



**REPORT AND MOTIONS
ON THE ITEMS ON THE AGENDA**

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1. FINANCIAL STATEMENTS AT 31 DECEMBER 2017 OF THE MERGED COMPANY BG FIDUCIARIA SIM S.P.A. RELEVANT AND ENSUING RESOLUTIONS

Shareholders,

Effective as of 1 January 2018, the company BG Fiduciaria SIM S.p.A. was merged into your Company, following the resolution passed by the Board of Directors on 12 October 2017 and the subsequent deed of merger signed on 14 November 2017, notarised by Notary Public Angelo Busani in Milan under index No. 40471/18725.

We therefore submit for your approval the Financial Statements of BG Fiduciaria SIM S.p.A. for the year ended 31 December 2017 and inform you that net profit for the year was 947,765.46 euros.

Accordingly, we propose that you resolve to fully carry forward the above net profit reported by the merged company BG Fiduciaria SIM for the year ended 31 December 2017.

Milan, 1 March 2018

The Board of Directors

2. FINANCIAL STATEMENTS AT 31 DECEMBER 2017, ALLOCATION OF NET PROFIT FOR THE YEAR; PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND INFORMATION ON THE NON-FINANCIAL STATEMENT PURSUANT TO LEGISLATIVE DECREE NO. 254/2016 (2017 SUSTAINABILITY REPORT); RELEVANT AND ENSUING RESOLUTIONS

Shareholders,

Net profit for the year was 206,449,393.00 euros. In submitting the Financial Statements for the year ended 31 December 2017 for your approval, we propose allocating the net profit for the year as follows:

> net profit for the year	euros	206,449,393.00
> to legal reserve	euros	41,538.00
> to retained earnings	euros	60,934,028.00
> a dividend of 1.25 euros per each of the 116,379,062 outstanding ordinary shares, including the portion attributable to treasury shares, as per Article 2357-ter of the Italian Civil Code totalling	euros	145,473,828.00

We also propose to pay out dividends as of 23 May 2018 (payment date), net of any legal withholdings applicable in compliance with statutory provisions, with ex-dividend date on 21 May and with payment to shares that on the record date 22 May are entitled to dividends.

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

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

- > *having regard to the draft Financial Statements for the year ended 31 December 2017, prepared by the Board of Directors, on the whole and in respect of each of the items included therein, and any and all provisions therein proposed;*
- > *having acknowledged that, on this day, the authorised share capital of 119,378,836.00 euros is subscribed and paid up in the amount of 116,851,637 euros and is divided into 116,851,637 shares of a par value of 1.00 euro each, and that, as of today, treasury shares total 472,575;*
- > *having regard to the Directors' Report on Operations, the Statutory Auditors' Report and the other documents attached to the draft Financial Statements;*

resolves

- 1) *to approve the Financial Statements for the year ended 31 December 2017;*
- 2) *to acknowledge the Consolidated Non-financial Statement prepared pursuant to Article 4 of Legislative Decree No. 254 of 2016 and specifically released as part of the 2017 Sustainability Report expressly referenced in the Directors' Report on Operations. Pursuant to Article 7 of Legislative Decree No. 254 of 30 December 2016, Banca Generali S.p.A.'s Directors are responsible for the preparation of the Non-financial Statements on a voluntary basis;*

- 3) *to allocate the net profit for 2017, amounting to 206,449,393.00 euros, as follows:*
- | | | |
|--|-------|----------------|
| > <i>net profit for the year</i> | euros | 206,449,393.00 |
| > <i>to legal reserve</i> | euros | 41,538.00 |
| > <i>to retained earnings</i> | euros | 60,934,028.00 |
| > <i>distribution of a cash dividend to shareholders, in the amount of 1.25 euros per each of the 116,379,062 outstanding ordinary shares, including the portion to be assigned to treasury shares, as per Article 2357-ter of the Italian Civil Code, for a total amount of</i> | euros | 145,473,828.00 |
- 4) *to approve the payment of the dividend, net of any legal withholdings applicable in compliance with statutory provisions, as of payment date 23 May 2018, ex coupon 12 and ex date 21 May 2018, and entitlement to dividends set on record date 22 May 2018;*
- 5) *to vest the Chairman of the Board of Directors and the Chief Executive Officer/General Manager, jointly and severally, including through special attorneys-in-fact, with full powers to undertake whatsoever may be necessary or useful to ensure the execution of this resolution.”*

Milan, 1 March 2018

The Board of Directors

3. REMUNERATION REPORT: BANKING GROUP'S REMUNERATION AND INCENTIVISATION POLICIES AND REPORT ON THE APPLICATION OF THE SAID POLICIES IN 2017; RELEVANT AND ENSUING RESOLUTIONS

Shareholders,

We hereby remind you that the provisions issued on 20 November 2014 by the Bank of Italy in the 7th update to its Circular No. 285 of 2013, to implement the CRD IV Directive, set forth specific principles and requirements that banks must comply with so as to ensure that: remuneration and incentivisation systems are properly designed and implemented; potential conflicts of interest are effectively managed; the remuneration system takes due account of current and prospective risks, the degree of capitalisation, as well as liquidity levels of each intermediary; transparency towards the market is maximised; and oversight by regulatory authorities is reinforced.

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

The aforementioned provisions call for the implementation of measures chiefly envisaging:

- > a maximum limit of 1:1 for the ratio of the variable to fixed component of remuneration, exclusively for Key Personnel;
- > the power granted to the General Shareholders' Meeting for raising the said ratio above the level established in the preceding point up to no more than 2:1, provided that certain conditions are met;
- > limits on variable remuneration where banks fail to observe specific capital requirements;
- > the application of the regulatory technical standards concerning (i) the qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile, as per Commission Delegated Regulation (EU) No. 604 of 4 March 2014; and specifying (ii) the classes of instruments that adequately reflect the credit quality of an institution as a going concern and are appropriate to be used for the purposes of variable remuneration, as per Commission Delegated Regulation (EU) No. 527 of 12 March 2014;
- > remuneration and incentivisation policies and procedures to be applied, among others, to Financial Advisors authorised to make off-premises offers.

In this context, the legal framework also envisages that:

- i) in addition to establishing the remuneration of the members of the corporate organs, the Ordinary Shareholders' Meeting shall also approve the remuneration and incentivisation policies applicable to bodies and functions of strategic oversight, management and control, as well as to other personnel;
- ii) the General Shareholders' Meeting itself shall be provided information on the procedures through which remuneration policies were applied and implemented.

At the same time, it bears recalling that, by Resolution of 23 December 2011, Consob laid down systematic rules streamlining currently applicable instructions on transparency and the disclosure of the remuneration of management level executives of issuers of listed securities. Under the said rules, issuers of listed securities are required, *inter alia*, to draw up a report on remuneration, without prejudice to the remuneration-related obligations imposed under industry-specific regulations applicable by reason of the industrial sector in which the listed corporation operates.

Lastly, the framework of reference outlined above includes recommendations set forth in the Corporate Governance Code for Listed Companies that your Company has voluntarily adopted, and that entrench the principles contained in the Recommendations issued by European authorities regarding the content of remuneration policies and the process through which they are defined.

In light of all of the above, you have been convened to resolve on the Remuneration Report concerning the members of the Board of Directors, General Managers and other Key Management Personnel, pursuant to

Articles 123-ter of Legislative Decree No. 58/98 and 84-quater of the Rules for Issuers adopted by Consob by Resolution No. 11971 dated 14 May 1999, and Article 6 of the Corporate Governance Code for Listed Companies (version dated July 2015). The Remuneration Report was prepared in compliance with Annex 3A, Layout 7-bis, of the Rules for Issuers and is comprised of three sections: the first and the second illustrate the proposed Company and Group remuneration and incentivisation policy; the third highlights the procedures through which the said policy has been implemented in the financial year 2017, and specifies the emoluments actually paid.

In referring you to the Remuneration Report for further details, in accordance with the aforementioned Bank of Italy Instructions and Consob regulations, you are invited to approve in particular the contents of the First and Second sections of the Remuneration Report which, as noted above, illustrate the remuneration and incentivisation policies proposed by the Company and the Group, as well as the procedures to be followed for the adoption and implementation of the said policies. With regards to the third section, the regulations only provide for reporting obligations towards the General Shareholders' Meeting.

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

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

The Remuneration Report therefore provides a summary of the results of the aforesaid checks regarding (i) the compatibility of the Group's remuneration and incentivisation policies for 2018 with the current regulatory framework of reference, and (ii) the operating compliance of remuneration practices with regulations and the remuneration policies approved by the General Shareholders' Meeting on 20 April 2017.

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

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

- > *having regard to Part I, Chapter 2 "Remuneration and Incentivisation Policies and Procedures", Title IV "Corporate Governance, Internal Control, Risk Management", of Bank of Italy Circular No. 285 dated 17 December 2013;*
- > *having regard to Article 123-ter of Legislative Decree 58 of 24 February 1998;*
- > *having regard to Article 84-quater of Consob Resolution No. 11971 of 14 May 1999, as amended and extended;*
- > *having regard to Article 6 of the Corporate Governance Code for Listed Companies (in its most recent version approved in July 2015 by the Corporate Governance Committee);*
- > *having examined the Remuneration Report prepared pursuant to Article 123-ter of Legislative Decree No. 58 of 24 February 1998 and Bank of Italy Circular No. 285, Part I, Title IV, Chapter 2, dated 17 December 2013;*
- > *having acknowledged the results of the checks carried out by the internal audit and compliance functions;*
- > *having acknowledged the activities undertaken by the Remuneration Committee in such regard;*
- > *having heard the favourable opinion of the Board of Statutory Auditors,*

acknowledges

the contents of the Third Section of the Remuneration Report on the implementation in 2017 of the remuneration policies approved by the General Shareholders' Meeting on 20 April 2017 and

resolves

- 1) *to approve the First and Second Sections of the Remuneration Report, which explain the remuneration and incentivisation policy of the Company and Group;*
- 2) *to place the Board of Directors in charge of implementing the remuneration and incentivisation policies, allowing the same to appoint one of its members to concretely implement such policies."*

Milan, 1 March 2018

The Board of Directors

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COMPANY BODIES at 20 March 2017

BANCA GENERALI S.P.A.
GOVERNING AND CONTROL BODIES

Chairman	Giancarlo Fancel	
Chief Executive Officer and General Manager	Gian Maria Mossa	
Board of Directors	Cristina Rustignoli Giovanni Brugnoli Azzurra Caltagirone Anna Gervasoni Massimo Lapucci Annalisa Pescatori Vittorio Emanuele Terzi	Non-executive Director Non-executive and Independent Director Non-executive Director Non-executive and Independent Director Non-executive and Independent Director Non-executive and Independent Director Non-executive and Independent Director
Board of Statutory Auditors	Massimo Cremona Mario Francesco Anaclerio Flavia Minutillo	Chairman
Secretary of the Board of Directors	Domenica Lista	

Letter of the Chairman of the Remuneration Committee



Dear Shareholders,

It is my pleasure to present the Banca Generali Group's Annual Remuneration Report for 2018.

The policies for the current year have been defined in a way that takes account of the Bank's structure, its overall values and its mission focused on quality and customer satisfaction, while also continuing to pursue sustainable development and the creation of value over time for all of our various stakeholders.

An effective remuneration policy allowed us to continue to align the interests of our shareholders and management throughout the year, once again confirming its role as a fundamental tool for attracting, motivating and retaining qualified professionals who share and embody our values.

In pursuit of constant improvement, the 2018 Remuneration and Incentivisation Policies will continue to strengthen, with even greater emphasis, the bonds between remuneration, risk and profitability, thereby effectively supporting the achievement of the expected business results in both the short and the long term.

Following last year's introduction of the loyalty-building programme for the financial advisor network, this year our pursuit of constant innovation led us to introduce the first Long Term Incentive (LTI) based solely on Banca Generali shares. This decision was motivated by the desire to establish a clear connection between the Banking Group's long-term results and the top managers' quality performance, thus aiding us in further increasing stability and sustainability.

The strategic objectives that we have set for ourselves are ambitious and require renewed focus on excellent execution, which may only be achieved with the constant energy, engagement and awareness of all of our people.

Transparency, linearity, merit and a close link with results remain the pillars of our remuneration policies, because they allow us to continue to make the best use of our human capital, thus maximising the advantages for all stakeholders involved.

I would like to take the opportunity to thank Directors Anna Gervasoni and Annalisa Pescatori, the Chairman of the Board of Statutory Auditors Massimo Cremona and Statutory Auditors Flavia Minutillo and Mario Anaclerio for their valuable contributions to the Committee's proceedings.

Kind regards,

Giovanni Brugnoli
Chairman of the Remuneration Committee

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SECTION 1

EXECUTIVE SUMMARY

THE MISSION

Guaranteeing competitive remuneration against sustainable performance and growth

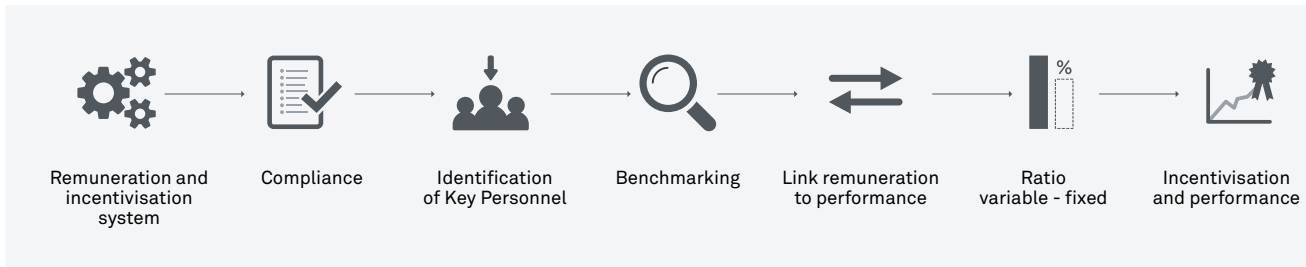
Banca Generali's remuneration policy is aimed at ensuring the best possible alignment of the interests of the Banking Group's Shareholders and those of the Management, through careful risk management and the consistent pursuit of long-term goals.

A well-balanced system of rewards and incentives for the Banking Group's Directors and Management is key to boosting competitiveness and ensuring high-levels of corporate governance over time.

Moreover, remuneration, especially with regards to Key Personnel, is useful in terms of attracting and retaining people with the talent and skills best suited to the company's needs.

SUMMARY OF REMUNERATION APPROACH

Main Elements of the 2018 Remuneration and Incentivisation System



1. Main drivers of remuneration and incentivisation policies



- > Transparency of policies.
- > Remuneration policies consistent with the achievement of sustainable performance and growth.
- > Scrupulous and constant regulatory compliance.
- > Limited application of the principle of proportionality, where envisaged by relevant regulatory provisions and in compliance with the same.
- > Ongoing monitoring of market trends and practices.

Based on the respect of our Remuneration Policy's pillars, on which 2017 projections were also based, it is possible to properly define competitive remuneration levels.

2. Compliance with regulations



- > Delegated Regulation (EU) No. 604/2014 of 4 March 2014 issued by the European Commission.
- > Bank of Italy's "Supervisory Provisions for Banks", 7th Update to Circular No. 285 of 17 December 2013, as amended.
- > European Directive on Capital Requirements (CRD IV).
- > Regulation implementing Legislative Decree No. 58 of 24 February 1998 (Finance Consolidation Law - TUF).

Remuneration policies have been drawn up with a view to ensuring simultaneous compliance with provisions governing the matter in question introduced by Italian and European laws applicable to the banking sector, the regulatory provisions applicable to issuers and the Corporate Governance Code for Listed Companies.

3. Identification of Key Personnel



- > Definition of Key Personnel in line with RTS (Regulatory Technical Standards) issued by the European Commission upon EBA's proposal, in compliance with Bank of Italy's provisions, and transposed in the Commission Delegated Regulation (EU) No. 604 of 4 March 2014.
- > Particular focus on persons falling within the category of Financial Advisors.
- > Limited application of the principles of proportionality, where applicable, with reference to "other banks".

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

4. Remuneration benchmarking



- > Participation to the ABI's annual remuneration survey.
- > With regard to Key Personnel, comparative analyses of the practices adopted by a pool of selected competitors, supported by an independent external advisor.

The Banking Group's remuneration policy has been defined, insofar as financial and credit market practices are concerned, on the basis of the results of the ABI study, with a view to establishing benchmark indicators for the fixed and variable components of the remuneration of the Group's managers. In addition, the components of the package for Key Personnel were determined also with the support of specific studies conducted by an independent external advisor.

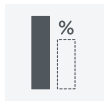
5. Mechanisms for linking remuneration to performance



- > Application of parameters aimed at assessing long-term sustainability of company performance, in terms of risks assumed and liquidity required.
- > Application of the economic/financial targets outlined in the budget for the reference year as targets of the MBO systems, where applicable.
- > Performance targets set in the light of the risk-correction measures most appropriate to the activities performed.
- > Reference to economic/financial objectives of the Banking Group and the Assicurazioni Generali Group as targets for the LTI plans.
- > Application of access gates, and malus and claw-back mechanisms.

All types of variable remuneration are correlated with indicators, which aim at appreciating the weighting of risks of the company or Group, and are determined taking due account of the risks assumed and the liquidity required to cover ongoing business operations, and with a view to avoiding conflicts of interest.

6. Ratio of variable to fixed remuneration for Key Personnel



- > Cap mechanism to ensure compliance with the ratio of total variable to total fixed remuneration.
- > The 2:1 limit is the maximum limit envisaged for 21 members of Key Personnel.

The cap mechanism ensures that the ratio of total variable remuneration paid in a given year (including both up-front and deferred payments) to total fixed remuneration in that same year does not exceed the set ratio. Accordingly, this mechanism, which is applied on a cash basis, also takes account of the effects of bonuses accrued in years prior to the introduction of the cap, as well as of deferred bonuses. For 2018 a proposal has been submitted to the General Shareholders' Meeting to increase to 2:1 the ratio of variable to fixed remuneration for determining the remuneration of 21 members of Key Personnel (of whom 14 Relationship Managers).

7. Incentivisation system linked to yearly performance



- > Confirmation of the bonus pool approach of the Group's 2018 incentivisation system.
- > The system envisages the measurement of both individual and banking group performances.

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

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SECTION 2

BANKING GROUP'S REMUNERATION AND INCENTIVISATION POLICIES

1. THE OBJECTIVES OF THE REMUNERATION POLICY

In applying its remuneration policies, the Banca Generali Group aims at ensuring the best possible alignment of the interests of the Banking Group's Shareholders and those of the Management, through careful risk management and the consistent pursuit of long-term strategies.

A well-balanced system of rewards and incentives for the bank's directors and top management is key to boosting competitiveness and ensuring high-levels of corporate governance over time. Moreover, remuneration, especially with regards to Key Personnel, is useful in terms of attracting and retaining people with the talent and skills best suited to the company's needs.

With this objective in mind, the Banca Generali Group's remuneration policy is determined in compliance with:

- > the **Banking Group's mission** ("Being the No.1 private bank in terms of service value and innovation"), especially with regard to its commitment to generating consistently excellent results for all its stakeholders in both the short and the medium/long term, whilst also ensuring sound and prudent risk management, well-balanced corporate organisation, and the constant pursuit of strategic goals;
- > the **Banking Group's values**, and more specifically, **responsibility, reliability and commitment**, to which not only the top management team, but all the banking group's personnel must always adhere, especially in their endeavours to meet their assigned objectives;
- > the **Banking Group's governance**, as the banking group's corporate/organisational model, and internal regulatory framework orienting all business operations towards:
 - scrupulous and constant **regulatory compliance**;
 - **strict application of the procedures regulating interaction between governing functions**, as well as amongst the different company structures;
 - **the proper implementation of appropriately designed processes** underlying the prevailing risk management and control system;
- > **ever greater sustainability**, especially through policies prioritising growth that is sustainable over time, and enhancing the potential of the **people** working within the Group by rewarding individual contributions to the organisation's success, including through appropriate remuneration, whilst discouraging conduct conducive to excess risk-taking.

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

Against this background, the **primary objective** of the remuneration policies is to adequately reward sustainable performance. Towards such end, any action taken as part of the remuneration policies is informed and shaped by the following guiding principles:

- > **internal fairness**: remuneration must be commensurate with the job description in question, taking due account of the burden of responsibility, and the competence and skill with which related duties are discharged. This applies both to top management and other personnel, it being understood that the remuneration of the latter must always be determined in strict compliance with all applicable national and corporate collective bargaining labour agreements;
- > **competitiveness**: the assigned remuneration must be in line with remuneration levels prevailing on reference markets; towards this end, trends in remuneration levels prevailing in the industry of reference are monitored through general and industry-specific surveys of remuneration practices;
- > **coherence**: meaning the transversal application of similar remuneration policies to comparable levels of job responsibility throughout the Banking Group, taking due account of the industrial sector and geographical area of reference, as well as other factors that could impact remuneration levels from time to time. These policies also promote staff development including through intercompany secondments;
- > **meritocracy**: meaning a system that commensurately reward the results obtained and the level of commitment and effort involved in attaining the same, which must constantly comply with applicable regulations and procedures, as well as an appropriate risk assessment.

Regulatory Framework

From a regulatory point of view, remuneration and incentivisation Policies are drafted in compliance with regulatory contents and provisions:

- > the **Provisions governing remuneration and incentivisation policies and practices** (7th Update of Circular No. 285 dated 17 December 2013, as subsequently updated), by applying, in certain cases, the principle of proportionality, as defined therein, while taking into account the characteristics, size, risk level and complexity of the business conducted by the Bank and Banking Group;
- > **Article 84-quater of the Rules for Issuers** (Consob Resolution No. 11971/1999) introduced with Consob Resolution No. 18049 of 23 December 2011 which laid down a comprehensive and systematic regulatory framework governing transparency, as required under Article 123-ter of TUF. Under the said rules, issuers are required to draw up a detailed report on remuneration, without prejudice to the remuneration-related obligations imposed under industry-specific regulations applicable by reason of the business of the listed corporation;
- > the **Corporate Governance Code for Listed Companies**, most recently updated in July 2015, requires the approval of a remuneration policy for Directors and Key Management Personnel.

This document has been therefore drawn up with a view to ensuring **simultaneous compliance** with both the provisions governing remuneration policies within the banking industry and the regulatory governance provisions applicable to issuers..

In addition, in order to ensure the consistent implementation of remuneration policies within the Generali Group, the principles and guidelines set out in the Group Remuneration Internal Policy drafted by Assicurazioni Generali in accordance with applicable legislation have been taken into account when preparing this document, without prejudice to the peculiarities dictated by legislation applicable to the banking sector.

2. RECIPIENTS OF THE REMUNERATION AND INCENTIVISATION POLICIES

Key Personnel

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

2.1 Identification of Key Personnel

In line with the applicable Provisions, the Company's Board of Directors shall carry out a self-assessment, in compliance with the provisions set forth in the Delegated Regulation (EU) No. 604 of 4 March 2014 and with the support of the Remuneration Committee, for the specific purpose of identifying "Key Personnel", whose professional activity exert or could exert a significant impact on the risk profile of the Bank and the Banking Group, and therefore warrant the application of the more detailed rules. The aforementioned self-assessment regards the organisational structure approved by the Board of Directors on 13 December 2017, and effective as of the same date of 1 January 2018.

In this context, the assessment for identifying the Key Personnel was performed by applying the so-called Regulatory Technical standards (RTS) for Identified Staff provided for by the above-mentioned Regulation and complementing Directive No. 2013/36/EU.

According to this self-assessment, the above-mentioned category of Key Personnel includes:

- > **Top Management:** Chief Executive Officer/General Manager, Deputy General Manager Wealth Management, Markets and Products, Deputy General Manager Commercial Networks, Alternative and Support Channels (hereinafter also referred to as DGMs);
- > **Other Key Personnel:** this category has been determined to include
 - i) the heads of relevant operating/company units: Head of the CFO & Strategy Area, Chief Financial Officer, Head of the Lending Department, Head of the AM Area, who also holds the position of Executive Director of BG FML and General Manager of BG FML;
 - ii) the persons in charge, directly reporting to the personnel indicated in point (i) above, who are regarded as having an impact on company risk due to their activities, autonomy and powers: Head of the Private Relationship Manager Area and Head of the Alternative and Support Channels Area;
 - iii) the Heads of the functions listed in point 9) of Article 3 of the Commission Delegated Regulation (EU), who are regarded as having an impact on company risk profile due to their activities, autonomy and powers: Head of the COO Area, Head of the General Counsel Department and Head of the Wealth Management Area;
- > **Managers in charge of company control functions:** Head of the Compliance and Anti Money Laundering Department, Head of the Internal Audit Department, Head of Risk and Capital Adequacy Department, Head of Human Resources Department (pursuant to Title IV, Chapter 2 of Bank of Italy's Circular No. 285 of 2013);
- > **Main managers operating in the Bank's distribution networks:** Sales Managers, Area Managers, Head of Business Development Top Wealth Advisor/Top Private Banker, Head of Recruiting;
- > **Financial Advisors authorised to make off-premises offers, who at the end of the previous year had collected total remuneration** (including both the recurring and incentive components) **equal to or greater than 750,000.00 euros and less than 1,000,000.00 euros**, in accordance with the provisions of Commission Delegated Regulation (EU) No. 604/2014, the structural characteristics of which were sufficient to reach or exceed the threshold of 750,000.00 euros in the following year as well (assessment of the continuity of remuneration);
- > **Financial Advisors who at the end of the previous year had collected total remuneration** (including both the recurring and incentive components) **equal to or greater than 1,000,000.00 euros**, in accordance with the provisions of Commission Delegated Regulation (EU) No. 604/2014.

The assessment process aimed at identifying key personnel resulted in the identification of 65 individuals at the level of the Banking Group (also including Financial Advisors authorised to make off-premises offers).

In determining its Key Personnel, the Bank intended to subject certain of its Financial Advisors authorised to make off-premises offers whose remuneration in 2017 exceeded 750,000 euros, to the provisions of Article 4, paragraph 2, of Commission Delegated Regulation (EU) No. 604/2014 in relation to the criterion in

point (a) of paragraph 1, of the same Article 4, so as to obtain approval from the Bank of Italy in compliance with paragraph 5 of the cited article. Should such approval be denied, the Financial Advisors in question shall also be placed within the category of Key Personnel.

2.2 Identification of Key Management Personnel

Pursuant to Consob Resolution No. 18049 of 23 December 2011, the term Key Management Personnel is to be construed in line with the definition set forth in Annex 1 to Consob Regulation No. 17221 of 12 March 2010, as further amended. Against this background, those persons having authority and direct or indirect responsibility for planning, directing, and controlling the activities of the company fall in the category of Key Management Personnel. In line with Company's corporate policy, this category shall include all the Company's directors (whether executive or otherwise), the acting members of the Board of Statutory Auditors, and the members of the Top Management as specified above.

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

2.3 Principle of proportionality

The Bank of Italy's Provisions apply to all "personnel", save for the rules detailing the remuneration structure designed solely for Key Personnel. In addition, in application of the principle of proportionality, banks establish their remuneration and incentivisation policies while taking account of their characteristics and size, as well as the risk level and complexity of the business they conduct, so as to achieve the objectives pursued by the regulations.

The regulations divide banking groups into three categories for the purposes of application of the **principle of proportionality**: larger more complex banks, smaller less complex banks and medium-size banks.

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

3. BODIES INVOLVED IN DEFINING THE REMUNERATION AND INCENTIVISATION POLICY

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

3.1 General Shareholders' Meeting

Pursuant to the Bank of Italy's Provisions, the General Shareholders' Meeting is in charge of: **i) establishing the remuneration** due to the bodies it appoints; **ii) approving the remuneration and incentivisation policies and share-based payment remuneration plans** for bodies with roles of oversight, management and control, as well as the remaining personnel, in addition to the criteria for determining the compensation to be provided in the event of early termination of the contract or the post (so-called "**golden parachutes**"); and **iii)** upon proposal, with statement of grounds, submitted by the Board of Directors, setting a limit on the ratio of the variable to fixed component of individual remuneration **in excess of 1:1**, in accordance with Section III, paragraph 1 of the Provisions.

3.2 Board of Directors

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

Within the context of the decisions of the Shareholders' Meeting, it is then the responsibility of the Board of Directors to draw up guidelines for the recruitment and internal placement of personnel belonging to the Company's managerial category and carry out checks to ensure that the remuneration and incentivisation systems applicable to Key Personnel take due account of **risk containment** policies and are consistent with the Company's remuneration policy, long-term objectives of the bank and the Banking Group, corporate culture and overall internal control and corporate governance system.

The Board of Directors also submits to the General Shareholders' Meeting a report on the implementation of remuneration policies, duly accompanied by an overview of the related quantitative data. The Board of Directors is supported in its work by the Remuneration Committee and, for the purposes of a correct application of the principles and criteria envisaged by the regulation, by the relevant company functions, i.e., the Human Resources Department, the Legal Counsel, the Compliance and Anti-Money Laundering Department, the CFO&Strategy Area (Planning and Control Department, Commercial Planning and Control Service), the Risk & Capital Adequacy Department.

3.3 Remuneration Committee

Banca Generali has instituted a Remuneration Committee within the Board of Directors. The Remuneration Committee is tasked with assisting the Board of Directors in laying down Company's policies in respect of the determination of the remuneration of the Company's key personnel holding the highest offices and those responsible for control functions. The above-mentioned Committee is currently composed of three non-executive, independent members of the Board of Directors, and is responsible for advising and making recommendations and proposals to the Board of Directors on matters pertaining to remuneration.

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

The current Committee was appointed by the Board of Directors on 23 April 2015 and will remain in office until the approval of the Financial Statements for the year ended on 31 December 2017. It is made up as follows:

NAME AND SURNAME	OFFICE HELD
Giovanni Brugnoli	Chairman of the Committee Non-executive and independent Director pursuant to the Corporate Governance Code and Article 37, paragraph 1(d) of Consob Regulation No. 16191/2007
Anna Gervasoni	Member of the Committee Non-executive and independent Director pursuant to the Corporate Governance Code and Article 37, paragraph 1(d) of Consob Regulation No. 16191/2007
Annalisa Pescatori	Member of the Committee Non-executive and independent Director pursuant to the Corporate Governance Code and Article 37, paragraph 1(d) of Consob Regulation No. 16191/2007

Tasks of the Remuneration Committee

Providing the Board of Directors with non-binding opinions and recommendations on the determination of the remuneration of those who hold the positions of:

- I) the Chairman of the Board of Directors and Chief Executive Officer and any other Executives, expressing opinions also on the setting of performance targets linked to the variable component of remuneration;
- II) providing the Board of Directors with non-binding opinions and recommendations on the determination of the remuneration of personnel, whose remuneration and incentive systems are decided by the Board of Directors — in accordance with statutory and regulatory provisions in effect from time to time, as well as with the Remuneration and Incentivisation Policy adopted by the Company — expressing opinions also on the setting of performance targets linked to the variable component of remuneration;
- III) being consulted on issues concerning the determination of criteria to be applied for the remuneration of all Key Personnel, as defined by the Remuneration and Incentivisation Policy adopted by the Company;
- IV) periodically assessing the appropriateness, overall coherence and concrete implementation of the remuneration policy applicable to Directors, Key Management Personnel and, on the basis of the information provided by the Chief Executive Officer, all personnel whose remuneration and incentive systems are decided by the Board of Directors — in accordance with statutory and regulatory provisions in effect from time to time, as well as with the Remuneration and Incentivisation Policy adopted by the Company, in addition to submitting its relevant proposals to the Board of Directors;
- V) monitoring the implementation of decisions adopted by the Board of Directors, also providing the Board with general recommendations on the matter;
- VI) directly overseeing on the correct implementation of rules governing the remuneration of the Heads of corporate control functions, in concert with the control body;
- VII) providing opinions on the determination of severance indemnities to be offered in the event of termination in office ahead of the scheduled expiry of the term of appointment or the post (so called golden parachutes); assessing, where necessary, the effects of such termination on the rights accrued and accruing under share-based incentive plans;
- VIII) expressing opinions, also on the basis of the information received from the competent company functions, on the achievement of the performance objectives to which incentive plans are tied, and on the review of the other conditions established for the disbursement of remuneration;
- IX) expressing non-binding opinions and proposals for any stock options plans and shares assignment or other share-based incentive systems, also suggesting the objectives associated with the provision of such benefits and the criteria for assessing the achievement of those objectives; monitoring the evolution and application over time of any plans approved by the General Shareholders' Meeting on the Board's proposal;
- X) expressing an opinion to the Board of Directors of the Parent Company on proposals relating to the remuneration of Directors holding special offices in strategic subsidiaries, pursuant to Article 2389 of the Italian Civil Code, as well as the general managers and key management personnel of those companies;

- XI) preparing all documents to be submitted to the Board of Directors for the relevant resolutions;
- XII) duly reporting on the activities performed by the company bodies, including the General Shareholders' Meeting, with the timeliness necessary to allow for due preparation of meetings called to examine matters pertaining to remuneration;
- XIII) participating into the General Shareholders' Meetings through its Chairman or another Committee's member;
- XIV) ensuring appropriate functional and operational links with the relevant company structures in charge of preparing and monitoring remuneration and incentivisation policies and practices;
- XV) working with the other Board committees, in particular with the Internal Audit and Risk Committee, which is tasked with assessing that the incentives granted through the remuneration system duly reflect risks and are commensurate with capital and liquidity levels;
- XVI) carrying out any and all other tasks and duties entrusted to the Committee by the Board through specific resolutions.

3.4 Governing Body

Identifying the objectives to be assigned to individual Executives, other than those for which the Board of Directors is responsible, as part of the policy determined by the General Shareholders' Meeting and the parameters identified by the Board of Directors, is the responsibility of the body responsible for management (identified based on the powers assigned), supported by the Human Resources Department, the General Counsel Department, the Compliance and Anti-Money Laundering Department, the Planning and Control Department, the Risk & Capital Adequacy Department, each for the parts within their respective remit.

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

3.5 Board of Statutory Auditors

The Board of Statutory Auditors is tasked with expressing opinions on the remuneration of directors vested with particular responsibilities, it being pointed out that the said opinions are provided even with regard to the remuneration of the Chief Executive Officer and General Manager.

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

3.6 Internal Audit Functions

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

More specifically:

- > the Compliance function, fulfilled by the **Compliance and Anti Money Laundering Department** is tasked, *inter alia*, with verifying that the corporate incentive system is in line with objectives of compliance with applicable regulations, the Articles of Association and the self-regulatory provisions, with a view to appropriately containing the legal and reputational risks that arise, above all, in the course of dealings and relationships with customers. The Compliance function submits the results of its assessments to the relevant company boards, recommending corrective action where appropriate, it being understood that the said results are also reported to the General Shareholders' Meeting on an annual basis;
- > the **Internal Audit function**, fulfilled by the Internal Audit Direction, is in charge, *inter alia*, of verifying, at least once a year, the compatibility of remuneration practices with approved policy and industry-specific regulations. This function also submits the results of its assessments to the relevant company boards and officers, recommending corrective actions where appropriate, it being understood that the said results are also reported to the General Shareholders' Meeting on an annual basis;

- > the **Risk Management function**, fulfilled by the Risk & Capital Adequacy Department, is responsible for checking the appropriateness of not only the risk indicators of reference but also the related parameters to which performance levels are to be linked when establishing objectives.

3.7 Human Resources and Other Functions

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

Remuneration policies are also impacted by input from the **Planning and Controlling Department and the Commercial Planning and Control Service**, which contribute towards identifying the **quantitative parameters** pertaining to the strategic objectives to which the variable component of remuneration is to be correlated, and determining the expense budget, as well as defining policies concerning Financial Advisors.

Other company departments were involved in identifying and monitoring **qualitative parameters** relating to the strategic objectives to be associated with the variable component.

4. REMUNERATION AND MECHANISMS FOR LINKING REMUNERATION TO PERFORMANCE

More specifically, overall remuneration is made of fixed and variable components, which, in the case of certain managers, may include participation in Long Term Incentive Plans designed to link remuneration to the long-term performance of the Banking Group and the Assicurazioni Generali Group to which it belongs.

4.1 Ratio of the Variable to Fixed Component of Remuneration

In the above-mentioned Bank of Italy's Provisions, the introduction for Key Personnel of a cap of 1:1 ratio of the variable to fixed component of remuneration is particularly important. The Bank has taken the following measures to ensure that this ratio is maintained:

- > variable remuneration less than or equal to this threshold for personnel in general.

With regard only to individual and specific company functions (Chief Executive Officer/General Manager, Deputy General Managers, Head of the Alternative and Supporting Channels Area, Head of the Asset Management Area, Head of the Private Relationship Manager Area, Head of the Wealth Management Area, two Sales Managers, ten Area Managers, an Head of Business development Top Wealth Advisor/Top Private Banker and a Head of Recruiting)

- > a motion, duly supported by a statement of grounds, to be submitted to the General Shareholders' Meeting to depart from the ratio of 1:1 of the variable to fixed component of remuneration, raising the same up to a **maximum of 2:1**. This proposal — based on the grounds set out in the specific report, and in particular on the consideration that in a specialist market such as that in which the bank operates, where it must compete with international players, a remuneration package competitive with those of its competitors, for individuals in key roles in its company organisation or managerial roles in its sales departments, allows the bank to attract and retain individuals with the professionalism and skills suited to the company's needs and ensure that its business results are achieved, in a manner consistent with applicable regulations — was submitted by the deadline set by the Bank of Italy.

For the remaining personnel, the ratio of the variable to total fixed components of remuneration is commensurate with the employee's job description and the strategic responsibilities inherent to his or her position within the organisational structure: for the professional areas and executives, it generally does not exceed 40%, but it may reach 100% for certain categories of personnel. In particular, it may reach:

- > the level of 100% (or higher in cases of entry or expiry plans based on net inflow/revenue targets and without guaranteed minimums) for persons operating in operating units of a commercial nature;
- > the level of 100% for "managers" within the framework of asset management activities, if the assigned results are achieved in full.

Point 8.2 below provides an itemised breakdown of the components of the compensation packages of the other Financial Advisors authorised to make off-premises offers, distinguishing between fixed and variable components.

