

BANCA GENERALI S.p.A.

**ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING
24 – 26 April 2013**

AGENDA

**REPORT AND PROPOSALS OF THE BOARD OF DIRECTORS ON THE
ITEMS ON THE AGENDA, PURSUANT TO ARTICLE 125-TER OF
LEGISLATIVE DECREE 58/1998**

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Ordinary session

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

Financial Statements as of 31 December 2012 and allocation of the profits for the year; relevant and ensuing resolutions.

Shareholders,

Net profit for the year was 118,142,822.00 euros. In submitting the Financial Statements for the year ended 31 December 2012 for your approval, we propose allocating the net profit for the year as follows:

net profit for the year	118,142,822.00 euros
to legal reserve	438,888.00 euros
to retained earnings	15,213,544.00 euros

a dividend of 0.90 euro per each
of the 113,878,211 outstanding ordinary shares,
including the portion attributable to treasury shares,
as per Article 2357-ter of the Italian Civil Code

totalling 102,490,390.00 euros

We also propose to pay out dividends as of 23 May 2013, with ex-dividend date on 20 May, net of any applicable legal withholdings, and with payment to shares outstanding on the detachment date.

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

"The Shareholders' Meeting of Banca Generali S.p.A., held in ordinary session, at the offices of Assicurazioni Generali S.p.A. in Trieste, at Via Trento 8,

- having regard to the draft Financial Statements for the year ended 31 December 2012, 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 euros is subscribed and paid up in the amount of 113,878,211 euros and is divided into

113,878,211 shares of a par value of 1.00 euro each, and that, as of today, treasury shares total 10,071;

- 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 2012;

2) to allocate the net profits for 2012, amounting to 118,142,822.00 euros, as follows:

net profit for the year	118,142,822.00 euros
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to legal reserve	438,888.00 euros
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to retained earnings	15,213,544.00 euros
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distribution of a cash dividend to shareholders, in the amount of

0.90 euro per each of the 113,878,211 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 of	102,490,390.00 euros
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3) to approve the payment of the dividend, net of any legal withholdings applicable in compliance with statutory provisions, as of 23 May 2013, ex coupon 7 on 20 May 2013;

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 full implementation and execution of this resolution."

Milan, 8 March 2013

THE BOARD OF DIRECTORS

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

Remuneration Policies: Banking Group's Remuneration Policies and Report on the Application of Remuneration Policies in 2012

Shareholders,

We hereby remind you that, with a view to reinforcing minimum standards of organisation and corporate governance, and ensuring “sound and prudent management” (Article 56 of Legislative Decree 385/1993), by provision 264010 of 4 March 2008, entitled “Supervisory Provisions Concerning Banks' Organisation and Corporate Governance”, the Bank of Italy established a regulatory framework under which corporate governance is to play a central role in defining corporate strategies and risk assessment and management policies within the banking and financial industry.

One of the objectives that the Bank of Italy wished to pursue with the aforesaid provision is the definition of remuneration mechanisms consistent with the risk management policies and long-term strategies.

With subsequent Provision of 30 March 2011, the Bank of Italy transposed Directive 2010/76/EC (so-called CRD 3), issuing the “Provisions governing the remuneration and incentive policies of banks and banking groups” (hereinafter also “Supervisory provisions”). The so-called CRD 3 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 proposed Italian text is aimed at promoting — in the interest of all stakeholders — the implementation of remuneration 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 above-mentioned regulation also envisages that:

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

At the same time, by Resolution of 23 December 2011, CONSOB laid down systematic rules streamlining currently applicable instructions on transparency and the disclosure of the remuneration of management level executives of issuers of listed securities. Under the said rules, issuers of listed securities are required, *inter alia*, to draw up a 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.

It should also be noted that, in its Circular of 13 March 2013 ("2012 Accounts: Valuation of credit assets, remuneration policy, distribution of dividends"), the Bank of Italy provided guidelines on the issue of remuneration policies, specifying the terms for the proper implementation of Provisions of 30 March 2011 for banks closing financial year 2012 with a loss or a negative risk-adjusted operating margin. In this regard, Banca Generali does not fall within the scope of the two cases outlined above; therefore, the Circular does not apply with reference to the payment of the variable component of remuneration in 2012.

In light of all of the above, we therefore call your attention on the attached Remuneration Report, made up of two sections: the first illustrates the remuneration policy of the Company and the Group, while the second highlights the procedures through which the said policy has been implemented in the financial year 2012, 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 the contents of the first section of the Report which, as noted above, illustrates the remuneration policies adopted by the Company and the Group, as well as the

procedures followed for the adoption and implementation of the said policies, it being understood that the second section is provided to ensure compliance with statutory reporting obligations towards the Shareholders' Meeting.

In such regard, it must further be borne in mind that, pursuant to the Bank of Italy's Supervisory Instructions, referenced above:

- in defining remuneration policies, due account was taken of the compliance function's assessment of compatibility of the said policies with the regulatory framework of reference, with specific emphasis, *inter alia*, on the extent to which the Company's incentive system is in line with objectives of compliance with regulations, the Articles of Association, as well as any and all other codes of ethics, rules of conduct, or standards that the bank is required to comply with, above all with a view to appropriately containing the legal and reputational risks associated, in particular, with customer relations;
- the internal audit function was called upon 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 also provides a summary of the results of the aforesaid checks which confirm (i) the compatibility of the Banking Group's remuneration policies for 2013 with the regulatory framework of reference, and (ii) the operating compliance of remuneration practices with regulations and the remuneration policies approved by the Shareholders' Meeting on 24 April 2012.

Lastly, we remind the attendees that pursuant to the Bank of Italy Order of 30 March 2011, the Remuneration Committee is required to report to corporate bodies, including the Shareholders' Meeting, on the activities undertaken by the said committee in respect of remuneration 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 Shareholders' Meeting of Banca Generali S.p.A., held in ordinary session, at the offices of Assicurazioni Generali S.p.A. in Trieste, Via Trento 8,

- having regard to the Order of the Bank of Italy of 30 March 2011;
- having regard to Article 123-*ter* of Legislative Decree 58 of 24 February 1998;
- having regard to Article 84-*quater* of CONSOB Resolution 11971 of 14 May 1999, as amended and extended;

- having regard to Article 6 of the Corporate Governance Code for Listed Companies (new text approved in December 2011 by the Corporate Governance Committee);
- having examined the Remuneration Report prepared pursuant to Article 123-ter of Legislative Decree 58 of 24 February 1998 and the Provision of the Bank of Italy dated 30 March 2011, including Section 2;
- 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 Second Section of the Remuneration Report on the implementation in 2012 of the remuneration policies approved by the Shareholders' Meeting on 24 April 2012 and

resolves

- 1) to approve the First Section of the Remuneration Report, which explains the remuneration policy of the Company and Group;
- 2) to place the Board of Directors in charge of implementing the remuneration policies, allowing the same to appoint one or more of its members to concretely implement such policies.”

Milan, 28 March 2013

THE BOARD OF DIRECTORS

REMUNERATION REPORT:

**BANKING GROUP'S REMUNERATION POLICIES AND
REPORT ON THE APPLICATION OF REMUNERATION
POLICIES IN 2012**



Remuneration Report: Banking Group's Remuneration Policies and Report on the Application of Remuneration Policies in 2012

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Compliance Function's Review of 2013 remuneration policies for compliance with applicable regulations

Compliance review of remuneration practices by the Internal Audit function – Financial Year 2012

Notice from the Remuneration and Nomination Committee concerning work relating to the remuneration policy

Section I - Banking Group's Remuneration Policies

1. Remuneration policy objectives and regulatory framework of reference

Banca Generali's remuneration policies are aimed at ensuring the best possible alignment of the interests of the Banking Group's shareholders and management, especially in a long-term perspective, by rewarding careful risk management and the consistent pursuit of long-term goals.

A well-balanced system of rewards and incentives for the bank's directors and management is key to boosting competitiveness and ensuring high-levels of corporate governance over time, especially in terms of attracting and retaining the talent and business acumen best suited to the company's needs.

In compliance with applicable regulations, as of 2010, remuneration policies have been updated in light of the recommendations issued by the Governor of the Bank of Italy in respect of "*remuneration and incentive systems*" pursuant to Order No. 321560 of 28 October 2009, with a view to harmonising the bonuses of managers and the main network managers, and accordingly, ensuring that the new principles are uniformly applied to all the Banking Group's personnel. In the following years, the remuneration policies were drawn up in line with the "Instructions on the remuneration and incentive policies and practices of banks and banking groups" (hereinafter also the "Instructions") of 30 March 2011, which transposed into the Italian regulatory framework the Capital Requirement Directive III (hereinafter "CRD III") that introduces harmonised rules at EU level in respect of remuneration and incentive mechanisms for banks and investment companies. The Directive requires banks to comply with specific principles and regulations so as to ensure that (i) remuneration systems are properly designed and implemented; (ii) potential conflicts of interest are effectively managed; (iii) the remuneration system of each intermediary takes due account of current and prospective risks, as well as the adequacy of capital and liquidity levels; (iv) transparency towards the market is maximised; and (v) oversight by regulatory authorities is reinforced. The objective of the regulation is to promote — in the interest of all stakeholders — the implementation of remuneration systems that are in line with long-term corporate 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 financial sector as a whole.

In its Notice of 13 March 2013, after observing that in its Notice of 2 March 2012 it had emphasised the need to ensure that the Instructions of 30 March 2011 were fully implemented, so as to ensure, *inter alia*, the sustainability of the variable component of remuneration with respect to the entity's financial situation and the obtainment or maintenance of an adequate capital level during an unfavourable economic phase, the Bank of Italy, in reference to the 2012 financial statements, highlighted that banking profitability remained fragile in 2012, emphasising that net profit showed a significant contribution by non-recurring or merely valuational components, which may not be regarded as an expression of "actual, lasting" results pursuant to the Instructions of March 2011.

In the aforementioned Notice, the Bank of Italy — in addition to expecting a significant reduction in variable remuneration for the system at large, in accordance with the criteria established by the Instructions of 30 March 2011 — emphasises that, for banks that have adopted incentive plans based on an annual performance evaluation period and that end their financial year 2012 with a net loss or an operating loss

(adjusted to account for risks), a correct application of the above-mentioned Instructions: a) does not allow bonuses to be awarded or paid on the results for 2012 to members of bodies charged with strategic supervision and management functions, the general manager or other “Key personnel” whose variable remuneration is exclusively or primarily tied to objectives that refer to the entire company; b) must entail, for the remaining personnel, at least a significant reduction in the bonus, even if performance objectives have been reached at an individual level and by the pertinent business units. It is also recommended that the reduction or elimination of bonuses not be circumvented through improper increases in the fixed or variable component in subsequent years.

The Bank’s remuneration policies take therefore due account of the provisions and requirements set forth in the aforesaid instructions, and accordingly apply the principle of proportionality entrenched in the Directive to the bank as a financial institution falling within the intermediate size bracket.

Following the changes brought to the Corporate Governance Code for Listed Companies at the end of 2011, the scope of the remuneration policies defined by the Board of Directors has been extended to include all the members of the said Board which, as before, shall also continue to determine the remuneration policies applicable to Key Management Personnel.

Also at the end of 2011, through Resolution No. 18049 of 23 December 2011, CONSOB laid down a comprehensive and systematic regulatory framework governing transparency, as required under Article 123-*ter* of the Finance Consolidation Law (TUF), with a view to simplifying and streamlining previously prevailing provisions on the matter. Under the new framework, issuers are required to draw up a detailed remuneration report, without prejudice to their other reporting obligations imposed with regard to remuneration pursuant to industry-specific regulations applicable by reason of the industry within which the listed company operates. This led to the need to coordinate the provisions pertaining to remuneration, issued by the two distinct Regulatory Authorities.

Given all of the above, as early as last year, the remuneration policies have been defined and implemented in accordance with the aforementioned “Instructions on the remuneration and incentive policies and practices of banks and banking groups” issued by the Bank of Italy on 30 March 2011, as well as the requirements imposed under Article 84-*quater* of the implementing provisions of Legislative Decree No. 58 of 24 February 1998 (Finance Consolidation Law) regarding the statutory framework governing issuers, as amended pursuant to the said CONSOB Resolution No. 18049 of 23 December 2011.

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 (Bank of Italy Instructions, as extended by specific notices from time to time) and the regulations applicable to Issuers (CONSOB Resolution No. 18049).

All remuneration policies must be imperatively in line with the following factors:

- 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 instruments of incorporation and Articles of Association which must be considered as laying down 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;
- ever greater 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 conducive to excess risk-taking.

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

Accordingly, one of the primary objectives of the remuneration policy is to adequately reward sustainable performance. Towards such end, all remuneration policies are 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 attendant burden of responsibility, and the competence and skill with which related duties are discharged. This applies to all personnel without distinction, and is therefore inclusive of top management, it being understood that the remuneration of employees must always be determined in strict compliance with all applicable national and corporate collective bargaining labour agreements;
- competitiveness: the assigned remuneration must be in line with remuneration levels prevailing on reference markets; towards this end trends in remuneration levels prevailing in the industry of reference are monitored through general and industry-specific surveys of remuneration practices;
- coherence: meaning the transversal application of similar remuneration policies to comparable levels of job responsibility ("equal pay for equal work") throughout the 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. "Equal pay for equal work" policies also encourage staff to broaden and diversify their work experience through intercompany secondments;
- meritocracy: to be achieved through remuneration structures that commensurately reward the results obtained and the level of commitment and effort involved in attaining the same, whilst, at the same time, encouraging unwavering compliance with applicable regulations and procedures, as well as constant and focused risk assessment.

2. Persons to whom remuneration policies apply

In accordance with currently applicable supervisory provisions and the CEBS guidelines, the Bank of Italy's policies apply to all "personnel", save for the rules detailing the remuneration structure designed solely for risk takers. The EU Directive from which such regulations are derived requires that the application of the regulation is based on the principle of proportionality to be applied at two levels: (a) generally, with the

related regulations being applied in a manner commensurate with the features of each bank and job description; and (b) specifically, with a view to identifying the banks bound to also comply with more detailed rules. The Bank of Italy therefore divided banks into three categories: large banking groups, small banks and other banks, as determined on the basis of the Supervisory Review Evaluation Process (SREP). Pursuant to SREP, the Banca Generali banking group must be classified as a medium-sized institution within the category of “other banks”, with the result that it is required to assess, on the basis of the general principle of proportionality, whether and to what extent the more detailed rules applicable to so-called risk takers — with the exception of agreed remuneration in case of early termination of the work relationship, which applies in any case — are to be implemented so as to ensure full compliance with the regulatory framework in question. As indicated above, the Bank of Italy Instructions refer to “personnel”, a category that includes (i) all officers of company bodies vested with strategic oversight, management and control responsibilities; (ii) all employees and collaborators, and (iii) personnel serving external sales networks. More specific rules apply to those members of the aforesaid “Key personnel” who qualify as “Key Personnel.”

The CONSOB provisions apply to company Directors, General Managers and other Key Management Personnel.

2.1 Identification of Key Personnel

In line with the Bank of Italy’s Instructions of 30 March 2011, the Board of Directors of the Company carried out a self-assessment with the support of the Remuneration and Nomination Committee for the specific purpose of identifying “Key personnel” vested with professional responsibilities that could exert a significant impact on the bank’s risk profile, and therefore warrant the application of the more detailed rules. The said self-assessment referred to the new organisational structure approved by the Board of Directors on 28 March 2013, in effect from 1 May 2013, entailing, *inter alia*, changes to the General Management’s governance structure (with the introduction of the role of the Joint General Manager and the elimination of the roles of the Deputy General Managers) and the introduction of Central Managers.

According to this self-assessment, the category of Key personnel includes: the Chief Executive Officer and the General Manager, the other member of the General Management (Joint General Manager), the Central Managers, the Area Managers, the managers of the main business lines, the managers in charge of control functions, including the head of the Resources Department, as well as the main network managers. In detail, the Board of Directors identified the following categories of personnel who exert or could exert a significant impact on the bank’s risk profile:

a) Key Managers: Chief Executive Officer, General Manager, Joint General Manager and Central Managers (Area Managers);

b) the managers of the main business lines or company functions, directly reporting to the Chief Executive Officer, General Manager or Joint General Manager (if not included among Key Managers): Head of AM Division, Head of Private Division, Head of Resources Department, Head of Sales Department and Head of Marketing Department. This category does not include managers/middle managers in charge of External Communications, Strategic & Financial Market Analysis, and Strategic Planning functions even though they report directly to the Chief Executive Officer, given that the said functions do not significantly impact the bank’s risk profile. For the other companies of the Banca Generali Group: General Manager of Generali Fund Management (hereinafter also GFM);

c) Upper-level middle managers and managers in charge of control functions: Head of Company Risk Department, and Heads of Internal Audit , Risk Management, Compliance and Anti-Money Laundering Services;

d) other risk takers: the managers (other than those specified above) who from time to time sit on Banca Generali's Loans Committee and Risk Committee (as of the date of this document: Heads of the Administrative Department, Organisation and IT System Department, Finance Department and Loans Department), as well as (ii) other managers in charge of important business lines (the Head of the Relationship Manager Department within the Private Division). Other risk takers do not, however, include employees vested with limited delegated operating powers in respect of loans and finance, given not only the low-levels of their decision-making autonomy, which is subject to pre-established ceilings, but also their answerability to their direct managers who qualify as "Key Personnel" in one of the foregoing categories;

e) main managers operating in the Bank's distribution networks.

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 17221 of 12 March 2010 laying down provisions on related party transactions, as further amended. Against this background, those persons having authority and direct or indirect responsibility for planning, directing, and controlling the activities of the company. In line with corporate policy, this category shall include all the Company's directors (whether executive or otherwise), the sitting members of the Board of 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 full serving 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.

3. The decision-making process followed in defining remuneration policies

A variety of company functions and bodies bear responsibility for the determination, approval, implementation and subsequent assessment of remuneration policies which, moreover, depending on the corporate positions to which they apply, may be informed by input from specific functions.

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

3.1 General Shareholders' Meeting

Pursuant to the Bank of Italy Instructions, the General Shareholders' Meeting is in charge of:

- (i) establishing the remuneration due to the bodies it appoints;
- (ii) approving the remuneration policies and compensation plans based on financial instruments, to be implemented in favour of company directors, employees, and outside collaborators other than company employees.

3.2 Board of Directors

The Board of Directors bears responsibility for the proper implementation of the remuneration policies approved by the General Shareholders' Meeting, and more specifically determines the remuneration due to directors vested with specific tasks and duties (including the members of Board Committees), as well as the overall remuneration of the General Manager, members of General Management, the Central Managers, and the heads of control functions, in line with the provisions of relevant Shareholders' resolutions and after hearing the opinion of the Board of Statutory Auditors in such regard. It also sets the performance targets to be attained by the said company functions, on an individual basis.

Within the context of the Shareholders' Meeting's decisions, 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 incentive systems applicable to persons in top managerial positions within the organisational structure take due account of risk containment policies and are consistent with the company's remuneration policy, long-term objectives, 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 and Nomination Committee and, for the purposes of a correct application of the principles and criteria envisaged by the regulation, of the relevant company functions, i.e., Department, Planning & Control Department, Planning and Sales Control Service, Risk Management Service and Compliance Service.

3.3 Remuneration and Nomination Committee

The Remuneration and Nomination Committee, composed of three non-executive, independent members of the Board of Directors, is responsible for advising and making recommendations and proposals to the Board of Directors on matters pertaining to appointments and remuneration.

The current Remuneration and Nomination Committee was appointed by the Board of Directors on 24 April 2012, and is made up as follows:

Name and Surname	Position (as of 8 March 2013)
Paolo Baessato	Chairman of the Committee Non-executive and independent Director pursuant to the Corporate Governance Code and Article 37, paragraph 1(d) of CONSOB Regulation No. 16191/2007.
Fabio Genovese	Member of the Committee Non-executive and independent Director pursuant to the Corporate Governance Code and Article 37, paragraph 1(d) of CONSOB Regulation No. 16191/2007.
Ettore Riello	Member of the Committee Non-executive and independent Director pursuant to the Corporate Governance Code and Article 37, paragraph 1(d) of CONSOB Regulation No. 16191/2007.

More specifically, the Remuneration and Nomination Committee is entrusted with the following tasks and responsibilities:

1. submitting non-binding opinions and recommendations to the Board of Directors in respect of the remuneration packages of the Chairman of the Board and Chief Executive Officer: the Committee's opinions and recommendations must be based on the independent judgement of its members, who must take into account, *inter alia*, the following considerations:
 - a) level of responsibilities in the corporate organisational structure;
 - b) impact on business results;
 - c) profit and loss results achieved by the Company;
 - d) achievement of specific targets set by the Board of Directors;
2. expressing non-binding opinions and proposals on the general principles for determining the remuneration payable to the General Manager, upon prior proposal from the Chief Executive Officer, according to an independent assessment based on the following criteria:
 - a) level of responsibility and risks associated with the performed functions;
 - b) results achieved in relation to the objectives;
 - c) activities carried out to meet commitments of an exceptional nature;
3. periodically assessing the adequacy, overall consistency and practical application of the general policy adopted by the company for the remuneration of executive directors, directors holding special offices and key management personnel, relying for the last named task on the information provided by the Chief Executive Officer; monitoring the implementation of decisions adopted by the Board by verifying the actual achievement of results and objectives; formulating general recommendations on the matter to the Board of Directors;
4. providing opinions on the determination of the criteria for the remuneration of professionals in a position to impact the Bank's risk profile, and directly overseeing the proper application of the said criteria;
5. providing the Board of Directors with non-binding opinions and recommendations on the determination of the variable remuneration of company top management, as well as managers tasked with internal audit and risk management functions;
6. expressing a qualitative judgment on the activities undertaken by the General Manager and the Manager in charge of preparing the company's financial reports and, after consulting with the Internal Audit and Risk Committee, by the heads of the internal control and risk management functions;
7. 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, assessing, where necessary, the effects of such termination on the rights accrued under share-based incentive plans;
8. providing assessments — albeit without overstepping the bounds of their sphere of competence — on the attainment of performance objectives underlying access to incentive plans, and monitoring the evolution and implementation of approved plans, over time;
9. performing preliminary activities in the event the Board of Directors decided to adopt succession plans for Executive Directors;
10. 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 in time of any plans approved by the General Shareholders' Meeting on the Board's proposal;

11. 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;
12. providing the Board of Directors with reports, recommendations and opinions, duly supported by grounds, as well as a report on the Committee's activities, with the timeliness necessary to allow for due preparation of Board meetings called to pass resolutions on matters pertaining to remuneration.
13. ensuring appropriate functional and operational links with the relevant company structures in charge of preparing and monitoring remuneration policies and practices;
14. working with the other Board committees, in particular with the Internal Audit and Risk Committee of the company in order to evaluate the incentives created by the remuneration system;
15. carrying out any and all other tasks and duties entrusted to the Committee by the Board of Directors through specific resolutions;
16. reporting to the shareholders on the exercise of its own functions, ensuring in particular its participation at the Shareholders' Meeting through its Chairman or any other Committee's member;
17. expressing opinions and proposals to the Board of Directors, particularly with regard to cases of co-optation pursuant to Article 2386, paragraph 1, of the Italian Civil Code;
18. formulating opinions to the Board on resolutions concerning the replacement of members of the committees within the Board of Directors, which may become necessary during the Committee's term of office;
19. expressing opinions on the appointment of corporate officers in the Banca Generali Group Companies;
20. expressing opinions to the Board of Directors regarding its size and composition and expressing recommendations with regard to the professional skills necessary within the Board;
21. expressing opinions to the Board of Directors on resolutions concerning the prior identification of its members' qualities and number and the optimal profile of candidate directors in order to comply with the required professionalism and composition of corporate bodies pursuant to the supervisory law in force from time to time;
22. expressing opinions to the Board of Directors on resolutions regarding the subsequent verification that the qualitative and quantitative composition identified under the previous point is consistent with that resulting from the nomination process; in particular the Committee is requested to provide an opinion on the suitability of candidates who, on the basis of prior analysis, were identified by the Board of Directors as suitable for the office;
23. formulating opinions on resolutions regarding the maximum number of management or control offices that can be held by the Directors in companies listed on regulated markets or in large companies not being part of the Group, subject to the regulations in force from time to time in respect of holding or exercising positions in companies or groups that compete in the banking, insurance and financial services markets.

The Remuneration and Nomination 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 Remuneration 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.

3.4 Chief Executive Officer

Identifying the objectives to be assigned to individual Managers, as part of the policy determined by the Shareholders' Meeting and the parameters identified by the Board of Directors is the responsibility of the Chief Executive Officer, supported by the Resources Department, Planning & Control Department, Sales Planning & Control Service, Risk Management Service and Compliance Service for the parts within their respective remit.

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

3.5 Board of Statutory Auditors

The Board of Statutory Auditors is tasked with expressing opinions on the remuneration of directors vested with special responsibilities, 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 Control and Human Resources Functions

Without, in any event, exceeding the bounds of their respective spheres of competence, the bank's internal control functions shall 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 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 policies and industry-specific regulations. This function also submits the results of its assessments to the relevant company boards and officers, recommending corrective action where appropriate, it being understood that the said results are also reported to the 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;
- the Resources Department provides technical assistance and prepares the support materials that inform remuneration policies.

Remuneration policies are also impacted by input from other corporate functions, i.e., the Planning & Controlling Department and the Sales Planning & Controlling Service, which contribute towards identifying

the quantitative parameters pertaining to the strategic objectives to which the variable component of remuneration is to be correlated, and determining the expense budget.

It should be noted that, during the year, the Nomination and Remuneration Committee, having identified the need to support its activity with an industry study of the remuneration of the chief executive officers and managers of banks, engaged the independent firm HayGroup S.r.l. to conduct a peer benchmark study examining the remuneration structure for top management. During its session of 15 October 2012, the Committee examined the results of the study it had commissioned, which did not result in the identification of any specific irregularities relating to the current remuneration situation, which had been planned in light of the specific nature of the sector in which the Bank operates.

4. Mechanisms for linking remuneration to performance

The remuneration system is designed on the basis of the bank's corporate values and objectives, long-term strategies and risk management policies.

More specifically, overall remuneration is made of fixed and variable components, the weight of which is correlated with the strategic weight of the job description in question, and, in the case of certain managers, may include benefits arising under 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.

Short-term variable remuneration is based on the Management by Objectives mechanism which rewards the attainment of the economic and financial results budgeted for the financial year in question, whilst medium-to-long term variable remuneration is provided through specific tools such as Stock Option Plans and Long Term Incentive Plans, as described in greater detail below.

The indicators used in both cases are selected with a view to properly weighting the risks faced by the company and the corporate group to which it belongs.

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 based on the following principles.

