

## ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETINGS - 23, 24 APRIL 2015

### BOARD OF DIRECTORS' REPORTS AND MOTIONS FOR RESOLUTIONS

#### ON THE ITEMS ON THE AGENDA

##### Ordinary Session

##### **1. Financial Statements at 31 December 2014 and allocation of the profit for the year; relevant and ensuing resolutions.**

At the General Meeting, Shareholders will be called upon to approve the Financial Statements of the Company for the year ended 31 December 2014.

The unit dividend proposed for 2014 will be € 0.98 euros per share (totalling 113,431,103.00 euros).

Conditional upon Shareholders' approval, the dividend will be paid as of 20 May 2015, with ex-dividend date on 18 May 2015, to the shares that on record date 19 May are entitled to dividends.

##### **2. Remuneration Report: Banking Group's remuneration policies and report on the application of remuneration policies in 2014.**

With a view to reinforcing minimum standards of organisation and corporate governance, and ensuring "sound and prudent management" (Article 56 of Legislative Decree No. 385/1993), by provision No. 264010 of 4 March 2008, entitled "Supervisory Provisions Concerning Banks' Organisation and Corporate Governance", the Bank of Italy established a regulatory framework under which corporate governance is to play a central role in defining corporate strategies and risk assessment and management policies within the banking and financial industry. In order to further strengthen this central role, on 6 May 2014, the Bank of Italy issued its new provisions concerning corporate governance, whereby it endorsed the new framework on corporate governance introduced by Directive 2013/36/UE, the so-called CRD IV (cf. first update of Circular Letter No. 285 of 17 December 2013 — hereinafter "Circular 285" — Supervisory Provisions Concerning Banks, Title IV "Corporate Governance, Internal Control, Risk Management", Chapter I "Corporate Governance").

As the CRD IV expressly provides for remuneration and incentivisation policies and procedures to be determined as part of the organisational and corporate governance functions of banks and oversight activities thereof to be performed by regulatory authorities, the Bank of Italy updated the provisions on corporate governance and also updated the provisions on remuneration policies and procedures (adopted in March 2011). This process led to the publication on 20 November 2014 of the 7<sup>th</sup> update to Circular Letter No. 285 dated 17 November 2013 which incorporated Chapter 2 "Remuneration and Incentivisation Policies and Procedures" under Part I, Title IV "Corporate Governance, Internal Control, Risk Management".

The aforementioned provisions, implementing the CRD IV Directive sets 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.

The objective of the regulation is to promote — 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.

At the same time, 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 remuneration report, without prejudice to the remuneration-related obligations imposed under industry-specific regulations applicable by reason of activity carried out.

In this structured 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 policies applicable to oversight, management and control bodies and functions, as well as to personnel;
- ii) the General Shareholders' Meeting itself shall be provided information on the procedures through which remuneration policies were applied and implemented (so-called "ex-post information").

The above-mentioned Report, to be submitted to the General Shareholders' Meeting, is made up of two sections: the first section explains the remuneration and incentivisation policies of the Company and the Group, and the second section illustrates the methodologies used to implement such policies in 2014 and discloses the remuneration actually paid.

### **3. Motion to raise the ratio of the variable to fixed component of remuneration to 2:1.**

Having recalled that on 18 November 2014 the Bank of Italy published the 7<sup>th</sup> update to Circular Letter No. 285 "Supervisory Provisions for Banks", which became effective on 3 December 2014, incorporating the provisions of Directive 2013/36/EU (so-called CRD IV) on remuneration and incentivisation policies and practices, thus amending the supervisory provisions on remuneration and incentivisation practices within banks and banking groups — in line with the requirements set forth by Article 23 of Law No. 262 dated 28 December 2005, and with the aim of accounting for the application practices and market developments — the new regulations on remuneration and incentivisation policies and practices envisage, *inter alia*:

- the introduction, for Key personnel only, of a maximum limit of 1:1 for the ratio of the variable to fixed component of remuneration;
- the power granted to the General Shareholders' Meeting for raising the said ratio above the level established in the preceding point, provided that certain conditions are met and in any event, up to no more than 2:1;

By virtue of the above, the General Shareholders' Meeting will be submitted a motion to raise the ratio of the variable to fixed component of remuneration, for a limited number of specifically identified persons, in light of the reasons and considerations made in the Board of Directors' Illustrative Report.

### **4. Appointment of the Board of Directors for the financial years ending 31 December 2015, 2016 and 2017, with prior determination of the number of Directors to be appointed; relevant and ensuing resolutions.**

With the approval of the Financial Statements for the year ended 31 December 2014, the mandate of the Company's Directors, conferred by the General Shareholders' Meeting on 24 April 2012 for the three-year period 2012-2014, as integrated by resolutions of the General Shareholders' Meetings of 24 April 2013 and 23 April 2014, will come to an end.