4.2 Fixed Components of Remuneration for Employees

The fixed components refer to the remuneration of the role, responsibilities and managerial and technical skills of employees used to perform the roles assigned to them, in order to ensure managerial continuity and pursue effective and fair internal remuneration policies that are competitive in respect of the external market. The fixed component must account for a sufficient proportion of overall remuneration to attract and retain executive talent and provide adequate remuneration for job responsibilities even in the absence of additional bonuses or other incentives in light of substandard performance, so as to discourage risk-taking in excess of the company's capabilities, with a view to meeting short and medium-to-long term targets.

Among the fixed components of remuneration, the bank has introduced a "**service allowance**" to the configuration of remuneration packages for some managers with supervisory functions and the executive in charge of accounting records. The allowance is a component of fixed remuneration that is in addition



to traditional gross annual remuneration and is tied to some specific roles (the allowance is assigned to compensate a specific role and/or the related responsibilities; it may be renegotiated, with annual or other frequency, according to changes in the specific requirements of the role, but entitlement to collect it ceases if the beneficiary is assigned to a role within the company to which a service allowance does not apply).

The total fixed remuneration provided to personnel includes not only gross annual remuneration, but also service allowances, Director's remuneration, housing allowances (or sublease agreements), company collective supplementary pension benefits, health cover, and company life insurance and policies entailing an indemnity in the event of death or permanent disability.

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

The National Collective Labour Agreement for Credit Institutions, supplemented by the Supplementary Company Contract, is applied for Executives and Professional areas. Social security coverage and pension benefits are therefore uniformly regulated for each different category of staff, in strict compliance with the provisions set forth in applicable collective bargaining labour agreements.

4.3 Variable Components of Remuneration for Employees

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

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

Moreover, variable components of remuneration includes stability and non-competition agreements and specific one-off guaranteed payments at the time of recruitment.

As a result, variable remuneration linked to the performance of the bank and the banking group is determined taking due account of the risks assumed and the liquidity required to cover ongoing business operations, and with a view to avoiding conflicts of interest.

These envisage **access gates**, whereby failure to meet pre-set stability targets entails forfeiture of the related bonus, but also to malus and **claw-back mechanisms**, as described below.

Short-term incentivisation: Management by Objectives and Balanced Scorecards

Short-term variable remuneration is based on the **Management by Objectives** (MBO), which is consistent with the achievement of the earnings and financial results indicated by the budget for the reference year. The Management by Objectives system is linked to the **Balanced Scorecard** principles.

This tool is intended to translate the strategies set forth in the Group's industrial plan into a set of objectives that, taking due account of company risks, are able to materially influence the banking Group's overall performance. The objectives are assigned to the relevant persons on an annual basis on individual Scorecards. The purpose of this tool is to achieve maximum strategic alignment of management, as all the managerial positions help to create shareholder value by achieving objectives that are both quantitative and qualitative, but are in any event measurable.

The **variable remuneration** is linked on a **straight-line basis** to the degree to which the individual objectives are achieved. The objectives and the relevant targets are defined based on the guidelines, differentiated according to the sphere of work and responsibility attributed to the Manager, and identifying the impact of individual positions on the achievement of the respective objectives.

General scope of application

The MBO mechanism is used to define the variable remuneration of the Chief Executive Officer/ General Manager, the Managers and certain Executives. This rule does not apply to Relationship Managers and Asset Managers serving the AM Area and BG Fiduciaria. This is because, with a view to measuring performance and risks through variables that are consistent with the decision-making powers vested in each of these functions, quantitative objectives established in terms of the results carried in the consolidated financial statements of the Banking Group may be replaced by individual quantitative objectives associated with the individual function discharged within the Group.

Variable remuneration is tied on a straight-line basis to the degree of achievement of the targets established for individual objectives or the annual and non-recurring assessment of special projects with a significant impact on the development of the business and company performance.

Medium-to-long term incentivisation: Long Term Incentive

Plans currently underway

The **medium-to-long term** variable remuneration provided by Banca Generali, as governed by ongoing plans launched in previous years, consists of long-term plans based on shares of Assicurazioni Generali, the Assicurazioni Generali Group's Long Term Incentive plans approved from time to time by the competent bodies, the beneficiaries of which are the Chief Executive Officer/General Manager, several key management personnel and other executives identified by virtue of the significance of their roles within the Banking Group, provided that their roles are also significant at the level of the Generali Group.

Since 2013, Banca Generali has been participating in the Assicurazioni Generali plans based on a single three-year cycle, at the end of which free shares may be assigned, subject to certain holding/lock-up periods. In particular, the 2015, 2016 and 2017 LTI plans are currently in progress.

The assignment of shares in connection with the 2015 LTI plan — the performance cycle for which concluded at the end of 2017 — will take place in April 2018 (see Section III of this Report), whereas the assignment of shares relating to the 2016 and 2017 LTI plans will occur in 2019 and 2020, respectively.

The current plans tie the variable component of remuneration to the long-term objectives of the Banking Group and Assicurazioni Generali Group for the three years concerned. These plans are based on the following fundamental aspects:

- > they are rolling and divided into cycles, each of which lasts three years;
- > they require that the incentive deriving from the satisfaction of objectives be disbursed through the assignment of shares;
- > they define the objectives on which to render the disbursement of the incentive contingent at the beginning of the three years of reference of each cycle;
- > they establish the number of shares to be assigned at the beginning of each three-year period.

2018 LTI Plan

A **new long-term incentive plan** based on shares of Banca Generali, the 2018 Banca Generali Group Long Term Incentive plan (2018 LTI Plan), is in place for 2018.

In accordance with applicable laws and regulations, and with best practice in this area, the plan aims to pursue the goal of increasing the value of Banca Generali's shares, while also aligning the economic interests of the beneficiaries with those of shareholders.

The plan's goals are thus as follows:

- > to establish a correlation between the variable component of remuneration tied to medium-to-long term objectives and the creation of value for shareholders, with an eye, in any event, to the sustainability of the Group and its actual results;
- > to develop a culture of performance according to a group approach;
- > to contribute to the creation of a balanced mix of fixed and variable components of the beneficiaries' remuneration;
- > to increase management retention at the level of the Banking Group.

In keeping with market practice and investors' expectations, the shares are to be assigned and vest for the beneficiaries over a total period of six years. The Plan states that the number of shares actually assigned is directly correlated with the achievement of the Banking Group Objectives and Generali Group Objectives and to verification that specific access gate conditions have been satisfied.

In the light of the use of Banca Generali treasury shares, it was deemed necessary to assign a greater weight to the Banking Group's performance, i.e., 80% for the indicators of the Banca Generali Group and 20% for those of the Generali Group.

A total of four objectives were identified:

- > two Banking Group objectives, tied to objectively measurable indicators such as tROE1 and EVAs2, and
- > two Generali Group objectives, tied to objectively measurable indicators such as Relative TSR3 and Return on Equity (ROE)4.

The access gate conditions consist of:

- > two indicators representing the specific access thresholds for the Banking Group tied to the Total Capital Ratio and Liquidity Capital Ratio, on which the right to assignment of the shares (100%) is contingent;
- > an indicator representing an access threshold for the Generali Group linked to the Regulatory Solvency Ratio, on which the right to the assignment of the part of the shares tied to the satisfaction of the Generali Group Objectives (20%) is contingent.

At the end of the three-year period covered by the Plan, the Shares set aside will be definitively assigned to the Beneficiaries in a single instalment.

The Plan is based on the following fundamental aspects:

- > the incentive linked to the satisfaction of objectives is disbursed through the assignment of ordinary shares of Banca Generali S.p.A.;
- > the right to receive the shares is linked to verification of satisfaction of an access gate set yearly by the Board of Directors and constituting a condition precedent in this sense;

1 In the case of the Banking Group, it is calculated by dividing the net profit by average net equity, less intangible assets, net profit and revaluation reserves.

2 In the case of the Banking Group, it is calculated as the difference between net profit for the reporting period and the cost of capital (ke* average capital absorbed).



3 At the level of the Generali Group, the Relative TSR compared with the companies included in the STOXX Euro Insurance index (peer group).

The STOXX Euro Insurance (peer group) is currently composed of:

- 1 Allianz;
- 2 Axa;
- 3 Muenchener Rueck;
- 4 Sampo;
- 5 Nn group;
- 6 Aegon;
- 7 Ageas;
- 8 Hannover Rueck;
- 9 Scor;
- 10 Mapfre;
- 11 Poste Italiane;
- 12 Cnp Assurances;
- 13 Delta Lloyd.

4 At the level of the Generali Group, operating profit net of financial expenses and taxes, divided by average adjusted capital, as defined in the "Methodological note on alternative performance indicators" in the Group's Report on Operations.

- > the overall assessment of performance is based on two Banca Generali Group objectives (with a weight of 80%) and two additional Generali Group objectives (with a weight of 20%), as shown in the tables below. Actual vesting percentages will be calculated by linear interpolation between the various levels of the indicators — to which equal weight is assigned — and the actual performances.

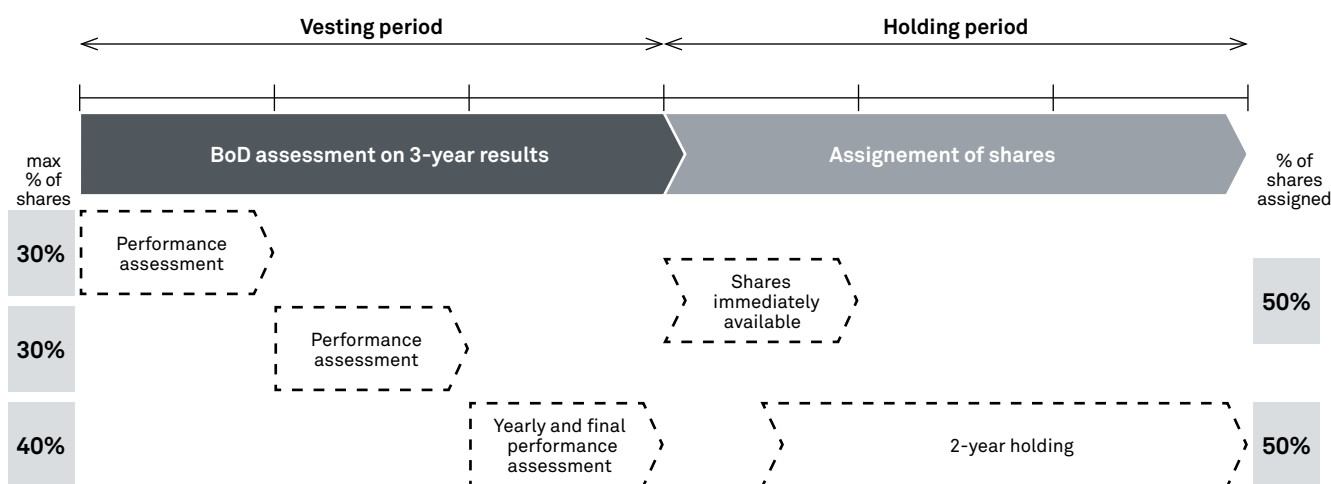
ENTITY	ACCESS GATE & MECHANISM		KPI	KPI WEIGHT
	ACCESS THRESHOLD NOT REACHED	ACCESS THRESHOLD REACHED		
Banca Generali Group	Total Capital Ratio < 13.50% Liquidity Capital Ratio < 130% No opportunity of assignment maturity	 Total Capital Ratio ≥ 13.50% Liquidity Capital Ratio ≥ 130% Ok to opportunity of assignment maturity	tROE EVAs	80%
Generali Group	Regulatory Solvency Ratio < 120% Ok to opportunity of assignment maturity -20%	 Regulatory Solvency Ratio ≥ 120%	ROE rTSR (Eurostoxx Insurance)	20%

Beneficiaries

The beneficiaries of the Long Term Incentive (LTI) Plan include the Chief Executive Officer/General Manager, the Deputy General Managers, the General Managers of the Banca Generali Group's subsidiaries, the department heads reporting to the Chief Executive Officer and the Deputy General Managers, excluding control functions, which will be identified by the Board of Directors, in view of the significance of the role played within the Banking Group, provided that this role is also significant at the level of the Generali Group.

Plan structure and mechanisms

The plan's structure is as follows:



During the vesting period, in each year of the plan and until the end of the three-year period, the Board of Directors assesses the level of satisfaction of the access gate conditions for the Banking Group, as set from time to time, and of the Generali Group access gate, based on the Regulatory Solvency Ratio and set at 120%, or a different percentage determined by the Board of Directors from time to time.

Once it has been determined that the access gate conditions have been met, it is then verified — each year and for the three years as a whole — that the financial objectives for the Banking Group (80% weight), represented by tROE and EVAs, have been met, along with those for the Generali Group (20% weight), represented by ROE and Relative TSR, compared with the companies that make up the index of reference (STOXX Euro Insurance).

Performance levels are expressed as percent satisfaction of the tROE and EVAs objectives for the Banking Group, and of the ROE and rTSR for the Generali Group, and are calculated in reference to four independent baskets. The final results of the individual baskets are calculated using the linear interpolation method. In the specific case of the TSR, the ranking always requires a positive result for any payments.

Assignment of shares

The maximum number of shares that may be assigned is determined at the start of the plan.

The potential maximum bonus to be paid in shares corresponds to 175% of the gross annual remuneration of the plan participants for top managers and to 87.5% for other beneficiaries.

Consequently, the maximum number of shares that may be assigned is calculated as the ratio of the maximum amount of the bonus to share value, the latter calculated as the average price of the share during the three months prior to the session of the Board of Directors called to approve Banca Generali's draft financial statements and the consolidated financial statements for the year prior to the start of the plan.

At the end of each year of the cycle, following an initial measurement of the level of satisfaction of each objective and verification of the achievement of the threshold levels of the Total Capital Ratio, Liquidity Capital Ratio and Regulatory Solvency Ratio (for the Shares tied to the achievement of Generali Group Objectives only), a portion of the maximum number of shares that may potentially be assigned at the end of the three-year period is set aside (but not assigned to the beneficiaries): in particular, the first tranche is 30% of the maximum number of shares that may be assigned, the second is an additional 30%, and the third is the remaining 40%.

It is only at the end of the three-year period — when the final assessment of actual achievement of the pre-defined objectives (on an annual basis or for the three years overall) is performed — that the individual tranches of shares are assigned — provided that the beneficiary is still in the employment of the Company or another Banking Group company at the end of the three-year period, without prejudice to conditions expressly established by the plan rules and except where otherwise determined by the Board of Directors or a party delegated by the Board of Directors for such purpose.

If, in particular, the Chief Executive Officer/General Manager's employment is terminated at the Company's initiative (due to non-renewal or otherwise), without just cause, he is to retain the right to receive the share-based incentive governed by the plan (subject to satisfaction of the related performance objectives and to all other terms and conditions set forth in the plan rules).

In respect of the holding period following the three-year performance period, 50% of the shares assigned vests immediately upon assignment (to allow the beneficiaries to cover the tax liability resulting from assignment), whereas the remaining 50% does not vest for an additional two years, subject to the requirement that the Chief Executive Officer retain an adequate number of the shares assigned until the end of the term in office in progress on the vesting date.

The plan does not include dividend equivalent mechanisms, in accordance with the law and common practice in the banking sector.

For the purposes of implementation of the plan, the ordinary shares assigned at no cost to the beneficiaries of the plan will derive, in whole or in part, from the treasury shares that the Company purchases under specific authorisation from the Shareholders' Meeting pursuant to Articles 2357 and 2357-ter of the Italian Civil Code.

If there are factors that may influence the constituent elements of the plan (including, without limitation, mergers or acquisitions involving Banca Generali and/or the Banking Group and/or the Generali Group, capital transactions, amendments to the Articles of Association or changes in the scope of the Banking Group and/or the Generali Group, compliance with specific industry legislation, changes to long-term strategic plans, etc.), the Board of Directors may make the amendments and additions to the structure of the plan deemed necessary or appropriate in order to maintain its substantive and economic content unchanged, within the limits of the legislation in force from time to time.

In addition, in the event of severe market disruption (such as material changes in macroeconomic conditions and international monetary policy), the Board of Directors may reassess the incentivisation system's fairness and overall consistency within the framework of its remuneration governance processes.

In accordance with applicable sector legislation, the Company may also pay individual plan beneficiaries — in lieu and in replacement of part or all of the assignment of the shares — a cash payment calculated on the

basis of the value of the shares in the month prior to the assignment date, without prejudice to satisfaction of the other relevant terms and conditions of the plan.

Award and payment will be subject to **malus** and **claw-back** clauses.

As resolved by the Shareholders' Meeting with regard to the limit on the ratio of the variable component to the fixed component of remuneration, the **cap mechanism** provided for in the Remuneration and Incentivisation Policies is applied to key personnel, where appropriate.

Stability and non-competition agreements

In specific situations, and mainly for retention purposes, employees, including Key Personnel, and Financial Advisors authorised to make off-premises offers can be required to enter into non-competition agreements, whose term cannot exceed the limits provided for by law, and stability agreements, in compliance with the Bank of Italy's provisions.

Entry bonuses

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

Framework Loyalty Programme for the Network

The purpose of the Framework Loyalty Programme is to create a loyalty-building tool aimed at the sales network and to provide incentives for the achievement of the company's objectives, while ensuring that customers receive increasingly strong service, in view of the enhancement of the value of Banca Generali, through participation, following approval from one year to the next by the competent company bodies, in a maximum of eight individual plans that allow participants to accrue the right to payment of a bonus for each individual participation.

Financial Advisors authorised to make off-premises offers and Relationship Managers of Banca Generali who have at least five years of company seniority by 31 December of the financial year before that of reference of the Plan in question may access each Plan.

Individual bonuses will be subject to an increasing period of deferral, as clearly defined in the specific document that governs the Framework Loyalty Programme for the Network, in accordance with applicable provisions.

The Bonus and, more generally, all benefits deriving from the Framework Loyalty Programme will constitute a payment of an extraordinary, discretionary and non-contractual nature and under no circumstances may be considered an integral part of the normal remuneration of each of the Beneficiaries.

During the financial year of reference of each Plan, Banca Generali's Board of Directors will decide whether to submit the settlement of a part of the Bonus, in any event not to exceed 50%, in Banca Generali shares, for approval by the Shareholders' Meeting, on the understanding that the remainder of the Bonus will be paid in cash.

For financial year 2018 it was decided to settle 50% of the Bonus in shares (see the Information Document drafted pursuant to Article 84-bis of Consob Regulation No. 11971 of 14 May 1999, as amended) and the related 2018 Network Loyalty Plan, regulated under the Framework Loyalty Programme of Banca Generali).

Disbursement and actual payment will be subject to the **malus** and **claw-back** clauses set out in the current Remuneration Policy.

With regard to Key Personnel, in accordance with the decision of the Shareholders' Meeting concerning the limit on the ratio of the variable to fixed components of remuneration, the **cap mechanism** set out in the Remuneration and Incentivisation Policies is applied, where appropriate, at the Date of Accrual of each Plan.

4.4 Determination of the bonus pool

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

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

4.5 Access gates

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

The Banking Group's access gate consists of the following two ratios:

- > **Capital ratio:** *Total Capital Ratio*⁵, aimed at measuring the extent of the Bank's capital in relation to the degree of risk of the assets held — minimum target ratio of 13.5%;
- > **Liquidity ratio:** *Liquidity Coverage Ratio*⁶, to increase short-term resilience of the liquidity risk profile of the Bank, while ensuring it has sufficient, high-quality liquid assets to overcome any 30-day long acute stress situation — minimum ratio of 130%.

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

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

4.6 Deferral and share-based variable remuneration

As a general rule, and without prejudice to the more stringent provisions applicable to Key Personnel and, as specified in greater detail, all employees with a variable remuneration based on the Management by Objectives mechanism and/or on a discretionary basis, and for the Banking Group's main network managers, who accrue, within any given financial year, a bonus **in excess of 75,000.00 euros**, are subject to deferral of a portion of their variable remuneration for a period determined, pursuant to the principle of proportionality, as follows:

- > **60%** — provided that the access gate conditions described above are met — in the following financial year, subject to Board verification of the economic results and the adequacy of capital levels for the year in which the said bonus was earned;
- > **20%** subject to verification of the results in terms of capital adequacy for the following financial year; and the remaining 20%, after a further year, subject to verification of full satisfaction of capital solidity results.

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

In the event of death or total disability with respect to the agreed employment services, by way of partial departure from the foregoing, any deferred bonus payments due will be paid immediately, without waiting until the access gate conditions for subsequent years are met.

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

5 Total Capital Ratio — meaning the Regulatory Capital / Risk Weighted Assets (RWA) (both the variables are subject to regulatory disclosure and specified in the explanatory notes to the financial statements, Part F/Information on Shareholders' Net Equity; the figures used for calculation purposes are those reported to the Bank of Italy and drawn from the consolidated financial statements as at the end of the year).

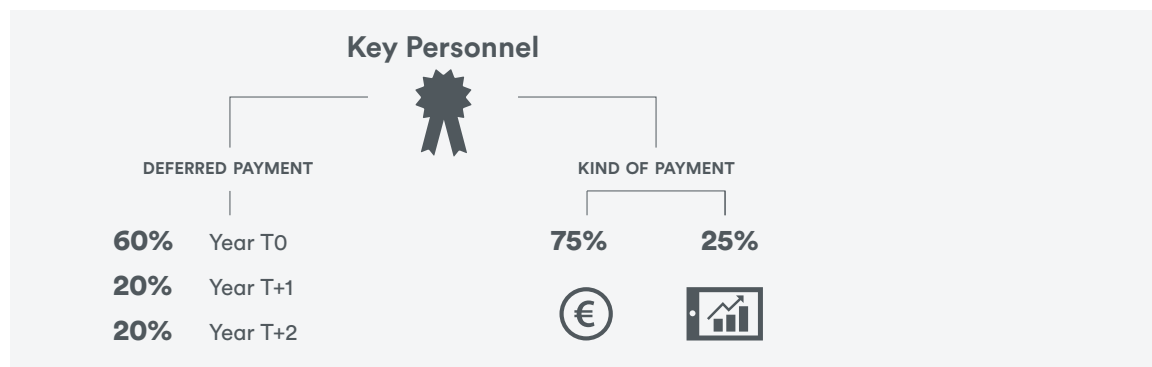
6 Liquidity Coverage Ratio – meaning the ratio between the stock of [1] highly liquid assets (that is to say, easily disposed of for cash on the open market, even during periods of tension, and ideally, subject to placement with a central bank) and [2] the sum total of net outflows during the 30 calendar days following a specified stress scenario; the figures used for calculation purposes are those reported to the Bank of Italy and drawn from the consolidated financial statements as at the end of the year.

For **Key Personnel**, 25% of the variable remuneration linked to short-term objectives will be paid in Banca Generali shares, according to the following assignment and retention mechanism:

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

In calculating the number of shares to be assigned, a method is applied where: the numerator is defined as 25% of variable remuneration accrued for the actual achievement of objectives set for the year of reference, and the denominator consists of the share price (calculated as the average price of the stock over the three months preceding the Board of Directors' meeting called to approve the draft financial statements and the consolidated financial statements for the year prior to that in which starts the cycle in question).

If the actual bonus accrued, also by Key Personnel, is below the indicated threshold of 75,000.00 euros, it will be paid in full up-front during the year after that of reference (a portion in cash and a portion in shares) once the Board of Directors has verified the earnings results for the year of accrual and satisfaction of the access gates.



Regulations on share-based payments

Specifically with regards to the incentive system based on financial instruments, in addition to the information indicated above, and in recapitulation of the Information Document (drafted pursuant to Article 84-bis of Consob Regulation No. 11971 of 14 May 1999, as amended) concerning the incentivisation system based on financial instruments for personnel of the Banca Generali Banking Group, the following should be noted:

Recipients

Potential beneficiaries include all the Banking Group's Key Personnel, as defined in paragraph 2.1.

Reasons for the assignment of shares

In accordance with the Supervisory Provisions set forth in the 7th update of Bank of Italy's Circular No. 285/2013 issued on 18 November 2014, the remuneration package for Key Management Personnel (as defined above) shall be made up of fixed and variable components.

In this regard, the regulatory framework requires a portion of the variable component of remuneration to be paid in the form of financial instruments. Banca Generali S.p.A. has therefore opted to meet this requirement through assignment of its ordinary shares.

Share assignment approval procedure and timing

The remuneration and incentivisation policies of the Banca Generali Group are subject to approval by the General Shareholders' Meeting scheduled for **12 April 2018**.

With the support of the competent operating functions, the Human Resources Department and the Commercial Planning and Control Service supervise the assignment of the shares, each within its area of responsibility.

The tasks incumbent on the Board of Directors, the Remuneration Committee and the Chief Executive Officer and General Manager in respect of the attainment of targets and the satisfaction of applicable conditions are addressed in point 3 above.

The mechanism involves the use of a number of treasury shares held by Banca Generali (with the related cost being imputed to the companies served by the beneficiary) as may be required to cover the maximum amount due in monetary terms.

The method applied to determine the number of treasury shares is outlined in this paragraph 4.6 above. Upon verification of entitlement to the bonus or tranche thereof, the shares assigned to each beneficiary will be registered in the latter's accounts with the bank and frozen through to the end of the applicable retention period applicable. No dividend rights whatsoever shall be deemed to arise in respect of the shares throughout the retention period.

Features of the instruments subject to assignment

Under Banca Generali's Remuneration and Incentivisation Policy, a portion of the variable remuneration (incentivisation) of Key Personnel may be disbursed in the form of assignment of ordinary shares in Banca Generali pursuant to the procedures set forth in paragraph 4.6 above, provided that all the related targets and conditions specified in the Policy itself, have been met. As highlighted in this paragraph 4.6, the assignment of shares will be effected in 2019, 2020 and 2021, subject to the prerequisites and conditions.

The maximum number of shares that may be assigned is 240,000.

The assignment of shares is subject to the attainment of the performance targets and the fulfilment of the other conditions specified in this Remuneration and Incentivisation Policy.

Shares shall be subject to a retention period of one year from the end of the accrual period.

In the event of termination of service with the Banca Generali Group for reasons other than retirement, death or permanent disability, re-recruitment by the Generali Group or at the Company's initiative pursuant to corporate restructuring, any portion of the bonus not yet paid are deemed forfeited.

In the event of death or total disability with respect to the agreed employment services, by way of partial exception to the foregoing, any deferred tranches of shares will be paid immediately, without waiting until the access gate conditions for subsequent years are met.

The cost to the company is limited to the use of the number of treasury shares required to cover the maximum cash amount of the bonus payable in shares, upon fulfilment of applicable conditions.

The dilutory effect on equity is equivalent to the number of treasury shares acquired and assigned.

Voting and dividend rights are unrestricted, although no dividends are payable on assigned shares during the retention period.

4.7 Cap mechanism to ensure compliance with the ratio of variable to fixed remuneration

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

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

This mechanism refers to the variable remuneration instruments assigned starting in the year in which the cap mechanism was introduced. All instalments of variable remuneration accrued in years prior to the year of introduction of the cap and not yet paid due to deferral will thus be excluded from the calculation mechanism.

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

4.8 Malus and claw-back mechanisms

Variable remuneration is subject to a specific **malus** mechanism, under which bonuses are not paid in the event of i) proved engagement in malfeasance or wilful misconduct to the detriment of customers or

the Bank, ii) engagement in behaviour that resulted in a significant loss for the Bank, or (iii) disciplinary measures or pending non-routine inspections and iv) failure to comply with rules concerning banking transparency and remuneration policies, in accordance with the Supervisory Provisions for Banks. In addition, the variable remuneration of all personnel is subject to a **claw-back** mechanism, under which the Bank may demand the return of bonuses paid during the current year or previous year in the event of ii) proved engagement in malfeasance or wilful misconduct to the detriment of the customers or the Bank, ii) engagement in behaviour that resulted in a significant loss for the Bank, or (iii) failure to comply with rules concerning banking transparency, anti-money laundering and remuneration policies, in accordance with the Supervisory Provisions for Banks. Likewise, the Bank may demand the return of bonuses paid during the current or previous year in cases of material errors in figuring the items used to calculate the Group's access gates.

4.9 Principle of propriety and the containment of reputational risks

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

Remuneration benchmarking

The remuneration patterns of high-level executives and managers are monitored, taking due account of trends recorded on reference markets and analysing the fixed and variable remuneration components, availing of the service of external independent advisors. More specifically:

- > with regard to Key Personnel, specific analyses in relation to a group of peers, determined on the basis of Banca Generali's profile, are carried out. The group of peers is regularly revised so as to guarantee its consistency. In 2017, the **group of peer** included: Allianz Bank (Allianz Group), Azimut Holding, Banca Fideuram - Intesa Sanpaolo Private Banking (Intesa Sanpaolo Group), Banca Mediolanum (Mediolanum Group), Credit Suisse Italia, Eurizon Capital (Intesa Sanpaolo Group), Fineco Bank (UniCredit Group), UBS Italia, Unipol Banca (Unipol Group), Banca Cesare Ponti (Gruppo Carige), Credem, Anima SGR;
- > the ABI's annual industry-wide study is used for all other personnel.

With reference to **job grading**, a model incorporating Towers Watson job levelling methodology is currently under implementation. The main corporate managerial positions have already been weighted using the aforesaid methodology.

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

5. OTHER FEATURES OF THE REMUNERATION SYSTEM

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

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

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

A D&O policy has been contracted by the Parent Company covering the members of the Board of Directors, as illustrated in the document presenting the remuneration policies for 2015, which was extended as of 2016 to all the companies of the insurance group. The policy complies with the requirements as per the Shareholders' resolution of 24 April 2007.

5.2 Early severance package

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

In the **event of early termination of the employment and/or collaboration** contract, the benefits that may be accorded to the interested party, in compliance with current provisions of laws and contracts, shall be as envisaged by **way of notice** in the applicable provisions of laws and/or the national collective labour contract, **plus an all-inclusive lump-sum indemnity for an amount equivalent to a maximum of 24 months of the so-called recurring remuneration** (defined as gross annual remuneration increased by the average amount actually collected by way of the short-term component of variable remuneration in the past three years, or, for Financial Advisors, the average of their recurring remuneration of the latest period).

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

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

The amount must be paid in accordance with the aforementioned Bank of Italy Provisions, as in effect from time to time, and the Bank's remuneration policies, with particular regard to the provisions concerning the association of compensation with performance objectives, and based on risk and stability indicators, deferred disbursement and payment partly in cash and partly in financial instruments.

Non-competition or confidentiality agreements extending into the post-severance period may also be entered into upon hiring, in the course of employment or upon severance. Consideration for such agreements — which must always be of limited duration — is calculated in proportion to the duration and geographical scope of the covenant and the potential harm to the Company and/or the Banking Group if the person concerned were to compete with the Company and/or with the Banking Group or were to divulge information that might also cause harm to the Company and/or the Banking Group, while also taking account of the previous role and responsibilities of the person concerned.

6. PERFORMANCE INDICATORS AND THE MAIN BENCHMARKS USED

As described above, the variable remuneration is hence linked on a straight-line basis to the degree to which the individual objectives are achieved. The Management by Objectives mechanism — and the Balance Scorecard system in particular — which forms the basis of the variable remuneration (hereunder also referred to as “bonus”) of the Managers and certain Executives is based on **defining and allocating to each of them specific objectives**, each one of which is attributed a **target**, and each with a **special weighting**.

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

A percentage of the variable remuneration, as stated below, is linked to **quantitative objectives** (with possible normalisation of the performance fee component) pertaining to the results of the Banking Group.

In particular, they may be assigned from the following (by way of mere example, without limitation):

- > **Financial performance/profitability objectives such as** Operating result Net profit RORC Cost control objective and
- > **Commercial development objectives such as** Net Inflows Advanced inflows Fee growth, with the addition of risk correction measures

These objectives contribute to determining no less than 70% of the short-term variable remuneration of the Chief Executive Officer/General Manager, usually not below 50% of the short-term variable remuneration of the Deputy General Managers, and up to a maximum of 35% of that of the other Managers and Executives. The percentage in question may also be higher for sales personnel for whom commercial development objectives represent function-specific objectives.

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

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

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

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

The exceptions to these general criteria are the objectives assigned to the Manager in charge of preparing the company’s financial reports, the Heads of control functions, and the Head of the Human Resources Department, that are not linked to the earnings results of the Bank and/or of the Banking Group.

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

With regard to the **criteria for the assessment** of the performance levels achieved for bonus assignment purposes, the results obtained in respect of each objective are verified and duly weighted in the financial year following the year of reference, and the sum of the **weighted results** achieved in respect of each objective then constitutes the overall performance level which serves as the basis for quantifying the bonus due, subject to satisfaction of the pre-established access gates to be met in order to qualify for bonuses

(attainment of the minimum threshold affording access to bonus entitlements). The foregoing procedure is designed to ensure a **direct correlation between results obtained and bonuses earned**.

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

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

Variable remuneration linked to long-term performance, and LTIs in particular, are determined in function of objectives established in terms of the results achieved by the Banking Group and the Generali Group for the three-year period of reference. In addition, the actual appropriation of the shares is contingent upon annual verification of access gates.

7. INFORMATION ON REMUNERATION BY ROLE AND FUNCTIONS

7.1 Members of the Board of Directors

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

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

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

The remuneration policy applicable to the Chairman provides for fixed annual remuneration, determined also on the basis of comparative analysis of the remunerative practices prevailing within the industry for such positions.

The policy applicable to the Chief Financial Officer is discussed in the relevant point of this document.

Lastly, it must be pointed out that all Board of Directors' members are covered by D&O liability insurance, as illustrated above.

7.2 Members of the Board of Statutory Auditors

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

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

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

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

7.3 Key Personnel

Further to all that has already been illustrated above in respect of the identification of "Key Personnel", the salient features of the remuneration structures applicable to each category falling within the said classification are indicated below. With reference to the Key Personnel category consisting of Financial Advisors authorised to make off-premises offers, reference should be made to point 8 below.

7.3.1 Key Management Personnel

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

Chief Executive Officer/General Manager

The positions of Chief Executive Officer and General Manager are filled by the same person.

Total remuneration consists of:

- > a recurring fixed remuneration component as Chief Executive Officer and all-inclusive annual remuneration (RAL) as General Manager;
- > a short-term incentive, linked to the degree to which the performance objectives — expressed in the relevant Balanced Scorecard — are achieved, as well as to the access gate scheme, the bonus deferral scheme and the payment in Banca Generali shares, as well as the malus and claw-back mechanisms. The variable remuneration may reach a maximum of 75% of the RAL (equal to a 60% ratio of the short-term variable remuneration to the total fixed remuneration), if the maximum level of total performance is achieved and does not provide for any guaranteed minimum;
- > A Long Term Incentive, the bonus range for which is set at between 0% and 175% of the fixed component. Moreover, participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds.

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

An agreement is currently in force with the Chief Executive Officer/General Manager, providing for an indemnity and a non-competition agreement in the event of early termination of the contract, in accordance with the principles set forth in point 5.2 above.

Moreover, with reference to the position of General Manager there is also a supplementary pension benefits plan equal to 13% of the RAL and the benefits package provided for the Banking Group's managers from time to time.

Deputy General Managers

The remuneration of Deputy General Managers consists of all-inclusive annual remuneration (RAL) and variable remuneration, linked to the degree of satisfaction of performance objectives, expressed in the relevant Balanced Scorecard, the **access gate** scheme and the bonus deferral scheme, the payment based on Banca Generali shares, as well as the **malus** and **claw-back** mechanisms.

The variable remuneration may reach a maximum of 100% of the RAL (equal to the maximum ratio of short-term variable remuneration to total fixed remuneration of approximately 85%), if the maximum level of total performance is achieved and does not provide for any guaranteed minimum.

In the presence of recruitment incentives and expiry plans based on net inflows/revenue objectives, this amount may be exceeded but in any event it shall not exceed the 2:1 ratio assigned, where applicable.

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

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

Deputy General Managers also enjoy supplementary pension benefits up to a maximum of 13% of the RAL and the benefits package provided for the Banking Group's managers from time to time. The current early termination package meets applicable regulatory requirements. Severance benefits or non-competition or stability plans in the event of early termination of the contract, beyond those currently in effect, may be agreed subject to compliance with the principles set forth in the point 5.2 and 4.3 above.

7.3.2 Other Key Personnel

The remuneration of the Managers included in this category consists of an all-inclusive annual remuneration (RAL) and a variable remuneration, linked to the degree to which the performance objectives indicated in the relevant Balanced Scorecards are achieved. The **principles of deferral**, payment in Banca Generali shares, achievement of the **access gates**, as well as the **malus and claw-back mechanisms** illustrated above, apply to such variable remuneration.

Depending on the strategic weight and complexity of the job description in question, the variable component of remuneration may reach no more than 80% of annual gross remuneration (RAL) (equal to a maximum 65% ratio of the short-term variable remuneration to the total fixed remuneration) in the case of Banca Generali managers. It may reach 100% of annual gross remuneration (equal to a maximum of about 85% ratio of the short-term variable remuneration to the total fixed remuneration) for commercial positions or asset management roles.

In no circumstances, a guaranteed minimum is provided.

In addition, for some of the aforesaid managers the Board of Directors may also extend the variable component of remuneration to include participation in a Long Term Incentive plan. Bonus entitlements under the said LTI range from 0% to 87.5% of the fixed component of remuneration. In addition, participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds.

The ratio of the variable to fixed component of the remuneration of those managers shall not exceed 1:1; however, the Shareholders' Meeting has the power to raise the aforesaid ratio to 2:1 for some of these managers, who are also included among Key Personnel (and properly identified under point 4.1 above). Any amount in excess shall be subjected to the cap mechanism described above.

Managers also receive supplementary pension benefits up to 13% of their RAL and the benefit package provided from time to time for the Banking Group managers. The current early termination package meets applicable regulatory requirements. Severance benefits mechanisms or non-competition or stability plans accruing in the event of early termination of the contract, beyond those currently in effect, may be agreed subject to compliance with the principles set forth in points 5.2 and 4.3 above.

7.3.3 Heads of control functions

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

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

The established objectives for the Heads of control functions are consistent with the tasks assigned and are independent of the results achieved by the bank; rather, they consist of project and service completion objectives, as well as company sustainability objectives.