4.1 Gate thresholds

The variable component of the remuneration of Key personnel (including the Chief Executive Officer, the General Manager, the Joint General Manager and the Central Managers falling into the category of Key Management Personnel) and other managers, as well as all employees qualifying for variable remuneration under incentive plans based on the Management by Objectives and/or on a discretionary basis, and the Banking Group's main network managers and financial advisors, is linked not only to the results actually achieved, but also to the attainment of a gate threshold, common to all the aforesaid personnel, and set by the Banking Group with a view to (i) linking bonus entitlements to multi-year performance indicators, and (ii) taking due account of current and potential risks, interest rates and the cash flow required to cover the Banking Group's business operations.

Once again, the Banking Group's gate thresholds reflect the following two indicators:

- a) Capital ratio: the total capital ratio¹, 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 9%;
- b) Liquidity ratio: Liquidity Ratio², aimed at measuring the Bank's capacity to overcome more or less severe liquidity crises in the near and long term — minimum target ratio of 50%.

The gate threshold thus consists of two ratios indicative of the Bank's solidity and, accordingly, its capacity to pay out the variable component of the remuneration of the Company's executive personnel and all employees (a concept known as "sustainability").

An on/off threshold is set for each ratio. The requirement for access to the bonus accrued during the year is that both ratios are above the minimum threshold set when the final earnings figures for the year are recorded. The access gate 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.

As indicated above, the gate threshold also represents a condition for access to bonuses that accrue in application of periodic incentive plans reserved for all network managers and financial advisors.

4.2 Deferral of variable remuneration

As a general rule, and without prejudice to the more stringent provisions applicable to Key Managers and specified in greater detail below, the variable remuneration due to all Key personnel (including the Chief Executive Officer, the General Manager, the Joint General Manager and the Central Managers falling into the category of Key Management Personnel) and other managers, as well as all employees qualifying for variable remuneration under incentive plans based on the Management by Objectives and/or on a discretionary basis, and the Banking Group's main network managers, who accrue, within any given financial year, a bonus in excess of 75,000.00 euros, is subject to deferral for a period determined, pursuant to the principle of proportionality, as follows: 60% — provided that the gate thresholds conditions described above are met — in the following financial year, subject to Board verification of the economic results and the adequacy of capital levels for the year in which the said bonuses were 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 financial solidity results of the Banking Group.

If the actual *bonus* accrued to the managers in question 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 Banking Group's gate thresholds have been met.

In case of postponement of the payment of the accrued bonus, upon payment, any and all deferred bonus instalments and instalments paid as of 2013 shall be deemed to bear interest at the mean 6-month

¹) Total Capital Ratio — meaning the Regulatory Capital / Risk Weighted Assets (RWA) (both the variables are subject to regulatory disclosure and specified in the explanatory notes to the financial statements, Part F/Information on Shareholders' 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)

²) Liquidity Ratio — meaning Liquid Assets / Current Liabilities; it being understood that Liquid Assets include Cash and Cash Equivalents (financial statement item), Eligible Bonds (management data/government and financial bonds with rating of no less than A-) and Loans to Banks/Current Accounts and Demand Deposits and that Current Liabilities include Loans to Banks / Current Accounts and Demand Deposits (financial statement item), with (i) the numerator reflecting assets that are highly liquid or available in the very short term and (ii) the denominator expressing the deposits subject to immediate withdrawal and held with Banking Group (mainly by customers), potentially entailing liquidity risks ("a run on the bank"). The indicator reflects the level of risk the Group is able to bear in the very short term in light of the quality of its assets

EURIBOR rate recorded during the calendar year preceding the year in which related instalment is paid, increased by 0.85%.

4.3 Malus and claw-back mechanisms

The variable component of the remuneration of Key personnel (including the Chief Executive Officer, the General Manager, the Joint General Manager and the Central Managers falling into the category of Key Management Personnel) and other managers, as well as all employees qualifying for variable remuneration under incentive plans based on the Management by Objectives and/or on a discretionary basis, and the Banking Group's main network managers and financial advisors, is subject to not only a specific malus mechanism entailing forfeiture of bonuses in the event of malfeasance or wilful misconduct to the Bank's detriment, but also expresses provisions entitling the Bank to claw-back bonus payments made during any year in which the beneficiary was found to have engaged in malfeasance or wilful misconduct to the Bank's detriment, as well as the year immediately preceding the year in question.

4.4 Principle of propriety and the containment of reputational risks

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

5. Salient features of the remuneration system

As outlined above, the remuneration package consists of fixed components and variable components. The remuneration patterns of high-level executives and managers are monitored, taking due account of trends recorded on reference markets, using the HAY point-factor job evaluation method.

5.1 Fixed remuneration components

Based on this method, the fixed components refer to the remuneration of the position, 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.

A significant portion of fixed remuneration components consists of the benefits package, which represents a significant element in terms of the fixed remuneration (about 15% for middle managers and professional areas, and around 25% 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 middle manager grades 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.

5.2 Variable remuneration components

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 high-level executives, the results achieved by the company/group as a whole.

The ratio between fixed and variable remuneration components must be 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 ought to range from no more than 15% for middle management and professional-level positions, to about 70% for sales staff (although this ceiling may be exceeded, if no guaranteed minimum is provided for, in the case of recruitment incentives and benefits based on inflows/revenue objectives reached at a given time), it being however understood that for asset managers within the AM Division and Generali Fund Management, variable remuneration could well account for 100% of overall remuneration, if all assigned target results are achieved. Holders of certain corporate positions may also qualify as beneficiaries of a Long Term Incentive Plan (LTIP) or other Stock Option Plans.

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

A Management by Objectives mechanism, consistent with the achievement of the earnings and financial results indicated by the budget for the reference year and with indicators reflecting the weighting of business risks, is used for the Chief Executive Officer, the General Manager and all other managers (including the Joint General Manager and the Central Managers). The Management by Objectives system is linked to the Balanced Scorecards principle with a view to translating the strategies set forth in the Group's industrial plan into a set of operating objectives that decisively impact the Group's overall performance. The objectives, defined to reflect the strategic goals set forth in the Group's industrial plan mentioned above, are assigned to the relevant managers 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 shareholders value by achieving objectives that are both quantitative and qualitative, but are in any event measurable. These objectives permeate down through the business and the impact of individual positions on the achievement of the respective objectives is identified.

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 described below, differentiated according to the sphere of work and responsibility attributed to the manager.

The Management by Objectives Plan for Relationship Managers operating within the Private Division and for asset managers within the AM Division and Generali Fund Management is based on measurable quantitative targets defined in line with the earnings and financial results budgeted for the financial year in question.

Incentives linked to results over the long term³ include:

- a stock option plan launched in favour of employees when ordinary shares in Banca Generali were first listed for trading on the electronic share market (MTA);
- a stock option plan targeted solely at Relationship Managers serving the Banca Generali's Private Division.

Moreover, certain managers may qualify for inclusion in the Generali Group's Long Term Incentive Plan (LTIP).

The system, 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 LTIP participants with that of the Shareholders. In this regard, with the aim of improving the connection between company performance and the contribution to the generation of value, the Parent Company has decided to adopt a new Long Term Incentive Plan, which will be subject to the approval of the next meeting of the Shareholders of Assicurazioni Generali. The new plan aims to reinforce the relationship between the remuneration of management and expected performance according to the strategic plan of the Generali Group and Banking Group, as regards the bank ("absolute" performance), as well as the relationship between remuneration and value generation in relation to a group of peers ("relative" performance). The Plan is also aimed at improving the retention of management.

Similarly to the previous Plans, a specific appendix shall be adopted with a view to ensuring (i) the banking group's objectives to be always afforded priority over those of the Generali Group, in order to ensure that the Banca Generali's management remains focused above all on the banking group's performance, thereby serving the interests of all the Bank's shareholders, and (ii) the introduction of a gate threshold designed, as indicated above, to block bonus payouts under the LTIP in the event specified stability levels are not attained. Moreover, the LTIP also provides for a malus mechanism, whereby bonuses and/or free share grants, in addition to the stock purchased as described above, are not allocated/paid in the event the Bank's balance sheet or cash flow situation undergoes a significant deterioration, whilst bonuses already paid and previously approved free share grants may be clawed back if the results they were intended to reward subsequently prove transient or illusory, and, in actual fact, fruit of malfeasance, wilful misconduct or gross negligence on the part of the beneficiaries.

5.3 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, members of the Board of Auditors and General Manager (D&O Liability Insurance), featuring the following main terms and conditions:

- a) term of the policy: 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;

³ Further information on the stock option plans reserved to financial advisors is provided in the section focusing specifically on the remuneration policies applicable to the same.

c) non-applicability of cover in the event of wilful misconduct or gross negligence.

5.4 Early Severance Package

Severance benefits are defined pursuant to the applicable regulatory framework, with the exception of the possibility of an agreement with the Chief Executive Officer and the General Manager, regarding an early severance package in case their relationship is terminated or otherwise modified and subjected to more unfavourable terms, at the Bank's initiative.

In the event of early severance, the benefits that may be accorded to the interested party, in compliance with current provisions of laws and contracts, shall be as envisaged by way of notice in the applicable provisions of laws and/or the national collective labour contract, plus an 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).

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

The agreement governing the payment of that sum shall include clauses calling for a general waiver of all rights related in any manner, directly and/or indirectly, to the employment relationship or the office of Chief Executive Officer and the termination 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 termination thereof. The waiver extends to rights relating to compensation for damages, as well as rights of an economic nature associated with the above relationships and the termination thereof.

The aforesaid amount must be paid in accordance with the 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.

5.5 Reference policies

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-HAY study, with a view to establishing benchmark indicators for the fixed and variable components of the remuneration of the Group's managers with administrative, sales or asset-management responsibilities.

Moreover, the main benefits of the Group's managers, middle managers and employees (specified, where applicable, in their respective supplementary employment contracts) have been established in light of policies defined by Assicurazioni Generali S.p.A.

6. Reasons underlying variable remuneration structures, performance indicators and the main benchmarks used

The variable remuneration was hence linked on a straight-line basis to the degree to which the individual objectives are achieved. The Management by Objectives mechanism, which forms the basis of the variable component of the remuneration of managers and Chief Executive Officer (hereunder also referred to as the

bonus), is based on defining and allocating to each manager specific objectives, each one of which is attributed a target, each with a special weighting.

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

A percentage of the variable remuneration, as stated below, is linked to quantitative objectives 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 Adjusted Capital (parameter that illustrates 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, particularly those related to trading and sales and retail banking activities).

These objectives contribute to determining no less than 80% of the variable remuneration of the Chief Executive Officer and General Manager, and 15% to 35% of the variable remuneration of the other managers.

The rule linking variable remuneration to the attainment of quantitative objectives established in terms of the results carried in the consolidated financial statements of the Banking Group in favour of individual quantitative objectives could, in certain circumstances, not be applied in respect of Relationship Managers serving the Private Division and assets managers of the AM Division and Generali Fund Management, with a view to ensuring that the bonuses of the said Relationship Managers are based, as far as possible, on performance and risk indicators that take due account of the decision-making powers vested in each Relationship Manager.

The remaining portion of the variable remuneration is linked to the attainment of quantitative and qualitative targets 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 take due account of the decision-making powers vested in each manager.

In particular, in relation to the position filled, the quantitative objectives refer to the inflows, revenues and/or cost objectives for which the manager is responsible based on the company budget for 2013.

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.

These general criteria do not apply to the objectives assigned to the Manager in charge of the company's financial reports, the heads of control functions (as well as managers with control responsibilities, albeit not as heads of control functions) and the head of the Resources Department, which — in line with the Bank of Italy Provisions — are not linked to the economic results of 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 gate thresholds to be met in order to qualify for bonuses (attainment of the minimum threshold affording access to bonus entitlements). The foregoing procedure is designed to ensure a direct correlation between results obtained and bonuses earned.

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

As regards the variable remuneration of middle managers 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 a Management by Objectives plan reserved for Relationship Managers who work in the Private Division and a Management by Objectives plan reserved for asset managers working in the AM Division and Generali Fund Management.

Variable remuneration linked to long-term performance, especially the bonuses payable under the LTIP — upon approval of the General Shareholders' Meeting of Assicurazioni Generali S.p.A — is determined in function of objectives established in terms of the results achieved by both the Generali Group and the Banca Generali Group. In further detail, such objectives consist of objectives of the Generali Group for the three-year period of reference for a total not to exceed 40% of total objectives, and of objectives of the Banca Generali Group for the three-year period of reference for a total of at least 60% of total objectives. In addition, the actual appropriation of the shares is contingent upon annual verification that the minimum gate thresholds have been exceeded. For the cycle that begins in the current year, that minimum gate threshold has been identified as the Generali Group's Solvency Ratio, calculated according to Solvency I criteria. For the purposes of the actual allocation of the first instalment for 2013, the level of the Solvency Ratio may be no lower than 140%. For the second instalment, that level for 2014 may not be lower than the greater of 140% and the level reached in the previous year. Finally, for the purposes of the appropriation of the third instalment, for 2015 that threshold may not be lower than 160%. In addition, the satisfaction of the Banking Group's gate thresholds, as defined above, represents a cumulative condition precedent for assignment, and additional limits may also be set calling for the satisfaction of one or more minimum thresholds referring to objectives deemed of strategic importance. The Plan is based on the following fundamental aspects:

- it is rolling and divided into cycles, each of which lasts three years;
- the incentive deriving from the satisfaction of objectives is disbursed through the assignment of ordinary shares of Assicurazioni Generali S.p.A.;
- the objectives on which to render the disbursement of the incentive contingent are defined at the beginning of the three years of reference of each cycle;
- the number of shares to be assigned is also determined at the beginning of each three-year period.

The maximum number of shares that may be assigned at the end of each cycle is calculated on the basis of the ratio of the maximum amount of the bonus (calculated as a percentage of recurring gross annual remuneration) to the value of one share, calculated as the average for the three months prior to the meeting of the Board of Directors that convenes the Shareholders' Meeting. The maximum number of shares to be assigned is divided into three instalments, which refer to the three years of duration of the cycle and are determined in the respective percentage amounts of 30%, 30% and 40%. Each year, the level of satisfaction of the objectives set for the three-year period is verified in order to determine the number of shares to be set aside for each instalment. Actual appropriation of the shares is also contingent upon the annual verification of the satisfaction of the minimum gate threshold, which for the cycle that begins in the current year has been identified as the Group's Solvency Ratio, calculated according to the Solvency I criteria at the levels indicated above. The sum of the shares set aside during each of the three years will be definitively assigned only at the end of the three-year period, following verification of the level of satisfaction of objectives in the third year.

At the end of the third year, the shares set aside will be definitively assigned to the beneficiaries on a single occasion, provided that the employment/administration relationship with the Company or other Group company has not been terminated at the assignment date. 50% of the total will be immediately available, 25% will be subject to lock-up for a period of one year and an additional 25% to lock-up for a period of two years, without prejudice to the obligations of directors participating in the Plan to retain an adequate number of the shares assigned until the end of their terms of office.

7. Information on remuneration by role and functions

7.1 Members of the Board of Directors

The remuneration of the Board of Directors, including the Chairman, 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 reimbursement of any expenses incurred in the performance of their duties.

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 to attend meetings, and may, accordingly, in no event qualify for any form of variable remuneration. Directors who are not vested with delegated executive powers (including the Chairman) may in no event be deemed 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, or otherwise, 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, it being understood that the said additional emoluments must be established taking due account of industry-specific studies 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 on the basis of comparative analysis of the remunerative practices prevailing within the industry for such positions. 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.

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:

7.3.1 Key Managers

In accordance with the principle of proportionality, the variable component of key managers 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 (over 40% of the total) of variable remuneration; and (ii) a portion of variable remuneration to take the form of grants of shares issued by the Parent Company Assicurazioni Generali S.p.A., in a group framework.

Chief Executive Officer and General Manager

As explained above, the positions of Chief Executive Officer and General Manager are filled by the same person.

The Chief Executive Officer's remuneration consists of a recurring fixed remuneration and a variable remuneration, linked to the degree to which the performance objectives expressed in the relevant Balanced Scorecard is achieved. This may reach at most 80% of the fixed emolument if the maximum level of total performance objectives is achieved and does not provide for any guaranteed minimum. This component of remuneration is conditional upon the achievement of gate thresholds, and is subject to deferral, as well as to the malus and claw-back mechanisms illustrated above.

The General Manager's remuneration consists of an yearly gross remuneration (RAL) and a 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 60% of the RAL, if the maximum level of total performance is achieved and does not provide for any guaranteed minimum. This component of remuneration is conditional upon the achievement of gate thresholds, and is subject to deferral, as well as to the malus and claw-back mechanisms illustrated above.

As the positions of General Manager and Chief Executive Officer are filled by the same individual, the overall variable remuneration payable to the same — and linked to the degree of satisfaction of the performance objectives expressed in the relative Balanced Scorecard — may in no event exceed 30% of the sum total of the Chief Executive Officer's fixed remuneration and the General Manager's yearly gross remuneration (RAL). In this case the objectives should be construed as equally divided between General Manager and Chief Executive Officer.

In addition, the variable component of the remuneration envisages, both for the Chief Executive Officer and General Manager, the participation in the Generali Group's Long Term Incentive Plan, which will be submitted to the Shareholders' Meeting of Assicurazioni Generali S.p.A. Bonus entitlements under the said LTIP range from 0% to 175% of the fixed component of remuneration.

As far as the company policy governing the early severance benefits for the Chief Executive Officer is concerned, reference is made to point 5.4 above.

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

As General Manager, he also benefits from supplementary pension benefits equal to 13% of RAL, the benefit package for the Banking Group's managers and a sub-rental agreement in Milan.

Joint General Manager

The Joint General Manager's remuneration consists of an yearly gross remuneration (RAL) and a variable remuneration, linked to the degree to which the performance objectives — expressed in the relevant Balanced Scorecard — are achieved, as well as to the gate threshold scheme and the bonus deferral scheme and the malus and claw-back mechanisms. The variable remuneration may reach a maximum of 50% of the fixed remuneration, if the maximum level of total performance is achieved and does not provide for any guaranteed minimum. In the event that the Joint General Manager also holds the position of Manager in charge of the company's financial reports, pursuant to Article 154-*bis* of the Legislative Decree No. 58/1998, the objectives in question pertain exclusively to project-specific objectives and professional performance, given that, pursuant to applicable Bank of Italy regulations, no component of the remuneration for this function may be linked to value creation for the Bank. The Joint General Manager is also the recipient of the remaining 17,000 option rights to subscribe to Banca Generali ordinary shares, as part of the Stock Option Plan for employees introduced when Banca Generali shares were admitted for trading on the electronic share market (MTA) organised and managed by Borsa Italiana S.p.A.

In addition, the variable component of the remuneration also envisages the participation into the Generali Group's Long Term Incentive Plan, which will be submit to the Shareholders' Meeting of Assicurazioni Generali S.p.A. Bonus entitlements under the said LTIP range from 0% to 175% of the fixed component of remuneration.

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. The remuneration agreed in the event of the relationship being terminated complies with the reference legislation.

Central Managers

The remuneration of Central Managers consists of yearly gross remuneration (RAL) and variable remuneration, linked to the degree to which the performance objectives — expressed in the relevant Balanced Scorecard — are achieved, as well as to the gate threshold scheme and the bonus deferral scheme, the malus and claw-back mechanisms, which:

- may reach a maximum of 50% of the fixed remuneration, if the maximum level of total performance is achieved and does not provide for any guaranteed minimum, as regards the Central Manager in charge of preparing the company's financial reports pursuant to Article 154-*bis* of the Italian Legislative Decree No. 58/1998, and the Central Manager overseeing the Governance and corporate risk control. The objectives in question pertain to project-specific objectives and professional performance, given that, pursuant to applicable Bank of Italy regulations, no component of the remuneration for this functions may be linked to value creation for the Bank;

- as for Central Managers responsible for the banking operations and sales areas, may reach a maximum of 50% (subject to increase to 100% for the head of the sales operations area) of fixed remuneration, if the maximum total performance level has been reached and no guaranteed minimum has been established.

In addition, the variable component of the remuneration for a Central Manager also envisages the participation in the Generali Group's Long Term Incentive Plan, which will be submitted to the Shareholders' Meeting of Assicurazioni Generali S.p.A. Bonus entitlements under the said LTIP range from 0% to 175% of the fixed component of remuneration.

Central Managers also enjoy supplementary pension benefits up to a maximum of 13% of RAL and the benefits package provided for the Banking Group's managers. The remuneration provided in the event of the relationship being terminated complies with the reference legislation.

7.3.2 Heads of the main business lines or company functions, reporting directly to the Chief Executive Officer, General Manager or Joint General Manager

The remuneration of the Managers included in this category consists of an yearly gross 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 gate thresholds, and is subject to deferral, as well as to the malus and claw-back mechanisms illustrated above.

Depending on the strategic weight and complexity of the job description, variable remuneration may:

- range from no less than 30% to no more than 50% of yearly gross remuneration (RAL) in the case of Banca Generali managers;
- reach 55% of RAL for the position of GFM's General Manager, provided that the maximum levels of overall performance be attained;
- reach 100% of RAL for the position of Head of AM Division.

In no circumstances, a guaranteed minimum is provided.

Objectives for the head of the Resources Department are similarly also established in terms of project-specific objectives and professional performance, in accordance with applicable Bank of Italy regulations.

In addition, upon approval of the Board of Directors, the variable component of the remuneration may also envisage, for some individuals, the participation in the Generali Group's Long Term Incentive Plan, which will

be submitted to the Shareholders' Meeting of Assicurazioni Generali S.p.A. Bonus entitlements under the said LTIP range from 0% to 175% of the fixed component of remuneration. Managers 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 remuneration provided in the event of the relationship being terminated complies with the reference legislation.

Some managers belonging to this category are also the recipients of option rights to subscribe to Banca Generali ordinary shares, as part of the Stock Option Plan for employees introduced when Banca Generali shares were admitted for trading on the electronic share market (MTA) organised and managed by Borsa Italiana S.p.A.

7.3.3 Upper-level middle managers and managers in charge of Control functions

The remuneration of upper-level middle managers and managers falling within this category is made up of yearly gross remuneration (RAL) 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 gate thresholds, 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 range from a minimum of 10% to a maximum of 40% of RAL, provided the maximum level of performance objectives be attained. There is no guaranteed minimum.

In accordance with the above-mentioned Bank of Italy Instructions, the objectives assigned to upper-level managers and managers in charge of control functions are project-specific and related to general job performance.

Managers belonging to this category also enjoy supplementary pension benefits equal to 13% of RAL and the benefits package provided for the Banking Group's managers. The remuneration provided in the event of the relationship being terminated complies with the reference legislation.

Some managers belonging to this category are the recipients of option rights to subscribe to Banca Generali ordinary shares, as part of the Stock Option Plan for employees introduced when Banca Generali shares were admitted for trading on the electronic share market (MTA) organised and managed by Borsa Italiana S.p.A.

7.3.4 Other Risk Takers

The remuneration of the Managers included in this category consists of an yearly gross remuneration (RAL) and a variable remuneration, linked to the degree to which the performance objectives indicated in the relevant Balanced Scorecards are achieved. This variable component of remuneration is conditional upon the achievement of gate thresholds, 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 for Banca Generali's managers may range from a minimum of 25% to a maximum of 55% of the RAL, provided the maximum level of performance objectives be attained. There is no guaranteed minimum.

In addition, upon approval of the Board of Directors, the variable component of the remuneration may also envisage, for some individuals, the participation in the Generali Group's Long Term Incentive Plan, which will be submitted to the Shareholders' Meeting of Assicurazioni Generali S.p.A. Bonus entitlements under the

said LTIP range from 0% to 175% of the fixed component of remuneration. In this case, the total component of annual variable remuneration collected by each, by way of both bonuses linked to the degree of satisfaction of the performance objectives expressed in the relative Balanced Scorecard and participation in the Generali Group's Long Term Incentive Plan, may not exceed 200% of the fixed component of remuneration.

They also enjoy supplementary pension benefits up to 13% of RAL and the benefits package provided for the Banking Group's managers. The remuneration provided in the event of the relationship being terminated complies with the reference legislation.

Some managers belonging to this category may also be the recipients of option rights to subscribe to Banca Generali ordinary shares, as part of the Stock Option Plan for employees introduced when Banca Generali shares were admitted for trading on the electronic share market (MTA) organised and managed by Borsa Italiana S.p.A.

7.4 Other employees

7.4.1 Other Managers

The remuneration of the other managers consists of an yearly gross remuneration (RAL) and a variable remuneration, linked to the degree to which the performance objectives indicated in the relevant Balanced Scorecards are achieved. This variable component of remuneration is conditional upon the achievement of gate thresholds, 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 range from a minimum of 10% to a maximum of 50% of RAL, provided the maximum level of performance objectives be attained. There is no fixed guaranteed minimum.

They also enjoy supplementary pension benefits up to 13% of the RAL and the benefits package provided for the Banking Group's managers. The remuneration provided in the event of the relationship being terminated complies with the reference legislation.

They can also be the recipients of option rights to subscribe to Banca Generali ordinary shares, as part of the Stock Option Plan for employees introduced when Banca Generali shares were admitted for trading on the electronic share market (MTA) organised and managed by Borsa Italiana S.p.A.

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

The remuneration of other employees is regulated pursuant to the collective bargaining labour agreements applicable to credit companies, supplemented by the Supplementary Company Contract of 10 June 2010 with specific regard to remuneration, as well as the Additional Agreements on regulatory and other benefits, entered into on the same date.

7.4.3 Relationship Managers

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

Their remuneration is accordingly made up of fixed annual remuneration (RAL - yearly gross remuneration 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 subject to both the above-mentioned deferred payment and gate thresholds.

The variable component of remuneration may range from no less than 3% to no more than 70% of fixed remuneration. In certain cases, the latter cap may be exceeded, if there are recruitment incentive plans or term-based plans. There is no fixed guaranteed minimum.

Given that the most significant aspect of the job description of Relationship Managers involves the pursuit of the best interests of customers in strict compliance with the rules and regulations governing the distribution of investment products and services, any and all business activities on which bonuses and/or commissions may be earned must be conducted scrupulously in accordance with all applicable principles of professionalism and correctness in all customer relations, including with a view to enhancing customer loyalty. Towards such end: (i) bonuses are determined in light of performance in terms of not only the achievement of inflow/revenue objectives but also the attainment of objectives such as the propriety and regulatory compliance of the activities carried out, on the basis of the number of complaints received in respect of the activities undertaken by each Relationship Manager; (ii) a malus mechanism has been implemented, entailing the loss of bonuses awarded pursuant to the above, in the event the beneficiary is found to have engaged in wilful misconduct; and (iii) specific clauses have been introduced, entitling the Bank to claw back bonus payments made during any year in which the beneficiary was found to have engaged in wilful misconduct, as well as the year immediately preceding the year in question.

Relationship Managers can also be the recipients of option rights to subscribe to Banca Generali ordinary shares, as part of the Stock Option Plan for employees introduced when Banca Generali shares were admitted for trading on the electronic share market (MTA) organised and managed by Borsa Italiana S.p.A., and also benefit from category-specific Stock Option Plans approved by the General Shareholders' Meeting on 21 April 2010.

