

**CORPORATE GOVERNANCE
REPORT 2006**

**ANNUAL REPORT ON THE CORPORATE GOVERNANCE
SYSTEM AND COMPLIANCE WITH THE CORPORATE
GOVERNANCE CODE OF LISTED COMPANIES**

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FOREWORD

This report has been prepared in compliance with the obligation to provide, on an annual basis, information on the Company's corporate governance system and compliance with the Corporate Governance Code of Listed Companies (the "Code"), an obligation imposed on companies issuing listed shares, pursuant to the current Instructions on the Rules for Markets organised and managed by Borsa Italiana S.p.A. (Title IA.2.6) as well as pursuant to article 124*bis* of Legislative Decree No. 58 of 24 February 1998, as further amended and extended (the "Finance Consolidation Act" - *Testo Unico della Finanza* or "TUF").

Banca Generali S.p.A. (the "Company") was admitted for listing on the electronic share market (MTA) managed by Borsa Italiana S.p.A., in November 2006, and on such occasion adopted the Code¹, having determined that bringing its corporate governance system (and that is to say, the framework of rules, principles and procedures making up a company's management and internal control system), in line with the international best practices of business administration on which the Code is based, is a basic pre-requisite for achieving the Company's goals.

These goals in fact include not only the creation of value for shareholders and customer satisfaction, but also the quest for excellence in terms of the transparency of decision-making processes, the efficiency of internal control systems and the probity and rigour in third party and intercompany transactions and/or transactions entailing a potential conflict of interests, as well as constant professionalism, probity and respect in all relationships with shareholders, customers, and in general, all the Company's stakeholders. Fully aware that no corporation can hope to boost its reputation for reliability without implementing effective and efficient operating rules and procedures, the Company also adopted the Code of Ethics of the Generali Group that sets forth the basic ethical principles to be rigorously followed throughout the Group (the "Code of Ethics")², such as, for instance the principles of professionalism and the enhancement of human resources, the protection of

¹ March 2006 edition.

² A copy of the Code of Ethics is available on the website www.bancagenerali.it, under the "Investor Relation" – "Corporate Governance" section.

the health of workers, free enterprise and competition, transparency and correctness of information disclosed.

In the interest of ease of reading, the Report is structured as follows:

- ❖ a first section providing summary information on the Company's goals and organisation;
- ❖ a second section containing more detailed information on the organisation and concrete functioning structures and bodies contemplated in the Code.

* * *

SECTION 1

BANCA GENERALI'S GOVERNANCE STRUCTURE

Organisation of the Company

A proper corporate governance system must be based on certain key elements, such as the central role of the Board of Directors, the proper management of conflicts of interest, transparency in the disclosure of corporate decisions, and an efficient internal control system.

As a public limited company subject to Italian law, and a bank subject to Legislative Decree No. 385 of 1 September 1993 and related implementing provisions, Banca Generali has set up a governance system firmly grounded on the said principles.

Banca Generali's organisational structure is made of the following main corporate boards and officers:

- A. Board of Directors;
- B. Chairman of the Board of Directors;
- C. Chief Executive Officer;
- D. Remuneration Committee;
- E. Internal Control Committee;
- F. Shareholders' Meeting;
- G. Board of Statutory Auditors.

Other corporate boards and officers include the Secretary to the Board of Directors, the General Manager, and persons invested with powers of representation pursuant to the provisions of the Articles of Association.

The Company's organisational structure is based on the classical model of corporate governance.

Responsibility for company management lies solely with the **Board of Directors** (the "Board").

The Board of Directors is appointed by the Shareholders' Meeting, for a three-year term. Among its members, the Board elects a **Chairman** and may appoint a **Vice Chairman**; an Executive Committee and one or more **Chief Executive Officers**. The Board determines powers and remunerations of its members.

At present, the Company has no **Executive Committee**.

The Remuneration committee expresses opinions and makes proposals. In particular, it expresses opinions and submits non-binding proposals to the Board, pertaining to the remuneration packages of the Chairman of the Board, the Chief Executive Officer and General Manager, and periodically assess the policies used to determine the remuneration packages of key Company executives, with strategic responsibilities.

The **Internal Control Committee**, also plays a consultative and recommendatory role, and is tasked with assisting the Board of Directors in laying down guidelines for the internal control system; it expresses an opinion on the appropriateness of the internal control system and monitoring the proper and uniform application of accounting policies within all group companies. The committee also issues an opinion on the timetable of operations submitted by the independent auditors and monitors the effectiveness of the auditing process.

The **Shareholders' Meeting** (the "Shareholders' Meeting") passes resolutions expressing the intentions of the Company. Resolutions approved by the Shareholders' Meeting pursuant to statutory provisions and the Articles of Association, are binding on all the Company's shareholders, including those abstaining or dissenting.

The **Board of Statutory Auditors**, appointed by the Shareholders' Meeting for a term of three years, is tasked with overseeing compliance with statutory requirements and the Articles of Association, as well as with monitoring company management. The Board of

Statutory Auditors is not responsible for auditing the Company's accounts, a task entrusted to **Independent Auditors** duly registered with the specific professional rolls set by the Italian market regulator, CONSOB, which exercises regulatory oversight in respect of the Company. The Independent Auditors are bound to monitor the proper bookkeeping of the Company's accounts, during the course of the financial year, and to ensure that the Company's books faithfully reflect management trends. The Independent Auditors are also in charge of checking that the figures carried in the annual and consolidated financial statements present a true and fair account of the Company's books and that all accounting documents are compliant with applicable regulations.

The powers and operating procedures of the corporate organs are governed by law, the Articles of Association and the resolutions approved by the relevant organs.

The Articles of Association are available at the Company's registered office and can also be consulted on the Company's website (www.bancagenerali.it) under section "*Investor Relations*" – "*Corporate Governance*".

Shareholder Structure

Banca Generali's subscribed and paid up share capital amounts to Euro 111,313,176.00, divided into 111,313,176 ordinary shares of a par value of Euro 1.00 each.

The Extraordinary Shareholders' Meeting of 18 July 2006 approved a capital increase, in one or more tranches, in the maximum nominal amount of Euro 5,565,660.00 to cover the "Stock Option Plan for Banca Generali S.p.A.'s Financial Advisors and Network Managers" and the "Stock Option Plan for Banca Generali S.p.A. Employees".

Major Shareholders

The Company's shares are administered through the centralised electronic securities management system of Monte Titoli S.p.A. of Milan.

Shareholders holding more than 2% of the Company's voting stock, directly or indirectly and including through third party intermediaries, trust companies and subsidiaries, as per

the Shareholders' Register and the notices received pursuant to law as at 31 December 2006, are indicated in the table below:

Shareholder	% held
ASSICURAZIONI GENERALI S.p.A.	59.78 %
INTESA SANPAOLO S.p.A. *	6.99 %
JANUS CAPITAL MANAGEMENT LLC	2.11 %
EGERTON CAPITAL LIMITED PARTNERSHIP	2.04%

** Pursuant to Section 121, paragraph 3, of Legislative Decree No. 58/98 (Finance Consolidation Law - TUF), the voting rights attaching to the stake in excess of 2%, have been suspended.*

At 31 December 2006, Banca Generali holds 1,129,530 own shares.

Management and Coordination

Banca Generali is part of the Generali Group.

The Company is subject to management and coordination by its Parent Company, Assicurazioni Generali S.p.A., within the meaning and for the intents and purposes of section 2497 of the Italian Civil Code. Assicurazioni Generali exercises its management and coordination powers by, inter alia, making recommendations to the Shareholders' Meeting of Banca Generali in respect of appointments to Banca Generali's Board; imparting instructions on the composition of the administrative organs of the Company and its subsidiaries; laying down the deadlines and procedures for drawing up the Generali Group's budget and strategic plan in general; issuing guidelines and instructions on the disclosure of operations and accounting information, in order to ensure the consistence, timeliness and correctness of the information disclosed by or regarding the Generali Group; issuing guidelines in respect of third parties, or atypical and/or unusual transactions requiring certain categories of transaction to be subjected to prior authorisation from Assicurazioni Generali's Board of Directors.

Shareholder Agreements

Following the listing of Banca Generali shares on the electronic share market organised and managed by Borsa Italiana S.p.A., Assicurazioni Generali S.p.A. and Intesa Sanpaolo S.p.A. announced, in a press release on 20 November 2006, that on 24 June 2003, they had entered into a Shareholder Agreement which was subsequently amended on 17 July 2006 and on 24 August 2006.

The most salient provisions of the aforesaid Shareholder Agreement are summarised below:

a) Board of Directors: For the entire term of the Shareholder Agreement, the parties thereto are bound to exert their best efforts to ensure that the Company's Ordinary Shareholders' Meeting appoints one Board member at the recommendation of Intesa Sanpaolo S.p.A.

b) Right of co-sale: Should, at any time during the term of the Shareholder Agreement, Assicurazioni Generali intend to transfer to any third party all or part of its shareholding in the Company, Intesa Sanpaolo shall be entitled to sell to same third party and at the same economic terms and conditions, a portion of its shareholding in Company that is proportional to the shareholding transferred by Assicurazioni Generali. In the case where the third party fails to accept to purchase the additional shareholding offered for sale by Intesa Sanpaolo, Assicurazioni Generali shall be bound to reduce the shareholding it has offered for sale so as to allow Intesa Sanpaolo to make a proportional sale of its shareholding in the Company. The right of co-sale shall not apply at the time of listing of the Company, or in the case of intercompany transfers of shareholdings, effected by Assicurazioni Generali.

The Shareholders' Agreement shall remain in full force and effect through to 1 October 2008, although the parties are firmly committed to negotiating the renewal of the same, in good faith.

SECTION 2

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF LISTED COMPANIES AND FURTHER INFORMATION

BOARD OF DIRECTORS

Role of the Board of Directors

The Board of Directors, made of the 10 members listed in Table 1 below, plays a central role in the Company's corporate governance system. The Board was appointed by resolution approved by the Shareholders' Meeting on 3 October 2006, that entered into effect on 15 November 2006 (date of commencement of trading of the Company's shares on the electronic share market organised and managed by Borsa Italiana S.p.A.) and shall remain in office until the approval of the financial statements for the year ending on 31 December 2008.

The Board is invested with full powers for the ordinary and extraordinary management of the Company, including the power to approve the cancellation and reduction of mortgages, including against part payment of loans, and to pass resolutions on all matters pertaining to the Company's purpose, that are not reserved, by law, to the competence of the Shareholders' Meeting. The Board is also the only corporate organ empowered to pass resolutions on the setting up or closure of secondary offices, and for appointing the Board members invested with powers of corporate representation and signature, as well as on mergers, in the cases permitted under law, on the amendment of the provisions of the Articles of Association that may be incompatible with new imperative regulatory requirements.

Pursuant to paragraph 1.C.1, (a), (b) and (f) of the Code, article 18 of the Articles of Association invests the Board with broad decision-making powers susceptible of significantly impacting the life of the Company and the Group, including, in particular, the power to define the general operating guidelines and approve the Company's strategic, industrial and financial plans, as well as transactions that could have a significant impact on

the Company's equity or economic or financial position, including transactions with related parties; the power to define the Company's general organisational layout, approve and amend internal rules and regulations, as well as set up advisory or coordinating committees or commissions.

In particular, pursuant to the Articles of Association, save in the emergency situations contemplated in article 18, paragraph 8 of the same, the Board alone is invested with decision-making powers in respect of:

- (i) the definition of general operating guidelines and approval of the Company's strategic, industrial and financial plans, as well as transactions that could have a significant impact on the Company's equity or economic or financial position, including transactions with related parties;
- (ii) the appointment, if necessary, of the General Manager, Co-General Managers, Assistant General Managers and the powers and remuneration of the same;
- (iii) the setting up, transfer and closure of branches, representative offices and secondary offices;
- (iv) authorisation to persons performing administrative, managerial or control functions in the Company or in companies belonging to the Banca Generali Group as well as other corporate officers, as defined under law, to carry out transaction or contract obligations of any kind whatsoever or enter directly or indirectly into purchase or sale agreements with the Bank;
- (v) the purchase, construction, sale or exchange of real estate, save for the deeds and transactions required in court and out-of-court proceedings for debt recovery;
- (vi) the acquisition or disposal of participating interests entailing changes within the Banca Generali Group or controlling stakes or stakes entailing relationships of association and joint control;
- (vii) the disposal of businesses and/or business segments;
- (viii) entering into joint ventures or other strategic business partnerships;

- (ix) the definition of the general organisational layout and the approval of amendments to internal rules and regulations;
- (x) the setting up, if need be, of advisory or coordinating committees or commissions, especially with a view to ensuring that the Company's corporate governance system complies with the most recent best practices, determining the composition, term, powers and operating procedures of the same;
- (xi) the approval of Company-specific employment contracts and generally applicable collective bargaining agreements.