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

Managers belonging to this category also enjoy supplementary pension benefits equal to 13% of RAL and the benefits package provided from time to time for the Banking Group's managers. The current early termination package meets applicable regulatory requirements. Severance benefits or non-competition or stability pacts in the event of early termination of the contract, beyond those currently in effect, may be agreed subject to compliance with the principles set forth in points 5.2 and 4.3 above.

7.4 Other personnel

7.4.1 Other Managers

The remuneration of other managers consists of an all-inclusive annual remuneration (RAL) and a variable remuneration, linked to the degree to which the performance objectives indicated in the relevant Balanced Scorecards are achieved. This component of remuneration is conditional upon the achievement of the **access gates**, and subject to **deferral**, as well as to the **malus and claw-back mechanisms** illustrated above. According to the weight and complexity of the position filled, variable remuneration may range from a minimum of about 20% to a maximum of 80% (which may be increased to 100% in limited cases relating to internal transfers) of the RAL, provided the maximum level of performance objectives has been attained. No fixed guaranteed minimum is provided for.

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

Currently, they also enjoy supplementary pension benefits up to 13% of the RAL and the benefits package provided for the Banking Group's managers. The current early termination package meets applicable regulatory requirements. Severance benefits or non-competition or stability pacts in the event of early termination of the contract may be agreed in compliance with the principles set forth in points 5.2 and 4.3 above.

7.4.2 Other employees (upper-level middle managers and professional areas)

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

Some Executives can be assigned a short-term variable remuneration, linked to the degree of satisfaction of performance objectives expressed in the relevant Balanced Scorecards. This component of remuneration is conditional upon the achievement of the **access gates**, and subject to **deferral**, as well as to the **malus and claw-back mechanisms** illustrated above. According to the weight and complexity of the position filled, variable remuneration may range from a minimum of 10% to a maximum of 40% of the RAL, provided the maximum level of performance objectives has been attained. No fixed guaranteed minimum is provided for.

7.4.3 Relationship Managers

Relationship Managers (whether Managers or otherwise) serving the Private RM Area are covered under a Management by Objectives Plan.

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

Variable remuneration may extend to a maximum of **100%** of gross annual remuneration (or higher levels in cases of entry or expiry plans based on net inflow/revenue objectives) and is not subject to any guaranteed minimum.

Participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds and the use of guaranteed minimum and/or non-competition clauses in the event of early severance of employment is widespread.

Given that the most significant aspect of the job description of Relationship Managers involves the pursuit of the best interests of customers in strict compliance with the rules and regulations governing the distribution of investment products and services, any and all business activities on which bonuses and/or fees may be earned must be conducted scrupulously in accordance with all applicable principles of professionalism and correctness in all customer relations, including with a view to enhancing customer loyalty. Towards such end, alongside traditional targets set in terms of net inflows and revenues, additional targets of propriety and regulatory compliance in all transactions, as well as **specific malus and claw-back**



mechanisms, have been introduced.

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

The current early termination package meets applicable regulatory requirements. Severance benefits or non-competition or stability pacts in the event of early termination of the contract, beyond those currently in effect, may be agreed in compliance with the principles set forth in points 5.2 and 4.3 above.

7.4.4 Managers of the AM Area and BG Fund Management Luxembourg

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

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

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

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

The current treatment in the event of severance of employment is based on applicable legislation. Indemnity mechanisms, non-competition agreements or guaranteed minimum clauses in the event of early severance of employment, beyond those currently in effect, may be agreed in accordance with the principles laid down in points 5.2 and 4.3 above.

8. FINANCIAL ADVISORS AUTHORISED TO MAKE OFF-PREMISES OFFERS

8.1 Information on the type of relationship

The Financial Advisors authorised to make off-premises offers (hereinafter also “Financial Advisors”), with the exception of Relationship Managers, are linked to the company by an agency contract whereby Financial Advisors are appointed permanently (and without representation) to promote and place in Italy, as part of their advisory service, and in an autonomous manner — on the Company’s behalf and, on the Company’s instructions, also in the interest of third-party principal companies — financial instruments and services, banking products and services, insurance products and other products indicated in the contract, and also to provide customer service for customers acquired and/or assigned — with all the due diligence required to achieve company objectives.

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

The Deputy General Manager Commercial Networks, Alternative and Support Channels is responsible for the activities of the Private Banker, Financial Planner and Wealth Management Networks, as well as the Financial Planner Agent Networks.

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

Within the **Wealth Management Network**, individual Financial Advisors are coordinated by a first-tier managerial structure, consisting of **Area Managers — Wealth Management** — assisted by **Deputy Area Managers — Wealth Management** — who report to the **Sales Manager**.

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

8.2 The remuneration of Financial Advisors and Managers

The remuneration of Financial Advisors — who, unlike employees, serve the bank pursuant, not to employment contracts, but to independent agency agreements — is by definition subject to fluctuation over time, with the result that past remuneration is no guarantee of future reward in all such cases, and even more so, in respect of temporary entry plans.

The remuneration of Financial Advisors consists of fees of various kinds, which are influenced by the type of activity performed, the range of products placed and the distribution agreements in place with the product companies.

A Financial Advisor’s remuneration is considered business income, which is figured by deducting variable or fixed business expenses (consider, for example, the costs of remunerating the advisor’s own employees), and is subject to an entirely different tax treatment from salaries, to which it is not easily comparable.

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

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

- > **sales fees:** the Bank pays the Financial Advisor a portion of the fees paid by the customer at the time the financial products are subscribed. These fees differ according to the various types of product and may vary in relation to the amount paid and/or the customer's assets. A fixed percentage of these fees is generally paid back to the Financial Advisors, on the basis of their professional roles and responsibilities;
- > **management and maintenance fees:** advisory and after-sales services rendered to customers are remunerated by way of monthly fees established not only in light of the value of the investments held by the customers in question, but also in function of the type of investment product involved and the professional roles and responsibilities covered by each Financial Advisor;
- > **recurring fees:** these are similar to the previous fees, but relate specifically to the management fees paid by customers for the portfolios managed;
- > **advisory fees:** these are similar to the above, but refer to the specific consultancy services rendered against payment.

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

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

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

Given that also the Managers' activity is aimed at meeting the needs of customers in strict compliance with the rules and regulations governing the distribution of investment products and services, all the related professional activities must be conducted scrupulously in accordance with the relevant principles of professionalism and propriety in respect of customer relations, with a view to building customer loyalty. Towards such end, in addition to conventional objectives in terms of net inflows, objectives of propriety and regulatory compliance have been introduced for Managers as well, with the obligation of ensuring that all Financial Advisors they supervise provide customers with adequate after-sales services. The contract regulating the relationship between the Manager and the bank therefore include **mechanisms of fee reduction** if the Financial Advisors placed under their supervision do not carry out this activity as required. Moreover, within the framework of a process of gradually increasing the responsibilities of Managers in coordination and supervision activity, there are economic mechanisms aimed at contemplating any specific risks that emerge in the area being coordinated, including for the purpose of determining recurring remuneration.

Incentive systems are also provided for the Financial Advisors and Managers, based on identified **individual objectives** for Financial Advisors and group objectives for Managers. These systems focus on net inflows and services and products designed to promote risk diversification/containment, with distinctions being drawn on the basis of the various service levels through which the said goals are pursued.

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

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

Moreover, given that the most significant aspect of the job description involves the pursuit of the best interests of customers in strict compliance with the rules and regulations governing the distribution of

investment products and services, any and all business activities on which bonuses and/or fees may be earned must be conducted scrupulously in accordance with all applicable principles of professionalism and propriety in all customer relations, including with a view to enhancing customer loyalty. Towards such end, alongside traditional targets set in terms of net inflows and revenues, **additional targets of propriety and regulatory compliance in all transactions, as well as specific malus and claw-back mechanisms**, have been introduced.

The right to collect the bonuses deriving from the aforementioned systems is contingent not only on the actual result achieved, but also on the reaching of the Banking Group's **access gates**, as discussed in point 4.5 above.

Financial Advisors' and Managers' participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds (see also point 8.5).

In light of the Bank of Italy's Supervisory Provisions, for the intents and purposes of this document, the remuneration components included under items (i) through (iv) are to be deemed fixed compensation components, whilst bonuses disbursed under incentive programmes and/or stock option plans, where applicable, are to be considered equivalent to the variable salary component of employees.

8.3 Positions falling within Key Personnel

As mentioned above, the coordination of the Financial Advisors of the Private Banker and Financial Planner networks is entrusted to **Area Managers**, whereas that of the Financial Advisors of the Wealth Management Area is entrusted to a **Sales Manager**, to whom *Wealth Management Area Managers report*.

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

However, given the importance of the role of oversight and coordination assigned to *Sales Managers, Area Managers and Private Banking Managers*, these positions are regarded as Key Personnel. Accordingly, their variable remuneration, linked to incentive plans, is subject to the same **bonus deferral schemes, payment in Banca Generali shares and access gates** as applicable to Key Personnel, illustrated above, as well as **malus and claw-back mechanisms** specifically established for this category.

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

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

Moreover, pursuant to the quantitative criteria imposed by the Commission Delegated Regulation (EU) No. 604/2014, 34 Financial Advisors falling into the following categories were included among key personnel, with the provision set out in paragraph 2.1:

- 1) **Financial Advisors** who at the end of the previous year had collected total remuneration (including both the recurring and incentive components) equal to or greater than 750,000 euros and less than 1,000,000 euros, the structural characteristics of which is sufficient to reach or exceed the threshold of 750,000 euros in the following year as well (assessment of the continuity of remuneration);
- 2) **Financial Advisors** who at the end of the previous year had collected total remuneration (including both the recurring and incentive components) equal to or greater than 1,000,000 euros.

Their variable remuneration, linked to incentive plans, is subject to the same bonus deferral schemes, payment in Banca Generali shares and access gates as applicable to Key Personnel, illustrated above, as well as malus and claw-back mechanisms specifically established for this category.

The ratio of fixed to variable components of the remuneration paid to such individuals shall not exceed **1:1**; any amount in excess shall be subjected to the **cap mechanism** described above.

8.4 Additional benefits to the recurring remuneration

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

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

8.5 Loyalty-building measures

A number of alternative loyalty-building schemes are used for Financial Advisors, as described below:

- > the **deferred loyalty bonuses**, under which a predetermined amount is invested in a **capitalisation policy** and may be paid out **after 5 or 7 years** of the recruitment date and on condition that, on the settlement date, the Financial Advisor has maintained his professional relationship with the Banking Group and has achieved a significant objective in terms of the quantity and quality of the assets managed;
- > participation in a **Framework Loyalty Programme** for Financial Advisors, provided that they meet certain minimum company seniority requirements and reach annual productivity targets. The Framework Loyalty Programme allows for the accrual of a bonus determined from one year to the next, in respect of the eight plan cycles of decreasing duration, which may only be disbursed at the end of the Framework Programme.

In addition to the above loyalty-building programmes, specific loyalty-building mechanisms may apply to managers.

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SECTION 3

REPORT ON THE APPLICATION OF REMUNERATION POLICIES IN 2017

1. GOALS PURSUED THROUGH REMUNERATION POLICIES AND CRITERIA APPLIED

The Banking Group's Remuneration Policies approved by the Shareholders' Meeting on 20 April 2017 were defined and implemented in accordance with:

- > the 7th update to Circular No. 285 of 17 December 2013, to which Chapter 2, entitled "Remuneration and Incentivisation Policies and Practices" (hereinafter also the "Provisions"), was added in Part I, Title IV, "Corporate Governance, Internal Controls, Risk Management". This update, which repealed the Order of March 2011, is largely aimed at adopting the changes introduced by Directive No. 2013/36/EU (known as CRD 4);
- > the provisions of Article 84-*quater* of the regulation implementing Legislative Decree No. 58 of 24 February 1998 (Finance Consolidation Law) concerning rules for issuers, as amended by Consob Resolution No. 18049 of 23 December 2011;
- > the Corporate Governance Code for Listed Companies, updated in July 2015, which requires the approval of a remuneration policy for Directors and Key management Personnel.

This document has been thus drawn up with a view to ensuring compliance with both the provisions governing remuneration policies within the banking industry and the regulations applicable to Issuers.

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

The policies adopted by Bank ensure compliance with the regulatory capital requirements set forth in Regulation (EU) No. 575/2013 (CRR) and Circular No. 285 of 17 December 2013, in line with the European Central Bank's recommendations (Letter dated 26 November 2015 concerning variable remuneration policies).

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

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

a) Access gates

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

The Banking Group's access gate consists of the following two ratios: (i) the Total Capital Ratio, measuring the extent of the Bank's capital in relation to the degree of risk of the assets held — minimum target ratio of 11.6%, and the (ii) Liquidity Coverage Ratio, aimed at increasing short-term resilience of the bank's liquidity risk profile, while ensuring it has sufficient, high-quality liquid assets to overcome any 30-day long acute stress situation — minimum ratio of 105%.

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

Moreover, each cycle of the Generali Group's LTI plans is also subject to a specific access gate. The Banking Group's ratios, as defined above, have all been achieved for the year 2017; in fact, the following values result from the final figures as at 31 December 2017:

- > *Total Capital Ratio* of the Banca Generali Group: 21.0% (threshold: 11.6%);
- > *Liquidity Coverage Ratio* of the Banca Generali Group: 414.0% (threshold: 105%).

As a consequence of those ratios:

- > bonus entitlements have been accrued for the year in question;
- > payment of the 2017 share of the 2015 and 2016 bonuses, which had been deferred in 2017, has come due;
- > accrual of cycles of LTI plans that fall due only upon satisfaction of the access gates for the financial year 2017, and described in greater detail below.

b) Deferral and share-based payment of variable remuneration

A portion of the variable component of the remuneration of all the Banking Group's employees and the main network managers who, during the year, have accrued bonuses in excess of 75,000.00 euros, shall be subject to deferral, differentiated by i) Key Personnel (including main network managers), and ii) all other employees, defined as follows:

Key Personnel: variable remuneration is partly disbursed through assignment of Banca Generali shares, based on the following assignment and retention mechanism:

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

If the actual bonus accrued by Key Personnel is less than 75,000.00 euros, it is paid in full on an up-front basis during the year after that of reference, 75% in cash and 25% in shares of Banca Generali.

Other employees:

- > 60% of the bonus is paid up-front, in cash;
- > 20% of the bonus will be deferred by one year and paid in cash;
- > the remaining 20% of the bonus will be deferred by two years and paid in cash.

In both cases, assignment of shares subject to deferral will be conditional upon verification of satisfaction of access gates.

If the actual bonus accrued by key personnel is less than 75,000.00 euros, the full amount is paid out up front.

Upon assignment, the individual deferred bonus instalment to be paid in cash will bear interest calculated at the mean 6-month Euribor rate recorded during the calendar year preceding the year in which the related instalment is paid, increased by 0.85pps.

Key personnel

	YEAR OF PAYMENT															TOTAL		
	2016			2017			2018			2019			2020			BONUS	OF WHICH % CASH	OF WHICH % SHARES
	BONUS	OF WHICH % CASH	OF WHICH % SHARES	BONUS	OF WHICH % CASH	OF WHICH % SHARES	BONUS	OF WHICH % CASH	OF WHICH % SHARES	BONUS	OF WHICH % CASH	OF WHICH % SHARES	BONUS	OF WHICH % CASH	OF WHICH % SHARES			
Bonus 2015	60	75	25	20	75	25	20	75	25						100	75	25	
Bonus 2016				60	75	25	20	75	25	20	75	25			100	75	25	
Bonus 2017							60	75	25	20	75	25	20	75	100	75	25	

Other employees

	YEAR OF PAYMENT																	
	2016			2017			2018			2019			2020			TOTAL		
	% BONUS	OF WHICH % CASH	OF WHICH % SHARES	% BONUS	OF WHICH % CASH	OF WHICH % SHARES	% BONUS	OF WHICH % CASH	OF WHICH % SHARES	% BONUS	OF WHICH % CASH	OF WHICH % SHARES	% BONUS	OF WHICH % CASH	OF WHICH % SHARES	% BONUS	OF WHICH % CASH	OF WHICH % SHARES
Bonus 2015	60	100		20	100		20	100								100	100	
Bonus 2016				60	100		20	100		20	100					100	100	
Bonus 2017							60	100		20	100		20	100		100	100	

c) Malus and claw-back mechanisms

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

d) Principle of propriety and the containment of reputational risks

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

2. INFORMATION ON REMUNERATION BY ROLE AND FUNCTIONS

This section provides a brief overview of remuneration accrued in financial year 2017 in implementation of the remuneration policies approved in respect of:

2.1 Remuneration of Company Directors

The remuneration for members of the Board of Directors, including members of the Board Committees, was determined by following the procedures defined and described in the presentation of remuneration policies for 2017. Non-executive Directors, including the Chairman of the Board of Directors, were not entitled to any form of variable remuneration linked to the attainment of specific objectives nor to share-based incentivisation plans.

In detail, the remuneration of the Chairman of the Board of Directors is paid back to the company by which he is employed.

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

A D&O policy has been contracted covering the members of the Board of Directors, as illustrated in the document presenting the remuneration policies for 2017.

2.2 Remuneration of members of the Board of Statutory Auditors

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

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

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

A D&O policy has been contracted covering the members of the Board of Auditors, as illustrated in the document presenting the remuneration policies for 2017.

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

2.3.1 Chief Executive Officer and General Manager

The position of Chief Executive Officer is filled by Gian Maria Mossa.

The remuneration granted for the position of Chief Executive Officer consists of a total fixed remuneration paid of 37.500,00 euros. No short-term variable remuneration is envisaged.

The position of General Manager is also filled by Gian Maria Mossa. The remuneration granted to Gian Maria Mossa for the role of General Manager consists of (i) all-inclusive gross annual remuneration of 500,000 euros in 2017; ii) a short-term variable remuneration accrued as a result of the results achieved

of 350,000.00 euros; (iii) variable long-term remuneration as indicated below, and (iv) other sundry remuneration and benefits provided for his position of manager of the Banking Group for an overall amount of 164,250.38.

With reference to long-term variable remuneration, Mr. Mossa is included in the following LTI plans:

Long-term variable plan in favour of Mr. Mossa

PLAN	NO. OF SHARES ALLOCATED			
	MAX. NO. IN THE THREE YEARS	ACCRUED IN 2017	SINCE BEGINNING OF THE PLAN	YEARS ENDED/ REMAINING YEARS
LTI 2015-2017	34,462	12,319	28,342	3/3
LTI 2016-2018	62,581	16,779	31,798	2/3
LTI 2017-2019	67,119	17,996	17,996	1/3

The sum of the shares allocated during each of the three years of the cycle will be actually assigned only at the end of the three-year period, following verification of the satisfaction of objectives in the third year.

2.3.2 Other Key Management Personnel for 2017

This personnel category includes:

- > Andrea Ragaini, DGM Wealth Management, Markets and Products;
- > Stefano Grassi, who was DGM Finance & Operations until 19 February 2017.

Their remuneration consists of all-inclusive annual remuneration (RAL), a position-related indemnity, where envisaged, a variable remuneration linked to the degree of satisfaction of performance objectives as explained below, and other remuneration and benefits related to the position of Managers of the Banking Group.

The overall fixed remuneration, consisting of the gross annual remuneration (RAL) and the service allowance, where applicable, totalled 284,615.40 euros in 2017.

Short-term performance-based bonuses, accrued on the basis of results achieved with reference to the position of member of key management personnel, totalled 180,000 euros.

The total remuneration of personnel included in this category is also comprised of 374,569.89 euros for other remuneration and benefits provided for the managers of the Banking Group.

With reference to long-term remuneration, one person is a beneficiary of LTI plans, as shown below:

Long-term variable remuneration

PLAN	NO. OF SHARES ALLOCATED			
	MAX. NO. IN THE THREE YEARS	ACCRUED IN 2017	SINCE BEGINNING OF THE PLAN	YEARS ENDED/ REMAINING YEARS
LTI 2017-2019	30,509	8,180	8,180	1/3

The sum of the shares allocated during each of the three years of the cycle will be actually assigned only at the end of the three-year period, following verification of the satisfaction of objectives in the third year.

In addition, Andrea Ragaini received fixed compensation of 40,000.00 euros for his services as Chairman of Board of Directors of Generfid.

2.4 Breakdown of remuneration by lines of business relating to Key Personnel

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

2.5 Breakdown of remuneration by category of Key Personnel

A breakdown of remuneration by category of Key Personnel for financial year 2017 is presented in *Attachment Article 450 CRR, letter h) Aggregate Quantitative Information on Remuneration, Broken Down by Category of Key Personnel* which refers to the remuneration of personnel that, pursuant to the Company's internal self-assessment process, has been placed in such category.

More specifically:

- > **Top Management:** the Chief Executive Officer / General Manager, the Deputy General Manager Wealth Management Markets and Products and the Deputy General Manager Finance & Operations, who remained in office until 19 February 2017;
- > **Other Key Personnel:** this category has been determined to include (i) the heads of key operating/company units (main lines of business): the Head of the CFO & Strategy Area (since 10 April 2017), the Head of the Finance Department, the Head of the Lending Department, Executive Director of BG Fund Management Luxembourg S.A. (hereinafter BG FML) also holding the role of Head of the AM Area of Banca Generali and General Manager of BG FML; (ii) the persons, directly reporting to the personnel indicated in point (i) above, who are regarded as having an impact on the company's risk profile: The Heads of the Financial Planner Area, the Managers of the Private Relationship Area and of the Alternative Channels and Support Area. This category also includes: the Head of the COO Area and the Head of the General Counsel Department, a the activities, autonomy and powers assigned to these positions have been regarded as having a substantial impact on the company's risk;
- > **Managers in charge of control functions:** the Head of the Risk and Capital Adequacy Department, the Head of the Internal Audit Department, the Head of the HR Department and the Head of the Compliance and Anti Money Laundering Department (a position held successively by two individuals during the year);
- > **Main managers operating within the distribution networks of the Bank and other Financial Advisors identified pursuant to Article 4 of the Commission Delegated Regulation (EU) No. 604/2014:** Sales Manager Italy, Area Manager of the Financial Planner Area, Private Banking Manager of the Private Banking Area, Senior Private Banking Recruitment Manager and Financial Advisors included in the scope.

Members of Key Personnel with remuneration exceeding 1 million euros are a total of 15 of whom 8 in the bracket from 1 to 1.5 million euros, 5 in the bracket from 1.5 to 2 million euros, and 2 in the bracket from 2 to 2.5 million euros.

2.6 Remuneration for other employees

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

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

	NO. OF BENEFICIARIES	FIXED REMUNERATION	VARIABLE REMUNERATION
Relationship Managers	77	5,578,726.20	1,322,572.96
Asset Managers	23	2,071,522.89	986,328.07
Other employees	840	31,472,385.90	2,607,702.38

Relationship Manager's variable remuneration does not include recruitment incentives.

3. INFORMATION ON THE REMUNERATION OF FINANCIAL ADVISORS

The remuneration policies applicable to Financial Advisors were consistently implemented, in both qualitative and quantitative terms, as described in the document “Banking Group’s Remuneration Policies” approved by the General Shareholders’ Meeting on 20 April 2017.

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

By way of general information, it is worth noting that the weight of fees payable for 2017 (almost entirely in favour of Financial Advisors) to overall fees receivable is given in the following table.

	2017
Total payout (with performance fees)	45.7%
Total payout (without performance fees)	53.8%

(*) Payout including fee provisions for sales and recruitment incentives.

With regard to the substantially recurrent component of the remuneration of the network, the following factors have been confirmed: (i) the mechanisms aimed at reducing the fees payable to Financial Advisors and their Managers in the event of substandard after-sales services to customers during 2017; (ii) within the framework of a process of gradually increasing the responsibilities of Network Managers in coordination and oversight activity, the mechanisms aimed at contemplating any specific risks that emerge in the area being coordinated, including for the purpose of determining recurring remuneration.

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

More specifically, in the case of Financial Advisors serving in managerial positions at the end of 2017, incentives accounted for about 11% of overall payout.

On the other hand, in light of their crucial coordination and supervisory responsibilities, the variable remuneration of Sales Managers and Area Managers determined pursuant to incentive plans has been subjected to both the Banking Group’s access gates and the partial deferral of bonus payments.

As a result, the aforesaid variable remuneration accrued for 2017 in the amount of 8,490,301 euros overall of such functions was as follows: 60% paid in 2017; 20% will be paid after verification of satisfaction of the access gate for the following year; and the remaining 20%, after a further year, again subject to satisfaction of the access gate applicable for that year.

Financial Advisors and Managers who are found to have wilfully engaged in conduct harmful to the Bank or its customers will lose all entitlements to payouts due under incentive plans. Moreover, the Bank reserves the discretionary right to refuse to make bonus payouts to Financial Advisors who (i) are subjected to disciplinary measures or pending non-routine inspections; and/or (ii) as a result of their conduct, manifestly occasion reputational harm to the Bank. Furthermore, pursuant to specific provisions, in the event of malfeasance on the part of a Financial Advisor that results in monetary liability for the Bank for any reason or cause whatsoever, the Bank is entitled to claw back bonus payments made during the year in which the malfeasance was committed, as well as the preceding year.

4. TABLES

4.1 Tables prepared pursuant to Consob Resolution 18049

Table 1

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

Table 2

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

Table 3A

Incentive Plans for Members of the Governing Body, General Managers and Other Key Management Personnel Based on Financial Instruments Other than Stock Options

Table 3B

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

Layout 7-ter

Table 1 - Shares Held by Members of the Governing and Control Bodies and General Managers

Table 2 - Shares Held by Other Key Management Personnel

4.2 Tables Prepared in Accordance with the Bank of Italy Provisions – 7th update of Circular No. 285 of 17 December 2013, Part I, Title IV, “Corporate Governance, Internal Controls, Risk Management” – Chapter 2, “Remuneration and Incentivisation Policies and Practices” – Section VI – Article 450 CRR (Reg. UE 575/213)

Annex Article 450 CRR, letter g):

Aggregate Quantitative Information on Remuneration, Broken Down by Business Areas, Concerning “Key Personnel”.

Annex Article 450 CRR, letter h):

Aggregate Quantitative Information on Remuneration, Broken Down by Category of “Key Personnel”

Table 1 – Remuneration Paid to Members of Governing and Control Bodies, General Managers and Other Key Management Personnel

(A)	(B)	(C)	(D)	NOTES	(1)	
					FIXED REMUNERATION	REMUNERATION AS PER ART. 2389 PARA. 3 IT. CIV. CODE
SURNAME AND NAME	OFFICE HELD	PERIOD OF OFFICE	TERM OF OFFICE			
Fancel Giancarlo	Director / Chairman of BoD	01.01-31.12.17	Approval of 2017 Financial Statements	1 / 5	70,000	
Mossa Gian Maria	Director / Chief Executive Officer	20.03-31.12.17	Approval of 2017 Financial Statements	1	27,521	37,500
	General Manager	01.01-31.12.17		3 / 4		
Brugnoli Giovanni	Director	01.01-31.12.17	Approval of 2017 Financial Statements	2	35,000	
Gervasoni Anna	Director	01.01-31.12.17	Approval of 2017 Financial Statements			
	I) remuneration in the company preparing the financial statements			2	35,000	
	II) remuneration from subsidiary and associate companies			7	15,000	
III) Total					50,000	
Lapucci Massimo	Director	01.01-31.12.17	Approval of 2017 Financial Statements	2	35,000	
Pescatori Annalisa	Director	01.01-31.12.17	Approval of 2017 Financial Statements	2	35,000	
Terzi Vittorio Emanuele	Director	01.01-31.12.17	Approval of 2017 Financial Statements	2	35,000	
Perin Giovanni Luca	Director	01.01-20.03.17	ended	1	7,575	
Rustignoli Cristina	Director	01.01-31.12.17	Approval of 2017 Financial Statements	1	35,000	
Caltagirone Azzurra	Director	01.01-31.12.17	Approval of 2017 Financial Statements		35,000	
Cremona Massimo	Chairman of the Board of Statutory Auditors	01.01-31.12.17	Approval of 2017 Financial Statements	6	55,000	
Anaclerio Mario Francesco	Acting Auditor	01.01-31.12.17	Approval of 2017 Financial Statements	6	40,000	
Minutillo Flavia	Acting Auditor	01.01-31.12.17	Approval of 2017 Financial Statements	6	40,000	
Key Management Personnel	2 Deputy General Managers	01.01-31.12.17				
	I) remuneration in the company preparing the financial statements			3 / 4		
	II) remuneration from subsidiary and associate companies			7	40,000	
III) Total					40,000	

NOTES

- (1) Pays back fixed remuneration for the position of Director to the company by which he is employed.
(2) The following table provides a breakdown of the remuneration received for sitting in Committees, accrued in the reporting year:

NAME	REMUNERATION COMMITTEE		NOMINATION COMMITTEE		INTERNAL AUDIT AND RISK COMMITTEE		TOTAL
	FIXED REMUNERATION	ATTENDANCE BONUSES	FIXED REMUNERATION	ATTENDANCE BONUSES	FIXED REMUNERATION	ATTENDANCE BONUSES	
Brugnoli Giovanni	10,000	12,000	10,000	12,000			44,000
Gervasoni Anna	10,000	12,000			10,000	24,000	56,000
Lapucci Massimo			10,000	12,000	10,000	16,000	48,000
Pescatori Annalisa	10,000	12,000			10,000	22,000	54,000
Terzi Vittorio Emanuele			10,000	12,000	10,000	20,000	52,000
Total	30,000	36,000	30,000	36,000	40,000	82,000	254,000

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

(1)			(2)	(3)		(4)	(5)	(6)	(7)	(8)
FIXED REMUNERATION			NON-EQUITY VARIABLE REMUNERATION							
ATTENDANCE BONUSES	FORFEIT EXPENSE REFUND	FIXED SALARIES AS EMPLOYEES	REMUNERATION FOR SITTING ON COMMITTEES	BONUS AND OTHER INCENTIVES	PROFIT SHARING	NON-MONETARY BENEFITS	OTHER REMUNERATION	TOTAL	FAIR VALUE OF EQUITY REMUNERATION	END-OF-TERM AND SEVERANCE INDEMNITIES
								70,000		
								65,021		
	1,350	500,000		246,976		154,430	8,471	912,227	906,851	
			44,000					79,000		
			56,000					91,000		
								15,000		
			56,000					106,000		
			48,000					83,000		
			54,000					89,000		
			52,000					87,000		
								7,575		
								35,000		
								35,000		
								55,000		
								40,000		
								40,000		
	219	284,615		92,792		86,197	288,154	751,977	178,739	
								40,000		
	219	284,615		92,792		86,197	288,154	791,977	178,739	

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

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

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

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

(7) Remuneration attributed as Director of Generfid SpA.

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

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

SURNAME AND NAME	OFFICE HELD	PLAN	OPTIONS HELD AT YEAR-START		
			NUMBER OF OPTIONS	STRIKE PRICE	EXPECTED VESTING PERIOD
i) remuneration in the company preparing the financial statements					
ii) remuneration from subsidiary and associate companies					
iii) Total					

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

(A)	(B)	(1)		(2)	(3)
SURNAME AND NAME	OFFICE HELD	PLAN (1)	TYPE OF FINANCIAL INSTRUMENT	FINANCIAL INSTRUMENTS ASSIGNED IN PREVIOUS YEARS AND NOT VESTED DURING THE YEAR	
				NUMBER AND TYPE OF FINANCIAL INSTRUMENTS	VESTING PERIOD
Mossa Gian Maria	Joint General Manager	LTI 2015-2017 (2)	Ord. shares Ass. Generali		
i) remuneration in the company preparing the financial statements	General Manager	LTI 2016-2018 (4)	Ord. shares Ass. Generali	56,831	2016-2018
	CEO and General Manager	LTI 2017-2019 (5)	Ord. shares Ass. Generali		
	Joint General Manager	BSC 2015	Ord. shares Banca Generali		
	General Manager as of 01.04.2016	BSC 2016	Ord. shares Banca Generali	501	2016-2018
	General Manager and CEO	BSC 2017 (6)	Ord. shares Banca Generali		
ii) remuneration from subsidiary and associate companies					
iii) Total					
Other Key Management Personnel	Wealth Management Markets & products Joint General Manager	LTI 2017-2019 (5)	Ord. shares Ass. Generali		
i) remuneration in the company preparing the financial statements		BSC 2016	Ord. shares Banca Generali	155	2016-2018
		BSC 2017 (6)	Ord. shares Banca Generali		
ii) remuneration from subsidiary and associate companies					
iii) Total					

NOTES:

- (1) The date of assignment and the market price at assignment refer to the dates of Shareholders' resolutions approving the plans by the General Shareholders' Meeting of Assicurazioni Generali S.p.A. (2015-2017 LTI Shareholders' resolution dated 30 April 2015; 2016-2018 LTI Shareholders' resolution dated 28 April 2016, 2017-2019 LTI Shareholders' resolution dated 27 April 2017).
- (2) Number of shares to be assigned in April 2018 as approved by the Board of Directors of Assicurazioni Generali at the end of the vesting period of the plan and based on the level of achievement of the objectives set for the three-year period 2015-2017, including a number of additional shares based on the amount of overall dividends distributed in the three-year period (so called dividend equivalent). The overall value of the shares at vesting was reported considering the official price of the share at 14 March 2018, i.e., the date when the Board of Directors of Assicurazioni Generali met and verified the level of achievement of the three-year period objectives and resolved upon the free capital increase.
- (3) Number of total non-attributable shares as a result of the performance achieved in 2017.
- (4) Maximum number of shares potentially attributable at the end of the vesting period (2016-2018) subject to the achievement of the objectives and to the terms and conditions of the plan, also taking into account that, with specific reference to the years 2016 and 2017, the number of shares was calculated based on the year-end results of the objectives achieved in such years. Moreover, as envisaged by the plan rules, the beneficiaries may receive a number of additional shares based on the amount of overall dividends distributed in the three-year period of reference (so called dividend equivalent).

OPTIONS GRANTED DURING THE YEAR					OPTIONS EXERCISED DURING THE YEAR			OPTIONS EXPIRED	OPTIONS HELD AT YEAR-END	OPTIONS ACCRUED IN THE YEAR
NUMBER OF OPTIONS	STRIKE PRICE	EXPECTED VESTING PERIOD	FAIR VALUE AT ASSIGNMENT DATE	MARKET PRICE OF THE UNDERLYING SHARES AT THE ASSIGNMENT OF OPTIONS	NUMBER OF OPTIONS	STRIKE PRICE	MARKET PRICE OF THE UNDERLYING SHARES AT THE ASSIGNMENT OF OPTIONS	NUMBER OF OPTIONS	NUMBER OF OPTIONS	FAIR VALUE
(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)		
FINANCIAL INSTRUMENTS ASSIGNED DURING THE YEAR					FINANCIAL INSTRUMENTS VESTED DURING THE YEAR AND NOT ASSIGNED		FINANCIAL INSTRUMENTS VESTED DURING THE YEAR AND ASSIGNABLE		FINANCIAL INSTRUMENTS FOR THE YEAR	
NUMBER AND TYPE OF FINANCIAL INSTRUMENTS	FAIR VALUE AT ASSIGNMENT DATE	VESTING PERIOD	ASSIGNMENT DATE (1)	MARKET PRICE AT ASSIGNMENT (1)	NUMBER AND TYPE OF FINANCIAL INSTRUMENTS	NUMBER AND TYPE OF FINANCIAL INSTRUMENTS	VALUE AT VESTING	FAIR VALUE		
					1,465 (3)	31,723	487,741	214,248		
										297,539
64,979	942,199	2017-2019	27.04.2017	14,58						314,066
						731	21,512	7,171		
						501	11,393	9,757		
3,688	83,569	2017-2019	20.04.2017	25,42		2,213	51,336	64,070		
	1,025,768						571,982	906,851		
29,536	428,277	2017-2019	27.04.2017	14,58						142,759
						155	3,538	3,030		
1,897	42,978	2017-2019	20.04.2017	25,42		1,138	26,402	32,950		
	471,256						29,939	178,739		

(5) Maximum number of shares potentially attributable at the end of the vesting period (2017-2019) subject to the achievement of the objectives and to the terms and conditions of the plan, also taking into account that, with specific reference to the year 2017, the number of shares was calculated based on the year-end results of the objectives achieved in such year. Moreover, as envisaged by the plan rules, the beneficiaries may receive a number of additional shares based on the amount of overall dividends distributed in the three-year period of reference (so called dividend equivalent).

(6) The information on the financial instruments assigned during the year refer to the overall maximum number of shares attributable at the end of the vesting period (2017-2019), subject to the satisfaction of the access gates of the Banking Group.

(7) The information refers to the position shown in the table. No variables related to other positions are reported, unless they fall in the category of Key Management Personnel.

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

(A)	(B)
SURNAME AND NAME	OFFICE HELD
Mossa Gian Maria	
i) remuneration in the company preparing the financial statements	CEO and General Manager
ii) remuneration from subsidiary and associate companies	
iii) Total	
Other Key Management Personnel (2)	
i) remuneration in the company preparing the financial statements	Wealth Management Markets & products Joint General Manager
ii) remuneration from subsidiary and associate companies	
iii) Total	

NOTES:

- (1) The amount represents the cash portion for 2015 BSC, 2016 BSC and 2017 BSC.
- (2) The information refers to the position shown in the table. No variables related to other positions are reported, unless they fall in the category of Key Management Personnel.

For variable remuneration based on Balanced Scorecards (BSC), upon payment the individual deferred instalment will bear interest calculated at the mean 6-month EURIBOR rate recorded during the calendar year preceding the year in which related instalment is paid, increased by 0.85%.

