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Financial Statements at 31 December 2015 and Allocation of the Profits for the Year; Relevant and Ensuing Resolutions

Shareholders,

Net profit for the year was 184,291,551.00 euros. In submitting the Financial Statements for the year ended 31 December 2015 for your approval, we propose allocating the net profit for the year as follows:

> net profit for the year	€	184,291,551.00
> to legal reserve	€	74,353.00
> to retained earnings	€	44,980,378.00
> a dividend of 1.20 euro per each of the 116,030,683 outstanding ordinary shares, including the portion attributable to treasury shares, as per Article 2357-ter of the Italian Civil Code totalling	€	139,236,820.00

We also propose to pay out dividends as of 25 May 2016 (payment date), net of any legal withholdings applicable in compliance with statutory provisions, with ex-dividend date on 23 May (ex date) and with payment to shares that on the record date 24 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 2015, 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 116,127,860 euros and is divided into 116,127,860 shares of a par value of 1.00 euro each, and that, as of today, treasury shares total 97,177;
- > 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 2015;
- 2) to allocate the net profits for 2015, amounting to 184,291,551.00 euros, as follows:

> net profit for the year	€	184,291,551.00
> to legal reserve	€	74,353.00
> to retained earnings	€	44,980,378.00
> distribution of a cash dividend to shareholders, in the amount of 1.20 euro per each of the 116,030,683 outstanding shares, including the portion to be assigned to treasury shares, as per Article 2357-ter of the Italian Civil Code, for a total amount	€	139,236,820.00
- 3) to approve the payment of the dividend, net of any legal withholdings applicable in compliance with statutory provisions, as of 25 May 2016 (payment date), ex coupon 10 on 23 May 2016 (ex date), and entitlement to dividends set on record date 24 May 2016;
- 4) to vest the Chairman of the Board of Directors and the Chief Executive Officer, 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, 10 March 2016

The Board of Directors

REMUNERATION POLICIES: BANKING GROUP'S REMUNERATION AND INCENTIVISATION POLICIES AND REPORT ON THE APPLICATION OF THE SAID POLICIES IN 2015

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 Letter No. 285 of 2003, 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;
- > applying regulatory technical standards (hereinafter also RTS) issued by the European Commission, upon proposal of EBA and regarding: (i) the qualitative and quantitative criteria for identifying Key Personnel; and (ii) the characteristics of the financial instruments to be used for the payment of variable remuneration;
- > 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, we therefore call your attention on the attached Remuneration and Incentivisation Report, made up 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 2015, and specifies the emoluments actually paid.

In referring you to the attached document 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 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 compatibi-

lity 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 mitigating 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 attached document therefore provides a summary of the results of the aforesaid checks which confirm (i) the compatibility of the Banking Group's remuneration and incentivisation policies for 2015 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 23 April 2015.

Lastly, we remind the attendees that pursuant to the Bank of Italy's Supervisory Provisions, the Remuneration Committee is required to report to corporate bodies, including the General Shareholders' Meeting, on the activities undertaken by the said committee in respect of remuneration and incentivisation policies and that such report is also included in the attached document.

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's Circular Letter 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 and Incentivisation Report prepared pursuant to Article 123-ter of Legislative Decree No. 58 of 24 February 1998 and the Bank of Italy's Circular Letter 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 and Incentivisation Report on the implementation in 2015 of the remuneration policies approved by the General Shareholders' Meeting on 23 April 2015 and

resolves

- 1) to approve the First and Second Sections of the Remuneration and Incentivisation 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 or more of its members to concretely implement such policies."

Milan, 24 March 2016

The Board of Directors

Remuneration Report: Banking Group's Remuneration and Incentivisation Policies And Report on the Application of Remuneration and Incentivisation Policies in 2015

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SECTION I - 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.

Appropriate systems of rewards and incentives for the Bank's Directors and Top Management are deemed key to boosting the company's competitiveness and ensuring corporate governance.

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.

SUMMARY OF REMUNERATION APPROACH

Main drivers of remuneration and incentivisation policies in 2016

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

In application of our Remuneration Policy's principles, on which 2015 projections were 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 Letter No. 285 of 17 December 2013., as further amended and extended;
- > 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

- > In compliance with Bank of Italy's provisions, definition of Key Personnel in line with RTSs (*Regulatory Technical Standards*) issued by the European Commission upon EBA's proposal;
- > 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 and with the support of the Remuneration Committee, the Company's Board of Directors carried out a self-assessment based on qualitative and quantitative criteria 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. The aforementioned self-assessment identified a total of 33 persons (including Financial Advisors authorised to make off-premises offers) within the entire Banking Group.

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;
- > Implementation of a job grading survey based on Towers Watson methodology involving key company functions.

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 with administrative, commercial or asset-management responsibilities. 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;
- > Use of the economic/financial objectives of the Bank and the reference Group as basis to define the objectives of 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 Banking 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 23 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 2016, 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 23 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 2015 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.

SECTION II - BANKING GROUP'S REMUNERATION AND INCENTIVISATION POLICIES

1. Remuneration Policy Objectives

Banca Generali's remuneration policies are 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.

Appropriate systems of rewards and incentives for the Bank's Directors and Top Management are deemed key to boosting the company's competitiveness and ensuring corporate governance. 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, Banca Generali's remuneration policy is determined in compliance with:

- > **the Banking Group's mission**, 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 management functions, as well as amongst the different company structures;
 - the proper implementation of appropriately designed processes underlying the prevailing risk management and control system;
- > **the sustainability strategy**, 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 conducive to excess risk-taking.

The resulting remuneration policy promotes the aforesaid mission, values, 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 above-mentioned elements, 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 on 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 policies are drafted in compliance with the following regulatory contents and provisions:

- 1) the **Provisions governing remuneration and incentivisation policies and practices** (7th update of Circular Letter No. 285 dated 17 December 2013¹, 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;
- 2) **Article 84-quater of the Rules for Issuers** (Consob Resolution No. 11971/99) 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 the Finance Consolidation Law (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;
- 3) the **Corporate Governance Code for Listed Companies**, most recently updated in July 2015, which 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 and governance provisions applicable to issuers.

1 This update repeals the Order of March 2011 and is largely aimed at adopting the changes introduced by Directive No. 2013/36/EU (known as CRD IV), approved on 26 June 2013. The new provisions include changes mainly aimed at: i) introducing a maximum limit of 1:1 for the ratio of the variable to the fixed component of remuneration, only for Key Personnel; ii) granting the Shareholders' Meeting the power of raising the said ratio above the level established in the preceding point, provided that certain conditions are met and up to no more than 2:1; iii) reinforcing provisions governing ex-post adjustment mechanisms for risks (malus and claw-back), based on which qualitative indicators tied to the personnel's conduct were added to the currently envisaged quantitative indicators tied to the achievement of results; iv) establishing limits on variable remuneration where banks fail to observe specific capital requirements; v) applying regulatory technical standards (hereinafter also RTS) issued by the European Commission, upon EBA proposal, regarding: (i) the qualitative and quantitative criteria for identifying Key Personnel; (ii) the characteristics of the financial instruments to be used for recognising of variable remuneration; vi) the rules regarding remuneration policies applicable, among other persons, to Financial Advisors; and vii) the revision of other rules set forth in CRD III, such as, for instance, clarifications on the option to pay guaranteed variable remuneration, and the updating of public disclosure and reporting obligations.

2. Persons to Whom Remuneration and Incentivisation Policies Apply

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 is based on the organisational structure approved by the Board of Directors on 24 March 2016, and effective 1 April 2016.

In this context, the assessment for identifying 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.

Moreover, for the purpose of interpretation, consideration was taken of ECB's decisions concerning significant banks issued on 4 September 2014, as well as Assoreti's notice served to the Bank of Italy on 13 January 2014, the subsequent Bank of Italy's reply of 19 November 2014 concerning the rules applicable to Financial Advisors authorised to make off-premises offers.

According to this self-assessment, the above-mentioned category of Key Personnel includes: Chief Executive Officer, General Manager, Central Managers — Area Managers, Heads of main business lines, Heads of control functions, including the Head of the Resources Department, key Network Managers and some Financial Advisors authorised to make off-premises offers. In detail, the Board of Directors identified the following categories of staff as Key Personnel whose professional activities exert or could exert a significant impact on the Bank's risk profile:

- A. Top Management: Chief Executive Officer, General Manager and Central Managers (Head of the Governance Area, Head of the CFO Area, Head of the Bank Area, Head of the Commercial Area);
- B. Other Key Personnel: this category has been determined to include (i) the heads of key operating/company units (main lines of business): Head of the Financial Department, Head of the Lending Department, General Manager of BG Fund Management Luxembourg S.A. (hereinafter BG FML), Executive Director of BG FML, also holding the role of Head of the AM Division of Banca Generali; (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 Banking Division, Head of the Financial Planners Division, Head of the Private Banking Relationship Manager Division;
- C. Heads of control functions: Head of the Compliance and Anti-Money Laundering Department, Head of the Internal Audit Department, Head of Resources Department, Head of Risk Management and Capital Adequacy Department;
- D. Key managers operating in the Bank's distribution networks: Sales Managers Italy, Area Managers and Private Banking Managers;
- E. Financial Advisors authorised to make off-premises offers who at the end of the previous financial year received an overall remuneration (inclusive of fixed and variable components), excluding remuneration arising from participation in entry plans, in excess of 1,000,000.00 euros, in accordance with the provisions of Delegated Regulation (EU) No. 604/2014.

In determining its Key Personnel, the Bank intended to subject certain of its Financial Advisors authorised to make off-premises offers, whose remuneration in 2015 exceeded 750,000 euros, to the provisions of Article 4, paragraph 2, of 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, managing, 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 regular members of the Board of Statutory Auditors, the members of the General Management and the Central Managers.

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 regular 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 or more complex banks, smaller or less complex banks and medium-sized 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, the 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 parachute"); and iii) upon reasoned proposal 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 — in line with the provisions of relevant Shareholders' resolutions, with the support of the Remuneration and Nomination Committee, and after hearing the opinion of the Board of Statutory Auditors — the remuneration of the Directors holding special offices (including the members of Board Committees), as well as the overall remuneration of the General Manager, any other members of General Management, the Central Managers, and the heads of the main business lines and of control functions. 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 an annual 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 Resources Department, the Legal Advisory Department, the Compliance and Anti-Money Laundering Department, the Planning & Control Department, the Risk Management and 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	POSITION
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 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 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 16191/2007.

TASKS OF THE REMUNERATION COMMITTEE

I) providing the Board of Directors with non-binding opinions and recommendations on the determination of the remuneration of the persons holding the positions of Chairman of the Board of Directors and Chief Executive Officer and any other Executive Directors, 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 Head of control functions, in concert with the body with control functions; 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 allotment 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 or Officer

Identifying the objectives to be assigned to individual Managers, 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 governing body or officer (identified based on the powers granted), supported by the Resources Department, the Legal Advisory Department, the Compliance and Anti-Money Laundering Department, the Planning & Control Department, the Risk Management and 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 holding special offices, it being pointed out that the said opinions are provided even with regard to the remuneration of the 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 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 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 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 Resources Department provides technical assistance and prepares the support materials that inform remuneration policies and their implementation.