Managers belonging to this category also enjoy supplementary pension benefits equal to 13% of RAL and the benefits package provided for the Banking Group's managers. The remuneration provided in the event of the relationship being terminated complies with the reference legislation.

7.4.4 Managers of the AM Division and Generali Fund Management

A specific incentive plan based on Management by Objectives has been instituted in favour of employees falling within the category of Managers of the AM Division (whether managers or otherwise) and Generali Fund Management.

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

The variable component of remuneration amounts to a maximum of 100% of fixed remuneration, without the applicability of any minimum guaranteed level.

They can be the recipients of option rights to subscribe to Banca Generali ordinary shares, as part of the Stock Option Plan for employees introduced when Banca Generali shares were admitted for trading on the electronic share market (MTA) organised and managed by Borsa Italiana S.p.A.

8. Financial Advisors

8.1 Information on the type of relationship

The Financial Advisors are linked to the company by an agency contract whereby the Financial Advisor is appointed permanently (and without representation) to promote and place in Italy, 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 sales structure is organised hierarchically with a separate division dedicated specifically to private customers.

Within the BG network, which targets affluent customers, Financial Advisors have been up to now classified according to rising levels of experience as junior, senior, executive consultants and professionals. In this regard, plans call for a process of re-branding the role of this network's financial advisors, resulting in the identification of the figure of the Financial Planner to replace the current levels. The new positions will be Junior Financial Planner, Financial Planner, Professional Financial Planner and Private Financial Planner. In this context, in addition to experience, the assets managed by each individual will also be considered for the purposes of assignment to a category. The re-branding of the role will not entail changes in terms of remuneration with respect to the current roles. 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, the Area Managers, who report to the Sales Manager, who in turn reports to the Sales Department.

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

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

8.2 The remuneration of Financial Advisors and Managers

The Financial Advisors' remuneration consists of various kinds of commissions. The commissions paid to the Financial Advisors vary according to the work carried out, range of products placed and distribution agreements in place with the product companies. The remuneration system 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 is fully variable and consists of some main items:

- (i) sales commissions: the bank pays the Financial Advisor a portion of the commissions paid by the customer at the time the financial products are subscribed. These commissions differ according to the various types of product and may vary in relation to the amount paid and/or the client's assets. A fixed percentage of these commissions is generally paid back to the Financial Advisor, on the basis of a sliding scale taking due account of professional roles and responsibilities;
- (ii) management and maintenance commissions: after-sales services rendered to customers are remunerated by way of monthly commissions established not only in light of the value of the investments held by the customers in question, but also in function of the type of investment product involved and the professional roles and responsibilities covered by each Financial Advisor;
- (iii) recurring commissions: these are similar to the previous commissions, 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 specific consultancy services rendered under the BG Advisory umbrella.

The commissions mentioned in points (ii), (iii) and (iv) are recurring, insofar as they are linked to the value of the portfolio entrusted to each Financial Advisor.

Given that the most significant aspect of the job description of Financial Advisors involves the pursuit of the best interests of customers in strict compliance with the rules and regulations governing the distribution of investment products and services, all the related professional activities must be conducted scrupulously in accordance with the relevant principles of professionalism and correctness in respect of customer relations, including with a view to building customer loyalty. Towards such end (i) objectives have been redesigned to take account of performance not only in the more conventional terms of inflows, but also in respect of correctness and regulatory compliance in customer relations, with all Financial Advisors being subjected to a contractual 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 reduction in their recurring commissions in the event of non-compliance; (ii) the disciplinary framework has been reinforced to allow for the suspension of the recurring remuneration due to any Financial Advisor whose agency agreement with the bank has been revoked or suspended for just cause.

With reference to the remuneration of the direct promotion activities carried out by the Managers, the commissions 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, as in the case of Managers, 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, all the related professional activities must be conducted scrupulously in accordance with the relevant principles of professionalism and correctness in respect of customer relations, including with a view to building customer loyalty. Towards such end, the objectives set for Managers have also been redesigned to take account of performance not only in the more conventional terms of inflows, but also in respect of correctness and regulatory compliance, with all Managers being subjected to a contractual obligation to direct the Financial Advisors placed under their supervision to provide customers with adequate after-sales services. The contract regulating the relationship between the Manager and the bank therefore includes mechanisms of 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. Once again, in this case, contractual provision has been made for appropriate adjustments to be made to the remuneration of the Managers concerned.

"Ordinary" incentive systems are also provided for the Financial Advisors and Managers, based on identified individual objectives for Financial Advisors and group objectives for Managers.

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.

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 gate thresholds, as discussed in point 4.1 above. Furthermore, given that the most significant aspect of the job description of Financial Advisors and Managers involves the pursuit of the best interests of customers in strict compliance with the rules and regulations governing the distribution of investment products and services, any and all business activities on which bonuses and/or commissions may be earned must be conducted scrupulously in accordance with the relevant principles of professionalism and correctness in respect of customer relations.

Towards such end: (i) a malus mechanism has been implemented, entitling the Bank to withhold bonus payments due under incentive plans, in the event of malfeasance or wilful misconduct by the beneficiary against the Bank or its customers. Moreover, the Bank reserves the discretionary right to refuse to make bonus payouts to Financial Advisors who (i) are subjected to disciplinary measures or pending non-routine inspections; and/or (ii) as a result of their conduct, manifestly occasion reputational harm to the Bank. In addition, an assessment of the number of complaints received in respect of the activities undertaken by each Financial Advisors shall be carried out to define the bonus; (ii) 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.

Where applicable, Financial Advisors and network Managers may also qualify as:

- the recipients of option rights to subscribe to Banca Generali ordinary shares, as part of the Stock Option Plan reserved for them introduced when Banca Generali shares were admitted for trading on the electronic share market (MTA) organised and managed by Borsa Italiana S.p.A;
- the recipients of a Stock Option Plan reserved for them, approved by the Shareholders' Meeting held on 21 April 2010.

8.3 Remuneration and bonuses of Area Managers, Private Banking Managers and Sales Managers

As mentioned above, the coordination of the networks of Financial Advisors within the Sales Department and the Financial Advisors within the Private Division is entrusted to two Sales Managers, to whom the Area Managers and Private Banking Managers report, respectively.

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

However, in light of the crucial role of the oversight and coordination tasks assigned to Sales Managers, Area Managers, and Private Banking Managers, their bonus entitlements under ordinary incentive plans are subject to the same deferral policies, in addition to gate thresholds applicable to managers who accrued a bonus of over 75,000.00 euros in any given financial year, with the result that up to 40% of the bonuses of the managers in question may be deferred for a period determined pursuant to the principle of proportionality, as follows: 60% of the total is paid in the following financial year, after verification of the results for the year in which the said bonuses were earned; 20% subject to verification of full satisfaction of all the gate thresholds established for the following financial year; and the remaining 20%, after a further year, again subject to verification of full satisfaction of all applicable Banking Group's gate thresholds.

If the actual bonus of one of the parties in question falls below the stated threshold of 75,000.00 euros, it is paid out in full once the results for the year in question and the achievement of the gate thresholds of the Banking Group have been verified.

8.4 Additional benefits to the standard remuneration

The Financial Advisors and Managers benefit from accident, health and permanent disability insurance covers and receive social security and early severance 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 covers 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 relaxed 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, specifically targeted to new Financial Advisors, 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 II – Report on the Application of Remuneration Policies in 2012

1. Goals pursued through remuneration policies and the criteria applied

As specified in the document Banking Group's Remuneration Policies, approved by the General Shareholders' Meeting on 24 April 2012, Banca Generali's remuneration policy for 2012 aimed at aligning the interests of the Banking Group's shareholders and management in the best manner possible and, above all, focusing on the long term especially by carefully managing corporate risks and implementing long-term strategies.

The remuneration policies have been defined and implemented in accordance with the "Instructions on the remuneration and incentive policies and practices of banks and banking groups" issued by the Bank of Italy on 30 March 2011, as well as the requirements imposed under Article 84-*quater* of the implementing provisions of Legislative Decree No. 58 of 24 February 1998 (Finance Consolidation Law) regarding the statutory framework governing issuers, as amended pursuant to CONSOB Resolution No. 18049 of 23 December 2011. 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 (Bank of Italy Instructions) and the regulations applicable to Issuers (CONSOB Resolution No. 18049).

The remuneration system was applied on the basis of the bank's corporate values and objectives, long-term strategies and risk management 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, included benefits arising under Long Term Incentive Plans envisaging long-term performance of the company or corporate group to which it belongs.

As a result, variable remuneration linked to the performance of the Bank and the Banking Group is correlated with indicators, which aim at appreciating the weighting of risks of the company or corporate group to which it belongs, and 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 based on the following principles.

a) Gate thresholds

With a view to (i) linking bonus entitlements to multi-year performance indicators, and (ii) taking due account of current and potential risks, interest rates and the cash flow required to cover the Banking Group's business operations and ensure the solvency of the corporate group to which it belongs, the variable remuneration for Key Personnel (including the Chief Executive Officer, the General Manager and Deputy General Managers, who fell into the category of Key Management Personnel in 2012) and other managers, as well as employees qualifying for variable remuneration under Management by Objectives incentive plans, and the Banking Group's main network managers, is linked not only to the results actually achieved, but also to the attainment of two gate objectives, one set by the Banking Group and the other by the Assicurazioni Generali S.p.A. Group (common to all the aforesaid positions, except for the main network managers).

The Banking Group's gate thresholds consist of the following two ratios: (i) the Total Capital Ratio, 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 9%, and the (ii) Liquidity Ratio, aimed at measuring the Bank's ability to overcome more or less severe liquidity crises in the near and long term — minimum target ratio of 50%.

It should be recalled that the above-mentioned remuneration policy, approved by the General Shareholders' Meeting for the year 2012, provides for each ratio to have an on/off threshold. The requirement for access to the bonus accrued during the year is that both ratios are above the minimum threshold set when the final earnings figures for the year are recorded. The access gate 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.

The access gate for the Assicurazioni Generali Group has been identified as the achievement of a certain Group solvency ratio (no less than 100%), calculated according to both the Solvency I and Solvency II criteria, as well as a Group solvency ratio as at 31 December 2012 in excess of 120% according to the Solvency I criteria. This gate also functions according to an on/off threshold. Consequently, the condition for access to the bonus accrued during the year is also that the levels of the above ratios calculated on the basis of final figures must exceed the established minimum thresholds.

The Banking Group's ratios, as defined above, have all been achieved for the year 2012; in fact, the following values result from the final figures as at 31 December 2012:

Total Capital Ratio of the Banca Generali Group: 13% (threshold: 9%)

Liquidity Ratio of the Banca Generali Group: 146% (threshold: 50%)

In the case of the access gate for the Assicurazioni Generali Group, the figures disclosed and disseminated by Assicurazioni Generali show that the ratios defined above have all been exceeded for the year 2012.

As a consequence of those ratios:

- bonus entitlements have been accrued for the year in question; and
- payment of the 2012 share of the 2010 and 2011 bonuses, which had been deferred in 2012, has come due, with respect to the gate for the Banking Group only;

b) Deferral of variable remuneration

The variable remuneration due to all Key Personnel (including the Chief Executive Officer, the General Manager and Deputy General Managers falling into the category of Key Management Personnel) and other managers, the Banking Group's main network managers, as well as employees qualifying for variable remuneration under incentive plans based on the Management by Objectives, who accrue, within any given financial year, a bonus in excess of 75,000.00 euros, is subject to deferral for a period determined, pursuant to the principle of proportionality, as follows: 60% — provided that the Banking Group's and Generali Group's gate thresholds described above are met — in the following financial year, subject to Board of Directors' verification of the earnings results and the adequacy of capital levels for the year in which the said bonuses were earned; 20% subject to verification of the results in terms of capital adequacy of the Banking Group for the following financial year; and the remaining 20%, after a further year, subject to verification of full satisfaction of financial solidity results of the Banking Group.

Upon payment and in accordance with the provisions of the remuneration policies, the individual bonus 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 percentage points.

c) Malus and claw-back mechanisms

Specific malus and claw-back clauses, which call for the non-payment and/or return of already paid bonuses upon the occurrence of the conditions specifically defined in the approved remuneration policies, have been formalised for Key Personnel (including the Chief Executive Officer, General Manager and Deputy General Managers who belong to Key Management Personnel), the other managers, employees qualifying for variable compensation under the Management by Objectives plan, and the main network managers operating within the Banking Group.

d) Principle of propriety and the containment of reputational risks

The remuneration and incentive 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 for Relationship Managers in 2012 already called for the evaluation of the number of complaints attributable to the activity of each Relationship Manager when determining the bonus accrued.

e) Payment of a part of variable compensation in the form of financial instruments

A share of the variable compensation of key managers, as indicated in detail below, is to be paid in the form of financial instruments, which, in accordance with the proportionality principle, have been identified as shares of the parent company, Assicurazioni Generali S.p.A.

It should also be noted that, on the remuneration issue, the Bank of Italy has recently provided its guidelines in its Circular of 13 March 2013 "2012 Financial Statements: valuation of credit assets, remuneration policy, distribution of dividends". With this Circular, the Supervisory Body has required that, for the intents and purposes of this document, within banks that have adopted incentive plans based on an annual performance evaluation period and that end their financial year 2012 with a net loss or an operating loss (adjusted to account for risks), a correct application of the Instructions: (i) does not allow bonuses to be awarded or paid on the results for 2012 to members of bodies charged with strategic supervision and management functions, the general manager or other "more relevant personnel" whose variable remuneration is exclusively or primarily tied to objectives that refer to the entire company; (ii) must entail, for the remaining personnel, at least a significant reduction in the bonus, even if performance objectives have been reached at an individual level and by the pertinent business units.

Accordingly, it should be noted that the appropriate checks have been conducted in order to ascertain whether the indications provided in that same notice regarding the payment of the variable compensation envisaged in the incentive plans for the year 2012 were applicable to Banca Generali.

The results of those checks have shown that the Financial Statements of Banca Generali S.p.A. as at 31 December 2012 reported the following figures:

(€ thousand)	Separate	Consolidated
Net profit for the year	118,143	129,212
Net income from banking operations	299,403	333,687
(minus) Capital requirements – Pillar 1	-123,301	-170,723
(minus) Capital requirements – Pillar 2	-27,500	-27,500
Net income from banking operations (restated)	148,602	135,464

Consequently, given that it was verified that Banca Generali does not fall into the category identified in the aforementioned notice, it is believed that the said notice does not have an effect on the payment of the variable component of remuneration, according to the principles cited above.

2. Information on remuneration by role and functions

This section provides a brief overview of remuneration accrued in financial year 2012 in implementation of the remuneration policies approved in respect of:

2.1 Remuneration of Company Directors

The remuneration for members of the Board of Directors, including members of the Remuneration and Nomination Committee and the Audit and Risk Committee, was determined by following the procedures defined and described in the presentation of remuneration policies for 2012. Non-executive Directors, including the Chairman of the Board of Directors, were not entitled to any form of variable remuneration.

The final figures — including information regarding the position of Chairman of the Board of Directors, which due to the change of the person holding this role, refers to the period in which the position was filled — are set out in detail in *TABLE 1 – Compensation Paid to Members of Governing and Control Bodies, General Managers and Other Key Management Personnel*, to which the reader is referred.

2.2 Remuneration of members of the Board of Auditors

The remuneration of the members of the Board of Auditors was established by the General Shareholders' Meeting at the time of the appointment of the said Board. Standing 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 Governing and Control Bodies, General Managers and Other Key Management Personnel*, to which the reader is referred.

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

2.3.1 Chief Executive Officer

Firstly, it will be appropriate to note that the Company's Chief Executive Officer changed in 2012. In fact, until 24 April 2012 that position had been filled by Giorgio Girelli, who on that date was succeeded by Piermario Motta, who also retained the position of General Manager. Accordingly, the following is an account of the

compensation paid to both according to the position filled and in proportion to the period in which each of them was in office.

The remuneration paid to Giorgio Girelli, who filled the post of Chief Executive Officer from 1 January to 24 April 2012, consisted of fixed compensation, which, as established by the Board of Directors at the time, amounted to 253,333 euros in proportion to the period of service.

Following his termination from the position during the year, Giorgio Girelli was paid end-of-service benefits — a mechanism similar to the termination indemnity — set aside annually in a specific policy in the amount of 25% of the fixed compensation paid to him in previous years, for a gross amount of 2,021,956 euros.

In the interest of completeness of information, it bears recalling that from 24 April 2012 to 23 July 2012 Giorgio Girelli served as Chairman of the Company's Board of Directors, a position for which, in accordance with the resolution of the General Shareholders' Meeting of 24 April 2012, he was paid a fixed compensation — not correlated with the achievement of company objectives and in proportion to the period in which he remained in service in this capacity — in the amount of 71,120 euros.

The remuneration paid to Piermario Motta for the office of Chief Executive Officer, which he entered on 24 April 2012 — as mentioned above, he also retained the position of General Manager — consisted of (i) total fixed compensation paid of 170,833 euros, and (ii) variable compensation that for 2012 amounted to 99,500 euros, on the basis of the results achieved, with regard to the share attributable to the position.

Over the years, Piermario Motta has been a beneficiary of the 2010-2012 and 2011-2013 instalments of the Long Term Incentive Plan of the Generali Group. Following the conclusion of the first three years of the 2010-2012 instalment of the aforementioned Long Term Incentive Plan, on the basis of the results achieved, he accrued a bonus of 232,205 euros, with regard to the share attributable to the position. In accordance with the Rules and Procedures for the plan in question, a part of that bonus — i.e., 25% or 50% (calculated net of taxes), at the beneficiary's discretion — must be invested in the purchase of ordinary shares of Assicurazioni Generali.

The 2012-2014 instalment of the Generali Group's Long Term Incentive Plan has also been assigned to Piermario Motta in his capacity as Chief Executive Officer.

2.3.2 General Manager

As stated above, the current position of General Manager is temporally filled by Chief Executive Officer Piermario Motta.

The General Manager's overall remuneration consists of (i) an all-inclusive gross annual remuneration of 750,000 euros and (ii) a variable component which, in light of the performance in 2012, amounted to 99,500 euros for the portion relating to the position.

The General Manager was also the beneficiary of the 2010-2012 and 2011-2013 instalments of the Generali Group's Long Term Incentive Plan. Following the conclusion of the first three years of the 2010-2012 instalment of the aforementioned Long Term Incentive Plan, on the basis of the results achieved, the General Manager accrued a bonus of 232,205 euros, with regard to the share attributable to the position. In accordance with the Rules and Procedures for the plan in question, a part of that bonus — i.e., 25% or 50% (calculated net of taxes), at the beneficiary's discretion — must be invested in the purchase of ordinary shares of Assicurazioni Generali.

In addition, the value of the sub-lease agreement from which the General Manager benefits for lodging in Milan amounted to 92,820 euros in 2012.

2.3.3 *Other Key Management Personnel for 2012*

The remuneration of the Deputy General Managers (Key Management Personnel) consisted of (i) an all-inclusive annual remuneration (RAL) and (ii) a variable remuneration, linked to the degree to which the performance objectives were achieved, as described below.

More in detail, the remuneration paid to the Vice Deputy General Manager, Giancarlo Fancel, who is entrusted with preparing the company's financial reports pursuant to Article 154-*bis* of Legislative Decree No. 58/1998, consists of (i) a fixed overall component of 230,769 euros and (ii) a variable component which, in light of the performance in 2012, accrued for a total of 119,400 euros, reflecting 51.7% of the fixed remuneration earned.

The Vice Deputy General Manager was also the beneficiary of the 2010-2012 and 2011-2013 instalments of the Generali Group's Long Term Incentive Plan. Following the conclusion of the first three years of the 2010-2012 instalment of the aforementioned Long Term Incentive Plan, on the basis of the results achieved, the Vice Deputy General Manager accrued a bonus of 57,974 euros. In accordance with the Rules and Procedures for the plan in question, a part of that bonus — i.e., 25% or 50% (calculated net of taxes), at the beneficiary's discretion — may be invested in the purchase of ordinary shares of Assicurazioni Generali in order to be eligible for the free share award mechanism envisaged for the second three-year period of the plan pursuant to those same Rules and Procedures.

Moreover, the Vice Deputy General Manager has been granted the remaining 17,000 option rights for the subscription of ordinary shares in Banca Generali under the Stock Option Plan for employees introduced when Banca Generali shares were admitted for trading on the electronic share market (MTA) organised and managed by Borsa Italiana S.p.A.

The Vice Deputy General Manager was the beneficiary of the 2012-2014 instalment of the Generali Group's Long Term Incentive Plan.

The remuneration of the Deputy General Manager, Stefano Grassi, who has been entrusted with responsibility for the Private Division, consists of (i) an overall fixed component of 206,000 euros and (ii) a variable component which, in light of the performance in 2012, amounted to 80,550 euros, reflecting 39.1% of the fixed remuneration.

The Deputy General Manager in charge of the Private Division was also the beneficiary of the 2010-2012 and 2011-2013 instalments of the Generali Group's Long Term Incentive Plan. Following the conclusion of the first three years of the 2010-2012 instalment of the aforementioned Long Term Incentive Plan, on the basis of the results achieved, the Deputy General Manager accrued a bonus of 50,614 euros. In accordance with the Rules and Procedures for the plan in question, a part of that bonus — i.e., 25% or 50% (calculated net of taxes), at the beneficiary's discretion — may be invested in the purchase of ordinary shares of Assicurazioni Generali in order to be eligible for the free share award mechanism envisaged for the second three-year period of the plan pursuant to those same Rules and Procedures.

The Deputy General Manager in charge of the Private Division is also the recipient of the remaining 37,000 option rights to subscribe to Banca Generali ordinary shares, as part of the Stock Option Plan for employees introduced when Banca Generali shares were admitted for trading on the electronic share market (MTA) organised and managed by Borsa Italiana S.p.A.

The Deputy General Manager was also the beneficiary of the 2012-2014 instalment of the Generali Group's Long Term Incentive Plan.

2.4 Breakdown of remuneration by Business Area

A breakdown of remuneration by Business Area for financial year 2012 is presented in *Annex 1, paragraph (f) Aggregate Quantitative Information on Remuneration, Broken Down by Business Area*. The aforesaid information pertains to the remuneration of managers and other employees (upper-level middle managers and professionals) who, by reason of their roles and job descriptions, are entitled to variable remuneration within a framework based on Management by Objectives.

The Business Areas in question include:

- Control Functions: compliance, internal audit, human resources management and risk management functions;
- Operating/administrative Functions: functions pertaining primarily to operations, loans, marketing, organisation and IT, finance, and administration and planning/control;
- Relationship Managers: Private Division sales employees;
- Managers of the AM Division and Generali Fund Management: managers operating in the AM Division (instituted following the merger of BG SGR into Banca Generali effective 1 September 2012) and Generali Fund Management. It should be noted that the figures indicated refer to the entire year, considering the managers of the Investments Department of BG SGR, later incorporated into the AM Division of Banca Generali following the merger transaction.

2.5 Breakdown of remuneration by category of Key Personnel

A breakdown of remuneration by category of Key Personnel for financial year 2012 is presented in *Annex 1, paragraph (g) Aggregate Quantitative Information on Remuneration, Broken Down by Category of "Key Personnel"* which refers to the remuneration of personnel that, pursuant to the company's internal self-assessment process, has been placed in such category.

More specifically:

- a) Key Managers: Chief Executive Officer and General Manager, Vice Deputy General Director and Deputy General Manager, Head of the Private Division of Banca Generali; for the other companies of the Banca Generali Group: General Manager of BG SGR up to the date of merger of Banca Generali;
- b) Heads of the main business areas or company functions, reporting directly to the Chief Executive Officer or General Manager of Banca Generali: Heads of the Operating Department, the Marketing Department, the Loans Department, the Legal & Compliance Department, the Resources Department and AM Division, following the merger of BG SGR in Banca Generali. For the other companies of the Banca Generali Group: General Manager of Generali Fund Management (hereinafter also GFM) and Managing Director of BG Fiduciaria;
- c) Upper-level middle managers and managers in charge of control functions: Internal Auditor and Risk Management & Compliance Manager;
- d) Other risk takers: the managers (other than those specified above) who sit on Banca Generali's Loans Committee and Risk Committee (the Heads of the Administrative Department, the Organisation Department, the Internal Regulations & IT System Department, the Finance Department), as well as (ii) other managers in charge of important business lines (the Head of the Relationship Manager Department within the Private

Division and the Sales Department). For the other companies of the Banca Generali Group: the Chairman of BG SGR up to the date of merger of BG SGR in Banca Generali.

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 24 April 2012.

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

By way of general information, it is worth noting that in 2012 the weight of commissions paid (almost entirely in favour of financial advisors) on overall commissions income, including in performance commissions linked to market performance, decreased slightly compared to figures for 2011. The payout is essentially in line with the average for the past two years.

	Total payout (with performance commissions)	Total payout (without performance commissions) (*)
2011	43.8%	45.2%
2012	41.7%	48.6%

(*) 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 commissions payable to Financial Advisors and their Managers in the event of substandard after-sales services to customers during 2012; (ii) within the framework of a process of gradually increasing the responsibilities of 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 recurrent remuneration.

Turning to the commission 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 incentive 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 non-managerial capacities at the end of 2012, incentives accounted for little over 5% of overall ordinary remuneration. Including management structures, they amounted to about 10%.

On the other hand, in light of their crucial coordination and supervisory responsibilities, the variable remuneration of Area Managers and Private Banking Managers determined pursuant to incentive plans has been subjected, as of 2010, to both gate thresholds *relating to the banking group* and the partial deferment of bonus payments. As a result, the aforesaid overall variable remuneration accrued for 2012 in the amount of 2,232,146 euros for such functions was paid as follows: 60% in 2012; 20% will be paid after verification that all the gate thresholds established for the following year have been met; and the remaining 20%, after a further year, again subject to satisfaction of the gate thresholds applicable for that year.

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

4. TABLES

4.1 Tables prepared pursuant to CONSOB Resolution No. 18049

- TABLE 1 — Compensation Paid to Members of 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 Board of Directors, General Managers and Other Key Management Personnel based on financial instruments other than stock options. This table has not been prepared as the 2010-2012 LTIP has had monetary effects; therefore the relevant information is provided in TABLE 3B.
- 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 pursuant to the instructions of the Bank of Italy — Instructions on the remuneration and incentive policies and practices of banks and banking groups – Annex 1

Annex 1, paragraph (f) of the Bank of Italy Instructions: Aggregate Quantitative Information on Remuneration Broken Down by *Business Area*.