(1)	(2)			(3)			(4)
	BONUS FOR THE YEAR			PRIOR YEARS BONUS			
	A	B	C	A	B	C	
PLAN	PAYABLE/ PAID	DEFERRED	DEFERMENT PERIOD	NO LONGER PAYABLE	PAYABLE/ PAID	STILL DEFERRED	OTHER BONUSES
BSC 2015 (1)			2017-2018		52,500		
BSC 2016 (1)			2018-2019		37,976	37,976	
BSC 2017 (1)	157,500	105,000	2019-2020				
	157,500	105,000			90,476	37,976	
BSC 2016 (1)			2018-2019		11,792	11,792	
BSC 2017 (1)	81,000	54,000	2019-2020				
	81,000	54,000			11,792	11,792	

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Table 1 – Shares Held by Members of the Governing and Control Bodies and General Managers

SURNAME AND NAME	OFFICE HELD	INVESTEES COMPANY	NO. OF SHARES OWNED AT THE END OF THE PREVIOUS YEAR	NO. OF SHARES PURCHASED	NO. OF SHARES SOLD	NO. OF SHARES HELD AT THE END OF THE CURRENT YEAR
Fancel Giancarlo	Chairman of the Board of Directors	(1)	2,039	-	-	2,039
Rustignoli Cristina	Director	Banca Generali	1,246	482	-	1,728
Brugnoli Giovanni	Director	Banca Generali	10,000	-	-	10,000
Lapucci Massimo	Director	Banca Generali	1,000	-	-	1,000
Mossa Gian Maria	CEO and General Manager	Banca Generali	11,893	2,233	-	14,126

NOTES:

- (1) Changes refer to the payment of bonuses in shares.
(2) Director who was a member of Key Management Personnel for a part of 2016.

Table 2 – Shares Held by Other Key Management Personnel

NO. OF KEY MANAGEMENT PERSONNEL	INVESTEES COMPANY	NO. OF SHARES OWNED AT THE END OF THE PREVIOUS YEAR	NO. OF SHARES PURCHASED (1)	NO. OF SHARES SOLD	NO. OF SHARES HELD AT THE END OF THE CURRENT YEAR
2 (*)	Banca Generali	4,413	2,060	-	6,473

NOTES:

- (*) Changes refer to the payment of bonuses in shares.
(1) Changes refer to the period during which they were members of Key Management Personnel, since there is no evidence about what occurred after leaving office in Banca Generali..

4.2 Tables prepared in accordance with the Bank of Italy provisions – 7th update of Circular No. 285 of 17 December 13, Part I, Title IV, “Corporate Governance, Internal Controls, Risk Management” – Chapter 2, “Remuneration and Incentivisation Policies and Practices” – Section VI – Article 450 CRR (Reg. EU No. 575/213)

Annex Article 450 CRR, letter g): Aggregate Quantitative Information on Remuneration, Broken Down by Business Areas, Concerning “Key Personnel”

COMPANY	BUSINESS LINES (*)	NO. OF BENEFICIARIES	FIXED REMUNERATION (**)	VARIABLE REMUNERATION FOR 2016 (***)	NOTES
Banca Generali	Member of the governing body	1	693,280	358,471	(1)
Banca Generali	Control functions	4	464,777	100,833	(2)
Banca Generali	Corporate functions	6	1,269,713	1,090,657	(3)
Banca Generali	Investment Banking	32	19,646,436	12,673,128	(4)
Banca Generali	Retail Banking	2	418,375	196,295	
Banca Generali/BG FML	Asset management	2	585,872	389,510	

NOTES:

(*) Business lines envisaged by the data collection of the Bank of Italy/EBA.

(**) The item also includes fringe benefits.

(***) The component “2017 variable” is represented by: i) MBO mechanisms applied with the method of the Balanced scorecard (BSC), with application of the deferral mechanism, where applicable and ii) other bonuses/one-off payments.

(1) Information relating to Mr. Mossa, who holds the position of Chief Executive Officer and General Manager.

(2) Information relating to the Head of the Risk and Capital Adequacy Department, the Compliance and Anti Money Laundering Department (position held by two persons in 2017) and the Internal Audit Department.

(3) Information relating to Deputy General Manager Wealth Management, Markets and Products, Head of the CFO & Strategy Area, Head of the COO Area, Head of the General Counsel Department, Head of Human Resources Department and DGM Finance & Operations (which held such position until 19 February 2018).

(4) Information on: Head of the Financial Planner Area, Head of the Private Relationship Manager Area, Head of the Finance Department, and the following network managers: 2 Sales Managers Italy, 5 Area Managers of the Financial Planner Division, 5 Private Banking Managers of the Private Banking Division, 1 Senior Private Banking Recruitment Manager and 16 Financial Advisors.

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

With indication of:

- i) amounts of remuneration for the year broken down by fixed and variable component and number of beneficiaries;
- ii) amounts and forms of the variable component of remuneration, broken down by cash, shares, share-based instruments and other types;
- iii) amounts of existing deferred remuneration, broken down by shares assigned and not assigned;
- iv) amounts of deferred remuneration recognised during the year, paid and reduced based on performance adjustments;
- v) new payments for recruitment benefits and termination indemnities made in the year and number of beneficiaries;
- vi) amounts paid for termination indemnities accrued during the year, number of beneficiaries and highest amount paid to an individual person.

A) Top Management

Banca Generali: Chief Executive Officer; Top Management: General Manager, Wealth Manager Markets & Products Joint General Manager; Finance & Operations Department Joint General Manager (position held until 19.02.2017).

COMPANY	PERSONNEL CATEGORY	NO. BENEFICIARIES	I) REMUNERATION			II) AMOUNTS AND TYPE OF VARIABLE COMPONENT (**)			
			FIXED (*)	VARIABLE 2017	TOTAL	CASH	SHARES	SHARE-BASED INSTRUMENTS	OTHER TYPES
Banca Generali	CEO	1	37,500	-	37,500	-	-	-	-
Banca Generali	Top Management	3	1,026,811	1,026,625	2,053,436	894,125	132,500	-	-

With reference to the 2015-2017 LTIP, verification of the level of achievement of the objectives set and satisfaction of the access gates for the third year led to the determination of shares to be allocated for the year of 12,319 for Mr. Mossa. The sum of the shares allocated in each of the three years of the cycle will be assigned during 2018, i.e., at the end of the three-year period.

With reference to the 2016-2018 LTIP, verification of the level of achievement of the objectives set and satisfaction of the access gates for the second year led to the determination of shares to be allocated for the year of 16,779 for Mr. Mossa. The sum of the shares set aside during each of the three years of the cycle will be definitively assigned only at the end of the three-year period, following verification of the level of achievement of objectives in the third year.

With reference to the 2017-2019 LTIP, verification of the level of achievement of the objectives set and satisfaction of the access gates for the first year led to the determination of shares to be allocated for the year of, respectively, 17,996 for Mr. Mossa, and 8,180 for a manager included in Top Management. The sum of the shares set aside during each of the three years of the cycle will be definitively assigned only at the end of the three-year period, following verification of the level of achievement of objectives in the third year.

B) Other Key Personnel

Heads of key operating/company units (main lines of business): Head of CFO & Strategy, Finance Department, Lending Department, Executive Director of BG FML who also holds the position of Head of the AM Area and General Manager of BG FML.

Persons regarded as having an impact on company risk due to their activities, autonomy and powers: Head of the Financial Planner Area, Head of the PRM Area, Head of Alternative and Support Area, Head of the COO Area and of the General Counsel Department.

COMPANY	NO. BENEFICIARIES	I) REMUNERATION			II) AMOUNTS AND TYPE OF VARIABLE COMPONENT (**)			
		FIXED (*)	VARIABLE 2017	TOTAL	CASH	SHARES	SHARE-BASED INSTRUMENTS	OTHER TYPES
Banca Generali/ BG FML (a)	10	2,274,687	1,476,971	3,751,658	1,216,413	260,559	-	-

(a) The amounts also include i) the compensation and the variable remuneration paid to the Executive Director of BG FML for the position of Head of the AM Area.

With reference to the 2015-2017 LTIP, verification of the level of achievement of the objectives set and satisfaction of the access gates for the third year led to the determination of shares to be allocated for the year of 7,040 for 1 manager included in Other Key Personnel. The sum of the shares allocated in each of the three years of the cycle will be assigned during 2018, i.e., at the end of the three-year period.

With reference to the 2016-2018 LTIP, verification of the level of achievement of the objectives set and satisfaction of the access gates for the second year led to the determination of shares to be allocated for the year of a total of 11,326 for 3 managers included in Other Key Personnel. The sum of the shares set aside during each of the three years of the cycle will be definitively assigned only at the end of the three-year period, following verification of the level of achievement of objectives in the third year.

With reference to the 2017-2019 LTIP, verification of the level of achievement of the objectives set and satisfaction of the access gates for the first year led to the determination of shares to be allocated for the year of a total of 8,180 for 3 managers included in Other Key Personnel. The sum of the shares set aside during each of the three years of the cycle will be definitively assigned only at the end of the three-year period, following verification of the level of achievement of objectives in the third year.

III) DEFERRED REMUNERATION (***)		IV) DEFERRED REMUNERATION (***) (****)				V) INDEMNITIES				VI) FOR TERMINATION		
ASSIGNED	NOT ASSIGNED	RECOGNISED	PAID	REDUCED	AT THE START	NO. OF BENEFICIARIES	AT THE END	NO. OF BENEFICIARIES	NO. OF BENEFICIARIES	RECOGNIZED	NO. OF BENEFICIARIES	HIGHEST AMOUNT
-	-	-	-	-	-	-	-	-	-	-	-	-
218,882	412,124	218,882	-	-	-	-	-	-	-	-	-	-

III) DEFERRED REMUNERATION (***)		IV) DEFERRED REMUNERATION (***) (****)				V) INDEMNITIES				VI) FOR TERMINATION		
ASSIGNED	NOT ASSIGNED	RECOGNISED	PAID	REDUCED	AT THE START	NO. OF BENEFICIARIES	AT THE END	NO. OF BENEFICIARIES	NO. OF BENEFICIARIES	RECOGNIZED	NO. OF BENEFICIARIES	HIGHEST AMOUNT
223,756	442,241	223,756	-	-	-	-	-	-	-	-	-	-

C) Managers and higher level executives in charge of Control functions

Banca Generali: Head of the Risk and Capital Adequacy Department, Head of Internal Audit, Head of the HR Department and Head of the Compliance and Anti Money Laundering Department (position held by 2 persons in 2016).

COMPANY	NO. BENEFICIARIES	I) REMUNERATION			II) AMOUNTS AND TYPE OF VARIABLE COMPONENT (**)			
		FIXED (*)	VARIABLE 2017	TOTAL	CASH	SHARE-BASED INSTRUMENTS	OTHER TYPES	
Banca Generali	5	679,232	215,154	894,385	173,961	41,192.71	-	-

D) Main managers operating in the Bank's distribution networks

Banca Generali: 2 Sales Manager Italy, 5 Area Managers of the Financial Planner Area, 5 Private Banking Managers of the Private Banking Area, 1 Senior Private Banking Recruitment Manager and 16 Financial Advisors.

COMPANY	NO. BENEFICIARIES	I) REMUNERATION			II) AMOUNTS AND TYPE OF VARIABLE COMPONENT (**)			
		FIXED (*)	VARIABLE 2017	TOTAL	CASH	SHARE-BASED INSTRUMENTS	OTHER TYPES	
Banca Generali	29	19,060,223	12,090,146	31,150,368	6,573,363	1,740,546	-	-

NOTES:

(*) For 2017, the fixed remuneration is represented by gross annual remuneration, emoluments, service allowance and fringe benefits.

(**) For 2017, the variable component is represented by: i) MBO mechanisms applied with the method of the Balanced scorecard (BSC), with application of the deferral mechanism, where applicable and ii) other bonuses/agreements/one-off payments.

(***) "Assigned"/"Recognised": deferred instalment of the variable remuneration accrued in 2015 and 2016, for which the attainment of the access gate has been satisfied and which will be paid in 2018 to personnel in service;

"Not assigned": deferred portion of variable remuneration relating to 2016 and 2017.

(****) The portion included in the same item within the tables for the previous year were regularly paid during 2016 according to the terms established under the contracts for personnel in service.

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

III) DEFERRED REMUNERATION (***)		IV) DEFERRED REMUNERATION (***) (****)				V) INDEMNITIES			VI) FOR TERMINATION		
ASSIGNED	NOT ASSIGNED	RECOGNISED	PAID	REDUCED	AT THE START	NO. OF BENEFICIARIES	AT THE END	NO. OF BENEFICIARIES	RECOGNIZED	NO. OF BENEFICIARIES	HIGHEST AMOUNT
-	6,500	-	-	-	-	-	-	-	-	-	-

III) DEFERRED REMUNERATION (***)		IV) DEFERRED REMUNERATION (***) (****)				V) INDEMNITIES			VI) FOR TERMINATION		
ASSIGNED	NOT ASSIGNED	RECOGNISED	PAID	REDUCED	AT THE START	NO. OF BENEFICIARIES	AT THE END	NO. OF BENEFICIARIES	RECOGNIZED	NO. OF BENEFICIARIES	HIGHEST AMOUNT
1,998,973	3,035,597	1,998,973	-	-	-	-	-	-	-	-	-

COMPLIANCE FUNCTION'S REVIEW OF THE 2018 REMUNERATION POLICIES FOR COMPLIANCE WITH THE APPLICABLE REGULATORY FRAMEWORK

Foreword

The Provisions on Remuneration and Incentivisation Policies (ref. Bank of Italy Circular No. 285 dated 17 November 2013, as further amended) require the Compliance Function to assess the compliance of remuneration and incentivisation policies with the applicable legal framework, before they are implemented. In accordance with the above Provisions, the Compliance Function's review shall include ensuring that the company incentive system is consistent with the compliance objectives provided for by the law, the Articles of Association and any codes of ethics or other standards of conduct applicable to the Bank, so as to ensure that any legal and reputational risks — and particularly those inherent in relationships with customers — are appropriately contained.

On the basis of the foregoing, the Compliance Function, when defining the remuneration policies for 2018, conducted a preliminary review of the consistency of such policies with the aforementioned Bank of Italy Instructions and internal and external regulations on the subject. In this context, particular attention was paid not only to the legal framework of reference, but also to the underlying process aimed at identifying Key Personnel with special reference to the characteristics linked to the identification of Key Personnel falling within the category of Financial Advisors authorised to make off-premises offers, as well as the process aimed at excluding some Financial Advisors from the category of Key Personnel.

The assessment of the Compliance Function also took into account the provisions of Article 84-quater ("Report on Remuneration") of the regulation implementing Legislative Decree No. 58 of 24 February 1998 (the Finance Consolidation Law - TUF) concerning rules for issuers, introduced by Resolution No. 18049 of 23 December 2011 and subsequently amended by Resolution No. 18214 of 9 May 2012. This takes into consideration the fact that the proposed remuneration policies are intended to ensure comprehensive compliance with the provisions governing remuneration policies of the banking sector (Bank of Italy's Instructions) and the regulation governing Rules for Issuers.

Situation identified

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

- > a balance is reached between the fixed and variable components of remuneration, while also taking account of the position filled (or a balance between the non-recurring and the recurring components of Financial Advisors' remuneration). In this regard, the policies envisage the implementation of mechanisms designed to ensure compliance with the limits required by law on the ratio of the variable to fixed component of Key Personnel's remuneration;
- > there is an ongoing self-assessment process aimed at identifying the company's "Key Personnel," to whom the more detailed provisions of the Bank of Italy Instructions apply, in compliance with the principle of proportionality. In order to identify "Key personnel", the regulatory technical standards concerning the appropriate qualitative and quantitative criteria to identify categories of personnel whose professional activities have a material impact on an institution's risk profile, as per Commission Delegated Regulation (EU) No. 604 of 4 March 2014, as further amended, were applied;
- > criteria for calculating the bonus pool are defined;
- > bonus entitlement is tied not only to the actual results achieved, but also, for the parties identified in the remuneration policy, the respect for applicable regulations, the satisfaction of an access gate for the Banking Group with the aim of (i) basing variable remuneration on long-term performance indicators, and (ii) taking account of current and prospective risks, the cost of capital and the liquidity required to undertake the business engaged in within the Banking Group;
- > rules are defined for deferring the disbursement of variable remuneration until a pre-determined bonus threshold has been met;
- > in accordance with the principle of proportionality, it is established that a portion of variable remuneration be paid in shares;
- > malus and claw-back mechanisms based on criteria of propriety are established;
- > the remuneration of the distribution network is also inspired by criteria of propriety in relationships with customers and containing legal and reputational risks through the use of specific, formally stated, quantifiable and verifiable rules.

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

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

Conclusions

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

Trieste, 20 March 2018

Compliance and Anti Money Laundering Department

REVIEW OF THE COMPLIANCE OF THE REMUNERATION PRACTICES WITH THE POLICIES APPROVED AND REGULATIONS CURRENTLY IN FORCE

Company	Banca Generali S.p.A.
Process	Remuneration and Incentivisation Policies
Subject of audit	Review of the compliance of the remuneration practices with the policies approved and regulations currently in force
Audit team	F. Barraco, L. Alemanno
Date	20.03.2018
Report code	BG182018I

Foreword

The evolution of Italian regulations and international guidelines has strengthened the financial system's awareness of the strategic importance of remuneration policies that enable a company to face systemic difficulties and the challenges that will emerge as part of the desired reinforcement of the risk culture.

Regulators are calling for remuneration policies with a long-term perspective that are in line with the Risk Appetite Framework (RAF), as well as with risk governance and risk management policies. The application of adequate policies is the tool that can guarantee the sustainability of individual banks and the overall system, as well as the proper balancing of interests for the benefit of all stakeholders.

Purpose of the audit

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

Methodology

The risk-based process-oriented methodology adopted by the Internal Audit Department is in line with the industry best practices and enables the function to express an opinion on the adequacy of the Internal Control System.

The Risk and Control analysis model is developed through the identification of the risks of individual company processes, which are systematically mapped, and the verification during audits of the existence and adequacy of the controls currently implemented on the risks of each process, as well as the preparation of an audit report.

Through this model, the Function:

- > identifies and assesses the inherent/potential risk;
- > assesses the comprehensiveness, adequacy, functionality and reliability of the Control System;
- > determines and assesses the Residual/Net Risk.

For the purposes of the audit, three analysis stages have been identified (Definition of remuneration and incentivisation policies, Implementation of the remuneration and incentivisation policies and Actual payment), with the aim of defining audit approaches and methods within a standardised control framework that is suited to providing the required assurance to the Body responsible for strategic supervision, the General Shareholders' Meeting, as well as to the Supervisory Board.

Outcome

The analysis carried out through the control framework found that the remuneration practices have been correctly defined and are in line with the remuneration policies approved by the General Shareholders' Meeting on 21 April 2017, as well as with applicable regulations.

More specifically:

- > the overall amount of all remuneration (ratio of the variable to fixed component) was found to be compliant with established parameters, and the required balance was observed;
- > in order to define the Key Personnel category, a self-assessment was performed based on the application of the Regulatory Technical Standards (RTSs);
- > the corporate functions, including control functions, involved in the process showed an effective level of integration and understanding of their tasks;
- > individual Balanced Scorecards ensure the transparency of information by providing a detailed record of individual targets, including a full and precise description of the same, any notes and comments, the calculation criteria applicable, the control owner and the source of control, as well as the criteria adopted to reweight them, if needed;
- > the bonuses accrued during the year of reference and previous years have been properly paid;
- > the disclosure and reporting obligations established by Bank of Italy regulations have been fulfilled.

Internal Audit

REMUNERATION COMMITTEE'S REPORT ON ACTIVITIES CONCERNING THE REMUNERATION POLICY

Banca Generali's Remuneration Committee, during the meetings held in 2017 and in the first months of 2018, has performed the tasks it was assigned by the Rules governing the activities of the said Committee.

In detail, with reference to the process for defining and implementing the remuneration and incentivisation policies, the Remuneration Committee (i) participated in the process of reviewing the proper application of the 2017 remuneration policies adopted by the company for its Directors and Key Personnel, whether employed by the company or working under a professional relationship other than employment contract; (ii) provided consulting support to the Board of Directors for the determination of the remuneration of company officers and criteria for the remuneration of other employees; (iii) expressed its opinion concerning the determination of the criteria for the remuneration of the Chief Executive Officer/General Manager, the professional figures capable of affecting the risk profile of the Bank and the heads of corporate internal control functions; (iv) provided consulting support for introducing and assigning the Long Term Incentive Plan in accordance with the provisions set forth by the remuneration policies approved; (v) verified the involvement of the competent company functions in the process of preparing and controlling remuneration and incentivisation policies and practices; (vi) expressed an opinion, on the basis of the information received from the competent company functions, on the achievement of the performance objectives to which incentive plans for Key Management Personnel and heads of control functions are tied, and on the review of the other conditions established for the disbursement of remuneration; and (vii) reviewed the report on the application of approved remuneration policies in 2017. The Remuneration Committee also reviewed: (i) the self-assessment process, aimed at identifying Key Personnel, as defined by supervisory regulations, carried out taking into account the principles set forth in Chapter 2 "Remuneration and Incentivisation Policies and Procedures", in Part I, Title IV "Corporate Governance, Internal Control, Risk Management" of Bank of Italy Circular No. 285 of 17 December 2013, and the EBA's RTSs, as endorsed in the Commission Delegated Regulation (EU) No. 604/2014 issued on 4 March 2014; and (ii) the proposal for remuneration and incentivisation policies for 2017, which it found to be consistent, including with respect to the application of the principle of proportionality, with both the relevant Bank of Italy Instructions and Consob regulations in force. The Committee believes that the policies proposed seek to achieve the greatest possible alignment between the interest of the Banking Group's shareholders and management, including from a long-term perspective, through attentive management of company risks.

The Remuneration Committee

4. STRUCTURE OF REMUNERATION AND INCENTIVISATION SYSTEMS: MOTION TO RAISE THE RATIO OF THE VARIABLE TO FIXED COMPONENT OF REMUNERATION TO 2:1

Shareholders,

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

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

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

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

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

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

1. Corporate functions discharged by the persons concerned

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

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

1. Top Managers (Chief Executive Officer/General Manager, Deputy General Wealth Manager Markets and Products, Deputy General Manager Commercial Networks, Alternative and Support Channels (three key personnel)
2. Heads of the Asset Management Area, Private Relationship Manager Area, Alternative and Support Channels Area, Wealth Management Area (four managers);
3. Main Network Managers (two Sales Managers, ten Area Managers, one Head of Business Development Top Wealth Advisor/Top Private Banker and one Head of Recruiting).

2. Reasons underlying the motion

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

Employed personnel (Top Managers, Heads of Asset Management Area, Private Relationship Manager Area, Alternative and Support Channels Area, Wealth Management Area)

Banca Generali's remuneration policy is aimed at ensuring the best possible alignment of the interests of the Banking Group's Shareholders and management, especially in a long-term perspective, through careful risk management and the consistent pursuit of long-term strategies. In fact, a well-balanced system of remuneration and incentives for the bank's directors and management is key to boosting competitiveness and ensuring high-levels of corporate governance over time. It must also be borne in mind that the overall remuneration system — in particular for persons discharging key corporate functions — is a tool to attract to and retain in the company highly qualified professionals endowed with the specialist skill set necessary to meet the company's requirements.

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

- > the vast majority of Banca Generali's operations — which are carried out through networks of financial advisors and relationship managers — are concentrated in specific sectors such as private banking and asset management. As a result of its strategic positioning, Banca Generali is called upon to face not only traditional competitors (mainly network banks) but also major international competitors (primarily foreign private banks) that, thanks to a well-consolidated presence in Italy, have earned significant shares of the Italian market, as well as major Italian banks with international ambitions. In this competitive context and in light of the brilliant results obtained in recent years in the private banking sector, which is expected to continue to grow at the same rapid pace observed in the past, it is clearly in Banca Generali's interest to offer remuneration packages that enable the bank not only to retain key resources who are primarily responsible for the significant growth achieved so far by the bank, but also to attract new managerial talent in a niche labour market featuring a shortage of the specialist skills required to effectively meet current and future challenges;
- > the current remuneration package (for the Top Management, as well as for all other bank personnel) focuses on sustainability, especially through policies prioritising growth that is sustainable over time, and enhancing the potential of the Group's personnel by rewarding individual contributions to the organisation's success, including through appropriate remuneration, whilst discouraging conduct leading to excess risk-taking. Therefore, the remuneration policies are aimed at adequately rewarding sustainable performance and are also based on the following principles:
 - internal fairness, as remuneration must be commensurate with the role filled, taking due account of the burden of responsibility, and the competence and skills with which related duties are discharged;
 - competitiveness, as the assigned remuneration must be in line with remuneration levels prevailing on reference markets; towards this end, trends in remuneration levels prevailing in the industry of reference are monitored constantly through general and industry-specific surveys of remuneration practices;
- > moreover, approval of the motion would have the following effects:
 - *for the Top Management*: it would not impact the applicable remuneration packages, which, in relation *inter alia* to the granting of Long Term Incentive Plans, entry plans/agreements, and/or stability pacts, may lead to amounts that exceed the threshold of 1:1 of the variable to fixed components of remuneration, reaching values that in some cases may be closer to the 2:1 threshold. However, it must be pointed out that a very significant portion of overall variable remuneration is primarily linked to the attainment of company's medium-to-long term targets under the Long Term Incentive Plan, whereas the variable component of the short-term remuneration is linked to the attainment of economic and financial performance as indicated in the budget for the year of reference, through the application of the Management by Objectives mechanism, and is paid in cash and in shares;
 - *for the other Managers*: it would both ensure the respect of the contractual agreements entered into upon recruitment and would not impact the remuneration package which may envisage, *inter alia*, the granting of Long Term Incentive Plans, entry plans/agreements and/or stability pacts. It should be noted that, should the aforementioned Long Term Incentive Plans be applied, a significant portion of variable remuneration received by those managers would be linked to the attainment of medium-to-long term targets, and paid in form of stock grants, whereas the variable component of the short-term remuneration would remain linked to the attainment of economic and financial performance as indicated in the budget for the year of reference, through

the application of the Management by Objectives mechanism, and would be paid in cash and in shares;

- > the remuneration package is made up of both **variable and fixed components** of remuneration. The weight of the fixed component has been determined so as to impact overall remuneration and attract and retain talent, as well as provide adequate remuneration for job responsibilities even in the absence of additional bonuses or other incentives in light of substandard performance, thus discouraging risk-taking in excess of the company's risk appetite, with a view to attaining short and medium-to-long-term results;
- > the competitiveness of the remuneration package of Key Managers is constantly monitored, taking due account of trends recorded on reference markets, applying the methods most commonly used on the reference market. Even on the basis of these external comparisons, the fixed component of remuneration has been found to be reasonably competitive in light of the remuneration packages offered by the company's main competitors on the reference market. This consideration leads to the following crucial conclusions:
 - a direct cut to the percentage of variable remuneration aimed solely at ensuring compliance with the recommended ratio of 1:1 of the variable to fixed component of remuneration without any form of offsetting whatsoever would, at present, lead to a drastic drop in the competitiveness and therefore the attractiveness of the remuneration packages offered to the company's Top Management, giving rise to a serious risk of losing persons who have ensured the bank's indisputable success in recent years;
 - in order to maintain an adequate level of retention of key managers, whilst also complying with the recommended ratio of 1:1 of the variable to fixed component of remuneration, it would be necessary to "re-balance" the remuneration package on the overall, with a steep increase in the fixed component of remuneration. Such a course would obviously entail the risk of losing flexibility and incurring higher costs linked to the managers' remuneration packages, whilst at the time undermining the coherent link between short, and especially, long-term corporate performance and management remuneration, in a business climate featuring steady economic and revenue growth;
 - keeping the remuneration packages does not have any bearing whatsoever on compliance with prudential rules, with specific reference to own funds, as highlighted below.

Main network managers (Sales Managers, Area Managers, Head of Business Development Top Wealth Advisor/Top Private Banker and Head of Recruiting)

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

It must also be pointed out that even in the case of these managers, the distinction between the two components of remuneration is established in advance, taking due account of the Bank's situation in terms of assets, revenues and liquidity, together with the terms and conditions (so-called "gates") regulating entitlement to incentives and bonuses and barring access to some or all of the same, if left unmet. The portion of remuneration represented by the incentive is not subject to any guaranteed minimum amount, and may, in fact, be deferred and even recovered by the company (malus or claw-back systems). Moreover, incentivising mechanisms are structured so as not to give rise to conflicts with the best interests of customers, with a view to ensuring that customers are treated with the utmost correctness and propriety, and, consequently avoid any and all related legal and reputational risks for the Bank. These mechanisms are therefore structured both to protect the bank's assets against capital stability risks, and to promote the propriety and correctness of operations so as to better serve the customer's interests. Furthermore, in case managers remarkably achieve all objectives, the aforesaid system of incentives and bonuses may determine for them a ratio in excess of 1:1 of the variable to fixed component of remuneration. The remuneration structure, on the whole, is fruit of the steady growth underway in the financial advice and private banking sectors, with Banca Generali as one of the main players, with top levels of per-capita productivity in terms of net inflows, both total inflows and inflows from managed and insurance products.

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

the network managers in question are now so closely knit and familiar with the company that they currently constitute the best guarantee for the long-term sustainability of the results attained in recent years. Against this backdrop, cutting the non-recurrent component of remuneration with a view to ensuring the recommended ratio of no more than 1:1 of the variable to fixed component of remuneration would inevitably give rise to a high degree of instability, as at least some network managers would leave the company to join competitors ready and willing to offer very high percentages of recurrent remuneration, in a bid to cut staff selection and training costs by attracting fully trained staff with significant managerial and professional experience. This would deprive the Bank of precious resources discharging crucial management, coordination and control functions in respect of the sales networks, and, consequently jeopardise the attainment of corporate objectives, considering the low number of talented network managers in this sector. Lastly, account must also be taken of the fact that, given their undisputed leadership in coordinating the resources entrusted to them, network managers who leave the company may also take along with them other persons, thereby bringing to naught the results of the bank's considerable investments made in the past to reinforce its sales networks (recruiting, training, office space, IT equipment, etc.). Faced with these obvious risks, the Bank could find itself compelled to raise the recurrent component of remuneration to the detriment of the variable component, thus increasing overhead costs and reducing the effectiveness of sales efforts, with obvious impacts on the profit and loss statement and the ability to continue to invest in products, technology and training.

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

With regard to the repercussions on the Bank's ability to continue to comply with all prudential rules with special reference to own funds, the historical trends of the main reference ratios until 2016, estimated closing figures for 2017 and expected figures for 2018, referred to budget data, are illustrated in the table below.

Historical trends of Tier1 ratio/T1R and Total Capital ratio/TCR

(€ THOUSAND)	BASEL 3				
	31.12.2016 FULL APPLICATION	31.12.2016 PHASE-IN	31.12.2015 PHASE-IN	31.12.2014 PHASE-IN	31.12.2013 PHASE-IN
Common Equity Tier 1 capital (CET1)	427,060	419,073	384,178	311,670	300,674
Additional Tier 1 capital (AT1)	-	-	-	-	-
Tier 2 capital (Tier 2)	43,000	43,854	43,698	50,921	12,753
Total Own Funds	470,060	462,927	427,876	362,591	313,427
Credit and counterparty risk	132,469	132,469	148,306	144,493	115,319
Market risk	2,681	2,681	2,505	3,558	5,950
Operating risk	65,863	65,863	64,254	56,615	47,840
Total absorbed capital	201,012	201,012	215,064	204,666	169,109
Excess over absorbed capital	269,048	261,915	212,812	214,173	214,173
Non-committed capital	57.24%	56.58%	49.74%	59.07%	68.33%
Capital committed for credit risk	28.2%	28.6%	34.7%	39.9%	36.8%
Capital committed for market risk	0.6%	0.6%	0.6%	1.0%	1.9%
Capital committed for operating risk	14.0%	14.2%	15.0%	15.6%	15.3%
Risk-weighted assets	2,512,654	2,512,654	2,688,303	2,558,325	2,113,863
Tier 1/Risk-weighted assets (Tier 1 capital ratio)	17.0%	16.7%	14.3%	12.2%	14.2%
Total Own Funds/Risk-weighted assets (Total capital ratio)	18.7%	18.4%	15.9%	14.2%	14.8%

In terms of projected figures, on the basis of the data for the year ended on 31 December 2017, the related ratios are estimated as follows (preliminary figures):

- > T1R: 18.5%
- > TCR: 20.2%

For the year ending on 31 December 2018, the projected figures calculated in defining the RAF — during its meeting called to approve the budget — call for ratios higher than:

- > T1R: 16.5% (equal to the CET1 Ratio)
- > TCR: 18.0%.

All the historical data and the projections exceed the regulatory thresholds (i.e., 6% for T1R and 8% for TCR), even including the capital conservation buffer and the binding ratio set forth in this regard in the SREP letter (i.e., 8.1% for T1R and 10.4% for TCR, soon to be updated).

A more precise estimate of T1R and TCR at 31/12/2018 will be included in the ICAAP report to be sent to the Bank of Italy by the end of April 2018, however the above figures confirm the sustainability of current remuneration policies.

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

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

- i) the General Shareholders' Meeting is constituted with a structural quorum of at least one half of the share capital, and the motion is approved with the favourable vote of at least 2/3 of the share capital represented at the General Shareholders' Meeting;
- ii) the motion is approved with the favourable vote of at least 3/4 of the share capital represented at the General Shareholders' Meeting, regardless of the share capital represented thereat;

and that no person to whom the Shareholders' resolution refers can exercise any voting rights he or she may directly or indirectly hold in the Bank, the General Shareholders' Meeting is invited to pass resolutions on the motion.

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

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

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

resolves

- 1) *to establish the maximum extent of the ratio of the variable to fixed component of remuneration at 2:1 for the following corporate functions and persons:*
 - *Members of the Top Management (Chief Executive Officer/General Manager, Deputy General Manager Wealth Management Markets and Products, Deputy General Manager Commercial Networks, Alternative and Support Channels);*
 - *Heads of the Asset Management Area, Private RM Area, Alternative and Support Channels Area, Wealth Management Area;*
 - *Main Network Managers (Sales Managers, Area Managers, Head of Business Development Top Wealth Advisor/Top Private Banker, and Head of Recruiting).*
- 2) *to entrust the Board of Directors with the implementation of the approved resolution, including with the power to delegate to any of the Board's members all concrete steps to be taken to ensure such implementation."*

Milan, 9 February 2018

The Board of Directors

5. APPOINTMENT OF THE BOARD OF DIRECTORS AFTER DETERMINING THE NUMBER, TERM OF OFFICE AND REMUNERATION OF THE BOARD MEMBERS; RELEVANT AND ENSUING RESOLUTIONS

Shareholders,

With the approval of the Financial Statements for the year ended 31 December 2017, the mandate of the Company's Directors, conferred by the General Shareholders' Meeting on 23 April 2015 for the three-year period 2015/2017, has expired as the period of office has come to an end.

Pursuant to Article 15 of the Articles of Association, you are therefore called upon to pass a resolution to first determine the number of the Board Members and then appoint the new Board of Directors which will remain in office through to the General Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2020.

In expressing thanks and appreciation to the members of the aforesaid governing body for their assiduous efforts on behalf of the Company so far, it is worth pointing out that, pursuant to Article 15 of the Articles of Association, the Board of Directors is made up of no less than seven (7) and no more than (12) members and that the Board of Directors is appointed on the basis of lists. Candidates shall possess the requisites of professionalism, integrity and independence required by industry regulations and shall also qualify as independent within the meaning of the Corporate Governance Code adopted by Borsa Italiana S.p.A.. In addition, candidates shall not fall within the grounds of incompatibility set forth by applicable regulations in force, including Article 36 of Law No. 214 of 22 December 2011. Each candidate shall appear on only one list, upon penalty of ineligibility.

It must be borne in mind that the Company is subject to management and coordination by Assicurazioni Generali S.p.A., with the result that pursuant to Articles 16, paragraph 1(d), and Article 2 of the Regulation adopted by Consob by resolution No. 20249 dated 28 December 2017, the majority of the members of the Board of Directors must be independent directors.

The composition of the Board of Directors shall comply with the gender balance principle set forth by the applicable regulations. Therefore, in the next three-year period, at least one third of the members of the Board of Directors shall be elected from the less represented gender.

The lists 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 fulfil the statutory requirements of independence set forth by applicable legal and regulatory provisions, as well as by the Corporate Governance Code adopted by Borsa Italiana S.p.A. Each list shall also contain a number of candidates, capable of ensuring gender balance, 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.

Those shareholders who alone or in conjunction with other shareholders represent the percentage of share capital envisaged for the Company by current applicable regulations are entitled to submit a list.

Each shareholder, as well as (i) shareholders belonging to the same group, the latter term being defined to include the party, which need not necessarily be a corporation, exercising control within the meaning of Article 2359 of the Italian Civil Code, and each subsidiary controlled by, or under the common control of the said party or (ii) shareholders who have entered into the same shareholders' agreement within the meaning of Article 122 of Legislative Decree No. 58 of 24 February 1998, or (iii) shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and/or regulatory framework, may submit, either on their own or jointly with other shareholders, directly or through third-party intermediaries, or trust companies, a single list of candidates, under pain of disqualification of the list.

The lists, signed by shareholders with standing must be filed with the Company's registered office no later than the 25th day prior to the scheduled date of the first calling of the Shareholders' Meeting and must be

accompanied by the information on the identity of shareholders who submitted the lists, with an indication of the percentage of share capital held collectively, as well as the following documentation:

- a) the curriculum vitae of each candidate, containing exhaustive information on the candidate's personal and professional features;
- b) a declaration by shareholders other than those who, even jointly, hold a controlling interest or relative majority stake, attesting the absence of associative relationships with the latter;
- c) the declarations filed by each candidate, in which each candidate accepts his/her nomination, commits to accept the office, in case he/she is elected, and also certifies, under his/her own responsibility, the inexistence of causes of incompatibility and of ineligibility, the possession of the requisites of integrity and professionalism which prevailing laws require for the office of director of the Company, as well as those of independence, if applicable, provided by applicable regulations in force.

The certifications from authorised brokers attesting to the collective ownership interest held as at the date of filing of the list must be delivered to the Company by 21 March 2018.

Shareholders who intend to submit lists for the appointment of the Board of Directors are required to comply with the recommendations made by Consob in its Communication No. DEM/9017893 of 26 February 2009, to which the reader is referred. In this regard, it should be noted that lists submitted by shareholders who, separately or collectively, do not hold a controlling or majority interest must be accompanied by a declaration that there are no relationships of association in respect of such shareholders pursuant to Article 147-ter, paragraph 3, of Legislative Decree No. 58 of 24 February 1998 and Article 144-quinquies of Consob Regulation No. 11971/1999, also considering the cases specified in the above Consob Communication No. DEM/9017893.