The Planning & Controlling Department is involved in defining remuneration policies, identifying the quantitative parameters that pertain to the strategic objectives to which the variable component of remuneration is to be correlated, and determining the expense budget.

4. Remuneration and mechanisms for linking Remuneration to Performance

Overall remuneration is made of fixed and variable components, which, in the case of certain managers, may include participation in Stock Option Plans and Long Term Incentive Plans designed to link remuneration to the long-term performance of the company or the corporate 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:

- a) variable remuneration less than or equal to this threshold for personnel in general;
- b) with regard only to individual and specific company functions (Chief Executive Officer, as well as General Manager, Head of the Commercial Area, Head of the Bank Area, Head of AM Division, Head of the Private RM Division, Head of the Private Division, Head of the FP Division, BG FML General Director, 2 Sales Managers Italy, 6 Area Managers, 6 Private Banking Managers), 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, submitted by the deadline set by the Bank of Italy, is 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 commercial areas, 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.

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: as a general rule, this ratio does not exceed 30% for Executive and Professional Areas, except sales staff, and Asset Managers within the AM Division, BG Fiduciaria SIM and BG FML, whose variable remuneration could well account for 100% of overall remuneration, if all assigned target results are achieved.

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 Manager 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, as well as, in the case of 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, stock option 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 include 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 use of **Balanced Scorecards**.

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, the General manager, the Managers and certain Executives. This rule does not apply to Relationship Managers and Asset Managers serving the AM Division, BG FML 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.

In line with the Remuneration Policies and in compliance with the sector-specific regulations in force from time to time, the Board of Directors, having heard the Remuneration Committee, may also consider whether or not it is in the

Company's interest to grant specific Managers, including those falling within the Key Personnel, a **further bonus** of no more than 30% of ordinary maximum short-term variable remuneration of each beneficiary Manager, with a view to rewarding the attainment of particularly challenging, pre-established, and measurable targets.

Entitlement of the said bonus is subject to compliance with all the criteria applicable to the short-term variable compensation components illustrated in the Policy.

Medium-to-long Term Incentivisation: Stock Options and Long Term Incentive Plans

Medium-to-long term variable remuneration is provided through specific tools such as **Stock Option** plans and **Long Term Incentive** plans. In detail, the Long Term Incentive Plan, the use of which is in line with the most widespread practice at the international level, is aimed at pursuing value growth objectives, while also aligning the economic interest of LTI participants with that of the Shareholders. This tool aims to reinforce the relationship between the remuneration of management and expected performance according to the three-year plan (absolute performance), as well as the relationship between remuneration and value generation in relation to a group of **peers** (relative performance); this system is thus used to improve the retention of management.

This tool is also subject not only to access gates, with the result that failure to meet pre-set stability targets entails forfeiture of the related bonus, but also to malus and claw-back mechanisms, as defined here below.

PLANS CURRENTLY UNDERWAY

The following long-term plans are currently underway:

- > a **stock option plan reserved for Relationship Managers of the Private Banking Division, Financial Advisors and Network Managers;**
- > an **LTI plan, which is reserved for specific Managers within Key Personnel and links the variable remuneration to the achievement of long-term objectives set by the Company or the Group for the three-year period in question. The Plan is based on the following fundamental aspects:**
 - it is rolling and divided into cycles, each of which lasts three years;
 - requires that the incentive deriving from the satisfaction of objectives be disbursed through the assignment of shares;
 - defines the objectives on which to render the disbursement of the incentive contingent at the beginning of the three years of reference of each cycle;
 - establishes the number of shares to be assigned at the beginning of each three-year period.

Stability and non-competition agreements

In a specific, limited number of 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 professionals 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.

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:

- a) *Total Capital Ratio*², 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 11.4%;
- b) *Liquidity Coverage Ratio*³, 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 105%.

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 results for the year are recorded. The access gate does not only condition 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 key 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 earnings 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%.

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.

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

2 *Total Capital Ratio* – meaning the Regulatory Capital / Risk Weighted Assets (RWA) (both the variables are subject to regulatory disclosure and specified in the notes and comments to the financial statements, Part F/Information on 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).

3 *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. This ratio, proposed under the regulatory evolution known as Basel 3, is indicative in nature (first application on the basis of figures as of 31 March 2014), and account is taken of the consolidated figures forwarded to the Bank of Italy at the end of the financial year).

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, once the Board of Directors has verified earnings results during the year of accrual and satisfaction of the access gates.

THE REGULATION OF SHARE-BASED REMUNERATION

The foregoing indications must be considered supplemented by the following points:

Beneficiaries

Potential beneficiaries include all the Banking Group's Key Personnel, as defined in paragraph 2.1, a category that currently covers 33 positions. Persons qualifying as Key Personnel include Banca Generali's Chief Executive Officer Piermario Motta; Banca Generali's General Manager and Director of the subsidiary BG Fiduciaria, Gian Maria Mossa; the Chairman of the Board of Directors of the subsidiary Generfid, Andrea Ragaini; the Director of the same subsidiary, Cristina Rustignoli; the Chairman of the Board of Directors of the subsidiary BG Fiduciaria; the Executive Director of the subsidiary BG Fund Management Luxembourg, Mario Andrea Beccaria; and the General Manager of the subsidiary BG Fund Management Luxembourg, Marylene Alix.

Reasons for the shares assignment

In accordance with the Supervisory Provisions set forth in the 7th update of Bank of Italy's Circular Letter 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 21 April 2016.

The Human Resources Department is in charge of overseeing the assignment of shares.

The tasks incumbent on the Board of Directors, the Remuneration Committee and the Chief Executive Officer 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.

Taking due account of the assessment conducted by the Remuneration Committee on 23 March 2016, the following day, 24 March 2016, Banca Generali's Board of Directors approved the Company's Remuneration and Incentivisation Policy under which a portion of the variable remuneration is payable in the form of assignment of shares.

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 2017, 2018 and 2019, subject to a series of conditions. No more than 96,000 shares shall be subject to award.

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.

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 and all assigned shares yet to be actually awarded are deemed forfeited.

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 awarded.

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 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.

The mechanism refers to the variable remuneration instruments awarded from the year in which the cap mechanism was introduced. Consequently, all shares of variable remuneration accrued in years prior to 2015, but not yet disbursed due to deferral, are sterilised for the purposes of this calculation.

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 Bank's detriment, ii) engagement in behaviour that resulted in a significant loss for the Bank, or (iii) 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 Bank's detriment, 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 distribution 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 2015, the group of peer included: Allianz Bank (Allianz Group), Azimut Holding, Banca Fideuram (Intesa Sanpaolo Group), Banca Mediolanum (Mediolanum Group), Credit Suisse Italia, Eurizon Capital (Intesa Sanpaolo Group), Fineco Bank (Unicredit Group), Intesa Sanpaolo Private Banking (Intesa Sanpaolo Group), UBS Italia, Unipol Banca (Unipol Group);
- > 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 positions have already been weighted using the aforesaid methodology.

Lastly, the main benefits of the Group's Managers, Executives 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:

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

5.2 Early Termination Package

Severance benefits are defined pursuant to the applicable regulatory framework, with the exception of the possibility of an agreement with individual corporate 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 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 a maximum amount equivalent to 24 months of 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).

In the event the same person holds the positions of Chief Executive Officer and General Manager, 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 aforesaid amount must be paid in accordance with the above-mentioned Bank of Italy Provisions, with particular regard to provisions governing the connection between performance compensation and risks, the deferral of disbursement and the payment of compensation partly in cash and partly in financial instruments.

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 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 in detail, is linked to **quantitative objectives** pertaining to the results of the Banking Group. In detail:

- > net inflows of the Banca Generali Group;
- > cost /income;
- > consolidated net profit;
- > operating profit;
- > Return on Risk Capital (the ratio between operating profit and risk capital, where the second value represents the amount of own capital that the Bank will have to commit to cover a certain amount of risks).

These objectives contribute to determining no less than 70% of the short-term variable remuneration of the body/bodies responsible for the managing function, and 15% to 35% of the short-term variable remuneration of the other Managers and Executives.

This rule does not apply to Managers and Executives serving as Relationship Managers of the Private RM Division and Asset Managers of the AM Division, BG Fiduciaria and BG FML. This is because, with a view to measuring performance and risks through variables that are as consistent as possible 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 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 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 Head of Governance Area, the Manager in charge of preparing the Company’s financial reports, the Heads of control functions, and the Head of the Resources Department, who are not linked to results entailing value creation for the Company or the 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 earnings 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 Division, as well as a Management by Objectives plan reserved for Asset Managers working in the AM Division, BG Fiduciaria 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 Bank and the 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 member's 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 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

The remuneration of the person who is granted the powers as Chief Executive Officer consists of a recurring fixed remuneration and a short-term variable remuneration, linked to the degree to which the performance objectives expressed in the relevant Balanced Scorecard are achieved. This may reach a maximum of 50% of the fixed remuneration, if the maximum level of total performance objectives is achieved and does not provide for any guaranteed minimum. The principles of deferral, payment in Banca Generali shares, achievement of the access gate, as well as the malus and claw-back mechanisms illustrated above apply to such variable remuneration.

In the event he is a Manager, the Chief Executive Officer also receives an annual gross remuneration (RAL) and a short-term variable remuneration, linked to the degree to which the performance objectives, expressed in the relevant Balanced Scorecard, are achieved. This may reach a maximum of 50% of the RAL, if the maximum level of total performance is achieved and does not provide for any guaranteed minimum. The principles of deferral, payment in Banca Generali shares, achievement of the access gate, as well as the malus and claw-back mechanisms illustrated above apply to such variable remuneration.

In 2016, the Chief Executive Officer may also be assigned a further bonus, in accordance with point 4.2 above.

Moreover, a portion of the variable remuneration is determined on the basis of a Long Term Incentive (LTI) plan. Bonus entitlements under the said LTI plan 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 paid, subject to Shareholders' approval, shall not exceed 2:1; any amount in excess shall be subjected to the cap mechanism described above.

In addition, the Board of Directors may establish a discretionary pension benefit for the position of Chief Executive Officer, in order to develop a remuneration package increasingly focused on the long term, in the interest of Shareholders. Such benefit is funded by the Bank's periodic payments into a specific retirement policy of up to 45% of the fixed remuneration provided for the position of Chief Executive Officer. In accordance with the Bank of Italy's Provisions, and as a result of the applicable principle of proportionality, this benefit will be disbursed as follows once the pension conditions have been met: 50% as an up-front cash payment and the remaining 50% through the granting of Banca Generali shares subject to a retention period of three years⁴.

Moreover, an agreement is currently in force with the Chief Executive Officer, providing for an indemnity in the event of early termination in that post, in accordance with the principles set forth in point 5.2 above.

The Chief Executive Officer is also covered by D&O liability insurance, as illustrated above.

In the event the person who holds this position is also a Manager, he also enjoys supplementary pension benefits equal to 13% of RAL, the benefit package for the Banking Group's managers.