Annex 1, paragraph (g) of the Bank of Italy Instructions: Aggregate Quantitative Information on Remuneration Broken Down by Category of “*Key Personnel*”

Include table (ripetuto 7 volte)

Compliance Function's Review of 2013 remuneration policies for compliance with applicable regulations

Foreword

Pursuant to the Instructions on the remuneration and incentive policies and practices of banks and banking groups (Bank of Italy, March 2011), when defining such policies the compliance function is tasked with assessing the compliance of remuneration policies with applicable regulations. In accordance with the above Regulations, the compliance function's review includes ensuring that the company incentive system is consistent with the objectives of compliance with 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 2013, 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. Within this context, particular attention was also devoted to assessing compliance with the provisions of Article 84-*quater* of the regulation implementing Legislative Decree 58 of 24 February 1998 (the Finance Consolidation Law) concerning rules for issuers, as amended by CONSOB Resolution No. 18049 of 23 December 2011. The proposed remuneration policies are indeed intended to ensure comprehensive compliance with the provisions governing remuneration policies introduced by rules applicable to the banking sector (Bank of Italy's Instructions) and the regulation governing rules for issuers (CONSOB Resolution No. 18049).

In assessing compliance with remuneration policies, account was also taken of the Bank of Italy notice of 13 March last ("2012 Financial Statements: valuation of accounts receivable, remuneration, distribution of dividends") with specific reference to provisions aimed at significantly reducing the variable compensation component throughout the system.

Situation identified

On a general basis, and taking account of the application of the principle of proportionality, where appropriate, it may be remarked that through remuneration and incentive policies:

- a balance is reached between the fixed and variable components of remuneration, while also taking account of the position filled;

- 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 above-mentioned principle of proportionality;
- bonus entitlement is tied not only to the actual results achieved, but also, for the parties identified in the remuneration policy, the satisfaction of a gate threshold condition 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;
- penalty 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 regard to distribution network activities, 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. Bonus-generating targets for Financial Advisors, in fact, focus exclusively on inflows based on specific macro-aggregates. This allows incentive policies to be prevented (i) from fostering the distribution of the products of the Group over the products of third parties and (ii) from resulting in efforts to sell single products;
- does not call for the assignment of financial objectives for control functions.

Conclusions

On the foregoing basis, and considering the principle of proportionality, it may be stated that the Banking Group's remuneration and incentive policies are consistent and compliant with the provisions of current internal and external regulations.

In such regard, in line with the recommendations set forth in the above-mentioned Bank of Italy notice of 13 March last, the imposition of adequate quantitative financial targets within the bonus system, together with the access gates identified above, must be deemed appropriate to ensure a suitable reduction in the variable remuneration component, even to zero, if the banking group's overall performance fails to meet minimum performance objectives.

Compliance Service
Paolo Rupil

Internal Audit Function's Review of Remuneration Practices Financial Year 2012



INTERNAL AUDIT

AUDIT REPORT

COMPANY	BANCA GENERALI	
PROCESS	REMUNERATION POLICY	
PROCESS OWNER	Resources Department Planning & Control Department Sales Planning and Control Service Legal & Compliance Department Risk Management Service	
SUBJECT OF INQUIRY	Review of the compliance of the remuneration practices with applicable regulations and the policies approved by the General Shareholders' Meeting	
OPINION	TYPE OF RISKS: Compliance, Strategic, Operating	
	INTERNAL CONTROL SYSTEM	DESIGN: Satisfactory
		FUNCTIONING: Satisfactory
RISK MANAGEMENT SYSTEM: Satisfactory		
AUDIT TEAM	F. Barraco, L. Alemanno	
DATE	22 March 2013	

The Internal Audit function has conducted an audit of the compliance in 2012 of remuneration practices with applicable regulations and the policies approved by the Shareholders' Meeting.

On the basis of the audit, it was determined that:

- the remuneration policy adopted by the Bank was found compliant with applicable laws and regulations, and constantly in line with the evolutions of statutory and supervisory provisions;
- 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 portion. In addition, a deferral system has been applied for variable remuneration, along with malus and claw-back clauses, and economic penalties should any specific risk emerge;
- quantitative objectives are reviewed in a process that involves the Risk Management and Planning & Control functions; reviews of qualitative objectives take place in a framework of suitable formalisation, description of behaviour and consistency between positions and duties;
- transparency of information is ensured by the structure of the individual balanced Scorecards that provide a detailed itemisation and description of each specific target, any notes, the elements used for calculation purposes, the corporate officer in charge, and the related supervisory and oversight structure.

The results of the aforesaid audit provide a full assurance that the remuneration practices comply with applicable laws and regulations and the remuneration policies approved by the General Shareholders' Meeting on 24 April 2012, and that the Group relies on an effective and satisfactory internal control and risk management system.

Internal Audit
Francesco Barraco

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

Banca Generali's **Remuneration and Nomination** Committee, during the meetings held since the year-start, has performed the tasks it was assigned by the Rules governing the activities of the said Committee.

In order to discharge its duties in the best possible manner, the Remuneration and Nomination Committee has identified the need to support its activity with an industry-level study about the remuneration of the Chief Executive Officers and Managers of banks. Therefore, it engaged the independent firm HayGroup S.r.l. to conduct a peer benchmark study examining the remuneration structure for top management. During its session of 15 October 2012, the Committee examined the results of the study it had commissioned, which did not result in the identification of any specific irregularities relating to the current remuneration of the employees of the bank and the banking group, which had been defined in light of the specific nature of the sector in which the Bank operates.

With reference to the process for defining and implementing the remuneration policies, the Remuneration and Nomination Committee (i) participated in the process of reviewing the proper application of remuneration policies in 2012 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 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 policies and practices; (vi) expressed an opinion, on the basis of the information received from the competent company functions, of the achievement of the performance objectives to which incentive plans for key managers are tied and of 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 2012. In this regard, it took into consideration the Bank of Italy's notice dated 13 March

last (“Financial Statements 2012: loan valuation, remuneration, dividend distribution”), in particular with reference to the checks performed to verify the absence of any impediments, as identified by the same notice, to the payment of variable compensation envisaged by the incentive plans for financial year 2012.

The **Remuneration and Nomination** Committee also reviewed (i) the self-assessment process, based on updated, year-end financial statement data and aimed at identifying Key Personnel, as defined by supervisory regulations, and (ii) the proposal for remuneration policies for 2013, which it found to be consistent, including with respect to the application of the principle of proportionality, with both the Bank of Italy Instructions and CONSOB regulations on the subject. In accordance with the orientation of applicable supervisory regulations and the guidelines provided by CEBS, 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.

Milan, 27 March 2013
NOMINATION
COMMITTEE

REMUNERATION AND

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

Appointment of two members of the Board of Directors: relevant and ensuing resolutions

Shareholders,

During financial year 2012, two of the Company's directors, Giorgio Angelo Girelli (who also served as Chairman of the Board of Directors) and Giovanni Perissinotto, resigned from office. To replace them, the Board of Directors therefore proceeded to co-opt, within the meaning of Article 2386 of the Italian Civil Code, Paolo Vagnone, engineer, on 25 July 2012, and Raffaele Agrusti, on 8 August 2012.

The co-option procedure was conducted in accordance with the provisions of the Bank of Italy Order of 11 January 2012, under which, in the event of the appointment or co-option of directors, the Board of Directors is required to (i) first, identify what could be deemed its optimal membership in qualitative and quantitative terms, in light of the goal of properly discharging its functions, duly describing, on the basis of a statement of grounds, the profile of the theoretical ideal candidates best suited for the purpose, and (ii) then check the extent to which the Board of Directors as constituted following the appointment process, reflects its ideal qualitative and quantitative make-up, as previously identified. In the case of the co-option of directors, the Order further requires, *inter alia*, that the results of the analysis mentioned in point (i) above, as well as the opinion of the Remuneration and Nomination Committee, and the outcome of the assessment mentioned in point (ii) above, are submitted at the first General Shareholders' Meeting following the co-option. This report is accordingly accompanied by a copy of an extract of the minutes of the Board of Directors' meeting of 25 July 2012, setting forth the results of the analysis conducted (Annex A), the opinion issued in such regard by the Remuneration and Nomination Committee on 25 July 2012 (Annex B), the outcomes of the assessment mentioned in point (ii) above and carried out by the Board of Directors on 12 September 2012 (Annex C) and the opinion issued in respect of the same by the Remuneration and Nomination Committee on 11 September 2012 (Annex D).

It must be borne in mind that, pursuant to Article 2386 of the Italian Civil Code, the co-opted director remains in office until the following General Shareholders' Meeting, which coincides with that convened for the approval of the financial statements for the year ended 31 December 2012.

In light of the above, and bearing in mind that:

- pursuant to Article 15 of the Articles of Association, the Board of Directors is made up of between no less than 7 and no more than 12 members;
- by resolution of 24 April 2012, the General Shareholders' Meeting established that, for the three-year period 2012-2014, the Board of Directors is to be made up of 10 members;

it is hereby proposed to the General Shareholders' Meeting to take the decisions falling within its remit, by appointing, pursuant to Article 2386 of the Italian Civil Code and Article 15, paragraph 14, of the Articles of Association, two members of the Board of Directors, further establishing that their respective terms of appointment are to expire together with that of the other Directors currently in office, and therefore, upon the approval of the financial statements for the financial year ending 31 December 2014.

Pursuant to the above-mentioned Bank of Italy Order of 11 January 2012, and Article 2 of the Corporate Governance Code of Listed Companies, in order to enable you to make informed decisions on the matters falling within your purview, you are provided, attached hereto, with the findings reached by the Board of Directors on 8 March 2013, on the optimal qualitative and quantitative membership of the Board of Directors (Annex E) and the opinion expressed in such regard by the Remuneration and Nomination Committee on 7 March 2013 (Annex F).

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

"The Shareholders' Meeting of Banca Generali S.p.A., held in ordinary session, at the offices of Assicurazioni Generali S.p.A. in Trieste, at Via Trento 8,

- having regard to Article 2386 of the Italian Civil Code;
- having regard to Article 15, paragraph 14, of the Articles of Association;
- having regard to the Directors' Report and the findings reached by the Board of Directors in respect of the optimal membership of the same in qualitative and quantitative terms,

resolves

- 1) to appoint, as members of the Board of Directors:
- 2) to establish that the term of appointment of the aforesaid Directors, is to coincide with that of the other members of the Board of Directors currently in office, and is therefore to expire at the end of the General Shareholders' Meeting convened to approve the financial statements for the year ending 31 December 2014."

Milan, 8 March 2013

THE BOARD OF DIRECTORS

Annex A)

M i n u t e s

of the meeting of the Board of Directors of Banca Generali S.p.A., held in Milan, at the company's offices in Piazza S. Alessandro, No. 4, and, pursuant to article 17 of the Articles of Association, by simultaneous video-conference call with the operating offices in Trieste, at Corso Cavour, No. 5/a, on 25 July 2012, from 10.00 a.m. to 1.30 p.m.

The following persons are in attendance in Milan:

the Chief Executive Officer

Piermario MOTTA

the Members of the Board of Directors

Mario Francesco ANACLERIO

Paolo BAESSATO

Giovanni BRUGNOLI

Fabio GENOVESE

Anna GERVASONI

Angelo MIGLIETTA

as well as the Board Secretary Cristina RUSTIGNOLI.

The video-conference link is established with the operating offices in Trieste, at Corso Cavour, No. 5/a, where the following persons are in attendance:

the members of the Board of Statutory Auditors

Giuseppe ALESSIO VERNI'

Alessandro GAMBI

Angelo VENCHIARUTTI

Ettore RIELLO – Director, is absent with justification.

The meeting is also attended by the Vice Deputy General Manager, Giancarlo FANCEL.

Pursuant to article 16, paragraph 4, of the Articles of Association, the meeting is chaired by Director Paolo BAESSATO, who upon verifying that the required quorum is met, calls the meeting to order at 10.00 a.m.

He then invites Cristina RUSTIGNOLI, attorney-at-law, the Secretary to the Board of Directors, to record the minutes of the meeting, and, proceeds to give reading to the agenda:

1. Approval of the minutes of the previous Board meeting.
- 1bis. Resolutions pursuant to Article 2386 of the Italian Civil Code, and Article 15, paragraph 14, of the Articles of Association.
2. Notices from the Chairman.
3. Approval of the half-yearly directors' report on operations and examination of the accounts as at 30 June 2012.
4. Approval of the financial statements.

5. Reports of the Chief Executive Officer.
6. Orders regarding overdraft facilities.
7. Administrative orders.
8. Sundry business.

O M I S S I S

Paolo Baessato goes on to introduce

Point 1bis - Resolutions pursuant to Article 2386 of the Italian Civil Code and Article 15, paragraph 14, of the Articles of Association

and, in such regard, reminds the meeting that on 23 July 2012, Giorgio Angelo Girelli resigned from his position as Chairman and member of the Company's Board of Directors, and that, on that same day, 23 July 2012, director Giovanni Perissinotto, also resigned from his position as a member of Banca Generali's Board of Directors.

He then informs the meeting that the Board must now adopt resolutions ensuing from and related to the said resignations. In this regard, he recalls that the Order issued by the Bank of Italy on 11 January 2012 further requires the Board of Directors to put forward recommendations regarding the qualitative and quantitative composition deemed to be ideal for supervisory and governing bodies, in a report duly supported by a statement of grounds, the requirements individual candidates for Board membership ought to meet in theory — in terms of professionalism, as well as independence, where necessary — to ensure an ideal Board. He further reminds the attendees that, pursuant to the aforesaid Order, the aforesaid assessments must be carried out — in consultation with the Remuneration and Nomination Committee — even in the event of co-option, and that in all such cases, the recommendations put forward in light of the assessments, the Committee's opinion and the outcome of any and all subsequent checks that may have been conducted must be disclosed at the first General Shareholders' Meeting immediately following the co-option.

Director Baessato goes on to point out that the current Board of Directors was appointed by the General Shareholders' Meeting of 24 April, last, and that, for such purpose, the Board of Directors expressed its recommendations regarding its ideal membership in qualitative and quantitative terms, at the Board meeting of 13 March, last (the said recommendations, which were disclosed to shareholders through publication on the Company's website, are set forth in the documents distributed to all attendees and entered into the record in these minutes). He, moreover, reminds the attendees that, at the meeting of May 8, last, the Board of Directors verified that the aforesaid recommendations were largely complied with at the time of its appointment.

Taking due account, *inter alia*, of the brief period the Board has been in office since its appointment, he feels it appropriate to invite the meeting to confirm the aforesaid approved recommendations regarding the ideal membership of the Board of Directors in qualitative and quantitative terms, as well as to consequently take all decisions in respect of co-option, on the basis of the recommendations put forward by the Board of Directors on 13 March, last.

He then points out that the resignations in question do not affect the make-up of the Board of Directors in terms of satisfaction of the requirement of ensuring both a majority of independent directors (given that neither of the outgoing directors served in an independent capacity) and balanced gender representation on the Board. With regard to the number of members of the Board of Directors, he reminds the attendees that, as per the aforesaid recommendations, the Board of Directors would ideally comprise no less than nine and no more than ten members, whilst, in respect of the professional profiles that ought, ideally, to be represented on the Board — all other statutory requirements with regard to professionalism and personal integrity having been fully met — he points out that, in light of the said recommendations:

- (i) given the crucial functions — of promoting internal debate, implementing appropriate checks and balances, and duly countervailing the authority of the Chief Executive Officer and the other executive directors — inherent to such office, the Chairmanship of the Board of Directors ought to be invested in a person who has accumulated adequate professional experience as a bank director;
- (ii) ideally, the other Board members would be professionals with a wide variety of skills, experience, general knowledge and specialist know-how pertaining to developments in both the broad macro-economic context, and more specifically, the fields of banking and finance. In light of the above, the directors must have accumulated adequate experience: (i) in business administration in the banking, financial or insurance sectors, (ii) in the management of service-sector companies, (iii) in marketing, (iv) in finance, (v) in corporate oversight or risk management, (vi) as a lecturer or professor of law, economics, or subjects related to financial markets.

Paolo Baessato specifies that the directors to be co-opted need not necessarily meet statutory independence requirements (insofar as the outgoing directors served in a non-independent capacity), whilst — in order to maintain the balance of professional profiles represented on the Board of Directors and established by the General Shareholders' Meeting of 24 April, last, basically in line with the recommendations put forward by the Board of Directors on 13 March, last — he feels that — in the case where both the outgoing directors are to be replaced — it would be best for both the required co-options to be effected in favour of persons with appropriate management experience in the banking, financial or insurance industries, so as to reflect the professional experience of the outgoing directors.

He then invites the Board of Directors to select its Chairman from amongst those of its members who have acquired adequate professional experience serving as directors of banking institutions.

In light of the above, he moves the Board of Directors, pursuant to the provisions of Article 15, paragraph 14, of the Articles of Association, and article 2386 of the Italian Civil Code, to:

- (i) confirm – taking due account, *inter alia*, of the brief period the Board has been in office since its appointment – the recommendations put forward by the Board of Directors in respect of its ideal membership in qualitative and quantitative terms, on 13 March 2012;
- (ii) consequently take all decisions in respect of co-option, on the basis of the aforesaid recommendations;
- (iii) accordingly replace the outgoing directors, by co-opting to sit on the Board of Directors, two new members with experience in the banking or insurance industries;
- (iv) proceed immediately with the replacement of one of the outgoing directors by co-opting to sit on the Board of Directors a new member with experience in banking and insurance. Towards such end, until the next General Shareholders' Meeting, Paolo Vagnone, Assicurazioni Generali S.p.A.'s General Manager and Country Manager for Italy, whose résumé is briefly illustrated in a document entered into the record through these minutes, is co-opted as a Director;
- (v) adjourn for a brief period of time, all decisions on how to best replace the second outgoing director, until a suitable candidate is found, taking due account of the ideal professional profiles outlined in the recommendations put forward by the Board of Directors in respect of its membership in qualitative and quantitative terms;
- (vi) also adjourn the appointment of the Chairman of the Board of Directors until the outcome of the decisions mentioned in point (v) above.

Paolo Baessato, in his capacity as Chairman of the Remuneration and Nomination Committee then goes on to give formal reading of the favourable opinion (the text of

which has been distributed to all attendees and is attached to these minutes as Annex A), expressed by the Remuneration and Nomination Committee, at its meeting earlier today, in respect of the aforesaid matters covered under the motion.

He goes on to request the Chairman of the Board of Statutory Auditors to express the latter's approval of the proposed co-option, as well as its opinion on the other matters covered in the motion.

On behalf of the Board of Statutory Auditors and pursuant to article 2386 of the Italian Civil Code, Alessio Verni, Chairman of the Board of Statutory Auditors, expresses the latter's approval of the proposed co-option, as well as its favourable opinion on the other matters covered in the motion.

The Board of Directors,

- having heard the motion raised by Director Baessato,
- having acknowledged the favourable opinion expressed by the Remuneration and Nomination Committee,
- having acknowledged the Board of Statutory Auditors' opinion,

unanimously resolves:

- a) to confirm — taking due account, *inter alia*, of the brief period the Board has been in office since its appointment — the recommendations put forward by the Board of Directors in respect of its ideal membership in qualitative and quantitative terms, on 13 March 2012 as reproduced in the text attached to these minutes;
- b) to consequently take all decisions in respect of co-option, on the basis of the aforesaid recommendations;
- c) to accordingly replace the outgoing directors, by co-opting to sit on the Board of Directors, two new members with experience in the banking or insurance industries;
- d) to co-opt Paolo VAGNONE, born in Turin on 4 December 1963, tax code VGNPLA63T04L219E, an Italian national, with address for service in Trieste, at Via Machiavelli, No. 4, as a new member of the Board of Directors of Banca Generali S.p.A., with immediate effect, through to the next General Shareholders' Meeting, in accordance with the provisions of article 15, paragraph 14, of the Articles of Association, and article 2386 of the Italian Civil Code;
- e) to adjourn for a brief period of time all decisions on how to best replace the second outgoing director, until a suitable candidate is found, taking due account of the ideal professional profiles outlined in the recommendations put forward by the Board of Directors in respect of its membership in qualitative and quantitative terms;
- f) to also adjourn the appointment of the Chairman of the Board of Directors until the outcome of the decisions mentioned in point (e) above.

O M I S S I S

At this juncture, there being no further business to discuss, and no one having requested the floor, the Board meeting was adjourned at 1.30 p.m..

the Chairman
Secretary
Paolo Baessato
Rustignoli

the
Cristina

Annex B)

OPINION ISSUED BY THE REMUNERATION AND NOMINATION COMMITTEE OF BANCA GENERALI S.P.A., PURSUANT TO THE BANK OF ITALY ORDER OF 11 JANUARY 2012 REGARDING THE PROPOSED CO-OPTION WITHIN THE BOARD OF DIRECTORS

The Remuneration and Nomination Committee of Banca Generali S.p.A. met on 25 July 2012 to assess the proposed co-option within the Board of Directors, with a view to replace two outgoing directors.

At that meeting, the aforesaid Committee acknowledged that:

- on 23 July 2012, Giorgio Angelo Girelli resigned from his position as Chairman and member of the Company's Board of Directors, and, on same day, 23 July 2012, Giovanni Perissinotto, also resigned from his position as a member of Banca Generali's Board of Directors;
- the Board of Directors must now adopt resolutions ensuing from and related to the said resignations.

Bearing in mind that:

- the Order issued by the Bank of Italy on 11 January 2012 further requires the Board of Directors to put forward recommendations regarding the qualitative and quantitative composition deemed to be ideal for supervisory and governing bodies, in a report duly supported by a statement of grounds, the requirements individual candidates for Board membership ought to meet in theory — in terms of professionalism, as well as independence, where necessary — to ensure an ideal Board;
- pursuant to the aforesaid Order, the aforesaid assessments must be carried out — in consultation with the Remuneration and Nomination Committee — even in the event of co-option, and in all such cases, the recommendations put forward in light of the assessments, the Committee’s opinion and the outcome of any and all subsequent checks that may have been conducted must be disclosed at the first General Shareholders’ Meeting immediately following the co-option;
- the current Board of Directors was appointed by the General Shareholders’ Meeting of 24 April, last, and , for such purpose, the Board of Directors expressed its recommendations regarding its ideal membership in qualitative and quantitative terms, at the Board meeting of 13 March, last, and disclosed the same to shareholders through publication thereof on the Company’s website;
- at the meeting of 8 May, last, the Board of Directors verified that the aforesaid recommendations were largely complied with at the time of its appointment,

the Remuneration and Nomination Committee,

having acknowledged that, taking due account, *inter alia*, of the brief period the Board has been in office since its appointment, the motion in question seeks to confirm the aforesaid approved recommendations regarding the ideal membership of the Board of Directors in qualitative and quantitative terms, as well as to consequently take all decisions in respect of co-option, on the basis of the recommendations put forward by the Board of Directors on 13 March, last;

having then observed that:

- the resignations in question do not affect the make-up of the Board of Directors in terms of satisfaction of the requirement of ensuring both a majority of independent directors (given that neither of the outgoing directors served in an independent capacity) and balanced gender representation on the Board;
- with regard to the number of members of the Board of Directors, as per the aforesaid recommendations, the Board of Directors would ideally comprise no less than nine and no more than ten members;
- in respect of the professional profiles that ought, ideally, to be represented on the Board — all other statutory requirements with regard to professionalism and personal integrity having been fully met — he points out that, in light of the said recommendations:
 - (i) given the crucial functions — of promoting internal debate, implementing appropriate checks and balances, and duly countervailing the authority of

the Chief Executive Officer and the other executive directors — inherent to such office, the Chairmanship of the Board of Directors ought to be invested in a person who has accumulated adequate professional experience as a bank director;

- (ii) ideally, the other Board members would be professionals with a wide variety of skills, experience, general knowledge and specialist know-how pertaining to developments in both the broad macro-economic context, and more specifically, the fields of banking and finance. In light of the above, the directors must have accumulated adequate experience: (i) in business administration in the banking, financial or insurance sectors, (ii) in the management of service-sector companies, (iii) in marketing, (iv) in finance, (v) in corporate oversight or risk management, (vi) as a lecturer or professor of law, economics, or subjects related to financial markets;

- the directors to be co-opted need not necessarily meet statutory independence requirements (insofar as the outgoing directors served in a non-independent capacity);

- in order to maintain the balance of professional profiles represented on the Board of Directors and established by the General Shareholders' Meeting of 24 April, last, basically in line with the recommendations put forward by the Board of Directors on 13 March, last — in the case where both the outgoing directors are to be replaced — it would be best for both the required co-options to be effected in favour of persons with appropriate management experience in the banking, financial or insurance industries, so as to reflect the professional experience of the outgoing directors,

unanimously reached a favourable assessment in respect of the motion that, in light of the above, will be raised at the next Board of Directors' meeting, in accordance with the provisions of article 15, paragraph 14, of the Articles of Association, and article 2386 of the Italian Civil Code, and more specifically, entailing proposals to:

- a) confirm — taking due account, *inter alia*, of the brief period the Board of Directors has been in office since its appointment — the recommendations put forward by the Board of Directors in respect of its ideal membership in qualitative and quantitative terms, on 13 March 2012;
- b) consequently take all decisions in respect of co-option, on the basis of the aforesaid recommendations;
- c) accordingly replace the outgoing directors, by co-opting to sit on the Board of Directors, two new members with experience in the banking and insurance industries;
- d) identify in the person of Paolo Vagnone, Assicurazioni Generali S.p.A.'s General Manager and Country Manager for Italy, one of the two candidates suited for co-option to the Board of Directors;
- e) adjourn for a brief period of time all decisions on how to best replace the second outgoing director, until a suitable candidate is found, taking due account of the ideal professional profiles outlined in the recommendations put forward by the

Board of Directors in respect of its membership in qualitative and quantitative terms;

- f) adjourn the appointment of the Chairman of the Board of Directors until the outcome of the decisions mentioned in points (d) and (e).

Milan, 25 July 2012

Remuneration and Nomination Committee

Annex C)



**Verification that the actual composition of the Board of Directors after the aforesaid
resignations and subsequent co-options is consistent with the qualitative and
quantitative composition deemed optimal**
pursuant to the Bank of Italy Order of 11 January 2012

Foreword

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

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

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

Moreover, Company directors must dedicate to the discharge of their respective functions, time and resources commensurate with the complexity of their assigned tasks.

The supervisory instructions on corporate governance and organisation, issued by the Bank of Italy on 4 March 2008, place particular emphasis on these specific issues, and lay down implementing guidelines and principles to be followed by financial institutions in determining the composition of their respective Boards of Directors.

Within the same context, the Order issued by the Bank of Italy on 11 January 2012 further requires the Board of Directors to put forward recommendations regarding the qualitative and quantitative composition deemed to be ideal for supervisory and governing bodies, in a report duly supported by a statement of grounds, the requirements individual candidates for Board membership ought to meet in theory — in terms of professionalism, as well as independence, where necessary — to ensure an ideal Board.

Pursuant to the supervisory instructions, the procedures through which Board appointments are made must be transparent and ensure adequate representation of the various components of the Company's base, on supervisory and governing bodies.