In accordance with the provisions of the Circular No. 285/2013 issued by the Bank of Italy and Article 2 of the Corporate Governance Code for listed companies, and, having acknowledged the favourable opinion of the Nomination Committee, the Board of Directors has defined the optimal composition of the Board of Directors in terms of both the number and the qualifications and experience of its members; the related report is available on the Company's website at: www.bancagenerali.com, section "*Corporate Governance/AGM*".

The election of the Board of Directors will be carried out as provided for by Article 15, paragraphs 10, 11 and 12 of the Articles of Association. Should only one list be submitted, all the members of the Board of Directors shall be appointed from the said list. Should, on the other hand, two or more lists be submitted, the first candidates on the list obtaining the greatest number of votes, equal to eight ninths of the number of members of the Board of Directors determined by the Shareholders' Meeting — with rounding down in the case of split number — will be elected as Board members.

The remaining directors will be taken from other lists, not linked in any way, not even indirectly, with the shareholders who submitted or voted for the list which gained the highest number of votes, and to this end the votes obtained by said lists will subsequently be divided by one, two, three and so on, according to the number of directors to be elected. The ratios obtained in this way will be progressively assigned to the candidates of each list, according to the respectively established order of said lists.

The ratios thus attributed to the candidates of the various lists will be set out in a single decreasing list.

Adequate replacement mechanisms are envisaged in order to ensure that the number of independent directors appointed complies with relevant regulations and the gender balance required by applicable laws is met.

Lists submitted in disregard of the provisions set forth in Article 15 of the Articles of Association shall be considered as never having been submitted.

In inviting you to pass a resolution on the appointment of the members of the Board of Directors, after determining the number thereof, and electing the said members from one of the lists submitted by the persons and parties entitled to do so, in accordance with the above-mentioned provisions of the Articles of Association, it is pointed out that the text of the related shareholders' resolutions must reflect the outcome of the ballot, with the first candidate appearing on the list obtaining the highest number of votes being appointed Chairman.

Besides the appointment of the Board of Directors for the financial years ending 31 December 2018, 2019 and 2020, you are also invited to pass a resolution determining the remuneration of the Board members, pursuant to Article 2389, paragraph 1, of the Italian Civil Code and Article 13, paragraph 2, of the Articles of Association.

In such regard, it must be pointed out that the remuneration due to Company Directors is currently comprised of a fixed component in the gross annual amount of 35,000.00 euros over and above the refund of out-of-pocket expenses incurred in the performance of their duties.

With regard to the foregoing, the relevant administrative bodies of the Company have carried out a market analysis, accompanied by an in-depth sector-specific benchmarking. In light of the features of the Banca Generali Group, the aforesaid study indicates (i) to increase the remuneration established for directors to the gross annual amount of 45,000.00 euros, and (ii) in consideration of the important role that the regulatory framework, and especially the Bank of Italy Order No. 285/2013, assigns to the Chairman of the Board of Directors, to establish specific remuneration for the latter.

A motion is accordingly raised to assign, for the entire three-year term of office of the Board of Directors appointed by this General Shareholders' Meeting, and therefore, through to the actual approval of the Financial Statements for the financial year ending 31 December 2020:

- > to each member of the Board of Directors (save for the Chairman), over and above the refund of out-of-pocket expenses incurred in the performance of duties, a remuneration in the gross annual amount of 45,000.00 euros;
- > to the Chairman of the Board of Directors, over and above the refund of out-of-pocket expenses incurred in the performance of duties, a remuneration in the gross annual amount of 70,000.00 euros.

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

“The Shareholders' Meeting of Banca Generali S.p.A., held in ordinary session, at the offices of Assicurazioni Generali S.p.A. in Trieste, at Via Machiavelli No. 6,

- > *having regard to the Articles 2364, paragraph 1(2), and 2389 of the Italian Civil Code;*
- > *having regard to Articles 13 and 15 of the Articles of Association;*
- > *having acknowledged the recommendations concerning the ideal qualitative and quantitative composition of the Board of Directors provided by the Board itself;*
- > *having regard to the Remuneration Policies approved by the General Shareholders' Meeting;*
- > *having regard to the Board of Directors' Report,*

resolves

- 1) *to set at 9 (nine) the number of the members of the Company's Board of Directors for financial years 2018-2019-2020, and therefore up to the Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2020;*
- 2) *to establish — for the entire three-year term of office of the Board of Directors appointed by this General Shareholders' Meeting, and therefore, through to the actual approval of the Financial Statements for the financial year ending 31 December 2020 — the remuneration due to each member of the Board of Directors (save for the Chairman) at the gross annual amount of 45,000.00 euros, over and above the refund of out-of-pocket expenses incurred for the performance of duties;*
- 3) *to establish — for the entire three-year term of office of the Chairman of Board of Directors, and therefore, through to the actual approval of the Financial Statements for the financial year ending 31 December 2020 — the remuneration due to the Chairman of the Board of Directors at the gross annual amount of 70,000.00 euros, over and above the refund of out-of-pocket expenses incurred in the performance of duties;*
- 4) *to vest the Board of Directors with the responsibility of establishing the remuneration due to Directors entrusted with specific tasks, after hearing the Board of Statutory Auditors' opinion in such regard, pursuant to Article 2389, paragraph 3, of the Italian Civil Code.”*

Milan, 1 March 2018

The Board of Directors

RECOMMENDATIONS ON THE IDEAL QUALITATIVE AND QUANTITATIVE COMPOSITION OF THE BOARD OF DIRECTORS

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

1. Foreword

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

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

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

The Bank of Italy's supervisory instructions on corporate governance and organisation, provided for in Circular No. 285/2013, as amended through the 20th update issued on 21 November 2017, place particular emphasis on these specific issues, and lay down implementing guidelines and principles to be followed by financial institutions in determining the composition of their respective Boards of Directors.

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

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

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

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

Similar goals are also pursued by the Corporate Governance Code for Listed Companies, adopted by the Corporate Governance Committee in March 2006, and recently amended in July 2015. In the comment to Article 2, the Code puts forward a recommendation for the Shareholders, who — upon the presentation of lists and subsequent appointment of Directors, and in light of the Board's opinion thereon — are required to evaluate the general and professional features, including experience, also in managerial positions, and

the gender of candidates, taking due account of the dimensions, complexity and peculiarities of the Issuer's business operations, as well as the size of the Board of Directors in question.

Moreover, the above-mentioned provisions issued by the Bank of Italy on 6 May 2014, which were maintained also when the document was most recently updated on 21 November 2017, require the results of the analyses undertaken to be brought to the attention of the Bank's shareholders in a timely manner so that they may take the recommended professional requirements into account when drawing up and subsequently voting on lists of candidates for Board membership.

2. Procedures for the appointment of the Board of Directors

The procedures for the appointment of the Board of Directors are regulated under Article 15 of the Articles of Association, which provide for:

- i) adequate representation of qualified minorities through list-voting mechanism;
- ii) adequate presence of independent directors, via the replacement mechanism, where necessary; and
- iii) adequate gender balance, through the replacement mechanism, where necessary.

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

The lists must contain a number of candidates such as to guarantee gender balance, not higher than the number of members to be elected, listed by progressive number with a specific indication of the candidates who meet the statutory requirements of independence. Each candidate may appear on only one list, upon penalty of ineligibility.

Should only one list be submitted, all the members of the Board of Directors shall be appointed from the said list.

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

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

3. Role of the Board of Directors

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

Pursuant to Article 18 of the Articles of Association, in implementing the principles of the surveillance regulations, the Board of Directors is vested with full powers of ordinary and extraordinary management of the Company. It has the authority to resolve on all matters pertaining to the corporate purpose that are not reserved to the exclusive competence of the Shareholders' Meeting. Moreover, Article 18 of the Articles of Association vests the Board of Directors with exclusive decision-making authority over all strategic matters, including:

- a) determining the general management policy and the approval of strategic programmes, guidelines and transactions, as well as the Company's strategic and financial plans and transactions entailing a significant impact on the Company's balance sheet, profit and loss account or cash flow, including related and connected party transactions;

- b) appointing, when it sees fit, a General Manager, Joint General Managers and Deputy General Managers, assigning their relative powers and deciding upon their retirement;
- c) appointing the Internal Auditor, after having heard the opinion of the Board of Statutory Auditors;
- d) appointing the Compliance Officer, after having heard the opinion of the Board of Statutory Auditors;
- e) upon hearing the Board of Statutory Auditors, appointing and dismissing the Executive in charge of drawing up the company's accounting documents, determining the powers and resources thereof, as well as supervising the tasks carried out by the same and monitoring actual compliance with administrative and accounting procedures;
- f) authorising company representatives fulfilling managerial, executive and supervisory roles and other parties identified by law to perform transactions or assume obligations of any kind with the Company or to carry out direct or indirect sales and purchases;
- g) purchasing or selling shareholdings that cause changes in the Banking Group or controlling or associative shareholdings; selling companies and/or company branches; entering into agreements pertaining to joint ventures or strategic alliances;
- h) approving the organisational structure and any and all amendments to internal rules and policies; carrying out periodic checks to ensure that tasks and responsibilities are clearly and coherently defined within the organisational structure;
- i) carrying out periodic checks to ensure that the internal control structure is respectful of the principle of proportionality and complies with strategic guidelines, and that internal control functions are afforded a sufficient degree of independence within the organisational structure and are endowed with adequate resources to allow them to function properly;
- l) carrying out checks to ensure that the system of information flows is adequate, complete and timely;
- m) drawing up guidelines for the recruitment and internal placement of Company executives;
- n) carrying out checks to ensure that the remuneration and incentive systems applicable to persons in top managerial positions within the organisational structure take due account of risk containment policies and are in line with the bank's long-term objectives, corporate culture and overall internal control and corporate governance system;
- o) creating committees or commissions with control, consultation, recommendatory or coordination functions, also for the purpose of ensuring that corporate governance complies with prevailing recommendations on the matter, establishing the components, the duration, the powers and authority of said committees or commissions at the time they are set up;
- p) ongoing monitoring to ensure that the system of information flows amongst corporate organs is adequate, complete and timely;
- q) approving Related Party and Connected Party transactions, in accordance with the provisions set forth in the procedure adopted by the Company in compliance with applicable regulations governing Related Party and Connected Party transactions.

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

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

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

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

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

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

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

On 23 April 2015, the General Shareholders' Meeting established that throughout the financial years 2015, 2016 and 2017, the Bank's Board of Directors was to be made up of 9 members.

The size of the Bank's Board of Directors is in line with the system-specific data recently compiled by the Bank of Italy. As a matter of fact, an analysis conducted in November 2013 by the Bank of Italy on corporate governance issues linked to the qualitative and quantitative composition revealed that the Board members' mean number in the banks analysed generally reflects and proportionally increases with assets volumes. In further detail, the Board members' mean number is as follows: 15.4 in large corporations (assets valued at over 20 billion euros); 12.9 in medium-sized corporations (assets valued at between 3.5 billion euros and 20 billion euros); and 6.7 in small corporations (assets valued at less than 3.5 billion euros). Comparing these results with the analysis on banks' Articles of Associations conducted by the Bank of Italy and the following publication of best practices in December 2011, the mean number of Board members of banks analysed was slightly higher (Source: *Bank of Italy — Analysis of results and self-assessment — Section I — Qualitative and quantitative composition*).

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

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

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

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

Since Banca Generali is subject to management and coordination by another Italian company with shares listed in regulated markets, the Board of Directors must consist of a majority of independent directors, pursuant to the provisions of Article 16, paragraph 1, letter d), of the Regulation adopted by Consob in Resolution No. 20249 of 28 December 2017.

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

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

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

- a) directly or indirectly, including through subsidiaries, trust companies or third-party intermediaries, controls the Company or is in a position as to exert a significant influence over the same, or is party to a shareholder agreement under which one or more parties are afforded control of or a significant influence over the Company;
- b) is, or has been in the preceding three financial years, a key executive of the Company or a strategic subsidiary thereof, or a company subject to common control with the Company, or a company or body that, even together with others on the basis of a shareholder agreement, controls the Company or is in a position as to exert a significant influence over the same;
- c) directly or indirectly (for instance through subsidiaries or companies in which he serves as a key executive, or professional partnerships or consultancy firms in which he/she is a partner) maintains, or has maintained in the previous financial year, significant commercial, financial or professional relationships with:
 - the Company or one of its subsidiaries or one or more of its key executives;
 - a person or party that, either alone or together with others pursuant to a shareholder agreement, controls the Company or — in the case where the said party is a legal entity or body corporate — with the key executives thereof;
 - one or more of any of the aforesaid persons and/or parties, as an employee, at any time during the previous three financial years;

- d) currently receives, or has received in the previous three financial years, from the Company or a subsidiary or corporate parent thereof significant compensation (in addition to the “fixed” emoluments due to non-executive Directors of the Company and the remuneration for attendance at committees), including as part of stock option or other incentive 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 executive directors and key management personnel of the company or entity considered.

Furthermore, pursuant to the rules set forth in Article 16, paragraph 1(d) of the Regulation adopted by Consob with resolution No. 20249 of 28 December 2017, it is provided that no person who sits on the Board of Directors of a company or body engaging in management and coordination activities in respect of the Company or on the Board of Directors of any listed entity controlled by such company or body may be considered an independent director of the Company.

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

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

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

- i) the Managing Directors and Chairmen of the Company or a strategic subsidiary thereof, in the case where the same are personally vested with delegated powers or play a specific role in shaping corporate policy and strategy;
- ii) Directors who also serve as executives within the Company or within a strategic subsidiary thereof, or even within the Parent Company, in the case where the position also involves Banca Generali.

6. Composition of the Board of Directors – Gender representation

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

The provisions set forth in the aforesaid Law have been applied by Banca Generali upon the election of the Board of Directors for the three-year period 2015-2017.

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

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

In order for the Board of Directors to discharge its duties properly, it must consist of persons who (i) are fully aware of the powers and obligations inherent in the functions that each of them is called upon to perform, (ii) possess professional expertise suited to the positions they fill, including in any Board’s internal committees,

and appropriate to the bank's operational characteristics and size, (iii) provide skills spread amongst all members, diversified in such a way that each member — within an individual Board committee or with respect to decisions made by the whole Board — may contribute to ensuring effective risk management in all areas of the bank, (iv) dedicate adequate time and resources to the overall nature of their offices, without prejudice to the maximum number of concurrent offices held, and (v) commit to achieving the overall bank's interest, taking autonomous decisions, regardless of the members who voted for them or the list to which they belonged.

In qualitative terms, therefore, the skill set and professional know-how and experience represented on the Board of Directors must be commensurate with the dimensions and complexity of the bank and banking group's business operations, it being further understood that all Board members must dispose of the time and resources required to effectively discharge their functions.

As a result, the professional profiles represented on the Board must be selected based on their adequate knowledge of the banking sector, the principles of the economic-financial system, the financial and banking regulations and the risks management and control methods, so as to endowing the Board with the specific specialist know-how required to ensure effective and conscientious corporate management and provide for adequate reflection, and, therefore, informed decision-making by the Board of Directors.

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

In light of the above, and as required under Article 26 of Legislative Decree No. 385 of 1 September 1993 and related implementing provisions (Regulation 161 issued by the Ministry of the Treasury, Budget and Economic Planning on 18 March 1998), all Board members must be selected on the basis of professional qualifications and know-how and must have accumulated at least three years of working experience as:

- i) company directors, control or executive managers;
- ii) professionals working on matters pertaining to credit, finance, asset management, insurance or other fields related to the bank's business;
- iii) university level lecturers or professors in law or economic fields;
- iv) departmental heads, executive managers or key management personnel at public administrations or undertakings operating in areas related to the credit, finance, brokerage or insurance sectors, or at public administrations or undertakings that are not related to the afore-mentioned sectors, provided that their functions include the management of economic and financial resources.

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

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

To define the ideal qualitative composition of the Board of Directors, a list has been drawn up of the professional skill set the Board members as a whole should have to enable the Board to best carry out its tasks. The above-mentioned list of skills was drawn up taking due account of regulatory provisions, the Guidelines on Internal Governance issued by the European Banking Authority (EBA) on 26 September 2017, the recommendations set forth in the Corporate Governance Code for Listed Companies in respect of appointments to various committees, as well as system-wide best practices.

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

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

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

In light of the above, the directors must have accumulated adequate experience:

- i) in business administration in the banking, financial or insurance sectors,
- ii) in the management of service-sector companies,
- iii) in marketing,
- iv) in finance,
- v) in corporate oversight or risk management,
- vi) in law and compliance issues,
- vii) as a lecturer or professor of law, economics, or subjects related to financial markets.

Moreover, in order to ensure the effectiveness of the Board Committees to be appointed, it would be advisable for the Board of Directors to comprise:

- i) at least one independent director with appropriate experience in finance or remuneration policies, and
- ii) at least one independent director with appropriate experience in accounting and finance, or risk management.

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

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

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

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

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

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

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

	LISTED COMPANIES ⁽¹⁾			FINANCIAL INSTITUTIONS, BANKS OR INSURANCE COMPANIES			LARGE CORPORATIONS ⁽²⁾		
	EXECUTIVE DIRECTOR	NON-EXECUTIVE DIRECTOR	AUDITOR	EXECUTIVE DIRECTOR	NON-EXECUTIVE DIRECTOR	AUDITOR	EXECUTIVE DIRECTOR	NON-EXECUTIVE DIRECTOR	AUDITOR
Executive Directors	-	5	-	-	5	-	-	5	-
Non-executive Directors	2	5	2	2	5	2	2	5	2

- (1) If a financial institution, insurance company or bank is listed on the stock exchange or qualifies as a “large corporation”, a directorship within a legal entity belonging to more than one of the aforesaid categories, counts as a single directorship for the intents and purposes of calculating the total number of directorships held.
- (2) Companies with no less than two hundred employees for no less than a year.

In determining the total number of companies in which appointees to the Company’s Board of Directors hold directorships or auditorships, no account may be taken of companies belonging to the Company’s

Group, with the exception of corporations listed on regulated markets (including abroad) and in financial institutions, banks, insurance companies and large corporations. Appointments to the corporate organs of several companies belonging to a single corporate group, other than the Company's Group, are, in practice, generally considered as a single appointment, with the exception of corporations listed on regulated markets (including abroad) or large corporations.

9. Considerations that could impact the recommendatory opinion to be submitted by the Board of Directors at the forthcoming General Shareholders' Meeting

The self-assessment undertaken in 2017 revealed a broad consensus on the importance of maintaining the Board of Directors' qualitative composition, and that is to say, the skill sets, professionalism and experience of its members, especially with a view to striking the right balance between the standing and prestige associated with the office of Board member, and the demands of such office, in terms of time and effort.

More specifically, the outgoing Board of Directors is convinced that:

1. the current number of Board members is appropriate and ought to be confirmed at the time of the appointment of the new Board of Directors;
2. the current substantively appropriate ratio between Executive and Non-executive, as well as Independent and Non-independent directors, ought to be maintained;
3. the current qualitative composition of the Board of Directors is appropriate in terms of the mix of skill sets and professional experience of its members, and the "diversity" represented on the Board in respect of a variety of aspects. It deems advisable to maintain the specific mix of skill sets, such as strategic orientation, experience in the specific business field of the company, as well as in human resources and organisation.

Milan, 1 March 2018

The Board of Directors

**OPINION OF THE NOMINATION COMMITTEE
OF BANCA GENERALI S.P.A. ON THE
RECOMMENDATIONS REGARDING THE IDEAL
QUALITATIVE AND QUANTITATIVE COMPOSITION
OF THE BOARD OF DIRECTORS, PURSUANT TO BANK
OF ITALY CIRCULAR NO. 285/2013**

Banca Generali S.p.A.'s Nomination Committee met on 28 February 2018 to assess the Board of Directors' proposed recommendations to the General Shareholders' Meeting in respect of the appointment of Board of Directors' members.

At the aforesaid Committee meeting,

bearing in mind that:

- > upon approval of the Financial Statements for the year ended 31 December 2017, the term of office of the Company's Directors, conferred by the General Shareholders' Meeting on 23 April 2015 for the three-year period 2015-2017, will come to an end;
- > the Bank of Italy Circular No. 285/2013 requires the Board of Directors to establish in advance the ideal qualitative and quantitative composition of supervisory and governing bodies identifying, with a statement of grounds, the requirements candidates ought to meet in theory — including in terms of professionalism, as well as independence;
- > having analysed the qualitative and quantitative report to be submitted to the General Shareholders' Meeting by the Board of Directors and concerning the appointment of the Board of Directors for the financial years ending 31 December 2018, 2019 and 2020,

the Nomination Committee,

- > having observed that the recommendations on the ideal qualitative and quantitative composition of the Board of Directors ensure the presence on the Board of members who, in terms of both number and professional characteristics, are capable of contributing to ensuring effective risk governance in all areas of operation of the Bank and Banking Group,

has unanimously expressed a favourable opinion

- > on the Board of Directors' adoption of the recommendations on the ideal qualitative and quantitative composition of the Board of Directors.

Milan, 28 February 2018

Nomination Committee

6. APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS AND ITS CHAIRMAN AND DETERMINATION OF THE ANNUAL REMUNERATION; RELEVANT AND ENSUING RESOLUTIONS

Shareholders,

With the approval of the Financial Statements for the year ended 31 December 2017, the mandate of the Company's Statutory Auditors, conferred by the Shareholders' Meeting on 23 April 2015 for the three-year period 2015/2017, is terminated as the period of office has come to an end.

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

The new Board of Statutory Auditors will remain in office until the date of the Shareholders' Meeting which will be called to approve the Financial Statements for the year ending 31 December 2020.

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

Each candidate may appear on only one list, upon penalty of ineligibility.

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

Moreover, Auditors shall possess all requisites required by law.

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

Each shareholder (as well as (i) shareholders belonging to the same group, the latter being defined to include the party, which need not necessarily be a corporation, exercising control within the meaning of Article 2359 of the Italian Civil Code, and each subsidiary controlled by, or under the common control of the said party, or (ii) shareholders who have entered into the same shareholders' agreement within the meaning of Article 122 of Legislative Decree No. 58 of 24 February 1998 as further amended, or (iii) shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and/or regulatory framework) may contribute to the submission of only one list. In the event of breach, account will not be taken of the relative backing given to any of the lists.

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

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

- a) the resume of each candidate, containing exhaustive information on the candidate's personal and professional features, as well as their skills and experience in the insurance, financial and/or banking fields;
- b) a declaration by shareholders other than those who, even jointly, hold a controlling interest or relative majority stake, attesting the absence of associative relationships with the latter;
- c) the declarations in which each candidate accepts nomination and commits, if he/she is elected, to accept the office and also certifies, under his own responsibility, the inexistence of causes of incompatibility and of ineligibility, as well as possession of the requisites of integrity and professionalism which prevailing laws require for the office of Statutory Auditor of the Company.

Shareholders who intend to submit lists for the appointment of the Board of Statutory Auditors are required to comply with the recommendations made by Consob in its Communication No. DEM/9017893 of 26 February 2009, to which the reader is referred. In this regard, it should be noted that lists submitted by shareholders who, separately or collectively, do not hold a controlling or majority interest must be accompanied by a declaration that there are no relationships of association in respect of such shareholders pursuant to Article 147-ter, paragraph 3, of Legislative Decree No. 58 of 24 February 1998 and Article 144-quinquies of Consob Regulation No. 11971/1999, also considering the cases specified in the above Consob Communication No. DEM/9017893.

The certifications from authorised brokers attesting to the collective ownership interest held as at the date of filing of the list must be delivered to the Company by 21 March 2018.

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

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

Lists submitted in disregard of the provisions set forth in Article 20 of the Articles of Association shall be considered as never having been submitted.

In inviting you to pass a resolution on the appointment of the members of the Board of Statutory Auditors, electing the said members from one of the lists submitted by the persons and parties entitled to do so, in accordance with Article 20 of the Articles of Association, it is pointed out that the text of the related shareholders' resolution must reflect the outcome of the ballot.

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

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

With regard to the above, the relevant administrative bodies of the Company have carried out a market analysis, accompanied by an in-depth sector-specific benchmarking. In light of the outcome of the said analysis, it is proposed to assign for the three-year term of office of the Board of Statutory Auditors, and therefore through to the approval of the Financial Statements for the financial year ending 31 December 2020, the gross annual remuneration of 60,000.00 euros for the Chairman of the Board of Statutory Auditors and 40,000.00 euros gross for each Regular Auditor, over and above the refund of out-of-pocket expenses sustained to discharge their tasks.

The Shareholders are accordingly invited to establish the remuneration due to the Chairman of the Board of Statutory Auditors and each Regular Auditor, over and above the refund of out-of-pocket expenses sustained for discharging their tasks, for the three-year term of office of the Board of Statutory Auditors previously appointed by this General Shareholders' Meeting and therefore through to the date of the approval of the Financial Statements for the year ending 31 December 2020.

The text of the shareholders' resolution must reflect the outcome of the decision to be taken by the General Shareholders' Meeting itself.

Milan, 1 March 2018

The Board of Directors

7. APPROVAL OF THE LONG-TERM INCENTIVE PLAN 2018, PURSUANT TO ARTICLE 114-BIS OF LEGISLATIVE DECREE NO. 58/1998; ASSIGNMENT OF POWERS; RELEVANT AND ENSUING RESOLUTIONS

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**”), at Borsa Italiana S.p.A., on the Bank’s website (www.bancagenerali.com), and through the authorised storage mechanism (www.emarketstorage.com).

Pursuant to Article 114-*bis* of TUF, the Board of Directors intends to submit for your approval the adoption of a Long-Term Incentive Plan “*LTI Plan 2018*”, approved by the Board of Directors during its meeting of 1 March 2018 (“**Plan**”).

This Report is therefore aimed at illustrating the rationale and content of the proposal concerning the aforementioned Plan. For definitions and an illustration of the content and provisions of the Plan, reference should be made to the Plan 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 conditions mandated by applicable legislation. Accordingly, the **terms** commencing with a capitalised letter and **not otherwise defined** in this report, shall be defined as specified in the aforesaid Information Document.

1. Reasons for adopting the Plan

The Plan, in line with applicable regulations, as well as the best practices (including the recommendations of the Corporate Governance Code), intends to pursue the objective of increasing the value of Banca Generali Shares (“**Shares**”) meanwhile aligning the economic interest of its Beneficiaries to those of the shareholders. The Plan has the following objectives:

- > to determine a connection with the component of variable remuneration linked to the medium-long term objectives and the value creation for the shareholder, taking into account the group’s sustainability and the results actually achieved;
- > to develop the culture of performance in accordance with the Group’s philosophy;
- > to contribute to the creation of a balanced mix between fixed and variable elements of the Beneficiaries’ remuneration;
- > to obtain the management’s loyalty at Banking Group’s level.

In particular, the Plan aims to reinforce the link between the remuneration of Beneficiaries and the performance of the Bank and the Banking Group, ensuring consistency with the expected performance defined in the Generali Group’s strategic plan.

To achieve these objectives, it was decided to:

- > pay a portion of the variable remuneration in the form of Shares and only at the achievement of specific Objectives;
- > link the incentive to the share value resulting from the average price of the Shares in the three months prior to approval, by the Board of Directors, of the draft financial statements and the consolidated financial statements for the previous financial year;
- > define a three years’ time vesting period;
- > provide for specific malus and claw-back clauses.

2. Recipients

The Beneficiaries of this Plan are the Chief Executive Officer, the Deputy General Managers, the General Managers of the Subsidiaries, the Heads of Directions reporting to the Chief Executive Officer and the Deputy General Managers — with the exception of the control function — who will be identified by the Board of Directors, at his sole discretion, upon launching the Plan or during the Plan's three year period, taking account of the role they have in the Banking Group and whether such role is significant also for the Generali Group (“Beneficiaries”).

3. Methods and clauses for the implementation of the 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 Plan envisages the assignment of a number of Shares or, in place of shares, of a cash settlement, directly correlated to the satisfaction of specific Objectives, i.e. performance indicators at the level of both the Banking Group and the Generali Group, as indicated in the Participation Form.

Four objectives have been identified: two Generali Group's Objectives corresponding to objectively measurable parameters, such as the relative Total Shareholders' Return (Relative TSR) or the Return on Equity (ROE), which influence the determination of 20% of the number of Shares to be assigned to each Beneficiary, and two Banking Group's Objectives, also linked to objectively measurable parameters, such as tROE and EVAs, which influence the determination of 80% of the number of Shares to be assigned to each Beneficiary.

Also in the event that the Objectives are reached, Banca Generali shall not assign the Shares to the Beneficiaries, if the Banca Generali Banking Group's Gates, i.e., the specific access thresholds of the Banking Group linked to the Total Capital Ratio and the Liquidity Capital Ratio, are not satisfied. Furthermore, Banca Generali shall not assign the portion of Shares subject to the achievement of the Generali Group's Objectives, if the Generali Group's Gates, i.e., the specific access thresholds of the Generali Group linked to the Regulatory Solvency Ratio, are not reached.

4. Support for the 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 Plan 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 Shares granted to the Beneficiaries will be freely available under the following terms and conditions:

- > 50% will be immediately available (in order to enable the beneficiaries to bear the tax charges related to the share assignment);
- > 50% will be subject to a two-year lock-up.

This is without prejudice to a different determination of the Board of Directors that is more favourable for Beneficiaries, and without prejudice to the provisions set forth in the Circular of the Bank of Italy No. 285 dated 17 December 2013 (“Circular”) and applicable regulations.

The lock-up period will begin on the date on which the Shares are registered on the current account in the name of the Beneficiaries at the Plan Administrator.

After the expiry date of the periods in which shares are locked up, as described above, further lock-up periods may be applied to Shares (pursuant to subsequent resolutions by the Board of Directors), in compliance with the recommendations of the Corporate Governance Code.

These Shares shall not be transferred to third-parties — and therefore may not be sold, assigned, exchanged, carried forward, or otherwise be transferred to any living person — until the end of the above-mentioned time periods, unless authorised by the Board of Directors, which may also order the Shares to remain in custody.

In the event of termination of the Relationship, the Board of Directors may redefine, without prejudice to compliance with the Circular and the applicable regulations, the terms and conditions of all of the above-mentioned lock-up periods, possibly also considering the overall remuneration of the interested Beneficiary, or also by referring to Shares granted in execution of other incentive plans.

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

“The 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 Long-Term Incentive Plan “LTI Plan 2018”, prepared 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 and for the intents and purposes of Article 114-bis TUF, the adoption of the plan reserved [to executive directors, top managers and managers of Banca Generali S.p.A. and/or companies belonging to the Banca Generali Group, subject to the terms, conditions and procedures set forth in the related Information Document attached to the Director's Report to which reference is made;*
2. *to confer on the Board of Directors the broadest powers to implement the Plan, including, without limitation, authority to: determine and draw up any and all related implementing provisions; (ii) identify the beneficiaries of the Plan and set performance targets; (iii) determine the number of Banca Generali S.p.A. shares available for assignment as well as the number of Shares to be granted to each beneficiary; (iv) effect the aforesaid Share assignment or disbursements of the cash settlement; (v) discharge any and all formalities and submission, filing, disclosure and/or other obligations or requirements as may be necessary or useful to properly administer and implement the Plan and the Plan rules with the broadest powers to delegate all or some of the aforesaid powers and authority to the Chief Executive Officer pro tempore.”*

Milan, 1 March 2018

The Board of Directors

INFORMATION DOCUMENT

(pursuant to Article 84-*bis* of Consob Regulation No. 11971 of 14 May 1999, as amended and extended)

on the long-term incentive plan “LTI Plan 2018”

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INTRODUCTION

This Information Document (the “**Information Document**”), drawn up in accordance with Layout 7 of Annex 3A of the Rules for Issuers, is has been issued by Banca Generali S.p.A. (“**Banca Generali**” or the “**Bank**”), in compliance with the provisions of Article 114-*bis* of the Consolidation Law on Financial Intermediation (hereinafter “TUF”) and Article 84-*bis*, paragraph 1, of the Rules for Issuers, with a view to providing its shareholders and the financial community adequate information on the long-term incentive plan “LTI Plan 2018”, approved by the Board of Directors on 1 March 2018 (“**LTI Plan 2018**” or “**Plan**”) and subject to approval by the General Shareholders’ Meeting scheduled to be held at the offices of Assicurazioni Generali S.p.A., in Trieste, Via Machiavelli 6, on 12 April 2018 (first call) or, if need be, on 13 April 2018 (second call). The Plan concerns the granting of free ordinary shares of Banca Generali to the Directors and employees of the Bank and its Subsidiaries (as defined herein below) as identified by the Board of Directors among those who are vested with strategic responsibilities for the achievement of corporate goals of the Banking Group, where such role is significant also for the Generali Group (as defined herein below).

In this regard, reference is made to the Directors’ Report drawn up pursuant to Articles 125-*ter*, paragraph 1, and 114-*bis*, paragraph 1, of Legislative Decree No. 58 of 24 February 1998, as further amended (“TUF”), and Article 84-*ter* of the Regulation adopted by Consob by Resolution No. 11971 of 14 May 1999, as further amended (the “**Rules for Issuers**”), available from the Bank’s website, www.bancagenerali.com, section Corporate Governance/AGM.

The Plan aims to enhance and reflect the medium/long-term performance targets of the Banking Group — set with a view to guaranteeing coordination with the Generali Group’s objectives — in the definition of the variable remuneration of the above-mentioned individuals.

In order to implement the Plan, the shares to be assigned free of charge to Beneficiaries will be acquired, either wholly or in part, from the provision of treasury shares that the Company may acquire in application of the Shareholders’ Meeting authorisations, pursuant to Articles 2357 and 2357-*ter* of the Italian Civil Code.

This Information Document is available for public consultation at Banca Generali’s registered office in Trieste, Via Machiavelli 4, the Milan operating offices, Corporate Affairs Service, Via Ugo Bassi 6, the centralised regulatory data storage mechanism (SDIR-NIS, managed by BIt Market Services, at www.emarketstorage.com) and on the Bank’s website www.bancagenerali.com, Section Corporate Governance/AGM.

DEFINITIONS

The terms indicated below have the following meanings for the purposes of this Information Document:

Directors	Each executive director of Banca Generali and its subsidiaries.
Chief Executive Officer	Director vested with full managerial authority and ultimate responsibility for the management of Banca Generali
Shareholders' Meeting	General Shareholders' Meeting of Banca Generali
Shares	Banca Generali ordinary Shares
Beneficiaries	The beneficiaries of this Plan are the Chief Executive Officer, the Deputy General Managers, the General Managers of the Subsidiaries, the Heads of Directions reporting to the Chief Executive Officer and the Deputy General Managers — with the exception of the control function — who will be identified by the Board of Directors, at his sole discretion, upon launching the Plan or during the Plan's three year period, taking account of the role they have in the Banking Group and provided that such role is significant also for the Generali Group. In implementing the Plan, the Board of Directors will specifically identify the Beneficiaries amongst those who hold the aforementioned roles, also determining the Objectives and the number of Shares to be assigned.
Circular	Bank of Italy Circular No. 285 of 17 December 2013, "Supervisory Provisions for Banks", Title IV, Chapter 2, <i>Remuneration and Incentivisation Policies and Procedures</i> .
Civil Code	The Italian Civil Code, approved by Royal Decree No. 262 of 16 March 1942, as amended and extended.
Corporate Governance Code	The Corporate Governance Code of listed companies prepared by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A.
Remuneration Committee	The Bank's Remuneration Committee <i>pro tempore</i> .
Board of Directors	The Bank's Board of Directors <i>pro tempore</i> .
Subsidiaries	Without distinction, each of the companies directly or indirectly controlled from time to time by the Bank, within the meaning of Article 2359 of the Italian Civil Code, and which have a current Relationship with one or more Beneficiaries.
Date of Approval	The date of approval of this Plan by the Generali Shareholders' Meeting.
Employees	The executives and employees who currently work for Banca Generali or one of its Subsidiaries, either under open-ended or fixed-term contracts, excluding all forms of independent contractors or consultants.
Information Document	This information document drawn up pursuant to and for the intents and purposes of Article 84-bis, paragraph 1, of the Rules for Issuers.
EVAs	With reference to the Banking Group, this value is calculated as the difference between the net profit for the accounting period in question and cost of capital (ke* mean capital absorption).
Banca Generali Banking Group's Gates	Parameters that represent the Banking Group's specific access thresholds linked to Total Capital Ratio and Liquidity Capital Ratio to be met in order to qualify for the assignment of the Shares. The parameters and characteristics are outlined in the Participation Form of each Beneficiary, without prejudice to the fact that they may be subsequently changed and amended at the discretion of the Bank's relevant corporate bodies, in accordance with applicable regulations.

Generali Group's Gates	Parameters that represent the Generali Group's specific access threshold linked to the <i>Regulatory Solvency Ratio</i> to be met in order to qualify for the assignment of the Shares linked to the Generali Group's Objectives. The parameters and characteristics are outlined in the Participation Form of each Beneficiary, without prejudice to the fact that they may be subsequently changed and amended at the discretion of the Bank's relevant corporate bodies, in accordance with applicable regulations.
Generali Group	Assicurazioni Generali S.p.A. and the companies under Italian and foreign law subject, directly or indirectly, to its control, pursuant to Article 2359 of the Italian Civil Code.
Banking Group	the Banca Generali banking group, registered in the Register of Banking Groups, whose parent company is Banca Generali S.p.A., having its registered office in Trieste, Italy, Via Machiavelli 4, registered in the Register of Banks at number 5358;
Objectives:	Collectively, the Objectives of the Generali Group and the Objectives of the Banking Group.
Generali Group's Objectives	The assignment of 20% of the total Shares that each Beneficiary may become entitled to receive pursuant to the Plan is contingent on the satisfaction of the performance indicators specified by the Board of Directors of Assicurazioni Generali S.p.A and set out in the Participation Form of each Beneficiary, provided that the Generali Group's and Banca Generali Banking Group's Gates are satisfied.
Banking Group's Objectives	The assignment of 80% of the total Shares that each Beneficiary may become entitled to receive pursuant to the Plan is contingent on the satisfaction of the performance indicators specified by the Board of Directors and set out in the Participation Form of each Beneficiary, provided that the Banca Generali Banking Group's Gates are satisfied.
Professional Relationship	The administration or employment relationship between the Beneficiary and the Bank or one of its Subsidiaries.
Rules for Issuers	The Rules adopted by Consob under Resolution No. 11971 of 14 May 1999, as amended and extended.
Regulatory Solvency Ratio	With reference to the Generali Group, the ratio of admitted own funds to the respective Risk Adjusted Capital - RAC, both calculated in line with the "Solvency II" regulation.
Relative TSR	With reference to the Generali Group, the total return on shareholders' investment calculated as a variation in the shares' market price, including distributions or dividends reinvested in the shares, as compared to the peer group represented by the STOXX Euro Insurance Index.
Remuneration Report	The report drawn up from time to time by Banca Generali pursuant to the provisions of Italian and EU regulations of the banking industry, regulatory provisions for issuers and the Corporate Governance Code for listed companies.
Return on Equity (ROE)	With reference to the Generali Group, the operative net result net of financial burden and taxes divided by the average of the adjusted capital, as defined in the Methodological Note on Alternative Performance Indicators within the Management Report of the Generali Group.
tROE	With reference to the Banking Group, it is calculated by dividing net profit by the average net equity, with the exclusion of intangible assets, net profit and revaluation reserves.
Participation Form	The form given by Banca Generali to Beneficiaries (i) indicating the Objectives; (ii) indicating the Gates of the Banking Group Banca

Generali and the Gates of the Generali Group; (iii) the subscription and return of which to Banca Generali by the Beneficiaries will constitute full and unconditional adherence to the Plan.

