approved the rules of conduct to be followed in respect of internal dealing (the “Internal Dealing Code”), subsequently amended by resolution of the Board of Directors on 20 February 2008.

The said Internal Dealing Code defines “Relevant Persons” (which include, in particular, the members of the Board of Directors and the Board of Statutory Auditors of the Issuer, persons performing managerial responsibilities within the Company as well as the independent auditors), and persons closely associated therewith, who are bound to give notice to the Company, CONSOB and the public, any and all Significant Transactions involving shares issued by the Issuer or other financial instruments thereto related, that they may effect, including through third party intermediaries.

The Internal Dealing Code identifies as significant transactions any and all purchases, sales, subscriptions, exchanges or barter of Banca Generali shares or financial instruments linked to shares, effected, including through third party intermediaries, by Relevant Persons and Persons closely associated with Relevant Persons.

On the other hand, the definition of Significant Transactions excludes transactions:

- (i) amounting, on the overall, to no more than 5,000.00 (five thousand/00) euros per calendar year, taking into account, for the purposes of determining whether or not the said threshold has been exceeded, all the transactions effected during the twelve months immediately following the date of the last transaction;
- (ii) effected free of charge, such as gifts and legacies, and the assignment free of charge of shares and subscription rights as well as the exercise of any and all such rights deriving from stock option plans, it being understood that, in all the cases contemplated in this point, any subsequent re-sale must be deemed to fall within the scope of the Code;
- (iii) effected between Relevant Persons and Persons closely associated with Relevant Persons;
- (iv) effected by the Company and its subsidiaries.

The Internal Dealing Code also contains rules governing the management, handling and disclosure of information pertaining to the said transactions.

Pursuant to the Internal Dealing Code, no Significant Transactions (as defined in the Code) may be effected during the 30 days immediately preceding the scheduled dates of any and all Board meetings called (i) to examine the draft separate and consolidated financial statements or half-yearly reports; and (ii) to formulate the proposal for the distribution of dividends, and within the 15 days immediately preceding the scheduled dates of the Board meetings called to examine the quarterly reports as at 31 March and 30 September of each year. The aforesaid Code, furthermore, empowers the Board of Directors to further prohibit or restrict purchases, sales, exchanges or other transactions entailing a transfer of title in shares issued by the Company or in financial instruments linked to the said shares, by the said relevant persons, including through third party intermediaries, during specific periods of the year and/or on occasions marking specific events in the Issuer’s corporate life.

The Board of Directors has appointed the Head of the Legal Affairs and Compliance Department to implement the provisions of the Code.

Internal Control System

As required pursuant to the Italian Civil Code and the supervisory regulations for banks and, as recommended in the Corporate Governance Code, the Bank has adopted an internal control system capable of continuously monitoring typical business risks.

The internal control system is a structured set of organisational functions, procedures and rules of conduct aimed at ensuring proper and healthy corporate governance in line with pre-set targets, through adequate processes for identifying, measuring, managing and monitoring the main business risks. The system forms an integral part of the Company’s operations and entails the involvement of all corporate structures and sectors, each of which is called upon to ensure constant and continuous risk monitoring, within the limits of its specific sphere of competence.

Within this framework, Banca Generali has set up an internal control system, fully compliant with the provisions of article 8 of the Code and, moreover, specifically designed to ensure healthy and prudential corporate management of the bank and the group, whilst at the same time reconciling the attainment of corporate targets, the proper and timely monitoring of risks and appropriate operating procedures.

Banca Generali S.p.A.’s Internal Control System was most recently updated by the Board of Directors on 24 January 2008 (with effect as of 1 March 2008) with a view to bringing the same in line with new regulations introduced through the provisions for the implementation of MiFID in Italy and, as required pursuant to the said provisions and applicable supervisory regulations, is made up of:

- (i) *checks involving the business line*: systematic or periodic checks on samples of information, carried out by the heads of individual operating units with a view to ensuring the proper completion of the

- transactions effected by the same production structures, or incorporated into procedures, or performed as part of middle/back-office processes;
- (ii) *risk management checks*: checks carried out by the heads of individual operating units and by the Risk Management Department, as part of the process of determining risk measurement methods, with a view to ensuring compliance with the thresholds assigned to the various operating departments, as well as in order to maintain the operations of individual production units in line with the risk/return targets set for specific types of risk (credit risk, market risk, operating risk);
 - (iii) Compliance checks: checks carried out by the Compliance Department on the conformity of transactions with statutory requirements, orders and instructions imposed under supervisory authorities and the Company's self-imposed rules of conduct;
 - (iv) *internal auditing*: checks carried out by the Internal Audit Department with a view to ensuring, also through on-site inspections, the propriety of the Company's operations, risk trends, the overall functioning of the internal control system, whilst at the same time identifying abnormal trends, breaches of procedure and regulations, as well as assessing the effectiveness of internal checks and balances.