Since the Company is also the Parent Company of the banking group, the Company's Board is further invested with decision-making powers in respect of the acquisition and disposal of participating interests, as well as the policies for the coordination and management of Group companies and compliance with Bank of Italy instructions, with a view to ensuring the stability of the Group.

Moreover, on 16 February 2007, in order to ensure even greater compliance of the Board's corporate governance procedures with the principles entrenched in the Code, the Board approved the "Banca Generali Board of Directors internal regulations" (the "Board Rules") that provide, *inter alia*, that:

- i) pursuant to paragraph 1.C.1(b) of the Code, the Board is bound to evaluate the appropriateness of the Company's organisational, administrative and accounting layout, in light of the information received from the competent corporate organs (article 6.2 of the Board Rules);
- ii) the Board is bound to assess general management trends, with special emphasis on potential conflicts of interests and periodically comparing results against expectations, in accordance with the provisions of article 1.C. 1(e), of the Code (article 8.2 of the Board Rules);
- iii) since the Company is also the Parent Company of the banking group, the Company's Board is further invested with decision-making powers in respect of the acquisition and disposal of participating interests, as well as the policies for

the coordination and management of Group companies and compliance with Bank of Italy instructions, with a view to ensuring the stability of the Group.

Pursuant to paragraph 1.C. 1(c), of the Code, article 18 of the Articles of Association further empowers the Board to delegate its powers, subject to the obligation binding especially any and all such delegates, to report to the Board of Directors as well as the Board of Statutory Auditors, at least every quarter, in respect of the management trends and business activities of the Company and its subsidiaries, expected future developments, transactions susceptible of exerting a significant impact on the equity, economic and financial situation of Banca Generali and its subsidiaries, with specific reference to the transactions in which either the Company's Directors or third parties have an interest, or transactions influenced by the party exercising management and coordination powers over the Company, and decisions pertaining to lending policies.

Functioning of the Board of Directors

Pursuant to Article 17 of the Articles of Association, Board meetings are to be held — in general — on a monthly basis.

On 16 February 2007, in order to ensure that the Board's operating procedures comply with the principles entrenched in the Code, the Board approved the "Banca Generali Board of Directors internal regulations" (the "Board Rules").

The aforesaid Board Rules provide, *inter alia*, that:

- i) pursuant to article 1.C.2, appointments to Board may 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, especially in light of the number of directorships or auditorships they may hold within other corporations listed on regulated markets (including overseas) and in financial institutions, banks, insurance companies and large corporates, as well as their other professional activities (article 3.2 of the Board Rules);

- ii) in order to enable Board members to make informed decisions and choices, the Chairman shall ensure that all of them are provided timely information on the items placed on the agenda of Board meetings (article 4.2 of the Board Rules);
- iii) even if management decisions have already been determined, guided or in any event influenced by a person or party exercising management and coordination powers in respect of the Company or by persons or parties acting pursuant to a shareholder agreement, each Board member shall be bound to exercise decision-making powers in total autonomy and independence, making decisions that are reasonably likely to result — as a priority objective — in the creation of value for all the shareholders, in the medium-to-long term (article 5 of the Board Rules);
- iv) pursuant to article 1.C.1(f) of the Code, the Board is bound to express, on an annual basis, its opinion on the appropriateness of its size, membership, and operations and those of any and all Board Committees, as well as on the appropriateness and effectiveness of the Board Rules (article 8.2 of the Board Rules).

In compliance with the said provision, on 16 February 2007, the Board approved the “Self-assessment Report of the Board of Directors of Banca Generali S.p.A.” (the “Self-assessment”), in which it examined its size, membership and operations, as well as the size and operations of the Board Committees, and expressed the following opinion:

“The Board of Directors of Banca Generali S.p.A.,

- having considered, first and foremost, the size of the administrative organ that seems commensurate with the dimensions and operations of the Company, and also in keeping with the Company’s role as Parent Company of the banking group of the same name, insofar as it allows for adequate monitoring and management of the Group’s business operations and trends;
- having considered, secondly, the membership of the same administrative organ, which may be deemed appropriate — thanks to the prevalence of non-executive

directors and the wide variety of professional competencies featured on the Board — insofar as it allows for an authoritative and knowledgeable approach to the various matters that the Board is called upon to deal with from time to time;

- having considered lastly, the efficient functioning of the administrative organ which from now on will even be regulated by specific Rules in addition, obviously, to applicable statutory and regulatory provisions,

has no comment whatsoever to make in respect of neither the size and functioning of the Board of Directors of Banca Generali S.p.A., its delegated organs and members, as well as the Board Committees set up pursuant to the provisions of the Corporate Governance Code; nor on the effectiveness and appropriateness of the provisions of the Operating Rules of the Board of Directors (with regard to independent directors, see below, “Non-executive and Independent Directors”).

* * *

Pursuant to article 1.C.3 of the Code, the Board Rules establish the maximum number of corporate positions a Company Director may hold, as indicated in the following table:

	Listed Companies			Financial or insurance companies and banking institutions			Large companies ⁽³⁾		
	Total directors	of which executive directors	Auditor	Total directors	of which executive directors	Auditor	Total directors	of which executive directors	Auditor
Executive directors	5	0	0	5	0	0	5	0	0
Non-executive directors	7	2	2	7	2	2	7	2	2

The Board Rules further provide that, in determining the total number of companies in

⁽³⁾ Companies with no less than two hundred employees for no less than a year.

which appointees to the Company's Board hold directorships or auditorships, no account may be taken of companies belonging to the Company's Group. 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 (article 3.4 of the Board Rules).

* * *

The Board meeting are held periodically and in general, once a month in compliance with the statutory requirements and pursuant to a schedule of works defined on an annual basis. In 2006, Banca Generali's Board met 14 times, including twice between 15 November 2006, the date of commencement of trading of shares in the Company on the electronic share market (MTA), and 31 December 2006. Moreover, since the beginning of the year underway as at the date of this Report, three Board meetings were held. A total of 11 Board meetings are scheduled in 2007.

The table below provides information on the attendance of Directors at the Board meetings held from 15 November 2006 (date of listing of the Company) through to 31 December 2006. Absentee Directors provided justification for non-attendance.

Member	Office held	% participation to BoD's meetings
Giovanni Perissinotto	Chairman	100%
	Executive Director	
Giorgio Angelo Girelli	Chief Executive Officer	100%
	Executive Director	
Fabio Buscarini	Non-executive Director	100%
Amerigo Borrini	Executive Director	50%
Paolo Baessato	Non-executive Director	50%
Andrea de Vido	Non-executive Director	100%
	Member of the Remuneration Committee	
Attilio Leonardo Lentati	Non-executive Director	100%
	Independent director	
	Chairman of the Remuneration Committee	
Aldo Minucci	Member of the Internal Control Committee	
	Executive Director	100%
Alfio Noto	Non-executive Director	100%
	Independent director	
	Member of the Remuneration Committee	
Ugo Ruffolo	Chairman of the Internal Control Committee	
	Non-executive Director	100%

Appointment of the Board of Directors, Number of Directors and Term of Office

Under the Articles of Association, the Company is administered by the Board made up of no less than seven and no more than twelve members, appointed by the Shareholders' Meeting which must first establish the number of members making up the Board.

Pursuant to article 15 of the Articles of Association and in compliance with the provisions of article 6 of the Code, Board members are appointed on the basis of voting lists submitted by shareholders, registered in the Shareholders' Register for at least 30 days prior to the scheduled date of the Shareholders' Meeting at first call, who, either on their own or

together with others, hold a number of shares representing at least one fortieth of the Company's share capital.

Each list must be accompanied by exhaustive information regarding the personal and professional profiles of the candidates, as well as declarations through which each of the candidates attests, under his or her own responsibility, that they do not labour under any of the causes of disqualification or incompatibility in respect of the directorship sought, and meets all the requirements of personal integrity and professionalism imposed under statutory provisions and the independence requirements imposed under statutory provisions and the Code or other codes of conduct promoted by companies managing regulated markets or trade associations, and adopted by the Company.

The Articles of Association require the said lists of candidates to be lodged with Banca Generali's registered office at least fifteen calendar days prior to the scheduled date of the Shareholders' Meeting at first call. Should the outgoing Board of Directors submit its own list, the same must be lodged with the Company's registered office and published in at least one national daily newspaper, at least twenty days prior to the scheduled date of the Shareholders' Meeting at first call.

The appointment mechanism based on the so-called voting lists ensures transparency as well as timely and adequate information on the personal and professional profiles of the candidates for directorships.

The Board of Directors has not set up any internal committee to examine proposed appointments to the Board, finding no need for the same. This decision was based on the fact that the current regulatory framework, together with the Articles of Association that impose the mechanism based on voting lists, provide for sufficient transparency of the procedure for the proposal and selection of candidates.

Board members are appointed for a maximum term of three years expiring on the date of the Shareholders' Meeting called for the approval of the financial statements pertaining to the last financial year of their term, and are eligible for re-appointment.

Any and all directors who cease to serve in office for any reason or cause whatsoever

during their three year term, shall be replaced pursuant to law.

The Board of Directors is required to appoint a Secretary who need not necessarily be a Board member.

Chairman of the Board of Directors

Having acknowledged the resignation of the Board members in office, with effect from the date of commencement of trading of shares in the Company on the electronic share market, the Shareholders' Meeting of 3 October 2006 established that the Board would be made up of ten members and appointed a new Board with effect as from the said date of commencement of trading of shares in the Company on the electronic share market.

As already indicated above, the term of the Board of Directors is due to expire on the scheduled date of the Shareholders' Meeting called for the approval for the financial statements for financial year 2008.

The table below lists the Board members currently in office.

Director	Office held
Giovanni Perissinotto	Chairman Executive Director
Giorgio Girelli	Chief Executive Officer Executive Director
Fabio Buscarini	Non-executive Director
Amerigo Borrini	Executive Director
Paolo Baessato	Non-executive Director
Andrea de Vido	Non-executive Director Member of the Remuneration Committee
Attilio Leonardo Lentati	Non-executive Director Independent director Chairman of the Remuneration Committee Member of the Internal Control Committee
Aldo Minucci	Executive Director
Alfio Noto	Non-executive Director Independent director Member of the Remuneration Committee Chairman of the Internal Control Committee
Ugo Ruffolo	Non-executive Director

All Company Directors are fully aware of the duties and responsibilities attaching to their office and actively participate in initiatives designed to help them deepen their knowledge and grasp of Company operations and dynamics, so as to enable them to make fully

informed decisions.

Since the Company is an Italian bank, in compliance with article 26 of Legislative Decree No. 385 of 1 September 1993 and related implementing provisions (Regulation No. 161 issued by the Ministry of the Treasury, Budget and Economic Planning, on 18 March 1998), its Board members are selected on the basis of very high standards of professionalism and competency and must have acquired, on the overall, at least three years' experience (i) as a company director, corporate officer or high level executive; (ii) in professional practice in the banking, financial, real estate, insurance sectors or other fields pertinent to the Company's business; (iii) in academia, especially in the fields of law or economics; (iv) as a senior civil servant with public undertakings specialising in the banking, financial, real estate, insurance sectors, or with public administrations, bodies or undertakings that are not directly involved in the aforesaid sectors, provided that the job description pertaining to the position held, entailed 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* TUF, Board members must meet the requirements of personal integrity imposed on members of supervisory organs under Regulation No. 162 issued by the Ministry of Justice on 30 March 2000, as well as the requirements pertaining specifically to bank executives, under Regulation No. 161 issued by the Ministry of the Treasury, Budget and Economic Planning, on 18 March 1998.