Similar goals are also pursued by the Corporate Governance Code for Listed Companies, adopted by the Corporate Governance Committee in March 2006, and recently amended in December 2011, which, in the comment to Article 2, puts forward a recommendation for the Board of Directors to express an opinion on the general and professional features, including experience, also in managerial positions, to be deemed desirable in Company directors and officers, taking due account of the dimensions, complexity and peculiarities of the Issuer's business operations, as well as the size of the Board of Directors in question.

Moreover, the above-mentioned Bank of Italy Order requires the results of the analyses undertaken to be brought to the attention of the Bank's shareholders in a timely manner so that they may take the recommended professional requirements into account when drawing up and subsequently voting on lists of candidates for Board membership.

On 13 March 2012, when convening the General Shareholders' Meeting called upon to appoint new governing and control bodies, the Board of Directors defined what it deemed to be the ideal membership of the bank's Board, in qualitative and quantitative terms, formalising its recommendations on: (i) the number of directors, (ii) the type of directors, (iii) gender representation on the Board, (iv) professional profiles of Board members, (v) the accumulation of corporate appointments.

On 8 May, last, the Board of Directors verified that the said recommendations were largely complied with, at the time of its appointment.

Following the appointment of the Board of Directors by the General Shareholders' Meeting of 24 April 2012, certain changes occurred in the membership of the Board of Directors, as a result of:

- Giorgio Angelo Girelli's resignation as both Chairman and member of the Company's Board of Directors, on 23 July 2012;
- Giovanni Perissinotto's resignation as member of the Company's Board of Directors, on 23 July 2012;
- the co-option by the Board of Directors of Paolo Vagnone as member of the Company's Board of Directors on 25 July 2012;
- the co-option by the Board of Directors of Raffaele Agrusti as member of the Company's Board of Directors on 8 August 2012;
- the appointment of Paolo Vagnone as Chairman of the Company's Board of Directors on 8 August 2012.

Pursuant to the above-mentioned Bank of Italy Order of 11 January 2012, the aforesaid assessments must be carried out — in consultation with the Remuneration and Nomination Committee — even in the event of co-option, and in all such cases, the recommendations put forward in light of the assessments, the Committee's opinion and the outcome of any and all subsequent checks that may have been conducted must be disclosed at the first General Shareholders' Meeting immediately following the co-option.

In order to take the decisions falling within its remit, following the aforementioned resignations, on 25 July 2012, the Board of Directors — having observed that the resignations in question in no way affected the make-up of the Board of Directors in terms of satisfaction of the requirement of ensuring both a majority of independent directors (given that neither of the outgoing directors served in an independent capacity), and balanced gender representation on the Board — resolved to confirm (especially in consideration of the brief period of time the Board had served in office since its appointment) the recommendations put forward by the Board of Directors on 13 March 2012 in respect of its ideal membership in qualitative and quantitative terms, and to consequently take all decisions in respect of co-option, on the basis of the said recommendations, and proceeded to replace the outgoing directors by co-opting to the Board of Directors two new members with experience in the banking or insurance industries.

It is therefore now necessary to check if and to what extent the Board of Directors, as constituted following the co-options in question, reflects its ideal qualitative and quantitative make-up, as previously identified.

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

With reference to the ideal membership of the Board of Directors in qualitative and quantitative terms, on 13 March, last, Banca Generali's Board determined that, in light of the bank's size, the Board of Directors would ideally comprise no less than nine and no more than ten members, on the grounds that such a number would endow the Board of Directors with all the various professional profiles required to properly discharge its tasks and duties, whilst continuing to function effectively.

In compliance with the aforesaid determination, on 24 April, last, the General Shareholders' Meeting determined that Banca Generali's Board of Directors is to be made up of ten members.

Following the above-mentioned resignations and subsequent co-option of Paolo Vagnone and Raffaele Agrusti, the Board of Directors remains comprised of ten members.

2. Composition of the Board of Directors – Types of Directors

Since Banca Generali is subject to management and coordination by another Italian company with shares listed in regulated markets, the Board of Directors must consist of a majority of independent directors, pursuant to the provisions of Article 37, paragraph 1, letter d), of the Regulation adopted by CONSOB in Resolution No. 16191 of 29 October 2007, as amended.

The resignations of the two directors on 23 July, last, do not affect the make-up of the Board of Directors in terms of satisfaction of the requirement of ensuring a majority of independent directors on the Board, given that neither Giorgio Angelo Girelli, nor Giovanni Perissinotto served in an independent capacity.

Similarly, neither of the two directors co-opted to replace the outgoing directors meet the independence requirements imposed under article 147-ter, paragraph 4, and 148, paragraph 3, of Legislative Decree No. 58/1998, article 3 of the Corporate Governance Manual for Listed Companies, as well as article 37, paragraph 1, letter (d) of CONSOB Regulation No. 16191 of 29 October 2007, as further amended and extended.

Even following the aforesaid resignations and subsequent co-options, the Board of Directors remains comprised of a majority of directors who meet applicable independence requirements (six as opposed to four who do not meet the said requirements).

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

As put forward by the Board of Directors in its recommendations regarding Board members who qualify as non-executive directors, even following the resignations and subsequent co-options in question, only two of the ten Board members in office may currently be deemed executive directors: the Chief Executive Officer Piernario Motta (by virtue of powers invested in him by the Board of Directors on 24 April, last), and Paolo Vagnone, insofar as he still serves, to date, as Assicurazioni Generali S.p.A.'s Country Manager for Italy. It must be pointed out that the ratio between executive and non-

executive directors will remain unaltered even after the change in the governance layout resolved by the parent company Assicurazioni Generali, as a result of which, as of 1 October, next, Paolo Vagnone will no longer serve as executive director, whilst Raffaele Agrusti, who is to take office as Country Manager for Italy, will become an executive director.

3. Composition of the Board of Directors – Gender representation

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

In sharing the objectives and reasoning that led to the imposition of the aforesaid statutory requirements, on 13 March, last, the Board of Directors determined that the ideal membership of the Board of Directors could not be conceptualised without taking due account of the gender issue, and could therefore not be pursued without gradually progressing, on a voluntary basis, to full compliance with the requirements in question, and accordingly, put forward a recommendation for at least one seat on the Board of Directors to be filled by a person belonging to the gender less represented on the same.

In compliance with the aforesaid recommendation, on 24 April, last, the General Shareholders’ Meeting awarded one seat on the Board of Directors to a woman, Anna Gervasoni, thereby ensuring that the less represented gender is afforded representation on the Board.

The aforesaid resignations and subsequent co-options did not affect the ideal make-up of the Board of Directors in terms of gender representation.

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

Pursuant to the above-mentioned applicable regulations, in order for the Board of Directors to discharge its duties properly, it must consist of persons who (i) are fully aware of the powers and obligations inherent in the functions that each of them is called upon to perform, (ii) possess professional expertise suited to the positions they fill and appropriate to the bank’s operational characteristics and size, (iii) provide skills spread amongst all members, diversified in such a way that each member may contribute to ensuring effective risk management in all areas of the bank, and (iv) dedicate adequate time and resources to the overall nature of their offices.

On 13 March, last, the Board of Directors evinced the need for the Board itself to be endowed with a range of professional profiles commensurate with the banking group’s business operations, especially so as to ensure that each and every corporate function is headed by highly-skilled specialists, capable of well-informed and effective decision-making, as well as of engaging in constructive discussion and debate at Board meetings, and pointed out that increasing the diversity of the professional profiles represented on the

Board would enable directors to assume a broader variety of tasks on the Board and Board Committees.

In compliance with the provisions of article 26 of Legislative Decree No. 385 of 1 September 1993, and related implementing regulations (Regulation of the Ministry of the Treasury, the Budget and Economic Planning, No. 161 of 18 March 1998), the Board of Directors duly verified, on 25 July 2012 and 8 August 2012, respectively, that — on the basis of the documents submitted by them — each of the co-opted directors met all applicable professionalism and competence requirements, and further determined that each of them was selected on the basis of his professional qualifications and experience, from amongst persons with no less than three years' overall experience (increased to five years for the Chairman of the Board of Directors) as:

- (i) company directors, control or executive managers;
- (ii) professionals working on matters pertaining to credit, finance, asset management, insurance or other fields related to the bank's business;
- (iii) university level lecturers or professors in law or economic fields.

Moreover, pursuant to the provisions of Article 26 of Legislative Decree No. 385 of 1 September 1993 and Article 147-*quinquies* of TUF, on 25 July 2012 and 8 August 2012, respectively, the Board of Directors verified, based on the documentation submitted by the Board members, that the latter meet the requirements of personal integrity imposed on members of supervisory organs under Regulation 162 issued by the Ministry of Justice on 30 March 2000, as well as the requirements pertaining specifically to bank executives, under Regulation 161 issued by the Ministry of the Treasury, Budget and Economic Planning on 18 March 1998.

In order to conceptualise the ideal make-up of the Board of Directors in terms of the quality of its membership, on 13 March, last, the Board of Directors outlined a skill set with which the Board of Directors, on the whole, would have to be endowed in order to optimise its performance. The above-mentioned list of professional requirements was drawn up taking due account of regulatory provisions, the Guidelines on Internal Governance (GL44) issued by the European Banking Authority (EBA) on 27 September 2011, the recommendations set forth in the Corporate Governance Code for Listed Companies in respect of appointments to various committees, as well as system-wide best practices.

In the meeting held on 13 March, the Board of Directors decided that Board members should be professionals with a wide variety of skills, experience, general knowledge and specialist know-how pertaining to developments in both the broad macro-economic context, and more specifically, the fields of banking and finance. In light of the above, it suggested that the directors be chosen among those who have accumulated adequate experience: (i) in business administration in the banking, financial or insurance sectors, (ii) in the management of service-sector companies, (iii) in marketing, (iv) in finance, (v) in corporate oversight or risk management, (vi) as a lecturer or professor of law, economics, or subjects related to financial markets.

In order to maintain the balance of professional profiles represented on the Board of Directors and established by the General Shareholders' Meeting of 24 April, last, substantially in line with the recommendations put forward by the Board of Directors on 13 March, last, at its meetings of 25 July and 8 August, last, the Board of Directors determined it best to co-opt as directors, persons with appropriate management experience

in the banking, financial or insurance industries, so as to reflect the professional experience of the outgoing directors.

Given the crucial functions — of promoting internal debate, implementing appropriate checks and balances, and duly countervailing the authority of the Chief Executive Officer and the other executive directors — inherent to such office, in the meeting held on 13 March, the Board of Directors decided the chairmanship of the Board of Directors ought to be invested in a person who has accumulated adequate professional experience as a bank director.

In light of the above decisions and determinations, on 8 August 2012, the Board of Directors proceeded to appoint as Chairman of the Board of Directors Paolo Vagnone, who formerly served as Chairman of the Board of Directors of RAS Bank, and director of Unicredit.

With regard to the age of directors, at its meeting on 13 March, last, the Board of Directors decided, in light of best practices that are rapidly gaining industry-wide acceptance, that, at the time of their appointment, all executive directors and non-executive directors should not exceed 65 and 70 years in age, respectively.

Even following the aforesaid resignations and subsequent co-options, none of the Company's directors exceed prevailing age limits.

Milan, 12 September 2012

THE BOARD OF DIRECTORS

OPINION ISSUED PURSUANT TO THE BANK OF ITALY ORDER OF 11 JANUARY 2012, BY THE REMUNERATION AND NOMINATION COMMITTEE OF BANCA GENERALI S.P.A., ON THE ASSESSMENT OF WHETHER AND TO WHAT EXTENT THE QUALITATIVE AND QUANTITATIVE MAKE-UP OF THE BOARD OF DIRECTORS CONSIDERED AS OPTIMAL IS REFLECTED IN THE ACTUAL COMPOSITION RESULTING FROM THE APPOINTMENTS MADE BY THE GENERAL SHAREHOLDERS' MEETING ON 24 APRIL 2012, AND THE SUBSEQUENT RESIGNATIONS ON 23 JULY 2012 AND THE CO-OPTIONS ON 25 JULY 2012 AND 8 AUGUST 2012

The Remuneration and Nomination Committee of Banca Generali S.p.A. met on 11 September 2012 to assess whether and to what extent the ideal qualitative and quantitative make-up of the Board of Directors (as conceptualised by the Board of Directors on 13 March 2012, and subsequently confirmed by the Board of Directors on 25 July 2012) is reflected in the Board of Directors as constituted pursuant to the appointments made by the General Shareholders' Meeting on 24 April 2012, and maintained even following the resignation of two directors on 23 July 2012 and the co-options on 25 July 2012 and 8 August 2012.

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

The supervisory instructions on corporate governance and organisation, issued by the Bank of Italy on 4 March 2008, place particular emphasis on these specific issues, and lay down

implementing guidelines and principles to be followed by financial institutions in determining the composition of their respective Boards of Directors. Within the same context, the Order issued by the Bank of Italy on 11 January 2012 further requires the Board of Directors to put forward recommendations regarding the qualitative and quantitative composition deemed to be ideal for supervisory and governing bodies, in a report duly supported by a statement of grounds, the requirements individual candidates for Board membership ought to meet in theory — in terms of professionalism, as well as independence, where necessary — to ensure an ideal Board.

On 13 March 2012, when convening the General Shareholders' Meeting called upon to appoint new governing and control bodies, the Board of Directors defined what it deemed to be the ideal membership of the bank's Board, in qualitative and quantitative terms, formalising its recommendations on: (i) the number of directors, (ii) the type of directors, (iii) gender representation on the Board, (iv) professional profiles of Board members, and (v) the accumulation of corporate appointments.

On 8 May last, the Board of Directors verified that the said recommendations were largely complied with, at the time of its appointment.

Following the appointment of the Board of Directors by the General Shareholders' Meeting of 24 April 2012, certain changes occurred in the membership of the Board of Directors, as a result of:

- Giorgio Angelo Girelli's resignation as both Chairman and member of the Company's Board of Directors, on 23 July 2012;
- Giovanni Perissinotto's resignation as member of the Company's Board of Directors, on 23 July 2012;
- the co-option by the Board of Directors of Paolo Vagnone as member of the Company's Board of Directors on 25 July 2012;
- the co-option by the Board of Directors of Raffaele Agrusti as member of the Company's Board of Directors on 8 August 2012;
- the appointment of Paolo Vagnone as Chairman of the Company's Board of Directors on 8 August 2012.

Pursuant to the above-mentioned Bank of Italy Order of 11 January 2012, the aforesaid assessments must be carried out — in consultation with the Remuneration and Nomination Committee — even in the event of co-option, and in all such cases, the recommendations put forward in light of the assessments, the Committee's opinion and the outcome of any and all subsequent checks that may have been conducted must be disclosed at the first General Shareholders' Meeting immediately following the co-option.

In order to take the decisions falling within its remit, following the aforementioned resignations, on 25 July 2012, the Board of Directors — having observed that the resignations in question in no way affected the make-up of the Board of Directors in terms of satisfaction of the requirement of ensuring both a majority of independent directors (given that neither of the outgoing directors served in an independent capacity), and balanced gender representation on the Board — resolved to confirm (especially in consideration of the brief period of time the Board had served in office since its appointment) the recommendations put forward by the Board of Directors on 13 March 2012 in respect of its ideal membership in qualitative and quantitative terms, and to consequently take all decisions in respect of co-option, on the basis of the said recommendations, and proceeded to replace the outgoing directors by co-opting to the Board of Directors two new members with experience in the banking or insurance industries.

The Committee accordingly conducted the checks required, as specified in the related report.

The Committee then examined the recommendations focusing on the ideal make-up of the Board of Directors in qualitative and quantitative terms, and disclosed to shareholders by the Board of Directors on 13 March, last, before being re-confirmed by the Board itself on 25 July, last, prior to proceeding with co-option, and, determined, in particular, that:

- (i) with regard to the “Composition of the Board of Directors – Number of Board members”, on 13 March, last, Banca Generali’s Board determined that, in light of the bank’s size, the Board of Directors would ideally comprise no less than nine and no more than ten members, on the grounds that such a number would endow the Board of Directors with all the various professional profiles required to properly discharge its tasks and duties, whilst continuing to function effectively. In compliance with the aforesaid determination, on 24 April, last, the General Shareholders’ Meeting determined that Banca Generali’s Board of Directors is to be made up of ten members. Following the above-mentioned resignations and subsequent co-option of Paolo Vagnone and Raffaele Agrusti, the Board of Directors remains comprised of ten members;
- (ii) with reference to the “Composition of the Board of Directors – Type of Directors”, since Banca Generali is subject to management and coordination by another Italian company with shares listed in regulated markets, the Board of Directors must consist of a majority of independent directors, pursuant to the provisions of Article 37, paragraph 1, letter d), of the Regulation adopted by CONSOB in Resolution No. 16191 of 29 October 2007, as amended. Even following the aforesaid resignations and subsequent co-options, the Board of Directors remains comprised of a majority of directors who meet applicable independence requirements (six as opposed to four who do not meet the said requirements);
- (iii) with reference to the “Composition of the Board of Directors – Categories of Directors”, the Rules governing the Proceedings of the Board of Directors adopted by Banca Generali require the Board of Directors to be made up of a majority of non-executive directors who are to play the role of counterweight to the bank’s executive directors and managers, and promote internal deliberation and debate. As recommended by the Board of Directors in its recommendations regarding Board members who qualify as non-executive directors, even following the resignations and subsequent co-options in question, only two of the ten Board members in office may currently be deemed executive directors: the Chief Executive Officer Piermario Motta (by virtue of powers invested in him by the Board of Directors on 24 April, last), and Paolo Vagnone insofar as he still serves, to date, as Assicurazioni Generali S.p.A.’s Country Manager for Italy. The ratio between executive and non-executive directors will remain unaltered even after the change in the governance layout resolved by the parent company Assicurazioni Generali, as a result of which, as of 1 October, next, Paolo Vagnone will no longer serve as executive director, whilst Raffaele Agrusti, who is to take office as Country Manager for Italy, will become an executive director;
- (iv) with reference to the “Composition of the Board of Directors – Gender Representation”, on 13

March, last, the Board of Directors determined that the ideal membership of the Board of Directors could not even be conceptualised and concretely pursued, without gradually progressing, on a voluntary basis, to full compliance with the regulatory framework governing gender representation, and accordingly put forward a recommendation for at least one seat on the Board of Directors to be filled by a person belonging to the gender less represented on the same. The aforesaid resignations and subsequent co-options did not affect the ideal make-up of the Board of Directors in terms of gender representation;

- (v) with reference to the “Composition of the Board of Directors — Professional qualifications and experience”, in the recommendations put forward by the Board of Directors on 13 March, last, and subsequently confirmed by the Board of Directors on 25 July, last, the Board evinced the need for its membership to feature a range of professional profiles commensurate with the banking group’s business operations, especially so as to ensure that each and every corporate function is headed by highly-skilled specialists, capable of well-informed and effective decision-making, as well as of engaging in constructive discussion and debate at Board meetings, and pointed out that increasing the diversity of the professional profiles represented on the Board, would enable directors to assume a broader variety of tasks on the Board and Board Committees. In compliance with the provisions of article 26 of Legislative Decree No. 385 of 1 September 1993, and related implementing regulations (Regulation of the Ministry of the Treasury, the Budget and Economic Planning, No. 161 of 18 March 1998), the Board of Directors duly verified, on 25 July 2012 and 8 August 2012, respectively, that — on the basis of the documents submitted by them — each of the co-opted directors met all applicable professionalism and competence requirements, and further determined that each of them was selected on the basis of his professional qualifications and experience, from amongst persons with no less than three years’ overall experience (increased to five years for the Chairman of the Board of Directors) as: (i) company directors, control or company managers; (ii) professionals working on matters pertaining to credit, finance, asset management, insurance or other fields related to the bank’s business; (iii) university level lecturers or professors in law or economic fields. Moreover, pursuant to the provisions of Article 26 of Legislative Decree No. 385 of 1 September 1993 and Article 147-*quinquies* of TUF, in the above-mentioned meetings, the Board of Directors verified, based on the documentation submitted by the Board Members, that Board members meet the requirements of personal integrity imposed on members of supervisory organs under Regulation 162 issued by the Ministry of Justice on 30 March 2000, as well as the requirements pertaining specifically to bank executives, under Regulation 161 issued by the Ministry of the Treasury, Budget and Economic Planning on 18 March 1998;
- (vi) with reference to the “Composition of the Board of Directors – Professional qualifications and experience”, in the recommendations put forward by the Board of Directors on 13 March, last, and subsequently confirmed by the Board of Directors on 25 July, last, the Board outlined a skill set with which its membership, on the whole, would have to be endowed in order to optimise its performance, and reflect a variety of skills, experience, general knowledge and specialist know-how pertaining to developments in both the broad macro-economic context and, more specifically, the fields of banking and finance. In light of the above, it suggested that the directors be chosen among those who have accumulated adequate

experience: (i) in business administration in the banking, financial or insurance sectors, (ii) in the management of service-sector companies, (iii) in marketing, (iv) in financial, control or risk management, (v) as a lecturer or professor of law, economics, or subjects related to financial markets. In order to maintain the balance of professional profiles represented on the Board of Directors and established by the General Shareholders' Meeting of 24 April, last, substantially in line with the recommendations put forward by the Board of Directors on 13 March, last, at its meetings of 25 July and 8 August, last, the Board of Directors determined it best to co-opt as directors persons with appropriate management experience in the banking, financial or insurance industries, so as to reflect the professional experience of the outgoing directors;

- (vii) with reference to the "Composition of the Board of Directors – Professional qualifications and experience", in the recommendations put forward by the Board of Directors on 13 March, last, and subsequently confirmed by the Board of Directors on 25 July, last, the Board deemed it important for the Chairman to be appointed from amongst persons with adequate professional experience as a bank director. In light of the above decisions and determinations, on 8 August 2012, the Board of Directors proceeded to appoint as Chairman of the Board of Directors Paolo Vagnone, who formerly served as Chairman of the Board of Directors of RAS Bank, and director of Unicredit;
- (viii) with reference to the "Composition of the Board of Directors – Professional qualifications and experience", on 13 March, last, the Board of Directors recommended that, at the time of their appointment, all executive directors and non-executive directors should not exceed 65 and 70 years in age, respectively. The aforesaid recommendation was followed in respect of the aforesaid co-options.

By way of conclusion, upon completing its checks and assessments, the Committee unanimously confirmed that the ideal qualitative and quantitative make-up of the Board of Directors is reflected in the Board of Directors as constituted pursuant to the appointments made by the General Shareholders' Meeting, and maintained even following the resignation of two directors on 23 July 2012 and the co-options on 25 July 2012 and 8 August 2012.

Milan, 11 September 2012

Remuneration and Nomination Committee



Recommendations regarding the appointment of members of the Board of Directors
*pursuant to the Order issued by the Bank of Italy on 11 January 2012, and Article 2
of the Corporate Governance Code.*

1. Foreword

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

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

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

Moreover, Company directors must dedicate to the discharge of their respective functions, time and resources commensurate with the complexity of their assigned tasks.

The supervisory instructions on corporate governance and organisation, issued by the Bank of Italy on 4 March 2008, place particular emphasis on these specific issues, and lay down implementing guidelines and principles to be followed by financial institutions in determining the composition of their respective Boards of Directors.

Within the same context, the Order issued by the Bank of Italy on 11 January 2012 further requires the Board of Directors to put forward recommendations regarding the qualitative and quantitative composition deemed to be ideal for supervisory and governing bodies, in a report duly supported by a statement of grounds, the requirements individual candidates for Board membership ought to meet in theory — in terms of professionalism, as well as independence, where necessary — to ensure an ideal Board.

Under the aforesaid regulatory framework, similar recommendations must be put forward even in the case of the co-option of directors to the Board of Directors.

Pursuant to the supervisory instructions, the procedures through which Board appointments are made must be transparent and ensure adequate representation of the various components of the Company's base, on supervisory and governing bodies. Similar goals are also pursued by the Corporate Governance Code for Listed Companies, adopted by the Corporate Governance Committee in March 2006, and recently amended in December 2011, which, in the comment to Article 2, puts forward a recommendation for the Board of Directors to express an opinion on the general and professional features, including experience, also in managerial positions, to be deemed desirable in Company directors and officers, taking due account of the dimensions, complexity and peculiarities of the Issuer's business operations, as well as the size of the Board of Directors in question.

Moreover, the above-mentioned Bank of Italy Order requires the results of the analyses undertaken to be brought to the attention of the Bank's shareholders in a timely manner so

that they may take the recommended professional requirements into account when drawing up and subsequently voting on lists of candidates for Board membership.

2. Developments in the make-up of the current Board of Directors

Banca Generali S.p.A.'s Board of Directors was appointed by the General Shareholders' Meeting of 24 April 2012.

To provide the shareholders additional input ahead of the said appointment, on 13 March 2012, the Board of Directors formulated recommendations regarding the qualitative and quantitative features of an ideal Board of Directors, it being understood that the said recommendations are attached to this Report as Annex A.

The above-mentioned recommendations were presented to the shareholders through publication thereof on the Company's website and substantive compliance with the same was verified by the Board of Directors on 8 May 2012.

Subsequently, on 23 July 2012, Giorgio Angelo Girelli resigned from his position as Chairman and member of the Company's Board of Directors, and, on that same day, 23 July 2012, director Giovanni Perissinotto also resigned from his position as a member of Banca Generali's Board of Directors.

The Board of Directors must now adopt the resolutions falling within its purview further to and in respect of the said resignations.

Towards such end, in compliance with the provisions of the above-mentioned Order issued by the Bank of Italy on 11 January 2012, and upon acquiring the opinion of the Remuneration and Nomination Committee, on 25 July 2012, the Board of Directors resolved to confirm the recommendations regarding the qualitative and quantitative features of an ideal Board of Directors, initially formulated on 13 March 2012 and attached hereto as Annex A, thereby indicating that all decisions pertaining to co-option would be based on the said recommendations.

The Board of Directors then proceeded to co-opt, within the meaning of article 2386 of the Italian Civil Code and article 15, paragraph 14, of the Articles of Association, to the Board of Directors Paolo Vagnone on 25 July 2012 and Raffaele Agrusti on 8 August 2012. That same day, 8 August 2012, the Board of Directors appointed Paolo Vagnone Chairman of the Board of Directors.

The aforesaid directors shall remain in office through to the next General Shareholders' Meeting scheduled for the coming 24 and 26 April, at first and second call, respectively. The said General Shareholders' Meeting shall, moreover, be called upon to either confirm the appointments of the co-opted directors or to, otherwise, appoint new directors, subject to ordinary procedures and majorities, and in departure from the list voting system contemplated in article 15 of the Articles of Association.

Pursuant to the above-mentioned Order issued by the Bank of Italy on 11 January 2012, the Board of Directors is, therefore, required to identify the qualitative and quantitative make-up ideally suited to optimising performance, specifying its recommendations, duly supported by a statement of grounds, in respect of the requirements individual candidates

for Board membership to be confirmed/appointed ought to meet in theory (in terms of professionalism, as well as independence, where necessary) to ensure an ideal Board.