General Manager

The remuneration of the General Manager consists of an annual gross remuneration (RAL) and a short-term variable remuneration, 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 78% of the RAL (equal to a 61% 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.

In 2016, the General Manager may also be assigned a further bonus (not exceeding 30% of the maximum variable remuneration), in accordance with point 4.2 above.

Moreover, a portion of the variable remuneration is determined on the basis of a Long Term Incentive (LTI) plan. Bonus entitlements under the said LTI plan 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 General Manager, subject to Shareholders' approval, shall not exceed 2:1; any amount in excess shall be subjected to the cap mechanism described above.

⁴ In the event of early termination before pension requirements have been met, the discretionary pension benefit will be disbursed as follows: 50% as an up-front cash payment and the remaining 50% through the granting of Banca Generali shares held in custody for a period of three years and subject to the application of the access gates and claw-back clauses established in the remuneration policy.

An agreement is currently in force with the General Manager, providing for an indemnity in the event of early termination of the contract, in accordance with the principles set forth in point 5.2 above.

The General Manager also enjoys supplementary pension benefits equal to 13% of the RAL and the benefits package provided for the Banking Group's Managers.

Central Managers

The remuneration of the Central Manager – Head of the CFO Area, also by virtue of his simultaneous function as Manager in charge of preparing the Company's financial reports pursuant to Article 154-*bis* of Legislative Decree No. 58/1998, consists of an annual gross remuneration (RAL), of a service allowance (as provided for in point 4.1) and a short-term variable remuneration, linked to the degree to which the performance objectives — expressed in the relevant Balanced Scorecard — are achieved. It is subject to the gate threshold 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 33.3% of the RAL if the maximum level of total performance is achieved and does not provide for any guaranteed minimum. The established objectives 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.

In 2016, the Central Manager – Head of the CFO Area may also be assigned a further bonus (not exceeding 30% of the maximum variable remuneration), in accordance with point 4.2 above.

The remuneration of the Central Manager – Head of the Governance Area consists of an annual gross remuneration (RAL), of a service allowance (as provided for in point 4.1) and a short-term variable remuneration, linked to the degree to which the performance objectives — expressed in the relevant Balanced Scorecard — are achieved. It is subject to the gate threshold 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 33.3% of the RAL if the maximum level of total performance is achieved and does not provide for any guaranteed minimum. The established objectives 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.

In 2016, the Central Manager – Head of the Governance Area may also be assigned a further bonus (not exceeding 30% of the maximum variable remuneration), in accordance with point 4.2 above.

The remuneration of the Central Manager – Head of the Bank Area consists of an annual gross remuneration (RAL) and a short-term variable remuneration, linked to the degree to which the performance objectives — expressed in the relevant Balanced Scorecard — are achieved, as well as to the access gates, 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 50% of the RAL (equal to a 42% 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.

In 2016, the Central Manager – Head of the Bank Area may also be assigned a further bonus (not exceeding 30% of the maximum variable remuneration), in accordance with point 4.2 above.

Moreover, a portion of the variable remuneration is determined on the basis of a Long Term Incentive (LTI) plan. Bonus entitlements under the said LTI plan range from 0% to 175% of the fixed component of remuneration.

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

Central 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. The current early termination package meets applicable regulatory requirements. Severance benefits accruing in the event of early termination of the contract may be agreed subject to compliance with the principles set forth in point 5.2 above.

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

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 gate, 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 66% of annual gross remuneration (RAL) (equal to a maximum 51% ratio of the short-term variable remuneration to the total fixed remuneration) in the case of Banca Generali's managers. It may reach 100% of annual gross remuneration (equal to a maximum 83% ratio of the short-term variable remuneration to the total fixed remuneration) for the Heads of the AM Division, the Private Division, Private RM Division and the Financial Planners Division.

In no circumstances, a guaranteed minimum is provided.

In 2016, some of the above-mentioned beneficiaries may also be assigned a further bonus (not exceeding 30% of the maximum variable remuneration), in accordance with point 4.2 above.

In addition, for some of the aforesaid beneficiaries the Board of Directors may also extend the variable component of remuneration to include participation in a Long Term Incentive Plan. 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 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 for the Banking Group's managers. The current early termination package meets applicable regulatory requirements. Severance benefits accruing in the event of early termination of the contract may be agreed subject to compliance with the principles set forth in point 5.2 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 variable component of remuneration is conditional upon the achievement of access gates, and is 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 included in this category also receive supplementary pension benefits of up to 13% of their RAL (up to 16.5% if they come from other Generali Group companies) and the benefit package for the Banking Group's managers. The current early termination package meets applicable regulatory requirements. Severance benefits accruing in the event of early termination of the contract may be agreed subject to compliance with the principles set forth in point 5.2 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 access gates, and is subject to deferral, as well as 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 70% of the RAL, provided the maximum level of performance objectives has been attained. No fixed guaranteed minimum is provided for.

In 2016, some of the above-mentioned beneficiaries may also be assigned a further bonus (not exceeding 30% of the maximum variable remuneration), in accordance with point 4.2 above.

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.

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 accruing in the event of early termination of the contract, may be agreed with Managers belonging to this category subject to compliance with the principles set forth in point 5.2 above.

7.4.2 Other Employees (Executives 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 access gates, and is subject to deferral, as well as 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 30 % 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 Division 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.

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.

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 incentive portions of remuneration 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.

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 accruing in the event of early termination of the contract, may be agreed with Managers belonging to this category subject to compliance with the principles set forth in point 5.2 above.

7.4.4 Asset Managers of the AM Division, BG Fiduciaria SIM 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 Division (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. The aforesaid variable component is conditional upon the achievement of access gates, and is 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.

8. Financial Advisors Authorised to Off-Premises Offers

8.1 Information on the Type of Relationship

The Financial Advisors authorised to 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 distribution structure is organised hierarchically with two divisions, one of which is specifically dedicated to private customers.

Within the Financial Planners Division, Financial Advisors are classified according to rising levels of experience as *Junior Financial Planner*, *Financial Planner*, *Professional Financial Planner* and *Private Financial Planner*. 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 Managers, who report to the Head of the Financial Planner Division. This structure operates in parallel to an additional structure consisting of Financial Advisors known as *Financial Planner Agents*, who carry out also insurance business on behalf of Generali Group companies, and who report directly to a first-tier managerial structure represented by a *Sales Manager*, who in turn reports to the Head of the Financial Planner Division.

Within the Private Banking Division, individual Financial Advisors are coordinated by a first-tier managerial structure, consisting of Private Banking Managers — assisted by supervisors, i.e., Private Team Managers — who report to the Sales Manager, who in turn reports to the Head of Private Banking Division.

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

8.2 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 of Banca Generali consists of the following main items:

- i) 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;
- ii) 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 covered by each Financial Advisor;
- iii) recurring fees: these are similar to the previous fees, but relate specifically to the management fees paid by customers for the portfolios managed;
- iv) consultancy 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 propriety 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 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 4.1 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.

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 networks of Financial Advisors within the Financial Planners Division is entrusted to Area Managers, or a Sales Manager, while that of the Financial Advisors within the Private Banking Division is entrusted to one Sales Manager, to whom the Private Banking 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 and 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 Delegated Regulation (EU) No. 604/2014, the category of Key Personnel was extended to include the 2 Financial Advisors whose remuneration in 2015 exceeded 1,000,000.00 euros and who were not beneficiaries of the entry plans concluded in 2015.

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

The 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 insurance policy covering the costs of Long Term Care 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 Personnel Retention Policies

A number of alternative retention schemes are used for Financial Advisors, as described below:

- a) stock option plans related to the achievement of specific objectives;
- b) the deferred loyalty bonuses, under which a predetermined amount is invested in a capitalisation policy and may be paid out seven years after 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;
- c) a form of additional and differentiated social security coverage is extended to qualifying Financial Advisors and Managers, with entitlements subjected to scaling on the basis of annual performance in terms of results, and maturing upon retirement, provided that the Financial Advisor or Manager remains with the Bank through to retirement.

SECTION III - REPORT ON THE APPLICATION OF REMUNERATION POLICIES IN 2015

1. Goals Pursued Through Remuneration Policies and Criteria Applied

The Banking Group's Remuneration Policies approved by the Shareholders' Meeting on 23 April 2015 were defined and implemented in accordance with:

- > the 7th update to Circular Letter 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 - TUF) 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 contemporaneous 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 ensures compliance with the regulatory capital requirements set forth in Regulation (EU) No. 575/2013 (CRR) and Circular Letter 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 appreciating the weighting of 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) 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 11.4%, 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 2015; in fact, the following values result from the final figures as at 31 December 2015:

- > *Total Capital Ratio* of the Banca Generali Group: 15.9% (threshold: 11.4%)
- > *Liquidity Coverage Ratio* of the Banca Generali Group: 244.9% (threshold: 105%)

As a consequence of those ratios:

- > bonus entitlements have been accrued for the year in question;
- > payment of the 2015 share of the 2013 and 2014 bonuses, which had been deferred in 2015, has come due;
- > accrual of cycles of LTI plans that fall due only upon satisfaction of the access gates for the financial year 2015, 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 (starting with variable remuneration accrued in 2015) 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.

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.

The shares of bonuses accrued in 2013 and 2014 will be disbursed in cash pursuant to the relevant assignment rules.

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 related instalment is paid, increased by 0.85 pps.

	KEY PERSONNEL																	
	YEAR OF PAYMENT: 2014			YEAR OF PAYMENT: 2015			YEAR OF PAYMENT: 2016			YEAR OF PAYMENT: 2017			YEAR OF PAYMENT: 2018			TOTAL		
	% OF WHICH BONUS	% OF WHICH CASH	% OF WHICH SHARES	% OF WHICH BONUS	% OF WHICH CASH	% OF WHICH SHARES	% OF WHICH BONUS	% OF WHICH CASH	% OF WHICH SHARES	% OF WHICH BONUS	% OF WHICH CASH	% OF WHICH SHARES	% OF WHICH BONUS	% OF WHICH CASH	% OF WHICH SHARES	% OF WHICH BONUS	% OF WHICH CASH	% OF WHICH SHARES
2013 Bonus	60	100		20	100		20	100								100	100	
2014 Bonus				60	100		20	100		20	100					100	100	
2015 Bonus							60	75	25	20	75	25	20	75	25	100	75	25

	OTHER EMPLOYEES																	
	YEAR OF PAYMENT: 2014			YEAR OF PAYMENT: 2015			YEAR OF PAYMENT: 2016			YEAR OF PAYMENT: 2017			YEAR OF PAYMENT: 2018			TOTAL		
	% OF WHICH BONUS	% OF WHICH CASH	% OF WHICH SHARES	% OF WHICH BONUS	% OF WHICH CASH	% OF WHICH SHARES	% OF WHICH BONUS	% OF WHICH CASH	% OF WHICH SHARES	% OF WHICH BONUS	% OF WHICH CASH	% OF WHICH SHARES	% OF WHICH BONUS	% OF WHICH CASH	% OF WHICH SHARES	% OF WHICH BONUS	% OF WHICH CASH	% OF WHICH SHARES
2013 Bonus	60	100		20	100		20	100								100	100	
2014 Bonus				60	100		20	100		20	100					100	100	
2015 Bonus							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 mechanism 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 2015 in implementation of the remuneration policies approved.