Summary information on the personal and professional profiles of the Company's Directors is provided below, with an indication, as recommended in paragraph 1.C.2 of the Code, of the directorships and auditorships held by the same in other companies listed on regulated markets, including overseas, as well as in financial institutions, banks, insurance companies or large corporations other than Group companies.

GIOVANNI PERISSINOTTO

Born in Conselice (RA), on 6 December 1953, and graduated in Economics from the University of Trieste in 1977. Certified Public Accountant as from 1978, Mr Perissinotto started working at the Generali Group in 1980, first in Brussels and then in New York where he held the post of Financial Director. In 1988 he was assigned to the Group's Head Office in Trieste, where he held key executive positions in various operating sectors (Administrative Secretariat, General Affairs, Administration and Finance). In 1998, he was appointed General Manager of Assicurazioni Generali, and as from 2001, Chief Executive Officer. He currently holds chairmanships and directorships in various Generali Group companies as well as in other companies outside the Group, as specified below:

Pirelli & C. S.p.A.	Non-executive Director
Intesa San Paolo S.p.A.	Non-executive Director

GIORGIO ANGELO GIRELLI

Born in Milan on 26 July 1959, graduated in Business Management from the Università Commerciale Luigi Bocconi, in Milan in 1983. He developed his professional career in consulting companies such as Arthur Young & Co. and Roland Berger & Partner Inc, where he became partner. In 2000, he joined the Banca Generali Group, serving as Chief Executive Officer of Banca Generali. He is also director at other Group companies (BG SGR, BG Fiduciaria, Banca BSI) and companies of the Generali Group and of:

Banca Profilo S.p.A.	Non-executive Director
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PAOLO BAESSATO

Born in Venice on 24 July 1951, Mr Baessato graduated in Law from the University of Ferrara in 1976 and then earned an MBA through *SDA* Luigi Bocconi of Milan in 1980, before going on to specialise in International Finance and Credit through the same school. After working at several overseas branches of Banco Ambrosiano Veneto S.p.A. (in Argentina and Brazil), Mr Baessato was assigned to the Head Office of the said bank, as

Head of the Controlled Risks Department. He continued his professional career within the Intesa Group and was appointed Head of the Finance and Administration Department. Mr Baessato currently sits on the Boards of a large number of banking and financial institutions, mainly Intesa Sanpaolo Group companies, as specified below:

Banca di Trento e Bolzano S.p.A.	Non-executive Director
Banca Popolare FriulAdria S.p.A.	Director and member of the Executive Committee
Cassa di Risparmio di Biella e Vercelli	Non-executive Director
Cassa di Risparmio di Fano	Vice Chairman and member of the Executive Committee
Cassa di Risparmio di Fermo S.p.A.	Non-executive Director
Finanziaria BTB S.p.A.	Non-executive Director
Immobiliare Lombarda	Director and member of the Executive Committee
Intesa Distribution Services S.r.l.	Non-executive Director
Intesa Distribution International Services S.A.	Non-executive Director
Intesa Mediofactoring S.p.A.	Non-executive Director
Intesa Real Estate S.r.l	Chairman
Intesa Sec Npl 2 Srl	Chairman
Nextra International Sicav	Non-executive Director
Obiettivo Nord Est SICAV	Non-executive Director
Po VitaCompagnia di Assicurazione S.p.A.	Non-executive Director
Previnet – Servizi per la Previdenza S.p.A.	Non-executive Director
Sudameris S.A.	Non-executive Director
Società di Revisione e Fiduciaria S.I.R.E.F. S.p.A.	Non-executive Director
UPI Banka d.d. – Sarajevo	Non-executive Director

AMERIGO BORRINI

Born in Trieste on 6 August 1948, Mr Borrini graduated in Economics from the University of Trieste in 1972. He is registered with the professional rolls of financial advisors instituted pursuant to law, and is also a member of AIMR and AIAF. He currently serves as Head of the Finance Department at Assicurazioni Generali, a company he joined in 1967 and within which he embarked on his professional careers, first as a financial analyst and then as an asset manager, before being appointed Chief Executive Officer of Generali SGR. Mr Borrini also sits on the Boards of other companies, as specified below:

Autostrade S.p.A.	Non-executive Director
Premuda S.p.A.	Non-executive Director
Autovie Venete	Non-executive Director
Finanziaria Internazionale Holding S.p.A.	Non-executive Director
Finanziaria Internazionale Alternative Investments SGR S.p.A.	Non-executive Director

Aeroporto di Venezia S.p.A. – Marco Polo S.p.A. (SAVE)	Non-executive Director
Ital TBS	Non-executive Director

FABIO BUSCARINI

Born in Ancona on 6 February 1948, Mr Buscarini graduated in Sociology from the University of Trento in 1975. In 1969 he joined Assicurazioni Generali as an Inspector. In 1990 he became the Assicurazioni Generali Insurance Agent for the Ancona area, and from 2002 to 2004, served as Central Manager and later as Deputy General Manager. He holds key positions in various Generali Group companies as well as in other companies as specified below:

Cartiere BurgoGroup S.p.A.	Non-executive Director
Banca di Credito dei Farmacisti	Non-executive Director

ANDREA DE VIDO

Born in Treviso on 13 November 1955, Mr de Vido graduated in Economics from the University of Venice in 1978. After working overseas (in Stockholm and New York) with primary financial consultancies (Scandinavian Institute for Administrative Research) and major banks (Bank of America), he founded Finanziaria Internazionale Holding S.p.A. in 1980. The said company, of which he has been CEO since 1982, specialises in structured finance, corporate finance, asset management and M&As. Mr de Vido also holds directorships in other companies, mainly belonging to the Finanziaria Internazionale group, as specified below:

Abbacus Commerciale Finanziaria S.p.A.	Executive Director
Abbacus Investimenti S.r.l.	Executive Director
Agorà Investimenti S.p.A.	Executive Director
Banca di Treviso S.p.A.	Non-executive Director
Cadorfin S.r.l.	Executive Director
Casa Finance S.r.l.	Executive Director
David S.p.A.	Executive Director
Egobank S.A.	Non-executive Director
Gruppo Finanziaria Internazionale:	
• Finanziaria Internazionale Holding S.p.A.	Executive Director

• Agenzia Italia S.p.A.	Executive Director
• Eurholding S.p.A.	Executive Director
• Finanziaria Internazionale Alternative Investment SGR S.p.A.	Executive Director
• Finanziaria Internazionale Securitisation Group S.p.A.	Executive Director
• Finleasing S.r.l	Executive Director
• Finvest Fiduciaria S.p.A.	Executive Director
• Industrial Park Sofia AD	Executive Director
• Progetto 23 S.r.l.	Executive Director
• Securitisations Services S.p.A.	Non-executive Director
• Sipi Investimenti S.p.A.	Executive Director
• Urvait Service S.p.A.	Executive Director
• Villa Stucky S.p.A	Executive Director
Medcentro S.p.A.	Executive Director
I.S.I.S. Factor S.p.A	Non-executive Director
Marco Polo Holding S.r.l	Executive Director
Nordest Avio S.p.A.	Executive Director
Elettra Investimenti S.r.l	Non-executive Director
Garbuio Immobiliare S.r.l	Non-executive Director
Garbuio S.p.A.	Non-executive Director
Networking European Infrastructures Partners- NEIP II S.A., SICAR	Non-executive Director
Sangalli Vetro S.p.A.	Non-executive Director
Sviluppo Industrial Parks S.r.l.	Executive Director
Thesee Limited	Non-executive Director

ATTILIO LEONARDO LENTATI

Born in Milan, on 26 March 1937, Mr Lentati graduated in Economics from the Luigi Bocconi Business School of Milan. He has also served as General Manager and Chief Executive Officer at RAS S.p.A., and currently holds directorships in other companies, as specified below:

UBM – UniCredit Banca Mobiliare S.p.A.	Vice Deputy Chairman
I-Faber S.p.A.	Chairman
Synesis Finanziaria S.p.A.	Chairman of the Board of Directors

ALDO MINUCCI

Born in Reggio Calabria on 4 July 1946, Mr Minucci graduated in Law from the University of Trieste in 1970. He joined Assicurazioni Generali in 1971, at the Tax Consultancy

Department of which he became Executive Manager in 1983. He continued his career within the company becoming Deputy General Manager, a post he holds to this day. He is also Chairman of the Board of Simgenia and holds directorships in other companies, as specified below:

Acegas – APS S.p.A.	Non-executive Director
Gemina S.p.A.	Non-executive Director

ALFIO NOTO

Born in Patti (ME) on 6 July 1933, Mr Noto graduated in Law from the University of Palermo. He formerly served as a senior civil servant with the Bank of Italy, becoming Director of the Milan branch. From 1993 to 1997 he sat on the Board of Borsa at the Milan Securities Exchange; from 1997 to 2000 he served as Chairman of the Board of Banco di Sicilia S.p.A., and from 2000 to 2006, as Chairman of Leonardo SGR S.p.A.. He currently holds directorships in other companies, as specified below:

Aedes S.p.A.	Chairman of the Board of Directors
Banca Mediolanum S.p.A.	Non-executive Director
TESA SpA.	Non-executive Director

UGO RUFFOLO

Born in Treviso on 31 August 1949, Mr Ruffolo earned a B.A. through the University of Rome in 1974. He joined the IMI group in 1977 and went on to become Manager of the Finance Sector in Italy in 1986. He later joined Banca Fideuram S.p.A., serving first as Deputy General Manager, and then as General Manager. In 1997, he was also appointed Chief Executive Officer but resigned for that post in 2004 to become Chief Executive Officer and General Manager of Alleanza Assicurazioni S.p.A., a position he holds to this day. He does not currently sit on the Board of any company outside the Generali Group.

Ms Cristina Rustignoli, Manager of the Legal and Corporate Affairs Department of the Banking Group, also serves as Secretary to the Board.

Non-executive and Independent Directors

Article 9.1 of the Board Rules requires the Board to be made up primarily of non-executive directors.

In accordance with the provisions of paragraph 2.C.1 of the Code, for the intents and purposes of the Board Rules, executive directors are defined to include:

- i) the Chief Executive Officers and Board Chairmen of the Company or a strategic subsidiary thereof, in the case where the same are personally invested 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;
- iii) the Directors who sit of the Executive Committee, if appointed, in the case where no Chief Executive Officer is appointed or where, in light of the frequency of Executive Committee meetings and the items placed on the agenda thereof, membership of the said Executive Committee entails systematic involvement in routine day-to-day company management.

Within the meaning of the definitions set forth above, the Company's Board is made up of four executive and six non-executive directors.

In compliance with the recommendations set forth in the Code, the number and acknowledged expertise of the Company's non-executive Directors lend their opinions decisive weight in the Board's decision-making process.

Non-executive Directors help ensure that Board resolutions are always in keeping with the interests of the Company. By contributing their specialist know-how, non-executive Directors help ensure that Board members are in a position to make informed decisions reached after due reflection.

Two non-executive Board members are also independent within the meaning of the Code

(paragraph 3.1.C) which is also reflected in article 10 of the Board Rules, pursuant to which, a Director may not, as a general rule, be considered independent in the following cases (although the same are not to be deemed imperatively applicable), and that is to say, where the Director in question:

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 subjected 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 is a partner), maintains or has maintained in the previous financial year, significant commercial, financial or professional relationships with: (i) the Company, or one of its subsidiaries or one of its key executives; (ii) a person or party that, including together with others on the basis of a shareholder agreement, controls the company, or — in the case where the said party is a body corporate or legal entity with the key executives thereof; (iii) any of the aforesaid persons or parties as an employee, during the current or 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, 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 the entity's legal representatives, executive directors, managers and executives with strategic responsibilities.

The Board Rules require the Company's Independent Directors to meet at least once a year, without the presence of other Directors.

Moreover, in light of article 3.C.4 of the Code, the Board Rules require the Board to examine, at the time of the appointment of any independent directors, and in accordance with the policies and procedures set forth in the same Board Rules, any and all the information and declarations submitted by appointee independent directors, or otherwise acquired by the Board, with a view to ensuring that the requirements for independence have been fully met, and to further check, on a yearly basis, that the said independent directors continue to qualify as such.

The Board Rules also require the Chairman to ensure that the Board of Statutory Auditors is placed in a position to independently verify the outcome of the aforesaid checks, as recommended in article 3.C.5 of the Code.

