

**BOARD OF DIRECTORS' REPORT  
TO THE GENERAL SHAREHOLDERS' MEETING**

**Approval of a Network Loyalty Plan for 2018  
pursuant to Article 114-*bis* of TUF**

*Shareholders,*

This Report has been prepared pursuant to Articles 114-*bis* and 125-*ter* of Legislative Decree No. 58 of 24 February 1998 (Consolidation Law on Financial Intermediation or “**TUF**”), as amended and extended, and Article 84-*ter* of the Regulation adopted by Consob Resolution No. 11971 of 14 May 1999, as amended and extended (the “**Rules for Issuers**”).

This Report has been made available to the public, under the terms and conditions required by applicable laws and regulations, from the registered office of Banca Generali S.p.A. (“**Bank**”), the Milan operating offices, Corporate Affairs Service - Via Ugo Bassi 6, at Borsa Italiana S.p.A., the Bank’s website ([www.bancagenerali.com](http://www.bancagenerali.com)), and through the authorised storage mechanism ([www.emarketstorage.com](http://www.emarketstorage.com)).

Pursuant to Article 114-*bis* of TUF, the Board of Directors intends to submit for your approval the adoption of a Network Loyalty Plan for 2018 (the “**2018 Loyalty Plan**”) included in the Bank’s Framework Loyalty Programme (“**Framework Loyalty Programme**”), aimed at the Bank’s Financial Advisors authorised to make off-premises offers who do not serve in managerial positions, more precisely financial planners, wealth advisors, private bankers, financial planner agents, executive managers and financial planner agent managers (“**Financial Advisors**”), and at the Bank’s relationship managers (“**Relationship Managers**”).

This Report is thus aimed at illustrating the rationale and content of the proposal concerning the aforementioned 2018 Loyalty Plan. For definitions and an illustration of the content and provisions of the Plan, reference should be made to the Information Document drafted in accordance with Article 114-*bis* of TUF and Article 84-*bis* of the Rules for Issuers and made available to the public according to the terms and methods required under applicable legislation.

*1. Reasons for adoption of the 2018 Loyalty Plan*

The Framework Loyalty Programme, under which the 2018 Loyalty Plan falls, is designed to create a loyalty-building tool aimed at the recipients and incentivise them to meet corporate objectives in view of enhancing the Bank’s value through participation in annual incentive plans.

*2. Recipients*

The 2018 Loyalty Plan is aimed at Financial Advisors and Relationship Managers who had an agency or employment professional relationship with the Bank (“**Professional Relationship**”) at 31 December 2016, excluding those who were on notice of termination at that date, and who had reached at least five years of service within the company by 31 December 2017.

3. Methods and clauses for the implementation of the 2018 Loyalty Plan, with an indication of whether its implementation is contingent on the satisfaction of conditions, and in particular on the achievement of certain results

The Framework Loyalty Programme (and thus the 2018 Loyalty Plan, like all plans that will be prepared by the Bank each year in accordance with the Loyalty Framework Programme, or collectively the “Plans”) currently provides, and will continue to provide, for the payment to the beneficiaries of a cash bonus, unless the Board of Directors decides to submit for the approval of the Shareholders’ Meeting the payment of a portion of the bonus (up to a maximum of 50%) in shares of the Bank (“Shares”). With regard to the 2018 Loyalty Plan, the Board of Directors intends to exercise this option.

Accrual and payment of the bonus are conditional upon:

- a) the satisfaction of certain performance-related conditions;
- b) the achievement of the Banking Group’s access gate and the satisfaction of any additional conditions imposed by laws and regulations or instructions from the competent supervisory authorities and, in any event, conditions resolved upon by the Shareholders’ Meeting to ensure compliance with the aforementioned regulatory sources or, in any event, to ensure the Bank’s stability or liquidity;
- c) the application of the malus and claw-back mechanisms established by the remuneration policies adopted by the Bank from time to time.

Any bonus accrued must be paid on a deferred basis (in the case of the 2018 Loyalty Plan, a period of nine years) within 60 days of the approval of the 2026 Financial Statements. For the entire deferral period, interest will be recognised on the cash portion of any accrued bonus.

Beneficiaries shall retain their entitlement to receive any bonuses already accrued and subject to deferral in certain cases of severance of the Professional Relationship, but shall in any event be barred from inclusion in any Plans following the termination thereof.

4. Support for the 2018 Loyalty Plan, if any, from the Special Fund for encouraging workers to participate in enterprises, mentioned in Article 4, paragraph 112, of Law No. 350 of 24 December 2003

The Framework Loyalty Program receives no support whatsoever from the Special Fund for encouraging workers to participate in enterprises, mentioned in Article 4, paragraph 112, of Law No. 350 of 24 December 2003.

5. Methods of defining the prices and criteria for determining the subscription or strike prices of shares

Not applicable.

6. Lock-up of shares, with particular regard to the period within which subsequent transfers to the company or third parties are permitted or restricted

The Framework Loyalty Programme does not impose any retention period, with the result that, upon expiry of the deferral period, and as of the settlement date, any and all assigned Shares shall be fully and freely available, without prejudice to any and all retention periods imposed on “Key Personnel” under the Remuneration Policies in force from time to time.

An outline draft of the resolution that the General Shareholders' Meeting is invited to pass by way of approval of the aforesaid proposal is provided below:

*'The Ordinary Shareholders' Meeting of Banca Generali S.p.A., held in ordinary session, at the offices of Assicurazioni Generali S.p.A. in Trieste, at Via Machiavelli 6,*

- *having regard to the Board of Directors' Report on this item on the agenda;*
- *having regard to the Information Document concerning the 2018 Network Loyalty Plan, regulated under the Framework Loyalty Programme, drafted pursuant to Article 114-bis of TUF and Article 84-bis of the Rules for Issuers, to which reference is made;*
- *having regard to Article 114-bis of TUF and the regulatory provisions issued by Consob,*

**resolves:**

1. *to approve, pursuant to Article 114-bis of TUF, the adoption of the 2018 Network Loyalty Plan, regulated under the Framework Loyalty Programme for Banca Generali S.p.A.'s Financial Advisors authorised to make off-premises offers and Banca Generali S.p.A.'s Relationship Managers, the terms, conditions and manners of which are described in the relevant Information Document annexed to the Board of Directors' Report, to which reference is made;*
2. *to authorise, with express powers of substitution, the Chairman of the Board of Directors and the Chief Executive Officer, severally and not jointly, to establish the procedures, timing and all the executive and other terms, with a view to ensuring the optimal implementation of this resolution, effecting for such purpose any and all related assessments and checks, and proceeding with any and all related formalities, filings and submissions, without exclusion or exception whatsoever."*

Milan, 1 March 2018

THE BOARD OF DIRECTORS