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 2015. 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 particular, the remuneration of the Chairman of the Board of Directors is 70,000 euros, which is paid back to the company in question.

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 2015.

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 board, 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.

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 2015.

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

2.3.1 Chief Executive Officer and General Manager

At 31 December 2015, Piermario Motta was serving both as Chief Executive Officer and General Manager.

The Chief Executive Officer's remuneration is comprised of (i) an overall fixed component paid in the amount of 511,805.57 euros; (ii) a short-term variable remuneration accrued on the basis of the results achieved totalling 325,000.00 euros, and (iii) the long-term components specified below. In addition, the Chief Executive Officer was covered by (iv) a discretionary pension benefit policy.

The General Manager's remuneration is comprised of (i) an all-inclusive gross annual remuneration amounting to 487,768.82 euros in 2015; (ii) a short-term variable remuneration, accrued on the basis of the results achieved and totalling 175,000.00 euros, and (iii) the long-term components specified below, as well as (iv) other emoluments and benefits related to the position of Manager of the Banking Group.

In terms of long-term variable remuneration, Piermario Motta is a beneficiary of the LTI plans for 2013-2015, 2014-2016 and 2015-2017 of Assicurazioni Generali, under which he is entitled to receive a free stock grant of Assicurazioni Generali shares at the end of the three-year performance period, subject to the attainment of specific pre-set performance objectives and thresholds. At the end of the performance periods – and subject to the attainment of the related objectives, as well as the other terms and conditions regulating the LTI plans in question — the maximum number of shares to which he will be potentially entitled is 130,407 for 2013-2015 LTI plan, 105,755 for 2014-2016 LTI plan and 98,463 for 2015-2017 LTI plan. For financial year 2015, the review of the level of attainments of the established objective and sati-

satisfaction of access gates results in the following determinations:

- > 46,202 shares to be set aside for the third and last year of the 2013-2015 LTI plan. The plan ended with a total of 109,915 shares assigned;
- > 28,101 shares to be set aside for the second year of the 2014-2016 LTI plan;
- > 25,775 shares to be set aside for the first year of 2015-2017 LTI plan.

The value of the sub-rental agreement from which the General Manager benefits for lodging in Milan amounted to 94,753.75 euros in 2015. In addition, the General Manager's total remuneration includes 190,101.92 euros of other benefits provided for the Managers of the Banking Group.

LONG-TERM VARIABLE REMUNERATION OF PIERMARIO MOTTA				
PLAN	NO. OF SHARES SET ASIDE			
	MAX NO. IN THE THREE YEARS	ACCRUED IN 2015	SINCE BEGINNING OF THE PLAN	YEARS ENDED/ REMAINING YEARS
LTI 2013-2015	130,407	46,202	109,915	3/3
LTI 2014-2016	105,755	28,101	56,202	2/3
LTI 2015-2017	98,463	25,775	25,775	1/3

The sum of the shares set aside 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 2015

This personnel category includes: Joint General Manager Commercial Area Gian Maria Mossa, Central Managers Cristina Rustignoli, Stefano Grassi and Stefano Insaghi, who are Heads of the Governance Area, CFO Area and Bank Area, respectively.

Their remuneration consists of all-inclusive annual remuneration (RAL), a position-related indemnity 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 1,264,615.47 in 2015.

Short-term performance-based bonuses, accrued on the basis of results achieved, totalled 605,109.15 euros.

With reference to long-term remuneration, beneficiaries of Assicurazioni Generali's LTI plan include:

- > 2013-2015 LTI plan: it is reserved for the Joint General Manager Commercial Area, the Head of the Governance Area and the Head of the Bank Area. The total maximum number of shares that can potentially be granted at the end of the performance period is 88,024. Upon verification, the attainment of pre-set objectives and the satisfaction of access gates in 2015 revealed the need for a provision of 31,187 shares to be set aside to cover disbursements pertaining to the third and last year of the plan. At the end of the Plan a total of total of 74,194 shares had been granted.
- > 2014-2016 LTI plan: it is reserved for the Joint General Manager Commercial Area and the Head of the Bank Area. The total maximum number of shares that can potentially be granted at the end of the performance period is 52,877. Upon verification, the attainment of pre-set objectives and the satisfaction of access gates in 2015 revealed the need for a provision of 14,050 shares to be set aside to cover disbursements pertaining to the second year of the plan.
- > 2015-2017 LTI plan: it is reserved for the Joint General Manager Commercial Area and the Head of the Bank Area. The total maximum number of shares that can potentially be granted at the end of the performance period is 54,155. Upon verification, the attainment of pre-set objectives and the satisfaction of access gates in 2015 revealed the need for a provision of 14,177 shares to be set aside to cover disbursements pertaining to the first year of the plan.

LONG-TERM VARIABLE REMUNERATION					
PLAN	BENEFICIARIES	NO. OF SHARES SET ASIDE			
		MAX NO. IN THE THREE YEARS	ACCRUED IN 2015	SINCE BEGINNING OF THE PLAN	YEARS ENDED/ REMAINING YEARS
LTI 2013-2015	No.3 = Joint General Manager Commercial Area; Head of Governance Area; Head of Bank Area	88,024	31,187	74,194	3/3
LTI 2014-2016	No.2 = Joint General Manager Commercial Area; Head of Bank Area	52,877	14,050	28,100	2/3
LTI 2015-2017	No.2 = Joint General Manager Commercial Area; Head of Bank Area	54,155	14,177	14,177	1/3

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

The overall remuneration of the Joint General Manager Commercial Area, and the Central Managers who are Heads of their respective Areas also includes 261,907.14 euros of other benefits provided for the Managers of the Banking Group.

2.4 Breakdown of Remuneration by Lines of Business of 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 *Attachment 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 2015 is presented in *Annex 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 identified as belonging to such category.

More specifically:

- a) Top Management: the Chief Executive Officer and General Manager; other members of the General Management and Central Managers; the Managers included in this group represent the Bank's Top Management and are also the Bank's Key Management Personnel;
- b) Other Key Personnel: this category has been determined to include (i) the heads of key operating/company units (main lines of business): these are the Head of the Finance Department, the Head of the Lending Department, and the General Manager of BG Fund Management Luxembourg S.A. (hereinafter also "BG FML"); and (ii) persons who report directly to the personnel indicated in point (i) above and who are regarded as having an impact on company risk due to their activities, autonomy and powers: these are the Head of the Private Division and the Head of the Financial Planner Division. This category has also been determined to include the Head of the AM Division, since the activities, autonomy and powers assigned to this position have been regarded as having a substantial impact on the company's risk;
- c) Managers and highest-ranking Executives, Heads of control functions: Heads of the Company Risk Department, Internal Audit Department, Resources Department and the Risk Management and Compliance Services;
- d) Main Managers operating in the Bank's distribution networks: Sales Manager Italy and the local managers classified as Area Managers and Private Banking Managers.

Members of Key Personnel with remuneration exceeding € 1 million are a total of seven, of whom six in the bracket from € 1 to 1.5 million and one in the bracket from 2 to 2.5 million (excluding Assicurazioni Generali's LTI plans).

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, Asset Managers (Asset Managers from the AM Division, 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. This does not take account of newly recruited Relationship Managers' entry plans.

	NO. OF BENEFICIARIES	FIXED REMUNERATION	VARIABLE REMUNERATION
Relationship Managers	68	4,859,299.61	1,236,998.29
Asset Managers	26	2,170,724.56	880,305.00
Other Employees	803	29,874,417.40	2,553,089.99

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 23 April 2015.

Financial Advisors serve the Bank pursuant to an agency agreement providing for 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 should be noted that the weight of fees payable in 2015 (almost entirely related to fees in favour of Financial Advisors) on overall fee income decreased compared to figures for 2014.

	TOTAL PAYOUT (WITH PERFORMANCE COMMISSIONS)	TOTAL PAYOUT (WITHOUT PERFORMANCE FEES) ^(*)
2014	46.9%	53.1%
2015	43.1%	53.6%

(*) Excluding data of the former Generali Investments Luxembourg.

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 2015; **(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 incentive systems, based on the identification of individual objectives (and group objectives, for Managers), it is confirmed that it accounts for a relatively 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 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 2015, incentives accounted for about 11% of overall pay-out.

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

As a result, the aforesaid variable remuneration accrued for 2015 in the amount of 5,275,358 euros overall or such functions was as follows: 60% paid in 2015; 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 pay-outs due under incentive plans. Moreover, the Bank reserves the discretionary right to refuse to make bonus pay-outs 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 No. 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

Form 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's Provisions - 7th update of Circular Letter 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 (Regulation EU No. 575/213)

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

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

4. Tables

4.1 Tables prepared pursuant to Consob Resolution No. 18049

Table 1
Remuneration paid to members of the governing and control bodies, general managers and other key management personnel

(A)	(B)	(C)	(D)	NOTES	(1)	
					FIXED REMUNERATION	OFFICES AS PER ART. 2389 PAR. 3 OF THE ITALIAN CIVIL CODE
SURNAME AND NAME	OFFICE HELD	PERIOD DURING WHICH OFFICE WAS HELD	TERM OF OFFICE			
Vagnone Paolo	Chairman of the BoD	01.01-31.12.15	Appr. of 2017 Fin. St.	1/7	35,000	35,000
Motta Piermario	Chief Executive Officer	01.01-31.12.15	Appr. of 2017 Fin. St.	1/6	35,000	511,806
	General Manager	01.01-31.12.15	5/6	-	-
Donnet Philippe	Director	01.01-31.12.15	Appr. of 2017 Fin. St.	1	35,000	-
Fancel Giancarlo	Director	23.04-31.12.15	Appr. of 2017 Fin. St.	1	24,260	-
Brugnoli Giovanni	Director	01.01-31.12.15	Appr. of 2017 Fin. St.	2	35,000	-
Gervasoni Anna	Director	01.01-31.12.15	Appr. of 2017 Fin. St.			
i) remuneration in the company preparing the Financial Statements				2	35,000	-
ii) remuneration from subsidiary and associate companies				10	849	-
iii) Total					35,849	-
Lapucci Massimo	Director	23.04-31.12.15	Appr. of 2017 Fin. St.	2	24,260	-
Pescatori Annalisa	Director	23.04-31.12.15	Appr. of 2017 Fin. St.	2	24,260	-
Terzi Vittorio Emanuele	Director	23.04-31.12.15	Appr. of 2017 Fin. St.	2	24,260	-
Anaclerio Mario Francesco	Director	01.01-23.04.15	ended	2	10,836	-
Baessato Paolo	Director	01.01-23.04.15	ended	2	10,836	-
Genovese Fabio	Director	01.01-23.04.15	ended	2	10,836	-
Miglietta Angelo	Director	01.01-23.04.15	ended	-	10,836	-
Riello Ettore	Director	01.01-23.04.15	ended	2	10,836	-
Cremona Massimo	Chairman of the Board of Statutory Auditors	23.04-31.12.15	Appr. of 2017 Fin. St.	9/11	27,500	-
Anaclerio Mario Francesco	Acting Auditor	23.04-31.12.15	Appr. of 2017 Fin. St.	9	27,562	-
Minutillo Flavia	Acting Auditor	23.04-31.12.15	Appr. of 2017 Fin. St.	9	27,452	-
Alessio Verni Giuseppe	Chairman of the Board of Statutory Auditors	01.01-23.04.15	ended			
i) remuneration in the company preparing the Financial Statements				9	17,027	-
ii) remuneration from subsidiary and associate companies				3/9	10,000	-
iii) Total					27,027	-
Venchiarrutti Angelo	Acting Auditor	01.01-23.04.15	ended			
i) remuneration in the company preparing the Financial Statements				9	12,384	-
ii) remuneration from subsidiary and associate companies				4/9	12,500	-
iii) Total					24,884	-