Plan Entity

Banca Generali.

Cash Settlement

The cash amount that Banca Generali may, at its discretion and on the basis of a resolution of the Board of Directors, be paid to single Beneficiaries in place— in full or in part — of Shares that should be granted to them, calculated on the basis of the average official Shares price on the MTA market — as ascertained by Borsa Italiana S.p.A. — in the month prior to Shares grant, or, in case the Shares should no longer be listed, on the basis of their normal value pursuant to Article 9 of the Presidential Decree of No. 917 of 22 December 1986, as determined by an independent expert appointed by Banca Generali

TUF

Italian Legislative Decree No. 58 of 24 February 1998, as subsequently amended and extended.

1. RECIPIENTS

1.1 Names of the Beneficiaries who sit on the Board of Directors or on the governing body of the Issuer of the financial instruments, as well as any parent companies or direct or indirect Subsidiaries thereof

Currently (without prejudice to subsequent changes, and conditional upon any Board of Director's decisions), potential Beneficiaries are: (i) the Chief Executive Officer and General Manager of the Bank Gian Maria Mossa, (ii) the Deputy General Manager Wealth Management, Markets and Products, who also holds the position of Chairman of the Board of Directors of the Subsidiary Generfid S.p.A. Andrea Ragaini, (iii) the Executive Director of the Subsidiary BG Fund Management Luxembourg S.A. Mario Andrea Beccaria, (iv) the General Manager of the Subsidiary BG Fund Management Luxembourg S.A. Marylene Alix.

The names of the actual Beneficiaries identified by the Board of Directors and the other information envisaged in paragraph 1 of Layout 7 of Annex 3A to the Rules for Issuers will be provided according to the methods set out in Article 84-bis, paragraph 5, letter a), of the Rules for Issuers.

1.2 Categories of employees or outside collaborators of the Issuer of the financial instruments, and/or any and all the parent companies and Subsidiaries thereof

The Beneficiaries of the Plan include the heads of Direction with direct report to the Chief Executive Officer and to the Deputy General Managers — with the exception of control functions — who will be carefully selected upon launching the Plan or during the three years of reference, in consideration of the significance of their role in the Banking Group, and provided that such role is significant also for the Generali Group.

The names of the actual categories of Beneficiaries who will be identified by the Board of Directors and the other information envisaged in paragraph 1 of Layout 7 of Annex 3A to the Rules for Issuers will be provided according to the methods set out in Article 84-bis, paragraph 5, letter a), of the Rules for Issuers.

1.3 Names of the Beneficiaries of the Plan belonging to the groups indicated in point 1.3, letters a), b) and c) of Annex 3A, Layout 7, of the Rules for Issuers

The Beneficiaries include persons who belong to the groups indicated in point 1.3, letters a), b) and c) of Annex 3A, Layout 7, of the Rules for Issuers.

In detail, currently (without prejudice to subsequent changes and subject to the Board of Directors' decisions), they include the Chief Executive Officer and General Manager of the Bank, Gian Maria Mossa, and the Deputy General Managers Andrea Ragaini and Marco Bernardi.

The names of the actual Beneficiaries identified by the Board of Directors and the other information envisaged in paragraph 1 of Layout 7 of Annex 3A to the Rules for Issuers will be provided according to the methods set out in Article 84-bis, paragraph 5, letter a), of the Rules for Issuers.

1.4 Description and numerical indication of the Beneficiaries, broken down into the categories indicated in point 1.4, letters a), b) and c) of Annex 3A, Layout 7, of the Rules for Issuers

The Beneficiaries include persons who belong to the groups indicated in point 1.4, letters a), b) and c) of Annex 3A, Layout 7, of the Rules for Issuers.

The names of the actual Beneficiaries identified by the Board of Directors and the other information envisaged in paragraph 1 of Layout 7 of Annex 3A to the Rules for Issuers will be provided according to the methods set out in Article 84-bis, paragraph 5, letter a), of the Rules for Issuers.

2. REASONS FOR ADOPTING THE PLAN

2.1 Goals pursued through the assignments made under the Plans

The Plan, in line with the Circular and applicable regulations, as well as the best practices (including the recommendations of the Corporate Governance Code), intends to pursue the objective of increasing the value of Banca Generali Shares meanwhile aligning, the economic interest of its Beneficiaries to those of the shareholders.

The Plan has the following objectives:

- > to determine a connection with the component of variable remuneration linked to the medium-long term objectives and the value creation for the shareholder, taking into account the group's sustainability and the results actually achieved;
- > to develop the culture of performance in accordance with the Group's philosophy;
- > to contribute to the creation of a balanced mix between fixed and variable elements of the Beneficiaries' remuneration;
- > to obtain the management's loyalty at Banking Group's level.

In particular, the Plan aims to reinforce the link between the remuneration of Beneficiaries and the performance of the Bank and the Banking Group, ensuring consistency with the expected performance defined in the Generali Group's strategic plan.

To achieve these objectives, it was decided to:

- > pay a portion of the variable remuneration in the form of Shares and only at the achievement of specific Objectives;
- > link the incentive to the share value resulting from the average price of the Shares in the three months prior to approval, by the Board of Directors, of the draft financial statements and the consolidated financial statements for the previous financial year;
- > define a three years' time vesting period;
- > provide for specific malus and claw-back clauses.

2.2 Key variables, including performance indicators, taken into consideration in making assignments pursuant to incentive plans based on financial instruments

The Plan provides that the number of Shares actually assigned is directly linked to the achievement of the Banking Group's Objectives and the Generali Group's Objectives.

Four objectives have been identified: two Generali Group's Objectives corresponding to objectively measurable parameters, such as the relative Total Shareholders' Return (Relative TSR) or the Return on Equity (ROE), which influence the determination of 20% of the number of Shares to be assigned to each Beneficiary, and two Banking Group's Objectives, also linked to objectively measurable parameters, such as tROE and EVAs, which influence the determination of 80% of the number of Shares to be assigned to each Beneficiary.

At the end of the Plan's three years' period, the allotted Shares will be permanently assigned to the Beneficiaries in a single solution (without prejudice, in any case, to the provisions set forth in the following paragraphs 4.6 and 4.8).

2.3 Elements underlying the determination of remuneration based on financial instruments, or otherwise, criteria for determining the same

Without prejudice to compliance with the Circular and applicable regulations, the maximum number of Shares that can be assigned at the end of the Plan's three-year period is calculated by dividing the percentage of the annual recurrent gross remuneration of Beneficiaries variable between 87.5% and 175% (based on the role held) and the value of the Share, calculated as the average of three months prior to the approval by the Board of Directors of the draft financial statements and consolidated financial statements of the year before the beginning of the Plan's three year period.

The number of Shares may be reduced to a minimum level (which is also calculated as a percentage of the recurring annual gross remuneration of the Beneficiaries), below which no Share shall be assigned.

The Shares that can be assigned are divided into three tranches, one for each of the three years of the Plan, which are determined at respective percentage rates of 30%-30%-40%.

Each year, the level of satisfaction of the Objectives set for the Plan three-year period is verified in order to determine the number of Shares to be set aside for each instalment.

The sum of the Shares set aside in each of the three years will be finally assigned only at the end of the Plan's three-year period, after an overall evaluation of the achievement of the Objectives which then takes into account the performance not only on annual basis but over three years as well.

The Beneficiaries and the number of Shares that may be assigned to each of them are determined by the Board of Directors at its sole discretion, in compliance with the Circular and the applicable regulations.

The Bank may not assign the Shares to Beneficiaries, in whole or in part, if there is a significant deterioration in the Bank's capital or financial position and/or that of the Banking Group, ascertained by the Board of Directors (malus clause). The Bank further reserves the right to ask Beneficiaries to return the in whole or in part, of the Shares if the results achieved prove to be non-lasting or effective as a result of a fraudulent or grossly negligent conduct attributable to the Beneficiaries (clawback clause).

Moreover, the Bank has the right to grant also to individual Beneficiaries in place of — full or partial — the allocation of Shares, a Cash Settlement (without prejudice to the other relevant terms and conditions applicable for the Plan), on the basis of a resolution that the Board of Directors (or the delegated body in charge) may take at its sole discretion.

The Bank will request, by means of specific agreements included in the contractual documents that govern the Plan, that Beneficiaries do not use personal or insurance coverage strategies (hedging) that may alter or affect the risk alignment effects implicit in the Plan.

This is without prejudice to the fact that even if the Objectives are met, Banca Generali shall not assign the Shares to the Beneficiaries if the Gates of the Banca Generali Banking Group are not satisfied. Furthermore, Banca Generali shall not assign the portion of Shares subject to the achievement of the Generali Group's Objectives, if the Generali Group's Gate is not reached.

2.4 Reasons for making assignments under compensation plans based on financial instruments issued by parties other than the Issuer, such as parent companies or subsidiaries of the latter, or even entities that do not belong to the same corporate group as the Issuer; in the case where the aforesaid financial instruments are not traded on regulated markets, information regarding the criteria used to determine the book value of the same

Not applicable. The Plan does not contemplate the use of the financial instruments in question.

2.5 Assessments regarding significant tax and accounting implications that informed the definition of the plan

Not applicable. The Plan is not designed in consideration of any significant tax and/or accounting implications.

2.6 Support for the Plan, if any, from the Special Fund for incentivising workers' participation in enterprises, mentioned in Article 4, paragraph 112 of Law No. 350 of 24 December 2003

Not applicable. The Plan receives no support 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.

3. SHARE ASSIGNMENT APPROVAL PROCEDURE AND TIMING

3.1 Scope of the powers and functions delegated by the Shareholders' Meeting to the Board of Directors for the purpose of implementing the plan

The Shareholders' Meeting is called to approve the Plan that provides for the free assignment of Shares to the Beneficiaries by the Board of Directors.

The maximum number of Shares that can be assigned under the Plan is 98,000.

The Shares pertaining to the Plan will be taken from the treasury shares' supply possibly bought back by the Company in execution of the Shareholders' authorisations pursuant to Articles 2357 and 2357-ter of the Civil Code.

For this purpose, the Shareholders' Meeting convened to approve the Plan will be invited to approve an authorisation for the purchase and disposal of treasury shares pursuant to Articles 2357 and 2357-ter of the Civil Code.

3.2 The persons and parties in charge of managing the Plan, and the functions and powers thereof

Within the limits of applicable laws and regulations, the Board of Directors may delegate its powers to the Chief Executive Officer or to another Director/other Directors, with the support of the Human Resources Department, and/or grant specific powers to perform one or more of the activities relating to the management of the Plan.

3.3 Procedures, if any, for revising the Plan, especially in light of changes in the underlying targets

In the first year of the Plan, the Board of Directors defines and establishes the Objectives, which are constantly kept consistent with the long-term objectives and strategies adopted by the Bank, the Banking Group and the Generali Group.

It should be noted that the Board of Directors can amend and integrate the Plan, the Plan's Rules and/or the Participation Forms, autonomously and without any further approval by the Shareholders' Meeting. These amendments and integrations (including also the early allocation of Shares or the elimination or modification of any restriction) are those deemed necessary or appropriate as a consequence of factors that may affect the Shares, the Bank and/or the Banking Group and/or the Generali Group and/or the Plan and/or the Objectives (including, but not limited to, extraordinary transactions and reorganisations regarding the Banking Group and/or the Generali Group, capital transactions, regulatory changes to the remuneration policies or changes to the scope of the Group, takeover or exchange bids or change of control, compliance with specific industry regulation or foreign legislation applicable for individual Group companies, material changes in the macroeconomic conditions or in the international monetary policy), in order to maintain unchanged — on a discretionary basis, and anyway to the extent permitted by applicable law in force from time to time — the substantive and financial aspects of the Plan.

3.4 Description of the procedures for determining the availability and assignment of the financial instruments underlying the plans

In order to guarantee greater flexibility, the Shares free assignment in implementing the Plan will be obtained through treasury shares deriving from buy-backs authorised by the Shareholders' Meeting, pursuant to Articles 2357 and 2357-ter of the Civil Code.

3.5 Role played by each director in determining the characteristics of the plans; any conflicts of interest experienced by the directors in question

The Plan Beneficiaries include (without prejudice to future changes and conditional upon any Board of Directors' decision) Chief Executive Officer and General Manager Gian Maria Mossa. The Board resolution

assigning the Shares will be passed in accordance with the provisions of Article 2391 of the Civil Code and, to the extent applicable, Article 2389 of the Civil Code and Article 53, paragraph 4, of TUB.

3.6 For the intents and purposes of the requirements imposed under Article 84-bis, paragraph 1, the date of the decision adopted by the relevant corporate body to submit the plans to the Shareholders' Meeting for approval, as well as the date of the recommendations, if any, put forward by the Remuneration Committee, if appointed

On 28 February 2018, the Remuneration Committee examined the Plan, expressed a favourable opinion and resolved to submit it for the approval of the Board of Directors.

On 1 March 2018, following the favourable opinion from the Remuneration Committee, the Board of Directors resolved to approve the proposed Plan and submit it for the approval of the Shareholders' Meeting.

3.7 For the intents and purposes of the requirements imposed under Article 84-bis, paragraph 5, subparagraph (a), the date on which the relevant corporate body approved the decision regarding the assignment of the financial instruments, as well as the date of the recommendations, if any, put forward by the Remuneration Committee, if appointed

The publication of the Notice of Calling of the Shareholders' Meeting convened to approve the Plan is scheduled on 2 March 2018.

Shares allocation is subject to Board of Directors' resolution, after having verified the level of satisfaction of the Objectives (as detailed in paragraph 2.2 above).

The information required in this respect by Article 84-bis, paragraph 5, letter a), of the Rules for Issuers (or otherwise in accordance with applicable laws and regulations applicable from time to time) but not currently available will be provided in accordance with applicable legislation.

3.8 The market price recorded on the aforesaid dates, in respect of the financial instruments on which the plans are based, in the event the said financial instruments are traded on regulated markets

The price of reference of the Shares on the electronic share market (MTA) organised and managed by Borsa Italiana S.p.A. at the end of the market session on the date on the date of approval of the proposal by the Board of Directors was 27.2539 euros.

3.9 In the case of plans based on financial instruments traded on regulated markets, the deadlines and procedures pursuant to which the Issuer takes account, in determining the timetable of the assignments made in implementation of the plan, the possible simultaneousness of: (i) said assignment or any decisions made in this regard by the Remuneration Committee; and (ii) the circulation of any relevant information pursuant to Article 114, paragraph 1; for example, if such information: a) has not yet been published and may positively affect market prices, or (b) has already been published and is liable to negatively affect market prices

The proposal for the Shareholders' Meeting concerning the adoption of the Plan was approved by the Board of Directors during the meeting of 1 March 2018.

The draft 2017 Financial Statements was approved by the Board of Directors during its meeting of 1 March 2018 and will be submitted for the approval of the ordinary General Shareholders' Meeting convened on 12 April 2018 (first call) and, if need be, on 13 April 2018 (second call), also called to approve the Plan.

The Shareholders' Meeting that approves the Plan will not be aware of the consolidated results of the first quarter of the current year, since they will not be available at the scheduled date of the meeting.

Decisions concerning the timing of assignment of the Shares will be taken by the Board of Directors with the non-binding prior opinion of the Remuneration Committee.

Shares will not be assigned immediately, but only when the performance objectives have been achieved and the assignment procedure thereof shall, in any event, comply both with the disclosure obligations to which the Company is subject, so as to provide transparent and equal information to the market, and with the procedures adopted by the Company.

The Beneficiaries of the Plan include individual subject to the obligations imposed under internal dealing regulations laid down by Regulation (EU) No. 596/2014 of 16 April 2014 (and related implementing provisions), TUF and the Rules for Issuers. Should the conditions indicated in the aforementioned regulations be met, these individuals are required to make timely disclosure to the market of any and all significant transactions effected on the Shares, pursuant to the above-mentioned regulations.

In addition to the foregoing, the Beneficiaries shall comply with the provisions governing the abuse of inside information or market manipulation laid down in Regulation (EU) No. 596/2014 and the provisions set forth in the “*Code on Inside Information*”, to which reference is made.

4. FEATURES OF THE INSTRUMENTS ASSIGNED

4.1 Description of how the share-based remuneration plans are structured; specify, for instance, whether or not the plan is based on the assignment of: restricted stock; phantom stock; option grants; stock options or stock appreciation rights

The Beneficiaries of the Plan are entitled to Shares in the form of restricted stock.

4.2 Specification of the period of actual implementation of the Plan, with an indication of any other cycles that might be contemplated

The Plan is implemented at its Date of Approval.

The Plan has a three-year performance period 2018-2020 and an additional restriction period on the Shares assigned as described herein.

4.3 Term of the plan

The effective period of the Plan shall run from the Date of Approval until the end of the Plan's three-year period.

4.4 The maximum number of financial instruments, including in the form of options, assigned during each tax year, to the persons specified by name or falling within the specified categories

The maximum number of Shares that may be assigned to the Beneficiaries of the Plan is 98,000.

The number of Shares that can be assigned to each Beneficiary is determined by the Board of Directors.

The actual number of Shares to be assigned to each Beneficiary will depend on the level of achievement of the Objectives.

The Shares' assignment will take place only at the end of the Plan's third year.

Information on the Shares assigned during the implementation of the Plan shall be provided pursuant to Article 84-*bis*, paragraph 5(a), of the Rules for Issuers.

4.5 Implementing provisions and procedures of the Plan, indicating if the assignment of financial instruments is subject to the satisfaction of conditions precedent or the attainment of specific results, including in terms of performance; description of the said conditions precedent and results

Information on these matters is provided in paragraphs 2.2 and 2.3 above.

4.6 Indication of any retention period for options or financial instruments resulting from the exercise of options, with particular regard to the period within which subsequent transfers to the company or third parties are permitted or restricted

The Shares granted to the Beneficiaries will be freely available under the following terms and conditions:

- > 50% will be immediately available (in order to enable the beneficiaries to bear the tax charges related to the share assignment);
- > 50% will be subject to a two-year lock-up.

This is without prejudice to a different determination of the Board of Directors that is more favourable for Beneficiaries and the provisions set forth in the Circular and applicable regulations.

The lock-up period will begin on the date on which the Shares are registered on the current account in the name of the Beneficiaries at the Plan Administrator.

After the expiry date of the periods in which shares are locked up, as described above, further lock-up periods may be applied to Shares (pursuant to subsequent resolutions by the Board of Directors), in compliance with the recommendations of the Corporate Governance Code.

These Shares shall not be transferred to third-parties — and therefore may not be sold, assigned, exchanged, carried forward, or otherwise be transferred to any living person — until the end of the above-mentioned time periods, unless authorised by the Board of Directors, which may also order the Shares to remain in custody.

In the event of termination of the Professional Relationship, the Board of Directors may redefine, without prejudice to compliance with the Circular and the applicable regulations, the terms and conditions of all of the above-mentioned lock-up periods, possibly also considering the overall remuneration of the interested Beneficiary, or also by referring to Shares granted in execution of other incentive plans.

4.7 Description of any and all conditions pertaining to the assignment of the options in the event the recipients effect hedging transactions aimed at circumventing restrictions imposed on the transferability of the assigned financial instruments, including in the form of options, or of the financial instruments subject to subscription pursuant to the exercise of the said options

In the event of violation of the ban on hedging by a Beneficiary (see paragraph 2.3 above), the Board of Directors will evaluate the adoption of the measures deemed most appropriate, including forfeiture of the Beneficiary's entitlement to receive the Shares.

4.8 Description of the effects arising from termination of the work relationship

Termination of the Professional Relationship before Banca Generali has received the Participation Form from the potential Beneficiary duly signed for acceptance or before the expiry of the Plan's three-year period shall entail the Beneficiaries' forfeiture of entitlement to receive the Shares upon the occurrence of the conditions described above.

In the event that the pension requirements are fully met or in case of death or disability with the right to receive a disability pension which entails the termination of the Professional Relationship, and if such events occur after the first year of the Plan's three-year period, the Beneficiaries, or the respective heirs in the event of death, may retain the right to receive the Shares, under the terms and conditions described above, proportionately to the duration of the Professional Relationship with respect to the duration of the Plan's three-year period.

In all cases of termination of the Professional Relationship other than those described above, the Beneficiaries shall lose their entitlement, as well as the future chance to receive Shares upon the fulfilment of the conditions described above.

As a partial departure from the foregoing, if the Professional Relationship has a defined term and an expiry period prior to the expiry of the Plan's three-year period, the Beneficiaries for whom the expiry of the Professional Relationship occurs after the first year of the Plan's three-year period shall retain the right to receive Shares, in accordance with the terms and conditions described above, proportionately to the duration of the Professional Relationship with respect to the duration of the Plan's three-year period.

If a Banking Group's company ceases to be part thereof, the Professional Relationship shall be considered as terminated for the purposes of the Plan on the date on which such event occurs. However, Beneficiaries for whom such event occurs after the first year of the Plan's three-year period maintain the right to receive the Shares, in accordance with the terms and conditions described above, proportionately to the duration of their company's membership of the Banking Group with regard to the duration of the Plan's three-year period.

Finally, if the Professional Relationship with Banca Generali or a Banking Group's company is transferred to another company of the Banking Group or Generali Group and/or in the case of termination of the Professional Relationship and concurrent creation of a new Professional Relationship within the Banking Group, the Beneficiary will retain, *mutatis mutandis*, any and all rights possessed under the Plan and in accordance with the Participation Form.

With particular regard to the Chief Executive Officer, in the event of termination of his Professional Relationship (sub-ordinate and/or administrative) by the Bank (even for non-renewal) without just cause, the Chief Executive Officer retains the right to receive the Shares (conditional upon achievement of the related performance objectives and all of the other terms and conditions laid down in the applicable regulations).

The Board of Directors may amend the aforementioned terms, without prejudice to compliance with the Circular and the applicable regulations and in a way that is more favourable for the Beneficiaries, possibly also considering the overall remuneration of the Beneficiary concerned or also with reference to Shares granted in execution of other incentive plans.

4.9 Other possible reasons for which the plan may be cancelled

No other reasons for which the Plan may be cancelled are envisaged.

4.10 The reasons for the inclusion of provisions, if any, allowing the company to “redeem” the financial instruments covered under the plans, pursuant to Article 2357 et seqq. of the Civil Code; the beneficiaries of the redemption, indicating if the same applies only to specific categories of employees; the repercussions of the termination of the Professional Relationship on the said redemption.

Not applicable. The Bank does not envisage the redemption of any of the Shares covering the Plan.

4.11 Any and all loans and other facilities made available for buying-back the shares, within the meaning of Article 2358 of the Civil Code.

Not applicable. No loans or other facilities have been made available for the buy-back of the Shares within the meaning of Article 2358 of the Civil Code.

4.12 The company’s expected liability exposure as at the date of the assignment in question, as estimated in light of the already established terms and conditions, providing a breakdown of the overall liability exposure in question by type of security covered under the Plan

The Plan expense is equal to the sum of the real cost of each of the Plan’s three-year period, calculated as the fair value of the entitlement to receive Shares (calculated as at the grant date) multiplied by the estimated number of rights to be granted at the end of the Plan’s three-year period.

The cost will be distributed on a pro-rated basis over the three years’ vesting period and re-estimated/adjusted at the end of each year during the vesting period as a cross-entry to the appropriate equity reserve.

4.13 Description of any dilutive impact the compensation plans may exert on the Share capital

Not applicable

4.14 Restrictions, if any, imposed on dividend entitlements and the exercise of voting rights

Not applicable.

4.15 If the shares are not traded on regulated markets, any and all information useful for a full assessment of their value

Not applicable.

4.16 Number of financial instruments underlying each option

Not applicable.

4.17 Expiry of the options

Not applicable.

4.18 Procedures (American/European), deadlines (for instance, exercise periods), and exercise clauses (such as knock-in and knock-out clauses)

Not applicable.

4.19 Strike price of the option or methods and criteria for determining the strike price, with particular regard to: a) the formula for calculating the strike price on the basis of a given market price (fair market value); and b) the methods for determining the market price of reference for determining the strike price

Not applicable.

4.20 If the strike price departs from the fair market value determined pursuant to the procedures set forth in point 4.19.b above (*fair market value*), the reasons for such departure

Not applicable.

4.21 Grounds for applying different strike prices to various Beneficiaries or categories of Beneficiaries

Not applicable.

4.22 If the financial instruments underlying the options cannot be traded on regulated markets, indication of the value attributable to the underlying financial instruments or of the criteria for determining the same

Not applicable.

4.23 Criteria for carrying out the adjustments required in light of extraordinary capital and other transactions entailing changes in the number of the underlying securities (capital increases, extraordinary dividend distributions, splits and reverse-splits of the underlying Shares, mergers and de-mergers, transactions entailing changes in the Share category of the underlying Shares, etc.)

See paragraph 3.3 above.

* * *

The disclosures required under Section 1 of Frame 1 of Table 1 of Layout 7 of Annex 3A to the Rules for Issuers, as well as under Article 84-bis, paragraph 5, of the Rules for Issuers, with regard to incentive plans under way, are available for consultation on the Bank's website at www.bancagenerali.com.

The disclosures required under Section 2 of Frame 1 of Table 1 of Layout 7 of Annex 3A to the Rules for Issuers, as well as under Article 84-bis, paragraph 5, of the Rules for Issuers, shall be made available by the deadlines and in the manner and form specified in the aforesaid Article 84-bis, paragraph 5, of the Rules for Issuers.

8. APPROVAL OF A NETWORK LOYALTY PLAN FOR 2018 PURSUANT TO ARTICLE 114-BIS OF LEGISLATIVE DECREE NO. 58/1998; ASSIGNMENT OF POWERS; RELEVANT AND ENSUING RESOLUTIONS

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), and through the authorised storage mechanism (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

INFORMATION DOCUMENT

(pursuant to Article 84-*bis* of Consob Regulation No. 11971 of 14 May 1999 as amended and extended)

on the 2018 network loyalty plan regulated under the framework loyalty programme

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INTRODUCTION

This Information Document (the “**Information Document**”), drawn up in accordance with Layout 7 of Annex 3A of the Rules for Issuers, is issued by Banca Generali S.p.A. (“**Banca Generali**” or the “**Bank**”), in compliance with the provisions of Article 114-*bis* of the Consolidation Law on Financial Intermediation (hereinafter “**TUF**”) and Article 84-*bis*, paragraph 1, of the Rules for Issuers, with a view to providing its shareholders and the financial community adequate information on the 2018 Loyalty Plan within the Framework Loyalty Programme (as defined below), approved by the Board of Directors on 1 March 2018 (“**2018 Loyalty Plan**”), and subject to approval by the General Shareholders’ Meeting scheduled to be held at the offices of Assicurazioni Generali S.p.A., in Trieste, Via Machiavelli 6, on 12 April 2018 (first call) or, if need be, on 13 April 2018 (second call). Additional information on the said Loyalty Plan is provided in the Directors’ Report drawn up pursuant to Articles 125-*ter*, paragraph 1, and 114-*bis*, paragraph 1, of Legislative Decree No. 58 of 24 February 1998, as further amended and extended (“**TUF**”), and Article 84-*ter* of the rules imposed under Consob Resolution No. 11971 of 14 May 1999, as further amended and extended (the “**Rules for Issuers**”), and available for consultation on the Bank’s website www.bancagenerali.com, Section Corporate Governance/AGM.

The framework loyalty programme regulates the annual incentive plans for the Company’s financial years from 2017 through to 2024 and targeted at Banca Generali’s Financial Advisors authorised to make off-premises offers and at Banca Generali’s Relationship Managers (the “**Framework Loyalty Programme**”). The Framework Loyalty Programme, under which the 2018 Loyalty Plan falls, is designed to set up a loyalty-building tool aimed at Banca Generali’s Financial Advisors authorised to make off-premises offers and at Banca Generali’s Relationship Managers, as well as to incentivise the same to meet corporate objectives and thereby enhance the value of Banca Generali itself by extending the annual incentivisation plans entitling beneficiaries to bonuses, as described in greater detail below.

This Information Document is available for public consultation at Banca Generali’s registered office in Trieste, Via Machiavelli 4, the Milan operating offices, Corporate Affairs Service, Via Ugo Bassi 6, the centralised regulatory data storage mechanism [SDIR-NIS, managed by Bit Market Services, at www.emarketstorage.com] and on the Bank’s website www.bancagenerali.com, Section Corporate Governance/AGM.

DEFINITIONS

The terms indicated below have the following meanings for the purposes of this Information Document:

Shareholders' Meeting	General Shareholders' Meeting of Banca Generali
AUM	Customers' assets under management assigned to the Beneficiary.
Shares	Banca Generali Shares.
Beneficiaries	Those of the Recipients who satisfy the Access Condition.
Civil Code	The Italian Civil Code, approved by Royal Decree No. 262 of 16 March 1942, as further amended and extended.
Categories 1 and 2	The products and services falling under product category "1" entitled " <i>Products and services designed to diversify/contain risk</i> " and product category "2" entitled " <i>Basic diversification products</i> " as defined from time to time, with reference to Financial Advisors, within the framework of the annual incentive plans known as " <i>BG Premium</i> " and, with regard to Relationship Managers, within the framework of the so-called <i>Balanced Scorecards</i> assigned to each of them, on an individual basis. Should new products and/or services be included in either or both of the product categories "1" and "2" following approval of the Framework Loyalty Programme, their relevance, if any, to the purposes pursued through the Framework Loyalty Programme shall be specified at the time of their inclusion.
Access Condition	Completion by Recipients of at least five years of service with the company by 31 December of the financial year preceding the year to which the related Plan refers (i.e., 31 December 2017).
Board of Directors	Banca Generali's Board of Directors
Financial Advisors	Banca Generali's Financial Advisors authorised to make off-premises offers, and more specifically, Financial Planners, Private Bankers (i.e., Private Banking Area Financial Advisors authorised to make off-premise offers), Financial Planner Agents, Executive Managers, Private Team Managers and Financial Planner Agent Managers.
Settlement Date	After expiry of the Deferral Period, any date up to and including the 60th day following approval of the Financial Statements for the year 2026.
Accrual Date	31 December of the financial year to which the Plan refers. For the 2018 Loyalty Plan the said date shall be 31 December 2018.
Recipients	Financial Advisors and Relationship Managers who, as at 31 December 2016 were in a Professional Relationship (save for those who, at such date, were on notice of termination).
Information Document	This information document drawn up pursuant to and for the intents and purposes of Article 84- <i>bis</i> , paragraph 1, of the Rules for Issuers.
Banking Group's Access Gate	The banking group's access gate as defined in the Remuneration Policies.
Deferral Period	Decreasing deferral period to which the Bonus accrued, if any, under each Plan is subject. More specifically, the said period is currently established as follows: <ul style="list-style-type: none"> > for the 2017 Loyalty Plan, at 10 years; > for the 2018 Plan, at 9 years; > for the 2019 Plan, at 8 years; > for the 2020 Plan, at 7 years; > for the 2021 Plan, at 6 years;

	<ul style="list-style-type: none"> > for the 2022 Plan, at 5 years; > for the 2023 Plan, at 4 years; > for the 2024 Plan, at 3 years.
Plan	Each of the annual incentive plans to be launched in each financial year from 2017 to 2024 as contemplated in the Framework Loyalty Programme.
2018 Loyalty Plan or Plan the 2018	The annual incentive plan for financial year 2018 as contemplated in the Framework Loyalty Programme.
Remuneration Policies	The remuneration policies adopted by Banca Generali from time to time.
Bonus	The bonus to which Recipients may earn entitlement, under the Framework Loyalty Programme.
Framework Loyalty Programme	The framework loyalty programme regulating the Plans.
Net Inflows	The difference between the sum total of gross investments (so-called gross inflows) and the sum total of gross divestments (so-called divestments) effected in respect of the products and services specified in the Framework Loyalty Programme.
Professional Relationship	An agency or employment relationship with Banca Generali.
Rules for Issuers	The Rules adopted by Consob under Resolution No. 11971 of 14 May 1999, as amended and extended.
Relationship Managers	Banca Generali's Relationship Managers, including Heads of Teams.
Remuneration Report	The report drawn up by the Bank in compliance with the provisions of Article 123-ter of TUF.
TUF	Legislative Decree No. 58 of 24 February 1998, as further amended and extended.

1. RECIPIENTS

1.1 Names of the Plan Recipients who sit on the Board of Directors or on the governing body of the Issuer of the financial instruments, as well as any parent companies or direct or indirect subsidiaries thereof

Not applicable insofar as all the Recipients of both the Framework Loyalty Programme, and the 2018 Loyalty Plan regulated under the former, are specific categories of employees and outside collaborators.

1.2 Categories of the employees or outside collaborators of the Issuer of the financial instruments, and/or any and all the parent companies and subsidiaries thereof

The Recipients of the 2018 Loyalty Plan are Banca Generali's Financial Advisors authorised to make off-premises offers but devoid of managerial powers and at Relationship Managers in a Professional Relationship as at 31 December 2016 (save for those who, at such date, were on notice of termination) and who had reached at least five years of service within the company by 31 December 2017.

Any person in a Professional Relationship with Banca Generali as at 31 December 2016 who is subsequently assigned the job description of Relationship Manager or Financial Advisor and meets the Access Condition shall be entitled to participate in the Plan underway at the time of his or her satisfaction of the Access Condition, and accordingly acquire the status of Beneficiary.

1.3 Names of the Recipients of the Incentivisation System falling within the following groups: shown in paragraph 1.3, letters a), b), and c) of Annex 3A, Layout 7 of the Rules for Issuers

a) General managers of the issuer of financial instruments

Not applicable.

b) Other key management personnel of the issuer of financial instruments that do not fall into the "small size" category within the meaning of Article 3, paragraph 1, point (f), of Regulation No. 17221 of 12 March 2010, if their overall remuneration (inclusive of both earnings in cash, and compensation based on financial instruments) during the financial year exceeds the highest overall remuneration received by the Board members, members of the governing body or the general managers of the issuer of financial instruments

Not applicable: during the financial year, the overall remuneration of none of the key management personnel exceeded the highest overall remuneration received by members of the Board of Directors.

c) Individuals who control the issuer and are either employees of the latter or serve the issuer as outside collaborators

Not applicable.

1.4 Description and indication of the number of beneficiaries broken down in the categories as per paragraph 1.4, letters a), b) and c) of Annex 3A, Layout 7 of the Rules for Issuers

a) Key management personnel other than those listed in letter b) of paragraph 1.3

Not applicable.

- b) Full indication of all the key management personnel of the issuer falling within the “small size” category within the meaning of Article 3, paragraph 1, point (f), of Regulation No. 17221 of 12 March 2010

Not applicable.

- c) Of any and all other categories of employees or collaborators for whom differentiated features of the plan are applicable (e.g., managers, executives, office personnel, etc.)

Not applicable.

2. REASONS FOR ADOPTING THE INCENTIVATION PLAN

2.1 Goals pursued through the assignments made under the Plans

In accordance with all applicable regulatory provisions and industry best practices, the Framework Loyalty Programme, which governs the 2018 Loyalty Plan, is intended to setting up a loyalty-building tool aimed at Recipients but also incentivising the latter, through inclusion in the Plans, to meet corporate objectives with a view to enhancing the value of Banca Generali by providing customers with increasingly improved assistance through appropriate investment planning services based on a broad range of financial instruments and products, and at the same time, marketing specific products, instruments and services in compliance with regulatory adequacy requirements and the marketing policies adopted by Banca Generali from time to time, whilst ensuring correctness in all customer relations and containing the Bank's reputational and legal risks.

More specifically, the Framework Loyalty Programme (and the Plans drawn up from time to time in application thereof, including the 2018 Loyalty Plan) are designed to enhance the commitment of individuals whose professional contributions are key to achieving the Bank's results, in order to reinforce their loyalty, whilst at the same time enhancing the value of the Bank, and alignment with shareholders' interests.

Towards such end, under the Framework Loyalty Programme (and, consequently, the 2018 Loyalty Plan, as well as all the Bank's annual Plans):

- > upon the satisfaction of certain accrual conditions on or before the Accrual Date, all Recipients who meet the Access Condition shall be entitled to a cash Bonus, save in the event that the Board of Directors decides to move the Shareholders' Meeting to approve the settlement of up to no more than 50% of the accrued Bonus in Shares;
- > the settlement of any and all accrued Bonuses shall be subject to Deferral Period;
- > the accrual and settlement of Bonus entitlements shall be subject to the achievement of the Banking Group's Access Gates and satisfaction of any applicable regulatory and statutory requirements, as well as of any and all additional conditions imposed by supervisory authorities and/or by the Shareholders' Meeting with a view to ensuring regulatory compliance and/or the Bank's ongoing liquidity or stability;
- > in certain cases of termination of their respective Professional Relationships, Beneficiaries shall retain entitlement to receive previously accrued Bonuses still subject to the Deferral Period, but shall be barred from inclusion in any Plan following termination of the said Professional Relationship;
- > Bonuses received shall be subject to "malus" and claw-back mechanisms as contemplated in the Remuneration Policies.