The Company's Internal Control system is structured to ensure proper disclosure of information and adequate oversight of all the Group's activities, with a view to promoting fairness and transparency, in both form and substance, whilst also ensuring the efficiency, traceability and auditing of transactions, and more in general all management activities; the reliability of accounting and management data; compliance with laws and regulations, and the protection of the integrity of the Company's assets, especially in order to prevent fraud against the Company and the financial markets.

The key principles underlying the Company's Internal Control System include:

- the separation of roles in the performance of the main tasks involved in individual production processes;
- the traceability and constant visibility of choices;
- objective decision-making with regard to individual operating processes.

Responsibility for the Internal Control System resides with the Board of Directors that is in charge of:

- (i) establishing the guidelines, strategic orientation and risk management policies pertaining to the internal control system;
- (ii) approving the bank's organisational structure, ensuring that tasks and responsibilities are clearly and properly assigned, and periodically checking the adequacy and effectiveness of the said structure, further ensuring that the main corporate risks are identified and appropriately managed, that the Company's control structures are endowed with sufficient autonomy and independence within the Company's organisation as well as with adequate resources to ensure the proper functioning thereof.

The Board of Directors also carries out periodic assessments of the functioning, effectiveness and efficiency of the internal control system, taking timely corrective action in case of shortcomings and/or anomalies in the performance of the checks themselves.

The Chief Executive Officer defines operating policies and related risk control procedures, identifying and evaluating, including on the basis of management trends and departures from forecasts, any and all factors giving rise to risks, and assesses the functioning, effectiveness and efficiency of the internal control system, promoting the updating of the same as may be necessary or useful, from time to time.

Pursuant to supervisory regulations, internal control functions must be independent of other operating functions, and report directly to the Board of Directors and Board of Statutory Auditors, on a periodic basis, in respect of the outcome of its activities.

In keeping with Banca Generali's organisational model, the internal auditing department is invested with a dual role: (i) an *institutional* role arising from the fact that the Company is the parent company of a banking group and involving the direct auditing of all the Group's operating and managerial processes, whilst also developing control models, methods and tools; (ii) a *service* role under which the Company's internal auditing department undertakes internal auditing activities for other Group companies, pursuant to outsourcing arrangements.

The Compliance Service also handles centralised compliance management for the entire Banking Group.

On 24 January 2008, the Board of Directors appointed Paolo Rupil to head the Compliance Service as of 1 March 2008.

On 24 June 2008, the Board of Directors approved the Banking Group's Compliance Policy and related Compliance Rules (subsequently amended by Board resolution of 19 December 2008), ordering the timely notification thereof to all subsidiaries, with a view to ensuring that the said Policy and Rules are fully implemented throughout the banking group.

On 27 August 2008, the Board of Directors appointed Antonino Fici to head, with effect as of 1 September 2008, the Risk Management Department which had temporarily been placed under the responsibility of the Internal Auditor.

The auditing method on which internal auditing activities are based, is defined under the Internal Audit Rules

(approved by the Board of Directors on 23 February 2009) and the supervisory model, also approved by the Board of Directors and constantly implemented in light of developments in oversight compliance and best auditing practices (COSO Report, professional standards).

On 25 September 2003, the Board of Directors appointed Francesco Barraco, head of the Internal Control Department and Head of the Internal Audit Department, with effect as from 1 October 2003.

As already noted, in compliance with the Code's recommendations regarding internal control, on 27 November 2006, the Board set up within itself, an Internal Control Committee in charge of completing all the preparatory activities required for the Board to properly undertake its internal control tasks (for further information, see "Internal Control Committee", above).

Moreover, with regard to risks, the Chief Executive Officer may also avail of the advice of the Risks Committee established by Board resolution of 23 September 2008 with a view to coordinating the banking group's risk management and control system, and identifying and implementing appropriate risk containment measures.