It should be recalled that pursuant to the Articles of Association, the Board of Directors is made up of no less than 7 (seven) and no more than 12 (twelve) members appointed based on lists of candidates.

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 Article 37, paragraph 1(d), and paragraph 1-*bis* of the Regulation adopted by CONSOB through Resolution No. 16191 of 29 October 2007, 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, for the next Board of Directors, at least one fifth of the members shall be elected from the less represented gender.

The new Board of Directors will remain in office until the date of the General Shareholders' Meeting which will be called to approve the Financial Statements for the year ending 31 December 2017.

In accordance with the provisions of the Circular Letter 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 Remuneration and Nomination Committee, the Board of Directors has defined the optimal composition of the Board of Directors in terms of quality and quantity of its members.

As regards the appointment of the Board of Directors, please refer to the provisions of Article 15 of the Articles of Association, published in the Corporate Governance section of the corporate website at [www.bancagenerali.com](http://www.bancagenerali.com). In any event, please note the following:

- standing to submit lists: only Shareholders who, separately or jointly with other Shareholders, represent at least 1.00% of capital with voting rights in ordinary Shareholders' Meetings are entitled to submit lists.

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, on pain of disqualification of the list;

- methods of submission of lists: lists shall contain a number of candidates not 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. Each list shall be drawn up in a manner that ensures the gender balance, in compliance with the applicable regulations in force. Each candidate may appear on only one list, upon penalty of ineligibility. Lists must be submitted with information concerning the shareholders submitting them, along with an indication of the overall percentage of share capital held by said Shareholders, and accompanied by the documents set forth in Article 15 of the Articles of Association. Lists for appointing the Board of Directors may be filed by delivering them to the Company's registered office in Trieste at Via Machiavelli 4, for the attention of the Head of Corporate Governance and Risks Area (phone: +39 040 777502), or alternatively to the certified electronic mail address [corporate@pec.bancagenerali.it](mailto:corporate@pec.bancagenerali.it);

- deadlines for the submission of lists: lists, signed by Shareholders with standing, accompanied by the documentation required by the Articles of Association, must be filed no later than the 25<sup>th</sup> day prior to the scheduled date of the first calling of the General Shareholders' Meeting, i.e., by 29 March 2015; certifications from authorised brokers attesting to the collective ownership interest held as at the date of filing of the list may be delivered to the Company by 2 April 2015.

Information on the lists and candidates are available on the corporate website [www.bancagenerali.com](http://www.bancagenerali.com), under Section *Corporate Governance/AGM*.

The General Shareholders' Meeting will be invited to pass a resolution on the appointment of the members of the Board of Directors, with prior determination of the number of Directors to be appointed, by voting for one of the lists submitted by entitled parties, pursuant to the Articles of Association. The first candidate on the list obtaining the highest number of votes shall be appointed Chairman.

#### **5. Determination of the remuneration of the members of the Board of Directors for financial years ending 31 December 2015, 2016 and 2017, pursuant to Article 2389 of the Italian Civil Code and Article 13 of the Articles of Association.**

The General Shareholders' Meeting will be called upon to resolve, pursuant to Article 2389, paragraph 1, of the Italian Civil Code and Article 13, paragraph 2, of the Articles of Association, on the remuneration of the corporate bodies appointed by it.

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.

The General Shareholders' Meeting will therefore be called upon to pass a resolution on the motion to:

- establish, for the entire three-year term of office of the Board of Directors, and therefore, through to the actual approval of the financial statements for the financial year ending 31 December 2017, the remuneration due to each member of the Board of Directors (save for the Chairman) at 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;

- establish, for the entire three-year term of office of the Board of Directors, and therefore, through to the actual approval of the Financial Statements for the financial year ending 31 December 2017, 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 his duties.

## **6. Appointment of the Board of Statutory Auditors and its Chairman for financial years ending 31 December 2015, 2016 and 2017 and determination of the annual remuneration of the Statutory Auditors; relevant and ensuing resolutions.**

Upon approval of the Financial Statements for the year ended 31 December 2014, the term of office of the Company's Statutory Auditors, conferred by the General Shareholders' Meeting on 24 April 2012 for the three-year period 2012-2014, will come to an end.

The Board of Statutory Auditors consists of 3 Regular Auditors and 2 Alternate Auditors who may be re-elected when their period of office expires.

The new Board of Statutory Auditors will remain in office until the date of the General Shareholders' Meeting which will be called to approve the financial statements for the year ending 31 December 2017.