On 27 October 2006, the Board declared the independence of the Directors Attilio Leonardo Lentati and Alfio Noto. Furthermore, the Self-assessment Report approved for submission to the Shareholders' Meeting, at the Board meeting of 16 February 2007, included a recommendation to increase the number of independent directors to three, as soon as possible, so as to enable the Internal Control Committee to be made up of three members, as contemplated under the Code.

On 27 October 2006, the Board of Statutory Auditors confirmed the outcome of the self-

assessment and other checks carried out by the Board.

Delegated Powers

The Board has delegated executive powers to the Chairman of the Board, Giovanni Perissinotto, and the Chief Executive Officer, Giorgio Angelo Girelli. Two other members of the Board are executive directors insofar as they have been appointed to the chairmanship, with further delegated powers, of the boards of subsidiaries (and more specifically Aldo Minucci, Chairman of the Board of the subsidiary Sigmenia SIM S.p.A., and Amerigo Borrini, Chairman of the Board of the subsidiary BG Fiduciaria SIM S.p.A.).

Chairman of the Board of Directors

The Chairman of the Board of Directors was appointed by the Shareholders' Meeting of 3 October 2006.

The Board has invested its Chairman, Giovanni Perissinotto, with powers to coordinate the activities of the Company's corporate organs, oversee the implementation of the resolutions approved by the Shareholders' Meeting and the Board, ensure the prompt and proper execution of the decisions made by the Chief Executive Officer, monitor business operations and compliance with strategic policy guidelines. Accordingly, the Chairman is tasked with:

- i) monitoring general business operations and laying down management policies in concert with the Chief Executive Officer;
- ii) laying down general guidelines for routine business operations;
- iii) overseeing relations with public bodies, shareholders and managing the Company's public relations in general;
- iv) promoting and coordinating the Company's communications strategies, enhancing the Company's public image and managing the Company's press and media relations;
- v) dealing with matters of routine company management brought to his attention,

from time to time, by the Chief Executive Officer;

- vi) issuing guidelines for the recruitment and deployment of Company personnel, save in respect of matters involving Level IV Managers and Executives, which are reserved to the sole competence of Board of Directors.

Moreover, under article 18, paragraph 8 of the Articles of Association, the Chairman of the Board is vested with exceptional emergency decision-making powers pertaining to all matters falling outside the scope of the powers delegated to the Chief Executive Officer and not reserved to the sole and exclusive competence of the Board as a whole, under imperative statutory provisions. Any and all decisions made by the Chairman of the Board in exercise of his exceptional emergency powers must be notified to the Board at the Board meeting immediately following thereafter.

Pursuant to article 23 of the Articles of Association, powers of representation and signature before the Courts, public authorities and third parties, are vested in the Chairman of the Board of Directors.

The Company has not appointed a lead independent director within the meaning of article 2.C.3, of the Corporate Governance Code of Listed Companies, although the current Chairman of the Company's Board, Giovanni Perissinotto, also serves as the Chief Executive Officer and sits on the Executive Committee of the Company's Parent Company, Assicurazioni Generali S.p.A..

This is because the Company feels that Mr Perissinotto's directorship and role within Assicurazioni Generali S.p.A., does not entail potential conflict of interests or unchecked concentration of corporate decision-making powers. As a matter of fact, within Banca Generali, Mr Perissinotto is devoid of any responsibility whatsoever in respect of business operations and corporate management, and is tasked only with overseeing and monitoring the implementation, by the Board, of the resolutions passed by the Shareholders' Meeting, and compliance by delegated corporate officers and organs with the provisions of Board resolutions.

Mr Perissinotto, therefore, serves as an outside observer, monitor and supervisor tasked

primarily with ensuring that Company Management scrupulously complies with strategic corporate guidelines and policy.

Chief Executive Officer

Pursuant to article 18, paragraph 5, of the Articles of Association, the Board may, within the limits imposed under law and the Articles of Association themselves, delegate the powers not strictly reserved to its competence, to one or more Chief Executive Officers, as well as to an Executive Committee, establishing the powers and term in office, of the same.

By resolution of 27 November 2006, the Company's Board invested Chief Executive Officer Giorgio Girelli with full powers:

- i) to oversee the implementation of Board resolutions by Company Management;
- ii) to prepare, in concert with the Chairman of the Board, the strategic guidelines to be approved by the Board in respect of the bank's strategic planning and to lay down the guidelines to be followed by the General Manager;
- iii) to determine and orient, within the framework of the guidelines established by the Board, the Company's human resources management policies and to directly oversee the Company's internal control, corporate and legal affairs, finance and human resources departments;
- iv) at the behest of the General Manager, where applicable, to examine and issue opinions on any and all transactions and business to be submitted for approval to the competent decision-making organs;
- v) to liaise with any and all public authorities and bodies, the Bank of Italy, the Italian market regulator CONSOB, as well as any and all national and international entities and organisations, to effect any and all transactions with the Public Debt Office, the Italian investment organisation known as Cassa Depositi e Prestiti, the Bank of Italy, the manager of the electronic securities administration system, Monte Titoli, the Italian Inland Revenue Service, the Italian state railways, the Post Office, customs, energy and other utilities companies, and any and all other bodies, undertakings and corporations in

- general, making collection of any and all securities, monies and other receivables, and issuing valid receipt in respect of the same;
- vi) to represent the Company before any and all offices of the Financial Administration and to effect any and all tax filings and related formalities; to resist tax assessments and audits and to settle tax disputes;
 - vii) to ensure the Company's assets and financial resources meet any and all applicable regulatory requirements;
 - viii) to forward to the Board, at the General Manager's request, his own opinions, proposals and recommendations regarding the strategic plan, the annual budget, the draft and consolidated financial statements;
 - ix) to represent the Company at the shareholders' meetings of other companies and entities, exercising all the related rights and issuing all the related proxies for participating in the said general meetings;
 - x) to open and close, in the Company's name and on the latter's behalf, current and securities deposit and management accounts of any nature, sort, type or kind whatsoever, with banks, post offices or other authorised custodians, to make deposits subjected to central management by the Bank of Italy as well as with bodies specialising in the administration of securities, negotiating and stipulating any and all related contractual terms and conditions;
 - xi) to bring, defend and resist legal action at any and all instances and degrees, before any and all national, Community or foreign ordinary, administrative and taxation courts, including appellate jurisdictions, and with the right to retain and dismiss counsel, make filings and motions, lodge complaints and claims, as well as withdraw the same, authorise appearance as the injured party in criminal proceedings, initiate insolvency proceedings as well as to proceed at arbitration and file quitclaim and/or settle any and all disputes up to the maximum amount of € 150,000.00 per dispute, without prejudice, however, to the provisions set forth in the following subparagraph in respect of lending;

- xii) to process and authorise the write-off of bad debts and to totally or partially write off any and all loans granted, with the consequent waiver of any and all guarantees acquired, as well as to issue any and all authorisations for the cancellation, subrogation, restriction, reduction and/or postponement of mortgages and/or liens and/or guarantees in rem, up to the threshold of € 20,000.00 per transaction, net of interest and expenses, in light of: the full exhaustion of any and all avenues of recourse for obtaining relief either individually or together with other creditors, or the futility of legal action for debt recovery in consideration of the economic and financial situation of the debtors or the out-of-court settlement of disputes to Company's satisfaction;
- xiii) to foreclose loans and collect any and all monies or amounts due to the Company, issuing full redemptory receipt therefor;
- xiv) to sign and execute any and all deeds necessary or useful for the registration of trademarks, patents and distinctive markings, with any and all the competent administration bodies;
- xv) within the framework of the budget approved by the Board, to cover the Company's current expenses;
- xvi) within the framework of the approved budget and up to the threshold of € 200,000.00 for each individual asset, to acquire, dispose of, barter or otherwise exchange or transfer personal property, including personal property subject to registration, to collect amounts due by way of prices and to delegate, in whole or in part, the payment thereof, as well as the power to authorise payment by instalments with or without mortgage guarantees or hypothecation;
- xvii) within the framework of the approved budget, to negotiate and enter into, amend and terminate lease agreements, tender agreements as well as agreements for rental, maintenance, supply, insurance, carriage, loan for use, security and transport services for cash and cash equivalents, brokerage, intermediation, advertising, agency and deposit services, as well as to enter into commitments for the supply of tangibles, the acquisition of intangibles, and the procurement

of services rendered by third parties or consultants or other professionals, up to the ceiling of € 200,000.00 per transaction, it being understood that, in the case of multi-year transactions the aforesaid ceiling shall apply on a per annum basis, provided that the said multi-year transactions do not extend over more than three years, and further provided that the aforesaid thresholds shall not apply to contracts with ordinary utilities companies providing essential services (electricity, telecommunications, etc), or payments required pursuant to law;

- xviii) to enter into agreements and commit the Company to expenditure in connection with advertising and/or promotional initiations up to the ceiling of € 200,000.00 per contract and/or commitment;
- xix) to write-off amounts due to the Company from employees as a result of errors not due to wilful misconduct or gross negligence, up to the ceiling of € 20,000.00 per transaction;
- xx) to establish guidelines for the granting of discounts, facilitations, reductions, etc. to customers, within the limits laid down by the Board from time to time;
- xxi) to approve loans within the limits imposed under lending rules and regulations, from time to time;
- xxii) to forward proposals for loans that exceed the limits of his powers, processing any and all related deeds and documents;
- xxiii) within the framework of the approved budget, and at the behest of the Chief Executive Officer, to enter into, amend or terminate individual employment contracts not pertaining to level IV executives or managers, and further making decisions in respect of the promotion, subjection to disciplinary action or dismissal of the same;
- xxiv) at the behest of the General Manager, to submit to the Board proposals pertaining to the recruitment, career advancement, disciplinary measures and dismissals in respect of level IV executives and managers;
- xxv) within the limits of his delegated powers or with the approval of the relevant

corporate organ, to operate the Company's accounts and effect any and all withdrawals in general, drawing the related cheques or other negotiable instruments, up to the extent of actual deposits;

- xxvi) to endorse and issue receipt for any and all securities, including, regardless of form, bills of exchange, cheques, money orders, securities and the like, as well as bills of lading and other deeds representing documentary credit, and equity and debt securities, and any and all other financial instruments and commercial paper in general;
- xxvii) within the limits of his delegated powers or with the approval of the relevant corporate organ, to approve loans, agreements for the rendering of any and all types of banking services, financing, exemptions from liability in the case of the loss, theft and/or destruction of securities and cheques, personal guarantees, including performance bonds, payment bonds, suretyships, and commitments to honour bills of exchange;
- xxviii) to issue demand drafts for amounts not exceeding € 150,000.00 per draft, or € 300,000.00 in the case where the full amount of the demand draft is immediately charged to a current account held in the applicant's name with the bank;
- xxix) to execute cash withdrawals and advance notices of cash withdrawals on management accounts held with the Bank of Italy, and on the centralised treasury accounts mentioned in the Bank of Italy form 144 dir.;
- xxx) to execute the transactions contemplated under Bank of Italy forms 145, 146, 147 and 148 dir.;
- xxxi) to sign, in the name and on behalf of the Company, any and all routine correspondence as well as any and all deeds and documents pertaining to the exercise of his powers;
- xxxii) to exercise any and all powers conferred on him by the Board on an *ad hoc* or ongoing basis;

xxxiii) to delegate to third parties who need not necessarily be Company employees, the completion of specific tasks or categories of tasks that fall within the scope of the powers conferred on him pursuant to the foregoing points, establishing, in advance, the limits to the powers thus delegated.

The aforesaid powers must be exercised in compliance with the general guidelines established by the Board of Directors and in accordance with strategic corporate policies adopted by the Group.

Pursuant to article 23 of the Articles of Association the Chief Executive Officer is invested with full powers to represent and sign on behalf of the Company in respect of any and all the powers invested in him.

Remuneration of Members of the Board of Directors and Stock Option Plans

Pursuant to article 1, paragraph 1.C.1 of the Corporate Governance Code of Listed Companies and article 20 of the Articles of Association, the remuneration due to Directors entrusted with specific tasks shall be determined by the Board of Directors in consultation with the Board of Statutory Auditors.