As recommended by the Code, article 16 of the Board Rules requires:

- the Board to assess the adequacy of the internal control system in light of the Company's features, drawing up a specific report on the same on an annual basis;
- the Director to whom the Internal Audit department reports on an operating basis, to undertake the following tasks in addition to his/her regulatory duties, and that is to say:

1. identify the main corporate risks, taking due account of the business operations of the Company and its subsidiaries, and submit periodic reports on the same to the Board of Directors and the Internal Control Committee;
2. implement the guidelines laid down by the Board of Directors in designing, setting up and managing the internal control system, and constantly monitor the overall adequacy, effectiveness and efficiency of the same, whilst also adapting the said system to changes in operating conditions and in the applicable statutory and regulatory framework;
3. to recommend to the Board, after hearing the opinion of the Internal Control Committee, the appointment, dismissal and remuneration of a person in charge of internal control;

- the person in charge of Internal Control:

1. is tasked with monitoring the constant adequacy, full functionality and effective operation of the internal control system;
2. is not to be assigned responsibilities for any operating department and not to be hierarchically answerable to the head of any operating department, including the administration and finance department;
3. is to be afforded direct access to any and all the information that may be useful for the performance of his duties;
4. is to be endowed with adequate resources for the performance of his assigned duties;
5. answers to the Internal Control Committee, the Board of Statutory Auditors and the Director to whom the Internal Audit function reports. In particular, he/she reports on risk management procedures and compliance with risk containment plans, expressing an opinion on the appropriateness of the Internal Control System for determining an acceptable overall risk profile.

The Board of Directors feels that the Company's current internal control system is, on the overall, appropriate in light of the size, structure and requirements of Banca Generali and the banking group of which it is the parent company.

Organisational and management model

Legislative Decree No. 231 of 8 June 2001 introduced the principle that corporations may be held liable for specifically listed offences committed or attempted in their interest and/or for their benefit by individuals entrusted with corporate representation, administration and management, or individuals subjected to the management or oversight of one of the latter.

The same Decree provides for exemption from this form of liability in the case of entities which have adopted and effectively implemented organisational and management models designed to prevent the aforesaid offences.

The adoption of an Organisational and Management Model (hereinafter the "Model") is not an obligation or duty, but a right, that the Company has decided to exercise in order, not only to restructure and formalise, where necessary, a system of preventive checks aimed at preventing conduct entailing administrative liability for the Company pursuant to the Decree, but also to ensure the Company's own integrity, and to boost the effectiveness and the transparency of corporate operations.

On 19 June 2006, the Board of Directors approved the Company's Organisational and Management Model, drawn up in light of the Company's specific operating conditions and requirements. The model was updated on 24 June 2008.

Apart from meeting all the necessary formal requirements, the Model fully achieves, even in substance, the aforesaid main goal underlying its adoption. The Model is made up of a structured set of principles, rules,

provisions and organisational layouts pertaining to the management and oversight of business operations, and is contained in an illustrative document that sets forth the general rules that make it impossible for the offences to be committed without fraudulently violating the model.

In accordance with the provisions of the aforesaid Decree, the task of supervising compliance with the Model and updating the same, must be entrusted to an independent and qualified body set up within the entity, and endowed with autonomous powers of initiative and oversight.

The Company has therefore set up a panel to act as a Supervisory Board (reporting to the Board of Directors), defining the tasks and functioning thereof. The Company has opted to appoint to the said Supervisory Board, persons who hold positions within the Company's organisational structure, that, for technical and/or organisational reasons, enable them to make meaningful contributions to performing the tasks and attaining the goals of the Supervisory Board.

Accordingly, the Board has decided that the Company's Supervisory Board shall consist of a panel made up of a Director, the Head of the Legal Affairs Department and the Head of the Internal Audit department, as per the following table:

Name and Surname	Office held
Aldo Minucci	Chairman
Francesco Barraco	Internal Auditor
Cristina Rustignoli	Head of the Legal Affairs and Compliance Department

In carrying out its tasks, the Supervisory Board is to avail of the support of other corporate departments.

Independent Auditors

In light of the changes in the regulatory framework following the entry into force of the Italian Legislative Decree 303/2006, the Ordinary Shareholders' Meeting held on 24 April 2007 extended the appointment of the auditing firm Reconta Ernst & Young S.p.A., appointed with the resolution passed at the Shareholders' Meeting of 18 July 2006, to the date of approval of the financial statements for the year ending 2014. As a consequence of this extension, the total number of consecutive years subject to auditing is nine, and therefore the extension is in accordance with the provisions of article 159, paragraph 4 of Italian Legislative Decree No. 58 of 24 February 1998, as amended by the law No. 262 of 28 December 2005, and the recent Legislative Decree No. 303 of 29 December 2006, published in the Official Journal on 10 January 2007.

Executive in charge of drawing up the company's accounting documents

Article 154-bis of Legislative Decree No.58 of 24 February 1998, introduced by Law No. 262 of 28 December 2005, requires *inter alia*:

- a) the Executive in charge of drawing up the company's accounting documents to issue a written statement attesting that any and all notices and information the Company discloses on the market in respect of its annual and/or interim financial reports corresponds to the documentary results, books and accounting records;
- b) the Executive in charge of drawing up the company's accounting documents and the relevant administrative bodies appointed for such purpose, to issue a joint statement to be attached to the annual financial statements, the condensed half-yearly financial statements and, where applicable, the consolidated financial statements, attesting that adequate accounting and administrative procedures were properly applied during the period of reference and that the Company's financial statements reflect its actual books and accounting records, and provide a true and fair view of the balance sheet, profit and loss account and cash flow statement of the company and the Group;
- c) the Board of Directors to oversee the appropriateness of the powers and resources made available to the Executive in charge of drawing up the company's accounting documents and the proper implementation of "administrative and accounting procedures".