As regards the appointment of the Board of Statutory Auditors (and of its Chairman), which will take place on the basis of lists of candidates, please refer to the provisions of Article 20 of the Articles of Association, published in the Corporate Governance section of the Company's website at [www.bancagenerali.com](http://www.bancagenerali.com). In any event, please note the following:

- standing to submit lists: only Shareholders who, separately or jointly with other Shareholders, represent at least 1.00% of capital with voting rights in ordinary Shareholders' Meetings are entitled to submit lists.

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, on pain of disqualification of the list;

- methods of submission of lists: lists shall be 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 list shall be drawn up in a manner that ensures the gender balance, in compliance with the applicable regulations in force. Each candidate may appear on only one list, upon penalty of ineligibility. Lists must be submitted with information concerning the shareholders submitting them, along with an indication of the overall percentage of share capital held by said Shareholders, and accompanied by the documents set forth in Article 20 of the Articles of Association. Lists for appointing the Board of Statutory Auditors may be filed by delivering them to the Company's registered office in Trieste at Via Machiavelli 4, for the attention of the Head of Corporate Governance and Risks Area (phone: +39 040 7777502), or alternatively to the certified electronic mail address [corporate@pec.bancagenerali.it](mailto:corporate@pec.bancagenerali.it);

- deadlines for the submission of lists: lists, signed by Shareholders with standing, accompanied by the documentation required by the Articles of Association, must be filed no later than the 25<sup>th</sup> day prior to the scheduled date of the first calling of the General Shareholders' Meeting, i.e., by 29 March 2015. Certifications from authorised brokers attesting to the collective ownership interest held as at the date of filing of the list may be delivered to the Company by 2 April 2015. If at the above deadline no list has been filed, only a single list has been filed or lists have only been filed by Shareholders related to one another pursuant to Article 144-*quinquies* of CONSOB Resolution No. 11971/1999, the deadline for submitting lists shall be extended by an additional three days, and lists may therefore be submitted until 1 April 2015. In this case, the percentage interest required to submit a list shall be reduced to 0.50% of capital with voting rights in ordinary Shareholders' Meetings.

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.

Information on the lists and candidates are available on the corporate website [www.bancagenerali.com](http://www.bancagenerali.com), Section *Corporate Governance/AGM*.

Moreover, a proposal will be made to grant a gross annual remuneration of 40,000.00 euros for the Chairman of the Board of Statutory Auditors, and 30,000.00 euros for each Regular Auditor, over and above the refund of expenses incurred in the performance of their duties.

## **7. Appointment of the independent auditors for the financial years 2015-2023; relevant and ensuing resolutions; delegated powers.**

The approval of the Financial Statements at 31 December 2014 will mark the end of the engagement of the independent auditors Reconta Ernst & Young.

Given that the current engagement cannot be renewed, the General Shareholders' Meeting will be invited to pass a resolution on the engagement of a different independent auditing firm, pursuant to Legislative Decree No. 39 of 27 January 2010.

The Bank's Board of Directors therefore submits to the General Shareholders' Meeting, for its examination and approval, the motion, duly supported by a statement of grounds, raised by the Board of Statutory Auditors, on the appointment of the independent auditors for the financial years 2015-2023.

The Board of Directors proposed to engage the independent auditing firm BDO S.p.A. for the 2015-2023 nine-year period.

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

The General Shareholders' Meeting will be submitted 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 and also of the 10,071 treasury shares already held, in one or more tranches.

The motion for authorisation to dispose of the above-mentioned shares is made with a view to implementing the remuneration and incentivisation policy submitted for approval to the General Shareholders' Meeting. In fact, the regulatory framework requires a portion of the variable component of remuneration to be paid in the form of financial instruments. Therefore, the payment of such variable component — provided there are the legal and factual prerequisites thereof — shall be made by the granting of Banca Generali S.p.A.'s ordinary shares.

## **Extraordinary Session**

### **1. Amendments to Articles 13 and 20 of the Articles of Association; relevant and ensuing resolutions.**

The General Shareholders' Meeting will be submitted a motion to amend Article 13 (regarding the tasks reserved to the competence of the General Shareholders' Meeting) and Article 20 (regarding the requisites concerning the members of the Board of Statutory Auditors) of the Articles of Association. The proposed amendments arise from the need to formally bring these Articles in line with: (i) the rules introduced by the Bank of Italy with the 7<sup>th</sup> update of Circular Letter No. 285 dated 17 December 2013 "Instructions on the remuneration and incentivisation policies and practices of banks and banking groups", and (ii) the provisions of the Organisational and Management Model adopted by Banca Generali by the Board of Directors' resolution of 1 April 2014, for the prevention purposes contemplated under Legislative Decree No. 231/01, with special reference to the assignment of functions of the Supervisory Board to the Control Board.

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The website [www.bancagenerali.it](http://www.bancagenerali.it), under Section *Corporate Governance/AGM*, provides further information on the Financial Statements of the Bank for the year ended 31 December 2014 and the other items on the Agenda.