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)			
	FIXED REMUNERATION			NON-EQUITY VARIABLE REMUNERATION							
	ATTENDANCE BONUSES	LUMP-SUM EXPENSE REFUND	FIXED REMUNERATION AS EMPLOYEES	REMUNERATION FOR SITTING ON COMMITTEES	BONUSES AND OTHER INCENTIVES	PROFIT SHARING	NON-MONETARY BENEFITS	OTHER REMUNERATION	TOTAL	FAIR VALUE OF EQUITY REMUNERATION	END-OF-TERM AND SEVERANCE INDEMNITIES
	-	-	-	-	-	-	-	-	70,000	-	-
	-	-	-	-	226,250	-	202,016	-	975,071	904,026	-
	-	420	487,769	-	158,750	-	284,856	16,709	948,504	707,028	-
	-	-	-	-	-	-	-	-	35,000	-	-
	-	-	-	-	-	-	-	-	24,260	-	-
	-	-	-	36,877	-	-	-	-	71,877	-	-
	-	-	-	42,890	-	-	-	-	77,890	-	-
	-	-	-	-	-	-	-	-	849	-	-
	-	-	-	42,890	-	-	-	-	78,740	-	-
	-	-	-	27,637	-	-	-	-	51,897	-	-
	-	-	-	29,637	-	-	-	-	53,897	-	-
	-	-	-	27,637	-	-	-	-	51,897	-	-
	-	-	-	11,096	-	-	-	-	21,932	-	-
	-	-	-	26,192	-	-	-	-	37,027	-	-
	-	-	-	15,096	-	-	-	-	25,932	-	-
	-	-	-	-	-	-	-	-	10,836	-	-
	-	-	-	13,096	-	-	-	-	23,932	-	-
	-	-	-	-	-	-	-	-	27,500	-	-
	-	-	-	-	-	-	-	-	27,562	-	-
	-	-	-	-	-	-	-	-	27,452	-	-
	-	-	-	-	-	-	-	-	17,027	-	-
	-	-	-	-	-	-	-	-	10,000	-	-
	-	-	-	-	-	-	-	-	27,027	-	-
	-	-	-	-	-	-	-	-	12,384	-	-
	-	-	-	-	-	-	-	-	12,500	-	-
	-	-	-	-	-	-	-	-	24,884	-	-

(A)	(B)	(C)	(D)	(1)		
				FIXED REMUNERATION		
SURNAME AND NAME	OFFICE HELD	PERIOD DURING WHICH OFFICE WAS HELD	TERM OF OFFICE	NOTES	FIXED REMUNERATION	OFFICES AS PER ART. 2389 PAR. 3 OF THE ITALIAN CIVIL CODE
Gambi Alessandro	Acting Auditor	01.01-23.04.15	ended			
i) remuneration in the company preparing the Financial Statements				9	12,384	-
ii) remuneration from subsidiary and associate companies				8/9	6,000	-
iii) Total					18,384	-
Tosi Ettore Maria	Chairman of the Board of Statutory Auditors	23.04-30.06.15	ended			
i) remuneration in the company preparing the Financial Statements				9	10,397	-
ii) remuneration from subsidiary and associate companies				-	-	-
iii) Total				-	10,397	-
Key Management Personnel	Joint General Manager (n. 1) and Central Managers (n. 3)	01.01-31.12.15			
i) remuneration in the company preparing the Financial Statements				5/6	-	-
ii) remuneration from subsidiary and associate companies				1/10	438	-
iii) Total				-	438	-

NOTES:

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

NAME	REMUNERATION AND NOMINATION COMMITTEE		REMUNERATION COMMITTEE		NOMINATION COMMITTEES		AUDIT AND RISK COMMITTEE		TOTAL
	FIXED REMUNERATION	ATTENDANCE BONUSES	FIXED REMUNERATION	ATTENDANCE BONUSES	FIXED REMUNERATION	ATTENDANCE BONUSES	FIXED REMUNERATION	ATTENDANCE BONUSES	
Anaclerio Mario Francesco							3,096	8,000	11,096
Baessato Paolo	3,096	12,000					3,096	8,000	26,192
Brugnoli Giovanni			6,890	8,000	6,890	6,000	3,096	6,000	36,877
Genovese Fabio	3,096	12,000							15,096
Gervasoni Anna			6,890	8,000			10,000	18,000	42,890
Riello Ettore	3,096	10,000							13,096
Lapucci Massimo					6,819	6,000	6,819	8,000	27,637
Pescatori Annalisa			6,819	8,000			6,819	8,000	29,637
Terzi Vittorio Emanuele					6,819	8,000	6,819	6,000	27,637
Total	9,288	34,000	20,599	24,000	20,527	20,000	39,743	62,000	230,158

- Amounts are reported net of VAT and social security contributions, where applicable.
(3) Remuneration attributed as Chairman of the Board of Statutory Auditors of Generfid S.p.A.
(4) Remuneration attributed as Chairman of the Board of BG Fiduciaria SIM S.p.A.
(5) The item relating to non-monetary benefits and other remuneration includes the payment of premiums and miscellaneous social security and assistance contributions, as well as other fringe benefits, such as the provision of a rented apartment, participation in trips and the use of a company car.
(6) Total bonuses and other incentives is equal to the total amount of the items 2A, 3B and 4, line III, of Table 3B.
(7) The fixed remuneration for the position of Chairman of the Board is paid back to the company by which he is employed.
(8) Remuneration attributed as member of the Board of Statutory Auditors of Generfid S.p.A.
(9) Remuneration for sitting on the Supervisory Body is included (Legislative Decree No. 231).
(10) Remuneration attributed as Director of Generfid S.p.A..
(11) Chairman of the Board of Statutory Auditors since 30 June 2015.

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

(1)			(2)	(3)	(4)	(5)	(6)	(7)	(8)	
FIXED REMUNERATION			NON-EQUITY VARIABLE REMUNERATION							
ATTENDANCE BONUSES	LUMP-SUM EXPENSE REFUND	FIXED REMUNERATION AS EMPLOYEES	REMUNERATION FOR SITTING ON COMMITTEES	BONUSES AND OTHER INCENTIVES	PROFIT SHARING	NON-MONETARY BENEFITS	OTHER REMUNERATION	TOTAL	FAIR VALUE OF EQUITY REMUNERATION	END-OF-TERM AND SEVERANCE INDEMNITIES
-	-	-	-	-	-	-	-	12,384	-	-
-	-	-	-	-	-	-	-	6,000	-	-
-	-	-	-	-	-	-	-	18,384	-	-
-	-	-	-	-	-	-	-	10,397	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	10,397	-	-
-	5,727	1,264,615	-	440,147	-	261,919	27,735	2,000,144	1,025,480	-
-	-	-	-	-	-	-	-	438	-	-
-	5,727	1,264,615	-	440,147	-	261,919	27,735	2,000,582	1,025,480	-

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
Motta Piermario	Chief Executive Officer and General Manager		-	-	-
Key Management Personnel	Joint General Manager (n. 1) and Central Managers (n. 3)				
i) remuneration in the company preparing the Financial Statements		15,12,2006	9,500	9.005	2009-2015
ii) remuneration from subsidiary and associate companies			-	-	-
iii) Total			9,500	-	-

OPTIONS GRANTED DURING THE YEAR					OPTIONS EXERCISED DURING 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	OPTIONS EXPIRED:	OPTIONS HELD AT YEAR-END:	OPTIONS ACCRUED IN THE YEAR:
								NUMBER OF OPTIONS	NUMBER OF OPTIONS	FAIR VALUE
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	9,500	9.005	25.917	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	9,500	-	-	-	-	-

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 INSTRUMENTS	FINANCIAL INSTRUMENTS GRANTED IN PREVIOUS YEARS AND NOT VESTED DURING THE REPORTING YEAR	
				NUMBER AND TYPE OF FINANCIAL INSTRUMENTS	VESTING PERIOD
Motta Piermario	CEO and General Manager	LTI 2010-2015 (2)	Ass. Generali ordinary shares		
i) remuneration in the company preparing the Financial Statements		LTI 2011 (3)	Ass. Generali ordinary shares	23,772	2011-2016
		LTI 2012 (4)	Ass. Generali ordinary shares		
		LTI 2013-2015 (5)	Ass. Generali ordinary shares		
		LTI 2014-2016 (6)	Ass. Generali ordinary shares	98,503	2014-2016
		LTI 2015-2017 (7)	Ass. Generali ordinary shares		
		BSC 2015 (8)	Ass. Generali ordinary shares		
ii) remuneration from subsidiary and associate companies					
iii) Total					
Other Key Management Personnel					
i) remuneration in the company preparing the Financial Statements	Central Managers (n. 2)	LTI 2010-2015 (2)	Ass. Generali ordinary shares		
	Central Managers (n. 3)	LTI 2011 (3)	Ass. Generali ordinary shares	6,548	2011-2016
	Central Managers (n. 3)	LTI 2012 (4)	Ass. Generali ordinary shares		
	Joint General Manager (n. 1) and Central Managers (n. 2)	LTI 2013-2015 (5)	Ass. Generali ordinary shares		
	Joint General Manager (n. 1) and Central Managers (n. 1)	LTI 2014-2016 (6)	Ass. Generali ordinary shares	49,251	2014-2016
	Joint General Manager (n. 1) and Central Managers (n. 1)	LTI 2015-2017 (7)	Ass. Generali ordinary shares		
	Central Managers (n. 2)	BSC 2014	Ass. Generali ordinary shares		
	Joint General Manager (n. 1) and Central Managers (n. 3)	BSC 2015 (8)	Ass. Generali ordinary shares		
ii) remuneration from subsidiary and associate companies					
iii) Total					

NOTES:

- (1) The assignment date and the market price at the assignment date refer to the dates on which the General Shareholders' Meeting of Assicurazioni Generali S.p.A. approved the plans (LTI 2010-2015 – Shareholders' resolution of 24 April 2010; LTI 2011 – Shareholders' resolution of 30 April 2011; LTI 2012 – Shareholders' resolution of 30 April 2011; LTI 2013-2015 – Shareholders' resolution of 30 April 2013; LTI 2014-2016 – Shareholders' resolution of 30 April 2014; LTI 2015-2017 – Shareholders' resolution of 30 April 2015).
- (2) At the end of LTI 2010's second performance cycle (2013-2015), no shares will be assigned inasmuch as the three-year objectives have not been achieved.
- (3) Maximum number of shares that may potentially be attributed in 2017 at the end of the co-investment period (2014-2016) provided that objectives set for 2014-2016 are achieved and subject to the terms and conditions of the plan.
- (4) Maximum number of shares that may potentially be attributed in 2018 at the end of the co-investment period (2015-2017) provided that objectives set for 2015-2017 are achieved and subject to the terms and conditions of the plan.
- (5) Number of shares that will be attributed in April 2016 at the end of the plan vesting period based on the achievement of objectives set for the 2013-2015 three-year period, as per resolution passed by Assicurazioni Generali's Board of Directors. The overall value of shares at the maturity date takes into account the official stock price at 17 March 2016, when Assicurazioni Generali's Board of Directors met, assessed the three-year objectives achieved, and resolved upon the free share capital increase.