Pursuant to Article 24, paragraph 3 of the Articles of Association, the Board of Directors, after consultation with the Board of Statutory Auditors, shall appoint and dismiss the Executive in charge of drawing up the company's accounting documents, in compliance with Article 154-bis of Legislative Decree No. 58 of 24 February 1998, establishing the powers and resources of the same.

Paragraph 4 of the same Article provides that the said Executive shall be selected from amongst the company executives in possession of the following professional qualifications:

- suitable professional experience for a suitable length of time or, in any event, of no less than three years, in activities of administration, management or control or professional activities in the banking, insurance and financial sectors; or

- specific know-how in the field of financial reporting and auditing, in respect of listed issuers or their subsidiaries and in the management or oversight of related administrative procedures, acquired over at least five years of experience in positions of responsibility for operating structures within the company, the group or other comparable corporations or entities in terms of business sector and organisational structure.

The said Executive must furthermore meet the requirements of integrity imposed under regulations governing the assumption of corporate offices. Loss of the requisite of integrity determines fall from office.

On 24 January 2007, pursuant to the Articles of Association, and taking into consideration the opinion of the Board of Statutory Auditors, the Board of Directors appointed Giancarlo Fancel to serve, as of 1 February 2007, as Executive in charge of drawing up the company's accounting documents, within the meaning of Article 154-*bis* of Legislative Decree 58/1998, after having ensured that he was fit and proper for such appointment within the meaning of article 24 of the Articles of Association, and determining the powers and resources to be made available to him for the discharge of his assigned duties.

Giancarlo Fancel is the Deputy General Manager in charge of coordinating the Planning & Control, Administrative and Organisation Department, tasked with ensuring the proper and timely preparation of the Company and the banking group's accounts, as well as discharging related accounting and regulatory formalities, and drawing up financial reporting and tax compliance guidelines and policies in line with corporate strategies and targets.

Following the entry into force of Legislative Decree No. 195 of 6 November 2007 which implemented the Transparency Directive (2004/109/EC) and amended article 154-*bis* of Legislative Decree 58/1998, on 20 February 2008, the Company's Board of Directors revised the powers and responsibilities invested in Giancarlo Fancel as Executive in charge of drawing up the company's accounting documents, in which capacity he is required:

(i) to coordinate and oversee the activities of the Administrative and Planning & Control Departments, answering to the General Manager in respect of the results and activities of the same;

(ii) to implement Board resolutions, in the course of all activities falling within his remit, in accordance with the guidelines imparted by the Chief Executive Officer and the General Manager;

(iii) in the course of all activities falling within his remit, to recommend to the General Manager, measures designed to ensure the optimal organisation of the activities of the Company's offices, on the basis of functional criteria that, by breaking down tasks, allows for concurrent and subsequent checks as well as the determination of individual responsibilities;

(iv) as Executive in charge of drawing up the company's accounting documents, within the meaning of Article 154-*bis* of Legislative Decree 58/1998, to ensure that any and all notices and information the Company discloses to the market in respect of its annual and/or interim financial reports, are accompanied by a written statement issued by him, and attesting that the said notices and information corresponds to the documentary results, books and accounting records;

(v) as Executive in charge of drawing up the company's accounting documents, within the meaning of Article 154-*bis* of Legislative Decree 58/1998, to draw up suitable administrative and accounting procedures for the preparation of the annual and consolidated financial reports as well as any and all other financial notices;

(vi) as Executive in charge of drawing up the company's accounting documents, within the meaning of Article 154-*bis* of Legislative Decree 58/1998, to certify, in a specific report drawn up in accordance with the form established by the Italian stock-market regulator CONSOB and attached to the annual financial statements, the condensed half-yearly financial statements and the consolidated financial statements, the appropriateness and proper application of the procedures mentioned in the preceding point, during the period of reference of the financial statements in question, further attesting that the latter provide a true and fair view of the balance sheet, profit and loss account and cash flow of the issuer and all the companies making up the reporting entity;

(vii) to certify that the documents were drawn up in accordance with the international accounting principles applicable within the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002;

(viii) to certify that the Directors' report on operations attached to the annual financial statements and the consolidated financial statements includes a reliable analysis of the business trends, operating result and financial situation of the issuer and all the companies making up the reporting entity, as well as a description of the main risks and uncertainties to which the latter are exposed;