2.2 Key variables, including performance indicators, taken into consideration in making assignments pursuant to incentive plans based on financial instruments

In compliance with the Framework Loyalty Programme, the 2018 Loyalty Plan subjects the accrual of Bonus entitlements by Beneficiaries to specific performance indicators to be met by each Beneficiary on an individual basis. More specifically, the said performance indicators refer to objectively measurable parameters: the sum total of AUM as at the Accrual Date and the sum total of AUM in Categories 1 and 2 as at the Accrual Date.

Financial Advisors

In order to qualify for Bonuses, each Beneficiary who serves as a Financial Advisor shall be required to achieve, as at the Accrual Date, a specific minimum target of overall AUM, as well as minimum target of AUM of Categories 1 and 2. Under the 2018 Loyalty Plan, the aforesaid minimum targets have been set at 20 million euros and 10 million euros, respectively.

Relationship Managers

In order to qualify for Bonuses, each Beneficiary who serves as a Relationship Manager shall be required to achieve, as at the Accrual Date, a specific minimum target of overall AUM, as well as minimum target of AUM of Categories 1 and 2. Under the 2018 Loyalty Plan, the aforesaid minimum targets have been set at 30 million euros and 15 million euros, respectively.

Like all other variable remuneration entitlements provided for within the Group to which Banca Generali belongs, in order to ensure the sustainability of the Plan, Bonuses shall be considered fully

accrued and subject to settlement only after the Banking Group's Access Gate have been met. Bonus entitlements shall also be subject to full satisfaction of all applicable regulatory and statutory requirements as well as any and all additional conditions imposed by supervisory authorities and/or by the Shareholders' Meeting with a view to ensuring regulatory compliance and/or the Bank's ongoing liquidity and stability.

No Bonuses shall be settled if the Banking Group's Access Gate has not been achieved and/or some or all of the aforesaid additional conditions have not been met by the Settlement Date. In such event, the accrued Bonuses may be settled in the subsequent financial year(s), provided that the Banking Group's Access Gate has been achieved and all Additional Conditions, if any, have been met in the said subsequent financial year(s). Moreover, if the Banking Group's Access Gate for the financial year(s) of reference has not been achieved and/or some or all applicable Additional Conditions, if any, have not been satisfied, the conditions for accrual shall be deemed to remain unmet, with the result that Bonus(es) accrued in the said financial year(s) shall not be settled.

2.3 Elements underlying the determination of remuneration based on financial instruments, or otherwise, criteria for determining the same

Upon expiry of the Deferral Period, the Bonus entitlements accrued under each Plan shall be settled in favour of the Beneficiary within 60 days following Shareholders' approval of the Financial Statements for the year 2026, provided that the related Professional Relationship remains in full force and effect at such date (without prejudice to exceptions, as specified below). In the case of the 2018 Loyalty Plan the said period shall extend for 9 years.

Bonuses shall be settled in cash, it being however understood that during the financial year of reference of each Plan, the Board of Directors reserves the right to move the Shareholders' Meeting to approve settlement of up to no more than 50% of the Bonus accrued in Shares, with the remainder being subject to settlement in cash. Bonus entitlements subject to settlement in Shares shall be converted at normal Share value (i.e., at the average Share price recorded over the three month period preceding Board of Directors' Meeting called to approve of the draft Financial Statements and Consolidated Financial Statements at 31 December of the year prior to the year in which the Plan in question commenced; such average price is subject to rounding down or up to the nearest integer number). With regard to the 2018 Loyalty Plan, the Board of Directors intends to avail of its aforesaid right to move the Shareholder's Meeting to approve the settlement in Shares of no more than 50% of Bonus accrued, with the result that the 2018 Loyalty Plan constitutes a remuneration plan based on financial instruments within the meaning of Article 114-bis of TUF.

Throughout the Deferral Period and, therefore, up to the Settlement Date, the portion of accrued Bonus subject to settlement in cash shall be managed directly by Banca Generali and shall bear an annual yield equivalent to the 6-month Euribor rate (recorded on a yearly basis) increased by a spread of 0.50%. In no event may the aforesaid yield exceed 3% on the overall.

The accrued Bonus, if any, subject to settlement in Shares shall bear entitlement to the assignment of the accrued Shares.

Financial Advisors

In compliance with the provisions of the Framework Loyalty Programme, the Bonuses accruing under each Plan (including the 2018 Loyalty Plan), to Beneficiaries who serve as Financial Advisors and meet the applicable Bonus accrual criteria shall be quantified by subjecting the sum total of the AUM falling under Categories 1 and 2 as at the Accrual Date to a progressively increasing seniority coefficient of up to no more than 0.125%. However, in no event may the Bonus accrued by any Beneficiary exceed a pre-established cap, and should the application of the seniority coefficient give rise to a Bonus entitlement in excess of the said cap, the Bonus entitlement in question shall be automatically reduced to the cap.

In the case where Net Inflows in Categories 1 and 2 as at the Accrual Date fall below zero, no Bonus whatsoever shall be assigned, without prejudice to some exceptions.

Relationship Managers

In compliance with the provisions of the Framework Loyalty Programme, the Bonuses accruing under each Plan (including the 2018 Loyalty Plan) to Beneficiaries who serve as Relationship Managers and meet the applicable Bonus accrual criteria shall be quantified as a percentage of the sum total of the AUM falling under Categories 1 and 2 as at the Accrual Date. However, in no event may the Bonus accrued by any

Beneficiary exceed a pre-established cap, and should the application of the seniority coefficient give rise to a Bonus entitlement in excess of the said cap, the Bonus entitlement in question shall be automatically reduced to the cap.

In the case where Net Inflows as at the Accrual Date fall below zero, no Bonus whatsoever shall be assigned, without prejudice to some exceptions.

Exceptional Cases of Bonus accrual despite negative Net Inflows

In accordance with the Framework Loyalty Programme, and applicable to all Plans (including the 2018 Loyalty Plan), under certain conditions, divestments effected by an individual customer in respect of a certain amount giving rise to negative Net Inflows during the Plan's financial year of reference shall be deemed sterilised for the intents and purposes of quantifying Net Inflows, and Bonus entitlements shall be accrued provided that, net of the said sterilisation, Net Inflows meet the minimum requirement.

However, the Framework Loyalty Programme vests Banca Generali with discretionary power to authorise Bonus entitlements in favour of Beneficiaries who meet the conditions outlined above, even in the event of negative Net Inflows that arise for reasons other than that contemplated above. Banca Generali may exercise the aforesaid discretionary power in favour of any Beneficiary no more than once during the term of the Framework Loyalty Programme.

Claw-back Mechanism

In compliance with the Framework Loyalty Programme, the 2018 Loyalty Plan provides for Bonus accruals and settlements to be subject to specific "malus" mechanisms (reduction in the Bonus accrued by or to be settled in favour of a Beneficiary in the event of complaints directly imputable to the Beneficiary's conduct during the Plan's financial year of reference and resulting in the incurrence of liability by Banca Generali towards the complainant in excess of pre-established threshold) and claw-back mechanisms as contemplated in the Bank's prevailing Remuneration Policies. Claw-back mechanisms shall remain applicable for 2 years following the Settlement Date.

Key Personnel

The Framework Loyalty Programme contains specific provisions pertaining to Beneficiaries identified by Banca Generali as Key Personnel who, in general, are subject to specific treatment under the Remuneration Policies, it being underlined that in their case: (i) the deferral period to which receipt of the variable component of remuneration is subject under the Remuneration Policies must be deemed absorbed by the Deferral Period. This is without prejudice to the fact that, if the deferral period imposed under the Remuneration Policies is not fully absorbed as at the Settlement Date, the settlement of any and all accrued Bonuses shall be postponed until full absorption of the same; (ii) the retention period imposed under the Remuneration Policies in respect of any and all Share allotments shall be deemed absorbed by the Deferral Period to the extent by which the same exceeds the deferral period imposed under the Remuneration Policies.

As at the Accrual Date of each Plan (and therefore as at 31 December 2018 in the case of the 2018 Loyalty Plan) the "Cap Mechanism" provided for in the Remuneration Policies shall be applied, where necessary, to ensure compliance with Shareholders' Meeting resolutions regarding the restrictions to be imposed on the ratio between the fixed and variable components of remuneration. More specifically, the Bonus accrued by each Beneficiary pursuant to the Plan shall be deemed to form part of the variable component of compensation to be taken into account in determining whether or not the said cap has been exceeded in the financial year of reference. Should, as a result of the quantification of the said Bonus, the cap in question be exceeded, the amount in excess of the cap shall not be taken into consideration for the intents and purposes specified above.

2.4 Reasons for making assignments under compensation plans based on financial instruments issued by parties other than the Issuer, such as parent companies or subsidiaries of the latter, or even entities that do not belong to the same corporate group as the Issuer; in the case where the aforesaid financial instruments are not traded on regulated markets, information regarding the criteria used to determine the book value of the same

Not applicable. The Framework Loyalty Programme does not contemplate the use of the financial instruments in question.

2.5 Assessments regarding significant tax and accounting implications that informed the definition of the plan

Not applicable. Neither the Framework Loyalty Programme nor any of the Plans (including the 2018 Loyalty Plan) regulated thereunder is designed in consideration of any significant tax and/or accounting implications.

2.6 Support for the 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

Not applicable. The Framework Loyalty Programme 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.

3. SHARE ASSIGNMENT APPROVAL PROCEDURE AND TIMING

3.1 Scope of the powers and functions delegated by the Shareholders' Meeting to the Board of Directors for the purpose of implementing the plan

Under the Framework Loyalty Programme, all Recipients who satisfy the Access Condition shall be entitled to a cash Bonus, provided that certain accrual conditions are met by the Accrual Date. The Board of Directors may, during the financial year of reference of each Plan, decide to move the Shareholders' Meeting to authorise the settlement of no more than 50% of the said Bonus in Shares.

The Board of Directors is vested with the aforesaid discretionary power to move the Shareholders' Meeting to approve the settlement of a portion of the Bonus in Shares in order to ensure greater flexibility in the implementation of the Framework Loyalty Programme, whilst also maximising efficiency, since the aforesaid Shareholder approval would leave ample leeway in terms of the methods and means through which the Shares to be used to settle Bonus entitlements are acquired or issued.

The Board of Directors intends to avail of its aforesaid discretionary power to seek the approval in respect the 2018 Loyalty Plan from the General Shareholders' Meeting called for 12 April 2018 (first call) and, if need be, on 13 April 2018 (second call).

3.2 Indication of the persons and parties in charge of managing the Plan, and the functions and powers thereof

The Board of Directors is in charge of managing the Framework Loyalty Programme, and therefore the Plan. The Board of Directors shall, on an annual basis, approve the Plans in accordance with the Framework Loyalty Programme.

Within the limits of applicable laws and regulations, the Board of Directors may delegate its powers to the Chief Executive Officer or to another Director/other Directors, with the support of the Human Resources Department and/or other competent functions, and/or grant specific powers to perform one or more of the activities relating to the management of the Plan.

3.3 Procedures, if any, for revising the Plans, especially in light of changes in the underlying targets

The relevant corporate bodies of Banca Generali are vested with authority to amend the Framework Loyalty Programme, as may be necessary or useful to ensure that its substantive provisions remain, to the greatest extent possible, unaltered by: (i) extraordinary transactions (including, without limitation, mergers, acquisitions, de-mergers, delisting, takeover bids, etc.); (ii) regulatory reforms, changes in prevailing Remuneration Policies, and/or recommendations or orders issued by supervisory authorities; and (iii) other extraordinary and unforeseeable events that could impact the Plans, the Banking Group's Access Gate and/or accrual conditions.

3.4 Description of the procedures for determining the availability and assignment of the financial instruments underlying the plans

In the event of approval by the relevant corporate bodies of the partial settlement of accrued Bonuses in Shares, the related Share allotments to be effected pursuant to the Framework Loyalty Programme shall be subject to the determinations reached by the relevant corporate bodies with a view to maximising the efficient use of Banca Generali's resources.

With specific reference to the 2018 Loyalty Plan, the Board of Directors moved the Shareholders' Meeting to authorise the buy-back of treasury shares, as it intends to avail of its discretionary power to settle a portion of the Bonuses accrued by Beneficiaries in Shares. The Shareholders' Meeting is accordingly called upon to also approve the motion seeking authorisation to buy-back treasury shares to be used to service the Plan.

3.5 The functions discharged by each director in determining the features of the plans in question; conflicts of interest, if any, involving the said directors

Not applicable.

3.6 For the intents and purposes of the requirements imposed under Article 84-bis, paragraph 1, the date of the decision adopted by the relevant corporate body to submit the plans to the Shareholders' Meeting for approval, as well as the date of the recommendations, if any, put forward by the Remuneration Committee, if appointed

The Adoption of the Framework Loyalty Programme was approved by the Board of Directors on 20 March 2017 and subsequently approved by the General Shareholders' Meeting of 20 April 2017. The Chief Executive Officer submitted a proposal to the Board of Directors to approve, under the Framework Loyalty Programme, the 2018 Plan, during the meeting held on 1 March 2018. At the motion of the Chief Executive Officer, by resolution dated 1 March 2018, the Board of Directors adopted the 2018 Loyalty Plan, and resolved to subject the same to approval by the General Shareholders' Meeting.

3.7 For the intents and purposes of the requirements imposed under Article 84-bis, paragraph 5, subparagraph (a), the date on which the relevant corporate body approved the decision regarding the assignment of the financial instruments, as well as the date of the recommendations, if any, put forward by the Remuneration Committee, if appointed

Publication of the Notice of Calling of the General Shareholders' Meeting convened to approve the 2018 Loyalty Plan is scheduled on 2 March 2018. The Board of Directors shall approve the annual Plans on a yearly basis, in accordance with the provisions of the Framework Loyalty Programme.

The relevant information to be disclosed pursuant to Article 84-bis, paragraph 5, point (a), of the Rules for Issuers (or in any case pursuant to statutory and regulatory provisions applicable from time to time) and if not currently available and shall be disclosed in accordance with applicable regulations.

3.8 The market price recorded on the aforesaid dates, in respect of the financial instruments on which the Plans are based, in the event the said financial instruments are traded on regulated markets

The price of reference of the Shares on the electronic share market (MTA) organised and managed by Borsa Italiana S.p.A. at the end of the market session on the date of approval of the proposal by the Board of Directors was 27.2539 euros.

3.9 In the case of plans based on financial instruments traded on regulated markets, the deadlines and procedures pursuant to which the Issuer takes account, in determining the timetable of the assignments made in implementation of the plan, the possible simultaneousness of: (i) the assignments in question or any related decisions by the Remuneration Committee; and (ii) the disclosure of information falling within the scope of Article 114, paragraph 1, including, inter alia, information that: (a) is not yet in the public domain and could have a positive impact on the stock price; or (b) is already in the public domain and could have a negative impact on the stock price

The proposal for the Shareholders' Meeting concerning the adoption of the Plan was approved by the Board of Directors during the meeting of 1 March 2018.

The draft 2017 Financial Statements were approved by the Board of Directors during its meeting of 1 March 2018 and will be submitted for the approval of the ordinary General Shareholders' Meeting convened on 12 April 2018 (first call) and, if need be, on 13 April 2018 (second call), also called to approve the Plan.

The Shareholders' Meeting that will pass a resolution on the Plan will not be aware of the consolidated results of the first quarter of the current year, since they will not be available at the scheduled date of the meeting.

Shares will not be assigned immediately and the assignment procedure thereof shall, in any event, comply both with the disclosure obligations to which the Company is subject, so as to provide transparent and equal information to the market, and with the procedures adopted by the Company.

The Beneficiaries of the Framework Loyalty Programme, and therefore of the Plan, do not include individuals subject to the obligations imposed under internal dealing regulations.

4. FEATURES OF THE INSTRUMENTS ASSIGNED

4.1 Description of how the share-based remuneration plans are structured; specify, for instance, whether or not the plan is based on the assignment of: restricted stocks; phantom stocks; option grants; stock options or stock appreciation rights

Under the Framework Loyalty Programme regulating the annual Plans, Beneficiaries are entitled to cash Bonuses, up to 50% of the corresponding value of which may be settled in Shares.

As specified above, the 2018 Loyalty Plan, the Board of Directors decided to avail of the aforesaid option and resolved to move the Shareholders' Meeting to authorise the related settlement in Shares.

Upon the satisfaction of applicable conditions, Bonuses shall be assigned to each Beneficiary on an individual basis, it being understood that in no event may any such Bonus be subjected to transfer *inter vivos* or otherwise disposed of for any reason or cause whatsoever.

4.2 Specification of the period of actual implementation of the Plan, with an indication of any other cycles that might be contemplated

The Framework Loyalty Programme provides for annual incentive Plans to be implemented for each financial year from 2017 through to 2024.

The actual implementation of each Plan is subject to approval by the relevant corporate bodies, from year to year. The 2018 Loyalty Plan refers to the financial year ending on 31 December 2018, it being however understood that any and all Bonuses accrued under the said Plan shall be settled on the Settlement Date. Further information on the related approvals process is provided in paragraphs 3.6 and 3.7 above.

4.3 Term of the Plan

The Framework Loyalty Programme is scheduled to expire at the end of the financial year 2024.

The 2018 Loyalty Plan shall expire on 31 December 2018.

4.4 The maximum number of financial instruments, including in the form of options, assigned during each tax year, to the persons specified by name or falling within the specified categories

There is no explicit restriction on the number of Shares that may be assigned to Beneficiaries in implementation of the Framework Loyalty Programme.

In any event, the Bonus accrued by each Beneficiary is capped on a yearly basis (see paragraph 2.3 above) and no more than 50% of the Bonus may be settled through the assignment of Shares to Beneficiaries in implementation of each Plan regulated under the Framework Loyalty Programme, provided that the Board of Directors moves the General Shareholders' Meeting convened on 12 April 2018 (first call) and, if need be, on 13 April 2018 (Second call) to authorise the use of Shares for such purpose during the financial year of reference of each Plan.

Moreover, the number of Shares to be assigned to each Beneficiary varies in function of the extent to which applicable accrual conditions have been met (cf. paragraphs 2.2. and 2.3 above).

4.5 Implementing provisions and procedures of the Plan, indicating if the assignment of financial instruments is subject to the satisfaction of conditions precedent or the attainment of specific results, including in terms of performance; description of the said conditions precedent and results

Information on these matters is provided in paragraphs 2.2 and 2.3 above.

4.6 Specification of the restrictions, if any, on the availability of the options assigned or on the financial instruments subject to subscription in exercise of the assigned options, with special reference to the time periods during which the subsequent transfer of the same to the Company itself or third parties is 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 the Shares will be freely available, without prejudice to any and all retention periods imposed on “Key Personnel” under the Remuneration Policies in force from time to time.

4.7 Description of any and all conditions subsequent pertaining to the assignment of the plans in the event the recipients effect hedging transactions aimed at circumventing restrictions imposed on the transferability of the assigned financial instruments, including in the form of options, or of the financial instruments subject to subscription pursuant to the exercise of the said options

Not applicable.

4.8 Description of the effects arising from termination of the work relationship

Given that Bonus entitlements are functionally and by nature linked to the continuation of the Professional Relationship between Beneficiaries and the Bank. Therefore in the event of termination of the said Professional Relationship, the following provisions shall apply.

The termination, for any reason or cause whatsoever, of the Professional Relationship during the financial year of reference of the Plan shall entail the forfeiture of any accruing Bonus.

Beneficiaries who have already accrued Bonuses that are still subject to the Deferral Period shall be entitled to settlement of their accrued Bonuses on the Settlement Date, in the event of (the “Cases of Good Leaver”): (i) termination of the Professional Relationship as a result of the death or illness of the Beneficiary or otherwise the latter’s incurrance of permanent disability incompatible with professional life; (ii) termination of the Professional Relationship by Banca Generali without cause (as defined under law); (iii) termination of the Professional Relationship by the Beneficiary for cause (as defined under law), as determined through a judicial finding handed down by the court of last resort and no longer subject to appeal; (iv) termination of the Professional Relationship by reason of the Beneficiary’s retirement from professional life.

Even in the Cases of Good Leaver, the Beneficiary shall be barred from inclusion in any Plan following the termination of the Professional Relationship.

Termination of the Professional Relationship for reasons falling outside the scope of the Cases of Good Leaver shall entail the Beneficiary’s forfeiture of entitlement to receive any of his or her accrued Bonuses, without prejudice to the Board of Directors’ discretionary power to authorise settlement of the said Bonuses on an exceptional basis.

Under the Framework Loyalty Programme, any and all Beneficiaries who without any interruption of the Professional Relationship are assigned to other tasks and duties during the financial year of reference of any Plan shall remain entitled to: (i) the entitlement to their respective Bonuses, in case the new tasks and duties to which they are assigned do not disqualify them from inclusion in the Plan, but subject them to different accrual conditions and/or Bonus quantification criteria (it being understood that the Bonuses to be settled in their favour, in respect of the periods prior and subsequent to their assignment to new tasks and duties during the said financial year of reference, shall be quantified on an accruals basis); (ii) the entitlement to the Bonuses accrued pursuant to satisfaction of the accrual conditions through to their assignment to new tasks and duties, in cases where the new tasks and duties do not disqualify them from his or her status as Beneficiary.

The Framework Loyalty Programme also regulates the termination of the Professional Relationship by reason of the Beneficiary’s retirement from professional life (“Retired Beneficiaries”). More specifically, Banca Generali shall pay Retired Beneficiaries a special bonus (the “Non-competition Bonus”) in the event of the reassignment against payment of their customer portfolio to a Relationship Manager or Financial Advisor authorised to make off-premises offers, provided that the Retired Beneficiary in question (i) was included in at least one Plan; (ii) was removed from the Roll of Financial Advisors authorised to make

off-premises offers and was not readmitted to the said Roll as at the Settlement Date; (iii) delivered to Banca Generali a copy of the retirement application submitted to the Italian national social security institution (INPS) and further submitted, within no more than 12 months following termination of the Professional Relationship, a copy of the letter from the aforesaid Italian national social security institution (INPS) accepting the said application, and (iv) did not rendered any professional services whatsoever to any competitor of Banca Generali for a period of 6 months immediately following the date of termination of the Professional Relationship. The amount payable by way of Non-competition Bonus shall be equal to the sum total of the Bonuses that the Beneficiary would have accrued, had he or she been included in the Plans envisaged for subsequent financial years, it being understood that the said sum shall be determined on the basis of the same criteria applied to quantify his or her Bonus entitlements for the year of his or her retirement, taking due account of the overall value of the AUM in Categories 1 and 2 at the time of termination of the Professional Relationship. For the intents and purposes of quantifying the Non-competition Bonus, the amount of each of the Bonuses that the Retired Beneficiary would have accrued in the event of his or her inclusion in the Plans envisaged for subsequent financial years shall be actualised at the rate of 10%, reflecting Banca Generali's cost of equity (or "Ke"). The Non-competition Bonus shall be payable in 24 monthly instalments, together with any and all additional compensation due to the Retired Beneficiary for portfolio enhancement.

Non-competition Bonuses shall be subject to approval, on an annual basis, by the relevant corporate bodies authorised to take decisions regarding the implementation of annual Plans and shall be available solely to Beneficiaries who meet all of the aforesaid requirements within the financial year of reference of the Plan in question.

The customer portfolio transferred by a Retired Beneficiary to a Recipient may be taken into account for the intents and purposes of the assignment and quantification of the said Recipient's Bonus entitlements, depending on whether or not the transfer was made free of charge (subject to waiver by the Retired Beneficiary of the latter's Non-competition Bonus) or for consideration. All the aforementioned provisions shall be applied to the 2018 Loyalty Plan, insofar as the latter is regulated under the Framework Loyalty Programme.

4.9 Other possible reasons for which the plans may be cancelled

The Bank does not envisage any other reasons for which the 2018 Loyalty Plan or Framework Loyalty Programme may be cancelled.

4.10 The reasons for the inclusion of provisions, if any, allowing the company to "redeem" the financial instruments covered under the plans, pursuant to Article 2357 et seqq. of the Italian Civil Code; the beneficiaries of the redemption, indicating if the same applies only to specific categories of employees; the repercussions of the termination of the employment relationship, on the said redemption

Not applicable. The Bank does not envisage the redemption of any of the Shares covering the 2018 Loyalty Plan or the Framework Loyalty Programme.

4.11 Any and all loans and other facilities made available for purchasing the shares, within the meaning of Article 2358 of the Italian Civil Code

Not applicable. No loans or other facilities have been made available for purchasing the Shares, within the meaning of Article 2358 of the Italian Civil Code.

4.12 The company's expected liability exposure as at the date of the assignment in question, as estimated in light of the already established terms and conditions, providing a breakdown of the overall liability exposure in question by type of financial instrument covered under the Plan

The Bank's maximum expected liability as at the Settlement Date, if all applicable conditions are met, cannot be meaningfully quantified at present since the same depends largely on the number of Beneficiaries and the cap imposed on each Beneficiary.

4.13 Description of any dilutive impact the compensation plans may exert on the share capital

The maximum dilutive effect of servicing the Framework Loyalty Programme solely through Shares generated by increasing capital cannot be meaningfully determined at present, since the effect in question depends not only on future determinations to be reached in respect of each Plan in terms of the percentage of the Bonus entitlements to be settled in Shares, without prejudice to the 50% cap, but also on the number of Beneficiaries.

For the same reasons, the maximum dilutive effect of the 2018 Loyalty Plan cannot be meaningfully determined at present.

4.14 Restrictions, if any, imposed on dividend entitlements and the exercise of voting rights

Not applicable: no restrictions are imposed on dividend entitlements and the exercise of voting rights. No dividends shall be collected during the retention period.

4.15 If the shares are not traded on regulated markets, any and all information useful for a full assessment of their value

Not applicable.

4.16 Number of financial instruments underlying each option

Not applicable.

4.17 Expiry of the Options

Not applicable.

4.18 Procedures (American/European), deadlines (for instance, exercise periods), and exercise clauses (such as knock-in and knock-out clauses)

Not applicable.

4.19 Strike price of the option or methods and criteria for determining the strike price, with particular regard to: the formula for calculating the strike price on the basis of a given market price (fair market value); and b) the methods for determining the market price of reference for determining the strike price

Not applicable.

4.20 If the strike price departs from the fair market value determined pursuant to the procedures set forth in point 4.19.b above, the reasons for such difference

Not applicable.

4.21 Grounds for applying different strike prices to various Recipients or categories of Recipients

Not applicable.

4.22 If the financial instruments underlying the options are not traded on regulated markets, indication of the value attributable to the said financial instruments or of the criteria for determining the same

Not applicable.

4.23 Criteria for carrying out the adjustments required in light of extraordinary capital and other transactions that entail changes in the number of the underlying financial instruments (capital increases, extraordinary dividend distributions, splits and reverse-splits of the underlying shares, mergers and de-mergers, transactions entailing changes in the share category of the underlying shares, etc.)

Not applicable.

* * *

The disclosures required under Section 1 of Frame 1 of Table 1 of Layout 7 of Annex 3A to the Rules for Issuers, as well as under Article 84-bis, paragraph 5, of the Rules for Issuers, with regard to incentive plans under way, are available for consultation on the Bank's website at www.bancagenerali.com.

The disclosures required under Section 2 of Frame 1 of Table 1 of Layout 7 of Annex 3A to the Rules for Issuers, as well as under Article 84-bis, paragraph 5, of the Rules for Issuers, shall be made available by the deadlines and in the manner and form specified in the aforesaid Article 84-bis, paragraph 5, of the Rules for Issuers.

9. APPROVAL OF THE SHARE-BASED INCENTIVISATION SYSTEM, PURSUANT TO ARTICLE 144-BIS OF LEGISLATIVE DECREE NO. 58/1998; ASSIGNMENT OF POWERS; RELEVANT AND ENSUING RESOLUTIONS

Shareholders,

This Report has been drafted pursuant to Articles 114-*bis* and 125-*ter* of Legislative Decree No. 58 of 24 February 1998, as amended and extended (the Consolidation Law on Financial Intermediation or “TUF”), and Article 84-*ter* of the Regulation adopted by Consob Resolution No. 11971 of 14 May 1999, as amended and extended (“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, Borsa Italiana S.p.A., the Bank’s website (www.bancagenerali.com), and through the authorised storage service (www.emarketstorage.com).

The Board of Directors is going to submit for your approval, pursuant to Article 114-*bis* of TUF, the adoption of an Incentivisation System for 2018 (“**Incentivisation System**”), intended for the Key Personnel of the Banca Generali Group (i.e., persons whose activities have or may have an impact on the risk profile of the Bank or the Banca Generali Group).

The Incentivisation System is intended in particular for persons identified as belonging to the category of Key Personnel, pursuant to applicable regulations.

This Report is thus aimed at illustrating the rationale and content of the proposal concerning the aforementioned Incentivisation System. For definitions and an illustration of the content and provisions of the System, 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, made available to the public according to the terms and conditions mandated by applicable legislation.

1. Reasons for adopting the Incentivisation System

The Incentivisation System serves the following purposes:

- a) it allows the Bank to comply with the provisions of Bank of Italy Circular No. 285 of 17 December 2013, requiring that part of the variable component of the remuneration package of Key Personnel be composed of financial instruments, contingent on sustainable performance conditions;
- b) it allows better alignment of the interests of the Banca Generali Group’s management and those of its shareholders through attentive management of company risks and pursuit of long-term strategies.

2. Beneficiaries

The beneficiaries of the Incentivisation System are the Key Personnel of the Banca Generali Group (the “**Potential Beneficiaries**”).

In detail, at present (without prejudice to future changes), they include Banca Generali’s Chief Executive Officer and General Manager.

The other information envisaged in paragraph 1 of Layout 7 of Annex 3A to the Rules for Issuers will be provided at a later date, during the implementation of the Incentivisation System, according to the methods set out in Article 84-*bis*, paragraph 5), letter a), of the aforementioned Rules for Issuers.

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

The Incentivisation System provides that a part (25%) of the variable remuneration of Banca Generali Group's Key Personnel be disbursed through the free award of Shares according to the following allotment mechanism:

- > for amounts exceeding the set threshold of 75,000.00 euros:
 - a) 60% of the bonus will be disbursed up front, during the year after the year of reference, 75% in cash and 25% in Shares;
 - b) 20% of the bonus will be deferred for one year: 75% in cash and 25% in Shares;
 - c) the remaining 20% of the bonus will be deferred by two years: 75% in cash and 25% in Shares;
- > if the actual bonus accrued is below the above-mentioned threshold, it will be paid in full up front (75% in cash and 25% in shares) during the year after that of reference, once the Board of Directors has verified earnings results during the year of accrual and satisfaction of the access gate.

The award of the bonus (and thus also of the Shares) is contingent on:

- a) achievement of the quantitative and qualitative performance objectives;
- b) achievement of an access gate by the Banca Generali Group, on the basis of the final earnings results for the year;
- c) assessment, at the time of each assignment, of the conditions underlying the "malus" mechanism set out in the Bank's remuneration policies as in effect at the time;
- d) observance of the cap mechanism aimed at ensuring that the ratio of total variable remuneration to total fixed remuneration remains within the pre-determined limits.

4. Support for the Incentivisation System, 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 Incentivisation System does not receive any support 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 allotment of the portion of the bonus to be paid in Shares will take place when the bonus accrues, whereas the remainder will be settled on a deferred basis, over a total period of two years.

The Shares shall be subject to a retention period of one year from the end of the accrual period.

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

- > *having regard to the Board of Director's Report on this item on the Agenda;*
- > *having regard to the Information Document on the share-based Incentivisation System, prepared 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 Consob's regulatory provisions,*

resolves

1. *to approve, pursuant to Article 114-bis of TUF, the adoption of the share-based Incentivisation System for Key Personnel, the terms, conditions and mechanisms of which are described in the relevant information document attached to the Board of Directors' Report, to which reference is made;*

2. *to grant the Chairman of the Board of Directors and the Chief Executive Officer, severally and with the express power to sub-delegate, all of the necessary and appropriate powers to effect complete and full implementation of the Incentivisation System, in accordance with the terms and conditions set out in the information document on the share-based incentivisation plan, to which reference is made. In passing all relevant resolutions, the Board of Directors will act on the basis of a non-binding opinion of the Remuneration Committee and — in the cases set out in Article 2389, paragraph 3, of the Italian Civil Code — after considering the opinion of the Board of Statutory Auditors.”*

Milan, 1 March 2018

The Board of Directors

INFORMATION DOCUMENT

(pursuant to Article 84-*bis* of Consob Regulation No. 11971 of 14 May 1999, as amended and extended)

on the share-based incentivisation system

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FOREWORD

The Group's remuneration policies (as defined hereunder) — included in the 2018 Remuneration Report and subject to the required prior approval of the Shareholders' Meeting of Banca Generali S.p.A. ("**Banca Generali**" or the "**Bank**") — provide that, in due compliance with the applicable legislation governing remuneration, a part of the variable remuneration (the "**Bonus**") of "Key Personnel" (persons whose activities have or may have an impact of the risk profile of the Bank or Group) be paid in financial instruments (and, in particular, in Shares).

Accordingly, on 1 March 2018, the Bank's Board of Directors, with the prior positive opinion of the Remuneration Committee and the favourable opinion of the Board of Statutory Auditors, including in respect of Article 2389 of the Italian Civil Code approved — as described below — the guidelines of a share-based incentivisation system for 2018 (the "**Incentivisation System**") reserved for the Group's Key Personnel (as defined hereunder), to be submitted for the approval of the Shareholders' Meeting convened in Assicurazioni Generali S.p.A. offices in Trieste, Via Machiavelli 6, on 12 April 2018 (first call) and, if need be, on 13 April 2018 (second call). In this regard, reference is made to the Directors' Report drawn up pursuant to Articles 125-ter, paragraph 1, and 114-bis, paragraph 1, of Legislative Decree No. 58 of 24 February 1998, as further amended and extended ("**TUF**"), and Article 84-ter of the Consob Regulation adopted by Resolution No. 11971 of 14 May 1999, as further amended and extended (the "**Rules for Issuers**"), available from the Bank's website www.bancagenerali.com, section Corporate Governance/AGM.

The characteristics of the Incentivisation System are consistent with applicable provisions on remuneration, and in particular with the Bank of Italy Supervisory Provisions of 18 November 2014 on remuneration and incentivisation policies and practices (see Bank of Italy Circular No. 285 of 17 December 2013, "Supervisory Provisions for Banks", Title IV, Chapter 2, Remuneration and Incentivisation Policies and Procedures; the "Circular").

This Information Document (the "**Information Document**") was drawn up pursuant to Article 84-bis of the Rules for Issuers and in accordance with Layout 7 of Annex 3A to the Rules for Issuers, even with the regard to the numbering of the paragraphs.

Pursuant to Article 84-bis, paragraph 5, of the Rules for Issuers, in order to reflect information not available at the moment, the Information Document may be updated and/or amended during the process of implementing the Incentivisation System, and in any event as soon as such information becomes available.

It should be noted that, for the purposes of the information set out herein, the Incentivisation System is to be regarded as "of particular significance" pursuant to Article 114-bis, paragraph 3, of the TUF and Article 84-bis, paragraph 2, of the Rules for Issuers.

This Information Document is available for public consultation at Banca Generali's registered office in Trieste, at Via Machiavelli 4, at the Milan operating Offices, Corporate Affairs Services, Via Ugo Bassi 6, as well as via the centralised regulatory data storage mechanism SDIR-NIS, managed by Bit Market Services, at www.emarketstorage.com and on the Bank's website www.bancagenerali.com, Section Corporate Governance/AGM.

DEFINITIONS

The terms indicated below have the following meanings for the purposes of this Information Document:

Shareholders' Meeting	General Shareholders' Meeting of Banca Generali.
Shares	Banca Generali ordinary Shares.
Beneficiaries	The Potential Beneficiaries to which a Bonus to be paid partly in Shares is actually granted.
Bonus	The variable remuneration attributed to the Beneficiaries and to be settled partly in financial instruments pursuant to the Circular and the Remuneration Policies. This provision is to be implemented through the award of Shares.
Circular	Bank of Italy Circular No. 285 of 17 December 2013, "Supervisory Provisions for Banks", Title IV, Chapter 2, <i>Remuneration and Incentivisation Policies and Procedures</i> .
Italian Civil Code	The Italian Civil Code, approved by Royal Decree No. 262 of 16 March 1942, as amended and extended.
Self-Regulatory Code	The Corporate Governance Code of listed companies prepared by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A.
Remuneration Committee	The Bank's Remuneration Committee <i>pro tempore</i> .
Board of Directors	The Bank's Board of Directors <i>pro tempore</i> .
Subsidiaries	Without distinction, each of the companies directly or indirectly controlled from time to time by the Bank, within the meaning of Article 2359 of the Italian Civil Code, and which have a current Relationship with one or more Potential Beneficiaries.
Working day	All calendar days except for Saturdays, Sundays and other days on which the Italian Stock Exchange is not typically open for normal business.
Group	Banca Generali and its Subsidiaries.
Key Personnel	Persons identified by the Bank as included in the category of key personnel within the meaning of applicable regulations: Only for the purposes of this Information Document, the definition also includes the parties, other than those indicated above, who are identified as Key Personnel by Subsidiary Companies that are required to adopt specific remuneration policies pursuant to local and/or industry regulations.
Remuneration Policies	The Bank's <i>pro tempore</i> Remuneration Policies.
Potential Beneficiaries	Persons included among the Group's Key Personnel who, according to the Circular and Remuneration Policies, are eligible for a Bonus.
Professional Relationship	A Relationship of employment and/or directorship and/or agency between a Beneficiary and the Bank or a Subsidiary.
Rules for Issuers	The Rules adopted by Consob by Resolution No. 11971 of 14 May 1999, as amended and extended.
Incentivisation System	The share-based incentivisation system for the year 2018, reserved for the Group's Key Personnel

Share Portion	The portion of a Bonus to be settled in Shares pursuant to the Circular and the Remuneration Policies.
TUB	Italian Legislative Decree No. 385 of 1 September 1993, as subsequently amended.
TUF	Italian Legislative Decree No. 58 of 24 February 1998, as subsequently amended.

1. BENEFICIARIES

The Beneficiaries of the Incentivisation System are persons who qualify as Key Personnel of the Group and who, according to the Circular and Remuneration Policies, are eligible for a Bonus.

