

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

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

Shareholders,

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

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

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

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

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

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

2. Maximum number, category and nominal value of the shares covered under the motion for authorisation, in light of the provisions of Article 2357, paragraph 3, of the Italian Civil Code

The acquisition for which authorisation is requested may be effected in one or more tranches, and refers to ordinary shares in the Company, of a par value of 1.00 euro each. In light of the maximum number of shares that could potentially be allotted, the maximum number of shares to be acquired, in one or more tranches, may be estimated at no more than 88,213.

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

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

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

In such regard, it must be borne in mind that as at 31 December 2014, Banca Generali held 10,071 treasury shares (covering the stock granting plan originally approved in 2001, in favour of the Financial Advisors of the former Prime Consult network), or 0.0087% of the Company's share capital, and that Banca Generali's subsidiaries held no shares whatsoever in their Parent Company. As a result, even if the authorisation is availed of to the fullest extent, the number of treasury shares held by the Company would, in any event, fall well within the limit imposed under the third paragraph of Article 2357 of the Italian Civil Code.

3. Term of the authorisation

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

Authorisation to dispose of treasury shares, whether already held by the Company (in excess of requirements to service the stock granting plan in favour of the Financial Advisors of the former Prime Consult network) or to be acquired for the purposes detailed

above, is sought without any limitation whatsoever in terms of time, given that there are no regulatory constraints in such regard, and that, moreover, it appears well-advised to afford management the freest hand possible, including in terms of time, with regard to the disposal of treasury shares.

#### 4. Minimum and maximum price

The minimum purchase price of ordinary shares cannot be lower than the nominal value of the share, equal to 1.00 euro. The maximum purchase price cannot exceed 5% of the reference price of the stock on the trading day preceding the day on which each acquisition is made.

#### 5. Acquisition procedures

Pursuant to Article 144-*bis*, paragraph 1(b), of the Rules for Issuers issued by CONSOB with Resolution No. 11971 of 14 May 1999 as amended, the treasury shares shall be acquired in accordance with the operating procedures set forth in the organisational and operating rules of the markets themselves, so as to ensure equal treatment for all shareholders. Accordingly, the acquisitions shall be made exclusively, including in several tranches, on the regulated market organised and managed by Borsa Italiana S.p.A., pursuant to operating procedures established by the latter which do not allow for the direct matching of buy orders with predetermined sell orders.

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

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

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

- having regard to Articles 114-*bis* and 132 of Legislative Decree No. 58 of 24 February 1998, as extended and amended;
- having regard to Articles 2357 and 2357-*ter* of the Italian Civil Code;
- having acknowledged that the number of shares in Banca Generali currently held by the Company and its subsidiaries fall well short of one-fifth of the Company's share capital;
- having regard to the Board of Directors' Report on this item on the agenda;
- having regard to the Financial Statements for the year ended 31 December 2014, that have just received Shareholder approval;
- having heard the favourable opinion of the Board of Statutory Auditors;

resolves

- 1) to authorise, within the meaning of Articles 2357 and 2357-*ter* of the Italian Civil Code, the acquisition of no more than 88,213 ordinary shares issued by Banca Generali S.p.A., of a nominal value of 1.00 euro each, as well as the disposal of the same, together with those acquired on the basis of previous authorisations to acquire treasury shares, subject to the following terms and conditions:
  - a) the authorisation is limited to acquisitions to be effected for the purposes specified;
  - b) the minimum purchase price of ordinary shares cannot be lower than the nominal value of the share, equal to 1.00 euro. The maximum purchase price cannot exceed 5% of the reference price of the stock on the trading day preceding the day on which each acquisition is made;
  - c) authorisation for acquisition is granted for eighteen months as of the date of approval of this resolution, whilst authorisation for disposal is granted without any time limit whatsoever, in order to enable the achievement of the specified objectives;
  - d) the purchase will be carried out within the limits of distributable profits and unrestricted reserves, as per the latest duly approved financial statements;
  - e) acquisitions are made, pursuant to Article 144-*bis*, paragraph 1(b), of the Rules for Issuers, in accordance with the operating procedures set forth in the organisational and operating rules on the markets themselves, so as to ensure equal treatment for all Shareholders. Accordingly, the acquisitions shall be made exclusively, including in several tranches, on regulated markets organised and managed by Borsa Italiana S.p.A., pursuant to operating procedures established by the latter

which do not allow for the direct matching of buy orders with predetermined sell orders;

- 2) to determine that the treasury shares may be granted, without any time limit whatsoever, free of charge, to the Key Personnel identified in the Remuneration and Incentivisation Policy, provided that any and all conditions, whether regulatory or imposed under the Policy itself, for entitlement to the variable component of remuneration, have been duly met;
- 3) to authorise the Chief Executive Officer, with powers of sub-delegation:
  - to proceed with the execution of this resolution, also by, *inter alia*, identifying the reserve funds from which the restricted reserve amount, contemplated under Article 2357-ter of the Italian Civil Code, is to be drawn, in accordance with legal provisions, as well as to also use treasury shares already currently held by the Company, for the purposes specified herein;
  - to establish the procedures, timetable and all the executive and other terms, with a view to ensuring the optimal execution of this resolution, effecting for such purpose any and all related assessments and checks, and proceeding with any and all related formalities, filings and submissions, without exclusion or exception whatsoever."

Trieste, 10 March 2015

THE BOARD OF DIRECTORS