(ix) to certify that the interim Directors' report on operations attached to the condensed half-yearly financial statements includes a reliable analysis of the information mentioned in article 154-*ter*, paragraph 4, of Legislative Decree 58/1998;

(x) to assume any commitment, including of an economic nature, and undertake whatsoever else that may be necessary or useful for discharging the tasks mentioned in 154-*bis* of Legislative Decree 58/1998;

(xi) for the purposes of discharging the tasks and/or exercising the powers mentioned in article 154-*bis* of

Legislative Decree 58/1998, to avail of the support and collaboration of other corporate functions (including the Internal Audit Department) should intervention by the latter be deemed necessary or even merely useful towards such end.

In order to fully comply with the article in question, in early 2007, the Company launched an initiative known as the FARG – *Financial Accounting Risk Governance* Project, the management of which was entrusted to a project-specific structure charged with centrally coordinating all the related activities and supporting project-related worksites specifically established for such purpose. The project-specific structure has so far determined the scope of the analysis and the methods to be followed, and has also drawn up timetables and assigned budgets for attaining targets.

Given the complex structure of the banking group headed by the Company, the scope of the analysis in terms of significant companies and information, was determined on the basis of risk assessment that took account of both the quantitative and qualitative elements related to the Company's risk profile as defined by internal and external factors.

The appropriateness of administrative and accounting procedures was assessed using a process established by the Company on the basis of the Internal Control – Integrated Framework model drawn up by the Committee of Sponsoring Organisation of the Treadway Commission, which is generally accepted as a reference framework worldwide.

Project-specific activities were broken down into:

- "Appropriateness assessment": aimed at assessing the appropriateness of administrative and accounting procedures in the light of the features of the Company and the group;
- "Effectiveness assessment": aimed at ensuring the continued effectiveness and proper implementation of the administrative and accounting procedures in question, during the period of reference.

Relations with Shareholders and Institutional Investors

Investor relations

Banca Generali feels that it has a specific interest — as well as a duty towards the market — to engage in ongoing dialogue, based on a mutual understanding of roles and responsibilities, with its Shareholders, in general, as well as with institutional investors, such dialogue being placed within the framework of procedures for the public disclosure of corporate information and documents.

In particular, the Company avails of Shareholders' Meetings to provide Shareholders with information on the Company and its prospects, obviously, in compliance with the regulations governing inside information, and therefore, whenever necessary, by simultaneously disclosing the same information to the market. In furtherance of the above, the scheduled times, dates and venues of Shareholders' Meetings are selected with a view to facilitating attendance thereof by Shareholders; moreover, all the members of the Company's Board of Directors and Board of Statutory Auditors try to attend Shareholders' Meetings to the extent possible.

The Company Secretariat liaises with Shareholders on a day-to-day basis through the Shareholder Relations and Management Division, set up within the Banking Group's Legal Affairs and Compliance Department.

On the other hand, the Investor Relations Department that reports directly to the Chief Executive Officer, is in charge of liaising with institutional investors.

INVESTOR RELATIONS

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Website

For several years now, the Company has used its website to allow the public to consult constantly updated information regarding the Company, its products and services.

Apart from a presentation and historical overview of the Company and the Group, the website hosts the most significant documents pertaining to Corporate Governance, all the press releases on the main corporate events as well as financial and accounting data.

The website also presents the Calendar of Events indicating the dates of meetings of Corporate Organs, such as Shareholders' and Board meetings called for the approval of the draft annual financial statements, the consolidated financial statements, the half-yearly and quarterly reports, as well as for making decisions in respect of purely financial matters.

In order to ensure the transparency and effectiveness of the information disclosed to the public, the site is constantly updated.

Participation in Shareholders' Meetings and Related Rules

Pursuant to article 18 of the Board Rules, the Company encourages Shareholders to attend all Shareholders' Meetings.

As a general rule, all the Directors shall attend Shareholders' Meetings. In particular, the Board shall report to the Shareholders' Meeting in respect of completed and scheduled activities and shall ensure that all Shareholders are provided adequate information on all pertinent matters so as to enable them to make informed decisions in respect of the items placed on the agenda of Shareholders' Meetings.

In compliance with the recommendations of the Code, the Shareholders' Meeting of 3 October 2006 approved its own Regulations⁴, setting forth the procedures to be followed in order to ensure orderly proceedings.

The said Regulations are aimed at regulating the proceedings of ordinary and extraordinary Shareholders' Meetings, and ensuring the proper and ordered functioning of the same and, in particular, the right of each shareholder to take part and express an opinion on the items under debate. The Rules, therefore, constitute a valid tool for ensuring the protection of the rights of all the Company's shareholders and the proper approval of shareholders' resolutions.