1.1 Names of the Beneficiaries who sit on the Board of Directors or on the governing body of the Issuer of the financial instruments, as well as any parent companies or direct or indirect Subsidiaries thereof

At present (and without prejudice to future changes), the Potential Beneficiaries include: (i) Gian Maria Mossa, Chief Executive Officer and General Manager of the Bank; (ii) Andrea Ragaini, Deputy General Manager Wealth Management, Markets and Products, who also holds the position of Chairman of the Board of Directors of the Subsidiary Generfid S.p.A.; (iii) Mario Andrea Beccaria, Executive Director of the Subsidiary BG Fund Management Luxembourg S.A.; (iv) Marylene Alix, General Manager of the Subsidiary BG Fund Management Luxembourg S.A.

The names of the actual Beneficiaries and the other information envisaged in paragraph 1 of Layout 7 of Annex 3A to the Rules for Issuers will be provided according to the methods set out in Article 84-bis, paragraph 5, letter a), of the Rules for Issuers.

1.2 Categories of employees or outside collaborators of the Issuer of the financial instruments, and/or any and all the parent companies and Subsidiaries thereof

The Potential Beneficiaries are employees and collaborators of the Group — without prejudice to future changes — who fall into the categories of heads of functions and main managers of the Group.

The exact names of the actual Beneficiaries and the other information envisaged in paragraph 1 of Layout 7 of Annex 3A to the Rules for Issuers will be duly provided according to the methods and within the terms set out in Article 84-bis, paragraph 5, letter a), of the Rules for Issuers.

1.3 Names of the Beneficiaries of the Incentivisation System belonging to the groups indicated in point 1.3, letters a), b) and c) of Annex 3A, Layout 7, of the Rules for Issuers

The Potential Beneficiaries include persons who belong to the groups indicated in point 1.3, letters a), b) and c) of Annex 3A, Layout 7, of the Rules for Issuers.

In detail, at present (without prejudice to future changes), they include the Bank's Chief Executive Officer and General Manager Gian Maria Mossa and Deputy General Managers Andrea Ragaini e Marco Bernardi.

The names of the actual Beneficiaries and the other information envisaged in paragraph 1 of Layout 7 of Annex 3A to the Rules for Issuers will be provided according to the methods and within the terms set out in Article 84-bis, paragraph 5, letter a), of the Rules for Issuers.

1.4 Description and numerical indication of the Beneficiaries, broken down into the categories indicated in point 1.4, letters a), b) and c) of Annex 3A, Layout 7, of the Rules for Issuers

The Potential Beneficiaries include persons who belong to the groups set out in paragraph 1.4(a)(b)(c), of Annex 3A, Layout 7, of the Rules for Issuers.

The names of the actual Beneficiaries and the other information envisaged in paragraph 1 of Layout 7 of Annex 3A to the Rules for Issuers will be provided according to the methods and within the terms set out in Article 84-bis, paragraph 5, letter a), of the Rules for Issuers.

2. REASONS FOR ADOPTING THE INCENTIVISATION SYSTEM

2.1 Goals pursued through the assignments made under the Plans

The Incentivisation System is intended to allow the Bank to comply with the provisions of the Circular, where they require that part of the variable component of the compensation package of Key Personnel be composed of financial instruments, contingent on sustainable performance conditions.

At the same time, the Incentivisation System allows better alignment of the interests of the Group's management and its Shareholders through attentive management of company risks and pursuit of long-term strategies. In fact, a well-balanced system of remuneration and incentives for the Bank's directors and top management is key to boosting competitiveness and ensuring high-levels of corporate governance over time. Moreover, remuneration, especially with regard to Key Personnel, is useful in terms of attracting and retaining people with the talent and skills best suited to the company's needs.

To this end, the Incentivisation System calls for variable compensation linked to short-term objectives to be 25% paid in Shares.

2.2 Key variables, including performance indicators, taken into consideration in making assignments pursuant to incentive plans based on financial instruments

The Incentivisation System calls for a part of the variable remuneration (25%) of Key Personnel be paid in Shares, upon the satisfaction of the objectives and conditions set out in the current Remuneration Policies.

Variable remuneration is linked to the degree of satisfaction of targets set for the individual objectives, inasmuch as the Incentivisation System is based on the definition and assignment to each Potential Beneficiary of specific, clearly identified objectives, for which a target value is defined, and to each of which a weight is assigned.

In further detail, a percentage portion of the variable remuneration is linked to quantitative objectives pertaining to the results of the Group's Consolidated Financial Statements (including, without limitation, Banca Generali Group's Net Inflows, Fee Income, Cost Income, Consolidated Net Profit, Operating Result, Return on Risk Capital), integrated with risk-adjustment measures. With some exceptions, for the body/bodies charged with the "management" function such objectives contribute to determining a percentage of usually no less than 70% of short-term variable remuneration; for Deputy General Managers, such objectives contribute to determining a percentage of usually no less than 50% of short-term variable remuneration; for other managers and executives, such objectives contribute to determining a maximum of 35% of short-term variable remuneration. The remaining portion of the short-term variable remuneration is linked to the attainment of quantitative and qualitative objectives established in light of the job description of each Beneficiary, with a view to ensuring that the related Bonuses are based, to the extent applicable, on indicators that are as consistent as possible with the decision-making powers vested in each manager. In particular, in relation to the position filled, the quantitative objectives refer to net inflows, revenues and/or cost objectives for which the manager is responsible based on the company budget for the reference year.

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

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

In accordance with the Remuneration Policies for 2018, the award of the Bonus (and thus also of the Shares), in addition to the satisfaction of performance objectives, is contingent upon the following conditions:

- > when the final earnings results for the year are verified, the Group has reached an access gate consisting of two indicators: the Total Capital Ratio¹ (minimum threshold of 13.5%) and Liquidity Coverage Ratio² (minimum threshold of 130%). The access gate does not only condition the Bonus for the year

1 Meaning the Regulatory Capital/Risk Weighted Assets (RWA) (both the variables are subject to regulatory disclosure and specified in the explanatory notes to the financial statements, Part F/Information on Net Equity; the figure considered is the year-end consolidated figure reported to the Bank of Italy).

2 Meaning the ratio between the stock of [1] highly liquid assets (that is to say, easily disposed of for cash on the open market, even during periods of tension, and ideally, subject to placement with a central bank), and [2] the sum total of net outflows during the 30 calendar days following a specified stress scenario; the figure considered is the year-end consolidated figure reported to the Bank of Italy.

- in question, but also, from one year to the next, the portions of Bonuses accrued in previous years and paid out on a deferred basis in subsequent years;
- > the conditions underlying the “malus” mechanisms as identified in the Remuneration Policies in force at the time is assessed at the time of each award;
 - > the cap mechanism aimed at ensuring that the ratio of total variable remuneration to total fixed remuneration remains within the pre-determined limits is observed.

2.3 Elements underlying the determination of remuneration based on financial instruments, or otherwise, criteria for determining the same

Pursuant to the Circular and the Remuneration Policies, the variable remuneration associated with short-term objectives and entailing amounts in excess to the threshold set in the Remuneration Policies of 75,000.00 euros is paid 25% in Shares, according to the following assignment and retention mechanism:

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

If the actual Bonus accrued, also by Key Personnel, is below an indicated threshold, it will be paid in full up-front (part in cash and part in shares) during the year after that of reference, once the Board of Directors has verified earnings results during the year of accrual and satisfaction of the access gate.

In calculating the number of Shares to be assigned, a method is applied where: the numerator is defined as 25% of variable remuneration accrued for the actual achievement of objectives set for the year of reference, and the denominator consists of the Share price (calculated as the average price of the Share over the three months preceding the Board of Directors’ meeting called to approve the draft Financial Statements and the Consolidated Financial Statements for the year prior to that in which the cycle in question starts).

The number of Shares assigned to the Beneficiaries will thus depend on the amount of the Bonuses granted to them.

2.4 Reasons for making assignments under compensation plans based on financial instruments issued by parties other than the Issuer, such as parent companies or Subsidiaries of the latter, or even entities that do not belong to the same corporate group as the Issuer; in the case where the aforesaid financial instruments are not traded on regulated markets, information regarding the criteria used to determine the book value of the same

Not applicable: the Incentivisation System calls for the assignment of Shares of Banca Generali.

2.5 Assessments regarding significant tax and accounting implications that informed the definition of the plan

There were no significant tax and accounting implications that informed the definition of the Incentivisation System.

It should also be noted that the accounting standards call for the assignment of Shares connected to the variable remuneration of Key Personnel to be recognised in the Profit and Loss Account as a cost incurred by the individual companies to which the Beneficiary renders service.

The Incentivisation System calls for the use of own Shares held or to be held by Banca Generali.

The Shares will be subject to taxation and social security contributions in accordance with the applicable legislation in each Beneficiary’s country of tax residence.

2.6 Support for the Plan, if any, from the Special Fund for incentivising workers’ participation in enterprises, mentioned in Article 4, paragraph 112 of Law No. 350 of 24 December 2003

The Incentivisation Plan 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.

3. SHARE ASSIGNMENT APPROVAL PROCEDURE AND TIMING

3.1 Scope of the powers and functions delegated by the Shareholders' Meeting to the Board of Directors for the purpose of implementing the plan

During its meeting of 1 March 2018, the Board of Directors resolved to submit the following proposed resolution to the ordinary session of the Shareholders' Meeting:

“The ordinary General Shareholders' Meeting of Banca Generali S.p.A., convened in ordinary session at the offices of Assicurazioni Generali S.p.A. in Trieste, Via Machiavelli 6,

- > *having regard to the Board of Directors' Report on this item on the Agenda;*
- > *having regard to the Information Document on the share-based Incentivisation System, drafted pursuant to Article 114-bis of the 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 regulations issued by Consob;*

resolves

1. *to approve, pursuant to Article 114-bis of TUF, the adoption of the share-based incentivisation system for Key Personnel, the terms, conditions and mechanisms of which are described in the pertinent information document attached to this report of the Board of Directors, to which reference is made;*
2. *to grant the Chairman of the Board of Directors and the Chief Executive Officer, severally and with the express power to sub-delegate, all of the necessary and appropriate powers to effect complete and full implementation of the Incentivisation System, in accordance with the terms and conditions set out in the information document on the incentivisation plan based on financial instruments, to which reference is made. In making the pertinent decisions, the Board of Directors will act on the basis of a non-binding opinion of the Remuneration Committee and — in the cases set out in Article 2389, paragraph 3, of the Italian Civil Code — after hearing the opinion of the Board of Statutory Auditors.*

The information about the criteria that are adopted by the Board of Directors for the purposes of the decisions implementing the Incentivisation System and the content of such decisions shall be reported according to the methods set out in Article 84-bis, paragraph 5, letter a), of the Rules for Issuers, and in any event in accordance with the laws and regulations applicable from time to time.

3.2 The persons and parties in charge of managing the Plan, and the functions and powers thereof

The Incentivisation System calls for the Board of Directors to be granted all powers necessary to implement the System.

Within the limits of applicable laws and regulations, the Board of Directors may delegate its powers to the Chief Executive Officer or to another Director/other Directors, with the support of the Human Resources Department, and/or grant specific powers to perform one or more of the activities relating to the management of the Incentivisation System.

3.3 Procedures, if any, for revising the Plan, especially in light of changes in the underlying targets

No procedures for revising the Incentivisation System are envisaged.

3.4 Description of the procedures for determining the availability and assignment of the financial instruments underlying the plans

The Incentivisation System calls for a part of the variable remuneration of Key Personnel to be awarded in the form of Shares of Banca Generali upon the satisfaction of the established requirements and conditions.

In calculating the number of Shares to be assigned, a method is applied where: the numerator is defined as 25% of variable remuneration accrued for the actual achievement of objectives set for the year of reference, and the denominator consists of the Share price (calculated as the average price of the Share over the three months preceding the Board of Directors' meeting called to approve the draft Financial Statements and the Consolidated Financial Statements for the year prior to that in which the cycle in question starts).

In order to provide the Bank with the funds necessary to implement the above provisions, the Shareholders' Meeting, convened on 12 April 2018 (first call) and, if need be, on 13 April 2018 (second call), will be asked to authorise the buy-back of Shares, in one or more instalments, within the limits of distributable profits and the unrestricted reserves indicated in the most recent duly approved Financial Statements. Authorisation will be requested for a period of 18 months from the date on which the Shareholders' Meeting passes the resolution. The authorisation to dispose of the Shares in portfolio will be requested without time limits, given the absence of legislative constraints in this regard and the advisability of the utmost flexibility, including from a the standpoint of timing, with regard to the disposal of such Shares.

3.5 Role played by each director in determining the characteristics of the plans; any conflicts of interest experienced by the directors in question

In detail, at present (without prejudice to subsequent changes), the Potential Beneficiaries of the Incentivisation System include the Bank's Chief Executive Officer and General Manager Gian Maria Mossa. The Board resolution assigning the Share Portions will be passed in accordance with the provisions of Article 2391 of the Italian Civil Code and, to the extent applicable, Article 2389 of the Italian Civil Code and Article 53, paragraph 4, of TUB.

3.6 For the intents and purposes of the requirements imposed under Article 84-bis, paragraph 1, the date of the decision adopted by the relevant corporate body to submit the plans to the Shareholders' Meeting for approval, as well as the date of the recommendations, if any, put forward by the Remuneration Committee, if appointed

The Incentivisation System is subject to approval by the Shareholders' Meeting on the proposal of the Board of Directors, authorised on 1 March 2018, following a favourable opinion from the Remuneration Committee on 28 February 2018.

On 1 March 2018, following the favourable opinion from the Remuneration Committee, the Board of Directors resolved to approve the proposed Incentivisation System and submit it for the approval of the Shareholders' Meeting.

3.7 For the intents and purposes of the requirements imposed under Article 84-bis, paragraph 5, subparagraph (a), the date on which the relevant corporate body approved the decision regarding the assignment of the financial instruments, as well as the date of the recommendations, if any, put forward by the Remuneration Committee, if appointed

The publication of the Notice of Calling of the Shareholders' Meeting convened to approve the Incentivisation System is scheduled on 2 March 2018. After this session, if the Shareholders' Meeting approves the Incentivisation System, the Board of Directors will meet to take the decisions necessary to implement the Incentivisation System.

The information required in this respect by Article 84-bis, paragraph 5, letter a), of the Rules for Issuers (or otherwise in accordance with applicable laws and regulations applicable from time to time) but not currently available will be provided in accordance with applicable legislation.

3.8 The market price recorded on the aforesaid dates, in respect of the financial instruments on which the Plans are based, in the event the said financial instruments are traded on regulated markets

The price of reference of the Shares on the electronic share market (MTA) organised and managed by Borsa Italiana S.p.A. at the end of the market session on the date of approval of the proposal by the Board of Directors was 27.2539 euros.

3.9 In the case of plans based on financial instruments traded on regulated markets, the deadlines and procedures pursuant to which the Issuer takes account, in determining the timetable of the assignments made in implementation of the plan, the possible simultaneousness of: (i) said assignment or any decisions made in this regard by the Remuneration Committee; and (ii) the circulation of any relevant information pursuant to Article 114, paragraph 1; for example, if such information: (a) has not yet been published and may positively affect market prices, or (b) has already been published and is liable to negatively affect market prices

The proposal for the Shareholders' Meeting concerning the adoption of the Incentivisation System was approved by the Board of Directors during the meeting of 1 March 2018.

The draft 2017 Financial Statements were approved by the Board of Directors during its meeting of 1 March 2018 and will be submitted for the approval of the ordinary General Shareholders' Meeting convened on 12 April 2018 (first call) and, if need be, on 13 April 2018 (second call), also called to approve the Incentivisation System.

The Shareholders' Meeting that approves the Incentivisation System will not be aware of the consolidated results of the first quarter of the current year, since they will not be available at the scheduled date of the meeting.

Decisions concerning the timing of assignment of the Share Portions will be taken by the Board of Directors with the non-binding prior opinion of the Remuneration Committee.

The Share Portions will not be assigned immediately, but only when the performance objectives have been achieved. The procedure for identifying the Beneficiaries and the one for assigning the Share Portions shall, in any event, comply both with the disclosure obligations to which the Company is subject, so as to provide transparent and equal information to the market, and with the procedures adopted by the Company.

The Potential Beneficiaries include individuals subject to the obligations imposed under internal dealing regulations laid down by Regulation (EU) No. 596/2014 of 16 April 2014 (and related implementing provisions), TUF and the Rules for Issuers. Should the conditions indicated in the aforementioned regulations be met, these individuals are required to make timely disclosure to the market of any and all significant transactions effected on the Shares, pursuant to the above-mentioned regulations.

In addition to the foregoing, the Potential Beneficiaries shall comply with the provisions governing the abuse of inside information or market manipulation laid down in Regulation (EU) No. 596/2014 and the provisions set forth in the "*Code on Inside Information*", to which reference is made.

4. FEATURES OF THE INSTRUMENTS ASSIGNED

4.1 Description of how the share-based compensation plans are structured

The Incentivisation System is based on the assignment of Shares according to the methods illustrated in paragraph 3.4 above.

The right to participate in the Incentivisation System is granted free of charge.

4.2 Specification of the period of actual implementation of the Plan, with an indication of any other cycles that might be contemplated

The Incentivisation System is annual, without prejudice to the fact that the Shares will then also be assigned in subsequent years as a result of the deferral mechanisms set out in the Remuneration Policies illustrated in paragraph 2.3 above.

4.3 End of the plan

The Incentivisation System will expire on the date indicated in point 4.2 above (or on a later date established by the Board of Directors).

4.4 The maximum number of financial instruments, including in the form of options, assigned during each tax year, to the persons specified by name or falling within the specified categories

The maximum number of Shares that may be assigned is 240,000.

4.5 Implementing provisions and procedures of the Plan, indicating if the assignment of financial instruments is subject to the satisfaction of conditions precedent or the attainment of specific results, including in terms of performance; description of the said conditions precedent and results

The assignment of the Bonus (and thus also of the Shares) depends on the achievement of minimum access gates by the Group and the degree of achievement of specific quantitative and qualitative performance objectives assigned to each Potential Beneficiary for the purposes of the accrual of Bonuses, as determined in advance by the competent bodies of the Bank according to the criteria set out in the Remuneration Policies. For further details, reference should be made to paragraphs 2.2 and 2.3 above.

With regard to the criteria for the assessment of the performance levels achieved for Bonus assignment purposes, the results obtained in respect of each objective are verified and duly weighted in the financial year following the year of reference, and the sum of the weighted results achieved in respect of each objective then constitutes the overall performance level which serves as the basis for quantifying the Bonus due, subject to satisfaction of the pre-established access gates to be met in order to qualify for Bonuses (attainment of the minimum threshold affording access to Bonus entitlements). The foregoing procedure is designed to ensure a direct correlation between results obtained and Bonuses earned. The performance levels identified in the objectives are directly linked to the forecasts of the budget approved by the Board of Directors and the achievement of the results, when linked to the earnings results, is verified based on the Consolidated Financial Statements of the Group.

As envisaged in the Circular and the Remuneration Policies, the Bank reserves the right to implement ex-post corrective mechanisms suited, *inter alia*, to reflecting company performance levels net of the risks effectively assumed and to take account of individual behaviour.

In particular, as already illustrated in paragraph 2.2, the conditions underlying the “malus” mechanism as identified in the Remuneration Policies are verified at the time of each assignment.

In addition, claw-back mechanisms apply to incentives granted and/or paid during the year and the previous year to persons who (i) have been found to have committed acts of wilful misconduct or gross negligence resulting in damages to the Bank, (ii) have been found to have engaged in behaviour that resulted in a significant loss for the Bank, and (iii) have not complied with banking transparency and anti-money

laundrying provisions and Remuneration Policies, in accordance with the Supervisory Provisions for Banks and any further provisions set out in the Remuneration Policies applicable from time to time.

4.6 Indication of any retention period for options or financial instruments resulting from the exercise of options, with particular regard to the period within which subsequent transfers to the company or third parties are permitted or restricted

According to the Incentivisation System, a part of the Share Portion is to be assigned when the Bonus vests (the “up front” portion) and the remainder is to be allotted on a deferred basis, over a total period of two years.

The Shares assigned are subject to a retention period of one year from the end of the accrual period.

4.7 Description of any and all conditions pertaining to the assignment of the options in the event the recipients effect hedging transactions aimed at circumventing restrictions imposed on the transferability of the assigned financial instruments, including in the form of options, or of the financial instruments subject to subscription pursuant to the exercise of the said options

In accordance with the Circular, Beneficiaries will be requested — through specific provisions included or referenced to in the contractual documents — not to make use of personal or insurance hedging strategies that may alter or undermine the risk alignment effects inherent in the assignment of the Share Portion.

4.8 Description of the effects arising from termination of the Professional Relationship

In the event of termination of service with the companies of the Group for reasons other than retirement, death or permanent disability, new professional relationship within the Group or termination at the Company's initiative pursuant to corporate restructuring, any and all assigned Shares yet to be actually awarded are deemed forfeited.

4.9 Other possible reasons for which the plan may be cancelled

No other reasons for which the Incentivisation System may be cancelled are envisaged.

4.10 The reasons for the inclusion of provisions, if any, allowing the company to “redeem” the financial instruments covered under the plans, pursuant to Article 2357 et seqq. of the Italian Civil Code; the beneficiaries of the redemption, indicating if the same applies only to specific categories of employees; the repercussions of the termination of the Professional Relationship on the said redemption

The Incentivisation System does not envisage a right of redemption for Banca Generali.

4.11 Any and all loans and other facilities made available for buying-back the Shares, within the meaning of Article 2358 of the Italian Civil Code

No loans or other facilities for the buy-back of the Shares within the meaning of Article 2358, paragraph 3, of the Italian Civil Code are envisaged.

4.12 The company's expected liability exposure as at the date of the assignment in question, as estimated in light of the already established terms and conditions, providing a breakdown of the overall liability exposure in question by type of security covered under the Plan

The cost to the Bank at the assignment date is limited to the use of the number of treasury Shares held and required to cover the maximum cash amount of the Bonus payable in Shares, upon fulfilment of all applicable conditions.

4.13 Description of any dilutive impact the compensation plans may exert on the Share capital

Not applicable.

4.14 Restrictions, if any, imposed on dividend entitlements and the exercise of voting rights

No restrictions are imposed on dividend entitlements and the exercise of voting rights. No dividends are to be collected during the retention period.

4.15 If the Shares are not traded on regulated markets, any and all information useful for a full assessment of their value

Not applicable to the Incentivisation System.

4.16 Number of financial instruments underlying each option

Not applicable to the Incentivisation System.

4.17 Expiry of the options

Not applicable to the Incentivisation System.

4.18 Procedures (American/European), deadlines (for instance, exercise periods), and exercise clauses (such as knock-in and knock-out clauses)

Not applicable to the Incentivisation System.

4.19 Strike price of the option or methods and criteria for determining the strike price, with particular regard to: a) the formula for calculating the strike price on the basis of a given market price (fair market value); and b) the methods for determining the market price of reference for determining the strike price

Not applicable to the Incentivisation System.

4.20 If the strike price departs from the fair market value determined pursuant to the procedures set forth in point 4.19 b above, the reasons for such difference

Not applicable to the Incentivisation System.

4.21 Grounds for applying different strike prices to various Beneficiaries or categories of Beneficiaries

Not applicable to the Incentivisation System.

4.22 If the financial instruments underlying the options cannot be traded on regulated markets, indication of the value attributable to the underlying financial instruments or of the criteria for determining the same

Not applicable to the Incentivisation System.

4.23 Criteria for carrying out the adjustments required in light of extraordinary capital and other transactions entailing changes in the number of the underlying securities (capital increases, extraordinary dividend distributions, splits and reverse-splits of the underlying Shares, mergers and de-mergers, transactions entailing changes in the Share category of the underlying Shares, etc.)

Not applicable to the Incentivisation System.

* * *

The disclosures required under Section 1 of Frame 1 of Table 1 of Layout 7 of Annex 3A to the Rules for Issuers, as well as under Article 84-bis, paragraph 5, of the Rules for Issuers, with regard to incentivisation plans under way, are available for consultation on the Bank's website at www.bancagenerali.com.

The disclosures required under Section 2 of Frame 1 of Table 1 of Layout 7 of Annex 3A to the Rules for Issuers, as well as under Article 84-bis, paragraph 5, of the Rules for Issuers, shall be made available by the deadlines and in the manner and form specified in the aforesaid Article 84-bis, paragraph 5, of the Rules for Issuers.

10. AUTHORISATION TO BUY BACK AND DISPOSE OF TREASURY SHARES IN SERVICE OF REMUNERATION POLICIES; ASSIGNMENT OF POWERS; RELEVANT AND ENSUING RESOLUTIONS

Shareholders,

This illustrative report (the “**Report**”) was prepared in compliance with Annex 3, Layout 4, of Consob Regulation adopted through resolution No. 11971 of 14 May 1999, as further amended and extended (“**Rules for Issuers**”), and was approved by the Board of Directors of Banca Generali S.p.A. (“**Banca Generali**” or the “**Company**”). Pursuant to Articles 2357 and 2357-ter of the Italian Civil Code and Article 132 of Legislative Decree No. 58/1998, as further amended and extended (“**TUF**”), the Board submits to you for examination and approval a motion for authorisation to buy back no more than 577,644 ordinary shares in Banca Generali, and the subsequent disposal of the same, following the revocation of the previous authorisation dated 20 April 2017. At present, the aforesaid shares represent 0.494% of the Company’s share capital.

1. Foreword

The Board of Directors first points out that, pursuant to the provisions set forth in Articles 2357 and 2357-ter of the Italian Civil Code, as well as those under Article 132 of TUF, the Shareholders’ Meeting held on 20 April 2017 authorised the buy-back, in one or more tranches, of a maximum of 411,354 ordinary shares for a period of 18 months, commencing on the date of the aforementioned Meeting (and ending on 20 October 2018).

The previous authorisation called for, *inter alia*, the disposal of the treasury shares for the following purposes:

- > the share-based payment of a portion of Key Personnel’s variable remuneration, in accordance with applicable laws and regulations, in particular the Supervisory Provisions issued by the Bank of Italy on 18 November 2014 concerning remuneration and incentivisation policies and procedures (cf. Bank of Italy Circular No. 285 of 17 December 2013, Supervisory Provisions for Banks, Title IV, Chapter 2, “Remuneration and Incentivisation Policies and Procedures”; or the “**Circular**”);
- > the assignment to the beneficiaries of Banca Generali’s Network Loyalty Plan of a bonus upon the achievement of pre-set objectives, to be paid in shares for a portion not exceeding 50%.

The Board of Directors announces that the aforementioned authorisation has been fully executed by buying back the maximum amount of 411,354 shares throughout 2017.

In light of the above, and considering the shares needed to implement the Bank’s remuneration policies and incentivisation plans in 2018, the Board of Directors deems it appropriate to propose that the Shareholders’ Meeting issue a new authorisation, for a similar period of 18 months, commencing on the date of the relevant resolution.

The following is an overview of the terms and conditions of the buy-back and disposal of treasury shares of the Company, which the Board of Directors submits to you so that the relevant authorisation can be issued by the Ordinary Shareholders’ Meeting convened on 12 April 2018 (first call) and, if need be, on 13 April 2018 (second call) at the offices of Assicurazioni Generali S.p.A. in Trieste, Via Machiavelli 6.

2. Grounds underlying the motion for authorisation to buy back and dispose of treasury shares

The Remuneration Policies of the Banking Group headed by Banca Generali (the “**Banca Generali Group**”), which were drawn up in compliance with the Supervisory Provisions set forth in the Circular and will be submitted to the Shareholders’ Meeting for approval, require a portion of the variable component of remuneration, including any emolument to be granted in view or in the event of early termination of the professional relationship or the position held, be paid by assigning financial instruments in service of the following.

Share-based incentivisation system

Remuneration policies require that the remuneration package for the personnel identified by the Bank as key personnel (“**Key Personnel**”) pursuant to applicable regulations be made of fixed and variable components and that, in accordance with applicable regulatory provisions and the principle of proportionality, 25% of the accrued variable remuneration be paid by assigning Banca Generali’s ordinary shares.

This provision also applies to subjects, other than those mentioned above, who are identified as Key Personnel by subsidiaries that are required to adopt specific remuneration policies in compliance with local and/or industry regulations.

Early severance package

Within the framework of remuneration policies, early severance packages can be defined in case of early termination of the professional relationship or the position held. With regard to Key Personnel, the Circular mainly subjects this mechanism to the regulatory provisions governing the variable component of remuneration and, in particular, envisages, inter alia, that a portion of the consideration to be granted in view or in the event of early termination of the professional relationship or the position held be paid by assigning financial instruments.

Banca Generali S.p.A. has opted to implement this provision through assignment of its ordinary shares.

Long-term incentivisation plan called LTI Plan 2018

In implementation of remuneration policies, it has also been decided to submit for approval to the Shareholders’ Meeting the adoption of a long-term incentivisation plan, based exclusively on shares, called *LTI Plan 2018*, which provides for the assignment to the beneficiaries of a number of Banca Generali shares upon the achievement of certain objectives.

2018 Network Loyalty Plan as part of Banca Generali S.p.A.’s Framework Loyalty Programme

In implementing the Framework Loyalty Programme for *Financial Advisors* and *Relationship Managers*, approved by the Shareholders’ Meeting on 20 April 2017, which governs the 2018 Network Loyalty Plan to be also submitted to the Shareholders’ Meeting, it is provided that a part of the accrued bonus, not exceeding 50%, be settled in Banca Generali shares.

In short, this authorisation is therefore aimed solely at endowing the Company with the resources necessary to implement the aforesaid short- and long-term incentivisation plans and loyalty plans (the “**Plans**”), as well as the payment, in compliance with the applicable legislation, of the compensation agreed upon in view or in the event of early termination of the professional relationship.

3. Maximum number, category and nominal value of the shares covered under the motion for authorisation, in light of the provisions of Article 2357, paragraph 3, of the Italian Civil Code

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

In light of the maximum number of shares that could potentially be allotted within the above-mentioned Plans (equal to 630,000 shares), and considering the number of shares already held by the Company and purchased in previous years (472,575 treasury shares, of which 420,219 currently restricted for use for prior years’ remuneration policies and loyalty plan, and 52,356 currently available), the maximum number of ordinary shares in respect of which the Board of Directors requests the said authorisation stands at 577,644 shares of a nominal value of 1.00 euro each.

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

Pursuant to Article 2357-ter of the Italian Civil Code, as per Legislative Decree No. 139/2015, and to Bank of Italy Circular No. 262/2015, the value of the treasury shares purchased will be recognised in the Balance Sheet of the 2018 Financial Statements as a reduction to net equity in Item 170 of Liabilities.

It must be also borne in mind that as at 31 December 2017, Banca Generali held 472,575 treasury shares, or 0.404% of the Company’s share capital, and that Banca Generali’s subsidiaries hold no shares in their Parent Company. As a result, even if the authorisation is availed of to the fullest extent, the number of trea-

surety shares held by the Company would, in any event, fall well within the limit imposed under Article 2357, paragraph 3, of the Italian Civil Code.

4. Term of the authorisation

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

Authorisation to dispose of treasury shares, whether already held by the Company or to be purchased for the purposes detailed above, is sought without any limitation whatsoever in terms of time, given that there are no regulatory constraints in such regard, and that it appears well-advised to afford management the freest hand possible, including in terms of time, with regard to the disposal of treasury shares.

5. Minimum and maximum price

The minimum purchase price of ordinary shares cannot be lower than the nominal value of the share, equal to 1.00 euro. The maximum purchase price cannot exceed 5% of the reference price of the stock on the trading day preceding the day on which each buy-back is made.

However, in order to assess the maximum impact of the buy-back of treasury shares on Own Funds, the Company will buy back the aforementioned shares at a price not exceeding 41.298 euros per share, corresponding to the closing price of Banca Generali S.p.A.'s stock on 19 March 2018, prudentially increased by 50%.

With regard to the grounds underlying the motion for authorisation, and in particular with reference to the disposal of shares, the said disposal will entail the assignment of treasury shares, free of charge, to Key Personnel of Banca Generali and its subsidiaries as payment — provided that all regulatory requirements and conditions have been met — of the variable component of remuneration, and as settlement, pursuant to applicable legislation, of the compensation agreed upon in view or in the event of early termination of the professional relationship or the position held, and to the beneficiaries of the LTI Plan 2018 and the beneficiaries of the 2018 Network Loyalty Plan, provided, obviously, that any and all conditions, whether regulatory or imposed under the plans, have been met. It must be pointed out that the aforesaid assignment can be also made by granting treasury shares already held by the Company.

6. Buy-back and disposal procedures

Pursuant to Article 144-bis, paragraph 1(b), of the Rules for Issuers, the treasury shares shall be purchased in accordance with the operating procedures set forth in the organisational and operating rules of the markets themselves, so as to ensure equal treatment for all Shareholders. Accordingly, the buy-back shall be made exclusively, including in several tranches, on the regulated market organised and managed by Borsa Italiana S.p.A., pursuant to operating procedures established by the latter which do not allow for the direct matching of buy orders with predetermined sell orders.

As described in point 5 above, the disposal of shares will entail the assignment of treasury shares, free of charge, to Key Personnel of Banca Generali and its subsidiaries, and the beneficiaries of the Plans, provided, obviously, that all regulatory requirements and plan provisions have been met.

The buy-back and disposal of treasury shares shall be performed in compliance with the provisions set forth by EU Regulation No. 596/2014 and the Commission Delegated Regulation No. 1052/2016, where applicable.

* * *

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

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

- > *having regard to Articles 114-bis and 132 of Legislative Decree No. 58 of 24 February 1998, as further extended and amended;*
- > *having regard to Articles 2357 and 2357-ter of the Italian Civil Code;*
- > *having acknowledged that the number of shares in Banca Generali currently held by the Company and its*

- subsidiaries fall well within the limit imposed under Article 2357, paragraph 3, of the Italian Civil Code;*
- > *having regard to the Board of Directors' Report on this item on the Agenda;*
 - > *having regard to the Financial Statements for the year ended 31 December 2017, that have just received Shareholder approval;*
 - > *having heard the favourable opinion of the Board of Statutory Auditors;*

resolves

- 1) *to revoke, to the extent not executed, the previous authorisation of 20 April 2017, and to authorise, within the meaning of Articles 2357 and 2357-ter of the Italian Civil Code, the buy-back of no more than 577,644 ordinary shares issued by Banca Generali S.p.A., of a nominal value of 1.00 euro each, as well as the disposal, in one or more tranches, of the treasury shares, including those purchased upon implementation of this resolution, subject to the following terms and conditions:*
 - a) *the authorisation is limited to acquisitions to be effected for the purposes specified;*
 - b) *the minimum purchase price of ordinary shares cannot be lower than the nominal value of the share, equal to 1.00 euro. The maximum purchase price cannot exceed 5% of the reference price of the stock on the trading day preceding the day on which each buy-back is made; in any event, the Company shall purchase the aforementioned shares at a price not exceeding 41.298 euros per share, corresponding to the closing price of Banca Generali S.p.A.'s stock on 19 March 2018, prudentially increased by 50%;*
 - c) *authorisation for buy-back is granted for eighteen months as of the date of approval of this resolution, whilst authorisation for disposal is granted without any time limit whatsoever, and can be exercised in one or more tranches, in order to enable the achievement of the specified objectives;*
 - d) *the buy-back will be carried out within the limits of distributable profits and unrestricted reserves, as per the latest duly approved Financial Statements;*
 - e) *treasury share buy-back will be made, pursuant to Article 144-bis, paragraph 1(b), of the Rules for Issuers, in accordance with the operating procedures set forth in the organisational and operating rules of the markets themselves, so as to ensure equal treatment for all Shareholders. Accordingly, the buy-back shall be made exclusively, including in several tranches, on regulated markets organised and managed by Borsa Italiana S.p.A., pursuant to operating procedures established by the latter which do not allow for the direct matching of buy orders with predetermined sell orders;*
- 2) *to determine that Banca Generali S.p.A.'s treasury shares and the shares purchased as per resolution in point 1 above may be granted, in whole or in part, without any time limit whatsoever and free of charge, to the personnel identified by Banca Generali S.p.A. as falling within the category of Key Personnel pursuant to the applicable laws and regulations and those identified as Key Personnel by subsidiaries that are required to adopt specific remuneration policies in compliance with local and/or industry regulations, the beneficiaries of the 2018 Network Loyalty Plan and the beneficiaries of the long-term incentivisation plan called LTI Plan 2018 — provided that any and all regulatory requirements and conditions have been duly met —, as well as for the purposes of the payment of the variable component of remuneration — provided that any and all regulatory requirements and conditions have been duly met — and the consideration agreed upon, in compliance with applicable legislation, in view or in the event of early termination of the professional relationship or the position held;*
- 3) *to authorise the Chief Executive Officer, with powers of sub-delegation to:*
 - > *proceed with the execution of this resolution, also by, inter alia, identifying the reserve funds to compose the negative item in equity, as contemplated under Article 2357-ter of the Italian Civil Code, in accordance with legal provisions, as well as to also use treasury shares that, at present, are already held by the Company, for the purposes specified herein;*
 - > *establish the procedures, timetable and all the executive and other terms, with a view to ensuring the optimal execution of this resolution, effecting for such purpose any and all related assessments and checks, and proceeding with any and all related formalities, filings and submissions, without exclusion or exception whatsoever”.*

Milan, 20 March 2018

The Board of Directors

Banca Generali S.p.A.

Registered office
Via Machiavelli 4 - 34132 Trieste

Share capital
Authorised 119,378,836 euros
Subscribed and paid 116,851,637 euros

Tax code, VAT No. and Trieste register
of companies 00833240328

Company managed and coordinated
by Assicurazioni Generali S.p.A.
Bank which is a member of the Interbank
Deposit Protection Fund Registration
with the bank register of the Bank of Italy
under No. 5358
Parent Company of the Banca Generali Banking
Group registered in the banking group register
ABI code 03075.9

BANCA GENERALI S.P.A.

REGISTERED OFFICE
Via Machiavelli, 4
34132 Trieste

MILAN HEAD OFFICE
Via Ugo Bassi, 6
20159 Milan
+39 02 6076 5411

TRIESTE HEAD OFFICE
Corso Cavour, 5/a
34132 Trieste
+39 040 7777 111