(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
FINANCIAL INSTRUMENTS GRANTED DURING THE YEAR					FINANCIAL INSTRUMENTS VESTED DURING THE REPORTING YEAR AND NOT ASSIGNED	FINANCIAL INSTRUMENTS VESTED DURING THE REPORTING YEAR THAT CAN BE ASSIGNED		FINANCIAL INSTRUMENTS FOR THE REPORTING YEAR
NUMBER AND TYPE OF FINANCIAL INSTRUMENTS	FAIR VALUE AT ASSIGNMENT DATE	VESTING PERIOD	ASSIGNMENT DATE (1)	MARKET PRICE AT THE ASSIGNMENT DATE (1)	NUMBER AND TYPE OF FINANCIAL INSTRUMENTS	NUMBER AND TYPE OF FINANCIAL INSTRUMENTS	VALUE AT THE MATURITY DATE	FAIR VALUE
					16,256			11,107
								16,391
18,166	55,094	2012-2017	30.04.2012	10.42				9,723
					5,961	109,915	1,521,224	446,671
								470,501
94,699	1,616,874	2015-2017	30.04.2015	17.38				538,958
5,221	153,668	2015-2017	23.04.2015	29.43				117,703
	1,825,636				22,217	109,915	1,521,224	1,611,054
					1,938			1,324
								4,515
5,068	15,370	2012-2017	30.04.2012	10.42				2,712
					4,023	74,194	1,026,845	301,500
								235,248
52,085	889,287	2015-2017	30.04.2015	17.38				296,429
						1,107	36,489	36,489
6,319	185,972	2015-2017	23.04.2015	29.43				147,263
	1,090,629				5,961	75,301	1,063,334	1,025,480

- (6) Maximum number of shares that may potentially be attributed at the end of the vesting period (2014-2016) subject to the terms and conditions of the plan, provided that plan objectives are achieved. With specific reference to 2014 and 2015, it should be noted that the number of shares was calculated based on the objectives actually reached in those years.
- (7) Maximum number of shares that may potentially be attributed at the end of the vesting period (2015-2017) subject to the terms and conditions of the plan, provided that plan objectives are achieved. With specific reference to 2015, it should be noted that the number of shares was calculated based on the objectives actually reached in that year. Moreover, as set forth by the Plan Rules, a number of additional shares may be assigned to beneficiaries on the basis of overall dividends distributed over the three years in question (so-called 'dividend equivalent').
- (8) Maximum number of shares that may potentially be attributed at the end of the vesting period (2015-2017), provided that the Banking Group's access gates were met.

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
Motta Piermario	
i) remuneration in the company preparing the Financial Statements	Chief Executive Officer and General Manager (1)
	Chief Executive Officer and General Manager (1)
	Chief Executive Officer and General Manager (1)
ii) remuneration from subsidiary and associate companies	
iii) Total	
Other Key Management Personnel (2)	
i) remuneration in the company preparing the Financial Statements	Joint General Manager (n. 1) and Central Managers (n. 2)
	Joint General Manager (n. 1) and Central Managers (n. 1)
	Joint General Manager (n. 1) and Central Managers (n. 3)
ii) remuneration from subsidiary and associate companies	
iii) Total	

NOTES:

- (1) The 2013 and 2014 BSCs refer to the position of Chief Executive Officer for 50% and General Manager for 50%.
The 2015 BSCs refer to the position of Chief Executive Officer for 65% and General Manager for 35%.
- (2) The amount represents the portion paid in cash for the 2015 BSCs.
With regards to variable remuneration based on the Balanced Scorecard (BSC) system, the individual deferred instalment will bear, upon payment, an 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) PLAN	(2) BONUS FOR THE YEAR			(3) PRIOR YEARS BONUS			(4) OTHER BONUSES (6)
	A	B	C	A	B	C	
	PAYABLE/PAID	DEFERRED	DEFERMENT PERIOD	NO LONGER PAYABLE	PAYABLE/PAID	STILL DEFERRED	
BSC 2013	-	-	2015-2016	-	60,000	-	-
BSC 2014	-	-	2016-2017	-	100,000	100,000	-
BSC 2015 (2)	225,000	150,000	2017-2018	-	-	-	-
-	-	-	-	-	-	-	-
-	225,000	150,000	-	-	160,000	100,000	-
BSC 2013	-	-	2015-2016	-	67,760	-	-
BSC 2014	-	-	2016-2017	-	80,000	80,000	-
BSC 2015 (2)	292,387	161,445	2017-2018	-	-	-	-
-	-	-	-	-	-	-	-
-	292,387	161,445	-	-	147,760	80,000	-

Form 7 ter -

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 OWNED AT THE END OF THE CURRENT YEAR
Motta Piermario	Chief Executive Officer and General Manager	Banca Generali	18,284	-	-	18,284

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	NO. OF SHARES SOLD	NO. OF SHARES OWNED AT THE END OF THE CURRENT YEAR
4 (*)	Banca Generali	7,658	10,607	13,871	4,394

NOTES:

(*) Joint General Manager (n. 1) and Central Managers (n. 3).

The figures include shares relating to the exercise of the stock-option plan of 15 December 2006 and the share-based payment of 2014 bonuses.

4.2 Tables prepared in accordance with the Bank of Italy's Provisions – 7th update of Circular Letter 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 (Regulation EU No. 575/213)

Annex Article 450 CRR, letter g):

Aggregate quantitative information on remuneration, broken down by business area, concerning key personnel

COMPANY	BUSINESS AREA (*)	NO. OF BENEFICIARIES	FIXED REMUNERATION (**)	2015 VARIABLE REMUNERATION (***)	NOTES
Banca Generali	Member of the governing body	1	1,486,446	516,709	(1)
Banca Generali	Control functions	5	425,314	100,576	(2)
Banca Generali	Corporate functions	5	1,701,607	676,844	(3)
Banca Generali	Investment Banking	19	8,922,636	5,591,083	(4)
Banca Generali	Retail Banking	1	159,176	63,562	
Banca Generali/BG FML	Asset management	2	541,337	363,356	

NOTES:

(*) Business lines set forth within the data bases of the Bank of Italy/EBA.

(**) This item also includes fringe benefits.

(***) The '2015 variable' component includes: i) MBO mechanisms applied based on the Balanced Scorecard (BSC) method, subject to deferment mechanism, where applicable; ii) bonuses/other one-off bonuses; and iii) performance bonus for Executives.

(1) Information regarding Piermario Motta, who is Chief Executive Officer and General Manager.

(2) Information referring to: i) up to 30 June 2015, the Heads of Risk Management Service, Compliance Service and Corporate Risk Department; ii) from 1 July 2015, the Heads of the Risk and Capital Adequacy Department and the Head of Compliance and Anti-Money Laundering Department.

(3) Information referring to: Joint General Manager of the Commercial Area, Central Manager Head of the Governance Area, Central Manager Head of the CFO Area, Central Manager Head of the Bank Area Central Manager and Head of HR Department.

(4) Information referring to: Head of the Financial Planner Division, Head of the Private Banking Division, Head of Financial Department; the following main Network Managers: 2 Sales Managers Italy, 6 Area Managers of the Financial Planner Division and 8 Private Banking Managers of the Private Banking Division.

Annex Article 450 CRR, letter h): Aggregate quantitative information on remuneration, broken down by category of key personnel

indicating the following:

- i) the amounts of remuneration for the financial year, split into fixed and variable remuneration, and the number of beneficiaries;
- ii) the amounts and forms of variable remuneration, split into cash, shares, share-based and other types of instruments;
- iii) the amounts of outstanding deferred remuneration, split into assigned and not assigned portions;
- iv) the amounts of deferred remuneration awarded during the financial year, paid out and reduced through performance adjustments;
- v) new sign-on and severance payments made during the financial year, and the number of beneficiaries of such payments;
- vi) the amounts of severance payments awarded during the financial year, number of beneficiaries and the highest amount awarded to a single person.

A) Top management

Banca Generali: CEO (Piermario Motta); Top Management: General Manager (Piermario Motta), other Joint General Managers and Central Managers.

COMPANY	PERSONNEL CATEGORY	NO. OF BENEFICIARIES	I) REMUNERATION			II) AMOUNTS AND TYPE OF VARIABLE COMPONENT (**)			
			FIXED (*)	VARIABLE 2015	TOTAL	CASH	SHARES	SHARE-BASED INSTRUMENTS	OTHER TYPES
Banca Generali	CEO	1	713.821	325.000	1.038.821	243.750	81.250	-	-
Banca Generali	Top management	5	2.299.147	824.553	3.123.701	629.526	195.027	-	-

With reference to the 2013-2015 LTIP, the assessment of the level of achievement of pre-set objectives and the satisfaction of access gates for the third year was the base for calculating the number of shares to be allocated for the year, respectively in the amount of 46,202 for the CEO/General Manager, and 31,187 for Key Managers. The sum of the shares set aside during each of the three years of the cycle will be awarded in 2016, namely at the end of the three-year period. With reference to the 2014-2016 LTIP, the assessment of the level of achievement of pre-set objectives and the satisfaction of access gates for the second year was the base for calculating the number of shares to be allocated for the year, respectively in the amount of 28,101 for the CEO/General Manager, and 14,050 for Key Managers. The sum of the shares set aside during each of the three years of the cycle will be definitively awarded only at the end of the three-year period, following verification of the level of satisfaction of objectives in the third year.

With reference to the 2015-2017 LTIP, the assessment of the level of achievement of pre-set objectives and the satisfaction of access gates for the first year was the base for calculating the number of shares to be allocated for the year, respectively in the amount of 25,775 for the CEO/General Manager, and 14,177 for Key Managers. The sum of the shares set aside during each of the three years of the cycle will be definitively awarded only at the end of the three-year period, following verification of the level of satisfaction of objectives in the third year.

B) Other key personnel

Head of key operating/business units (main business lines): Head of Finance Department, Head of Lending Department and General Manager of BG FML.

Persons who are deemed as having an impact on company risk due to their activities, autonomy and powers: Head of Private Banking Division, Head of Financial Planner Division and Head of AM Division.