In particular, pursuant to provisions contained in the Regulations of the General Shareholders' Meeting, shareholders with the right to speak have the right to speak on each one of the issues placed up for discussion and make proposals on them. Entitled shareholders intending to take the floor must request the same from the Chairman, after the debate is opened following reading of the item on the agenda in respect of which the entitled shareholder in question wishes to speak, but before the Chairman declares the debate on such item closed. Such request must be made by the raising of hands, unless the Chairman orders written requests to be submitted. In the case where requests to take the floor are made by the raising of hands, the Chairman shall grant the floor to the person who first raises his hand; in the case where it is not possible to determine precisely which person was the first to raise his or her hand, the Chairman shall grant the floor in accordance with the order established by the Chairman himself, at his sole discretion. In the case where written requests to take the floor are required, the Chairman shall grant the floor in accordance with the order in which requests to speak were received. The Chairman and/or, on his invitation, the Directors and the Statutory Auditors, respond to persons with the right to speak according to their areas of expertise or when deemed useful by the Chairman, after the speech of each one or after all speeches have been given on each item of the agenda, according to the procedure laid down by the Chairman. Persons with the right to speak have the right to make one speech on each item on the agenda, except for a reply and a statement of vote, each of a duration of no more than five minutes. The Chairman, taking into account the issue and the importance of the single items on the agenda, announces the period of time available for the speech of each person with the right to speak, normally not less than five minutes and not exceeding ten minutes. When such period of time has expired, the Chairman may invite the person with the right to speak to conclude within another five minutes.

The Board of Directors shall report to the Shareholders' Meeting on the past and scheduled activities, at the time of presentation of the Directors' Report on Operations accompanying the annual financial statements.

Board of Statutory Auditors

The Board of Statutory Auditors consists of three regular and two alternate Auditors, whose functions, duties and terms of office are defined by the law.

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.

Auditors are appointed on the basis of lists of candidates, in accordance with the procedures set forth below. Those shareholders who, alone or in conjunction with other shareholders represent the percentage of share capital envisaged for the Company to submit lists of candidates for appointment of the Board of Directors, 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 are 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 candidate may appear on only one list, upon

⁴ The Shareholders' Meeting Regulations are available both at the registered office and on the corporate website, section "*Corporate Governance- AGM – Attending the AGM*".

penalty of ineligibility. Together with each list and within the term established for the filing of lists, the shareholders submitting the lists must also file at the registered office, certification attesting their ownership of their respective shareholdings, and (i) information pertaining to the identity of the shareholders submitting the lists, with an indication of the percentage of share capital they jointly hold; (ii) exhaustive information on the personal and professional features of the candidates included in the list; (iii) 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; (iv) the declarations in which each candidate accepts nomination 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 Auditor of the Company.

The lists, signed by the person submitting them, must be filed at the Company's registered office and published in at least one national daily newspaper, at least fifteen days prior to the date set for the Shareholders' Meeting in first call. In the case where, by the aforesaid deadline, submission has been made of only one list or only of lists submitted by shareholders associated amongst themselves, the relevant statutory and regulatory provisions shall apply.

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) shall be entitled to vote for only one list. 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, shall be deemed elected regular Auditors. Should no list be submitted, the Shareholders' Meeting shall appoint the Board of Statutory Auditors and the Chairman thereof, by majority of the votes cast, in accordance with law. In the case where only one list is submitted, the entire Board of Statutory Auditors is appointed from the said list, and the Chairman of the Board of Statutory Auditors shall be the first candidate on the said list. Should, on the other hand, two or more lists be submitted for the appointment of the Board of Statutory Auditors, the first candidate 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, will be elected alternate Auditors.

In the event of votes being equal between two or more lists the younger candidates will be elected until all the posts to be assigned have been filled.

The first candidate on the list obtaining the highest number of votes, from amongst those 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 on the overall, shall be elected Chairman of the Board of Statutory Auditors. In the event of votes being equal between two or more minority lists, the provisions of the previous paragraph will apply. In the event of submission of a single list, the first candidate specified therein will take the chairmanship.

In the case of the death, resignation or forfeiture of an acting Auditor, the alternate Auditor belonging to the same list as the replaced Auditor will succeed him, such alternate being appointed for a period coterminous with the term of the other acting Auditors in office at the time of his appointment as an acting Auditor, and moreover, serving as Chairman of the Board of Statutory Auditors. In the case where it is not possible to proceed as indicated above, the term of the entire Board of Statutory Auditors shall be deemed to have expired in full with immediate effect, and accordingly, a Shareholders' Meeting must be called to pass resolutions on the appointment of a new Board of Statutory Auditors pursuant to the voting list system set forth in this Article 21.