Accordingly, by Board resolution of 27 November 2006, approved pursuant to article 7.P.3 of the Code, the Board set up the Remuneration Committee tasked with, inter alia, making recommendations to the Board in respect of the remuneration packages of Chief Executive Officers and other Board members entrusted with specific tasks (see, below, “Remuneration Committee”).

Pursuant to article 7.C.2 of the Code, the compensation due to non-executive directors may not be linked to the Company’s performance.

On the other hand, in order to motivate executive directors and key managers to strive to attain strategic corporate targets, in accordance with the provisions of articles 7.P.2 and 7.C.1 of the Code, on 24 May 2006, Banca Generali approved a Stock Granting Plan for

the Chief Executive Director and the General Manager, Piermario Motta, with a view to bring their personal interests in line with the goal of creating even more value for the Company's shareholders. The Plan awards the Chief Executive Officer, Giorgio Girelli, a maximum number of 389,596 ordinary shares in the Company of a face value of € 1.00 each, or such lower number of shares that — on the basis of Offer Price — amount, on the overall, to no more than € 4,000,000.00, whilst also awarding the General Manager, Piermario Motta, 278,284 ordinary shares in the Company of a face value of € 1.00 each, or such lower number of shares that — on the basis of Offer Price — amount, on the overall, to no more than € 3,000,000.00.

The shares shall be assigned within 5 years following the commencement of trading of shares in the Company on the electronic share market, and provided that, at the time of assignment still serves the Company as a Director or employee (save in the event where the relationship was terminated by the Company for reasons other than wilful misconduct or gross negligence on the part of the assignee).

Furthermore, in order to provide information that is as complete as possible, it must be pointed out that, on the same date, 24 May 2006, the Board approved two stock option plans, both subjected to the condition precedent of the commencement of trading of shares in the Company on the electronic share market (such condition precedent having been met on 15 November 2006): (i) the first of these is reserved to employees of Banca Generali Group companies, whilst (ii) the second is reserved to Banca Generali's financial advisors, area managers and business managers.

In order to cover the aforesaid Stock Option Plans, on 18 July 2006, the Company's Special Shareholders' Meeting approved a capital increase, in one or more tranches, in the maximum nominal amount of € 5,565,660.00, through the issue of a maximum number of 5,565,660 ordinary shares of a face value of € 1.00 each, as follows:

a) an issue in the maximum nominal amount of € 4,452,530.00, represented by a maximum number of 4,452,530 ordinary shares of a face value of € 1.00 each, with specific exclusion of the option rights afforded to shareholders pursuant to section 2441, paragraph 5, of the Italian Civil Code, so as to cover the "Stock Option Plan for Banca Generali S.p.A.'s

Financial Advisors and Network Managers”, reserved to the financial advisors of Banca Generali Group, all of the above in one or more tranches, with the last being effected no later than 30 May 2011;

b) an issue in the maximum nominal amount of € 1,113,130.00, represented by a maximum number of 1,113,130 ordinary shares of a face value of € 1.00 each, with specific exclusion of option rights afforded to shareholders pursuant to section 2441, paragraph 8, of the Italian Civil Code, so as to cover the “Stock Option Plan for Banca Generali S.p.A. Employees”, reserved to Banca Generali employees, all of the above in one or more tranches, with the last being effected no later than 30 November 2012.

The price of the aforesaid options shall be determined at a whole number reflecting the arithmetic mean of the listed prices of shares in the Company on the electronic share market from the date of assignment of the stock options to the same day of the previous month.

The exercise of the options is subject to the attainment of overall targets, and in the case of the “Stock Option Plan for Banca Generali S.p.A.’s Financial Advisors and Network Managers”, even personal targets.

Pursuant to the applicable Rules, on 15 December 2006, the Delegated Organs awarded:

- 4,452,530 option rights in application of the “Stock Option Plan for Banca Generali S.p.A.’s Financial Advisors and Network Managers”;
- 818,500 option rights in application of the “Stock Option Plan for Banca Generali S.p.A. Employees”.

In total, 5,271,030 stock options were awarded pursuant to the aforesaid Plans.

None of the option rights are currently exercisable, since the vesting period has not yet expired.

Lastly, as a result of the merger of Prime Consult SIM S.p.A., as of 31 December 2002, the Company has assumed the merged company’s commitments under the stock granting plan approved by the latter on 13 June 2001 in favour of its network managers and financial

advisors. The plan may not, in any event, involve a number of shares exceeding 3% of the Company's share capital.

Beneficiaries of the plan include (i) financial advisors in the exclusive service of Prime Consult as at 1 October 2000; (ii) former Prime Consult network managers; (iii) financial advisors falling within the aforesaid categories in the period between 1 October 2000 and 31 December 2001.

The shares were issued in three tranches, to persons who met or maintained specific individual targets. On 15 December 2006, the Delegated Organ awarded, free of charge, 454,270 ordinary shares in Banca Generali.

Transactions with Related Parties

Pursuant to the provisions of section 2391*bis* of the Italian Civil Code and the recommendations contained in the Code, on 18 July 2006, the Board approved the rules of conduct to be followed in the case of Transactions with Related Parties and the procedure for complying with the obligations imposed under article 150 TUF governing the conclusion, including through subsidiaries, of transactions in which a director has an interest on his own behalf or on behalf of a third party, and that is to say, Transactions with Related Parties, with a view to ensuring transparency and substantive and procedural propriety in all such cases (the "Code on Transactions with Related Parties").

More specifically, the Code in question regulates the conclusion of transactions with counterparties falling within the scope of "related party" within the meaning of IAS/IFRS 24 pursuant to which a party is related to an entity if:

- (a) directly, or indirectly through one or more intermediaries, the party:
 - (i) controls, is controlled by, or is under common control with the entity (this includes parents, subsidiaries and associates);
 - (ii) has an interest in the entity that gives it significant influence over the entity;
- or

- (iii) has joint control over the entity;
- (b) the party is an associate of the entity;
- (c) the party is a joint venture in which the entity is a venturer;
- (d) the party is a member of the key management personnel of the entity or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

The Code on Transactions with Related Parties sets forth specific provisions regarding decision-making powers, the obligation to provide grounds for decisions and the documents to be prepared.

First and foremost, the Code defines a “Transaction with Related Parties” as a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. It then identifies three categories of Transactions with Related Parties:

- (i) Ordinary Transactions with Related Parties, that is to say, usual and typical transactions that are a normal feature of the Company’s routine business, as well as transactions between the Company and/or Interested Companies and other related parties not exceeding € 5,000,000.00 (five million/00) a year;
- (ii) Extraordinary Transactions with Related Parties, that is to say transactions that are not part of the Company’s routine business within the meaning of point (i);
- (iii) Significant Transactions with Related Parties, that is to say, the extraordinary transactions that, in light of their subject-matter, amount, procedures or time of completion, could have an impact on the Company’s equity or the completeness and correctness of the information, including accounting information, pertaining to Banca Generali.

The Code then goes on to establish that all resolutions pertaining to Transactions with Related Parties are, as a general rule, reserved to the sole competence of the administrative organ of the Company and/or its subsidiaries involved in the transaction (collectively, the “Interested Companies”).

Furthermore, the Code provides that no “Significant Transaction with Related Parties” involving Interested Companies other than Banca Generali, may be effected without prior authorisation from the Company’s Board.

For the purposes of the aforesaid authorisation and in compliance with the recommendations set forth in the Code, the Company’s administrative organ must be adequately informed about (i) the nature of the relationship, (ii) the operating procedures of the transaction, (iii) the terms and conditions, including the time and amounts involved in the transaction; (iv) the assessment procedure followed, (v) the interests and grounds underlying the transaction as well as (vi) any risks arising from the transaction, for the Interested Company and/or Banca Generali.

Should, one or more of the counterparties to the transaction subject to Board authorisation, be related to one or more members sitting on the Board making the decision, or, in any event, should one or more members of the said Board hold an interest, even if only potential or indirect, on their own behalf or on behalf of third parties, the said Board members shall be bound to make timely and full disclosure thereof to the Company’s administrative and internal control organs, specifying the nature, origin, extent and terms of the interest they hold.

The Code on Transactions with Related Parties, moreover, provides, that in the case of Ordinary Transactions with Related Parties, the related decision-making and executive powers could be delegated to one or more members of the administrative organ of the Interested Company, under joint or sole signature, in derogation of the said administrative organ’s competence over such matters, it being however understood that no such delegation may be made to persons holding an interest, including if only potential or indirect, on their own behalf or on behalf of third parties, in the conclusion of the said transaction and in the case where the transaction falls within the scope of article 136 of the

Banking Consolidation Law (*Testo Unico Bancario* - TUB).

Should, the nature, value or other features of Transactions with Related Parties, so warrant, in order to avoid the risk of the transaction being effected at terms and conditions other than arm's length terms, the competent administrative organ shall avail of the advice of independent experts, with acknowledged professionalism and experience in respect of the matters involved in the decision, who must be required to show that they are in fact independent and free from conflicts of interest with regard to the transaction.

Lastly, the Code on Transactions with Related Parties requires the Company's Board to disclose, in its annual report prepared pursuant to section 2428 of the Italian Civil Code, all Transactions with Related Parties effected during the financial year, including through Interested Companies other than the Company. Towards such end, Interested Companies, other than the Company are required to forward to Banca Generali's Board, within seven calendar days following the end of each calendar quarter, a summary note indicating (i) executive activities and developments regarding Transactions with Related Parties authorised by the competent administrative organ or effected in exercise of powers delegated as described above; (ii) any and all initiatives launched; (iii) any and all projects launched; (iv) any and all difficulties or problems encountered, as well as (v) any and all other useful information regarding the said transactions.

In light of, *inter alia*, the information received pursuant to the preceding paragraph, the Company's Board of Directors shall submit to the Board of Statutory Auditors, in a timely manner and in any event, at least on a quarterly basis, a report on the Transactions with Related Parties effected during the quarter, including through Interested Companies, as well as on the ongoing performance — at the end of the quarter — of Transactions with Related Parties which, by their very nature, must be implemented over time or periodically. More specifically, the Board's report shall focus on the interests underlying Transactions with Related Parties, the nature of the relationships with counterparties, as well as the operating procedures (including the terms and conditions, including economic terms, governing performance), and on the assessment procedures followed.

The Company's Board of Statutory Auditors shall monitor compliance with the provisions

of the Code and shall submit a report in such regard to the Shareholders' Meeting mentioned in section 2429, paragraph 2, of the Italian Civil Code.

Lastly, the adoption and/or amendment of the Code on Transactions with Related Parties, especially amendments of the procedures for the approval and performance of Transactions with Related Parties effected by the Company or its subsidiaries, are subject to the opinion of the Internal Control Committee set up within the Board of Directors and made up entirely of independent directors (see, below, "Internal Control Committee"). The said Committee also plays a consultative role in the assessment of specific "Significant Transactions" as defined in the Code on Transactions with Related Parties.

BOARD COMMITTEES

The Code sets forth a recommendation for listed companies to set up certain Committees within their Boards of Directors, to be assigned responsibility for certain specific matters.

The roles of these Committees, set up for the purposes of improving the functioning of the Board, are primarily consultative and recommendatory.

In particular, the Code recommends the setting up of an Internal Control Committee and a Remuneration Committee, whilst leaving it up to individual companies to decide whether or not they also need a Nomination Committee.

As already noted, the Board did not deem it necessary to set up a specific Nomination Committee insofar as current regulations and the provisions contained in the Articles of Association — in particular, the appointment mechanism based on voting lists — seem sufficient to ensure transparency in the selection and presentation of the candidates.

On the other hand, the Board set up both the Internal Control Committee and the Remuneration Committee, requiring the same to be made up entirely of non-executive directors.

Internal Control Committee

The Board of Directors has set up, within the Board itself, an Internal Control Committee invested with consultative and recommendatory functions in respect of internal controls.

Appointees to the Internal Control Committee must only be non-executive directors, but must also meet the further requirement of independence as defined in the Code and applied to companies, such as Banca Generali, which are controlled by another listed company (paragraph 8.P.4). In such regard, given that (as recommended by Borsa Italiana S.p.A. at the time of the listing procedure and in departure from the provisions of paragraph 5.C.1 of the Code) two independent directors, currently sit on the Company's Board, the number of Internal Control Committee members was established at two. Moreover, at least one of the Committee members has acknowledged experience in accounting and finance, as determined by the Board to its satisfaction at the time of the

appointment of the said Committee member.