COMPANY	PERSONNEL CATEGORY	NO. OF BENEFICIARIES	I) REMUNERATION			II) AMOUNTS AND TYPE OF VARIABLE COMPONENT (**)			
			FIXED (*)	VARIABLE 2015	TOTAL	CASH	SHARES	SHARE-BASED INSTRUMENTS	OTHER TYPES
Banca Generali/ BG FML (a)		6	1,253,452	742,643	1,996,094	596,748	145,895	-	-

- (a) Figures also include: i) the emolument and variable remuneration paid to the Head of AM Division for the office of Executive Director of BG FML, and all data regarding ii) the Head of Private Banking Division, whose term expired as at the date of the General Shareholders' Meeting.

III) DEFERRED REM. (***)		IV) DEFERRED REM. (***) (****)			V) INDEMNITIES				VI) SEVERANCE INDEMNITIES		
ASSIGNED	NOT ASSIGNED	AWARDED	PAID OUT	REDUCED	AT BEGINNING	NO. OF BENEFICIARIES	AT END	NO. OF BENEFICIARIES	AWARDED	NO. OF BENEFICIARIES	HIGHEST AMOUNT
80.000	180.000	80.000	-	-	-	-	-	-	-	-	-
227.760	415.260	227.760	-	-	-	-	-	-	-	-	-

III) DEFERRED REM. (***)		IV) DEFERRED REM. (***) (****)			V) INDEMNITIES				VI) SEVERANCE INDEMNITIES		
ASSIGNED	NOT ASSIGNED	AWARDED	PAID OUT	REDUCED	AT BEGINNING	NO. OF BENEFICIARIES	AT END	NO. OF BENEFICIARIES	AWARDED	NO. OF BENEFICIARIES	HIGHEST AMOUNT
160,009	328,525	160,009	-	-	-	-	-	-	-	-	-

C) Managers and highest ranking executives in charge of control functions

Banca Generali: Head of Corporate Risk Department, Head of Internal Audit Department, Head of HR Department, Head of Risk Management Service and Head of Compliance Service.

COMPANY	PERSONNEL CATEGORY	NO. OF BENEFICIARIES	I) REMUNERATION		II) AMOUNTS AND TYPE OF VARIABLE COMPONENT (**)				
			FIXED (*)	VARIABLE 2015	TOTAL	CASH	SHARES	SHARE-BASED INSTRUMENTS	OTHER TYPES
Banca Generali (a)		6	600,398	144,576	744,974	144,576	-	-	-

(a) In light of the changes made to the organisational structure, effective 1 July 2015, the following are included: i) up to 30 June 2015, the Head of Risk Management Service, Head of Compliance Service and Head of Corporate Risk Department; ii) from 1 July 2015, the Head of the Risk and Capital Adequacy Department and Head of Compliance and Anti-Money Laundering Department.

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

Banca Generali: 2 Sales Managers Italy, 6 Area Managers of the Financial Planner Division and 8 Private Banking Managers of the Private Banking Division

COMPANY	PERSONNEL CATEGORY	NO. OF BENEFICIARIES	I) REMUNERATION		II) AMOUNTS AND TYPE OF VARIABLE COMPONENT (**)				
			FIXED (*)	VARIABLE 2015	TOTAL	CASH	SHARES	SHARE-BASED INSTRUMENTS	OTHER TYPES
Banca Generali		16	8,369,698	5,275,358	13,645,056	3,956,518	1,318,839	-	-

NOTES:

(*) 2015 fixed remuneration consists of gross annual remuneration, emoluments, indemnities due to office held and fringe benefits.

(**) In 2015, the variable component includes: i) MBO mechanisms applied based on the Balanced Scorecard (BSC) method, subject to deferment mechanism, where applicable; ii) bonuses/other one-off bonuses; and iii) performance bonus for Executives.

(***) "Assigned/Awarded": deferred instalments of the variable remuneration accrued in 2013 and 2014, for which the satisfaction of the access gate has been verified and which will be paid in 2016 to personnel in service.

"Not assigned": deferred instalments of the variable remuneration accrued in 2014 and 2015.

(****) The portions included in the same item in the tables relating to the previous year have been duly paid in 2015 to personnel in service, in accordance with the contractually agreed terms.

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 REM. (***)		IV) DEFERRED REM. (***) (***)			V) INDEMNITIES			VI) SEVERANCE INDEMNITIES			
ASSIGNED	NOT ASSIGNED	AWARDED	PAID OUT	REDUCED	AT BEGINNING	NO. OF BENEFICIARIES	AT END	NO. OF BENEFICIARIES	AWARDED	NO. OF BENEFICIARIES	HIGHEST AMOUNT
-	-	-	-	-	-	-	-	-	-	-	-

III) DEFERRED REM. (***)		IV) DEFERRED REM. (***) (***)			V) INDEMNITIES			VI) SEVERANCE INDEMNITIES			
ASSIGNED	NOT ASSIGNED	AWARDED	PAID OUT	REDUCED	AT BEGINNING	NO. OF BENEFICIARIES	AT END	NO. OF BENEFICIARIES	AWARDED	NO. OF BENEFICIARIES	HIGHEST AMOUNT
1,193,904	1,848,219	1,193,904	-	-	-	-	-	-	-	-	-

Compliance Function's Review of the 2016 Remuneration Policies for Compliance with the Applicable Regulatory Framework

Foreword

The Provisions on Remuneration and Incentivisation Policies issued by the Bank of Italy on 20 November 2014 through the 7th update to Circular Letter No. 285 dated 17 November 2013, in line with the previous provisions on the subject, 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 2016, 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.

The assessment of the Compliance Function also took into account the provisions of Article 84-*quater* of the regulation implementing Legislative Decree No. 58 of 24 February 1998 (the Finance Consolidation Law - TUF) concerning rules for issuers, as amended by Consob Resolution No. 18049 of 23 December 2011. 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. For the intents and purposes of identifying the aforesaid persons, account was taken of the Regulatory Technical Standards adopted through the European Commission's Regulation upon European Banking Authority's proposal;
- > 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. 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 of financial objectives for corporate control functions.

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, 24 March 2016

Compliance and Anti-Money Laundering Service

Internal Audit Function's Review of Remuneration Practices – Financial Year 2015

Internal Audit

Audit Report

Executive Summary

COMPANY	BANCA GENERALI S.P.A.
Process	Remuneration Policies
Corporate structure involved	Human Resources Department Planning and Control Department Compliance and AML Department Risk and Capital Adequacy Department
Subject of Audit	Review of the compliance of the remuneration practices with applicable regulations and the policies approved by the General Shareholders' Meeting
Audit team	F. Barraco, L. Alemanno
Date	30 March 2016
Report code	BG282016I

Foreword

In March 2008, the Bank of Italy introduced principles and implementing guidelines on the process for the drafting and approval of remuneration policies, compensation structures and transparency. In subsequent years, further guidance and instructions at community level have outlined in greater detail the policies and best practices to be implemented by banks and investment companies. The Bank of Italy has implemented Directive 2010/76/EU of 24 November 2010 (the so-called CRD III), through the Provisions on Remuneration and Incentivisation Policies within Banks and Banking Groups, issued on 30 March 2011. CRD III laid down specific principles and criteria to be complied with by banks with a view to implementing, in the interest of all stakeholders, remuneration systems that are performance-based and in line with the long-term corporate strategies and objectives, avoiding excessive risk-taking for the bank and the system on the whole.

On 26 June 2013, Directive 2013/36/EU (CRD IV) introduced new criteria and principles to be applied on remunerations. Among the new provisions, worthy of note is the introduction of a maximum limit of 1:1 for the ratio of the variable to fixed component of remuneration, and the power granted to the General Shareholders' Meeting for raising the said ratio above the established level, provided that certain conditions are met and in any event, up to no more than 2:1. Moreover, the Directive envisages the reinforcement of the provisions governing ex-post adjustment mechanisms for risk (malus and claw-back) and the addition of qualitative indicators tied to the conduct by personnel.

In compliance with the provisions set forth in the aforementioned CRD IV, Banca Generali decided to avail of the option to set a higher ratio of variable to fixed remuneration, in any event within the maximum limit of 2:1, for individual and specific corporate functions in light of their ongoing, careful risk management and constant pursuit of long-term strategies.

In this context, the Board of Directors of Banca Generali approved and subsequently updated the Group's Risk Appetite Framework that represents the framework of reference to define risk appetite, tolerance thresholds, risk limits, and risk management policies, in line with management and development processes and remuneration policies. In detail, variable remuneration based on financial instruments (e.g., stock-option plans) or related to the company's performance shall comply with RAF.

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 whatsoever shall be reported to relevant bodies and functions so that they can 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 methodology followed in analysing and assessing the procedures followed in discharging tasks related to the remuneration process is based on auditing best practices, International Standards for the professional practice of Internal Auditing, and the oversight framework outlined in the Supervisory Model adopted. The assessment process verifies the functioning and reliability of the Control System, as well as the appropriateness of the Risk Management processes, by applying a scale of 5 levels of evaluation (from '1 - not present' to '5 - excellent'). The strategic, operating and compliance risk management system was analysed together with the system designed to monitor operational correctness, transparency, clarity of information, propriety and correctness of transactions and traceability of checks and decision-making processes.

The audit entailed a preliminary assessment phase involving interviews with the main functions involved in the process. At a later stage, documentary evidence was acquired in respect of an appropriate sampling of Balanced Scorecards, with a view to adequately separate the various phases of data collection, analysis and control. The results were reported to the internal structures involved in the process.

Outcome

The outcome of the audit revealed that remuneration practices are compliant with applicable regulations and the remuneration policies approved by the General Shareholders' Meeting on 23 April 2015. The structure of the risk management processes within the system and the control mechanism ensure excellent monitoring in terms of functioning and reliability, so that improvements are not required.

The Bank's remuneration policy was found to be in line with the regulatory framework and is subject to constant updating to ensure compliance with changing statutory and supervisory requirements. Moreover, with regard to the overall activities undertaken in respect of the remuneration process, it should be noted that:

- > the weighting mechanisms and other tools used to determine overall remuneration (inclusive of both fixed and variable components) were found to fall within established parameters;
- > balance between the fixed and variable components has been observed. It bears emphasising that there is a minimum threshold for access to a bonus, below which the mechanism completely excludes payment of the variable component;
- > in order to define the Key Personnel category, a self-assessment was performed based on the application of the Regulatory Technical Standards (RTSs) issued by the European Commission upon EBA's proposal;
- > the variable component of remuneration has been subjected not only to a deferment mechanism, but also to malus, claw-back and penalty clauses in the event specific risks were to emerge;
- > the corporate functions involved in the process evinced an effective level of integration and understanding of their tasks;
- > the assignment of financial objectives for Corporate Control Functions is not envisaged;
- > individual Balanced Scorecards ensure the transparency of information by providing a detailed record of individual targets, complete with a full and precise description of the same, notes and comments, if any, the calculation criteria applicable, the person carrying out the control, the oversight structure and the criteria adopted for their redefinition.