The members of the Board of Statutory Auditors must be selected from amongst persons who have acquired, on the overall, at least three years' experience:

- a) professional activities or permanent university teaching in legal, economic, financial and technical/scientific subjects strictly pertinent to the Company's business activities;
- b) senior management functions in public entities or public administration operating in sectors strictly pertinent to the Company's activity,

In such regard, article 21 of the Articles of Association provides that: (i) fields and sectors closely related to the Company's business activities shall include all those mentioned in point (a) above pertaining to banking, and economic sectors closely related thereto; (ii) economic sectors closely related to banking shall include the credit, parabanking, financial and insurance sectors.

Having accepted the resignation of the entire Board of Statutory Auditors with effect as from the date of commencement of trading of shares in the Company on the electronic share market, the Shareholders'

Meeting of 3 October 2006, appointed a new Board of Statutory Auditors with effect as from the same date of commencement of trading of shares in the Company on the electronic share market, (that is to say, 15 November 2006). The term of the Board of Statutory Auditors shall expire on the date of the Shareholders' Meeting called for the approval of the financial statements for the year 2008.

The current membership of the Board of Statutory Auditors, is set forth in the table below:

Name and Surname	In office from	Office held
Giuseppe Alessio Verni	15 November 2006	Chairman
Paolo D'Agnolo	15 November 2006	Acting Auditor
Angelo Venchiarutti	15 November 2006	Acting Auditor
Cristiano Cerchiai	15 November 2006	Alternate Auditor
Corrado Giammattei	15 November 2006	Alternate Auditor

A summary profile of the members of the Board of Statutory Auditors, is provided below.

Giuseppe Alessio Verni. Born in Trieste on October 5, 1964, Giuseppe Alessio Verni graduated in Economics from the University of Trieste in 1989. He is registered with the rolls of Certified Public Accountants and Commercial Experts of Trieste, as well as the list of Certified Auditors, the rolls of the Technical Consultants to the Civil Court of Trieste and the rolls of Auditors of Cooperative Societies. Within the framework of his professional activities, he has acquired experience in the field of accounting, business administration, finance, taxation and tax litigation, and as a valuer of corporations and extraordinary corporate transactions. Since 1993, he acts as an Official Receiver with the Civil Court of Trieste. He has held the office of Director of the Roll of Certified Public Accountants of Trieste for the three years from 2000 to 2003 and was elected to the current Board of the Roll of Certified Public Accountants and Commercial Experts of Trieste. He is currently the Chairman of the Boards of Statutory Auditors of Banca Generali S.p.A., Banca BSI Italia S.p.A., and S. Alessandro Fiduciaria S.p.A., and is also a Statutory Auditor of Simgenia S.p.A.. He is also a Statutory Auditor of Assicurazioni Generali and another listed company.

Paolo D'Agnolo. Born in Trieste on August 28, 1941, Paolo D'Agnolo is registered with the rolls of Accountants and Commercial Experts of Trieste, where he has worked as a consultant since 1964. He was subsequently registered with the rolls of the Technical Consultants to the Court of Trieste and the list of Certified Auditors. He has held top ranking positions for many years in numerous unlisted and listed companies, the latter since 1973. In particular, he has held positions in banks such as the Istituto Federale delle Casse di Risparmio delle Venezie Spa where he was Chairman of the Board of Statutory Auditors, Specialcredito Banca S.p.A. where he acted as Chairman of the Board of Directors and Cassa di Risparmio Banca S.p.A. where he acted as Deputy Chairman of the Board of Directors. In the insurance sector, he held the post of Statutory Auditor of Assicurazioni Generali S.p.A. He is currently a member of the control bodies of a large number of companies, including the listed company Banca Generali S.p.A.

Angelo Venchiarutti. Born in Rome on 20 September 1956, Angelo Venchiarutti graduated in Law from the University of Trieste in 1981. He earned a doctorate in Civil Law in May 1983, was appointed Associate Professor of Comparative Private Law in 1999 and subsequently tenured Professor of Private Law. He currently holds various positions with the University of Trieste where he has conducted a large number of university and other courses. He is also involved in research, and has published a large number of papers on civil law, comparative private law and commercial and insurance law. He does not serve as an acting or alternate member on the Board of Statutory Auditors of any other listed company.

Cristiano Cerchiai. Born in Rome on 16 January 1965, Cristiano Cerchiai graduated in Economics from the Cà Foscari University of Venice in 1988. He is registered with the rolls of Certified Public Accountants of Venice as well as the list of Certified Auditors. He is currently a specialist in international tax planning and M&A corporate and tax matters with the law firm and tax consultancy LCA, and also serves on the internal control organs of various companies. He does not serve as an acting or alternate member on the Board of Statutory Auditors of any other listed company.