3. Analysis of the effects of the resignations in question, on the ideal qualitative and quantitative make-up of Banca Generali S.p.A.'s Board of Directors

The resignations in question do not affect the make-up of the Board of Directors in terms of satisfaction of the requirement of ensuring both a majority of independent directors (given that neither of the outgoing directors served in an independent capacity) and balanced gender representation, on the Board.

With regard to the number of members of the Board of Directors, as per the aforesaid recommendations and recommendations formulated on 13 March 2012 by the Board of Directors, the latter would ideally comprise no less than nine and no more than ten members.

In respect of the professional profiles that ought, ideally, to be represented on the Board – all other statutory requirements with regard to professionalism and personal integrity having been fully met – the recommendations attached hereto as Annex A highlight that:

- (i) given the crucial functions — of promoting internal debate, implementing appropriate checks and balances, and duly countervailing the authority of the Chief Executive Officer and the other executive directors — inherent to such office, the chairmanship of the Board of Directors ought to be invested in a person who has accumulated adequate professional experience as a bank director.
- (ii) ideally, the other Board members would be professionals with a wide variety of skills, experience, general knowledge and specialist know-how pertaining to developments in both, the broad macro-economic context, and more specifically, the fields of banking and finance. In light of the above, it is recommended for directors to have accumulated adequate experience: (i) in business administration, specifically in the banking, financial or insurance industries; (ii) in the management of service-sector companies, (iii) in marketing, (iv) in finance, (v) in corporate oversight or risk management, (vi) as a lecturer or professor of law, economics, or subjects related to financial markets.

4. Recommendations on the ideal qualitative and quantitative make-up of Banca Generali S.p.A.'s Board of Directors

The Board of Directors feels it appropriate to confirm the recommendations on its ideal qualitative and quantitative make-up and membership, as formulated by the Board of Directors on 13 March 2012 and attached hereto as Annex A to be deemed fully included herein by reference.

With regard, therefore, to the appointment of Board members by the General Shareholders' Meeting — it being understood that the same need not necessarily meet statutory independence requirements (since neither of the outgoing directors served in an independent capacity) — the Board of Directors suggests, in line with the aforesaid recommendations, that it would be best to appoint as Board members persons with appropriate management experience in the banking, financial or insurance industries, especially so as to reflect and replace the professional experience of the outgoing directors and maintain the balance of professional profiles represented on the Board of Directors and established by the General Shareholders' Meeting of 24 April 2012.

In partial extension and amendment of the recommendations and recommendations set forth in Annex A hereto, the Board of Directors recommends its Chairman to be appointed from amongst those of its members who have accumulated adequate professional experience as a director of a bank, financial institution and/or insurance company.

Milan, 8 March 2013

THE BOARD OF DIRECTORS

Annex A) to the Report, dated 8 March 2013, on the ideal qualitative and quantitative make-up of the Board of Directors



Recommendations on the ideal qualitative and quantitative composition of the Board of Directors

pursuant to the Order issued by the Bank of Italy on 11 January 2012, and Article 2 of the Corporate Governance Code.

1. Foreword

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

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

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

Moreover, Company directors must dedicate to the discharge of their respective functions, time and resources commensurate with the complexity of their assigned tasks.

The supervisory instructions on corporate governance and organisation, issued by the Bank of Italy on 4 March 2008, place particular emphasis on these specific issues, and lay down implementing guidelines and principles to be followed by financial institutions in determining the composition of their respective Boards of Directors.

Within the same context, the Order issued by the Bank of Italy on 11 January 2012 further requires the Board of Directors to put forward recommendations regarding the qualitative and quantitative composition deemed to be ideal for supervisory and governing bodies, in a report duly supported by a statement of grounds, the requirements individual candidates for Board membership ought to meet in theory — in terms of professionalism, as well as independence, where necessary — to ensure an ideal Board.

Pursuant to the supervisory instructions, the procedures through which Board appointments are made must be transparent and ensure adequate representation of the various components of the Company's base, on supervisory and governing bodies.

Similar goals are also pursued by the Corporate Governance Code for Listed Companies, adopted by the Corporate Governance Committee in March 2006, and recently amended in December 2011, which, in the comment to Article 2, puts forward a recommendation for the Board of Directors to express an opinion on the general and professional features, including experience, also in managerial positions, to be deemed desirable in Company directors and officers, taking due account of the dimensions, complexity and peculiarities of the Issuer's business operations, as well as the size of the Board of Directors in question.

Moreover, the above-mentioned Bank of Italy Order requires the results of the analyses undertaken to be brought to the attention of the Bank's shareholders in a timely manner so that they may take the recommended professional requirements into account when drawing up and subsequently voting on lists of candidates for Board membership.

2. Procedures for the appointment of the Board of Directors

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

- (i) adequate representation of qualified minorities through list-voting mechanism, as well as
- (ii) adequate presence of independent directors, via the replacement mechanism, where necessary.

In order to ensure that qualified minorities are adequately represented on the Board, a list of candidates for election to Board membership by the relevant General Shareholders' Meeting may be submitted by any and all shareholders who, on their own or together with others, hold at least 2.00% of the Company's overall ordinary voting stock.

The lists must contain a number of candidates no higher than the number of members to be elected, listed by progressive number with a specific indication of the candidates who meet the statutory requirements of independence. Each candidate may appear on only one list, upon penalty of ineligibility.

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

Should, on the other hand, two or more lists be submitted, the first candidates on the list obtaining the greatest number of votes, equal to eight ninths of the number of members of the Board of Directors determined by the Shareholders' Meeting — with rounding down in the case of split number — will be elected Board members. The remaining directors shall be drawn from the other lists, which may in no event be directly or indirectly linked to shareholders that have submitted or, otherwise, voted in favour of the list that received the highest number of votes.

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

3. Role of the Board of Directors

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

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

programmes, guidelines and transactions, as well as the Company's industrial and financial plans and transactions entailing a significant impact on the Company's balance sheet, profit and loss account or cash flow.

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

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

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

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

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

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

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

On 21 April 2009, the General Shareholders' Meeting established that throughout the financial years 2009, 2010 and 2011, the Bank's Board of Directors was to be made up of 10 members.

The size of the Bank's Board of Directors is in line with the system-specific data recently compiled by the Bank of Italy. As a matter of fact, a recent analysis of corporate governance, conducted by the Bank of Italy on a sample of 258 banks and holding companies of banking groups, revealed that, in light of their respective instruments of incorporation, the mean number of Board members of corporations in the said category amounted to 12.5, and that for the 90th percentile of banks ranked by "number of Board members" the said mean number amounted to 15 in the case of banks with assets valued at less than 3.5 billion euros, 17 for banks with assets valued at between 3.5 billion euros and 20 billion euros, and 21 for banks with assets valued at over 20 billion euros. (Source: *Bank of Italy – Analysis of amendments brought to the Articles of Association of banks to*

ensure compliance with the supervisory instructions on corporate governance: system-wide trends and best practices).

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

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

In consideration of all of the above, and taking due account of the bank's dimensions, a Board of Directors comprising no less than nine and no more than ten members appears ideal, since it would be endowed with all the professional skills and experience required to ensure efficient corporate management, without proving too unwieldy to function effectively.

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

Since Banca Generali is subject to management and coordination by another Italian company with shares listed in regulated markets, the Board of Directors must consist of a majority of independent directors, pursuant to the provisions of Article 37, paragraph 1, letter d), of the Regulation adopted by CONSOB in Resolution No. 16191 of 29 October 2007, as amended.

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

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

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

- a) directly or indirectly, including through subsidiaries, trust companies and third-party intermediaries, controls the Company or is in a position as to exert a significant influence over the same, or is party to a shareholder agreement under which one or more parties are afforded control of or a significant influence over the Company;
- b) is, or has been in the preceding three financial years, a key executive of the Company or a strategic subsidiary thereof, or a company subject to common control with the Company, or a company or body that, even together with others on the basis of a

- shareholder agreement, controls the Company or is in a position as to exert a significant influence over the same;
- c) directly or indirectly (for instance through subsidiaries or companies in which he serves as a key executive, or professional partnerships or consultancy firms in which he/she is a partner) maintains, or has maintained in the previous financial year, significant commercial, financial or professional relationships with:
 - the Company or one of its subsidiaries or one or more of its key executives;
 - a person or party that, either alone or together with others pursuant to a shareholder agreement, controls the Company or — in the case where the said party is a legal entity or body corporate — with the key executives thereof;
 - one or more of any of the aforesaid persons and/or parties, as an employee, at any time during the previous three financial years;
 - d) currently receives, or has received in the previous three financial years, from the Company or a subsidiary or corporate parent thereof significant compensation (in addition to the “fixed” emoluments due to non-executive Directors of the Company and the remuneration for attendance at committees), including as part of stock option or other plans linked to corporate performance;
 - e) has been a Director of the Company for more than nine years during the past twelve years;
 - f) is an Executive Director in another company in which an Executive Director of the Company also holds a directorship;
 - g) is a shareholder or Director of a company or entity belonging to the network of the company or firm appointed as the Company’s Independent Auditors;
 - h) is a close family member of a person in one of the situations described above.

For the intents and purposes of the above, the “key executives” of a corporation or entity shall include: the Chairman of the entity, or the Chairman of its Board of Directors, as well as executive directors and key management personnel of the company or entity considered.

Furthermore, pursuant to the rules set forth in Article 37 of the CONSOB Resolution No. 16191 of 29 October 2007, as subsequently amended and extended, it is provided that no person who sits on the Board of Directors of a company or body engaging in management and coordination activities in respect of the Company or on the Board of Directors of any listed entity controlled by such company or body may be considered an independent director of the Company.

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

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

- (i) the Managing Directors and Chairmen of the Company or a strategic subsidiary thereof, in the case where the same are personally vested with delegated powers or play a specific role in shaping corporate policy and strategy;

- (ii) Directors who also serve as executives within the Company or within a strategic subsidiary thereof, or even within the Parent Company, in the case where the position also involves Banca Generali.

6. Composition of the Board of Directors – Gender representation

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

Accordingly, the Board of Directors to be appointed by the scheduled General Shareholders’ Meeting is not subject to the above-mentioned law.

Unreservedly sharing the grounds and reasons underlying the enactment of the aforesaid law, however, the Board of Directors feels that ideal Board membership can only be achieved by already opting, at this juncture, on a purely voluntary basis, to take concrete steps towards ensuring gradual compliance with the statutory requirements in question.

As a result, with a view to ensuring the ideal composition of the new Board, the outgoing Board of Directors feels that a concrete step ought to be taken in the direction of gender equality, with the assignment of at least one seat on the new Board to a person who is not of the same gender as the other directors.

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

In order for the Board of Directors to discharge its duties properly, it must consist of persons who (i) are fully aware of the powers and obligations inherent in the functions that each of them is called upon to perform, (ii) possess professional expertise suited to the positions they fill and appropriate to the bank’s operational characteristics and size, (iii) provide skills spread amongst all members, diversified in such a way that each member may contribute to ensuring effective risk management in all areas of the bank, and (iv) dedicate adequate time and resources to the overall nature of their offices.

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

As a result, the professional profiles and skill set represented on the Board must be in line with the banking group’s business operations, and Board members must be selected with a view to endowing the Board with the specific specialist know-how required to ensure effective and conscientious corporate management and provide for adequate reflection, and, therefore, informed decision-making by the Board of Directors.

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

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

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

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

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

To form an opinion on the ideal skill set of the bank's governing body, the outgoing Board of Directors drew up a list of the professional requirements that individual company directors would have to meet to enable the Board as a whole to optimise its performance. The above-mentioned list of professional requirements was drawn up taking due account of regulatory provisions, the Guidelines on Internal Governance (GL44) issued by the European Banking Authority (EBA) on 27 September 2011, the recommendations set forth in the Corporate Governance Code for Listed Companies in respect of appointments to various committees, as well as system-wide best practices.

Given the crucial functions — of promoting internal debate, implementing appropriate checks and balances, and duly countervailing the authority of the Chief Executive Officer and the other executive directors — inherent to such office, the chairmanship of the Board of Directors ought to be invested in a person who has accumulated adequate professional experience as a bank director.

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

Ideally, the other Board members would be professionals with a wide variety of skills, experience, general knowledge and specialist know-how pertaining to developments in

both the broad macro-economic context, and more specifically, the fields of banking and finance.

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

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

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

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

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

To ensure compliance with the Order issued by the Bank of Italy on 11 January 2012 in respect of the corporate governance and organisation of Banks, it appears advisable for the information statement on the personal and professional features of each of the candidates for Board membership to be filed together with the related lists pursuant to Article 15, paragraph 9 of the Articles of Association, to include a curriculum vitae allowing for an assessment of the candidate in terms of the extent to which he or she could contribute towards ensuring that the Board is endowed with the ideal professional skill set described above.

With regard to the age of directors, in light of best practices that are gaining ever more acceptance throughout the sector, the outgoing Board of Directors recommends ensuring that, at the time of their appointment, all executive directors and non-executive directors do not exceed 65 and 70 years in age, respectively.

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

All Board members must devote to the duties of their office the time and effort necessary to ensure the diligent and effective discharge of their functions, and all the more so, if they are vested with specific executive tasks or otherwise appointed to Board Committees.

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

large corporations, as well as their other professional activities, with special reference to positions entailing greater involvement in routine, day-to-day business management.

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

	Listed Companies ⁽⁴⁾			Financial institutions, banks or insurance companies			Large corporations ⁽⁵⁾		
	Executive Director	Non-executive Director	Auditor	Executive Director	Non-executive Director	Auditor	Executive Director	Non-executive Director	Auditor
Executive Directors	0	5	0	0	5	0	0	5	0
Non-executive Directors	2	5	2	2	5	2	2	5	2

In determining the total number of companies in which appointees to the Company's Board of Directors hold directorships or auditorships, no account may be taken of companies belonging to the Company's Group, with the exception of corporations listed on regulated markets (including abroad) and in financial institutions, banks, insurance companies and large corporations. Appointments to the corporate organs of several companies belonging to a single corporate group, other than the Company's Group, are, in practice, generally considered as a single appointment, with the exception of corporations listed on regulated markets (including abroad) or large corporations.

Milan, 13 March 2012

THE BOARD OF DIRECTORS

⁴ If a financial institution, insurance company or bank is listed on the stock exchange or qualifies as a "large corporation", a directorship within a legal entity belonging to more than one of the aforesaid categories, counts as a single directorship for the intents and purposes of calculating the total number of directorships held.

⁵ Companies with no less than two hundred employees for no less than a year.

**OPINION ISSUED PURSUANT TO THE BANK OF ITALY ORDER OF 11 JANUARY 2012, BY
THE REMUNERATION AND NOMINATION COMMITTEE OF BANCA GENERALI S.P.A., ON
THE RECOMMENDATIONS REGARDING THE APPOINTMENT OF MEMBERS OF THE BOARD
OF DIRECTORS**

The Remuneration and Nomination Committee of Banca Generali S.p.A., met on 7 March 2013 to assess the recommendations put forward by the Board of Directors to the General Shareholders' Meeting in respect of the appointment of Board members in replacement of two outgoing directors.

At the aforesaid Committee meeting, bearing in mind that:

- Banca Generali S.p.A.'s Board of Directors was appointed by the General Shareholders' Meeting of 24 April 2012;
- on 23 July 2012, Giorgio Angelo Girelli resigned from his position as Chairman and member of the Company's Board of Directors, and, on that same day, 23 July 2012, director Giovanni Perissinotto also resigned from his position as a member of Banca Generali's Board of Directors;
- the Board of Directors proceeded to co-opt, within the meaning of article 2386 of the Italian Civil Code and article 15, paragraph 14, of the Articles of Association, to the Board of Directors, Paolo Vagnone on 25 July 2012 and Raffaele Agrusti on 8 August 2012. That same day, 8 August 2012, the Board of Directors appointed Paolo Vagnone Chairman of the Board of Directors;
- the aforesaid directors shall remain in office through to the next General Shareholders' Meeting scheduled for the coming 24 and 26 April, at first and second call, respectively;
- pursuant to article 15, paragraph 14, of the Articles of Association, the said General Shareholders' Meeting shall, moreover, be called upon to either confirm the appointments of the co-opted directors or to, otherwise, appoint new directors, subject to ordinary procedures and majorities, and in departure from the list voting system contemplated in article 15 of the Articles of Association;
- the Order issued by the Bank of Italy on 11 January 2012 further requires the Board of Directors to put forward recommendations regarding the qualitative and quantitative composition deemed to be ideal for supervisory and governing bodies, in a report duly supported by a statement of grounds, the requirements individual candidates for Board membership ought to meet in theory — in terms of professionalism, as well as independence, where necessary — to ensure an ideal Board;

- for the intents and purposes of the proceedings of the General Shareholders' Meeting held on 24 April 2012, the Board of Directors expressed its recommendations regarding the ideal qualitative and quantitative make-up of the Board itself, at its meeting of 13 March 2012, disclosing all of the same to shareholders through publication thereof on the Company's website;
- substantive compliance with the said recommendations regarding the appointment of the Board of Directors was verified by the latter at its meeting of 8 May, last, and

upon analysing the motion raised in respect of the recommendations put forward by the Board of Directors to the General Shareholders' Meeting in respect of the appointment of Board members in replacement of two outgoing directors,

the Remuneration and Nomination Committee,

having acknowledged that:

- the motion is aimed at confirming the ideal qualitative and quantitative make-up of the Board of Directors as conceptualised by the latter on 13 March 2012, with a sole specification in respect of the Chairman,

having therefore observed that:

- the resignations in question do not affect the make-up of the Board of Directors in terms of satisfaction of the requirement of ensuring both a majority of independent directors (given that neither of the outgoing directors served in an independent capacity) and balanced gender representation on the Board;
- with regard to the number of members of the Board of Directors, as per the aforesaid recommendations, the Board of Directors would ideally comprise no less than nine and no more than ten members;
- in respect of the professional profiles that ought, ideally, to be represented on the Board — all other statutory requirements with regard to professionalism and personal integrity having been fully met — he points out that, in light of the said recommendations:
 - (i) given the crucial functions — of promoting internal debate, implementing appropriate checks and balances, and duly countervailing the authority of the Chief Executive Officer and the other executive directors — inherent to such office, the Chairmanship of the Board of Directors ought to be invested in a person who has accumulated adequate professional experience as a bank director or in financial or insurance companies;
 - (ii) ideally, the other Board members would be professionals with a wide variety of skills, experience, general knowledge and specialist know-how pertaining to developments in both the broad macro-economic context, and more specifically, the fields of banking and finance. In light of the above, the directors must have accumulated adequate experience: (i) in business administration in the banking, financial or insurance sectors, (ii) in the management of service-sector companies, (iii) in marketing, (iv) in finance,

(v) in corporate oversight or risk management, (vi) as a lecturer or professor of law, economics, or subjects related to financial markets;

- the directors to be co-opted need not necessarily meet statutory independence requirements (insofar as the outgoing directors served in a non-independent capacity),

unanimously reached a favourable assessment

the proposals covered by the motion in question, trusting that — in order to maintain the balance of professional profiles represented on the Board of Directors and established by the General Shareholders' Meeting of 24 April 2012, substantially in line with the recommendations put forward by the Board of Directors on 13 March 2012 — the appointed directors will be persons with appropriate management experience in the banking, financial or insurance industries, so as to reflect the professional experience of the outgoing directors.

Milan, 7 March 2013
Committee

Remuneration and Nomination

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

Report on internal policies governing controls of activities at risk and conflicts of interest involving connected parties.

Shareholders,

The Prudential Supervisory Provisions for Banks, and, in particular, Bank of Italy Circular No. 263/2006, as amended by the 9th update of 12 December 2011, introduced new industry-wide regulations governing risk-taking and conflicts of interest in respect of Connected Parties (Title V, Chapter 5, of the said Circular). The provisions in question are aimed at containing the risk that the closeness of certain persons to the bank's decision-making centres could compromise the objectivity and impartiality of decisions pertaining to the approval of loans and other transactions involving the said persons, and potentially give rise to distortions in the resource-allocation process, expose the bank to risks that are not adequately measured or contained, and/or result in harm and losses to depositors and shareholders.

In pursuit of this objective, the aforesaid regulatory provisions include within the scope of the term "related parties", first and foremost, the company top management, main shareholders and other persons in a position to influence bank management, in light of their seniority or authority, or otherwise, the delegated powers vested in them, whether to be exercised individually or jointly with others. The regulatory provisions specify that conflicts of interest might emerge even in course of business and other dealings with subsidiaries or entities over which the bank exercises considerable influence, or in respect of which the bank is significantly exposed pursuant to loans, and/or as a result of participating interests held in the same.

Under the aforesaid provisions, any related party and any and all persons thereto connected fall within the scope of the definition of the term "connected parties", all of which are subject to quantitative restrictions and procedural rules imposed under the said regulatory framework. The quantitative restrictions consist in the

imposition of prudential limits on the amount of risk a bank or banking group may assume in respect of the said parties, it being understood that the related ceilings are differentiated on the basis of the type of related party in question, with a view to ensuring proportionality with the closeness of the ties and the repercussions of associated risks in terms of sound and prudent business management. In light of the greater risks associated with conflicts of interest in bank-industry relations, more stringent limits are envisaged for risk activities carried out with related parties qualifying as non-financial entities. The regulatory framework is completed by supplementing prudential restrictions with procedural requirements entailing specific decision-making steps designed to ensure the proper allocation of resources and adequately protect third parties against undue harm and losses. Moreover, specific guidelines relating to organisational arrangements and internal controls enable the identification of corporate bodies' responsibilities and corporate functions tasks with respect to the objectives of conflicts of interest prevention and management, as well as the obligations for identifying the Connected Parties and monitoring exposures over time.

Towards this end, each bank is, first and foremost, required to clearly identify the procedures applicable to transactions with connected parties. It is expressly pointed out that, in compliance with the above-mentioned requirement, on 23 June last, Banca Generali's Board of Directors, having heard the favourable opinions issued by both the Audit and Risks Committee, and the Board of Statutory Auditors, approved a specific "Related Party and Connected Party Transaction Procedure".

Furthermore, again in order to ensure compliance with the aforesaid regulatory framework, all banks (and the parent companies of banking groups) are bound to approve internal policies regulating the checks to be carried out on risk-taking and conflicts of interest in respect of connected parties. It is pointed out that, in compliance with the above-mentioned requirement, on 18 December last, Banca Generali's Board of Directors, having heard the favourable opinions issued by both the Audit and Risks Committee, and the Board of Statutory Auditors, approved specific "Internal policies regarding controls on risk activities and conflicts of interest in respect of Connected Parties".

Under the regulatory framework in question, the aforesaid document must be forwarded to the General Shareholders' Meeting, and made available to the Bank of Italy, upon request.

You are accordingly provided a copy of the text of the "Internal policies regarding controls on risk activities and conflicts of interest in respect of Connected Parties" (Annex A) and reminded that the said document, *inter alia*:

- (i) requires risk-appetite levels to be maintained in line with the strategic profile and organisational features of the bank or banking group, it being understood that the appetite for risk is also defined in terms of the maximum risk exposure towards connected parties, that may be considered acceptable in light of regulatory capital requirements, taking due account of the cumulative risk assumed in respect of the sum total of connected parties;
- (ii) without prejudice to Banca Generali's existing rules and regulations with regard to conflicts of interests, sets forth specific provisions governing business dealings with connected parties, and the sectors of operations and types of economic relationships involved, which whilst not necessarily entailing risk-taking, could give rise to conflicts of interest;
- (iii) regulates organisational processes designed to identify and individually list all connected parties, duly recording and quantifying any and all transactions effected with the same, at all stages of the relationship;
- (iv) requires the implementation of checks and monitoring procedures designed to ensure that risks are properly assessed and managed throughout the course of dealings with connected parties, and that internal policies are appropriately designed and effectively enforced.

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

"The Shareholders' Meeting of Banca Generali S.p.A., held in ordinary session, at the offices of Assicurazioni Generali S.p.A. in Trieste, at Via Trento 8,
- having regard to the provisions of Title V, Chapter V, of the Bank of Italy Circular No. 263/2006, as amended by the 9th update of 12 December 2011;

- having regard to the “internal policies regarding controls on risk activities and conflicts of interest in respect of Connected Parties” approved by the Board of Directors on 18 December 2012;

- having regard to the Board of Directors’ Report;

acknowledges

the adoption by the Board of Directors, of the “Internal policies regarding controls on risk activities and conflicts of interest in respect of Connected Parties”, in accordance with the provisions of Title V, Chapter V, of the Bank of Italy Circular No. 263/2006, as amended by the 9th update of 12 December 2011".

Milan, 18 December 2012

THE BOARD OF DIRECTORS



***Internal Policies
Governing Controls of Risk Assets
and Conflicts of Interest in Relation to
Associated Parties***

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▪ INTRODUCTION

The New Prudential Supervisory Provisions for Banks – Bank of Italy Circular No. 263/2006, ninth update of 12 December 2011 (also referred to hereinafter as the “Provisions”) introduce provisions governing *Risk assets and conflicts of interest in relation to Associated Parties* (Title V, Chapter 5), which aim to safeguard against the risk that the proximity of certain parties to the bank’s decision-making centres may compromise the objectivity and impartiality of decisions regarding the granting of loans and other transactions in relation to such parties, with possible distortions of the resource allocation process, exposure of the bank to risks subject to inadequate measurement or oversight and potential damages for deposit holders and shareholders.

In this context, the Bank of Italy:

- a) sets prudential limits for the risk assets of a bank or banking group in relation to Associated Parties. The limits vary according to the different types of Related Parties, in proportion with the level of involvement of the relationship and the potential impact of the resulting risks on sound and prudent management. In view of the greater risks associated with conflicts of interest in bank-industry relations, more stringent limits are envisaged for risk assets carried out with entities qualifying as non-financial Related Parties;
- b) requires the formalisation of specific decision-making procedures that integrate prudential limits in order to safeguard the proper allocation of resources and adequately protect third parties from expropriative behaviour. These procedures also apply to intra-group

transactions and transactions of an economic nature in addition to those that generate risk assets, and therefore are not covered by quantitative limits⁶;

- c) defines specific guidelines relating to organisational arrangements and internal controls intended to identify corporate bodies' responsibilities and corporate functions' tasks with respect to the objectives of conflicts of interest prevention and management, as well as the obligations for identifying the Associated Parties and monitoring exposures over time.

In this context, the Bank approves and revises, at least every three years, its **internal policies governing controls of risk assets and conflicts of interest in relation to Associated Parties** (also referred to hereinafter as the "*Policy*"). Documents setting forth internal control policies are disclosed to the Shareholders' Meeting and kept at hand for any requests from the Bank of Italy.

This document is integrated with:

- the *Related Party and Associated Party Transactions Procedure* adopted by the Bank in accordance with CONSOB Regulation No. 17221/2010 and the Bank of Italy's Provisions governing risk assets and conflicts of interest in relation to Associated Parties;
- the *Conflicts of Interest Policy* adopted by the Bank in accordance with the joint Bank of Italy and CONSOB Regulation of 29 October 2007, issued pursuant to Article 6, paragraph 2-bis, of the Finance Consolidation Law;
- the *Equity Investment Management Policy* adopted by the Bank in accordance with the Bank of Italy's Provisions governing risk assets and conflicts of interest in relation to Associated Parties;
- other internal regulations and policies adopted by the Bank and in effect from time to time.