Internal Audit department

Remuneration Committee's Report on Work Relating to the Remuneration Policy

Banca Generali's Remuneration Committee, during the meetings held in 2015 and in the first months of 2016, 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 2015 remuneration policies adopted by the company for its Directors, employees and outside collaborators other than company employees, (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 professional figures capable of affecting the risk profile of the Bank and the heads of corporate internal control functions; (iv) provided consulting support for 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 2015. 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 the 7th update of Bank of Italy's Circular Letter No. 285 of 17 December 2013, Part I, Title IV "Corporate Governance, Internal Control, Risk Management", integrating Chapter 2 "Remuneration and Incentivisation Policies and Procedures", 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 2016, 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.

Remuneration Committee

Structure of Remuneration and Incentivisation Systems: Motion to Raise the Ratio of the Variable to Fixed Component of Remuneration to 2:1

Shareholders,

As you are well aware, on 18 November 2014, the Bank of Italy issued the 7th update of Circular Letter No. 285 “Supervisory Provisions for Banks”, effective 3 December 2014, transposing into the Italian legal framework Directive 2013/36/EU (the 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 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 regulations 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:

- > introducing 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 it is submitted to the General Shareholders’ Meeting, 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 Letter No. 285, Chapter 2, Title IV, Part I, of 17 December 2013.

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

- > Chief Executive Officer and General Manager;
- > Joint General Manager Commercial Area;
- > Head of the Bank Area;
- > Head of AM Division, Head of Private RM Division, Head of Private Division, Head of FP Division, General Director of BG Fund Management Luxembourg;
- > the main network managers (i.e., two Sales Managers, six Private Banking Managers, and six Area Managers).

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:

Above-mentioned employees

Banca Generali's remuneration policies have always been 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 employees and executives 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 Key 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, private bankers 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 Key Managers, 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;
- > approval of the motion would enable:
 - *Top Managers* to leave unaltered the remuneration packages currently applied, many of whom already receive remuneration on the basis of ratio of the variable to fixed component of remuneration in excess of 1:1 and in fact closer to 2:1. It must be pointed out however that a very significant portion of overall variable remuneration is linked to the attainment of primarily medium-to-long term targets of the Bank under the Long Term Incentive plan established by the parent company Assicurazioni Generali, and liquidated in form of stock grants of the latter, whilst variable remuneration linked to the attainment of short-term targets is regulated under the Management by Objectives mechanism based on economic and financial performance as compared to the expectations budgeted for the financial year of reference, and is paid partly in cash and partly through shares of the bank;
 - *with regards to the Heads of Division and the General Manager of BG Fund Management Luxembourg*: for one of them, to fulfil the contractual agreements entered into upon recruitment; for the others to receive any remuneration arising from the Long Term Incentive Plan, established by the parent company Assicurazioni Generali. It should be noted that, should the aforementioned Plan be applied, a significant portion of the overall variable remuneration of those managers would be linked to the attainment of medium-to-long term objectives, and paid in form of stock grants, whereas the variable component of the short-term remuneration would be fall under the Management by Objectives mechanism based on economic and financial performance as compared to the expectations budgeted for the financial year of reference, and would be paid partly in cash and partly in form of shares of Banca Generali;
- > 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 capabilities, with a view to meeting short and medium-to-long-term targets;

- > the competitiveness of the remuneration package of Key Managers is constantly monitored, taking due account of trends recorded on reference markets, using the HAY point-factor job evaluation method. Even on the basis of these outside 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 Key Managers, giving rise to a serious risk of exodus of 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;
 - leaving current remuneration packages unaltered would not have any bearing whatsoever on compliance with prudential rules, with specific reference to own funds, as highlighted below.

Main network managers (Sales Managers, Private Banking Managers and Area Managers)

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.

They are therefore already 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 and local market realities that they currently constitute the best guarantee for the long-term sustainability of the results attained in recent years. Against this backdrop, cutting the variable component of remuneration with a view to ensuring that it stands at the recommended ratio of no more than 1:1 with the fixed component 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 better income opportunities in the form of very high percentages of variable remuneration, in a bid to cut staff selection and training costs by attracting fully trained and experienced staff completely familiar with the local markets on which they operate. Any such exodus would deprive the Bank of precious resources discharging crucial management, coordination and control functions in respect of the sales networks, and, consequently jeopardise

the achievement of corporate performance, considering the low number of talented network managers in this sector. Moreover, the Bank would also run the risk of losing the wealth of local knowledge and relationships with both customers and institutions, consolidated over years and crucial to optimising the productivity of sales efforts and targeted initiatives in related industries. Lastly, account must also be taken of the fact that, given their undisputed leadership and mentoring role in respect of the sales staff under their supervision, 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 networks (recruiting, training, office space, computer equipment, etc.). Faced with these obvious risks, the Bank could find itself compelled to raise the recurrent component of remuneration to make up for the cut in incentivisation, although this course of action would result in an increase in overhead costs and a reduction in the effectiveness of sales efforts, with obvious impacts on the income 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 of the motion on the Bank's ability to continue to comply with all prudential rules, including prospectively, with special reference to own funds, the historical trends of the main reference ratios are provided in the table below:

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

(€ THOUSAND)	31.12.2014	31.12.2013	31.12.2012	31.12.2011
Total Common Equity Tier 1 capital (CET 1)	311,670	300,674	252,359	204,862
Total Additional Tier 1 capital (AT1)	-	-	-	-
Total Tier 2 capital	50,921	12,753	24,163	31,624
Regulatory capital	362,591	313,427	276,522	236,486
B.1 Credit risk	144,493	115,319	122,701	101,830
B.2 Market risk	3,558	5,950	6,446	7,861
B.3 Operating risk	56,615	47,840	41,576	37,655
B.4 Other prudential requirements	-	-	-	-
B.4 Total prudential requirements	204,666	169,109	170,723	147,346
Excess over prudential requirements	157,925	144,318	105,799	89,140
Non-committed capital	43.55%	46.05%	38.26%	37.69%
Capital committed to credit risk	46.10%	36.79%	44.40%	43.06%
Capital committed for market risk	1.14%	1.90%	2.30%	3.32%
Capital committed for operating risk	18.06%	15.26%	15.00%	15.90%
Risk-weighted assets	2,558,325	2,113,863	2,134,038	1,841,825
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)	12.18%	14.22%	11.83%	11.12%
Regulatory capital/Risk-weighted assets (Total capital ratio)	14.17%	14.83%	12.96%	12.84%

In relation with data for the year ended 31 December 2015, the following ratios are projected: T1R: 14.29%, TCR: 15.92%, whilst estimates of the projection for the year ending 31 December 2016, approved by the Board of Directors as part of the RAF definition upon approval of the 2016-2018 Plan are as follows: T1R: 13.28%, TCR: 14.68%.

All the historical data, as well as projections for 2015 and 2016 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., 8.5% for T1R and 10.6% for TCR).

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 requirements.

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. at first calling, 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. at second and subsequent callings, the motion must be approved with the favourable vote of at least 3/4 of the share capital represented at the General Shareholders' Meeting, regardless of the amount of the latter;
- 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 Letter 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: Chief Executive Officer, General Manager, Joint General Manager of the Commercial Area, Central Manager Head of the Bank Area, Head of AM Division, Head of RM Private Division, Head of Private Division, Head of FP Division, General Director of BG Fund Management Luxembourg, Sales Managers, Private Banking Managers, Area Managers;
- 2) to entrust the Board of Directors with the implementation of the approved resolution, with the power to delegate to any of the Board's members all concrete steps to be taken to ensure implementation of the resolution."

Milan, 10 February 2016

The Board of Directors

Authorisation to purchase and dispose of treasury shares in service of Remuneration and Incentivisation 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 67,051 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 0.0577% 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 7th 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 in 2016 (96,000) and the number of shares already held by the Company (28,949 shares already purchased in service of the 2015 Remuneration and Incentivisation Policies and which will not serve this purpose), the maximum number of shares to be acquired, in one or more tranches, cannot exceed 67,051.

As a result, the motion is aimed at obtaining authorisation to acquire no more than 67,051 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 2015, Banca Generali held 97,177 treasury shares, or 0.0837% of the Company's share capital, and that Banca Generali's subsidiaries hold 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 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.

However, in order to assess the maximum impact of the purchase of treasury shares on Own Funds, the Company will, in any event, purchase the aforementioned shares at a price not exceeding 38.49 euros per share, corresponding to the closing price of Banca Generali S.p.A.'s stock on 22 March 2016, prudentially increased by 50%.

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 and Incentivisation 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 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 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 2015, 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 67,051 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:
 - the authorisation is limited to acquisitions to be effected for the purposes specified; 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; the Company will, in any event, purchase the aforementioned shares at a price not exceeding 38.49 euros per share, corresponding to the closing price of Banca Generali S.p.A.'s stock on 22 March 2016, prudentially increased by 50%;

- 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;
 - the purchase will be carried out within the limits of distributable profits and unrestricted reserves, as per the latest duly approved financial statements;
 - 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 Chairman of the Board of Directors and the Chief Executive Officer, severally, 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;
 - 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, 24 March 2016

The Board of Directors

Appointment of Alternate Auditors; Relevant and Ensuing Resolutions

Shareholders,

On 30 June 2015, Ettore Maria Tosi resigned from his position as Regular Auditor and Chairman of the Company's Board of Statutory Auditors. Following his resignation and pursuant to the provisions set forth in Article 20, paragraph 11, of the Articles of Association, Massimo Cremona became Regular Auditor and Chairman of the Board of Statutory Auditors.

In this regard, it should be noted that the aforementioned Article 20, paragraph 11, of the Articles of Association envisages that in the case of the death, resignation or forfeiture of a Regular Auditor, the first Alternate Auditor belonging to the same list as the replaced Auditor will succeed him or her for a period conterminous with the term of the other statutory Auditors in office at the time of his appointment as an Auditor. Therefore, Massimo Cremona will be in office until the date of the Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2017, as resolved by the Shareholders' Meeting held on 23 April 2015 upon appointment of the Board of Statutory Auditors. Most recently, on 4 March 2016, Anna Bruno resigned from her position as Alternate Auditor, and consequently the Board of Statutory Auditors currently includes no alternate auditors.

In light of the foregoing and bearing in mind that the Board of Statutory Auditors is made up of three Regular Auditors and two Alternate Auditors, the Shareholders' Meeting is hereby invited to appoint two Alternate Auditors to fill the vacant positions.

In this regard, it bears also recalling that, 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 entitled Shareholders must be filed no later than the 25th day prior to the scheduled date of the first calling of the General 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/her 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.

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 31 March 2016.

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.

The appointments aimed at filling the vacant positions in Board of Statutory Auditors will be carried out as provided for by Article 20 of the Articles of Association. The first candidate on the list obtaining the highest number of votes and the first candidate on the list obtaining the highest number of votes from amongst the lists submitted and voted by shareholders who are not associated, not even indirectly, with the shareholders who submitted and voted for the list obtaining the highest number of votes (Minority List), shall be deemed elected Alternate Auditors. Should only one list be submitted, all Alternate Auditors shall be appointed from the said list.

In inviting you to pass a resolution on the appointment of the Alternate 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.

Milan, 10 March 2016

The Board of Directors



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