The current Remuneration Committee was appointed by the Board of Directors on 27 November 2006, and is made up as follows:

Name and Surname	Office held
Alfio Noto	Chairman Non-executive and Independent Director
Attilio Leonardo Lentati	Member of the Committee Non-executive and Independent Director

Ms Cristina Rustignoli, the Board Secretary, also serves as Internal Control Committee secretary.

The functioning of the Internal Control Committee is regulated by specific rules (the “Internal Control Committee Rules”) approved by the Board on 27 November 2006.

The Committee plays a consultative and recommendatory role towards the Board on internal control matters, and more specifically, assists the Board in laying down the guidelines of the internal control system, periodically checking the appropriateness and effectiveness of the same and ensuring that the Company’s main risks (credit, financial and operating risks) are promptly identified and suitably managed, in concert with the specific corporate departments involved.

The Committee is tasked with ensuring that the Board is provided with adequate information to make informed assessments and decisions in respect of the internal control system, the approval of the financial statements and half-yearly reports as well as in dealing with independent auditing firms. In this context, the Internal Control Committee:

1. assists the Board in carrying out the tasks incumbent on the latter pursuant to the Corporate Governance Code of Listed Companies, in respect of the internal control system;
2. assesses the work programme prepared by the persons responsible for internal control and receives their periodic reports for further submission to the Board for its approval;

3. assesses, together with the company executives in charge of drawing up the Company's corporate accounting documents and the independent auditors, the proper and uniform application of accounting policies throughout all Group Companies, for the purpose of drawing up the consolidated financial statements;
4. assesses the proposals put forward by auditing firms to obtain the audit engagement, within the framework of the Company's procedures for appointing the independent auditors in charge of certifying the consolidated financial statements and half-yearly reports, with specific reference to the subject-matter of the appointments and the related economic terms and conditions;
5. assesses the work programme for carrying out the audit and the results thereof as set out in the auditors' report and their letter of suggestions;
6. monitors the effectiveness of the auditing process;
7. reports to the Board of Directors on its activity and the adequacy of the internal control system at least once every six months, at the time the annual and half-yearly accounts are approved, expressing its opinion on matters delegated to it;
8. at the request of the Chief Executive Officer, expresses opinions on specific aspects pertaining to the identification of the main corporate risks, and the conception, setting up and management of the internal control system;
9. expresses an opinion on proposals to adopt or amend the "Code on Transactions with Related Parties", especially in the case of amendments pertaining to the approval and conclusion of Transactions with Related Parties by the Company or its subsidiaries;
10. may be consulted in respect of specific "Significant Transactions with Related Parties" within the meaning of the "Code on Transactions with Related Parties" approved by the Board of Directors;
11. may be consulted on specific transactions directly or indirectly entailing a conflict of interests;
12. advises, upon request, the Chief Executive Officer and the Head of the Internal

Control Department on issues or questions that must be dealt with before being submitted to the Board of Directors for its information and/or approval;

13. performs the other duties entrusted to it by the Board of Directors;

14. undertakes whatsoever may be required pursuant to the resolution establishing its powers and responsibilities, and whatsoever may be necessary or useful for implementing the said resolution.

Remuneration Committee members are appointed for a period that is coterminous with the term of the Board, and are entitled to annual remuneration.

Committee meetings are generally held at least four times a year, and in any event, with the timeliness necessary to allow a full treatment and discussion of any and all matters on which the Committee may be requested or required to report of the Board of Directors.

Apart from Committee members, the Chief Executive Officer (to whom the Head of Internal Control reports), and the Chairman of the Board of Statutory Auditors shall attend Committee meetings. At the invitation of the Committee Chairman, Committee meetings may also be attended by other senior company executives, heads of other corporate departments, the executives in charge of drawing up the company's accounting documents and any and all other persons whose presence may be useful.

From its inception to date, the Internal Control Committee has met three times, and that is to say:

- on 12 January 2007 with the following items on the agenda:

(i) examination of the bank's current internal control system and the checks and inspections required to be completed ahead of the approval of the annual and semi-annual financial statements, as well as relations with the auditing firm;

(ii) assessment of the system for monitoring the Company's main business risks (credit, financial and operating risks);

(iii) evaluation of the system for assessing Significant Transactions with Third Parties;

- on 12 February 2007 with the following items on the agenda:

- (i) semi-annual report on the complaints received during the second half of 2006;
 - (ii) assessment of the banking group's outsourcing system;
- on 7 March 2007 with the following items on the agenda:
- (i) examination of the annual report of the Head of Internal Control pertaining to the checks carried out and the inspection plan prepared for 2007;
 - (ii) annual report of the Banca Generali's Internal Control Department regarding activities undertaken in respect of subsidiaries;
 - (iii) check of the adequacy of the accounting policies followed in drawing up the financial statements.

The meetings, the proceedings of which were recorded in minutes, were attended by all the Committee members.

Remuneration Committee

Banca Generali's Board of Directors has also set up, within the Board itself, a Remuneration Committee tasked with assisting the Board in laying down Company policy in respect of the remuneration of the Company's directors, officers and top management.

The current Remuneration Committee was appointed by the Board of Directors on 27 November 2006, and is made up as follows:

Name and Surname	Office held
Attilio Leonardo Lentati	Chairman of the Committee Non-executive and Independent Director
Alfio Noto	Member of the Committee Non-executive and Independent Director
Andrea de Vido	Member of the Committee Non-executive Director

Ms Cristina Rustignoli, the Board Secretary, also serves as Remuneration Committee secretary.

In compliance with the provisions of paragraph 7.P.3 of the Code, all the members of the Remuneration Committee are non-executive directors and a majority of the them are also independent.

The Committee's responsibilities include advising and making recommendations and proposals to the Board of Directors on matters pertaining to remuneration. More specifically, the Remuneration 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: (i) the significance of the role played by corporate officer involved within the Company's organisational structure; (ii) the contribution of the said corporate officer to the Company's performance; (iii) the economic results attained; (iv) the attainment of specific pre-set targets established by the Board of Directors;
2. monitoring the proper implementation of the decisions made by the Board in respect of submitted proposals and recommendations;
3. submitting an opinion to the Board in respect of the amount of the remuneration of Board members entrusted with special duties, or are appointed to specific positions pursuant to the Articles of Association;
4. submitting, after consultation with the Chief Executive Officers non-binding opinions and recommendations in respect of the remuneration packages of General Managers, based on the independent judgement of Committee members in light of: (i) the responsibilities and risks attendant to the tasks and duties of the General Managers in question; (ii) results obtained as compared against pre-set targets; and (iii) additional services rendered beyond the sphere of normal duties and tasks;
5. periodic assessment of the remuneration policies applied to key personnel,

monitoring the proper application of the said policies on the basis of information provided by the Chief Executive Officers, and submitting general recommendations to the Board in respect of the same;

6. submitting non-binding opinions and recommendations on stock option and share assignment plans;
7. submitting the report on activities undertaken, as well as notices, and reasoned opinions, proposals and recommendations to the Board with the timeliness necessary to allow the Board to take cognisance of the same and make informed decisions;
8. any and all other tasks and duties entrusted to the Committee by the Board through specific resolutions.

The procedures governing the functioning of the Remuneration Committee are set forth in the Remuneration Committee Rules approved by the Board of Directors on 27 November 2006.

Committee meetings are generally held at least once a year, and in any event, with the timeliness necessary to allow for a full treatment and discussion of any and all matters on which the Committee may be requested or required to report to the Board of Directors.

Apart from Committee members, the Chairman of the Board of Statutory Auditors shall attend Committee meetings.

Remuneration Committee members are appointed for a period that is coterminous with the term of the Board, and are entitled to annual remuneration.

From its inception to date, the Remuneration Committee has met once, on 12 January 2007, with the following agenda:(i) examination of the remuneration package of top management; (ii) examination of the stock option plans for employees and financial advisors.

The meeting, the proceedings of which were recorded in minutes, was attended by all the Committee members.

CORPORATE DEPARTMENTS AND PROCEDURES

Confidential Information

Handling of Confidential Information

Article 4 of the Code requires the members of the Board of Directors and Board of Statutory Auditors to treat as confidential, any and all the documents and information of which they may become aware in the performance of their duties, and to comply with all the Company's procedures for the internal management and public disclosure of the said documents and information.

In accordance with these provisions, and pursuant to article 114, paragraphs 1 and 12, and article 115 *bis* of the Finance Consolidation Law (TUF) as well as articles. 66 *et seq.* and 152 *bis et seq.* of CONSOB Regulation No. 11971/99 as further amended (the "Rules on Issuers"), on 18 July 2006, the Board approved the rules of conduct to be followed in the management and public disclosure of inside information (the "Code on Inside Information").

The Code on Inside Information is aimed at regulating the obligations of persons who, by virtue of the exercise of their employment or profession or by virtue of their official functions, have access on a regular or an occasional basis to inside information pertaining to Banca Generali and/or its subsidiaries.

More specifically, the Code on Inside Information sets forth specific provisions for the handling of corporate information, with a view to: (i) preventing the abuse of information and market manipulation; (ii) regulating the handling and processing of inside information, as well as (iii) establishing the disclosure, both within the company and to the public, of documents and information pertaining to the Company and/or its subsidiaries, with specific reference to inside information. The Code on Inside Information is also designed: (i) to ensure the timely, complete and adequate processing of inside information, with a view to avoiding asymmetrical information; and (ii) to protecting the market and investors through adequate disclosure of the events involving the Company, with a view to

enabling investors to make informed investment decisions.

The essential elements of the Code on Inside Information are summarised below.

Definition of Inside Information

Inside Information means information of a precise nature which has not been made public relating, directly or indirectly, to the Company and which, if it were made public would be likely to have a significant effect on the prices of the financial instruments issued by the Company.

Persons subject to the Code on Inside Information

The procedures set forth in the Code on Inside Information must be followed by the members of the Board of Directors and the Board of Statutory Auditors, and the employees of the Company and its subsidiaries as well as any and all insiders, and that is to say, persons who, by virtue of the exercise of their employment or profession or by virtue of their official functions, have access on a regular or an occasional basis to inside information pertaining to Banca Generali and/or its subsidiaries (the “Insiders”).

Handling of Inside Information

In handling the confidential information of which they may become aware in the course of their duties, company executives and insiders are bound to exercise the utmost confidentiality and implement any and all suitable precautions so as to allow the said information to be circulated within the Company and amongst subsidiaries without any breach of the confidentiality thereof.

The aforesaid persons are barred from issuing interviews to the press and media, or in general, any declarations containing Inside Information not included in documents already disclosed to the public.

Any and all relationships with financial analysts and institutional investors entailing the disclosure of Inside Information must take place solely through the Investor Relations department, following authorisation from the Chief Executive Officer, whose responsibilities include the procedures for managing Inside Information pertaining to the Company and its subsidiaries, relations between the Company and institutional investors as

well as press relations, availing for such purpose of the support and assistance of the Public Relations department.

The Board of Directors has appointed the Head of the Public Relations Department to act as the referee (the “Referee”) who, with the support of his/her direct collaborators, liaises with the media, prepares the drafts of the press releases pertaining to Inside Information regarding the Company or its subsidiaries, and, in concert with the Legal Consultancy and Corporate Affairs Department of the Banking Group, ensures proper compliance with public disclosure obligations, by proceeding with the publication of the press releases pertaining to Inside Information, following approval by the Company’s Chief Executive Officer. Only persons specifically authorised for such purpose by the Chairman of the Board of Directors of Banca Generali (or in the case of the absence or unavailability thereof, the Chief Executive Director) may meet with market operators in Italy and abroad.

The Company has also set up the Register of Insiders, within the meaning of article 115-*bis* TUF, establishing procedures for the maintenance of the said Register and appointing the Head of the Banking Group’s Legal Consultancy and Corporate Affairs Department to maintain and update the same.

Internal Dealing

In accordance with the provisions of articles 114, paragraph 7, TUF, and 152-*sexies et seq.* of the Rules on Issuers, on 18 July 2006, the Board also approved the rules of conduct to be followed in respect of internal dealing (the “Internal Dealing Code”).