Corrado Giammattei. Born in Turin on 30 October 1958, Corrado Giammattei graduated in Economics from the University of Trieste in 1984, and then qualified as a Certified Public Accountant in 1985. He currently

serves as Chairman of the Board of Statutory Auditors of various companies. He does not serve as an acting or alternate member on the Board of Statutory Auditors of any other listed company.

The members of the Board of Statutory Auditors undertake the tasks assigned to them pursuant to the Italian Civil Code, Legislative Decree No. 58/98 and the Articles of Association in full autonomy and independence, including from the shareholders who appointed them, maintaining, in accordance with the recommendations set forth in the Corporate Governance Code, a constant exchange of information between the Board of Statutory Auditors, the organs and functions of the Company undertaking tasks pertaining to internal control, and the independent auditors.

The Board of Statutory Auditors has properly undertaken its statutory supervisory activities.

In 2008, Banca Generali's Board of Statutory Auditors met 21 times. The table below provides information on the attendance of auditors at meetings of the Board of Statutory Auditors held in 2008.

Member	Office held	% participation to Board of Statutory Auditors' meetings
Giuseppe Alessio Verni	Chairman	100%
Paolo D'Agnolo	Acting Auditor	95.24%
Angelo Venchiarutti	Acting Auditor	100%
Cristiano Cerchiai	Alternate Auditor	-
Corrado Gianmattei	Alternate Auditor	-

Mean attendance by auditors at Board meetings during the financial year 2008 was 97.22%.

On 27 October 2006, following its appointment, the Board of Statutory Auditors assessed the independence of its members. On 21 February 2009, the Board of Statutory Auditors declared itself satisfied that its members continued to meet the requirements of independence.

In carrying out the aforesaid assessments, the Board of Statutory Auditors applied all the criteria recommended in the Corporate Governance Code in respect of the independence of Directors.

Any Auditor who holds any interest, whether on his own behalf or on behalf of others, in any transaction effected by the Company, must give timely and exhaustive notice of the nature, origin and terms of the said interest, to the other Auditors and the Chairman of the Board of Directors. The same reporting obligations shall be binding, *mutatis mutandis*, on any Auditor falling within the scope of the cases contemplated in article 136 of Legislative Decree 385/1993.

The Board of Statutory Auditors has monitored the independence of the independent auditors, in terms of both compliance with the relevant requirements, and the nature and volume of non-auditing services rendered to the Company and its subsidiaries by the said independent auditors and entities belonging to the same network.

The Board of Statutory Auditors discharged its tasks in coordination with the Internal Audit function and the Internal Control Committee.

Trieste, 12 March 2009

THE BOARD OF DIRECTORS

Annex: OTHER PROVISIONS OF THE CORPORATE GOVERNANCE CODE

	YES	NO	Summary of the reasons for eventual differences from the recommendations of the Code
Proxy system and transactions with related parties			
Has the BoD granted proxies and defined:			
a) limits	X		
b) methods of execution	X		
c) and information release schedules?	X		
Is the BoD to examine and approve transactions of particular economic and financial importance (including transactions with related parties)?	X		
Has the BoD defined guidelines and standards for identifying "significant" transactions?	X		
Have the standards and guidelines been described in the report?	X		
Has the BoD defined specific procedures for assessing and approving transactions with related parties?	X		
Are these approval procedures for transactions with related parties described in the report?	X		
Procedures for the most recent appointment of Board Members (3 October 2006) and Auditors (3 October 2006)			
Were the candidates for Director recorded at least ten days in advance?			The current BoD was appointed before the Company's listing
Was sufficient information provided with the candidacies for Director?	X		
Was an indication of independent-status qualifications included with the candidacies for director?	X		
Were the candidates for Auditor recorded at least fifteen days in advance?			The current BoD was appointed before the Company's listing
Was sufficient information provided with the candidacies for Auditor?	X		
Shareholders' Meetings			
Has the company approved Regulations of the General Shareholders' meetings?	X		
Are these rules (or indications as to where they are available) included with the report?	X		
Internal Control			
Has the Company appointed the persons to be in charge of internal control?	X		
Are these people free of hierarchical connections to heads of operational units?	X		
Company unit in charge of internal control (as per Article 9.3 of the Code)	Internal Auditor		
Investor Relations			
Has the Company appointed a head of investor relations?	X		
Company unit and contact info (address/phone/fax/e-mail) of the head of investor relations	Investor Relations Giuliana Pagliari, Via Ugo Bassi n. 6, Milan, Tel. + 39 02 60765486, Fax +39 02 69 462 138, Investor.relations@bancagenerali.it		