Purpose of the document and scope of application

This document (hereinafter the "*Policy*") aims to:

- establish the risk appetite levels consistent with the strategic profile and organisational characteristics of the bank or banking group. Risk appetite is also defined in terms of a maximum amount of risk assets in relation to Associated Parties deemed acceptable with

⁶ To that end, on 21 June 2012 Banca Generali's Board of Directors approved its *Procedure for Transactions with Related Parties and Associated Parties*, adopted by the Bank in accordance with CONSOB Regulation No. 17221/2010 and the Bank of Italy's Provisions governing risk assets and conflicts of interest in relation with Associated Parties.

respect to Capital for Regulatory Purposes, in reference to total exposures to all Associated Parties;

- identify, in regard to transactions with Associated Parties, the sectors of activity and types of dealings of an economic nature, including those not entailing the assumption of risk assets, in relation to which conflicts of interest may arise, without prejudice to the rigorous rules governing the conflicts of interest cited above;
- govern organisational processes made for thoroughly identifying and cataloguing Associated Parties, and identifying and quantifying the pertinent transactions throughout all phases of the relationship;
- govern control processes meant for ensuring that the risks assumed in relation to Associated Parties are properly measured and managed and verify that internal policies have been properly designed and effectively applied.

This *Policy* applies to all companies of the Banking Group.

Regulatory Framework of Reference

The following is a summary of the main regulatory texts of reference deemed relevant to the drafting of this *Policy*:

- § Italian Civil Code, Article 2391 Directors' Interests, Article 2391-*bis* Related Party Transactions;
- § Legislative Decree No. 385 of 1 September 1993 – Consolidation Law on Banking – from the following articles:
 - Article 53, paragraph 1, letters b) and d), on the basis of which the Bank of Italy, pursuant to the resolutions of the Interministerial Committee on Credit and Savings, issues provisions of a general nature governing the containment of risks in its various configurations, administrative and accounting organisation and internal controls;
 - Article 53, paragraph 4, on the basis of which the Bank of Italy, in accordance with the resolutions of the Interministerial Committee on Credit and Savings, establishes conditions and limits for the assumption by banks of risk assets in relation to parties who may directly or indirectly exercise an influence on the management of the bank, banking group or parties associated with the bank or banking group; where it finds situations of conflict of interest to exist in actual practice, it may establish specific conditions and limits for the assumption of risk assets;

- Article 53, paragraph 4-*ter*, on the basis of which the Bank of Italy identifies the cases in which failure to satisfy the conditions envisaged in paragraph 4 entails the suspension of administrative rights associated with the equity investment;
 - Article 53, paragraph 4-*quater*, on the basis of which the Bank of Italy, in accordance with the resolutions of the Interministerial Committee on Credit and Savings, governs conflicts of interest between banks and the parties indicated in paragraph 4, with regard to other types of dealings of an economic nature;
 - Article 67, paragraph 1, letters b) and d), on the basis of which the Bank of Italy, pursuant to the resolutions of the Interministerial Committee on Credit and Savings, imposes on the parent company, through measures of a general or specific nature, provisions affecting the banking group, collectively considered, or its components, governing the containment of risks in its various configurations, administrative and accounting organisation and internal controls;
 - Article 136, which governs the procedure for approving the assumption of obligations by the bank or other banking group companies with officers of the bank and group companies, as well as with the other specifically indicated categories of parties;
- § Resolution of the Interministerial Committee on Credit and Savings No. 277 of 29 July 2008, governing risk assets and other conflicts of interest of banks and banking groups in relation to Associated Parties, pursuant to Article 53, paragraphs 4, 4-*ter* and 4-*quater*, of the Consolidation Law on Banking;
- § Legislative Decree No. 58 of 24 February 1998, Article 154-*ter* Financial Reports;
- § the New Prudential Supervisory Provisions for Banks – Bank of Italy Circular No. 263 of 27 December 2006 and subsequent updates;
- § Banca Generali’s Articles of Association, as in effect from time to time;
- § Banca Generali’s *Conflicts of Interest Policy*, as in effect from time to time;
- § Banca Generali’s *Internal Regulations*, as in effect from time to time;
- § Banca Generali’s *Finance Regulations*, as in effect from time to time.

Definitions

Pursuant to the Bank of Italy’s *Provisions governing risk assets and conflicts of interest in relation to Associated Parties*:

INDEPENDENT DIRECTOR

For the purposes of this *Policy*, Independent Directors are defined as company directors recognised as independent by Banca Generali pursuant to Article 148, paragraph 3, of the Finance

Consolidation Law, Article 3 of the Code and Article 37, paragraph 1, letter d), of the Regulation adopted by CONSOB Resolution No. 16191 of 29 October 2007, as amended (the Market Regulations).

RISK ASSETS

Net exposures, as defined for the purposes of rules governing the concentration of risks⁷.

CONTROL

Pursuant to Article 23 of the Consolidation Law on Banking: the cases provided for in Article 2359, paragraphs 1 and 2, of the Italian Civil Code; control by contracts or clauses of the Articles of Association governing or resulting in the power to exercise management or coordination; cases of control in the form of dominant influence.

Situations of joint control, defined as the contractually established sharing of control of an economic activity, also qualify as control. In such cases, the controlling parties are:

- a) parties with the ability to exercise a decisive influence on the enterprise's financial or operational decisions of a strategic nature⁸;
- b) other parties able to condition the management of the enterprise on the basis of the equity investments they hold, arrangements entered into in any form or clauses of the Articles of Association governing or resulting in the ability to exercise control.

Control is relevant even when exercised indirectly through subsidiaries, trust companies, or intermediary entities or individuals. Companies and enterprises controlled by entities in turn subject to joint control are not considered indirectly controlled.

CORPORATE GOVERNANCE PROVISIONS

The Supervisory Provisions Concerning Banks' Organisation and Corporate Governance issued by the Bank of Italy on 4 March 2008 and the Clarification Note of 19 February 2009.

CONSOB PROVISIONS

The CONSOB implementing provisions for Article 2391-*bis* of the Italian Civil Code governing Related Party Transactions of companies that make use of the risk capital market.

COMPANY OFFICERS

⁷ Cf. Title V, Chapter 1, Section I, paragraph 3, as well as the "Instructions for Preparing Reports Concerning Capital for Regulatory Purposes and Capital Ratios" (Circular No. 155 of 18 December 1991), Section 5.

⁸ For example, this situation applies when there are two or more parties, each of which may prevent the adoption by the controlled enterprise of financial and operational decisions of a strategic nature by exercising a veto right or due to the effect of quorums for decisions by company bodies.

Persons who perform functions of administration, management and control within a bank, parent finance company or supervised intermediary. In particular, the definition includes directors and statutory auditors in the traditional management and control system, the members of the supervisory board and management board in the dualistic system and directors and members of the management control committee in the monistic system. The definition includes the general manager and persons who fulfil duties that entail the performance of functions equivalent to those of the general manager.

COLLECTIVE GUARANTEE

The mutual provision by a collective guarantee bank of guarantees on behalf of its shareholders, aimed at favouring their financing by banks and other financial intermediaries.

SUPERVISED INTERMEDIARIES

Investment companies, Italian and international asset management companies, electronic money institutions, financial intermediaries recorded in the roll provided for in Article 106 of the Consolidation Law on Banking⁹ and payment institutions that are part of a banking group and have individual Capital for Regulatory Purposes in excess of 2% (two percent) of the consolidated Capital for Regulatory Purposes of the group to which they belong.

SIGNIFICANT INFLUENCE

The power to shape and inform the financial and operating policies of an investee company, without having control thereof.

Significant influence is presumed in cases of possession of a direct or indirect equity investment equal to or greater than 20% (percent) of capital or voting rights in the ordinary general meeting or other equivalent body of the investee, or equal to or greater than 10% (percent) in cases of companies with shares listed on regulated markets.

In cases of possession of equity investments below the above thresholds, specific inquiries must be conducted in order to determine whether significant influence exists, referring, at minimum, to the following indicators and taking account of all other relevant circumstances:

- (i) representation within the body of the investee charged with the management function or with the strategic supervision function; the mere fact of selecting the component representing the minority pursuant to the rules governing issuers of shares listed on regulated markets does not, in and of itself, constitute an indicator of significant influence;

⁹ Until the date of entry into force of the implementing provisions for Title V of the Consolidation Law on Banking, as amended by Legislative Decree No. 141 of 2010, reference is to be made to the special list set forth in Article 107 of the above Consolidation Law.

- (ii) participation in an enterprise's decisions of a strategic nature, particularly to the extent decisive voting rights are held in the decisions of the general meeting relating to financial reporting, the allocation of profits and the distribution of reserves, without qualifying as a situation of joint control¹⁰;
- (iii) the existence of significant transactions — understood to be the “highly significant transactions” defined in this Section — the exchange of management personnel or the provision of essential technical information.

Significant influence is relevant even when exercised indirectly through subsidiaries, trust companies or intermediary entities or individuals. Companies in which interests are held by entities in turn subject to joint control are not considered indirectly subject to significant influence.

ASSOCIATED PARTY TRANSACTION

A transaction with an Associated Party that entails the assumption of risk assets or the transfer of resources, services or obligations¹⁰, regardless of whether consideration is provided for, including mergers and de-mergers.

The following are not considered transactions with Associated Parties:

- (i) transactions between members of a banking group, when they are bound by a relationship of full control, including on a joint basis;
- (ii) compensation paid to Company Officers, where compliant with supervisory provisions governing the incentive and remuneration systems of banks;
- (iii) intra-group transfers of funds or collateral undertaken in the context of the liquidity risk management system at the consolidated level¹¹;
- (iv) transactions to be undertaken on the basis of instructions for stability purposes imposed by the Bank of Italy, or on the basis of instructions issued by the parent company for the execution of instructions imposed by the Bank of Italy in the interest of the group's stability.

HIGHLY SIGNIFICANT TRANSACTION

A transaction with an Associated Party the value of which exceeds 5% (percent) of Capital for Regulatory Purposes (at a consolidated level, in the case of groups), calculated according to the indications presented in the Annex, under the item “Value significance index.” The threshold for acquisitions, mergers and de-mergers, also 5% (percent), is to be calculated according to the methods indicated in the Annex under the item “Asset significance index” (cf. Annex B).

¹⁰ For example, this situation occurs when ownership of a company is divided amongst multiple shareholders (not bound to one another by joint control arrangements), with the result that the vote of crucial shareholders, individually possessing interests that do not meet the requirements for significant influence, may prove decisive to the formation of majorities within the general meeting concerning the subjects specified above.

¹¹ Cf. Title V, Chapter 2, Section III, paragraph 7 of the Provisions.

The bank may identify other transactions to be considered highly significant on the basis of qualitative or quantitative indicators.

In the case of a uniform set of transactions or transactions undertaken as part of a single plan in the course of the year with the same Associated Party, the bank combines their values for the purposes of calculating the significance threshold.

MODERATELY SIGNIFICANT TRANSACTION

A transaction with an Associated Party that is not a Highly Significant Transaction.

ORDINARY TRANSACTION

A moderately significant transaction with an Associated Party in the context of the bank's ordinary operations, undertaken at market or standard conditions. The bank takes account of at least the following factors when defining transactions of this kind: attributability to ordinary activity, the objectivity of conditions, simplicity of the economic and contractual scheme, limited quantitative relevance and type of counterparty.

INVESTOR

A party required to apply for the authorisations set forth in Articles 19 *et seq.* of the Consolidation Law on Banking.

RELATED PARTY

One of the parties indicated below, by virtue of dealings with a single bank, bank or supervised intermediary belonging to a group or parent finance company:

1. company officers;
2. investors;
3. parties, other than investors, with the power to designate, on an autonomous basis, one or more members of the management or strategic supervision body, including by virtue of arrangements entered into in any form or clauses of Articles of Association governing or resulting in the exercise of such rights or powers;
4. companies or enterprises, including non-corporate entities, over which the bank or banking group company may exercise control or a significant influence.

NON-FINANCIAL RELATED PARTY

A Related Party that, directly or through subsidiaries, primarily engages in non-financial business activity, as defined in the context of the rules governing the equity investments that may be held by banks or banking groups¹². A party is considered a Non-Financial Related Party if activities other

¹² Cf. Title V, Chapter 4 of the Provisions.

than banking, financial and insurance activities exceed 50% (percent) of total activities¹³. The notion also includes Investors and one of the Related Parties set forth in points 3 and 4 of the associated definition that is a holding company qualifying as a non-financial enterprise pursuant to the above rules governing eligible equity investments.

CAPITAL FOR REGULATORY PURPOSES

The aggregate defined for the purposes of the rules governing the concentration of risks¹⁴.

CONNECTED PARTIES

1. Companies and enterprises, including those in non-corporate form, controlled by a Related Party;
2. parties that control a Related Party of the type identified in points 2 and 3 of the associated definition, or parties directly or indirectly subject to joint control with such a Related Party;
3. the close family members of a Related Party and the companies or enterprises controlled by such persons.

ASSOCIATED PARTIES

The combination of a Related Party and all parties connected to that Related Party. For application at an individual level, individual banks belonging to a banking group refer to the same scope of Associated Parties determined by the parent company for the entire banking group.

Relatives up to the second degree¹⁵ and spouses and cohabiting partners of a Related Party, as well as the children of a Related Party.

▪ ROLES AND RESPONSIBILITIES OF COMPANY BODIES AND ORGANISATIONAL STRUCTURES

Broad involvement of the bank's administration and control bodies and Independent Directors, as well as contributions by the major functions concerned, is ensured when setting internal policies governing controls of risk assets and conflicts of interest in relation to Associated Parties, as well as in conjunction with any substantial amendments or additions to such policies.

¹³ Reference is to be made to:

- the sum of total assets and guarantees given and commitments, for banks and finance companies;
- the value of premiums collected, multiplied by a corrective factor of 10, for insurance companies;
- total turnover, multiplied by a corrective factor of 10, for industrial companies.

The figures to be considered are to be drawn from the last financial year, or, where more recent, the half-yearly report, annualising the profit and loss account figures.

¹⁴ Cf. Title V, Chapter 1, Section I, paragraph 3 of the Provisions.

¹⁵ In cases of Associated Parties of an international bank or international supervised intermediary belonging to a banking group, if there are demonstrated difficulties in obtaining information, the parent company may exclude relatives of the second degree from the notion of "close family members" and thus limit itself to considering relatives of the first degree. In this case, it shall inform the Bank of Italy thereof.

▪ **BANK'S SECTORS OF ACTIVITY AND CONFLICTS OF INTEREST**

The Provisions require the identification of the sectors of activity and types of dealings of an economic nature, including those that do not entail the assumption of risk assets, in relation to which conflicts of interest may arise, on the basis of the operating characteristics and strategies of the bank and group.

In the interest of compliance with the foregoing rules, the Bank has identified and constantly updates its areas of operation, namely the types of transactions that entail the assumption or risk assets or the transfer of resources, services or obligations, regardless of whether consideration is provided for, specifying those in relation to which conflicts of interest may arise.

In this context, the Bank considers, for example, conflicts of interest relating to lending and fund-raising, investment in financial and non-financial assets and advisory and assistance services rendered to customers and other counterparties. Reference should also be made to the specific indications concerning conflicts of interest between lending and equity investment activity set forth in the rules governing equity investments that may be held by banks¹⁶, as well as those governing conflicts of interest in the provision of investment and ancillary services¹⁷ set forth in the Bank of Italy/CONSOB Joint Regulation in implementation of Article 6, paragraph 2-*bis*, of the Finance Consolidation Law.

Activity aimed at identifying the Bank's sectors of operation involves all of the banking group's organisational departments and companies involved in the process of managing transactions with Associated Parties with the aim of consolidating and disseminating the content thereof.

The following areas of operation that may give rise to conflicts of interest may be identified in relation to the activity undertaken in the segment and the strategies of the bank and group:

¹⁶ Equity Investment Management Policy.

¹⁷ Conflicts of Interests Management Policy — internal policy aimed at identifying, preventing, containing and managing conflicts of interest in the rendering of investment and/or ancillary services.

AREE DI OPERATIVITA'	Accordi/ contratti per l'acquisto di beni e/o servizi	Finanziamenti attivi	Finanza per la proprietà	Gestione della tesoreria	Gestione delle partecipazioni	Operazioni immobiliari	Raccolta diretta	Servizi bancari e di pagamento	Servizi di investimento per la clientela
Accordi/contratti per l'acquisto di beni e/o servizi		X	X		X				X
Finanziamenti attivi	X				X	X	X		X
Finanza per la proprietà	X				X				X
Gestione della tesoreria									
Gestione delle partecipazioni	X	X	X				X		X
Operazioni immobiliari		X							
Raccolta diretta		X			X				X
Servizi bancari e di pagamento									
Servizi di investimento per la clientela	X	X	X		X		X		

Organisational structures and internal control systems must ensure that potential conflicts of interest are prevented and managed and that established prudential limits are constantly observed. For a specific analysis of individual types of conflicts and the management measures adopted by the Bank, refer to the *Conflicts of Interest Policy* applicable to investment services.

In its internal regulations, the Bank has included measures identifying at the group level those sectors of activity and types of dealings of an economic nature in relation to which conflicts of interest may arise and, in this regard, it has established safeguards involving organisational separation suited to preventing situations of conflict of interest, as well as rules of conduct appropriate to the proper handling of such situations.

For the purposes of these rules, the Bank, partly with the aim of mitigating the risk that conflicts of interest may arise, defines and updates the parameters for identifying ordinary transactions, i.e., transactions that fall within the bank's ordinary operations and have been undertaken at market or standard conditions (rates, fees, expenses, etc.).

In order to mitigate conflicts of interest, the Bank establishes, updates and disseminates parameters for identifying ordinary transactions with which the structure proposing the transaction is to comply in dealings with Associated Parties. The structures identified as responsible for updating the parameters for identifying ordinary transactions are required to ensure that the parameters cited above are constantly updated.

▪ RISK ASSETS IN RELATION TO ASSOCIATED PARTIES

Limits on risk assets in relation to Associated Parties

In assuming risk assets in relation to Associated Parties, the Bank is required to observe the following limits relating to consolidated Capital for Regulatory Purposes.

➤ **Limits imposed by the Provisions:**

- in relation to a non-financial Related Party and relative Connected Parties:

- a) 5% (percent) in the case of a Related Party that is:
 - a company officer; or
 - a controlling investor or investor capable of exercising a significant influence;
 - b) 7.5% (percent) in the case of a Related Party that is:
 - an investor other than the type defined in point a); or
 - a party other than an investor with the power of designating one or more members of company bodies on an autonomous basis;
 - c) 15% (percent) in the other cases;
- in relation to another Related Party and relative Connected Parties:
- d) 5% (percent) in the case of a Related Party who is a company officer;
 - e) 7.5% (percent) in the case of a Related Party that is a controlling investor or an investor capable of exercising a significant influence;
 - f) 10% (percent) in the case of a Related Party that is:
 - an investor other than the type defined in point e); or
 - a party other than an investor with the power of designating one or more members of company bodies on an autonomous basis;
 - g) 20% (percent) in the other cases.

In accordance with consolidated limits, a bank belonging to the Banking Group may assume risk assets in relation to a single set of Associated Parties, regardless of whether the Related Party is financial or non-financial in nature, up to the limit of 20% (percent) of individual Capital for Regulatory Purposes.

➤ ***Limits set by the Bank:***

The Board of Directors, in consultation with the Board of Statutory Auditors, establishes and periodically reviews the risk appetite levels consistent with the Banking Group's strategic profile and characteristics¹⁸.

Risk appetite is also defined in terms of a maximum amount of risk assets in relation to Associated Parties deemed acceptable with respect to Capital for Regulatory Purposes, in reference to total exposures to all Associated Parties.

¹⁸ Circular envisaging risk appetite definition and management, and annexes thereof.

On the basis of this regulatory approach, the Bank has identified its risk appetite for risk assets in relation to Associated Parties, in terms of maximum amount and on a differentiated basis depending on the type of entity.

LIMITI	CATEGORIA	LIMITI INDIVIDUALI IMPOSTI DALLE DISPOSIZIONI (% SUL PDV CONSOLIDATO)		LIMITI DEFINITI DA BANCA GENERALI VERSO LA TOTALITÀ (% SUL PDV CONSOLIDATO)
		Parte Correlate finanziaria e Soggetti Connessi	Parte Correlate non finanziaria e Soggetti Connessi	Limite di attività di rischio per tipologia di Parte Correlata e Soggetti Connessi
Limiti consolidati	Esponente aziendale	5%	5%	20%
	Partecipante di controllo o in grado di esercitare un'influenza Notevole	7,5%	5%	25%
	Altri partecipanti o un soggetto, diverso dal partecipante, in grado, da solo, di nominare uno o più componenti degli organi aziendali	10%	7,5%	15%
	Soggetti sottoposti a controllo o influenza notevole	20%	15%	20%
Limiti individuali	20% del PdV individuale di ogni Banca del Gruppo			
LIMITE MASSIMO SUL PATRIMONIO DI VIGILANZA CONSOLIDATO NEI CONFRONTI DELLA TOTALITÀ DI PARTI CORRELATE E SOGGETTI CONNESSI				40%
I limiti definiti dalla Banca si applicano nei confronti della totalità di Soggetti Collegati appartenenti alla medesima categoria, fermo restando i limiti individuali imposti dalle Disposizioni, ad esempio nel caso di una Partecipante Finanziaria si applica il limite individuale del 7,5% del PdV Consolidato.				

In further detail, the Bank has established:

- (i) the “maximum limit in relation to all Related Parties and Connected Parties”, which represents the maximum amount of risk assets in relation to Associated Parties deemed acceptable with respect to consolidated Capital for Regulatory Purposes, in reference to total exposures to all Associated Parties;
- (ii) the “limit on risk assets by type of Related Parties and Connected Parties”, which represents the maximum amount of risk assets in relation to all Associated Parties deemed acceptable with respect to consolidated Capital for Regulatory Purposes, in reference to total exposures defined in a differentiated manner according to the type of party (for

example, the maximum limit deemed acceptable in relation to all Company Officers and Connected Parties is 20% of consolidated Capital for Regulatory Purposes, without prejudice to observance of the other limits).

In further detail, limits (i) and (ii) are confirmed and/or revised at least annually by the Board of Directors, following a review by the Audit and Risks Committee, considering the trend in such assets as a percentage of Capital for Regulatory Purposes over type and the breakdown by risk type.

If the limits established by the Provisions and/or additional limits set by the Bank are exceeded, the amount in excess of the prudential limit must nonetheless be restored to within the limits according to the following scheme:

- overrun of prudential limits of up to 2% of Capital for Regulatory Purposes, term of recovery of twelve months;
- overrun of prudential limits of 2% to 5% of Capital for Regulatory Purposes, term of recovery of eight months;
- overrun of prudential limits of over 5% of Capital for Regulatory Purposes, term of recovery of four months.

If a maximum limit on risk assets in relation to Associated Parties below the prudential limits envisaged by the Provisions has not been set, monitoring activity is conducted in reference to those limits.

Risk assets in relation to Associated Parties found to be in excess of the limits established by the Order of the Bank of Italy at 31 December 2012 must be brought within prudential limits by 31 December 2017.

Monitoring and reporting of limits on risk assets

Observance of prudential limits on risk assets in relation to Associated Parties is ensured on an ongoing basis through the monitoring of risk assets in relation to Associated Parties.

The Risk Management department, which is informed of the scope of Associated Parties, conducts ongoing reviews that the limits — both those imposed by the Provisions and set by the Bank — are observed in the assumption of risk assets in relation to Associated Parties, while also taking account of the updated value of any risk mitigation techniques supporting the transactions. The Risk Management department also verifies that limits have been observed in cases of new reports of transactions from the department proposing the transaction.

The Risk Management department informs the Board of Directors and Board of Statutory Auditors, through the Chief Executive Officer, of the overrun of one or more limits due to causes beyond the control and not attributable to the negligence of the Bank.

The Risk Management structure provides the Board of Directors, Audit and Risks Committee and Board of Statutory Auditors with complete information on at least a quarterly basis in order to allow Company Bodies to ensure constant observance of prudential limits — both those imposed by the Provision and those approved by the Board of Directors — on risk assets in relation to Associated Parties.

If, due to causes beyond the control and not attributable to the negligence of the bank (e.g., a party becomes a Related Party after dealings are initiated or Capital for Regulatory purposes decreases so as to entail an overrun of one of the limits set forth above), one or more limits are exceeded, risk assets must be brought within the limits in the shortest possible amount of time, as envisaged in paragraph 4.1. To that end, within **45 days** of when the limit is exceeded, the Bank drafts a recovery plan, approved by the strategic supervision body upon the proposal of the Chief Executive Officer, in consultation with the Board of Statutory Auditors.

The recovery plan is submitted to the Bank of Italy within **20 days** of approval, along with minutes containing the resolutions of company bodies.

If the overrun of limits pertains to a Related Party by virtue of the equity investment held in the bank or a banking group company, the administrative rights associated with the equity investment are suspended.

The Bank assesses the risks associated with transactions with Associated Parties (risks of a legal or reputational nature or relating to conflicts of interest), if relevant to company operations, in the context of the internal capital adequacy assessment process (ICAAP), pursuant to Title III, Chapter 1 of the Provisions. In particular, in cases in which prudential limits are exceeded for the foregoing reasons, the Bank takes account of the excesses in the process of determining total internal capital, in supplementation of the initiatives envisaged in the recovery plan.

Risk asset calculation methods

For the purposes of these rules, risk assets are weighted according to factors that take account of the risk level associated with the nature of the counterparty and any forms of credit protection.

The weighting factors and conditions of admissibility of risk mitigation techniques established in the context of risk concentration rules are applied¹⁹. Risk assets do not include equity investments and

¹⁹ Cf. Title V, Chapter 1, Section III and Annex A. It bears recalling that, according to risk concentration rules, personal and financial guarantees (within the limits and under the conditions they are permitted) allow the application of the substitution principle, i.e., attribution of the exposure to the protection supplier rather than the main associated borrower. Obviously, in order for the substitution principle to be able to yield the effect of reducing exposure to a

other assets deducted from Capital for Regulatory Purposes. Limits do not include temporary exposures related to the provision of fund transfer services and offsetting, settlement and financial instrument custody services, in the cases and under the conditions provided for in risk concentration rules²⁰.

If there are multiple relationships entailing the application of different prudential limits between the Bank or Banking Group and a Related party, the lowest limit applies.

The limits set forth in the foregoing paragraph do not include risk assets associated with transactions between companies belonging to a single banking group, or, in the case of Italian banks subject to consolidated supervision in another EU Member State, between the bank concerned and the parent company in the EU, banks and other supervised intermediaries controlled by the parent company.