The said Code defines “Relevant Persons” (which include, in particular, the members of the Board of Directors and the Board of Statutory Auditors of the Issuer, persons performing managerial responsibilities within the Company as well as the independent auditors), and persons closely associated therewith, who are bound to give notice to the Company, CONSOB and the public, any and all Significant Transactions involving shares issued by the Issuer or other financial instruments thereto related, that they may effect, including through third party intermediaries.

The Internal Dealing Code identifies as significant transactions any and all purchases, sales,

subscriptions, exchanges or barter of Banca Generali shares or financial instruments linked to shares, effected, including through third party intermediaries, by Relevant Persons and Persons closely associated with Relevant Persons.

On the other hand, the definition of Significant Transactions excludes transactions:

(i) amounting, on the overall, to no more than 5,000.00 (five thousand/00) euros per calendar year, taking into account, for the purposes of determining whether or not the said threshold has been exceeded, all the transactions effected during the twelve months immediately following the date of the last transaction (and, in the case of the financial year 2006, all the transactions effected between 28 March 2006 and 31 December 2006);

(ii) effected free of charge, such as gifts and legacies, and the assignment free of charge of shares and subscription rights as well as the exercise of any and all such rights deriving from stock option plans, it being understood that, in all the cases contemplated in this point, any subsequent re-sale must be deemed to fall within the scope of the Code;

(iii) effected between Relevant Persons and Persons closely associated with Relevant Persons;

(iv) effected by the Company and its subsidiaries.

The Internal Dealing Code also contains rules governing the management, handling and disclosure of information pertaining to the said transactions.

Pursuant to the Internal Dealing Code, no Significant Transactions (as defined in the Code) may be effected during the 30 days immediately preceding the scheduled dates of any and all Board meetings called (i) to examine the draft separate and consolidated financial statements or half-yearly reports; and (ii) to formulate the proposal for the distribution of dividends, and within the 15 days immediately preceding the scheduled dates of the Board meetings called to examine the quarterly reports as at 31 March and 30 September of each year. The aforesaid Code, furthermore, empowers the Board of Directors to further prohibit or restrict purchases, sales, exchanges or other transactions entailing a transfer of title in shares issued by the Company or in financial instruments linked to the said shares, by the said relevant persons, including through third party intermediaries, during specific

periods of the year and/or on occasions marking specific events in the Issuer's corporate life.

The Board of Directors has appointed the Head of the Internal Control Department to implement the provisions of the Code.

Internal Control System

As an Italian bank, Banca Generali is subject to the provisions of Title IV, Chapter 11 of Bank of Italy Circular No. 229 of 21 April 1999 (Supervisory instructions for banks) that defines the features of the internal control system of banks, based on the assumption that the competitiveness of a bank, its stability in the medium-to-long term, and the very possibility of ensuring healthy and prudential management, are totally dependent on the proper functioning of its internal control system.

The aforesaid regulatory framework provides that in order to ensure healthy and prudential management, banks must combine, over time, business profitability with informed risk assumption, in line with the bank's economic and financial situation, as well as appropriate operating procedures. Towards this end, banks are required to implement adequate systems for the identification, measurement and management of risks, in light of the complexity and size of their banking operations.

Within this framework, Banca Generali has set up an internal control system, fully compliant with the provisions of article 8 of the Code, and, moreover, specifically designed to ensure healthy and prudential corporate management of the bank and the group, whilst at the same time reconciling the attainment of corporate targets, the proper and timely monitoring of risks and appropriate operating procedures.

The Company's internal control system is made up of a set of rules, procedures and organisational structures involving all corporate levels, and aimed at ensuring the effectiveness and efficiency of corporate processes (administration, production, distribution, etc.), the reliability and completeness of accounting and management

information, compliance of all transactions with statutory requirements, supervisory regulations as well as internal corporate policies, plans, rules and procedures, and the coherence of organisational structures with the developments in corporate strategy and changes in the context of reference, whilst also safeguarding the value of assets and protecting against losses.

The Company's internal control system is based on four types of checks:

- (i) *checks involving the business line*: systematic or periodic checks on samples of information, carried out by the heads of individual operating units with a view to ensuring the proper completion of the transactions effected by the same production structures, or incorporated into procedures, or performed as part of middle/back-office processes;
- (ii) *risk management checks*: checks carried out by the heads of individual operating units, as part of the process of determining risk measurement methods, with a view to ensuring compliance with the thresholds assigned to the various operating departments, as well as in order to maintain the operations of individual production units in line with the risk/return targets set for specific types of risk (credit risk, market risk, operating risk);
- (iii) *compliance checks*: checks carried out by the Internal Control Department and the Legal Consultancy and Corporate Affairs Department on the conformity of transactions with statutory requirements, orders and instructions imposed under supervisory authorities and the Company's self-imposed rules of conduct;
- (iv) *internal auditing*: checks carried out by the Internal Control Department with a view to ensuring, through on-site inspections, the propriety of the Company's operations, risk trends, the overall functioning of the internal control system, whilst at the same time identifying abnormal trends, breaches of procedure and regulations, as well as assessing the effectiveness of internal checks and balances.

The Company's internal control system is structured to ensure proper disclosure of information and adequate oversight of all the group's activities, with a view to promoting

fairness and transparency, in both form and substance, whilst also ensuring the efficiency, traceability and auditing of transactions, and more in general all management activities; the reliability of accounting and management data; compliance with laws and regulations, and the protection of the integrity of the Company's assets, especially in order to prevent fraud against the Company and the financial markets.

The key principles underlying the Company's internal control system include:

- the separation of roles in the performance of the main tasks involved in individual production processes;
- the traceability and constant visibility of choices;
- objective decision-making with regard to individual operating processes.

Responsibility for the internal control system resides with the Board of Directors that is in charge of:

- (i) establishing the guidelines, strategic orientation and risk management policies pertaining to the internal control system;
- (ii) approving the bank's organisational structure, ensuring that tasks and responsibilities are clearly and properly assigned, and periodically checking the adequacy and effectiveness of the said structure, further ensuring that the main corporate risks are identified and appropriately managed, that the Company's control structures are endowed with sufficient autonomy and independence within the Company's organisation as well as with adequate resources to ensure the proper functioning thereof.

The Board of Directors also carries out periodic assessments of the functioning, effectiveness and efficiency of the internal control system, taking timely corrective action in case of shortcomings and/or anomalies in the performance of the checks themselves.

The Chief Executive Officer defines operating policies and related risk control procedures, identifying and evaluating, including on the basis of management trends and departures from forecasts, any and all factors giving rise to risks, and assesses the functioning, effectiveness and efficiency of the internal control system, promoting the updating of the

same as may be necessary or useful, from time to time.

Pursuant to the Regulations for the Prudential Supervision of Banks, the bank's internal control department must be independent from the other corporate departments and — whilst reporting on an operating basis to the Chief Executive Officer — must directly submit to the Board of Directors and the Board of Statutory Auditors: (i) a quarterly report on the outcome of its activities; and (ii) a half-yearly report on complaints received.

The activities of the internal control department are aimed, on the one hand, at checking, including through on-site inspections, the propriety of operations and risk trends, as well as, on the other hand, at assessing the functioning of the internal control system as a whole, and recommending to the Board of Directors, any and all possible improvements in risk management policies, measurement tools and procedures.

In keeping with Banca Generali's organisational model, the internal auditing department is invested with a dual role: (i) an *institutional* role arising from the fact that the Company is the parent company of a banking group, and involving the direct auditing of all the Group's operating and managerial processes, whilst also developing control models, methods and tools; (ii) a *service* role under which the Company's internal auditing department undertakes internal auditing activities for other Group companies, pursuant to outsourcing arrangements. Moreover, the Internal Control Department includes the centralised management of complaints and completion of all the regulatory tasks pertaining to investment services, at group level.

The auditing method on which internal auditing activities are based, is defined under the supervisory model approved by the Board of Directors in November 2003, and constantly implemented in light of developments in oversight compliance and best auditing practices (COSO Report, professional standards).

On 25 September 2003, the Board of Directors appointed Francesco Barraco, head of the Internal Control Department, with effect as from 1 October 2003.

As already noted, in compliance with the Code's recommendations regarding internal control, on 27 November 2006, the Board set up within itself, an Internal Control

Committee in charge of completing all the preparatory activities required for the Board to properly undertake its internal control tasks (for further information, see “Internal Control Committee”, above).

Again as recommended by the Code, article 16 of the Board Rules requires:

- the Board to assess the adequacy of the internal control system in light of the Company’s features, drawing up a specific report on the same on an annual basis;

- the Director to whom the Internal Control department reports on an operating basis, to undertake the following tasks in addition to his/her regulatory duties, and that is to say:

1. to identify the main corporate risks, taking due account of the business operations of the Company and its subsidiaries, and to submit periodic reports on the same to the Board and the Internal Control Committee;
2. to implement the guidelines laid down by the Board in designing, setting up and managing the internal control system, and to constantly monitor the overall adequacy, effectiveness and efficiency of the same, whilst also adapting the said system to changes in operating conditions and in the applicable statutory and regulatory framework;
3. to recommend to the Board, after hearing the opinion of the Internal Control Committee, the appointment, dismissal and remuneration of a person in charge of internal control;

- the person in charge of internal control:

1. to monitor the constant adequacy, full functionality and effective operation of the internal control system;
2. not to be assigned responsibilities for any operating department and not to be hierarchically answerable to the head of any operating department, including the administration and finance department;
3. to be afforded direct access to any and all the information that may be useful for the performance of his duties;

4. to be endowed with adequate resources for the performance of his assigned duties;
5. to be answerable to the Internal Control Committee, the Board of Statutory Auditors and the Director to whom the Internal Control department reports on an operating basis. In particular, he/she reports on risk management procedures and compliance with risk containment plans, expressing an opinion on the appropriateness of the internal control system for determining an acceptable overall risk profile.

The Board of Directors feels that the Company's current internal control system is, on the overall, appropriate in light of the size, structure and requirements of Banca Generali and the banking group of which it is the parent company.

Organisational and Management Model

Legislative Decree No. 231 of 8 June 2001 introduced the principle that corporations may be held liable for specifically listed offences committed or attempted in their interest and/or for their benefit by individuals entrusted with corporate representation, administration and management, or individuals subjected to the management or oversight of one of the latter.

The same Decree provides for exemption from this form of liability in the case of entities which have adopted and effectively implemented organisational and management models designed to prevent the aforesaid offences.

The adoption of an Organisational and Management Model (hereinafter the "Model") is not an obligation or duty, but a right, that the Company has decided to exercise in order, not only to restructure and formalise, where necessary, a system of preventive checks aimed at preventing conduct entailing administrative liability for the Company pursuant to the Decree, but also to ensure the Company's own integrity, and to boost the effectiveness and the transparency of corporate operations.

On 19 June 2006, the Board of Directors approved the Company's Organisational and Management Model, drawn up in light of the Company's specific operating conditions and

requirements.

Apart from meeting all the necessary formal requirements, the Model fully achieves, even in substance, the aforesaid main goal underlying its adoption. The Model is made up of a structured set of principles, rules, provisions and organisational layouts pertaining to the management and oversight of business operations, and is contained in an illustrative document that sets forth the general rules that make it impossible for the offences to be committed without fraudulently violating the model.

In accordance with the provisions of the aforesaid Decree, the task of supervising compliance with the Model and updating the same, must be entrusted to an independent and qualified body set up within the entity, and endowed with autonomous powers of initiative and oversight.

The Company has therefore set up a panel to act as a Supervisory Board (reporting to the Board of Directors), defining the tasks and functioning thereof. The Company has opted to appoint to the said Supervisory Board, persons who hold positions within the Company's organisational structure, that, for technical and/or organisational reasons, enable them to make meaningful contributions to performing the tasks and attaining the goals of the Supervisory Board.

Accordingly, the Board has decided that the Company's Supervisory Board shall consist of a panel made up of an executive director, the Head of the Legal Affairs Department and the Head of the Internal Control Department, as per the following table:

Name and Surname	Office held
Aldo Minucci	Chairman
	Executive Director
Francesco Barraco	Head of the Internal Control Department
Cristina Rustignoli	Head of the Legal Consultancy and Corporate Affairs Department of the Banking Group

In carrying out its tasks, the Supervisory Board is to avail of the support of other corporate departments, especially the Internal Control Department.

Relations with Shareholders and Institutional Investors

Investor Relations

Banca Generali feels that it has a specific interest — as well as a duty towards the market — to engage in ongoing dialogue, based on a mutual understanding of roles and responsibilities, with its Shareholders, in general, as well as with institutional investors, such dialogue being placed within the framework of procedures for the public disclosure of corporate information and documents.

In particular, the Company avails of Shareholders' Meetings to provide Shareholders with information on the Company and its prospects, obviously, in compliance with the regulations governing inside information, and therefore, whenever necessary, by simultaneously disclosing the same information to the market. In furtherance of the above, the scheduled times, dates and venues of Shareholders' Meetings are selected with a view to facilitating attendance thereat by Shareholders; moreover, all the members of the Company's Board of Directors and Board of Statutory Auditors try to attend Shareholders' Meetings to the extent possible.

The Company Secretariat liaises with Shareholders on a day-to-day basis through the Shareholder Relations and Management Division, set up within the Banking Group's Legal Counsel and Corporate Affairs Department.

The Investor Relations Department, which reports directly to the Chief Executive Officer, is in charge of liaising with institutional investors.

INVESTOR RELATIONS

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Website

For several years now, the Company has used its website to allow the public to consult constantly updated information regarding the Company, its products and services.

Apart from a presentation and historical overview of the Company and the Group, the website hosts the most significant documents pertaining to Corporate Governance, all the press releases on the main corporate events as well as financial and accounting data.

The website also presents the Financial Calendar indicating the dates of meetings of Corporate Organs, such as Shareholders' and Board meetings called for the approval of the draft annual financial statements, the consolidated financial statements, the half-yearly and quarterly reports, as well as for making decisions in respect of purely financial matters.

In order to ensure the transparency and effectiveness of the information disclosed to the public, the site is constantly updated.

Participation in Shareholders' Meetings and Related Rules

Pursuant to article 18 of the Board Rules, the Company encourages Shareholders to attend all Shareholders' Meetings.

As a general rule, all the Directors shall attend Shareholders' Meetings. In particular, the Board shall report to the Shareholders' Meeting, in respect of completed and scheduled activities and shall ensure that all Shareholders are provided adequate information on all pertinent matters so as to enable them to make informed decisions in respect of the items placed on the agenda of Shareholders' Meetings.

In compliance with the recommendations of the Code, the Shareholders' Meeting of 3 October 2006 approved its own Rules ⁴, setting forth the procedures to be followed in order to ensure orderly proceedings.

The said Rules are aimed at regulating the proceedings of ordinary and extraordinary Shareholders' Meetings, and ensuring the proper and ordered functioning of the same, and in particular, the right of each shareholder to take part and express an opinion on the items

under debate. The Rules, therefore, constitute a valid tool for ensuring the protection of the rights of all the Company's shareholders and the proper approval of shareholders' resolutions.

Board of Statutory Auditors

The Board of Statutory Auditors is made up of three auditors, one of whom acts as Chairman of the said Board, as well as two alternates, all of whom must meet the qualification requirements imposed under applicable rules and regulations.

No person who does not meet the requirements imposed under applicable regulations or who already serves as an acting, and not an alternate, member of the Board of Statutory Auditors of more than five companies listed on Italian regulated markets, may be appointed to the Company's Board of Statutory Auditors.

Having accepted the resignation of the entire Board of Statutory Auditors with effect as from the date of commencement of trading of shares in the Company on the electronic share market, the Shareholders' Meeting of 3 October 2006, appointed a new Board of Statutory Auditors with effect as from the same date of commencement of trading of shares in the Company on the Electronic Stock Exchange, (that is to say, 15 November 2006). The term of the Board of Statutory Auditors shall expire on date of the Shareholders' Meeting called for the approval of the financial statements for the year 2008.

The current membership of the Board of Statutory Auditors, is set forth in the table below:

Name and Surname	Office held
Giuseppe Alessio Verni	Chairman
Paolo D'Agnolo	Acting Auditor
Angelo Venchiarutti	Acting Auditor
Cristiano Cerchiai	Alternate Auditor
Corrado Giammattei	Alternate Auditor

⁴ The Rules for Shareholders' Meetings are available for consultation at the Company's registered offices as well as on its website, under the section "Investor Relations" – "Corporate Governance".

A summary profile of the members of the Board of Statutory Auditors, is provided below.

Giuseppe Alessio Verni. Born in Trieste on 5 October 1964, Mr Verni graduated in Economics from the University of Trieste in 1989. He is registered with the rolls of Certified Public Accountants of Trieste, as well as the list of Certified Auditors, the rolls of the Technical Consultants to the Civil Court of Trieste and the rolls of Auditors of Cooperative Societies. Within the framework of his professional activities, he has acquired experience in the field of accounting, business administration, finance, taxation and tax litigation, and as a valuer of corporations and extraordinary corporate transactions. Since 1993, he acts as an Official Receiver with the Civil Court of Trieste. Mr Verni sat on the Council of the Order of Certified Public Accountants of Trieste for the three-year period 2000-2003. Apart from serving as Chairman of Banca Generali's Board of Statutory Auditors, he also sits on the Board of Statutory Auditors of Simgenia. He also holds appointments to the control organs of various other companies both within and outside the Generali Group. Mr Verni is an acting auditor, and not an alternate, member of the Board of Statutory Auditors of one other listed company, and serves as alternate auditor on the Board of Statutory Auditors of Assicurazioni Generali S.p.A..

Paolo D'Agnolo. Born in Trieste on 28 August 1941, Mr D'Agnolo is registered with the rolls of Accountants and Commercial Experts of the Court of Trieste, where he has exercised as a consultant since 1964. He was subsequently registered with the rolls of the Technical Consultants to the Civil Court of Trieste and the list of Certified Auditors. He is currently a member of the internal control organs of a large number of companies, including only one other listed company, that is to say, Assicurazioni Generali S.p.A..

Angelo Venchiarutti. Born in Rome on 20 September 1956, Mr Venchiarutti graduated in Law from the University of Trieste in 1981. He earned a doctorate in Civil Law in May 1983, was appointed Associate Professor of Comparative Private Law in 1999 and subsequently tenured Professor of Private Law. He currently holds various positions with the University of Trieste where he has conducted a large number of university and other courses. Mr Venchiarutti is also involved in research, and has published a large number of

papers on civil law, comparative private law and commercial and insurance law. He does not serve as a acting or alternate member on the Board of Statutory Auditors of any other listed company.

Cristiano Cerchiai Born in Rome on 16 January 1965, Mr Cerchiai graduated in Economics from the Cà Forcari University of Venice in 1988. He is registered with the rolls of Certified Public Accountants of Venice as well as the list of Certified Auditors. He is currently a specialist in international tax planning and M&A corporate and tax matters with the law firm and tax consultancy LCA, and also serves on the internal control organs of various companies. Mr Cechiai does not serve as a full or alternate member on the Board of Statutory Auditors of any other listed company.

Corrado Giammattei. Born in Turin on 30 October 1958, Mr Giammattei graduated in Economics from the University of Trieste in 1984, and then qualified as a Certified Public Accountant in 1985. He currently serves as Chairman of the Board of Statutory Auditors of various companies. Mr Giammattei does not serve as a full or alternate member on the Board of Statutory Auditors of any other listed company.

Pursuant to article 21 of the Articles of Association, the members of the Board of Statutory Auditors are appointed on the basis of so-called voting lists, entailing the submission of lists by shareholders who, on their own, or together with others, hold shares representing at least one fortieth of the voting rights at Ordinary Shareholders' Meetings. The lists are divided into two sections, one for candidates for full members of the Board of Statutory Auditors, and the other for candidates for alternates. The first two candidates of the list obtaining the highest number of votes and the first candidate on the list obtaining the second highest number of votes shall be appointed acting members of the Board of Statutory Auditors. The first candidate on the list obtaining the highest number of votes and the first candidate on the list obtaining the second highest number of votes, shall be appointed alternate members of the Board of Statutory Auditors.

Pursuant to article 148, paragraph 2-*bis* TUF, the chairmanship of the Board of Statutory Auditors shall reside with the candidate on the list obtaining the second highest number of votes.

The members of the Board of Statutory Auditors must be selected from amongst persons who have acquired, on the overall, at least three years' experience:

- a) in professional practice or as a tenured professor in law, economics, finance, and technical-scientific fields closely related to the Company's business activities;
- b) as a senior civil servant with public undertakings or administrations specialising in sectors closely related to the Company's business activities.

In such regard, article 21 of the Articles of Association provides that: (i) fields and sectors closely related to the Company's business activities shall include all those mentioned in point (a) above pertaining to banking, and economic sectors closely related thereto; (ii) economic sectors closely related to banking shall include the credit, parabanking, financial and insurance sectors.

The members of the Board of Statutory Auditors undertake the tasks assigned to them pursuant to the Italian Civil Code, Legislative Decree No. 58/98 and the Articles of Association in full autonomy and independence, including from the shareholders who appointed them, maintaining, in accordance with the recommendations set forth in the Self-regulatory Code, a constant exchange of information between the Board of Statutory Auditors, the organs and functions of the Company undertaking tasks pertaining to internal control, and the independent auditors.

The Board of Statutory Auditors has properly undertaken its statutory supervisory activities.

In financial year 2006, Banca Generali's Board of Statutory Auditors met 18 times, including twice between the date of commencement of trading of shares in the Company on the electronic share market (15 November 2006), and 31 December 2006. Furthermore, since the beginning of the financial year currently underway, to date, the Board of Statutory Auditors met six times.

The table below provides information on the attendance of auditors at meetings of the Board of Statutory Auditors held after 15 November 2006 (date of listing of the Company) through to 31 December 2006.

Member	Office held	% participation to Board of Statutory Auditors' meetings
Giuseppe Alessio Verni	Chairman	100
Paolo D'Agnolo	Acting Auditor	100
Angelo Venchiarutti	Acting Auditor	100
Cristiano Cerchiai	Alternate Auditor	-
Corrado Gianmattei	Alternate Auditor	-

Mean attendance by auditors at Board meetings during the financial year 2006 was 95% and 100% at Board meetings following 15 November 2006 (date of listing of the Company) through to 31 December 2006.

Trieste, 14 March 2007

BOARD OF DIRECTORS

Annex: OTHER PROVISIONS OF THE CORPORATE GOVERNANCE CODE

	*YES	NO	Summary of the reasons for eventual differences from the recommendations of the Code
Proxy system and transactions with related parties			
Has the BoD granted proxies and defined:			
a) limits	X		
b) methods of execution	X		
c) and information release schedules?	X		
Is the BoD to examine and approve transactions of particular economic and financial importance (including transactions with related parties)?	X		
Has the BoD defined guidelines and standards for identifying "significant" transactions?	X		
Have the standards and guidelines been described in the report?	X		
Has the BoD defined specific procedures for assessing and approving transactions with related parties?	X		
Are these approval procedures for transactions with related parties described in the report?	X		
Procedures for the most recent appointment of Board Members (3 October 2006) and Auditors (3 October 2006)			
Were the candidates for Director recorded at least ten days in advance?			The current BoD was appointed before the Company's listing
Was sufficient information provided with the candidacies for Director?	X		
Was an indication of independent-status qualifications included with the candidacies for director?	X		
Were the candidates for Auditor recorded at least ten days in advance?			The current BoD was appointed before the Company's listing
Was sufficient information provided with the candidacies for Auditor?	X		
Shareholders' Meetings			
Has the company approved rules for Shareholders' meetings?	X		
Are these rules (or indications as to where they are available) included with the report?	X		
Internal Control			
Has the Company appointed the persons to be in charge of internal control?	X		
Are these people free of hierarchical connections to heads of operational units?	X		
Company unit in charge of internal control (as per Article 9.3 of the Code)	Internal Auditor		

	*YES	NO	Summary of the reasons for eventual differences from the recommendations of the Code
Investor Relations			
Has the Company appointed a head of investor relations?	X		

Organisation unit and contact info (address/phone/fax/e-mail) of the Investor Relator	Investor Relations: Paola Buratti, Via Ugo Bassi 6, Milan Tel. + 39 02 60765486, Fax +39 02 69 462 138, Investor.relations@bancagenerali.it
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