▪ ORGANISATIONAL PROCESSES AND INFORMATION SYSTEMS

Procedures for identifying Associated Parties

Proper management of transactions with Associated Parties, in terms of decision-making procedures and monitoring of limits, is also founded upon full, timely identification of the scope of Associated Parties.

Such scope is determined and updated by the **Shareholders and Relevant Parties Relations and Management Unit** (hereinafter also the “**Responsible Function**,” which reports to the Company Secretary Service), aggregating the Associated Parties of the Bank and of each supervised intermediary belonging to the Banking Group.

To that end, the Company Secretary Service requests that Company Officers provide all elements useful to keeping the scope of Connected Parties up to date, and in particular data governing close family members and investment dealings, in relation to which appropriate confidentiality measures are adopted. With annual frequency, the Company Secretary Service also requests that Company Officers confirm/update information previously entered into the software application and monitors the responses. The Responsible Function reviews the consistency and completeness of the information received from Company Officers and requests any clarification and/or confirmation, directly or through the responsible departments.

A similar request is addressed by the competent departments of the relevant supervised intermediaries within the Banking Group to their officers and shareholders included within the

certain set of associated parties, it is necessary for the protection supplier not to be directly or indirectly included among the associated parties concerned.

²⁰ Cf. Title V, Chapter 1 of the Provisions.

scope of the Group's Associated Parties. This information is sent to the Bank, which establishes the scope of Associated Parties for the entire Banking Group.

In managing its own ordinary or extraordinary activities, each organisational unit that proposes a transaction is required to conduct a timely, preliminary review whether the transactions it is evaluating qualify as transactions with Associated Parties. To that end, the Bank has adopted appropriate operating procedures and information systems that facilitate the ability to determine during the review phase whether the counterparties to a transaction may be identified as Associated Parties²¹.

Organisational procedures and information systems

The **Board of Directors** ensures and verifies the implementation of these Policies by drawing on a variety of competent company departments.

The **Legal & Compliance Department** (specifically, the Company Secretary Service), in concert with the competent functions of the Organisation, IT & Regulations Department, oversees the preparation of organisational procedures and information systems that govern the process of evaluating and approving transactions with Associated Parties and disclosure to company bodies and the market. To that end, it cooperates with the Organisation, IT & Regulations Department, Administration Department and Risk Management Service, to the extent of the competence of each.

During the transaction evaluation process, **Risk Management** verifies whether the proposed risk asset falls within the limits established by regulations and the group's maximum exposure as determined by the Board of Directors and also ensures that such limits are constantly observed. The Risk Management structure conducts ongoing reviews that the limits on risk assets in relation to Associated Parties are observed, while also taking account of the updated value of any risk mitigation techniques supporting the transactions.

The **Administration Department** oversees the preparation of organisational procedures and information systems that ensure that Bank of Italy receives supervisory reports, at the consolidated and individual level, concerning Associated Parties within the terms prescribed by the Bank of Italy Provisions and the associated implementing regulations.

²¹The same procedures and information systems allow for the management of transactions with Related Parties falling within the scope of application of CONSOB Regulation No. 17221/2010 and Company Officers within the scope of application of Article 136 of the Consolidation Law on Banking. The same procedures also include, in a distinct manner, entities qualifying as related parties pursuant to accounting standard IAS 24.

The competent functions of the **Organisation, IT & Regulations Department**, in some cases upon the request of the organisational units concerned, guarantee the planning, implementation and management of the technological infrastructure and IT services integrated with company processes and ensure dissemination to the departments of the Bank and Banking Group, so as to allow them to achieve concrete implementation of the requirements established by applicable legislation.

All functions of the Bank and Banking Group companies use specific information technology tools in order to: *(i)* verify whether a counterparty falls within the scope of Associated Parties before a transaction is finalised; *(ii)* record information concerning the transaction to permit the competent departments to oversee any evaluation and approval procedures; and *(iii)* contribute, to the extent of their competence, to defining and updating the bank's areas of operations and conditions for identifying ordinary transactions and transactions at market or standard conditions²².

The information systems adopted, extended to all of the Bank's departments and all branches of the Banking Group, allow Associated Parties to be identified when dealings are established, all group companies to be provided up-to-date information concerning the group's Associated Parties, a record to be kept of the pertinent movements and the performance and total amount of the related risk assets to be monitored, while also taking account of the up-to-date value of any risk mitigation techniques supporting the transactions. The information systems ensure that the Bank, as Parent Company, is constantly able to verify observance of the consolidated limit on risk assets in relation to Associated Parties.

The information tools adopted permit multi-normative management of the process of managing transaction with Related Parties, Associated Parties and Company Officers in accordance with the Bank of Italy Provisions, CONSOB Regulation No. 17221/2010 and Article 136 of the Consolidation Law on Banking.

The main functions of information tools are as follows:

- surveying of Relevant Parties so as to permit the management of their personal data;
- identification of the Bank's areas of operation, that is to say, transactions that fall within the scope of application of the various laws and regulations;
- identification, registration and monitoring of transactions with surveyed Relevant Parties and monitoring of relative cumulative sums and amounts;

²²For the details of the operating process for the management of transactions with Associated Parties, please refer to the specific internal circular in force from time to time.

- governance of transactions so as to permit the identification of transactions that require a preliminary approval procedure and support for the computerised transaction governance process;
- internal and external reporting, generation of periodic customisable reports.

▪ **CONTROL STRUCTURES**

The organisational structures and internal control system ensure observance of prudential limits and approval procedures and pursue the aim of preventing and properly managing potential conflicts of interest pertaining to all dealings with Associated Parties.

In detail, the Bank establishes and oversees control processes aimed at ensuring that the risks assumed in relation to Associated Parties are properly measured and managed and verifying that the Policies have been properly designed and effectively applied. Towards this end:

- the Risk Management function is responsible for measuring risks — including market risks — underlying dealings with Associated Parties, verifies observance of the limits assigned to the various departments and operating units and checks the transactions undertaken by each for consistency with the various risk appetite levels set out in the *Policy*;
- the Compliance function verifies the existence and reliability, on an ongoing basis, of procedures and systems suited to ensuring observance of all regulatory obligations, as well as those established by internal rules and procedures;
- the Internal Audit function verifies compliance with the *Policy*, reports any anomalies in a timely manner to the Board of Statutory Auditors, Audit and Risks Committee and the Bank's top corporate bodies and reports periodically to company bodies concerning the total exposure of the bank or banking group to risks arising from transactions with Associated Parties or from other conflicts of interest; where appropriate, it suggests revisions of internal policies and the organisational and control structures deemed suited to enhancing oversight of such risks;
- the Bank's Independent Directors play a role of evaluation, support and proposition in the area of the organisation and performance of internal controls on the overall activity of assuming and managing risks in relation to Associated Parties, as well as a general review of the consistency of activity with strategic and managerial guidelines.

SUPERVISORY REPORTING

Risk assets in relation to Associated Parties are reported to the Bank of Italy on an individual and consolidated basis, with quarterly frequency according to specific supervisory instructions.

As defined in the model of responsibilities outlined in this *Policy*, the preparation and submission to the Bank of Italy of reporting streams, at both the individual and consolidated level, is the

responsibility of the **Supervisory Reporting Office** (which reports to the Administration, Financial Reporting & Tax Service and is part of the Administration Department).

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

Appointment of the auditing firm: supplementation of the fee

Shareholders,

The Bank's Board of Directors submits to the General Shareholders' Meeting, for its examination and approval, the motion, duly supported by a statement of grounds, raised by the Board of Statutory Auditors on the supplementation of the fee payable to the auditing firm Reconta Ernst & Young SpA, appointed to undertake the auditing of accounts for the financial years 2006-2014.

The text of the motion raised by the Board of Statutory Auditors is attached hereto as Annex A.

With reference to the above, an outline draft of the resolution that the General Shareholders' Meeting is invited to pass by way of approval of the aforesaid proposal for resolution is provided below:

"The Shareholders' Meeting of Banca Generali S.p.A., held in ordinary session, at the offices of Assicurazioni Generali S.p.A. in Trieste, at Via Trento 8,

- having regard to Article 13 of Legislative Decree No. 39 of 27 January 2010 (Implementation of Directive 2006/43/EC on Audits of Annual and Consolidated Accounts);
- having regard to the resolution approved by the General Shareholders' Meeting of 26 February 2004, as extended by the Shareholders' Resolution of 24 April 2007;
- having regard to the terms of the appointment conferred on the auditing firm in respect of fee structure revisions to take account of particular circumstances that could impact estimated billable hours;
- taking into account the merger of the subsidiary BG SGR S.p.A. which took effect on 1 September 2012,
- having regard to the motion, duly supported by a statement of grounds, raised by the Board of Statutory Auditors,

resolves

1) to increase the fee established for rendering auditing services, as follows:

- for the auditing of the annual financial statements 25,480.00 euros
- for periodic checks of the Company's bookkeeping

and record-keeping practices 10,288.00 euros

- for auditing services limited to the

Consolidated Half-Year Financial Statements 9,380.00 euros

amounting in total to 45,148.00 euros, without any changes to the rest;

- 2) to entrust the Board of Statutory Auditors with adjusting the amount of the resolved remuneration to the services actually rendered, in the event of the satisfaction, during the course of the appointment, of the conditions contemplated in the letter of appointment as warranting a revision of the billable hours and related fee structure, or otherwise, in the case of unforeseeable or exceptional circumstances giving rise to an increase in the hours devoted to auditing tasks and/or a change in the professional qualifications of the staff dedicated to such tasks;
- 3) to invest the Chairman of the Board of Directors and the Chief Executive Officer — even severally, and not jointly, and with powers of substitution by special attorneys-in-fact — with full powers to execute this resolution."

Milan, 8 March 2013

THE BOARD OF DIRECTORS

Proposal of the Board of Statutory Auditors
to the General Shareholders' Meeting
of Banca Generali S.p.A.

Shareholders,

Given that pursuant to Article 13 of Legislative Decree No. 39 of 2010, the appointment for the statutory auditing of accounts must be approved by the General Shareholders' Meeting, on the basis of a motion, duly supported by a statement of grounds, raised by the Company's control body, any and all changes to the terms and conditions regulating the said appointment must also be subjected to shareholder approval.

The Board of Statutory Auditors has received from Banca Generali a Letter sent by the Auditing Firm Reconta Ernst & Young S.p.A, dated 18 February 2013, requesting the revision of its fees, in light of the higher volume of services already necessary and that will be necessary following the merger of BG SGR into Banca Generali.

The most salient points raised in the aforesaid letter may be summarised as follows:

- the purpose of the letter is to inform the Company's governing and control bodies of the billable hours and related fees for undertaking the additional auditing tasks discharged and yet to be discharged in connection with the auditing services covered under the proposal submitted on 8 May 2006, approved by the General Shareholders' Meeting of Banca Generali S.p.A. (hereinafter the "Bank") held on 18 July 2006, and extended on 24 April 2007, for the three-year period 2012-2014 (services including the auditing of Banca Generali S.p.A.'s annual financial statements and consolidated financial statements for the year ended 31 December 2012, and for the subsequent annual and consolidated financial statements through to the end of the appointment as independent auditors);
- in detail, the merger of BG SGR into Banca Generali S.p.A. took effect on 1 September 2012 (after the sale of the business unit comprising the collective asset management products and services promoted by BG SGR S.p.A. to a Generali Group Company on 1 April 2012), coinciding with the setting up of a dedicated Asset Management Division within Banca Generali;
- the aforesaid merger entailed a significant change in the balance-sheet and income-statement figures recognised in Banca Generali's annual financial statements, especially as a result of the inclusion of figures pertaining to asset management services (commissions payable and receivable, accounts payable to customers and balances of assets under management or trading on account of third parties – individual asset

management services), as well as the implementation of the Asset Management corporate function, considered “significant” for the purposes of auditing the financial statements, and accordingly, subject to checks and inspections aimed, in particular, at acquiring data and information to be used to evaluate the effectiveness of the internal control system as a whole. As a result of these changes in the types of services offered by the Bank, the independent auditors are required to subject Banca Generali’s financial statements to auditing procedures that are more extensive than previously contemplated and budgeted for in the initial Proposal;

- under the heading “Fee Revision” the original proposal specified that “*fees may be revised at the end of each financial year to take account of particular circumstances, if any, that could increase or reduce the estimated hours (significant structural changes, exceptional or unforeseeable situations, etc.) ...OMISSIS.... The aforesaid circumstances will be subject to timely mutual disclosure between the parties, with a view to agreeing changes in the fee structure*”;
- the table below provides a breakdown of the billable hours and fees estimated for the auditing of the annual and consolidated financial statements for the year 2012 and thereafter, recalculated in light of the considerations set forth above:

Hours and Fees	In force *	Additi onal tasks	Updated total					
			Man-hour s	Euro	Man-hour s	Euro	Man-hour s	Euro
<u>Banca Generali S.p.A.</u>								
Auditing of the annual financial statements	680	67,520	270	25,480	950	93,000		
Auditing of the	100	10,475	0	0	100	10,475		

consolidated financial statements									
Periodically checking that the Company's books and accounts are properly kept and operations are accurately reported therein		160	15,712		110	10,288		270	26,000
Limited audit of the consolidated half-year financial statements		200	20,620		90	9,380		290	30,000
Auditing of the consolidated Reporting Package GSM		120	13,427		0	0		120	13,427
Total		1,260	127,754		470	45,148		1,730	172,902
* Fees already subject to revaluation as per ISTAT 2012 - 3.1%									

- with reference solely to the financial year 2012, in light of services already rendered to BG SGR S.p.A. through to the date of its merger into Banca Generali S.p.A., the additional billable hours and fees must be considered to amount to 300 hours and 29,000 euros respectively;
- all the other clauses of the initial Proposal remain unchanged.

Upon due evaluation, the Board of Statutory Auditors has found that neither Reconta Ernst & Young S.p.A. nor its Partner currently labours under any of the causes of incompatibility and that both meet the requirements of independence and technical and professional suitability, including in light of the commitment and mix of resources required to render the auditing services in question.

In consideration of all of the above, the Board of Statutory Auditors raises before the General Shareholders' Meeting, to be convened to approve the annual financial statements for the financial year ended 31 December 2012, a motion to revise the fees through to the end of the appointment, as set forth in the aforementioned Letter.

Trieste, 6 March 2013

The Board of Statutory Auditors
Giuseppe Alessio Verni

Alessandro Gambi

Angelo Venchiarutti

Extraordinary session

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

Amendments to Articles 15 (Board of Directors) and 20 (Board of Statutory Auditors) of the Articles of Association; relevant and ensuing resolutions

Shareholders,

We called this extraordinary shareholders' meeting so as to submit to you the proposal for the amendment of some clauses of the Articles of Association. More specifically, you are invited to approve amendments to Articles 15 (regarding procedures and deadlines for the submission of lists for the election of the Board of Directors) and 20 (regarding procedures and deadlines for the submission of lists for the election of the Board of Statutory Auditors) of the Articles of Association. The proposed changes are due to the entry into force of Italian Law No. 120 of 12 July 2011, which, in a manner similar to other European legal systems, introduced "gender quotas" for the composition of the boards of directors and boards of statutory auditors of listed companies in Italy as well. In a perspective of substantial equality, the Law aims to promote gender balance and better access of the under-represented gender to board member positions. The foregoing is also consistent with the recommendations laid down in Article 1 of the latest edition of the Corporate Governance Code for Listed Companies, presented to the Italian financial community on 5 December 2011.

This affirmative action is to be implemented over a period of three terms of office of the corporate bodies in question, on the assumption that a practice, albeit initially introduced pursuant to a specific legislative mandate, leads healthier corporate behaviour to become irreversible even after the legislative mandate no longer applies.

The changes are to be phased in on a step-by-step basis, so that, the first time a new Board of Directors or Board of Statutory Auditors is appointed after the introduction of the legislative mandate, the number of members belonging to the gender previously less represented on the same, must account for at least one fifth of its overall membership, such quota being subsequently raised to one third of the overall membership of the corporate bodies in question, appointed for the two terms of office immediately following thereafter.

The law introducing the legislative mandate amended the provisions on the same subject-matter set forth in Legislative Decree No. 58 of 24 February 1998, specifically, by adding paragraphs 1-*ter* to Article 147-*ter* and 1-*bis* to Article 148: by virtue of powers delegated

through the aforesaid law introducing the mandate, CONSOB subsequently completed the related regulatory framework, by amending its Rules for Issuers to require listed issuers to update their Articles of Association as appropriate in light of the said legislative amendments.

The amendments that you are invited to bring to the Articles of Association and that are illustrated in detail below, will be applicable for the first time in 2015, when a new Board of Directors and a new Board of Statutory Auditors are to be appointed.

With regard to the approval procedure to which the proposed amendments must be subjected, it must be borne in mind that Order No. 311041 issued by the Governor of the Bank of Italy on 23 March 2007 (that brought amendments to Title III, Chapter I of Bank of Italy Circular No. 229 of 21 April 1999 entitled “Supervisory Instructions for Banks”) requires the Bank of Italy to be given advance notice of any and all motions submitted for shareholder approval by the Board of Directors and entailing amendments to the Articles of Association. The said motions will be assessed by the Bank of Italy, which will issue its findings in such regard, prior to shareholder approval of the related resolutions.

It must also be pointed out that the proposed amendments to the Articles of Association do not invest shareholders with any right of withdrawal within the meaning and for the intents and purposes of Article 2437 of the Italian Civil Code and Article 7 of the Articles of Association insofar as they do not give rise to any of the situations warranting shareholder withdrawal pursuant to applicable regulations.

In light of the considerations illustrated above, you are therefore invited to amend the text of Articles 15 and 20 of the current Articles of Association, as highlighted in greater detail in the tables below showing, in the column to the left, the text of the paragraph of the article of the Articles of Association as currently worded, and in the column to the right, the proposed amendments to the said text, that are graphically highlighted:

Current text	Proposed amendments
<p style="text-align: center;">ARTICLE 15</p> <p>1. The Company is managed by a Board made up of no less than 7 (seven) and no more than 12 (twelve) members, appointed by the Shareholders' Meeting after determination of the number of members.</p> <p style="text-align: center;"><i>.....omissis.....</i></p> <p>6. The lists contain a number of candidates no higher than the number of members to be elected, listed by progressive number with a specific indication of the candidates who fulfil the statutory requirements of independence. Each candidate may appear on only one list, upon penalty of ineligibility.</p> <p style="text-align: center;"><i>.....omissis.....</i></p> <p>10. 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) is entitled to vote for only one list. Should only one list be submitted, all the members of the Board of Directors shall be appointed from the said list. Should, on the other hand, two or more lists be submitted, the first candidates on the list obtaining the greatest number of votes, equal to eight ninths of the number of members of the Board of Directors determined by the Shareholders' Meeting – with rounding down in the case of split number – will be elected Board members. The remaining directors will be taken from other lists, not linked in any way, not even indirectly, with the shareholders who submitted or voted for the list which gained the highest</p>	<p style="text-align: center;">ARTICLE 15</p> <p>1. The Company is managed by a Board made up of no less than 7 (seven) and no more than 12 (twelve) members, appointed by the Shareholders' Meeting after determination of the number of members. The composition of the Board of Directors shall comply with the criteria for establishing gender balance, as contemplated under applicable regulations.</p> <p style="text-align: center;"><i>.....omissis.....</i></p> <p>6. The lists contain a number of candidates, capable of ensuring gender balance, no higher than the number of members to be elected, listed by progressive number with a specific indication of the candidates who fulfil the statutory requirements of independence. Each candidate may appear on only one list, upon penalty of ineligibility.</p> <p style="text-align: center;"><i>.....omissis.....</i></p> <p>10. 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) is entitled to vote for only one list. Should only one list be submitted, all the members of the Board of Directors shall be appointed from the said list. Should, on the other hand, two or more lists be submitted, the first candidates on the list obtaining the greatest number of votes, equal to eight ninths of the number of members of the Board of Directors determined by the Shareholders' Meeting – with rounding down in the case of split number – will be elected Board members. In the case where the number of Board members belonging to the gender less represented, and appearing on the list that obtained the highest number of votes,</p>

number of votes, and to this end the votes obtained by said lists will subsequently be divided by one, two, three and so on, according to the number of directors to be elected. The ratios obtained in this way will be progressively assigned to the candidates of each of the lists, according to the respectively established order of said lists. The ratios thus attributed to the candidates of the various lists will be set out in a single decreasing list.

.....omissis.....

13. If, during the term of office, one or more Board members should leave office for whatever reason, they will be replaced according to the procedures established by law. If the leaving director was taken from the minority list that had obtained the greatest number of votes, replacement will occur with appointment of the first eligible candidate taken from the same list as the leaving director and willing to accept office or, where this is not possible, with the appointment of the first eligible candidate who is willing to accept office, and taken, in serial order, from the list to which the first unappointed candidate belonged. The term of the replacement director shall expire together with the term of the directors in office at the time of the replacement Director's appointment to the Board.

is lower than the number required under applicable statutory provisions, the elected candidate with the highest serial number, and belonging to the more represented gender, is to be excluded. The excluded candidate is to be replaced by the following candidate belonging the gender less represented and appearing on the same list as the excluded candidate. In the case where it is not possible to draw from the list obtaining the highest number of votes, the required number of Directors belonging to the gender less represented, the Board seats in question will be filled by appointments made by the General Shareholders' Meeting, by majority vote.

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

.....omissis.....

13. If, during the term of office, one or more Board members should leave office for whatever reason, they will be replaced according to the procedures established by law **in compliance with the principle of mandatory gender representation imposed under applicable regulations.** If the leaving Director was taken from the minority list that had obtained the greatest number of votes, replacement will occur with appointment of the first eligible candidate taken from the same list as the leaving Director and willing to accept office **and belonging to the same gender** or, where this is not possible, with the appointment of the first eligible candidate who is willing to accept office **and belonging to the same gender** and taken, in serial order, from the list to which the first unappointed candidate belonged. The term of the replacement director shall expire together with the term of the directors in office at the time of the replacement Director's appointment to the Board.

ARTICLE 20

.....omissis.....

6. The lists are 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 candidate may appear on only one list, upon penalty of ineligibility.

In order to produce any and all documentation proving the entitlement to submit lists, the provisions herein stated under article 15, paragraph 9 of these Articles of Association shall be applied. Together with each list and within the term established for the filing of lists, the shareholders submitting the lists must also file the following documentation at the registered office:

- information pertaining to the identity of the shareholders submitting the lists, with an indication of the percentage of share capital they jointly hold;
- exhaustive information on the personal and professional features of the candidates included in the list;
- 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;
- the declarations in which each candidate accepts nomination and also certifies, under his own responsibility, the inexistence of causes of incompatibility and of ineligibility, as well as possession of the requisites of integrity and professionalism which prevailing laws require for the office of Auditor of the Company.

.....omissis.....

8. 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

ARTICLE 20

.....omissis.....

6. The lists are 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, save for those featuring less than three candidates, must present candidates in a manner that ensures gender balance.

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

In order to produce any and all documentation proving the entitlement to submit lists, the provisions herein stated under article 15, paragraph 9 of these Articles of Association shall be applied. Together with each list and within the term established for the filing of lists, the shareholders submitting the lists must also file the following documentation at the registered office:

- information pertaining to the identity of the shareholders submitting the lists, with an indication of the percentage of share capital they jointly hold;
- exhaustive information on the personal and professional features of the candidates included in the list;
- 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;
- the declarations in which each candidate accepts nomination and also certifies, under his own responsibility, the inexistence of causes of incompatibility and of ineligibility, as well as possession of the requisites of integrity and professionalism which prevailing laws require for the office of Auditor of the Company.

.....omissis.....

8. 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) shall be entitled to vote for only one list. The first two candidates on the list obtaining the highest number of votes and the first candidate on the list obtaining the highest number of votes from amongst the lists submitted and voted by shareholders who are not associated, not even indirectly, with the shareholders who submitted and voted for the list obtaining the highest number of votes shall be deemed elected regular Auditors; 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 and 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 shall be deemed elected alternate Auditors. In the case where only one list is submitted, the entire Board of Statutory Auditors is appointed from the said list. Should no list be submitted, the Shareholders' Meeting shall appoint the Board of Statutory Auditors and the Chairman thereof, by majority of the votes cast, in accordance with law.

.....omissis.....

11. In the case of the death, resignation or forfeiture of an acting Auditor, the first alternate Auditor belonging to the same list as the replaced Auditor will succeed him. Such alternate will succeed him for a period conterminous with the term of the other acting Auditors in office at the time of his appointment as an Auditor. Should the outgoing Auditor be the Chairman of the Board of Auditors, his replacement on such Board shall also assume the Chairmanship of the Board of Auditors. In the case where it is not possible to proceed as indicated above, the term of the entire Board of Statutory Auditors shall be deemed to have expired in full with immediate effect, and accordingly, a Shareholders' Meeting must be called to pass resolutions on the appointment of a new Board of Statutory Auditors pursuant to

(iii) shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and/or regulatory framework) shall be entitled to vote for only one list. The first two candidates on the list obtaining the highest number of votes and the first candidate on the list obtaining the highest number of votes from amongst the lists submitted and voted by shareholders who are not associated, not even indirectly, with the shareholders who submitted and voted for the list obtaining the highest number of votes shall be deemed elected regular Auditors; 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 and 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 shall be deemed elected alternate Auditors. **In the case where the number of regular Auditors belonging to the gender less represented falls short of the threshold established under applicable statutory provisions, the candidates appearing in the regular Auditor section of the list obtaining the highest number of votes will be replaced following the order in which the candidates were presented for election.** In the case where only one list is submitted, the entire Board of Statutory Auditors is appointed from the said list. Should no list be submitted, the Shareholders' Meeting shall appoint the Board of Statutory Auditors and the Chairman thereof, by majority of the votes cast, in accordance with law.

.....omissis.....

11. In the case of the death, resignation or forfeiture of an acting Auditor, the first alternate Auditor belonging to the same list as the replaced Auditor will succeed him. Such alternate will succeed him for a period conterminous with the term of the other acting Auditors in office at the time of his appointment as an Auditor. Should the outgoing Auditor be the Chairman of the Board of Auditors, his replacement on such Board shall also assume the Chairmanship of the Board of Auditors. In the case where it is not possible to proceed as indicated above **and the procedure for the replacement of the members of the Board of Statutory Auditors fails to ensure gender balance on the same**, the term of the entire Board of Statutory Auditors shall be deemed to have expired in full with immediate effect, and

the voting list system set forth in this Article 20.	accordingly, a Shareholders' Meeting must be called to pass resolutions on the appointment of a new Board of Statutory Auditors pursuant to the voting list system set forth in this Article 20.
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With regard to all of the above, we invite you, should you agree, to approve the proposed amendments to Articles 15 and 20 of the Articles of Association, as illustrated above.

Milan, 18 December 2012

THE BOARD OF DIRECTORS